

Issue Report

# New Consumer Opportunities in Prepared Meals & Meal Components



## 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.

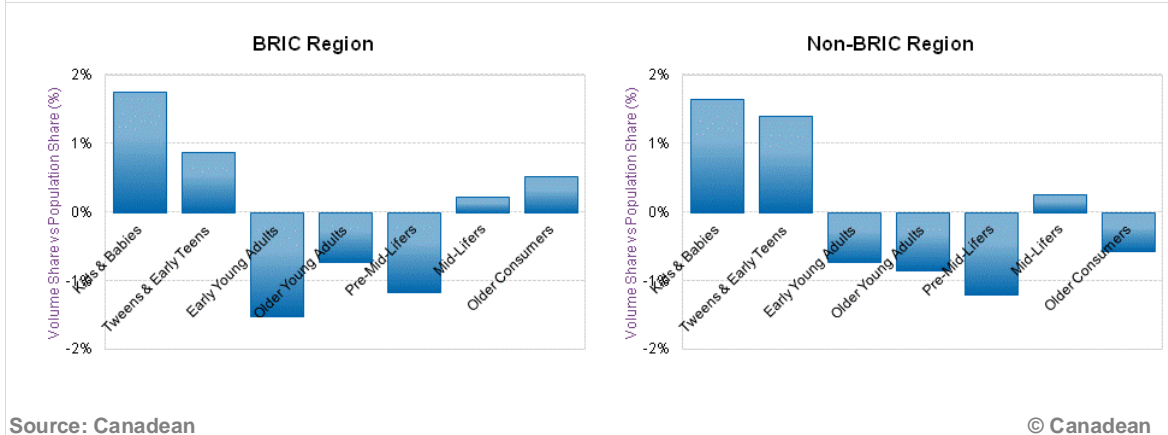
Meat and Dairy Food also offer strong opportunities in the non-BRIC region. While some sectors will grow quickly, the low growth rates in most sectors mean there will be even greater competition in these sectors during 2011–2016, where weaker brands are going to be squeezed.

#### 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.

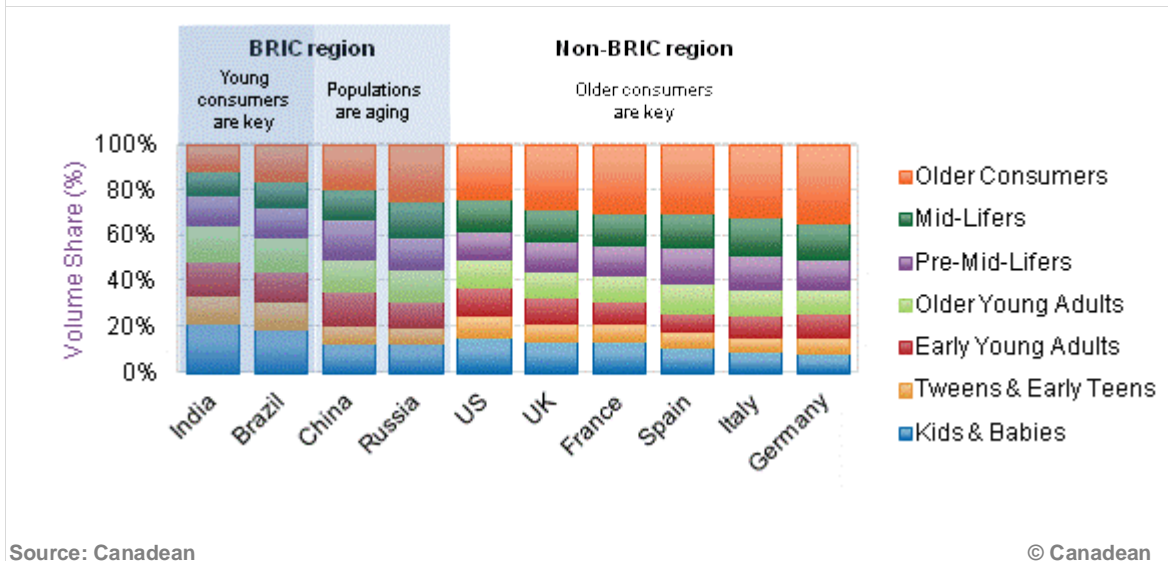
**Figure 1: Kids & Babies and Tweens & Early Teens account for higher percentage shares of Prepared Meals & Meal Components sectors by volume than they do of the population**



