

Convenience grows up

Insights
Report

A top-down view of a dark-colored bowl filled with a thick, orange-colored soup. The soup is garnished with fresh green cilantro leaves and small, light-colored seeds. A silver spoon is partially submerged in the soup. To the left of the bowl, there are several slices of rustic, whole-grain bread with a dark, textured crust. The background is a neutral, light-colored surface.

HARRIED, HUNGRY, HEALTH-CONSCIOUS
SHOPPERS CRAVE EASY OPTIONS

Consumers are ready to toss their COVID-19 masks—and their sourdough starters—out the window. While people shared closeups of their crusty creations on social media at the beginning of the pandemic, two years of cooking has left them feeling as crispy as overbaked baguettes.¹ Six in 10 respondents to a 2022 OnePoll survey admitted feeling “burnt out” by cooking.²

At the same time, after two years of health in the headlines, 47% of consumers are taking a proactive approach.³ Cargill researchers identified “Eating for Health” as a top trend in convenience and “Healthy for

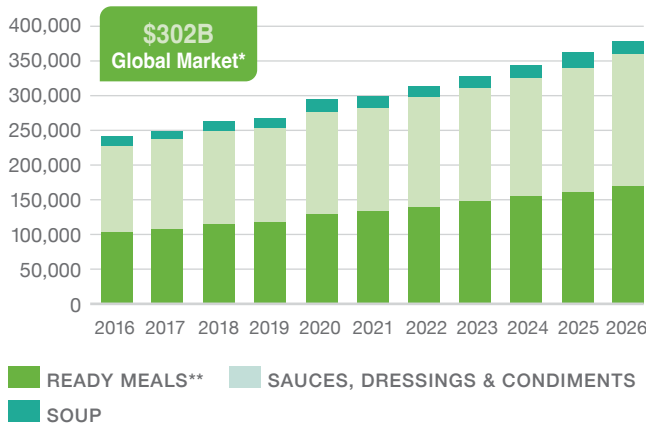
Me” as a top lifestyle macrotrend.⁴

However, many shoppers who are fed up with cooking and seek healthier, hassle-free options among the convenience foods on shelves and in freezers are not finding what they are looking for. At least 66% of the respondents in a survey by Sun Basket meal delivery service said they had a hard time finding heat-and-eat meals that are healthy and taste good—leaving clear opportunities for innovation in the category.⁵ Read on to discover what harried, hungry, health-conscious shoppers are craving.

Continued growth

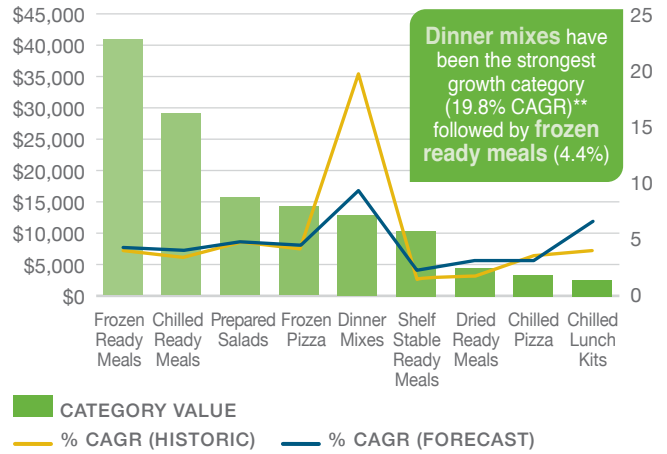
Sales of convenience foods continue to grow, hitting \$302 billion globally in 2022 (and \$95 billion in North America), including sales of frozen and chilled ready meals, prepared salads, frozen pizza, shelf-stable meals, dinner mixes, chilled pizza and chilled lunch kits. With a CAGR of 19.8% since 2016, dinner mixes have been the strongest growth category, followed by frozen-ready meals.⁶

Convenience category market size (USD \$MM)



