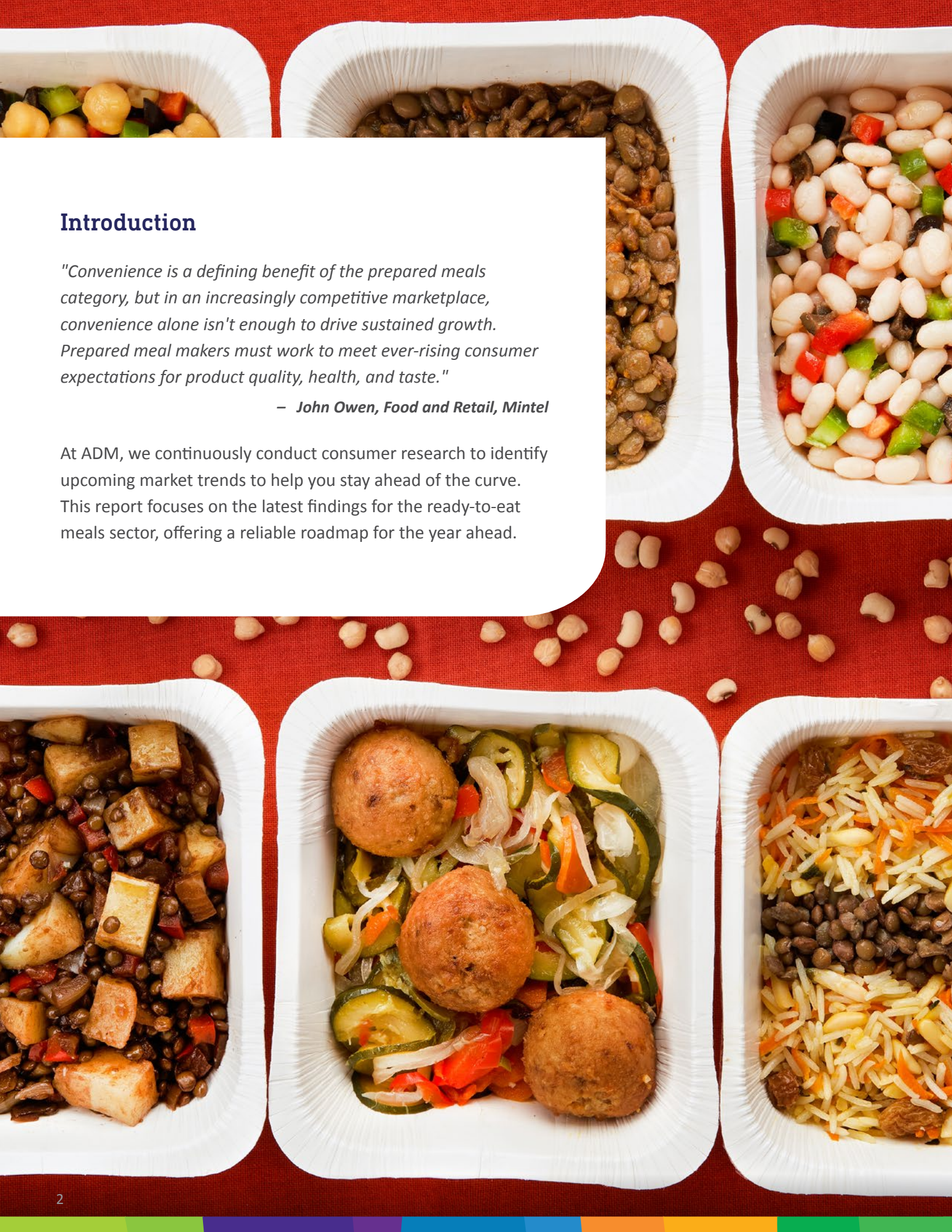




2023 Consumer Trends Report

Ready-to-Eat Meals





Introduction

"Convenience is a defining benefit of the prepared meals category, but in an increasingly competitive marketplace, convenience alone isn't enough to drive sustained growth. Prepared meal makers must work to meet ever-rising consumer expectations for product quality, health, and taste."

– John Owen, Food and Retail, Mintel

At ADM, we continuously conduct consumer research to identify upcoming market trends to help you stay ahead of the curve. This report focuses on the latest findings for the ready-to-eat meals sector, offering a reliable roadmap for the year ahead.

The Category Overview



Now
2022

Inflation
replaces
pandemic
as growth
driver

After two years of rapid growth resulting from at-home meal consumption amid the pandemic, prepared meal consumption started to level off in 2022. Sales continue to rise, however, driven by steep price increases.

