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Food for thought: The future of the food industry

Your complete guide on what to expect in the food industry, for this year and beyond.



Food for thought: The future of the food industry

2021 was a turbulent year for the food industry, with challenges including the ongoing implications of the pandemic and fragmented supply chains affecting businesses worldwide. These have also carried over into 2022, in addition to new trends forcing companies to adapt their processes quickly.

To combat these, you need to know what to expect going forward in the industry, and this guide will help your food business prepare for the future.



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A brief overview of the food industry in 2021

2021 saw the introduction of a new set of challenges due to the restrictions of Covid-19, with consumers purchasing more of their goods online as a result. Here's a brief overview of the top emerging trends from 2021 and what will likely continue throughout the rest of 2022:

Increase in online grocery shopping

According to Mintel, **90% of shoppers** still plan to look towards digital channels for their groceries after the pandemic, and **three in five Brits** are now online grocery shoppers – **up from 50%** in 2019¹.



The need for businesses to offer increased product diversification

Organic food boxes are amongst the most popular food products, with **37% of all subscribers** subscribing to some sort of food box service².

People are becoming more aware of the food they're consuming and the impact it has on the environment, from transportation to reducing food waste.



Heightened outlooks on food sustainability

With sustainability goals being introduced by the United Nations, such as halving global food waste by 2030, these types of initiatives are going to increase pressure on food businesses.

Here are some examples of companies who are making strides into becoming more sustainable:

- HelloFresh has started to use compostable packaging, including paper straws instead of plastic on juice cartons
- Nestlé introduced their **AAA sustainable quality program**³, where they teach best agriculture practices towards their farmers and build solutions to fight climate change
- Morrisons removed their **best before dates on their milk cartons**⁴, stating that it will stop millions of pints being poured down the sink
- Tesco introduced their **Perfectly Imperfect range**⁵, saving over 44,000 tonnes of fruit and veg since its launch back in 2016

Plant-based diets are trending online, and vegan diets are on the rise

In the past couple of years, plant-based diets have experienced tremendous growth in popularity and awareness, from online discussions to the number of people getting involved in events like 'Veganuary'. Here are some key stats you should be aware of surrounding the **rise of veganism**⁶:



Of adults are currently following a meat-free diet

6,439

Products were registered with The Vegan Trademark in 2021 alone

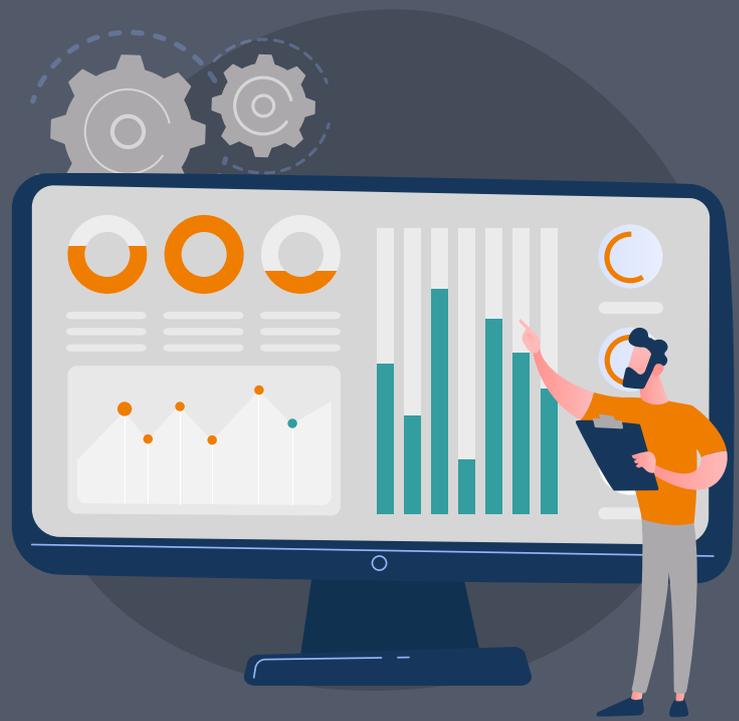
629,000

People signed up for Veganuary this year, up by over 100,000 last year



Food trends in 2022

From processes and technology to consumers, here are the main food trends you should keep an eye out for, if you haven't already, for the remainder of the year:



