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Canada

**International Markets Bureau**

**MARKET ANALYSIS REPORT | OCTOBER 2010**

# Global Consumer Trends

## Individualism

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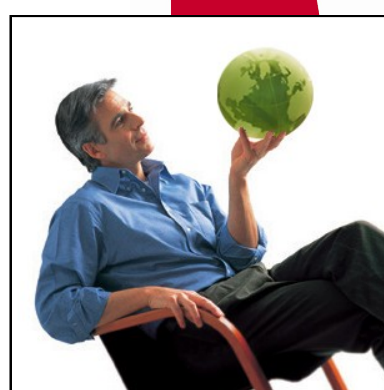
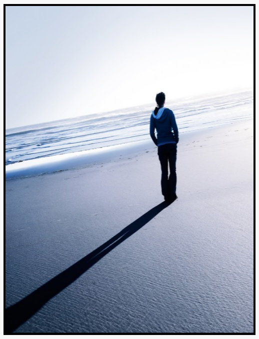


Growing Forward

Canada

## EXECUTIVE SUMMARY

The spirit of individualism applauds the freedom of the individual and encourages personal development and self-direction, with few social limitations. *Independence, self-responsibility,* and *individuality* are key values in this context and will be described in detail in this report. In turn, these values affect consumer perceptions of food and beverage products and foster changes in food purchasing priorities and behaviour. Important consumer trends emerge; these trends are outlined below and discussed in further detail within this report.



***Source:*** *Shutterstock*

### ▶ ME FIRST

*Self-Asserted Consumers:* Consumers are increasingly likely to do their own research when it comes to product claims. They are more sceptical and not afraid to disagree with health or environmental claims on product labels, especially when they are overly detailed and confusing.

*Self-Care and Self-Improvement:* Consumers are watching their health more than ever, in an effort to take more control of their lives and rely less on medical institutions. This means consumers are actively seeking nutritious alternatives to their favourite foods and beverages.

### ▶ ONLY ME

*Singletons and Single-Person Households:* Confident in their ability to be independent, more individuals are delaying marriage and choosing to live alone; the new 'singleton' consumer is looking for convenience in food packaging and meal preparation.

### ▶ JUST FOR ME

*Niche Markets and Consumer Segmentation:* As consumers differentiate themselves from others, they are looking for products that cater to their exclusive needs and desires. As a result, they are creating a whole host of new niche markets for food and beverage products.

*Mass-Customization and Open Innovation:* Craving distinction from the crowd, consumers are attracted to custom-made products and enjoy active participation in the design of truly unique products.

## INSIDE THIS ISSUE



> "But just as Homo sapiens no longer need prehensile toes, we no longer all need to be social animals in order to survive as a species."
>
> - Anneli Rufus, *Party of One: The Loners' Manifesto*

## INDIVIDUALISM AND DEVELOPMENT

Individualism is most prevalent in well-developed economies with mature consumer markets: the United States, Canada, and Western Europe. Conversely, developing countries traditionally have more collectivist cultures. In Latin America, for example, the family is of central importance in everyday life: long-term commitment and loyalty to social groups, especially the family, is highly regarded and respected. In most Asian cultures, a similar collectivist emphasis is placed on seniority within and outside the family: in Malaysia, children are raised to value cooperation, helpfulness and obedience, and parents are viewed as clear figures of authority (Kashavarz and Baharudin, 2009). Nevertheless, varying degrees of individualism and collectivism often coexist within a single country: generational, income, and urban-rural differences all contribute to varying values and priorities. For example, younger generations are growing up under increasingly secure conditions and, as a result, tend to embrace individualistic values to a greater degree than their older counterparts. In many traditionally collectivist cultures, such as Korea's, the older generations are often portrayed as guardians of traditional values in the face of growing influence from Western culture. In several countries, a co-mingling of both collectivist and individualistic character traits is emerging; in South Korea, for example, there is now widespread discussion of the new "we-me" culture (Chang, 2007).

Overall, however, individualism is gaining various degrees of momentum as economies develop and global markets are increasingly integrated. As economic development progresses and political stability is secured, new individualist priorities emerge. The result is a gradual but marked change in the connotations associated with individualism and Western culture within traditionally collectivist cultures — from an association with selfishness and greed, to one of creativity, initiative, and entrepreneurship.

