

Waste not, want not:

UK Fruit and Vegetable
Category Report

October 2019

SCOTLAND MARKET
FOOD & DRINK INTELLIGENCE



Food waste and plastic are key issues for the fruit and vegetable sector

Opportunity to bring new angle to the sector for innovative products

THE UK FRUIT AND VEGETABLE MARKET IS CURRENTLY WORTH £3.5BN OF WHICH THE VEGETABLE SECTOR IS TAKING LARGEST SHARE AND ACCOUNTS FOR £2.7BN BETWEEN 2018/2019

UK shoppers are becoming more health-conscious and actively trying to eat a healthier diet. The government and industry support a healthier diet through a range of initiatives to help increase fruit and vegetable consumption in the UK. According to IGD research, eating more fruit and veg is number one healthy eating priority for shoppers.

Quality and health are most important attributes for consumers when buying fresh produce. Product origin is becoming more important for fruit and vegetable shoppers as well.

Fruit and vegetable shoppers tend to enjoy browsing in-store. Adding value to products and educating consumers on products inspires and could help increase purchase intentions.

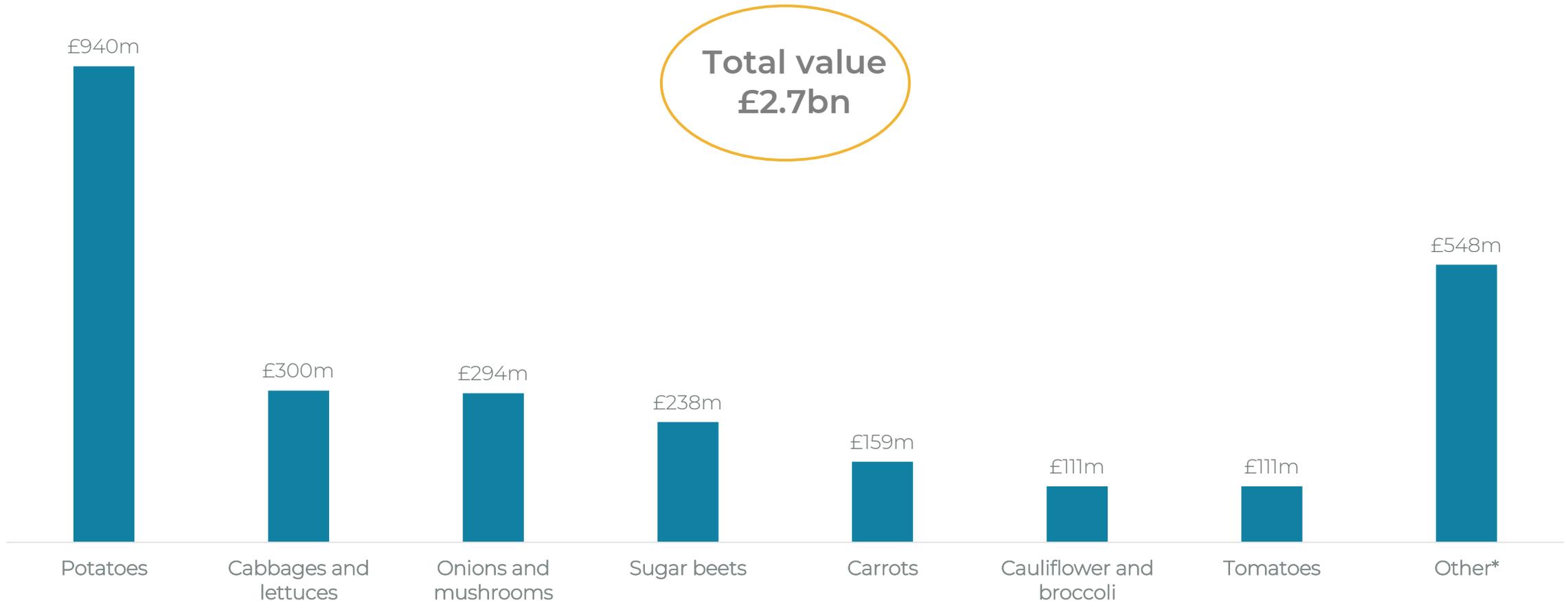
Food and plastic waste remain a major challenge in the fruit and vegetable sector, but a range of initiatives are being introduced to tackle food and plastic waste in the entire food supply chain.

