

# Where is new product innovation headed in 2022?

A look at product activity, key trends, and what may be ahead

Presented June 15, 2022



# Experts in what consumers want and why



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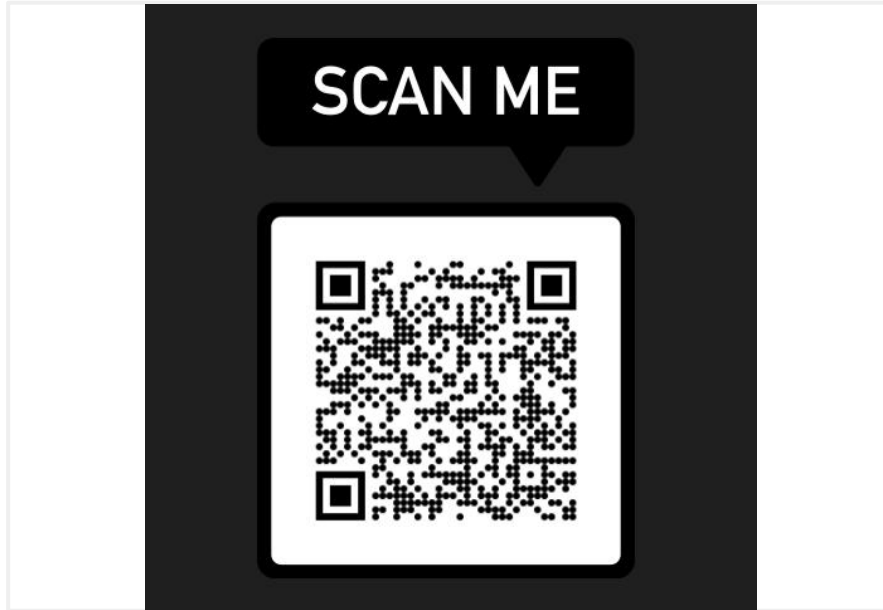
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But before we get started . . . .



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# TODAY'S PRESENTATION

Three main sections:

1. Three consumer trends for 2022
2. A look at the (new product introduction) numbers
3. Four food & beverage trends for right now

But first, let's address a couple elephants in the room . . .

# Elephant #1 in the room: Inflation. Here's what our experts recommend

## Learn from the past

Inflation and recession change consumer priorities and purchasing power. Brands that performed well after the last recession focused unerringly on delivering value.

Key to this is showing flexibility and empathy in pricing and innovation, and convincing consumers that tangible benefits are worth the extra money.

## Prepare for uncertainty

Prices are on the rise caused by surging demand and supply chain issues following an unprecedented global pandemic.

Central banks will fight inflation, which could lead either to a 'soft landing' or a more disruptive economic slowdown.

Either way, brands need to be prepared to adapt during a period of uncertainty for consumers.

## Recognize that circumstances vary hugely

Many people will see inflation as an irritation rather than a major threat.

Others are already struggling, though, and even small price changes will tip them into serious financial hardship.

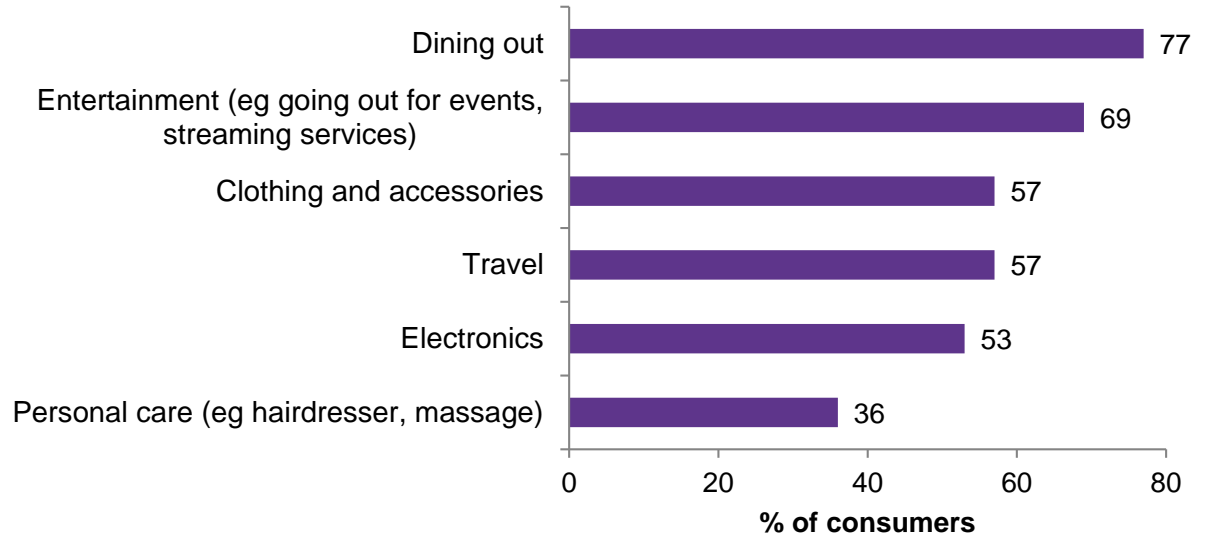
It's more important than ever to understand your customers and the circumstances they face.

