EAT, DRINK & BE HEALTHY

HOW AT-HOME CONSUMPTION IS CHANGING

FEBRUARY 2019

HEALTHY SNACKS & ROUTINE FOR BREAKFAST

SIMPLIFICATION OF MENUS

HEALTH-CONSCIOUS DRINKING

KANTAR WORLDPANEL

METHODOLOGY

Kantar Worldpanel's Usage Food and Beverage service covers packaged foods, fresh food, and beverages, and is an open door to consumers' kitchens and cupboards.

Through at-home consumption diaries – which are linked to our purchasing panels – we can see how they prepare menus, what specific ingredients they choose and why, how habits change over time, what the most valuable occasions are and how products compete with one another.

We gather data across eight countries around the world – the United Kingdom, Spain, Mexico, Portugal, China Mainland, France, Brazil and the United States – and can track any food or beverage consumed at any week of the year, by any individual in the household—allowing clients to understand changing habits and identify business opportunities.

CONTENTS

LOCAL NUANCES DRIVEN BY HEALTH-CONSCIOUS GLOBAL TRENDS

If buying the product is the 'moment of truth', consumption is the moment of validation—and it's vital in order to drive satisfaction and repeat purchasing.

In this publication we will explore how eating and drinking habits differ from one country to another, identifying the common trends tying global consumption together.

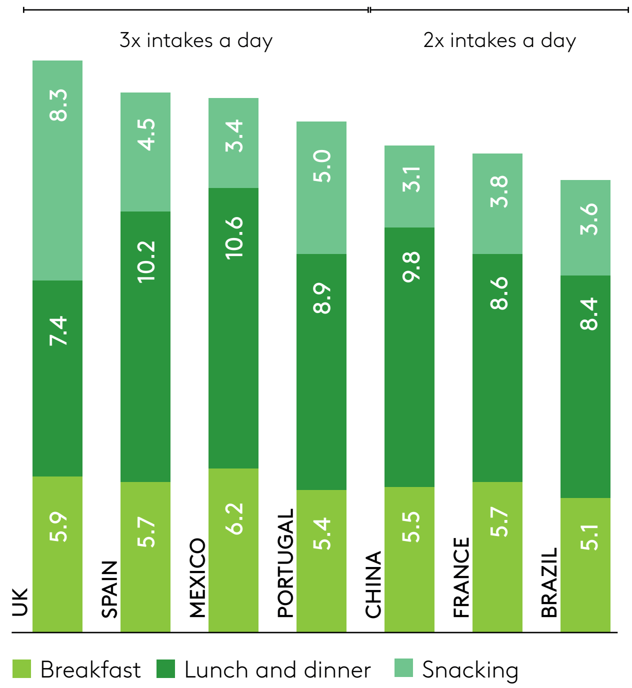
At the centre of it all is an increased focus on health and wellbeing.

- Healthy snacking is on the up, despite people eating less at home. Fresh fruit leads share of stomach.
- Breakfast remains the most important at-home moment globally. People want routine and health at the start of the day.
- Main meals are getting simpler. Lighter menus, cleaner cooking methods, and the use of fewer animal protein ingredients, have driven a 6% decline in the number of different courses served at lunch and dinner times.
- Health-conscious decisions have created wider fragmentation of the beverages market. Plant-based and fermented drinks, along with homemade smoothies and juices, are stealing share from branded goods.

COUNTRY CONSISTENCIES

Comparing the number of weekly at-home occasions between countries, there are two distinct groups: countries where people consume food or drink at home three times each day, and those where people only do so twice.

Weekly at-home occasions vary by country

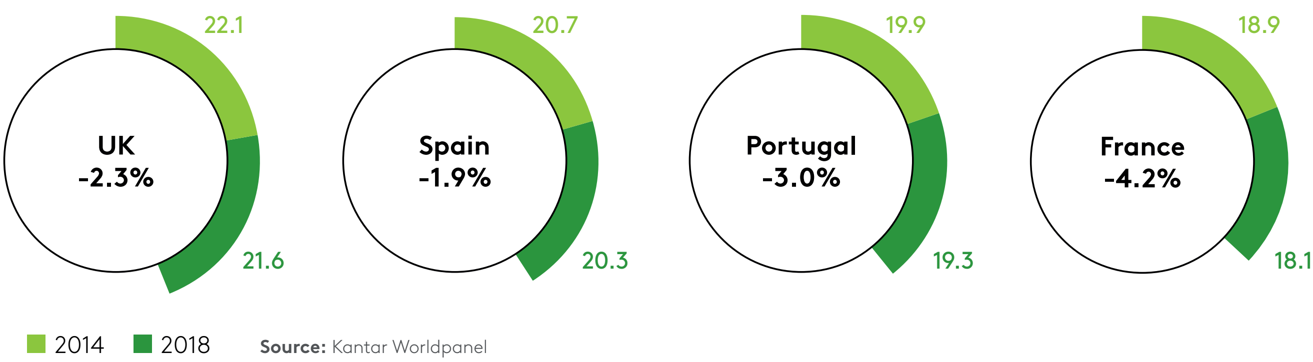


Source: Kantar Worldpanel

Snacking is the most relevant factor in understanding the total number of occasions per capita across different markets. For example, snacking is almost three-times as prevalent in the UK – where people eat at home three times each day on average – than in France, where the figure is twice a day.

With stable inflation and Gross Domestic Product (GDP) climbing in all markets besides Mexico, out-of-home (OOH) consumption is following suit. And that means at-home occasions are falling across the board.

