AHDB

CONSUMER FOCUS: ADAPTING TO CONSUMER HEALTH NEEDS

Introduction

Health is a long-standing concern for consumers and, therefore, is a topic AHDB monitors. In 2019, AHDB published a report, which looked at the evolution of health and how the supply chain reacted to changing consumer needs. Two years on, health is still a hot topic, attracting more media attention and governmental focus, heightened by the global coronavirus pandemic. This report focuses on how the health market has performed in the last 12 months, the impact of coronavirus, and how beef, pork, lamb (red meat) and dairy perform within the health market.

KEY FACTS

- **Seven in ten consumers claim to try to lead a healthy lifestyle. Health is a driver of food choice for 27% at home, and 6% out-of-home consumption (Kantar, 52 w/e 1 March 2021)**
- **The estimated value of the retail health market is £26.5bn, growing by 8.1% year-on-year**
- **The recent growth of the health market has been driven by benefit-led health (diets focused on what you get out of the food consumed, for example, vitamin or fibre content)**
- **Health is often more important at the beginning of the week, with the percentage of food and drink consumed for health reasons declining the closer the day is to the weekend**
- **Consumer confidence has a strong link to health. In times of reduced consumer confidence, the percentage of food and drink consumed for health reasons declines**

KEY OPPORTUNITIES

- **Communicate the health benefits of red meat and dairy while educating consumers on the role AHDB categories play in a balanced diet**
- **Provide clear messaging on how vitamins and minerals found in red meat and dairy support consumer health and wellbeing, for instance, vitamin B12 and iron reduce tiredness and fatigue**
- **Acknowledge that health is less of a purchase driver for red meat and dairy and provide clear messaging on what red meat or dairy products to purchase when they want a healthy meal or snack**
- **Inspire tasty and healthy meals which include red meat or dairy while communicating the health benefits, flavour and versatility of red meat and dairy**

THE HEALTH MARKET

In the year ending 21 March 2021, Kantar estimated the value of the retail health market to be worth £26.5bn, with growth up 8.1% year-on-year. Twenty-seven per cent of in-home and carried-out food and drink consumed is driven by health reasons (Kantar 52 w/e 21 March 2021). Kantar data shows that in the four w/e March 2021, more people chose healthy food (29.4%) than they have in the last five years (five-year average 28.2%).

The report will use the following health reasons to categorise when food or drink items were consumed for health reasons:

- Health benefits such as fibre or vitamin content
- More natural or less processed
- Provides a varied diet
- Lower in fat/salt/sugar
- To get a portion of fruit or veg
- Lighter/not filling
- Calorie or portion control
- Time for a healthier meal

*Health reasons are self-defined by each respondent. Therefore, a respondent could purchase a product that is low in fat but may not consume it for this reason.

Consumer perceptions of health

Enjoyment and convenience are the two largest drivers of the food we consume, followed by health. Consumers demand more from their food now than they did 20 years ago, expecting the food they consume to meet more than one of the drivers stated above, for instance, by being both enjoyable and healthy.

During periods of uncertainty and reduced consumer confidence, such as the credit crunch of 2008, Brexit, and the coronavirus pandemic, health often takes a back seat, with many consumers turning to indulgent and comforting foods to provide enjoyment. However, health is never fully out of mind. Throughout the pandemic, we have seen a significant fluctuation in the amount of food consumed for health reasons. However, in March 2021, it reached the highest level in the last five years. Media attention on government-led research, which included a study by Public Health England stating older adults and those carrying excess weight were at greater risk of serious illness or death from coronavirus, could be fueling the recent increase in health purchases (PHE, 2020).

The chart below highlights the correlation between reduced consumer confidence and a decline in the percentage of food and drink consumed for health purposes.

