

# Global Trends in Packaged Food and Soft Drinks

Report compiled by Euromonitor International  
for Koelnmesse events

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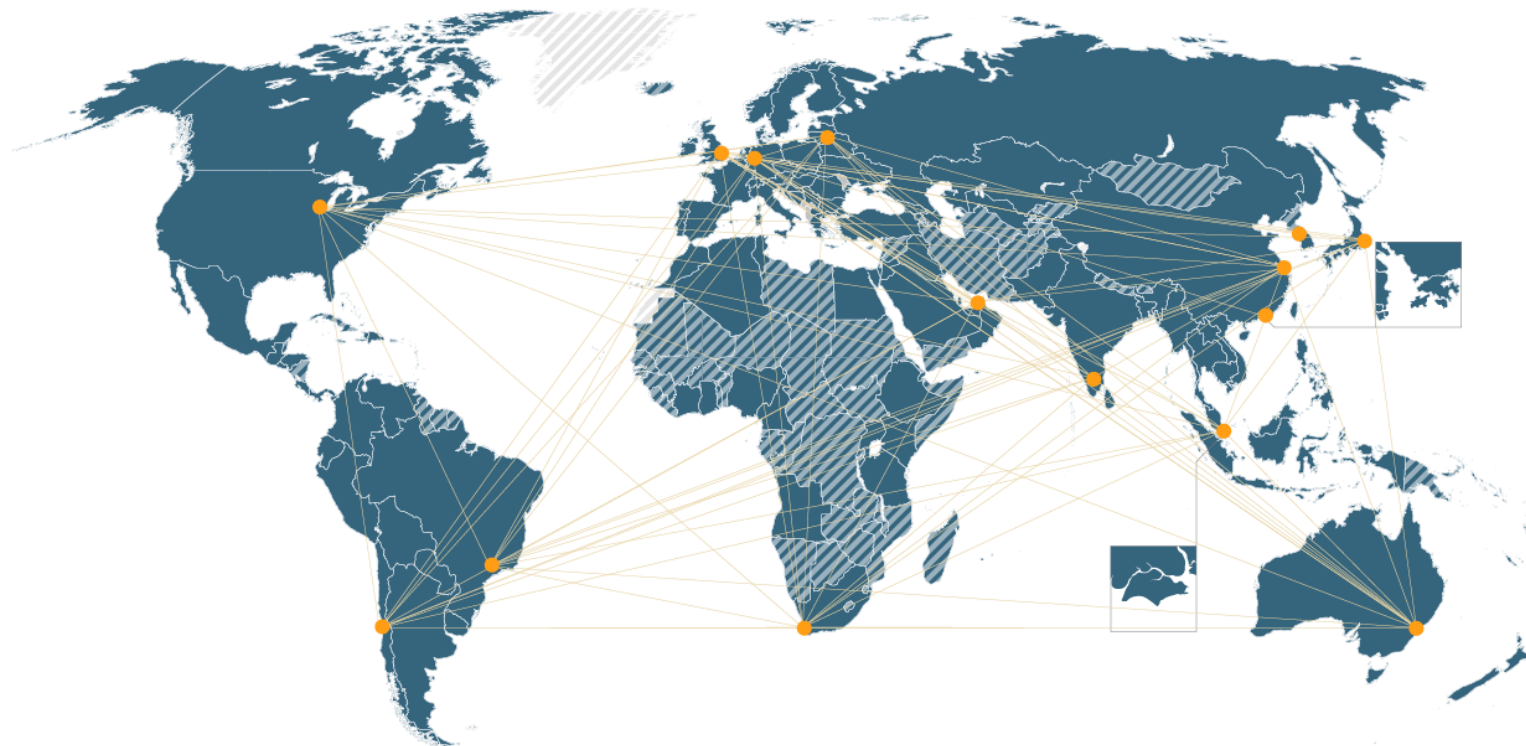
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Be advised that :

- All values expressed in this report are in US dollar terms, fixed exchange rate (2017)
- 2017 figures are based on part-year estimates
- All forecast data are expressed in constant terms

This report will highlight trends in the global packaged food and soft drinks industry as well as highlighting the confectionery industry in the growth of halal labelled food in Asia, Middle East and the dairy market in Latin America.

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Packaged Food

USD

2.1 trillion

Soft Drinks

USD

805.7 billion

# OVERVIEW

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Packaged Food and Soft Drinks Overview

Snacks and Carbonates Overview

Packaged Food Trends in:

- Asia Pacific
- Middle East
- Latin America

Trends affecting packaged food and soft drinks



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# Packaged Food and Soft Drinks Overview

# Asia Pacific, the Middle East and Africa— Fastest growing regions in packaged food

## Packaged Food

### Forecast Growth

Retail Value RSP, USD million, Constant 2017, Fixed 2017 Ex. Rates, 2017-22 CAGR

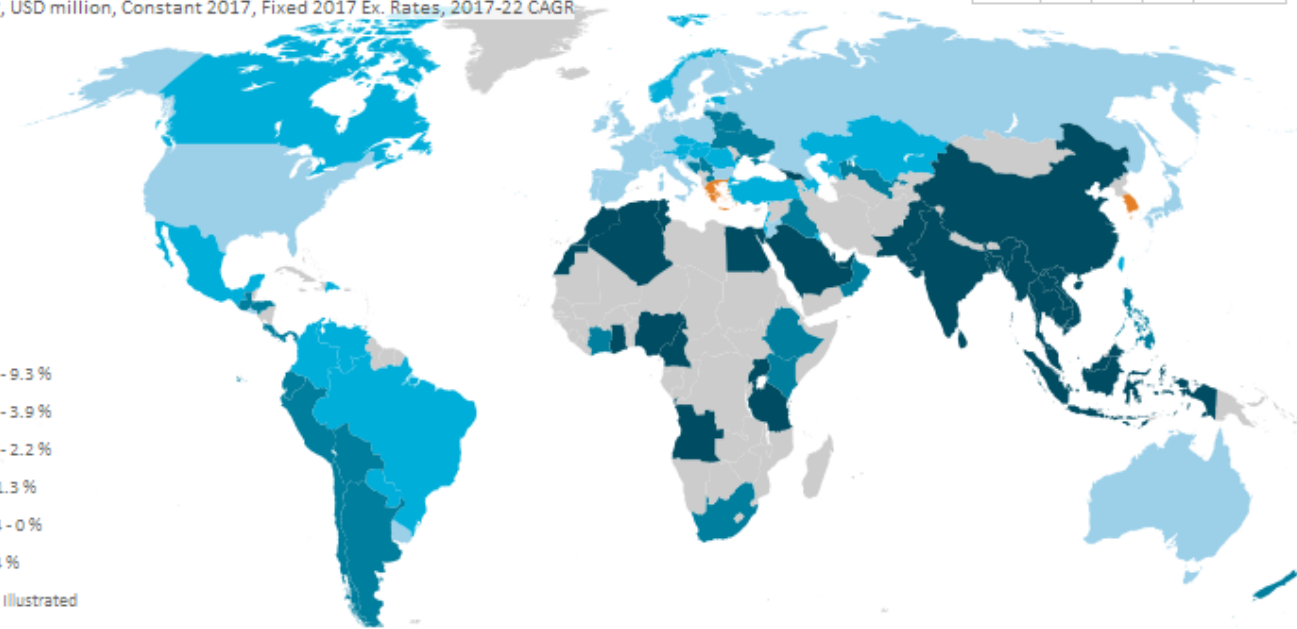
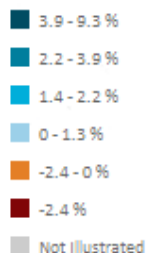
### Global Figure

2017-2022 CAGR

2.2

### Regional Comparison

2017-2022 CAGR



### United Arab Emirates

[Explore in Detail](#)

