

# The world of eggs



What's happening in the world of eggs? The market movements, consumer behaviours and key trends that are shaping egg consumption around the world.

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**Huhtamaki**

# Around the world

## A market increasingly driven by animal welfare concerns

Consumer concerns over animal welfare and demands for greater transparency over production processes are driving the global egg market towards more hen-friendly production. Europe has the highest awareness and sensitivity towards ethical and animal standards with a majority of consumers preferring to buy free range eggs. In the future, standards on animal welfare will likely tighten, with countries like Germany, Belgium and the UK considering following the example of Nordic countries on banning beak trimming.

European consumers prefer more hen-friendly options with 47% of them buying free range eggs compared to only 8% for caged hens.

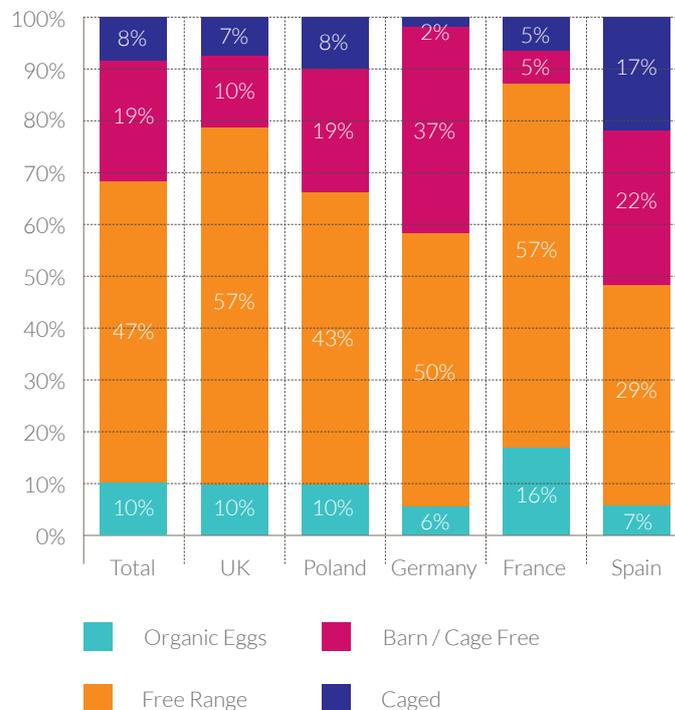
Source: Marketing Clinic 2015 (for EMFA)

## Cage free will become the norm in Europe and beyond

In the UK, Waitrose, Sainsbury, Co-op and M&S have stopped selling eggs from caged hens. Carrefour will ensure the 1 billion eggs they sell each year in Europe will be cage free by 2025, and many other European retailers have made similar commitments. In France, the government has promised that all eggs will be free range by 2022.

In the US, more and more multinationals and retailers are committing to switch to 100% cage-free eggs, while New Zealand will phase out battery cages by 2022.

## What type of eggs people buy (% of respondents, N=1320/country)



Australia is introducing clear production standards for free range. Asia will follow this trend – the first signs are visible with initiatives like Singapore hospitality company Lo & Behold Group converting to 100% cage-free egg supply by 2020.

In common with many other major food companies, Kraft-Heinz has committed to 100% cage-free eggs globally by 2025.

At the end of 2016 in France, McDonald's launched an outdoor campaign to highlight the fact that the eggs it uses in its breakfast dishes are free range.

