REFRAMING RETAIL THROUGH THE LENS OF CHANGING FOOD CULTURE

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THE EATING CULTURE EVOLUTION

Part I. Background

Inspiration for this comprehensive food culture study grew out of careful observations of the new ways in which consumers are interacting with food. Charged with keeping careful tabs on the slightest industry shifts on behalf of retailer and supplier partners, the retail experts at Daymon Worldwide and Hartman Group were struck by the dramatic changes taking place in how people choose, purchase, prepare and eat food.

As a result, the time was right to take a deeper look into the evolution underway within the culture of food, and the impact on retailers, manufacturers and brands. With that in mind, at the 2012 FMI meeting in Dallas, Daymon Worldwide and Hartman Group announced the launch of a comprehensive research study into food culture shifts and the implications for food retailing.

Outlined in this document, the results show what we believe is a seismic shift. The bottom line is that we no longer live in a cooking culture – we have evolved into what we call an Eating Culture.

The implications are significant.

First, Mom is not our "bullseye" target any longer. The old paradigm where Mom did all the meal planning, all the shopping, and all the cooking has changed to a world where everyone makes choices about food. Second, recognize that snacks now dominate. How we eat has changed, when we eat has changed – and that means that what we eat has also changed.

Next, rewrite your definition of cooking. For consumers today, "cooking" is defined as everything from scratch cooking to assembling ingredients (or "component cooking") to heating up fully prepared meals.

Finally, our customers expect their experience at retail to be "curated" for them. Much like a curator in a museum, customers expect us to ensure the right combination of assortment, quality and experience.

These are true cultural shifts – not fads. These are permanent, fundamental changes in society that have already occurred and are here to stay. As an industry, we need to use this information to reconsider our consumers not as cooks, not as shoppers – but as eaters. We need to reconsider the way we address their needs, because those needs have forever shifted.

We hope this content will set the stage for further discussions about how we evolve our collective and individual strategies. We believe it's a conversation that spells "opportunity" for everyone in the industry, and we look forward to the next steps that we're sure will follow.

Part II. Objective and Methodology

Objective

This study will provide evidence in support of a larger narrative regarding evolving consumer shopping behavior and brand preferences in response to shifts in food culture, and how these conditions give rise to untapped opportunities for retailers to develop compelling strategies that drive business growth.

Key Areas of Examination

1. **Power of the retail experience** – The survey will quantify the most influential aspects of the retail experience, consumer opinions of the influence of those aspects on their own choice of retailers and the quality and strength of emotional connections created by the retail experience. In addition, the survey will determine the extent of consumer appreciation for the mix of products and brands offered by their retailers.

2. **Consumer orientation to brands** – The survey will quantify the degree to which consumers are habituated to certain brands versus choose different brands for categories they routinely shop. It will examine the kinds of brands (national, private, specialty, new, legacy, etc.) selected and what drives decisions to try new or different brands (quality perceptions, flavor distinction, health concerns, redefinition or emergence of product categories – such as bars, etc.).

3. **Significance of Occasions** – The survey will help document the degree to which the traditional weekly shopping trip has become fragmented into more frequent visits oriented to eating occasions. The evolution of shopping from stock-up to occasion-based will be established by measuring the extent of occasion-based shopping vs. stock-up or fill-in, under the assumption that stock-up trips have historically dominated grocery shopping behavior. In addition, the survey will identify the types of occasions driving trips and determine purchase of private vs. national vs. specialty brands on each of the three major trip types.

Study Methodology

This study, a Daymon-Hartman partnership, combines insights from qualitative and quantitative research methods conducted. Two separate consumer surveys provided quantitative support. One survey, *Occasion Based Marketing (HOBM) Compass, 2010-2012*, supplied general data on eating occasions while the second survey, *Activating New Opportunities at Retail, 2012*, supplied general data on shopping occasions. Both surveys were administered online. In addition to the two surveys, 15 ethnographic interviews were conducted in three urban markets (Seattle, Detroit and Dallas) to inform the surveys and to capture in-person, in-home and at-store behavior.

Part III. Executive Summary

This paper presents insights into three major opportunity areas for food manufacturers and retailers:

1. Engaging with "eaters" rather than just cooks
2. Understanding consumption through eating occasions rather than just stock-up occasions
3. Becoming a curator of eating experiences rather than a one-size-fits-all approach

All of the findings reported here derive from two large-scale consumer surveys and recently conducted in-depth ethnographic field research and are sourced at the end of this document.

By way of summary, the key insights are:

1. In an eating culture, everyone participates. Decisions about what to eat have changed purchase decisions, which in turn have affected how we need to engage with consumers as "eaters"
    a. Consumers have become much more adventurous, looking for new and globally inspired foods
    b. Consumers rely more than ever on prepared foods that they can "doctor" to suit personal tastes
    c. Men have increasingly become shoppers

2. A focus on eating occasions reveals some significant changes in eating patterns and how they affect shopping for food
    a. Eating alone is on the rise
    b. Snacking is on the rise, especially in the evening
    c. Eating has become more spontaneous
    d. Shopping has become more spontaneous
    e. Eating occasions drive more shopping trips than pantry stocking

3. Consumer expectations for brands and retail experiences have risen and this has raised the stakes for retailers and manufacturers alike
    a. Consumers remain loyal to favored brands, but think nothing of changing brands to try something new and typically don't care if it's a national, private or specialty brand
    b. Consumers hunger for new, interesting and unique products to discover
    c. Consumers look for retailers that offer a shopping experience that inspires them to explore and try new food experiences, regardless of their skill level in the kitchen

Part IV. Introduction: Consumers Are Coming Out of the Kitchen

Food culture in the US is undergoing a major transformation from being predominantly cooking-oriented to one that revolves around the simple pleasure of eating and celebrating food. Food lovers seek to satisfy more than just hunger with their meal and snack choices. Instead, consumers aim to fulfill emotional-based desires for comfort, health, culinary adventure and tangible connections to the people and world around them.

Food is everywhere and our routine engagement with it is more direct and personal than ever before.

An eating culture is inherently more inclusive than a cooking culture; everyone is an eater, so everyone can participate. Thus, food has become ever more central to the life and identity of all consumers, not just Moms or the family meal planners. In fact, being culturally savvy now requires all food fans, not just the foodies or food snobs, to have some measure of food literacy. Rich food experiences provide people with more ways to express themselves and interact with the broader culture. Food has also become a key to self-identity. Whether by eating more or less or just eating better, food enables consumers to live more intentionally.

The liberation of cooking as a specialized and necessary role within the household has also allowed consumers of every demographic to look beyond the limits of meals prepared by the home cook—traditionally Mom—to experience new taste adventures. Restaurants have replaced Mom's home cooking as the source of favorite meals.

As a result, food is everywhere and our routine engagement with it is more direct and personal than ever before. Physically, it's in big stores, little stores, virtual stores, on the streets, at restaurants, at schools and at work. It's experienced vicariously on TV, in print, online and in everyday conversations. Since consumers no longer have to rely on the household cook, they can and do choose exactly what they want to eat, how they want it prepared and the time of day they want to enjoy it.

How We Got Here

Fundamental demographic changes in household composition and traditional family roles have also been instrumental in reshaping food culture. Chief among these changes has been a decline in the proportion of households with young children, which have been replaced by a growing number of childless and single-person households.[1] With no children to cook for, household members adopt meal planning and grocery shopping responsibilities.

