



Plant-based burgers have recently become a fixture of backyard grilling in many countries. (ddp)

Sustainable investing

# Plant-based protein is disrupting meat markets

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**There were few vegans 20 years ago; there are many millions today, and their number is rising worldwide. Mock meat was an almost comical fad 20 years ago; it's no laughing matter today, given the industry's meteoric rise in recent years.**

Suspicion about the ability of plant-based meat substitutes to provide a genuinely like-for-like experience as meat has put off consumers from switching to these products en masse.

A key challenge these products face is replicating the fat balance of meat, although new alternative proteins represent a vast improvement in terms of taste over their predecessors.

Nonetheless, their popularity is growing. Plant-based burgers have recently become a fixture of backyard grilling in many countries. Startups and established meat processors are producing them, increasing options for vegetarians while enticing carnivores to consume an environmentally friendly product without compromising on taste.

This has been a breakout year for plant-based meats, with the market growing to just under USD 5 bn in 2018. We believe this is just the start – with a 28%

compounded annual growth rate ballooning the plant-based meat market to USD 85 bn by 2030.

The stock price of plant-based "unicorn" Beyond Meat surged more than five-fold within two months of its listing on the NASDAQ.

The California-based startup is one of several second-wave food producers developing innovative processes to closely replicate the structure and taste of real meat using plant-based ingredients.

Impossible Foods is another plant-based meat maker striving to naturally replicate the taste, texture, and look of a meat patty. Its burgers take on a blood-red hue through a fermented yeast process.

The decade-long path from obscure to mainstream can be traced back in part to the dairy aisle, where soy-, almond-, and coconut-based milks have claimed spots alongside cow's milk.

That “same shelf” strategy helped the US non-dairy milk market grow 60%, to USD 21.bn, in the five years to 2017, according to Mintel. It now claims a 12.6% market share from traditional dairy producers.

Beyond Meat has adopted the same tactic. It requests meat-aisle placement for its burger and sausage replacements instead of relegating them to the specialty vegetarian shelf or freezer.

Another strategy has been to push products through high-end partners. Swedish oat-milk maker “Oatly”, for example, turned its US capacity constraints into strength, directing early distribution to high-end espresso bars in New York. Scarcity and the barista halo effect helped establish pent-up consumer demand, and set a price point in line or above that of regular dairy products.

That strategy was echoed in early distribution deals struck by Impossible Foods. Its burgers first debuted in limited quantities at New York’s high-end restaurants. It has since expanded to over 5,000 US outlets, according to the firm, including a mass market play via nation-wide distribution in fast food giant Burger King.

Plant-based products have faced pushback and regulatory lobbying from the meat and dairy industries. Canada, several US states and the EU are passing, or looking to pass, legislation that would prevent these alternatives from being called “hamburgers” or “ground beef.”

Other members of the agricultural sector, however, are more supportive. Canada’s AGT Food and Ingredients, the world’s largest manufacturer of pulse ingredients, expects demand for flour and concentrates derived from the grains it produces to skyrocket.

Read more: [The Food Revolution](#), July 2019.

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