

EXECUTIVE SUMMARY

SUSTAINABILITY IN FOOD
UK, 2023



MINTEL





SUSTAINABLE FOOD AND DRINK HAS NOT BEEN IMMUNE TO THE WIDER STRUGGLES WITHIN THE FOOD AND DRINK SECTOR AMID TOUGHER FINANCIAL TIMES. AS PEOPLE ARE PRIORITISING MAKING THEIR BUDGETS GO FURTHER, THIS ISSUE HAS BECOME LESS OF A FOCUS FOR MANY. HOWEVER, HELPING CONSUMERS TO REDUCE FOOD WASTE, ECO LABELLING AND SYNTHETICALLY PRODUCED FOODS AND DRINK ARE ALL AREAS THAT PIQUE CONSUMER INTEREST, AND REPRESENT AVENUES FOR BRANDS TO EXPLORE IN THE LONGER TERM.

Angharad Goode, Research Analyst, January 2023



The five-year outlook for sustainable food and drink

Figure 1 provides an overview of how we expect the category to perform over the coming five years.

The market

Income squeeze challenges importance of sustainability

As household incomes are under rising pressures and the climate of uncertainty is prompting cautious attitudes towards spending even beyond those facing immediate pressure, sustainability will take a backseat for many when it comes to consumers’ priorities for grocery shopping. Amongst those who opt for food/drink products with sustainability claims, 65% say the rising cost of living will make this aspect less important to them (see Market Drivers).

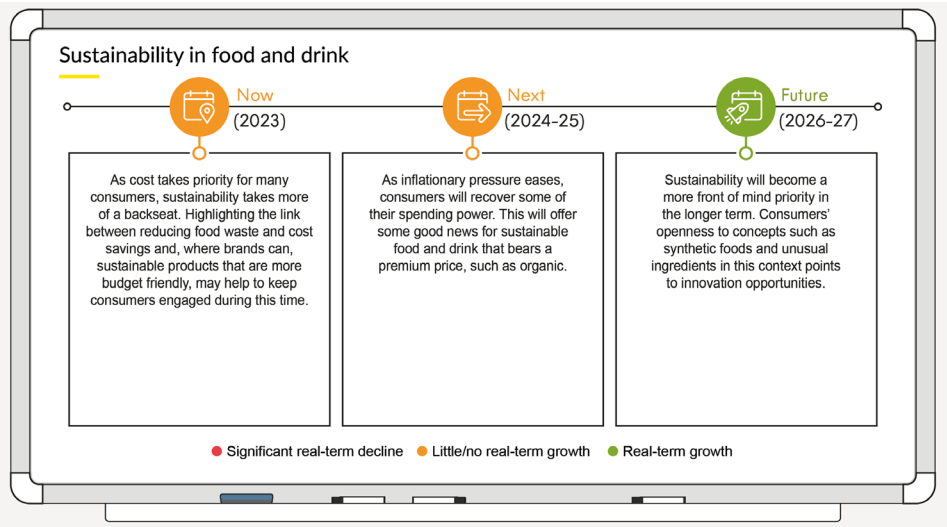
Government sets out new food strategy

The government’s new food strategy in June 2022 looks set to keep sustainability firmly on the agenda for the industry. It is said to aim to deliver a “sustainable, nature positive, affordable food system”, with specific steps including investment to support low-carbon farming practices, alternative protein research and innovation, ‘climate-smart farming’ and food waste reduction.

