



Enalito

# NOSH

A comprehensive e-book about the world of food & commerce, as well as a full analysis of how to win the retail sector using advanced tools of our software.



Enalito  
E-Book

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# Introduction

**"Perhaps more than any other, the food industry is very sensitive to consumer demand"**

**Michael Pollan  
(American Author & Journalist )**

The food and beverage services industry includes sales of food and beverage services and associated items by companies (organizations, single traders, and partnerships) that provide meals, snacks, and beverages to customers on-premises and off-premises. Restaurants and mobile food services, bars and cafés, catering services, and food contractors are the most common forms of food and beverage services.

Catering is the business of providing food service at a remote or specific place, such as a hotel, hospital, bar, airline, cruise ship, park, filmmaking set or studio, entertainment area, or event venue.

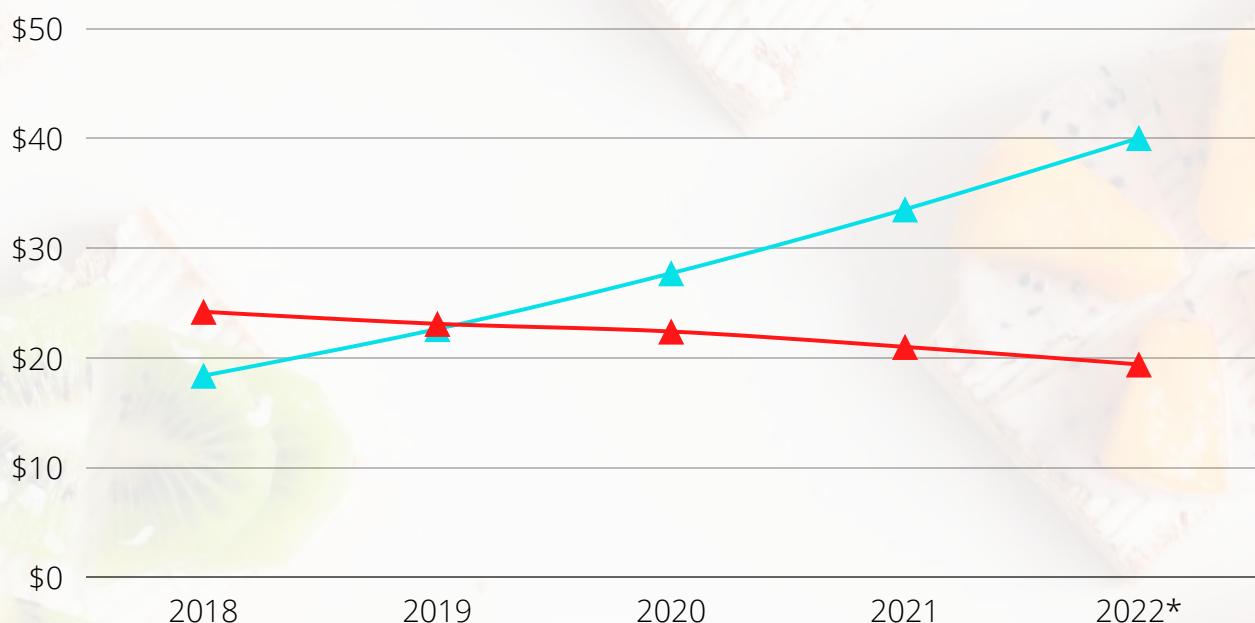
The Food & Beverage industry is changing faster than ever. Where on one hand new eCommerce-based food and beverage companies are popping up almost every day, on the other hand, the legacy brands are transforming digitally to meet evolving consumer demands.

However, all food and beverage businesses face intricate challenges—such as identifying and expanding the best fulfilment options, managing digital channels, customer engagement, retention, and the like. And as Eric Morris stated in the Food and Beverage Summit organized by Enalito:

“E-Commerce is as important as retail industry in the F & B industry.”

