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Sauces, Dressings, and Condiments in the US

Big Boost in Retail as Consumers' Eating Occasions Move into their Homes

Foodservice locations have limited or zero capacity for dine in at various points throughout 2020. Take-away and home delivery were not enough to maintain foodservice sales at previous levels. Instead, many consumers have more time to prepare meals at home and this has led to a spike in demand for sauces, dressings, and condiments. With consumers preparing more meals at home, there have been an increased interest in packaged sauces, dressings, and condiments. These make it quicker and easier to prepare dishes at home. Many consumers who previously did very little cooking have been forced to prepare their meals and these products provided them with a huge variety of flavors. They also experimented with just the limited cooking skills required to create a tasty dish.

Pasta Sauce Benefits from Pasta Stockpiling

Pasta sauces are the largest category of sauces, dressings, and condiments but interest had been waning in these products towards the end of the review period due to the category's maturity. However, as states across the US began to introduce lockdown measures, many consumers began stocking up on products that were shelf-stable and easy to store, including pasta and pasta sauces. Sales of pasta sauces have also benefited from being familiar and easy to prepare, with leading brands such as Ragú and Prego having seen a strong growth. Shoppers were also seen to be shifting towards more premium pasta sauces for an enhanced at-home dining experience. Since consumers are not eating at restaurants as frequently as before because of COVID-19, higher-quality pasta sauces offered simple ways to enhance a meal without having to carry out any additional cooking processes. Nevertheless, private labels have also seen dynamic growth in 2020 due to the economic downturn, with its competitively priced pasta sauces attracting the interest of price-conscious households.

Highlights

- The industry benefits in sales from consumers who are looking for more convenient cooking solutions.
- Sales of pasta sauces have also benefited from being familiar and easy to prepare.
- Many consumers decided to give e-commerce a try in 2020. For those consumers that had positive experiences during 2020, it is expected that this shift in shopping behavior could become permanent.
- With consumers leading increasingly busy lives, manufacturers had to adapt their products to be more portable and to help consumers save time while still providing a good taste.

Legacy Brands Made a Comeback in 2020

Longstanding legacy brands have struggled in the packaged food industry for several years as shoppers have turned to smaller brands with unique and novel new products. In 2020, especially as quarantine measures started to be introduced in the US, many consumers shifted back towards the larger legacy brands in search of lower prices and familiarity. With so much uncertainty, many shoppers wanted to buy products with familiar brand names that they knew they could count on. The brands from larger companies also benefited from more robust supply chains and manufacturing capabilities which were especially important during the huge spikes in retail sales as the US experienced widespread panic buying. Nevertheless, these legacy brands have faced strong competition from private label products that have lower brand recognition but often offer lower prices.

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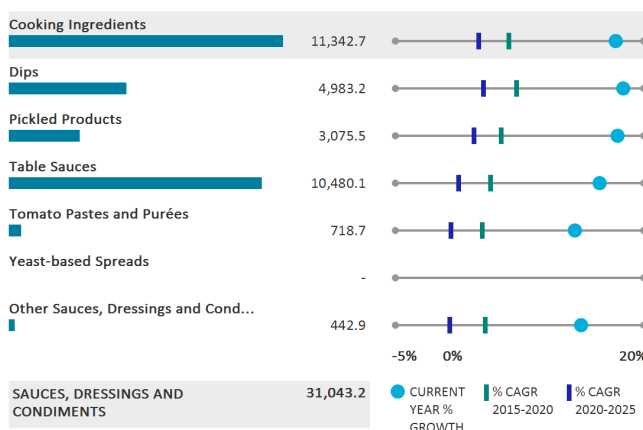
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Sales of Sauces, Dressings and Condiments in USA by Category

