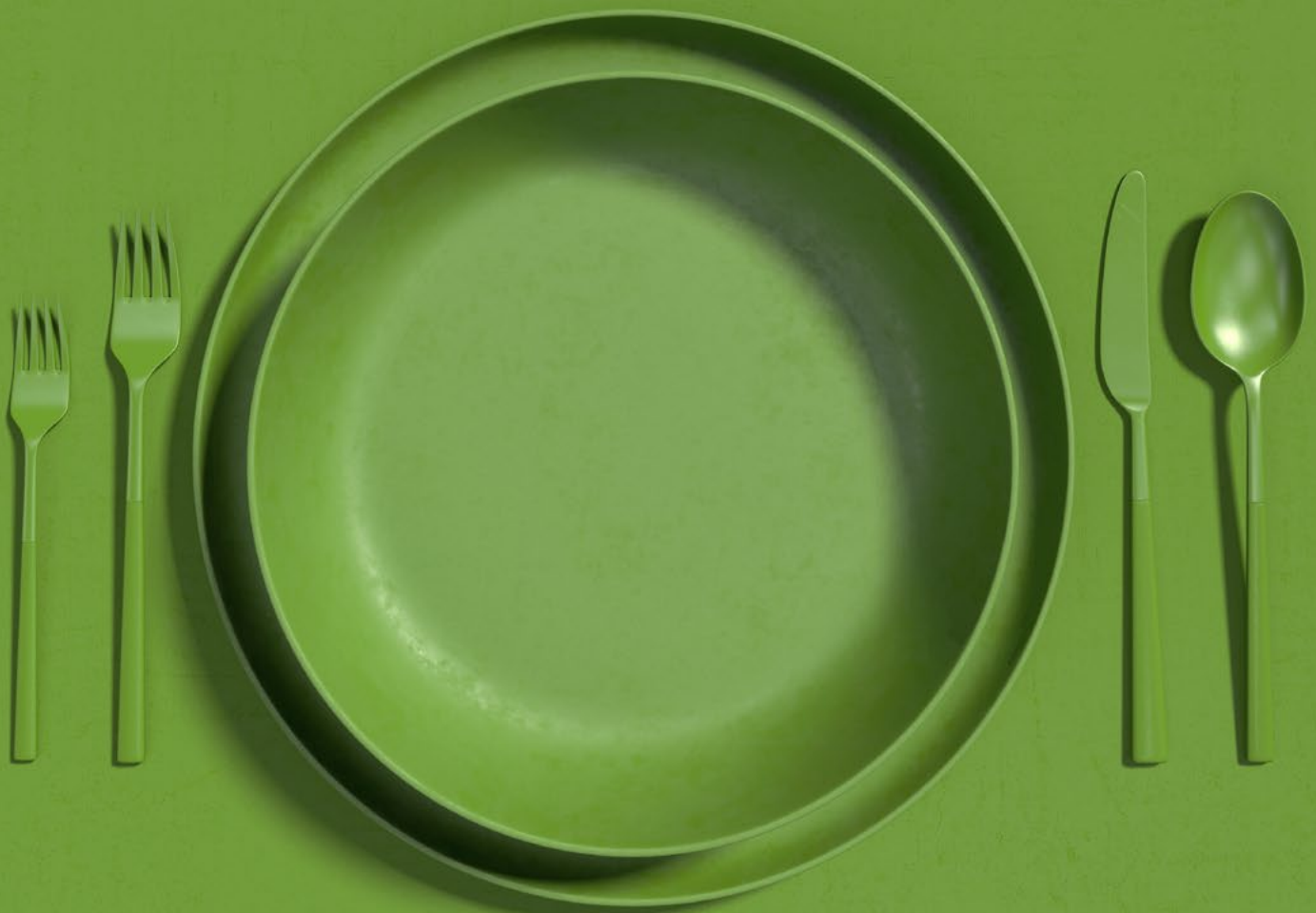


Food & Beverage Trends

to Watch in 2022 and Beyond



INTRODUCTION

Food and Beverage Trends to Watch in 2022 and Beyond

Kadence International

The pandemic has irrevocably changed the way consumers behave. According to a study published in the European Journal of Social Psychology, a new behavior takes around two months to become a habit.

Today, and perhaps in 2022 and beyond, what consumers are looking for from the food and beverage industry is very different from pre-pandemic times.

