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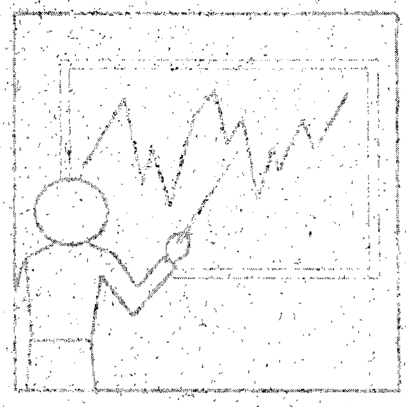

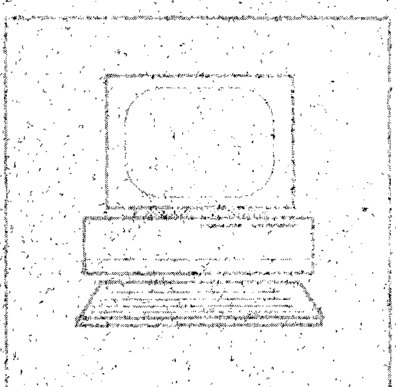

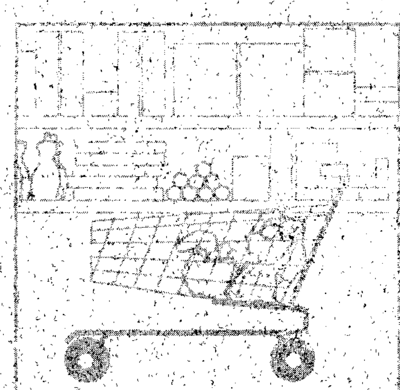

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Supermarket Bakery Consumers
Attitudes, Preferences, Behaviors

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Abstract

For at least a decade, supermarket operators have turned increasingly to fresh foods for the strategic direction of their business by remodeling existing stores and building new stores to feature and emphasize produce, the delicatessen, the bakery, and other perishable departments. These departments have been the fastest growing and offer the greatest future sales potential as consumer demand for "fresh" and "ready to eat" prepared foods continues to grow. Despite these prospects, little is actually known about how consumers perceive and respond to product offerings and retailer initiatives in perishable departments. The objective of this report is to shed light on consumer attitudes and behavior with respect to one of the major supermarket perishable departments: the bakery.

This report is based on a study which incorporated both primary and secondary sources of data (details in Section II). The primary data were collected through consumer surveys conducted nationwide by telephone and in-person at supermarkets in several regional market areas. A total of 700 consumers were surveyed. Additional primary data and insights were gathered through personal interviews with key supermarket bakery executives. Secondary data were gathered from trade reports, academic journals, and previously published research.

The empirical results and analyses presented in Section III include such key findings as:

- consumers consider convenience the most important reason for shopping supermarket bakeries,
- the main reason some consumers do not buy baked goods in supermarkets is "freshness," which is perceived to be better at local bakeries,
- consumer awareness of health and nutrition concerns is greater than consumer knowledge about these issues,
- about half of consumers are familiar with the United States Department of Agriculture's Food Guide Pyramid, but the percentage varies greatly by age with the youngest shoppers being most familiar,
- consumers rate many of the most popular retailer promotional efforts as uninfluential factors in their purchase decisions, and
- price plays only a minor role in bakery purchase decisions for most consumers.

The implications of these findings and others are discussed in Section IV which also discusses opportunities for the supermarket bakery industry to respond to the consumer characteristics and issues identified in this study. The results present many marketing challenges for supermarket bakery managers as consumers increasingly make bakery decisions based on knowledge of health, nutrition, and other issues.

Acknowledgments

A study of this kind is dependent on a high level of participation and cooperation from a number of sources. The authors would like to thank the Cornell Institute for Social and Economic Research for its highly professional assistance with the telephone survey portion of the consumer interviews. Similarly, the in-store consumer interviews conducted in five different markets were only made possible by the fine cooperation of the five retail companies involved. We are grateful for their contribution to the study. Similarly, we owe a debt to numerous bakery directors around the country who offered their own experience and perceptions regarding the shopping behavior of bakery consumers.

The research was funded in major part by the International Dairy-Deli-Bakery Association. We are grateful to the association for its vision in sponsoring this type of broad research that results in benefits and progress for all industry members. We would especially like to thank Carol Christison for her support during the entire research process and for providing a forum for the initial presentation of the research at the 1994 IDDA conference in Baltimore, Maryland.

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Section I. Supermarket Bakery Goods

A) An Industry Overview

Consumption and Sales

The perishable foods departments have been the fastest growing departments in the supermarket industry for nearly a decade. Despite this impressive record, these departments cannot be characterized in the same terms as their grocery counterparts: the logistics, in-store operations, merchandising, economics, and especially shoppers differ in critical yet largely undocumented ways. The bakery industry can only continue to move forward if it identifies and responds to the many opportunities that new market information promises.

Over the past several decades, consumers have generally increased their consumption of fresh foods. Per capita consumption of bread products, especially of variety breads and specialty items such as bagels and croissants, has increased at an average annual rate of 1.5 percent from 1988 to 1992 (Table 1.1). Even the consumption of sweet bakery goods has increased at an annual rate of approximately 1.0 percent (Table 1.2). Increases in consumption of bakery products from 1991 to 1992 for bread products and sweet goods were 1.5 and 0.7 percent respectively.

TABLE 1.1
Per Capita Consumption of Bakery Products: Bread Products
(pounds per person)

Item	1988	1991	1992	1988-92 Average Growth	1991-92 Average Growth
White bread	27.8	28.2	28.4	0.5%	0.7%
Variety bread	20.9	22.3	22.8	2.3	2.2
Hamburger & hot dog rolls	13.1	13.3	13.4	0.6	0.8
Bagels	2.5	3.2	3.3	8.0	3.1
Brown & serve rolls	1.3	1.4	1.4	1.9	0.0
Hearth rolls	1.3	1.4	1.4	1.9	0.0
English muffins	1.7	1.6	1.6	-1.5	0.0
Croissants	0.4	0.5	0.5	6.3	0.0
Other rolls	1.4	1.7	1.8	7.1	5.9
Total breads & rolls	**70.4**	**73.6**	**74.7**	**1.5**	**1.5**

Source: *U.S. Industrial Outlook 1993-Food and Beverages.*

TABLE 1.2
Per Capita Consumption of Bakery Products: Sweet Goods
(pounds per person)

Item	1988	1991	1992	1988-92 Average Growth	1991-92 Average Growth
Yeast doughnuts	1.3	1.6	1.6	5.8%	0.0%
Other sweet yeast goods	2.5	2.5	2.5	0.0	0.0
Soft cakes	7.2	7.9	8.1	3.1	2.5
Pies	1.7	1.7	1.7	0.0	0.0
Cake doughnuts	1.1	1.1	1.0	-3.3	-9.1
Cookies	12.2	12.2	12.2	0.0	0.0
Total sweet goods	**26.1**	**26.9**	**27.1**	**1.0**	**0.7**

Source: *U.S. Industrial Outlook 1993-Food and Beverages.*

Bakery departments are well suited to take advantage of this phenomenon by offering items such as fresh baked specialty breads, gourmet cookies and muffins, cake decorating and more. The increase in per capita consumption of bakery products along with consumers' attraction for fresh and tasty products suggests potential sales growth beyond inflationary increases.

Total retail sales for bread products increased at an average annual rate of 6.8 percent from 1989 through 1993 (Table 1.3) while sales for sweet goods increased at a rate of 8.5 percent per year.

The major retail outlets for bakery products are supermarkets and local neighborhood bakeries selling approximately 63 and 18 percent respectively of all bakery products sold through retail channels (Table 1.4). The "other" outlets include but are not limited to other grocery stores, mass merchandisers,

Bakery goods can be found in a number of locations within the supermarket. Disregarding crackers and bread stuffing sales, the in-store bakery sold approximately 45 percent of the total supermarket bakery sales (Figure 1.1). The commercial "bread" aisle which sells packaged, shelf-stable bakery items such as sandwich breads and doughnuts accounted for 29 percent of bakery products sales while the grocery (20%) and frozen food

TABLE 1.3
Estimated Retail Sales of Bakery Products

Products	1989	1993	Average Annual Change
	-$ millions-		%
Bread Products	13,620	17,346	6.8
Sweet Goods	10,707	14,349	8.5

Source: *Food Business*, April 1994.

TABLE 1.4
Bakery Sales by Outlet, 1992

Retail Outlets	Sales	% of total
	-$ billions-	
Grocery Stores	**22.0**	**74.8**
Supermarkets	18.5	62.9
In-store bakery	*8.9*	*30.3*
Aisles	*9.6*	*32.6*
Other grocery stores	3.5	11.9
Local Bakery[1]	**5.2**	**17.7**
Other	**2.2**	**7.5**
Total	**29.4**	**100.0**

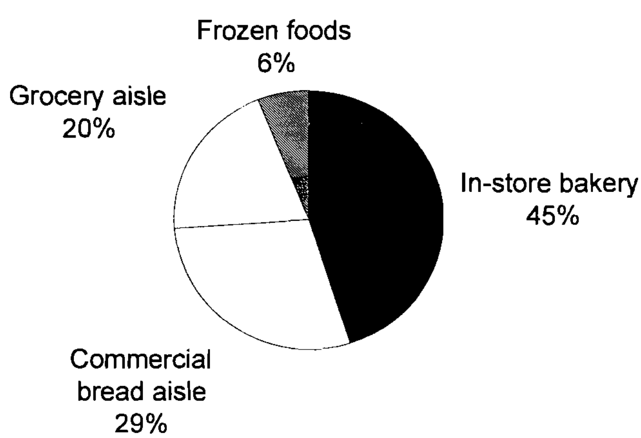
[1]estimated from *Census of Retail Trade*, 1987
Source: *Supermarket Business*, September 1993.

departments (6%) accounted for the remainder of the supermarket bakery sales.

New Supermarket Products

In 1993, bakery manufacturers introduced 1,420 new products (Table 1.5). This number was down somewhat from the previous year and continued a decline of the last two years. However, it was still enough to rank bakery fifth out of 20 food and non-food product categories. New bakery product introductions ranked behind health & beauty care, condiments, candy/gum/snacks, and beverages. Of all new bakery products, cookies were by far the most numerous totaling 38 percent of new products in the bakery category (Table 1.6). Bread and roll products followed with 17 percent of new bakery introductions.

FIGURE 1.1
Distribution of Supermarket Bakery Sales, 1992



Source: *Supermarket Business*, September 1993.

TABLE 1.5
Top Five New Product Categories

Category	1989	1991	1993	1989-93 % Change
Health & Beauty Care	2,308	3,064	3,864	67.4
Condiments	1,701	2,787	3,148	85.1
Candy/Gum/Snacks	1,355	1,885	2,042	50.7
Beverages	913	1,367	1,845	102.1
Bakery Products	1,155	1,631	1,420	22.9

Source: *New Product News*, January 8, 1994

TABLE 1.6
Bakery Product Introductions, 1993

Products	Number
Cookies	546
Breads, Rolls	245
Cakes	161
Crackers	151
Sweet Goods	136
Croissants, Bagels	74
Pies	29
Snack Cakes	15
Doughnuts	10
Other	53
Total	**1,420**

Source: *New Product News*, January 8, 1994

Many new food products today make health claims regarding low or reduced fat, sugar, calories, cholesterol, or salt; and added fiber or calcium. However, despite an increase from 1989 to 1992, the number of new products making health claims dropped off in 1993 (Table 1.7). In fact, introductions were down in every major "health claim" category.

One logical reason may be declining interest from consumers. In 1992, *Progressive Grocer* reported that sales of "health" products account for only 3.3 percent of in-store bakery sales and showed only 0.4 percent growth per year. So despite consumers' professed interest in health and nutrition, their actions suggest otherwise. Also, new labeling laws from the Food and Drug Administration requiring specific standards for "lite" and "low" claims have recently been enacted.

While dairy products led the way in introductions of new products with reduced or no fat claims in 1993 (almost one quarter of all new dairy products have reduced fat content) bakery placed fourth

TABLE 1.7
New Food Products with Health Claims

Product Claim	1989	1990	1991	1992	1993
Reduced or low fat	626	1,024	1,198	1,257	847
Reduced or low calorie	962	1,165	1,214	1,130	609
Reduced or low sugar	188	331	458	692	473
Low or no cholesterol	390	694	711	677	287
Reduced or low salt	378	517	572	630	242
Added or high fiber	73	84	146	137	51
Added or high calcium	27	20	15	41	14

Note: Health claim categories are not additive, as new products may carry more than one claim.
Source: *Food Review*, Jan-April 1994

TABLE 1.8
Lower Fat Product Introductions, Selected Categories, 1993

Category	New products	Percent of new products
Dairy products	261	23.7
Breakfast cereals	22	22.2
Soups	34	13.7
Bakery products	153	10.8
Processed meat/poultry	47	10.4

Source: *Food Review*, Jan-April 1994

with 10.8 percent of its new products claiming reduced fat content (Table 1.8).

B) Supermarket Bakery Structure, Operations and Performance

Today's food retailers increasingly use perishable departments to differentiate themselves from competitors as well as to make a statement about their store and their commitment to customer service. High quality perishables departments can convey a store image of freshness and quality that attracts customers looking for taste, freshness, health, convenience and good value. In-store bakeries along with service delis, cheese shops, salad bars and prepared foods departments offer stores an opportunity to provide unique "signature" products and services. Largely for these reasons, the in-store bakery was the second fastest growing department in the supermarket between 1988 and 1992 growing an average of 11.5 percent per year in sales (Table 1.9).

TABLE 1.9
Supermarket Sales from Selected Departments

Department	sales in millions 1988	1991	1992	1988-92 Average growth	1991-92 Average growth
Perishables		(million $)			
In-Store bakery	6,110	7,915	8,920	11.5%	12.7%
Baked goods[1]	8,346	9,504	9,619	3.8	1.2
Dairy	14,868	16,880	17,206	3.9	1.9
Produce	21,441	27,990	29,282	9.1	4.6
Service deli	9,560	14,661	16,460	18.0	12.3
Frozen	12,803	12,879	14,577	3.5	13.2
Meat	41,691	44,620	44,059	1.4	-1.3
Grocery-food	65,154	74,219	75,506	4.0	1.7
Beer/wine/liquor	12,059	13,356	13,442	2.9	0.6
Cereal	5,133	6,593	6,925	8.7	5.0
Soft drinks	8,219	10,235	10,541	7.1	3.0
Grocery-nonfood	30,447	34,615	33,293	2.3	-3.8
Health & beauty care and Prescriptions	11,293	15,454	15,835	10.1	2.5
General merchandise	9,919	12,883	13,434	8.9	4.3
Total Store	238,932	271,789	282,370	4.6	3.9

[1]includes bread & rolls, crackers, cookies, biscuits, bread & cracker crumbs, croutons, rice & grain cakes, and sweet goods from the store aisles.

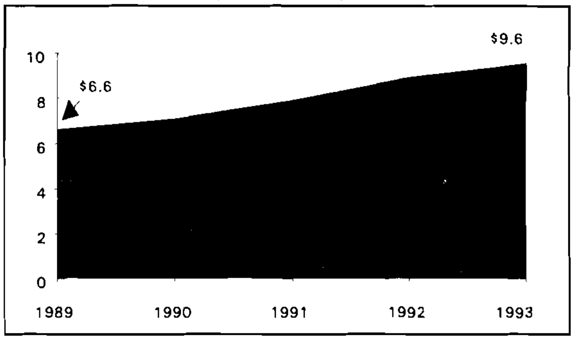
Source: *Supermarket Business*, September 1989-1993.

The In-store Bakery

Sales and Profits

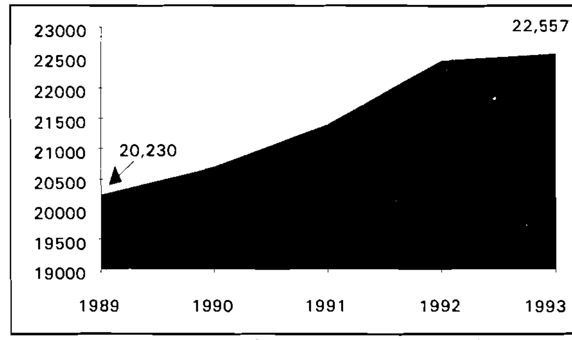
Annual sales from supermarket in-store bakeries increased from just over $6.6 billion in 1989 to almost $9.6 billion in 1993, an increase of almost 44 percent (Figure 1.2). The rapid increase in sales may be attributed to two separate phenomena. First, the number of supermarket in-store bakery units increased over 11 percent from 1989 to 1993 (Figure 1.3). In fact, over 74 percent of all supermarkets reported having an in-store bakery in 1993 (Figure 1.4). Moreover, the average weekly sales for in-store bakery units also increased by 29 percent over the same five year period (Figure 1.5). This growth in average weekly sales per unit along with the growth in the number of bakeries has spurred the growth in overall in-store bakery sales.

FIGURE 1.2
Annual In-Store Bakery Sales
($ billions)



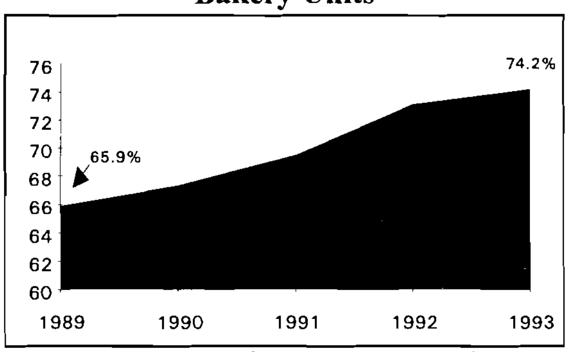
Source: *Supermarket Business*, April 1994

FIGURE 1.3
Number of Supermarket In-store Bakery Units



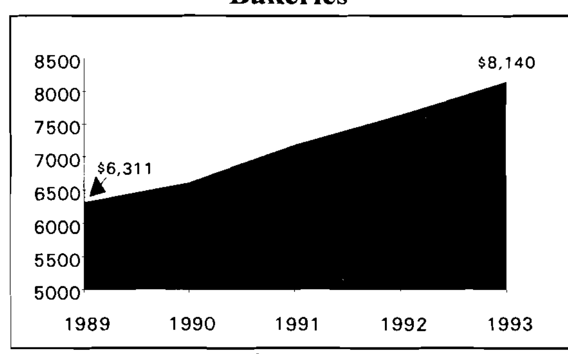
Source: *Supermarket Business*, April 1994

FIGURE 1.4
Percent of Supermarkets with In-Store Bakery Units



Source: *Supermarket Business*, April 1994

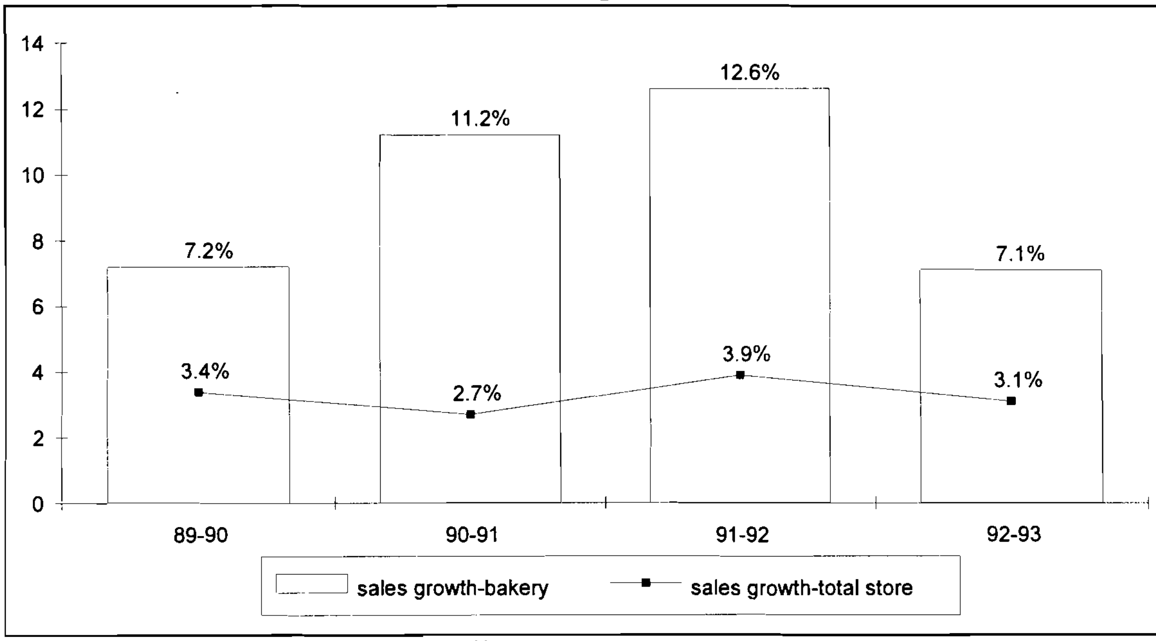
FIGURE 1.5
Average Weekly Sales per Unit, In-Store Bakeries



Source: *Supermarket Business*, April 1994

Indeed, many retailers have been cognizant of these trends and have incorporated in-store bakeries into their new and existing stores not only as image builders but also as profit centers. The average annual sales growth rate for in-store bakeries from 1989 to 1993 was 9.2 percent (*Supermarket Business*, April 1994) with an impressive sales increase from 1990 to 1992 of almost 12 percent per year (Figure 1.6). In 1993, however, sales growth slowed to 7.1 percent an early indication perhaps that the in-store bakery department is maturing.