UK fruit & vegetable category performance

The UK vegetable market is currently worth £2.7bn

Potatoes take largest share with £940m sales, followed by cabbages, lettuces, onions & mushrooms

UK vegetable category, industry revenue 2018/2019



*Other: Asparagus, spinach, cucumbers, aubergines and turnips

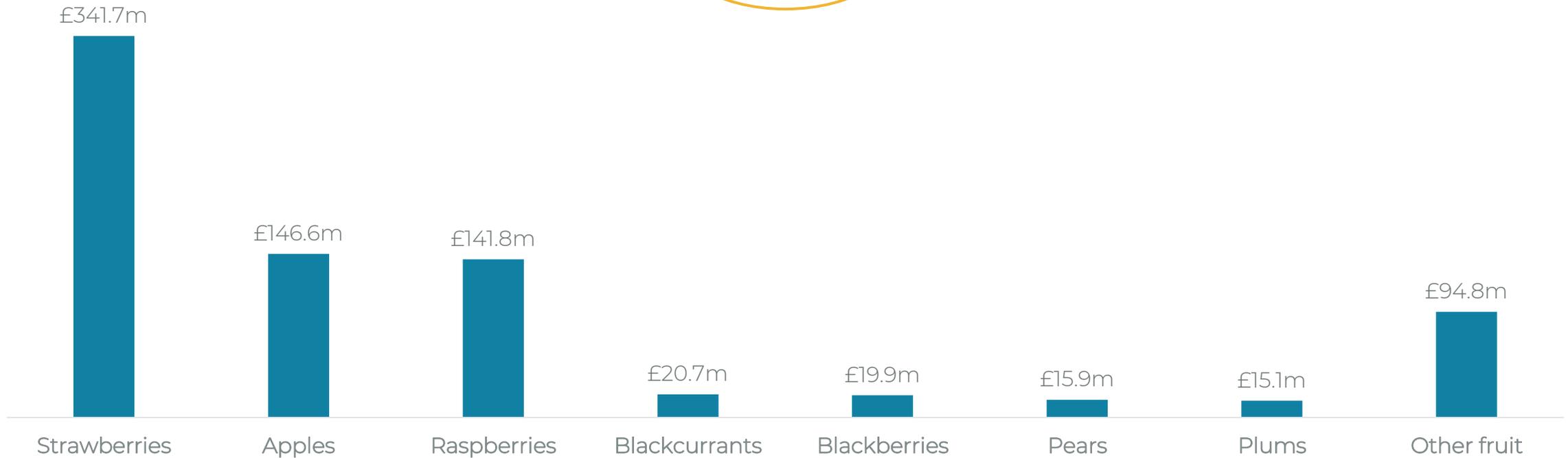
Source: IBISWorld 2019

The UK fruit market is currently worth £796.5m

Strawberries having highest sales taking £341.7m, followed by apples and raspberries

UK fruit category, industry revenue 2018/2019

Total value
£796.5m



NB: Other Fruit: Currants, gooseberries, blueberries, tropical and exotic fruits grown in glasshouses
Source: IBISWorld 2019

Shoppers are more likely to enjoy browsing in-store when buying fruit and vegetables