New preferences and habits have formed, and so have the expectations within food and beverages. This report examines the trends that will shape the food and beverage industry in 2022 and beyond.

In this report, we examine four emerging trends around the globe; plant-based foods, immunity-boosting ingredients, tastes of home, and transparency, safety, and sustainability.





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FOOD & BEVERAGE TRENDS

Plant-based Foods



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Plant-based Foods



In the 1980's Dr. Thomas Colin Campbell, a Cornell University biochemist coined the term “plant-based diet.” However, there is considerable evidence of people choosing to avoid animal products as far back as 2,000 years ago.

Today, 4 billion people live primarily on a plant-based diet. In Europe, consumption of plant-based meat substitutes is predicted to increase from €1.5 billion to €2.4 billion by 2025. Globally, the plant-based meat market will be worth \$85 billion by 2030.

The pandemic has pushed faux meat growth. In the USA, plant-based meat sales increased 264% in the nine weeks ending May 2, 2020, as the pandemic caused meat shortages and price spikes as meat-packing plants shut down. The virus reportedly started in an animal market, and reports of Covid-19-infested meat-packing plants, consumers felt queasy about picking out beef and chicken. Regular meat eaters made the switch, with many becoming permanent converts.

Beyond Meat and Impossible Foods have been two major forces in the faux meat or plant-based mock meat industry.

These brands were not the first to manufacture plant-based foods, but they grew in popularity due to their ability to produce meatless products that taste like meat. Their meat substitutes from plant-based ingredients are available in grocery stores, restaurants, and even some international fast-food chains, including Burger King.

With plant-based substitutes becoming mainstream, demand for plant-based foods will continue to grow and expand beyond burger replacements.

Demand for emerging plant-based categories such as snacks, dips, sauces, cheese, spreads, and creamers will see a double to triple growth within the following year. Riding this wave will be quick-service restaurant chains like McDonald's who launched McPlant, a line of plant-based proteins including burger and breakfast sandwich patties made from pea and rice protein. The chain has also confirmed that it will add faux chicken to the mix.





Plant-based foods such as snacks, dips, sauces, cheese, spreads, and creamers will see a **double to triple growth** within the following year.



But it is not just meat products that are riding the plant-based wave. Billionaire and American Entrepreneur Jeff Bezos backed Chilean start-up NotCo. The company developed its plant-based NotMilk using its proprietary artificial intelligence to formulate the recipe that mimics cow's milk using only plant ingredients. The milk alternative uses a combination of cabbage and pineapple (along with other ingredients like pea protein, chicory root, and coconut oil).

Oatly, a company that produces milk, ice cream, yogurt, cooking creams, and spreads from oats, is available in more than 20 countries. In 2021, just five years after its US debut, the company priced its initial public offering at \$17 per share, giving it an implied valuation of \$10 billion.

Plant-based Attitudes and Trends Around the World



INDIA

In India, the world's most populated country, 30 percent of the 1.38 billion residents are vegetarian. Indian consumers view plant-based meat substitutes as highly innovative, trendy, healthy, and environmentally friendly.

Consumer awareness of these plant-based meat substitutes is rising quickly. More Indian consumers demand these products due to their perceived health benefits, including preventing non-communicable diseases, digestive disorders, and obesity.

COVID-19 has also fueled the rising popularity of these products because they are seen as “immunity-boosting.” In addition, this product category offers many non-vegetarians the ability to enjoy the taste of animal meat without consuming animal products. Traditionally, Indian consumers are cautious about the benefits of processed food products; however, urban consumers are increasingly open to the idea of consuming processed plant products as a rich source of protein. A 2019 survey by the University of Bath and the Good Food Institute revealed that 63 percent of Indian consumers were “very or extremely likely to purchase plant-based meat regularly.”



UK

Plant-based diets are rising in the UK, with approximately a quarter of the population now adopting meat-free or meat-reduced diets (1-2% vegan, 5-10% vegetarian, 15-20% flexitarian). Approximately 60 percent of vegans and 40 percent of vegetarians have adopted their meat-free diets alone within the past five years. Key drivers of the trend include: increased consumer awareness of negative environmental, health, and animal welfare implications of meat and dairy consumption, increased commercial investment in plant-based products and vendors, resulting in better-tasting and more varied plant-based alternatives, and social media and lifestyle ‘influencers’ as well as celebrity chefs making plant-based diets appealing and fashionable. This trend may amplify by natural demographic changes as young people are more likely to adopt plant-based diets than older groups. It is estimated that vegetarians and vegans will make up 25 percent of the UK population by 2025, and flexitarians just under 50 percent. COVID-19 made a vegan diet more appealing to a quarter of 21 to 30-year-olds.



