



Introducing Now//Next

Established in April 2018, Huxly is a new brand, innovation and communications development agency.

We believe that people are complex, but great brands are simple.

For marketing to succeed, we need to understand our customers' motivations, and their emotional, functional, social and sensorial relationships with our products.

This already difficult task takes place in a fast-changing world, as new trends and commercial alliances transform the landscape in which we work.

Now//Next is a quarterly summary of the news reported by our teams around the world. This month we've identified six themes that we think are important. Their only connection is the ceaseless quest for growth from Consumer Packaged Goods manufacturers.

As birth rates slow there's less organic growth in our markets, and concerns about plastic are making packaging a problem. Consequently brands are looking for new ingredients, new benefits and new ways of working, including new acquisitions and routes to market.

I hope you enjoy this swift summary of the world as we see it in the last quarter of 2018.

This month we are reflecting on these Macro trends:



1. Destigmatising Cannabis – See how brands are seeing benefits in a previously taboo ingredient



2. Sustainability – Explore how brands large and small are responding to the sustainability crisis



3. Holistic Wellbeing – Watch health trends evolve



4. Retail Theatre – Learn how brands and retailers are making more of experience in store



5. Brand Collaborations – Discover whip smart brand collaborations and mash ups



6. Mergers & Acquisitions – Discover who's buying who



MACROTREND

Destigmatising Cannabis

01

Cannabis spiked water

Macrotrend: Destigmatising Cannabis / Market: USA

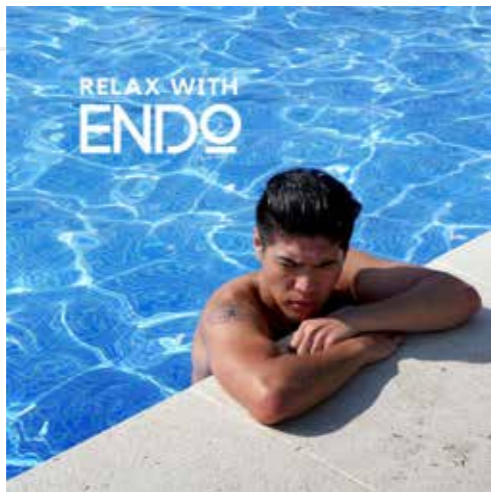


Image Source: <https://endobrands.com/>

What is it?

Right On Brands' naturally flavoured Endo Water features bioavailable CBD.

Why does it matter?

Waters with added functional ingredients is a pretty well saturated market (get it?) but adding CBD, which is reported to ease anxiety, sleeplessness and stress (but not get you high) is an interesting evolution for functional beverages.

Cannabis makes mainstream beauty

Macrotrend: Destigmatising Cannabis / Market: USA



Image Source: <http://highgorgeous.com/#gallery>

What is it?

Yummi Karma has launched High Gorgeous cosmetics to provide users with the topical benefits of cannabis.

Why does it matter?

Forget hemp creams from health shops, cannabis is starting to lose its stigma and its potent array of perceived benefits are making logical sense to beauty buyers. This brand pushes permissibility further by dressing it up in a very mainstream look and feel that would feel at home in any millennial's bathroom cabinet.

Coca-Cola rumoured to be in talks with Cannabis growers

Macro-trend: Destigmatising Cannabis / Market: USA



What is it?

BNN Bloomberg reported that Coca-Cola has been in discussions with Canadian company Aurora Cannabis to produce drinks containing cannabidiol, or CBD — a chemical in marijuana leaves that may have therapeutic and medicinal applications, including pain and stress relief. A spokesperson for the company is said to have commented “We are closely watching the growth of non-psychoactive CBD as an ingredient in functional wellness beverages around the world.”*

Why does it matter?

Interest from the most mainstream of brands in this formerly taboo product is a key signal that this ingredient is one to watch, and let’s admit it, this is much more exciting than kale!

