# Deloitte.

Future of food

How technology and global trends are
transforming the food industry

Uber Eats

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of our work

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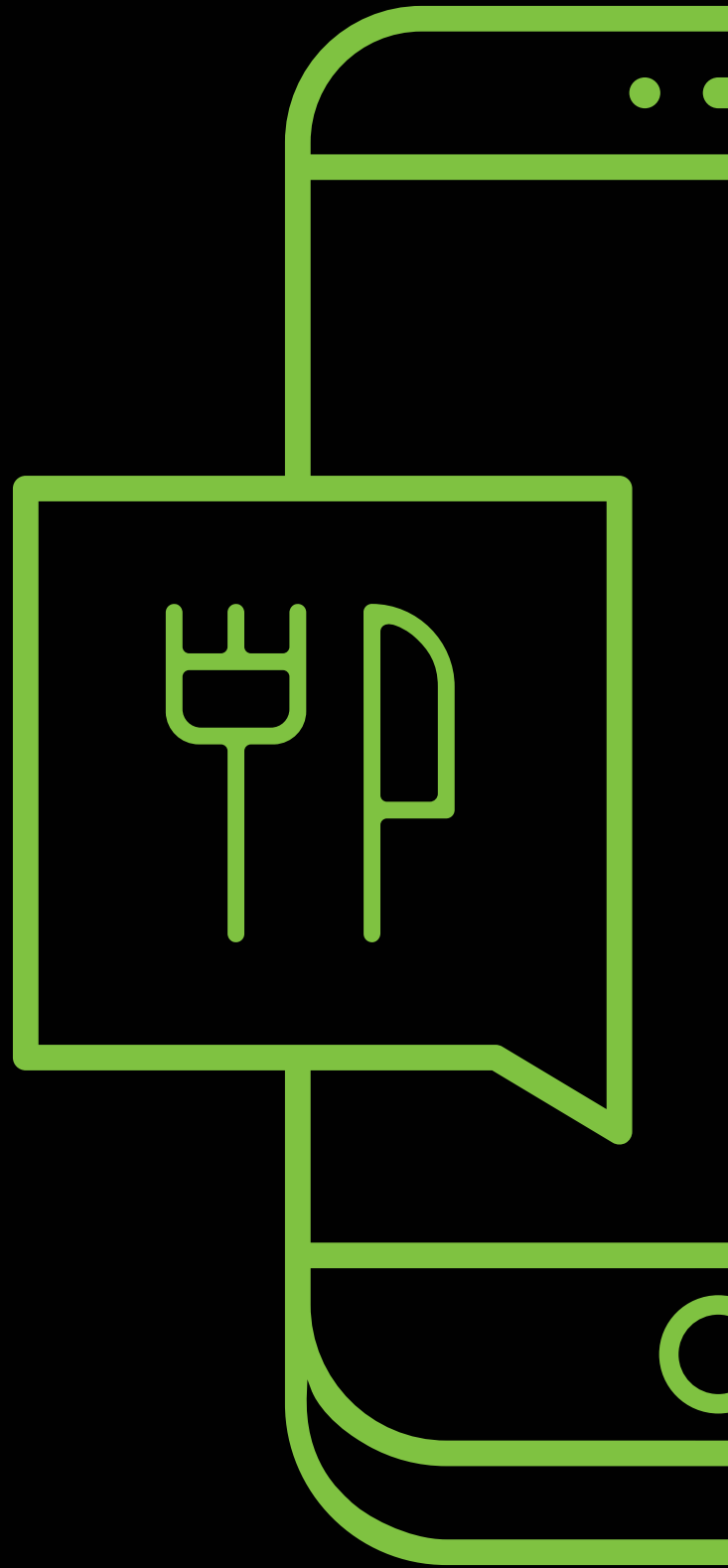
Contents

Every day, 7.7 billion people around the world eat, consuming 14.5 million tonnes of food.[1]

But what, when, where and how we eat varies significantly by country and by consumer. Nowhere is that more evident than in the Asia Pacific. The region is home to more than half of the world's population – 4.4 billion people, and dozens of cultures. Each country has its own unique food traditions and preferences, from the spices of India to the seasonal flavours of Japan. And each offers a range of ways of eating, from street food to fine dining.

The region is home to a diverse and interrelated food ecosystem, from producers to retailers to consumers, which supports the rich food culture. Yet as technology and consumer preferences shift, what and how we eat is changing, sometimes in unexpected ways.

The food ecosystem, and the relationship between its players, is evolving to adapt to these changes. This can feel challenging and uncertain for those in the industry. But with this change comes many new opportunities for growth.

In this report, Uber Eats has asked Deloitte to explore different possible scenarios for the future of food, and what they mean for food businesses in the Asia Pacific.
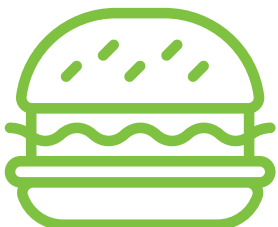
The state of play

Food is a large – and growing – industry. Sometimes, food is simple; straight from the farm to our plates. But more often, what we eat has been crafted by a range of people – grown by farmers, processed by manufacturers, sold to grocers, and finally cooked by restauranteurs.

As a result of changing technology, consumer preferences, globalisation and demographics, the industry is evolving. The food ecosystem is becoming more complex and more interdependent. This is driven by consumers, whose spending on food, and food decisions, are shifting.

Before we examine the future of the food industry in the Asia Pacific, it's important to look at the state of play today.

The food ecosystem

Historically, each player in the 'food chain' was distinct and operated independently. There was a reasonably clear linear process to get food from paddock to plate (Figure 1).

But, like in many other industries, this landscape is changing (Figure 2).

· New technologies are creating a more diverse food ecosystem. This ranges from new food manufacturers (for instance, the manufacturers of synthetic meats), to the rise of technology-enabled platforms which connect food businesses to consumers, and online-only players offering convenient food at lower prices.

· Changing consumer preferences are blurring the traditional boundaries between players. Grocers are starting to offer prepared meals, for example.

This increasingly interconnected and interdependent food ecosystem is creating more value and choices for consumers. The price of raw ingredients is falling[i] (for example, the global cost of wheat has fallen 35% in real terms over the past 30 years),[2] but the total value of food is increasing; a result of more players adding value through the supply chain.