**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**



### 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.

# Table of Contents

<b>1. Executive Summary .....</b>	<b>8</b>
1.1 Intensifying competition makes it vital to target key consumer groups effectively .....	8
1.1.1 Limited growth means marketers must focus on key consumer groups .....	8
1.1.2 Consumers aged under 16 are key targets, but Older Consumers shouldn't be forgotten about either .....	8
1.1.3 Consumers in the key Kids & Babies and Tween & Early Teen age groups seek products offering age-related benefits .....	10
<b>2. Industry Dynamics.....</b>	<b>11</b>
2.1 Definitions.....	11
2.1.1 Sector coverage definitions.....	11
2.1.2 Consumer Trend definitions.....	11
2.2 Introduction .....	12
2.3 Key Growth Sectors for the Future.....	12
2.3.1 Steady value growth means competition between brands will intensify .....	12
2.3.2 Dairy Food is the largest category by volume .....	14
2.3.3 A sector by sector approach to targeting age groups is needed.....	15
2.4 Country Hotspots .....	16
2.4.1 Brazil and Russia are the key targets.....	16
2.4.2 Food sectors in China are already larger by volume than those in Europe.....	18
2.4.3 Aging populations in China and Russia means volume consumption patterns resemble those in the Non-BRIC region.....	18
2.5 Opportunity MapS.....	19
2.5.1 Within BRIC, Meat is the key sector to target in Russia and Brazil .....	19
2.5.2 Meat and Dairy Food are also key sectors in the Non-BRIC region.....	20
<b>3. Key Consumer Trends for Prepared Meals &amp; Meal Components.....</b>	<b>22</b>
3.1 Note on Measures.....	22
3.2 Global Trendscales .....	22
3.2.1 Consumers are most often motivated by age-specific needs .....	22
3.2.2 Key consumer trends by sector.....	24
3.2.3 Consumers look for value and convenience in Bakery & Cereals .....	25
3.2.4 Age-targeting is vital in Dairy Food; and it's all about children.....	26
3.2.5 Consumers look for Value for Money in Fish & Seafood.....	28
3.2.6 Value is important in the Meat sector .....	29

3.2.7	Oils & Fats are heavily commoditized, making price competition key.....	31
3.2.8	The convenience of Pasta & Noodles is important for busy consumers.....	32
3.2.9	People want the convenience of Prepared Meals but are critical of prices.....	34
3.2.10	Savory & Deli Foods also offer consumers cost-effective time-savers .....	36
3.2.11	Sauces save time, but also attract adventurous consumers .....	36
3.2.12	Packaging is key for busy consumers of Soup .....	38
3.2.13	Consumers select Soy products that meet specific age-related needs.....	39
3.2.14	Consumers treat themselves with Syrups & Spreads.....	41
3.3	Key consumer trends by country .....	42
3.4	Phantom & Overstated Trends .....	43
3.4.1	The actual importance of the Health trend is greatly over-estimated.....	43
3.4.2	Indulgence is far more significant in developed countries than in BRICs .....	45
3.4.3	BRIC consumers are more overtly aspirational, but value is still king.....	46
<b>4.</b>	<b>Key Under-Targeted Age Groups .....</b>	<b>49</b>
4.1	Introduction .....	49
4.2	Overall Prepared Meals & Meal Components by Age Group .....	49
4.2.1	Under 16s consume above average volumes of Prepared Meals & Meal Components.....	49
4.2.2	Tweens & Early Teens have the highest per capita volume consumption worldwide.....	50
4.3	Key Consumers to Target by Sector .....	50
4.3.1	Bakery & Cereals are mostly consumed by those in older age groups .....	50
4.3.2	Kids & Babies and Tweens & Early Teens dominate Dairy Food .....	52
4.3.3	Fish & Seafood is losing consumers when they become Young Adults .....	53
4.3.4	Older Consumers are key in the Meat sector .....	54
4.3.5	Oils & Fats Consumption increases substantially among over-45s.....	55
4.3.6	Children drive Pasta & Noodle consumption in the Non-BRIC region, Mid-Lifers in the BRIC region .....	56
4.3.7	Prepared Meals in the Non-BRIC region are driven by Young Adults .....	57
4.3.8	Kids & Babies and Tweens & Early Teens are key consumers of Savory & Deli Foods.....	59
4.3.9	Seasonings, Dressings & Sauces consumption is evenly distributed by age in the Non-BRIC region, but not in the BRIC region.....	60
4.3.10	Teenagers are the key consumers of Soup in the Non-BRIC region, but Mid-Lifers and Older Consumers are key in BRIC.....	61
4.3.11	Soy Products are consumed across all ages in the BRIC region .....	62
4.3.12	Syrups & Spreads are popular with the oldest and the youngest.....	63
<b>5.</b>	<b>Country Focus .....</b>	<b>64</b>
5.1	Growing population and economy to boost volumes in Brazil.....	64

