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Emerging Trends on The Menu Food Investors are Counting On

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Aspirations

There is one thing that's constant in the food and beverages industry and that's CHANGE. With globalization, new food trends are evolving every year which are not even forecasted 12 months ago. Global food is no more distant to grab. Global is localized and demand for international flavors is crossing the borders. Consumers don't have to travel to taste global food as it is available locally - only 20% of food gets through traveling. As the food and beverages industry is transforming rapidly with multiple opportunities growing from product innovation to transparency, the industry must stay top on the emerging technologies to address dynamic consumer preferences and rising costs. The primary focus is now on innovation to succeed in the competitive market and it is time to take a closer look inside the industry to understand the major industry trends companies need to focus for succeeding in 2019.

Four E's Impacting the Food Industry

The dynamic consumption patterns of how, what, and where we eat, have transformed and disrupted the food industry. In this context, four E's are reshaping the food industry and our consumption patterns. As the trends unfold, paradigm-shifting innovations are for sure in the industry. The major trends in the industry already started showing their impact and will continue to grow and develop in near future. The food industry trends are categorized with four E's.

Essential

Essential trends see extensive industry and customer adoptability where markets and applications are understood. For these trends, marketers should have a clear, articulated strategy to penetrate.

Empirical

Empirical trends are early-stage conceptual trends with less functional products and unseen extensive adoption. These trends already started to urge media and proof-of-concepts.

Extremity

Extremity trends are seen in the largely addressable market conjectures with high investments. These trends are impacted by early adopters with a high aim of gaining extensive industry and customer adoption.





Ephemeral

Ephemeral trends see adoption where market opportunities are uncertain. These trends are broadly understood opening the new opportunities and markets.

So now let's see what is trending with these four E's.

ESSENTIAL

Plant-Based Proteins, Private Labels, Direct-to-Consumer Selling, Sweetness Technologies, Alternate Offline Selling are covering Essential trends.

As the **plant-based proteins** trend is picking up in the market, food and beverage companies are including plant proteins in their product offerings. Many companies already started finding meat replacements with plant-based meats and low-calorized sweeteners. Vegan vitamins and bottled coffee which uses plant-based milk are also going to be launched soon. Traditional meat companies started promoting plant proteins and are aiming to reframe themselves as protein companies rather than meat companies.

Private label products are not the lowest priced products anymore. Food and beverages companies need to be aware of the growth of these products. Giant retailers are no longer just selling the branded products. They are investing highly in coming up with their own private label products, taking out the branded products from their shelves. They are counting on the data they have collected by selling branded products to understand the consumers behavior and preferences and are coming up with their own private labels based on this data.

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They are designing the products based on these criteria to target the most profitable segments and are rolling out the private labels. As they are indicating high revenues and customer satisfaction, they are becoming a growing threat to traditional brands.

Direct-to-consumer selling

The adaptability of Direct-to-consumer selling has been slow so far by the big brands but its time for them to change. Most of the food leaders haven't got their own points of sale, but now due to tough competition from private labels and direct-to-consumer selling startups, they are left with no option rather than to change. The retailers on whom CPG leaders are depended for sales are becoming though competitors as they are coming up with their own products/labels. Retailers are no more partners to CPG leaders, but they have become competitors due to direct selling.

By moving to direct-to-consumer selling, food leaders could gain more control over selling their products, strengthen their relationships with consumers, gain a cutting edge over the growing private label competition, and collect more consumer data to gain better customer satisfaction. Leaders need to expand their logistics into other existing product lines, invest in startups with direct selling and build in-house D2C supply chains for the new brands they come up.



Sweetness Technologies

Consumers are preferring healthier food than sweeter food and hence food and beverages industry is leveraging latest technologies to reduce sugar content in the food. Food companies are shifting their focus from sugar candies to protein-rich and healthier snacks. This doesn't mean the product line is changing from sugar products, but companies are trying to reduce the sugar ingredients in the food by using the biotechnologies, latest sweeteners and alternatives to sugar, such as Stevia, monk fruit, mushrooms are few to name.



Alternate Offline Selling

As consumers are less willing to visit stores in centralized locations, companies are going to the consumer and opening points of sale in new locations. Besides online retailing/selling, companies are also looking at various offline selling channels to make sure products are in consumer's hands more conveniently. Few channels are like Ride-Hailing and Smart Homes in which mobile-operated kiosks sell packaged goods in ride-hailing cars and smart apps track empty products in home and reorder them.

EMPIRICAL

Pop-up retailing, blockchain supply chain, beauty supplements, store robotics, IoT enabled packaging are few trends emerging for Empirical.

Pop-up Retailing

Pop up retail is growing rapidly as it is considered as one of the effective marketing tactics to engage the consumer and collect data for brands. Direct selling is not just happening only through online, but few companies are also acquiring the retail chain to build points of sale. One of the emerging trends is pop-up stores. Though these stores are not promising immediate product sales, they are believed to generate more market value, enhance brand loyalty and drive social media sharing.



