

Consumer Trends for the New Millennium Impact Fresh-cut Produce

Article written by Sherry Greenwood for the International Fresh-Cut Association (IFPA), December 1998

Since the 1980's the fresh-cut produce industry has enjoyed double digit growth rates, reaching an estimated \$6-8 billion in annual U.S. sales of packaged salads and fresh-cut vegetables and fruits, sold via both retail and foodservice channels. Since rapid growth rates generally can not be sustained indefinitely, some feel that the industry may be maturing, with growth trends leveling off as we enter the twenty-first century.

To determine which direction to guide their business, industry leaders are monitoring major catalysts such as consolidation and food safety issues. However, another significant factor to study and analyze is the behavioral trends of consumers.

Dr. Roberta Cook, Ph.D. of the University of California, Davis, focused on consumer trends and the impact they will have on the fresh-cut industry in the next century, during her presentation at IFPA's 6th Annual Technical Seminar in San Diego, CA, November 16.

Cook stated that the amount of time consumers are willing to spend on meal preparation is one of the major factors still impacting food purchases and she believes this pattern will continue well into the future. "The trend of two-income families continues to increase, and people just don't have the time to spend on cooking that our mothers and grandmothers had," Cook said. She said this is evidenced in the March 9, 1998, Food Institute Report, that shows that 71 percent of adults don't plan their weekday meal before 4 p.m. regardless of income level, marital status or education. "And when they do decide what they will eat, they want to spend a minimal amount of time preparing it," she said. Only twenty-two percent of Americans spend sixty minutes or more to prepare a meal, compared to 50% spending less than 45 minutes. In 1965, the evening meal took two hours to prepare. (Food Institute Report, April 7, 1997).

And many Americans aren't even cooking at home -- another trend Cook believes will continue to rise. According to the USDA, Americans spent 53% of their dollar on food prepared at home and 47% on food prepared outside the home in 1997.

These changes seem to be positively affecting fresh-cut produce. According to *Fresh Trends 1998*, greater than 75 percent of consumers who purchased fresh-cut vegetables/salads in the first six months of 1997 say they bought them at least once a month and about one-fourth of fresh-cut produce consumers purchased once a week or more.

However, Cook said that the fresh-cut industry cannot depend on past successes to help them continue growth and product loyalty. Companies must be ever-watchful of the changing behaviors and habits of the American consumer. Cook said that in addition to an increase in two-income families, other changing demographics that will significantly impact food purchases are: the decrease in average household size of the American household from 3.4 people in 1960 to 2.6 today; the growth in single households, now accounting for 26% of all households; an increased distribution of income and changes in ethnicity and age distribution.

For example, on a per capita basis, smaller households spend more proportionately on food than do larger ones and tend to purchase higher value products, such as salad kits. And, the most frequent consumers tend to be high income, often two-income households. Among very frequent users purchasing salad mixes two or more times per week, 65% of the purchases were

made by households earning \$50,000 or more per year, although these households represent only 35% of all U.S. households.

The changing age distribution of U.S. consumers is also important to the produce industry because currently, older consumers eat proportionately more fresh produce than do baby boomers or younger consumers (e.g., almost half of fresh produce is consumed by people over age 55 even though they account for only 34% of consumers). Hence, to continue to increase produce consumption in the future as the natural attrition process reduces the number of loyal produce consumers, the industry must find new ways to attract younger consumers. Since convenience is a highly prized attribute by baby boomers and Generation X'ers, the fresh-cut industry is well positioned for tapping these consumers as they age.

The growth in Hispanic and Asian consumers also presents challenges and opportunities in developing products that attract segments within these diverse cultural groups.

Cook also said that the industry must be cognizant of the fact that there often is a difference between what consumers say they do and what they actually do. For instance, many consumers say their main focus is on health and nutrition and that they try to eat a healthy diet. However, according to National Eating Trends data: health concerns are declining, the concern about fat content is decreasing and fewer "nutritious meals" are being planned. She also says that taste, appearance, price, "feeling" and lifestyle are usually even more important than health and nutrition concerns in influencing consumer purchases. Hence, health and nutritional benefits are only one component of effective marketing strategies.

Cook said that after WWII the food industry focused on getting the consumer to the food - a trend which contributed to rapid growth in the fast-food industry and the proliferation of supermarkets throughout America. Today the focus is on getting meals to the consumer via strategies such as HMR in both foodservice and retail channels, internet shopping, home delivery, etc. . In addition, the heterogeneous nature of consumers today means that targeted rather than mass marketing is becoming the norm.

In order to capitalize on these trends, the fresh-cut industry must position specific products for specific consumer segments and marketing channels.

Edited by Roberta Cook