



MATTSON

FIVE FOOD & BEVERAGE MACRO TRENDS FOR 2017



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At **Mattson**, our unique vantage point is the nature of our business: developing concepts and formulating products across many channels within the food world, including food-away-from-home, consumer packaged goods, ingredients, and others.

We believe it's important to scan the horizon for the next hot superfood or ingredient. However, our ability to future-proof product innovation is more impacted by macro trends that will fundamentally impact how we engage with food.

We gain insight into future trends by virtue of the fact that our work today will hit the market in the next 12-24 months. We are, literally, developing the future. We also engage regularly with consumers, during the testing of foods, food behaviors, and new food ideas. Our clients range from individual entrepreneurs to the largest food companies in the world. As a result, we're entrenched in how food innovation trends will impact both.

Here are the macro trends that intrigue and inspire us in the year to come.



PERFECTLY IMPERFECT

While we may think we've reached sensory perfection on the prototypes we're developing, some clients want their products to be less than perfect.



SMART KITCHEN



In the pursuit of the Keurig-inspired appliances, kitchens, appliances and food get a technological facelift.



CELLULAR AGRICULTURE

The first phase of the switch from an animal-based diet to plant-based is underway. The next phase may be going back to animals.



TRADITIONAL RETAIL



From online shopping to subscription meal services to instantaneous real-time virtual purchases, Millennials are changing the meaning of retail.



POST-TRUTH ERA

2017 is ushering us into a "Post Truth" era where people trust their gut and others' opinions more than they do experts.





1. PERFECTLY IMPERFECT PACKAGED FOODS

Our entrepreneurial clients tend to be the most bleeding-edge. This is where we're starting to get pushback on traditional food formulation approaches. While we may think we've reached sensory perfection on the prototypes we're developing, some clients *want* their products to be less than perfect.

We know how to solve unpleasant textures and bitter “off” flavors. However, our Millennial clients are not dissatisfied with these so-called faults; in fact, they view them as badges of authenticity.

As a result, we are now developing gritty almond milk beverages that separate after 20 minutes of stillness, when we know full well how to make creamy, smooth drinks that stay in suspension. We're rethinking how to formulate queso dips. Our clients are okay with dull, lumpy visuals, when in the past we have created cheese sauces with silken shine.

This evolution towards reformulation is in part based on consumers' desires for ingredient statements that are as short as possible. Even ingredients as benign as natural flavor and cornstarch are seen as unnecessary and unwanted. Less is more.

This trend also extends to our branding and design work, where we're seeing more subtle matte substrates, a migration away from slick and glossy varnishes. Also, we're increasingly seeing brands leveraging their short ingredient labels as primary imagery and graphics on their master packaging. The best case scenario is a list so short you can [print the ingredients on the front of the package](#).

The end result is that our perception and definition of perfect food is changing and the momentum towards a cleaner food ethos is being defined as wholesome and real. Only time will tell if consumers will accept these “imperfect” products, but indications are that the under-30 crowd will—and willingly.



2. SMART KITCHEN + SMART APPLIANCES + SMART FOOD

We predict there will continue to be a mass pursuit of “The Keurig-inspired” appliances. We refer to these as “razor and blade” systems, which make it easy for consumers to enjoy something at home that usually requires unique skill, specialized equipment, lots of time, or results in a mess.

We’re watching for interesting products and business models, such as [HomeTap](#), which delivers direct-to-consumers craft beer for tapping at home. But it’s not necessarily the maker of the equipment whose brand adorns the “blade” inserts. HomeTap partners with local craft brewers across the country to offer a rotating menu of mini kegs, creating a brilliant Keurig-like open system.

We’re also intrigued by start-ups with similar systems. [Flatev](#) allows you to make fresh tortillas at the push of a button. With tightly defined consumer targets, these businesses can easily find their consumer and build a business methodically.

We see a huge opportunity for legacy Big Food brands to reinvent themselves with new business models like this. By designing an appliance “razor” that works with the “blade” output of their old manufacturing lines, they can repurpose assets for a new consumer and create a self-fulfilling business proposition.

In 2016 Amazon launched its own line of private label foods. Their Alexa kitchen robot allowed you to order a pizza from Domino’s. In 2017, their partnership with [Whirlpool](#) will let you control the temperature of your fridge, the time remaining on your dryer cycle, and the preheating of your oven by simple Alexa voice command. Just imagine what Amazon could do by pairing their private label food “blades” with a custom appliance “razor” that’s Alexa voice-activated.

Mark our words, Amazon will someday soon control a vast percentage of the American food dollar. Why? Because they’ve got the technology and distribution channel to deliver Americans what they want in the way they want to buy it.



3. THE MOVE FROM ANIMAL-BASED TO PLANT-BASED TO CELLULAR AGRICULTURE

In 2016, [Mattson President, Barb Stuckey](#), wrote a [Forbes article](#) about the semantic fight in the plant-based/vegan food space over what to call this new wave of non-dairy, non-meat food and beverages. We are firm believers that the term “plant-based” is where the industry will go. The word vegan is so loaded with activist imagery from the ‘60s and ‘70s that it sounds scary and divisive. The reasons flexitarian consumers are leaning toward plant-based foods are as much about health as they are about environmental sustainability and animal rights—what vegans have stood for in the past.

