
THE MOBILITY PHENOMENON

*Challenges & chances for the
food and beverage industry*



EXECUTIVE SUMMARY

Mobility – this global megatrend continues to affect all societal and economic sectors. It has changed our needs – and our way of life – as well as our expectations of the products we buy. But what does it mean for food and beverage manufacturers? How must they adapt to meet changing consumer needs in a more mobile world? And what solutions are available to them? This whitepaper highlights the challenges and chances mobility presents for everyone involved.



IN A WORLD IN CONSTANT CHANGE, **WHICH TRENDS LEAD THE WAY?**

In this time of acceleration, digitalisation and increasing urbanisation have changed the way we live, work, travel and consume.

This mass mobilisation can be traced back to the late 1930s when international air travel commenced, but it was not until after the second world war that it really took off, so to speak.¹

Today, people travel more than ever before, with global air traffic doubling in just 15 years². But the impact of mobility is felt on more than tourism. It has affected the way we work as well as consumer needs and expectations with regard to food and beverages. As a result of this megatrend, food and beverage manufacturers face new challenges.

THE TREND LEADERS

Selling high-quality products at the lowest possible price is no longer enough to meet the consumer needs of the most influential, trend-setting generation of consumers – the millennials.

¹ Air Transport System Authors: Schmitt, Dieter, Gollnick, Volker
² <http://de.megatrends.wikia.com/wiki/Mobilit%C3%A4t>

WHO ARE THE "MILLENNIALS"?

Consumers born between 1980 and 2000 are referred to as "Millennials" or "Generation Y". In the next few years, this group of today's 17- to 37-year-olds will reach the stage of life with the best earning potential. That makes them one of the most important target groups for our customers. But what characterises the millennials?

MILLENNIALS ARE "DIGITAL NATIVES"

Millennials are the first generation that has grown up with mobile telephones and the internet. That shapes their use of media as adults: 72% of millennials in the USA use Facebook; 83% sleep with their smartphone beside them.

MILLENNIALS ACT RESPONSIBLY

But millennials are not technology nerds. They use these media to socialise. Values are important to them, such as respecting human rights and protecting the environment. Many have already learned at

kindergarten what recycling is. For instance, 60% of US millennials are willing to pay more for eco-friendly products.

MILLENNIALS ARE MOBILE

Many millennials move into the cities. So they often make the journeys between home, workplace and leisure activities using public transport or on foot. More often than the generations before them, they eat, drink, work and communicate on the go.



THE MOBILITY MEGATREND

Mobility forms the basis of our lives and our economy. It creates flexibility, change and adaptability and leads to infinite opportunities for new products and innovation. Its effects are global rather than regional and it has also influenced three other trends.

1

DISRUPTIVE WORKING LIFE

Digitalisation has made it easier for many people to work from anywhere at any time, and be also more contactable than ever before. For instance, more American employees are working remotely, and they

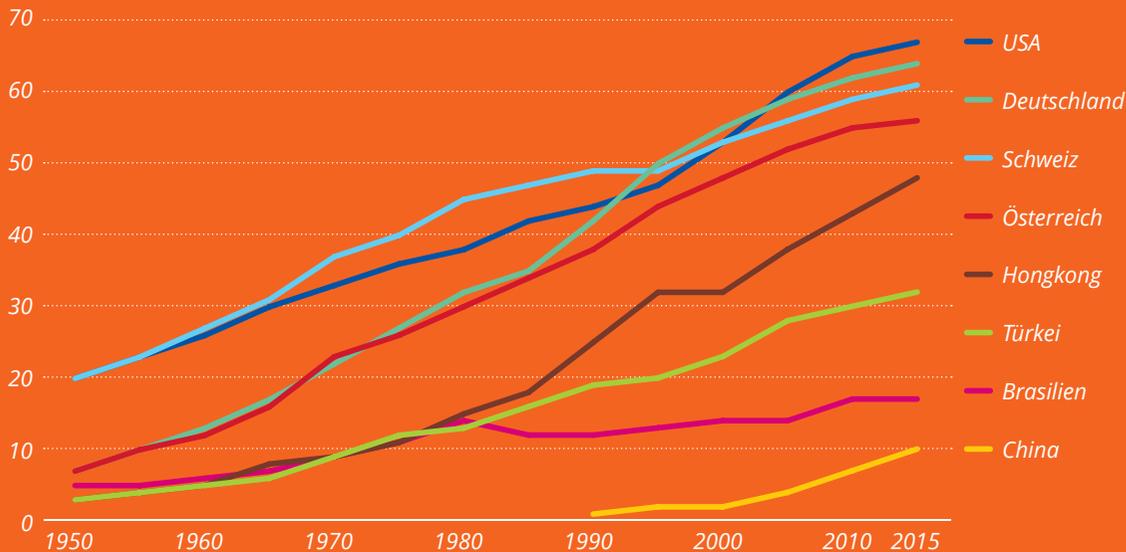
are doing so for longer periods. According to the Gallup Panel and Gallup Daily tracking in 2015 and 2016 that surveyed more than 15,000 adults, 43% of employed Americans said they spent at least some time working remotely. This is only made possible by being able to instantly connect and widespread network access³.

