Market trends

USING INSIGHTS TO DRIVE OUR BUSINESS FORWARD

Healthy and sustainable diets

There is a growing awareness of environmental and public health issues that is increasing the urgency for change towards a healthier and more sustainable way of eating, with eating patterns that promote both personal health and the health of the planet.

People can find health and sustainability confusing, and they are looking to retailers and manufacturers to support, guide and lead the way through making our products healthier and reducing their environmental impact. We have a responsibility to use our influence to drive positive system change and improve food outcomes for consumers and the wider society. Through our own research and externally-published reports, we continue to closely monitor consumer attitudes and priorities, especially during these turbulent times with many additional pressures on households.

Our Healthy and Sustainable Diets Policy has four key action areas:

- product reformulation – reformulation to improve the nutrition and sustainability of our existing products, whilst maintaining quality;
- positive health – adding specific ingredients (such as vitamins, minerals, pro/prebiotics and fibre) to improve the overall health of our products;
- future of protein – rebalancing our product ranges to use more plant-based protein and reduce the carbon footprint associated with animal proteins; and
- more vegetables – increasing the vegetable content of our products and changing the balance of our portfolio to include more vegetable-based products.

Cost-of-living impact

Many are facing financial strain. Escalating living costs are concerning, particularly in terms of groceries and personal finances, which could be indicative of the retail or consumer goods sector, where prices directly impact consumers' disposable income. Real wages in multiple UK regions are expected to remain significantly below pre-COVID-19 levels until 2025, and wealth inequality is expected to increase.

According to our own research, over 65% of respondents expressed significant distress over the cost of living impact. We have seen that increased food prices and economic instability have led to higher financial stress among individuals. Greencore research shows that 73% of respondents are worried about the cost of food and other groceries.

However, although consumers are facing challenging times, our categories have been relatively resilient – in particular Food to Go, whereby the category has remained in high purchase frequency with 50% buying Food to Go items in the week to 1 October 2023 (this is +5 percentage points versus pre-pandemic levels).

Busy lifestyles

Economic pressures are contributing to busier lives as individuals look to take on overtime, second jobs or 'side hustles' to counteract falling discretionary income.

Scratch cooking is at a five-year low, with convenience-based meals at a five-year high. Low effort is important to people as the time they spend on food preparation declines.

Sales of Greencore's categories are driven predominantly by the need for convenience. As the pace of life intensifies more people turn to convenience foods for speed and ease.

Capturing insights and data

We have a dedicated team of insight and category professionals reviewing multiple sources of market, shopper, and consumer intelligence daily to unlock key insights. We actively seek out, analyse, and interpret relevant information to drive and activate category strategies and innovation.

We track, measure and report on data and insights to give us both a top-down and bottom-up view of the themes and trends impacting our business and categories. We are constantly striving to ensure we partner with the best agencies, are using the latest and quickest technology and robust methods, including rapidly evolving artificial intelligence ('AI') to ensure we stay on the pulse and have the deepest level of consumer and market understanding across all our sectors. We work hard to review all variables by analysing end point-of-sale, loyalty, and panel data to understand granular shopper behaviour (the 'what') and we overlay this with our proprietary quantitative and qualitative consumer and shopper research to understand sentiment and motivations (the 'why'). We use this insight and understanding to develop our category growth strategies with our customers.

Treat and reward

Treat occasions continue to play an important role across our categories. Falling household incomes have driven changes to the way people shop and eat as they find ways to adapt and manage their spending.

Food is increasingly important to our mental wellbeing and can be used to create memories, fun, and moments to share. Small, affordable treats in the form of food provide momentary escapes from life's challenges and pace. People will trade up and reallocate their spend to occasions they feel are more important. These tend to be more emotive special occasions, especially weekends and evenings.

We are still eating out more than we were last year (some more than others) but are more likely to choose more premium treat options if it is part of a wider trade down to in-home. Product ranges that fulfil these treat needs are important for both at home and on-the-go occasions.

Total food to go market value

£20bn

Best-in-class partner agencies

20

Responses by consumers to bespoke questions on our survey platform

6m

Active members of our online consumer community

c.1,500

Reputable agency sources providing continuous end point-of-sale, loyalty panel and market data

7

Individual topics discussed with consumers in our proprietary community

40+

Source: Internal Greencore Insight team