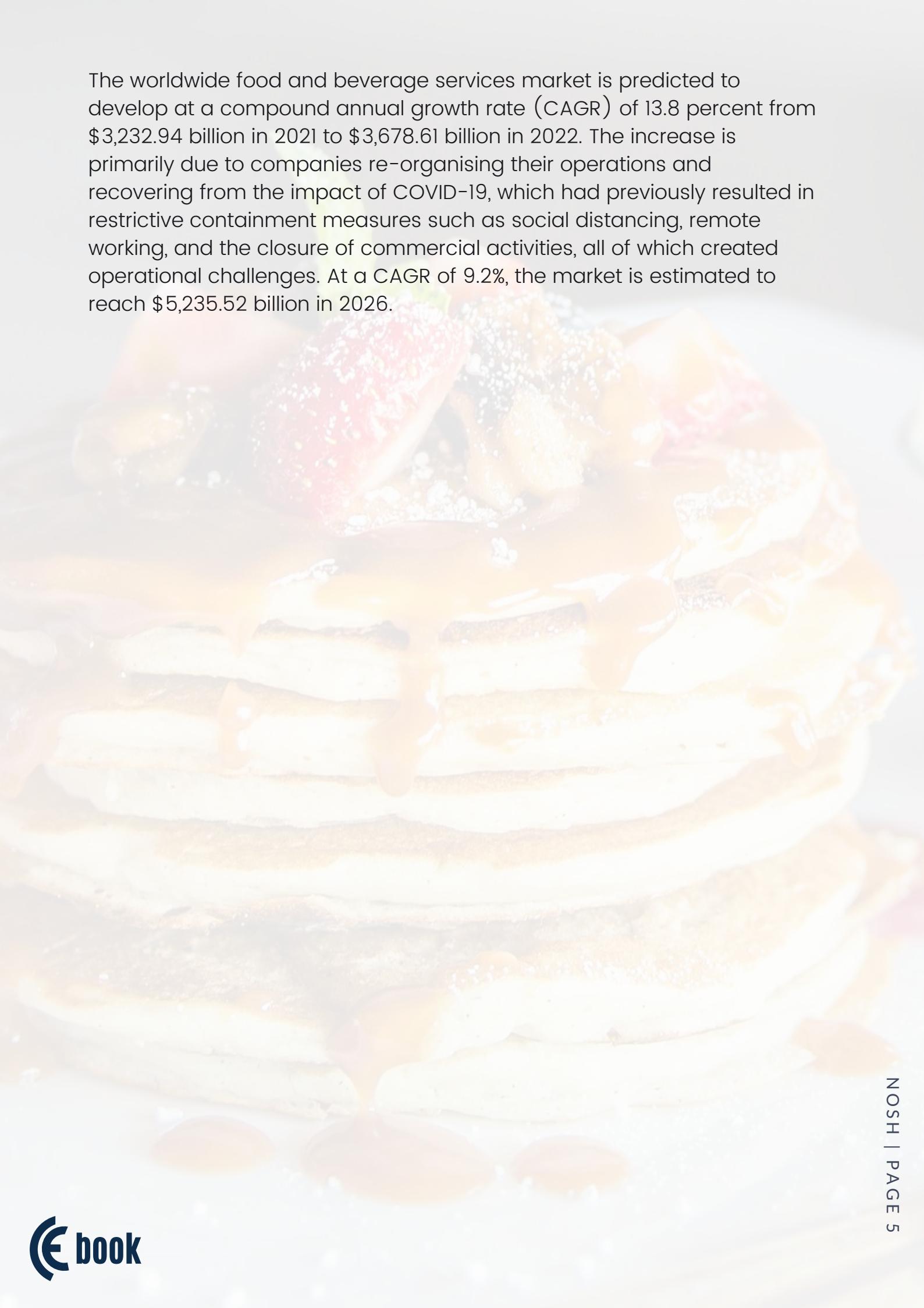
Food and beverage ecommerce retail sales were expanding at a rate of over 23 percent per year in May 2019, and were expected to reach \$40 billion by 2022. That was before COVID-19 erupted and wrecked devastation on the majority of industries. However, food and beverage was not one of them.

