Issue Report

New Consumer Opportunities in Prepared Meals & Meal Components

Reference code: CS0403IS **Published: November 2012**

Canadean Food

1. Executive Summary

1.1 Intensifying competition makes it vital to target key consumer groups effectively

1.1.1 Limited growth means marketers must focus on key consumer groups

There is a lack of variation between historic and future growth rates

The overall value of Prepared Meals & Meal Components sectors in the ten countries considered for this report grew at a CAGR (compound annual growth rate) of 5.3% between 2006 and 2011, and is expected to grow at a CAGR of 5.7% between 2011 and 2016. Value growth is forecast to be slightly higher in most sectors during 2011–2016 than it was during 2006–2011, though growth will slow down slightly in Meat, Dairy Foods and Oils & Fats.

The lack of a significant variation between historic and future growth rates in most sectors limits the opportunity to grow volume sales and instead, marketers will need to focus on targeting very specifically defined consumer groups, and their driving motivations, and gear up for competition for share between brands and with Private Labels.

Meat and Dairy Food will record the highest value growth worldwide

Within the BRIC region, Meat and Dairy Food in Brazil all have high per capita value consumption and will record relatively high growth rates during 2011–2016. This makes them the key sectors to target during 2011–2016 as they will accumulate the greatest absolute growth. However, there are many high growth sectors in the BRIC region — particularly in China and India — with low per capita volume consumption.

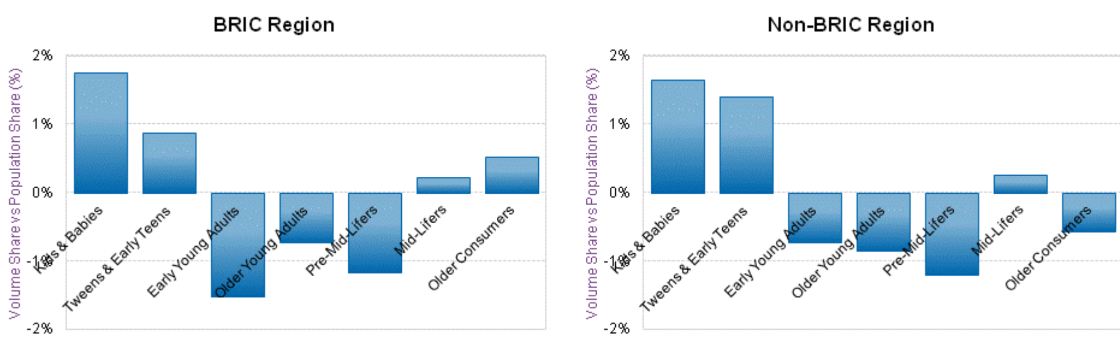
Meat and Dairy Food also offer strong opportunities in the non-BRIC region. While some sectors will grow quickly, the low growth rates in most sectors mean there will be even greater competition in these sectors during 2011–2016, where weaker brands are going to be squeezed.

1.1.2 Consumers aged under 16 are key targets, but Older Consumers shouldn’t be forgotten about either

Kids & Babies and Tweens & Early Teens consume higher volumes of Prepared Meals & Meal Components than many think

Kids & Babies and Tweens & Early Teens consume above average volumes of Prepared Meals & Meal Components, while Young Adults and Pre-Mid-Lifers’ account for a volume share far below their share of the population. This is partly the result of Kids & Babies’ and Tweens & Early Teens’ high consumption of Dairy Food, though they are also above average consumers of Prepared Meals — mostly Ready Meals, though they also consume high volumes of Pizza — and Savory & Deli Foods worldwide, and of Pasta & Noodles in the non-BRIC region.

Figure 1: Kids & Babies and Tweens & Early Teens account for higher percentage shares of Prepared Meals & Meal Components sectors by volume than they do of the population

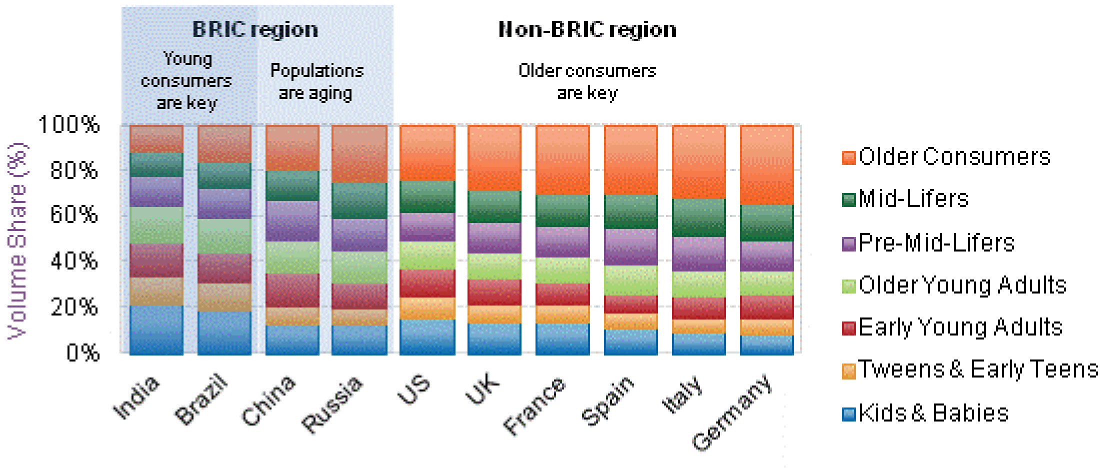


Source: Canadean © Canadean

However, marketers have to face aging populations in most countries, including in China

In sectors such as Meat, Fish & Seafood and Bakery & Cereals the volume share accounted for by Older Consumers' (those aged 55 and over) exceeds their share of the population. However, the importance of Older Consumers goes beyond pinpointing the sectors in which they consume above average volumes. As shown in Figure 2, aging populations worldwide means that Older Consumers already account for large absolute volumes, and will account for even larger ones by 2016. This pattern isn't specific only to Europe or the US: volume consumption patterns in China and Russia more closely resemble those of the Non-BRIC region than those of Brazil and India.

Figure 2: Older Consumers eat large volumes of Prepared Meals & Meal Components, and not just in the Non-BRIC region



Source: Canadean © Canadean

1.1.3 Consumers in the key Kids & Babies and Tween & Early Teen age groups seek products offering age-related benefits

Consumers look for Prepared Meals & Meal Components that meet their age-related needs

Canadean's Consumer Survey analyzed which needs motivated consumers' choices of Prepared Meals & Meals Components; and no motivation influenced a larger volume of products than the need to meet age-specific needs, be it healthy bone development for children or low cholesterol for older adults. In particular, this result is heavily influenced by the Dairy Food sector, which in volume terms is twice as large as the second-largest sector and ten times as large as most other sectors. While this shows that consumers are looking for Dairy Food products that, for instance, contain high calcium levels to help children's development, different consumer trends are key in other sectors.

Marketers need to beware the pitfalls of stereotypes, particularly in Health

Across the food and drinks industry, Health has been considered a key consumer trend for the last decade or more. Products have been launched with both free-from and active health claims, with functional foods and, more recently, super-foods gaining large amounts of public, media, and industry attention.

Despite the associated hype, Health only ranked in eighth place in our consumer trends survey, with a motivating factor behind approximately a tenth of all consumption. It would be wrong to completely throw out Health as a trend as it still influences a substantial volume of Prepared Meals & Meal Components consumed; however, this is a strong reminder that, particularly in the current economic climate, Health concerns often come second to the search for convenient products or value for money.

Canadean Food

Contents

Prepared Meals & Meal Components

Table of Contents

List of Figures

List of Tables