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Tyson Foods, a Meat Leader, Invests in Protein Alternatives

By STEPHANIE STROM OCT. 10, 2016



A Beyond Meat vegan burger, at Haven's Kitchen restaurant in Manhattan.
Credit Ángel Franco/The New York Times

[Tyson Foods](#) appears to be the first big meat company to invest in a business that, among other things, aims to reduce consumption of chicken, beef and pork by replacing it with plant proteins.

Tyson, the country's largest meat processor, announced last week that it was investing an undisclosed amount for a 5 percent stake in Beyond Meat, a company based in El Segundo, Calif., that makes "meats" from protein sources like soy and peas.

Beyond Meat this year began selling the [Beyond Burger](#), for instance, a plant-protein burger sold fresh that sizzles and oozes fats while cooking on a griddle.

Whole Foods Market apparently finds it close enough to the real thing that the supermarket chain has been selling Beyond Burger next to the meat case in its stores.

“The quality of the Beyond Burger is amazing,” said Monica McGurk, a former Coca-Cola executive who joined Tyson in spring as senior vice president in charge of strategy and new ventures. “We think it’s a game-changing product that gives us exposure to this fast-growing part of the food business.”

Terms of the deal were not disclosed. The financing round includes other investors like the Humane Society of the United States, which also previously invested in Beyond Meat.

Americans are eating more plant-based foods, leaving conventional food companies [scrambling](#) to catch up. The [Plant Based Foods Association](#) said businesses in the United States, which include Beyond Meat, Califia Farms and Heidi Ho, rang up \$4.9 billion in sales for the 12 months through June, and grew faster than the food business over all.

The venture capital arm of General Mills, 301 Inc., also has invested in Beyond Meat, as well as in Kite Hill, which uses nuts and other plant proteins to replace dairy products in cheese and other dairy items.

Michele Simon, executive director of the Plant Based Foods Association, said Tyson’s investment was the first she knew of in which a big traditional meat producer took a stake in a plant-based company.



Ethan Brown, founder of Beyond Meat. Tyson Foods is to invest an undisclosed amount in the company. Credit [Ángel Franco/The New York Times](#)

In 2014, Pinnacle Foods, which owns the Armour canned meats brand, bought the maker of the Gardein line of plant-based meat substitutes. Armour, however, is a modest part of Pinnacle's business, which includes the Duncan Hines and Birds Eye brands.

"The question in my mind with these acquisitions is always why they're being done," Ms. Simon said. "The most positive view is that this means the meat industry is shifting away from animal meat to plant-based meat, but I don't think we know that's the case yet — it could also be a way of distracting attention from their industrial meat business."

Ethan Brown, the founder and chief executive of Beyond Meat, said he knew the investment would raise eyebrows, particularly among the most ardent vegans and vegetarians.

"I'm hoping, though, that they and others will see this as part of a deliberate course of action to get out of the penalty box that's the 'alternative' section in the supermarket and get into a mainstream discussion with the consumer," Mr. Brown said.

Research conducted jointly last year by the NPD Group, Midan Marketing and Meatingplace, an industry publication, found that 70 percent of meat eaters said they used a meat substitute in place of meat protein at least once a week. And 22 percent said they were using such substitutes more frequently than a year earlier.

Beyond Meat raised \$17 million last year from investors. That was the third round of financing that CB Insights, a data collection and research firm, could pinpoint, and the only one for which a dollar amount was disclosed.

The company's goal is to take its meat substitutes mainstream. It has added Don Thompson, the former chief executive of McDonald's, to its board and built relationships with entertainment and sports celebrities like Russell Simmons and Eric Bledsoe.

Mr. Brown said the discussions about an investment began with Hillshire Brands, the maker of Jimmy Dean sausage, before Tyson [bought](#) Hillshire in 2014.

"I made a visit to their facility in Chicago, and the similarity between what we were doing and they were doing in making sausage was eye-opening," he said. "It could have easily been our fat and our protein moving through that system with little distinction that a consumer would see."

Ms. McGurk of Tyson, which is based in Springdale, Ark., said there were no current plans to use Tyson's extensive production facilities or distribution system to support Beyond Meat, though the relationship may develop over time.

"The investment for us is not about an either-or choice, it's about the 'and,'" she said. "This is just another form for consumers to enjoy protein as part of their daily diet."

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