

Food & Beverage Industry Overview



Everybody eats. As such, this is an industry that affects us all. The market has surpassed the seven-trillion-dollar mark and may come close to doubling that figure by 2030. Meanwhile, the public's relationship with food is being tested in some unusual ways:

- Several national governments are working to reduce the amount of available farmland, raising fears of looming food shortages
- The push to decrease meat consumption comes amid a decades-long increase in people eating it
- Consumer choices and industry actions are not always aligned, i.e., the latter's focus on packaging and sustainability in a time when global waistlines are expanding

During the past decade, palates have confronted trends such as gluten-free, milk alternatives, food trucks, and bacon as a food group. Step back further in time and see if you remember the quiche craze, fondue, fat-free everything, and blackened fish. Some have stood the test of time while others have quietly faded into niche status. Sometimes, it can be hard to say whether consumer appetites drive trends or if the industry is working to influence customer behavior.

Food serves as the centerpiece for social gatherings, it lends itself to cultural discovery, and new flavor combinations are tried, if not introduced, regularly. For many, it goes well beyond sustenance, tapping into emotion and eliciting memories of past times and people no longer with us, or occupying a symbolic place on tables during holidays, funerals, and weddings.



Did you know

- The largest segment in the US is confections and snacks
- Beverages alone will top **\$1 trillion by 2024**
- More than **21,000** new food products are released every year



Today's trends

Whatever the cause, obesity is sweeping the planet. The World Obesity Atlas predicts that more than half of the global population will be classified as obese by 2035. While this may seem like a first-world problem initially – too much food vs. too little – it has serious implications for health and the cost of medical care. It should be no surprise then that several trends are connected to this issue:

- **Food as medicine:** what goes in your mouth ends up in your entire system. Whether this involves eating more plant-based foods, going full carnivore, or incorporating intermittent fasting, these approaches connect eating to more robust immune systems and how certain health conditions can be impacted without pharmaceuticals. “Ultra-processed foods” have entered the national bloodstream as something to avoid, and consumers are paying more attention to ingredient labels.
- **Supply chain transparency:** along with reading labels, consumers like to know where ingredients come from. In an urbanized society, the distance from farm to table is much greater than it once was, and some hard-to-pronounce components are there to ensure freshness. Still, the preference is for ingredients that sound more like edibles than science experiments.
- **Planetary impact:** this is manifested across the supply chain, from growing conditions to packaging to waste production. Regenerative, vertical, and micro-farming are other new terms seeping into the conversation, as each implies increased productivity with decreased environmental impact.
- **Innovation:** this runs the gamut, from spice-infused and no-alcohol cocktails to kelp and more kelp to chocolate charcuterie boards, and yes, the latter is a real thing. Chefs are perpetually tinkering with food combinations in seeking to create dining experiences, and there is a budding retro market based on old favorites like mac and cheese or 1970s breakfast cereals.

Whatever else it may be, the industry is not boring. How it copes with lingering supply chain issues and geopolitical strife affects us all. The adoption of plant-based proteins is an open question, right along with the idea of insects as food and what, if any, climatological impact will accrue from the various practices being encouraged.



Areas of concern

Inflation impacts food producers just as much as it does producers, distributors, and grocers. The most recent State of Restaurants report found that more than half of establishments have raised prices in the last six months alone. While some of any increase is passed onto the customer, that only goes so far before people begin to dine out less often or cut it out altogether. The price curve also impacts:

- **Employment:** when margins are squeezed, something has to give, and labor is among the largest costs of any business. This industry is among those still feeling the after-effects of the pandemic, and there are an estimated two million open jobs in the US alone.
- **Delivery:** the likes of Grub Hub, Door Dash, and others provide convenience, but it, too, comes at a price for both buyers and sellers. Several products can help businesses become more self-sufficient in handling orders and doing so without the hefty commissions third parties charge.
- **Energy:** the nature of the issue changes depending on one's place in the supply chain, but every link is affected. Green initiatives are simply impractical for shipping and distribution and mandates over what types of ovens can be used only threaten to squeeze already-thin margins even further.

Food safety and quality control remains a concern. Every year there is at least one major recall of a tainted product, and the direct and indirect costs of foodborne pathogens are steep. One potential antidote is blockchain technology that tracks materials from harvest to consumption, making crisis response much faster. Still, the best strategy is to avoid a crisis altogether, which means enhanced protection measures in production areas, containing dust, keeping away pests, and having proper drainage.

The disposal of plastics is one final key issue. It seems that every industry is being hectorated about its use, despite the impact that change has on operating costs. Several brand-name companies have pledged to forego the widespread use of plastics and move to reusable packaging instead, but there is a gap between stated commitments and demonstrated actions.



Where we fit in

One research company found that this industry is struggling in its digital transformation. When nearly 75% of orders have to be manually processed, that entails a lot of time and payroll. We handle tasks like these for several clients with a combination of automation and live agents. Artificial intelligence helps parse the immense volume of data that is collected to better understand customer behavior and also for predictive maintenance.

Our experience includes a client who combines ready-to-cook meals with programmable ovens that plug into the Internet of Things. We have also developed a mobile platform for restaurant management groups and serve clients in ecommerce and hospitality who face the same customer care issues about consistency, quality, and providing 'wow' experiences:

- Customer-driven enterprises in which choices abound
- Consumer demand for personalization
- Data analytics for real-time insight that enhances the customer experience and supports client business outcomes
- Omnichannel proficiency – chat, voice, email, and social media

The pandemic was a catalyst toward digitizing, a process that comes with growing pains. We have learned how to ease the discomfort in helping clients navigate the terrain.

GlowTouch is privately held and is certified as an NMSDC Minority Business Enterprise (MBE) and a WBENC Women's Business Enterprise (WBE). Founded in 2002, we provide personalized, omnichannel contact center, business processing, and technology outsourcing solutions to clients worldwide. Our thousands of employees deliver operational excellence every day with high-touch engagement. Their work has earned recognition from independent bodies such as the Everest Group, International Association of Outsourcing Professionals, and the Stevie Awards. GlowTouch is headquartered in Louisville, KY, with a global footprint that includes onshore contact centers in Louisville, Miami, and San Antonio. There is also a nearshore presence in Santo Domingo, Dominican Republic; offshore locations in Mangalore, Bangalore, and Mysore, India; and Manila, Philippines. To learn more about GlowTouch, visit www.GlowTouch.com, or email Tammy Weinstein at Tammy.Weinstein@GlowTouch.com.