## Dining and entertainment will suffer most from consumers cutting back

Higher costs of essential goods will hurt many nonessential categories. The greatest impact will be felt in dining and entertainment, two categories that have already struggled mightily in the past two years due to a series of pandemic restrictions and waves of infection.

With rising prices now counteracting pandemic fatigue, brands will have to focus both on safety and the value that their goods or experiences provide.

**US: nonessential categories consumers would cut back on due to rising prices**



*Base: US: 1,167 internet users aged 18+ who would cut back on nonessential spending*

*Source: [Kantar Profiles/Mintel, November 2021](#)*

# Elephant #2 in the room: Ukraine conflict. Here's what our experts have to say

## Commodity shortages

Even before Russian troops entered Ukrainian territory, oil and natural gas prices were rising. The ensuing instability will cause prices to increase further.

In addition to oil and gas, Russia and Ukraine are significant sources of wheat and precious/industrial metals. In the short term, Europe will likely be hit the hardest.

## Disruption of movement

The economy runs on oil, both to produce energy and to physically move goods from one place to another. Already battered by labor shortages and border restrictions, attempts to improve supply chain issues will be more difficult.

Movement also refers to travel. Air space closures and safety concerns will result in travel hesitancy.

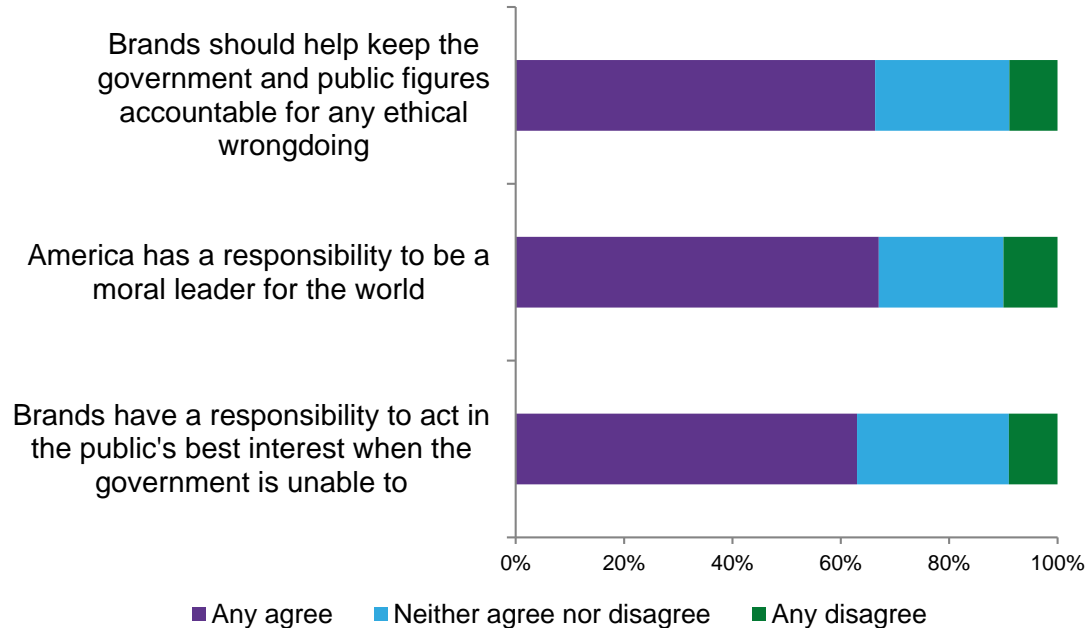
## Even higher inflation

Driven by a supply and demand imbalance, many parts of the world are already experiencing the highest inflation numbers seen in decades.

Repercussions from the conflict will both push those numbers even higher and make it more difficult for central banks to control inflation.

