Trendipedia.

A summary of consumer shifts in 2022

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Welcome to Trendipedia Consumer Shifts 2022.

At the beginning of 2022, societies slowly started to re-open after lockdowns. However, things quickly took an unexpected turn. War broke out in February, causing inflation and resource scarcity in an already stressed supply chain.

Consumers now face a rising cost of living, where food competes with fuel for share of wallet. At this time, it's vital to understand how their priorities are changing.

Businesses that manage to adapt quickly to these shifts and understand needs of consumers will have a clear competitive advantage.

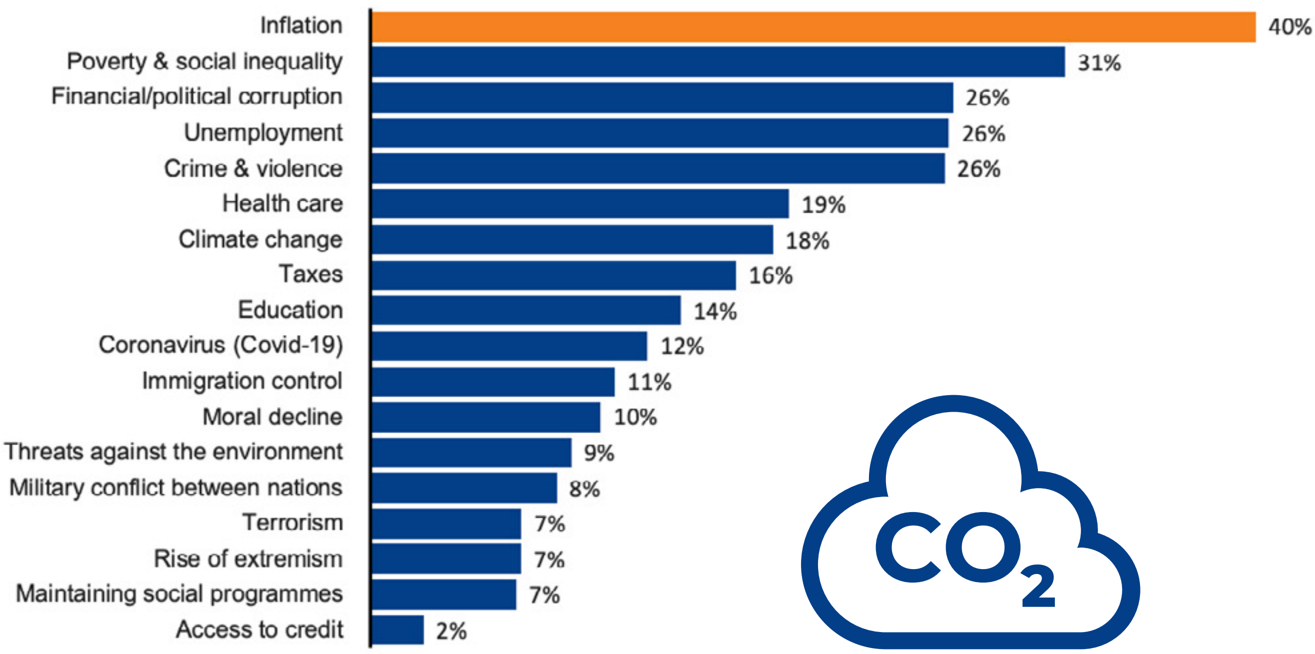
Stay tuned! A new full-scale Trendipedia report will be launched in 2023. In the meantime, please feel free to connect with us for further discussions.

Anna Larsson
Business Insights Leader, Tetra Pak

2022 started optimistically, but uncertainty soon took over.

What are people the most worried about?

% mentioned in September 2022
(global country average)



Base: Representative sample of 19,486 adults aged 16-74 in 28 participating countries, September 2022.

Source: Ipsos Global Advisor. Global score is a Global Country Average.

Consumer shifts 2022.

STAY IN CONTROL

In times of uncertainty, consumers crave a sense of control over their lives.

Brands can empower consumers with information and choices that help them make confident decisions that protect themselves, the planet and everything on it.

BREAK OUT & RE-EXPERIENCE

Consumers are eager to break out of their confines and explore, play and embrace novel experiences.

After the pandemic, feeling good has become a desired outcome of most interactions, be they with products or people.

EXPLORE OMNI-SPACES

The home will continue to be a sanctuary for many people, but out-of-home consumption is also back.

Brands are re-imagining physical and virtual spaces to offer consumers convenience and choice.

SHIFT 1:

Stay in control

HEALTH PLANET WALLET

STAY IN CONTROL: HEALTH

Health is even more important since the pandemic.

