

Vegan champions retail/FMCG 2022: From boom to bust? On its way to peak meat? The long term promise





Introduction

- During the coronavirus
 From boom to bust. A lockdowns a novel thesis combination of too high price emerged about the consumer societies of the West moving towards "peak meat". This argument rested on a number of assumptions, of concerns about climate change coming together with technical innovations in the plant based food sector creating a new dynamic vegan food sector. The idea was that consumers cut back on meat and become flexitarians or become fully fledged. vegetarians and vegans - for health reasons (with Covid as a diffuse driver of all kinds of fitness and health trends) and to protect the environment (by reducing emissions from the meat industry).
- The poster boys of this development were Beyond Meat and Impossible as well as Oatly in the plant based milk sector. Oatly• Another related issue concerns and Beyond Meat launched multi billion IPOs, **but** at the same time as lockdowns have eased valuations have crashed back down to earth.

points and also of the product not satisfying consumer demands and needs quite yet has led to this "bust". Much of the ebbing of the

So was the plant based craze all premium and everyday versions of sales surge was down to products hype? We do not think so, we the product. In many markets meat failing to meet taste expectations. believe that froth has come out of is almost all private label, and has Buying in large quantities during the the market and a more realistic view for decades been dominated by lockdowns highlighted the has set in among the investor meat processors and farmers. shortcomings of next-generation community about where the vegan plant-based meats. or new food sector is headed (and. Now, multinationals are racing to with it its champion companies). We build a business in plant-based Price, alongside taste and health protein alternatives, as well as do not think this development is credentials, is now the key factor investing for the future in labjust a fad, but rather a long term in the companies' efforts to widen grown meat. According to their trend. As of 2022 plant-based the consumer base. Only when meat substitute sales accounted view, every animal protein will these companies hit a certain price over time have a plant-based for about 1% of the total meat threshold, all kinds of retail channels alternative. Meat cultivated in market. So there is all to play for will be available to them. A lower still. This view and analysis of the bioreactors avoids the issues of price will enable them to be bacterial contamination from animal sector is backed up by the big multi compared and to get in front of waste and the overuse of antibiotics nationals muscling in aggressively consumers. and hormones in animals. into the space. Challenges include getting regulatory approval and increasing chance to conquer the "centre of production.

the actual health benefits of these Vegan or new food represents big products. Especially in the case of plant based meat, current product the plate" which had previously offerings are highly processed foods always been off limits for the likes*

with a number of additives often with high salt levels. This makes the product look like highly processed food and acts as another barrier to repeat purchases.

of Unilever and Nestlé. Plant-based protein appeals because it is branded, not commodified, enabling the FMCGs to tap into their marketing strengths and create price differentiation between

Introduction

- Another thing to watch is rising inflationary pressures, which historically have always led to down trading. This is a further headwind for expensive vegan products to navigate. That said, looking ahead, analysts predict the retail price of plant-based meat to fall to parity with real meat in two to three years. In the long term, the scaling up of the sector will bring cost efficiencies that help both plant and cellular meat. Achieving this will require consolidation that will help drive further investment in production systems. As many players are in a start up phase, there is a complete fragmentation and lack of scale in the value chain.
- Notwithstanding the short term obstacles to vegan foods laid out above, the long term trends towards more sustainable and climate friendly ways of life force "new food" to be successful. In a sense this is comparable to the energy transition from fossil fuels to

renewable energies, so traditional and fewer concerns about the will affect countries in different climates to different degrees - but agricultural production methods are ethics of intensive animal farming. Africa's dependence on Ukrainian set to see a transformation too - all According to some analysts by due to climate change mitigation 2035, alternative proteins could and Russian grain exports brings and to reduce emissions from meat capture 11% of the global protein this point home. production and consumption. This market, as consumers, companies, There a number of big questions shift could also mean that the and investors push the values of. about lab grown meat still. One of sector will see huge government ESG and parity is reached. them concerns the intellectual support, not just in regulatory Regulatory approval for lab grown property (IP) of these new products spheres to allow and certify lab. and their production methods. The meat is needed for a big grown meat for general human question is, are the IP rights going breakthrough, but there is also a consumption but also investment requirement for new infrastructure. to just one company, which will into infrastructure, such as bio At the moment bio reactors are then be in a monopoly position and reactors (to grow meat in labs). have created an impregnable moat? needed for vaccines and not meat production. Once this infrastructure Looking ahead, the industry's bottleneck is eventually overcome,. There is a strong argument that the growth depends on all three in a second step the companies kinds of alternative proteinbehind these bio reactors need to plant-based, microorganism-