## KEY VALUES

### *Independence*

An individual's capacity for independent thought and judgement is highly valued in mature individualist societies. As autonomous beings, individuals are free, and even encouraged, to develop their own views, private opinions and life-paths, to accept or disapprove of mainstream ideas and to feel free from any pressure to conform to community affiliations (Realo et al, 2002; Datamonitor, 2009). Moreover, because uniqueness is highly prized, individualists are more likely to maintain their personal views, despite potential opposition from social groups or other individuals (Goncalo and Staw, 2006). As a result, the cultural importance of institutions and traditional authorities, such as the church, the government, and the corporation, has declined significantly. Instead, secularization and democratization emphasize the importance of individual choice and freedom over the ideas championed by such institutions. For example, institutions are playing a far less important role in determining personal relationships, as more and more people choose to cohabit with their partner or adopt common law relationships, while rates of formal marriage continue to decline. Overall, individuals are generally free to define their own relationships and are under less pressure to conform to previous social norms.

For the first time ever, unmarried Canadians out-numbered their married counterparts in 2006 (Euromonitor International). ***Image:*** *Shutterstock*

> “THE BEST PART OF EVERY MAN’S EDUCATION, IS THAT WHICH HE GIVES TO HIMSELF.”
> — *Sir Walter Scott*

## *Self-Responsibility*


Eating right and exercising, — more people are taking their health into their own hands.
***Image:*** *Shutterstock*

As independence and self-reliance are promoted, individuals are more and more aware of their own agency and their ability to direct their own lives (Realo et al, 2002). As such, consumers increasingly accept personal responsibility for their actions and well-being — an important motivator for lifestyle changes (Datamonitor, 2009). For example, one’s personal environmental impact has become more important to consumers worldwide (Datamonitor, 2009); accordingly, concepts such as “personal carbon/ecological footprint” have gained a foothold both in environmental campaigns and eco-friendly product marketing. Similarly, keeping out of debt and learning about personal finances are now viewed as up to the individual: with the added stress of recessionary pressures, the vast majority are now managing their finances more closely and are increasingly reluctant to rely on credit to maintain their lifestyles (Datamonitor, 2009).

Finally, fostered by rising affluence and increased opportunities, as well as greater professional competition, self-improvement becomes a naturally important derivative of the value placed on self-responsibility and self-care. More than ever, individuals are seeking new skills and new experiences in order to broaden their horizons and increase their occupational satisfaction.

## *Individuality*


More than ever, it is what makes us stand out in a crowd that counts.
***Image:*** *Shutterstock*

As proudly autonomous beings, individualists define themselves as independent of social groups and institutions — one is *not* like the others, rather, one is a distinct individual whose personality reflects unique and distinguishable traits, needs, and desires (Goncalo and Staw, 2006; Realo et al, 2002). The importance of “being true to one’s self” is often voiced in individualist cultures and is prioritized over any pressure to conform to social norms. Individualist cultures therefore show a strong interest in whatever is different, undiscovered, or viewed as authentic, as well as a propensity to celebrate creativity and diversity (Datamonitor, 2009).

Nevertheless, individuals remain concerned with their social image and how they are viewed by others; rather than aspiring to “fit in” with the norm, however, individualists wish to be viewed as *distinctive*. A gap between developing and developed economies is particularly apparent in this regard. Consumers in Asia-Pacific, Latin America and the Middle East still place a great importance on being seen with what is generally viewed to be the “right brand.” Thus, brand names in developing countries continue to play a symbolic role in displaying an individual’s wealth, taste, and success (Datamonitor, 2009). In contrast, in more developed economies, the “right brand” is associated with conformity and group mentality and does not influence consumer purchasing behaviour as much (Datamonitor, 2009).

## ME FIRST: Self-Asserted Consumers

Personal judgment being highly valued, individualists are encouraged to assert their opinions with confidence. However, widespread enthusiasm for independent opinions, framed by little discrimination, contributes toward a sense of entitlement that leads many consumers to more easily reject "official" messages or historical/scientific facts. As a result, individualist cultures have witnessed a proliferation of "personal theories" with regard to the benefits associated with various food and beverage products, many diverging from accepted science (Datamonitor, 2009). A recent survey in Canada, for example, found that while consumers tend to be very confident in their knowledge of nutrition and awareness of chronic diseases, often, their real knowledge is rather weak (Blandon et al, 2007). Differences of opinion are also fostered by the flood of conflicting messages from marketers, nutritionists, environmentalists, media, and other consumers — in the end, creating much confusion.

