Health & Wellness:
The Purpose-Driven Consumer

Executive Summary

INTERNATIONAL
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ASSOCIATION

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Health & Wellness: The Purpose Driven Consumer
A special report prepared for the IDDBA by Sloan Trends, Inc.

Single copy price: IDDBA Member $395
Non-member $795

This Executive Summary of "Health and Wellness: The Purpose-Driven Consumer" includes the methodology of this study and a sampling of findings from IDDBA's 2008 consumer survey. The entire study is available in the Full Report and is available for purchase.

The complete report covers all of the materials listed in the Table of Contents. IDDBA members may purchase the complete study for $395 (the non-member price is $795) plus $10 shipping and handling.

Health & Wellness: The Purpose-Driven Consumer

Table of Contents of the Executive Summary

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Health & Wellness: The Purpose-Driven Consumer

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Please note that different researchers may have findings that differ from other studies. Because the methodology of data collection may differ, we have not attempted to do comparisons. See the original studies for more information.

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INTERNATIONAL Dairy-Deli-Bakery ASSOCIATION

Health & Wellness: The Purpose-Driven Consumer

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In addition to an extensive review of the healthy foods marketplace and consumer health-directed attitudes, issues and behaviors, the IDDBA has conducted a nationally projectable consumer telephone survey, to provide deeper insights into food purchase behaviors, beliefs and perceptions of both frequent dairy, deli, bakery shoppers as well as the general shopping population.

Mainstreaming of Health and Nutrition

The U.S. healthy foods market was estimated at about $130 billion in 2007. Lower in/reduced/free-from products remain the largest segment, led by sales of products that carry a “presence” claim about fat, all-natural, calories, salt/sodium, preservatives, cholesterol-free and more. U.S. functional food and beverage sales topped $34 billion in 2007; up 9% over 2006; natural/organic foods grew to $26.7, up 13%.

Two-thirds of adults made a strong effort to eat more fortified foods last year, up 17% vs. 2005; one-third made an effort to drink more fortified beverages. Virtually all of the top 10 best selling new food and beverage products in 2007 had some form of health benefit. The number of new food and beverage products making a health claim in the U.S. increased 13 times from 496 products in 2001 to 6,631 in 2007; all-natural, low/no/reduced fat, organic, no additives/ preservatives and kosher topped the list.

Over the last three years, health has become a major driver of the global food industry. Energy/sports drinks, probiotic drinks, milk/cream substitutes, baby/infant formula and dairy substitutes were among the fastest growing global categories in 2007. In North America, energy/sports drinks, water, fruit, soups and fresh salads were among the big gainers. Globally, functional foods are projected to grow from $75 billion in 2007 to $109 by 2010; the global organic market will grow to $86 billion by 2009.

Concern about Health & Nutrition by Gender and Age

	Extremely Concerned	Somewhat Concerned	Somewhat/ Extremely Concerned Total
Gender:			
Female	31%	38%	69%
Male	25%	38%	63%
Age: Total			
18-24	21%	21%	42%
25-30	19%	50%	69%
31-43	23%	48%	71%
44-50	26%	38%	64%
51-62	31%	35%	66%
63-74	36%	36%	72%
75+	36%	32%	68%
Gen Y (18-30)	19%	44%	63%
Gen X (31-43)	23%	48%	71%
Boomers (44-62)	29%	37%	66%
Seniors (63+)	36%	34%	70%

Health & Wellness: The Purpose-Driven Consumer (IDDBA 2008)

In the U.S., the number of food shoppers that are concerned about health and nutrition is at an all time high. More than two-thirds of shoppers consider themselves either somewhat or very concerned about health and nutrition; nine in ten are very concerned about the nutritional content of their foods. Three-quarters of shoppers always believe that food has a direct relationship to health; six in ten believe that foods can increase wellness and longevity. While frequent dairy, deli and bakery department shoppers are equally convinced of foods’ role in wellness and longevity, dairy shoppers are slightly more likely to believe that foods can have a strong impact on health.

While the vast majority of shoppers rate their health as excellent or good, there’s room for improvement on the dietary side. Shoppers rate the healthfulness of their diet as a 6.7 on a 10 point scale where 1 = extremely unhealthy; 10 = extremely healthy. Women, empty-nester households, seniors and higher income and education levels all consider their diets healthier than other groups. Health conscious Boomers and especially male Boomers are the most likely to say that their diet could be a lot/somewhat healthier.

