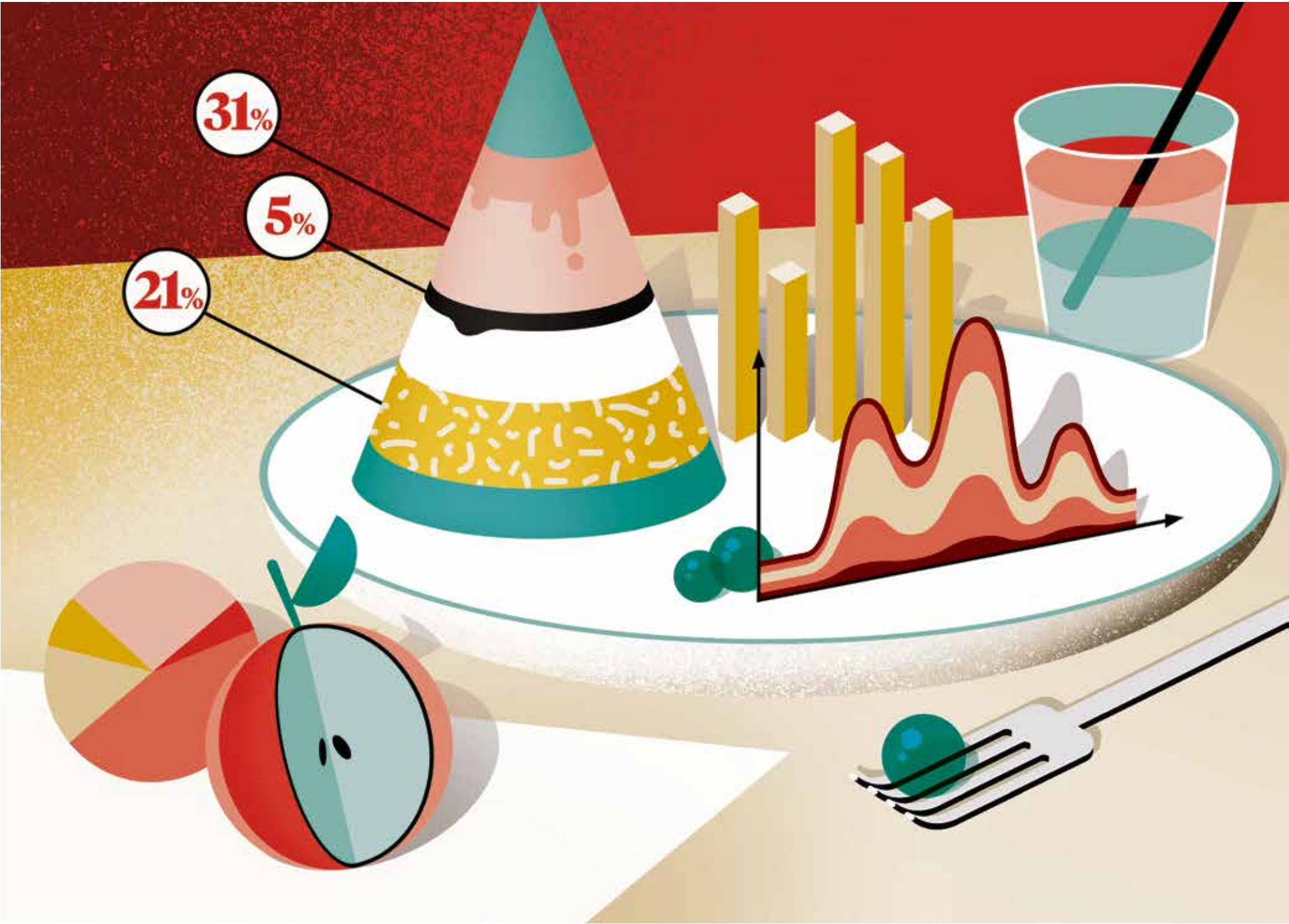


FUTURE OF FOOD & BEVERAGE

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Serious Fruit
REFRESHMENT

REAL FRUIT
BLENDED BY YOUR BARISTA
COSTA

FUTURE OF
FOOD & BEVERAGE

DISTRIBUTED IN
THE  TIMES

PUBLISHED IN ASSOCIATION WITH

Food and Drink
Federation 
Delivering Sustainable Growth

DISTRIBUTION PARTNERS

TAKEAWAY EXPO
INNOVATION 2016
BUSINESS GROWTH & ENTREPRENEURSHIP

 RESTAURANT
TECH *LIVE*

RESTAURANT 
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Feeding the growth of

The UK food and drink industry faces challenges that will reshape the future

OVERVIEW

NICK HUGHES

The development of the UK's food system since the Second World War is in many ways a story of unqualified success. Policies in the post-war decades to increase production and liberalise trade have meant the vast majority of the population can access high-quality, low-cost and safe food at a time and a place that suits them.

In the process, the sector has developed into a key pillar of the UK's economy. Food and drink is the country's largest manufacturing sector accounting for 16 per cent of total manufacturing turnover and providing employment for more than 400,000 people, according to the Food and Drink Federation (FDF).

The food industry is seen as having huge potential for future growth. The FDF is five years into a plan to grow the manufacturing sector by 20 per cent up to 2020, while analysts at IGD forecast the UK grocery retail market will reach £203 billion by 2019, up more than 16 per cent from 2014.

Perhaps more than in any other post-war era, the past ten years have seen a fundamental reshaping of the food industry as changes in consumer demand, the rapid adoption of new technologies, and emerging social and environmental challenges have placed fresh demands on businesses operating across the entire supply chain.

These changes have arguably been felt most acutely in the retail sector where the growth of online shopping, in particular, has forced supermarkets to rethink business models built around large bricks-and-mortar estates. With IGD predicting online to be the fastest-growing grocery channel between 2014 and 2019, competition is set to remain fierce, even more so following the recent arrival of Amazon into the online grocery space.

The hegemony of the big supermarkets has also been threatened by the emergence of discount grocers, most notably Aldi and Lidl, whose popularity has soared as consumers are attracted by their keen prices, tight ranges and good-quality produce.

The growth of the discounters has resulted in the waging of a seemingly perpetual price war between UK grocery retailers that has had a knock-on effect along the supply chain with margins squeezed and even well-known brands facing the threat of delisting.

A number of British manufacturers have sought to strengthen their balance sheets either through acquisitions or by inviting inward investment from countries such as China. Others have looked to spread their risk by building a successful export business with entrepreneurial companies such as

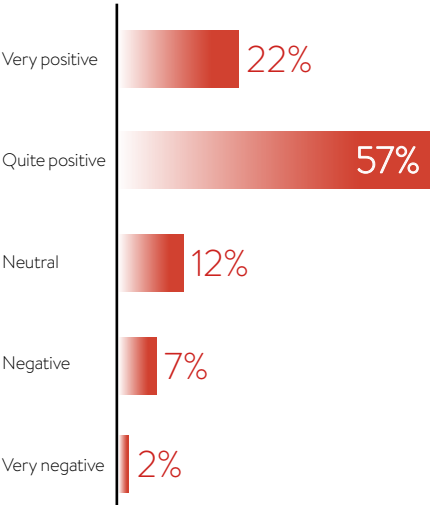
Innocent, Dorset Cereals and Ella's Kitchen enjoying growing demand for their products overseas.

There has been consolidation too in the wholesale sector with major players like Booker acquiring smaller rivals in a bid to achieve greater economies of scale and provide better deals to independent retailers.

