

The Vegan Food Market: An analysis of the green disruptive force of the food industry

BSAMC, Research, Market Insights

Authors

Edoardo Notti, Head of Market Insight Division, Research
Umberto Tutinelli, Team Leader, Market Insights, Research
Stefano Vizioli, Analyst, Market Insights, Research
Maria Vittoria Venezia, Analyst, Market Insights, Research



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Abstract

The Food Industry is changing, and it's changing fast. It has always been one of the most solid sectors, but now investors are divided on, which will be the dominating innovations that will make some companies thrive while others fail. The Vegan Food Market has attracted attention due to very rapid development. However, the most recent changes in the global economy and the sustainability and reglementary situation have made the future of this subsector unclear to forecast.

This report aims at analyzing the Food Industry as a whole, highlighting drivers and most recent trends, and later focusing on the Vegan Food Market, both introspecting its industry strategic composition and its market performance. The report ends with an overview of the best-performing companies operating in the vegan food market and with investment recommendations based on the outcome of the analysis.

1. The Food Industry

1.1. An Introduction to the Food Industry

In order to correctly analyze the current outlook of the industry, we must start from a historic perspective. From the very beginning of humans' presence on the Earth, food production has been the focus of human activities, with most of the time and labor assigned to growing, harvesting, and preparing food. Agriculture accounted for 80% of the gross domestic product of the pre-industrial society. It is not until the industrial revolution that substantial transformations took place in the production, processing, and distribution of food, allowing for productivity gains, specialization, and commercialization in agriculture. The outcome was a sharp increase in food production concomitantly with a decline in the share of the population occupied in the agricultural sector.

If we jump up to the present, food production is now challenged with increased complexity. Indeed, the concept of food systems has been introduced. A food system consists of a sequence of processes (growing, harvesting, storing, processing, packaging, transporting, warehousing, distributing, consuming, and disposing of food) and supporting infrastructure. The system's processes range from the first stages of production to activities related to the distribution of products to final consumers.

As yet highlighted by the definition of the food system, the food industry is characterized by a complex system of activities concerning the supply, the consumption, and the delivery of food products across the entire globe. The complexity of the industry also derives from the fact that it drives several other industries such as convenience stores, supermarkets, hypermarkets, and gasoline outlets with grocery sections.

1.2. The Food Industry in Numbers

- Revenue in the Food market amounts to \$7,488,160 m in 2020. The market is expected to grow at an annual compound growth rate of 3.6% (CAGR 2020-2025).
- The market's largest segment is the "Confectionery & Snacks" segment with a market volume of \$1,215,358 m in 2020.
- In a global comparison, the majority of the revenues are generated in China (\$1,251,748 m in 2020).
- In relation to total population figures, per person revenues of \$1,006.12 are generated in 2020.
- The average per capita consumption stands at 318.8 kg in 2020.

1.3. The Major Players

The food industry has changed and developed over the decades to satisfy customer needs/desires for higher quality and greater volumes. Massive advancements have been made thanks to technological innovations, which have permitted to satisfy the growing demand coming from consumers. Although some regional product lines may be concentrated, the industry as a whole is not concentrated, with the 50 leading food manufacturers representing less than 20% of the global packaged food sales.

Five companies rule the market. These companies are Nestlé, PepsiCo, Anheuser-Busch InBev, JBS, and Tyson Foods. Here are a few financial figures from 2019 Financial Reports:

- Nestlé's food revenue was \$76.8 billion, less than the previous year's figure of \$80.2 billion.
- PepsiCo saw revenue increasing of about \$2.5 billion, from \$64.7 billion to \$67.2 billion.
- Anheuser-Busch InBev saw a slight revenue fall to \$52.3 billion from the previous year's restated total of \$53 billion, but the company saw some bright spots among its brands as they grew outside of their home countries.
- JBS and Tyson Foods both saw revenue increase by about \$2 billion compared to the previous year's figure.

2. Covid-19 Implications

"COVID-19 has had a rapid, unexpected impact on almost every business – one that continues to drive prolonged uncertainty," says PepsiCo. "Rapid shifts in consumer behavior have been brought about by stay-at-home orders and the partial shutdown of sectors on the economy, including somewhere our products live."

In this short article, it would be meaningless to point out all the effects of the pandemic that are yet to be observed at its fullest extent. What is useful instead is to acknowledge the challenges posed by this virus and the connected implications.

The pandemic has led to several challenges for food and beverage companies; one of the most serious ones is ensuring supply chain integrity and continuity. As the pandemic spread throughout Asia and Europe, companies faced challenges in securing ingredients, especially as surges in demand forced processors to ramp up production in a very short time. "The pandemic woke a lot of consumers up as to where their food is coming from and how we need to work together to support a healthier, more sustainable food supply globally," says PepsiCo. Consumers want to know where their food comes from, how it is produced, and how it is sourced, making ingredient transparency and strict chain of custody more important than ever.

Unfortunately, this is not the only issue. Consumer habits have completely changed during lockdowns, introducing new ways of dining. As a consequence of forced lockdowns, many consumers discovered a new joy in cooking. A recent study notes that 54% of Americans are now cooking more than they were before the pandemic, with 35% saying that they "enjoy cooking more now than ever." At the same time, 33% of consumers say they are getting more takeout than before the pandemic. This implies that the post-pandemic normality will likely see a shift toward eating at home more often, whether that means cooking or takeout and delivery.

