

State of the Pasta Industry 2024

A promising outlook for growth

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Emily Boyd



Emily is a passionate storyteller on NielsenIQ's Customer Success team. She has spent her career in market research working closely with large manufacturers to drive value and help them create impacts in the marketplace.

She has tailored experience supporting pasta brands, diving into category dynamics and consumer sentiments.

When not digging into research, Emily is an avid Indiana basketball fan and enjoys finding new restaurants and coffee shops in Chicago. Her favorite pasta cut is mezzi rigatoni.

What We'll Cover Today



The Challenged State of CPG



Pasta: Retail Performance & Growth Drivers



Omnishopper Dynamics



Consumer & Demographic Trends



Takeaways & Implications



*CPG is still
facing
unprecedented
challenges...*



As we entered the back half of the year, U.S. consumer sentiment took a toll

Cost of living, economic slowdown, and job insecurity prompts 43% of shoppers to say they are worse off financially



21%

vs

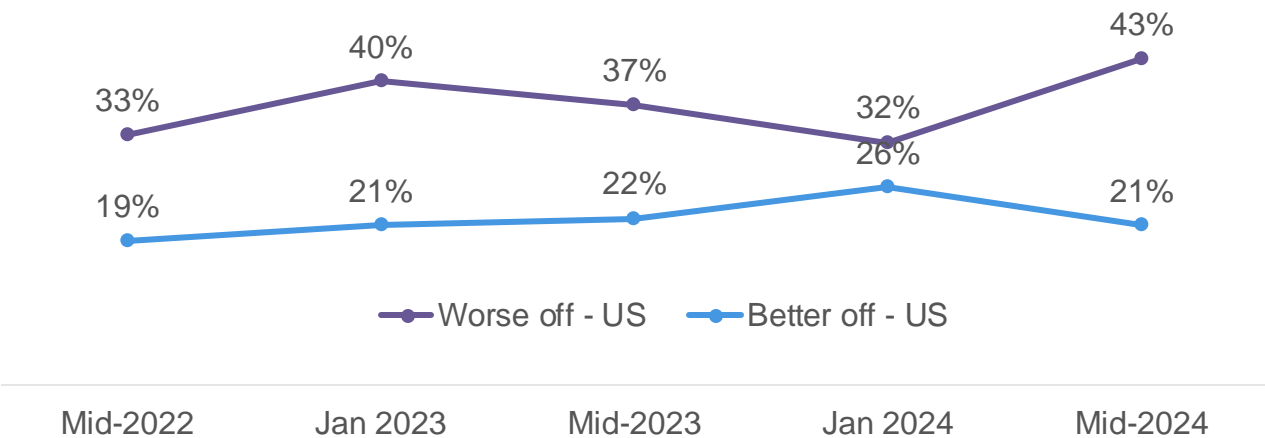
43%

of US consumers say they're in a **better financial position** compared to a year ago—down **-5pt** vs. Jan. 2024

say they're in a **worse financial position** compared to a year ago.



Consumer financial position. Sentiment year over year (% respondents)



Why?

76%

due to **increased costs of living** (vs. 74% in Jan '24)

37%

due to **economic slowdown** (stable vs. 37% in Jan '24)

36%

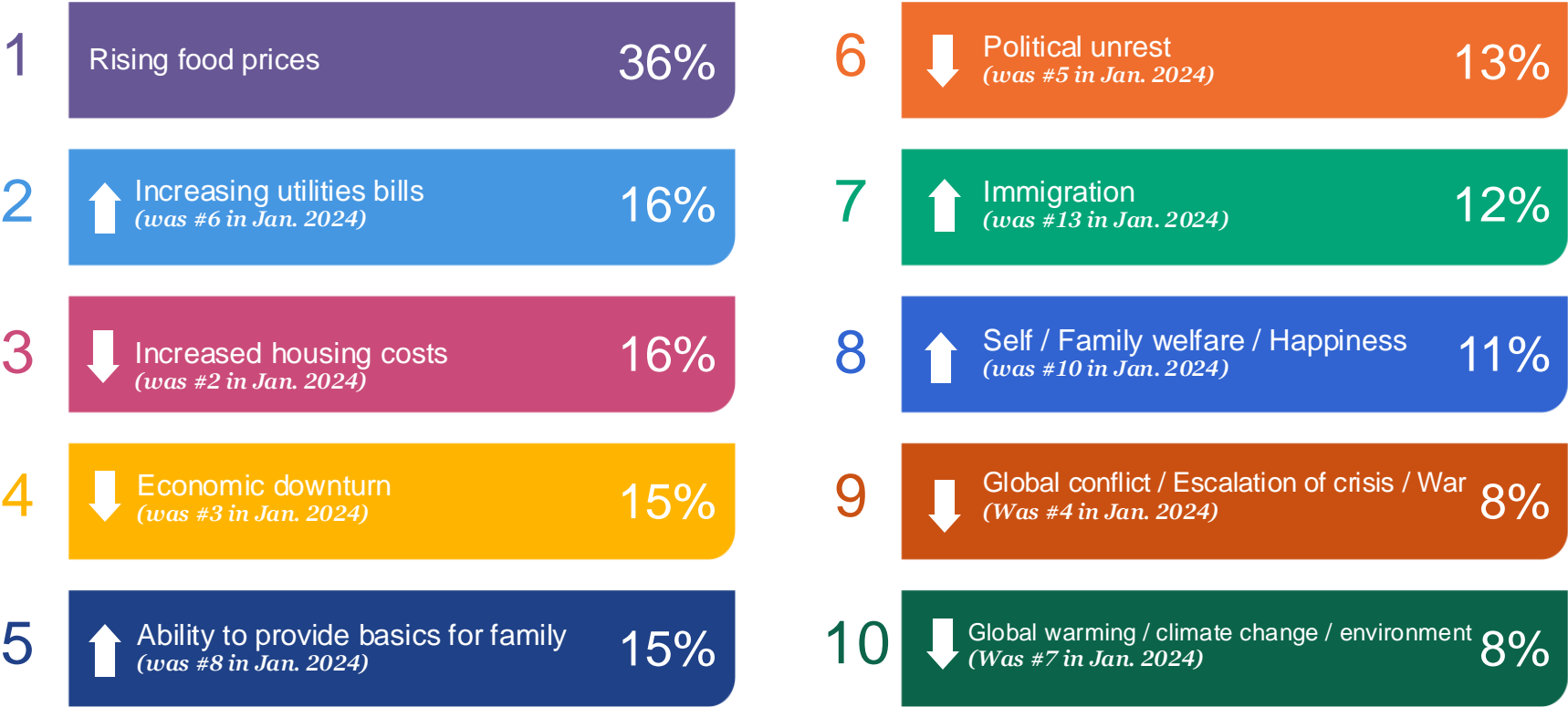
due to **job insecurity / loss** (vs. 33% in Jan '24)

Rising food prices remain the #1 economic concern for U.S. consumers

Utility rate hikes, ability to provide basics, and immigration weigh more heavily on our minds than before



2023 was a record year for utility rate increases at \$9.7B approved, up from \$4.4B in 2022; 2024 anticipated to be similar*



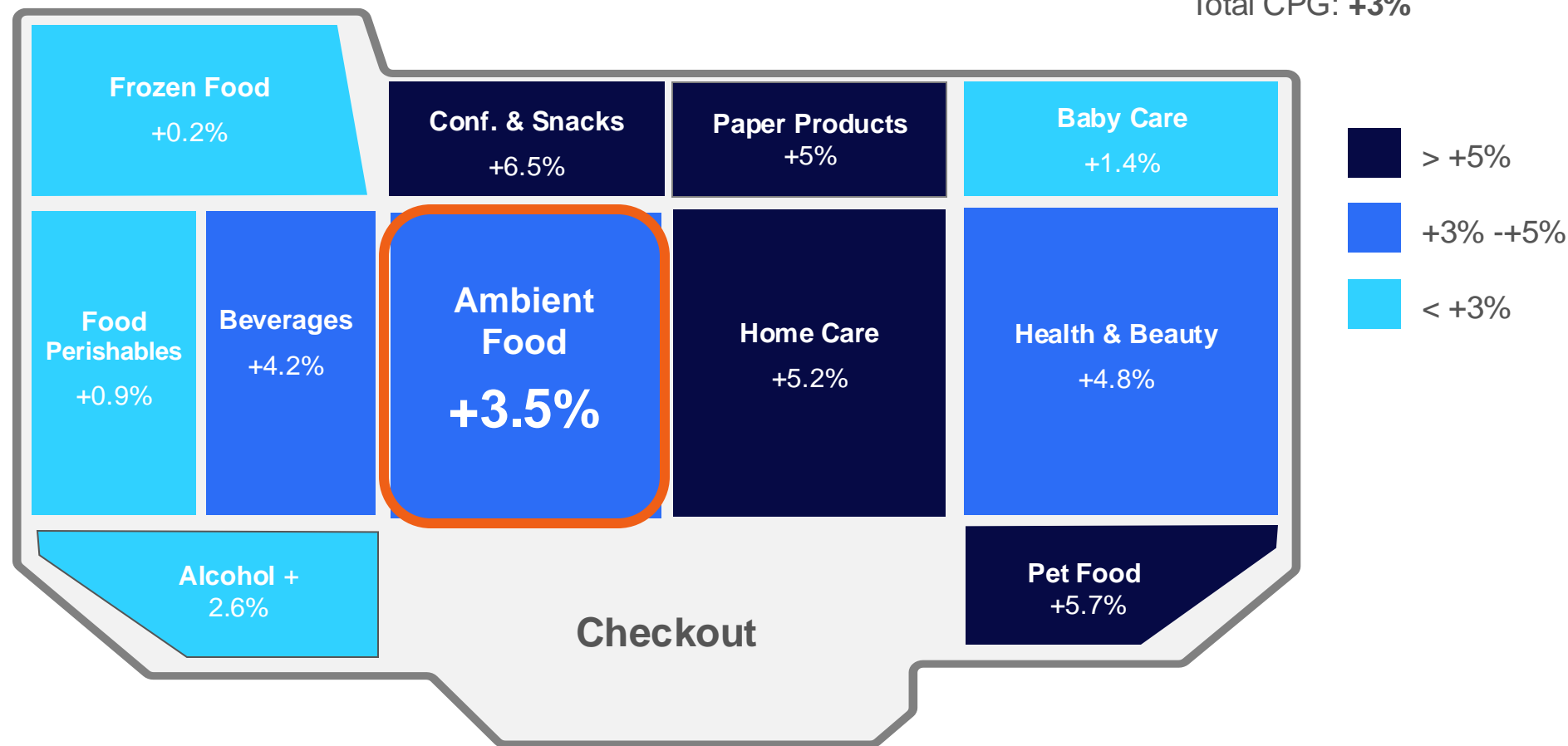
...as inflation still plagues several key departments, including center store food

Compounded impact translates to shoppers paying 30% more for the same basket of products than they did only five years ago

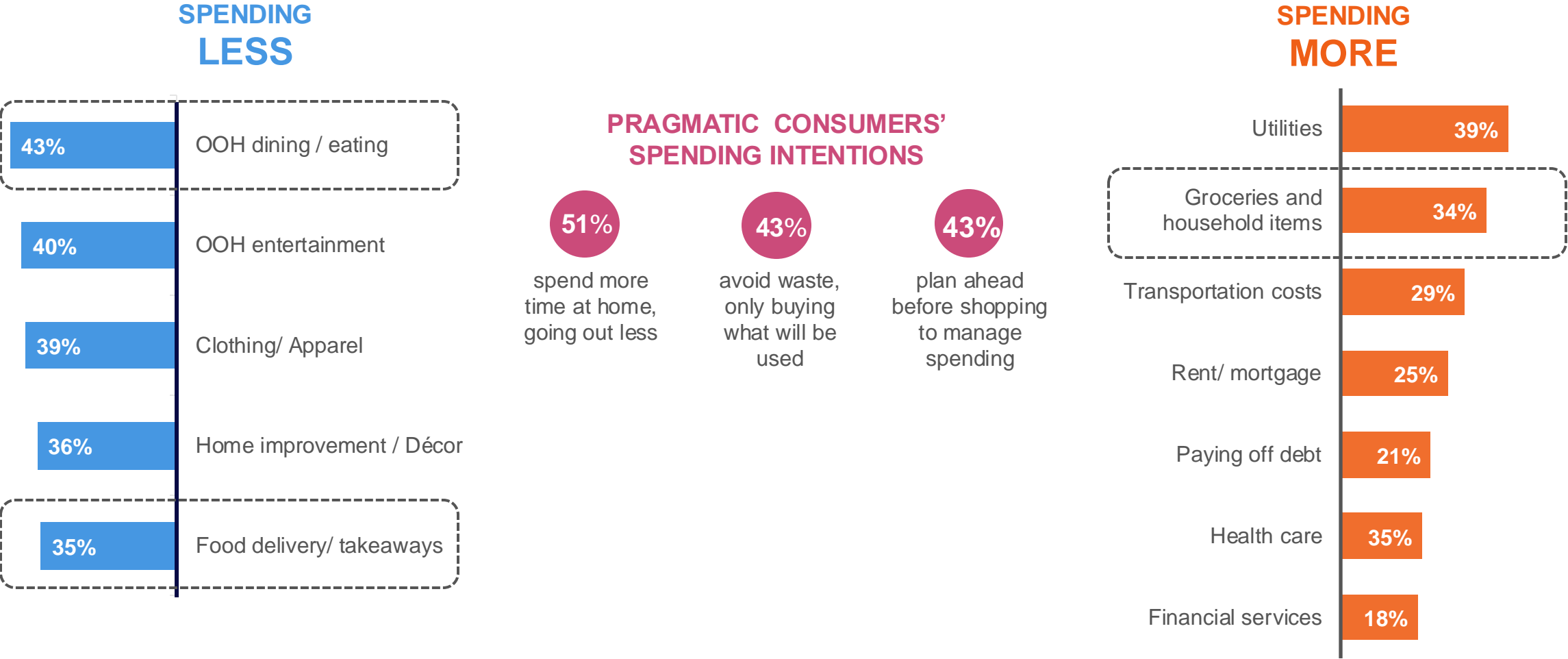
Department *inflation* heat map: Total U.S.

