MINTEL REVEALS UK CONSUMER TRENDS FOR 2014

Looking ahead to 2014, Mintel's Senior Trends Consultant Richard Cope outlines the four trends set to impact the consumer market in the UK, examining the areas of commercial opportunity for brands – and what consumers will be buying into in 2014.

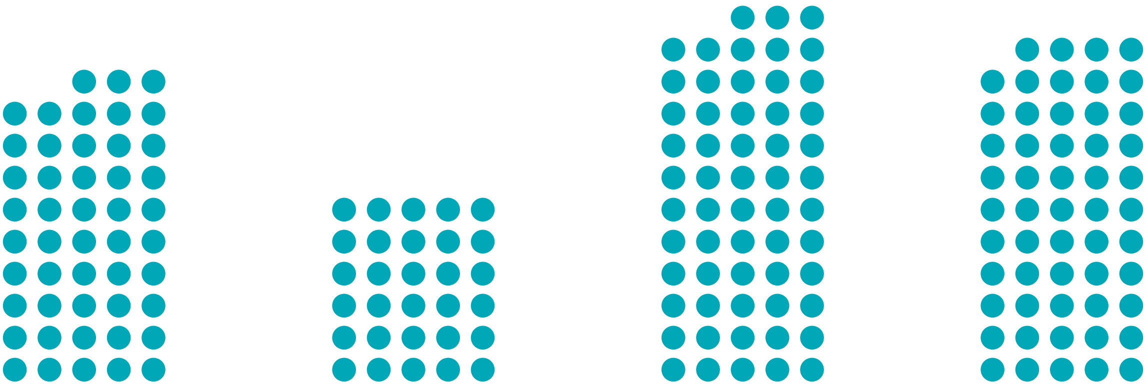
Mintel 2014 trends

INTERNATIONALISM ON THE AGENDA

After a period of Brand Britannia fever, driven by Olympic medals, Royal weddings and births, in 2014 it will be time for British consumers to look outwards at other countries. Next year's sporting events, immigration legislation and pending referendums will put other countries' products on the menu. Mintel's research reveals that Brits are open, curious and savvy when it comes to buying into new, engaging or better value products from abroad.

Mintel's Provenance in *Food and Drink UK 2013* report shows that, in spite of recent events, 'patriotic purchasing' remains something of a myth and British custom is there to be won: 48% of consumers agree that 'price matters more than whether a product is British' and 30% say 'I do not feel any loyalty to buying British food and drink'.

Further Mintel research reveals that price comes before patriotism and provenance with 58% of consumers saying 'the price and the quality of what I buy is what matters, not where it was produced'. Meanwhile, 54% of Brits say that they're 'just as interested in buying authentic products (e.g. French Brie, Parma ham) from other countries as from Britain'.



48%

of UK consumers agree that "price matters more than whether a product is British"

30%

of UK consumers say "I do not feel any loyalty to buying British Food and Drink"

58%

of UK consumers say "It's the price and the quality of what I buy is what matters, not where it was produced"

54%

of UK consumers say that they're "just as interested in buying authentic products from other countries as from Britain"