Restaurants are going to be forced to furtherly adapt. In order to remain in business, restaurants will continue to diversify their services, to experiment with food bundles and DIY meal kits, and to propose even some luxurious in-home chef visit experiences as an alternative to high-end restaurant dining. For example, we are now witnessing the emergence on the scene of ghost kitchens: creative restaurant concepts that do not have a public location for patrons to dine or pick orders up and are modelled entirely on the delivery concept. Operators establish brands and menus and then promote their openings on social media or elsewhere. They typically rent kitchen facilities to prepare their meals hoping to get orders from popular delivery apps.

Another key example is the increasing success of meal kits. The pandemic stimulated the market for “meals in a box” when millions of Americans found themselves under stay-at-home orders with more time on their hands to prepare meals. Seeing how other food delivery services have flourished may have given consumers more confidence in the meal kit subscription model which is expected to become a \$20 billion industry by 2027.

3. Present and Future Sustainability Practices

3.1. Recent Trends

Covid-19 accelerated tremendously some trends that are now more than ever visible. Most of the implications previously discussed relate closely to some of the trends that are currently affecting the market.

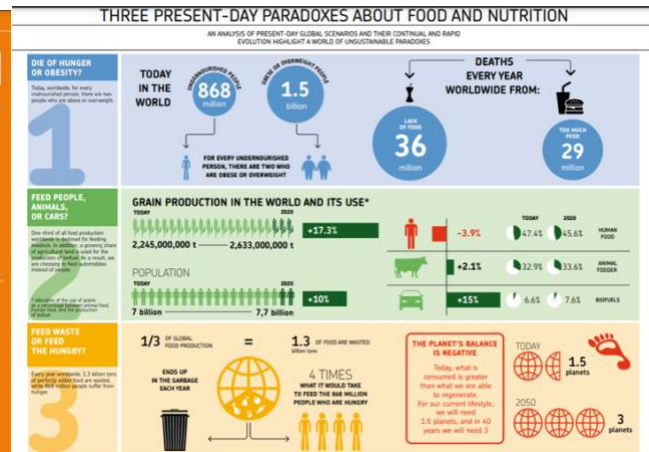
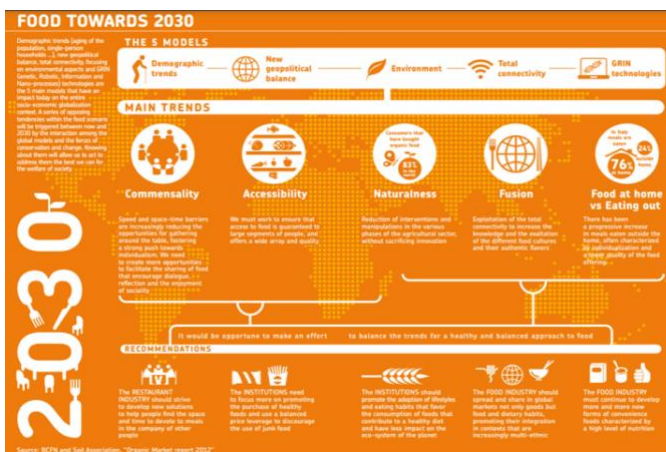
- **Plant-Based Foods:** Innova reported a 68% average annual growth over the past five years, characterized by increased demand for food and beverage with a plant-based claim. “When buying meat or dairy alternatives, consumers prefer the plant-based claim rather than vegetarian or vegan by a wide margin.” That’s because consumers associate vegetarian and vegan with healthy, even when that isn’t always the case.
- **A Return to Fruits and Veggies:** According to FoodNavigator, consumers will also be looking to increase their intake of real fruit and vegetables.
- **Emphasis on Texture:** According to Innova, 70% of consumers say texture gives food and beverages a more interesting experience, and most younger consumers agree with the statement, “I care more for the texture experience than for the ingredient list of a food product.”
- **On-the-Go Healthy Snacks:** The snacking market has seen tremendous growth during the last few years. “The type of snacks consumers are now seeking has ultimately shifted towards healthier alternatives with functional benefits.”
- **Guilt-Free Desserts:** Health-conscious brands, including many confectionery brands, are promoting ‘guilt-free’ indulgence by lowering the amount of sugar in their products—continuing a trend often seen in the last few years.
- **Sustainable Practices:** Sustainability callouts have come to packaging, and many consumers, especially Gen Z consumers, are paying attention. Sustainability refers to a “knowledgeable” consumer who is involved in protecting the environment and product quality. Foods that help minimize waste are also on-trend, including the ones using misshapen fruits and vegetables that aren’t Instagram-worthy in appearance.

As we rethink the underlying principles of the food industry such as safety and supply, other concepts such as transparency and visibility into product sourcing and manufacturing come into the spotlight. Consumers across the globe are more likely to prioritize offerings that are healthy and locally sourced than they were before COVID-19. Consumers are increasingly aware of this: nearly 25% of Americans are now eating more plant-based food. As we move forward, diverse food companies are likely to tap into this trend, resulting in great opportunities for plant-based, nutritious, local, and even healthy DIY meals and products.

3.2. Food Production

Global Food production is subject to the influence of a number of factors which include:

- **Constantly evolving food demand:** economic development and population growth are driving increases in overall food consumption, while a growing middle class is demanding better quality and more variety of products.
- **Population growth and resource scarcity:** with growing populations and prosperity, agricultural production will need to increase by 70% to feed the world's people by 2050, yet our current resource consumption is already unsustainable. Governments and companies are using new technologies, corporate acquisitions, and even diplomatic relations to secure access to water, energy, and land resources required to ensure sufficient food supplies in the future.
- **Ingredients:** recently, adding protein to snack foods has become trendy, as people look for snacks that are functional as well as enjoyable. Consumers' philosophy is that if they are going to consume snack calories, they want those calories to count for something, and the addition of protein or other add-ins answers this need without compromising convenience. The added protein is big now, but new food enhancement trends on the horizon include butter, matcha (a fine powder made from processed green tea leaves), botanicals, beets, and (in states where it is legal) edible cannabis.
- **Packaging:** package designers are expected to convey all vital information, offer additional resources for people who want to know more, support sustainability, and help people feel as if they are making the best choices in terms of their overall dietary habits and their identities as a whole.
- **More globalized, integrated, and regulated supply chains:** more food is moving across borders than ever before. With globalization, food safety and quality risks are increasing and making traceability and control over supply chains are becoming more challenging. As global food trade becomes subject to more regulations, food companies are spending millions on the integration of their supply chains to improve safety and traceability. In multiple jurisdictions, companies are now facing unprecedented compliance risk and, indeed, additional costs during operation.



