

Innovative fresh

In collaboration with

pink sky

UK supermarket trends
Fresh Produce



The UK produce market faces a challenging time. In 2017 the UK voted to leave Europe and the implications of this decision are becoming a reality.

With the weakening of the pound resulting in pricing increases, margins are tight and both retailers and suppliers are trying to mitigate the risk of a very unpredictable future. Despite all of this, the UK continues to be a successful market for fruit, vegetables and flowers, and a benchmark of innovation for Europe. Growers and suppliers are working incredibly hard to improve environmental factors, health implications and to constantly innovate in these areas. We have had a look at what is happening in UK supermarkets in produce, to establish a clearer picture of this market.

This Innovative Fresh report seeks to identify and facilitate opportunities for brands and retailers based on cultural trends, consumer preferences and behaviour, produce innovations, supermarket trends and sales patterns.

This is a mini report, but Innovative Fresh can provide far more detailed and specific reports, tailored to your needs, along with supermarket tours and research.

Ten big shifts in produce



- 1.** From processed food to pre-prepared raw ingredients
- 2.** Re-imagined basics
- 3.** Special and different
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Sometimes it feels impossible to predict consumer behaviour, due to the wealth of influential factors surrounding 'choice' and 'voice'. With technological advances we now live in an age where choice is overwhelming and every person has a voice, following the shift from broadcast to relational media. Consumers are influenced by celebrities, foodies, studies and reports, media, lifestyle and values. Every person now has the ability to be a 'content producer' online and rather than the pursuit of 'truth' as an absolute, people are now much more likely to form 'their' truth, based upon values shared with sub-cultures and communities that did not once exist due to the confines of geographical and communicative limitations.





From processed to pre-prep

As health consciousness increases and people become more aware of their food choices, we are noticing a shift in the definition of the famous 'ready meal'. Instead, retailers have met consumers somewhere in the middle, between cooking from scratch with raw ingredients and putting something in the microwave. The result is pre-prepared raw ingredients - the marriage of convenience, health and freshness. This cord of three strands is not easily broken, as the rising market is demonstrating to us!

Companies like Bakkavor are finding more and more new ways to keep prepared products fresh. Whilst we have become accustomed to bagged salad over the years, we are now seeing a huge rise in pre-prepared fruit and vegetables, including chopped onions, mashed potato, pineapple, mango, sliced apples, and innovative products like 'cauliflower rice'.

The 'food-to-go' market is taking particular advantage of these trends, with 'grab packs' of fruit, and combination offers on individual components for stir fry and salad mixes.

People are more and more aware that mass-production means reduced nutritional density in foods and an increase in artificial flavourings and additives. This is another reason why food in its basic form, (but prepared for us), is succeeding. It feels more fresh, more wholesome and more pure.

As this trend develops, our lab is getting busier, analysing the quality and longevity of these new products as they experience quick growth. More and more suppliers and retailers are asking us to monitor the quality and consumer experience in this sector for them, as well as checking recipe ratios, ingredient quality and assortment, and shelf life.



Re-imagined basics

Vegetables replacing carbohydrates has become a huge trend, with supermarkets like Sainsbury's now selling as much 'Courgetti' as fresh spaghetti, at 30,000 bags per week. New ways of adding financial value to basic vegetables are emerging with trends such as 'Courgetti', 'Boodles', and 'Cauliflower rice' already on sale, and sweet potato tagliatelle and 'squaffles' (butternut squash waffles) soon to appear on the market.

"Avocado sales are up 184% since 2013"

