Consumer Panel Report

The UK Ice Cream Market: What Consumers Eat and Why?

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1. Introduction

1.1 What is this Report About?

This report provides the results for a specific product market of Canadean's unique, highly detailed, and proprietary study of consumers' Consumer Packaged Goods (CPG) consumption habits, and forms part of an overall series covering all CPG product markets. Uniquely, this study utilizes both a large scale consumer survey program and a program of industry interviews and secondary research to provide a complete picture of consumer consumption behavior and how this directly affects market value – integrating two types of data and research in order to "join the dots" between consumer habits and market value.

The focus of the report is to provide the essential data from these two integrated streams of research in order to provide both market and consumer insight at the product category level for specific consumer groups. From consumption frequency and consumer group share of market value, the report provides unparalleled data on who (which consumers) consumes what (which product categories), how often, why (the influence of various consumer trends), and the market value of combinations of these factors.

Crucial in being able to provide all of this detail are unifying frameworks which underpin all of the research and the analysis frameworks. Of these the most important is the "consumer trends" framework. This framework (described in detail below) distills the key global consumer trends that are shaping consumer consumptions habits, from health to the uptake of the latest technologies. In total the report tracks 20 trends, each of which has the potential to act as a driver or inhibitor on the product market. By analyzing these trends the report also answers questions such as "How much is the indulgence trend worth in my market?" and "How important to consumers are factors like convenience in my product category?"

1.2 Definitions

1.2.1 Consumer Trends

Canadean's proprietary consumer trends framework covers 21 consumer trends (20 of which are covered in this report) and six consumer cohort groups. A consumer trend is defined as a clear and long-term direction in consumers' values, attitudes, or behaviors – for example the trend towards health, indulgence, or convenience. Based on rigorous analysis of consumer trends literature and our own in-house expertise this framework provides a highly robust and comprehensive view of the global trends affecting consumers. For completeness we provide the results for all the consumer trends tracked in each report for each category covered, making it clear where the impact of a consumer trend is strongest.

Our consumer trends framework, along with a brief description of each trend is provided below:

- **Aspirations** – the trend towards consumers having more aspirational desires and wanting this reflected in the products that they consume

- **Beauty** – the trend towards consumers being increasingly interested in their beauty and grooming and as a consequence seeking to achieve more of their beauty aims and ambitions

- **Better Value for Money** – particularly important in the current economic environment, this trend reflects growing consumer desire, particularly in Western economies, for better value for money from their purchases. This can cover not only trading down to lower priced items, but also trading up to higher priced ones when a consumer feels there is value in doing so

- **Busy Lives** – the trend for consumers increasingly fitting more activities into the same amount of time in a day. Working hours are increasing for certain groups, but many consumers similarly have increasingly busy lives as they attempt to juggle work, home life, personal ambitions, and the desire to be close to friends and family. As highlighted below, for this trend we also identify specific consumer groups

- **Changing Age Structures** – a socio-demographic trend, the age structures of many countries are evolving, having a significant impact on the marketing landscape. It's not just the aging of populations in Western, developed countries either, the rapid increase in younger generations in developing countries also challenges pre-conceptions about who the main consumers for products are. As highlighted below, for this trend we also identify specific consumer groups

- **Changing Lifestages** – another socio-demographic trend, and one related to changing age structures. Combined with altering age group dynamics, the marketing landscape is altered in many countries as people increasingly delay settling down, marriage, and childbirth. The traditional pattern of lifestages is evolving, and as a result so are the sizes of these groups and their needs from CPG purchases. As highlighted below, for this trend we also identify specific consumer groups

- **Connection** – flexible labor markets, increased work and pleasure travel, busy lives, and the breakup of traditional family structures in many countries leaves many people with a growing desire to rectify the downturn in the types of personal connections those in previous generations had. The desire to be close to friends, family or those with similar interests combines with evolving technologies to create an explosion in the desire for people to feel somehow "connected" to what's important to them. Social networking, growth in the desire to spend more time with family and friends, and the desire to improve the quality of that time are all manifestations of this trend

