

5 CHALLENGES THAT MEAN OPPORTUNITY FOR B2C THIS YEAR

A Whitepaper by **Christopher Wolf**, SVP, Strategic Planning & Insights, Marlin Network

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Who knew 2022 would be more difficult than 2021? While the pandemic shutdowns were a shock two years ago, it was the slow, delayed, recurring waves of near-recovery and then relapse back to restrictions that wore thin on businesses and their customers. And now we are coping with the added economic challenges brought on by uncertainty and disruption due to Russia and Ukraine's ongoing conflict. It seems no one can catch a break!

But if we learned anything from the pandemic, it was that challenges bring opportunity for the nimble and innovative. Here's where we see fertile ground:



1

Pumped
Prices
Pushback

2

Self-Care
Catalysts

3

Plate / Patron
/ Planet

4

Political
Global

5

Non-
Conventional
Novelty



1 Pumped Prices Pushback

The pressure was building on prices of almost everything even before the Ukrainian crisis. Now it seems to be a price-taking free-for-all to make up for a decade of minimal increases. But while grocery inflation is hovering near 9% and menu increases are registering just under 7% higher versus a year ago, spot checking shows increases of 15 to 20% for meat and certain produce since the beginning of last year. Menu prices for entrees have increased 13%, appetizers 18%, and side dishes 23%, according to a recent analysis from Datassential.

Consumers have noticed the increases and, anecdotally at least, they say they're making tradeoffs and cutting back on things they can live without. But that's not the end of the story: History tells us consumers will STILL try new things that look like help in times like these.

“Don't Eat Meat” sounds like a recent sustainability or animal welfare driven mantra, but this “Time” magazine cover shows that in 1973, it was a reaction to high meat prices. Remember Hamburger Helper? It was introduced in 1971 and more than ¼ of households reportedly tried it that year. Then grocery inflation spiked in 1972, peaking at 20% in 1973, making it “Hamburger Lifesaver” for a time when consumers had to stretch budgets more than ever.

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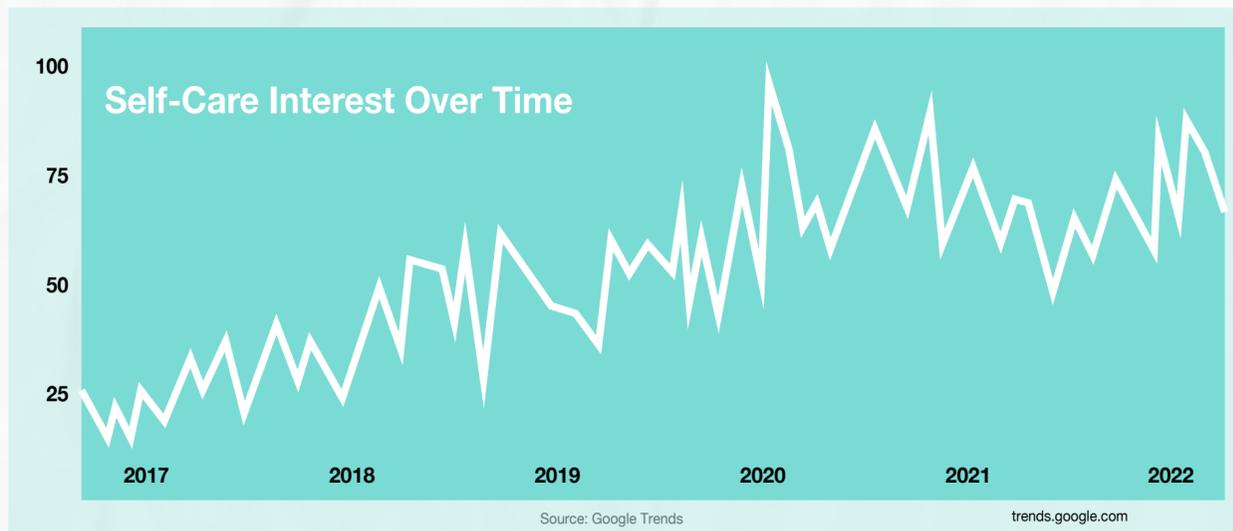
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Self-Care Catalysts

Another casualty of the pandemic is people's nerves and their former sense of general well-being. Continued market and life volatility, and now uncertainty about the world order, has people coming unhinged on airplanes, in restaurants and on live television, seemingly over things that three years ago people would have been able to withstand.