And while this is nothing new in and of itself, what is revealing is the sheer number of households where this is the norm and how this has impacted the broader culture. To put it simply, meal and snack procurement is routinely being performed and enjoyed by a larger number of household members, including men, than ever before.

Most important, the reallocation of these household responsibilities has also redistributed their control. Before, the individual charged with feeding the household also took care of preparing, cooking, planning and shopping. Everything "food" revolved around the individual with cooking skills, because that was how the food that sustained the household was put on the table.

Under this arrangement, meals became the central focus because they represented the core expertise of the household cook. Not only was there less time to prepare anything between meals, eating between meals was viewed as disruptive. Parents admonished household members not to "spoil their appetite," because this would have undermined all of the time and effort devoted to making the meal. Snacks were infrequent and positioned as special treats to be consumed sparingly.

Since meal planning and grocery shopping took so much time and effort, typical cuisine was limited to what the primary cook could manage with her own cooking skills and still stay within the household budget. Through careful planning and scheduling of these tasks, a "good" cook could minimize waste, save time and incorporate shopping as an automatic and necessary household routine.

This model has been revolutionized by shifts in eating culture as consumers seek out different and engaging food experiences as a means to enrich and enjoy their lives. This more positive point of view fundamentally changes what and how we eat, how and where we shop and what we value in the retailers and brands we choose.

What We Eat

With the majority of today's eating occasions now revolving around snacks instead of meals, the demand for more healthful, exciting and convenient options remains top-of-mind. In fact, snacking frequency has nearly doubled since 1977.

Snacking frequency has nearly doubled since 1977

New taste experiences are increasingly attractive to consumers, from both fresh and prepared foods, with 48 percent reporting that they have tried something new or "global" on their last eating occasion and 52 percent indicating they have added new dishes to their regular cooking routine.

While our former cooking culture was largely based on meals being planned and prepared in advance, consumers in today's eating culture are taking advantage of others (retailers, restaurants, etc.) doing the work for them. In fact, according to the study, 77 percent of eating occasions involved at least some prepared food on a regular basis. We might make our food choices based on the last great meal we enjoyed at a favorite restaurant or an especially delicious Tapas-style appetizer spread sampled at a recent holiday party.

How We Value and Interact With Retailers

Consumer decisions about where to shop are often based on emotional "stakes." For example, a desire to teach children healthy eating habits might motivate regular visits to a nearby "natural" foods store. A need to display culinary prowess when hosting a formal gathering or client meeting might prompt a special trip to a gourmet store.

In some instances, a consumer might visit three stores to create a special meal. For example, it could mean one stop at a high-end grocer for Porcini mushrooms to add to a sauce, another to a local bakery for a fresh pastry dessert and a final visit to a reputable wine purveyor to pick out an appropriate vintage to accompany the meal.

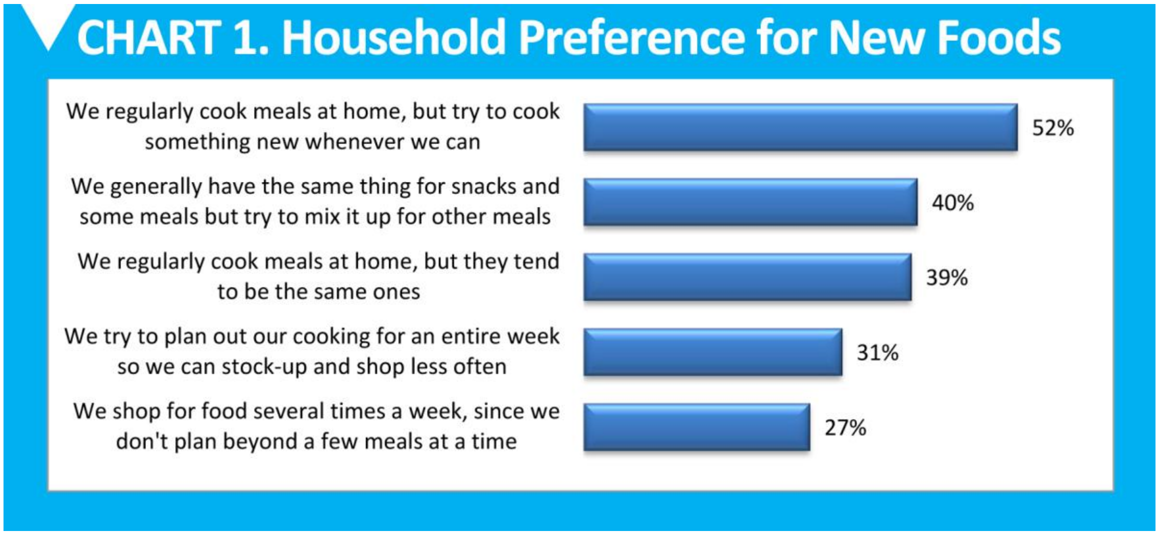
With this kind of shopping in mind, retailers can provide a one-stop alternative by providing access to a *convenient* culinary adventure, such as an appealing display offering regional Italian meal components (mushrooms, sauce, dessert, wine) that allow a shopper to grab, go and create an amazing meal without additional store visits.

Retailers who guide consumers in their quest for new food experiences by offering quality, convenience and culinary adventure will win loyalty and drive sales.

Part V. Engaging with "Eaters"

How We Eat

With the shift from a cooking to eating culture comes a new world of opportunity for a more modern family model — from college roommates to single Dad arrangements — to seek out new, globally-inspired flavors and spontaneously enjoy their food anytime, anywhere. It means less cooking, less pantry stocking, more frequent shopping trips and a desire to explore and experiment with new cuisine, from online-derived recipe ideas to retailer-prepared meal components that can be used to create or complete personalized meals and snacks.



Although consumers often turn to the familiar, more and more seek unfamiliar food experiences for enjoyment and a break from the routine. The demand for new tastes has had an enormous impact on meal planning and shopping behavior. Chart 1 demonstrates the household level of demand for new food experiences compared to more routine approaches to meals.[2]

