October 2024

Ultra Processed Foods

In the food and drink industry

Introduction

The ongoing drive towards health and wellness is continuously reshaping the UK's food and beverage industry. Consumers, increasingly fastidious about their personal health goals, are scrutinising the products they purchase, seeking out offerings that not only support their wellness objectives but also provide transparency around ingredients and processing methods. This growing demand for transparency and nutrition-conscious options is influencing how the grocery, dining, and takeaway sectors adapt to meet these evolving expectations.

This Ultra-Processed Foods (UPFs) report draws on data from Vypr's proprietary community of over 80,000 UK consumers to offer key insights into shifting consumer attitudes and behaviours. By meticulously analysing preferences and concerns across various age groups and sectors, we provide a comprehensive look at the trends shaping the market today; from the generational divide in UPF awareness to the delicate balance between affordability, convenience and health.

This report delivers practical guidance, empowering industry stakeholders to navigate the complexities of consumer perceptions around UPFs proactively. We explore how brands can leverage education, innovation, and digital integration to deliver offerings that resonate with health-conscious shoppers while maintaining the convenience and affordability they demand.

In the following sections, we'll uncover the nuances of consumer attitudes towards UPFs, highlighting the tensions between ease, health and cost that are shaping purchasing decisions across the nation. This report serves as your roadmap to understanding and addressing the evolving dynamics of the UPF landscape.

In Brief

The food and drink industry is at a crossroads, balancing the production and marketing of Ultra Processed Foods (UPFs) with growing consumer awareness and health concerns. This section examines consumer attitudes towards UPFs across the grocery, takeaway and dine out sectors, revealing a complex landscape of awareness, concerns and changing behaviours.

Navigating Consumer Preferences amid Health Concerns: The food and drink industry faces a critical juncture as it balances the convenience and appeal of Ultra-Processed Foods (UPFs) with mounting consumer health concerns and growing awareness. This section evaluates a complex interplay between health awareness, cost considerations, and dietary choices.

The Shift in Consumer Dynamics: Increased awareness among younger consumers highlights a shift towards more health-conscious decisions, yet significant confusion persists about what exactly constitutes a UPF. This evolving consumer landscape presents both challenges and opportunities for the industry to innovate and educate.

Strategic Insights for Addressing Market Trends: By dissecting consumer behaviour and preferences, this analysis aims to furnish industry leaders with actionable intelligence to refine their strategies. These insights will help navigate the delicate balance between offering convenience and addressing the health implications associated with UPFs.

Guiding Industry Response: Additionally, we will explore strategic approaches to address these consumer trends, ensuring product offerings are well-aligned with current health dialogues and market demands. This comprehensive overview will support your business in adapting to a landscape where health concerns increasingly dictate market dynamics.

Consumer Awareness and Understanding of UPFs

Before delving into sector-specific analysis, it's crucial to understand the overall level of consumer awareness and understanding of UPFs:

Awareness Levels: Awareness of UPF is higher than NOVA (a framework for categorising food based on how much and why they are processed) and HFSS (a term for high in fat and/or sugar), but lower than UHT (Ultra-high temperature processing). Traffic Light Labelling, and Price Match.

Awareness of UPFs, NOVA, and HFSS is also higher among Gen Z and Millennial consumers. There's a clear generational split, with older consumers (45+) showing higher awareness of UHT, Traffic Light Labelling, and Price Match.

Understanding of UPFs: While 90% of UK consumers have heard of UPFs, only 43% claim to be able to explain them. Younger consumers are more likely to be able to explain UPFs than older consumers. When asked to define UPFs, most consumers struggled. Key terms used in consumer descriptions of UPFs included: 'not natural', 'lots of additives', 'refined' and 'artificial'.

Perceived Health Consequences: When asked about the health consequences of eating too many UPFs, common themes included weight gain, heart disease, high cholesterol and high blood pressure.

