



Trendipedia 2024

Discover the Green Dilemma trend

Executive summary 1



Balancing green goals in grey times - a modern dilemma

Against a background of high inflation, consumers worldwide are facing a tricky dilemma: how to reconcile their shrinking wallets with their growing environmental concerns?

A year of extremes

2023 was the hottest year on record, with the World Meteorological Organisation cautioning that a 1.5 °C degree warming could soon become the norm. At the same time, the inflation rate remained high and households globally stated it was their ‘biggest concern’ for 21 consecutive months— three months longer than its predecessor, the Corona Virus ¹.

Consumer confidence

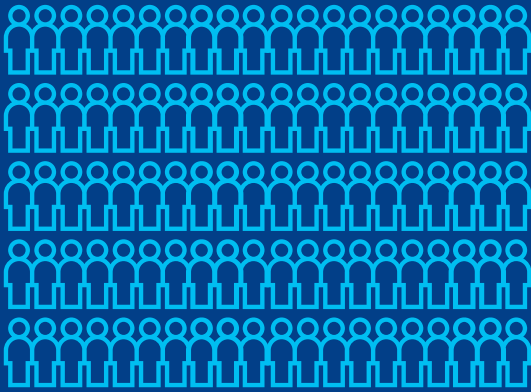
Although consumer confidence was low throughout 2023, certain parts of the world have now begun to see an upturn. There is cautious optimism in Europe and Great Britain particularly, with the Consumer Confidence Index rising 6.9 points compared to January 2023. On the other hand, in Latin America, North America and the Middle East-Africa, changes are minimal. One reason for this could be the “lag effect”, that makes consumers wary until clearer signs of economic stability and recovery emerge.

1. <https://www.ipsos.com/en/what-worries-world>

Implications for the food and beverage industry

75%

of individuals acknowledged the looming threat of environmental disaster



76%

of consumers express high environmental concerns



30%

sales drop in August 2023 compared to the previous quarter for Beyond Meat.

In a recent survey ², 75% of individuals acknowledged the looming threat of environmental disaster as a consequence of not changing our consumption habits, and 76% of consumers express high environmental concerns.

Nonetheless, in times of economic flux, sustainability often takes a backseat. And that seems to be the case right now. Making more sustainable choices is perceived as a luxury for those who can afford it.

Evidence of this is found in the plant-based food sector, which has seen global sales stall and several products even being withdrawn. The brand Tattooed Chef ³ for example, which catered to 'vegans, vegetarians and people who wanted to eat more plants in general' recently declared bankruptcy. And, Beyond Meat, whose products include plant-based burgers, beef, sausage and chicken, saw an almost 30% sales drop ⁴ in August 2023 compared to the previous quarter.

Brand values vs value brands

Brand loyalty is another casualty of tough economic times. Consumers on tight budgets are less likely to buy brands that reflect their personal values, and more likely to choose 'value brands' such as private labels.

It's also interesting to note that the proportion of people who agree that "global brands make better products than brands which are just local to my country" has fallen in several countries this year. The main reasons for this are quality and value for money, as well as closer alignment with local cultures.

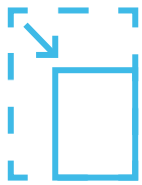
2. https://www.ipsos.com/sites/default/files/ct/news/documents/2023-02/ipsos%20Global%20Trends%20Report%202023_V2.pdf

3. <https://www.just-food.com/news/tattooed-chef-launches-bankruptcy-process-after-plant-based-business-fails-to-raise-new-funds/>

4. <https://edition.cnn.com/2023/08/07/business/beyond-meat-earnings-stock-price/index.html>

The producers' dilemma

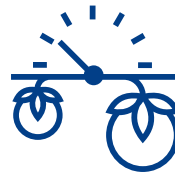
Producers increasingly find themselves stuck between a rock and a hard place. Under pressure to adapt and innovate in challenging times, some are employing tactics like “shrinkflation” and “skimpflation”, hoping they will fly quietly under the radar. But, when they’re noticeable and not openly communicated, consumers perceive these practices as deceptive, which damages the brand’s reputation.



Shrinkflation:

The practice of reducing the size of a product while charging the same price.

Observing smaller product sizes without a corresponding price drop, the phenomenon of “shrinkflation” has caught the eye of 46% of global consumers. The term refers not only to shrinking products sizes, but also to using thicker or heavier lids or bottoms, putting more space between units, or packaging items separately when they were previously sold together.