Image Source: <https://www.amazon.co.uk/Coca-Cola-Coca-Cola-30x330ml-Cans>

* <https://www.bloomberg.com/news/articles/2018-09-17/coca-cola-eyes-cannabis-market-in-push-beyond-sluggish-sodas>

Lagunitas launches CBD spiked “hoppy” sparkling water

MacroTrend: Destigmatising Cannabis / Market: USA



Image Source: <http://www.spiritedbiz.com/abv-or-thc-beverage-producers-are-toying-with-a-new-type-of-intoxication/abx-lagunitas-hi-fi-hops-lifestyle2/>

* <http://uk.businessinsider.com/marijuana-cbd-industry-boom-products-2018-7?r=US&IR=T>

What is it?

Business Insider reports that Lagunitas, a California beer label owned by Heineken, has launched a “hoppy sparkling water”.

It does not contain alcohol, but it does contain 5mg of CBD and 5 mg of THC, the psychoactive compound in cannabis that gives a “high”.

A brand representative explains:

“This IPA-inspired sparkling water is made using everything Lagunitas knows about hops and is infused with THC and/or CBD (depending on your vibe). This new beverage collaboration with AbsoluteXtracts is yet another example of Lagunitas’ creativity at the intersection of culture, marijuana and craft beer, and marks the first time a major brewery has successfully and legally been represented in the THC-infused beverage space. At its core, Hi-Fi Hops is inspired by our IPA, tastes as refreshing as water (yeah, no calories or carbs!) and gives you the chill of sun-grown cannabis.”*

Why does it matter?

Millennials are switching off from alcohol, so putting a beer brand at the heart of an alternative psychoactive ingredient is an interesting play. The addition of the functionally beneficial CBD ingredient adds a nod to permissibility, and there is flexibility to “opt out” of the THC without brand judgement.



MACROTREND



Sustainability

KFC launch edible packaging



THE 200% EDIBLE WRAPPER
KFC DOUBLE DOWN PACKAGING YOU CAN EAT

Now 200% MORE KFC DOUBLE DOWN THIS WRAPPER

The Double Down is a legend in its own lunchtime – all meat, no buns. We needed to tell the public this limited time item was back on the menu. With no bread to soak up all the juicy goodness, the Double Down can be a bit messy to munch. So we created a unique collection of delicious rice paper wrappers, each printed with edible ink in KFC's signature Zinger flavour.

Our new wrapper added to the Double Down legend, making it more popular than ever.



What is it?

KFC have launched an edible wrapper for its Double Down bun-less sandwich, a snack which replaces the usual bread with two pieces of chicken.

Why does it matter?

This innovative packaging solution successfully nails two trends in one – reducing packaging waste, and making eating on-the-go easy.



Sorbos launches edible straws

Macro-trend: Sustainability / Market: United Kingdom



What is it?

Drinks company Diageo has teamed up with Spanish-based company Sorbos to launch a range of edible straws that complement its premixed cans of Gordon's gin and Schweppes tonic.

Why does it matter?

For consumers straws have become symbolic of the gratuitous use of plastic in consumer goods. This clever alliance manages to nail two key macro trends in one: sustainability, and the increasing desire for novel experiences and play value within foods and beverages.



Image Source: <https://www.cosmopolitan.com/uk/work-life/a22695564/edible-straws-gordons-gin-tonic/>

Lush shampoo bars are one to watch

Macrotrend: Sustainability / Market: Global



What is it?

Forgoing the bottle entirely Lush UK has a range of shampoos in bar format.

Why does it matter?

The use of plastics for packaging is becoming an increasingly salient topic for UK consumers, who are starting to vent their concerns to the companies behind their favourite brands. Expect to see packaging-free products like Lush Shampoo Bars challenge categories where plastic traditionally has an established stronghold, and consumers start to question whether all that plastic is really necessary.

Image Source: <https://www.chickadvisor.com/item/lush-new-shampoo-bar/>

Carlsberg replaces plastic six-pack rings with glue

Macrotrend: Sustainability / Market: United Kingdom



What is it?

Carlsberg are using glue to attach six-packs together, saving on packaging, and doing away with the traditional plastic rings that cause marine life misery.

Why does it matter?