Each individual player has an important role in the food ecosystem today, but it is through interactions that the industry creates sustenance, and experiences, for consumers.

In the following pages, we look at the current state of the food industry. Specifically, we focus on the big picture numbers, spending on food and on prepared/ready to eat meals, and we drill down into food delivery.
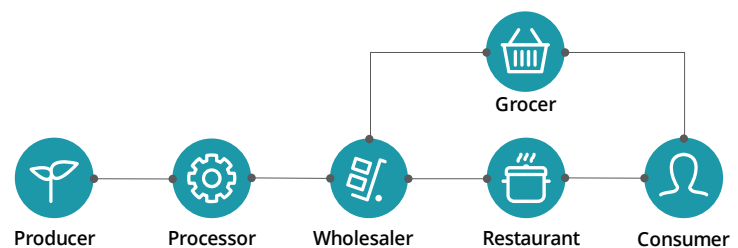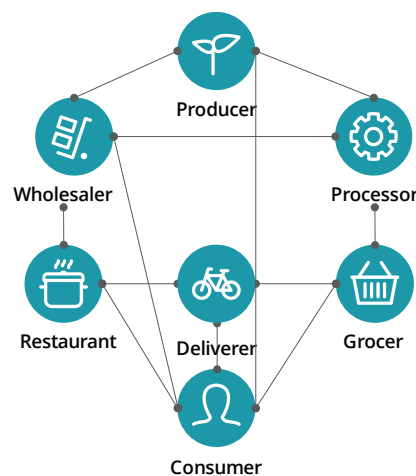
Figure 1: The food ecosystem in the past

Producer · Processor · Wholesaler · Restaurant · Consumer · Grocer

Figure 2: The food ecosystem today

Producer · Wholesaler · Processor · Restaurant · Deliverer · Grocer · Consumer

[i] This is a result of technological advances, globalisation, and increasing competition.

The food budget

Food is a part of every household budget, yet the amount we spend can vary greatly. At the turn of the millennium, household spending on food as a proportion of disposable income in the region ranged from 8% (Hong Kong) to over 40% (Sri Lanka).[3]

But there are indicators that the share of income spent on food across the Asia Pacific is beginning to converge. As shown in Figure 3, countries with relatively low incomes are seeing food spending take up a decreasing share of expenses as incomes increase. For example, in India, GDP per capita today is almost twice what is was 10 years ago, contributing to the decline.[4]

Simultaneously, shifting preferences in nations with higher incomes such as Hong Kong are seeing consumers increasingly willing to spend on quality food. As globalisation and technological advances create new opportunities for innovation and more competition in the supply chain, our food spending is converging.[ii]

This is good news for restaurants. And it's not all bad news in countries where spend as a share of income is falling, either: in many cases this is simply a reflection of incomes rising faster than food budgets, with total spending on food increasing as a result.

Convenience is king

It is not just how much consumers spend that has changed.

Increasingly time-poor consumers have more options than ever before, and we are witnessing a shift in the composition of food spending. A greater share of food budgets is going towards food that is prepared outside the home. Around two in five Asian consumers say that dining out is one of their five fastest growing expenses.[5]

This is old news in countries where a culture of affordable eating out is well established. In particular, countries with strong street food industries, such as Malaysia and Taiwan, have long seen eating out make up a substantial proportion of food expenditure.[6]

Figure 3: Food spending as a percentage of disposable income in the Asia Pacific[5]
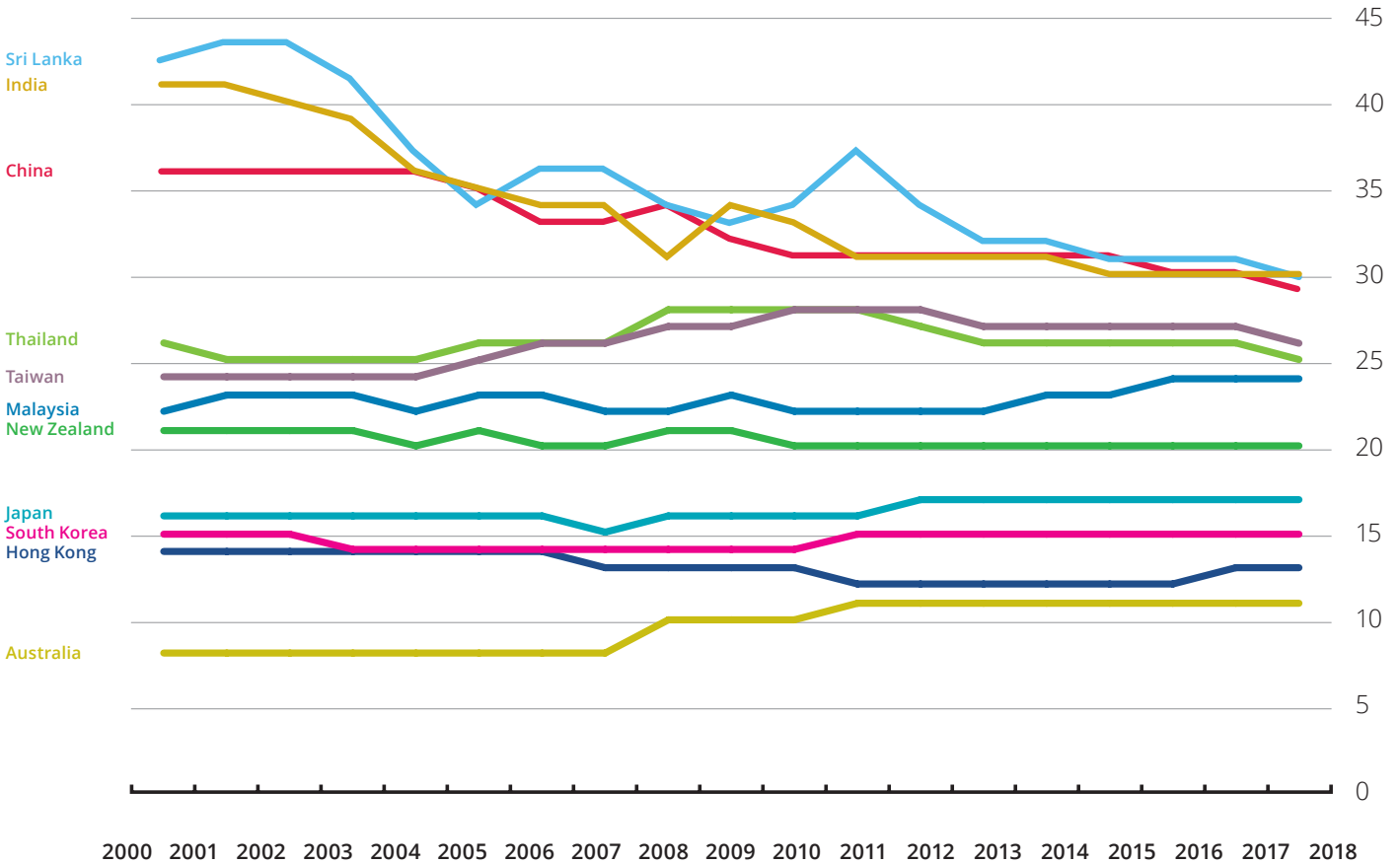
[ii] Measured as a proportion of income.
[iii] Food spending includes spending on food, beverages, and tobacco.