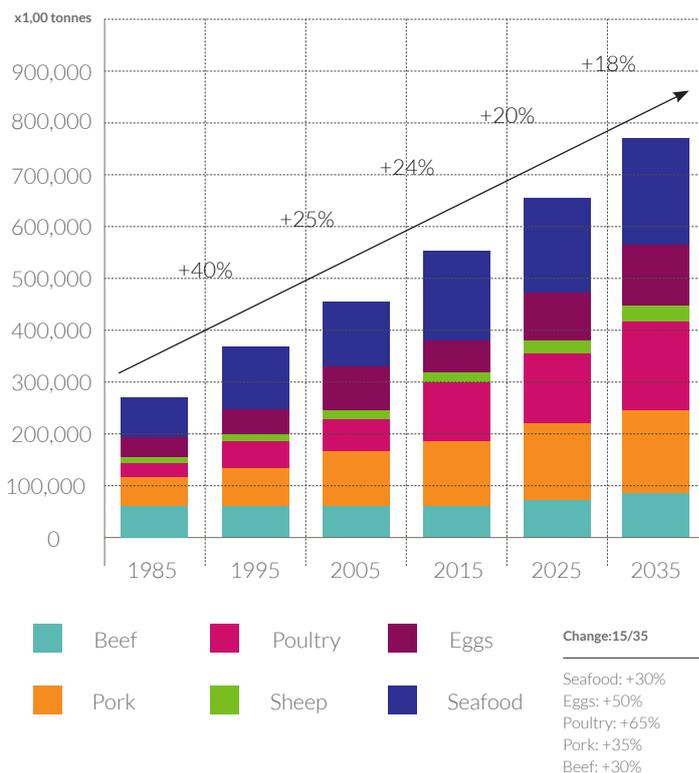


### Eggs are one of the fastest growing proteins

As diets around the world become richer and more diverse due to an increase in living standards, proteins become a growing part of people's diet. Today, eggs are one of the fastest growing proteins in the world, with more than 50% growth forecast in the next 2 decades.

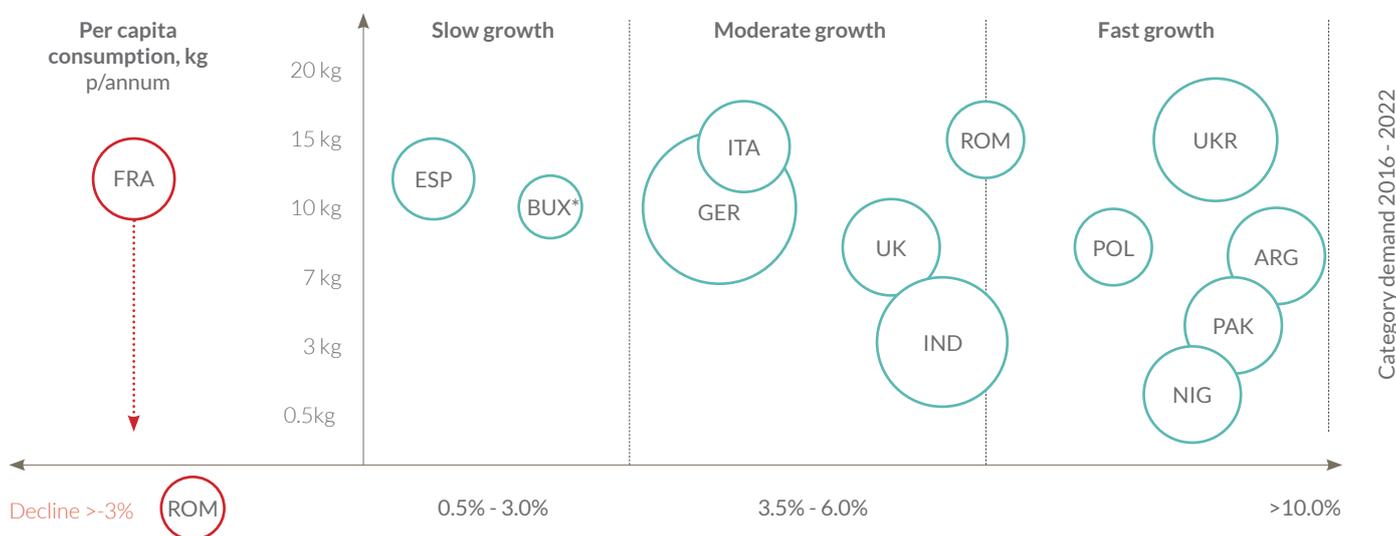
Egg consumption continues in many European markets. In the UK, eggs are benefiting from the slowdown in breakfast cereal sales. However, it is in emerging markets, where consumers seeking affordable and diverse protein sources, that eggs per capita consumption is growing at the fastest pace.