CHINA

China's market for plant-based meat substitutes was estimated at \$910 million in 2018 and is projected to grow 20 percent to 25 percent annually. According to Euromonitor, more than 60 percent of Chinese consumers are receptive to plant-based diets, and 39 percent of Chinese consumers are reducing their meat intake, which comes mainly from pork. KFC, the most popular fast-food chain in China, sells plant-based chicken nuggets. OmniPork, a popular pork substitute, is now on the menu across thousands of Taco Bell and Starbucks branches in China, where it is used to make everything from tacos to salads. Z-Rou, Shanghai's plant-based producer, launched in 2019 and is now offered in supermarkets, restaurants, and school canteens. China has pledged to see carbon emissions peak by 2030 and become carbon-neutral by 2060. As livestock farming produces 20 to 50 percent of all man-made greenhouse gases, finding alternative protein sources is crucial to meeting these targets.





US

In the US, the growth rate for the plant-based food market more than doubled in 2020, as sales surged past \$7 billion. According to the Plant-Based Foods Association, growth of plant-based sales has grown 9x faster than total food sales. Hershey Chocolate announced it is trialing a plant-based chocolate bar called Hershey's Oat Made in June 2022 in limited markets.



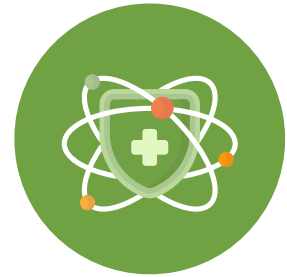
FOOD & BEVERAGE TRENDS

Immunity Boosting Ingredients



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Immunity Boosting Ingredients



Being “immunocompromised” was a term many first heard during the pandemic. Immunocompromised people have a reduced ability to fight infections, so it is little wonder that during the COVID-19 pandemic, many consumers became more interested in healthy foods that boost their immune systems.

Known as “functional foods,” these ingredients claim to possess an additional function. Often applied to the traits in plants, functional food may “have physiological benefits and reduce the risk of chronic disease.”

For gut health, examples include probiotic foods that contain beneficial microbiota, including fermented foods like kefir, yogurt with live active cultures, pickled vegetables, tempeh, kombucha tea, kimchi, miso, and sauerkraut. For inflammation, ingredients like turmeric, honey, green tea extract, fish oil, and ginger provide relief.

The market for functional foods has been growing for years. However, demand has boosted since the onset of the COVID-19 pandemic.

According to company Beneo, an estimated 75% of consumers plan to eat and drink healthier due to the pandemic. The global market for these ingredients is expected to grow to \$117 million by 2021.



Global demand for functional foods or nutraceuticals

The functional food or nutraceuticals industry first emerged in the early 1990s. Between 1999 to 2002, the sector grew at an annual average growth rate of 7.3 percent. The growth rate of this industry over the past several years has doubled to 14.7 percent.

The United States, European Union, and India are currently the world's largest consumers of functional foods, and China is likely to surpass them all by 2030.



US

The United States functional foods and nutraceutical market represent the largest market in the world. Companies are looking to diversify their products and incorporate many natural ingredients into their products. This change of approach is primarily a consequence of the push from American consumers, many of whom are highly health-conscious and demand specific ingredients to be present in the products they consume.



EU

The market for functional foods or nutraceuticals in Europe is also experiencing growth. It is estimated that by 2025, the compound annual growth rate of the industry will reach 7.5%. Germany, Sweden, and the Netherlands have emerged as the key innovation hubs of Europe, whereas Spain and Great Britain act as decisive test markets for new products.



INDIA

According to a recent report, the total market for functional food in India is growing at 21% per year. It is currently a nascent market trying to incorporate traditional herbal ingredients, many of which are ayurvedic, into the functional food and nutraceutical portfolio. Still, its growth has surpassed global rates in recent years, driven mainly by functional food and beverages categories.





FOOD & BEVERAGE TRENDS



Tastes of Home



Tastes of Home



The pandemic has cemented changes in consumers' eating and food preparation habits. According to The International Food Information Council, many consumers are re-creating the restaurant experience at home by using meal kits, restaurant-branded products, and more sophisticated or flavorful ingredients from artisan food producers. The times of unease, unrest, and uncertainty have also driven consumers to seek comfort in foods that remind them of happier, less turbulent times.