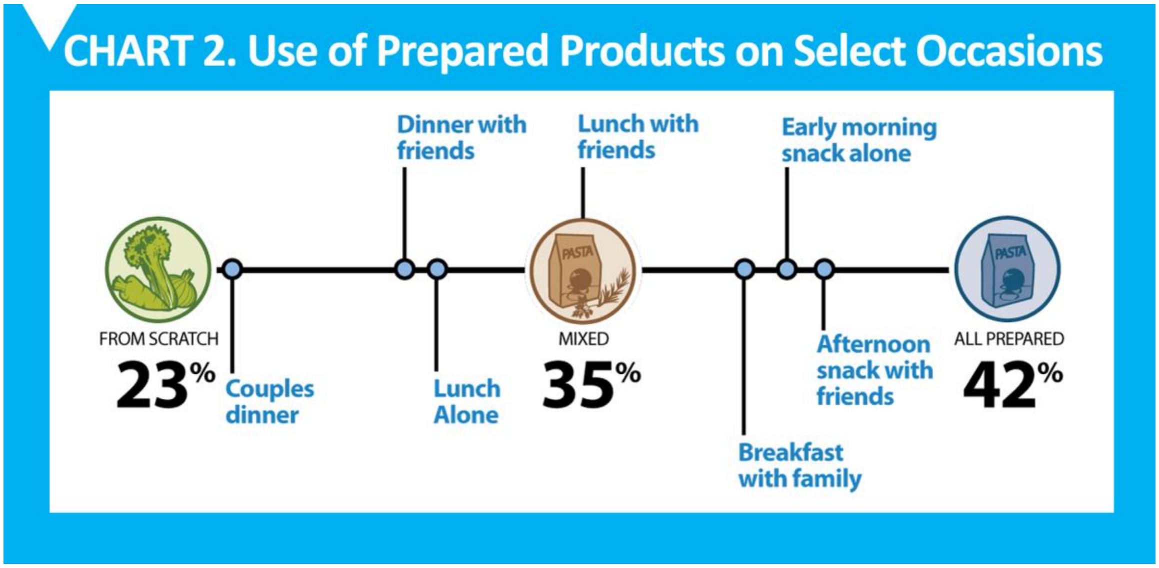
While many households (31 percent) still try to plan their cooking and shopping to save on time and effort, they also recognize that plans often fall by the wayside. Indeed, meal planning now focuses less on recipes, ingredients and main meal components and more on the desire to satisfy a wide-range of taste preferences. In fact, for 76 percent of adult-eating occasions, the content of the meal or snack is decided upon an hour (or less) before eating. What's more, one in 10 planned occasions undergoes a change in plans (mostly because the mood for something else strikes).[3]

One of the main ways households expand the range of their at-home food experiences is to tap into global cuisines, which are brought to their attention via travel, TV shows, restaurant dining, online information sources and social networks.

Despite the growing interest in ethnically diverse food traditions, a general lack of cooking skills, proper cooking utensils and authentic ingredients hampers many consumers' ability to satisfy their desire to try new dishes at home. As a result, many turn to pre-packaged, step-saver and prepared foods to fill the gap.

In the movement toward an eating culture, the very definition of cooking has been updated to accommodate cooking with packaged foods.

More generally, consumer use of packaged foods reflects a major shift in the way cooking is currently done. Consistent with the overall transformation of food culture from cooking to eating, perceptions of what constitutes cooking have undergone a transformation as well. The traditional mode of cooking from scratch using only raw ingredients is quickly disappearing as the norm. While households have relied upon convenience products from the time they first appeared on the market, few self-identified cooks considered the use of such products as "real" cooking. In the movement toward an eating culture, however, the very definition of cooking has been updated to accommodate component cooking. When we compare Boomers to Millennials in the chart below, for example, we see the latter are much more likely to think of cooking as assembling a meal from packaged goods with a few fresh ingredients added.[4] Even more important, perhaps, consumer definitions of cooking do not significantly vary according to an individual's level of cooking experience. In other words, perceptions of cooking are not a function of cooking skill, but rather a culturally defined behavior.



As shown in the Chart 2, less than a quarter (23 percent) of adult eating occasions involves consuming dishes prepared from scratch.[5] The majority involves at least some prepared foods and two out of five require no actual cooking.

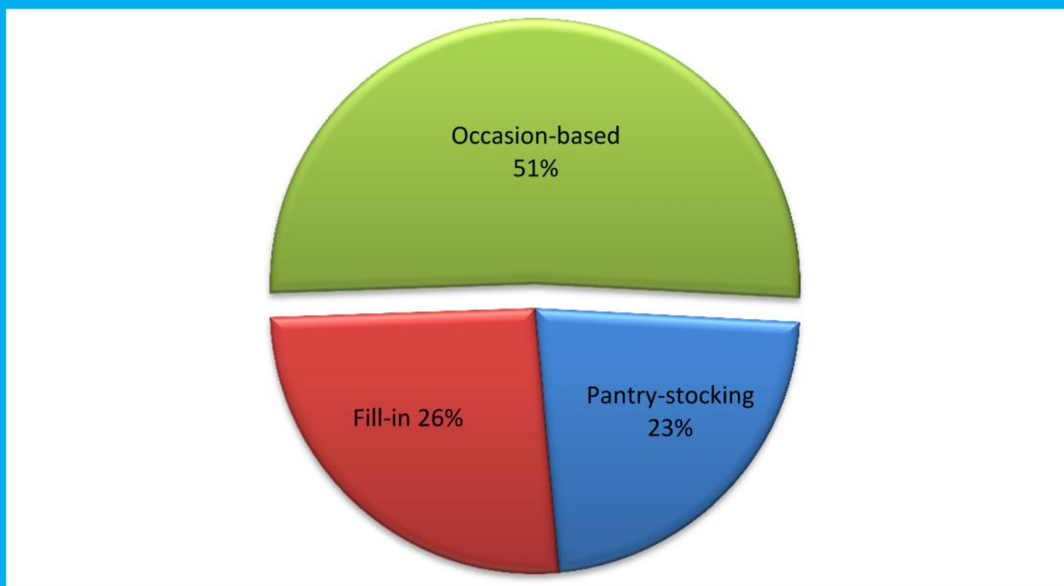
Part VI. Understanding Consumption Through Eating Occasions

How We Shop

The best way for retailers to respond to the eating culture phenomena is by **understanding the eating occasions** that drive consumer shopping behavior, including:

- **Who**: Who is being served? Is the occasion a relaxing meal for one or a family dinner?
- **When**: When will the occasion occur, and under what special circumstances? Will it be a before-breakfast snack or holiday dinner?
- **Where:** Where will the consumer be eating — at home, in the office or on the go?
- **What:** What key needs are relevant to the occasion? Will vegetarians be present, or those with food allergies?
- **Why:** Why is the occasion important? What are the emotional stakes? Is it the first Thanksgiving dinner since Grandma passed away, or a time to impress a new boyfriend?