- **Education** – while not expressly covered in this report (as few people consume more or less of a product purely because of the level of formal education they have achieved), it is an important trend as levels of formal education increase around the world. In this report related trends or groups (for example wealth groups) cover the impact of growing consumer education on CPG consumption

- **Ethics, Responsibility & Spirituality** – increasingly a growing number of consumers are concerned (even if they don't always act upon these concerns) about their own ethics and spirituality. In turn many consumers are increasingly critical of the ethical and related credentials of the products or services they buy, and the providers of them

- **Experience seeking** – many consumers are seeking to go beyond the "simple" act of owning and consuming products and instead are seeking to attain greater value by seeking products and services that somehow offer rewarding experiences. This can take many forms and can be related to other trends. For example, consuming a very high quality food or drink may not only satisfy a need for quality, but also the act of consumption in itself may well have value as an experience that will not soon be forgotten

- **Fun and enjoyment** – many consumers, young and old, and not least in these challenging economic times, are seeking additional fun and enjoyment and some will often choose CPG products as a result of these needs

- **Health** – in almost every country, consumers are increasingly worried about their overall wellbeing and specifically their health. The wider social effects of growing obesity rates and sedentary lifestyles have led to growth in consumer concern about their own health, which has had an impact on their willingness to choose products and services that might result in health benefits

- **Individualism** – in an age of mass consumerism, global brands, and rules and regulations, many people are often seeking to express their individual identities, personalities, needs, and wants when the opportunity arises. As a result, products and services can tap into this trend by offering people ways of achieving these desires

- **Indulgence** – from little rewards to big ones, consumers are increasingly seeking ways in which they can indulge their desires and achieve the “feel good” this can create, even if only temporary

- **Media** – fragmentation of the media may mean that any one media or media outlet’s influence may be declining, but the growth of 24/7 media access from almost any place or location means that media influence continues to extend and increasingly shape consumers’ habits – even if they are seeking to react against media trends

- **New Gender Behaviors** – this trend refers to the blurring of traditional gender roles and behaviors, and is related to the changing nature of modern life for many people. From stay-at-home dads to career women, the old ways of doing things is changing and with it so are people’s views of themselves, and, therefore, the products and services that meet their needs. It’s not all “new age” though, within this trend is also the counter-perspective of people seeking more traditionally masculine and feminine products

- **Personal space and time** – the pace of modern life and all the demands it brings means that many people are seeking to create their own “bubble” of space and time where they are in control, are able to relax and unwind, and are free from the constant flow of things to do, even if it is just for five minutes

- **Quality Seeking** – this is the trend towards trading up to higher quality products and services, even if in challenging economic times this is a “less of the best” approach

- **Technology Uptake** – the pace of technological change (not just in communication, but in other areas too) means many are keen to try out the latest that’s on offer and are willing to experiment in order to gain the benefits, and, for some, be amongst the first to experience them

- **Trust** – or often a growing lack of it, is increasingly important and is also a very broad trend. From the breakdown in trust in institutions, governments, and companies, to concerns over specific ingredients in consumer goods, trust is increasingly a major concern for consumers, and therefore marketers as well

- **Urbanization & Migration** – shifting patterns of urbanization as major economies develop and people move to where the work is plays a role in fundamentally shaping people’s needs – especially when it comes to CPG purchases. The packaged food and drinks needs of the average urban dweller can differ remarkably to those of the rural dweller, shifting the balance between which types of products are best placed in the market. As highlighted below, for this trend we also identify specific consumer groups

1.2.2 Consumer Groups

Our consumer trends framework is both supported by, and integrated with, our segmentation of consumers into six cohort groups (with over 30 individual groups covered). Some of these cohorts relate directly to specific trends in our framework (such as Education) while others are strongly related to them (for instance Wealth groups are strongly related to trends like seeking Better Value for Money).