4. Strategic Analysis of the Vegan Food Market

4.1. An Introduction to the Vegan Food Market

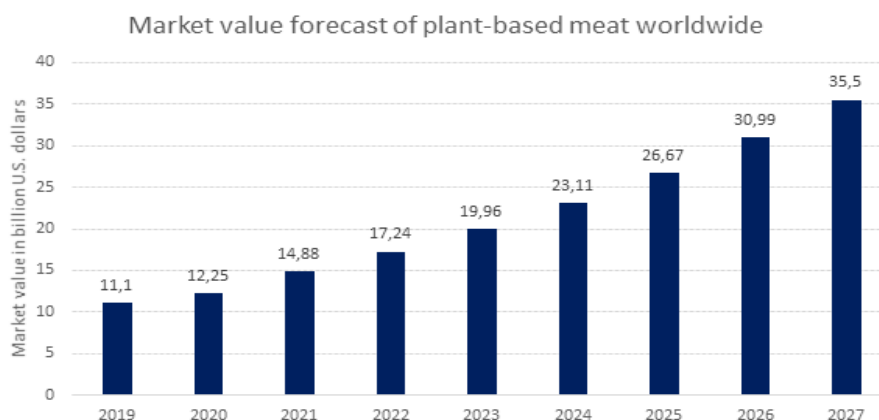
In a world where the consumers' awareness about the nature of the products they usually eat daily is increasing considerably, the vegan food market is growing fast. As a result, this market has experienced a boom which is expected to continue as the number of people turning vegan is growing exponentially. The reasons which determined this trend are multiple: first of all, the health benefits of a vegan diet could help the human organism to prevent different kinds of diseases. In addition to this, thanks to the advertising campaigns promoted by healthy food brands on the most popular social platforms, healthy living has become a mainstream topic, which thus contributed to the growth of the vegan food industry.

Another reason for this market boom is the issue regarding environmental sustainability. Apart from the health benefits which a vegan diet could bring to the human body, several studies have proved that consuming plant-based products could be trivial in preventing environmental disruption. Indeed, one of the main causes of deforestation, a phenomenon which needs to be addressed as soon as possible to ensure a better future for the next generations, has been the necessity to make room for cattle grazing. Deforestation resulted in a habitat loss which poses the greatest threat to numerous animal and vegetation species, particularly for those in the risk of extinction. As a result, we can see how adopting a plant-based diet involves much less waste of resources, such as water, than an animal-based one and is also crucial in reducing greenhouse gas emissions.

Many people are choosing to become vegan also for the ethical implications this lifestyle implies regarding animal safety and this can be explained by the fact that, nowadays, there is much more concern about animal health and animal cruelty in the food industry. It is believed that refusing to pay for animal products, in the long run, could reduce their demand, resulting in fewer animals being bred to suffer and get killed in farms and slaughterhouses.

If we move our analysis towards a long-run time horizon, it is crucial to estimate global future food demand to analyse the importance of the vegan food market. The world population is projected to increase up to 2 billion people by 2050. At the same time, natural resources needed to feed a growing population may not be adequately available. However, if the demand for plant-based products keeps rising as it is doing nowadays, there would be a solution to this issue as this diet involves more efficient use of resources in the production processes.

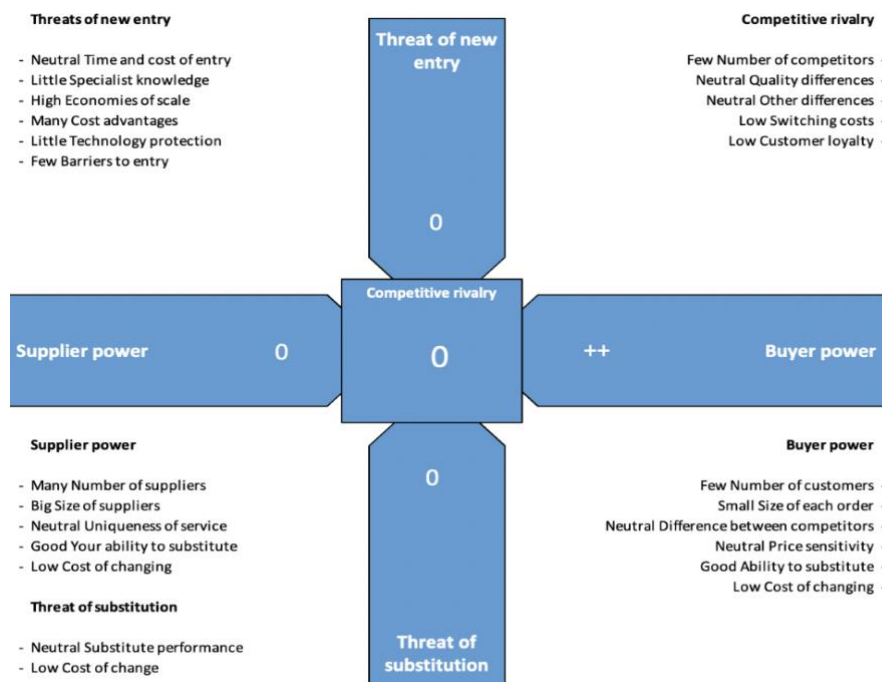
Finally, by looking at the data, the vegan food market is currently valued at \$12.25 billion and it is expected to grow and reach \$20 billion in 2023 with an average growth rate of 15,86% annually. Further proof of this rising trend can be inferred by the fact that Beyond Meat, a global leading the US provider of meat substitutes US, has been one of the best performing stocks of 2019.