> "We live in a culture where the primacy of the self and its satisfactions is everything. We are bombarded with messages telling us that we should have what we want because we're worth it. As consumers, we are kings."
>
> *– The Guardian, 2003.*


Confusion and multiple conflicting perceptions abound in areas of food and beverage health claims, discouraging confidence in nutritional labels: in Canada, 44% of consumers are sceptical of information presented by nutritional claims (Blandon et al., 2007) and in the U.S., less than 10% believe that "just about all" the labels they read on food products are accurate (Mintel Group, 2010). Even widespread food packaging health claims, such as the absence of trans fats, seem to prompt little consensus: most American shoppers are at a loss to define "trans fats" or explain how they differ from other fats (Hartman Group, 2006).

There is also consumer confusion with regard to environmental and ethical claims. According to 2010 research by Mintel Group, "all-natural" was the second-most common claim on food products launched between 2005 and 2010; however, the precise meaning associated with this claim seems to vary widely across individuals with some shoppers believing "natural" denotes a "greener" product than "organic" (Eng, 2009). With the organic market becoming more mainstream, produced on large-scale farm operations, and now available at Wal-Mart, confusion and debates surrounding organic food will also grow as new "personal theories" attempt to make sense of the information put forth by both advocates and critics of its expansion.


The second-most frequent claim on new food products in the 2005-2010 period —"all-natural"— means different things to different consumers and has proven very difficult to regulate (Mintel Group, 2010). ***Image:*** *Shutterstock*

Finally, greater self-assertion and consumer self-confidence is also fuelling a more demanding market. Entitled consumers are more likely to complain and voice their dissatisfaction with regard to the products they purchase (Datamonitor, 2009). Moreover, with the skyrocketing use of social media, consumers have several new avenues for instantly voicing and spreading their opinions and complaints. While the popularity of social media has provided manufacturers with a new marketing tool, the threat of consumer dissatisfaction or criticism spreading like wildfire through such sites as Facebook and Twitter can pose a serious challenge. For example, in early 2010, Nestle's Facebook page was stormed by individual consumers posting their criticism of the company in reaction to a provocative Greenpeace Campaign posted through YouTube. Such was the pressure of this consumer reaction, that Nestle eventually responded by announcing a partnership with The Forest Trust NGO in an effort to change its policies regarding the use of palm oil and to reduce threats to deforestation and animal habitat loss (McCarthy, 2010).

## ME FIRST: Self-Asserted Consumers (continued)

### Market Impact and Outlook

The proliferation of personal theories and the confusion that both arises from and contributes to individualism may present a potential marketing barrier, due to the higher scepticism associated with previously accepted theories. However, new acceptance of various alternative claims may constitute an important market opportunity, as more and more consumer priorities emerge. One thing is certain, we can anticipate more and more personal information regarding food claims to proliferate — gone are the days of consumer consensus on what to eat and what to buy. In the midst of a flood of information, manufacturers must present clear and simple messages to their consumers. Many manufacturers are responding by emphasizing the purity and simplicity of their ingredients. Health claims and environmental messages are increasingly displayed on straightforward packaging labels that are easier to understand. In this climate, single-benefit products, by having a clearer and simpler purpose, may have an edge over products claiming to meet multiple health objectives.

Finally, inspiring consumer trust is paramount. Recent controversy in the U.S. regarding the legitimacy of some health claims on packaged food products resulted in the Food and Drug Administration issuing warnings to 17 companies that were violating labelling regulations in March 2010 (FDA, 2010). Further controversy was created when products such as Kellogg's sugary "Froot Loops" cereal were approved for the American industry-funded "Smart Choice" labelling program, eroding consumer confidence in the legitimacy of the program and ultimately contributing to its suspension in late 2009 (Scott-Thomas, 2009). Under such conditions, trust becomes a critical factor in purchasing choices, especially in consumer willingness to try new things. In this regard, sources of information seem to play a key role in perceptions of credibility; in Canada, information provided by environmental and consumer groups inspires a greater degree of consumer trust than information provided by food manufacturers and even government (Blandon et al. 2007). Thus, partnering with non-partisan certification agencies may be an effective strategy to garner consumer trust in health and environmental claims. As well, providing information on the origin of the product may help boost consumer confidence (Datamonitor, 2009).

