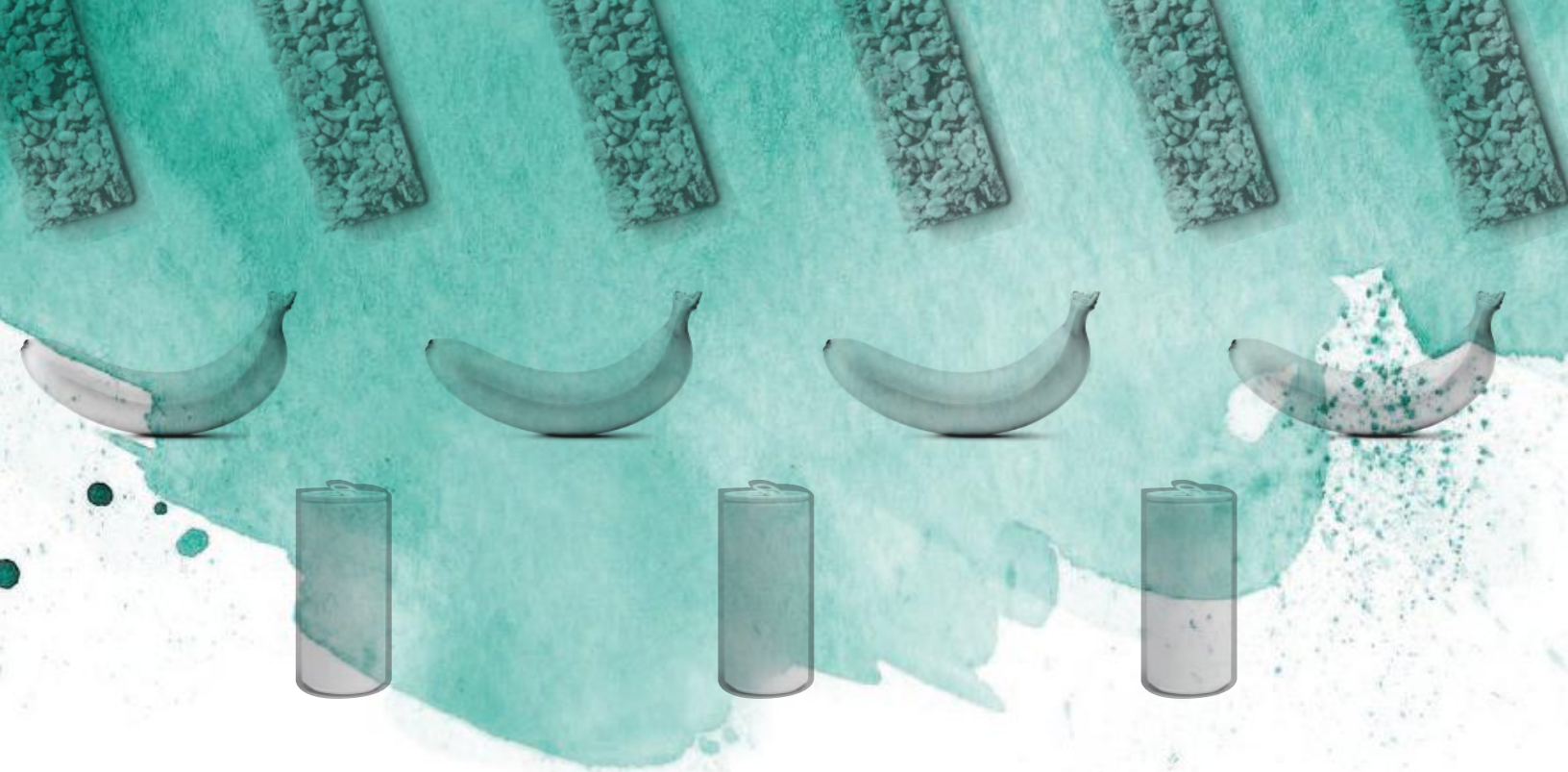




# 2021 FOOD + BEVERAGE TRENDS



**T**he 2021 food and beverage industry trends reflect both the significant impacts of the COVID-19 pandemic on the industry as well as the ever evolving tastes and preferences of consumers. In 2020, consumers left the stores and turned to safer online alternatives while spending more time at home than ever before. As businesses look ahead to 2021, organizations must be ready to quickly change and adapt to meet the developing needs of the consumer.

#### TREND #1:

### Consumers are prioritizing clean labels more than ever

Clean labeling has been a top trend in the food and beverage industry for years but the global coronavirus pandemic has reinforced the value consumers place on clean food. As a strategy, clean labeling has food and beverage makers marketing items with shorter ingredient lists and taking out chemical-sounding words that may give consumers pause. Reading the label is becoming an essential part of the food buying experience.

