

**GREENFOOD
INSIGHTS**



THE 20'S

A NEW ERA FOR FOOD-TO-GO

A QUICK NOTE ABOUT GREENFOOD **INSIGHTS** #1

One thing I believe we've all learned in the past months is the advantages of an agile corporate culture. Predicting what the future – or just last year – has in store next isn't an easy task. Plans need to have a new kind of flexibility and our teams must be aware, or at least observant, of all the possibilities that are out there.

The pandemic is re-shaping economies, businesses, product categories, pricing and consumer behaviour. The pace of innovation accelerates, and companies are adopting digital technology at astonishing speed.

But even with the promise of widespread vaccination inching closer, and all those digital tools that has emerged to help us work smartly, be more productive and save time, we can't shake off the feeling of having too much to do and not enough time to do it all. It's true not only of work but also of our personal lives. So, because time is scarce and we know how busy you are, we thought we'd help you out by packaging the latest trends and visions from experts, product developers, and industry executives. Greenfood Insights is our ambition to share what we are keeping a watchful eye on right now.

What we've learned is that consumers tend to look for shortcuts and life hacks

in every aspect of their lives. They are used to getting the new WWW: What they want, When they want it, and Wherever they are. For the food industry, this means a move towards convenience in all forms.

But growth in the convenience category is also driven by a green revolution. More of us are converting to a flexitarian diet, looking for healthier choices and new taste combination. Goodbye uninspired hot-dogs. Welcome crunchy vegetarians wraps and plant-based burgers.

Yes the future is unsure, but also yummy. Enjoy



/David von Laskowski. President & CEO, Greenfood Group & Picadeli

PS. We love feedback and learning more so don't hesitate to contact us greenfoodinsights@greenfood.se

Looking at the new decade ahead of us, we can see that the food-to-go category will continue to grow, despite the effects of the pandemic.

WHY?

The pandemic may have changed consumer habits, but convenience such as click & collect, home delivery and food-to-go items are still in high demand. Consumers still want ultraconvenience: easy to find, mobile, mouth-watering and green!



1. AFTER A DECADE OF GROWTH, WHAT'S NEXT?

It's clear that lockdown has had a profound impact on how people live. Rapid shifts like the one we are experiencing right now, have important implications for retailers. But if we substantially widen the scope, consumer behavior has changed dramatically over the ten last years. We see it in tech-savvy Millennials, as well as in the baby-boomers with larger buying-power.

They are all used to getting the new WWW: What they want, When they want it, and Wherever they are. That is true for music, movies, shoes, and just as true for meals. Change is rapid, and the modern world has seen increased consumption with a shift from manufacturing towards service economies over the last decade. We live in a time of growth and acceleration, and our fast-paced living is making our lives more complex. As a result, consumers are looking for time-saving alternatives, shortcuts, and life hacks in every aspect of their lives. For the food industry, this means a move towards convenience in all forms.

You may think that not much has happened in grocery stores in the last 10 years, but it has, and consumers are noticing. Nowadays, there's a wider assortment often with well-thought-out placement to make things more convenient for consumers. The assortment of products has undergone major changes and increased in number by tenfold. There are more brands and more varieties for everything from smoothies, wraps, and sandwiches, to prepacked salads and ready-cut fruit.

Even your local convenience store is aspiring to become a food mecca, this was not the case a decade ago.

And the taste profiles are inspired by world cuisine and food trends. The “boring” ham and cheese sandwich is now accompanied by chicken Yakiniku or vegetarian pulled oats wrap. Even your local convenience store is aspiring to become a food Mecca. This was not the case a decade ago.

During the pandemic, the financial toll on the restaurant industry has been severe. Convenience chains have also faced lowered consumption because more than most other retail businesses, convenience is dependent upon passing foot traffic and impulse purchases. But as demand returns in channels hit hard by the pandemic, such as convenience stores, expanded food-to-go offerings and in store food concepts continue to be key strategies for grocery stores and convenience stores looking to bring in more shoppers and encourage them to spend money on add-ons like coffee or soda.