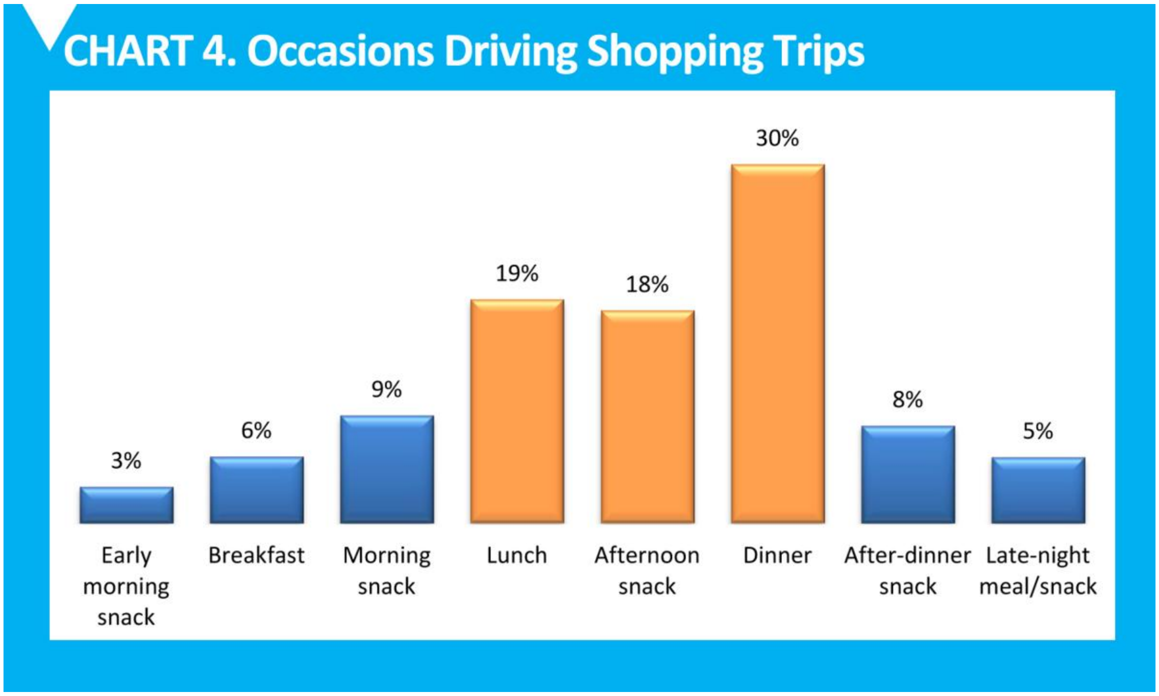
CHART 3. Trip Types



Today's consumers can and do think about food at any time of day. More to the point, food shopping has moved from pantry stocking to satisfying eating desires, since even a well-stocked pantry doesn't always do justice to the mood of the moment. The long-term decline in routine meal planning and food shopping has given way to an increase in shopping frequency and focus. Rather than plan and shop for a wide range of eating occasions all at once, consumers now tend to shop more by specific eating occasions. Our survey of past-48-hour shopping trips for food and beverages reveals that eating occasions drive the largest share of these trips (see Chart 3).[6] That only a quarter of shopping trips are devoted to pantry-stocking actually understates the situation, since the trend is toward more frequent trips with smaller basket sizes.

Given the large share of trips serving particular eating occasions, it is critical to understand these trips better. First, we should identify the types of eating occasions behind the majority of these trips. Second, we should determine how occasion-based shopping trip behavior differs from more traditional shopping behavior.

Not surprisingly, perhaps, it turns out that meals account for the bulk of occasion-based trips. More specifically, dinners and lunches are the top trip drivers (see Chart 4). Afternoon snacking equals lunch as a trip driver, although each occasion represents a unique sets of opportunities and challenges for retailers.



While dinner appears more firmly rooted in the grocery and supercenter channels, the other two major occasion-based trip drivers are less so. Lunch is certainly sourced from grocery/supercenter more than other retail channels, but it suffers more than the dinner occasion from competitive threats posed by food service. Lunch is 45 percent more likely to be eaten at a restaurant or on the go than dinner.[7]

In contrast to lunch and dinner, shopping for an afternoon snack is well over twice as likely to occur at a C-store or drugstore, which means there is more competition across retail channels for trips to obtain snacks.

Although individual snacking occasions may seem smaller, it's worth noting that nearly half (44 percent) of occasion-based shopping trips are for snacks rather than meals.[8] Capturing a share of these trips not only increases the number of contacts a retailer can make with shoppers, it also increases the number of opportunities to entice these shoppers to purchase products they would pick up on another trip, quite possibly at another retailer. The practice of motivating unplanned purchases at store is nothing new, of course. What merits attention is the growing habit of consumers to visit a store for a quick snack, which retailers have been slow to effectively leverage.

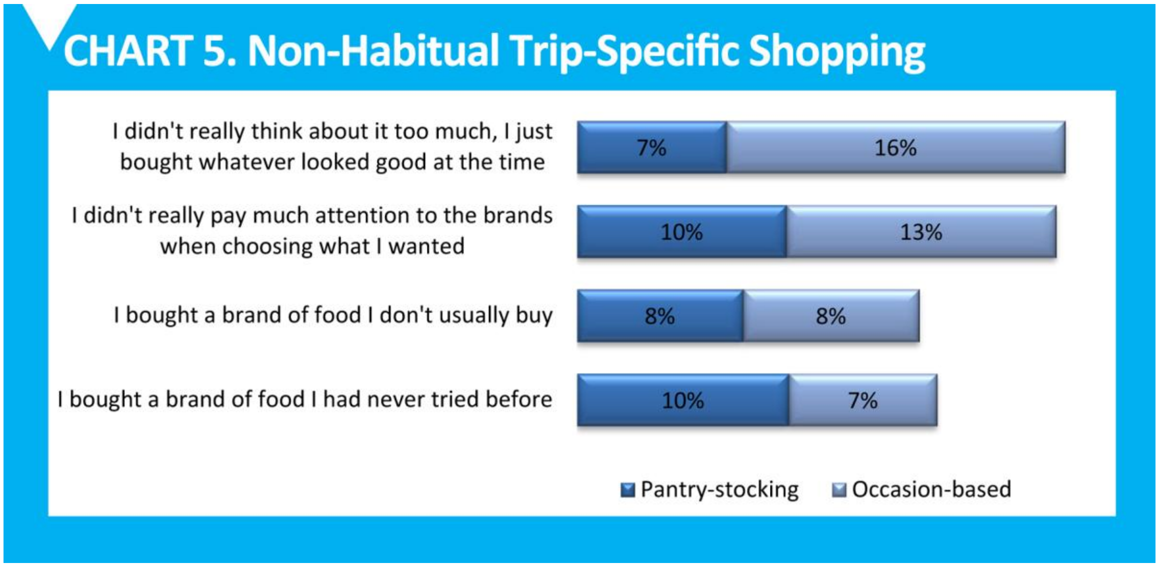
1 out of 10 adult eating occasions takes place within an hour of shopping for it.

In addition to being a major trip driver, occasions also condition shopping behavior in meaningful ways. The most obvious change in shopping behavior concerns the time horizon to consumption. Whereas routine meal planning and shopping tends to delink the eating occasion from the shopping experience, occasion-based shopping has the opposite effect. In fact, one out of 10 adult eating occasions takes place within an hour of shopping for it and nearly half (46 percent) of these occasions are meals.[9]

We also find occasion-based trips to be less planned, in general, than pantry-stocking trips. Shoppers on occasion-based trips are 63 percent more likely than when pantry-stocking to make purchase decisions based upon their mood at the time. Chart 5 shows the explanations given for purchases on occasion-based trips versus pantry-stocking trips.[10]

Shoppers are also less price sensitive on these kinds of trips, especially when shopping for dinner, since the main motivation is feeding a want rather than stocking up on staples.

The top occasion-based trip drivers (lunch, dinner and afternoon snacking) are also the top three eating occasions. (Although breakfast runs a close second to afternoon snacks, it is much less relevant as a specific trip-driving occasion.) Overall, we find that snacks slightly outnumber meals in terms of the number of eating occasions on any given day, but we have also seen the share of food consumption drift in favor of snack occasions over the past three years, which indicates growing consumer participation in snacking behavior. This change is more apparent when comparing generations. Millennials snack more than Boomers and younger Boomers snack more than older Boomers.



