



FOOD AND DRINK TRENDS

Future Opportunities for Swedish SME Businesses

A study from Mintel Consulting
02 June 2020



Welcome to today's session!

Objective:

- Share with you the latest trends impacting Food & Drink
- Show how these trends may affect your businesses, markets, customers
- Highlight future opportunities in this sector

Approach:

- Global macro-trends - through the lens of small/medium sized businesses
- Case studies - turning trends into opportunities

What we will cover today

ELEVATED CONVENIENCE



HEALTH & WELLNESS



SUSTAINABILITY



ELEVATED CONVENIENCE

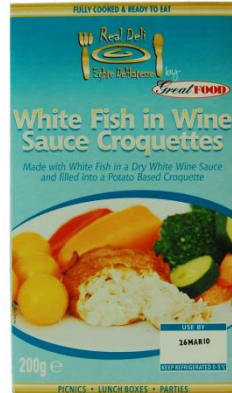


A new generation of modern convenience food and drink is emerging

WHAT	Convenience goes beyond speed, it must also deliver health & premium qualities
WHY	<ul style="list-style-type: none">• Consumers have premium expectations• Rising healthy eating priorities• Foodie consumers• Interest in personalisation• Speedy delivery services
FOR WHO	<ul style="list-style-type: none">• Young urbanites as well as suburban parents who are looking to feed their kids the best.• Seniors also need convenience in new ways as they start to cook less, because of inclination or ability.• Working class families need to get more done in less time, too.
SO WHAT	<p>Consumers want convenient food & drink to be more...</p> <ul style="list-style-type: none">• Natural• Nutritious• Customisable

Convenience has become more premium

10 years ago...



now...



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Healthy eating has become a priority for many consumers



IMPORTANCE

54%

Of Swedish consumers eat healthily
all or most of the time

NATURALNESS

42%

Of Swedish consumers consider natural
ingredients to be an important factor
when shopping for their food

NUTRIENTS

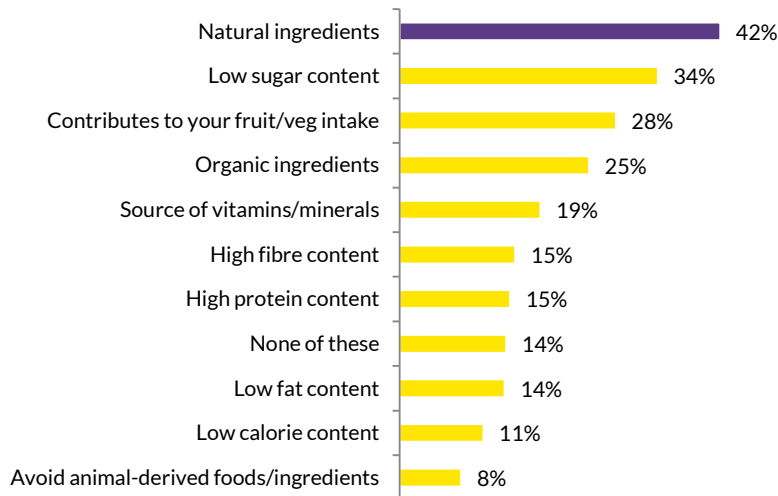
38%

Of Swedish consumers increased the
amount of fruits and vegetables that
they ate over the last 3 months

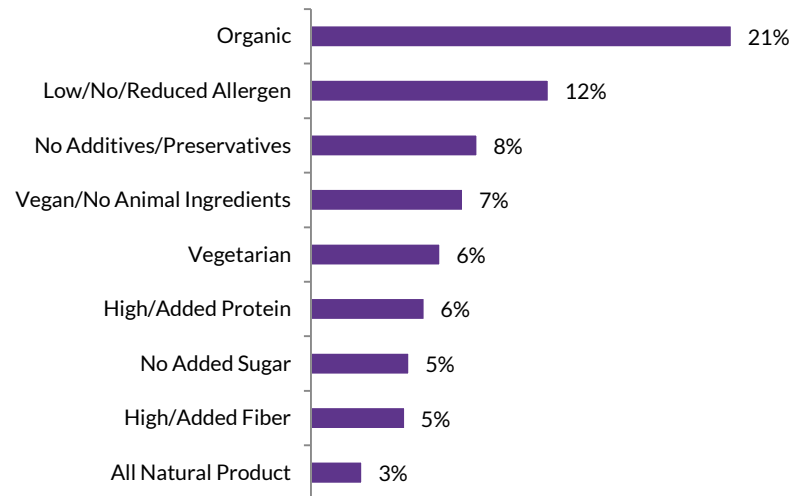
Naturalness is top factor for Swedish consumers when shopping for food

- Natural and organic have fully entered the mainstream, with majority of shoppers purchasing natural and organic products from traditional supermarkets
- Consumers are seeking natural and organic products across grocery aisles, but animal products generally rate high on the list.

