4F: FOOD MARKETING IN THE 21ST CENTURY: BUILDING THE CONSUMER-MARKETER CONNECTION

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Changes in food marketing and consumer behaviours

Food marketing will undergo significant changes in the 21st century. The advent of new communications and food production technologies, together with increasing living standards, active and information-hungry consumers, and changing consumer lifestyles, will see improvements in food marketing and in the relationships between consumers and food marketers.

In response to global influences, consumers' food-related patterns of behaviour are shifting, with obvious impacts on food consumption patterns, sensory needs, health concerns, convenience issues and food safety. In Australia, for example, it is noted that food is playing a far greater role in entertainment and socialising. At the same time, cooking at home is decreasing, with an obvious rise in eating out more regularly, particularly amongst the affluent. Gender lines in food preparation are blurring, with many males claiming to be involved in cooking and many claiming to be the main grocery buyer. It will be important for those in the food industry to track global influences and the impact on consumer behaviour, in order to adjust elements of the marketing mix.

Business, shareholder and customer interactions

Marketers are in a difficult position, with responsibilities to their customers and society on one hand and responsibilities to shareholders on the other. This century will see an on-going evolution in the way business is conducted and consequently in the way consumers and customers interact with businesses, and the way in which marketers span the needs of all stakeholders, including customers and shareholders. At both the global and local level, food companies are facing a myriad of emerging issues. These include the connected knowledge economy, globalisation, converging and consolidating industries, fragmenting and frictionless markets, demanding and well informed customers and their empowered behaviour, and the need for more flexible and adaptive organisations to cope with market dynamics (Day and Montgomery, 1999).

Food-related patterns of business and consumer behaviour are noticeably shifting as a result of the impact of these various environmental pressures, eg retail concentration, brand and product proliferation, and changing demographic, technological and social patterns (Worsley, 1999; Antretter and Vallaster, 1998; Reid, 1995; Goode et al, 1995).

Food Marketers who realise the significance of these influences, who adopt market focused behaviours and business cultures, who recognise the need to build market-based assets (relational and informational), and who design products that offer superior value to customers, stand to benefit from these shifts in the global marketplace.

The changing food marketing landscape

The marketing landscape is undergoing considerable change and this will be reflected in the way food marketers interact with consumers and manage the marketing function. It is recognised that many existing food markets are maturing, bringing about increased competitive pressures for all businesses both large and small. Maturity often means that consumers become more knowledgeable about the foods they consume, and consequently their demands become more specific. This level of knowledge and demand for information is driven by greater access to information and an increasing level of education. A more informed consumer ensures that issues such as value-for-money take centre stage, as they now have a greater capacity to be able to trade between brands and products to those that offer superior value. Modern communications vehicles, such as the internet, are facilitating the availability of information on which to make such comparisons.

Access to international travel, lifestyle television programs, and an increased level of food promotion, create a desire for a wide range of foods to complement a broader range of lifestyles and consumption situations. The US Institute of Food Technologists (Anon, 1997; Sloan, 1994), for example, has identified a number of food trends and company responses that are an outcome of these influences. These include:

- Increasing role of food and food ingredients in self-medication and disease prevention – with food and pharmaceutical companies joining forces to research ingredients that promote health
- Switch to "fresh foods"– consumers equate "fresh" with better taste, health, and nutrition
- Return to organic food production – improved agricultural practices have increased growth and demand. Important categories include baby foods, snacks, vegetable products, cereals and pastas
- Gradual shift from animal-based to plant-derived food products – the vegetarian option has moved mainstream
- Demand for foods that provide both physical and emotional "energy" – sports drinks, caffeine drinks and snack bars, appeal to consumers seeking extra energy, power, and performance from food
- Desire for foods that are easy and quick to prepare – yet are tasty, fresh, and nutritionally sound. The average meal preparation time in many households is decreasing significantly. Many consumers do not know what they will cook until entering the kitchen. Many do not cook from scratch
- Disenchantment with microwave cooking – although many homes own one, its level of use is minimal, often restricted to heating or thawing
- Consumers eat when and where it is convenient – key issues are portability and single serve packaging to meet the needs of eat-as-you-go consumers
- Upgrading of the palate – consumers are eating more multi-culturally and also employing more gourmet foods and food ingredients.

