

2011 TRENDS FORECAST

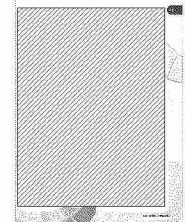
# In the DRIVER'S SEAT

Changes in the consumer mindset require manufacturers to adopt a nimble approach amid continuing economic challenges.

BY JENNIFER BARNETT FOX

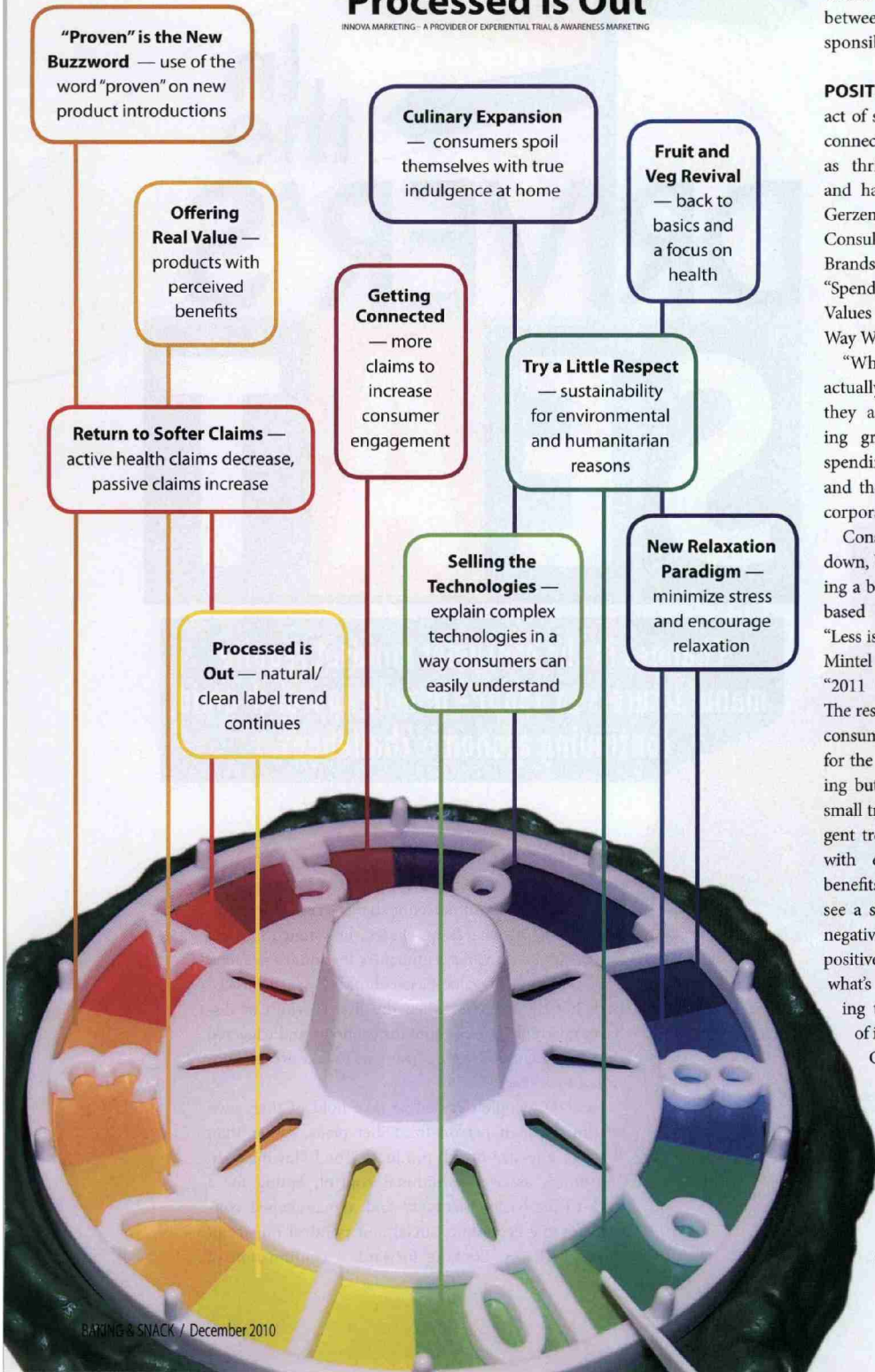
**D**uring the past two years, a trend has emerged among consumers, one that is shaped by awareness of what is purchased, how much is spent and with which companies the money is spent. This evolution of value-based thinking can be traced back initially to 2008, when the first stirrings of disharmony rippled throughout the economy and triggered the subsequent desire for consumers to take greater control of their lives.

In 2009, people decided to take hold of their own destiny through personalized diet plans, rather than through one-size-fits-all products. The following year, consumers asserted additional control, opting for a back-to-the-basics mentality and a reawakened concern for the economic, social and political impact of their purchases. Looking forward, a continuation of



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many of these trends along with a growing proclivity to make purchases that strive for compatibility between personal and corporate responsibility are predicted in 2011.