Most important factors when shopping for food (Sweden)

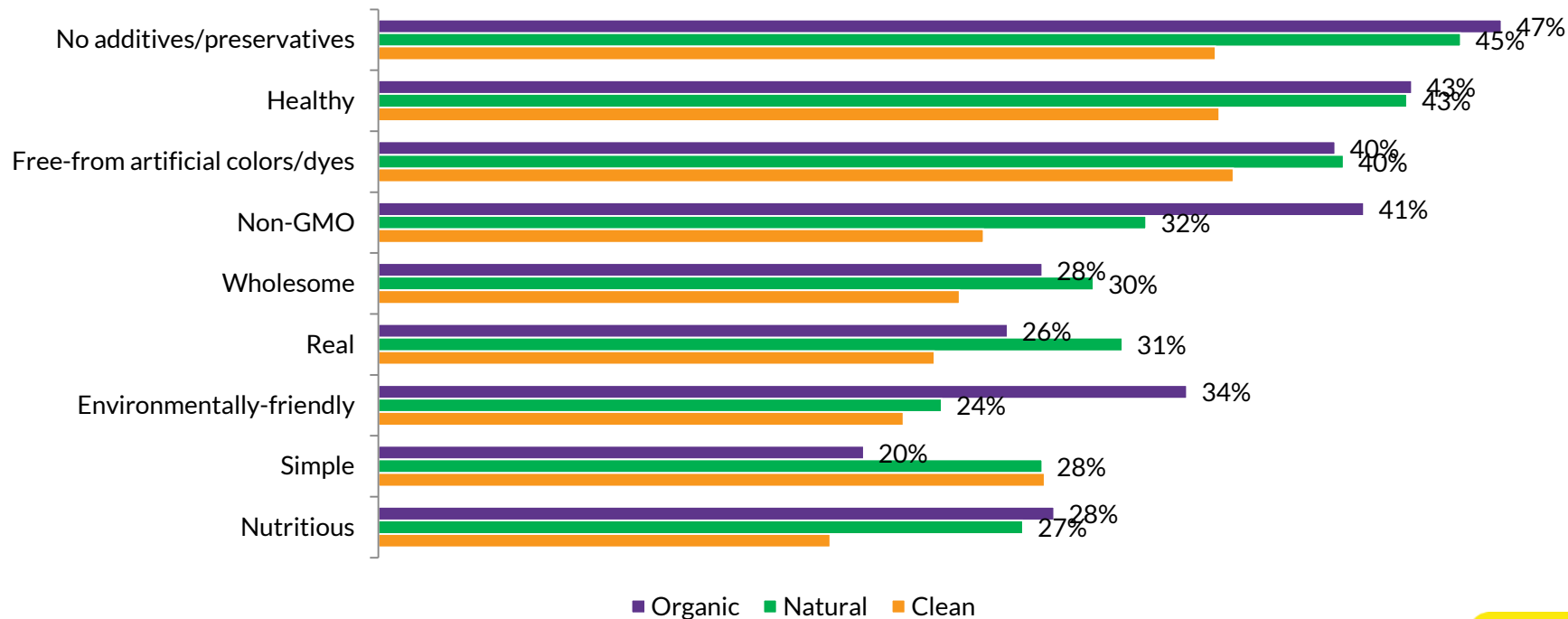


Top NPD claims in Sweden, Food & Drink categories, Jan 2015 – May 2020



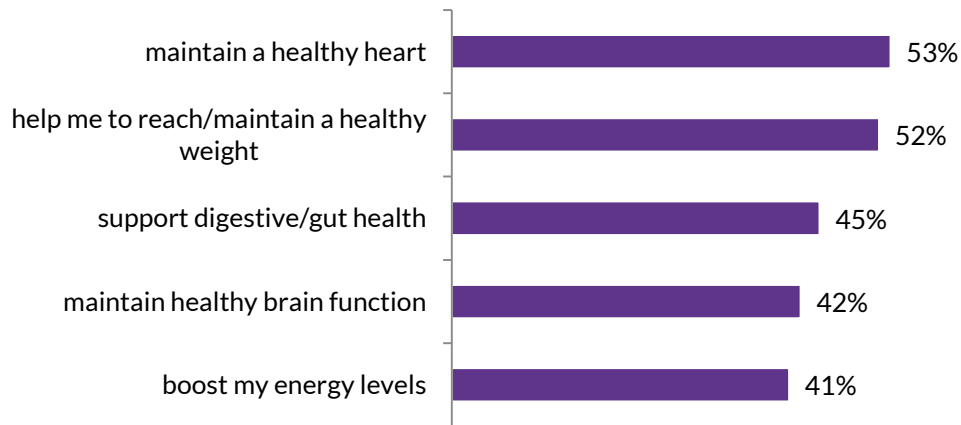
Natural is an umbrella label, meaning lots of different things to consumers

