



WHAT'S NEW IN SUSTAINABILITY?

OPPORTUNITIES IN THE FOOD
& BEVERAGE SPACE

2023 Trend Report

OVERVIEW

The sustainability front has widened, and so have companies' efforts to set and reach sustainability goals. Once focused solely on the environment, sustainability has become a more complex and interconnected web of choices that ultimately contribute to the health of people and the planet. And consumers are doing their part to make small steps to make a change. There are a lot of considerations when it comes to sustainability, and with consumer interest rising, it's now necessary for food and beverage developers to keep sustainability in mind from concept to finished products and beyond. Read on to learn more about what today's flavor-related footprints mean – and where they lead.

46%

of consumers look to brands to take the lead on creating sustainable change.

78%

of global consumers wish companies would do more to make food that is sustainable.

LESS TALK, MORE ACTION

Many companies are taking concrete steps towards sustainability, whether they are making real progress to becoming net zero or advancing their progress in addressing issues most material to them through time-bound ESG goals. Given their role in using resources and employing processes and people to provide sustenance, many big players in the food supply chain are, if not in front, then near the head of the pack. In fact, consumers cite food and beverage as one of the most important industries when it comes to environmental sustainability.

- **46% of consumers** look to brands to take the lead on creating sustainable change, but 38% of consumers don't trust companies to be honest about their environmental impact.
- **56% growth** - Products that make ESG-related claims accounted for 56% of all growth over the past five years.



Food and beverage companies are compelled to do the right thing, but they are also being nudged and held accountable by their consumers, who increasingly understand the notion of “greenwashing” – announcing measures but not providing verification of achievements.

- MCCORMICK CONSUMER & MARKET INSIGHT

Consumers' small steps toward sustainability come in many different shapes and sizes:



BUYING & WASTING
LESS



REDUCING FOOTPRINT



SEEKING ALTERNATIVES



ALIGNING WITH VALUES

TRANSPARENCY is the bridge that connects promises with quantified results, and that includes transparency on how ingredients are **sourced**, **produced** and **used** in products bound for human consumption. Such openness includes information on labels as well as updates across companies' various communications platforms. It also spans transparency among partners in the supply chain and to end users.



“You can’t have healthy people without a healthy planet, and vice versa so we’re seeing increased interest from consumers about what’s under the lid and on the label.”

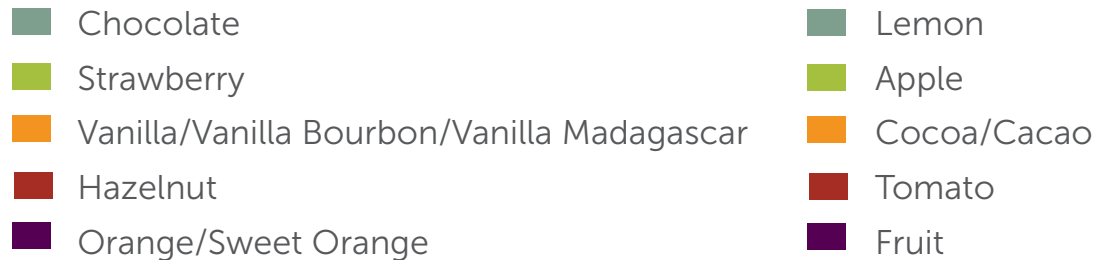
– KATE CAWLEY, FUTURE FOOD MOVEMENT FOUNDER



FLAVORS OF INTEREST

Consumers are thinking more critically about the products they're putting on or in their bodies. Though consumers don't currently directly connect sustainability to flavor, they take a holistic approach, searching for products and brands that pave the way toward sustainability and provide emotional appeals that are connected to core benefits. Let's take a look at the top flavors in this space.

TOP GLOBAL FLAVORS BY NUMBER OF RELEASES: with Ethical & Environmental Claim in the Past 3 Years



Sustainability is most salient when it comes to products consumers are consuming (food and beverages) or applying topically (beauty and personal care). This is driven by the belief that something better/safer for the planet is better/safer for the body.

– MCCORMICK CONSUMER & MARKET INSIGHT

STEPS TOWARDS SUSTAINABILITY

As companies create flavorful foods and beverages for consumers, they increasingly consider various aspects of environmental, social and economic sustainability from natural and organic and Fair Trade options, to the use of water and energy and equitable and fair labor throughout production. Ultimately, based on the choice of ingredients, flavor and flavor combinations can be impacted.



49% of consumers said due to the pandemic, sustainable aspects have become more/much more important to them.

Source as a Force

Consumers are taking a closer look sourcing and want to know more about how consumable products are made from farm to plate. At the same time, food developers are examining and sometimes changing their sourcing process to include ingredients produced in a more sustainable way.

- **30% consumers** picked **regenerative agriculture** as their top choice for the most beneficial agricultural practice – even though only 19% knew what that practice actually entails.
- **Upcycled ingredients** are catching on, as snacks and juice drinks are leading subcategories in upcycled food and drink launches.

PRODUCTS OF NOTE



LOCKER QUADRATINI DARK CHOCOLATE WAFER CUBES have a dark chocolate cream filling made with cocoa from the manufacturer's sustainable farming program. Positioning claims include environmentally friendly, ethical, and sustainable (habitat/resources).

53% of consumers said they likely or definitely would buy this product.