## Food & Beverage Retail E-Commerce Sales at a Glance



*The worldwide food and beverage services market is predicted to develop at a compound annual growth rate (CAGR) of 13.8 percent from \$3,232.94 billion in 2021 to \$3,678.61 billion in 2022. The increase is primarily due to companies reorganising their operations and recovering from the impact of COVID-19, which had previously resulted in restrictive containment measures such as social distancing, remote working, and the closure of commercial activities, all of which created operational challenges. At a CAGR of 9.2%, the market is estimated to reach \$5,235.52 billion in 2026.*

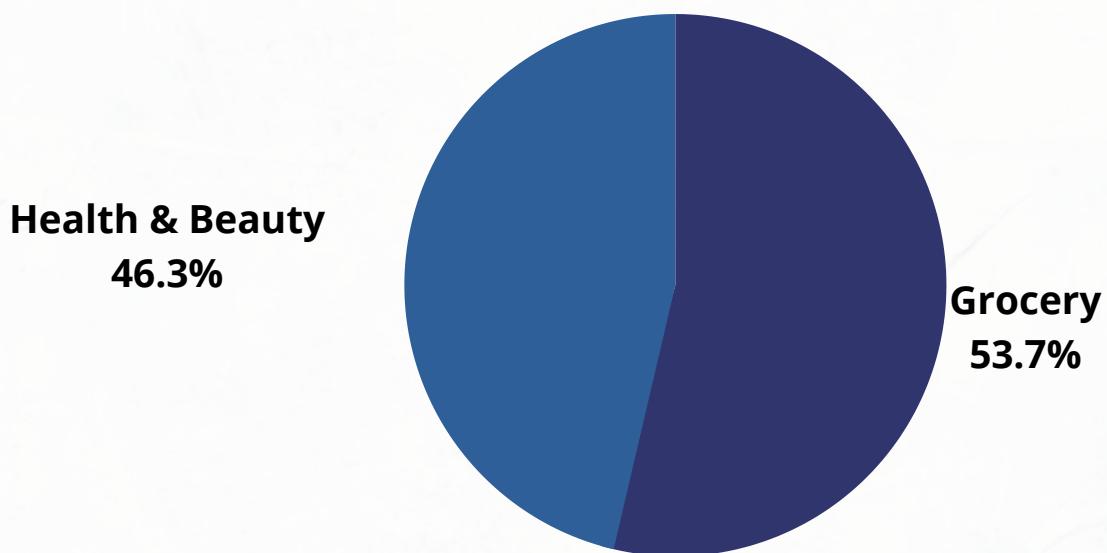
One would assume that when the coronavirus pandemic fades and sales return to pre-pandemic levels, the rise would slow down, but historical tendencies suggest otherwise. The beautiful thing about ecommerce sales is that they never completely return to their former levels once they have increased. For years, online retailers have been dealing with the step growth problem. We bring to you what are the approaching challenges for the industry in the new year, and what is in the pipeline for the future.



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# Food and Beverage Industry Trends expected in 2022 and beyond

The consumer packaged goods (CPG) industry has been growing for years, but the epidemic has accelerated that expansion faster than planned. Consumers choose CPG and online groceries because they give secure choices for obtaining necessary commodities in the event of a pandemic. As a result of the pandemic's health and safety concerns, this category exploded as a safe and efficient means to obtain necessary supplies. Grocery surpassed health and beauty as the biggest online CPG category in 2021, accounting for 44% of digital CPG sales against 38% for health and beauty. For online CPG food goods, this equates to a 125 percent year-over-year increase.



Brands in the food and beverage business that haven't yet delved into CPG have a good chance of doing so in 2022. Consider how you may make your existing product line CPG-friendly without having to build completely new ones.



