FMI Midwinter Executive Conference

Leadership / Vision / Perspective

Reframing Retail Through the Lens of Changing Food Culture

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We are now an eating culture

Cooking Culture

Ingredients
Familiar Foods
Planning
Pantry-Stocking
Big Brands

Eating Culture

Meals & Snacks
New/Global Foods
Spontaneous
Occasion-Based
Small Brands

There has been a tectonic shift from a cooking culture to an eating culture

Even the meaning of cooking has changed

- Cooking less often
- Assembling meal components
- Learning cooking skills from online recipes

Occasions include:

- »**Who**: what person(s) were involved
- »**When**: circumstance or time period (routine snack, Holiday dinner)
- »**Where**: the occasion took place (at home, office, on the go)
- »**What**: the key needs relevant to the occasion
- »**Why**: the emotional stakes of the occasion

The best way to respond to the shift is by understanding eating occasions

The social context for this shift:

More childless households
More single households
More men as primary shoppers
Fewer moms as primary shoppers

Then…we were a traditional family

Now…we are a modern family

68% of households have no children
27% are single person households

Then…mom was in charge of food

Now…mom is not the only one in charge of food

16% of primary shoppers are moms
46% of primary shoppers are men

This shift from cooking to eating has altered:

1. How we eat
2. What we eat
3. How we shop
4. How we think about brands
5. How we value retailers



1. How we eat now:

Alone more often

Alone eating is more enjoyable

More frequent snacking

Snacking early in the morning and late at night

More healthful snacking

More spontaneous eating

Then…we ate together

Now…we eat alone

47% of eating occasions are alone, a 7% increase since 2010

Then…eating alone was boring and depressing

Now…eating alone can be enjoyed

35% of alone eating is enjoying a higher quality food experience

Then…eating occasions revolved around meals

Now…the majority of eating occasions are snacks

52% of eating occasions are snacks, an increase of 7% since 2010

Snacking frequency has nearly doubled since 1977

Then…snacking took place primarily in the afternoon

Now…the fastest growing snack occasions are pre-breakfast and after dinner

After dinner snacking has increased 54% in the past three years and pre-breakfast snacking has increased 15%

Then…snacking was typically about indulgence

Now…snacking is becoming more healthful

56% wanted something healthy for their last snack occasion

Then…most eating was planned in advance

Now…eating is spontaneous

63% decide what to have within an hour of eating



Implications:

Tap into desires to savor on alone occasions with creative solutions for portion size

Enhance offerings for growing demand in morning and late night snacking

Expand range of minimally processed products for healthy and nutritious snacking

2. What we eat now:

More new and globally inspired foods

More prepared foods

Then…we ate foods familiar to us

Now…we seek unfamiliar foods

48% tried something new or global on their last eating occasion
52% add new dishes to their regular cooking routine

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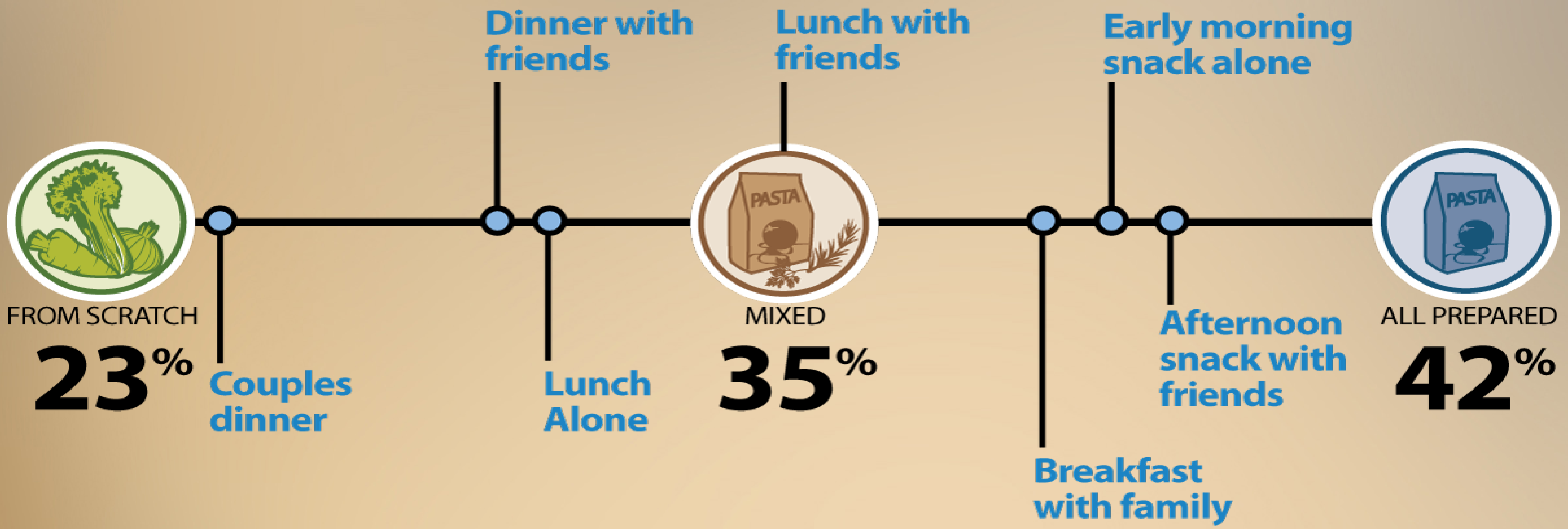
Then...most meals were prepared from scratch



