



MARKET INTELLIGENCE REPORT ON CEREAL PREPARATION

Cereal preparations market has primarily been dominated by products globally consumed in the form of biscuits (refer to biscuits section for detailed report), Corn Flakes, Bread and Bakery products, cakes, brownies, pastries pasta, noodles and very specific Indian dominated markets; consuming papad. **Most of the consumption of cereal preparations is consumed as breakfast cereals** mainly processed from grains or multiple grains such as oats, corns and others that is eaten as first meal of the day. Breakfast cereal grain is light and contains low cholesterol, high fiber and high nutrient. Traditionally, home cooked food such as porridges, breads and buns, eggs and noodles were taken in breakfast but increasing adoption of ready to serve meals for the breakfast is escalating the global breakfast cereals market. Various product types available in the global breakfast cereals market include wheat ingredient, corn ingredient, barley ingredient, oat ingredient and rice ingredient.

The global breakfast cereal market size projected to expand at a CAGR of 4.3% from 2017 to 2025.

Market trends

- Cereals serve as a convenient option for breakfast as compared to traditional home cooked breakfast; and it is also being consumed as snacks and fillers between meals. Ready-to-eat cereals such as cornflakes and muesli are preferred breakfast choices in North America and European regions, characterized by less preparation time and high demand for gluten free products.

- Ready to eat (RTE) was the leading product segment accounting for over 68.0% of the global revenue share. The segment consists of bars, cornflakes, cookies & biscuits, and others. Rising demand for on-the-go meal options is driving the consumption breakfast cereal bars as well as biscuits.
- The market is also observing upswing in adoption of cereal bars among kids. Attractive packaging, effective advertising strategies, and improved taste are among key factors fueling its demand. **However, in recent times, the demand has slowed down on account of presence of high sugar and preservative contents in cereal bars.**

“Kellogg’s Company reduced to sugar content in Rice Krispies and Frosties bars by 19%, ranging from 40 grams to 32.5 grams. The company also incorporated vitamin D into its snack bars to raise the nutritional value of the product”.

- Hot cereals are expected to register the fastest growth during the forecast period. Rising adoption of nutritious meal options in breakfast is spurring the demand for multi-grain cereals including grains, seeds, and beans. Vast benefits of including these organic and whole grain based cereals in the diet are further escalating the demand for hot cereals. Moreover, incorporation of exotic flavors into the product variants, resulting in innovative tastes, is anticipated to rev up the demand.
- Porridges, made up of barley, used to be a major breakfast meal, which is now replaced by fiber rich cereals.
- The types of breakfast cereals marketed for children are fruity pebbles, sugar crisps, and cap’n crunch.
- The global breakfast cereals market can be broadly categorized as hot cereals and ready-to-eat (RTE) cereals. Further, ready-to-eat (RTE) cereals include multi-cereal flakes, cereals high in fiber, cornflakes, mueslis, and other wheat bran cereals. No preparation is required for ready-to-eat cereals and can be consumed directly; whereas, hot cereals requires preparation before consumption. The consumption of ready-to-eat cereals is more compared to hot breakfast cereals.
- Breakfast cereal sales are falling as more of us are eating cereal bars and muffins from coffee shops on the go.
- Sales of cereals like corn flakes, muesli and wheat cereal biscuits are down by a massive £78 million in the past year. Fewer people are skipping

breakfast now than two years ago, but they are opting for cereal bars or takeaways from cafes and coffee shops, new research shows.

- Cereal business remains rooted in the U.S., Canada, U.K. and Australia, which together account for 54% of global consumption despite having just 6% of the population
- But in the U.S. -- where yogurt is taking hold as a breakfast option -- cereal will grow by just 3.6% compared with 38% in China and 108% in India.
- In China, hot cereal holds 54% of the cereal market, compared with 11% in the U.S. In other key markets cold cereal holds the advantage, such as in Brazil, where it accounts for 74% of the cereal market.

“Quaker is seeking to boost its international prospects with a new global identity that positions its oatmeal as "healthy fuel," a more universal message than the heart and cholesterol health claims the brand had been making for the past 15 years. Quaker this year is taking the energy message to other countries in its first global campaign with the tagline "super people eat super grains." The brand is also revamping packaging to give a more consistent look across markets. Even the iconic white-haired and pudgy Quaker man, known internally as "Larry," has gotten a facelift”.

