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Agricultural Outlook Forum 2003 Presented Friday, February 21, 2003

# THE RESPONSE OF U.S. RETAIL TRENDS TO CHANGING CONSUMER BEHAVIOR

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# Introduction to Today's Consumer

- Rapid Lifestyle Changes
- Demographic Changes
- Technology Speeds up Everything
- Safety and Security is Vital

# Introduction to Today's Consumer

- We live in a Global Marketplace
- Pizza and other Italian foods are very popular
- Asian foods are increasing in popularity
- Rapidly growing Hispanic and Latino populations are influencing consumers

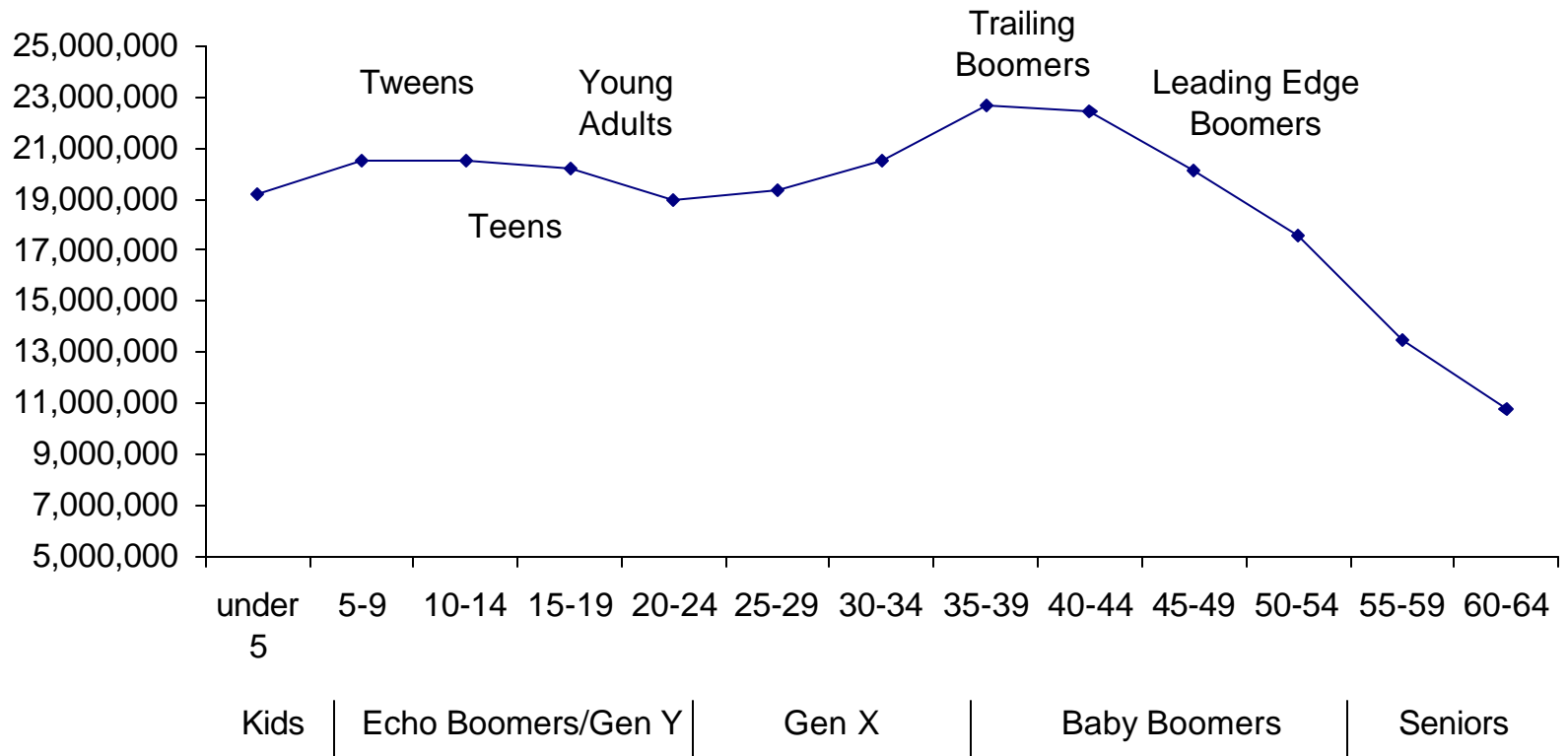
# Introduction to Today's Consumer

- Intense Retail Competition is the norm
- Traditional Channels of Trade have become blurred
- Family Schedules and Different Meal Occasions are forcing Retail Format changes

# 5 Megatrends are Driving Consumer Trends

- Consumer Behavior Changes with Age
- Ethnic Diversity -- The Melting Pot Effect
- Outside Geo-Political Events
- Improving Food Technology is Changing the way we eat
- Shopping Trips to Supermarkets are becoming less frequent

## Demographic Profile



# Cheap Food !

- Food Prices have been depressed for the past decade
- Lower Production costs and increased retail competition have driven down Prices
- 7.9% of family's disposable budget is spent on groceries -- the Lowest in the World
- Boomers and Seniors Make More Money but spend less on Groceries



# Lifestyles in the U.S

## Home Alone

- 26.3 Million Households are made up of Singles
- 25% of all Housing Units are made up of Singles
- 40% of Singles are over the Age 65

# Lifestyles

## Unrelated Households

- 34 Million Households are made up of people not related by Blood or Marriage
- 80% of These alternative Households are people living “Solo”
- The number of unmarried couples has nearly doubles since 1990

# Lifestyle

## Healthy Living

- Most Americans Think they should live a healthy lifestyle
- Older Boomers and Seniors are modifying their diet