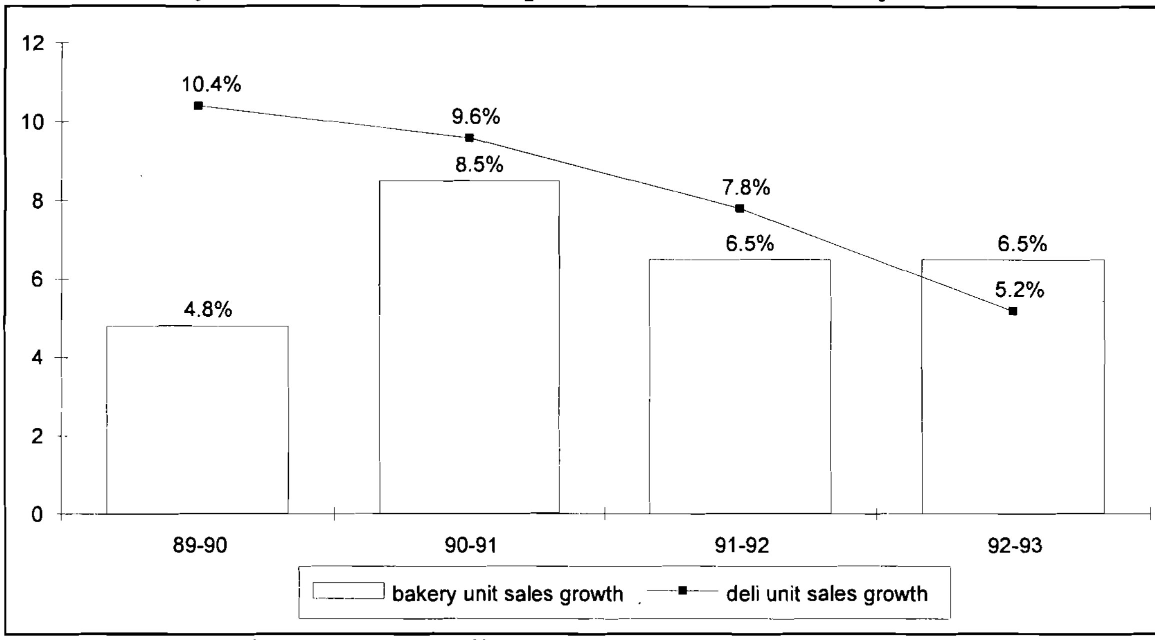
FIGURE 1.6
Sales Growth, In-store Bakery Vs Supermarket Total
% annual growth rate



Source: *Supermarket Business*, April 1994

Compared to the 3.1 percent estimated growth in overall food sales (estimated from *Supermarket Business* figures, April 1994), the 1993 growth in weekly sales for in-store bakeries was still strong and exceeded the growth in service deli sales (Figure 1.7). However, several factors indication that both bakery and deli growth may be destined to slacken in the supermarket. First, about three-quarters of companies have already added these service departments: service delis are located in 75.4 percent of supermarkets, in-store bakeries in 74.2 percent. Two additional factors may limit further growth of supermarket in-store bakeries: the considerable investment in equipment and space typically needed for the bakery, and the investment for quality labor required to perform the needed bakery tasks. Further growth in total sales will depend on increased unit sales which in turn will come from increased volume or pricing. The average growth rate of weekly unit sales for the years 1989 through 1993 has been 6.6 percent (Figure 1.5).

FIGURE 1.7
Weekly Unit Sales Growth, Supermarket In-store Bakery Vs Service Deli



Source: *Supermarket Business*, April 1994

Progressive Grocer (April 1994), which defines in-store bakeries as those supermarket bakeries with service counters, reported a somewhat weaker increase in supermarket bakery sales for 1993 than did *Supermarket Business*. *Progressive Grocer* reported only a 4.4 percent increase in the most recent year, 1992-1993, compared to *Supermarket Business'* estimate of 7.1 percent. However, *Progressive Grocer* also estimated a slow down in sales growth from supermarket service bakeries.

In 1992, the bakery department had the highest gross margin of the service departments reflecting in part the higher labor, equipment, utility and shrinkage costs typically associated with highly perishable bakery products (Table 1.10). *Supermarket Business* reported that in 1993 the in-store bakery contributed 6.5

TABLE 1.10
Supermarket Service Department Performance, Selected Measures, 1992

Service department	% of total sales	% of store profits	% gross margin
Bakery	3.0	6.5	53.7
Deli	4.9	18.2	43.3
Meat	15.8	15.4	24.5
Prepared Foods	3.0	6.1	49.6
Produce	10.4	18.8	39.1
Seafood	1.9	4.3	23.1

Source: *Supermarket Business*, September 1993.

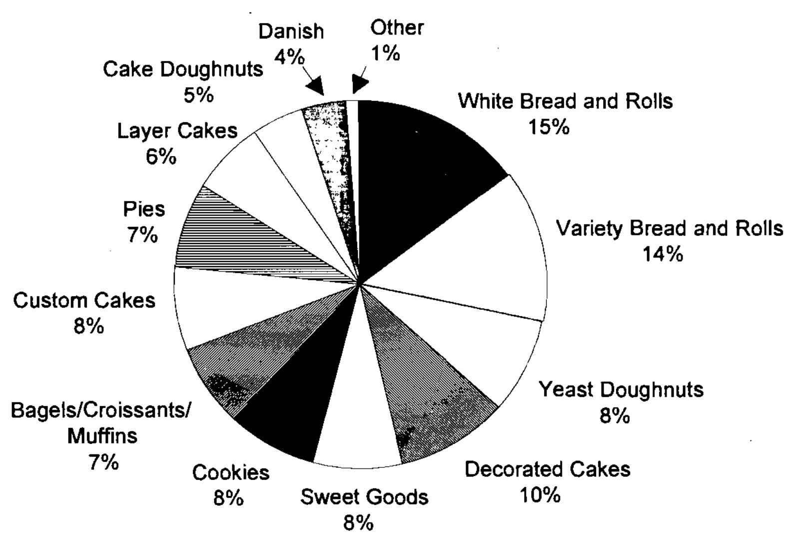
percent of total store profits from only a 3.1 percent share of total store sales. The average bakery gross margin of 49.3 percent was down slightly from the year before and continues a slight downward trend for the last three years.

In-Store Bakery Product Mix

Breads and rolls lead supermarket in-store bakery sales contributing 29 percent of overall department sales. The remaining 72 percent is accounted for by bagels, croissants and various sweet bakery goods such as cakes, cookies, and pies (Figure 1.8).

From 1989 to 1992, the portion of in-store bakery sales accounted for by breads and rolls steadily declined (Table 1.11) while an increasing portion was spent on sweet bakery goods. However, as shown in Table 1.1 (page 1) per capita consumption of bread products has increased more over the last five years (1.5 %) than consumption of sweet goods (1.0 %). Factors that could account for the increased spending on sweet goods may include a greater rate of new product introductions, higher retail prices for sweet goods, and greater capture of the total sweet goods market by in-store bakeries. In 1993, the percentage of department sales from breads and rolls recovered and increased by a modest 0.4 percent.

FIGURE 1.8
Distribution of In-Store Bakery Sales, 1993
% of sales



Source: *Supermarket Business*, April 1994

TABLE 1.11
Distribution of In-Store Bakery Sales

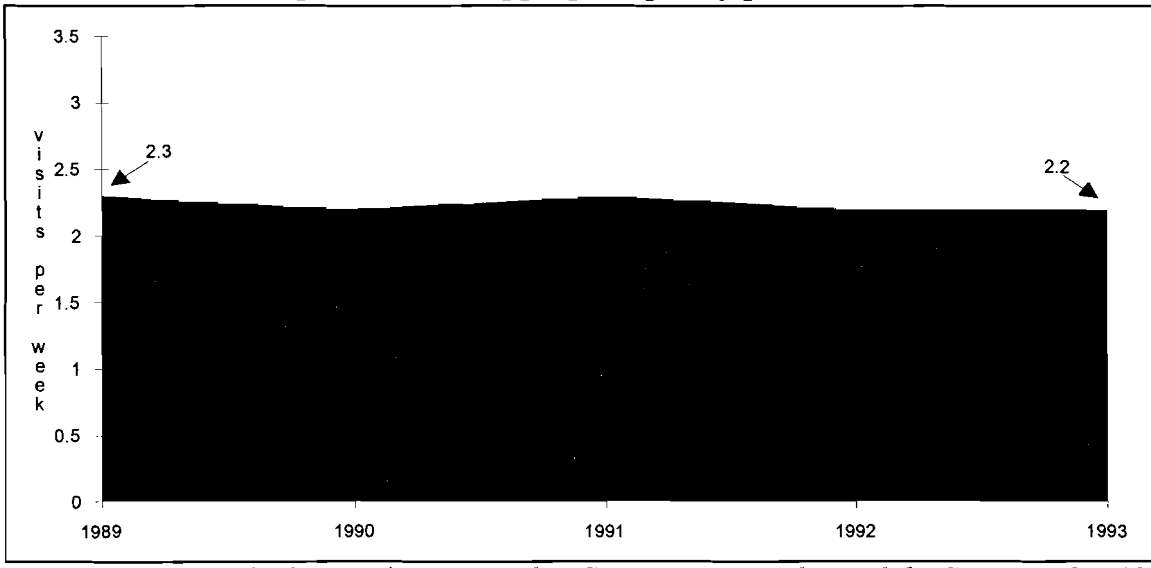
Item	1989	1990	1991	1992	1993	1989-93 Average Change	1992-93 Average Change
White bread and rolls	18.2%	17.1%	16.40	15.3%	14.8%	-4.6%	-3.3%
Variety bread and rolls	13.2	13.3	12.3	12.7	13.6	0.8	7.1
Yeast doughnuts	9.2	9.5	9.8	10.1	8.4	-2.2	-16.8
Decorated cakes	9.4	9.8	9.5	9.2	9.6	0.5	4.4
Sweet goods	7.7	8.1	8.6	8.2	7.9	0.7	-3.7
Cookies	6.4	6.2	7.5	7.7	7.9	5.9	2.6
Bagels/Croissants/ Muffins	7.5	7.5	7.2	7.5	7.0	-1.7	-6.8
Custom cakes	6.5	6.8	7.5	7.4	7.7	4.6	4.1
Pies	6.4	6.7	6.5	6.8	7.4	3.9	8.8
Layer cakes	6.5	6.6	6.8	6.3	6.3	-0.8	0.0
Cake doughnuts	5.3	5.1	4.3	4.4	4.5	-3.8	2.3
Danish	3.7	3.3	3.6	3.3	3.8	0.7	15.2
Other	-	-	-	1.1	1.1	0.0	0.0
Total	100%	100%	100%	100%	100%	--	--

Source: *Supermarket Business*, April 1994

Shopping Frequency

Frequency of shopping at the grocery store has remained quite stable over the past 5 years averaging from 2.2 to 2.3 trips per week (Food Marketing Institute, 1993). In 1993, shoppers said they shopped an average of 2.2 times per week (Figure 1.9). The Food Marketing Institute stated that frequency is most influenced by household size with larger households shopping more frequently. Sex of the shopper also influenced shopping frequency with men making more frequent trips to the store. Shoppers with children also shopped more frequently.

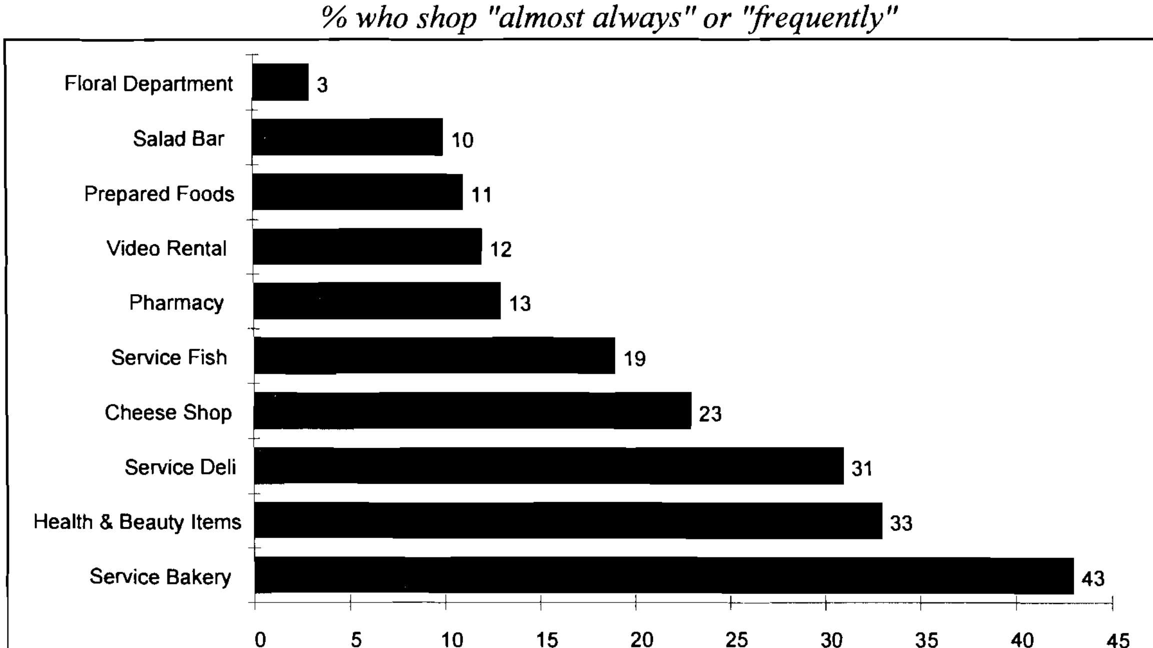
FIGURE 1.9
Supermarket Shopping Frequency per Week, 1993



Source: Food Marketing Institute, *Trends: Consumer Attitudes and the Supermarket 1993*.

A *Progressive Grocer* survey reported in 1993 indicated that the in-store bakery is the most frequently shopped department in the supermarket with 43 percent of shoppers saying that they "almost always" or "frequently" shop there (Figure 1.10). Next in order of shopping popularity were the health &

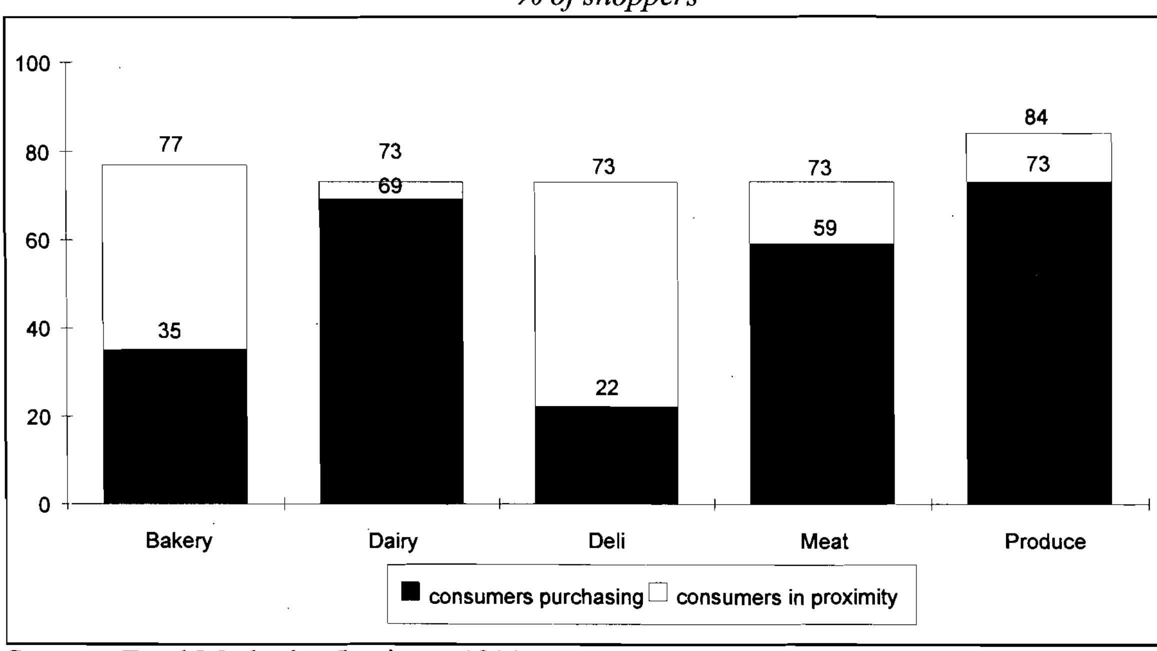
FIGURE 1.10
Supermarket Shopping Frequency by Department, 1992
% who shop "almost always" or "frequently"



Source: *Progressive Grocer*, April 1993 beauty care and service deli departments with 33 and 31 percent respectively of consumers shopping there at least "frequently".

Shopping frequency is one key measure of department performance. In 1991 the Food Marketing Institute reported shoppers in proximity to major departments in the supermarket versus shoppers actually purchasing from those departments. The produce department had the most shoppers passing by (84%) and also had the highest rate actually making purchases (73%) (Figure 1.11). The department's conversion rate, the number of shoppers that made purchases out of those that passed by, was 87 percent. The dairy department actually had the highest conversion rate of visitors making purchases (95%) and had the second highest number of shoppers making purchases from the department. However, the in-store bakery had the second highest rate of shoppers passing through (77%) but only 35 percent of shoppers making purchases which resulted in the second lowest conversion rate (45%) of departments surveyed.

FIGURE 1.11
Shopping the Supermarket, Perishable Departments, 1991
% of shoppers



Source: Food Marketing Institute, 1991

C) Consumers: The Driving Force for Change

Consumer Preferences

The overall supermarket and bakery structural and performance measures described above are direct consequences of the extent to which supermarkets and their bakeries are successful in identifying and responding to the changing consumer "agenda". This is as true for bakery shoppers as for consumers in any industry. Thus it is instructive to consider what is causing consumers to change and consequently how their preferences for shopping and food are changing. Clearly, food buying and consumption behaviors are shaped by demographic factors such as aging of the population, changing family size and household composition as well as shifting employment and income patterns. Increasingly, consumers driven by mounting time pressures associated with ever busier lifestyles are modifying their purchasing and consuming behaviors toward greater convenience.

These kinds of societal changes have led in turn to four important dimensions of changing consumer preferences as well as directions of response by market-oriented food organizations.

Convenience

As mentioned above, convenience is a crucially important factor among virtually all involved in food product development and marketing. Convenience is often viewed only in the context of preparation time reductions. However, in a broader sense, convenience is consumer satisfaction with respect to having food that is wanted, when it is wanted, with minimum effort in meal planning, shopping/purchasing, in-home handling, preparation, consumption and cleanup.

Quality

The quality of most food products is rising. It is also apparent that individual judgements of quality differ greatly. Preferences for foods vary from person to person, and even for the same individual quality standards may change with circumstances. Thus, quality serves as an all-encompassing concept relating to one or more of the following factors: appearance, consistency, freshness, nutrition, safety, taste and understanding.

Variety and Excitement

Growth strategies for food marketers focus increasingly on variety and excitement for shopper appeal. Food processors are developing products with new and different tastes and textures. Retail store decor and merchandising approaches are emphasizing more interesting and pleasurable shopping experiences, and personal services have been added in many departments. The strategy is to capture sales and market share by appealing to consumers who are more open to change based upon greater travel, a growing sense of ethnicity, higher levels of education, and a growing diversity of restaurant food experiences. Consumer interest in these new directions is based upon factors such as appearance, taste, understanding, a sense of adventure and desires for distinctive and exotic experiences.

Nutrition, Safety and Health

Food marketers recognize this as an era of growing consumer concern and awareness of nutrition, food safety and diet and health linkages. What was once thought by many to be a fad has become a series of on-going complex and important issues that are virtually certain to be building in the 1990's. As scientific and medical evidence increases concerning the influence of diet on health, many people want to understand how they can respond. Indeed, new nutritional information is believed to be so important to the consumer purchase decision that government guidelines are becoming increasingly stringent with respect to food ingredient and labeling requirements.