**This overarching sentiment is ever-apparent with all eyes on the current conflict, as consumers expect brands to go beyond statements.**

### Attitudes Toward Corporate Social Responsibility, 2022



In times of crisis, consumers put brand actions under a microscope and wait for a response.

When it comes to the conflict in Ukraine, consumers are looking for brands to take a stance and use their power to make an impact. In fact, 80% people [surveyed by Gartner](#) want to see brands take some action, but simple brand statements don't carry as much weight as larger tangible actions—with only 13% saying they want brands to make a public statement.

Base: 2,000 internet users aged 18+

Source: [American Values - US - 2022](#)



Read on [mintel.com](#)



# Three 2022 consumer trends to watch

## In Control

In times of uncertainty, consumers crave a sense of agency over their lives. Brands can deliver the information and options consumers need to feel like they're in the driver's seat.

## Enjoyment Everywhere

Having endured lockdowns, consumers are eager to break out of their confines and explore, play and embrace novel experiences, both virtually and in the real, physical world.

## Climate Complexity

Concern about the climate crisis is reaching a fever pitch, and consumers are looking for help and guidance to shrink their carbon footprint.

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## In Control: What consumers have to say

Individuals have always required a deeper sense of control in sectors such as finance and grocery retail. Brands can learn from existing habits in these categories.

### EVERYDAY CONTROL

69%

of [Canadian shoppers](#) strongly agree they prefer to pick out their fresh foods in person

### LONGSTANDING RELATIONSHIPS

48%

of [US adults](#) who hold a financial product trust their provider because they've held accounts with the brand for a long time

### FORESIGHT WITH TECH

61%

of [US consumers](#) are interested in wearable technology that can help detect potential health issues

*Base: Canada: 1,446 internet users aged 18+ who are responsible for grocery shopping in household; US: 1,912 internet users aged 18+ who currently hold a financial product; 2,000 internet users aged 18+*

*Source: Kantar Profiles/Mintel, July 2021, May 2021, November 2020*



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## In Control: What we're seeing in the market

PayPal acquired the return start-up [Happy Returns](#). Happy Returns currently has 2,500 Return Bar locations across the US in retail establishments with a brick-and-mortar presence, such as Paper Source and Cost Plus World Market. Return Bars are designed to offer a seamless in-person return option for online merchants partnered with Happy Returns, which includes several DTC brands.

### What this means for *In Control*:

Consumers want the convenience of online shopping but don't want to be stuck with products they didn't see, touch or try on before purchase. Modernizing the return process adds a level of convenience and assurance, specifically for online merchants. This can reduce uncertainty and offer consumers broader control over purchase decisions.



## 2022 Consumer Trend #2: Enjoyment Everywhere

Having endured lockdowns, consumers are eager to break out of their confines and explore, play and embrace novel experiences, both virtually and in the real, physical world.



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WHERE • ENJOYMENT EVERYWHERE • ENJOYMENT EVERYWHERE •

# Enjoyment Everywhere: What consumers have to say

Brands can already surprise and delight consumers in unexpected places, like daily routines. As comfort with technology grows, it can spark new areas of joy but also backlash.

JOY IN THE EVERYDAY

30%

of [US consumers](#) who are cleaning more now compared to last year say it's because they enjoy cleaning

IMMERSIVE ESCAPISM

62%

of [US consumers](#) agree that having new technology is exciting

INWARD JOY

56%

of [Canadian Gen Z adults](#) feel more comfortable interacting with people in person, while 44% prefer interacting online

Base: US: 1,068 consumers aged 18+ who are cleaning the house more often, 2,000 internet users aged 18+; Canada: 261 internet users aged 18-24

Source: Kantar Profiles/Mintel, January 2021, August 2021, April 2021



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## Enjoyment Everywhere: What we're seeing in the market



[Milk Bar Bakery](#) developed a biscuit recipe to celebrate the season finale of the popular Apple+ TV show, Ted Lasso. The biscuits were available in New York and Los Angeles for a single day while supplies lasted.

### What this means for *Enjoyment Everywhere*:

People want to connect over the streaming content they are watching and loving, but streaming platforms have yet to develop the large-scale interactivity that gaming platforms have. Brands can insert themselves into these conversations, helping to bring fictional stories to life with creative initiatives.

Concern about the climate crisis is reaching a fever pitch, and consumers are looking for help and guidance to shrink their carbon footprint.

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## Climate Complexity: What consumers have to say

Consumers aren't looking for brands to solve the challenges of climate change independently, but they are looking for brands to make sustainable choices more accessible.

