

A person wearing a blue uniform and a light blue surgical mask is holding a pizza box. The box is black with gold-colored illustrations of pizza slices on the sides. The person's hands are wearing blue nitrile gloves. The background is a plain, light-colored wall.

THE COVID-19 TAKEAWAY

Observations and insights from a food
and beverage industry in lockdown.

TESTING TIMES FOR FOOD AND DRINK



Testing times for food and drink

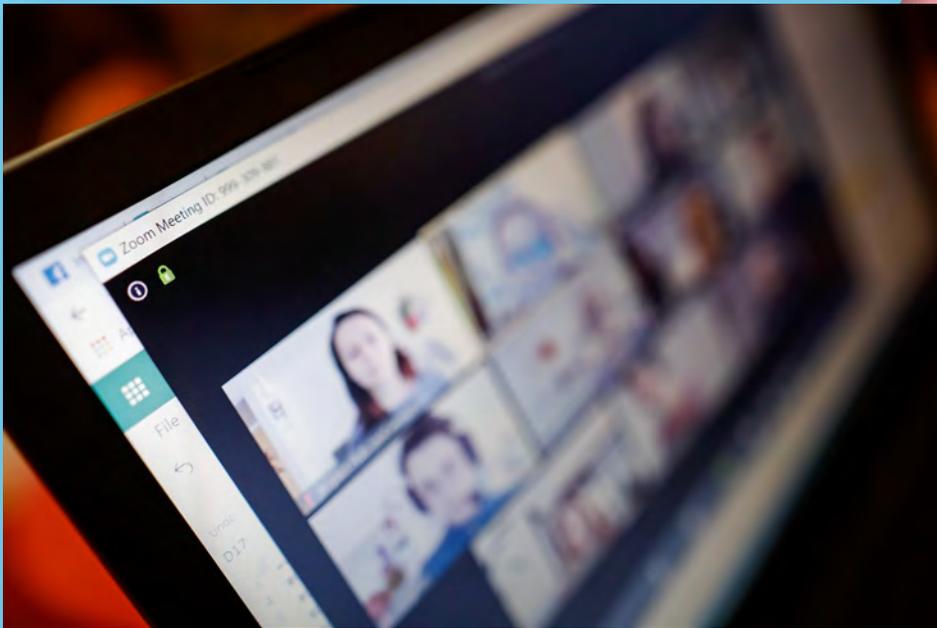
We know that better than most. We were about to promote our food innovation company Taste Pilots just as lockdown came upon us. It's not the best time, but we are pushing ahead. Our reasoning was that lockdown doesn't stop people eating and drinking - or thinking. And as this report shows, it doesn't stop people launching new products.

Our partner **production facilities in Reading** have remained open for production and test runs using distance measures.

We have also been interested to see how the rest of the industry has responded to the current crisis and we've been keeping an eye on product launches and developments.

Here are a few take-outs from our research.

IDEAS AREN'T ON LOCKDOWN



It's not business as usual. But it's still business. Many companies are struggling to keep their enterprise going with all the restrictions of lockdown. On the brighter side there have been some ingenious business adaptations. Restaurants have turned into takeaways and delivery services overnight. Pubs are delivering beer by the barrel – one by horse and cart. Another brewery developed a pub in a van.

Once the preserve of the board room, video conferencing is being used for communal online nightclubs and yoga classes. In a memorable moment at the beginning of lockdown the Rolling Stones were brought together on screen in their separate homes to play a track together.

Creativity can still be shared from separate locations.

No doubt you are also discovering new ways of working. It's a great test of how quickly you can adapt your business.



INVENTION IS COOKING AT HOME



More than anything this crisis has shown that food and drink products are the things that really bring us together. Even when we're apart.

Plenty of brands began life at the kitchen table. And we can expect that trend to boom after this enforced time out. Judging by the amount of home-made breads and cakes on Facebook (and empty flour shelves) we can look forward to a new generation of **artisan bakers**. Others are beginning to brew their own beers. Old style home made **fermented soft drinks** are making a comeback such as elderflower 'champagne' and cordial. Thanks to difficulties with shopping people have been experimenting with basic ingredients, **local produce** and getting more inventive with **herbs, spices and condiments**. There is more foraging and use of ingredients like wild garlic.

