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Evolution and Future Development of the Food Experience for Made in Italy and Japanese Products

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Abstract Guided by the results of a preliminary analysis on the effects of the pandemic on international markets, possible and foreseeable future scenarios have been imagined and investigated. With a special focus on Italy and Japan, we will analyse the innovative trends in the world of food that will guide future changes and developments, highlighting new approaches to consumption, the challenges to be faced in the new normal and the opportunities to be seized, under the perspective of the online approach. The objective of this speech is to investigate the evolution of the food experience for Made in Italy and Japanese products, identifying affinities and possible synergies between food and cultural styles, sharing points of reflection for strategic business development.

Keywords Innovation. Food experience. Online experience. Omnichannel journey. Consumactors. Gen Y and Z.

In 2020, which will be remembered as the 'year of the pandemic', the macro-economic and social balances have been overwhelmed at a global level, leading us in a rapid and unexpected way to experience multiple and deep transformations, the effects of which will last for such a long time that we can talk about a real year zero.

The vectors of change that have been triggered for the duration, and the multiple levels of impact that have influenced our lives, societies and businesses, require us to face the future by defining a new normal.

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Participating in this Symposium between Italy and Japan in 2021 – the very first year of this new normal – is an opportunity to try to investigate in an analytical, strategic and prospective way the challenges and opportunities we are facing right now and that will transport us towards an unknown future. We will try to outline the scenarios that will likely represent the background to the evolution of our food experience, with the aim of identifying a space where thinking about the possible synergies and new frontiers that Japanese and Italian style and food culture will share and discover together.

The health emergency is causing a crisis that has terrible effects at the level of the real economy, hitting simultaneously the offering and the demand, inverting the trend of the growth for world GDP with an estimated contraction of -3.5% for 2020 (IMF, Jan. 2021).

Restrictions on international trade and tourism have had negative impacts on a global scale: the forced interruption of Global Value Chains and the shift to more localised regimes have translated into a decrease in economic activity and income for all national economies, affecting more those economies closely interconnected with foreign countries. However, the International Monetary Fund's forecasts for 2021 give us a certain degree of positivity regarding the recovery dynamics, favoured by the non-financial origin of this crisis. With regard to advanced economies, including Japan and Italy, assuming the gradual availability of vaccines and the effectiveness of economic policies, expectations are for a 'V-shaped' recovery in 2021, with a positive rebound in economic volumes and growth of 8.1% for the international trade (IMF, Jan. 2021).

Within a global context of difficulty and uncertainty for many sectors, the food industry has demonstrated a certain dynamism: unlike others, being essential, it has not suffered production blocks or a drop in demand; the restrictions imposed on the HoReCa chain and the effects of the closures of entertainment venues have in fact been mitigated by the increase in direct spending through conventional retail channels and innovative online solutions.

In Italy, too, despite the initial chaos due to some import restrictions for health reasons imposed by foreign countries to Italian goods, the F&B sector – which has stood out in the last three years for added value in relation to both GDP and manufacturing – has proved extremely resilient in comparison with almost all the others (ISMEA).

Then, we could consider 2020 a year zero for the food sector as well, accelerating some pre-existing trends whilst simultaneously generating new ones.

All the players of the supply chain, from Agribusiness to Hospitality, have been forced to innovate and redefine their business model. Our privileged point of view deriving from a long and concrete experience in assisting food industry companies in the development of business at an international level, gives us the possibility to state that, in troubling contexts such as these, the ability to interpret the emerging changes in the market (and consumers), is critical for building a solid and durable competitive advantage. Thus, we can elaborate a strategy based on a deep understanding of the meaningful variables and their complexity.

We have identified some macro-trends that deserve further investigations, with the aim to envision a holistic perspective of what the future scenarios of food could be.

Today food can no longer be considered simply fuel for the body: nutrition has evolved into a kaleidoscopic and multi-faceted concept, linked in a wider way to that of Experience & Wellbeing.

Hence the search for a specific benefit in food products – think, for example, about the emotional benefits promised by mindful eating – and the attention to the functional side of food, valued for its positive impact on wellness.

In addition, we should not forget that in recent years the increase in pathologies such as obesity, overweight and metabolic disorders has raised awareness of the link between diet and health, shifting attention to the nutritional values of food. Consumers have become more attentive, informed and selective, while the food industry offer has expanded, specialised and diversified considerably.

Rather than slowing this trend, the pandemic has accelerated it: during the lockdown in Italy, the choice of 49% of people when buying food products was driven by healthy purposes (Nomisma Agri-Food Monitor, 2020). The growth in demand for specialty foods, free from and plant-based products will deeply change the market in the coming years, undoubtedly opening space for many opportunities, but requiring a great capacity of innovation from industry players.