4.2. Analysis of the Porter's five forces model

To assess the competitiveness of the vegan food market we structured and presented a Porter's five forces model.

- **Competitive Rivalry.** The vegan industry is in the growth stage of an industry life cycle, as demand from consumers constantly increases. Furthermore, even the revenues of the companies belonging to this sector are rising, thus determining an overall positive cash inflow. In addition to this, companies in the sector present several growth opportunities.
- **Supplier Power.** Up to this point, the number of suppliers of vegan products is very limited. Indeed, they have a particularly strong power which allows them to exert prices at their discretion towards the customers.
- **Buyer Power.** If the customer power were high, consumers would be able to drive prices down without allowing a lower quality of the products. However, since the vegan market is booming and it is not consolidated yet, the availability of those products is still scarce in some areas of the world. Besides, there are also a few alternatives from which the customers can choose. All these factors result in low bargaining power of consumers.
- **Threat of Substitution.** Although vegan products are unique, and there is not a wide range of substitutes, customers may still choose to adopt a healthy lifestyle without consuming vegan food exclusively. Lack of brand loyalty and low switching costs contribute to this result.
- **Threat of New Entry.** In current days, the global population is more aware of sustainability, which has been one of the most relevant factors in the development of the vegan food industry. Following this trend, several companies in the coming years will try to access the market. However, acquired knowledge needed for the production of unique vegan products might serve as an entry barrier.



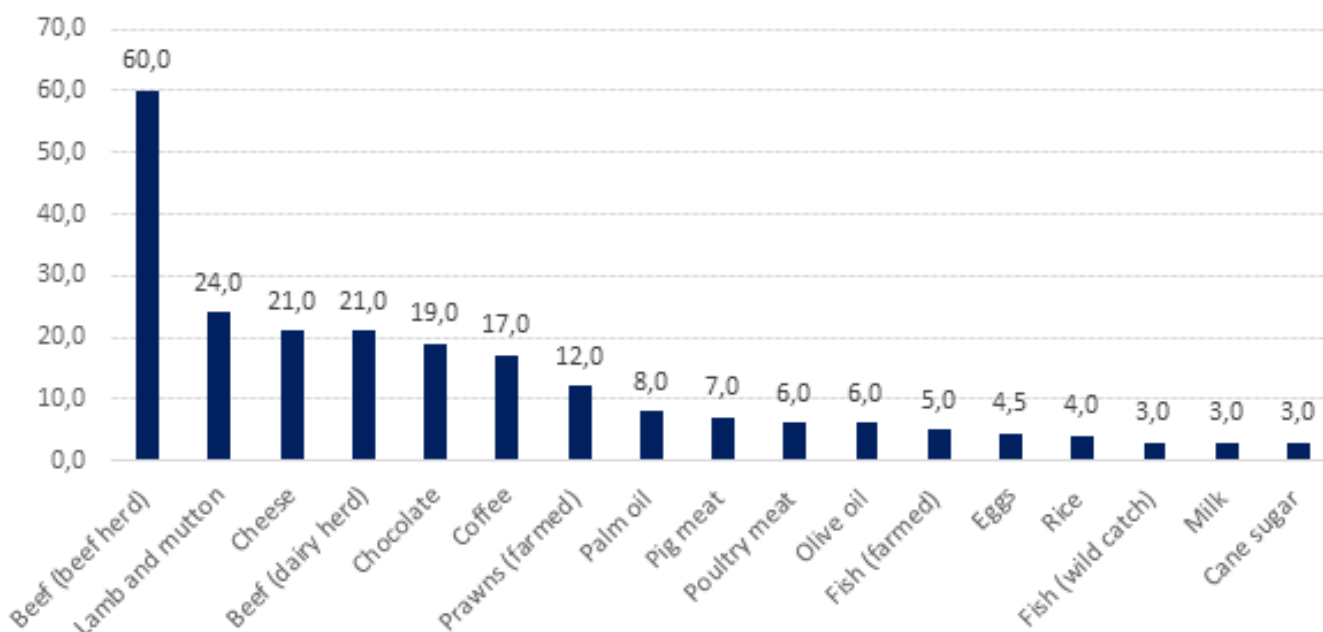
4.3. International Debates

Due to the explosion in popularity of the vegan diet in recent years, many experts have tried to understand which positive or negative implications can result from it.

The global food supply chain is currently facing many and complex challenges related to the waste of food and resources which should be of primary importance to governments and supranational organizations. Considering that the world population is constantly rising, there is an urgent need to make the production processes more efficient. Each year, supply chains cause emission of approximately 13.7 billion metric tons of carbon dioxide, with animal-based foods, such as beef and lamb, accounting for much of the total: primarily due to land-use change and processes at the farm stage.

As a result, adopting a vegan diet could be a valuable tool to embrace a sustainable lifestyle for the reason that it has the lowest carbon footprint. Indeed, several studies have proved that, by reducing the human impact on the environment, turning vegan can help fight climate change.