EQ volume *price* % change

Total CPG: **+3%**



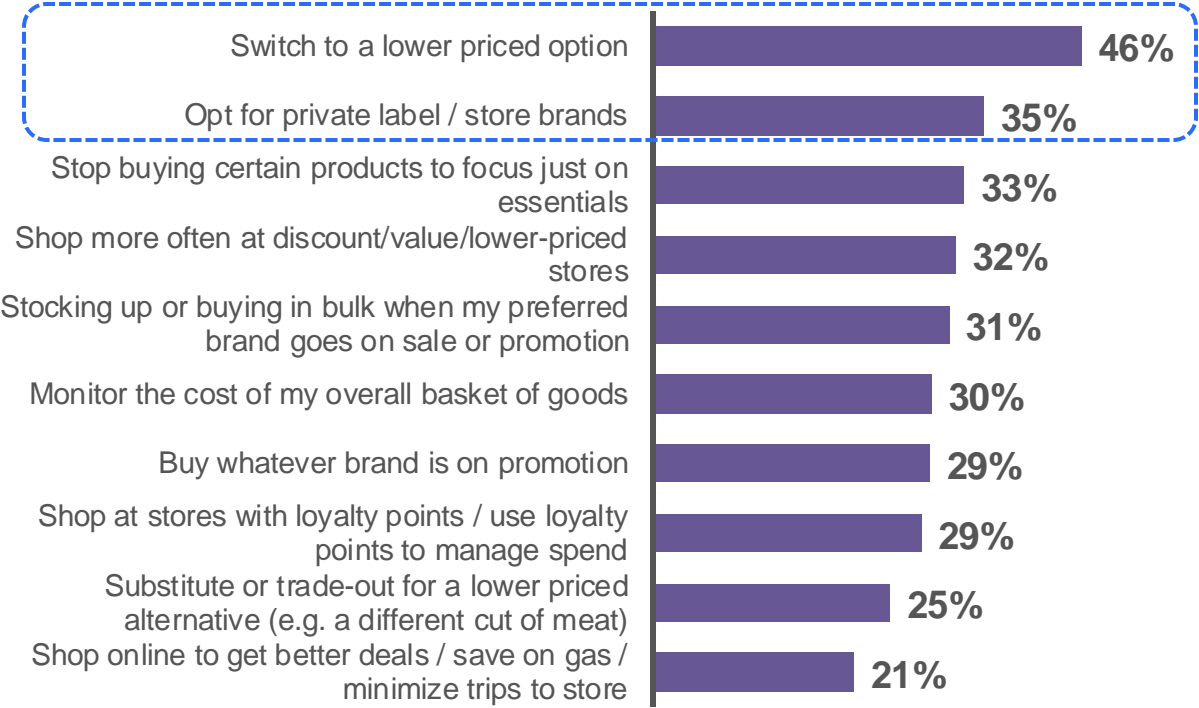
Consumers intend to spend less on out-of-home dining and delivery... and more on groceries to save money—while also buying only what they need to avoid waste



Switching to lower priced/store brands or alternate pack sizes among top cost-saving tactics

Pack choice shows that “value” means different things to different consumers, based on their buying power and flexibility

Top 10 consumer saving strategies for CPG



Assortment can influence price-based decisions



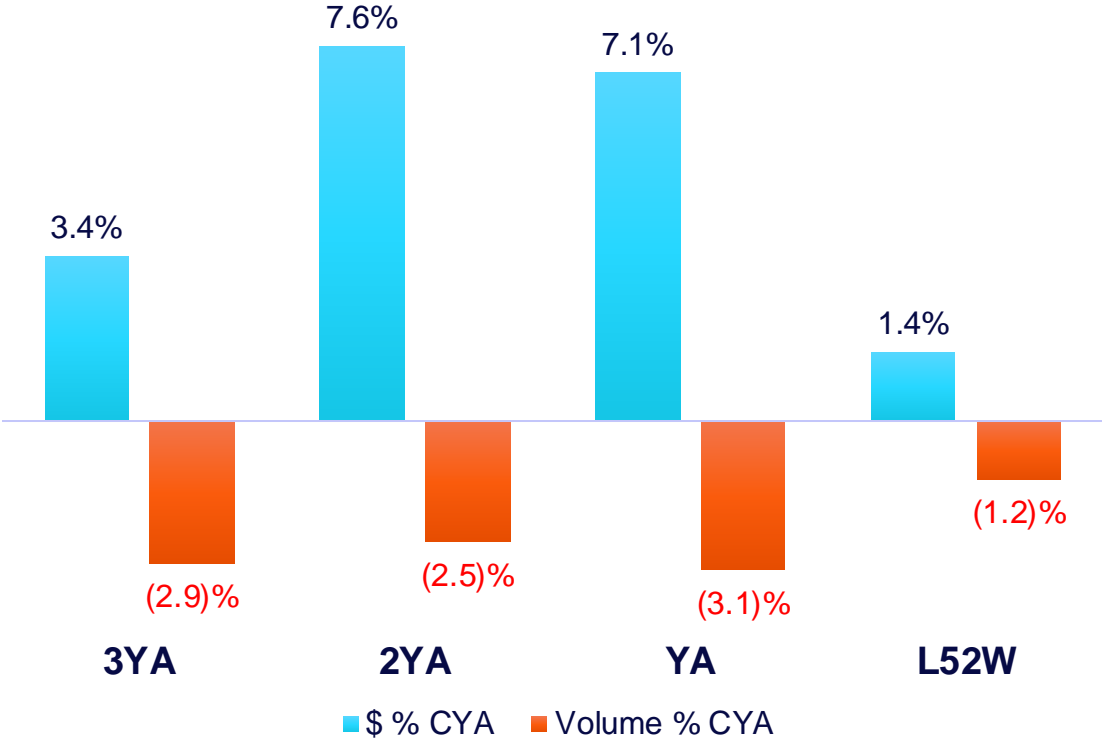
Lower cost / use say they're switching to **buy more large, bulk pack sizes** of their product of choice
17%

Lower cost to buy say they're switching to buy more of the **smaller pack sizes** of their products of choice
11%

The impact: Total Store volume down four years in a row

Economic pressures haven't eased enough to reverse declines

Total CPG Dollar & Volume Change YoY



Source: NIQ RMS, Total U.S. xAOC, 52 w/e 9/7/2024. Total CPG excludes General Merchandise.

Retailers focusing on growth, but with a cautious approach to assortment and margin defense



Store Count Growth

- **Number of stores** in total CPG market grew **3.0%** in the latest year and **6.2%** from 2022.



Rationalization + Standardization

- Planograms became **more standardized** across chains, but the unique item count in market **declined by 6.5%** since 2022.



Private Label Strategy

- In the last two years, **Private Label share** across the store grew 0.7pts to **17.6%**.
- Retailers tell us they are using **own brands** as a key lever to drive **volume growth** while defending margins.

Source: NIQ RMS, Total U.S. xAOC + Convenience, 52 w/e 10/05/2024 vs 2YA. Total Store = All Departments ex. Bulk Bin, Floral, General Merchandise. NIQ + Advantage Retailer Outlook Survey 2023.

*What
dynamics
shape the
outlook for
Pasta at retail?*

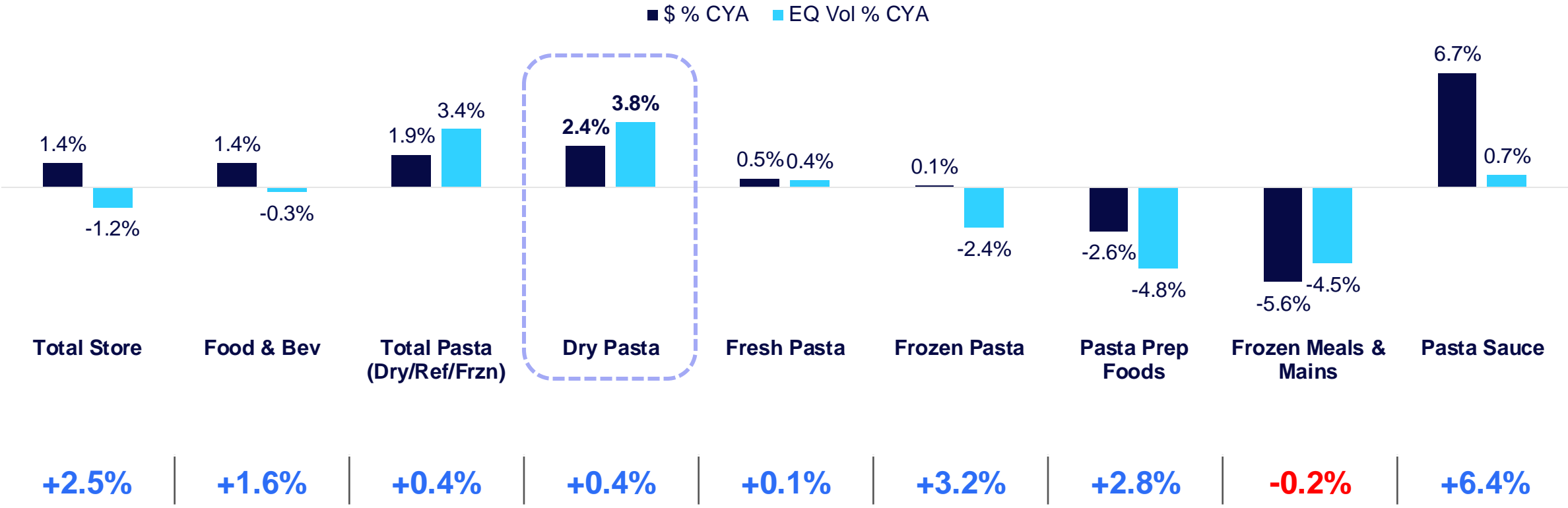
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L52W: Relative price stability enabled Dry Pasta to outpace food dollars and volume

Frozen Entrees dropped despite near-flat pricing; Prepared Pasta also declined, suggesting a return to at-home prep

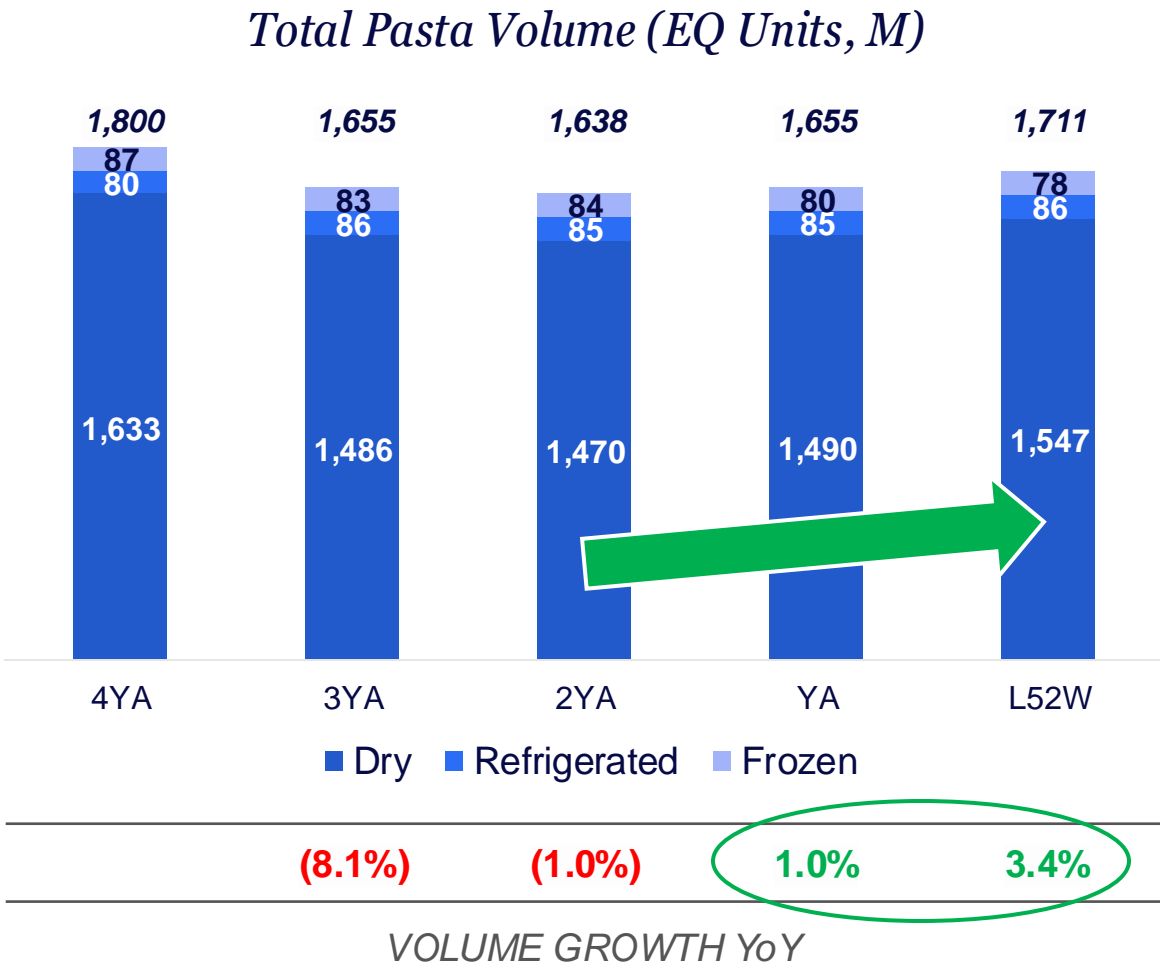
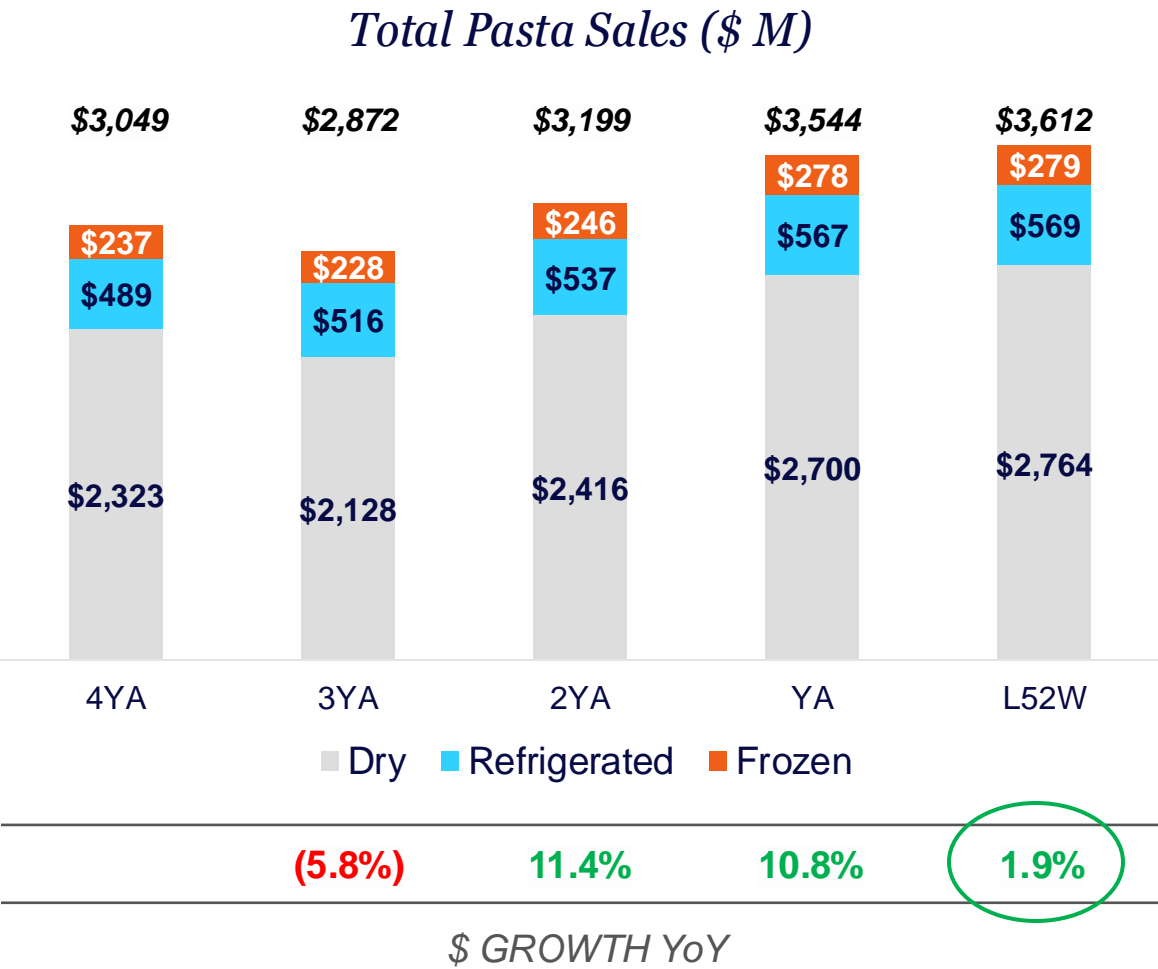
Dollar & Volume Performance Comparison: L52W vs YA



