SHOPPING FOR HEALTH 2009
WHAT IT TAKES TO EAT HEALTHY

Cary Silvers
Director of Consumer Insights
Whole Grains Council 4.21.09
Cross-roads at the Supermarket

• Higher food prices
• Down economy
• Low consumer confidence
• Healthy eating perceived as costly

“Consumers are in a need to take action mode!”
Spending Shifts

49% are spending more on all food purchases

54% Spending less on eating out

53% Spending more at grocery stores
2008 Changes—Higher Prices

“My food shopping hasn't changed, the cost of basic food items has risen to the point where I stopped eating out in order to maintain our basic food stuffs”

“Hasn't changed at all except cost has gone up”

“The item prices have gone up quite a bit on items, so the total spent has gone up”

“Food is costing more”
Eating Out Dollars Shift to the Supermarket

61% spending some or all of the money at the supermarket

33% saving some or all of the money

24% Other
2008 Changes—Cooking More

“Eating in more and preparing more home cooked meals.”

“We're buying more groceries for home cooking instead of eating out.”

“We are purchasing more foods that we can prepare at home to save money.”
Healthy Eating Costly

“I am buying more organic foods & they tend to be more expensive.”

“Buying slightly more prepared, healthy foods to replace restaurant food”

“I am eating healthier and prices have increased significantly for all types of grocery items.”

“Buying healthier items has been more costly.”

“The cost of healthy eating is significantly higher than eating the junk so it coasts more to shop”
Living well on or with less
Money Saving Strategies

- Store switching
- Fewer Trips
- Shop differently in the store

<table>
<thead>
<tr>
<th></th>
<th>Weekly</th>
<th>1-2 Weeks</th>
<th>6-8 Weeks</th>
</tr>
</thead>
<tbody>
<tr>
<td>ACME</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Whole Foods</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Costco Wholesale</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>ShopRite</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Local Butcher</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Delicious Orchards</td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>
Multiple Shopping Trips

Unilever Trip Management Study
*Each shopping trip has its own reason*

- **62%** of store visits are “quick trips” (3-5 items)
- **25%** are “fill-ins” (average 9 items)
- **13%** are “major stock-ups” (average 16 items)
The Fragmented Shopper
Shop Where Prices are Lower

<table>
<thead>
<tr>
<th>Shops</th>
<th>2008:</th>
<th>2009:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Traditional Grocery</td>
<td>86%</td>
<td>86%</td>
</tr>
<tr>
<td>Discount (Wal-Mart)</td>
<td>56%</td>
<td>59%</td>
</tr>
<tr>
<td>Club/Super</td>
<td>41%</td>
<td>40%</td>
</tr>
<tr>
<td>Natural Organic (Whole Foods)</td>
<td>21%</td>
<td>19%</td>
</tr>
<tr>
<td>Farmers Market</td>
<td>18%</td>
<td>19%</td>
</tr>
<tr>
<td>Local Gourmet</td>
<td>18%</td>
<td>16%</td>
</tr>
<tr>
<td>Specialty Store (Butcher)</td>
<td>14%</td>
<td>13%</td>
</tr>
<tr>
<td>Convenience Store</td>
<td>11%</td>
<td>12%</td>
</tr>
</tbody>
</table>
The Fragmented Shopper
Fewer Quick Trips

<table>
<thead>
<tr>
<th>Trips</th>
<th>2008:</th>
<th>2009:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quick Trips (3-5 items)</td>
<td>71%</td>
<td>66%</td>
</tr>
<tr>
<td>Supplemental Trips (6-15 items)</td>
<td>79%</td>
<td>79%</td>
</tr>
<tr>
<td>Big Food Trips (16+ items)</td>
<td>89%</td>
<td>89%</td>
</tr>
</tbody>
</table>
Quick Trips
Higher Price Stores Losing Impulse Buyers

<table>
<thead>
<tr>
<th>Store</th>
<th>2008:</th>
<th>2009 Point Difference:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local Gourmet</td>
<td>64%</td>
<td>- 8 points</td>
</tr>
<tr>
<td>Specialty (F&amp;V, Butcher)</td>
<td>79%</td>
<td>- 8 points</td>
</tr>
<tr>
<td>Natural Organic (Whole Foods)</td>
<td>44%</td>
<td>- 7 points</td>
</tr>
</tbody>
</table>
Supplemental Trips
No Significant Drop-Off Vs. Last