Product Categories Associated with UPFs: Ready meals, pizza, and confectionery were the top 3 food categories that consumers associated with high UPF content, whereas bread, plant-based products, and cheese were among the lowest. Interestingly, ready meals significantly under-indexed at 39% with Gen Z and Millennial consumers and over-indexed at 74% with those 55+.

This data reveals that while awareness of UPFs is growing, there's still significant confusion about what exactly constitutes an UPF. This presents both a challenge and an opportunity for the industry to educate consumers and potentially reposition certain products.

Awareness of UPF in the Grocery Sector

The grocery sector is at the forefront of the UPF issue, as it's where consumers make most of their food purchasing decisions. Our analysis reveals several key trends and consumer attitudes:

Clean Label Trends: Consumers are increasingly seeking products with simpler, more recognisable ingredients. This has led to reformulation efforts to reduce artificial additives and preservatives in UPFs.

Health and Wellness Positioning: Many UPF manufacturers are repositioning their products to align with health and wellness trends, such as adding functional ingredients or reducing sugar and salt content.

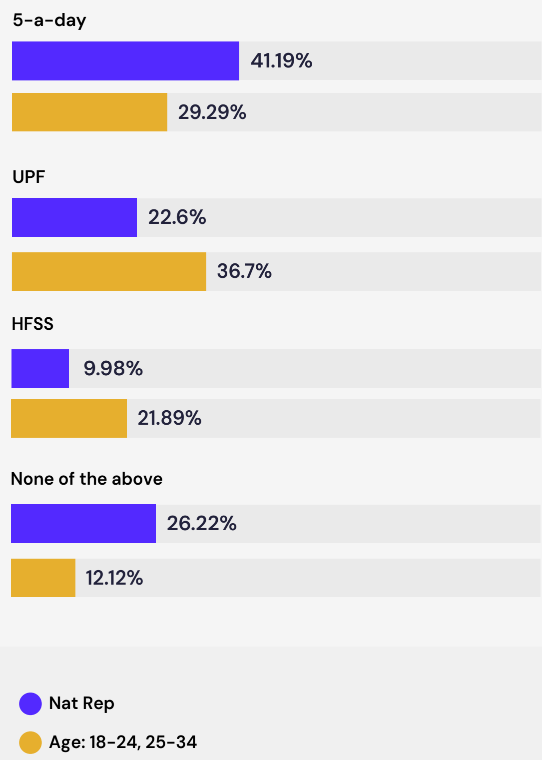
Sustainability and Packaging: There's a growing focus on sustainable packaging solutions for UPFs, as well as efforts to communicate the environmental impact of these products to consumers.

Consumer Priorities: When asked about their primary concerns when shopping for groceries, consumers highlighted value for money and price. Only about 15% of consumers highlighted health and nutrition as their primary concern.

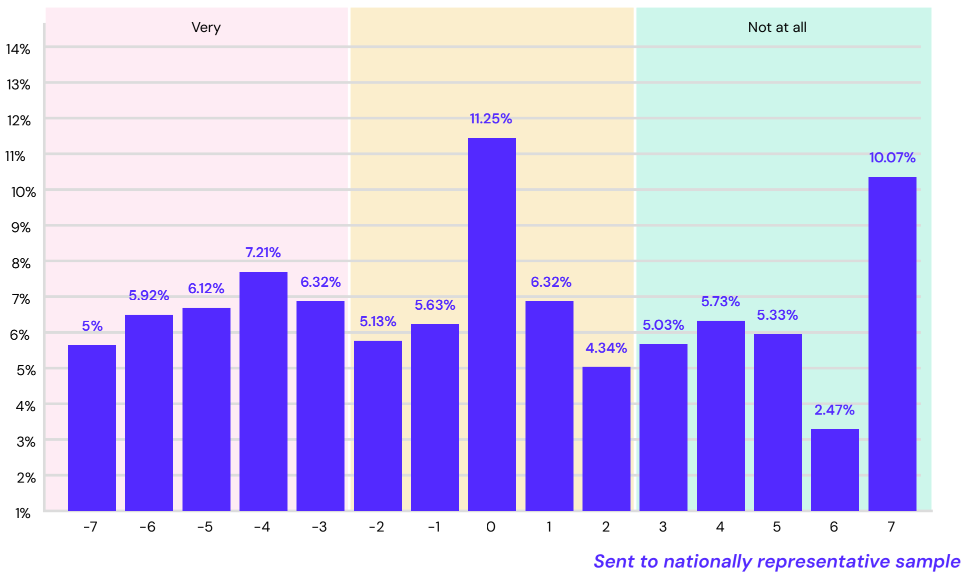
Affordability vs. UPF Concerns: 44% of consumers are very concerned about affordability when shopping for groceries, with 31% not at all concerned. In comparison, 39% are very concerned about UPFs, with 29% not at all concerned. This suggests that while UPF concerns are significant, they're often secondary to cost considerations for many consumers.