### Global demand for animal protein (2015-2035)



### Top 5 best growth performers (2017-2022) Ukraine, Argentina, Pakistan, Nigeria and India

Source: Rabobank 2016, FAO, OECD, FAPRI 2017

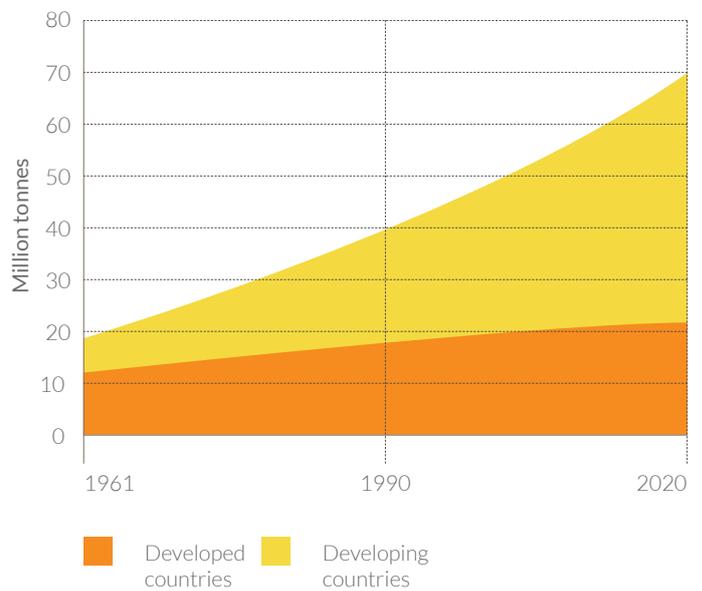


## Asia holds the biggest volume of the egg market

With 5 of the top 10 national producers and 2 of the top 3 worldwide consumers, Asia has the biggest volume of the global eggs market both in term of production and consumption. With a highly dense population as well as eggs being central to a lot of Asian diets, (China and Japan are both in the top 3 biggest eggs consumer worldwide) the region will continue to be one of the biggest influencers on the market.

China remains the indisputable leader, holding 50% share of global production, and its consumption is likely to grow at an accelerated rate as the government recommends that Chinese children eat one egg every day. They also recently discontinued their one-child policy.

## Eggs primary production



Source: Food and Agriculture Organization of the United Nations (FAO)

## Top egg consumers per capita (per person/per year)



Source: International Egg Commission – Annual Review 2015



# Changing Consumers

## Seeking sustainable packaging

Consumers in Europe are increasingly concerned about packaging volumes and materials, particularly on food products, with plastic under intense scrutiny.



The Amsterdam branch of the retailer Ekoplaza has opened the first 'Plastic Free Aisle', where people can choose from over 700 different goods packaged without any plastic.

Consumer preferences are clearly seen in their attitudes towards egg packaging, with the majority of people in Europe preferring to buy eggs in a packaging that is recyclable (60%) and/or environmentally friendly (59%). Source: Marketing Clinic 2015 (for EMFA)



Molded fiber packaging in West European countries is the number one preferred egg packaging material at the moment with 86% of retailers having molded fiber in their stores, and almost 70% of sales volume is estimated to come from eggs packaged in molded fiber.

Source: Marketing Clinic 2015 (for EMFA)

An international study by Unilever reveals that a third of consumers (33%) are now choosing to buy from brands they believe are doing social or environmental good.

### Fresh, natural and transparent

Consumers around the world are becoming more interested in product origins, quality and safety. Packaging has to be able to support preferences for more natural, fresher products, as well as demands for more information transparency.

1/3 of UK consumers claim to be very concerned about issues regarding the origin of products - Sustainability Research Institute, 2016.

Many retailers use their fresh produce offers as a way of differentiating from competitors. Ahold position their extensive eggs offer firmly within the fresh produce section of the store, emphasising naturalness and communicating the different production origin stories, from cage-free to organic. Egg packaging has to work hard here to support this offer, so renewable materials and differentiated packaging approaches are used to give an attractive display.



In China, due to numerous food scandals and the high level of pollution, organic food and imported products have risen in popularity amongst Chinese's middle class as they perceive these to be better quality and safer.



In 2016, 56% of the Chinese population said they increased their spending on organic products.