62%

Growing importance of health

62% of Americans agree that their health is more important to them now than before the COVID-19 pandemic.

(Source: Ipsos survey conducted Dec. 3-6, 2021, among 1,158 U.S adults.)

Health = Safety

65%

65% of consumers globally believe that being healthy is being safe.*

Experiencing stress

73%

73% of UK consumers have experienced more stress than usual since the start of COVID-19.**

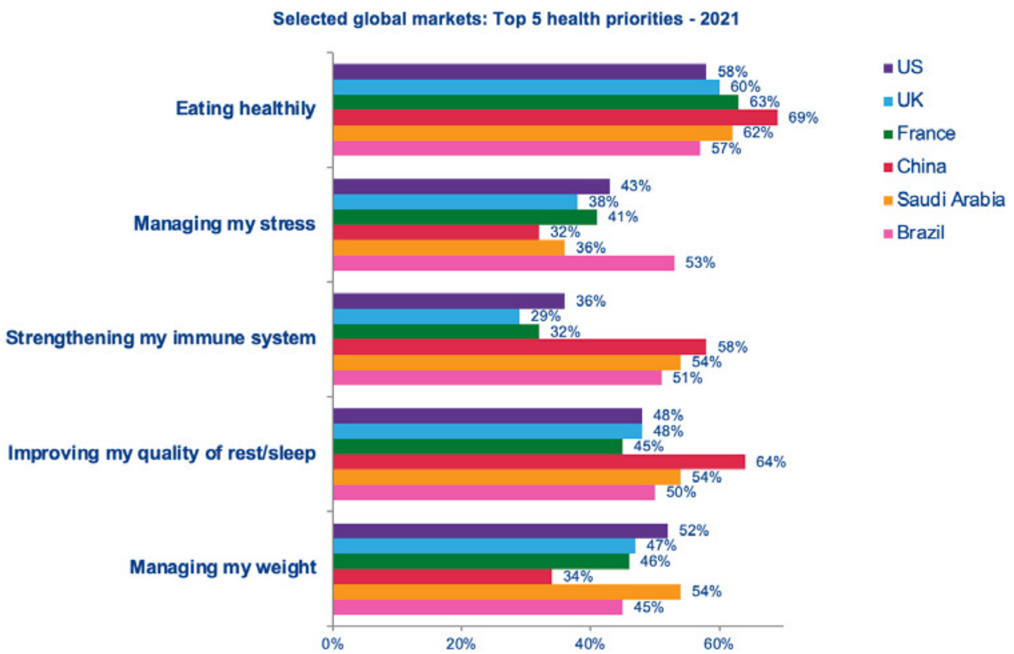
* Source: Tetra Pak Index research 2021 by Ipsos (Online survey, n=4500 interviews across 9 countries – Brazil, China, India, Nigeria, South Africa, South Korea, Spain, UK, US

** Source: Kantar Profiles/Mintel Base: UK: 1,936 internet users aged 18+, July 2021

Food and drinks can help consumers regain control over their health.

In 2022, more consumers are seeking guidance and products to help them:

- Eat healthily
- Manage weight, stress and energy
- Strengthen immunity



Base: 1,000 internet users per markey: Brazil, UK, France aged 16+, China, US, Saudi Arabia aged 18+

Source: Kantar Profiles/Mintel except China (KuRunData/Mintel) - Sept 2021

STAY IN CONTROL: PLANET

Consumers are concerned for their own future and the future of the planet.

70%

Failing future generations

70% of global consumers agree that if individuals do not act now to combat climate change, they will be failing future generations.*

78%

Concerned about the planet

78% of global consumers feel concerned about environmental issues**

Record breaking heat waves, impacting consumers' daily activities and anxiety levels.

55%

"I can make a difference"

55% of Indian consumers say their behaviour can make a positive difference to the planet.***