#### Market Size

2017, USD million

5,136.8

#### Per Capita

2017, USD

563.18

#### Forecast Growth

2017-2022 CAGR

5.3%

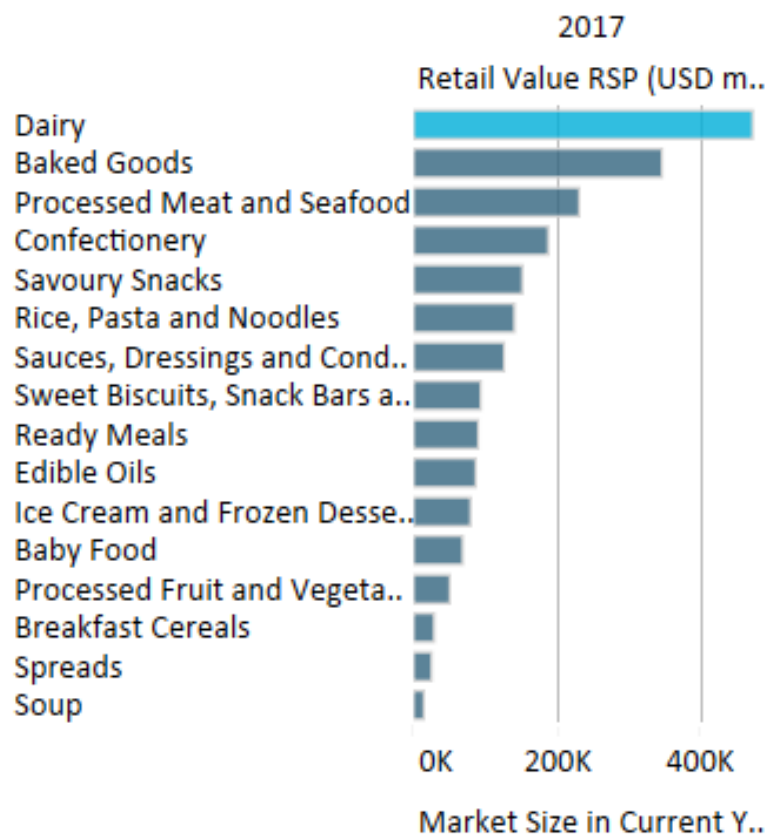
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Source: Euromonitor International



# Dairy outperforms all packaged food categories

## Packaged Food: Global Dairy in Context

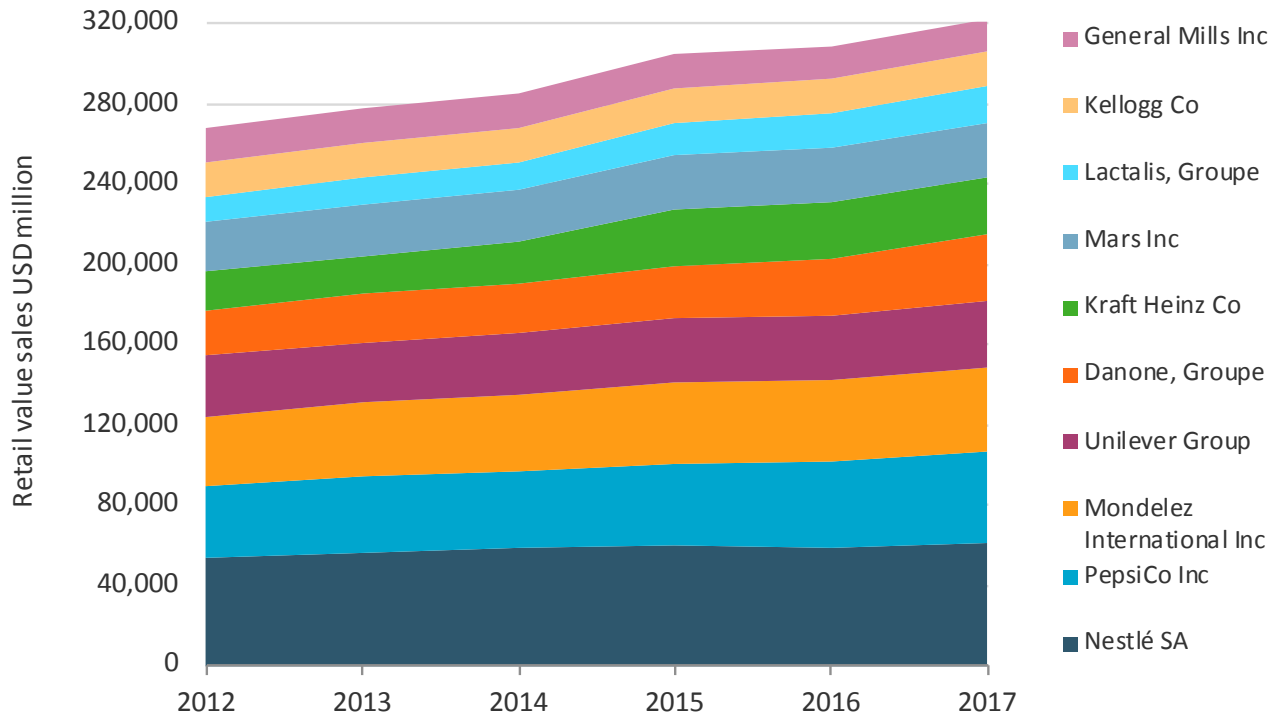


Source: Euromonitor International

# Global players in dairy and savoury snacks sell the most



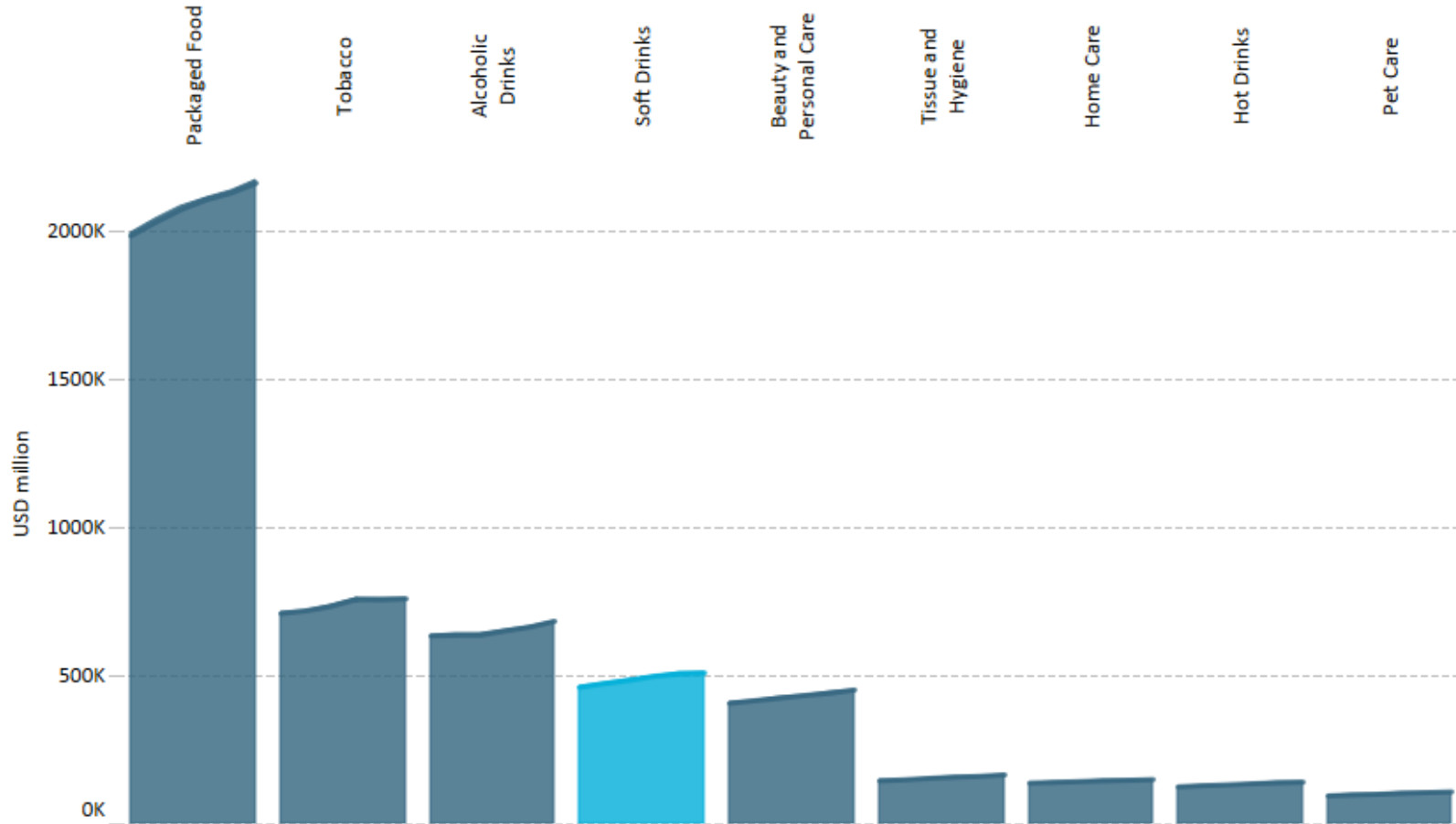
World Packaged Food Top 10 Company Actual Sales USD Million  
2012-2017 and CAGR



