

Forecast on the Development of the Plant-based Meat Company Beyond Meat in China

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Abstract. With the changing times, people's demand for a healthy diet is increasing. As a populous country with rapid economic and technological development, China has great potential in the plant meat market. To make a reasonable analysis of the development of Beyond Meat in the Chinese market, this paper will study the current situation of Beyond Meat in the Chinese market through PESTEL analysis, SWOT analysis, and financial analysis, and find out the disadvantages and deficiencies of the company in its growth. We find that Beyond Meat has huge numbers of retail stores and lots of restaurants in the United States, and the number of customers is relatively stable. However, Beyond Meat's financial report shows that the epidemic is affected by increased transportation costs and other factors, which make it suffer great loss. Then the future development direction of Beyond Meat is predicted by discussion, which helps Beyond Meat grow better in China.

Keywords: plant meat market, PESTEL analysis, SWOT analysis, financial analysis, future development

1. Introduction

After researching, the paper on Beyond Meat focuses on whether Beyond Meat can be accepted by the Chinese market and the challenges it faces [1]. This article is a forecast of the development of Beyond Meat in China. Therefore, the difference between this paper and the other papers is that this paper focuses more on predicting the growth of Beyond Meat within the Chinese market and comparing it to other Chinese artificial meat companies [2-3]. Ultimately, it analyzes the strengths and weaknesses of Beyond Meat, as well as the challenges and opportunities it faces. The projection of Beyond Meat's development in China will hopefully help Beyond Meat's development and help consumers understand more about the company.

In the process of creating this paper, we read a lot of literature and conducted research, and further analyzed the company through financial statements to get a more comprehensive understanding of the company [4-5]. The main purpose of this article is to investigate whether Beyond Meat can successfully grow in the Chinese plant-based meat market [6]. Although we have read a lot of literature and have a good understanding of the company, it would be helpful to conduct a larger survey on consumer understanding and satisfaction, and hopefully, we will have the opportunity to conduct a social survey in the future to improve this article.

With the development of the world's technology and the improvement of human living standards, people are paying more and more attention to their daily eating habits [7-8]. Vegetarian meat has been

developed as a product to get more protein and to reduce the global greenhouse gas emissions caused by the hunting of wild animals. According to BBC statistics in 2016, vegetarians and vegans occupied the biggest population among those three groups (dietary vegans and lifestyle vegans), with the number of 1.68 million [9]. The new meat alternative has been replaced by plant-based products to compete with traditional meat restaurants such as McDonald's [10]. Beyond meat started to develop after its wall street debut.

In the main body of the paper, we take a glance at the company's products, customers, and revenue. Then we look at the company's macro-environment by using PESTEL analysis. And having an insight into the micro-environment by using SWOT analysis and financial analysis. After using those tools, we discuss the company by putting their product in the Chinese market situation. and propose recommendations. At the end of the paper, we spontaneously concluded and point out the shortage of the research.

2. FIRM DESCRIPTION

Beyond Meat is a plant-based meat substitute manufacturer based in Los Angeles, and founded in 2009 by the CEO of Ethan Brown. The company's initial product was launched in 2012 in the US. The main product from this company are burgers, ground meat, sausage, and meatballs. According to the ingredients of the product, burgers in Beyond Meat is one of the most famous products in the company. The ingredients include water, coconut oil, rice protein, and beet juice color, etc. The main service of the company is to compete with climate change accompanied by the promotion of a healthy diet for customers. Also, by eating the burgers from Beyond Meat, the global greenhouse gas will decrease 90% of emissions. In terms of the other side, according to the 2019 report from Forbes, there are 250,000 wild animals can be saved per year by eating Beyond Meat. By analyzing the current capital environment, Beyond Meat is hard to maintain the year-on-year growth rate as they expand the company size and they do need to compete with the competitors which have a solid relationship with customers and trying to be flexible. By analyzing the average estimate revenue, the company will show a dramatic increase from this year to 2022. According to the customer segment, Beyond Meat is likely to focus on the vegetarian and the non-vegan. They are more likely to remove the sign of "plant" and using the low cost to make the higher reputation.

Table 1. Revenue Estimate

IPO	Revenue estimate in 2022	Total revenue
25\$/Units 2019	834.95M = +0.5% in 2021.	453.963 TTM

3. Pestel ANALYSIS

PESTEL analysis is a tool that helps us understand the opportunities or threats facing the company market by monitoring its external environment. It provides six different angles of considerations. The acronym letters stand for Political, Economic, Social, Technological, Environmental, and Legal. In our research, we strategically used that framework to figure out the plant-based meat industry position and the Beyond Meat company's future directions in the Chinese market.

