

THE IMPOSSIBLE BURGER

Marketing Plan - 1st Half



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Market Overview and Background

Plant-based food is becoming increasingly popular. This is in part linked to an increased awareness of the importance of a health-conscious diet and how damaging animal agriculture is. The sales of plant-based food increases yearly at around 8% and is a \$3.1 billion-dollar industry. A segment of the plant-based market focuses on advancing technology to create a plant-based patty that cannot be differentiated when compared to an animal-based patty in taste, texture, and value. In 2017, the meatless market generated \$555 million in revenue and is expected to continue grow. Dr. Brown, a former pediatrician, professor at Stanford University School of Medicine, and creator of Impossible Foods is a key player of this market and plans on expanding his business which has received \$372 million dollars in funding.

Company Product Offering and Core Competence

Impossible Foods offers plant-based substitutes for meat and dairy products. For this marketing plan analysis, our team will be specifically focusing on the Company's meatless burger patty named the Impossible Burger. The Burger is produced using the same iron-containing molecule that is present in meat, heme, which gives it the rich 'meaty' flavor. The key differentiator however, is that the heme present in the Impossible Burger is fermented from plants and does not contain any hormones, antibiotics, or cholesterol. The Burger is entirely plant-based and other key ingredients include wheat and potato protein, amino acids, soybeans, and coconut oil. The Company started making and distributing Burgers in their manufacturing facility based in Oakland in September 2017. Today, the Burger is served in over 5000 locations from the West Coast to the East Coast, ranging from family-owned burger joints to multi-chain restaurants.

The Company prides itself on being able to deliver to its customers the unique taste, iron and protein content of beef and only using a fraction of the natural resources required. The process uses approximately 75% less water, 95% less land, and generates about 87% lower greenhouse gas emissions than a conventional burger from cows. The Impossible Burger's primary core competence is offering a plant-based product with the same taste, texture and versatility of a traditional meat patty with a significantly better nutritional profile. While the Burger has the iron and protein found in cows, it contains 0mg cholesterol, 14g of total fat and 240 calories in a quarter-pound patty. This is contrasted with a quarter-pound beef patty (80/20) which has 80mg cholesterol, 23g fat, and 290 calories. Other advantages to the Burger includes increased food and microbial safety (as opposed to a slaughterhouse for cows) and that the production process is environmentally-friendly. Impossible Food's CEO and Founder Patrick Brown has stated that "This is the plant-based meat that will eliminate the need for animals in the food chain and make the global food system sustainable."

Customer Segmentation and Overview

For the Impossible Burger, the current customer segment is defined as Americans who like to eat beef burgers and the goal is to provide them a plant-based substitute that tastes exactly the same. Using the company's strategy we wanted to analyze the customer expectation to better determine what would be the best option to reposition the product by applying the bottom up approach. We divided the segments broadly based on the political ideologies of the people which gives an understanding of their attitudes and willingness to accept new and better options while sacrificing their older views and habits. These segments were further divided based on age groups - Millennials (born 1980 - 1994), Generation X (1965 - 1979) and Baby Boomers (1944 - 1964).

*interesting.
could you
justify this
better w/
relation to
food?*

Note the Gen Z age group (1995-2015) are not considered in this study as they are dependent on one of the other generations. Based on the information collected from various studies and analysis, their behavior, financial status, exposure to technology and lifestyle priorities are significantly different even when their political ideologies are the same. The combination of the these key categories helped us define 9 homogeneous segments.

The total US population of Millennials is about 71M while that of Gen X is 65M and Baby Boomers is 73M based on the census data collected for 2017. By applying the individual percentages based on political ideologies, we divided customers as Liberals, people who are more likely to consider and adopt changes, Moderates, people who may or may not adopt changes based on whether they feel that it is for greater good and finally Conservatives, people who are very unlikely to adopt changes and would require significant effort to even make them consider the changes. As further consideration such as lifestyle, location of these populations, exposure to healthy habits and environment friendly preferences also have an impact on their choices. Finally this shows that about 70% of Millennials (including Liberals and Moderates), 67% of Gen X (including Liberals and Moderates) and 22% Baby Boomers (Liberals) are very likely to prefer meat substitutes such as Impossible Burger as a healthy alternative to meat and are the target segments for the product. See Exhibit A for further details.