Source: The Economist Intelligence Unit (2019) and Deloitte Access Economics

In other countries, the rise in dining out is a more recent development, and is yet to reach its full potential. In Australia, for example, money spent on meals prepared outside the home has grown from 25% in the 1980s to more than one-third of household food expenditure today.[7]

Convenience is not just about saving time on cooking. It's also about getting the food you want, when and where you want it. Technology-enabled delivery – for groceries, prepared meals, and ready to eat meals – has increased dramatically over the last decade. Rapid urbanisation and low labour costs across some markets in Asia are especially well suited to home delivery. And consumers are taking full advantage.

Groceries
Asia Pacific consumers rely less on brick-and-mortar stores when purchasing groceries than consumers in other parts of the world.[8]

Close to half of Chinese consumers (46%) use online ordering and delivery services, almost double the global average. And an even greater share say they'll use these services in the future.[9]
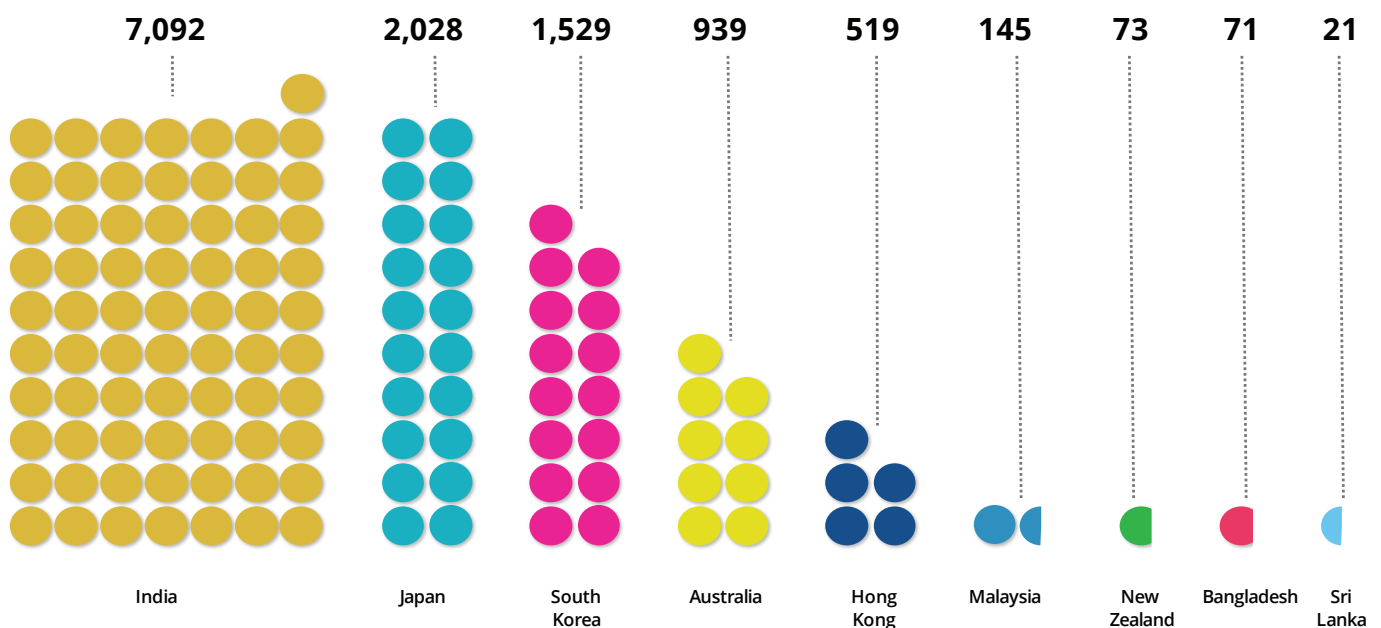
Prepared meals
As consumers become more time poor, prepared meals offer busy households a convenient way to source their meals. Usually only requiring reheating for consumption, this delivery category is particularly popular among young professionals.[10] Industry revenue has also grown in the past five years – driven by a growing preference for personalised meals and increasing economies of scale from larger production volumes.[11]

Ready to eat meals
The delivery of restaurant meals to the home has risen drastically in recent years.[12] One-third of consumers are now using a restaurant or meal delivery service, and 7% of consumers get delivery once a week.[13] This is driven by the expansion of online-delivery platforms that provide consumers with greater choice and convenience at dinner time. Restaurant-to-consumer delivery grew 14% in Asia in the last year alone.[14]

Figure 4: Online food delivery revenue in the Asia Pacific (exc. China) in 2019, $US billions

India	Japan	South Korea	Australia	Hong Kong	Malaysia	New Zealand	Bangladesh	Sri Lanka
7,092	2,028	1,529	939	519	145	73	71	21

Source: Statista (2019) and Deloitte Access Economics

Changing tastes

We know that the way people produce, procure and consume food has changed significantly over the last few decades. However, eating habits will continue to evolve due to technological advances, changing consumer preferences, and our growing population.

These trends are complex, multi-layered, and interact with each other in different ways.

This section discusses how they are working together today, and how this could impact the food ecosystem in the future.