Figure 1. Consumer confidence and health over time

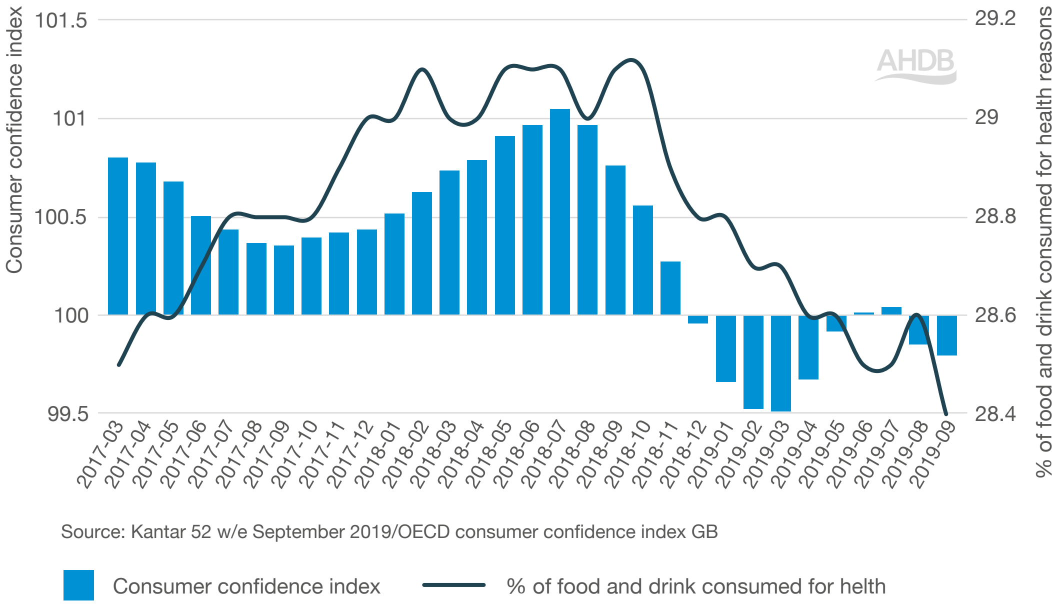
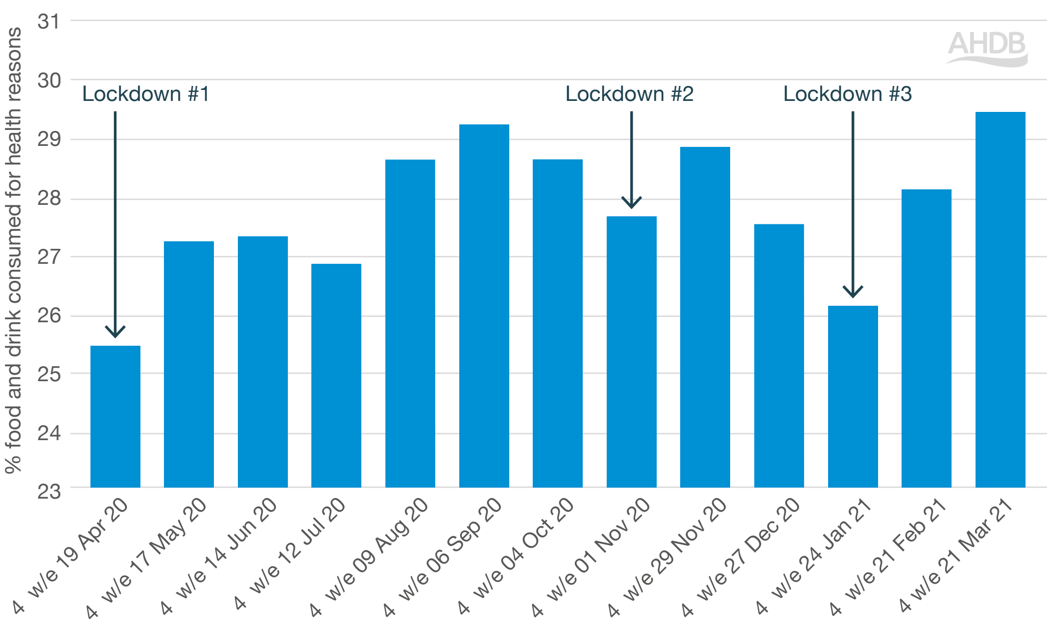


Figure 2. Coronavirus impact on food and drink consumed for health reasons



Source: Kantar 4 w/e 21 March 2021

Seventy-three per cent of consumers claim they try to lead a healthy lifestyle (Kantar, 52 w/e October 2020). A study conducted by Mintel found that 64% of adults had purchased at least one health food within the previous 3 months, while nearly 6 in 10 consumers believe that eating a balanced diet removes the need to purchase 'health foods' (Mintel, UK Health Food Retailing Report, March 2020).

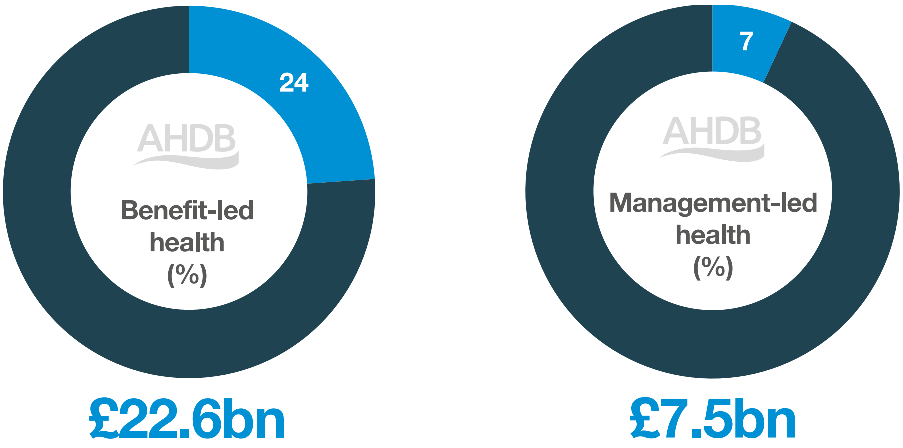
In-home, over a quarter of meals are consumed for health reasons (Kantar 52 w/e 21 March 2021). Kantar data shows the number of food and drink categories chosen for health purposes has increased by 8% since 2017.

In comparison, when eating out, only 6% of meals are chosen for health reasons (Kantar 52 w/e 21 March 2021), as the treat element of food becomes a key driver of food choice. Foodservice and retail have innovated to cater to all, for instance, by providing calorie counts on menu meal options or colour-coding food by its sugar, salt, and fat content.

Benefit or management-led health diets?

Health can be broadly split into two categories, benefit-led or management-led health. Benefit-led health is where you add or increase something in your diet for its benefit, for example, food that contributes to a varied diet or contains fibre/vitamins. In contrast, management-led health is a diet that focuses on removing or restricting something from the diet, for instance, low calorie, fat, salt, and sugar products.

Figure 3. Health value share of food and drink market*



Source: Kantar 52 w/e 21 March 2021

*Charting above adds up to more than the estimated value of the retail health market as a product could be consumed for both benefit and management-led health reasons.

The value of each health food diet is calculated by adding up the value of food and drink consumed for specific health reasons, listed below.