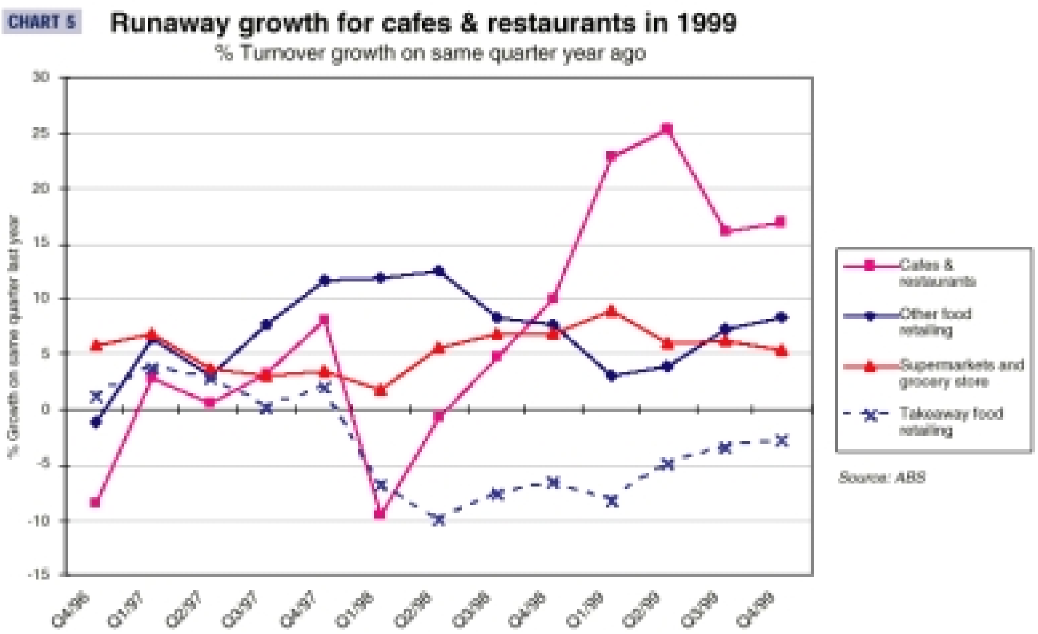
Domestically, It has been recognised that Australian consumers are adjusting their behaviours in line with many of these global trends. For example, a recent report (Food in Focus, 1999), concentrating on the impact of changing Australian social trends, attitudes and habits on what Australians eat and drink, found:

- 79 per cent have cut back on fat
- 42 per cent are eating less meat
- 68 per cent eat pasta each week
- 40 per cent are anxious about gene technology
- 49 per cent would pay more for naturally produced products
- 73 per cent no longer think healthy food is boring
- 69 per cent believe diet affects emotional wellbeing
- 22 per cent have vegetarian leanings
- 45 per cent are having lighter meals

- 46 per cent are eating more seafood.

The same report also noted that food is playing a far greater role in entertainment and socialising, with consumers often blurring the distinction between meals and entertainment. Also noticeable are the reduction in cooking at home and the corresponding rise in eating out regularly.

Fig 1: Runaway growth for cafes and restaurants in 1999



Gender lines in food preparation also seem to be blurring, with 60 per cent of males surveyed claiming to be involved in cooking at home and 33 per cent claiming to be the main grocery buyer. Convenience also featured strongly, with nearly 66 per cent of respondents identifying it as an important consideration in meal preparation or purchase (Food in Focus, 1998). The rise of the pre-prepared or partially prepared foods/meals category is testament to changing needs. These changes have brought about, and perhaps are also caused by, a decrease in the ability and willingness to cook from scratch– a trend noticeable throughout the Western World.

In our own research on consumer food-related lifestyles (Reid et al, 2001) it was noticeable that Australians in our sample had quite an advanced connection to food and often used food to express elements of their lifestyle. The following tables provide some examples of: 1) the sample characteristics and 2) the drivers of food related lifestyles (for interest, these are compared to French consumers who completed a similar questionnaire, see Grunert et al, 1995)

Table 1: Food-related lifestyle demographics

	France	Australia
Female respondents (Main grocery buyer and food preparer)	90%	62%
Age (Average) Standard deviation	48 years 15.1	42 years 15.1
No. of persons in household (Average) Standard deviation	2.5 1.3	2.9 1.3

Only 62 per cent of respondents in our Australian sample were female. As respondents were the main food buyer and preparer in each household – is this suggestive of a more significant male role in the Australian kitchen?