Total at-home food and beverage consumption moments per week



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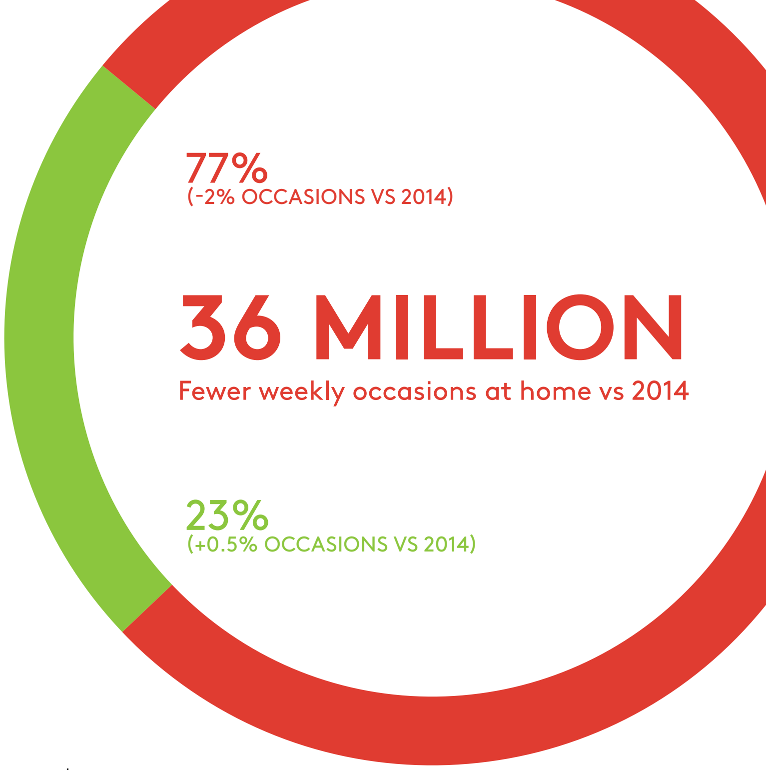


HEALTHY SNACKING: A GLOBAL TREND

THE ECONOMICS OF SNACKING

The decrease in at-home consumption may have an impact at breakfast, lunch and dinner, but this is not true for snacking occasions.

While the number of global at-home occasions has plummeted by 36 million between 2014 and 2018 – a 2% decline in breakfast, lunch and dinner occasions – snacking has increased.

With people eating fewer main meals, especially at week-day lunch and dinner times, there has been a 0.5% rise in snacking moments.

The rise in snacking is a major trend around the world, and there are many drivers and market differences at play. What's common across every market, however, is that snacking makes up a significant proportion of consumption occasions throughout the day.

Snacking accounts for close to one in every four at-home occasions, with afternoon and after dinner being the most popular—while morning snacks are growing the fastest.

In France there has been 0.8% growth in snacking, but China Mainland offers the greatest opportunity. The market may currently have a smaller share of global snacking occasions (three per week) – especially when compared to the world leader the UK (eight per week) – but its enormous population and 0.3% growth in snacking since 2017 makes it a prosperous market to break into.

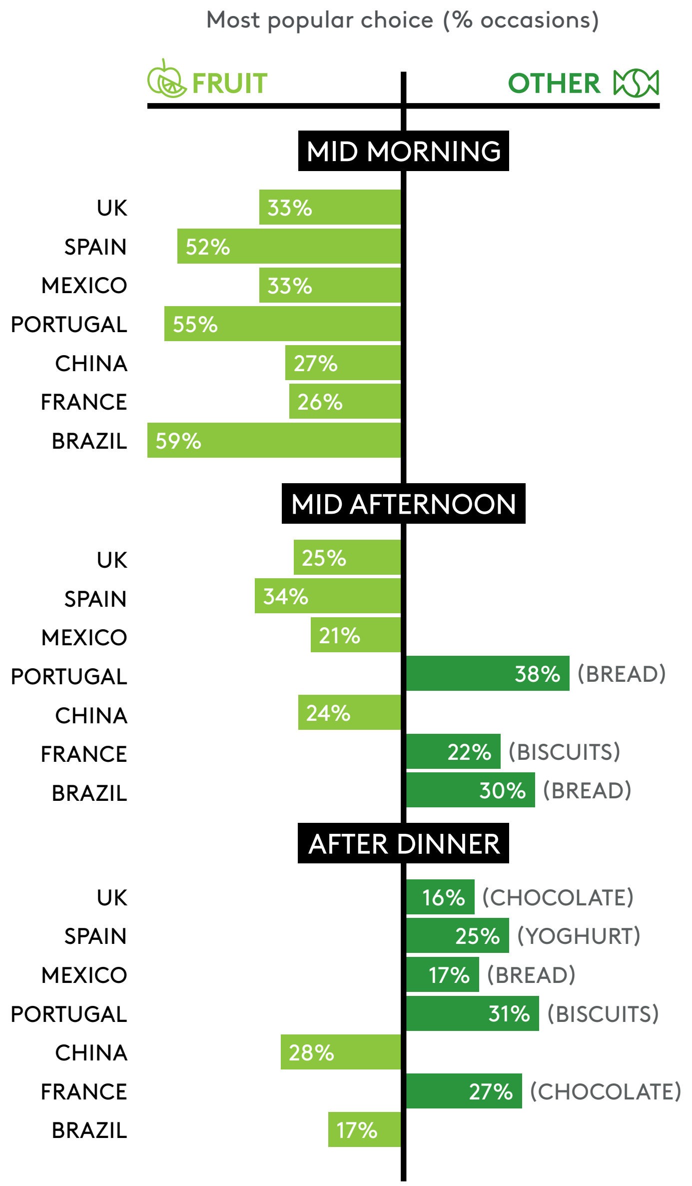
'MOMENT' ACTIVATION IS AN OPPORTUNITY FOR RETAILERS

Not only are snacking occasions growing, such purchases are in turn increasing shopping basket value. The price paid for products consumed during snacking occasions is 24% higher in Spain than breakfast and main meals, for example.