Figure 4. Health reasons

Benefit-led health reasons:

- To get a portion of fruit or vegetables
- Health benefits (fibre or vitamin content)
- Time for a healthier meal
- More natural or less processed
- Provides a varied diet

Management-led health reasons:

- Lower in fat, salt and sugar
- Calorie or portion control
- Lighter or not filling

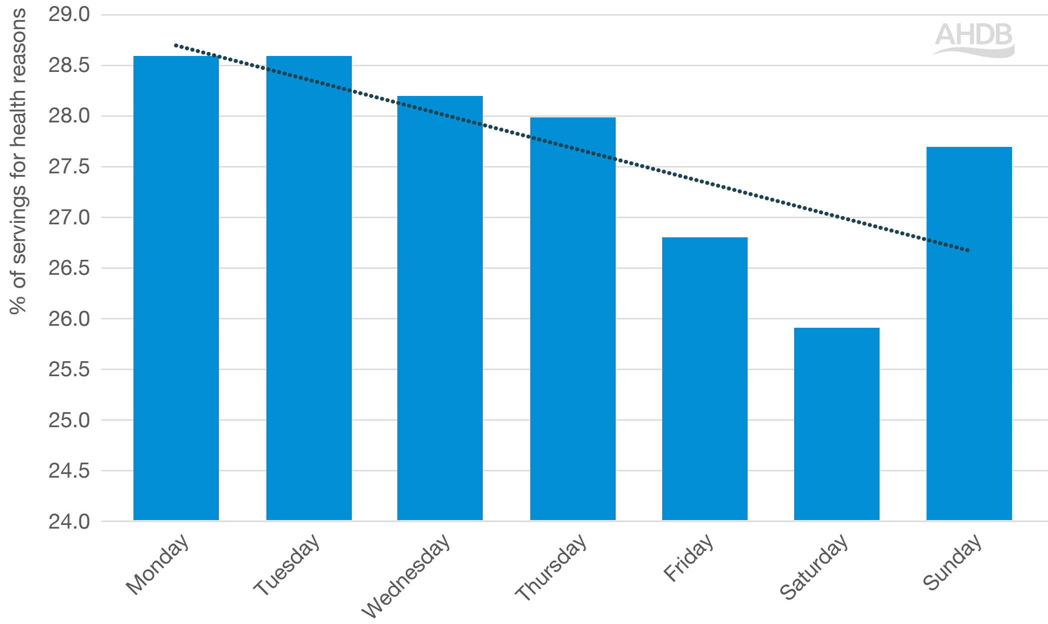
Source: Kantar Usage 2021

On average, in the last nine years, benefit-led health has accounted for 75% of growth in the overall health market (Kantar, 52 w/e 21 March 2021). During 2020/21, the biggest category within health was added health benefits such as vitamins and fibre, accounting for 15.2% of food and drink occasions. While a varied diet was the fastest growing health reason.

The dynamics of eating healthy foods

Consumers start the week with good intentions. However, the percentage of food and drink servings consumed for health reasons declines the closer the day is to the weekend, when more indulgent and treat foods are eaten. Thirty-one per cent of evening meals are chosen for health reasons, compared to breakfast and lunch at 27% (Kantar 52 w/e 24 Jan 2021). In addition, consumers are most likely to choose certain food and drink products for health reasons, with 79% of fresh fruit, 74% of yogurt drinks, and 46% of vegetable servings consumed for health purposes (Kantar 52 w/e 21 March 2021).

Figure 5. Food and drink servings chosen for health reasons

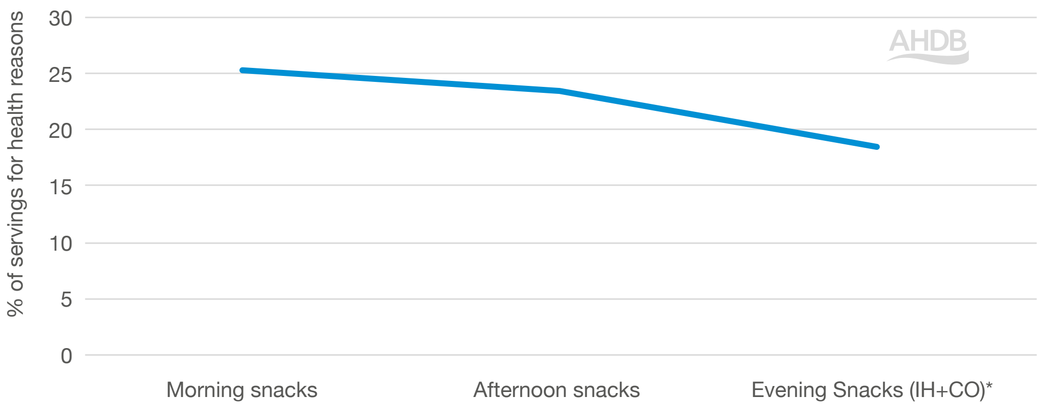


Source: Kantar 52 w/e 24 Jan 2021

When split by socio-demographics, 32.6% of food consumed by over 65's is for health purposes, compared to the UK average of 27%. In addition, they are more likely to pay a premium for this, on average paying 18% more per health food serving (Kantar 52 w/e 21 March 2021).

In terms of snacking, the later in the day, the less healthy a snack becomes, with 25% of morning snacks eaten for health reasons, compared to 18% of evening snacks (Kantar 52 w/e 24 Jan 2021).