As well as this, digitalisation also finds approval among employees with 80% of managers agreeing that mobility increases their efficiency and saves time.

Whereas working hours have decreased⁴, productivity has risen globally. In the US alone, productivity stands at \$67 per hour today – two thirds more than 15 years ago⁵.

To a greater extent, we are more connected to work than ever before. While this may help productivity, it has also affected the time we take for breaks, like lunch hour. More and more, people take half an hour for lunch, eat at the desk or on the go.⁶ As a consequence, snacking has become more popular. In one survey, 76% of millennials said they occasionally snack to satisfy hunger between meals.⁷ Another notes that 94% of Americans snack daily.⁸

As people eat more often on the go and as a 'quick fix', small portion sizes are best suited to this kind of snacking. According to SIG Combibloc's internal market data base, the market for packaging sizes with less than 200 ml of volume will grow by 18% by 2021.



THE VALUE OF A WORKING HOUR

Work productivity per hour (in dollars inflation-adjusted, purchasing power parities)

<https://www.statista.com/chart/4906/where-do-millennials-work-the-longest-hour/>

³ <http://news.gallup.com/reports/199961/7.aspx>

⁴ <https://ourworldindata.org/working-hours/>

⁵ <https://www.zukunftsinstitut.de/artikel/megatrend-dokumentation/>

⁶ <https://www.slideshare.net/GaurangPatel28/eurest-eating-at-work-report-2016>

⁷ <https://www.slideshare.net/GaurangPatel28/eurest-eating-at-work-report-2016>

⁸ <http://www.mintel.com/press-centre/food-and-drink/a-snacking-nation-94-of-americans-snack-daily>

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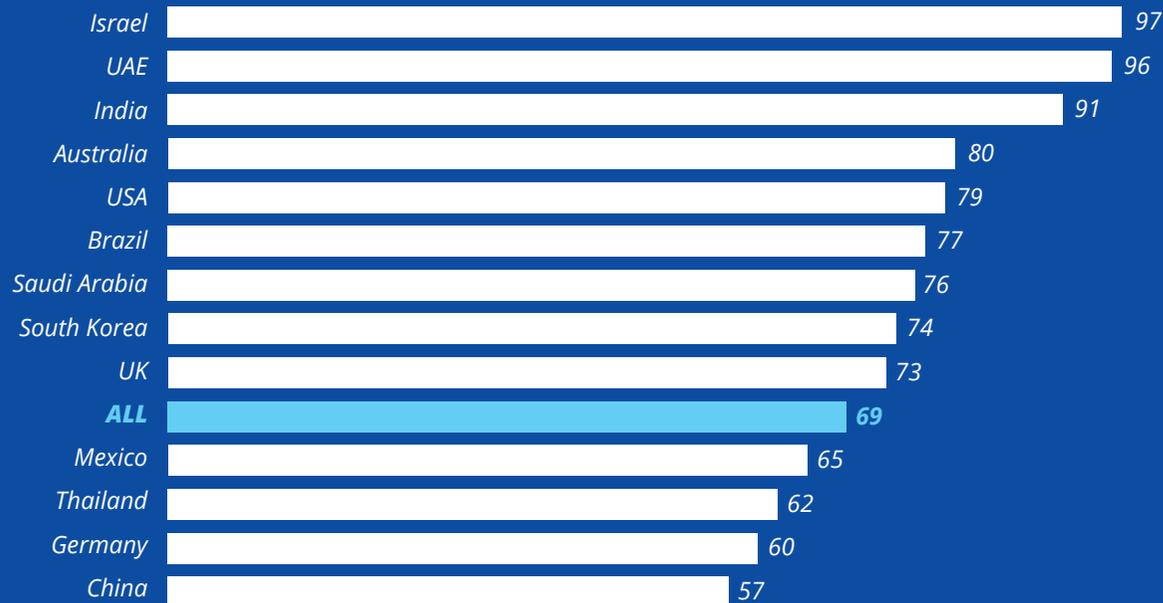
COMMUTER TIMES