A number of food-related lifestyle drivers were also found to exist. For example, basic requirements such as freshness of products are important, as are the consideration for taste, healthiness (low in additives and preservatives) and value for money. These factors may be considered as "hygiene factors" (see Herzberg, 1966) or those factors that are minimum requirements driving the likelihood of purchase.

Table 2: Drivers of food-related lifestyles

France		Australia	
1.	Freshness (+)	1.	Freshness (+)
2.	Social Relationships (+)	2.	Social Relationships (+)
3.	Taste (+)	3.	Social Event (+)
4.	Price/ Quality (+)	4.	Price/ Quality (+)
5.	Health (+)	5.	Novelty (+)
5.	Self- fulfilment (+)	6.	Taste (+)
6.	Snacks vs Meals (-)	7.	Health (+)
7.	Convenience (-)	9.	Self- fulfilment (+)
8.	Advertising (-)	10.	Woman's Task (-)
		11.	Snacks vs Meals (-)
		12.	Convenience (-)

(+) Respondents exhibited this tendency
(-) Respondents did not exhibit this tendency
Ranking based on mean comparisons

A second tier of drivers ("satisfiers"), quite possibly related to higher order motives in food related behaviours, also exist. For example, social relationships are strongly linked to food: social relationships relate to dining with friends and enjoying social interaction through a food medium. Similarly, respondents also value self-fulfilment through food preparation, sensory gratification and subsequent praise and recognition from significant others. This facet indicates that linkages exist between self-concept, ego, and food, and this has important implications for food marketers and advertisers of food products in the design of advertising images and copy.

In the Australian sample, the influences of Novelty and Social Event are also evident. In our research Novelty relates to trying new international recipes and experimenting with new flavours and food styles. Food as a Social Event is consistent with the observation that Australians are adopting a "café" culture, partly because of the influence of European, Asian and Mediterranean immigrants in Australian society. This is encouraged by a warm climate and a developing habit of integrating leisure time with food consumption and social relationships.

Some items (-) are seen to be less important drivers of food related lifestyles. For example, Snack vs Meals, which relates to the phenomenon called "grazing", whereby main meals are replaced with continuous snacking, does not seem prevalent in this sample. There is also indication that convenience driven food behaviours are not as prevalent as is indicated in some of the popular press. Our samples do not suggest heavy use of frozen foods or mixes in food preparation. This of course requires further investigation and indeed a more qualitative investigation to aid in interpretation of what constitutes a "negative" convenience product in the eyes of consumers.

A review of product category trends in Australian supermarkets (Retail World, Feb 5, 2001) demonstrates that high quality and gourmet convenience meal components used in "constructing" meals have achieved significant growth. An area to be investigated by marketers relates to perceptions of quality and convenience – are gourmet ingredients (e.g. ready-made sauces etc) perceived as a convenience product or something else? The table also highlights some of the on-going trade-offs between health and indulgence, with high growth rates for both gourmet biscuits and health products such as rice crackers.

Table 3: Selected product category growth rates (Australia)

Product Category	Growth	Product Category	Growth
Premium Biscuits	39.3%	Shelf stable noodles	61.5%
Rice Crackers and Snacks	46.1%	Fresh Noodles	25.6%
Herbs and Spices (premium)	61.8%	Pasta Sauce (Shelf Stable and Stir)	99.2%
Chilled Dairy Dips (Reduced Fat)	26.9%	Simmer Sauces (Noodle)	234.7%
Natural Seafood	45.4%	Shaved Meat	28.2%
Indian Meals	16.5%	Soup (Fresh Chilled)	29.4%
Asian Fresh Noodles	26.3%		

Source: (Retail World, Feb 5, 2001)

Also noticeable in the Australian data is that the kitchen is no longer considered the sole domain of women – are men becoming more enlightened in the new millennium? Our respondents indicated that the tasks related to food and food preparation lie just as much with men as with women. This is not so with the French sample. French respondents were less likely to believe advertising messages about food products. Perhaps European consumers, with experiences of recent food related scares (BSE, Salmonella in eggs and others), are likely to be more wary of foods and food promotion.

What does it all mean for food marketers?