Figure 6. Snack servings chosen for health reasons



Source: Kantar 52 w/e 24 Jan 2021
*IH = in home, CO = carried out

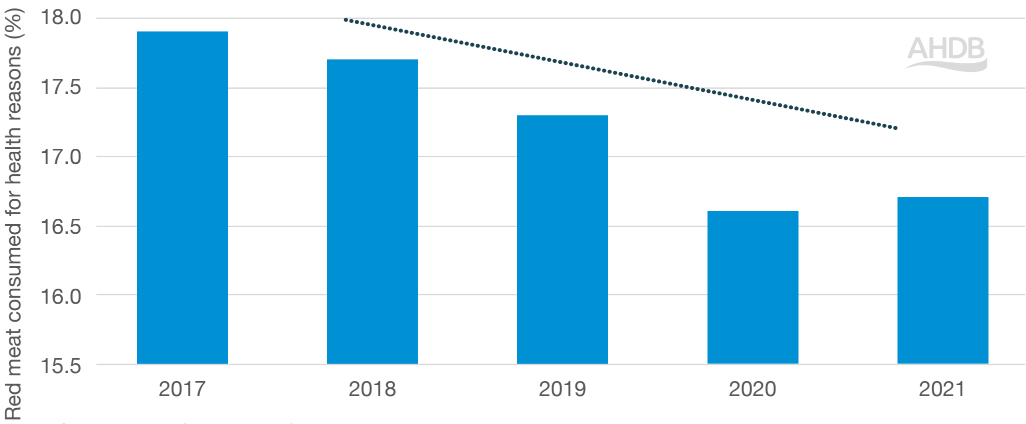
HOW DO RED MEAT AND DAIRY PERFORM?

Meat, Fish and Poultry (MFP) and dairy products are less likely to be associated with health with the key consumption driver for red meat and dairy being taste and enjoyment. However, some are more likely to be eaten for health reasons, such as fish and yogurt.

Red meat

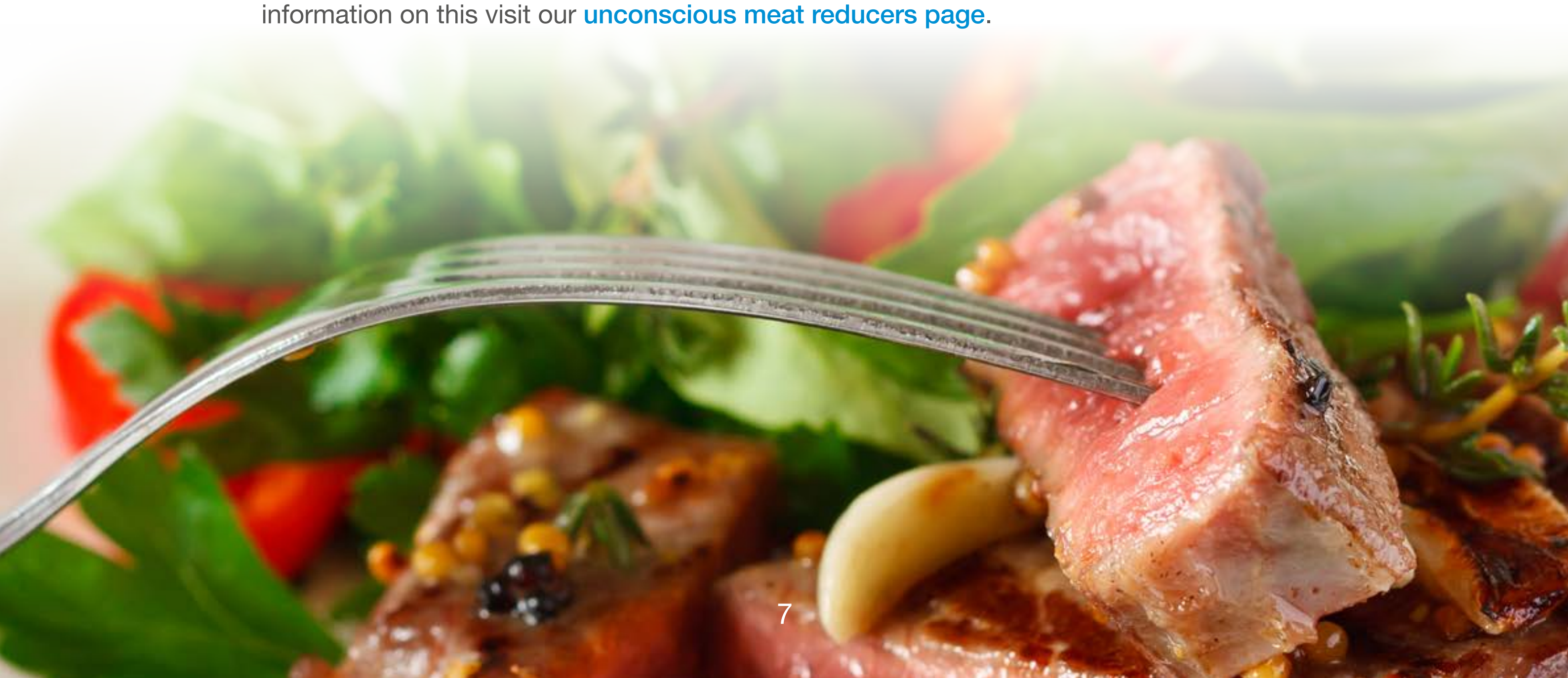
Over time, the amount of red meat consumed for health reasons has gradually declined, with 16.7% of red meat eaten for health purposes in 2021, compared to 17.9% in 2017 (Kantar 52 w/e 21 March 2021). Kantar data shows that primary cuts of beef, pork, and lamb over-index in terms of health reasons, while processed meats such as bacon and sausages under-index. However, taste and enjoyment, the two key drivers of meat consumption, play a significant role in the consumption of processed meats, for instance, over 60% of consumers agree that bacon and sausages are tasty, compared to 50% for primary cuts of pork (AHDB/YouGov, May 2021). Therefore, when communicating about health, primary cuts of beef, pork and lamb should be the focus. Cues around naturalness and the role of red meat in a balanced diet will be key. Another emphasis should be on communicating the benefits of adding proteins to dishes.