Competitive Analysis

The market for meat-substitutes will continue to grow as indicated by a projected 7.5% compounded annual growth rate. Much of the reason for this continued growth is the increased preference vegan diet coupled with increased overall health awareness of the average food consumer. As the market grows there will be increased competition for the additional revenue

opportunities. Companies like Amy's Kitchen, Beyond Meat Inc., and Trader Joe's will compete to drive down their operating costs and while continuing to develop their unique products.

Impossible Foods will have to continue to increase their production capacity in order to meet the market demand.

When further analyzing competitor products, the average vegan/vegetarian will judge based on taste, cost, nutrition, health and more. Beyond Meat offers a great tasting healthy alternative via online, in grocery store, fast-food, and restaurants and is thus very convenient for the consumer. However the cost per two patties is nearly double of the average veggie burger. On the other hand Trader Joe's and Amy's Kitchen offer cheaper alternatives that still provide great taste and nutritional content, but are not as convenient as Beyond Meat or as the Impossible Burger. As these two companies are recognizing the evolving culture of consumer preference of eating out vs taking the time to cook meals, they will be highly competitive in the meat substitutes market. However, the impossible burger will still need to provide quality taste, their core competence, that is still health friendly at an affordable cost.

Marketing Strategy Problem

Currently, Impossible Burger's primary goal is to compete and eventually replace the beef industry. However, this marketing strategy neglects the plant-based segment that is growing significantly. Impossible Burger's partial repositioning into the plant-based segment will allow it to expand into a new segment and generate revenue that it did not have before. Nonetheless, attitudes towards meatless patties, distribution through a single location, and company growth will be problems that the Impossible Burger will continue to face.

Exhibit A: Customer Segmentation by Political Ideology

See References for Exhibit Sources

| | Liberal | | Moderate | | Conservative | |
|--------------------------------------|---|--|--|--|--|--|
| Behavior Variable | Millennials | Gen X | Baby Boomers | Millennials | Gen X | Baby Boomers |
| % Political View | 30% | 30% | 22% | 40% | 37% | 31% |
| Projected Population | 71% in 2016 to 74% in 2050, millennials will overtake the baby boomers | 66% in 2016 to 50% in 2050, Generation X will contribute less of total population | 74% in 2016 to 17% in 2050, baby boomers population will have a significant decrease in the coming years | 66% in 2016 to 50% in 2050, Generation X will contribute less of total population | 74% in 2016 to 17% in 2050, baby boomers population will have a significant decrease in the coming years | 71% in 2016 to 17% in 2050, baby boomers population will contribute less of total population |
| Population Density | Urban 10.5 Mostly College educated | Urban 10.9 Mostly College educated | Urban 6.71 Some college years and mostly high school | Mixed | Mixed | Rural |
| Education Level* | Mid | Mid to High | Mid to High | Mid | Mid to High | Rural |
| Importance of Religion in one's life | Not very important - More focused on convenience - Prefer to eat out (fast service), or delivery at home. - Desire to try new food - NO brand loyalty | Somewhat Important - At peak income-earning years - Spends the most on groceries - Prefer home cooked - Lean towards authentic yet comfortable foods | Very important - Most spending power of any generation - Prefer taste and flavor over nutrition - Choose full-service restaurants - High brand loyalty | Somewhat Important - More focused on convenience - Prefer to eat out (fast service) or delivery at home. - Desire to try new food - NO brand loyalty | Very important - At peak income-earning years - Spends the most on groceries - Prefer to cook at home - Lean towards authentic yet comfortable foods | Not very important - Most spending power of any generation - Prefer taste and flavor over nutrition - Choose full-service restaurants - High brand loyalty |
| Lifestyle | High - natural, organic, locally sourced or sustainable - graze instead of eating large meals | Medium - functional, homemade and organic food - very particular on nutritional value of the food | High - natural, organic, locally sourced or sustainable - graze instead of eating large meals | High - functional, homemade and organic food - very particular on nutritional value of the food | Medium - read labels for information - health benefits beyond basic nutrition | High - natural, organic, locally sourced or sustainable - graze instead of eating large meals |
| Health Consciousness | High Environment awareness but still need to improve the eco-conscious habits like recycling, water and electric usage, etc | Good eco-conscious habits like recycling, water and electric usage, etc | High Environment awareness but still need to improve the eco-conscious habits like recycling, water and electric usage, etc | High Environment awareness but still need to improve the eco-conscious habits like recycling, water and electric usage, etc | Less aware and take least effort to develop eco-conscious habits | Good eco-conscious habits like recycling, water and electric usage, etc |
| Environmental Awareness | Very Likely | Very Likely | Likely | Likely | Unlikely | Unlikely |