Blockchain based supply chains

The blockchain is gaining more attention in the food industry as it is expected to have greater impact in the growing agritech sector. The potential of blockchain is possible only when it is integrated with other technologies and systems. In the food industry, it is used for food traceability, like improved water testing mechanisms or to increase buffer zones between livestock operations and leafy green growers.

However, in the food sector, blockchain is not a problem solver for all the supply chain safety issues. The decentralized database provides more efficient ways to track products than any other current methods. But, suppliers at each stage/level of the supply chain, still need to check the safety of products and must provide genuine information.

Beauty Supplements

Food supplements for beauty are on the rise in the food industry. They are growing rapidly in all directions, producing all supplements from marine collagen to brain dust. Food and beauty spaces are being occupied with natural and organic ingredients and herbal/plant-based products. Wellness supplements with sophisticated packing are driving consumers interest for beauty from inside products.





Store Robotics

Store robots are used to welcome the customers and answer the saved basic questions like chatbots. They are also used to store shopper's data and report to the retailers. These robots initially attractive in the stores as a novelty factor but in the long run the newness doesn't seem to be very successful.

More than store robots, inventory management robots are helpful to the retailers as they help in tracking incorrect price tags, missing labels, out-of-stock items and many more. They use computer vision to navigate the shop floor avoiding bouncing into carts or people.

IoT Enabled Packaging

This technology also helps in collecting consumer data and it automates the refilling when products run out. Smart packaging provides many benefits to consumers like reminding daily medication, alerting on expiry, automating ordering refills and so on. IoT packaging provides more convenient things to the consumers as people would no longer need to visit a store, or even a website, to get their refills for frequently-used products.

EXTREMITY

Lab-grown proteins, automated micro-fulfillment centers, e-commerce optimized packaging, and personalized food products are few threatening and extreme trends in food industry causing health hazards.

Lab-Grown Proteins

As investments in lab-grown proteins by meat incumbents go high, this trend is expected to grow in future and lab-grown dairies are also going to rise. Most of the companies lowered the costs of lab-grown meat, but they are finding it challenging to produce it at a commercial scale. This is because the process is based on animal inputs which are highly expensive unsettling shoppers. For instance, fetal blood is required to provide the infrastructure for growing the new meat cells.



To overcome this challenge, food researchers are experimenting on different approaches to use plant materials to recreate cellular scaffolding and to develop a truly animal-free method for lab grown meat. If these experiments are successful, commercial growth is likely to accelerate.

Automated Micro-Fulfillment Centers

Micro-fulfillment centers are located more closer to shoppers and so they ensure faster deliveries. They are small centers integrated with robots, holding local inventory optimized to the specific locality. With this, pick and pack orders are done more quickly when compared to humans in centralized fulfillment centers.

E-Commerce Optimized Packaging

Companies are focusing more on packaging designs and patterns to make shipping easy as most of the sales are happening online. Huge investments are done to come up with attention-grabbing and eye catchy designs that make products stand out from competitor products. Companies are exploring different sizes of product containers to pack and ship goods more efficiently. Eco-friendly packaging ideas are also growing and most of the brands want their packaging to be transparent allowing the consumer to see the quality and freshness of the food even when it is in the package.

Personalized Food Products

Personalizing food products requires higher margins and it is really challenging and expensive to personalize for lower margins. To make personalization effective, companies need to understand eating habits, consumer needs, and their problems. Latest technologies like big data, online surveys, machine vision, and at-home DNA testing, will help companies to have a better understanding of the consumer. Machine learning helps in selecting the best-suited products to each consumer. Optimized factories and 3D printing help the production aspects.





EPHEMERAL

Environmental Sustainability, Wellness-Focused Branding, and Gluten-Free are the trends prevailing in Ephemeral.

Environmental Sustainability

Companies are taking up go green initiatives to support environmental sustainability and many more ways need to be approached by food leaders to support their bottom lines. They are using latest tools to turn food waste into “upcycled” products. It is giving an opportunity for the companies to create engaging origin stories for their products, lower their production costs and attract environmentally-conscious consumers.

Wellness-Focused Branding

Food companies are taking advantage of the wellness trend by putting more emphasis on natural ingredients, explaining the physical and mental benefits of the products and maintaining transparency.

Today, ‘wellness’ has become a status quo and is gaining more traction across industries. To gain from the wellness trend, companies are changing their ingredients to reduce sugar content, increase plant proteins and remove gluten. Few companies are also considering acquisitions to move into healthier product lines.

Gluten-Free

Over the past few years, consumers preference for gluten-free food has grown drastically. The launch of gluten-free products is winning the market and earning profits to the food companies. Gluten-free trend is ruling the overall global wellness and is impacting food industry along with other industries like real estate, hospitality, office management, and many more.

To Conclude

There are many trends evolving in the food and beverages industry, and companies need to be ready to catch them on the upswing. From cultural flavors and plant-based choices to all-day snacking and ordering on-the-go, today’s trends are all aiming at meeting dynamic consumer needs and ramping up customer expectations. Innovations and strategies in the food industry need to be more focused on emerging customer needs. This evolution is distinctive in the way trends emerging in the food industry. They are in a steady pattern of growth. Being proactive at the right stage of your food segment is the best approach to gain a cutting edge and take advantage of the opportunities.

