The future of fresh

UNDERSTANDING THE FRESH FOOD CONSUMER

NEARLY ALL US consumers purchase some form of fresh food every month—produce, meat, fish, and dairy, to name a few. According to our recent survey of 2,000 US adults, 74 percent buy fresh foods at least once a week, and more than 60 percent spend up to a third of their average grocery budget on this category. Yet fresh food sales in the United States are lagging behind total grocery store sales: Between October 2015 and October 2018, total store sales grew 4.3 percent, while fresh food sales grew only 4.0 percent, from US$171 billion to US$178 billion.[1]

How can fresh food producers and retailers grow this category? One key is to understand that fresh food consumers are not a single homogeneous group. Our segmentation analysis of survey respondents, based on their attitudes and purchasing behavior, reveals three distinct types of fresh food buyers—Forwards, Followers, and Neutrals—each with its own distinct expectations and buying patterns (figure 1).

An analysis of each segment's attitudes about health and wellness, food safety/sustainability, and sourcing with respect to fresh food purchases reveals some important differences. For Forwards, health and wellness was more important than the other two factors. Perhaps as a result, this group was more likely to pay a higher price for fresh foods. However, among Followers and Neutrals—who accounted for more than two-thirds of our sample—price was most important. This suggests that there is likely a price threshold these consumers will not cross, and that competitive pricing remains important to them.

FIGURE 1

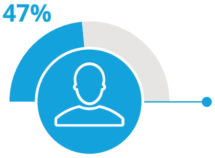
Attitudinal tendencies and demographic details by segments

31%

FORWARDS

- **Very committed to health and wellness**, actively choosing health over convenience
- **Eager to experiment with better-for-me options** and **more willing to pay a premium** for such foods
- **Higher fresh food awareness than others** and place a very **high value on sustainability**
- **Strong willingness to purchase and highly appealing to marketers**, but ability to purchase—mostly driven by income—is relatively lower than all segments
- **Younger consumers** residing with their families

47%



FOLLOWERS

- Not as enthusiastic as Forwards, but have a **"balanced" attitude** to health and wellness
- Display **above-average interest in healthier variants and sustainability**
- Willingness and ability to purchase is above average, and their **large segment size makes them an attractive target** for marketers
- **Middle-aged consumers** with families

22%

NEUTRALS

- **Lowest commitment to health and wellness, preferring price and convenience over health**
- **Open to experiment with better-for-me options** but are not keen on paying a premium for them
- **Fresh food awareness and interest in sustainability** lowest vs. other segments
- **Ability to purchase is of most value to marketers**, but driving their willingness beyond the bare necessity is a challenge
- **Older consumers** residing alone or with partners

Source: The Deloitte fresh food consumer survey 2019.

Interestingly, among Forwards, health and wellness concerns rose to the top when considering other types of food as well. This suggests that their desire for health and wellness products is a function of their attitudes rather than age—which also implies that as Forwards age, they will likely maintain their beliefs and not necessarily become Followers. They are more likely to evolve into a new segment of middle-aged adults with higher incomes interested in fresh foods. To track this evolution, manufacturers and retailers may wish to revisit this segmentation every three to five years due to this category's dynamic nature.

As far as near-term profitability goes, if demand can be stimulated among Followers, the largest group of fresh food consumers, even small growth within this group could be beneficial to the broader fresh food category. Such targeted consumer analysis, coupled with enhancements on the manufacturing end, can truly help realize the growth potential of fresh foods.

To learn more, read the full report, *The future of fresh: Strategies to realize value in the fresh food category*, on www.deloitte.com/insights/fresh-food-consumer.

The future of fresh

page 152

1. Chris DuBois and Jonna Parker, "Top trends in fresh: Prepared food, hyperlocalization and new supply chains," IRI, January 2019.