KANTAR WORLDPANEL

NFU CYMRU

Setting The Scene: Consumer & Shopper Trends

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5th February 2019

Take home grocery

30,000
households

Continuous scanning

Consumption

11,000
individuals

2 x 1 week online diary

Unparalleled continuous understanding of shoppers and consumers

Where have we come from?

Cheap(er) Food

Choice

Skill

Cheap(er) food

Moving from an investment to a land/world of plenty

Rationing ends 1954
Can't get enough!

Making sure we eat well - 2015 onwards

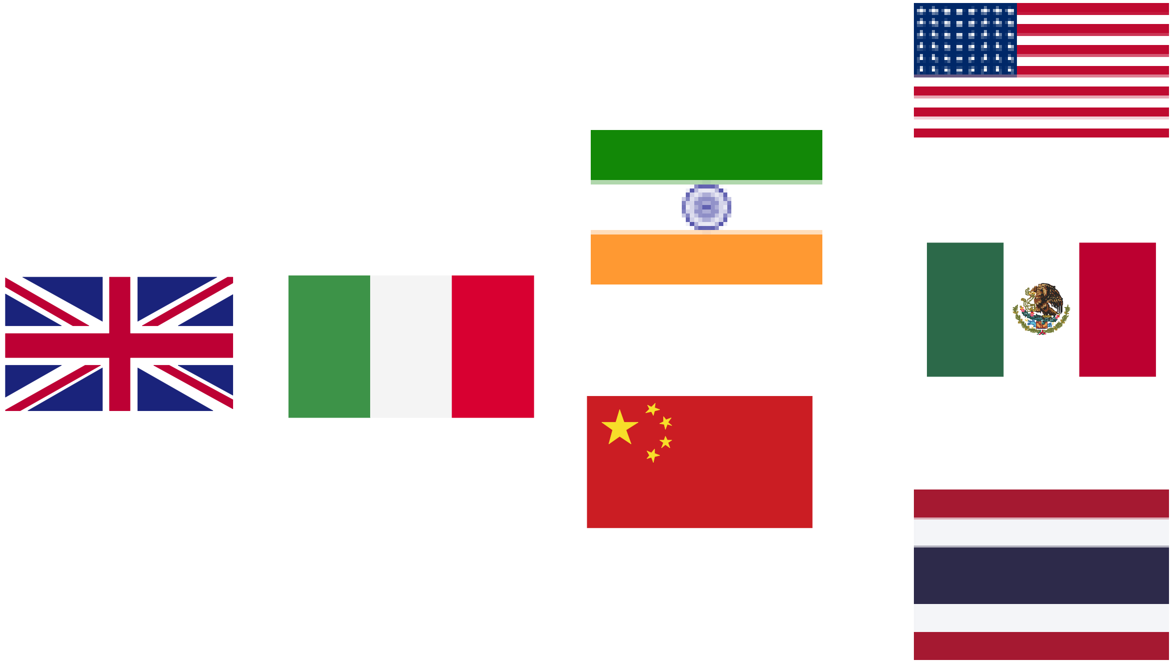
25% 1960s

8% 2010s

% Household income - ONS

Choice

We’ve got more choices in the types of food available



-9%

Meat
& 2 Veg
Occasions growth
Last 3 Years

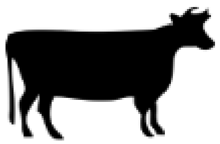
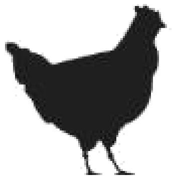
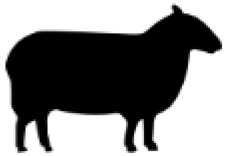
+6%

Dishes
Occasions growth
Last 3 Years

48:52

Choice

…and our choices affect the protein shoppers buy!

Cottage Pie			
Chilli	Fajitas		
Lasagne	Stir Fry	Stews/ Casseroles	
Spaghetti Bolognaise	Curries Tikka & Korma	Shepherds Pie	Stews/ Casseroles
			
Further strength in Steaks & Roasts	Wholebirds Strength	Resurgent in Roasts	Chops, Steaks & Roast important