Health Topics of Concern: When asked about which health topics are most concerning when shopping for groceries, 41% of consumers cited meeting their '5-a-day' as their top concern. UPFs were a concern for 23% of consumers overall, but this increased to 37% for Gen Z and Millennial consumers while HFSS was a concern for only 10% of consumers.

Which of these health topics is most concerning to you when shopping for groceries currently?



How concerned are you about Ultra Processed Foods when shopping for groceries right now?



Changing Habits: 88% of UK consumers are trying to make changes to their eating habits. The top 3 changes are snacking less frequently, consuming less alcohol, and reducing consumption of UPFs. Gen Z and Millennial consumers were most concerned about consuming less alcohol and reducing consumption of UPFs.

Scratch Cooking: 92% of UK consumers cook from scratch at least once a week, with 32% doing so daily. Households with younger children tend to cook from scratch more frequently. This trend towards scratch cooking could be seen as a response to concerns about UPFs.

These findings suggest that while consumers are increasingly aware of and concerned about UPFs, cost and convenience remain significant factors in their grocery shopping decisions. The industry needs to balance addressing UPF concerns with maintaining affordability and convenience.

Awareness of UPF in the Takeaway Sector

The takeaway sector faces unique challenges when it comes to UPFs, given the inherent convenience factor of takeaway meals. Our analysis reveals the following key points:

Convenience vs. Health: The sector is grappling with balancing the inherent convenience of UPFs in takeaway meals with growing consumer demand for healthier options.

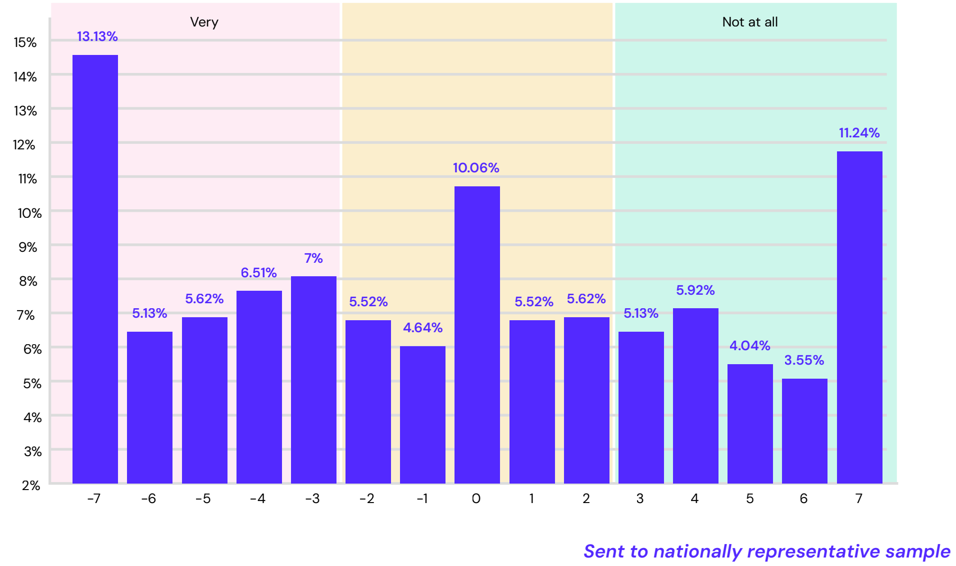
Customisation and Personalisation: There's a trend towards offering consumers more control over their UPF intake by providing customisable options in takeaway meals.