Source: Daxue consulting – Green & organic food in China, 2016

79% of people globally are now actively making dietary choices to prevent health conditions such as obesity, high cholesterol and diabetes, which clearly illustrates that food is a top priority and concern when it comes to keeping with a healthy lifestyle

– Nielsen's 2015 Global Health & Wellness Survey

## Eggs as part of a healthy diet

As their health benefits are becoming better known, people are eating eggs on a more regular basis to help them maintain a healthy lifestyle. From childhood to adulthood, people now consider eggs as a nutritious food that keeps them healthy, particularly as they get older.

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## 80% of people think eggs are good for them

Source: Marketing Clinic 2015 (for EMFA)

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According to a recent study on adult egg consumption, eating 1 egg a day may reduce the risk of stroke by 12%.

Study funded by the Egg Nutrition Centre and published in the peer-reviewed Journal of the American College of Nutrition

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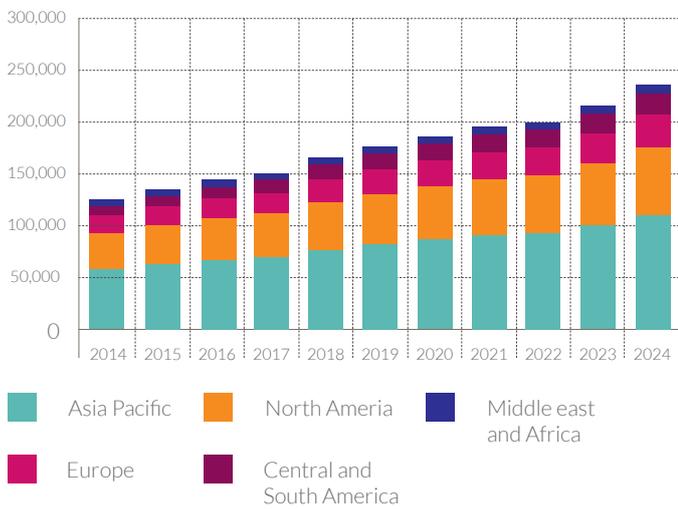
## Eggs are a highly nutritious and convenient option

Because eggs are easily accessible and highly nutritious, they appeal to the needs of a busy consumer looking for convenient options but unwilling to compromise on health.

This is illustrated by more and more companies worldwide selling modified or enriched eggs that promote more functional components such as Protein Plus enriched eggs or Omega-3 rich eggs.



## Global functional foods market revenue, by region, (2014 - 2024 USD Million)



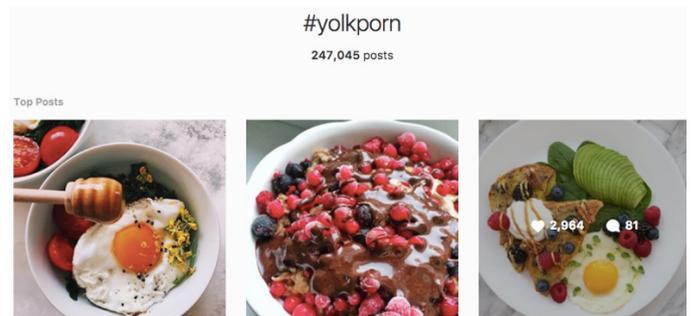
Source: Grand View Research, Functional foods market Analysis report 2014 to 2024

## The new egg consumers

As the world's largest generations, Millennials (b.1982 onwards) and Generation Z (b.1995 onwards) have a big influence when it comes to food consumption.

Younger generations are more visual savvy and more environmentally conscious than any other generations. As a result, they are most likely to be attracted to new packaging and most likely to buy products with a story that promotes positive social and environmental impact.

72% of Gen-Z are willing to pay more for products and services from companies who are committed to positive environmental impact. – Nielsen, 2015



Experiences matter more than physical goods to them, and peers' opinions play an important part in their purchase decision. They like to snap their breakfast on social media to share their healthy lifestyle and eggs seem to carry a cool and visually appetising factor. This is illustrated by the popularity of the hashtag 'yolkporn', demonstrating the Instagram appeal of eggs.

# Emerging Trends

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## Going meat-free

The surge in popularity of flexitarian, vegetarian and vegan diets, especially across Western countries, clearly demonstrates that a growing number of people are choosing to buy more meat-free and plant-based products.