However, not all retailers are taking advantage of this valuable and growing moment. As shown in the table below, it's clear that hypermarkets and discounters in Spain have an opportunity to improve share of market versus Mercadona, especially within healthy snacking.

% value share by channel (Modern Trade)

	TOTAL MOMENTS	SNACKING
MERCADONA	33.7	34.4
OTHER SUPERMARKETS	31.4	30.1
HYPERMARKETS	17.1	17.4
DISCOUNTERS	17.7	18.2



Source: Kantar Worldpanel

HEALTHY MORNINGS; INDULGENT NIGHTS

Throughout countries, "enjoyment" is the biggest driver for at-home consumption. However, the time of day is a major influence on the types of snacks people enjoy. People are far more health-conscious at the start of the day, and this is borne out in the food they eat.

In Brazil, 59% of mid-morning occasions are dominated by fruit, and the category also takes up more than half of such occasions in Portugal and Spain. As the day wears on, consumers become more indulgent—with chocolate making up 27% of after-dinner snacks in France and the Portuguese enjoying biscuits (31%) at this time.

Despite this, fruit remains the most consumed product for snacking occasions in all countries—with a global population that is becoming more and more health conscious. In fact, "health" as a food category is growing across almost all snacking occasions.

That said, fruit consumption is still far behind nutritional recommendations from health bodies. Consumers in the UK, for instance, will consume fruit or fruit juice under five times per week on average.

SNACKING FOR HEALTH
37.5
31.6
15.9
15.1

Source: Kantar Worldpanel

KEY TAKEAWAYS:

- A strong economy transfers consumption from at-home to out-of-home, especially at main meals, but at-home snacking occasions continue to grow.
- Each snacking occasion has a different product choice and consumption driver, but healthy snacking is once again the most significant trend—with fresh fruit the main competitor to packaged goods.
- Snacking upgrades shopping baskets, but there is still growth for channels and retailers to uncover by switching from 'category' to 'moment' activations.

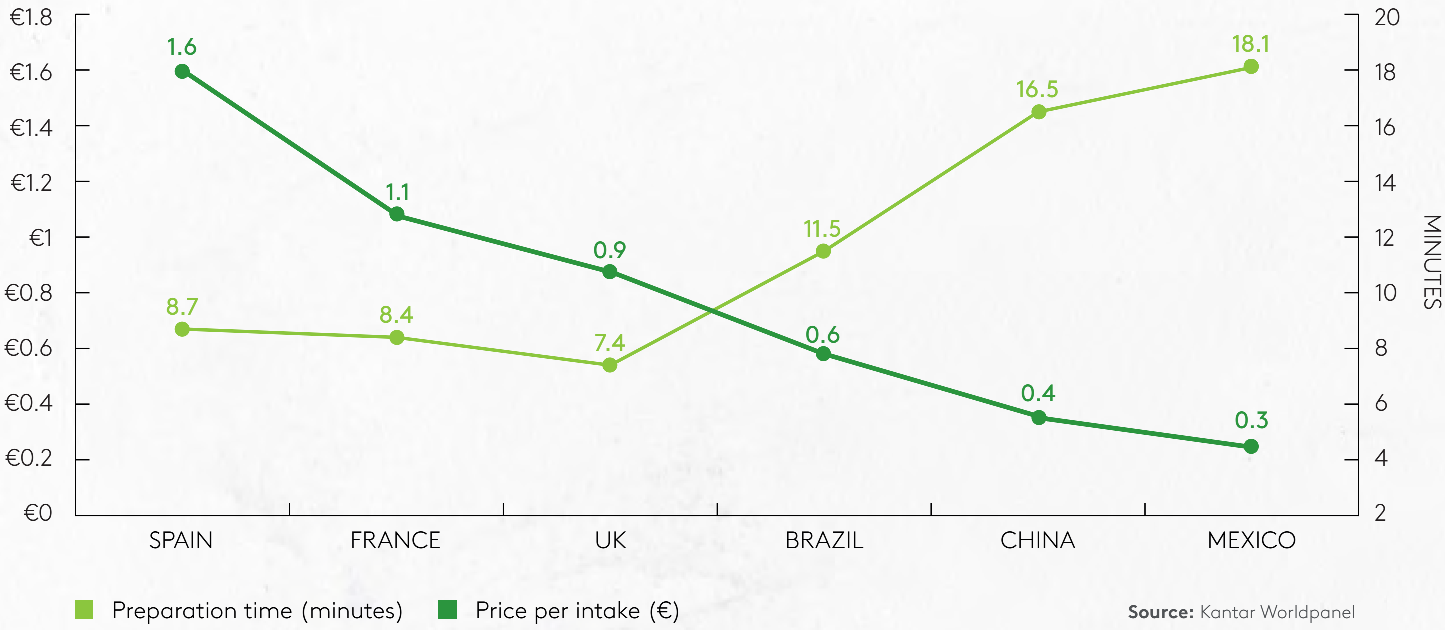
HEALTH AND ROUTINE TO START THE DAY

Received wisdom dictates that breakfast is the most important meal of the day. Indeed, even in the UK – where daily consumption moments are spread relatively evenly – more than a quarter (27.5%) happen at breakfast time.

