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Supermarket Trends
Europe, UK and Beyond

What people are buying, where they are buying it, how they are buying it and who they are buying it from

Mike Adams
Campden BRI

October 2019

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- Independent Research & Technology Organisation
- Membership-based Association established in 1919
- 2,500 members in 80 countries
- Serves all sectors of the Food & Drink Industry
- Turnover: £22-23m, 390 staff
- 66% in the UK; 20% in EU; 14% ROW

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Nestlé
LUCOZADE RIBENA SUNTORY
AB MAURI
BOOKER
Kellogg's
THE WEETABIX FOOD COMPANY
Ocean Spray
Bidvest Foodservice
protects what's good Tetra Pak
KERRY
brakes
TATA
JM Johnson Matthey
Pernod Ricard
Fyffes
MAPLE LEAF
ADM
ALDI
gsk GlaxoSmithKline
CSM
DIAGEO
Sainsbury's Try something new today
Iceland
PRET
Waitrose
Yum!
ASDA part of the WAL•MART family
YOUR M&S
Heinz
pladis GODIVA ÜLKER
Arla
Mondelēz International
WarburtonS
MORRISONS
MARS incorporated
Heineken
STARBUCKS COFFEE
TESCO Every little helps
The Fat Duck
Hobbs House Bakery Put bread on the table
PUKKA-PIES ...don't compromise
Unilever
BURGER KING
Woolworths the fresh food people
BAKKAVÖR
dyson
DANONE
Barilla
DAIRY CREST
McCormick
Agilent Technologies
Samworth Brothers
Bonduelle
MERCK
TSINGTAO
greencore group
BRITVIC soft drinks
BÜHLER
COMPASS GROUP
PEPSICO
GENERAL MILLS
Coca-Cola
LIDL
Boots
Refresco · gerber
Diversey for a cleaner, healthier future
Cargill
CROWN Brand-Building Packaging
WOOLWORTHS the difference
2 sisters Food Group
The co-operative food
Carlsberg
goodman fielder
amazon EU SARL
Impress
FINE LADY BAKERIES
BUNGE
BOOKER
glanbia
BIOMÉRIEUX
corus
BASF The Chemical Company

Analysis and testing

Problem micro-organisms

Contaminants

Composition and authenticity

Sensory, consumer and quality

Ingredient functionality

Packaging performance

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Operational support

Safety assurance

Quality management

Processing and manufacturing

Product innovation

Sustainability

Laboratory systems

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Research and innovation

Safety

Quality and value

Nutrition, health and well-being

Resilience and efficiency

Environmental sustainability

Skills and knowledge

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Knowledge management

Training and events

Legislation and information

Websites and social media

Specialist websites

Publications

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Main project types in the Baking & Cereal Processing Department

- NPD to meet client target products – driven by diet and health, cost reduction, added value
- Science and technology of bakery products – driven by digestive health, new ingredients, fundamental science of structure
- Wheat, flour and baked product analysis
- Training and conferences

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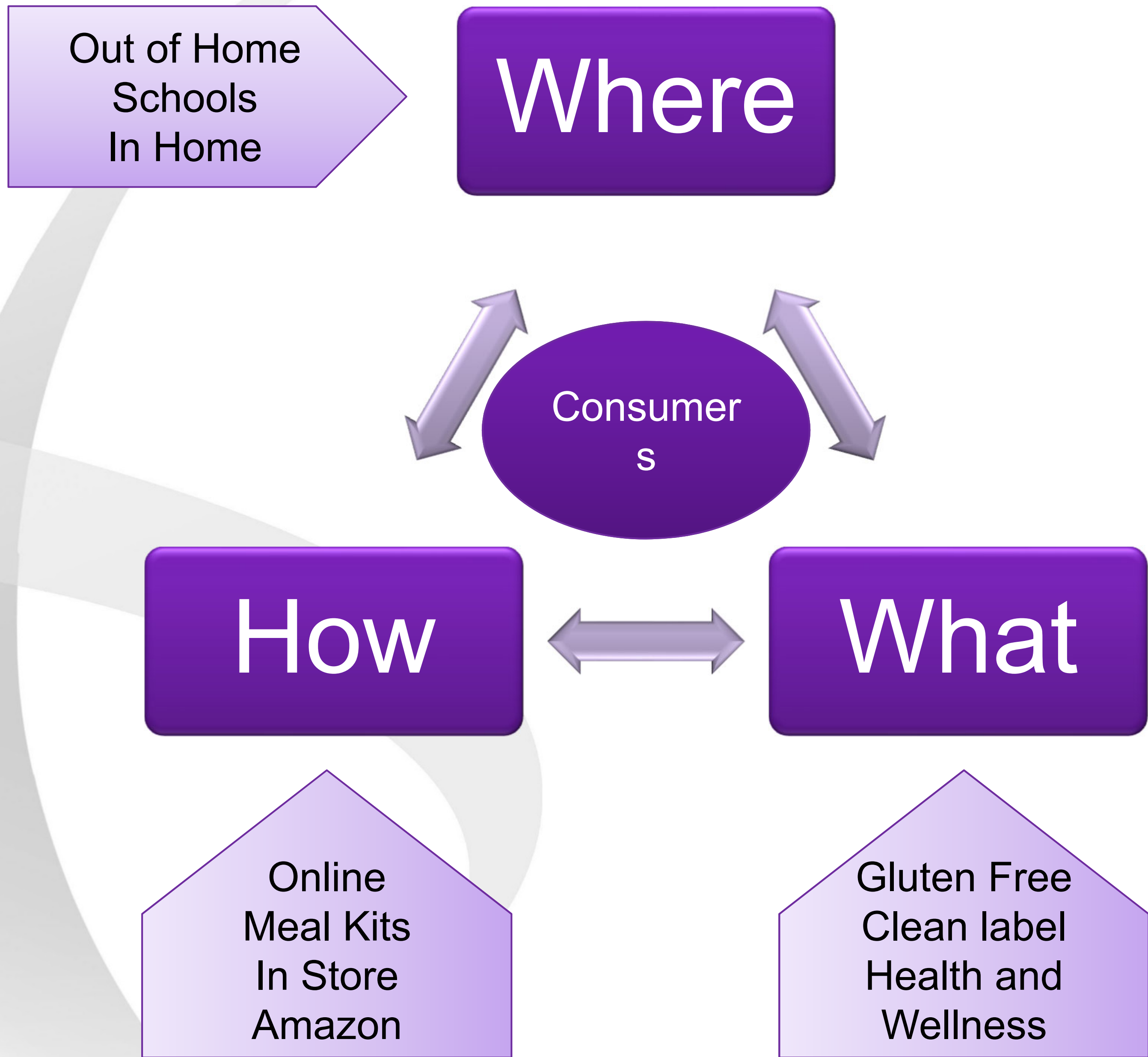
Content of presentation