"Which of the following attributes do you associate with the following food/beverage claims?
Please select all that apply per claim." (US, 2019)



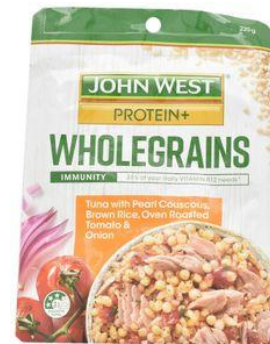


**“I would ideally like my diet to... Please select up to 5.”
(Sweden, 2019)**



Vitamin D and zinc

Okivi Vegetable Lasagne contains vitamin D and zinc necessary to support the immune system, and is described as a Nordic variant of the food philosophy of the island of Okinawa which is known for its long life expectancy (Sweden).

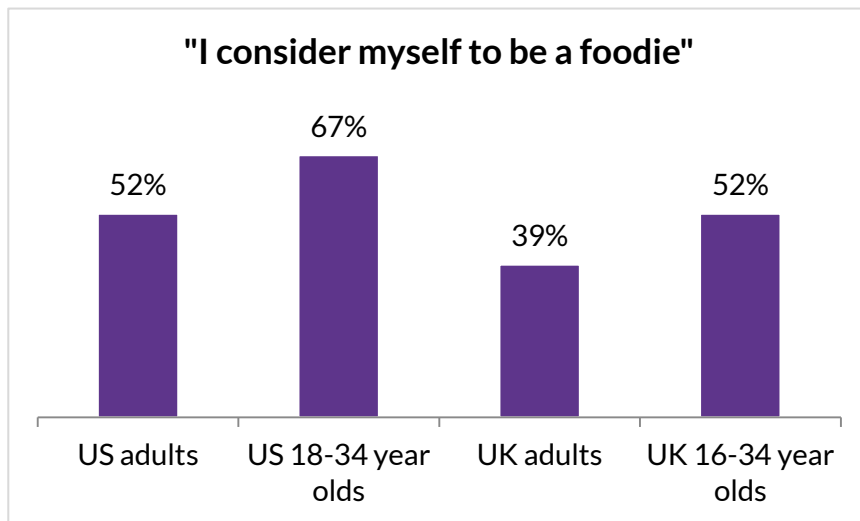


Vitamin B12

John West Protein+ Wholegrains Tuna with Pearl Couscous, Brown Rice, Oven Roasted Tomato & Onion provides 35% RDI of vitamin B12 to support immunity (Australia).

'Foodies' drive improvements in convenience products

- Premium, fresh and healthy convenience food and drink are becoming essential
- The term "foodie" is often a self-adopted nickname among people who are driven to try new food and drinks, and also often expect high quality ingredients, flavours, and formats.



34%

Of Swedish consumers look for new foods/flavours to try

40%

Of Swedish consumers agree that taste is more important than health in their food choices

Source: Sweden - Mintel Globalise Wave 2, December 2019. Base of 1,000 internet users aged 18+.

USA - Innovation on the Menu - September 2017. Base: 2,000 internet users aged 18+.

UK - Attitudes towards Cooking in the Home - UK - July 2018, Base of 2,000 internet users aged 16+

HOW TO
INNOVATE?



THINK OF CONSUMPTION OCCASIONS

1



Grab and go breakfast

2



Quick snacks

3



Dinner time solutions

At breakfast, health and speed matter more than taste

- Breakfast sets the tone of the day for many consumers
- ... but skipping breakfast has become a widespread habit with younger generations, because they lack appetite, and for some, time
- Established breakfast brands target small appetites with drinking formats
- Protein-based breakfasts meet the needs of younger adults for filling food
- Breakfast must be energising, particularly to appeal to younger consumers

59%

of UK breakfast eaters say that having a healthy breakfast makes them more likely to eat healthily for the rest of the day*

KITS



CEREAL AT THE OFFICE?



PROTEIN YOGURT



COFFEE & PROTEIN SMOOTHIE



PROTEIN SCRAMBLED EGGS



Make breakfast enjoyable

- Breakfast is not necessarily a pleasurable meal. Some consumers get bored of always eating the same food, while others compromise on taste to start the day with healthy food.
- Eating alone is another factor that limits pleasure at breakfast time.
- By moving into new categories, established breakfast brands can introduce variety and novelty at breakfast time, and help consumers to enjoy it
- Subscription services have a bigger role to play in morning routines

Bright Greens home-delivered smoothies, no blender needed



Weetabix Apple and Raisin Breakfast Muffin



Dr. Oetker Chocolate Popcorn Muesli, Finland



45%

of French breakfast cereal eaters say that they get bored eating the same breakfast day in and day out*

74%

of Spanish consumers often eat breakfast alone, 71% of Italians, 54% of Germans, 61% of French **

Source: At breakfast, health and speed matter more than taste. *Base: France: 631 internet users 16+ who have eaten breakfast cereals in the past six months;

**Base: internet users aged 16+ (2,000 in each country)

Nibbles, snacks and bites are a useful time hack

CHEESE & CHOCOLATE



Sargento Sunrise Monterey Jack Natural Cheese, Walnut Oat Granola with Dark Chocolate & Golden Raisins

EXOTIC SPICES = TREAT



I Favolosi Cheese, Turmeric and Ginger Flavored Oven Baked Corn Snacks.