### Product Response


***Source:*** *Mintel*
General Mills' Green Giant frozen vegetables have simplified their functionality: three different product versions offer one health benefit each: Healthy Weight, Healthy Vision and Immunity Boost. The simple language and clearly targeted health area enhance the readability of the package and allow consumers to easily choose which version targets their specific health priority.


***Source:*** *Mintel*
Recognizing the need to simplify health claims, Haagen-Dazs launched a new brand called *Haagen-Dazs Five* in 2009. Haagen-Dazs Five is an "all-natural" premium ice-cream with only five ingredients: milk, cream, sugar, eggs, and the selected flavour (Milk Chocolate, Vanilla Bean, Passion Fruit, Brown Sugar, Mint, Ginger, or Coffee). By marketing its limited ingredients, Haagen-Dazs has simplified its product and appealed to consumers seeking easily identifiable healthier alternatives.


***Source:*** *Mintel*
Prominently displaying key ingredients on the front of its package, Genesis Today Blueberry Açai Non-Fat Yogurt refrains from also including associated health claims on its package. With consumers more likely to do independent research, Genesis Today is able to avoid the risk of lawsuits and FDA scrutiny. Instead it provides consumers with information to assess the product themselves.

## *ME FIRST: Self-Care and Self-Improvement*

Empowered by a sense of agency and independence, more and more consumers are taking a proactive approach to their health and increasingly recognizing their responsibility in achieving a healthy body and mind. Virtually all Canadians agree that "people need to take control of their own health" (Datamonitor, 2009). In a trend that began in the 1970s in developed countries, governments in Canada, the U.S. and the U.K., actively fostered the self-care movement in an effort to take some pressure off their national healthcare systems (Bhuyan, 2004). More recently, the self-care movement has been fostered by the proliferation of largely preventable chronic diseases that stem from unhealthy lifestyles, as well as consumer concerns over recent epidemics, such as the H1N1 virus (Euromonitor International, 2009). As healthcare costs increase, health awareness rises, and populations age, consumers are expected to take even more control of their health (Euromonitor International, 2009, 2010).

In developing countries, especially in rural areas, self-care has been the standard recourse for large portions of the population who have had limited access, both financially and physically, to professional medical practitioners, for many decades. In such places, however, the same constraints limit the market for self-care products as individuals are often more likely to rely on traditional and local medicinal products.

Where access is not a problem, our propensity to self-medicate, rather than visiting the doctor for prescriptions, has contributed to the rise in over-the-counter medication sales and at-home diagnostic kits (Euromonitor International, 2010). Similarly, sales of home exercise equipment have also surged, doubling in the U.S. between 1994 and 2004 (Aerobics and Fitness Association of America, 2004).

Most importantly for the food and beverage industry, consumer desire to self-medicate is encouraging individuals to turn to preventative health measures to ensure less frequent visits to the doctor. In this regard, food is increasingly seen as an essential tool in enhancing health and lowering the risk of diseases, including cancer, heart-disease, osteoporosis, and arthritis. Indeed, in Canada, 85% of consumers believe that some foods can be used to decrease the use of medications and 68% report changing their eating habits in order to improve their health (Blandon et al, 2007; Euromonitor International, 2010).

"Wholegrain" remains the leading claim on breakfast cereals as consumers are becoming much more aware of the role it can play in reducing the risk of coronary heart disease, helping individuals maintain a healthy weight, and lowering risk for other chronic diseases (Mintel Group, 2009).

The prioritization of personal health has played out in two ways. First, consumers are moving toward natural health and a balanced diet — this includes seeking products that are low in cholesterol, sugar and salt, for example, as well as products that are presented as containing "natural" or organic ingredients. "Naturally healthy" and "organic" foods were indeed the fastest growing sectors in health and wellness foods in Canada in 2009, together reaching a retail value of US$7 billion (Euromonitor International, 2010).