Frequent Dairy, Deli, Bakery Shopper Level of Concern about Health & Nutrition						
	All Shoppers	Full-Service Deli Shoppers	Self-Service Deli Shoppers	Full-Service Bakery Shoppers	Self-Service Bakery Shoppers	Dairy Department Shoppers
5 - Extremely Important	30%	6%	57%	59%	43%	65%
4	38%	74%	67%	79%	83%	68%
3	26%	52%	64%	52%	63%	61%
2	4%	8%	10%	8%	6%	3%
1 - Not at all Important	2%	1%	4%	4%	6%	3%

Health & Wellness: The Purpose-Driven Consumer (IDDBA 2008)

Nearly nine in ten are making an effort to eat more healthfully; more consumers reported making additional changes to improve their diet again this year.

Very frequent users of the deli department (those who use these departments more than 5+ times a month), are more likely to consider themselves extremely health conscious than the average shopper, frequent dairy department shoppers are on par with the general population; bakery shoppers are not quite as health conscious.

Although the gender gap is closing, women shoppers remain slightly more concerned about health than men. Extreme concern about health and nutrition increases with age. Overall, concern for health and nutrition is greatest among consumers with higher education levels, however, those with less than a college education – many of whom are in the senior category - are more likely to indicate they are “extremely “concerned about health.

Importance of Food Attributes to Purchase Decision by Gender		
	Males	**Females**
% who said attribute is “Very” or “Somewhat” Important to their purchase decision		
Freshness	83%	91%
Sell By / Use By Date	76%	89%
No Hormones / Antibiotics	55%	66%
No Trans Fat Claim	52%	65%
No Additives/Preservatives	48%	62%
Calories Per Serving	48%	61%
Added nutrition such as calcium, antioxidants, vitamins, fiber	48%	59%
Reduced Fat	48%	55%
Reduced Sugar	43%	51%
Reduced Sodium	40%	49%
Store rating system flagging healthy foods	36%	53%
Brand Names	33%	34%
Natural	23%	29%
Organic	20%	21%

Health & Wellness: The Purpose-Driven Consumer (IDDBA 2008)

Health is strengthening as a food purchase mega factor, ranking third after taste and price, and above convenience. Two-thirds of consumers said healthfulness has a great or some impact on their food buying decisions in 2007. Two recent attitudinal changes are important. First, consumers have redefined convenience to include health. Secondly, shoppers are increasingly unwilling to compromise taste for health. When choosing a product at the grocery store, health ranks third, right being choosing a brand they’ve used before and that the item was on sale.

Health Concerns for Self or Family Member by Gender		
	Males	**Females**
% who said attribute is “Very” or “Somewhat” Important to their purchase decision		
Immune System	78%	85%
Tiredness / Lack of Energy	75%	82%
Overweight	79%	85%
Osteoporosis	64%	81%
High Blood Pressure	84%	88%
High Cholesterol	84%	90%
Digestive Problems	73%	79%
Diabetes	82%	86%
Heart Disease	91%	95%
Cancer	86%	92%
Allergies to Food	52%	61%

Health & Wellness: The Purpose-Driven Consumer (IDDBA 2008)

A Healthy Demographic Re-direction

Four major demographic shifts in the U.S. population will fuel the demand for healthier eating longer term: the aging of the population; a fast emerging interest in fortified, energizing and functional foods by young Gen Y adults; a new baby boom; and the fast growing, health-focused Hispanic population.

One-third of Americans are already age 55 or older, and the number of adults aged 55-64 will grow by 35% from 2005 to 2015 and 26% for those 65+. By 2015, 107 million will be age 50+. As 31 million older boomers turn age 65 in the next 10 years, they’ll drive an unprecedented demand for better-for-you, condition-specific and functional foods. Older adults are the most likely to read labels, to be on a restricted diet and to avoid saturated fat, trans fat, cholesterol, sugar and sodium. Six in ten tried to lose weight last year. Half of those aged 55+ have high cholesterol, 50% high blood pressure, 28% low bone mass, and 18% diabetes. Eye health and gastrointestinal problems grew the fastest over the past two years among conditions afflicting those 50+; heart disease and cancer are their biggest concerns.

The first generation to be raised on convenience foods and the highest per capita spenders in restaurants, Boomers and their older counterparts are prime candidates for healthier retail prepared meals. Raised on the "Basic 4," they aim for a "balanced plate" – protein, starch, vegetable and, often bread – and they're sending sales of side dishes soaring. They're the highest consumers of fish/seafood, turkey, veal, lamb, pork, duck, natural cheeses, fruits/vegetables, salad, soup, potatoes and desserts. Whole grains top the list of foods they're trying to include along with fruits/vegetables, fiber and nuts. Older consumers are snacking less but are among the most likely to snack on healthy items.

