Assessing Consumer Trends Impacting the Food Industry

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consumer FOOD TRENDS

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Consumers & Their Needs

A Healthy Outlook on 'Better for You' Fare

By Charles Baldwin, Research Analyst

Today, consumer attitudes towards health seem to be evolving and gaining relevance. To be sure, the dining public is being pushed along by government efforts:

- The once-every-five-years revision of the USDA Dietary Guidelines, released in January, provides blunter and more specific nutrition advice than ever before: decrease calories in; increase calories out through exercise; limit sodium, refined grains and empty calories; eat more veggies, fruits, whole grains and lowfat dairy products; choose a variety of proteins, including seafood; replace unhealthy fats with oils.
- Also in January, the national mandate for nutrition labeling on menus or menu boards of chains—passed last year as part of healthcare reform—went into effect.
- First lady Michelle Obama's anti-obesity initiative is bearing fruit, including a new law improving school nutrition.

Consumer research confirms that the dining public is paying attention to this steady drumbeat of nutrition advice. Technomic's recent *Healthy Eating Consumer Trend Report* found that nearly half of those polled (47%) would like restaurants to offer more food that they consider to be healthy.

Consumers will attest that they are steadfastly committed to eating balanced and nutritious meals, both when preparing food for themselves at home and when they dine out at restaurants. However—as Technomic research finds time and again—consumers faced with making choices in a restaurant will more often than not succumb to their cravings, opting for generous portions and indulgent flavor profiles instead of lighter fare.

Pleasing customers in such a fluid and contradictory environment is quite a puzzle. Operators have introduced healthful items again and again over the years, as often as not seeing them fizzle. There's clearly more consumer interest today, but how does that translate to real-life menus? Technomic's new *Healthy Eating Consumer Trend Report*, based on an online survey of 1,500 consumers, explores how consumer attitudes toward health shape foodservice usage and purchasing behaviors today.

Defining a healthful diet

Most consumers describe their overall dining behavior as generally healthy. However, consumers differ considerably in how they actually achieve what they consider a healthful diet.

For some (17%), healthy dining means following a specific diet plan, such as the South Beach Diet. These options are primarily focused on weight loss rather than a more comprehensive approach to promoting general well-being.

But most consumers define for themselves what they consider a healthful diet, free of specific restrictions. More than two out of five consumers (44%) indicate that even though they do not follow a defined diet, they tend to eat healthfully most of the time—and 11% report that they eat healthfully all of the time without following a specific diet.

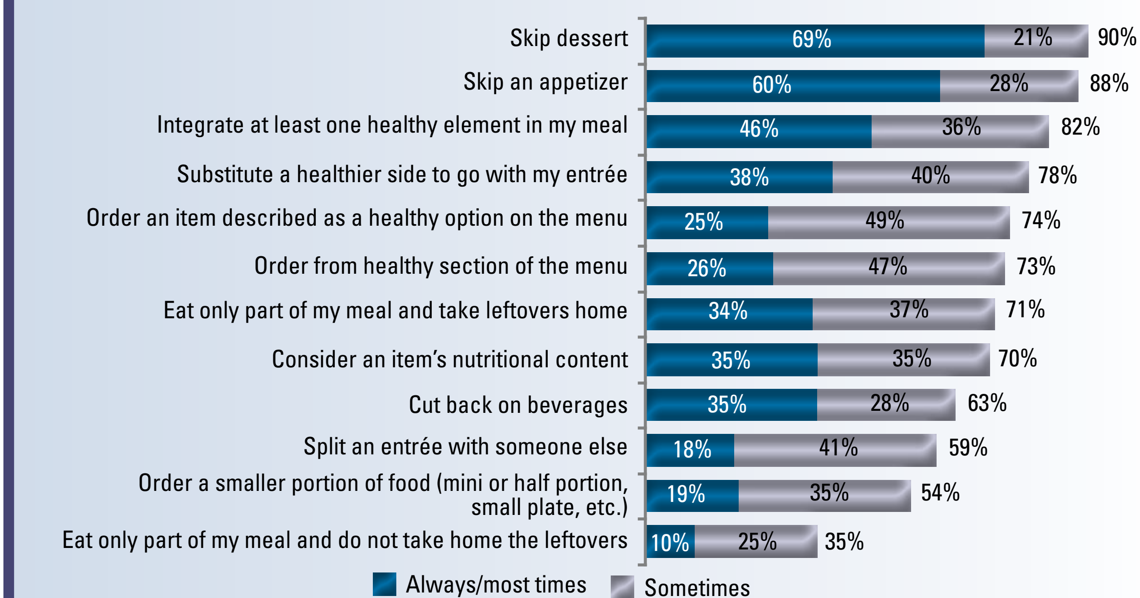
Because these groups, taken together, represent the majority of the dining public, it is important for operators and suppliers to provide a wide variety of healthy options on the menu, as well as opportunities for diners to customize the ingredients, preparation style and portion size of their meal.

