



**The COVID Anniversary:
Has 1 Year Changed Our
Relationship to Food Forever?**

NOURISH
food marketing

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It's now a year since we went into what's essentially been long-term lockdown mode. While most of us probably won't be vaccinated until fall, once things open up again, what will be the lasting changes to our relationship with food — how we source it, prepare it, eat it, share it, and what we want from it? What will a post-COVID “normal” look like?

Our food system has never seen such a profound disruption. We've established new habits and a different way of seeing the world. We've rethought how we spend our time, energy, and money. But those resources are finite; how will we divide that pie going forward?

We may well experience a Roaring Twenties Redo once things open up, with everyone letting off pent-up steam and exuberance to experience life again. While the end of living with COVID may happen by the end of 2021, we will remain vigilant against other airborne illnesses and viruses. The vaccine will not be a cure-all. The world will be a place where we live with viruses, similar to how we live with cancer. Will we ever again think of the tradition of blowing candles out on a birthday cake and then handing out the pieces to others as safe?

Let's explore the many changes already in play, and those likely to come, ranging from subtle to seismic.

Part 1: What We Want From Food

Nourish Food Marketing publishes an [annual report on food trends](#), and we found many existing trends accelerated during the pandemic, and several new ones emerged.

For example, consumers have shifted some of their discretionary entertainment and travel budget into food as a way to deal with boredom and anxiety. We've been treating ourselves to more “splurge experiences.” Even jewellery sales are up! And, we're trading up to prime rib at the grocery store for a more affordable option to fine dining.

We've rediscovered the joy of the family mealtime, too — although we'd like more help getting it on the table, please. This revived ritual has become a daily highpoint for many people, with 85% planning to eat family meals more often or the same amount once things return to the “new normal.” (Source: August 2020 study by the Food Marketing Institute U.S.)

77% of Canadians agree or strongly agree with the statement, “Food and eating are important ways I stay entertained during the pandemic.” (Source: Decoded/Angus Reid, Jan. 2021.) Those funds will shift again when the world reopens, and that finite-sized pie will be carved up in different pieces. And food prices, both in Grocery and in foodservice will rise above the rate of inflation (3.5-5% increases forecast according to Agri-Food Analytics Lab), so will those meal kits or delivery options still be as attractive? One thing we can bet on: current behaviours will change again.

We're expanding our understanding of what's "healthy"

As food has become more about pleasure and well-being and less about body image, the definition of health has evolved to include mental health. The link between food and mood/mental health has been firmly established during the pandemic, so expect even more acceptance of those extra pounds and a possible end to diet culture. The era of the energy drink may also be over. All the stress and anxiety of 2020 has created a new market for food and beverages that claim to promote a calm headspace, relaxation and sleep, or provide resilience.

The importance of immunity health will continue as well. Consumers see food & beverage with benefits as a path to wellness and eating to boost immunity. The lines between the supplement and grocery aisles will continue to blur. That means superfoods, probiotics, broths, and sauerkrauts. Suppliers are incorporating functional ingredients like vitamin C and D, mushrooms, and adaptogens to foster calmness and support the immune system.

Comfort and nostalgia, which also tie into emotional well-being, sell right now – in extraordinary times, we crave the ordinary. We're wired as a species to balance risk with comfort. So while we may reject "new" or "innovative" now, we will be more open to it as our comfort levels go up. How can you elevate those comfort foods that consumers craved so they remain relevant as the external risk factor goes down?

Mindful eating trends are enjoying a major boost

As mentioned earlier, some pre-COVID trends gained momentum during 2020 and into 2021. Examples include local foods and food security, a rise in conscious consumption and understanding how different inputs were treated, and the mainstreaming of plant-based foods and beverages.

According to U.S. IRI data, the fastest-growing attributes/benefits in 2020 were Product Origins (e.g., local, made in U.S., artisanal), followed by Societal Care (e.g., B-Corp, eco-friendly, Fairtrade), and Lifestyle Diets (e.g., plant-based, keto).