Healthy Purchase Habits of Shoppers with Children at Home		
	Households with Children at Home	**Households without Children at home**
Difference between % purchasing more often and those purchasing less often in past 3 months:		
Whole Milk	+7%	+2%
Reduced/Non-Fat Milk	+32%	+29%
Soymilk	+2%	-1%
Yogurt	+24%	+18%
Cottage Cheese	+3%	No change
Fresh Baked Bread/Rolls	-10%	-14%
Fresh Baked Dessert Items	-25%	-23%
Fresh Baked Breakfast Items	-20%	-19%
Deli salads such as potato or tuna	-18%	-20%
Pre-made green salads	-2%	-1%
Lower fat deli lunchmeat	+4%	-3%
Lower fat deli cheese	-3%	-5%
Low sodium deli lunchmeat	-3%	-3%
Low sodium deli cheese	-7%	-7%
Natural or organic lunchmeat	+2%	-8%
Regular deli lunchmeat	+5%	-12%
Regular deli cheese	+3%	-6%
Sugar-free bakery products	-5%	-5%
Gluten-free or allergen-free products	-1%	-7%
Whole grain bakery products	+34%	+28%
Fresh made deli sandwiches	-14%	-15%
Fresh takeout deli meals	-20%	-20%
Fresh deli soups	-12%	-10%

Health & Wellness: The Purpose-Driven Consumer (IDDBA 2008)

At the other end of the age spectrum, the 72 million young performance-driven Gen Y adults are becoming increasingly interested in the nutritional content of their diet, up 11% since 2005. Right after fresh, easy/fast, and on-the-go, extra energy and vitamins round out their top five food selection criteria. While they're not as concerned about health as their parents and the least likely to read labels, they're the most likely to try a new healthy food or drink. They are the #1 functional food buyers and, not only the most frequent, but the healthiest snackers. They're also the most likely to say they follow a "treatment" lifestyle. They have the highest interest in natural foods, are one of the most frequent natural channel shoppers and are highest per capita spenders on specialty foods. One-third of those 18-24 are regular energy drink users; only one-third are satisfied with their weight. They're the most frequent chicken consumers, the #1 purchaser of specialty breads and meats, and the most likely to order appetizers and samplers. As the most frequent visitors to restaurants and the least likely group to cook a meal, they're also prime candidates for fresh grab-and-go power lunches and snacks as well as take-out meals from supermarkets and supercenters.

As Gen Yers enter parenting age – coupled with tremendous growth in the Hispanic community – the number of children under age 6 is projected to grow 10% from 2005 to 2015, 4.1% for those 6-11 and 23% for Hispanic children; those 12-17 will fall 3%. In recent years, healthy kid's foods have outsold regular kid's foods 5:1. Nearly three-quarters of moms say health is the most important factor that influences them to try a new brand for their kids, just above "I know my kids will eat it." Having a child is the primary trigger that encourages parents to pursue a healthier lifestyle and eating habits. Over half of moms say they bought organic foods for their kids in 2007.

Nearly all families pursue some form of healthier eating strategy. Increasing the intake of fruits/vegetables, whole grains and low fat dairy products, while cutting back on fats and harmful ingredients (such as antibiotics/hormones) are the most common approaches. Freshness is the most important criteria when purchasing food for the family. The biggest purchasing changes shoppers with children have made in the past 3 months include buying more whole grain bakery products, reduced/non-fat milk, and yogurt and less fresh-baked dessert items, fresh-baked breakfast items and fresh deli take-out meals. Other products gaining in households with children but losing in those without include: low fat deli lunchmeat, natural and organic lunch meat and regular deli lunch meat and cheese.

Parents are increasingly looking for snacks with added nutrition, lower calories, lower fat content and smaller portion size for their kids. Nearly seven in ten parent shoppers say they're willing to pay extra for foods that are fortified with extra nutrition. Shoppers with children at home are more likely to make a conscious effort to purchase more natural and organic food. One in five parents of children ages 6 to 18 admits that they have an overweight child. With the incidence of high blood pressure tripling in kids during the past decade (10% of teens with total cholesterol levels over 200 mg/dL and one million teens with Metabolic syndrome) products that help to prevent risk factors will likely become the norm. Clearly, there's a big opportunity for healthier, convenient family take-out meals. In an average week, 30% of kids have at least one meal at a fast food restaurant, half eat two or more. There's a major void in the market for family-sized healthy convenience foods. And, with 68% of families eating together five or more days per week, that is a big missed opportunity for supermarket delis and in-store foodservice operators.