Source: Euromonitor International

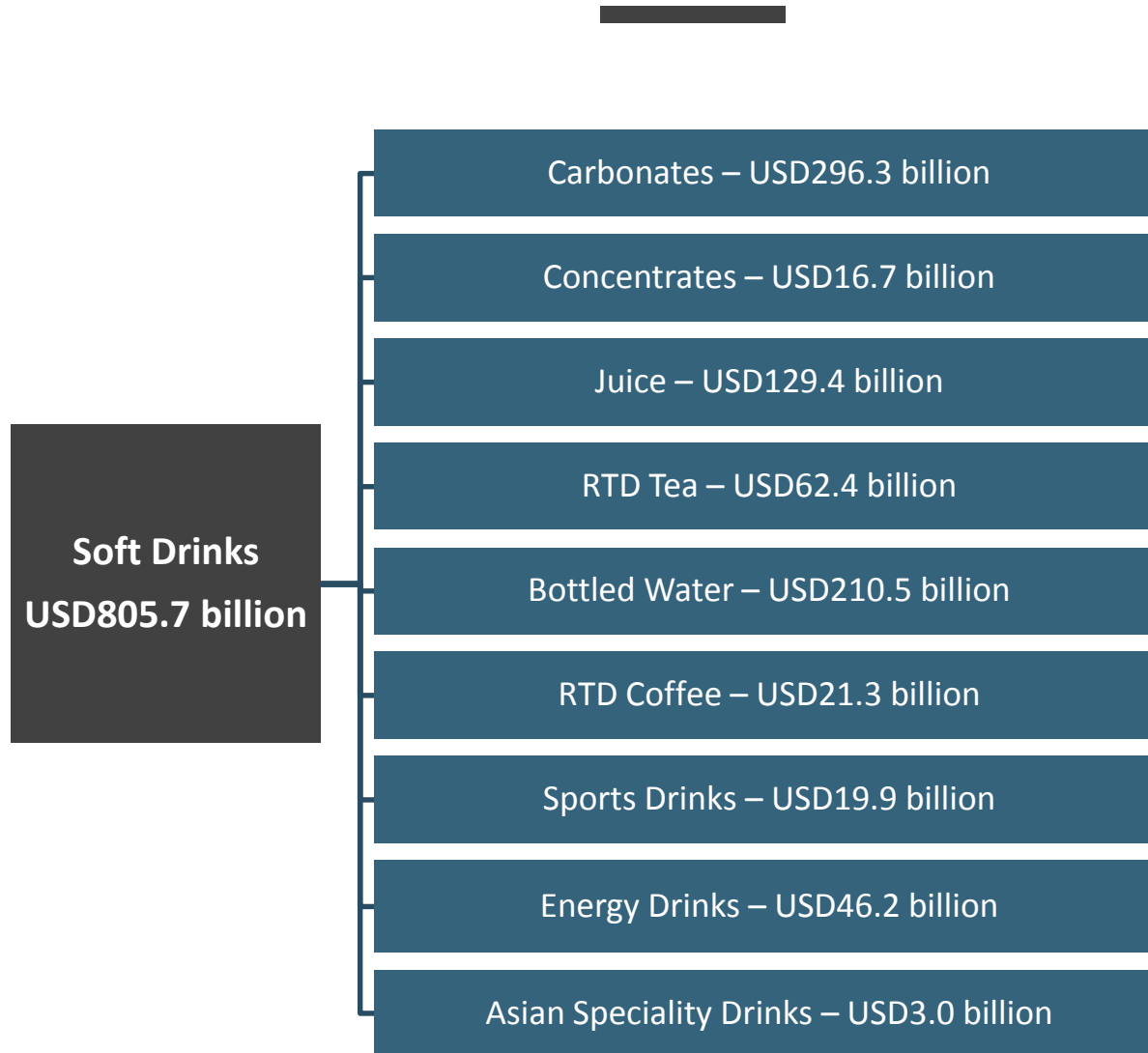
# Soft drinks is the fourth largest category in the global consumer goods market

World: Consumer Goods by Industry Size and Growth 2012-2017



Source: Euromonitor International

## Global soft drinks market by category



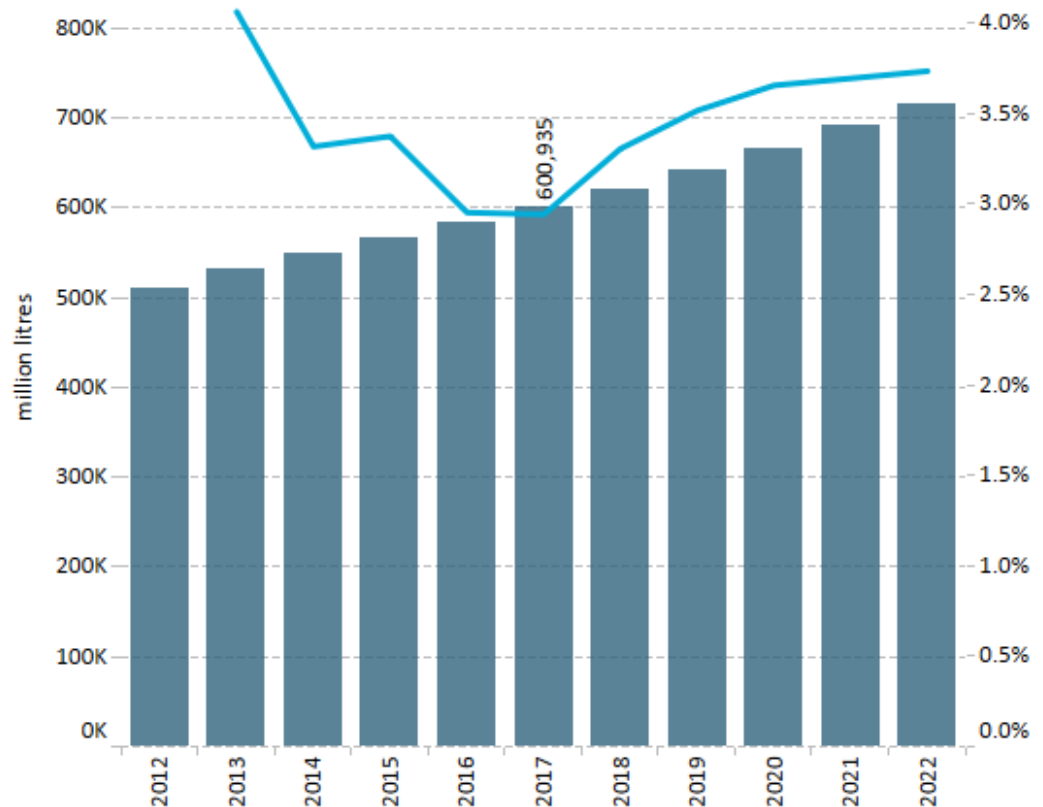
## Growth expected despite turmoil in the global soft drinks industry

The global soft drinks industry saw steady growth in 2017 despite turmoil of new taxation regimes, changing consumer health preferences and rapid shifts in category/brand portfolios on the part of leading producers.

Global volume rose by 3%, with improved prospects expected in 2018 and over the 2017-2022 forecast period.

In value terms, off-trade sales grew by less than 1% as low-value packaged water accounted for the bulk of volume growth.

Soft Drinks: The Evolution of the Industry in Retail Volume 2012-2022  
Off-trade Volume million litres

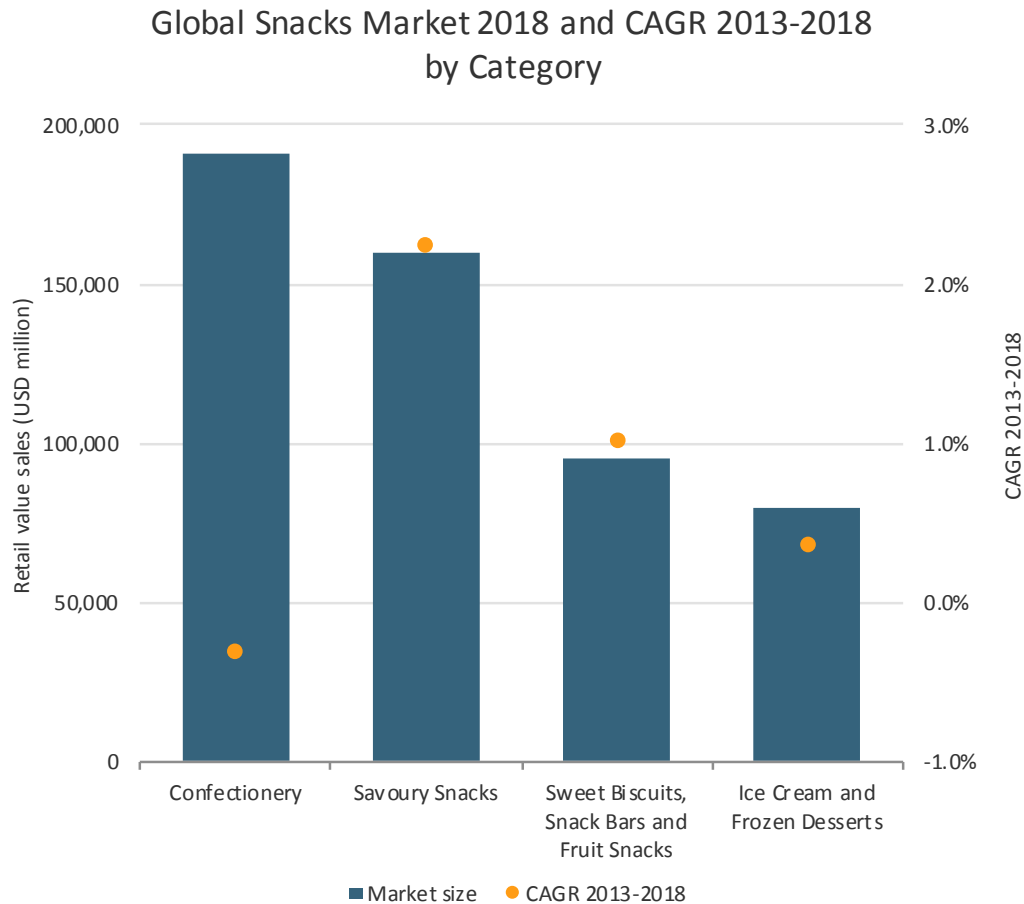


Source: Euromonitor International

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# Snacks and Carbonates Overview