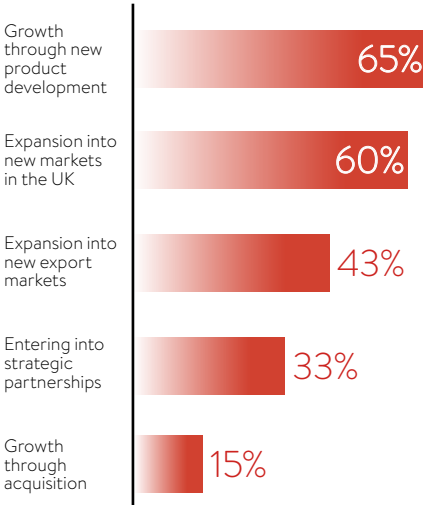
The indies have themselves responded to the rapid expansion into the convenience sector of the big supermarkets by widening their ranges and introducing in-store services such as parcel collection.

The UK foodservice sector, meanwhile, is changing out of all recognition as disruptive players such as Just Eat and Deliveroo remove some of the barriers to eating out and in the process drive significant growth in the sector.

HOW FOOD AND DRINK MANUFACTURERS FEEL ABOUT THE INDUSTRY'S FUTURE



WHERE THE MAJORITY OF GROWTH WILL COME FROM
SURVEY OF FOOD AND DRINK COMPANIES THAT EXPECT GROWTH



Source: BDO 2016



an industry

of a sector which is crucial to the economy



Getty Images



Getty Images

food has contributed to a situation where UK households throw away seven million tonnes of food every year, according to the Love Food Hate Waste campaign. Smarter packaging, which extends the shelf life of produce, offers one potential solution, but businesses agree that real progress on food waste will require collaborative action throughout the entire supply chain.

A health time bomb has emerged in the form of the billion-plus people worldwide categorised as obese as a consequence of more sedentary lifestyles and a shift in Western diets towards more nutrient dense convenience foods. In the UK, the government considers the situation so serious it has set out plans to introduce a tax on sugary soft drinks to help curb consumption.

Awareness is also growing of the environmental impact of food

production, with negative externalities ranging from the high greenhouse gas emissions involved in meat production to the effect on soil fertility of modern intensive farming methods. As well as technological fixes, such as the development of new precision farming methods aimed at maximising the use of scarce natural resources, there is a growing acknowledgment that consumption habits will need to change if we are to leave behind the legacy of a healthy, sustainable food system for future generations.

All of this means that, both by design and by necessity, the food systems of the future will look very different from those of the past and the present.

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COMMERCIAL FEATURE



NOW THERE'S ANOTHER REASON TO HAVE CHICKEN TONIGHT

*If you're not keen on fish but care about your essential oil intake, you may be pleased to learn that there's now omega-3 in chicken. Just head to your nearest Waitrose, says **Dr Jean Kennedy**, food innovation manager at animal nutrition specialist Devenish*



More of us are proactively using food and nutrition to improve our health and wellbeing, a strategy that is also being promoted by the government and the NHS to reduce the burden on health services. It's a line of thought that goes right back to Greek physician Hippocrates, who said, "Let food be thy medicine and medicine be thy food."

Interest in nutritionally enhanced foods is increasing. A 2015 report by researchers at Nielsen, *We are what we eat: Healthy eating trends around the world*, found that increasing numbers of consumers are choosing foods that can help reduce risk of disease and/or promote good health. For around a third, this includes foods high in protein or which have been fortified with calcium, vitamins or minerals.

Omega-3 polyunsaturated fatty acids are among the important nutritional substances for maintaining good all-round health. Yet, according to the latest *National Diet and Nutrition Survey* data released by Public Health England, average consumption of oily fish is well below the recommended one portion (140g) a week in all age groups.

This isn't surprising. Until now oily fish has been the only significant dietary source of the type of omega-3 which can have a positive impact on the health of your heart, brain and

vision (long-chain omega-3 fatty acids). But not everyone likes, can eat or has access to fish. Omega-3 fatty acids derived from plants such as flax and hemp are not the same as those derived from oily fish and do not offer the same health benefits.

Devenish and Moy Park have developed a sustainable, natural and healthy way to introduce long-chain omega-3 into chicken meat through animal feed

The food innovation team at Devenish and the agricultural team at Moy Park have worked together to come up with a new solution, developing a sustainable, natural and healthy way to introduce long-chain omega-3 into chicken meat through animal feed. This contains algae which is naturally rich in long-chain omega-3, with no impact on the appearance or taste of the meat.

The first output of this pioneering work – omega-3 enriched chicken –

went on sale at Waitrose last month. The chickens are reared by Moy Park on family farms in Northern Ireland to Waitrose's high welfare standards. Waitrose is stocking ten new products, including whole chickens, breast fillets and thigh meat.

Taking nutrition back along the food chain is an obvious way to improve a nation's health. In time, shoppers can expect to see omega-3-enhanced pork, beef and milk in supermarket coolers as Devenish extends its food innovation partnerships.

It is a way of making popular protein even healthier and of offering consumers new ways to consume the essential fatty acids which, in the right quantities (40 mg per 100 calories), can make a significant contribution to healthy heart and brain function as well as vision.

Initial testing, on 30 healthy participants, after one, three and five weeks of eating three servings per week of the enriched chicken, showed an average increase of 12 per cent in their blood plasma levels of omega-3.

In developing ways to add nutrition back into wholesome real foods, Devenish is helping to strengthen the focus on natural goodness.

For more information please visit www.devenishnutrition.com

COMMERCIAL FEATURE

COSTA COMMITTED TO PROVIDING CUSTOMERS WITH CREDIBLE CHOICE

Costa Coffee has committed to reducing the added sugar content of its drinks range by a significant 25 per cent by 2020, as part of its mission to provide customers with wideranging, healthier choice

COSTA

The UK's largest coffee chain, with more than 2,000 stores nationwide, is dedicated to meeting the changing demands of consumers and believes it can make a powerful and positive contribution towards customer health and wellbeing.

Jane Treasure, head of food and beverage development at Costa Coffee, says: "Costa firmly believes in listening to our customers and putting their needs at the heart of everything we do."

"We are committed to providing customers with credible choice and that's why we're taking proactive steps to reduce added sugar across our beverage range and improve our overall nutritional profile."

Since August 2014, Costa has worked closely with independent experts to create a nutritional calculator grounded in scientific research. The framework allows Costa to assess each product recipe against set predetermined criteria and, where needed, either remove, reformulate or replace with a credible alternative.

Ms Treasure explains: "As consumers embrace the health trend, we see it as an opportunity for us to do better and improve our offering. Customers like credible choice, so we sat down and asked how we could address their needs and wants practically."

"Our nutritional calculator has allowed us to take a broad, sensible approach to providing our customers with the choice and information they need to make the right

decisions for them. It's important for us as a business to ensure that our customers are listened to and continue to enjoy coming to Costa."

Costa's commitment comes amid ongoing debate in the UK on how to tackle the sugar issue. Earlier this year, the government unveiled plans to introduce a sugar tax on drinks in a bid to combat the growing obesity problem.

The sugar tax, which will come into force in 2018, will be imposed on companies according to the volume of sweetened drinks they produce or import. There are two bands to the levy: one for total sugar content above 5g per 100ml and one for drinks containing more than 8g per 100ml.

In addition to Costa's commitment to reduce the added sugar content across its drinks range by 25 per cent, it has also pledged a 30 per cent reduction across its ice range. Despite the sugar tax not coming into force for another two years and the need for confirmation of what drinks will be included, Costa's far-reaching initiative is well underway.