Americans are well known for their excessive intakes of sugar, fat, cholesterol and sodium. This fact along with their less than recommended intakes of complex carbohydrates and fiber, produces an American diet that is one cause of this country's high rates of obesity and chronic diseases. Following advances made in nutrition and health, the USDA has recently issued updated dietary guidelines intended to provide Americans with recommendations about a balanced diet.

These guidelines endorse increasing consumption of breads, cereals, rice and pastas along with fruits and vegetables while limiting foods high in fats, oils, and sweets. The guidelines therefore provide food marketers with a vital tool to promote the health value of many foods in the supermarket bakery. Already, the intake of grains has increased in the U.S. as they are recognized as being important sources of fiber and complex carbohydrates. In fact, bakery and cereals are the number one sources of fiber in the American diet (Smallwood and Blaylock, 1994).

Customer Satisfaction

Consumers evaluate their primary food store using several factors. Many of these factors are tracked by the Food Marketing Institute. Consumers, for example, are asked each year how important and how satisfied they are with various supermarket characteristics. The answers reflect which factors impact consumers most and which factors present most room for improvement. Factors that are important to the supermarket may be the same factors consumers use to evaluate the in-store bakery. While bakery shoppers may place different importance and satisfaction levels on these factors while considering sources of bakery goods, examining the importance of each factor to the average shopper and comparing it to how satisfied the shopper feels with it is useful for the development of strategic action plans to increase customer satisfaction levels with the bakery and with the store.

Selected supermarket factors are listed in Table 1.12 along with the responses of shoppers when asked how important and how satisfied they were with these factors. "Good variety or wide selection" was the factor ranked most important by shoppers; however it was not the highest ranking in terms of satisfaction. The difference between the level of importance and level of satisfaction indicates an opportunity, in general, for improving "variety or selection." Other highly important factors to shoppers that bakery managers should

TABLE 1.12
Shopper Satisfaction with Selected Factors, 1993

	Very or somewhat important	**Excellent or good rating**
	% responding	
Good variety or wide selection	97	89
Good, low prices	96	77
Courteous, friendly employees	95	90
Convenient location	93	91
Items on sale or money-saving specials	91	82
Attention to special requests or needs	84	70

Source: Food Marketing Institute, 1993.

be aware of are "good, low prices" and "courteous, friendly employees".

In general, women place greater emphasis or importance on most of the selected criteria above than do men. However, neither age nor household size significantly affect consumers' ratings of importance or satisfaction.

Section II. Methodology

This project was developed with two major goals:

- to develop a profile of the contemporary supermarket bakery shopper and non-bakery shopper with special attention to demographics, lifestyles, purchase patterns, preferences and attitudes relative to bakery products, and effective shopping incentives, and

- to identify opportunities that may exist to further enhance the performance of the supermarket bakery industry.

The approach used to meet these objectives was 4-pronged and consisted of: (1) a review of academic, trade, consulting and newsletter literature, (2) a national telephone survey of 300 primary shoppers, (3) an in-store supermarket survey of approximately 400 shoppers in 5 geographic locations throughout the U.S., and (4) field interviews with selected, leading supermarket bakery directors.

Literature Review

The literature review established operational, merchandising and consumer benchmarks for the bakery industry as well as past performance information for the in-store bakery department. It also served to identify key questions that needed to be addressed or clarified in shopper surveys and field interviews.

Telephone Survey

A comprehensive, national telephone survey of 300 primary shoppers was conducted. The survey was developed by the Cornell University Food Industry Management team with input from IDDA staff and implemented in conjunction with the Survey Research Facility at Cornell University. It questioned consumers about shopping patterns, product preferences, and other factors important to bakery buying.

Telephone numbers were selected randomly from across the country to represent a total random sample of the United States population. Therefore, different geographic regions were represented in proportion to their population base. Age, income and household demographics were also represented.

Prior to telephoning, a letter was sent to each of the selected numbers informing the household that a survey was being conducted by Cornell University to learn more about bakery shopping choices. This was a good will gesture that decreases refusal rates by legitimizing the researchers, their goals, and the information they seek.

Telephoning started in the afternoon at approximately 3:00 p.m. and finished each night at 10:00 p.m. An attempt was made to ensure that calling took place at times when working people would be at home. Log-in records were kept with information on which time zone was being called, how many times the number was called, and number of refusals. Some respondents had more time in the morning prior to work and would request that they be called back at that time. The log-in information was requested to determine if there were problems with over or under representing geographic regions of the country. The phone interviewing took place late April to early May, 1994, and resulted in 305 completed questionnaires. Interviews were completed with consumers in 46 different states.

In-Store Supermarket Survey

Additionally, 392 shoppers were personally interviewed in supermarkets in five different markets regarding their particular purchase patterns and preferences for bakery products. They were specifically questioned regarding their bakery choices on the given shopping day and the particular bakery location they frequented. The in-store survey was conducted in five supermarket companies in five states. Shoppers were intercepted during the day from approximately 10:00 a.m. to 5:00 p.m.

Field Interviews

Eight bakery retailers from leading retail companies were interviewed to compare our consumer research findings with executive impressions and to assess further opportunities as perceived by these senior managers. The interviewing techniques which we employed have been developed over many years of similar type research and have resulted in many successful projects within the food industry.

Section III: Empirical Results

A) Bakery Shopping Choices: National Telephone Survey

Introduction

The primary objective of the nationwide telephone survey described in the previous section was to measure general purchase patterns and consumer preferences for baked goods. Initially, respondents were asked a variety of questions concerning where and how often they purchase baked goods. Additional questions were asked which focused on consumer perceptions for a variety of specific bakery department characteristics. Finally, a last series of questions focused on nutritional concerns and their impact on bakery purchases and consumption.

Demographic Profile of Respondents

Over half of the respondents (52%) to our telephone survey are from one or two person households with the remainder, or 48 percent from a households of three or more (Table 3.1). Almost 59 percent reported having no children under 18 years of age while 41 percent of respondents have children under 18. Almost two-thirds of respondents reported that one or two persons in their household are currently employed. The income group with the largest number of respondents could be classified as "middle class" with incomes ranging from $20,000 to $60,000 annually. Over two-thirds (69%) of respondents were between the ages of 26 and 65.

TABLE 3.1
Demographic Profile of Telephone Respondents
% of total respondents

Demographic Profile	
Household Size	
Single	20.0%
2 persons	32.5
3 persons	17.1
4 or more persons	30.4
Total[1]	100.0%
Number of Children under 18	
None	58.6
1 - 2	32.9
3 or more	8.6
Total[1]	100.0%
Annual Household Income	
Less than $20,000	27.7%
$20,000 - $60,000	51.0
Greater than $60,000	21.3
Total[1]	100.0%
Number Employed in Household	
None[2]	26.9%
1 - 2	63.6
3 or more	9.5
Total[1]	100.0%
Age of Respondents	
25 or under	5.0%
26 - 65	69.0
66 or over	23.0
Refusals	3.0
Total[1]	100.0%

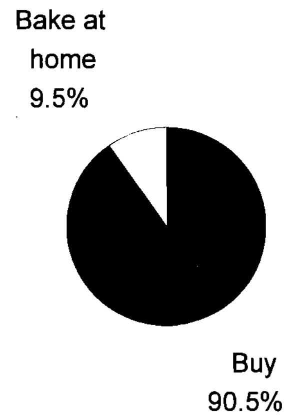
[1] totals may not add to 100% due to rounding
[2] includes unemployed and retirees

General Bakery Shopping Patterns

Sources of Baked Goods

The vast majority of consumers (91%) purchase their bakery products in various types of retail stores while the remaining consumers reported baking the majority of their bakery goods at home (Figure 3.1).

FIGURE 3.1
Source of Bakery Goods
% of total respondents



These latter consumers who prefer to bake most of their bakery products at home cited "taste" and "liking to bake" as the primary reasons they choose to bake at home instead of patronizing a retail outlet (Figure 3.2). Other factors such as convenience, nutrition, and price were only mentioned by less than 20 percent of those surveyed.

Most consumers purchase their bakery goods at a variety of retail outlets. By far, the supermarket is the most popular retail outlet for bakery products. Ninety-five percent of consumers report they purchase bakery products at supermarkets while 47 percent purchase products at doughnut shops and 31 percent of consumers shop at local bakeries (Figure 3.3). Wholesale clubs and bakery outlet stores were less popular as only 8 and 24 percent of shoppers respectively reported buying bakery goods at these outlets.

FIGURE 3.2
Reasons Consumers Bake at Home
% of respondents who bake most of their bakery goods

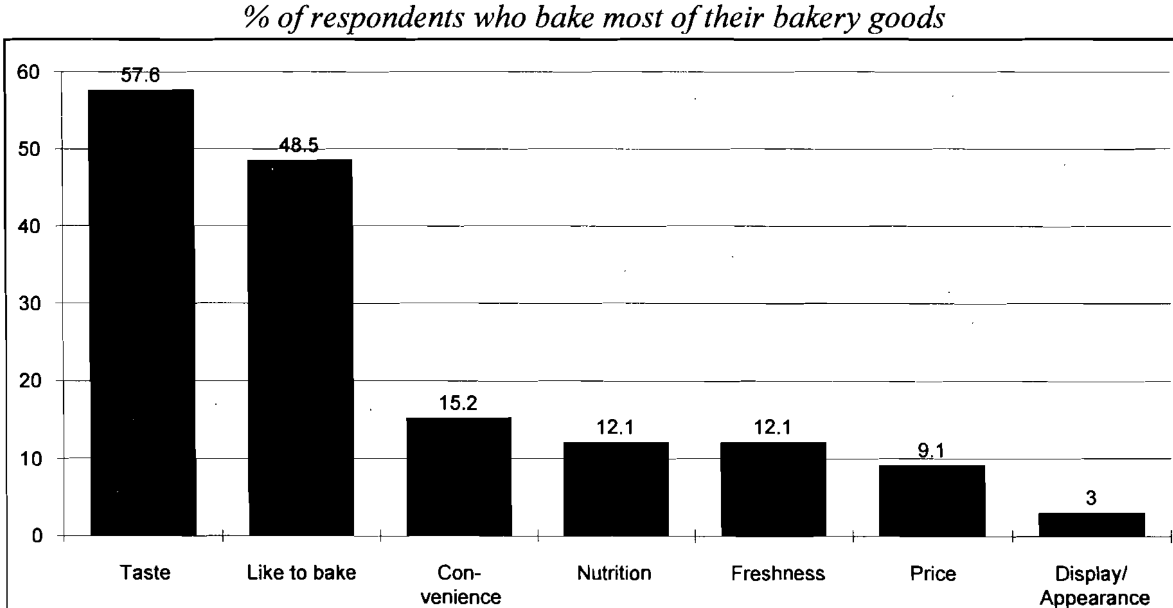
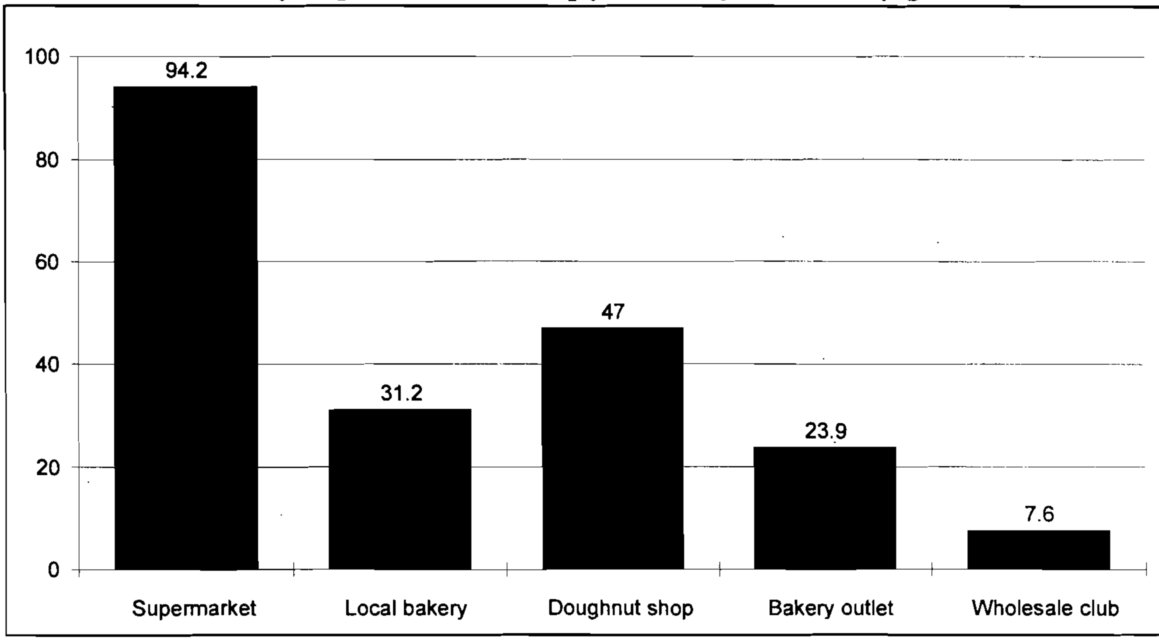


FIGURE 3.3
Retail Outlets Where Consumers Purchase Bakery Goods
% of respondents who shop for most of their bakery goods



Frequency of Shopping for Baked Goods

Although consumers shop at many different locations for their bakery needs, the supermarket is visited most frequently. Sixty percent of those consumers who purchase most of their bakery goods reported shopping at least weekly at the supermarket for bakery products. Far fewer, or under seven percent of shoppers, visit the local bakery at least weekly for baked goods. The doughnut shop, wholesale club, and bakery outlet are not frequented often by respondents (Figure 3.4).

Convenience is the primary reason consumers choose to shop at a particular retail outlet for bakery products. Eighty-four percent of consumers cited this reason while only 23 percent indicated variety and 19 percent indicated taste were reasons for selecting one retail outlet over another (Table 3.2).

FIGURE 3.4
Bakery Shopping Frequency at Selected Retail Outlets
% of respondents who shop at least weekly for bakery goods

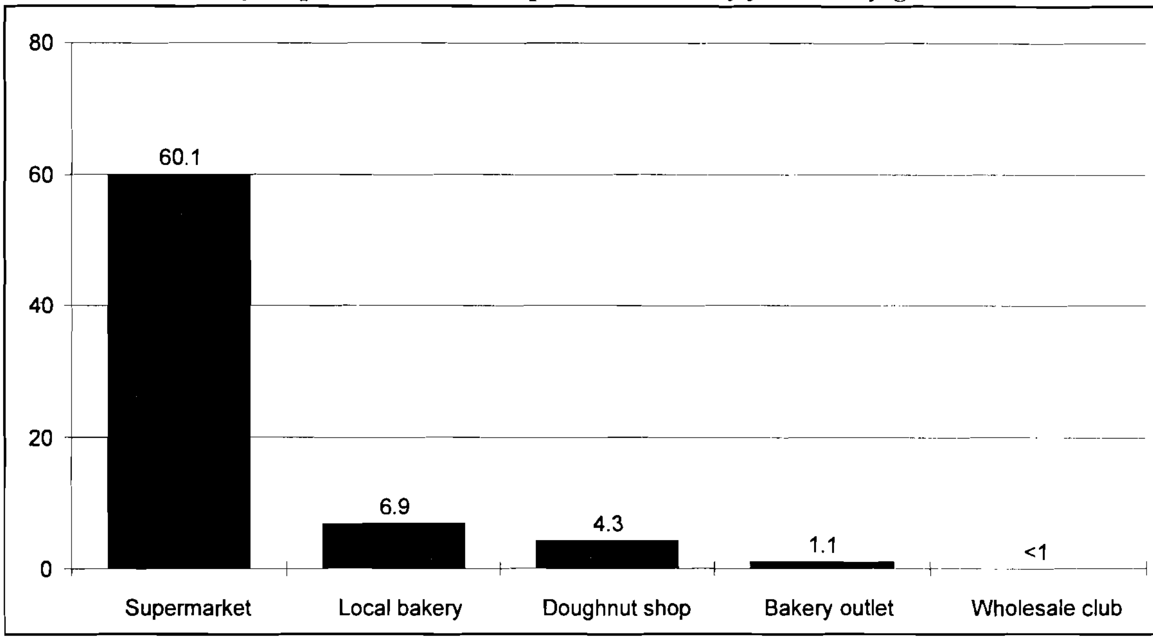


TABLE 3.2
Reasons for Selection of a Retail Outlet for Bakery Purchases[1]
% of respondents who shop for most of their bakery goods

Reason for Choosing a Retail Outlet	Percent of Consumers
Convenience	84.4%
Variety	22.5
Taste	18.5
Price	15.6
1-stop	14.5
Freshness	13.0
Nutrition	4.3
Packaging	1.4
Display	1.7
Consistence	0.7
Service	0.4

[1] more than one response was permitted

A closer investigation of retail outlet choices for bakery goods revealed that the primary reason for choosing particular bakery stores varies by outlet. Most supermarket shoppers (over 80%) said convenience was the most important factor leading them to buy bakery products at the supermarket (Table 3.3). However, almost fifty percent of local bakery shoppers indicated taste as being the major reason for choosing that outlet. Price was the leading reason given by 58 percent of consumers who purchase baked goods at the wholesale club. Thus, while the supermarket is a clear winner over other channels in consumer perceptions of convenience, the other channels appear to provide consumers with better variety, freshness, taste and price.

TABLE 3.3
Selected Reasons Why Consumers Purchase Bakery Goods at Major Retail Outlets[1]
% of outlet shoppers

Reason for Buying	Super-market	Local Bakery	Wholesale Club
Convenient	80.6%	25.9%	17.4%
1-stop shopping	18.3	5.1	0.0
Taste	17.1	47.9	17.4
Variety	16.6	19.1	24.5
Price	13.1	0.0	58.4
Freshness	10.6	41.0	0.0
Nutrition	1.1	7.7	2.4
Service	1.3	2.7	0.0
Packaging	0.4	1.4	11.9
Display	0.7	1.4	0.0
Consistency	0.5	0.0	0.0

[1] more than one response was permitted

Consumers were asked why they do not buy bakery goods from various retail outlets. Concerning the supermarket, 31 percent of those consumers who do not use the supermarket for bakery shopping reported freshness as their major concern (Table 3.4). Taste and nutrition scored equally, with 23 percent of shoppers citing these as negative attributes of supermarket bakeries. The majority of respondents (53%) cited convenience as the major reason they do not shop at a local bakery, while 44 percent of respondents indicated packaging was the primary reason they do not shop for baked goods at the wholesale club.

Clearly, convenience is the paramount factor for consumers when choosing an outlet for a baked good purchase. Since most consumers shop regularly in a supermarket, it appears, by default, that this is their major source for baked goods. However, when taste and freshness are primary considerations, consumers go to the local bakery to purchase their bakery goods. While price was the major reason why certain consumers purchase baked goods at the wholesale club, in total, very few respondents considered the wholesale club as a major outlet for bakery purchases.

Bakery Shopping Patterns in the Supermarket

Importance of In-Store Bakery

Bakery products are sold in several

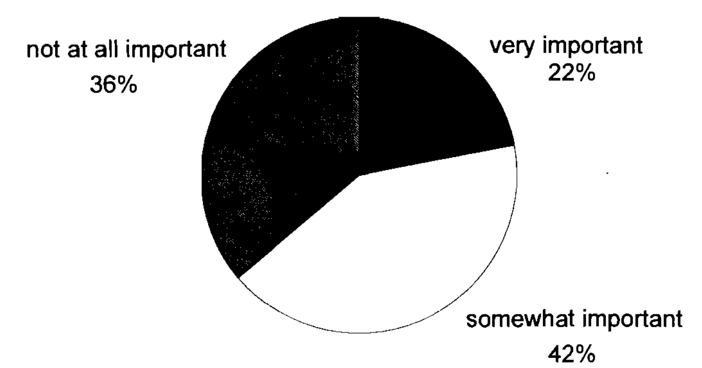
TABLE 3.4
Selected Reasons for NOT Buying Bakery Goods from Selected Outlets[1]

Reason for NOT Shopping	Super-market	Local Bakery	Wholesale Club
Freshness	30.8%	8.2%	15.3%
Taste	23.1	17.3	6.8
Nutrition	23.1	9.1	5.1
Price	7.7	10.9	6.8
Packaging	7.7	0.9	44.1
Convenience	0.0	52.7	11.9
Variety	0.0	0.0	15.3
1-stop shopping	0.0	21.8	3.4

[1] more than one response was permitted

departments in most supermarkets. They can typically be found in the grocery department, the in-store bakery, the grocery and commercial bread aisles, and the frozen food department. In order to gauge the general importance of an in-store bakery consumers were asked, "When deciding at which supermarket to shop, how important is its in-store bakery?" Only 22 percent said it was "very important," while 42 percent indicated it is "somewhat important" and 36 percent reported that the in-store bakery is "not at all important" (Figure 3.5).

