PLMA CONSUMER RESEARCH

How America's Eating Habits Are Changing

Based on an exclusive survey of consumer attitudes for PLMA by Surveylab

Introduction

The millennial generation – market researchers have been studying this group relentlessly, hoping to understand what these young men and women want and how they behave so that they can be successfully incorporated into today's marketplace.

But how is their behavior changing things for retailers? What new opportunities are emerging for store brands? PLMA has commissioned Surveylab to undertake a nationwide study of millennials between the ages of 20 and 29 to get the answers.

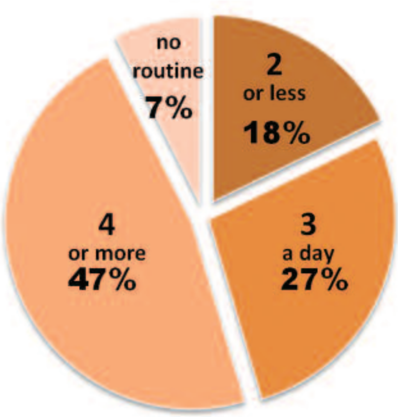
To understand how they are changing us, one needs to recognize a few basic facts about their lives and behavior:

- 25% of them live with a parent or parents
- 68% live in households with no children
- 45% have full-time jobs
- 15% are full-time students
- 27% hold undergraduate degrees, 11% have graduate degrees
- 17% have a parent or parents who emigrated to the U.S.
- 22% grew up in homes where two or more languages were spoken
- Half rarely or never read a printed newspaper
- Half say online sites are their primary source of general news and information

Highlights

1 For millennials, eating is largely unscheduled. Meals and snacks throughout the day are commonplace. Half of the consumers have no set schedule for meals; 62% snack throughout the day, 47% average four or more snacks a day. More than four in ten enjoy eating alone and the same number say they only eat out of necessity; one in three say eating is a distraction. 56% take breaks to eat whenever they are hungry. The leading reasons they snack rather than eat a meal are: 48% plan to eat later and need to something to hold them over; 43% were in a rush, and 38% are too busy or don't have time for a meal.

Average number of meals or snacks daily



Nearly half say they average at least four meals or snacks a day, with seven percent saying they snack or 'graze' throughout the day. Another seven percent say they don't follow any routine for meals.

2 They incorporate food consumption – whether meals, snacks or bites – into a range everyday activities, from work and play to exercise and commuting. Food pervades every aspect of their life: 37% often eat on the run; 52% often work and eat at the same time; 31% often eat in their car; 17% eat while playing sports or exercising, and 28% while attending a community or sports event. In the prior week, 44% ate while working at a desk or computer, 57% while watching TV, 37% while on the phone, 18% ate while commuting, 17% ate while driving, and 15% ate while walking.

3 Food is obtained everywhere. Items intended for consumption at home come from multiple sources and those that can be ordered and received quickly. Supermarkets are one important source: One third say they always or frequently heat and eat food from the supermarket, 29% pick up prepared or ready-to-eat food at a supermarket, and 27% buy grab-and-go prepared food items from a source such as a supermarket or convenience store. Three out of ten order food for delivery to home, work or school. Some 31% always or frequently order takeout food and 19% get meals that often from food box delivery services such as Blue Apron or Graze.

4 **Shopping, on the other hand, is confined to a narrow number of bricks and mortar stores.** Nearly nine of 10 do their regular grocery shopping in only one or two stores. Only one in ten shop at three stores and 3% shop at four or more. This represents a dramatic departure from recent PLMA studies that saw consumers spreading their shopping among a multiplicity of stores. Still, they shop as often as other demographic groups. Eight of ten visit a food store once a week or more, and six of ten spend 30 minutes to an hour each time they go. Over-whelmingly, they favor traditional supermarkets as the place they are most likely to shop (75% vs. 53% for discount stores).

Number of stores visited for regular food shopping

For routine food shopping, nearly nine out of 10 patronize one or two stores. Eleven percent say three stores and just 3% shop four or more.

5 **E-commerce, including shopping online and via apps, is a major factor in their lifestyle.** Remote ordering of food is a frequent occurrence. Apps are a major helpmate in that activity: 36% use them to find recipes and 29% to conduct grocery shopping. As well, 26% use an app to order food from a restaurant and 20% to order food from their supermarket. Coupons are also important to them and 41% use apps to obtain them to save money while 39% search for grocery coupons online.