Environmental Land Management Schemes replace CAP farm subsidies

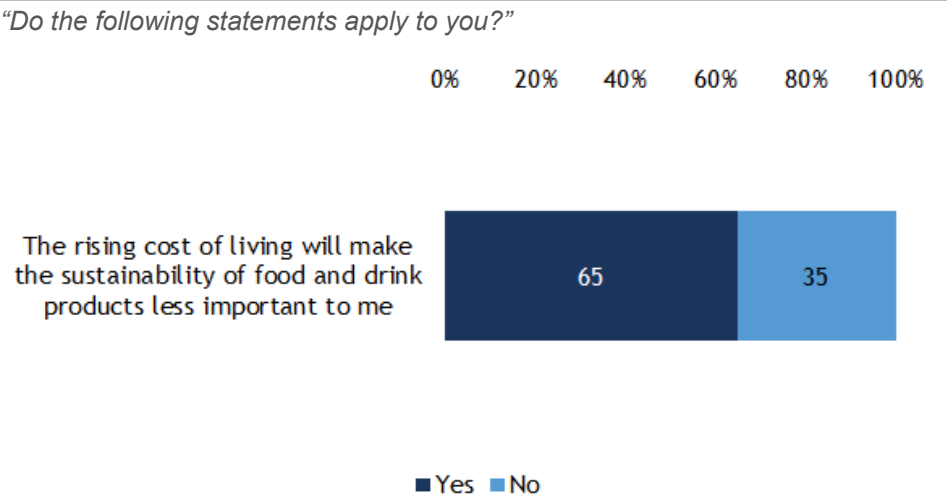
The farm subsidies under EU Common Agriculture Policy are being replaced by the government’s new Environmental Land Management Schemes (ELMS). These aim to reward farmers for improved environment and better climate outcomes, such as supporting soil health, biodiversity and water quality. and improving farmland

FIGURE 1: OUTLOOK FOR INTEREST IN SUSTAINABILITY IN FOOD AND DRINK, 2023-27



Source: Mintel, prepared in January 2023

FIGURE 2: AGREEMENT THAT RISING COST OF LIVING WILL MAKE THE SUSTAINABILITY OF FOOD AND DRINK PRODUCTS LESS IMPORTANT, 2022



Base: 1,564 internet users aged 16+ who choose food/drink products with sustainability claims
Source: Kantar Profiles/Mintel, August 2022

biodiversity, water quality and carbon sequestration.

COP15 sets goal to protect 30% of land and waters

The latest UN Biodiversity Conference, COP15, in December 2022 set goals up to 2030 aimed to “halt and reverse nature loss”, halve global food waste and put requirements on companies to monitor and disclose their impact on biodiversity, among others. This is contributing to the government and companies’ agenda and continuing to drive visibility among consumers.

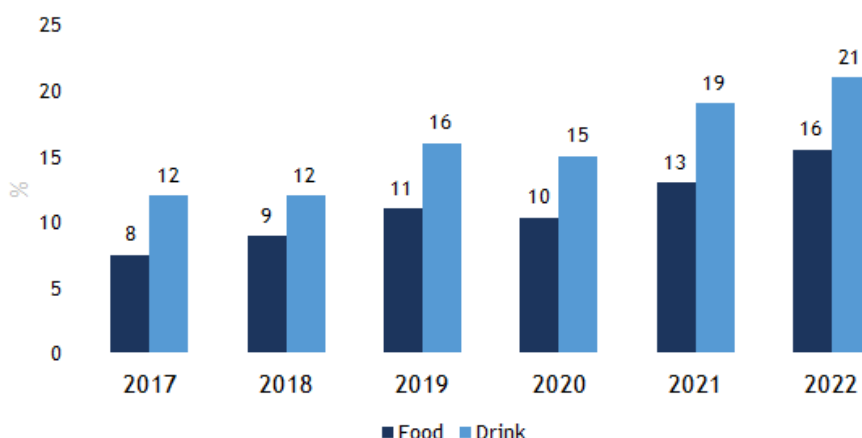
Companies and brands

Environmentally friendly product claims continue to gain share of food and drink launches

Environmentally friendly product claims have continued to gain share of food and drink launches in recent years. Much of this activity consists of products featuring for example FSC-certified packaging, Rainforest Alliance and various responsibly sourced cocoa certifications. The latter are widely adopted in for example chocolate, tea and coffee products, these categories therefore seeing the highest share of environmentally friendly product claims among their overall launches, together with fish.

While carbon-neutral claims have been gaining ground among new food launches,

FIGURE 3: SHARE OF UK FOOD AND DRINK PRODUCT LAUNCHES WITH AN ENVIRONMENTALLY FRIENDLY PRODUCT CLAIM, 2017-22



Source: Mintel GNPD

they still only featured on less than 1% of the total in 2022. Various plant-based dairy alternatives brands have secured such claims, however, it is also being explored in other categories looking to stay on the menu for green-minded consumers, including dairy brands like Jude’s and Wyke Farms and BrewDog in beer (see Launch Activity and Innovation).