Consumer trends



Sustainable practices and mindset



High quality food that meets flexitarian eating habits



Functional food



Increased consumption of experimental food

Processes and technology trends



Wider use of automation



More robust management and traceability processes



Tightening supply chains

Top consumer trends

01 Sustainable practices and mindset

With climate change being a hotter topic than ever before, more consumers are striving to support businesses who adopt a sustainable mindset (and shunning those who don't). So, it's no surprise that research suggests a staggering **85% of UK consumers are making more sustainable life choices**⁷.

Ingredients and packaging provenance are now becoming as vital as the quality of the product. So, consider how your business can follow responsible ingredient sourcing strategies and make moves to reduce plastic packaging.



“From a consumer’s point of view, I think everybody is becoming fully aware that climate change is not something happening tomorrow, it’s happening now. If you go back five years, people talked about 2050 and how it’s going to happen in 30 years. The realisation is it’s here today.”

– Andrew Newton, Food Consultant at Columbus.

And this was highlighted in a recent report by Waitrose, where nearly **70% of shoppers said carbon footprint played a role in the products they purchased**⁸. So, if you can provide customers with products that are ethically and sustainably sourced as well as nutritious and high-quality, you can exceed their expectations and boost your reputation.



02 High quality food that meets flexitarian eating habits

In the Whole Foods Market report, “**reducetarianism**” was dubbed a top trend to watch in 2022⁹. Reducetarians are “plant-curious” consumers that have reduced their consumption of meat, dairy, and eggs without cutting them out completely.

Did you know?



The plant-based market is expected to grow in the coming years, with Mintel predicting **meat-free food sales will exceed £1.1bn by 2024 – a significant increase from 2014’s market value of £582m**¹⁰.

Additionally, **60% of Gen Z and 30% of millennials want to eat more plant-based foods**¹¹. Thus, by introducing these items within your current ranges, you can adapt to both the vegan and reducetarian markets effectively.



03 Functional food



Consumers don't just want food that tastes, looks and smells good. They're also looking at the role particular food items can play in promoting good health (especially in the wake of the pandemic).

Think items like vitamin D-fortified orange juice or yoghurt drinks containing probiotics (Activia, Yakult etc). Consumers care more about what they're putting into their bodies, and they want foods that can deliver multiple things in one bite (so to speak).

Top tip



The global functional food ingredients market is expected to reach £137.3 million by 2025 (\$100 million)¹². So, if you're looking to rejuvenate your sales and regain a competitive edge, consider if 'functional foods' might be your way in.

04 Increased consumption of experimental food

With hybrid working models in place, cutting out the commute means more consumers have time for breakfast. In fact, during the first lockdown, one survey found that UK consumers ate **eggs for breakfast 68% more times¹³** than in the previous year, while bacon sales were up 21% and pastries up 25%.



A Waitrose report found consumers are becoming more adventurous with their first meal of the day, with dishes like shakshuka and Mexican breakfast burritos growing in popularity¹³.

The increase of experimental food choices has led to a higher interest amongst younger generations too. A recent study found that during the first lockdown, **three-quarters of 18-24 year olds** looked at TikTok and Instagram for food recipe inspiration. With social media activity increasing year on year (**28.5 million users in 2021 compared to 23 million in 2019¹⁴**), we expect the introduction of more food trends in 2022, so the need for better product diversification is essential.



Process and technology trends

05 Wider use of automation

Of course, certain areas of the food industry (like farming, for example) have been using automation for years. But labour shortages, inflation and supply chain issues have made automation a priority for other sectors of the food industry like food processing, who are among the last to embrace automation.