Dishes association vital to proteins

More dishes =
More opportunities

…but choice doesn’t stop there

We’ve more choice than ever

Tiers

Types

Protein

Skill

We’ve got less than ever…


Lack of skill
+
Lack of time
=Pressure on Primary Products

Brexit is all we hear about at the moment, but it isn't the only show in town

Uncertainty changed behaviour

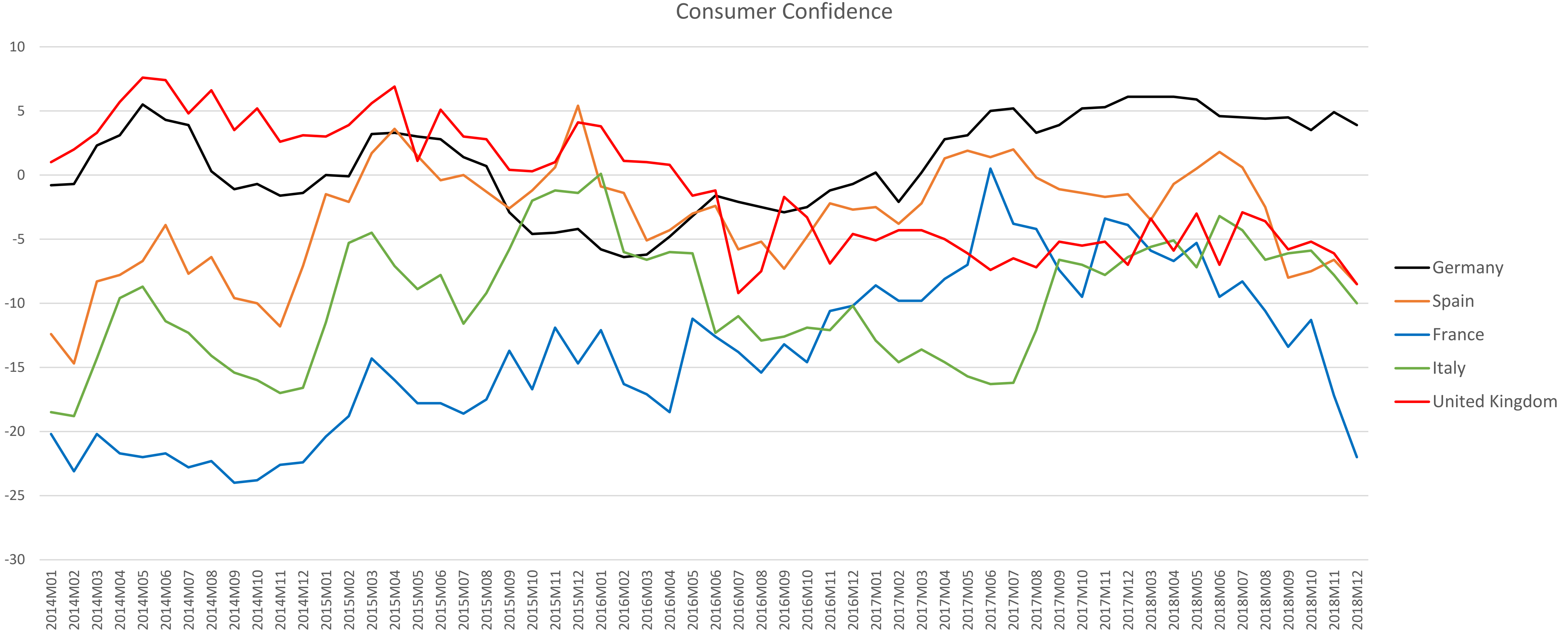
Independently changed behaviour

…uncertainty is affecting the status quo and making shoppers more frugal

