

Health & Convenience Drive Global Product Growth

As health and convenience continue to be key themes for consumers the world over, food and beverage products that support healthy diets, weight loss and on-the-go lifestyles are among the world's fastest growing, according to a new global study from ACNielsen, a leading provider of consumer and marketplace information.

ACNielsen's latest executive news report, *What's Hot Around the Globe - Insights on Growth in Food and Beverages 2004*, shows that of the seven categories that experienced double-digit revenue growth in the last year, five offered perceived health or weight-loss benefits. The top two growth categories were soy-based drinks (+31 per cent) and drinkable yogurts (+19 per cent), both of which were among the fastest growing in a similar 2002 ACNielsen study.

In Australia similar trends were experienced, with chilled meals (+30 per cent), sports and energy drinks (+28 per cent) and nutritious snacks (+16 per cent) in the top five growth categories for the year.

Amidst upward trends in health and convenience products, however, Australia has also seen strong growth in indulgence foods. Chocolate and sugar confectionary (+8-10 per cent), packaged cakes (+10 per cent), dairy desserts (+11 per cent) and ice cream (+8 per cent) were all examples of this trend.

"While consumers seem to be increasingly concerned about diet and health, particularly with all the media focus on obesity and diabetes, we've also seen some polarisation in consumer behaviour as evidenced by strong growth in indulgence products," said Anton Van Den Berg, Director, Client Service, ACNielsen Australia. "This trend can perhaps be explained by consumers rewarding themselves after periods of healthy eating."

The complete findings of the ACNielsen Executive News Report What's Hot Around the Globe: Insights on Growth in Food and Beverage 2004 can be found at www.acnielsen.com.au.

Marketing



Fads, or Long-Term Leaders?

A closer examination of the fastest-growing food and beverage categories reveals that consumer interest in high-protein/low-carbohydrate ('low-carb') diets, particularly in more developed markets, was a major factor in related category growth. The popularity of these diet plans, and resulting food and beverage purchases, was identified in numerous regions as a key growth driver for certain categories, while negatively impacting others. Eggs, for instance, grew 16 per cent globally (+12 per cent in Australia), while none of the 10 non-sweet carbohydrates categories grew by more than four per cent.

"What has yet to be seen is whether the low-carb phenomenon will take root as an important sub-sector of a number of food and beverage categories, or be just a passing fad," Van Den Berg said. "In the US, where the phenomenon began, and here in Australia, there is evidence that interest in products with low-carb claims is losing steam," Van Den Berg pointed out. "Product innovation can drive excitement and trial in categories, but only those enhancements that meet more sustainable consumer needs, particularly health and convenience, will enjoy long-term success."

Product categories that are apparently meeting those needs include drinkable yogurts (+19 per cent), fresh ready-to-eat salads (+8 per cent) and bottled water (+6 per cent), all of which were found to be hot global growth categories in both the 2002 and 2004 studies.

Within Australia drinking yogurts experienced 12 per cent growth and this trend is continuing. Chilled meals (+30 per cent), nutritious snacks (+16 per cent), frozen meals (+11 per cent), frozen savouries (+10 per cent) and frozen potatoes (+10 per cent) all experienced double-digit growth.

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