

A hand with pink nail polish holds a black fork. From the tines of the fork, a large, fluffy white cloud rises. The background is a solid, vibrant green color.

The Future — of — Healthy Food

*6 Consumer Drivers
for 2022 & Beyond*

Davidson We Grow

A close-up photograph of a woman with a joyful expression, smiling broadly. She is holding a white bowl filled with granola, raspberries, and blueberries. She is using a spoon to eat from the bowl. The background is a plain, light-colored wall. The overall tone is bright and positive, emphasizing healthy eating.

“
Healthy food is a huge market opportunity that the
CSIRO estimates will have an annual growth rate of
3.6% and will reach \$25 billion by 2030.¹

”

For all brands chasing the healthy food market, there are two key statistics:





For all brands chasing the healthy food market, there are two key statistics:

89%

of Australians want a healthier diet⁵



For all brands chasing the healthy food market, there are two key statistics:

89%

of Australians want a healthier diet⁵

53%

of Australians will pay a premium for health and wellness products



*The healthy food market
is evolving just as fast as
it is growing.*

Low carb. No additives. Zero sugar. Vegan.

It seems like every new food on the supermarket shelf claims to be “healthy” in one way or another.

So how will consumers navigate this new and evolving category?

What will be the key drivers of growth?

COVID-19 Impact



Marketing Healthy Foods



1. I think nature knows best



2. I use food as a medicine



3. I'll have it in a pill



4. I'll have it in a box



5. I'm very flexible



6. I'm eating for tomorrow



COVID-19 impact

- The Pandemic has had a clear and wide-ranging impact on Australian consumers' eating behaviours and health responses
- 'COVID Calories' has inspired consumers to seek healthier food options
- Raised consciousness of broader issues resulting in an increasing interest in vegetarian diets
- Consumer's rediscovered home cooking
- Many of these changes will permanent and represent a stepwise development in the healthy foods market





“
Currently, most healthy food options come at
a price premium. The decision to eat healthy,
therefore, has significant financial implications.
”

Healthy diets are expensive

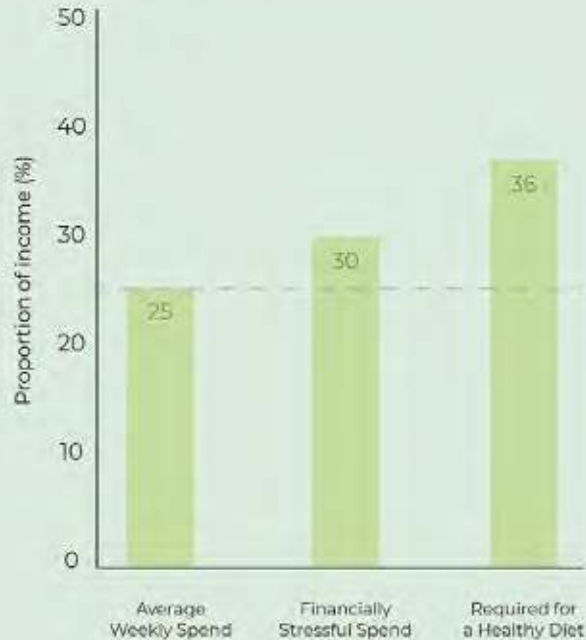


Figure 4. Graph displaying proportion of income spent on food by the average Australian household (two adults and two children)

What makes this situation even more challenging for health-orientated food brands is that they are not just competing within their own category.

Shoppers have only a limited amount to spend, yet there are healthy food options in every category.

One of the tools shoppers employ to make the best health ROI decisions is to check the label for impartial information.

The Health Star Rating is the most prominent nutrition policy in Australia and is widely used by shoppers.

- Two-thirds of Australian shoppers will pay a premium for a product that displays a Health Star Rating



I think nature
knows best

*- and you don't mess
with a good thing*

CONSUMER DRIVER

1

“
Customers are moving more and more to buying organic produce as a lifestyle choice as much as anything else.”