Figure 7. Percentage of red meat consumed for health reasons



Source: AHDB/Kantar 52 w/e 21 March 2021

The reduction in red meat consumption for health reasons could relate to consumers dietary preferences. One significant group of consumers to monitor are flexitarians, who eat red meat and dairy but consciously choose to limit their consumption. Kantar data shows that in the year ending 21 February 2021, the number of flexitarians had fallen to the lowest level since 2017 (14.8%). This suggests consumers are unconsciously reducing the amount of meat they consume for health purposes. For more in-depth information on this visit our unconscious meat reducers page.



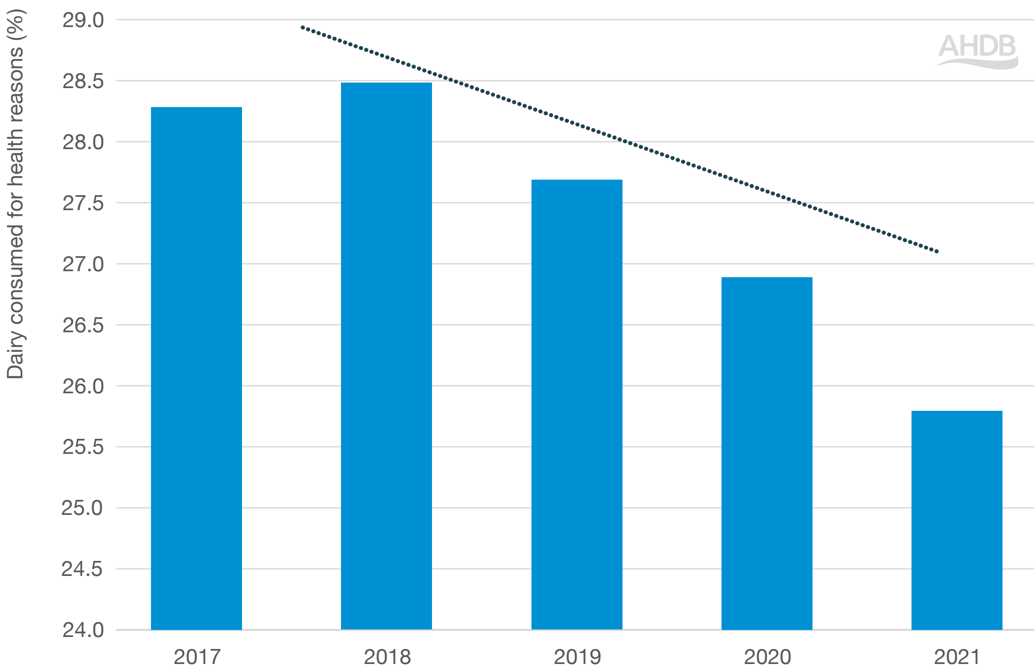
Dairy

Taste and enjoyment are the two most important consumption drivers within the dairy category, with the health credentials of dairy sitting further down the consumers' priority list. Ninety-nine per cent of UK households purchase dairy goods, with taste and enjoyment key to the categories success (Kantar 52 w/e 13 June 2021).

The total amount of dairy consumed for health reasons has gradually declined from 28% in 2017, to 26% in 2021. In contrast, the total amount of dairy consumed for enjoyment reasons has increased from 70% in 2017 to 72% in 2021 (Kantar 52 w/e 21 March 2021). Highlighting that when health dips, enjoyment often increases as people indulge more.

Yogurt and yogurt drinks are the two key products within the dairy category that over-index for health reasons. When communicating the health benefits of dairy, different messaging resonates with different dairy products. For instance, with yogurt, consumers look for health benefits such as vitamins, the natural credentials of the product alongside lighter or calorie-controlled. Whereas, for products such as butter and fresh cream, which under-index in terms of health, consumers look for messages around more natural/less processed and providing a varied diet.

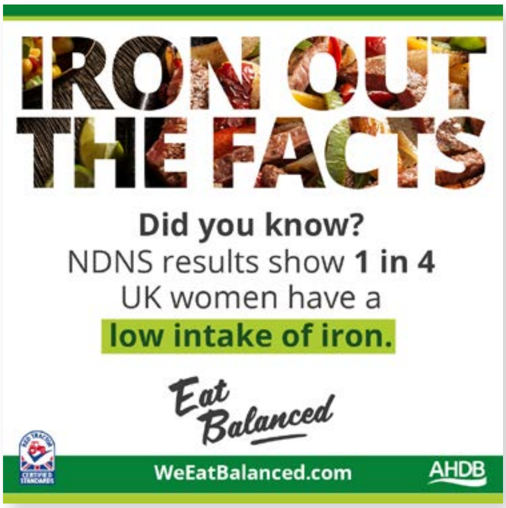
Figure 8. Percentage of dairy consumed for health reasons



Source: AHDB/Kantar 52 w/e 21 March 2021

Health communication – meat and dairy

As health comes more under the spotlight, it highlights the importance of talking to consumers about the role of a balanced diet and the health benefits red meat and dairy provide. For instance, AHDB are currently running the 'We eat balanced' marketing campaign, aimed at consumers who are considering reducing their meat and dairy intake, to remind and reassure them of the positive role both can play in a balanced diet. The campaign has reached 15m UK households on TV and generated over 80m impressions on social media.