With category shopping being pre-determined before shopping occurs

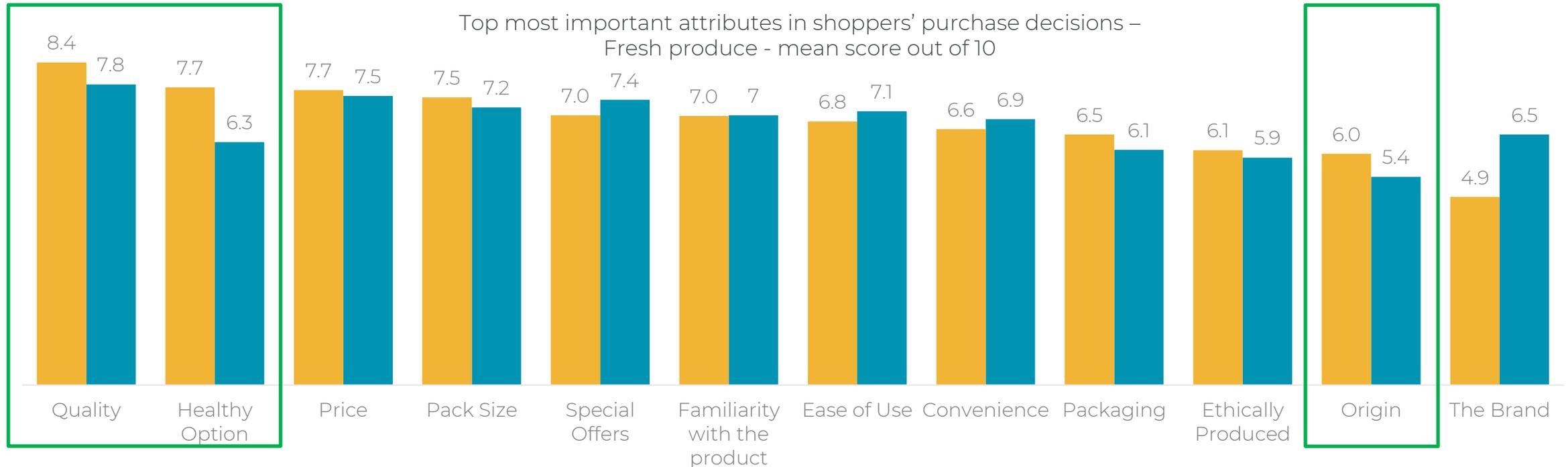


Source: Category benchmark research, Jun-Sep'18. Base: 3,633 British supermarket shoppers
 Source: IGD 2018

Quality and a healthy option are important for shoppers when buying fresh produce

Origin of the product is more relevant to fresh produce shoppers than the average grocery category

Shoppers purchase decision, 2018



■ Average grocery category ■ Fresh produce



Consumers are willing to pay extra for higher quality when attributes such as taste, freshness, health, provenance, uniqueness, longevity and the support of producers reflect their expectations

85% of UK shoppers are actively trying to improve their diet

A third of those who are trying to eat healthy do so by increasing fruit and veg consumption

Healthy eating priorities

85%
of UK shoppers are trying to eat healthy



Scottish consumers are eating less fruit and veg than dietary guidelines recommend

Government and industry initiatives aim to support healthy eating and to increase veg consumption

At the Vegetable Summit in October 2017, The Scottish Government as well as many retailers, food manufacturers, growers and foodservice companies committed to encourage consumers to eat an extra portion of fruit and vegetables per day

Fruit and vegetable consumption in Scotland



Current intake of **3.2 portions** of fruit and vegetables per day



Dietary Goal **5 portions** of fruit and vegetables per day



Peas please Foundation aims to increase vegetable consumption in the UK

Peas Please aims to bring together farmers, retailers, fast food and restaurant chains, caterers, processors and government departments with a common goal of help consumers eating more vegetables. This can be achieved by making vegetables more appealing, growing vegetables sustainably, using accessible pricing and giving them more prominence on menus.

'Superfruits' are a popular choice for the health-conscious consumer

Bite-size and ready-to-eat fruit snacks aim to target consumers who value convenience



Superfruits

The ongoing health trend is expected to support demand for fresh products, which could boost fruit consumption in Scotland. The so called 'superfruits', such as cranberries and blueberries are set to remain the most dynamic product type within fruits. Elderberry, blackcurrant, honeyberry, cloudberry and acai berry also benefit from major nutritional health benefits and are predicted to gain popularity among the consumers.



Ready-to-snack fruits

Snacking on fruits is becoming increasingly popular as the trend in healthy snacking continues to grow. As a result, packaging and preparation will remain a key factor when consumers choose which fruits to buy. Bite size and ready-to-eat fruit snacks, such as kiwi berries and prepared fruit slices in pack are high on demand in retail.

