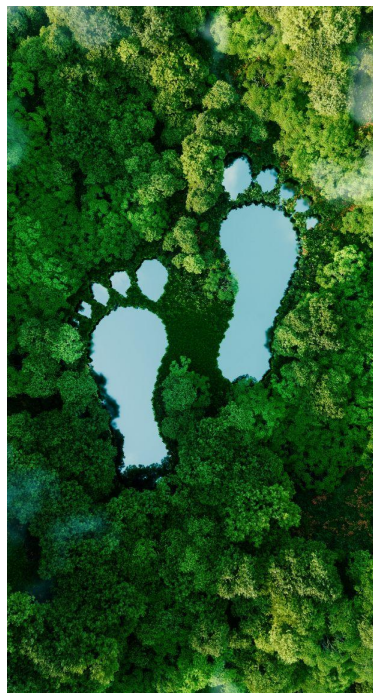


2023 FOOD & BEVERAGE // 5 MACRO MOVEMENTS



01



ENVISIONING THE FUTURE SUPPLY CHAIN AKA THE LOCAL HARVEST

- Animal Free
- Reverse-Engineering Mother Nature
- Farming Everywhere, Anywhere, 4 All
- Soil-Saving and Über Crops
- Animal Free Seafood: The PB Vs. Cultivated Race Is On

If the past few years in the food business have taught us anything, it's that we operate in a global economy, where food sources are vulnerable. The factors are many: a global pandemic in which borders shut down, a war in Ukraine, where holding food captive is a war tactic, extreme weather in which crops fail, and viruses that strike not only us, but the animals we rely on for food. One solution would be to eat local. But is that realistic? It is if you think differently.

We can envision it, and it's coming soon to your community, whether urban, suburban, or rural.

There will be animal-free dairies and meat processing plants using precision fermentation and animal cell cultivation. Agriculture will be indoor, vertical, and AI-enabled to maximize water and energy usage. New varieties of old crops will be identified and bred to deliver more protein and micronutrients. There will be new varieties of grains and more, chosen to regenerate the soil in which they're planted. And there will be animal-free seafood, both cultivated as well as made from plants, since the timeline for proliferation of both is lined up as a race to feed the world.

There will also be companies popping up to reverse-engineer Mother Nature. Like [MeliBio](#), making honey without bees, and [Atomo](#), making coffee without the bean, and [Glyph's whiskey without the wait](#). With clever procurement and product design, these new versions of old favorites can be made using fewer resources than the foods we've grown to rely on, some of which may not survive a few degrees of rising temperatures.

Also in your neighborhood will be an animal preserve, where cows, chickens, piglets, and deer share the conservation space, in a Noah's Ark-like effort to maintain species diversity. If it sounds like science fiction, it's not. It's the way we'll live and eat in the future.

02



GEN Z BELIEFS AND BEHAVIORS THAT MATTER FOR F&B

- QR Enabled AR (Augmented Reality)
- TikTok Is The New Food Network
- Global Media Food Inspiration
- Less Booze and The Booze-less Buzz
- Acceptance of All Authentic Identities
- Mood Food & The Normalizing of Mental Health

I don't know about you, but after a decade of doing so, we're tired of talking about Millennials. Thankfully there's a new generation coming into their own spending power, and they are very, very different from their Millennial predecessors and their Gen X parents.

They came of age during the COVID-19 pandemic, which instilled in them an awareness of health, pre-existing conditions, and how fragile wellness can be. This makes them incredibly health-aware, in more ways than one. They understand that food is healthcare. And medicine is sickcare. They're helping normalize mental health, along with a long list of celebrities from Harry and Meghan to Simone Biles to Ted Lasso. They eat for functionality, are way more aware of how food makes them feel (both physically and mentally), and drink less alcohol than other generations.

Their food influences start with TikTok, with 45 second videos replacing a 30-minute show on The Food Network. Their inspiration comes from all over the world, with boundary-less social media on all platforms. A viral food video travels faster than television can be produced, making food TV less relevant for what's happening now, but a source of experiential armchair travel. The menus they read and the packaged foods they buy now with their own dollars contain QR codes, opening up a world of data and experiences at their fingertips, an early actualization of augmented reality (AR), which will continue to evolve as the tech evolves.

They are also open-minded in ways that other generations aren't: from vibrant and different food forms and flavors to diversity in everything from their peers to their clothing to their attitudes towards gender and sexuality. If you're being authentically you, they're onboard. And they can sniff out insincerity when it's not authentic.



5 FOCUS FACTORS FOR FOOD FORMULATION

- Sugar is Sweet, Sugar is Poison
- Give Me An Experience
- Give Me Functionality
- Good For Me, Good The Planet
- Fiber: The Forgotten Nutrient

At the top of the list of things we're doing in the Mattson Food Lab in 2023 is a focus on sugar reduction. An evolving preference for less-sweet options is one outgrowth of the trend, the other a plethora of technology solutions that facilitate current sweetness levels with fewer grams of sugar. After decades of American brands adding sugar to everything, we're now formulating without sugar, removing it from existing products, and replacing it with fiber, the forgotten nutrient. The average American consumes only half of what the experts say is needed for good health. We expect to see far more fiber claims in the near future, driven by prebiotics, and the normalizing of talking about what has euphemistically been called regularity.