- What sort of trends are we talking about
- What is a trend- micro vs macro
- Major and Macro trends in more detail
- Examples from supermarkets and major manufacturers
- Micro trends relevant to Tortilla and flatbread industry
- Summary



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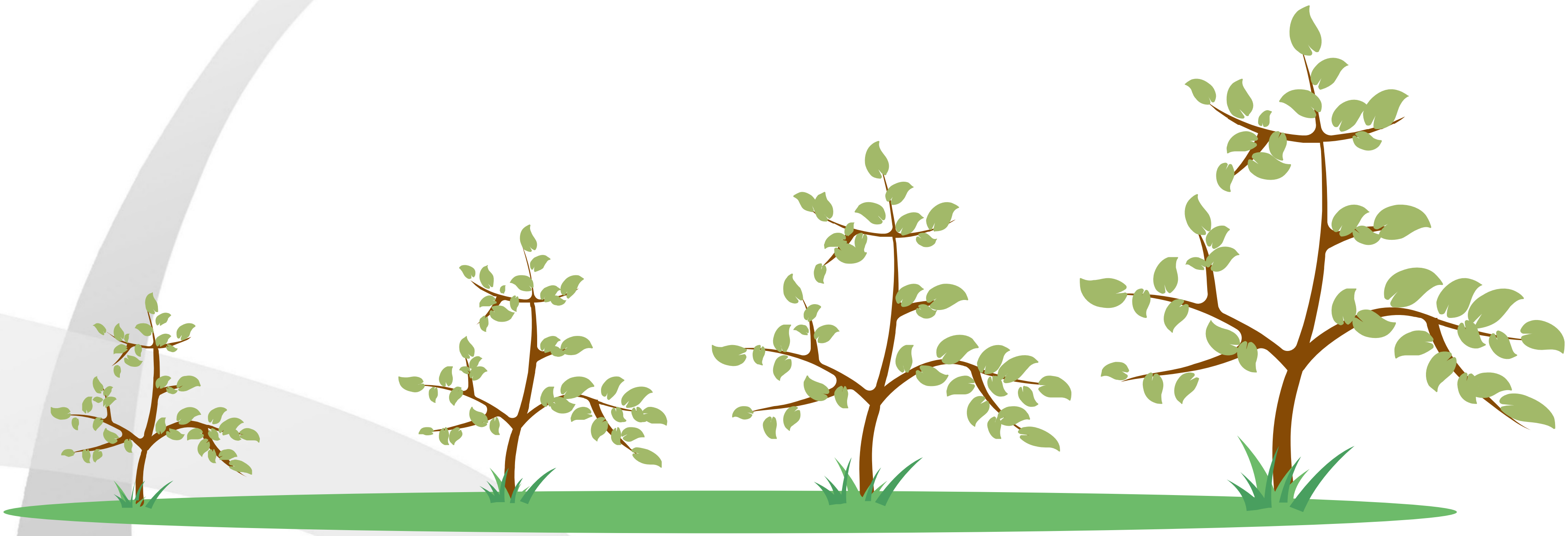
Differentiating between a micro trend and a macro trend



Micro Trend

Category Specific
Minority of population
Exclusive
Online or specialist retailers

Medium Trend

Multiple similar categories
Specific population group
Low distribution

Major Trend

Cross category implementation
Wide demographic target
Available in supermarkets

Macro Trend

Examples seen in all categories
Specific products targeting specific cohorts
Supermarket Own Label products are developed

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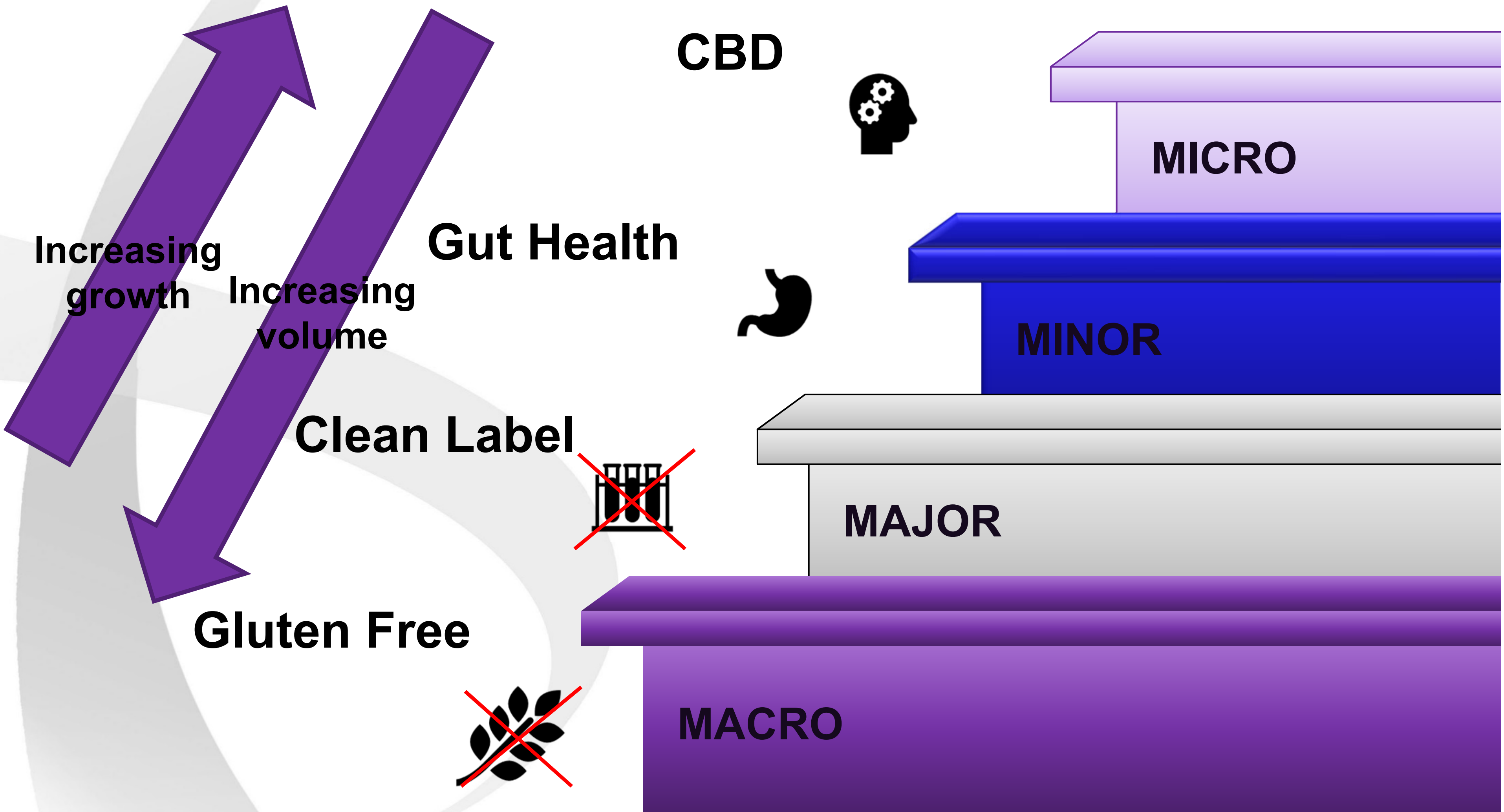
Trends Perspective