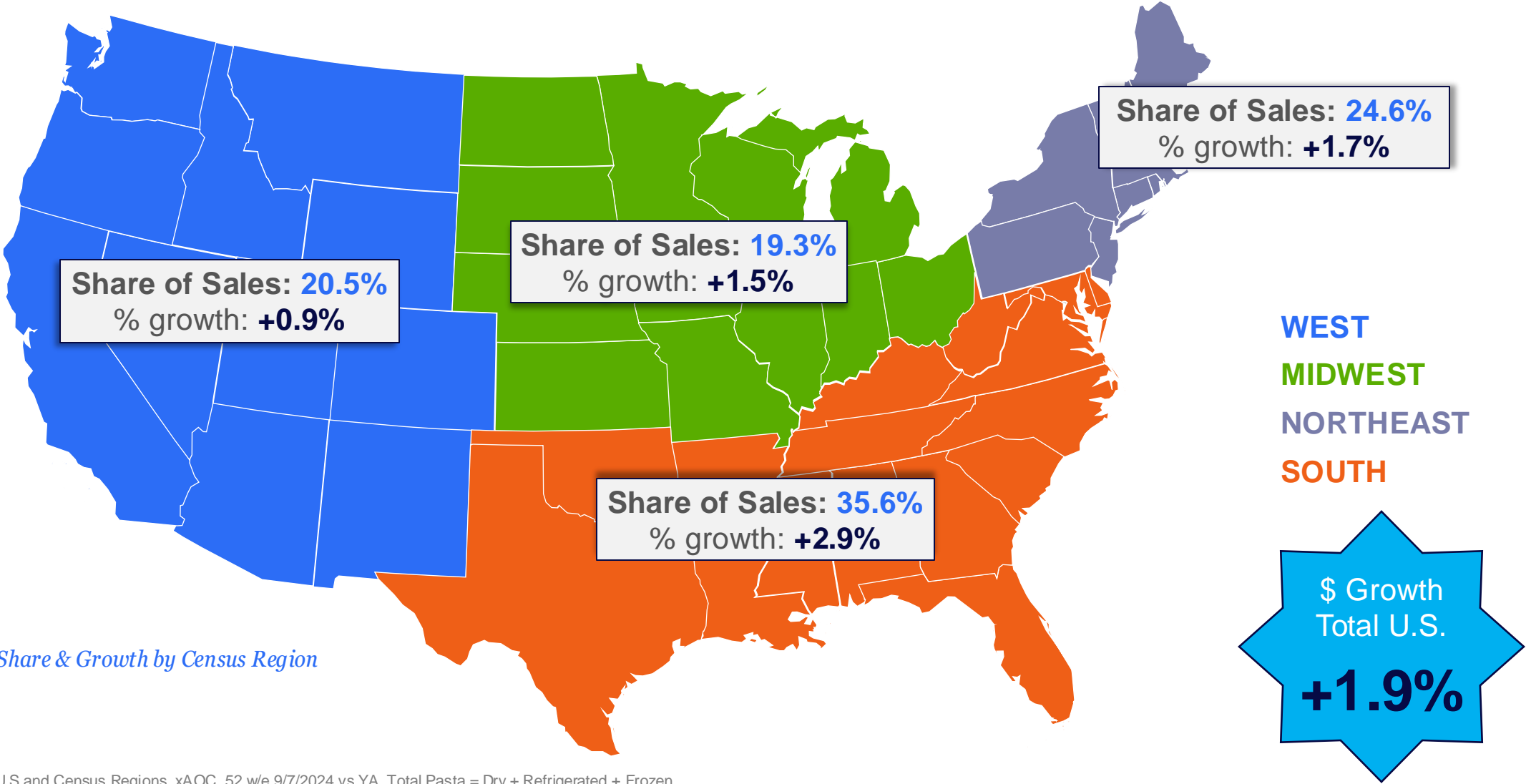
‘Everyday’ Price Chg vs YA

Source: NIQ RMS Total U.S. xAOC, 52 w/e 9/7/2024 vs YA. Total Store = All Depts ex Bulk Bin, Floral, Gen Merch. Total Pasta = Dry + Refrigerated + Frozen.

Total Pasta: Dry volume picking up the pace as flat pricing slowed dollar gains in L52W



South Region drives 36% of sales and outpaced the rest of the country with ≈3% growth



Total Pasta: \$ Share & Growth by Census Region

Source: NIQ RMS Total U.S and Census Regions. xAOC, 52 w/e 9/7/2024 vs YA. Total Pasta = Dry + Refrigerated + Frozen.

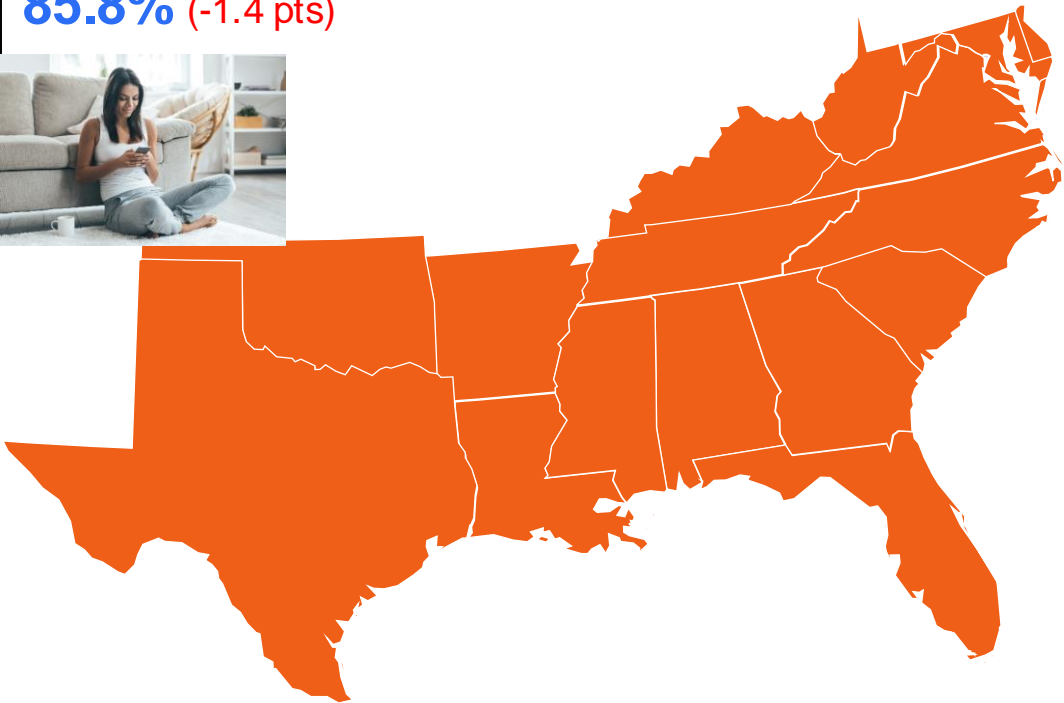
Yet region had the largest In-store penetration drop—calling for a robust omnichannel strategy

SOUTH REGION



In Store
Penetration:
85.8% (-1.4 pts)

Online
Penetration:
22.5 (+2.3 pts)



**Brick & mortar
buyer penetration
dropped -1.4 pts in
the South**

(compared to -1.0 pts
in Total U.S.)

Source: NIQ Omnishopper Panel, Total U.S and Census Regions. All Outlets, 52 w/e 9/7/2024 vs YA. Penetration for Total Pasta (All Depts)

Ecommerce Spotlight

Online Pasta sales
growing 20x faster,
with room to
increase digital
buying occasions



	In Store	Online
Share of Omni \$	88.5%	11.5%
\$ Growth Rate vs YA	+0.7%	+15.3%
Average Basket	\$3.69	\$4.02
Occasions per Year	8.7	5.0

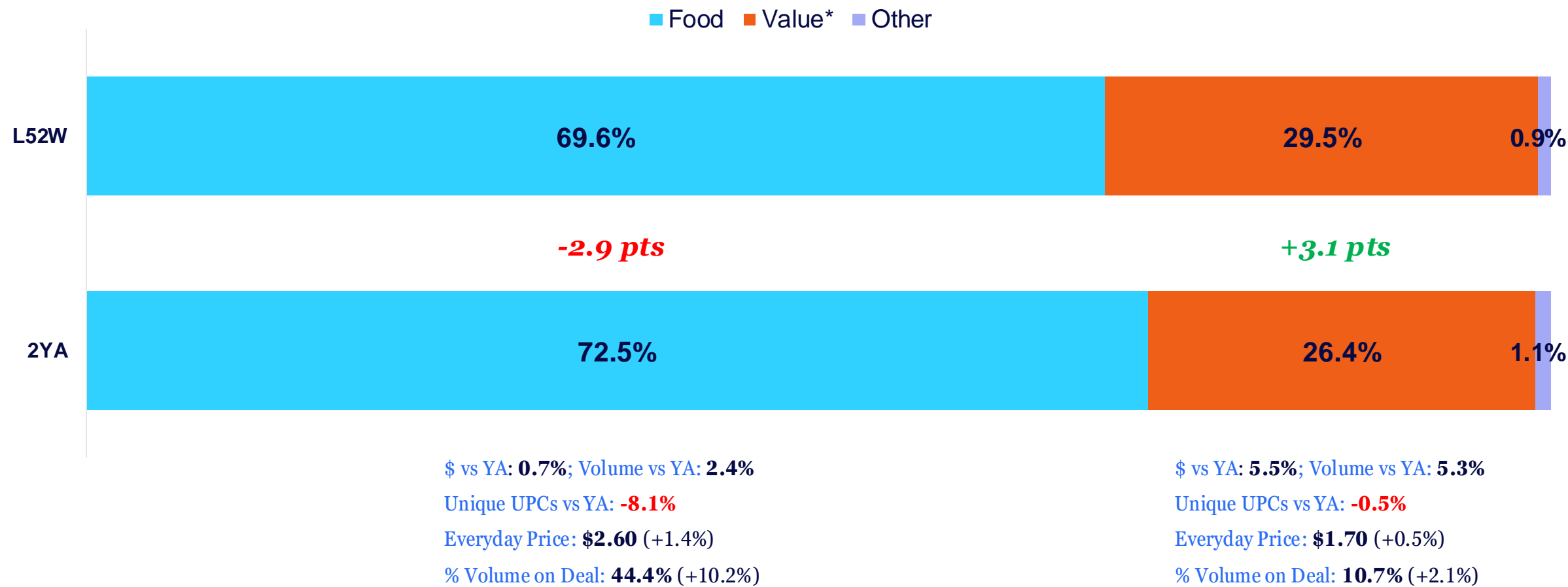
Source: NIQ Omnisales Total U.S. In Store vs Online, 52 w/e 8/24/2024 vs YA.

Omnishopper Panel, Total U.S and Census Regions. All Outlets, 52 w/e 9/7/2024 vs YA. Total Pasta (All Depts)

Grocery channel ceded nearly 3 share pts to Value Retail* since 2022

Food retailers ramped up promotions by 10% and cut their assortment significantly, yet dollars were nearly flat to YA

Total Pasta: \$ Share by Channel, L52W vs 2YA



Source: NIQ RMS Total U.S..52 w/e 10/5/2024 vs 2YA. Total Pasta = Dry + Refrigerated + Frozen. *Value Retail = Mass/Club/Dollar. Everyday Price = Base EQ Price

SKU rationalization in the Pasta set underscores need to prove incrementality at the shelf

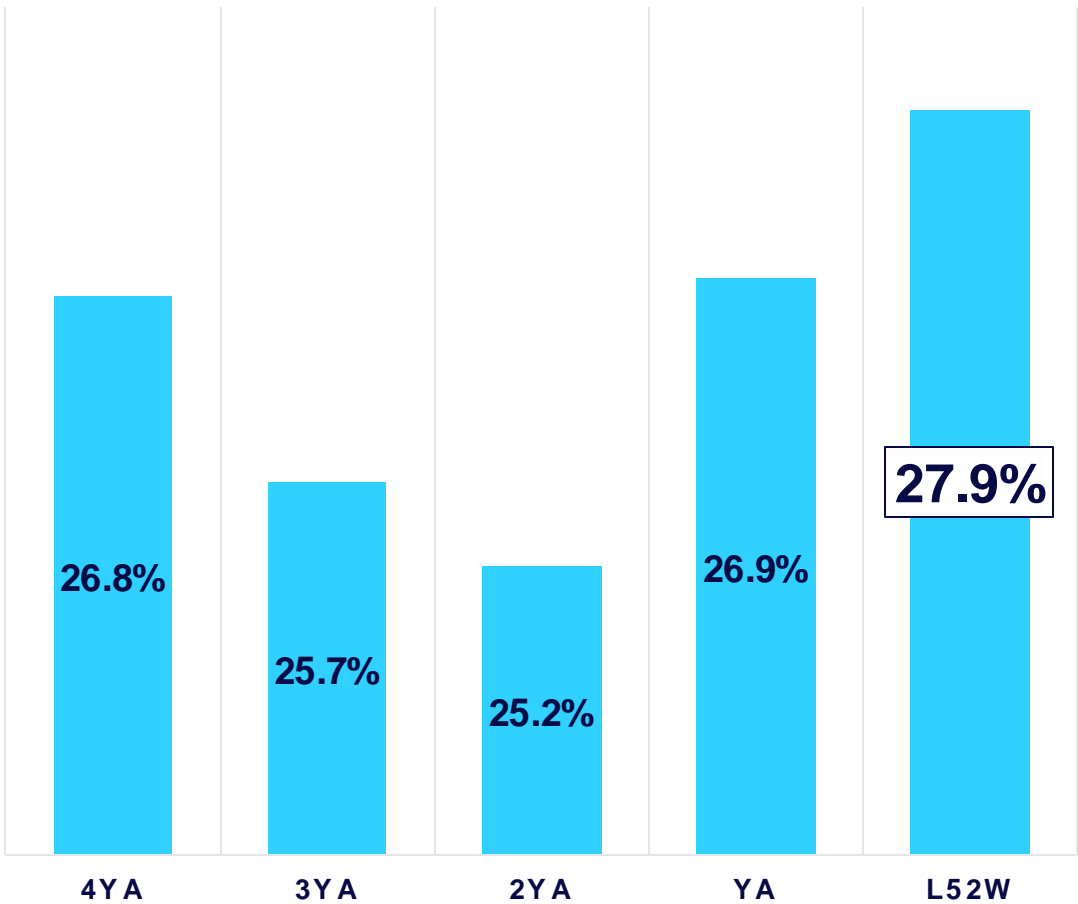
Retailers appear to be standardizing their planograms, cutting low performers in favor of more 'productive' items