Food concepts continue to be key strategies for grocery stores and convenience stores looking to bring in more shoppers

If we look back prior to the pandemic, have grocery and convenience stores succeeded in attracting hungry consumers? The industry has been a rare success story in traditional retailing by improving its food and beverage offerings. The proof is in the numbers. In the United Kingdom, 1 in 9 meals is eaten at a restaurant or purchased from a convenience store, or in a café or at a fast-food joint. The UK food-to-go market is expected to reach a value of £22.6bn in 2024

Mariette Kristenson, CEO Reitan Convenience, understands the importance of a strong food-to-go offering. With the leading position for operations of franchise-based convenience concepts in the Nordics –



with brands such as Pressbyrån and 7-Eleven – she sees the trend clearly. “Food-to-go is the fastest growing segment within convenience and has been so for the past few years. It’s what the customers want and where the demand lies,” she says. “But the logistics has always been a challenge because it’s fresh food that the consumers demand.”

David Gert Safar, Head of Category Management at the convenience division of REWE, one of Europe’s leading retail groups, agrees on the importance of a strong food-to-go offer. “People are working more, and they have less time, their purchases are many times based on impulse. If they are hungry or thirsty, they look for the quick fix, which means we must cater to their impulse as well as their individual preference, whether it be plantbased or a healthy chicken sandwich.”

Even in Italy, where we all imagine a nonna cooking her secret pasta pomodoro recipe the trend is growing. Today 24% of meals are eaten outside of the home. And in the United States, studies show that 15% of meals are eaten in cars, and, as a confirmation of this trend, about 60% of sales of fast food breakfasts are made at the “drive-through window.”

Food-to-go is all about convenience. Today, cooking and preparing food is competing with Netflix, time with the kids, hitting the gym, or taking a morning run. Food-to-go products save time and can be tailored to preferences like health and diet. And because it’s readily available, we can eat at odd hours, on the road, or during our commute to and from work. The traditional three meals a day is being challenged. Food is becoming mobile, we want to be able to

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Kristin Hansson, Product Developer Manager, Salico

eat it with one hand when walking or driving.

Kristin Hansson, Product Developer at Greenfood company Salico, one of Scandinavia’s leading food solution companies, always keeps her ear to the ground. “The food-to-go trend is steady,” Kristin says. “We are now seeing many rolled meals, what we call ‘food, wrapped in food,’ i.e. in pancakes, bread, or even salad leaves, often inspired by global cuisines, such as Ssam, the Korean ‘wrap’ cuisine culture.

“The convenience market and the food-to-go market in Japan and USA offer a hint about the way forward for European convenience stores. And the food-to-go market is just beginning to see the potential in the combination of digitalization, service, and mobility,” Kristin explains. “We should expect innovation in this area to drive growth in the upcoming decade.”

One example of digital transformation in retail is the rise of cashier-less stores. Once a futuristic concept they are now becoming a reality, popping up all over the world. Modern brick-and-mortar stores fast track checkouts and offer a more seamless shopping experience. A super-convenient shopping experience powered by deep learning, AI-algorithms, data analytics, and sensors around the stores. 24 Food is a cashier-



less convenience store that's open 24 hours a day, and the customer accesses the store with the help of an app.

Since they operate with minimal staff and are built from recycled shipping containers, the stores have a low operating cost. They can therefore open in smaller communities or city areas where the customer base is small. The convenience store used to be located in the subway or other busy places, but it now has the potential to offer its products anywhere.

But convenience stores aren't the only player looking to give consumers what they need when they need it. Volvo has partnered up with both Amazon and Swedish e-commerce company Mat.se to offer consumers an in-car delivery option at checkout, and have their packages delivered straight to their Volvo.

And soon, voice assistants in cars can let you buy products ahead of time. Half of the car drivers in the U.K. and U.S. say that the idea excites them. Convenience is, once again, the biggest driver here (no pun intended). The opportunity to save time (68%) and purchase things they need, as and when they remember (51%) are cited as the top advantages. As the Global Web Index puts it: "It won't be long until you can ask your car to order your bread and milk."



How has the pandemic affected food-to-go and convenience?

The Coronavirus pandemic has affected all corners of the globe and presents massive daily challenges for businesses and people. Food-to-go concepts and convenience chains are facing lowered consumption, their business model promotes presence on urban street corners and in subway stations, that strategy has quickly been challenged by the pandemic. At the same time, at-home consumption has increased, and out-of-home consumption has completely halted in many cases.

