Bord Bia
Irish Food Board

Imperial College London

Origin Green IRELAND

Working with nature

Emerging Routes to the Consumer: Opportunities for Irish Food & Drink Producers

Dr. David Hughes
Emeritus Professor of Food Marketing

Small Business Open Day 2018

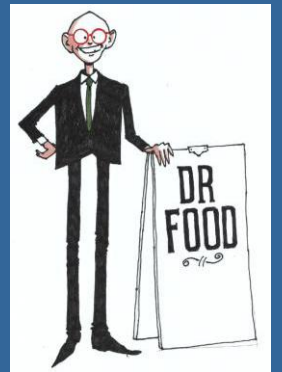
Johnstown Estate Hotel

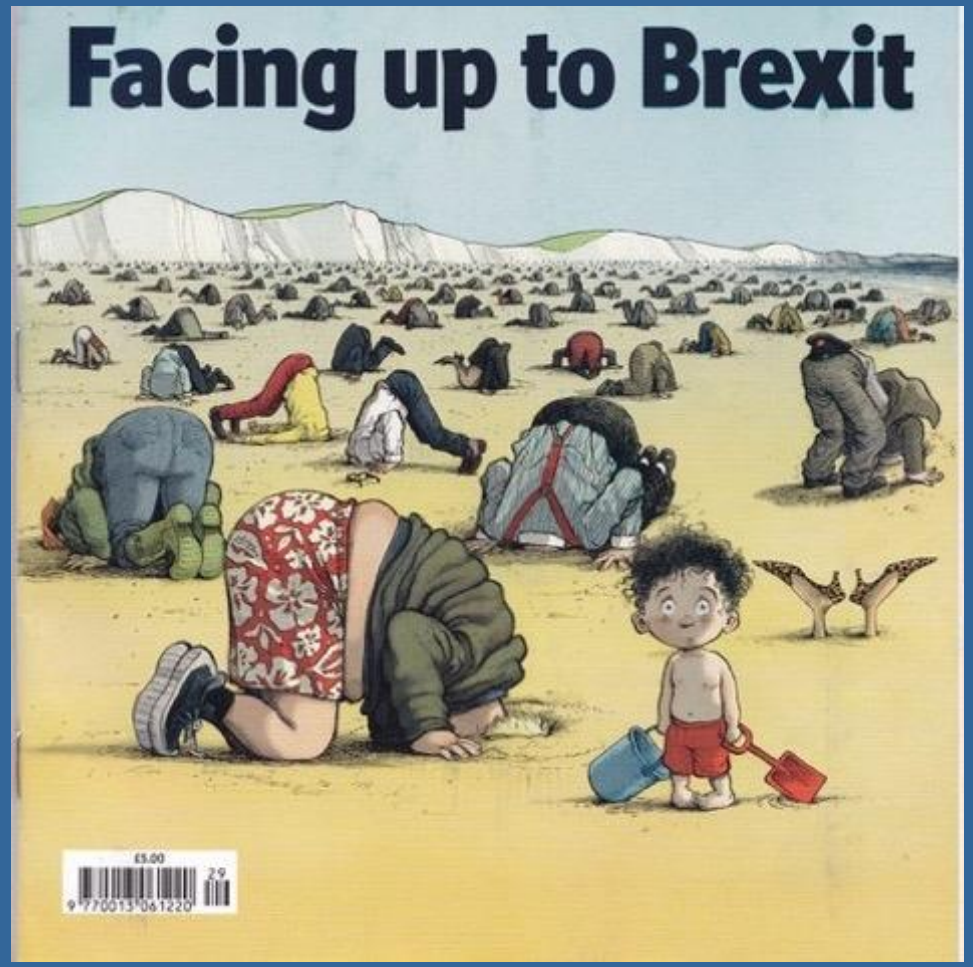
Enfield, Co. Meath, Ireland

Monday, January 23rd, 2018

@profdavidhughes

www.supermarketsinyourpocket.com





The Economist

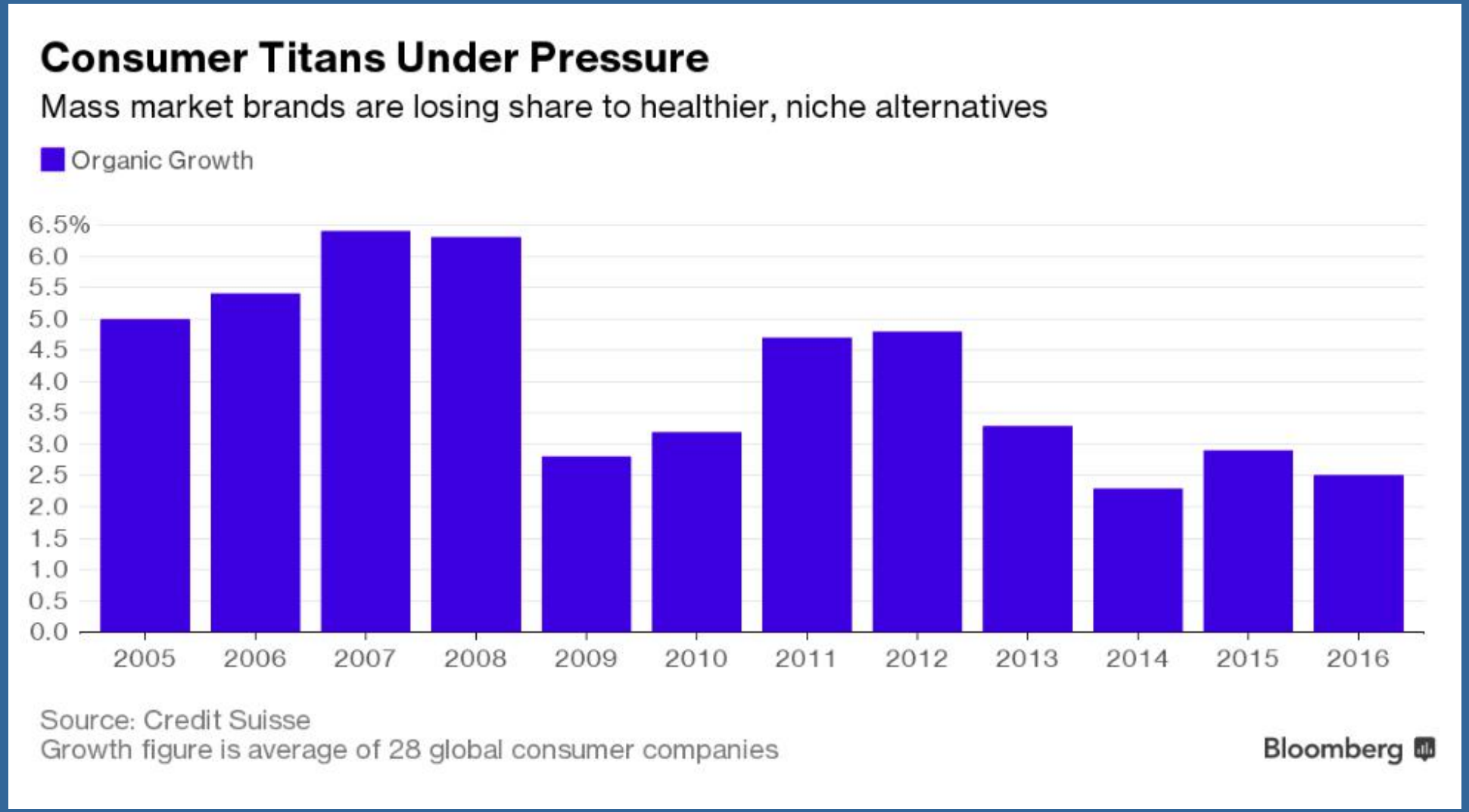
BREXIT:

A National Act of Plebicide!

