



WHAT ARE SOME OF THE GLOBAL CHALLENGES IN THE FMCG SPACE?

Covid-19 has heightened the consumer's awareness of health and wellness. Now, more than ever, there is a growing demand for natural and organic brands that align with healthy lifestyle choices and personal goals. Alongside this need, there is also high demand for relevant and engaging digital-first experiences. The question is, as consumers habits are changing, how will the healthy foods industry keep up?

Constant Shutdowns

Businesses in the healthy foods industry have had to adapt to the constant shutdowns caused by the global pandemic prevalence. This has raised certain concerns regarding distraction in supply and safety concerns of healthy foods. The closure of some international borders has affected the supply chain, and businesses in the food industry cannot access the necessary raw materials.

The global pandemic has created unexpected stress on the food systems, causing many immediate challenges. However, the speed at which supply chain actors have reorganized themselves to ensure the continued availability of healthy food is remarkable.

Although the demand for healthy food has been rising, businesses in the healthy foods industry have to grapple with simultaneous delays in production, transport and logistics, food processing, and the final demand due to constant shutdowns.

Increase in Demand for Healthy and Immunity Boosting Foods

Many people spent the better part of 2020 focusing on their health and diet. Several studies indicate that the pandemic made more people interested in healthy foods that boost their immunity. Experts indicate that the trend is set to continue in 2021. As a result, many companies have followed the trend and are jumping into the immunity trend.

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Immunity-boosting products have already seen a rise in sales, and product developers are expanding their portfolios to feature those ingredients. Even though the majority of the population may receive vaccines this year, the trend is expected to continue for the next year.

According to a research study, 60% of consumers are increasingly looking for products that will boost their immunity, with 33% indicating their concerns increased in 2020. Thus, immunity is expected to be a top trend throughout the year.

Technological Challenges

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Upholding Safety Standards

With the world dealing with the second wave of the coronavirus in 2021, upholding the safety standards remains a crucial aspect of maintaining the high level of trust that consumers have in manufacturers. Unfortunately, it is difficult for workers in food manufacturing to work at home. Thus, keeping workers safe and restoring confidence in the available workforce will continue to be a challenge in the industry throughout 2021.

Additionally, regulatory agencies such as FDA (US Food and Drug Administration) said they would postpone their regular inspection due to the pandemic. Thus, safety will continue to be the responsibility of manufacturers.

A Shift to Plant-Based Options

Statistics indicate that plant-based dairy and egg products will record sales of approximately \$4.3 billion in 2021 and expected to grow by 6% annually. The growth in demand for these products accelerated during the first wave of the coronavirus in 2020.

Also, consumers are more interested in sustainable products that have nutritional benefits to their bodies. Therefore, healthy food businesses are likely to see a growth in demand for these products.

Keeping sustainability on the front burner

With the vaccine now available, it looks as though the COVID-19 crisis will come to an end at some point during 2021. However, the climate crisis is not going anywhere. While sustainability issues within the food industry have somewhat understandably taken a back seat, it's crucial that they are brought back to the fore soon. In particular, progress made on eliminating single use plastics from the industry has taken a few steps backwards.

Reusable cups, so heralded in the fight against plastic waste, were banned from coffee shops back in March. But plastic wrapping has crept back, driven by consumer worries over virus contamination – one only has to visit the supermarket to see the sea of plastic snuggled around our fruit and veg. Even things like Perspex screens, which are now found in many restaurants around the world, contribute to the problem. It is vital that the industry puts sustainability back to the top of the priority list next year, lest years of good work be undone.

The statistics around global food waste are rather startling. The UN's food and Agriculture Organization say the amount of "primary product equivalents" wasted amounts to 1.6 billion tonnes. The carbon footprint of all this wasted food is estimated to be 3.3 billion tonnes.

Despite it being difficult for the industry to impact how much food consumers throw away, it can (and has) devised innovative ways to use materials destined for the bin. For example, Toast Ale uses surplus bread instead of virgin barley to brew its range of craft beers, saving nearly two million slices of bread from simply being tossed. The company uses the heel end of loaves from the sandwich industry which would otherwise be wasted.

With some good effort and communication, companies like Toast and the bakeries it works with have proven that it is possible to reduce waste during the manufacturing process. This demonstrates the need for more creative partnerships to continue the good work within the food industry as we move into 2021.

Food fraud

Aside from the fairly obvious supply and logistics issues the pandemic has presented, the conditions brewed by COVID-19 gave (and still is giving) ample opportunity for food criminals. A surge in demand coupled with economic downturn for some meant the priority was getting food on shelves and tables as cheaply as possible, opening the door for disingenuous operators to move in.

The desire for cheap food isn't going anywhere, especially as we look to be just getting started when it comes to the economic effects of the COVID-19 pandemic. While this desire remains, food crime will continue. It is up to the industry to devise methods to combat a problem which threatens to derail trust in certain products.

Plant-based marches on

The last few years have seen a marked increase in the amount of people opting for at least a partial plant-based diet, and this rise is showing little sign of slowing down. Mike Wystrach, Founder & CEO of Freshly (a prepared meals provider) sees a slight shift in terms of whether consumers opt to go fully plant-based in their diet or not. He said: "2020 showed us that consumers are interested in trying and buying more plant-based foods, as sales of foods like plant-based proteins and milks topped \$3.3 billion over the past year.

More household names are beginning to launch their products in vegan form, with several big releases slated for 2021. McDonald's is gearing up to release its McPlant range later this year, while KFC has brought back its vegan Imposter burger especially for Veganuary. Plant-based alternatives could soon be on the menu at all of your favourite fast food retailers.

The food industry has a speed problem.

Plant-based progress needs to accelerate though, according to Mike Leonard, Chief Technical Officer at Motif FoodWorks. “The food industry has a speed problem. As it stands, ‘urgency’ often translates to two or three-year R&D timelines. That means if we want to solve key challenges in taste, texture and nutrition facing today’s plant-based foods, we’re already behind schedule. We simply can’t wait that long with consumers and retailers alike looking for new, more, and better options.

Artisan products to grow from strength to strength

Last year was (well, for at least nine months) quite boring. Despite it seeming like something new was happening almost daily, most of the days blended into one. As lockdowns spill over into 2021, many of us have looked to our plates and glasses to provide small pleasures, whether that be handmade cheese as a special treat or a G&T fresh from a small distillery in the Scottish islands.

Though some people may not feel comfortable eating in any sort of restaurant setting, they’ll still want to recreate these authentic food experiences at home.

With very little to do except eat and shop, artisan producers could see 2021 as their big year, as consumers seek to fill the restaurant-shaped hole in their life.

“While consumer demand for craft and artisanal foods has steadily increased over the past years, we’ll see accelerated growth in this space as consumers seek to liven up their pandemic pantries with authentic ingredients and hand-crafted meals,” said Wystrach.

Digital acceleration – more to come

This pandemic era has taught us many things and amidst all the negatives there have been positive change and a newfound appreciation for some things (such as our food sector) too. It has also accelerated certain trends which were undoubtedly coming to the fore...albeit much slower. As the globe continues to grapple with the challenges of Covid, and in the UK we are plunged into lockdown #3, the digital era has never been more appreciated or needed.

Businesses which have not yet adapted must do so in order to survive. At New Food, we only foresee technology becoming more important over the next few years. Whether it’s an integration of virtual and physical inspections in the future, the use of blockchain to better trace supplies and prevent fraud, augmented restaurant menus, or cultured meat, we’re only just on the cusp of the ‘Technology Age’.

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