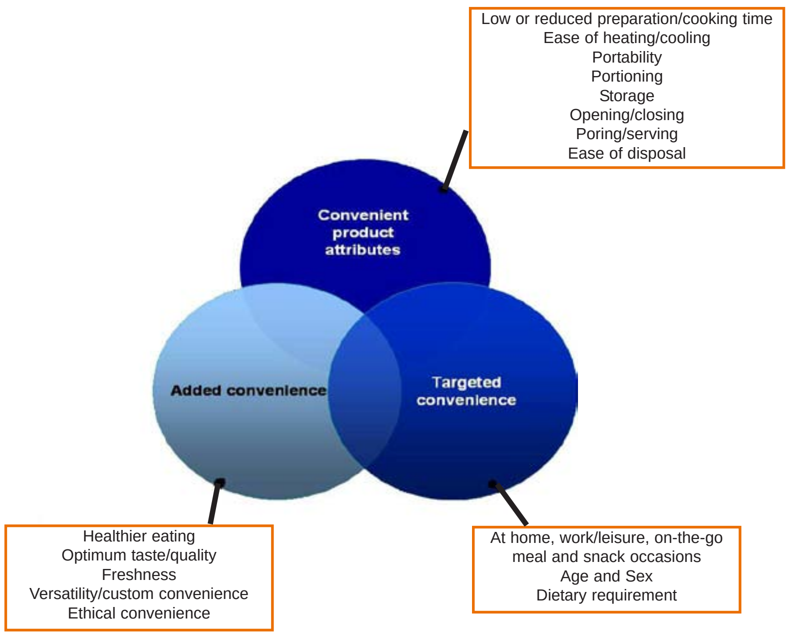
Future Convenience Food and Drinks

New opportunities in a developed market

Key aspects of convenience



Source: Future Convenience Food and Drinks

"Combining time and effort benefits with 'additional convenience' aspects, characterizes much of the key trend development in the market. This can involve making it easier to consume healthier and/or tastier and/or fresher food and drink. Other elements include allowing for consumers to customize products to suit their tastes or needs, or making it easier for consumers to behave ethically through incorporating ethical ingredients or packaging..."

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Identify and exploit the existing and future growth opportunities in the convenience food and drinks market with the help of this new report...

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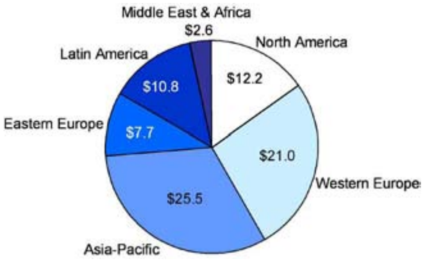
Business Insights' portfolio of consumer goods management reports are designed to help you make well informed and timely business decisions. We understand the problems facing today's consumer goods executives when trying to drive your business forward, and appreciate the importance of accurate, up-to-date, incisive product, market and company analysis. We help you to crystallize your business decisions.

The **strength of our consumer goods research and analysis** is derived from access to unparalleled databases and libraries of information and the use of proprietary analytic techniques. Business Insights reports are authored by independent experts and contain findings garnered from dedicated primary research. Our authors' leading positions secure them access to interview key executives and to establish which issues will be of greatest strategic significance for the industry.

Our consumer goods portfolio of reports can be used across a wide range of business functions to assess market conditions and devise future strategies and cover the **food and drinks, ingredients, packaging, health, toiletries and cosmetics** categories and **key consumer issues** including **eRetail** and **marketing**.

Key issues examined by this report...

Breakdown of cumulative additional convenient food market value by region ($bn) 2007-2011



Source: Future Convenience Food and Drinks

"Indications are that the potential for developing new sales is shifting progressively towards regions like Asia-Pacific, with more than twice the value of new business than North America. Major international convenient food and drink manufacturers will look more to consolidate and build market share in North America and Western Europe, and channel investment into other regions in order to maximize convenient brand potential..."

- **Ethical packaging.** Green packaging is a primary concern for the food and drinks industry. Using less packaging will become a key focus over the next five years, and this is especially important for convenience products that rely heavily on packaging benefits such as multi-packs, compartment packaging and portioning.

