

# Fake This

## Investor fascination wanes for plant-based meat alternatives.

by **Wes Ishmael**

**D**espite sizzling hype surrounding plant-based alternatives the last few years, investor interest appears to be fizzling.

Up front, various and sometimes conflicting sales data mean deciphering sale trends for the category is always akin to heeling a steer in dense fog. Sooner or later, you aim where it makes the most sense.

In this case, consider that the share price for Beyond Meat® — the publicly traded posterchild for alternative meat protein — was about \$25 Aug. 26 this year. It was \$121.50 on the same date last year.

According to the company's financial results for the first quarter of 2022, net revenues increased 1.2% year over year to \$109.5 million, and the total volume of products sold increased 12.4%. But, net loss was \$100.5 million compared to \$27.3 million in the first quarter last year.



In its first-quarter financials, Maple Leaf Foods — Canada's largest prepared meats and poultry producer — told investors it no longer expects spectacular growth in its alternative meat category, but does anticipate slower, steadier growth.

According to data from the Good Food Institute and data company, SPINS, sales of plant-based meat alternatives in the United States last year totaled \$1.4 billion, the same as a year earlier. Plant-based milk dominated at \$2.6 billion.

Perhaps the most logical conclusion is that minor

consumer interest will continue for alternatives, but the gleam for investors has faded amid increasing competition in the category, alongside the lack of explosive sales growth and underwhelming profit potential.

### Choosing with dollars

As for the consumer side of the equation, interest appears to be stagnant.

Consumers who prefer beef over plant-based protein alternatives said they are willing to pay nearly \$2 more per meal for a burger when dining at a restaurant, according to a study from Kansas State University (K-State).

But, the same study notes, those who have turned to plant-based protein alternatives are equally passionate about their choice, saying they would be willing to pay \$1.48 more per meal.

Those are among the key findings released by K-State agricultural economists Glynn Tonsor and Ted Schroeder in the study published in January 2021 — Impact of New Plant-Based Protein Alternatives on U.S. Beef Demand. The study was co-authored by Jayson Lusk, a distinguished professor of agricultural economics at Purdue University. It was funded by the Beef Checkoff.

“Beef has what we call a good image, and we document it has a good image throughout the report,” Tonsor says. “We’ve looked at a litany of questions, such as how does beef compare to plant-based

proteins on a lot of dimensions, such as taste, safety, price, nutritional content, protein, iron and even on whether it’s good for farmers, the planet and consumers.”

The nationwide study involved more than 3,000 consumers representing the population of the country. Nearly 70% of respondents identified themselves as regular meat consumers (those who regularly consume meat or food from animals), while the remainder identified with such alternative diets as vegan, vegetarian, flexitarian or other.

“There’s a big preference among regular meat consumers today

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— **Glynn Tonsor**  
**Kansas State University**

for the beef burger, and there’s a strong preference among the alternative diet folks for those newly offered items,” Tonsor says.

But the number of consumers choosing beef over plant-based alternatives is clearly in favor of the beef industry. The report notes that beef is consumed three times more often than plant-based proteins in the U.S.

Among the factors influencing consumer choices are the taste, safety and price of beef, which they find more appealing. “Those are key differentiation points we see in this study and have seen in several studies,” Tonsor says. “Taste and safety, in particular, are key drivers of U.S. beef demand.”

“The protein market is immensely competitive, both from existing and new products being introduced,” he adds. “At the same time, global protein demand is strong and growing. The U.S. beef industry produces a high quality, tasty, safe, nutritious, healthy and affordable product in an increasingly sustainable way. Capitalizing on what the industry does well while continuously striving to do it better is the best advice we can provide to compete in the evolving global protein market.”

Never mind the fact that the market appears to be more about how alternative meat proteins fit with real meat, rather than one against the other.

### Some consumers choose both

Choosing to consume beef or plant-based proteins designed to mimic the real thing is not an either/or proposition, according to a more recent study — Benchmarking U.S. Consumption and Perceptions of Beef and Plant-based Proteins. It was conducted by Hannah Taylor of the USDA Economic Research Service (she was with K-State when the study was conducted)

along with Lusk, Schroeder and Tonsor.

The analysis comprised two separate studies. One documents factors affecting beef and plant-based consumption. The other focuses on factors motivating consumers to include beef and/or plant-based proteins in their diets.

“An interesting insight comes from evaluating beef and plant-based consumption together. Of the 6% of respondents who ate plant-based proteins, 58% also ate beef during the prior day. In other words, 4% of respondents ate both beef and plant-based proteins in the same day,” according to the study.

“This indicates beef and plant-based protein consumption are not necessarily exclusive of each other. More participants ate both proteins than ate plant-based protein only and not beef.”

Around 6% of all respondents consumed plant-based proteins (patties and crumbs specifically) at least once during the previous day, while 53% ate beef at least once.

The fact that some consumers already consume beef and plant-based proteins in the same day could motivate development of blended products, according to the researchers.

“Blending may be an attractive consideration for the beef industry if these (plant) proteins become much cheaper to produce and consumers perceive them as close alternatives to animal-derived meat. Blending products could decrease the price of these hybrid products, increasing the quantity demanded of both traditional beef and plant-based proteins,” according to the study. “In this way, plant-based proteins could compete with imports of lean beef destined for blending into ground products and thus fulfill a market segment for U.S.-produced products.”

Again, depending on the source, the market share for plant-based alternatives to beef appears to be exceptionally small, well under 10% and likely closer to 5%.

“Current consumer preferences do not support projected major demand changes, especially since whole muscle products such as steaks and roasts are currently only available from animal sources,” say researchers. **HW**

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