

## The Future of Food and Beverage

The global Food and Beverage (F&B) industry is in a solid position at the start of 2022. The sector is among the top ten most reputable (No. 6) and has a strong global Reputation Score of 72.7. Products, Conduct, and Citizenship are the industry's primary Drivers. Of the three, companies perform most strongly across Products.

As the pandemic transitions toward normalcy, its lingering effects define the industry. Consumers changed the way they shopped and what they shopped for. Foot traffic decreased in brick-and-mortars while online grocery sales grew 300%. The public became more conscientious of health and wellness, comfort foods, and premium products. However, trends from previous years such as ethical sourcing, environmentalism, and sustainability remain top of mind.

The 2022 landscape looks like prior years. The public's reputation priorities have not shifted significantly: macro-motivators such as Products, Conduct, and Citizenship still top the public's expectations, while Factors such as behaving ethically and influencing society remain mission-critical. F&B companies can use their foundations – what has been working – and build additional nuance into their strategies.

1. Meet consumers' new values through products
2. Establish ESG legitimacy through transparency

The 2022 strategy is to continue product excellence, utilize consumer personalization, and match products to new consumer values. The industry's reputation backbone is the Products Driver, its most important and best performing. F&B companies have historically received high marks from the public for critical Factors like "Offers high-quality products," "Offers products that are good value," and "Meets customer needs." Companies can reach separate consumer segments and demonstrate relevance and alignment to consumer wants through products.

Food companies have had clear priorities in the past few years: ensuring product availability, the safety of employees and shoppers, and maintaining a resilient supply chain. Now, entering the third year of pandemic, while the industry has made the necessary adjustments, it must recognize that so too have consumers. The public is now more particular; they want their needs met and products that reflect their new preferences – 6 in 10 consumers say they are "interested in food and drink products that are customized to meet their individual needs." If F&B companies can meet those needs, they will see reputation dividends. Considering key Business Outcomes, more than half (51%) of the public are advocates (strong supporters) of the industry and "Would buy from," while 47% "Would recommend" its products.

Despite competing issues and apparent market shifts, trends from previous years also persist. ESG food sector topics – environmentalism, sustainability, and ethical sourcing – remain top of mind. From 2017 to 2021, globally, the number of Certified B Corporations – 'social enterprises that prioritize value for non-shareholding stakeholders' – increased 267%. Plant-based foods continue to grow in popularity, with food juggernauts like Tyson, Smithfield,

Perdue, and Hormel jumping into a growing market expected to reach \$77.8 billion in 2025.

ESG enthusiasm is not new to the industry – what is novel is the emphasis on transparency. Here, transparency applies to all aspects of the food process – sourcing, supply chain, labeling, and even the ethics of the companies that provide the products. F&B companies are under a much closer lens than before – it is not enough to claim the mantle of sustainability or environmentalism when consumers scrutinize all aspects of the company and its practices. Reputationally, F&B companies' CSR and ESG scores have consistently been average through 2021; despite industry advancements, there has been virtually no improvement across key ESG reputation factors such as “Supply chain transparency,” “Environmental impact,” and “Ethical business practices.”

Companies must improve transparency and shed light on accomplishments to move the needle. Here, communication is crucial. Currently, the industry has a deficit when it comes to its brand. The reputation measure “Provides sufficient information about activities” is in a critical place. In 2021 the sector saw an 11-point decrease in advocates and an increase of 13-points for fence-sitters – those unsure of whether to support a company. As of Q4 2021, over three-quarters (76%) of the public is uncertain if they support the industry's openness.