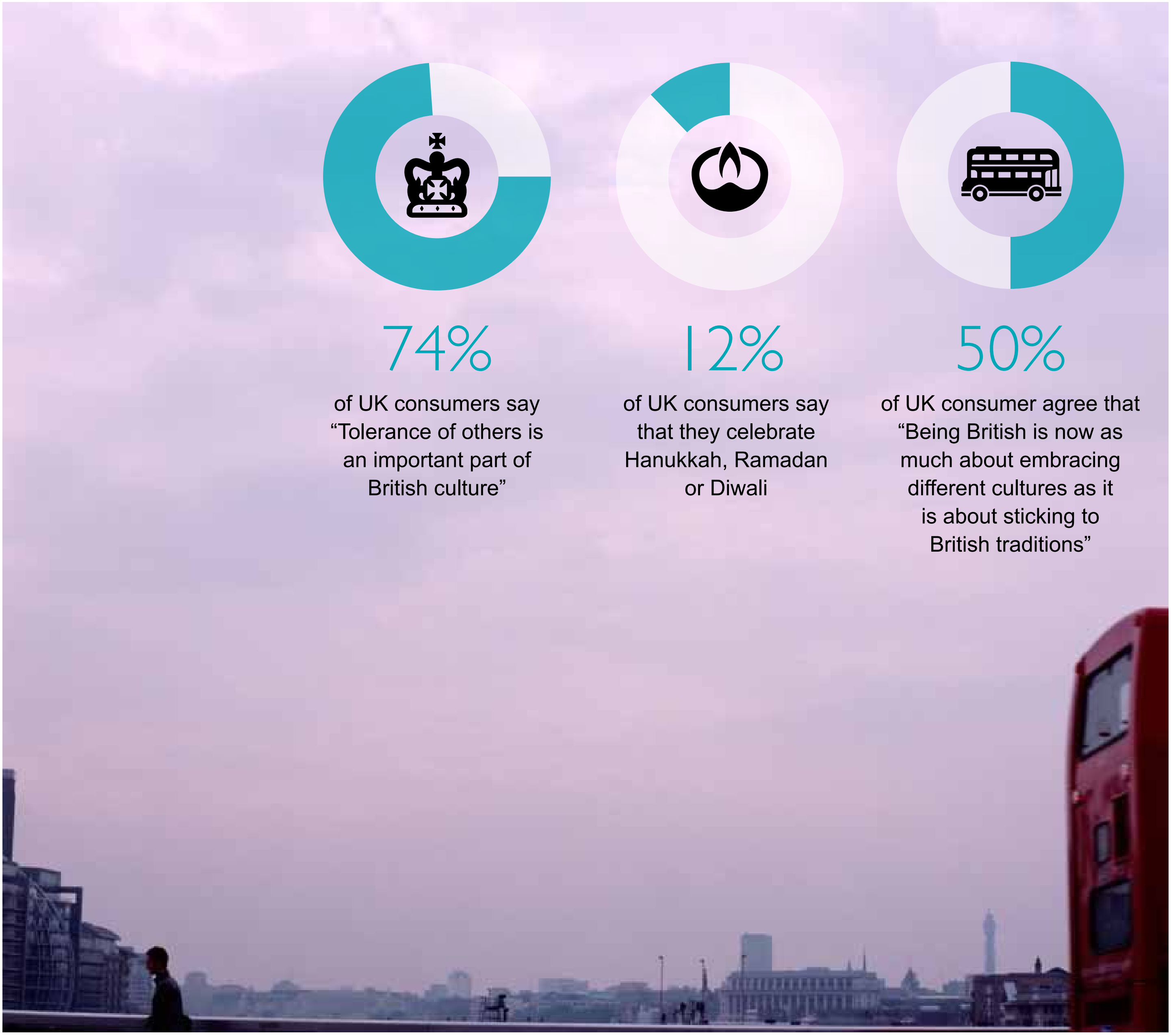
Being British is now as much about embracing different cultures as it is about sticking to British traditions

In 2014, a number of factors will focus consumers' attention on the provenance of products from inside and outsidethe UK. The FIFA World Cup and Winter Olympics will see British consumers fed a diet of Brazilian and Russian products and campaigns, whilst the Commonwealth Games will become an early rallying point for the run-up to the Scottish independence referendum. Whilst this means that the very concept of the United Kingdom is up for review, Scottish products and provenance will enjoy a heightened profile.

New legislation in 2014 will also raise the foreign influx and influence in the UK, piquing our curiosity in other cultures and causing us to re-examine notions of 'Britishness'. The Government is simplifying its visa processes for admitting Chinese visitors to the EU and in January 2014, temporary migration and employment restrictions on citizens of Romania and Bulgaria will be lifted in the UK.

Mintel's data would suggest that negative reporting in certain sections of the media on the issues of immigration is somewhat off-key and that the British are largely tolerant and open to embracing new cultural influences. In our survey on nationhood, 74% of consumers say 'Tolerance of others is an important part of British culture' and 50% agree with the statement that 'Being British is now as much about embracing different cultures as it is about sticking to British traditions', compared with 20% who disagree.