Digital Integration: The sector is increasingly using apps and online platforms to provide detailed nutritional information, and ingredient lists for UPFs in takeaway meals.

Consumer Concerns: 47% of consumers are very concerned about affordability when ordering a takeaway, with 27% not at all concerned. In comparison, 39% are very concerned about UPFs in takeaways, with 30% not at all concerned. This suggests that while UPF concerns are significant in the takeaway sector, they're often secondary to cost considerations.

Sustainability Concerns: 31% of consumers are very concerned about sustainability when ordering a takeaway, with 33% not at all concerned. This indicates that sustainability is a lower priority for most consumers when it comes to takeaways, compared to cost and health concerns.

How concerned are you about Ultra Processed Foods when ordering a takeaway?



These findings suggest that the takeaway sector needs to focus on providing healthier options and transparent nutritional information while maintaining affordability. There's an opportunity to use digital platforms to educate consumers about UPFs and offer customisable options.

Awareness of UPF in the dine-out Sector

The dine out restaurant sector is at the forefront of the UPF issue, as it plays a significant role in shaping consumer food choices when eating out. Our analysis highlights several key trends and shifts in consumer attitudes.

Transparency in Menu Items: Restaurants are facing pressure to be more transparent about the use of UPFs in their dishes, including providing detailed ingredient lists and nutritional information.

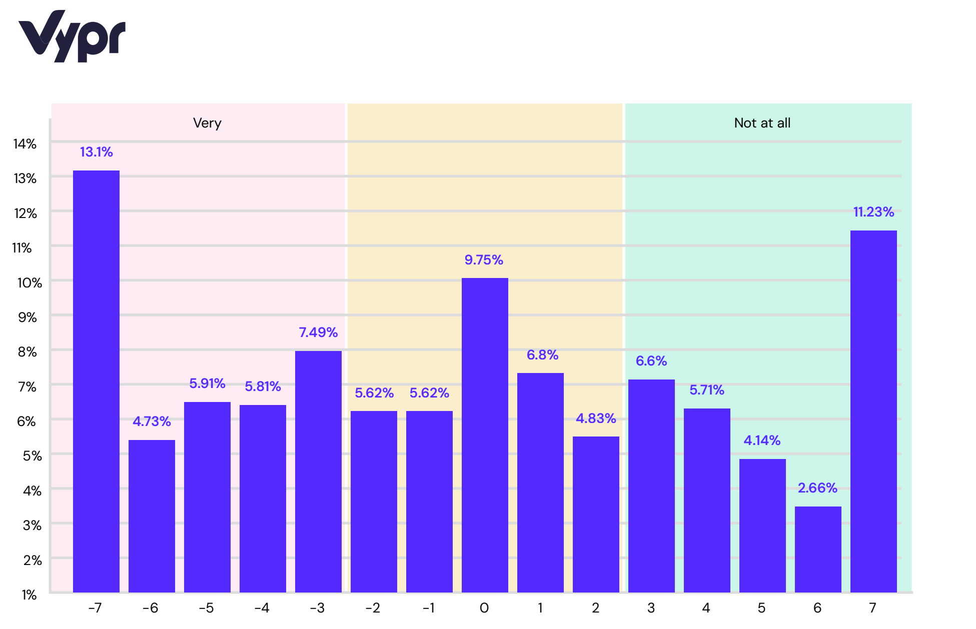
Culinary Innovation: Chefs are exploring ways to create dishes that mimic the appeal of UPFs (convenience, taste, texture) using less processed ingredients.

Consumer Education: Restaurants are taking on a role in educating consumers about UPFs, often positioning themselves as providers of 'real' or 'whole' foods in contrast to UPFs.