Technology is disrupting the food system

Technology is rapidly being integrated into every part of the food industry. But accelerating adoption of existing technologies, as well a suite of new technologies emerging, creates both opportunities and challenges for food businesses.

Data analytics and digital platforms offer businesses the opportunity to understand customer preferences in a way that was not previously possible. One area where technology can enable businesses to better fulfil consumer preferences is through personalised catering *en masse*. This is especially important in the context of increasingly complex consumer dietary requirements.

Simultaneously, mobile apps and health trackers are making people more aware of the food they consume, and shaping preferences. Consumers are increasingly asking businesses to put their 'cards on the table', and to provide open information about the nutrition and provenance of food.

On the supply side, businesses are looking at smart food production. Food technology is starting to revolutionise the way we produce food, from 3D printing to synthetic meat.[iv]

Controlled systems are facilitating local food production, while significantly increasing productivity and lowering costs. The vertical farm, for example, is shifting agriculture from rural locales to high-tech urban indoor farms.

Next wave technologies such as the Internet of Things and blockchain are transforming supply systems, enabling both efficiency and transparency. It is now possible to track the location and temperature of produce in real time, providing transparency over the entire supply chain. Other technologies, such as virtual/augmented reality and near real-time video streaming, are creating new experiences for consumers.

Finally, the rise of the platform is creating opportunities for food providers. Online food ordering and delivery platforms are providing new ways for businesses to connect with consumers. It is increasingly possible for even the smallest businesses to find new customers, allowing 'a thousand flowers' to bloom. In food, this opens the door in particular for home kitchens, where the ability to operate delivery-only restaurants makes it possible to make a start, without the need for significant capital.

Shifting preferences are transforming consumption

Everyone must eat to live. However, for some of us, we increasingly live to eat. The way we choose what, when, how and why we eat is complex and changing. Our upbringing, where we live, what we believe in and our preferences, all affect our food choices.

More and more, consumers are paying attention to the impact of their food choices. Greater knowledge sharing, enabled by technology, is providing consumers with the tools to seek out information about the food they consume. Across food, groceries, clothes and more, consumers are actively seeking ethically-conscious and sustainable products, and choosing brands that support social issues that resonate with their beliefs.

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iv Shares in Silicon Valley start-up 'Beyond Meat' soared 163% on their first day of trading, and demand for plant based meat is growing.

These issues vary from climate change awareness to animal welfare, from ensuring living wages to avoiding unsafe labour practices. Interest in meat-free consumption is growing. This is sparking demand for alternative sources of protein, such as tofu and synthetic meats.[33] The availability of guilty pleasures is contributing to obesity. Yet on the other hand, some consumers are increasingly searching for healthy foods, and becoming more aware of the link between diet and health.

Beyond what we eat, hectic schedules are changing how, where and when time-poor consumers eat. Demand for convenience is growing, with over 50% of consumers eating out-of-home at least once a week.[34] It's even affecting home cooking, with home delivery of ready to eat meals and meal boxes becoming increasingly common.

Simultaneously, for some households, eating at home is becoming more important. Preparing and eating meals at home is being seen as a way to safeguard family time, and to bring people together. The rise in mindfulness about food, combined with the popularity of blockbuster cooking shows, is creating more and more home-grown master chefs, who cook for leisure. These consumers are driving demand for high quality and niche ingredients.

Social media is increasingly driving our food choices. There are currently over 340 million posts on Instagram for #food.[35] Food providers increasingly have to stay on trend by providing 'Instagram-worthy' foods, like the 'sushi-burrito' or 'cronut'. Visually-appealing foods dominate social media feeds.

The rise of the experience economy means successful restaurants must increasingly deliver a dining experience that offers more than just taste. Consumers chase the latest food craze, religiously keeping up to date with what's 'hot' in food. But, fads can change with little warning. It's great news for those offering what's hot, but the tides of fate can turn quickly, generating 'winners and losers'.

A changing population creating challenges and opportunities in food

The face of consumers across the Asia Pacific today would have been unrecognisable 50 years ago. The region is also growing – by 2050, it's expected that the Asia Pacific will be home to more than 10 billion people.[36]

It is estimated that Asia will be home to almost nine in 10 of the next billion middle-class consumers.[37] In 2015, Asia became richer than Europe for the first time in modern history.[38] Rising incomes mean consumers can afford to purchase better quality food, and more of it. Wealthier consumers are also demanding different types of food, with diets shifting towards more protein.[39] Although, for a portion of consumers, putting food on the dinner table is the primary concern.

Increased access to information, coupled with increasing literacy rates, is leading to a better informed population. Consumers are actively researching nutrition, and making more informed food choices about what they eat.

This region is also ageing at an unprecedented rate. By 2050, one in four people in the Asia Pacific will be over 60, each with their own set of tailored demands.[40]

Coupled with rapid urbanisation, issues like food security are becoming paramount. While farming labour is becoming more difficult to source, farming technology is driving down the cost of production, and improving yields. However, food-calorie production will have to expand by 70% by 2050 to keep pace with global population growth.[41] Food insecurity is particularly relevant for Asia, which has very little suitable farming land remaining.[42]

Climate change poses yet another challenge, as extreme weather events reduce farming productivity.[43] Solving the challenge of feeding a growing, ageing and more urbanised population in a sustainable way, will increasingly become the focus for policy-makers.

Technological transformation

Personalised catering

Consumer preferences and requirements are changing and becoming more complex. For instance, the number of people eating gluten free or vegan is growing.[15] Data analytics and digital platforms will allow food businesses to monitor these trends and create meals which are catered to every dietary need.

Cards on the table

Consumers have greater access to data about food and nutrition, enabled by mobile apps and health trackers. Consumers are likely to demand this data be accurate, and businesses will feel pressure to provide transparent information about food they provide. Moreover, providers will better understand customer preferences and value drivers as data becomes more available.[16]

Food technology

Advances in the production of food itself will change the way we eat. Businesses are looking at new ways to make food, from 3D printing to synthetic meat, and advances in storing fresh food. Shares in Silicon Valley start-up 'Beyond Meat' soared 163% on their first day of trading.[17]

Controlled systems

As the climate becomes more extreme, crop production in open spaces may be threatened by weather events, poor soil quality or pests.[18] Controlled systems allow producers to reliably grow crops, anywhere, in an environment such as a greenhouse or warehouse. These environments provide the opportunity to grow a wider variety of crops at high quality, regardless of local conditions.