5.2	Growth will slow in China, but still remain strong .....	66
5.3	Relatively low volume growth in France.....	68
5.4	Changing tastes in Germany a driving growth in smaller sectors .....	70
5.5	Per capita consumption in India will grow, but still be low .....	72
5.6	Moderate growth in Italy despite economic pressures.....	74
5.7	Russia’s growing economy to drive strong volume growth.....	76
5.8	Low volume growth will prevail in Spain as the economy stagnates.....	78
5.9	UK .....	80
5.10	US .....	82
<b>6.</b>	<b>Appendix .....</b>	<b>84</b>
6.1	About This Report .....	84
6.2	Survey Methodology .....	84
6.3	Definitions.....	85
6.3.1	Detailed Product Sector Definitions.....	85
6.3.2	Consumer Trends Framework.....	87
6.3.3	Age Group Definitions.....	89
6.3.4	Country Coverage and Region Definition .....	89
6.4	About Canadean.....	89
6.5	Disclaimer .....	90

## List of Figures

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.....	9
Figure 2: Older Consumers eat large volumes of Prepared Meals & Meal Components, and not just in the Non-BRIC region.....	9
Figure 3: The largest value sectors cluster into the middle of the growth spectrum .....	13
Figure 4: Total Dairy Food volumes are skewed towards younger consumers, while Bakery & Cereal, Meat and Fish are popular with Older Consumers .....	15
Figure 5: All the BRICs show strong value growth in Prepared Meals & Meal Components, although consumption is much lower in India & China .....	17
Figure 6: Aging populations in China and Russia mean that Older Consumers account for greater volumes than many think .....	19
Figure 7: For Prepared Meals & Meal Components, Meat in Russia and Brazil and Dairy Food in Brazil are the key opportunities in the BRIC region.....	20
Figure 8: In Prepared Meals & Meal Components in the Non-BRIC region, Meat and Dairy Food Markets record the highest per capita value consumption and relatively rapid value growth rates .....	21
Figure 9: Top Three Global Trends (Consumer Motivations) by Product Sector .....	24
Figure 10: Baker Tweet alerts Indulgence-seeking consumers of Albion's Oven Bakery in London, UK, when a hot batch of Bakery products are ready .....	25
Figure 11: Private Label penetration is high in Dairy Food categories in the Non-BRIC region .....	28
Figure 12: Organic certification is a key way to reassure consumers after food scares .....	30
Figure 13: Consumers in China and the US are the most concerned about the safety of their Meat.....	30
Figure 14: Dried Pasta and Noodles' share is very high, driven by the appeal of their easy storage and "cookability" .....	34
Figure 15: The majority of Prepared Meals are eaten by Consumers with time on their hands .....	35
Figure 16: Prepared Meals are a way for consumers to try new cuisines at home .....	35
Figure 17: Asian cuisine is proving popular among consumers with increasingly adventurous palettes .....	37
Figure 18: Microwaveable packaging makes it easier to heat soup at work.....	38
Figure 19: Soy Products are consumed in greatest volumes per capita in China and Brazil .....	40
Figure 20: Top Three Trends (Consumer Motivations) by Country .....	43
Figure 21: Health is of major importance to consumption in only a few sectors.....	44
Figure 22: Natural and healthy Prepared Meals like Sainsbury's Super Naturals have had modest success .....	45
Figure 23: Indulgence is less important in the BRICs than the Non-BRICs in every sector except soup.....	46
Figure 24: Value for Money is a more important driver of consumption volumes than Aspiration in all sectors globally ...	47
Figure 25: Iceland's Luxury range is marketed both on its aspirational and its budget credentials.....	48
Figure 26: Kids & Babies and Tweens & Early Teens are key consumers of Prepared Meals & Meal Components worldwide.....	49
Figure 27: Older Consumers account for a disproportionately high share of consumption .....	51
Figure 28: Dairy Food is most popular with the youngest consumers .....	52
Figure 29: Fish & Seafood is least popular among Young Adults .....	53
Figure 30: Meat is most popular among Older Consumers across all countries .....	54
Figure 31: Mid-lifers are particularly high consumers of Oils & Fats .....	55
Figure 32: Pasta & Noodles consumption is led by younger Non-BRIC consumers .....	56
Figure 33: Consumption of Prepared Meals differs significantly by age group in the BRIC region .....	57
Figure 34: Kids & Babies and Tweens & Early Teens are as likely to eat Ready Meals as adults.....	58
Figure 35: Older Consumers eat relatively low volumes of Savory & Deli Foods.....	59
Figure 36: Seasonings, Dressings & Sauces consumption is fairly evenly distributed across age groups in the Non-BRIC region, but not in the BRIC region .....	60
Figure 37: Over 45's are the key consumers of Soup in the BRIC region, Teenagers and Early Young Adults in the Non-BRIC region.....	61
Figure 38: Soy Products consumption is fairly even across age groups in the BRIC region, but largely consumed by children in the Non-BRIC region.....	62
Figure 39: Syrups & Spreads consumption peaks among the youngest and oldest .....	63
Figure 40: Consumption and Future Growth in Prepared Meals & Meal Components in Brazil .....	64
Figure 41: Consumer Profiles in Prepared Meals & Meal Components in Brazil .....	65
Figure 42: Consumption and Future Growth in Prepared Meals & Meal Components in China.....	66
Figure 43: Consumer Profiles in Prepared Meals & Meal Components in China.....	67



