

GFI alternative protein food industry survey: Startups

In January 2024, the Good Food Institute conducted an alternative protein food industry survey for manufacturers, investors, retailers, foodservice companies, suppliers, and service providers. This summary lifts up key insights from respondents at alternative protein companies and outlines considerations for alternative protein industry strategy.

Overview

Historically, GFI has conducted separate alternative protein investor and startup surveys capturing industry sentiment, feedback on GFI resources, talent needs, and industry involvement data in both audience areas.

In January 2024, to capture a more holistic view of the alternative protein space, GFI created a single, comprehensive survey including investors, startups, and additional audience areas—including those with limited involvement in alternative proteins.

The survey's purpose was to gain insight into the food industry's perceptions of alternative proteins and motivators for adjusting their business involvement in alternative proteins. The survey also aimed to inform GFI engagement, research, and resource strategies.

The survey ran from January 10, 2024, to January 31, 2024. In total, 533 respondents—including 161 food manufacturers, 56 investors, 17 restaurant and foodservice companies, 9 retailers, 133 suppliers, and 157 service providers—completed questions from the survey.

This summary provides an overview of key insights from the “alternative protein company” audience area of the survey, which includes food manufacturers and suppliers primarily involved in alternative proteins.

Methodology

The survey was conducted on the SurveyMonkey platform from January 10th to January 31st, 2024.

It was publicized in GFI and industry newsletters, GFI's social media channels, and the social media channels of individual GFI employees.

No survey questions were required, meaning different questions received different response rates. As many as 168 respondents answered portions of the alternative protein company questions, with most receiving answers from at least 90 respondents.

Demographics

“Alternative protein companies” were defined as food manufacturers and suppliers primarily involved in alternative proteins.

The plurality of respondents (29 percent) were based in the United States, followed by Israel (8 percent), the UK (7 percent), and India (7 percent). As a region, Europe was well-represented.

Approximately three-fourths (73 percent) of alternative protein company respondents were either founders, CEOs, or executive team members at their organizations. Roughly the same share (72 percent) worked at companies founded between 2019 and 2023.

Respondents worked at companies of various sizes. Approximately half of the respondents (47 percent) worked at companies with 1-9 employees, while another 44 percent worked at companies with 10-49 employees. 38 percent of respondents' companies were operating at the pilot scale, 26 percent at the commercial scale, and 19 percent at the demo scale.

Industry focus

Over half of the respondents (52 percent) worked at companies involved in the plant-based sector, followed by 26 percent and 21 percent for the cultivated and biomass fermentation sectors, respectively. Roughly 16 percent of respondents' companies were involved in the precision fermentation space.

Approximately half of the respondents' companies were focused on either meat and/or ingredient and input production. Roughly one-fourth of respondents' companies were focused on dairy and/or seafood production.

Financial overview

The plurality (45 percent) of respondents worked at companies that have raised less than one million dollars, while 35 percent of respondents' companies raised between \$1 million and \$10 million. The latest round raised for over 40 percent of respondents' companies was either a pre-seed or seed round.

Fundraising landscape

Respondents identified the key fundraising challenges in the alternative protein industry as the lack of 1) non-dilutive funding opportunities and 2) investor interest. Other key factors included inadequate investor understanding and education about the industry and difficulty reaching target investors.

Over two-thirds of respondents said their operations were not seeking an exit or liquidity event in the next year, while approximately one-third said they were not actively seeking an exit but were open to conversation.

Approximately a third of respondents claimed their companies had four to nine months of runway remaining, while 40 percent said their companies had over 12 months of financial runway.

Respondents highlighted tax credit and innovation grants, publicly funded scientific research, and

guaranteed offtake agreements as some of the most important types of support for their companies in the next twelve months.

Company strategy highlights

Respondents identified 1) new product expansion, 2) workforce, and 3) advertising and marketing as the areas their companies were most likely to scale back on if cost reductions were needed in 2024.

That said, the majority of respondents claimed they had not redirected the company's focus to be in a better position to raise funds and have not changed their organizational strategy due to the broader economic environment. Those who changed strategies identified company growth reductions and more conservative operations as some of the key shifts made.

At the commercial scale, about 40 percent of alternative protein manufacturer respondents anticipated primarily producing products using their own facility, 24 percent via contract manufacturing, and 34 percent using a combination of both approaches.

Key takeaways

The majority of respondents stated confidence in their companies' financial positions, with the plurality saying that they had over a year of financial runway remaining. Respondents skewed toward earlier-stage companies, which may have played a role in this dynamic.

Respondents identified that continued support in helping rightsize industry expectations for venture capital would support future fundraising. While respondents highlighted strong unit economics, a healthy bottom line, and profitability as key priorities in the current environment, investors remain most interested in opportunities with sizable expected growth. Companies will need to strike a balance between these two realities and should work to effectively walk the line between solid near-term business operations and significant long-term growth.