Consumers face an income squeeze; however, sustainable initiatives from plant-based, eco/carbon labelling, circularity and synthetics ignite consumer engagement.
Consumers face an income squeeze; however, sustainable initiatives from plant-based, eco/carbon labelling, circularity and synthetics ignite consumer engagement.

Climate uncertainty and inflation are prompting eco anxiety and cautious attitudes towards spending. Sustainability is taking a backseat for many when it comes to grocery shopping priorities. Amongst those who opt for products with sustainability claims, 58% say the rising cost of living means sustainability is of lesser importance.
Conversely, 69% of sustainable food/drink buyers agree the rising cost of living will force them to adopt more-sustainable habits, which is positive for reducing food waste (eg repurposing leftovers) and cementing the trend for eating less meat.

It isn't all doom and gloom, however. the German government's new food strategy is helping sustainability to be top of the agenda – seeing a positive outlook from 73% of sustainable food/drink buyers who gain a 'feel-good' benefit from buying sustainable food/drink products.

'Traffic light'-style sustainability labels hold potential for driving engagement with sustainable food/drink, as 53% of Germans say a consolidation of sustainability information would be helpful. This highlights the mass of sustainability aspects making it challenging for consumers to weigh up one green credential vs another.
EXECUTIVE SUMMARY

Key issues covered in this Report

- Overview
- The five-year outlook for interest in sustainability in food and drink, 2023-27

Market context

- High inflation is a key hurdle, hampering hope for sustainability to be the #1 purchase driver
  - Graph 1: food and drink launches with ethical and environmentally friendly claims, 2010 and 2022
- Price of sustainable food/drink prevents engagement
  - Graph 2: reasons for not choosing sustainable food and drink products all the time, 2022

Mintel predicts

- Graph 3: sustainability as a choice factor in food and drink products, 2022
- Waste reduction and sustainable innovation will propel responsible motives
- Government incentives to aid ‘greener’ product purchasing

Opportunities

- Communicate the value of being more sustainable and responsible by eating more plant-based foods
- Carbon labelling/CO2 reduction will be of greater importance
- High-tech foods are more permissible to younger adults
- Scope for refill stations post-COVID-19
- Targeting Gens A and Z, intertwining sustainability with experience
- Consumers expect brands to go plastic-free
- Put transparency at the heart of communication
- Organic, regenerative, biodynamic and bee-boosting farming methods alongside the advocation of good soil health

MARKET DRIVERS

The German economy

- Graph 4: key economic data, in real terms, 2019-24
- Inflation remains the key concern in 2023 for consumers, brands and the economy...
- ...impacting financial wellbeing and consumer expenditure

Germany’s sustainability agenda

- Sustainable Development Goals – the blueprint to achieve a better and more-sustainable future for all
- Germany implements 63 sustainability goals
- Graph 5: greenhouse gas emissions, 2011-21
  • Farm to Fork strategy topline agenda
  • Push for organic production and support for small farmers as part of the CAP
  • The food strategy encourages a shift towards organic and plant-based diets in Germany
  • Sustainable production and supply, through seasonal, local and a move towards organic
  • Rising need for regenerative (and biodynamic) agriculture
  • Food waste at a consumer and retail level to be halved across every sector in the food supply chain
  • Extended Producer Responsibility policy puts the onus and financial responsibility on producers of packaging
  • Plastic packaging tax, plug for deposit return schemes
  • Greener packaging solutions
  • Closed loop via ‘reverse supply chain’ thanks to Loop

**Sustainable nutrition and diets**

- Expect a long-term shift towards sustainable nutrition
- Sustainable dieting, what are the major retailers doing?
  - Graph 6: frequency of limiting meat and dairy intake*, 2022
  - Graph 7: dietary preferences, 2022 vs 2021
- Meat intake and meat alternatives
  - Graph 8: water use per litre of dairy milk and plant-based milk alternatives, 2018
  - Graph 9: carbon emissions per litre of dairy milk and plant-based milk alternatives, 2018
- Dairy intake and dairy-alternatives
- Retailers are taking on a moral role in securing higher animal welfare and more regionality

**WHAT CONSUMERS WANT AND WHY**

**Purchase factors for food and drink**

- Price and product taste are the most important purchase drivers for food and drink...
  - Graph 10: most important purchase factors for food and drink products, 2022
- ...but a notable minority prioritise environmental factors
- Ethical factors attract Gen Zs to plant-based foods
- Instant, tangible gratification – simple sustainable claims need to be linked to immediate benefits
- Flavour-masking could help overcome the taste barrier of cheese alternatives (and meat substitutes)
- Focus hybrid meats’ messaging on taste above ethics to drive more sales