Industry bodies turn to consumer advertising

Industry bodies AHDB and Dairy UK have both stepped up to fly the flag for the UK meat and dairy farming, including for their

sustainability credentials. While AHDB’s We Eat Balanced marketing campaign called out the lower carbon footprint of UK farming than the global average, Dairy UK highlights progress in biodiversity, plastics and packaging.

Alpro and Innocent offer prominent examples of brands putting their planet-friendly stand the centre of recent marketing. While Alpro highlighted how its products fall among other ways to help the planet, Innocent focused on its mission to make drinks that “help people and the planet”, both also underlining the enjoyable taste of their products (see Advertising and Marketing Activity).

The consumer

Four in five choose products with sustainability claims

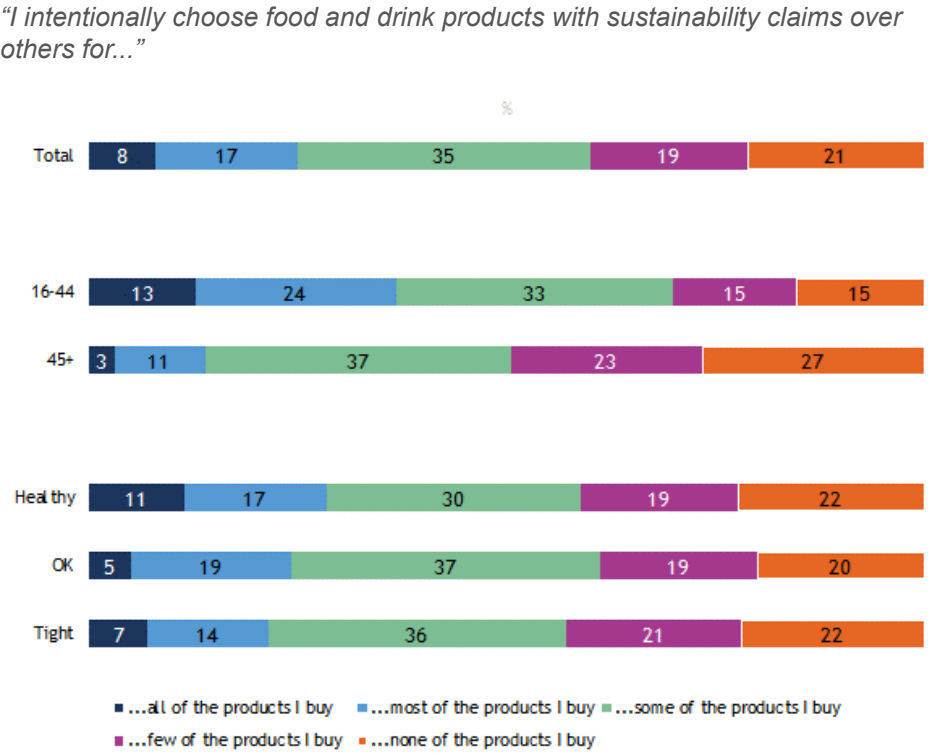
Sustainability is firmly on the nation’s menu, nearly four in five (79%) food and drink shoppers intentionally choosing products with a sustainability claim for at least some products. However, only a minority of 24% do so all or most of the time. This shows starkly how, as sustainability battles with other considerations, aspects like taste, price and convenience with a more immediate personal impact on shoppers often take priority (see *Interactive Databook*).

Boding well for the longer-term outlook for sustainability in food and drink is the higher engagement among under-45s. This echoes their being more likely than older groups to describe their overall lifestyles as very environmentally friendly (see *Prevalence of and Barriers to Buying Sustainable Food and Drink Products*).