Now...we are taking advantage of others doing the work

77% of eating occasions involve at least some prepared food

Implications:

Develop products inspired by global cuisines that allow consumers to add variety to their routine

Develop products that today's cooks can easily "doctor"

3. How we shop now:

- More immediate consumption
- Less pantry stocking
- More occasion based shopping and exploration
- More shopping driven by snack occasions

Then…shopping was done days in advance of eating

Now…we are increasing our last minute purchasing

1 out of 10 eating occasions happen within an hour of purchase

The largest occasions for immediate consumption are instrumental afternoon snacks and savoring dinners

50% of trips are to two stores or more

Then…most shopping was driven by pantry stocking

Now…pantry stocking is passé

51% of trips are driven by eating occasions

Only 23% of trips are pantry stocking

Then…pantry stocking left little room for exploration

Now…occasion-based shopping leads to impulse purchasing

63% more likely to indulge whims on occasion-based than on pantry-stocking trips

Then…purchasing snacks was an afterthought in-store

Now… snacking drives close to half of all occasion-based trips

56% of occasion-driven shopping trips are for meals
44% of occasion-driven shopping trips are for snacks

Implications:

- Merchandize to easily facilitate "just in time" purchasing
- Orient the in-store experience to inspire and inform shopping for occasions

4. How we think about brands now:

Brand agnostic in the sea of choices

Desire for new replaces brand loyalty

Expect innovation from a variety of brands

Then…national brands were the only choice we had

Now…we are brand agnostic

57% don't care if a product is a national, private or specialty brand

Then…we were loyal to our brands

Now…loyalty has given way to our desire to try new and interesting foods

67% choose products according to whim or desire for variety rather than brand affinity

60% choose a new brand just to try something different

Then…innovation came from national brands

Now…innovation depends on the category

58% – 60% will try new products from any brand of frozen fruits/vegetables, Nuts/seeds/trail mix, or pasta

57% – 60% will only try new products from their preferred brand of CSDs, sports drinks, and canned soup

Implications:

Differentiate products by attributes rather than brand

Evolve category management to accommodate constant product innovation

Move away from a cookie cutter strategy regarding national vs. private label brand tiering

5. What we expect from retailers now:

Want to be inspired in store

Want to have retailers edit choices in store

Retailers must act as curators

Then…we prized familiarity in the stores we shopped

Now… we want inspiration

62% prefer stores where they can always find unique products to try

Then…we didn't ask retailers for food guidance

Now… we want retailers to be editors

84% select stores offering more of what they want and less of what they don't want

34% avoid stores that carry a lot of products they don't buy

Then…we saw retailers simply as places to buy food

Now…retailers need to be curators of selection, quality and experience

74% want a relevant mix of national, specialty and private brands

73% shop stores for overall quality of products

65% want high quality fresh food departments

64% choose to shop a store for the overall shopping experience

62% want interactions with store employees to be positive

Implications:

Retailers must go beyond offering price and convenience to offering inspiration

Inspiration can come from product selection, store experience and employee interaction

Invite shoppers to participate in food culture by staging new eating experiences

Embrace the new culture of eaters

Market to current and emerging eating occasions

Be a curator of products and experiences

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Thank you!