Interest in "self-care" has tripled in Google searches over the past few years. For some, it's about eating healthier. For others, it's about soothing anxiety, whether taking a bubble bath, staying in for the night, or making a special cocktail.

Self-care doesn't have to cost anything, but because it promises an intangible but highly prized payoff, it gives consumers an excuse to splurge on a "catalyst" or helper if they're given the right cues to justify it. In a way, then, self-care could be immune to inflation to some degree right now, because it's not a staple with an expected cost. Therefore, certain foods or food experiences positioned as self-care could be a way around the current pushback on higher food costs.



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3 Plate / Patron / Planet

Words and actions have always carried potential consequences, but in recent years, corporations and individuals are being publicly heralded or called out for either exceeding, or failing to live up to, someone's expectations. In this advanced stage of accountability, however, it's no longer enough to simply write a press release or announce vague long-term commitments and call it "done." Brands need to choose a personal and relevant platform and point of view they can stick to, align with, evolve with, and nurture, as opposed to jumping from one high-profile flash-mob cause to another.

Coming out of the pandemic, things have moved beyond companies simply certifying the "sustainability" of their products or practices. Increasingly, we see clients choosing one or more topics to address in content strategy plans and communicate through regular nurture campaigns aimed at specific audiences. That's because consumers and customers alike are looking for more information and enablers to allow them to make increasingly responsible choices that are personal and relevant to them.

"Plate" and "Planet" responsibility are probably more obvious areas for food companies and restaurants to activate, but "Patron" may be less obvious at first. That is, until we look at consumer surveys of "Food-Fluencers" ([see this blog for more context on this topic](#)) and find that 83% think that food companies should take more responsibility for SOLVING the obesity crisis (vs. 62% of the general population, which is still a staggering number).

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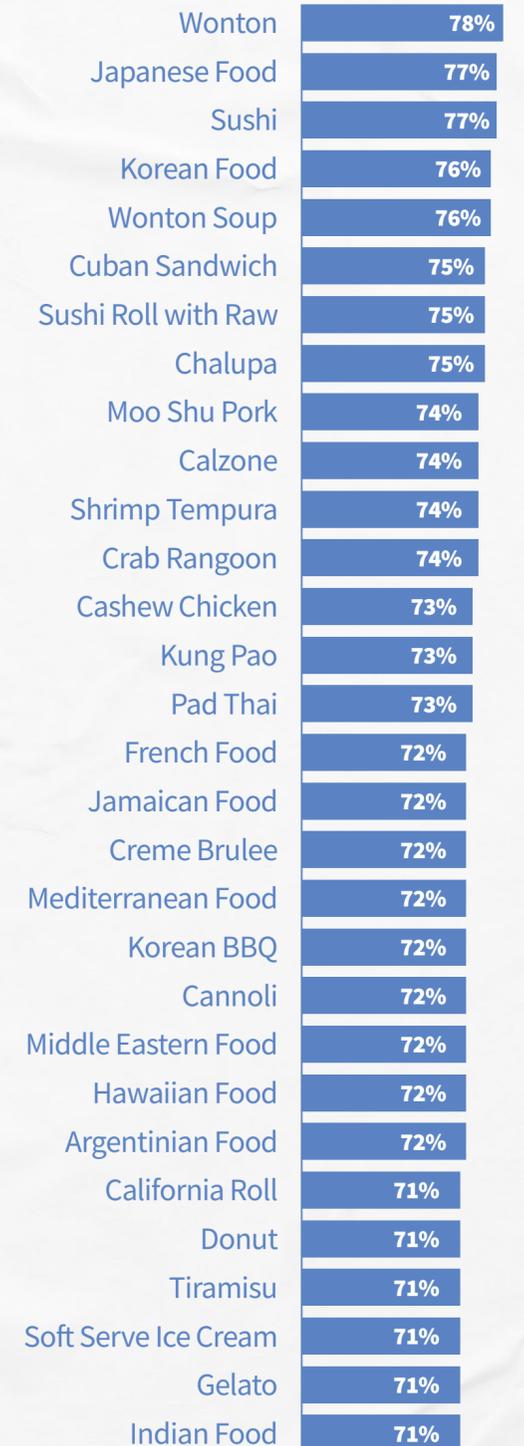
4 Political Global

Another development to watch will be the degree to which global disruptions influence America’s interest in various flavors and regions of this country and others. Even before the world’s assumptions about sovereign borders was recently called into question and ignited a mass movement among governments to re-examine their own defense systems, many countries had been showing signs of looking inward and even protecting their language and culture with legal measures. Chinese restaurants were even said to suffer early in the pandemic from an illogical association with Covid’s country of origin and the spread of the virus. A similar misunderstanding that has stymied food exploration and expansion in recent years has been the tendency to denounce artists and producers for appropriating others’ cultures through literature, fashion, art and even food.

