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FMI Grocery Shopper Trends 2008: Economic Concerns Shaping How Consumers Shop, Cook and Dine

LAS VEGAS, NV — May 5, 2008 — Higher fuel and food costs and other economic pressures are having a pervasive impact on how consumers shop, cook and dine, according to the Food Marketing Institute (FMI) U.S. Grocery Shopper Trends 2008 report released here today.

Economic concerns are compelling Americans to cook at home more and eat less often at restaurants (71 percent). In fact, families eat their main meal at restaurants only 1.2 times per week, down from 1.3 in 2007 and 1.5 in 2006.

Consumers are buying fewer luxury foods (67 percent) and more store-brand items (60 percent) and eating more leftovers (58 percent). The high cost of fuel is contributing to the decline in the number of shopping trips — below two per week for the second straight year at 1.9.

When deciding where to shop, 37 percent of consumers cite “low prices” as the overriding factor — up from 31 percent in 2007 and well ahead of the second most often cited factor (convenient location at 13 percent).

“Food retailers can turn these economic challenges into benefits for consumers and the industry,” said FMI President and CEO Tim Hammonds. “As people eat out less often, we can help revive the great American home family meal tradition. This presents retailers an opportunity to win back a share of the meal-time market long owned by restaurants, and it provides American families important health, economic and social benefits.”

Consumers equate eating at home with eating healthier. As many as 91 percent say they eat healthier when dining at home, according to the report. This number includes 39 percent who believe home-cooked food is “much healthier” (see Figure 1). Families also save money since a restaurant meal costs more than twice as much per person, a median of \$12 compared with \$5.

Meals at home have a social benefit for children and the family. Research shows that children who dine regularly with their families at home are healthier, superior academic performers and less prone to substance abuse.

Many of these benefits are evident in the words that consumers use to describe a home-cooked meal, which is illustrated in Figure 2, a graphic known as a “tag cloud.”

Confidence in Food Safety Returns to 81 Percent, But Fragile

The report also found that consumers’ confidence in the safety of food bought at supermarkets rebounded to 81 percent, from the 18-year low of 66 percent last year (see Figure 3). Their confidence is fragile, however: only 11 percent are “completely confident,” down from 15 percent in 2007, and 70 percent are “somewhat confident.” Consumer confidence in the safety of restaurant food increased to 65 percent, from 43 percent in 2007.

“Retailers are taking extensive measures to help safeguard the food supply from the source to the consumer’s kitchen,” said Hammonds. They are ensuring that suppliers worldwide observe the most rigorous safety standards through independent audits and certification, such as FMI’s Safe Quality Food (SQF) Program.

Numerous companies send managers and employees to FMI's SuperSafeMark® program to learn the requirements of the U.S. Food and Drug Administration (FDA) Food Code. The industry and government are expanding programs to educate consumers how to keep food safe. These include the award-winning Fight BAC!® initiative and Be Food Safe, which was launched in 2007.

Shoppers Trust Safety of Food in Supermarkets

These efforts may be making a difference based on the trust that consumers have in the safety of different types of food in supermarkets. For example, 93 percent agree with the statement, "I trust the fresh produce my grocery store sells is safe." Nearly as many agree with the same statement about canned and boxed foods (92 percent) and meat, poultry and fish (90 percent). As with the confidence numbers, high numbers of consumers agreed with these statements "somewhat" rather than "strongly."

They expressed less trust in the government: 79 percent agree with the statement, "I trust the U.S. Department of Agriculture (USDA) to ensure that the food I purchase is safe," and 76 percent hold this view about the FDA. Only one-third "strongly agree" with these statements regarding the two federal agencies.

When food recalls are announced most consumers turn to nongovernmental sources for information, led by television (81 percent), and then the Internet and newspapers or magazines (39 percent), radio (31 percent), friends or family members (22 percent) and government websites (17 percent).