Source: Front cover of The Economist, July 21st, 2017

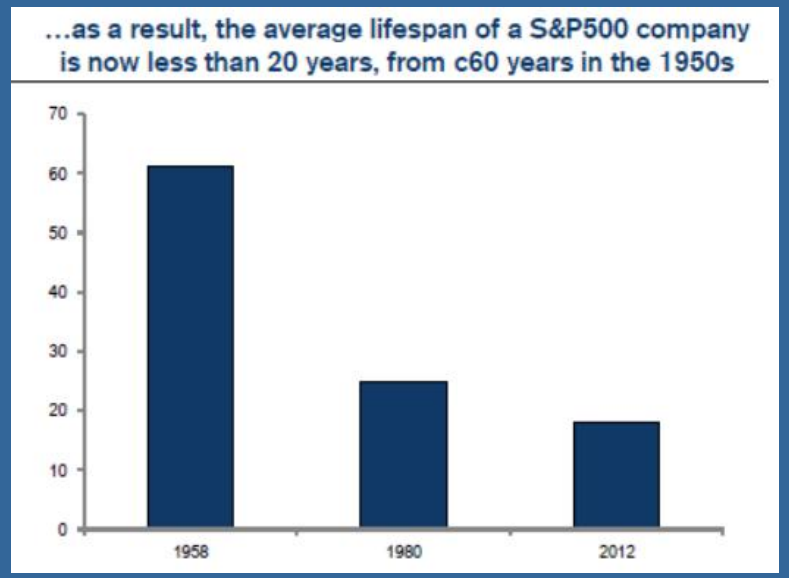
Imperial College London

Across the Globe, Big Food & Drink is Under Extreme Pressure



America: Average life span of companies under 20 years

- The average age of an S&P 500 company is under 20 years, down from 60 years in the 1950s, according to Credit Suisse.
- The Wall Street firm says the trend is accelerating and blames the disruption from technology.



Source: Credit Suisse, 2017

"Sectors our analysts see as being at the epicentre of disruption include Autos, Oil & Gas, Utilities, Financials and Food Retail," the report says.

France

NET TRUST
In global companies
-34

USA

NET TRUST
In global companies
11

China

NET TRUST
In global companies
27

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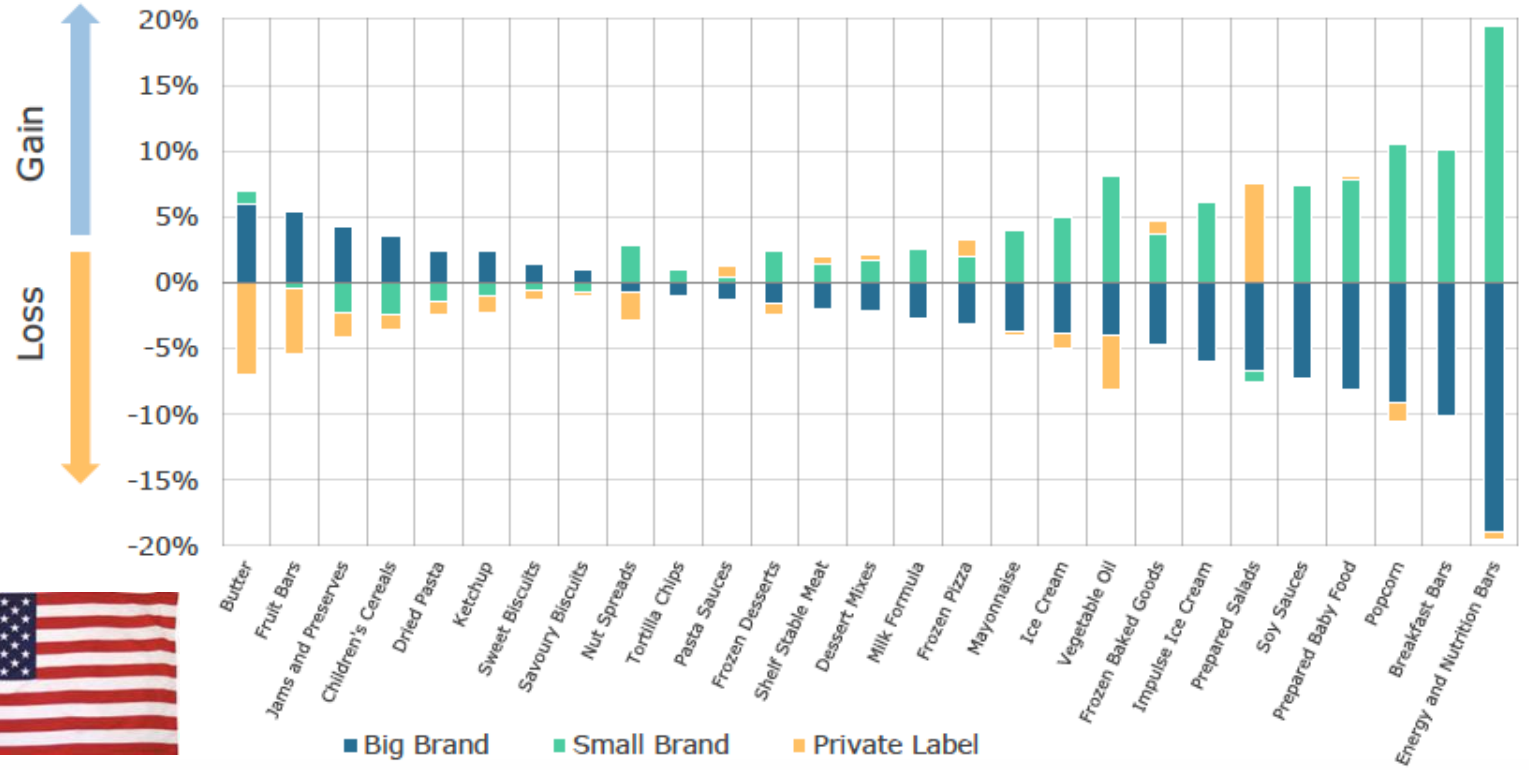
In Developed “Western” Markets, Big Brands Under the Cosh

Consumers are moving away from ‘big brands’

Rabobank

Smaller brands (more innovative) are gaining market share against big brands



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9th Consecutive Quarterly Sales Decline for General Mills

General Mills Moves with "Urgency" to Improve Sales

Natural and organic a bright spot in General Mills' portfolio

General Mills Loses the Culture Wars

Yoplait Sales Plummet
"Oui by Yoplai" Launched in Premium Segment to Claw Back Sales

More than a Whiff of Panic in the FMCG Air!

General Mills forecasts another year of falling sales

17/18 FY

Imperial College London

Campbell's warns of more trouble ahead as lackluster sales are the hallmark of Q4

Campbell Soup Co. notes challenging market on flat full-year sales

Sales for 2016/17 Slip 1%
(11 Quarters of Declines)
Stock Price Down 25% Since Beginning of 2017.
Whiff of Panic in the Air!

Campbell Soup Co. is striving to remain a pantry mainstay even as what, where and how consumers eat undergoes a transformation. The company is also facing investor pressure to reverse a yearslong revenue decline and lift its share price, which has fallen 15% this year. **August 31st, 2017**

Campbell snaps up snack group Snyder's-Lance in $4.7bn deal

December 6th, 2017

More than a Whiff of Desperation in Attempt to Stem Sales Declines

Campbell's US$700m Cash Deal for Pacific Foods

July, 2017

Imperial College London

“Big Food” Giants Battle for Share in the Slow Growth UK Table Sauce Category

Table Sauce Category UK 2017 £559 million (% change y-o-y 0.2%)
Branded Share 83% (i.e. Private Label Share 17%)
Heinz Kraft and Unilever Share of Total Table Sauce Category 56%
HK/U Combined Share of Branded Retail Sales 67% (10 of Top 10 Brands in Category)

Why Does Unilever and Kraft Heinz Bother to Compete in Slow/No Growth Market?:

- High Margin
- Brand Loyal Customers
- Cash Cow

And, Now, Go Head-to-Head in Each Others Heritage Sectors! Smacks of Desperation!

Imperial College London

Spice Maker McCormick Will Buy Reckitt Benckiser's Food Business For $4.2 Billion

A Bargain at 10X Sales!

Kellogg's to cut sugar in kids' cereals by up to 40%

Two Cheers for Kellogg's UK: So, Why Didn't You Do This Before?

Kellogg's

November 30th, 2017

Imperial College London

Kellogg's 1894 fund debut investment in US firm Kuli Kuli

Kellogg invests in US smoothie maker Bright Greens

Kellogg's capital fund among financiers of US$35m for MycoTechnology

Kellogg's

Focus on New Age Food & Drink Investments 2017

Imperial College London

Dr. Food @ProfDavidHughes

Talking at World Bison Event in Montana. This beauty is from Back40 Bison Ranch. You've gotta eat 'em to keep 'em!

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WHOLESALE

EPIC

ABOUT PRODUCTS ANIMALS BLOG SHOP FIND PRESS

General Mills

WHAT IF THE FOODS YOU ATE COULD REGENERATE THE LAND?

WOULDN'T THAT BE EPIC?