Since 2014, Costa has removed 123.2 tonnes of added sugar from its ice drinks. The ice range now contains 15 per cent less added sugar than in 2014, while its 2015 fruit cooler range had 30 per cent less added sugar than the previous year. Costa has also removed its Red Berry Cooler and its largest sized creamy coolers as part of its drive to improve its nutritional product mix.



It is an approach that is likely to be well received by Costa's loyal customers. In a 2015 survey by market analyst Mintel, results showed that 46 per cent of participants questioned had taken at least one course of action to monitor or reduce their sugar intake in the last year. Weight management was their primary concern, closely followed by future health worries.

Kerry Parkin, Costa's communications and corporate social responsibility director, says: "As the nation's favourite coffee shop, we take our investment in safe-sourcing, new product development and consumer education very seriously. We have set ourselves ambitious targets because we are deeply committed to developing and evolving as a business, and we're very proud and excited to see this work come to fruition."

"We believe our wideranging commitments to sugar reduction, recipe formulation and, in some cases, product removal are right for our customers and our business, and believe our commitment is the most far reaching of anyone operating in our sector."

This year Costa was the first in the market to launch a range of SuperDay

Smoothies containing no added sugar and counting as one of your five a day. A decision was also made to reformulate some drink recipes with the use of the sweetener, stevia, instead of sugar.

Costa has also committed to reducing the salt content of its sandwiches by 5 per cent by 2017 as part of its drive towards providing a nutritionally balanced mix of menu items, and is introducing new portion-controlled food products and low-calorie alternatives.

But while consumers might demand healthier options, unsurprisingly they don't want to compromise on taste, so the challenge for companies is to strike the balance.

"It's important to educate our customers on healthier options, but still deliver on taste expectations. For us it's about providing our customers with credible choice in tandem with proactive reduced-sugar and salt

content, so that ultimately they have all the information to hand to decide," says Ms Treasure.

While customers will often opt for the healthier option where possible, the food and beverage industry has a responsibility to communicate those options. In today's fast-paced world, it is little surprise that consumers want to gather information quickly and with ease.

Ms Treasure says Costa takes its commitment to informing customers very seriously. As well as published information in store and on the website, baristas in every store are provided with a full breakdown of the nutritional content of drinks to advise customers.

She says: "We have communicated our ways of working throughout the entire business and across our suppliers as we see it as important to practise what we preach."

Costa might be on track to meet its targets, but the journey doesn't end there. The company has vowed to analyse its product range continually to ensure it continues to improve and meet the demands of its customers in the future.

For more information please visit www.costa.co.uk/nutrition

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As consumers embrace the health trend, we see it as an opportunity for us to do better and improve our offering



SUGAR TAX

IAN WHITELING

The reaction to George Osborne's surprise announcement of a sugar tax in the March Budget was immediate. While celebrity chef and campaigner Jamie Oliver took to Twitter to celebrate the government's "bold, brave" move, it was a bitter blow for the soft drinks industry, with shares in AG Barr, the maker of Irn-Bru, dropping by 4.5 per cent and Britvic by 2.4 per cent within minutes.

The two-tier levy is due to come into force in April 2018, when drinks containing more than 8g of sugar per 100ml, currently including Coca-Cola, Pepsi, Irn-Bru and Lucozade Energy, will be subject to a tax of 24p a litre. A lower band for drinks containing over 5g of sugar per 100ml, including Dr Pepper, Fanta and Sprite, will be taxed at 18p per litre. The government hopes to raise £520 million through the levy in its first year, which will be invested in improving sports in schools.

Companies have been given two years to reduce the amount of sugar in their products, but for many it's an undertaking that started long before the announcement of the new tax. "As a business, health has been a pillar of our strategy for several years," says Paul Graham, GB managing director of Britvic, the UK's second-largest soft drinks producer. "There's a whole load of stuff we're doing around reformulation, taking calories out and leading with no sugar, all of which predates it."

"We were a little surprised along with everybody else about the sugar levy being introduced. This focuses the conversations and some of the timings without necessarily meaning we need a whole new playbook. So it's business as usual with some thinking about how we respond and how we dial certain things up."

Britvic is not alone in responding to consumer demands for healthier drinks over the past few years. According to the British Soft Drinks Association, the industry has already reduced sugar levels by 13.6 per cent since 2012. Britvic, along with Coca-Cola, AG Barr and Lucozade Ribena Suntory (LRS), are part of an industry-wide commitment for a 20 per cent reduction by 2020. LRS says it is aiming to cut sugar by



Sweet success in bid to cut sugary drinks

Major manufacturers are reducing the amount of sugar in soft drinks ahead of the government's sugar tax, although sticky problems remain

10 per cent by 2018 and AG Barr by 5 per cent this year alone.

One area that manufacturers are exploring is reformulating recipes. In April, Britvic relaunched its Drench juice drink with new flavours and a lower-sugar recipe, taking it below the tax threshold with 4.7g per 100ml. The timing may have looked opportunistic, coming just weeks after the Budget announcement, but "that's exactly where we were already," says

Mr Graham. The secret ingredient in the reduction is the natural sweetener steviol glycosides, or stevia, which is around 200 to 300 times sweeter than sugar, but contains virtually no calories. "It's a great option to use," says Mr Graham, "but stevia does have quite a bitter back taste, so working with it can be quite difficult."

Preserving taste is the biggest challenge with reformulation, which is easier with a change in flavour, as with the

Drench relaunch, but much more difficult with something like cola, where altering it even slightly can create a strong reaction among consumers.

"We can go two ways," says Mr Graham. "If we take sugar out of a product, do we try and replicate the taste that was there previously – it can be done, but it's difficult – or do we basically change the product and have a different-tasting drink? It's one of the trade-offs we're constantly working with."

Soft drinks makers are also steadily changing the mix of their portfolios and the focus of marketing activity towards healthier drinks. After launching a lower-calorie Lucozade Lite variant last year, Lucozade introduced its first sugar-free formulation, Lucozade Zero, in March, supported by a £5-million marketing campaign. Coca-Cola followed suit in April with the announcement of a reformulated and rebranded Coke Zero that will "taste more and look more" like the real thing.

Customer awareness is key and, according to Coca-Cola's research, half of British consumers weren't aware that Coke Zero contained no sugar, hence a name change to Co-

ca-Cola Zero Sugar and a £10-million marketing campaign.

According to the British Soft Drinks Association, 57 per cent of the UK market is now comprised of low or no-calorie drinks. By the time the levy is introduced in 2018, AG Barr says that at least two-thirds of

“It remains to be seen whether consumers will be willing to swallow an extra 8p on the price of a can for the taste of the real thing

its portfolio will not contain enough sugar to be subject to the tax. Britvic, too, is "in a really good place", says Mr Graham. "Around 70 per cent of our total volume would currently be exempt from a sugar levy. And 75 per cent of our marketing is on no and low-sugar."

In the past two years, Britvic has discontinued its original recipe Robinsons squash and Fruit Shoot drinks, instead focusing on no added sugar formulations, as well as launching a sugar-free Tango variant and a lower-calorie sparkling version of J2O. "J2O does have a reasonable sugar count, but that sugar predominantly comes from the fruit juice. We have reduced that by 38 per cent since 2008," says Mr Graham, adding "J2O is one we might do some work on".

He is reassured by consumer reaction to new recipes, however. Since discontinuing the added sugar Fruit Shoot in 2014, Britvic has reformulated the product to add vitamins and reduce sweetness. "One of the areas we need to consider is what sweetness levels we're putting in children's products," he says. "What we're finding with consumer research is that kids are actually asking for less sweet products, which is encouraging."

