

Using an appropriate framework of analysis, briefly summarize the effects of chan...

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THIS CASE STUDY IS AVAILABLE FOR YOU TO WRITE UP AS YOUR FIRST ASSIGNMENT IF YOU WISH. SEE DETAILS OF ASSESSMENTS IN THIS MODULE STUDY GUIDE. Ready meal manufacturers ready to respond to a changing marketing environment CASE STUDY FOR DISCUSSION IN WEEK THREE It is often said that 'we are what we eat', but it can also be said that what is on our dinner plates reflects the broader marketing environment. One big change in recent years has been the growing demand for ready prepared meals brought from a supermarket.

Previously dismissed as unpalatable and a poor substitute for 'real' cooking, their sales have grown rapidly in recent years in many western developed countries. An analysis of the reasons for the growth in the ready prepared meals indicates the effects of broader factors in the market environment on the size of a particular market. The research company MIntelreported in 2007 that the market for ready meals in the five largest European countries increased by 5% between 2006 and 2007 alone to reach €8.4 billion.

Moreover, it predicted a further 18% growth to reach the €10 billion mark by 2011. In the UK, the market was worth a total of €2 billion, with a much higher level of sales per head of population than in France or Germany. Intel predicted that between 2006 and 2011, UK ready meals sales would reach €3.7 billion, with about a quarter of all Brits likely to eat a ready meal at least once a week. It seemed that the appetite for ready meals would grow more slowly in other European countries, for example Mintel predicted that by 2011, only 9% of Germans would eat a ready meal each week.

What has driven the growth in the ready meals market in recent years, and why should there be differences in market potential between countries?
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Technology has played a big role in the growing take-up of ready meals. A report by the research body Leatherhead Food International described how new techniques have allowed companies to develop ready meals which preserve taste and texture, while still making them easy to use by the consumer. Furthermore, great advances in distribution management, in particular the use of information technology to control inventories, has allowed fresh, chilled ready meals to be quickly, effectively and efficiently distributed without the need for freezing or added preservatives. The structure and values of society have contributed to the growth of the UK ready meal market, and may explain why growth here is greater than in France or Germany. Ready meals particularly appealed to single households, and those 'cellular' families in which individual family members tend to eat at different times.

Mintel reported that the tradition of family meals together remains stronger in many continental European countries than in the UK, which may help to explain the greater popularity of individual ready meals in the UK. Some social commentators have reported that young people have lost the ability to cook creatively, as cookery has been reduced in importance in the school curriculum. Furthermore, many UK consumers no longer feel a social stigma attached to eating a ready meal, something which would be anathema to many people in France a country which takes great pride in its national cuisine.

Any remaining stigma has been reduced by the number of 'celebrity chefs' who have endorsed ready meals with their own brand image. The impact of the economic environment on sales of ready meals is slightly more

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ambiguous. As individuals grow richer, they can afford to buy ready prepared foods, rather than spend time and effort preparing it themselves.

With a tempting range of ready meals now available, from duck a l'orange to beef bourguignon, the consumer with money in his or her pocket will be tempted to splash out on a ready meal, rather than stay at home with a 'quick' jacket potato or pizza.

Although rising incomes have been associated with rising consumption of ready meals, increased sales have also been attributed to a deteriorating economic environment. As recession bit in the UK in 2008. The manufacturer Northern Foods - a major supplier of ready prepared meals to Marks & Spencer - reported resilient sales. It seemed that consumers were trading down from expensive restaurant meals to the alternative of relatively cheap, gourmet ready prepared meals. Of course, marketers should be more interested in predicting future effects of environmental change on consumption, rather than merely charting historical trends.

So what do current trends hold for future sales of ready meals? The growing pressure on individuals' available time, matched with long-term rising disposable incomes, will doubtless continue to fuel the growth in UK ready meals sales. In a market that is in its maturity stage, more attention will need to be paid to competitive differentiation, and understanding the way in which customers attribute value to a product.

Many consumers have become increasingly concerned about the health implications of the food they eat, and ready meal manufacturers will need to continue responding to such concerns. For example, they have responded

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with a range of low calorie meals, and addressed specific, sometimes transient, health fads, for example with respect to trans-fatty acids and Omega 3 supplements. Many consumers have also become concerned about the ecological environment, and some suppliers, such as Marks & Spencer, have incorporated sustainability agendas into their ready meals, for example by reducing packaging and sourcing supplies from sustainable sources.

As other countries develop cellular household structures, with more professional, single people living alone, export opportunities may grow, and many companies in the sector have their eyes set on the Chinese and Indian markets, among others. Case study review questions 1. Using an appropriate framework of analysis, briefly summarize the effects of change in the marketing environment on sales of ready meals. (60%) 2. Discuss the factors that might affect sales of ready meals in your country over the next five years.

(40%)