Consumer Concerns: 49% of consumers are very concerned about affordability when ordering at a restaurant, with 24% not at all concerned. In comparison, 37% are very concerned about UPFs in restaurants, with 30% not at all concerned. This suggests that while UPF concerns are significant in the dine out sector, they're often secondary to cost considerations.

Sustainability Concerns: 30% of consumers are very concerned about sustainability when ordering at a restaurant, with 33% not at all concerned. This indicates that sustainability is a lower priority for most consumers when dining out, compared to cost and health concerns.

How concerned are you about Ultra Processed Foods when ordering at a restaurant?



Sent to nationally representative sample

These findings suggest that the dine out sector has an opportunity to differentiate itself by offering "real" food alternatives to UPFs. However, it must balance this with maintaining affordability and meeting consumer expectations for taste and experience.

Cross-Sector Themes

Several themes emerge across all 3 sectors:

- **Generational Divide:** Younger consumers (Gen Z and Millennials) consistently show higher awareness and concern about UPFs across all sectors. This suggests a need for tailored strategies for different age groups.
- **Price vs. Health:** Across all sectors, affordability remains a primary concern for consumers, often outweighing health considerations related to UPFs. This presents a challenge for the industry in balancing health improvements with cost considerations.
- **Education Need:** While awareness of UPFs is growing, there's still significant confusion about what constitutes an UPF. This presents an opportunity for the industry to educate consumers and potentially reposition certain products.
- **Digital Integration:** Across all sectors, there's an increasing use of digital platforms to provide nutritional information and ingredient transparency. This trend is likely to continue and expand.
- **Sustainability as Secondary Concern:** While sustainability and environmental concerns are present amongst consumers, they're generally secondary to health and cost considerations across all sectors.

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In Summary

Based on our analysis of consumer attitudes towards UPFs across the grocery, takeaway and dine out sectors, we can draw several key conclusions and action points for industry leaders:

1. **Educate to Elevate:** There's a clear need for consumer education about UPFs. While awareness is growing, understanding is still limited.

   Action point: Develop clear, accessible information about UPFs, their impacts, and alternatives. This could be through packaging, in-store displays, digital platforms and menu descriptions.

2. **Generational Targeting:** The significant generational divide in UPF awareness and concern necessitates tailored strategies.

   Action point: Develop age-specific marketing and product strategies, with a focus on health and transparency for younger consumers, and convenience and familiarity for older demographics.

3. **Balance Health and Affordability:** Across all sectors, affordability remains a primary concern, often outweighing health considerations.

   Action point: Focus on developing and marketing products that balance nutritional value with affordability. This could involve reformulating UPFs to be healthier without significantly increasing costs.

4. **Leverage Digital Platforms:** The increasing use of digital platforms presents opportunities for transparency and personalisation.

   Action point: Invest in robust digital solutions that provide detailed nutritional information, allow for meal customisation, and educate consumers about UPFs.

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5. **Culinary Innovation:** There's an opportunity to innovate with less processed alternatives that maintain the convenience and taste appeal of UPFs, particularly in the takeaway and dine out sectors.

   Action point: Invest in R&D to develop new products and dishes that mimic the benefits of UPFs using less processed ingredients.

6. **Transparency as a Differentiator:** With growing consumer interest in what goes into their food, transparency about ingredients and processing methods can be a competitive advantage.

   Action point: Implement clear labelling and communication strategies about ingredients, processing methods and nutritional content across all sectors.

7. **Sustainability Integration:** While currently a secondary concern for most consumers, sustainability is likely to become increasingly important.

   Action point: Begin integrating sustainability initiatives into UPF reduction strategies, such as using more sustainable ingredients or packaging in reformulated products.

In conclusion, the UPF landscape presents both challenges and opportunities for the food and drink industry. By understanding and responding to evolving consumer preferences and concerns, businesses can move towards providing healthier, more transparent food options while maintaining the convenience and affordability that consumers demand. Success will lie in balancing these often-competing factors and effectively communicating efforts to reduce reliance on UPFs across all sectors of the industry.

Better decisions, winning products.

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