Dollar Sales Growth of Products With Attribute and Benefit Types

Attribute Group	F&B 2020 Growth
Product Origins (e.g., Artisanal, Made in USA)	18%
Societal Care (e.g., B-Corp, Eco Friendly, Fair Trade)	14%
Lifestyle Diets (e.g., Ketogenic, Plant-Based Diet, Vegan)	13%

Source: IRI POS Data, Label Insights Claims, MULO+C, Data ending 12/27/2020

The importance of highlighting local and Canadian was also shown in a recent FCC survey, with 58% of Canadians saying they are more likely to buy Canadian-made or -grown food, 56% are more likely to look for Canadian-made or -grown food when they buy groceries, and 50% are more likely to think about how their food is grown since the start of the pandemic. "Canadian" is a point of difference that sells if highlighted and promoted. (Source: [Farm Credit Canada, 2021.](#))

Could plant-based be at a tipping point? While it's shown an enormous percent increase, its share of protein is still small (around 2%). These products now have mainstream awareness, broad Grocery distribution and are available in most QSRs. During the pandemic, there has been a refocusing on planet health and an understanding of how connected we are. There also seems to be a shared understanding that our current way of eating is not sustainable. Meat processing was front-page news, and consumers are thinking for the first time about how their food is raised and processed. History has shown that people are willing to shift their diet dramatically. In Canada, for example, 40 years ago, people ate 37 kilos of beef per person; now we eat 25. And 14 kilos of chicken and turkey has become 25. So, there is room for material changes in diet. (Source: Statistics Canada 1976 versus 2017 data.)

Concern over reducing food and packaging waste will grow — food waste, in particular, became more in-your-face as we cooked more at home. “Health” will broaden beyond just personal health to include planet health. Single-use plastics became more popular for safety reasons during the pandemic, but consumers will want more reuse and reduction strategies over recycling once they feel safer, and they will start holding the industry accountable to lead that change. In February, Loblaw finally launched its previously planned Loop test in Ontario. It's an excellent opportunity for manufacturers to view packaging as an investment rather than a cost while growing brand loyalty.

FOOD FOR THOUGHT

- How can you elevate those comfort foods consumers craved so they remain relevant?
- What functional ingredients can you call out?
- How can you use local as a point of difference?

Part 2: How We Source Food

With less discretionary income, shoppers will economize where they can as the world opens up again. While Conventional store formats have grown faster than Discount over the past year as shoppers looked for a one-stop-shop, that may shift back. Private label and family-size products will be more attractive.

How much of that massive shift in share-of-stomach from foodservice to Grocery will stick? Some of the home-centric behaviour will continue. Even once offices start to open up, it's unlikely that people who can work remotely will return to the office every day. While working from home eliminates those serendipitous interactions, hurting innovation, collaboration, and culture, it doesn't appear to hurt productivity, so expect a hybrid where people work from home two days a week and go into the office three days.

Consumers finally embraced online grocery shopping - but will it last?

During the past year, Online Grocery became widely accepted. A lot of that growth will remain, with Grocers making substantial capital investments in the space. Many consumers have found it a better experience than they anticipated. For example, the quality of fresh produce has exceeded shopper expectations. However, shopping online is more expensive, at around a 6% premium, and there aren't as many bargains or loss leaders to be had as in-store.

Not to mention, consumers still enjoy the experience of grocery shopping. Once it moves back from a one-stop mission to get in and out as quickly as possible to an opportunity to discover and be inspired by new foods and ideas, expect some of those online gains to roll back. Only 59% of Canadians claim they will continue to shop online for groceries. Why? 84% enjoy the experience of shopping for groceries in-person more than online. (Source: Decoded/Angus Reid Jan. 2021.)

Could we see a hybrid approach in the future? 52% of Canadian households now shop for their groceries online and in-stores, which is a 17% growth in online grocery shopping from 2019 to 2020. (Source: NielsenIQ.) Once shopping moves back from mission to discovery, will the joy of in-person shopping revive, with staples remaining an online purchase? Consumers may order those bulky necessities like toilet paper and paper towels online while going in-person to shop for fresh and new. Will we see more subscription models for staples, similar to the Costco diaper model, with those products shipping direct from the manufacturer rather than going into the Grocery distribution system?

The big question for online Grocery is whether to centralize fulfillment like the Sobeys's Voilà model, or set up many decentralized micro-fulfillment centres. Perhaps a hybrid model based on an item's order frequency — think fast-moving (bananas) v. slow-moving (cleaning products) goods. Smaller retailers have turned to Instacart for a capital expenditure-light and scalable solution. But with margins of only 3-5% in Grocery, does that 10% commission fee make economic sense, especially for an increasingly price-conscious shopper?

