UNDERSTANDING HOW CONSUMER ATTITUDES TOWARDS FOOD ARE CHANGING

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About Euromonitor International

- Global provider of Strategic Market Intelligence
- 12 Regional offices - 800+ analysts in 80 countries
- Cross-country comparable data and analysis
- Consumer focused industries, countries and consumers
- 5 - 10 year forecasts with matching trend analysis
- All retail channels covered
- Subscription services, reports and consulting
INTRODUCTION

Definitions and Datasets

Packaged Food =
- Baby Food + Bakery + Canned/Preserved Food + Chilled Processed Food + Confectionery + Dairy + Dried Processed Food + Frozen Processed Food + Ice Cream + Meal Replacement + Noodles + Oils and Fats + Pasta + Ready Meals + Sauces, Dressings and Condiments + Snack Bars + Soup + Spreads + Sweet and Savoury Snacks.

Organic Food =
- All varieties of Packaged Food which have been certified organic by a local authoritative board are included.

Health and Wellness Food =
- The aggregation of organic food, fortified/functional food, naturally healthy food, better for you food and food intolerance products.
INTRODUCTION

The State of the Food Industry

World: The Performance of Organic and Non-Organic Packaged Food

- Non-Organic Value Sales
- Organic Value Sales
- Non-Organic Growth Rates
- Organic Growth Rates
CONSUMER ATTITUDES TOWARDS ORGANIC FOOD

ASSESSING CORPORATE STRATEGY

FINDING THE NEXT ORGANIC

Image: Courtesy of Flickr user Walmart
Demand for Organic Food Varies Considerably Across the Globe…

INTRODUCTION
...But What is Causing such a Difference in Acceptance?

**Is it just a question of price?**

- Average unit price for organic food is 58% higher than standard food

**Is it better for you?**

- Opposing views on the proven impact of organic food versus standard food

**Is it just a value multiplier?**

- Organic food works better in combination with other claims and positioning
The ‘Processed’ Element of Packaged Food Hinders Organic Sales

Consideration of 'Green' Product Features

% of respondents selecting 'very important' or 'most important'

<table>
<thead>
<tr>
<th>Country</th>
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As Does the Different Understanding of the term ‘Organic’

To me, an 'organic' product is one that is...

- Natural
- Is produced according to stringent regulations
- Is healthier than non-organic
- Is sustainably produced
- Respects animal welfare (i.e. free range)
- Is locally sourced

Weakest Belief
Strongest Belief

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The Four Primary Organic Consumer Types

**Mass market**
- Health-driven
- Pesticides and food additives
- Convenience and pricing

**Premium indulgence**
- Occasional
- Higher quality

**Beyond organic**
- Sceptical
- Specialist retailers and niche brands

**Conscious**
- Environment and ethics
- Niche brands
- Fairtrade

Organic Consumer Types
Organic Penetration Varies Substantially Across Categories

The Value Organic Food by Category, 2014

- Retail Value Sales
- Retail Value Penetration
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Organic Baby Food Finds a Permanent Place on the Shelf

Organic Baby Food by Region

- Sensitive
- Premium
- Ethical

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Images: Courtesy of Flickr user Alpha
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The Organic Conundrum for Food Companies

Organic Credentials

Mass Market Brand
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ASSESSING CORPORATE STRATEGY

FINDING THE NEXT ORGANIC

Image: Courtesy of Flickr user Walmart
Organic Penetration in Biggest Food Companies Remains Low…

Top 10 Food Companies and their Organic Sales, 2014

Retail Value Sales – US$ million

Nestlé | Mondelez | PepsiCo Inc | Unilever | Danone | Mars | Kellogg | Kraft | General Mills | Lactalis

Standard PK | Other HW | Organic

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Organic Food Sales Growth Remaining Flat

Wider Corporate Ethical Positioning

Importance of M&A in the Organic Food World

...But Things Could be Changing
General Mills Seeks US Growth with Annie's Homegrown Purchase

General Mills: Packaged Food Sales in the US and the Rest of the World

Retail Value Sales – US$ billion

- USA
- RoW

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WhiteWave Foods Becomes Largest Organic Food Company

Top 10 Organic Food Companies, 2014

- Hain Celestial
- Hipp
- WhiteWave
- Nature’s Path
- Yili
- Mengniu
- Arla
- Amy’s Kitchen
- Koninklijke Wessanen
- Organic Valley

Pre-Acquisition
Post Acquisition
So Does Organic Food Really Have a Future…

World: The Performance of Organic and Non-Organic Packaged Food
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Image: Courtesy of Flickr user Walmart
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…It Could Do, But it Needs More

World: The Expected Performance of Organic and Non-Organic Packaged Food

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FINDING THE NEXT ORGANIC

The Organic + Campaign

Organic + consumer group
Organic + safety
Organic + functional
Organic + convenience
Organic + lower unit price

Images: Courtesy of Flickr users Chung Chu, iT@c, Nora Kuby, Alpha, Sarah Barker
The Other Emotions Consumers Feel Towards Food

- **Essence**
  - Composition
  - Genuineness
  - Duration
  - Recognisability

- **Environment**
  - Social and Environmental Responsibility
  - Traceability
  - Proximity
  - Safety

- **Culture**
  - Territorial Identity
  - Tradition
  - Familiarity
  - Innovativeness

- **Economic**
  - Personal Memories
  - Psycho-Physical Wellbeing
  - Conviviality
  - Group Belonging

- **Psychological**
  - Context
  - Price
  - Preparation

- **Physiological**
  - Ability to Satisfy
  - Digestibility
  - Lightness
  - Organoleptic Perception

*Graph: Recreated from an original work by Rome’s La Sapienza University with support from Nestlé*
Implications for the Pesticide and Veterinary Medicines Industry

Produce vs. Processed
Consumer scrutiny of pesticide + veterinary medicines use on fresh produce likely to be more significant than for processed food

The Rise of Organic Coming to an End?
Confusion over the meaning of Organic lead to growth rates slowing down as the Organic label loses its lustre

So where does this leave the industry?
In search of the next Organic...
Moving from Domestic ‘Buy Local’ to International ‘Buy Quality’

French Cheese

Swiss Watches

Belgian Chocolate

New Zealand Lamb

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Images: Courtesy of Flickr users Cyn Furey, Blake Buettner, Renata F. Oliveira and arbyreed
Recent examples from SIAL Paris 2014

National Food Identity

Regional Food Identity

City Food Identity
Where the ‘Buy Australian’ Movement Could Take Off
THANK YOU FOR LISTENING

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