

CIRCULAR ECONOMY BUSINESS CASE STUDIES IN SOUTHEAST ASIA



Burgreens

- Greater Jakarta and Bali, Indonesia
- Food and beverage
- www.burgreens.com
- Analysis period: 2013-2023

Vegan Food for a Better Planet

Business Spotlight

Burgreens is a culinary enterprise that specialises in vegan food for a healthy lifestyle and greener planet by replacing animal meat protein. The core value at Burgreens is to serve delicious and healthy vegan-based food for people, reduce greenhouse gas (GHG) emissions for the planet, and empower local farmers.

Starting as a humble homemade dining place in 2013, Burgreens has now grown to a business group as a Business to Consumers, with eight outlets in Jakarta and Bali, and as a Business to Business that serves eco-healthy catering to retail services. Burgreens employs 200 workers, and the company partners with 2800 farmers. It plans to open more outlets through franchises.

Having succeeded at home, Burgreens expanded the business further by founding a sister company called Green Rebel, which specialises in producing and distributing ready-to-eat frozen vegan food to serve Asia's market. As a social enterprise, Burgreens has sustained and connected health and environment conscious customers, local farmers, and passionate teams, and has also raised awareness about caring for a better planet.

Keywords

Vegan food chain, Eco-healthy, Impact investors

Innovation

Product/service design, Manufacturing, Distribution, Resource efficiency, Resource substitution

Analysis of Burgreens

Context and baseline

Burgreens founders recognised that what we eat has a direct impact on our health and our planet. Being vegan and home-cooking chefs themselves, they believe that each person can contribute to

a better planet through the food they consume. Replacing animal protein with plants and other alternative proteins is an effective way to reduce GHG emissions within the food system. Alternative

proteins consume fewer resources (land, water, nutrients) and leave a smaller carbon footprint (GHG emissions) than the animal proteins these replace.

Indonesia's animal protein production – particularly of chicken, dairy, eggs, beef, and fish – has been expanding rapidly. Per-capita and total meat consumption is growing as GDP increases. Indonesia therefore imports some of its soy (used as animal feed) and beef from Australia, the USA, and New Zealand. As a result, Indonesia will not be able to decarbonise its protein consumption without halting the growth in industrial animal production by roughly 2030, and developing alternative proteins to approximately 60% of protein volume by 2060. And this situation provides an opportunity for Indonesian enterprises in alternative and plant-based protein foods, including Burgreens.

To supply vegan alternative foods for a wider market, Burgreens gained support from impact investors (i.e., ANGIN, DBS Foundation) and venture capital firms (Teja Capital, Capital for Development) for business expansion into the frozen meals sector.

Innovation

Burgreens makes various versions of vegan dishes by replacing meat (beef, chicken, fish) and other animal proteins (cheese, dairy, milk) with alternative protein food, both plant-based (potatoes, beans, nuts, coconut) and fungi-based (mushrooms). Initially Burgreens produced everything at home; as it expanded and opened more outlets, the company set up a central kitchen for efficient production.

Because the company aims to reach out to a broader community of consumers (not just people who already are vegan), Burgreens serves more than 80 different vegan menu items in its outlets and catering to provide plenty of selection. The menu is designed in such a way that the entire ingredient is used; for example, kale and broccoli stalks that are left over from salad are processed as juice, and mushroom cuts from making a meat-substitute are used for gyoza and lasagna filling. The company also minimises single-use plastic for take away packaging by switching to reusable and compostable packaging (i.e, cassava-based carry bags, wooden cutlery).

Burgreens has continued to innovate by developing ready-to-eat vegan frozen-food, including vegan alternatives to favourite Asian and international dishes. During the pandemic when many customers could not come to the restaurants, the frozen foods became solidly established. Burgreens saw the opportunity to expand the vegan food to Asia's customers, for which it set up a sister company called Green Rebels to produce vegan ready-to-eat frozen-food at factory scale. Green Rebels

also acts as the vegan meat-alternative producer for Burgreens outlets. The company built a small factory near Jakarta and invested in equipment for extrusion technology, and it also experiments with mixed ingredients to produce a variety of shapes, texture, colour, and appearance in vegan food.

Burgreens works with local farmers and suppliers from various places in Indonesia. The company committed to directly source key ingredients from the local farmers (i.e. organic rice, mushrooms, vegetables) to ensure the quality and practice fair trade. Burgreens started with a dozen farmers, and since the business has grown they work now with around 2800 farmers. Burgreens partners with local suppliers that have committed to sustainable production for items such as coconut oil, spices, and chilli.

Burgreens also partners with leading brands such as Starbucks, Air Asia and Ikea to serve its vegan menu.

Circular Economy impact

Burgreens' innovations contribute principally to resource efficiency and resource substitution, and thereby contribute significantly to the circular economy transition.

Animal-based proteins are typically more resource-intensive and environmentally detrimental to produce than plant- and/or mushroom-based alternatives. A Burgreens preliminary study shows that its rendang vegan meat-substitute uses 72% less water, 80% less energy, and contributes 91% less to global warming compared to beef.

Burgreens served just in 2023 around 160,000 vegan meals. Burgreens estimates that by serving only plant-based and other alternative products and its derivatives it mitigated 1173 ton CO₂ compared to eating an equivalent number of animal-derived meals.