Private Label gained >2 pts share since 2022

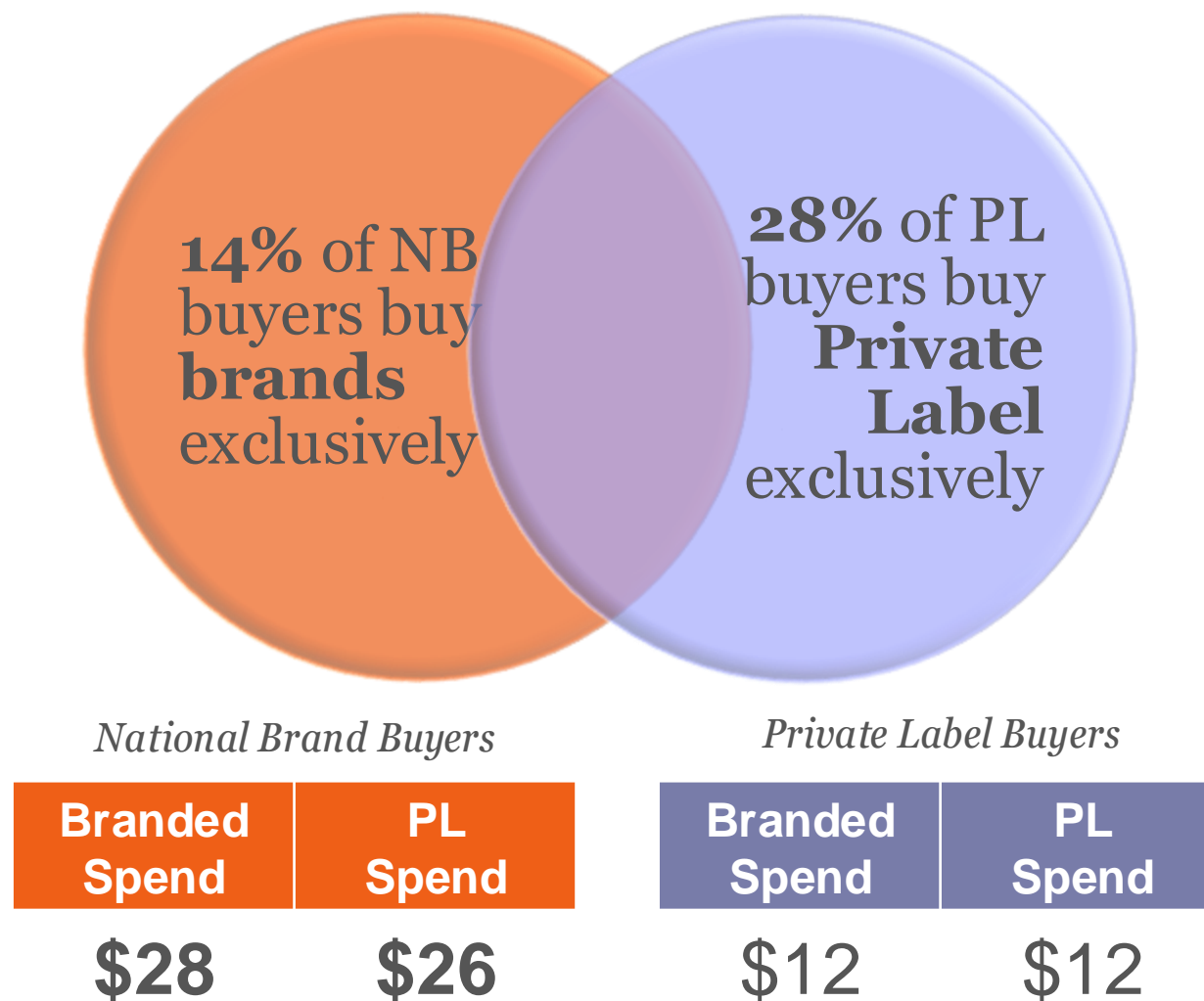
While PL grew faster, direct impact to brands is minimal**

Private Label \$ Share: Total Pasta*



Consumer Spotlight

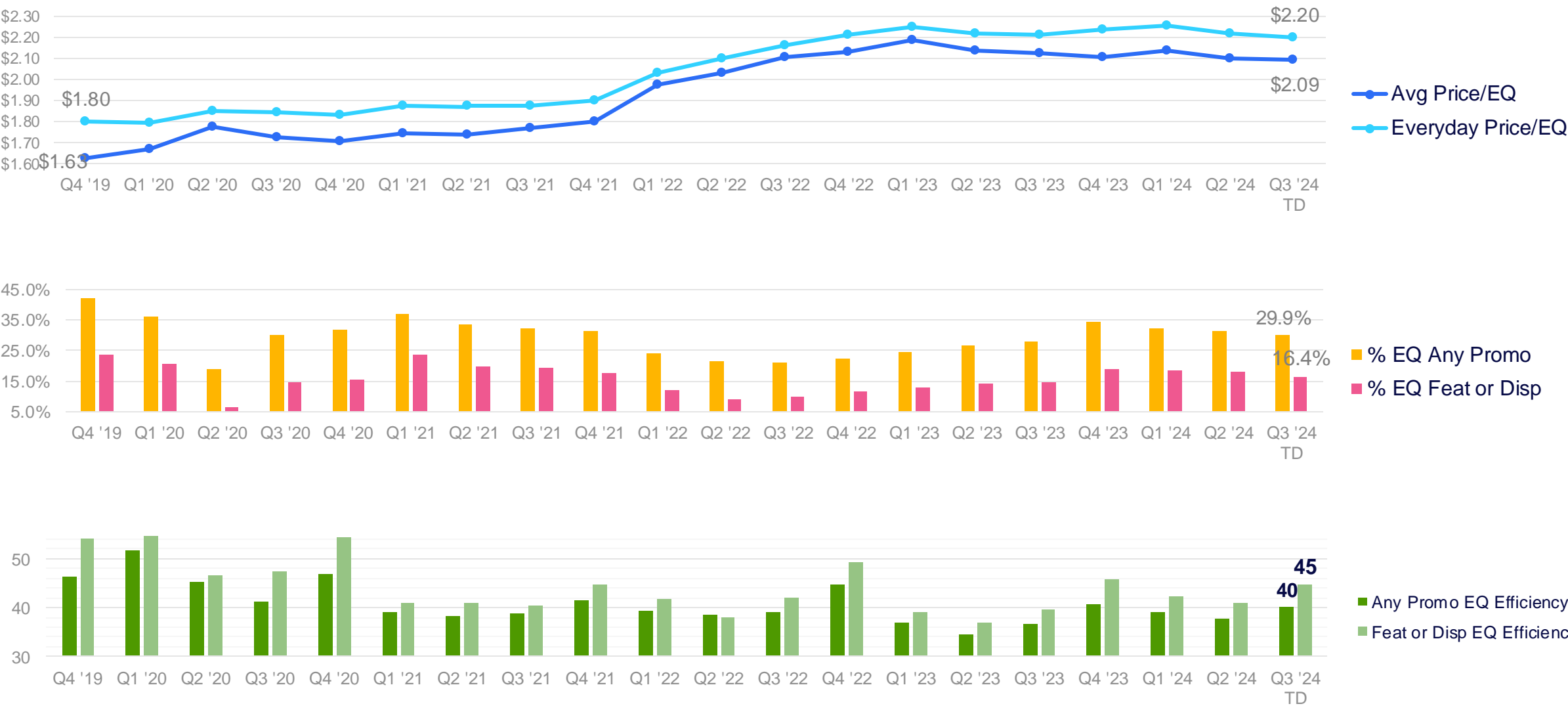
Though most Pasta buyers buy brands *and* Private Label, **brand buyers are more valuable, spending over twice as much on both**



Source: NIQ Omnishopper Panel, Total U.S. All Outlets, 52 w/e 9/7/2024. *Total Pasta = Dry + Refrigerated + Frozen Depts

'Everyday' Pasta prices appear stable from Q1 2023 to date, with average price lowering

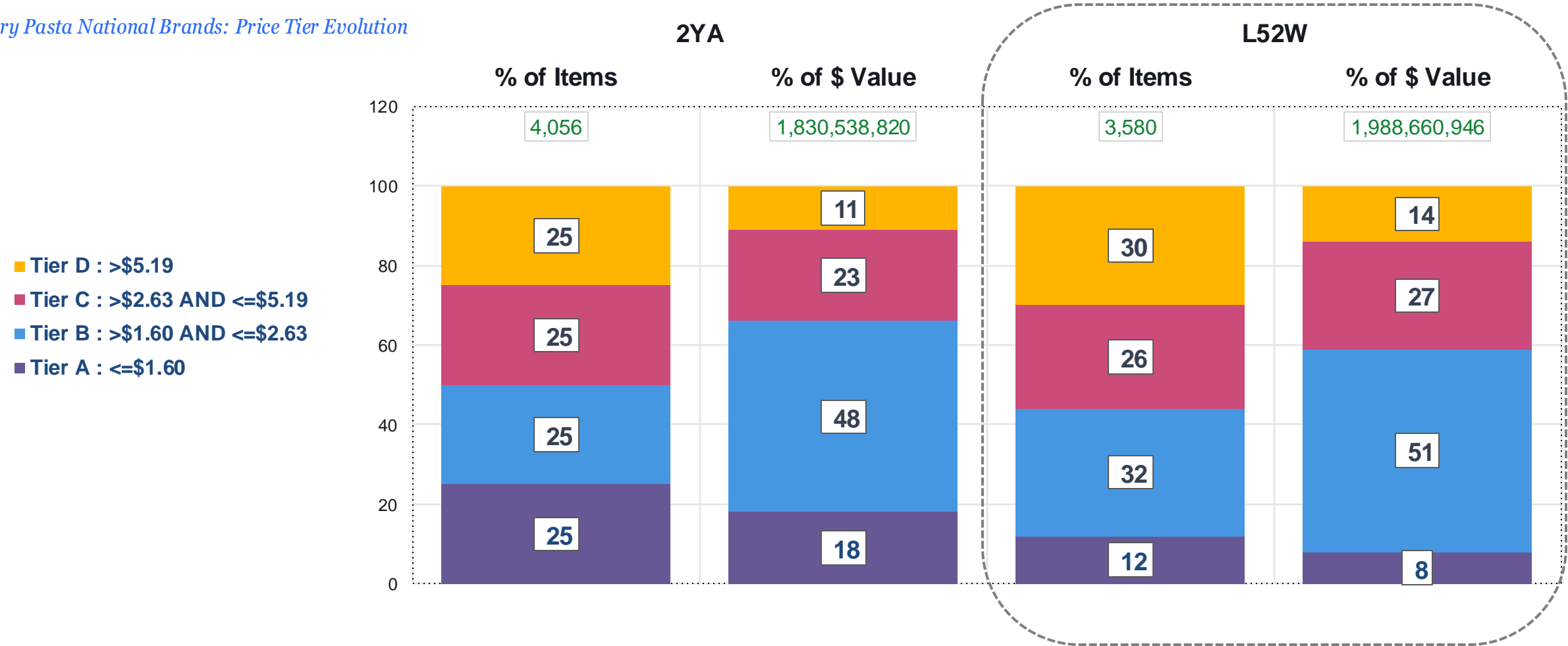
Promotions ramped up gradually back to 2020-21 levels; lifts on TPR and F&D support also improved in 2024



Dry Pasta: Mid-low, mid-high price tiers expanded since 2022 as 'value' tier shrank

Assortment in these two middle tiers now contributes well above fair share--nearly 80% of all category dollars

Dry Pasta National Brands: Price Tier Evolution



Source: NIQ RMS, Total US xAOC, 52 w/e 10/5/2024 vs 2YA.



Spotlight on the Pasta Omnishopper



A winning omnichannel strategy is key to staving off ongoing buyer and volume declines

Maximize online conversion without neglecting the core shopper base in brick & mortar



Penetration (Omni): 90.7% (-0.4 pts)

Declining in store: 87.5% (-1.0pt)

Growing online: 21.7% (+2.5pts)



Spend per Buyer: \$35.87 (-1.3%)

Online spend +9% but lower at \$20.12



Units per Buyer (-1.3%)

But grew 3.7% online

Omnichannel Takeaway

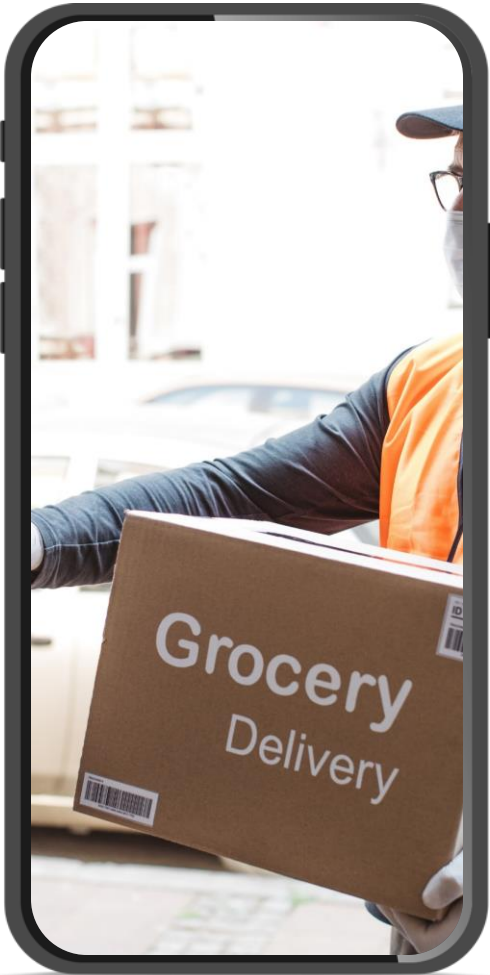
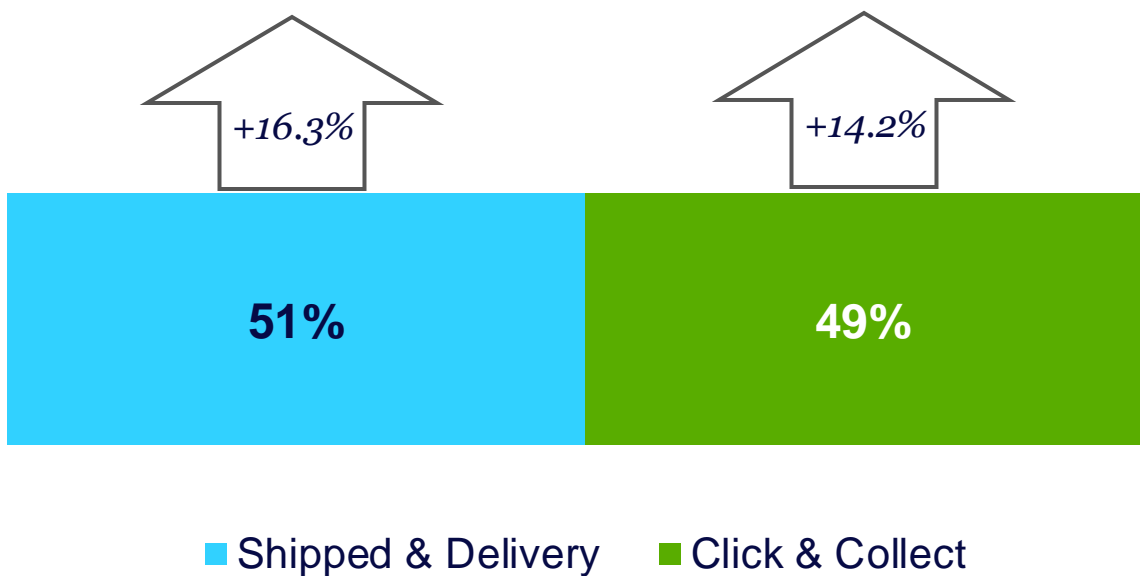
- **Penetration and buy rate declines** across all outlets point to challenges for sustained Pasta category growth.
- While online sales are growing much faster, **ecommerce penetration** is still only a fraction of brick & mortar incidence (21.7% vs 90.7%)
- As in-store trips decline, brands and retailers should focus on **accelerating the growth of digital baskets** and generate **incremental purchase occasions online** to offset the impending slowdown in volume.