Next
2023-2024

Easing
into slow
growth
pattern

As inflation moderates, the category will ease. Ready Meals will continue to grow as new competitors, offering greater menu variety, help drive increased penetration and usage frequency.

Future
2025-onward

Quality and
variety key
to sustain
growth

Category competitors have an opportunity to drive sustained growth through continued improvements in product quality and further expansion of menu variety.¹

1. Mintel, Food and Retail, July 2022

The Category Overview

Quick Facts:²



42.5B €

Total Sales of Ready Meal Category

Category of ready meals represents processed ready-to-eat and cook products in various formats from soups to pizza or even cooking kits offering consumers a convenient solution.

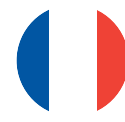
Top Countries in the Ready Meal Category, Market Share 2022:



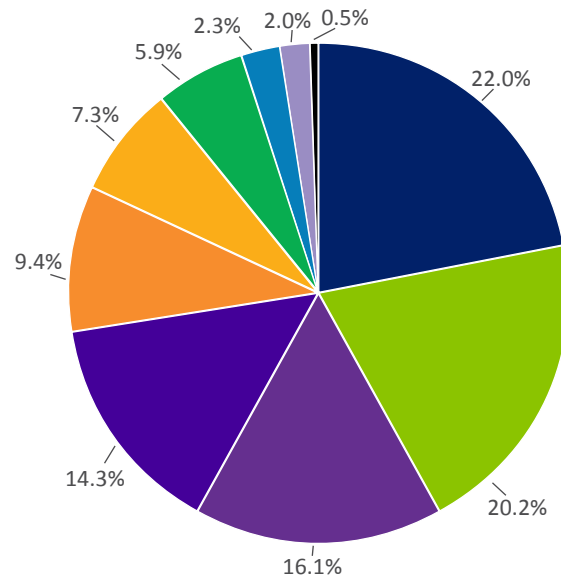
UK
21%



Germany
14%



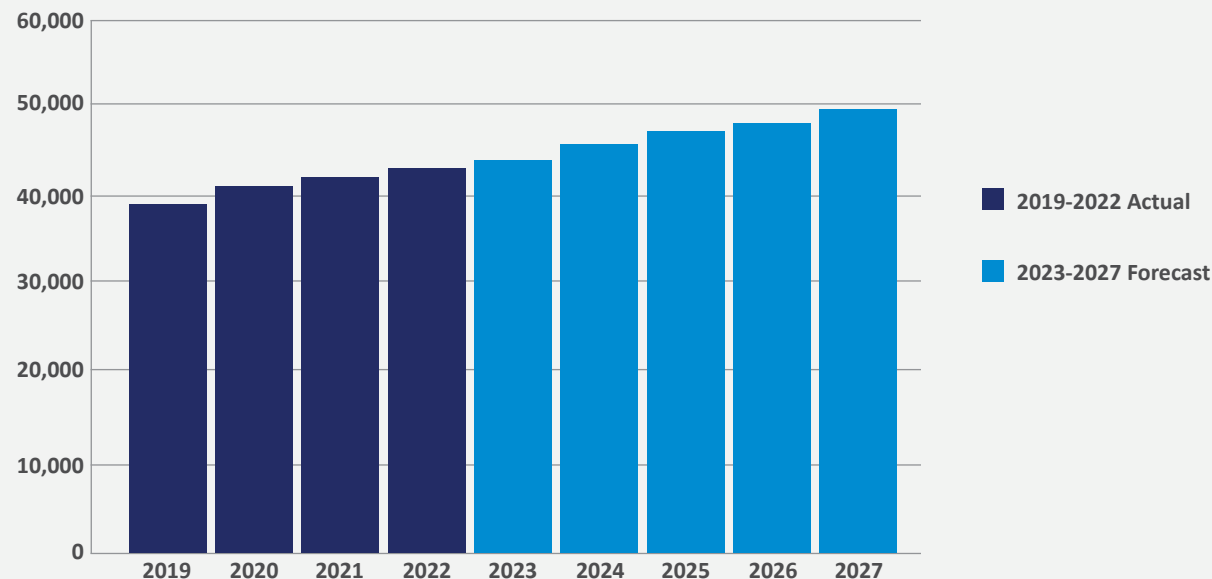
France
13%



Market Shares of Ready Meals EMEA, 2022

- Frozen Ready Meals
- Chilled Ready Meals
- Prepared Salads
- Frozen Pizza
- Shelf Stable Ready Meals
- Meal Kits
- Chilled Pizza
- Dried Ready Meals
- Quick Recipe Kits
- Chilled Lunch Kits