Some benefits of automation¹⁵ include:

- **Improved quality control**
When processes are automated, errors and defects can be identified, isolated, and resolved quicker
- **Increased food safety**
Gain a more granular view of your food manufacturing processes and ensure one process change won't cause adverse consequences in another
- **Better efficiency and reduced waste**
When deployed correctly, automation can boost efficiency, reduce waste, and improve cost efficiency much more than if your processes relied on just human workers
- **Enhanced traceability**
As soon as a product/ingredient enters your supply chain, it can be automatically scanned and entered into your ERP system, reducing the risk of human error and ensuring end-to-end traceability



Top tip



Just make sure your team understands they're not going to be replaced by robots or machines. In fact, these machines will handle the repeatable processes, improving quality, efficiency and freeing up more time for workers to focus on the more fulfilling tasks.

06 More robust management and traceability processes



Considering these demands for healthier ingredients and more sustainable practices, you should ensure your existing quality management and traceability processes are more robust than they've ever been.

Some ways you can do this include:

- **Product formulation**
Documentation ensures quality is consistent across batches and lots
- **Manufacturing process control**
Sticking to manufacturing best practices and ensuring your workforce are meticulously following your processes
- **Allergen management processes**
This reduces the likelihood of product recalls to ensure your consumers are safeguarded

Allergen labelling changes has also increased the importance of having an accurate and traceable supply chain after the introduction of the UK Food Information Amendment – also known as Natasha's Law. The legislation is designed to protect allergy sufferers and give them confidence in the food they buy.

07 Tightening supply chains

We've seen the recent surge in demand for energy, labour, and transport placing significant pressures on just-in-time, cross-border supply chains that keep factories open and shelves stocked. And with supply chain challenges set to continue into the distant future, a key focus for businesses for the remainder of 2022 will be tightening their operations.

Here are four key tips for you to follow to avoid the implications of supply chain disruption:



Be flexible with your sourcing and distribution strategies

An example of this is Kellogg's, who managed to quickly source a new supplier closer to home despite COVID-19 restrictions¹⁶



Modernise your manufacturing operations

Think along the lines of a smart, connected factory, access to real-time data and full visibility from farm to fork



Transform your warehouse management

By implementing new technology, you can identify when food demand is going to rise (such as around seasonal periods), and gain end-to-end visibility on your processes, resulting in minimised food waste



Optimise your production performance

Many businesses overlook the importance of getting their people on board of new processes, which can lead to talent gaps and confusion within their supply chains. Provide training, support and guidance to help your teams see why the change is happening and maximise your performance



Is technology the right answer for food businesses?

Technology brings several benefits that will help you improve profit margins, stabilise supply chains and delight consumers, regardless of the size of your organisation.

But technology isn't a blanket solution to all of the challenges like the trends we've covered facing your business.

Recently, emerging technologies in the food production industry, such as automation, AI, and machine learning, ensure quality and keep labour costs low. While some solutions may look like a great fit on paper, the key is finding the right technology to suit your specific needs.

So, how do you make the right decision with so many rapidly evolving technologies on the market?

- 1 Know your processes
- 2 Research thoroughly and always think in terms of need
- 3 Identify tech that can grow with your business
- 4 Ensure the tech comes with technical support
- 5 Don't take shortcuts with training



01 Know your processes

It's not enough to know that you want to improve processes and grow your business – you need to know exactly what's needed to achieve this. Plus, your technology should complement your existing operations.

Start from the ground up and map out your current processes. Get information from your teams who actually do the tasks at each level to give you a clear view and understanding of what's happening. If done well, the areas for improvement will be obvious and with this knowledge, you can make better informed decisions on what is and isn't needed.

