Ready Meals Flourish In The Midst Of Economic Uncertainty

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Tightened household budgets are resulting in increased expenditure on food to be eaten at home as consumers turn away from more expensive eating options found in restaurants.

Well-established trends, such as demand for ethnic cuisine and premium lines, will continue their expansion across most regions, particularly in developed markets.

Downward pressure on prices

Global retail value sales of ready meals are predicted to grow only marginally in 2010 in constant terms, down slightly on growth registered in the previous year (1%). This slowdown will be partly due to downward pressure on prices in mature categories like frozen ready meals.

The recession, however, will still play an important role in the overall growth of the category as consumers cut back on outdoor outings to restaurants and stay longer at home. As a result, retail volume sales of ready meals will grow by almost 2% in 2010 at global level, compared with the 1% registered in the previous year.

Six markets, the US, Japan, the UK, Germany, France and Russia, account for around 75% of total retail global value. Chilled ready meals continue to be the chosen option of busy professionals with little time for cooking but still seeking the freshness offered by refrigerated meals, particularly in developed economies.

Their relatively high prices, however, will slow demand at global level, with retail volume sales growing by a mere 1% in 2010. Conversely, frozen pizza, perceived as inexpensive and high in quality [in key markets like the US, will see volume sales grow by around 4% in 2010.

Interestingly, recessionary pressures have not affected the long-running trend towards more sophisticated offerings. As consumers are cutting down on spending outside the home, they are turning to more premium meal lines for special occasions at weekends.

This is because premium ready meals are regarded as an affordable replacement to more expensive dinners offered in restaurants. Furthermore, demand for ethnic cuisine is not only gaining ground in developed Western markets but also in Asian economies like Japan, where demand for Italian and Korean meals is steadily growing.

Frozen pizza drives value growth in the US

In the US, sales of ready meals are expected to grow by 2% in current value terms in 2010. This represents a moderate slowdown from the growth seen in 2009.

The healthy growth in 2009 was partly due to consumers drastically cutting back on spending in restaurants in response to the economic crisis, with them looking to ready meals as convenient at-home dining solutions.

The moderate improvement in economic prospects, alongside maturing consumer demand, is beginning to slow the growth of ready meals at country level, according to industry consensus.

Research suggests that restaurant-quality products such as California Pizza Kitchen frozen pizza are driving value growth, and US frozen pizza value sales are set to continue the healthy performance of previous years, with sales expected to grow by 4% in retail value terms during 2010.

In addition to emulating restaurant brands, many frozen pizzas offer unique crusts, styles, and flavour combinations that go beyond traditional offerings and help achieve an image of restaurant quality.

Other frozen ready meals such as Bertolli Frozen Dinners, Sea Cuisine seafood entrÃ©es and JosÃ© Ole Mexican food also use higher-quality ingredients and are marketed as being of restaurant quality, allowing them to charge higher prices.

Prepared salads are predicted to reverse the decline of the previous year and grow by 1% in retail value in 2010. The recovery of prepared salads in the US market is partly down to the improvement in economic prospects and a moderate shift from fresh to more expensive packaged vegetables.

Prepared salads appeal to increasingly health-conscious consumers who are seeking to boost the presence of fresh produce in their diets but who are also in need of a faster and more convenient alternative to buying and preparing various fruit and vegetables.

Additionally, salads now come in a wide variety of mixes, and some are packed conveniently in plastic bowls or trays to be consumed on the go.

Consumers turn to cheaper fresh food alternatives in Japan
With the marriage rate in Japan falling, the national demographic is increasingly being skewed towards singles, with their representation in demographic figures increasing steadily. Working women â€“ especially professionals â€“ are at the forefront of this trend.

These singles live increasingly stressful and frenetic lifestyles, making the time and effort required to prepare home-cooked meals for themselves too much of a hassle. The result is that these singles tend to be turning to ready meals as a cheap, fast and convenient alternative to home cooking or dining out.

Despite this long-running trend, ready meals are predicted to decline by 4% in 2010 in current value in Japan. Unlike in Western European countries, important limiting factors â€“ and most significantly for the dominant chilled ready meals category â€“ are the economic recession and the poor economic growth prospects in the country.

This situation has prompted collective restrictive budgeting by consumers, who are shifting to more affordable fresh food options or simply cutting back on their overall expenditure on food as a whole.

Research indicates that Japanese consumers prefer chilled ready meals over frozen. Therefore, it may seem surprising that canned/preserved ready meals are predicted to register the second highest growth within the category. In 2010, retail value sales will reach US$2.6 billion, up by 2% in current value on the previous year.