Alongside the search for individual wellbeing, an increasingly important driver of selection is that linked to planet and people wellbeing.

The pandemic has accentuated the emphasis on issues such as climate change, biodiversity reduction or inequality of working conditions in different countries around the world, calling on brands and companies to take a position through concrete actions to demonstrate their commitment to shared value systems.

The trust of consumers – Millennials and Generation Z in particular – relies on the transparency of companies on environmental and social performance, to the point that sustainability metrics are becoming a real competitive factor. Many consumer products have moved to the premium segment of the market, reflecting the perception of greater value in healthier, more natural, sustainable products with traceable origins.

The food industry is experiencing a strong dynamism from various points of view, because today's consumers are not buying just to satisfy a primary need but want to see enriched and recognised an increasingly complex and stratified sphere of values. The spread of goods with less use of plastic (+14.3%) and recyclable packaging (+6.9%) drove the development and evolution of the Italian market last year (Coop 2020 Report).

The ability to provide innovative solutions will be crucial in the future: not only by exploiting technology, but also rethinking the relationships between the supply chain players or actively involving customers – transforming them into consumActors – in initiatives and projects oriented towards sustainable actions.

The pandemic has also put the spotlight on the relationship between globalism and localism in the world of food: the restriction within domestic boundaries – not only seen from an individual perspective, but also at nation level – has stimulated the reflection on the meaning of the dynamics which, before being abruptly interrupted, flowed rapidly on a global scale. In Italy, campaigns have been promoted to encourage local purchasing with the aim of helping companies suffering from the forced shutdowns and, according to the data processed by Nomisma Observatory, consequently the entire Made in Italy brand has gained advantage and emerged strengthened.

However, is the concept of 'local' really the same as it was thirty years ago? In recent years local and regional traditions have been rediscovered through the enhancement of the typical and authentic Made in Italy flavours – through a 'geography' of taste, such as promoted by Eataly which tells the history of the territories. Meanwhile, products and food styles from other cultures have intertwined with our own, becoming part of daily lives and giving rise to innovative forms of culinary experimentation, as witnessed by the great success of fusion cuisine.

Culinary globalism and the contamination between different food styles are not only the result of economic globalisation, but express the propensity for experimentation: curiosity and the search for novelty animate the new generations of consumers; Millennials and Generation Z.

Globalism and localism should not be seen as incompatible trends, but as two sides of the same coin: one will need the other to meet the challenges posed by the market of the future. What is at stake in the process of their integration will be the creation of synergies that generate mutual added value.

The health emergencies, intermittent lockdowns, consumer concerns for safety and restrictive measures on the attendance of places of collective conviviality have also given a decisive acceleration to the trend of digitalisation in the world of food, and not only through the growth of the e-grocery channel, which in 2020 has seen an increase in sales of just under 180 million euros in Italy (Coop 2020 Report).

The increase in demand for food delivery, which has proved to be a business lever of vital importance for many HoReCa companies, encompassing a large part of the OOH (Out of Home) market, has digitised the Italian hospitality sector, generating a growth projection for 2021 estimated at 1 billion euros (Just Eat 2020 Observatory).

Beyond digital food delivery in its various forms, we will witness the proliferation of new formats and disruptive business models around food service: in an era of digital hyperconnectivity, we are projected towards a new form of customer convenience, no longer linked only to location, but also to service.

The consumption behaviour of new generations will be driven by the desire to enjoy a service characterised by a high degree of personalisation. On the wellbeing front, we can imagine that the offer of restaurants – physical with delivery service, or digital natives – will include the preparation of dishes conceived to meet tailor-made nutritional needs.

'Different' is a multi-layered proposition when it comes to Millennials and Generation Z.

Food is a form of social currency for these generations, so it has to look as good as it tastes, with extra points for technical, textural and flavour complexity.

First the emotional factor will dominate, therefore increasing the search for a food experience. In addition, there will be a desire for innovation, in consumption and service formats, as well as in culinary styles – from the particularity of ingredients to the exoticism of tastes and flavours, typical of EthnoFood.

They want to mix-and-match in ways never seen before, as traditional mealtimes blur and 'pimped up' snacking takes centre stage. Unlike older consumers who tend to concentrate consumption into two main meals, these youngsters do not discriminate against eating times. Thanks to a relatively flexible school/work schedule, they choose to graze throughout the entire day. They're also fascinated with global food trends and often embrace different perspectives on what a traditional dish is, while a big part of what they're looking for is food that feels good.

It's these expectations that new generations have; seeking out brands they see as a positive choice and actively looking for greater control and transparency on food and its origins.

