

<https://www.wsj.com/articles/fast-food-embraces-meatless-burgers-but-there-arent-enough-to-go-around-11559640601>

## BUSINESS

# Fast Food Embraces Meatless Burgers, but There Aren't Enough to Go Around

Shortages came as Burger King, White Castle, other chains added meat substitutes to attract new diners

By [Jacob Bunge](#) [Follow](#) and [Heather Haddon](#) [Follow](#)

June 4, 2019 5:30 am ET



The 'Beyond Meat Burger' featured at TGI Fridays. PHOTO: JOHANNA HUCKEBA/THE WALL STREET JOURNAL

Fast-food restaurants are rushing to add meat-free burgers to their menus, hoping these higher-priced alternatives will help them capture additional traffic and dollars even as suppliers have struggled to fill all the orders.

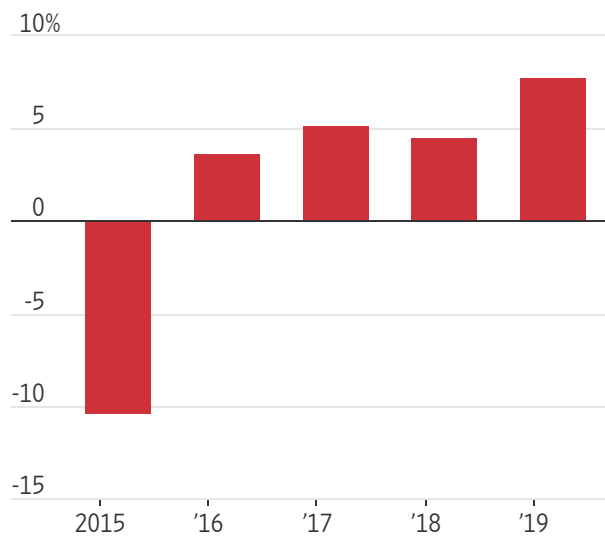
Imitation meats made by Beyond Meat Inc. **BYND -2.39%** ▼ and Impossible Foods Inc. are on sale at nearly 20,000 restaurants across the U.S., according to those companies. Fifteen percent of U.S. restaurants offered meatless burgers in March, according to a Technomic Inc. study of menus from 6,000 operators, with the number serving them up 3% from a year earlier. Restaurants' embrace of

vegetarian-friendly fare reflects competition among fast-food chains to attract younger diners who prioritize sustainability and healthfulness.

## Bigger Appetite

Sales of veggie burgers are rising at fast-food restaurants.

### Veggie burgers served in U.S. fast-food restaurants, change from a year earlier\*



\*12 months ended in March; includes sandwiches  
Source: The NPD Group

“We want to remain relevant,” said Jamie Richardson, vice president for corporate relations at White Castle System Inc., one of the first big chains to add Impossible Foods’ beef substitute to sandwiches last year. The chain recorded a 4-percentage-point increase in same-store sales in the two months after introducing the Impossible Sliders across units, a lift Mr. Richardson largely attributed to the launch.

TGI Fridays Inc., Del Taco Restaurants Inc., CKE Restaurant Holdings Inc.’s Carl’s Jr. and Red Robin Gourmet Burgers Inc. also have introduced Beyond Meat and

Impossible Foods products over the past year-and-a-half.

That rapid growth in demand is straining the ability of Beyond Meat and Impossible Foods to meet it. Still, investors have signaled that they believe the companies will be able to bring plant-based products to the masses. Beyond Meat’s shares have nearly quadrupled from its May initial public offering price, valuing the company at \$6 billion. Impossible Foods raised a further \$300 million from private investors in May, lifting total funding to \$750 million since its 2011 founding.

The new generation of meatless burgers improves on the bean-and-mushroom burgers of the past, developers say, by manipulating plant proteins, starches and other ingredients. The result are burgers and other products that sizzle, sear and even bleed, much like ground beef.

The production process remains relatively expensive despite requiring a fraction of the crops, water and energy needed to raise livestock. Beyond Meat's burger tends to cost double the price of standard ground beef, said Ethan Brown, the company's co-founder and chief executive. Impossible's burger also costs more than ground beef, the company said.

