

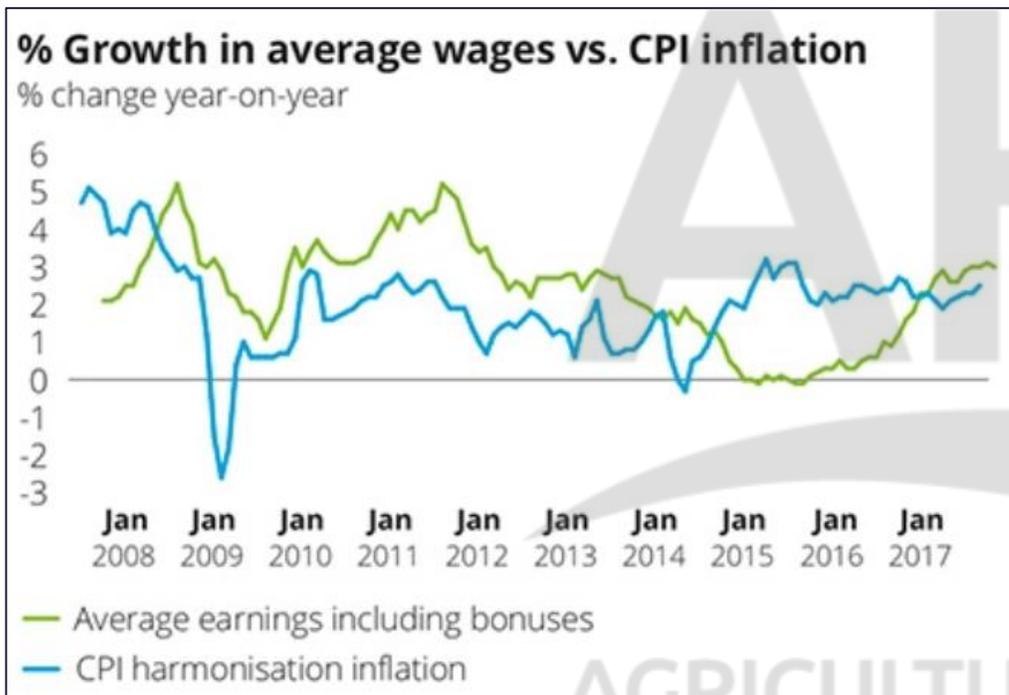
# Bread for the future - consumer trends

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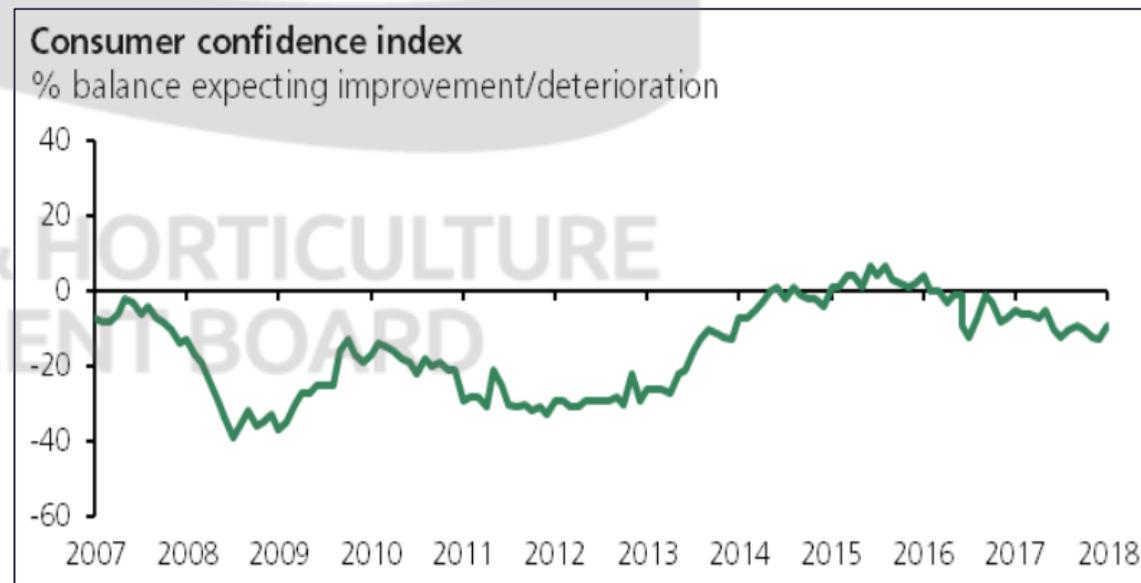
There is uncertainty in the UK's economic outlook. When similar conditions were last in place consumers became more 'savvy', shopped around more and turned to Hard Discounter retailers for at least some of their grocery shop.