LEARN MORE AT EPICBAR.COM/SAVORY

OUR BARS:

BISON BEEF CHICKEN BACON

Imperial College London

General Mills, Craving Organic Meat Snacks, Buys Epic Provisions

TAYLOR COLLINS AND KATIE FORREST • EPIC PROVISIONS FOUNDERS

Nestlé leads $77M round for healthy meal startup Freshly

FRESHLY

Selection of Summer Purchases

Nestlé

Nestlé Is Buying Vegan Food-Maker Sweet Earth

PACIFIC GROVE CALIFORNIA
SWEET EARTH
NATURAL FOODS

Blue Bottle Coffee Co

Nestlé Targets High-End Coffee by Taking Majority Stake in Blue Bottle

Danone invests in French baby food start-up Yooji

DANONE MANIFESTO VENTURES

accelfoods
where small companies grow big

French food giant Danone is teaming up with AccelFoods, a US investment vehicle that is looking to support the expansion of companies in the "disruptive" natural and healthy food sector.

Michel et Augustin
two kooky cookies

DANONE

Imperial College London

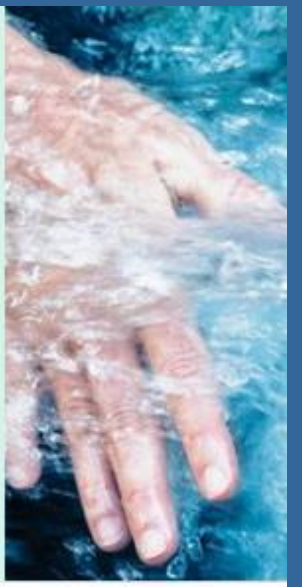
Danone Launches “One Planet One Health” Signature to Join the Alimentation Revolution

CLIMATE

At Danone we target Zero Net carbon through solutions co-created with Danone’s Ecosystem.

WATER

We aim to co-build healthy water cycles that work in harmony with local ecosystems and communities.



DANONE

BETTER WORLD

We believe that food produced sustainably can help protect and restore the health of our planet.

PACKAGING

We aim to build a circular economy for packaging.

SUSTAINABLE AGRICULTURE

We support agriculture that is competitive, respects natural ecosystems and generates both economic and social value.

perial College
ndon

once upon a Farm

Jennifer Garner
Co-Founder
Chief Brand Officer

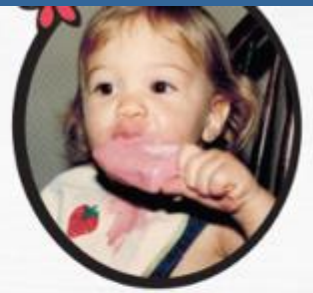
As a mom of three and social advocate for children, Jennifer guides the company's overall vision with a focus on brand voice, design, and activation.

John Foraker
Co-Founder
CEO

John, father of four and longtime organic industry pioneer, is responsible for leading our overall growth and champions our mission and values.

Cassandra Curtis
Co-Founder
Chief Innovation Officer

As our leader of product innovation and mother of three, Cassandra is responsible for developing all of our delicious and safe products using only the best organic ingredients.



Ari Raz
Co-Founder
President

Ari guides all aspects of our business operations and helps make sure you can find your favorite products in store.

Sneakz in USA:

* Stealth Vegetables in Milkshakes


REBEL KITCHEN
NOURISH YOUR THING!
DAIRY FREE COCONUT GOODNESS
100% REAL
BANANA MYLK
REBEL KITCHEN
NOURISH YOUR THING!
DAIRY FREE COCONUT GOODNESS
100% GREAT
ORANGE CHOC MYLK
REBEL KITCHEN
NOURISH YOUR THING!
DAIRY FREE COCONUT GOODNESS
100% TRUE
CHOCO MYLK

Dreaming Cow *yogurt* *is all-natural, and the dairy company promotes its focus on environmentally friendly practices.* Photo courtesy of Dreaming Cow


sibberi
Tree water is pure tree sap.
It's tapped straight from the trees and
collected drop by drop.
SHOP NOW!


sibberi
BAMBOO WATER
Glow
sibberi
MAPLE WATER
Strength
sibberi
BIRCH WATER
Clean & Lean


MASH DIRECT
Cooked fresh on our Farm
QUALITY FOOD AWARDS
WINNER
Grocer New Product Award
WINNER
great taste WINNER
MASH DIRECT
from OUR fields to YOUR fork
mashed potato
carrot & parsnip
Vegetable Burgers with Cabbage

Living Differently

YOUNGER GENERATIONS WILL RESHAPE MARKETS & WORKPLACES WITH DIFFERENT ATTITUDES AND BEHAVIOURS

Centennials

- Many now teens in school and college
- **Few financial commitments**
- First **mobile-native** generation
- **Resourceful** as have grown up in slow growth world

Millennials

- Many at life stage where **start spending more**
- **Settling down** and starting families
- By 2020, will form **50% of global workforce**
- **Idealist,** prioritise meaning over materialism

Of All the Attributes of the Millennial Consumer, Patience is NOT One!

Ms. Veruca Salt (Courtesy of Charlie & the Chocolate Factory)

IF they land on your web site, how long do you have to secure attention?

Snackified Eating

Traditional eating patterns built around three "square," structured meals a day has given way to modern eating styles. **50% of all eating occasions are now snacks.**

hartman GROUP

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The Number 1 Global Mega Consumer Trend is the Increasing Concern About The Health of the Family and The Health of the Planet. When Food Shopping, Drives Shoppers Towards "Mindful Choices"*

And a Widespread View that Big Food, Big Business, Big Government are Part of the Problem NOT Part of the Solution

"Mindful Choices" top food trend for 2018, Innova Market Insights, Nov. 2017

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Consumers today idealize food that is close to its "natural" form

Consumers across the board express the belief that food closer to its natural state is superior to food *changed* by scientific or industrial processes (particularly when that change is seen to be motivated by profit). At its most basic level, this means foods that are:

Grown naturally	Made simply
	
Grown without unnecessary chemicals – respecting rhythms and interdependencies present in nature	Simple ingredients – no unnecessary ingredients – no unnecessary stages of preserving or processing

Powerful Global Consumer Trends

Ahold Delhaize

Ahold Delhaize

Key Trends

- More value
- More convenience
- More fresh & healthy
- More personal

Increased focus on health & product origin

8

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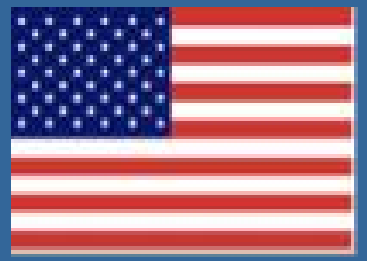
Food Retailers Respond to Customer Concerns About Health



Dr. Food @ProfDavidHughes 4 Jan

IHOP $3.99 special. Expect to see Gov. Regulation more active on food & health issues in 2018 but maybe not in USA!

Tesco and its suppliers join forces to halve food waste by 2030

Call for 'latte levy' of 25p to cut disposable coffee cup waste

Expect Accelerated Regulation on Recycling of Packaging in the Food & Beverage Industry

21 Sep 2017 --- Tesco has announced ground-breaking partnerships with suppliers to tackle UN Sustainable Development Goals on food waste. Speaking at a meeting of Champions 12.3 in New York yesterday, Dave Lewis, CEO of Tesco announced partnership agreements with 24 of the retailer's largest food suppliers, who will adopt the Sustainable Development Goals to halve food waste by 2030.

Will a 25p charge change Britain's throwaway coffee cup culture?

UK and Other Markets: We've Reached The Tipping Point on Recycling Issues – Huge Implications for F&B

Plastic bag use down 70% in Wales since charges began

Tesco to end sales of 5p carrier bags

Supermarket to stop selling 'single-use' bags but will offer customers 'bags for life' costing 10p

Blue Planet II episode highlights how plastic is killing our precious sea creatures

Imperial College London

The Economist

December, 2017

Advertisement in the front pages of ***The Economist*** magazine from a Merchant Bank advising Prospective Customers of Ocean Environmental Issues

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Origin Green IRELAND

Ireland's food and drink sustainability programme

When it comes to Food & Drink
What is Ireland famous For?