Product reformulation, portion sizing, and consumer messaging are among the key areas of focus of the leading players. They are engaged in introducing innovative, fruit flavored, and fiber-rich products, which contain reduced fat and oil content. In addition, market players are narrowing down their brand positioning strategies to consolidate their presence in regional markets.

Drivers

- Growing demand for an easy-to-prepare and ready-to-eat meal due to the busy schedule
- Rising healthy packaged food consumption and changing the dietary pattern
- Increasing number of convenience stores,
- Growth of breakfast cereals in Asia-Pacific region, growing brand visibility,
- Rising adoption of western food culture and
- Increasingly shifting breakfast habits towards a healthier breakfast choices are some of the factors driving the growth of the global breakfast cereals market.
- New taste with different flavors, increasing obesity concerns and increasing new consumer groups extends further growth opportunities for global breakfast cereals market.
- **Further, the factors such as tough dietary preferences and demanding lifestyles are also contributing to the growth of the global breakfast cereal market. Breakfast cereals are considered to be a healthier choice over meats.**
- Advancing food retail infrastructure along with rising awareness regarding health benefits of consuming grain-based breakfasts is further supporting the growth of the market.

Opportunities

The surge in income levels, growing economic conditions of consumers and rising consumption of balanced and nutritious food product

Various lifestyle disorders such as high cholesterol, diabetes, obesity and growing cardiac issues have led people to consume low cholesterol and fiber rich nutrient food.

Restraints

- Presence of alternative breakfast products,
- Sourcing of raw materials (such as palm oil at large scale) by cereal producers
- Increase in production costs (expensive manufacturing of gluten free products)
- Priority of alternative breakfast options (such as toasts, cereal bars, fruits, eggs and others),
- Large availability of substitute food products such as energy drinks, yoga bars, yogurt, eggs, fresh fruits, etc. and high lactose intolerance in the far east countries.
- Demand for breakfast cereal is restrained by huge availability of alternatives. Most consumers prefer consuming eggs, smoothies, frozen waffles, yogurt, sausage, puddings, and other traditional breakfasts, which are healthier and are made up of fresh ingredients.
- Moreover, easier availability of convenient low-cost and nutritious meal options is posing a threat to the demand for cereals.
- Few health-conscious consumers tend to prefer other breakfast alternatives on account of presence of sugar as well as other food preservatives, which are added to improve the shelf life of these products.
- Rising prices of products are some of the factors creating hindrances for the global breakfast cereals market.

Global companies are tweaking products to match local habits rather than "try to export a Western breakfast or a Western behavior." They are focusing on various region-specific breakfast habits to target their consumers and promote their brand.

- In China, Quaker is selling congee infused with oats, which can be made within 10 minutes, compared with the one to two hours it takes to make traditional congee. In India, the marketer is exploring adding oats to poha and upma, two popular grain-based breakfast meals.
- Cereal Partners Worldwide, whose brands include Fitness, Nesquik and Cheerios, runs ads touting the nutritional benefit of cereal over traditional breakfasts. In Turkey, cereal has as much calcium as two servings of feta cheese, and the iron of four eggs.
- In some countries, Cereal Partners actually shows people how to eat cereal. At a "smart start" event in Jakarta, Indonesia, cereal kits were distributed, including a plastic bowl, cereal pouch and spoon.
- In Spain, for instance, Kellogg has found that people like to dump All-Bran cereal into their coffee, so the marketer is now advertising it that way.
- In France, the company has formulated its Kellogg's Extra brand to go with yogurt, while it shows the brand with hot milk across Europe, where cold milk is a less popular pairing.
- In India, Corn Flakes with saffron is planned.

By 2023, Packaged Facts forecasts breakfast cereal sales will expand to \$40 billion worldwide, lead largely by sales growth in nations outside North America. With \$12 billion in sales in 2018, North America has the largest share in the world, but is slowly being challenged by Asia, Europe, and Africa—regions where breakfast cereal sales are growing annually at rates outpacing the United States and Canada.

North America has the highest penetration of breakfast cereals in the world, with per capita consumption of both hot and ready-to-eat cereals well above all other regions. However, per capita consumption has been falling in recent years due to the increasingly busy lifestyles of consumers and a plethora of other breakfast options.

Currently only the United Kingdom and Australia have breakfast cereal consumption rates approaching those of the U.S. and Canada.

