SIAL

INSPIRE FOOD BUSINESS

SIAL INSIGHTS

THE INTERNATIONAL FOOD INNOVATION EVENT

15-19 OCTOBER 2022
PARIS NORD VILLEPINTE-PARIS

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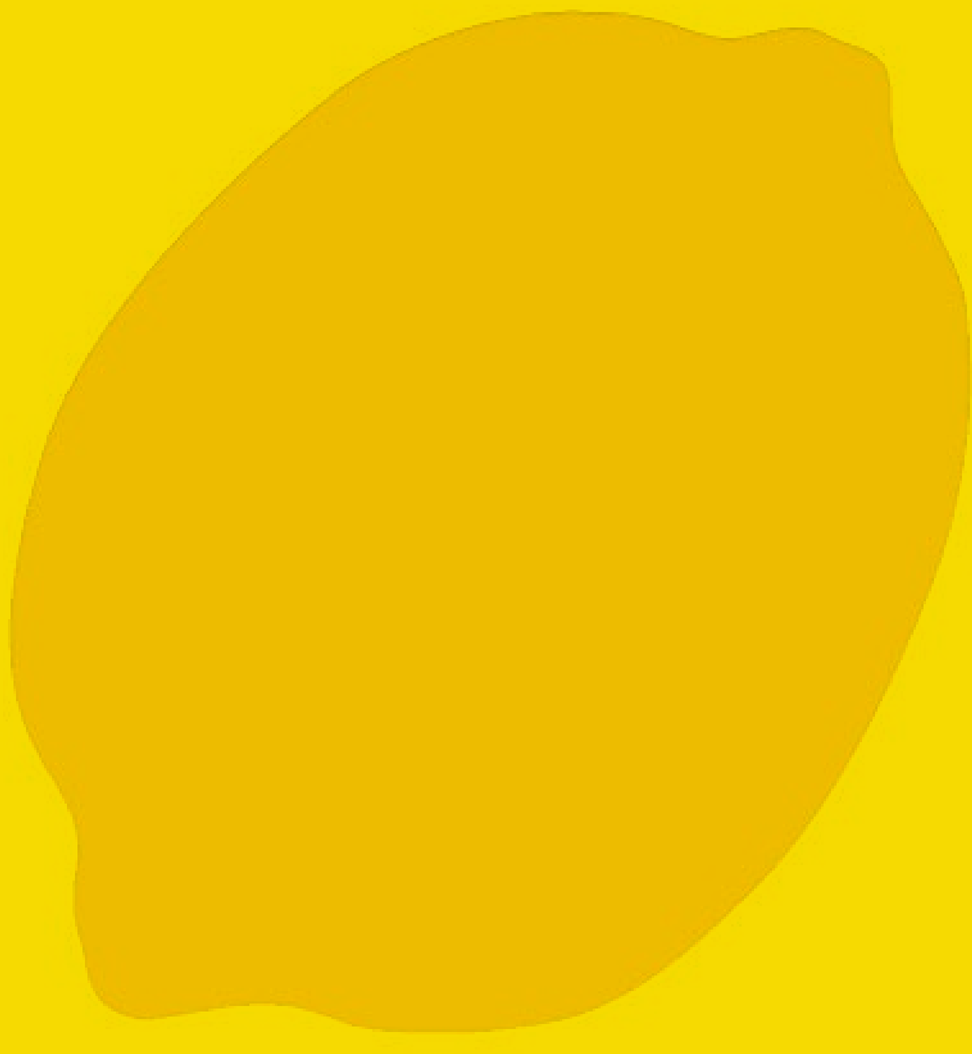
SUMMARY



EDITORIAL

By **AUDREY ASHWORTH,**
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In this era marked by transitions, reinventions, and social responsibility on a global scale, **now more than ever SIAL Paris seeks to serve as a space for the encounters and debates that shape and inspire the food ecosystem** around the major transformations that are taking place in the agrifood industry.

It is with this desire in mind that we are bringing you **SIAL Insights**, a research laboratory and watchdog of consumer behavior and trends in the international agrifood industry that provides the keys to **meeting the challenges facing the food industry in the future.**

Compiled in cooperation with SIAL's expert partners – Kantar, ProtéinesXTC and NPD – **SIAL Insights** presents the underlying factors that are (re)shaping the agrifood and restaurant industries against the backdrop of a shifting international context, turned on its head by an unprecedented public health crisis that had far-reaching effects on our everyday lives and the way we work, as well as the way we see the world, throwing the limitations of the existing model into sharp relief. The sudden rise in the cost of raw materials in the wake of the conflict in Ukraine is also placing unprecedented pressure on our sector. This makes it all the more necessary to bring about real change, and the time has come to redefine our priorities in readiness **for a future that begins today.**

These studies contribute to the discussion around the need for profound, fundamental change, change that must head in a clear direction: **a food industry in transition, moving towards quality food that is openly accessible to all…** serving a consumer who is also in the grip of change, and who expects the sector to drive and support a transition that works for all.

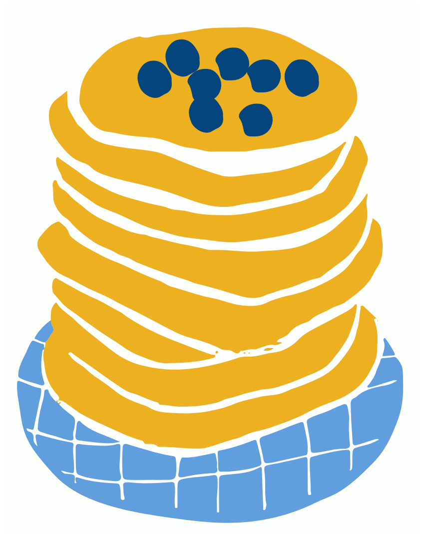
More than ever, we want to support all of our stakeholders on this ambitious, fascinating journey, helping them to determine the optimal path.

And that is exactly the theme of this year's food exhibition – **#Ownthechange** – a theme that places these challenges center stage in the debate.

Join us on **15 to 19 October 2022, at the Parc des expositions de Paris Nord Villepinte**, and we can explore these new paths together.

FOOD IN TRANSITION

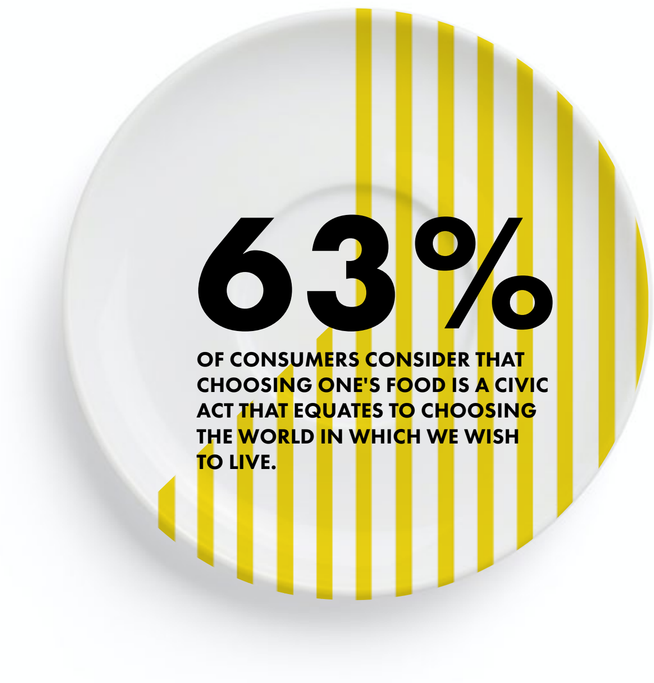
DELICIOUS AND CONSCIOUS ACCESSIBLE TO EVERYONE



I EAT THEREFORE I LIVE

Whether it's for pleasure or to stay healthy, just for a get-together or a determined attempt to achieve a higher social status, whether determined by practical, cultural or financial limitations, the decisions we make about what we eat go much further than simply satisfying our hunger. And food-related issues are becoming more complex, with questions being raised about production models and access to resources.

That is what the three global studies conducted for SIAL clearly demonstrate. The COVID-19 crisis has not transformed the way we eat, quite the contrary. Against a backdrop of global uncertainty, **consumers still strongly believe that what they choose to eat will have an immediate effect on the world in which they live.** On consumers and their loved ones, on others, and beyond, on all the species with which they share this world.



Source : Kantar Insights Food 360 Study 2022

Despite – or because of – health crises and uncertain prospects, food is still a way of showing how committed you are to the world.

63 % of consumers see their diet as a reflection of how they view the world in which they want to live.

Nearly 1 person in 3 has radically changed their behavior with regards to eco-responsibility.

"NEW GOOD HABITS" ARE HERE TO STAY

71% of consumers have changed their behavior over the past two years, mainly towards a **healthier diet (67%)**.

The food industry is responding to this by diversifying more in terms of quality than quantity. The share of **health-related** innovations is quite stable, even declining slightly (-0.8 points for almost a third of all innovations).

After health, changes in eating behavior are still strongly driven by people **prioritizing local food** (48%), **paying attention to ingredients** (37%) and **respecting the environment** (36%).

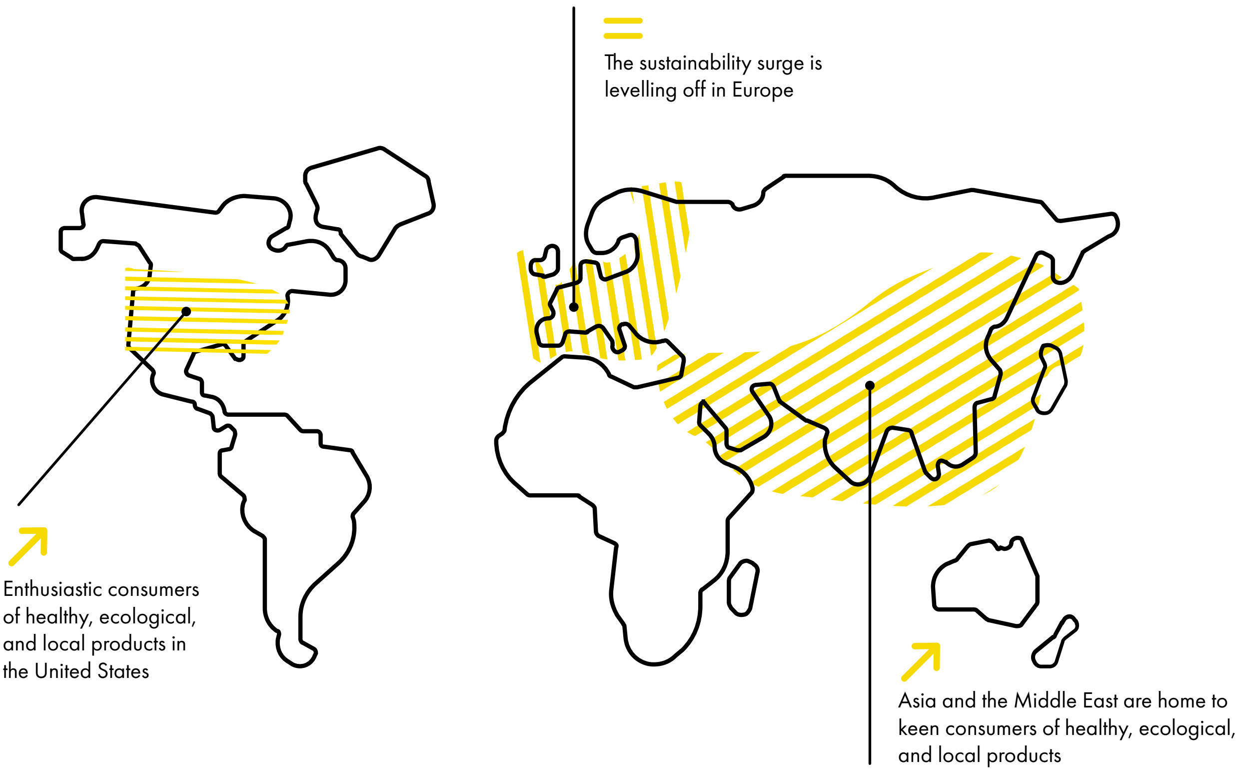
In the **United States,** which was one of the countries furthest behind in terms of environmental engagement (along with the United Kingdom), consumer change is now accelerating with regard to health/diet, attention to ingredients (strong distribution of food scanning apps in early 2022) and the environment.

It should be noted that these concerns are spreading to areas that were previously reluctant to modify their behavior, such as Asia and the Middle East, where more and more people are starting to take an interest in healthy, ecological, or local products.

The rise of more responsible consumption is flattening out in Europe, which demonstrates that people are maturing in their awareness and that the market offer is in line with expectations. The share of **ethical and eco-responsible innovations**, which has been growing worldwide for the past five years (from 2.5% to 7.9%), is particularly noticeable (10%).

71%

OF CONSUMERS HAVE CHANGED THEIR BEHAVIOR OVER THE PAST TWO YEARS

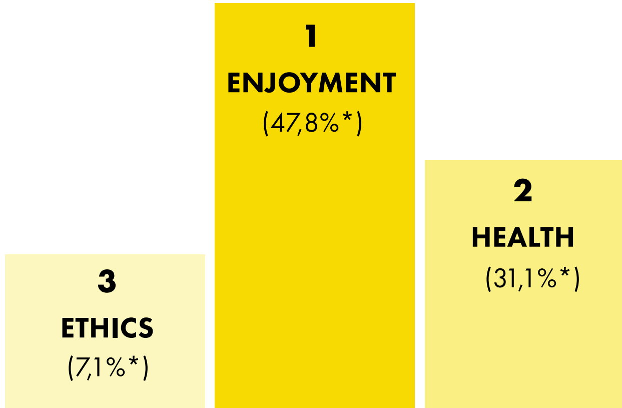


The **restaurant industry, which was heavily impacted by COVID-19***, has had to manage very high health and **safety expectations**.

In 2022, restaurants are still considered danger areas for virus transmission (40%) and have been forced to **hybridize their offer** with digital solutions. The restaurant industry must continue this approach, with short, simple, and clear menus, based on **local and seasonal products.** These two elements are strong indicators of expected quality (taste and safety) for consumers.

**No country except the United States has so far returned to its 2019 level of spending*

Ethical values gain ground on global innovations



% of global innovations in 2021

ENJOYMENT DRIVES FOOD CHOICES FOR

71%

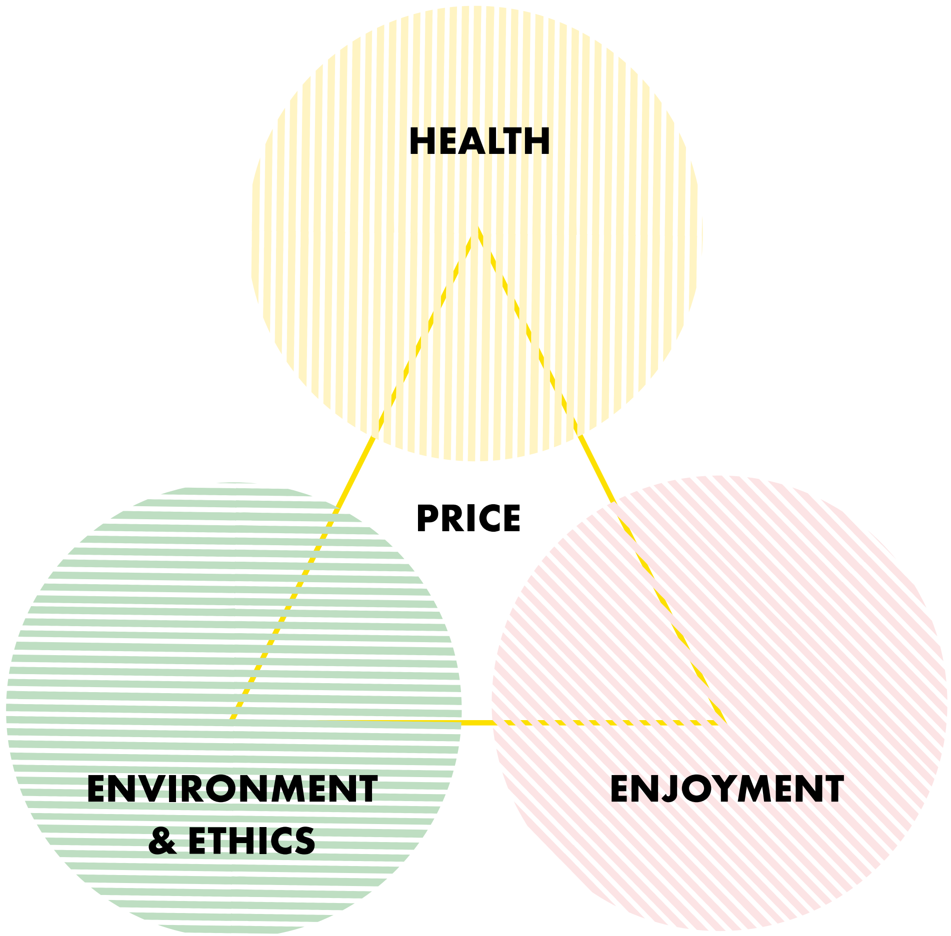
OF PEOPLE IN THE WORLD

A VITAL COMEBACK FOR ENJOYMENT

Whether it's dining alone or with family or friends, whether it's eating in front of the TV, at a fast-food joint, bistro or fine dining restaurant, **people eat because they enjoy it.**

And the market offer is still responding strongly to this insight: **one in two products refer to enjoyment** in global innovations (very strong growth in North America). In bars and restaurants, there has been an **explosion in cocktail creations** – with or without alcohol – the ultimate enjoyment product.