Next wave

New technologies such as driverless cars and drones could revolutionise the food delivery industry. Similarly, AR and VR and voice assistance tools could help customers engage with food businesses, even when they are not dining in a restaurant.

Rise of the platform

Platforms that connect people with services are growing at an unprecedented rate, and will continue to do so. Companies like eBay, Uber and Airbnb are disrupting conventional business models and allowing efficient transactions between consumers and businesses. In NSW (in Australia) alone, revenue earned in the collaborative economy grew 68% in one year.[19]

A thousand flowers

The internet allows small players to access new markets, opening up new opportunities for local food businesses. Today, 89% of Australian small businesses have a website, and some engagement with social media.[20]

Home kitchens

The accessibility of the internet is lowering the barriers to entry for hopeful food businesses. Delivery-only businesses can be run out of home kitchens or collaborative kitchens, reducing the need for significant upfront capital. And with smartphone penetration rates growing (82% in developing countries),[21] customers are increasingly able to interact with food delivery businesses.

Changing consumer preferences

Ethically-conscious

Almost nine in 10 millennials would buy from companies that supported solutions to specific social issues.[22] Social awareness of issues such as sustainable supply-chains, living wages, animal welfare and food waste are impacting the brands consumers trust and what they choose to consume.

Meat-free consumption

Over 50% of Australians agree they're 'eating less red meat these days'.[23] The rise in the availability of alternative protein sources, coupled with the associated health, environmental and economic benefits from eating less meat, is bolstering a plant-based ecosystem.

Healthy

A growing awareness of the link between diet and health has seen consumers turn to clean eating to meet their wellness goals. Specifically, 40% of young people aged 18 to 30 are consuming a diet consistent with clean-eating.[24] Consumers will increasingly demand foods that are raw and unprocessed, avoiding foods high in sugar, fat or additives.

Convenience

As a society, we are increasingly time poor, and consumers increasingly value convenience when purchasing food.[25] As food processes become more streamlined, outsourcing will become more affordable. Mass adoption of technologies such as smartphones fuel consumers' expectations that their demands are met in real-time. The value of their time will increasingly outweigh the costs of outsourcing food preparation, and consumers will increasingly order food online or choose to eat out during meal times.

Family time

Mindful of their hectic schedules, many families are making meal times a priority. Three-quarters of parents wish they could spend more time with their family,[26] and are using dinner time as a way to reconnect. For these consumers, preparing meals and eating together is an increasingly important family tradition.

Master chef

While food preparation is a part of housework for many, it's also considered an important leisure activity. The ability to outsource food preparation is changing the way people view cooking; moving from 'foodwork' to 'foodplay'. Consumers are looking to either outsource part of the food preparation process, or take the time to cook high quality meals at home.

Instagram-worthy

There are currently over 340 million posts on Instagram for #food, and a further 124 million for #foodie.[27] Consumers are increasingly making choices about what and where to eat based on the visual appeal of their food, and sharing images among a plethora of followers. For many, taste is secondary to 'instagram-worthiness'.

Experience economy

Goods and services are increasingly accessible, and consumers are moving away from buying things. Instead, they are looking to accumulate experiences and memories. Successful restaurants are finding ways to deliver a dining experience that offers more than just taste.

Winners and losers

Social media trends have the ability to shift customer preferences in extreme ways, creating uneven, or bumpy, demand. There will be a handful of 'superstar' businesses that take a substantive share of demand. But these superstars will change with little warning, as consumers move on to the next food craze.

A growing and changing population

Rising incomes

Incomes are rising around the world, and consumers can afford better quality food. Global GDP per capita has increased 11-fold since 1870, and living standards have improved considerably.[28] Strong growth in the region means that by 2030, 80% of the world's middle class (3.2 billion people) will live in Asia.[29]

Better informed

Increased access to information and better schooling is producing increasingly informed consumers. These consumers are actively researching nutrition, and searching for better food options. For instance, demand for vegetables and fish increase with education, while demand for alcohol falls with education.[30]

Ageing

The population is ageing at unprecedented rate, and the Asia Pacific is at the forefront of this phenomenon globally. By 2050, one in four people in the region will be over 60. The over 60 population will triple between 2010 and 2050, reaching close to 1.3 billion people.[31]

Rapid urbanisation

The Asia Pacific is also experiencing rapid urbanisation, and as of 2018 there are now more people living in urban areas than rural.[32] This mass exodus from the country has implications for both food demand and supply chains.

Scenario analysis

Predicting the future of food and how different trends will impact producers, restaurants, and consumers if a challenging task. It is difficult to determine which trends will rise to the fore, how they will interact with each other, and how they will be adopted in different countries and cities.

So rather than seeking to predict an uncertain future, we present four possible *Future of Food* scenarios. Each is based on a different combination of trends discussed in the previous section.

While each of these scenarios reflects a different possible future, the reality is that the future of food could be very different, encompassing only elements of these scenarios, or reflecting a new fate entirely.

The scenarios we explore are:

- One plate at a time – ethically and socially conscious consumers demand change.

- Data driven food – technology takes the guesswork out of food and eating.

- Master chef – quality food, whether cooked or delivered, brings people together.

- On trend – experience-hungry consumers chase the latest craze.

We then consider the potential impacts of each scenario:

- How much will we spend?
  This looks at what impact the scenario will have on total household food expenditure as a proportion of income, relative to today.

- What proportion of consumers' meals will be made by someone else?
  This explores how the scenario affects consumers' decisions to make food at home versus order food prepared by someone else – and therefore the impact of the scenario on revenue for restaurants, cafes, catering, and other food businesses relative to today.

- What proportion of consumers' food will be delivered?
  This looks at the possible impact of the scenario on delivery revenue – specifically, the proportion of food that consumers get delivered relative to today. This impact is split into groceries (or ingredients), and prepared/ready-made meals.

