RESEARCH REPORTS & UPDATES

The Consumer: Attitudes and Issues

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REPORTS

Perceptions of Retail Food Store Customers For the Year 2000

by

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Abstract

The purpose of the research on which this report was based was to determine the projected impact that an aging American market could have on retail food stores. A survey was sent to 2,600 households resulting in a total of 721 responses. The data were analyzed to determine present retail food store selection criteria and food purchasing behaviors compared with behaviors projected for the year 2000. Several recommendations for food retailers were made based on the results of the survey.

The survey respondents did not project significant changes in store selection criteria between 1989 and the year 2000. Service requirements did differ. Home shopping and grocery delivery were projected to be more important in the year 2000.

Shopping and food preparation behaviors will apparently change with time. Nutrition will be more important, more males will shop for food and the microwave oven will be used extensively. Smaller portioned, but more nutritional foods will be important in the future. Basic services were much more important than any projected new

services. Fast, efficient, friendly, front-end service, and check cashing were projected to be more important in the future than services such as dry cleaning and video rentals.

It is recommended that management plan to develop a store that is user-friendly to future mature consumers. The results indicated that tomorrow's mature shoppers will appreciate wide, uncluttered aisles; larger, nutritional food sections; and employees who are empathetic to mature shoppers' needs. Management should develop in-store foods with smaller, nutritional portions that are convenient to prepare. Convenient foods will apparently help supermarkets to increase their competitive share of dollars that are now spent on food consumed away from home.

The mature food consumer of the year 2000 will apparently have special wants and a need for a larger variety of nutritional food, and smaller portions. However, a store's basic services will apparently continue to be the key to attracting mature shoppers.

Introduction

There has been and continues to be a high level of awareness by the retail food industry regarding the growing, mature (54+ years old) consumer market.[1] Traditionally, food retailers have focused many of their marketing strategies on the younger, female food shoppers.

The demographic characteristics of the U.S. food consumer are rapidly changing. Today, there are fewer persons in the average family; an increasing number of males are shopping for food; there are more single parents; numerous individuals choose not to marry; and the average age of the population is increasing. The median age in the U.S. today is 32 years. By the year 2000 the median age is projected to be 36.3 years, and by 2030, 40.8 years.[2] According to the U.S. Census Bureau projections, the number of Americans above the age of 54 will increase from 53.8 million in 1987 to 61.5 million in 2000 and to 101.8 million by the year 2030.

As the number of older Americans increases, the mature market's share of the total food dollars spent will increase relative to today's market share. According to the Conference Board, individuals presently age 55 to 60 have $4,494 of annual discretionary income, the 60 to 65 group has $4,571, and the group over age 65 has $5,219. The average American has $3,444 of annual discretionary income. In total, consumers in the over-50 age bracket account for half ($130 billion), of the country's discretionary income.[3] The challenge to retail food marketers is to retain and increase their share of this discretionary income.

Considerable research has been focused on the mature market's buying habits.[4] Little speculative research has been reported on how these habits might change by the year 2000, at which time there will be more mature Americans than ever before purchasing food.

Will the food consumers who are 40 to 50 years old today continue the same buying habits and have the same tastes and preferences when they reach the year 2000? In the year 2000, the first of the baby boomers will be 54 years old. What are the implications for food retailers as the baby boomers start to reach their mature years? Do these persons project that their buying habits and their tastes and preferences will be significantly different from those of their parents? Do they think that they will cook less at home and eat out more frequently? How do they think their buying habits and store selection criteria will change as they age?

Informed insights into the answers to these questions will be important to food retailers in an ever-increasingly competitive market place.

Research Project Goals

In order to gain insight into the answers to these questions, two research goals have been identified. Focusing on these goals will enable this research to generate some insights into the maturing American's projections about tomorrow's shopper and the implied impact on tomorrow's food stores. The goals of this study are to:

1. Predict the mature food consumer's changing purchasing behaviors and store selection criteria from the year 1989 to the year 2000.

2. Predict how projected changes in purchasing behaviors and store selection criteria will probably affect food retailers in the future.

Hypotheses

Several hypotheses have been developed from the reviewed literature. The analysis will verify or refute these hypotheses in the course of attempting to accomplish the research goals. The hypotheses are:

Ho_1: Persons presently 40 to 50 years old will anticipate and project little or no change in their food purchasing behaviors and store selection criteria by the year 2000.

