



# Passport

## 8 FOOD TRENDS FOR 2018

February 2018

# Euromonitor's Megatrends Framework

## Drivers



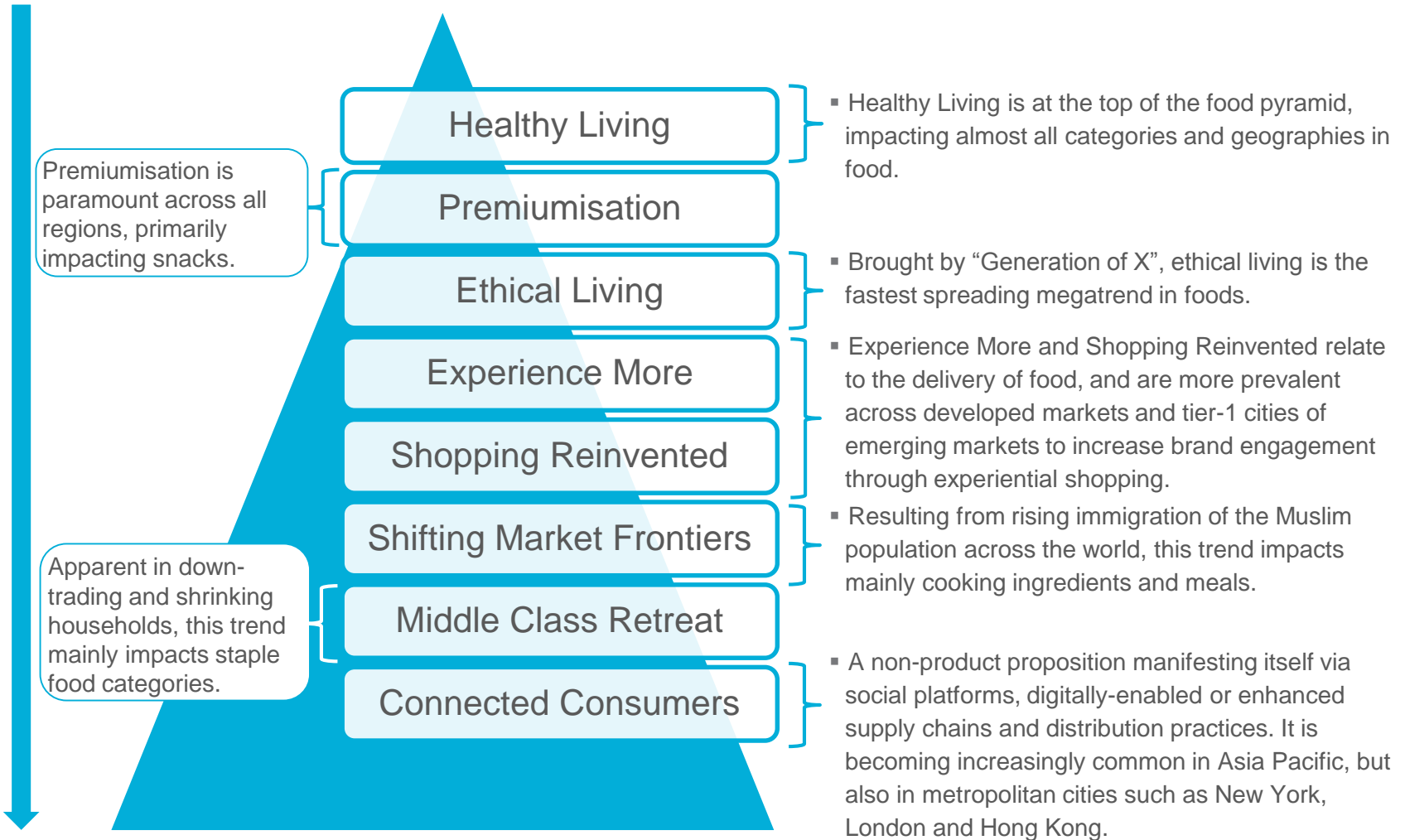
## Megatrends



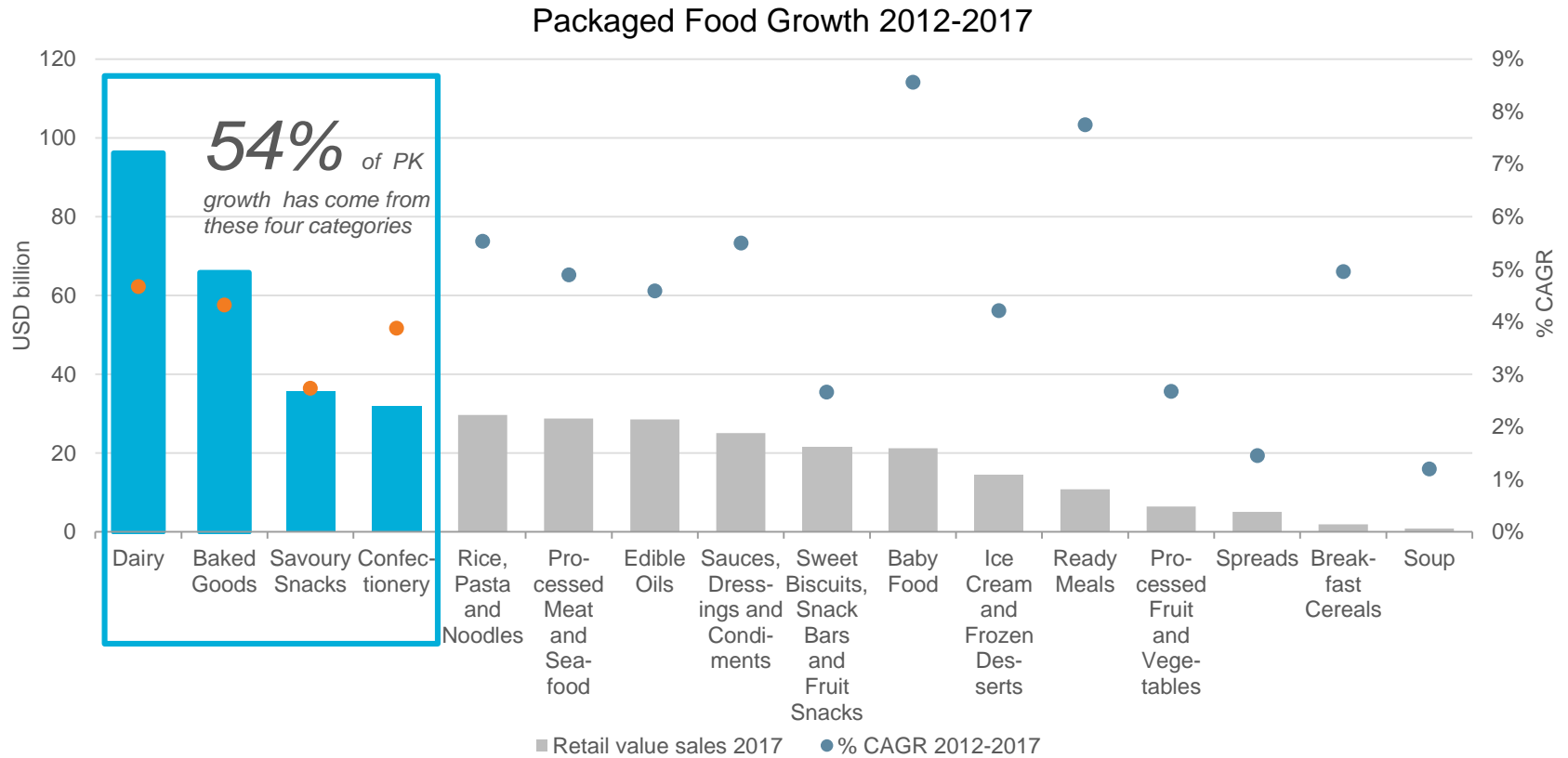
## What is a megatrend and how does it apply to foods?

- Euromonitor International has predicted the eight most influential megatrends to watch for in 2018. These megatrends, sharing common drivers, have the power to transform and disrupt entire categories.
- In a rapidly changing global environment, megatrend analysis is critical for companies seeking to drive sustainable growth and remain relevant as the competition increases and new ideas disrupt entire industries.
- This report applies Euromonitor's company-wide Megatrends Framework to packaged food, and in doing so, carves out the subtrends within each megatrend which it is believed will have the biggest impact on the global food industry in 2018.
- Of these eight megatrends, the one with the biggest relevance for and impact on foods is Healthy Living.