Price prevents more engagement for half

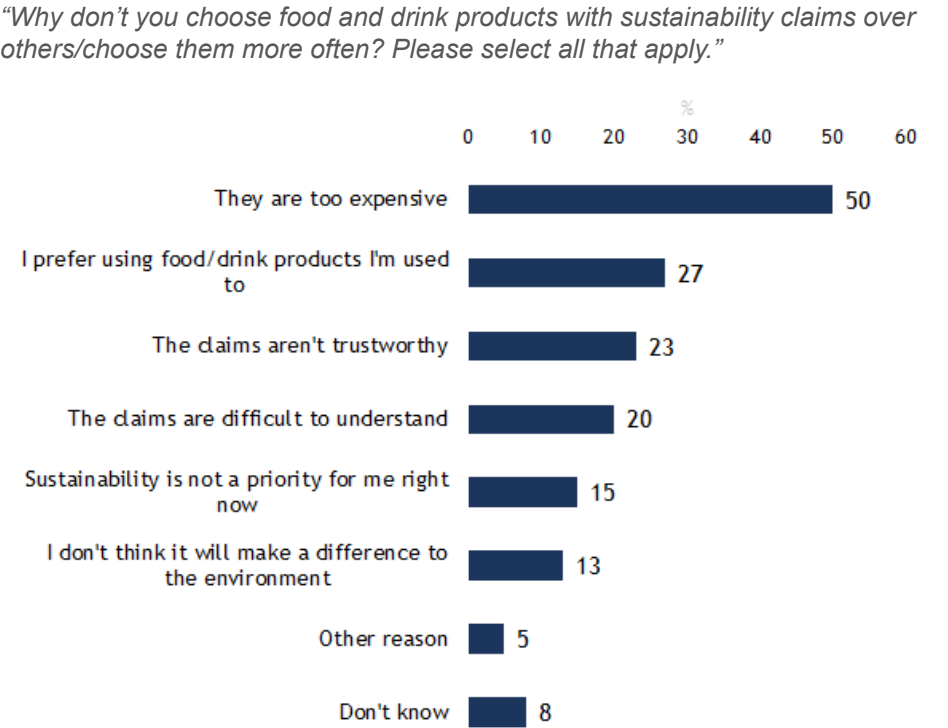
Expense is a turn-off for half (50%) of those who don’t always choose food/drink products with sustainability claims. While such products are often costlier, brands and supermarkets can look to gain goodwill by highlighting, where they can, sustainable products or choices that are more budget-friendly. Such efforts will associate them with helping consumers enjoy the feelgood factor that buying sustainable food and drink generates, even as their incomes are stretched. Some 73% of those opting for such products report this feelgood factor from sustainable purchases (see *Prevalence of and Barriers to Buying Sustainable Food and Drink Products*).

FIGURE 4: FREQUENCY OF CHOOSING SUSTAINABLE FOOD AND DRINK PRODUCTS, BY AGE AND FINANCIAL SITUATION, 2022



Base: 1,984 internet users aged 16+ who buy food and drink
Source: Kantar Profiles/Mintel, August 2022

FIGURE 5: BARRIERS TO CHOOSING FOOD/DRINK PRODUCTS WITH SUSTAINABILITY CLAIMS OVER OTHERS MORE OFTEN, 2022



Base: 1,831 internet users aged 16+ who don’t choose food/drink products with sustainability claims for all the products they buy
Source: Kantar Profiles/Mintel, August 2022

Combatting food waste appeals to consumers

A product that limits food waste would win over 36% of those who choose food/drink products with sustainability claims. 2022 saw many leading supermarkets remove best-before dates across various fruit and vegetables, some also switching to ‘best-before’ dates for milk and yogurt. Various brands are exploring surplus or upcycled products as ingredients in their products.

Such efforts warrant continued focus and greater visibility given the keen consumer interest, though the likely expectation of lower prices will make a spotlight on this a more congruous fit for value-led products (Most Appealing Sustainability-related Claims).