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Where

Consumers eating less at home

- Out of Home
- Schools

How

Is the traditional supermarket dying?

- Online supermarket deliveries
- Amazon
- Meal Box deliveries

What

Consumers are demanding more from their food

- Gluten Free
- Health and Wellness
- Clean label

Where are consumers eating, and what effect is this having?

The average number of dinners prepared at home per week fell from 4.9 in 2017 to 4.6 in 2018; it was 4.0 for Millennial households without children. Only 39% of meals were made from scratch

The UK's food-to-go sector is set to grow at twice the rate of overall grocery retail, with international research organisation IGD predicting the channel to grow to £22.8bn by 2023, up from £17.8bn in 2018.

Food-to-go is increasingly moving beyond the high street, as operators look to open up new types of location

As Snackification in Food Culture Becomes More Routine, Traditional Mealtimes Get Redefined

'Food on the move' products were up by 7% last year and now make up **70%** of all lunchtime choices
(IGD ShopperVista via Farm Frites)

The hot and cold grab and go markets are valued at **£20bn combined** and are predicted to rise to **£23.5bn** in 2022
(IGD via Tri-Star Packaging)

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Not just a UK trend….

Fresh the Good Food Market, Dublin

Retail meets foodservice, in award-winning food for now and food for later concept

Le 4 Casino, Paris

Food-to-go, core supermarket offer, great fresh and endless-aisle technology

Jumbo Foodmarkt, Tilburg

Food to go and retail, balancing both traditional and new food trends

Source: IGD, "Retail in 2025"; 2019

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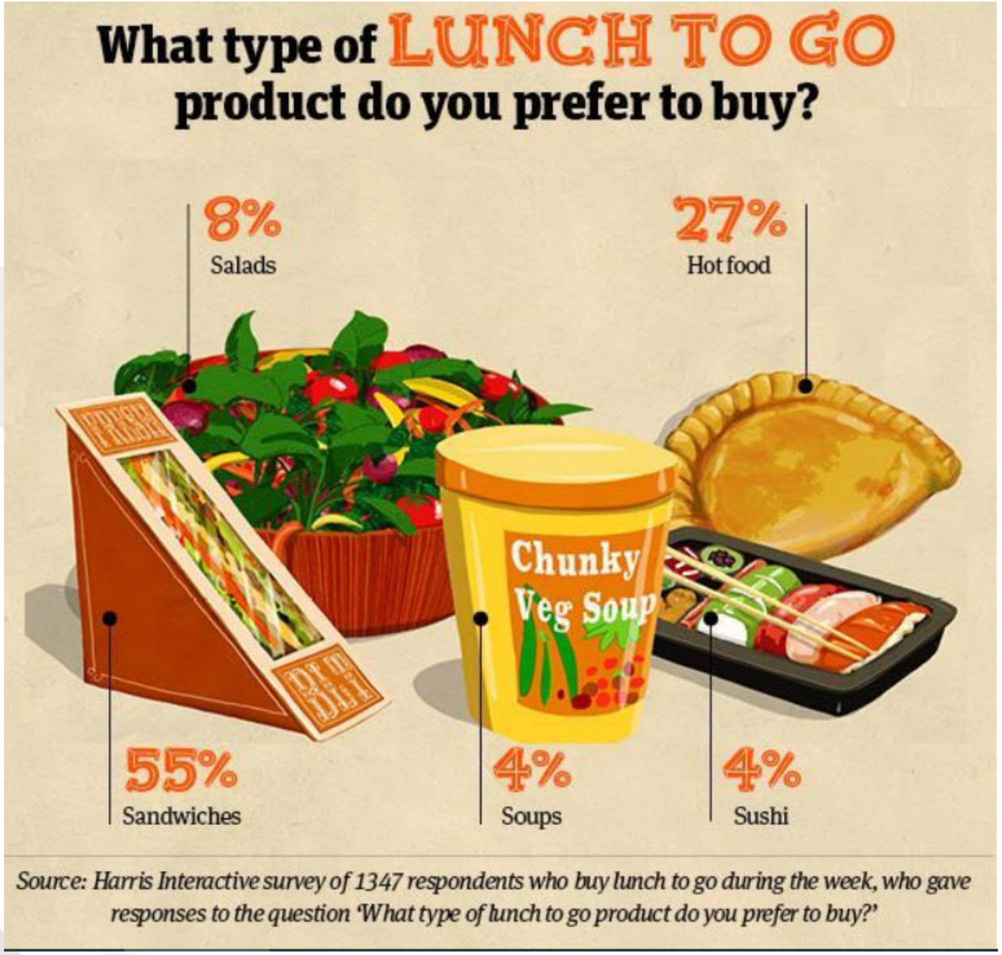
What does this mean for the tortilla industry?