The growing numbers of convenience stores has been increasing the brand visibility of breakfast cereals. In the markets of China and South Korea, around 4,000 new stores were opened in 2011. Convenience stores have increased multifold in China. The Guangdong province, in particular, had over 2000 convenience stores in 2013 increasing further.

Breakfast cereals can be categorized under two segments: Hot Cereals and Ready-to-eat (RTE) cereals. While the Hot cereals needs preparation before they are consumed, the RTE cereals do not need any preparation, and are ready for consumption. The busy lifestyles **in the North American and European countries** have been the major reason for the popularity of RTE cereals. In these regions, **RTE cereals account for more than 85% of the total breakfast cereals consumption.** The global share of Hot cereals, however is expected to increase by 2019, due to the fast growth of breakfast cereals in

the Asian countries where people usually start their day with the hot breakfast. **The Hot cereals are expected to increase their market share in ASIAN countries to reach about 19.0% by 2020, in terms of value.**

Geographically, the Asia Pacific region is expected to grow at the fastest pace as compared to North America and Europe. By 2019, Asia pacific is expected to have share of around 13% of the market whereas the share of both North America and the Europe is expected to fall during the period.

Parameters towards Success in Cereal Preparations Business

1. **Harvesting a Health Halo:** Boosting a brand's perception as healthy by using healthier ingredients such as ancient grains, seeds and nuts, and other "superfoods" over traditional corn and wheat and adding pro-health ingredients such as probiotics and prebiotics
2. **Creating Novel Flavors:** Offering limited-time novelty flavors such as maple bacon donut and chicken and waffles that can inspire publicity and one-off sales or nostalgia-inducing flavors—particularly aimed at millennials—that recall sugary childhood favorites but may use healthier ingredients

3. **Marketing Cereal Beyond Breakfast:** Repositioning cereal as a snack or dessert instead of strictly for breakfast in marketing campaigns and in flavor profiles (e.g., Post's Dream Cereals range)
4. **Capitalizing on Convenience:** Using single-serving packaging that may include a utensil to facilitate on-the-go consumption, as well as packaging for hot cereal that can be used in its preparation
5. **Adding Value with Add-In Ingredients:** Including fruit, nuts, and other add-in ingredients consumers typically mix in at home with the cereal—such as in a separate compartment of the package
6. **Paying Attention to Packaging:** Interacting with consumers—particularly children—via smart labels and other packaging components, such as graphics and, increasingly, augmented reality, to enhance the breakfast experience

Bakery products are part of the processed food category. They include cake, pastries, biscuits, bread, breakfast cereals, and other products. The growing per-capita consumption trends of bakery products indicates the untapped growth potential in the global bakery products industry. The market potential is huge in the emerging markets; wherein, consumer demand is increasing for packaged products, as a result of the influence of Western culture and also for its convenience. **The total market size of the bakery products is expected to reach USD 530 billion by 2021, at a 4.5% CAGR during the forecast period.**

Bakery products market can be classified into bread and rolls, cakes, biscuits, morning goods, doughnuts, pastries, and others.

- Bread and rolls have the largest market share accounting for around 45% of the demand.
- Morning goods, comprising of breakfast cereals, are projected to exhibit the fastest growth during the forecast period.
- With a market share of around 40%, the European region is the largest market regarding bakery products consumption.
- In North America, demand for bakery products with soluble dietary fiber helps in maintaining the market demand.

- The developing regions such as South America and Asia-Pacific are currently the growing markets. **India, China, Brazil, Argentina and South Africa are the most attractive entry markets for bakery products.** They are supported by the large population, high demand for ready-to-eat foods, and improving lifestyles which are reflected in their food consumption preferences. Currently, other regions are growing at a slow pace due to the low demand for bakery products.
- The competition in the global bakery products market is reported to be huge, mostly in the developed nations, such as North America and Europe, where a large number of small and big enterprises are operating in a limited market.
- The booming bakery industry and multiple market distribution channels and the popularity of various flavored baked foods are expected to help the market grow at a good pace.

Global bread and bakery consumption set to retain measured growth anticipated CAGR of +0.5% for the period from 2017 to 2025, which is expected to lead the market volume to 135M tonnes by 2025.

- Bread and bakery products constitute one of the most popular items in the consumer's shopping basket. Demand for bread, therefore, is set to remain stable; the increasing global population and the gradual rise in household income in developing countries constitute the two key factors driving demand.
- At the same time, **in developed countries, the focus will be on low-sugar, gluten-free bread and bakery products** that contain minimal levels of harmful carbohydrates. In contrast, in the developing world, the bakery segment is set to see further expansion, due to increased household income, traditional holidays

with lots of bakery goods consumed, and the expansion of retail trade in packed products both from local and transnational companies.