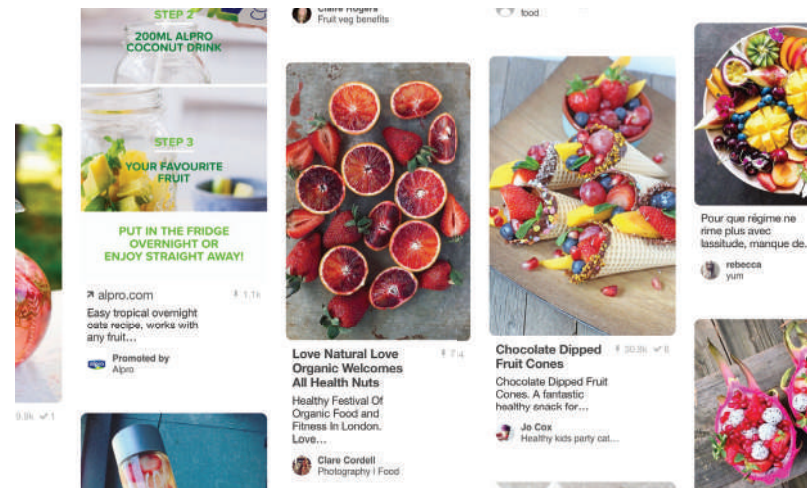
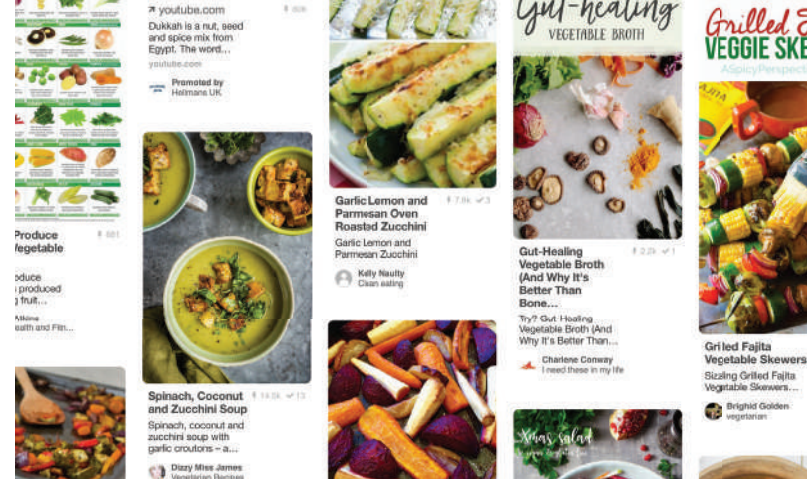
- thegrocer.co.uk

With new products comes a degree of uncertainty when it comes to quality benchmarking and people often wonder how they are performing against their competitors. Our independent analysis allows for an objective view of your produce enabling you to quickly implement the changes needed.



Special and different

Consumers are constantly looking for the next new thing, or something special or different to eat and talk about. Platforms such as Instagram and Pinterest have drastically altered the artistic perception of food and we are moving towards a far more diverse and experimental market, both culturally, and in terms of taste sensation and health awareness.



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"Exotic fruit" is currently a trending search on Google, with dragon fruit, papaya and passion fruit topping the search queries. We are starting to see small trials of more unusual fruits and vegetables in UK supermarkets, such as Thai fruit, different mangoes, and the Waitrose 'Snowbergine' (a white aubergine).

In a world where people battle more and more for a sense of individuality and recognition, they seek more 'extreme' and beautiful food experiences, particularly those that they can photograph and show to all their friends. Multi-sensory food experiences are creating a huge impact. You only have to look at Instagram to discover food being served in more and more beautiful and artistic ways - food must be visually appealing. You will see coffee shops and restaurants that are decorated like boutique hotel interiors, to create environments that smell, sound and feel amazing. We have an opportunity to learn from this in our stores.



If you are looking to increase your market share in exotics, or special and different produce, then it is vital to ensure quality is of a premium, to reflect the higher price point of these products. Our services work to ensure consistency all year round.



Quality, Value, Convenience

The discounters now account for a significant proportion of the produce market, actively pursuing quality, value and convenience. At a time where retailers have had to redefine the concept of “value”, it is very clear that it is no longer simply about price. Balancing price with quality and convenience constitutes ‘value’ for the UK market.

‘Convenience’ as a concept is being reflected through the growth of small versions of large stores. People are shopping for the short term more than ever before due to huge time pressure and longer working hours. Social media and technology (particularly smart phones) makes information relentless and instantaneous, with technology increasingly demanding urgent responses to all things. This has transferred into culture, making us ‘time poor’ and requiring a ‘quick fix’ in just about every area of life.

Convenience formats reduce the average shopping time to 25 minutes, compared with an estimated 46 minutes spent on average in a supermarket (thegrocer.co.uk).

In addition, online retailers are responding to the need for instant gratification. Tesco is taking Amazon on by trialling a one hour delivery service in London, to rival its own impressive logistics services.