Source: The Grocer, Trend Report 2018

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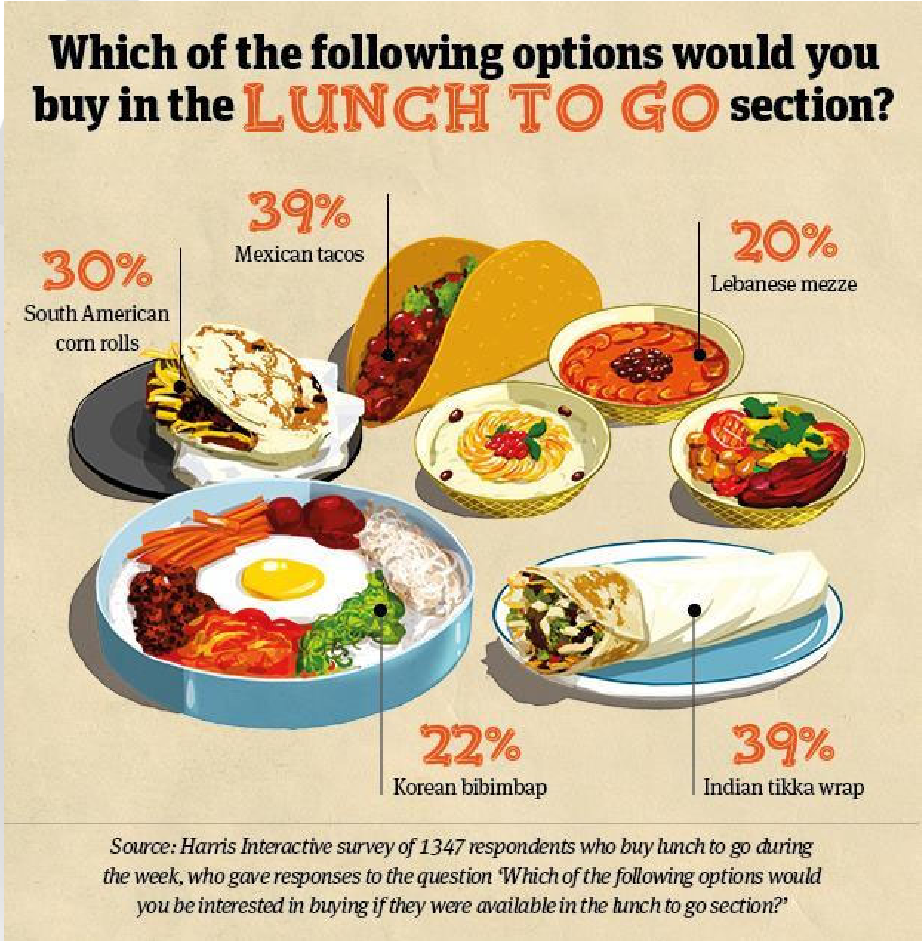
What does this mean for the tortilla industry?



UK Consumers tastes expanding beyond traditional cuisines

Similar patterns seen in the rest of Europe

Source: The Grocer, Trend Report 2018

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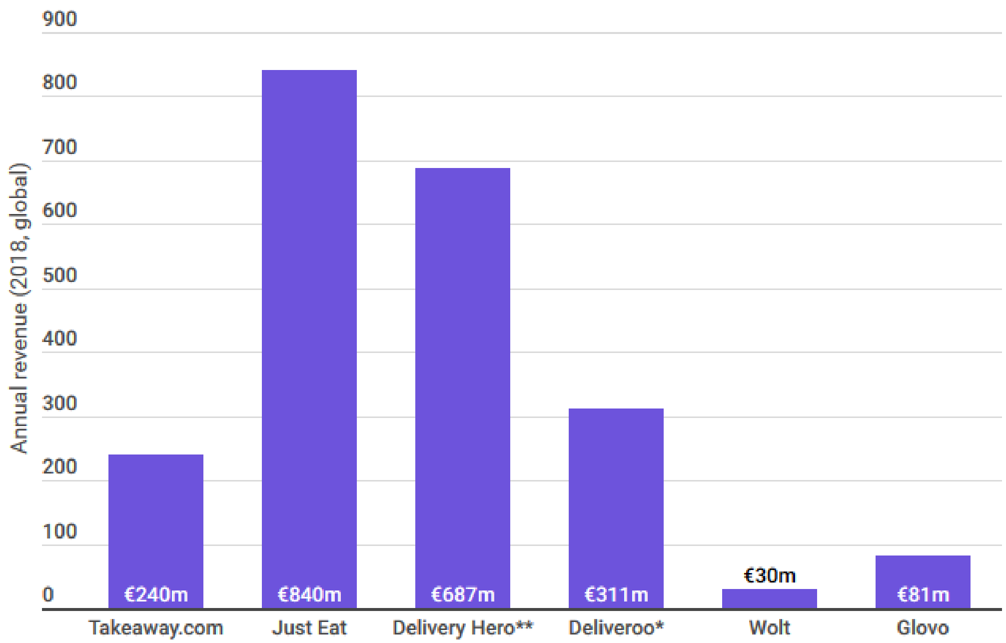
Example NPD


URBAN eat Roots
PERFECTLY VEGAN
DIRTY JACK
BBQ JACKFRUIT WITH SPICED GHERKIN & CARROT SLAW, SWEETCORN & SALAD


NEW
Quorn
SWEET CHILLI


WICKED
KITCHEN
CARROT PASTRAMI SPICED WRAP

“Out of Home” is moving to “In home”



* Deliveroo's revenue for the year to 31st December 2017: last released figures.
** Delivery Hero's revenue on European orders in 2018 was €118m.

Sources: Takeaway.com, Just Eat, Delivery Hero, Deliveroo, Wolt and Glovo.

