



Kellogg's Stealth Brand in Plant-Protein May Boost Company Fortunes

By Ambreen Ali
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Plant-based faux-meat startups are all the rage with Wall Street, but long-established vegetarian brand Kellogg's MorningStar Farms may be in the best position to cash in on the craze.

[Beyond Meat](#) and [Impossible Foods](#) have made investors happy with rising stocks and rich IPOs. Not so much Kellogg's, whose shares have slipped about 2% this year while wider markets, and the faux-meat rivals, surge.

But MorningStar, the largest vegetarian brand, has market reach that the smaller rivals will need years to build.

The Kellogg's unit reaches 25,000 restaurants, schools and hospitals with its veggie burgers, vegan corn dogs and other products, exceeding Beyond and Impossible's [combined](#) distribution.

With such vast resources, MorningStar is well-positioned to benefit from the interest being ginned up by Beyond and others — and to use its influence to widen even further the market for meat alternatives.

“MorningStar Farms already has the production facilities and distribution networks to reach a much larger number of consumers than other plant-based meat companies,” Matt Ball, a spokesman for The Good Food Institute, told Karma.

The nonprofit recently partnered with MorningStar to help the brand [become](#) 100% plant based, which means 300 million fewer egg whites being used each year. Kellogg cited its wish to reduce “water waste, land usage, and carbon emissions associated with egg production.”

The move also signals that MorningStar is paying attention to the success of Beyond and Impossible, and to growing consumer demand for veganism.

About 70% of people worldwide are reducing or eliminating meat from their diets, according to a report by [GlobalData](#). Millennials are driving the trend, out of concern for animals, environmental impact of the meat industry and health considerations. As a result, sales of plant-based products have increased 31% in the US since 2017, according to the [Good Food Institute](#).

It's not just MorningStar that is taking note of the growing interest in veganism. Tyson Foods, America's largest meat producer with [\\$40 billion in annual sales](#), is investing in [plant-based and lab-grown meat companies](#) and launching a line of [vegan products](#) — a sign that even established players in the meat industry can see consumer preferences shifting in profound ways.

“If we can grow the meat without the animal, why wouldn't we?” Tyson CEO Tom Hayes recently told [Bloomberg](#), adding that ethical consumption “has just begun to build momentum and will grow as the younger generations increase their purchasing power.”

Plant-based meat vs. veggie burgers

MorningStar came under the spotlight recently when a MarketWatch columnist wrote a [piece](#) accusing Kellogg's management of “letting free money go by” because the brand generates an estimated \$450 million in annual sales, compared to Beyond's 2019 projection of \$210 million. He recommended MorningStar be positioned for an IPO to compete with Beyond and Impossible.

But industry analysts say MorningStar is fundamentally different than the plant-based startups that have Wall Street excited. What has differentiated Beyond and Impossible is the underlying premise of their products — they are meat-like products for meat eaters, not vegetable-based substitutes for vegetarians. That means their burgers taste, smell and bleed like meat.

“Today's plant-based burger is not your grandma's veggie burger,” said Kristie Middleton, vice president of business development for Seattle-based Rebellyous Foods, which is known for its plant-based “chicken” products. “Motivated entrepreneurs, chefs, and food scientists have transformed meat alternatives from a niche health food product into those that actually mimics the taste and texture of animal meat.”

Fast-food companies in particular have latched on to the concept of plant-based meat as a way of offering an alternative on their menus not just to vegetarians but to regular customers who may have concerns about meat production, its effect on the environment, or its nutrition.

Many who have tried these burgers profess that they taste nearly just like animal meat. Pat Brown, the CEO of Impossible Foods, said that he can see a future where no animals are involved in the production of “meat” as a result.

“Everybody’s going to realize that the animals in food technology is basically going to disappear very soon,” he told [CNBC](#) last month, projecting a “tipping point” within a decade as more and more people question their meat consumption.

“Multiple winners”

Industry players often compare the rising interest in meat alternatives to milk substitutes such as soy, almond and oat milk, which were fringe products not too long ago but are now consumed widely. Plant-based milks comprise [13% of the dairy market](#) today, in part due to acceptance from established dairy brands such as Danone, which acquired Silk soy milk maker [Whitewave](#) in 2016.

“There’s every indication that plant-based meats are on the same path,” Middleton told Karma.

As the momentum for plant-based meat products grows, companies like MorningStar are likely to help propel it. A recent collaboration with [James Beard Award-winning chef Paul Kahan](#) for plant-based chorizo tacos is just one indication of the kind of industry connections and influence a company like Kellogg can bring to the table.

Indeed, Beyond and Impossible have been [struggling to meet demand](#). As plant-based meat becomes more widely available and more affordable, all indications are that even more of it will be consumed and many companies will benefit. As Impossible Foods CFO David Lee [put it](#), “There will be multiple winners.”

It’s very likely that MorningStar will be one.