FLEISHMAN HILLARD

FAB Trends Report

June 2023

Welcome to the FAB trends report

The FAB Brand Marketing team in London have taken a deep-dive into trends making headlines within the food & beverage space, with input from our global friends.

We hope you enjoy discovering something new, and if you have anything you would like to discuss or share back with us, please drop us a line:

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What you’ll see today

Inside this month’s newsletter you’ll find a buffet of Food & Beverage trends across both regional and global culture.

Looking at hyper-local trends, ingredients & manufacturing, market maturity and how influences are crossing borders and verticals – the menu of food trends has never been livelier!

We also put a spotlight on the future of food culture, whether that’s through innovations in the Metaverse, as well as changing opinions around key issues such as veganism.

Food is something that gives us roots, an identity, and ultimately brings us together. We hope this newsletter helps you connect dots and do the same.

Trending in EMEA

Regenerative Food

Regenerative food systems are seeing a heightened focus in the region's sustainability efforts. Going back to basics, regenerative agriculture seeks to eradicate the need for unnatural intervention in farming, such as reducing the use of chemical herbicides or minimising soil disturbance.

While regenerative agriculture originated in the US; it is now followed across countries such as **Germany**, **Austria** and **Switzerland** and F&B giants such as **Nestle** have signalled its intentions to commit to the practice in their own supply chain.

Brand Example

Carlsberg Marston's Brewing Company has committed to 100% regenerative barley production for Carlsberg Danish Pilsner by 2027 as well as for all of their UK brands by 2031 - a bold move.

Versatile Ingredients - Waste not, Want not

Moving past using every part of the animal, root to leaf cooking is becoming a rising trend across the Middle East. The importance of provenance and local ingredients is driving plant-curious diets as consumers look to reduce their food waste in the region.

Manu Mahdi, founder and chief executive of Dubai organic grocery store **Organic&Real.com,** says: "We [in the Middle East] are also seeing a rise in vegan products from the US, particularly when it comes to meat substitutes, with brands like Beyond Meat and Impossible Foods penetrating the market."

Elsewhere, Emirati entrepreneur **Fatima Al-Moosawi** has launched the UAE's first home-grown tea brand **Ygnd El-Ras**, which offers blends of black tea and aims to **turn tea waste into renewable energy**.

Region Stat

The Middle East and Africa meat substitute market is anticipated to grow **9.84%** annually between 2019 and 2027

Region Stat

Four in five consumers from the Gulf Cooperation Council countries say they want to incorporate more sustainable actions into their daily lives

From Gut Health to Brain Health

Cognitive nutrition (eating to optimise brain power) has recently become a **mainstream market**, piggybacking on the recent trend of consumers maximising gut health. However, while in previous years the advice would be to eat 'brain foods' such as oily fish or blueberries, there is a new wave of food science that aims to optimise mental performance of consumers not just through ingredients, but in the ways they are prepared and consumed.

A rise in products that champion ingredients such as caffeine, fruits and legumes are offering a new take on functional foods, while influencers like **Farren Morgan** or **Andrew Huberman** are offering actionable, practical advice on the best methods to consume ingredients such as caffeine.

Audience Stat

37% of consumers now consider food not just an energy source but a "functional tool"

Global Stat

In 2021, **71%** of global consumers said they find food and drink products for improving cognitive health appealing – a 26% increase from 2018.

Tapping Into Heritage

In South Africa we're seeing an increasing trend of championing of Indigenous and African grains. Whilst quinoa took a rise globally across the last decade, we're now seeing more **ancient and African grains** gaining popularity and **trending in 2023**, for example teff, sorghum, fonio, ground nuts and millet.

The combination of more familiar traditional or heritage foods and drinks can also be seen paired with new and emerging flavour profiles. Social media, in particular TikTok, is **driving a lot of these trends**, with hashtags like **#RepYourHeritage** seeing over 600,000 views.