# The Megatrends Hierarchy in Foods



# Categories to Watch for Innovation



The majority of the megatrends mentioned in this report are evident primarily in four categories, from which over half of the growth in packaged food stems. Savoury snacks and dairy in particular show the fastest rates of innovation in foods, and so lend themselves best to the application of megatrends.

# Healthy Living: Back to Nature, No to Sugar

## Back to Nature

Raw and cold

Clean label

No to sugar

The focus of the food industry continues to shift from weight management to nutrition and natural wellbeing. With this, the industry has seen a rise in so-called “raw foods” – uncooked / unprocessed that have not been heated above 48°C, preserving most of the natural vitamins and minerals.



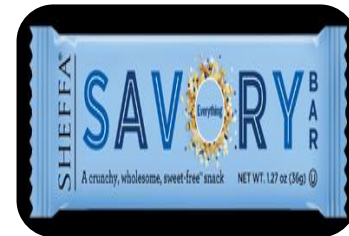
Raw chocolate from Mulu, UK



Cold-pressed soup from Sonoma brands, US. Competing with soft drinks



RX Bar with “only 4 ingredients and no B.S.”, by Kellogg, US



Savoury snacks and the rise in sugar alternatives (dates, peas and beans)

# Healthy Living: Naturally Functional

## Naturally Functional

Fermented food

Ancient grains and probiotics

Healthy fats

With sugar, rather than fat, being the villain in the obesity debate, not just savoury snacks but also healthy fats and grains have made a comeback. Another big trend for 2018 is gut health, which has links with mental health and performance. Fermentation and pickling are becoming more ubiquitous, with probiotic claims featuring across a wide range of food products.



The rising popularity of sourdough in Europe and North America



Pickled products (kimchi, sauerkraut, beetroot) and fermented soy in Asia



Ancient grains and probiotics. Udi's granola bar, US



The rise in healthy fats such as avocado and coconut. Olive oil is the fastest growing oil in China

# Premiumisation: Redefining Indulgence

## Redefining Indulgence

Ingredients

Health

Ethics

Flavour

Indulgence is and will always be a core driver in foods. However, it is changing shape and form, as consumers crave different products for different occasions and in different geographies.



KitKat ruby chocolate debuts in Japan, Nestlé



320 calorie Halo Top overtakes Ben & Jerry's in the US



Mondelez sets its own ethical standards through Green Black Velvet Edition



Extreme flavour combos, including Caramel Sutra, Brownie Batter and Rocky Road



# Ethical Living: Plant-based and Origin Foods

## Plant-based and Origin Foods

Plant protein

Insects

Food waste

Origin foods and provenance

Veganism is now claimed to be the biggest lifestyle movement of the 21st century, with the world's largest corporations signing up to the "Meatless Meat" movement. Ethical consumption is also on the rise, with 30% of consumers reporting that they are shopping local.



Tyson Food's purchase of a 5% stake in Beyond Meat



Insects are featuring in snacks, staples and sauces



Icelandic brand Siggis reaches 2% in the US and gets acquired by Lactalis



Local claims: Tuscan kale vinaigrette, US. Farmhouse crisps, UK



# Experience More: From Buying to Creating

## From Buying to Creating

Branded stores

Personalised nutrition

3D printing

- Consumers' emphasis is shifting from possession to experience. Growth in food sold through foodservice and branded stores often outpaces that in the mass channels. Greater need for engagement also drives the demand for personalised products and diets.



Concept cafés and branded stores spread rapidly across APAC and MEA



KitKat gets personal with on-pack promotion



Bear Naked custom-made cereals by Kellogg



Print your own candies, by Katjes, UAE

# Shopping Reinvented: Alternative Business Models

## Alternative Business Models

Subscription models

Blended stores

Just-in-time delivery

- By 2021, modern grocery (supermarkets and hypermarkets), will account for less than half of the total consumer goods trade. In food, modern grocery is still very important, but especially in Western markets, alternative business models such as subscription services and online/offline hybrids are showing strong growth.



