An appetite for change

Food trends on the menu for 2019 and beyond

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“We will not move forward at a rate of 100 years, but 20,000 years”

– Ray Kurzweil

Predicting trends in a fast-moving sector like the food and beverage industry is never easy. Consumer preferences are fickle and manufacturers are forever finding new formulas to indulge them. But a fresh wave of innovation is breaking – and with it, old habits and consumption patterns. Serving this demanding market is no longer just a matter of satisfying consumer tastes, but attuning your offering to customers' attitudes, beliefs and aspirations. 2019 is set to be a stimulating year and a defining one for many food and beverage companies.

Over the last decade, the food and beverage industry has doubled in size, outpacing many other industrial sectors. **In 2015 the value of the global food, beverage and grocery sector was $7.8 (£6.0) trillion.** Packaged food was worth almost a third - $2.5 (£1.9) trillion[1].

Not only has the sector grown exponentially over the last few years, it's diversified and developed in ways few saw coming

[1] www.careerizma.com/industries/food-and-beverage

Reactive strategy is too slow to yield success in this faster-changing world. Past success will not help us anticipate what our future consumer demands. Therefore we need to focus on understanding the ways our future citizens want to live, aligning our brands and companies accordingly, and delivering what they crave.

This paradigm shift for the food and beverage sector is being driven by a host of factors – ongoing advances in technology, a rising world population, accelerated growth of emerging markets, the evolving implications of climate change, digital communications, improved manufacturing processes and cold chain solutions, changing industrial regulation and evolving consumer expectations. These will continue to drive change.

The food manufacturing space is where these, and other challenges, are going to be especially acute. These factors are spurring research and development by food producers – and will disrupt the market. **It's only a matter of when and how much, not if.**

We have identified five significant patterns within the food and beverage sector that we discuss in this report. While these trends may not necessarily be brand new, they will intensify the pace, breadth and depth of innovation in the food sector through 2019 and beyond.

> **'Disruption' has taken 'innovation's' place and is infiltrating every sector in a multiplicity of ways.'**

The five trends

1. Disruptive tech
2. Sustainably unwrapped
3. Animal alternatives
4. Less is more (healthy)
5. Personalised nutrition

Behind these trends lie some significant lifestyle factors that are creating a new type of customer. These shifts in the mind-sets of consumers and the norms of society are fundamental. How food brands and manufacturers anticipate and adapt to these new values and attitudes will determine whether they succeed and sustain that success.

So first, we'll explore these developing lifestyle trends that we believe will propel change in the future food market:

Following to becoming

Fixed to fluid

Consumer to citizen

Lifestyle trends for 2019 & beyond

Consumers' tastes and habits are no longer defined by the product, service or customer experience. They want to validate and affirm their identity and personal values through their engagement with brands in their everyday life. Not only do they yearn for something 'different' that feels important to them. They want to buy into products that help them define themselves and the world they live in. This is the new breed of human, the person that will be deciding whether to buy into this wider purpose (and the product) or not.

Three key lifestyle trends underlying this cultural shift are:

From following to becoming

Previously, consumers grew up and lived alongside their favourite brands, which became a tradition and part of the fabric of daily life. Today people are casting off those outdated loyalties. **More independent-minded, they now instead see themselves as on a lifelong journey of discovery, and rediscovery.** Self-improvement, more mindful living and constant personal growth are the new touchstones.

Mindfulness and meditation, breath work classes (The Breath Guy) and yoga, are moving from minority interest to mainstream, with more people buying into healthier lifestyle choices. From foods to yoga and gym clothing (Lulu Lemon), **consumers want products and services that help them become better versions of themselves.** While they cannot buy happiness, joy and fulfilment, they will **engage with brands that align with their core values and beliefs.**

This is fertile ground for agile start-ups than can become part of the aspirational consumer's personal brand, cannibalising the following of the mega marques.

From fixed to fluid

Social media and the internet have expanded our horizons and created a truly global society, but it can be lonely in that infinite and crowded space. We may have numerous connections, but feel more isolated.

