The questions we are interested in in this chapter are:

- What do people eat?
- Why, how much, when, where and how often?
- How are consumers’ food choices changing?

Affected by physiological need, social conditions, and economic factors
FOOD PREFERENCES

DEF: A foodway is a common pattern of dealing with food.

\ How food is acquired, prepared, and ....eaten

American foodways are the result of 5 influences:

(1) The functional, physiological values of foods (i.e., their nutritional contributions to health and survival)

(2) The sociopsychological value of foods (i.e., status, religion, aesthetics, and lifestyle)

(3) The economic value of foods

(4) The availability of foods

(5) Consumers’ knowledge and information about foods
• Trend: With rising incomes, consumers tend to demand “more sophisticated” foods.

More precisely, the modern food consumer purchases a “bundle of attributes.”

example

- chicken
  - raised with organic grains
  - raised in Iowa
  - raised in an animal-friendly farm

- orange juice
  - with vitamin C
  - calcium added

• Problem of marketing: Discover the set of attributes that the consumer really wants!
Food Consumption and Expenditure Patterns

- Consumers’ food expenditures are rising in the U.S.

Reasons:
- Increased population and quantities of food eaten
- Rising food prices
- Shift in the preference of consumers: Prefer more expensive food!

See Table 4.1

- Food industry is mature
  - .5% of growth between 70 and 94
- Caloric intake has been rising since 1957
- Dietary changes

See Table 4.2
The Demographics of Food Consumption

- Population trends. Intuition: The food market expands in proportion to the rate of population growth.

  U.S. Population: 152 M in 1950
  268 M in 1997

  Relative good health of U.S. demographic trend:
  - "around" 2 children per woman
  - sustained immigration in the U.S.

\See Slide 4.3
• Geographical Differences

Immigrants do bring their food and consumption patterns

- More “Hispanic food” in California

Differences in food consumption are sometimes difficult to explain!

- Consumers of the southeast eat relatively more pork and less beef!

- Boston homemakers prefer brown eggs, whereas New York homemakers prefer white!

Differences in population density may explain differences in marketing strategies.
HOUSEHOLD CONSUMPTION

Household is the basic unit of food consumption

40 \( \overline{M} \) \( \overline{101 M} \)
1950 1997

more than 50% have only 1 or 2 people in them

Family size 3.6 persons in 1970
\( \overline{3.2 \text{ persons in 1997}} \)
(Economies of scale)

Food appliances are important to market product!
INCOME AND FOOD CONSUMPTION

Basic principles:

- Total number of people determines the total need for food. Their income determines their ability to pay for it.

**Definition:** Effective food demand consists of both needs and the ability and willingness to satisfy those needs with income.

If income increases effective demand should increase as well.

**Question:** Can we quantify this increase?

**Definition:** The responsiveness of food consumption to an increase in income is called income elasticity (of food).
If income increases by 1% then elasticity tells you the % increase in food consumption.
Normal Good”: If quantity of food increases with income, the product is a normal good. Examples: meat, caviar

“Inferior Good”: Examples: lard, bread

Some facts about income and food consumption:

- The higher the income, the “better” the diet

  Table 4.3

- When incomes are rising, consumption patterns are affected in several ways.

  Upgrade the diet

  Consumer rising incomes result in a lower share of income spent on food (Engel’s Law)

  Fig 4.1

- With higher income broadening of the product bundle attributes
• Rising consumer income
  \(\text{increases the value of consumer’s time}\)
  \(\text{increases demand for convenience good.}\)

  \(\text{Table 4-4.}\)

**Convenience Food**: Product that reduces the amount of time, effort, or additional ingredients required of the consumer in preparing foods.

• Increasing concerns for health