Will we continue to see the centre of the store shrink as staples continue online and "Eatertainment" becomes the focus of the shopping experience? What will take the space of those hot bars and salad bars — will they be replaced by fresh meal kits and meal solutions or the "just listed" items?

Grocers will need to excite people to shop in person and add those impulse items for a higher basket ring. And they have to balance the shopper's need to feel safe while also allowing for more unique impulse purchases — those current "clean floor" policies are at odds with what shoppers want.

While Grocery has invested in online to make the experience better, shopper expectations will rise. Like our search engine experience, we will start to expect our digital food shopping platforms to know us better and predict/suggest what else we might like to order. How far can this go? There is still no ability to search by lifestyle, such as vegan, keto, and gluten-free. The next step will be to better support shoppers with online tools for meal planning that are diet-specific, recipes with matching baskets, as well as top-ups for using what's in your fridge and pantry already.

We're craving comfort, but we're also more open to trying new things

COVID has been a period of discovery for smaller brands and private-label. Large CPG companies lost share to private-label and smaller CPG companies over 2020 as shoppers took whatever they first picked up or needed as an alternative when their usual brand was out of stock. (Source: [IRI US, 2021](#).)

There has been a rediscovery of other traditional products as well, like frozen foods/meals. Legacy brands, especially in frozen and shelf-stable, got unprecedented trials as shoppers tried to stretch the time between shopping trips.

Manufacturers who retooled those products in the past decade with cleaner labels and Better For You ingredient decks are now reaping the benefits and could hold on to those gains. And that includes private-label products, many of which are seen as good quality by consumers while also saving them money.

The traditional grocery store competitive set has now expanded beyond just other grocery banners. Consumers have developed new direct relationships with producers and craft brands, using DTC channels with shorter supply chains. Nearly 5% of Canadians purchased directly from farmers during this period. (Source: Dalhousie University Agri-Food Analytics Lab.)

Specialty meats like bison have done well, up 197%. Expect more services like Well Seasoned, recently launched in the U.S. by the co-founder of Hello Fresh, which offers pre-seasoned cuts of meat that are frozen and shipped directly to consumers. Aggregators like TorontoMarketCo.com and 100 km Foods are also here to stay.

Pandemics make strange bedfellows

These lines will continue to blur as new affiliations and alliances along the food supply chain emerge. Sobeys just announced a [partnership with Toronto-based Oliver & Bonacini](#) to sell four of its favourite comfort food entrees as frozen meals through its Voila service. Those meals will be prepared in the O&B commissary.

Walmart Canada is [testing a partnership with Ghost Kitchens Brands](#), allowing Walmart customers to order freshly prepared meals for pick up or delivery while shopping in-store.

Even KraftHeinz has entered the ghost kitchen business with three Kitchen 57 locations (2 in Toronto, 1 in Montreal), available on [SkipTheDishes](#) and UberEats. KraftHeinz is using this as a living lab; it can test recipes to gauge customer tastes in real time and be a resource for its foodservice customers.

And what will be the role of the convenience store? With people commuting less and the movement to electric cars, will we see the rise of ghost convenience stores, functioning much like ghost kitchens with a delivery-only model? Could Couche-Tard team up with a delivery service? Add to the mix 7-Eleven applying for liquor licences to sell alcohol in its Ontario stores, and soon the C-store landscape may be unrecognizable compared to pre-COVID.

FOOD FOR THOUGHT

- How can you elevate in-store shopping experience & increase basket-size?
- How can you improve online experience to provide meal shopping solutions?