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ON FOOD, CONSUMERS NEED TRANSPARENCY & COMMITMENTS

63%
care about the origin of the products they purchase

67%
want fewer preservatives and coloring agents

60%
want local brands & fresh products

86%
think that transparency in companies is important

They Seek Reassurance on the Safety and Integrity of Their Food

Carrefour

Imperial College London

Changes* in Grocery Market Share by Channel UK 2017-2022

	Share of Grocery Sales		
	2017	2022	% Change
Hypermarkets	8.8	7.7	-1.1
Supermarkets	46.6	42.8	-3.8
Convenience	21.7	22.1	+0.4
Discount	10.9	14.1	+3.2
Online	5.6	7.6	+2.0
Other	6.4	5.7	-0.7

%

Shopping in “Big Barns” Less Often and Buying Less per visit.
Hard Discount, On-Line and Convenience Winning the Day

** IGD Forecast, 2017*

Source: IGD, 2017 * forecasts

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Report: Amazon and alternative formats will bring 'carnage' to supermarkets

Food Industry Analysts Predict Tough Times for Supermarkets

- Retail space devoted to food sales in the US has hit a record high.
- New store growth is outweighing demand, and grocers are cutting prices to compete.
- Department stores followed the same strategy in the last decade, and now they are closing stores and filing for bankruptcy at staggering rates.

The retail apocalypse is heading straight for Kroger, Whole Foods, and Aldi

Inmar: Dim future for traditional supermarkets

Shares, stores to decline as fresh, limited assortment, e-commerce grow

It's Only Going to Get Worse for America's Grocers

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Lidl And Aldi's Aggressive U.S. Invasion Spells Trouble For Supermarkets

Aldi fires $3.4 billion shot in U.S. supermarket wars

Lidl Open First USA Store
150 planned by end 2018.

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Both Aldi and Lidl have a Formidable Premium Ranges which Excelled this Christmas

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Who's Leading the Way in On-Line Grocery? Why? (and don't go to the USA for on-line leadership!)

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Xinxin with New Baby Wang
Economics Professor with a
Banker Husband.

Lives in Apartment with In-Laws
Downtown Hangzhou City*.

Singles' Day November 11th, 2016
She Purchased 90+ Items On-Line
Including Imported Meat**, Fruit, Wine

Alibaba Sales 11/11/16 $17.8 Billion

** Purchased an extra fridge to store frozen goods bought on-line

Imperial College London


BẮC HÀ

Dr. Food
@ProfDavidHughes

Alibaba.com had $25 bn sales Singles Day (11/11) in China. Friend Xinxin bought 47 items incl. imported beef, seafood & fruit!

13 Nov 09:45

Xinxin was more conservative in 2017. Only 47 packages! Here's Delivery Boy Wang Helping Out.

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MY MARKET
mymarket.com.hk

my cart

Search for...

+ OPTIONS

Kings' Galette

480 g

FROZEN

- 1 + HK$ 80.00

ADD TO CART

Mini Baguette

Pack of 1

140 g

FROZEN

- 1 + HK$ 9.00

ADD TO CART

6 Cereals Bread Sliced

Pack of 1

450 g

FROZEN

- 1 + HK$ 29.00

ADD TO CART

White Toast Bread

Pack of 1

350 g

FROZEN

- 1 + HK$ 20.00

ADD TO CART

Croissants

Pains au Chocolat

Chocolate Fondant

Macarons

Leveraging French Food Culture in China & HK B2C Platform

Imperial College London

Now one in seven are buying their food online: Number doubles in two years as big supermarkets offer same-day delivery

- Total online grocery spending is predicted to rise by £1.2billion this year
- The trend will continue over the next five years, reaching a massive £17billion
- Tesco even recently tried out a robot that can deliver groceries in an hour
- Marks & Spencer are also planning same day delivery trials

Daily Mail

Kantar Worldpanel and Mintel, 2017

Imperial College London

Walmart testing 24-hour automated pickup kiosk for groceries

Walmart Trials Standalone Box to Pick-Up Groceries Ordered On-Line. “60 second pick-up” with Unique Customer Code. “Click & Pick” Viewed as Outstandingly Successful.

NEWS > ONLINE RETAIL

Walmart expands Uber delivery test to more cities

Walmart partners with smart lock maker August to test in-home delivery of packages and groceries

Walmart
Save money. Live better.

August Doorbell Cam | Answer The Door From Anywhere | August

august

Walmart announced today it will begin testing a new service that will allow customers with August smart home devices, like the August doorbell and security cameras, to have their packages delivered inside their home instead of left on the doorstep. This test will also include online grocery orders, which won't just be placed inside the house like the packages, but will be put away in the fridge and freezer, when appropriate.

Grocery Delivery Options Proliferate in the UK

PrimeNOW
SKIP THE TRIP. ONE-HOUR DELIVERY.

PrimeNOW
RESTAURANT DELIVERY

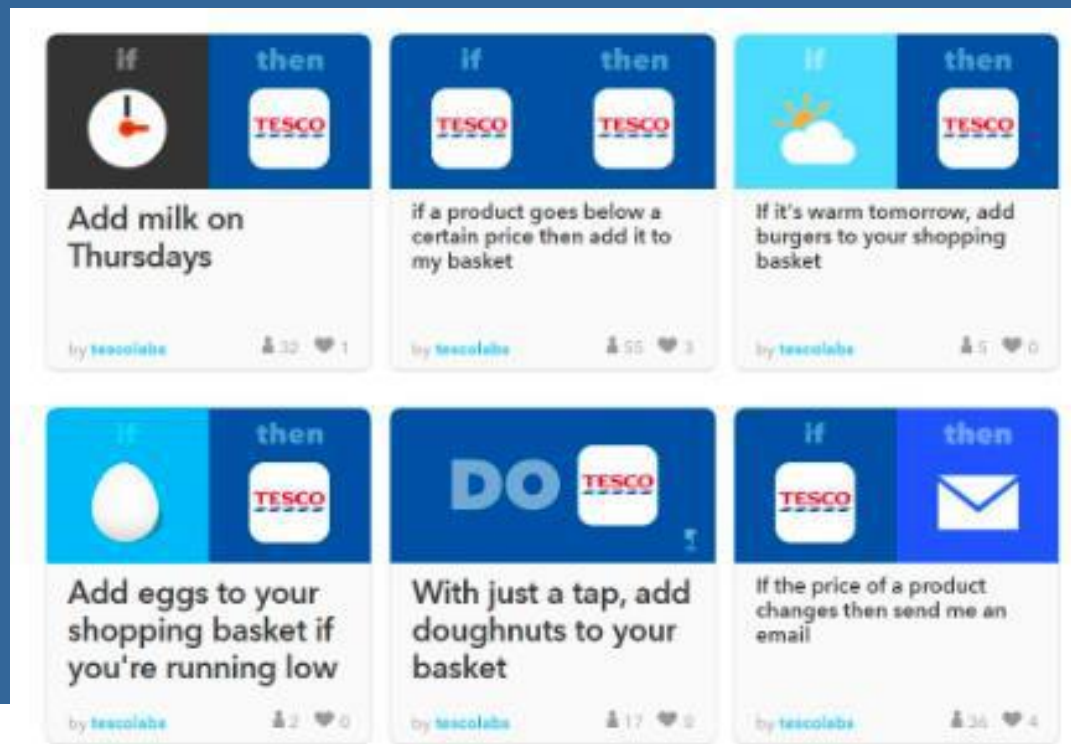
Quiqup
Your city, hand-delivered

beelivery
We shop, pickup and drop whatever you need, on-demand

convibo
groceries waiting for you
same day delivery
no minimum order quantity
Waitrose Iceland TESCO

About Placing Orders with Alexa

You can ask Alexa to place orders for Prime-eligible physical products.



Google HOME

Imperial College London

BRIEF

BREAKING: Amazon to buy Whole Foods in $13.7B deal

August, 2017

Market Capitalization of Some Major Grocery Retailers (US$ bn)*

amazon		$560 bn.
Alibaba Group		$455 bn.
Walmart Save money. Live better.		$286 bn.
COSTCO WHOLESALE		$82 bn.
woolworths	**	$26 bn.
TESCO Every little helps		$22 bn.
Carrefour		$21 bn.

* as of December 8th, 2017

** Woolies Australia

What if ..... Amazon Bought Sainsbury's?!