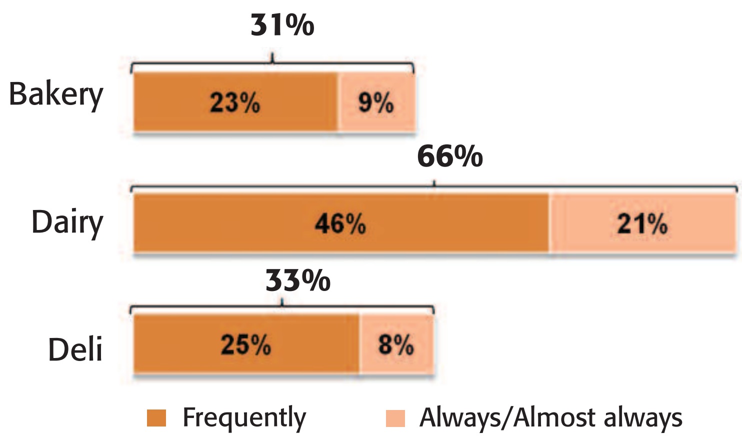
6 **They are a generation of nibblers and experimenters.** Food trucks, push carts, kiosks and farmers markets attract them. One third of them say that they "rarely or never" eat at fine restaurants and about that many say the same about casual chain restaurants.

7 **They want foods that are fresh.** Home or away, meals or snacks, this age group is drawn to all things fresh. On occasions when they eat at home, including meals and snacks, 57% of them "always or frequently" opt for fresh fruits, 48% for fresh raw vegetables or green salads, 35% for fresh baked bread

products, 30% for fresh and chilled deli salads, spreads and dips, 38% for fresh fruit juices or smoothies, and 30% for fresh prepared foods from the supermarket or deli. More than four in ten say they are "very interested" in the freshness of foods and ingredients. Half prefer to snack on fresh fruit or raw veggies, second only to choosing salty snacks, at 58%. Even on those occasions when they eat away from home, fresh items trump other food choices: 44% eat fresh fruit, 38% choose raw vegetables or greens salads, 32% opt for fresh baked bread products, 28% pick fresh and chilled deli salads, spreads and dips, 36% choose fresh fruit juices or smoothies, and 29% go for fresh prepared foods from the supermarket or deli.

8 **The deli, dairy and bakery departments of supermarkets are popular and are visited often.** Looking at these three perishables sections: In dairy 67% buy there "always/frequently", in deli 33% buy there that often and in bakery 31% do so that often. As well, 75% buy deli items in the supermarket there they do their regular grocery shopping (24% in a different supermarket where they shop; 18% in a club store; 14% in a deli; and 9% online); 77% buy dairy items in their regular supermarket (31% in another supermarket; 26% in a club store; and 10% online); and 59% buy bakery items in their regular supermarket (22% in a different supermarket; 22% in a club store; 23% in a bakery shop; and 8% online).

How often do you pick up items from these fresh departments in a supermarket?
percent saying frequently or always in bold



9 **Healthier eating choices are also important and are often on consumers' minds.** Some 42% say they are very interested in "health" as it relates to eating and food. But it's not all about healthy. They eat as much for pleasure (36% are "very interested"), energy and stamina (34%), and to discover something new and exciting (33%), as they do for nutrition (39%). In addition, they say flavor and taste are the most compelling reasons they eat.

10 **Cooking at home and cooking from scratch are a big part of their domestic life.** When they eat at home, 64% say they enjoy making food from scratch. Men in the study are just as enthused about scratch cooking as the women (60% of men vs. 66% women). More than a third of all respondents watch cooking videos on YouTube or a cooking show on TV; 43% like to cook but don't do it very often; 49% describe themselves as a "skilled cook;" and 69% say they like cooking and learning about cooking. Only about one in five say they don't like to cook. Nearly half most often prepare meals alone for their household.

11 **Recipes rule.** Reflecting their strong interest in cooking, consumers search for recipes in many places and use them often. More than half always or frequently look up recipes online and 36% use an app to find recipes, 47% prepare food from a recipe they saw online and 28% do the same from recipes they saw on TV.

