

now turning the food delivery sector on its head with UberEATS.

www.google.com/express

Google Express delivers products from various companies such as Costco, Target or Whole Foods directly to the door.

Consumer behaviour: The customer is king? Or dictator? Or slave?

On the one hand innovations are created because technological advances open up new possibilities. This is called 'technology push'. On the other hand, innovations are based on changes in customer requirements which suppliers are forced to respond to. This is called a 'market pull' or 'demand pull'. A shift in customer requirements is particularly evident in the areas of health and sustainability. This creates challenges for companies. Consumers are not satisfied with a healthy diet alone. They also want to know where their food comes from, and the conditions in which the products were produced and processed.

TRANSPARENCY: THE GLASS SUPPLY CHAIN

What is it all about?

Consumers no longer want to be left in the dark. Greater health awareness also creates a need for information and transparency. What exactly am I eating? Which ingredients does it contain? Where was it produced, and under which conditions? Enterprises from many different sectors have already recognised this requirement. In order to ensure long-term customer loyalty, they try to satisfy this desire by various means.

Assessment of opportunities and risks

The demand for organic and fair-trade products continues, and consumers are willing to put their hand in their pockets to pay for them. However it is virtually impossible to differentiate between organic or fair-trade fruit and vegetable products on the basis of appearance or taste alone. As a result, official certification has to be supplemented by transparency in the value chain in order to provide assurance to the consumer and justify the higher price.

Opportunities: Not only do consumers benefit from this transparency. Producers and the environment are also winners if production is actually as fair and sustainable as claimed.

Risks: Anyone claiming transparency is sitting in a glass house and must be able to cope with very close and critical observation.

Examples

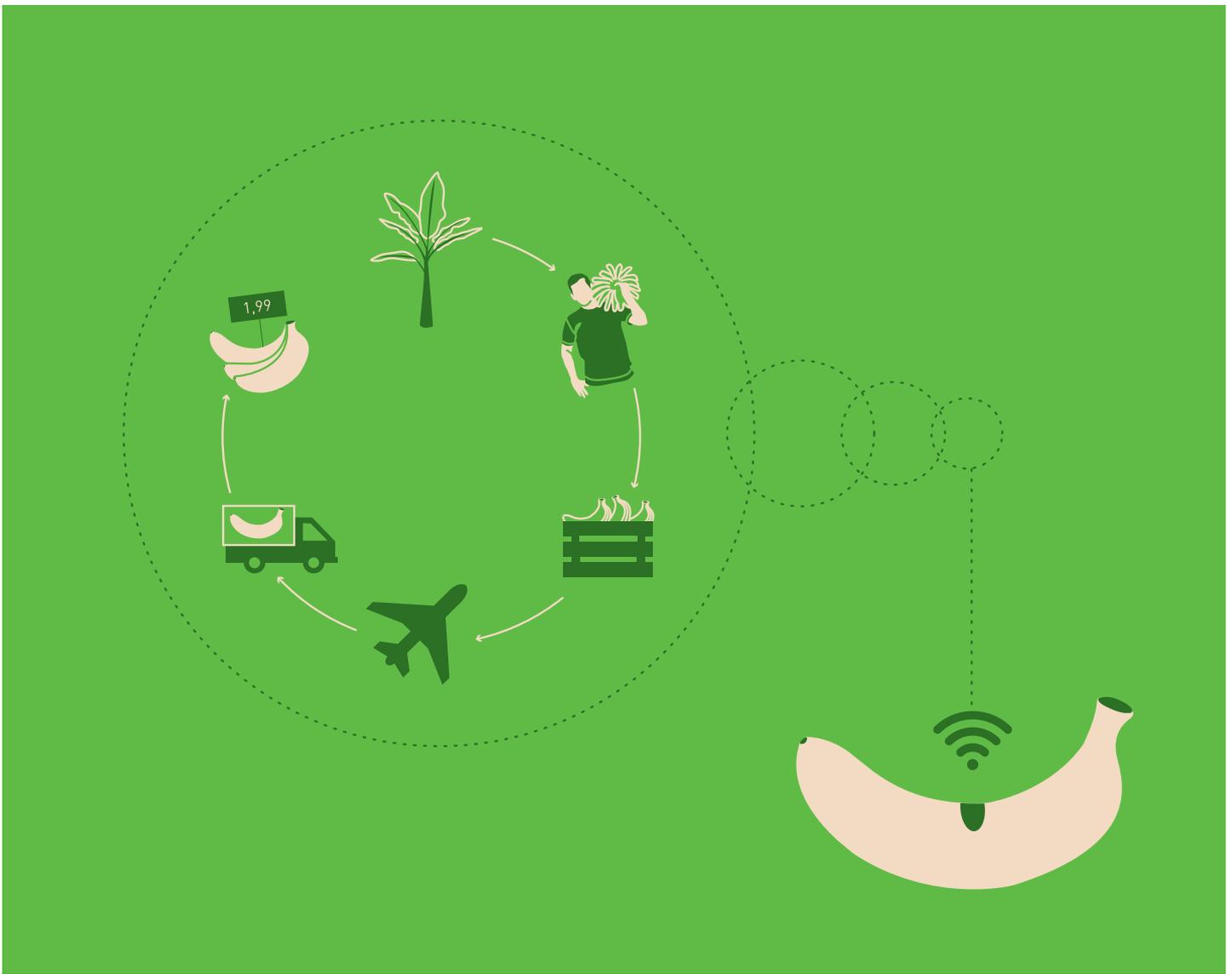
corporate.marksandspencer.com/plan-a
Plan A is a Marks & Spencer initiative for protecting the planet. The ultimate goal is to become the largest sustainable retailer in the world. An interactive supply chain map shows which products are manufactured by whom in which location.