Secondly, there has been a surge in consumer interest in fortified and functional foods and beverages, and a strong response in the research and development of innovative products. Consumers increasingly desire food and beverage products that are specifically tailored to enhance their gut and digestive health, provide immune system support, help in weight management, better the appearance of their skin, or assist in achieving heart health. Fortified/functional foods represented 20% of health and wellness foods sold in Canada in 2009, reaching a retail value of US$6.6 billion (Euromonitor International, 2010).

## ME FIRST: Self-Care and Self-Improvement (continued)

### Market Impact and Outlook

As consumers take more self-responsibility for their health, they are increasingly seeking health promoting products in the market (Datamonitor, 2009). Many consumers are turning to functional foods: in this regard, North America, Western Europe and Australia currently represent the largest markets for manufacturers. In the short term, research by Euromonitor International forecasts Brazil and Eastern Europe to become the most important emerging markets for fortified/functional foods (2010). The market for functional foods in developing countries will remain very limited, with only the wealthier demographics able to afford the premium prices generally associated with such products.

Conventional products are also responding to this consumer trend, largely by changing their packaging to reflect new consumer priorities. In particular, more and more nutritional information is finding its way from the side or back of product packaging, directly to the front — in plain view for the consumer. “Front-of-packaging” (FOP) labelling has become increasingly popular for outlining the nutritional content of packaged food products; however, the need for manufacturer diligence in this area has been noted, as this type of labelling is more likely to be scrutinized by regulators and consumers themselves.

While products boasting health benefits will certainly continue to take up more and more space on grocery shelves worldwide, manufacturers must keep in mind that the individualist consumer also craves control in his or her pursuit of personal health. In this climate, manufacturers need to allow consumers to feel empowered to make their own choices when purchasing products targeted at improving their health. Telling people what to do, or what they will like, will not be as effective as emphasizing the consumers’ ability to care for themselves, take on their own health/self-improvement, and choose what they think is best (Datamonitor, 2009).

### Product Response


***Source**: Mintel*
Germinated Brown Rice Porridge (with collagen and gelatine) was launched by DHC in Japan in 2009. Food products with added collagen are very popular in Japan, responding to a popular functional food market for beauty-enhancing products. With 3000 mg of collagen per serving, this porridge product will appeal to women concerned with improving the appearance of their skin.


***Source:** Mintel*
Launched in the emerging functional food market of Brazil, by Mãe Terra in 2009, Fibraxx Multifibras fortified breakfast cereal appeals to consumers seeking healthy products that are “all-natural”. Multifibras consists of wholemeal soluble and insoluble fibres, cereals and seeds. It claims to contain five times as much fibre as regular breakfast cereals and is also high in protein.

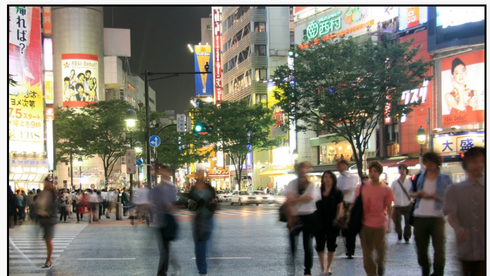

***Source:** Mintel*
Australian company, Freedom Foods, has transformed the packaging of many of its products, to place key facts from the nutrition panel directly on the front of the package rather than on the side or the back. Utilizing this new packaging, it launched Apple & Apricot Fruit Strips in Indonesia last year. With clear formatting and nutritional information in evidence, consumers view it as an easy healthy choice.

## ONLY ME: Singletons and Single-Person Households

More people than ever before are living alone. Demographic shifts, combined with the increased value placed on independence, have resulted in a rise in single-person households. Generally, single-person households are more common in the developed economies of Western Europe, Australia, Canada, and the U.S., where they hover at around 30% of total households (notable exceptions include Spain [15%] and Sweden [over 45%]) (Datamonitor, 2009; Euromonitor International, 2010). In developing and emerging economies, these numbers are, for the most part, far lower (with the exceptions of China [37%], Japan [26%] and South Korea [20%]) (Datamonitor, 2009).