EMEA: Circular Appetites

While EMEA audiences are interested in how their food impacts them, their bigger concern is on the impact of their human consumption on the planet.

From regenerative agriculture to using ancient ingredients to utilising every aspect of the plant, EMEA consumers want their food & beverages to make an impact beyond their gut or brain.

In Summary

Trending in Americas

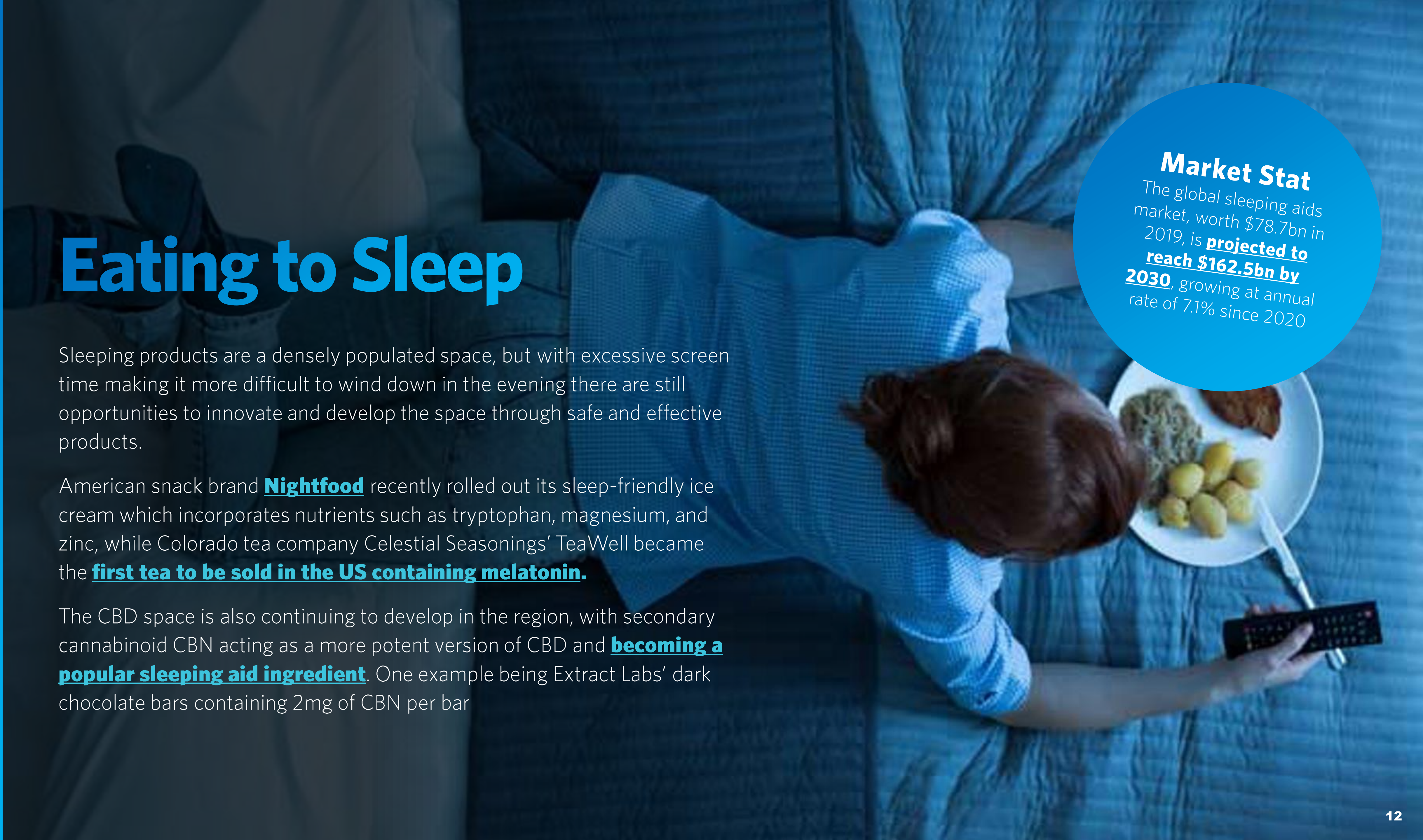
Alternative Ingredients to Save Classic Ones

The impact of climate change and unsustainable farming are pushing some of the world's favourite flavours to extinction (such as **mint**). Aiming to provide planet-friendlier solutions to food manufacturing and preserve much-loved flavours for future generations, food brands are now introducing broader biodiverse flavours and ingredients.