Retail Value RSP - USD million - Current - 2020

Growth Performance



RECOVERY AND OPPORTUNITIES

Emerging, Premium Brands Still Positioned for Growth over the Forecast Period

COVID-19 and the restrictions that followed pulled many consumers back to more familiar products and brands, but as restrictions are lifted there is an expected renewed focus on innovative products. When it comes to sauces, dressings, and condiments, consumers increasingly want to experiment with new products that can add flavor and excitement to their meals. The millennials are key drivers behind this trend, with younger generations placing a greater focus on experiences. Also, with a looming economic recession, pricing will remain an important consideration for many shoppers. That said, since these products do so much to change the flavor of a meal, consumers may be willing to spend the extra money for a better product. Especially, if they feel that they are saving money by not ordering foodservice. These contrasting demands could create space for the further expansion of private labels, with producers often able to deliver premium products but at more competitive prices than the equivalent branded options.

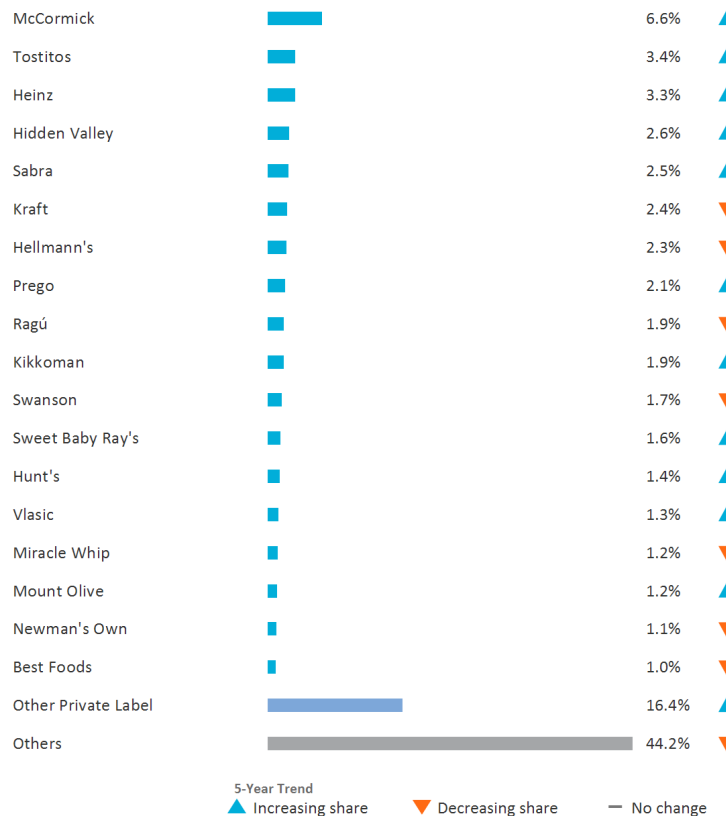
The Shift Towards E-commerce is Expected to Last

COVID-19 has disrupted the lives of most consumers in 2020, and this has led to a massive change in shopping habits. With consumers looking to avoid making unnecessary trips to the store, many have turned to e-commerce as a convenient way to stock up on groceries. While e-commerce saw steady growth in sauces, dressings, and condiments over the review period, there was a noticeable sales' spike in 2020. Innovations on the part of the retailers to make online grocery shopping even more convenient will serve to boost e-commerce further over the forecast period.

Convenience Key to the Future Success of Sauces, Dressings, and Condiments

Over the review period, the demand for convenience was a key growth driver within packaged food. As consumers will increasingly have busy lives, manufacturers had to make their products be more portable and should help consumers save time while still providing a good taste. COVID-19 saw many consumers being forced to work from home, allowing more time to prepare and eat meals. However, once COVID-19 is contained and people begin heading back to the office and school, time-saving will likely regain

Brand Shares of Sauces, Dressings and Condiments in USA
% Share (LBN) - Retail Value RSP - 2020



its importance and consumers will again start seeking out ways to minimize the time spent on preparing meals. As such, shoppers will likely look into sauces, dressings, and condiments for support in creating quick, easy, and tasty meals. ■

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