* Source: Ipsos, Earth Day 2022, April 2022

** Source: Sustainable Packaging Research 2021 (Tetra Pak by Lexis)

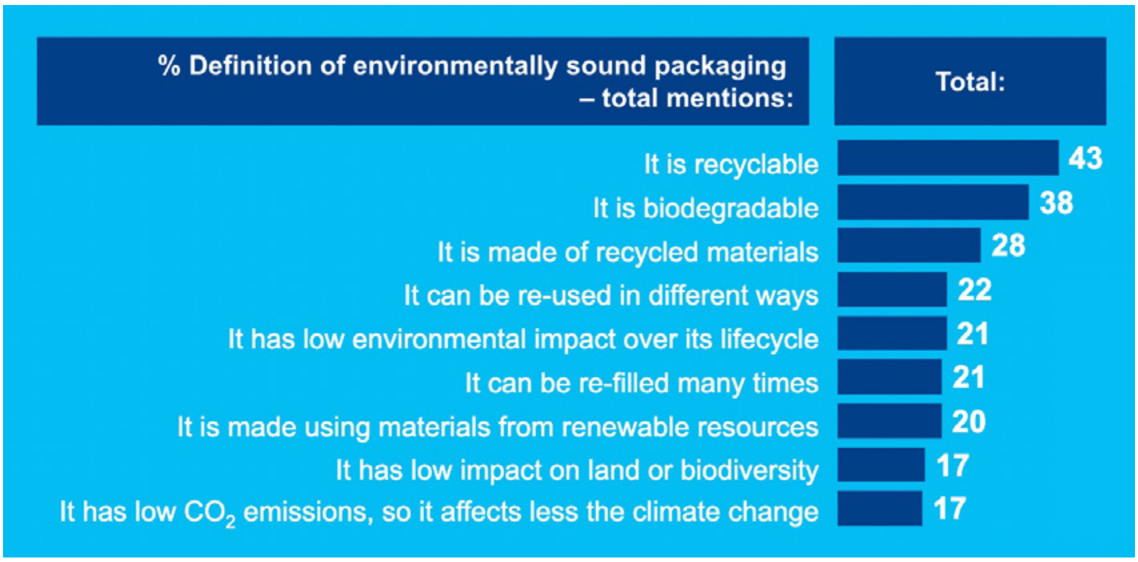
*** Source: Mintel

Informed consumers demand more from brands and packaging.

What consumers want from brands*

- Third-party verification or measurements via rating systems e.g. 78% of Polish adults think that there should be a clear rating system to show environmental impact of product packaging.
- Simple logos to convey complex environmental measures, is another way forward.
- Accountability on environmental and ethical commitments.
- More transparency on climate-friendly and ethical commitments.

Consumers define an environmentally sound beverage package primarily as **recyclable, biodegradable and made of recycled materials**



Source: Sustainable Packaging Research 2021 (Tetra Pak with Lexis)

* Base: Poland: 1,000 internet users aged 16+

Source: Kantar Profiles/Mintel

STAY IN CONTROL: WALLET

More than half of consumers expect to be impacted by price rises.

55%

Consumers expect impact on purchasing power

55% say price hikes will have a fair amount or a great deal of impact on their purchasing power.

Over two-thirds of South African, Japanese, and Turkish consumers say this

Approx one-third in Switzerland and the Netherlands*

How consumers respond

- Plan more i.e. make a shopping list and stick to it
- Indulge less i.e. buy fewer non-essentials
- Shop smarter i.e. shop more at discounters and swap branded for private label**

*Ipsos & WEF, March 2022

https://www.ipsos.com/en/views-about-sustainable-energy

** Source: Mintel

STAY IN CONTROL: WALLET

How can brands avoid low quality perceptions and build trust?

> *22% of Gen Z note that a lack of transparency reduces their opinion of brands and products – more than any other age group**

While price dominates consumers' shopping mentality in the era of inflation, shoppers also aspire to quality – and do not want to compromise on this.

To avoid consumers associating low cost with low quality, some producers are combining competitive pricing with aspirational benefits like health and taste.

Transparency is important when linking product prices to quality/value/ethics.**

*Source: https://cmgroup.com/wp-content/uploads/2022/02/CM-Group-Marketing-to-Gen-Z-Report.pdf

** Source: Mintel

STAY IN CONTROL

Implications for the Food & Beverage industry.

PACKAGING

- Features, e.g. right-sizing or reseal, to help reduce food waste – a way to target both hearts (sustainability ideals) and wallets in times of inflation.
- Easy-to-recycle packaging and simple icons for how to recycle.
- Clear rating systems for health metrics on pack.
- Help consumers to decipher ‘Climate Complexity’ e.g. via clear and comparable carbon measures printed on pack.