What Mr Graham cannot control, however, is the formulation of products such as Pepsi and 7Up that Britvic bottles and markets on behalf of PepsiCo. Along with original recipe Coca-Cola (10.6g) and Coke Cherry (11.2g), they are among the most sugary drinks on the market, with 11g per 100ml. The government's intention is for the levy to be passed directly on to consumers to reduce consumption, something that seems to have been successful in Mexico, where a sugar tax that came into effect on January 1, 2014 led to an average 6 per cent monthly reduction in sales in the first year.

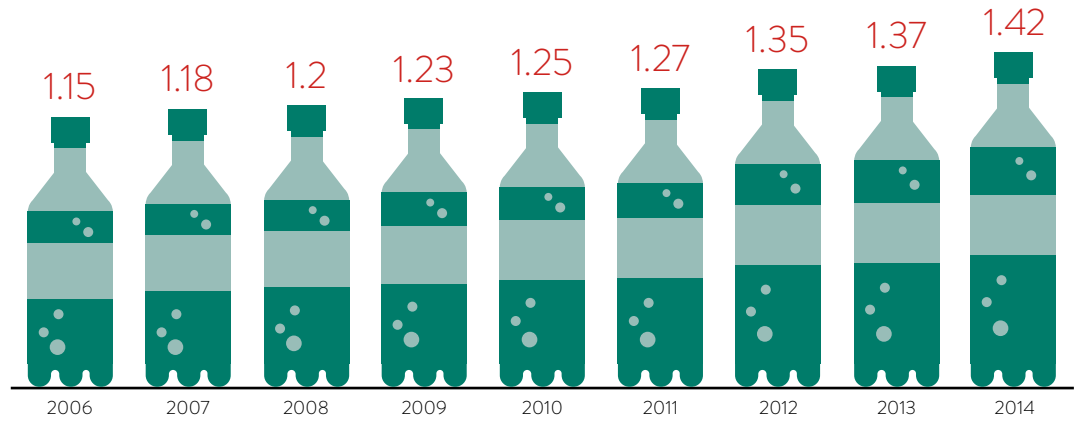
Manufacturers may be able to rely on brand loyalty to protect sales of some of their sweeter offerings, but it remains to be seen whether consumers will be willing to swallow an extra 8p on the price of a can for the taste of the real thing.



13.6%
fall in UK consumers' sugar intake from soft drinks since 2012

Source: British Soft Drinks Association 2015

AVERAGE VALUE OF FIZZY SOFT DRINKS IN THE UK (£ PER LITRE)



Source: British Soft Drinks Association 2015

The delicious challenge of pro

Many brands are saturating the so-called “wellness” market in the UK, but to succeed the product has to tas

DIET AND HEALTH
ROSIE J. SPINKS

In the biscuit aisle of a whole foods market in North London, a tub of Livia’s Kitchen moreish Raw Millionaire Bites sells for £4.99.

Though the packaging is emblazoned with what the sweet treat doesn’t include – refined sugar, gluten or dairy – Olivia Wollenberg, the founder of the popular food brand and the author of a new book of the same name, will tell you that from a business perspective, it’s far more important what actually is included in her products.

“I always tell people that, yes, my products are ‘free from’ and you’ll find them in the free-from aisle, but it’s more important what the products are made with, ingredients you can actually pronounce, and that they taste better than the conventional alternative.”

Livia’s Kitchen is just one successful example of the hundreds of brands saturating the so-called “wellness” market in the UK. Research from industry analyst Mintel released in January found that the value of the free-from food sector reached £470 million in 2015, with a projected growth of 43 per cent by 2020. With the most commonly avoided food categories including red meat, gluten and dairy, the report noted that 37 per cent of respondents reported that they or a member of their household avoid a certain food group due to either medical or lifestyle reasons.

With so much enthusiasm for wellness trends across the UK, it seems a promising destination for food industry players seeking new opportunities and added value. But there are risk factors associated with trying to cash in on a market segment that, in many ways, is defined by trendiness, aspiration and the constant search for the next so-called superfood. How can you ensure a safe investment when the very definition of wellness changes so quickly?

Though people trying to watch what they eat in the name of health is nothing new, it’s essential to understand that the current wellness trend is different from its predecessors, says David Jago, a food sector analyst at Mintel. He says the two main differences – an emphasis on “real foods” and the role of social media – are essential for new players to understand if they want to resonate with the current market.

“First there’s been quite an important shift away from the negatives

of healthy eating and much more towards the positives. There is much less focus on fat free, very low calorie, sugar free and much more focus on naturally better-for-you ingredients,” says Mr Jago. “The other thing that’s really changed is the influence of social media and connectivity. These ideas spread much quicker, products become available more quickly, consumers are reading about it more than they used to. So the influence of bloggers in this space is really important, particularly if you’re talking about millennial consumers.”

Ms Wollenberg’s brand, which she describes as “sweet treats and desserts with a nutritious twist”, is a perfect case study of what happens when a brand resonates with wellness consumers both online and off. After winning a business grant, she started selling her healthy crumble in Selfridges in 2014 and then quickly expanded to a wider range of non-refrigerated products with a longer shelf life, which she says were easier to scale.

Around this time, she began promoting her brand’s journey on a blog and Instagram, where she has nearly 100,000 followers. Now present in leading premium and health food retailers, she hopes to expand to mass-market supermarket chains in the near future. As her rapid success has proven, there is room for significant growth in the sector and that it’s not just limited to a tiny niche.

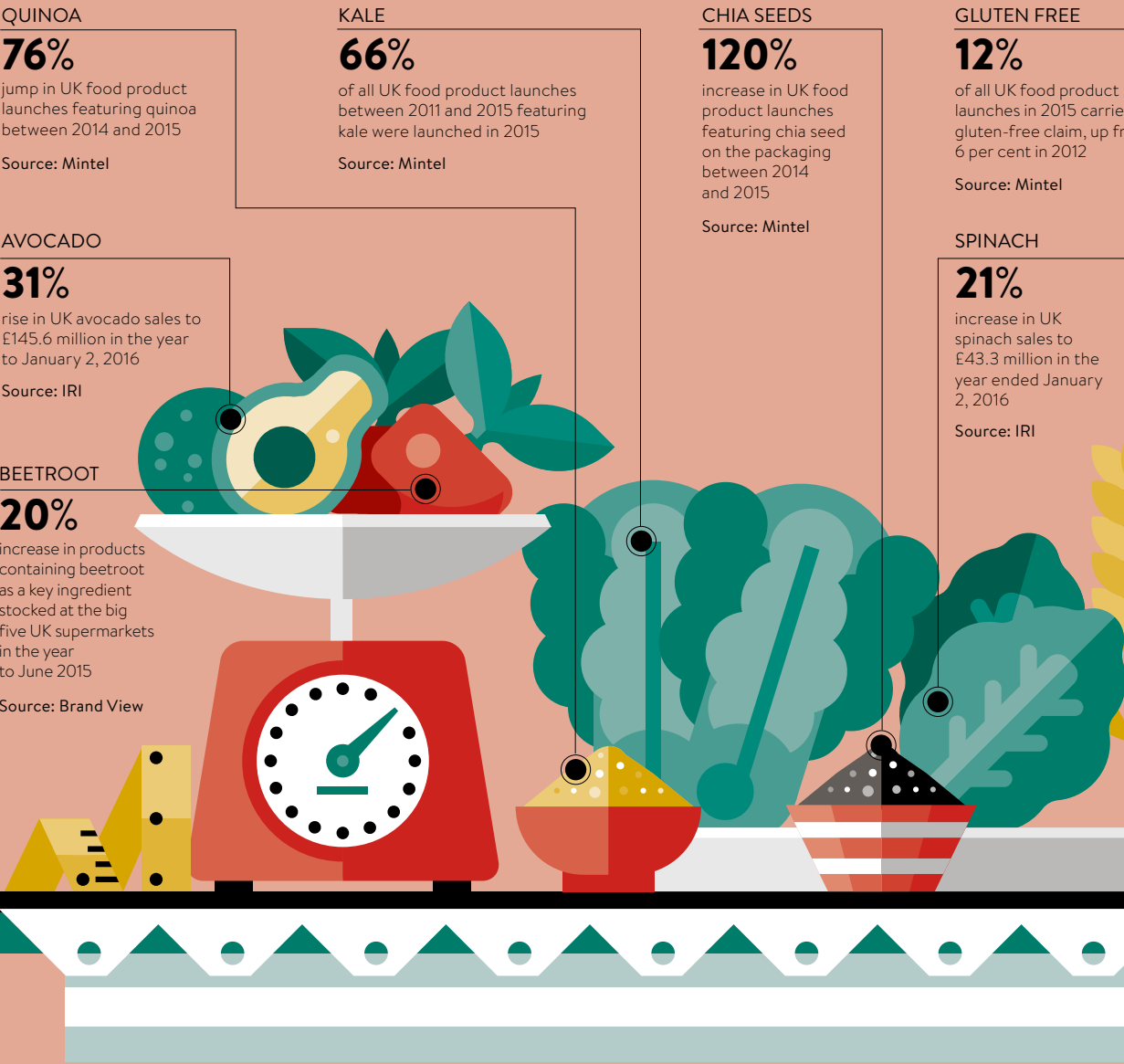
Lauren Armes is the founder of Welltodo, a media company turned consultancy that works with wellness brands and startups that are trying to break into the industry. Having last month hosted the very first Business of Wellness Summit in London, which was attended by 500 in the industry, Ms Armes says there is no doubt that wellness is big business. However, there is a serious need for market players to understand the customers they are dealing with and are willing to do more work and research to find what’s right for them than in other sectors.