HUNGER

56%

of US consumers snack to
satisfy hunger between meals

65%

Of Swedish consumers cook meals from scratch all/most of the time



Seasonings serve up street food

28%

Of Swedish consumers choose easy (ie quick to prepare) food



Mess-free, "perfect for game night"

44%

Of Polish consumers are interested in trying all-in-one ready-to-cook or ready-to-eat vegetable side dishes that include rice, cereals or grains



Branded kits

Restaurant-quality ready-to-consume products



itsu Satay Rice Noodles are described as restaurant-inspired rice noodles with hand-crafted Asian broth and dried spring onion.



ICA Vinegar BBQ Smoked Beef is made in collaboration between the retailer and a restaurant with a passion for barbecued food.

Meal kits



Simple innovation with a clear target makes millions



Sargento, number two player in the US cheese market, launched the original Balanced Breaks line in 2015 with varieties including

- Natural Sharp Cheddar Cheese,
- Sea Salted Cashews & Cherry Juice Infused Dried Cranberries, or
- Natural White Cheddar Cheese,
- Sea Salted Roasted Almonds & Dried Cranberries.

Each delivered around 7g protein and 180 kcal, and presentation was a pack of 3 x 43g trays, priced at \$3.99.



This simple proposition was a highly successful launch, becoming an IRI New Product Pacesetter (top 10 fastest-selling new products) in 2016, with sales of **\$54.2m**.

In 2017 Sargento extended the brand to appeal to sweet snacking occasions, with Sweet Balanced Breaks. For example:

- Monterey Jack Natural Cheese, Dried Cranberries, Dark Chocolate Chunks & Banana Chips, or
- Natural Cheddar Cheese, Sea-Salted Roasted Almonds, Raisins & Greek Yogurt Flavored Drops.

The four varieties of Sweet Balanced Breaks have sold \$39m in their first year.

Impact of covid-19 on convenient snacks & dinnertime solutions: Comfort categories will be essential for emotional wellbeing



**Comfort now and
comfort going
forward**

**Consumers will cook,
and brands can help**

Snacks supply comfort and security as the world changes

Consumers choose snacks because they want to eat foods that make them feel good and that doesn't have to be restricted to the "bad times". In the next 12-18 months, as consumers cope with the reality of a "new normal" world, foods that offer comfort will continue to be in demand.

However, there is still room for snacks to provide a novel and fun experience. Post-COVID-19 snacks can play up their creative side with innovative flavors, ingredients and packaging as consumers seek "something new" after being constrained for so long.

During the COVID-19 pandemic and the quarantines and lockdowns that followed, many consumers found themselves suddenly tasked with cooking more meals than usual – and using the ingredients they were able to find, not necessarily the ones they would have chosen in "normal" times. These consumers have developed more familiarity with cooking by necessity. While consumers will welcome the variety and break from cooking that restaurants provide when they reopen, the recession and limited budgets will mean that a lot of consumers will keep cooking – and again for some, out of necessity. Brands and retailers can meet home cooks where they are and provide meal prep solutions that can help consumers prepare convenient, comforting meals without the hassle and stress that frequent meal planning creates.

HEALTH & WELLNESS



Consumers are looking for holistic, proactive and ongoing wellness solutions

WHAT	<ul style="list-style-type: none">• Longer lifespans make health and wellness more relevant
WHY	<ul style="list-style-type: none">• Consumers are starting to pay attention to how their current diet and health decisions can affect their long-term health• Longer lifespan means desire to live quality time and enjoy it at the greatest level of health possible
FOR WHO	<ul style="list-style-type: none">• Adults who want to be proactive about their long-term health• Seniors who want to enjoy a good state of health throughout their later years
SO WHAT	<p>Consumers want food & drink to contribute to ...</p> <ul style="list-style-type: none">• Gut health• Better nutrition through plant based diets



Gut health



Plant power



- Digestive health is increasingly recognized as an integral part of wellbeing.
- Products that help improve gut health have widespread global potential thanks to mounting evidence that link a healthy gut to a multitude of health benefits, including improving mental health and skin health.