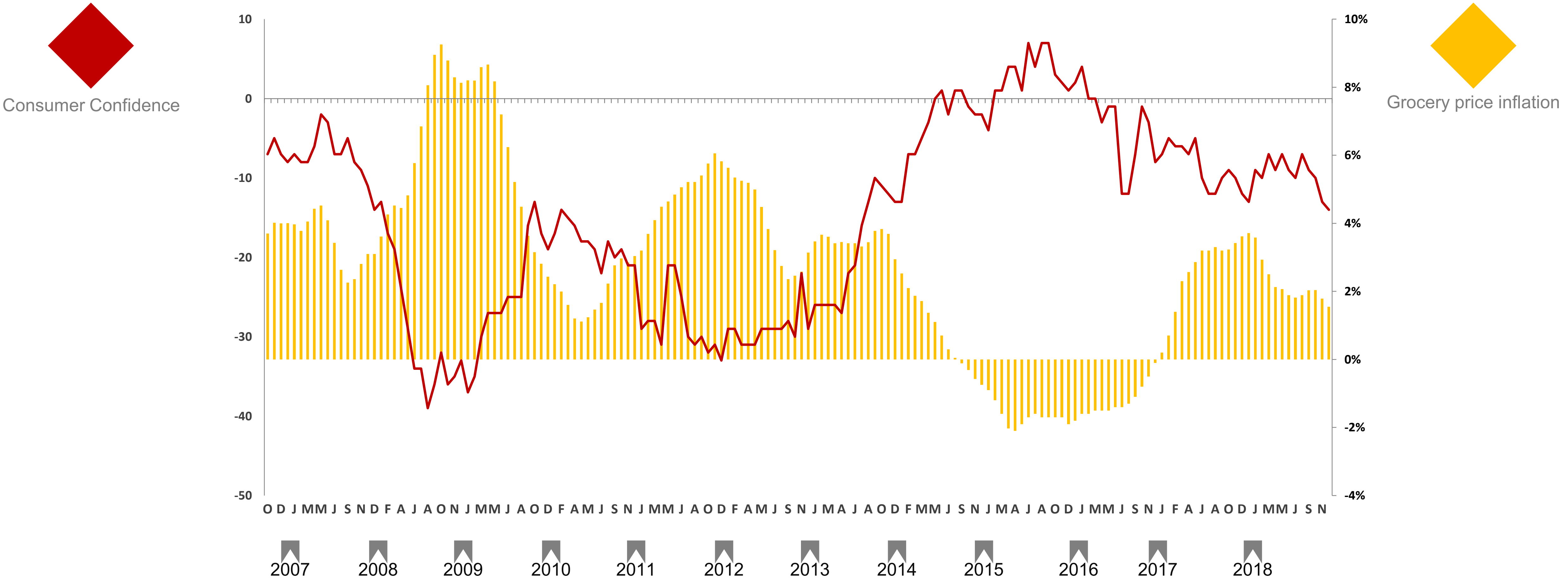
Uncertainty changed behaviour

UK consumers are not as confident as they were 3 years ago

Trended Consumer Confidence – select European countries



It's hard to draw comparisons between consumer confidence and grocery price inflation now



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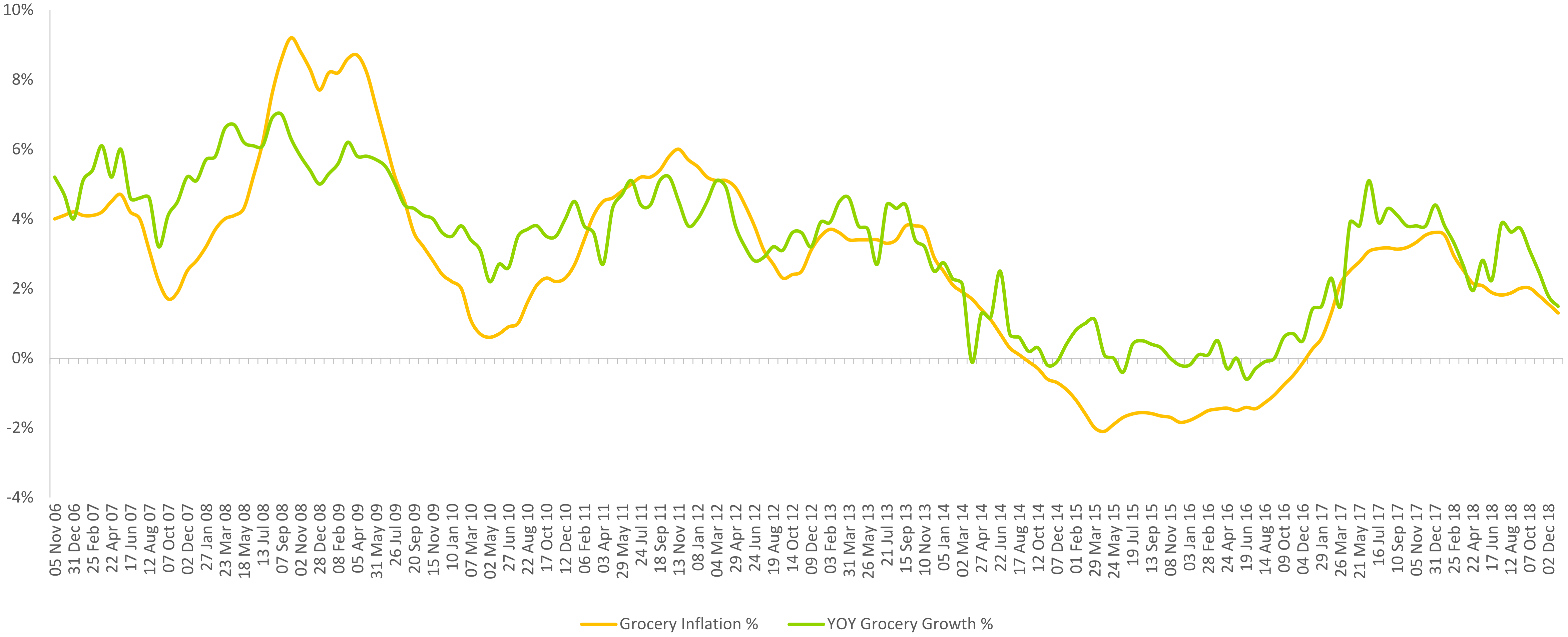
Source: GfK, and Kantar Worldpanel Grocery – 12 w/e 2nd Dec 2018

