

BARRON'S

CONSUMER

Beyond Meat Teams Up With Dunkin' Donuts. Chipotle Says No Thanks.

By Al Root July 24, 2019 3:21 pm ET



Bloomberg

Alternative-meat producer and [social phenomenon](#) [Beyond Meat](#) introduced a breakfast sausage sandwich with Dunkin' Donuts parent [Dunkin' Brands](#) on Wednesday. Shares of both companies were up and gains pushed Beyond Meat to an all-time high above \$200 a share.

The new breakfast sandwiches are available at participating stores in Manhattan, with a national rollout planned later. (Many *Barron's* reporters reside in and around Manhattan so, of course, we tested the product. More on that later.)

"Beyond Meat has earned the national spotlight for its innovative products and for creating incredible awareness and excitement for the benefits of plant-based meat," Dunkin' Brands (ticker: DNKN) CEO David Hoffmann said in the company's news release. "We are proud to collaborate with this industry leader to become the first U.S. restaurant chain to serve a Beyond Breakfast Sausage option."

The partnership is another win for Beyond Meat (BYND). [Expanding distribution](#) in at-home and away-from-home settings is key to maintaining growth rates—and the [stock valuation multiple](#). Beyond sales are expected to increase by about 60% between 2019 and 2020, according to Wall Street. What's more, the company is valued at about [33 times estimated 2020 sales](#).

That valuation implies that Beyond Meat's alternative-meat has staying power and isn't just for vegans seeking a more authentic beef or pork flavor. Eco-conscious carnivores also need to adopt alternative-meat for environmental reasons. (It is estimated that 14% of all greenhouse gas emissions come from livestock.)

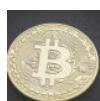
EDITOR'S CHOICE



Bonds Might Not React to a Fed Rate Cut the Way You Would Expect



3 Investment Moves to Make Now, According to Goldman Sachs



Bitcoin Is the Latest Way to Win From a Fed Interest-Rate Cut

But brand positioning is complicated and not every restaurant thinks Beyond Meat products fit its image. [Chipotle Mexican Grill \(CMG\)](#) is one. "Chipotle's food with integrity principles include serving responsibly sourced, classically-cooked, real food with wholesome ingredients without artificial colors, flavors or preservatives," a spokeswoman said in an email requesting comment. "At this time, these processed plant-based alternatives don't meet our strict standards." Chipotle introduced vegan protein "sofritas" in 2014 and says vegetarian and vegan offerings made up about 12% of all meals sold in 2018.

So, Beyond Meat is a processed food, at least according to Chipotle. That's another consideration for investors trying to balance health and wellness trends with environmental considerations. Beyond Meat wasn't immediately available for comment. The company does, however, by nature of its products have the ability to alter nutritional and taste profiles to meet a variety of consumer demands.

Now about the taste. About 90% of the product offered at the office was consumed rapidly. (It arrived near 11 a.m., well after breakfast.) Taste and consistency was a lot like a regular breakfast sandwich. Our taste test may not be predictive of Beyond Meat's selling of new products, but it does reveal that people in offices like free food.

Beyond Meat [reports earnings next week](#). Don't forget, Beyond Meat [short interest is high](#), meaning a large portion of the investment community is betting the stock will go down. That can mean more fireworks on July 29. Beyond Meat shares rose almost 40% the day following its [first quarterly](#)

[report](#) on June 6.

Dunkin' Brands is valued at more than \$9.6 billion, including debt, and generates \$1.3 billion in sales from its almost 21,000 franchised locations. Franchisee sales, in aggregate, exceed sales of the publicly traded company.

Dunkin' shares were up 1.3% to \$80.91 Wednesday afternoon and Beyond Meat's stock was up 3.8% to \$202.94. The [S&P 500](#) was up 0.3%.

Write to Al Root at allen.root@dowjones.com

MORE FROM NEWS CORP

Tesla Stock Is Tumbling After a Big Loss. This Is What Analysts Are Saying. BARRON'S NEXT

UPS to Start 7-Day Delivery to Juggle Demands of Online Shopping WALL STREET JOURNAL

Mansion Global Daily: Most Expensive Home Ever Sold in L.A., How to Build a Smart Game Room and More

MANSION GLOBAL

'Scuse Me While I Whip This Out

Stocks Rise on GDP Data, Earnings WALL STREET JOURNAL