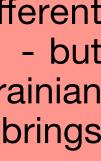
based, and animal-cell-basedreaching taste, texture, and price parity with conventional proteins. That, in turn, requires continued technological innovation regarding the alternative proteins themselves and the means to scale up production to industrial levels.

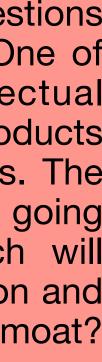
The benefits of alternative proteins are clear, lower carbon emissions

fine-tune the business model away from high margin products and (thankfully for most diseases more) niche markets.

Beside the question of climate change mitigation, another reason seek to protect their start up why state funding might be coming through for bioreactors used for development and infrastructure, so curated meat is due to food security concerns. This question

IP for lab grown proteins needs to be open source to an extent. In a way this mirrors discussions about gene editing and manipulation of crops. Obviously the big multinational FMCGs would see this in a different way than environmental activists and would investments into product there will likely be a need for government regulation.





Key Questions answered

Vegan champions retail/FMCG 2022: From boom to bust? On its way to peak meat? The long term promise

- Which FMCGs, start ups and retailers lead the way in plant based food?
- How will the shift to plant based food impact retail on the front and back end? And what models are available or in the pipeline?
- In store ranges will change, moving even further away from animal derived ingredients, as the success of Beyond Meat or Oatly (to name just two) show.
- Will plant based alternatives win out or will meat be grown in labs in future?
- Who will be the first movers? What are the most innovative models for plant based food?
- When will New Food reach parity in taste and price?
- How can the industry finance the change toward more vegan food?



- What should retailers do now to be ready for a future when being green will be seen as table stakes?
- Will retailers have to become more vertically integrated to control various aspects of the supply chain and their emissions footprint, and make production more efficient and sustainable?
- Why will the role of government be crucial in the transition to plant based foods?
- Why are the FMCG majors moving into the space and which sectors have they targeted?
- Were Oatly and Beyond Meat always overhyped?
- Are we on our way to peak meat? Or are vegan foods just a hype?
- Are plant based foods all about basket building and one stop shopping? Is it all about offering vegan products just to capture the whole household shop?



Features

- Case examples of successful retailers and FMCG and strategies in the sustainability space
- Analytical deep dive into plant based innovation models
- In depth discussion of innovative product development, new business models and solutions
- Insights on challenges and outlook
- Strategic recommendations

Benefits

- Understand how to choose the right tech innovation for your business, catchment and customers
- Grasp how much to invest in plant based capabilities (depending on your specific sector circumstances)
- Follow the strategies of stand out performers and incorporate learnings into your own proposition
- Each section features real life, practical case studies, sharing key learnings and pointing out pitfalls to avoid.
- Learn from best practice examples
- Leverage key insights for your own growth strategy by copying successful innovations
- Understand the threat and opportunity
- Gain key insights into some of the most active and innovative retail companies in the world



• Executive summary

• Market sizes

- Plant-based foods poised for explosive growth?
- New Food to reach parity in taste, price over next decade
- Consumption of alternative proteins by protein source 2020-2035
- Global consumption of protein products 2020-35
- Meat giants moving in
- US market size, growth
- US market snapshot

• The FMCG giants

• Targeting the centre of the plate

- p10
- p 16
- p 17
- p 18
- p 19
- p 20
- p 21
- p 22
- p 23
- p 24
- p 25

- Unilever to make €1.0bn out of alternative meat and dairy
- Nestle: vegan/vegetarian foods revenues reach SFr1bn
- Danone acquires plant-based brand Follow Your Heart
- Danone: Alpro adds production capacity in the Alsace