Our consumer groups and their definitions are:

- **Age:**
    - **Kids & Babies**: those aged 0 – 9 years old
    - **Tweens and Teens**: those aged 10 – 15 years old
    - **Early Young Adults**: those aged 16 – 24 years old
    - **Older Young Adults**: those aged 25 – 34 years old
    - **Pre-Mid-Lifers**: those aged 35 – 44 years old
    - **Mid-Lifers**: those aged 45 – 54 years old
    - **Older Consumers**: those aged 55+

- **Busy Lives:**
    - **Time Rich**: those who average more than 7 hours of leisure time per day
    - **Time to Spare**: those who average between 5 and 7 hours of leisure time per day
    - **Time Pressed**: those who average between 3 and 5 hours of leisure time per day
    - **Time Poor**: those who average between 1 and 3 hours of leisure time per day
    - **No Time**: those who average less than 1 hour of leisure time per day

- **Education Level:** this refers to the highest level of education a person has achieved in their lifetime. Each group is aligned to International Standard Classification of Education (ISCED) levels:
    - **Pre-Primary** – initial stage of organized instruction, typically before formal schooling starts
    - **Primary** – typically starting between 5 and 7 years old and lasting to around 10 or 11 years old
    - **Lower Secondary** – basic, formal education level
    - **Upper Secondary** – more specialized education starting after the end of formal education
    - **Post Secondary – Non Tertiary** – i.e. higher education college or similar
    - **Tertiary (1st Stage)** – i.e. undergraduate degree
    - **Tertiary (2nd Stage)** – i.e. post-graduate degree

- **Gender:**
  - **Female**
  - **Male**

- **Urban and Rural Dwellers:**
  - **Urban**: those stating they live in “urban” areas
  - **Rural**: those stating they live in “rural” areas

- **Wealth Group:** actual income levels and degrees of affluence vary according to the relative purchasing power of currency in each country. For full details of each country’s categorization please contact Canadean. The following approximate income level boundaries were used to determine membership of the below groups:

  - **Highly Affluent :** a member of a household with annual income from the 93rd centile upwards
  - **Better off :** a member of a household with a total income above the 50th centile but below the 93rd income centile within the country
  - **Moderate Income**: a member of a household with a total income below the 50th centile and in, or above, the bottom 22.5th centile within the country
  - **Hard Pressed**: a member of a household with a total income below the bottom 22.5th centile within the country
  - **Rather Not Say**: results for those people who declined to provide their household’s annual income

1.2.3 End Consumers

It should be noted that all the results from the consumer survey relate to “end-consumers” or “final consumers” of the products. This means the data are different to shopper data. Shopper data focuses on the actual purchasers of products regardless of whether or not they are the final consumers, instead data here all relate to the final consumer of the product.

1.2.4 Volume Units and Aggregations

Where volume measurements are given the units of measurement presented in the table below are used. It should be noted that as volume units are sometimes mixed it is not always possible to provide an aggregation of volume units across product categories. In food categories this problem has been resolved by assuming that products sized in liters (e.g. liquid milk) have weights such that 1 liter = 1 kilogram.

Table 1: Volume Units for the Ice Cream Market

Ice Cream	Artisanal Ice Cream	KG
	Impulse Ice Cream	KG
	Take-home Ice Cream	KG

Source: Canadean © Canadean

1.2.5 Exchange Rates

The following exchange rates have been used in this report. Please note the exchange rate is the annual average exchange rate for the year indicated.

Table 2: Foreign Exchange Rate - GBP vs. USD

	2012
Pound Sterling - US Dollar	1.9644

Source: Canadean © Canadean

1.2.6 Population Profiles (for interpretation of tables and charts)

In order to place some of the tables of results in this report into context, a demographic breakdown of population size is provided below.

Table 3: United Kingdom Survey Respondent profile (weighted), 2012
Age
Kids & Babies
Tweens & Early Teens
Early Young Adults
Older Young Adults
Pre-Mid-Lifers
Mid-Lifers
Older Consumers
Gender
Female
Male
Urban and Rural Dwellers
Urban
Rural
Education Level
Pre-Primary
Primary
Lower Secondary
Upper Secondary
Post Secondary – Non Tertiary
Tertiary (1st Stage)
Tertiary (2nd Stage)
Wealth Group
Highly Affluent
Better Off
Moderate Income
Hard Pressed
Rather Not Say
Busy Lives
Time Rich
Time to Spare
Time Pressed
Time Poor
No Time

Source: Canadean © Canadean

2. Methodology

2.1 Introduction

Canadean's Consumer Data is built using an extensive consumer survey and then ongoing consumer group tracking, all of which is fully aligned to known market sizes. Data for this report has followed a two stage process.