3.1 Political Factors

Government policy on environment protection will promote the company's development. In order to reduce carbon emissions, in September 2020, the seventy-fifth Session of the General debate of the United Nations General Assembly, China for the first time proposed to achieve a carbon peak in 2030 and achieve carbon neutrality by 2060. The carbons neutrality and peak carbon targets will be mentioned in subsequent major working meetings and q&A sessions. The government encourages organizations or individuals to achieve the neutrality of greenhouse gas emissions by energy conservation and emission reduction activities, such as planting trees or crops.

3.2 Economic Factors

3.2.1. Meat Shortage

Xue Yan, secretary-general of the China Plant-based Food Industry Alliance, pointed out in the third Future Food Summit 2020 in Shanghai that by 2050, China will have a meat shortage of 38 million tons. It is not enough to meet the supply just relying on traditional farming and meat processing production. Plant-based meat products will be a reasonable supplement.

3.2.2. Food and Beverage Industry

There are four big trends brought by the development of the catering industry, which make the boundary between the industry and other industries gradually become indistinct. [1]

3.2.2.1. From Restaurant to Processed Food Plant

There are many local courses become packaged food in China. Those food are portable, convenient, fast, simple, and low-cost compare to traditional dishes. And it is easy to spread their food information and do the marketing through their package.

3.2.2.2. Catering to Retail

Crossover cooperation happened in more and more retailers. We could buy mooncake in Starbucks and buy shower gel in Hey tea. Plenty of brands are willing to share their intellectual property with other bands to gain recognition and revenue.

3.2.2.3. Pluralistic

Places like office buildings, gas stations, playgrounds, stores, retailers, and homes all can have catering services. It provides a diversified experience and convenient services.

3.2.2.4. Live-streaming E-commerce

With the development of streaming media and the online celebrity economy, a growing number of customers are willing to pay for the recommendation from people they like.

3.3 Sociocultural Factors

3.3.1. Health Monitoring

More and more people pay attention to their health and body maintenance. They monitor their body in real-time. Especially for elderly people and people who have obesity, the increase in cholesterol will easily lead to high-risk diseases such as diabetes and cardiovascular. There are nearly 2 billion adults who are overweight or obese in the global world. Plant-based pork, which is low in cholesterol, fat, and calories, may be less of a burden.

3.3.2. Diet structure

About 10 percent of the world's population is flexitarian, the number is 16% in Asia and Africa. They eating mostly vegetarian foods but occasionally eating meat for extra protein. They may be fitness enthusiasts; Put the everyday meal in a rational diet structure.

3.3.3. Dining Experience

Young people are paying more attention to the dining experience, and they are willing to pay for the high-priced innovative products.

3.4 Technology

Breakthrough the technical limit of mass production of high moisture tissue protein is the opportunity of technology issue. Mass production of high moisture textured protein (drawing protein) which meets the needs of subsequent processing or cooking is the core technology to limit the industrialization development of plant meat and reflect the scientific and technological level of plant meat. If you need to have a good vegetable meat taste. Require both high quality and stable soybean separation protein, wheat gluten, pea protein as raw materials, such as proportion and form

the unique combination collocation, and need good design and high precision to create a complete set of extrusion equipment, more targeted to explore a suitable extruding machine operating parameters, including the material moisture, screw configuration, screw speed, feed speed and barrel temperature, etc.

3.5 Environmental

According to Shrink that footprint in 2019, the average emission of co2 in the US per person per year for meat lovers was 3.3 tons, whereas the number for the Vegetarian was 1.5. That means plant meat can reduce carbon emissions by using green products.

Plant meat is rich in raw material resources and is in the upper reaches of the food chain. It could reduce water consumption and greenhouse gas emissions, which is in line with low-carbon, green and sustainable development.

3.6 Legal

The government will develop and enforce the standard and regulations of the plant-based meat industry. Secretary general Xue yan said that some of the existing plant meat products have weak quality control and limit taste standards, causing an unsatisfying consumer experience. The production and marketing standards of plant meat food products are being studied and formulated. The markets supervision and access threshold of plant meat products will be gradually strengthened by referring to the mature international standard system of plant meat.