But breakfast as a 'moment' means different things in different markets. For example, people in China Mainland generally eat breakfast between 6am and 7am, while France and the UK sit down to eat at 7am. Spaniards eat breakfast between 8am and 9am; Mexicans between 9am and 10am.

This, combined with the time taken to prepare breakfast, impacts the amount of money spent. People in Spain, France and the UK all spend under 10 minutes preparing breakfast on an average day, but this convenience comes at a premium. Spain, for example, pays the highest price – €1.60 per occasion – of the markets we've analysed.

Outside Europe and the West, countries tend to take their time. Mexicans take more than 18 minutes to make breakfast—more than twice as long as any Western country. But what they lose in time they gain in cost, spending just €0.30 on each occasion.



Source: Kantar Worldpanel

WHAT'S ON THE MENU?

As the most routine meal of the day, breakfast menus are consistent throughout the week—meaning share of stomach for the most consumed foods and beverages is usually higher than 60%.

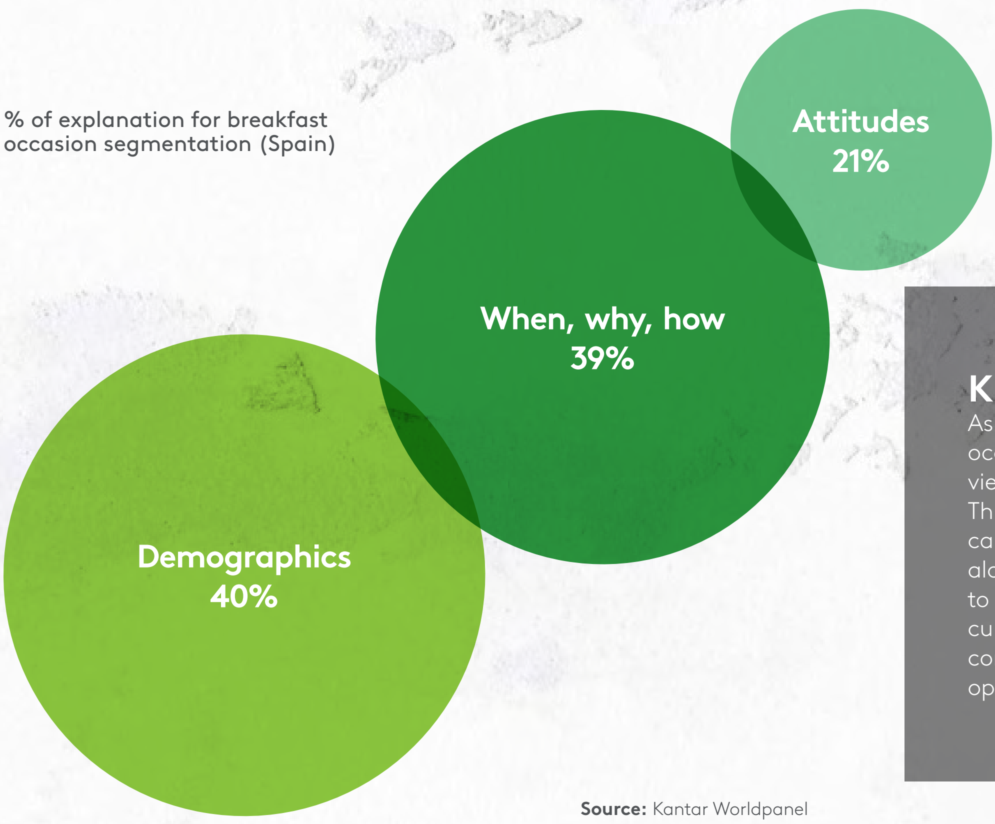
But, as a moment, different cultures view breakfast differently. Menus in the UK, for example, are dominated by cereal (60%), while those in Mexico and China Mainland include far more ingredients as the component parts of a larger meal—including oil, eggs and spices.

In Mexico, 17% of people will also consume a soft drink during breakfasts taken after 10am—perhaps unsurprising, with Coca-Cola the country's number-one brand according to our most recent *Brand Footprint* publication.

Age is another differentiator. In Spain, for example, as people grow older their breakfasts become more complex. They move from drinking cocoa and eating simple carbohydrates as children, to enjoying coffee and incorporating healthy choices like fruit as adults.

The complex and unique nature of breakfast routines cannot be explained by one factor alone. Demographics, context (when, why, how) and cultural attitudes are important in understanding the norms in each country.

