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BUSINESS SCHOOL

CONSUMER PREFERENCES - TRENDS AND DRIVERS IN FOOD MARKETS

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Australia
The state of play

Food & Drink @ $132 to $133bn

Restaurants $38bn

Supermarkets & Grocery Stores @ $15.7bn to $20bn

Supermarkets & Grocery Stores @ 257,000

Cafes, Restaurants & Takeaway Food @ 677,800

Australian agriculture @ 440k

Organic food market @ $18.4bn

food traceability market @ $4.8.4bn

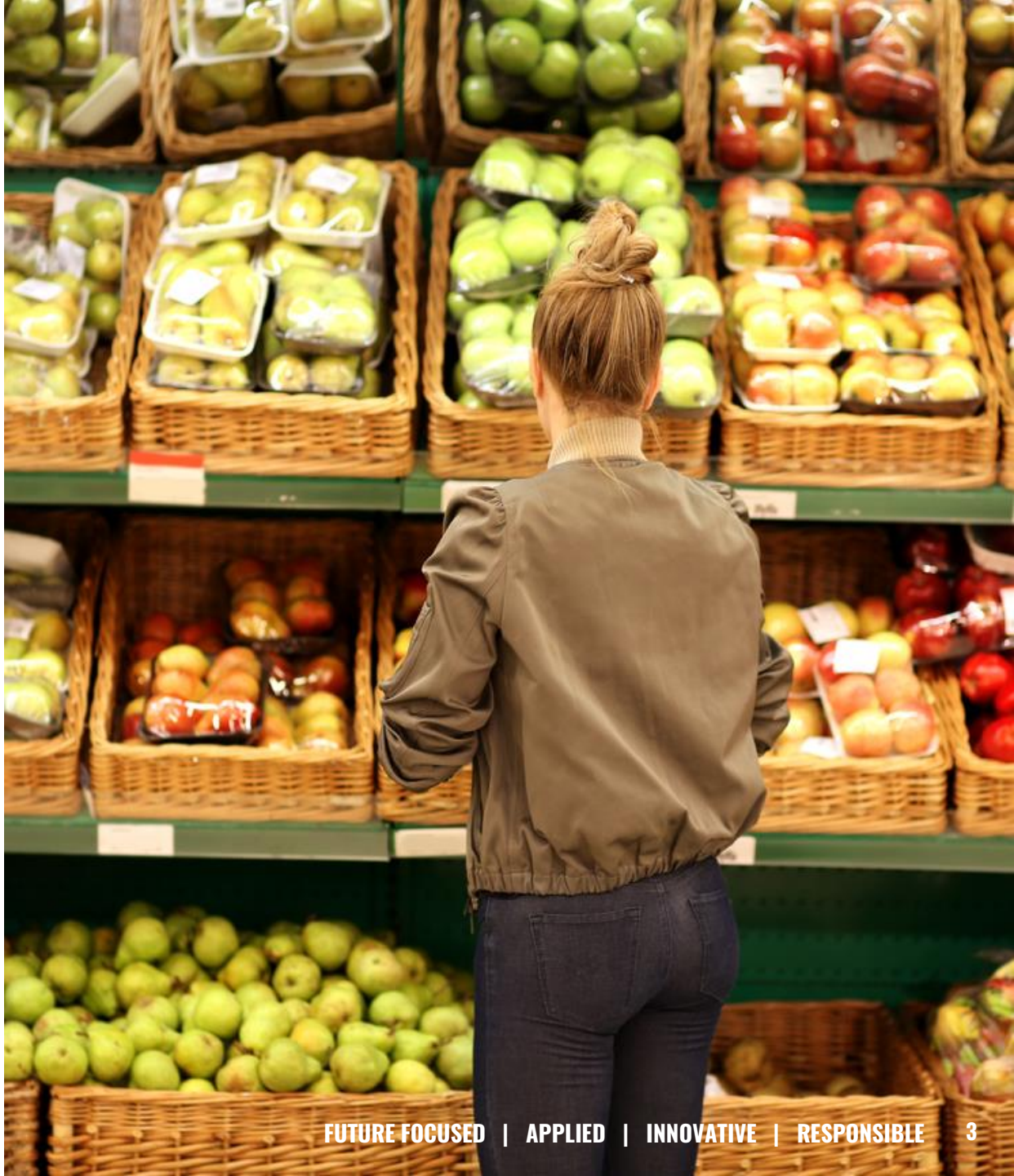
Restaurant businesses

9,400 @ Supermarkets & grocery stores

36,149

CONSUMER PREFERENCE

- ✓ CONSUMER CHOICES - MAXIMISE VALUE AND SATISFACTION.
- ✓ CONSUMERS SUBJECTIVE TASTES – LIKES, DISLIKES AND PREDISPOSITIONS.
- ✓ GUIDE DECISION RULES CONSUMER APPLY TO MAKE DECISIONS TO ESTABLISH PREFERENCES.
- ✓ BEHAVIOUR INFLUENCED BY- ATTITUDES-PERCEPTIONS-PERSONALITY-PERSONAL VALUES-LEARNING-INVOLVEMENT, OTHERS' PREFERENCES AND CONTEXT.
- ✓ ALSO INFLUENCED BY SOCIAL NORMS AND CULTURAL VALUES - SOCIAL PRESSURE TO CONFORM/COMPLY (THROUGH MEDIA).
- ✓ CONSUMER PREFERENCES USED IN MANY WAYS – MARKETING STRATEGY, PRODUCT DEVELOPMENT, BRANDING, PRICING, CHANNELS, PRODUCTION/MANUFACTURING, TRANSPORTATION, RETAIL ETC.



TRENDS IN FOOD MARKETS

1

Health

Consumers will be more conscious of their health, tailoring diets and lifestyles to meet their personal needs.

2

Convenience and technology

Online capacity has increase as a result of COVID-19 and direct to consumer agrifood service continue to rise in popularity.

3

Alternative protein

Plant base foods and alternative proteins gaining ground among consumer preferences, increasing opportunities for existing and new business.

4

Sustainability and reducing waste

The term waste is being replace with side streams, ensuring all excess food enters the circular economy. Other trends include buying locally and increase focus on sustainability, intelligent packaging.