NOW: ONE OR THE OTHER

56%

of [US consumers](#) have good intentions to support sustainability but often overlook it in favor of other purchase factors (eg price)

NEXT: MAKING A CONNECTION

46%

of [US consumers](#) say understanding how a purchase directly impacts the environment would encourage them to make eco-friendly choices

FUTURE: EMPOWERED BRANDS

66%

of [Canadian consumers](#) agree that brands can change society for the better, as do 63% of [US consumers](#)

Base: US: 2,000 internet users aged 18+; 500 internet users aged 18+; 2,000 internet users aged 18+; Canada: 1,500 internet users aged 18+

Source: Kantar Profiles/Mintel, October 2020; Kantar Profiles/Mintel Consulting, March 2021; Kantar Profiles/Mintel, June 2021, December 2020



Read on [mintel.com](https://www.mintel.com)

## Climate Complexity: What we're seeing in the market



[Loop Cold-Pressed Juice](#) is made with rescued imperfect fruit (Canada)

Loop continues to expand its (still small) reach with more products as part of its program. Loop's program uses sturdy recyclable containers that are refilled with products and re-shipped to consumers. In this example, the contents also have a strong environmental story.

### What this means for Climate Complexity:

As consumers became more aware of their own food waste, COVID-19 also increased the amount of food waste in the food supply chain. The closure of schools, foodservice and other out-of-home channels during COVID-19 led to surpluses of animal protein, [dairy](#) and produce. Reports also emerged of produce withering in fields in some areas because of lack of labor and limited out-of-home demand.

This new awareness of the supply chain will help draw consumers to products that are made with food or ingredients that otherwise would have gone to waste.

# NEXT: 2021 BY THE NUMBERS

A look at new product introductions in food & drink in the US



Read on [mintel.com](https://www.mintel.com)

# This tells the story of the pandemic

## Product categories with declines in introductions

Sugar & Gum Confectionery

Chocolate Confectionery

Juice Drinks

Meals & Meal Centers

Dairy

RTD Coffee and Tea

## Product categories with increases in introductions

Sports & Energy Drinks

Sweet Spreads

Sweeteners & Sugar

Sauces & Seasonings

Hot Beverages

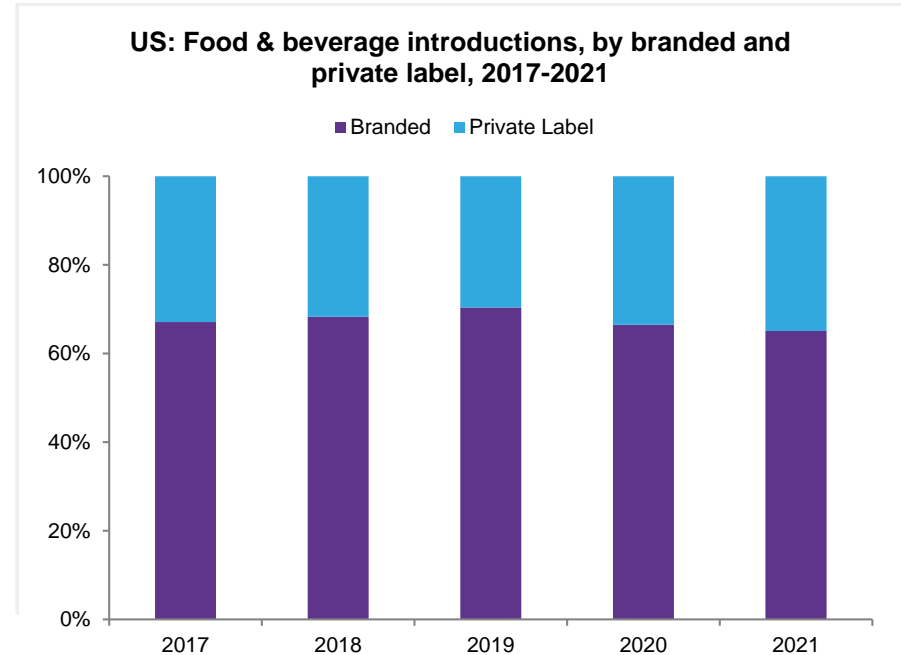
Alcoholic Beverages



## Branded introductions continue to lose share to private label

Total new product introductions remained relatively steady in the last several years, as has the rate of true innovation. True innovation are those new brands and new companies that come onto the market, as compared to changes, additions, or refreshes of existing lines.