## Confectionery is the largest category but savoury snacks is growing faster

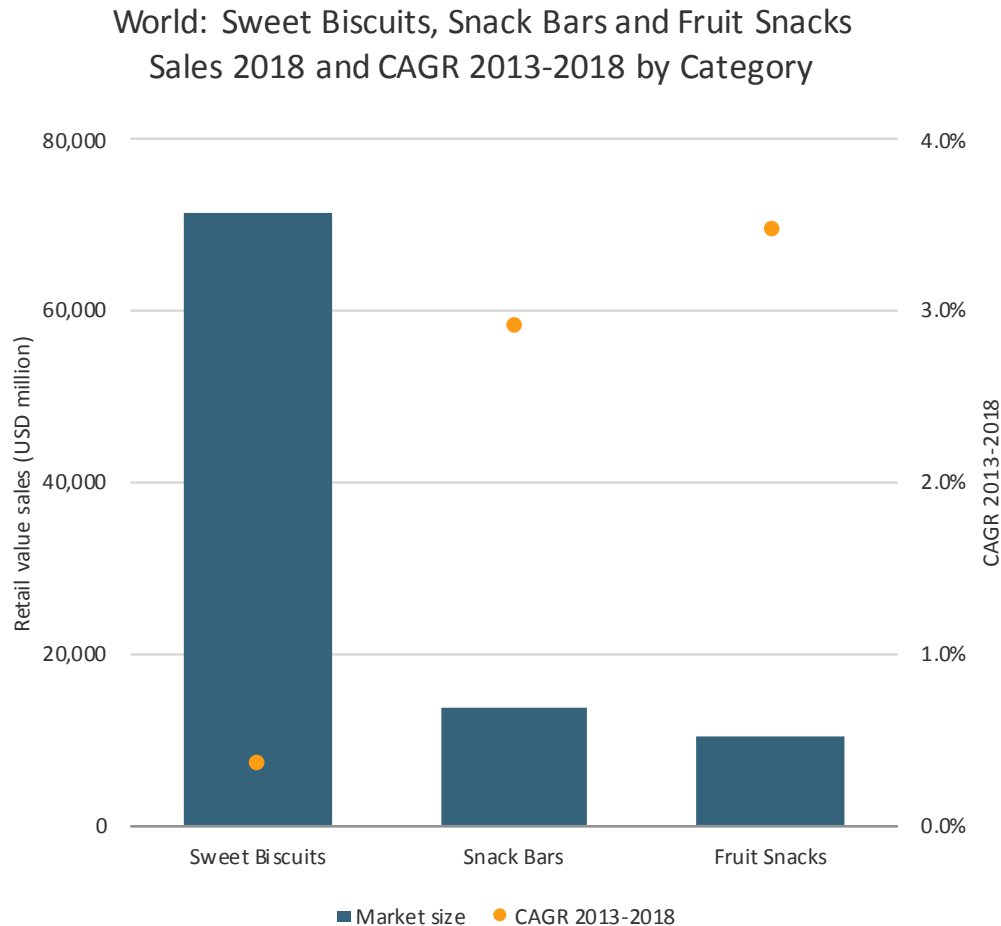


With sales of USD191 billion in 2018, confectionery leads the global snacks market by value, while the lowest value share is contributed by ice cream and frozen desserts. Savoury snacks with a retail value CAGR of 2.3% and sweet biscuits, snack bars and fruit snacks with 1% were the fastest growing categories over 2013-2018.

Savoury snacks grows as consumers are turning away from sugar and the category is being perceived as healthier than other snacks.

Source: Euromonitor International

## Fruit snacks and snack bars outperform sweet biscuits

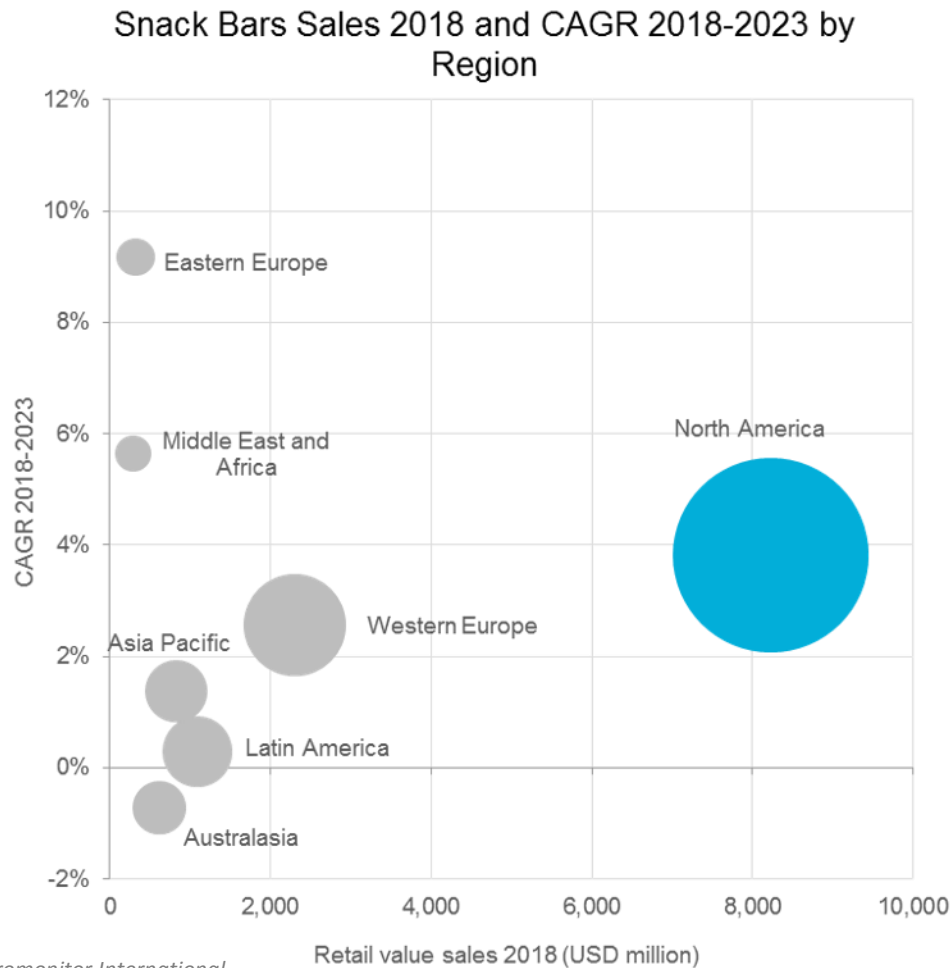


Globally, retail value of sweet biscuits is close to three times the combined value sale of snack bars and fruit snacks, the majority coming from value sales of plain biscuits, in 2018. Plain biscuits are the most popular sweet biscuit type because of their simplicity and also they are the best-suited biscuit type to offer health and wellness benefits.

Source: Euromonitor International



## North America leads snack bars globally



Source: Euromonitor International

North America leads snack bars spending globally with retail value sales of USD8 billion in 2018. The US accounts for 89% of North American sales and 54% of global snack bars sales in retail value terms in 2018.