Ready Meal Category EMEA Actual & Forecast in Retail Value RSP, Million €



Inflation Affects Ready-to-Eat Choices

Through 2022, rising inflation has pushed sales for the ready-to-eat meal category. Over the year, total retail sales volume for the segment spiked to over 42.5 B €. The top three countries in Europe (United Kingdom, Germany, France) achieved 48% of the total sales in 2022.³

The search for value is rapidly becoming a key factor influencing consumer spending habits; however, value extends beyond low prices, as shoppers are not always looking for cheaper options. Many find value for money in the form of quality products. As animal protein costs continue to rise, and as most consumers expect plant-based products to be cheaper, the movement towards a plant-forward diet will receive a boost. Even as rising prices put pressure on household budgets, the trend toward premium choices has helped drive category growth over the last several years and is likely to continue. 72% of UK-Ready Meal Users over 16 agree that having a ready meal instead of going out for dinner is a way to save money.⁴

If they can find options that meet their standards for quality, taste and healthfulness, consumers looking for cost-saving alternatives to restaurant dining and take-out may be more attracted to prepared meals.

The UK is the largest ready meal market in Europe, though growth is flat. Despite its current low level of consumption, Turkey is forecast to see significant value growth.⁵



Key Growth Drivers

Anticipating and aligning with consumer preferences can help savvy brands take advantage of new growth opportunities. ADM conducted proprietary research in 2022 and identified eight underlying global trends projected to drive consumer behavior in 2023. From the eight, we've highlighted five that correlate to potential growth in the ready-to-eat meals category.



Balanced Wellness

Prioritizing Health and Well-being

Consumers are taking a more holistic approach to health and well-being. They seek balance across all parts of their lives, from the physical and emotional to the mental and spiritual. More than ever, they're aware of how body and mind, personal health, and community health all intersect.

Did you know?
 65% of Internet Users above the Age of 16 in the UK think that mental health/wellness is just as important as diet and exercise.⁷

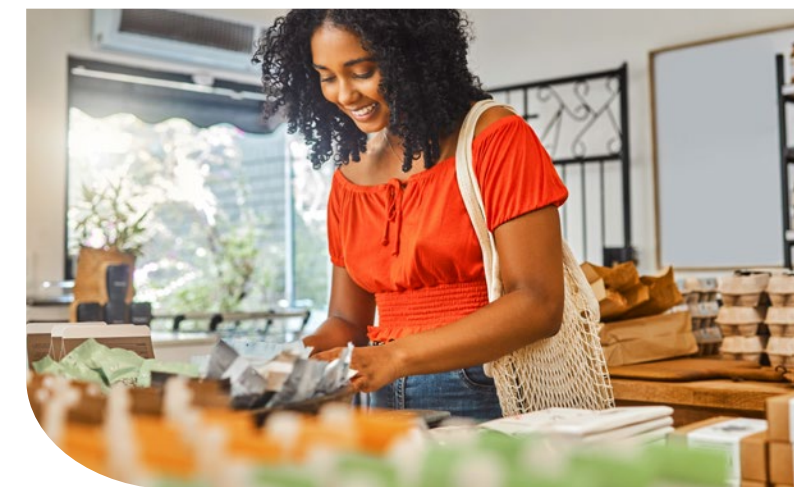
In general, the younger Gen Z cohort (ages 18 – 26) places more emphasis on mental health. They look to food to help them lower their stress levels. Although mental health is also top-of-mind for the slightly older Millennial cohort (ages 27 – 42), physical health is also a priority. Older Millennials, especially those with children, seek both nutritious and delicious food, often forgoing the cheapest option in favor of good quality.

The Importance of Clean Labels

Given the rise in concerns over personal health and wellness, health-conscious consumers seek short, clean labels that highlight healthy, good-for-you ingredients and transparent ingredient sourcing that reassures them their food is safe to eat.

To address consumers' desires for less processed food, ready-to-eat meal and meal kit brands are already taking steps to reduce additives and preservatives in their products; however, despite their efforts, clean-label claims in ready-to-eat meals, specifically those focused on "no additives or preservatives," have plateaued in recent years.

Manufacturers of prepared meals should keep this in mind as they develop new offerings. They might even consider going one step further - flagging the presence of, for example, organic, or locally-sourced ingredients to better meet consumers' expectations regarding wholesomeness and authenticity.