The bigger companies can learn from this. People have time on their hands to get their ideas on the table and get experimenting. What you dream up in the kitchen can be perfected commercially later.



INVENTION IS COOKING AT HOME



Launched in 2008 by distiller Ian Hart, **Sacred Spirits** is the ultimate home-born brand.

Sacred Gin was conceived, distilled and marketed from the kitchen of the house he grew up in. Ian sources organic botanicals using vacuum distillation for a small volume, high quality production.

It is a perfect example of adding value through innovative process, quality ingredients and brand building.



KEEPING IT LOCAL



As lockdown started it was often independent businesses and shops that stepped up to the plate. Some of the larger food and drink businesses struggled with distribution while many local shops were often nimbler and more flexible.

As we weren't able to stray far from home it allowed many of us to discover, or rediscover, our local retailers' food and drink offerings. Restaurants and pubs that lost all their usual custom turned to takeaway as a revenue stream and added diversity to the usual takeaway offering.

Some businesses have capitalised on the interest in home cooking and baking to offer their own expertise in home tuition and communal cookery classes .

Delivery services continued to bring home the bacon through it all.

While some of these effects will fade after lockdown there is no doubt that local shops and brands will have gained a lot of kudos in their respective communities.

A HOME GROWN MARKET



A healthy food and beverage industry

Before the Covid 19 crisis began we were looking at the positive state of the British Food and Drink industry. Despite worries about Brexit we were optimistic about the future. Despite concerns about the Brexit vote, EU businesses **increased direct investment in the UK food and beverage industry by 180%**. The food and grocery market was predicted to grow by nearly 15% or £28 billion over the next 4 years.

The UK now adds more value to food processing (17%) than any other western country bar the Netherlands.

We have a combination of **rich agricultural resources, knowledgeable consumers, food science excellence and innovation** that make the UK one of the most advanced food hubs in the world.

The lockdown and pandemic has highlighted many of the advantages of the UK food and beverage market.

The UK market is **health aware** and crosses all demographics. UK consumers are **hungry for innovative new products** that are nutritious, sustainable and offer new sensory experiences, and they are willing to pay a premium for them. It is an ideal market to test the potential of new products.



HEALTH BEGINS AT HOME



The health and wellness market was already predicted to expand by 25% from 2015 to 2020.

The UK's obsession with health and wellness has been on the rise for many years. **The pandemic has simply fortified already-growing trends.**

Lockdown closed the gym but drove it into our own homes. Not surprisingly online services like **Peloton and Zwift saw usage up by as much as 64%**. Outdoor exercise sessions rose in intensity too as people looked to make the most of their daily exercise. Cycling gained a huge boost and Halfords said **sales of equipment rocketed by 500% at the start of lockdown**. Shares in Halfords jumped 17%. This trend is set to be encouraged with the UK transport secretary setting out a £2bn initiative to boost our cycling, running and walking infrastructure.

As interest in exercise grew the interest in optimum diet and nutrition followed...



HEALTH BEGINS AT HOME



UK goes with its gut instinct in lockdown

On the one hand, the pandemic increased sales of alcohol and comfort food. Paradoxically it also gave many of us time to look at our diet and nutrition – particularly with a view to building immunity. **As google searches for ‘immune boosting foods’ rose, sales in probiotic products soared.** The scientific jury is out on the links between gut health and immunity but that doesn’t stop people filling their shopping basket with hope. **Biotiful Dairy that specializes in Kefir and focuses on gut health saw its highest sales uplift ever at the start of the pandemic** though others are keen to point out that **the market for cultured products had already risen by 145% in 2019.**

Despite confusion and misinformation about how to protect yourself from Covid 19, sales in supplements and nutrition also boomed. **Sales of vitamin C tripled in the first week of lockdown.** Research indicated a correlation between Covid -19 cases and levels of vitamin D. While distancing themselves from the report, The NHS and British Government issued advice that **the whole population should supplement with 10 micrograms of vitamin D.**



HEALTH BEGINS AT HOME



Smarter boozing

Britain may have stocked up on the booze as lockdown began, but one of the biggest trends of 2019 continued to flow.

With growth of over 13% last year, sales of low and no alcohol drinks were up 37% in March compared to 2019.