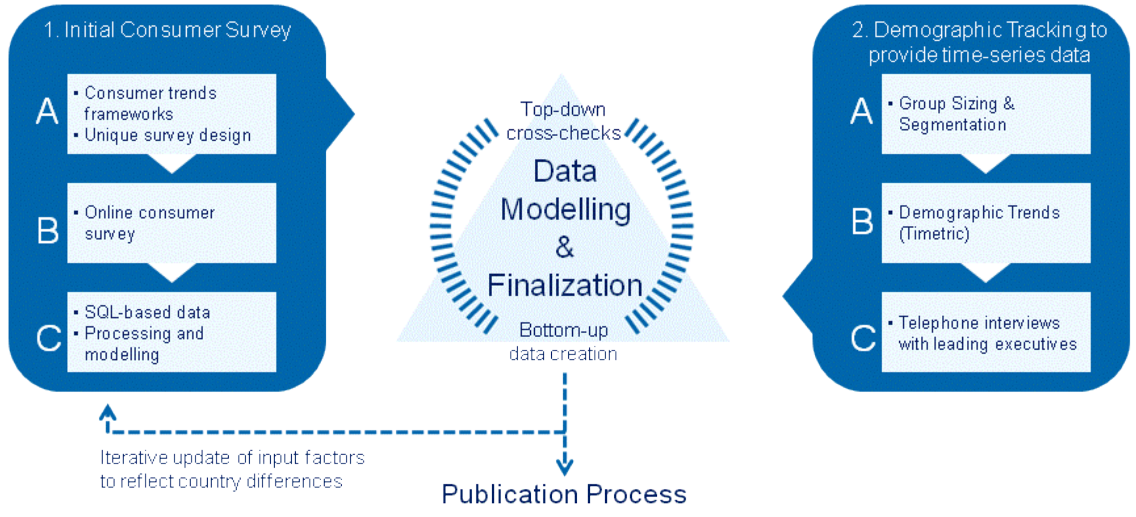
The initial year of data for consumption and behavior by consumer groups was derived as part of a program of over 120,000 consumer survey responses at the country and category level to determine consumption rates and motivations across a range of consumer packaged goods (CPG) sectors.

To provide a second year of data, the size and development of these consumer groups was extensively researched and tracked and the results fed into our custom systems, updating results and providing time series data.

As part of the modeling and processing of this data, total consumption rates across all groups were then aligned with known market sizes to ensure accurate modeling has occurred, and that the worth of consumer groups and trends by category is accurately sized.

The following sections detail the stages used in the initial program of consumer surveys and the development of a second year of data through consumer group tracking.

Figure 1: Consumer Trends Report Methodology



Source: Canadean © Canadean

2.2 Initial data are based on a large scale, international program of online consumer surveys

A major international consumer survey across 10 countries was conducted in 2011. In total over 120,000 survey responses were obtained (over 12,000 in each country covered).

The consumer surveys were all conducted online using strict quality criteria ensuring that only high quality results were achieved and that non-suitable candidates, such as those putting in random repeat patterns or those who "sped" through the survey, were excluded.

Survey results are nationally representative by age and gender

As part of the survey method, stringent quotas for responses by category were set which ensured that the responses gained were in line with the age and gender profile of each country covered. Further statistical analysis of the results ensured that all results were then in exactly the same proportion with the age profile and gender profile of each country covered.

Parents answered on their children's behalf

In order to obtain results for minors, strict quotas (covering both the age groups for minors covered in the report) were set by country to obtain responses from parents (who will often account for bulk of CPG purchases for products which children eventually consume) about their eldest child's consumption. These quotas ensured results by age group are nationally representative

Integrated with industry calling and secondary research

All of the outputs and analysis of the above results are also combined with industry research, which includes a major program of interviewing leading industry executives for each category covered in each country, as well as extensive secondary research (covering sources such as trade bodies, investment community research and company research). For the 10 countries covered by the consumer survey over 4,000 interviews were conducted – all with local country experts (typically brand, product and marketing managers for major brands with each country). These results provide a detailed check and cross-reference for the analysis of the consumer survey results. As both of these research streams used common frameworks and were specifically designed to allow consolidation of the final results, this allows production of a fully integrated data set between consumer behavior, associated spending, and volume.