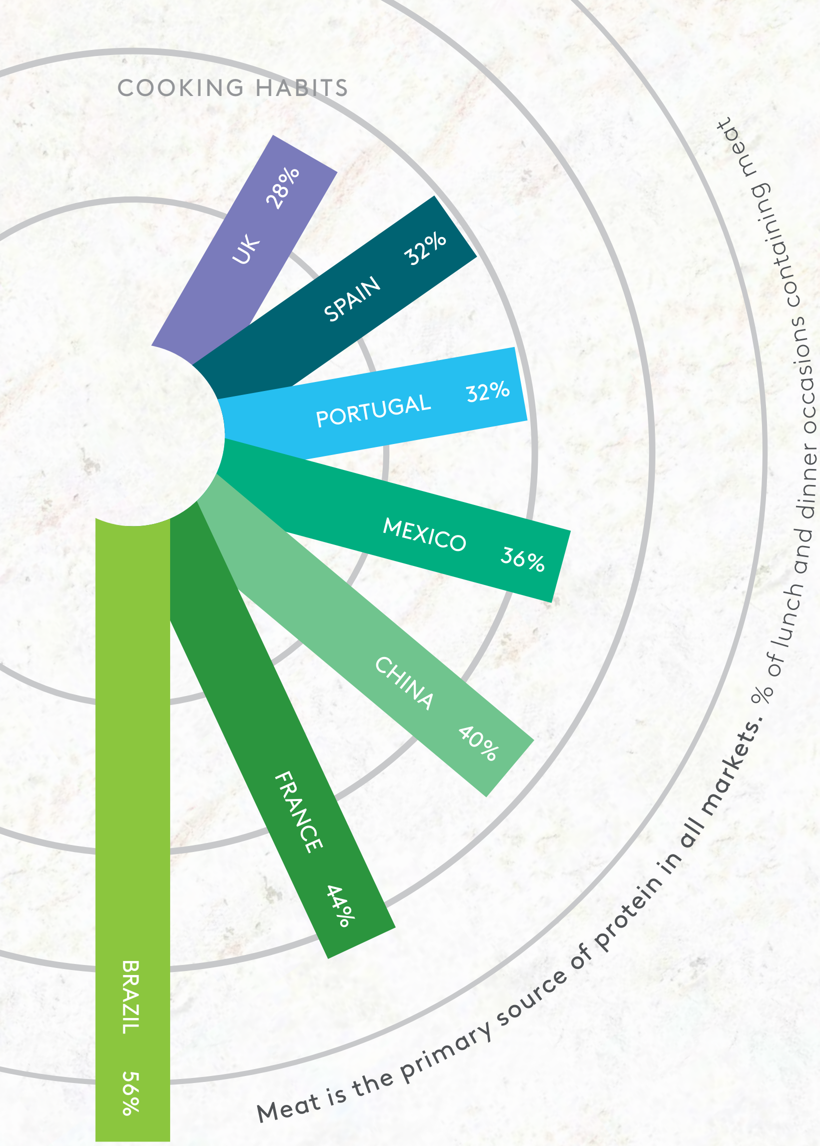
% of explanation for breakfast occasion segmentation (Spain)



KEY TAKEAWAY:

As the most popular main meal occasion at home, taking a macro view of breakfast is not enough. This occasion's complex nature cannot be explained by one factor alone, meaning it's important to look deeper—understanding cultural nuances and consumption context in order to uncover opportunities in different markets.

Source: Kantar Worldpanel



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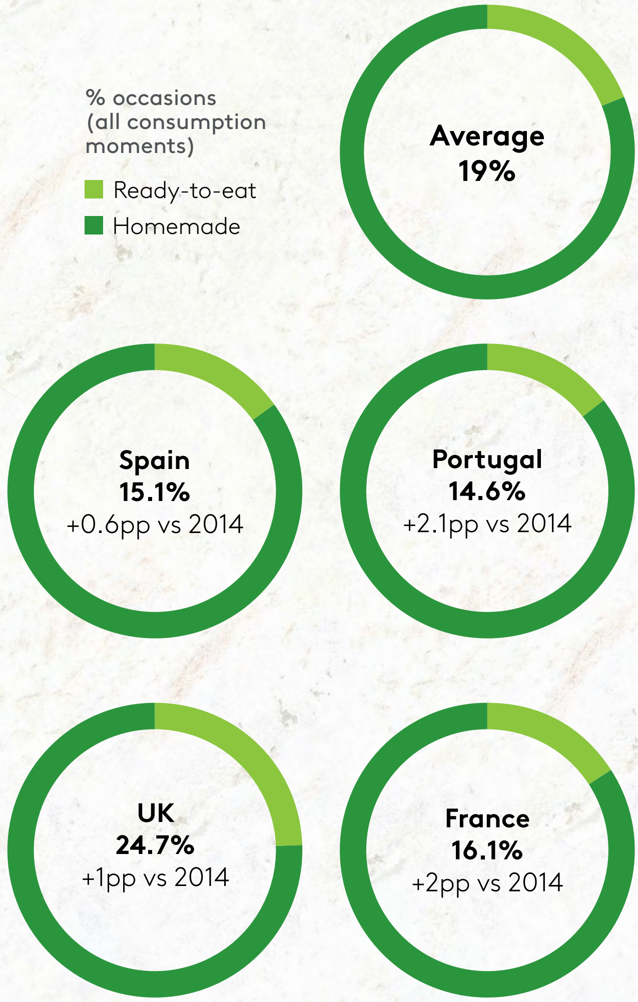


Source: Kantar Worldpanel

THE SIMPLIFICATION OF MAIN MEALS

With renewed focus on nutrition and healthy eating alongside the rise of "flexitarianism" – a semi-vegetarian diet where plant-based food consumption is increased and meat-eating reduced but not eliminated – the way food is being prepared is changing, too.

While each market has its local preferences, there are similarities everywhere. Consumers in all countries covered in this publication are spending less time preparing dinner, and the complexity of menus is declining.

People are simplifying lunch and dinner, and we have seen a 6% decrease in the number of courses that make up these occasions. Despite France, Spain and China Mainland still having several courses, this trend of decline is seen across all markets.

The course that has suffered the greatest decline is undoubtedly dessert. In France, Spain and the UK, there are 66 million fewer dessert occasions today than there were four years ago, representing an 8% decline versus 2014.