During the pandemic, retailers offered more products to consumers, across a range of food and beverage categories (this was accelerated in non-food categories).



# Retailers most active with introductions in 2021

## Most active companies

Albertson's	Wegmans Food Markets
Aldi Group	Wal-Mart
Kroger	H-E-B
Target	PepsiCo
Amazon	Wakefern Food
Lidl	Meijer
General Mills	Nestlé
Giant Eagle	

## What this list means

These "most active companies" are those that introduced the most number of new products on the market in 2021. What stands out:

- Only three of the 15 most active companies were NOT retailers
- For those three, the pandemic influenced introductions: breakfast cereal, snacks, soda, candy
- The retailer showing the greatest increase in product introductions: Amazon
- The list of companies with just one or two product introductions annually continues to increase

**Insight:** While retailers drive total numbers, often smaller CPG companies provide greater innovation.

# Growing--and declining--claims can tell us what consumers want

## Key claims that increased the most since 2019

Plant Based

Sugar Free

Economy

Premium

No Added Sugar

## Key claims that decreased the most since 2019

High/Added Protein

Functional - Energy

All Natural Product

Free from Added/Artificial Preservatives

Low/No/Reduced Fat

GMO Free



# OVERARCHING FOOD & DRINK TRENDS FOR 2022

Health: How we eat

Ethics: How we think about what we eat

Indulgence and convenience: How we want to interact with food

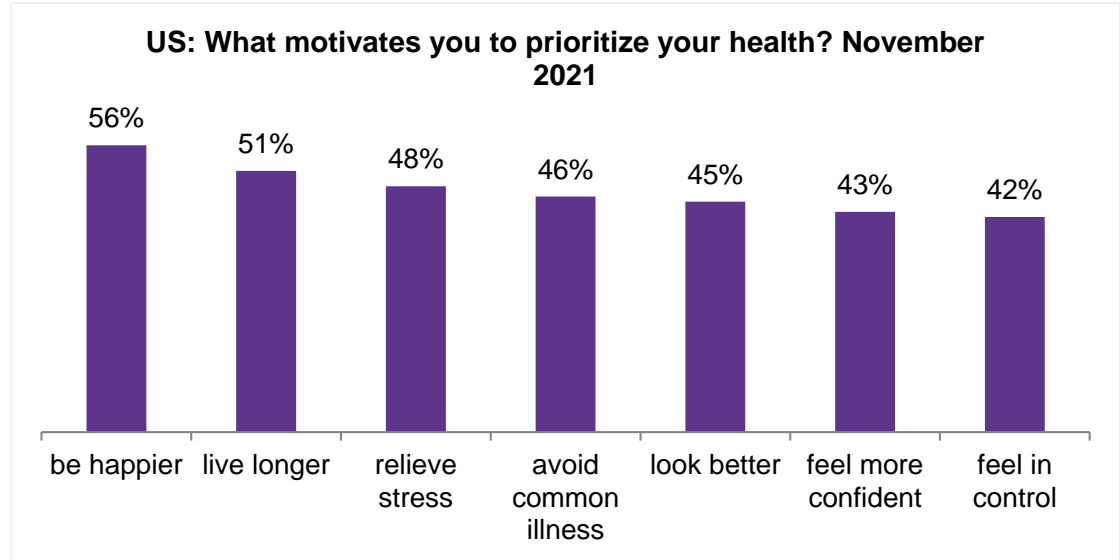
Value: How we want to spend our money



# Health: How we eat

## Context: Why health is important to consumers today

Interestingly, when asked this question in 2020, consumers were more likely to say they prioritize their health to live longer; now it is to be happier. Nevertheless, Not surprisingly, older consumers want to live longer, and younger consumers, especially Gen Z, wants to be happier (and pretty much everyone is stressed). This is good news for CPG companies and retailers, as **almost any product can provide a health benefit.**



# What's on the market: "Plant based" is everywhere, and not just about substitutes



Plant based = vegan cheese

[Whole Foods 365 Organic Four Cheese Ravioli](#)

Product also is organic and GMO free.



Plant based = bread alternative

[Caulipower Sea Salt & Olive Oil Roasted](#)

[Sweet Potato Slices](#) Also with no artificial colors, flavors, or preservatives, positioned also as paleo.



Plant based = just vegetables

[Tattooed Chef Farmer's Market Ratatouille](#)

This product illustrates that "plant based" as a claim appears on more than just protein alternatives.