5

New flavour and experiences

Consumer will seek foreign flavours and experiences.

WHAT'S DRIVING TRENDS - OVERTIME

WHAT'S TRENDING – OVERTIME

1. INSTAGRAM-WORTHY FOODS: 2012
2. MATCHA: 2014
3. FOOD PROVENANCE: 2015
4. AVOCADO TOAST: 2016
5. FOOD TRUCKS: 2017
6. FERMENTED FOODS: 2018
7. PLANT-BASED MEALS: 2019
8. ONLINE FOOD DELIVERY: 2020

2000 – FOAMS AND GELS
2001 – THE CELEBRITY CHEF CONCEPT
2002 – COMFORT FOOD
2003 – FINE DINING
2004 – ARTISANAL CHOCOLATE
2005 – SUSHI
2006 – DECONSTRUCTED DISHES
2007 – THE BURGER CRAZE
2008 – WHOLEGRAINS
2009 – 'FANCY' SALTS
2010 – FOOD TRUCKS
2011 – CHARCUTERIE BOARDS
2012 – VEGGIE CHIPS AND POWDERS
2013 - THE YEAR OF THE CRONUT
2014 - CRAFT BEER
2015 - HEALTHY EATING, QUINOA, AND KALE!
2016 - CHARCOAL EVERYTHING
2017 – BONE BROTH
2018 – GUT-FRIENDLY FOODS (KOMBUCHA AND FRIENDS)
2019 – VEGANISM AND FAUX MEAT
2020 > PROTEIN, ALTERNATE PROTEINS

EXAMPLES TRENDING OVER TIME

TRENDS IN NEWS TOPICS

- ✓ FOOD SAFETY
- ✓ FOOD PRICES
- ✓ SLOW FOOD
- ✓ ORGANIC
- ✓ SUSTAINABILITY - PROVENANCE - AUTHENTICITY
- ✓ CONSUMER GENERATED CONTENT
- ✓ PRIVATE BRANDING

FOOD INFLUENCES

- ✓ ORGANIC FOODS
- ✓ INTERNATIONAL CUISINES
- ✓ FOOD TV AND INTERNET
- ✓ FOOD SAFETY
- ✓ THE ECONOMY AND SHIFT TO HOME COOKING
- ✓ FAST CASUAL RESTAURANT CONCEPTS
- ✓ FAIR TRADE AND ARTISAN CONCEPTS IN BREAD, CHOCOLATES, CHEESES
- ✓ MOBILITY/SOCIAL MEDIA/TWITTER NOTIFICATIONS
- ✓ CULINARY EDUCATION

FOOD TRENDS

- ✓ SUSHI
- ✓ BACON
- ✓ CUPCAKES
- ✓ SLIDERS
- ✓ GOURMET BURGERS MADE WITH KOBE OR ANGUS BEEF
- ✓ SUPERFRUITS E.G ACAI, POMEGRANATE, BLUEBERRY
- ✓ OILS, E.G OLIVE OILS AND TRUFFLE OILS
- ✓ WHOLE GRAINS, SUCH AS KASHI, POLENTA, RISOTTO
- ✓ ARTISAN FOODS, E.G BREADS, CHEESES, DARK CHOCOLATES
- ✓ COFFEES, TEAS

PERCEPTION

How consumers select, organise, and interpret stimuli into a meaningful and coherent picture of the world. It fundamentally is “how we see the world around us.”