Apart from generational changes in the level of snacking, we have found that the increase is largely due to changes at the margins of the day, particularly in the evening, rather than mid-day. The kinds of products fueling the growth in evening snacking tend to be sweets. This development is interesting because it runs counter to broader trends in snacking toward healthier, more nutritious snacks. The larger trend is a result of consumers shifting the burden for meeting their health and nutrition needs from meals to snacks. Put the other way around, meals have become less oriented to nutritional requirements and more focused on enjoyment.

Solo Eating

Another interesting change in eating behavior has been the growth in "solo" eating occasions. Once considered a lonely endeavor, consumers are increasingly more comfortable with consuming their meals and snacks alone. While it's tempting to pass this off as a natural consequence of the rise in single-person households, the recent increase in eating alone has little to do with household living arrangements. Over the past three years, for example, alone eating has increased from 44 percent to 47 percent of all adult eating occasions.[11] Yet, single-person households have held steady at 27 percent during this same period.[12] Finally, most alone eating (64 percent) is by consumers who do not, in fact, live alone.[11] So, while those who live alone have a significantly higher probability of eating alone, they cannot account for the level of alone eating we are witnessing today.

Part VII. Being a Curator of Eating Experiences

How We Think About Brands

The eating-focused consumer is much more open-minded when it comes to brands as desires for new experiences often replace brand loyalty, at least on occasion. In fact, 56 percent of consumers have become brand "agnostic," reporting that they don't care if a product is national, private or specialty branded and 67 percent choose products according to a whim or desire for variety rather than brand affinity.

To stay relevant, category brand managers need to accommodate innovation that supports a continual pipeline of new and improved products and services. This doesn't necessarily mean reinventing the wheel. Instead, it could involve making a familiar product new with the addition of a fresh ingredient or meal accompaniments that offer something different without the risk.

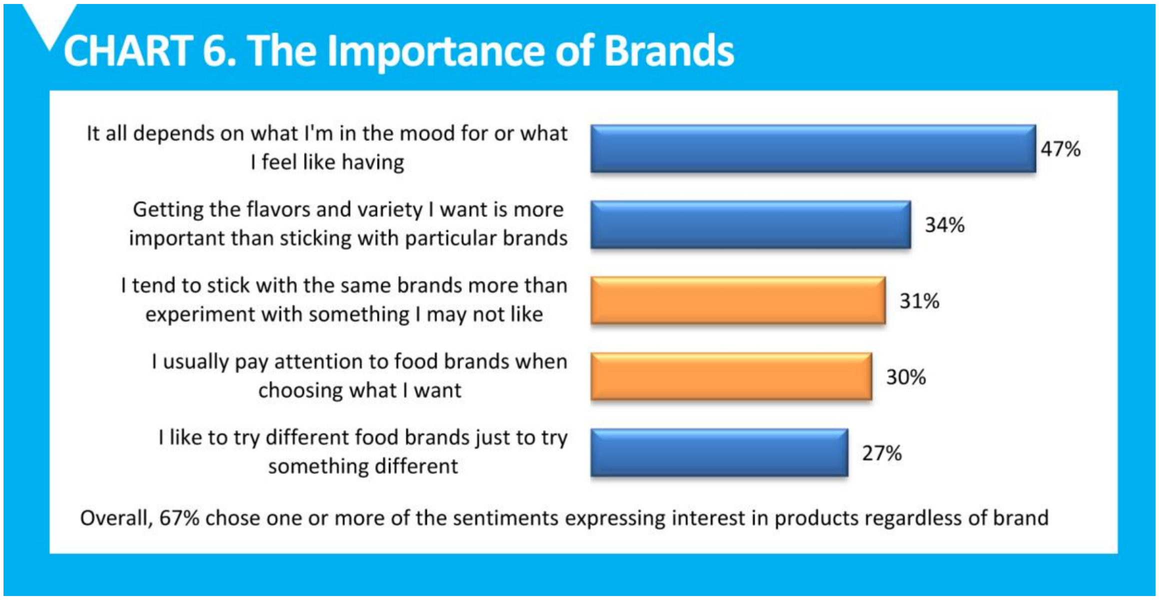
Appealing to consumers today requires much more than offering a wide range of products at the lowest price. While this is an effective way to attract shoppers, it does not secure loyalty. Instead it conditions shoppers to look elsewhere to find a lower price. Another way to offer value and build loyalty is to understand what consumers want that they can't get elsewhere. Part of that is offering consumers products that go beyond the usual (e.g., tapping into global cuisines) and which involves creating a compelling retail environment that inspires shoppers.

Although many large CPG brands have seen flat to declining unit sales for several years, by itself this is not evidence of mounting discontent with established brands. Rather, much of the poor sales results are a consequence of consumer interest in new and different food experiences, which older brands have not (nor are they necessarily expected to have) delivered. In other words, consumers can remain loyal to favored brands, but still think nothing of changing brands, if only temporarily, to try something new.

While the familiar offers one kind of food experience that consumers value, they have also been trained to obtain that experience at the lowest possible price. In some categories this has reached such extremes that consumers have migrated from national to "value" oriented private brands.

This has created a situation where brands are much more in flux than before, where innovation can come from different kinds of brands and where brand loyalty has been redefined.

As Chart 6 shows, consumers are just as likely to stay with a familiar brand as try a new one.[13] Moreover, when exploring new products, most consumers (57 percent) do not seem to care whether they come from a well-known national brand, a private brand or a small specialty brand.[14] In general, consumers neither avoid nor seek out particular kinds of brands so long as the product fulfills their desire for something other than the usual fare.



This situation tends to favor brands whose success is not tied to moving massive volumes of product, which means those fearlessly seeking to bring new products to market have a competitive advantage over many large national brand manufacturers. For retailers and manufacturers alike, this means adapting to the consumer's constant search for products that can deliver new and interesting experiences.

Inspired Innovation

As further evidence of the change in consumer orientation to brands, we can examine the preferences consumers express for product innovation coming from national brands versus specialty brands versus private brands at the category level. A high-level view (see Chart 7) shows that consumers are more brand-agnostic in some categories than in others.[15]

One way of thinking about these category-specific results is according to the complexity of the products. Specifically, categories that are either ingredients or don't ordinarily require a recipe tend not to support strong brand preferences. In contrast, in categories that rely on recipes, consumers are more likely to take brand into account when deciding to try something new.

Similarly, simple categories such as coffee and tea, which market real flavor distinctions, also support brand preferences. Beyond the role of brands in product innovation, the retail environment can also have a tremendous influence on consumer behavior. In particular it affects how consumers assess a given retailer's relevance to their eating habits and aspirations. This includes not just what is offered but also how it is offered.