There is also deep-rooted conviction to healthy eating in the Hispanic community. Hispanics are also prime targets for fortified and functional foods. Hispanics are more concerned about most health and wellness issues than the average American shopper. Hispanics tend to choose foods because they contain desirable ingredients or are fortified more so than the general U.S. shopper population; one-third look to avoid "bad" ingredients. Almost twice as many Hispanics shoppers say they're influenced by organically grown/ raised claims vs. the average shopper; half (53%) want food raised without the use of hormones and antibiotics compared with only 38% of non-Hispanic whites and 45% of African Americans. In restaurants, Hispanics rate local foods and menus with nutrition information significantly higher in importance than the general population. Unacculturated Hispanics are much more likely to search for phrases like fresh, real, and 100% juice all of the time. Energy and sports drinks and refrigerated lunches are among the food categories that have a high index of purchases among Hispanics; fruit, vegetable, cheese, juice and legume consumption is also high.

Hispanic consumers are a prime target for supermarket pre-prepared meals and take-out. They are more likely than Whites and Black Americans and less likely than Asian Americans to eat meals and snacks away from home. Half often or always order food different from what they would prepare at home. Stress, tiredness and eye health are the issues that Hispanic shoppers say they're most often afflicted by. Hispanics are the least likely to diet.

Strategies for Healthy Eating

Balance is at the core of Americans' nutrition strategy. Three-quarters of shoppers say they balance healthy foods with less healthy foods they enjoy. Gen X shoppers, those with children living at home, and women are the most likely to follow this strategy. Frequent shoppers in the fresh bakery and self service deli department are much more likely to admit that they balance healthy foods with less healthy ones. Older consumers take balancing one step further, looking for a balanced "Basic 4" plate.

Avoiding specific ingredients in the name of health is currently twice as popular as adding health-promoting foods and ingredients to the diet. Controlling portion size and watching the number of calories eaten, and particularly, calories from fat, are other popular health promoting behaviors. Of those watching their diet, losing weight, reducing fat intake and managing blood sugar and/ or hypertension were the main reasons. Eating at home is another fast growing approach to controlling one's dietary choices.

More than half of shoppers are trying to avoid trans fat, total and saturated fat; four in ten calories, salt/sodium, sugar and cholesterol. Information on the Glycemic index, probiotics/ prebiotic, gluten-free and allergens on the product label were very important to 20% or less of shoppers; about six in ten shoppers said this information was not important to them. Frequent dairy, deli and bakery shoppers are less concerned about a reduced fat claim on products than the average shoppers. When it comes to trans fats, however, frequent DDB customers have a higher level of concern than others, particularly those who use the full-service deli counter. It is important to note that interest in trans fat appears to be falling off despite efforts in some cities and states to label trans fat content on menus.

Weight concern is the number one health factor affecting shopper food choices. Just about eight in ten consumers tried to manage their weight last year. Over one-third of all shoppers say that the calorie content of foods is very important to them when shopping in the dairy, deli and bakery departments; frequent deli shoppers are the most concerned, with about 40% of full service and a similar

Percent of Frequent Dairy, Deli, Bakery Shoppers Who Consider Claims Very Important

Frequent Users = 3+ times/mo	% All Shoppers Very Concerned	Frequent Full-service Deli Users	Frequent Self-Service Deli Users	Frequent Full-Service Fresh Bakery Users	Frequent Self-Service Fresh Bakery Users	Frequent Dairy Users
Reduced Fat	33%	32%	31%	28%	28%	31%
Reduced Sodium	29%	30%	25%	24%	22%	28%
Reduced Sugar	31%	32%	30%	23%	23%	30%
No Additives/Preservatives	37%	39%	36%	38%	33%	37%
No Hormones/Antibiotics	50%	56%	53%	58%	50%	50%
Calories Per Serving	37%	42%	41%	36%	33%	37%
No Trans Fat	44%	49%	47%	45%	45%	44%

Health & Wellness: The Purpose-Driven Consumer (IDDBA 2008)

Percent of Frequent Dairy, Deli, and Bakery Shoppers Who Balance Healthy With Less Healthy Foods They Enjoy More		
(Frequent shoppers = 3+ times per month)		
	Sometimes/ usually/ always	Deviation from all shoppers
I balance healthy foods with less healthy foods I enjoy more (all shoppers)	77%	--
Frequent full-service deli users	81%	+4 pts
Frequent self-service deli users	87%	+10 pts
Frequent full-service fresh bakery users	82%	+5 pts
Frequent self-service fresh bakery users	87%	+10 pts
Frequent Dairy Users	79%	+2 pts

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portion of self service customers indicating they place great importance on the calorie component of the foods they choose.