People are looking to connect in more meaningful ways. They join tribes that give a sense of belonging: from starting the day with a drug-free rave (Morning Gloryville) to co-working spaces (WeWork), and car sharing (ZipCar) to immersive events (Secret Cinema) and festivals (Burning Man); or herbal wellness teas (Yogi Tea) to upcycling and repairing possessions (with Sugru mouldable glue) as part of 'a global community of fixers'.

People have access to a proliferation of information and connections, and with social sharing, momentum can mount – or melt away – almost in a click.

Manufacturers of products and their brands that inspire people through genuine engagement can create communities, which bring like-minded people together in an increasingly disconnected digital world.

> “Future generations will only know globality”
>
> Jonathan Ford, CEO & Creative Partner Pearl Fischer

From consumer to citizen

Consumers are looking for purpose. More informed and aware, the ethical customer buys into the wider meaning beyond the branded product.

This deeper purpose is likely to be altruistic. Maybe each purchase funds a donation – in the form of food for schoolchildren in the undeveloped world (One Feeds Two) or food education (Piccolo organic babyfood), or shoes (TOMS).

Or it may be environmental – foodstuffs free of palm oil (Iceland), or sustainable clothing (Patagonia), made by a self-styled ‘activist company’.

They are more likely to buy from independently Certified B Corporations (allplants, Abel & Cole, Proper Corn, Rebel Kitchen, Lily’s Kitchen and The One Brand to name a few) that balance purpose and profit by managing impacts on their workers, customers, suppliers, community and the environment.

Consequently, a cause – such as tackling plastic pollution of rivers and oceans – can rapidly gather critical mass, and disrupt consumer preferences and behaviour; for example, with the shunning of disposable coffee cups, drinking straws, and food packaging.

Other factors

Affordability and other everyday factors remain, but these over-arching lifestyle trends will exert a growing influence on consumer choice. And, at the same time, customers will continue to demand **hyper-convenience** – as delivered by the likes of Deliveroo, Dominos, Amazon and Huel (meal in a shake) – and **hyper-personalisation** too, facilitated by data analytics and the personal information consumers freely share (Ocado, Gousto, HelloFresh).

Therefore, **trust becomes ever more important** as consumers want to be able to believe in a brand that aligns with their values. This is reflected in the rise of smaller, disruptive brands, which are seen as more trustworthy than larger food conglomerates.

To sum up, the choices consumers make are increasingly part of the story they tell themselves about how they live and who they are. You are what you eat – but not just in terms of your health – also your beliefs, priorities and where you place yourself in the world. The key trends in the food sector will reflect this narrative in 2019 and coming years.

The trends

With a new breed of consumer on the immediate horizon, brands need to match their changing wants, needs and beliefs.

The makers of processed foods and drinks are old hands at re-branding and re-invention. They have seen (and shaped) a transformation of consumer habits and behaviour over the past few decades as food brands – aided by increasingly sophisticated processing technology and more targeted niche market research – have dictated the tastes of households.

Much of this innovation was centred on well-established consumer segments and variations around established food themes and set meals. These monolithic categories are fracturing as a **new kind of consumer comes to the fore**, driving a phase of more fundamental change and innovation.

This will spur more mergers and acquisitions as larger companies try to keep themselves relevant and smaller start-ups look for investment to accelerate growth. In parallel to this, newer categories like the now-massive snack, health and beverage markets will continue growing as they are better suited to the new lifestyles of consumers. But they will not be exempt from the trends set to disrupt the wider market.

Let's explore these five big shifts already impacting the food and beverage industries.

