Innovation in the European frozen food market

Mintel Group
Frozen Food Summit, 11-12th of March 2015
Agenda

- Savoury: Trends in meal solutions, fish and meat products
- Sweet: Ice-cream & desserts: how to balance health and pleasure
Convenience and ethics drive the market

38% of all new frozen meals are microwavable in 2014

77% of French consumers say it’s important frozen ready meals are made from local ingredients.

Penetration of main claim categories in frozen ready meals – Europe
Source: Mintel GNPD
The last 2 years have seen a strong surge for the use of **poultry, pork meat** in ready meals.

- Ready meals based on **fish** are also on the rise.
Reassuring consumers is paramount, even with poultry

Even though leading French players are introducing more poultry-based recipes they still need to reassure consumers on quality and traceability.

Marie Curry & Coconut Chicken with Rice & Baby Vegetables.

Monique Ranou chicken Blanquette

Prepared in Boulogne-sur-Mer
Vegetarian ready meals: a growing opportunity

- Millennials are embracing vegetarianism all across Europe

Figure 1: Consumers claiming to be vegetarian, by country, by age, select European countries, 2014 - Q2

<table>
<thead>
<tr>
<th>Age</th>
<th>France</th>
<th>Germany</th>
<th>Italy</th>
<th>Spain</th>
</tr>
</thead>
<tbody>
<tr>
<td>All</td>
<td>5</td>
<td>7</td>
<td>8</td>
<td>4</td>
</tr>
<tr>
<td>16-24</td>
<td>7</td>
<td>10</td>
<td>9</td>
<td>4</td>
</tr>
<tr>
<td>25-34</td>
<td>9</td>
<td>12</td>
<td>9</td>
<td>5</td>
</tr>
</tbody>
</table>

Base: internet users 16+ (1,000 each in France, Germany, Italy and Spain)
Source: Lightspeed GMI/Mintel

- Most importantly many are limiting their consumption of red meat
Vegetarian ready meals: Retailers are slowly

Spar Veggie - Austria
an oriental style dish with couscous, fine curry seasoning, zucchini and aubergines

Calruyt Veggie
Penne and vegetables

Asda
juicy mix of mushrooms, cheddar and melting mozzarella, wrapped in crispy breadcrumbs.
Iglo has recently launched a new line of ready meals in smaller pack sizes in Germany in a bid to revitalise the frozen prepared meals segment.

For Iglo, the new range has high strategic importance, as the company is making a shift from the traditional family pack format towards focussing on smaller portions. 75% of the German households consist of no more than two people, 41% of only one person.

Convenience: The rise of the singletons

- Penne Arrabbiata
- Penne Pasta with Spinach & Tomato
- Fresh Tagliatelle Pasta in Fine Porcini Mushroom Sauce
- Thai Chicken with Basmati Rice
Convenience: The rise of the singletons

Findus in Italy taps into the with individual portions and rolling out the innovative pyramid-shaped cooking bag to all dish types.
In Spain, Como offers 100% natural meals and soups in a convenient 300g bowl.

Findus - Italy
600g pack, which contains two portions of lasagne.

Como natural - Spain
This microwaveable, 100% natural retails in a 300g pack, serving one and is ready in 5mn

Thiriet - France
This easy to prepare meal can be microwaved in only five minutes and retails in a 300g recyclable pack that serves one.
Convenience: Microwavable chips to eat directly from the pack
Convenience: Popularity of street food influences fish products

The industry takes advantage of the current interest for burgers by developing larger breaded fish or poultry products for burgers. Dr’Oetker Pizzaburger are best sellers in Germany and The Netherlands whilst Capitan Fish & chips burger is a hit in Italy (€4.3m in year 1: source IRI)
Convenience: Meal kits play on freshness and consumer’s interest in cooking

Stabburet - Norway

Two compartments with:
- Soup (in pellet)
- Vegetable and meat

Delfin - Spain

contains olive oil, vegetables, Delfin seafood, DO Valencia rice and a special broth for paella
Premium: “super” batter to deliver extra crunchiness

Crunchiness is enhanced by adding puffed rice to the coating (Iglo, Frosta). Ancient grains, wholegrains (Iglo Volkorn) and multi-cereals are recent ways to improve the healthy halo of coated meat and fish (M&S).
Premium: More sophisticated vegetable made for specific dishes

Companies recently experimented with more convenient cooking method by launching its à la Carte Vegetable range that emphasises convenience with its recipe suggestions.