As veggie-based dishes proliferate, people are looking for alternative sources of protein and eggs are an attractive unprocessed protein alternative to meat (two-thirds of consumers would consider ordering them as an alternative). The low environmental footprint of eggs compared to other animal proteins is another factor that makes them appealing to environmentally conscious consumers.

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50 % of consumers want restaurants to offer a wider variety of vegetarian entrees.

- US based study

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Despite the appeal of eggs as a substitute to meat protein, the rapid growth of veganism in Western society could be a constraint on the growth of egg consumption.



## Eggs beyond breakfast

Breakfast is seen in some countries as the most important meal of the day, and today people are increasingly choosing breakfast items as an alternative for snacks, lunch or dinner. As a result, a growing number of restaurants and food chains are now starting to offer more breakfast options at any time of the day, with egg often as their main ingredient.

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253% increase in vegan claims and 25% rise in vegetarian claims in global food and drink launches between 2010 and 2016.

- Mintel Food and Drink trends, 2017

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Seven out of 10 consumers say they are interested in the availability of breakfast at any time of day, according to research firm Technomic.

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### Egg focus restaurant 'Egglut'

In 6 years, the Californian food chain Egglut went from one simple food truck to four brick and mortar restaurants, serving all its dishes with egg products. Egglut is also the fourth-most photographed restaurant in the US.

Eggs' versatility and nutritious content also make them people's favourite breakfast food. (64% of people in the US consider ordering eggs for breakfast at non-traditional times)

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LEON, the UK food chain launched a new breakfast range called poached egg cups.

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### Speciality egg range

In the mature European market, there continue to be opportunities to create premium value and differentiation, for example through speciality egg ranges based on the breed of hen or even the age.

### Noble Foods, Heritage Breeds (UK)

Noble Foods, the UK's number one premium egg supplier, recently launched a new speciality egg range, Heritage Breeds.



“Speciality is the fastest growing segment in fresh eggs, yet approximately nine out of ten UK households remain unaware of the benefits of higher quality eggs... There is a huge opportunity to build category value and delight more consumers.”

- Geraldine Phillips, marketing director  
for Noble Foods

### Blije Kip, Eitjes first egg hens (Netherlands)

One of our specialties: the first eggs of our hens. Small and fine in taste. Delicious as a snack in between or as a festive garnish.



### Dropping an egg in your morning coffee

Independent coffee outlets in Western countries are starting to jump on this new trend coming from Asia that consists in putting a raw egg into your coffee to give a creamier, less bitter taste. This trend is getting traction amongst fitness focused consumers who are looking for a pre-workout drink, to help boost their energy.



# Smart Stuff

## Huhtamaki GreenNest packaging

GreenNest is an egg packaging that is made with 50 % grass fibers, and combines both sustainable production and raw material use. Using a mixture of grass fibers and recycled paper helps to save 60% water required for normal packaging production, while reducing also greenhouse gasses by 10% and paper amount – which is partly replaced with grass fiber.

GreenNest provides the same protection as other Huhtamaki egg packaging whilst being fully recyclable. In addition, grass fibers are partly visible on the surface and can be felt by touching, contributing to the consumer's natural product experience.



## Natural fibers – a wide range of emerging choices

Egg packaging will in future be made from a wide range of natural materials, which can deliver good sustainability performance. Rondeel egg packaging in the Netherlands and Germany uses coconut fiber or PaperFoam, a biodegradable material made based on potato starch.



## CluckAR – The free range egg detector App

The CHOICE New Things Lab – an Australian Consumers' Association – created a revolutionary new mobile app to make it easier for consumers to get more transparent information on free range eggs. By scanning the bar code on egg packaging, the app gives you information on the brand and tells you about the density on which layer hens are stocked: for a true free range egg labelling, layer hens should not be more than 1,500 per hectare.



## About Huhtamaki

We are experts in eggs, developing sustainable molded fiber packaging solutions for eggs and other fresh produce.

Our business and manufacturing facilities are centred in Europe, but with global reach, including manufacturing sites in North and South America, Africa and Australia.

## Global egg experts

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