PAUL TURNER, HEAD OF PRODUCE, WOOLWORTHS⁴²

- The organic market is estimated to be growing at 20% per annum
- Domestic consumption is predicted to reach \$2.3 billion by 2030





JUST ORGANIC
ITALIAN DICED
TOMATOES

JUST ORGANIC
TOMATO PASTE

JUST ORGANIC
ITALIAN
PASSATA

JUST ORGANIC
BAKED BEANS
IN TOMATO SAUCE

JUST ORGANIC
ROOIBOS
TEA

JUST ORGANIC
GREEN
TEA

JUST ORGANIC
BLACK
TEA



The perception of food being “natural” is the single most potent ingredient claim

- 59% of consumers believing that natural products are better at meeting their nutritional needs
- 51% of Australian consumers are willing to pay more for a product containing “all-natural ingredients”
- 45% of Australian consumers are dissatisfied with the range of natural food and beverage options available in supermarkets
- The perception that a product is “natural” can be enhanced using a range of explicit and implicit cues

I use food as a medicine

*- by eating good things
and not eating bad ones*





The X factor of ‘Superfoods’

- 44% of Australians already using specific foods to address their medical conditions
- Superfoods play a particular role with one in three believing they offer not just physical, but emotional and mental benefits
- Most superfoods carry with them a backstory that provides an emotional connection to a simpler lifestyle

“

Nutrient density, antioxidant content, and usually it’s got some kind of X factor where there is some ancient, beautiful population of people eating it. That’s generally what people think when they hear superfood.

DR EMMA BECKETT, NUTRITION SCIENTIST, UNIVERSITY OF NEWCASTLE⁶³

”

Super Nature
From the goodness

A creamy citrus infused **pearl barley** risotto of chicken, **pumpkin** and **sweet potato** with **asparagus** and peas, topped with parmesan and a **white chia** and parsley crust.

Chicken, Asparagus and Pearl Barley Risotto

Super foods

350g

Good protein
Preservative free
No artificial flavours or colours





Native Superfoods

- Australian brands are also seeking to leverage native superfoods
- Koko Black has launched an “Australian Native Collection” featuring Whipstick Wattle, Lemon Myrtle, Davidson Plum among its range



Avoiding the bad things

Many Australians attempt to restrict their intake of other components for a range of health concerns

- 46% try to avoid food additives
- While only 6% of adults have a food allergy, 22% self-diagnose with food intolerance
- Among the most common food restrictions are gluten-free (11%) and lactose-free (8%)
- All other restrictions are dwarfed by sugar
 - 82% wanting to decrease their sugar intake
 - 44% claiming to be concerned about it

Freedom Foods

- The packaging ticks many boxes for the health conscious consumer
- In keeping with their “free from” mantra, messages include “gluten-free”, “nut-free”, “wheat-free”, and “low FODMAP”
- The pack also suggests a health orientation with a 4.5 Star Health Rating, and by featuring ancient grains
- While quite small, the “Made and Owned in Australia” provides provenance support



tear here

ALL LOVE
nōshu
NO SUGAR

97%
Sugar Free



dark choc baking chips



gluten free

2g
carbs
per serve



vegan friendly

15g

serving suggestion

Following the COVID-19 lockdown, consumers are making more health conscious decisions around their food intake and are turning to brands such as Noshu, a brand dedicated to sugar-free treats.
Image Source: Noshu

Consumers are becoming increasingly aware of the medical applications of using genetic profiling.

- 39% of consumers worldwide have heard about using genetic profiling to assist in personalising nutrition
- Only 11% claim to have thought about their genetic makeup in the context of their food choices.⁵⁹





I'll have
it in a pill

*- so I don't have
to think about it*

CONSUMER DRIVER

3

“

What you eat could very well be one of the most influential benefits to your brain health now and in the future.

DR SANJAY GUPTA, NEUROSURGEON AND CHIEF MEDICAL CORRESPONDENT, CNN[®]

”

- In 2019, the Australian complementary medicines sector was valued at \$5.6 billion
- Vitamin and dietary supplements are the largest segment (\$3.1 billion)
- Followed by sports nutrition (\$1.31 billion)
- Herbal/traditional products (\$760 million)
- Weight-loss products last at (\$430 million)



“

We believe there are a lot of people who are purchasing vitamins and other preventative health and health maintenance products for the first time.