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of consumers disagree that “for food to be authentic, it must be made by a person from that culture.”

Trader Joe’s announced the discontinuation of playfully named ethnic-dish store brands (Trader Jose and Trader Ming) in 2020 when a single teenager called them out on social media; but they later recanted after some reconsideration. Consumer studies suggest that criticisms of food industry brands or restaurants that “appropriate” ethnic dishes or imagery should not be given too much weight: A 2021 Datassential survey shows that 72% of consumers disagree that “for food to be authentic, it must be made by a person from that culture.” This is an important perspective for the food industry, given that there is a long precedent of mainstream CPG companies offering Mexican, Italian or Chinese-based products. Similarly, individuals like Chef Rick Bayless have been praised for elevating people’s understanding of authentic Mexican cuisine, despite having no genetic connection to the Latin culture.

Foods people most want to get away from home



4 Continued: Political Global

Finally, because America is a country whose fabric is intricately woven with a centuries-long list of immigrant cultures who have come in distinct waves over time as a result of political and economic disruptions in their homelands, it's likely that the United States' acceptance of a fresh wave of Ukrainians will result in a stronger exchange and exposure to Ukraine's food customs and further expand our range of options.

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5

Non-Conventional Novelty

The industry continues to test the full potential of plant-based ingredients (i.e., those vegetables, legumes and fruits that we've been eating for years, but suddenly feel new again now that we're referring to them as "plant based") through continued innovation focused especially on animal protein replacements. But plant-based and planet-friendly isn't all the consumer is interested in: After a long two years of being locked down and restricted to home or social-distancing rules, consumers have unspent savings and cancelled/postponed events that need to be addressed. Restaurants are doing what they can to amp up the experience as well as the novelty in food offerings to attract patrons.

Catered events give restaurants an excuse to put their brand on wheels, with companies like In-N-Out and Shake Shack offering Cookout Trucks and Shack Trucks to serve their products to order, anywhere. Weber Grill and Backyard Burger will bring the party to the backyard with on-site grilling equipment and buffets.



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5 Continued: Non-Conventional Novelty

Quickservice LTOs are ripe with mash-up novelty. 7 Eleven's Churroccino Latte and Bonfish Grill's Carrot Lava Cake combine two favorites for an enhanced eating experience. "Loaded" is expanding with Jack in the Box Loaded Fries with Triple Cheese and Bacon Sauce, and Red Robin's Smothered BBQ Brisket Chips. "Boxes" are big with Jack in the Box's Munchy Madness and Chicken Big Boxes, Pizza Hut's Big Dinner Box, Taco Bell's Breakfast Box, and Popeye's Shrimp Tackle Box. Subway embraced the breadless bowl platform a little over a year ago, and recently issued a press release to let people know about its Subway Vault, a secret menu only available online or via its mobile app.

Providence RI-based Neon Marketplace is redefining consumers' ideas of a gas station with a front-and-center 800-degree wood-fired pizza oven inside its recently opened stores in the New England area. Its quality and variety rivals any fast casual-style restaurant, at prices consumers will flock to as their favorite brands become too costly.

Now that consumers have gotten over the tech hump of ordering groceries and meals for home deliveries, supermarkets and sit-down restaurants alike also will have to turn up the volume on reasons to come and hang out, providing more experiential food theater-style upgrades to drag people away from their couches and kitchens they became cozy with during the pandemic.

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So while it's naïve to deny the serious effects of an extended pandemic, continued inflation, ongoing supply-chain and labor force challenges, and a series of upheavals across the globe threatening economic and political collapse at any given time, it's still possible and necessary to continue charting a course toward lands of opportunity that offer growth and promise in between the storm clouds.



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