Posted on July 18, 2017 by Prof David Hughes & Miguel Flavián — Leave a comment

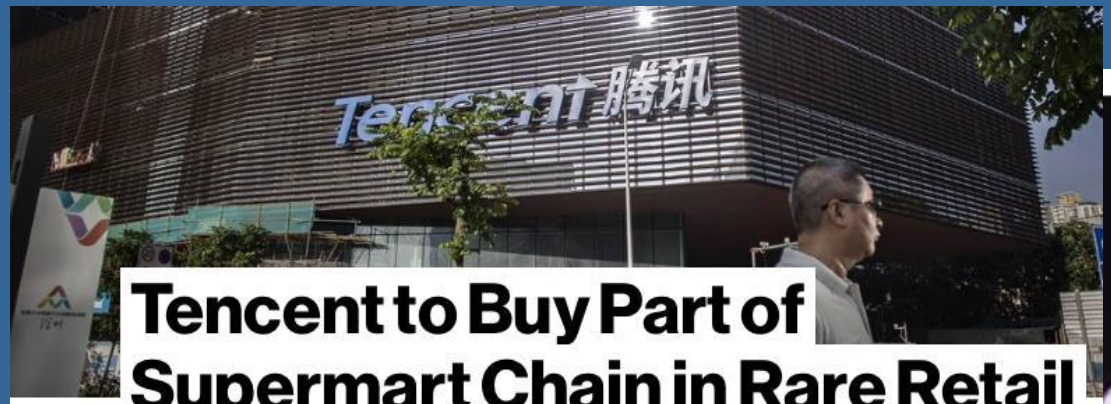
Sainsbury's

live well for less

Market Cap Amazon $629 bn.
and Sainsbury's $9 bn.
January 12th, 2018

www.supermarketsinyourpocket.com

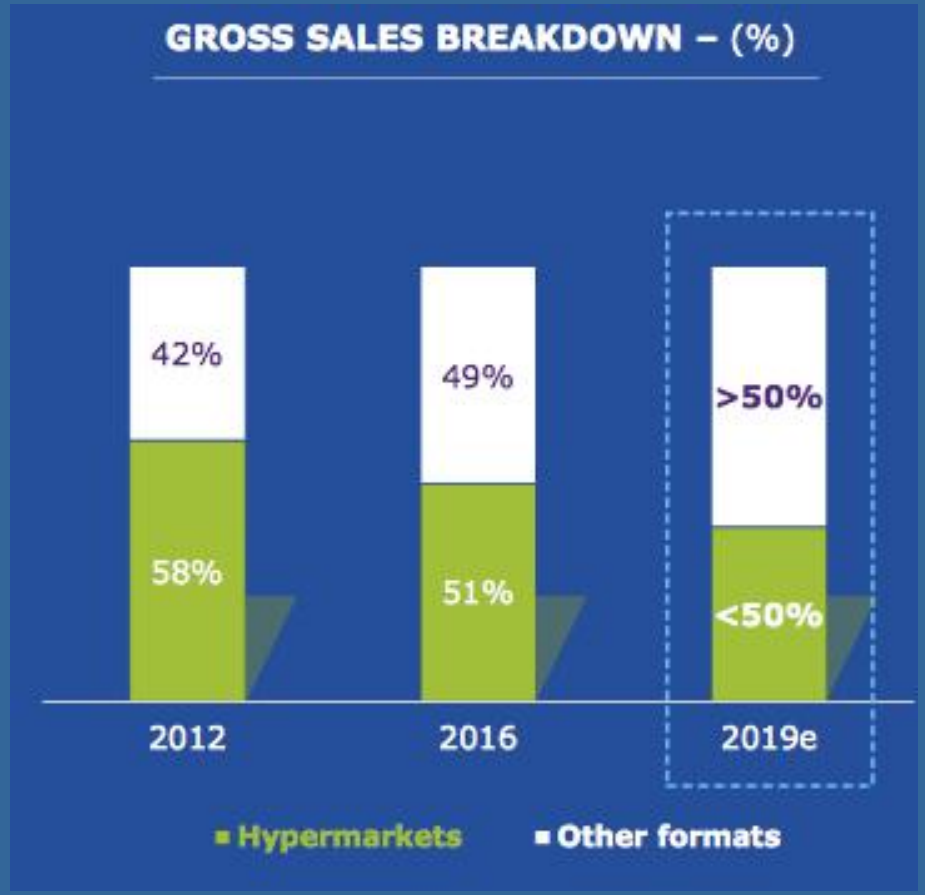
Oct/Nov 2017



Tencent to Buy Part of Supermart Chain in Rare Retail Foray

Alibaba buys stake in Chinese hypermarket chain Sun Art

For Major Supermarket Companies around the World:
The Future is Omni-Channel.
One Product Does Not Fit All Channels!



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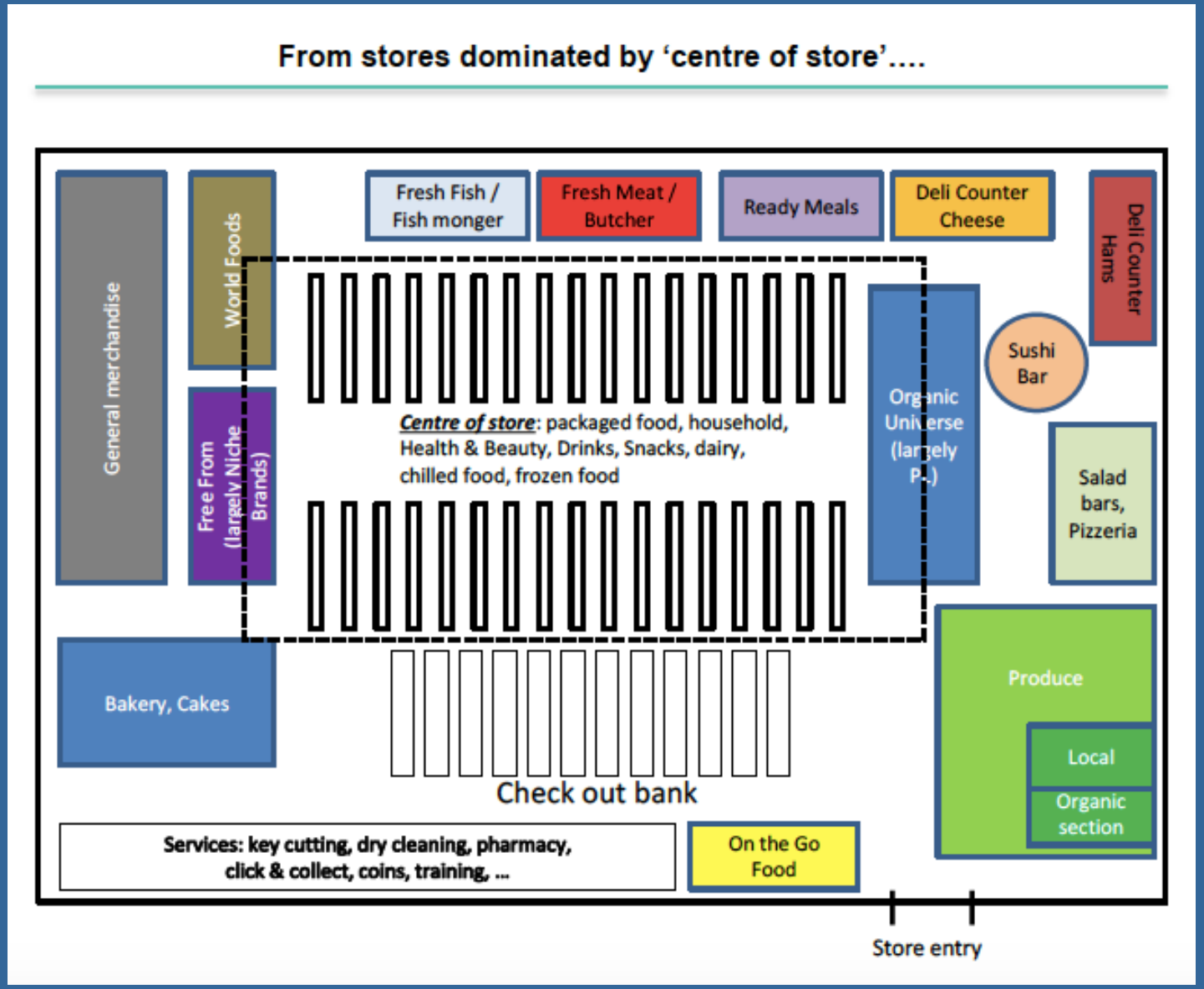
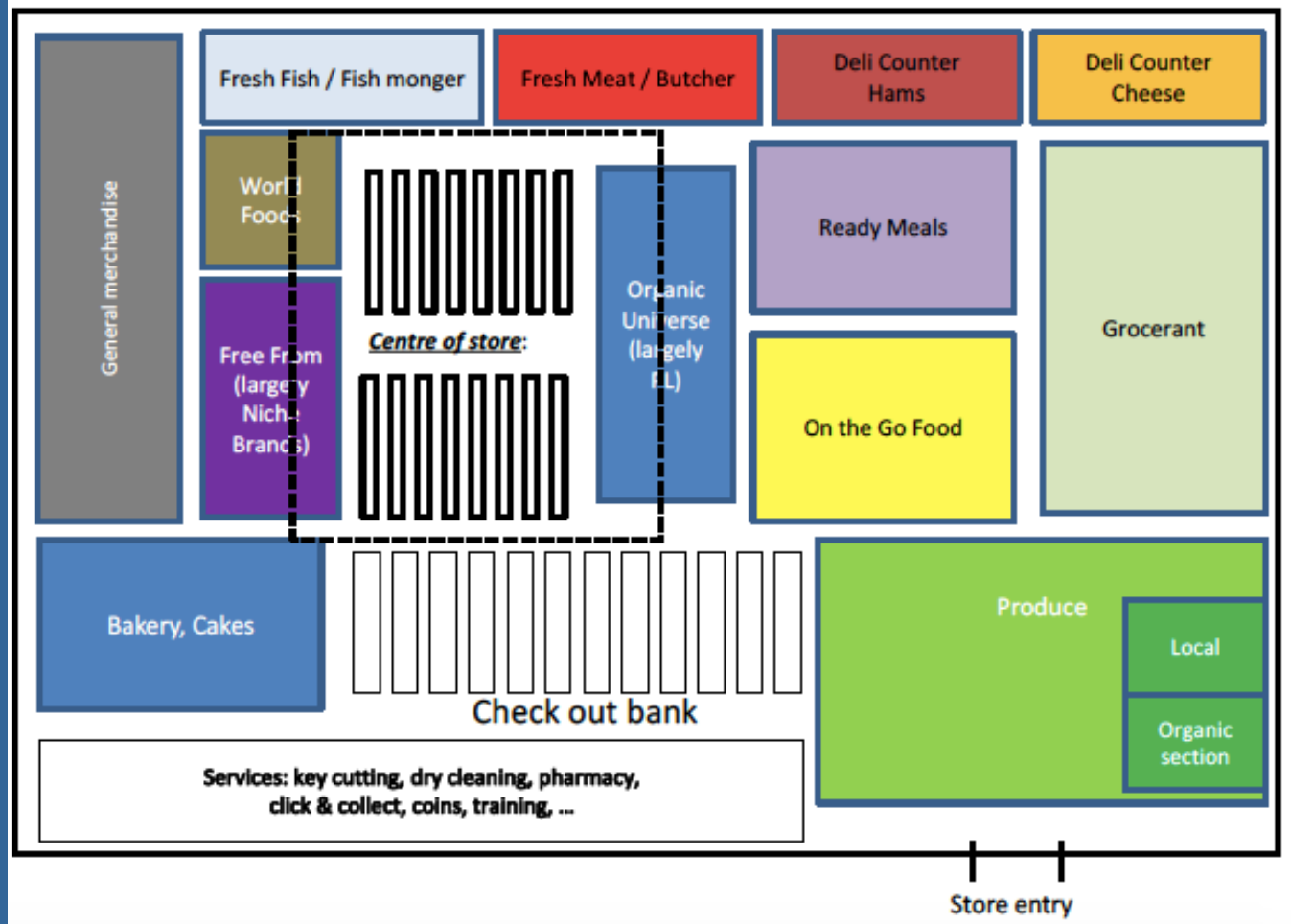
Supermarket Store Configuration is Changing