A positive move six years ago and 4,000 test formulas in the making, Treehugger.com reports that Carlsberg will be the first brewer to make this trailblazing change in the category, adding “Replacing six-pack rings with this glue will cut down on plastic waste by 76 percent and eliminate 1,200 tonnes of plastic from entering the environment; that’s the equivalent of 60 million plastic bags”. The change also comes with a new sensory signal, as the cans will make an audible “snap” when pulled apart.

Image Source: www.treehugger.com/plastic/carlsberg-replaces-plastic-six-pack-rings-glue.html



What is it?

Zero Green in Bristol sells products without packaging, enabling consumers to avoid plastic altogether.

Pebblemag.com reports “Zero Green in Bristol champions buying in bulk, buying plastic free ingredients and buying local. Pop in and weigh out dry ingredients, washing up liquid, shampoos and lots of other items. Many of their suppliers are local to Bristol and you can also pick up plastic-free deodorants, water bottles, KeepCups, bamboo cutlery and stainless steel straws.”*

Why does it matter?

Popularised by vloggers and influencers, aspiring to a zero waste lifestyle is no longer a dream, and even if it only causes small behavioural changes amongst most consumers, the cumulative effect of many small changes could be significant for the planet. It’s challenging to see how big business could replicate this across a whole supply chain, but these live examples prove that significant changes are a possibility if only focus and thought is applied.

* <https://pebblemag.com/magazine/doing/plastic-free-shopping-13-of-the-uks-best-zero-waste-stores>

Image Source: <https://www.bristolpost.co.uk/whats-on/shopping/food-shop-bristols-first-zero-1388663>



MACROTREND



**Holistic
Wellbeing**

Apple Watch Series 4

Macrotrend: Holistic Wellbeing / Market: Global



What is it?

Apple is releasing its Series 4 watch. Together with the kind of hardware improvements you would expect (it now operates at twice the speed), it has also gone high tech on health benefits as the product squares up against fitness tracker competitors.

Why does it matter?

This high tech device makes counting steps look like child's play, raising the bar for wearable tech to create greater barriers to entry: "The Apple Watch Series 4 has new health features, including a motion sensor that can track when the user falls based on motions. This feature also notifies emergency services if the user is immobile for over a minute. The watch even features a built-in ECG and has been approved by the FDA as a proper medical device"*

Image Source: <https://www.apple.com/newsroom/2018/09/redesigned-apple-watch-series-4-revolutionizes-communication-fitness-and-health/>

* [trendhunter.com](https://www.trendhunter.com)

Yeo Valley launches Kefir variant

Macrotrend: Holistic Wellbeing / Market: United Kingdom



Image Source: <https://www.yeovalley.co.uk/things-we-make/yogurt/natural-kefir/>

What is it?

Yeo Valley has launched Kefir variants into mainstream yoghurts.

Why does it matter?

Enter Kefir, an ancient cultured milk product that offers a cornucopia of benefits and good bacteria strains that poor old yoghurt just can't match. New news, tasty, and with a clear functional benefit around health, this trend ticks all the boxes for success.

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Rugby star launches next generation soft drink

Macro-trend: Holistic Wellbeing / Market: United Kingdom



Image Source: <https://www.pearlfisher.com>



What is it?

Rugby legend Jonny Wilkinson has launched the No1 Kombucha brand, exclusively available at Sainsbury's in the UK.

Why does it matter?

This product represents a modern combination of functional benefits positioned as an everyday product.

Described by the brand's website as "full of flavour, lightly sparkling and naturally rich in live cultures" this launch forms part of a surge of "living products" currently hitting the shelves.

Strategically located by Sainsburys in the front chillers, this functional drink in a highly palatable and familiar format is set to challenge mainstream smoothies and energy drinks.

**What is it?**

Pro Tea have launched a tea with a strain of probiotic bacteria that can withstand hot temperatures, making probiotic tea a possibility.

Why does it matter?

According to GNPD, probiotics in food and drink is experiencing accelerated growth, rising 11% to July 2018 versus 1% growth a year previous.

Overcoming temperature issues, and combining a gut health benefit with all the other benefits tea is famous for, Pro Tea feels like a good and natural fit that will make sense to consumers.

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High fat as a USP - come again?