Strategies for dining out

Consumers employ a wide variety of strategies to eat healthful meals at restaurants. Generally, they order fewer items, limit portion sizes, add healthier items to their meal, or choose "better for you" options from the menu.

How often do you do the following at restaurants as a way to eat healthy?

Sometimes or more often



Base: 1,500 consumers aged 18+
Source: Technomic, Inc.

Technomic's research shows that consumers are most likely to limit the number of items on their order, with about nine out of 10 consumers saying they sometimes or often opt out of dessert or appetizers as a way to eat healthy (and lower their check average as a bonus). More than three out of five consumers also say they may order fewer beverages as a healthy-eating tactic.

Roughly four in five consumers polled report that they frequently integrate healthy elements and substitute healthier side items as ways to maintain a healthy diet at restaurants. These "addition" strategies cost consumers more than "subtraction" strategies (and by the same token build the operator's bottom line by increasing check averages).

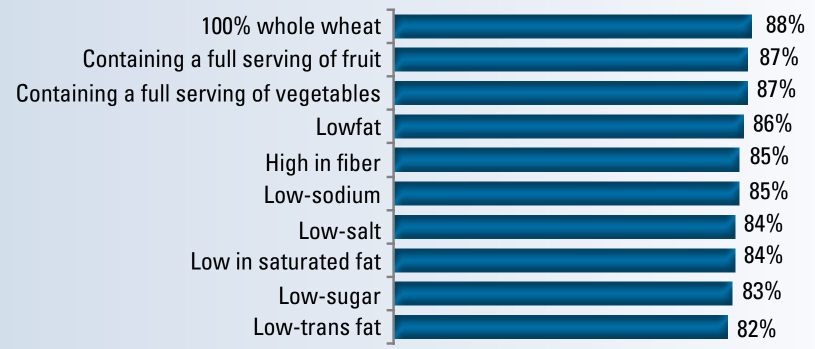
In addition, nearly three out of four consumers say that they sometimes order an item specifically described as "healthy" or from a specific "healthy" menu section.

Addition beats subtraction

In order to better understand how consumers define healthful foods, Technomic presented survey respondents with a range of terms used to describe foods and beverages, asking them whether and to what degree they associated each term with "healthy" or "unhealthy" fare. It turns out that consumers are more strongly impacted by food and beverage descriptors that flag the addition of healthy ingredients. For instance, nearly nine out of 10 consumers polled say that items containing 100% whole wheat or a full serving of fruit or vegetables would be more healthful than other items on the menu. Of the five top-rated health descriptors, four designate something added rather than something subtracted.

Food that is described as _______ is...

Top two box = slightly more and much more healthy



Base: Approximately 500 consumers aged 18+
Consumers indicated their opinion on a scale of 1–5 where 5 = much more healthy and 1 = much less healthy
Source: Technomic, Inc.

Nevertheless, consumers also define healthful menu items based on what is absent from the item. "Lowfat" callouts garner the strongest consumer response; items designated as low in saturated fat or trans fat also rate high. "Low-sodium" and "low-salt" were also flagged as terms denoting healthful fare; so was "low-sugar." Consumers' awareness of these unhealthy ingredients has likely grown stronger as of late due to recent government initiatives.

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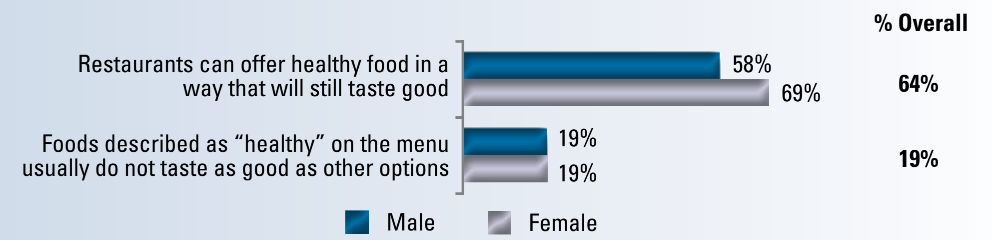
Most consumers (and especially women) think healthy foods can be delicious.