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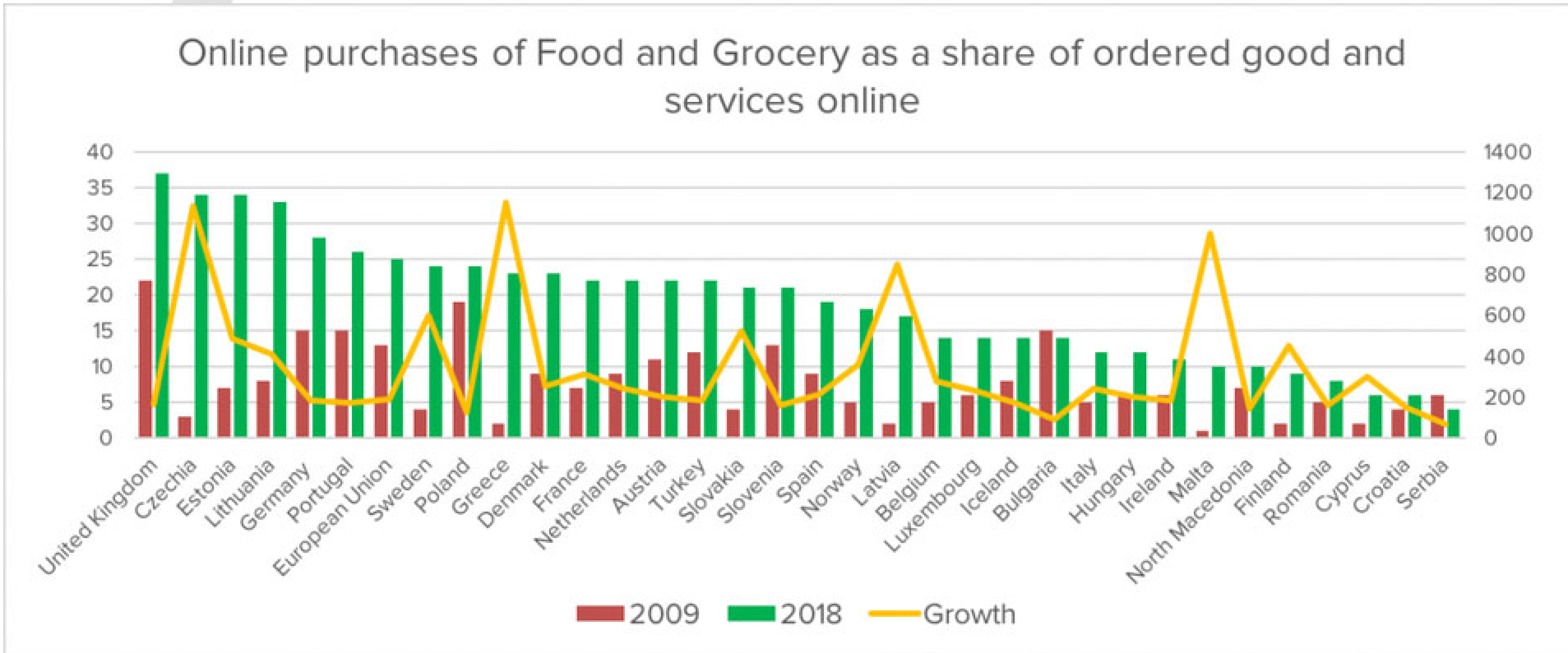
How are consumers shopping?



Nina Angelovska (Source: Eurostat)

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They are also buying their groceries from other online retailers

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They are also buying their groceries from other online retailers

Who are also moving backwards into physical locations

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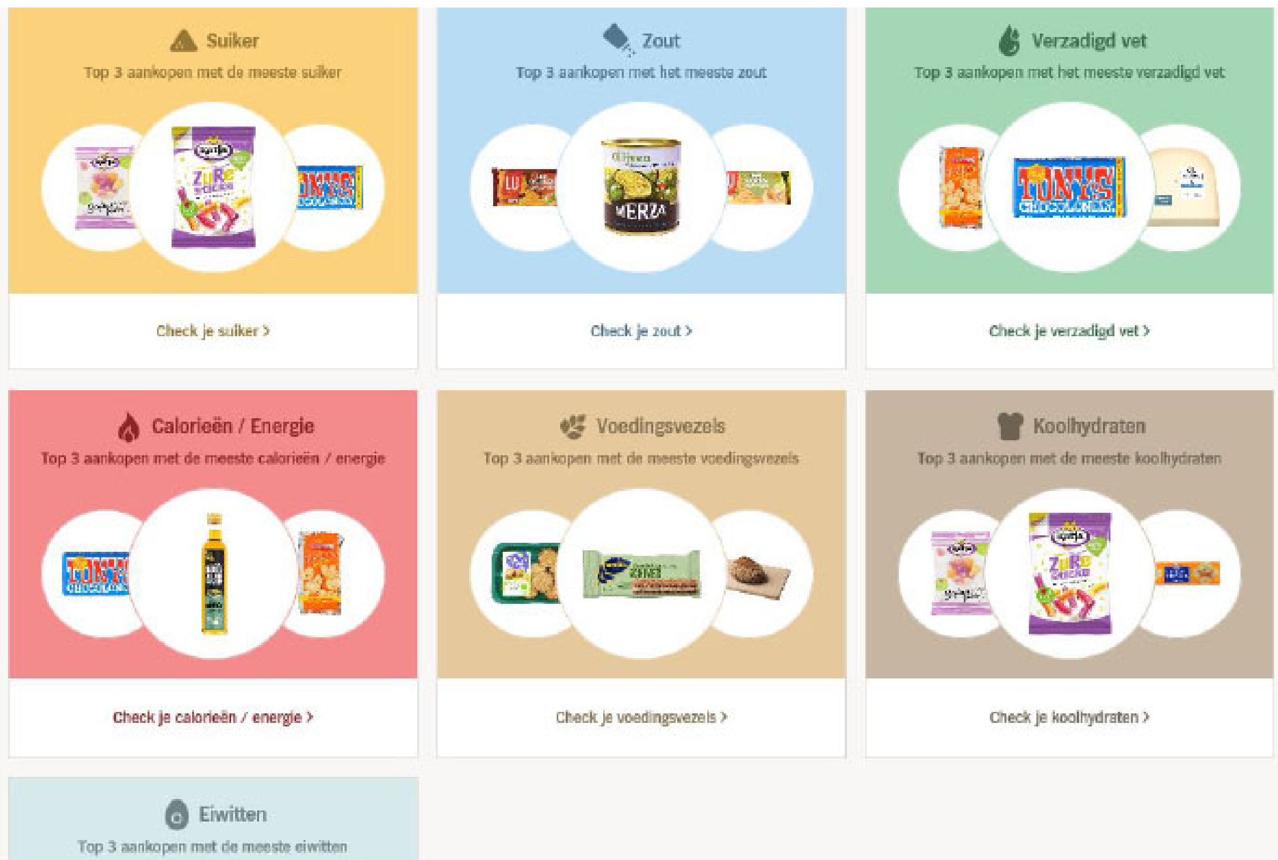
Does this affect what they buy?