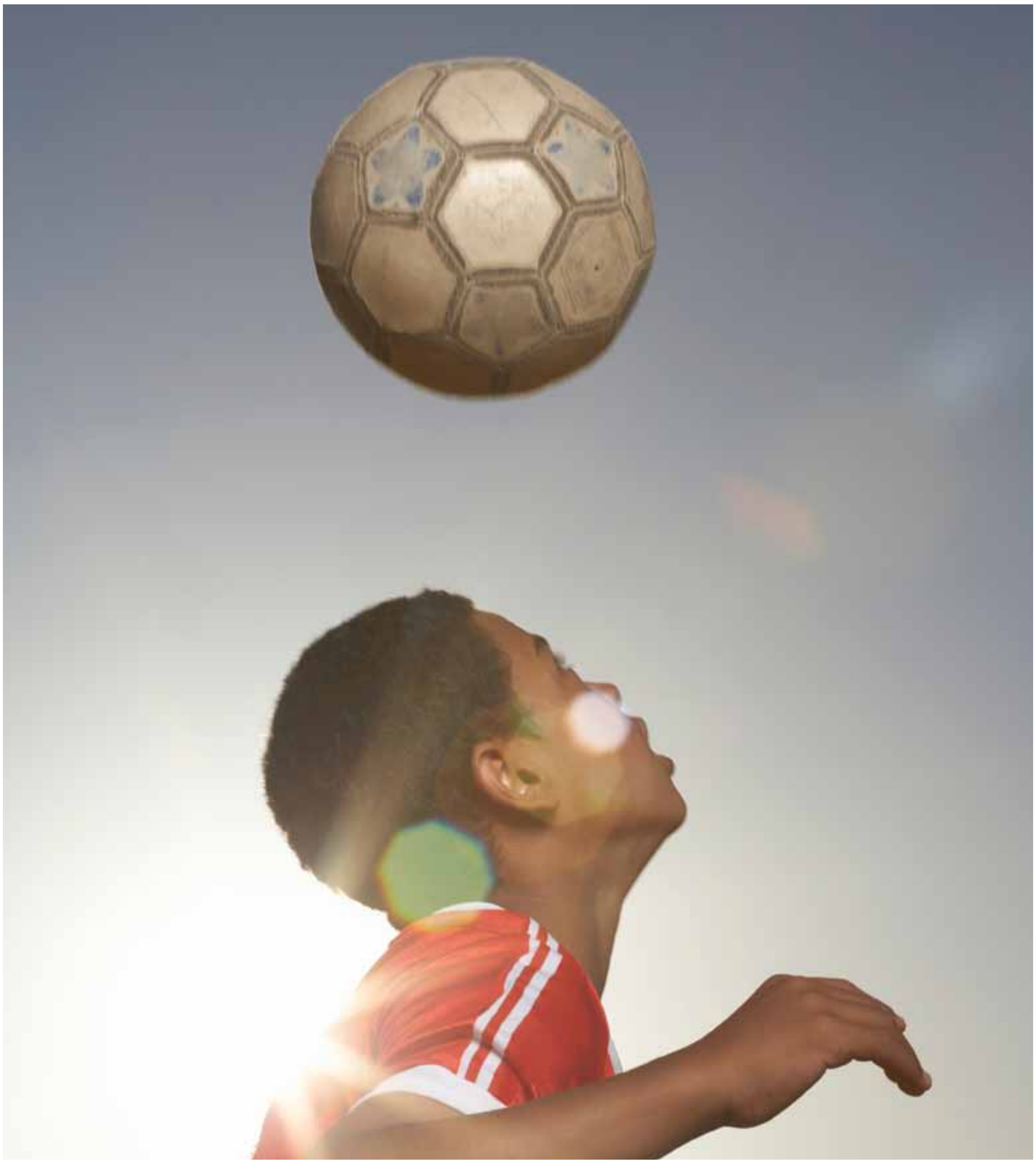
This is borne out by further data in our *Seasonal Lifestyles UK 2013* report – where an impressive 12% of the UK population say that they celebrate Hanukkah, Ramadan or Diwali – and our *Menu Flavours UK 2012* report, where 8% of diners have visited a Polish restaurant and 42% are interested in doing so.