The words *fresh*, *natural*, *100% organic* are just some examples of key phrases most evident in the clean food revolution. This year, the common term 'organic' is to be replaced by 'regenerative' with the new Regenerative Organic Certified Program launched in August. Consumers like to see that their products are ethically sourced and produced before adding them to their shopping cart. The term specifically identifies food grown and raised using methods that improve the soil, capture carbon, and encourage biodiversity.

The clean labeling movement has gained momentum in 2020 and is expected to bring about extreme competition between healthier brands. 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.](#)

**91% of consumers believe that a recognizable ingredient list signifies healthier food.**

SOURCE



TREND #2:

## Belief-driven buyers lead the move towards sustainability

Sustainability will continue to be a differentiator for food and beverage products in 2021. As 2019-2020 was already a transformative time for sustainable consumption, COVID-19 added a unique layer of consumer awareness into the mix.

Many consumers are finding themselves looking at the social and environmental impact of the foods and brands they are buying from nowadays. This transition only accelerated with the outbreak of COVID-19 as well as social upheaval via racial injustice protests and national movements. People are gaining a new awareness of the communities around them and would like to see their consumption patterns reflect their dedication and commitment to social and environmental causes.

As a result, it is also expected that ethical employment practices will evolve and become a larger priority in restaurant chains and large manufacturers.

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. 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 trust, and ultimately their commitment.

Consumers will spend up to \$150B on sustainable products by 2021.

SOURCE





TREND #3:

## eCommerce and DTC

Before the pandemic, online shopping existed and was growing steadily. With the outbreak of COVID-19, it quickly accelerated into the spotlight as quarantined shoppers took to the virtual aisles for their needs.

Companies like [PepsiCo and Heinz](#) are betting that these buying patterns will persist in the post-pandemic landscape. To that end, they've invested in services that connect consumers with their favorite products and prioritize customization. By investing in eCommerce and DTC capabilities now, other CPG leaders will earn dividends far beyond the confines of the pandemic.

The move to eCommerce and DTC, though accelerated by the pandemic, is also heavily aligned with a consumer-first mindset – a necessity in today's landscape. Consumers are demanding more personalized service at an extraordinary level so businesses will need to dedicate significant resources to customer service and creating a seamless consumer experience.

While DTC and eCommerce both simplify and enhance the consumer experience, from the manufacturer's perspective, complications can arise. Selling directly to consumers expands both potential risk and complexity exponentially, introducing more vulnerabilities. As with any endeavor, there are benefits to taking on the risks as the manufacturer will have greater control over the entire experience for the consumer while also enhancing speed and creating the ability to gather greater consumer insights.

While DTC and eCommerce won't replace other channels for large CPG manufacturers, it's critical that brands assess their unique opportunities in the space. These capabilities can greatly complement existing practices and unlock countless new opportunities for growth.

**By 2021, eCommerce is expected to grow to nearly 14% of overall sales.**

SOURCE



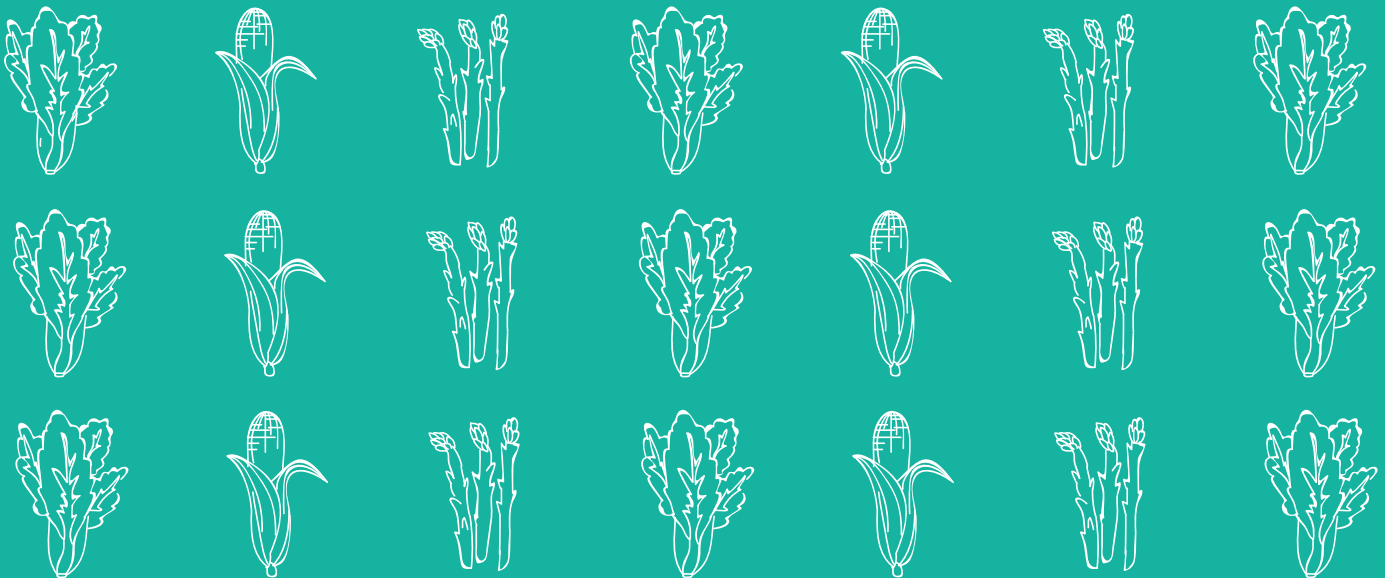
TREND #4:

## The plant-based trend will continue to bloom

The trend towards incorporating plant-based foods into the typical American diet continues to grow – even more so as we look to 2021. The pandemic has accelerated the transition to a flexitarian diet, as consumers have become more aware and focused to personal and environmental health. A flexitarian diet entails a conscious effort to veer away from animal proteins, ranging from low to high priority. Any change makes a difference, as just a small decrease in animal meat consumption is associated with a large number of health benefits. For instance, studies have shown correlations between a plant-based diet and a reduction in the possibility of death by heart disease.

Beyond the personal health benefits, Americans are opting for plant-based meat substitutes for a variety of other reasons as well – they might seek to lessen their environmental impact or perhaps are just curious to check out new foods. Generationally speaking, this trend is likely to grow over the coming years with **35 percent of Generation Z-ers are planning to ditch meat by 2021**, compared to 32 percent of Millennials.

The plant-based foods market has been gradually increasing for years, and has now **topped \$5B in value**. Plant-based milks, meat, and dairy alternatives are at the forefront of this movement. One especially profitable industry has been refrigerated plant-based meat, where sales were up **63% in the last year**.



During the COVID-19 peak of panic buying in March, plant-based meat sales were up **148%** and then **61%** in the subsequent month, as opposed to the **99% and 28%** of animal based meat products.

As plant-based foods are on the rise, many commonly separate food groups are beginning to intertwine. We are seeing vegetables pop up in coffee and chocolate, and so much more. Functional ingredients are especially appealing to a growing health-conscious consumer.

**Coffee flavor**, especially, is a hot flavor, even popping up in booze.

**61% consumers ages 16-49 report eating more plant-based foods now than two years ago**

SOURCE

**35% of consumers have developed a newfound passion for cooking.**

SOURCE

Food flavors and ingredients that are gaining popularity are those that are good for the microbiome, such as acai and guarana. More summertime flavors like watermelon could even make an appearance in winter.

Critical to capitalizing on this trend is a robust platform for obtaining and assessing consumer insights. Looking forward to 2021, businesses must be prepared to leverage multiple sources of consumer data in order to attain a well-rounded view of their consumer.

TREND #5:

## Enjoying the comforts of home

The COVID-19 pandemic has forced many people to rethink their eating patterns and habits, and enabled some to even shift lifestyles. Many who traditionally ate out began to opt for cooking at home, many via subscription meal services. Families have also reported eating at the dinner table together significantly more often. Looking forward to 2021, if remote work remains prevalent, it stands to reason this trend will continue to increase across families and generations.

Closely mirroring the growing popularity of eating in, restaurants are departing from a fancier, high-end experience and instead adopting a more traditional and homely ambiance via [old-school recipes](#), cozy fabrics, and handmade ceramics. All of this is to suggest, consumers are seeking comfort and familiarity in the wake of the uncertainty and disruption that's reigned supreme in 2020. Manufacturers can capitalize on this trend by embracing those ideals in their branding, messaging, packaging, and more.



TREND #6:

## Embracing the snack attack

The pandemic has changed many people's eating habits, and also made them more aware of those changes. Snacking is not a new trend but has seen an increase with the outbreak of COVID-19 that will only continue to rise. Digital delivery services like GoPuff have also seen tremendous growth throughout the pandemic as purveyors of snacks and convenience store items of all types.



There is especially room for opportunity in snacking in health and wellness, specifically in indulgent foods. Many health/nutrition snacks fell in demand during the pandemic while people craved more typical snack foods, although overall snack consumption boosted. This may pose a need for snacking brands to pivot and reposition their goals to meet current consumer demands.

**Snack foods eaten between meals increased 13% between April 2019 and April 2020.**

SOURCE



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