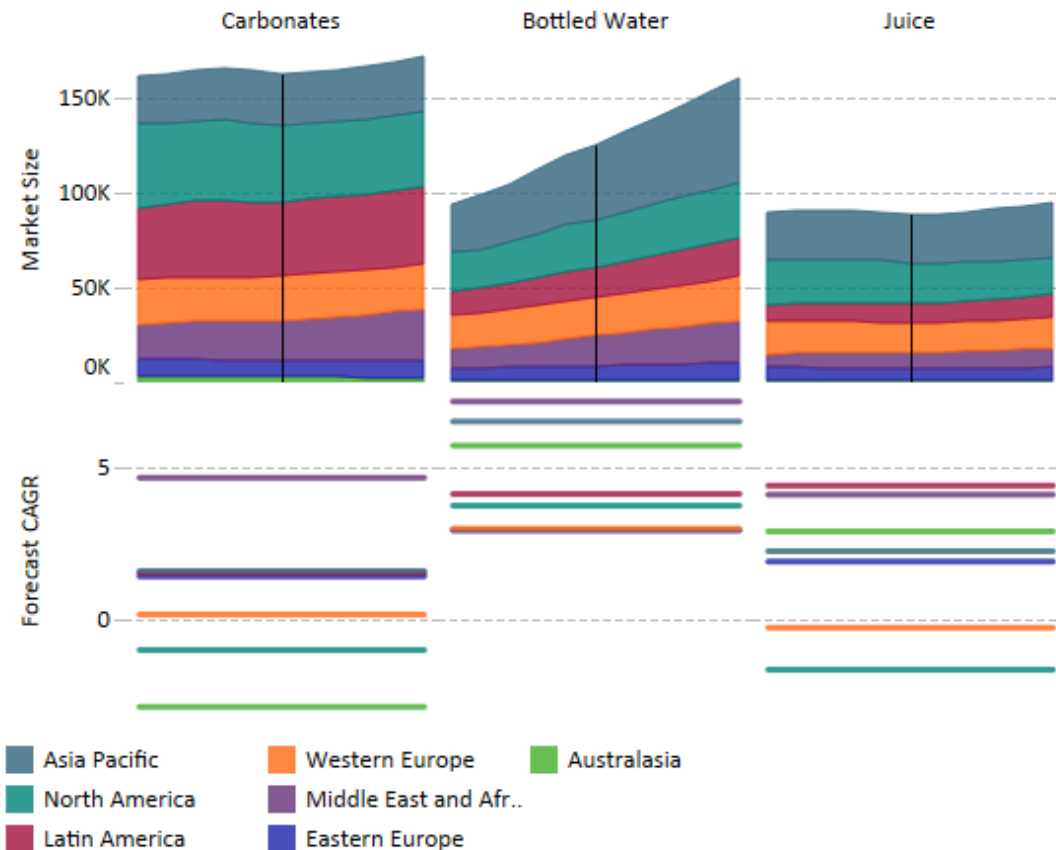
Western Europe, Latin America and Asia Pacific combine to contribute 32% of snack bars sales, while the remainder is shared by rest of the world. The highest CAGR in the world, of 9.2% over 2013-2018, was achieved by Western Europe.

## Carbonates decline as water moves towards global leadership

The global carbonates category continues to perform poorly. Per capita consumption is expected to remain flat over the 2012-2022 forecast period, with sluggish growth in developing regions partially offsetting modest decline in Western Europe and North America.

Bottled water is the unquestionable engine of global off-trade soft drinks in volume, with strong value growth also continuing in added-value functional and flavoured waters.

Soft Drinks: Region Size and Growth by Category 2012-2022  
Off-trade Value RSP USD million



Source: Euromonitor International

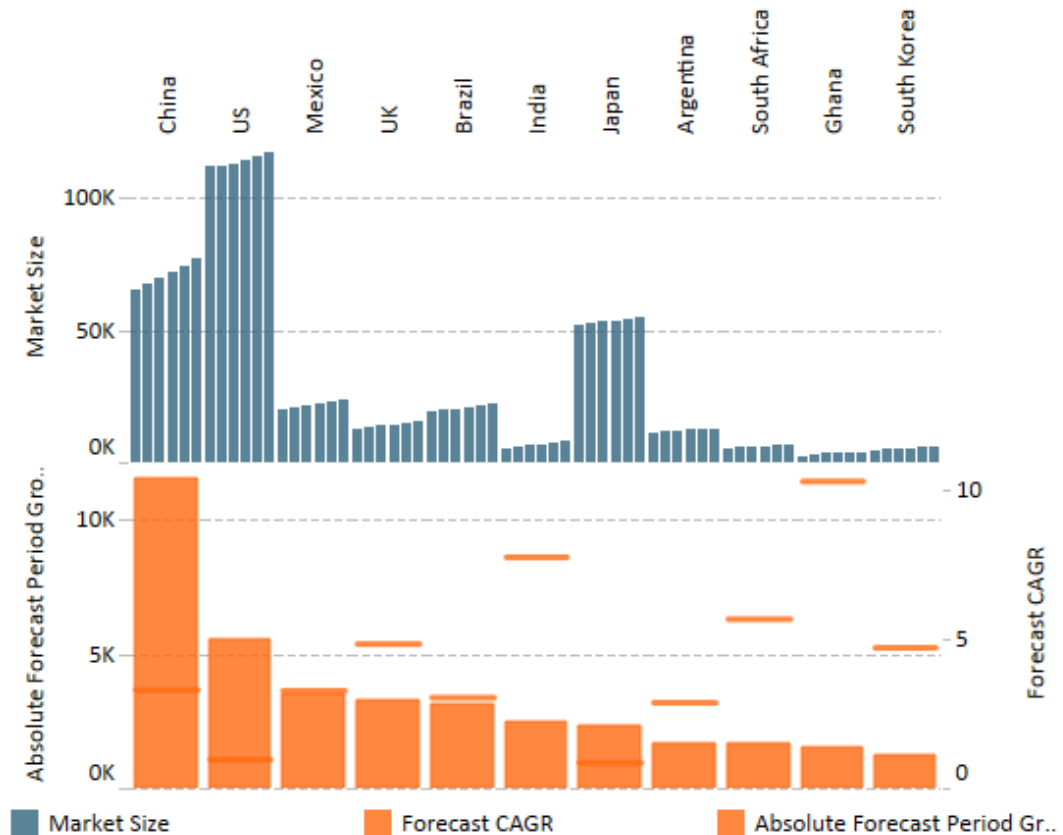
# China and India boosts soft drinks market

The US will remain the largest market for off-trade soft drinks in 2022, although rising incomes and developing modern retail in China will lead to USD11.6 billion in off-trade soft drinks growth over the forecast period.

Growth of functional water and better-for-you premium beverages makes the UK a standout opportunity in Europe.

Growing per capita consumption in India will be a major contributor to global volume growth over the next five years.

Soft Drinks: Top 10 Markets by Forecast Absolute Growth 2017-2022  
Off-trade Value RSP USD million



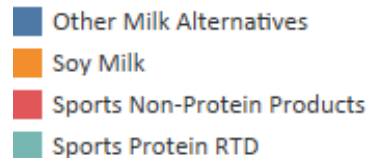
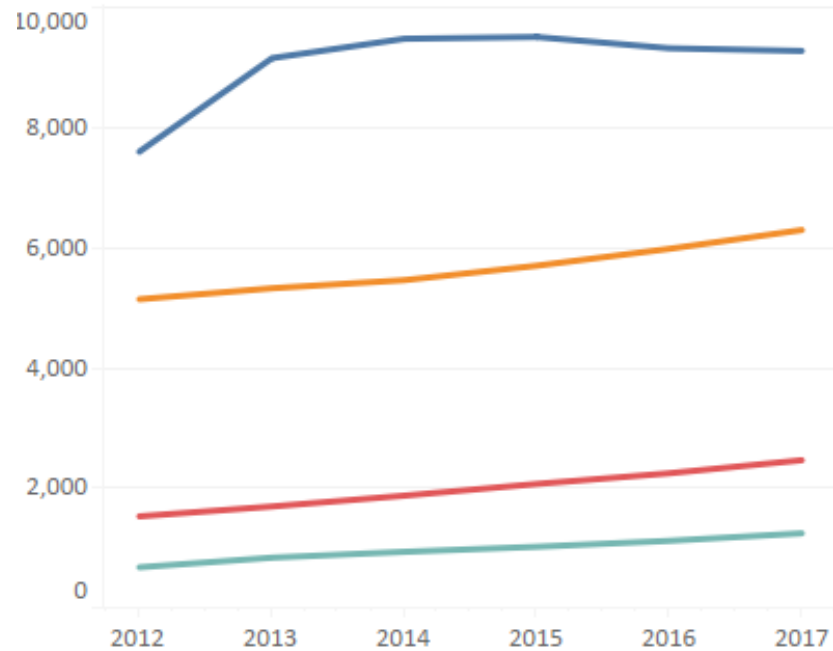
Source: Euromonitor International

## Bottled water takes an ever larger share of beverage occasions

Bottled water is almost universally taking volume sales and drinking occasions from other categories. Over the last decade, the packaged water category has been the most significant driver of growth in per capita consumption: a reflection of both growth in the off-trade, commodity bulk water in emerging markets and the sustained preference for sparkling, flavoured and functional water in developed markets.