Part 3: How We Prepare Food

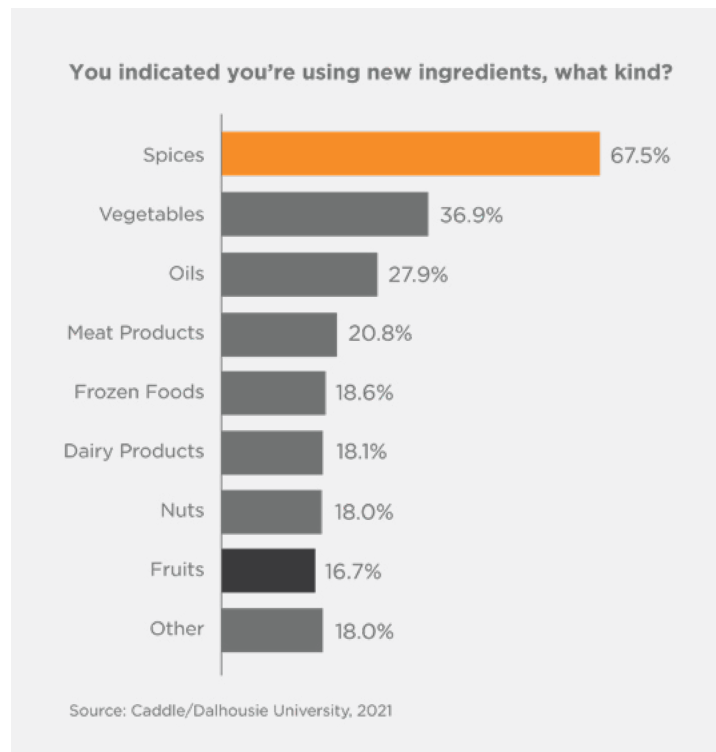
Over the past year, consumers have invested some of their new-found discretionary income in kitchen tools and gadgets to create a better at-home experience, like high-end coffee makers, baking equipment, as well as Instant Pots and air fryers that make scratch-meal preparation easy with minimal cleanup. They've also invested in backyard gardens and entertaining spaces. Will the consumer who spent a lot of money on that high-end coffee maker ever go back to paying their local barista?

How much of our cooking at home during quarantine will continue once things open back up and life gets even busier? While consumers have turned to food and their kitchens for entertainment, cooking does not appear to be getting easier for Canadians. Only 37.5% of Canadians believe that their ability to manage meals throughout the day has improved during the pandemic. (Source: [Caddle/Dalhousie University, 2021.](#))

The home cooking habit is already losing its lustre

Cooking fatigue has kicked in — a lot of us are now bored with our cooking. And even though we're working at home, we're still mentally tired at the end of the day and don't want to make that "What's for dinner?" decision. Now you've got decision fatigue, too. This mix has created a window of opportunity for meal kits to cash in on the appeal of not having to think at the end of a busy day.

Research shows that while Canadians have been busy in the kitchen, they have not tried as many new things as you might expect, sticking with what they already know or what is comforting, with experimentation limited to basics like spices and oils or a new vegetable. (Source: Caddle/Dalhousie University, 2021.)



Perhaps all that time spent on food sites was more aspirational and about entertainment rather than changing actual behaviour.

A surprising result from a recent research study showed that only 36% of Canadians had learned a new recipe (defined as consisting of at least three ingredients) since the start of the pandemic. (Source: Caddle/Dalhousie University, 2021.)

Meal kits are having a moment, finding a second life during the pandemic. They do the meal planning for you, and that's worth something to some Canadians. They allow for new food experiences with exotic ingredients in just the right amount. And, they tend to appeal more to couples and singles rather than large families due to cost.

However, the majority (63%) of new meal kit subscribers do so because of a free trial or discount offer, with the main barrier to entry being the cost (40%). (Source: Decoded/Angus Reid Jan. 2021.) Consumers still have to do a lot of the work while still paying a premium. In future, they will want an elevated experience to justify that price increase. And packaging waste continues to be an issue with consumers that has to be addressed.

If consumers shift back to their pre-pandemic meal assembly habits rather than cooking from scratch, how can you elevate that experience? Perhaps cooking sauces and spices inspired by international cuisines. Can you provide consumers with the opportunity to travel with their taste buds while they can't travel physically?

Will we see the middle of the meal kit market get squeezed as shoppers gravitate to either the lower-priced Grocery meal kits or the higher-end chef or restaurant kits, similar to Loblaws & local Toronto restaurant Fresh? Will they need to reposition as more of a "treat," similar to those high-end meal kits from restaurants? Can restaurant-meal subscription services be far behind?

What products should you be developing to utilize those new kitchen tools? What about meal kits for Instant Pots and sous vide machines? And what about cocktail kits to help consumers miss their favourite watering hole a little less?

FOOD FOR THOUGHT

- How can you elevate meal assembly?
- What products can you develop for those new kitchen gadgets?

Part 4: How We Consume Food

A different eating pattern emerged as we worked from home — consumers reverted to the traditional three square meals a day while continuing with their previous snacking behaviour. Not only did we cook more due to anxiety and boredom, but we also ate more. How will consumers deal with that COVID weight gain? Expect your neighbourhood tailor to get busy letting clothes out once people start going back into the office.