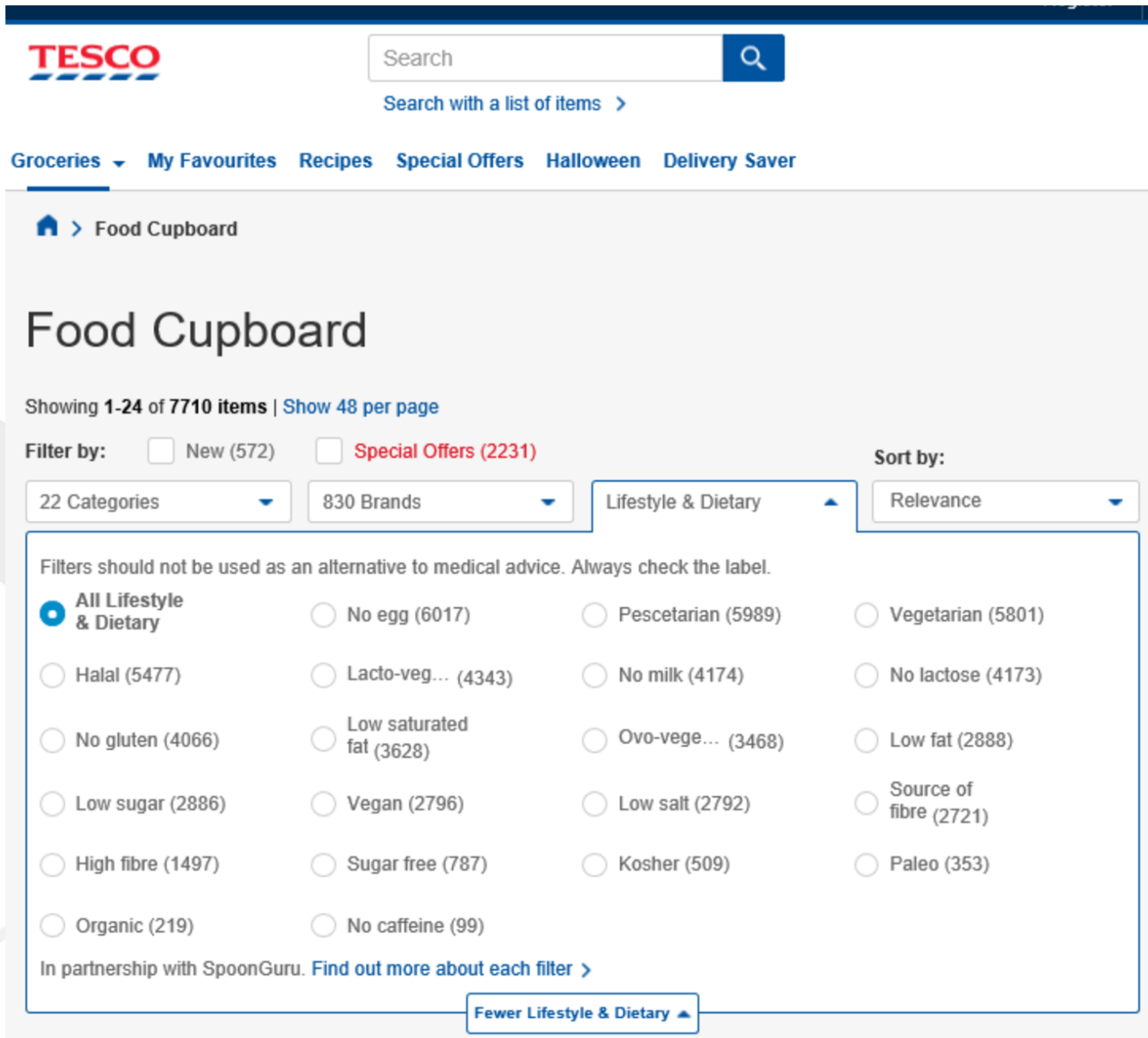
Albert Heijn uses personalised data from loyalty cards to recommend products based on nutritional value



Source: AH.nl

Does this affect what they buy?

Spoon Guru allows customers to filter products by nutritional, dietary and lifestyle choices



Meal Kits traditionally featured instore

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But increasingly people are using specialised companies to deliver meal kits to their door

- Started in Europe in 2007
- Expected to reach $3-5billion globally by 2022
- German market worth $280m in 2017
- Large established companies exploring options

LIDL

Unilever

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What are consumers buying?

- Significant global trends affecting food and drink industry
    - Gluten Free
    - Clean Label
    - Gut Health
    - Vegan
    - Health and Wellness

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Gluten Free shows no sign of slowing

Source: Food Navigator

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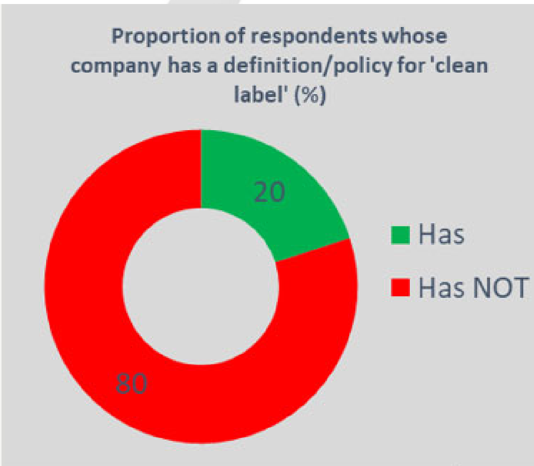
With tortilla's and flatbreads well represented

Clean label

- Demand for “clean label” has seen tremendous growth, and brought the need for new ingredients, manufacturing processes and communication strategies
- A very ambiguous term
- Seen as an industry standard, but no clear definition

Lots of "clean label" products, little clarity in industry



NATURAL

'Natural'
'No additives, no E numbers'
***'Free from artificial preservatives, sweeteners**, colours & flavourings'*
'Free from artificial colours & flavours, non-modified starches, "store cupboard" ingredients'
'Without ingredients that would look like a "chemistry set" on the back of packaging ingredient dec'
'Only natural additives, no artificial colours or flavours allowed'
'Does not contain artificial colours, preservatives and flavourings. No added sugar'
'Free from artificial colours, flavours and preservatives'
***'Minimum number of ingredients**. Natural or from natural origin (no chemicals)'*

FAMILIAR TO CONSUMERS

*'Ingredients normally **available in a domestic kitchen**'*
*'Product made from natural ingredients and **ingredients that consumers can identify with and understand** when reading the label'*

DEPENDS (ON THE PRODUCT) ...