In addition, the high fat, salt, and sugar (HFSS) governmental legislation, which will be implemented from 2022, may fuel a resurgence in management-led health. The legislation aims to reduce the consumption of any HFSS foods by reducing marketing and promotion opportunities. Overall, 72% agree to restrictions on the promotion of unhealthy foods in prominent places such as at the checkout (Obesity Health Alliance, 2020). HFSS will also impact where products can be placed in retail. For instance, HFSS foods will no longer be promoted on gondola ends in retail, impacting dairy ice creams, frozen yogurt, sweetened yogurt or fromage frais, and red meat that is ready to cook in a sauce, breaded or battered format. This may provide a marketing opportunity for healthier primary cuts of red meat and dairy products with on-pack claims relating to the products health benefits.

IMPACT OF CORONAVIRUS ON LIFESTYLE CHOICES

The coronavirus pandemic has had a huge impact on the mental and physical health of consumers, with 41% claiming their mental health has worsened, and 33% saying their physical health has deteriorated (Foresight Factory, March 2021). A study conducted by the IFS (Institute for Fiscal Studies) found that because of governmental restrictions and consumers spending more time at home, 90% of households increased their calorie intake throughout the pandemic. In May 2020, the total amount of calories consumed in-home was 15% above pre-pandemic levels and throughout the second half of 2020 remained heightened at 10% higher than pre-pandemic levels. The increase in calories consumed in-home was driven by takeaways (which peaked at more than double the pre-pandemic level in the UK's second lockdown in November 2020). In addition, the number of calories purchased in retail was more than 10% above pre-pandemic levels (IFS, 2021).

Consumers also looked to boost their immune systems through vitamin and mineral supplements resulting in a 19% increase in sales during 2020 – growing three times faster than the total retail healthcare market (Kantar 52 w/e 21 Jan 2021). Forty-two per cent of British consumers claimed to use vitamins and supplements to maintain a healthy lifestyle, with greater popularity among older consumers (Foresight Factory, March 2021). Therefore, communicating the natural source of vitamins and minerals that red meat and dairy provide is key in engaging health-conscious consumers with the categories.

Alongside increased government attention, celebrity and social media influencer endorsements have put health front of mind for the consumer over the last year. Joe Wicks, also known as 'The Body Coach', provided daily exercise classes for children at home during the national lockdowns. While Public Health England provided a free mobile phone app, 'Couch to 5k', to encourage the public to exercise more.

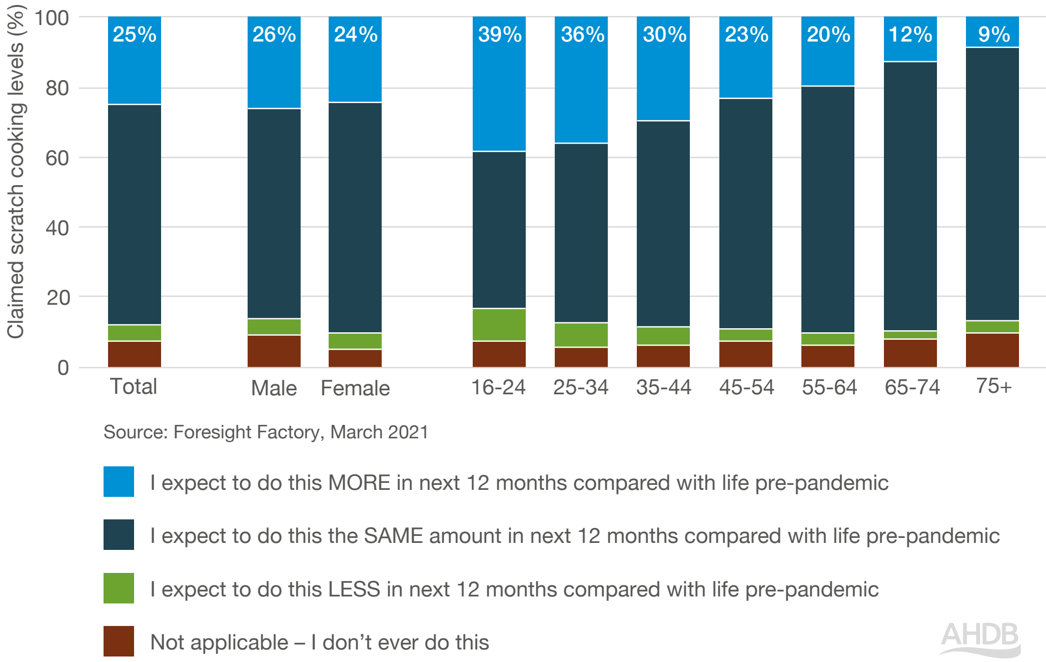
CONSUMER BEHAVIOURS TO WATCH

Scratch cooking

With many consumers working from home or being on government furlough, scratch cooking and home baking increased in popularity last year. Scratch cooking rates differed by consumer group; for instance, young families who worked from home and homeschooled throughout the pandemic were less likely to have time to cook from scratch. In March 2021, with some governmental restrictions eased, 25% of consumers said they expected to continue cooking from scratch more frequently over the next 12 months (Foresight Factory, March 2021).