Thanks to the growth in urbanisation, commuting times to work have risen globally.⁹ For instance, in the UK, the number of people commuting to and from work daily has increased by 72% in just ten years.¹⁰

But this trend is not confined to the UK – it can be seen in all regions of the world. Roads and public transport are full, making short-distance travel more time-consuming.¹¹ Despite this, people are still drawn to city life. They want to participate in an urban social life, accepting long-distance commutes to workplaces further outside.¹²

As highlighted in the table above, Israelis and Emiratis have the longest commute times with an average of 1.5 hours per day. But, as time becomes scarcer, commuting is put to good use. We write e-mails, listen to music, read books or drink and eat. Furthermore, we frequently combine breakfast with travelling. This saves time and allows those extra 10 minutes of additional sleep in the morning.

To reinforce the effect of this trend, on-the-go claims on packaging have increased by 54% worldwide according to the market research company Mintel.¹³ At the same time, awareness about healthy eating continues to increase and meals consumed as replacements must be nutritious.



HOW LONG PEOPLE AROUND THE WORLD SPEND COMMUTING

Average time that respondents spend commuting (in minutes) per working day

Basis: 43,034 respondents in 52 countries.
February 2017. **Source:** Dalia

<https://daliaresearch.com/the-countries-with-the-longest-and-shortest-commutes/>

⁹ <http://inrix.com/blog/2017/02/congestion-is-growing-so-how-do-we-tackle-it/>

¹⁰ <https://www.theguardian.com/money/2015/nov/09/million-people-two-hours-commuting-tuc-study>

¹¹ <http://www.nielsen.com/us/en/insights/news/2014/millennials-prefer-cities-to-suburbs-subways-to-driveways.html>