In the past year, Americans' concern for sugar has also grown. They are not only more concerned about the amount, but the type of sugar. Sugar is of lesser concern to dairy, deli and bakery frequent shoppers than most of the other avoidance ingredients. Sales of low carb foods have dropped off dramatically. Although one in three Americans have hypertension and one third of those over age 55 are on a salt/sodium restricted diet, sodium is the "avoidance" ingredient of the least concern among frequent shoppers in the dairy, deli and bakery frequent departments.

Avoidance of Harmful Ingredients

Another aspect of healthy eating involves ensuring the safety of the food we eat. While shoppers believe the most serious food safety risks are related to bacterial contamination and terrorist/product tampering, they are increasingly policing food labels to avoid components and perceived contaminants that they believe may be harmful, in or of themselves, or that may have a negative impact on their genetic makeup, ability to treat or fight infections, or on their children's proper growth and development. Shoppers' avoidance behaviors have gone beyond simply avoiding additives, preservatives and pesticides to focusing on the presence of antibiotics, hormones and GMOs. No hormones/antibiotics is now the third most important label phrase when selecting foods, with one third of shoppers saying avoiding these substances is very or somewhat important, right behind fresh and use-by/sell-by dates. Those who are frequent shoppers in the dairy, deli and bakery departments rank no hormones or antibiotics as the second most important factor influence their food purchasing decisions, just after fresh and equal to trans fats. Consumers have very limited awareness of the term BST, with only 23% indicating they have heard of it, although among those who are aware, half (52%) consider the claim "no BST" important.

In contrast, among all shoppers, six in ten said that no additives/preservatives were important in their food purchase decisions; frequent visitors to the full-service deli and full-service fresh bakery departments are more concerned about additives and preservatives than the average shopper. Just under half of shoppers consider food produced from biotechnology or genetically-modified organisms a health hazard, however, the number of concerned consumers has changed little since 2005. Although awareness of GMOs is low, it ranked equal to humane treatment of animals and just behind locally-grown and raised foods, among those that were aware of the term.

Compared to other substances being avoided, the number of consumers very concerned about allergens – one in five – is relatively low. Although allergen-free and gluten-free have high awareness levels among shoppers, more than three-quarters of shoppers report they don't buy these products. Dollar sales in gluten-free products surpassed $1.3 billion, with 3,209 active UPCs as of April 2008 (ACNielsen).

Lastly, organic and natural foods are perhaps the most popular avoidance technique. While natural and organic foods have grown 17-21% annually since 1997, they are still a fairly small market. The majority of organic food and beverage use is occasional, with only 7% of consumers using on a daily basis. One of the emerging problems with organic is that consumers define natural and organic in a similar manner and thus are not as willing to pay the premium for organic products. Trust in the USDA organic symbol and standards is also waning.

Moreover, the number of consumers using organic fell last year. While just over one-third of shoppers indicated they are making a strong effort to include more natural and organic foods in their diets, the percentage of shoppers who feel natural and organic claims are very important to them when shopping in the dairy, deli and bakery section of the store is fairly low. Natural claims are slightly more appealing. However, one of the areas where frequent dairy, deli, and bakery shoppers differ from the overall shopper in terms of their behaviors is in purchases of natural/organic foods. In particular, people who are frequent shoppers in the self-service deli are 5 percentage points more likely to buy organic and natural. Frequent self service fresh bakery users are also more likely purchasers. Full-service bakery customers are less likely than the average shopper to say they tried to consume more organic and natural products. Dairy, deli and bakery shoppers indicated they purchased natural and organic lunch meat less often, but the decline in regular deli lunchmeat was twice as large.

It is evident that although many shoppers perceive organic as healthier and less harmful, they actually have a much stronger preference for foods labeled hormone/antibiotic-free, and additive- and preservative-free.

Dairy, Deli, Bakery Shoppers Making at Least Some Effort to Purchase More Natural/Organic Food		
Frequent users of the dairy, deli and bakery sections of the store (3+ times per month)	Sometimes/ usually/ always	Deviation from total shoppers
I've made a conscious effort to purchase more natural/organic food	**67%**	
Frequent full-service deli users	68%	+1 pt
Frequent self-service deli users	72%	+5 pts
Frequent full-service fresh bakery users	64%	-3 pts
Frequent self-service fresh bakery users	69%	+2 pts
Frequent dairy shoppers	68%	+1 pt

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Positive Eating

While consumers appear to be fixated on avoiding foods or ingredients that they perceive to be harmful, about one-third are trying to add a specific type of food or component they believe will be beneficial.