- Wheat bread is the only food product offering the human being more nutrients than any other food product in the world. Bread which is a source of carbohydrate, protein, Vitamin B and E is increasingly consumed particularly in developed countries. However, it is seen that this demand is mainly on the whole wheat products. The reason is that the population having healthy eating awareness minimalizes the carbohydrate, fat and cholesterol intake in their meals and maximizes the complex carbohydrates, dietary fibers and vegetable protein intake.
- Changes in the consumption of packaged and unpackaged breads are valuable to be able to foresee the consumption trends in the future.
- Packaged bread sales outnumbered unpackaged bread sales in North America, Australia, South America and Eastern Europe. It is also known that **packaged bread consumption grows higher in the Middle East.**
- Bread producers closely follow the trends like healthy nutrition, light and organic food, and dietary products and diversify their products. In addition, it is known that increasingly urbanized population head towards the packaged breads because of sensitivity about shelf life, easiness, hygiene and health.

China emerges as fastest-growing market for bread in 2020

- The countries with the highest consumption were the U.S. (14.7 million tonnes), China (9.3 million tonnes), Russia (8.7 million tonnes), the UK (6.2 million tonnes), Germany (5.2 million tonnes), Egypt (4.6 million tonnes) and Italy (3.9 million tonnes), together accounting for approximately 41% of global consumption.
- The highest annual rates of growth in terms of bread and bakery product consumption were recorded in China, with a +15.0% growth, the UK and Egypt, with a +10.0% and +10.1% growth, respectively. Consequently, China saw its share of the global consumption surge from 2% to 7%.

- Amongst the leading consuming countries, high levels of per capita consumption were recorded in the UK (96 kg/year), Spain (77 kg/year), Italy (65 kg/year), Germany (65 kg/year), Russia (61 kg/year) and France (52 kg/year). U.S. per capita consumption was estimated to be at the slightly lower level of 46 kg/year; this was still higher than the world average of 18 kg/year - more than twofold.
- By contrast, China (7 kg/year) and India (2 kg/year) recorded poor figures in bread and bakery product consumption.
- Equally, consumption in China and India increased steadily **In China, the rise in consumption is mainly spurred by confectionary products and sweet-type bakery items, as opposed to the traditional bread.** This can also be explained by an enhanced demand for confectionary products, namely gingerbread, over the seasonal holidays.

Asia on track to dominate global bakery market

- The tides of the global baking industry are shifting as the North American and European markets mature and new global regions emerge as currents of growth.
- Asia and Africa will dominate the global bakery market in terms of growth in the coming years, characterizing the Asia region as “a dynamic and fast-growing region for bakery.”
- While bread consumption remains low for Asian countries compared with more mature markets, global shifts in population, income and the internet are swiftly changing that.
- Baking industry is seeing 7% to 8% growth in Asia as a whole and as much as 12% to 13% growth in India.

More and more baked foods are finding space on supermarket shelves across Asia. This visibility is making them front-of-mind for consumers in Singapore, Hong Kong, South Korea and India. And it's not just bread. Giant Hypermarket, primarily operating in Southeast Asia, stocks its shelves with a variety of baked foods, including buns, cream rolls and pita bread, to suit diverse preferences throughout the region.

“Frozen dough and frozen bakery products are expected to rise by 10% in the next five years in Asia”. Asians are looking for organic products that contain no pesticides or chemical fertilizers, gluten-free baked foods, sugar-free, low sodium and protein-rich bakery products has increased three-fold in the past five years.”