The fitness and wellness driven trend in lockdown has naturally carried through to the no-low category. Cutting down on alcohol is being fueled by inventive flavours and products that are all about taste rather than just a healthier option. **Brands like Seedlip are creating categories all of their own with new botanical distillates.**

NPD has continued apace with key players like Diageo and Pernod Ricard moving into other traditional alcoholic categories such as dark spirits and whisky.

HEALTH BEGINS AT HOME



Questioning the future of meat

In 2019 **one in four product launches in the UK were labelled vegan**. According to Mintel the number of people consuming meat substitutes is rising sharply from 50% in 2017 to 65% today. **Meat-free food sales grew 40% to £816 million in 2019. It's another category given a boost by the pandemic.**

Early links to animals as a cause of the Covid-19 pandemic brought into question the ethos of meat-eating and factory farming.

A survey by the Vegan Society found that **43% of people have chosen to reduce their meat intake** for health, environmental or animal rights reasons. Shortages of usual brands also meant that **41% switched to plant-based alternatives**. Many of those surveyed bought vegan and vegetarian products for the first time ever. We can assume that at least some of this new audience may continue to purchase these alternatives when life returns to anything resembling normality.



HEALTH BEGINS AT HOME



Turning over a new leaf

The CBD market is another growing market given a supplementary boost by the pandemic. **The UK food agency labelled CBD as a novel food in 2019** as a first step to regulation and forbade claims until research is available. However the anecdotal benefits have convinced many to give the products a try.

Some of CBD's touted benefits are relaxation and a solution for insomnia so it's perfect antidote to these anxious times. Alpha Green, an online store for CBD products, claims interest has doubled since March. It's a trend backed up by sales. Launched in January, CBD infused Intune Sodas have seen **DTC orders double during lock down** .

ONLINE ONSLAUGHT



Ordering groceries online was the first tactic for many consumers. **April saw a 30% increase in volume. Tesco serviced over half a million delivery slots but supermarkets struggled to cope.** It takes time to build infrastructure and ironically the most technically advanced operations like **Ocado** faced the most issues as automated systems take longer to expand. As a result local shops gained a boost. **The online grocery market is now forecast to grow 25% in 2020.** It has had the effect of attracting first time shoppers and many older shoppers, who increased their online spend by 94%.

Many of the big retailers have made big investments in tech, staff and warehousing. Even if the lockdown is eased many analysts are expecting customers to stay with their delivery service for some time, and once they have had the experience, they may never want to go back to instore shopping.

Smaller food and drink producers stepped up to provide all sorts of incentives. **Taster cases, samplers and discounts on bigger orders,** were just some of the ways that **Direct to Consumer** has seized the opportunities for a captive audience.



WHERE WILL IT ALL END?

While the Covid 19 virus shows signs of slowing down, its effects will be felt for some time.

Supply chains and delivery systems will take some time to recover full capacity. In the UK it's shown up several gaps – alongside panic bought toilet paper, for example coffee and eggs. The core outlets for many food and drink products – the entertainment and leisure sector will be some of the slowest businesses to recover.

Meanwhile local products, flavours and delivery systems will still be close to many people's hearts.

The health market will only have accelerated. Products with a **functional health aspect** and particularly for **immunity** will flourish. The **low and no alcohol market** will continue booming. Taste and flavour will win out.

Home cooking has got a little more adventurous. Look closer to home for ingredients and flavours. From the look of the new ideas still emerging the situation has done little to stem the number of **new product launches**. How these get into our hands may well be via more **Direct to Consumer** methods.



KEEP ON TESTING, CARRY ON RUNNING



Thanks to careful foresight and precautionary measures our production partners in Reading were able to run some small production lines in lockdown.

The factory was run with social distancing rules in place.

New product formulations were delivered to clients for tasting and feedback.

One local client was able to drive down, sit in the car park and taste the product in their car to give feedback.

Low and no-alcohol products, CBD and functional ingredients are all in peak demand for test formulations and bottling.



FLAVOUR OF THE MONTH REPORT

IDEAS THAT ESCAPED LOCKDOWN

In the next section of our report, Flavour Of The Month, we look at what has escaped lockdown - a report on new products that have been launched between March and June

GÜ FREE FROM

Dessert company Gü announces it has launched a vegan and gluten-free version of its salted caramel cheesecake.