Vegetable-based NPD is appealing to the health-conscious consumer

Including innovations such as plant-based spreads for sandwiches and plant-based jerky on-the go

Plant-based spreads



Germany has a well-established and growing market for vegetable-based savoury bread spreads. Clean label, vegan and organic are major attributes that are driving the market growth for plant-based spreads targeting in particular the young families, vegans, flexitarians and health-conscious consumers.

Containing a minimum amount of 40% of vegetables, often 60-70%, most popular flavours being tomato, sweet pepper, carrot, beetroot, aubergine or pumpkin, veg-based spreads offer a range of healthy products to consumers.

Popular German brands are Zwergenwiese, Tartex, NAbio, Allos, Alnatura and increasingly own-label brands that provide various vegetable spreads. Is there potential to develop veg spreads for the Scottish market?

Plant-based jerky



Jerky, traditionally made from animal products such as beef, chicken or fish, can be developed from plant-based ingredients as well. Jerky made from soy, mushrooms, eggplants, seaweed and fruits, are gaining popularity.

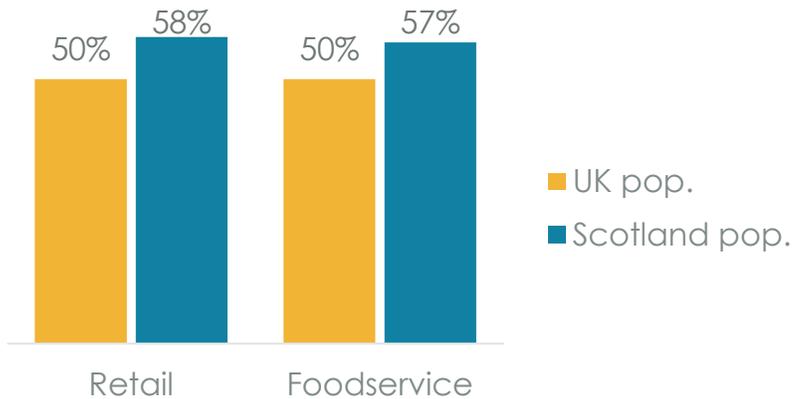
Currently, plant-based jerky is still a niche product, but has the potential to go more mainstream for several reasons: it is more ethical, environmental friendly, highly nutritious and ideal as a snack on-the-go.

Jerky made from mushrooms, soy or eggplants, are usually dehydrated at a low temperature for a long period of time, so that the vitamins and minerals are well preserved. Also, plant-based jerky ticks off the boxes of natural and clean ingredients, no added sugar, low calorie, but high in protein.

Availability of local products is important to majority of those in Scotland

7 in 10 of the Scottish pop. place importance on the availability of locally source fruit & veg in retail

Those who state it is important to have local products/ ingredients in retail/ foodservice...



Why?

Those who state availability of locally sourced products is important believe so because of environmental concerns, to help boost the local economy and quality, taste and freshness of the product

Perception of Scottish fruit & veg: Local sourcing is important (those who buy category in home)

Soft fruits

72%
Scotland pop.

Vegetables

73%
Scotland pop.



69%

Of **soft fruits** retail shoppers in Scotland claim they would be more likely to buy the product if they knew it was made in Scotland (similar number of poultry consumers in foodservice channel, 68%)



68%

Of **vegetables** retail shoppers in Scotland claim they would be more likely to buy the product if they knew it was made in Scotland (similar number of poultry consumers in foodservice channel, 71%)

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Vegetarian butchers are gaining popularity among vegetarians and vegans

The root-to-shoot concept aims to fight food waste and supports healthy eating

Vegetarian butchers



The Vegetarian butcher company in the Netherlands is world's first plant butcher, founded in 2010, who sells its innovative plant-based meat and fish substitutes to restaurants and plant butchers in 14 countries, including the UK.

Sgaia's travelling vegan butcher shop, based in Paisley, has launched a range of gourmet meat substitutes at the Vegan Festival in Glasgow 2015. With butcherless and plant-based gourmet foods like gourmet burgers, vegan charcuterie and streaky rashers, Sgaia's Vegan Meats is travelling across the UK giving vegetarian and vegan food a gourmet twist.