2.3 Demographic groups tracking provides time series data

Time series data are developed by conducting extensive research into the demographic development of key consumer groups in the study over time. This information allows us to track changes in consumption associated with each group over time, country by country, providing time series consumer data.

The demographic group update methodology is as follows:

1) All consumer demographic groups are sized and segmented.

2) The growth patterns and development over time of all consumer groups is established using Timetric's proprietary statistical service, which monitors statistical data from multiple sources, including national statistical offices.

3) The impact of this on overall consumption patterns is established.

4) Results are inputted into and processed in custom SQL systems.

5) New data outputs are verified and fully aligned with market data.

6) Publication process.

3. Consumer Segmentation, Group Value and Trend Influence

3.1 Cohort Groups and Ice Cream Market Value

3.1.1 Age Groups

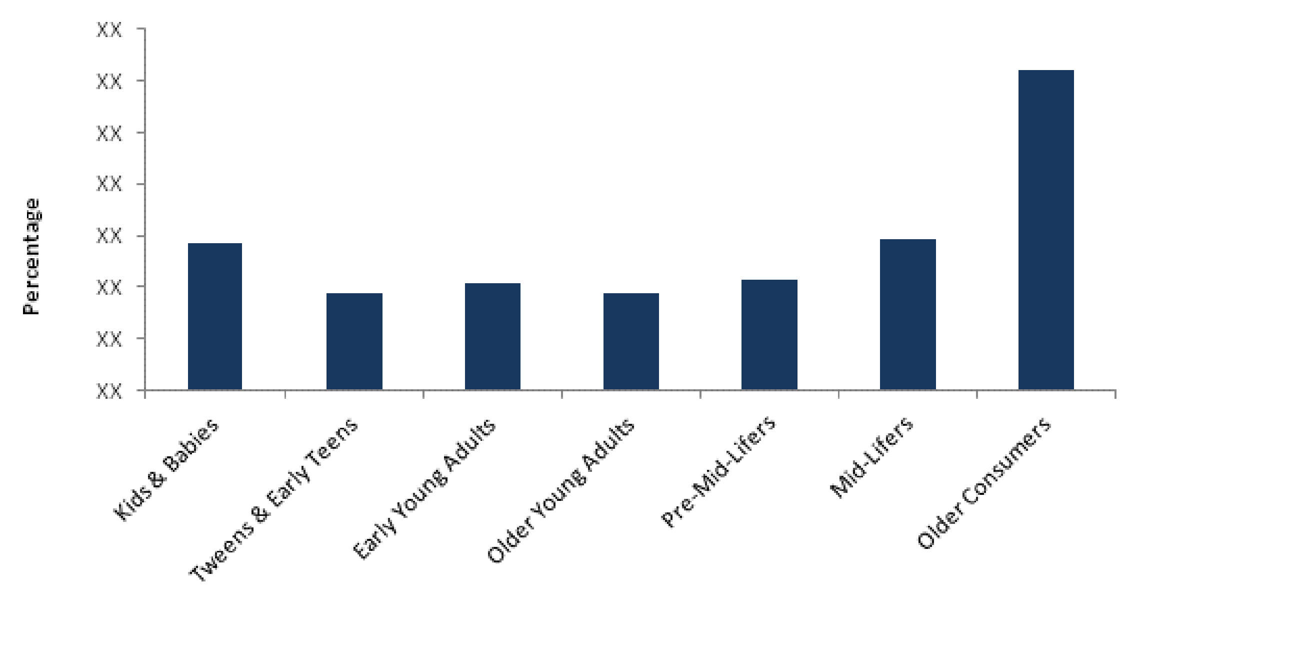
The table and chart below show the share of total market value accounted for by each respective consumer group shown.