“We’re seeing a number of venture capital and private equity firms that are honing in on this space, and really specialising,” says Ms Armes. “Meanwhile, consumers really want to feel empowered to decide what’s best for their bodies. For new brands there is an interesting strategic battle happening between educating the consumer around your product’s benefits without becoming so preachy you move away from the joyous aspect of wellness. Consum-

“Consumers don’t want one size fits all – they want to dictate their own journey

THE MODERN UK DIET

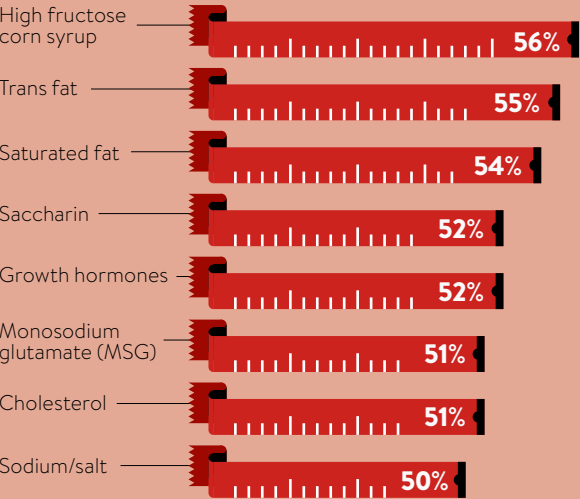
UK diets are changing, as health and wellness trends become mainstream, with demand for avocado, coconut water and gluten-free fo



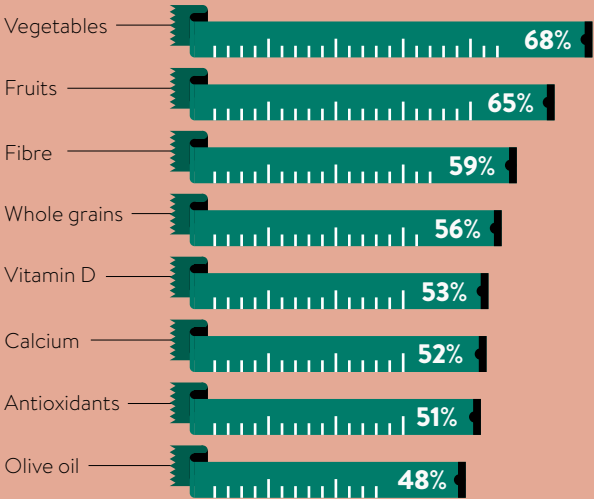
TOP 8 DIET CHANGES

Nutrients and ingredients consumers are deliberately avoiding/reducing or adding/increasing in their daily diet

AVOIDING/REDUCING



ADDING/INCREASING



Source: The Hartman Group 2015

Products that are good for you

...as good as it is for you and go down well on social media in a fast-moving digital age

...ods, to name a few, surging in recent years

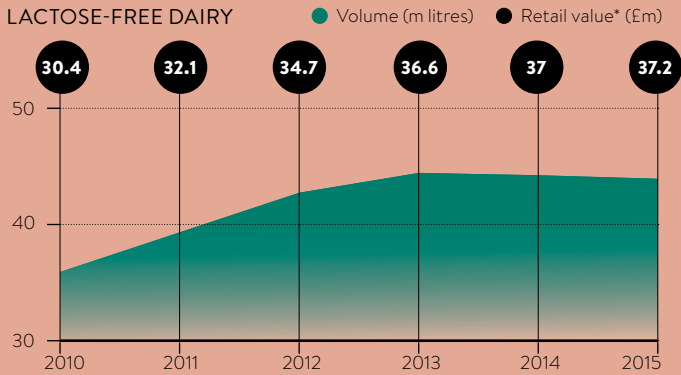
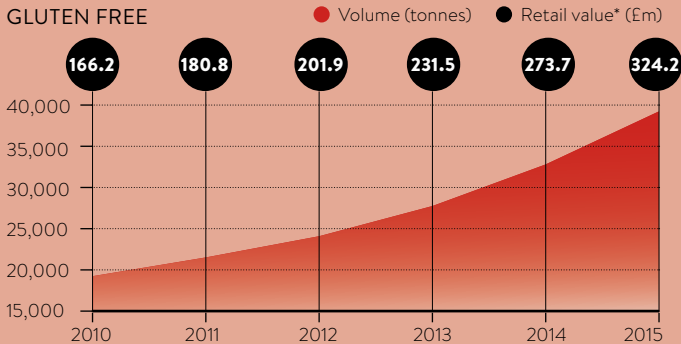


MOST IMPORTANT ASPECTS OF HEALTHY EATING



Source: Nielsen 2015

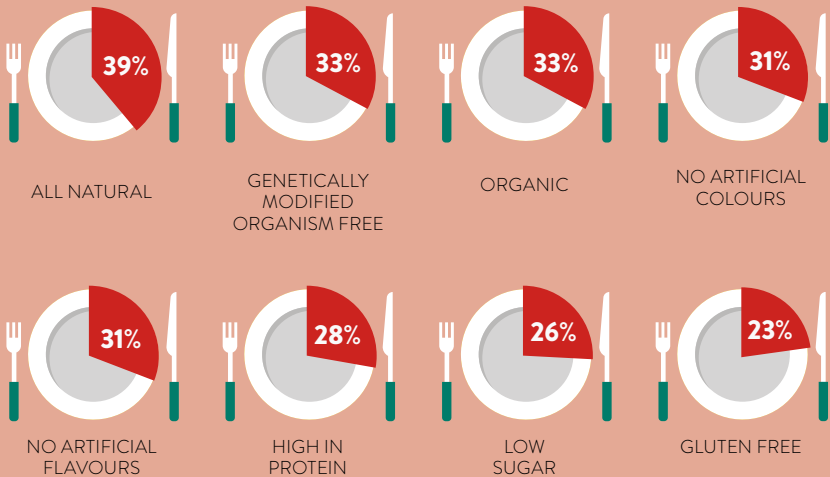
UK SALES OF FREE-FROM FOOD



*Retail value at fixed 2015 exchange rates (converted from dollars to pounds using exchange rate at December 31, 2015)

Source: Euromonitor International 2016

PERCENTAGE OF CONSUMERS WILLING TO PAY A PREMIUM FOR THE FOLLOWING ATTRIBUTES



Source: Nielsen 2015

ers don't want one size fits all – they want to dictate their own journey.”