IMPORTANT

45%

of Swedish consumers would ideally like their diet to support digestive/gut health

BROAD AGE APPEAL

62%

of German functional food and drink users aged 55+ use functional food/drink to maintain/ improve their digestive health

FROM FOODS

20%

of UK consumers eat foods that support gut health, ie with 'good' bacteria

WELLBEING

48%

of US consumers agree good digestive health is important for overall wellbeing

Source: **Sweden** - Mintel Globalise Wave 2, December 2019. Base of 1,000 internet users aged 18+. **Germany** - Mintel Insights, Gut health is today's hot health issue (Feb 2019), Base: Germany: 1,003 internet users aged 16+ who have used functional food and drink in the last 6 months; **UK** - Mintel Insights, Gut health claims in bakery, confectionery and snacks (Jan 2019)

- Companies across consumer packaged good (CPG) categories have been innovating to take advantage of the rising awareness of the microbiome and benefits of a healthy gut.
- Dairy is still leading probiotic category, but use is expanding

CEREAL



“wholegrain porridge packed with smart cultures” (Daily Cultures, UK)

PASTA



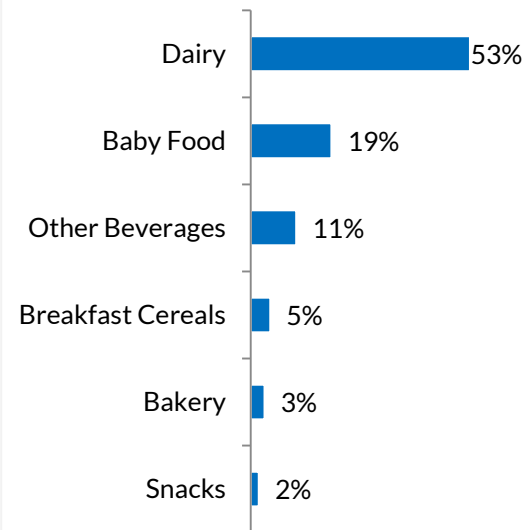
Pasta that's 'good for the gut' (Genius, UK)

ICE CREAM



Ice cream with probiotics (Culture Republic, US)

Top categories*



* Source: Mintel GNPD, Market: Europe, Date: Jan 2015 – May 2020 YTD, all food & drink excluding alcoholic drinks, contain: prebiotics or probiotics or bacterial cultures or have a functional-digestive claim. Base of 723 product records

HOW TO INNOVATE?



HARNESS GROWTH OF PROBIOTICS, FIBER AND PREBIOTICS

PREBIOTICS



Supports good bacteria with prebiotics

PROBIOTICS



enriched with Bifidobacterium lactis, L. acidophilus and L. paracasei

FIBRES



Contains 30% more fibre compared to similar types of biscuits

Impact of COVID-19 on Gut Health:

Respond to health concerns by highlighting immunity-boosting nutrients



Bring immunity centre stage

Emphasize and leverage the link between gut health and immunity. Spotlighting genuine immunity-boosting nutrients has never been more timely, and will continue to be relevant in the long term.

Tap the power of botanicals

Leverage the natural immunity-boosting benefits of botanical substances. Use traditional medicine for inspiration and to complement evidence-based research.

Link probiotics to immunity

Beyond digestive health, probiotics also offer functional benefits to the immune system, providing a great platform for food & drink brands to explore.



- Consumers are interested in **flavorful, nutritious and convenient ways** to consume more plants in their diet.
- Broad opportunities remain to create more packaged food and drink with **fruits, vegetables, grains, seeds, spices herbs, botanicals** and other plant-based ingredients to provide consumers with products they perceive to be tasty and healthy.
- Products made with plants still benefit from a **health halo** that aligns with consumer perceptions of plant-fortified products as more natural and nutritious than standard products.
- The trend is based on 4 key drivers:

HEALTH

32%

of UK consumers agree that eating less meat helps to improve health

ETHICS

75%

of Spanish consumers are concerned about how food companies treat animals

ENVIRONMENT

46%

of Swedish consumers agree plant-based foods are better for the environment than meat and dairy products

DIVERSITY

64%

of German consumers see nuts (almonds, pistachios) as their preferred sources of 'non-traditional' proteins, while 52% prefer legumes

Source: UK - Mintel Insights, Flexitarian parents look for more plant-based baby food (March 2020), Base of 2,000 internet users aged 16+

Sweden - Mintel Globalise Wave 2, December 2019. Base of 1,000 internet users aged 18+.