### Global Soft Drinks Alternatives

Retail Value RSP in USD million 2012-2017



Source: Euromonitor International

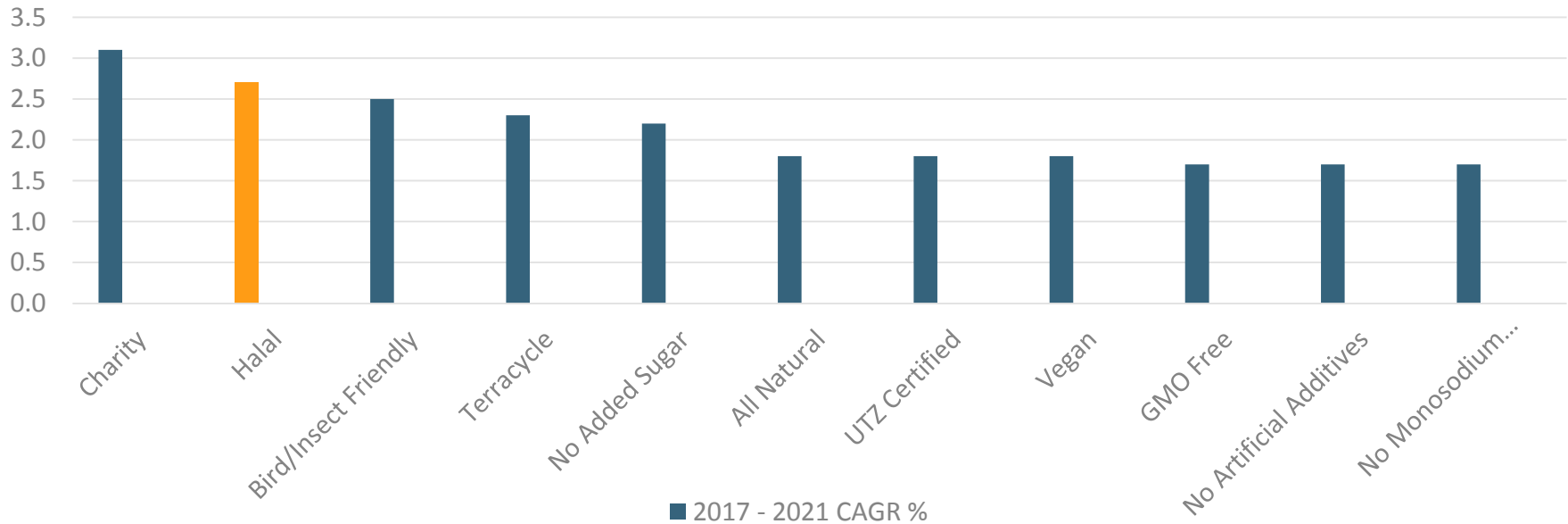


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# Packaged Food Trends in Asia Pacific

# Halal Regulation in Asia and its Impact on Food

Top 10 fastest growing Ethical Label in Packaged Food



Source: Euromonitor International

The global market for halal-labelled packaged food and drinks through the retail channel stood at USD55 billion in 2017.

Halal is one of the fastest growing type of labelling globally for packaged food, with a 6% forecast CAGR expected over 2017-2021.

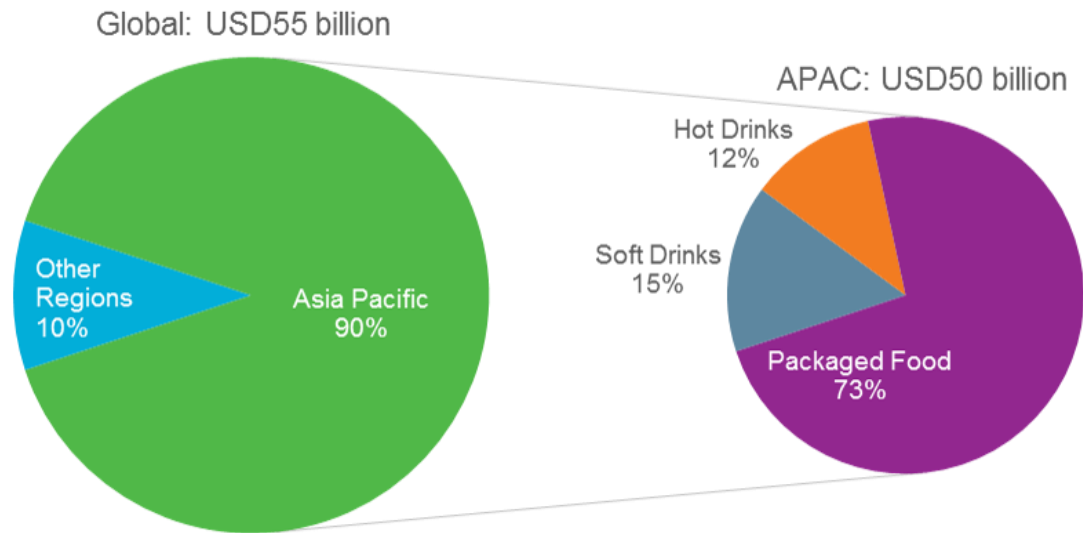
Rapid growth is driven by the UAE, Indonesia and Mexico, recording CAGRs of 11%, 10% and 9% respectively.

## Asia Pacific holds largest stake of halal-labelled packaged food

The UAE, home to six million Muslims, is not the world's leading market for halal-certified packaged food and drinks. Its market was worth only USD295 million in 2017, accounting for less than 1% of global sales.

On the other hand, in Asia Pacific, with a diverse religious and cultural mix and penetration of international brands, halal labelling is essential for Muslim consumers, resulting in a USD50 billion market in 2017, of which packaged food makes up 73% of sales.

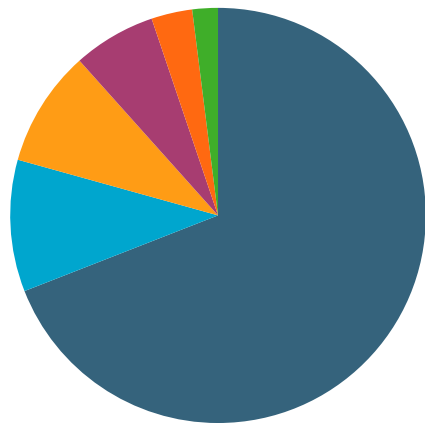
### Breakdown of Halal Packaged Food and Drinks Sales in the World, 2017



Source: Euromonitor International

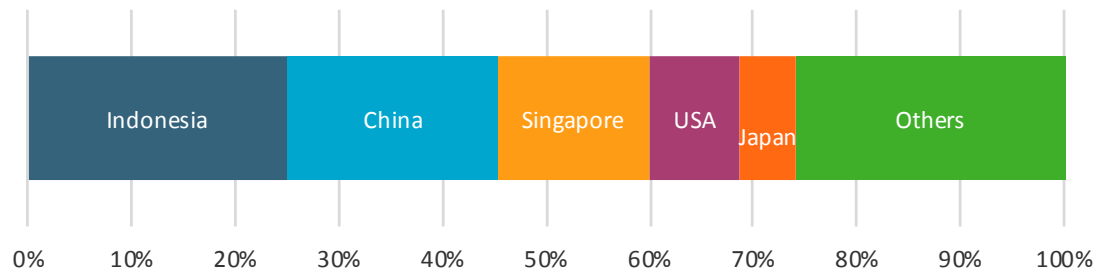
## China: Packaged food leaders gain competitive advantage with halal

Top 5 Companies in China with Halal-Labelled Packaged Food and Drinks 2017



- Inner Mongolia Yili Industrial Group Co Ltd
- Want Want Holdings Ltd
- Others
- China Mengniu Dairy Co Ltd
- Mondelez International Inc
- Shandong Zhucheng Foreign Trade Group Co Ltd

Percentage of Companies in China for Halal-Labelled Packaged Food and Drinks Based on HQ Location 2017



Despite domestic companies dominating the halal packaged food and drinks sales, only 20% of the number of companies are actually locally-based.

The large value sales are due largely to China's powerhouse companies, Inner Mongolia Yili Industrial Group Co Ltd and China Mengniu Dairy Co Ltd, which hold 69% and 7% value shares in the halal market respectively. In overall packaged food and drinks, they rank top two, with a close performance of 6% value share in 2017.