1. Disruptive tech
2. Sustainably unwrapped
3. Animal alternatives
4. Less is more (healthy)
5. Personalised nutrition

1 Disruptive tech

Innovation in the food sector is rapid, and digital technology is accelerating the pace of change, and increasing its scale. The domination of the mega A-brands – doubling down on their massive economies of scale and production volumes – is over. Mass production continues of course, but in a more fragmented and complex market. **The onus is on being smarter, better, quicker and more agile – from product development and design through production and operations to sales and delivery.**

In that delivery box may be raw produce (Amazon Fresh), meal-kit ingredients and recipe cards (Gousto, HelloFresh, Mindful Chef, etc.) or ready-to-eat dishes, perhaps cooked up in a Deliveroo pop-up kitchen.

Digital tech and big data are changing the way people shop, cook and eat. Apps and smart watches may tell the wearer exactly what to eat and when. **Artificial intelligence and the internet of things will render our current shopping habits obsolete.** From ordering up your food delivery via Alexa to auto-replenishment by the fridge, the 55 million smart devices in our homes by 2020 are the future 'super' market.

Who knows, perhaps one day when you exceed your target weight, the programmable weighing scales will cancel your refrigerator's re-stocking order, placing calorie-controlled diet meals in the online basket instead, for delivery by driverless car, or drone, or your Shipt service, or collected on your commute home at Target's Drive Up?

In the meantime, food shops too will be transformed – till-less, with automatic customer identification and basket auto-fill. And virtual retail portals will appear in railway stations or wherever time-poor consumers can be tempted to order their groceries.

Learning from the more nimble start-ups, food companies are building their digital capacity, gathering enormous amounts of data and improving the way they service the customer at each and every touchpoint. Digitalisation is also improving efficiencies throughout their supply chains.

The speed of change is so swift that the only prediction we can comfortably make is that, within just a few years, these disruptive technologies will change the food sector in ways that become the everyday, but few of us can currently imagine.

2 Sustainably unwrapped

The term chosen as 2018 ‘word of the year’ by Collins Dictionary was ‘single-use’, due to the storm of media publicity about plastic pollution of oceans and rivers. **Manufacturing and retailing worldwide have become dependent on plastic packaging, and our food system is addicted.**

Growing revulsion at the plague of plastic littering our environment has increased the pressure on producers to use recyclable plastic packaging, and goaded governments into taxing plastic carrier bags. Now public opinion seems to be turning toward a complete ban on single-use plastic. Public policy-makers will fall in line.