Figure 44: Consumption and Future Growth in Prepared Meals & Meal Components in France .....	68
Figure 45: Consumer Profiles in Prepared Meals & Meal Components in France .....	69
Figure 46: Consumption and Future Growth in Prepared Meals & Meal Components in Germany .....	70
Figure 47: Consumer Profiles in Prepared Meals & Meal Components in Germany .....	71
Figure 48: Consumption and Future Growth in Prepared Meals & Meal Components in India .....	72
Figure 49: Consumer Profiles in Prepared Meals & Meal Components in India .....	73
Figure 50: Consumption and Future Growth in Prepared Meals & Meal Components in Italy .....	74
Figure 51: Consumer Profiles in Prepared Meals & Meal Components in Italy .....	75
Figure 52: Consumption and Future Growth in Prepared Meals & Meal Components in Russia .....	76
Figure 53: Consumer Profiles in Prepared Meals & Meal Components in Russia .....	77
Figure 54: Consumption and Future Growth in Prepared Meals & Meal Components in Spain.....	78
Figure 55: Consumer Profiles in Prepared Meals & Meal Components in Spain .....	79
Figure 56: Consumption and Future Growth in Prepared Meals & Meal Components in the UK .....	80
Figure 57: Consumer Profiles in Prepared Meals & Meal Components in the UK .....	81
Figure 58: Consumption and Future Growth in Prepared Meals & Meal Components in the US .....	82
Figure 59: Consumer Profiles in Prepared Meals & Meal Components in the US .....	83
Figure 60: Issue Report Methodology .....	85

