Bread for the future - consumer trends

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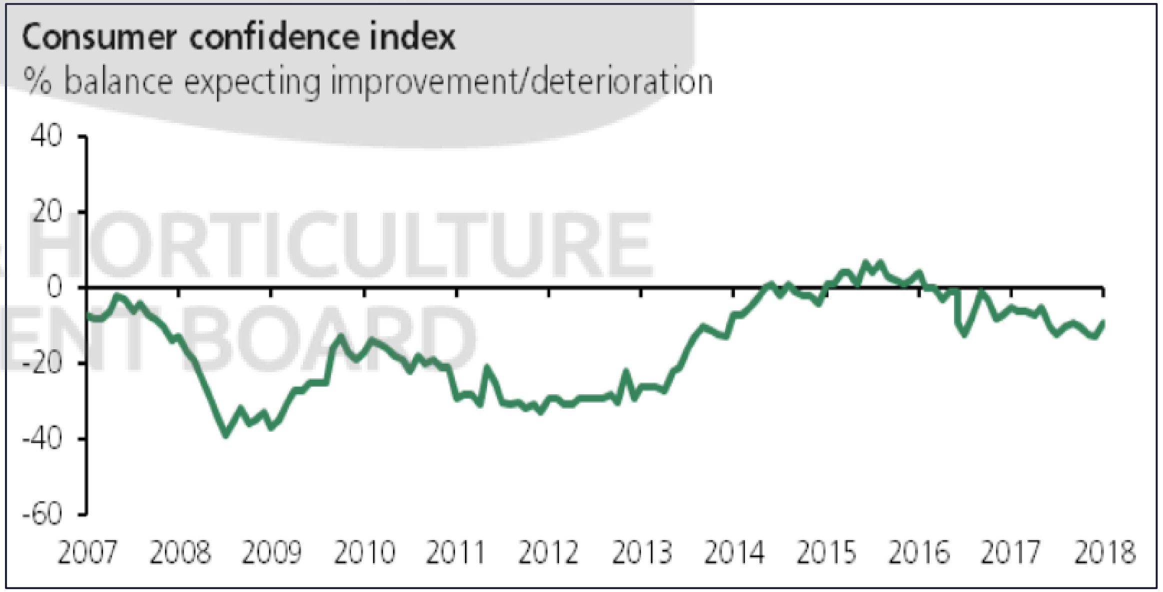
CEREALS & OILSEEDS