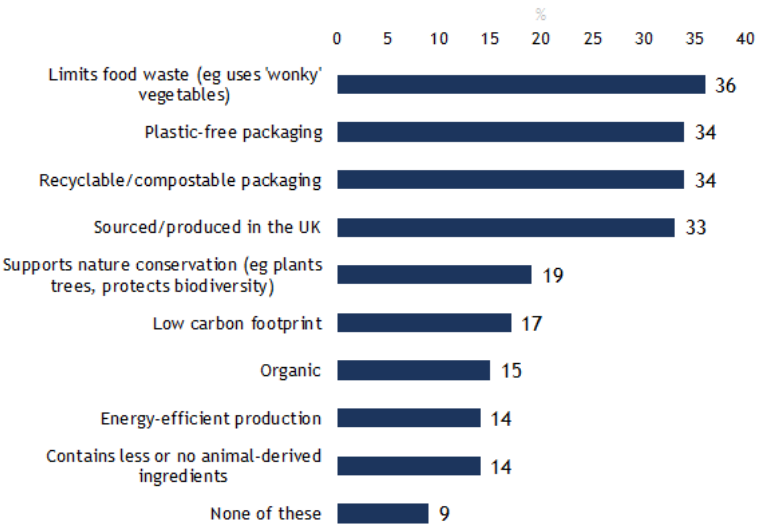
Sustainable yet synthetic holds potential

While naturalness is typically highly valued by consumers in food and drink, a spotlight on their green credentials offers a powerful means to drive acceptance of synthetically made products. Some 46% of people who buy sustainable food/drink say they would prefer a more sustainable, synthetically produced food or drink product over a less sustainable, naturally produced one.

Agreement rises to 63% among 16-34s, in line with their commitment to sustainability. If this acceptance endures as they age, a growing share of the population should come to welcome the concept over time. This lends added weight to synthetic production as an area deserving investment (see Behaviours Related to Sustainability in Food).

FIGURE 6: MOST APPEALING SUSTAINABILITY-RELATED CLAIMS WHEN CHOOSING FOOD/DRINK, 2022

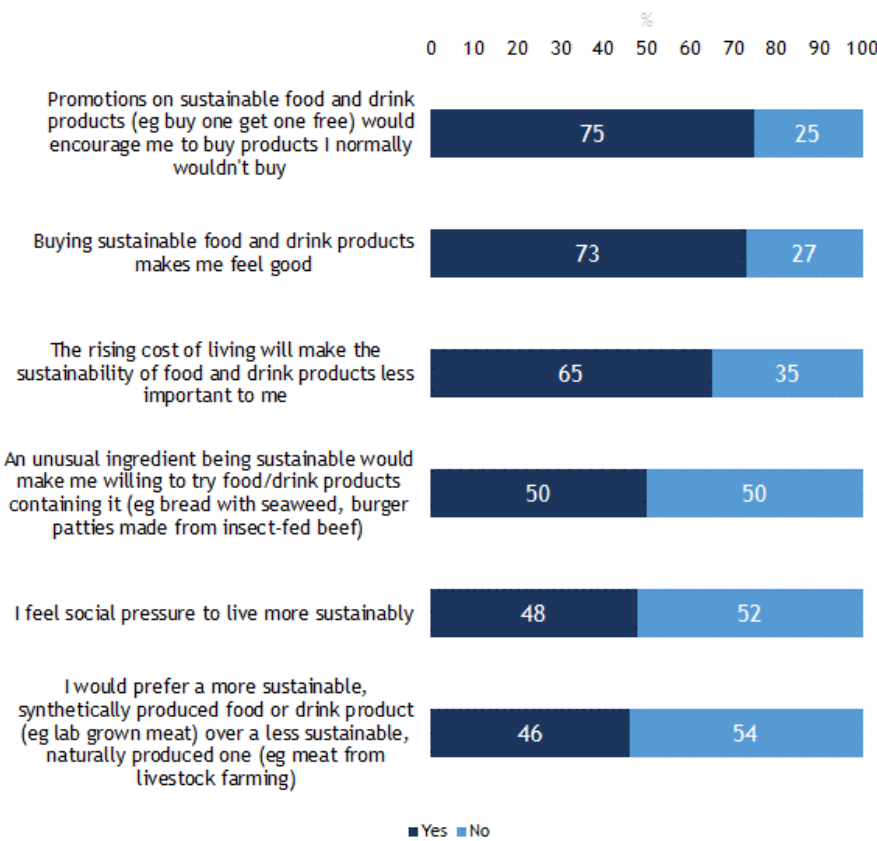
“Which of the following claims would most encourage you to choose one food or drink product over another? Please select up to 3.”