It is obvious that consumers' food related behaviours, attitudes, needs, wants and requirements are many and varied. It is also obvious that the movements in the broader business and social environment are driving changes in many of these. It is also noticeable that many consumers are taking a more active role in driving the behaviour of marketers. This has a number of significant implications for food marketers and food manufacturers.

Many food marketers are finding that instead of clearly identified markets with distinct sets of customers and competitors these are becoming increasingly blurred. The forces of globalisation seem to be having (at least on one hand) a powerfully homogenising influence, with consumers being subjected to the same levels and types of communication and the rise and promotion of globally recognised brands. As well, better education, increased international travel, and more leisure time appear to be driving a convergence of lifestyles and food related desires and expectations. Thus, there is a growing similarity among consumer requirements with regard to taste, quality, and value for money, health, safety, convenience and availability.

In a somewhat contradictory way, other food marketers find they are faced with increased fragmentation of consumer markets. This fragmentation has been driven by increased food choices, varied lifestyles, increased discretionary income, and greater exposure to brand promotion and communications (Reid et al, 2001; Askegaard and Madsen, 1998; Brunsø and Grunert, 1995). As food companies look to improve connections with their customers they will need to give more consideration to the development of surveillance and sensing mechanisms that give them real-time information on customer requirements and patterns of change in food-related behaviours.

Regardless of recent hiccups in the evolution of this new medium, the internet has the power to alter the relationship between customers and companies in the food industry. It is possible to envisage a scenario whereby in a more connected knowledge economy, transactions between players become more rapid and customer contact is driven more by electronic means than personal interaction. Shopping, browsing, and product selection may move to an electronic platform, and customers are likely to have no significant geographic boundaries (Day and Montgomery, 1999). The food industry will be dragged into the process whether it likes it or not, and food companies must consider planning their growth within this medium. Small companies in particular, must take advantage of what technology can deliver in order to reduce transaction costs and increase profit opportunities. The opportunity to learn more about customers and deliver a customised module of product information, and indeed physical products, will see benefits accrue to those firms which have invested in understanding the knowledge driven economy.

When one looks at the food industry it is obvious that competition is increasing for Australian food producers, with large multinational companies staking a significant claim to the consumer's food dollar, and increasing their ownership of icon Australia food brands. More often than not, these large companies have considerable marketing experience and resources to leverage market share, and often employ strategies of product and brand proliferation to attract customer segments. Retail category management practices and retail concentration may also exacerbate this increasing level of competition. Retail concentration often increases competition between manufacturers, and is a significant threat to many smaller food companies. Large retail chains often require large volumes, competitive trade terms, and higher levels of professionalism. They are also more likely to deal with suppliers who have a range of brands across multiple segments, as this can result in category management efficiencies and reduced retail management costs.

Given these changes and their potential impact on food businesses, it is important to reflect on what business needs to do, and importantly the increased responsibility of marketing and marketers in creating profitable products, and in meeting the needs of the 21st century consumer.

Food marketers need to have a sound understanding of what drives consumer behaviour in their markets, what segments exist, where profitable niche markets can be developed, and how development of markets can be resource efficient and sustainable. Craven et al (1999), outline a series of behavioural characteristics that will define successful companies through the beginning of the new century:

- Regardless of size, businesses will need to build a strategic focus throughout the organisation to provide superior customer value
- There will be an increased emphasis on the value chain and partnering with competitors to enhance customer value offerings
- Managers will need to invest in the creation of targeting and positioning strategies that match value opportunities with organisational capabilities
- Companies will need to become learning organisations, will need to have flatter structures and will need to ensure sound inter-functional coordination and communication.

Srivastava et al (1999) also help us consider the changes required to do well in the beginning of this century. Marketers, including food marketers will need to consider the following:

- *Moving from a product focus to a customer functionality focus* – improved value from the customer's perspective, improve transformation of raw materials, improved customer and consumer input into the food product development and marketing process

- *Moving from product differentiation to solution customisation* – design meal solutions that meet needs for health, safety, taste, and social interactions. Improve supply-chain efficiencies to achieve solutions, and work with customer groups to understand and deliver appropriate solutions. For example, consumers in the UK can make a wine selection in supermarkets and on the basis of simple shelf based linkages to foods on shelves, can develop a whole meal. This is a systems approach to marketing and can be used to connect co-branding partners (eg Barossa Food and Wine producers) - right wine, food ingredients, serving and cooking instructions.