*Income Categories:
Low to Mid: \$30K-\$75K
Mid to High: \$75K-\$125K
Mid: \$50K-\$90K

Excellent, except that estimating size & growth of each segment is needed as well.

Exhibit B: Competitive Analysis

Link to customer segments!

| Competitor | Cost Per 2 Patties | Nutritional Content | Taste | Health Grade | US Locations Sold | Protein Type | Convenience |
|--|--------------------|-------------------------------|-------|--------------|-------------------|-------------------------|-------------|
| Beyond Burger  | \$11.49 | 260 Calories 16 Grams Fat | 4.3 | B | Mid-market | Peas, Faba Beans | 4 |
| Hungry Planet Burger  | \$5.99 | 200 Calories 5 Grams Fat | NA | NA | Niche | Soy | 2 |
| MorningStar Farms Meat Lovers Vegan Burger  | \$6.48 | 280 Calories 18 Grams Fat | 3.7 | C | Mass Market | Soy | 2 |
| Lightlife Plant Based Burger  | \$5.00 | 270 Calories 17 Grams Fat | 2.9 | B- | Niche | Peas | 2 |
| Trader Joe's Veggie Burger  | \$2.49 | 230 Calories 11 Grams Fat | 4.7 | A- | Mass-Market | Beans | 2 |
| Amy's California Veggie Burger  | \$2.69 | 150 Calories 4.5 Grams Fat | 4.4 | B | Niche | Soy | 3 |
| Hilary's Adzuki Bean Burger  | \$5.19 | 160 Calories 7 Grams Fat | 4.3 | B- | Niche | Whole Grain | 2 |
| Dr. Praeger's All American Veggie Burger  | \$4.99 | 240 Calories 11 Grams Fat | 3.8 | A | Niche | Peas | 2 |
| Hot Dang Original Grain Burger  | \$4.89 | 170 Calories 6 Grams Fat | NA | B | Niche | Navy Beans, Whole Grain | 2 |
| Sunshine Burgers Garden Herb  | \$6.99 | 240 Calories 14 Grams Fat | 4.8 | B | Niche | Sunflower Seedsw | 2 |
| Engine 2 Poblano Black Bean Burger  | \$4.99 | 130 Calories 2.5 Grams Fat | 4.6 | A- | Niche | Black Beans | 2 |
| Boca All American Flame Grilled Veggie Burgers  | \$3.99 | 100 Calories 4 Grams Fat | 4.5 | C+ | Niche | Soy | 2 |

*Taste Category: Based on Fooducate.com customer reviews and 5 star max

*Health Grade: Based on calcium, sources of iron, non-preservative use, keto friendly, and more, provided via Fooducate.com

*Convenience: Based on 4 max and sold via (online, in-store, fast-food, and restaurant)

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