**POSITIVE CHOICES.** Today, the act of spending is the result of a reconnection to American values such as thrift, community, self-reliance and hard work, according to John Gerzema, president of Brand Asset Consulting, a Young & Rubicam Brands company, and co-author of "Spend Shift: How the Post Crisis Values Revolution Is Changing the Way We Buy, Sell and Live."

"What they are doing is they're actually realizing that even though they are less rich, they are finding greater power through their spending and using their dollars and their pocketbooks to influence corporations," Mr. Gerzema said.

Consumer spending may still be down, but more consumers are finding a brighter side to the new thrift-based culture. "Econo-Chic" and "Less is More" were two of the topics Mintel discussed during its recent "2011 Consumer Trends" webinar. The research company predicted that consumers will continue a "prepare for the worst" stance toward budgeting but there will still be room for small trade-ups in the form of indulgent treats and clean label products with elevated health-and-wellness benefits. Additionally, 2011 will see a shift in marketing away from negative "free from" claims to more positive attributes that focus on what's good in the product, according to Lynn Dornblaser, director of innovation and insight, Mintel GNPD, Chicago, IL.

Innova Market Insights, Duiven, The Netherlands, also anticipates 2011 will feature natural/clean label products that de-emphasize active health claims while stressing personalized nutrition options.

BAKING & SNACK / December 2010

Baked goods such as Aunt Millie's Hearth 100% Natural Breads fit this trend. The Fort Wayne, IN-based company rebranded its high-fructose corn syrup (HFCS)-free line of Early American breads to have similar attributes to bread made in a home kitchen — free of color additives, artificial substances and synthetic compounds.

Mintel's Ms. Dornblaser also predicted the creation of more products that quietly convey positive lifestyle choices through under-the-radar reductions of sodium and the use of stevia to reduce sugar and HFCS content in food products. As consumers and government officials jockey to define who should be ultimately responsible for health and wellness, food manufacturers will need to distinctly define how their products fit into a healthy lifestyle to avoid risking accusations that those same items could contribute to the growing obesity epidemic, according to Ms. Dornblaser.

With a nod to measured indulgence and stealth health, Boulder Canyon Natural Foods, a brand of Inventure Foods, Phoenix, AZ, introduced a line of kettle-cooked potato chips with reduced sodium and fat content. The snacks feature 33 to 100% fewer mg of sodium than the



average potato chip and are cooked in sunflower, safflower or olive oils that are low in saturated fat and rich in essential fatty acids.

Rudolph Foods is another company finding success with better-for-you foods such as its new veggie chip. The product and subsequent line extensions will allow the company to expand into different channels, according to Mark Singleton, vice-president of marketing, Rudolph Foods, Lima, OH.

"Innovation is critical to consumers," Mr. Singleton said. "They are looking for new experiences that include new flavors and products."

**SHIFTING DEMOGRAPHICS.** Stealth health reductions of these increasingly targeted ingredients (sugar, salt and fat) are just one way companies can drive health-and-wellness products to the forefront of consumer wants. Economic concerns have also made food a method to treat and control existing health problems among lower-income shoppers earning less than \$25,000, according to a 2009 study from Health Focus International, a consumer research organization for health, wellness and nutrition trends in St. Petersburg, FL. With this in mind, bakers and snack producers would be smart to follow the recommendations presented by Mintel and Innova to create products with simple, realistic results rather than lofty claims, especially when targeting older consumers.

Roman Meal is no stranger to manufacturing for the boomer demographic. Five years ago, the company chose to specifically target health-conscious females aged 50 to 65. "I suspect that more and more companies will realize that they cannot ignore a demographic this large and will begin to look for products to satisfy this segment," said Gary Jensen, president, Roman Meal, Tacoma, WA.

Emphasis on the buying power of baby boomers has become even more important as economic changes have forced this group to delay retirement and, in some cases, adjust to the return of their parents and adult children into the household, making them the so-called "sandwich generation." Mintel reported 25% of boomers have one or more children living at home and 7% have grandchildren in the home.

