FROZEN FOOD: EU OVERVIEW

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May 2018

Resources

- This report contains data gathered from France, Germany, Italy, Spain, Netherlands and the UK. The data has been sourced from IRI Infoscan® MAT p/e Oct 2017, 2017 IRI France Shopper Survey and the IRI European Shopper Survey.
- Macro Categories analysed: chilled food. ambient food, frozen food, non-alcoholic drinks (including tea and coffee), household, personal care, confectionery, pet food/pet care and alcoholic drinks.
- The market channels used for each country in this report are as follows:

Country	Channels used
UK	**IRI Infoscan**: hypermarkets and supermarkets, convenience, specialist, forecourts
Germany	**IRI Infoscan**: hypermarkets, supermarkets, discounters and drugstores
Netherlands	**IRI Infoscan**: hypermarkets and supermarkets , discounters
Italy	**IRI Infoscan**: hypermarkets, supermarkets, small traditionals, discounters and drugstores
France	**IRI Infoscan**: hypermarkets and supermarkets
Spain	**IRI Infoscan**: hypermarkets and supermarkets, including Canary Islands

- Other headline caveats for this report:
- The main dataset used consisted of topline €MAT value sales only the time of analysis and report build.
- Data availability, coding and segmentation varies by IRI country. 10 Macro Category definitions used to align products as best as possible.
- Packaged and random weight fruit visible only in Italy in this report.

Executive Summary

Macro Category growth

- Category outperforms (+3.3%) total FMCG (+2.1%) for the region to p/e Feb '18
- Spain, Italy and Germany are 3 countries where underlying volumes are growing. Netherlands and UK are flat, while the French Grocery Category is suffering both in volume and value terms.
- The latter 2 countries influence a flattening volume trend at a 'total region' level.

Innovation stimulates value growth

- 5 key factors driving growth:
  - Innovation
  - Convenience
  - Healthy eating
  - Value for money
  - Waste reduction
- Ice Cream is highly influential in driving category premiumisation. The top frozen category in 4 of 6 countries embraces a range of new product development ranging from organic and free-from products to enhanced indulgence, through new flavours and ingredient inclusions.

Evolving shopper habits

- Ranges increasingly reflect changing consumer habits. More space is afforded to prepared vegetable mixes, veg protein and frozen fruit; products which deliver on health, convenience and drive pockets of growth in UK and German markets.
- Fresh at source credentials have helped sway Italian consumers from fresh to frozen fish, while there is a noticeable shift from deep frying to oven or air fryer snacks in the Netherlands.

Topline growth with volume momentum gradually starting to subside at regional level

Frozen Categories | MAT Value and volume change yoy% | Total IRI EU countries

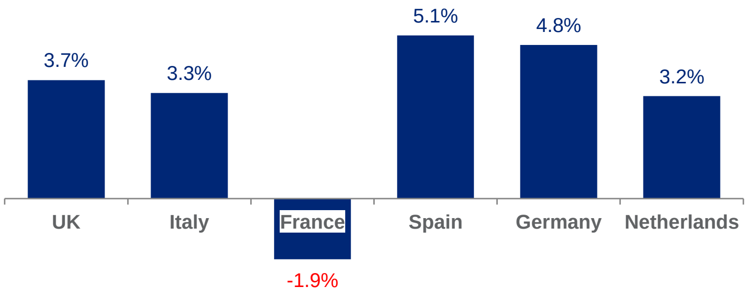
+3.3%
(+0.3%)

								ALL OTHER*
Value	+5.6%	+4.7%	+2.4%	+1%	+1.3%	+0.8%	+2.8%	+4%
Volume (kg)	(+2%)	(+1.3%)	(-1.6%)	(-1.7%)	(+0.4%)	(-2.1%)	(+1.5%)	(+2.6%)

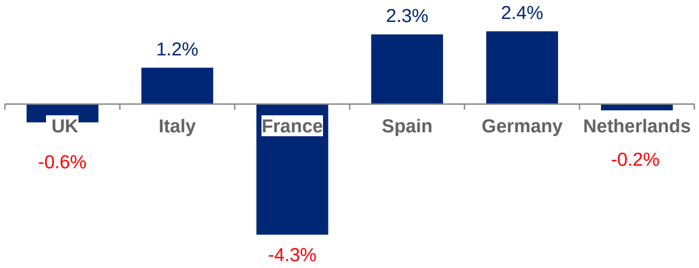
Source: IRI EU countries (UK, DE,FRA, ITA, ESP, NL) Infoscan, MAT p/e Feb 2018
Exchange rate: £1 = €1.14 – Xe.com w/c 16th April '18 Ice Cream definition includes Frozen Ice Lollies
*All Other Bakery, Pastries, Deserts, Frozen Fruit, Snacks, Ice, Bread, Pasta, Empanadillas, Dough, Croquettes, Herbs

Topline growth across 5 of 6 countries. Slowdown in UK Grocery and decline in France influence a flat overall picture for volume performance yoy.

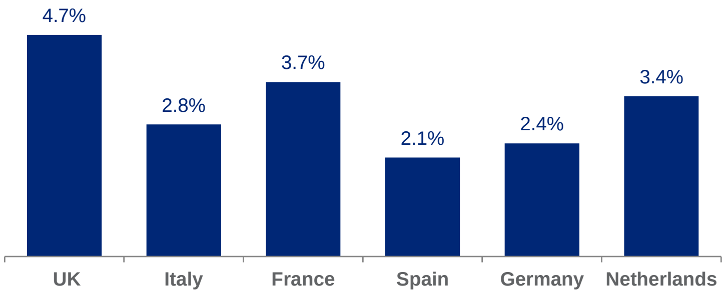
Frozen Food in Europe - Value sales evolution versus year ago (in %)



Volume (kg) sales evolution versus year ago (in %)



Frozen Food in Europe - Price (€/kg) evolution versus year ago (in %)



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The future

Opportunities remain for the Frozen category to call out product benefits across markets, from providing quick and healthy meal and snack occasions to helping tackle global food waste

Specialist retailers such as Iceland (UK) and Picard (France) along with discounters who overtrade in this space will continue to evolve their offering and challenge grocery players for share of total basket.

Emerging product trends in fresh, alcohol, soft drinks and snacking provide continued inspiration for Frozen food and drink innovation

Despite growth, space remains tight. Range management is essential for manufacturers looking to get ahead and maintain the growth curve. IRI’s assortment optimisation solution can define the optimal product line-up for both manufacturer and retailer