Macro-trend: Holistic Wellbeing / Market: USA

low carb • keto • no sugar added • high fat • low carb • keto • no sugar



one pint
(473 ml)

VANILLA
ice cream



one pint
(473 ml)

COOKIE DOUGH
ice cream

What is it?

Rebel Ice Cream bucks the trend in better for you, by launching a no sugar, high fat range of ice cream to target followers of the Ketogenic diet.

In Instagram circles 'Keto' is a huge trend with plenty of celebrity influencers singing its praises.

If you are not familiar with the 'keto' diet, womenshealthmag.com breaks it down: "This eating plan is all about minimizing your carbs and upping your fats to get your body to use fat as a form of energy, says Scott Keatley, R.D., of Keatley Medical Nutrition Therapy. While everyone's body and needs are slightly different, that typically translates to: 60-75% of your calories from fat, 15-30% of your calories from protein, and 5-10% of your calories from carbs"

Why does it matter?

How the worm has turned. The vilification of sugar continues, but expect consumers to get increasingly more open to fats as a functional ingredient.

Image Source: <https://rebelcreamery.com/>

low carb • keto • no sugar added • high fat • low carb • keto • no sugar

Rebel

6

low carb • keto • no sugar added • high fat • low carb • keto • no sugar

Rebel

6

MACROTREND

Retail Theatre

Macrotrend: Retail Theatre / Market: France



What is it?

To support the relaunch of Bourjois, Coty developed a blended reality beauty mirror. Pick up a product, and the corresponding lipstick shade appears your lips.

Why does it matter?

Mirror mirror on the wall who will sell the most of all? As retail struggles to compete with online for beauty buys, physical experiences and theatre instore will keep consumers coming back to bricks and mortar locations.

Givenchy scented stickers



What is it?

To support the launch of Irresistible Blossom Crush Givenchy bypassed the normal magazine scent strips and launched a range of scented stickers to adorn phones, journals, iPads and cards.

Why does it matter?

In the very busy world of perfume NPD, generating awareness is a challenge. The novelty of these grown up scratch 'n' sniff stickers cut through to consumers, creating a meaningful buzz around the launch, and putting the fragrance near the noses of a much wider audience.

Image Source: https://www.cosmeticsbusiness.com/news/article_page/Parfums_Givenchy_calls_on_Cares-tia_for_Live_Irresistible_Bloom_Crush_scented_stickers/144881

The Buzz Lightyear Mocktail

Macro-trend: Retail Theatre / Market: USA



What is it?

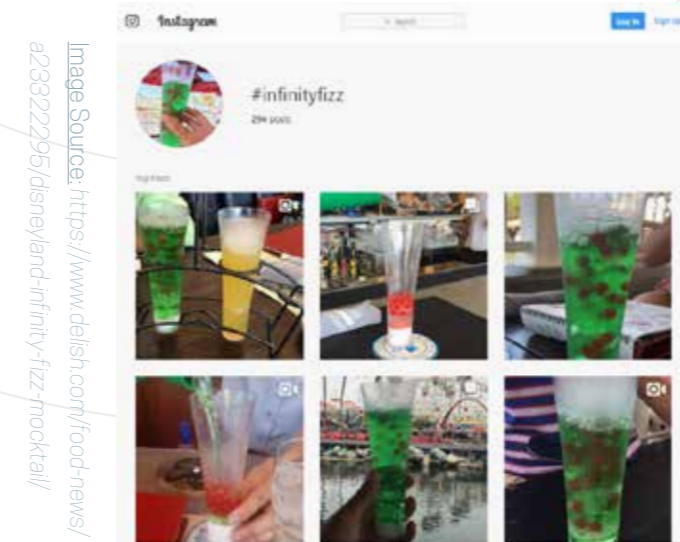
Disney has launched a Buzz Lightyear mocktail called the Infinity Fizz to bring the iconic character alive in its in-park dining.

Delish.com explains how it's made: "First, dry ice is added to the glass. Then come the cherry-flavored, special popping pearls. Separately, green apple syrup (Buzz's color!), apple juice, and Mountain Berry Powerade."

Why does it matter?

This product continues a theme and amplifies the brand experience with a heavily sensorial element, creating delight for the consumer, and clipping the ticket for Disney with a premium beverage.

