## Rabobank Report: European frozen food sales to benefit from online grocery growth

**Decades of growth in the leading food distribution channels – supermarkets and hypermarkets - have come to an abrupt end in most markets over the past few years. Rabobank believes the rise of new channels; online, hard discount and convenience stores, will provide exciting growth opportunities for frozen food manufacturers. According to its latest report “Europe’s New Ice Age”, Rabobank foresees growth opportunities for the frozen food market, with a base case scenario where frozen food will over-index overall food growth by almost 50 percent by 2030.**

“In Europe, frozen food sales have a lot of upside potential in online, discount and convenience store channels, as these channels are still relatively immature,” explained Rabobank Analyst John David Roeg. “Channel and category scenario analysis show that frozen food has the potential to almost double its sales growth rate in the next decade.”

In leading online grocery regions such as France and the UK, frozen food accounts for a greater part of shoppers’ basket online than it does in store. This trend is unlikely to disappear as this format has many advantages; buying frozen food online is much more convenient due to collection and home delivery options, it also gives better economic value, easier bulk purchasing and a wider selection.

Many online grocery retailers are not yet fully focusing on frozen food, as they are still in the process of fine-tuning their supply chains and delivery processes. Once online channels achieve more scale and further professionalise supply chains and delivery services, frozen foods are likely to benefit even further.

In addition, the growth in discount stores and convenience stores should also benefit the frozen food market. As retailers increasingly focus on both fresh and frozen food categories; the hybrid consumer will gradually come to appreciate frozen food, which is a more economical alternative.

However, Rabobank believes that while the foundations for robust sales growth may seem excellent, growth will not materialise without the right initiatives for producers. Major steps have to be taken to successfully target online, discount and convenience channels. To benefit from expected growth in convenience channels, frozen food manufacturers will have to develop suitable products.

Online, producers will have to refocus their assortments, making them filter proof, and tailor their marketing to make them stand out from competing products. In convenience stores, producers will have to persuade stores to add freezer cabinets to store ready meals, pizzas and other food items. At present, discount chains only sell a small amount of branded frozen products, and this is unlikely to change going forward.

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