¹² <https://tinyliving.com/why-more-people-are-prefering-the-urban-lifestyle/>

¹³ <http://www.mintel.com/global-food-and-drink-trends>

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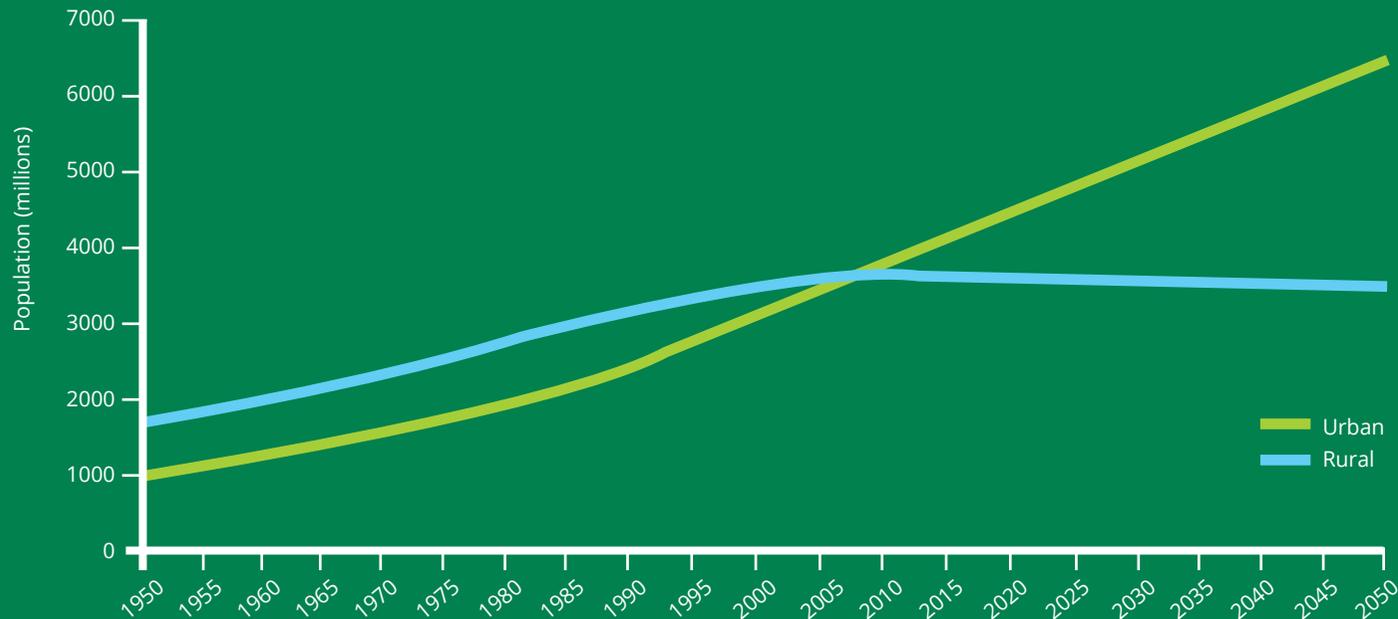
URBANISATION

Whereas in 2007 the distribution of people in urban and rural areas worldwide was almost even, in recent years there has been a dramatic increase in urbanisation. The United Nations predicts that by 2050, 66% of the world's population will live in urban

areas¹⁴. Younger generations in particular are attracted to cities where they can enjoy mobile and flexible lifestyles with a variety of recreational opportunities.

The move to urban areas has seen cities all over the world become more cosmopolitan and with that able to offer multi-national cuisines. Some 52% of millennials state that their taste in food has changed due to exposure to other cultures.¹⁵ Our appetite for new and innovative food and drinks continues to grow, making the availability of delicious and interesting food and drink options a must-have at restaurants, cafés, kiosks and supermarkets. The more varied the offering to the consumer with regard to taste, volume size or packaging shape, the more interesting a product range becomes.

Millennials desire a rich and varied range of food and drinks¹⁶ that they expect to match their lifestyles. They want to make choices based on their personalities and beliefs.¹⁷ Half of US millennials aged 18-24 agree that brands whose products they consume express something of who they are and mirror their values.¹⁸ This suggests that one-size-fits-all products may not be effective long term, and manufacturers will benefit from offering a product range diverse in taste and packaging design.



URBAN AND RURAL POPULATION OF THE WORLD, 1950 - 2050

<http://www.civilservicesexpert.com/geography/urbanisation-of-world/>

¹⁴ World Urbanization Prospects of the United Nations (2014)

¹⁵ Canadian: The latest consumer and innovation trends in beverages (2015)

¹⁶ <https://www.naturalproductsinsider.com/articles/2017/04/choice-and-connection-marketing-food-to-millennia.aspx>

¹⁷ https://www.bcgperspectives.com/content/articles/marketing_center_consumer_customer_insight_how_millennials_changing_marketing_forever/?chapter=3

¹⁸ https://www.bcgperspectives.com/content/articles/marketing_center_consumer_customer_insight_how_millennials_changing_marketing_forever/?chapter=3

TODAY'S GLOBAL **FOOD & BEVERAGE TRENDS**

From take-away coffee and ready-to-eat salads to fruit and vegetable smoothies – what we consume is influenced more and more by our mobile way of life.