- **Health concerns.** Health is an increasingly important driver of convenient products, and marketing is becoming multi-faceted with the evolution of food and drink offering more advanced health benefits such as weight control and other specific health concerns.

- **Emerging markets.** Growth in regions such as Asia-Pacific and Latin America is acting to boost overall sales of dried, instant and wet ambient convenient products. These have shown increasing signs of maturity in Western markets where demand has tended to move into fresher convenient products.

Future Convenience Food and Drinks

New opportunities in a developed market

Share of innovative convenient products launched, by type of innovation, 2008

Type of innovation	% share of innovative convenient product launches
Formulation	61.7%
Packaging Benefit	19.1%
Positioning	7.7%
Technology	4.7%
Merchandising	5.7%
New Market	1.0%

Note: Year ends 28th May 2008.

Source: Future Convenience Food and Drinks

"Formulation is the main type of innovation, and owes much to the innovation in flavors and ingredients, and combinations of these. Other innovative products are linked to the use of new more convenient formats, for example instant versions of existing RTD drinks. A good example is PepsiCo's Propel Powder Packets, launched in the US in August 2007..."

Convenience continues to be a key trend in food and drinks, with consumers increasingly looking for products that suit their lifestyle requirements. The extent of the development of convenient products is signaled by the notion that consumers are coming to view various convenience benefits as the norm. Adding value in terms of convenience is increasingly linked to providing further benefits, combining saving time and effort with additional aspects of food and drink marketing. These include providing health, freshness, taste, versatility and ethical benefits, and marketing products that suit particular consumer needs such as on-the-go convenience and products for children.

Future Convenience Food and Drinks is a new report published by Business Insights that provides insight into the direction of the convenient food and drinks market and how the sector will develop over the next five years. This report analyzes current and future trends that are set to impact significantly on the marketing, formulation and packaging of convenience food and drinks.

Discover future growth opportunities in the convenience food and drinks market with this new report...

This new report will enable you to...

Innovation in serving convenience

Source: Future Convenience Food and Drinks

"Coors introduced temperature-sensitive labels for bottles of Coors Beer and Coors Light Beer in June 2007, developing a new ease-of-serving convenience selling point for the brand. The mountains on the label turn to blue from white when the beer is chilled to 42 degrees Fahrenheit or below, enabling the consumer to tell when the beer is suitably chilled for serving... "

- **Identify future growth opportunities in a developed sector,** using this reports analysis of sales of convenience food and drinks in emerging markets to 2011.
- **Gain insight into industry opinions on the convenience food and drinks market** over the next 5 years through an exclusive survey of industry executives undertaken by Business Insights.
- **Improve the targeting and effectiveness of your NPD strategies** with this report's analysis of convenience benefits, product categories and regional trends based on analysis of Productscan data of 35,000 convenient food and drinks products launched globally between 2005 and 2008.
- **Predict future convenience food and drink market size and growth levels,** using this report's forecasts to 2011, including category specific analysis, in Europe and the US.

Your questions answered...

Nestlé NaturNés

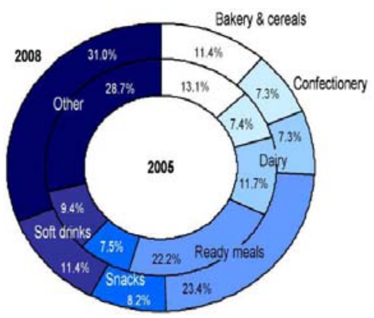
Source: Future Convenience Food and Drinks

"Nestlé NaturNés uses single portion microwavable plastic pots rather than traditional glass jars, claiming these use 25% less energy and emit less CO2. Green packaging is combined with all natural ingredients for the range for wider ethical appeal..."

- How are different convenient food formats developing and which products will provide growth?
- What innovations are driving new opportunities in convenience food and drinks NPD?
- Which region will experience the most growth in convenience food and drinks to 2011?
- Who are the most innovative convenience food and drinks manufacturers?
- How does the industry expect the marketing of convenience food and drinks to change over the next 5 years?

Some key findings from this report...