… to greater focus on fresh, pre-prepared, and unique food ranges, as well as service expansion



“Alexa: Turn Off the Lights when the Last Shoppers Abandon Supermarket Aisles 4 to 12”!

Posted on September 21, 2017 by Prof David Hughes & Miguel Flavián — Leave a comment

Source: www.supermarketsinyourpocket.com

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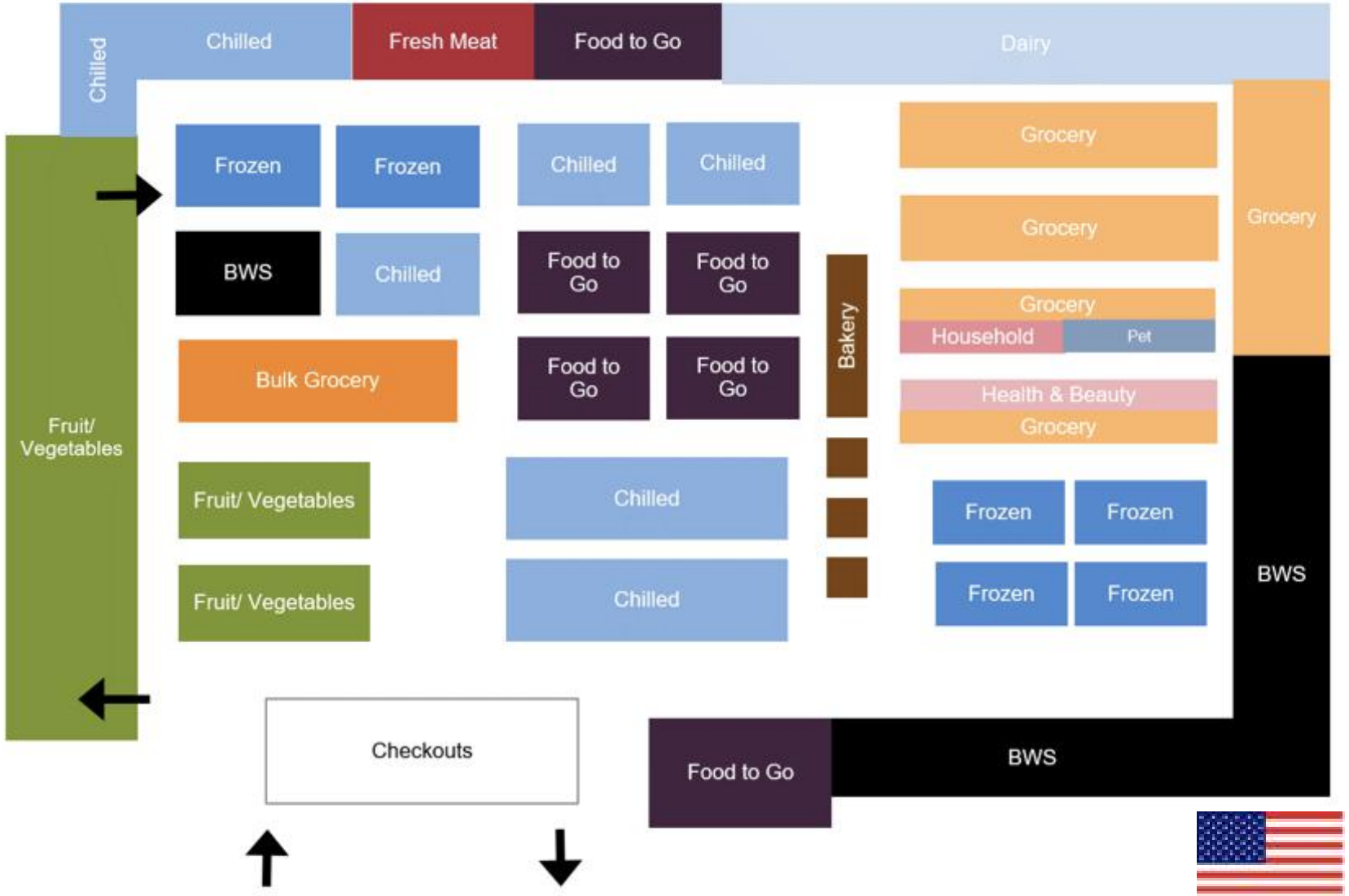
Whole Foods Market, Santa Monica, CA