Bofrost Schwarzwurzeln **Raffiniert Gemacht** (Sophisticated Black Salsify) comprises tender black salsify in a creamy sauce, refined with a hint of vanilla.

Iglo à la Carte Ofen-Gratin Nizza (Nizza Style Vegetable Gratin) is refined with spicy cheese. The gratin is to be prepared in the oven and is said to be extra crunchy with the addition of extra cheese.
Premium: Birds Eye Inspirations delivers strong first year

- The *birds Eye Inspirations* range, launched in 2014 in the UK, is positioned as a superior evening meals for busy consumers who do not want to compromise on quality.

- The brand is an instant success with more than **£31m** in retail sales

*Birds Eye Inspiration fish chargrilled with sunblushed tomato, basil & oregano - £11m in year one*  
*Source: IRI*
Key points

Chicken continues to strive

- Chicken is outpacing other meat. It constitute a cheaper alternative to meat and suits the need of those willing to decrease their intake of red meat. The rise of ethnic food, in particular Asian food is also boosting chicken.

Rise of the singletons

- Frozen food manufacturers should take advantage of the growing number of small households by creating more products designed with individual consumers in mind.

Rise of Vegan/Vegetarian alternatives

- A lot remains to be done and market are not developing at the same pace. But it offers growth opportunity for both ready meal and vegetable manufacturers.
Ice-cream and desserts

Frozen yogurt can be indulgent

The rise of “dairy-free” ice-cream
2015 should see increased appetite for artisanal ice creams

Handcrafted ice cream, made with a homemade style authenticity, is well positioned to embrace the wider consumer interest in artisan-produced food and drink.

Consumer attitudes point towards a growing appreciation of individuality, and quality-over-quantity appeal in ice cream, too.

In the US, 61% of consumers of frozen treats claim to be willing to spend more on better-quality frozen treats, according to *Ice Cream and Frozen Novelties – US – July 2014*.

Extending the presence of smaller batch variants could also meet demand for ice cream containing locally-sourced ingredients in Europe.

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Agreement with statement, ‘I would be interested in buying ice cream containing locally sourced ingredients (eg dairy, fruit),’ by selected European country, 2014

<table>
<thead>
<tr>
<th>Country</th>
<th>Agreement</th>
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<tbody>
<tr>
<td>France</td>
<td>38%</td>
</tr>
<tr>
<td>Germany</td>
<td>33%</td>
</tr>
<tr>
<td>Italy</td>
<td>39%</td>
</tr>
<tr>
<td>Spain</td>
<td>28%</td>
</tr>
<tr>
<td>Poland</td>
<td>38%</td>
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</tbody>
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Base: Internet users aged 16+ who have bought ice cream, sorbet or frozen yogurt in the past 12 months (676 in France, 912 in Germany, 942 in Italy, 947 in Poland, 925 in Spain)
Source: Lightspeed GMI/Mintel
2015 should see increased appetite for artisanal ice creams

- For couple of years now, consumers are seeking artisan ice-cream.

- A trend that is translated well in retail although Private label only accounts for 5% of new ice-creams described as artisan and launched since 2010.

  Intermarche Gelati facon amaretto
  Gineys Violet & Alpine Honey Ice Cream
  Coop hand-made Catalan Cream Ice Cream with Cinnamon from Sri Lanka
  Terres Bleues, artisan ice-cream from Brittany Available at Carrefour
Looking at best-sellers, it is clear that indulgence remains the key driver

- Best-selling ice-cream products across Europe in 2014 include:

- Magnum marc de Champagne with 0.5% alcohol and a silver coating

- Mondelez co-branded range now available in as handheld ice-cream. Did particularly well in France and Germany

- Haagen-Dasz triple sensations
- M magnum Marc de Champagne
- Mondelez co-branded ice-cream sticks
- Nestle Extreme crunchy chocolate spiral
Snacking and sharing with bite size portions

• Snacking continues to be one of the dominant consumer trends in the food industry. Ice cream brands in particular are looking to position their products as being suitable for the snacking occasion all year round, while limiting the intake of calories.

• The last 12 months has thus seen an increase in smaller portion controlled ice cream that has followed the trend for minis and sharing bags in the confectionery market.
Europe sees a record high share of frozen yogurt launches

It’s taking a while for Europe’s frozen yogurt market to kick off, but NPD rates are soaring and a fierce appetite for protein could mean success for Greek ‘fro yo’ too.

So far, French consumers are less tempted by frozen yogurt

25% of Spanish, 22% of Italians and 7% of French say they have eaten frozen yogurt over the last 6 months.