## What's on the market: Snack brands highlight natural and better-for-you credentials



**Healthy and free from artificial ingredients**  
[Pop Zero Cinnamon Toast Healthy Popcorn](#) contains just six ingredients and is described as healthy. This wholegrain product provides 40 calories per cup and is free from artificial ingredients, trans and saturated fats and cholesterol (US).



**100% natural and a source of energy**  
[Drayké Black Seed Flavour Corn Chips](#) are made with 100% corn. The 100% natural product is a source of energy, fibre and iron. The chips are free from trans fat, added sugar or cholesterol (Canada).



**All-natural and low in calories**  
[Poshi Rosemary & Oregano Steamed & Marinated Asparagus](#) features ready to eat asparagus cuts which have been lightly marinated with olive oil and Mediterranean herbs. It contains just 10 calories and is free from trans fat and GMO (US).

## What's ahead: Look for a more balanced approach to health

Watch for the future to bring more brands positioned as mindful choices. Mindfulness can align with [reduction in alcohol consumption](#) as shown by Spirity Cocktails' 0.5 alcohol by volume negroni, or focus on mental wellbeing.

Brands will also highlight [nutrient density](#), a key concept of intuitive eating. Sweet Earth mentions the nutrient dense superfoods in this pad thai meal.



[Mindful Negroni Non-Alcoholic Cocktail](#) has 30 calories (US)



[Sweet Earth Pad Thai](#) frozen meal (US)

# **Ethics: How we think about what we eat**

## Consumers expect brands to take a stance on social and humanitarian issues.

Consumers are looking to brands for meaningful support across social and humanitarian issues—especially as brands are increasingly seen as an extension of one's self.

### GETTING INVOLVED

66%

of US consumers agree that brands can show support for social issues without getting political

### TAKING ACTION

55%

of US consumers agree that brands have a responsibility to do more than just raise awareness of social issues

### PROVIDING SUPPORT

43%

of US consumers agree that social movements need support from brands in order to be successful

Base: 2,000 internet users aged 18+

Source: [Social Awareness and Engagement - US - 2021](#)



Read on [mintel.com](https://www.mintel.com)

## What's on the market: Sustainable and compassionate brands



**Supports youth hotline**  
[Natural Pickled Pink Spiced Watermelon Pickles](#). The manufacturer supports Hunter's Hotline, a non-profit organization that provides confidential hotlines to schools, and raises community issues affecting young people (US).



**Packaging waste is offset**  
[Ricante Tropical Mango Coco Caribbean Style Sauce](#). The manufacturer works with makesmehappy.org to offset the packaging waste created by its products by funding recycling and clean-up operations (US).



**Tree planting initiative**  
[Aux Vivres Cuisine Végane Dragon Sauce](#). The brand plants one tree for every bottle sold (Canada).



## What's on the market: "Climate positive"

Over the past five years, products bearing climate-friendly claims [have ticked up](#), though they appear on just a handful of total global food and drink launches. In 2021, though, more attention has been paid to this claim. [Moonshot](#), a snack launched by Planet FWD, is made with regeneratively grown wheat, while [Airly](#), a [collaboration between Post Holdings and Anheuser-Busch](#), features sustainable oats.

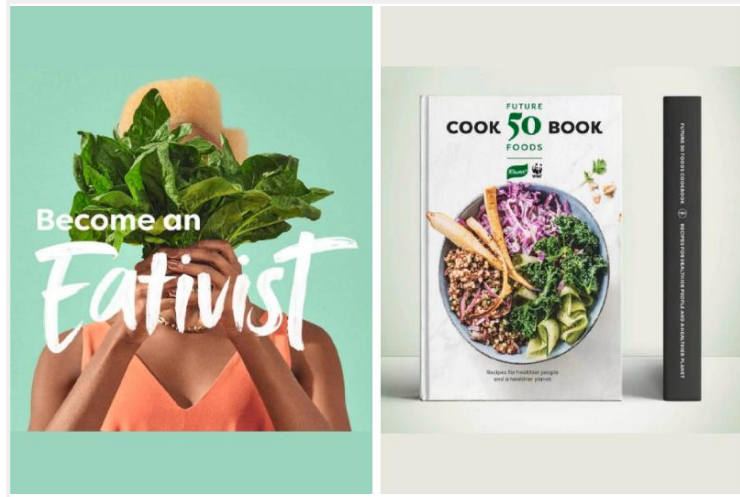
Over the next few years, momentum around products that are not just sustainable but also planet-positive will put pressure on players across categories to ensure their offerings aren't just not harmful but are actually good for the planet.