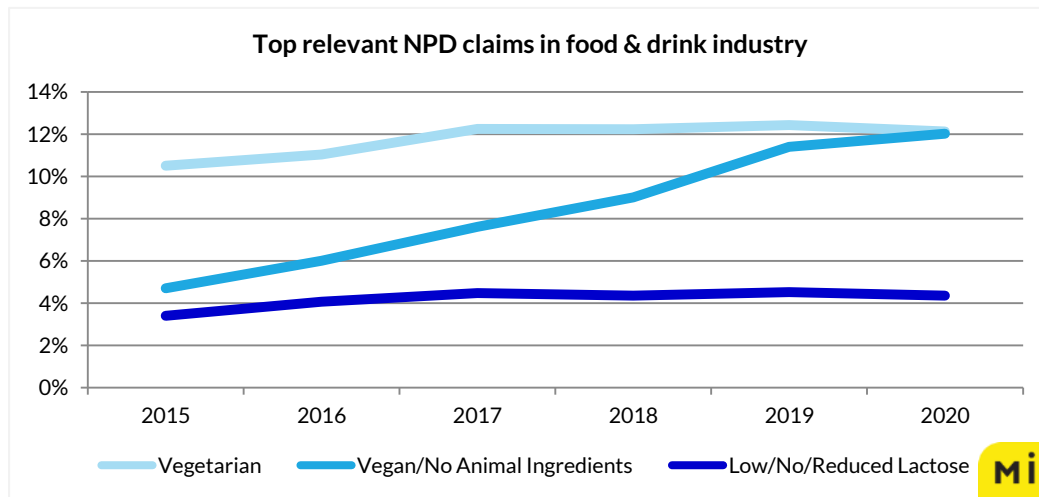
Spain - What's driving the unstoppable rise of vegan claims? Base of 2,200 internet users aged 16+

MINTEL

- Pure vegan or vegetarian consumers represent a small percentage across countries, less than 5% in most European countries
- Flexitarians however are the consumer group that reduces meat intake in favour of generally more vegetables.
- This is by far the largest group and represents the biggest opportunity in innovating with plant based formulations
- In Europe, 48% of Italians and 40% of both Spanish and French consumers are reducing their consumption of, or avoiding red meat.

23%

of Swedish consumers limit their meat intake all or most of the time



Look beyond the vegan hype and make it easy for all consumers to eat more plant based meals

HIGHLIGHT NUTRITIONAL CONTENT

45%

of US consumers believe plant-based foods are more nutritious than animal-based foods

INTRODUCE VEG AS A SUBSTITUTE FOR MEAT/ CARBS

42%

of French consumers are interested in trying pasta/rice made from vegetables (eg courgetti, cauliflower rice)

MIMIC THE TASTE & TEXTURE OF MEAT

54%

of US consumers agree that meat alternatives should closely mimic the taste of meat

- **Snacks:** Younger consumers are a key target for healthy snacks, focus on nuts, beans and other legumes and put them front of pack.
- **Meat products:**
- **Dairy & plant-based drinks:**
- **Baby food:** call out ethical/environmental claims and celebrate the quantity and variety of vegetables used
- **Dried goods/pasta:** offer new products using lentils, chickpeas, etc and also consider the use of vegetables

HOW TO INNOVATE?



USE EXCITING PRODUCTS TO DRAW CONSUMERS INTO CONSUMER MORE F&V

BLEND FRUIT & VEG



Pumpkin, dates and apple

BLEND VEG WITH MEAT



Sausages with pork + greens
+ pea protein

LOOK FOR NEW CATEGORIES/FORMATS



Carrot and potato sticks
with sesame

Kendamil proves to a very nimble yet small manufacturer

- They are the only British Infant Milk Formula manufacturer on the market.
- They still make and produce all their products in the Lake District, England (rural area)
- Product & service innovation (subscription)



Our **subscription** service is now **available**

We know where **every drop** of milk comes from



Cirio converts tradition into relevant nutrient preservation



“we use a steam cooking process without the use of preservatives or added fats. This process preserves the natural taste, goodness and nutritional properties to bring them to you just as nature intended. It also means the vegetables avoid contact with water keeping them whole, tasty and naturally rich in vitamins and mineral salts.”

Vitalite's rebranding to appeal to a broader audience and leverage health trends



1980s

- Dairy Crest's Vitalite has been known since the 1980s for sunflower spread
- The new health trends were more focused on dairy-free, but Vitalite seemed to be missing out due to lack of labelling
- It was essentially a dairy-free product, but younger consumers did not see it as such

>>>> REBRANDING

- Shift perceptions of Vitalite to build brand equity in the dairy-free sector



Today

Mornflake going from a traditional 300-year old recipe to modern branding & positioning



2010



2010

- Mornflake describe themselves as “millers of mighty oats since 1675”
- Majority of their launches are quite traditional cereal products



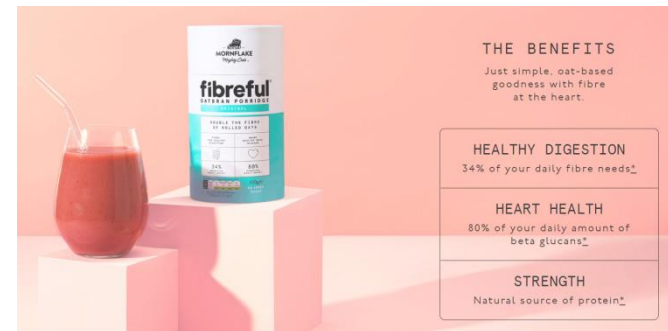
2014



2016

>>>> REBRANDING

- In 2020 they launched a new porridge with digestive health benefits, supporting normal function of the heart, supporting bone structure and muscle mass growth, etc
- Clean, minimalistic design with strong functional messaging



