

FOOD + BEVERAGE TRENDS

TREND #1

PLANT-BASED IS HERE TO STAY

Plant-based products are having a moment. From April 2017 to April 2019, **plant-based grocery sales reportedly skyrocketed 31.3%** reaching a total market value of \$4.5 billion. In 2020, plant-based products will continue to flourish as consumers shift towards a healthier lifestyle. We'll see more innovation in plant-based meats, cheeses, and milks featuring more creative ingredients such as grains, beans, avocado, pumpkin, and hemp seed, rather than relying on soy as many plant-based companies do today. These ingredients will be used to replace animal protein and to mimic the textures of animal products.

In 2019, we saw enormous growth for the plant-based meat category, mostly driven by the success of brands like Beyond Meat and Impossible Foods. Both brands grew their restaurant footprint, expanding into quick service restaurants (QSRs) and casual restaurants such as Burger King, Del Taco, Qdoba, and TGI Fridays. But, the expansion wasn't without challenges. Impossible Burger **faceted multiple shortages**, leading to frustration for both consumers and customers. To be successful in today's competitive and fast-moving plant-based category, companies need to re-enforce and strengthen supply chain processes in order to meet the increasing consumer demand.

Global plant-based meat market is predicted to reach

\$5.2B

by 2020

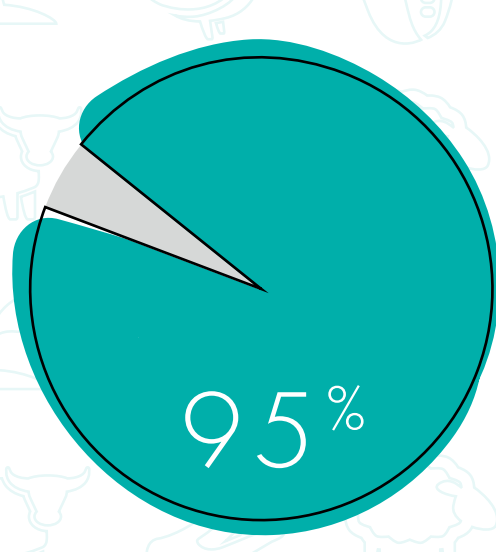
SOURCE

Over the past year, the U.S. plant-based market grew by

11%

bringing its total market value to \$4.5 billion

SOURCE



of Americans sometimes or always look for healthy foods while shopping

SOURCE

TREND #2

PLANT-CENTERED: THE MEETING OF PLANTS & MEAT

2019 may have been the year of plant-based, but 2020 will be the year that animals and plants mix. As people look to integrate more plants into their diets, products that blend plants and meats will find their footing.

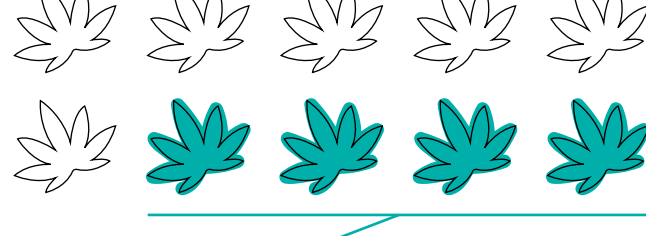
In 2019, Tyson Foods **released their first plant-meat blended burger** as an option for meat eaters seeking a healthier lifestyle without giving up meat entirely. And, they're not alone. You can find fish cut with rice and beans, dairy milk mixed with ground almonds, chicken and kale sausages, and meat and mushroom burgers in grocery aisles. While **Americans are curious about plant-based products**, many still see meat as a staple of their diet. Despite near record high consumption of meat, Americans are looking for ways to eat healthier; **95% of Americans** sometimes or always look for healthy foods while shopping. By aligning with this desire to be healthier, while still including ingredients that consumers crave, brands are able to create opportunities to capture consumer interest.

TREND #3

CBD WILL KEEP ITS HIGH

CBD has become all the rage and that won't change in 2020. With cannabis **now legal in eleven states and DC**, it only makes sense that it (and its byproducts) will become more mainstream. **About 40% of adult Americans said they'd be open to trying CBD**, and grocers and manufacturers are taking note.

To date, CBD has been treated as a "super-food" and claims it can help everything from insomnia to anxiety to muscle pain. With wellness being a top concern for Americans, we'll see them continue to turn to grocers to provide products than can help them with their self-care. 2020 will introduce a wider variety of CBD-infused products, which could lead to confusion among consumers. To succeed, it will be extremely important for brands to have a clear understanding of their consumer and their drivers, and market their products appropriately.