FIGURE 3.5
Importance of In-Store Bakery When Selecting a Supermarket
% of supermarket shoppers



General Shopping Patterns

Almost all supermarket shoppers (98%) buy bread and bread products from the supermarket. However, only 63 percent reported purchasing sweet goods from the supermarket (Figure 3.6). Indeed, over ninety-three percent of respondents purchase sliced bread from the supermarket (Figure

FIGURE 3.6
Bakery Product Purchases from the Supermarket
% of supermarket shoppers

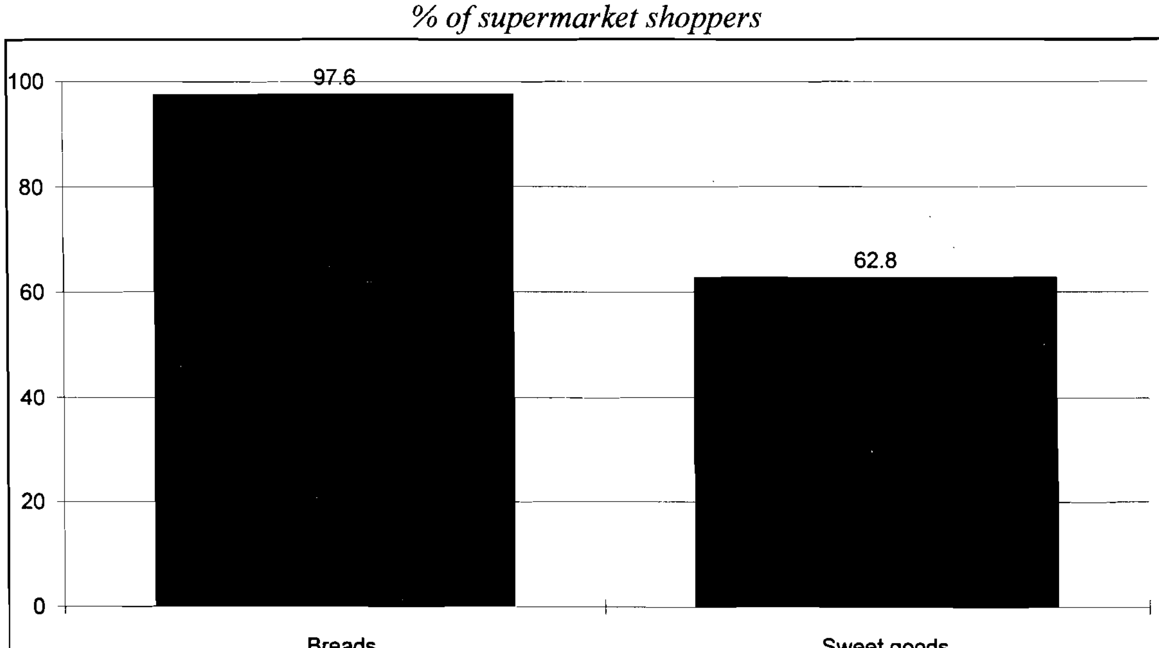
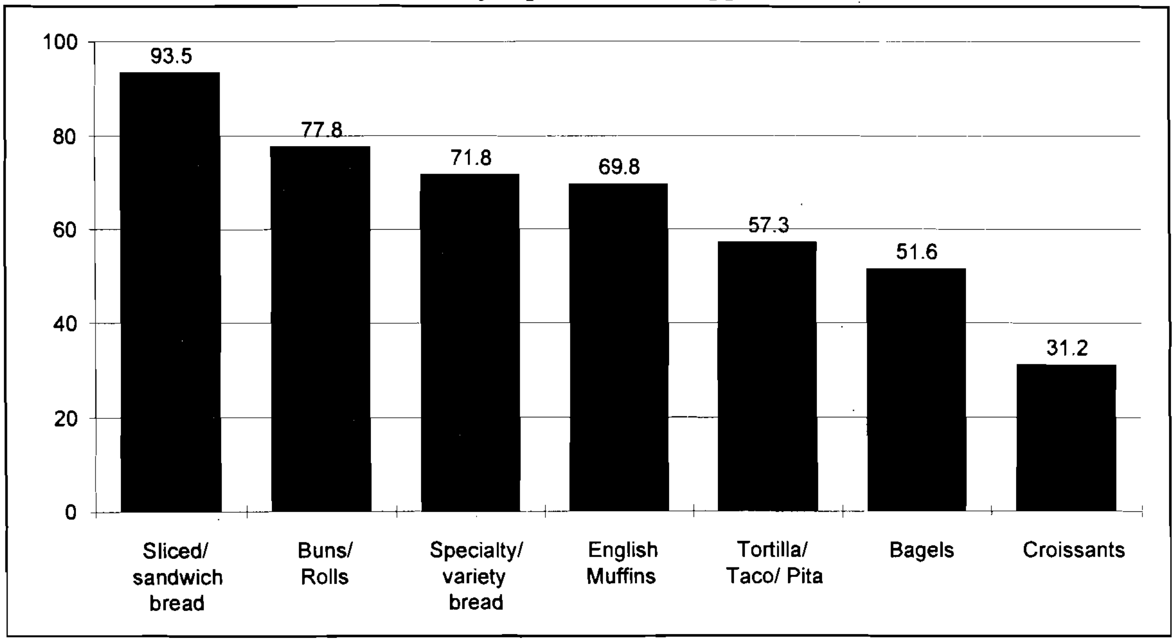


FIGURE 3.7
Bread Product Purchases from the Supermarket
% of supermarket shoppers



3.7). Buns/rolls, specialty/variety breads and English muffins are also popular supermarket bakery selections with over 69 percent of respondents reporting purchasing these items. Tortillas, bagels and croissants were less popular items.

Location of Bread Purchases within the Supermarket

The majority of bread products from the supermarket are purchased from the store's aisles. Over sixty percent of sliced bread, tortilla/tacos, bun/rolls and English muffins are purchased from this aisle (Figure 3.8). The primary purchase location for bagels (48%) is the frozen food section whereas the in-store bakery appears to be the primary location for croissant purchases (57%). Consumers were divided in the location of specialty bread purchases as 43 percent of supermarket shoppers purchase them from the in-store bakery while 55 percent prefer the store aisle. The remaining 2 percent of supermarket shoppers purchased their specialty bread from the frozen food department.

Sweet Goods Purchase Patterns

Cookies are the most popular type of sweet bakery product in the supermarket purchased by over 81 percent of shoppers (Figure 3.9). However, over fifty percent of consumers also purchase doughnuts, cakes, and danish/pastries from the supermarket. Coffee cakes, pies, and muffins were also quite popular with over 40 percent of consumers reporting purchasing these items in the supermarket. Slightly less than one-third (32.5%) of supermarket shoppers purchase cupcakes.

FIGURE 3.8
Location of Bread Product Purchases within the Supermarket
% of supermarket shoppers

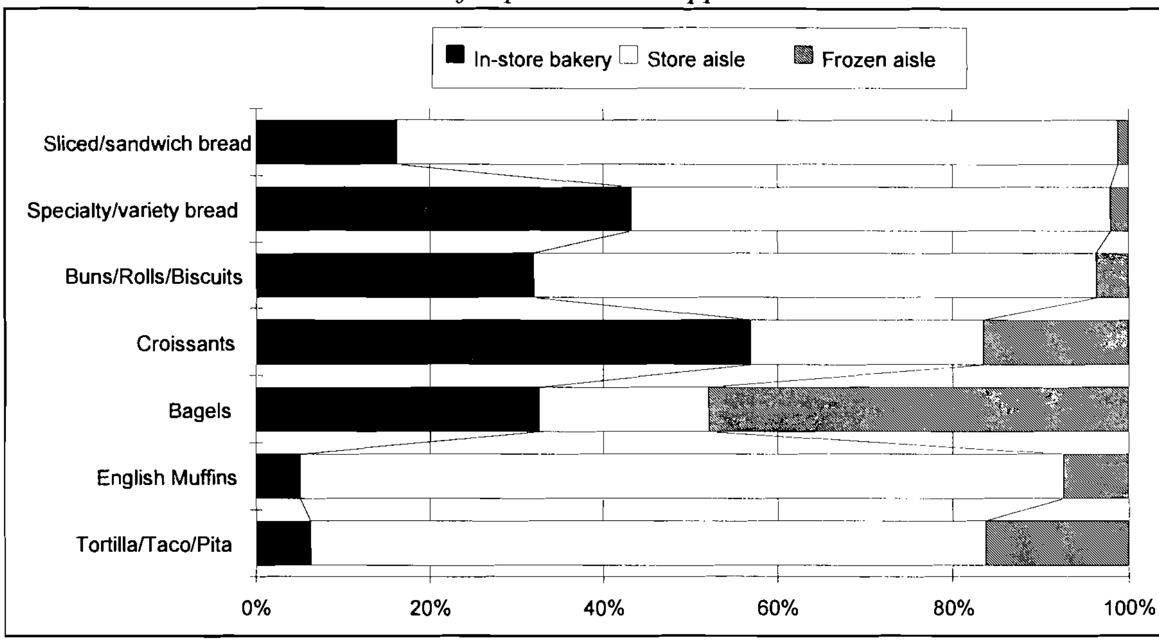
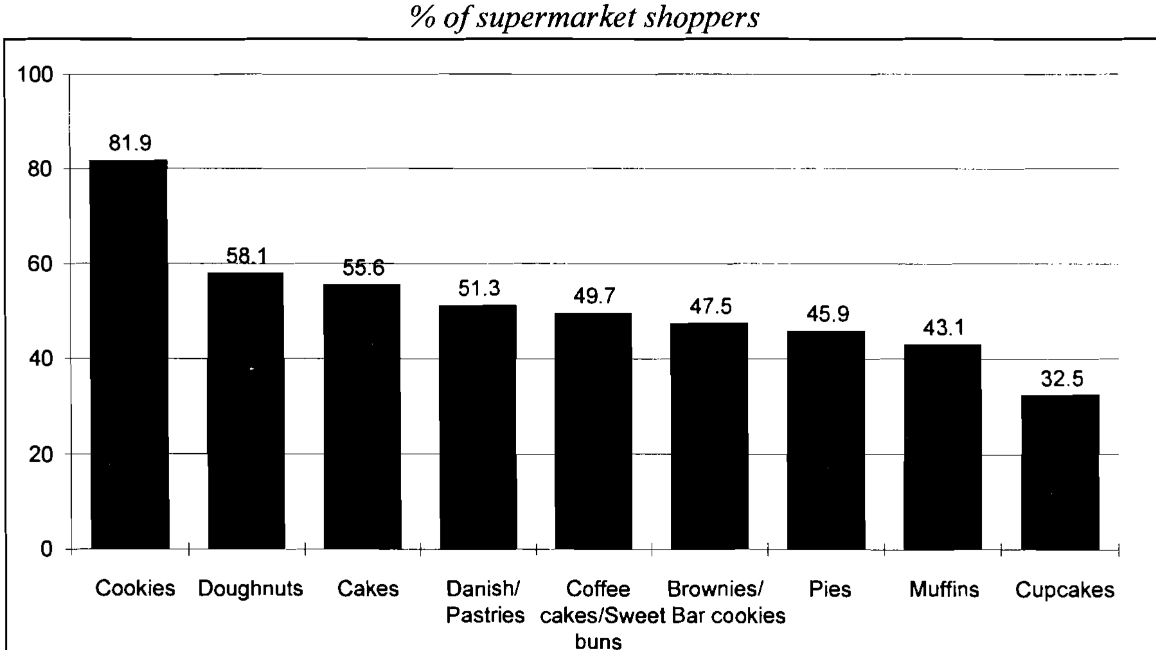


FIGURE 3.9
Sweet Good Purchases from the Supermarket
% of supermarket shoppers



Location within the Supermarket of Sweet Good Purchases

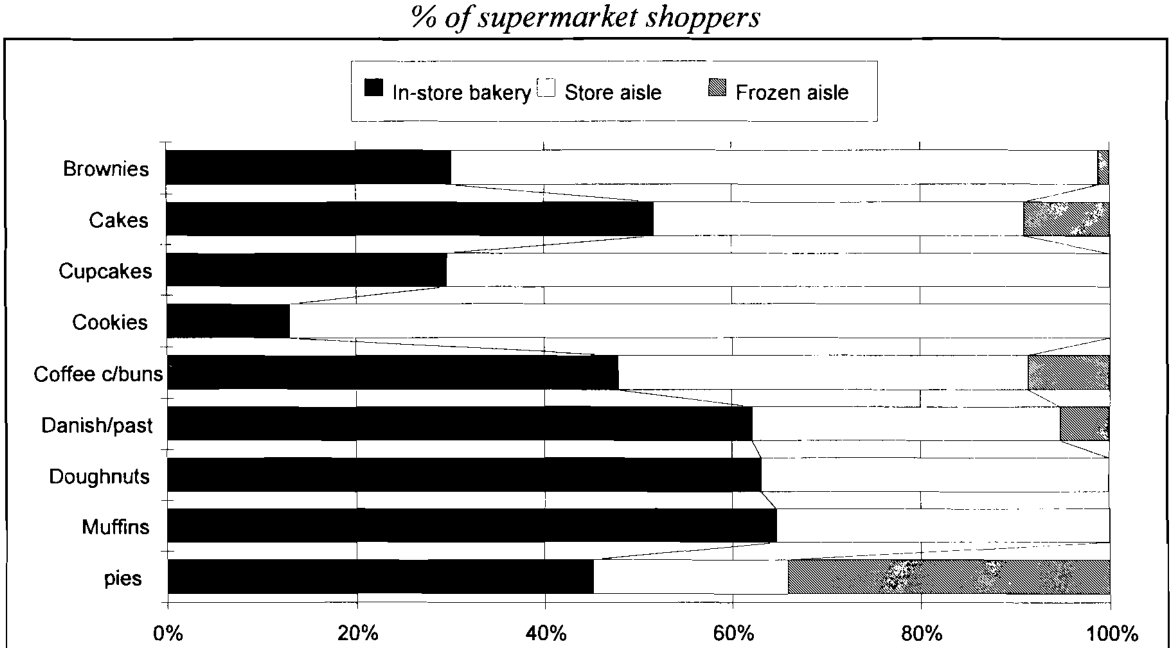
Compared to bread products, where the store aisle is the most popular location for purchases, consumers gravitate more often to the in-store bakery for their sweet goods purchases. Only cookies (87%), cupcakes (70%), and brownies (69%) were frequently purchased from the store aisle (Figure 3.10). Muffins (64%), doughnuts (63%), and danish/pastries (62%) were commonly purchased from the in-store bakery. Consumers were quite divided regarding where they purchase pies, coffee cakes and cakes among the store aisle, in-store bakery, and frozen food aisle.

Consumers appear to view the in-store bakery as a source of sweet or traditional bakery items: doughnuts, muffins, danish/pastries, and croissants. By contrast, the store aisle is still the preferred location for purchasing sliced bread, rolls, and English muffins. However, there is significant crossover among the in-store bakery, store aisle, and frozen food section for pies, specialty breads, coffee cakes, and bagels.

Importance and Satisfaction of Selected Supermarket Bakery Attributes

Consumers were asked to rate the importance and their satisfaction levels regarding several factors related to supermarket bakery shopping and supermarket bakery products. Consumers rated many factors as quite important. However, of thirteen factors, consumers rated freshness, taste, convenience, 1-stop shopping of greatest importance (Table 3.5). Service, consistency and price were next in importance. Variety, nutrition, packaging, brands, promotions, and demonstrations/samples were given the lowest ratings.

FIGURE 3.10
Location of Sweet Good Purchases within the Supermarket
% of supermarket shoppers



When consumers were asked to rate their satisfaction with each of these attributes, their satisfaction ratings were generally quite high. They were most satisfied with freshness, taste, convenience, 1-stop shopping, and consistency (Table 3.5). Consumers expressed the least satisfaction with price, nutrition, promotions and demos/samples. The greatest "gaps" between importance and satisfaction - thus opportunities for industry improvement - occurred with freshness, taste and price. That is, consumers felt these attributes were very important yet were not as satisfied with the performance of these dimensions as they might be (Table 3.5). On the other hand, consumers do not apparently feel attributes such as packaging, brands, promotions and demos/samples are as important.

TABLE 3.5
Importance and Satisfaction Levels with Selected Bakery Attributes[1]

Factor	Importance	Satisfaction	Difference
Freshness	4.8	4.4	0.4
Taste	4.8	4.4	0.4
Convenience	4.6	4.4	0.2
1-stop shopping	4.6	4.4	0.2
Service	4.5	4.2	0.3
Consistency	4.5	4.4	0.1
Price	4.3	3.8	0.5
Variety	3.9	4.2	-0.3
Nutrition	3.9	3.9	0.0
Packaging	3.4	4.0	-0.6
Brands	3.3	4.3	-1.0
Promotion	3.3	3.9	-0.6
Demos/Sample	2.7	3.5	-0.8

[1] on a scale from 1 to 5 where 1=not at all and 5=very important or satisfied

Bakery Shopping Patterns in Other Retail Outlets

The nationwide telephone survey queried respondents on their bakery shopping habits at a variety of retail outlets. By far, the most frequented format for bakery purchases is the supermarket. However, recall from Figure 3.3 that 47 percent of consumers shop at doughnut shops for bakery goods, 31.2 percent at local bakeries, 23.9 percent at bakery outlets and 7.6 percent of consumers shop at wholesale clubs for bakery goods. While some consumers shop at these other retail outlets, they do so quite infrequently (Figure 3.4). In particular, doughnut shops, bakery outlets, and wholesale clubs appear to play a very minor role in the bakery shopping habits of consumers who participated in this survey. Therefore, further discussion about other bakery retail outlets will be limited to the role local bakeries play in the bakery shopping preferences of consumers.

The Local Bakery

General Shopping Patterns

Consumers who shop at local bakeries (31.2%) do so largely because of freshness and taste. On the other hand, consumers who are not local bakery shoppers cite convenience and 1-stop shopping as the primary reasons for shopping elsewhere (Table 3.3).

Local Bakery Purchases

Local bakery shoppers purchase a wide variety of products from the bakery. Among the many bread and bread products, specialty breads are the most frequently purchased (Figure 3.11). Purchases of other types of bread products fall off dramatically, as less than half of consumers reported purchasing any other bread product.

In general, it appears that consumers purchase a wider variety of sweet goods at the local bakery than bread products. Almost 60 percent purchase cookies while over 40 percent of consumers purchase cakes, coffee cakes, danish/pastries, and doughnuts (Figure 3.12)

Although consumers do not shop local bakeries very often, when they do, they are searching for taste and freshness. A closer look at the products most frequently purchased by consumers at local bakeries (specialty breads, buns and rolls, cakes, cookies, coffee cakes/sweet buns, danish/pastries and doughnuts) offers the supermarket retailer insights into potential products which, if equal to the local bakery in taste and freshness, could enhance the image and sales of the in-store bakery.

Nutrition Concerns and Bakery Consumption

Since, nutrition is increasingly reported as of vital concern to many consumers today (Food Marketing Institute, 1993), consumers participating in this survey were asked a series of general nutrition questions regarding their consumption and preference for "nutritious" bakery products.