THE MUSHROOM COMPANY MARSALA FLAVORED SAUCY MUSHROOMS are gluten-free and follow the company's mission of actively upcycling ingredients to reduce waste and benefit the planet.

41% of consumers said they likely or definitely would buy this product.

THE PRODUCTION PATH

In addition to sourcing, food developers are taking responsibility throughout the production process, from the use of ingredients, energy and water. These choices can affect flavor, for example, if some ingredients are being swapped for others or if plant-based foods require additional flavors to mask earthy tastes.

How can you promote sustainability in production?

- Work with a flavor partner who can provide guidance in navigating different organic and/or clean label options.
- Explore products that help consumers cut down on their own resources, like heat-and-eat or ready-to-cook offerings that can be prepared in energy-efficient air fryers or microwaves, or even extended shelf-life foods that can be stored for emergencies.
- Utilize flavor additions or adjustments across food and drink categories (this is seen even in water! – one recent report from Mintel projected that desalinated water will be re-mineralized and flavored as high populations and the need for clean water collide.)



79% OF CONSUMERS

want to buy sustainable products; a nearly equal number (78%) said that brands must make sure they can afford to do it.



68% OF MANUFACTURING LEADERS

say they are implementing company-wide sustainability strategies, compared to 39% in 2019.



SUSTAINABILITY GOALS

were most evident in manufacturing and production (79%), supply chain (69%) and product development (67%).

PRODUCTS OF NOTE



AUGASON FARMS BUTTERMILK PANCAKE MIX is has a shelf life up to 10 years.

33% of consumers said they likely or definitely would buy this product.



FORAGER PROJECT STRAWBERRY FLAVORED DRINKABLE CASHEW YOGURT ALTERNATIVE is organic, vegan, free from dairy, gum, gluten and soy, made with cashews and sold in a BPA-free recyclable pack. Logos and certifications include USDA Organic, CCOF (California Certified Organic Farmers) Non-GMO & More, Certified Vegan and Kosher.

THE WHOLE – AND HOLISTIC – PACKAGE

Packaging is a major focal point for environmental sustainability, as consumers are becoming more aware of the prevalence and risks of microplastics and want to align with companies that take steps to reduce packaging waste. Many food and beverage companies have set goals to pursue new packaging formats or cut down on package waste as part of their circularity efforts.

60% of US consumers say a restaurant's efforts to reduce food waste & packaging plays an important role in influencing their decision to eat there.

Where does this leave flavor?

In addition to ensuring sustained quality and flavor in different materials like compostable packaging, some developers are working on edible packaging, like starch-based cupcake wrappers, rice-based candy wrappers and fruit-based casings. Edible straws have already hit the market, available in a range of flavors.

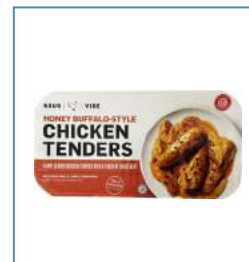
- The edible packaging market is predicted to reach **\$679 million by 2025**, with a combined annual growth rate of 4.3%
- **69% of panelists** who tried gelatin edible packaging that replaced non-degradable packaging for chili powder said that they accepted the product's taste.

PRODUCTS OF NOTE



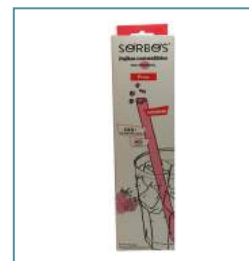
ALTER ECO ORGANIC DARK CHOCOLATE ASSORTED TRUFFLES contain five individually wrapped units in classic dark, salted caramel and sea salt varieties. The product is made with backyard compostable wrappers made with tree fiber and nontoxic ink as part of the manufacturer's mission to reduce waste and restore the planet.

45% of consumers said they likely or definitely buy this product.



CUISINE SOLUTIONS SOUS VIDE HONEY BUFFALO-STYLE CHICKEN TENDERS are flame-seared chicken tenders with a touch of sweet heat that come in a tray that is 100% compostable and biodegradable.

44% of consumers said they likely or definitely buy this product.



SORBOS STRAWBERRY EDIBLE STRAW, made by a Brazilian manufacturer, is a 100% biodegradable straw that contains no plastic and is said to leave a delicious taste in the mouth. The straws are free from lactose, gluten and GMO and are claimed to last up to 30 minutes in cold or iced drinks.

THE TAKEAWAYS

Sustainability that encompasses environmental, social and economic issues and priorities is becoming a crucial factor in product development. Throughout the R&D process for food and beverages, developers are considering sustainability and ESG-related sourcing, production and packaging that can have different impacts on flavor. This presents considerations of flavor changes as well as opportunities for new flavor delivery. Consumers manage the complexity of sustainability with small every day steps – but keep in mind that they expect brands to lead the way. Searching for sustainability in your next product innovation? Reach out for more information. We can help you find your “what’s next?”.



YOU DESERVE MORE. LET'S GET STARTED.

What does true partnership look like? You deserve a flavor partner ready to turn these trends into the tangible.

Let McCormick Flavor Solutions market insight and research experts get to work for you. Translate these trends into bold new ideas for your brand. Increase market share and get to your “what’s next.” Our technical flavor, seasoning and product development experts are also at your service to help meet the labeling and flavor profile needs for your products to capitalize on this consumer trend.

From concept to manufacturing, we’re here for you – every step of the way.

Contact your sales representative or chat us up at www.mccormickflavor.com/en-us/contact-us

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