8 FOOD TRENDS FOR 2018

February 2018
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.
Healthy Living is at the top of the food pyramid, impacting almost all categories and geographies in food.

Brought by “Generation of X”, ethical living is the fastest spreading megatrend in foods.

Experience More and Shopping Reinvented relate to the delivery of food, and are more prevalent across developed markets and tier-1 cities of emerging markets to increase brand engagement through experiential shopping.

Resulting from rising immigration of the Muslim population across the world, this trend impacts mainly cooking ingredients and meals.

A non-product proposition manifesting itself via social platforms, digitally-enabled or enhanced supply chains and distribution practices. It is becoming increasingly common in Asia Pacific, but also in metropolitan cities such as New York, London and Hong Kong.
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.
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.

**Back to Nature**

- **Raw and cold**
  - Raw chocolate from Mulu, UK
  - Cold-pressed soup from Sonoma brands, US.
  - 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)

**Clean label**

**No to sugar**

**Healthy Living: Back to Nature, No to Sugar**
Healthy Living: Naturally Functional

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.

- **Fermented food**
  - The rising popularity of sourdough in Europe and North America
  - Pickled products (kimchi, sauerkraut, beetroot) and fermented soy in Asia

- **Ancient grains and probiotics**
  - 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

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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.

Redefining Indulgence

- **Ingredients**
  - KitKat ruby chocolate debuts in Japan, Nestlé
  - 320 calorie Halo Top overtakes Ben & Jerry’s in the US

- **Health**
  - Mondelez sets its own ethical standards through Green Black Velvet Edition
  - Extreme flavour combos, including Caramel Sutra, Brownie Batter and Rocky Road

- **Ethics**

- **Flavour**
Ethical Living: Plant-based and Origin Foods

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.

Plant-based and Origin Foods

- **Plant protein**

- **Insects**

- **Food waste**

- **Origin foods and provenance**

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

Insects are featuring in snacks, staples and sauces.

Icelandic brand Siggi’s 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

- 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.

**From Buying to Creating**

- **Branded stores**
- **Personalised nutrition**
- **3D printing**

**Examples**

- 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
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.

- Subscription models
  - Specialised meal kit companies featuring vegan meals
  - PepsiCo and Tyson partnering with meal kit company Chef’D

- Blended stores
  - Hema in China combining online with physical shops
  - Under 30 minute click-and-collect by Sainsbury’s

- Just-in-time delivery

Shopping Reinvented: Alternative Business Models
8 FOOD TRENDS FOR 2018

Shifting Market Frontiers: Global Exoticism

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.

- **Global Exoticism**
  - Rise in Middle Eastern flavours
  - Asian fusion in sauces and soups
  - Halal food

- **Lay’s Scoop Labneh and Zaatar**
- **Sriracha by Heinz: New ketchup in Sweden**
- **Soup flavours are evolving beyond mainstream ethnic, from Thai to Persian**
- **Mondelez issuing a halal certificate for Cadbury following the uproar in Malaysia**
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Middle Class Retreat: Affordable Quality

- 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 widespread promotion of well-established brands.

Affordable Quality

- Snack replacements
- Single portions
- Trading down
- Thrill of the deal

- 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
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
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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