

# GLOBAL FOOD AND BEVERAGE CONSUMER CONTEXT AND TRENDS

A combination of consumer and economic trends resulted in an unprecedented slowdown in growth of the world's top 50 consumer goods companies. Currency volatility negatively impacted expected growth from emerging markets, where diverging consumer demands also blunted the achievement of desired economies of scale.

Some significant trends shaping consumer demand include:

1

Growing demand for local products and brands

The politics of origin continue growing in significance as consumers want authenticity in what they buy, and demand to know more about the firms that supply their goods and services. Companies capitalise on this stand to enhance the acceptance of their offerings in many markets.

2

Growth in awareness around the health agenda

Awareness around the health agenda includes the issue of genetic modification, traceability, food labelling and nutritional value. Rising antipathy towards sugar and carbohydrates is evident in authorities' increasing intervention in acceptable levels of sugar in certain products, demand for more prominent labelling, and curtailment of marketing freedom towards children. Companies will need to pay more attention to voluntary codes of conduct or face further legislative prescriptions.

3

Increased connectivity across the globe

In Africa, the increase in bandwidth and the availability of cheaper "smart-enough" phones, coupled with the growing provision of free Wi-Fi mean that previously out-of-touch consumers can access information at levels not hitherto possible. Increased connectivity empowers, informs and shapes consumption and spending patterns. This presents the opportunity for companies to digitally contest for consumer preference.

4

Growing middle classes

Affluence is rising, particularly in the developing world. Across Africa, middle classes have and continue expanding significantly. This brings demand for new product categories into play, and provides growth opportunities to firms that can navigate past the inherent volatility characterising these market opportunities.



## 5

### Emergence of evolved retail formats

Evolving retail formats and the increase in the formal retail footprint improve customer choice as broader ranges, cheaper prices and increased quality become a reality for many consumers previously disenfranchised at a retail level. Greater and better retail competition increases the opportunity for companies to make their products and brands available to wider audiences, often through disintermediated channels.

Pioneer Foods considers these trends when reviewing the Group's strategy and assessing market potential. An agile and continuously evolving business model ensures that the Group is able to adapt and innovate to remain competitive.