Within Grocery categories, inflation is critical for market growth



This isn't being evenly felt across the store at the moment

Grocery price inflation – select categories

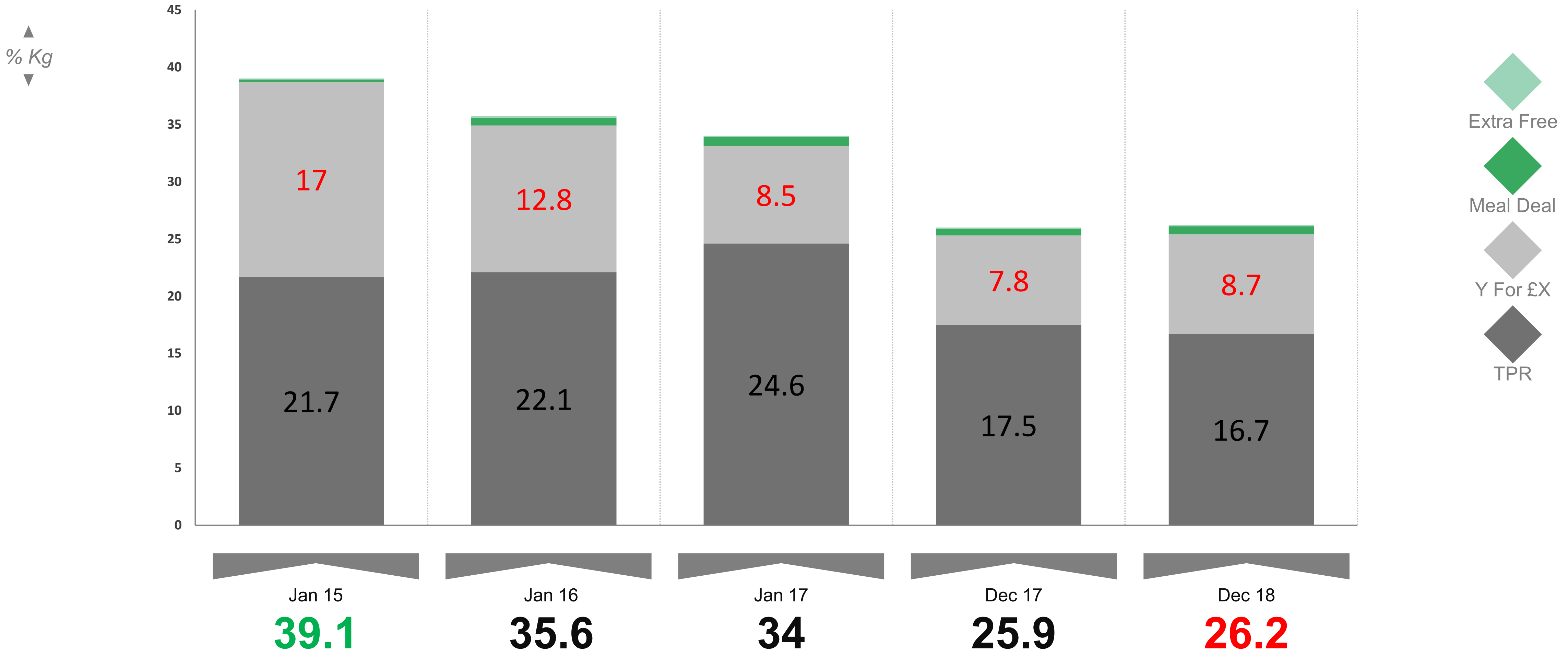
Canned Colas	+23.5%
Bottled Colas	+14.7%
Butter	+11%
Sparkling Wine	+6%
Milk	+4.8%

Ambient Cooking Sauces	-1.8%
Fresh Poultry	-1.1%
Machine Wash	-0.9%
Eggs	-0.5%
Instant Coffee	-0.5%

Source: Grocery – 12 w/e 4th November 2018

Value simplicity has hit the Meat & Poultry categories hard with volumes on promotions falling back heavily – reducing Y for £X activity has lost volume from the category

Fresh Primary Meat & Poultry



…but there is plenty more to life than uncertainty

Independently changed behaviour

Making food **easy** rather than just **quick**

Average evening meal takes 33 minutes to prepare

Effort is key

Quicker items usually not the issue but convenience is…

16 of last 20 years

consumers had more money (ONS)

19 of last 20 years

shoppers spent less time cooking

(Kantar Worldpanel)

Convenient

10% ↑

Assembled

65% =

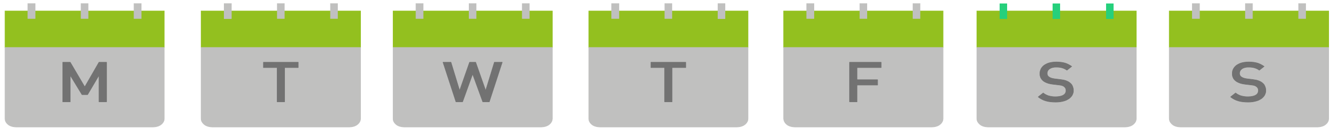
Homemade

25% ↓

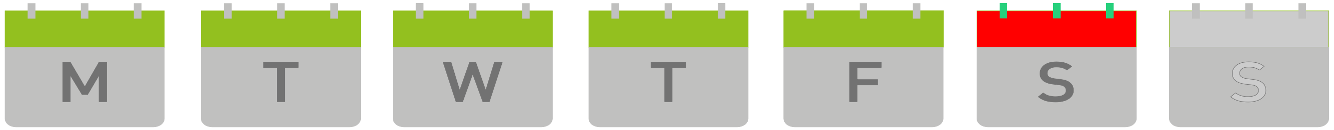
The structure of British plates is moving towards solution driven

Shoppers have a finite amount of meals to win!