Stephen Cowan provided an insight into the F&B industry stating that,

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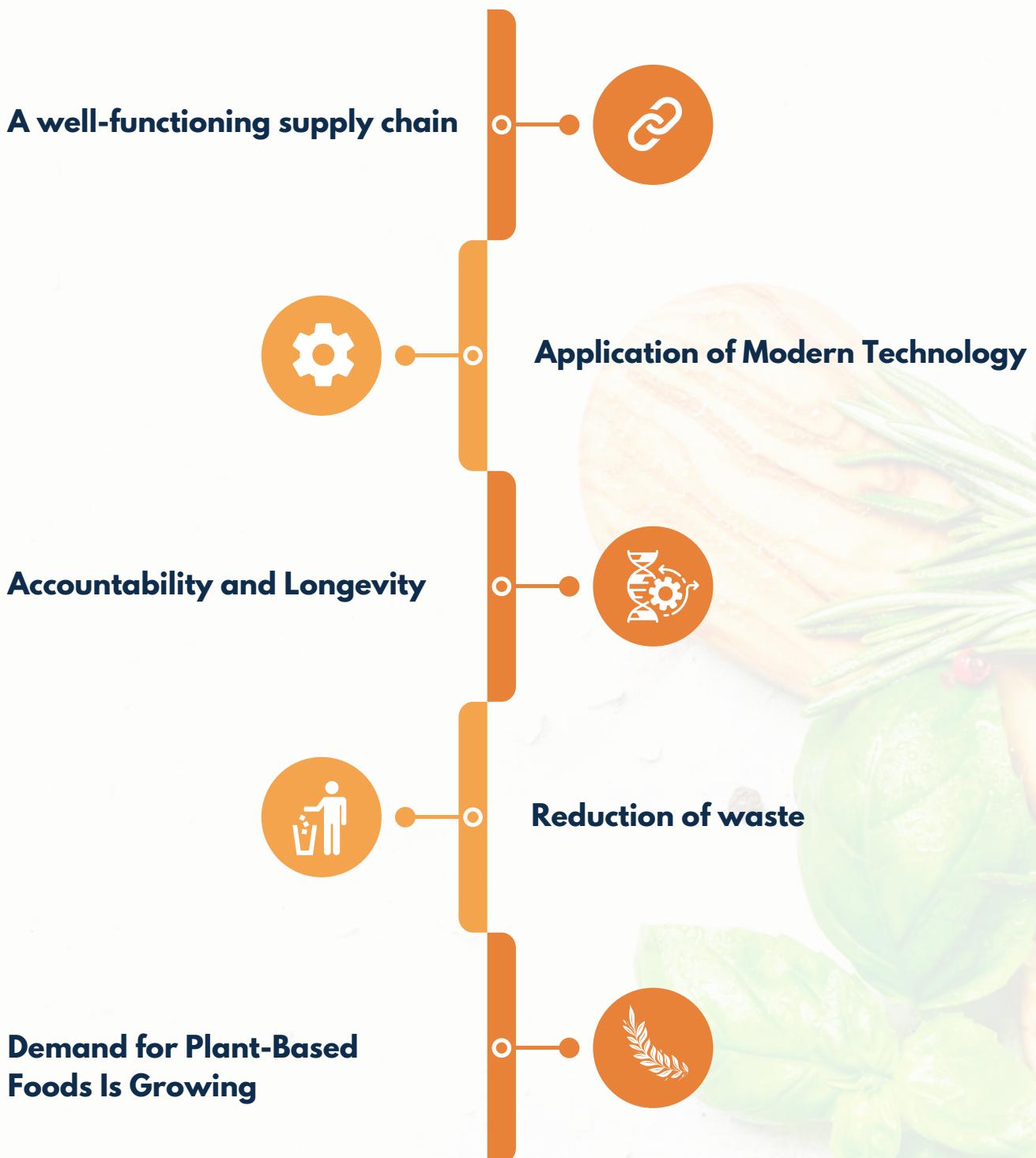
**98% of Americans do not consume enough vegetables and Micro greens in their diet which leads to the shortage of nutrients and minerals in their body, and these deficits are affecting the people with anxiety, depression, and even death. But after the pandemic situation the stats are constantly changing and Americans are pivoting towards a healthy diet which includes Micro greens and vegetables. MicroGreens are at the top of the trend right now because it is the easiest way to increase the amount of nutrients in a person's diet.**

... ’’ .....

Because food sales have increased so much, grocers may be able to increase income by focusing on non-food item sales. How can you highlight other areas of your already-existing product line to profit even more if you're a food and beverage firm that has expanded over the previous two years and wants to ensure that your growth doesn't become stagnant?

In any event, you'll want to make sure that your brand's website and/or app are adequately optimised to work efficiently and encourage customers to buy. 90% of customers say they purchase from a grocery retailer's website on a regular or irregular basis, and 73% say they order through an app.

