

## PRESS RELEASE

### **Plant-based meat brands making every mistake in the Failures handbook**

There's a shake-out happening among the many start-ups marketing plant-based meat substitutes. Some failure is inevitable in any market where new companies flocked to what looked like a growth opportunity. But much of it is due to brands making many basic strategy mistakes.

"There are about 10 common causes of failure in the business of nutrition and health," said industry expert Julian Mellentin, author of a new report, titled *Failures – and what you can learn from them*, published by *New Nutrition Business*. "And many plant meat makers have made most of them."

As part of its research for the report - first published in 2007 and now in its 4th edition - *New Nutrition Business* researched the financials of a sample of 100 plant-based meat brands in Europe, the US, Canada, Australia & New Zealand.

"Not one was showing any sign of making a profit, even after five or more years in business," Mellentin explained. "And those with the fastest-growing sales also had the fastest-growing losses."

"What they shared is they made several of the most common strategy mistakes," added Mellentin.

These included:

**1. They forgot that taste & texture matters most:** Fail to meet consumer expectations of taste and you fail. Canadian plant meat maker Maple Leaf Foods told stock analysts early in 2022 that consumer trial rates "were super high, penetrating 60% of US households, but consumers' needs simply were not met, and they did not repeat purchase. As a result, the category did not reach expected levels of habituation, had very high lapse rates and very low buy rates."

**2. Jumping straight to mass:** "This is almost always a bad idea," said Mellentin. "It's best to start with a beach-head of motivated consumers and expand from there. At present there just isn't a big enough group of consumers in the mainstream. As a result, there's a long way to go to get the category from the current 1.4% to even 5% of total meat category sales."

**3. Over-estimating the size of the opportunity:** "Many brands thought they would get straight-line growth. This came from the belief – and it was belief, not evidence-based – that ever-more people would become meat reducers. The reality is not simple," explained Mellentin. *New Nutrition Business's* most-recent 5-country consumer survey found that 24% of people say they are trying to consume less meat. "The figure was 23% back in 2020," Mellentin added. "Growth in the numbers of meat reducers has slowed dramatically. This

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makes sense because consumers' beliefs about food & health are fragmented. We must see markets and consumers as they are, not as we would wish them to be."

"As a result of making mistakes, what has happened in the plant-based meat sector is almost the opposite of what many people in the industry thought would happen. It's even worse than we thought (we believed the sector had low-growth, niche potential). The category is stalling, even falling," said Mellentin.

The lessons from the plant-based meat segment can be applied to any category.

"We have just been through a decade in which hundreds of brands have come to market – often based on badly-thought-out business models, and often made possible by the exuberance of investors who fell for the 'build sales and profits will follow' way of thinking imported from Silicon Valley," said Mellentin. He continued: "As economic challenges bite deeper over the next three-to-five years, the willingness to understand and learn from failures will become a super-power for food industry executives."

## NOTES FOR EDITORS

1. Editors can request comment or arrange an interview with Julian Mellentin by contacting:  
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2. *Failures – and what you can learn from them* is available to buy at <https://www.new-nutrition.com/nnbReport/display/253>
3. Julian Mellentin is a consultant specialising in the international business of food, nutrition and health. He is director of New Nutrition Business, which provides expert consultancy services to agriculture, ingredient and branded product companies on all aspects of nutrition and health, from science to retail strategy, focusing on concrete, implementable strategies. *New Nutrition Business* publications provide case studies and analysis of success and failure in the global nutrition business and are used by companies in 42 countries. Find out more at [www.new-nutrition.com](http://www.new-nutrition.com).