CLUB TROPICALIA

The World Cup is going to make the world fall in love with all things Brazilian. The country's place in the cultural and commercial spotlight has been a long time coming: It has not hosted a World Cup since 1950 and it's almost as long since the Bossa Nova and Tropicalia movements brought its music to a global audience in the 1960s. This time around, the showcase of Brazilian commercial cultural exports will encompass everything from food and fashion to beauty products.

The Olympic handover ceremony at the close of London 2012 showcased the talents of singers Marisa Monte and Seu Jorge, but probably confounded and engaged UK viewers in the same tantalising fashion that the opening ceremony did for the rest of the world. Whilst the Brazilian Institute of Tourism is rather ambitiously predicting 600,000 foreign tourists spending, there is no doubt about the fact that billions will be watching back home and this creates enormous potential for British consumers to be exposed to and buy into all manner of Brazilian products and services.



Brazilian brands are alive to the opportunity, with trade association Wines of Brazil aiming to double exports between 2012 and 2016, whilst Moët et Chandon is producing a Chandon Brazilian sparkling wine from the Bento Gonçalves area of Southern Brazil. When it comes to food and drink, UK consumers are open to new tastes from around the world, as shown in Mintel's *Provenance in Food and Drink UK 2013* report, where 50% of wine, 42% of beer and 40% of spirit drinkers agree with the statement 'I like to try drinks from different countries'.
Brazil is also host to a huge range of fruits and fruit-based drinks and the Trade and Investment Promotion Agency IBRAF is seeking to develop an industry that produces 43 million tonnes of tropical, subtropical and temperate climate fruits, but currently exports just 31% of these.

It's early days on the product launches front, but Mintel's new product innovation database (GNPD) has already logged the launch of an authentic Brazilian Pão de Queijo – or cheese bread – mix in the UK and there are a host of other foods that have the potential to take off. At the forefront are Antarctica's Guaraná soft drink and Brazil's national beer Brahma – which already enjoys 3.5 million likes on its official Brahma Seleção football Facebook page.

There's also potential for Acai berries – eaten frozen with muesli as a breakfast in Brazil – as well as Brazilian branded coconut water products. As an accompaniment to watching football, Cachaça has enormous potential, with Velho Barreiro and Sagatiba the brands to look out for, whilst coxinha chicken pastries made with cassava flour and pastel cheese-stuffed pastries might be positioned as the perfect authentic accompanying match snack. The caipirinha cocktail meanwhile now comes in many guises with Cachaça substituted by vodka (a caipiroska) and rum (a caipirissima).

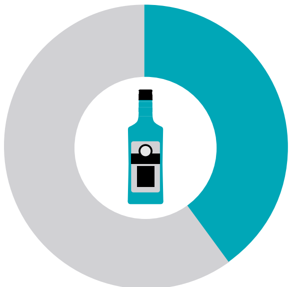
Brazilians are also passionate about meat and churrasco chain restaurants like Rodizio and Braza have the potential to appeal to the 60% of consumers who have not but would like to visit a South American restaurant in Mintel's *Ethnic Restaurants and Takeaways UK 2013* report.

50%

of UK wine drinkers like to try drinks from different countries

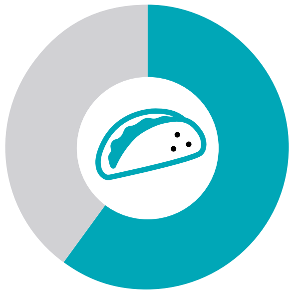
42%

of UK beer drinkers like to try drinks from different countries



40%

of UK spirit drinkers like to try drinks from different countries



60%

of UK consumers have not but would like to visit a South American restaurant.

We can expect to see heightened interest in typically Brazilian weight loss and body toning treatments, such as body-shaping massages and ‘butt-lifts’, as well as samba dancing and Capoeira martial arts lessons incorporating a mix of dance and fight moves.