- Even low/no carb and Keto diets have played a role in Asian shopping decisions. And consumers' concern about fat in relation to their health is guiding their choices. Case in point, while Asian consumers may say they are seeking bakery products with less sugar, fat, carbs and even gluten-free, they also are buying more artisan bread with the idea that these are healthier than commercially made counterparts.
- Artisan bread, specifically sourdough, the large fermentation sector is getting attention. The global movement toward clean label, less processed foods is directing many consumers to this category of bakery products

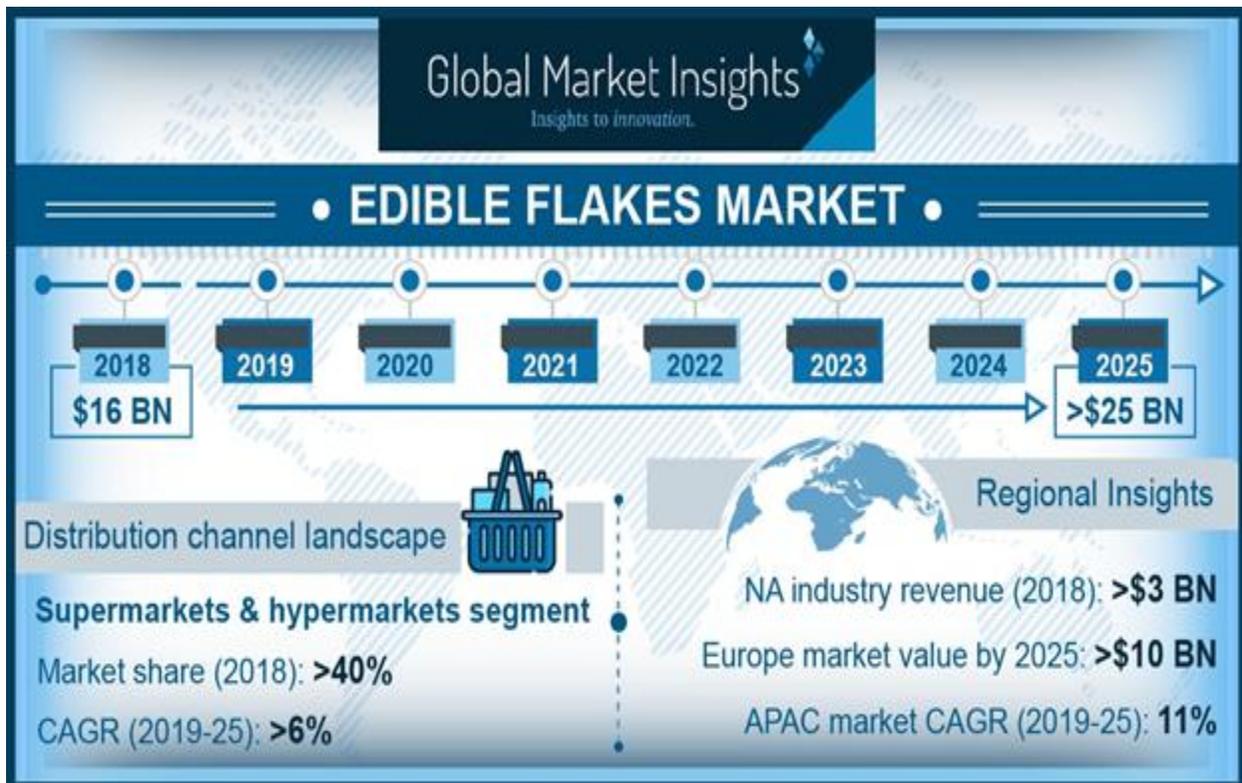
“Asia is following the United States in its ban of trans fats. Food Safety and Standards Authority of India (F.S.S.A.I.) is proposing to limit the maximum amount of trans fat content in vegetable oils, vegetable fats and hydrogenated vegetable oil to 2% in its goal to eliminate trans fat in India by 2022”.

Growth opportunities

- As Asian lifestyles become more on-the-go and people find themselves with greater disposable income, opportunity abounds for the baking industry to snag sales. There are several areas where bakers may find some success.
- Single-serve items packaged for convenience appeal to commuters looking for a snack to tide them over between meals or breakfast for their morning commute. Artisan products as well as those catering to health-conscious consumers can gain ground in sales, particularly those focused on gluten-free, sugar-free and keto-friendly.
- Plain white bread still dominates the market, customizable flavors and tapping into Southeast Asia's affinity for spice could yield some excitement.
- Spice/spicy flavors' low penetration (2%) as reason to believe this segment could benefit from innovation.
- Bakers look to local diets for inspiration, such as mala from China, tom yum in Thailand and rendang in Indonesia/Malaysia.

Dirty breads, originating in China, are moving throughout the region. These soft filled-buns are coated in syrup and powder and considered an indulgence. They have been growing in popularity not only in China but also in Singapore and Hong Kong.