www.farmcation.us

Farmcation combines 'farm' with 'vacation'. The company runs various courses and events to connect consumers with producers, and generally deepen understanding of the food supply system.

www.consumerphysics.com/myscio/scio

How many calories does this drink contain? Which melon is sweeter? Is my avocado ripe yet? The SCiO molecular scanner knows the answer to these and other questions. It scans the chemi-



cal composition of food, drinks and even medications, and transfers these directly to the smartphone within a very short time.

CONVENIENT HEALTH: HEALTHY LIFESTYLE WITHOUT MAJOR EFFORT OR COST

What is it all about?

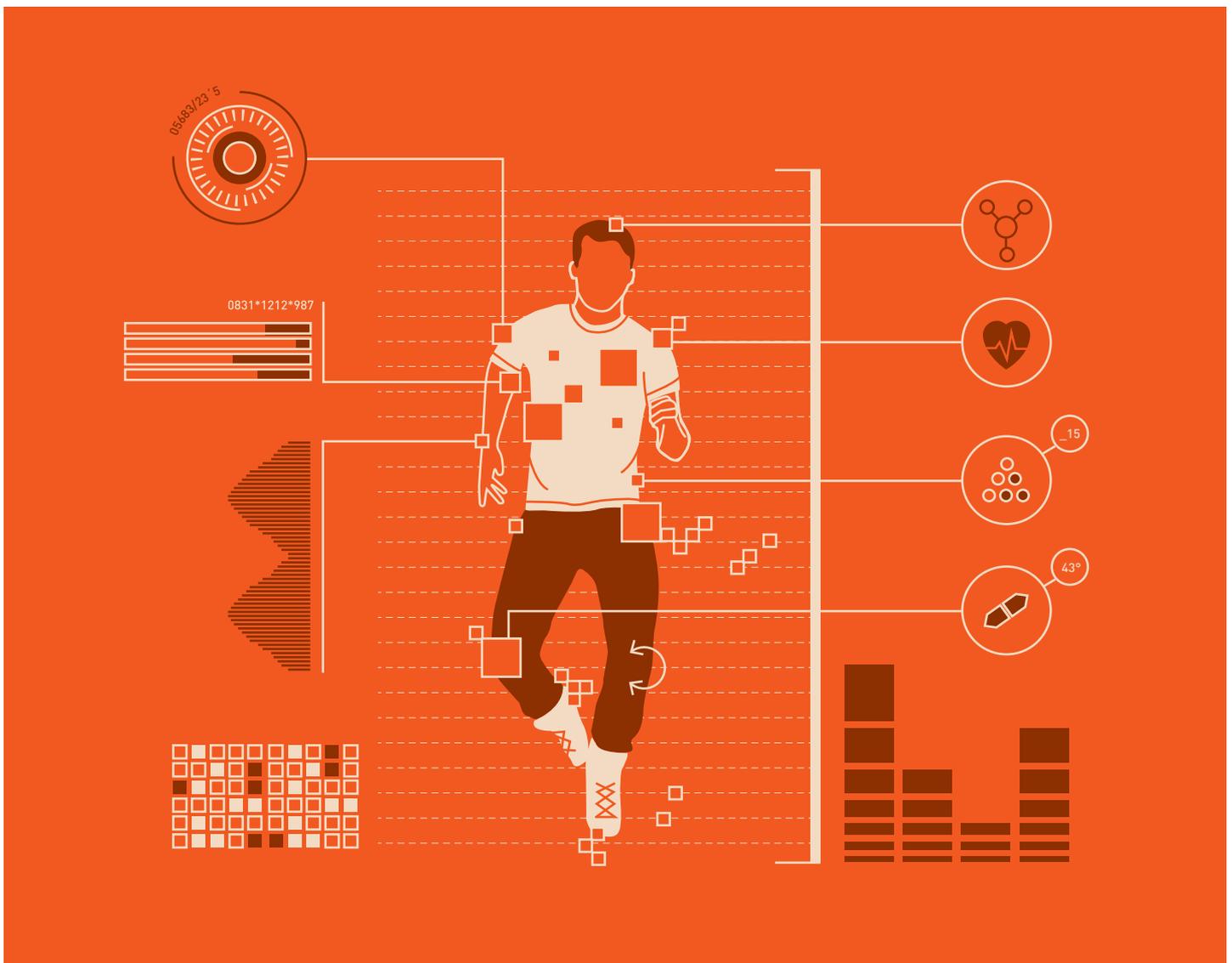
We are striving for a better version of ourselves, and improve our habits with sports and a healthy lifestyle. Success is measured with smart wearables and compared to the results achieved by friends. However many people feel that eating a healthy diet requires too much effort and time, and is also rather complicated. Moreover, focusing on quality seals and organic labels is no longer enough. Natural food is increasingly being presented in a pharmaceutical context.

