Euromonitor International

Inflation in Packaged Foods: Causes and Implications of Price Growth

March 2024

INTRODUCTION

Scope
Key findings

THE STATE OF FOOD INFLATION

Despite declining inflation in 2024, high grocery costs remains a burden
Supply chains and farmgate prices remain under pressure in 2024
The many layers of global inflation
Cooling inflation is being met with supply challenges, protests, and demand for better quality
Fluctuating commodity production puts further pressure on prices

PERFORMANCE OF GROCERY CATEGORIES

Packaged grocery demand adjusts with inevitable price increases landing across categories
Staple foods inflation surges through war and disease…
…with climate change impacts meaning higher prices are here to stay
High prices lead consumers to look for alternatives: The case of rice, pasta and noodles
Prices surge in cooking ingredients and meals driven by olive oil and premiumisation trends
Unit price rises have significantly impacted retail volume sales of edible oils
Snacks prices rise as stricter policies seek to modify demand for the category
Dairy value sales soar due to price rises in 2023, but prices are forecast to stabilise
Both low and high inflation markets present opportunities and risks for food companies

CONSUMER TRADE-OFFS

Savings shrink across most of the world as price of essentials grow
The cost-of-living crisis leads to trade-offs in health and sustainability
Consumers' limited ability to afford healthier diets is likely to exacerbate obesity rates
Desire for healthier and sustainable foods is simmering but saving remains priority
Consumer response depends on income, brand loyalty and perceived value

NAVIGATING PACKAGED FOOD INFLATION

The inflationary context favours private label value share growth in packaged food
Just Egg achieves price parity and points out "Plants don't get the flu"
Tackling inflation in the dairy industry through targeted strategies
Lindt partners with cocoa-free brand ChoViva to launch vegan tablet
Kraft's 2024 volume growth forecasts signal expectations for major cooking aids players

NEXT FOR PACKAGED FOOD INFLATION

The severity of grocery inflation is expected to moderate, but pricing will remain dynamic
Prices forecast to grow across categories, with staple foods benefiting as a grocery priority
With some exceptions, most packaged groceries are set to become price movers
Essentialism, and underlying novel demands, are shaping category performances
While retailers are becoming more active in monitoring and tackling price rises
Opportunities for food players include new recipes and/or new pricing strategies
Volume demand, economic factors and consumer behaviour to determine growth potential
Key findings

About Euromonitor International

Euromonitor International is an independent market intelligence provider. Data, insight and analysis stem from in-the-field research spanning 210 national markets.

Content ranges from the in-depth and country-specific, to key strategic themes with a global range and significance. Products cover a comprehensive range of insights and market data, but can be broadly categorised as:

- Strategy Briefings: Global or regional in scope, and focussing on the most important themes shaping consumer demand, the key markets, competitive environment and future outlook across a range of industries.
- Company Profiles: Analysis dedicated to the world's most significant companies, with detailed insight into their activities, focus of operations, their competitors, their geographic presence and performance.
- Country Reports: For an in-depth understanding of specific countries, whether by industry, economic metrics or consumer trends and lifestyles. These reports cover current trends, consumer demand, market potential and future prospects, with country-specific local insight and comprehensive data, unavailable elsewhere.

For more information on this report, further enquiries can be directed via this link www.euromonitor.com/inflation-in-packaged-foods-causes-and-implications-of-price-growth/report.