GOING FOR THE ON-THE-GO DOLLAR

On-the-go food has become embedded in lives more time pressured than ever.

By IRI Insights Consultant Lucas An.

Delivering annual sales of $513 million and growth of 11 per cent, the on-the-go food category is one of the key drivers of growth for the P&C channel.

Impact of COVID-19

P&C retailers are faced with many challenges in drawing shoppers into buying on-the-go food during the COVID-19 pandemic. Social distancing restrictions mean fewer commuters stopping for petrol, as well as less foot traffic. Growing competition from food delivery services such as Uber Eats is deterring people from leaving their couches (except to receive food at their doorsteps). The pandemic is also pushing households with more disposable time at home into greater home cooking and baking, which are seen as a cheap leisure activity. We saw this with a surge in sales of home baking products during the global financial crisis in the US.

On the flipside, consumers are seeking alternatives to supermarkets for essentials in convenience stores, especially for smaller purchases or single households. This is especially a result of:

- Reduced opening hours of supermarkets, forcing consumers outside of those hours to shop elsewhere.
- Social distancing measures restricting the number of shoppers in-store, thereby, creating queues in busier stores.

The development presents an opportunity to drive impulse buying behaviour and provide a quick meal solution. Australians seeking convenient meal offerings have more sophisticated palates for quality and flavours and are more health conscious. Retailers should consider meeting these needs to remain competitive in this volatile environment.

Quality and diversification

Consumers’ expectations of convenience food have evolved over time, and the range of on-the-go food needs to be enhanced to meet such expectations. Consumers have displayed their willingness to pay a premium for quality in convenience stores, as demonstrated by the rapid growth of barista-made coffee at Caltex’s The Foodary outlets. More than one-third of surveyed consumers says gourmet ingredients will encourage them to eat pre-packaged meals more often. This could translate to consumers’ choice of on-the-go food, which could be set apart through the use of premium ingredients.

Additionally, expansion of range and flavours is important to cater for diverse and experimental taste buds. With 61 per cent of surveyed shoppers expressing desire to experiment with food and try new ways, it’s no surprise that sushi has attracted a value increase of $2.5 million (32 per cent) versus YA and contributed more than $10 million to the P&C channel. With Australian culinary experience becoming increasingly multicultural, on-the-go food also needs to evolve to meet the needs of the changing demographics.

Health

Australian consumers are more health conscious, with 63 per cent of surveyed Australians saying a healthy diet is important. Evidently, better-for-you options are increasingly prevalent in supermarkets and P&C stores. Health also happens to be one of the deteriorators of ready meals and on-the-go food, with surveys in the UK and US citing 64 per cent of respondents finding these meals being ‘too processed’.

This trend of healthier consumption has led to fresh on-the-go food such as salads, sandwiches and wraps becoming staples in convenience stores. A similar trend is found in other impulse categories, such as confectionery, where protein bars have delivered exceptional sales increases.

As demonstrated by fresh meal company Youfoodz’ growth, which underpins the ever-changing menu of convenience meals, fresh healthy offerings could capture these health conscious and flexitarian consumers.

References

Mintel US and UK, ‘Ready meals and ready to cook foods 2019’
Mintel US, ‘Prepared meals 2019’

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