Freshness is the descriptor or term that Americans most equate with health. When shopping for foods and beverages, freshness is by far the most influential factor – considered very important to three-quarters of consumers. Use-by and sell-by dates, which shoppers use as a tool to determine product freshness, also have a significant impact on food purchasers, with nearly two-thirds ranking these dates very important. Simply put, nearly nine in ten frequent dairy, deli, and bakery shoppers say that freshness is the most important factor influencing their purchase decision.

Vegetables, fruits, whole grains, olive oil, nuts fish/seafood and poultry topped the list of foods consumers reported they have increased use of in the past two years to improve the healthfulness of their diets. One in ten added more dairy products; other significant increases were yogurt, grains, oatmeal, pomegranate and salads. Seven in ten consumers tried to increase their consumption of whole grains last year. Whole grain tops the list of health claims shoppers look for on a package, half seeking out whole grains and/or fiber. When shoppers were asked to estimate if they purchased particular food and beverage items in the dairy, deli, and bakery sections more or less in the past 3 months in 2008, the biggest net gains were reduced fat milk (+30%), whole grain bakery products (+29%) and yogurt (+19%). Ancient grains such as quinoa and amaranth, and superfruits are other fast growing areas.

Naturally-functional foods such as superfruits are another fast emerging trend. Nine in ten consumers have long felt it's important to eat foods that are naturally good sources of nutrients vs. taking dietary supplements or eating fortified foods. Recent scientific validation of the health benefits of phytochemicals and super foods have convinced consumers that key benefits are, in fact, naturally achievable by blending high-nutrient natural foods and or phytochemicals containing foods to create a super nutrition powerhouse product. Phytochemicals have begun to go mainstream. To date, superfruits are the most successful example of the naturally functional trend, and although still rather a small market, the trend has strong potential.

With the majority of consumers trying to live a preventive lifestyle, fortified foods and beverages have quickly become a way of life. Nearly nine in ten regularly use fortified foods, and eight in ten fortified beverages. Just under one-third of shoppers seek out products that are vitamin/mineral enriched when shopping. About half of frequent dairy, deli and bakery shoppers say that added nutrition claims such as added vitamins or fiber are important when purchasing products in these departments. On a scale of 1 to 5, where 5 is very important, added nutrition products ranked 3.58,

Frequent Dairy, Deli, and Bakery Shoppers Very/Extremely Concerned about Specific Health Conditions vs. Overall Population						
How concerned are you about each of the following for yourself or a family member?						
	All Shoppers	Frequent Deli Shoppers		Frequent Bakery Shoppers		Frequent Dairy Shoppers
		Full Service	Self Service	Full Service	Self Service	
Allergies to Foods	59%	57%	59%	55%	50%	57%
Cancer	91%	93%	92%	92%	90%	91%
Heart Disease	94%	97%	99%	96%	95%	95%
Diabetes	85%	90%	81%	85%	78%	85%
Digestive Problems	78%	80%	79%	75%	71%	78%
High Cholesterol	89%	93%	91%	91%	88%	91%
High Blood Pressure	87%	92%	88%	89%	85%	87%
Osteoporosis	78%	79%	83%	75%	75%	79%
Overweight	84%	87%	83%	82%	83%	84%
Tiredness / Lack of Energy	81%	83%	79%	75%	80%	81%
Immune System	84%	89%	84%	86%	86%	86%

Health & Wellness: The Purpose-Driven Consumer (IDDBA 2008) behind fresh (4.56), sell-by/use-by dates, no trans fat, or antibiotics/hormones, no additives/preservatives and calories per serving. Added nutrition is ranked even more important by frequent shoppers in the full service deli and in the dairy departments.

Consumers have an increasing awareness of key health enhancing ingredients. More than 90% are now aware of antioxidants and lactose-free claims. Amazingly, 87% indicate they have heard about omega-3s. Allergen-free (86%), gluten-free (82%) and live active cultures (74%), all have high awareness levels among consumers. Dairy marketers should be aware that live active cultures had much higher awareness levels than individual cultures such as *L. acidophilus*, Bifidus Regularis or the term probiotics. Prebiotics had the lowest awareness level of all tested ingredients and claims, with only 11% of shoppers citing this response. Only about one-third of shoppers are familiar with DHA. When percentages are applied to the total population of shoppers (not just those who are aware of the key term), about half consider antioxidants and omega-3 very or somewhat important ingredients. Live active cultures were important to 30% of shoppers compared to only 14% acidophilus, 13% probiotics and 6% Bifidus.