Source: Euromonitor International



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# Packaged Food Trends in the Middle East

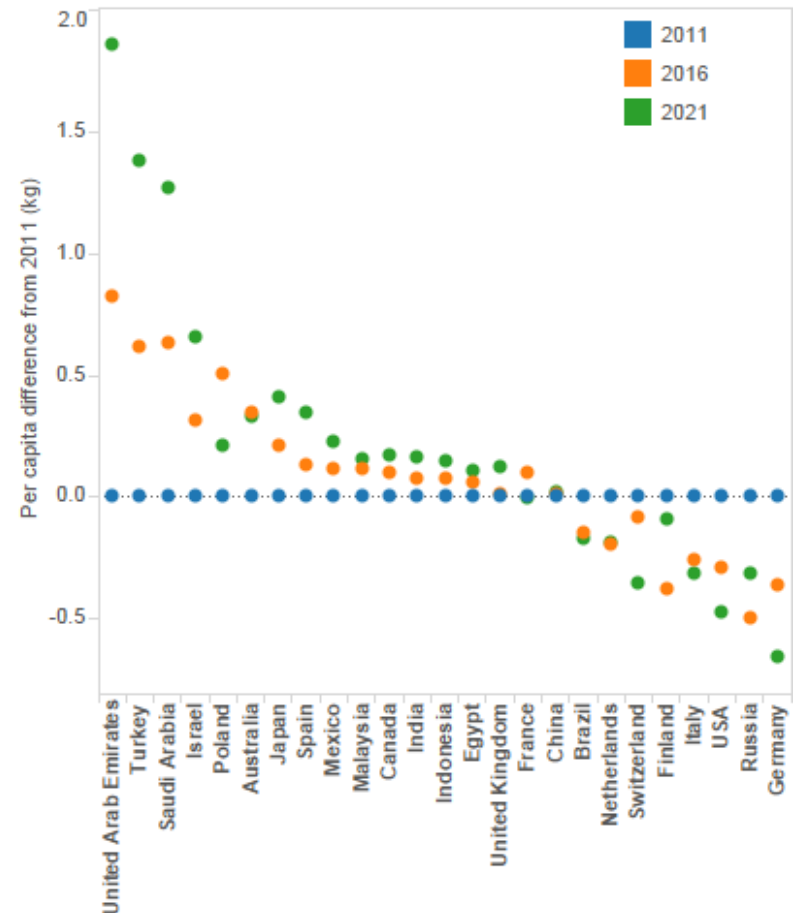
## Rise in alternative snacks threats chocolate consumption

In the West, there appears to be underlying problems in volume consumption - in the US and Germany, volume sales posted negative 1% CAGRs over 2011-2016, and were similarly unimpressive in other key markets such as the UK and France.

There is now a far broader umbrella of what can be considered snacks, with products such as snack bars and meat snacks rising in prominence, but also products that have not traditionally been associated with snacking - such as cereals and yoghurt products - are now being transformed into products which can be consumed on the go.

This is an existential threat to existing levels of chocolate consumption - most manufacturers are seeking to drive value growth, while markets in the Middle East offer opportunities.

Per Capita Consumption (kg) Differences 2011/2016/2021



Source: Euromonitor International

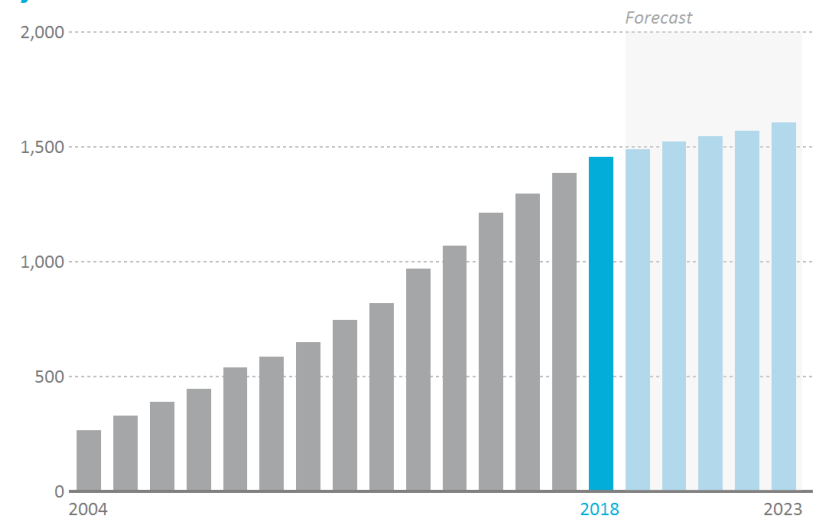
## But opportunities arise in the Middle East

Chocolate confectionery records 5% retail current value growth in 2018, to reach AED1.5 billion and 2% retail volume growth to reach 22,100 tonnes in the same year.

The United Arab Emirates residents felt the pinch of VAT implementation of 5% across all packaged food starting 1 January 2018. Local consumers are becoming increasingly conscious of their spending habits and are prioritising staple items rather than luxury food. Chocolate confectionery companies felt the pressure to reduce their prices and hence there was a surge for promotions. This trend was evident across chocolate confectionery. The effect will stabilise over the forecast period when the VAT becomes the standard and consumers will have adjusted to the additional costs of products and services.

**Sales of Chocolate Confectionery in United Arab Emirates**  
Retail Value RSP - AED million - Current - 2004-2023

**1,451**



Passport

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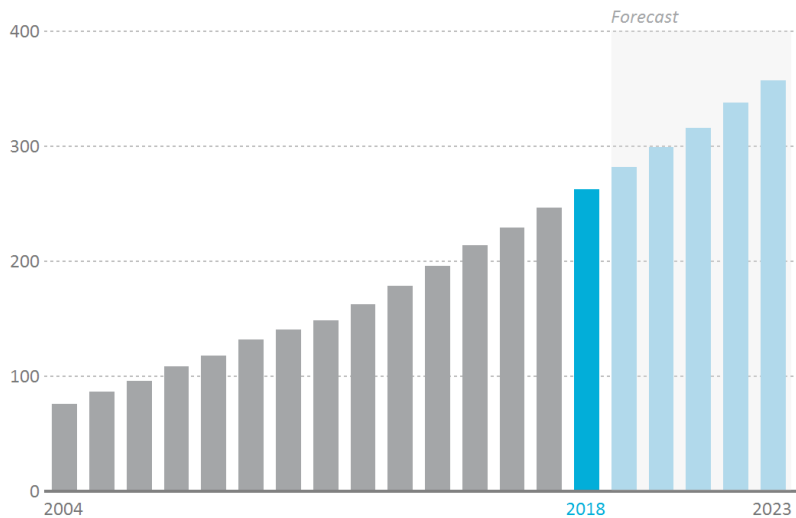
Source: Euromonitor International

## Sugar Confectionery in UAE records a 7% growth in 2018

### Sales of Sugar Confectionery in United Arab Emirates

Retail Value RSP - AED million - Current - 2004-2023

# 261



Sugar confectionery records 7% retail current value growth in 2018, to reach AED261 million.

Sugar confectionery in the United Arab Emirates is usually regarded as having limited consumer loyalty. Consumers can easily switch from one type of sugar confectionery as an impulse product. As an increasing number of products are introduced over the forecast period, companies will continue facing the challenge of maintaining consumer loyalty.



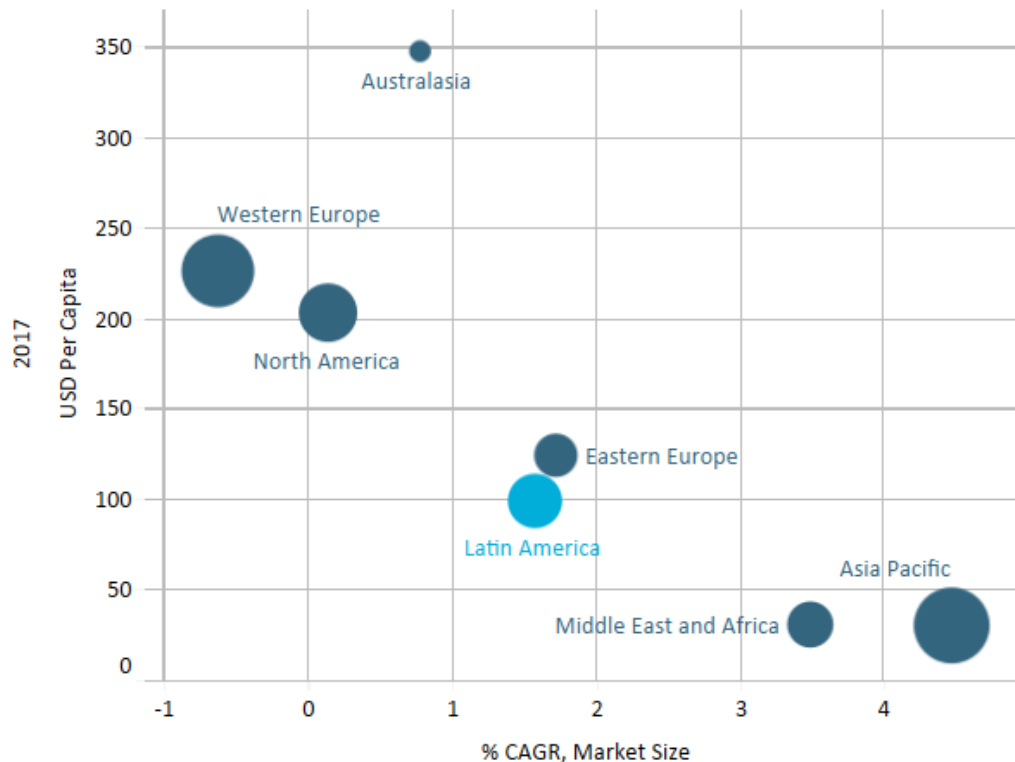
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# Packaged Food Trends in Latin America

## Latin America in context

### Dairy: Putting Latin America in Context, 2012-2017

Retail Value RSP USD million



Note: Bubble size indicates market size in US\$ million in 2017. Range displayed: US\$10,192 to 124,029 million

Source: Euromonitor International

Latin American consumers have already incorporated dairy products as part of their daily diets and routine, making the region an important hub for production and consumption of milk, yoghurt, cheese and dairy derived spreadable products.

