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Food Away From Home Rebounds

by

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Understanding current consumer wants and needs is an ongoing challenge. Many consumer trends are slow to develop, as consumers typically don't make dramatic shifts in purchases. Periodically, there can be a shock to the system causing more dramatic, short-term changes in markets and consumer preferences. These shocks can reverberate over time. The events of September 11 created such a shock to the food and agriculture system. One significant change immediately following the attack was a decrease in consumption of food away from home.

That change had a dramatic, immediate impact on some groups of agricultural producers. A small specialty products marketing cooperative in the Catskills area of New York lost its single largest customer when the "Windows on the World" restaurant went down with the World Trade Center towers. Other groups of fresh produce growers in the Northeast lost 60% of sales during their peak production season as metropolitan restaurant patrons in key metropolitan markets stayed home.

National dairy markets were affected as prices for cheese, cream and butter dropped significantly as food service sales declined. Sales of novelty dairy products marketed through food service channels also declined.

In response to the uncertainty created by terrorist attacks, consumers have been spending more time with families, entertaining more at home, and seeking the security of

the home “nest”. As consumers shied away from eating out, some products fared well. Those food products which are convenient to prepare, perceived as healthy, or are seen as traditional “comfort” foods saw increased sales.

Convenience in home-prepared foods can be gauged in a number of ways such as: quick preparation, easy to cook, and packaged complete meals. Food products designed for easy home entertaining such as frozen pizza have seen increased interest from consumers.

Producers may be able to leverage marketing efforts as buyers look for more guaranteed food safety and increased security from suppliers. The ability of suppliers to trace sourcing back to individual farms or preserve identity through the supply chain may be of value to buyers.

However, long-term trends are not easily overridden by short-term events. Our food and agricultural system is very resilient. There is a long-standing trend toward consumers eating more food away from home. The abrupt drop in away-from-home consumption following the events of September 11 has not changed that trend. Indeed, consumption of food away from home has rebounded over the last six months.

It remains unclear what the longer term effects of terrorism might be on consumer wants and needs, but some of the lessons to be learned at this point are:

- Short-term deviations don’t tend to override longer-term consumer trends.
- Food consumption away from home is rebounding.
- Marketers who can guarantee secure food supplies may have an advantage.
- Consumers continue to seek out healthy, convenient, and relevant foods whether they are consumed at home or not.

In summary, smart marketers understand that there can be abrupt shocks to the food and agricultural system. But the resiliency of the food and agricultural system, as well as long- term consumer trends, tends to absorb those shocks.

Smart Marketing is a monthly marketing newsletter for extension publication in local newsletters and for placement in media. It reviews the elements critical to successful marketing in the food and agricultural industry. Articles are written by faculty and staff from the Department of Applied Economics and Management in the College of Agriculture and Life Sciences at Cornell University

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