Is this the end of the McBreakfast era?

Breakfast at home has seen a resurgence over the pandemic and may continue as more consumers work at home more often. Expect more RTE/RTH options to replace that traditional QSR grab & go breakfast sandwich to take some of the morning pressure off. Those same consumers will want convenient and healthy (yet still craveable) lunch options as well.

Portability may be less relevant for those working at home, but opportunities to elevate the everyday are more important, like a special creamer for that new at-home coffee maker. Consumers will define convenience differently, and retailers and manufacturers need to solve for that. They want to start their day with fresh, immunity- and energy-boosting foods; breakfast meal kits, anyone?

Of course, all that working from home created a longing for human interactions. So, we've found ways to bridge distances with food products and services. Virtual dinners and social gatherings on Zoom and other platforms became one of the hallmarks of the pandemic. Video chat technology as a way to celebrate, share, and experience food and drink has become commonplace and will continue to have a role in the future.

What's good for me is good for Fido

Lastly, a word about all those pandemic pups. Will we start to see the line blurring between human and pet categories? Ben & Jerry's just entered the pet food business, introducing a line of frozen dog treats at U.S. groceries.

Doggie Desserts are made from the same ingredients Ben & Jerry's uses in its non-dairy human desserts, and they're shelved in the same section, allowing shoppers to treat their dogs as they're treating themselves when they grab a pint. General Mills owns the Blue Buffalo pet food brand, Smucker's owns Big Heart Pet Brands (Meow Mix and Milk-Bone) and Ainsworth Pet Nutrition (Nutrish), and Nestlé recently bought British natural pet food brand Lily's Kitchen to go along with its Purina brand that it's owned since 2001, so expect to see more examples in the future.

And what about Grocers? Is the time ripe for companion meal kits for our companion pets? Studies show there's been a shift in what owners feed their pets, with only 13% of dog owners exclusively feeding their dog kibble or canned pet food. (Source: [University of Guelph, 2020.](#)) Is there an opportunity for one-stop shopping for everyone in the family, 2-legged and 4-legged, especially online?

FOOD FOR THOUGHT

- How can you solve for the modified breakfast occasion?
- How can you help consumers manage weight and resiliency?
- Meal kits for pets?

Part 5: How We Order Food

Even if you're not in the foodservice industry, **do not skip this section**; foodservice is where food trends often start, so it's an important area to watch for early trend signals. While the last year has focused on survival and less on innovation, there are still essential learnings to be gleaned.

Foodservice has long been dependent on those working away from home. A long-term shift to more working from home will shift consumption to in-home and negatively impact out-of-home food sales. Expect foodservice to come back, but not to previous levels due to some permanent work-from-home shifts. Remember, delivery and takeout were growing pre-pandemic, primarily driven by younger generations, and these are the workers who are most likely to continue working from home. Those meals ordered for home consumption will more likely be a shared occasion. What implications will that have on your menu — more family-sized meals-to-go?

Shifting to enhance the order-in experience...

What other new need states should you be servicing? Entertainment at home and virtual tourism are new ones to tap into. How can you elevate that movie night in or at-home Stanley Cup party? How can you support experiences like birthday parties, corporate events, and local tourism? We will all stick closer to home for the next year and will also want to show support for our communities. What cross-promotions should you pursue now? If you want some inspiration, check out what [sugar shacks in Quebec did this year](#).

Restaurants had the opportunity to [reimagine collaboration across the supply chain](#), supporting their local producers, offering groceries, even selling their meals in Grocery stores. In Part Three, we discussed cooking fatigue. How can you support or complement cooking at home to alleviate some of that fatigue? When customers order a meal, can you add something to their “restaurant basket,” encouraging them to purchase more than they immediately need, like a freezer meal for later in the week or a pantry item like a cooking sauce or a breakfast cookie for the next morning?

...and being ready when customers come back

We've all learned about the importance of casual “people connections” to our mental health — the co-worker, the neighbourhood barista, and so on. Ask people what's the best thing they've ever eaten, and most will attach a place to the food. The experience and place matter and make the food taste better and more memorable. Food to-go cannot provide this sensory experience and the joy of discovery, being hosted and waited on, and beautiful plating.

87% of Canadians agree that they are looking forward to eating in restaurants again and will support their local restaurants as soon as they reopen. (Source: Decoded/Angus Reid Jan. 2021.) Restaurants need to be ready to meet that pent-up demand for in-restaurant experience and surge in post-pandemic visits, and ensure that the first experience does not disappoint.