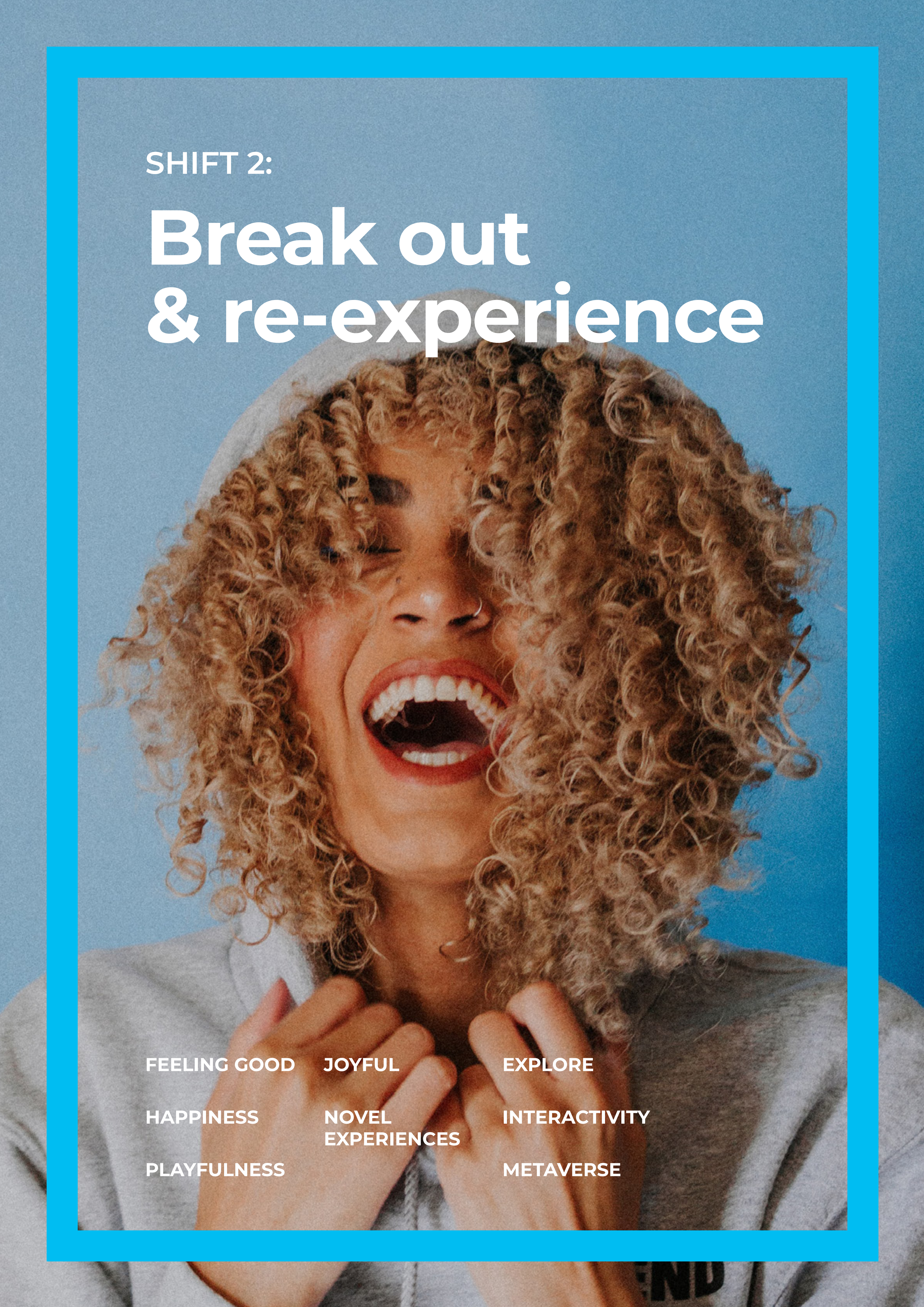
FOOD & BEVERAGES PRODUCTS

- Positioned as protecting consumer health and/or the health of the planet.
- Trustworthiness and measurable progress on health, environmental and ethical commitments.
- Highlight benefits, e.g. health AND taste, to capture value-conscious consumers. Be honest and empathetic about the hard choices faced, especially around price, to gain loyalty.
- Increased focus on immunity, mental health and sleep/ relaxation.

SHIFT 2:

Break out & re-experience

FEELING GOOD	JOYFUL	EXPLORE
HAPPINESS	NOVEL EXPERIENCES	INTERACTIVITY
PLAYFULNESS		METAVERSE



BREAK OUT & RE-EXPERIENCE

Consumers seek happiness and playfulness as a respite from stress.

72%

Value having fun

72% of Gen Z' number one value is to have fun and 71% of Gen Z say they focus on living in the moment.

(Source: Snapchat & Crowd DNA, April 2022.)
https://forbusiness.snapchat.com/blog/how-gen-z-is-reshaping-communication-and-redefining-the-shopping-experience-with-ar

Try new experiences

89%

89% of Brazilian consumers say they love trying new experiences.

91% in the Philippines

81% in Italy

Seeking fun

56%

56% of Italians claim to seek fun in all aspects of life

Source: Mintel Base: 1,000 internet users aged 16+

Source: Italy, Brazil: Kantar Profiles/Mintel, Philippines: Rakuten Insight/Mintel - August 2021

BREAK OUT & RE-EXPERIENCE

Online and virtual worlds create opportunities for brands.