It's also highly Instagrammable.



Making bricks and mortar matter

Macro-trend: Retail Theatre / Market: UK & USA



Image Source: <https://www.recountur.net/retail/five-brands-pioneering-immersive-retail-experience>

What is it?

Popular online only clothing retailer Missguided have launched a store in Westfield London.

Why does it matter?

In a world where online sales are becoming increasingly more integrated into consumers' daily lives, retailers will be forced to consider whether bricks and mortar still matters. Consider fortyfiveten.com, a store designed to be supremely Instagrammable, and witness a retailer who is leveraging their physical stores as a cornerstone of their digital strategy. By making the store a place for snapping selfies and creating UGC, the physical location and its infectious shareability works with them not against them on the bottom line.

Fortyfiveten.com, Houston, Texas, USA





MACROTREND



**Brand
Collaborations
& Mash-Ups**

Trainers & Trains

Macro-trend: Brand Collaborations & Mash-Ups / Market: Germany



What is it?

The Dieline reports that Adidas has collaborated with public transport company Berliner Verkehrsbetriebe (BVG). The two companies will provide free metro rides for a year to anyone who buys the limited edition EQT Support 93/ Berlin sneaker. Inspired by Berlin's subway seat aesthetic, the shoes even feature a faux train ticket on the tongue.

Why does it matter?

This breaks the mould for brand collaborations with its unexpected but spot on pairing of seemingly very different entities. It makes perfect sense because it is a partnership that takes into account the consumer's wider life and context.

Image Source: <http://www.thedieline.com/blog/2018/2/26/brand-collaborations-hit-overdrive>

Pumpkin Spiced Latte for faces

Macrotrend: Brand Collaborations & Mash-Ups / Market: USA



What is it?

Natural and organic skincare brand Savor Beauty has launched Pumpkin Enzyme Peel, capitalising on the Fall/Pumpkin trend that Starbucks made mainstream with cult coffee Pumpkin Spice Latte (now over 200m sold).

Why does it matter?

We like this clever combination of appealing benefits. Combining consumer interest in seasonal frivolity and effective natural active ingredients, the product completes the sensory experience with the comforting and familiar smell of the Starbucks namesake drink.

Image Source: <https://www.savorbeauty.com/products/pumpkin-enzyme-peel>

Oreo celebrates Mickey's 90th birthday



What is it?

Oreo have launched a special Mickey limited edition of their famous biscuit, featuring coloured funfetti inside, and the mouse's famous face stamped on the biscuit.

Why does it matter?

Oh Mickey you're so fine! Brand mash-ups and collaborations delight consumers and have been an enduring trend over the last year. Here is a great example of two brands with a fabulous fit that become greater than the sum of their parts when put together.

Going beyond a simple licensing exercise, this collaboration has also modified the product inside, creating a sensory synergy between the idea of the collaboration, and the experience of eating the biscuit.

Image Source: <https://www.rampet.com/pl/how-to-get-oreos-new-mickey-mouse-cookies-in-honor-of-mickey-s-90th-birthday-12016280>

Coca-Cola launches coffee cola hybrid

Macrotrend: Brand Collaborations & Mash-Ups / Market: Brazil



Image Source: <https://www.cocacola.com.br/historias/otro-curiosidades-sobre-a-coca-cola-plus-cafe-espresso>

What is it?

Coca-Cola has launched a Cola plus café espresso variant in Brazil. The product offers 40% more caffeine and 50% less sugar than the traditional red variant. Offering a functional benefit around energy as a direct challenge to the ready-to-drink coffees that have made inroads into sales, it also nods its head to consumers' general desire to reduce sugar.

Why does it matter?

The brand tried this before in the USA in 2006, and it was gone within two years, but that is not to say that the idea is wrong. There is definite worth in mining past failures and deconstructing the reasons it didn't take off.

The last two years have seen an uphill struggle in the category. In 2018, the category is now evolving to face these new threats.

This launch pairs two much loved beverages into a hybrid format, and is symbolic of the slow destruction of boundaries in food and drink.

You never know which unexpected mash-ups might engage consumers.

