



Inflation Surge: Packaged and Fresh Food

November 2022

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INTRODUCTION

Scope

Key findings

GLOBAL OUTLOOK/MACROECONOMIC UPDATE

Global growth outlook continues to worsen amid rising recession risks

Persistent and broadening inflation significantly reduces consumer spending power

Real GDP annual growth forecasts and revisions from last quarter

INFLATION SURGE IMPACT ON FOOD

The many layers of global inflation

Industry impact: Rising commodity, labour and logistics costs

Deconstructing inflation drivers for the food industry

Company impact: Price increases, target revisions and reformulations

National protectionism drives up commodity prices further

Fresh food: Growth in cost of commodities, fertilisers, labour and logistics affects prices

Staples: Categories heavily dependent on cereals are particularly hit by the war

Category focus: Bread across the world

Dairy products: Costs of fuel, fertilisers and feed affect prices of milk, yoghurt and cheese

Snacks: High increase in ingredient costs leads manufacturers to adjust recipes

Category focus: Tablets in the US

Cooking ingredients and meals: Edible oils and table sauces particularly affected

Category focus: Edible oils in the world

Food product positioning: Organic claims victims of dwindling consumer confidence

CONSUMER RESPONSE AND OPPORTUNITIES

Consumer response depend on income, brand loyalty and perceived value

Consumers shifting towards private label

Opportunities for food players include new recipes and/or new pricing strategies

Latin America, the region with the highest rate of inflation in 2022, illustrates global trends

Conclusion: Final considerations

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