Everybody wants to be “the best in fresh”. Fresh produce is the benchmark of UK supermarkets and defines the quality of the overall store. It is just about quality, but consistency of quality, as one bad experience with a piece of fruit or a vegetable, might write off an entire category for a retailer with that consumer.

Food and drink service outlets are experiencing growth. When people do take the time to eat, they want it to be a treat, or a luxurious experience, that gives them back some of the time that they crave. Therefore experiential shopping is becoming hugely important.

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One retailer in the UK that really gets this right is Whole Foods, with lovely cafés, food to taste as you shop, abundant displays of loose produce, tactile displays, space around the fixtures, free fruit for children, a separate kitchen for workshops and demonstrations, lots of shelf signage and information, simple packaging that does not detract from the produce quality, and local farms used wherever possible.

Waitrose has also capitalised on 'experience' with cafés, a free coffee for loyalty card holders, lots of space around fixtures, excellent customer service and charitable alignment. There is a lot of shelf messaging and on-pack messaging regarding quality, value and convenience across most stores. If your shelf messaging boasts quality, then your product must match. We help retailers and suppliers achieve consistency across sectors by regular comparative shopping and scientific analysis.



Transparency in the supply chain

Customers demand the truth and are fed up with 'marketing speak'. Many companies in the UK are creating 'transparency strategies', showing consumers where their products come from and publishing their ethical standards testing and results.

M&S in the UK has a huge 'Plan A' strategy, which is all about creating a sustainable future.

"Plan A is our way to help build a sustainable future by being a business that enables our customers to have a positive impact on wellbeing, communities and the planet through all that we do." - M&S

Many stores have introduced more subtle measures, such as pictures of the farmers above produce, to show customers where their produce comes from.

The supply chain was once invisible, but customers want to know how their food is produced and where it comes from. There is a lot of emphasis on seasonal produce and buying seasonally, but many consumers are not worried about country of origin, as long as British produce is sold when it is available.

Many customers object to excessive packaging, such as placing bananas in bags (they already have a peel), or small quantities of fruit and vegetables that are 'over-packaged'.

It is increasingly important to talk to customers about food production, food miles, ingredients, health, ethics and value.

Urban agriculture is an emerging trend that we predict will form an enormous part of the future of food production. A project in London called "Growing Underground" is growing salads 100ft underneath Clapham, in a WWII bomb shelter. This pest-free environment is a revolution in quality control, along with atmospheric control that is not dictated by weather. The company has recently sealed a deal to supply bagged salad to Ocado.

The demand for organic food is rising, as customers seek purer food offers. Waitrose has experienced a year-on-year growth of 5%.





"The 2017 Organic Market Report launched today, 21 February and reveals the UK organic market is now in its fifth year of strong growth and worth £2.09 billion. Total sales of organic increased by 7.1% in 2016 while non-organic sales continued to decline. Organic represents around 1.5% of the total UK food and drink market."

- Supermarket sales of organic have grown by 6.1%
- Independent retailers increased sales of organic by 6.3%
- Sales of organic products through home delivery have grown by 10.5%
- Sales of organic into the foodservice market have grown by 19.1%
- The organic beauty and wellbeing sector grew by 13% to be worth £61.2 million
- Soil Association textile licensees increased organic sales by 30% to £28 million

Do you have a transparency strategy? Is it clear to customers why you provide better produce than everyone else?

Transparency works both ways - if you have nothing to hide and products to be proud of, your consumers won't complain online. Consumers have the power to make your flaws to be 'transparent', so it is important to now be transparent in showing areas for improvement and how you are working towards achieving those goals.

Fashionable foodies

Whilst TV chefs have been around for a long time, the foodies market has revolutionised consumer behaviour. Anyone can be a foodie, starting with little or no investment. Whilst social media and the blogosphere are saturated with those trying to make it by posting beautiful photos of fashionable food, arranged to perfection with a series of props and poses. Foodies are hugely influencing consumer trends and sales figures, whether it is avocados on toast, sweet potato toast, or the upcoming trend for radishes on everything from salads to curtains. Foodies will often take a piece of research and use it to develop a movement, a book, or a series. Notable influencers in the UK include:

Hemsley and Hemsley

Natasha Corrett

Ella Woodward

Joe Wicks

Elly Curshen





Various celebrities such as Jamie Oliver and Hugh Fearnley-Whittingstall have also made an enormous impact on the way we think, by challenging school dinners, fair fishing, food waste, sugar and various other campaigns.