FIGURE 3.11
Bread Product Purchases from the Local Bakery
% of local bakery shoppers

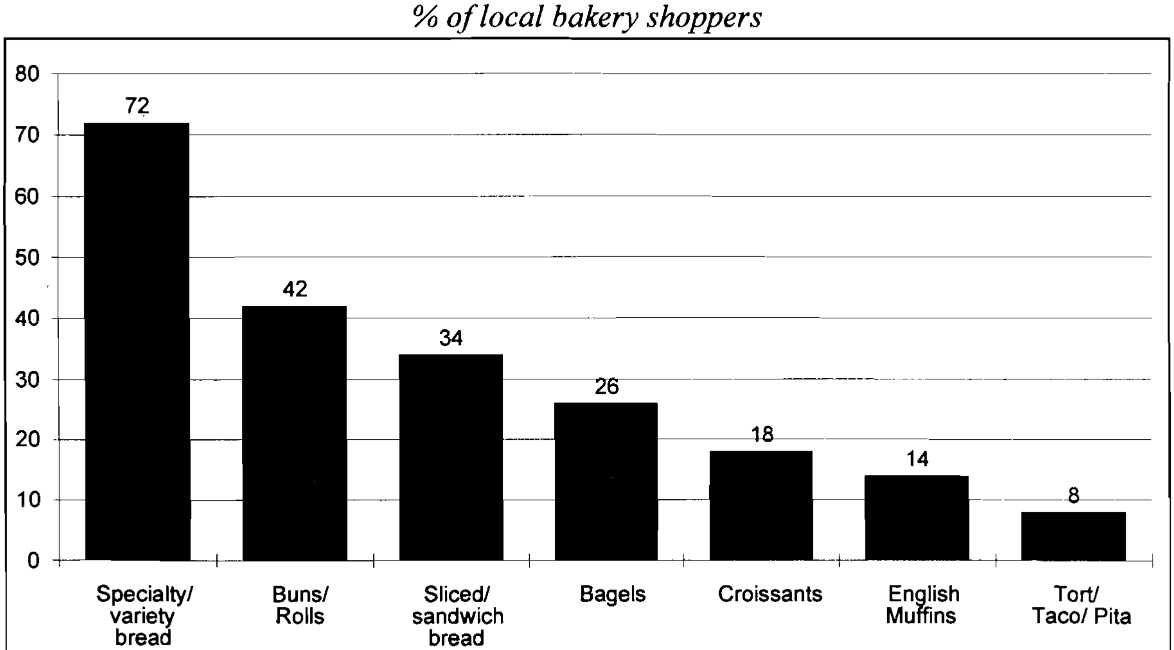
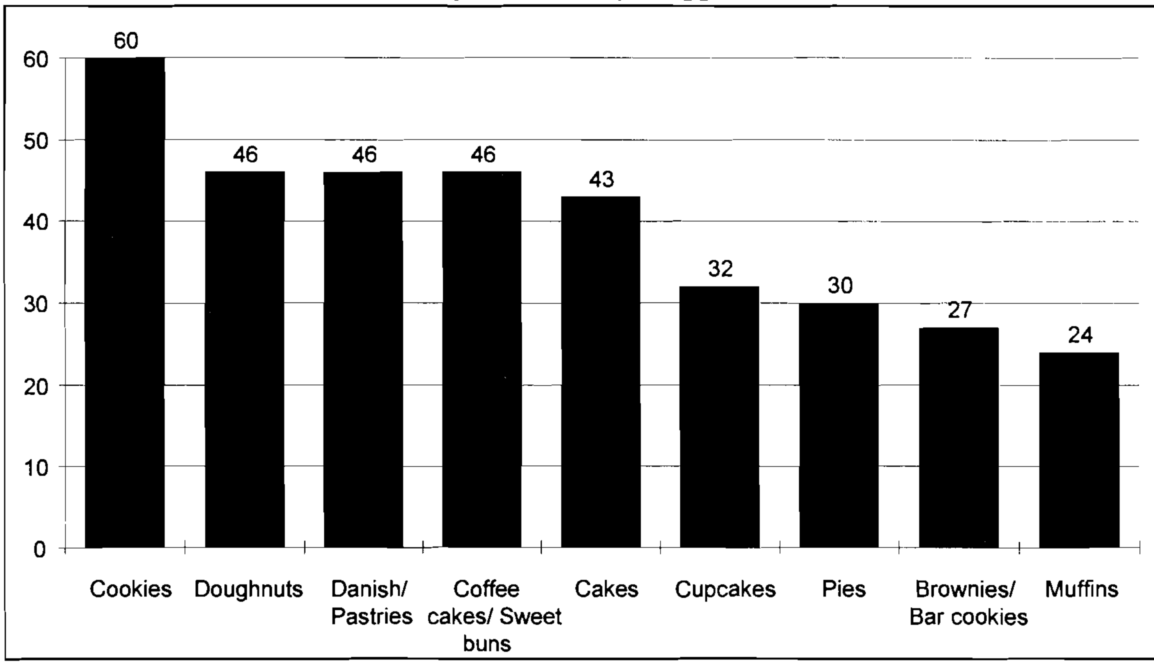


FIGURE 3.12
Sweet Good Purchases from the Local Bakery
% of local bakery shoppers

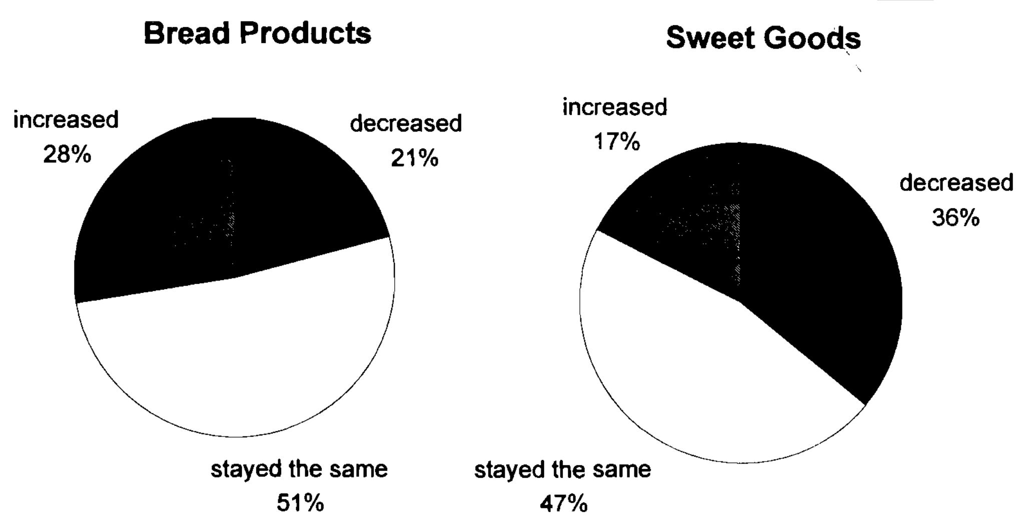


Bakery Consumption

First, consumers were asked to compare their consumption of both bread and sweet goods today to that of three years ago. Twenty-eight percent of consumers said they have increased their bread products consumption, while 21 percent indicated it has declined (Figure 3.13). Over fifty percent indicated they had not changed their bread consumption.

Only 17 percent of consumers indicated that their consumption of sweet goods had increased over the past three

FIGURE 3.13
Bakery Product Consumption: Today Vs Three Years Ago
% of total respondents



years, while 36 percent indicated they had decreased their consumption of sweet goods (Figure 3.13). Forty-seven percent believed their consumption stayed the same.

Preferences for Fat-Free Products:

Fifty-eight percent of respondents indicated that they have tried fat-free products. Further, of those who have tried them, 56 percent indicated that they usually purchase fat-free bakery products. Finally, over half of these shoppers (53%) indicated their strong conviction for these products by stating that they would buy fewer bakery products if fat-free products were not available (Figure 3.14). Overall, this results in approximately 17 percent of all shoppers who report that they are so committed to fat-free products that they would buy fewer bakery products rather then substitute a normal fat-level alternative.

Nutritional Labeling

Product labeling has emerged as a critical issue in the food industry over recent years. Traditionally, bakery products were not required by law to be labeled according to FDA regulations. However, today all food comes under the new food labeling act. Although most bakery products will not be required to carry an individual product label, information must now be available for all products at a central location within the store. In fact, in our study, seventy-seven percent of consumers indicted that they would prefer bakery products with nutritional labeling (Figure 3.15).

FIGURE 3.14
Preferences for Fat-Free Bakery Products
% of total respondents

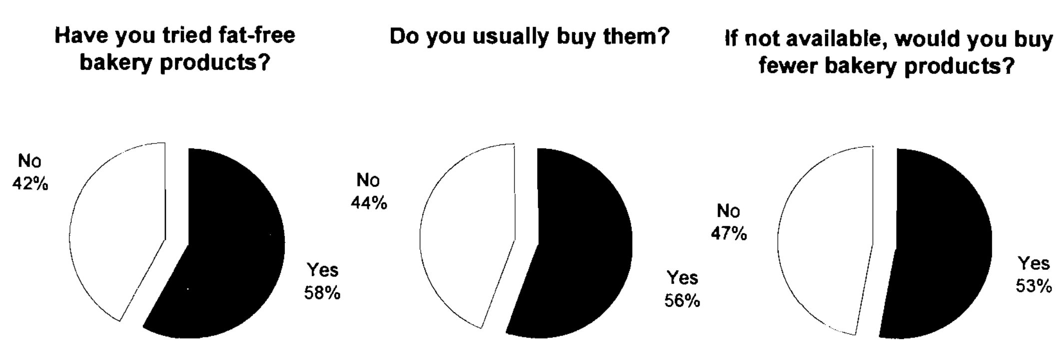
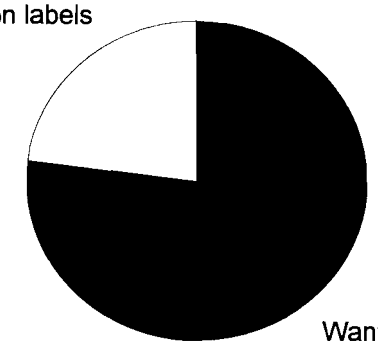


FIGURE 3.15
Nutritional Labeling on Bakery Products
% of total respondents



B) Bakery Shopping Choices: Supermarket Store Survey

Introduction

In addition to the nationwide telephone survey, 392 shoppers were personally interviewed in supermarkets regarding their specific bakery preferences and purchases. Five supermarket companies in five marketing regions participated. All had in-store bakeries. Shoppers were asked a variety of questions, many of which, unlike the telephone survey, focused on their bakery purchases made that particular day. This in-store survey contributed a considerable number of additional insights regarding consumer attitudes and preferences toward bakery shopping.

Demographic Profile of Supermarket Shoppers

The majority of shoppers surveyed within the store (69 percent) were between the ages of 26 and 65 (Table 3.6). Almost three-quarters of shoppers surveyed do not have any children under 18 years old while almost two-thirds of shoppers reported their household size consisted of either 1 or 2 people. Nearly 66 percent of shoppers indicated one or two people in their household were currently employed and 40.2 percent reported having an income of $20,001 to $60,000.

General Purchase Patterns

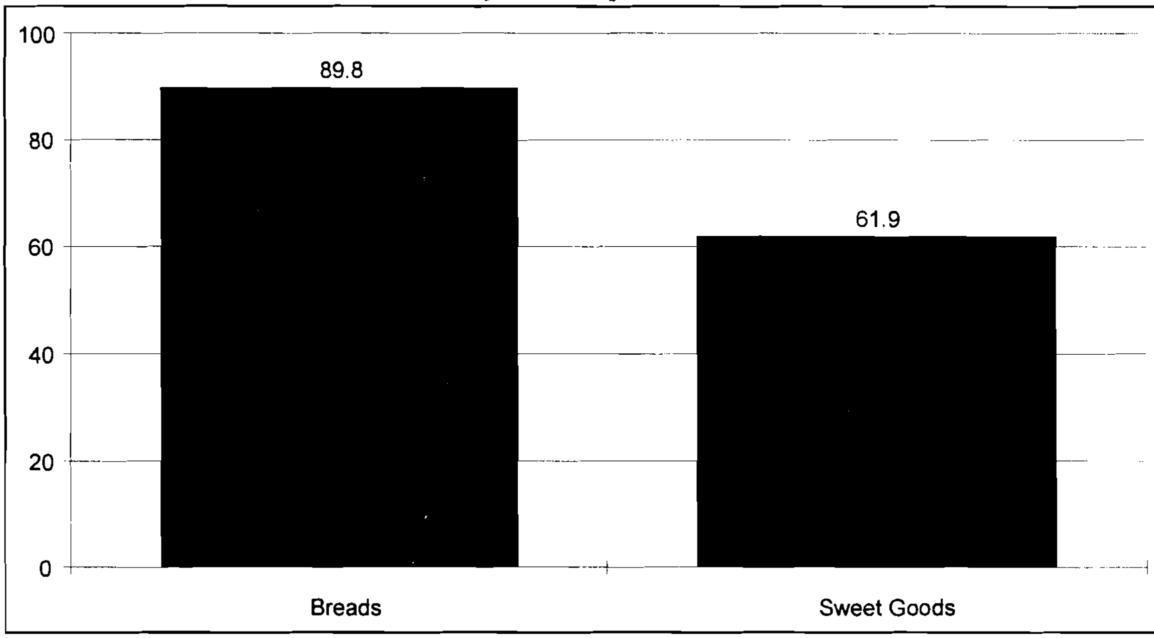
Shoppers were asked if they bought most of their baked goods at the supermarket. Responses were very similar to results from the telephone survey. Almost ninety percent of shoppers buy most of their bread products from the supermarket while nearly 62 percent of shoppers indicated that they buy most of their sweet goods from the supermarket (Figure 3.16).

TABLE 3.6
Demographic Profile of In-Store Respondents
% of total respondents

Demographic Profile	
Age:	
25 or under	10.2%
26 - 40	31.1
41 - 65	37.8
66 and over	20.9
Total[1]	100.0%
Household Size	
Single	16.3%
2 persons	48.7
3 persons	15.3
4 or more persons	18.4
Refusal	1.3
Total[1]	100.0%
Number of Children under 18	
None	73.5%
1 - 2	21.4
3 or more	5.1
Total[1]	100.0%
Annual Household Income	
$20,000 or less	8.9%
$20,001 - 60,000	40.2
Over $60,001	29.1
Refusal	21.9
Total[1]	100.0%
Number Employed in Household	
None[2]	30.2%
1 - 2	65.6
3 or more	4.1
Total[1]	100.0%

[1] totals may not add to 100% due to rounding error
[2] includes unemployed and retirees

FIGURE 3.16
Shopper Purchases of Breads and Sweet Goods from the Supermarket
% of total respondents



For those consumers who indicated that the supermarket was **not** the primary source for their bread products, 63 percent indicated they purchase breads from the local bakery and 13 percent said they bake at home. Of those who do **not** purchase sweet goods from the supermarket, 43 percent said they do not eat sweets, 31 percent bake at home, and 23 percent go to local bakeries (Figure 3.17).

FIGURE 3.17
Sources of Bakery Products Other than the Supermarket
% of respondents who do not buy supermarket bakery products

Store Aisle vs. In-Store Bakery

Supermarket shoppers were asked from which section within the supermarket they purchased baked goods- the store aisle or the in-store bakery. On the particular shopping day, 32 percent of shoppers said they purchased products from the store aisle while 52 percent made purchases from the in-store bakery (Figure 3.18).

Shoppers who indicated that they purchased bakery items from the store aisle rather than the in-store bakery said they did so primarily due to habit and variety offered in the store aisle (Figure 3.19). Other factors were also mentioned, but by relatively small numbers of shoppers. On the other hand, in-store bakery shoppers believed bakery products found in the in-store bakery were fresher, and better tasting than those sold in the store aisle (Figure 3.20).

FIGURE 3.18
Location within the Supermarket where Bakery Goods were Purchased
% of total respondents

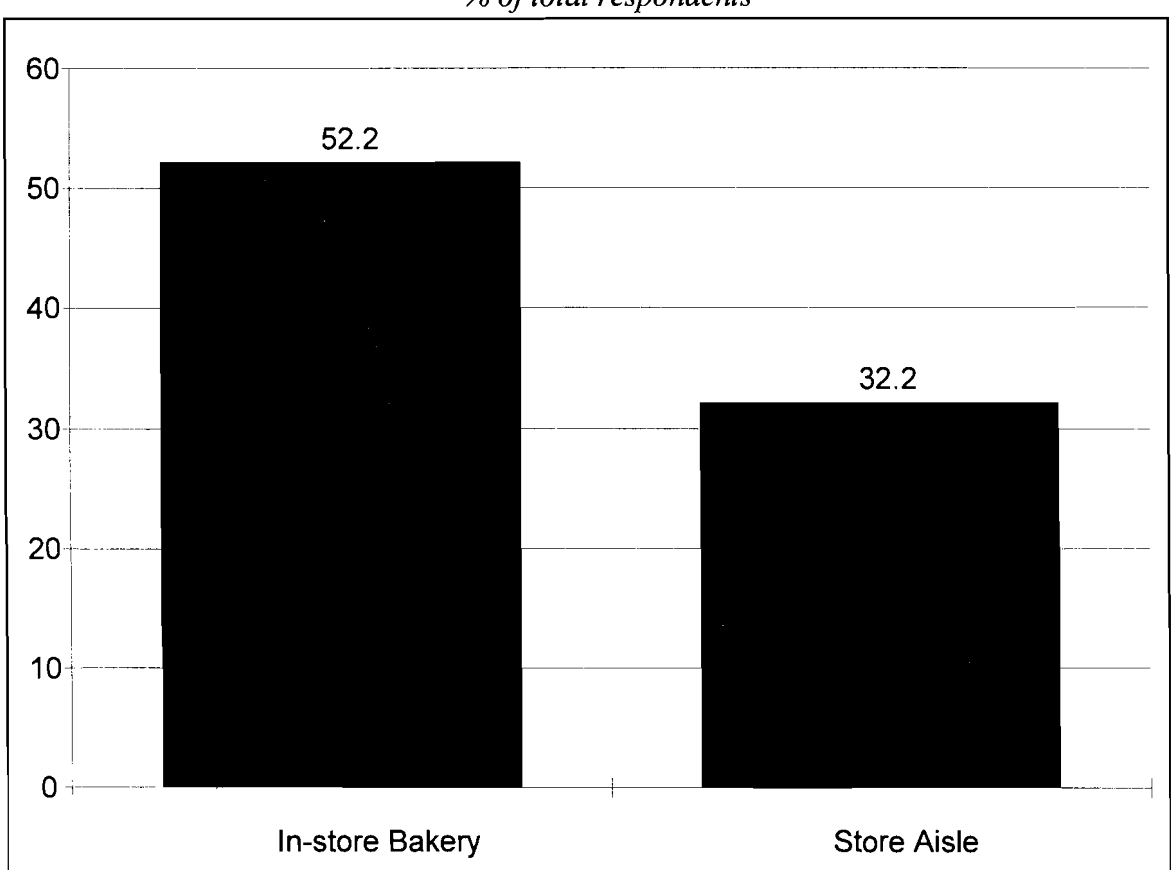


FIGURE 3.19
Reasons For NOT Buying from the In-Store Bakery
% of store aisle shoppers

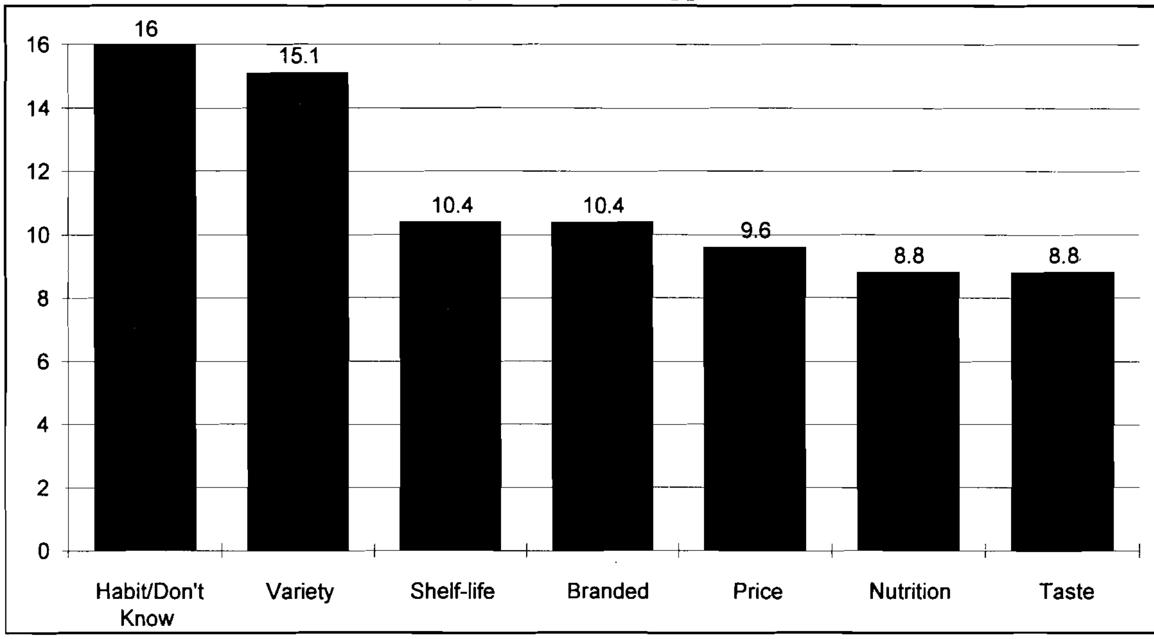
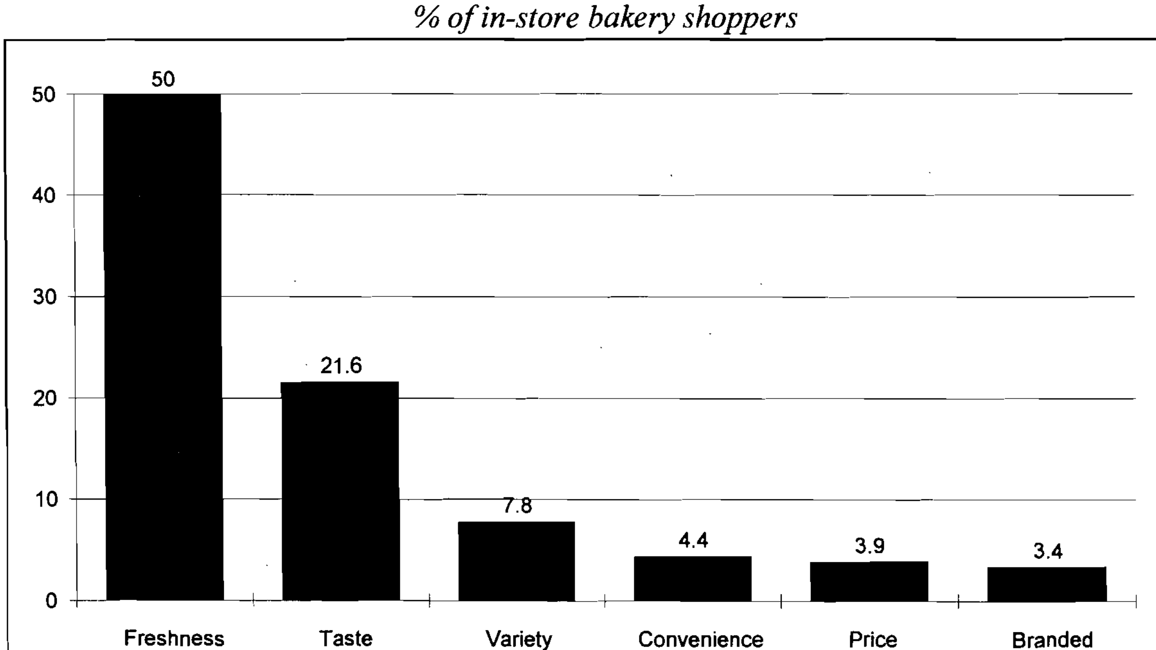


FIGURE 3.20
Reasons For NOT Buying from the Store Aisle
% of in-store bakery shoppers



Only fourteen percent of shoppers bought bakery items from the in-store bakery as well as the store aisle. However, in-store bakery shoppers appeared more discriminating then aisle shoppers. Only one-quarter of in-store bakery shoppers crossed over to the store aisle, while 50 percent of store aisle shoppers reported making purchases in the in-store bakery.

