



**ODDO BHF**  
ASSET MANAGEMENT

## *Fund Insight*

# ODDO BHF FUTURE OF FOOD

SEPTEMBER 2023

THE FIGURE OF THE MONTH

# 70

The percentage of restaurants with an Instagram account

Inception date of the fund

*July 2018*

Assets under management

*\$ 34 M*

## PORTFOLIO SNAPSHOT

Access to the latest performance and factsheets

[VIEW](#)

Risk Indicator <sup>1</sup>

① ② ③ ④ ⑤ ⑥ ⑦

Past performance is not an indication of future results. Performance may vary over time.

Countries in which the fund is authorized for marketing to clients: France, Belgium, Switzerland, Germany, Spain, Luxembourg, Austria, Sweden.

<sup>1</sup>The summary risk indicator (SRI) is a guide to the level of risk of this product compared to other products. It shows how likely it is that the product will lose money because of movements in the market or because we are not able to pay you. It ranges from 1 (low risk) to 7 (high risk). This indicator is not constant and will change according to the fund's risk profile. The lowest category does not mean risk-free. Historical data, such as that used to calculate the SRI, may not be a reliable indication of the fund's future risk profile. There is no guarantee that the investment objectives in terms of risk will be achieved. | Asset class: Equities; Currency: CHF / EUR / USD.

# Story OF THE MONTH

**We all know and use TripAdvisor, whether it's near our home or abroad, to find a restaurant according to our criteria. This platform allows consumers to share their opinions and thus penalise or favour certain restaurants. But what happens when restaurant owners, who until now were depending on their customers' 'ratings', decide in turn to use these platforms to their advantage to influence people's decisions? With the rise of social media, amounting to 5 billion active users, restaurants have made sharing photos/videos of their dishes an essential marketing tool, and it's working! Let's take a closer look at how this tool creates a competitive advantage.**

Firstly, in terms of media impact, statistics show that 63% of consumers use social networks to discover new restaurants, 38% of Instagram users watch food-related content and 45% share it. Restaurant owners are well aware of this latest trend and intend to take advantage of this 'free' advertising channel by paying more attention to the aesthetic appeal of the dishes they offer. By doing so, they are actively encouraging consumers to share their experience with their community by mentioning the restaurants in their posts. Some Chefs have also become stars on social media, with chef Philippe Etchebest boasting over a million followers and Cyril Lignac topping the 3 million mark on Instagram.

Secondly, from a persuasive point of view, 32% of the consumers state that they will visit a restaurant directly after seeing its content on social media, while 22% of the persons asked are ready to revisit a restaurant thanks to its media presence and 88% are following the recommendations made by their friends on these platforms when choosing a place to eat. The process of persuasion generated by these irresistible photos, further intensified by references of peers (friends, influencers, chefs), finishes off any remaining doubts that consumers might have about a food establishment, and even attracts those who were initially not even looking for a restaurant. This latter consequence, which is regarded as extremely favourable, can be described as a "Pull" strategy which is creating additional demand.

It is therefore clearly evident that being present on social media is fundamental to 'surviving' in the age of digitalisation. The important question is how to differentiate oneself from all the other restaurants that are trying to do the same? While independent restaurant owners are usually satisfied with publishing their small dishes and innovating their menu as far as possible, some major players in the restaurant industry are spending exorbitant sums of money on Machine Learning. By harnessing customer data, Machine

Learning enables restaurant owners to identify the consumers' needs, predict their behaviour and understand trends in order to conduct more effective campaigns as well as create personalised experiences. The impact of personalisation should not be underestimated: 52% of the customers state that they would switch to another brand if their current one does not personalise its communication.

As an example, both McDonald's and Burger King are using Machine Learning to suggest dishes to their customers based on their previous orders, the weather or the time of day. This obviously comes at a certain cost, with the Bite Back organisation revealing that the 10 biggest spenders invested 75% more in social media and digital advertising in 2022 than the previous year, and this will only increase in the future. The biggest increase was recorded by the American giant McDonald's with a 300% rise in its advertising spend, followed by KFC with a 224% rise and UbearEats with 199%. Back in 2019, McDonald's made its biggest acquisition in the last 20 years, by acquiring the start-up Dynamic Yield for \$300 million. The AI-based technology developed by this start-up enabled the fast-food giant to optimise its McDrive service by offering its customers a personalised recommendation engine.

In conclusion, we have touched upon two highly effective marketing techniques used by restaurants that primarily differ from each other in terms of their costs. While user-generated content on social media virtually represents a free advertising channel for restaurants, Machine Learning, on the other hand, pushes restaurant chains to spend exorbitant amounts of money to establish meaningful relationships with their consumers. Although currently, Machine Learning is merely used by a privileged few in the infinitely fragmented restaurant sector, this technique may well become the new necessity and trend for restaurant owners in the near future, as it is already the case with social media nowadays.

**None of the aforementioned companies constitutes an investment recommendation.  
Past performance is not a reliable indication of future return and is not constant over time.**

# Why invest

## IN ODDO BHF FUTURE OF FOOD?

### A THEME ON THE RISE: THE FUTURE OF FOOD:

The ongoing food revolution is driven by consumer, regulation and sustainability. From food production to consumption, the entire value chain will be significantly affected. An investment in companies shaping the Future of Food should offer interesting opportunities for investors.

### AN INNOVATIVE PROCESS DRIVEN BY ARTIFICIAL INTELLIGENCE:

Use of Natural Language Processing by the management team. More than 4 million data points analysed per day, with the objective of generating new investment ideas and detecting the most alpha generating sub-themes linked to the Future of Food theme.

### A COMPREHENSIVE EXPOSURE:

The fund notably offers our clients a direct exposure to high-growth sub-themes encompassing the entire value chain from farm to fork: farming 4.0, food innovation, new ways of consuming and closing the food loop.

### A SUSTAINABLE APPROACH:

Identification of the most promising companies based on an experienced and complementary investment management team and a strong ESG process.

## INVESTMENT TEAM



**CLÉMENT MACLOU**  
Thematic Portfolio Manager  
ODDO BHF Switzerland



**NICOLAS MOESCHLER**  
Thematic Portfolio Manager  
ODDO BHF Switzerland

## RISKS

ODDO BHF Future of Food is mainly exposed to the following risks: Risk of capital loss, liquidity risk, inflation risk, tax risk, counterparty risk, operational & custody risk, currency risk, low interest rate risk, risk associated with small market capitalization stocks, specialized or concentrated sector risk, derivatives risk, efficient portfolio management techniques risk, equity market risk, commodity market risk, risk associated with an investment in shares of UCIs or UCITs, sustainability risk.

### ISIN codes of the fund

**CRw USD**

LU1831000762

**CIw USD**

LU1831000929

**CRw EUR**

LU1979509194

**CIw EUR**

LU1979510283

**CRw CHF**

LU1831001141

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## ODDO BHF ASSET MANAGEMENT SAS (FRANCE)

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