

2020 Consumer Packaged Goods Trends Driving Food & Beverage Innovation

Here's Mattson's forward look at what's hot in consumer foods and beverages.



01. High Stakes For Great Fakes

The latest debate over plant-based meat and milk alternatives is whether or not they're fake or processed. Impossible Foods is so staunch in its beliefs that it's doing the right thing that they simply won't accept the fake meat rhetoric.

Of course plant-based meats are processed. Most of the food we eat is, in some way. But processed doesn't mean bad. A few new CPG brands are actually celebrating their technical processes. Atomo is touting its "molecular coffee," without the bean. Endless West makes a "molecular whiskey," and RightRice, is a grain alternative made from vegetables.

Have we finally gotten past our fear of food science? We'll see, but we definitely anticipate others in this "great fake" space. As experts in highly technical development, we use this term in the most loving way!

02. High & Low Food Tech for the Planet

With a climate crisis in our future, consumers' purchase decisions are highly influenced by a product's impact on the environment. Better yet, on what it's doing to cure the damage that's been done.

2019 saw Annie's launch the first packaged product claiming regenerative ag ingredients, which intentionally enhance soil. We believe regenerative may become the new organic once there's a critical mass of farmers to build the supply chain. But this is years away.

Cultivated meat, grown from cells as opposed to raising and slaughtering animals, is an answer to the problem of methane emissions from cattle. This is a way to give people what they want: beef, pork, chicken, and seafood-- with lower greenhouse gas emissions. This technology, too, is many years away from being able to make an impact, but money is flowing in to help.

In the meantime, there's plant-based. Given what we know is in our own pipeline, we predict that plant-based food growth will continue exponentially in 2020 as the best option we currently have for earth-friendly eating.





03. High Demand for High Tech Ingredients

Consumers' desire for low- and no-sugar natural products will continue to grow. To meet this demand, we need new enabling ingredients, like food-tech company DouxMatok's proprietary way to deliver sweetness more effectively to taste receptors. Amyris is making sweetener using fermentation to isolate pure Reb M.

With all the activity in plant-based, there's another side to high tech ingredients: scarcity. On-trend proteins (like pea) are in short supply, and if you need methylcellulose, you'd better have some in stock. This means there's an opening for new options to the usual plant-based suspects.

Mushrooms to the rescue! Companies like MycoTech, Meati Foods, and Atlas are making functional ingredients from both the 'shroom and mycelium. We're currently working with mung bean, pumpkin seed, chickpea, quinoa, sesame, and other proteins. If a commodity contains protein, someone's working on isolating it.

Sugar reduction and protein are just two of the many, many areas experiencing an explosion of ingredient innovation.



04. Meeting In The Middle

To make an impact on the environment, virtuous food options must appeal to the great, huddled, meat, pork and chicken-eating masses. Flexitarians will continue to drive plant-based growth, with new no-sacrifice options like mushroom + beef "blended" burgers and ground products. There's dairy + almond milk blends. And Babybel's parent recently announced the launch of a hybrid of dairy + plant-based cheese. Aidell's has launched a line of quinoa + chicken blended sausages. Their goal: the best of both worlds.

These products leverage the technology necessary to make plant-based products stable, but incorporate real dairy, chicken, or beef to deliver the flavors and textures consumers crave. Given that plant-based ingredients are in short supply, this may be the only way new players can enter the market in the near future.



05. Seamless Stores, Curated Experiences

Amazon Go cashier-less stores from the world's biggest retailer combine technology and a highly curated inventory. More similar concepts are coming online, like Choice Market, a highly edited, better-for-you, local product-focused convenience store. The Goods Mart has "curated over 300 mission-driven products that are better for you and the environment."

As center store product purchases migrate to e-comm, you'll see stores shrinking at the core. We anticipate more smaller retail formats from both new and old retailers, with a focus on fresh grab-and-go foods, an area in which we're currently conducting research (Interested? Contact us here).

Growing third party restaurant delivery services such as DoorDash and Uber Eats will continue to source volume from traditional retailers, as consumers choose to skip the hassle of shopping and instead order dinner from their favorite restaurant.

