



## SOFTENGINE WHITEPAPER SERIES

# Food & Beverage Manufacturers Adapt to Consumer Preferences

In today's fast-moving society, consumers want convenient food products and ways to purchase them. Grocery e-commerce, food delivery and meal kit sales have all increased due to stay-at-home orders and consumers are craving the convenience and ease of daily habits and routines they had pre-COVID. E-commerce now accounts for 10-15% of grocery spend. Food and beverage manufacturers need to incorporate technology that allows them to easily sell to consumers from multiple channels, not just in retail stores.

Consumers are also looking for conveniently packaged food products. Almost half of consumers started buying more frozen foods during the pandemic and frozen food sales climbed 17.4% <sup>(4)</sup>. 39% of consumers sought out single-serving or individually wrapped products <sup>(4)</sup>. Companies who could easily adapt to these shifts are able to capture huge sections of the market. Visibility into your existing and previous customer data provides actionable insights that allow you to see what your customers are shopping for. Access to sales history, and order trends gives manufacturers the edge they need to shift production to match changing consumer preferences.

"Perhaps the biggest contribution of the new system is its powerful inventory control capabilities," added Justin Ku. "Now, everything has the correct item/serial number and the fact that meaningful batch numbers are assigned to every receipt in our system is priceless. The availability of the Batch Number Transaction Report, the Summary section on the Production Order and multi-layered BOMs/PDOs has already made a huge improvement in our ability to reassess our workflow and overall production procedures. We can now access valuable, real-time information such as how many components were issued and how many goods were produced."

– Justin Ku, Administration & Operations Coordinator, Swabplus

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## The Ever-Changing Consumer

In today's Tik Tok and Instagram era, food and beverage trends are constantly changing. Viral recipes (looking at you, TikTok feta pasta), fad diets, and more are creating an ever-changing marketplace for food and beverage companies. This is especially true in 2021, with COVID-19 shaking up consumer behavior in every industry. An astounding 85% of consumers have made changes to the way they prepare and consume food due to the COVID-19 pandemic (1). Food and beverage manufacturers need to stay on top of trends to stay competitive. Here we look at some of 2021's food and beverage trends, and how manufacturers can prepare for them.

## An Uprise in Upcycling

Sustainability is a growing concern among consumers, legislators, and businesses alike. With the population expected to exceed available food resources by 2050, food and beverage companies have a responsibility to implement sustainable business practices. 83% of customers take sustainability into consideration when making purchases (2).

One increasing trend for food and beverage is upcycling ingredients and zero waste production. This trend also benefits manufacturers as it often opens the door for new product creations and additional revenue streams. For example, whey protein is a by-product of cheese production that was once discarded. Now, whey is used in a multitude of health products like protein powders and bars, sauces, and more. Technology that allows you to track your entire production cycle, including which and how many of each byproduct are being produced at each

stage, allows you to reduce waste and uncover new opportunities.

## Transparency Triumphs

Total transparency around the sourcing, production, and nutritional value of food is increasingly important to consumers in 2021. 60% of consumers are interested in learning more about where their food comes from and how it is made (1). This takes the term 'clean label' to a whole new level, as consumers want to know how sustainable and humane a product is, in addition to its health benefits.

Furthermore, 41% of consumers are prioritizing healthy eating due to the pandemic (1) and new FDA guidelines on the Nutrition Facts labels means food manufacturers need to be able to provide complete, accurate information on each of their products. Technology that allows for full supply chain visibility, from farming practices for raw ingredients all the way to storage and delivery methods to direct consumers, gives customers confidence that the food they are consuming has been produced sustainably, ethically, and with their health in mind.

## Adapt to Rapidly Changing Preferences

Food and beverage manufacturers are constantly facing new trends and demands from consumers. This is even more true in 2021, with social media and the global pandemic causing rapidly changing preferences and a thirst for novelty. To maintain a competitive edge, food manufacturers need to find ways to easily track trends and preferences and adjust production to match.

## Powerful Protein Replacements

Alternative proteins have seen a surge in recent years and meat plant closures due to COVID-19 outbreaks has only further accelerated the industry's growth. Plant-based meat sales grew 231% in March 2020 compared to the previous year (1), and with the alternative protein industry projected to be worth \$290billion by 2035 (5), growth shows no signs of stopping. 52% of customers say eating plant-based foods make them feel healthier (2).

A key challenge for producing alternative proteins is achieving price parity with traditional meat products. This is especially significant in times of economic hardship, like massive layoffs due to COVID-19. Luckily, reports predict plant-based alternatives will achieve flavor and price parity by 2023 and cell-cultures alternatives will achieve parity by 2032 (5). Manufacturers who can achieve this parity quickly will rise above competitors and take advantage of the expanding marketplace. By streamlining operations, reducing inventory costs, optimizing delivery routes, and standardizing production, alternative protein manufacturers can scale production cost-effectively. This means they can sell products at lower prices while maintaining profit margins.

## Traveling Tastebuds

With stay-at-home orders and travel restrictions in place, consumers are turning to their tastebuds to provide novel, worldly experiences. Nearly 75% of consumers use taste as the primary guide in food choice (1) and 21% of Americans are introducing exotic spices and flavors into their cooking (3). Food and beverage companies who are leading the marketplace are developing creative, delicious products that provides consumers with an exciting experience without having to leave their homes.

Consumers are also looking to incorporate different cultural experiences into their everyday lives as they try to increase their cultural awareness and sensitivity, particularly younger generations. The ability to easily identify new suppliers and quickly establish agreements means that you can develop new, creative recipes and products quickly. This allows you to provide your customers with the variety they crave.

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