Store layout

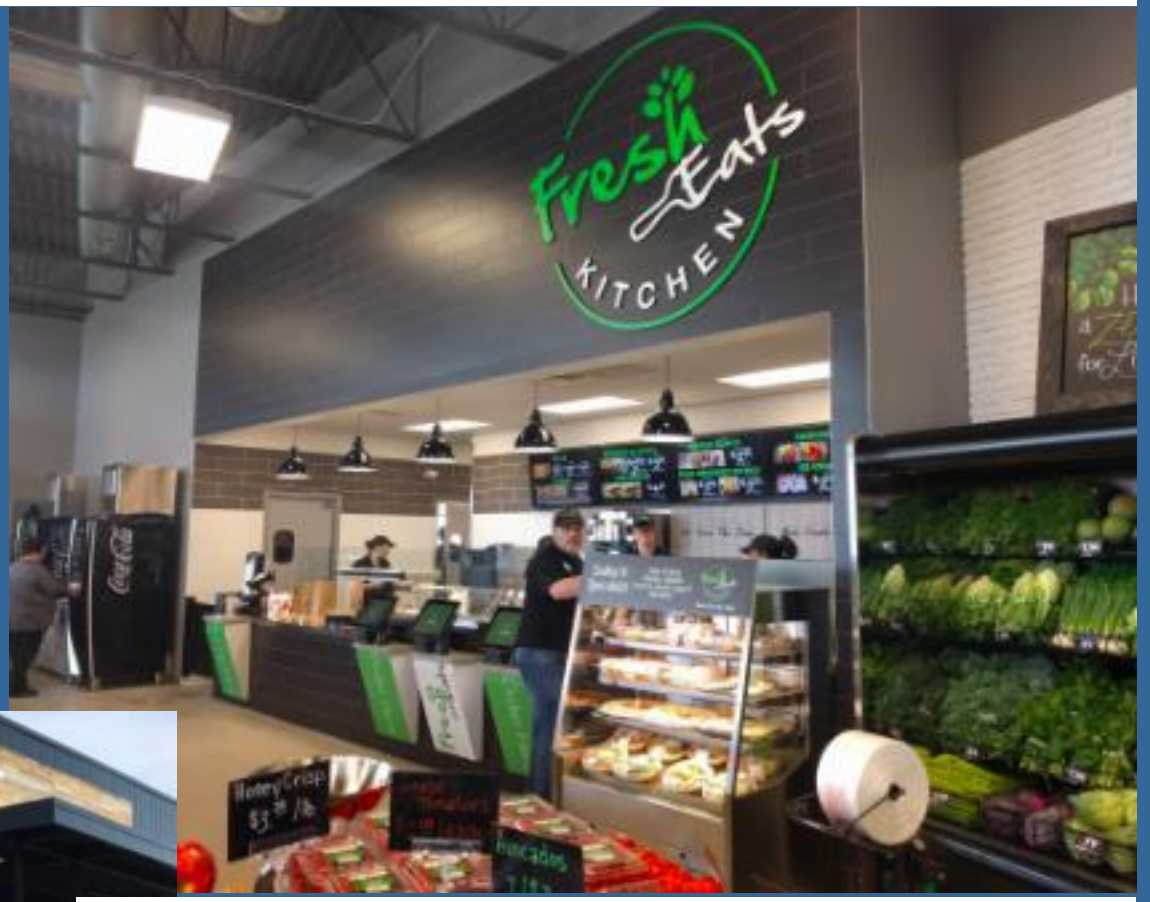


For Theatre in Grocery Retail and Food-to-Go Concepts Take a Look in Asia:
Here's Ben's in KL

B.I.G.
Ben's Independent Grocer
EAT. DRINK. SHOP.

Imperial College London

Kroger testing Fresh Eats small format grocery store in Central Ohio



Fresh Eats planned for West Jefferson will include produce, deli, beer, wine and floral departments, as well as a drive-thru pharmacy and a Starbucks with indoor and outdoor seating.

UK Food-to-Go Value to Soar in Next Five Years

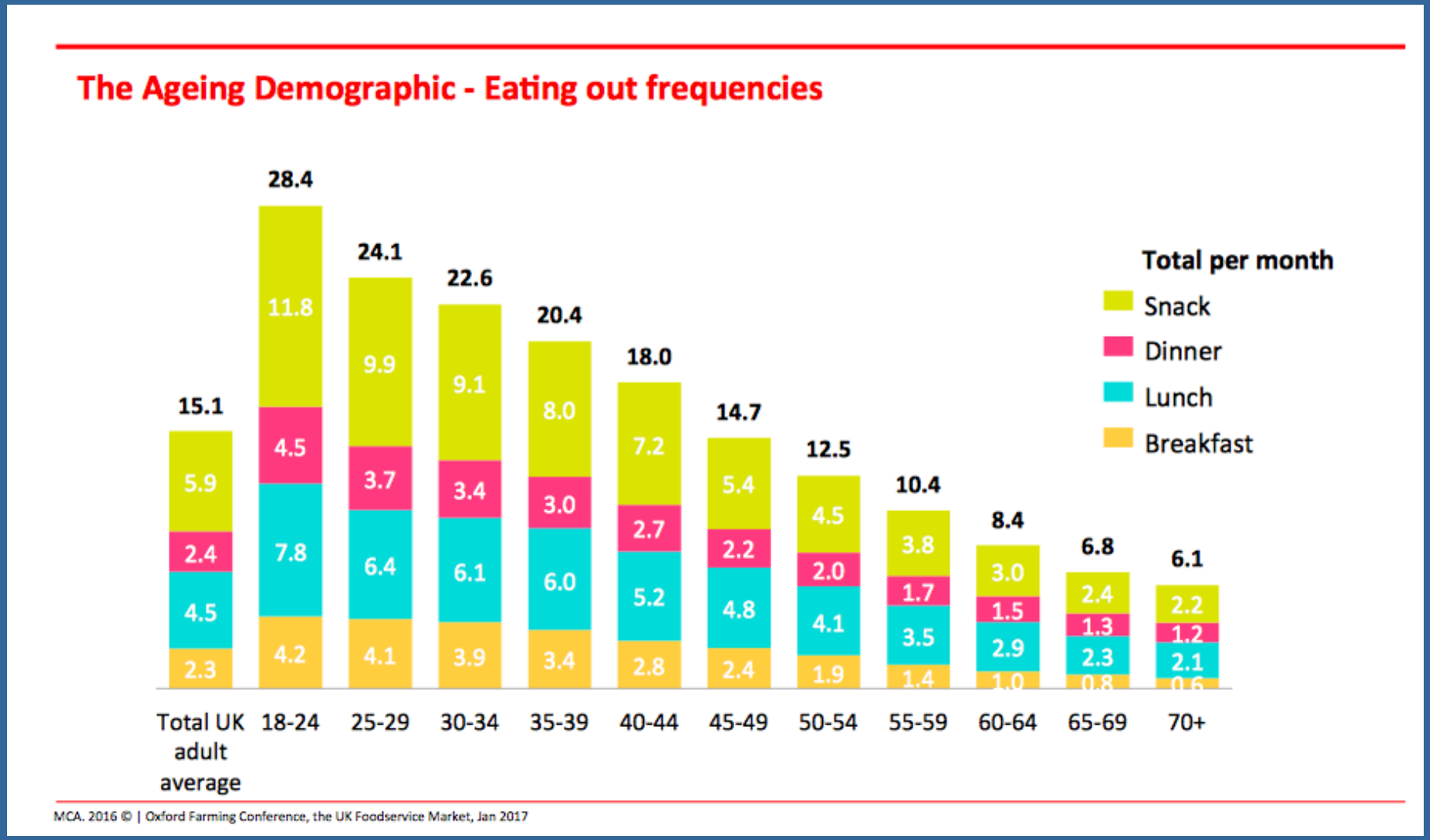
	2017	2022	Change	CAGR*
	£ billion	*£ billion*	*+%*	*+%*
Food-to-Go Specialists	5.1	7.7	51	8.4
Quick Service Restaurants	5.4	6.3	17	3.1
Coffee Specialists	2.9	4.2	45	7.4
Convenience & Forecourts	2.7	3.6	33	6.1
Super/Hypermarkets	1.3	1.7	31	5.9
Total	*17.4*	*23.5*	*35*	*6.2*

** CAGR: Compound Annual Growth Rate*

Source: IGD, UK 2017

Supermarkets are the Minor Players in Food-to-Go.

Younger Consumers Eat Out Most Frequently in the UK



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Food-to-Go Accelerates the Convergence of Food Retail & Food Service

M&S SIMPLY FOOD

Imperial College London


YOUR DAILY LUNCH DILEMMA SORTED


COSTA
LOOK FORWARD TO LUNCHTIME
THREE TASTY
HOT BOX FLAVOURS
NEW

Imperial College London

The Other Day, I Popped into a Convenience Store and Found that it had:

Huge Hot & Cold Beverage + Snack Offering

Healthy Food Offer

Imperial College London

Asian and Western
Food & Beverages

Imperial College
London

Noodle Bar

Imperial College London

It’s a 7-11 in Hong Kong

In KL, 7-11 is a hang out place for pensioners with a kiosk to pay bills, post office in addition to tea & coffee, snacks, meals, etc.

