

# RISC International

**Empowering decision makers for tomorrows business excellence**

Put your money where your mouth is!  
Exploring consumer dynamics of food, health and  
economics  
March 15th 2009



**25 years,  
50 countries  
1.5 million people**

THE OFFICES AT  
**centralw@rld**

## Introduction

- Food is rarely a neutral and purely rational purchase it can be influenced by social, cultural and economic factors.
- Taking an economic and cultural perspective of 5 European Markets (France, Germany, Italy, Spain, UK) we will look at the trade-offs in purchasing priorities and the relative prioritization of food.
- We will then explore the subject of health and the different attitudes to health and the role of food in healthy lifestyle.
- Among other things we will see where cultural influences outweigh the effect of economics and where retail and distribution can influence the positioning of an entire category in the consumer's psyche.



Bear Stearns  
Freddie Mac  
Fannie Mae  
Merrill Lynch  
Lehman Brothers

WALL ST  
CRUMBLES

Priorities in constrained times?

# Relationship between needs and Economic Power



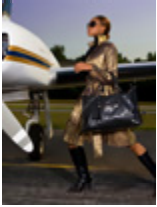
Needs drive priorities, however a person's position on Maslow's needs hierarchy is dynamic and certain factors linked to economics and society can move people up or down. In addition the "symbolic" value of certain categories of products is different depending on position on the hierarchy

## France : “Because I’m worth it”



- For the French food is important, but as prices increase the French are not ready to follow endlessly. They see good food as an integral part of life, a right and don't believe that they should have to prioritise their spending on food in order to have quality which is a basic expectation for them.
- 23% of French consumers pay as little as possible for food while 48% pay as much as they can afford.
- France: The land of the Hypermarket, 52% of the population prefer.
- The French indulge themselves through other product categories, Techno for the higher economic power group and Skin Care tops the polls for other levels.

## Germany: Taking the long way home...



- For all EPP levels we see that food is a relatively low purchase priority being perceived essentially as a necessity, the hard discount culture has had significant impact and Germans don't believe that they have to prioritize their spending on food to have good quality.
- However we have seen a rise in importance over the last year indicating a symbolic refuge value of food in times of difficulty.
- 23% of German consumers pay as little as possible for food while 42% pay as much as they can afford.
- Germany the home of Hard Discount, preferred by 48% of the population and topping the polls for most criteria from price to traceability.
- Germans are motivated by Travel, Clothes, Home Improvements and Techno all of which have priority over food.

## Italy: Keeping up appearances



- The dominant role that food plays in Italian culture is reflected through its pole position as a purchasing priority.
- More than a question of good eating food reflects a way of life and a way of behaving in which food is integrated as a vector of hospitality and a way of projecting the right image.
- 20% of Italian consumers pay as little as possible for food while 51% pay as much as they can afford. It is first priority across all eco groups.
- In Italy Hyper and Super are neck and neck with 35% and 34% respectively, the Super being preferred for proximity and simplicity
- In difficult times Italians tend to fall back on the essentials, preserving family moments through sharing meals and cooking good food will be an obvious refuge.

## Spain : Eating their way to health & beauty



- Food quality is key to the Spanish and they are ready to prioritize their spending accordingly.
- Healthy eating is important and 90% of Spanish people consider that food is the best medicine (highest in the 5 European countries). Food is seen as a source of vitality.
- 15% of Spanish consumers pay as little as possible for food while 54% pay as much as they can afford.
- Supermarkets are preferred outlet for 41% but Hypermarkets are moving up close behind with 32% preference
- The Spanish consider that food contributes to looking good and this is leveraged by spending on Skin Care products which are a consistent second priority across the board.

