

INNOVA MARKET INSIGHTS

Wholegrain Growth in USA and Europe

Interest in the health benefits of wholegrains is continuing to rise globally. This is reflected in levels of new product activity being recorded by the **Innova Database**. According to **Innova**, the number of food and drinks launches marketed on a wholegrain platform rose nearly 10% in the 12-month period to the end of March 2010, equivalent to about 3% of total launches recorded over that timeframe. Bakery and cereal products accounted for two-thirds of total wholegrain launches recorded, with the next largest categories being ready meals & meal components and then snacks.

While there is evidence of rising interest in many markets, particularly the UK and some other Western European countries, it is the USA that continues to drive developments. This particularly reflects the ongoing use of FDA-permitted health claims relating to heart disease risk reduction and whole-grain-rich diets. The **Innova Database** recorded over 1,500 food and drink launches in the USA with a wholegrains positioning over the April 2009 to March 2010 period. It is up 7% over a 12-month period and more than four times the number recorded five years previously.

It is not surprising that bakery and cereal products accounted for 60% of the wholegrain launches, with breakfast cereals leading, just ahead of bread products, then biscuits and cereal bars. The mature and highly competitive USD10bn USA breakfast cereals market has, in fact, managed to pull back from its previous long-term decline via a repositioning of many of its products on a health platform. Claims relating to wholegrains are helping to transform the functional breakfast cereals market, with large numbers of companies changing over to wholegrains for many of their brands. The number two RTE cereals company in the USA, General Mills, has gone over to wholegrains for all its brands and started to actively market many of them on that platform, including the market leading Cheerios range.

In the USA bread and bakery market also, the use of wholegrains is now fairly widespread. While initial activity driving the market forward in the mid 2000s focused fairly strongly on heart health, more recently there has been a move to a more general health positioning. The use of wholegrains has become much more widespread, with products tending to be marketed more on a high-fibre or general health and wellbeing platform. Some wholegrain breads still feature heart healthy messages, particularly the rising number now also containing oats or other ingredients such as omega-3 fatty acids.

Looking to Europe, levels of interest in wholegrains are also rising, led by the UK and Germany. Overall, **Innova** recorded nearly 1,500 food and drink launches in Western Europe that were marketed on a wholegrain platform, with the UK accounting for a leading third of that. About two-thirds of UK wholegrain launches recorded over the April 2009 to March 2010 period were of bakery and cereal products, led by breakfast cereals which alone accounted for a quarter.

As in the USA, wholegrain positioning has largely moved away from its initial specific heart health emphasis in most cases. Exceptions are Shredded Wheat and Shredded Wheat Bitesize, where there is still strong heart health imagery used on pack in terms of the product name inside a heart shape. Brands such as Shreddies now focus on sustained energy release and Cheerios on general health and wellness, while Weetabix, carrying 'The Wholegrain Cereal' strapline, focuses on a more general health message about goodness and the 'essential nutrients' in the product.

After the UK it is probably Germany that has seen the greatest interest in wholegrain lines, although the market is much less developed. The number of launches on a wholegrain platform rose by over 75% in the 12 months to the end of March 2010, with over half of activity in the bakery and cereals sector. A notable arrival in the autumn of 2009 was the Nestlé Shreddies brand from the UK, marketed as containing 95% wholegrains.

According to **Innova Market Insights' Head of Research Lu Ann Williams** "The wholegrains concept appears to be continuing to go from strength to strength in the USA and indeed interest appears to be spreading internationally following on from this lead. Outside the USA, the wholegrain message appears to be focused more on a general health and wellbeing platform, while in the USA there is a particular focus on heart health, especially in the cereals sector."

For further information on the **Innova Database**, the representative for Australia and New Zealand is Glen Wells (Glen.Wells@innova-food.com.au)