We use a combination of consultations, qualitative and quantitative research to inform the potential impact of each possible future. Where data exists, trends are extrapolated and correlations between key variables calculated, enabling us to estimate the impact of a change in one variable on broader food consumption.
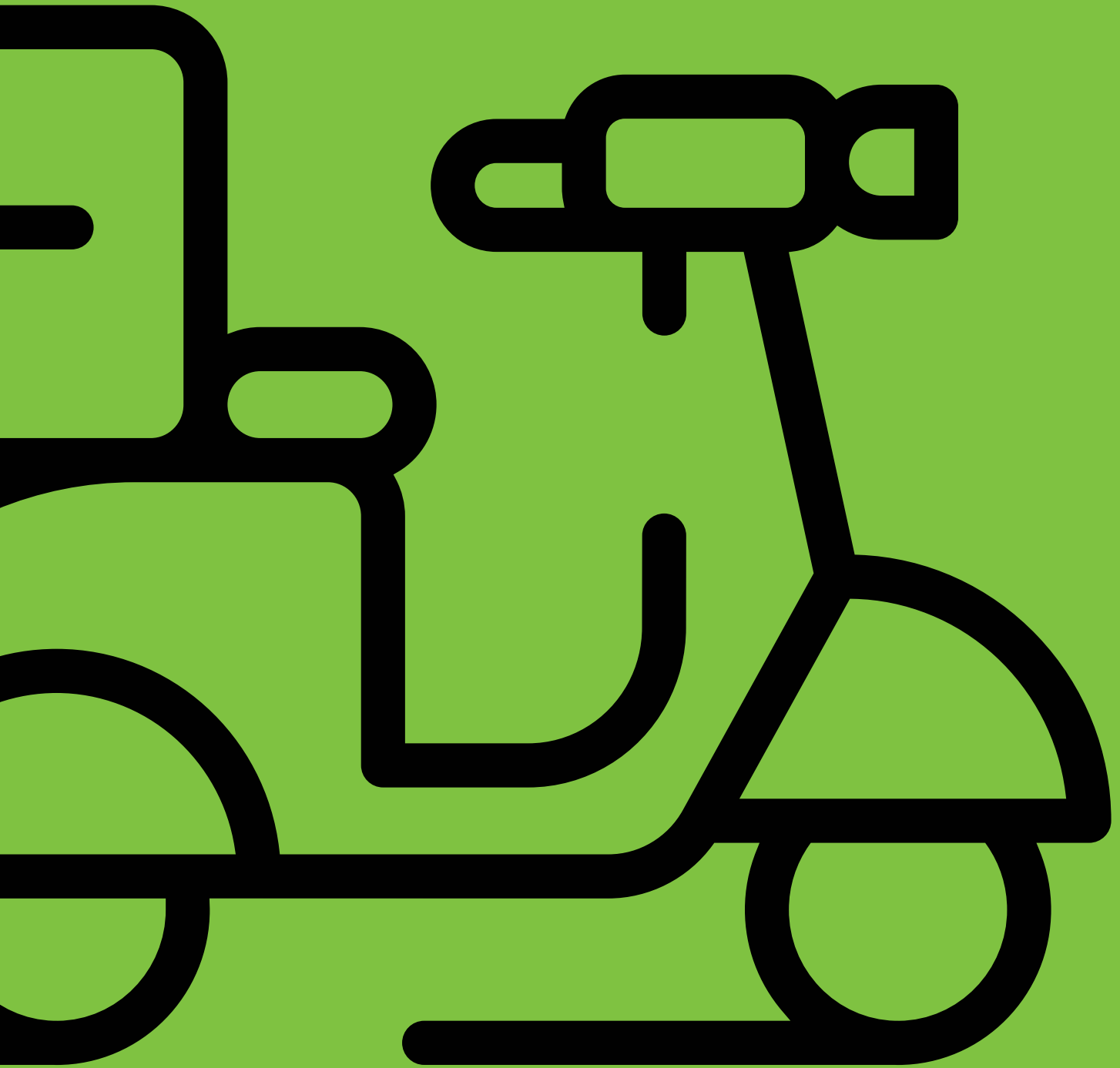
Scenario
One plate at a time

🌿 **Food technology**

🗜 **Controlled systems**

🌸 **A thousand flowers**

📈 **Home kitchens**

🍴 **Meat-free consumption**

🌱 **Ethically conscious**

💰 **Rising incomes**

🎓 **Better informed**

In this scenario, ethical consumption becomes the norm, and the food ecosystem is geared towards social and environmental responsibility. This scenario is about saving, and feeding the planet.

There are two overlapping camps of **ethically conscious** eaters; environmentalists and welfare-driven. Firstly, environmentalists demand food that has a minimal impact. This demand is met by **controlled systems** and advancing **food technology**. Food is labelled with a carbon footprint rating and packaging is compostable.

Meanwhile, **better informed** consumers are more concerned about welfare, eating a predominantly **meat-free** diet, relying on synthetic meats to reduce the need for animal products.

These two groups of consumers create demand for food that is sourced and prepared locally, supporting the rise of **thousands of smaller restaurants** and **home kitchens**. Larger brands that are able to build consumer trust will also flourish. While this produce is more expensive, **rising incomes** mean that consumers are willing to pay the necessary premium to minimise their environmental footprint.

How much will we spend?

The Asia Pacific already leads the world in terms of ethical consumption.[44] But, under this scenario, we will see the number of ethical eaters increase significantly.

However, eating ethically comes at a price. Sustainable goods are in some cases up to 30% more expensive than regular products.[45]

As the proportion of people willing to pay that premium increases, so too will total food spending.

🟢 A lot more than today

🟡 The same as today

🔵 A lot less than today

How much of our food will be prepared by someone else?

Ethical consumers seek to make informed food choices. To do this, they require information about where the food is sourced, the ingredients used, and how it is prepared.

Consumers looking for certainty will increasingly choose to source and cook their own food, whether that be through local farms or trusted suppliers. Existing evidence shows that ethical consumption leads to a 13% decline[v] in restaurant spending per week.[46]

When consumers do eat out, they will look for assurance that the meals are prepared in line with their beliefs. This sees large trusted brands flourish, while smaller local restaurants have the potential to draw in new crowds.

🟢 A lot more than today

🟡 The same as today

🔵 A lot less than today

[v] Calculated as a percentage decline based on average weekly expenditure on food.
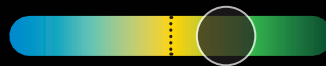
How much of our food will be delivered?