4. Swot ANALYSIS

SWOT analysis is a variety of major internal advantages, disadvantages, and external opportunities and threats closely related to the research object. It is listed through investigation and arranged in matrix form, and then analyzed with the idea of systematic analysis, from which a series of corresponding conclusions are drawn.

4.1 Strengths

4.1.1 Rich in products

Beyond Meat has a very rich variety of products, such as plant burgers, plant sausages, plant chicken, vegetable meatballs, etc. This can meet customers' more needs and improve the brand's reputation.

4.1.2 The passenger source is stable and gradually growing.

Beyond Meat has 28,000 retail stores and 42,000 restaurants in the United States, and the number of customers is relatively stable. Beyond meat has cooperated with McDonald's, Baisheng Catering, Starbucks, and other catering brands to enter the Chinese market after July 2020. This has significantly increased the number of customers of Beyond meat.

4.1.3 Fully funded

Beyond Meat received a total of \$72 million in financing before it went public in 2019. And has well-known investors such as Bill Gates, Leonardo DiCaprio, and Tyson Foods, the largest meat producer in the United States.

4.2 Weaknesses

4.2.1 Products are easily duplicated.

The company's products are all related to plant protein manufacturing of plant meat, but there is no diversified product research and development. Compared with other types of food companies, the product is relatively single, and the conversion between various products is easier. At the same time, the products are similar to plant production, resulting in less nutrients.

4.2.2 Does not meet Asian flavors.

Beyond Meat mainly produces burgers, chicken nuggets, and other products in the European and American markets. But there are fewer mince, shredded pork, and other products for Asian cuisine.

4.2.3 Single Sales Model

Beyond meat sales, which were originally dependent on restaurant chains and small restaurants, fell sharply due to the impact of the novel coronavirus epidemic. Competitor Impossible has a stronger distribution capacity and has been expanding the restaurant business. In the epidemic, the share of impossible in the plant meat market soared from 5% to 55%.

4.3 Opportunity

4.3.1 Natural Environmental Needs

Current livestock production emits a large number of greenhouse gases, and beyond meat can reduce greenhouse gases by 90% in the manufacturing process. In the production of raw materials. According to a peer-reviewed life cycle analysis conducted by the University of Michigan, Beyond Meat can reduce land, water, and energy compared with traditional livestock production by 93%.

4.3.2 Healthy Food Needs

With the development of the times, people have paid more attention to food for their physical health. Beyond Meat can provide a better source of protein than meat and reduce saturated fat and fat by more than 35%.

4.4 Threat

4.4.1 There are many competitors in the plant meat market.

According to Kierney, the global plant meat market will reach \$450 billion in 2040. The number of Impossible supermarkets in the United States increased from 150 to more than 20,000, and the market share increased from 5% to 55%. Nestle, Unilever, and other companies have also announced their entry into the plant meat industry. There are more than 15 more mature plant and meat enterprises in the Chinese market.

4.4.2 Great economic pressure

Beyond Meat's financial report for the second quarter of 2021 shows that the epidemic is affected by increased transportation costs and other factors. Beyond meat's net loss was \$1.7 million, double that of 2020. It has been losing money for four consecutive quarters. Beyond meat has invested a lot of marketing fees and set up a factory in Jiaying since it entered the Chinese market in July 2020, but only a small number of people have been tried. So, the profits in China in recent years should not be enough to offset the company's investment and cost of developing and producing the product.

5. Financial ANALYSIS

Based on Beyond Meat's balance sheet, there are multiply ratios that can be analyzed. At first, the Current Ratio is 3.73 that conducted from the Current Asset dividend by Current Liability which is 332,226 over 88,967. According to Investopedia (2021): "The current ratio is a liquidity ratio that measures a company's ability to pay short-term obligations or those due within one year". If the Current Ratio is over high, the company may not use efficiency its asset or its short-term financial capital. Second, the Cash Ratio is 1.79 from Cash over Current Liability which is 159,127 dividends by 88,967, the Beyond Meat can cover all the short-term debt and still has cash on the account remained since the ratio is greater than 1. For the financial leverage ratio, the first one is the Total Debt Ratio which is 0.22. It is conducted by Debt 100,909 over Asset 468,006. The lower this ratio is, the easier it is to raise funds. The Debt-to-Equity Ratio is Debt 100,909 over Equity 367,097 which is 0.27. A low Debt to Equity Ratio indicates a lower amount of financing by debt via lenders. The next one is the Equity Multiplier which is an Asset dividend by Equity, beyond meat has a 1.27 equity