Indeed, while social media influencers certainly have a large sway over what gets popular and what doesn't, it can still be very difficult to predict what a majority of consumers will take up. For example, leading British wellness bloggers Hemsley & Hemsley predicted that bone broth, which aids digestive health, would take off in 2015, but as Euromonitor reported: “This failed to appeal to the wider UK consumer base in the same way as breakfast smoothies, and certainly saw little uptake in packaged food and beverages.”

Ms Armes says this proves industry hopefuls must be aware of the line between consumers, who are purists and will go out of their way for an ingredient or product, and ones who simply want to integrate more easy, healthier products into their lives. It's the latter group that will lead to mass market successes, such as coconut water, which is reportedly worth £100 million in the UK.

“In terms of the scalability of a product like bone broth, it can be quite difficult because similar to cold pressed juice, it's best consumed when made fresh,” says Ms Armes. “It also has quite a niche benefit that people don't necessarily understand yet. That's very dif-

ferent from something like coconut water, which has really taken off because the marketing message that it's a better form of hydration than a sugary sports drink is easier to convey.”

Another potential risk factor is the wellness backlash, a marked media trend in recent months with columnists, specialists and even

“
In order to be successful to a broad base of consumers, wellness absolutely has to taste delicious

the parody Instagram account Deliciously Stella poking fun at “clean eating” and “wellness” bloggers such as the hugely popular Deliciously Ella, who extols the virtues of avoiding certain foods.

As *The Sunday Times Magazine* columnist India Knight wrote earlier this year: “An increasing number of young people are adopting restricted ways of eating for no

other reason than fashion. If you look at what normal people eat, a chasm opens up.”

However, Mr Jago doesn't see this commentariat as posing much of a threat to the fundamental shift in attitude that has happened around wellness. He says: “Some of [these trends] will be faddish, but the fact is that the consumer is much more open to a much wider range of ideas and range of ingredients and their benefits than ever before. They're curious and they're prepared to investigate.”

Ms Wollenberg, who is as much a businesswoman as she is a blogger, says that for market players looking to get involved, the key is thinking differently and not forgetting, in order to be successful to a broad base of consumers, wellness absolutely has to taste delicious.

“You can come in and say, ‘I'm doing a raw cake company’, but there are so many people who are doing raw cakes – what is it that's different about yours?” Ms Wollenberg asks. “You also need to spend a lot of time in making sure and developing a product which tastes as good, if not better, than its original version.”

COMMERCIAL FEATURE



CATERING FOR NEW TASTES AT WORK

As the way we work is changing, so too is the way staff want to eat in the workplace



Half a century ago, the factory whistle and office clock signalled the start of the lunch break for workers to leave their lathes and desks, and head for the factory or office canteen.

Today, automation, desktop computers, mobile devices and flexible working have revolutionised both the workplace and the way we eat at work, requiring caterers to respond while still consistently delivering convenience and value for money to the corporate client and café customer.

Organisations are under pressure to keep down costs and make the most effective use of their real estate, the impact of which has been felt from the tea room to the boardroom and from the self-service food bar to the full-service restaurant.

Despite these pressures, employers still recognise that a healthy and happy workforce is a productive one and providing high-quality, tasty food is a vital ingredient in running a successful business.

Eurest is the core workplace catering brand of leading caterer Compass Group UK & Ireland. It has been among the most nimble when it comes to meeting the demands of its clients, from providing foodservice at the trendy head office of a fashion retailer to the depots of a busy city bus company.

It has been at the vanguard of innovation, reacting to the constraints of return-on-investment targets, and the shift towards flexible working and the shortening of the average British worker's lunch break to just 34 minutes.



52%
of people who work in the business sector eat lunch at their desk



34mins
is the average length of a lunchbreak in the UK

Trends such as hot-desking, providing breakout areas for informal meetings and eating “al desko”, as some in the industry call it, have altered the nature of dining at work.

“However short the break, whether it is for lunch or a quick coffee, there is plenty of research that shows workers perform better when they are able to meet up, socialise and collaborate, around food or drink,” says Andy Barry, managing director, business and industry, at Compass Group.

“It improves team engagement, ideas generation, leads to higher productivity and reduces absenteeism.”

With 70 years' experience, Eurest serves more than three million customers a day, at over 1,500 sites, from barista coffee bars and staff restaurants to formal dining, pouring more hot drinks than most high street coffee chains.

The business food offer is always evolving to meet changing consumer demands, such as the younger

generation who want flexibility and tend to graze rather than sit down to eat at a fixed time.

Just as food-to-go is part of our everyday eating habits, it is now firmly on the menu at work for millions of people, happy to grab a sandwich, a wrap or a noodle pot to make the most of their precious time.

The company's new unmanned format called 24 – a mini convenience store, available 24/7 – has been taken up by more than 40 organisations. For some with limited space it is the sole on-site foodservice offer, while elsewhere it sits alongside a more traditional full-service cafeteria.

There has also been a massive cultural shift towards healthy eating across all types of cuisine. Being part of the world's largest food services provider, Eurest is aware of the role it can play to educate people in making healthy choices in relation to food. The company has embraced the use of technology; a great example is that every one of its recipes is available on the My Fitness Pal app.

Additionally, it is exploring using the workplace to teach customers about eating and cooking, offering the ingredients and recipes to make a meal when they get home through a “buy now, eat later offer”.

Mr Barry concludes: “We’re looking at how we can use these spaces to build communities, teach, and educate people about healthy eating and cooking, offering more convenience in the workplace.”

For more information please visit www.eurestfood.co.uk

You can now di

Wider choice, better quality and home de
in restaurants, at home and even in the

NEW DINING

SUE TABBITT

The way we think about eating and how we buy food is changing. Convenience matters more than ever, but we're getting fussier about what we eat and many of us are starting to miss the social element of a shared meal in relaxed company.

Thanks to technology, we can now have it all ways. Apps and social platforms are helping to connect the hungry with the kitchen creative, so we can eat a greater variety of freshly prepared food, on demand, at home, in the office or in someone else's dining room.

For the traditional eat-in restaurant, this is having a disruptive effect. It is forcing even the fanciest restaurants to add a takeaway option, fulfilled by the likes of Just Eat, Deliveroo, Jinn and now UberEATS. As well as giving solo diners more options, it's an alternative to private catering.

Deliveroo, now three years old in the UK, has been expanding aggressively. It has seen a 25 per cent month-on-month growth since inception, and now serves more than 40 UK towns and cities, according to UK managing director Dan Warne. Is he worried about UberEATS' recent entry to the UK market? Not especially: “Competition just further drives our focus to innovate,” he says.