'Good for you' food that tastes great

Those who've been in the restaurant business for awhile recall the old stigma surrounding foods positioned as healthy options. Consumers used to assume there was an inverse relationship between the healthfulness of a menu item and its deliciousness. However, this negative perception does not seem to be nearly as widespread as it once was. On the contrary, many consumers now associate fresh, healthful fare with better taste and quality. Close to two-thirds of consumers strongly agree that restaurants can offer healthful food in a way that tastes good.

How much do you agree or disagree with the following statements?

By gender, top two box = agree and agree completely



Base: 1,500 consumers aged 18+
Consumers indicated their opinion on a scale of 1–6 where 6 = agree completely and 1 = disagree completely
Source: Technomic, Inc.

Women drive this positive response and are the primary demographic purchasing healthy menu items. Fully 69% of women, compared to 58% of men, say they don't have to sacrifice taste when they order healthy food at restaurants. This means that operators are getting it right where it counts the most—among the restaurant-goers who seek "better for you" options as a habit.

Today, only a fifth of consumers think the taste of healthy menu items can't match that of standard offerings. Most consumers today feel that foods labeled as healthy can be at least as flavorful as anything else on the menu.

These findings speak to the success of recent health-oriented and calorie-specific menu innovations:

- **Applebee's Neighborhood Bar & Grill**'s Under 550 Calories Menu, advertised as offering "All the taste. None of the trade-offs," offers at least five entrées that satisfy these nutritional specifications.
- **Corner Bakery Cafe** recently expanded its 100 under 600 menu, which now features 100-plus possible sandwich, soup or salad combination meals containing fewer than 600 total calories.
- **Ruby Tuesday** features a Fit & Trim line of healthy dishes with 700 calories or fewer, including 15 flavorful entrées and five side items.

Moving forward with healthy profit margins

More and more operators are unlocking the secret to flavorful, "better for you" offerings. Consumers' attitudes toward health play an increasingly significant role in shaping foodservice usage and purchasing behaviors. But attitudes toward what's healthful or unhealthful change from year to year—witness the rapid rise and equally rapid decline of the "low-carb" fad. For restaurant operators attuned to changing nutrition concerns and evolving consumer attitudes, opportunities abound to capitalize on the latest healthy dining trends. We may very well be on the verge of a paradigm shift—in which consumers' health and restaurateurs' wealth will be dependent on one another more than ever before.

Consumer Research

Data Briefs Impacting Away-from-Home Dining

By Kelly Weikel, Research Manager

Is "natural" certification next? There's currently no universally accepted or legally mandated definition of the term "natural," so food and foodservice purveyors are free to interpret it as they wish. A recent poll by Mango Sprouts Marketing found that consumers aren't satisfied with how companies use the term and would like to see some regulation of its use on product labeling. Of the 1,000 consumers polled, more than a third (34%) said that they are not very or not at all confident about the validity of "natural" labels. Fully 90% of consumers asked indicated interest in some type of certification process for foods that carry a "natural" description, similar to federal

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Consumers want certification for "natural" foods, and research suggests it would increase their allure.

government certification of organic food. Nearly two-thirds of consumers (65%) said they would be very interested in "natural" certification for ingredients and processes, and another 25% would be somewhat interested. Respondents were more split on the type of certification they would prefer, with a third (33%) saying that they favor either third-party certification by a nonprofit organization or the adoption of a government standard. About a fifth of consumers would rather see an industry-supported standard (23%) or a standard defined by retailers (18%). Technomic research suggests that a certification process for natural foods would lead consumers to see them as even more healthful; consumers tend to perceive specific health claims such as "certified organic" to be better indicators of the healthfulness of an item than vague or unregulated terms such as "natural."

Millennials are likely to refresh the adult beverage market. Millennials (defined as consumers between the ages of 21 and 34) will account for 40% of all adults in the U.S. over the next 10 years—and that may be good news for the adult beverage industry, according to a new Nielsen study based on a survey of 7,500 Millennials. Members of this generation are more likely than others to equate higher-price-point adult beverages with better quality and to say that they plan to trade up to premium beverages once the economy recovers. These younger consumers are also interested in adult beverages that were produced in the area and help the local economy. Millennials prefer beer but, like previous generations, are likely to shift more to wine and spirits as they age. Technomic's *Generational Consumer Trend Report* found that Millennials are more likely than older adults drink adult beverages with their meals, both at home and at restaurants.