One of the plant-based milks making a splash is [Ripple](#), touted for having a flavor that’s as close to milk as any in the category. It’s pea protein-based and is a “100% plant based product.” There’s zero mention of the word vegan anywhere on their packaging, not even to note that it’s suitable for vegan diets. Both v-words (vegan and vegetarian) are easily substituted with plant-based. After all, who doesn’t like plants?!

The first phase of the switch from an animal-based diet to plant-based is underway. It is driven by the creation of delicious alternatives to the animal products we eat regularly. That’s why the plant-based (almond, pea, other) milk category is now over a billion dollars.

Plant-based versions of meat from companies [Beyond Meat](#) and [Impossible Foods](#) are getting better: more like the real thing. The plant-based ingredients which require a lot of land and water, rely heavily on the cooperation of unpredictable weather. So, what’s next?

The second phase of this migration away from animal farming is about eliminating not just the raising of animals, but also the farming of plants in fields. Consider, instead, sustainable manufacturing of animal-based protein or animal-based outputs such as milk. We’re already growing meat and making milk from actual cow DNA. In the not so distant future we will see steak without the cow, fried chicken without the chicken, and poached eggs without the eggs. It’s the dawn of cellular agriculture.

Companies like [Perfect Day](#), [Clara Foods](#), and [Memphis Meats](#) are poised to be the next [Ripple](#), [Califia](#), and [Beyond Meat](#).

It will be interesting to see how cellular agriculture scales.

How much energy will it really use?

Are the burgers going to be manufactured in the same place as the beef?

What regulations will apply to manufacturing?

Does laboratory-grown beef meet the USDA’s Standard of Identity requirements to be labeled a burger?

We’re wholly (cow) intrigued.



4. ESCHEWING TRADITIONAL RETAILING

We cannot tell you the last time an entrepreneur came to us with dreams of selling their new product at Walmart, Kroger, or Safeway. Rather, they have visions of building their business in pretty much any other way than traditional retail. The proverbial grocery store shelves, cashiers, shopping carts, and slotting allowances (payment for shelf space) seem anachronistic to Millennials. From online shopping to subscription meal services to instantaneous real-time virtual purchases, Millennials are changing the meaning of retail. Thank you Prime, Instacart, Google Fresh, Blue Apron and Uber!

The most interesting retail innovation to surface recently has been [Amazon Go](#). It hasn't been fully executed yet, but the premise of eliminating the laborious, inefficient checkout line is revolutionary. Often the worst part of a shopping experience, Amazon Go replaces "checking out" with an ingenious, electronic solution. If Amazon Go succeeds, it will allow Amazon to leapfrog existing retailers. However, don't feel too sorry for those retailers left behind. It's not as if they didn't know consumers have been frustrated with the checkout process for decades. Many experimented with self-checkout and curbside pickup; band-aid attempts where a tourniquet was necessary. Given the groundswell in consumer demands for personalized, customized and immediate solutions, innovation has come from outside the food industry—with much-needed disruption.



5. THE POST-TRUTH ERA'S IMPLICATIONS ON FOOD & BEVERAGE

2017 is ushering us into a “Post Truth” era where people trust their gut and others’ opinions more than they do experts. From genetic modification to gluten, from sugar to supplements, consumers are getting their information from varying sources and have diverse opinions on subjects that impact food decisions everyday. The Pew Center conducted a study on food that found, for example, that “39 percent of the survey participants believe that genetically modified foods are worse for your health than non-GM food.” That’s a lot of people trusting their gut, when a [National Academy of Sciences report](#) concluded, “the study committee found no substantiated evidence of a difference in risks to human health between currently commercialized genetically engineered (GE) crops and conventionally bred crops.”

The Food Babe proudly writes that she, “didn’t go to... school,” to learn her food activism craft. While she has done much good in terms of getting companies to remove artificial ingredients from their foods, sometimes she simply targets an ingredient because it sounds like a chemical, without impartial data from sources on both sides of the issue.

Should the Food Babe target *dihydrogen monoxide (DHMO)* next, which, admittedly, sounds like something to avoid, it would send the food and beverage industry into a tailspin. The issue being that DHMO is a critical ingredient in food and beverage formulation. A survey by U.S. researchers found that nearly 90% of participants would sign a petition to ban the use of DHMO. If you’re worried enough to [click here](#), then you too have fallen prey to the very phenomenon we’re anointing a truly scary trend.



Mattson is North America's premier food and beverage design and development firm. We help companies fully realize their innovation potential with new concept development and optimization, prototype development, branding and package design, consumer research, and commercialization. We take clients from strategy to market readiness. We work for startups, mid-size companies, and billion+ multi-nationals, across all channels, technologies, and need states.

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