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# **The Changing Consumer Environment for Retail Store Food Service**

by

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## **Introduction**

A diversity of forces is driving the pace and direction of change in the American Foodservice. The state of the industry is one of constant, dramatic, swift-moving change, requiring constant examination and analysis.

There's no question that the changes that lie immediately ahead are much different from those that unfolded in the immediate past, and that the forces driving those changes are considerably different.

Much of what happened to the foodservice industry in the 1970s flowed directly from the forces set loose by soaring commodity and energy prices, which affected not only the cost and profitability of doing business, but caused basic changes in how companies operate, how grocery stores presented themselves, and certainly how consumers thought about and shopped for food. Until recently, the 1980s were being driven primarily by the restructuring process under way in business, generally due to commodity/ingredient price stability and to overall stalling of inflation.

The 1990s will be fueled mainly by the emergence of the consumer as the all powerful influence. This goes beyond the way the foodservice industry has traditionally, but often neglectfully or without understanding, paid homage to the ultimate buyer. Shifts in demographics and in demands emanating from consumers will drive the marketplace to a degree never experienced before. In fact, that's already happening as the 1980s wind down.

It has become increasingly important, therefore, that we as marketers make every effort to understand the "new" consumer--what drives and influences her/him. For as the consumer changes, so our industry changes.

## **Historical/Demographic Change**

Occasionally, it is enlightening to look back and see how far we've come or how little we've changed. So let's see just how food consumption patterns and society respond to events, changing technology and demographic factors.

### **1950s**

1. Baby-boom underway, started in 1946 (World War II).
2. Women devoted primarily to family, home and community. Cleaning standard: "eating off the floor."
3. 31 percent of women 18-years-old and older in the work force.
4. Movement to the suburbs.
5. USDA Daily food guide. Emphasis on minimum daily requirements.
6. Meat and potatoes necessary for "balanced" meal.
7. Three square meals basic to good nutrition; protein essential for a quality diet.
8. Mealtime a family occasion and it was not uncommon for a "soup to nuts" spread as a

symbol of hospitality. Homemade food is the norm.

9. First generation of frozen foods available: TV dinners, frozen juice.
10. Convenience products denigrated for quality and price.
11. Commercial TV becomes popular; food companies sponsored many TV shows.
12. TV opens new opportunity for food advertising.
13. Life expectancy at birth: 68.1 years.

#### 1960s

14. Baby-boom era ends in 1964. 38 percent of women, 16-years-old and older, in the work force.
15. Focus on "self" and activities outside the home:
  - Cleaning, cooking standard lowered; traditional meal de-emphasized.
  - Homemade food means opening a box of mix.
16. Era of civil rights movement and women's liberation.
17. Start of the "Me Generation"--doing your own thing.
  - Convenience growing in importance.
  - Alternative lifestyles surfacing.
  - Americans believe present to be better than past and that future will improve on present.
18. Senate Select Committee on Nutrition and Human Needs investigates hunger and malnutrition among nation's poor. Then there came a strong interest by government in foods--part of Kennedy's plan.
19. Government sponsored food programs respond to recognition that nation's poor are suffering from malnutrition.
20. White House Conference on Food, Nutrition and Health.
21. Opens public and Congressional interest in the nutritional well-being of the nation.
22. Surgeon General's Report on Smoking and Health.
23. Cigarette smoking identified as a cause of lung cancer and higher death rates from cardiovascular disease and higher mortality overall.
24. Santa Barbara oil spill. Rachel Carson's "Silent Spring"--a landmark publication addressing environmental issues directly.
25. Beginning of movement against environmental pollution and chemicals.
26. Life expectancy at birth - 69.9 years.

#### 1970s

27. Baby boomers have fewer children than expected; baby bust era under way.
28. Increased preoccupation with self-fulfillment--"want it all" mentality.
29. 47 percent of women, 16-years-old and older, in work force.
  - Larger proportion of women entering work force than in previous decades.
  - Convenience growing in importance: meal-skipping becoming acceptable.
30. Cooking/cleaning standards lowered.
31. Fast food restaurants attracting working women.
32. World grain shortage has effect on domestic food prices.
33. Attitude toward red meat changes: beef is a wasteful commodity--it takes 100 pounds of grain to produce five pounds of beef.
34. Alternative protein sources introduced: tofu, fish, poultry.
35. It is no longer economical to cook at home.
36. 1973 recession.
37. Increase in domestic food prices institutionalizes consumer movement.
38. First oil boycott; energy crisis.
39. Shift from psychology of abundance to conservation ethic:
  - Inflation concerns dominant.
  - Majority believes past looked better than present and the present looks better than the future.

70. Economic squeeze may affect:
- eating away from home.
  - premium, upscale convenience foods.

71. Life expectancy at birth: 73.7 years.

1990s

72. 65 percent of women, 16-years-old and older in work force.

73. Convenience becomes the most important factor in daily living.

- Take-out foods expected to increase by approximately 15 percent annually.
- Shift to more meals eaten at home but not prepared at home.
- Microwaveable foods of all types, especially bakery items increasing in number and improving in quality.