New business ideas and platforms try to make a healthy lifestyle more attainable for us. Ingredients are broken down and presented in a transparent manner, and delivery services provide us with a daily smoothie tailored to our requirements.

Assessment of opportunities and risks

Growing consumer demand for fresh and healthy food inevitably also increases demand for fruit and vegetables. Their composition and health effects will thus be even more in the limelight in the future.

Opportunities: Tools and technologies which help us to achieve our personal objectives are becoming more important. This also applies to suppliers and service providers who offer healthy, perfectly portioned convenience products.



Risks: Anyone promoting food as having health-promoting properties must be confident that this is the case. The next food-related alarm might otherwise not be far off. It can also damage credibility if healthy eating alone is expected to achieve better health. Traditional medicine generally assumes that health is the result of a balanced diet coupled with a minimum amount of exercise.

Examples

sageproject.com

The Sage Project offers a data platform that provides a new type of food labelling containing ingredients, nutritional values and composition of the products, coupled with information on the exercise times required to burn the calories off again.

twitter.com/hashtag/weighthis

With the new health awareness, diets alone are no longer in. “Health over weight loss” is the motto. With #weighthis, Lean Cuisine is launching a campaign which encourages users to only take account of the weight of things that really matter.

owenandalchemy.com/elixirs

With their elixirs, Owen + Alchemy go a step further than the competition. “Beyond Organic” emphasises the mystical side of juicing, and highlights the fact that products also have an effect on health, and can be considered to have medicinal value.



THE AGE OF MEMES – WHEN SOCIAL CELEBRITIES ARE FASTER THAN SCIENCE

What is it all about?

A meme is an idea, behaviour or style that quickly spreads from person to person within a culture. This spread takes place via the written or spoken word, gestures, rituals, or other imitable phenomena. Today, the most famous form of meme is the internet meme. These memes are spread via the internet in image, audio or video format at incredible speed, and are correspondingly versatile and sometimes very short-lived.

Memes are used in marketing to achieve a viral effect and reach a greater number of people with minimum input. This is called viral marketing. An example of this is the “Will it blend?” campaign from Blendtec. In these entertaining vi-

deos, a ‘scientist’ throws various objects ranging from iPhones, through glow sticks to Justin Bieber CDs into a Blendtec mixer to prove its quality. The hype about superfoods is clever marketing. It cannot be scientifically proven that so-called superfoods such as blueberries or avocados have a higher concentration of nutrients than other types of food. However, the term has become established in everyday life and was primarily introduced to the masses through food bloggers and Instagram users. This trend also shows in the sales figures. Since 2000, the quantity of avocados sold in the USA has quadrupled⁵. On the one hand, these superfood hypes boost the consump-

⁵ www.washingtonpost.com/news/wonk/wp/2015/01/22/the-sudden-rise-of-the-avocado-americas-new-favorite-fruit/

tion of fresh fruit and vegetables. On the other hand, the industry's ability to manage or influence the phenomenon is very limited.

Assessment of opportunities and risks

Opportunities: If a viral campaign takes off, it can achieve an unexpectedly large audience. The associated media costs are also relatively low.

