



# PREMIUMIZATION

With a push for fun, unique flavors and high-quality ingredients, premiumization was already making its mark on consumers when the pandemic hit in early 2020. Now, after more than a year of lockdowns and uncertainty, consumers often turn to food as an act of self-care and a break from the monotony. And though consumers are searching for value and cost savings in a time of financial downturn for many, some are reaching for premium products at home as a way to increase their enjoyment of the everyday and as an indulgent trade-off for restaurant dining. From cocktails to chocolate to pet food, brands across the spectrum are making premium products increasingly available to anyone wanting to splurge a little. Read on to see what the move toward premiumization could mean for your brand.

# WHAT IS PREMIUMIZATION?

Premiumization means that consumers view the product as superior or special in some way. It has become a route for product developers to innovate in new product introductions, providing opportunities for unique flavors, formats and food and beverage experiences for consumers.

Some aspects of premium products include...



## QUALITY:

Many health-conscious consumers have a perception that sustainable, high-quality ingredients mean a “clean” or healthy product.



## LUXURY:

Particularly since the start of the pandemic, many have turned to consumer products as an opportunity for indulgence or reward.



## FLAVOR:

Products that feature unusual or “exotic” flavors are in demand, coinciding with a market shift toward global ingredients.



## BENEFITS:

Functional foods with unique benefits like increased concentration, energy and more are helping consumers combat a range of issues.



## FASTEST GROWING FLAVORS GLOBALLY With “Premium” as Claim; Q1 2020 vs Q2 2021

- Margherita (Pizza) +700%
- Malt/Malted +500%
- Toffee +500%
- Chutney +400%
- Sweet Potato/Kumara +400%
- Smoke (Oak) +400%



“The COVID-19-driven downturn will accelerate the shift away from excessive consumerism towards a simpler, slower, more minimalist existence... Premiumisation will remain an important strategy as consumers focus on quality over quantity.”

-MINTEL





# WHO'S BUYING?

Because of the wide range of ways in which something can be premiumized, the demand for premium products isn't limited to a single demographic. While healthy eating has been on the rise for some time, InsightsNow reports that the pandemic caused 36% of "clean label enthusiasts" to seek out premium products that boost immunity and health. And millennials who might not identify as health nuts are still swayed by the promise of premium: according to Marketwired, 68% of Millennials will pay for organic foods and 66% will pay more for sustainable, which is 30% higher than the corresponding percentage of Baby Boomers. And while millennials are the largest purchaser of premium products overall, the behavior has been observed across demographics; shoppers of all ages and income levels are seeking out premium products at the grocery store and eschewing value-tier and private label options.



**“About half of our customers claimed to be eating more comfort and indulgent foods [during the pandemic] while an almost equally sized subset of our customers said they were eating healthier, essentially using food as medicine to stay healthy and ward off disease.”**

-FRESHLY PREPARED MEALS



## TAILOR MESSAGING FOR PREMIUM PRODUCTS

**Millennials, for example, are enticed by the “experience” of premium products. On the other hand, Low-income households might define specific special occasions as associated with specific premium products. The opportunity here lies in expanding the occasion with different premium products.**

- IRI WORLDWIDE



# SUPER-PREMIUM CATEGORY GROWTH



Super-premium products have seen significant growth during the pandemic, presenting an opportunity for brands to capitalize on the demand for high-end products. With consumers spending most of their time at home, many are looking for flavors or formats that intrigue them or offer an exciting experience that they cannot currently experience outside the home according to IRI Worldwide.

The interest is not limited to affluent buyers, either. A report from IRI found that “low-income households report making small indulgence purchases at a similar rate as other households,” and also noted that these households are “most likely to seek premium items and to replace the restaurant experience with quality at-home meals.”



“As consumers spend more time indoors, demand for home entertaining will grow, with hosts looking to offer guests premium food and drink options. But there are also opportunities to trade up consumers who seek to elevate in-home ‘me time’.”

-MINTEL



## PRODUCTS OF NOTE



**SAFFRON ROAD CHICKEN TIKKA MASALA WITH BASMATI RICE** features basmati rice roasted and white meat chicken simmered with tandoori spices in a robust, creamy tomato sauce. The chicken is raised with no antibiotics and is mindfully handled with proper shelters and resting areas.

40% of consumers responded that they likely or definitely would buy this product.



**PRIVATE SELECTION ARTISAN STONE FIRE GRILLED MUSHROOM & TRUFFLE OIL THIN CRUST PIZZA** is said to be crafted with the finest ingredients and irresistible flavor. The pizza features grilled mushrooms, olive oil Grana Padano cream sauce and earthy flavors of truffle oil.

45% of consumers responded that they likely or definitely would buy this product.



**SHRIMP & WHITE WINE SALMON WELLINGTON** is wrapped in a puff pastry that is said to be juicy and tender. The product claims to be sufficient for five servings and should be cooked from frozen.

36% of consumers responded that they likely or definitely would buy this product.



**PUBLIX PREMIUM SOUTHERN BANANA PUDDING ICE CREAM** is said to be a French custard ice cream with swirls of creamy banana sauce and bits of vanilla wafer. The ice cream is a limited-edition product.

60% of consumers responded that they likely or definitely would buy this product.

# WHAT'S GROWING?

Many premium categories are seeing notable growth in premium products. From snacks to alcoholic beverages, desserts and more, we're spotting innovative premium product launches cross-category.