This trend looks well established for the time being, given the overarching anxiety and uncertain climate. **Enjoyment drives food choices for 71% of people in the world** (+2 pts) and almost half say they have **given in to "comfort food" temptations** (i.e., products that are too fatty, salty or sweet) during/since the pandemic.



THE HEALTH/ENJOYMENT/ENVIRONMENT & ETHICS TRIO, WITH AFFORDABILITY AT THE FOREFRONT*

The trends seen over the past two years are holding strong. Eating is **something people enjoy, and they want their experience to be both healthy and ethical,** now and for the future. **Sacrificing one of these factors in exchange for more purchasing power is set to be less and less acceptable** given the ongoing crises (geopolitics, health, climate, etc.).

Economic pressure is evolving from the need to balance quality and price, towards a **more complex equation: value for money.** The plateau reached by the organic market over the period is a great example of that. But consumers do acknowledge that players are making changes. The challenge now is to be able to meet all their expectations with a clear offer that is affordable for as many people as possible.

**As the study on consumer expectations was conducted before the geopolitical unrest of spring 2022, price does not systematically appear as a strong indicator in all the results. It has since become a key concern in consumers' daily lives.*

Figure sources
Consumer expectations: Kantar Insights 360 Food study 2022
Offer: Protéines XTC Global Food Innovation – Baromètre Mondial de l'Innovation 2022
Restaurants: NPD Group – Global Restaurant Performance

THE 4 POINTS ON THE FOOD TREND COMPASS

Since 2020, many things have changed about the way we live, work, socialize, and move around. Food is no different. Lockdown measures meant that people were eating at home much more often, and restaurant closures refocused our lives around what we eat and where we prepare it.

The pandemic generated or least amplified some behavioral changes that were on the rise (more home cooking and e-commerce/deliveries), **but it changed neither the course nor the trajectory of the food transition...** quite the contrary. The main trends began emerging two years ago, and are now well established. Depending on cultural and economic differences, paradoxes and contradictions, these changes are happening with more or less intensity and more or less quickly, but they are happening, and we can never go back in time.

1

HEALTH

consumers have never been more health-conscious

There is no longer any doubt: when it comes to health, it's all about what you eat, whether for your own health or that of your loved ones.
Even though the search for performance might be an occasional influence, health is now part of a holistic, preventive vision. How can it be achieved? By choosing **ever more natural products and ingredients** and even simpler recipes and processes. When striving to **increasing consumer confidence** in food safety and highlight its benefits, less is often more!

2 ETHICS

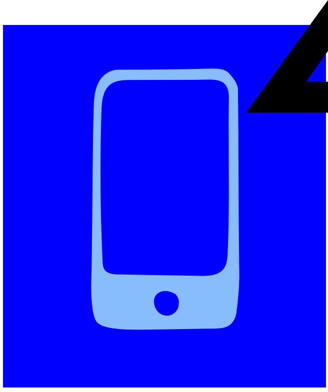
CSR is served

A label or fancy name is no longer enough to guarantee that the product on your plate doesn't have an excessively large carbon footprint. People are taking an interest in where their food comes from, and how it was processed and transported. **Ethics and responsibility are becoming more complex issues, and now apply both upstream and downstream.** We are gradually becoming accustomed to claims about environmental impacts with taglines such as "from pasture to plate" or "from field to fork." These subjects are and will continue to be **determining factors in consumer choices**, and will require more and more **clear and tangible evidence** that genuine steps have been taken, but without food bills rising.

3 SATISFACTION

conscious choices, (ful)filling meals

Food provides a safe haven in these uncertain times and is seen as a source of **comfort and pleasure** for many. Meanwhile, as society is becoming more interested in responsible food choices, people's **appetite for ethics** is growing too, both at home and in restaurants. As the economic crisis is affecting food budgets, it will be difficult to cater only for a minority due to **purchasing power issues.** But people won't stand for feeling guilty. On the contrary, they have never been so determined to experience the **positive emotion of new discoveries.**



4 DIGITAL

the digital transformation at your service!

The connection between food and digital is nothing new, but innovations in this field are rife, driving more consumers to look to their phones and tablets when hunger strikes. With a pinch of creativity and fun, a generous dose of services, and a sprinkling of relevant information, and **digital opens new paths to products, information and advice** and tips on eating better, hopefully with clear and comprehensive information.

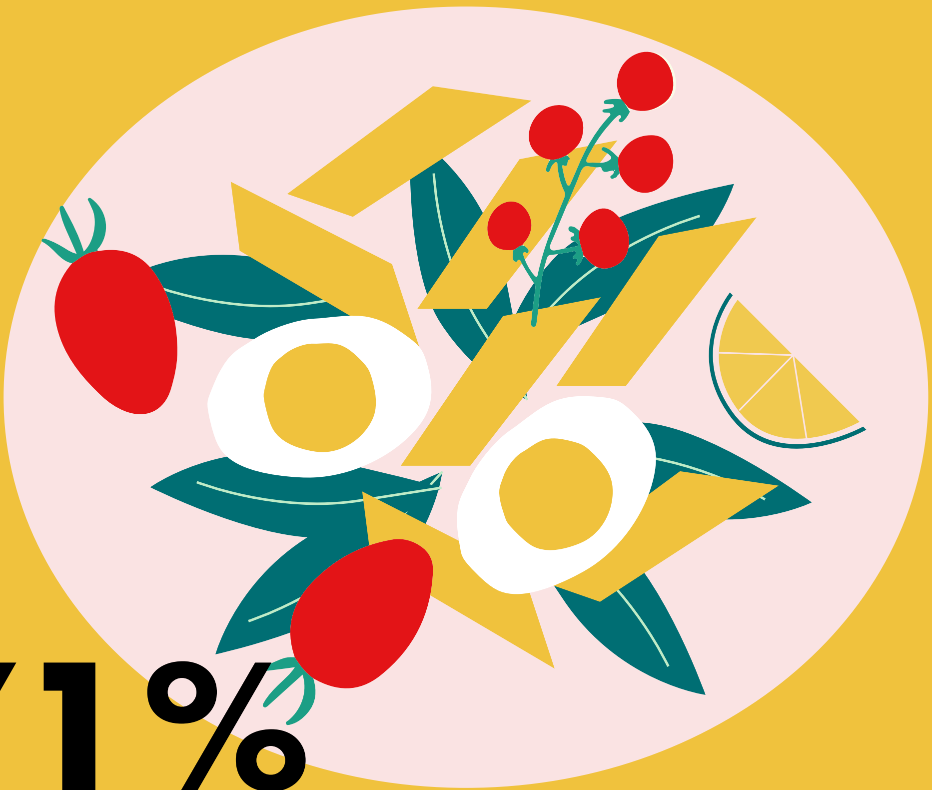

1

HEALTH

consumers have never been more health-conscious

**We are what we eat.
When we choose to consume a product, our bodies absorb everything it contains. The search for a healthy diet is a key priority and questions about just how natural our food is are cropping up more and more often.**

HEALTH TAKES THE TOP SPOT



71%

OF CONSUMERS HAVE MADE CHANGES TO THEIR DIET

67% eat a healthier diet

37% pay more attention to ingredients

Source : Kantar Insights Food 360 Study 2022

STEERING CLEAR OF HARMFUL INGREDIENTS

72% of respondents prefer to buy products that do not contain artificial additives (colorants or preservatives), or ideally those that are 100% natural.

The market offer responds with **changes in ingredients or composition**, driven in Europe by regulatory changes. **Those are the "-free" products** (GMO-free, colorant-free, pesticide-free, reared "antibiotic-free", etc.).

On another segment, the non-alcoholic drinks market continues to diversify within many spirits categories, combining health benefits and enjoyment.

72%

OF RESPONDENTS PREFER TO BUY PRODUCTS THAT DO NOT CONTAIN ARTIFICIAL ADDITIVES

CLEAN LABELLING

The withdrawal of certain additives or controversial substances to reassure consumers has become the norm

Food industry efforts have been rewarded...

+2pts

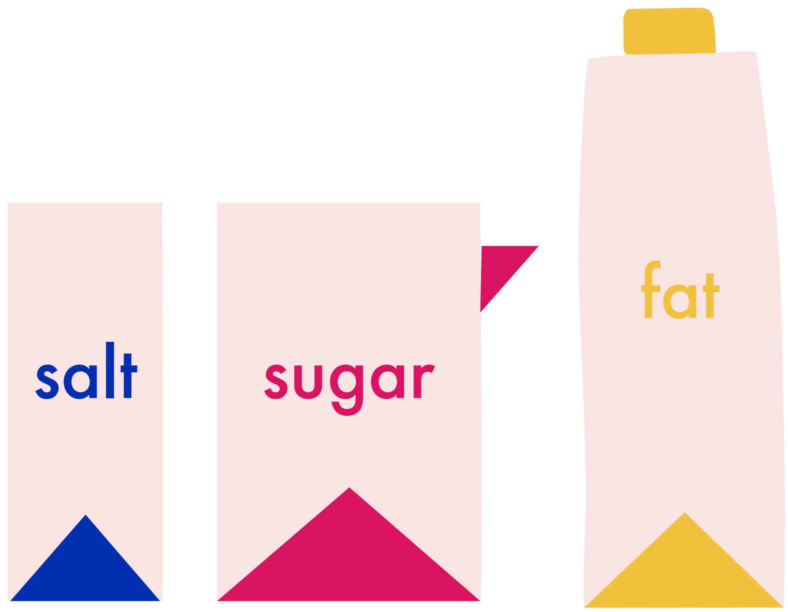
The score per the item "Companies make successful efforts to guarantee the safety and innocuousness of the products" has gone from 20 to 22% in 2 years.
"Food industry players are making successful efforts to guarantee that products are safe and harmless".

...but a feeling of risk persists

70%

OF RESPONDENTS BELIEVE THAT FOOD CAN POSE A RISK TO THEIR HEALTH.
With scores skyrocketing in China (+10pts) while European consumers are generally less concerned.*

**Kantar Insights Food 360 Study 2022 – carried out before the Ferrero and Buitoni product recalls in Europe.*



PARADOXSIAL

THE SUGAR/SALT/FAT TRIO

The sugar/salt/fat trio is still the key focus for health issues in general and public health in particular.

Consumers eased off on their determination to cut down on excess fat, sugar and salt during and since the pandemic (-5 points vs 2020 and -7pts in France), but there are no shortage of offers on supermarket shelves.

There are plenty of **products claiming reduced salt, sugar or fat content.** And **when they are not reduced, they are replaced.** Refined sugars are substituted by natural sweeteners (honey, maple syrup), salt by spices, and natural salt with reduced sodium. In any case, these developments **never come at the detriment of taste…** quite the opposite.

Plenty of products claiming reduced salt, sugar or fat content.

Refined sugars are substituted by natural sweeteners or salt by spices

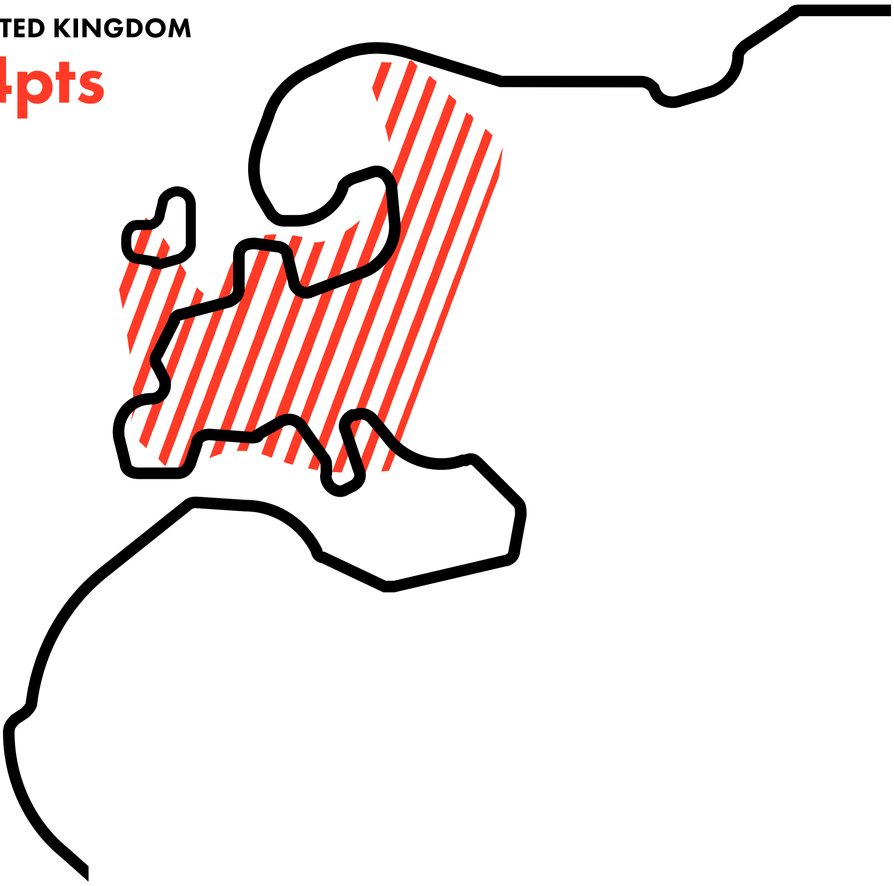
EUROPE

Consumer interest in additive-free or even 100% natural products

GERMANY
+4pts

UNITED KINGDOM
-4pts

SPAIN
-5pts



EXPECTATIONS FOR NATURAL PRODUCTS: THE EAST-WEST DIVIDE

Interest in products with no additives, or even completely natural products is leveling off in Europe, which is sign of relative maturity in behavior and supply, after experiencing a sharp increase worldwide between 2018 and 2020 (+6 pts).

While it is still increasing in Germany (+4 pts), it is clearly slowing in Spain and the United Kingdom: -5 and -4 pts, and this is due to the loss of purchasing power as a result of the health crisis in the two countries, aggravated by the consequences of Brexit in the United Kingdom.

Globally, the dynamic is driven by the United States (strong impact of the pandemic) and by Southeast Asia and China: the epicenter of the pandemic. In these regions there is growing concern about the health impacts of the global economic model.

> Food is now expected to be natural. Natural means safe, less harmful. Consumers will be more and more attentive to that as concern over environmental issues grows.
>
> Karin Perrot, **Kantar**

RECIPES THAT GET STRAIGHT TO THE POINT

Whether it is a cause or a consequence of greater interest in natural foods, **simplicity is the new holy grail for consumers.**

They make a direct connection between hyper-transformation and potential health risks, which they would like to keep at zero. **70% of respondents prefer to consume simple food** which has not been ultra-processed, and which they are sure does not contain potentially harmful ingredients.

The offer is forthcoming as **products with short and natural recipes** are developed, with the number of ingredients they contain displayed on the packaging. Recipes with odd numbers of ingredients (3, 5 or 7) seem to represent reassuring symbolic thresholds.

The same goes for restaurants
Simple, clear menus are preferred, because they are less risky in terms of stock rotation and managers have greater control over their supply. **67% of European consumers said they prefer restaurants with clear and simple menus***

**NPD Group, "Uncertainty Survey", April 2022*

70%

OF RESPONDENTS PREFER TO CONSUME SIMPLE FOOD

67%

OF EUROPEAN CONSUMERS SAID THEY PREFER RESTAURANTS WITH CLEAR AND SIMPLE MENUS*

Health in restaurants, it's all about safety

Even though the short menu (therefore safer and potentially healthier) is emerging as a key expectation, protecting health in restaurants is a priority in the post-pandemic world.

Dining out is struggling to get back to its 2019 levels, especially in Europe where the attendance deficit is still in double digits.

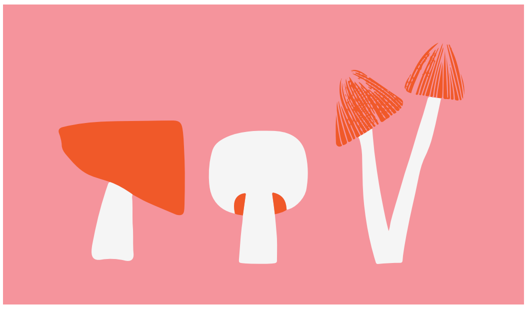
Recovery is difficult to predict, given the persistent concern over COVID-19. In April 2022, 40% of Western Europeans still saw cafés and restaurants as the places where they are most at risk of catching the virus. In terms of criteria for choosing a restaurant, 59% of those interviewed said they preferred eateries that guaranteed effective health and safety measures.

Source : NPD Group, "Uncertainty Survey", April 2022

NATURAL FUNCTIONAL FOODS

SUPERFOODS FOR A HEALTHY BALANCE BETWEEN BODY AND MIND

Eating well means staying physically and mentally healthy, an attitude inspired by the holistic approach of Eastern medicine. The offer is moving in this direction with **functional products that promise to compensate for deficiencies** in our regular diets. The secret ingredient? Always natural and most often a **superfood** (fruit, seed, root, mushroom, seaweed, etc.), celebrated for its richness in essential nutrients.

