

# TREND REPORT

2018 • 1ST TRIMESTER



## 1. Retailers Battle to Create the Supermarket of the Future

The Amazon acquisition of Whole Foods Market is rapidly propelling the retail landscape forward. Long-standing players develop both analogous and alternative concepts to stay relevant. In Trimester 1:

- [Kroger](#), [Hy-Vee](#) and [Meijer](#) demonstrated success in bringing natural, organic and/or sustainably sourced products to the masses.
- [Walmart](#) proposed automated farming through patented drones.
- [Hy-Vee](#) engaged in regional food bank partnerships.
- [Kroger](#) and [Walmart](#) looked to support consumers through time-saving measures.
- Partnership discussions ([Kroger x Ace Hardware](#), [Kroger x Overstock](#), [Aldi x Kohl's](#) and [Walmart x FedEx](#)) heated up in an attempt to improve consumer experiences.

### → BOTTOM LINE:

E-commerce offers consumers time-saving and convenience beyond brick and mortar capabilities. Therefore, retailers can enhance the shopping experience with in-store offerings not replicable online.

## 2. Transparency Trending as Companies Evolve Values

Responding to [ongoing demands](#) for increased transparency and industry scrutiny, a number of companies have left industry groups as they attempt to forge their own path.

- Grocery Manufacturers Association lost key players, including Campbell Soup Company, Nestlé, Dean Foods, Mars, Tyson Foods, Unilever, The Hershey Company, Cargill, The Kraft Heinz Company, and DowDuPont. Companies [cite lack of progress and need for more transparency](#).
- In Trimester 1, Mars Inc. joined Campbell Soup Company and Nestlé S.A. in leaving legacy organization, [International Life Sciences Institute](#).

### → BOTTOM LINE:

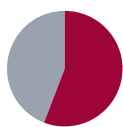
Companies continue to pivot their purpose to promote consumer trust and align with good practice.

## 3. New Product Trends: Plant-Based, Organic and Purpose-Driven

- There has been an explosion of plant-based innovation in new food products, from [coconut-based yogurt](#), [milks of all nuts](#), [faba butter](#), [meat replacers](#) and [more](#).
- Companies are ingraining [purpose into products](#) – whether it's how the [product is made](#), what the product [helps to accomplish](#) or how the [product is marketed](#).
- Organic is for everyone: [Kroger](#) expands its Simple Truth natural and organic brand, [7-Eleven](#) announces it will carry its first organic line, and the “Certified Transitional” label offers [farmers a profitable pathway](#).

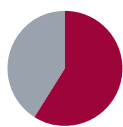
### → BOTTOM LINE:

The power of plant-based food is trending and it doesn't seem to be letting up anytime soon. This is a shift from the past where consumers were primarily concerned with product quality.



**56%**

of consumers feel it is important to know where their food comes from\*



**59%**

of consumers say that buying sustainable food products is important\*

\*IFIC 2018 Food and Health Survey.

## 4. What's Good for Business is Softer on the Environment

- Several influential food companies, including [Campbell Soup Company](#), [Mars](#) and [McCormick](#) continue to set ambitious goals for reducing their environmental footprint.
- The convergence of food and technology has led to innovative sustainability monitoring capabilities, such as [tracking fish from the sea to the store](#).
- Sustainability can be a [differentiator in business](#) and continues to be part of the [major food trends from packaging to the plate](#).

### → BOTTOM LINE:

The progress food companies are making in food sustainability raises two issues to watch for in the future: 1) How will success be defined and compared across varying company commitments, and 2) What does this mean for ingredient sourcing and farm capacity?

## 5. The Political Roundup: Surprising Progress in Advancing Nutrition Policies, Not Without Some Opposition

- [The 2018 Farm Bill](#) expires in September, and the path to reauthorization has been bumpy, especially in the House. The two chambers will have to overcome significant differences, with one of the largest points of contention being changes to SNAP.
- FDA extended the [Nutrition Facts label compliance dates](#) and provided several guidance documents, including dietary fiber. FDA also announced their Nutrition Innovation Strategy which includes plans to update “Healthy,” “Natural” and ingredient list regulations.
- USDA released a proposed rule for how food and beverage manufacturers must disclose bioengineered status (aka GMO).
- USDA and HHS have officially kicked off the Dietary Guidelines for Americans process, [seeking public comments](#) on the topics of focus for the first time.
  - These will be the first set of guidelines issued following the National Academies' report on [redesigning the dietary guidelines process](#). New priorities and/or additional steps in the process could be expected.

### → BOTTOM LINE:

Nutrition policy efforts are expected to continue at full force over the next few years, with an eye towards supporting public health and consumer understanding. See nutrition policy timeline below.

2018	2019	2020	TBD
<p><b>Nutrition Policy Timeline</b></p> <p>A timing snapshot of upcoming nutrition policy dates and delays:</p>	<p><b>Sodium Reduction Targets</b></p> <p>Update expected in 2019</p>	<p><b>Nutrition Facts Panel</b></p> <p>After delays, the first compliance date will hit for large food companies in January 2020</p> <p><b>GMO Labeling</b></p> <p>Certain foods will need to be labeled “bioengineered,” feature a special symbol or a QR code by January 2020</p>	<p><b>Defining “Healthy”</b></p> <p>FDA plans to develop a definition and possible icon or symbol to denote healthy food items – timing unknown</p>



### Our Voice

“With more and more consumers turning to online retailers for shelf-stable grocery goods, supermarkets are taking a closer look at how they can become more competitive in fresh category sales, like produce, in their brick-and-mortar stores. Produce at retail is a huge, profitable and growing category and has the power to drive customer loyalty at the store level. The Food Marketing Institute recently released their third annual report, “The Power of Produce” which took an in-depth look at trends in consumer purchasing and consumption of fruits and vegetables. Among the findings, the report identified that in addition to price and promotions, shoppers are also interested in appearance, quality (local, organic, etc.), variety and tips for using less common fruits and vegetables.” – Amari Thomsen, MS, RD, LDN