Skimpflation:

The practice of using cheaper ingredients in a product without changing the price.

This is a strategy for cutting costs at the expense of quality. Replacing ingredients with cheaper alternatives, or reducing the amount of a main ingredient, is highly unpopular among global consumers. If it comes to their attention, Skimpflation not only negatively affects brand perception but also damages trust.



Funflation: an unexpected competitor

One unexpected competitor for a share of the modern consumer’s wallet is the experience economy. Making up for lost time during COVID, some people are turning to escapist pleasures,

spending up to \$20,000 on tickets to see top stars perform live. It seems that concerns about the cost of living evaporate when there’s an opportunity to add glitz and glamour to one’s everyday life!

1. The food charity WRAP.

2. Ipsos Global Trends, Base: 48541 across 50 countries, July-November 2022, interviewed online

3. YouGov 2022



Transparency and responsibility

Two things that consumers really appreciate are when businesses behave transparently and responsibly. Right now, major retailers are leading the way.

For example, in October 2023, Lidl lowered prices on its Venmondo line of vegan products to hit price parity with meat-based equivalents ⁷. They also started placing vegan products beside meat-based products in all 3,250 of their German stores, making it easier for customers to compare options. These moves

paid off as, six months later, Deputy Chairman of Lidl's Executive Board, Jan Bock, announced that shoppers had increased their vegan spend by 30%.

Meanwhile, in a bid to combat customers' irritation with 'shrinkflation', the French supermarket chain Carrefour ⁸ put price warnings on food products that had shrunk in size but not price. Its yellow labels read: "This product has seen its volume or weight fall and the effective price from the supplier rise."

⁷. <https://www.trendwatching.com/innovation-of-the-day/lidl-lowers-prices-of-vegan-products-to-match-animal-based-equivalents>

⁸. <https://www.theguardian.com/business/2023/sep/14/carrefour-puts-shrinkflation-price-warnings-on-food-to-shame-brands>



Ways forward for food producers

How might food and beverage brands help consumers find a balance between their conflicting desires to buy sustainable products while spending less?

Sustainability as a co-benefit

Here are some examples from our research showing how sustainability — if not the main sales argument — can coexist alongside other product benefits.

Some companies are giving consumers a bit of extra responsibility, as a way of acting more sustainably while also getting prices down. For example, Starbucks in the US now offers customers the option to use their own personal cup when they make a mobile order.

<https://stories.starbucks.com/press/2024/starbucks-becomes-first-national-coffee-retailer-to-accept-reusable-cups-for-drive-thru-and-mobile-orders/>



If done right, 'shrinkflation' can serve as a healthy counterbalance to the longstanding tactic of nudging people into bulk buying, which often leads to overconsumption. For example, organic brand Dig Snacks offers classic desserts like blueberry pie, raspberry crumble and lemon cake as smaller sample bars, balls and bites.

<https://www.instagram.com/dignsnacks/>

On a similar note, some established brands are playing the cuteness card and offering miniature versions of their regular snacks. Mini-Magnums, Mini-Oreos, and Mini cups of Ben & Jerry's ice cream are all examples of open 'shrinkflation'. They highlight the positive aspects of smaller daily pleasures: fewer calories, affordability and convenience.



Even 'skimpflation' can benefit consumers looking to incorporate more plant-based foods into their diets. For instance, Swedish food producer Axfood now offers mince blends with a 50/50 ratio of meat to vegetables, catering to those seeking to reduce their meat intake and spend less.

<https://www.axfood.com/newsroom/press-releases/2023/04/axfood-and-garant-to-launch-ground-breaking-mince-containing-50-beef-and-50-vegetables/>

Certain types of packaging can be better for the environment as well as budget-friendly. Think of light weight, space-saving cartons that fit neatly into shopping bags and reduce transport volumes, or ingenious packaging that doubles as planters or compost bins.

<http://khnews.heraldcorp.com/view.php?ud=20210318000828>



Finally, there are myriad opportunities for food and beverage producers to jump onboard the 'funflation' trend. Transforming mealtimes into moments of enjoyment (think tea and cacao ceremonies), they can create a sense of occasion and offer a brief respite from global uncertainties.

<https://www.independent.co.uk/extras/indybest/christmasgifts/food/aldi-christmas-hamper-uk-b2177116.html>



What's next ?

If you'd like to book a meeting with us and talk about how these conflicting consumer needs are affecting your business, please feel free to [get in touch](#).