Did you know?
 Transparency key in convenience: Products that have clearly visible healthy ingredients or are sold in transparent packaging, appeal to ready meal consumers in the UK.⁸

Trends and Opportunities

Taste Versus Health: Permissible Indulgence

Good flavor and texture, and a little bit of indulgence, are not only good for the body, they're good for the soul. While many consumers want healthier food options for themselves and their families, they're not willing to compromise on taste. Parents are only too aware that their kids will resist food that's "too healthy" and doesn't taste good. Ultra-healthy choices like broiled chicken breast with steamed vegetables are not as appealing to consumers looking for balance compared to dishes made with healthier, leaner cuts of meat that have been marinated in flavorful sauces and tenderly slow-cooked (e.g., Boeuf bourguignon, or even goulash).

Ready-to-eat meal brands can use accompaniments like globally inspired marinades and sauces to liven up otherwise bland dishes. In addition, adding an indulgent side dish can also add a bit of excitement to a healthy meal.

Ready-to-Eat Meals Allow for Portion Control

Part of the push for better well-being includes the growing consumer awareness of portion control. Most prepared meals come in under 700 calories, with quite a few containing even less. So, for many calorie counting consumers, a prepared meal can be quite advantageous to their diet.

Wholesome, Plant-Forward Options Appeal to Many Age Groups

Wellness has brought ongoing attention to meat consumption and the desire to substitute and/or



supplement with plant-forward protein sources. Prepared meals that offer plant-based alternatives to traditional meat dishes are well positioned to capture this new wave of Flexitarian consumers and can expect continued growth in demand.

Ancient Grains Fuel Plant-Forward Eating

Ancient grains continue to attract consumers inclined toward plant proteins. Consumers of plant-forward diets note health and nutrition as primary attributes associated with including ancient grains in their diet. This is in addition to the plant diversity and multisensorial taste and texture benefits these grains provide. Younger consumers, in particular, are reaching for prepared products that feature mixed grains, beans, hummus, other proteins and vegetables as they explore new and exciting tastes.⁹



Trends and Opportunities



Proactive Personalization

Personalized solutions, services, and eating approaches encompass an array of unique desires almost as diverse as consumers themselves.

Variety Gives Consumers Options

In a world where consumers can have pretty much whatever they want whenever they want it, it's crucial for ready-to-eat meal brands to create offerings which allow consumers to pick the best option for any given occasion. Refreshing and expanding both format and menu variety is one way to increase usage frequency among current users and bring new users into this space.

Did you know?

71% of EMEA consumers agree that "everyone is different and therefore we really need a mix of foods customized to our needs."¹⁰

Individuals vs. Families: Catering to Different Needs

At the heart of prepared meals is convenience, but convenience means different things to different people. For a single person, the convenience of popping something ready-to-eat into the microwave makes the meal fast and easy.



For busy Millennial moms, who look to social media influencers for inspiration and cooking hacks, prepared meals can offer convenience that affords them opportunities for creativity and collaboration in the kitchen. A prepared meal kit that moms can add their own special touches to and "cook from scratch" makes them feel good that they're serving something delicious and nutritious to their families.

While prepared meals are a convenient, time-saving alternative to home cooking, ready-to-eat meal brands would do well to cater to different consumer needs. Larger-sized, multi-serve options make more sense for families, while single-serve meal choices are best for those living alone or cooking just for themselves.

A good portion of prepared meals and sides skew toward adults 54 and older. In these households (often made up of only one or two people), individual portions are vital to increasing the usage of these types of items.

Gen Z and Millennials Are Adventurous

Younger consumers are generally more adventurous than their older counterparts regarding food. Gen Z is the most ethnically diverse generation, and via social media outlets, they have been exposed to a broader array of food concepts than any generation prior.

Millennials are fearless in trying new foods and proactively seek out globally inspired cuisines with bold flavors, exciting textures, and bright colors. They prefer fun and playful brands.

In terms of ready-to-eat meal brands, this can mean a preference for nostalgic, authentic, and indulgent foods and flavors. They want food that aligns with their ideas of fun, adventure, health,

and functionality. Ready-to-eat meal brands can cater to this group by offering a variety of globally inspired dishes with unique flavor and texture profiles.

Did you know?

In EMEA, Gen Zers are most likely to try out exotic and unusual flavors, followed by Millennials.¹¹



Trends and Opportunities



Millennials Interested in Plant-Forward Options

We know Millennials lead the way in their preference for plant-forward foods. To take advantage of this trend (and the growing movement toward Flexitarianism), manufacturers of prepared meals should consider offering meat alternates and hybrid options, including bean/grain/vegetable mixes. Variety is once again key to catering to this demographic.