And, according to data from The Food Industry Association and NielsenIQ, every family will spend an average of \$850 on online food and beverage purchases in 2022, you'll want to make sure your brand is ready to enjoy the benefits. Some of these food and beverage trends are -



# Food & Beverage Industry in Ecommerce

The food and beverage sector deals with perishable commodities that must be sold as soon as feasible in order to maintain quality and meet regulatory requirements. While the food sector has complicated logistical procedures and demanding clients, e-commerce (as a result of ERP integration) makes it easier for businesses to complete their duties. The fast flow of items in the food market distinguishes it from other e-commerce industries. Because no one wants to pay for food or drinks that have beyond their expiration date, customer satisfaction is even more important in this market.

## Importance of Ecommerce for the growth of Food and Beverage Industry

Food and beverage retail sales in the United States are a \$1 trillion dollar industry. Prior to COVID-19, food and beverage e-commerce sales in the United States were expected to reach \$32.22 billion this year, accounting for only 3.2 percent of overall retail sales. Between March 1 and March 22, the number of persons who claimed they had increased their online grocery shopping surged by more than 300 percent.

Even if e-commerce of food and beverage retail sales grows by 2% as a result of the shift in buying patterns, that's a \$20 billion increase in online food and beverage sales.

Mega-brands in the food and beverage industry are already ahead of the curve. Amazon paid \$13.4 billion for Whole Foods in 2017, not to learn how to run shops, but to learn about the supermarket sector so it could convert grocery customers to online shopping. Unilever has a workforce of 800 individuals devoted to its e-commerce operation, which grew by 40% in 2018. Nestle's internet sales increased by 18.5 percent in 2019, accounting for 8.5 percent of total retail sales, a significant e-commerce share in the food and beverage business.

Internal procedures must be linked to adequately satisfy buyer demand since an unsatisfied customer is unlikely to return. Furthermore, because customers seldom buy food directly from the manufacturer, the food and beverage chain involves complicated internal logistics. In the United States alone, supermarket e-commerce climbed 18 percent in 2019, making it the fastest-growing product category online, with revenues exceeding \$19 billion.

Revenues have increased as a result of this expansion. The e-commerce food business is characterized by three major trends:

- Because of the regulatory limits in the food supply chain, all parties involved must follow tight procedures to assure food safety and quality. This is one "trend" that isn't going away anytime soon. These rules cover chilling temperatures and times, transit logistics, fish and meat identity, correct labelling, food quality, and food safety.
- A greater need for efficiency—accuracy of information is critical at every level of the supply chain. When developing a pricing plan for foods and drinks, inventory is the most important factor to consider since it all comes down to time and information management.
- With the advent of e-commerce in the food and beverage business, it's more important than ever to use time and information management to cut waste and enhance the quality of perishable commodities delivered. This is where the food and beverage industry's e-commerce shines—and why "just any old website" won't get you there. If you're in the food and beverage sector, you'll need an online sales portal that's completely linked with your ERP, which has all of your company's critical business data.



# Challenges and Opportunities in Food & Beverage E - Commerce

Only 56% of enterprises in the food and beverage industry had an e-commerce presence when 2020 began. These businesses were well positioned to profit from the COVID-19-induced spike in internet sales. However, there is still plenty of room for more participants.

Our esteemed guest Ms. Claire Scheme states that

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**“With the disturbed supply chain in the pandemic businesses were finding it hard to retain customers, specially the Brick & Mortar retail businesses. Pivoting from B2B towards B2C is very important, knowing where your customers are, commuting with them, keeping them up to date with the new changes and new launches.”**

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This is an important fact to note because,, Claire Scheme had a B2C base for her product which used to be delivered as a snack for offices but due to COVID-19 she pivoted to shopify so she could reach her customers directly at their houses.

In the post-pandemic world, these are the biggest difficulties, trends, and possibilities in food and beverage e-commerce:

## A Supply Chain in Peril

For years, concerns such as poor communication between food supply chain partners, rising need for shipping traceability, expanding laws, and a lack of honesty and openness have plagued the F&B supply chain. COVID-19 has made an already tough situation much more challenging. Changing commodity prices, supply chain disruptions, and scarcity of specific items in some regions are making planning, manufacturing, logistics, and pricing choices more challenging. The new CDC recommendations for long-haul truck drivers, fast changing local delivery laws, and the requirement to clean and sanitise trucks all placed additional strain on logistic networks.