Some areas that you might be hoping technology can help include:



Finance



HR



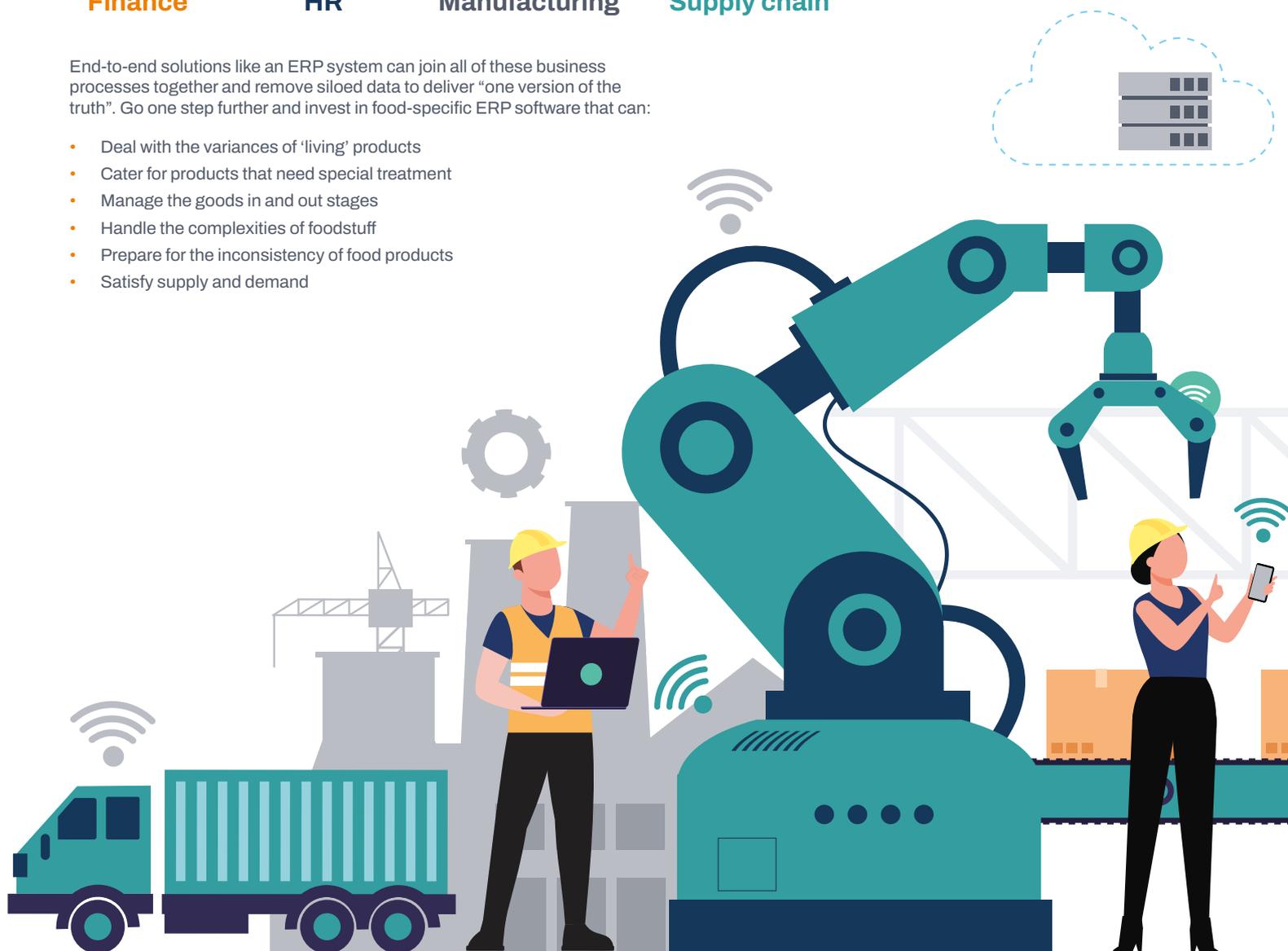
Manufacturing



Supply chain

End-to-end solutions like an ERP system can join all of these business processes together and remove siloed data to deliver “one version of the truth”. Go one step further and invest in food-specific ERP software that can:

- Deal with the variances of ‘living’ products
- Cater for products that need special treatment
- Manage the goods in and out stages
- Handle the complexities of foodstuff
- Prepare for the inconsistency of food products
- Satisfy supply and demand



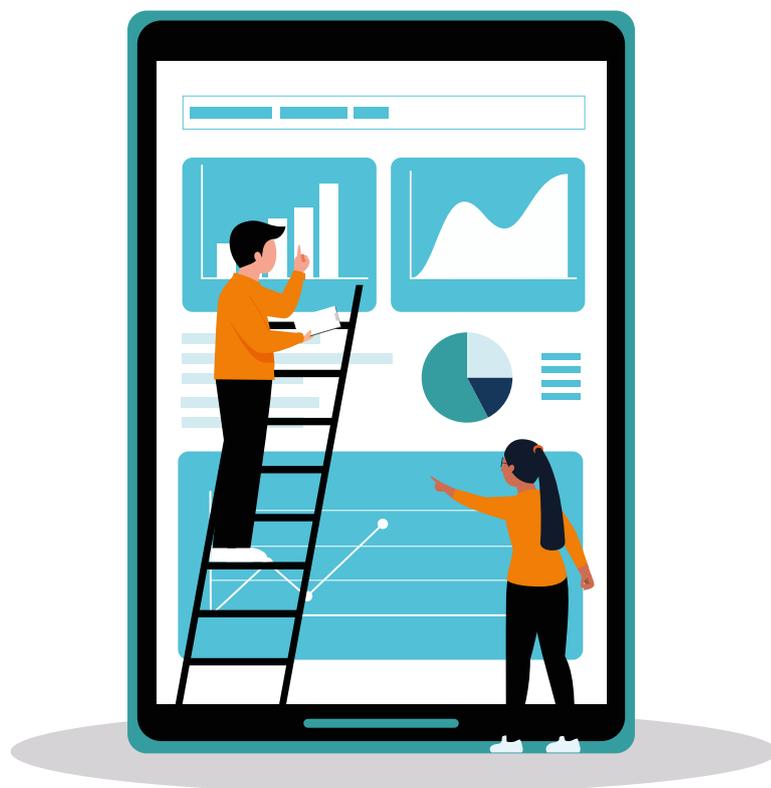
02 Research thoroughly and always think in terms of need

Rushing into a tech implementation will inevitably end in your business building up software waste or ignoring it altogether.

Avoid software waste by identifying the key people inside your organisation who will be affected by the technology. They have a clear vested interest in finding the most effective solution and should be the team that drives your research and evaluation efforts. Ask them about their expectations and let them come up with new ideas.

Plus, conduct software assessments at least twice a year to prevent any cases of duplication. It can be tricky to know what new tech to go for, and that's why many food businesses **decide to work with a digital transformation agency** in order to:

- Mitigate risks
- Take pressure off their in-house team
- Control the cost of transformation



03 Identify tech that can grow with your business



Implementing new technology is likely to be a significant investment, so carefully consider what you're going to buy. Take the time to look around food-specific business forums and see what people are saying. That way, you can find out:

- What technology other businesses like yourselves are using
- What difficulties they've faced
- If they've found a particular device/software package became outdated quickly

Plus, you must evaluate if the new technology is scalable and aligns with your future business plans. Some questions your team should be asking when assessing the scalability should be:

- Is the solution(s) innovating at the same pace as your plans for growth?
- Does the solution(s) integrate with any of your existing (or planned) technologies?
- Are the systems cloud-based? This can increase agility, flexibility, and scalability
- Will the systems be user-friendly enough for you and your workforce?

04 Ensure the tech comes with technical support

The chances are you won't have a dedicated in-house team to support your new systems.

So, making sure your new tech comes with quality technical support should be a top consideration. This ensures the implementation process runs as smooth as possible and helps your existing teams understand more efficient ways of operating your new systems.