Plant-based burgers have helped other restaurant companies attract customers as visits to U.S. fast-food restaurants decline overall. Burger King locations that began serving Impossible Whoppers in April experienced a 17% increase in visits from the prior month compared with a 2% decline in traffic to the chain on average, according to location-based research firm inMarket.

A Burger King spokeswoman said the Impossible Whopper was driving traffic to restaurants that are serving it. Jose Cil, chief executive of Burger King parent Restaurant Brands International Inc., said in a recent interview that he believes sales of meat substitutes will continue to grow.

Some restaurant executives aren't convinced meatless burgers are worth the higher costs. Rob Lynch, president of Arby's Restaurant Group Inc., said his brand competes with rivals by offering meat, not alternatives.

"People aren't willing to pay more for something that tastes worse," Mr. Lynch said in an interview.

McDonald's Corp., which recently added vegan options to its menu in Finland and Sweden, said it isn't currently planning to add meat alternatives in the U.S.

"Getting it right is better than rushing it out," Chief Executive Steve Easterbrook told investors last week.

White Castle burgers made with Impossible Foods' patties cost about a dollar more than its 90-cent sliders, and those margins are still thinner. But meal checks with Impossible burgers tend to be higher overall, as meat-eaters often add them to orders with original Sliders, Mr. Richardson said. The products also have made White Castle a low-cost option for vegetarians, who often can't find fast food they can eat, he said.

Little Caesars Pizza, which added Impossible sausage as a topping in May, expects the higher costs of making replacement meats will drop over time, said Ed Gleich, the chain's chief innovation officer.

Some consumers are willing to pay for the plant-based options.

"The taste blows me away," said Chelsea Donovan, a 31-year-old artist from Jacksonville Beach, Fla. "Every single time I order it, I think they must have made a mistake and gave me beef instead."

Last summer, locations of A&W Food Services of Canada Inc. were sold out of Beyond Meat's burger for weeks.

This spring, restaurants including American WildBurger locations around Chicago have run short of Impossible's burgers.

Craft & Crew Hospitality in Minneapolis hasn't received scheduled shipments of Impossible burgers for weeks from a local distributor, said Luke Derheim, operations director for the three-restaurant chain. Impossible burgers have become the company's second-most-popular menu item despite costing \$4 more than a standard beef patty, he said.

"It's frustrating that they are not supporting the early adopters," said Mr. Derheim, who just decided to drop Impossible Foods from the chain's menus and swap in alternatives made by Beyond Meat.



A product-development associate scientist at Impossible Foods measures plant-based burgers for Burger King at a Redwood City, Calif., facility. PHOTO: JANE LANHEE LEE/REUTERS

Impossible Foods has apologized to restaurants for the shortages. A spokeswoman said the company isn't prioritizing big chains over smaller ones, adding that Impossible sells its burgers through about 400 distributors that manage sales to restaurant clients and doesn't have control over how its products get distributed.

Impossible Foods doesn't have a target date for ending the shortages, the spokeswoman said. It hired 25 people in late May to help expand production, and its plant in Oakland, Calif., is running continuously, she said.

"It will take us some time to get back into that synchronization of supply and demand," said David Lee, Impossible's chief financial officer.

Beyond Meat over the past year opened a new plant in Missouri and recruited three other food makers to help triple production capacity to supply about 11,000 restaurants currently, Mr. Brown said.

"We're just trying to fill demand," he said.

Beyond Meat and Impossible Foods said greater scale would help lower their production costs. Within five years, Mr. Brown said, his company aims to match the price of ground beef or other common meats.

**Write to Jacob Bunge at [jacob.bunge@wsj.com](mailto:jacob.bunge@wsj.com) and Heather Haddon at [heather.haddon@wsj.com](mailto:heather.haddon@wsj.com)**

*Appeared in the June 5, 2019, print edition as 'Meatless Burgers Add Some Sizzle And Demand at Fast-Food Chains'.*