In fashion we can expect Havaianas flip-flops to become the shoe of the summer, especially since Mintel's *Footwear Retailing UK 2013* report shows that 51% of shoe shoppers agree that well-known branded footwear is worth paying more for. Beachwear brands like Água de Coco, Salinas and Blue Man also have the potential to leverage Brazil's entrenched associations with Ipanema beach chic.

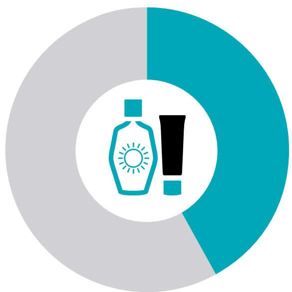
Beauty is perhaps the segment where Brazil is most established in the consciousness of British consumers, but there is potential for more products, services and brands to cross over. Mintel's *Shampoo, Conditioners and Styling Products UK 2013* report shows that 18% of haircare users are interested and willing to pay more for products which provide temporary straightening or smoothing benefits and this in an area where Brazilian brands excel.

We've already seen the 'Brazilian blow-dry' established as a haircare trend, as well as UK launches for La Coupe Orgnx Embrace Balance Straighten range infused with Brazilian Keratin Complexas as well as the Amazonia Preciosa range. On the 'beach chic' front, the Sol de Janeiro suncare line is positioned as 'reflecting the beauty and purity of a Brazilian beach experience'. In a country where 12% of those interested in using self-tanning products don't use a high SPF because they want a tan and 39% use or would use self-tanning products to give them a holiday glow, Brazilian products have the potential to capture the summer market. Amazon plant products and global brands like Kiehl's, Aveda and MAC Mineralize are already using Acai berries, pigment from Urukum seeds and dust from semi-precious stones in their products. When it comes to health and fitness, we can expect to see heightened interest in typically Brazilian weight loss and body toning treatments, such as body-shaping massages and 'butt-lifts', as well as samba dancing and Capoeira martial arts lessons incorporating a mix of dance and fight moves.

We mustn't ignore the fact that Brazil's time in the spotlight comes at a cost and this presents a challenging time for sports sponsors. Film director Walter Salles hits the nail on the head in his observation that 'In the last year, Brazil spent twice as much on refurbishing and constructing stadiums for the World Cup as on basic sanitation'. Brands in Brazil must seek to avoid being seen to be sponsors of the white elephants that have diverted attention and funds away from the issues that matter to citizens – and consumers – in Brazil. They need to avoid provoking consumer boycotts and offer bold solutions and benefits to communities instead. We've already seen Havaianas create the Alpargatas Institute helping over 250,000 students 'gain knowledge, experience, and confidence for a better future' and Nike's Bola Pra Frente initiative that 'helps 6-17-year-olds improve their academic performance and gain access to better employment opportunities through sports, education, art and culture, and professional qualification in the outskirts of Rio de Janeiro'.

51%

of UK shoe shoppers agree that well-known branded footwear is worth paying more for



39%

of UK consumers interested in using self tanning would use them to a holiday glow