WHSmith

This “Newsagent” Chain
is a Major Vendor of Snacks
and Mini-Meals in the UK

Imperial College
London

How Deliveroo's 'dark kitchens' are catering from car parks

As appetite grows for upmarket takeaways, delivery service is setting restaurants up with satellite kitchens inside metal boxes

DELIVEROO

deliveroo

The Guardian
Oct. 28th 2017

Imperial College London

Local favorites, delivered in an instant

UberEATS delivers the best of New York right when you want it. Our curated menus feature dishes from the local spots you love. And the ones you've always wanted to try. It's the same cashless payment as an Uber ride. So just tap the app, meet your driver outside, and enjoy.

Wednesday, Feb 3

UBER EATS

MIGHTY QUINN'S

Brisket Sandwich with Burnt End Baked Beans

★ Featured on the Food Network's Best. BBQ. Ever

Slow smoked beef brisket, sliced on a brioche roll with Mighty Quinn's housemade bbq sauce and a side of burnt end baked beans. Served with slaw, pickled cucumbers and chiles.

$12.75

UberEats Delivery Partnership with McDonalds in USA, Western Europe, Australia

Meal kit start-up Blue Apron aims to raise $450m

2016 Revenues $800 mill. Annual Loss $54 mill.

A two-person plan, with ingredients and recipes for three meals, costs about about $60 (£47). Options include soy-marinated chicken thighs and sesame soba noodles.

HelloFresh launches IPO as Blue Apron posts Q3 loss

Huge Interest in Recipe Kits Worldwide
But Jury Still Out On Financial Prospects

Blue Apron IPO Float at $10 in Late-June 2017 Drifting to $3 per share January, 2018

HelloFresh launches Christmas dinner recipe boxes

The box costs £69.99 for a family of four. A premium version, which also has a chocolate orange pot dessert, costs £89.99 for four.

Blue Apron rival Chef'd reels in $35 million from Smithfield and Campbell Soup

Tesco doubles recipe box trial and adds Asian flavours

Tesco's Katsu Curry recipe box

Tesco has more than doubled the size of its recipe bo following strong demand.

Recipe kits could be about to go mainstream. This week, HelloFresh revealed it was venturing into retail with a listing in Sainsbury's.

Waitrose trials recipe box delivery after ditching store offer

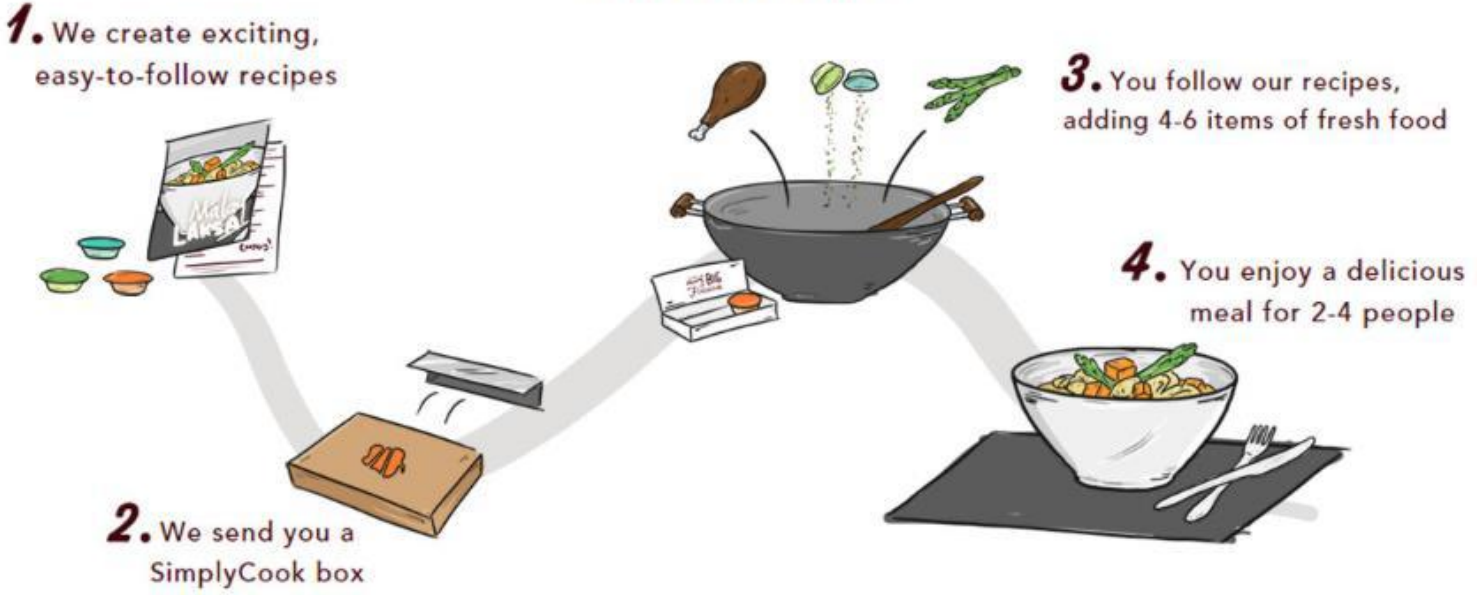
Imperial College London

Cook Restaurant Quality Meals In 20 Mins

- ☑ Cook with authentic flavour ingredients and recipe kits created by our expert chefs
- ☑ Expand your repertoire with easy to follow 15-20 min recipes
- ☑ Discover global cuisine - over 50 chef-inspired recipe kits

Claim my £3 trial box

HOW IT WORKS



Waitrose & Partners

SIMPLY COOK

Imperial College London

Aldi launch new meal kits meaning you could eat dinner for JUST £1.60 per person

ALDI have launched a new selection of ready-to-cook meal kits and savvy shoppers can eat dinner every night at a cost of just £1.60 per person.

By LAUREN O'CALLAGHAN

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Albertsons

Albertsons has partnered with Instacart to offer same-day delivery from more than 1,800 of the grocer's locations, according to a company release. The service will be available by the middle of next year.

plated

Albertsons Buys Meal Kit Service Firm Plated in September, 2017

Imperial College London

Kroger Extending Own Label Meal Kit Offer to Mid-West (December 14th, 2017)

Meal kit sales are projected to reach nearly $5 billion this year, according to research firm Packaged Facts, up from $1.5 billion last year.

Unilever backs US organic meal-kit firm Sun Basket

The private equity arm of global CPG giant Unilever, called Unilever Ventures, led the $9.2m Series C-2 funding of organic meal kit company Sun Basket.

Unilever to buy Brazilian organic food firm Mae Terra

The Maker of Hellmann's Mayonnaise Has Bought a Fancier Upstart

We're on a mission to save you time and bring you food you love.

FARMSTEAD

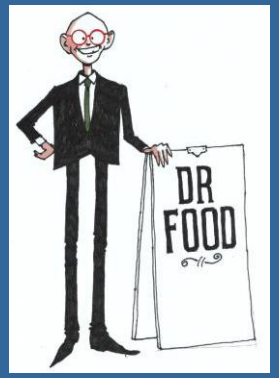
A new farm-to-fridge player called Farmstead is doing things a little differently. Food costs the same as in the supermarket; delivery takes under an hour and is less than $5 (or free in some cases); and the company uses artificial intelligence to figure out what and how much to stock, based on what customers buy most.

Farmstead Launches First Free, 30-Minute Grocery Pickup Hub in San Francisco

Chef-in-Box's vending machine cafes going to London by 2018

Issues Food Firms Will Ponder in 2018

- who's running the show? Certainly not Walmart/Tesco, it's the digitally adept/social media-smart consumer
- am I accessing the newer routes to the consumer?
- how transparent am I – in terms of supply chain and corporate values (in-tune with consumer values)?
- are we satisfyingly simple – production, ingredients, products, packaging, values?
- can we personalise our offer – producing for specific consumers, communicating with them (e.g. in-store)?
- all matters "green" – sustainability writ large. We're part of the solution for society and not the problem



CONTACT POINTS:

e-mail:

profdavidhughes@aol.com

Telephone contact:

mobile +44(0)7798 558276

@ProfDavidHughes

Retail Blog: www.supermarketsinyourpocket.com