STIMULUS IS ANY INPUT TO ANY OF OUR SENSES

TWO CONSUMERS - EXPOSED TO SAME STIMULI, SAME CONDITIONS, REACT DIFFERENTLY BASED ON PRIOR EXPERIENCES, PERSONALITY, ATTITUDES, NEEDS, WANTS, EXPECTATIONS

ELEMENTS OF PERCEPTION

- SELECTIVE PERCEPTION
- CONSUMERS SUBCONSCIOUSLY EXERCISE SELECTIVITY ABOUT WHICH ASPECTS OF THE ENVIRONMENT THEY PERCEIVE
- HELPS COPE WITH ENORMOUS QUANTITIES OF STIMULI CONSUMERS ARE EXPOSED TO DAILY

WHICH STIMULI GETS SELECTED DEPENDS ON

- Nature of the stimulus
- Consumers' previous experience - it affects their expectations
- Consumers' motives at the time

PERCEPTUAL INTERPRETATION - DISTORTING INFLUENCES

Physical appearance	• Physical appearance of products affects consumer perceptions.
Descriptive terms	• Description of product influences consumer perceptions.
Stereotypes	• Expectations of what specific products/brands might be like.
Irrelevant cues	• When required to form a difficult judgement, consumers respond to irrelevant stimuli.
First impressions	• Tend to be lasting but the consumer doesn't know which stimuli are important.
Halo effect	• An evaluation based on only one of many dimensions available.

Red bananas

STUDYING CUSTOMER PREFERENCES: AN EXAMPLE!

WHAT constitutes ‘organic’ to consumers

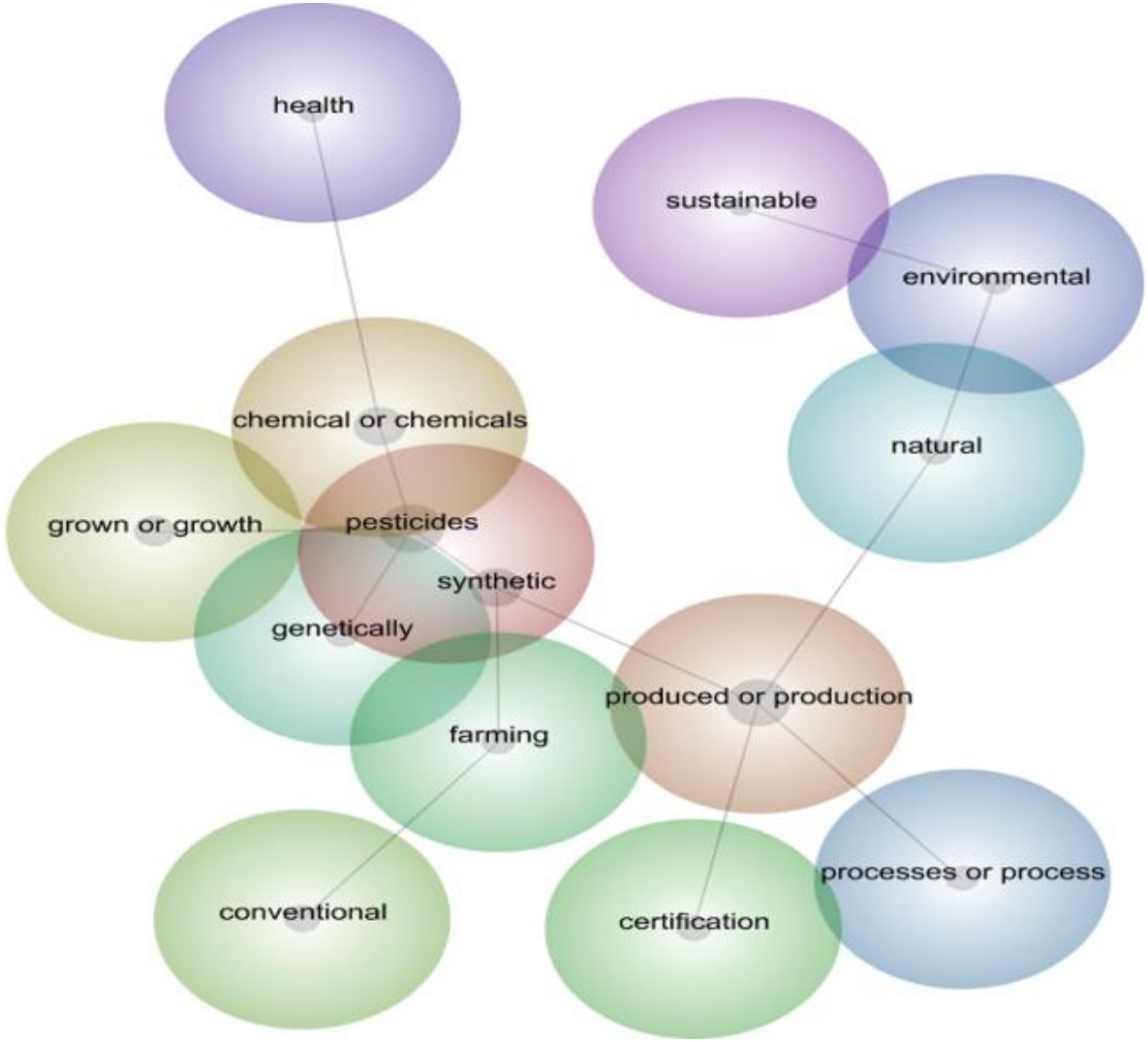
WHY do consumers purchase organic food?