Meal Kits

Fresh food meal kits are a growing industry in the United States. Fresh-food meal kit delivery services send customers a variety of fresh ingredients with a recipe to construct the meal. The service is beneficial to consumers who are short on time but still wish to eat meals with fresh ingredients, rather than relying on restaurants or prepared meals.

In 2017, the industry was valued at US\$4.65 billion, representing a 300 percent growth over the previous year. By 2022, the market is expected to more than double, reaching US\$11.6 billion.



One of the leaders in the category is the German company, HelloFresh. Founded in 2011, it is now available in 14 countries under HelloFresh, Green Chef, Factor75, Chef's Plate, and Every Plate.

While some argue that meal kits will face a downturn once going out to restaurants returns to pre-pandemic times, many consumers will continue to incorporate meal kits in their lives for ease and sustainability reasons.





Speedy Appliances

During the pandemic, many consumers purchased in-home appliances to make meal preparation easier. Air fryers and multi-cookers posted double-digit dollar sales growth in 2020, meaning many households now have these appliances on hand.

A trend to look for is more products specifically made for these appliances or existing products that show cooking instructions or recipes with these appliances.

Nearly 163 million people in the US or 64% of adults spent \$71 a week on outside dining before the pandemic. With many restrictions placed on the restaurant industry, time in the home increased by 2.1 hours per day per adult during the pandemic. What Americans chose to do with this time varied, but according to the American Time Use Survey, the time spent cooking increased in all adults aged 25+.

The dinner with the family trend seems cemented in our behaviors and habits. Before the pandemic, 18% of households ate dinner together at home every day. Now, 31% of families are enjoying family dinner together. The vast majority of families, 92%, plan to continue eating together as often or more than they currently do.



FOOD & BEVERAGE TRENDS

Transparency, Safety and Sustainability



Transparency, Safety and Sustainability



COVID-19 accelerated the trend of consumers wanting more transparency into the origin and supply chain history of their purchase and consumption of products.

More technologies are emerging that improve transparency, including radio frequency ID tracking of ingredients throughout the supply chain and wireless/smart technologies such as invisible barcodes.

According to a 2020 Innova Consumer Survey, three in five global consumers say they are interested in “learning more about where their food comes from and how it is made.” This means the term ‘clean label’ has gone from transparency about being organic or additive-free to showing how sustainable and humane a product is.

Food producers are increasingly using blockchain and Internet of Things (IoT) technologies to track the handling of food ingredients and finished products throughout the chain and monitor conditions during shipment. Blockchain additionally provides improved traceability in the case of a recall or other safety issue.

Meat processors are fast-tracking their plans to incorporate more automation and robotics to elevate food safety.

Manufacturers are moving toward “smarter” operations that increase supply chain and manufacturing efficiencies. IoT technologies include sensors that gather data on machine performance, which analyze through cloud-based software programs. Other analytical programs can more accurately assess shelf life and product traceability. In-line vision-based systems optimize quality by identifying variances or errors in real-time.





Now that F&B producers and consumers are more experienced at living with the pandemic, the focus can shift toward sustainability. ADM, a food technology company, observed that nearly two-thirds of consumers want their food choices to impact the environment positively. Lux Research's report *The Food Company of 2050* also lists "increasing sustainability" as a critical factor for increasing brand awareness and market share.



About Kadence International

Kadence International is a global boutique market research agency. With offices spanning Asia, Europe and the US, we combine the global reach of a large agency, with the agility and personalized service of a small boutique.

We passionately believe that great research is core to all business success so it's our mission to raise the impact of research in organizations. The impact we create for our clients is being recognized by key awarding bodies globally.

In 2021, we were named both the Consultant of the Year and Market Research of the Year at the Agency of the Year Awards. We won the MRS Operations Award for Best Covid Response and were named a finalist in The Marketing Research and Insight Excellence Awards, in the category of Best New Product/Service Innovation.

Are you prepared for the changes facing the Food and Beverage Industry in 2022 and beyond? Kadence provides research and insight on what your consumers want today and will demand tomorrow. Click [here](#) to learn how Kadence can help you stay ahead.



USA.

UK.

SINGAPORE.

PHILIPPINES.

INDONESIA.

CHINA.

INDIA.

JAPAN.

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