

FMCG food

INDUSTRY
TRENDS



General Landscape

Competition in the FMCG sector has always been intense, but food manufacturers now also face an increasingly fragmented retail market, as well as an evolving set of social trends that have changed the landscape of the industry.

Setting the agenda for FMCG foods companies are issues of:

HEALTH & WELLNESS

OMNICHANNEL

PRICE SENSITIVITY

**TRANSPARENCY
& SUSTAINABILITY**



With enabling technologies like social media, mobile apps, and other digital technologies that pave the path to purchase, FMCG foods companies are feeling the glare of the consumer spotlight. The COVID-19 pandemic and the geo-political instability in eastern Europe has also strained the industry as supply chains struggle. While 2020 to 2022 were unusual years, revenue in the Food segment in Europe is projected to reach €43.31 billion in 2022 and the market is expected to grow annually by 5.47%.

The EU food and drink industry employs 4.5M people, with a turnover of €1.1 trillion and €222 billion in value added, making it one of the largest manufacturing industries in the EU.

REVENUE IN THE FOOD
SEGMENT IN EUROPE IS
PROJECTED TO REACH

€43.31 B

in 2022

AND THE MARKET IS
EXPECTED TO GROW
ANNUALLY BY

5.47%



CONSUMER SPENDING
ON FOOD AND
NON-ALCOHOLIC
BEVERAGES IS
FORECAST TO REACH

€2.3 TR

in 2025



PER CAPITA CONSUMER
SPENDING ON FOOD
AND NON-ALCOHOLIC
BEVERAGES IS FORECAST
TO REACH

€2771,52

by 2025



ONLINE FOOD
DELIVERY MARKET IS
PROJECTED TO REACH

€67.3 B

by 2027

THE FRENCH F&B OUTPUT
IS FORECAST TO GROW BY
ABOUT **4% IN 2022**,
AFTER INCREASING 4.6%
IN 2021

THE ITALIAN F&B VALUE ADDED
OUTPUT REBOUNDED **4% IN
2021**, AND IS SET TO GROW
FURTHER IN 2022, SUPPORTED
BY DOMESTIC CONSUMPTION
AND RECOVERING EXPORTS

UK F&B OUTPUT IS FORECAST
TO GROW BY MORE THAN
3% IN 2022, AFTER
INCREASING 4.1% IN 2021

THE DUTCH F&B VALUE
ADDED OUTPUT IS
FORECAST TO GROW BY
3% IN 2022

F&B IS ONE OF POLAND'S
STRONGEST INDUSTRIES,
AND VALUE-ADDED OUTPUT
IS FORECAST TO GROW BY
MORE THAN **5% IN 2022**

In order to help you understand
the key drivers of change and
keep their engagement with
consumers relevant, we've put
together this brief guide to
FMCG food industry trends.



TREND #1

Health, Wellness, & Immunity

One of the most powerful trends in the FMCG food & beverage industry over the past few years has been an explosion in consumer preferences for products that promote health and wellness - and ushered in a new consumer focus on the role of nutrition in immunity.

Consumers are continuing to use food to manage their health and are being careful about what they put in their stomachs.

In response to these priorities, American food manufacturers are dramatically altering their strategies to serve consumers who are concerned about boosting their immunity and gut health, plant-based meat alternatives, and fewer sugars and fats in their foods.

Factors influencing food purchases in Europe:

- Taste
- Food safety
- Cost
- Where the food comes from
- Nutrient content

Factors consumers feel Food brands have to include:

- Pleasure
- Health
- Physical (weight etc.)
- Convenience
- Ethics

European consumers



49%

of European consumers say protecting their health is now more important



29%

of European consumers say avoiding food additives and preservatives will continue to be more important



29%

of European consumers say food will be a crucial point to keep their weight under control

8.87%

The Europe plant-based food and beverage market is projected to grow at a CAGR of 8.87% over the next 5 years



10%

of people identify as vegetarian - the largest market for plant-based products, with a growing vegan and vegetarian population



21%

of FMCG Food & Bev spend goes to "food transition" products (organic, plant-based, natural, local production)



21%

of shoppers say vegan options can outsell meat and 35% think the same for dairy.

In particular, the global plant-based protein market is expected to grow at a rate of 10% year-over-year. In addition to addressing consumers' nutritional goals, plant-based protein is viewed as a more sustainable, eco-friendly option—another trend we'll cover in this guide.



TREND #2

Transparency & Sustainability

The consumer demand continues for transparency on how companies perform when it comes to sustainability and corporate social responsibility - a pressure increased by many of the events we experienced in the last couple of years. Food decisions are increasingly being based on where, how, and by whom products are made, grown, and raised.

Consumer demand for transparency in information and production is driving the evolution of the food industry, requiring brands and manufacturers to rethink more than their marketing strategies. Efforts to implement sustainability and social responsibility needs to be authentic and supported by every aspect of a business and its supply chain.

Authentic changes made by brands to support sustainable causes and reduce their impact on the environment build trust and loyalty with consumers.

Food Facts

The global ethical food market is expected to reach a projected **€739B in 2025**

Consumers cited **sustainability** as a top reason for adding **plant-based proteins** to their diet

78 % of Gen Z want transparency from food brands

87% of those buying locally produced food say this will continue to be more important

Leading food companies and retailers are doing their bit:



Nestlé has been purchasing more local and healthier food labels to offset declines in some of its mass-market brands.



Dutch supermarket Coop switched entirely to Fair Trade bananas.



German retailer Lidl has done the same across several European countries.



Nespresso has also expanded its sourcing of Fair Trade goods.