## Variations in Consumption

During the lockdown, overall demand for food and beverage items soared, but many companies suffered as a result of the unpredictability of demand. Coffee shop closures, for example, resulted in an excess of milk, prompting US dairy farmers to discard 3.7 million gallons of milk per day. Every week, according to a chicken processor contacted by the New York Times, they had to break 750,000 unhatched eggs. On the plus side, sales of orange juice in the United States increased by 38% year over year, after years of decline. In March, sales of oat milk increased by 347.3 percent, while sales of fresh meat substitutes increased by 206.4 percent.

## DTC (Direct to Consumer) sales

Wal-Mart, Whole Foods, Kroger, and other retailers are trying to keep up with demand for delivery services, which is outstripping their logistical capabilities. As a result, DTC internet sales are a lucrative area with room to grow. Many food and beverage firms are already taking advantage of the potential by launching direct-to-consumer ecommerce operations. PepsiCo started selling several of its food and beverage goods online last month, bypassing retailers. Heinz to Home was launched by Kraft Heinz. During the epidemic, Roberts Bakery, Brave Foods, Ugly Drinks, and other European F&B shops developed or grew DTC sales.

## Health Concerns are Growing

People are unlikely to get COVID-19 via food or food packaging, according to the World Health Organisation (WHO). Long before COVID-19, however, people were concerned about food safety. Many people were changing their eating habits because of foodborne diseases and carcinogens, pesticides, and chemicals in food. Healthy eating trends will only be accelerated as a result of Covid-19 and the resulting awareness of general safety and cleanliness. Meanwhile, more frequent cleaning of industrial plants and equipment, as well as a labour scarcity due to new social distance rules, might hinder production and reduce already slim profit margins.

# Ecommerce Strategies for Small & Medium Businesses in the Food & Beverage Industries

Before the epidemic and the 'Great Pause' threw everything into disarray, Asia Pacific was the world's largest food and beverage market. According to a recent Research and Markets analysis, the food and beverage sector is predicted to stabilise and develop at a CAGR of 23.4 percent through 2023. Ecommerce will be the driving force behind the expansion. Here's how you, as a small or medium food and beverage business, can profit from the scenario and grab a piece of the \$20 billion pie.

## Start a Multichannel Marketing Campaign

Throughout their purchasing process, your clients interact with a variety of marketing platforms. They could learn about your home delivery services through a Facebook post, read Yelp reviews about your products and delivery services, purchase from your website, and pick up the items in store. That is why you must create and execute a cross-channel marketing plan. Make the most of the power of search engines, social media, email, and mobile devices.

## Make a Vibrant Online Presence

Hundreds of internet channels are used by firms to reach their target audience in today's e-commerce. Websites, social media outlets, email, blogs, mobile devices, and more are all examples. You may also target internet retail channels like Amazon as a food and beverage company. You must first understand your target demographic and their media habits before deciding which web channels to target. For example, Facebook or Instagram may be ideal for direct-to-consumer marketing, while LinkedIn could be ideal for B2B sales.

## Create a Successful F&B Ecommerce Website

Create a website that sells. Convert your static website into an interactive web store where your consumers may purchase the items they require. You can have a single website for the complete manufacturing line or numerous websites for different brands, like PepsiCo and other large corporations do, depending on your business plan. To have a great website, you don't have to be Pepsi or Coke. Small firms such as United Sodas of America and Java Saga Coffee excel in ecommerce site design as well.

## Make a Sales Funnel and Optimise It

It doesn't matter how beautiful your website and other digital assets are; it's all about how they work together to create a seamless and slick sales funnel. Your social media sites, Google advertising, website, and sales pages should all be designed to guide potential DTC or B2B buyers through the buying process until they reach the sales page and purchase your goods.

## Provide a One-of-a-Kind Customer Experience

According to recent data, 86% of B2B buyers are prepared to spend extra for a superior customer experience. After going through tailored experiences, over half of buyers made impulse purchases. Consumers may buy ice cream in bulk or in limited-time web-only varieties on Ben & Jerry's website.