Airly is billed as a "climate positive" snack thanks to its oats

# What's ahead: Empowering consumers to use food to do good

Food and drink brands can encourage consumers to get together to cook and share their recipes while also making some tangible ethical commitments.



Knorr encourages its fans to become "eativists" with [its Future 50 foods](#) (UK)



Carozzi's [culinary challenge gets families to cook](#) to support other families in need (Chile)

# **Indulgence and convenience: How we want to interact with food**

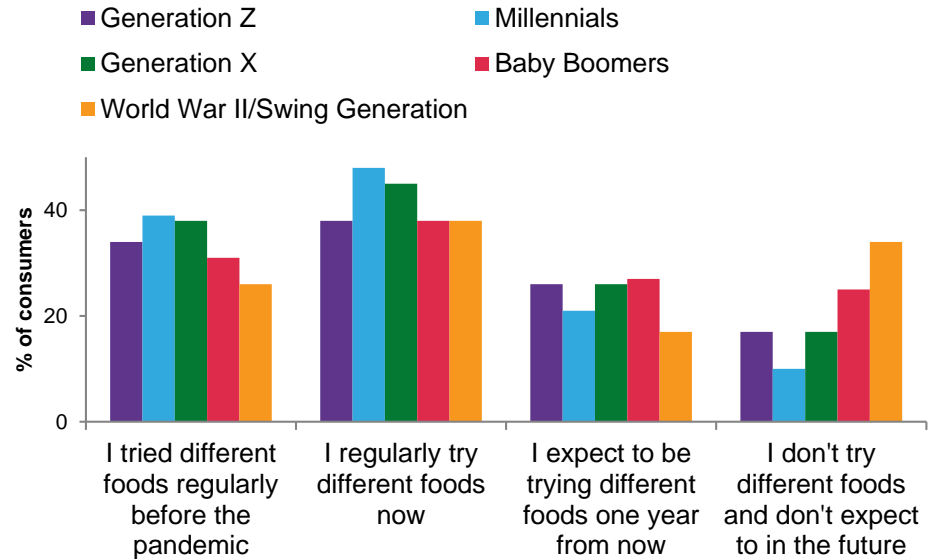
## Context: Consumers are experimenting more than before

Retailers can use shopper data to enliven routines with new recipes and products. Nearly half of [US adults who shop for food/drink online](#) mainly buy the same brands they would buy in-store.

However, 24% of US adults expect to be regularly trying different foods in the next year. Generation Z, Generation X and Baby Boomers are key targets for data-driven suggestions for new products.

Retailers can also share how to use new products in recipes. Whether out of necessity or curiosity, 58% of [US adults](#) have tried new cooking or baking recipes since the pandemic started. Some expect to remain experimental in the kitchen: 30% will try new recipes while COVID-19 is still a risk, and 24% will try new recipes after COVID-19 is no longer a risk.

**US: COVID-19 changes to food and drink habits, trying different foods, by generation, 2021**



Base: US: 2,000 internet users aged 18+

Source: [Lightspeed/Mintel](#), March 2021

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## What's on the market: On-pack serving suggestions to aid experimentation



**Dip, condiment or marinade**  
[Mother in Law's Gochujang Tangy Fermented Chili Sauce](#) has been made with a unique fermentation process that creates a spicy umami flavour. It can be used as a dip, condiment, marinade or for cooking meat, seafood and stir fry (US).



**Condiment, relish, spread or jam**  
[Brooklyn Delhi Major Grey's Style Mango Chutney](#) is described as sweet, gingery and tangy and can be used as a condiment, spread, jam or relish. It pairs well with chicken, pork, fish, sandwiches, cheese and as a salad dressing (US).



**'Everything sauce'**  
[Sir Kensington's Chile Lime Crema Everything Sauce](#) is part of a range of new [internationally inspired 'everything sauces'](#) which are multipurpose and feature serving suggestions on pack (US).

## What's on the market: Crowd creation



[Banana and Walnut Bar](#)



[Oat and Chocolate Bar](#)

Argentina-based Integra recently launched a range of snack bars which were created by a nutritionist, and with the help of the nutritionist's social media followers. The followers helped choose the brand name and the flavours for the bars, demonstrating an interactive strategy which should build brand loyalty among fans. Local artists helped create the stylish pack designs.

The bars are 100% natural, rich in fibre and protein, and sweetened with honey.

## What's on the market: Convenient meals that mimic going out



**Microwaveable soup with crunchies**  
[Campbell's Slow Kettle Broccoli Cheddar with a Crunch Soup](#) Helps to mimic that in-restaurant experience (US).