- 70% of Women diet Regularly
- Consumers Tend to be Polarized on Many Health Issues

# Lifestyle

## Organic Foods

- Organic Shoppers make up about 1/3 of all consumers
- Organics appeal to some shoppers but are a turn off to others
- Retailers have to be vigilant to Meet all Organic Designations

# Psychographics

- 9/11 Attack and other Geo-Political Events
- Cocooning in the 90's
- Meals served to Houseguests declined 26% in the 90's
- Retail Environment must feel:
  - **Inviting**
  - **Friendly**
  - **Safe**

# Quick Meal Convenience

- 44% of all Meals are Prepared in less than 30 Minutes
- Meals are Generally planned less than 1 hour ahead
- Many Meals are Prepared in less than 10 minutes
- The use of Frozen and Fresh Prepared Entrees is increasing

# Summary of Key Retail Trends

- Consumers are Shopping “By the Meal”
- Most Meals are Impromptu and are put together very quickly
- Supermarkets have begun to offer complete fresh meal solutions
- Some Supermarkets have Developed much more customer interaction

# Summary of Key Retail Trends

- Supermarkets are more focused on store by Store customization
- Supermarkets have begun to cluster meal solutions and meal themes in specially merchandised areas to make shopping quick and easy



# Retail Trends

## Opportunity Areas

- One Store Format cannot fit all Customer needs
- Shifting focus towards Customer Relevance
  - Ethnic Foods -- for the young and adventurous
  - Snack Foods -- teenagers and folks on the go
  - Prepared Foods -- convenience
  - Ready to Heat -- build a home meal around
  - Ingredient Foods -- scratch cooking

# Retail Trends

## Opportunity Areas

- Retailers are Daring to be Different
- More Targeted Marketing
  - Destination Store ( something for everyone)
  - Neighborhood Store (meets local needs)

# Forecast Thoughts

- Selling full lines of Groceries based on Price will be a limited opportunity for Conventional Supermarkets
- Conventional Supermarket Operators should focus more on serving their targeted customers
- Look to build sales around today's meal occasion