Across the board, Millenials and Generation Z are rejecting the traditional view that healthy must be boring and are prepared to pay a premium for healthier offerings that taste good. Although they are focused on fuelling their bodies with protein, healthy fats and antioxidants, it's more than just physical – they are highly aware of maintaining good mental wellbeing, too.

As an integral part of the choices of Italian consumers, Japanese cuisine meets their daily preferences, as highlighted by its placement in third place in last year's digital food delivery ranking (Just Eat 2020 Observatory). Focusing the analysis to the younger age groups, which are undoubtedly regular consumers of ethnic foods, the survey conducted by Beyond Research and Next Gen Lab revealed that Japanese *cuisine* is the first choice for more than 50% of Millennials.

In addition to *sushi*, perceived as delicious healthy food, restaurants have diversified their offerings over the years to include many other proposals from the tradition at the base of Japanese cuisine, thanks to the values that the "brand" Japan has been able to inspire in Italians: health, longevity and wellness, but also quality, culture and innovation.

It also emerges that 81% of Millennials look to the media for inspiration for their dishes, mainly websites (57%) and social media pages (55%). Only 24% are inspired by cooking shows that are popular on TV. This is followed by tradition and travel or restaurant experiences (70%), 31% invent and experiment.

The influence of the media also affects the younger segment, who are increasingly conditioned by the aesthetic standards popular on TV and social networks. Finally, the over 25s, whose greater availability of spending often leads them to eat out, have a propensity to experiment with new and unusual things, recording a habitual consumption of ethnic foods (72%).

The spaces of evolution for the Japanese food experience are therefore wide and so far only superficially known and the trends that will guide future scenarios have suggested to us some interesting development ideas.

The Japanese style of nutrition and the culture of food that animates its principles lend themselves to be deeply intertwined with our eating habits of the future as they increasingly orient towards the achievement of an integral wellbeing. The medical conception of food on which it is based, enriched by the historical background of its ancient tradition, could be a differentiating element of value for Italian consumers, to be given prominence and space by creating experiential paths, weaving together the tasting itinerary of food and the opportunity to deepen the knowledge about the underlying cultural heritage.

Creating an innovative format of experience could then mean conceiving a dimension that integrates conviviality, sensoriality and cultural entertainment, supported and made modular in its configurations by an ecosystem of digital and physical possibilities.

In addition to traditional on-site consumption, the restaurant of the future has to be able to offer new hybrid models of highly personalised service, exploiting digital technology to communicate with customers.

From the preparation of dishes tailored to individual nutritional needs – think about the 3D-printed DNA-based *sushi* offered by Singularity restaurant in Tokyo – to delivering kits of freshly selected ingredients to cook meals, another interesting direction for Japanese cuisine to explore could be the medical menu, listed by the National Restaurant Association Knowledge & Research as one of the 10 most relevant trends for dining in 2030.

A further cue for the redesign of the Japanese food experience is indicated by the disruptive models of consumption that are emerging from the need, expressed by teenagers and young adults in large urban centres, to combine speed, taste, quality and health: healthy on-the-go.

Vending machines, born as sources of junk food, are turning their offer towards healthy and sustainable snacks: thus far, the predominantly Italian assortment of products indicates a vast unexplored market potential for oriental food. Let's think, for example, about snacks popular in Japan such as *onigiri* and *omusubi*, enriched with vegetables and superfood, whole grains and legumes, exactly suitable for the increasingly popular vegan and vegetarian regimes. The use of recyclable packaging or biodegradable plastic would be a further element of added value, combining convenience and sustainability.

Along the same evolutionary line are smart and innovative formats such as healthy fast food restaurants or grocerants, the result of the intuition of drawing from the merging of the retail shopping experience and the conviviality of dining, an amplification in the value of the food experience for the customer.

Healthy fast food restaurants represent an answer to the frenetic lifestyle and nutritional needs requested by the consumers of the future; flexibly declinable in various forms and proposals depending on the target, as demonstrated by the advent of fast gourmet.

The love of young consumers for Japanese cuisine and their attitude to experiment with new dishes opens up a vast field of possibilities to be explored for grab on-the-go. This can be expanded beyond *sushi*, *ramen*, *donburi* or *okonomiyaki*, diversifying the offer with fermented and plant-based products, such as *miso* or *tofu*, typical of the Japanese tradition and appreciated for their nutritional richness.

The patterns we could conceive to enhance style, products and culture of two parallel worlds like Japan and Italy are manifold and diverse.

The future trends point at a universe of opportunities to be seized through innovation, as well as of potentials to be revealed, creating value coherently with evolutionary sets of people's needs in a changing world.