NICK MANN, MANAGING DIRECTOR, SWISSE WELLNESS ANZTM

”

- The Pandemic has had a positive impact in terms of sales and market growth
- There has been an increased demand for general vitamins and supplements, particularly immune support; high strength Vitamin C, antioxidants, Vitamin D and probiotics
- There is a broad overlap between purchasing vitamins, minerals and supplements and being more health-conscious than the average consumer
- The target market also follows dietary lifestyles, including dairy-free, gluten-free, additive-free and a low-fat diet



39% of Australians over 14 having made at least one purchase in the last six months

- Women are more likely than men (46% to 33%) to buy them
- The proportion rises to over half for women over 35
- Chemist Warehouse is the dominant retailer with 45% of shoppers purchasing from them

A little kynd
goes a *long way*.



We give one for one;
for every one Kynd product sold, we donate one Kynd
Immunity product to a person in need.

I'll have
it in a box

*- and leave it at
the door thanks*

4

Online meal delivery services are now an accepted part of Australian life

- 19% of Australians have used one in the last three months
- Whilst many promote themselves as healthy;
- Only 17% of users said to be healthier was their primary reason for starting
- 12% claimed it was to lose weight
- The most common reason was simply to save time on cooking and shopping (44%)



The rapidly growing ready meal category

- Health also plays a vital role in this category
- 50% of users saying they prefer a healthy meal option
- Coles have responded by recently releasing 100 ready-to-eat meals each with a three or four Health Star Rating

“

Since COVID-19, we have seen a growing demand for Australian restaurant-quality food that won't break the bank and provides healthier alternatives to fast food.

CHARLOTTE RHODES, GENERAL MANAGER, COLES™

”



My Muscle Chef

- Launched in 2012, My Muscle Chef provides freshly-prepared, high protein ready-made meals designed by sports nutritionists
- Their mission: inspiring, encouraging and fuelling Australians to lead active and healthy lives
- The company has grown 100% every year from \$19m to \$100m in 12 months
- Serving 400,000 meals per week—75% to direct consumers and 25% via supermarkets—its revenue is fast approaching \$150 million/year



I'm very flexible

- *'cos my life isn't
straightforward*

5

“

The flexitarian diet is so appealing because it's flexible—you don't have to commit to plant-based meals.

CALE DROUIN, CO-FOUNDER, MADE WITH PLANTS™

”

- 12.1% of Australian adults claimed to have a whole or almost wholly vegetarian diet...
- ...however on source quotes 39% still eat meat
- The market for vegetarian food is growing
- Vegetarians are more “pro-social” than carnivores
- Are more likely to have traits and attitudes that include support for greater income equity, reject violence as a tool, and have stronger pro-environmental attitudes
- Roy Morgan identifies vegetarianism being highest amongst its Metrotech segment
- Highly educated, socially aware, hardworking, ambitious and culturally diverse





Plant-based foods

- Food and beverage launches with “plant protein” grow at an average rate of +48% per annum
- Australia is the world’s third fastest- growing plant-based food market
- The growth rate is phenomenal, with Woolworths seeing a 32% year-on-year increase in demand for plant-based alternatives

There is one person deciding to eat less meat or go meat-free every 5 minutes!

- The pandemic accelerated the trend to eat less meat
- 66% of Australians who switched meat for vegetables, said it was because they were cooking more
- 36% said it was because they had more time
- Outside of COVID-19, 65% of Australians say they would cook more meat-free meals if they were quick and easy to make in the kitchen
- Pro-social factors are a driving force for many
- The most common deterrent of red meat consumption is that they feel it is too expensive (31%)