Vitamin C topped the list of nutrients 68% of consumers were making a strong effort to get more of last year, followed by calcium, B vitamins, fiber, antioxidants, vitamin E, omega-3/fish oil/DHA, vitamin A and potassium – all with at least one-quarter of consumers trying to increase their intake. Calcium, vitamins C, E, D, B's, omega-3s, iron and folic acid are the nutrients parents would most like to increase for their children. Among claims generating more than $1 billion in product sales, ACNielsen reports those making an omega claim grew $1.2 billion in the Y/E 4/19/08 in FDMx (mass food, drug and mass merchandiser channels excluding Wal-Mart), up 51% over the past four years.

Better-for-You to Specific Benefit for Me

With over half of shoppers trying to reduce the risk of developing an illness/condition through diet and proper food selection, slightly fewer try to follow a doctor's advice and one-quarter are indicating that their lifestyle focuses on a treatment approach – seven in ten a preventive approach – it's no wonder products offering specific health benefits that make it easier for consumers to address their individual needs are enjoying explosive sales growth. Simply put, for some, general better-for-you products no longer fit the bill.

More than 80% of all Americans say they are currently consuming or would be interested in consuming foods or beverages for specific health benefits. Consumers are most likely to be currently consuming foods or beverages for an overall health and wellness benefit, heart health, to increase energy or physical stamina, or to improve digestion. Over 80% are very or somewhat interested in learning more about foods that have benefits beyond basic nutrition. Although they don't currently consume products for these purposes now, 58% would be interested in trying foods and beverages that improve mental performance, 57% overall appearance, e.g., skin, hair, etc., 56% immune function, and 55% to reduce the risk of getting specific diseases. Other benefits that at least half of shoppers would potentially seek from functional foods include diminishing the effects of a current health problem, improving physical energy, and providing a feeling of fullness for a longer period of time than other types of foods or beverages, e.g., satiety.

The most important health factor influencing grocery purchase behavior is weight. Nearly two-thirds of shoppers reported that weight affected their food purchases a lot or somewhat in 2007. Just over half of shoppers were trying to reduce the risk of developing an illness; slightly less indicated they were following a doctor's advice.

While weight may have the greatest influence on current shopping behaviors, when it comes to concerns about health, over two-thirds (69%) of shoppers are extremely/very concerned about heart disease; 67% cancer. Moreover, 94% and 91% are either very or somewhat concerned respectively. Not surprisingly, other heart risk factors including high blood pressure and high cholesterol as well as diabetes, which also closely aligns with heart disease, fall into shoppers' second tier of health concerns.

While shoppers' food purchase decisions are very much affected by their desire to control/manage their own or a family member's weight, historically, it has not been an area that elicits the most shopper concern. The results of the 2008 IDDBA survey are no exception, with just about half of shoppers being very or extremely concerned about being overweight. Immunity, digestive problems, lack of energy and osteoporosis are also of very strong concern for over four in ten shoppers.

Shoppers who frequent the full-service deli section of the store at least three times per month are more concerned about all of the major health conditions than the average shopper, with the most notable differences in concern about diabetes, high blood pressure, high cholesterol and immunity. Food allergies are the only issue they are less concerned about. Interestingly, those who shop in the self-service deli department are more concerned about heart disease and osteoporosis than the typical shopper, but are less concerned about diabetes and tiredness/lack of energy. In most cases, frequent fresh bakery shoppers as a whole, are slightly less concerned than the general population about all the major health conditions, particularly allergies to foods and digestive problems. Frequent dairy shoppers have very similar concerns to the population as a whole, with cholesterol and immunity edging slightly higher.

Ethical Descriptors

As consumers continue their search for healthier, safer, more natural and higher quality foods, a series of new ethical food descriptors which not only give a sense of being closer to the farm, but of being kinder to animals and the environment too, are beginning to influence shoppers' food purchase decisions. Moreover, restaurants and chefs are reinforcing this new ethical movement, quickly familiarizing consumers with new terms and concerns – accelerating their acceptance mainstream.

Top ranking in terms of importance to shoppers goes to "locally grown/raised". It is important to over half (57%) of all shoppers, followed by "farm raised" (34%) and humane treatment (30%). Locally grown/raised is one of the hottest new ethical descriptors in the food business today and its quickly overtaking organic for many consumers. In restaurants, the demand for locally and naturally raised proteins rivaled trans fats, as far back as 2006. Consumers believe local products are fresher, have fewer pesticides, have traveled shorter distances and in general, are of higher quality than conventional mass-produced or imported foods. Local foods are also perceived as tasting better, having a higher nutritional value, and being more environmentally-friendly than similar foods that are not local. With eggs and milk among the products relying mostly on local distributors and producers, retailers should take advantage of their local nature and the connection to local dairies and hatcheries/ chicken ranchers. Moreover, touting the freshness of these products and the fact that they are delivered fresh daily puts a highly desirable health halo on other parts of the department.