Risks: It is very difficult to plan and to control such campaigns. Cooperation with celebrities can fall into a legal grey area if it is not declared as advertising.

Examples:

www.thugkitchen.com

Website and book with healthy recipes to promote a healthy lifestyle. Since everything is spiced with a good pinch of expletives, the tips are very popular on the internet.

itm.marcelww.com/inglorious

With "Inglorious fruits & vegetables", the French retailer Intermarché launched a major campaign against food waste. Vegetable soup and fruit juices from "inglorious" fruit and vegetables are served to convince customers of the flawless quality of the products. Humorous images turned the campaign into a viral hit.

goo.gl/6EV7QS / goo.gl/eZA09R

Stars like Miranda Kerr use social media to market products. Celebrities post a selfie with the product on their personal Instagram account, reaching millions of followers keen to emulate them and their lifestyle. Corporations trying to position their products with a younger target group often pay millions for this form of celebrity endorsement.

Conclusion

The most recent studies and forecasts by the United Nations show higher growth in total world population than has been assumed so far. There are currently around 7.3 billion people⁶ on the planet today, and the reliable expectation is that this figure will increase to 8.5 billion people by 2030⁷. This significant acceleration in the rate of growth is also evident in the fact that the world population has tripled between 1950 and 2015. One crucial reason for this development appears to be technical innovation, and the associated continuous efficiency gains in global food production, as well as improved medical care.

In affluent societies, interest in health and healthy fresh food is growing. Demand for fresh fruit and vegetables should therefore increase. In reality, however, the opposite applies. In Germany, for instance, demand is falling, at least in terms of sales volume.⁸ According to the 2016 GfK Consumer Index, Germans are consuming lower volumes of fresh fruit and vegetables. However several parameters indicate that potential for higher consumption exists, and that the industry must therefore utilise these opportunities better. The fact that new, non-industry players are moving into the business makes a focus on these opportunities even more important. This benefits markets such as China, ensuring major changes in the flow of goods from West to East because of the strong demand for fresh fruit and vegetables.

Production: New efficiency and authenticity

The tech race is also happening in the fruit and vegetable segment. New measurement technologies are becoming more professional and precise, facilitating higher quality cultivation. Big data makes production more autonomous, secure and

efficient. This promotes cost-effective and precise cultivation methods. In the best-case scenario, this means that healthy, fresh food is not reserved for the elite alone.

But not so fast: New players – primarily from the tech sector itself – are playing an increasingly significant role in the differentiated market. They have the technological know-how, and can put this to use very quickly, thus achieving a competitive advantage. Moreover, diversified companies such as Philips are dedicating production facilities to this development, creating space for the innovative, vertical cultivation of fresh produce. Traditional agriculture must adapt to these new players, and also implement innovative technologies to remain competitive.

CRITICAL SUCCESS FACTORS FOR THE PRODUCTION OF TOMORROW:

- > Approach: Am I efficient and silent, or am I authentic and talk about it? ‘Authentic’ means in line with the way the romantic urban dweller imagines the production of his carefully selected vitamin serving – people celebrating fruit with great expertise and pride in their work, not GPS-controlled devices ensuring maxi-

⁶ United Nations, Department of Economic and Social Affairs, Population Division (2015). Population 2030: Demographic challenges and opportunities for sustainable development planning (ST/ESA/SER.A/389).

⁷ United Nations, Department of Economic and Social Affairs, Population Division (2015). Population 2030: Demographic challenges and opportunities for sustainable development planning (ST/ESA/SER.A/389).

⁸ Consumer Index Total Grocery 07.2016, GfK

mum exploitation of every square metre of major stretches of land. Continuous improvements in the efficient farming of large production areas? Or production for niche markets promising interesting margins even if the target group is limited? The most likely scenario is that the new technologies of tomorrow will facilitate a connection between high-tech and organic romanticism, and producers will no longer need to decide between efficiency and authenticity.

- > Branding: In-situ production conveys freshness, while catering to the consumer's romantic craving for the real thing, for authenticity. This can be a very relevant factor, especially in terms of marketing. Origin can be a magnet for the customer, extending to the rest of the product range. Brands can even emerge via the back-end in the fruit and vegetable segment, similar to the wine sector. However, rather than attempting to transform common avocados or conventional mandarins into a brand product, basic values like origin, producer and expertise should be utilised for differentiation.

Distribution: Setting the right speed

Accelerate here, slow down there. It is not always easy for the trade to determine which speed it should move at. On top of that, the classical consumption scenario is becoming largely irrelevant. To stay in the race, one needs to understand the customer's speed requirements, and be able to anticipate them. In the home delivery business, the answer is obvious. The period from 'feeling hungry' to 'delivered to the door' is becoming shorter and shorter – from next day delivery through same day delivery to one hour delivery.

