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Naturally Healthy Packaged Food in Canada

PROSPECTS

"Less is More" As Consumers Crave Less Processed Packaged Food

Among the manifestations of health consciousness seen by Canadian consumers is the increasing desire for less processed food and for products with as few and simple ingredients as possible. This is also known as the "clean label" movement. In 2018, the overall sentiment was that even though modern agriculture and technologies have advanced, when it comes to food and beverages there is a rising tendency to resort to the way food was consumed centuries ago when there were no artificial ingredients, no pollution and no antibiotics. This drives the same sentiment behind the popularity of claims such as "natural" and "all-natural" and "superfood", such as quinoa. Naturally healthy (NH) packaged food products, such as NH sour milk, NH honey, NH olive oil and NH nuts, seeds, and trail mixes, fit the bill perfectly. Often minimally processed, these products usually have a rich history of consumption and proven health benefits.

Marginal Growth for NH High Fiber Food

Among all NH packaged food categories, NH high fiber foods including NH high fiber bread, breakfast cereals, noodles, and pasta registered only marginal growth in 2018. This is due in part to the overall sluggishness in baked goods, especially packaged bread, which is relatively mature and lacks novelty. This is also due to issues around the taste profile of high-fiber bread that give white bread the advantage, according to industry sources. Meanwhile, NH high fiber food, including NH high fiber breakfast cereals, NH high fiber noodles, and NH high fiber pasta, are performing well, supported by consumer awareness of the importance of dietary fiber intake and active new product development. For example, the Italtasta brand has been expanding and supporting its high-fiber pasta ranges in light of growing demand, while alternative pasta categories are expanding and launching high fiber variants.

Expansion in Naturally Healthy Concept

As the health conscious culture evolves, the concept of naturally health has been given more meaning across a wider range of packaged food categories. In NH honey, for instance, some product developments are focused on raw, unpasteurized honey, as seen in the latest launches by BeeMaid Honey with minimally filtered claims. Many of these products highlight the fact that the absence of the

pasteurization process helps preserve nutrients such as vitamins and functional ingredients. Meanwhile, NH high fiber pasta products with plant-based pasta that is naturally rich in fiber and other nutrients have rapidly emerged. Moreover, the NH concept has expanded to categories including chilled or frozen soup, as exemplified by bone broth, which is seeing a surge in interest, thanks to considerable publicity around its naturalness and health benefits. Leading examples include the Boned Broth and Broya brands from West Canada.



COMPETITIVE LANDSCAPE

Loblaw Maintains its Lead in this Fragmented Landscape

NH packaged food in Canada is relatively fragmented. Loblaw ranked first thanks to the popularity of its President's Choice private label. Canada Bread, after being acquired by Grupo Bimbo, followed. The company benefited from Bimbo's rich experience in bakery and further acquisitions including the latest deal with Stonemill in early 2017, signalling strong interest and commitment to health and wellness. Canada Bread is followed by General Mills that leads in NH cereal bars and NH fruit snacks, though the company's share has stagnated in recent years.

Artisanal and Private Label are Significant Players in NH Packaged Food

As artisanal offerings account for a significant proportion of NH high-fiber baked goods, especially NH high fiber bread, which accounts for a high share of the overall category, these players are important in NH packaged food. Their products are typically based on small-batch production, localized distribution and unpackaged products and align well with the premiumization trend. As such, artisanal is set to experience strong growth over the forecast period. In addition to President's Choice, competing private label products are also present in several other NH categories such as NH high fiber food, NH nuts, seeds and trail mixes, and NH honey, all of which are gaining traction, thanks to the consolidation trend in grocery retailing and knowledge of the local consumer base.

Industry Players Educate Consumers on the Benefits of Naturally Healthy

Leading players are increasingly engaging in marketing campaigns in order to educate consumers on the benefits of consuming naturally healthy packaged food. Their activities are increasingly being focused on social media in order to specifically target younger generations. Another area of focus is packaging design, in order to highlight the naturally healthy ingredients of their products and differentiate them from regular alternatives. ■



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