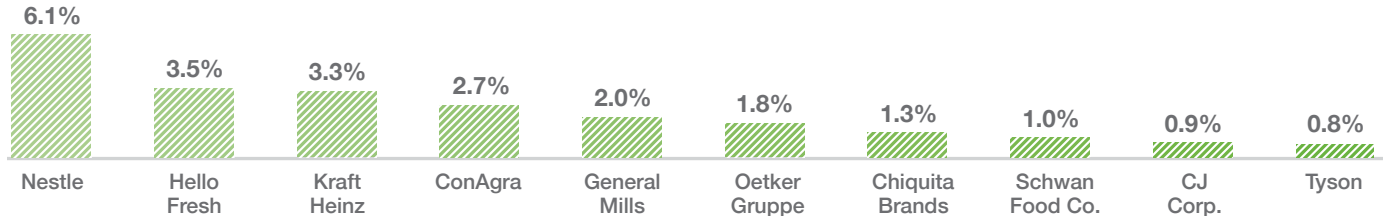
*Euromonitor Passport Total Value RSP 2022.
 **Ready meals include: Frozen ready meals, chilled ready meals, prepared salads, frozen pizza, shelf-stable meals, dinner mixes, chilled pizza, chilled lunch kits

Ready meals by subcategory (RSP USD \$MM, global 2016–2026)



Source: Euromonitor Passport 2022.
 *Forecasted 5yr CAGR Euromonitor 2022; **Over L5 ending 2021

Top 10 ready meals shares globally



Source: Euromonitor

A healthy shift

Before COVID-19, convenience foods had already come a long way since the days of a partitioned foil-tray feast of fried, sugary satisfaction. During the pandemic, manufacturers continued to create healthier options as personal health shifted to center stage.

A new wave of ready-meal products is being repositioned as healthier alternatives to traditional ready meals, opening the door for sugar reduction, label-friendly alternatives, new botan-

icals and starches.⁷ Cargill research defines three eating pillars of the “Healthy for Me” lifestyle trend as:

- Holistic Nutrition**—a balanced-plate lifestyle with thoughtful indulgence,
- Seeking Goodness**—food with functional benefits, and
- Personalized Nutrition**—seeking foods that meet individual health needs.⁸

Convenience food sales data supports each of these three pillars. Convenience launches with benefits claims have maintained strong growth. “Immune,” “organic” and “natural” claims are up 14% through last year, and “excellent source of fiber” claims are up 16% through last year. And for the next five years, fermented products promoting gut health are expected to see the second-highest forecast CAGR in sauces/condiments after dips.⁹

Prevailing plant power



With sustainability rising as a macroeconomic trend, plant power is fueling sales with “plant-based” claims on the rise among product launches by about 4.5% over the past five years.¹⁰ Variety in plant-based ready meals has been growing like the proverbial beanstalk, with +111% average annual growth in ready meal launches including a plant-based claim (Global, CAGR 2017–2020).¹¹ Most shoppers are not striving to save the planet with plant-based purchases, however. They’re hoping to save themselves.¹²

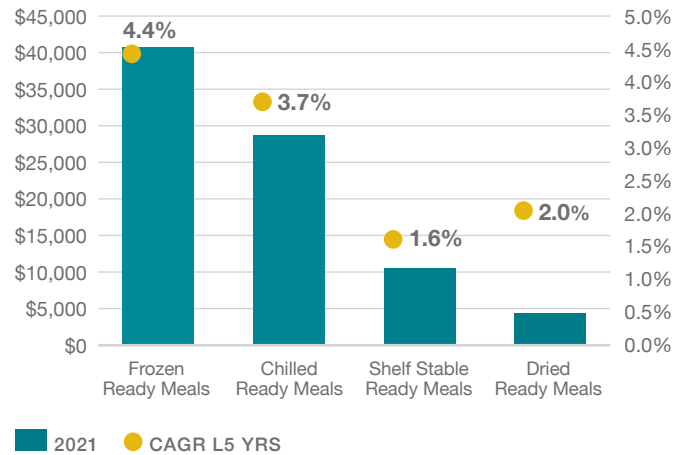
Vegan and vegetarian continue to be two of the top U.S. diet trends, but it is not only die-hard aficionados buying these products. While 14% of consumers regularly use plant-based alternatives such as almond milk, tofu and veggie burgers, 86% of them do not consider themselves vegetarian or vegan.¹³ Savvy manufacturers are targeting them all.

Smart marketers are appealing to meat eaters with plant-based products, tempting carnivores and flexitarians alike with options that are friendlier to planet and cholesterol levels, like gooey slices of frozen plant-based pizza topped with “pepperoni” and “sausage” meat alternatives. A growing number of plant-based ready meals are launching that celebrate meat alternatives as the hero. Interestingly, the

Frozen ready meals repositioning as healthier alternative

Chilled and frozen ready meals showing strong growth over shelf stable options

Ready meal offerings (RSP USD \$MM, 2021)



Frozen soups are a small portion of overall soup volume, but they have high growth expectations, with a **CAGR of over 11% in the next five years.**

Source: Euromonitor 2021.

continuous growth of plant-based products runs parallel to a rebellious movement among meat lovers.