Consumers are less and less willing to wait for the product – 'wait time' is 'waste time'. The first offers, such as Amazon's Prime Now, guarantee fresh produce deliveries within the hour. It remains to be seen how much ground speed retailing will gain. But then there is also the antithesis to the 'superfast' lifestyle – consumption situations which offer a convergence of gastronomy and retail to create a complete experience. Market hall concepts are thus becoming more attractive: people go there to do their shopping, but they also want to see and be seen.

CRITICAL SUCCESS FACTORS FOR THE DISTRIBUTION OF TOMORROW:

- > The rise of the platforms: The front-end for the customer is being increasingly dominated by digital platforms. Growing consumer demand for transparency may moderate this effect somewhat, especially if producers present themselves better and more directly through these platforms. But as a result, pressure on traditional retailing is mounting, and it will be necessary for it to offer its own platforms.
- > Data will win: The more one knows about a consumer, the better one can organise production and logistics, and satisfy market requirements. Customers need to be offered incentives and simple solutions if they are to share data with businesses. A feeling of security that their data will not be misused is paramount for consumers. A specific added value must therefore be offered in return. For instance through better and more personalised alignment with their personal diet plan. Data is becoming the new currency. But consumers expect something in return for their data.

Consumer requirements: Understanding and managing hybrid customers

Alternating between Aldi and Armani: That is how market researchers and businesses experience today's hybrid consumer, and they have quickly become wise to him. When ego involvement is high, brands take the limelight and prices become irrelevant. For low ego involvement goods, however, the drivers are convenience and price. But it is not so simple when it comes to diet. In one scenario, a religious diet philosophy for the conscious consumer dictates that an apple can only be eaten if he knows the name and the physical distance to the producer, as well as the production methods used. But in a take-away situation, personal karma is not compromised if the same apple is procured cheaper in bulk – and even sourced from a distant time zone. Supported by a new range of food products, hybridisation of eating habits is on the increase. While it used to be anchored at the extreme poles of McDonald's and Haute Cuisine, it now revolves around Soylent and experience gastronomy – and all that without neglecting a healthy diet. Soylent is synonymous with completely liquid food, 'astronaut food' for everyone – healthy, tasty, nutritious and affordable.

Social media act as a high-speed news ticker, constantly transmitting new diet-related trends. However, rapid changes in food trends and hyped products, demanded instantaneously by a large number of consumers, can be a problem for the fresh produce industry. A natural product is limited in its capacity to cater for such erratic and volatile levels of demand. Nevertheless, these popular social channels are also open to the fresh produce sector itself. It can therefore try to use

social media mechanisms to position the issues it considers important. Bloggers (Instagram), YouTube channels, celebrity cooks – the field is wide ranging. New production technologies can also facilitate better production options, independent of seasonality and weather. This will allow a quicker, more targeted response to demand in the future.

CRITICAL SUCCESS FACTORS FOR CONSUMER REQUIREMENTS OF TOMORROW:

- > Transparency: Establishing transparency will become increasingly easy, though this will be a challenge for food safety. Nevertheless it is an opportunity for the entire supply chain. Producers have a direct line to the consumer, providing opportunities to differentiate themselves from the competition. The provision of consumer information is becoming simpler and faster. This also offers the opportunity to highlight seasonal production, and even address the consumers' willingness to pay higher prices.
- > Individualisation: Healthy food is tested for its specific health effects, and tailored to individual diet plans. New technologies make it easier to prepare customised diet plans based on fresh products such as fruit and vegetables. This significant development goes beyond the current organic trend ('Beyond Organic').

Annex

Methodical approach

This study is based on a multi-stage process involving the following components:

1. Desk research: Research into specialist and technical literature and the screening of new business ideas and start-ups provided an initial overview of the status quo as well as of key developments in the fresh produce trade. Following on from this, trend studies were used to identify the key social drivers which will characterise tomorrow's consumer demands.

2. Online survey: In an online survey, international experts from all sectors of the value chain in all five continents were interviewed on the key trends in the sector. In addition to freely listing the trends they had observed, experts were asked to evaluate current innovations and developments in respect of their significance and influence on the sector.

3. Panel: In September 2016, a panel meeting of the FRUIT LOGISTICA Advisory Committee was held in Düsseldorf. After a presentation of the study, the findings were discussed and debated.

4. Drafting of the trend report: All findings were condensed, refined and recorded in this report.

See ya!



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