A traditional meat manufacturer who have totally revamped their portfolio and capitalised on the plant-based/flexitarian movement

“For all those who love the taste of meat but do not want to eat so much of it”



- Rügenwalder in Germany

Impact of COVID-19 on Plant Power:

Appeal of plants will continue to grow globally as consumers worry about health, meat availability and cost



Plants will play an important role as a source of protein

The global health crisis has positioned plant-based (and cultured meat) to benefit not only from environmental appeal, but also hygiene and safety, health and supply chain advantages.

Rising meat prices and worries about the health and safety of animal protein will continue to drive consumers to rethink their protein sources, possibly in favor of alternatives.

Changing attitudes to meat

Alternative meats, such as plant-based or even eventually lab-grown meat, will likely find consumers in China, and indeed globally, more receptive to the 'clean' meat proposition these products can offer.

Meat will shift away from centre of the plate

As we enter the "new normal" post-COVID-19, consumers will continue to buy meat, but more likely in smaller quantities and with lower frequency. This is due to increased health & safety concerns, and the more obvious intake of nutrients from fruit & vegetables.

SUSTAINABILITY



The definition of sustainability is changing to encompass the entire product lifecycle.

WHAT	'Circularity' is the new sustainability
WHY	<ul style="list-style-type: none">• A movement is growing that defines sustainability as a circular endeavour that incorporates the entire life of a product
SO WHAT	<p>Consumers want food & drink to be more...</p> <ul style="list-style-type: none">• Transparently sourced• Good for the planet• Eco-friendly & plastic-free
INNOVATION	<ul style="list-style-type: none">• Regenerative agriculture• Planet saving ingredients

Opportunities in Sustainability



- Sustainable nutrition is becoming an important topic as consumers consider the environmental and ethical implications of consuming meat, dairy, poultry and other animal products.
- In the future, the focus on the environment will become one of the underlying factors at the core of consumers' dietary choices and behaviour. Diets designed to support individual, as well as planetary health will be prioritized

Already, **48%** of US consumers who are responsible for food/ beverage shopping agree they make environmentally responsible choices for the good of the planet, while 30% do so because it's good for their health.

44%
of US consumers aged 18-24 worry about the environmental impact of dairy production



Organic Green Lentil Penne Pasta “produced next to the fields”

The next wave of healthy ingredients will be those that also support the health of the planet

Beans and pulses: the true heroes of plant-based

- Red lentils and red lentil flours, green lentils, chickpeas and adzuki beans are trending, all showing positive growth in global food and drink launches over the past five years.
- Between 2015 and 2019, the percentage of food and drink products that contained a pulse ingredient increased 30%.



No Bull Savory Mushroom Handcrafted Veggie Burgers is a handcrafted, plant-based product made with sustainable ingredients from the earth, such as lentils, chia seeds, roasted mushrooms, spinach and caramelized onions (US).

Look for ingredients that give back

- Planet-saving ingredients can offer consumers sustainable nutrition.
- Foods that offer health benefits and are good for the environment have potential to grow as superfoods, especially at a time when consumers are questioning the larger impact that their dietary choices have on the world around them.
- Look for these features to find planet-saving ingredients: resilience, use of minimal resources, giving back (improve soil health, pollinators, etc)



Pea protein: legumes for soil health



Oats: use less water than almonds

HOW TO
INNOVATE?

SUPPORT THE PLANET WITH HEALTHY DIETS

POSITIVE EFFECT
ON ENVIRONMENT

Claims nitrogen-fixing lupin helps reduce farmers' use of fertilizers

LESS RESOURCES
NEEDED

Quinoa: a drought-tolerant crop

PROTECT
BIODIVERSITY

Epic Provisions uses invasive wild boars from Texas US in their meat bars.



Strengthen sustainability credentials

The pandemic will reinforce the connection consumers make between the health of the planet and the health of the people. To stand their ground against regenerative farming methods, and to strengthen both their health and environmental credentials, brands should foster the **connection between healthy soil and healthy food.**

Demonstrate value

As consumers reassess what value looks like in recession, they will need facts and guidance to choose sustainable food and drink over conventional products. **Measurable commitments** to support farmers, blockchain technology and specific "clean label" claims are ways brands can communicate the total value of their products beyond price.

Re-position around preventive health

As a result of the COVID-19 pandemic, consumers will demand food and drink that helps protect their health in the short and long terms. Sustainable & organic food and drink brands can leverage consumers' strong belief that organic food is "**cleaner**" and **healthier** than conventional products.