Higher life expectancy, lower fertility rates, and higher divorce rates mean that an increasing number of seniors are living by themselves. In Canada, in 2006, just over a third of single-person-households were made up of seniors aged 65 and over (Euromonitor International, 2009). Later marriages, increasing numbers of women in the workforce, and young adults choosing to leave home for postsecondary education, are contributing to the growth of working-aged adults now living alone. In the U.K., the number of women in this category doubled in the past 20 years; today 8% of women aged 25-44 live alone (Euromonitor International, 2008).

Single-person households are increasing most rapidly in emerging economies: Vietnam, India, Philippines, Singapore, South Africa, Thailand, China and South Korea all recorded increases of over 20% in the number of single-person households between 2001 and 2006 (Euromonitor International, 2008). In addition, single-person households are typically much more common in urban centres; thus, increased urbanization is the most important upward pressure on the proportion of single-person households, particularly in developing countries (Euromonitor International, 2008).



42.5 % of households in Tokyo had just one person in 2005, 1.4 times greater than the national average of 29.5% (“Single-Person Households,” 2009).
***Image:*** *Shutterstock*

While single-person households will continue to grow in most countries, the rate of growth has slowed in recent years and is forecast to remain slow for the 2009-2014 period. This slowdown is partly due to new economic realities including the effects of the recent recession. This is particularly important in places where increased affluence has been an important driver of single-person households, for example, in Sweden, in the U.K., and in the U.S.. Previously, rising incomes allowed many single individuals to opt for their own accommodation, however, as people now seek to save money, they will be more willing to share accommodation or live with their families for longer periods of time. The demographic of single individuals sharing accommodations is also an important consumer segment, as they often hold the same desires and limitations of single individuals living alone. In contrast to the older dwellers of typical single-person households, most purely single individuals are younger and we will see more and more of them living alone: the fastest growth in living alone has been among those aged 44 or less (Palmer, 2006).

Finally, in traditionally collectivist cultures, changing values are particularly important in explaining the rise of “singletons,” both living alone and sharing accommodation. In many countries, perspectives regarding family responsibility are changing and, as a consequence, living alone or marrying at a later age is slowly becoming more socially accepted. In Seoul, the number of people who say that family members should care for aging parents plummeted from 60.7% in 2006, to 37.2% in 2008; in addition, only 29.1% (down from 47.7% over the same period) now say that society and the government should share this responsibility with family members (“Single-Person Households,” 2010). Later marriage in some collectivist countries is also contributing to more single people: today 40% of 30 year-old South Koreans are single, compared to only 14% 20 years ago (Euromonitor International, 2008).

## *ONLY ME: Singletons and Single-Person Households (continued)*

### Market Impact and Outlook

Consumption patterns of individuals living alone differ according to a range of factors, including age and level of affluence. Young individuals who are able to live alone due to increased affluence spend more time and money eating, drinking and socializing outside the home, in restaurants, cafes and bars (Datamonitor, 2009). Older individuals who live alone typically have a deeper emotional attachment to the home as they are more likely than the younger demographic to own their place of residence and are less likely to place the same importance on socialization outside the home. For this demographic then, the home is a very personal locale, where they can retreat from their social world and relax in privacy. As a result, live-alone mid-lifers often develop cocooning instincts and are more likely to seek products that not only provide a convenient size, but also respond to their desire to pamper and treat themselves without needing to eat out (Datamonitor, 2009).

Young or old, affluent singles are also more likely to opt for convenience over value in their food purchasing, and when choosing ready-meals, single portions or home-delivery, as a means of saving time and energy. Moreover, single people living alone or sharing accommodation typically have less space; therefore, they are unlikely to purchase large quantities of groceries and instead may seek out products that can be conveniently stored (Datamonitor, 2009). Dried and frozen food, as well as features as simple as re-sealable packaging, are attractive to people who eat alone, as they allow food to be kept for longer periods of time.

Responding to this trend, an increasing number of food and beverage manufacturers are changing their product packaging. Single-portion ready-meals are increasingly popular, as are regular-sized items divided into individually wrapped portions.

### Product Response


***Source**: Mintel*
Individually wrapped sticks of butter were originally developed for added convenience in baking. In 2009, Land'O'Lakes' went one step further, introducing its exclusive *1-lb. Butter in Half Sticks*: an even smaller pre-cut and pre-wrapped stick size. The company cited changing American demographics and busier lifestyles as prompting its decision to develop this new packaging that allows single people who consume smaller amounts of butter at a time, to maintain the freshness of their product over longer periods of time.