<table>
<thead>
<tr>
<th>Store</th>
<th>Shop:</th>
<th>2009 Point Difference:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Natural Organic (Whole Foods)</td>
<td>70%</td>
<td>+ 4</td>
</tr>
<tr>
<td>Local Gourmet</td>
<td>66%</td>
<td>+ 9</td>
</tr>
<tr>
<td>Farmer’s Market</td>
<td>63%</td>
<td>+ 7</td>
</tr>
<tr>
<td>Club/Super Stores (Costco)</td>
<td>55%</td>
<td>+ 4</td>
</tr>
</tbody>
</table>
Big Food Shop
No Significant Change

<table>
<thead>
<tr>
<th>Store</th>
<th>Shop:</th>
<th>2009 Point Difference:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Traditional Grocery</td>
<td>77%</td>
<td>- 2</td>
</tr>
<tr>
<td>Club/Super Stores (Costco)</td>
<td>58%</td>
<td>- 3</td>
</tr>
<tr>
<td>Discount (Wal-Mart, Target)</td>
<td>62%</td>
<td>+ 3</td>
</tr>
<tr>
<td>Local Gourmet</td>
<td>35%</td>
<td>- 1</td>
</tr>
<tr>
<td>Natural Organic (Whole Foods)</td>
<td>33%</td>
<td>+1</td>
</tr>
</tbody>
</table>
In-Store Money Saving Strategies

Based on respondents who are spending less on grocery shopping

- Only buy what I need: 77%
- Switch to store brands: 53%
- Cut out buying premium versions: 53%
- Buy on-sale items: 45%
- Buy in bulk: 38%
- Buy fewer prepared foods: 36%
- Buy less expensive cuts of meat: 36%
- Switch from fresh to canned/frozen products: 18%
- Buy less organic/local products: 16%
Money Saving Strategies

TNS Retail Forward ShopperScape report says that “shopper traffic and shopping frequency is down across most food, drug and mass channels - except Supercenters, which is being driven by an increase in monthly shoppers at Wal-Mart Supercenter.”
Money Saving Strategies in the UK

The ALDI Effect
Just 8% of respondents say they have switched to a cheaper supermarket due to the recession. However, a slightly larger proportion – 24% – say they are shopping in different supermarkets to take account of offers, discounts and promotions.

GFK NOP
Dieting & Health
State of Diets 2008
Fewer on a Diet/Fewer Stayed with it

33% started a diet in 2008
(down 5 points from 2007)

58% were still on it (as of November)
(down 8 points from 2007)
Awareness of Diets

<table>
<thead>
<tr>
<th>Diet</th>
<th>Awareness</th>
</tr>
</thead>
<tbody>
<tr>
<td>Weight Watches</td>
<td>92%</td>
</tr>
<tr>
<td>Jenny Craig</td>
<td>89%</td>
</tr>
<tr>
<td>Atkins</td>
<td>88%</td>
</tr>
<tr>
<td>South Beach</td>
<td>87%</td>
</tr>
<tr>
<td>Slim-Fast</td>
<td>85%</td>
</tr>
<tr>
<td>Nutrisystem</td>
<td>80%</td>
</tr>
</tbody>
</table>
### Type of Diet

Less “winging it”

<table>
<thead>
<tr>
<th>Diet</th>
<th>2008:</th>
<th>Point Difference:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Just watching calories</td>
<td>47%</td>
<td>-10</td>
</tr>
<tr>
<td>Some other type</td>
<td>31%</td>
<td>+5</td>
</tr>
<tr>
<td>Low Fat</td>
<td>23%</td>
<td>-1</td>
</tr>
<tr>
<td>Low Carbohydrates (South Beach)</td>
<td>15%</td>
<td>-1</td>
</tr>
<tr>
<td>Jenny Craig/Weight Watchers</td>
<td>7%</td>
<td>-1</td>
</tr>
</tbody>
</table>

#### Increased Attrition

Marketplace changes affected those who were “winging it” for dieting in 2008.
Eating Healthy
Health Drivers

How we make our choices…
Healthy version
Regular
Sometimes
Health Drivers
When Shopping - No Changes vs. 2008