Ho_2: The changes that are projected will result from consumer demographic changes, physiological changes, and technological advances outside the consumer's control.

Ho_3: The year 2000's mature food consumer (those age 55 and older in the year 2000) will differ substantially from today's mature food consumers (those age 55 and older today).

Ho_4: The projected differences between consumers in 1989 and consumers in the year 2000 will result primarily from generational rather than chronological influences.

Research Project Objectives

The research objectives are to:

1. Identify current demographic characteristics of today's 40- to 50-year-old food consumers.

2. Identify current food purchasing behaviors and food store selection criteria.

3. Determine projected demographic changes that may take place in consumer households by the year 2000.

4. Determine projected food purchasing behavior and store selection criteria changes by the year 2000.

These research objectives will enable the drawing of comparisons between current shopper behavior and projected behavior. Relationships between demographic characteristics and projected and present behaviors will enable further insight into future changes.

Survey Instrument Development

An extensive literature search and a focus group session was conducted to determine individuals' ability to visualize their future. Subsequent to this preparation, a survey was mailed to households in six cities.

The survey focused on three conceptual areas, demographic, food store selection criteria, and food purchasing behavior. Questions were asked relative to the respondent's current household and food shopping situation and their predictions of possible changes in shopping activity by the year 2000.

The survey was mailed to 19 zip codes in six cities. The cities were selected for this proximity to Fort Collins, Colorado. The perception was that locations close to Fort Collins and Colorado State University would enhance speed and probability of response. The zip codes were selected based on convenience and population size. The estimated total household population was 8,474 in the 19 zip codes.

The survey sample was selected at random within the zip codes. The sample list was purchased from a list broker. The only factor used for list qualification was that the households have a resident within the age group from 40 to 50 years old.

A total of 2,603 survey's were mailed. Seven hundred and twenty-one were returned for a response rate of 27.7 percent. Based on a population of 9,000 and a response of 720, the sampling error within zip codes was plus or minus 3.5 percent at a 95 percent confidence level.

Summarizing Conclusions

Introduction

In preface to the presentation of the findings, it should be noted that two different groups of consumers are being referred to in the analysis. The first group is represented by the survey respondents in reference to themselves today, in

1989, compared with their own projected behaviors in the year 2000; i.e., today's consumer in the year 2000.

The second group referenced also involves the survey respondents as they look at themselves in the year 2000, but in comparison with the consumer who today is referred to as a mature consumer; i.e., today's mature consumer.

Retail Food Store Selection

> Consumers 40 to 50 years old today anticipate little or no change in their retail food store selection criteria by the year 2000.

Today's retail food store was reportedly selected on the basis of convenience, product variety, produce quality, low prices and other criteria.

The criteria projected to be important in the year 2000 are exactly the same but with a slightly different emphasis on "low prices." The price criteria moved up from a fourth position to a second position.

The consistent importance of store convenience and the increased importance of low prices between today and the year 2000 is consistent with two projected demographic characteristics. Not only will people age, but the respondents project a decreased family size and a substantial income decrease between now and the year 2000.

As age increased, convenience and product variety remained equally important, while lower prices were projected to be more important in the year 2000.

Retail Food Store Services

> Consumers 40 to 50 years old today anticipate little or no change in their retail food store service requirements by the year 2000.

The services important to today's consumer will apparently be important in the year 2000 as well. Check cashing, baggers and sackers, grocery carryout and other services are important to today's consumers.

These will be important in the year 2000 also, but two other services were also projected to be important in the year 2000. These services are in-store banking and grocery delivery.

The respondents suggested three services that should be provided today. These include a pharmacy, a post office and home shopping and delivery. What do they project they want in the year 2000? Home shopping and delivery increased in importance substantially while pharmacy and post office services remained important.

What would consumers change today in their store service mix? One out of four respondents would increase the speed of the checkout, while others would reduce prices and increase product variety.

Causes of Changes

> The changes that are projected to occur will apparently result from uncontrollable consumer demographic changes, physiological changes, and technological advances.

Previously it was stated that very little change in store selection criteria and purchasing behavior was projected. Demographic characteristics affected many of the projected changes. For example, as household size decreased, store location became more important. The results indicated increased importance of location, possibly in anticipation of physical changes. New technology in the form of microwave cooking and home shopping were projected to be more readily accepted and used by respondents.