Consumer confidence has been volatile since the EU referendum, but stands at historically high levels



Wages are growing behind inflation and grocery prices have increased every month for the last year



There is a growing consumer preference for the dish-based cuisine of other countries. Despite this, the sandwich is the most popular meal choice of those in GB.



**Sandwich**

Free From Bakery value grows by +14.5%; with 280K additional households buying in the last year



**Lasagne**



**Stir-fry**



**Chilli-con-carne**



**Chicken tikka masala**



**Fajitas**



**Spaghetti Bolognese**



**17.6%**  
+£6.1M

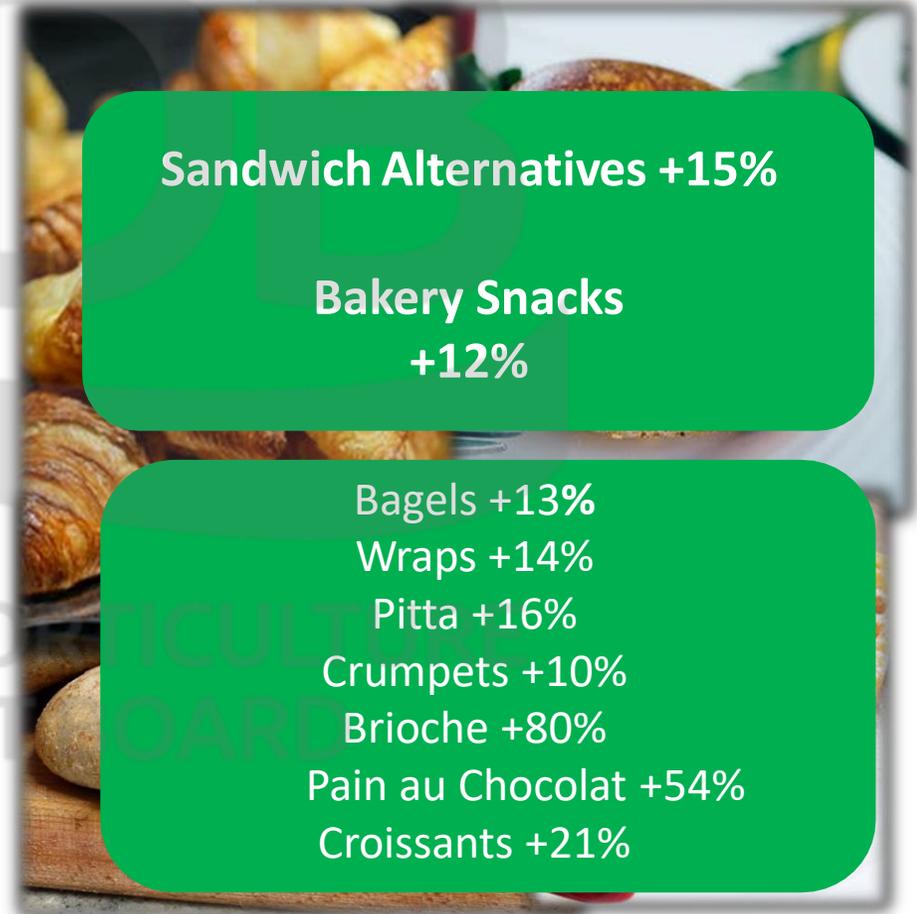
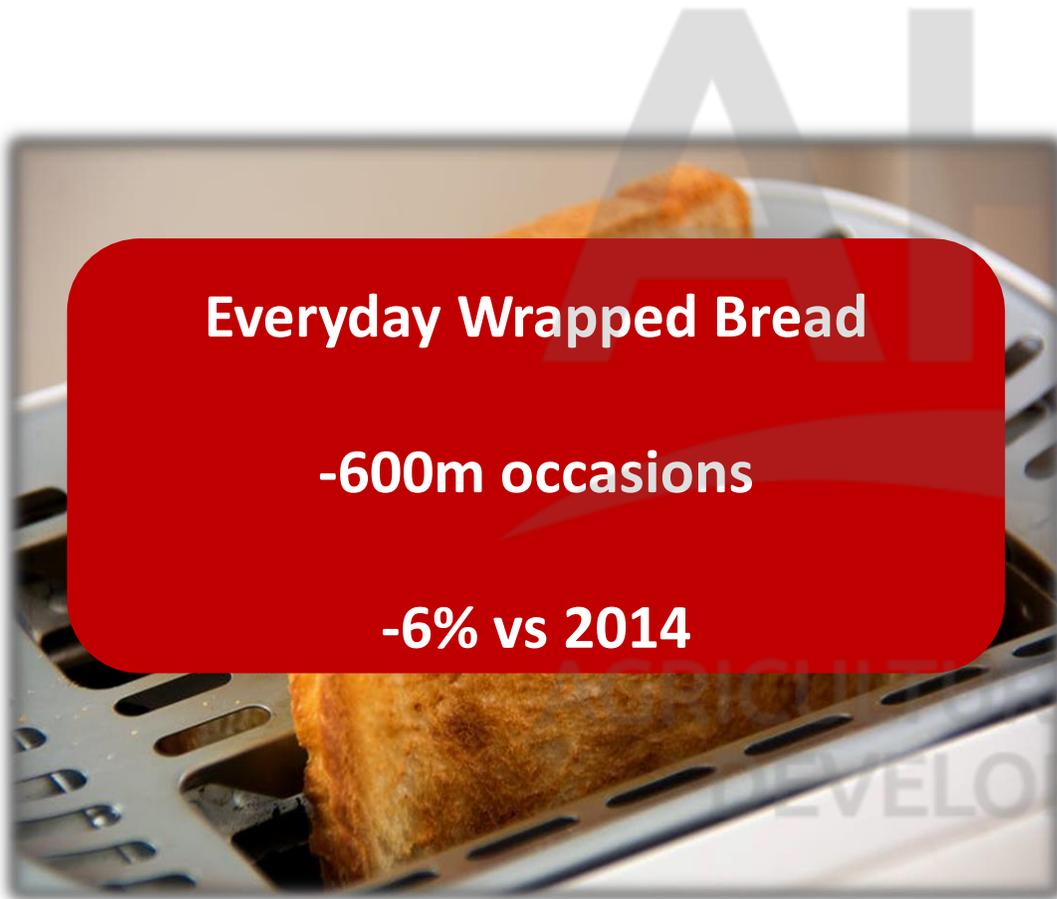


