

# 2021 CPG Market Trends Are Helping Food Manufacturers Thrive



COVID-19 spurred many changes in society, and consumption of consumer packaged goods is no exception. Lockdowns, social distancing, and fears about going out in public shifted CPG purchases and consumption from brick and mortar to inside one's house. Even as the pandemic slowly subsides and vaccines become widespread, this impactful trend will continue.

As a result, CPG companies that are able to leverage this current trend and shift with the market are the ones that will enjoy success during a volatile time. Facing such strong demand, these businesses are the ones focusing on ecommerce, direct-to-consumer sales, and quickly producing the products people want to buy and consume in their

homes. They're the companies taking a stand, changing their business models so they can succeed into the future.

### **Leveraging Ecommerce and DTC**

In today's consumer market conditions, ecommerce is no longer a "nice-to-have." It's a must as brands face a competitive landscape and changing consumer habits that are keeping them in the house. Combined with DTC, ecommerce strategies are the clear way to drive sales and help a company thrive during a delicate time period. In fact, selling directly to consumers is a classic case of cutting out the middleman, allowing a CPG company to gain an edge over competitors and improve profits. In other words, this is an opportunity. Just look at the DTC meal-kit companies that were struggling prior to COVID-19. Their model is now more successful than ever as a result of infrastructure changes, technological innovations, and new consumer preferences.

A natural response to these CPG trends is for brands to launch new websites that sell directly to consumers. For example, [PepsiCo](#) launched [pantryshop.com](#) and [snacks.com](#) with clear DTC intentions, offering a streamlined experience for consumers who wish to buy any of the company's products. Other companies like Ocean Spray are testing the DTC waters by launching new products such as their Atoka herbal beverage, which is only available online. It's important to note that ecommerce and DTC trends are also reshaping the way pet food companies sell their product. [Over half](#) of pet food companies enjoyed a jump in ecommerce sales quickly after the pandemic hit. Subsequently, many of these companies are also revamping their websites and reconsidering DTC buying experiences.

### **Accelerating CPG Innovation and Production**

The push toward ecommerce and DTC is also accelerating innovation in the testing and production process, thereby increasing the speed companies can go to market. Many CPG companies have already been changing operations, with several doubling down on their most promising projects. Well-known brands have even dropped their time-to-market from one year to [just eight weeks](#). However, there are still a number of companies hesitant to adapt to these 2021 CPG trends. Unfortunately, they are already late to the race. As the next normal emerges after the pandemic fades away, businesses that avoid innovation will be overtaken by the competition.

The pet food industry illustrates why the CPG market has a bright future ahead of it. In response to the initial spike in sales as the pandemic began, pet food manufacturers ramped up production but had to deal with supply chain disruptions. Fast forward to later in the pandemic, and nearly half of these companies still report higher levels of production compared to the year before, indicating that supply is better keeping up with demand, and that demand is

here to stay. In fact, [56% of pet industry manufacturers](#) believe they will emerge from the pandemic stronger than before.

Another niche within CPG enjoying increased demand is plant-based foods production. An existing trend has seen people slowly adopt more meat alternatives into their diet, and that trend went into overdrive since last year. Since the pandemic began, nearly [25% more Americans](#) are consuming plant-based foods, and sales of meatless meat are up 35%. Society is more conscious of where their food comes from and people have been considering their overall health more since the pandemic began. This means there are more flexitarians than before as people realize they don't have to give up eating meat entirely. Manufacturers also continuously put out tastier products, eliminating a big excuse for those who were originally hesitant about trying plant-based options. It all adds up to yearly sales of over \$1 billion, the first time plant-based meats hit that mark.

While 2020 was a challenging year for the CPG market, in 2021 food manufacturers have a significant opportunity in front of them. Those that invest their time and money in ecommerce, DTC, and innovation are the ones that will reap the rewards. After all, consumer demands are very clear. They want a streamlined online shopping experience. They want to know what's in their food. They want healthy options for themselves and their pets. The only question is, which CPG companies will heed their call?

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