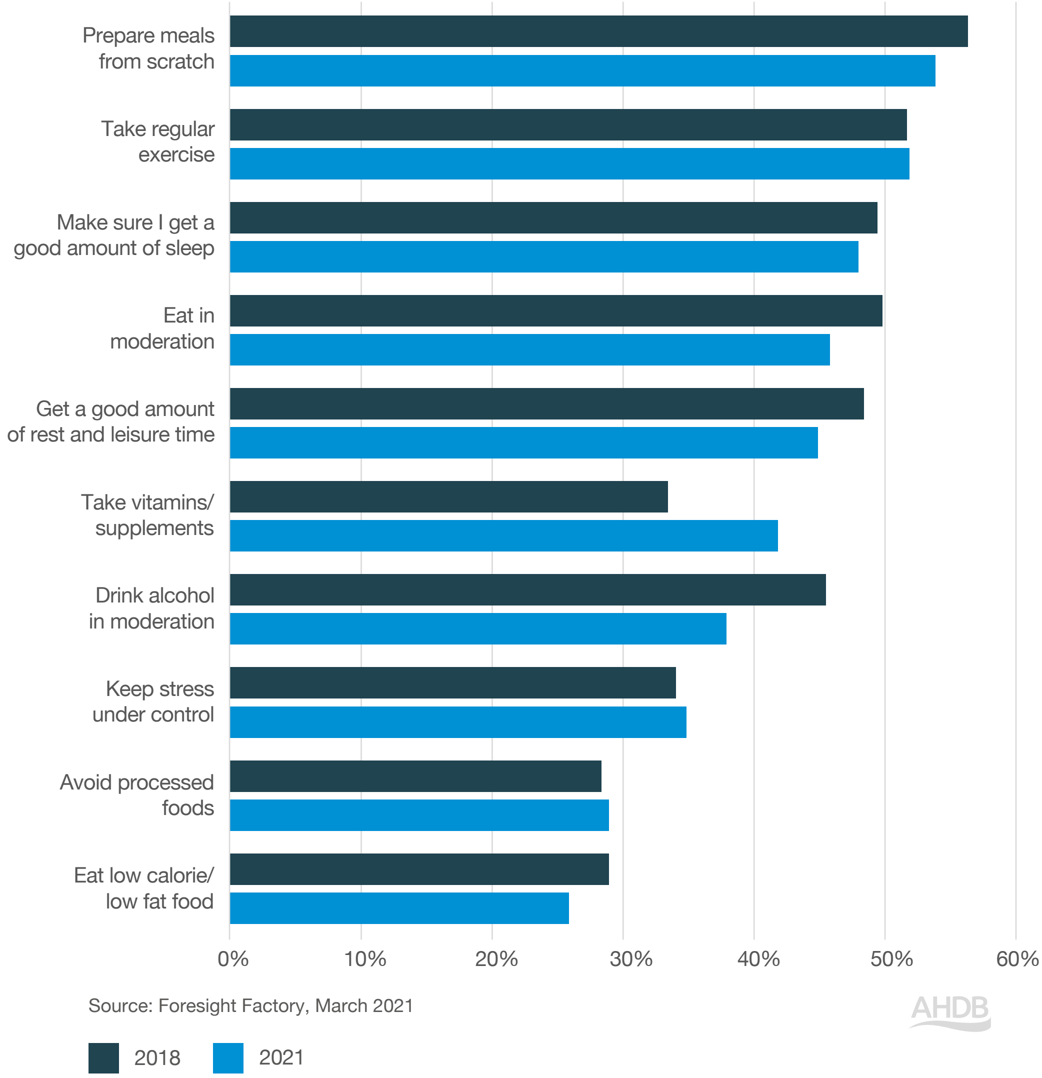
With governmental restrictions removed on 19 July 2021, scratch cooking is predicted to decline from pandemic levels as consumers now have the prospect of returning to the office and leading a busier lifestyle in the 'new normal'. However, AHDB expect levels to remain elevated compared to pre-pandemic, as more consumers have the flexibility of splitting their working days between the office and home.

Figure 9. Claimed scratch cooking levels compared to pre-pandemic



Fifty-four per cent of British consumers state that preparing meals from scratch is something they can do to maintain a healthy lifestyle (Foresight Factory, March 2021); this is likely to be because it allows for portion control and the option to add or eliminate certain ingredients. Therefore, providing recipe inspiration for healthy and flavoursome meals, which include red meat and dairy, while highlighting the health benefits of the categories, is key.

