

2015 Food & Beverage Trends

Stagnant growth in traditional categories and increased competition emphasizes the importance of understanding consumer trends. The emerging consumer base is more diverse, digitally connected and demanding, with high expectations for transparency, convenience and product functionality. To address these rising standards, companies will need to strictly monitor regulatory guidelines and implement processes that will ensure product quality and data security. Additionally, with global population growth and high competition for scarce resources, companies will examine supply chains and productivity initiatives, and seek innovative solutions to prevent or repurpose food waste. New channel management opportunities like ecommerce and delivery services will also improve accessibility and convenience for today's consumers.



01 | PORTFOLIO POSITIONING

To better resonate with the powerful consumer trends of healthier foods, increased snacking, and specialty flavors, specifically bold and ethnic spices, food and beverage manufacturers need to invest in new product development or seek out M&A for optimal portfolio positioning in the marketplace.

Many huge names continue to seek growth through acquisition to serve various strategic needs: gaining new capabilities in products or packaging, increasing category presence, or reaching new geographies and distribution networks.

The consumer protein demand has made a major impact on product positioning and animal- and plant-based protein leaders will win through M&A and innovation.

02 | PRODUCTIVITY

To combat volatile input costs and increased competition, food and beverage companies are undertaking productivity projects to lower costs and increase efficiency.

Anticipate productivity initiatives from customer facing food and beverage companies, especially before and after acquisition, to optimize physical geographies, improve business processes, and adopt technologies to ensure those processes are run quickly and correctly.

For consumer facing restaurants and retail establishments, productivity is all about avoiding product or menu proliferation to the point that efficiency or quality suffer. Other ways to increase productivity and reduce waiting time for consumers is through digital click and collect services options.

03 | ECOMMERCE

Enabling technologies and consumer incentives to eliminate the middle man are driving the food and beverage industry to explore the potential of ecommerce. The growing prevalence of smart technology and digital options are fueling the transformation in retail environments. Many retail companies are engaging consumers through online platforms to test new products, though measuring the success of repeat purchases is complicated by online ordering. Additionally, same day delivery services provide manufacturers an alternative to costly direct-to-consumer distribution. However, ensuring profitability without upsetting long-lasting relationships with retailers is a significant concern for early adopters.

04

PRODUCT CLAIMS & REGULATION

With such high consumer demand for healthy and functional products, it is becoming ever more necessary for companies to make various product claims to compete in the marketplace. However, these claims open up manufacturers to increased regulation.

Investments in supply chain traceability and standardized quality, safety, and compliance help manufacturers avoid the burden of lawsuits or nonconformity situations, which can set back consumer trust and brand reputation irreparably.

Additional regulation is to be expected with the continued development of the Food Safety Modernization Act and other government efforts, like recent requirements for retail establishments and vending machines to show calorie counts.

05

FOOD WASTE

A third of the world's food is lost in harvesting, processing, distribution, and consumption.¹ Increasingly scarce resources and imbalanced distribution make the fight against food waste crucial at each step of the value chain.

Recent years have seen various good examples of ways to address the low hanging fruit of food waste, like retailers slicing damaged produce into appetizing servings, but the ever increasing population and pressure on global resources require food companies to investigate longer term plans to eliminate food waste throughout the supply chain.

Creating the right serving size and packaging is crucial to eliminate waste while aligning with consumer trends of changing consumption patterns and the growing sentiment to be less wasteful.



Interested in Reading More?

- Beverage Industry Outlook
- Industry Report: *Breakfast*
- Industry Report: *Packaged Snacks*

Look for more detailed insights on these five trends throughout 2015.

References

1. Food Business News

Check out the **Clarkston Food & Beverage blog** for perspectives throughout the year.



Headquarters
2655 Meridian Parkway
Durham, NC 27713
Phone: 800-652-4274