**9 Trips**  
+£7.3M



**£2.09**  
+£2.1M

Consumers are switching away from the traditional white, sliced, wrapped loaf and are increasingly choosing sandwich alternatives.



# Changing face of the UK



An increase in smaller, older households might lead to increased demand for smaller or differently packaged bread and baked goods.

## Ageing Population

By 2027, more than a third of the population will be over 60

## Growth in 1-2 person households

1960 – Just over 40%  
2016 – Stands at 63%



# GB bread market - snapshot



## Smaller packs

Smaller households and an ageing population may lead to increasing demand for smaller packs of bread, biscuits, pastries and other food products where the eating quality declines over time

## Possible growth

Despite more interest in foreign cuisine, bread is ubiquitous, 98% of households bought bread in 2017. Growth could come through the increasing population

## Britishness

Mintel research shows almost half of bread and baked goods buyers would like to see more bread products which support British farmers (Mintel, Bread and Baked Goods, October 2017)

## Consumer trends

Consumers are interested in products that have health benefits, are convenient, exciting and a little different. The baking industry should follow these, and other, consumer trends

## Bread with bits

Mintel have noted that 'bread with bits' has performed well, providing cause for industry optimism (Mintel, Bread and Baked Goods, October 2017). This links with other data showing traction for products that have a positive nutrition message

## Positive nutrition

Don't assume shoppers know about the health benefits of your product, shout loud on packaging and in promotions. Bread is low in fat and high in fibre. Is this widely known?