Globally, 7% of the new ice-cream product launches were vegan

NEW MAGNUM VEGAN
100% PLEASURE



I'm eating
for tomorrow

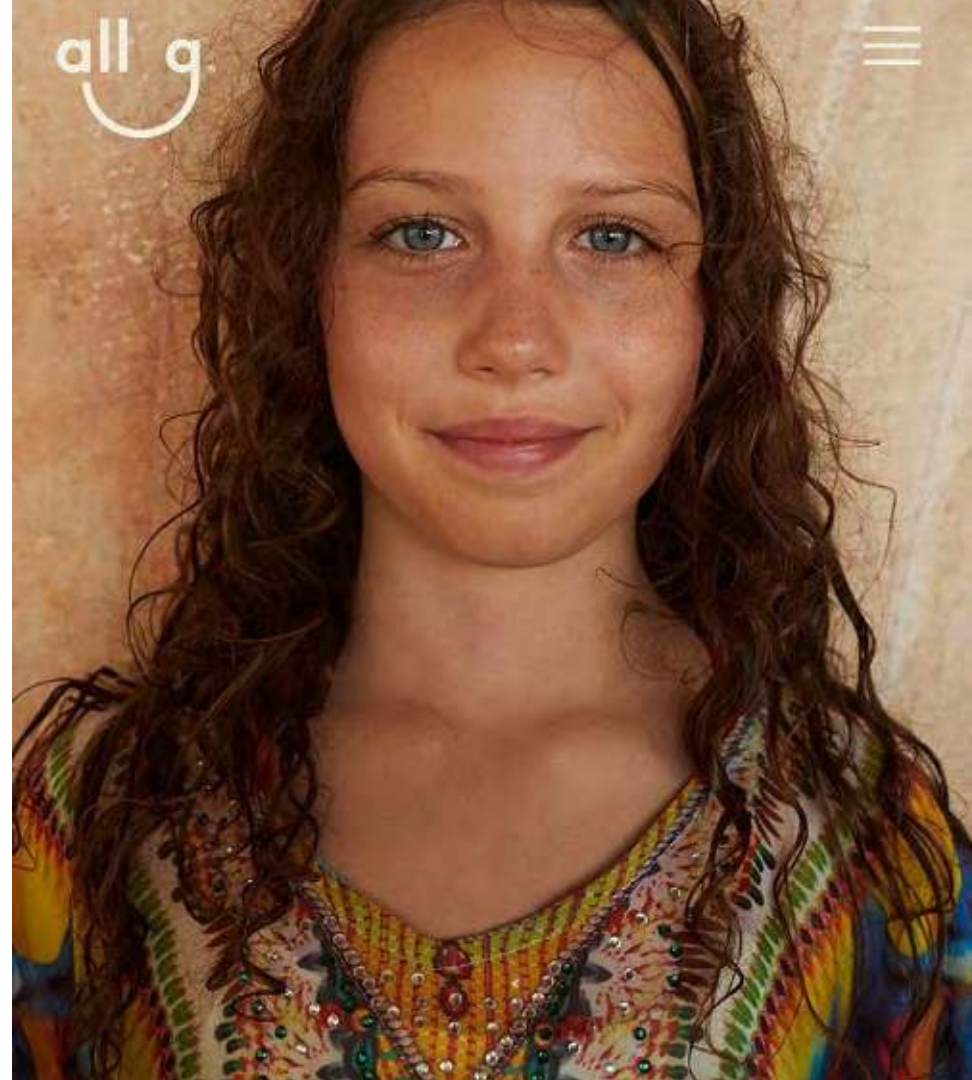
- 'cos it does make a difference

CONSUMER DRIVER

6

Be good at being good

- 86% of Australians say that a company's social and environmental efforts are moderate to extremely important in deciding what to purchase
- 55% of consumers have made purchase decisions based on the environment, ethics or fair-trade in the last 12 months
- 62% saying that post COVID-19 they will consider buying grocery products that are more environmentally friendly



Fenn Foods

- Fenn Foods has introduced the world's first carbon-neutral, plant-based mince in 2017 and plans to have the whole company and all of its products carbon neutral by the end of 2022



Nescafé Nativ Cascara

- Nestlé has launched a carbonated soft drink based on the discarded coffee berry fruit surrounding the coffee bean - Cascara
- Nestlé is making a powerful market statement by combining this superfood ingredient, with Australian native superfoods



Coca-Cola CSR

Coca-Cola Amatil, who recently committed to being carbon neutral by 2040, have a range of strategies in place, including:

- 100% renewable electricity
- 20% reduction of sugar (grams per 100ml)
- Partnering for pack-to-pack recycling solutions
- Designing for 100% recyclability across all packaging
- Sustaining net-zero water operations

The message for all food brands is clear; a multifaceted approach to corporate social responsibility is no longer a nice to have, but a strategic necessity.



PAPER
BOTTLE
COMPANY
TM



Download the
full report here



grant@davidsonbranding.com.au

Davidson We Grow