**Purchase of sustainable food and drink**

- Seven in 10 buy sustainably at least for some products
  - Graph 11: consumers who intentionally choose food and drink products with sustainability claims over others for all or most of the products they buy, by age, 2022
- Graph 12: consumers who intentionally choose food and drink products with sustainability claims over others for all or most of the products they buy, by financial situation, 2022
  - Plant-based as a gateway to sustainable purchasing
  - Danone responds to vegetarian/plant-based parents
  - Support home cooks with cooking aids, recipes and inspiration to cook more plant-based dishes

Barriers to choosing sustainable food and drink
- Graph 13: reasons for not choosing sustainable food and drink products all the time, 2022
  - Prove your worth to justify price increases and attract financially squeezed customers
- Graph 14: perceptions of where the negative impact on the environment is greatest across the product lifecycle of coffee, 2022
  - Shifting the narrative from quantity to quality
  - Build mainstream appeal for ‘nose to tail’
  - Where sustainability is harder to achieve, promote waste/packaging reduction
  - Brand leaders can up their game on sustainability
  - REWE: ‘Rethinkable’: buy cheap and do something for the climate
  - Value-led communication and authenticity to environmental causes is a must

Claims that encourage choice of sustainable food and drink
- Graph 15: claims that encourage choice of one sustainable food and drink product over another, 2022
  - Communication about packaging is key
  - Sustainable packaging defined: consider the trade-offs
  - Packaging-free stores took a dip during COVID-19
- Graph 16: purchase of grocery items online/in-store in the past week, 2022
  - Preventing food waste with upcycled ingredients
  - Explore the upcycling opportunity amidst rising ingredient costs
  - Carbon footprint is of lower priority for consumers, but of the utmost importance for the planet
  - Organic can be an eco-friendly compromise to plant-based

Behaviours regarding sustainability in food and drink
- Explain the links between sustainability attributes and quality to help consumers ‘feel good’
- Graph 17: behaviours regarding sustainable food and drink products, 2022
- Local/responsibly-sourced resources/certifications must be communicated and quantified
- Price is the key hurdle to more-sustainable consumption...
  - ...so brands need to prove their unique value
- Provide the ‘feel-good’ effect from purchasing sustainably
- Reward Gen Zs with ‘eco incentives’
- Encourage alternative ingredients like sustainable grains...
  - ...and insects
Attitudes towards sustainability in food and drink

- Traffic-light-style labelling and packaging-free items resonate with Germans
  - Graph 19: attitudes towards sustainable food and drink products, 2022
- Simple sustainability signage is key
- Make sustainability educational, aspirational and creative
- Scope to use sustainability to excuse more-indulgent eats

LAUNCH ACTIVITY AND INNOVATION

Environmentally friendly and resource-related product claims

- Graph 20: food and drink launches with health vs sustainable claims, 2010-2023
- Graph 21: food and drink launches with ethical & environmental friendly claims, 2010-23
- Graph 22: food launches with sustainable resource-related claims, 2018-23
- Graph 23: drink launches with sustainable resource-related claims, 2018-23
- Palm oil-free claims see minimal movement
  - Graph 24: food and drink launches with a carbon-neutral claim, 2018-23

Plant-based as a gateway to sustainable purchasing

- Mainstream players are testing the waters with processed meat and vegetable hybrids
- Big dairies are becoming more active in the race for the plant-based space
  - Graph 25: dairy alternative product launches, by selected base ingredients, 2012-21

'Green' credentials, from waste reduction to 'hyperlocalism' and improved soil health

- Manufacturers and retailers could do more to reduce food waste, such as removing best-before dates
- Champion 'hyper-localism' and ingredient producers
- Brands put the spotlight on green specifics and soil health

Packaging-reduction initiatives

- Graph 26: food and drink launches with environmental friendly packaging claims, 2010-23
- Case study: Carlsberg trials recyclable fibre-based bottles
- 'Lightweighting' of packaging, seen predominantly in beers/wines/spirits
- Brands focus on the environment
- Influential global F&B players' CSR agendas are in the spotlight
Advertising and marketing activity

• REWE’s ‘protect the climate with vegan food’ messaging
• REWE launches 100% vegan meat counter
• Hochland’s Simply V focuses on taste with its indulgent cheese-alternative slices
• Knorr Gönn dir Gemüse encourages reduced meat consumption
• Oatly uses humour to market its milk alternative
• Knorr demonstrates how to make a vegan lasagne from scratch
• Barilla’s passive cooking could increase demand for pasta, thus creating opportunity for pasta sauces
• ‘Today for Tomorrow’ – Aldi’s sustainability agenda
• Shop cheap and more sustainably
• Infarm – wheat produced indoors as a climate-resilient alternative
• Take German start-up Glasbote as a prime example for plastic-free delivery

APPENDIX

Appendix – products covered, abbreviations, consumer research methodology and language usage

• Products covered in this Report
• Abbreviations
• Consumer research methodology
• A note on language
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