Source: Mintel Reports
Health & wellness: Frozen yogurt can be indulgent

The rapid rise of Greek yogurt over the last few years have begun to filter into the ice cream category. One of the primary attractions of Greek yogurt is its high protein content but it can also play on indulgence.

**Greek Style Ice Cream with Strawberry & Yoghurt Flakes**

Diplom-Is Greek Style Ice Cream with Strawberry & Yoghurt Flakes *(Norway)*

**Honey Walnut Frozen Yogurt**

Mövenpick Honey Walnut Frozen Yogurt consists of Greek yogurt ice cream with honey sauce and caramelized walnuts *(Germany)*

**Orange Flavoured Ice Cream**

Hero’s Orange Flavoured Ice Cream comprises of orange ice cream with Greek style yogurt *(Netherlands)*
What’s next? Frozen fresh cheese after yogurt

- There will be opportunities to experiment with other types of dairy

- Innovating with fresh cheeses

- Quark for its high protein content

- Mascarpone and ricotta for indulgence

Sammontana Ricotta Cheese & Honey Ice Cream - Italy
**Health & wellness: Young Europeans also demanding more dairy-free options**

<table>
<thead>
<tr>
<th>Attitudes towards ice cream, sorbet and frozen yogurt (2014)</th>
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<tbody>
<tr>
<td>I would like to see a wider variety of lactose/dairy free ice creams</td>
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<tr>
<td><strong>France - All</strong></td>
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<td><strong>France - 25-34</strong></td>
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<td><strong>Germany - All</strong></td>
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<td><strong>Germany - 25-34</strong></td>
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**Naturattiva** Pflanzliches Speiseeis mit Waffel (Organic Italian Soy Ice Cream Cones) are now available. These 100% vegetable cones are described as a delicious Italian ice cream speciality made from selected ingredients of organic cultivation.
Health & wellness: Activity in the free-from segment is booming

Global ice cream launches, by selected health claim, 2011-2014*

Low/no/reduced allergen

Gluten-free

Low/no/reduced fat

*Rolling 52 weeks October 2011 to November 2014
Source: Mintel GNPD
Health & wellness: Milk alternatives

Milk alternatives are far from being limited to soy. The market is expected to take the same direction as other dairy categories.

- **Almond cream**
  - La Via Lattea - Italy

- **Coconut milk**
  - Bessabt & Drury - UK

- **Rice syrup** and coconut fat
  - Bonvita - Netherlands
<table>
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<th>Sorbets: Focus on health and naturalness</th>
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<tbody>
<tr>
<td><strong>It’s Only Natural</strong> (UK)</td>
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<tr>
<td>Blackcurrant Fruit Blend Ice Lollies; made from a blend of blackcurrants, apples and grapes; said to provide one portion of the recommended 5-a-day; the 100% fruit product is suitable for vegetarians, free from added sugar and contains only 47 calories</td>
</tr>
</tbody>
</table>

| **Del Monte International** (IT)       |
| Raspberry Iced Smoothie; made with real fruit; free from artificial colours, artificial sweeteners and fa; the product is said to be delicious, refreshing and contains only 81 calories per 90ml |

| **Sammontana** (IT)                    |
| Sammontana Levia Lemon & Pink Grapefruit Flavoured Ice Lollies with Stevia Extract; rich in fibre, contain only natural flavours and no sugar, dyes, gluten or fat; made with stevia extract which sweetens more than sugar but features a low-calorie content; 25kcal/lolly |
Sorbets: US retailers follow Nestle with fruit/veggie blends

Nestle introduced vegetable in its outshine range a year ago. Beetroot, carrot but also kale and spinach are blended with fruits.

And Private label follows…

Sweet potato puree
Beetroot juice
Carrot juice
Etc.
Key points – Europe

Untapped opportunities in low sugar ice cream

- Ice cream is under pressure to deliver better-for-you offerings and brands are up for the challenge

- ‘Too high in sugar’ is the main reason for German consumers not to buy ice cream. However, developments in low/no/reduced sugar remain very limited in Europe, and most low sugar products contain artificial sweeteners.

Frozen yogurt offers huge potential

- The frozen yogurt revolution has finally hit Europe, contributing to the global increase in low-fat ice cream innovation. The region accounted for 26% of global frozen yogurt NPD in 2013 which is a huge leap from the 14% of 2012.

- Most launches are within cups/tubs, highlighting untapped opportunities for single-serve formats such as sticks and cones.

- Other types of dairy likely to emerge

Vegetable: the next big thing?

- Adding vegetable to both water-based and dairy-based desserts has been a key trend in the US.
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