Global edible flakes market to grow with a CAGR of 10% over the forecast period from 2019-2025. Edible Flakes Market revenue to hit \$25 billion by 2025



Market Insight

- Europe edible flakes market is set to surpass USD 10 billion over the forecast time. The consumer spending on healthier, and convenient foods grew due to promising economic development over the last few years. For instance, consumers in Germany have a developed preference for products with good health and wellness characteristics.
- Asia Pacific shows prominent future for edible flakes market with a CAGR around 11%. This is all due to the shift in population growth coupled with positive economic trends over the time. Hence, will drive the food and beverage industry

leading to rise in global market by 2025. Changing lifestyles coupled with busy schedules of personnel will drive them to incline towards processed foods leading to increase in consumption of edible flakes. Moreover, the demand for healthy foods are also increasing, as the future of the consumer is molded by healthier eating lifestyles, growing knowledge on food, and a value-driven outlook. Healthy eating is considered as one of the fastest growing type of cuisine in the coming years in the food industry. Growing consumers interest in healthy lifestyles is expected to show a significant positive influence on the growth of the product market. Additionally, overall growth in food and beverage industry will substantially improve the demand of edible flakes. These trends will surely drive the global edible flakes market in future.

Lactose intolerance disorder will be a major hurdle for the edible flakes market growth in coming year as the product is generally consumed with milk. According to National Institutes of Health (NIH), around 65% of global population is unable to digest lactose properly. Lactose intolerance disorder is widely common in East Asian countries.

Edible flakes market is segmented into four major products which include corn, rice, wheat flakes and flakey oats. **Corn flakes segment is likely to grow with a CAGR more than 8% in upcoming years due to increasing popularity of nutritious food products. Rice flakes segment will capture around 4% volume share at the end of 2025.**

Flakey oats segment accounted for more than 15% of the revenue share and is likely to grow with a significant rate in future.

Europe is a key edible flakes market accounting for more than a third of the overall industry size. Noteworthy growth in ready-to-eat and low calorie diet food in most of the European countries will be the major factor driving the Europe market over the forecast period. Increasing demand for healthy and convenience packaged food across the region coupled with rising income levels in the Eastern European economies will catapult the regional edible flakes market by 2025. North America is also a significant regional market.

Revenue in the Pasta & Noodles segment amounts to US\$80,697m in 2019. The market is expected to grow annually by 4.4% (CAGR 2019-2023).

Pasta is one of the most important foods in the world by both its nutritional values and volume of production. Pasta which could be consumed in different ways in each culture, faces a demand which has been increasing over the years. Long shelf life, high nutritional value, being appropriate for serving by mixing it with different sauces for different palates, i.e. being adaptable to every culture and more importantly being an economic food are the leading causes of this increase.

- Countries such as Italy, USA and Turkey produce pasta for export purposes as well as domestic consumption. However, the other countries carry out their production in order to meet their domestic demand.
- The great extent of world pasta production is carried out in European Union. The leading producing countries are Italy, Germany and Spain in European Union which has a share of 36,4 per cent in production.
- Production share is 14,8 per cent in the non EU member European countries. In this situation European continent meets more than half of world pasta production with a ratio of 51,2 per cent.
- The second continent in pasta production is America. In America continent which meets 38 per cent of world pasta production, Middle and South America have 21,9 per cent and North America has 16,1 per cent.
- While the 4,4 of the production is being carried out in Middle East, 4,3 per cent of the production is being carried out in Africa continent.
- The share of the Asia continent in world pasta production is 1,8 per cent and Australia's share is 0,4 per cent. Middle East, Asia and Australia which have a small share in the production, have a great potential for consumption. Thus they are being evaluated as the markets which show promise by means of export.