***Source**: Mintel*
Canadian retailer, Loblaws, launched a new food product line under its private label brand, President's Choice. *Dine-In Tonight* products offer a "dining-out experience at home — in minutes!" responding to the single person's desire to pamper themselves without going out. Many products in the line, including the Emmental Cheese Soufflés pictured above, are packaged in pre-measured portions which can be used to prepare full-sized or single portions.


***Source**: Mintel*
In Spain, French manufacturer, Président, launched a new version of its classic Camembert and Brie cheeses, re-packaging them in 8 individual portions. Individually wrapped portions of cheese, as with butter, provide enhanced freshness and reduced waste to those who consume only small portions of a package at one time.

## *JUST FOR ME: Niche Markets and Consumer Segmentation*

While manufacturers and marketers once sought mass appeal in their product development and advertising, appealing to mass markets fails to capture the desire of the individualist to stand out. Individualists know exactly what they want and are looking for a market that caters to their exact desires and distinct needs. This is particularly the case with health and wellness products. Consumers are aware of their own specific demographic and its corresponding health needs. A multitude of other factors also differentiate consumers from one another and provide further opportunity for product differentiation. The more precisely a consumer defines him or herself, both in terms of personality and demographic, the more appealing products marketed toward his or her distinguishing characteristics will be.

### Market Impact and Outlook

Companies are now targeting "niche markets" in a move toward consumer segmentation that is no longer seen as risky. Segmentation may occur on multiple levels: products may target a certain demographic (age group, gender, or occupation), a particular social group (culture, religion, or ethnicity) or even an individual lifestyle (points of pride, ethics, or values). Functional fluid milk and powder milk products targeted specifically at pregnant and nursing women are an increasingly popular category of products segmented toward a very specific niche market. In Asia-Pacific, these dairy products are very popular, though they still lack extensive retail distribution. In Europe, this niche market began with the 2007 introduction of "Lactel Maman" by Groupe Lactalis, which opened the market for other companies to launch similar products (see below).

Segmentation at the food and beverage retail level is also occurring to meet the desire of the consumer to use services designed with his or her specific needs in mind. Large box-stores, such as Walmart and Tesco, are launching smaller format stores to separately sell their grocery items. Retail companies are also increasingly defining their image by refining their targeted consumer segment. In the U.K., for example, Tesco is seen as targeting the middleclass, while Asda targets the lower mass-market and Waitrose markets itself to a more affluent consumer base (Mintel Group, 2008).

### Product Response


***Source**: Mintel*

In late 2008, Central Lechera Asturiana followed in the footsteps of processing giant Groupe Lactalis, launching another functional milk designed for pregnant women on the European market. "Pré Mamá" is enriched with calcium, iron, phosphorus, iodine, folic acid and vitamins. It was developed in collaboration with the Sociedad Española de Fertilidad (Spanish Fertility Society).


***Source**: Mintel*

In 2009, popular Japanese manufacturer Acebook, launched a series of soup products targeted at business women. By delegating the design to a women-only team, Acebook ensured that the product would be tailored specifically to the needs of Japanese women. Some examples include: Sam Gae Tang Chicken Soup, which contains collagen, a popular added ingredient in Japan for its benefits for skin and beauty; Cacao and Pumpkin Dessert Soup, marketed to relax and soothe women who are busy or suffering from menstrual symptoms.


***Source**: Mintel*

With an innovative take on niche-marketing, Absolut launched a "cities series" of vodka products in 2007. The vodka flavours are named after metropolises, such as Boston and Los Angeles — sources of identity and pride for many of their residents. The flavours are designed to match the spirit of the city they represent. This niche product is marketed as a tribute to residents of the featured cities, and refers to a specific feature that distinguishes consumers born or living in the respective cities, from other consumers (Trendwatching, 2009).

## *JUST FOR ME: Mass-Customization and Open Innovation*

Individualist consumers are motivated by a sense of empowerment and are eager for avenues of self-expression. Allowing a consumer to participate in the design of a product creates an experience that recognizes the value he or she places on personal input, while also appealing to their desire for self-expression and unique products. Moreover, by engaging the consumer in a memorable manner, through customizable products or consumer-generated content, manufacturers can foster consumer loyalty. In food and beverage, consumers are increasingly attracted to products that may be simply adjusted to suit their tastes.