7 opportunities to eat an evening meal per week



5 eaten at home, 1 eaten out and 1 skipped



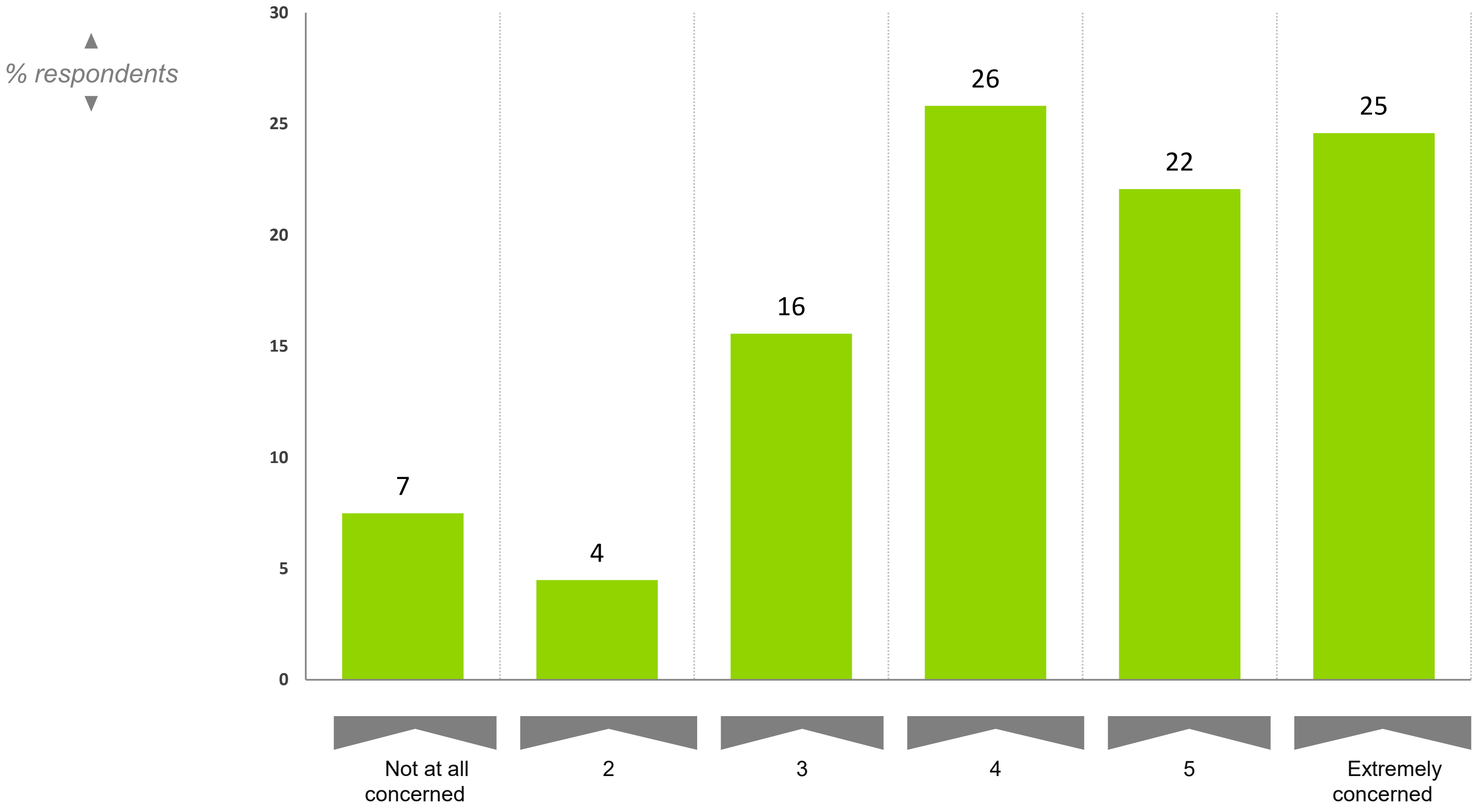
3 unique and 1 repeated

Ready Meals	**+6%**
Pizza	**+7%**
Vegetarian	**+13%**
Vegan	**+31%**

% Occasions Growth
Latest Year vs 2014

Trading off values vs value…

73% of Consumers are concerned about plastic

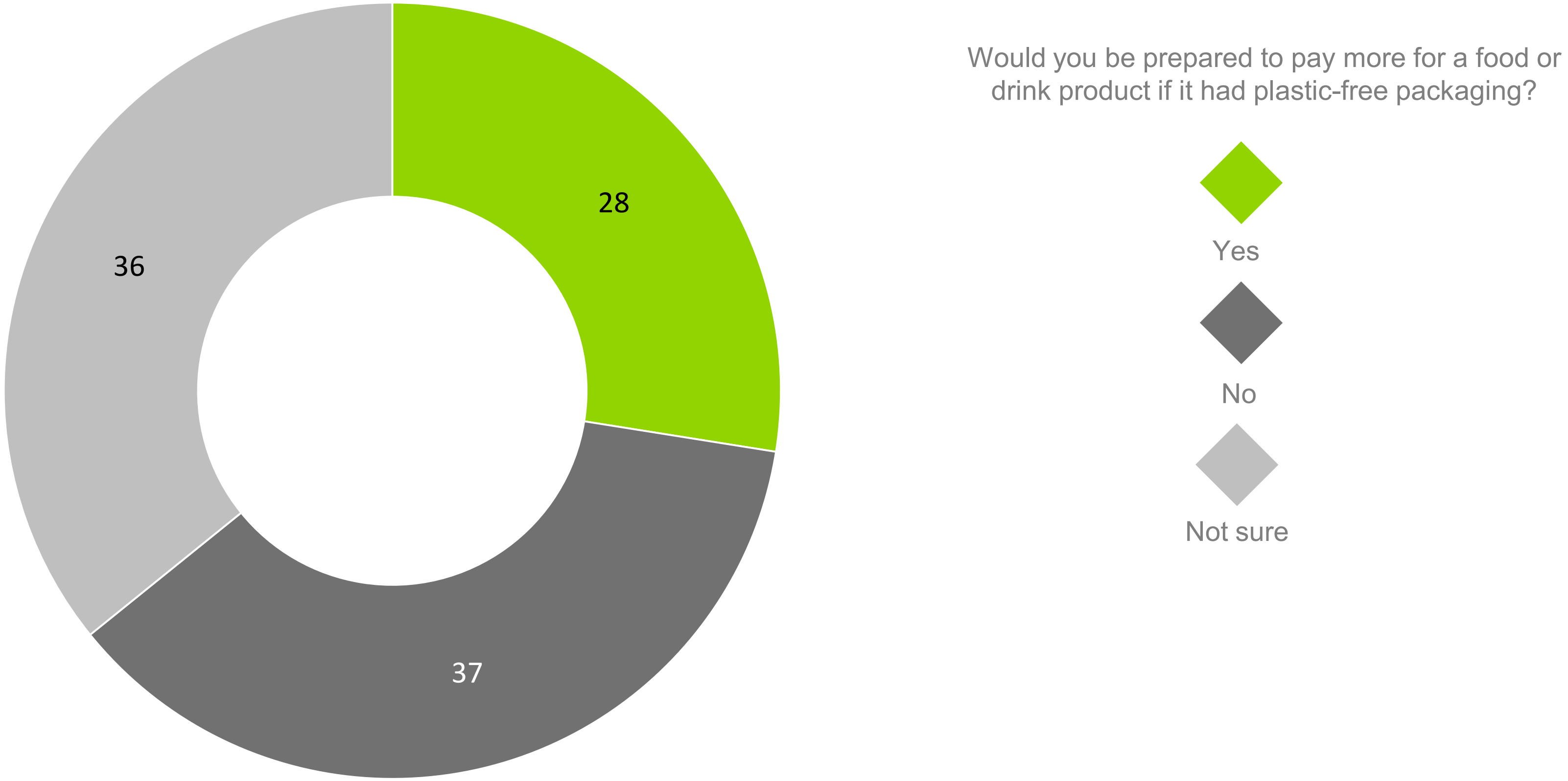


How concerned are you about plastic packaging on your groceries?

Kantar Worldpanel LinkQ survey answered by 5,084 Worldpanel Plus panelists.

…but crucially shoppers are definitely **unwilling** to pay more for this value!

2/3rds of shoppers are unwilling to even contemplate paying more

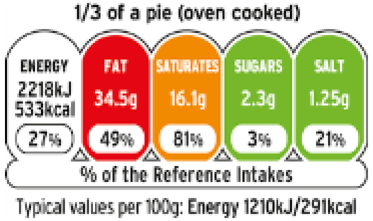


Kantar Worldpanel LinkQ survey answered by 5,084 Worldpanel Plus panelists.

