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HOW RETAILERS CAN HELP CONSUMERS COPE WITH INFLATION

(By Odonna Mathews, Consumer Adviser to Giant Food Inc.)

Good morning. I'm very pleased to be here today to discuss food prices from my perspective as consumer adviser to a regional supermarket chain. I will illustrate how Giant Food responds to the consumer concerns about rising food costs and nutrition. For several years now we have been trying to develop the most effective ways to provide consumers with practical information. It has taken us a while to get here, but I think we are on the right track.

Before I get into specifics, let me give you some background on Giant Food. As a regional supermarket chain, Giant has a total of 118 stores in Maryland, Virginia, and the District of Columbia. Sales in 1979 were just over \$1 billion, making Giant the 17th largest supermarket chain in the United States in terms of sales. Giant established a formal consumer affairs department almost 10 years ago responsible for anticipating and identifying consumer concerns to Giant management (we report directly to the President), and for developing corporate consumer programs designed to meet those concerns.

When we first began distributing consumer education materials in the stores, we developed comprehensive booklets that included everything you'd want to know about meat, seafood, and poultry. The booklets were loaded with information—too much information. More recently we have learned that short, simple and practical information is the best way to help the majority of consumers. So over the past 2 years, we have concentrated on effective ways to arm consumers with inflation fighting information and health tips. Many of our education programs are the result of suggestions we have received from consumers and consumer advocates, many of which have turned out to be beneficial not only to consumers, but to Giant as well. Let me give you a few examples.

Our consumer advisory committees, which are composed of individual consumers, representatives of consumer organizations and community groups, tell us that they want practical information about food prices. They want to know when something is a relatively good buy, or a bad buy. They want recipes and preparation tips to make the best use of these good buys, and they want economical alternatives to the higher priced products.

But even though we provide this type of information, consumers tell us that they are often confused, frustrated, and sometimes angry when they see prices go up from week to week. In general, we have found that consumers have a better understanding about the causes of inflation than they did several years ago. But because food pricing is such a complex topic and one that is influenced by many factors, consumers still

have difficulty understanding the total picture—how all the contributing factors (labor, energy, marketing and packaging costs) determine what they pay for a product. When consumers hear that we've had a record wheat crop, they don't necessarily understand that prices may still continue to rise because more may be exported and marketing costs are increasing.

Consumers also tell us that they can't easily use percentage predictions for food price increases, much of which is provided by the Federal Government. The problem with much of the food price information that is available is that percentages, averages, and predictions do not easily translate into weekly food menus, shopping lists or recipes using the more economical foods. The food industry and Government must do a better job of explaining food price information and translating it into practical information that consumers can use. The recent USDA publication, *FOOD*, is an example of a very positive change in Government information that consumers and retailers welcome. In fact, Giant plans to use much of this information in our consumer materials, and of course, credit USDA.

Here are some examples of how we are trying to give consumers the type of information they are seeking.

A year ago April, when wholesale costs of beef began to rise so dramatically, we posted a sign in our stores explaining why beef prices were going up. At the same time we also started to provide economical protein-stretching recipes in our weekly newspaper advertisements. The recipes are a regular part of Giant's ad. Our nutritionist develops them to be low in cost and at least one ingredient in each recipe is on sale that week. The recipes are also designed to be low in calories, fat, salt and sugar. The cost and calories per serving are stated in the ad along with serving suggestions for a well balanced meal. The costs usually range from 25 cents to 90 cents per serving.

I should mention that we have temporarily discontinued these recipes for a few weeks because of a new ad campaign featuring price reductions for many products. But, we've received a very positive response to these recipes from consumers, weight watchers and professionals.

We will soon publish a consumer guide called *Eating Right When the Budget's Tight* which will contain the most popular recipes from these ads, as well as money stretching ideas and food storage information. The idea for a recipe guide actually came from consumers who lost or misplaced recipes from the newspaper ads. They suggested we choose the best and publish a booklet to be distributed in the stores.

Our newspaper ads also give a money saving shopping tip of the week—tips such as buying a whole block of cheese and grating or shredding it yourself, or how to get the most poultry for your money, or how to make your own convenience foods.