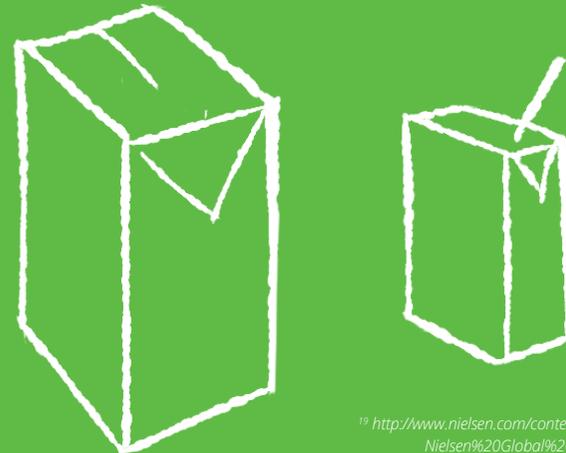


SNACK TIME

With annual global sales of almost US\$400 billion, the snack industry is a major economic force. And, in line with the effects of urbanisation, snacks are increasingly replacing full meals. In a global study conducted by the market research firm Nielsen, 45% of those surveyed said that they replace breakfast, lunch or dinner with snacks. One reason for this is that stressful daily life leaves little time for elaborate meals.

“There is a perception that snacks are intended more for in-between meals than for actual meal replacements. But busy, on-the-go lifestyles often dictate a need for quick meals, and many opt for fast food options that can be high in calories and low in health benefits. There is a massive untapped opportunity to gain market share in the nutritious, portable and easy-to-eat meal alternative market that snack manufacturers could fill.”¹⁹

(Susan Dunn, executive vice president, Global Professional Services, Nielsen)



¹⁹ <http://www.nielsen.com/content/dam/niensglobal/kr/docs/global-report/2014/Nielsen%20Global%20Snacking%20Report%20September%202014.pdf>

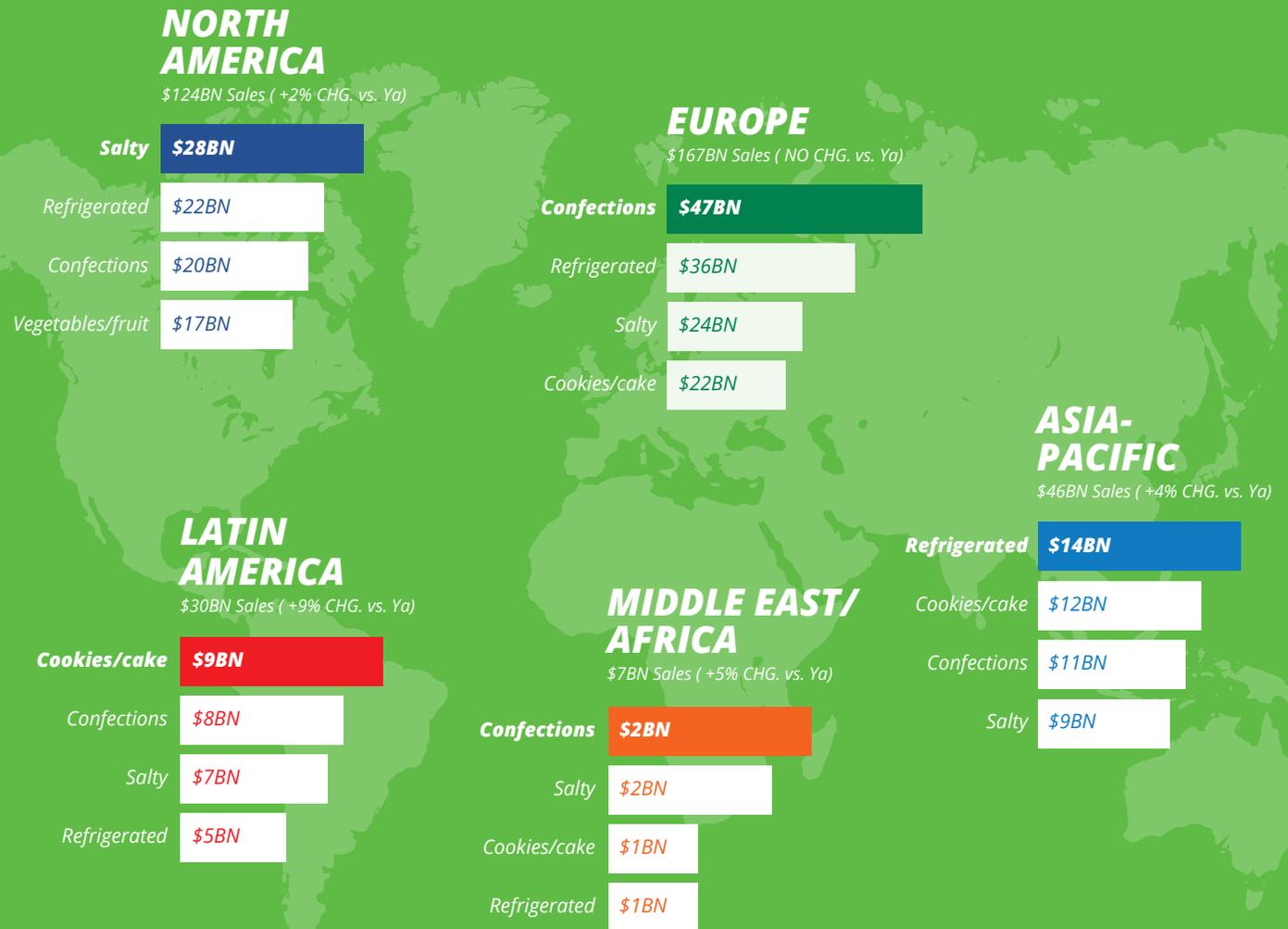
WHAT DO CONSUMERS WANT?