Plant based meat

- Meat causing twice the pollution of plant-based foods
- The case for plant based meats
- Alternative protein market The state of play
- Price cuts and efficiencies to come a bright future?
- US plant-based meat sales hitting the buffers. Temporarily?
- ... as innovators launch 3D printed cuts
- Gentle UK slow down concerns about ingredients and clean labels

- p 26
- p 27
- p 28
- p 29
- p 30
- p 31
- p 32
- p 33
- p 34
- p 35
- p 36
- p 37

- So where are we then? ...going through the hype cycle
- Big brands to displace unbranded and private label meat
- Green storytelling and supply chain security
- Venture funding, angels and big food investment in 2021
- Plant based investment outperforms Cultivated ... for now

• Impossible

- Impossible Foods going for foodservice first
- Impossible Foods, SPAC or IPO?
- Impossible Foods eyes \$7bn valuation in fundraising

Beyond Meat

• Beyond Meat being heavily shorted

- p 38
- p 39
- p 40
- p 41
- p 42
- p 43
- p 44
- p 45
- p 46
- p 47
- p 48

- Beyond Meat's profit warning
- Beyond Meat 2021 an aberration?
- Beyond Meat, bad news from Maple Leaf
- Meatless Farm, launching into Germany

Lab Grown Meat

- Curated meat the next big thing
- Singapore first to approve cultured meat for sale
- Upside Foods lab grown meat
- Redefine Meat: 3D printed vegan cuts to restaurants
- Redefine Meat, Novameat, Aleph Farms
- Aleph Farms develops steak in a laboratory

- p 49
- p 50
- p 51
- p 52
- p 53
- p 54

• p 56

• p 57

• p 58

- p 55

• Eat Just

- Eat Just raises US\$100m
- Eat Just leading a global push toward lab-grown meat
- Eat Just, from Hampton Creek to Eat Just via Just Egg
- Eat Just prices are coming down, but fast enough?
- The problems inherent in scaling up lab grown production
- Next Gen Foods raises US\$100m, Chicken alternative

• Plant based Dairy

- The battle for the future of milk
- The decline of soy and rise of oats and almond
- Venture capital investment in plant-based dairy soared to \$1.6bn

- p 60
- p 61
- p 62
- p 63

- p 64

• p 65

• p 66

• p 67

• p 68

• p 69

- Targeting high-end coffee shops
- Dairy companies introducing their own alternatives
- 90% who drink milk alternatives, also consume cow's milk

Oatly

- Oatly \$10bn valuation. Far too high and not sustainable
- Despite rapid growth, health trends, being a pioneer still loss making
- Oatly shares crash as supply chain challenges lead to revenue warning
- Dug Drinks Potato milk at Waitrose
- Dug drinks super sustainable, but pricey

- p 72
- p 72
- p 73
- p 74
- p 75
- p 76
- p 77
- p 78
- p 79

- Retailers
- Introduction
- UK Veganuary
- Tesco's range optimisation work
- Tesco and Beyond Meat launch ready meal range
- Tesco's plant-based food journey to date
- Asda a fully vegan butchers counter
- Sainsbury's, Rudy's Vegan Butcher
- Aldi Plant Menu range
- Lidl, Edeka new vegan umbrella brands
- Migros introduces vegan eggs
- Veganz a weak start to trading as a public company

- p 80
- p 81
- p 82
- p 83
- p 84
- p 85
- p 86
- p 87
- p 88

• p 89

• p 90

- Veganz getting into football stadiums
- Outlook and recommendations

• Sources

- Charts & Tables
- Chart 1: Consumption of alternative proteins by protein source 2020-2035
- Chart 2: Global consumption of protein products 2020-35
- Chart 3: US market size, growth

- p 92
- p 93

- p 19
- p 20
- p 22

VAT

- 96 pages of insight
- Flexible payment

THREE EASY WAYS TO ORDER

ONLINE:

EMAIL:

store.researchfarm.co.uk

sales@researchfarm.co.uk

Get this report today

€1,090 or ~£995 excl.

• Delivered as a PowerPoint and PDF file • Order on website, by email or by phone



PHONE:

+44 (0) 207 193 6905