Source: NIQ Omnishopper Panel 52 w/e 9/7/2024 vs YA. Total Pasta = All Depts.

Roughly half of all online Pasta dollars are from orders picked up in store

But Shipped & Delivery dollars are growing faster

% of Total Pasta Online Dollars



Source: NIQ Omnisaless, Total U.S., 52 w/e 8/24/2024 vs YA.

Who's driving the growth in Pasta?

Only a handful of demographic segments account for the lion's share of category volume and gains

Do you know your core consumer?

Incomes >\$100k

Lives in South Region

Millennial

Gen Z

White

Asian

Hispanic

Source: NIQ Omnishopper Panel, Total U.S. All Outlets, 52 w/e 9/7/2024 vs Y.A.



Gen Z drives bulk of category growth due to their growing numbers

However, Pasta spend per buyer is decreasing the fastest for this youngest cohort

Pasta Consumer Purchasing Dynamics by Generation



BOOMERS (- 1964)

Annual Spend

\$30.52

(-3.7%)

Avg Basket: \$3.53

Occasions: 8.6



GEN X(1965 -1976)

Annual Spend

\$36.43

(-1.3%)

Avg Basket: \$3.73

Occasions: 9.8



MILLENNIALS (1977-1994)

Annual Spend

\$41.65

(+0.7%)

Avg Basket: \$3.93

Occasions: 10.6



GEN Z (1995 -)

Annual Spend

\$33.46

(-5.9%)

Avg Basket: \$3.67

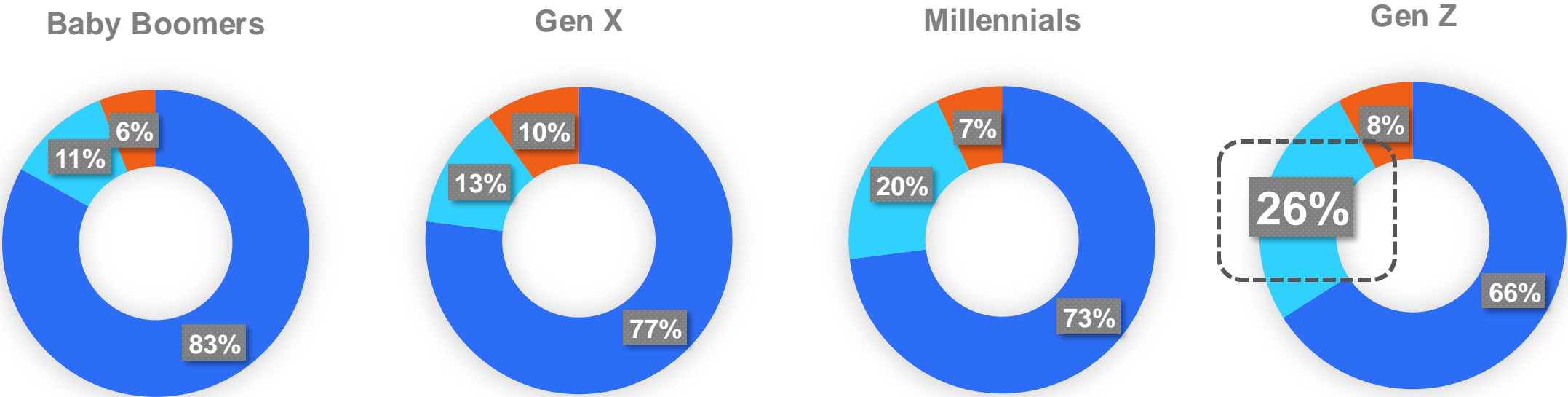
Occasions: 9.1

Source: NIQ Omnishopper Panel, Total U.S. All Outlets, 52 w/e 9/7/2024 vs YA.

Gen Z more likely to be influenced to purchase Pasta during the shopping occasion

Know which path to purchase levers to influence based on your target consumer to maximize conversion

Q: In regards to this purchase* when did you decide to buy this product?



Planned - “I knew I was going to purchase this product before I went shopping.”

Reminded - “I realized I needed this product while I was shopping.”

Impulse - “I had not planned to purchase this product and bought it on impulse.”



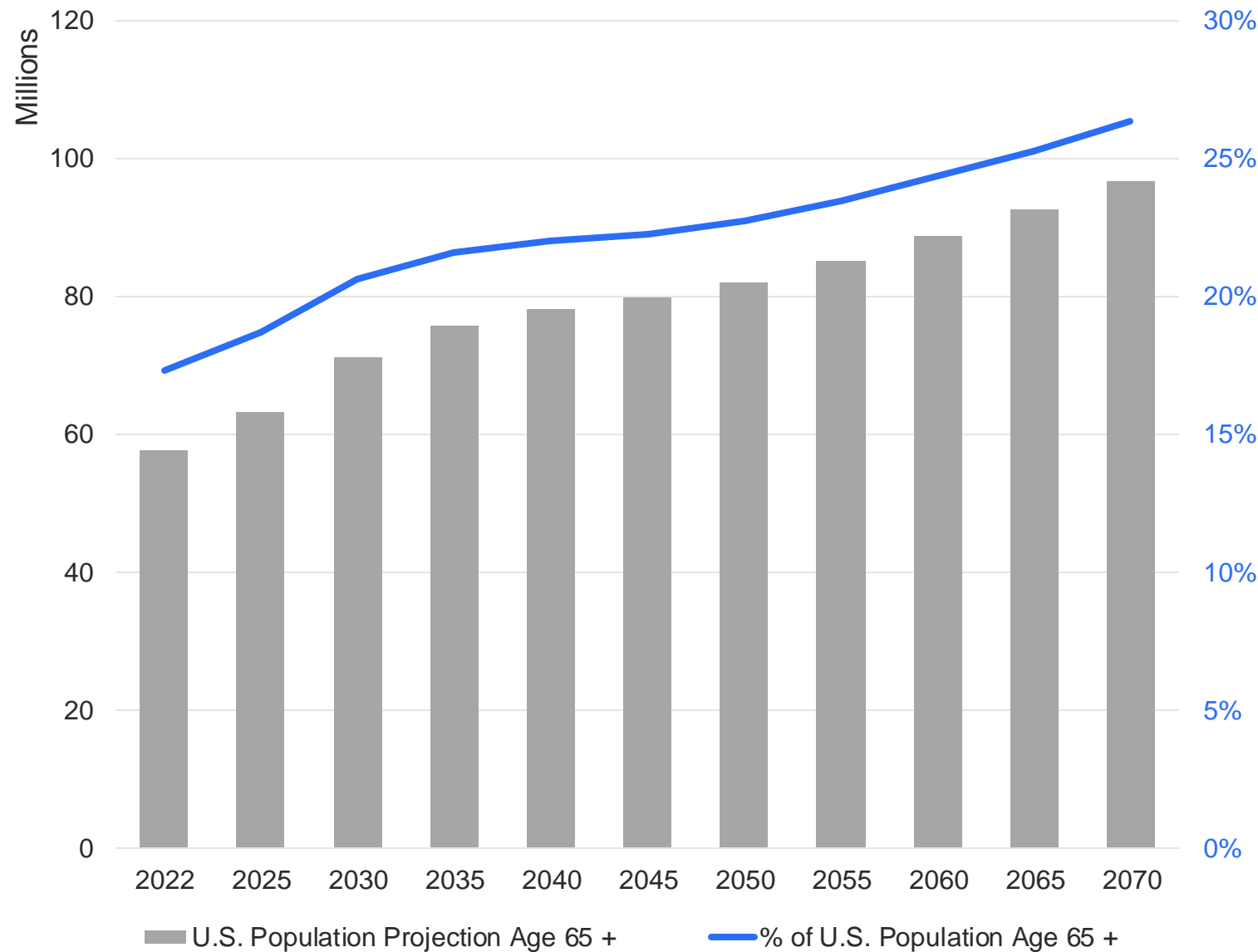
What consumer trends and shifts will drive future growth?



The demographic makeup of the U.S. will change significantly over the coming years

The nation is getting older.

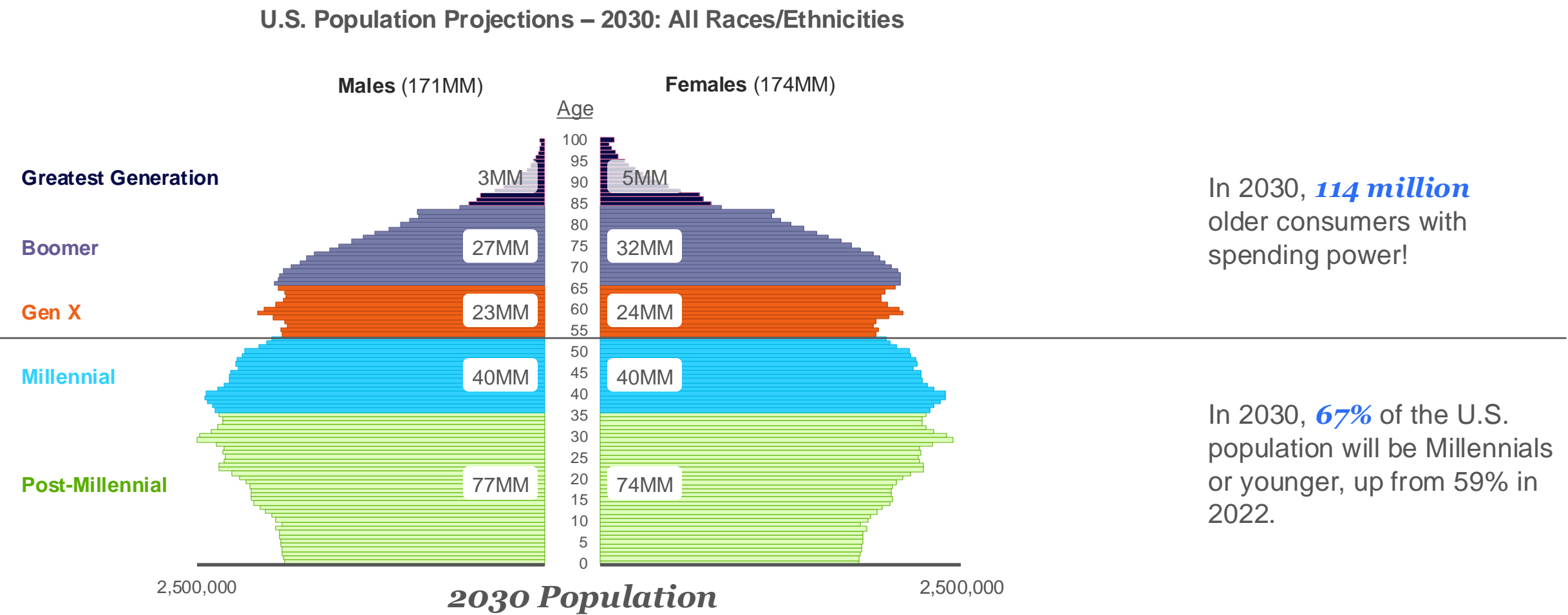
Households >55 will **grow 6%** by 2028 where households <55 will **shrink by 1%**



Source: U.S. Census Bureau, 2023 National Population Projections. This projections series uses the official estimates of the resident population on July 1, 2022, as the base for projecting the U.S. population from 2023 to 2100. The series uses the cohort-component method and historical trends in births, deaths, and international migration to project the future size and composition of the national population.

But the generations comprising “older” age brackets will look different

By 2030, the vast majority of Gen X will be over 55



Source: U.S. Census Bureau (2023 National Population Projections); MM = million

Younger generations are more diverse, and more likely to experience food in a different way

White Alone Non-Hispanic % of Population



Diffusion Score*



Social media like Tik Tok and Instagram has become a major vehicle for food exploration, particularly among younger generations.

Many content creators like Puerto Rican – Moroccan food personality lahb co (Nasim Lahbichi) draw on their heritage & culture for inspiration and introduce their followers to different global cuisines and dishes.

Source: NIQ 'Future of Retail,' US Census 2020, *Diffusion Score = calculated by combining percentages of remaining racial & ethnic groups, the higher the diffusion score the less concentrated the population in the three largest racial & ethnic groups

Basket differences highlight the uniqueness of each cohort's lifestyle and priorities