Table 4: United Kingdom Ice Cream Value Share (%), by Age Groups, 2012

Age Groups	**Percentage Share of Market Value**
Kids & Babies	
Tweens & Early Teens	
Early Young Adults	
Older Young Adults	
Pre-Mid-Lifers	
Mid-Lifers	
Older Consumers	
Overall	

Source: Canadean © Canadean

Figure 2: United Kingdom Ice Cream Value Share (%), by Age Groups, 2012



Source: Canadean © Canadean

3.2 Cohort Groups and Market Value by Category

3.2.1 Artisanal Ice Cream

The table below shows the share of category value accounted for by each respective consumer group shown

Table 10: United Kingdom Artisanal Ice Cream Consumer Group Share (% market value), 2012

	2012
Age	
Kids & Babies	
Tweens & Early Teens	
Early Young Adults	
Older Young Adults	
Pre-Mid-Lifers	
Mid-Lifers	
Older Consumers	
Busy Lives	
Time Rich	
Time to Spare	
Time Pressed	
Time Poor	
No Time	
Education Level	
Pre-Primary	
Primary	
Lower Secondary	
Upper Secondary	
Post Secondary – Non Tertiary	
Tertiary (1st Stage)	
Tertiary (2nd Stage)	
Gender	
Female	
Male	
Urban and Rural Dwellers	
Urban	
Rural	
Wealth Group	
Highly Affluent	
Better Off	
Moderate Income	
Hard Pressed	
Rather Not Say	

Source: Canadean © Canadean

3.3 Behavioral Trends and Market Value

3.3.1 Artisanal Ice Cream

The table below shows the total value of the category and the share (percentage) of the market which is influenced by each consumer trend in the table. Respondents were asked about how often a leading indicator of each trend in the category had an influence on their consumption. NB: trends are not mutually exclusive and the table should be read as showing the percentage of total market value that is in some way driven by each trend.

Table 13: United Kingdom Total Artisanal Ice Cream Value (Pound Sterling millions) and Value Share Influenced by Behavioral Trends, 2012

	2012
Total Artisanal Ice Cream Value	
Indulgence	
Personal space and time	
Fun and enjoyment	
Changing Age Structures	
Quality Seeking	
Connection	
Changing Lifestages	
Better Value for Money	
Experience seeking	
Individualism	
Ethics, Responsibility & Spirituality	
Urbanization & Migration	
Trust	
Busy Lives	
Media	
New Gender Behaviors	
Aspirations	
Health	
Technology Uptake	
Beauty	

Source: Canadean © Canadean

4. Consumption Analysis

4.1 Consumption Frequencies by Age and Gender

4.1.1 Artisanal Ice Cream

By Age

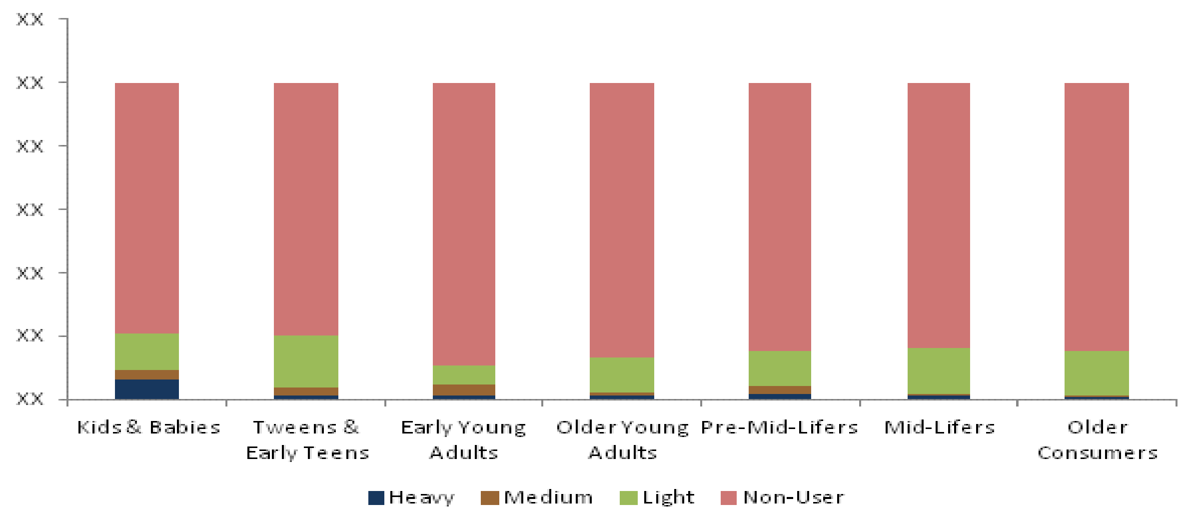
The table and chart below show for each group indicated the share (percentage of people within that group) who are either heavy, medium, light or non-user (or non-consumers) of the category. This therefore highlights within each group whether there is a bias towards heavy or light consumption of the category.