- Lose/maintain weight:
  - A lot: 27%
  - Somewhat: 40%

- Reduce risk of developing an illness:
  - A lot: 21%
  - Somewhat: 34%

- Follow Doctor's advice:
  - A lot: 15%
  - Somewhat: 29%
Healthy Version
1/3 or More

<table>
<thead>
<tr>
<th></th>
<th>Regular Version</th>
<th>Sometimes Reg/Healthy</th>
<th>Healthy Version</th>
</tr>
</thead>
<tbody>
<tr>
<td>Milk</td>
<td>24%</td>
<td>7%</td>
<td>63%</td>
</tr>
<tr>
<td>Bread</td>
<td>31%</td>
<td>13%</td>
<td>53%</td>
</tr>
<tr>
<td>Cereal</td>
<td>33%</td>
<td>17%</td>
<td>44%</td>
</tr>
<tr>
<td>Salad Dressing</td>
<td>32%</td>
<td>19%</td>
<td>37%</td>
</tr>
<tr>
<td>Soups</td>
<td>34%</td>
<td>20%</td>
<td>36%</td>
</tr>
<tr>
<td>Mayonnaise</td>
<td>41%</td>
<td>10%</td>
<td>32%</td>
</tr>
<tr>
<td>Soda</td>
<td>31%</td>
<td>12%</td>
<td>32%</td>
</tr>
<tr>
<td>Item</td>
<td>Regular Version</td>
<td>Sometimes Reg/Healthy</td>
<td>Healthy Version</td>
</tr>
<tr>
<td>------------</td>
<td>-----------------</td>
<td>-----------------------</td>
<td>-----------------</td>
</tr>
<tr>
<td>Cheese</td>
<td>58%</td>
<td>17%</td>
<td>21%</td>
</tr>
<tr>
<td>Pasta</td>
<td>50%</td>
<td>17%</td>
<td>28%</td>
</tr>
<tr>
<td>Cookies</td>
<td>45%</td>
<td>16%</td>
<td>13%</td>
</tr>
<tr>
<td>Ice Cream</td>
<td>46%</td>
<td>18%</td>
<td>24%</td>
</tr>
<tr>
<td>Crackers</td>
<td>44%</td>
<td>16%</td>
<td>30%</td>
</tr>
<tr>
<td>Chips</td>
<td>43%</td>
<td>21%</td>
<td>20%</td>
</tr>
<tr>
<td>Deli Meat</td>
<td>43%</td>
<td>14%</td>
<td>26%</td>
</tr>
<tr>
<td>Soy Sauce</td>
<td>33%</td>
<td>8%</td>
<td>21%</td>
</tr>
</tbody>
</table>
Why They Prefer Regular

- Cheese: 62% Better Taste, 21% No Need, 13% Lower Cost
- Pasta: 48% Better Taste, 26% No Need, 17% Lower Cost
- Cookies: 64% Better Taste, 16% No Need, 11% Lower Cost
- Ice Cream: 68% Better Taste, 17% No Need, 11% Lower Cost
- Crackers: 57% Better Taste, 23% No Need, 13% Lower Cost
- Chips: 63% Better Taste, 18% No Need, 14% Lower Cost
- Deli Meat: 56% Better Taste, 24% No Need, 16% Lower Cost
- Soy Sauce: 51% Better Taste, 31% No Need, 8% Lower Cost
### Why They Prefer Regular

<table>
<thead>
<tr>
<th>Item</th>
<th>Better Taste</th>
<th>No Need</th>
<th>Lower Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Milk</td>
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<td>22%</td>
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<td>Soda</td>
<td>64%</td>
<td>19%</td>
<td>11%</td>
</tr>
</tbody>
</table>
Whittling Down

- 5 of 15 products - claim to buy the healthy version
- at least 50% of the time or more.
- Cost is not the barrier against healthy eating that people claim.
- Best conversion would come from the “sometimes” buyers.
- Taste remains as the major barrier.
Eating Healthy
Nearly Everyone Claims to do it

- A Lot: 34% (2009), 31% (2008)
- Some: 49% (2009), 49% (2008)
- Only a Little: 14% (2009), 14% (2008)
- None: 4% (2009), 6% (2008)
Eating Healthy
With Varying Degrees of Success

- Always: 11% (10%)
- More than half the time: 60% (61%)
- Less than half the time: 25% (25%)
- Rarely/Never: 4% (4%)
Why People Don’t Eat Healthy
The Excuses

Really?