A monthly flier, called *Thumbs Up* gives consumers information on predictions of what will be high and low in price for that month, recipes, and shopping tips. The original idea for this publication came from the White House National Consumer Buying Alert, a major portion of which I understand is provided by USDA. We use Government and industry materials, as well as predictions from our own buyers, as the basis for the flier. We include suggestions and illustrations on how to cut up a whole chicken or how to bone a chicken breast to save money, seasonal themes like back-to-school snacks and Thanks-

giving, and comparisons of basic convenience foods. For example, a look at the different types of rice available shows that costs can vary from 2 to 32 cents per serving. Consumers have told us to make Thumbs Up simple and practical, and we are still experimenting with how best to do that. We did survey some customers to find out what they liked best about Thumbs Up. Again, we learned that the recipes were found to be the most useful, rather than predictions of product availability.

Sixty second consumer radio spots encourage consumers to look for our Thumbs Up fliers and recipes in the ads. They discuss unit pricing, store brands, good buys, nutrition and health. About 25 percent of Giant's radio advertising is devoted to consumer messages and we are able to reach many consumers in this way.

Let me interject a word about coupons here since they are certainly perceived by many as a money saving tool. The growing publicity surrounding the use of coupons may be seen as evidence of the consumer's concern with rising prices.

Yet, coupons are a nuisance to many. Some feel they are discriminatory since they are only offered to certain consumers through certain sources. And they are a source of many types of fraud currently being investigated by the U.S. Postal Service. Overall the redemption rate averages about 5 percent, so most consumers are paying for benefits and price reductions that they do not receive. In addition, the retailer's cost of handling which exceeds what they are reimbursed by the manufacturer, is passed on to all consumers. If coupons were eliminated by manufacturers, what would the effect be on food prices? There are various predictions, but surely it would have some moderating effect on the rising cost of food.

What else do consumers want? A growing percentage of our customers are asking for information on specific special diets, sodium, cholesterol, fat, and calories. That is why in October of 1978, Giant began a pilot nutrition education program called Foods for Health, in cooperation with the National Heart, Lung and Blood Institute (NHLBI), a part of the National Institutes of Health. With coronary heart disease as our Nation's leading cause of death, NHLBI wanted to experiment with a program designed to give consumers information about what the experts know and don't know about diet and coronary heart disease. Giant agreed to work with the Institute on a year-long pilot program.

So far, we have distributed over 3 million copies of the consumer handout, called Eaters' Almanac, in 90 Giant stores. There are a total of 27 almanacs, a new one every 2 weeks, which cover topics such as heart disease, risk factors, food groups, fat, cholesterol, calories, sugar, salt, food labeling, seasonal themes, exercise, and diets. We've attempted to give consumers the most up-to-date information on diet and health, with a special emphasis on heart health.

But, many of the almanacs also give price information in the form of money stretching recipes, low cost substitutions for cooking, low cost protein combinations, ideas on how to save money in the supermarket, and meal planning ideas. The Eaters' Almanacs are displayed at the checkouts and in a special display holder in the dairy aisle. Large signs are located in the store and include shelf signs located beneath certain products.

NHLBI is now evaluating the program to see if there are differences in consumer knowledge and the sales of certain products, as a direct result of the information disseminated in the stores. The evaluation will compare Washington, D.C. stores to the control group of Baltimore stores. We don't expect a significant difference between these two groups, but we feel our efforts represent a beginning.

The program has been received so enthusiastically by consumers and professionals in our marketing area and across the country that we are now working on a continuation and expansion of the program. Foods for Health is to be disseminated nationally to other interested supermarkets, heart associations, and community groups and NHLBI is now working with the American Heart Association on these details.

I also want to mention a pilot program that Giant helped to develop at the request of the USDA Cooperative Extension Service. The program is aimed at giving consumers information on low cost, nutritious fruits and vegetables through a display in the supermarket's produce department which is staffed by USDA homemakers and volunteers. In January of last year, Giant tested the idea in three stores and received many positive comments from the homemakers and Giant customers who liked the idea of receiving low cost, nutritious suggestions at their local supermarket. This program is now being made available nationally through the USDA Extension Service. I hope it is only the beginning of more cooperative programs involving Government and business.

In conclusion, as you can see, there are many ways that retailers can help consumers cope with the rising cost of food. Many other ideas, besides the ones I've mentioned, are being developed and implemented by other supermarkets across the country. I hope we can all learn from each other. The Food Marketing Institute is also making available practical consumer information to their members. It is a beginning. Of course, these education and information programs will not directly reduce the cost of food, but they can assist consumers in getting more for their money.