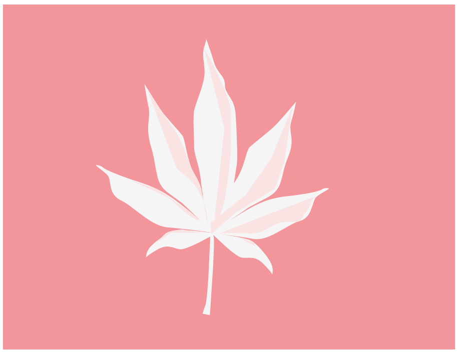


A RETURN TO FERMENTATION

Is the gut a second brain?
The importance of the complex connection between the digestive system and mental health is gaining ground. Here again, expectations are moving towards more a natural diet, in particular in terms of fermented products (dairy products and vegetables), which recall traditional methods. Hyper-processed functional foods or artificial components are being rejected. **More than one in 10 consumers say they consume fermented beverages to improve their health.**
This segment pre-dates the pandemic but has seen strong growth since March 2020 (see box), because the intestinal microbiota is thought to be important for the immune system.

TO BE CONTINUED...
The brain, the new food frontier?

The US-based brand Mindright promises to improve and preserve cognitive functions. Its “Brainfood” range aims to boost mental fitness and regulate mood. Recipes based on infusions of ashwagandha, cordyceps and ginseng extract are marketed as snacks and drinks.
Will this lead to market segmentation by age, based on our cognitive performance needs?



IS CBD JUST A FAD?

The food market has already driven us down the path to detox, with a variety of drink offers, both in supermarkets and restaurants.

It is now helping us face our everyday stress. **Cannabidiol**, known for its **relaxing properties**, is authorized in food and cosmetics. In France, CBD drinks and infusions are **flourishing in all distribution channels.**

Is that a one-minute-wonder or lasting trend? It's hard to say, but these categories do seem to thrive on a constantly changing offer.

PACKAGING WITH DOUBLE PROTECTION

The container protects the product and keeps it fresh until it is ready to be used. This also reassures consumers who are most concerned about health and safety issues. Since the pandemic, there have been more and more anti-bacterial coverings on certain packaging, and supermarkets have even started designating "clean" zones. These are areas that are cleaned more thoroughly, a process that is made easier by the use of these new coverings. Concern for hygiene is also reflected in storage containers with SilverShield antimicrobial technology to inhibit the growth of odor-causing bacteria (USA).

IMMUNE-BOOSTING FOODS ARE ON THE RISE FOLLOWING THE PANDEMIC

2/3

OF CONSUMERS CHOSE "IMMUNE-BOOSTING" PRODUCTS OVER THE PERIOD 2020-2022

Source : Kantar Insights Food 360 Study 2022

×8

AND NEW PRODUCTS IN THIS SEGMENT INCREASED EIGHT-FOLD A YEAR AFTER THE START OF THE PANDEMIC
(essentially fermented dairy products or drinks combining probiotics and vitamins.)

Source : ProtéinesXTC

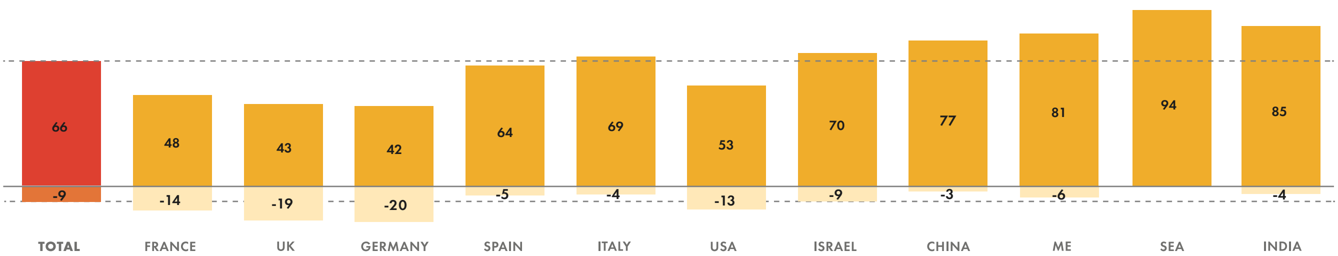
Asia and China boost immune-boosting food

Being in good health means not getting sick. Our vulnerability to COVID-19 has highlighted humans' fundamental need to strengthen their immune system. Consumers have been keen to snap up immune-system boosters, with particularly high figures coming out of the most affected countries.

More than 2 thirds of consumers favour products that boost immunity

Answers to the statement "I favour food products and ingredients that boost immunity"

Net Disagree Net Agree



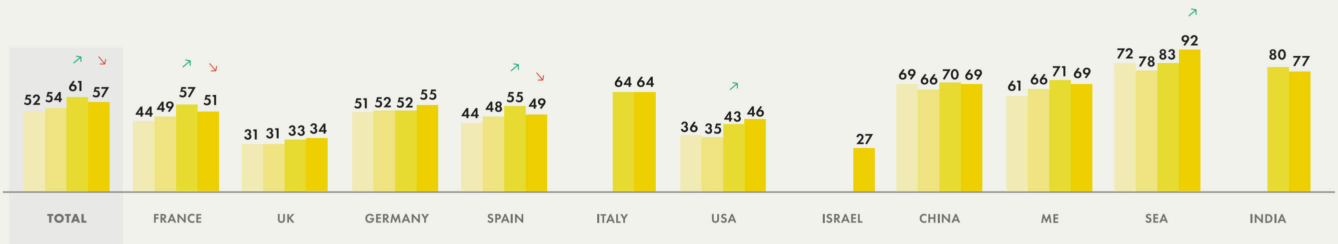
**Source : Kantar Insights Food 360 Study 2022*

FOCUS

ORGANIC (STILL) NEEDS TO PROVE ITS WORTH

Organic food that had generated some craze until 2020 is now losing in popularity especially in France and Spain

« When I have the chance, I eat organically farmed food », total agree, in %



**Source : Kantar Insights Food 360 Study 2022*

THE ORGANIC MARKET HAS REACHED A PLATEAU

After years of steady growth and a huge spike in popularity between 2018 and 2020, consumers are now losing interest in organic products (-4 pts).

The decline is particularly noticeable in France and even more so in Spain, and the segment is severely threatened by inflation.

Consumers are looking to local/seasonal products instead, which are increasingly attractive, and/or the fair trade market, which guarantees that farmers are being paid properly for their produce.

The organic offer, which combines health and ecology, has also reached a plateau. The pace of innovation is slowing down, and the products are becoming commonplace, particularly in Europe (countless labels and certificates, development of promotions), with "value for money" ultimately losing its attractiveness.

SUPPLY IS UNDER PRESSURE IN MATURE MARKETS

PRICE POSITIONING

The price of organic produce mean it is restricted to those with high incomes, and that trend is only getting worse with growing inflation.

There is a risk that more and more people will feel frustrated by these restrictive prices.

MISTRUST OVER LABELS

The proliferation of labels and certificates displayed on food claiming to be organic has generated confusion and blurred boundaries, to the detriment of the segment.

HIGH EXPECTATIONS ACROSS THE BOARD: PROCESS-WIDE ECO-RESPONSIBILITY*

Concerns about changes in production models are shifting expectations across the value chain.

The organic segment is little known and risks being perceived as too "vertical".

**A development embodied by the European Union's "From Farm to Fork" strategy, whose ambition is to take "concrete steps to bring our food system back within the limits of our planet"*

SPRINGBOARDS

The offer is already evolving, taking these areas of tension into account. There are two main issues for development:

Accessible organic
simple "Organic" food that is less expensive

Augmented organic
products with an enhanced promise (fair trade, biodiversity protection, animal well-being), whose value for money has yet to be established.

"regenerative agriculture", the neo-organic market in the USA
A structure with more of a story that is likely to engage consumers.
In Europe, the issue of standards is likely to add fuel to the fire.

TO BE CONTINUED...
Blockchain in the organic market

Blockchain provides reliable and unfalsifiable information on all processes, from production to shelf display. It could be a way of strengthening organic and fair trade channels without reference to labels, which can be opaque and inconsistent.

2

ETHICS
CSR is served

Depletion of resources, the negative impact of production methods...
The challenges of sustainable development in the agrifood industry are felt just as keenly by both producers and consumers. With real effects on individual health, the state of the world and the future it faces are highly dependent on the model used by the agrifood industry as a whole.
Often well informed, and with a desire to understand in order to make better choices, consumers are increasingly attentive to the whole supply chain, both up- and downstream of purchase.

Awareness of impact of consumer choices as a vector for change...

Consumers have changed the way they eat

- **38%** in favor of local, seasonal produce
- **37%** for environmental and ethical reasons

Source: Kantar Insights Food 360 Study 2022

CONSUMERS AS EXPERTS IN CSR?

Already adept at analyzing food product ingredients for health reasons, today consumers are growing aware of the full range of interactions and consequences incurred by their choice of food.

36% of consumers are paying more attention to environmental and ethical issues, and **11% have already radically changed how they eat for one of these reasons.**

Consumer choices are indelibly linked to the production system that feeds them. And the desired reduction in harmful impact is a matter for the entire supply chain: total environmental impact (and more specifically the carbon footprint), less waste, fair pay for producers, animal welfare... The latter factor is emerging as a major concern, with more than half of consumers now questioning the environmental and ethical consequences of producing the meat they eat.

Concerns about the CSR performance of food products are becoming clearer

58%

FOCUS ON A PRODUCT'S LOW ENVIRONMENTAL IMPACT OR LOW CARBON FOOTPRINT

65%

FOCUS ON WASTE REDUCTION AND RECYCLABLE PACKAGING

57%

FOCUS ON THE ECONOMIC TERMS OF PRODUCTION AND FAIR TRADE

53%

ARE QUESTIONING THEIR CONSUMPTION OF MEAT AND THE ENVIRONMENTAL AND ETHICAL CONSEQUENCES OF ITS PRODUCTION

Source: Kantar Insights Food 360 Study 2022

THE VIRTUES OF LOCAL SOURCING IN HIGH DEMAND

Local and seasonal produce is gaining an ever-growing number of fans around the world, with 68% of consumers prioritizing this kind of produce. By revealing the fragility of globalization, the pandemic has only consolidated this desire. Local produce is associated with being kinder to the environment and of a higher quality (perception of production as more "responsible," "authentic," less need for transportation)... Not to mention a degree of economic patriotism expressed by supporting producers (a very strong feeling in France).

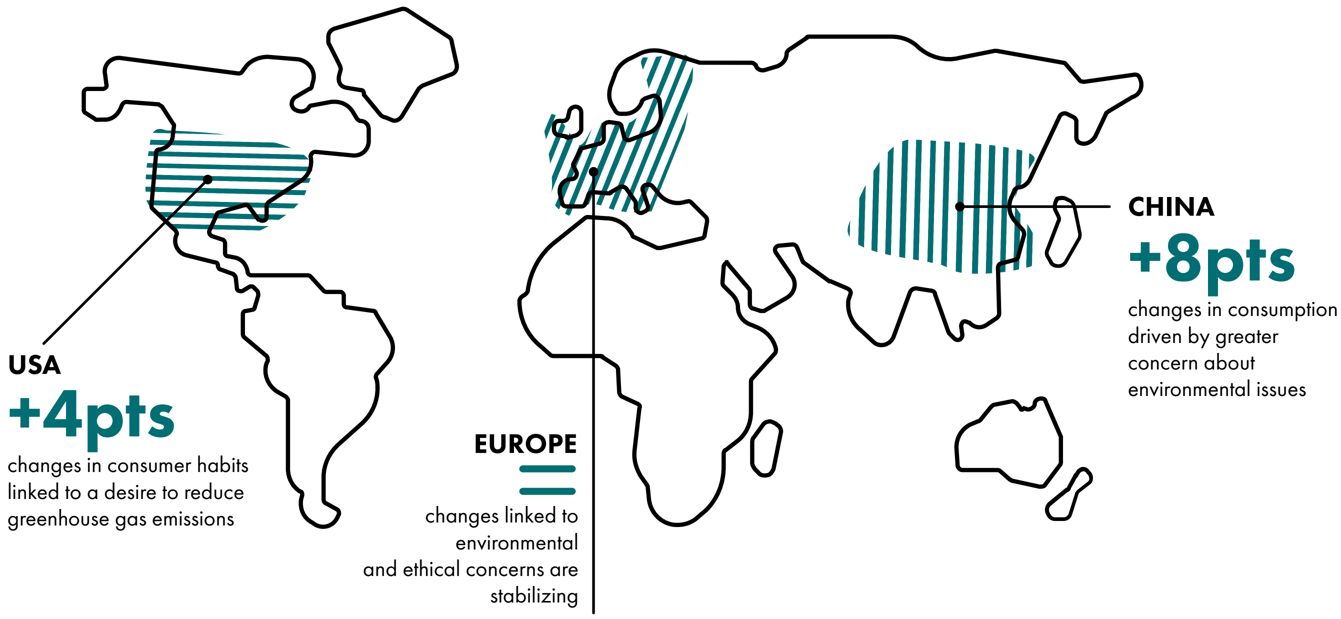
In stores, geographical proximity is featured in pride of place, with an increasing number of labels mentioning local/national origins. The counterpart in terms of temporal proximity, "seasonal" produce is also important, with a message that may not be so easy to communicate beyond fresh produce. These same expectations of proximity also, and naturally, factor into out-of-home catering for 56% of Europeans.

EUROPE STILL PIONEERING THE CHANGE, WHILE THE USA AND CHINA ARE WAKING UP

Although the pace may be stabilizing or even slowing, changes linked to environmental and ethical concerns remain more visible in Europe than in the rest of the world. This is particularly true of Italy (40%) and France (37%), both agricultural powers where this awareness seems to be firmly rooted. Both populations also take these concerns to out-of-home catering, with 70% of French consumers and 80% of Italians expressing a wish for restaurants to do their bit for sustainable development (with waste management and product sourcing at the top of the list).

On a global scale, Chinese consumers are taking stock of the challenges that lie ahead (8 points higher than general environmental concerns). Facing blame for the astronomical quantities of waste incurred by takeout meals, out-of-home caterers are taking action. A number of waste reduction and anti-waste initiatives have been launched (disposable cutlery only available as optional extra, cardboard cups in coffee shops, where coffee-drinkers can also take their own cups).

In the United States, changes in consumer habits linked to a desire to reduce greenhouse gas emissions have almost doubled their score, after previously being of almost no concern. Increasing by 4 points, from 5% to 9%, they are coming into line with the global average (12%).



Source : Kantar Insights Food 360 Study 2022

PLASTIC STRAWS
WERE BANNED IN SPAIN
IN JULY 2021

CONSUMPTION GOES GREEN

Once the reserve of a militant minority, plant-based diets are continuing to grow in popularity, with an increasing uptake of a flexitarian diet (up 4 points to 39%).

With excessive consumption of animal proteins regularly blamed for health issues, it is now being called into question for the pressure it places on the environment and ethical concerns relating to the conditions in which meat is produced as a whole (particularly beef when it comes to greenhouse gas emissions and animal welfare).
With regard to out-of-home catering, 29% of Europeans prefer dining in establishments where the menu also offers vegetarian/vegan options.

Characteristic of these changes, plant-based substitutes for dairy products are still proving a hit with consumers. There is an increasing amount of innovation in this field in Europe (+2.3 points) and Asia (+2.6 points), while the figures are falling in North America (-3.5 points) after several years on the rise. These products are consumed both at home (drinks, ultra-fresh, and dietary supplements) and in out-of-home catering venues (drinks and vegan meals). A new development worthy of note is the offering taking shape in the emerging market of the dairy section, made up mainly of cheese products (fresh, hard, and grated).

The vegetarian offering is growing across all out-of-home catering circuits in France, but it is the fast food sector that's leading the pack, alone accounting for 65% of orders for meals free from animal protein. The key to this success? An offering that has, for several years now, been adopting world cuisine (vegan sandwiches, poke bowls, soups, wraps)... and more recently an offering of veggie burgers which are now available from the biggest players in the sector.

TO BE CONTINUED...
The road to a Climate Score?

Based on the Nutri-Score model, which focuses on nutritional benefits, we are now seeing initiatives appear that acknowledge product performance in terms of CSR: today, it's the reduction of the carbon footprint, tomorrow it will include animal welfare...
Whatever the issue at hand, clear specifications and regulations will be vital to avoiding any confusion in a field where consumers are demanding honesty and transparency.

« The veggie trend in out-of-home catering is carving out a space as the ideal alternative way to consume, standing on the confluence of several philosophies. Ultimately, while the [French] market does not necessarily contain more vegetarians, the environmental movement is turning more and more consumers into flexitarians »

Maria Bertoch, **NPD**

WITH OR WITHOUT MEAT?

The plant protein offering has been a feature of the market for over 35 years, notably through the famed "soy burgers," but now it is diversifying:

WITH

More futuristic, vat-grown meat is causing a real buzz. Its home turf can be found in Asia, where chicken meat has been legal to sell in Singapore since 2021. At the time of writing, there are not currently any offerings accessible to consumers, but the considerable potential is attracting a large number of industry players (start-ups and multinationals). The market is waiting for progress to be made to deliver an offering that's edible and affordable... not to mention the regulatory compliance aspect, especially in France and Europe.