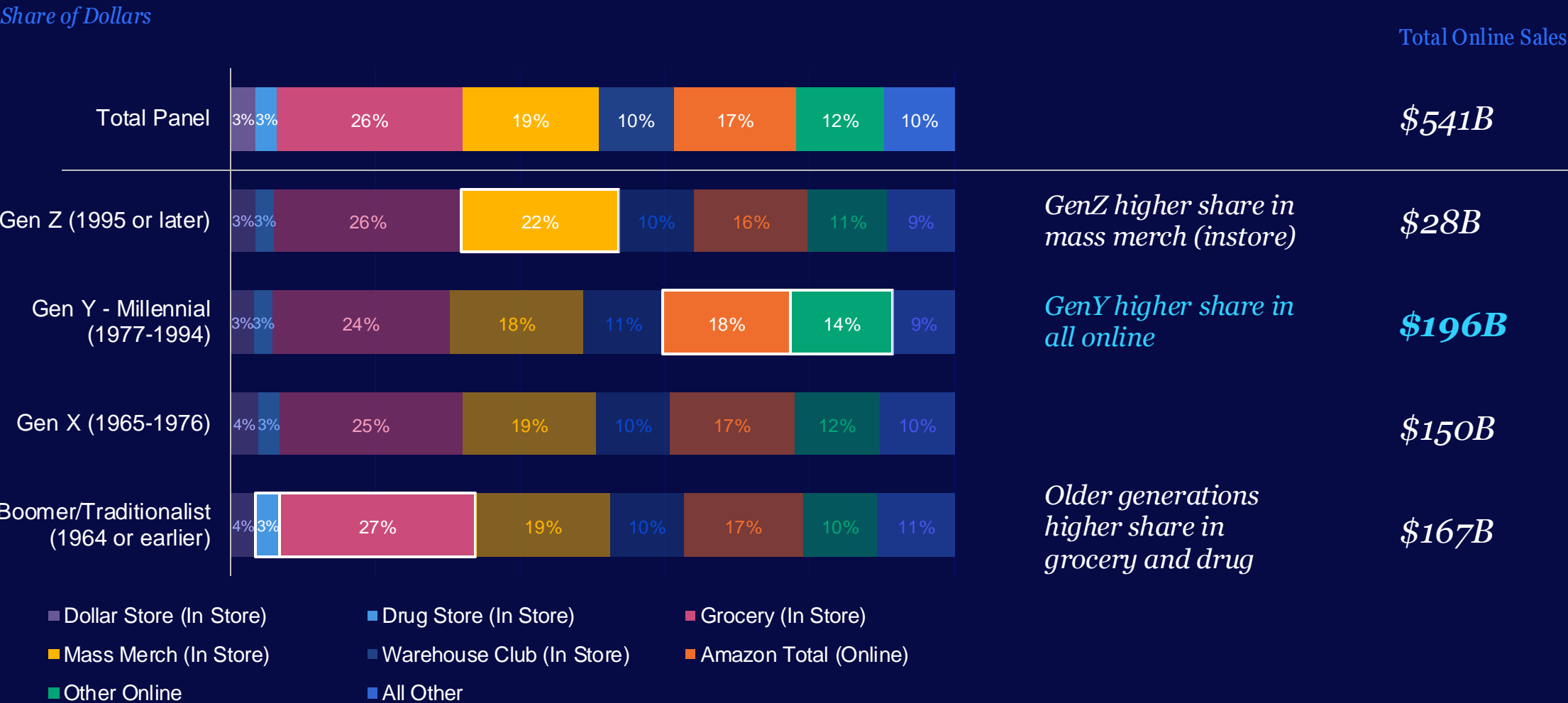
Source: NIQ SpendZ Report, June 2024

Areas of focus by generation

Gen Z	Millennials	Gen X	Boomers
<ul style="list-style-type: none">• Baby care baby accessories• Frozen toaster pastries• General merchandise electronics• General merchandise home and school and office supply• Grocery beverage• Grocery milk/dairy alternative• Health & beauty care cosmetics and nail grooming• Health & beauty care hair removal	<ul style="list-style-type: none">• Baby care cookies and crackers• Bakery angels• Milk/dairy alternative• Packaged coffee• Frozen doughnuts• Frozen pizza• Frozen sweet snacks• Baking supplies• Grocery fruit snacks• Diet and nutrition	<ul style="list-style-type: none">• Rolls and buns• Deli sauce/ ravy/ marinade• Frozen dips/spreads• Sour cream products• Frozen fresh meat• Deli meal combos• Wraps and tortillashells	<ul style="list-style-type: none">• Bakery sweet goods• Alcohol total wine• Vegetables• General merchandise outdoor cleaner and supply• Water filtration products• Adult incontinence• Vitamins and supplements• Pet food• Seafood
Focus area Beauty	Focus area Snacking & meals	Focus area Meals	Focus area Wellness & Fresh

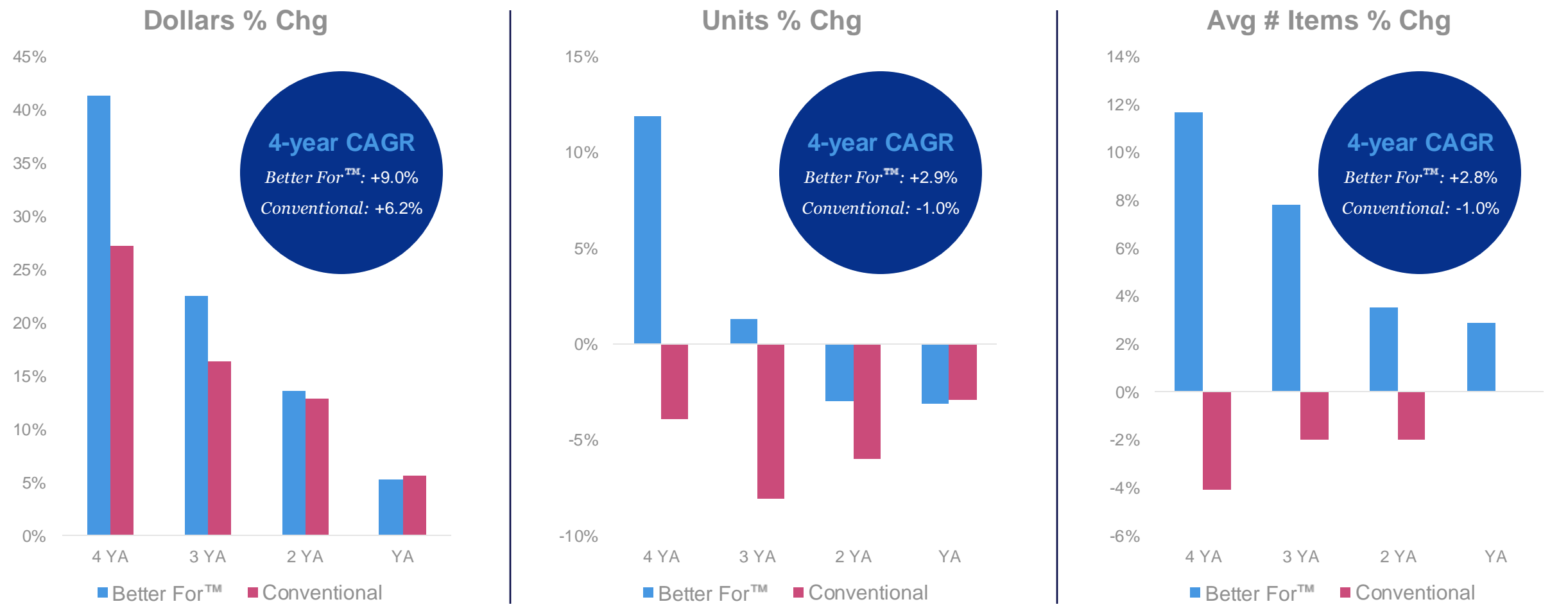
Understand impending *demographic shifts* and how they'll impact the purchasing preferences and behavior of the 'average' U.S. consumer

Share-of-wallet allocation across channels is also nuanced by generational cohort



Source: NIQ Omnishopper, Total FMCG Depts= Food, Baby Care, Health & Beauty Care, Household Care, Pet Care, Gen Merch; 52 weeks ending January 27, 2024

Better For™ products are historically growing faster than conventional products in the U.S.



Source: NIQ, "The Future of Retail," RMS – NIQ Product Insight, powered by Label Insight; Total US xAOC; Total Food & Beverage (including Fresh) vs Better For Segment™; % change vs previous year; Last 4 years ending September 9, 2023

NIQ *Better For*TM = Better For *You*, Better For the *Environment*, Better For *Society*

NIQ *Better For*TM



*Better For*TM
YOU

such as

- Healthier - Organic and Natural
- Trending Diets
- Plant Based
- *Plus many more...*



*Better For*TM the
ENVIRONMENT

such as

- Eco friendly
- Bio-based
- Regenerative Agriculture
- *Plus many more...*

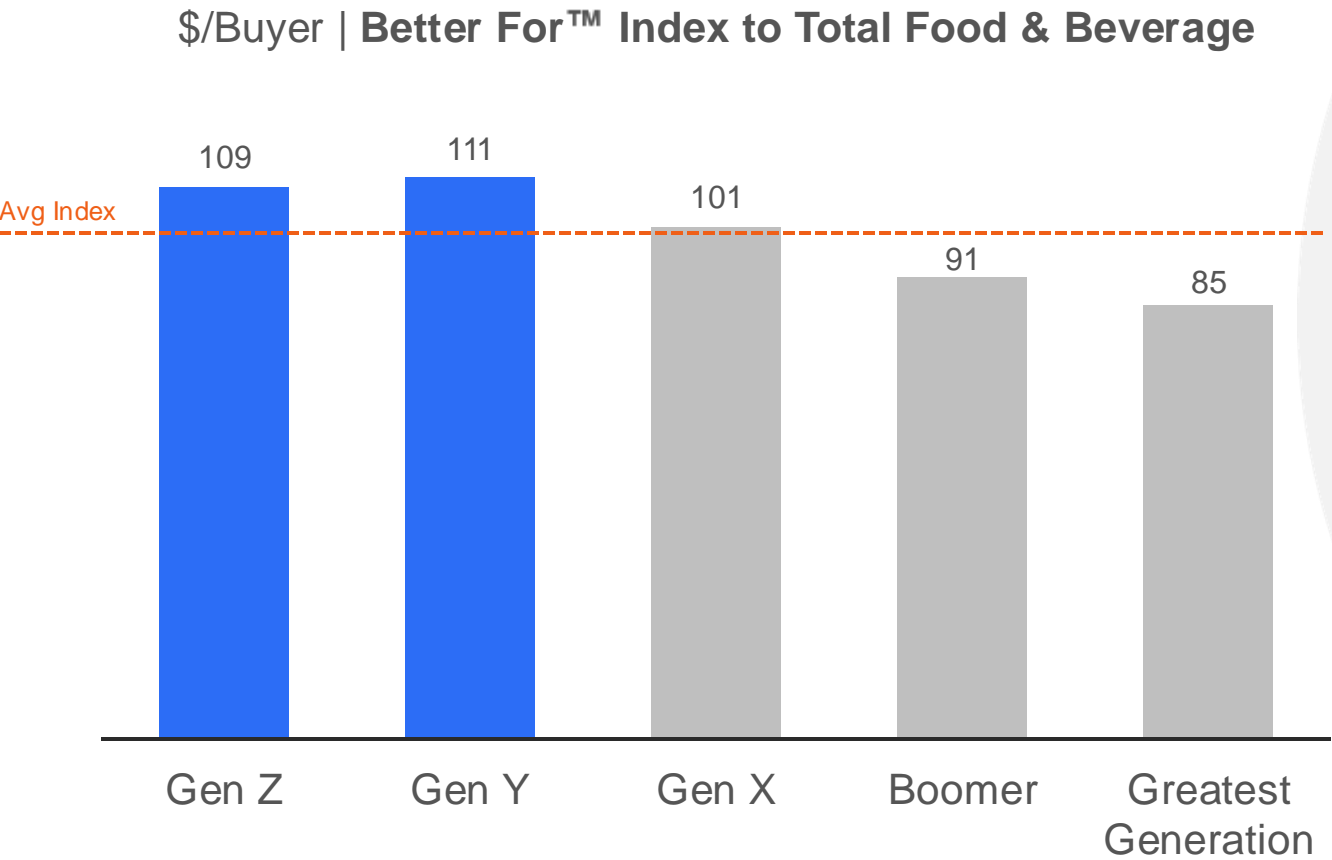


*Better For*TM
SOCIETY

such as

- Fair Trade
- Fair Wages
- Animal Welfare
- *Plus many more...*

Younger consumers drive growth for Better For™ products—a targeting opportunity for ESG-focused brands

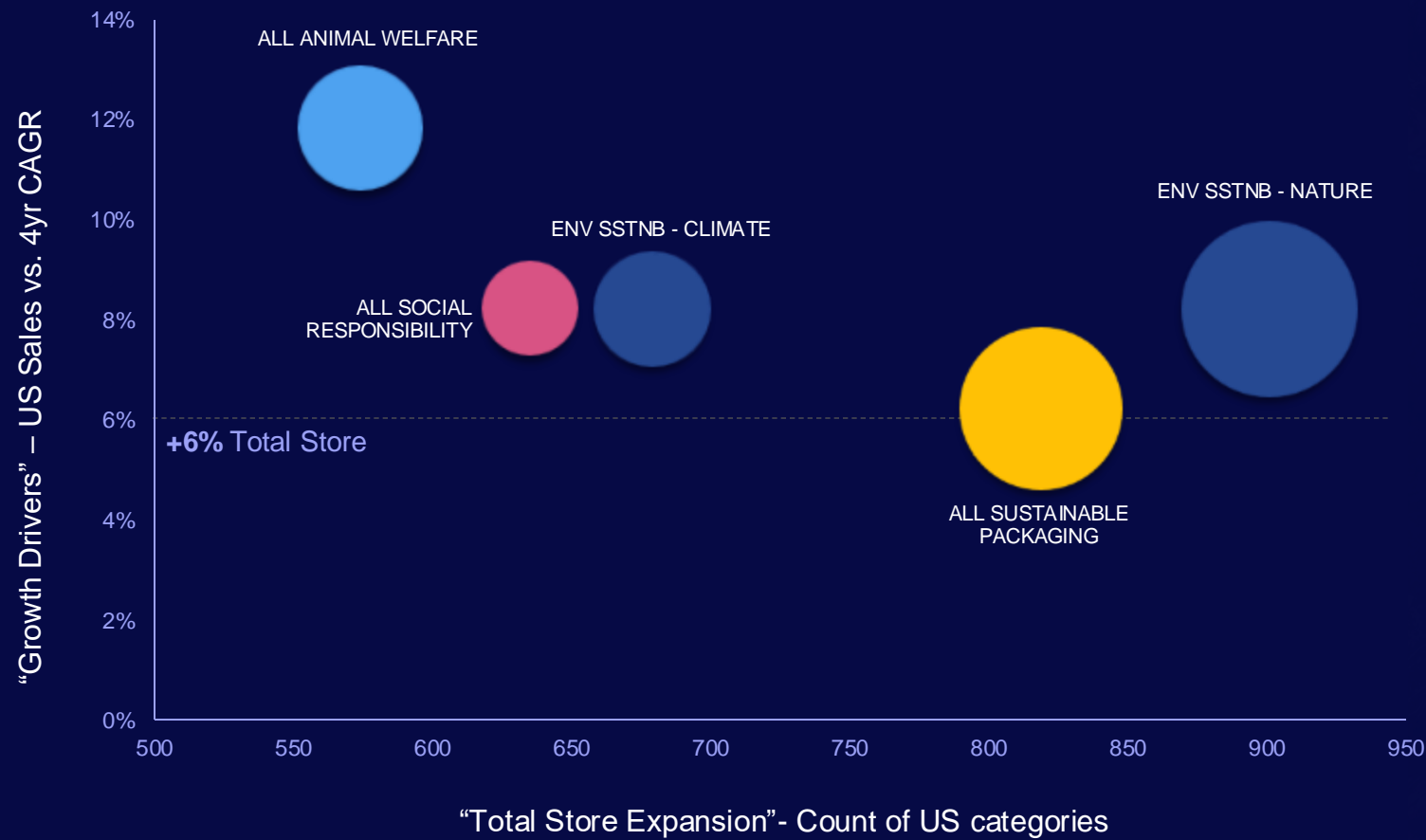


+7%

Gen Z households are increasing their spend on Better For™ products faster than Total Panel (+1%)

Source: "The Future of Retail," NIQ Homescan Panel; Total US Panel; All Outlets; Total Food & Beverage; NIQ Better For Segment™; \$/Buyer % change vs year ago, \$/Buyer Index to Total Panel; 52 weeks ending January 27, 2024

Shoppers put their money where their mouth is: *Products with sustainability claims outpace store growth...*