According to the Nielsen study, consumer snack preferences vary regionally. While sweets are popular in Central and South Africa and in Europe, North Americans prefer salty snacks. South Americans prefer biscuits and consumers in the Asia-Pacific region prefer small, cold snacks.

However, 65% of respondents worldwide are happy to try new snacks, while 63% purchase a selection of different snacks and 58% make their purchasing decisions spontaneously.

Additionally, more and more consumers choose ready-to-eat organic snacks.

Health consciousness has grown worldwide. The proliferation of heart and cardiovascular diseases and Type 2 diabetes – usually results of unhealthy diets – has led to a change in global consciousness. Analysts predict that the market for organic snacks will grow by 18% by 2021.²⁰



<http://www.nielsen.com/content/dam/niensglobal/kr/docs/global-report/2014/Nielsen%20Global%20Snacking%20Report%20September%202014.pdf>

²⁰ https://www.researchandmarkets.com/research/pmwqrh/global_organic

CONVENIENT SHOPPING

In the EU, convenience stores have experienced 5.3% growth in sales since 2013.²¹ These small retail outlets sell a range of everyday items including groceries, snacks, confectionary, tobacco, toiletries and newspapers. The reason for this rise lies in global demand for snacks and the widespread desire to be able to shop at any time.

As these stores are usually located close by, they meet consumer needs for on-the-go products. The era of making a traditional breakfast at home before work or bringing coffee in a thermos is over²² and premade sandwiches and coffee-to-go are often only a short walk away. For the packaging industry, single-serve paper cups, boxes, trays and containers for easy, mobile consumption have become an important business.

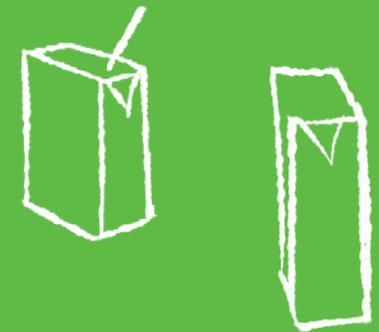
GLOBAL SOURCING

Mobility has made the world feel smaller, with products shipped to all corners of the globe. Take, for instance, avocado consumption in China. Three years ago, the country imported none, but today, 30 container loads arrive every week.²³

This abundance of international foods and beverages has sparked consumer interest in the origins of the ingredients they consume. As a result, consumers are becoming more conscious about ethical and sustainable sourcing, and this has led to a need to better understand unclear supply chains.

56% of global consumers prefer snacks with ingredients from a sustainable source.²⁴ Ethical labels, like Fairtrade or FSC™, have become big business with US\$794 billion in retail value sales in 2015, and that figure will increase.²⁵ 47% are willing to pay more

for fair-trade snacks.²⁶ The vast majority of consumers – 94% – desire transparency with regard to the origin of the products they consume and product packaging.²⁷ Producers must react with appropriate concepts for traceability, such as using imprints or QR codes.