HOW do consumers make purchase decisions of organic food?

STUDYING CUSTOMER PREFERENCES: AN EXAMPLE!
(CONTINUED)

CONCEPTS BY CONSUMERS:

1. PRODUCTION PRACTICES
2. CHEMICAL CONTENT - PESTICIDES ETC
3. SYNTHETIC VS NATURAL



STUDYING CUSTOMER PREFERENCES: AN EXAMPLE! (CONTINUED)

Unprocessed	Minimally processed	Highly processed
Strawberries Tomatoes	Flour Sugar	Chocolate Pasta sauce

If you were at a supermarket to buy **a punnet of strawberries** and these were your only options, which one would you choose?

Woolworths macro wholefoods market	Driscoll's	Woolworths essentials	
Organic	Certified organic Australian Certified Organic	Not organic	I wouldn't buy any of these products.
Cardboard punnet	Plastic punnet	Cardboard punnet	
Imported	100% Australian	Imported	
$5.40/250G	$5.40/250G	$4.50/250G	
○	○	○	○

STUDYING CUSTOMER PREFERENCES: AN EXAMPLE!
(CONTINUED)

FREQUENT CONSUMERS: YOUNGER, FROM LARGER HOUSEHOLD, WITH MORE CHILDREN

OCCASIONAL CONSUMERS: A COUPLE-ONLY HOUSEHOLD, NO CHILDREN

macro wholefoods market

30% Retailer-owned
37% National manufacturer
23% Retailer-owned (conventional)

Woolworths essentials

Positive effect on consumer choice:

1. Local origin
2. Certified organic
3. Sustainable packaging

Negative effect on consumer choice:

4. Price premium of either 20% or 50%

STUDYING CUSTOMER PREFERENCES: AN EXAMPLE!
(CONTINUED)

CONSUMERS PREFER LOCAL ORIGIN OF THE PRODUCT

Local origin has the strongest association with preference
- Probability of choosing local is 38% higher

National brand is preferred in highly processed food category
- Probability is 2 x higher

Convenience of processed food is preferred in organics

CONCLUDING COMMENTS - MARKETING'S ROLE

- ✓ PREFERENCE OF THE SENSORY PROPERTIES ARE AMONG THE MOST IMPORTANT CRITERIA IN FOOD CHOICE.
- ✓ PREFERENCES OF FOOD PRODUCTS, AND FINALLY FOOD CHOICE ITSELF, ARE AFFECTED BY A MYRIAD OF INTRINSIC AND EXTRINSIC FACTORS.
- ✓ HOW IDENTIFIED FACTORS CAN BE UTILIZED TO AFFECT CONSUMER.
- ✓ PREFERENCES FOR FOOD PRODUCTS FOR HEALTHIER AND SUSTAINABLE FUTURES.

CONCLUDING COMMENTS - MARKETING'S ROLE

- ✓ MARKETING - IDENTIFY FACTORS PLAYING MAJOR ROLE IN HOW WE PERCEIVE AND BEHAVE TOWARDS FOOD AND HOW TO MARKET/BRAND.
- ✓ MARKETING ANSWERS PRESSING QUESTIONS ABOUT HOW DO SPECIFIC FACTORS AFFECT CONSUMERS PREFERENCE FOR FOODS - INDIVIDUALLY AND IN COMBINATION IN VARIOUS CONTEXTS.
- ✓ GREATER SCRUTINY OF TRENDS IN FOOD TRENDS AND PERCEPTION OF FOOD AND BEVERAGE PRODUCTS IS CRITICAL.
- ✓ MARKETING'S ROLE – MARKET DRIVEN V MARKET DRIVING.

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