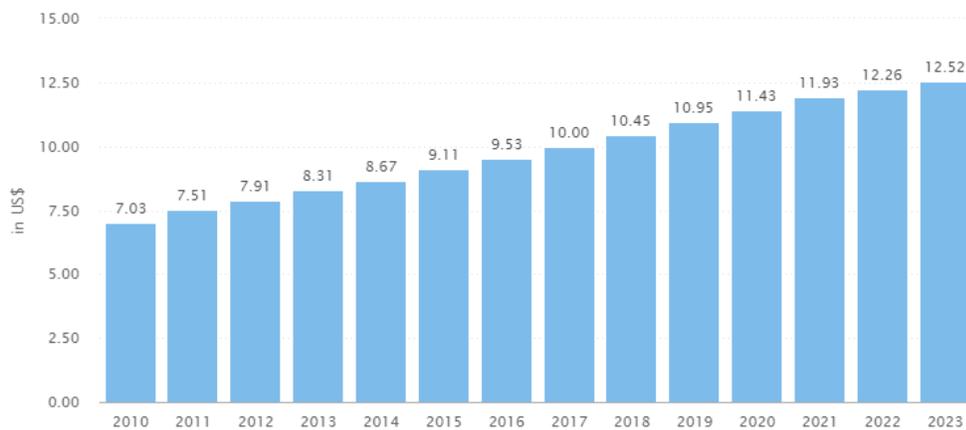
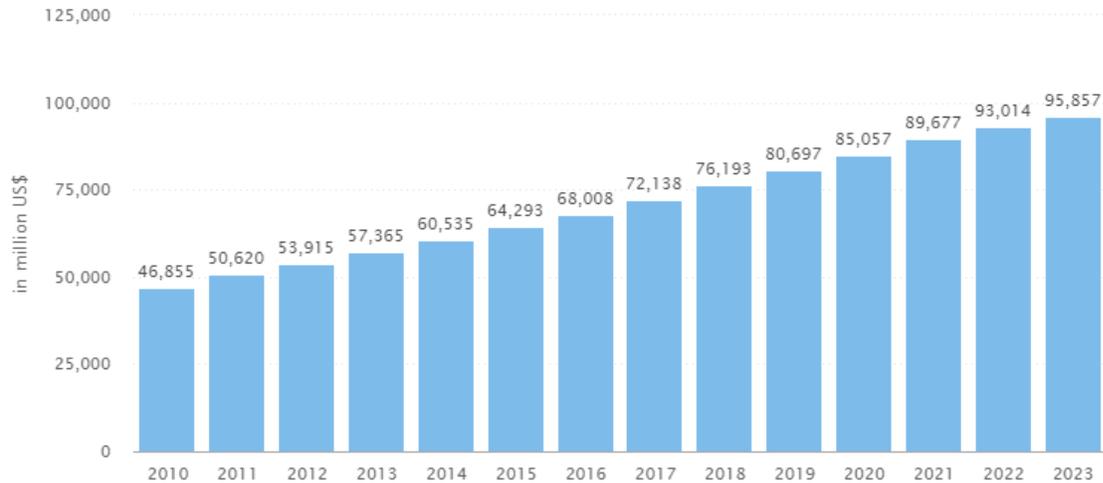
The demand for pasta in nearly the whole world is increasing gradually.

As we have stated before the fact that pasta being an easy to prepare and cost efficient; also high nutritional value of the durum wheat within the pasta and the fact that pasta being a food which can be prepared with various sauces so that it would be appropriate to palates of almost every culture are effective in this.

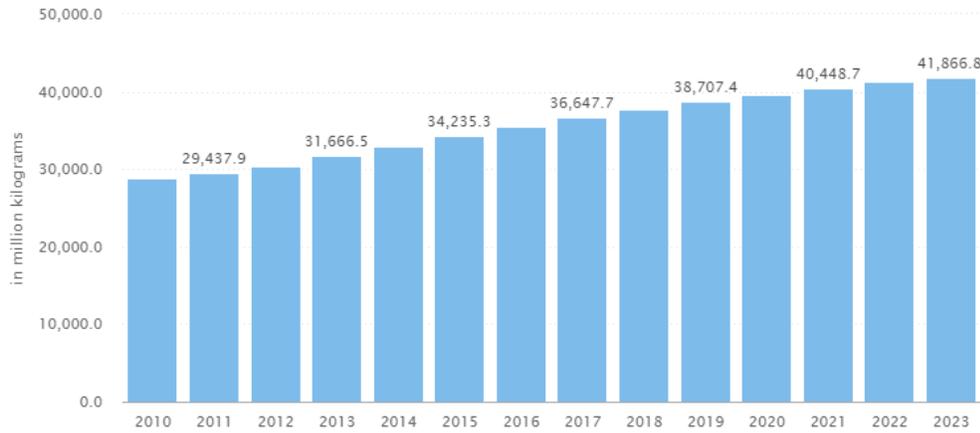
- According to data of International Pasta Organization (IPO) the country in which the pasta consumption is at its peak is the production leader Italy.