CONSUMERS’ ONLINE BEHAVIOUR

80%

80% of shoppers say their time on social media has increased significantly over the past year.*

76%

76% have found themselves very influenced to shop on these platforms.*

50%

50% of the approx 21,000 adults surveyed in 29 countries are familiar with the ‘metaverse’ and 50% have positive feelings about engaging with it in daily life.**

85%

85% of consumers in China, Hong Kong (77%), Taiwan (73%), South Korea (73%), and Southeast Asia (71%) are very interested in exploring a brand that is developing virtual products.***

* Source: Bazaarvoice, A look at social commerce in 2022, March 2022

** Source: Ipsos, How the World Sees the Metaverse and Extended Reality, May 2022

*** Source: Bluebell Group, Asia lifestyle consumer profile, October 2021

Implications for the Food & Beverage industry.

PACKAGING

- Windows to the digital world, e.g. via QR codes for easy access
- Trigger a smile from the consumer via the packaging graphic design – e.g. via playfulness or storytelling
- Use packaging material effects (e.g. metallised, natural board etc) to enhance visual and tactile.

FOOD & BEVERAGES PRODUCTS

- Even everyday product interactions can offer a moment of joy, pleasure or escapism.
- A deeper emotional resonance with food and beverages can be created with elements such as taste, colour, texture and aroma.
- Go Phygital = the best of physical + digital worlds.
- Gamify everyday activities and establish a presence in the Metaverse.
- Help people unplug trough tangible, real-world experiences that can't be replicated easily online.
- Co-create with consumers digitally.

SHIFT 3:

Explore OMNI-spaces

COMFORTABLE HOMES

HOME COOKING

FLEXIBLE

ENJOYABLE VENUES

OUT OF HOME

SNACKING

DIGITAL & E-COMMERCE

EXPLORE OMNI-SPACES

Ordering online, going to restaurants, using meal kits. It's all good!

Online grocery shopping has gone mainstream. 40% of total online buyers say they started since the pandemic. 80% plan to continue buying online in future. The #1 driver is to save time (53%)*

> *A key element of new routines is snacking. 44% are snacking more often than pre-pandemic.***

The home continues to be a sanctuary for many people. Consumers have tried home-cooking and recognise the benefits. They continue to use meal kits and talk about them online. 87% use 3 or more packaged food products per month in their home cooking.***

Out-of-home consumption is recovering and expected to return to pre-pandemic levels and above by 2024. Restaurants and retailers will be venues where deeper connections between consumers and brands are fostered.

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* Source: Tetra Pak® E-commerce Consumer Research 2021

** Source: Tetra Pak® Index Ipsos Quantitative Research 2021

*** Source: Tetra Pak® Culinary Products Consumer Research 2021

EXPLORE OMNI-SPACES

Consumers are interested in interacting with brands in new ways – at home and away from home, digital and physical.

SOME EXAMPLES

48%

48% of Germans aged 16-24s* like to see more restaurant-branded vending machines.

24%

24% Spanish cooks 16-34 interested in virtual cooking classes (eg Zoom) that send a recipe kit.

28%

28% of UK adults who do not have a virtual reality (VR) headset say using VR to interact with friends and family would be appealing.

* Source: Kantar Profiles/Mintel

Implications for the Food & Beverage industry.

PACKAGING

- Convenient packaging for in-home, i.e. easy to open, no spillage when using, resealable
- Convenience on-the-go, i.e. a portion pack size suitable for the product type/consumption occasion and consumer target
- Food service channel many times require larger pack sizes, easy to store/stack, spill-free and resealable packaging

FOOD & BEVERAGES PRODUCTS

- Products that can be part of a meal kit
- Semi-ready foods saving time in the kitchen
- Products suitable for snacking occasions, in the flexible lives of consumers
- Collaborate with/supply to:

  - meal kit providers, to claim a spot in their basket of ingredients

  - Food service channel, including dark kitchens and home delivery services

Summary
Consumer shifts 2022.

STAY IN CONTROL

Highlight value

Transparency

Sustainability

Reduce food waste

Recycling instructions

Health benefits

BREAK OUT & RE-EXPERIENCE

Joy

Escapism

Phygital; Digital/Metaverse
+ Real life experiences

EXPLORE OMNI-SPACES

Convenience in-home

Meal kits

Delivery services

Food service channel

How are the latest consumer shifts affecting your business?

Click here to book a meeting with us to discuss the impact of these shifts on your market and/or product category.

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