The best business solutions should offer support that:

- Provides ongoing development of your business applications
- Has a 24/7 service desk that serves as a single point of contact
- Helps your business maximise its technology investments
- Includes configurable services that can be tailored to your needs
- Offers scalable infrastructure services based on the best brand providers



05 Don't take shortcuts with training

You can invest in new technology, but if nobody in your business knows how to use it effectively, your company still won't be working at optimum efficiency.

Don't take shortcuts with training your team either – without a proper process in place, your team may not understand the reason for change, leading them to become counterproductive.

Did you know?



By upskilling your team, you'll not only make sure your workforce knows how to use the new tech, but also maintain their buy-in for any future technological change.



Introducing business value: It's about more than technology

Value creation is a crucial brick to building a profitable and sustainable food business. It's what sets you apart from the competition, improves your customer retention, and brings unique meaning to your brand.

Without it, your long-term future and bottom line will be threatened.

So, if my bottom line is under threat without value creation, does that mean it's just about profitability?

To put it simply – no. Of course, things like improving cost efficiency will likely be important to you, but you should also consider **non-financial factors**¹⁷ such as:

- **Optimising your processes**
Where can you introduce technology to ease the workloads of your employees?
- **Increasing employee morale**
Have you got an effective feedback loop where your employees can understand how their actions are directly impacting the success of your business?
- **Boosting customer satisfaction**
How can you adapt your strategies to better meet their changing needs?

How can I create value in the food industry?

To make your digital transformation efforts a success, you need to work on the overall picture of business transformation. AKA – developing the right mindset and culture where your new technologies can thrive.

Let's look at some ways you can do that.



How can I create value in the food industry?

Gain approval from your key stakeholders

Change can seem scary to your people as it normally means altering the way they've been used to working for a long time.

By engaging all your stakeholders affected by the change – from your directors down to the teams working within your production lines – you can help them see the value of the transition.

Top tip



For change management to be effective, you'll need to address towards your stakeholders:

- What the change is about
- How it'll impact them
- What they'll have to do to facilitate the change

Don't forget about your suppliers either – they'll have their own transformation challenges, so spend time understanding each other's needs. You might be able to create them some savings which help you gain more efficiencies and will ultimately make you a better company to work with.



Align people and mindsets by ensuring your messaging is 'on target'

To accompany your vision for change, you need to have the support of your leaders as they usually set the vision, messaging, goals and path.

Once they're bought into the vision, they can help promote your ideas and inspire the wider organisation to stay onboard.

Keep these tips in mind when communicating the change to your employees:

- **Use second person pronouns**
'You' and 'your' ensures you're talking directly to your employees and taking their point of view, rather than the company's
- **Be clear on what you want your employees to do**
Think back to the three areas your 'what's in it for me' question should answer. Your teams will most likely only be interested in the 'what' and the 'how' of digital transformation, rather than the 'why'
- **Avoid jargons or acronyms**
Make it as easy as possible for your employees to understand
- **Keep it relatable**
By including relevant examples to each of your points, you can make it easier for your people to understand your reasons for change and see it's a decision worth pursuing



In a recent podcast episode, Natures Way Foods sat down with us to talk about lessons learnt from past ERP projects. Stewart Wilmot, Head of IT at Natures Way Foods, discussed how prioritising change management was key in making their latest implementation a success.

What are the next steps for your food business?



We hope this guide has made you more aware of the trends and challenges the food industry faces now and what'll continue for years to come.

From ongoing supply chain disruptions to reacting to consumer trends effectively, the only way that you can do this is by innovating your current processes.

The right technology and expertise behind the project ensures that your business stays resilient, adaptable, and prepared for the most unexpected changes in the industry. But how do you find a solution that's right for your business? Columbus has been helping food businesses like yours for over 30 years, guiding them through the entire transformation journey from start to finish.

Click the button below to learn more.



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