Handheld Opportunities

Handhelds offer another way to entice consumers with a ready-to-eat meal option. Beyond simple convenience, they can become a vessel for trying new taste combinations, global flavors, preparation techniques, and just about any other food industry trend.

Saving Energy

Consumers are increasingly concerned about cost-of-living increases due to inflation. This impacts not only their purchasing behavior, but also the way and what they eat. Convenient food that does not require additional ingredients or a long preparation time are an easy way to save money, but also energy & time.

Shifting lifestyles lead to consumers tending to snack more often during the day instead of having fixed meal times. Changing eating patterns are the driving force behind the growth of chilled prepared meal kits which include products such as finger foods, wraps, or sandwiches. 23% of UK consumers say, "they would eat more cold meals to save energy."

However, most consumers still like to at least control one step of the meal preparation. By using energy-saving cooking methods, consumers can easily make an environment/social impact and even see results hit their wallets. Products specifically made for microwaving or air-frying offer a speedy and efficient solution. Other formats such as meal kits can attract consumers as an all-in-one solution. One-pan-meals or naturally defrost products simplify the cooking process.¹³



Experiential Eating

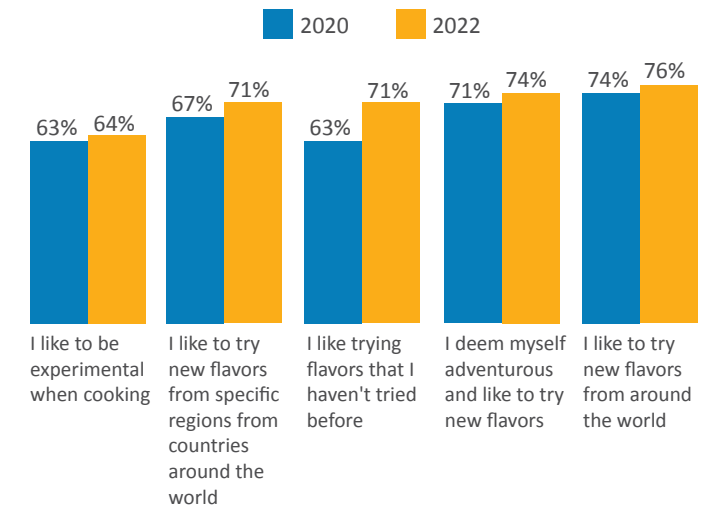
For prepared meal brands, opportunities for renewed growth flourish by offering multi-dimensional experiences with which consumers can celebrate, share and engage.

Culinary Curiosity Fuels Growth

As today's consumers look for new experiences, ready-to-eat and on-the-go formats are perfectly positioned to take advantage.¹⁴ While familiar comfort foods may serve as a foundation for the category, unique flavors and cuisines have the potential to drive growth by creating new usage occasions and attracting new users. Brands can capitalize on this increasing consumer demand by providing exciting and engaging experiences through their products, such as crafting fun, vibrant sauces with colors from natural sources, or by including interesting combinations of crunchy seeds and chewy ancient grains for multi-sensorial texture.



76% of EMEA consumers like to try new flavors from around the world.¹⁵



Gen Z and Millennials Seek Experiences Via Food

Many younger consumers see food as entertainment. This can be in the form of savoring the food itself, which can be something new and exotic. For others, the experience might be dining in the dark or dipping bite-sized pieces of food into fondue. Or perhaps the adventure could take the form of bold flavors, interesting textures, and vibrant colors. Then there are those who take simple pleasures in the familiarity of classic comfort food. There are a lot of things prepared meal brands can do to entice these younger consumers, from adding bright, colors from natural sources to kicking the dish up a notch with globally sourced varietal peppers making it more authentic.

12. Mintel GNPD, February 2021-2023
13. Mintel, The Future of Meals, Pizza and Soup, 2023

14. Mintel - Attitudes Towards Flavor in Food Germany, 2021
15. FMCG Gurus: The Importance of Flavor, Color, & Texture in 2022

Trends and Opportunities

Did you know?

50% of people agree that cooking a meal using premium products is as much of a treat as eating out in a restaurant.¹⁶

Opportunities in Culinary Citrus

One key to offering greater sensorial experiences lies with citrus, which is enjoying a resurgence in popularity. Sweet, sour, tart, and refreshing, citrus provides a diverse range of flavors in entrees, snacks, confections, and beverages. As consumers continue to be increasingly adventurous with their eating, these flavors are making the transition to the ready-to-eat meal category, where product developers have the chance to encourage category growth by incorporating citrus (both as a recognizable flavor and sometimes as a unique point of difference) into many savory foods.