- Pasta consumption per capita in Italy is 26 kg. Venezuela follows Italy with 13,2 kg, Tunisia with 11,9 kg, Greece with 10,6 kg and Switzerland with 9,2 kg. The pasta consumption per capita in Turkey is 6,6 kg.

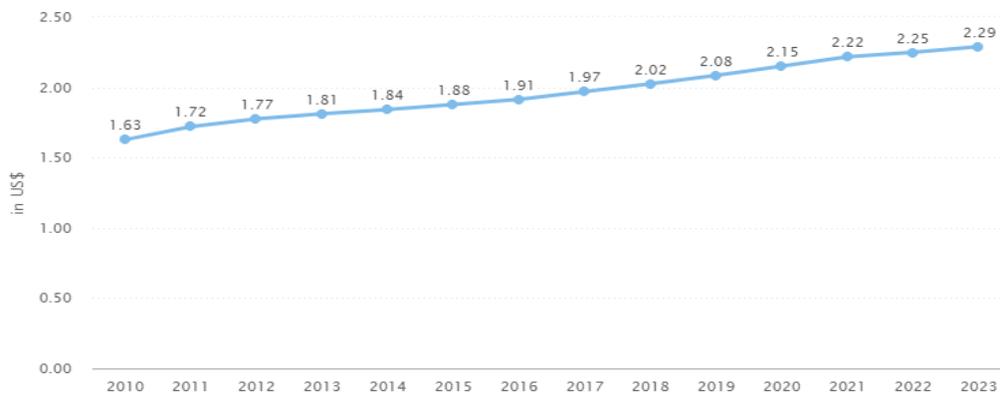
The average per capita consumption stands at 5.3 kg in 2019.



The average revenue per person in the Pasta & Noodles segment amounts to US\$10.95 in 2019.

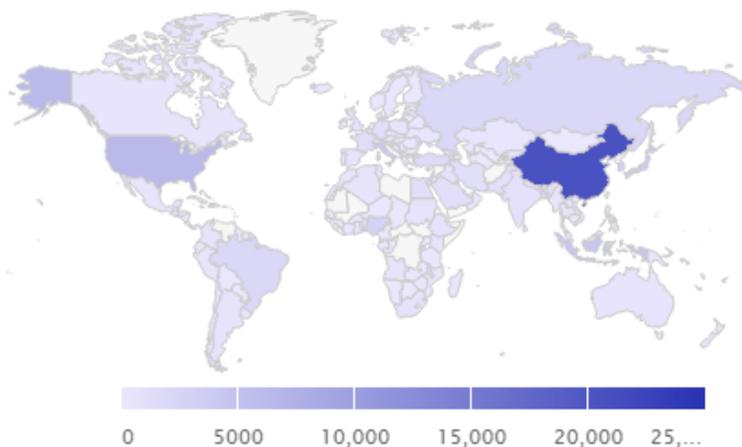


In the Pasta & Noodles segment, volume is expected to amount to 41,866.8 mkg by 2023.



The average price per unit in the Pasta & Noodles segment amounts to US\$2.08 in 2019.

With a market volume of US\$20,664m in 2019, most revenue is generated in China.



Top 5	
China	US\$20,664m
United States	US\$6,322m
Indonesia	US\$4,581m
Italy	US\$4,133m
Japan	US\$3,837m

The International Pasta Organization (Ipo) said the positive momentum is influenced by consumer attitudes showing an increased interest in wellness and a sustainable approach to eating. As a plant-based food, pasta has an extremely low environmental impact, making it especially attractive to consumers. Another area of advantage for pasta is that it is energy dense and easy to store and distribute. The most dynamic growth markets are in Asia (up 8.6%) and Africa (up 2.6%) but pasta trends also are positive in Europe. In France, per capita pasta consumption is now 8.1 kg, and in Germany it is 7.7 kg per capita. While the British eat less pasta (3.5 kg per capita), an analysis by the Department for Environment, Food and Rural Affairs (Defra) shows pasta consumption has almost tripled there since 1974. The United States is the largest pasta market, with 2.7 million tons of pasta consumed.

Ethiopia, the most populous country in Africa is seeing an increase in pasta consumption. Innovative enzymes make it possible to adjust the functionality of these flours to the requirements of pasta production. **Pasta is a global export hit from Italy and has established itself firmly in Ethiopian's kitchen, too. Spaghetti and macaroni are popular staple foods in this country, with the largest population in East Africa. They are served with typical local ragouts as well as tomato or Bolognese sauce.**

SOURCES

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