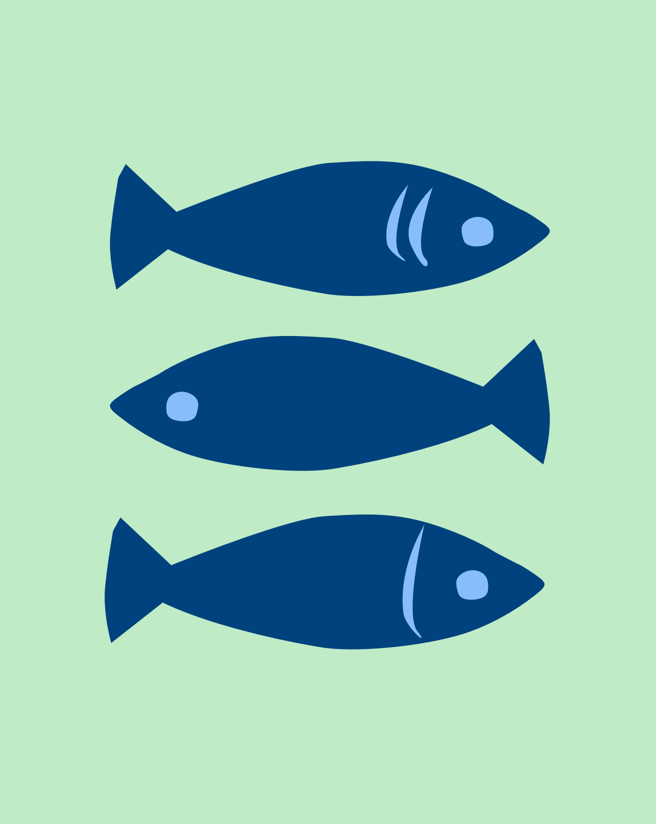
WITHOUT

There is a focus on protein-rich legumes (lentils, beans, split peas, etc.) that are making a big comeback into vegetarian meals, both at home and in restaurants.

Meat substitutes that assume the look and texture of real meat. Commonplace products in the United States and Asia, but still to be proven in Europe (in terms of flavor and composition, for products that are very often extremely highly processed).

35%

OF CONSUMERS WORLDWIDE HAVE STOPPED EATING MEAT OR ARE ACTIVELY EATING LESS



Falling consumption of fish

Less pollution, conservation of biodiversity, and animal welfare are driving a reduction in the consumption of fish, mainly within the vegan market.

An innovative offering of seafood substitutes is taking shape (particularly in Asia). In Europe, similar attempts have been far from convincing.

ZERO WASTE: THE TOP ENVIRONMENTAL ACTION

Because the best waste is waste that is never even produced, the fight against waste is emerging as an accessible and iconic behavior as part of sustainable consumption.

It is also doubly effective, responding to both environmental and economic concerns. Consumers applaud the efforts made by industry players (+2 points in perception of successful zero waste initiatives from business).

In homes, waste can be avoided through better storage of products (see the success of vacuum sealers), or by consuming products that are about to go to waste (interest in misshapen produce or produce that is about to expire).

As for upcycled products (made using by-products), these are making a timid entry into stores (mainly in the dry biscuit section).

Waste

17%

OF TOTAL AVAILABLE FOOD ENDED UP IN THE TRASH CANS OF HOUSEHOLDS, STORES, RESTAURANTS, AND OTHER FOOD SERVICES.

121 kg

OF FOOD WASTE PER PERSON, OF WHICH 74KG COMES FROM HOUSEHOLDS.

WASTE ACCOUNTS FOR

8 to 10%

OF GLOBAL GREENHOUSE GAS EMISSIONS, OUT OF A TOTAL OF 24% PRODUCED BY THE AGRIFOOD INDUSTRY

Source : UN, 2019

<1%

MARKET SHARE FOR BULK PRODUCE ACROSS ALL CONSUMER PRODUCTS IN FRANCE

Source : Bulk Network Professional Association

BULK PURCHASING IN FRANCE, A NICHE MARKET THAT IS STILL FINDING ITS FEET

After exponential growth before the pandemic (+41%), bulk has suffered a major setback with several stores and specific shelf units closing to protect customers' health. This slowdown has highlighted other potential obstacles: the perceived lack of hygiene and practicality and high price.

Recent legal obligations and the extension of the offer to new categories, however, provide considerable room for improvement. Large retailers and brands are upping their game, and developing offers designed to boost customer engagement:

- expansion of the "bulk" range vs. dedicated sections
- diversification of product categories, with bulk purchase of beer, for example
- scales, improved filling stations
- branded offering and wider range of products available

> « Recyclable, compostable, edible, or even completely absent... there are many ways to reduce and reuse packaging. These techniques will likely be standard practice in the future. Today, they enhance the value proposition for consumers, but are in no place to be the core proposition »
>
> Xavier Terlet, **ProtéinesXTC**

TO BE CONTINUED...

14%

OF CONSUMERS ARE NOT WILLING TO PAY MORE FOR HEALTHIER PRODUCTS, meaning for higher quality staples, in the belief that the responsibility for quality lies with industry. This is a figure that risks growing in line with economic pressures and the return of inflation.

Source : Kantar Insights Food 360 Study 2022

Businesses on the right track, ready for the environmental and climatic watershed

Consumers acknowledge that industry players are changing how they work and moving towards a model that is more beneficial in a number of ways: more sustainable methods and processes, lower environmental impact, and an increase in kinder practices in terms of animal welfare and fair pay for producers.

However, the reduction of environmental pressures has become a top priority. Consumers expect more effort to be made in the following areas: air and water pollution, reduction in greenhouse gas emissions, and less use of plastics.

TRANSITIONS IN OUT-OF-HOME CATERING

The out-of-home catering sector feels the expectations arising from the agrifood transition perhaps more keenly than other industry players.

Periods of closures (3 to 5 months) got consumers used to going without this treat that is today more likely to be cut from household budgets.

In more general terms, sector players are still feeling the pressure, with the slow recovery of business travel and/or tourism, and higher price sensitivity. They need to pursue their transformation by combining the best practices of different segments to draw their customers back in.

- More sustainable, higher-quality fast food
- "Smarter," more adaptable restaurant dining


3

SATIS-
FACTION

Conscious choices,
(ful)filling meals

Enjoyment is a key motivator and innovation driver. It determines behaviors and expectations and is also becoming a more complex area. Driven by the satisfaction of a sometimes-sudden craving (even more so given the general feeling of anxiety), consumers will increasingly tend to include the ideas of satisfaction and moral gratification. A subtle balance between satisfaction for the palate and satisfaction for the mind.

ENJOYMENT: A CORE VALUE

71% of respondents expect food to be something they enjoy (+1 pt).

The score is up for the first time in 6 years, as enjoyment had been lagging a little behind health and naturalness.

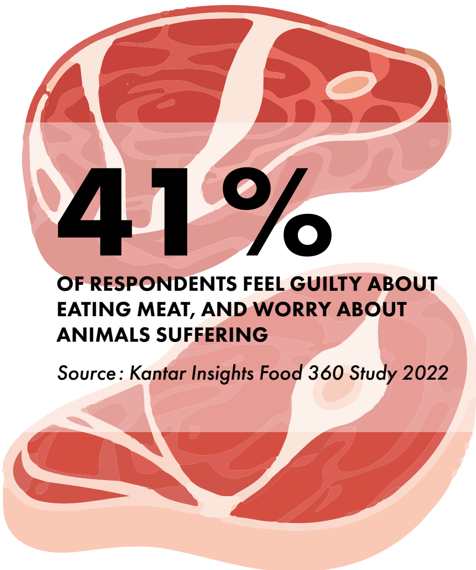
This development highlights, if it needs to be said, that there is a fundamental connection between food and emotions, that food can provide a haven during times of crisis and uncertainty. Not to mention that the possibilities for people to enjoy themselves were narrowed down significantly with blanket restrictions and limitations.

The undisputed position of enjoyment as the number one focus for innovation was also higher during the period, with a slight increase in the score (47.8% of the innovation offer, i.e., nearly one in two innovations).

71%

OF RESPONDENTS EXPECT FOOD TO BE SOMETHING THEY ENJOY

Source : Kantar Insights Food 360 Study 2022



41%

OF RESPONDENTS FEEL GUILTY ABOUT EATING MEAT, AND WORRY ABOUT ANIMALS SUFFERING

Source : Kantar Insights Food 360 Study 2022

11%

OF CONSUMERS FUND NGOs WHOSE GOAL IS TO IMPROVE THE FOOD SYSTEM

Source : Kantar Insights Food 360 Study 2022

"ALL-ENCOMPASSING" ENJOYMENT, FOR EVERYONE

No more sacrifices. Even though consumers are fundamentally different and contradictory, they no longer want to choose between enjoyment and health, or enjoyment and ethics.

The recent period has brought to light fundamental questions about what is truly essential, what the "meaning of life" might be, our relationship with nature, which we know is threatened by how we consume and produce our food.

How can you enjoy what you eat when you know that you are threatening the lives of other beings in the process?

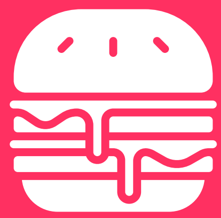
In a world where price sensitivity is making a strong comeback (geopolitical uncertainty, return of inflation, costs of multiple transitions, etc.), the challenge will be to offer "delicious and conscious" food, without having to sacrifice the end of life on the planet to put food on the table.

THE GROWTH OF COMFORT FOOD

4 out of 10 consumers

gave in to the temptation of comfort food over the period, declaring that they consumed a little more food that was slightly too fatty, too salty, or too sweet.

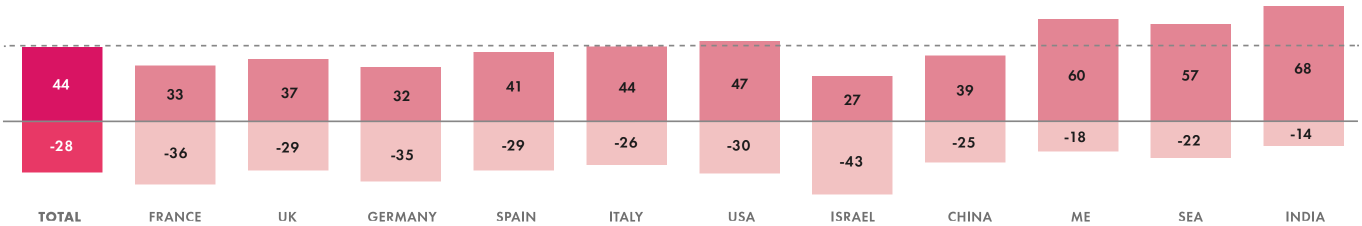
This applied to Southeast Asia, India, and the Middle East especially, whereas China and the West were a little more reasonable.



Many consumers admit having succumbed to more indulgent products during the pandemic

Net Disagree Net Agree

Answers to the statement "I've consumed more indulgent products (even if too sweet/salted/fat) during/since the pandemic", total agree, in %



Source: Kantar Insights Food 360 Study 2022

In the restaurant industry, Maria Bertoch of NPD Group observes that **comfort food is driving recovery.** The fast-food segment suffered least (thanks to online ordering and delivery before and especially during the pandemic) and was able to return to its pre-pandemic level. Enjoyment is still accessible in a context where food spending choices might rule out a restaurant visit (going out for a meal or having food delivered at home). Note that the burger has knocked pizza off the top spot in France as the most consumed product.

ENJOYMENT FOR THE SENSES AND TRAVEL

Exploring new tastes, new textures.
Travel without leaving the table. People's appetite for escapism is clear, at a time when planes were grounded for extended periods and the future of "long-haul" travel still looks uncertain.

On the menu: powerful tastes and original natural ingredients. Two main areas: combinations of unusual ingredients (chocolate with seaweed) and assertive exoticism. In this second niche, two destinations/origins are coming to the fore: Southeast Asia (Japan, Korea) is still a leading inspiration and sub-Saharan Africa is emerging as a taste territory that is yet to be explored. We are seeing more African recipes (chicken mafé) in ready meals (Monoprix).

Restaurants are upping their game too. The heavily mediatized chef Mory Sacko has been creatively mixing African, Japanese, and French influences on the menu at Mosuke since September 2020. His bold moves were rewarded with a Michelin star in January 2021, making Mosuke the first fine dining restaurant to offer African dishes.

Innovation for those with a sweet tooth

Baobab/vanilla, tangerine/yuzu, lavender: there's no stopping the rise in new yogurt flavors. Ice creams and sorbets are leading the pack in taste creativity, with new flavors and textures (champagne/strawberry with sparkling sugar).

THE JOYS OF HOME COOKING

With repeated lockdowns, consumers began reclaiming their homes, a space that provides security, comfort, and pleasure… even though setting up an organized space to work from home was not always easy. With the help of digital tools, consumers reinvested in food either through cooking and baking or going for the easy option of home deliveries.

> «With inflation affecting consumers, food increasingly appears to be one of the rare vectors for affordable enjoyment. This key aspect of food is now, more than ever, a source of innovation.»
>
> Xavier Terlet, **ProtéinesXTC**

Do it yourself
the enjoyment to be found in making and sharing food also has benefits on budgets and health, because home cooking is not processed. But because we not everybody had the time or inclination to cook entire meals from scratch, innovation provided solutions with cooking aids, recipe kits and ready-made preparations for savory pies, for example.

Deliveries
the enjoyment of eating at a "home restaurant" (doing nothing, just sitting at the table at home) has persisted, through the countless home delivery and curbside pickup options. Food service players have been able to adapt to these new needs, with a massive rise in home deliveries that have now become a lasting habit.

56%

OF CONSUMERS ARE COOKING MORE SINCE 2020

Source: Kantar Insights Food 360 Study 2022

7% IN 2021 **VS** **2%** IN 2019

SHARE OF DELIVERY ORDERS IN TOTAL OUT-OF-HOME CATERING ORDERS (VS 2% IN 2019) A SCORE BOOSTED BY THE UK (18%)

Source: NPD CREST panel ®, 2021

Coffee picks up

As cafés have closed and with people working at home (widespread during lockdown and ongoing), there have been some innovative offers to bring a new approach to coffee consumption.

Food gets in the game

JAPAN
An energy gel targeting gamers.
To boost concentration. Fortified with GABA, vitamin A, and three forms of carbohydrate (fructose, glucose, dextrin).

USA
Pizza Hut is putting an augmented reality PacMan game in some of its pizza boxes, playable via a smartphone.

With or without alcohol?

- **Booze-free**
  The non-alcoholic spirits segment is expanding. The promise here is to provide fun and enjoyment for teetotalers, whether it's just for an evening, or part of a lifelong commitment.

- **Hard seltzers: water, fizz, alcohol**
  Promising powerful yet controlled sensations, and available in a range of flavored, low-alcohol sparkling drinks, hard seltzers have already won over many consumers in the United States and the United Kingdom. The French market began developing in 2021 – before bars were reopened. There are some changes in positioning on this offer that is sometimes misunderstood, for example use of the explicit mention "alcoholic sparkling water" to avoid any confusion and spotlighting for natural ingredients.

PARADOXSIAL

RESTAURANTS: THE ONGOING BATTLE TO BALANCE PRICE AND PLEASURE

Despite being more sensitive to price, consumers still have an appetite for enjoyment, and are ready to pay more for a genuine "value proposition".

Just as for the entire food sector, it is not about finding the lowest price possible. The idea of "value for money" is more than ever a powerful lever for satisfaction and, thankfully, some consumers are prepared to pay a premium for high quality dishes (local produce, unique or rare flavors and ingredients) or for an exceptional experience (decor, atmosphere, etc.).

54%

OF EUROPEANS THINK RESTAURANT PRICES HAVE RISEN TOO MUCH* RELATIVE TO THEIR PURCHASING POWER**

*** Even though interviewees understand the reasons for the increases (improvement in quality, increase in raw material prices, wages, fixed costs, etc.)*
*** Source "Uncertainty Study" by NPD Group, April 2022*


4

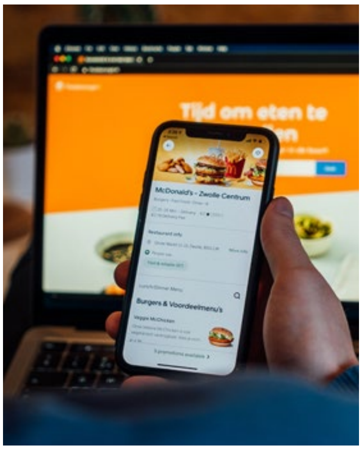
DIGITAL

the digital transformation at your service!

An essential tool in everyday life, digital technology also has a roleto play in every aspect of our relationship with food. Given fresh impetus by the change in habits brought about by the pandemic, it has now become key to helping us eat healthier, safer, and more sustainably, sometimes even making food more fun, and always as tasty as ever. Easier access to products and information, multifunctional coaching… Everything is coming together to help us find new ways of shopping and consuming.