However, with a high disparity in terms of average income and still wide social gap, per capita consumption of dairy in value terms in Latin America is still lower than most developed markets, with value for money categories being on top.

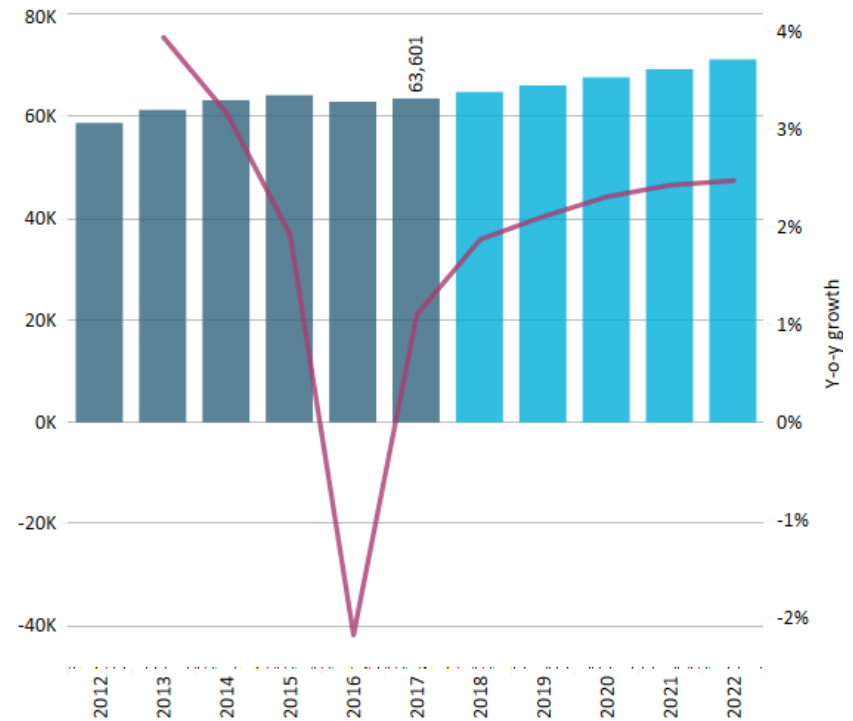
## Dairy in Latin America to register steady growth over the next years

Dairy sales reached a peak in Latin America in 2015, mainly driven by a more satisfactory economic situation in several emerging countries in the region. With more stabilised inflation rates in Argentina, Brazil and Colombia, the local market showed signs of recovery while local companies added value to their products.

The dip in 2016 was mainly due to a stronger overall rise in the USD versus local currencies, which drove international revenues down, volume growth however was small but steady at a CAGR of 1% over 2012-2017.

Brazil is always a key player and its performance will continue to influence the overall dairy market in Latin America.

Dairy: Latin America % Y-o-Y Growth 2012-2022  
Retail Value RSP USD million



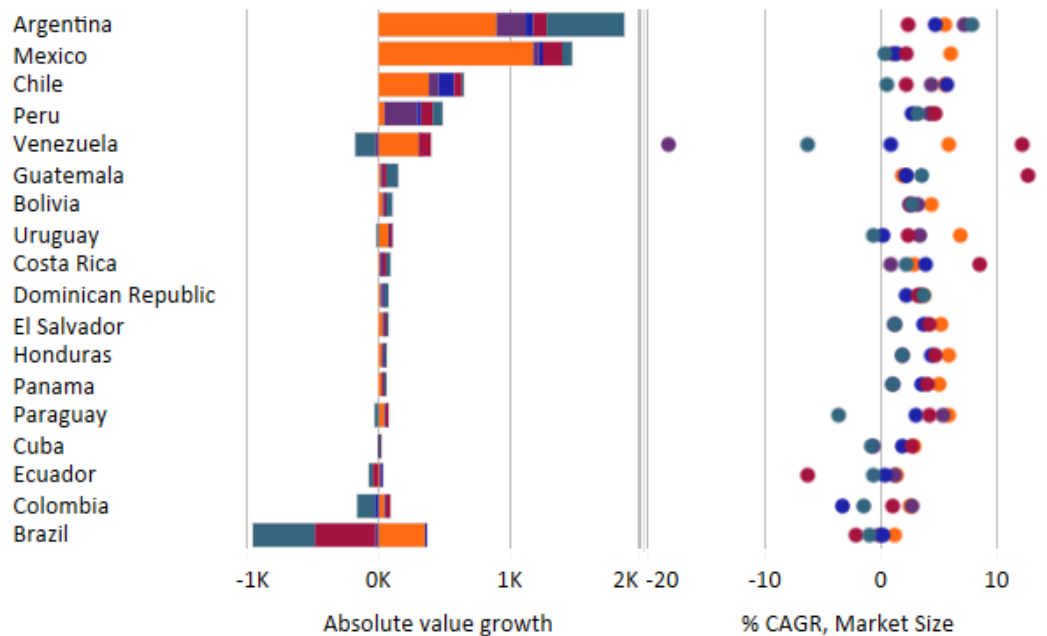
Source: Euromonitor International

## Brazil's negative performance offset by growth in other countries

If Latin America's performance was only based upon Brazil's indicators for dairy, the market would have strongly declined. However, due to positive value sales growth within Argentina, Mexico, Chile and Peru, the region as a whole performed reasonably well.

Dairy in Latin America: Breakdown by Category 2012-2017

Retail Value RSP USD million



- Drinking Milk Products
- Yoghurt and Sour Milk Products
- Butter and Margarine
- Other Dairy
- Cheese

Source: Euromonitor International



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# Trends affecting Packaged Food and Soft Drinks

## Trends shaping packaged food



Healthy Living

Healthy Living is at the top of the food trends, impacting almost all categories and geographies in food.



Premiumisation

Brought by “Generation of X”, ethical living is the fastest spreading megatrend in foods.



Ethical Living

Experience More and Shopping Reinvented relate to the delivery of food, and are more prevalent across developed markets and tier-1 cities of emerging markets to increase brand engagement through experiential shopping.



Experience More



Shopping Reinvented

Resulting from rising immigration of the Muslim population across the world, this trend impacts mainly cooking ingredients and meals.



Shifting Market Frontiers

A non-product proposition manifesting itself via social platforms, digitally-enabled or enhanced supply chains and distribution practices.



Middle Class Retreat



Connected Consumers

## Trends shaping soft drinks

Sugar reduction stays the consumer's number one health priority

Reducing the amount of total sugar (and calories from sugar) remains an acute consumer priority in both emerging and developed markets, with natural, less sweet formulations increasingly preferred.

Plant-based, premium tiers in brewed beverages demonstrate growth

In examining opportunities for high value soft drinks growth over the next five years, there is an accelerating preference for super-premium juices, plant waters and premium ready-to-drink coffee and teas.

Impulse consumption declining as grocery retail shifts online

The migration to an omnichannel model of grocery retailing threatens the impulse, single-serve beverage occasion. Sustaining impulse moments as e-commerce grows is a core challenge for the industry's innovation and distribution strategy.

Bottled water is the most important contributor to volume growth

Packaged water is sustaining volume growth in the soft drinks industry and offsetting declines in carbonates and juice. Finding value growth through functional, flavoured and sparkling options is important to global NPD and acquisitions.

Regional players in Asia threaten to take share from the major multinationals

The bulk of per capita growth will emerge from Asia and the MEA over the next five years. However, local and regional beverage players are taking share from established global brands via value- and flavour-focused USPs.

# Thank you

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Download [Top 10 Global Consumer Trends for 2018](#) webinar on-demand

## Additional reports

- [Spotlight on Sugar: Unwanted Attention for the Food and Drink Industry](#)
- [Voice of the Industry: Soft Drinks](#)
- [Natural Ingredients in Food and Beverages: Defining the Next Move](#)

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