²¹ https://www.researchandmarkets.com/research/pmwrqth/global_organic

²² <https://www.planetretail.net/presentations/ApexBrasilPresentation.pdf>
Ref <http://www.nestle.de/gesundheits/out-of-home>

²³ <http://www.freshplaza.com/article/156557/OVERVIEW-GLOBAL-AVOCADO-MARKET>

²⁴ <http://www.nielsen.com/content/dam/nielsen/global/kr/docs/global-report/2014/Nielsen%20Global%20Snacking%20Report%20September%202014.pdf>

²⁵ <http://www.foodnavigator-usa.com/Manufacturers/The-rise-of-ethical-claims-and-their-marketing-potential>

²⁶ <http://www.nielsen.com/content/dam/nielsen/global/kr/docs/global-report/2014/Nielsen%20Global%20Snacking%20Report%20September%202014.pdf>

²⁷ <https://www.vzbv.de/pressemitteilung/herkunft-von-lebensmittelverbrauchern-ist-transparenz-sehr-wichtig>



**ARE YOU
READY FOR
A CHANGE?**

**CHANGING
CONSUMER
DEMANDS
REQUIRES
A NEW PACKAGING
PHILOSOPHY**

The mobility megatrend, coupled with the expectations of millennials, requires the food and beverage industry embrace a new packaging philosophy. Practical and good is no longer enough.

"In a world of ever-more fragmented advertising media and retail outlets, today's packaging has become a brand's most important consumer's touchpoint."²⁸

TOP 4 KEY REQUIREMENTS

FOR ON-THE-GO PACKAGING FOR EVERY OCCASION

1

PACKAGE SIZE

The demand for smaller and more practical snack packaging formats is growing as they are well suited to single serve on-the-go consumption.

2

PRODUCT CONCEPTS AND OPPORTUNITIES

Consumers want the right product for the right occasion. To meet current trends, manufacturers must be able to provide the taste to match at reasonable prices and always at an early stage. New product concepts with a variety of flavours and nutritious ingredients such as cereals, fruit pieces or chia seeds are in demand.

3

FLEXIBILITY

Consumers want packaging that is easy to handle and that fits into handbags, backpacks or car drink holders. When it comes to drinks, they want more in how products are opened and consumed, such as screw tops and straws. Manufacturers must quickly adapt their production to these needs.

4

TRANSPARENCY

With produce coming from all over the world today, consumers are curious about the origin of the ingredients in the products they buy. Tracking ingredients using imprints and QR codes are two ways of doing this.²⁹ Importantly, 49% of millennials tend to remain loyal to a brand that communicates transparently.³⁰

²⁹ <https://www.inc.com/kenny-kline/new-study-reveals-just-how-important-brand-transparency-really-is.html>

³⁰ <https://www.forbes.com/sites/forbescommunicationscouncil/2017/08/08/the-path-to-millennial-spend-is-paved-with-transparency/#c76fe0540d15>