How Nutrition Concerns Affect Shopping

Nutrition is very much on the minds of shoppers with 41 percent "very concerned" about the nutritional content of the foods they eat, and 47 percent "somewhat concerned." At the same time, many continue to fall short in acting on these anxieties: 62 percent of consumers believe their diets could be healthier, including 12 percent who rate the room for improvement "a lot."

The shoppers most likely to say their diet needs significant improvement include:

- Baby Boomers (68 percent), especially men (75 percent).
- Shoppers earning \$75,000-\$100,000 (70 percent).
- Consumers aged 25-39 (69 percent).
- Parents with older children (69 percent).

When evaluating whether a food is nutritious, shoppers focus most on the fat content listed on the Nutrition Facts label, with more than half checking saturated fat, trans fat and total fat. More than four in 10 check the calorie count, look for whole grains and focus on the salt, sugar and cholesterol levels.

Most shoppers (82 percent) hold themselves responsible for ensuring that the food they eat is nutritious. Accordingly, those who choose to diet most often follow their own plan (49 percent). Weight Watchers is the most popular formal plan, used by 22 percent of consumers on a diet (see Figure 4).

Supermarkets are responding to consumer health needs with products and services. For example, 82 percent of stores now feature natural or organic foods, up from 80 percent last year and 72 percent in 2006. In fact, nearly 60 percent of food retailers feature store-brand organic foods, according to FMI's *The Food Retailing Industry Speaks 2008* report, offering customers lower-cost alternatives.

Health clinics are now featured in 9 percent of stores, and 5 percent have a dietitian on hand to provide consumers nutritional guidance.

Many Consumers Don't Know What or Where to Eat Two Hours Before Dinnertime

Consumers remain challenged planning meals, especially dinner. In fact, 28 percent of consumers do not know what they will eat two hours before dinnertime on weekdays; the number jumps to 35 percent on weekends. On weekdays, those most likely to lack plans are members of Generation Y (46 percent), single men (43 percent) and single mothers (38 percent).

Two hours before dinnertime, many have not even decided whether to eat at home or a restaurant. On weekdays, the plan-less are led by Generation Y (27 percent), single mothers (21 percent) and single men (19 percent).

These consumers create a large market for fast-food, takeout and delivered meals. Supermarkets are responding with meal solutions and quick-stop areas for dinner, often featuring their own checkout stands. The number featuring quick-stop areas increased from 36.8 percent in 2007 to 50.6 percent in 2008, according to *The Food Retailing Industry Speaks 2008* report.

Emerging Issues: Sustainability, Reusable Shopping Bags and Cloning

Consumers are beginning to look for retailers who have a recycling and sustainability program: 20 percent deemed this “very important” when selecting a primary store, and 41 percent “somewhat important.” More than half of supermarkets (51 percent) sell reusable shopping bags, and nearly as many consumers (44 percent) use these bags at least once a month.

More than half of shoppers at least some of the time:

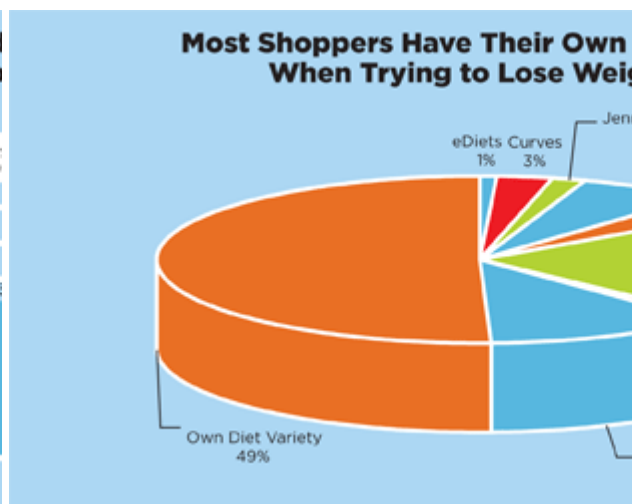
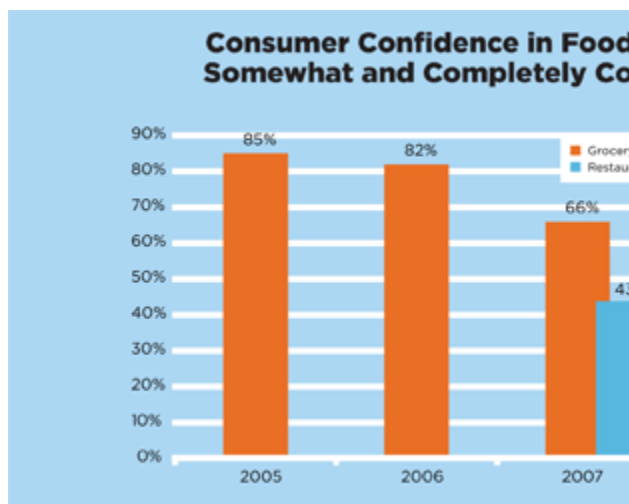
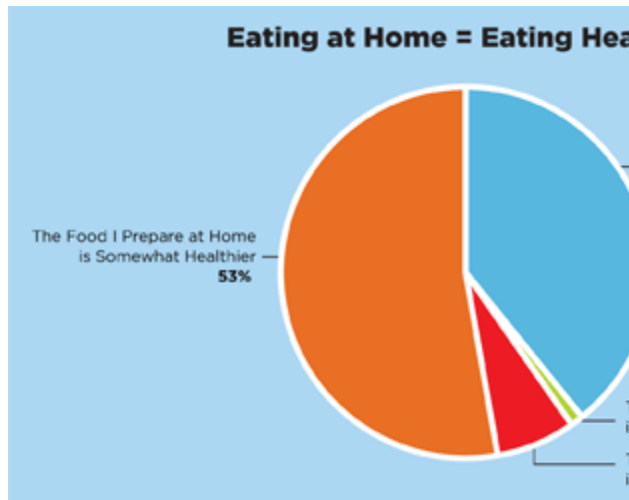
- Use high-efficiency, energy-saving light bulbs (70 percent).
- Recycle cans (70 percent).
- Buy locally grown products (68 percent).
- Recycle plastic (62 percent).
- Recycle paper (62 percent).
- Use environmentally friendly cleaning products (53 percent).

Consumers remain uneasy about eating products derived from cloned animals. As many as 77 percent are not comfortable, including 44 percent who are “not at all comfortable” — up significantly from 61 percent and 31 percent, respectively, in 2007.

More than eight in 10 consumers (81 percent) believe cloned foods should be labeled as such. In fact, nearly six in 10 (58 percent) hold this view “strongly.”

Figure 2. Words That Consumers Associate With a Home-Cooked Meal

The jumble of words pictured below is called a tag cloud. The words are the ones that respondents to the Trends survey most frequently used to describe a home-cooked meal. Each respondent provided three words they most associate with a home-cooked meal. The tag cloud includes the top 40 words mentioned, and the size of each word represents the number of times it was mentioned. For instance, the biggest word, “healthy,” was mentioned 172 times. The tag cloud is an excellent marketing tool for retailers and manufacturers to use in promoting meal solutions and other areas.



Methodology Data for *U.S. Grocery Shopper Trends 2008* were collected through surveys conducted by Harris Poll Online among a nationally representative sample of 2,020 U.S. shoppers. Respondents must have met the following requirements to participate in the survey: a minimum of 15 years of age, primary or equally shared responsibility for food shopping, and they must have shopped for groceries in the past two weeks.

This report was made possible by the generous support of PepsiCo. To purchase a copy (\$95 for FMI Retailer/Wholesaler Members, \$175 for FMI Associate Members and \$250 for nonmembers), contact the FMI Store at 202-220-0723 or www.fmi.org/store/.