## TOP GLOBAL CATEGORY INTRODUCTIONS With "Premium" as Claim; Past 3 Years

- Fish, Meat & Egg Products
- Snacks
- Sauces & Seasonings
- Bakery
- Hot Beverages
- Alcoholic Beverages
- Side Dishes
- Dairy
- Chocolate confectionery
- Desserts & Ice Cream



## PRODUCTS OF NOTE



**RAO'S HOMEMADE SENSITIVE MARINARA SAUCE** is described as an all-natural, premium sauce made with no onions or garlic while still keeping all the flavor of slow-simmered Italian tomatoes. The premium brand of pasta sauces has options that cater to a range of dietary needs and preferences.



**CARDINAL SPIRITS CANNED COCKTAILS** are said to be refreshing ready-to-drink canned cocktails made with top-notch spirits and real fruit juices. The cocktail include flavors such as Bourbon Cream Soda, Bramble Mule, Maui Mule and Vodka Soda.

Photo Source: Cardinal Spirits



**MAGNUM ICE CREAM DOUBLE RED VELVET** Premium frozen treat brand Magnum recently launched a new line of products, including their Double Red Velvet ice cream, featuring cream cheese ice cream, chocolate ganache, red velvet cake crumbles, white chocolate pieces, and topped with a white chocolate shell.



**STARBUCKS NITRO COLD BREW DARK CARAMEL PREMIUM COFFEE DRINK** is described as a cold brew infused with nitrogen creating a creamy texture with a dark caramel flavor. It contains 45 calories per can.

39% of consumers responded that they likely or definitely would buy this product.



# CATEGORY TO WATCH: PLANT-BASED MEATS



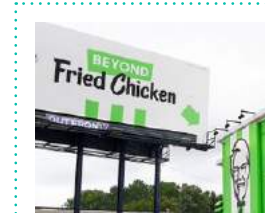
Supply chain issues at the start of the pandemic made animal-based meat harder to find, making plant-based meat brands like Impossible and Beyond more in-demand than ever. Nielsen

data indicates that during the eight-week period prior to April 18, 2020, the growth of plant-based meat sales was six times that of conventional meat, jumping by 265%. In addition to the increased availability of plant-based meats, consumers interested in “clean” eating are being lured by the environmental and nutritional advantages that these products have over traditional meat. Statista reports that the market value of alternative meats is expected to grow to over 30 billion U.S. dollars by 2026.

However, there are taste challenges with meat alternative products, according to Markets and Markets: “Consumers have a perception that there is a significant compromise in taste if they opt for meat substitutes...This has led meat substitute manufacturers to offer innovative products, such as an increase in the density of flesh, mainly the soy protein and wheat gluten, to improve the texture of their meat substitutes, closely mimicking the chewiness of meat.”

For more about how plant-based interest is shaking up food and beverage, [click here!](#)

## PRODUCTS OF NOTE



**BEYOND MEAT CHICKEN** - Now known for their burgers, sausages and ground beef, Beyond Meat will be launching their new chicken option sometime in 2021. The company recently partnered with KFC for a one-day trial of their vegan fried chicken, which sold out within hours.

Photo Source: The New York Times



**NEW WAVE FOODS PLANT-BASED SHRIMP** - Seafood is a relatively unexplored area of the vegan meat world, but New Wave Foods is hoping to change that with this shrimp alternative made from mung bean protein and seaweed and is supposed to have the same taste and snappy texture of the real thing.

Photo Source: New Wave Foods



**FABLE PREMIUM PLANT BASED CHILLI CON CARNE** is described as a hearty and flavour filled plant based braised beef chilli with traditional Mexican spices and rice. The all-natural product is made in a sustainable way using real, premium plant based ingredients.

32% of consumers responded that they likely or definitely would buy this product.



“Meat alternative sales (including fresh and frozen) advanced 50-60% for the months of April, May and June compared to a year earlier, 40-50% in July and August, and 30-40% in September and October, according to IRI and The Shelby Report.”

-FOOD PROCESSING



# THE TAKEAWAYS

Covid-19 has affected nearly every segment of consumer products in some way, but in the case of premium food offerings, the result has been almost universally positive. While value is a consideration for some consumers who view premium products as an occasional treat, the category overall is steadily growing regardless of higher prices. With households of all income levels reaching for higher-quality, more interesting offerings, whether it be for health or comfort reasons, there's never been a better time to get into the premiumization game. By focusing on quality and unique flavors, brands can offer their customers a unique experience while also building their market share and increasing sustainability. The question is, will premiumization work for your brand?

## YOU DESERVE MORE. LET'S GET STARTED.

What does true partnership look like? You deserve a flavor partner ready to turn these trends into the tangible.

Let FONA's market insight and research experts get to work for you. Translate these trends into bold new ideas for your brand. Increase market share and get to your "what's next." Our technical flavor and product development experts are also at your service to help meet the labeling and flavor profile needs for your products to capitalize on this consumer trend. Let's mesh the complexities of flavor with your brand development, technical requirements and regulatory needs to deliver a complete taste solution.

From concept to manufacturing, we're here for you — every step of the way. Contact our sales service department at [630.578.8600](tel:630.578.8600) to request a flavor sample or [chat us up at www.fona.com/contact-fona/](http://www.fona.com/contact-fona/)

## SOURCES

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