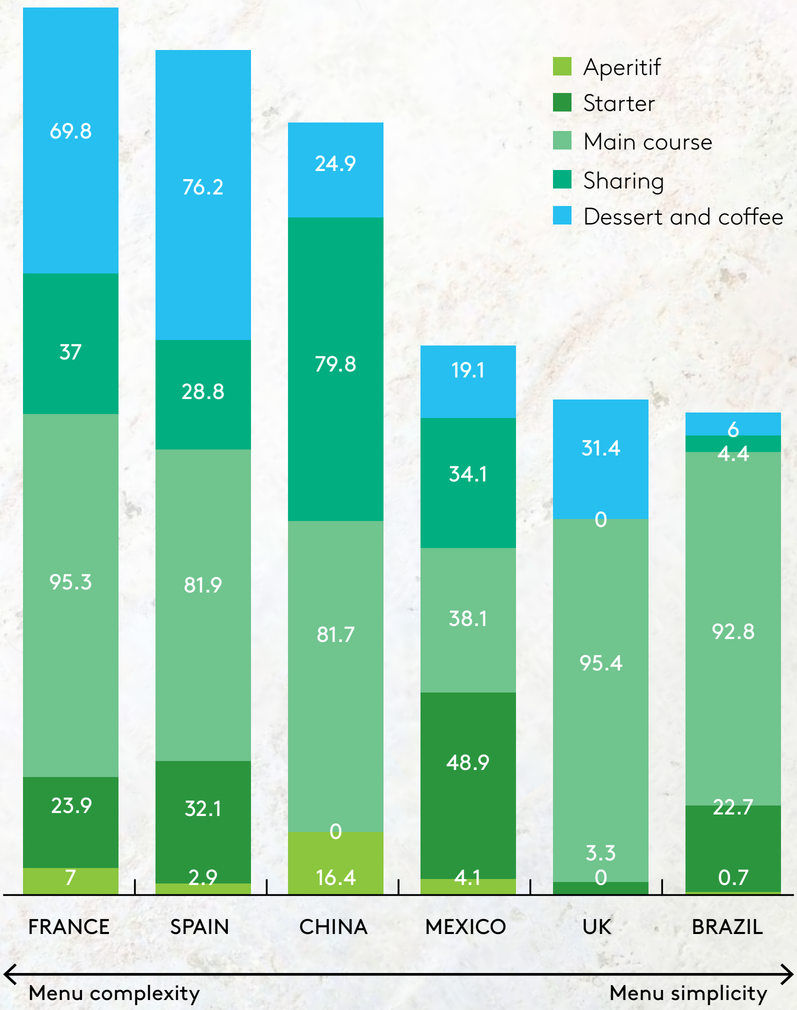
This presents a real challenge for brands playing in categories related to such occasions, as people quit dessert and reallocate that consumption as snacking throughout the day. As such, these brands should consider how to reshape their portfolio to position their products within snacking categories.

Again looking at France, Spain and the UK, meat consumption is dropping sharply. Since 2014, the number of occasions with meat on the menu are down 4% to 4.3 per week in France, down 5% to 5.3 per week in the UK, and down 8% to 6.3 per week in Spain.

Despite its decline, meat remains the most popular ingredient in most countries—and is the first choice for protein intake in all markets.

European countries prefer healthier preparations – cold or grilled – with no oil for dinner, while others choose to fry their food. And there has been a 4% drop in deep-fried dishes, with all markets apart from the UK showing decline.

% occasions (lunch and dinner)



Source: Kantar Worldpanel

COOKING UP CONVENIENCE

Besides nutrition, another major driver for change in cooking habits is convenience—and this is especially apparent at dinner time. In Spain, for example, convenience is seen as more than twice as important at dinner than at any other occasion.

While ready-to-eat and ready-to-cook meals are gaining traction, 81% of dishes globally are still homemade. In the UK, nearly a quarter (24.7%) of all occasions are pre-prepared, while such products are also gaining popularity in France (+2% since 2014) and Portugal (+2.1% in the same period). This presents a significant opportunity for brands to win market share.

THE GROWTH OF BEVERAGES AT HOME

As consumer tastes change and people become more health conscious, brands need to think of innovative responses to encourage more buyers to choose them. This is particularly true for the at-home beverage sector, which has experienced rapid change in recent years.

Our research highlights a number of trends that are disrupting the status quo. Above all, it shows that there has been an overall decline in at-home beverage consumption—with 60 million fewer occasions per week.

The media has shone a harsh light on sugar, and shoppers around the world are seeking healthier alternatives—including sugar-free, plant-based and homemade variants. The drive towards healthier options has also led to a dramatic rise in both bottled and tap water consumption.

60 MILLION

fewer occasions per week

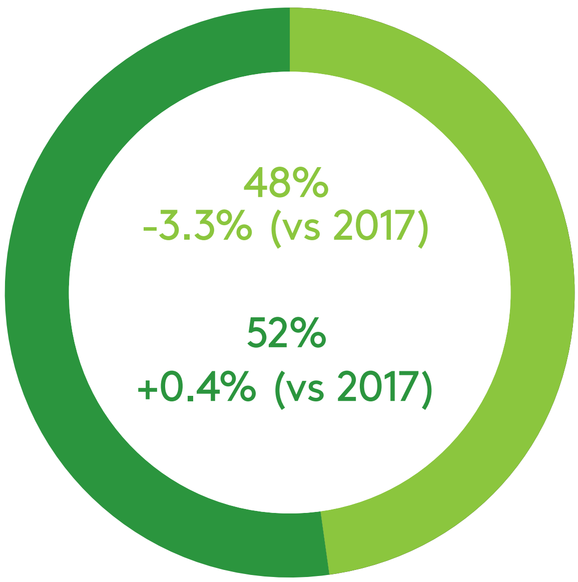
DECLINE IN HOT DRINKS CONSUMPTION

The overall decline in at-home beverage consumption has largely been driven by a significant decrease in people drinking hot drinks, especially in the US (-8% since 2014) and the UK (-5% in the same period).