BRAND LESSON

The world still needs moments of pure 'indulgence' perhaps now more than ever.



PEPSICO

PepsiCo has launched two new drinks as part of its health overhaul... IZZE Fusions and Lemon Lemon.



GRENADE

Protein bar brand Grenade has added a chocolate chip salted caramel variant to its Carb Killa range – to celebrate the 5th anniversary of the range.

BRAND LESSON

When you have a 'killa' brand NPD can be as simple as adding a popular flavour from other products.



ALPRO DAILY NUTRITION

Alpro adds premium plant-based drinks with 'added' benefits.

Alpro Daily Immunity is made with oats, strengthened with echinacea and added vitamin C and zinc.

Alpro Daily Vitality – almond with extracts of guarana, with added vitamins B6, B9 and 12.

Absolutely Oat has the highest oat and fibre content in this sector and has added natural cultures.



BRAND LESSON

Increasingly it's not enough just to be 'plant-based'. What else does your product do? And if you are master of a category like Alpro, how do you extend your usage validly?



INDULGENT PUDDINGS

Upside down cheesecake from Pots & Co. A 'nimble' company that has been able to act swiftly during lockdown.

Despite the trend to health there is always room for something indulgent. It is food like this that will always have a place at the table, no matter how much healthy eating we aspire to.



BRAND LESSON

The world still needs moments of pure 'indulgence' perhaps now more than ever.



FOURPURE BREWING

Fourpure is a London-based family craft beer brewery founded in 2013.

Fourpure is one of several craft breweries that has developed the hub of the 'Bermondsey Beer Mile'. The company was recently given big brewery backing from Lion Brewing of Australia owned by Kirin of Japan.

Dry Season is their first 'almost-no' alcohol beer at 0.5%.



BRAND LESSON

Alcohol or not, taste is king. A no or low alcohol label is a default. Utilise your craft credentials when moving into any NPD.



BROTHERS MARSHMALLOW CIDER

The 4% cider comes in 330ml and 500ml bottles – a blend of marshmallow and sweet vanilla flavours.

Tutti frutti – nostalgic mix of cherry, pineapple, grape and strawberry.



VILLA CHAVIN

THE WORLD'S FIRST FULLY ORGANIC
NATURALLY LOW ALCOHOL WINE RANGE –
8.5%

The low alcohol content is achieved by naturally limiting the concentration of sugars in the vineyard. Cool north slopes and early harvest is followed by avoiding a first pressing of the grapes that is higher in sugar. The wine thus captures the true flavour of the grapes without any residual sugar.



BRAND LESSON

Are there ways to follow a trend (in this case low alcohol) by adapting your current processes to result in more natural flavours?



DASH

Dash Water's Dash Peach sparkling water will be available in the off-premise channel/online. The peach version is the fifth to join Dash Water's sugar-free and calorie-free range.



BRAND LESSON

The no-cal market isn't saturated yet. But Dash differentiate themselves by adding a splash of sustainability. They use only 'wonky' fruit and veg in their drinks to reduce food waste.



JIMMY'S COFFEE COLA

A coffee cola blend is just the sort of leftfield idea that the Kiwi Jimmy's brand can carry off. Founded in New Zealand by brother and sister team, it built its reputation from a listing in Selfridges in 2011. Their iced coffee range has already proved a hit with millennial audiences. A perfect playful launch to brighten up these bleak times with a little antipodean optimism and with their latest line of 'Keep your chin up'



BRAND LESSON

When one ingredient is at the core of your product (caffeine) can you extend it into other related products? Better still why not create a Frankencaffeine of a Cola?



ORIGINAL

JIMMY'S BRAND

Jimmy's is a rare example of a modern brand that is driven by the personality of its founder (and he isn't a reality TV star).

From March 23rd – as lockdown was announced around the UK – Jimmy was there to remind us of the company's strapline 'Keep your chin up'. They proceeded with their big coffee cola product launch and kept fans entertained on social media. The life drawing class a masterpiece in 'product placement'.