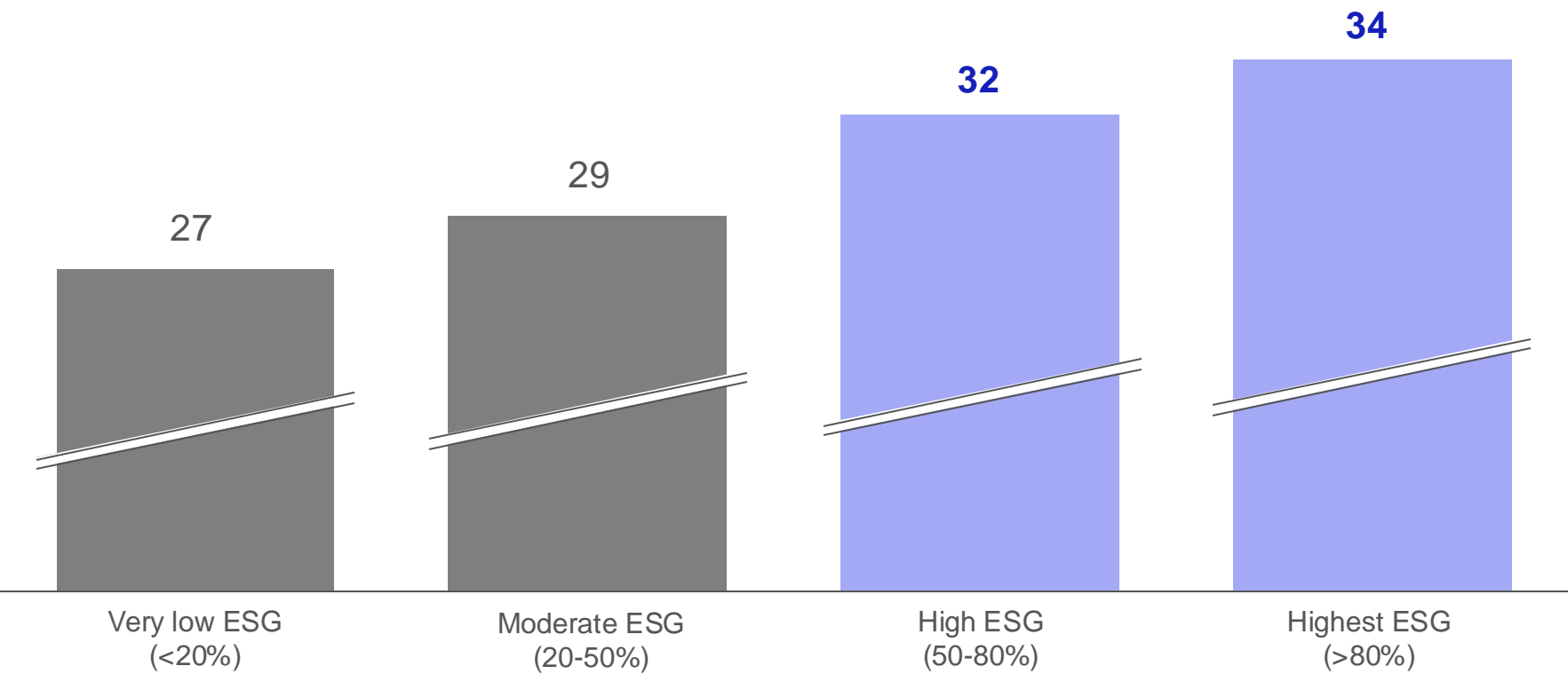
+248
basis points

More growth in products with claims on **environmental, sustainable packaging, animal welfare, social responsibility** than on products without over the last four years

Bubble size denotes total sales in L52 week All attributes represent claims STATED on package unless indicated by an * symbol
Source: NIQ, Retail Measurement Services, NIQ Product Insight, powered by Label Insight, Total US xAOC; Total Store; # of Categories selling, 4-yr CAGR (\$); 52 weeks ending December 30, 2023

...and enjoy higher loyalty / repeat purchase rates

Brand repeat rate¹ by sustainability-brand groups, % of households buying 3+ times

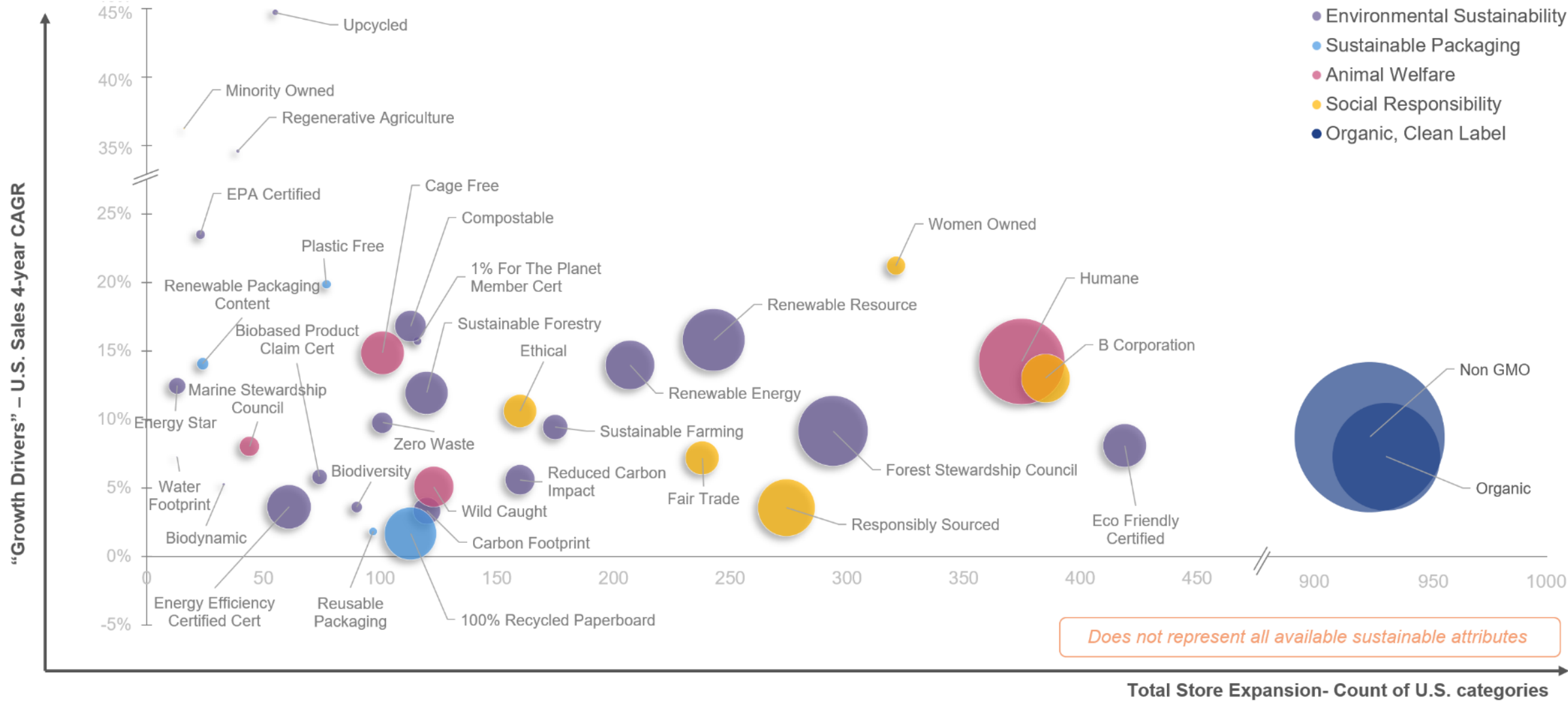


Brands with >50% of sales from products with sustainability-related claims achieve repeat rates of up to 34%

% of a brand sales coming from products with sustainability-related claims

"Sustainability" includes environmental, social, packaging, animal welfare claims, organic and plant-based
NIQ "Future of Retail," +2% differential CAGR for products with 40%+ prevalence over those without claims, +5% for products with 10-40% prevalence); Brands with a higher % of sales from products with claims enjoy greater loyalty (higher repeat rates)

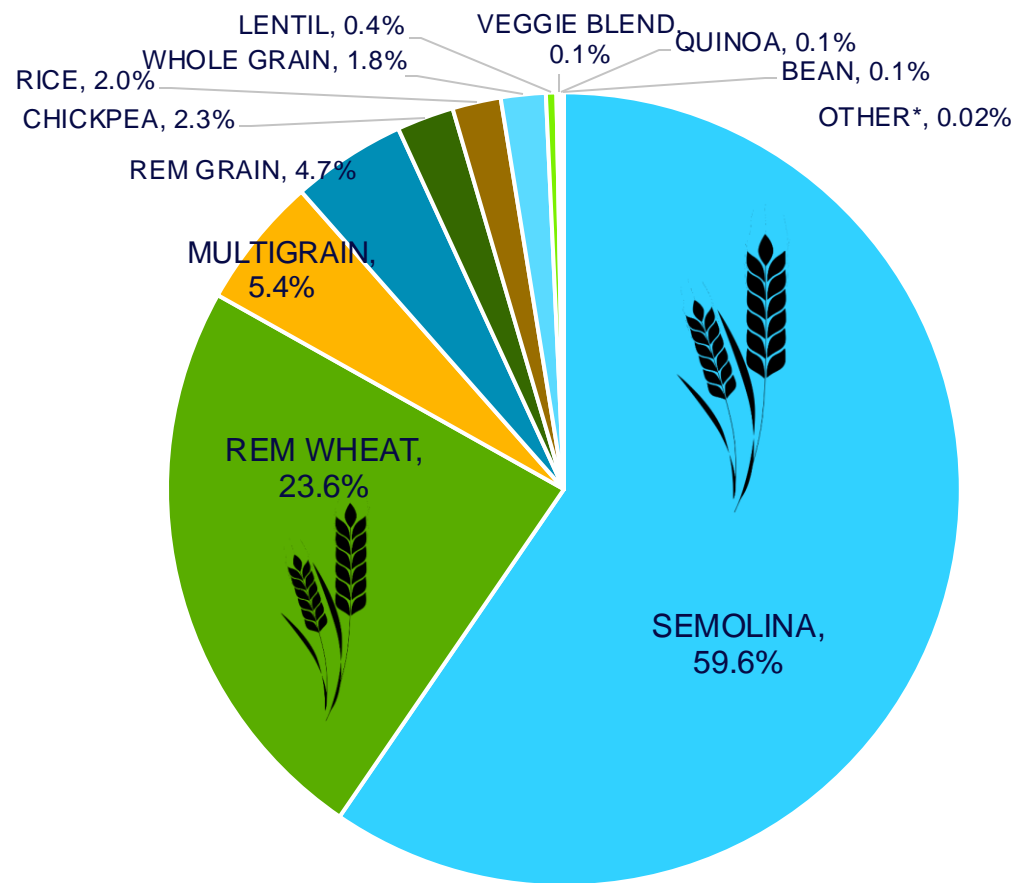
While Organic, Non-GMO are among most common claims across the store, a range of sustainability claims is growing even faster



Bubble size denotes total sales in L52 week All attributes represent claims STATED on package unless indicated by an * symbol
Source: NIQ Retail Measurement Services, NIQ Product Insight—powered by Label Insight, Total US xAOC ; Total Store; Count of categories, 4-year \$ CAGR; 52 weeks ending January 27, 2024

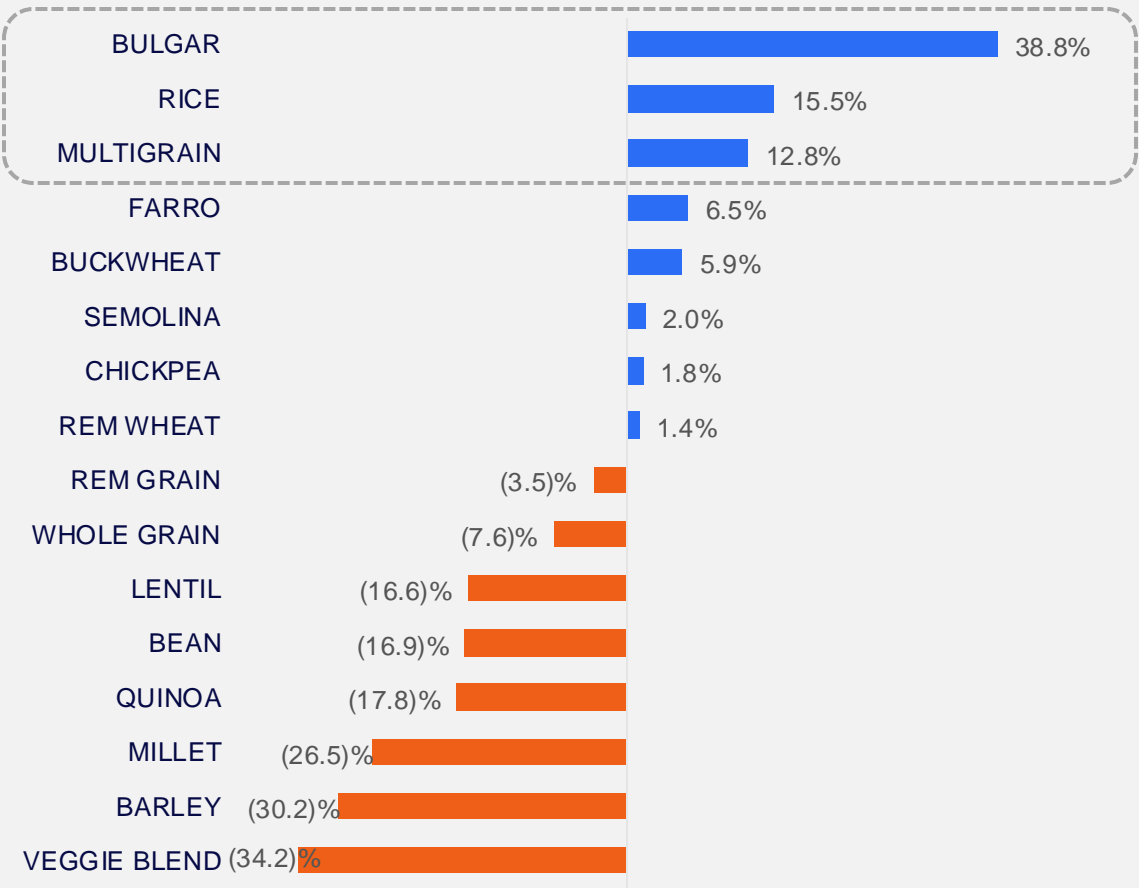
Wheat flour drives 83% of Pasta sales...

\$ Share by Grain Type



...but Multigrain, Rice and others grew faster

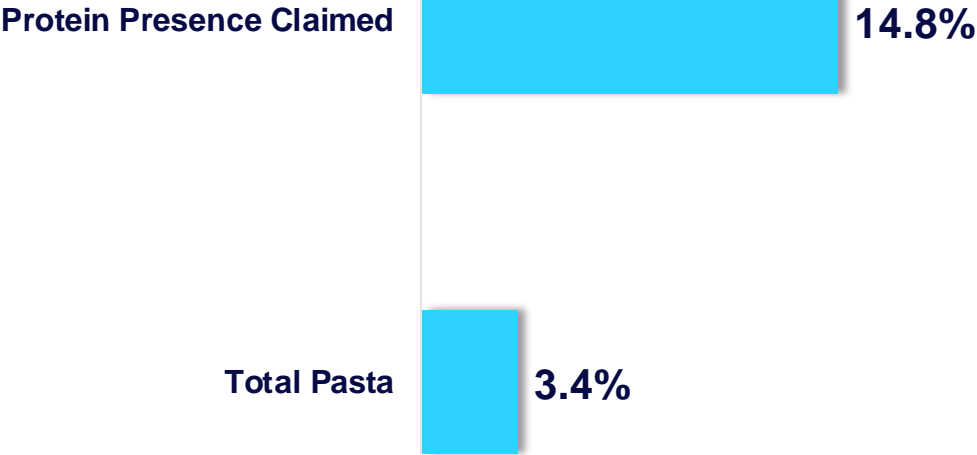
\$ Growth vs YA by Grain Type



Expect continued growth of 'healthful' alternatives to accommodate different diets and lifestyles

Volume from Protein claims grew 4x faster than the Total Pasta* category

EQ Volume Growth % vs YA



Source: NIQ RMS, Total U.S. xAOC 52 w/e 9/7/2024 vs YA. Total Pasta = Dry + Refrigerated + Frozen.