MORE WAYS TO ACCESS PRODUCTS

Confined to their homes, consumers turned to online shopping en masse for their essential household products.
Saving time and maintaining social distancing through home deliveries or click and collect, digital technology maintained our ability to do regular shopping, and all in perfect safety. These advantages gained new and lasting converts, even in the most mature markets like Asia, which is the leader in every category. In Western countries, the market's dynamism was maintained through both innovative services (subscription boxes, meal kits, etc.) and a larger number of ways to access them. This was a particularly noticeable phenomenon in France, where battle raged between sector stalwarts and pure players with competing services (city center and retail park click and collect, new delivery methods in urban environments, etc.).



Podium of digital habits in out-of-home catering in Europe

In the past 6 months

37% have used an app to order meals for delivery or click&collect

32% of Europeans have already made contactless payments for out-of-home catering

30% of Europeans have already scanned a QR code to view a menu

Source: NPD Group BIG 5 "Uncertainty Survey," April 2022

Digital sector unscathed by pandemic

+2,1%

OVERALL GROWTH OF GLOBAL FOOD MARKET IN 2021 vs 2020

+15,8%

GROWTH IN GLOBAL FOOD PRODUCT E-COMMERCE

An ever-growing number of consumers are turning to e-commerce (40%), and using it more frequently, at 10+ times per year (compared to 31.6% of consumers and 6.9 times per year in 2019).

The market's dynamism is underpinned by Asia, which now accounts for 45% of total online sales for consumer products, almost double that of the United States and Western Europe.

The Chinese and Koreans are the biggest fans of e-commerce, with usage rates of 88.8% and 87.1% respectively, while usage rates have levelled out for now at around 35% in Western Europe.

Source: Kantar – Winning Omnichannel 2022

TO BE CONTINUED...
Inflation and e-commerce: the outlook in France

11,3%

OF PURCHASES OF CONSUMER PRODUCTS, DRIVEN BY SHOPPING IN THE GROCERY SECTOR

In France, a country that is, along with the United Kingdom, the European champion of e-commerce, online shopping now accounts for 11.3% of purchases of consumer products, driven by shopping in the grocery sector. After the growth engendered by the pandemic, will these numbers benefit from the inflationary context? Factors at play are tighter budgets and lower spending on fuel.

Source: FEVAD, e-Commerce and Online Shopping Federation

And out-of-home catering is not to be outdone. Across all possible offerings, this is the consumer favorite. With a surging breakthrough into consumer habits, the sector still has plenty of room for growth.

Online orders are booming in out-of-home catering*:

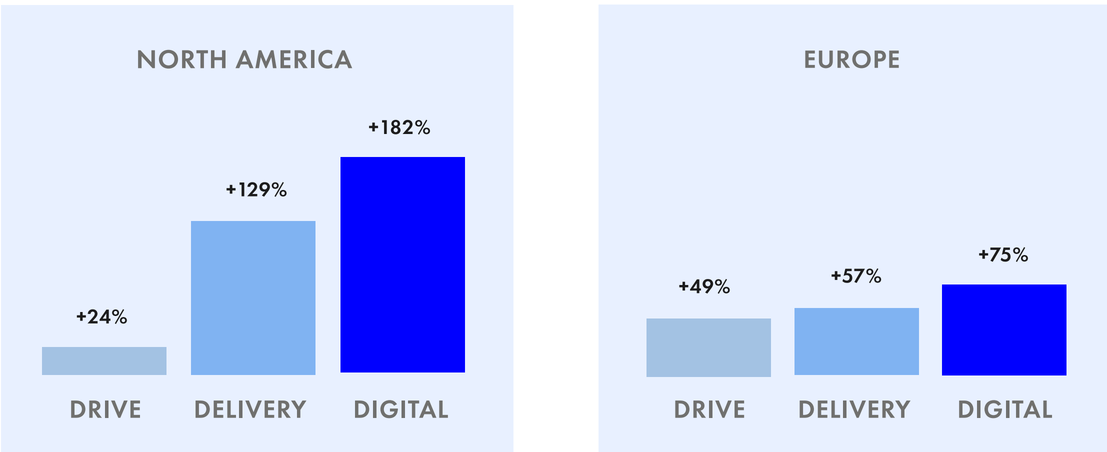
from 2% to 7%

GLOBAL INCREASE IN DIGITAL ORDERS (2019-2021)

**Source: NPD Group, CREST panel ®, 2019–2021*

Commercial catering: digital, drive-thru, and deliveries, the three pillars of growth*

Growth in three channels for accessing commercial catering
(North America and Europe, May 2019-May 2021)



Source: NPD Group, CREST Panel ®, 13 countries, 2021
** Known by the acronym 3D: digital, delivery and drive-thru*
Drive-thru: orders placed and collected via "Drive-thru" service - without leaving the car
Delivery: orders delivered to homes or workplaces, irrespective of how order was placed (phone, online, etc.)
Digital: any order placed using digital technology (order terminals, tablets, internet, apps)

Quick commerce: instant satisfaction, but at what cost?

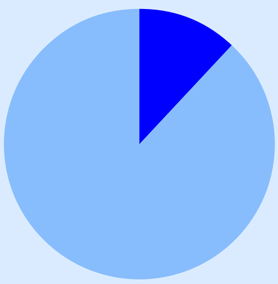
Need to satisfy a craving or find yourself unable to make a recipe due to a missing ingredient? The quick commerce services (Gorillas, Cajoo, Getir, etc.) that are flourishing in major European cities are there to help with your emergency shopping.

In the wake of the consumer habits instilled by the leaders in e-commerce, and inspired by how things are done in Asia, they promise deliveries in a record time of 10 minutes or less. But it's a service that consumers have little desire to pay for. Another sector that was given a boost by the pandemic, it is now natural that the market's growth is slowing down. In light of the required level of investment, the question of profitability is today becoming an urgent one.

The time has come for consolidation. In France, the recent acquisition of Cajoo by Germany's Flink has reduced the number of meaningful players to a handful, and not one of them a national brand: Gorillas, Fink, Gopuff and Getir... the only one to announce a positive balance sheet, and then only just. To counter these pure players, traditional retailers are getting organized. Experts in brand-customer relations, their multichannel phygital model can incorporate a kinder variety of quick commerce. By leveraging the positive perceptions that set them apart, they have the assets they need to overcome the obstacles associated with this kind of retail.

Because other questions are also arising: in the age of CSR, what is the place of local retail? What about the environmental impact of deliveries and the employment status of the delivery staff? What will be the consequences for the urban landscape? The future of quick commerce remains a blank page.

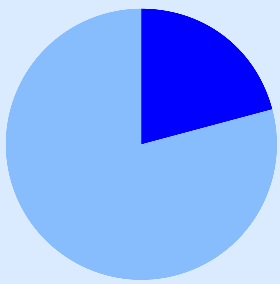
An urban offering that's particularly popular with young people



12%

Quick Commerce market share of groceries delivered to the home

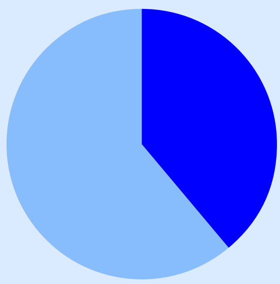
FRANCE



21%

Quick Commerce market share of groceries delivered to the home

PARIS



39%

Quick Commerce market share of groceries delivered to consumers aged under 28

FRANCE

Source: Nielsen IQ on behalf of FEVAD

"Dark" or "Ghost," from kitchen to store

With the explosion in home deliveries, an entire supply chain has been established to satisfy the desires of consumers in their own homes.

In the wake of the *ghost kitchen* (restaurants with no covers or waiting staff that prepare meals for delivery only), it's the turn of *dark stores* to emerge into the (fluorescent) light.

Operated by players in food retail (Whole Foods in the United States, Dia in Spain, and Casino/Monoprix in France), vast warehouses structured like stores are now popping up.

The customers? Players in (ultra) fast deliveries, from Amazon (the traditional leader) through to all the recent challengers in *quick commerce*.

It's in the bag!

Contactless shopping is now here! To use these miniature grocery shops (they occupy units of 15m² to 20m²), consumers will need to download the dedicated app and have access to a contactless payment system or credit/debit card. Contactless shops may provide a remedy to the closure of local shops in outlying areas, but will they be able to convince demographics beyond the digital natives?

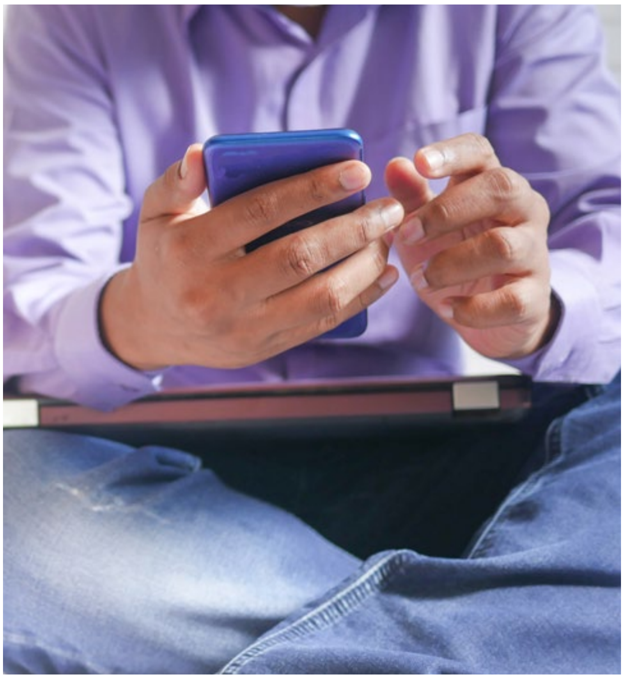
TO BE CONTINUED...
E-engagement

The alternative method to... alternative delivery methods
Collaborative or environmentally friendly, the option of deliveries with a CSR component is becoming a selling point for e-commerce players. Some are already developing models with a positive environmental impact: a lower carbon footprint and compliance with employment rights (Coopcycle), vegetarian meals and "sustainable" procedures for caterers, and clients with no desire to use the leading platforms (Eatic).

Distance and proximity: when digital technology serves local demand
The use of apps and websites dedicated to local shopping and short circuits can no longer be ignored (7% of French web users use them, according to FEVAD). It's another sign of both consumer commitment to local economic circuits... and the agility of sector players.

TRANSPARENCY AND TRACEABILITY, THE DYNAMIC DUO OF INFORMATION

Almost half of those surveyed report actively seeking out information about what they are eating, notably online and via the various apps available for that purpose.



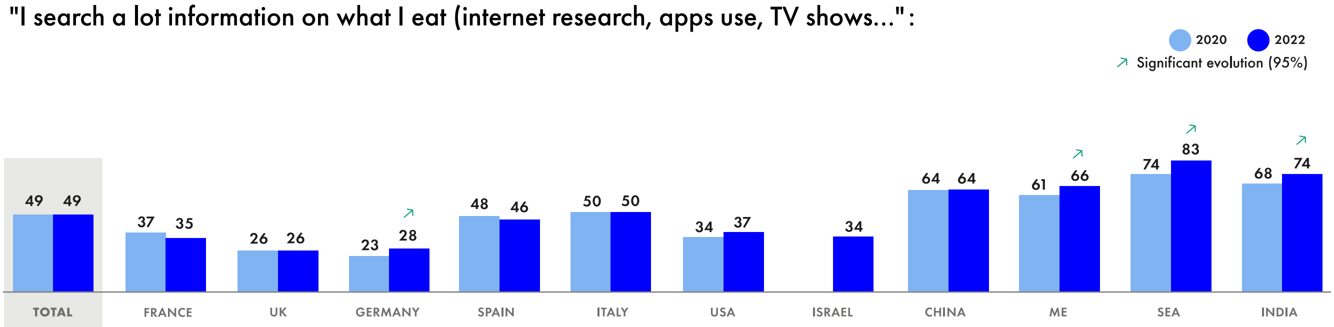
For consumers who are potentially concerned about their health and have a desire to shop sustainably, transparency is the order of the day.

For proof, look only to the success encountered by apps that analyze food labels. This innovative offering no longer focuses solely on the product, but also the information that comes with it, and which is decisive in the consumer's decision to purchase. This is something that brands and retailers understand very clearly. They have adapted by enriching the on-pack information with details of the source, supply, and quality of the ingredients.

In the future, this will mean providing consumers with as much information as possible about the whole supply chain, with production and livestock conditions and compliance with best practices at the forefront.

Consumers seeeking to get informed

"I search a lot information on what I eat (internet research, apps use, TV shows..." :



Source : Kantar Insights Food 360 Study 2022

Food security

20%

OF CONSUMERS THINK THAT THE EFFORTS AGRIFOOD INDUSTRY PLAYERS ARE MAKING WITH REGARD TO TRACEABILITY ARE EFFECTIVE

54%

CAN SEE THAT THEY ARE MAKING AN EFFORT, BUT THINK THAT THERE IS MUCH LEFT TO DO

Source : Kantar Insights Food 360 Study 2022

THE QR CODE ENTERS EVERYDAY LIFE

As an information and communication tool, QR Codes have grown from a niche gadget to an often essential medium. Given a boost by social distancing legislation, QR Codes revived customer relations in a way that closely matched their emotional and rational expectations (storytelling, "augmented" consumer experience, scanning menus in restaurants, product provenance and ingredients).

BLOCKCHAIN, A KEY ASSET IN THE AGRIFOOD TRANSITION?

Consumers are getting informed... and having their doubts about the promises made by industry and sometimes even official certifications.

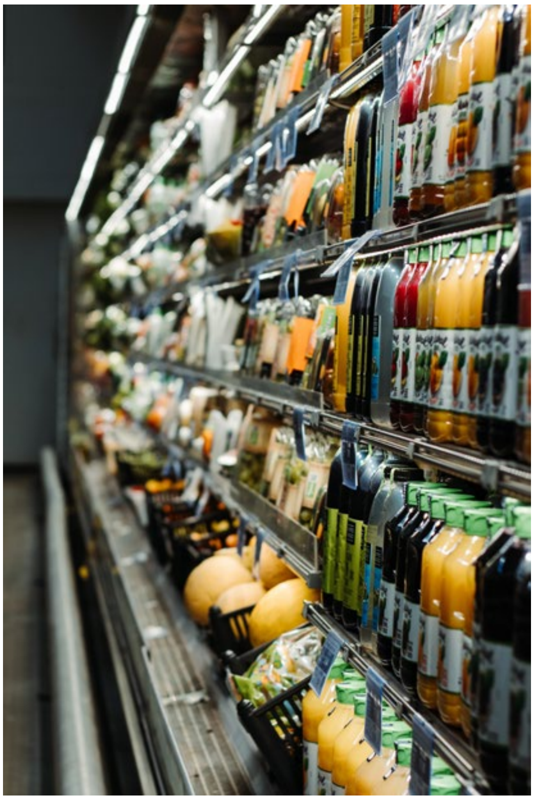
An entire system has been created to reassure them, forcing industry players to back up their promises. Today this is the job of NGOs and apps, but tomorrow it will be the blockchain with its immutable sequencing and unforgeable data that's updated in real time at every stage of a product's life cycle. A true database of the entire transaction history, it is distributed among its various users with no need for a middleman and decentralized, thereby guaranteeing the "chain's" end-to-end authenticity.

Whether they come in the form of QR Codes or dedicated software, digital blockchain solutions are starting to appear. They encompass every primary product category (eggs, milk), and the way is paved for a gradual roll-out to include the most processed products. A vector for accelerating change in the current model, the blockchain may grow into a vital link in the agrifood transition. Industry players committed to responsible practices up- and downstream of supermarket shelves will strive to highlight their actions in total transparency, leaving less and less room for vague details and/or exaggerated promises.

The start-up **Farmer Connect** is releasing an app built on the IBM Blockchain Transparent Supply solution. It extracts information from the encoded database via the blockchain, to which it then applies a standardized format so that it can be used to guarantee traceable origins and product quality.

TO BE CONTINUED...
QR Codes and the blockchain, paving the way for proof as a marketing tool

The Connecting Food app uses a "simple" QR Code to offer consumers a way to learn the source and provenance of a product, how it has been processed and by whom, who distributed the product, and how they did it. At the heart of its offering lies a revolutionary module, Live Audit, which conducts real-time quality audits for the whole production process. It provides industry players with a way to prove their product promises, and to inform consumers about them **in real time.**



Digital technology serving the entire value chain

Today, the digital revolution affects every agrifood industry player, near or far, and from farm to fork, and even our stomachs. From farmers who program their use of inputs on a computer and then distribute them with drones, to consumers on the lookout for new services and finely tailored products, and including industry players rolling out the blockchain and using smart packaging, and retailers who are always looking to push the multichannel retail experience – phygital retail – even further.

TOWARDS TOTALLY PERSONALIZED COACHING

Purchasing guide – fun, healthy, or sustainable (or all three!), cooking tips from chefs and waste-reducing recipes, not to mention personalized nutritional recommendations: there's something for every taste when the food industry is seasoned with digital technology. Smartphones as personal assistants, found everywhere and all the time, catering to your mood or your values.

A FEW ICONIC DIGITAL SERVICES IN FOCUS

FUN

Because eating is also – and most importantly – supposed to be enjoyable, there are apps that help consumers find new experiences.

- A weekly subscription to menus dreamed up and cooked by professional chefs, served in freshly prepared individual portions for a high quality eating-in experience
- Explore the "umami" products to experience the flavors of the moment.
- Drool over interactive menus with augmented reality views of dishes (3D, 360°, etc.)... How long until we have Smellovision?