However, the survey results did not clearly imply that all projected changes were related to only demographics, physiology, or technology. Respondents indicated that they planned to purchase less food away from home by the year 2000. The data revealed no conclusive evidence that age affected any projections of change in the extent to which food will be consumed at home or away from home. Potential lower respondent income may be one reason for the projected reduction in food to be eaten away from home in the year 2000, but the data were inconclusive.

Today's and Tomorrow's Mature Consumer

> The year 2000's mature food consumers will apparently differ substantially from today's 1989 mature food consumers.

Those survey respondents destined to be the year 2000's mature consumers projected eating out more often than their parents (today's mature consumer), and project that they will be considerably more aware of nutritional information, will eat less red meat, will use the microwave more extensively, and will possibly shop for food at home using a computer. Although the year 2000's mature shopper will apparently differ substantially from today's 1989 mature food shopper, some things were expected to remain unchanged. For example, there was little projected difference in food store selection criteria to be used in the future compared with the criteria used today. This study's findings were in agreement with a number of other previously published reports.

The year 2000's mature shopper will apparently select a retail food store using similar criteria to those used by their parents. But, once in the store, the year 2000's mature shopper was projected to differ substantially from 1989's mature shopper.

Reasons for Differences

> The differences between consumers in 1989 and consumers in the year 2000 will apparently result primarily from generational rather than chronological effects.

The projected shopping changes were not significantly related to age. It was certainly possible that chronological age is an intervening variable responsible, in part, for respondents' perceptions. The increased importance of nutritional information may also have been affected by age-related health concerns. However, the evidence relating age to projected behavior changes was inconclusive.

There was evidence supporting a generational influence. Respondents expected their current food consumption behaviors to continue. Increased use of microwave ovens and reduced red meat consumption are examples of generational results. The fact that respondents project little change in their behaviors supports the conclusion that generational influences and results will be primary factors explaining behavioral differences in shopping activities between today's 1989 mature shoppers and the year 2000's mature food shoppers.

Overall Conclusion

The data suggest that the mature food consumer of the year 2000 will be both different and similar to today's 1989 mature food consumer. The criteria used to select a store was projected to be similar for both generations. Some purchasing behaviors and service needs were projected to be different. Today's 1989 food consumer did not anticipate changing substantially by the year 2000.

Recommendations

Introduction

Future marketing strategies must be implemented based on an awareness of customers' demographic and generational characteristics and perceptions. In the year 2000, there is a high possibility that a store will have a significant number of "mature" shoppers. Does this mean that they will be different? The results of this study suggest several marketing strategies for increasing market share of maturing food consumers who may or may not be much different in the year 2000 compared to consumers in 1989.

Marketing Strategies

Differentiation of one store and its services over a competitor's store will be achieved by offering higher quality basic services than does the competition; these services will appeal to all food consumers regardless of age. Basic services were considered more important than any new services. Fast, efficient, friendly, front-end service, and check cashing were rated significantly higher than services such as dry cleaning or video rental. The survey respondents overwhelmingly expressed a need and desire for the maintenance of today's basic services rather than for new services not now available.

Appeal to the mature consumer target market is accomplished by strategically avoiding labeling products and services as "appropriate" for the elderly. The store services and products important to younger shoppers were also important to today's mature shoppers. For example, convenient store location, and a quality produce department were important to all food consumers, regardless of age. Mature consumers were not significantly different from younger shoppers and, in general, do not want to be treated as a "unique" market segment.

Developing a store that is physically user-friendly to mature consumers with employees empathetic to mature shoppers is a logical strategy reinforced by the findings of this project. Respondents requested wide, uncluttered aisles; larger, nutritional food sections; more nutritional information; and home shopping services. Lower shelves, smaller portions, and a larger variety of products were suggested as being important to the respondents.

The results suggest that a store strategy which includes the development of in-store foods resulting in smaller, but more nutritional portions, convenient to prepare, would be beneficial. These types of food items and even meals would apparently attract younger as well as maturing food shoppers. While some survey respondents indicated that they planned to prepare more food at home, they may never prepare as much food at home as their parents did.

Advertising and service strategies focusing directly and indirectly on maturing consumers will apparently increase market share. However, the overriding message of the study was that the store that does the best job of maintaining today's basic services, such as an efficient front end, can expect the best return on their investment.

The response to this study was excellent. Many of the respondents wrote several paragraphs of comments. This response indicates consumers want to communicate with their local supermarket in order to let management know what they are thinking. There is an apparent opportunity for a communication strategy by retailers as they strive to satisfy the consumer profitably.