Overlooked ingredients such as breadfruit are now being taken to a wider audience, with US brands like **Tasty Jungle** and **Patagonia Provisions** already using the vegetable in chips and pasta respectively. Similarly, brands are also deriving fish flavours from algae and seaweed with companies like Brazilian food tech **Fazenda Futuro's** tinned tuna evoking its flavour via microalgae.

Ingredient Stat

Pinterest noted a 60% increase in searches for "green algae" in 2022, while "seaweed snacks recipes" saw a 245% rise



Eating to Sleep

Sleeping products are a densely populated space, but with excessive screen time making it more difficult to wind down in the evening there are still opportunities to innovate and develop the space through safe and effective products.

American snack brand **Nightfood** recently rolled out its sleep-friendly ice cream which incorporates nutrients such as tryptophan, magnesium, and zinc, while Colorado tea company Celestial Seasonings' TeaWell became the **first tea to be sold in the US containing melatonin.**

The CBD space is also continuing to develop in the region, with secondary cannabinoid CBN acting as a more potent version of CBD and **becoming a popular sleeping aid ingredient**. One example being Extract Labs' dark chocolate bars containing 2mg of CBN per bar

Market Stat

The global sleeping aids market, worth $78.7bn in 2019, is **projected to reach $162.5bn by 2030**, growing at annual rate of 7.1% since 2020

Brand Involvement with Waist Sizes

While not a new topic by any stretch of the imagination, the conversation around obesity is shifting – being seen as less of a matter of willpower or laziness and more as a public health crisis.

Being aware and activating in the space is now seen as the bare minimum. Brands are looking beyond their products and seeking to activate at scale to make genuine impact on a wide-ranging issue. With the issue persisting, brands are looking at eating habits and food knowledge in children as a future concern that must be acted on now.

Setting the course is **Arizona State University's Active Garden Education initiative**, which provides preschools with tools and lessons for cultivating their own onsite vegetable patches. Similarly, food manufacturer **Dole is rolling out the Kids Cooking Camp project** across underserved US communities, offering free workshops that tackle basic cooking skills, healthy recipe preparation and meal planning tips for 7- to 17-year-olds.

Audience Stat

The majority (**80%**) of Americans fail to eat the minimum daily recommended servings of fruit and vegetables

Global Stat

By 2030, more than a billion people worldwide are expected to be obese **doubling from 2010** with low- and middle-income countries seeing the fastest rise

Mushroom Rush

Mushrooms exploded in 2022 as a hero ingredient in both food and beauty.

Having proven to be a strong candidate in the alt-meat space, reports are showing that **replacing 20% of the world's beef consumption with fungi-based meat alternatives could potentially halve global deforestation** over the next 30 years.

Canadian fungi product developer Gwella's new gummy product **Mojo** contains microdoses of functional mushrooms (cordyceps) that simulate the reported pharmacological effects of psilocybin (psychoactive effects with mental health benefits). Designed to optimise performance, the gummy is the world's **first legal microdose product**, according to the World Record Academy.

Market Stat

The global pharmaceutical psilocybin market is **predicted to hit $6.9bn by 2027**

FUNGI CAN FREE US

AMERICAS:
Solution Based Diets

F&B consumers in the Americas are looking beyond new flavours, instead looking at their diet as a way to tackle issues in their lives & society.