- It costs too much: 33% (Major), 29% (Minor)
- Hard to change eating habits: 42% (Major), 25% (Minor)
- Too much conflicting info: 34% (Major), 18% (Minor)
- Healthy foods don’t taste as good: 30% (Major), 16% (Minor)
- Not available when I eat out: 37% (Major), 14% (Minor)
- Too busy to take the time: 34% (Major), 13% (Minor)
- Not available where I shop: 20% (Major), 7% (Minor)
Organics,
Locally Grown, Natural,
and other Labels
Healthy Labels
Knowing what they mean

- Organic: 36% Very confident, 49% Somewhat confident, 16% Not confident
- Locally Grown: 44% Very confident, 46% Somewhat confident, 10% Not confident
- Natural: 28% Very confident, 50% Somewhat confident, 21% Not confident
What Are We So Confident About?

**Organic**
USDA – grown without chemical pesticides or fertilizers

**Locally Grown**
There are no regulations specifying what locally grown means

**Natural**
Neither FDA nor the U.S. Department of Agriculture (USDA) has precise rules for “natural.” And the food-and-beverage product industry, represented by the Grocery Manufacturers Association, has no consensus.
Healthy Labels
U.S. Spending

2008 Sales (in Billions)

Organic: $4.9
Locally Grown: $5.0
Natural: $22.3
### Organic Shopping
Primary Vs. Secondary Store

<table>
<thead>
<tr>
<th>Shops</th>
<th>Primary:</th>
<th>Secondary:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Traditional Grocery</td>
<td>42%</td>
<td>39%</td>
</tr>
<tr>
<td>Natural Organic (Whole Foods)</td>
<td>23%</td>
<td>37%</td>
</tr>
<tr>
<td>Discount (Wal-Mart)</td>
<td>10%</td>
<td>31% (+5)</td>
</tr>
<tr>
<td>Local Gourmet</td>
<td>8%</td>
<td>31% (+6)</td>
</tr>
<tr>
<td>Farmers Market</td>
<td>9% (+5)</td>
<td>43% (+8)</td>
</tr>
<tr>
<td>Club/Super</td>
<td>3%</td>
<td>30% (+5)</td>
</tr>
<tr>
<td>Specialty Store (Butcher)</td>
<td>1%</td>
<td>24% (+6)</td>
</tr>
</tbody>
</table>

Based on Respondents who bought in last 6 months
Two Organic Markets

44% Bought any organics last 30 days (+6 points vs. 2008)

17% Bought organic fruits & vegetables and at least one other organic product, in the last 30 days
Types of Organics Purchased
No Drop-Off

- Fruits or Vegetables: 26% (2009), 25% (2008)
- Milk, Yogurt or other Dairy: 16% (2009), 14% (2008)
- Cereals, Breads, or Pastas: 14% (2009), 13% (2008)
- Eggs: 14% (2009), 12% (2008)
- Packaged foods: 9% (2009), 9% (2008)
- Meats or Poultry: 10% (2009), 9% (2008)
- Soups or Sauces: 8% (2009), 7% (2008)
- Other Organic Products: 7% (2009), 5% (2008)
Organics Holding Steady
Not Gaining Ground Among Non-Buyers

9% of shoppers stopped buying organics
• Up 2 points from 2008
• 76% said they were too expensive
• Up 6 points from 2008

44% of shoppers have not purchased organics
• 67% say they are too expensive
• Up 10 points from 2008
Why Buy Organics
Shoppers Gaining a Better Understanding

Based on Respondents who bought in last 6 months

- Grown without chemical pesticides: 31% (+24)
- Long-term personal health: 16% (-13)
- Nutritional value: 13%
- Freshness or in-season: 15%
- Environmental impact: 8%
- Taste: 9%
- Prefer for my children: 2%
- Appearance: 1%

Pt. Diff: +24, -13
Organics: Healthy Halo Effect
Main Reason they Started Buying Organics

• 30% they just wanted to eat healthier (-5)
• 38% were concerned about health effects (+12)
• 11% for my kids (-3)
• 9% concern for the environment

Based on Respondents who bought in last 6 months
Point diff. vs. 2008
Locally Grown?

'Mealily grown' food sounds great, but what does it mean?

By Julie Schmitt, USA TODAY

Virginia farmer Rod Parker can walk into a grocery store 10 miles from his farm, 40 miles from it and even 100 miles from it and see his fresh produce marketed as 'locally grown.'