40%

of adult Americans said they'd be open to trying CBD

SOURCE

By 2024, the CBD market will reach a valuation of around

\$20B

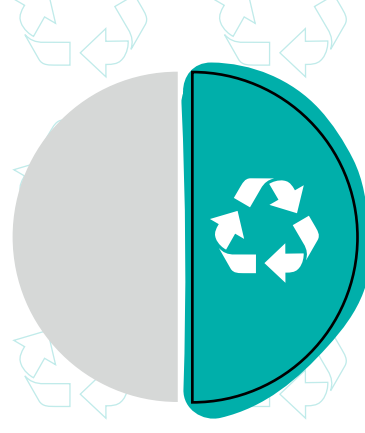
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TREND #4

SUSTAINABILITY AND THE ERA OF CONSCIOUS CONSUMPTION

The 2019 word of the year was climate emergency; discussions around climate change and sustainability echoed throughout news outlets, classrooms, and the grocery aisle. Consumers are using their dollars to show their desire for sustainable products; **50% of CPG growth from 2013 to 2018 came from sustainability-marketed products**.

Sustainability will continue to be a differentiator for food and beverage products in 2020. Sustainable packaging, socially and environmentally conscious policies, sustainable certifications and transparency into the supply chain will help brands win consumer trust, and ultimately their dollars. Not all efforts are considered equal though. Consumers are willing to pay more for sustainable products, but some attributes may carry more weight. Consumers are **more willing to pay a premium for items that are organic, pasture-raised, and cruelty-free**. When deciding on sustainability initiatives, brands need to understand what resonates with their consumers (and other stakeholders), communicate their efforts in an effective way, and share progress on their goals to earn consumer's trusts, and ultimately their dollars.



of CPG growth from 2013-2018 came from sustainability-marketed products

SOURCE

Consumers will spend up to

\$150B



on sustainable products by 2021

SOURCE

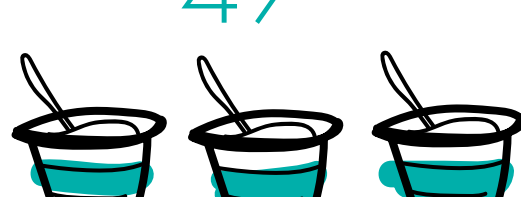
TREND #5

SNACKING GETS HEALTHY

There's no doubt that snacking has become more popular recently. In the 1970s, **40% of Americans said they didn't snack during the day**, but by 2016, 93% of Americans said they had at least one snack each day. Snacks continue to grow and are even taking a bite out of traditional meals – **more than 30% of Americans skip or replace one meal per day with snacks**.

As consumers continue to turn to snacking as a way to satisfy their hunger, snack brands will need to offer more healthy snacking options to align with consumer's wellness mindset. Consumers are looking for snack options that are nutritious, organic, less processed, and contain fewer ingredients. Brands looking to capitalize on the snacking trend should focus on providing healthy options for on-the-go consumers such as single-servings of fresh fruits and vegetables, hardboiled eggs, or filling plant-based options.

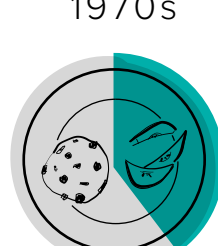
47%



of U.S. consumers eat 3 or more snacks each day

SOURCE

1970s



of Americans said they didn't snack during the day

SOURCE

2016



of Americans said they had at least one snack per day

SOURCE

>30%



of Americans skip or replace one meal per day with snacks

SOURCE

TREND #6

COCKTAILS, BUT HOLD THE BUZZ

Dry January has grown from a month-long New Year's resolution into a "sober curious" movement. About **half of US adults** are trying to drink less and **by 2022 the no- or low-alcohol movement is set to grow by 39%**.

Mocktails featuring non-alcoholic beverage alternatives (such as **Ceder's Alt Gin** or **ArKay's Alcohol Free Tequila**) will increase in popularity at bars, restaurants and at home as American consumers look to curb alcohol consumption. While online searches for "mocktails" are on the rise and non-alcoholic cocktail bars open in major cities across the country, leaders in the wine and spirits industry are taking notice via targeted, creative entries into the space.

In the latter half of 2019, Diageo acquired a majority shareholding in Seedlip, the world's first distilled non-alcoholic spirit. The British spirits

conglomerate also leverages a venture capital arm, Distill Ventures, to capitalize on emerging brands in the beverage space, including spiritless spirits, with a quarter of the brands in their portfolio being non-alcoholic.

Brands looking to dive into the alcohol-free movement need to understand why their consumers are making this shift and create and market products that align with those ideals.



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