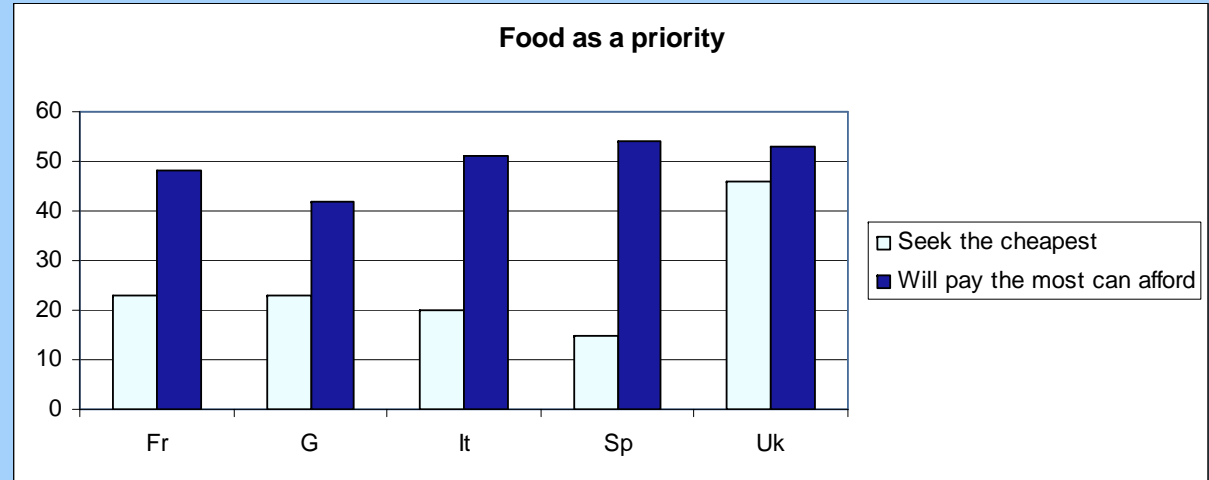
# UK: Changing for Future Generations



- Although we can see that food is becoming more important in Britain and there is increasing awareness of the link between food and health the priorities of the nation are clearly split in these constrained times.
- 46% of British consumers pay as little as possible for food while 53% pay as much as they can afford.
- Lower income groups are suffering most and we see that in this group 55% of consumers seek to purchase the cheapest food they can, however we still see a high percentage of consumers seeking to prioritize food.
- Healthy eating will be an increasingly important aspiration in the UK. Over 80% of British say that food is the best medicine and increase of 30 points since 2002.
- The average diet in the UK has altered in recent years, spurred by media coverage of “obesity epidemics” and unhealthy schoolchildren.

# Food as a spending priority

Clearly Germany comes in bottom of the list in terms of willingness to pay most however the UK has the highest % of consumers seeking to buy the cheapest food.



# Culture and Economics

- The role that food plays in purchasing priorities is highly influenced by cultural traits.
- In some countries such as Spain and Italy these cultural aspects outweigh the effects of economic power inequalities.
- The symbolism of food is however much affected by economic power and the association with the Maslow needs hierarchy is high.
- Food moves from necessity and a basic need to a need associated with belonging in lower economic groups to a symbol of self realization through creativity or active health management for higher economic power consumers.



# European Consumers, Food & Health



**Poison or cure?**

# Who's most worried about their health?





## Italians most active in prevention



# Top 3 unhealthy habits

# Top 3 unhealthy habits

- Not enough exercise
  - Unhealthy eating
  - Not enough sleep
- 
- Italy puts smoking at N°3 behind lack of exercise and unhealthy eating
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- The UK stands out as lack of exercise doesn't figure in the top 3 whereas it is the only country out of the 5 where unhealthy consumption of alcohol does.



# Obesity N° 1 health issue ... across the 5 countries



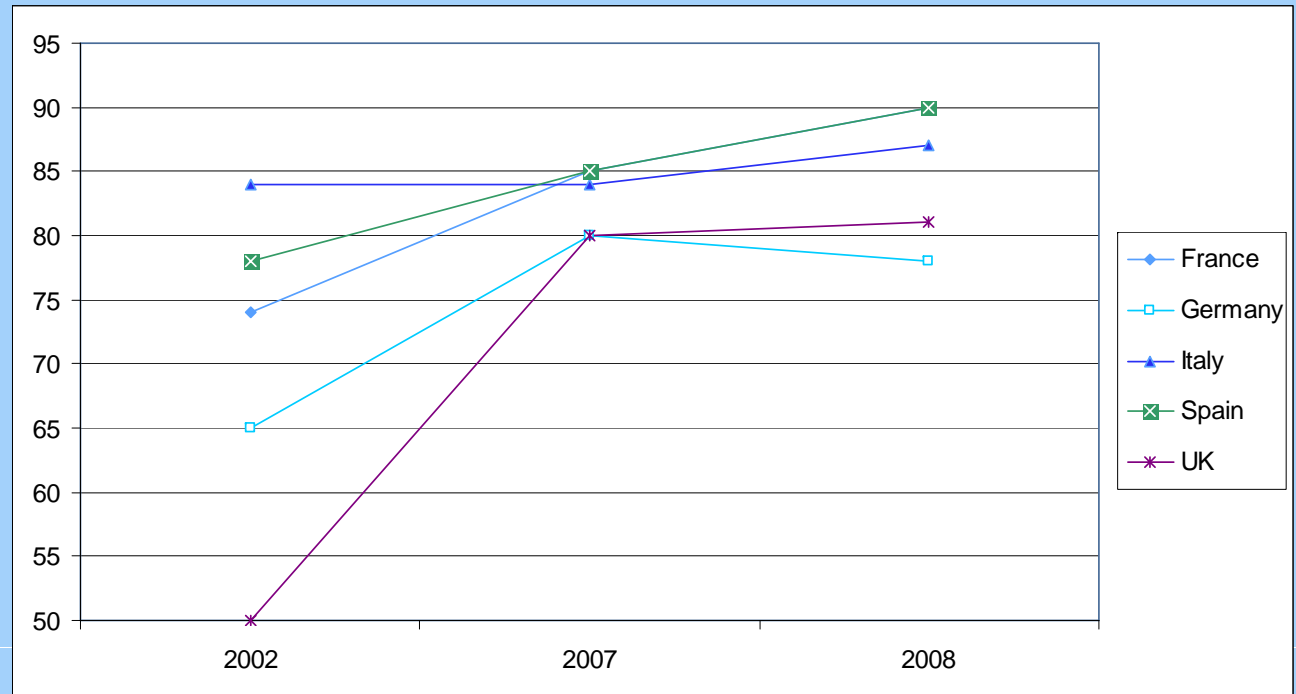
## Who feels safe?