Some retailers even consider 'locally grown' to be something produced a day's drive from the store, he says. Meanwhile, "I'm sure consumers think it's grown right down the road," says the owner of Parker Farms.

Nationally, retailers from Wal-Mart to Whole Foods are increasingly devoting more shelf space to "locally grown" products including such things as fresh produce and Thanksgiving turkeys. Whole Foods, for one, now spends almost 22% of its produce budget on locally grown products.
Understanding of Locally Grown

- 53% grown in my local area (50 miles)
- 26% grown in my state
- 16% grown in the U.S.
Understanding of Locally Grown

<table>
<thead>
<tr>
<th>Farm Type</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Family Farm</td>
<td>44%</td>
</tr>
<tr>
<td>Large Corporate Farm</td>
<td>3%</td>
</tr>
<tr>
<td>Either Type</td>
<td>48%</td>
</tr>
</tbody>
</table>
Organic vs. Locally Grown
WWSD... Strawberries
Available at the Same Price

• 53% would choose locally grown (-5)
• 26% organic (-2)
• 10% regular store packaged

Based on Respondents who bought in last 6 months
Point diff. vs. 2008
WWSD… Strawberries
$2.49 for organic & locally grown vs. $1.99

• 49% would choose regular store packaged (+5)
• 33% locally grown
• 18% organic (-4)

Based on Respondents who bought in last 6 months
Point diff. vs. 2008
Natural Food Products

- 44% are very or somewhat interested in purchasing
- 38% are on the fence (might or might not be interested)
- 18% are not interested
71% of shoppers read the labels of food products for specific ingredients (no change vs. 2008)
Labels of Most Concern

Based on Respondents who read labels

- Fat Content: 71% (2009) vs. 68% (2008)
- Trans Fat: 65% vs. 61%
- Salt/Sodium: 65% vs. 63%
- Saturated Fat: 63% vs. 58%
- Sugar/Artificial Sweetener: 63% vs. 61%
- Calories: 63% vs. 59%
- Cholesterol: 46% vs. 44%
Did you know?

2 Jelly donuts have fewer calories than a sesame bagel with cream cheese.
Based on Respondents who read labels

### Labels of Most Concern

#### The Pack

<table>
<thead>
<tr>
<th>Category</th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chemical Additives</td>
<td>42%</td>
<td>43%</td>
</tr>
<tr>
<td>Preservatives</td>
<td>36%</td>
<td>41%</td>
</tr>
<tr>
<td>Fiber Content</td>
<td>38%</td>
<td>41%</td>
</tr>
<tr>
<td>Carbohydrates</td>
<td>40%</td>
<td>39%</td>
</tr>
<tr>
<td>Serving Size</td>
<td>37%</td>
<td>39%</td>
</tr>
<tr>
<td>WholeGrains</td>
<td>33%</td>
<td>32%</td>
</tr>
</tbody>
</table>
Based on Respondents who read labels

### Labels of Most Concern

<table>
<thead>
<tr>
<th>Category</th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vitamin/Minerals</td>
<td>26%</td>
<td>28%</td>
</tr>
<tr>
<td>Protein</td>
<td>24%</td>
<td>27%</td>
</tr>
<tr>
<td>Potential Allergens</td>
<td>14%</td>
<td>13%</td>
</tr>
<tr>
<td>Glycemic Index</td>
<td>9%</td>
<td>12%</td>
</tr>
<tr>
<td>Gluten</td>
<td>9%</td>
<td>10%</td>
</tr>
<tr>
<td>Probiotic/Prebiotic</td>
<td>5%</td>
<td>7%</td>
</tr>
</tbody>
</table>
Conclusions: Economic Effects

• The economy is having an effect on spending for food.
  – Fewer quick trips at higher price retailers
• National brands are being challenged
• Most likely to fall from healthy eating - those people who “wing it” as a diet.
Conclusions: Eating Healthy

• No significant changes in attitudes towards eating healthy or claims of doing it.
• Taste rules! (as it always has)
  – Healthy eating battleground is in product category decisions (switch from old habits)
  – Price has some “grey area” here
• Best conversion to healthy eating – the “sometimes buyers.”
• Labels – a better grasp of organic
THANK YOU!

Cary Silvers
Director of Consumer Insights