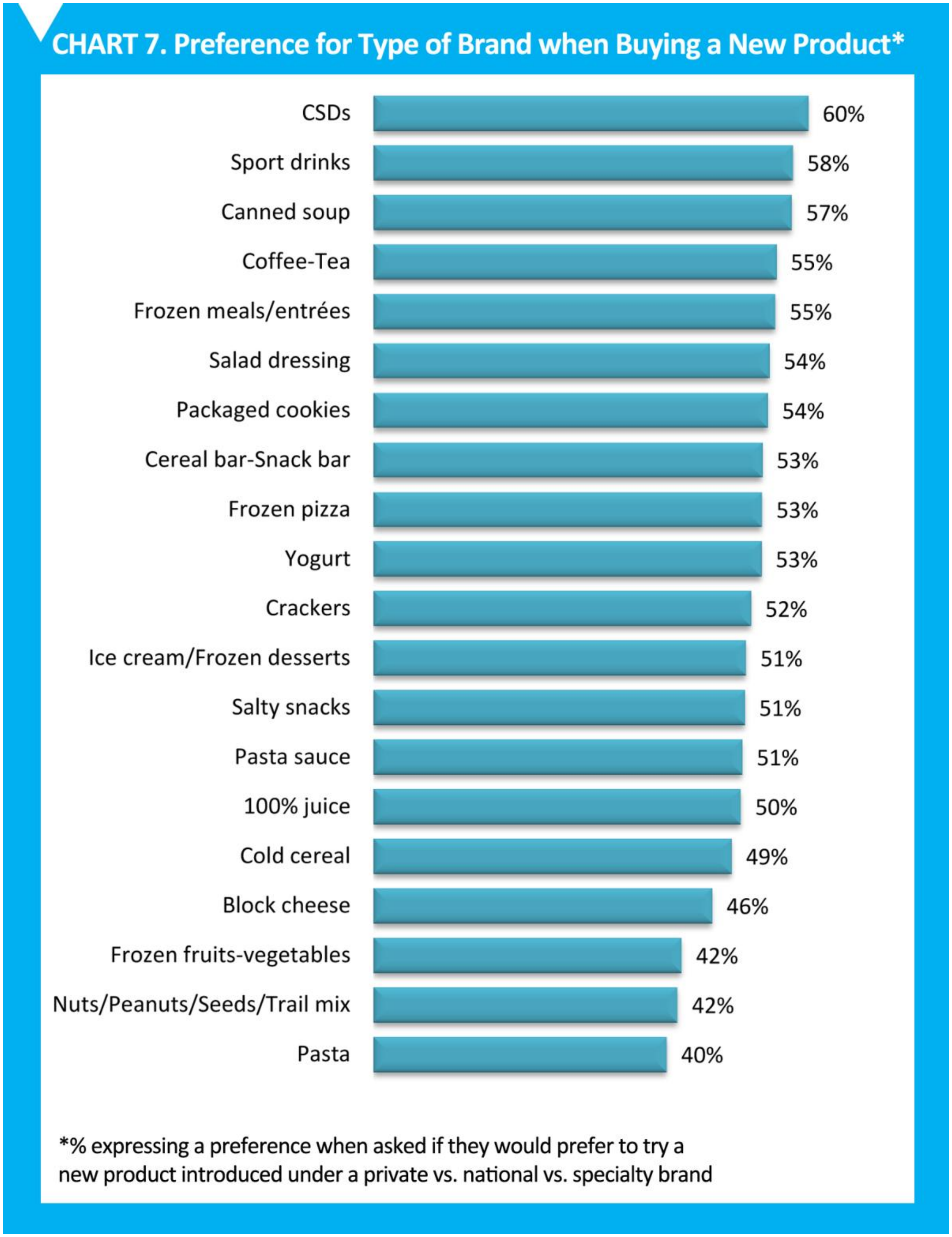


CHART 7. Preference for Type of Brand when Buying a New Product*
CSDs 60%
Sport drinks 58%
Canned soup 57%
Coffee-Tea 55%
Frozen meals/entrées 55%
Salad dressing 54%
Packaged cookies 54%
Cereal bar-Snack bar 53%
Frozen pizza 53%
Yogurt 53%
Crackers 52%
Ice cream/Frozen desserts 51%
Salty snacks 51%
Pasta sauce 51%
100% juice 50%
Cold cereal 49%
Block cheese 46%
Frozen fruits-vegetables 42%
Nuts/Peanuts/Seeds/Trail mix 42%
Pasta 40%
*% expressing a preference when asked if they would prefer to try a new product introduced under a private vs. national vs. specialty brand

Great Rewards for Responsive Retailers

The traditional approach to merchandising strives to spark unplanned or impulse purchases while helping shoppers find the products they planned to purchase. Although the objective today remains the same, the tactics used to achieve it must recognize that consumers shop differently. Occasion-based shopping trips have altered the focus of most store visits in fundamental ways. Shoppers make most purchase decisions before entering a store by having default brands and products in mind. However, they are also much more open to switching from their default choices if given a good enough reason to do so.

Most consumers (62 percent) want to shop where there are always unique products to try.[16] But presenting the right product mix is critical. Shoppers expect retailers to be good curators, and to carry what they want and omit what they don't want. Only 16 percent of shoppers claim they don't choose a store based on what it does or doesn't carry[17] and a third (34 percent) of shoppers actually avoid stores that carry a lot of products they don't normally buy.[18]

Therefore, having the right product mix for target consumers is crucial for successful retail operations in such a competitive market. But this is not enough to stand out as a favored retailer. That requires becoming a curator, a retailer that understands what the proper mix of products and brands should be, what represents high quality, what makes up a good shopping experience, and the importance of knowledgeable staff. Key determinants of choosing a retailer appear in Chart 8.[19]

These characteristics all speak to the need for retailers to represent more than a place to find good deals. As important as that is, a positive shopping experience ensures that shoppers find more value to shopping at a given retailer than mere price points.

Retailers need to move beyond the one-stop shopping concept to provide from "everything to everyone" to "exactly what I need when I need it."

Part VIII. What This Means at Retail

1. Engage consumers as “eaters” and “cooks”

Together, the pursuit of new food experiences and the redefinition of cooking have created a favorable environment for packaged food innovations that effectively address growing consumer interest in less familiar global cuisines. Opportunities abound for nimble manufacturers and retailers that can simultaneously address growing consumer demand for new products as well as those that enhance their ability to stretch home cooking.

An eating culture means everyone participates, so it’s no longer good enough to cater to just “cooks.” Depending on the stakes, all consumers want to engage in “cooking,” so a key to success is offering products that offer various levels of involvement in addition to complete meal solutions. However, lack of familiarity or access to the necessary seasonings, flavorings and sauces can pose challenges.

2. A focus on eating occasions

Understanding the eating occasions that motivate behavior is vital to successful consumer engagement. Not only do eating occasions reflect food culture shifts that influence consumer eating habits, such as increased pre-breakfast snacking, but they also drive more food shopping trips than routine pantry-stocking needs.

Meals are among the most common adult eating occasions and account for the greatest volume of product sales. Shopping for these occasions, however, depends on the meal in question. While breakfast is typically covered by pantry-stocking trips, lunch and dinner are more often supplied by occasion-specific trips. All three meal occasions are equally important as orienting devices for shoppers, but only lunch and dinner are significant trip drivers, which means consumers are more open to suggestions when shopping for these occasions.

Marketing and merchandising to eating occasions will become increasingly necessary to stay relevant with shoppers, and now depends on the meal or snack in question. For the greatest impact, retailers must understand the role of eating occasions in driving shopping behavior as well as the in-store tactics that are most effective in providing value beyond price reductions. As an example, merchandising for lunch requires a multi-dimensional approach. Retailers need to understand the occasions within occasions, such as a quick lunch before a playdate versus entertaining friends, and holistically market accordingly.

Inspiring and enticing shoppers with interesting options can position retailers as destinations for consumers seeking alternatives to food service or the usual store offerings and ultimately be the deciding factor when they decide where to shop for lunch or dinner.