Every market analysed in our study showed a decline in hot drinks consumption, and the average decline globally was 3.3% over the past 12 months.

This trend has provided opportunities for brands to expand their cold beverage offerings. The iced coffee and cold brew categories are gaining share in the US, for example.

% of global beverage occasions



Source: Kantar Worldpanel

SUGAR-FREE HYDRATION

Water consumption – both bottled and tap – increased in all eight markets. Most notably, tap water is becoming the hydration beverage of choice for households in the US and in the UK—driven largely by a desire to reduce plastic waste.

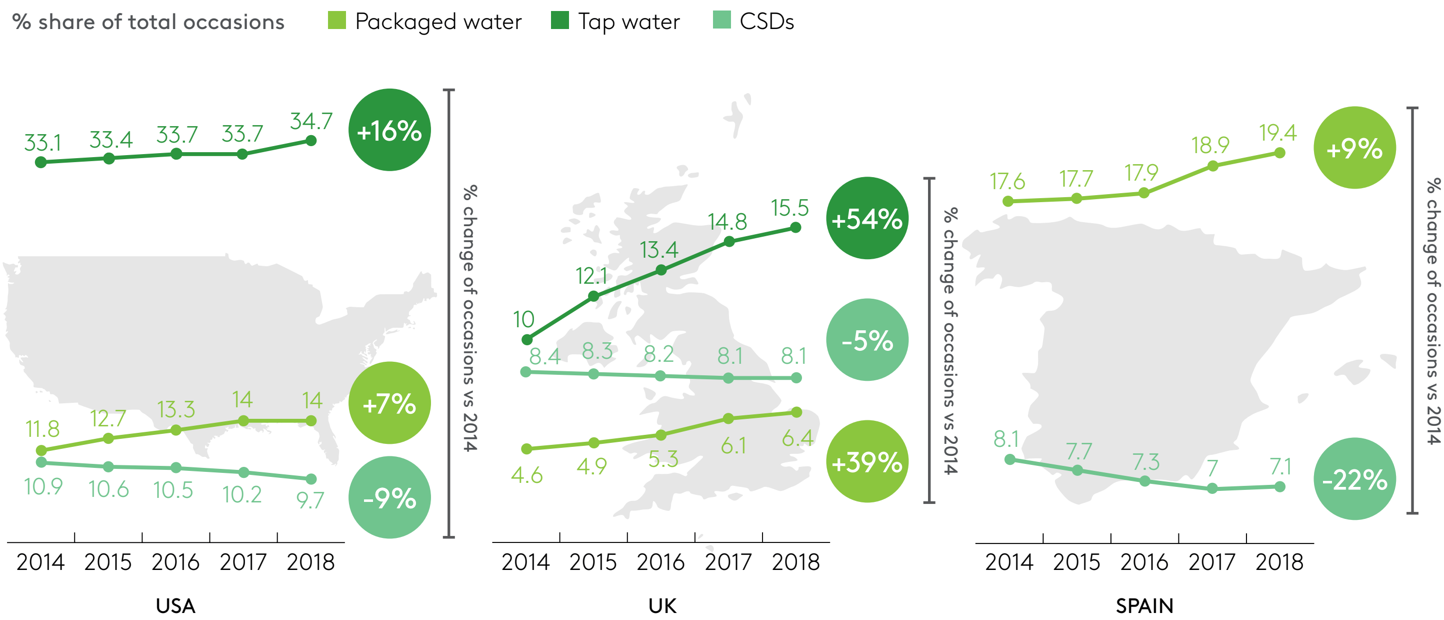
This means that, now more than ever, brands are competing with water at every occasion. In the US, nearly half (48.5%) of all beverage occasions are now water. Within that, 34% is tap water, presenting brands with the challenge of finding ways to persuade consumers to spend money over drinking something available for 'free'.

The introduction of taxes and government-backed campaigns has meant increased demand for sugar-free alternatives across all markets.

In turn, we have seen a positive impact on the water category and a negative influence on the consumption of carbonated soft drinks (CSDs).

In Spain, for example, the at-home consumption of CSDs decreased 22% in 2018. Significantly, 33% of this decline was seen among 10-14 year-olds—a key demographic for the category and a trend that suggests future generations of adults may drink fewer CSDs.

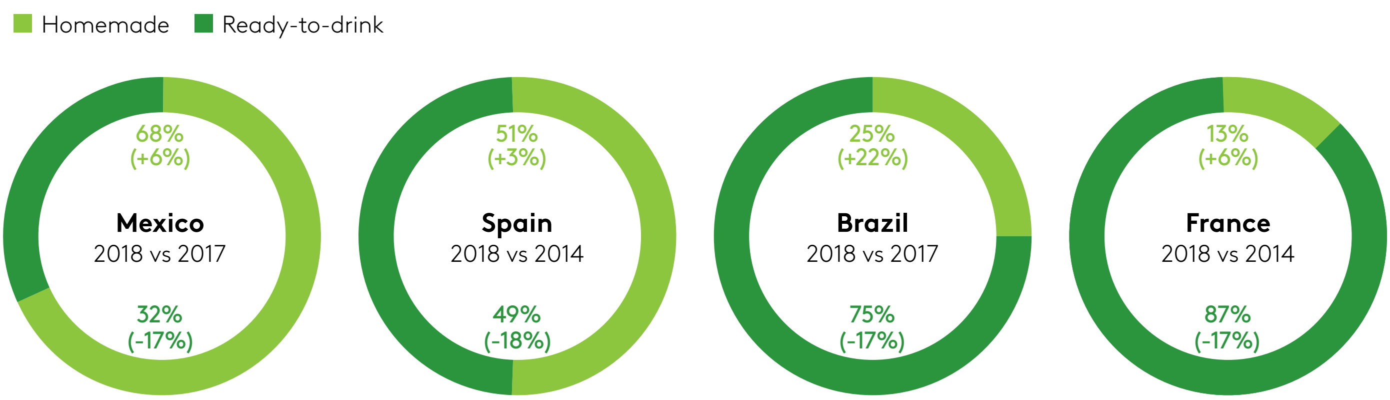
However, the decline of CSDs is not only due to the 'sugar effect'. In the US, even diet and reduced-calorie formats are losing share—suggesting the problem may lie within the category itself.