The strength of canned/preserved ready meals is wholly dependent on the huge amount of product development that has gone into retort curry, stew and hayashi products. These can simply be microwaved or boiled in the bag and added to rice. Research suggests that the key to success in canned/preserved ready meals is high quality, as well as ease of preparation.

Local cuisine will continue to dominate chilled ready meals in 2010, with a similar trend exhibited in frozen ready meals. However, as Japanese consumers tend to be further diversifying the content of their meals, they are welcoming products from different countries around the world.

As a result, frozen and chilled ready meal options from countries such as Korea, Italy and China are gaining ground in the market, a trend that is likely to continue in the medium term.

Ready meals' growth slowed by stronger demand for frozen food in the UK
In the UK, ready meals will grow by 2% in retail value in 2010, down from the 3% growth registered in the previous year.

Research suggests that ready meals have lost some of their lustre as other categories are proving more economical, in particular frozen processed food, which has been the biggest winner during the recession.

In addition, a rising interest in cuisine in the UK is leading many consumers to consider cooking their own meals from scratch or using various partially-prepared aids, which offer more flexibility and diversity in the final result.

The category is also being affected by the declining popularity of dried and frozen ready meals as people opt for fresher options.

Convenience is key to German food consumers
Retail volume growth of ready meals in 2010 is set to be comparable to that of the previous year, at 2%. Ready meals continue to be popular among German consumers due to their fast preparation.

Ready meal manufacturers have introduced a large selection of products covering different cuisines, which are often considered to be more difficult for consumers to prepare themselves.

Chilled ready meals is set to be the best performing category in 2010, recording retail volume growth of almost 13%. The market for chilled ready meals is still quite small compared to other ready meal categories, such as frozen pizza and frozen ready meals. This is the reason why it still offers manufacturers significant growth potential.

German consumers consider chilled ready meals to be fresher than frozen ready meals. Chilled ready meals are also quicker to prepare as they only require a few minutes in the microwave.

Research indicates that convenience will continue to be an important factor for German consumers in 2010. Although consumers have less time for food preparation, they are still concerned about ingredients and are favouring more natural products.

This is putting increased pressure on ready meal manufacturers to introduce products that are easy to prepare whilst still being nutritious.

Chilled formats underpin performance of ready meals in France
In France, retail value sales of ready meals are predicted to grow by 1% in 2010, compared to the 2% decline registered in the previous year. The relative good performance expected in ready meals is partially down to strong demand for chilled ready meals.

The latter are predicted to grow by 7% in retail value in 2010, according to Euromonitor International's projections. Sustained by numerous innovations, either simple or very original and sophisticated, chilled ready meals are benefiting from their healthy perception among the increasing number of single households, as well as the growing trend of individual consumption, even within families.

Traditional French frozen meals still dominate the French market, accounting for around 80% of value sales in 2010. The trend, however, seems to be moving slowly towards Asian frozen ready meals, which currently account for 2% of total retail value in the frozen ready meal category.

Interest in ethnic cuisine continues to be a key trend in the French market, a trend which has allowed manufacturers to introduce Asian and North African recipes in their novelties with commercial success.

Recession slows growth of premium formats in Russia
In Russia, sales of ready meals are expected to grow by 2% in retail volume in 2010, according to Euromonitor International's projections. Like in other Western European countries, Russian consumers are reducing their expenditure on packaged food and turning towards products from the mid-priced and economy segments.

Some Russians are not ready to give up the convenience and speed offered by ready meals, particularly in large cities. However, the trend towards premiumisation, more sophisticated products and exotic dishes is slowly receding, giving way to cheaper and more familiar national products.

Traditional offerings dominate ready meals in Russia. Pelmeni (dumplings) and pancakes are the most popular products in the category. Recent years have seen the growing popularity of Italian cuisine, which has prompted the development of products such as frozen pizza and lasagne.

Since Soviet times, Asian and Caucasian dishes, such as chebureki (pastry with a meat filling), dolma (vine leaves stuffed with meat and rice), manty (floury dumplings with a meat and onion filling) and pilaw (rice with meat), have been popular.

Frozen pizza will be the best performing category during 2010, with sales increasing by 6% in retail volume terms. This category is relatively new in the Russian market, and there remains significant scope for growth.

Russians appreciate the easy preparation and storage options of these products and the convenience they offer in terms of consumption.

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