74. Median annual income expected to increase paralleling demographic shift in age--more 50+ consumers than ever before.

75. More discretionary spending power.

76. Quality outweighs price in making purchasing decisions.

77. Continued growth in "upscale" products expected.

78. Variety breads and rolls viewed as upscale products by large percent of consumers.

79. Dietary issues continue to grow in importance as consumers are bombarded by the media. Continued emphasis placed on products that are low in cholesterol, fats and sodium; high in fiber, calcium and specific vitamins.

80. Nutrition consciousness becomes a way of life--no longer just a health issue.

81. Breads and rolls high in fiber continue to grow in popularity.

82. Fiber-enriched muffins become a new "hot" item.

83. Consumers concerned about a balanced diet but are willing to make trade-offs to include desserts.

84. FDA regulates food additives to a greater degree.

85. Manufacturers begin to substitute "natural" ingredients for artificial.

- Colors and flavors affected across the board.
- Preservatives fall by the wayside.
- Labeling to include nutritional as well as ingredient information.

## Conclusion

In the 1960s, Americans were anxious to understand their differences; in the 1970s to cultivate them. An intense flowering of individualism and the rise of the "Me Generation" followed in the 1950s. The mass market split apart with the rising affluence and education of the middle class. By 1960, the average family had \$4,900 more to spend in a year than it had in 1950. By 1970, over half the population had a high school diploma. For the first time in history, a majority of people could afford to be different.

When a population is growing steadily, the marketplace has room for everyone. When growth slows, the marketplace soon becomes crowded. This is what happened with the American market in the late 1960s. The U.S. population had never grown as slowly--up only 13.4 percent. Women were no longer delivering an endless supply of new customers to the nation's manufacturers. The baby-boom had turned to baby-bust.

In the 1970s, for the first time, the Northeast stopped growing. Across the country, in another turnaround, even metropolitan areas, traditional growth areas, took second place to non-metropolitan areas as more and more people chose to live in less densely settled areas. These new demographic trends flew in the face of the traditional American lifestyle, but many American businesses were still marketing as they always had.

Alert business people realized, however, that the changing American population affected their markets profoundly. So we increasingly catalog, classify, stigmatize and glorify according to differences of habit, age, income and taste. The result is an American sliced into dozens of different geographic, economic, social and cultural markets. For want of a better name, call it the "slicing of America."

40. U.S. Department of Agriculture publishes nationwide food consumption surveys.
41. Food safety concerns mount as ability to detect toxicities advances beyond ability to understand their effect on human health. Focus on additives, preservatives, saccharin, nitrites, sulfites.
42. Life expectancy at birth: 70.8 years.

#### *1980s*

43. Baby boomers becoming parents, with two out of three mothers returning to work force.
44. Baby boomers' lifestyles change to include family:
  - More meals at home but not prepared at home.
  - Stress levels mount as discretionary time declines.
45. 55 percent more women, 16-years-old and older, in work force: 96 million women in the work force.
46. Convenience growing in importance.
  - Meal skipping, snacking, and grazing become acceptable.
  - Take-out foods increasing to save time.
  - Microwaveable foods improving in quality and number.
47. Household size shrinking: over 50 percent of households are one or two persons.
48. Smaller portion sizes available and considered prudent for weight control.
49. Recession in 1982; median annual earnings 2 percent less than in 1979; low income households earning under \$15,000 (up 3.9%); service economy growing; manufacturing shrinking.
50. Spurs use of generics and affects red meat consumption. Meat alternatives like cheese increasing.
51. Red meat consumption declines as poultry consumption increases. Controversy and resolution of "Dietary Guidelines."
52. Shift from minimum daily requirements to maximum levels of specified nutrients, such as fat, to prevent diseases linked with "dietary abundance."
53. Obesity emerges as major public health problem; national thinness obsession continues while Americans grow heavier. Lowering fat and cholesterol levels becomes major health concern.
54. Emphasis on fresh fruits and vegetables.
55. Increase in consumption of complex carbohydrates--pasta, potatoes, rice, variety breads gaining in popularity.
56. Nutritionally conscious population makes trade-offs to satisfy "want-it-all" mentality.
57. Desserts become a reward for working, playing hard; workout, pig-out syndrome.
58. Global travel more affordable and easily accessible. Spurs European influence on traditional American foods.
59. Croissants emerge as the "hottest" new roll item.
60. Fancy desserts such as tortes grow in popularity; also Dove Bars, gourmet ice creams.
61. Growth and mobility of various ethnic groups influence and change traditional American eating habits.
62. Bagels become increasingly popular.
63. Chinese and Mexican foods readily available in restaurants and supermarkets. Americans are increasingly exposed to "new" foods with a surprisingly high rate of acceptance.
64. National Academy of Sciences; Nutrition, Diet and Cancer; National Institute of Health Consensus Conferences on:
  - Cholesterol
  - Osteoporosis
  - Obesity
65. Food and pharmaceutical firms respond to recommendations.
66. Calcium supplements and fortified foods and beverages flood the market.
67. Growth of "lite" foods and beverages--low calorie, low fat, low sugar, low sodium.
68. Muffins become acceptable part of balanced breakfast.
69. Black Tuesday raises economic uncertainty.