Frozen and chilled ready meals are showing strong growth over shelf-stable options, as many are repositioned as slightly healthier alternatives. While legacy products may maintain their value-focused positioning, the newer entries to the marketplace are placing a heightened emphasis on “clean” labels.¹⁴

One of the biggest shifts in this category has been the move toward label-friendly formulation, reports Euromonitor: “Gone are the old ‘TV dinner’ days, as consumers increasingly reach for frozen meals they view as healthier alternatives to shelf-stable ready meals. The freezer aisle is now filled with options catering to current trends, as organic, gluten-free, vegetarian, vegan and plant-based frozen meals prevail.”¹⁵

Frozen heats up



Sales of frozen ready meals are growing (1.2%), while sales of dried ready meals are down (-0.8%).¹⁶ Across categories, frozen food sales have exceeded \$70 billion over the past year, according to NielsenIQ—a 7.6% increase over 2021, and 31% increase over pre-pandemic 2019 sales. Three things make frozen hot: value, convenience and healthy options.¹⁷

“Two years ago, our research attributed frozen food sales growth predominantly to the pandemic, and the resulting evolution of consumer demand with more people cooking at home,” said Kathy Risch, SVP, Consumer Insights and Trends at Acosta Marketing.¹⁸ “Today, even as the average unit price for frozen products has risen 15% over 2021, consumers continue to select frozen as a key part of their food shopping experience,” she said. “We’ve found that criteria for purchase are balanced between the requirements of affordability and value, healthy choices that meet dietary or lifestyle needs, convenience of preparation and a bit of comfort.” This is clear as manufacturers like Stouffer’s continue to innovate with healthier options like its protein-packed FitKitchen line, featuring items such as Bourbon Steak and Oven-Roasted Chicken.

Consumers are willing to invest in healthier convenience options. “Seventy percent of consumers are willing to pay a premium for natural, label-friendly products, making the healthy to-go category a huge growth opportunity for brands,” according to research from L.E.K. Consulting.¹⁹ Even consumers hungry for the holy grail of frozen indulgence—frozen pizza—are seeking (and willing to pay for) healthier options. Forty-six percent of shoppers say they’re “extremely” or “very likely” to pay 10% more for a frozen pizza with healthier ingredients.²⁰

Hello sales: Fresh moves

Sage-butter pork chops with roasted broccolini and citrusy potato salad—without shopping, measuring or thinking? Yes, please. At least that’s how 7.5 million global HelloFresh customers respond. The company’s net revenue grew by 69% in 2021, as demand for meal kits continued to grow. HelloFresh is now the No. 2 convenience brand globally (behind Nestle and ahead of Kraft Heinz) and No. 6 domestically.

Dinner mixes have grown by a CAGR of over 21% over the last five years,²¹ and HelloFresh’s success underscores what customers want from them: fast and fresh. Shoppers crave healthier mealtime solutions with real ingredients. To meet their needs in more ways, manufacturers have begun to offer purchasing options in stores, as well as online. Both branded and private-label meal solutions, including Blue Apron, Good & Gather, Home Chef, Tyson and Schwan’s Foods are growing.

The growth of meal/snack combo kits, which was strong before COVID, has slowed, though experts expect sales to pick up as consumers continue returning to more-normal schedules and want tasty, on-the-go options as they rush through their days outside their homes.