Specialised meal kit companies featuring vegan meals



PepsiCo and Tyson partnering with meal kit company Chef'D



Hema in China combining online with physical shops



Under 30 minute click-and-collect by Sainsbury's

# Shifting Market Frontiers: Global Exoticism

## Global Exoticism

Rise in Middle Eastern flavours

Asian fusion in sauces and soups

Halal food

In 2050, one in three people will be Muslim. Food trends tend to track migration, so 2018 is likely to see an uptick of Syrian- and Middle Eastern-inspired flavours in Western markets. Halal food is another area to watch. As the population and disposable incomes of the Muslim populated markets is increasing at a faster rate, there will be more premium foods featuring the halal label.



Lay's Scoop Labneh and Zaatar



Soup flavours are evolving beyond mainstream ethnic, from Thai to Persian



Sriracha by Heinz: New ketchup in Sweden



Mondelez issuing a halal certificate for Cadbury following the uproar in Malaysia

# Middle Class Retreat: Affordable Quality

## Affordable Quality

Snack replacements

Single portions

Trading down

Thrill of the deal

- Globally, the fastest growing household type to 2025 is single-person households. The number of single-dad families in the US has doubled in the last 20 years. Meanwhile, wealth inequality is worsening, with low-income groups across the world growing at a much faster rate than a decade ago. This is inevitably leading to a rise in single-portion foods and snack replacements, as well as widescale promotion of well-established brands.



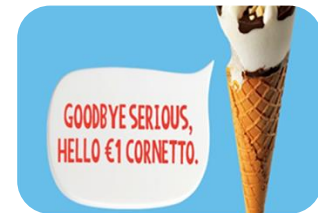
Habel Yangyuan's walnut milk as a snack



Panda oyster sauce in 30g sachets for single Filipinos



Costco's success in the US is underpinned by the Kirkland Signature label



EUR1 Cornetto with a free coffee to recover sales in Spain

# Connected Consumers: Food Technology

## Food Technology

Tech companies in food retailing

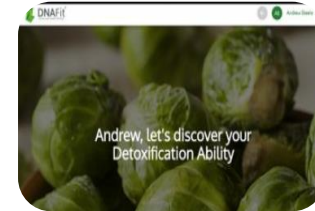
DNA health kits

Blockchain

Technology is becoming ever more important in the distribution and delivery of food. 1.2 billion people could find themselves working alongside robots in 2030. In foods, this is manifesting itself in the increased application of blockchain to monitor traceability, direct selling to challenge the bargaining power of retailers, and nutrition apps that provide tailored nutrition plans for health-conscious consumers.



Amazon buying Whole Foods



Marmite Gene Project with DNAfit



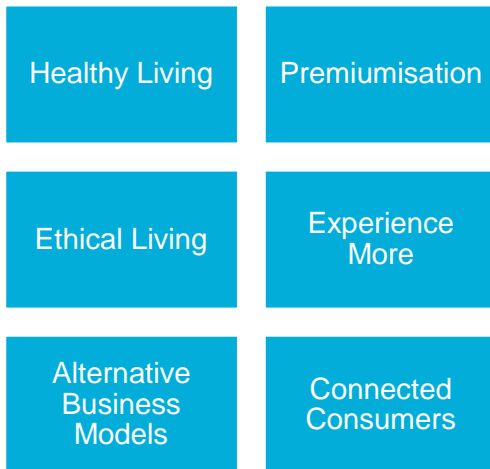
Chinese GoGo Chicken using blockchain to monitor traceability



Mars and Unilever venture into direct selling

# Bringing it all Together: Disruptive Brands

- A favourite buzzword for 2018 is disruption. Disruption has prompted multinational companies and legacy brands to acquire start-ups or launch their own innovation labs. These disruptive brands tend to simultaneously tap into several megatrends and are agile and responsive to consumers' changing needs; as such, they innovate rapidly. They might create their own niche category, topple a legacy brand in an existing category, adopt a new technology, or disrupt through a novel marketing or channel strategy.







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**FOR FURTHER INSIGHT PLEASE CONTACT**



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