***'Depends on specific claims**, e.g. preservative free, free from dairy, etc'*
***'An unprotected claim**. Short as possible ingredient list, use of natural sounding ingredients, ideally no e-numbers, salt targets below FSA 2017, no preservative where possible and GMO free'*

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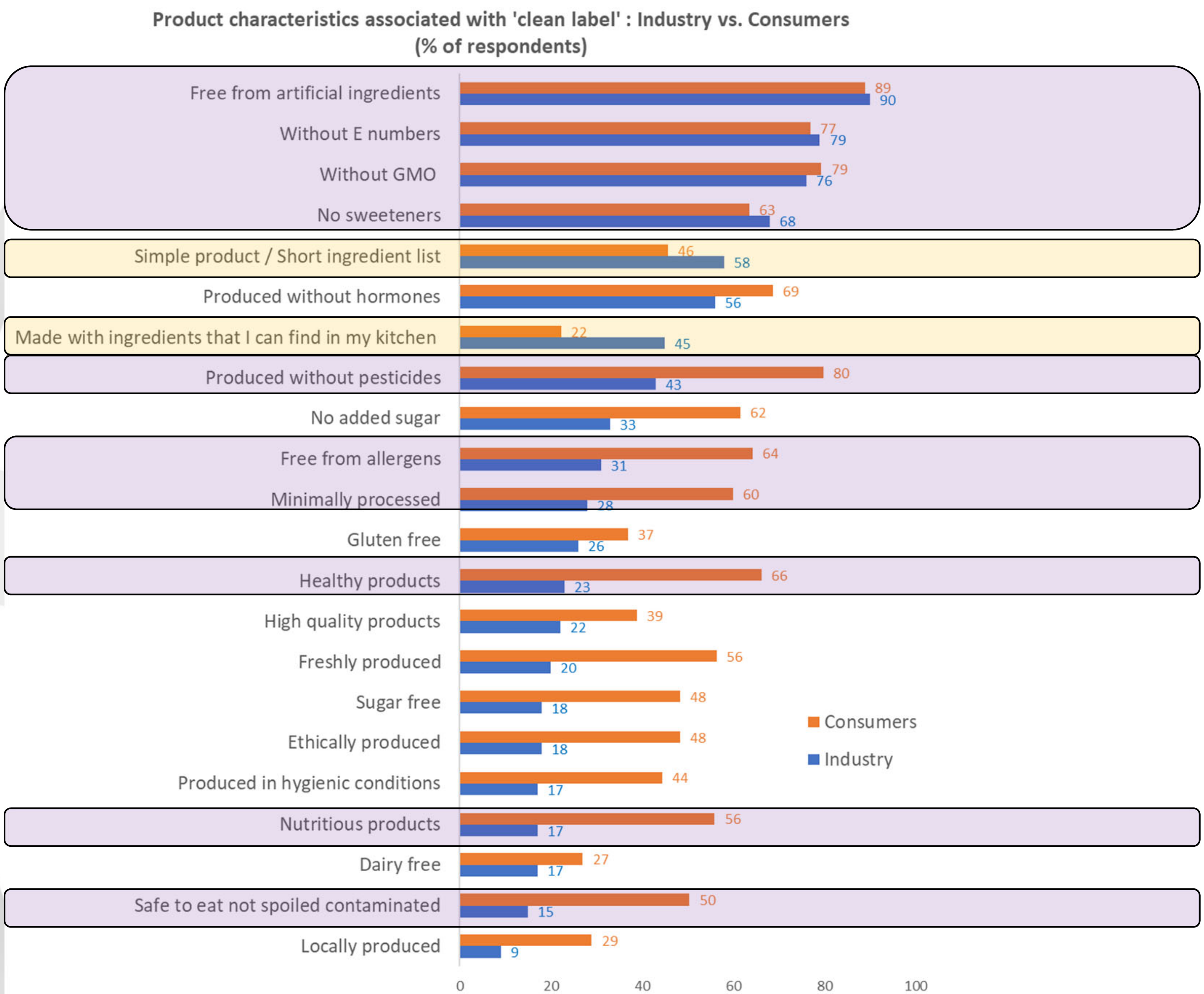

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Gut Health

- Key emerging trend
- Science behind trend is still patchy
- EFSA authorised claims being used by a number of manufacturers