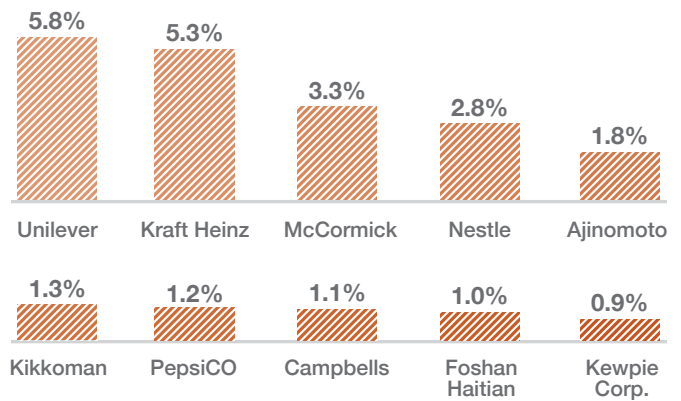


Pouring on clean, bold flavors



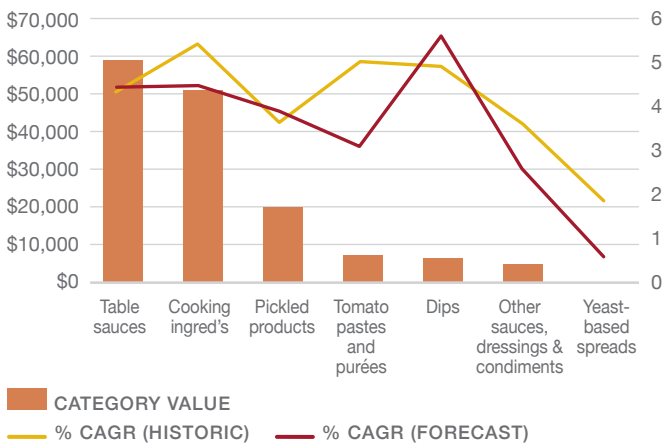
Consumers are blasting bland with sauces, dressings and condiments. Global sales in this category reached \$31.5 billion in 2021. North American sales hit \$31.3 billion. Cooking ingredients led the category with \$10.9 billion in sales, with table sauces close behind at \$10.6 billion. Consumers dipped into \$5.4 billion of products and punched up flavor with \$3.1 billion pickled items. Unilever held the highest global market share (5.8%) in the overall sauces category, followed by Kraft Heinz (5.35%) and McCormick (3.3%).

Top 10 sauces, dressings, condiments shares globally



Source: Euromonitor

Ready meals by subcategory (RSP USD \$MM, global 2016–2026)



Sauces, dressings, condiments growing (4.9% 5YR CAGR)

Strongest growth within cooking ingredients and tomato pastes and purées

Source: Euromonitor Passport 2021. Forecasted 5yr CAGR Euromonitor 2022.

Shoppers are waking up menus with bold (and increasingly global) flavors with Asian and Latino influences leading the way. Cultural twists on familiar flavors, like barbecue sauce with a South African umami zing of fermented red pepper, are a rising trend in sauces. Consumers can taste the world—and they say they are particularly interested in experimenting with flavors in the sauces and soups category.²²

Label-friendly is another rising trend in sauces, with shoppers seeking products that contain no additives or preservatives. As “clean” label becomes the norm, brands are developing new strategies to emphasize their squeaky labels. For example, Kitchen Crafted dropped the letters “e” and “a” in its new line of “SPRD” clean spreads to emphasize the absence of “everything artificial.”

While they avoid artificial ingredients, shoppers are actively seeking healthy ingredients. Healthy components such as anti-inflammatory and fermented ingredients are bubbling up in the sauces and seasoning categories.²³

Looking for less sugar



Concern for sugar and other sweeteners is changing consumer behavior in significant ways. Consumers perceive sugar reduction as an approach to making processed foods and beverages healthier—in addition to other important attributes such as eating more natural products/avoiding preservatives and GMO's, and eating less salt and fat.²⁴

Despite a brief period of pandemic-related indulgence, consumers continue to be mindful about sugars in the diet as they become more educated about the impacts of diet on health and the ingredients in the products they purchase. Over the past five years, the number of consumers trying to limit or avoid sugars has remained relatively unchanged—at

about 3 of every 4 respondents—according to the annual IFIC Food & Health Survey. The primary reasons for doing so, according to 77% in the 2022 report, was to lose or avoid gaining weight.

While shoppers want to cut sugar consumption, most do not want to accomplish that with artificial sweeteners. The majority of consumers mistrust and seek to avoid them.²⁵ On the other hand, products made with non-artificial stevia outperform in the sugar reduction category. Growth rates of products containing stevia were two to five times greater than the rest of the products in the category.²⁶

Better-for-you soups



Whether belling up to a bowl of chicken noodle or Thai coconut, consumers are seeking healthier spoonfuls—and when it comes to soup, they are willing to pay more for it. Fifty percent say they are extremely or very likely to pay 10% more for a soup or broth with healthier ingredients.