Marketing to breakfast differs somewhat in that it tends to be much more habitual, and in fact, is among the most routine of all eating occasions. Not surprisingly, shoppers are looking for convenience and often portability, however desires for interesting taste experiences do make them open to new products. In the context of breakfast, breaking from routine doesn’t necessarily mean choosing global options.

Rather, variety within familiar breakfast categories is more about easy ways to refresh standard choices with creative ingredient additions or packaging solutions beyond variety packs. As a matter of fact, it's important to determine how to reconcile offering economical multi-serve packaging with more freedom-of-choice inspired single-serve packages.

3. Becoming a curator of eating experiences

Higher consumer expectations have made it increasingly difficult for retailers to differentiate from competitors. Continued proliferation of food shopping choices and online options will only accelerate this process. To create meaningful distinction in the market, it is necessary to offer shoppers a unique experience, whether through product mix, in-store design or expert personnel ready to serve consumers. Best-in-class retailers constantly strive to improve all consumer touch points and inspire their shoppers to eat more creatively.

In reviewing product mix, work toward a category management strategy that can accommodate constant product innovation. While conventional SKU rationalization is meant to improve the bottom line by ensuring slow moving products give way to those with higher turns, it puts the focus on pruning. Rather than training customers to always seek the lowest price, retailers can impress and secure loyal shoppers by acting as curators and introducing consumers to less familiar, exciting products. Understanding just how far your shoppers will stray from the familiar is essential to successfully implementing this strategy.

Retailers that currently attract shoppers looking for the absolute lowest price will need to be sensitive to changes that upset this state of affairs. Long-term, these may not be the most desirable shoppers, but migrating to a less price sensitive shopper base may prove challenging. An occasion-based strategy could smooth such a transition by highlighting products aimed at less price-sensitive occasions. This would set the stage for attracting a more robust customer base without alienating those expecting bargain prices for their staples. Understanding which categories support multiple brand tiers, and which kinds of brands (private, specialty or national) satisfy customer preferences, will help retailers craft a coherent brand strategy.

Inspiration for shoppers can also come from an in-store design that celebrates both eating and cooking. In considering in-store design inspiration, it's important to recognize both cooks and non-cooks. While both cooks and non-cooks are drawn to the possibilities of new, unfamiliar ingredients, non-cooks rely on prepared foods for dishes they cannot create for themselves. Cooks might be more interested in taking on a culinary challenge, but they still appreciate high-quality prepared options for occasions when they don't want to do the work. Therefore, bringing together raw ingredients and offering nearly or completely finished dishes serves both shopper needs in a way that communicates the retailers understanding of food culture.

Similarly, staging new eating experiences in-store invites shoppers to participate more directly in food culture. This can be accomplished through cooking and product demos, but it can also be achieved through richer interactions with store employees. It doesn't necessarily mean hiring more employees but rather enlisting more knowledgeable, better-trained and more passionate staff. More generally, it means having employees who enjoy sharing their own personal experiences with products, ingredients, cooking and eating, because this is how consumers relate to one another as eating culture participants.

Part IX. Conclusions and Key Takeaways

- We now live in an eating culture, not a cooking culture. An eating culture is inherently more inclusive than a cooking culture: everyone is an eater, so everyone can participate.

- Consumer food experience has outgrown the family kitchen as technology, more single family and childless households, and exposure to new cultures and cuisines have ignited cravings for different, connective taste experiences.

- The eating culture evolution has resulted in less cooking, more frequent shopping trips and a desire for food experimentation and exploration, increasing spur-of-the-moment, mood-based purchases.

- Shoppers on occasion-based trips are 63 percent more likely to make decisions based on their mood or cravings than when pantry stocking. Products that allow for at-home personalization, such as the addition of a special sauce or exotic spice, are especially appealing to adventurous consumers.

- Snacks trump meals as the number one eating occasion, claiming 44 percent of occasion-based shopping, as more consumers engage in pre-breakfast and late night noshing on healthier fare.

- Prepared and fresh grab-and-go options in smaller portions appeal to the rising number of consumers enjoying “solo” eating experiences.

- Consumer expectations for brands and retail experiences include demand for inspiration, convenience and easy access to new, fresh and culturally relevant products, both fresh and prepared. Brands and retailers that deliver a steady stream of new, improved offerings and taste experiences will remain relevant and secure more loyalty.

- Occasion-based shopping trips have altered the focus of store visits in fundamental ways. Shoppers make the most purchase decisions before entering a store by having default brands and products in mind. However, they are more open to switching from their default choices if given a good enough reason. Most (62 percent) shop where there are always interesting and inspirational products to buy.

- To offer value and build loyalty, retailers need to provide consumers with desired products that they can’t get elsewhere while also creating a compelling retail environment that inspires them, with options such as hosting cooking demonstrations and tastings.

- Shoppers expect retailers to be good curators who carry what they want and eliminate what they don’t. It’s not enough to stand out as a favored retailer. It requires becoming a curator of the right mix of quality products and brands, with a knowledgeable and interactive staff.

Part X. Quantitative Research Methods

Activating New Opportunities at Retail

This survey (of 2,254 U.S. adult consumers) examines US consumers' attitudes and behavior related to food/beverage shopping, food/beverage brands, and cooking. The sample for this survey was nationally representative of adult consumers, aged 18+, who had shopped for any food or beverage within a 48-hour time period. It was not limited to "primary shoppers," but instead a sample of shopper behavior within a 48 hour time-period spread evenly over the course of one full week in order to capture shoppers every day.

The data file adjusts for any departures from US Census distributions of age, gender, race, Hispanic ethnicity, Census division, education, number of children, and HH size. Demographically representative weights were developed without filtering for past 48 hour food/beverage shopping to ensure proper representation irrespective of shopping incidence. The sample weights include a correction for shopping behavior by day of week (i.e., heavier shopping days receive proportionally greater weight).

HOBM Compass

This survey is an ongoing study of eating occasions in the US, with detailed profiles (including attitudes, attributes and behaviors) for two randomly selected occasions that happened within 24 hours of the survey. Three years of data from 2010 to 2012 have been collected from representative samples of the US adult population for a total of 36,339 eatings that occurred within a 24-hour period. The sample for this survey is nationally representative of adult consumers, aged 18 – 70 and their eating occasions. For each year covered, the survey ran for seven days to capture the range of occasions experienced over the course of a normal week.

Qualitative Research Methods

In addition to the two surveys, 12 in-home and shop-n-talk interviews were conducted with consumers in Seattle, Detroit and Dallas (August 2012). All subjects were primary household shoppers, and recruited to represent a range of food involvement, value orientation and demographics, e.g. mixed ages, incomes and household compositions.

All completed homework prior to the interviews: a shopping map of the stores they visited, snapshots of their shopping baskets/carts, a food inventory of the home and a food journal. The semi-structured interviews included the following discussion topics:

1. Food Culture: explain how your approach to food differs from your parents
2. Eating Occasions: describe a day in your life through food
3. Shopping Topography: tell us about your food procurement
4. Brand Landscape: which brands (national, specialty, private) are meaningful to your food life

All in-home interviews were completed with a kitchen and store tour.

In addition, extensive retail audits were conducted in each of the three markets (Seattle, Dallas and Detroit) to document entrance/exit experiences, store design and signage, staff interaction, brand and service experience, and discovery experience.