BEYOND Fried Chicken

A Kentucky Fried Miracle



06. Plant-Based 2.0

2019 was the Year of The Plant Based Burger, with introductions from Nestle, Lightlife, Don Lee, and more. Early category-creating brands Impossible and Beyond began infiltrating fast-food menus. But 2019 was also the year of plant-based ice cream, plant-based cheese, and plant-based sausages: indulgent food forms made slightly more permissible with their environment-focused, better-for-you angle.

The next phase of plant-based will go way beyond these plantulgent products. Because consumers can't—and shouldn't—eat burgers every day. What that looks like is unclear, and we're helping clients figure it out for their brands. But in the meantime we expect more indulgence, especially given the chicken sandwich craze driven by Chick-fil-a and Popeye's. We're predicting a slew of follow-up "crispy chick'n filets."

07. Plant-Based Eaters in Training: The New Baby Food

Research has proven that babies who experience spices and vegetables in utero, via breast-feeding, or as toddlers grow up to be more accepting of those flavors. Millennials and Gen Z will be feeding their kids food that's developed and seasoned to train their palates for a life of healthy eating.

Lil' Gourmets' Sweet Potato Curry and Moroccan Butternut Squash baby food is sold refrigerated, and delivers the taste of real, adult-appropriate food. Cerebelly makes pouched baby food that focuses on delivering nutrients important to development, derived from fruits, vegetables, and seeds. Their 9-question quiz allows parents to input their kids' information for a more personalized feeding plan.

If personalized nutrition is the food industry's holy grail (and it is), then this is a great place to start: with babies who can't make their own personal food decisions.



08. Water 3.0

In 2019, Water 2.0 hit with Bubly, Pepsico's move into canned sparkling water, a category dominated by LaCroix. Coca-cola followed, and off we went. Water 2.0 was about making products that walked and talked like carbonated soft drinks, minus the calories, sweetness, and much-maligned sugar.

Water 3.0 companies like Drop Water are changing the paradigm on when and how bottled water is sold. Their machines dispense compostable bottles "not made to last," filled after the purchase is made.

Bevi targets offices with a vending machine that dispenses still or sparkling water, with or without sweetness or flavor. Part of their pitch is eliminating solid waste. Bottled water isn't going away, it's just not going to come in plastic.



09. CBD's Foggy Future

If 2019 was the year of CBD (cannabidiol, the non-inebriating part of the cannabis plant) excitement, 2020 may be the year of CBD retraction.

Much of the promise of CBD sparking a revolution in food and beverage has been hushed by the Food and Drug Administration's federal warning letter to consumers, stating that it may cause harm such as liver injury, drug interactions, and "male reproductive toxicity" (!).

FDA has issued multiple warning letters to CBD companies, invoking the new prohibition of marketing CBD products as dietary supplements. Companies that believed this was the safe path was to market now have to retrench.

On January 14, 2020, a bill that would overturn this by allowing hemp-derived CBD to be marketed as a dietary supplement was introduced to US The House. This would right the ship for existing CBD products, and open up the market for new ones.

At Mattson we believe CBD has therapeutic benefits, but we're sitting it out for now... until our government institutes a regulatory framework we can legally work within.



What We Are

North America's premier
**food & beverage innovation
company**

Employee-owned / Founded in 1977

Based strategically at the epicenter of
Silicon Valley entrepreneurship and
innovation, Berkeley food activism,
wine country aspiration, and
San Francisco culinary vibrancy



What We Do

We Make Food Happen

- + From brand and product strategy
- + To new product conceptualing
- + To product formulation and process development
- + To brand development and design
- + To co-man identification
- + To factory scale-up
- + Informed by consumer research along the way
— exploratory and/or evaluative



Who We Are

Food Scientists
Culinary Experts
Strategists
Commercialization Specialists
Brand Marketers
Designers

With a common passion for great food
And a commitment to making a difference in the world

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What We Believe

Prototype Prolifically

get to the food as fast as possible

Stand Out

create a powerful point of difference that people talk about

Create Crave

trial is easy; repeat is what drives sustained success

Solve a Need

nutritional, sensory, emotional, or otherwise

Build for Scale

formulate with clear line-of-sight to profitable scale-up