Base: 1,564 internet users aged 16+ who choose food/drink products with sustainability claims
Source: Kantar Profiles/Mintel, August 2022

FIGURE 7: BEHAVIOURS RELATED TO SUSTAINABILITY IN FOOD, 2022

“Do the following statements apply to you?”



Base: 1,564 internet users aged 16+ who choose food/drink products with sustainability claims
Source: Kantar Profiles/Mintel, August 2022

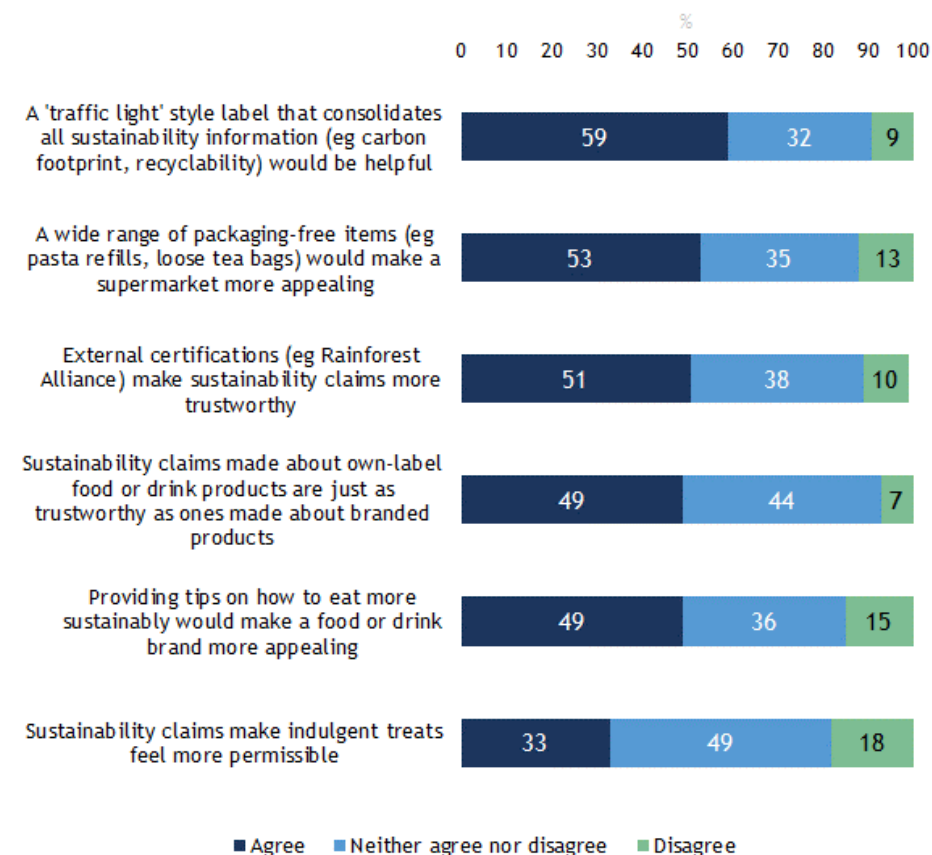
Consolidating sustainability information appeals to many

'Traffic light' style sustainability labels hold strong potential for driving engagement with this key issue, with 59% saying these would be helpful. Of those who say they don't choose food and drink products more often because claims are difficult to understand, 69% show interest in the 'traffic light' style label. However, adopting such labels would also help brands connected with committed shoppers, with 70% of those who choose sustainable food and drink for all or most purchases finding such labels helpful.

The industry body IGD, backed by Defra and WRAP, is working to develop a harmonised solution to environmental labelling. In light of the consumer interest, widespread adoption of clear and comparable messaging around sustainability stands to drive consumer engagement, in turn offering direct returns to companies for their green efforts (see Attitudes towards Sustainability in Food).

FIGURE 8: ATTITUDES TOWARDS SUSTAINABILITY IN FOOD, 2022

"Do you agree or disagree with the following statements?"



Base: 2,000 internet users aged 16+

Source: Kantar Profiles/Mintel, August 2022

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