Greater awareness of a number of health issues…

I try to lead a **healthy lifestyle**

71% → 73%



Nutritional labelling has an effect on what I buy

34% → 37%

My diet is very important to me

64% → 68%

I restrict how much **sugary food** I have

54% → 64%

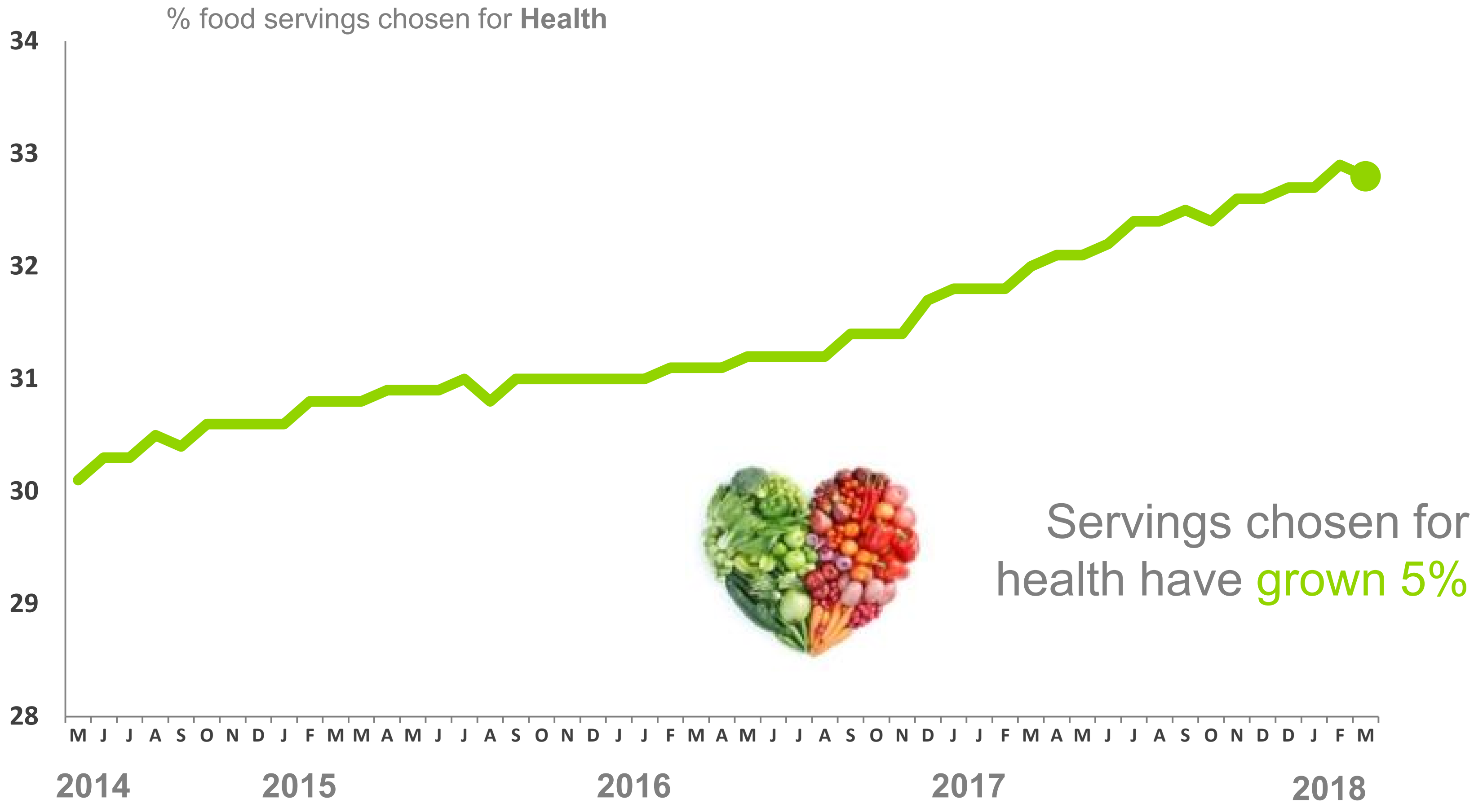
I've become **more aware** of whether the foods I buy are good for me

41% → 45%

I am actively trying to **manage my cholesterol**

34% → 36%

Health as a reason for choice is accelerating



Relevant to health

We pay +£9%

+£7% 2016

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KWP Usage | Health Need States – Total Food | Rolling 52 w/e to March 2018

Health benefits
(protein/fibre/vitamins)
27%

+582m servings

More natural/less processed
15%

+468m servings

Total Foods at snack occasions : % of servings chosen for health (excluding ingredients)
52 w/e April 2018

Value vs Values

What can we say will happen with certainty…

- Better educated shoppers and consumers
- More government intervention
- Possible de-lists of ‘unhealthy’ products
- More and different types of health
    - Meat Free
    - Vegetarianism
    - Veganism

- From ‘my effort’ to ‘your effort’
- Shift towards ease
    - Meal Kits
    - Less waste
- On the go is more agile to adapt to changing tastes and needs
- Bringing OOH into the Home

- We will still want to indulge and treat!
- Lots of innovation in this area, will have hits and misses!
- Indulgence in the right events will be key for MFP