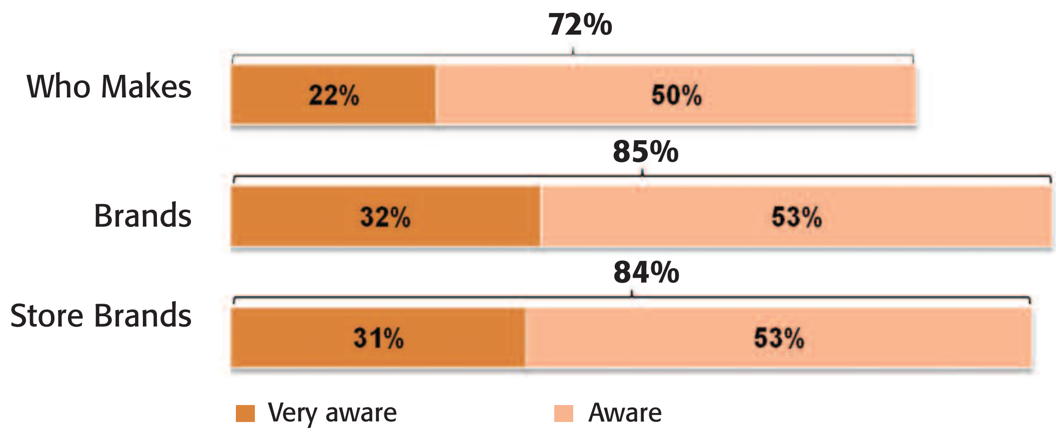
12 **Mealtimes, especially those that include family and friends, are valued highly by this group.** Although their eating is for the most part sporadic and undertaken in a variety of circumstances, in large percentages these young consumers still place a high value on formal meal times. Two thirds say mealtimes are important family times and two thirds often eat at home with family and friends. Some 71% say mealtime is always something they look forward to, 58% think of eating as a social activity to be enjoyed with friends and 53% sit down to eat with other household members at least 3-4 times a week.

13 **They draw sharp contrasts with their parents with respect to eating habits.** Thinking back to when they were growing up, half say they now eat more often during the day than their parents did; 38% say they eat less regularly; 37% eat fewer meals at home; 50% tend to snack more often than their parents did; 39% eat less processed foods; 31% eat more fresh whole and freshly made foods. As for the future, half say that in five years their eating habits will be little different than they are today.

14 **They are determined to learn what's in the products they buy and express strong feelings about what they do not want in the foods they eat.** One in four say it is very important to avoid high fructose corn syrup while one in five feel that way about sodium, artificial colors and flavors, as well as ingredients they can't pronounce and food additives. One in four say it is very important to avoid GMOs, hormones and antibiotics.

15 **They are well-informed about brands, including store brands, and where foods come from.** Nine of ten say they are aware of the ingredients in the food products they eat and three of four read the nutritional labels on products. When it comes to the food they eat, 86% are aware of brands and 84% are aware of store brands. As well, 72% say they are aware of who actually makes or produces the food they eat.

How aware would you say you are of brands, store brands, and who makes/produces what you buy?
percent saying aware or very aware in bold



Methodology

The study of shoppers between the ages of twenty and twenty-nine – considered by many to be the core demographic of the Millennial generation – was undertaken by Surveylab on behalf of PLMA. Surveylab is a global leader in customized online research solutions for clients across a range of industries in North America, Europe and Asia. A total of 1,839 shoppers (931 women, 908 men) participated in the survey. This group represents upwards of 50 million Americans, or about 15% of the population.

Comments and Conclusions

But what do these and other findings mean for retailers and marketers of food and non-food products? Here are takeaways for retailers and private label suppliers:

1 Millenials love food, but want food done their way. The conventional meanings of the terms "meals" and "snacks" are being redefined by these younger consumers. Are store brands marketers developing appropriate food products, as well as complementary packaging and serving sizes, that cater to the largely unscheduled, frequent, on-the-go eating patterns of these youngest consumers?

2 They see all food as "eating occasions." Meals, snacks and bites are all just eating occasions. Does store layout, product selection and merchandising reflect the younger consumers' new definition of eating occasions?

3 They love their smartphones. Among this group, the practice of examining merchandise in one bricks and mortar store and then buying it elsewhere is spreading from high-ticket purchasing to everyday grocery and drugstore sales. Apps are accelerating the practice. Making more information available at the point of purchase may help keep these customers loyal.

4 In-store sampling and demonstrations are popular. They are a generation of nibblers and experimenters. There is tendency for trying new things in surprisingly new places, such as food trucks, push carts, kiosks at public events and farmers markets.

5 Consumer awareness of store brands is high. This is a demographic group that is very aware of brands. In fact, their awareness of store brands and national brands are virtually the same at 86% vs. 84%. This is an audience, for example, that is receptive to store brand development in the fresh product categories that they favor, which especially includes the supermarket's deli, dairy and bakery sections.

Store brands remain the retailer's most potent weapon in developing strategies to serve this age group, offering needed flexibility and opportunities to be creative with product assortment and concept without waiting for national brands. But it requires an understanding of what this age group likes and will buy.

Publication Credits

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