Root-to-shoot' vegetables



Famous chefs from around the world apply a relatively new style of cooking called 'root to shoot' or 'root to stem' cooking, which locks to utilise every part of vegetables in dishes, such as stems, leaves and peels.

Regarding the fact that this style of cooking reduces substantial amounts of food waste and costs, it is also beneficial in terms of nutritional values and new flavour experiences. By using this innovative technique, the Scottish foodservice, food industry and end-consumers could help fight food waste.

Retailers are also showing responsibility and start offering different vegetable lines to tackle food waste, such as broccoli leaves.

Food waste is a major challenge in the food and drink industry

A range of initiatives are being introduced to tackle food waste in the entire food supply chain

Every year, 987,890 tonnes of food and drink are going to waste in Scotland. Scottish households alone waste 62,000 tonnes of vegetables and 34,000 tonnes of fresh fruit every year due to its perishability and is worth £170 million

The Food Waste Reduction Roadmap



The charity organisations Institute Grocery Distribution (IGD) and Waste and Resources Action Programme (WRAP) recently announced a Food Waste Reduction Roadmap that encompasses the entire food supply chain, supported by the UK's largest food trade bodies, businesses across the supply chain, Defra, Welsh and Scottish government. Some of the targets being:

- Aim to see 50% of the UK's largest 250 food businesses measuring, reporting and acting on food waste by September 2019, and all 250 doing so by 2026
- 90 businesses, including UK's largest retailers, food producers, manufacturers, hospitality and food service companies, have committed to half food waste by 2030

Food waste apps



A couple of apps that target food waste have been launched, e.g. 'OLIO', 'FoodCloud' and 'Too Good To Go', which receive further recognition across the wider industry.

Food waste app Karma

Karma is a successful Swedish food waste app that tackles surplus food waste, launched in 2016.

The idea is that business partners, including grocery stores, restaurants and cafés upload details of surplus food to the app, which can then be ordered and picked up from its customers. The concept gives consumers the chance of buying food that would otherwise go to waste at 50% discount.

Since early 2018, the start-up is now targeting the UK with about 350 restaurants that have signed up for the app in London. Recently, discussions have been held with UK grocery stores and supermarkets

Natural preservation methods for fruit and vegetables are currently being trialled

Claiming to extend shelf life up to 5 times and drastically reduce food waste

Edipeel – an edible and invisible coating for fresh fruit and vegetables



Start-up company Apeel Sciences, based in California, developed a natural preservation method for fruits and vegetables that replaces the obsolete use of wax, gas or other techniques that keeps perishable produce fresh. The edible and invisible coating for fruits and vegetables, called Edipeel, protects them from spoilage and extends their shelf life by up to 5 times, depending on the produce characteristics.

The coating is made from extracted oil molecules of organic waste, such as grape skin, pear stems or grass clippings, and is sprayed onto fruits and vegetables after harvesting. The coating acts as a barrier that keeps water from leaving and oxygen from entering the produce. Ultimately, it slows down the decay process and keeps the food fresh for a longer time without the need of refrigeration.

Extending fruit and vegetable shelf life on a natural basis is an opportunity for growers, retailers and consumers to minimise food waste in Scotland.

Asda is the first who starts trialling this new technology in the UK, after it was granted approval for use by the EU Commission in June this year. Asda claims the technology could drastically reduce food waste and potentially cut the use of plastic packaging. Apeel Sciences aims to arrive on more Asda shelves and other retailers across Europe in long-term.