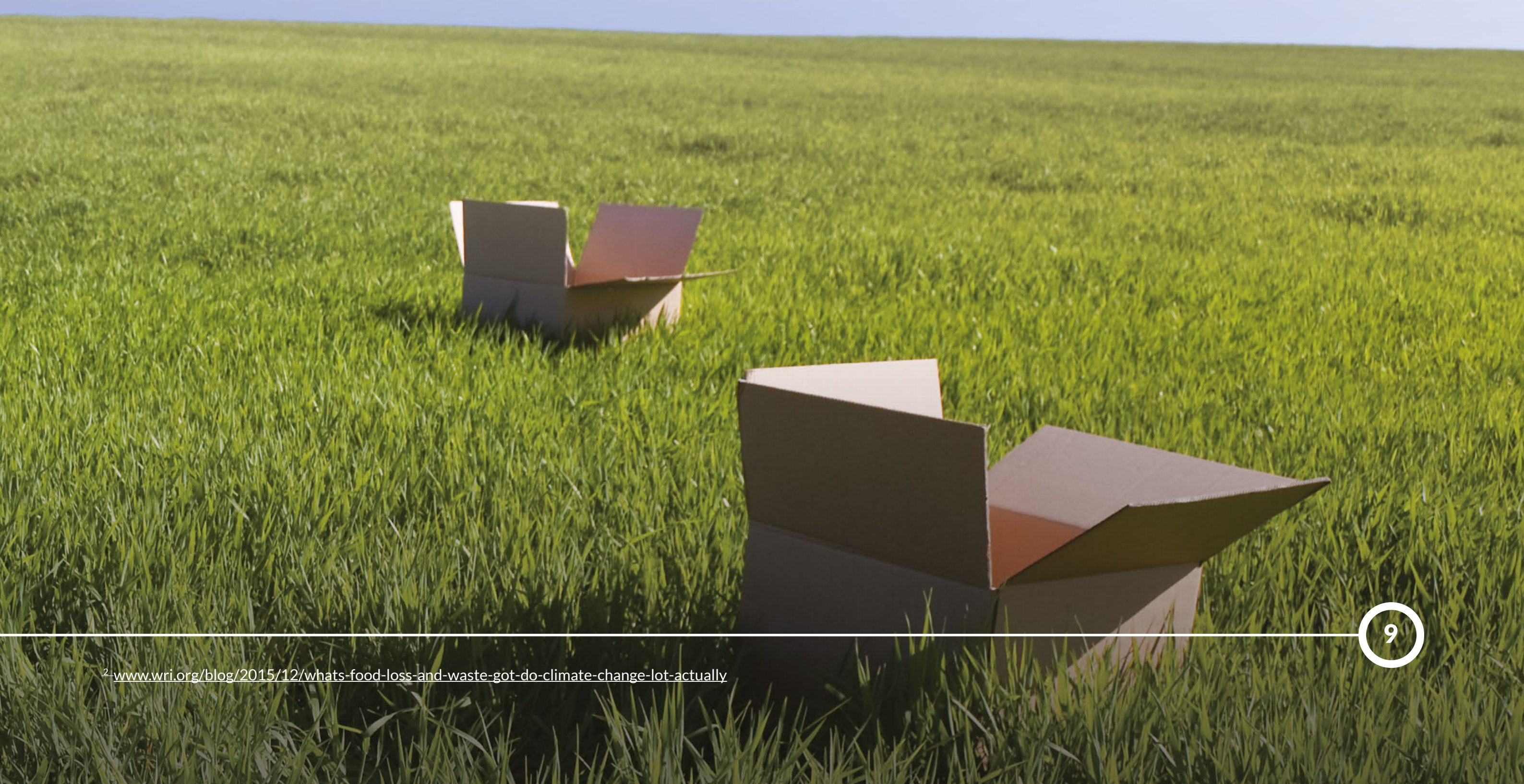
The challenges for the food and beverage sector are enormous. Not only is the whole production, handling and distribution system geared around heavily packaged food. Most customers also value the convenience of fresh, ready-to-use produce in the fridge and larder. By protecting food from damage and sealing it from contamination, plastic packaging also helps reduce food waste – another massive challenge that the supply chain, and society, are meant to be tackling. Around a third of all food produced for human consumption is lost or wasted; the greenhouse gas emissions attributable to food waste exceed those of entire nations, being surpassed only by China and the US[2].

In the 1950s the world consumed 5 million tonnes of plastic. Today the total is near 230 million tonnes. In Europe about 37% is used for packaging. Food packaging is a significant and highly visible part, attracting most attention from policy-makers and environmentalists. This challenge cannot be ignored.

Given the urgency of the plastic problem – and potential advantage for manufacturers who manage to beat the addiction – companies are seriously considering all possible alternatives and the focus on innovative alternatives is intensifying.

The rapid take-up of refillable coffee cups (such as KeepCup and Waitrose’s ban on disposable coffee cups at in-store coffee stations) – and the backlash against retailers seen to favour throwaway containers – shows how fast attitudes are shifting. A similar trend is being seen with re-usable water bottles (e.g. Klean Kanteen insulated water bottles), helped by celebrities sporting up-market brands on the way to and from the gym.

The coming year will see a major shift to zero-plastic packaging. Supermarkets that completely eschew packaging are still a rarity. But more will follow, and plastic-free aisles are likely to spread. Marks & Spencer has announced a trial of loose fruit and veg. Also in the UK, the former bosses of its major supermarket retailers have called on their successors to take action. Ex-Asda CEO Andy Clarke called on them to showcase plastic alternatives like grass paper. He also highlighted a Populus poll in June 2018 showing that 91% of people wanted plastic-free aisles in supermarkets.