Unilever has already established sustainability goals - net-zero emissions from its products by 2039, and investments of €1.1 billion in ESG-friendly initiatives over the next ten years.



Finnish grocer Kesko aims to become carbon neutral by 2025 and achieve net-zero by 2030.

TREND #3

Online, Omnichannel & DTC



Every sector has seen a jump in online sales since 2020. However, prior to the pandemic, industries like grocery were behind in e-commerce adoption. Even though services like Amazon Fresh and Ocado have been around for some time, regular use by a majority of consumers was still low.



In Europe, the biggest shift was seen in the food shopping behaviour with a 45% increase in online shopping. A majority of this was home delivery which accounted for an overall increase of 41%.



A recent McKinsey report revealed that in leading EU countries online grocery could comprise of up to 30% of the food-at-home market by 2030

No matter where consumers buy their groceries, they expect a seamless experience across platforms. An omnichannel approach is necessary in today's market to compete. Availability and experience with your brand across online and brick-and-mortar stores is a requirement to connect and maintain relationships with consumers.

Additionally, physical store space for marketing has gone down, as many retailers maintain their clean store policies and allot extra space for social distancing. With a more competitive space in-store for displays and signage, channels like social media and other digital marketing are important to capturing consumers' attention.

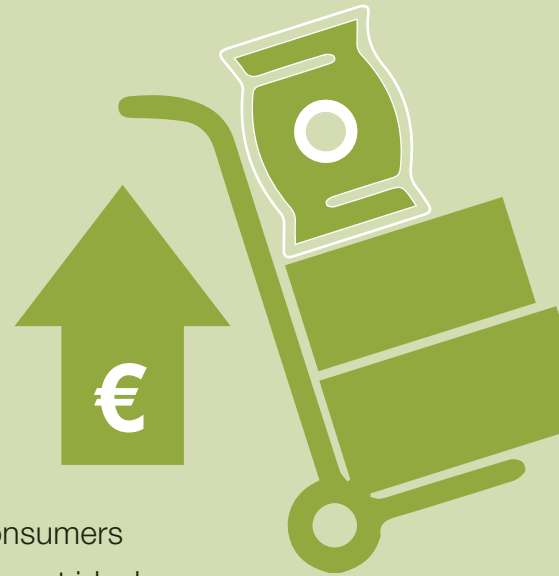
TREND #4

Price Sensitivity

Brands are spending more. Raw materials, packaging materials, transportation and logistics, and consumer pressure to lessen their environmental impact are affecting the bottom line of companies big and small - leading to price increases. Major brands like Coca-Cola, Unilever, Nestlé, Mondelēz International, and General Mills have all raised prices or announced that price increases are coming.

Among the EU Member States, Luxembourg has the highest price level for food and non-alcoholic beverages, while Denmark is the most expensive for clothing and for footwear. Ireland has the highest PLI for alcoholic beverages and tobacco. Among all European countries, Switzerland has the highest price level for food and non-alcoholic beverages, Norway for alcoholic beverages and tobacco and Iceland for clothing.

Raising prices, especially as consumers become more price-sensitive, is not ideal. However, McKinsey found that, since the onset of the pandemic, FMCG companies have taken on increases of up to 50% in certain cost categories.



34%

of surveyed European consumers say food affordability is a key concern



42%

Look for ways to save money when grocery shopping

Geopolitical instability and the pandemic (causing supply chain disruption and availability challenges) has affected margins for retailers and FMCGs have taken on price increases in certain costs categories



Best Practices for the FMCG Food Industry



PROMOTE TRANSPARENCY

Effectively market to the keen, information-hungry consumer in an immersive and engaging way. Innovations like Augmented Reality tech can be used to convey Nutritional information, ingredients, customized recipes, and behind-the-scenes of production, creating an immediate connection with the consumer - on demand, and potentially for keeps.



MAKE ENGAGEMENT INSIGHTFUL

FMCG brands are using digitally derived consumer insights to support their marketing campaigns. Access all forms of data including consumer locations, online and offline behavior across channels collected from social listening and digital promotions to create a 360 degree view of a customer and enable further engagement and personalisation.

In a rapidly evolving environment, FMCG brands today need to push the envelope in their quest to engender loyalty from their increasingly diverse customers. The brands that succeed will find ways to engage their audience with their brand stories and purpose via digital technology.



MAKE ENGAGEMENT SIMPLE

The easier your promotions are to engage with, the more likely your consumers will participate. Taking your promotions digital and leveraging technology is a great way to ensure this. For example, leverage receipt processing to enable ease of entry / participation while collecting a wealth of consumer data.

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Snipp is a global promotions and loyalty technology solutions company that brings together a modular PaaS technology suite with best-in-class marketing expertise to enable clients to increase sales, engage & retain customers and build proprietary data sets that enable intelligent decision making.

Our modular CUSTOMER ACQUISITION RETENTION & ENGAGEMENT platform (SnippCARE) enables implementation of ROI-driven omni-channel, device agnostic programs - from one-off promotions to evergreen loyalty programs (at a brand, portfolio and category level) customizable by region, language, channel, retailer and more. We capture unique zero-party data in real time and build a single unified customer view, driving engagement, personalization and brand loyalty. It is tailor-made for brands to build deeper relationships with their consumers.

For over a decade, we have worked with the world's leading organizations in both B2C and B2B spaces, across industry verticals including FMCG, retail, pharma, utility, home and outdoor, alcohol, tobacco, lifestyle and more.

CONTACT US

✉ lets.talk@snipp.com

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f www.facebook.com/Snipplnc

t www.twitter.com/snippinc

in www.linkedin.com/company/snipp