One of Deliveroo's latest signings and its largest restaurant partner to date is Pizza Express. Chief executive Richard Hodgson says it is a response to changing consumer behaviour. “There's a real sense of increased spontaneity. A delivery service removes a lot of the incon-



venience associated with eating out – travel time and costs, car parking, drinking and driving.”

Adding a delivery option is one way to protect revenues that might otherwise be lost. Since Simpsons, an award-winning fish and chip shop in Cheltenham, signed up with Deliveroo, this has come to represent 6 per cent of income. It extends Simpsons' reach, to those with children in bed or who don't drive, for example, and attracts more customers to the restaurant. “The selection available for delivery is just a sample from our menu,” co-owner Bonny Ritchie notes.

Simpsons has also had to think of new ways to keep customers interested now they have so many more options. It has renovated the restaurant to create more room and introduced gluten-free days, kids eat free on Sundays and topical offers.

“Apps and social platforms are helping to connect the hungry with the kitchen creative

AVERAGE ANNUAL SPENDING ON FOOD PER PERSON SURVEY OF UK ADULTS



Source: Voucher Codes 2016

ne à la carte anywhere

livery are transforming the dining experience for customers office



Thaikhun



02



Getty Images

03

On Merseyside, owner of Pinch in Liverpool Tony Burns has been watching the rise in innovative delivery options with interest. He isn't especially worried as the main reason customers come to his establishment is to let their hair down with friends. Pinch, a bar with food, offers the Northern Spanish dining style of pinchos, which are similar to tapas, with an emphasis on the social element of dining.

"The delivery companies are filling a gap because people want restaurant-quality food at home, but the quality will never be as good as in a restaurant as most food does not travel well and you can't recreate the social aspect of dining out at home," he says.

Mr Burns believes that as people travel abroad more, they return with new ideas about food and eating styles, something he has tried to respond to. "There is a clear trend towards more casual dining and sharing foods - 'little bits of

deliciousness' rather than a full-on meal with three courses," he says. "A lot of our customers will spend a whole evening here, ordering small dishes of food over a long period of time. It's a more Continental way of eating."

Thaikhun offers a Thai street-dining experience across eight restaurants up and down the country. Customers enjoy fragrant dishes in an evocative setting decorated with trinkets from Thai street markets.

"We no longer see dining out reserved for special occasions," says Ian Leigh, managing director of Thai Leisure Group, which owns the restaurants. "Eating out has become part of our psyche as a nation of food lovers and the focus has shifted to the experience."

Anthony Tattum, managing director of communications agency Big Cat has provided marketing services to restaurants for more than 16 years, witnessing the evolution. "The best restaurants know it is

not just about great food," he says. "Consumers want authenticity, but that doesn't necessarily mean perfect. Some of the best restaurants are independent and distinctly DIY in design, built from the bottom up by friends and family. This gives them a loved and loveable air. No one wants surly waiters who are too cool too give a damn whether your lobster is chewy."

But sometimes there just isn't time to sit down in a restaurant, particularly during the working day. This has given rise to a host of innovative options besides sandwiches and wraps. Pod.co.uk, a chain of 22 super-healthy restaurants targeting the healthy, busy London millennial, has added a Deliveroo option to seven of its sites to take freshly prepared lunches to customers' desks.

Online-only restaurant EatFirst has a team of chefs who make fresh meals each morning from a central kitchen in East London, for delivery to areas in London travel zones 1 to 3, with a minimum order value of £12.50. Customers order via web or app, choosing from a list of 30-minute delivery slots.

"The greatest challenge to the dining sector, at all price points, is providing the convenience consumers want without compromising quality or the provenance of ingredients," says Rahul Parekh, EatFirst's chief executive and co-founder. "Delivery is often an afterthought for conventional restaurants and the food often suffers."


After work, those with a greater sense of adventure can dine with strangers in someone's house, co-ordinated by a social dining platform such as WeFiFo or VizEat. Or they can give themselves up to an "immersive dining event", as hosted by Gingerline, without knowing anything advance.

"There's a real desire for adventure, risk and surprise now, because our daily lives are so regimented," says Suz Mountfort, Gingerline's founder. "This is the gap we fill. Everything is a secret - the location, the menu, the concept and the experience - so people have to be genuinely brave to book."

Of the future for the restaurant industry, she concludes: "It's about embracing disruption. Work with some of the brands that are shaking things up and see how you can support each other. And go back to the drawing board - who are your customers and what do they really want? If you can give them that, there's no reason why challengers to the dining sector should cause concern."




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COMMERCIAL FEATURE

SUGAR FREE, PRESERVATIVE FREE, REFRESHING AND DELICIOUS: ENTER A NEW CRUSADER IN THE BATTLE AGAINST SUGAR

As governments, parents and doctors work to combat excess sugar consumption, a new soft drink concept is leading the way in providing delicious hydration without added sugar and preservatives

**HEY
LIKE
WOW**

It's not often that politicians are applauded these days, but there was widespread approval for a decision by the government, announced in March, to introduce a sugar levy on soft drinks. Many in the traditional soft drinks industry, though, are unhappy about the tax, which will be introduced in two years' time in order to allow them to reformulate some of their recipes.

According to the Treasury, drinks that fall within the higher rate of the sugar tax include full-strength Coca-Cola, Pepsi, Lucozade Energy and Irn-Bru. The lower rate would catch Dr Pepper, Fanta, Sprite, Schweppes Indian Tonic Water and alcohol-free shandy, among others.

A 330ml can of Coca-Cola contains 35g or seven teaspoons of sugar, more than the recommended maximum intake of sugar for those aged 11 and above. Experts point out that fizzy drinks aren't necessarily

regarded as a treat, unlike chocolate and cakes, and so people consume them more frequently. For teenagers, they're the primary source of sugar intake.

"Five-year-old children are consuming their body weight in sugar every year," George Osborne, the chancellor, told Parliament as he unveiled plans for the tax. As experts predict that more than half of all boys and nearly three quarters of girls could be overweight or obese within a generation, it was revealed diabetes and other illnesses related to obesity cost the economy £27 billion a year and put a huge strain on the NHS.

Against this background, it's hardly surprising then that a new drink, which provides effective hydration with delicious fruit flavours, but without sugar or preservatives, is creating such a buzz in the food and beverage sector – and among parents too.

Hey Like Wow, which was launched in January and will be available at the leading UK retailer from November, is a new range of drinks that contains fruit flavours without any added sugar, preservatives or "nasties".

Set to shake up the UK's £15.7-billion soft drinks industry, it's not just Hey Like Wow's ingredients that are so innovative. The drink's blast-cap technology allows you to deliver those ingredients to pure, natural mineral water as soon as you're ready to drink it. This ensures that the vitamins are delivered in the most efficient, effective way and there's no need for preservatives.

Hey Like Wow products have been carefully formulated to provide key nutrients such as vitamins B6, C and D plus calcium. The high-impact, differentiated brand packaging and structural bottle design convey the unique nature of the concept, and are created to appeal to both kids and adults.

"The war on sugar is one of the key issues being faced by food and drink manufacturers and retailers," say the Hey Like Wow team. "As consumers and parents we were frustrated by the choice of soft drinks that were promoted as being healthy, yet in reality were anything but. It was clear to us that radical innovation was needed – and so that's what we've done."



The founders come from a wide variety of business backgrounds, but they're united in their vision of producing a healthy, refreshing and delicious drink which is free from sugar and preservatives. They're all equally passionate about Hey Like Wow and the health benefits that it offers to young people.

"We've brought together some of the most exciting and innovative players in the drinks manufacturing and cap technology industries to develop a range of products that look and taste great, but which have genuine health properties," the team say. The water used in the drinks comes from the Alps and the natural fruit flavours have been sourced from Italy.