The validity of this study depended on the respondents' abilities to predict their own behavior changes over an eleven-year period. Retail management, as part of their information strategy, needs to review continuously other longitudinal studies in progress that could reveal more conclusive evidence on how food purchasing behaviors are and/or will change as people age. A continuous analysis of these studies would greatly enhance the body of knowledge on which retail food store management could confidently base decisions.

Findings Highlights

Introduction

The following information represents the highlights of the findings. These highlights are presented in order to facilitate substantiation of the earlier conclusions and recommendations.

Highlights

The major findings and results of the research are as follows:

Demographics

1. Sixty percent projected a decrease in family size by the year 2000. The present average was 3.15 persons.

2. The present average age was 42 years.

3. The weighted average household income was \$39,000. The projected income for the year 2000 was \$30,000.

4. Less than 9 percent expected to be retired in the year 2000.

Food Store Selection Criteria

5. The six most important reasons for selecting a retail food store today were:

   a. Convenient store location
   b. Large variety of products
   c. Quality produce
   d. Low prices

e. Cleanliness
f. Friendly service

6. The six reasons projected to be important in food store selection in the year 2000 were:

   a. Convenient store location (1)
   b. Low price (4)
   c. Large variety of products (2)
   d. Quality produce (3)
   e. Friendly service (6)
   f. Cleanliness (5)

   Numbers in parentheses represent the ranking in highlight 5.

7. A convenient store location was more important to:

   a. Small size families
   b. Higher income families

8. Variety was more important to:

   a. Large families
   b. Middle age group
   c. Higher income families

9. Low price was more important to:

   a. Larger families
   b. Younger households
   c. Lower income families

10. As age increased, convenience remained important; variety remained relatively unchanged but lower prices became more important to consumers in the year 2000.

<u>Food Store Services</u>

11. The six most important services to retail food store customers today were:

    a. Check cashing
    b. Baggers or sackers
    c. Grocery carryout
    d. Film processing
    e. Video rentals
    f. In-store banking

12. The services projected to be important in the year 2000 were:

    a. Check cashing (1)
    b. Baggers and sackers (2)
    c. Grocery carryout (3)
    d. In-store bank (6)
    e. Grocery delivery (13)
    f. Film processing (4)

    Numbers in parens represent the ranking in No. 11.

13. Services suggested to be provided today included:

    a. Pharmacy (13%)
    b. Post Office (13%)
    c. Home shopping and delivery (8%)

14. Services requested for the year 2000 were:

    a. Home shopping and delivery (22%)
    b. Pharmacy (13%)
    c. Post office (9%)

15. Things consumers would change in their store today included:

    a. Increase speed of checkout (25%)
    b. Lower prices (13%)
    c. Larger product variety (6%)

<u>Shopping Behaviors</u>

16. Seventy-eight (78) percent read nutritional labels.

17. Eighty-eight (88) percent reported that nutritional information will be more important in the year 2000.

18. It was projected that 19 percent more males will be shopping in the year 2000.

<u>Projected Differences</u>

19. The significant differences projected by respondents between their shopping for food and the shopping of their parents were:

    a. Purchase more nutritional food (19%)
    b. Purchase less per trip (12%)
    c. Use home shopping and delivery (8%)
    d. Purchase more prepared foods (7%)

Other Findings

20. Seventy (70) percent of all meals were reportedly eaten at home; 33 percent were eating out more now than two years ago.

21. Twenty-seven (27) percent reported purchasing more food to go at their retail food store.

22. During the past two weeks, the microwave was used an average of 9 times for meal preparation (21% of all possible meals).

Endnotes

[1]"Marketers Have High Hopes for Growing Senior Segment," *Modern Grocer* (April 1986): 16; "Golden Opportunities: Meeting the needs of the older shopper," *Natural Foods Merchandiser (June 1986): 34; "Wooing Older Consumers," The New York Times*, 27 November 1986, 1(D).

[2]*Population Estimates and Projections Series*. (Washington, D.C.: U.S. Department of Commerce, Bureau of the Census, 1980), 1952. 25.

[3]*Midlife and Beyond, The $800 Billion Over-Fifty Market*. (New York: The Conference Board, 1985), 54.

[4]Tanti D. Wong, and P. C. Walton, "Understanding Food Store Preferences Among the Elderly," *Journal of Retailing* 61, No. 4 (Winter 1985): 60.

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