HEALTHY

Eating better, we're all on board...
but what is there to eat? Many nutritional coaching and scoring apps now exist.

- The English-speaking world is focusing on gut health, with apps that deliver recommendations based on analysis of your microbiome.
- In France, in addition to the Nutri-Score label, the Nutriperso program developed by the INC and CREDOC helps consumers identify the products that meet their nutritional needs by age and gender. A personal nutritional score based on a scale calculated using the average portions as they are actually eaten nationwide.

SUSTAINABLE SHOPPING

Doing their bit for the zero-waste movement with clever apps that are winning over new converts in the space where sustainable habits meet tighter budgets.

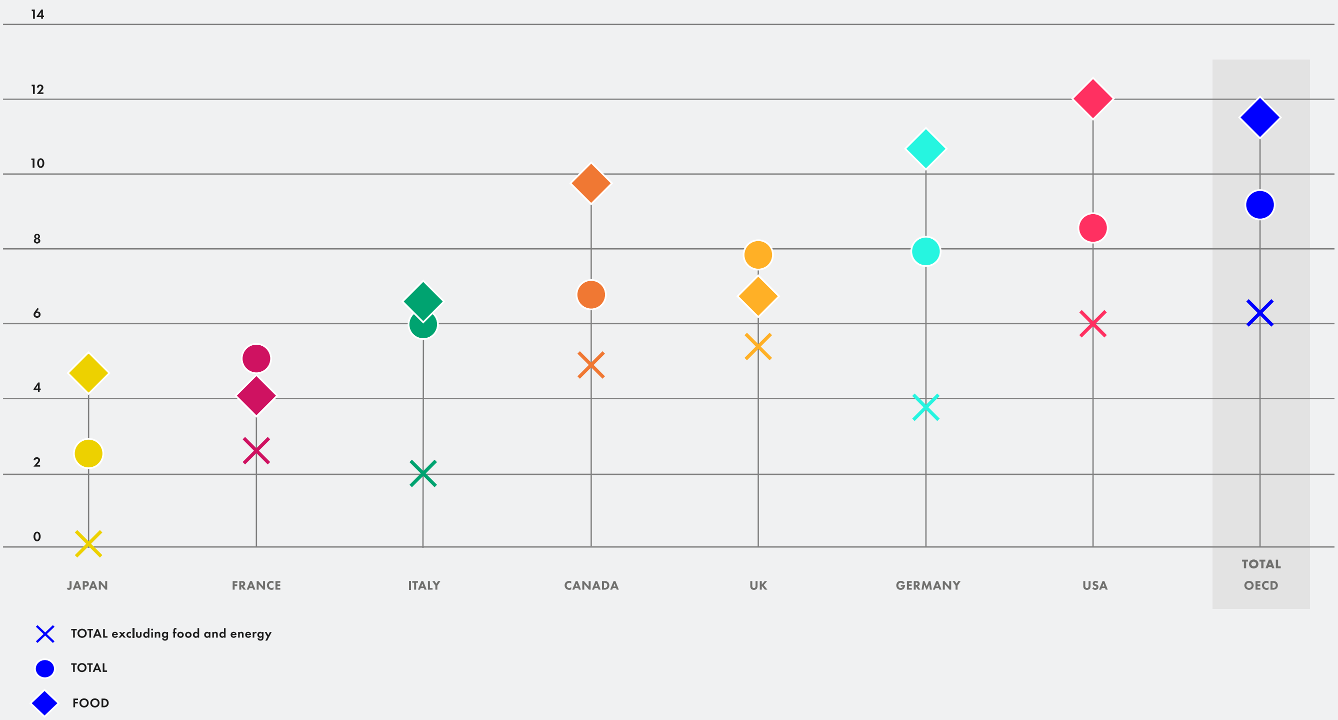
- Manage your budget and your store cupboard.
  On the menu: recipes to make the best use of leftovers, storage advice, from automatic reminders of product expiry dates to ways to consume them.
- Pitched as the ultimate convergence of good intentions and right action, apps now exist that let consumers "rescue" unsold goods from local stores.

FOCUS

PRESSURE FROM AN UNPRECEDENTED CRISIS

Given intensifying climate change, the recent geopolitical crisis combined with a health crisis that just won't budge, the global economy is under the threat of a general slowdown. Soaring prices for raw materials and most unprocessed food, difficulties with food supply are weighing on the industry and bringing inflation to levels that have not been seen for years (40 years in France and the United States).

Soaring inflation on food prices
OECD inflation (total / food / total excluding food and energy) – growth rate in May 2022 vs reference year 2011)



Source : OECD

PURCHASING POWER AT THE TOP OF PEOPLES' MINDS

In this context, concern over purchasing power and the price of products thunders back into view, dethroning for an indefinite period the priority driver of health and environmental concerns.

The divide, which appeared at the time of the health crisis, is intensifying between people who are seeing their purchasing power take a sharp tumble, and others who are still comfortable.

In June 2022, more than 60% of Europeans (and almost 90% of Germans)* have already noticed price increases on food. While most consumers can manage their current expenses, a growing number is struggling more than last year.

New trade-offs and purchasing strategies will be required. Food budgets are set to skyrocket for more and more people, along with the cost of living across the board. Prices will be proportionally higher for private labels and entry-level brands.

Source: Kantar Global Issues Barometer, Wave 2, June 2022

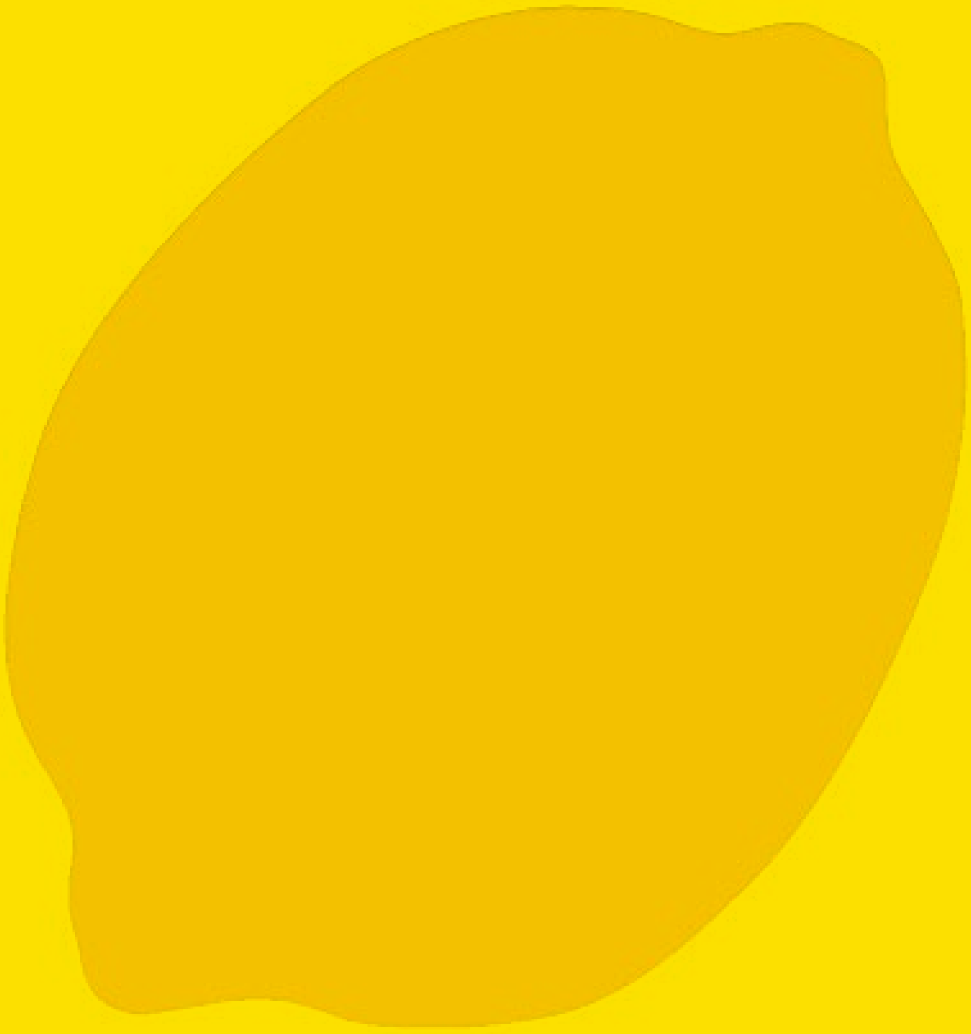
VALUE PROPOSITIONS: THE KEY TO THE OFFER

Value for money, or excessively expensive?
While awaiting product benefits that correspond to the requirement "good for me, good for the planet!" and worrying about declining purchasing power, consumers will be increasingly attentive to value for money in the food offer. In other words, and getting back to the challenges of the food transition, they will question their choices more and more about what brands and retailers are really doing to allow them to consume better.

**Source : Kantar Insights Food 360 Study 2022*

Are "good" products an inherent human right?

Admittedly, 61% of people are in the other category (they are willing to pay more), but this two-point increase suggests that there is growing concern about value for money and that the current crisis is not about to abate.



IN FOCUS

CONSUMER EXPECTATIONS
KANTAR

AGRIFOOD INNOVATION
PROTÉINESXTC

OUT-OF-HOME CATERING
NPD GROUP

STUDY

KANTAR

CONSUMER EXPECTATIONS

METHODOLOGY
These results come from **the international Kantar Food 360 Study**, carried out online in partnership with SIAL Paris every two years since 2012.

It covers 11 countries/areas: France, the United Kingdom, Spain, Germany, Italy, India, USA, China, Middle Eastern countries, Southeast Asia (Indonesia and Malaysia) and Israel (new in 2022).

The study was conducted before the conflict broke out in Ukraine, which had severe consequences on the world economy (return of inflation and specifically on raw materials, energy, and food).

63%

OF THE PEOPLE QUESTIONED AROUND THE WORLD BELIEVE THAT CHOOSING THE RIGHT FOOD IS A COMMITMENT TO SOCIETY: IT IS A CHOICE ABOUT THE WORLD IN WHICH WE WANT TO LIVE.

CHANGE IS STILL HAPPENING

Just like in 2020, 7 out of 10 consumers have changed their eating habits. The shift that was already underway in European countries is spreading to Asia, the Middle East, and the United States.

The main levers for change

EAT BETTER, SACRIFICE NOTHING

The time spent in lockdown does not seem to have called into question either consumers' awareness or the fundamental expectations that were emerging clearly two years ago. Seven out of 10 still seek out healthy products with no additives. Attention to ingredients and composition is standing firm, and consumers expect simple, natural products.
Six out of 10 consumers still believe that eating is a social commitment, a state of mind which encourages them to consume a "reasonable" diet, both in terms of health benefits and environmental impact. Reducing packaging continues to be a constant concern and a product's carbon footprint is on its way to becoming a key purchase criterion.

But consumers are not willing to uphold these expectations at the expense of enjoyment, quite the opposite. During these trying times, food is taken seriously. And eating for enjoyment has become even more necessary. Three to five consumers out of 10 in Europe and up to six or seven out of 10 in Asia have said they have treated themselves more during and since the pandemic with gourmet and comforting products – perhaps those with a little too much fat, sugar, or salt.

ENJOYMENT

71% VS 69% (IN 2020)

Sometimes I treat myself to a few luxuries

NATURALNESS

72% VS 73%

I prefer to buy products with no coloring or preservatives, or 100% natural products

HEALTH

70% VS 71%

I prefer simple, not overly processed food that I am sure contains no potentially harmful ingredients

ENVIRONMENT

59% VS 58%

I prefer to buy products with a low environmental impact or a low carbon footprint

LOCAL

68% VS 67%

I prefer to buy food that grows nearby or not too far away

PARADOXSIAL

PUTTING THEIR MONEY WHERE THEIR MOUTH IS

Even though more than 6 out of 10 consumers are prepared to pay more to eat better (healthier, safer, more sustainably), a growing number of people are not prepared to part with their hard-earned cash (+2 pts at 14%).

This significant minority was on the rise before the current crisis and may well be set to grow further if food prices increase in the long term.

+2pts

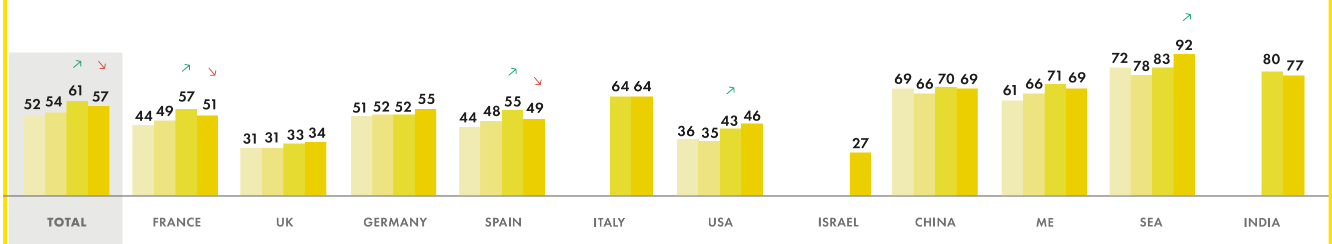
PERCENTAGE OF CONSUMERS UNWILLING TO PAY MORE TO EAT BETTER

Organic food that had generated some craze in 2020 is now losing in popularity especially in France and Spain

"When I have the chance, I eat organically farmed food", total agree, in %

2016 2018 2020 2022

↗ ↘ Significant evolution (95%)



**Source : Kantar Insights Food 360 Study 2022*

Organic is reaching a plateau.
Synonymous with healthy and virtuous food from an environmental point of view, organic reached its popularity peak in 2020, especially in Spain and France.
Could it be a price issue?

MYSELF BEFORE THE ENVIRONMENT, HEALTH AS THE MAIN LEVER FOR CHANGE

As in 2020, more than **70% of consumers believe they have changed their eating habits over the past two years,** mainly by switching to healthier foods.

People eat better to feel better, but 7 out of 10 consumers still believe that food can be a health risk.

Concern is waning slightly in Europe* but there has been an upturn in this area in China (+9 pts with 88%).

**Survey carried out before Ferrero and Nestlé product recalls.*

Holistic or functional

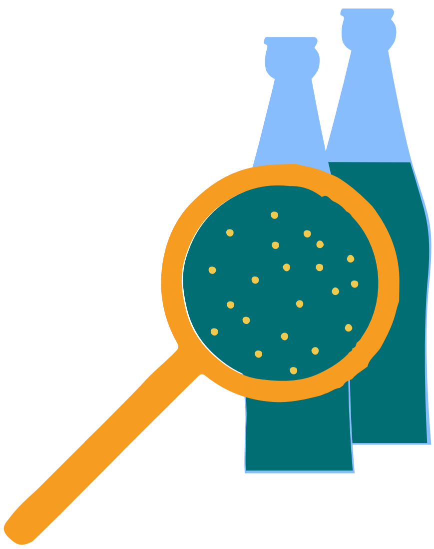
You are what you eat.
But consumers also opt for "functional" foods, depending on the circumstances.
Since the pandemic, two thirds now choose products or ingredients designed to boost immunity.

56%

OF RESPONDENTS SAY THEY COOK MORE

A beneficial return to home cooking

During the series of lockdowns, most people rediscovered the joys and benefits of "home cooking". This change brings a string of benefits: enjoyment and health with people taking pleasure in cooking and consuming fewer processed products... not to mention the lower cost, which is a point that looks ripe for a new increase soon.



Informed consumers are buying better

Nearly one in two consumers search actively for information about what they eat, but the number is lower overall in Europe, where food safety is theoretically guaranteed.

MORE RESPONSIBLE CONSUMERS MAKING MORE RESPONSIBLE PURCHASES

The big shift in eating behavior (in terms of health, local, attention to ingredients and ecology) seems to have taken place in 2018-2020 in Europe, because consumers now seem to have matured, and figures reached a plateau. In Asia however, (especially China, where health and environmental concerns are increasing sharply) and Middle Eastern countries are recruiting new eco-consumers.

A growing trend?

71%
OF PEOPLE SAY THEY HAVE MADE CHANGES TO THEIR DIET

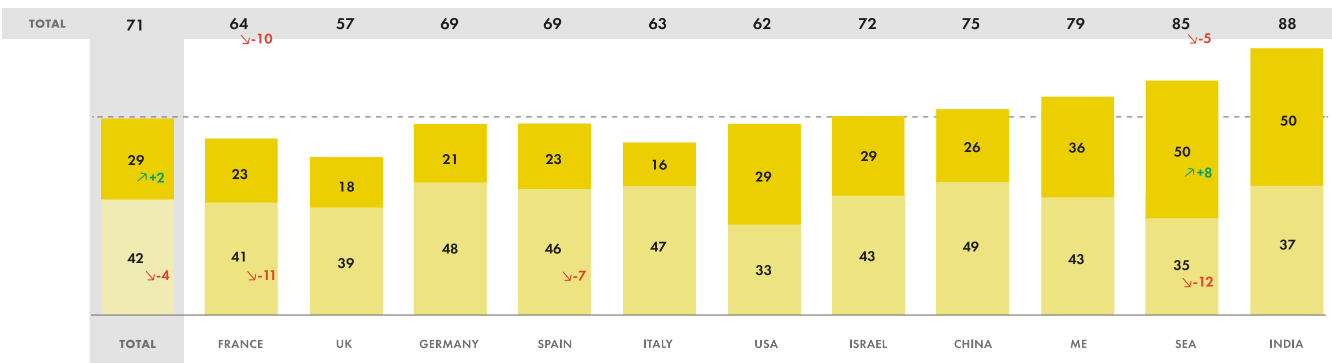
+2pts to 29%
THE PROPORTION OF PEOPLE WHO THINK THAT THEY HAVE CHANGED A LOT IS ON THE RISE...