92% of Canadians trust restaurants to keep them safe but recognize the experience is different than before. (Source: Decoded/Angus Reid Jan. 2021.) How can you welcome them home and give them a safe hug? Foodservice has always provided a safer food experience than dining at home. Will that now extend to air quality, and will your cutting-edge air filtration system become something to talk about as a point of difference? You will still need to provide those safety cues for customers, as 61% want to see “more cleaning/disinfecting done in front of me in a post-COVID-19 world.” (Source: Barclays December 2020 Future of Cleaning Report.) Self-service concerns will linger around buffets and salad bars. And will diners be willing to go back to dining in close quarters with as many tables as possible jammed into a room?

The ROI may finally be there for robotic solutions, with guests now viewing them positively and as less of a gimmick. Touchless technologies like condiment dispensers, door openers for guests, as well as back-of-house to ensure worker safety. Will Foodservice need to start hiring workers with technical capabilities to operate these technologies?

Take-out & delivery success will remain crucial post-pandemic

And how will the role of the restaurant change and the ritual of dining out evolve? Off-premise was an Industry lifeline, and it will maintain a larger share of occasion, especially with older generations, who continue to worry about safety, have bigger homes to entertain in, and who got comfortable ordering from food apps and were pleasantly surprised by the experience and the selection of restaurants at their fingertips.

Even for full-service restaurants, delivery and takeout will probably remain a bigger portion of their operations even once they are operating at full capacity again. You need to look beyond their four walls — patio season will be longer going forward, similar to European cities with a closer connection to the community. Take-out and delivery will continue. To paraphrase NYT writer Tejal Rao, Instagram has become the world’s greatest takeout menu, with neighbourhood diners following each restaurant closely to see specific pop-up menus and schedules.

Will full service and fine dining be more purposeful, offering unparalleled and one-of-a-kind experiences? You are now competing with ghost restaurants built for mobile-first. You cannot win on convenience or operating costs; that genuine hospitality is your point of difference.

QR codes are here to stay with a paper menu as a backup only, with the exception of at fine dining. And what about that to-go packaging? If it will be part of your business from now on, is it time to invest a little more in packaging that elevates the at-home experience, like round plates, so the meal looks more like your restaurant plating?

Future restaurant locations will have smaller footprints, with more space allocated to drive-thru & pick up where the real estate allows. Ghost kitchens will continue to grow. “Our goal is to open a Ghost Kitchen every 12 km across Canada,” according to Ghost Kitchen Brands President Marc Choy. While ghost kitchens have been brand-focused in the past, will we start seeing more food influencer branding like Mr. Beast Burger? What about a Samin Nosrat brand or a Yotam Ottolenghi brand where they serve his famous recipes?

And what about the economic model? It was widely thought that it was broken before the pandemic with margins of only around 5%. Add in the additional safety and distancing costs plus a potential delivery fee of 15-30%, and it definitely breaks. While it has been a terrible time to own a restaurant, it has been an excellent time to launch one. Micropreneurs, both professional chefs and home cooks, have been creating meals and food products out of their personal kitchens. The pandemic and lockdown restrictions offered much-needed time and the push to launch the business. Is this the opportunity to build back better?

Perhaps the industry will pull together and get rid of tipping and ensure a living wage. After all, your guests are only as happy as your staff. Australia and other markets have shown that it can be done, but the entire industry needs to do it simultaneously for it to work.

For takeout, you still need to find ways to surprise and delight “guests.” In the words of Danny Meyer, you are providing a “hospitality housecall.” Make it high-touch with a personal thank you or tasting notes or a curated Spotify playlist. And if you’re on delivery platforms, make sure you order your own menu items as a test to see how they arrive. Those soggy fries may be better replaced with some one-of-a-kind truffle potato chips.

The growing consumer need states for food service during the pandemic have been around craveable rewards that provide comfort and mental uplift. (Source: Ipsos Canada FSM.) How can you evolve that comfort food to still be craveable but also healthier? How can you provide comfort food with an exotic twist, providing authentic international flavours for consumers craving international travel?

FOOD FOR THOUGHT

- How should your menu and service evolve to meet new customer need states - both at home and dine-in?
- How can you surprise and delight your customers?
- How can you “build back better”?



Want to know more?

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