## Start a Content Marketing Campaign

Create a complete content marketing plan and provide useful information on a regular basis via your blog, social media, email, and other channels. Content will assist your clients trust your brand by answering their questions. Quality leads and conversions are generated through high-quality, relevant, and consistent content.

## Online and Offline Advertising

During peak seasons, run internet advertising efforts to enhance sales. To bring visitors to your web store, use Google Ads, Amazon advertising, social media campaigns, email blasts, and mobile marketing. Inside and outside your physical business, hang posters or banners highlighting DTC options. Keep your profit margins in mind and make sure you're not spending more on advertising than you're making from online sales.

## **Adopt Eco-Friendly Marketing Techniques**

When it comes to food and beverage ecommerce, go green. 73 percent of worldwide consumers believe they would adjust their purchasing and consumption patterns to decrease their environmental effect. Adopt ecologically friendly packing and delivery methods. Put a premium on food safety and sanitation.

## **B2B Ecommerce isn't to be overlooked**

While direct-to-consumer (D2C) sales are booming, don't overlook B2B ecommerce sales to merchants. B2B ecommerce in the United States is a \$1 trillion market. The online F&B shopping patterns that began during the Great Pause will continue to affect both B2C and B2B purchasing behaviours. B2B buyers, who typically purchase food and beverage items in bulk, should have their own expertise.

## **Examine the Marketing Mix once more**

Although your ecommerce store may appear to be a natural extension of your physical store, it is a distinct sort of business that requires unique attention. The 7 Ps of marketing—product, packaging, price, placement, promotion, positioning, and people—will almost certainly require considerable changes. Consider ecommerce-specific elements like shipping and packing costs, refunds, and marketing costs when reworking your marketing approach.

## **Make the most of technology**

Online selling is a data-driven business that isn't lucrative unless you have a strong understanding of the metrics. According to a study of 345 middle market C-level executives in the food and beverage industry, e-commerce technology was used by 64% of the successful businesses. Make sure you have the entire food and beverage e commerce technology stack and know how to use it.

# 2022 Ecommerce predictions for Food and Beverage Industry

In 2022, ecommerce food and beverage sales is predicted to increase by 10% to \$23.5 billion, with growth moderating but continuing in the years after that."

Experts expected that e-commerce penetration in the food and beverage business would reach 3.01 percent in 2020 before the pandemic, but the result ended up being over a whole percentage point higher, at 3.94 percent.

Eric & Stephen have noted that:

“As everything is coming back to normal and people have started to move out of their houses and the industry is about to see the U-curve, where the curve will now start moving upwards after a downfall.”

Consumers are now demanding for new experiences which opens a very great opportunity for the industry to boost. Pre-pandemic and contemporary estimations are now almost equal. Ecommerce penetration in the whole food and beverage business is predicted to reach 4.36 percent in 2022, up slightly from the pre-pandemic prediction of 4.31 percent.



The food and beverage industry's ecommerce income will continue to be driven by meal delivery applications. In 2019, around 95 million people used meal delivery apps. Pre-pandemic and contemporary estimations are now almost equal. Ecommerce penetration in the whole food and beverage business is predicted to reach 4.36 percent in 2022, up slightly from the pre-pandemic prediction of 4.31 percent. The food and beverage industry's ecommerce income will continue to be driven by meal delivery applications. In 2019, around 95 million people used meal delivery apps.

Enalito can assist food enterprises and corporations in achieving substantial levels of success, such as client retention, revenue creation, lead generation, customization control, and more. Want to know more, then visit [www.enalito.com](http://www.enalito.com)



Enalito was founded by Mr. Anand Katakwar (IIT-B, 1987 Batch) and Mr. Amit Koshal (Engineer and lawyer) in June 2019. Using the Artificial Intelligence & Machine Learning platform, Enalito has built a B2B SaaS product which assists small and mid-sized ecommerce businesses (e-retailers). Enalito empowers CEOs, CTOs, CMOs, eCommerce Directors, Marketing Managers, and other key business stakeholders in an e-commerce company and helps them make informed business decisions. When the Enalito app is installed on a web store built on Shopify, Magento, Woo Commerce, etc, Enalito can help an e-commerce merchant to do magic within their e-commerce business.

**For more information visit our Website:**  
**[www.enalito.com](http://www.enalito.com)**