EXECUTIVE SUMMARY

A MARKET AND INDUSTRY IN EVOLUTION

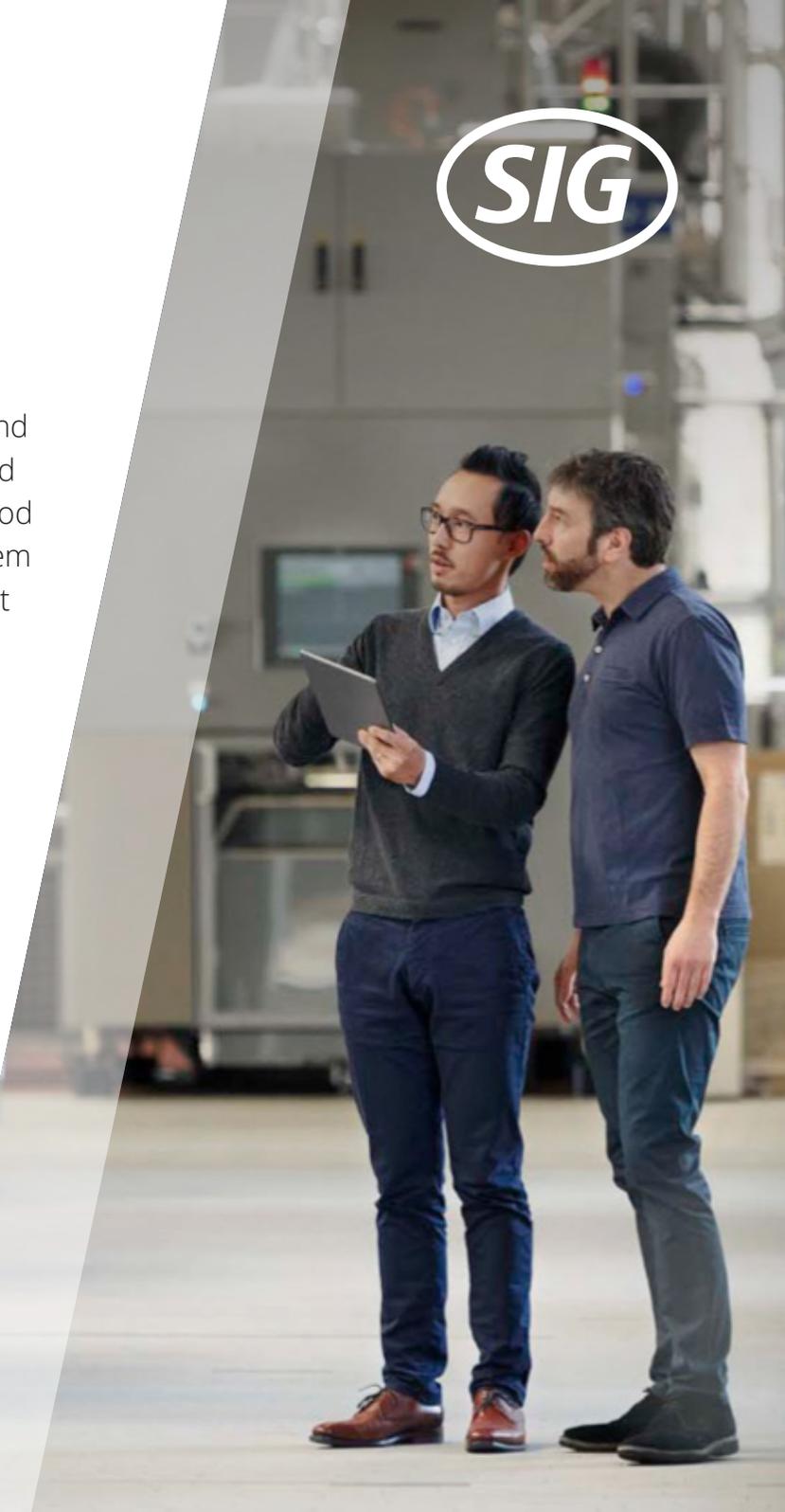
As consumers increasingly embrace mobile eating and drinking habits, the food and beverage industry evolves with them and must continue to do so. Along with enticing recipes and ingredients, manufacturers must consider packaging that not only ensures safety and freshness, but which also satisfies key marketing functions: it must stand clearly out on the shelf, inform consumers about the product's contents, deliver an excellent sensory experience and, sometimes, even entertain with games or completions on the packaging.

When manufacturers take into account the needs of their customers, the more tailored their products will become. To remain viable, the industry needs to develop innovative product and packaging concepts tailored to lifestyles characterised by mobility and time.

To meet all this and the needs of today's and tomorrow's consumers, manufactures need the right partner. One that understands food and beverage industry trends, analyses them carefully and offers complete solutions that entice and satisfy.

Excellence – Engineered. Solutions – Delivered: our promise to you.

As an engineering company, SIG stands for more than 40 years of experience in aseptic filling and packaging for the food industry. We develop holistic solutions with the aim of providing our customers with the perfect packaging solution at all times. Our customers grow with us and increase their performance as we help open up to new market opportunities.



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THE SIG SOLUTION

To help producers meet the growing demand for mobile, healthy and individual food and beverage experiences, SIG has developed combismile – an innovative on-the-go packaging solution. Discover more at combismile.com

**FOR ANY FURTHER
QUESTIONS
OR COMMENTS,
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