Part XI. Daymon Worldwide and Hartman Group

Daymon Worldwide provides its leading-edge services through multiple divisions organized under one corporate umbrella. We can offer a fully integrated retail program that takes advantage of all our companies, or you can partner with our individual divisions – it's your choice! Either way, Daymon's services are carefully tailored to match the needs of its partners, providing flexibility and focus to drive overall business growth.

OUR BUSINESS

Daymon
Private Brand Development
a DWW company

PRIVATE BRAND DEVELOPMENT
- Private Brand and Retail Strategy
- Private Brand Program Management
- Category Analytics and Insights
- Product Development and Sourcing
- Supplier Development and Management
- WIC Services (USA)

Daymon
Design
Global Marketing Group
a DWW company

STRATEGY & BRANDING
- Global Consumer and Retail Analytics and Insights
- Competitive and Opportunity White Space Analysis
- Brand, Retail and Portfolio Strategy
- Brand Identity and Packaging Design
- Brand and Product Concept Development
- Consumer-Centric Solutions Development and Implementation
- Shopper Marketing

Omni
Sourcing and Logistics
a DWW company

SOURCING & LOGISTICS
- Supply Chain Optimization
- Consolidation and Redistribution
- Global Distribution
- Logistics Management
- Market Trend Analysis
- Supplier Sourcing
- Global Import Solutions
- Global Export Solutions
- Quality Assurance
- Retail Solutions / Innovation
- Training and Education

SAS
Retail Services
a DWW company

RETAIL SERVICES
- Total Store Remodeling
- New Store Setups
- Dedicated Retail Programs
- Large Scale Category Implementations
- Category Updates
- Audits and Product Recalls
- Display and Fixtures Assembly
- Online Reporting
- Store Mapping
- Warehouse and Logistics

Interactions
Consumer Experience Marketing
a DWW company

IN-STORE MARKETING
- In-Store Product Sampling
- Coupon Concierge™
- Taste Tests
- In-Store Brand Ambassadors
- Brand Patrol™
- Grand Openings
- In-Store Event Staffing
- In-Store Event Kits

OUTDOOR MARKETING
- Guerilla Marketing
- Sampling Programs
- Mobile Tours
- Outdoor Brand Ambassadors
- Events Staffing
- Retail Grand Openings / Re-Openings
- Outdoor Event Kits

INSIGHTS
- Mystery Shopping
- Customer Intercepts
- Web Based Surveys
- Receipt Surveys
- Retail Audits

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About The Hartman Group

Hartman Group is a consumer culture consultancy serving consumer packaged goods companies, retailers and organizations in foods and beverages, foodservice, personal care, pharmaceutical, shopper marketing and other businesses that comprise the consumer marketplace. Powered by primary qualitative, quantitative and trends research, we know how consumers live, shop and use brands, products and services within the contexts of real life. We specialize in understanding how consumer attitudes, lifestyle and behaviors lead to purchase. If you are looking for competitive distinction, consider our expertise to understand consumers, identify growth opportunities, reinvent or reignite brands, develop new products and fuel strategic thinking.

HARTMAN FACTS
The Hartman Group is a principal provider of global research on consumer culture, behaviors, trends and demand and a leading advisor on market strategy to the world's best-known brands.

FOUNDED: 1989

HEADQUARTERS: Bellevue, WA

STAFF COMPOSITION:
Social scientists, full-time PhDs with backgrounds in anthropology, sociology, psychology, visual analysis and linguistics, MBAs, marketers and innovators.

EXPERTISE:
Consumer culture. Growth opportunity spaces. Trends. Innovation. We progressively use new qualitative and quantitative research methods to understand consumer and shopper lifestyles, aspirations, purchasing patterns and motivations including, how they live, where they shop and what they use. Most importantly, we provide the WHY behind the buy.

How We Do It

Each year, we literally spend thousands of hours immersed in peoples' lives. We have an analytical tool kit that unpacks consumer and shopping culture from a perspective appropriate for breakthrough insights in your business/category. Through our innovative approach in qualitative ethnographic research and quantitative online surveys, we convert consumer knowledge into highly successful outcomes for our clients.

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Part XII. Sources

[1] The latest US Census figures indicate 68 percent of households have no children under 18, while 27 percent contain only a single person. *U.S. Census Bureau, Current Population Survey, 2012 Annual Social and Economic Supplement.*
[2] Source: Retail Opportunities and the Changing Food Culture, 2012 (n=2,254 adult consumers).
[3] Source: HOBM Compass, 2010 - 2012 (n=33,036 adult eatings). Consumer questions: Was this a change to any earlier plans, however loosely made, for what to have on this occasion?; Which of the following describe how the plans for this occasion were changed?
[4] Source: Retail Opportunities and the Changing Food Culture, 2012 (n=2,254 adult consumers).
[5] Source: HOBM Compass, 2010 - 2012 (n=36,159 adult eatings).
[6] Source: Activating New Opportunities at Retail, 2012 (n=2,254 adult consumers).
[7] Source: HOBM Compass, 2010 - 2012 (n=36,159 adult eatings). Consumer questions: Please indicate where you had each of the meals listed below.
[8] Source: Retail Opportunities and the Changing Food Culture, 2012 (n=1,064 occasion-based trips by adult consumers). Consumer questions: You indicated that you went on your last food-beverage shopping trip at least initially to get something for a meal-snack. Which of the following meals-snacks was that?
[9] Source: HOBM Compass, 2010 - 2012 (n=36,339 adult eatings). Consumer questions: I purchased some items for this occasion within an hour of eating/drinking.
[10] Source: Retail Opportunities and the Changing Food Culture, 2012 (n=2,158 trips by adult consumers).
[11] Source: HOBM Compass, 2010 - 2012 (n=36,339 adult eatings). The increase in "solo" eating is confined almost entirely to consumers living with other adults.
[12] Source: U.S. Census Bureau, Current Population Survey, Annual Social and Economic Supplements, 1960-2012.
[13] Source: Retail Opportunities and the Changing Food Culture, 2012 (n=2,119 primary shoppers).
[14] Source: Retail Opportunities and the Changing Food Culture, 2012 (n=2,217 adult consumers). Consumer questions: I don't really care whether a product is a Store brand from retailer X, a national brand, or a specialty brand; I buy whatever brand I want. [top-2 box]
[15] Source: Retail Opportunities and the Changing Food Culture, 2012 (n≈500 evaluations per category).
[16] Source: Retail Opportunities and the Changing Food Culture, 2012 (n=2,217 adult shoppers). Consumer questions: In an ideal world, which of the qualities listed below would you most want the store you regularly shop for food/beverages to have?
[17] Source: Retail Opportunities and the Changing Food Culture, 2012 (n=2,217 adult shoppers). Consumer questions: I don't choose stores because they have more of what I want and less of what I don't want.
[18] Source: Retail Opportunities and the Changing Food Culture, 2012 (n=2,254 adult shoppers). Consumer questions: Which of the following statements best describe your reasons for avoiding or choosing not to shop at particular food/beverage stores? [Carry a lot of brands-products I wouldn't buy]
[19] Source: Retail Opportunities and the Changing Food Culture, 2012 (n=2,217 adult shoppers).