GHG emissions per kilogram of food product
(kg CO₂-equivalents per kg product)



Another issue regarding food supply chains is the one related to factory farming, a system whose main aim is to produce the most meat, eggs and milk as quickly and cheaply as possible in the smallest amount possible, thus maximizing production and minimizing costs. Since each year more than 80 billions of land animals are raised and slaughtered for food consumption, there should be more concern about such practice to end the suffering of these animals which could be dangerous also for our health once we eat them. Indeed, more than 60% of infectious diseases affecting humans come from animals.

On the other hand, it is important to consider that following a vegan diet could not be healthy for everybody. It has been proven that not following the diet properly may result in vitamin D, calcium, omega-3 fatty acids and zinc deficiencies. These may have detrimental effects to human body, weakening^[1] the immune system, and accentuating the risk to experience bone fractures, blood pressure, rashes and fatigue.

Vegans are also at risk of developing a Vitamin-B12 shortage that in the long-run could cause irreversible neurological effects.

Moreover, a geopolitical and macroeconomic perspective of vegan food market should be evaluated. As a matter of fact, the majority of vegan companies which have rapidly grown over the last years are the US companies but, given the turbulent times that the world politics is facing, we do not exclude that there are several threats which could lessen a complete worldwide expansion of these companies. However, the recent election of Joe Biden, whose policies will certainly be less protectionist than the ones adopted by Donald Trump, could be a relevant factor for fast development of the vegan market on a global scale, thus allowing firms such as Beyond Meat and The Very Good Food Company to grow rapidly both in terms of size and profitability.

In light of our analysis of Porter's five forces model, we highlighted that the global supply of vegan food is pretty close to being a monopoly, thus not ensuring wide availability of prime quality vegan products in all the areas of the world. As a consequence, following a healthy vegan diet could not be accessible for everybody, and this can be a limit in the development of the market for the next years.

Finally, it is believed that the market has all the characteristics to expand over the following years. One of the main reason of this conclusion is that nowadays, there is a growing number of people who start to put more attention on the quality and provenience of the products they eat with the aim of preserving both the environment and their health.

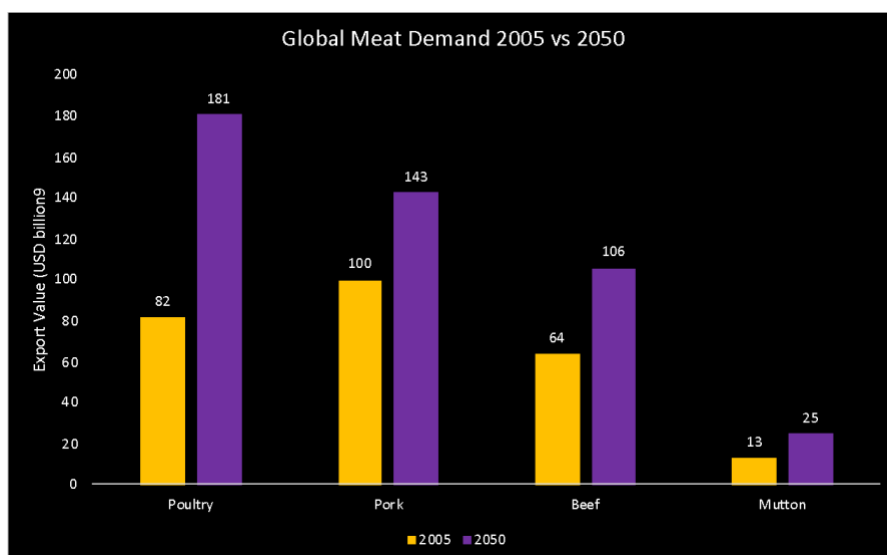
5. Technical Analysis of the Vegan Food Market

5.1. Demand and Supply Analysis

The demand-supply equilibrium in the vegan food market for the medium-long term is influenced by food market macro variables such as global population, population growth, per capita consumption, and global trade level. However, it is especially susceptible to developments in income growth, which shifts consumer demand towards high-value products such as vegan ones, and to changes in consumer preferences, which result from different societal standards and health or environmental concerns.



In the recent years, the market for vegan products has been heavily driven by a growing concern of the general public for healthy lifestyles, animal cruelty, government initiative, and the development of new meat-free products that mimic their relative meat-based staples. Meat alternatives are thought to possibly playing a key role in the upcoming years since there will be an extraordinary increase in meat demand. Governments of many economies are focusing on endorsing the development of innovative vegetarian products solutions to fulfil the rise in demand, while at the same time mitigating global-warming-related issues.



As a response to this recent trend in consumer demand, several major players in the meat and food sectors have started investing considerable amounts of capital in plant-based meat start-ups: Tyson Foods invested in Beyond Meat, Unilever in Plant Meat Matters consortium, and Vegetarian Butcher and Jan Zandbergen recently closed a distribution agreement with Moving Mountains. As a result, a great variety of plant-based meat products is being provided by some companies - notably Beyond Meat (US), Quorn Foods (UK), Impossible Foods (US), and Morningstar Farms (US) - to meet the necessities of these new consumer types. While the industry has boomed in North America and Europe, and plant-based meat products have started to appear also in several Asian countries, companies still need to increase and strengthen the customer base by employing promotion strategies to educate consumers about these relatively new products and their related benefits.

In addition, a new challenge that the sector needs to deal with is the rising concern of consumers towards plant-based meat products that are made with genetically modified raw materials, such as GM soy. Companies are addressing this challenge with marketing campaigns, aiming to secure the labelling of plant-based meat as GM grain-free products. The principal aim of these companies is to build a better consumer base for plant-based meat products.