The top or fastest-growing attributes for Pasta center on 'Better For' and wellness support

Sustainability and ESG credibility are especially important to younger consumers



Sustainability/ESG

- Recycled Packaging Stated
- Non GMO Stated
- Sustainability Certified Stated
- Eco Friendly Stated



Free From/Better For

- Free from Gluten
- Cholesterol Free
- Low Fat / Fat Conscious
- Sodium Conscious
- Free from Artificial Colors



Wellness/Lifestyle

- Keto Diet
- Paleo Diet
- Carb Conscious
- Performance Support Stated
- Contains Prebiotic Group Stated

Source: NIQ Product Insider Proven & Emerging Stated Claims - RMS Total U.S. xAOC, 52 w/e 7/20/2024 vs YA.

GLP-1 usage has potential to accelerate and drastically alter food consumption habits

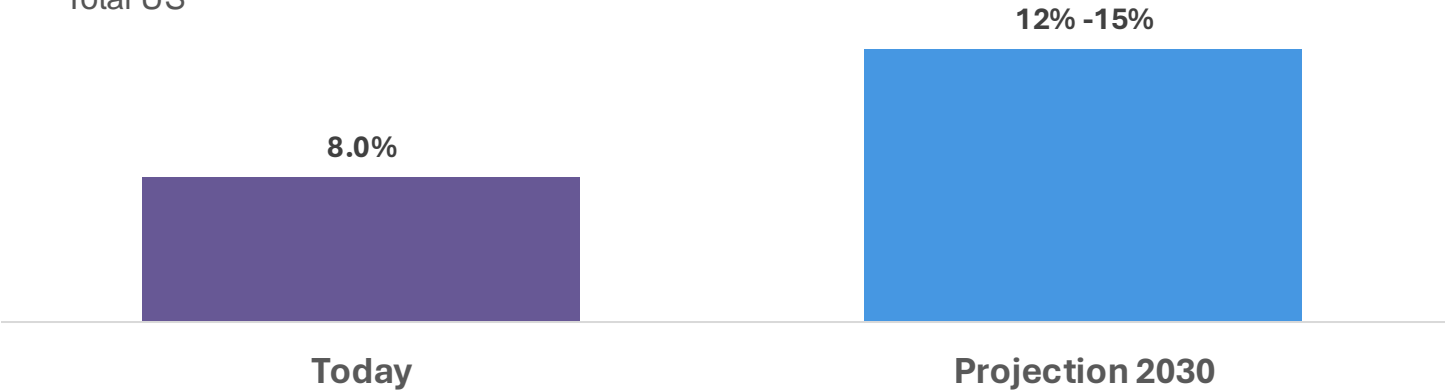
12% of US HHs currently on GLP-1 (15.8M households)

By 2030, the percent of HHs could **double**



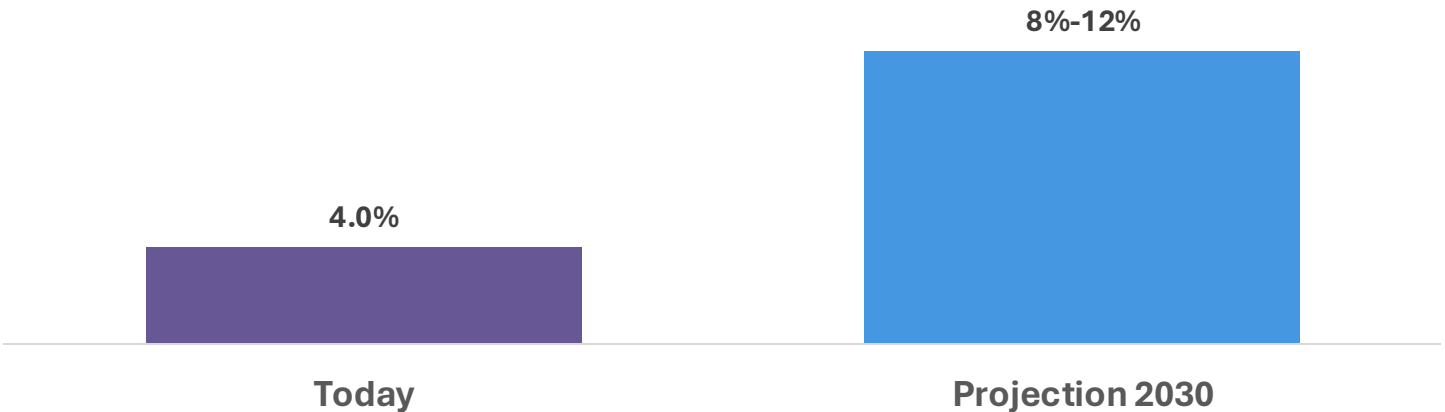
Projected Penetration Growth of Consumers using GLP-1s for **Diabetes**

Total US



Projected Penetration Growth of Consumers using GLP-1s for **Weight Loss**

Total US

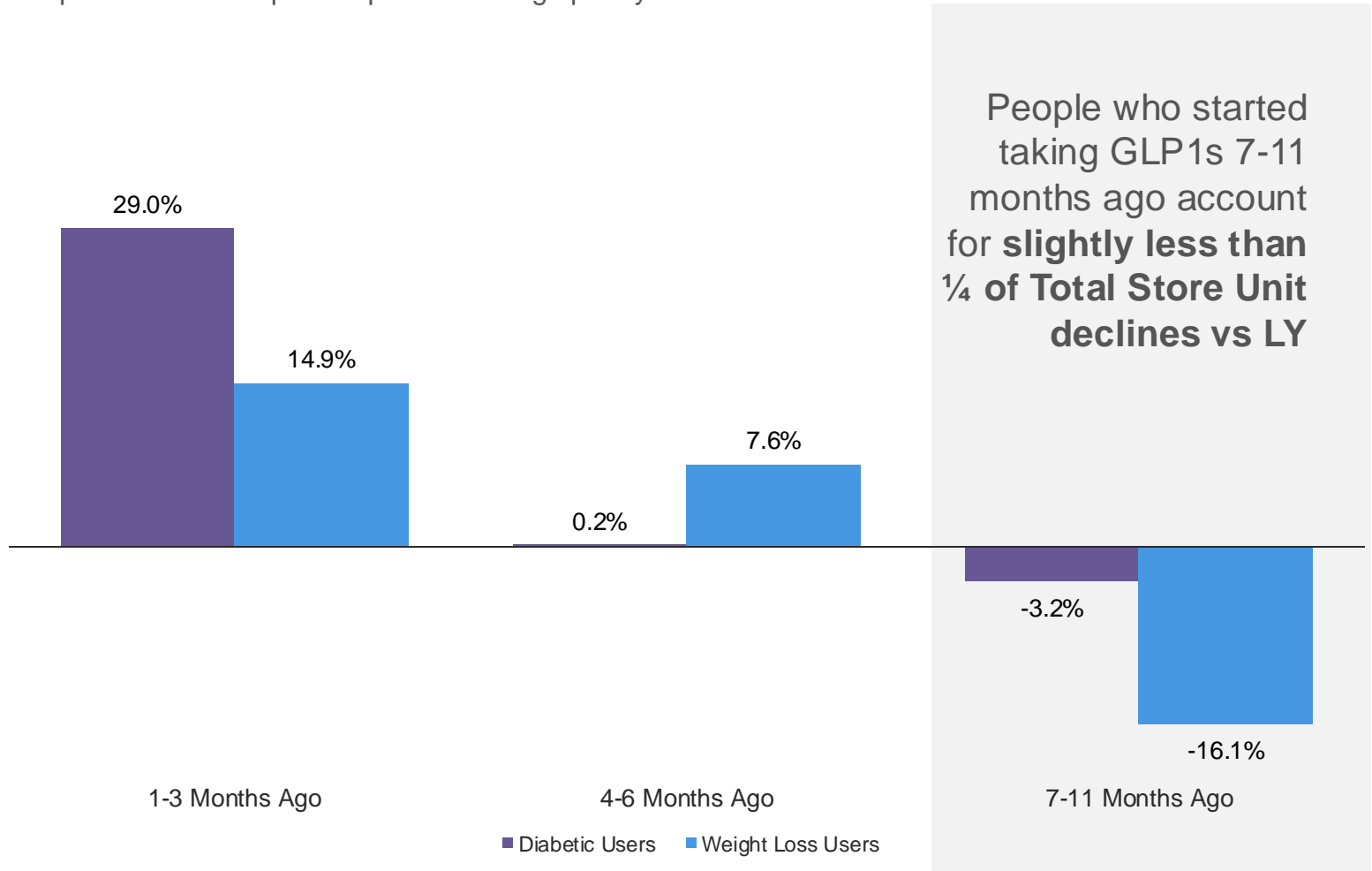


Source: NielsenIQ, Homescan GLP-1 Panel Survey; Total US; Total Outlets; All Departments, % of Buying Households, Latest 52 weeks ending January 2024. Projected penetration uses usage estimates from Goldman Sachs, Morgan Stanley.

After 7-11 months, GLP-1 users fully integrate the appetite-suppressing effects and experience a sustained decrease in food consumption and related expenses.

Unit Volume % Chg. by GLP1 User Group

Compared to their respective period of usage prior year



Source: NielsenIQ, Homescan GLP-1 Panel Survey; Total US; Total Outlets; All Departments, Unit % Change, Latest 52 weeks ending January 2024

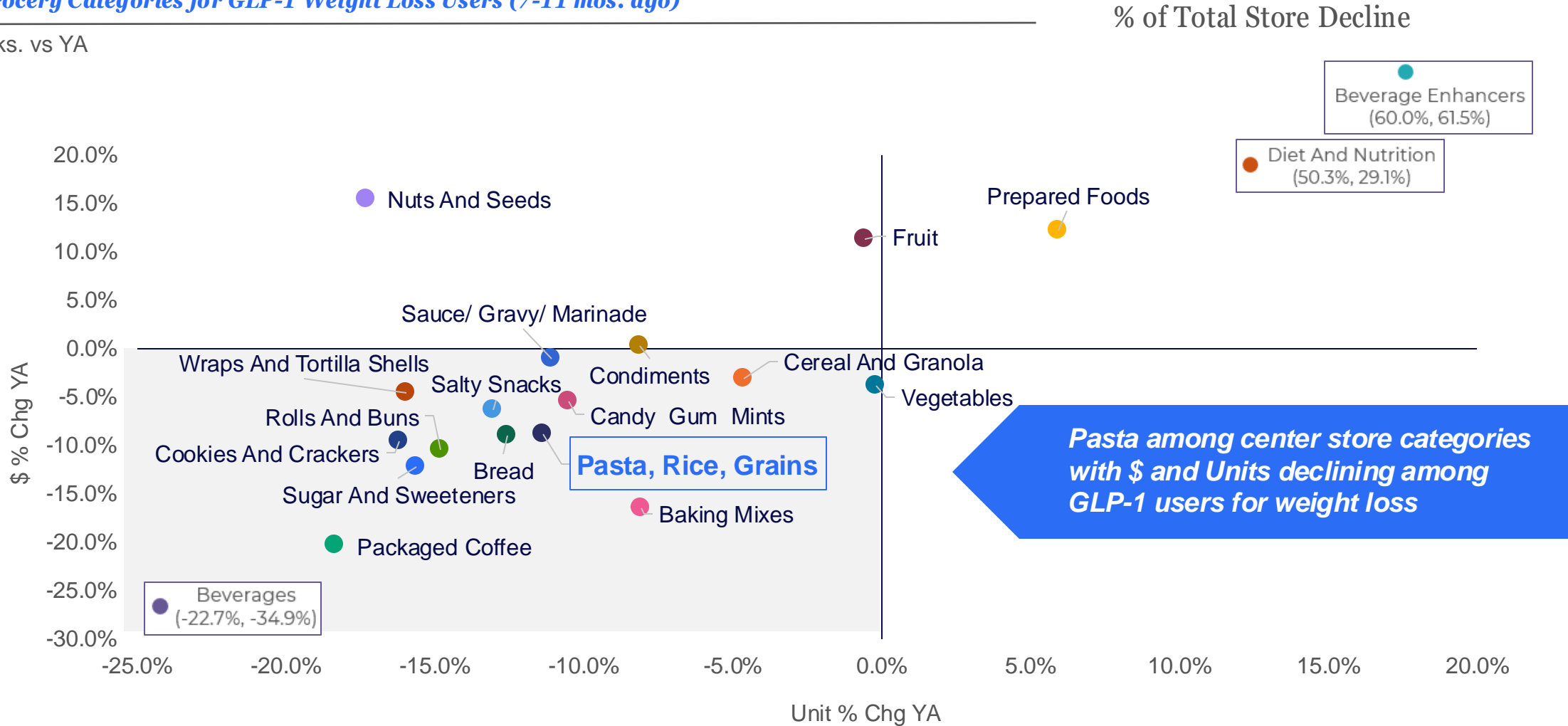
Disclaimer: The slide's data is panel data and should be used directionally.

Pasta, grains among categories likely to be reduced or eliminated from GLP-1 diets

Differentiating Pasta products based on nutritional value and benefits could carve out opportunity among GLP-1 users

Top Grocery Categories for GLP-1 Weight Loss Users (7-11 mos. ago)

L52 Wks. vs YA



Source: NielsenIQ, Homescan GLP-1 Panel Survey; Total US; Total Outlets; All Departments, Dollar and Unit % Change, Latest 52 weeks ending January 2024
Disclaimer: The slide's data is panel data and should be used directionally.

Takeaways & Implications

NIQ



So What?

Cautious Optimism: Ongoing economic pressures play in favor of Pasta. However, don't overlook the market and consumer dynamics that could put future demand and profitability at risk.

Pressure at the Shelf: Pasta set getting squeezed from retailer rationalization and margin defense moves. This intensifies competition among brands and PL and raises the hurdle for new item launches.

Decreased Pricing Power: Stable pricing over the last 18 mos. shielded Pasta from steep declines. However, it may also have constrained brands' pricing power, creating risk in the face of any supply chain disruptions.

Unprecedented Shifts: Over the next few years the makeup of the U.S. population will change dramatically as younger cohorts come of age to drive CPG consumption. With these changes come new perspectives on wellness, sustainability, brand affinity, and innovation.

Now What?

Arm Yourself with Insights: The future belongs to players who know exactly which levers to pull to secure and defend *share of wallet* and *share of shelf*.

Optimize Assortment: Know how to prove out the value of each SKU in your portfolio. Rationalize your assortment proactively; look for ways to deliver above-average category growth for your retailer partners, both online and in store.

Differentiate and Premiumize: Ensure your price-pack architecture conveys value at different price points and across different retail formats. Identify attributes and benefits that can garner a price premium for your product.

Tailor Your Tactics: "One-size-fits-all" doesn't make for effective consumer targeting or omnichannel development. Know your target demographic—their habits, preferences, and unmet needs—like the back of your hand.

Thank you!

Please take a minute to [share your valuable feedback.](#)



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