**Pressure cooker soup base**  
[Tiller & Hatch Mexican Style Minestrone Soup](#)  
The frozen product goes into the pressure cooker along with other ingredients (US).



**Elevated restaurant product**  
[Slanted Door Chile Caramel Fast Braising Sauce](#) From Williams-Sonoma, with a partnership with San Francisco restaurant The Slanted Door (US).

**Value: How we want to spend our money**



## Context: Consumers search for value in a variety of ways

Consumers do their homework to get the best deal they can.



Base: 1,124 internet users aged 18+ who budget

Source: [Kantar Profiles/Mintel](#)



Read on [mintel.com](#)

## What's on the market: "Affordability" is not always about low price



**Local and responsible**  
[Sputnik 100% Arabica Whole Bean Coffee](#)  
Roasted in Chicago at an employee-owned company; \$6.99 for 8 oz. (US).

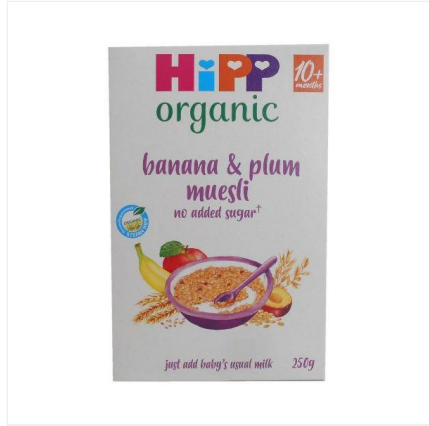


**Private label, large pack size**  
[Member's Mark Tilapia Fillet Portions](#) Frozen  
fish bears sustainability related certifications; \$10.98 for 48 oz. (US).



**More affordable private label organics**  
[Full Circle Market Fruit & Nut Granola](#)  
Organic whole grain granola with fruits and nuts; \$4.29 for 12 oz. (US).

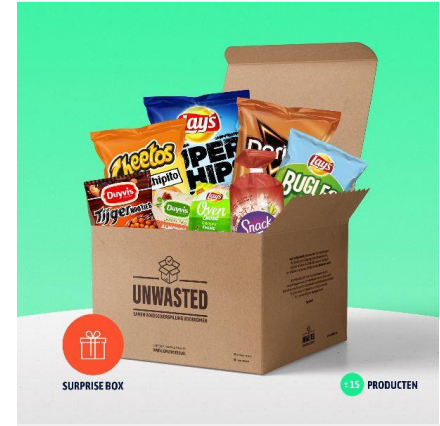
# What's on the market: Affordable sustainable nutrition



**Biodiversity commitment in baby food**  
[Organic Banana & Plum Muesli](#) is a wholemeal muesli with added vitamin B1 and no added sugar. It exceeds EU organic standards by protecting biodiversity, is produced in a carbon-neutral facility and sells in a partly recyclable pack (UK).



**Fibre-rich wholegrain cous cous**  
[XXL Wholegrain Cous Cous](#) claims to use a fluid circular ecosystem. The company claims to collaborate with producers, distributors and consumers who share values of ethical farming and production of vital food accessible to anyone (Italy).



**PepsiCo sells 'Unwasted boxes' at lower prices**  
[In Feb 2020, PepsiCo launched an anti-waste service, Unwasted.](#) This allows consumers to buy an Unwasted box of random PepsiCo products that are close to expiring or are excess stock from campaigns and all for a low price (Netherlands).

## What's ahead: Social commerce could transform the purchase experience (and price)

Over time, food and drink brands will bring consumers together in another way - through interactive ecommerce. Leading the way is Chinese social buying site [Pinduoduo that provides](#) "a team purchase format that seamlessly integrates social experiences with online shopping experiences." Users can browse deals and share with their friends to secure lower prices and create a shared experience.

Social media is already an important marketing tool, with some brands being created, tested and launched exclusively on social media platforms.

In the future, food, drink and foodservice brands, as well as retailers, can use group-buying platforms and tools to create new ways for consumers worldwide to shop together.



Chinese social commerce site [Pinduoduo](#) helps consumers shop together

## A few final words

### Be true to you

There is room for products that deliver all kinds of benefits. Know your brand, know who you are, and focus on that.

### Help consumers achieve their goals

Whether it is health, being good to the environment, having fun, or saving money, there is room for any company to address one or more of these needs consumers have.

### Value value value

VALUE is not always low price, but a good value for a product. In the year (or more) to come, delivering on the value of your product will be essential.

Thank you!



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