5.2. Short-term and Long-term Growth Analysis

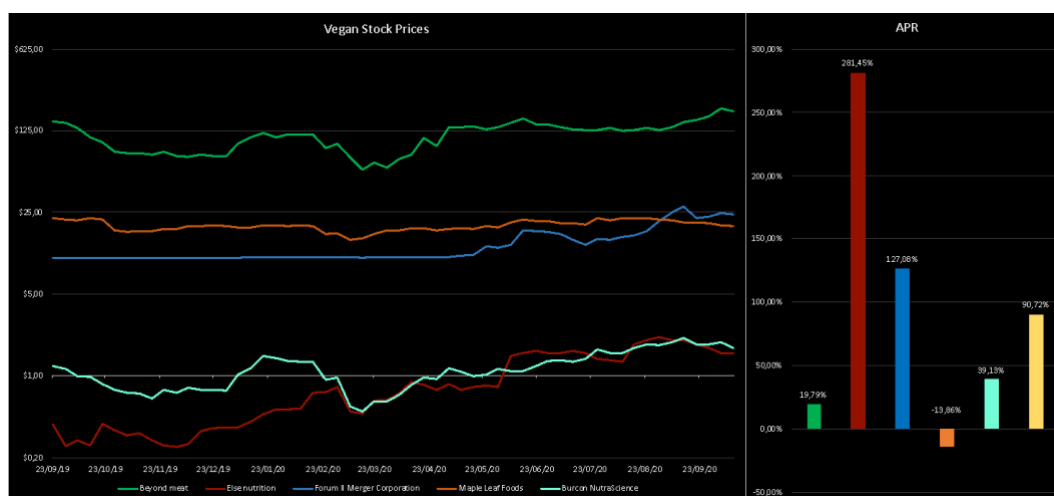
The growth of the vegan food market, and specifically of the plant-based meat industry, is mainly driven by an increase in the vegan, vegetarian and flexitarian populations globally. Flexitarians, which are flexible vegetarians who seek a

reduction in meat consumption, substitute some of the meat-based products with their plant-based alternatives in their weekly or daily diets and account for the greatest part of this increased demand.

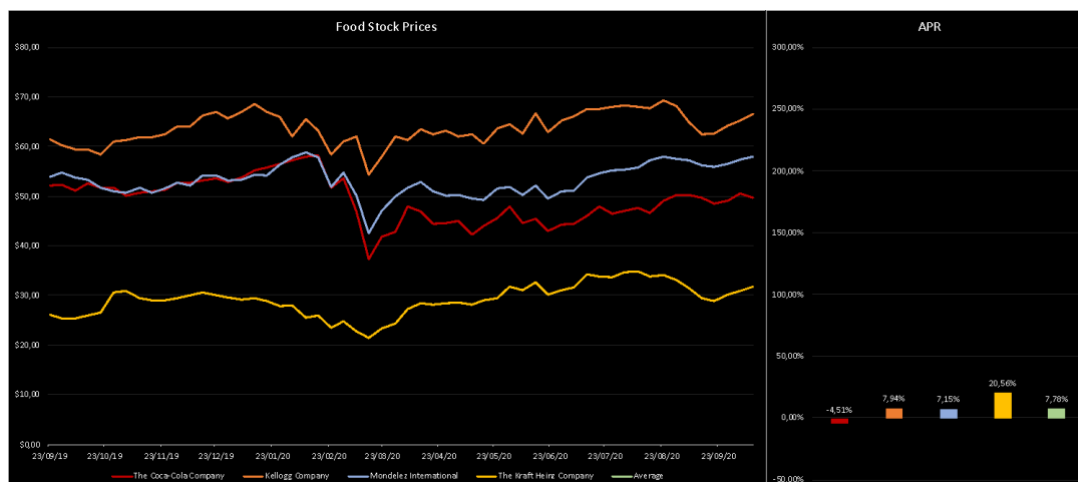
In Sweden, according to “Animal Rights Sweden”, 1.4 million people or 10% of the total population is vegetarian or vegan, and among the under-30 population, the percentage increases to 20%. According to the “Economist”, approximately 25% of Americans between 25 and 34 say that they are vegetarian or vegan. Also, after the Asia-Pacific region, the US is the second country in the world for demand of dairy alternative milks, and, from the analysis of Euromonitor International, Australia is the third-fastest growing vegan market in the world. In China, due to government recommendation of reducing meat consumption by 50%, the vegan market is predicted to experience a sharp growth in the upcoming years.

More conspicuously, the global vegan market, whose size in 2020 has been estimated to be \$15.12 billion is expected to grow until 2023 at a CAGR of 9.79%, reaching \$20 billion, as compared with a growth rate of 3.6% of the global food market. A substantial part of this growth is thought to be achieved due to the growing interest in meat-based products manifested by fast food giants. This trend is well exemplified by the recent move of KFC, an American fast-food restaurant chain, that is aiming at diversifying its variety of products including plant-based chicken alternatives in their offerings. Many companies currently invest in innovative food products of the vegan area to satisfy the increasing demand among consumers for wider food options.