- *From transactions to relationship based intimacy* – building tightly bonded relationships with all appropriate members of the channel, particularly retailers, to facilitate product development and launch effectiveness, with suppliers for the next generation of supplies and with consumers to increase efficiency in adoption of new products and efficiency in information transfer of customer needs.

- *From stand-alone competition to networked rivalry* – developing and managing a network of relationships with other entities (including competitors) to identify, reach and satisfy customers in a way that would be impossible as an individual entity. Terminology including co-opetition, co-branding, and food networking will become common within the next decade.

- *From economies of scale to economies of scope and increasing returns* – leveraging resources and customer relationships to create products that serve interrelated customer segments/markets and needs (health and indulgence, functional foods, nutraceuticals, foodaceuticals, pharmafoodicals etc), to provide a basis for improved returns and sustainable use of limited natural and business resources.

Conclusion

As the globalisation of world markets continues almost unabated, consumer tastes and preferences for food are becoming more and more similar with the result that global food brands and global food companies are becoming stronger and more powerful. However, as outlined in this paper, some important differences in consumer food related behaviour do persist and can form the basis of a market for both medium and small producers and food marketers. Identifying and understanding these similarities and differences is important in developing and adjusting marketing strategy, building superior market-based assets, and creating a stronger customer focus.

This paper has cut across a number of areas related to marketing management and the connection between marketers and consumers. It is by no means a complete paper, with the whole area of food marketing management requiring further discussion and investigation. It would certainly be valuable to gain insights from practitioners, observers, marketers and others on the role of marketing from different perspectives.

In conclusion, food marketers in the 21st century will need to be better skilled, more responsive and empathetic to the needs of the market, and perhaps more importantly the needs of the environment. The growing relationship between customers and companies will need to become stronger and built on dialogue rather than one-way food promotion. This century will see marketing mature as a profession, a science, and as an art form.

Discussion notes

- There is an apparent paradox in that the quoted customer surveys are in favour of the sort of nutritional intakes which are beneficial to the health of our omnivorous species, described by many of the presenters to this conference. Yet Dennis Wilson (2C), and Neil Thomson (1D) report an increasing incidence of obesity and diabetes, most worryingly in children of our overfed society. The primary aim of food producers is to make a profit, and the big marketers such as fast food outlets, confectionary and fizzy drink manufacturers are well advertised and patronised with little evidence of benefits to physical health. How can one effectively market healthy foods to children, when commercial pressures (together with approved taste, low satiety value and peer group pressures) drive them towards foods with a high glycaemic index?
- Parents need to play a more active role – but parents themselves often lack nutrition education. Another educational outlet for healthier choices is through schools, from pre-school onwards, through school canteens to school breakfast programs for children

who arrive at school without having had breakfast at home. Perhaps these initiatives could create a culture where it's 'cool' to eat healthy and nutritious foods

- So-called nutritional product marketers need to mimic the effective marketing of the not so nutritional ones – cool packaging, improved organoleptic aspects, better understanding of the marketing communications process and how to maximize small communications budgets.
- There is a need to develop nutrition programs for food marketers to raise their level of consciousness about health issues and add value to their marketing choices. Such an initiative would require the approval of senior management and executive. Nutritional consultants might have a voice on the boards of companies, either through shareholdings or through executive. This requires a high level of co-ordination, and executives who are able to balance profits with social need (and who are able to move to a board level).
- From an economic rationalism perspective, food marketers are primarily responsible to shareholders and are required to produce profits, and "rationally" the social outcomes of marketing products do not really need to be considered. Exacerbating this is the pressure on marketers to produce these profits regularly and to increase profits on a regular basis.
- The easy solution for a marketer of say confectionary is to produce something that has a market potential and high level of demand, or where demand can be created easily (the prominence given to displays of confectionary in supermarkets and other outlets bear witness to this). Any change in this situation is made difficult by the fact that many brand and product managers are not in their positions for very long and tend to move quite frequently – thus they need "runs on the board". Many also lack a fundamental understanding of nutrition and the impact of their products on broader social wellbeing. In effect, many have a degree of myopia brought about by the requirements of shareholders for profits.

Further reading

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