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ECONOMY

Alt-meat fever has cooled. Here's why.

High price, nebulous health benefits and other challenges have hindered the success of plant-based meats

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Plant-based meat, heralded by many as the death knell to Big Meat, appears at this moment to have dealt only a flesh wound.

The promise of high-tech meat substitutes prompted a frenzy of celebrity investment and red-hot IPOs in 2019. The pandemic saw significant consumer curiosity and a stampede of newcomers in the category, including entries from the world's largest food and meat companies, with Tyson, Smithfield, Perdue, Hormel, Nestlé and others leaping into the fray.

Analysts wrote about the hunger for meat, dairy and egg substitutes among “flexitarians” — non-vegetarians looking for easy swaps to do less harm to the environment, animals and their health. Executives poured in from other multinational food companies to nab top jobs in the nascent industry; fast food giants added plant-based offerings with much fanfare.

But then things slowed down. Meteoric growth in 2020 flattened in 2021 and retail sales have dropped more than 10 percent in the past year. Beyond Meat, the Los Angeles-based purveyor of plant-based burgers, crumbles, nuggets and such, saw its stock prices plunge nearly 80 percent from its peak, and last month the company announced it would lay off about 19 percent of its workforce. It's not just Beyond: Meat giant JBS SA announced in early October it was shuttering its two-year-old Planterra business in the United States and closing its 190,000 square-foot Colorado facility, and McDonald's has tabled its idea to roll out the McPlant burger nationally.

The industry's troubles come despite mounting evidence that people should, for health and environmental reasons, reduce their consumption of beef, lamb, pork and poultry produced via traditional animal agriculture.

The Stockholm Environment Institute recently issued a report that found the production of animal-based foods responsible for as much as 20 percent of total greenhouse gas emissions. If meat consumption continues along current trends, it will be impossible to keep global warming below the goal of 1.5 degrees Celsius, and difficult to stay below 2 degrees Celsius, its authors said. The report also found the animal-based food system a key driver of biodiversity loss.

The past few years have also seen an avalanche of reports about the ills of a meat-heavy diet for human health, for planetary health, for workers' health and for the habitat of the planet's animal species.

Meanwhile, the world's appetite for meat continues to grow. The global consumption of meat has more than doubled since 1990, reaching over 339 million metric tons in 2021, and the United Nations Food and Agriculture Organization predicts that will rise to 374 metric tons by 2030.

Here are five reasons the market for alt-meat has cooled.

WHAT TO KNOW

- ◆ Price
- ◆ Fuzzy health benefits
- ◆ Too many players
- ◆ Restaurants not buying in
- ◆ Lack of versatility