Consumers are demanding food experiences to share on social media, with friends and family, and brands that offer something unique will win. Digital experiences will be delivered via QR, and go way beyond a link to a website. Scan [a bag of Peet's Coffee at shelf](#), and you're off on a global tour of their commitment to ethical sourcing. Imagine a world where on-pack codes take you to TikTok hacks for the product, or entertaining ads on YouTube. With AI (artificial intelligence) and AR proliferating, there's so much untapped opportunity to connect products with brands and branded experiences, we expect this space to explode.

Texture is also a formulation hot button, with snacks leading the way, from minis to layers to 3D. Flavor experiences like [Coke's Starlight](#) are meant to intrigue and push new boundaries that connect the senses with the imagination. We're also tracking umami, a basic taste, and now a must-have SKU.

Functionality is built into almost every product we're developing, with claims from probiotic gut health to keto-friendly to [FODMAP-free](#). With growing awareness of how food makes people feel (both body and mind), there's bound to be even more intolerances articulated. Just take our word: if you're throwing a dinner party, *don't ask the question if you're not prepared to cook 8 different meals!*

The health of the planet is another benefit brands are touting. BFTP (Better For The Planet) is the new BFY (Better For You), with concentrated beverage options like [JOI plant-based milk bases](#), and cereal, like [Kellogg's Insta-bowls](#) (also focused on convenience). From upcycled products to regenerative organic, there are brands building their stake in this new, Gen Z-friendly "planet positioning."

04



CARBON FOOTPRINT ECLIPSES & ENCOMPASSES PLANT-BASED EATING

- Carbon Footprint: Why & What?
- Food Waste's Role In Your Foodprint
- Plant-based: Bottom Up & Top Down
- Closing The Packaging Loop
- Veg-Based, Veg-Forward

Carbon *Foodprint*? Nope, not a typo. It's how those of us in the industry need to start talking about our role in climate change. While the exact number is difficult to pin down, estimates indicate that as much as 25% of your carbon footprint comes from the greenhouse gases released from the agriculture to grow crops, raising animals for slaughter or milk/egg production, transportation to move food around, power to process, cook, store, and haul away trash/decomposition, recycling, and compost from food and drink. Whew.

By now you've heard about the ways we can help reduce carbon foodprint: with plant-based options, by using upcycled ingredients, and by removing from products ingredients that cause harm to the environment and packaging that doesn't decompose. It's not an easy task, but it's a part of many companies' stated ESG goals. But carbon foodprint encompasses so much more than plant-based.

Food waste is another area we all can address, by identifying and harvesting waste streams, or simply optimizing procurement and production processes to avoid waste in the first place.

We're pleased to see animal-free menu items at QSRs, as well as fine-dining restaurants including Michelin 3-starred [Eleven Madison Park](#) in NYC, along with other high-end restaurants across the world. We call it plant-based from the top down and bottom up. When some of the future supply chain technologies (precision fermentation and meat cultivation) are scaled, there will be even more sustainable foods available to address carbon foodprint with deliciousness: the only way you can appeal to the masses.

Veg-forward cooking at these restaurants shows just how good animal-free foods can be by making vegetables the star of the show. A mind-blowing experience with [Ivan Ramen's 100% plant-based ramen soup kit](#) stopped us dead in our tracks. We emailed them just to confirm it was vegan. It was almost too good to be true. Highlighting "vegetarian fat," roasted tomato, enoki mushrooms, soy sauce, and fresh greens, this restaurant proves animal-free craveability is within reach!



THE RESTAURANT OF THE FUTURE

- QR Enabled AR
- Virtual & Off-Premise Only Brands
- From Doggie Bags to Doggie Menus
- Restaurant Shrinkage
- Data-Driven Delivery and On-Demand

The past year brought about a change in the way we think about the supply chain for CPGs, but it even more fundamentally impacted the entire foodservice industry.

QR codes made their appearance in restaurants at the beginning of the pandemic, as a way for foodservice operations to avoid passing out—and passing on—whatever lurks upon a menu. But when the virus started to wane, QR stuck. First, because they made it easier for operators to change the menu without having to print anything, and second, because the supply chain crisis meant that operators couldn't even get many foods, and therefore needed the flexibility of an instant-change menu format. Nowadays, restaurants are leveraging QR to enable AR, to offer experiences and more information than a menu can cover, such as which foods contain allergens, and an introduction to the merchants, ranchers, and growers that supply their food.

When consumers were forced to go without the experience of eating out, they and the restaurant operators they love resorted to takeout, the only available way to experience their favorites. This has stuck, too, with many restaurants focusing more on takeout and developing new concepts that exist solely for delivery and/or takeout. The dining room of the future will be much smaller, and restaurants all over are setting up delivery pick-up stations where runners from DoorDash, UberEats, even guests can quickly get in and out with their food without impacting the dine-in guest experience. Will this focus on drive-thru, takeout, and delivery be the death of restaurant dining? We think not. But it does raise the stakes. Restaurants will be challenged to create unique experiences for on-premise and rewarded with menu and service innovation.

We've also taken advantage of new regulations that allow us to buy take out alcoholic beverages, and bring our canine family members to restaurants. Doggie bags have given way to doggie menus. And the wine and cocktail list has given way to cocktails via Lyft.

What is the industry doing with all the data generated by QR, ordering clicks, online delivery platform data, and reservation and ordering systems? A lot more than they could just a few short years ago, with customization and streamlining the experience from QSR to white tablecloth.



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**THE RESTAURANT OF
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03

**5 FOCUS FACTORS FOR
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WANT MORE TRENDS & INSIGHTS?

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