Sodium remains on the minds of soup lovers, but sugar reduction, eating for health and flavor continue to gain momentum.²⁸ Parents of young kids show more positive purchase impact for nearly all soup ingredients, especially reduced salt and sugar.²⁹

While demand for soup is expected to be approximately flat over the next five years,³⁰ analysts expect steaming soup sales growth in the next few years from an unexpected place: the freezer. While frozen soups are a small portion of overall volume, they are forecast to grow with a CAGR of over 11% over the next five years.³¹

Premium convenience shines



Panera is now the number-three brand in soups, retailing at nearly \$5 per unit . . . and that’s without the bread bowl. This highlights a major trend across convenience categories: premiumization. Consumers want foods they believe will give them a superior or special experience, and brands continue to take note. Target replaced its Archer Farms and Simply Balanced brands with Good & Gather “premium frozen wood-fired crust pizzas, meatless burgers, jalapeño avocado hummus and honey vanilla butter.”³²

Consumers are paying for premium products across the convenience landscape. Even that frozen manna from

heaven, craved by everyone from midnight munchers to harried moms—frozen pizza—has gone premium. Its average price shot from \$3.98 to \$4.58 in the past year. The average condiment price went up from \$2.08 to \$2.16. Prepared foods’ price/dollar per EQ, rose from \$2.51 to \$2.60. Sales of more-expensive branded and private-label meal kits are growing. Shoppers are even more likely to trade up when it comes to meal solutions when the product marketing shows them as less expensive than restaurant dining.³³ As consumers cut back on restaurant meals due to inflation, they may view sophisticated grocery meal solutions as a good value for their food dollars, compared with the cost of dining out. “Inflated prices for both groceries and food-service favor in-home meals as consumers try to keep their food expenditures in check,” says Darren Seifer, executive director, food and beverage industry analyst at NPD Group. “Even with food-at-home costs rising faster than restaurant costs, an in-home meal is on average about a third of the cost of a restaurant meal. Consumers know this.”³⁴

Conclusions

Eighty-five percent of consumers do not know what they are having for dinner until hours before mealtime, leading many to choose convenience, according to a survey from



BREAKFAST CONVENIENCE WAKES UP

Breakfast food sales popped up like bread slices from the toaster in the past year, reaching \$22 billion (+4.2%).³⁹ The way people are eating in the morning—and even talking about breakfast—invites innovation in convenience options. Over half of people surveyed (52%) said that they are not sitting down for a full breakfast (or even calling their morning meal “breakfast”), according to IRI. Instead, they said the term that would best describe it would be a “mini breakfast” (31%), “morning snack” (21%), and “morning fuel-up,” (17%). Those all translate to on-the-go options—breakfast convenience foods. For example, sales of easy, one-handed breakfast sandwiches rose by 14% in the 52 weeks ending March 5, 2022.⁴⁰

Manufacturers are responding to consumers hungry for quick and easy morning options. Tyson Foods broke ground this year on a \$355 million state-of-the-art bacon production plant in Kentucky to help feed fans of its Jimmy Dean and Wright Brands. Hormel and Post are also expanding into breakfast convenience products.

GLOBAL FLAVORS

Convenience foods are edible passports to a world of flavor, and more consumers are eager to taste foods from around the globe after years of COVID-driven culinary claustrophobia. Global and gourmet flavors are a top trend across all convenience categories.

Bold Asian and Latin flavors lead the way when it comes to flavor exploration. Asian flavors are showing double-digit growth across sauces (+34%) and condiments (+40%).³⁸ The burgeoning U.S. Hispanic population is driving a demand for more flavor influences from south of the border.

Manufacturers are developing innovative ways to appeal to consumers' desire for new flavors. For example, The McCormick Flavor Maker app is a tool for shoppers to discover a world of new flavors via a personalized digital pantry tool, recipes and videos providing inspiration and step-by-step instruction. A 360° virtual reality experience can transport users to the oregano fields of Turkey. It's a free, fun, digital gateway to palate expansion.

Acosta and Technomic.³⁵ And as they browse, post-pandemic shoppers seek healthier, often plant-based options. Consumers are willing to invest in premium items, and they are driving convenience growth into new categories—like breakfast—and new cuisines, particularly Asian and Latin.

Today, 78% of meals are prepared at home, compared with 48% in 2019, according to an IRI Omni-Consumer July 2022 survey.³⁶ “This is a trend that will continue into 2023, but it will look a little different,” Joan Driggs, Vice President of Content and Thought Leadership at IRI, states. “The scratch cooking of 2020 is giving way to more convenient meals at home. Consumers are increasingly looking for shortcuts, including cooking sauces, marinades, even prepped ingredients. These shortcuts are also an easy way for consumers to experience new cuisines.”³⁷ Smart convenience food manufacturers are working to tempt them with healthier, premium options . . . and may soon see sales rise like those forgotten loaves of sourdough.

Get the most up-to-date information on the convenience category [here](#).



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