Trends that UK customers are following now:

- **Flexitarianism** - people are reducing meat consumption due to concerns about health and environment
- **Healthy snacking** - This year is the year for promoting healthy snacking. With the rise in 'healthy tills', protein balls, nut butters, chocolate alternatives etc, people are seeking delicious alternatives to unhealthy snacks such as chocolate bars and crisps. Graze boxes, the postal snacking service has become a £50million business in 5 years.
- **Rise of veganism** as a health choice - many supermarkets have embraced this change and are offering vegan sandwiches.
- **Sugar reduction** is a huge focus throughout the UK. A sugar tax has been implemented for drinks with added sugar.
- **Salt reduction** has been a focus for a number of years.
- **Protein** is a big focus when it comes to weight management and sports. Google searches are even including "vegetables with most protein", which shows how interested people are in this trend.

Following these trends means regular monitoring of supply volumes, prominence in store and assortment monitoring. We can help provide visibility of assortment and ranges across multiple stores, whilst monitoring the quality of newly-sourced products.



Independent retailers

'Feel-good' and independent retailers are on the rise, focusing on experiential retail with beautiful environments. Aligning themselves with strong ethical values, people feel they can support and connect with a business that feels like their friend.

There are a number of emerging brands that are experiential, with more of a delicatessen feel, such as London-based Natoora.

Some supermarkets are trying to incorporate elements of the independent within their stores. Sainsbury's is trialling a Crussh 'fit food' bar in Pimlico, combining experiential with retail. This is on the back of the current 'wellness' trend, that is prevalent.

As retailers in the UK move towards a more personalised shopping approach to lose the image of the 'corporate giant', they are beginning to source more local produce, the quality of which is difficult to monitor across so many different locations. We can help you maintain your high standards all year round, through extensive testing and monitoring.

A personalised shopping experience

“Big data” is a phrase that we have all heard floating around for a long time. Dunnhumby founded the Tesco clubcard many years ago and all stores followed suit. Data is gathered in many ways, including AVA triggered content (cameras that record patterns and activity to calculate habits), but what is this data enabling?

The aim of big data and the ‘digital foodscape’ for consumers is the personalisation of the shopping experience, with increasing accuracy. The aim for retailers is, of course, market intelligence and efficiency.

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Latest personalisation in UK stores includes:

- Waitrose - digital receipts and personalised offers at the till
- M&S Sparks cards with tailored offers
- Produce for kids
- 'Shazam for food' - Lens from Pinterest (you can point a camera at anything and Pinterest will suggest ideas for it - there are great opportunities for retail here).





"Consequently, grocery retail value should be reframed to emphasize non-price factors such as freshness, quality, customer service and the shopping experience."

fooddive.com



Increasing store staff knowledge is a great way to empower your staff to be your ambassadors. Some retailers in the UK are taking store staff to farms in order to show them how food is produced. This way they can answer questions better at store level and help customers find what they need. We also have a lot of data, acquired over time through moderated scientific testing. We understand what consumers like, based on sales data, taste tests and the scientific analysis of produce. It might be that people prefer sweet strawberries, but tart cherries, for example. We do a lot of work helping people purchase the correct proportions of delicious produce to help personalise their customers' experience.



Multi-channel shopping

Many consumers are now using a multi-channel shopping approach (online, click & collect, physical stores, email marketing, social media, coupons, loyalty cards, etc). This is also known as a 'blended shopping' experience. Like most marketing, all things working cohesively together create success and growth. Measuring one aspect in isolation without all of the others is ineffective, as all component parts rely on one another to develop and strengthen subconscious loyalty.

Have you thought about how you can maintain consistency of produce with so many variables?

How do you ensure that your click-and-collect produce and delivered produce is of the same standard of your in-store produce?

Is your service station produce displayed as well as your supermarket produce?

To truly achieve consistency across all formats we buy products as the customer would, off the shelves, the computer and from the click & collect points. With comprehensive testing and analysis we can make recommendations to ensure your customers are always getting the best produce that they deserve.





Environmental packaging considerations



There is a lot of pressure on retailers and suppliers to consider the balance between a requirement for packaging and environmental concerns. This is a double-edged sword for produce, as innovative packaging can help to extend shelf life, thus reducing food waste. However, excessive use of plastics is a problem.