[2] www.wri.org/blog/2015/12/whats-food-loss-and-waste-got-do-climate-change-lot-actually

Simultaneously, the incentive for developing new, environmentally responsible packaging materials has just got greater. Much progress has already been made on biodegradable packaging. Novamont uses patented technologies in processing starches and vegetable oils to produced bio-based plastics that are biodegradable and compostable. Japan's Futamura manufactures its renewable and compostable cellulose films from wood pulp.

Edible packaging is technically feasible, according to scientists, though the hurdles are higher and further research and development is required. The versatility of various types of plastic – with respect to temperature, pressure, pH, sealing, tensile strength, relative humidity, etc. – sets a high bar for alternative packaging. **Research into edible/biodegradable films is in its infancy and commercial applications are currently limited.**

The difficulty in developing a functional bio-film solution is that it requires not just one of the physical characteristics to be met, and the majority under fluctuating applications and in various environments. Cost and volumes are also commercial factors at play.

Laminating different types of bio-films together may provide the answer. Initial tests with meat products have suggested there may even be advantages, including reduced moisture loss, increased cooking yield and improved product flavour and juiciness[3] . But is a challenging recipe to perfect, especially in a short time frame.

We expect 2019 to see extensive trialling of plastic-free retailing and testing of new, alternative materials and packaging formats, with the onus on biodegradability and sustainability. Zero plastic is still some way off, but the world will welcome real progress toward plastic-free food and drink packaging.

[3] www.newfoodmagazine.com/article/215/edible-biodegradable-packaging-for-food/

3 Animal alternatives

Plant based is taking over the food world. According to market research specialists Nielsen and SPINS, the total plant-based food market is worth more than $4.1 (£3.15) billion today. This spending includes plant-based meat, dairy-free milks and cheese and fully vegan options. According to Caroline Bushnell, Senior Marketing Manager at The Good Food Institute, "Plant-based milk now accounts for 13% of total milk sales and is still significantly growing. That growth has not slowed," she said. "We expect plant-based meat to follow a similar trajectory."

The impact on the meat sector will be even more dramatic as the trend for carnivores to eat less meat gathers momentum. Market researchers Mintel have forecast that sales of meat-free foods in the UK will rise from £539 million in 2015 to £658 million by 2021. Growing alarm over global warming – and the carbon footprint of animal farming, as well as its water and land use – is stimulating flexitarianism and a whole new appetite for plant-based alternatives that mimic meat.

This taste – and science-based approach – is making the market extremely beneficial from both an organoleptic appeal and profitability point of view. Since their debut in David Chang's Momofuku Nishi in New York in July 2016, Impossible Foods' burgers have been satisfying diners in more than 1,000 restaurants across the USA. US grocery stores have begun stocking the product this year. Alongside this Silicon Valley pioneer, Los Angeles-based Beyond Meat is selling its plant-based product across the US, and its burgers have now reached UK cafés and supermarkets. It follows well-established Quorn, the minced beef substitute from the UK – made from the Mycoprotein fungus and already sold widely across Europe.

The market prospects are mouth-watering, even for some established meat producers. Research in cellular agriculture – culturing foods from cells – is attracting significant investment. Food giant Cargill and Bill Gates were among those who injected $17 (£13) million into US lab meat pioneer Memphis Meats[4]. Mosa Meat – a spin-off from Maastricht University – has raised $7.5 (£5.8) million to bring cultured meat to market by 2021[5]. The Chinese government shared out $300 (£230) million between three Israeli companies culturing bio-meat from animal cells[6]. **The race is on to develop these new proteins at scale, whether using animal cells with blood serum, or plant-only nutrients.**

Research activity will intensify into new raw products as well as consumer and environmental product development. In the longer term, the pressure to increase synthetic food production will mount, not just through consumer demand, but also from the supply side as the world's depleting natural resources will have to be supplemented to sustain a rising population.

