Ready Meals and Ready-to-Cook Foods: Inc Impact of COVID-19 - UK - July 2020

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The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

"During the COVID-19 pandemic demand for ready meals has been hit by people doing more cooking from scratch. Offering quick meals is still important though, and NPD should focus on both better-for-you options that tap interest in healthy eating, as well as meals that are attractive as a nice treat and an alternative to a takeaway or meal out, in light of consumer interest."
– Richard Caines, Senior Food & Drink Analyst

This report looks at the following areas:

Replicating restaurant and takeaway meals more closely will help products appeal as wariness around busy public places lingers and household incomes are stretched.

What you need to know

For 53% of people ready meals are a nice treat. In appealing to those not wishing to cook or wanting a meal they wouldn't cook at home, ready meals compete against both meals out and takeaways. Given this competition, in order to appeal as a nice treat, the meals remain under pressure to strive to match foodservice options on quality, taste and excitement.

The benefit to ready meals of people being at home for more meals during the COVID-19 pandemic has been negated by them cooking more meals from scratch/part scratch, reducing demand. In 2021 though, the market will benefit from people returning to workplaces and placing a bigger focus on convenience again, as well as still eating out less.

Healthier variants remain a necessity to help to encourage more frequent usage as ready meals are seen as too unhealthy to eat more than once a week by 44% of people who eat and buy ready meals/ ready-to-cook foods, with just 21% disagreeing. Key aspects of healthy eating that consumers are interested in seeing here are being lower in calories, having chunks of vegetables and functional benefits.

Ready meals are seen as a good route to trying new cuisines, with 50% of buyers of ready meals/ ready-to-cook foods buying them to do so. This shows how ready meals can benefit from expanding choice in emerging ethnic cuisines. To gain traction though, awareness and familiarity have to first be built up – something brands can help with through clear descriptions of what the cuisines taste like.

Key issues covered in this report

- **The impact of COVID-19 on the ready meals and ready-to-cook foods market.**
- **How consumers' spending on ready meals and ready-to-cook foods will change in the short, medium and long term.**
- **Most important factors influencing choice of ready meals and ready-to-cook food, and future shape of the market.**
- **The latest new product developments and consumer interest in different product features.**
- **Consumer behaviour surrounding and attitudes towards ready meals and ready-to-cook foods.**

Products covered in this Report

This Report examines ready meals and ready-to-cook foods. Mintel's market size includes products sold through the grocery retail channel including:

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Chilled and frozen ready meals,
including complete and part meals, and meal centres. This includes complete meals such as spaghetti Bolognese and curry with rice.

Ready-to-cook (RTC) foods
are chilled foods specifically positioned as needing no further preparation on the part of the consumer other than opening the packet and cooking the product according to the on-pack instructions. The major grocers have developed their own specific sub-branded ranges of such foods, such as the Sainsbury's Just Cook range. It should be noted that some sectors of the trade use the terms 'part prepared' or 'partially prepared foods' – both terms are deemed to refer to ready-to-cook foods as defined for the purpose of this Report.

'Pies'
that have no pastry content (for example, shepherd's pie) and, therefore, do not conform to Mintel's definition of a pie are included as ready meals in this Report.

Market size data includes all retail sales of ready meals and ready-to-cook foods through the grocery retail channel, but excludes direct-to-consumer (DTC) sales ordered by telephone or online from ready meals specialists (eg Wiltshire Farm Foods) and 'meals on wheels'.

COVID-19: Market context

This update on the impact that COVID-19 is having on ready meals and ready-to-cook foods was prepared on 23 July 2020.

The first COVID-19 cases were confirmed in the UK at the end of January, with a small number of cases in February. The government focused on the 'contain' stage of its strategy, with the country continuing to operate much as normal. As the case level rose, the government ordered the closure of non-essential stores and foodservice venues, except for takeaway and delivery, on 20 March.

A wider lockdown requiring people to stay at home except for essential shopping, exercise and work 'if absolutely necessary' followed on 23 March. Initially, a three-week timeframe was put on the measures, which was extended in mid-April for another three weeks.

On 10 May 2020, the Prime Minister announced revised guidance, recommending that people who could not work from home should return to the workplace, and giving people more scope to spend time out of the home. Further relaxations to lockdown rules were announced in the week of 23 May, including gradual re-opening of non-essential retail in stages, and increased opportunities for social interaction across households.

4 July saw further significant easing of lockdown restrictions, with pubs, restaurants and hotels all allowed to reopen to the public under guidelines that help to enforce social distancing.

Economic and other assumptions

Mintel's economic assumptions are based on the Office for Budget Responsibility's central scenario included in its July 2020 Fiscal Sustainability Report. The scenario suggests that UK GDP could fall by 12.4% in 2020, recovering by 8.7% in 2021, and that unemployment will reach 11.9% by the end of 2020, falling to 8.8% by the end of 2021. The current uncertainty means that there is wide variation on the range of forecasts however, something reflected in the OBR's own scenarios. In its upside scenario, economic activity returns to pre-COVID-19 levels by Q1 2021. The OBR's more negative scenario, by contrast, would mean that GDP doesn't recover until Q3 2024.

We are working on the assumption that a vaccine will be available by mid-2021, but that there will be continued disruption to both domestic and global markets for some time after that.

As long as there is not a second wave of infections, social distancing measures should be gradually relaxed over the course of 2020, but we don't expect industries such as spectator sports, tourism or foodservice to return to any kind of normality until a vaccine is introduced. In the meantime, the economic disruption will mean that many operators will be forced out of the market, hitting capacity. In markets which were already in decline, we expect this reduction in capacity to be permanent.

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