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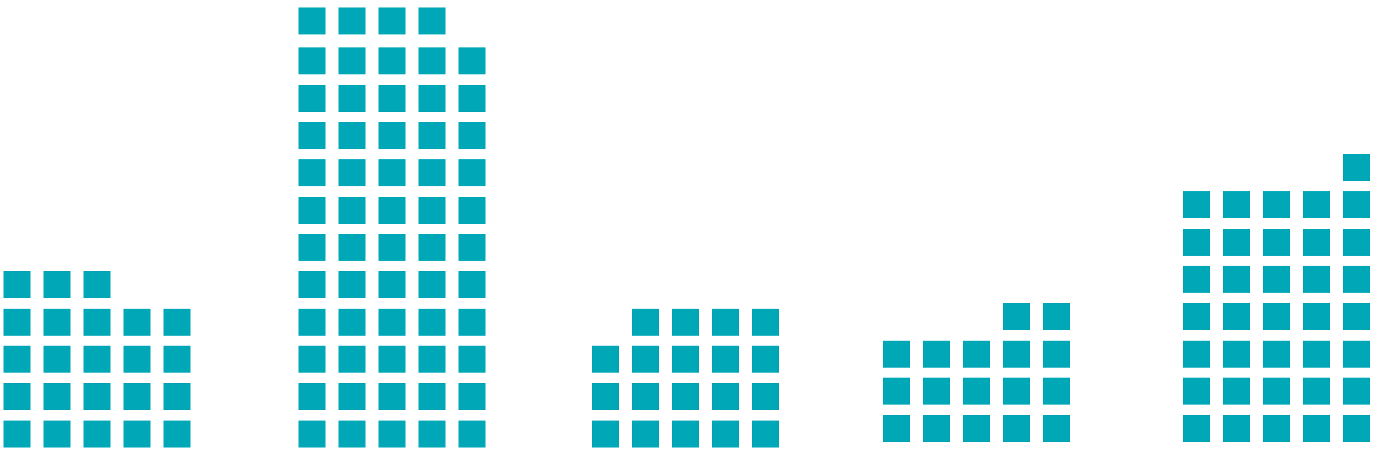
A PRIVATE FUNCTION

With the launch of Google Glass and the fallout from the NSA scandal, surveillance and data monitoring will continue to be big news in 2014. We're going to see consumers looking for greater privacy – but also greater functionality – from their data as they bid to take further control of it to help them to streamline their lives and better analyse themselves. All of this is raising discussion around data privacy, but also its value and usability.

In the political arena we're already seeing something of a reaction against supposedly vulnerable data platforms. According to the Cloud Security Alliance, 56% of non-US respondents are now hesitant to work with any US-based cloud service providers, whilst 10% of 207 officials surveyed at non-US companies have cancelled contracts with US service providers. This has hastened the European Commission's plans for a secure 'EU cloud' offering the region competitive advantages.

In the consumer space, there is potential for wider adoption of encryption software and we've already seen researchers at Carnegie Mellon University release a smartphone app called SafeSlinger they say encrypts text messages so they cannot be read by cell carriers, internet providers, employers 'or anyone else'. However, it's the rise of wearable technology – with Google Glass being the most conspicuous contender – that's going to focus and productise the debate around how much we can scrutinise ourselves and each other.



23% of UK consumers say they find video adverts that target you according to your internet activity off-putting

59% of UK consumers agree that online advertising that is based on their browsing history makes them feel uncomfortable

19% of UK consumers are concerned about how aggregators use personal data

17% of UK consumers say they like the idea of information on their receipt informing them how healthy their shopping basket is

36% of UK online grocery shoppers say they would be interested in a nutritional review of basket contents

One reason that wearable technology may be warmly welcomed is its ability to track the location of loved ones

In 2014 we can expect the commercial launch of a device alongside Google Glass App Store, but the imminent launch of a Google Smartwatch might be earlier – and bigger – news. One reason that wearable technology may be warmly welcomed is its ability to track the location of loved ones – something increasingly important in an era of working 'Alpha Mothers' and multigenerational homes that care for elderly relatives. We've already seen the launch of the FiLIP – a wrist device for children that acts as both a smartphone and a locator for worried parents – and similar technology can take off for all ages.

After acquiring Nokia, Microsoft is also reportedly testing its own prototypes and our analysts at Mintel believe that it's smartwatches that will ultimately have the most impact. Some manufacturers like Samsung are embracing the issue of privacy head-on; its Galaxy Gear smartwatch emits a loud snapshot sound when taking photos for instance.

Retailers and advertisers may also start to become embroiled in the debate, now that in the US Google has patented 'pay-per-gaze' eye-tracking technology, allowing the company to measure the media people look at, the length of time they view, their reaction and their emotional response, via pupil dilation.

Mintel's research shows that intrusion and privacy are indeed issues for brands to heed: our *Media Consumption Habits UK 2013* report shows that 23% of consumers say they 'find video adverts that target you according to your internet activity off-putting', whilst 59% of consumers agree that online advertising that is based on their browsing history makes them feel uncomfortable in our *Digital Trends UK 2013* report and 19% are concerned about how aggregators use personal data in our *Web Aggregators in Financial Services UK 2013* report.