Supermarket shoppers who shop primarily in the store aisle for bakery products seem to be rather ambivalent about their reasons for not shopping in the in-store bakery. No clear reason emerged suggesting why the in-store bakery had apparently not lured them into purchasing from there. On the other hand, in-store bakery shoppers are quite opinionated about why they do not shop in the store aisle for baked goods. They appear to be discerning shoppers in search of more freshness and taste in their bakery products than they think they can get from the store aisle.

Branded items and price do not appear to be factors in why consumers shop in either the in-store bakery or the store aisle. In fact, 42 percent of shoppers said they "don't know" if there is a price difference between bakery products found in the store aisle and the in-store bakery (Figure 3.21), and among the group who felt there was a price difference (35%), shoppers were nearly evenly split regarding which location offered the lower price.

Interestingly, there were few demographic differences among store aisle, in-store bakery and non-bakery product shoppers. All three types of shoppers, for example, were very similar in terms of age, household income and family size (Table 3.7).

FIGURE 3.21
"Is There a Price Difference between the In-Store Bakery and the Store Aisle for Bakery Products?"
% of total respondents

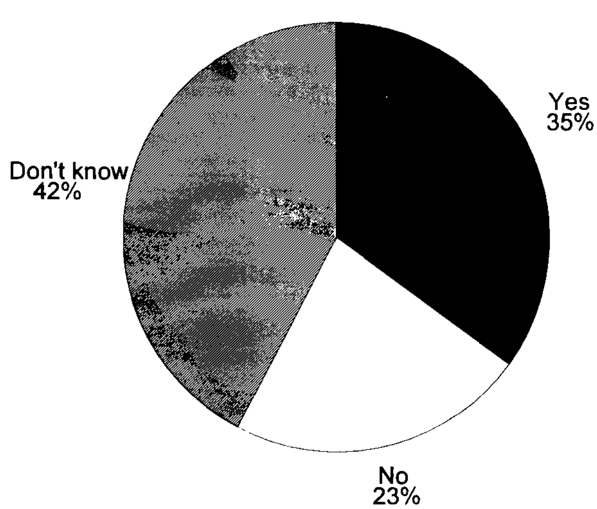


TABLE 3.7
Average Shopper Profiles: Bakery Vs Non-Bakery
% of total respondents

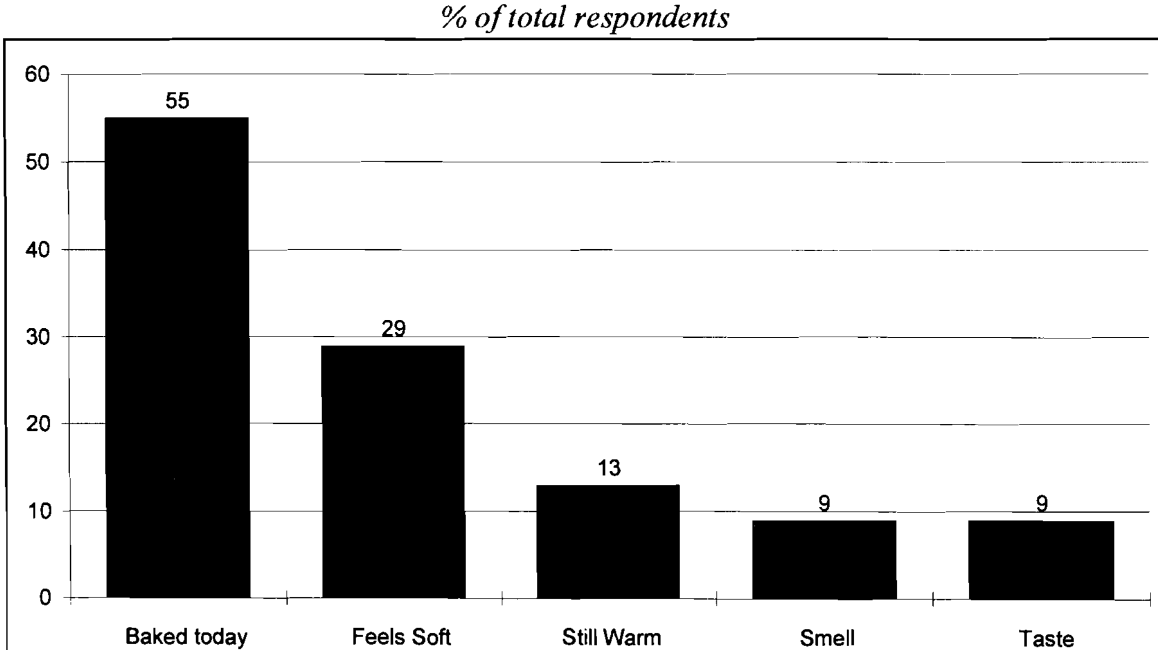
	Age	Size of Household	# of Kids under 18	Income <\$20,000	Income \$20-60,000	Income >\$60,000
In-Store Bakery	46.7	3.1	0.5	10.0	50.0	40.0
Store Aisle	47.0	2.6	0.6	13.0	50.0	37.0
Non-Bakery	46.9	2.4	0.4	12.5	51.1	36.4

Shoppers' Definitions of "Fresh"

Freshness seems to be the key word with regard to bakery products. Recall that product freshness was the most important reason shoppers gave for shopping in the in-store bakery rather than the store aisle. However, what does "fresh" really mean to shoppers? Although shoppers depend on their senses of touch, smell and taste to determine freshness, over 50 percent stated that fresh means "baked today" (Figure 3.22). The next most common response was "it feels soft."

It appears that in addition to appealing to shoppers' senses of smell and taste (with samples) communicating to shoppers when bakery products were baked helps convey a sense of freshness.

FIGURE 3.22
What "Fresh" Means to Shoppers
% of total respondents



Impulse Shopping and Item Availability

Shoppers indicated that they typically know what bakery products they are going to purchase before going to the store. In fact, seventy-five percent of shoppers determine their bakery purchases prior to entering the store, whereas 25 percent stated they do not typically know what bakery goods they will purchase before their shopping trip begins.

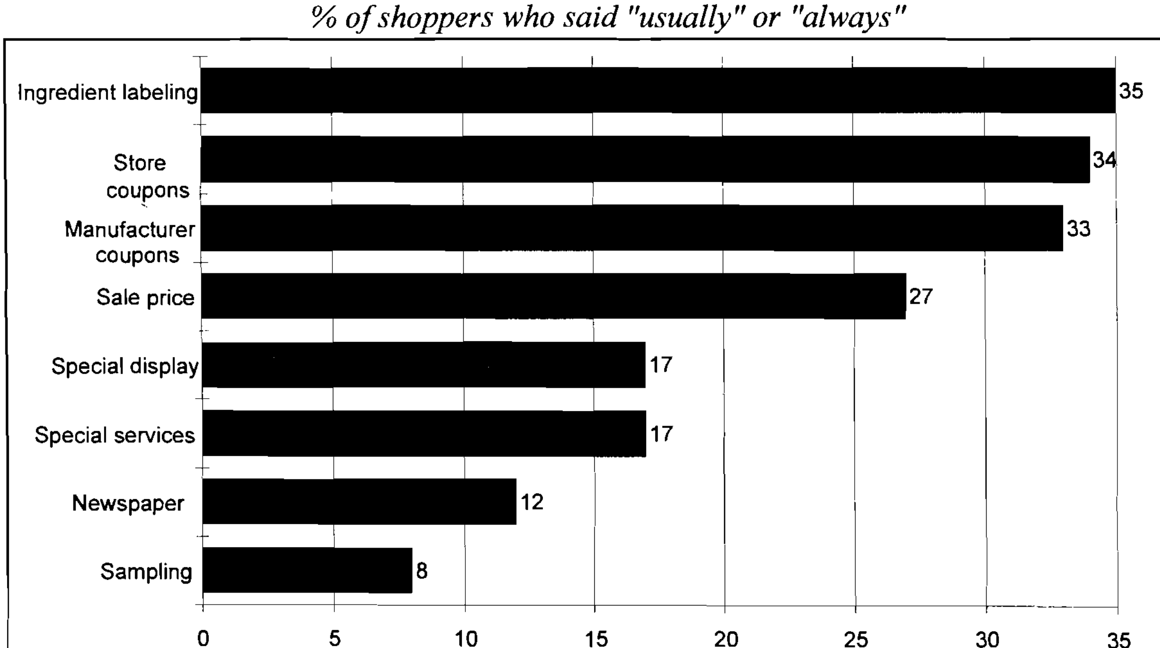
Just under two-thirds (61%) of shoppers stated that the items they intend to purchase are always in stock. However, thirty-eight percent said specific bakery items are only sometimes in stock. Just one percent of shoppers said the items they want are never available.

When shoppers were asked "when an item is not available, do you substitute another item for it?" forty-six percent said they always substitute, while one third of shoppers said they sometimes make a product substitution. Twenty-one percent said they never substitute an item if the one they originally intended to purchase is unavailable.

Factors Influencing Bakery Product Purchases

Shoppers were asked how often they purchase bakery goods based on several factors. Ingredient labeling and store and manufacturer coupons emerged as the most popular inducements for consumers (Figure 3.23). The least important factors influencing consumers were sampling, newspaper ads/flyers, special bakery services and special displays. Price was given an intermediate rating suggesting that price is not the driving force behind bakery purchases.

FIGURE 3.23
Factors Which Influence Bakery Purchases
% of shoppers who said "usually" or "always"



Importance of In-Store Bakery

Because many supermarket companies now use the in-store bakery to make key positioning statements about their entire company image, consumers were asked to describe their feelings about the in-store bakery. Generally, consumers indicated the in-store bakery was "important but not the only reason they choose to shop" in a particular supermarket (Table 3.8). Less than five percent state they actually select their supermarket because of the in-store bakery.

Nutritional Knowledge and Habits

In 1992, the United States Department of Agriculture introduced the USDA Food Pyramid which replaced the "4 Basic Food Groups." The new Pyramid recommends increasing the consumption of bread products and reducing sweet goods in Americans' diets (Figure 3.24). To gauge general awareness of the Food Pyramid, supermarket shoppers were asked if they were familiar with the new USDA Food Pyramid. Shoppers were almost equally divided with 49 percent indicating they were familiar and 51 percent indicating they were not familiar with the Pyramid. Familiarity with the Food Pyramid appeared to be dependent on the number of children under 18 living in the shopper's household. Families with more children were significantly more familiar with the Pyramid (Figure 3.25). Familiarity also seemed to be related to age as older shoppers were significantly less familiar with the Pyramid than younger shoppers (Figure 3.26).

TABLE 3.8
Importance of In-Store Bakery
% of total respondents

Importance of In-Store Bakery to Shoppers	**% respondents**
"I shop in this store because of the in-store bakery"	4.9%
"Once I am in the store, I generally shop the in-store bakery"	22.4
"The in-store bakery is important but is not the sole criterion of why I shop here"	50.5
"The in-store bakery is not important"	22.2
Total	**100%**

FIGURE 3.24
USDA Food Pyramid

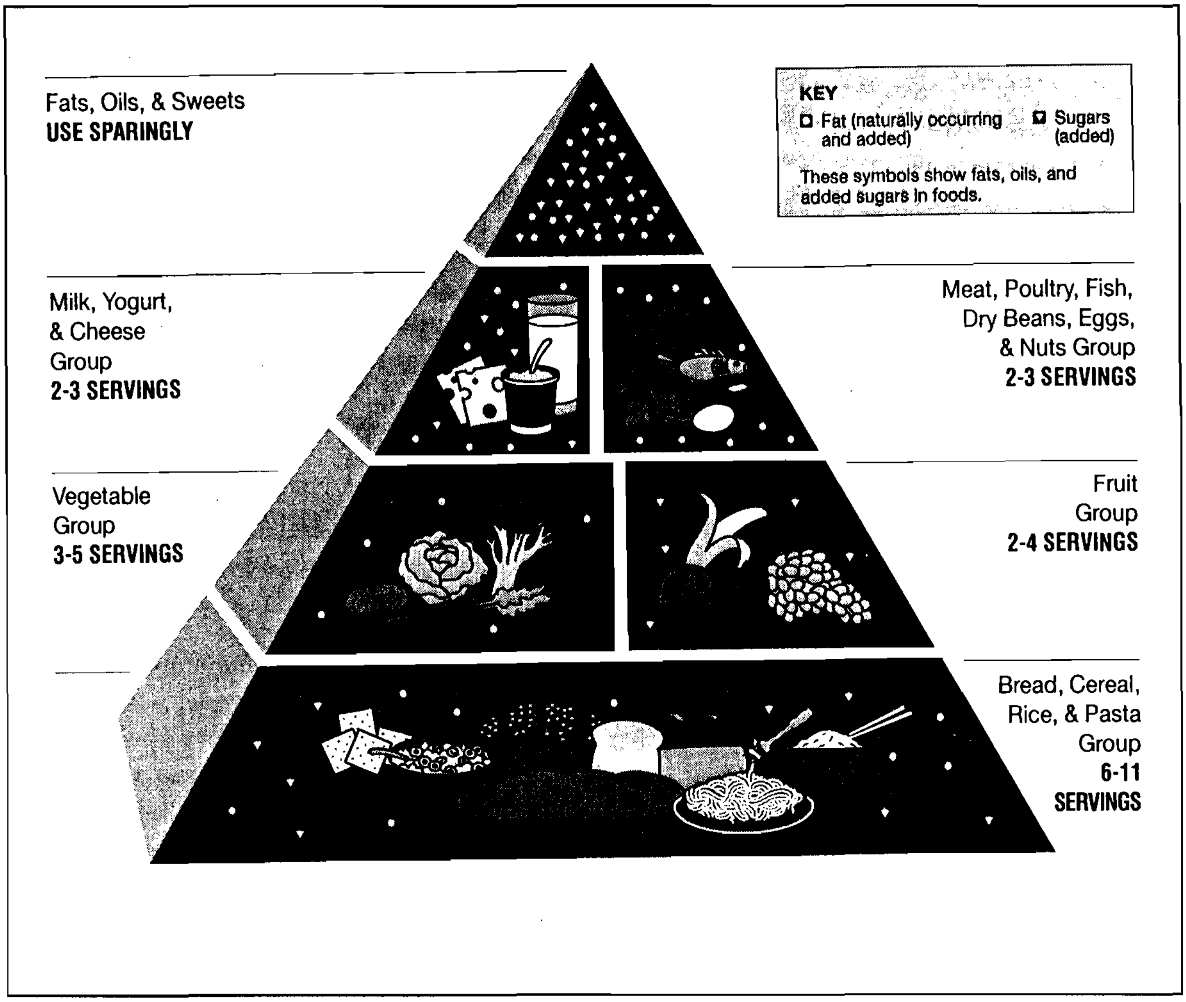


FIGURE 3.25
Knowledge of Food Pyramid by Number of Children under 18
% of total respondents

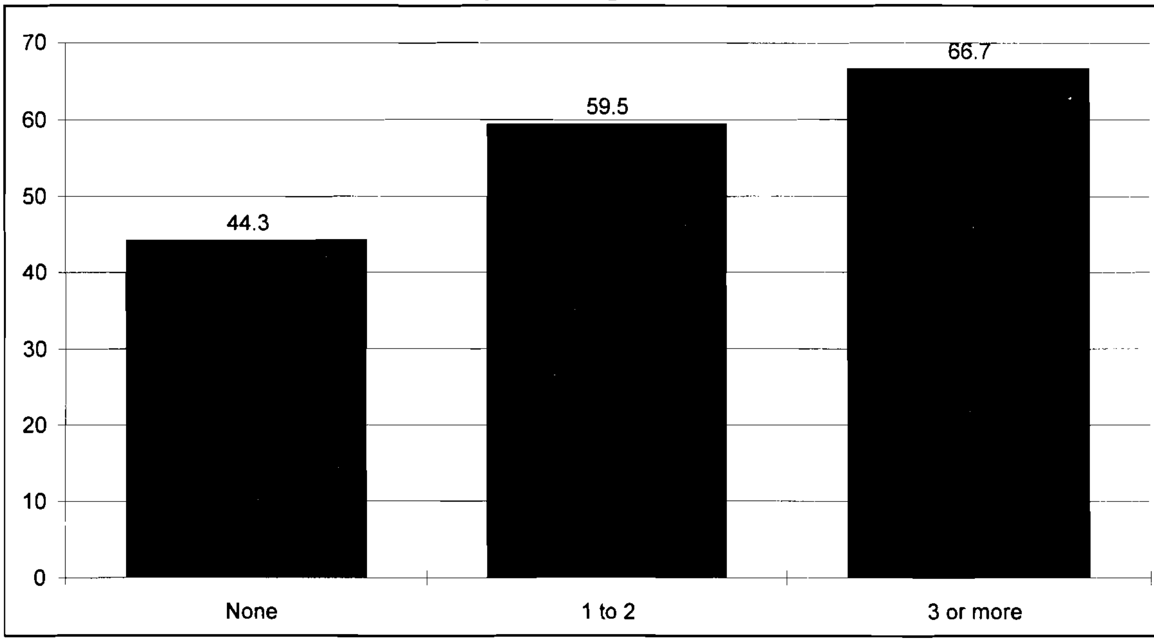
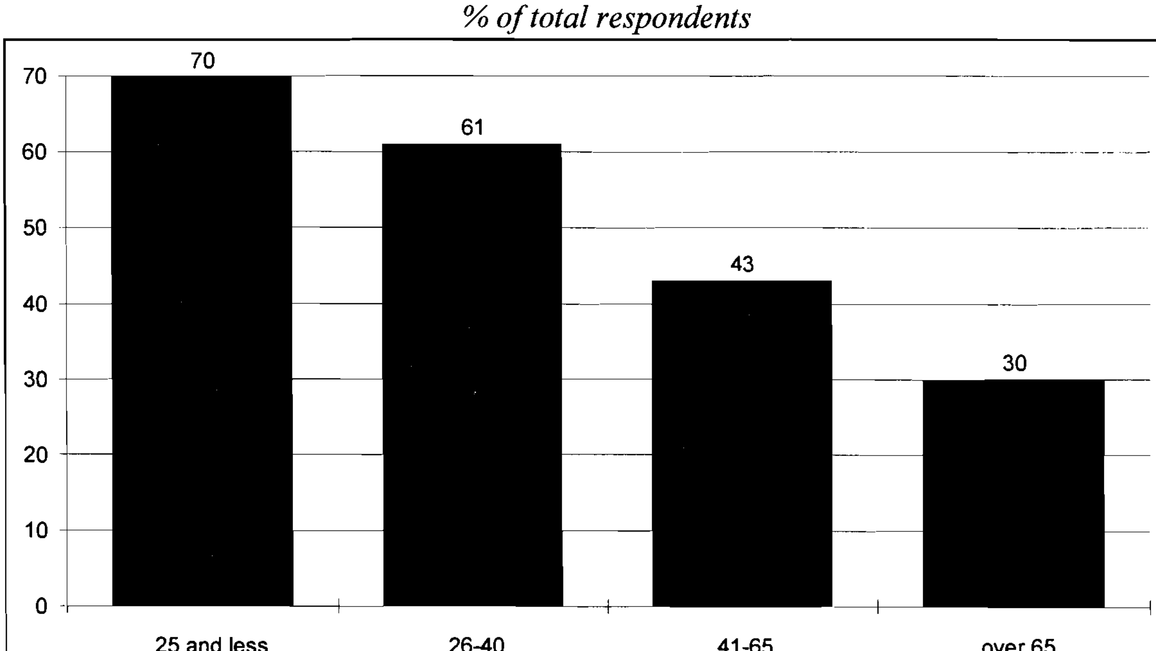