Figure 10. Actions to maintain a healthy lifestyle

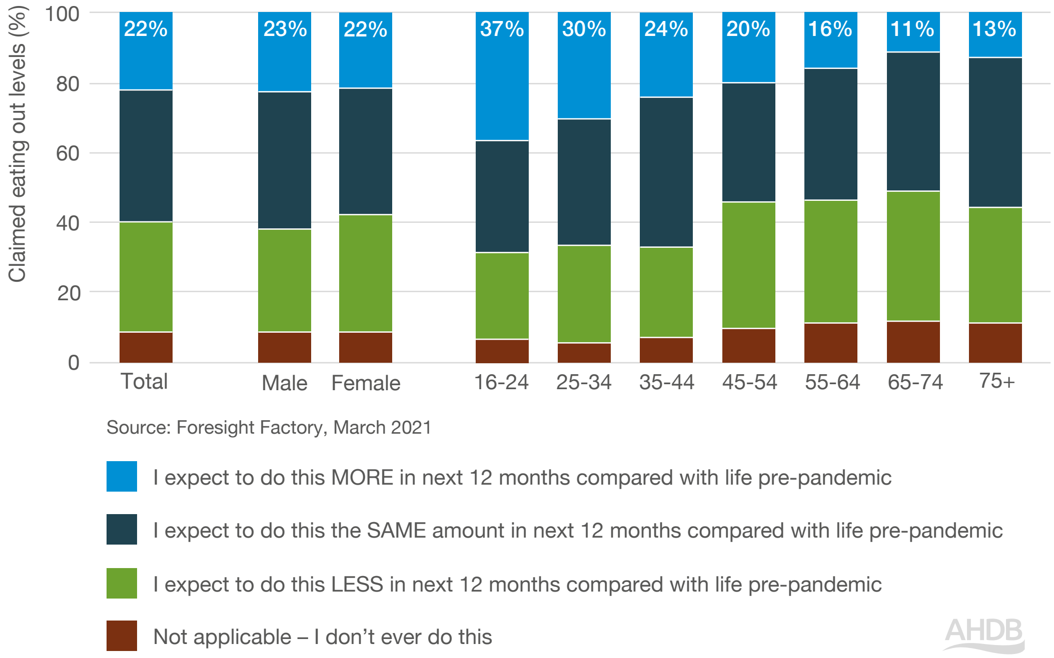


Source: Foresight Factory, March 2021

Eating out

As restaurants and foodservice re-opened, 31% of British consumers expect to eat out less in the next 12 months compared to pre-pandemic levels (Foresight Factory, March 2021). Only 6% of out-of-home food and drink consumption is driven by health reasons, communicating red meat and dairy as a tasty treat with health benefits such as providing vitamins and minerals. This will be particularly important when the HFSS legislation is introduced in April 2022, which will see large foodservice businesses having to provide calorie information on menus, and marketing of HFSS foods will be limited as part of the legislation.

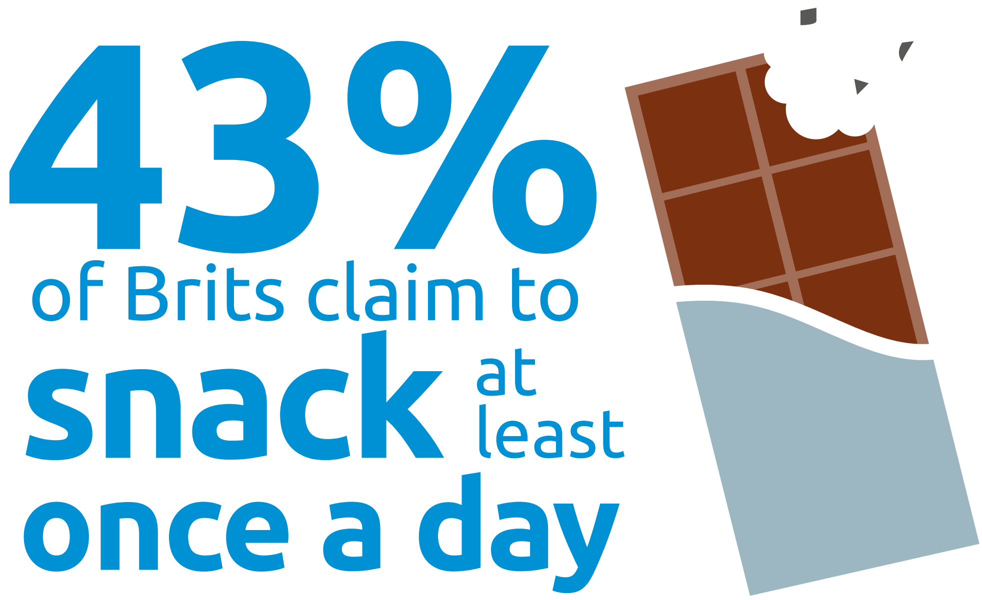
Figure 11. Claimed eating out levels compared to pre-pandemic



Snacking

Snacking in the UK has increased year-on-year since 2016, and during lockdown, 43% of British consumers claimed to snack at least once a day (Foresight Factory, March 2021). Female consumers are more likely to snack at least once a day at 46%, compared to male consumers at 39%, while 45 to 54 year-olds experienced the largest growth, up from 40% in 2020, to 46% in 2021. As highlighted earlier in the report, Kantar data shows that the later the time of day, the less healthy the snack becomes. Therefore, communicating the positive health benefits of meat and dairy products such as protein, vitamin, and mineral content, will allow consumers to enjoy a tasty snack that is good for them.

Figure 12. Claimed snacking rates in UK



Source: Foresight Factory, May 2021

CONCLUSION

We predict ‘health’ will be redefined by the consumer, focusing on the taste and quality of food and drink while encompassing mental health and wellness concerns. Therefore, the market needs to evolve to meet changing consumer demands and needs by providing tasty and healthy food choices.

Clear messaging on the protein, vitamin, and mineral content of red meat and dairy needs to be provided while linking out to wider health benefits. Consumers look to purchase foods that meet multiple needs, therefore providing quality and tasty foods with factual health claims that link to health and wellbeing is crucial; for instance, red meat and dairy are natural sources of vitamin B12 which is proven to reduce tiredness and fatigue, allowing consumers to purchase tasty food that supports their health and wellbeing.

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AHDB's Retail Insight Team actively analyses retail trends, reporting on the latest sales trends and what they mean for the agricultural industry.

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