BRAND LESSON

A brand with a genuine personality can play to its strengths in times of crisis and perform a service by keeping us entertained and upbeat.



RED BULL ZERO

Red Bull has relaunched and reformulated its Zero Calories energy drink.

Classic Red Bull flavour but no calories or sugar.



BRAND LESSON

You can dial down core messages to widen appeal. In this case Red Bull with its emphasis on adrenaline and hardcore flavour cuts sugar and flavour to be slightly less 'extreme'



BRIGHT BARLEY

Bright Barley has launched a range of 3 plant-based and dairy-free milk products in the UK. The first alternative milk made from barley.

Bright Barley references a great back story. They focus on history of usage in ancient times (gladiators were known as 'hordearii' or 'barley eaters' in ancient Rome). Barley is a staple diet of Tibet and other mountainous regions as it is a high altitude grain. Founder Jiali Jiang grew up in China close to Tibet where barley was a big part of the culture and knew about its nutritious qualities. When she came to study at Cambridge she saw barley growing and couldn't believe that it wasn't being promoted for its health giving properties.

BRAND LESSON

Look beyond your market (and time) for ingredients that haven't yet been considered. Barley is a high nutritional grain used in many historical health products and traditionally seen as highly nutritious. Is it time for a revival of barley's properties?



JÄGER (BATH) BOMBS

Drinks brand Jägermeister is launching Jäger (Bath) Bombs

The handmade bath time treats turn bathwater green – infused with Jägermeister aromatics including aniseed, sweet orange and cinnamon.



BRAND LESSON

Letting people ‘immerse themselves’ in your brand literally. What are the sensory areas your brand could explore?



TROLLS-CALBEE

Oven baked crunchy chickpea sticks are launching in two flavours.

They are named after characters in the film - 'Barb BQ Beef Rock Strings' and 'Poppy's Ketchup Pop Strings'.



BRAND LESSON

You can dress up the healthiest snack products to appeal to kids . A win win for family health. Snacks and entertainment go hand in hand so it's an ideal partnership .



PUB-ON-WHEELS

Pubs around the world may be shut, but one east London brewer has found a novel way to keep the beer flowing: he's packed his kegs into a van and is pulling pints at people's homes.

And there's an Irish landlord following the trend selling Guinness!



BRAND LESSON

Step up in times of crisis. Adapt and find ways to meet your customers on their territory. Use it to learn more about them.



PEPSICO

PepsiCo has expanded its Tropicana Essentials range with a new Energise flavour. RRP £1.99.

“Functional juice is the fastest growing segment within chilled fruit juice and Tropicana Essential”

Table of Vitamins and Minerals Information

	Per 100ml (%*)	Per 150ml2 (%*)
Magnesium:	56mg (15%)	84mg (22%)



BRAND LESSON

It's good to focus on ingredients that have lots of claims passed in EFSA



Magnesium contributes to:

- Electrolyte balance
- Maintenance of bones
- Normal psychological function
- The process of cell division
- Normal energy-yielding metabolism
- Normal muscle function
- Normal functioning of the nervous system
- Normal protein synthesis
- Maintenance of normal teeth
- Reduction of tiredness and fatigue

HARD SELZERS

2020 is the year of the US driven 'Seltzer' a term that redefined sparkling water. And on the back of health-driven, low cal, barely flavoured drinks like La Croix comes a kickback in the form of alcoholic versions.

Koppaberg and Smirnoff get in on the 'healthier' category.

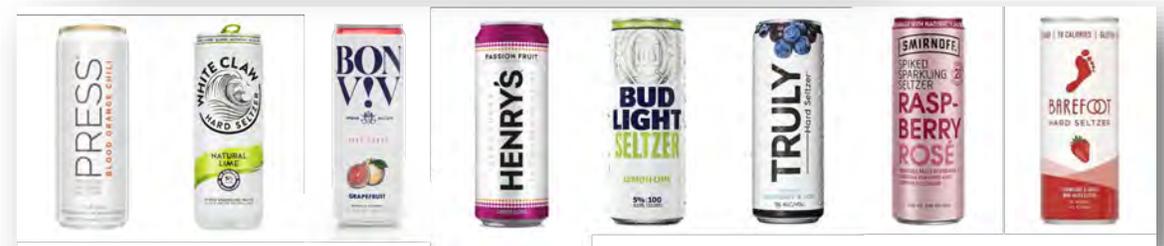
Anheiser Busch's 'Social Club' brings a cocktail flavour.