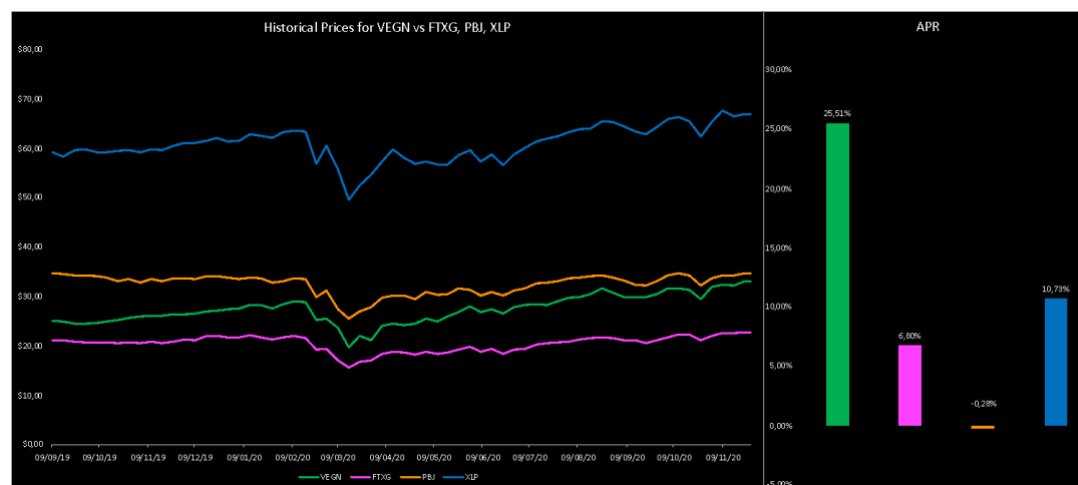
5.3. Vegan Food Industry Performance



Stocks of companies that operate in the vegan food market segment present several characteristics that make their market performance extremely competitive. Current valuations are genuinely promising with respect to the extremely low prices for which the stocks trade, making the companies easy and accessible investments for any wallet size. The high annual returns of these stocks, however, are to be credited to the high betas that characterise many of these stocks. This is mainly because of the high value products provided by vegan food companies, which in a bull market are very attractive for consumers, but on the other hand lead them to opt for cheaper substitutes in market downturns.



Regarding ETF investments, a new US **Vegan Climate ETF** is trading on the NYSE market since September 2019. This ESG asset is composed of mainly large-cap stocks, screened according to vegan and climate conscious behaviours. Some of the stock it is composed are Apple, Microsoft, Facebook and Alphabet. Are excluded companies which engage in animal exploitation, human right abuses, fossil fuel extraction and energy production, and other environmentally harmful activities. Though not strictly composed of vegan food producer companies, this ETF presents a much higher market performance than the pool of food ETFs considered.



6. Investment Recommendations

Here is a list of rising vegan companies, worth taking under sight:

- Beyond Meat
- The Very Good Food Company
- Else Nutrition
- Tattooed Chef
- Burcon NutraScience

Beyond meat, the Tesla of this industry. Beyond Meat, Inc. (NASDAQ: BYND) is one of the fastest growing food companies in the United States, offering a portfolio of revolutionary plant-based meat products made from simple

ingredients without GMOs, bioengineered ingredients, hormones, antibiotics, or cholesterol. Produced since 2009, Beyond Meat products are designed to have the same taste and texture as animal-based products while being better for people and the planet.

The company's mission is to find a better way to feed the planet starting from little choices aimed at having a great impact on personal health. They argue that by shifting from animal to plant-based meat, we can positively impact four growing global issues: human health, climate change, constraints on natural resources, and animal welfare.

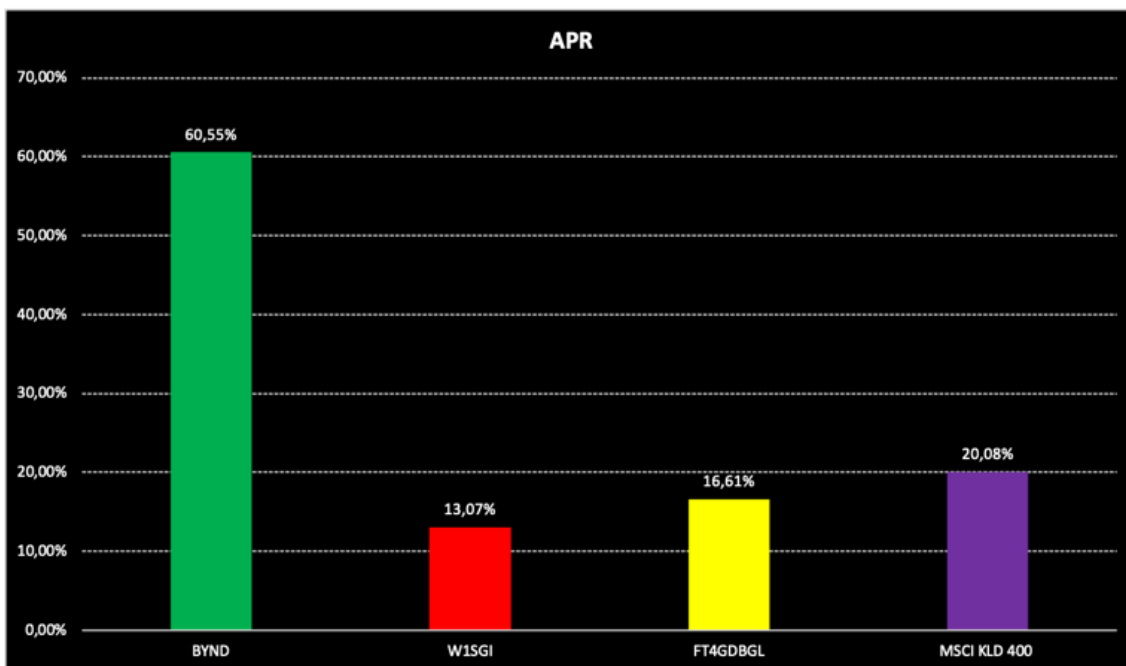
Beyond meat's meat-less burgers, sausages and other meat products are served in the main fast-food chains worldwide. Just recently, McDonald's announced that it will introduce a line of plant-based meat alternatives called "McPlant" in 2021, offering plant-based burgers, chicken substitutes and breakfast sandwiches.

