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Before I reveal my predictions for 2022, it is only fair to revisit my past predictions made pre-Covid, at this time in 2019, to see how far off the mark I was. Here's what I was forecasting then:

- Private label would be neck-and-neck with major brands in unit sales, growing from 33% of the market to 50% by 2023.
- Ghost Kitchens would have a major impact by 2022.
- CBD regulations would be clarified by the end of 2022.
- Plant-based labeling would have more clarity by the end of 2020.

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- Cell-based would have more traction by 2023 and could become a real factor in the industry.

Here's where things now stand.

Private label has outpaced name brands four years in a row and continues to do so. While name brands made a recovery during Covid, I will stick with my prediction for 2023 that private label will become the majority player in unit sales.

Ghost kitchens have also cooled a bit since the economy reopened and customers have returned to dining out. But since 60% of consumers now order delivery or pickup at least once a week, takeout is predicted to rise to 21% of restaurant industry sales by 2025, according to Technomic. So I will also stick with my prediction that ghost kitchens will have even more of an impact in 2022.

If you asked the FDA in 2018 if it was legal to sell food or drinks infused with CBD, the answer, unequivocally, would have been *NO*. In 2021, Congress initiated a bill to legalize CBD-infused food and beverages, but it has not passed to date. So the answer is still no. However, I will stick with my prediction that by the end of 2022, we will have clarity on this topic, especially since research indicates that global CBD edibles will expand at a CAGR of nearly 14% over the next decade according to Transparency Market Research.

Plant-based labeling has caused some real confusion and tons of litigation. While some progress has been made on labeling, I missed the boat on this one, and it will be much longer until we get clarity.

Cell-based products have generated much interest. In just five years, the cell-based meat industry has evolved from a handful of startups to around 80

startups, including companies developing end products and those working on specific technology challenges. More than \$800 million has been invested in the space since its arrival in 2016, according to IFT, so I will also stick with this prediction as well.

Now, my new predictions for 2022:

1. **Technology will continue to accelerate at a feverish pace** in the F&B industry and permeate every sector and process. From autonomous vehicles, drone deliveries, smart refrigerators, robotics, AI, just walk-out stores, weed-picking robots, Viome to check your gut, and Blockchain, F&B has become the new tech industry! Even as brands transform with tech, so are retailers, such as Kroger KR **-1%**, which is taking bold steps to affiliate with and acquire technology by teaming with tech company Ocado to build robotic fulfillment centers.

2. **Plant-based and cell-based continue to rise, but slowly, into a possible niche category.** This is an expansion of my earlier prediction, especially considering that we now have hybrids where plant-based and cell-based collide, and because of the importance of ESG to consumers. Consumer education is still a must for cell-based to be successful. Because of environmental concerns and the need to feed the world in the future, these products are critical. Further facts supporting growth include an IBM **+1.5%** survey that found 80 percent of consumers believe sustainability is important and nearly 60 percent would change shopping habits to reduce environmental impact. The survey also found that about 64 percent of shoppers follow a diet or health-related wellness program, up from 49 percent in 2018. Additionally, there's fierce competition as large companies have entered the market for plant- and cell-based foods, namely

Conagra CAG +1.9%, Kroger, Impossible, and Beyond. Nestle has cultured meat. JBS recently announced plans to invest \$100 million in cell-based meat. Redefine Meat also launched a 3D plant-based meat. Slovenia-based Juicy Marbles produces filet mignon-like meat, and Copenhagen's Geranium will make the move to a meatless menu starting in January. The one that really gets me is lab-grown mouse meat cookies for cats.

3. Frozen Foods stay strong and continue to grow despite the misconception of frozen foods as synonymous with poor quality and poor health in the past. In addition to filling home refrigerators, frozen foods are proliferating at restaurants, and restaurants are providing new menu items for frozen. Even Martha Stewart created a new line. There's also Feel Good Foods with gluten-free frozen products. Further driving growth, 72 percent of frozen food consumers combine frozen and fresh ingredients according to the American Frozen Food Institute, and Statista notes that frozen pizza sales in the United States have been rising steadily, up from \$4.98 billion in 2019 to \$5.47 billion in 2020 and a projected \$6.06 billion in 2021. Companies are jumping in full force, with plant-based sausage from Beyond Meat, chick pea crust from Banza, Harvest pizza bowls from Nutrisystem, and Nestle's DiGiorno Original Rising Crust mac and cheese pizza in 2022. Daily Harvest, a company that specializes in frozen-food products, including ready-to-blend smoothies, is valued at \$1.1 billion.

4. The big trends for restaurants will continue to be outdoor dining, delivery and ghost kitchens. While there are mixed opinions about ghost kitchens, Alliance Kitchens recently formed a ghost kitchen combining several brands in an interesting twist. With labor and food costs as their greatest concerns, ghost kitchens allow restaurants to operate more efficiently and add to their bottom lines. Manufactured "kits" will reduce

costs. Delivery of both takeout and groceries will continue to increase, albeit in a very competitive market. KFC initiated Grab and Go, and McDonald's MCD +2.4% has a new partnership with Uber Eats and DoorDash. Outdoor dining will proliferate and become a mainstay. But beware! All of these options will make analyzing the costs of delivery, ordering platforms, brick and mortar rents, labor, inventory, technology, promotions and customer loyalty programs very tricky.

5. Direct-to-consumer will continue to outpace all other distribution channels. Everyone seems to be taking part in this phenomenon, even farmers! 73% of consumers recently bought groceries online. CPG companies can make up for additional shipping costs with great logistics systems, fewer coupons and slotting fees, increasing margins while consumers pay less. It's a win-win as it eliminates layers of cost to the consumer. Who loses? Distributors could have to shift focus more to the food service sector (restaurants, etc.) and retail revenues could be hit. But brick-and-mortar retail is growing its ability to serve customers through e-commerce. Stores are not standing still. During the pandemic, retailers grew online sales through curbside and delivery as well.

We'll be back next year to check in on how I did with these predictions. In the meantime, happy holidays to all, and continue to look for my monthly column in these pages.

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