

Food for Thought

Consumers have changed as a result of the COVID-19 pandemic and so, too, must food and agriculture.

by Kindra Gordon

From wearing face masks and prompting regular use of hand sanitizer to a surge in e-commerce and numerous permanent business closures, the COVID-19 pandemic has forced cultural changes around the globe.

How is it reshaping agriculture, the food sector and beyond? Here is a roundup of six projections anticipated – with several already being implemented.

1 Reevaluating supply chains

Frank Yiannas, deputy commissioner for food policy and response with the Food and Drug Administration (FDA), has noted prior to the pandemic about half of food was going to food service and half to retail. Now, with many food service outlets closed – including schools, college campuses, casinos and restaurants – food analysts are predicting a \$100-billion shift from restaurants and food service back to the retail space.

However, it has taken time to redirect food service supplies toward retail. As a lesson for the future, Yiannis reports FDA will work to make the food system more interoperable. “We need to be more dynamic and have the ability to change channels very quickly when needed,” he said during a webinar this spring.

Yiannis also expressed, “Consumers are going to be more interested in food post-coronavirus than pre. Where food comes from in the form of digital transparency and supply chain intelligence will be needed.”

Dave Donnan, a Chicago-based management consultant with global experience in agriculture, food plants and retail industries notes, “Our whole inventory has been based on just-in-time inventory, but in times of crisis that doesn’t work.” He too is anticipating digitization of supply chains for the future. “That information will give consumers confidence and provide efficiency from farm level throughout the chain. The new [post-Covid] world will be more resilient.”

2 Shifting the way food is purchased

Donnan is envisioning more e-commerce for food and grocery stores of the future to look differently. Global leader in retail measurement service, Nielson, shows data indicating e-commerce orders saw a 60% surge in March 2020, with online grocery shopping expected to continue. To accommodate that shift, Donnan believes grocery stores may modify to have less space inside for shoppers because fewer people will be going in-store to shop. Instead, Donnan anticipates grocery stores will have more warehouse space to accommodate inventory for online orders and pick up by consumers.

Donnan predicts the future model is “contactless retail where consumers drive-up, a person loads goods and the consumer drives off.”

He also suggests food hygiene will become a high concern for consumers, meaning salad

bars, open sandwich stations and buffets could be challenged. As well, he sees more fruits and vegetables being wrapped at retail.

Going forward, Donnan also believes health will be top-of-mind among consumers, especially with regard to food. He says, “We’ve had a wave of comfort food in the form of pasta and bread during the stay-at-home order. I believe the next wave will be a focus on nutritious food.”

3 Dining at home will drive demand for local foods

Dan Basse, president of AgResource, explains that prior to the pandemic Americans spent more money on food away from home compared to money spent on food consumed in the home. But, COVID-19 has caused that to reverse. Now, he says an ‘American renaissance’ is occurring with more home-meal preparation.

And with that trend, Basse and many other food analysts believe there are expanding opportunities for marketing meat (and dairy products) direct from farmer to consumer, which may also prompt more producer-driven investment in local processing as the farm-to-table trend accelerates. Opportunities for locally grown produce are also emerging via drive-thru or online farmers markets, bundles or ready-to-go packages of produce, and roadside stands.

4 Opportunities for ag to reconnect with consumers

The pandemic has brought food – and who produces and supplies the food – to the forefront among consumers. From that, many in agriculture are hoping U.S. agriculture will receive more support and respect.

Luke Chandler, chief economist for John Deere, pointed out during a webinar panel discussion, “Consumers have not had a relationship back to the farm...This crisis gives us an opportunity to tackle that challenge and look for the opportunities to connect with consumers so they can value the entire supply chain.”

Former Kroger grocery executive and current CEO of ESG Results Jessica Adelman agrees. Speaking via a webcast as part of the Alltech ONE Virtual Experience in late May, she noted, “We are taking these drastic steps to preserve our health and safety right now...we’re all much more dialed into food, food safety and how to keep ourselves healthy for the long term.”

She notes COVID-19 has led to a reappreciation of scientists, science, doctors and, in general, the return of experts. As a result, Adelman suggests a renewed sense of trust in science in the food space is developing for consumers, who have traditionally been wary of science. “We might be at the tipping point where consumers will permit science to reenter the discussion on agriculture, food and nutrition,” she says.

5 Reliability key for future businesses and supply chains

Irish economist David McWilliams also shared remarks in mid-May via the Alltech ONE conference, held virtually, and he believes the events of COVID-19 will completely change people’s perceptions of what is vital for their businesses and supply chains. He thinks the most notable differences will be that more emphasis will be put on reliability, while cost and efficiency will become less critical factors.

“I think what’s going to happen is that the more extended the supply chain, the more likely you’ll see that people will come back and begin to manufacture in countries that they really, really want to do business with – they trust, they understand, they feel comfortable there,” suggests McWilliams. “And I think that maybe price, which had been the dominant vector for many, many years in the supply chain management, will probably be elbowed out by security, by perceptions of security. Can we keep this plant open? Do we know what we’re actually dealing with?”

Spring boarding off this change in mindset, however, McWilliams believes opportunities will arise for small countries to become important players in the global supply chain. He used his native Ireland as an example of how this can happen. The country has grown economically and socially to become an essential cog in international business by building trust and relationships.

“I think small cogs in the global supply chain, countries that position themselves well, could do extremely well,” McWilliams explained. “I think there’s a huge opportunity, because I do think supply chains will contract. And I think that relationships will trump price; I think trust will trump competitive edge.”

6 Optimistic outlook

Based on history, McWilliams is predicting a positive outlook once the world emerges from this pandemic. To this point, McWilliams references Florence, Italy, in the 1300s. Having suffered an enormous death toll due to the Black Death in 1347, it was believed Florence’s then-thriving society would never recover. However, the Florentines contradicted all assumptions by ushering in the Renaissance, a historical period that forever changed how we view the world and operate within it. McWilliams says something similar happened in the U.S. after the flu pandemic of 1918 to 1920. The country entered the new decade by diving nose-first into a period of intense deflation – but from this dark pit of despair sparked the now-famous Roaring ’20s, an economic upswing that brought electricity, radio and motor cars.

“There are many instances where you imagine that humanity will go into a tailspin,” concludes McWilliams, “and what humanity actually does is entrepreneurs come through, leaders come through, thinkers come through, and they change the world.” **HW**