Among the vegan food companies, we can identify Beyond Meat as the most powerful and profitable one. Being the first vegan firm to be listed in the world with its IPO on May 2, 2019, Beyond Meat has been one of the most outstanding stock in the US stock market. Indeed, having started to trade at a price of \$25, its shares experienced a surge on the IPO day through which the price reached a value of \$65.

Despite the fact that in the following weeks the share price oscillated with a lot of ups and downs, since the outbreak of COVID-19 pandemic in the US, particularly thanks to an increasing awareness from the customers with regards to the fragility of the existing global food system, the share price of Beyond Meat experienced a constant growth. In addition to this, we think that the Californian firm has plenty of opportunities to keep growing, thus strengthening even more its global position as the leading vegan food company.

The company is well performing and has great potential to grow. Here are the key financial highlights from third quarter 2020:

- Net revenues were \$94.4 million, an increase of 2.7% year-over-year.
- Gross profit was \$25.5 million, or gross margin of 27.0% of net revenues; Adjusted gross profit was \$27.3 million, or Adjusted gross margin of 28.9% of net revenues, reflecting exclusion of expenses attributable to COVID-19.
- Net losses were \$19.3 million, or \$0.31 per common share; Adjusted net loss was \$17.5 million, or \$0.28 per common share, reflecting exclusion of expenses attributable to COVID-19.
- Adjusted EBITDA was a loss of \$4.3 million, or -4.5% of net revenues.



The Very Good Food Company. The Very Good Food Company Inc. is an emerging plant-based food technology company that designs, develops, produces, distributes and sells a variety of plant-based meat and other food alternatives. The company's mission is to employ plant-based food technology to create products that are delicious while maintaining a wholesome nutritional profile. To date it has developed a core product line under The Very Good Butchers brand.

The vegan company recently became listed in the US stock market. Over the last year the firm reported astonishing results in terms of financial performance with a remarkable revenue growth. In addition to this, the current price-to-sales ratio of the company is really high compared to the one of its competitors, and this could be a valuable indicator about the positive expectations that the market participants are placing in The Very Good Food Company, which has been identified by many as the Canadian Beyond Meat.

On the other hand, what could be a limit for a worldwide expansion of the company is its limited supply chain. Nonetheless, being completely aware of this issue, its management is working hard to expand it in order to take advantage of the rapid development of the vegan market and then increase its market share in the various areas where The Very Good Food Company operates or is planning to enter.

Second quarter 2020 financial highlights are the following:

- Revenues were \$1,100,816 million, an increase of 395% year over year.
- Gross profit margin of 42% over 6-month period, an improvement from 34%.
- Total assets of \$6,757,062, including a cash balance of \$3,508,826.
- Outstanding debt reduced by \$1.1 million.

- Net loss was \$1,653,655 million, or \$0.03 per common share.

Else nutrition. It is a pioneer in the world of plant-based instant milk. Else Nutrition GH Ltd. is an Israel-based food and nutrition company focused on developing innovative, clean and plant-based food and nutrition products for infants, toddlers, children, and adults. Its revolutionary, plant-based, non-soy, formula is a clean-ingredient alternative to dairy-based formula. The holding company, Else Nutrition Holdings Inc, is a publicly traded company, listed as TSX Venture Exchange under the trading symbol BABY and is quoted on the US OTC Markets QB board under the trading symbol BABYF and on the Frankfurt Exchange under the symbol OYL. Else has established production lines in anticipation of significant ramp-up in sales during 2021.

In Q3 the company focused on preparing the product for an initial soft launch into the U.S. markets via online and retail channels, growing the brand awareness, and obtaining the funds necessary for full-scale commercialization of the product line.

Tattooed Chef. The company is a leader in the frozen plant food category. Tattooed Chef offers a broad portfolio of innovative plant-based food products that taste great and are sustainably sourced. Tattooed Chef's signature products include ready-to-cook bowls, zucchini spirals, riced cauliflower, acai and smoothie bowls, and cauliflower pizza crusts. They are all available in the frozen food sections of leading national retail food stores across the United States.

The company operates in a very attractive segment of the food industry. The growth in the frozen food category has been primarily driven by recent product innovation as a response to the growing demand for great tasting, clean label and convenient options. Millennials and Gen Z are driving growth in the frozen foods section due to convenience. The first half of 2020 showed strong continued momentum driven by explosive growth within the Tattooed Chef brand. The firm will certainly seize many opportunities to penetrate the \$380 billion global frozen food market.

Burcon NutraScience. Burcon is one of the protagonists of the plant-based revolution. What this company does is at the very roots of plant-based food since it produces a plant protein, which is at the core of plant-based food.

Burcon NutraScience Corporation is a global leader in innovative technologies for large-scale production of high-quality, cost-effective plant-based proteins and ingredients needed in the production process.

Plant-based eating is experiencing huge growth around the world, and Burcon's differentiated plant protein ingredients meet the need of CPG companies and consumers, due to highly desirable functional and nutritional attributes making them suitable for numerous products from dairy alternatives to meat substitutes.

Conclusion

To sum up, the Vegan Food Industry adds to the market a wide range of high value products, which in comparison to those of the traditional Food Sector, are very sensitive to consumer elasticity. Also, whereas the food market is meant to provide products to the entirety of the global population, the Vegan Industry targets, at least for the moment, only a closed, but ever growing, niche. In the near future, however, the vegan consumer population is expected to grow substantially, given a favourable democratic US presidency, and to provide a much wider customer base to the firms operating in this market, allowing them higher returns.

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