Milk serves as a pointer to the likely trend with meat alternatives, as the Good Food Institute suggests. With supermarkets introducing own-label milk substitutes, some now derive half their sales from non-animal sources such as almonds, oats, soy and coconut (including brands such as Alpro and Oatly). Like the veggie/vegan menu options in restaurants, the list of vegan cheeses – made from nuts, soya and coconut – is also growing longer.

Pure veganism is on the rise, too. 'Veganuary' is now a national phenomenon, reaching even into traditionally meat-heavy pubs. In the UK the number of vegans almost quadrupled over a decade; there were more than 1.6 million vegans and vegetarians by 2016. More than a quarter (26%) of millennials are vegetarian or vegan, according to a recent study by US marketing analysts Acosta. Worldwide, since 2008, Google's search interest ranking for veganism has climbed from 17 to 88 (out of 100) in just 10 years.

Contributory factors include concerns about health, animal welfare and over-use of antibiotics, and ethical lifestyle choices to eschew all animal products. Meanwhile, the environmental case is becoming more compelling. The research behind the 'planetary health diet' – published in the Lancet in January 2019 – suggests that feeding 10 billion people sustainably will require dramatic changes to avoid catastrophic damage to the planet. Europeans would need to replace 77% of their red meat consumption – and Americans 84% – with beans, lentils and other plant sources[7].

Technology is now serving up the first course, and scientists are working on other recipes that could massively disrupt the farming and food industries. It seems that many of us already have an appetite for change. Those numbers will grow – how much depends on the scalability of these disruptive producers of animal-free proteins and the spread of the new, more mindful consumerism.

[4] www.poultrynews.co.uk/news/cargill-invests-in-lab-grown-meat-firm-memphis-meats.html
[5] www.synbiobeta.com/mosa-meat-raises-e7-5m-to-commercialise-cultured-meat/
[6] www.nocamels.com/2017/09/china-investment-israeli-lab-meat-technology/
[7] www.thelancet.com/commissions/EAT

4 Less is more (healthy)

The trend toward more health-conscious consumerism may be well-established, but it continues to gather momentum. According to Mareya Ibrahim, natural products industry veteran and chef, "The reason that health in general is getting so prominent is people are finally starting to connect the importance of what you consume in your body to longevity and to your health overall. There's almost nothing off limits now."

This trend has two main strands – removing the nasties in our food, and adding more of what's good for our health and wellbeing. Less of the chemicals, processing, additives, trans-fats, sugar, salt and alcohol, and/or allergens like gluten. More healthy and functional foods and drinks in our diets – like whole, fresh fruits and vegetables, good fats, added nutrients, fibre, probiotics, fermented food products and functional additives like CBD oil and collagen.

These smarter food choices go hand in glove with more active lifestyles, flexitarianism and other trends. Policy-makers are playing a part, through taxes on sugar-sweetened beverages, as well as alcohol, and tighter regulations on food labelling.

Better-informed consumers read these food labels more closely, understand what actually goes into products on the supermarket shelf, and are more aware of what it may mean for their bodies, whether through medical advice or their own research. **Concerns about the effects of processed foods on health not only spur demand for 'clean-label' products with natural ingredients; they also feed disbelief and suspicion of big brands.**

People are curious about smaller start-ups, drawn in by their stories and buy into their purpose and brands that speak to their values and yearnings. This could be for a healthier, more wholesome diet, a more sustainable supply chain or a more friendly manufacturing process.
New products are being created via 'smart food hacks' – replacing unhealthy components with beneficial ingredients that are more fibrous, richer in protein or lower in calories. Examples include cauliflower pizza crust, zucchini-spaghetti, broccoli-rice, chickpea crisps and 'nicecream' – a vegan ice cream alternative based on avocado, banana or other fruit.

This trend is affecting every segment of the food market – from snacks, baking and 'better for you' desserts to meat alternatives, sprouted breads, sea vegetables and energy drinks. This shift to healthier consumption reaches even to beer and wine, as low/no-alcohol versions enjoy new-found popularity – helped perhaps by the growing number of younger people turning off drinking: over a decade in the 16-24 age group, the proportion of teetotallers has risen from a fifth to a quarter[8].