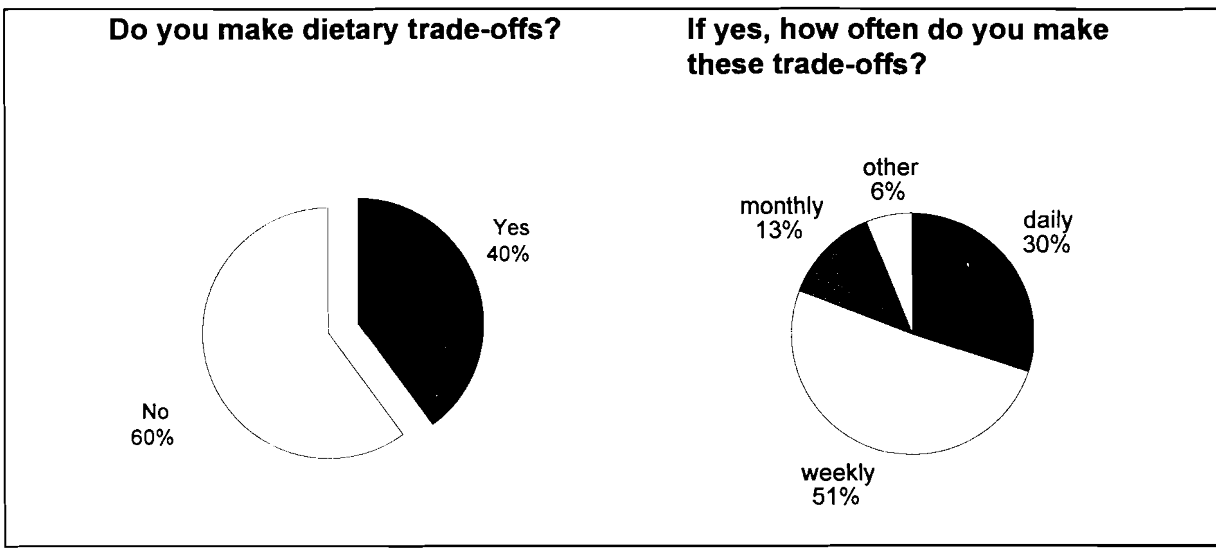
FIGURE 3.26
Knowledge of Food Pyramid by Age
% of total respondents



Tradeoffs in Diet by Consumers

Shoppers were asked, "Some people say they make trade-offs in their diet, such as eating a salad for lunch so they can eat pie or cake for dessert. Do you make similar trade-offs in your diet?" Forty percent of shoppers said they do while 60 percent indicated that they do not make such trade-offs (Figure 3.27). Of those consumers who make tradeoffs, 30 percent said they do so daily, while 51 percent indicated they make these tradeoffs weekly.

FIGURE 3.27
Dietary Trade-Offs
% of total respondents



Section IV: Conclusions: Challenges and Opportunities for Industry Action

A) Consumer Conclusions

This study of supermarket bakery shoppers makes three broad conclusions: (1) nearly all consumers are supermarket bakery shoppers, (2) consumers are splintered into many different segments regarding their preferences and attitudes for bakery products and, consequently, (3) no single marketing approach will satisfy all shopper types and perhaps not even the majority. A number of different themes emerged, however, from our surveys, and it is these consumer themes that will provide the basis for new marketing strategies for both bakery suppliers and retailers.

Decisions of contemporary bakery shoppers about where they purchase bakery goods are driven primarily by shopping convenience and product freshness. Moreover, a considerable number of nutritional concerns regarding the healthfulness of bakery foods were voiced by many bakery and non-bakery shoppers alike.

Price, still believed to be a prime motivator in driving dry grocery sales, plays only a minor role in bakery purchase decisions. However, although price was not as important to supermarket bakery shoppers, the level of satisfaction with price was also low indicating a greater discrepancy between importance and satisfaction than any other factor.

Convenience and Freshness

The one factor that consumers rated far above all others in explaining their reasons for purchasing bakery products in the supermarket was convenience. Indeed, this factor was apparently so important to shoppers that their second rated factor was one-stop shopping, simply another variation of convenience.

Conversely, although shoppers identified freshness, nutrition and variety all as very important, the supermarket received lower consumer ratings on all of these critical criteria than did local bakeries. Once in the supermarket though, shoppers cited freshness as the major reason for purchasing bakery products from the in-store bakery versus the commercial aisle.

Despite much recent retail and wholesale emphasis on bakery departments, very few consumers reported selecting their supermarket because of its bakery department. Most consumers rated the bakery as only "somewhat important."

Nutrition and Health

Consumers voiced more concern over a wide variety of nutrition and health issues than any other area of the bakery. While many quite healthy whole grain and natural breads and bread products are available in most supermarket bakeries, consumer concern seemed more often to be pointed at the "less than healthy" image of the various bakery sweet goods. In fact, among the consumers who said their consumption of sweet goods had changed in the last three years, over twice as many reported reductions in consumption as reported increases. This is a serious change in consumer attitudes considering that bakery sweet goods may constitute 70 percent of in-store bakery sales and two-thirds of all new bakery products.

Although only about one-half of all consumers expressed familiarity with the United States Department of Agriculture's new Food Guide Pyramid, twice as many young shoppers were familiar with the guidelines as older shoppers. It is fair to conclude that these younger shoppers will provide the impetus for new, healthier eating and shopping in the future.

Merchandising and Promotion

When asked which merchandising and promotional activities were likely to stimulate their purchase of bakery products, consumers evaluated many of the time-honored devices as unimportant: these included newspaper flyers, special displays/services, packaging, brands, sale prices and demonstrations/samples. However, consumers were quite positive about their likely response to ingredient labeling and coupons.

Perhaps ironically, several of the retail bakery directors interviewed for this study expressed reluctance to make aggressive use of the new USDA Food Pyramid in promotions and merchandising since, while bread products are encouraged, the consumption of many sweet goods is permitted only "sparingly."

B) Opportunities for Industry Action

The consumer market for bakery products described in the preceding pages poses significant marketing challenges for the supermarket bakery industry. The growth of bakery sales in the future will largely depend on how well supermarket operators respond to these and other marketing challenges.

Underscored in this study is the fact that heightened awareness of the USDA Food Guide Pyramid is just one indication that consumers now evaluate the foods they eat more intensively than ever, and that intensity will increase as younger consumers - shoppers of the future - age. Indeed, the issues surrounding nutrition and health emerged as the largest set of challenges in this study. The implications for bakery products cut both ways: demand for bread products will increase while demand for sweet goods is likely to decrease. This forecast is not inconsequential since sweet goods currently account for two-thirds to three-fourths of in-store bakery sales. Further, supermarket bakeries must realize and capitalize on these realities by providing a wide variety of healthful, nutritious bread products and developing

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Underscored in this study is the fact that heightened awareness of the USDA Food Guide Pyramid is just one indication that consumers now evaluate the foods they eat more intensively than ever, and that intensity will increase as younger consumers - shoppers of the future - age. Indeed, the issues surrounding nutrition and health emerged as the largest set of challenges in this study. The implications for bakery products cut both ways: demand for bread products will increase while demand for sweet goods is likely to decrease. This forecast is not inconsequential since sweet goods currently account for two-thirds to three-fourths of in-store bakery sales. Further, supermarket bakeries must realize and capitalize on these realities by providing a wide variety of healthful, nutritious bread products and developing

new sweet goods that are healthier but still provide outstanding taste.

Broadly stated, the greatest bakery marketing challenge is to address consumer concerns while capitalizing on what consumers perceive to be the strengths of the supermarket bakery. Consumers currently consider local bakeries better sources for taste, freshness, variety and nutrition while supermarket bakeries are shopped primarily for convenience. Based on these findings, supermarket bakeries must build "quality", in terms of taste, nutrition, and freshness, into their products while capitalizing on the convenience that consumers already identify with supermarket bakeries.

Another leading priority for supermarket bakeries is to establish and maintain vigorous quality standards. Bakery executives that were interviewed for this study unanimously stated that consistency in product quality across product offerings and over time is a major challenge. This observation is particularly true both within each supermarket and within a supermarket chain considering the difficulty in attracting, training, and maintaining qualified bakery staff. The likelihood is that staffing bakeries will not become easier, and particularly, employee turnover is not likely to slow down as growth in the service economy continues to offer such employees many job alternatives. These realities point toward less scratch baking at in-store bakeries in favor of more centrally-baked or bake-off products, both of which help ensure consistent product quality and reduce in-store labor requirements for staff and training. Franchising is also likely to play a larger role for some supermarkets interested in maintaining product quality and consistency. In fact, many chains are currently exploring or experimenting with this option.

Consumers have responded quite positively to new items and services in supermarket bakeries and now expect these. Supermarket bakeries must now face the challenge of maintaining consumer interest and excitement in baked goods. One way to meet this challenge is by building variety while controlling the inevitable tendency for escalating operating costs and shrink. These appear to be divergent goals but there are creative approaches that can satisfy both objectives. Several supermarket studies have recently demonstrated that variety is part reality and part perception. While real variety is very important, perceived variety is critical. Scanning data can be utilized to tailor the bakery product mix specifically to each supermarket thereby reducing the actual product variety without changing perceived variety. Likewise, the sense of product variety can be increased by promotional activities such as daily, morning, evening, or weekend specials. New products, too, are an essential ingredient in creating consumer excitement for bakery. An active program of new product development should be part of every supermarket's bakery strategy. Of course, to accomplish this, alliances with key suppliers are paramount.

New services also create consumer interest and can offer higher profits for supermarket bakeries. The challenge facing bakery operators is to be able to offer special services, such as cake decorating, party catering, and home or office delivery, while maintaining price competitiveness. Despite the limitations that staffing problems place on the ability of many supermarket bakeries to offer high quality services, our consumer research suggests that service is likely to play a greater role in bakery sales and profitability in the future.

Service bakery employees can help educate consumers about new products and services, thereby encouraging trial and, perhaps, repeat sales. Frequently, consumer confidence in bakery personnel inspires confidence in bakery products. Bakery employees can build that confidence through personal service and selling skills perhaps more readily than through baking skills. Bakery employees empowered with product knowledge and effective personal selling and service skills can encourage consumers to experiment with new products and services. As long as the quality of the services and products delivered meets consumer quality standards, the excitement generated through experimentation and ultimate satisfaction creates further consumer confidence, interest, and excitement through word of mouth recommendations among friends, relatives, and business associates.

Of course, adding value through greater service levels also adds costs. One way to pay for the investment in services and service training is to embrace Efficient Consumer Response (ECR) initiatives such as efficient product assortments and promotions and to explore other efficiencies through partnerships with suppliers and distributors of bakery products and ingredients. These efficiencies will reduce product cost, freeing up dollars which can be redirected to service training.

In recent years, industry research has consistently shown that about one in four supermarket transactions includes an in-store bakery purchase. One compelling challenge facing supermarket bakery operators is how to increase this ratio. Bakery operators need to determine what the actual ratio is for each of the bakeries in their chain. If there is variation among stores, the first goal is to determine why some stores do better than others then to set the ratio of the best store as the ratio goal for the entire chain. The second goal is to identify an overall chain goal that is higher than the ratio of any individual store. For example, raising that average in-store bakery purchase ratio from the current level of 1 in 4 to just 1.1 in 4 would represent a ten percent increase in sales. Certainly, this is a direction in which supermarket bakeries and the industry as whole should move.

Industry operators generally agree that increasing the ratio of customer transactions with an in-store bakery purchase is an essential goal. The real issue is how to achieve this goal. Market segmentation is one critical step toward this goal. Understanding, on a store by store basis, which customers are buying which products and then targeting marketing and promotion efforts appropriate to each group can be a very effective way to increase sales. Using scanning data to measure product movement in response to promotional and pricing activities will provide valuable information about which programs work best with various consumer segments and during various times of the year.

Frequent shopper programs, in particular, offer another level of information about individual household bakery shopping behavior. Household data can be used to target individual households with bakery marketing and promotion activities. For example, households which do not purchase in-store bakery products can be sent a coupon encouraging them to try the in-store bakery or households which shop the in-store bakery but never use its cake decorating service can be encouraged to do so.

Regardless of the methods used to increase bakery sales share, effective communication is paramount. With consumer awareness of nutrition and health issues at an all time high but actual consumer knowledge about these issues quite low, supermarket bakeries have an opportunity to clearly communicate the nutritional benefits of bakery products. Increasingly, consumers will be buying bakery products with knowledge instead of just buying "with their eyes." Therefore, it is imperative that supermarket bakeries develop consumer trust by providing health and nutrition information as part of an overall in-store bakery focus and strategy. In fact, the entire bakery industry needs to develop more effective nutrition and health education messages and strategies for today's consumers.

Although the health and nutrition guidelines symbolized by the USDA's Food Guide Pyramid may send a mixed message to consumers about bakery products, bakery operators must be proactive in helping to educate consumers about the healthfulness of bread products. Consumer confusion about bakery products could lead to decreased sales.

To ensure continued growth in the supermarket bakery, industry responses to the consumer challenges are required. Naturally, the exact direction and magnitude of the responses will determine future industry status. There are roles for all parties concerned: retailers, wholesalers, suppliers, trade associations, health organizations, government agencies and others can all add significantly to this effort to convert consumer awareness into consumer knowledge of health and nutrition issues. In order for the industry to move forward, future research is needed to identify the many specific approaches with which operators are attempting to deal with consumer challenges and to document the extent of their effectiveness.

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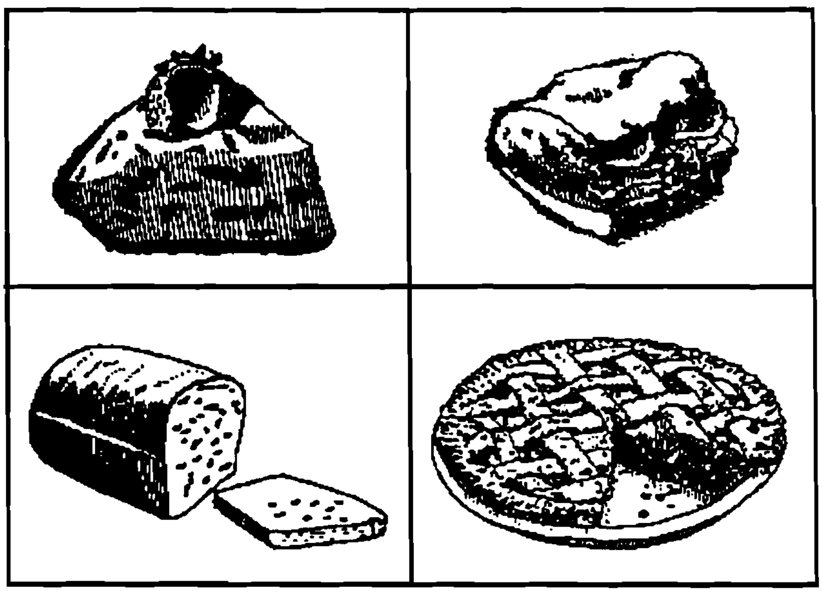
APPENDIX

Interviewer ID: ______ Respondent ID: ______

Bakery Shopping Choices



This survey asks consumers about their eating and shopping preferences for bakery goods. The information helps food retailers, manufacturers and researchers better understand the reasons why shoppers buy bakery goods and where they prefer to buy them.

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I. Buying Behavior

For the first few questions, please think about where you get your bakery goods. These include breads and bread-type items such as pita, tortillas and tacos. Baked sweet goods such as cakes, donuts, pies, and other desserts and pastries are also included.

1) Where do you get ***most*** of your bakery goods? Do you make ***most*** of them or do you purchase them in retail stores? *(Circle ONE response.)*

A. PURCHASE

B. MAKE AT HOME

1a. Why don't you buy bakery goods in retail stores? *(Interviewer, DO NOT read categories. Circle ALL that apply.)*

A. NUTRITION
B. TASTE (FLAVOR)
C. PRICE
D. VARIETY (CHOICES)
E. FRESHNESS
F. ONE-STOP-SHOPPING
G. CONVENIENT (LOCATION, ETC.)
H. SERVICE
I. PACKAGING
J. DISPLAY/APPEARANCE
K. CONSISTENCY
L. LIKE TO BAKE

Any other reason?

M. OTHER ______________________

____

GO TO HEALTH AND NUTRITION SECTION, PAGE 17.

2) Think for a moment about the reasons why you buy bakery goods in retail or bakery stores. What are the ***two most important reasons*** that would influence ***your*** decision to buy them in these stores?
(Interviewer, DO NOT read categories. Circle TWO responses.)

A. NUTRITION
B. TASTE
C. PRICE
D. VARIETY/CHOICES
E. FRESHNESS
F. ONE-STOP-SHOPPING
G. CONVENIENT (LOCATION, ETC.)
H. SERVICE
I. PACKAGING
J. DISPLAY
K. CONSISTENCY

Any other reason?
L. OTHER ____

3) How often do you shop for food? *(Check ONE response.)*

1 **AT LEAST DAILY *(5-7 DAYS A WEEK)***
2 **WEEKLY *(1-4 DAYS A WEEK)***
3 **BI-WEEKLY *(ABOUT 2-3 TIMES A MONTH)***
4 **MONTHLY**
5 **LESS OFTEN THAN ONCE A MONTH**

4) Now, think about the store where you do ***most*** of your food or grocery shopping. Does it have an in-store bakery? An in-store bakery is a separate section of the food or grocery store where bakery goods are baked fresh daily. *(Please circle ONE response.)*

1 **YES**
2 **NO**
3 **DON'T KNOW**

5) How often do you buy bakery goods? *(Check ONE response.)*

1 **AT LEAST DAILY *(5-7 DAYS A WEEK)***
2 **WEEKLY *(1-4 DAYS A WEEK)***
3 **BI-WEEKLY *(ABOUT 2-3 TIMES A MONTH)***
4 **MONTHLY**
5 **LESS OFTEN THAN ONCE A MONTH**

II. PATRONAGE BY STORE TYPE

Now let's talk about the different types of stores where you might buy bakery goods.

SUPERMARKETS

1) How often do you shop at the supermarket?

1 AT LEAST DAILY *(5-7 DAYS A WEEK)*
2 WEEKLY *(1-4 DAYS A WEEK)*
3 BI-WEEKLY *(ABOUT 2-3 TIMES A MONTH)*
4 MONTHLY
5 LESS OFTEN THAN ONCE A MONTH
6 DO NOT SHOP AT THE SUPERMARKET ----> GO TO LOCAL BAKERY, QUESTION 1, PAGE 9.

2) Do you buy bakery goods at the supermarket?

1 YES ----------> CONTINUE TO QUESTION 3, NEXT PAGE
2 NO

2a. Why don't you buy bakery goods in supermarkets?
(Interviewer, DO NOT read categories. Circle ALL that apply.)

A. NUTRITION
B. TASTE (FLAVOR)
C. PRICE
D. VARIETY (CHOICES)
E. FRESHNESS
F. ONE-STOP-SHOPPING
G. CONVENIENT (LOCATION, ETC.)
H. SERVICE
I. PACKAGING
J. DISPLAY/APPEARANCE
K. CONSISTENCY

Any other reason?
L. OTHER ______________________________

____

GO TO LOCAL BAKERY, QUESTION 1, PAGE 9.