## List of Tables

Table 1: Global Prepared Meals & Meal Components Value by Sector, 2006-2016 (US\$ million) .....	13
Table 2: Global Prepared Meals & Meal Components Volume by Sector, 2006-2016 (kg m).....	14
Table 3: Global Prepared Meals & Meal Components Value by Country, 2006-2016 (kg m).....	17
Table 4: Global Prepared Meals & Meal Components Volume by Country, 2006-2016 (kg m).....	18
Table 5: Leading Global Trends (Consumer Motivations) by Volume Share Influenced (%), 2011 .....	23
Table 6: Top Ten Trends (Consumer Motivations) Globally in Bakery & Cereals by Volume Share Influenced (%), 2011 .....	26
Table 7: Top Ten Trends (Consumer Motivations) Globally in Dairy Food by Volume Share Influenced (%), 2011 .....	27
Table 8: Top Ten Trends (Consumer Motivations) Globally in Fish & Seafood by Volume Share Influenced (%), 2011 .....	28
Table 9: Volume Influenced by the Changing Age Structures and Health Consumer Trends in Fish & Seafood (%), 2011 .....	29
Table 10: Top Ten Trends (Consumer Motivations) Globally in Meat by Volume Share Influenced (%), 2011 .....	31
Table 11: Top Ten Trends (Consumer Motivations) Globally in Oils & Fats by Volume Share Influenced (%), 2011 .....	32
Table 12: Top Ten Trends (Consumer Motivations) Globally in Pasta & Noodles by Volume Share Influenced (%), 2011 .....	33
Table 13: Top Ten Trends (Consumer Motivations) Globally in Prepared Meals by Volume Share Influenced (%), 2011 .....	34
Table 14: Top Ten Trends (Consumer Motivations) Globally in Savory & Deli Foods by Volume Share Influenced (%), 2011 .....	36
Table 15: Top Ten Trends (Consumer Motivations) Globally in Seasonings, Dressings & Sauces by Volume Share Influenced (%), 2011 .....	37
Table 16: Top Ten Trends (Consumer Motivations) Globally in Soups by Volume Share Influenced (%), 2011 .....	39
Table 17: Top Five Trends (Consumer Motivations) in Soy Products by Volume Influenced, China vs. Brazil vs. Rest of the World, 2011 .....	40
Table 18: Top Ten Trends (Consumer Motivations) Globally in Soy Products by Volume Share Influenced (%), 2011 .....	41
Table 19: Top Ten Trends (Consumer Motivations) Globally in Syrups & Spreads by Volume Share Influenced (%), 2011 .....	42
Table 20: Global Prepared Meals & Meal Components Per Capita Volume Consumption by Age Group, 2011 (kg) .....	50
Table 21: Global Bakery & Cereals Per Capita Volume Consumption by Age Group, 2011 (kg) .....	51
Table 22: Global Dairy Food Per Capita Volume Consumption by Age Group, 2011 (kg) .....	52
Table 23: Global Fish & Seafood Per Capita Volume Consumption by Age Group, 2011 (kg) .....	53
Table 24: Global Meat Per Capita Volume Consumption by Age Group, 2011 (kg) .....	54
Table 25: Global Oils & Fats Per Capita Volume Consumption by Age Group, 2011 (kg) .....	55
Table 26: Global Pasta & Noodles Per Capita Volume Consumption by Age Group, 2011 (kg) .....	56
Table 27: Global Prepared Meals Per Capita Volume Consumption by Age Group, 2011 (kg) .....	57
Table 28: Top Three Trends (Consumer Motivations) Globally in Prepared Meals by Volume Share Influenced (%), Kids & Babies vs. Tweens & Early Teens vs. Adults, 2011 .....	58
Table 29: Global Savory & Deli Foods Per Capita Volume Consumption by Age Group, 2011 (kg) .....	59
Table 30: Global Seasonings, Dressings & Sauces Per Capita Volume Consumption by Age Group, 2011 (kg).....	60
Table 31: Global Soup Per Capita Volume Consumption by Age Group, 2011 (kg) .....	61
Table 32: Global Soy Products Per Capita Volume Consumption by Age Group, 2011 (kg) .....	62
Table 33: Global Syrups & Spreads Per Capita Volume Consumption by Age Group, 2011 (kg).....	63
Table 34: Prepared Meals & Meal Components in Brazil: 2011-16 CAGR, 2011 Per Capita Consumption & Volume.....	65
Table 35: Prepared Meals & Meal Components in China: 2011-16 CAGR, 2011 Per Capita Consumption & Volume .....	67
Table 36: Prepared Meals & Meal Components in France: 2011-16 CAGR, 2011 Per Capita Consumption & Volume.....	69
Table 37: Prepared Meals & Meal Components in Germany: 2011-16 CAGR, 2011 Per Capita Consumption & Volume.....	71
Table 38: Prepared Meals & Meal Components in India: 2011-16 CAGR, 2011 Per Capita Consumption & Volume .....	73
Table 39: Prepared Meals & Meal Components in Italy: 2011-16 CAGR, 2011 Per Capita Consumption & Volume .....	75
Table 40: Prepared Meals & Meal Components in Russia: 2011-16 CAGR, 2011 Per Capita Consumption & Volume.....	77
Table 41: Prepared Meals & Meal Components in Spain: 2011-16 CAGR, 2011 Per Capita Consumption & Volume .....	79
Table 42: Prepared Meals & Meal Components in the UK: 2011-16 CAGR, 2011 Per Capita Consumption & Volume.....	81
Table 43: Prepared Meals & Meal Components in the US: 2011-16 CAGR, 2011 Per Capita Consumption & Volume.....	83
Table 44: Product Sectors in Prepared Meals & Meal Components .....	85
Table 45: Consumer Trends Framework.....	87
Table 46: Age Group Definitions.....	89
Table 47: Country Coverage and Region Definition .....	89