We see this trend gathering force as more food and drinks get a healthy makeover and new 'super' ingredients are discovered or synthesised for a market with more educated consumers, intent on 'cleaner' eating. It's not the end of indulgence and excess – more a widening realisation, extending to new demographics and market segments, that treating yourself is about health and wellbeing as well as tastes.

[8] https://www.theguardian.com/society/datablog/2017/may/06/more-than-a-quarter-of-young-adults-in-the-uk-do-not-drink-alcohol-in-data

5 Personalised nutrition

Wearable devices and apps are giving people body and health stats first-hand on the benefits of exercise, their eating habits, disease markers and more. With this knowledge at their fingertips, the consumer feels empowered to live more healthily and prevent illness. That means being in control of what they consume and open to new thinking about nutrition and health.

The healthy eating and self-improvement movements are set to enter a new, potentially revolutionary phase with the advent of neuro-nutrition, biohacking and personalisation – **Silicon Valley thinking applied to the food sector.**

"Neuro-nutrition looks at how foods affect our brains and bio-hacking breaks all the rules to create a science for more individualised nutrition and products," according to US supermarket guru Phil Lempert[9].

Diets and functional food products are geared to reduce weight or improve the health of the heart, bones, gut and the rest – not least, our brains. The effect of what we eat on our brains is of growing interest to nutritionists and food manufacturers. "Brain claims have increased by 36% on products globally over the past five years", Phil Lempert said. More claims are being made for the benefits of food products and their ingredients and additives – such as omega-3's EPA and DHA, vitamin K, and zinc.

The desire to become the best version of ourselves is a familiar aspiration. Biohacking takes this a stage further by adopting a systems-thinking approach to our own biology. It means considering that everything we put into our bodies – from food and drink to movement and ideas – affects outcomes, whether it's disease, weight, energy or performance in business or athletics. By biohacking, you could 'transform your inner workings,' feel more energised, more productive, and eventually, the best version of yourself.

Taking this trend to the extreme, some biohackers are even availing themselves of CRISPR, the cheap and relatively easy technique for making precise changes to DNA.

This new philosophy also transforms attitudes to food and drink. Sensitivities and the biological effects become all-important, perhaps even out-weighing questions of taste, convenience and ethics. As people increasingly see food as 'medicine' as well as sustenance, food and beverage companies will administer to their new-found needs.

Personalisation started in medicine – with drugs and treatments adapted to suit the individual patient's predicted response or risk of disease, based on their genetic makeup. The longer-term trend in nutrition – no doubt with the biohackers to the fore – will be towards hyper-personalised diets comprising functional food recommendations based on scientific testing. In the meantime, a growing proportion of food and drink purchases will be determined by the brain rather than the gut.

[9] www.foodnavigator-usa.com/Article/2017/12/14/Bio-hacking-and-neuro-nutrition-will-emerge-in-2018#

Some final thoughts

Given the scale of the food and beverage sector, we shouldn't be surprised by its capacity to generate and digest innovations.

Food and drink is the European Union's largest manufacturing industry (with a 15.2% share of both turnover and investment in the EU, and 12.8% of added value during manufacturing[10]). And as this massive industry changes in myriad ways, overlapping or incremental, we tend not to appreciate the full scale of what is happening around us, or realise that the pace of innovation is quickening, probably more than ever before.

People's behaviour is being influenced by technological leaps and their own shifting attitudes and aspirations, which are – in turn – spurring developers to unleash products and applications geared to these new and changing lifestyles. Feeding off each other, these powerful trends will continue to disrupt the food and beverage sector – and the what, why and how we eat.

The onus is on the food and beverage industry to innovate furiously and provide this new breed of customer with the products they are looking for.

"Know what's weird? Day by day, nothing seems to change, but pretty soon... everything's different."

Calvin from Calvin and Hobbes

[10] www.interreg-central.eu and www.fooddrinkeurope.eu/publication/data-trends-of-the-european-food-and-drink-industry-2018

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