“More and more people are working from home, meaning fewer people are commuting and less people are eating on-the-go. We are also seeing more people turning to packaged food and shying away from fresh foods. Consumers also tend to seek familiar, comforting flavors familiar to them. We’ve actually postponed several new product launches because people are mostly buying classic flavors, and they are less experimental,” says Mariette Kristenson, CEO Reitan Convenience.

Because at-home consumption has increased, a trend that is expected to continue for a while, most retail categories have seen an increase in sales. More consumers are cooking from scratch using local produce, which has helped sales of both packaged and fresh foods. Consumers are also stockpiling products like rice, pasta, noodles, and canned food, causing a spike in sales.

“Out-of-home consumption was deeply affected during the height of the pandemic because of less traffic at stations,

airports, and in city centers. Additionally, there may be mid- or even long-term changes in customer behavior and demand, for example, more home-offices and reduced business travel. The pandemic has also shifted the consumer purchases towards more and more packaged products like sandwiches, wraps, packed ready meals, and packaged salads,” says David Gert Safar, Head of Category Management at the convenience division of REWE.

While the eating-out market experienced a temporary loss, the takeaway market and food delivery apps saw an increase in sales. In the last couple of months, supermarkets have also started reopening their salad or hot food bars, for example, Greenfood owned Picadeli has reopened over 1700 stores across Germany, France, Sweden, Finland and Belgium.

Even if the pandemic served up lemons for convenience store retailers in 2020, according to a survey by global trade association NACS, nearly twice as many operators (59 percent versus 30 percent) reported achieving sale increases last year. Many quickly shifted focus to food-to-go and heat-and-eat foodservice items, and managed to adjust how they fit into the pandemic’s new routines.

The European Union nations mass vaccinations programmes will likely soon result in an increase in people’s mobility and a rise in sales at convenience stores, stations, and city centers. But the trade-off for greater freedom at home will likely be restricted international travel. The pandemic likely won’t end abruptly, but rather slowly, country by country, as each one increases its control over COVID-19, and pushes the virus towards elimination levels.

A sense of community has been borne out of these difficult times and for the food and drinks industry, this could translate into greater demand for locally sourced products. Interest in buying locally sourced produce has accelerated in recent years, driven by health, economic and environmental interest. Now, it is hard to imagine a post-pandemic era, but studies are already shining a light on the future importance of local produce for the food industry.





2.

KEEPING IT HEALTHY

At the dawn of a new decade retailers are focusing on how they can create a meal experience based on convenience. Mobile yes, but also healthy and green. Healthy eating has become mainstream, with most consumers expecting foods and beverages to meet their high standards of health and wellness, ethics, and sustainability

Modern consumers demand products that are tailored to preferences, such as health and diet, and at the same time offer modern flavor combinations reflecting current food trends, without compromising on quality. And judging by the grocery store shelves it's apparent that industry players have listened to the consumers. If there is in any area of food-to-go where we see innovation, it is precisely within healthy green convenience. Even in stores with smaller convenience sections, there are always healthy products in the standard assortment.

“We focus on fresh and healthy convenience products like portioned fruits, freshly squeezed orange juice, ready to eat products, fresh baked goods or sandwiches that, for example, can be produced in the store. These products fulfill the wishes of customers looking for a healthy meal, while short on time. There's definitely been a massive change from full, hearty food to more healthy products,”

“ For the last ten years, consumers have talked about eating healthier and more vegetarian. The difference now is that consumers are actually buying more vegetarian and healthy food-to-go products.”

Mariette Kristenson, CEO,
Reitan Convenience.

says David Gert Safar, Head of Category Management at the convenience division of REWE, one of Germany's leading supermarket chains.

Within the convenience category more consumers are striving to eat healthy on the go. Companies are therefore finding success in the "snackable" convenience category, such as pre-cut mixed fruits, mixed nuts, healthy protein bars and overnight oats. These portable produce items are then repackaged into individual servings.

For the last decade, eating healthier and more vegetarian has been a hot topic on the internet, and especially in social media. The difference now is that consumers are actually buying more vegetarian and healthy food-to-go products. Since there is now a demand and sales are up, retailers can invest in a wider assortment, and healthier products are therefore widely available to consumers.