-4pts to 42%
...WHILE THE NUMBER OF PEOPLE WHO SAY THEY HAVE MADE MODERATE CHANGES IS DIPPING

Generally, consumers are still "on the road to change". Differences by country: the change is slowing slightly in France but growing in Italy, USA and SEA

« Level of change in food consumption or purchase compared to 2 years ago? - In % »

A lot A bit
↗ ↘ Significant evolution (95%)



1 out of 3 consumers

HAVE MADE AT LEAST ONE RADICAL CHANGE IN BEHAVIOR OR HAVE DECIDED TO BOYCOTT CERTAIN BRANDS OR FOOD PRODUCTS.

Variable changes, in terms of intensity and geography

France is slowing in terms of consumption changes related to health, attention to ingredients and local/seasonal sourcing. New habits are being established, with an offer that has evolved accordingly. The momentum of change for environmental issues is upheld (buying in bulk, reducing plastic and boycotting brands involved in environmental controversies).

Italy, a country whose population is already among the most environmentally aware, is the only European country in which change is accelerating vs. 2020, towards stronger ecological commitment (boycott of plastic) and ethics (interest in fair trade products).

In Spain, a country where health and ecology trends were also well established, there has been a clear slowdown in attention paid to health and naturalness, which is probably explained by the economic and social situation, and by high inflation.

In the United States, one of the countries furthest behind in terms of environmental engagement (along with the United Kingdom), consumer change is accelerating on health/diet, attention to ingredients (strong distribution of food scanning apps in early 2022) and the environment.

In China, we are seeing a real turning point with consumers showing more commitment to health, ecology, and ethics. This change comes alongside growing concern about pollution and the impact of food on health.

A NEW DIET ON THE MENU

More and more consumers are reducing how much animal protein they consume.
While vegetarian or flexitarian diets used to be the prerogative of militant consumers, these are now appealing to regular consumers too.

Why? Perhaps fitness, but above all a feeling that they are contributing to a positive paradigm shift (climate, with the reduction of greenhouse gases, ethics, with animal welfare).

Animal welfare, a growing concern

+ than 4 out of 10 consumers

(41%) FEEL GUILTY ABOUT EATING MEAT, CITING THEIR REASON AS ANIMAL SUFFERING. THIS FIGURE IS LESS THAN 1 IN 4 IN FRANCE (37%) AND SPAIN (32%)

A move towards a flexitarian diet?

+4pts to 39%

NEARLY ONE IN FOUR CONSUMERS HAVE REDUCED THEIR CONSUMPTION OF ANIMAL PROTEIN OR HAVE BEGUN EATING A FLEXITARIAN DIET (THE INCREASE IS PARTICULARLY MARKED IN GERMANY, SPAIN, AND ITALY)

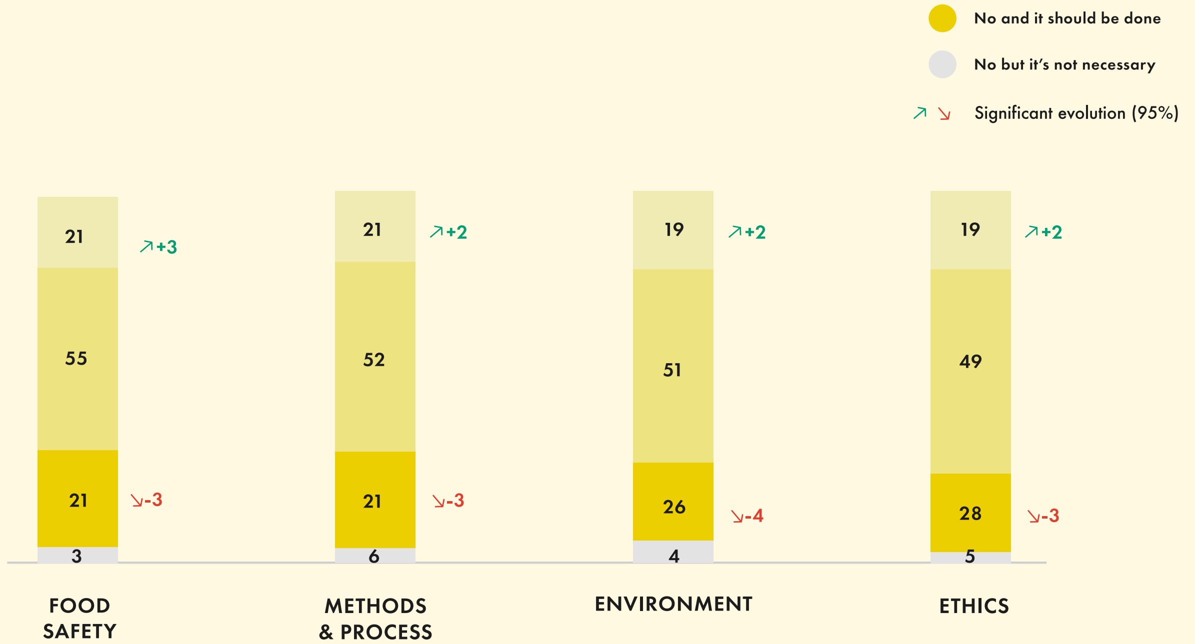
Consumers continue to reduce their consumption of animal proteins, espacially in Italy, Spain and Germany - also a means to reduce food budget

	TOTAL	FRANCE	UK	GERMANY	SPAIN	ITALY	USA	ISRAEL	CHINA	ME	SEA	INDIA
At least reducing animal proteins or flexitarian	39 ↗+4	34	24	38 ↗+10	43 ↗+7	55 ↗+15	24	23	40	46 ↗+8	50	53 ↗+7
Reducing animal protein in your diet, without being vegetarian or vegan	25 ↗+4	20	15	22 ↗+8	32	41 ↗+11	15	13	25	27	34	37
Having a flexitarian diet (limited consumption of animal flesh)	22 ↗+4	20	13	22	20	27 ↗+9	13	15	22	27	31	29

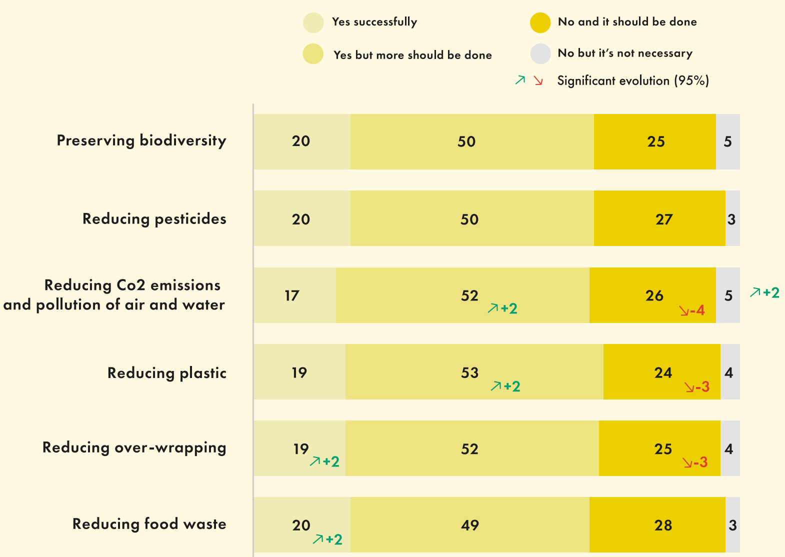
HOW ARE FOOD PLAYERS PERCEIVED?

More than 8 out of 10 consumers recognize that efforts have been made by the food industry over the last two years to improve the overall quality of food. In France and the United States, which are major agricultural powers, the efforts of farmers and breeders are particularly valued. The pandemic highlighted their essential role.

Have actions been taken by food industry players to improve food quality?



But consumers expect even more initiatives from the entire industry on two hot topics. Much remains to be done about environmental pollution: carbon footprints and plastic reduction.



A fair and justified price

With current disruptions in supply, as well as rising inflation, the response to these global expectations for health/naturalness/enjoyment/responsibility must be accessible to as many people as possible.
It is the responsibility of players to offer "better" food at the right price, avoiding excessive promises, which is the ultimate criterion for consumer acceptance.

Protéines XTC
creative scientists & brand activists

AGRIFOOD INNOVATION

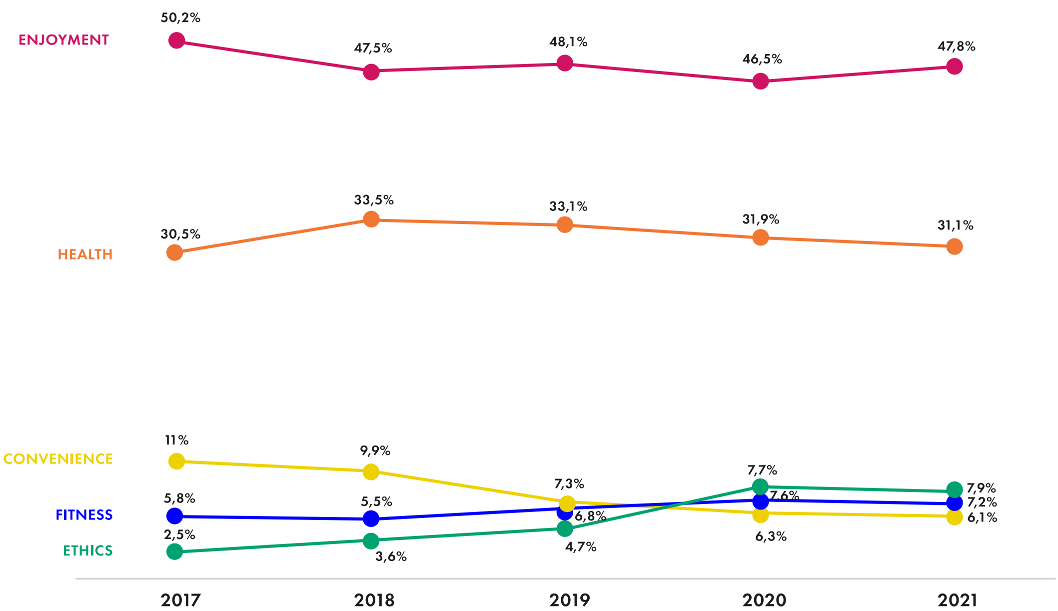
METHODOLOGY
These results are taken from the Baromètre Mondial de l'innovation (global innovation barometer) conducted each year by ProteinesXTC. The 2022 edition lists and analyzes all the innovations in mass market food consumption that were launched around the world from January 2021 to December 2021 and recorded in the Inspire database which lists and analyzes all worldwide food innovations. These innovative products, which are designed by manufacturers and distributors around the world, respond to identifiable and documented issues. ProteinesXTC segments them using its Arbre des tendances (or trend tree, a matrix segmentation developed by ProteinesXTC to connect innovative responses by manufacturers to consumers' fundamental expectations).

More information: www.proteinesxtc.com

INNOVATION DRIVERS IN THE GLOBAL FOOD INDUSTRY

Representing consumers' general expectations, **five main trends** influence food innovation on the industrial side: **enjoyment, health, convenience, fitness, ethics.**

Innovation overview - Global agrifood totals



In 2021, enjoyment and health were still the two main levers for innovation. Ethics has been growing steadily for five years.

Ethics ↗

SOLIDARITY ↗
ECOLOGY ↗

Featuring only marginally, even practically non-existent 10 years ago, the issue of **ethics** is gaining ground everywhere and now ranks third in terms of worldwide innovation.
It accounts for almost 8 out of 100 innovations (7.9%).
It is mainly driven by the issue of environmental ecology, which is gradually becoming more and more important to consumers.

Convenience ↘

PRODUCT HANDLING ↘
NOMADISM ↘
TIME SAVING ↘

The downward trend continues in this area of innovation, which was still essential in the early 2000s. Its current percentage (6.1%) is the lowest recorded for more than 15 years.
Convenience in food has in fact become a prerequisite, with low differentiation value. With consumers rediscovering an appetite for making things at home, saving time is still a potential lever.
But overall there have been no major innovations for a long time. This area is ripe for reinvention. Digital technology is now opening up new possibilities.

Fitness ↗

WEIGHT-LOSS =
WELL-BEING AND ENERGY ↗
COSMETIC ↘

Competing for third place alongside ethics in 2021, the "**fitness**" trend, which is down slightly, now occupies fourth place and accounts for 7.2% of global innovations. Previously bolstered by weight-loss, the dynamics of which are generally declining, "fitness" innovations focus mainly on promises regarding "energy and well-being".

Health ↗

NATURALNESS ↘
MEDICAL ↘
PLANT-BASED ↗

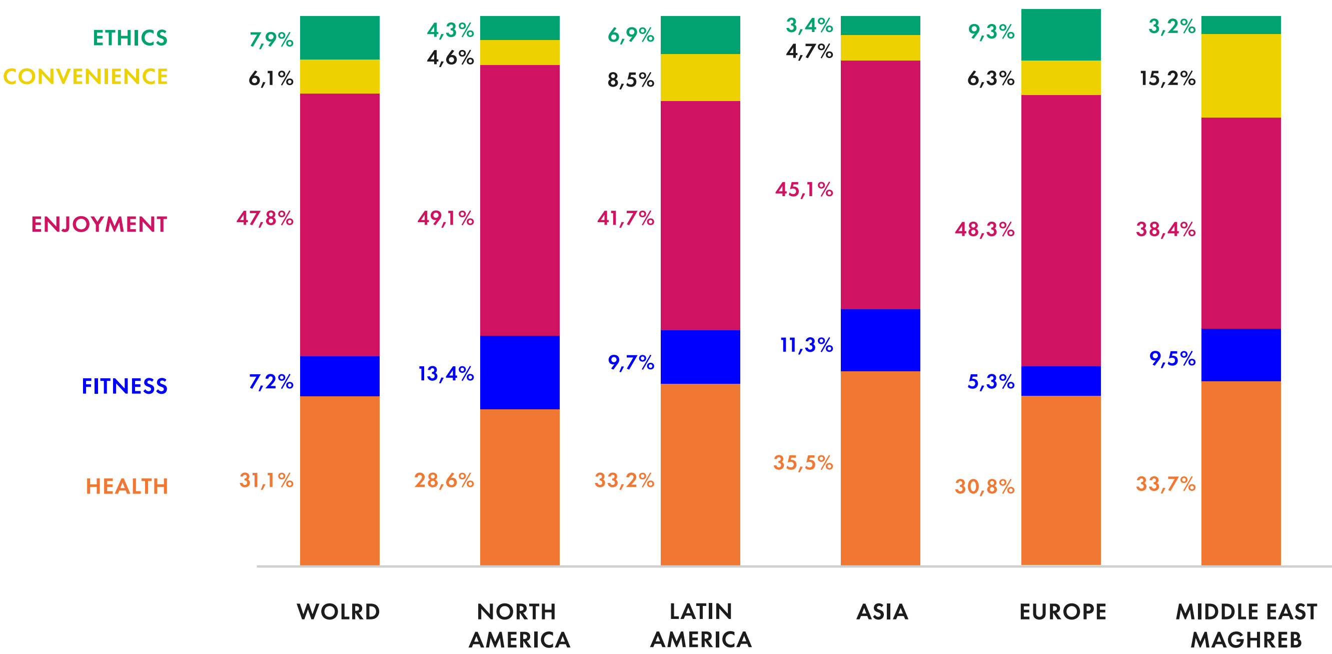
Health maintains its position as the second trend in global food innovation with the dynamic growth of plant-based foods.Innovations making this promise account for almost one in three (31.1%).
After rising sharply since the 2000s, it is now stabilizing (-0.8 pts in 2021).
The saturation of supply in the niche of naturalness explains this decrease.

Enjoyment ↘

EXOTICISM ↘
SOPHISTICATION ↘
SENSORY VARIATION ↗
FUN ↘

Enjoyment is still the main innovation trend within the global food industry, covering nearly half of all innovations (47.8%). Its share is even up slightly due to the proliferation of "comfort food" offers during the pandemic.

Innovation trends by zone:



Health

The health trend is relatively even throughout the world, with **a slightly greater share in Asia.** Medical benefits encourage health innovations in the **two Americas and Asia**, ahead of plant-based foods and naturalness. This hierarchy is completely reversed in Europe (stricter regulations on medical claims in food).

Enjoyment

Enjoyment ranks first in food innovation on all continents, mainly supported by sensory variation. The increase is particularly remarkable in North America (+4.1 pts) with the boom in hard seltzers and in Europe (+1.8 pts), and an increase in the comfort food offer during the pandemic.

Fitness

The fitness category, which is minor in Europe, is **high in other regions of the world**, especially **North America** (11.4%) through benefits on **energy and well-being** and still on **slimming** in Asia (11.3%) through cosmetic benefits.