Source: Kantar Worldpanel

THE RISE OF HOMEMADE

Today's consumers want to know exactly what goes into their products. This desire, coupled with the demand for more healthy, natural and organic ingredients, has led to a boom in homemade drinks consumption. Contrary to what we've seen with cooking and the simplification of menus, homemade juices are stealing share from ready-to-drink products—most notably in Mexico and Spain, where more than half of all juice drinks are homemade.



Source: Kantar Worldpanel

NEW SHOPPERS, OCCASIONS AND DEMANDS

New shoppers, new beverage occasions and new consumer demands are creating many lucrative opportunities for innovation. But such rapidly changing diets and consumption habits, driven by a more health-conscious population, have led to an increasingly fragmented market that is more difficult for retailers and manufacturers to navigate.

Flexitarianism is again impacting choices in the at-home beverage market. Dairy-free beverages, for example, are now competing with dairy products for market share—attracting not only lactose-intolerant consumers, but new shoppers who are choosing free-from variants as a 'healthier' alternative.

And the plant-based drinks trend is particularly prevalent among children—especially in the US, where 10% of children consume such beverages weekly, compared to an average of 7% across all age groups. In Spain, plant-based drink consumption grew 57% between 2014 and 2018, and, in France, this figure has grown by 8% in the past year alone.

Coconut water has been a particular success story in recent years. While it has been popular in countries like Brazil for many years, it is now expanding into other markets, driven by the desire for natural, plant-based ingredients—and, as an ingredient in juices and smoothies, the 'homemade' trend.

In Spain alone, the purchase penetration of coconut water rose from 1.3% to 4.3% between 2017 and 2018—an increase of almost 300%.

Even probiotics are part of beverages offerings now, thanks to non-alcoholic fermented drinks such as Kombucha or Kefir. In the UK, ex-England rugby international Jonny Wilkinson has launched No1 Kombucha with a campaign promoting its health benefits, while in the US brands as big as Starbucks have already got in on the act.

Drinking choices are being impacted by health and wellbeing

THIRST QUENCHING
Water and flavoured waters

HOMEMADE BOOM
Juices, smoothies, shakes

NATURAL NUTRITION
Plant-based beverages, coconut water

FUNCTIONALITY FIRST
Fermented drinks

HOT BEVERAGES
Affecting hot coffee

SUGAR REDUCTION
Affecting soft drinks

MILK
Lactose-free choices affecting traditional milk

KEY TAKEAWAYS:

- Healthy lifestyle choices are impacting consumer drinking behaviour at home across all categories and occasions.
- Increasing water consumption represents a huge opportunity for brands, through the launch of flavoured water and juice variants.
- More healthy and individualised options are leading to an increasingly fragmented market and a wider repertoire of products on the shelf.

WINNING SHARE OF STOMACH

There are clear trends impacting at-home consumption and, while there will always remain local market traditions and nuances, these changes in consumer habits can be seen across the board.

To win share of stomach throughout the day's many consumption occasions, manufacturers and retailers should consider five important points:

#1: THE GLOBAL PICTURE
A stable global economy is transferring at-home consumption to out-of-home moments, meaning fewer main meal occasions—especially in Spain, France and the UK.

#2: THE HEALTHY SNACKING BOOM
While habits vary in different markets, there is an indisputable shift towards snacking—with a focus on perceived health benefits. People are beginning to balance intake throughout the day, rather than the more traditional breakfast-lunch-dinner split.

#3: BREAKFAST ROUTINES REMAIN
Habits may differ by country, but routines are set. There are multiple breakfast menus globally, so understanding cultural nuances and context is the key to finding growth.

#4: THE SIMPLIFICATION OF MENUS
People are spending less time cooking at home and are simplifying their menus—with a huge impact for categories positioned as dessert occasions. Convenience is a major driver, too, offering vast potential for ready-to-eat solutions.

#5: RAPIDLY CHANGING DRINKS CHOICES
Health consciousness lies at the centre of lactose and sugar reduction, and subsequently other benefits are appearing in products—including hydration, natural and homemade, plant-based, and even fermented and probiotics. As a result, beverages is one of the most fragmented categories, with blurred lines between products and needs.

ABOUT US

ABOUT KANTAR WORLDPANEL
Kantar Worldpanel is the global expert in shoppers' behaviour. Through continuous monitoring, advanced analytics and tailored solutions, Kantar Worldpanel inspires successful decisions by brand owners, retailers, market analysts and government organisations globally.

With over 60 years' experience, a team of 3,500, and services covering 60 countries directly or through partners, Kantar Worldpanel turns purchase behaviour into competitive advantage in markets as diverse as FMCG, impulse products, fashion, baby, telecommunications and entertainment, among many others.

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FIND OUT MORE
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