Groceries

Environmental eaters look to minimise food miles and waste in order to manage their impact. However, convenience is still important.

As a result, consumers will look to have more of their groceries delivered (for convenience), but by local producers or co-ops.

- A lot more than today
- The same as today
- A lot less than normal

How much of our food will be delivered?

Prepared/ready-made meals

Consumers will do more cooking at home (to minimise their carbon footprint), which means that delivery of ready-made food will fall. However, businesses that shift their delivery models to accommodate ethical preferences could increase their revenue. For instance, using bioplastics[47] to reduce food packaging, or bike couriers[48] rather than drivers, will attract new customers.

- A lot more than today
- The same as today
- A lot less than today

What does it mean for industry?

Trusted brands with transparent supply chains will flourish in this scenario, as consumers are willing to pay a premium for ethical produce – whether it be ethically grown, ethically prepared, ethically sourced, or all of the above.

Successful businesses will offer increasingly customised products, which enable customers to make food choices that reflect their ethical values. For example, environmentalists may opt to order their lunch from platforms that use bike rather than car couriers, or that use paper over plastic food packaging.

For restaurants, embodying a particular ethos, and building a rapport with customers, will be key.

Scenario

Data driven food

- **Food technology**
- **Controlled systems**
- **Personalised catering**
- **Rise of the platform**
- **Next wave**

- **Healthy**
- **Convenience**
- **Rising incomes**

In this hypothetical future, artificial intelligence and disruptive technologies underpin everything from nutrition to agricultural practices.

Rising incomes, coupled with increasingly busy lives, mean that consumers outsource their food decisions to technology-enabled life managers.

Health conscious consumers use wearables such as smartwatches to monitor their vitals and adjust their nutrition accordingly. This feeds in to **personalised catering**, which takes the guesswork out of eating by automatically generating meal plans based on nutritional needs and preferences (e.g. ethically-conscious, health conscious, or gluten free).

Next wave technology and the **rise of platforms** have taken delivery to the next level, with even more **convenience** irrespective of a consumer's location, allowing consumers to eat when, where and how they want.

But this level of trust requires transparency. Consumers are only willing to outsource to businesses lay their **cards on the table** with regards to nutritional information and provenance.

On the supply side, **food technology** has brought down the cost of raw ingredients, and **controlled systems** supplement human effort to ensure nutrition security.

How much will we spend?

Technology-enabled efficiencies in agriculture see the costs of raw ingredients decline. For the cost-conscious or no-frills eater, this means lower prices.

However, few consumers will fit in this category. Already, consumers are willing to pay up to twice as much on their weekly food bill for a subscription meal kit service.[vi]

The cost of food will be less determined by the cost of ingredients, and more by the personalisation of meals.

- A lot more than today
- The same as today
- A lot less than today

How much of our food will be prepared by someone else?

More and more, food preparation occurs outside the home.

Today, more than half of all consumers in the Asia Pacific eat out at least once a week – the highest in the world.[49] In this scenario, convenience drives this trend forward, and consumers look for easy options that meet their needs.

Even eating at home will be unrecognisable; consumers subscribe to receive personalised packaged meal kits, saving them from the daily question of what to make for dinner. In Australia alone, this industry is predicted to be worth $689 million by 2023–24.[50]

- A lot more than today
- The same as today
- A lot less than today

[v] Calculated as the average cost per meal in a delivery kit, compared to average cost per meal from household groceries.
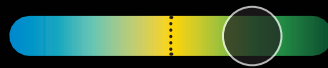
How much of our food will be delivered?

Groceries

As meal preparation outside the home becomes the norm, delivery will begin to dominate the distribution of food.

While few people choose to cook at home, when they do, they get their groceries delivered. Technological advances make online ordering the easy decision.[51]

- ● A lot more than today
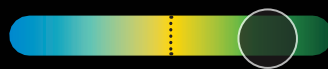- ● The same as today
- ● A lot less than today

How much of our food will be delivered?

Prepared/ready-made meals

Subscription food services significantly increase the proportion of meals delivered.

One-third of Chinese consumers already have an online delivery subscription;[52] and in this scenario, that proportion grows significantly.

- ● A lot more than today
- ● The same as today
- ● A lot less than today

What does it mean for industry?

Businesses that provide personalised meal solutions can achieve high profit margins, but there is also an opportunity for businesses to cater to the 'no frills' customer through bulk ordering.

It's a challenging time for grocers that don't adapt, as prepared and ready to eat meals explode at the expense of home cooking.

Similarly, everything is delivered, as convenience reigns supreme. Food businesses must adapt their business models to cater to time-poor consumers who want food when and where it suits them. In this world, relationships with platforms that connect food to consumers will be vital.

Scenario
Master chef

🥫 **Cards on the table**

🍎 **Healthy**

👪 **Family time**

🍲 **Master chef**

💰 **Rising incomes**

🎓 **Better informed**

There has been a return to home cooking in this possible future, and for **master chefs**, eating together is critical **family time**.

Better informed families are focused on obtaining the best quality ingredients to eat **healthy** food. The process of preparing and sharing food becomes a way for families to bond. When they do eat out, they require businesses lay their **cards on the table** so they can assess food quality.

Rising incomes mean consumers can afford to pay for the best, but sourcing fresh ingredients can be challenging for city-dwellers. As a result, more consumers are planting their own vegetable garden, growing produce to ensure they get the diversity they seek.

Some purchase meal boxes to lessen the pressure but keep the cooking experience, leaving more time to spend together. Others take the time to prepare a special meal once or twice a week, and supplement with other food options on busier days.

How much will we spend?

A focus on quality means more people are willing to spend on premium food; both at home and out. Today, around one-third of consumers are willing to pay a premium for natural and health foods;[53] and under this scenario, that proportion jumps.

No longer just for restaurants, gourmet and specialty products are in hot demand in home kitchens. Aspiring chefs aim to emulate the stars, but it will cost them. We see the 'MasterChef phenomenon', where food expenditure grows 3–4% the year following the show's premiere, prevail.[vii]
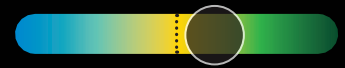
🟢 A lot more than today

🟡 The same as today

🔵 A lot less than today

How much of our food will be prepared by someone else?