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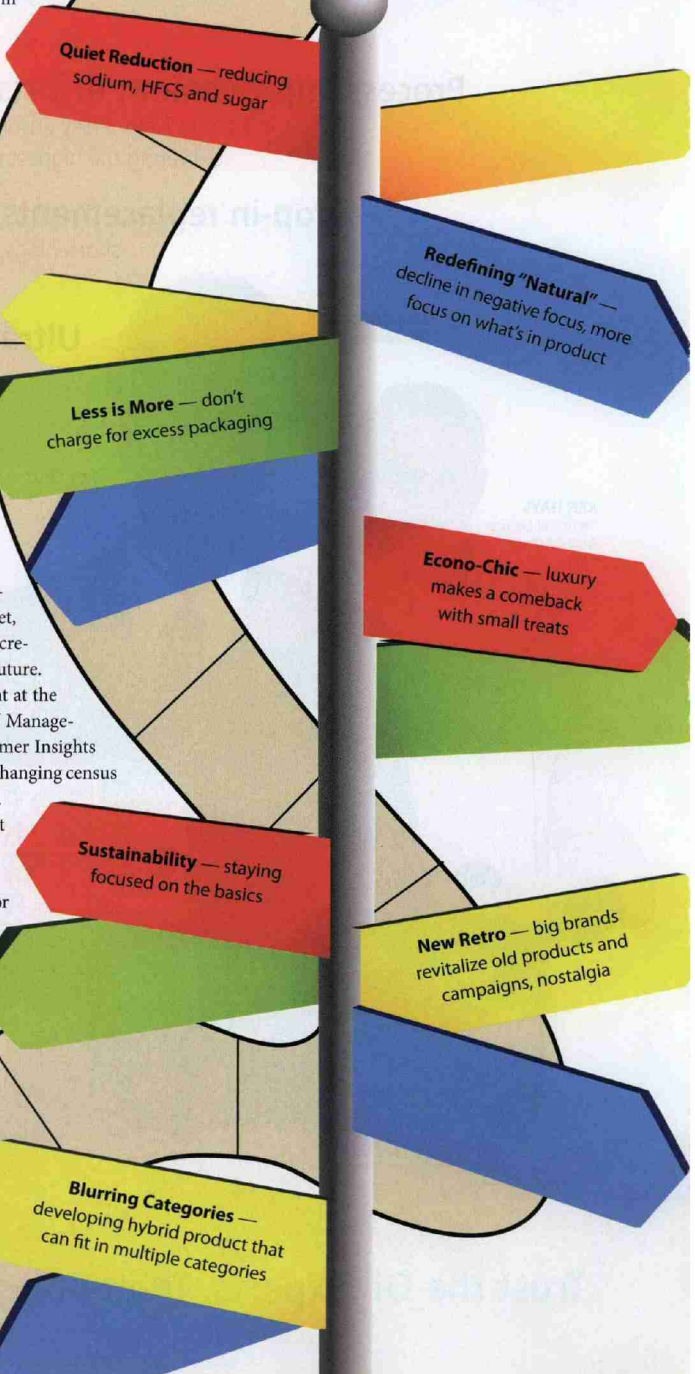
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An increase in mixed-generation family units and mounting economic pressures also has contributed to more Americans relying on governmental assistance to make ends meet. Interestingly, this situation could contribute to a bump in the purchase of whole-grain products among recipients of Women, Infants and Children Program (WIC) and the Supplemental Nutrition Assistance Program (SNAP, formerly known as food stamps), according to Cynthia Harriman, director of food and nutrition strategies, Whole Grains Council.

"A recent study showed that half of all children will receive assistance from these programs [SNAP and WIC]," Ms. Harriman said. "Education in WIC is about making half your grains whole grains, so these individuals actually receive more information from these programs than mainstream consumers who are not receiving assistance."

Beyond the value equation, evolving census demographics are contributing to changes in the snack market, influencing how manufacturers will create new snack products in the near future. Marian Girju, a first-year PhD student at the University of Texas Dallas School of Management and intern in Frito-Lay's Consumer Insights department, researched the effects of changing census demographics on snack consumption.

Ms. Girju's well-received report evolved into a 20-page study co-authored by Brian Ratchford, PhD, Davidson Distinguished Professor of Marketing and her adviser, and Michelle Adams, vice-president of PepsiCo Customer Strategy and Consumer Insights. The study used data from 30,000 consumers across the nation from 2004 to 2010 to examine how changes in US Census demographics might affect snack manufacturers. The Dem o I m p a c t snack consumption forecasting



model helps managers quantify consumer changes and prepare for shifts in tastes. One example revealed pretzels as a popular snack among consumers in the Midwest and Northeast regions but not in the South.

Mr. Singleton predicted snack flavor profiles will evolve from intensely hot and spicy to more flavorful options influenced by the taste profiles of Caribbean, Cuban and Puerto Rican foods.

**KEEP IT COPACETIC.** Taste will always remain primary, but a renewed emphasis on personal values has consumers re-evaluating how their money is spent and analyzing the companies they do business with. Unfortunately, those definitions of environmental responsibility and sustainability differ from company to company and consumer to consumer. Today, it's crucial that manufacturers stay abreast of the changing, and somewhat arbitrary, societal and environmental norms, or they risk receiving backlash from consumers in the form of boycotts and social media-related protests. In fact, 71% of Americans say they make it a point to buy from companies whose values are similar to their own, according to Brand Asset Consulting.

Recently, some companies have been in the media spotlight for doing what appeared to be the right thing. Frito-Lay, Plano, TX, recently found itself backing off from using a much-lauded compostable bag for its Sun Chips brand in the US after consumer complaints about the noisy bag surfaced on Facebook. Proving there's no hard and fast rule to any of this, *Fast Company* magazine later reported that Frito-Lay Canada turned the mostly negative US sentiment into a humorous positive with an informational video about why Frito-Lay Canada was keeping the compostable bag along with a tongue-in-cheek offer for free earplugs if the bags proved too noisy.

The growing use of technology coupled with changing consumer mindsets means there's no comprehensive playbook for the new consumer. Much like the new frontier created by Web 2.0 and social media applications several years ago, companies should expect an occasional stumble among the successes. Open communication, a healthy dose of patience and liberal use of technology will remain important tools for deciphering and meeting the ever-evolving needs of consumers. ■