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WHAT MATTERS TO CONSUMERS WHEN PURCHASING FOOD AND BEVERAGE PRODUCTS?

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Consumers are grocery shopping with an ever-expanding perspective on overall health and well-being. In addition to health, they seek, affordability, clear labeling, food safety, taste, and transparency. During the pandemic, consumers have shopped for foods to boost immunity and prevent illness. L.E.K. Consulting's 2018 food and beverage study revealed:[1]

1. 93% of consumers want to eat healthy at least some of the time, with 63% trying to eat healthy most or all of the time.
2. Consumers want their food to have an increasingly wide range of benefits.
3. Consumers will pay more for food that delivers the benefits it claims.

The global health and foods market is forecasted to top $1T dollars by 2027 growing at an annual CAGR of 4.8% between the period 2020 – 2027. This market was valued at $764.2B in 2020.[2]

This report summarizes DNV's findings of their 2020 survey titled:

"What Matters to Consumers When Purchasing Food and Beverage Products"?

Their respondents (50% male, 50% female) engaged all groups over the age of 18 years old, encompassing a global perspective – North America, South America, Europe, and Asia.

CONSUMER

- The consumer trust brands to provide safe food:
  - 85% of consumers take food safety for granted for branded packaged foods vs 70% for non-packaged food and 68% for unbranded packaged.
- There is a higher trust in branded packaged goods than those that are unbranded:
  - Non-packaged loose foods – 80%.
  - Branded packaged – 85%.
  - Un-branded packaged – 69%.
- Direct individual impact issues that concern people the most:
  - Food safety – 55%.
  - Health issues – 53%.
  - Environmental – 38%.
  - Social aspects – 35%.
- Top 4 issues on which consumers would welcome more information and transparency:

1. Health Issues

- The top 4 areas consumers would like more information and transparency when it comes to health issues:
  - Product content clearly indicated – 65%.
  - Food safety secured from fam to fork – 63%.
  - Proper hygiene to prevent contamination – 59%.
  - Allergens or potentially dangerous ingredients – 57%.

[1] Consumers Say They Want to Eat Healthy, www.foodindustryexecutive.com, 2019
[2] Global Health and Wellness Foods Industry, www.globalnewswire.com, October 2020

2. Environmental Issues

- The top 4 areas consumers would like more information and transparency when it comes to environmental issues:
  - Sustainable packaging / reduce plastic – 68%.
  - Organic ingredients / reduce pesticides – 58%.
  - Reduce greenhouse gas emissions – 51%.
  - Restoration of natural habitats. – 50%.

3. Social Aspects

- The top 4 areas consumers would like more information and transparency when it comes to social aspects:
  - Reduce food waste – 61%.
  - Healthy working conditions – 56%.
  - Human rights – 56%.
  - Worker empowerment – 38%.

4. Other Sustainability Issues

- The top 4 areas consumers would like more information and transparency when it comes to other sustainability issues:
  - Origin of the product / ingredients – 64%.
  - Respect for animal welfare – 53%.
  - Total carbon footprint specified – 44%.
  - Vegan or animal-based ingredients clearly specified – 39%.

TOP TRANSPARENCY ISSUES

- Transparency on product ingredients and food safety that matter the most and are outlined on the product packaging:
  - 25% - product content clearly identified.
  - 24% - Origin of the products ingredients.
  - 23% - Proper hygiene to prevent contamination.
  - 22% - Sustainable packaging to reduce plastic and other waste.
  - 21% - Food safety secured from farm to fork.

CONSUMERS PRIMARY SOURCE OF INFORMATION

- Consumers look to the product more than any other channel for their source of information:
  - Labels / QR Codes or text written on products – 49%.
  - Product's website – 31%.
  - Advertising – 28%.
  - Family / friends – 27%.
  - Social media – 24%.
  - On-line blogs by influencers – 14%.
- Table 1 breaks downs consumers Top 5 primary sources of information by age.

Table 1
Consumers Primary Source of Information by Age

	Generation Z	Millennials	Generation X	Boomers
Label / QR Codes	44.3%	43.9%	50.1%	56.8%
Website	30.8%	34.2%	29.8%	29.9%
Advertising	30.3%	30.8%	24.8%	28.2%
Family / Friends	30.1%	29.9%	24.5%	25.2%
Social Media	31.8%	30.3%	18.7%	17.5%

- QR codes have a significant potential to engage consumers:
  - 46% - have scanned a QR code on a product at least once.
  - 19% - use QR codes regularly.
  - 65% would become regular users if QR codes gave access to detailed information on the product's origin and authenticity.

CONSUMER DEMOGRAPHIC INSIGHTS

- Generation Z (18-24) and Millennials (25-39) would welcome more transparency on environmental and social issues:
  - 43% and 42.8% respectively vs 38.4% (on average).
  - Boomers seem more focused on issues impacting themselves. They reveal less concern over environmental (31%) and social issues (26%).
- Generation Z (78.7%) and Millennials (75.4%) vs (67.5% - average) are more inclined to pay more for a product if the product's information on quality, safety, environmental, social and health issues was verified by an independent third party.
- Table 2 breaks down willingness to pay more for certified product information by age.

Table 2
Willing to Pay More if Product Information is Verified by Age

	Generation Z	Millennials	Generation X	Boomers
5% more	37.7%	36.7%	35.5%	34.1%
10% more	22.1%	21.6%	16.3%	14.6%
10- 15% more	9.2%	8.7%	4.7%	3.1%
➢ 15%	9.7%	8.5%	5.9%	4.3%
No	16.4%	20%	30.9%	35.7%
Do not know	4.9%	4.6%	6.8%	8.2%

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