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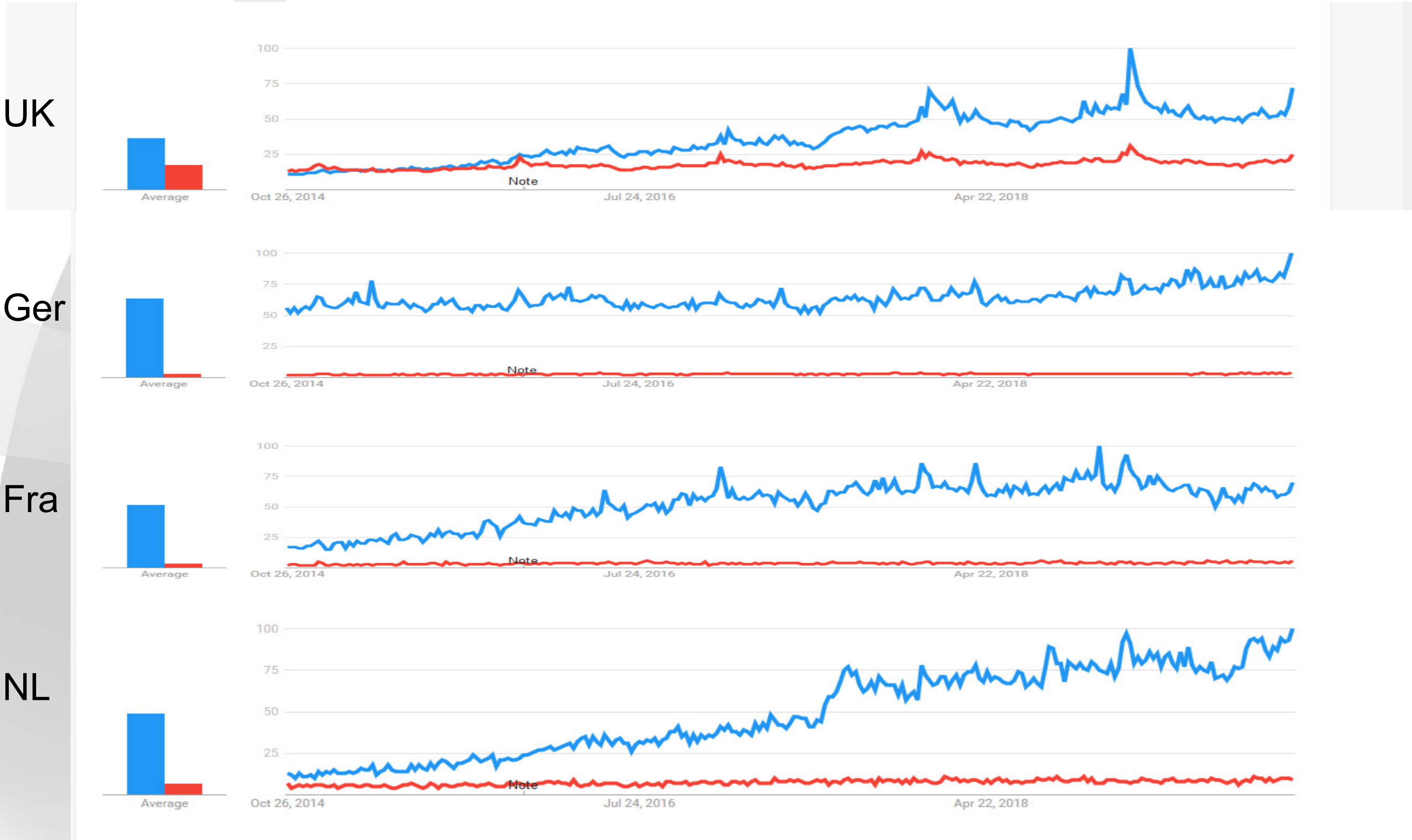
Genius are playing on this trend in the GF wrap space

Veganism continues to grow



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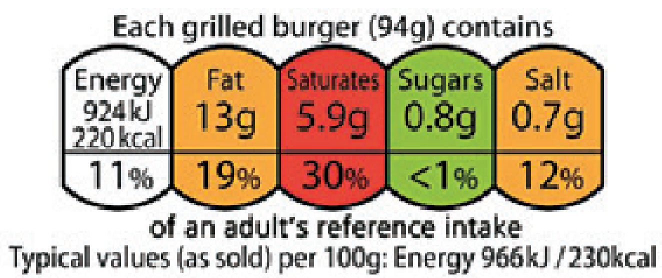
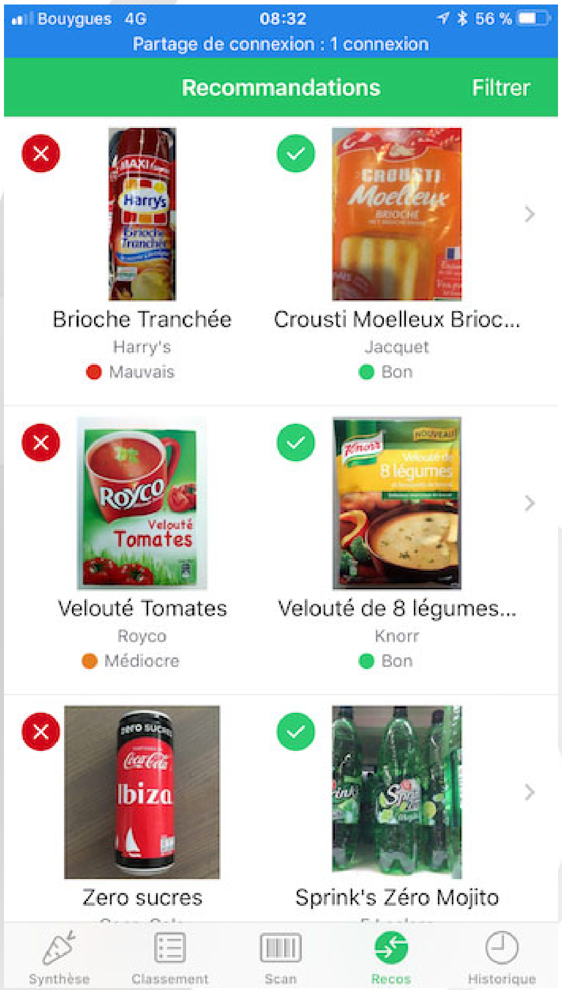
Health and Wellness

- UK government intervention based on assessment of population based health effects
- Most schemes voluntary, with fiscal activity on beverages proving somewhat successful
- Salt was initial target, sugar and calories now in focus
- EU Salt Reduction framework launched in 2010

Front of pack labelling of nutrient values is varied throughout the EU



And technology is again playing a large role



Yuka is one of a number of apps within Europe that gives recommendations on food choices.

Primarily based on the Nutriscore grading (French), its gaining a number of users (3m barcode scans per day)

Scoring is based on a proprietary algorithm.

- 60% of score is based on Nutriscore
- 30% based on presence of EFSA authorised additives
- 10% on organic status

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Summary

- What, how, where and when people are buying food across Europe is changing
- Traditional supermarkets are having to modify their offerings to compete with non-traditional suppliers
- How consumers choose what to eat is constantly evolving, with new ingredients, dietary demands and trends appearing

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