Joey Tribbiani explains:

<https://www.youtube.com/watch?v=TSFgDZJYbo>

Mergers and Acquisitions

2017 was a record year for mergers and acquisitions, allowing companies to conquer new markets, and new product areas.

At Huxly we think that if you want to understand next years' big trends, it's helpful to see which way the money is flowing.

In the last few months we've seen a range of interesting acquisitions as companies acquire new routes to market (Costa Coffee, Soda Stream) or access to new product ranges (Beyond Meat, Hexo) in order to find growth in new sectors.

If these patterns continue to play out we expect to see brand stretch becoming a real focus for marketers, as well as the need to understand how to manage their brands through owned retail models.

Coca-Cola acquires Costa

MacroTrend: Mergers & Acquisitions / Market: Global



What is it?

Coca-Cola has acquired Costa coffee for £3.9bn.

Why does it matter?

This merger delivers a double win for Coca-Cola, both in terms of access to consumers, and a new product area, and echoes the current boom in CPG companies acquiring businesses beyond their current core as a means to generate growth and overcome stagnant organic growth.

We wonder if the intention is to leverage the brand to challenge Starbucks stateside?

Top five branded coffee chains in Europe and the US

Number of outlets 2017



Source: Alegria Strategies

BBC

Image Source: <https://www.bbc.co.uk/news/business-45965898>

Tyson Foods invests in Beyond Meat

Macro-trend: Mergers & Acquisitions / Market: Global



Image Source: <https://www.thedrum.com/profile/bullet-proof/case-studies/beyond-meat-redesign>

What is it?

Tyson foods, the world's second largest processor and marketer of chicken, beef, and pork, has acquired Beyond Meat, a Los Angeles-based producer of plant-based meat substitutes founded in 2009, who are famous for their plant based sausages and burgers.

Post merger the company is using the funds to triple production, reports forbes.com "The company's burgers are currently sold in more than 5,000 stores, including Whole Foods, Kroger and Albertsons. Beyond Meat has also been added to menus at nearly 4,000 restaurants, hotels and college dining halls. Next month, it plans to enter all TGI Fridays restaurants, which will integrate the vegan patty into their Burger Bar".*

Why does it matter?

If you can't beat 'em join 'em seems to be the mantra for this acquisition, which makes sense as consumers continue to embrace some of the principles of veganism, if only on a part time basis. With meat-free becoming more mainstream it looks like an intelligent hedge.

* <https://www.forbes.com/sites/michaelpellmarrow-land/2017/12/10/tyson-foods-plant-based-meat/#4b5bfdcd7efa>

Pepsi acquires Soda Stream

Macrotrend: Mergers & Acquisitions / Market: Global



What is it?

Pepsi is to buy Soda Stream for \$3.2b USD. Pepsi said the transaction, which is expected to complete early 2019, is part of its strategy to promote wellness.

Why does it matter?

In the face of flat organic growth the last year has seen record numbers of mergers and acquisitions as CPG companies pursue new geographical markets and product areas beyond current capabilities.

The Guardian reports* that many current consumers use Soda Stream to make fizzy water at home, so this opportunity makes good sense for Pepsi as they improve their corporate health credentials, but it also offers a less reported silver lining. The ability to bypass retailers and go direct to consumers may allow Pepsi to alleviate margin pressure and maintain a more enriched one-to-one dialogue with shoppers.

Image Source: <http://design.pepsico.com/homemade.php?v=73>

* <https://www.theguardian.com/business/2018/aug/20/pepsi-buy-sodastream-health-conscious-drinks>

Molson Coors create cannabis joint venture with Hexo Corp



What is it?

Molson Coors have announced a joint venture with Hexo Corp called Truss.

Why does it matter?

Building on our cannabis theme, this venture will allow Molson Coors to develop non alcoholic, cannabis-infused beverages. Millennial audiences are famously restrained in alcohol consumption, and this joint venture will allow Molson Coors access to a new source of growth, at least in Canada where cannabis is now legal. As the functional benefits of alcohol become less popular, it will be interesting to see what social and emotional role cannabis infused beverages will play.



Image Source: <https://twitter.com/stefano10172018>



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