Bold Flavors & Spicy-Varietal Peppers

Spicy, ethnic sauces are trending with younger consumers. Varietal peppers offer not just heat, but also a range of unique nuanced flavors like earthy, green, fruity, floral and vegetal. As foodie Millennials continue to embrace spicy sauces, ready-to-eat meal brands should consider offering new flavor twists via ingredients such as serrano, sriracha, guajillo, poblano, and ancho peppers.

The Movement Toward Marinades

As adventurous consumers seek more variety, they are turning to marinades and sauces to level up meat from the simple to the exciting. For example, gochujang-marinated chicken is a distinctly Korean dish, but the same chicken takes on a Latin flavor when you add a mojo sauce to it. As a result of this combination of flavors, value-added products, like seasoned and marinated meats, have soared in popularity over the last couple of years. Case-ready seasoned marinated meats offer variety without increasing demands on in-store staff to trim and season the product.

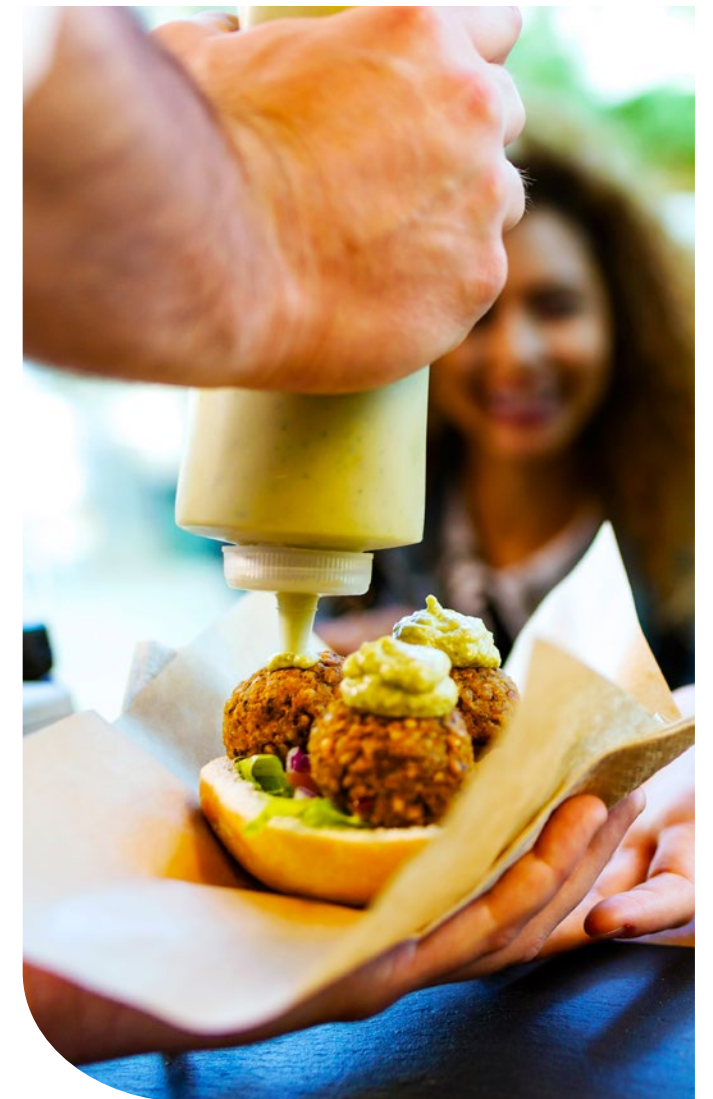
In the world of prepared meals, where quality and convenience are top of mind, pre-seasoned and marinated meats offer mealtime variety and versatility. These products are trendy among younger shoppers and those who grocery shop online.

The Rise of Fusion

It's clear that consumers today want to explore combinations of different global cuisines, a trend that was previously dismissed. Ten years ago, concepts like Korean tacos were inconceivable, but now they are among the top fusion concepts. Through products like ethnic spice pastes, consumers can now experiment with tastes and traditions, from Thai and South American, to Indian and African. This fusion of flavors can lead to an impressive array of culinary options for prepared meal providers to utilize to grow sales.

The Road to Evolving Street Food

Following consumer demands for more authenticity and adventure, street food is moving indoors with various flavors and global cuisines.