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

Source: ONS, GfK

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

Lasagne

Stir-fry

Chilli-con-carne

Chicken tikka masala

Fajitas

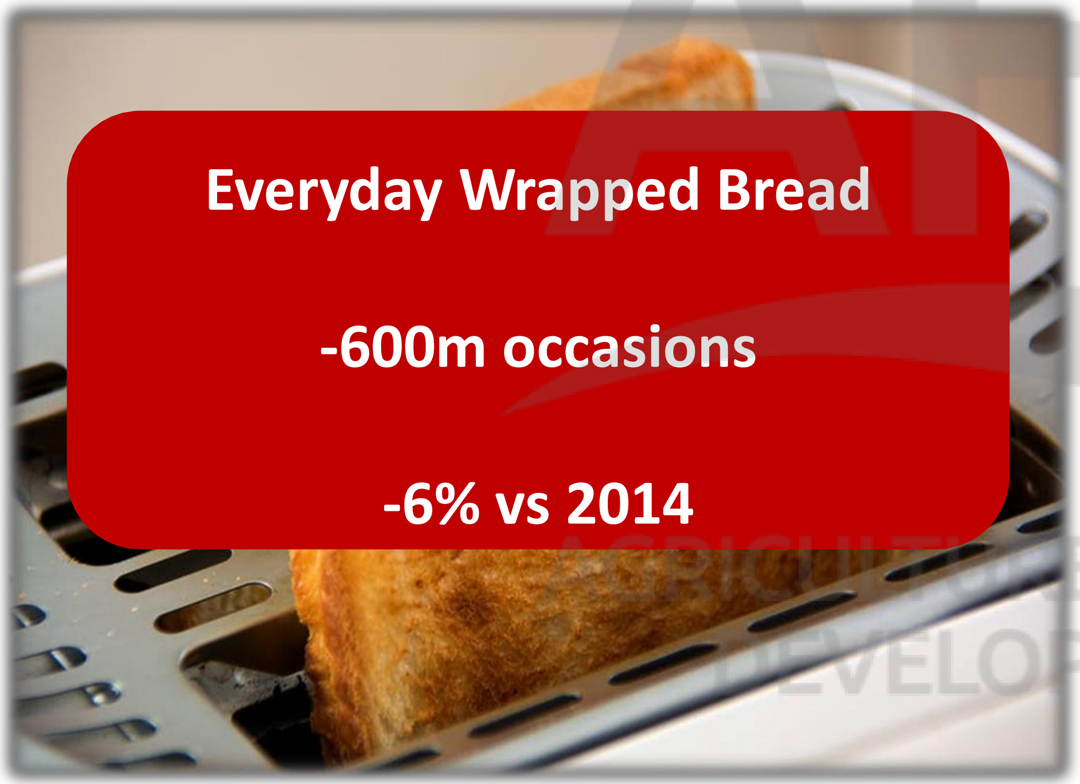
Spaghetti Bolognese

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

17.6%	9 Trips	£2.09
+£6.1M	+£7.3M	+£2.1M

Kantar Worldpanel Usage: 52 we 13 August 2017

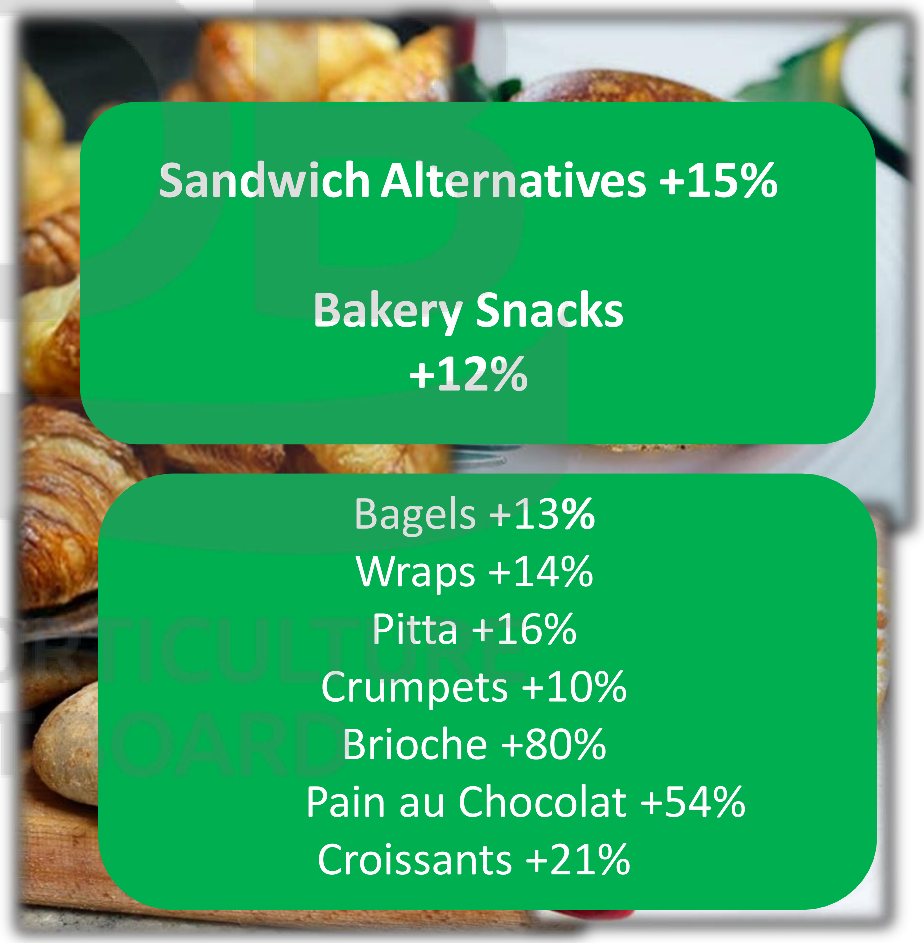
Consumers are switching away from the traditional white, sliced, wrapped loaf and are increasingly choosing sandwich alternatives.



Everyday Wrapped Bread

-600m occasions

-6% vs 2014



Sandwich Alternatives +15%

Bakery Snacks
+12%

Bagels +13%
Wraps +14%
Pitta +16%
Crumpets +10%
Brioche +80%
Pain au Chocolat +54%
Croissants +21%

Source: Kantar Worldpanel Usage, 52 we 13 August 2017

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%

Source: ONS 2016/2017

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) www.ahdb.org.uk/consumerinsight

New health report June 2017


CONSUMER INSIGHTS
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.

UNDERSTANDING OF HEALTH THROUGH THE EYES OF CONSUMERS

How important is health to consumers?

Food needs states*

Proportion of food servings in the home chosen for health reasons

Breakdown of servings chosen for health

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Consumer Insights
September 2017

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 data young consumers between the ages of 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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