57%

Of Swedish consumers believe companies/brands can be leaders in protecting the environment

61%

Of Swedish consumers believe food/drink companies/brands are not doing enough to reduce packaging waste

Q12: What should food and drink brands do to make packaging more environmentally friendly? Please select all that apply. (Sweden)



- In a world where sustainability matters, packaging must evolve to appeal to consumers seeking environmentally friendly options.
- Consumer demand for packaging that includes recycled content is clear. The fact that the inclusion of recycled content is not always synonymous with a package's ability to be recycled is lost on consumers. But brands should still be addressing the desire.
- Recycle and reuse: In a world where sustainability is a key driver of consumer behaviour, packaging warrants progression. Consumers are reluctant to use plastic but seek brands' guidance on responsible alternatives.
- Keep it natural: Biodegradable and compostable packaging will become more commonplace as consumers begin to embrace the concepts. However, brands must be mindful of the facilities of local municipalities.

41%

of UK soft drink consumers think that packaging made with recycled material makes a soft drink more environmentally friendly

33%

of UK dairy shoppers would be interested in packaging made wholly/partly from recycled plastic

45%

of US adults say a "made from recycled products" claim would encourage them to buy a product

While brands should be committing 100% to "sustainable" and "responsible" business practices and packaging technologies, every small step counts. Keeping consumers abreast of progress toward those goals is key to maintaining engagement and trust.

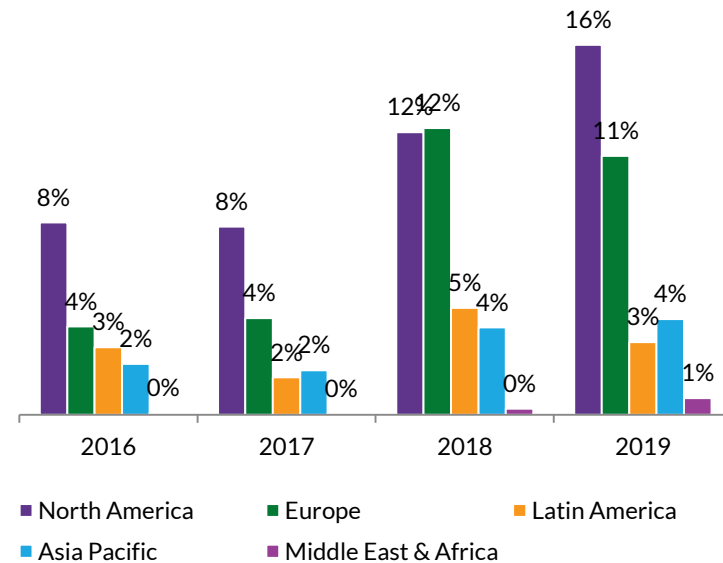


Daylesford, UK. The pack is made with 70% post-consumer recycled materials.



Innocent's approach to recycled content is transparent and honest

By Region, % of food/drink NPD where on-pack messaging indicates the inclusion of post-consumer recycled content



HOW TO
INNOVATE?SUSTAINABLE IS NOT JUST PACK-FREE OR
PLASTIC-FREE

Re-useable



Yoplait Origen Natural
Yogurt with Agave Honey
(Mexico)

Plant-based
packaging

Ben & Jerry's 92% plant-
based packaging (UK)

Circularity



Häagen-Dazs & Loop partnership:
Reusable stainless steel

Other examples of small brands doing well



Troo breakfast cereal (UK), plastic-free pack
Paper based packaging, recyclable and compostable



Snact (UK) made from unwanted ugly fruit



Bret's (FR) Applies a rational management of the water cycle and local supply



Forager (US) up-cycles FV pulp from its own juicing



Inovfruit (FR) rehabilitates abandoned chestnut groves



Regrained, USA is crafted with upcycled prebiotic supergrain with cranberry, blueberry and ginger

Impact of COVID-19 on Packaging: Environmental Concerns Will Outlive the Pandemic



Safety first

Covid-19 has brought health and safety to the forefront of consumers' minds when making purchase decisions. While consumers are less concerned with sustainability at this moment, brands need to think long term.

Think long-term

Public awareness of health and safety will outlast this pandemic and environmental concerns are not going away. Brands need to innovate with sustainable and environmentally responsible packaging in a way that adheres to health and safety best practices to alleviate consumer concerns about contamination.

Overview of main trends

ELEVATED CONVENIENCE



- Grab and go breakfast
 - Quick snacks
 - Dinner time

HEALTH & WELLNESS



- Gut health
- Plant power

SUSTAINABILITY



- Ingredient sourcing
 - Packaging

Thank you. Any questions?

MINTEL



Noemi Ceapa
Senior Consultant
nceapa@mintel.com



Luke Savedoff
Account Director - UK & Nordics
lsavedoff@mintel.com