But consumers, especially Gen Z's, seek experiences that take them on a journey. Bold, new and authentic flavors & spices bring fun and excitement to their plates.¹⁷

Trends and Opportunities



Expanded Protein Choices

Flexitarian Eating: A Gateway to More Plant Protein

Consumers equate protein with nutrient density, satiety, muscle retention, and growth. They're increasingly interested in various protein options to satisfy their taste and nutritional needs. As mentioned earlier, the desire to eat less meat and more plant-based has spawned the rise and growth of Flexitarianism. Most Flexitarian consumers are not willing to give up meat entirely. They're looking for balance. Ready-to-eat meal brands can leverage this knowledge to create offerings that include meat, meat alternatives, vegetables, beans, grains, and/or hybrids, giving consumers a host of appealing options to choose from.

Did you know?

20% of Germans say that the COVID-19 outbreak has made vegan/plant-based food and drink more appealing, rising to 33% among 16-24s. Also, 24% of Germans intend to eat no or fewer animal-based foods over the next 12 months (surveyed March 2021).¹⁸

Whole Food Plant-Based is Also Appealing

In the short-term, the meat substitute hype may be slowing, but the plant-based movement is here to stay and will continue to grow—think of different combinations of beans, rice, ancient grains, seeds,



nuts, and vegetables. These can be in a bowl format (which is still popular) or offered as a patty—something that is no longer a novelty but has been adopted across retail outlets as standard fare. Meat substitutes remain a niche that should form only a portion of the strategy of any prepared food brand's appeal.

Plants Power Forward

As the cost of animal protein continues to rise, there will be an accelerated adoption of more plant-based diets. For many adults, cooking plant-based is challenging and deters them from pursuing some plant-based options. Ready-to-eat meal brands can help consumers switch seamlessly from meat to vegetable-based meals by positioning themselves as the affordable, convenient and easy way to incorporate more plant protein into the diet.

