WORLD FOODS

GROWTH OF CATEGORY OPPORTUNITIES FOR RETAILERS & MANUFACTURERS
A WIDER WORLD OF OPPORTUNITY

WORLD FOODS (BRANDS SOURCED FROM ORIGINATING COUNTRIES TO BE SOLD IN THE UK) IS ONE OF THE FASTEST GROWING CONSUMER PACKAGED GOODS (CPG) CATEGORIES.

In the UK and EU member states, free immigration has created easier access to a broader variety of foreign foods, flavours and recipes; and that exposure has evolved into an emerging consumer demand. Capturing the growth opportunities available to both manufacturers and retailers requires knowing who to reach and how to connect with your consumers.

MIGRATION MATTERS

Ethnic diversity in the UK is growing, the non-British population increased by nearly 7% between 2001 and 2011, and makes up nearly 20% of the population.

Over the past 20 years, immigration rates have been steadily increasing with 503,000 in YE Q2 2013. However, this trend is not new, as there has been a tradition of immigration from the Caribbean, South-East Asia and across Continental Europe over the past 50 years.

Migrants who enter the UK to find work are often younger and more likely to start families; leading to a natural establishment of second and future generations who are influenced by both their national and familial origins, and creating a rising demand for World Foods.

INFLUENCE BEYOND BORDERS

The shopping repertoire of the native British consumer has also been expanding as a result of the rapid rise in international travel and internet usage. In 2012, over 56m UK residents travelled internationally. Exposure to and love of the foods experienced during those travels, coupled with almost immediate access to recipes and related information online, has increased the demand for local availability. In fact, 3 out of 4 people want more choice of world cuisines in store.

These factors, along with immigration, are likely to be important influences for product range development.
FIGURE 1: ENGLAND AND WALES POPULATION, SPLIT BY ETHNIC GROUP

2001
- WHITE BRITISH: 87.4%
- OTHER WHITE: 3.8%
- MIXED/MULTIPLE ETHNIC GROUPS: 1.4%
- BLACK/AFRICAN/CARIBBEAN: 4.8%
- OTHER ETHNIC GROUP: 0.4%

2011
- WHITE BRITISH: 80.5%
- OTHER WHITE: 5.4%
- MIXED/MULTIPLE ETHNIC GROUPS: 7.5%
- BLACK/AFRICAN/CARIBBEAN: 2.2%
- OTHER ETHNIC GROUP: 1%
GROWTH OF WORLD FOODS

Due to the aforementioned influences, demand for World Foods is increasing, and has been for some time.

The World Foods category is one of the fastest growing: worth over £520m, with a year-on-year growth of 11.6% (52WE21.12.13). The category is only one of four shown to over index in growth compared to Total Grocery. The Asian sector is driving the growth of World Foods, with Eastern European closely following. There could be significant opportunities in the latter sector, as controls preventing Bulgarian and Romanian citizens from freely living and working the UK were lifted on the 1st January 2014\(^5\). Ensuring range and space in store adapts to these demands will be key to maximising opportunity.

**FIGURE 2: YOY % CHANGE OF CPG CATEGORIES, 52WE21.12.13**
HOW CAN I TAKE ADVANTAGE OF THIS GROWTH?

REGIONAL DYNAMICS

Nearly half of all World Food sales are made in London, which correlates with the population of Ethnic Groups by region. London is also the fastest growing region, followed by Central. Research by Nielsen has shown that there are clusters of high Ethnic populations within postcodes; giving precise areas to target advertising and in-store ranges. Deeper ranges are predominantly in the geographies where, traditionally, the immigrant population has high density; for example, Birmingham (Indian/ Pakistani), Manchester (Chinese), and London (Caribbean). Retailers and manufacturers who understand this and therefore engage ranges accordingly will take an early lead.

<table>
<thead>
<tr>
<th>Region</th>
<th>% of World Food Value Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>CENTRAL</td>
<td>11.9%</td>
</tr>
<tr>
<td>EAST OF ENGLAND</td>
<td>5.5%</td>
</tr>
<tr>
<td>LANCS &amp; ENGLISH BORDER</td>
<td>6.9%</td>
</tr>
<tr>
<td>LONDON</td>
<td>41.1%</td>
</tr>
<tr>
<td>NORTH EAST</td>
<td>1.3%</td>
</tr>
<tr>
<td>SOUTH &amp; SOUTH EAST</td>
<td>1%</td>
</tr>
<tr>
<td>SOUTH WEST</td>
<td>3.7%</td>
</tr>
<tr>
<td>WALES &amp; WEST</td>
<td>5.7%</td>
</tr>
<tr>
<td>YORKSHIRE</td>
<td>5.3%</td>
</tr>
<tr>
<td>SCOTLAND</td>
<td>4.8%</td>
</tr>
</tbody>
</table>
NEW RANGES FOR RETAILERS

With 100% distribution in all 871 Megastores (>40,000 sq ft), the 'World Food' range is expanding to the biggest supermarkets in Great Britain (GB). Tesco has taken the lead in terms of range depth by engaging the broadest selection of suppliers. Asda is closely following, and the two retailers, combined, are currently taking 60% share of availability. Manufacturers, however, are constantly updating their ranges to include new brands and products, which provides plenty of opportunity for retailers to expand their offerings.

FIGURE 5: % OF POPULATION MADE UP OF ETHNIC GROUPS, REGIONS WITH LOWEST WHITE POPULATION

- London: 60%
- North West: 70%
- Yorkshire & the Humber: 80%
- East Midlands: 90%
- West Midlands: 100%

Key:
- OTHER ETHNIC GROUPS
- BLACK/AFRICAN/CARIBBEAN
- ASIAN/ASIAN BRITISH
- MIXED/MULTIPLE ETHNIC GROUPS
- BLACK/AFRICAN/CARIBBEAN
THE £1BN OPPORTUNITY

At current growth rates, the World Food category will reach over £1bn by 2019. Eastern European and Asian Foods are likely to lead demand, but there are opportunities to grow World Food ranges in stores across Great Britain.

According to the University of Oxford Migration Observatory, two-thirds of population growth will be due to net-migration, past and present6.

In the long term, it is expected that Ethnic groups will become less clustered, creating increased diversity within residential areas7. This shift will continue to drive influence and demand - inevitably continuing to push the World Foods category forward.

If you have any further questions, please contact Matthew Williams at Matthew.S.Williams@Nielsen.com

5. BBC, 2013: http://www.bbc.co.uk/news/uk-25572197
8. The Economist, 'A Fresh Headcount', 2013
9. Nielsen Scantrack World Foods Read, Total Coverage unless otherwise stated