While Natrl laces itself with a shot of the hard stuff.



BRAND LESSON

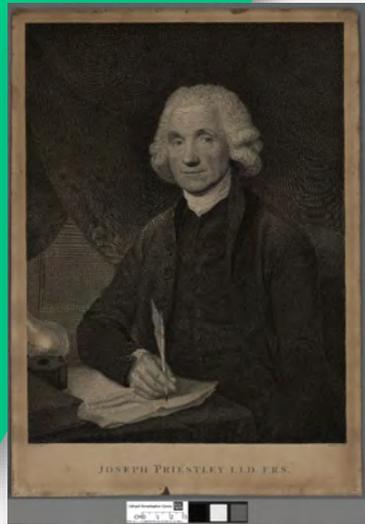
A trend can drive products in opposite directions - in this case alcohol brands add go for light healthier refreshment while healthier seltzers add a splash of alcohol to shake things up.



Hard Seltzers are forecast to grow from \$1.75 billion in 2019 to \$4.7 billion by 2022.

SOCIAL CLUB SELTZER

Anheuser-Busch has launched a new hard seltzer brand – Social Club Seltzer...a premium hard seltzer with the flavour of classic cocktails and the added refreshment of a seltzer.



BRAND LESSON History repeats itself!



Seltzer history lesson

In the Late 1700s the chemist Joseph Priestley worked out how to carbonate water. He did this by pouring it back and forth between cups above a vat of fermenting beer — he called this process “impregnating water with fixed air.” The Seltzer was invented!

SMIRNOFF SELTZER

Smirnoff launches new sugar free hard seltzer



BRAND LESSON

Zero is becoming the norm!



MÖVENPICK GREEN CAP

The packaging is aluminium-free, biodegradable and industrially compostable

What is industrial compostable?

Industrial composting facility—where you break the bio-plastic down into tiny pieces and **compost** it with very high heat—it will biodegrade or **compost**.



BRAND LESSON

Environmental issues driving packaging innovation



PROMISE COLD BREW TEA

Promise Cold Brew Tea is launching with African Hibiscus and Island Mango flavours.

Their Story Cause

Promise Cold Brew Tea believes that everyone should have access to clean, safe-drinking water. Water is the foundation of life. And still today, all around the world, far too many people spend their entire day searching for it.



BRAND LESSON

Brands should have a *Story Cause* that taps into their core brand story.



A cold brew tea beverage company committed to solving the water crisis.

MUSHROOM GROUND COFFEE

Four Sigmatic (Los-Angeles wellness company) has launched a gut-friendly coffee that is blended with functional mushrooms, probiotics and prebiotics.



BRAND LESSON

Probiotics is a huge opportunity for the future, forecast to be worth \$69 billion by 2025



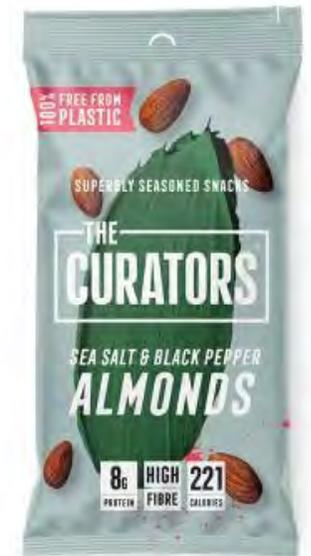
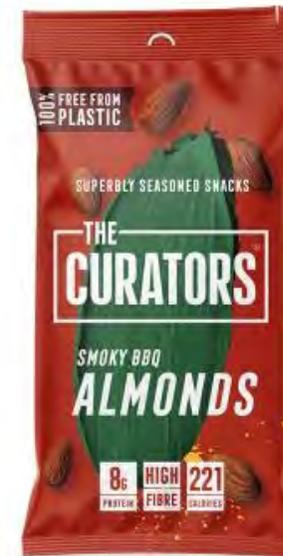
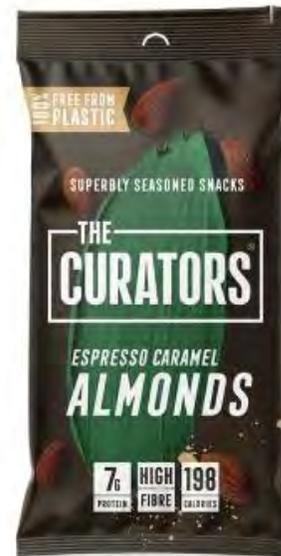
THE CURATORS

Plant snack, carefully sourced almonds, baked in small batches, sprinkled with smoky spices.