## Bread is.....

Low-cost and familiar, filling, versatile and family-friendly, appealing across generations. The perfect product for uncertain economic times where rising food prices are a concern

## The future?

Products including on-trend ingredients with a strong health profile have potential and bread could move into this space. More than 40% of adults agree that food products which contain health-boosting spices appeal to them (Mintel, Bread and Baked Goods, October 2017)

New health report June 2017

**CONSUMER FOCUS: HEALTH**

AHDB's consumer insight team actively tracks, monitors and evaluates consumer behaviour, reporting on the latest consumer trends and picking out what they mean for the industry and agriculture. Health is one segment which is rising in importance for consumers and Mintel report that 25.3% of all new product launches in 2016 had a health claim.

Consumers' search for 'fresh' and 'natural' emerges in the backdrop of health. Looking at product synergies with those that have a stronger fresh and natural association could help raise additional usage. Health is also the perfect platform to talk to consumers about freshness and product benefits, giving consumers reasons to buy. The industry can further build on the desire to eat healthily with clear and concise messaging, educating and informing the consumer of associated health benefits. This report examines health through the eyes of the consumer and picks out the challenges and opportunities in meeting the health needs of the modern consumer.

**UNDERSTANDING OF HEALTH THROUGH THE EYES OF CONSUMERS**

How important is health to consumers?

Enjoyment and practicality remain a key linchpin of the majority of meal choices made by the consumer -but research from Kantar Worldpanel points towards a growth in health as a reason for choice. This movement is happening at the same time as Britain continues to face high levels of obesity. Over the past year, health as a reason for consumption has grown at a faster rate than that of taste and practicality. Currently, retail food sales associated with health are valued at \$22.7bn by Kantar Worldpanel.

**Food needs states\***

- Health 32%
- Enjoyment 78%
- Practicality 55%

\*Proportion higher than 100% due to multi select option available.

**Proportion of food servings in the home chosen for health reasons**

- 2017: 32%
- 2012: 14%

Source: AHDB/Kantar Worldpanel Q2 week March 2017

**Breakdown of servings chosen for health**

- 30.6% Specific health benefits (veg / nuts / oil)
- 12.8% Lower in fat / sugar / salt
- 14.9% More natural / less processed
- 27.8% Portion of food / veg
- 5.5% Lighter / not filling
- 4.2% Voted diet
- 1.7% Healthier meal
- 2.7% Calorie control

Health can mean different things to consumers and subsequent behaviour can depend on the perspective taken. When prompted, consumers most often stated their reasons for a healthy choice were the clear health benefits, such as fibre/ calcium content. The strongest rise in the last 12 months came from those looking for 'more natural/less processed' products, providing an indication that consumers desire greater control in what's going into meals.

Source: AHDB/Kantar Worldpanel Q2 week Feb 2017. We weighted to 100% of average chosen for health.

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**Consumer Insights**  
September 2017

**AHDB**  
AGRICULTURE & HORTICULTURE DEVELOPMENT BOARD

Welcome to the latest edition of AHDB's Consumer Insights

Understanding consumers is essential to achieving success in any business and grocery retail is no exception. When UK shoppers buy food, price and quality are crucial factors but understanding other influences can add clarity on current market position and future opportunities.

The latest consumer focus report on 'young consumers' explores where the lifestyle choices of younger generations can differ from those before them and how age might not be the most significant factor influencing food decisions.

A wide range of food industry topics are examined in this newsletter. For example, price marked packs are reviewed, in particular the way in which clear price labelling has become more prominent in the time since promotion levels have dropped. Whether this approach has been successful with shoppers is considered. The food-to-go sector is in growth and our article describes how the offering has adapted to better meet the needs of the contemporary consumer.

The articles listed below cover themes from food packaging to eating out and provide an overview of some of our research during the past quarter.

**Consumer Focus: Young Consumers**

Consumers often retain the habits that they build up early on in life as they age. There is an argument that younger generations are living differently to the generations before them and it is therefore important that an understanding of young consumers' needs and attitudes is developed. They will form an increasingly important sector of the grocery market and will ultimately become the older generation of the future. According to ONS 18 and 34 account for approximately 22.5% of the total UK population. This report explores key areas in which young consumers' habits differ from the rest of the population and considers what challenges and opportunities this may pose for



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