3) How often do you buy bakery goods from supermarkets? *(Check ONE response.)*

1 AT LEAST DAILY ***(5-7 DAYS A WEEK)***
2 **WEEKLY** ***(1-4 DAYS A WEEK)***
3 **BI-WEEKLY** ***(ABOUT 2-3 TIMES A MONTH)***
4 **MONTHLY**
5 **LESS OFTEN THAN ONCE A MONTH -------------> GO TO LOCAL BAKERY, QUESTION 1, PAGE 9**

4) Do you buy bread products from the supermarket?

1 **YES**
2 **NO ------> GO TO QUESTION 7, NEXT PAGE**

5) What types of bread products do you buy from the supermarket? I have a list here to help us with this question. *(If YES, ask, 'What percent of all the bread products that you buy from the supermarket comes from the ________?')*

		Do you buy this from the ..			
Do you buy.....	**DON'T BUY**	**IN-STORE BAKERY**	**STORE AISLE**	**FROZEN FOOD AISLE**	**Why don't you buy?**
SLICED OR SANDWICH BREAD		%	%	%	
SPECIALTY OR VARIETY BREAD		%	%	%	
BISCUITS		%	%	%	
BUNS AND ROLLS		%	%	%	
CROISSANTS		%	%	%	
BAGELS		%	%	%	
ENGLISH MUFFINS		%	%	%	
TORTILLAS/ TACOS/PITA		%	%	%	

6) In general, what are the most important reasons that you buy these bread products from the supermarket instead of other stores?
(Interviewer, DO NOT read categories. Circle All that apply.)

A. NUTRITION	G. CONVENIENT (LOCATION, ETC.)
B. TASTE	H. SERVICE
C. PRICE	I. PACKAGING
D. VARIETY/CHOICES	J. DISPLAY
E. FRESHNESS	K. CONSISTENCY
F. ONE-STOP-SHOPPING	

Any other reason?

L. OTHER ______________________________

____

7) Do you buy baked sweet goods from the supermarket instead of other stores?

1 YES -----> CONTINUE TO QUESTION 8, NEXT PAGE

2 NO -----> GO TO QUESTION 10, PAGE 7

8) Just like the previous questions, I'm going to go through a list of sweet goods you can get from the supermarket and I'll ask you whether you buy them or not. Okay? *(If YES, ask, "What percent of all the sweet goods that you buy from the supermarket comes from the ________?")*

Do you buy.....	DON'T BUY	*Do you buy this from the ..* IN-STORE BAKERY	STORE AISLE	FROZEN FOOD AISLE	Why don't you buy?
BROWNIES OR BAR COOKIES		%	%	%	
REGULAR CAKES		%	%	%	
CUPCAKES		%	%	%	
COOKIES		%	%	%	
COFFEE CAKES OR SWEET BUNS		%	%	%	
DANISH OR PASTRIES		%	%	%	
DONUTS		%	%	%	
MUFFINS		%	%	%	
PIES		%	%	%	

9) In general, what are the most important reasons that you buy these baked sweet goods from the supermarket instead of other stores? *(Interviewer, DO NOT read categories. Circle All that apply.)*

A. NUTRITION
B. TASTE
C. PRICE
D. VARIETY/CHOICES
E. FRESHNESS
F. ONE-STOP-SHOPPING
G. CONVENIENT (LOCATION, ETC.)
H. SERVICE
I. PACKAGING
J. DISPLAY
K. CONSISTENCY

Any other reason?

L. OTHER ________________________________

10) When deciding at which supermarket to shop, how important is its in-store bakery? Would you say that it's very important, somewhat important, or not at all important for a supermarket to have an in-store bakery?

1 **VERY IMPORTANT**
2 **SOMEWHAT IMPORTANT**
3 **NOT AT ALL IMPORTANT**

11) Now I'd like to ask you how important certain characteristics of bakery goods are to you ***personally***. Then I'll ask you how satisfied you are that your supermarket provides these for you.

We'll use a 5-point scale. The higher the number you give me, the more important the item is or the more satisfied you are with your supermarket bakery goods. Okay? *(Continued on next page ...)*

ASPECT	How **important** is *(ASPECT)* when you buy bakery goods					How **satisfied** are you with the *(ASPECT)* of your supermarket's bakery goods?				
	NOT AT ALL				VERY IMPORTANT	NOT AT ALL				VERY SATISFIED
FRESHNESS	1	2	3	4	5	1	2	3	4	5
VARIETY	1	2	3	4	5	1	2	3	4	5
TASTE	1	2	3	4	5	1	2	3	4	5
NUTRITION VALUE	1	2	3	4	5	1	2	3	4	5
PRICE	1	2	3	4	5	1	2	3	4	5
PACKAGING	1	2	3	4	5	1	2	3	4	5
1-STOP SHOPPING	1	2	3	4	5	1	2	3	4	5
CONVENIENT LOCATION	1	2	3	4	5	1	2	3	4	5
SERVICE	1	2	3	4	5	1	2	3	4	5
CONSISTENCY	1	2	3	4	5	1	2	3	4	5
BRANDS	1	2	3	4	5	1	2	3	4	5
PROMOTIONS	1	2	3	4	5	1	2	3	4	5
DEMOS/ SAMPLES	1	2	3	4	5	1	2	3	4	5

12) If you could talk to the owners of the supermarket, what would you tell them about their bakery department or baked goods?

____

____

LOCAL BAKERY

1) Do you buy bakery goods from your local bakery?

1 YES --> GO TO QUESTION 2
2 NO
3 NO LOCAL BAKERY
GO TO WHOLESALE CLUB, QUESTION 1, PAGE 12

1a. Why don't you buy bakery goods from your local bakery?
(Interviewer, DO NOT read categories. Circle ALL that apply.)

A. NUTRITION
B. TASTE (FLAVOR)
C. PRICE
D. VARIETY (CHOICES)
E. FRESHNESS
F. ONE-STOP-SHOPPING
G. CONVENIENT (LOCATION, ETC.)
H. SERVICE
I. PACKAGING
J. DISPLAY/APPEARANCE
K. CONSISTENCY

Any other reason?
L. OTHER ______________________
____

GO TO WHOLESALE CLUB, QUESTION 1, PAGE 12.

2) How often do you buy bakery goods from the local bakery? *(Check ONE response.)*

1 AT LEAST DAILY *(5-7 DAYS A WEEK)*
2 WEEKLY *(1-4 DAYS A WEEK)*
3 BI-WEEKLY *(ABOUT 2-3 TIMES A MONTH)*
4 MONTHLY
5 LESS OFTEN THAN ONCE A MONTH --> GO TO WHOLESALE CLUB, QUESTION 1, PAGE 12

3) Which of the following bread products do you buy from the local bakery?
(Circle All that apply.)

A. SANDWICH BREAD
B. SPECIALTY AND VARIETY BREADS
C. BISCUITS, BUNS AND ROLLS
D. CROISSANTS
E. BAGELS
F. ENGLISH MUFFINS
G. TORTILLAS/TACOS AND PITA

4) Why do you buy these bread products from your local bakery?
(Interviewer, DO NOT read categories. Circle All that apply.)

A. NUTRITION
B. TASTE
C. PRICE
D. VARIETY/CHOICES
E. FRESHNESS
F. ONE-STOP-SHOPPING
G. CONVENIENT (LOCATION, ETC.)
H. SERVICE
I. PACKAGING
J. DISPLAY
K. CONSISTENCY

Any other reason?

L. OTHER ______________________________

____

5) Do you buy baked sweet goods from your local bakery?

1 YES
2 NO -----------> GO TO QUESTION 8, NEXT PAGE

6) What sweet goods do you buy there?
(Circle All that apply.)

A. BROWNIES/BAR COOKIES
B. REGULAR CAKES
C. CUPCAKES
D. COOKIES
E. COFFEE CAKES OR SWEET BUNS
F. DANISH OR PASTRIES
G. DONUTS
H. MUFFINS
I. PIES

7) Why do you buy sweet bakery goods from your local bakery?
(Interviewer, DO NOT read categories. Circle ALL that apply.)

- A. NUTRITION
- B. TASTE
- C. PRICE
- D. VARIETY/CHOICES
- E. FRESHNESS
- F. ONE-STOP-SHOPPING
- G. CONVENIENT (LOCATION, ETC.)
- H. SERVICE
- I. PACKAGING
- J. DISPLAY
- K. CONSISTENCY

Any other reason?

L. OTHER ____

____

8) If you could talk to the owners of your local bakery, what would you tell them about their bakery or baked goods?

____

____

____

WHOLESALE CLUB

1) How often do you shop at the wholesale club?

1 AT LEAST DAILY *(5-7 DAYS A WEEK)*
2 WEEKLY *(1-4 DAYS A WEEK)*
3 BI-WEEKLY *(ABOUT 2-3 TIMES A MONTH)*
4 MONTHLY
5 LESS OFTEN THAN ONCE A MONTH
6 DO NOT SHOP AT THE WHOLESALE CLUB ----> GO TO QUESTION 11, PAGE 17.

2) Do you buy bakery goods at the wholesale club?

1 YES ----------> CONTINUE TO QUESTION 3, NEXT PAGE
2 NO

1a. Why don't you buy bakery goods in the wholesale club?
(Interviewer, DO NOT read categories. Circle ALL that apply.)

A. NUTRITION
B. TASTE (FLAVOR)
C. PRICE
D. VARIETY (CHOICES)
E. FRESHNESS
F. ONE-STOP-SHOPPING
G. CONVENIENT (LOCATION, ETC.)
H. SERVICE
I. PACKAGING
J. DISPLAY/APPEARANCE
K. CONSISTENCY

Any other reason?
L. OTHER ______________________

____

GO TO QUESTION 11, PAGE 17

3) What types of bread products you buy from the wholesale club? *(If YES, ask, "What percent of all the bread products that you buy from the wholesale club comes from the ________?")*

Do you buy.....	DON'T BUY	*Do you buy this from the ..* IN-STORE BAKERY	STORE AISLE	FROZEN FOOD AISLE	**Why don't you buy?**
SLICED OR SANDWICH BREAD		%	%	%	
SPECIALTY OR VARIETY BREAD		%	%	%	
BISCUITS		%	%	%	
BUNS AND ROLLS		%	%	%	
CROISSANTS		%	%	%	
BAGELS		%	%	%	
ENGLISH MUFFINS		%	%	%	
TORTILLAS/ TACOS/PITA		%	%	%	

4) Why do you buy these bread products from the wholesale club? *(Interviewer, DO NOT read categories. Circle All that apply.)*

A. NUTRITION
B. TASTE
C. PRICE
D. VARIETY
E. FRESHNESS
F. ONE-STOP-SHOPPING
G. CONVENIENT LOCATION
H. SERVICE
I. PACKAGING
J. DISPLAY
K. CONSISTENCY

Any other reason?

L OTHER ________________________________

5) Do you buy baked sweet goods from the wholesale club?

1 YES
2 NO -------> GO TO QUESTION 8, NEXT PAGE

6) What baked sweet goods do you buy from the wholesale club? *(If YES, ask, "What percent of all the baked sweet goods that you buy from the wholesale club comes from the ________?")*

Do you buy.....	DON'T BUY	*Do you buy this from the ..* IN-STORE BAKERY	STORE AISLE	FROZEN FOOD AISLE	Why don't you buy?
BROWNIES OR BAR COOKIES		%	%	%	
REGULAR CAKES		%	%	%	
CUPCAKES		%	%	%	
COOKIES		%	%	%	
COFFEE CAKES OR SWEET BUNS		%	%	%	
DANISH OR PASTRIES		%	%	%	
DONUTS		%	%	%	
MUFFINS		%	%	%	
PIES		%	%	%	

7) In general, why do you buy these baked sweet goods from the wholesale club? *(Interviewer, DO NOT read categories. Circle All that apply.)*

A. NUTRITION
B. TASTE
C. PRICE
D. VARIETY/CHOICES
E. FRESHNESS
F. ONE-STOP-SHOPPING
G. CONVENIENT (LOCATION, ETC.)
H. SERVICE
I. PACKAGING
J. DISPLAY
K. CONSISTENCY

Any other reason? L. OTHER________________________

8) How important is it to you that a wholesale club have an in-store bakery? Would you say that it's very important, somewhat important, or not at all important for a wholesale club to have an in-store bakery?

1 VERY IMPORTANT
2 SOMEWHAT IMPORTANT
3 NOT AT ALL IMPORTANT

9) Now I'd like to ask you how important certain characteristics of bakery goods are to you ***personally***. Then I'll ask you how satisfied you are that your wholesale club provides these for you.

We'll use a 5-point scale. The higher the number you give me, the more important the item is or the more satisfied you are with your wholesale club bakery goods. Okay? *(Continued on next page...)*

ASPECT	How **important** is *(ASPECT)* when you buy bakery goods					How **satisfied** are you with the *(ASPECT)* of your wholesale club's bakery goods?				
	NOT AT ALL				VERY IMPORTANT	NOT AT ALL				VERY SATISFIED
FRESHNESS	1	2	3	4	5	1	2	3	4	5
VARIETY	1	2	3	4	5	1	2	3	4	5
TASTE	1	2	3	4	5	1	2	3	4	5
NUTRITION VALUE	1	2	3	4	5	1	2	3	4	5
PRICE	1	2	3	4	5	1	2	3	4	5
PACKAGING	1	2	3	4	5	1	2	3	4	5
1-STOP SHOPPING	1	2	3	4	5	1	2	3	4	5
CONVENIENT LOCATION	1	2	3	4	5	1	2	3	4	5
SERVICE	1	2	3	4	5	1	2	3	4	5
CONSISTENCY	1	2	3	4	5	1	2	3	4	5
BRANDS	1	2	3	4	5	1	2	3	4	5
PROMOTIONS	1	2	3	4	5	1	2	3	4	5
DEMOS/ SAMPLES	1	2	3	4	5	1	2	3	4	5

10) If you could talk to the owners of your wholesale club, what would you tell them about their bakery or baked goods?

____

____

____

11) How often do you buy bakery goods from .....? *(Circle ONE response.)*

THE DONUT SHOP?		THE BAKERY OUTLET STORE?
❑	DON'T HAVE ONE IN OUR AREA	❑
1	AT LEAST DAILY *(5-7 DAYS A WEEK)*	1
2	WEEKLY *(1-4 DAYS A WEEK)*	2
3	BI-WEEKLY *(2-3 TIMES PER MONTH)*	3
4	MONTHLY	4
5	LESS OFTEN THAN ONCE A MONTH	5
6	*DO NOT* BUY BAKERY GOODS THERE	6

III. Health and Nutrition

1) In the past 3 years, has your consumption of bread products increased, stayed the same, or has it decreased?

1 **INCREASED**
2 **STAYED THE SAME**
3 **DECREASED**

2) Why is that?

____

____

3) How about baked sweet goods? Has your consumption of baked sweet goods increased, stayed the same, or has it decreased in the last three years?

1 INCREASED
2 STAYED THE SAME
3 DECREASED

4) Why is that?

____

____

Now I would like to ask you some questions about fat-free and fat-reduced bakery products. Fat-free products are made with a fat substitute instead of fat. Fat reduced has less fat than normal.

5) Have you tried fat-free or fat-reduced bakery products?

1 YES
2 NO ----> GO TO QUESTION 8

6) When fat-free or fat-reduced bakery products are available, do you usually try to buy them -- that is, about 50% of the time?

1 YES
2 NO -----> GO TO QUESTION 8
3 NO, NOT AVAILABLE WHERE I SHOP ----> GO TO QUESTION 8

7) If these items were not available would you buy ***fewer*** bakery goods?

1 YES
2 NO

8) Do you want nutritional labels on bakery products?

1 YES
2 NO

IV. DEMOGRAPHICS

1) How many people, ***including yourself***, live in your household? ______

2) How many people in your household are ***under*** 18 years old? ______

3) How many people in your household are employed? ______

4) What is your annual household income?

   1 **LESS THAN $20,000**
   2 **$20,001 - 60,000**
   3 **MORE THAN $60,000**

5) How old were you on your last birthday? ________ YEARS

6) Are you: *(Do not ask respondent, just circle ONE response.)*

   1 **FEMALE**
   2 **MALE**

Thank you very much for your cooperation. We really appreciate your help!

CONSUMER SURVEY

Date ____________
Store ____________
Interviewer ______

Hi, I'm a Cornell University researcher. I'm doing a study about bakery shopping. Do you have a few minutes to answer some questions?

1) During your shopping trip today, did you buy any bakery products such as bread, rolls, cakes, brownies or donuts from the in-store bakery?

1. Yes ....what did you buy?________________________________*(go to Q2)*
2. No *(go to Q 3)*

2) Why didn't you purchase these bakery items prepackaged from the bread/bakery aisle in the store?

____

3) Did you purchase any prepackaged bakery items from the bread/bakery aisle today?

1. Yes...........what did you buy________________________________
2. No.............why didn't you purchase these same items from the in-store bakery?

____

4) Is there a price difference between items sold in the in-store bakery and the prepackaged bread/bakery aisle?

1. Yes
2. No

5) In general, do you buy most of your **sweet baked goods** such as brownies, cakes, danish and donuts at this supermarket?

1. Yes
2. Don't eat/buy
3. No...................... Where do you usually buy them? ***(check ALL that apply)***

Local bakery ______
Wholesale club ______
Bakery outlet ______
Bake at home ______
Other ______

6) In general, do you buy most of your **bread products** such as sliced breads, rolls, biscuits and croissants at this supermarket?

1. Yes
2. Don't eat/buy
3. No......................Where do you usually buy them? ***(check ALL that apply)***

Local bakery ______
Wholesale club ______
Bakery outlet ______
Bake at home ______

If answer to Q5 and Q6 is NOT yes, then skip to question 10

7) Do you typically know what bakery goods you are going to buy before going to the supermarket?

1. Yes
2. No

8) When you are looking for a specific bakery item, how often is it available?

1. Never
2. Sometimes
3. Always

9.) If the item you are looking for is not available, do you substitute another item?

1. Never
2. Sometimes
3. Always

10) Now I'm am going to ask you how often you buy baked goods based on several factors. I would like you to use a scale of one to five, where 1 is never and 5 is always. (1=never, 2=seldom, 3=sometimes, 4=usually, 5=always).

How often do you buy bakery products based on:	Never	Seldom	Sometimes	Usually	Always
Newspaper ad	1	2	3	4	5
Sale Price	1	2	3	4	5
What's being sampled at store that day	1	2	3	4	5
A store coupon	1	2	3	4	5
A manufacturers coupon	1	2	3	4	5
Special display	1	2	3	4	5
Ingredient labeling	1	2	3	4	5
Special services (catering, custom cakes, cake decorating)	1	2	3	4	5

11) Which of the following statements best describes your shopping behavior?

1. I shop in this store because of the in-store bakery
2. Once I am in the store, I generally shop its in-store bakery
3. The in-store bakery is important, but is not the sole criterion of why I shop here
4. The in-store bakery is not important

12) When you think of bakery products, what exactly does "fresh" mean to you? *(DO NOT READ CATEGORIES, check ALL that apply. Please write down any interesting or particularly insightful comments verbatim)*

_____	I can see it being baked	_____	Feels soft
_____	Baked today	_____	Smells fresh
_____	Baked on premises	_____	Sell by date
_____	Still warm/just baked	_____	Not pre-packaged
_____	Baked at home	Other_____________	
_____	Taste		

comments:____

____

13) Are you familiar with the Food Pyramid that has replaced the Basic Four Food Group recommendations for a balanced diet?

1. Yes
2. No *(go to question 13)*

14) Because of the Food Pyramid, has your overall consumption of bakery items increased, decreased, or stayed about the same over the last year?

1. **Increased**
2. **Decreased**
3. **Same**

15) Some people say they make trade-offs in their diet, such as eating a salad for lunch so they can eat pie or cake for dessert. Do you make similar trade-offs in your diet?

1. Yes........ Can you tell me when you make these tradeoffs? ***(DO NOT read categories. Check ALL that apply)***

Daily	______
Weekly	______
Monthly	______
Special occasions	______
Parties	______
When eating out	______
Other_______________	______

2. No

16) What new products would you like to see in this store's bakery ?

____

____

17) If you could change one thing about this store's bakery, what would it be?

____

____

DEMOGRAPHICS

1) How many people, ***including yourself***, live in your household? _______

2) How many people in your household are ***under*** 18 years old? _______

3) How many people in your household are employed? _______

4) What is you annual household income? Is it

1. Less than $20,000
2. Between $20,001 and 60,000
3. More than $60,000

5) How old were you on your last birthday? _______

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