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EUROMONITOR DIGEST

Health and Wellness in Australia

EXECUTIVE SUMMARY

Health Consciousness Continues to Impact the Purchasing Decisions of Australians

Australian consumers are showing growing concern for their health and well-being and this concern is increasingly reflected in their purchasing choices. In addition, Australian consumers indicate that products that have a health positioning, such as an "all natural" claim, have an influence on their purchasing decision. For example, Euromonitor International's Global Consumer Trends Survey 2017 found that an "all natural" claim was an influential beverage product feature for 15% of Australians, while an "all natural" claim was an influential packaged food product feature for 26% of Australians.

Within beverages, this has translated into the growth of products perceived as healthier alternatives, such as RTD teas. Products that provide functional benefits, such as Kombucha, also continued to record significant growth in 2018 as consumers seek out products that are promoted as supporting their wellbeing. Significantly, Coca-Cola Amatil purchased Organic & Raw Trading Co in 2018, which included the Mojo Kombucha brand, indicating that Kombucha has arrived as a mainstream beverage. Within packaged food, other milk alternatives recorded significant growth within foodservice as consumers seek out non-dairy milks due to health and/or ethical concerns about dairy consumption.

Over the forecast period, local manufacturers will continue to invest in innovative new products that offer consumers healthier product alternatives.

Functional Benefits a Focus Area

Growing concern about healthy living, including diet and nutrition, has encouraged consumers to seek out products with functional benefits. Within packaged food fortified/functional milk formula products continued to record strong growth as the daigou trade continues to increase and parents seek out high-quality fortified milk formulas. The industry is responding to this demand, with Freedom Foods Group joining the early nutrition market in mid-2018 with the introduction of its Diamond pro+ brand of infant formula fortified with prebiotics and probiotics, omegas and a range of other nutritional elements. Within beverages, this has translated into the significant growth of FF RTD tea following the launch of Nature's Way Natural Energy Tea in 2018. Over the forecast period, it is anticipated that product ranges of fortified/functional beverages will become more differentiated as more niche players join the market.

Major Players Make a Commitment to Providing Consumers with Healthier Choices

In June 2018, the Australian Beverages Council stated that its members would reduce their use of sugar by 20% by 2025. Members of the Australian Beverages Council include Coca-Cola South Pacific, Coca-Cola Amatil, Asahi Beverages and Frucor Suntory. This commitment incorporates all non-alcoholic drinks. The Australian Beverages Council notes in the announcement on its website that "the pledge is the first time in Australia where an industry has self-regulated on sugar reduction in this way". This move to reduce sugar content of non-alcoholic drinks reflects the growing trend among Australians to limit their sugar consumption.

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The Australian Beverages Council suggests a number of ways its members can support the pledge, such as "increasing volume sales of low- and no-sugar varieties" and "introducing additional low- and no-sugar varieties onto the market by 2020 or 2025". One factor that has the potential to complicate the issue is the aversion to artificial sweeteners. Euromonitor International's Global Consumer Trends Survey 2017 found that 42% of Australian respondents selected "does not contain artificial sweeteners" as a preferred food attribute.

Supermarkets the Leading Distribution Channel for Non-alcoholic Drinks and Packaged Food

The majority of value sales within non-alcoholic drinks and packaged food were transacted through supermarkets in 2018. This was led by Australia's two leading supermarkets, Woolworths and Coles. Woolworths has been investing in increasing the product ranges of its health-focused Macro "organic" and "wholefood" ranges.

Sales of non-alcoholic drinks through discounters, namely Aldi Stores Supermarkets, also saw strong

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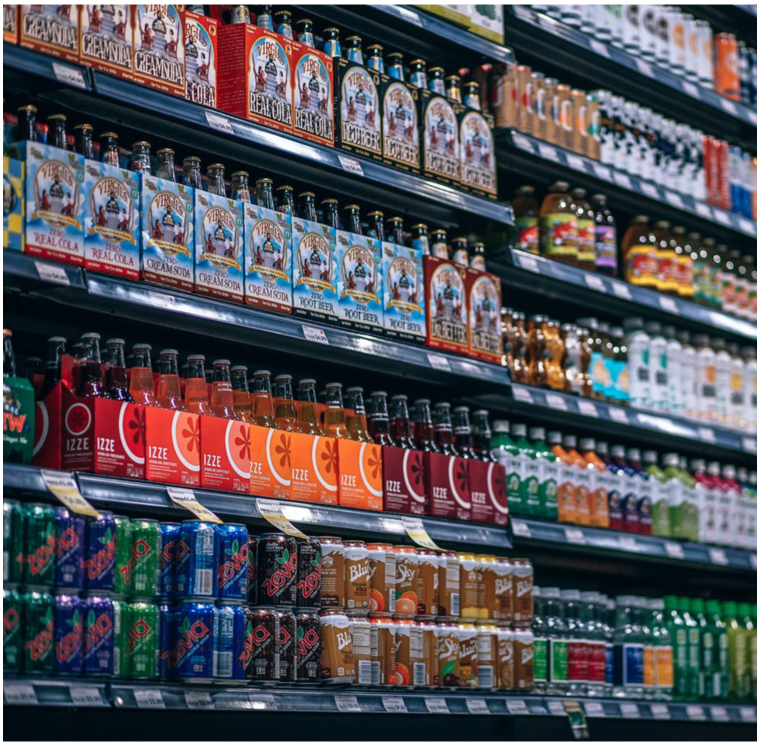
growth throughout the review period, while sales of packaged food through discounters saw less significant growth over the review period. Aldi will also focus on increasing its healthy offerings, seen in its decision to introduce “Organics Month” in October 2018. Over the forecast period, it is anticipated that both distribution channels, supermarkets and discounters, will continue to focus on providing healthier product alternatives for consumers, driven by growing consumer demand.



A Focus on Health and Wellness to be at the Front of Consumers’ and Manufacturers’ Minds Over the Forecast Period

Consumers and manufacturers will continue to seek out and promote healthier products as healthy living becomes a part of a growing number of Australians’ lives. This concern for health is manifesting itself in a range of lifestyle choices, such as consuming less alcohol and seeking out healthier food and beverage options. The impact of these healthier living trends is evident in the strong growth of products that are positioned as healthier alternatives, such as popcorn within snacks and chilled meat substitutes within processed meat and seafood. In addition to seeking out healthier food and beverage products, convenience will also be a driving trend for Australians, many of whom live a busy lifestyle. As a result, prepared salads and chilled ready meals will record strong growth over the forecast period. ■

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