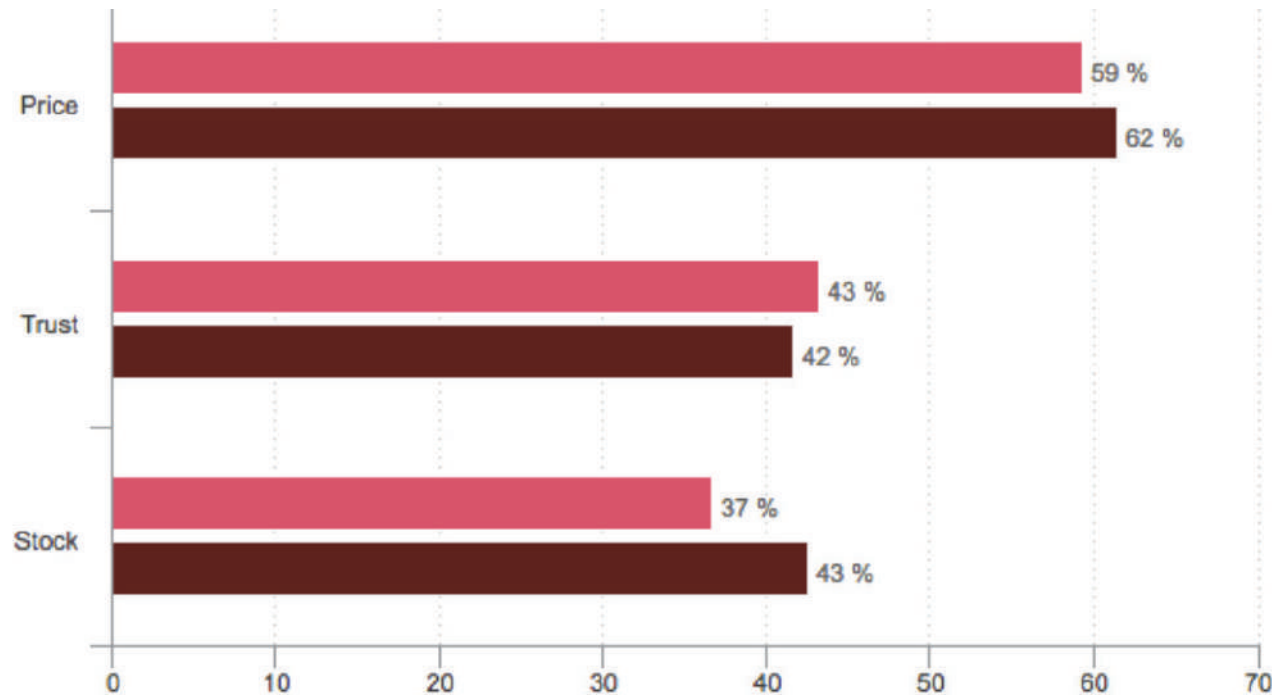
Many UK supermarkets are using pulp board trays (with plastic flow wrap), cardboard boxes, recyclable trays, and charging for carrier bags.

Laser labelling has been around for a while, but is just being introduced to certain M&S and Sainsbury's.

With lots of new pack formats entering the market, how can you ensure that these are performing well for you after they go home with the consumer and sit in their fridge for a few days? We look at produce both in-store and out of the store, to check that your packaging truly protects your product.



Choosing a retailer - Consumer perspective



In the UK, trust is now the second most important reason for choosing a retailer, after price.

As the world gets more unsettled, trust and familiarity become more important. It takes years to build, and yet one bad day on social media can obliterate it altogether.

Trust comes in many forms, from trusting the supply chain of your favourite food retailer, to trusting that your data will be safe online.

Uncertain times have led customers to rely on retailers they know and trust more than ever before.

It is important for retailers to build relationships based on trust, both with their customers and their wider stakeholders, including suppliers, investors, regulators and the media, as well as their own employees.

To create trust, first and foremost you need to achieve consistency. It doesn't take a lot to ruin trust and so consistently excellent product is key. It is our mission to work with all retailers and suppliers on an independent basis to ensure that customers always get the best produce.

For your own bespoke trends report, please get in touch.



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