Burgreens consciously manages its waste, and managed to reduce production waste to 1% by implementing an efficient production process. Any remaining organic waste is processed to compost that can be used by farmers partnered with the company. Non-organic waste such as plastic bottles are sent to a waste recycling enterprise, Parongpong Lab, to be developed into eco-bricks.

The company also minimises its carbon footprint in the supply chain by sourcing from local farmers and suppliers, consciously choosing ingredients or products which minimise deforestation (e.g. partnering with a sustainable coconut oil producer), and using biodegradable cassava-derived bags, wooden cutlery, and paper drinking straws.

Business and market impact

Burgreens started its business with IDR 80 million (around EUR 4700) directly from the founders' own pocket. Within a decade the company grew into a social enterprise business and secured substantive funding from impact investors and venture capital. The most recently secured funds amount to about USD 7 million for the Green Rebels expansion to build the manufacturing facility in Indonesia and start overseas distribution. As of early 2024, a full financial statement has not been disclosed.

In terms of business operations, the business-to-consumers (B2C) grew from one diner to twelve outlets, but due to COVID-19, four stores were closed down. The outlets serve 80+ menu items that have been developed through their kitchen lab facility. During the COVID pandemic, Burgreens was obliged to find options to continue operations – as well as maintain current employees at that time – so they created frozen food for their customers who still wanted to eat vegan food while in lockdown at home. The pandemic was the driver for diversifying into a new business line of ready-to-eat frozen food, called Green Rebels. As organic and vegan food have become a trend for health- and environment-conscious consumers, Burgreens also opened up specialty stores.

By offering innovative and sustainable dining options, Burgreens' goal is to make vegan food easily accessible and to increasingly serve it under many mainstream brands. Burgreens has been eyeing the market to expand its outlets through franchising. In 2023, it concluded a partnership with an Indonesian restaurant operator who will open 20 Burgreens Cafés within three years.

With Green Rebels, Burgreens operationalised its Business-to-Business (B2B) division that partners with – amongst others, Starbucks and Ikea who will offer its vegan menu. Previously, Burgreens also provided meals for Air Asia's food services. Green Rebels products are also distributed to Asian markets such as Singapore, Malaysia, the Philippines, and Vietnam. Currently Green Rebels produces 30 tons per month, compared to Burgreens outlet sales of some 3 tons per month. The plan is to expand to 100 tons monthly production by mid-2025.

Stakeholders

When it began in 2013, Burgreens benefitted from word-of-mouth promotion from their customers. At that time vegan dining placers were rare in Jakarta, and there was a fixed idea that healthy food was tasteless, or else simple like 'gado-gado' (an Indonesian dish of cooked mixed vegetables served with a peanut sauce). The Burgreens founders actively interacted with their customers

regarding their reasons for eating vegan, and raised awareness about the environmental impact even a single person can have by shifting away from animal protein. Surprisingly, that approach worked. And once the customers went on social media their testimony created a snowball effect that expanded the Burgreens client base.

Burgreens took a similar personal approach with suppliers. To minimise the carbon footprint within supply chains, Burgreens sources raw materials (vegetables, fruit, herbs, non-dairy products) from local farmers and suppliers. The company went directly to small farms and home-made production facilities, not only to ensure the good quality but also because they wanted to know the people they partnered with. Burgreens is committed to helping small farmers and micro-enterprises to grow and do well.

Burgreens also believes that when women earn money, they are more likely to spend it on children's education, which directly contributes to poverty alleviation and positions them as equal providers for the family. The company therefore makes sure that women are well represented within the Burgreens workforce by having a 50%–50% gender balance policy, as well as intentionally hiring and training underprivileged women in the production and operations team.

As of 2023, there are 2800 farmers from Jakarta and surrounding areas, Central Java, West Java, and South Sulawesi that supply to Burgreens. Burgreens creates a demand for green jobs and currently employs around 200 workers at its facilities which are all based in Indonesia.

For overseas distribution, Burgreens works with food and beverage importers that have direct access to supermarkets and retail stores.

Implementation

Social enterprises are quite new for Indonesia, with – at best – limited support or incentives from the government and regulators, even though financing and capacity-building are much needed to support the growth of social enterprises. In developing their business, Burgreens found it difficult for local financiers to buy the idea of making vegan food accessible. Most financiers focus solely on profit and return of investment.

Unlike conventional enterprises, social businesses aim not only for profit, and make extra efforts and spend more money to ensure that business practices align with societal and environmental causes. For instance, since Burgreens is committed to sustainability within the supply chain, the company sources directly from local farmers. To ensure that the suppliers comply with sustainability standards

(e.g. organic, eco-friendly farming practice), the company has to spend more money compared to conventional food businesses who can purchase in bulk from larger suppliers. Burgreens allocates 5% of its profits to support capacity-building among their partner farmers.

Business mentoring is also important in scaling up, hence this is where impact investors play a significant role in supporting social enterprises. During its development, Burgreens got support from impact investors for seed funding and mentoring, and in particular for structuring its business plan to align with both its main business and impact goals.

Takeaways

Through innovations, Burgreens has successfully made vegan food more accessible and attractive to a wider market. Burgreens can provide education on the benefits of replacing animal meat protein and promoting well-being, resulting in an increased intake of plant-based and other alternative food proteins, and thereby contributing to addressing climate change. Decreasing meat intake and shifting to a plant-based diet is known to be one of the four most effective lifestyle changes to improve the longevity of humans and the sustainability of the planet at the same time.



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Disclaimer

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