
The Hagstrom Report

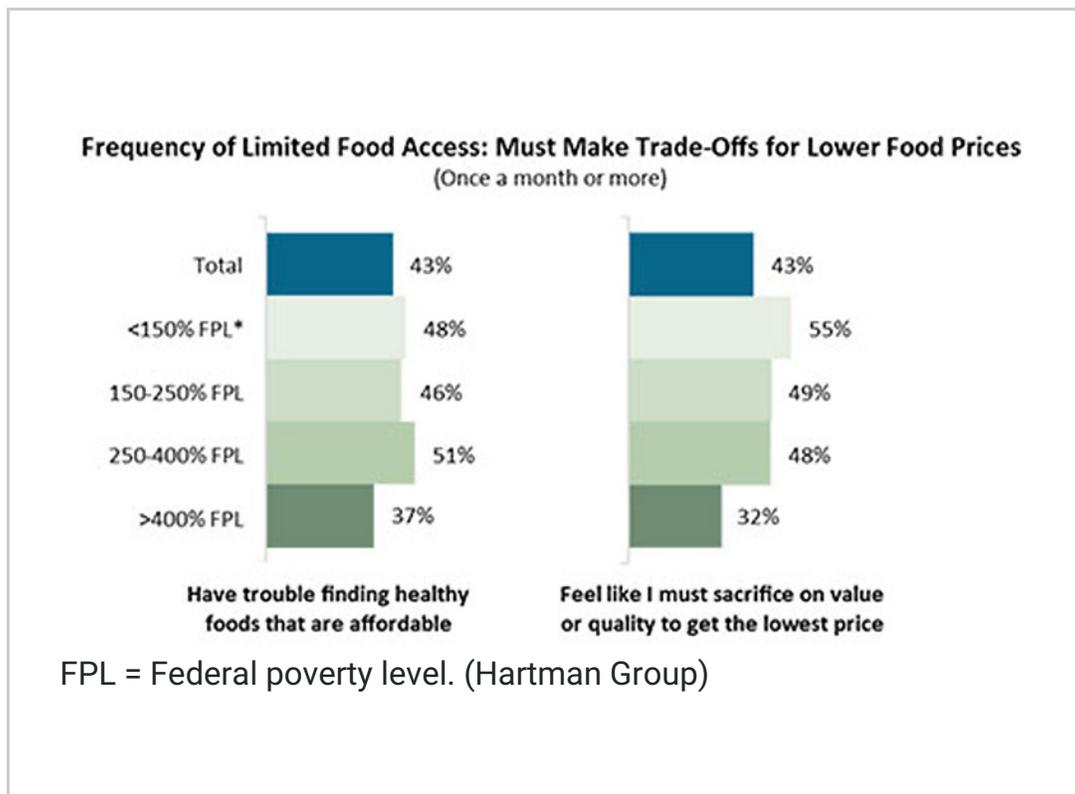
Agriculture News As It Happens



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Hartman Group: Costs keep low-income millennials from eating what they want

In a rare study of the food purchasing habits of low-income Americans, the Seattle-based Hartman Group has written that low-income consumers, particularly younger people, want to buy the same healthier, less processed foods that higher income consumers want, and urges retailers to find ways to help these consumers achieve their shopping goals.

The basic results of the study, “The Business of Thrift: Understanding Low-Income and Value-Oriented Consumers,” conducted by a consumer research firm that has become renowned for its insights into millennial buying habits, are not surprising. But they run counter to the view of some conventional grocers and politicians that lower income consumers do not care about some of the issues that have led higher income consumers to shift from buying packaged goods in the center of the stores to the fresh produce and other items usually found on the periphery of the stores.

“Ultimately, what lower-income consumers want – healthy, tasty, fresh, and affordable food – is not that different from other consumers, but their budgets do not allow for much beyond the essentials,” the study says.

The study also points out that the dwindling middle class means that the number of shoppers at the lower ends of the income spectrum has grown disproportionately. Most consumer research studies focus on the purchasing habits of higher end consumers.

“No matter how you measure it, or how you spin it, income is intimately linked to food insecurity,” the study says. “Budget-constrained shoppers are faced with any number of increasingly complex decisions that underlie attitudes and purchase behaviors.”

While the Agriculture Department measures food security on a scale and focuses on how often households had trouble affording food, the Hartman Group said it asked low-income consumers “a wider set of questions about how frequently consumers experience various types of limitations to their food access, including budgetary limits, difficulty accessing food, difficulty affording healthy foods, and having to choose between buying food and paying for other necessary expenses.”

The two lead analysts on the study, Sarah Marion, and Robertson Allen, concluded that is “if consumers had more money, they would buy more food.”

“Getting more money in their pockets is good for consumers and good for food companies,” they said. “Henry Ford did it 100 years ago and today we think that Amazon recognizes this principle. They aren’t being altruistic in paying their warehouse workers \$15 per hour. Rising wages means workers buy more.”

“Lobbying for increased access to SNAP/WIC/EBT is another way of getting more money in low-income consumers’ wallets that many food companies and retailers already do,” Marion and Allen wrote in a reference to the Supplemental Nutrition Assistance Program (SNAP), the Special Supplemental Nutrition Program for Women, Infants and Children (WIC), and the electronic benefit transfer cards that are used to transmit those benefits to people who qualify for them.

But the Hartman researchers also urged the food companies and retailers who are their clients to think creatively about how to make it easier for low-income consumers to buy the foods they want.

“Younger low-income consumers want to participate in current food trends (e.g., fresh, less processed, global culinary trends, quality cues) but at lower prices,” they wrote.

“Families with children are looking for good deals on kids’ staples and ways to get a dinner on the table that is tasty enough, healthy enough, and quick to make. Understanding your particular low-income shoppers will also help you know when to time promotions around payday (when folks are stocking up) and the mid-month/end-of-month stretch (when folks really need to stretch those dollars and are only buying necessary staples).

“Low-income shoppers need more affordable solutions for fresh food, whether it’s smaller pack sizes at lower price points, innovations that maximize freshness and prevent spoilage, or discounts that bring down the total cost (such as \$5 off when you buy \$15 of produce). Another option is meal deals, or a promotion on a suite of cross-merchandized products that make an inexpensive, healthy, tasty meal that can last a few days.

“In the center store, low-income shoppers often don’t have the flexibility to take advantage of sales if an item isn’t on their list already or if they must buy multiple items. Solutions that make sales and coupons easier to access and use for everyone would help them participate more.”

The Hartman researchers conducted an online survey with more than 2,000 respondents, conducted in-home interviews and went shopping with some of the interviewees.

■ Hartman Group – The Business of Thrift: Understanding Low-Income and Value-Oriented Consumers – Report Overview

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