CONSUMPTION

Timeline of Events:

1960s
• producer driven
• average household size is 3.33
• great middle class defined the American mass market
• in 1966 poultry 19% of total meat, poultry and fish consumption
• correlation between rising per capita income and increased per capita consumption of food from animal sources levels out

1970s
• fast food restaurants, McDonald’s
• microwave oven
• warnings issued against consumption of red meats, Framingham study

1980s
• average household size 2.62
• 56.6% of women in labor force, “family meal” on the decline, “grazing” becomes a common eating style
• in 1989, poultry reaches 32% of total meat, poultry and fish consumption
• pork industry introduces “Pork - the other white meat” campaign

1990s
• target products at particular market segments (market breaking up along regional and demographic lines)
• computerized market sales data
• fewer and bigger supermarkets, deli and take out food sections greatly expanded
• dominant themes quality, nutrition, safety and convenience
• poultry consumption rose, beef consumption fell, pork consumption fell, dairy consumption fell (however cheese consumption increased), egg consumption in 90's fairly stable after previous decline, fish consumption increased
• Jeremy Rifkin publishes Beyond Beef (1992)

Trends:
• Demographic trends: slower population growth, greater ethnic diversity (Hispanics and Asians fastest growing groups), aging population, more women in labor force, household size decreasing, slower growth in income, widening disparity in income distribution, population moving south and west. The implications of these demographic trends: total food sales and per capita consumption will not grow very much (see graph 4.1), greater
variety of ethnic foods will be consumed, elderly will increase demand for healthy nutritious food, and convenience will be a high priority.  

- Consumer driven
- More ready to eat sales, eaten away from home and taken home (see graph 4.6)
- Dietary fat and cholesterol consumers’ top concern related to food. (see graph 5.7).
- Poultry continues as most popular meat.
- Power changing to retail end because retailers receive the information about consumer preference first due to scanning technology and Efficient Consumer Response (ECR), which allows for grocery retailers, wholesale distributors, and manufacturer suppliers to be linked together electronically and cooperate closely in order to improve the efficiency of the entire food delivery system. This changes objective function from maximizing revenue to maximizing return on assets (profits over volume). Inventories will be leaner and distribution costs declining.
- More farm production done under contract (ie. fast food industry)
- Increased product differentiation, value added products, technologically innovative and environmentally friendly products
- The Consumer Price Index (CPI) for food is projected to rise moderately, increasing at an average rate of about 2.4% from 1995-2005. This compares to a 3.1% average rise expected in the CPI for all items, continuing a long-term trend of food prices increasing at slightly less than the general inflation rate.

Uncertainties For The Future

- Effect of increased environmental awareness and “green labeling” movement. It is estimated that 50-60% of consumers base some purchasing decisions on environmental concerns.
- Production of leaner meat products. Example is use of somatotropin to produce leaner pork.
- Use of new technologies to improve meat tenderness. Tenderness is the most important palatability attribute of red meat. Examples are injection of beef with calcium chloride, and the Hydrodyne process, which uses a small amount of explosive to generate a shock wave in water which tenderizes the meat.
- Increased market for novel low fat meat products. Examples are buffalo, goat, rabbit, venison, game, and wild birds.
- Great market potential for food products that have altered nutritional characteristics but retain the quality and sensory attributes of the traditional product. Example: changes in animal feed which will lead to a healthier type of animal fat such as flax seed and other Omega 3 (n-3) fatty acid sources feed to swine and laying hens. (figure 4.8)
- Fastest growing markets are upscale and discount (people either buy the best, or the best buy).
- Will declining number of teenagers be a problem, especially for fast food segment?
- Role of government in the regulation of information about the attributes of food.
- Pull of government between consumer support and farmer support.
- Effect of information overload and desire for simplicity vs. increased complexity of life.
Proportion of average household budget spent on food continues to decline.¹

References

CONS 1
CONS 2