

How Beyond Meat defied the norm to achieve success. An exclusive extract from *The Disruptors*

Beyond Meat is a plant-based meat company that offers alternatives to animal-based meat. Its flagship product is the Beyond Burger, which is designed to 'look, cook and taste like a traditional beef burger'. It also sells a wide range of other plant-based meat products, including sausages, meatballs and chicken nuggets.

Temps de lecture : minute

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As of December 2022, Beyond Meat branded products were available at approximately 190,000 retail and food service outlets in more than 80 countries worldwide. It listed on the Nasdaq stock exchange in May 2019, becoming the first plant-based meat brand to go public. Such was the excitement about the listing that Beyond Meat achieved an eye-watering market valuation of \$3.7B.

So, how did it defy the norm to achieve success?

Social and environmental mission

Beyond Meat's success to date is inextricably linked with its clear social and environmental mission. The company believes that by enabling

consumers to shift from animal to plant-based meat, it can help to improve human health, combat climate change, reduce the strain on natural resources and support animal welfare. Its history as an authentic, mission-driven business helps it to attract consumers and employees and build loyal and enduring relationships with them.

To keep its appeal as broad as possible, the brand has proactively targeted the flexitarian market instead of positioning itself as a provider of vegan and vegetarian products. For example, when it launched the Beyond Burger, it asked grocery retailers to sell the product in the meat section – a strategy it believes has helped to build greater brand awareness.

Partnerships have proved critical to the scaling of the business. In the early days, Beyond Meat entered into a partnership with organic supermarket chain Whole Foods. Later, its brand credibility was boosted by collaborations with fast-food chains McDonalds, KFC and Pizza Hut, with the company producing meat-free versions of some of its partners' most popular offerings.

No evaluation of Beyond Meat's success could be complete without an assessment of its protein-packed products. The Amazon reviews prove the point. While not everyone regards Beyond Meat items as a satisfying alternative to meat, they still tick the box for plenty of others in terms of the extent to which they replicate the taste and texture of animal products.

Facing headwinds

Although Beyond Meat has been a remarkable success story, it is currently facing headwinds. In 2022, as inflation soared and central banks around the world hiked up interest rates in response, consumers began to lose their passion for plant-based meat. Plant-based meat is more

expensive to produce than animal-based meat because it has more ingredients and is produced on a smaller scale. So, when consumers found themselves with less money in their pockets, they began to revert to animal-based meat, with the result that some market commentators began to dismiss the recent interest in plant-based alternatives as little more than a fad.

Meanwhile, when it came to servicing the alternative meat market that remained, Beyond Meat faced increasingly stiff competition from other substitute meat companies. For the 2022 financial year, Beyond Meat recorded revenues of \$419M, a disappointing year-on-year fall of nearly 10 per cent. But the slide in sales did not end there. The company subsequently cut its annual revenue forecast for the 2023 financial year to between \$330M and \$340M, a dramatic reduction of around 20 per cent on the previous year.

To add to Beyond Meat's woes, the company has been caught up in the popular backlash against so-called 'fake meat', with some medical experts and dieticians questioning whether its meat alternative products are really any healthier than meat sourced from conventionally raised animals.

By November 2023, Beyond Meat's capitalization was \$452M, a humbling 90 per cent fall on its valuation when it listed on Nasdaq in 2019. Nevertheless, as a result of its IPO, Beyond Meat probably remains the best-known plant-based brand globally.



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The market opportunity

Meat is a huge, global market – and it’s growing fast. In fact, the meat industry already generates annual sales of \$1.4T and it’s expected to keep growing by over 6 per cent a year up to 2028. The environmental implications of this growth would potentially be frightening, were it not for the fact that the meat category includes plant-based as well as animal-based meats. With the global population set to climb to 9.7 billion people by 2050, Beyond Meat clearly has an enormous market opportunity. All these people will need to be fed and the best way to feed them efficiently – while reducing greenhouse gas emissions – is to feed them plant-based food, including plant-based meats.

So, to what extent will Beyond Meat be able to capitalize on this opportunity? Louis Bedwell, managing director of fast-moving consumer goods consultancy Mission Ventures, believes that Beyond Meat benefited from first-mover advantage in the premium plant-based meat market. Going forward, however, he argues that the company needs a growing

market of consumers who are willing to buy – and keep buying – its non-meat products. If the US market is anything to go by, there’s potentially a significant challenge in this respect since the retail meat alternatives category in the country is declining rather than increasing.

‘The idea and mission are fantastic, but Beyond Meat’s products are not good enough,’ says Bedwell. ‘They try too hard to resemble meat and fall short.’ He adds that the increased scrutiny of ultra-processed foods ‘is not helpful for companies like Beyond Meat’. As well as having to compete for consumer spend with traditional, animal-based meat, Beyond Meat also faces the prospect of cultivated or ‘lab-grown’ animal meat disrupting the market.

In the long term, Beyond Meat’s success is likely to depend on how successfully it pivots its business model to produce affordable and great-tasting products at scale while differentiating itself from its competitors. Fortunately, the business is likely to benefit from high-level policy trends to reduce greenhouse gas emissions, which should intensify in future. If the worst effects of climate change are to be mitigated, consumers will probably have no choice but to reduce their consumption of animal-based meat – whether they like it or not.

Sally Percy is a business journalist and editor, and the author of *The Disruptors: How 15 Successful Businesses Defied the Norm.*

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