Table 16: United Kingdom Artisanal Ice Cream Consumption Frequency Analysis (% by Age Group, by Consumption Group), 2012

	Heavy	Medium	Light	Non-User	Overall
Kids & Babies					
Tweens & Early Teens					
Early Young Adults					
Older Young Adults					
Pre-Mid-Lifers					
Mid-Lifers					
Older Consumers					

Source: Canadean © Canadean

Figure 8: United Kingdom Artisanal Ice Cream Consumption Frequency Analysis (% by Age Group by Consumption Group), 2012



Source: Canadean © Canadean

By Gender

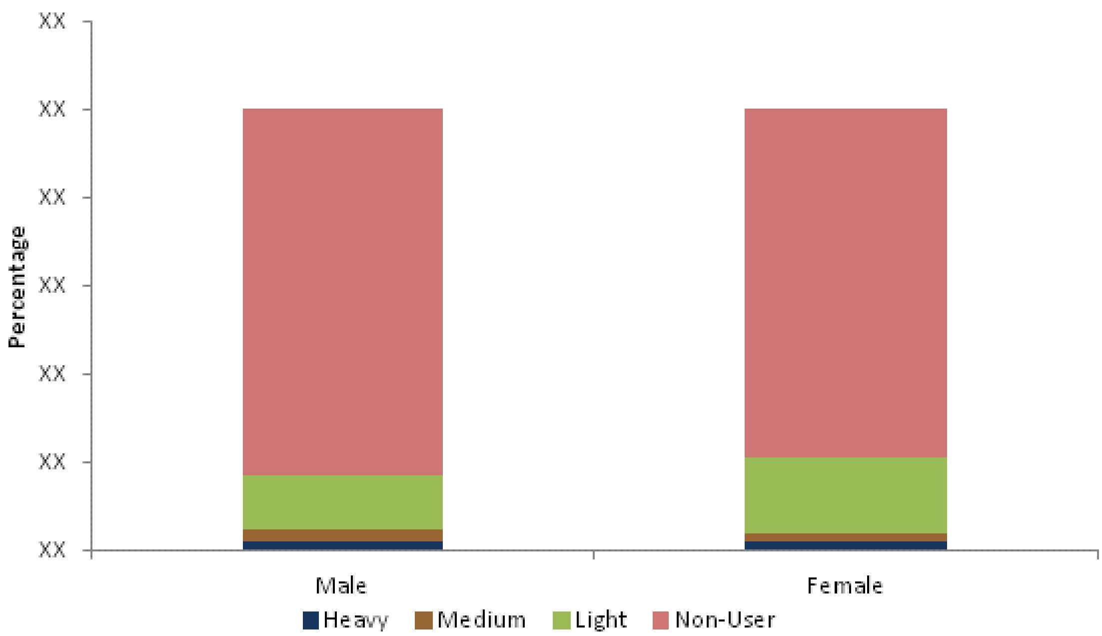
The table and chart below show for each group indicated the share (percentage of people within that group) who are either heavy, medium, light or non-user (or non-consumers) of the category. This therefore highlights within each group whether there is a bias towards heavy or light consumption of the category.

Table 17: United Kingdom Artisanal Ice Cream Consumption Frequency Analysis (% by Gender by Consumption Group), 2012

	Heavy	Medium	Light	Non-User	Overall
Male					
Female					

Source: Canadean © Canadean

Figure 9: United Kingdom Artisanal Ice Cream Consumption Frequency Analysis (% by Gender by Consumption Group), 2012



Source: Canadean © Canadean