So what is driving the need for green and healthy? When the renowned EAT-Lancet Commission published its ambitious report, it was clear that the current era's eating habits need to change if the 10 billion people on earth in 2050 are to be properly nourished. The major change required is a drastic decrease in our meat and dairy intake and an increase in the amount of fruits and vegetables we eat.

But the clearest response to increasing awareness about sustainability and health is the rise of vegans and flexitarians. Both The Economist and Forbes dubbed

2019 "The year of the vegan." They based it on the fact that 25 percent of Americans 25 to 34 years old identify as vegan or vegetarian. Sweden follows the same trend,

Millennials and Gen Z are the ones who are increasingly switching to a vegan lifestyle.

according to a survey conducted by Greenfood, 29 percent state that they plan to eat more vegetarian and plant-based. Among 18-34 year olds, the number is even higher, 38 percent. Interest in veganism reached an all-time high during 2020, data from Google Trends shows, and

Veganuary, a campaign which challenges participants to eat vegan during January 2021, hit record-breaking sign-ups. Also, for the first time, a vegan restaurant in southwest France has been awarded a Michelin star.

"There is definitely an increased interest in meat-free alternatives and meat is increasingly side-lined in the products. It almost serves more like seasoning," says Mariette Kristenson, CEO and Country Manager, Reitan Convenience. "The concept of locally produced food is also attracting increased consumer interest, especially in the convenience category. Our customers want to know where our food comes from, the same way locally sourced food has been a growing trend in the restaurant industry for years."



Plant-based food sales rose 20%

All of this has created ever evolving meal innovations in the food-to-go shelves. A vegan alternative is no longer something to hide but is given equal space. The same evolution can be seen in the traditional fast food industry as well. Plant-based options at meaty fast-food chains are now readily available. Thanks to innovation in meat-free options that offer a taste and texture similar to a standard burger, more people are willing to eat vegetarian products. There is also a great belief in plant-based foods among consumers. Especially among 18-34 olds where 55 percent state that they believe plant-based to be the future.

|| *A vegan alternative is no longer something to hide but is given equal space.*

“Vegetarian proteins are seeing an upward trend, of course, because meat-at-least-twice-a-day-365-daysayear-tarians are transitioning to a flexitarian lifestyle a few days a week,” says Ted Hallberg, recipe development technologist at Greenfood company Picadeli, the European salad bar market leader.

Always at the frontier to find the latest delicious meal combinations, Ted explains that vegan alternatives is the subcategory that grows the most. Today it is not only soy products but also the less bitter pea-, oat- or wheatbased products that mimic animal products. “Our veg strips have been a success from the start. Beyond Burgers and

similar companies have received a lot of attention as well lately, for the same reason. The explanation is that the consumer wants to find a bridge between the animal diet and what will be the next step – cleaner, less processed and more nutritious vegetarian proteins. I think we have a couple of years where the meat-like vegetarian proteins targeted at flexitarians will dominate. They will likely give meat and chicken a real match in the fast food and lunch segment.”



3

WHAT IS CONVENIENCE IN THE CONSUMER'S MIND?

Convenience can be different things for different people. For some, it could be the right location; for others, a broad variation to choose from or a smart packaging design; and for many, not losing too much time. The key driver of further growth now is a broader understanding of consumer wishes, expectations, and needs.

Between 1975 and 2008, the number of products in the average supermarket swelled from an average of 8,948 to almost 47,000, according to the Food Marketing Institute. In the past few years, that number has fallen slightly, in part because of a growth spurt among smaller stores. For the consumer, a larger assortment of food-to-go items is positive, but the idea that more is better can also make the in-store experience difficult.

“Apart from a growing assortment, the food-to-go category has actually seen little innovation compared

to other categories. However, that has all changed in recent years, it’s now flourishing thanks to new ordering and payment technology, influential food trends, and the modern society where time is a scarcity.”, says David Bennertun, Head of business area Food to go at Greenfood.

The insight company Selin Consulting has done a yearly study of consumers’ preferences and behaviors when it comes to how they shop for their food-to-go meals. They found that the target audience is wide, from office workers to families or retirees. When you are on the go, whoever you are, you are just looking for something that is easy to hold and eat, and that doesn’t need to be heated. But sometimes the perception of convenience is as important as the actual benefits of saved time and effort. However, there are several critical factors in determining how customers make decisions about what to buy, what food items they pick, and where to go for those items.