Ethics

The rise in consumer interest in ethics is driven by Europe (nearly one innovation out of 10 in 2021), **followed by Latin America.** Note that **France is the European country where ethics is expressed the most** (12.3% of the innovative offer), driven by the levers of "ecology" and "solidarity", which are slightly up. The trend is weakly represented in the Middle East/Maghreb (3.2%), though that looks to be on the rise.

Convenience

Convenience, the last axis for innovation on all continents, is still high **in Latin America** (8.5%) and the Middle East/Maghreb where it ranks third (15.2%). In both cases, innovations apply mainly to benefits on product handling.

Trio of the most innovative categories in 2021:

1. ALCOHOL -FREE DRINKS

9,1% VS 8,1% in 2020

2. SAVORY FROZEN FOODS

6,9% VS 6,2% in 2020

3. DAIRY

5,8% VS 6,1% IN 2020

A certain stability can be observed from one year to the next.
The top categories in 2021 are the same as in 2020.

The ProteinesXTC analysis reveals the strong backbone behind global food innovation.

HEALTH IS STILL A KEY SELLING POINT

This fundamental benefit is mostly justified by **simple and natural compositions** and the absence of harmful ingredients (clean labeling). There is a **preventive and holistic vision** of health, which does not exclude enjoyment, quite the opposite. If sugar content is reduced, there is the promise of a more intense taste.

The holistic vision of health might be part of a **personalized approach** to nutrition and wellness needs, with **products** that are resolutely **functional** (immune system boosters – which the pandemic took to a whole new level – digestive health, etc.).

THE ECO-RESPONSIBLE WAVE

Alongside organic, which has long promised eco-responsibility and has now reached a plateau, shelves are packed with **eco-responsible offers. Proximity** (local and seasonal products) and **zero-waste** (in terms of packaging and the product itself) are the key selling points here, with upcycling making an appearance.

Plant-based alternatives to animal protein are increasing, with various offers and maturity levels. **Behind ultra-fresh dairy and meat**, the most buoyant market, consumers are beginning to invest in **cheese** and fish.

Beyond that, the search for eco-responsibility drives **specific "CSR" arguments** that match new consumer concerns. **Carbon footprint and animal welfare** jostle for space alongside fair pay for producers.

On a more emotional and narrative register, there are references to **"original" nature,** imbued with the promotion of a balanced agricultural model – regenerative agriculture – or in a more occasionally (anecdotal?) with "foraging", the addition **of wild ingredients.**

A NEW TASTE FOR ENJOYMENT

An essential pre-requisite, enjoyment is part of a **healthier and more balanced relationship with food,** even though comfort food did relish a comeback in the anxiety-wrought Covid-19 period.

It continues to take the spotlight in **sensory variation and exoticism. Sub-Saharan Africa** is a new culinary and gustatory frontier, while **the Far East** (Japan, Korea) is a strong influence, with further exploration into flavors and recipes.

Note that exoticism is a clear winner in the **sweet products and desserts** category, the ultimate enjoyment foods.

Unusual **tastes** make an appearance, which are often strong, **powerful** and **potentially divisive.**

GREATER CONVENIENCE WITH DIGITAL

More than the product itself, digital is a vector of innovation to serve consumers, and that trend has been accelerated by the pandemic. It is developing in several categories, and helping to revamp the idea of convenience, which is losing ground.

PRODUCT ACCESS: whether in terms of in-store or restaurant experience and payment methods, product access (click and delivery or click and collect), online retail with partially or fully automated stores (pocket or "box" grocery stores), the distribution revolution has only just begun.

INFORMATION AND ASSISTANCE WITH SELECTION:
digital changes people's relationships with products by giving more power to the consumer through the information brought to their attention. Beyond the lowly QR code, which has become more of a vector for communication than information, the **scoring** systems developed by **trusted third parties** are enjoying strong growth. Ingredients, nutrition, carbon footprint: vigilant consumers who care about making the right choices now have more and more tools to hand.
These new developments focus on **blockchain,** a tool that sets all transactions and operations in stone, stage by stage (or block by block). This secure system provides a new framework which will leave little room for error or opaque information on all **production model** issues.

PERSONALIZATION: whether in the form of culinary advice, tips and tricks on reducing waste, and nutritional coaching, digital is the ultimate personalization tool. Some recent offers go so far as to analyze your gut microbiota to suggest changes you might make in your diet!

STUDY

OUT-OF-HOME CATERING

METHODOLOGY
NPD data taken from three:

- **CREST panel/13 countries:** Australia, Brazil, Canada, China, France, Germany, Italy, Japan, Korea, Russia, Spain, United States, United Kingdom (2019-2021)
- **Study:** COVID 19 - Food Service Sentiment EU BIG 6 (France, Germany, Italy, Russia, Spain, United Kingdom)
- **Study:** Uncertainty Survey, EU - BIG 5 (France, Germany, Italy, Spain, United Kingdom), April 2022

WHAT DOES IT COVER?
The out-of-home catering studied in the CREST panel includes the following channels:

- **Table service catering** (cafés/bars/brasseries, themed and non-themed catering, cafeterias) or "Full-service restaurants".
- **Fast food** (fast-food restaurants, take-out/delivery, sandwich shops, bakeries, caterers, supermarkets) or "Quick service restaurants".
- **Catering in transport and leisure facilities** (museums, amusement parks, etc.).
- **Collective catering** (staff canteens in offices or factories, self-managed or concessions)
- **Automated retail**

A DOWNTRODDEN SECTOR WITH MANY CLOUDS ON THE HORIZON

In late 2021, the out-of-home catering market was still trying to manage the effects of the pandemic (stuttering recovery, labor shortages, supply issues).
The slow recovery of personal and business travel and the cancellation of many public events only serve to darken the picture. And the impact of the conflict in Ukraine does not paint an encouraging outlook.
Out-of-home catering finds itself stuck between unprecedented price increases and a moribund potential for recovery: a trend of consumers making do without going out to eat since the pandemic, entrenched by low public mood and reduced household spending power.

*A sector that has (still) not returned to its 2019 level**

spending ↘ **-11%**

patronage ↘ **-14%**

average spend per visit ↗ **+4%**
(this increase goes some way to mitigating the low level patronage)

Source: Out-of-home catering: NPD Group – Global Restaurant Performance (CREST ® consumer panel) 2021 compared to 2019

*Catering in Europe strongly impacted**

4.5 months: average duration of restaurant closure (full service) in Europe in 2021

spending ↘ **-29%**

patronage ↘ **-28%**

**Cumulative CREST study results France, Germany, Italy, Spain, United Kingdom.*

European consumers are more pessimistic about the outlook for their financial situation:*

36%
THINK IT WILL GET WORSE
vs 15%

40%
THINK IT WILL REMAIN THE SAME
vs 53%

21%
THINK IT WILL GET BETTER
vs 29%

**April 2022 vs May 2021*

*Price sensitivity becomes more acute in out-of-home catering**

78%

believe that prices in restaurants increased since last year (including 24% who believe they have increased a lot.)

55%

think that these price increases will have an effect on their out-of-home dining habits.

**April 2022*

And still the same concerns linked to the pandemic

Restaurants have adapted to public health measures, notably through the widespread use of QR Code menus and contactless payments, but consumers are still hesitant.

32% vs 43%

"I'd rather wait a bit before going out to restaurants, even if they are open"

40% vs 34%

European consumers think that they are at risk of contracting the COVID-19 virus in restaurants

**April 2022 vs Mai 2021 on a panel of European consumers*

World in focus

In Korea, a country where the average age is constantly, and rapidly, rising, consumers are reluctant to head back out to restaurants.

EUROPE IN FOCUS
FAST FOOD* (LOGICALLY) SUFFERED LESS, AND HAS NOW RETURNED TO PRE-PANDEMIC LEVELS

Kept afloat by take-out sales, fast food (as defined in this document) has weathered the pandemic well and total expenditure was back at 2019 levels in the first quarter of 2022.
This is down to a number of factors:

Widespread use of "contactless" service
Many industry players who had not previously offered such services moved into the click and collect and click and delivery spaces, and have since retained these services.

The weighting of major chains and their finely tailored model
Ordering platforms, drive-thru and delivery services... the DNA of catering chains have made them the heroes of the evolution that's underway.

Recruiting new targets
Although young people make up most users of online ordering services, and even plan on using this purchasing method more, the 55+ age group are becoming the newest converts. It is true that they have been returning to restaurants since 2021, but they have also underpinned the growth in out-of-home fast food through their uptake by ordering online for both delivery and "click and collect".

**fast food restaurants, takeaway/deliveries, sandwich shops, bakeries, delis, supermarkets*

Young people have an appetite for digital (Europe)

"I plan on ordering more meals online in the next few months" (Dec. 21)

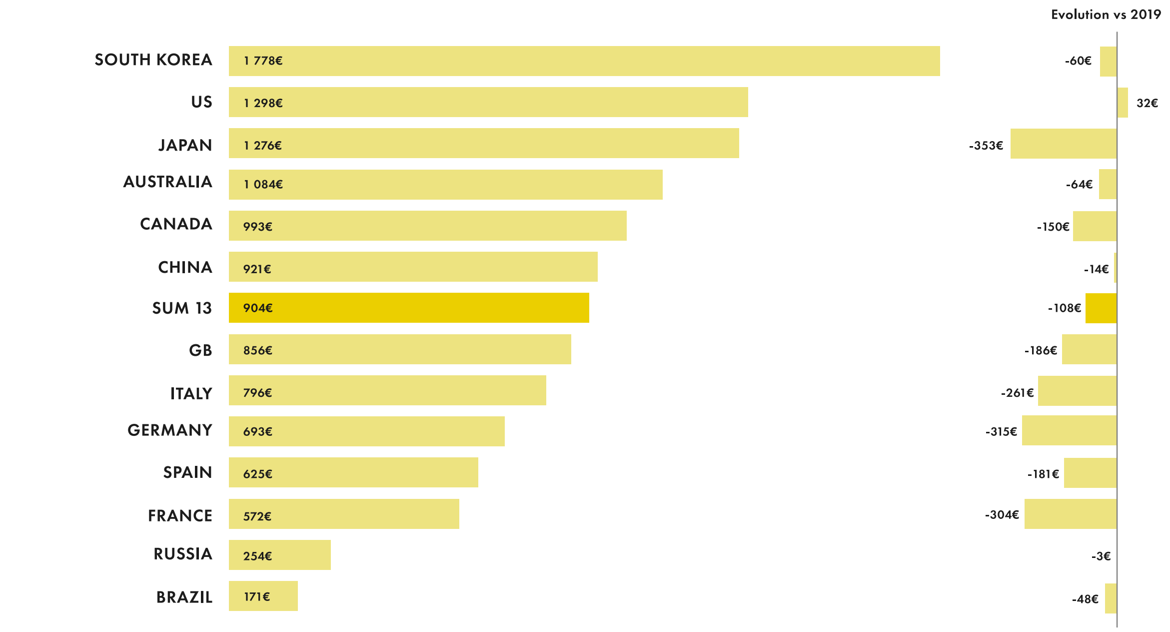
22%
FOR AGE 18-34

18%
FOR AGE 35-54

7%
FOR AGE 55+

The United Kingdom is leading the pack for online orders (18% of total orders for the out-of-home catering market), while **Germany** has become a convert since the pandemic (8% in 2022 vs. 2.5% in 2016!)

Spend per Capita 2021 and change vs 2019



Source: NPD Group – Global Restaurant Performance (CREST® consumer panel) 2021 vs 2019

The United States, leaders in recovery... and the take-out offer

Not having undergone a federal lockdown, the United States is returning to pre-health crisis levels for its out-of-home catering spending, which is focused on take-out sales for food that is ultimately consumed at home. Fast-food chains are supporting the movement, by diversifying access and the service environment of the take-out offer (modernization of the Pizza Hut drive-thru, "The Hut Lane", intended to streamline the "collect" phase).

STRATEGIC CONSUMERS

The pandemic highlighted the non-essential nature of out-of-home catering and consumers have gotten used to going without it.

But retaining this simple pleasure is still vital to many consumers, in a context where there are fewer opportunities to get together and social connections have been frayed. Consumers have **adopted a number of strategies** to counter the loss of spending power: eating out less frequently, looking for low prices or discounts, with fewer orders of "sides" (drinks, coffees, desserts).

Crafty diners: a combination of fewer outings and a tighter rein on spending.

31% I will visit Bars and Restaurants less often

18% Go to my usual restaurant but look for better prices or promotions

16% Go to a different restaurant with better prices or promotions

15% Go to my usual restaurant but order less items

14% I will not change my current habits in using Bars and Restaurants

UNIFORM CONSUMERS

While restaurants are still a place for having fun and where people can unwind, the difference between dining behavior at home and in restaurants is narrowing. These converging habits may be facilitated by the removal of the home/out-of-home distinction during the pandemic. Whatever the case, the expectations of natural, local products and sustainable, environmentally friendly practices are now key to every aspect of the food offering.

*Eating better, healthier, and more sustainably**

**Source: Big 5 EU study, April 2022*

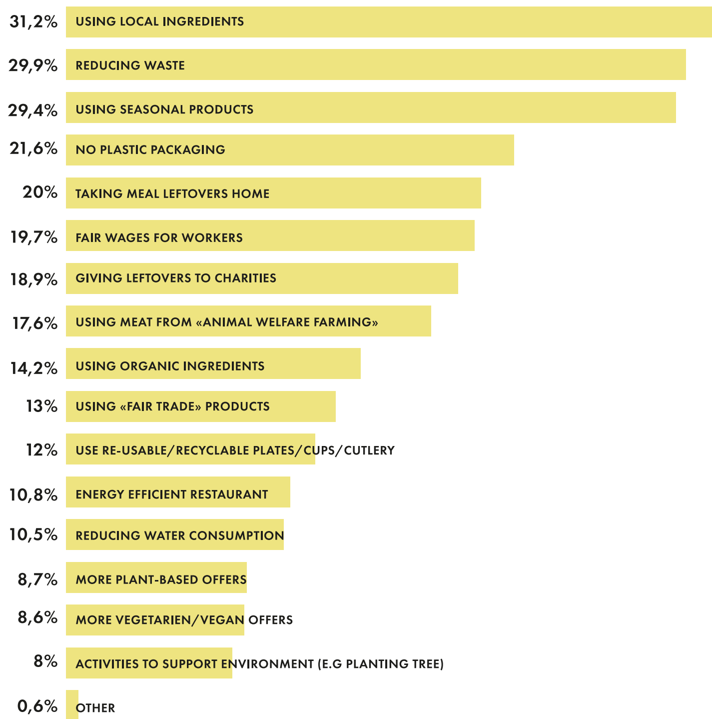
69% IN APRIL 2022 **VS 53%** IN OCT. 2021*

RESTAURANTS NEED TO TAKE ISSUES AROUND SUSTAINABILITY/SUSTAINABLE DEVELOPMENT INTO ACCOUNT

SUSTAINABILITY: THE NEW FRONTIER FOR OUT-OF-HOME CATERING

Like in many aspects of consumer habits, since the pandemic we are seeing a major increase in expectations of sustainable practices on behalf of industry players.

Although expectations and their importance vary, in the eyes of European consumers, local and seasonal produce, waste, and the reduction of packaging are key indicators of catering venues' commitment to sustainability.



Source: NPD Group, Consumer Sentiment Survey, Dec. 2021 (Europe: France, Germany, Italy, Spain, United Kingdom)

As for the agrifood industry in general, Europe (and Italy and France in particular) is leading the charge towards more sustainable practices.

Today, China is following in their footsteps. Researchers have called out the take-out meal sector in China for the astronomical quantity of plastic waste it produces (chopsticks and bags). Committed to reducing their waste, Chinese catering venues are now providing alternatives to plastics (cardboard cups in coffee shops, discounts for bringing your own cup, disposable cutlery as optional extra in deliveries), and are also offering smaller portion options for meals.

In the United Kingdom and Canada, concerns around sustainable development seem to have faded into the background during the recent period. The most committed consumers have refocused their efforts on cooking at home (falling market share for vegetarian meals in Canada, for example), while others have driven a boom in take-out meals thanks to their practicality and comfort. The latter phenomenon brings with it an increase in packaging and cutlery that is not always recyclable.

THE OUTLOOK FOR OUT-OF-HOME CATERING

Severely affected by the pandemic, out-of-home catering has been forced to adapt.
Many industry players did so during the pandemic by **serving their meals under a fast food model** (delivered or take out) - often starting this from scratch in the case of traditional restaurants. This "off-premises" segment remains dominant in the context of a stuttering recovery.

As a result, out-of-home catering remains an affordable leisure option despite it all, with new ways and spaces for dining out now emerging (mealtimes on-the-fly – even in France... coworking spaces), while digital technology can help improve customer relations... so many opportunities to support businesses in the upcoming period.

In parallel, the expectations of healthy/natural food, the battle against waste, and local sourcing win over customers for restaurants, customers who are increasingly often finding themselves cooking and eating at home.

Taking the additional challenges of falling spending power and the rising cost of raw materials into account, and the route out appears tricky, but it does exist. It may involve adopting the best practices from different segments (traditional and pop-up catering), while paying very close attention to the value proposition and the value for money being offered.

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