Instead of wishing they could spend more time together,[54] families increasingly use mealtimes as a way of bringing everyone together.

There is a slight increase in the number of meals cooked at home, and these tend to be a production. However, the time commitment associated with these meals mean that, on other days consumers look to simplify the process of getting good quality meals on the table – whether that be through meal boxes or dining out.

Revenues from traditional dining-out may fall, but adaptive kitchens will find new revenue streams.

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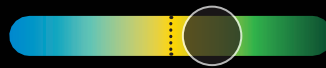
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[v] Calculated by looking at the change in food expenditure, following the release of MasterChef in various countries across the Asia Pacific.

How much of our food will be delivered?

Groceries

Home cooks focus on quality for gourmet nights. This sees the current preference for shopping offline for fresh produce persist,[55] and community gardens flourish. But consumers compromise when needed, in order to have more quality time at home. On balance, the impact on grocery delivery is modest.

- A lot more than today
- The same as today
- A lot less than today

How much of our food will be delivered?

Prepared/ready-made meals

For days when time is short, delivery helps to put food on the table for a family dinner. With time at a premium, the one-quarter of consumers who order delivery for a family dinner today increases.[56]

- A lot more than today
- The same as today
- A lot less than today

What does it mean for industry?

There are opportunities for businesses that refocus on helping people put wholesome, high-quality food for the whole family on the dinner table.

A renewed interest in cooking for leisure presents a challenge for restaurants that specialise in the 'dining in' experience. But smart restaurateurs can diversify their offerings.

Using commercial kitchens and industry expertise to teach and inspire master chefs opens new revenue streams. And some restaurants can even move into the supply business, selling high-quality ingredients and meal bases.

While demand for premium ingredients will marginally increase food expenditure, the rise of home cooking could put downward pressure on restaurant revenue.

Scenario
On trend

 Food technology

 Home kitchens

 Rise of the platform

 Next wave

 Instagram-worthy

 Experience economy

 Winners and losers

 Rising incomes

Experience is just as important as taste, and social media is key for trend setting in this possible future. Looking to have more food experiences, people have many snacks, rather than three meals a day.

As a result, anyone can win at the food game. **Wealthier** consumers have access to an increasing range of options. Advances in **food technology**, such as 3D printed food and botanically-infused beverages, as well as broader **next wave** technologies such as augmented reality, widen the range of experiences possible.

Consumers will go out for fine dining, select their own produce to be cooked, and peer into **home kitchens** as their food is prepared.

Local restaurants that manage to create **'Instagram-worthy'** food and experiences can make it big, but others will struggle.

Influencers on **platforms** are kingmakers, meaning that the tides of fate can turn quickly. **Winners and losers** change as what's on trend evolves.

How much will we spend?

Consumers are willing to pay a premium to be the first to experience the latest food craze. Already, three-quarters of us use Facebook to decide where to eat,[57] and social media will continue to shape our preferences in extreme ways.

Staying on trend doesn't come cheap. As social media continues to grow, food expenditure will keep pace. [viii]

● A lot more than today

● The same as today

● A lot less than today

How much of our food will be prepared by someone else?

The experience economy will increasingly dominate, as consumers look for interesting content to fill their social media feeds. Bespoke experiences like 'dîner en blanc' and innovative foods like the 'cronut' will make eating out 'go viral'.

There are already close to 30 million posts for #restaurant, but fewer than 10 million for #homecooking on Instagram.[58] A shift towards buying experiences will see restaurant expenditure grow,[59] with consumers willing to travel out of their way to experience the next big thing in food.[60]

● A lot more than today

● The same as today

● A lot less than today

[v] Calculated by looking at the correlation between social media penetration and food expenditure as a proportion of disposable income.
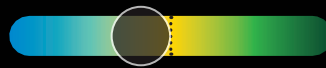
How much of our food will be delivered?

Groceries

Food delivery may plateau in this scenario, as consumers increasingly look for the complete dining experience.[61]

With cooking at home falling out of favour, to the extent that grocery stores can create experiences, delivery will fall.

- ● A lot more than today
- ● The same as today
- ● A lot less than today

How much of our food will be delivered?

Prepared/ready-made meals

Delivery for prepared meals is unlikely to fall far. Smart restaurateurs will use next wave technologies to bring dining experiences into the home. This could be watching your meal be prepared live, and tracking its progress, or a multimedia experience paired with your food.

- ● A lot more than today
- ● The same as today
- ● A lot less than today

What does it mean for industry?

Consumers seeking experiences with their food will be willing to pay a premium. But the fate of any particular restaurant will be determined by whether it's hot – or not.

Restaurants that manage to create the perfect 'insta-grammable' moment will experience surges in interest, and in revenues. This will be true whether you are a home kitchen or a start-up.

But trends, shaped by social media influencers, will move quickly. Unpredictable consumers mean that businesses need to innovate constantly to stay on top.

Businesses that focus solely on taste may struggle to keep up. Given the preference for eating out, delivery businesses will need to leverage technology to create engaging food experiences.

Having a social media presence, and positive reviews online will be increasingly important in this future where the 'experience' dominates the decision about where to eat.

Our tastes and preferences are evolving. Technology and globalisation mean we have more options than ever, and nowhere is this easier to see than in food.

In the Asia Pacific, the food ecosystem is changing to adapt to these trends. With this change comes new opportunities. For example, technology enables more food producers to sell directly to consumers, and restaurants can reach new customers through food delivery platforms. However, it is still an interrelated ecosystem with different players reliant on others for long term growth and success.

It is difficult to predict exactly how future trends will impact this ecosystem, and the food industry. In this report, we explored just four different versions of the future:

- The 'one plate at a time' scenario leads to big increases in food expenditure.
- If the region moves to 'data driven food', delivery of prepared meals will spike.
- More groceries are delivered in a 'master chef' future.
- In 'on trend', we see a huge jump in total revenue for restaurants.

To some extent, the actual mix of trends which end up having the most significant impact will be driven, in part, by forces outside the control of industry. However, the industry also has an opportunity to shape its own path and encourage and respond to trends that align with its vision for the future. This could be through educating customers about sustainable food packaging, or inventing the next 'cronut'. Ultimately, innovative businesses that are supported by partnerships in the ecosystem will flourish.

We can shape the future of food.

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