Whether it's finding solutions to classic flavour ingredients going extinct, new ingredients to aide sleep habits or even solving the (now global) obesity pandemic, the opportunities for F&B brands to truly make an impact are ripe.

In Summary

Trending in APAC

Edible Beauty

Food brands are positioning their snacks and beverages alongside beautifying ingredients for glowing skin, hair and nails. By targeting the flourishing beauty market in the region, brands have driven the trend beyond supplements and into new territories in the snacking space.

Products in the market are being seen as a way to not just work on appetite but also your skin and health. Singapore beauty snack brand Skin Inc. has created **a collagen jelly designed for on-the-go consumption**, while Filipino brands Obvi (supplements) and The Lost Bread (ice cream) have developed **a line of skin- and hair-enhancing collagen-infused ice-cream pints**. Elsewhere in the region, **China's dairy giant Mengniu** launched a line of collagen peptide jelly, and Japanese **skincare brand Shiseido** released a collagen ice cream with Filipino ice-cream brand Kurimu.

Region Stat

Consumption of traditional Chinese health-enhancing snacks up by **89%** in 2022 compared to 2020

Region Stat

78% of Indian consumers believe snacking can promote a balanced diet

Tech Taste

As a region known for tech innovations, the F&B industry looks set to see that continue with new savvy delivery platforms and AI ingredient algorithms.

Sony has worked with Korea University to develop a food pairing AI, **FlavorGraph**. The algorithm trawls a database of flavour molecules and over a million recipes to give rapid-fire ingredient combinations that attempt to sidestep preconceived ideas about food combinations.

Secai Marche is a farm-to-table platform connecting restaurants and hotels with farmers across Japan and Southeast Asia. Meanwhile, Chinese e-commerce platform **Pinduoduo** preserves fruit and vegetables with a patented cold supply chain and delivery is kept hyper-regional, meaning that people receive fruit and veg from nearby farmers.

New Meat, Same Diet

Hybrid meat products, made of "real" meat and plant-based meat, have been hailed as a crucial strategic tool for the alternative protein industry to get a foothold in a region where meat is an important aspect of local diets.

While veganism is gaining traction with APAC consumers, devising products that reflect regional cooking habits & preferences will be critical for sustained growth. For foreign brands looking to enter the market, products will need to fit in easily alongside regional recipes.

Market Stat

By 2023, the meat-free protein market in China alone is expected to be worth **$11.9bn**, up from $9.7bn in 2020

Audience Stat

Across Asia, **78%** of consumers believe the rise of vegan eating will result in long-term dietary shifts

Even Beer Goes Healthy

Across various parts of Asia there has been rapid growth in beer experimentation, with a focus on 'easy-drinking-beer' as well as low or alcohol-free beer. A report in **Food Navigator** put this down to people optimising their health, but just as importantly, not wanting to miss out on a good tasting beer.

One such brand that is leading the way and has seen huge sales across its new regions is **Heineken Silver** which launched in recent years across Vietnam, China and Taiwan.

APAC: Having their cake and eating it too

APAC consumers want the same experiences and taste profiles, whether that's local meat dishes, snacking or drinking beer, but their expectations around them have changed.

Health benefits and implications are top of mind for APAC audiences, who want to have their cake and eat it too – whether that's wanting to snack but work on their hair & skin at the same time, or having a drink but not letting it affect their waistlines.

In Summary

Warming up

A spotlight on FAB in the metaverse

A recent PWC survey reported that 82% of their execs' businesses expect metaverse plans to be part of their activities within 3 years.

This offers huge potential for food and drinks brands to interact with consumers in new ways.

So who's cooking up plans to conquer this virtual space, and attracting a new generation of purchase powerhouses?

COCA COLA

Coke is a leader among FAB brands in this arena (of course!)

Last year, the company celebrated its one-year anniversary by dropping a new digital collectable (of which there are now more than 4,000).

People who own these have access to special perks including Coke Studio experiences, gaming events and access to exclusive product launches

Earlier this year, Coke launched the limited-edition Coca Cola Zero Sugar Byte – a gaming-inspired sparkling beverage that brings the flavor of pixels to life.