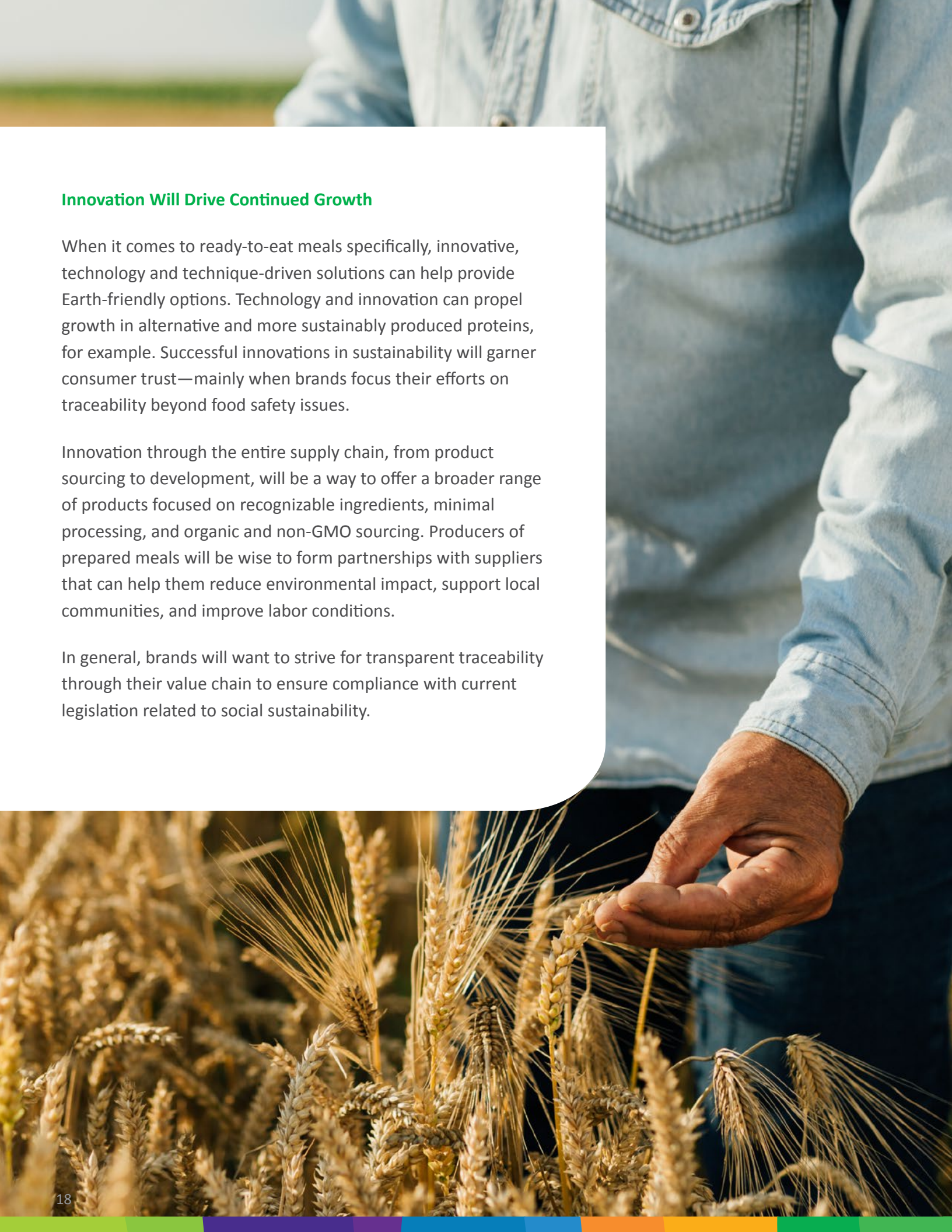


Earth Friendly Production

As the final growth driver under discussion, Earth-friendly production is a key phenomenon affecting the ready-to-eat meal category. Consumers align themselves with brands that reflect their values. They're looking for assurance that a brand's operations align with their Earth-friendly priorities. They want transparency into a corporation's entire supply chain, from sourcing to delivery, so they can choose products that restore and rebuild the environment, show a reduced carbon footprint, minimize food waste, and offer responsible manufacturing and packaging.

In terms of the food itself, people continue to show great interest in good, clean, safe, wholesome products and the brands that offer them. They seek cleaner and simpler ingredients, and non-GMO and organic options. They prefer brands that bring products to market in ways that are healing for the planet and respectful of others.





Innovation Will Drive Continued Growth

When it comes to ready-to-eat meals specifically, innovative, technology and technique-driven solutions can help provide Earth-friendly options. Technology and innovation can propel growth in alternative and more sustainably produced proteins, for example. Successful innovations in sustainability will garner consumer trust—mainly when brands focus their efforts on traceability beyond food safety issues.

Innovation through the entire supply chain, from product sourcing to development, will be a way to offer a broader range of products focused on recognizable ingredients, minimal processing, and organic and non-GMO sourcing. Producers of prepared meals will be wise to form partnerships with suppliers that can help them reduce environmental impact, support local communities, and improve labor conditions.

In general, brands will want to strive for transparent traceability through their value chain to ensure compliance with current legislation related to social sustainability.

How We Can Help

Dishing Up Delicious Starts with the Best Ingredients

At ADM, we pride ourselves on using naturally sourced ingredients to create customized solutions for our customers. Whether you're looking for clean-tasting plant-based proteins like soy, pea and wheat for meat alternatives or edible beans/pulses and ancient grains for whole food plant-based dishes, we have something for you. Maybe you want to boost the flavor in a chicken nugget, or highlight the colors from natural sources. We have options there as well. Among other items, our robust portfolio includes oils, sweeteners, flour/baking mixes, lecithin, tapioca starch, natural flavors and colors, food bases and a host of wholesome ingredients and solutions (e.g., pre- and probiotics, vitamins, antioxidants, sterols, etc.).

On-Trend Recipes

Our team of world-class chefs leverage consumer trends and insights to create flavorful and craveable on-trend recipes. They employ various techniques like roasting, braising, sautéing and frying to develop dishes which can be seamlessly translated into market-ready products. When you partner with ADM, you gain access to our in-depth technical and culinary expertise. We serve as an extension to your team, helping you develop winning formulas, increase scale, overcome challenges, and, ultimately, bring successful products to market.

Analysis/Testing

Ensuring product success is important. Our robust team of marketing, insights, and sensory experts helps you identify and/or validate consumer trends and insights that are relevant to your brand and category. Additionally, we have resources you can leverage to test initial concepts and final prototypes with consumers. We are ready to support you during every stage of development.



Conclusion



The Ultimate Craving is Balance

Today's consumers want it all, and ready-to-eat meal brands are well-positioned to give them just that. By creating a variety of offerings, prepared meal manufacturers can satisfy consumers' desires for appetite appeal, health, indulgence, quality, and convenience. It's not one-sided but rather all about balance and providing consumers with options that are good for both the body and soul.

We're Here and Ready to Help

Whether you're developing a new product line, formulating a line extension, or refreshing an existing product, we want to be your go-to partner. Our experts are ready to help you succeed.

Now's the Time to Shine

Never has there been so much opportunity for consumers to taste the world on a plate. It's something we're committed to every day – delicious choices that allow you to offer consumers quick, easy-to-prepare, flavorful dishes they will come back for again and again.

“Like never before, people are eating foods from all over the world. Our job is to bring those tastes to life in new and innovative ways.”

– Chef John Stephanian, ADM VP, Global Culinary & Innovation



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