Plastic waste is a rising concern among shoppers

Retailers are taking action and start offering plastic free fruit and vegetable aisles

74%

of all UK shoppers say they've become more aware of the environmental impact of plastic packaging in the last 12 months

71%

of UK shoppers would be interested in shopping from bagless fruit and vegetable aisles and refill stations

Retailer initiatives

- ★ Lidl claims to be first UK supermarket in selling reusable bags for loose fruit and vegetables
- ★ Aldi trials plastic-free vegetables in England to meet plastic and packaging pledges after successful trial in Scotland earlier this year. Aldi estimates that if the plastic-free initiative were introduced in all 830 Aldi stores in the UK it would save more than 100 tonnes of plastic a year without increasing food waste
- ★ Morrisons launched 127 varieties of fruit and vegetables plastic-free or in recyclable paper bags.
- ★ Waitrose has trialled a plastic-free "Unpacked" initiative for 11 weeks, selling 160 plastic-free and loose fruit and vegetable lines in Oxford with more trials to follow later this year
- ★ Marks & Spencer has introduced a reusable container incentive for fresh food to go at 23 of its Market Place counters in-store. Bringing your own reusable containers gives you a 25p discount off each meal aiming to encourage consumers to reduce use of disposables



Retailers and suppliers are increasingly looking for alternatives to plastic packaging

Food tattoos and beech tree nets are just two of various sustainable packaging innovations

Food Tattoos



Replacing the standard sticker labels on fruits and vegetables with a new innovative technique called laser tattooing or 'natural branding' is of great interest to retailers and producers across Europe. Using laser tattoos on fruits and vegetables eliminates the need for paper, ink and glue of traditional labels, and avoids the problem of traditional stickers falling off, which ultimately improves the traceability of the produce.

From citrus fruits, melons and sweet potatoes to coconuts, bananas and avocados - this technology can be applied to a wide variety of fresh produce.

Beech tree nets



The Austrian biogenic packaging company VPZ Verpackungszentrum developed sustainable and 100% biodegradable packaging nets for fruits and vegetables. They are made from a natural by-product of the forest industry. Beechwood cellulose fibre called Lenzing Modal is used as packaging nets since 2013 in Austria with major supermarket chains and organic fruit and vegetable producers using them regularly. UK based organic veg box delivery company Riverford is the first business in the UK to ditch plastic nets and started using the environmental friendly beech tree pulp nets for onions, citrus fruits and potatoes.

Scotland Food & Drink Market Intelligence Services

We're here to help grow your business on a one-to-one basis

This ensures confidentiality and tailors research and analysis to your business needs

Our market research team can provide you with independent research, analysis and expertise through a range of methodologies, such as primary research (from online surveys to focus groups) and EPOS data analysis. We can support your business growth by working with you on a one-to-one basis – it's a tailored approach that gives you the edge, at membership rates



Understand the market

Know the size of the potential opportunity and whether the category is in growth or decline. We can assist you in uncovering what is happening within your market



Understand and uncover consumer needs

Discover the 'why' that drives consumer behaviour. Propel brand performance by basing decisions on an understanding of customers' current and emergent needs



Demonstrate brand and product performance

Our analysis gains and retains shelf space for Scottish food and drink business by providing insight into your brand (and competitors) performance down to individual product level



Produce successful, innovative products

We can work with you from idea generation to evaluation of the product in market. During development, we help you get closer to consumers to incorporate feedback during the design process

Meet the Market Intelligence team to support your business



HAYLEY BRUCE
Commercial Market Intelligence Manager

Member of the Market Research Society
Advanced Certificate in Market and Social Research Practice, Market Research Society
MSc Marketing, Edinburgh Napier University

With 6 years experience, Hayley previously worked within an Insight team of a FTSE 50 company where she led and managed primary research projects. She has experience in quantitative, qualitative and mixed methodology studies over a range of business areas

Since joining Scotland Food & Drink, Hayley has worked on several EPOS data analysis projects for food and drink manufacturers



WIEBKE PETERSEN
Market Intelligence Officer

MSc Nutritional and Consumer Economics, University of Kiel
MSc Agricultural Business, University of Kiel
Diploma in Dietetics, University Medical Centre Hamburg

Wiebke has a background in quantitative and qualitative research. She is a key member of the Market Intelligence team at Scotland Food & Drink. Over the last 2 years, Wiebke has worked on a range of EPOS data analysis projects and she is the account lead on the analysis of EPOS data for one of our snack food clients, providing regular analysis every 2 months

Contact

Hayley Bruce

Commercial Market Intelligence Manager

hayley@foodanddrink.scot

Tel: 0131 335 0947

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