Share of convenient products launched, by category, 2005-2008



Source: Future Convenience Food and Drinks

"The breakdown of product launches in convenient food and drinks by product category shows some movement away from dairy and bakery and cereals, more towards soft drinks and snacks. The latter two categories appear to be benefiting from growing demand for on-the-go convenience, with marketing increasingly focused on portability. Ready meals have also increased their overall share of new product launches, accounting for more than 23% by 2008..."

- **The convenience food and drinks market is worth $158bn in Asia-Pacific and is expected to grow at a CAGR of 3.9% to 2011.** Latin America and the Middle East and Africa are set to grow at a faster rate, but these regions hold a collective share of less than 13% of global sales.
- **A growing share of 40% of new convenient products launched globally in 2008** feature benefits relating to speed of preparation, compared to shares of 30% for single serving products and 15% for fresh convenience.
- **Expenditure on convenient products peaks in Sweden at over $700 per capita, and is over $400 in the US.** Per capita spend in all other regions is less than a quarter than that of the average for Western Europe and North America, but the gap is expected to narrow steadily.
- **The number of dinners prepared from scratch at home is highest in France and Spain but is falling fast.** The level of cooking from scratch is lowest in the US but the trend away from this appears to be slowing.

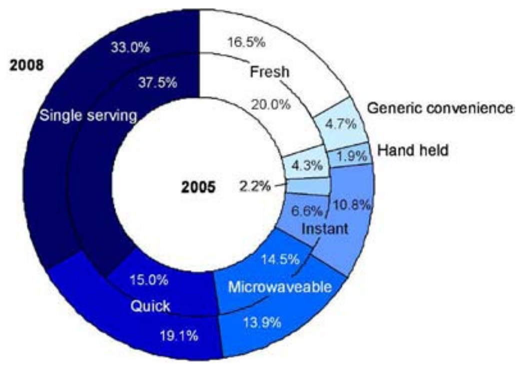
Sample from 'Future Convenience Food and Drinks'

Chapter 3: Innovation and NPD in convenience

Product features

A breakdown of the prevalence of different convenient product features is shown in Figure 3.12. Instant convenience has seen the fastest increase in NPD activity and now accounts for nearly 11% of launches, followed by quick convenience. Some 19% of new convenience products in 2008 are marketed as quick.

Figure 3.12: Share of convenient products launched, by product feature, 2005-2008



Source: Future Convenience Food and Drinks

Instant and quick

Key areas within the instant convenience category such as ready meals and hot beverages continue to develop apace and collectively account for over 60% of instant product launch activity. Fastest growth in new instant products is evident in soft drinks and bakery and cereal products, with these accounting for 17% and 8% of launches in 2008. The cereals category is seeing rapid development in healthy instant hot-eating cereals based on oats and marketed on a heart health platform, for example Kashi Heart to Heart from Kellogg.

Increasing activity in instant convenience is linked to an extent to product format, and is centered on food and drink typically requiring the addition of water to reconstitute the product for example, powdered milk, soluble coffee, noodle and pasta snacks, soups etc. In addition, regional differences tend to reflect the different life cycle stages of dried products. However, use is not necessarily confined to the dried format, and companies are developing new lines positioned as offering some instant benefit to the consumer. For example, chewing gum that instantly provides fresh taste, or salads and meat and fish products that offer the consumer immediate meal time or snacking gratification.

Likewise, while demand for the dry ambient format may well be growing faster in Asia-Pacific, instant or quick convenience products are still being successfully launched in markets where demand has tended to shift into ready-to-eat (RTE) and ready-to-drink (RTD) convenience. Improved food technology plays an important role in instant and quick convenience in North America and Europe, with better-tasting and more elaborate recipes or flavors helping revive consumer interest and differentiate products. Resurgent NPD activity in more mature markets is also linked to packaging development, including more modern and easy-to-use portable stick formats and portion packs in general.

The cost advantage of instant and quick dried products relative to RTE/RTD formats is another aspect helping shape convenient product demand in developing countries. Lower retail price relative to ready-made convenience food and drink are also expected to sustain demand and impact product development in Western economies over the next few years if real incomes continue to be squeezed.

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