- **In general 60% of Europeans feel that they are at risk from obesity.**
- **Germany is the exception where only 50% feel that they run this risk.**

# Healthy Eating is best medicine

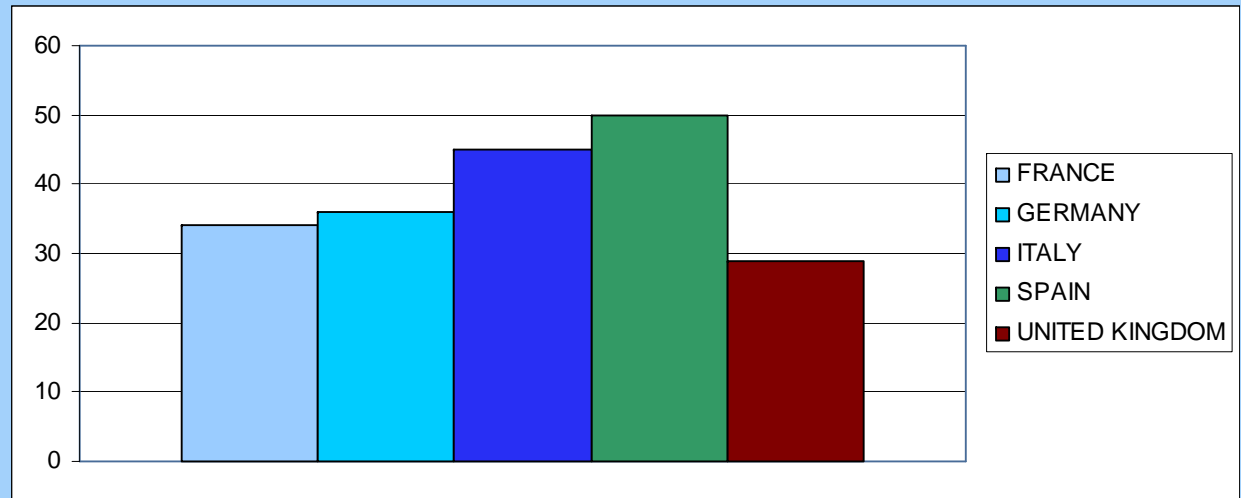
**Spain leads with 90% of population considering food to be an essential constituent for good health but the UK shows the most progression moving from a low 50% in 2002 to 81% in 2008**



Europe 02-08 vertical %

# Spending money to be in good health

Italy and Spain again lead the way in proactive approach to health and the UK lags behind in the group of five European countries



Europe 08 vertical %

## A way of life

- **Good health is assimilated with a quality lifestyle for the Italians and the Spanish who are leading the group of 5 countries in a proactive approach to health management.**
- **The link between lifestyle in the broad sense i.e. food, exercise, balance; is still something culturally new for the British and hence less integrated in the national psyche.**

**Customers want more!**

A woman with short reddish hair is smiling and holding up a white fabric sign. The sign has the text 'Stop Playing with Our Future' written on it in red, black, and green paint. The background shows a group of people at what appears to be a protest or community event, with various hand-drawn signs and posters hanging around. One sign in the background says 'I LOVE LOVE' and another says 'PEOPLE OF THE EARTH'.

**Stop**  
Playing with  
**Our Future**

# UK a word on future trends

- Consumption accounts for 60% of British GDP,
- British relationship to consumption will be redefined by crisis
- Consumption will be considered through its escapist dimension
- Britons will show a wide range of strategies to adapt one of their favorite activity to their limited budget



# If all else fails...

If all else fails...