PANERA BREAD

In February last year, the US bakery and café chain filed a trademark application for the 'Paneraverse' – staking their claim in the restaurant territory in the metaverse.

Their trademark application hints at plans to create virtual restaurants and real-life food delivery apps, in which NFTs function as a virtual currency to purchase virtual food and drinks.

Watch this space to see what the future holds for them!

TIGER BEER

Late last year, Tiger Beer hosted their second Street Food Virtual Festival. Attendees could immerse themselves in the virtual world whilst ordering real-life food and drinks from a number of local Malaysian food vendors.

The virtual world housed a number of games and activities where winners' rewards were translated to real-world food discounts, happy hour promotions, and exclusive merchandise.

CARREFOUR

It's not just fast-food entering the space - there's some interesting gaming partnerships being implemented to engage new consumers, as Fortnite teamed up with French hypermarket chain Carrefour.

The partnership resulted in Healthy Map, a new game level where players must eat healthily in a virtual Carrefour supermarket to recoup hit points and heal their characters for a healthy boost. The game hopes to encourage healthier eating habits among younger generations in the real world.

Cooling down

Has Veganism had its day?

Meat Reduction Slowing?

The COVID-19 pandemic proved to be a setback for nutritional "reductionists“, who aim to reduce or eliminate animal products, with the aggressive growth seen in the latter half of the 2010s somewhat stalling.

We are now seeing this reflect at retail level with substantial reductions in product lines. Brands such as **UK sausage brand Heck** have seen falling sales of meat-free products, which have forced retailers to cut back their offerings following overhype of the "vege-bubble" (now deemed by **some publications** as "vege-bust").

Elsewhere, we've seen shares of sector leaders such as **Beyond Meat crash**, **Oatly withdraw its vegan ice-cream** tubs from shelves, Nestlé **remove its plant-based Garden Gourmet and Wunda brands** from sale in the UK, and Coca Cola-owned Innocent Drinks **discontinue their dairy-free smoothies** after disappointing sales.

Jumping the Gun?

There are worries that the sector slowdown is not in fact due to pandemic hangover alone, but instead reflects a general shift in attitudes away from meat reduction and more towards promoting other lifestyle choices that reduce environmental impact.

This attitude shift and the drastic reduction in certain product ranges also implicates multiple brands jumping on the vegan bandwagon. Brands must be wary of operating with a too-much-too-soon approach in attempts to grab a slice of the vegan pie. As put by **Swedish company Oatly**, "given a number of our plant-based friends are doing great work on this shelf already, we made the decision to move away." Creating new products in an over-crowded market goes against the environmental ethos of why many consumers go vegan to begin with and brands need to tow the line between brand expansion and purpose.

While veganism is still very much a trend that is being adopted and innovated across the industry worldwide, the way in which brands attach to and commercially approach these trends needs to be measured and considered to avoid hitting brick walls against unsustainable growth.

In Summary

EMEA

Circular Appetites

In the EMEA region, while audiences are interested in how their food impacts them, their bigger concern is on the impact of their own human consumption on the planet and how their consumption makes an impact beyond their gut or brain.

AMERICAS

Solution Based Diets

Meanwhile, in the Americas region, consumers are looking at their diet as a means to tackle issues in society, investing in F&B brands who help them truly make an impact.

APAC

Having Their Cake And Eating It Too

When inspecting the APAC region, we found consumers want the same experiences and taste profiles, but their expectations tend to concentrate specifically on health benefits.

GLOBAL

Warming Up

Metaverse

Heating up worldwide, including food and beverage activations in the space, which offers huge potential for food and drinks brands to interact with consumers in new ways.

Cooling Down

Veganism

Contrastingly, activity in the veganism space is cooling down (especially in the West), as brands greatly reduce product lines and fight for limited space on shelves following overexpansion in the area.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Thank you!