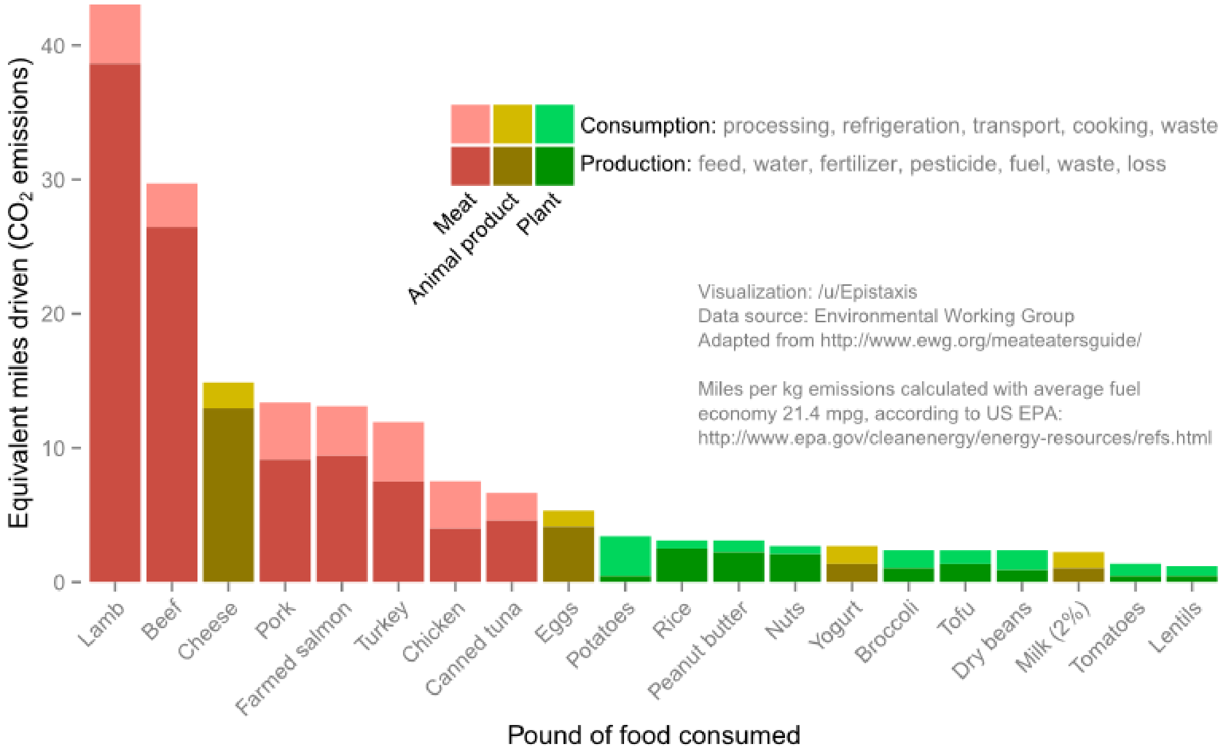
What does the future look like for Beef & Lamb?

Bleak… if you read/believe the press…

More veg, fewer burgers - can a family learn to like the planetary health diet?

By Laurel Ives
BBC Health

2 February 2019 Share



"Healthy Eating" and cutting back on Meat are real hot topics in the media…

…but in reality, these trends are still small

4.7% of people are vegetarian

Compared to 4.5% in 2013

An additional 199k consumers

10% of all households contain a "Flexitarian"

3.7% of all main meal occasions are vegan-friendly

KWP Usage | Vegetarian population | 52 w/e August 2017

KWP Purchase LINKQ 18,000 respondents - Dec 2018

Main Meals consumed at home 12. 52w/e 10 Sept 2017

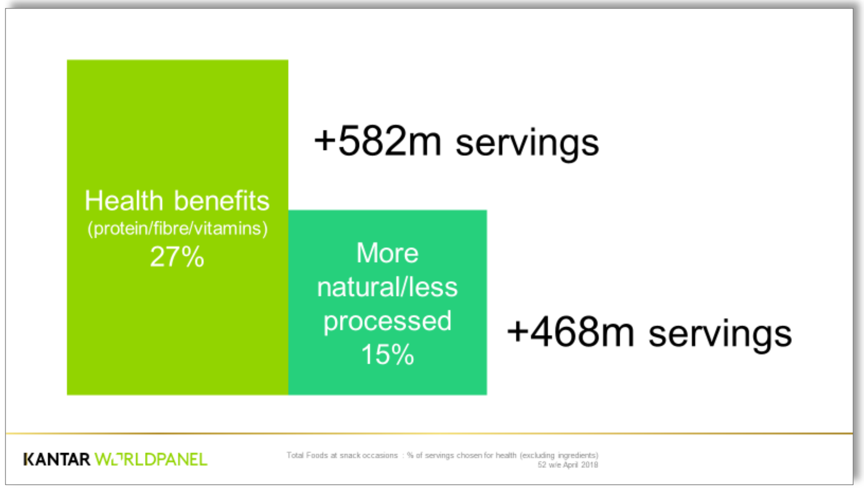
So what is the future for Beef & Lamb?

…In reality things aren't as bad as they seem

2.4% more
Beef & Lamb
trips
Compared to 2014

394m Beef &
87m Lamb trips
each year

How can we win in the future?



What does the course for the future look like?

1. **Blurred lines make meals the battleground…**
   Meals, not proteins are the focus
   We are fighting pizza as much as meat free to win the meal

2. **Make things quick, easy and tasty to win**
   Feed Masterchef expectations from minimal skills

3. **Health has changed and cannot be ignored**
   Meat is the best form of protein, how can we drive balance

4. **Consumers want value with values**
   The right offer, for the right people at the right time

5. **Shoppers have simple needs, but complex tastes**
   Cannot forget the masses to chase the early adopters

THANK YOU

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