BRAND LESSON

The name 'Curators' suggests ingredients are more carefully selected. The small batch process and flavourings add to a sense of premium. A good point of difference in this competitive market.



Almonds contain healthy fats, fibre, protein, magnesium and Vit E. The health benefits include lower blood sugar levels, reduced blood pressure and lower cholesterol levels.

YAZOO

Yazoo, the flavoured milk brand, is back on screens after 10 years having agreed a £2m sponsorship deal with new spin-off series Young Sheldon.



BRAND LESSON

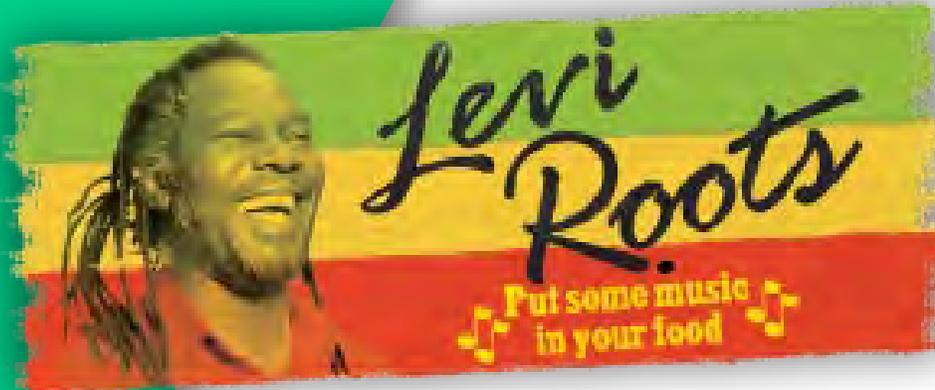
Old brands can make come backs with the right marketing and partnerships



LEVI ROOTS

Levi Roots has added a Tropical Punch flavour to its soft drink range, specifically developed for the convenience and impulse channel. First a musician Levi gained fame on Dragon's Den with his home made Reggae Hot Sauces.

It seems like a perfect product extension for his sunny spicy brand and is a novel introduction of chilli to the soft drink portfolio.



BRAND LESSON

Sunny and spicy associations make this an authentic brand extension to the Levi persona. You can play in new spaces if your brand is playful itself.



ALPRO

Alpro has expanded its range of dairy-free ice creams with a new range of low calorie soya ice creams.



BRAND LESSON

Plantastic is the future . . . forecast to be worth \$40.6 billion by 2025



RICHMOND BRINGS HOME THE BANGERS

Traditional sausage maker Richmond has added to its meat-free range with a family sausage pack aimed at the BBQ season.



BRAND LESSON

Is there room for more than one kind of ideology in a brand? Can you add traditional expertise to flavour ideals?



UPTONS UPS THE PLANT GAME

US based brand Uptons is introducing a range of deli-style plant-based meats to Europe.

Italian, bacon and chorizo flavoured Seitan produced from a wheat protein.

The mince style can be used as ingredients for a range of meals and adds new plant-based flavour repertoires to a variety of recipes.



BRAND LESSON

Take plant-based formulas into a new world of flavours for meal making ingredients.



2 FINGERS TO SAY TARTARE

2 Fingers has launched a free-range egg and vegan no-egg traditional tartare sauce while adding the twist of two flavours of spicy creole and wasabi. While including novel variations 2 Fingers insist the real news is the revival of classic tartare flavour using artisan ingredients of cornichons, shallots and Lilliput capers to replace the 'bland gloop of a condiment' that tartare has become.



BRAND LESSON

Breathe life into an old classic using great ingredients and some modern twists of flavour.





**FOR MORE
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