multiplier by 468,006 over 367,097 which illustrates that the company is using a high amount of debt to finance assets. For the profitability ratio, the Profit Margin is Net Income divided by Sales. Beyond meat is 30% which is a considerably high margin according to NYU report. The Return on Asset equals Net Income dividend by Total Asset which is 122,275 dividends by 468,006 equals 0.26. A ROA of 5% or better is considered a good ratio and 20% or better is considered great. Beyond meat belongs to the great range which means it's more efficient at generating profits than other companies. Return on Equity is Net Income dividends by Total Equity. Beyond meat has a ratio of 0.33, based on my research, firms with similar financial conditions may have an ROE level of 18% or more. For the Asset Management Ratio category, Asset Turnover Ratio is Sales over Total Asset which is 406,785 over 468,006 equals 0.87. The result could be various for different industries such as the retail sector, utility sector, or energy sector. The Dupont Identity is Net Income dividends by Equity which 0.33.

6. Discussion

For the future development of the company, it is possible to develop three aspects: Beyond Meat's products, the market, and the target customers.

The first aspect is the product of Beyond Meat. Beyond Meat's raw materials are peas, non-GMO soybeans, shiitake mushrooms, and rice. These raw materials are not expensive, but the price of Beyond Meat is more expensive than the price of real pork. So, the price of the product may be adjusted to the price of real pork, so that customers may buy more. Another aspect of the product that could be improved is the taste of Beyond Meat. Beyond Meat's R&D team has worked hard to make the company's artificial pork taste like real pork, but there is still a clear difference in taste between it and real pork.

The second aspect is the company's market development. Beyond Meat has more than 40,000 online and physical sales outlets worldwide. However, the main market of Beyond Meat is in Asia, although Beyond Meat has a good market development in Hong Kong, how to attract customers in mainland China to become loyal customers of Beyond Meat still needs the company's continuous development in the market scale. Beyond Meat can open more physical stores and take advantage of Chinese consumers' frequent online shopping by working with e-commerce platforms to strengthen its promotion efforts.

The last aspect is Beyond Meat's target customers. Beyond Meat's target customers are mainly divided into young people who like to try new things, environmentalists, health-conscious people, and people who care about the quality of life. The company can use some strategies to continue to attract these customer groups as well as develop new customer targets. For example, for the already existing customer groups, Beyond Meat continues to innovate and create different artificial meat products to attract consumers' novelty. Secondly Beyond Meat can also design different kinds of products according to the needs of different groups of people. For example, for fitness-conscious people, Beyond Meat can create sets that are suitable for fitness people to buy according to the needs of this group of people. In addition to continuing to attract this already existing consumer base, Beyond Meat could partner with several companies. For example, Beyond Meat can work with hospitals to replace real pork with artificial pork, which is a bit healthier and more suitable for patients' recovery than real pork. Beyond Meat can also cooperate with homes for the elderly and schools to provide a large amount of artificial pork for the schools and homes for the elderly to keep the elderly and children healthy. It can play a preventive and inhibiting role to stop diseases such as cholesterol.

7. Conclusion

With increasing consumers pay attention to physical conditions, more nutrient food is in need. Plant-based meat balances the taste of meat and the intake of calories. Those are what fitness people

require. In this paper, we use PESTEL, SWOT, and financial analysis as tools to forecast the future of the plant-based company. There are some directions and strategies.

In the research, we find the financial rate of the company is healthy, but its net profit is negative in the first three years. However, in the macro-environment, we assess a positive value when reducing the cost of revenue and the cost of administration and management. The development of Beyond Meat can be successfully grown in the Chinese plant-based meat market. With the factor of policy supports, environmental pollutions, diet structure changing, people have paid much attention to artificial meat, inside the field, Beyond Meat is a well-funded company that has a stable market, processual product to satisfy various consumers. More accurately, there is no debt to conduct Beyond Meat as an industry leader based on the performance of the Balance Sheet and Income statement. All in all, Beyond Meat can rely on the Chinese market for rapid growth.

However, the research is just in its beginning phase. We still need to do more research. The comparisons data within the company's competitors still need us to dig deeper. In the future's research, we will be dedicated to its market competition and use the matrix method to analyze the company's position precisely.

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