Consumer Awareness & Importance of Claims

Health & Wellness Claim	Consumer Awareness	Very/ Somewhat Important Among Aware Shoppers	Very/ Somewhat Important Among All Shoppers
Locally raised or grown	90%	63%	57%
No GMOs	16%	55%	9%
No BST	23%	52%	12%
Free range	70%	36%	25%
Cage-free	57%	39%	22%
Grass or Vegetarian Fed	62%	29%	18%
Certified vegan	45%	12%	5%
Humane Treatment Certified	55%	55%	30%
Farm raised	84%	41%	34%
Halal	11%	14%	2%
Kosher	93%	11%	10%
Antioxidants	91%	58%	53%
DHA	35%	32%	11%
Omega-3	87%	54%	47%
Live active Cultures	74%	41%	30%
Bifidus	20%	31%	6%
Acidophilus	48%	30%	14%
Prebiotics	11%	35%	4%
Probiotics	42%	30%	13%

Health & Wellness: The Purpose-Driven Consumer (IDDBA 2008)

Although kosher has the highest awareness rate (93%) among shoppers, only 10% consider kosher an important attribute when shopping for food. However, kosher claims, which are skyrocketing, have more than tripled in the past few years. Mintel reports that kosher was the most popular new-product claim for the second consecutive year in 2007. While kosher products have long been essential to those who observe Jewish dietary laws, in recent years, many mainstream shoppers have come to think of kosher as a Good Housekeeping-like symbol flagging foods that are of higher quality, safer and more likely to meet their dietary goals due to their strict certification programs. More than half of consumers who purchase kosher products do so because they consider the products to be safer than products not certified as kosher.

Window of Opportunity for Prepared Foods

With the demand for healthier and pre-prepared fresh meals at an all-time high, Americans cutting back on restaurant visits and eating more at home, and a widespread belief that retail meals are less expensive, deli departments and in-store foodservice operations have a unique window of opportunity to grow their take-out business and capture a larger share at other dayparts – by enticing customers with healthier fare.

Grab-and-go healthy fresh prepared snacks represent yet another opportunity for retailers. Over the past two years, consumers have increasingly turned to the restaurant business for snacks, making snacks – along with breakfast – the fastest growing segments of the foodservice industry. Moreover, healthy snacks outsold traditional snacks products last year five to one. Healthy deli snacks, healthy deli kids' items and healthy dinner takeout are among the big opportunities for delis and prepared retail food operations.

In addition, economic pressures, a lack of healthy menu options, too high calorie levels, and boredom over limited menus that have changed little over the past 20 years, are also important factors on a consumer's decision to cut back on restaurant visits. Moreover, NPD reports that some consumers are foregoing dinner at restaurants as they say eating at home is more leisurely, more enjoyable, and healthier – as it gives them more control over what they eat - and provides for additional family time.

With consumer interest in health and nutrition, country of origin, the presence of what they perceive to be harmful or health promoting ingredients and product freshness/ quality at an all-time high, it's not surprising that nearly half of Americans report they read labels more frequently than one year ago. In addition, many organizations have created package symbols such as "humanely treated" or "Fair Trade" for ease of recognition. To help sort through the label confusions, some retailers are instituting their own labeling and shelf tag systems to help shoppers identify healthier choices in the grocery store. Moreover, the availability of in-store dietitians and nutrition advisors, cross promotions with the pharmacy's health monitoring services and in-store clinics, special healthy food and organic sections, healthy web and in-store programs for kids are among the many retail programs being instituted to meet the nutrition needs of today's shoppers. Noteworthy health and nutrition retail programs, promotions, labeling systems, and ways to maximize appeal to health conscious shoppers are discussed in detail.

There are some exciting new opportunities for retailers and marketers to capitalize on the new health-driven consumer and related trends. Specific recommendations for products, positioning, promotions and concepts to increase shopper appeal and maximize department sales in the deli prepared meal/take-out section, the full- and self-serve deli, dairy and bakery departments are presented in the final chapters of this report.

IDDBA: The Essential Resource for Dairy, Deli, and Bakery Professionals

- ❖ IDDBA commissions original research, purchases data, maintains a library, and tracks internet news sources.
- ❖ IDDBA tracks over 2,000 print sources annually.
- ❖ IDDBA brings current trends to our readers with original consumer research and retail surveys.
- ❖ IDDBA produces an annual trends report called *What's In Store*.
- ❖ IDDBA produces new consumer research on key topics.

IDDBA Consumer Trends and Research Data Order Form

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Consumers in the Deli	$395	$795		
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