Location, store layout and product placement

We've all heard the aphorism "location location location". For retailers it really is about being there when people get hungry. Location is one of the top reasons for choosing a convenience store. Having a store in a good, accessible location, with convenient parking and good transport links, is crucial for capitalizing on the category. Shopper will go to their nearest shop unless less convenient shopping opportunities are more attractive, and the extra distance is rewarded sufficiently by the shopping experience.

Another important parameter in the decision-making process: being time-efficient. As food-to-go becomes increasingly critical to the prospects of most convenience stores, every aspect of a store's layout—from the produce display near the entrance to setting up deli-style operations in the back becomes critical. If consumers believe they might need to make a complex route in the store, they may opt for a competitor. Store layout is just as important as location, or as one consumer in the study said: "I take four steps in, take what I want, go the self-scanning-station, swipe my card and leave."

Unquestionably, there are many aspects to consumer's decision making. Product placement is an essential part of being successful in the retail industry. A store's product displays, management of shelf space and layout strategy can have a powerful influence on a consumer's

decision. Because even if consumers know they want a food-to-go option, the decision about what to buy will be made when standing in front of the shelf: a Greek salad, a hummus wrap, a BLT sandwich? Effective in-store product placement will boost brand recognition and maximize sales.

“ I take four steps in, take what I want, go the self-scanning-station, swipe my card and leave.”

Product branding and packaging design

On the surface, convenience is a factor of time and effort. But if you dig a little deeper, you'll understand that you need to consider another factor – perception.

Stores and manufacturers have to make it easier for consumers to navigate the store shelves and understand the products through great packaging. Packaging has always had a vital role in retaining product quality, vitamin content, taste, texture, color, and shelf-life. But a product's package can also be the selling point for many consumers, first by attracting the eye but also by explaining the product. Consumers want to know the products' content, the nutrients, the taste, what it looks like, who's it for, and what's it for. A product only has a couple of seconds at best for a consumer to decide to pick it up or not. Greenfoods own surveys confirms the importance of visuals. 42 per cent state that food-to-go

has to be as visually appealing as tasty.

Ann Selin, consumer insight manager at Selin Consulting, explains: “Purchase is driven by the eye and the tummy. What you see and what you are craving at that moment. Product packaging plays a vital role in helping customers navigate the store shelf. For example, shoppers gauge freshness by sight, so showcasing the product inside the package helps consumers make a decision. The convenience and quality of a product are all

“ more important than a low price.”
Having a strong brand, a vast assortment of exciting flavors is going to be more important than ever”

David Bennertun, Head of business area Food to go

David Bennertun at Greenfood is well aware of this consumer behavior. “The consumer-packed food-to-go category is today characterized by several different suppliers, brands, and products, which makes it difficult for consumers to decide. Instead of offering consumers a wide range of products and food experiences, the same kind of Caesar salad or Club sandwich is often provided from several different suppliers. That’s why having a strong brand, a vast assortment of exciting flavors is going to be more important than ever. Because for a high level of customer satisfaction and customer loyalty, taste plays a vital role in food choice.”

So how has convenience, in the mind of the consumer, changed during the pandemic? According to Capgemini, consumers demand better online and pickup solutions, better health and safety practices, altered store layouts to encourage social distancing, mobile-based self-checkout systems and contactless payments at the point of sale. All in all, retailers need to adjust their strategies to adapt to the changes in consumer behavior, and to meet the expectations of tomorrow’s customers.

So, following a decade of strong growth, the market has contracted due to the pandemic. However, the food-to-go did not suffer as deeply as other channels. Because of that a swifter recovery is expected. The return may be gradual and may differ by geographic area, local trends and local lockdowns, but as we’ve seen in China, Japan and North America, the convenience trend is here to stay.



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GREENFOOD INSIGHTS



Keep an eye out for our next issue of Greenfood Insights with news, innovations and trends within food tech.

WHO WE ARE

Greenfood Group is a leading European player on the healthy convenience food arena with a strong passion for fresh, healthy food. Our ambition is simple: To make healthy food yummier, easier to get and easier to eat.