Yet consumers are embracing self-analysis, with 9% of health-conscious consumers having used online health trackers to help them stay on track in our *Healthy Lifestyles UK 2013* report. Beyond the cutting-edge areas of wearable tech, the greatest opportunity for self-analysis could lie in the humble loyalty card – something that 66% of UK consumers use, according to our data from *The Savvy Shopper UK 2012* report.

The next stage is for grocery brands to offer positive data surveillance for customers – in the form of opt-in nutritional analysis services. Mintel's research shows that the will is there amongst consumers: 17% of consumers say they like the idea of information on their receipt informing them how healthy their shopping basket is in our *Food and Drink Retailing UK 2013* report, whilst 36% of UK grocery shoppers say they would be interested in a nutritional review of basket content in our *Online Grocery Retailing UK 2012* report.

9%

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HEALTHY FUELS

In late 2014 new labelling legislation – The Food Information Regulation (EU) 1169/2011 – will extend beyond the current situation, where drinks containing more than 150mg of caffeine per litre (mg/l) are deemed to have ‘high caffeine content’, to ‘require additional caffeine labelling for high-caffeine drinks and foods where caffeine is added for a physiological effect’. This is going to place pressure on energy drinks brands and in the run-up to this legislation we’re going to see a new wave of competition from natural and vegetable drinks launches.

At Mintel we’ve already seen a host of new launches in late 2013, including an Apple, Cucumber & Kale Juice that delivers a ‘rehydrating nutritious boost’ from Aartizen Wellness Within; a Celery, Apple & Kale Juice with ‘a natural source of Vitamins A and C, potassium, phosphorus, iron, magnesium and calcium free from added sugar, additives, preservatives, concentrates, gluten and dairy’ from Vegesentials; a Broccoli, Pear, Spinach, Kale, Kiwi, Lemon & Banana Nutritious Raw Smoothie containing two of 5-a-day portions of fruit and vegetables and no sugar from SaVse; a Spirulina, Apple & Mint Smoothie ‘that brings the benefits of minerals and vitamins on the go’ from Nosh and – in Argentina – a Coca-Cola low-calorie carbonated drink ‘naturally sweetened with Truvia’.

Indeed, in the UK alone new product launches of drinks with a ‘no additives or preservatives’ claim grew 56% over the past five years to 2012. Meanwhile, new UK drinks product launches with a ‘low/no/reduced sugar’ claim increased 63% over the same period.

In the UK new product launches of drinks with a no additives or preservatives claim, over the past five years to 2012 grew

56%

41%

of UK consumers say that “It’s worth paying more for added benefits”

72%

of UK consumers say that “there should be healthier (eg sugar/calorie free) varieties of energy drinks”

34%

of UK energy drinks users claim they “worry about becoming reliant on them for an energy boost”

New labelling legislation is going to place pressure on energy drinks brands and in the run-up to this legislation we are going to see a new wave of competition from natural and vegetable drink launches.

According to Mintel's data, UK consumers would appear very open to the prospect of new 'healthy' launches within the energy drinks sector. In Mintel's *Fruit Juice, Juice Drinks and Smoothies UK 2013* report, 38% of UK consumers agree that 'fruit and vegetable juice blends are healthier for you than pure fruit juice'.

In 2014 we're going to see a lot of launch activity from brands in a bid to react early to this pending legislation. The big opportunity here is that both non-users and users of the current energy drinks brands appear ready to try a new alternative: Mintel's research shows 34% of energy drinks users claim they 'worry about becoming reliant on them for an energy boost', whilst 37% of non-users cited the fact that 'they contain too many artificial ingredients or colourants'. In contrast, there appears to be a bright future for energy drinks with a natural, functional dimension, with 72% of consumers saying that 'there should be healthier (e.g. sugar/calorie-free) varieties', 71% that 'there should be more drinks with natural colourings/flavourings' and 41% that 'It's worth paying more for added benefits (e.g. added vitamins)'.

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