Releasing the active ingredients with the blast-cap top really makes people stop and say "Wow!" But it's not just the technology and concept that are very much on trend, it's the taste too. The Hey Like Wow team have deliberately chosen flavours that are slightly unusual and have a contemporary feel, having been used by chefs and other innovative food producers in recent years. These include hibiscus, grape and pear, lemon, green tea and elderflower as well as dragon fruit and apple.



"We know from our market research, but also from talking to other parents that there is a real demand for this kind of exciting new drink," the team say. They've commissioned a survey, carried out by Censuswide, which has revealed that a third of people believe there should be a tax on sugar. Nearly half of teenagers and young adults, aged 16 to 24, agree with the new controversial sugar tax, even though they're the target group for most soft drinks.



Hey Like Wow, available at leading UK retailers from November, is a new range of drinks that contains fruit flavours without any added sugar, preservatives or 'nasties'

Hey Like Wow has brought in a talented team of industry experts, each of whom has made the decision to live without consuming unnatural sweeteners and preservatives. They include Dr Sarah Schenker, one of the UK's leading dieticians, a registered public health nutritionist and a best-selling author.

The plan is to grow the Hey Like Wow brand globally with an extensive marketing campaign including celebrity endorsement.

As governments, retailers and parents search for ways to cut down the amount of sugary drinks consumed by children and the population generally, Hey Like Wow looks set to revolutionise the soft drinks industry and, ultimately, help millions of people to lead healthier lives.

For more information please visit heylikewow.com



Tech is wrapping up food and drink

Innovations in the materials now being used and digital technology, partly driven by environmental concerns, are pushing packaging forward

PACKAGING

NICK HUGHES

From squeeze bottles to stand-up pouches, the finest packaging innovations successfully capture the imagination of consumers while presenting new growth opportunities for food businesses.

At its heart, food and beverage packaging has to be attractive, functional and durable. But with awareness growing around the environmental impact of sending food and packaging waste to landfill, the onus is increasingly on suppliers to ensure that packaging solutions are also sustainable and optimise resources efficiently.

"Now, more than ever in the packaging industry, green is the new black and businesses are focusing increasingly on their carbon-cutting credentials. The packaging industry has to respond to that," says Eric Collins, managing director of Nampak Plastics Europe.

One response has been through the development of packaging that extends the shelf life of food, thereby reducing the chances of it being thrown away by food retailers or households.

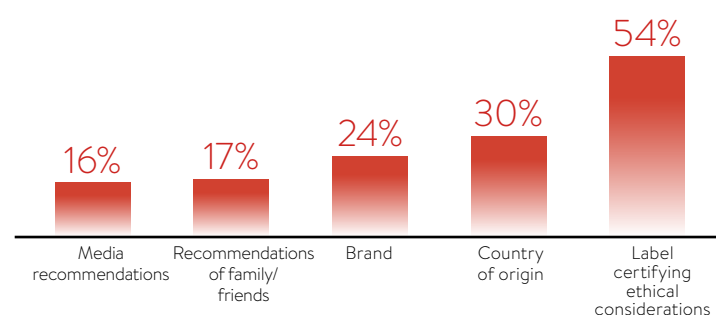
Notable innovations in this area include thermal bags that preserve the quality of fresh meats by protecting them from temperature changes, and packaging which employs high pressure techniques to hermetically seal the produce, preventing oxygen and water vapour from getting in and thus extending the shelf life of foods such as fresh fish by up to 20 days.

Other packaging suppliers are focused on designing processes or materials that reduce contamination in the recycling stream by, for example, creating secure seals for ready meals that can be removed in the hot wash process employed by recycling companies, thereby allowing the entire PET plastic tray to be recycled, or de-



PACKAGING AND THE ENVIRONMENT

WHAT REASSURES UK ADULTS THE MOST THAT ENVIRONMENTAL CONSIDERATIONS HAVE BEEN TAKEN INTO ACCOUNT?



Source: GfK/Programme for the Endorsement of Forest Certification 2014

veloping films that are themselves fully biodegradable.

Although recycling rates have risen steadily in the UK in recent decades, thanks to public aware-

ness campaigns and greater use of recyclable materials in packaging, there are certain pockets of the food sector where packaging is still most likely to end up in landfill. One such area is disposable cups, which have attracted negative attention from campaigners for their lack of recyclability through normal waste collection services.

In a bid to find a solution to the problem, environmental packaging specialist Biopac has launched "I'm a green cup", a single-serve cup lined with a starch material which makes it 100 per cent compostable, aimed at food businesses that want to demonstrate their commitment to the environment.

Convenience is another major selling point for food packaging

manufacturers and a key driver of innovation. "Whether it is portion control, food on the go, easy handling or microwavable, consumers are increasingly seeking out products that cater to their on-the-go lifestyles," says Nick Smith, managing director of packaging supplier Parkside.

Nampak's Mr Collins cites laundry care products as a fast-moving consumer goods category where creative packaging has positively influenced buying behaviour. "Added-value functions such as 'controlled dosing', which helps cut down on wastage, have been really well received by customers and is contributing to sales growth in the market," he says.

Oven ready roast-in-the-bag packaging for poultry, which uses a polyester base film with oven-proof inks, is another innovation that has been developed with consumer convenience in mind. "Poultry tended to be sold on trays with a stretch overwrap, often resulting in leaking packs, which pose a food-safety risk," says Stephanie Poole, convenience foods sales specialist at Sealed Air.

Looking beyond material innovations, digital technologies are increasingly being incorporated into food and drink packaging to enhance the shopper experience.

Scottish firm Insignia Technologies has developed a "smart" label that it believes has the potential to replace the often confusing use-by or best-before date stamps found on food products around the world. Once a package is opened, an intelligent label embedded on the inside of the product sets off a timer, which responds with a colour change from yellow to purple as the product's freshness deteriorates.

Food brands are also using digital packaging technologies to engage and inform their customers. Italian pasta brand Barilla has been working in partnership with the software giant Cisco to develop a platform whereby shoppers can scan a QR code on the back of selected Barilla products, which allows them to track and trace the journey of their pasta all the way from the wheat field to the supermarket shelf.

The technology behind QR codes has been around for some time, but there remains a feeling that their potential has yet to be fully realised in the UK food and drink sector.

"QR codes are ubiquitous in China, South Korea and other parts of Asia, and are used for sophisticated transactions and personalised interactions. However, they are used much less widely and well in Western markets," says Andy Hobsbawm, co-founder and chief marketing officer at smart products platform EVERYTHING.

"We're familiar with QR codes on our boarding passes and train tickets, but a lack of imagination in how to use QR codes for marketing meant consumers were turned off because there was never much value in scanning beyond linking to a website," he says.

But Mr Hobsbawm believes there is potential for QR codes to provide a valuable function in the food and drink industry by serving up personalised, in-the-moment experiences to consumers in the form of loyalty rewards, personalised offers or provenance information. Further proof, as if it were needed, that there's much more to modern food and beverage packaging than meets the eye.

Green is the new black and businesses are focusing increasingly on their carbon-cutting credentials

Creating DESIRE is not enough.

The new digital age has brought extraordinary shifts across business. New companies have grown at unprecedented speeds using new marketing models and channels to reach people. These companies are born modern, unshackled from legacy thinking and communications.

It's hard to completely rethink the way we build brands but that's what we need to do. Creating desire is no longer enough. Brands need to embrace the new complexity and understand what people want, delivering it to them in ways and in places, that makes sense to them.

This is not the same as the old marketing construct of making people want things.

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