Starbucks was among the first to capture consumer desire for customized beverage products. Starbucks has created a beverage ordering experience that answers the individualist's need for empowerment, creativity, and personalization. Through 14 parameters, consumers design exactly what they wish; in addition, by using a company formulated language, the perceived uniqueness of the product is enhanced (Durham, 2007). Who has not stood in line at Starbucks to overhear an order for an extra-hot-tall-half-caf-no-foam-double-shot-soy-milk-peppermint-latte-to-go?

### Market Impact and Outlook

One increasingly important strategy in responding to this trend is the use of consumer-generated content. This occurs when consumers submit input in the design of a product made just for them, or participate in the design of a new product by way of an open contest. Customization in foodservice is also gaining popularity: Burger King, for example, has recently opened a new Whopper Bar concept in the U.S. (soon to open in the U.K.), where customers have a choice of 22 toppings and sauces to personalize their burger (Mintel Group, 2009). In line with its emphasis on individual choice, Burger King has re-adopted its slogan from the 1970s: "*Have It Your Way*" (McCarthy, 2005).

Allowing the consumer to tweak the seasoning or sauce of a product is an increasingly popular way of providing customization for packaged foods. In Asia-Pacific, this is tremendously popular with instant noodle, pasta, and rice products; while in the West, popular "salad-kits" allow consumers to adjust the level of dressing and extras. While certainly gaining in popularity, the concept of customization is still relatively under-developed in the food and beverage industry; most consumers prioritize other attributes, such as cost and convenience, over personalization. Nonetheless, when a personalized product is popular, consumers will justify a premium price. Customized M&M's by Hershey, for example, sell for approximately US$2.50 per ounce.

### Product Response


**Source:** *Mintel*
Launched in the U.K., by Fresh Retail Ventures under the Jamie Oliver Brand, the "Funky Leaf Salad Kit" contains arugula, radicchio, red chard, and garlic chives, as well as a separate sachet of herb and roasted garlic dressing, and a separate sachet of red onion and smoked paprika croutons which allow consumers to customize their salad to their taste preference. Washed and ready to eat, it is also healthy and convenient.


**Source:** *Mintel*
Ben & Jerry's *Fairly Nuts Ice Cream*, is a caramel ice cream with praline-almond clusters and caramel swirls. It is kosher, climate neutral, made with free-range eggs, fair-trade sugar, and sustainably produced dairy. It was launched in March 2010 as the winner of Ben and Jerry's "Do the World a Flavour" contest. The company website, allowed consumers to submit proposals by clicking on ingredients. With each click, the fair trade area from which the ingredient was sourced would be displayed.


**Source:** *Mintel*
German manufacturer, mymuesli.com, offers consumers the chance to customize their own muesli and have it delivered to their door. On the company website, consumers can choose a "muesli base" from 13 choices, and then enhance their base by selecting from 19 "basic ingredients", 17 fruits, 17 nuts and seeds, and 15 "extras" – all of which are organic. Consumers are even able to give their unique mix a custom name.

## CONCLUSION

**Source:** *Shutterstock*

The consumer trend of individualism is without a doubt deeply entrenched in Western consumer culture, and is gaining momentum worldwide. Consumers in emerging economies are mirroring their Western counterparts in increasingly seeking products tailored to their specific desires. Gaining consumer loyalty in this new market climate involves catering to new needs, including those of the growing number of consumers living alone. Consumer segmentation, on many levels, may be an effective strategy in this regard, as niche markets act as points of differentiation between the needs and desires that different products fulfill. In addition, manufacturers and marketers of food and beverage products, are subject to increasing scrutiny of health and environmental claims. Generally, consumers are far more confident in making up their own minds as to a product's purported benefits. Succeeding in this market demands clarity, simplicity, and integrity. Finally, cutting-edge innovation is driving the release of numerous new food and beverage products, that are successfully tapping the individualist's market: from customizable cereals, to products catering to very narrow markets, such as pregnant and nursing women. Creativity will continue to play a key role in the development of new food and beverage products in a global market that is all about *the individual*.

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**Global Consumer Trends: Individualism**



ISSN 1920-6593 Market Analysis Report
AAFC No. 11262E

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