Consumers are expected to increase alcohol purchases in bars and restaurants in 2011. Adults of all ages are beginning to order more drinks as they entertain away from home. Citing an improving sales climate at the nation's eating and drinking establishments, Technomic is forecasting an uptick of 1.9% in away-from-home adult beverage sales this year following on weak sales in 2010. Spirits-based drinks will see the highest rate of growth at 2.3%, with some consumers returning to more expensive cocktails and premium brands. Wine sales will increase by 1.4% but are being depressed by a move toward more wines-by-the-glass and lower-priced value wines. Beer sales are expected to grow 1.6% and will be supported by continued strength in the craft/microbrew beer category.

Consumer Tactics to Improve Family's Health	
Serving more nutrient-rich foods	82%
Balancing amount of foods/beverages consumer with physical activity	74
Paying attention to portion sizes	69
Better management of high-calorie foods/beverages	67
Paying attention to calories	52

Source: 2010 Dietary Guidelines Alliance Advisory Committee Report

Calorie complexity. The seemingly simple idea of enjoying family meals but eating less to maintain healthy weight doesn't seem easy to most American families. Recent research by the Dietary Guidelines Alliance, a partnership among leading health organizations, food industry organizations and the federal government, found that just 14% of parents consistently pay attention to the family's calorie consumption, and even fewer (9%) believe it would be the easiest thing to do on a regular basis to improve their family's health. Only 52% said it's important to pay attention to calories; in contrast, most consumers say that they pay attention to portion sizes (69%) and try to limit specific high-calorie foods or beverages (67%). About three out of four consumers (74%) prefer to balance calories in with calories expended through physical activity. Instead of counting calories, parents seem more focused on adding healthy elements to meals; 82% say they can support a healthy lifestyle for their family by adding more nutritious foods such as whole grains, fruit, vegetables and lean meats.

Does volume equal value? Studies routinely show that when offered a larger portion, most people automatically eat more, regardless of whether they're hungry. A determination to get value for money can also play a role. In a recent study, researchers observed 79 customers at an all-you-care-to-eat pizza buffet restaurant in Champaign, IL, including some who paid the full price of $5.98 and others who used a half-off coupon. The participants who received the coupon averaged three slices of pizza; those who paid full price averaged four slices. But when the consumers were asked to rate the taste of their pizza, the findings were inverted—those who had paid full price gave lower taste ratings than those who had paid half price.

2010 Top 20 Buzz Scores: Dining Brands

Rank	*Brand*	*2010 Buzz Score*
1	Subway	41.7
2	Olive Garden	36.0
3	Outback Steakhouse	28.6
4	Applebee's	26.9
5	Dairy Queen	26.8
6	Wendy's	26.7
7	Dunkin' Donuts	26.2
8	Red Lobster	25.3
9	Pizza Hut	24.9
10	Papa John's	24.3
11	IHOP	23.3
12	Chick-Fil-A	22.3
13	Panera Bread	20.4
14	Sonic	20.2
15	Chili's	19.9
16	The Cheesecake Factory	19.7
17	Taco Bell	19.5
18	Domino's	19.4
19	Burger King	17.8
20	Cracker Barrel	17.2

Source: YouGov's BrandIndiex

Subway is the most talked-about restaurant brand, Domino's the most improved. BrandIndex, which tracks consumer perceptions of restaurant brands, asked consumers to rate how often they had heard of specific brands in the two previous weeks and whether the buzz was positive or negative. Subway outpaced all other chains in buzz, buoyed no doubt by its popular $5 foot-long promotion and "eat fresh" marketing. Casual-dining chains Olive Garden, Outback Steakhouse and Applebee's followed Subway in the rankings, a positive sign for a segment that has struggled as of late. Domino's took top marks for improvement, after revamping its pizzas a year ago and then heavily publicizing the upgrade.

Kids given lower-sugar cereals eat more fruit—and don't mind the switch. A year after General Mills and other food manufacturers began reducing sugar in cereals targeted at children, research at Yale's Rudd Center for Food Policy and Obesity finds that healthier cereals may be just fine with kids aged 5 to 12. Half of the children in the study were given a choice among three low-sugar cereals, while the other half were given a choice among three high-sugar cereals; all were offered lowfat milk, orange juice, strawberries, bananas and packets of sugar to supplement the meal. The children who were given the low-sugar cereal were much more likely to choose fresh fruit; 54% of those in the low-sugar-cereal group adding fruit to their meal, compared to just 8% in the group that ate high-sugar cereals. While caloric intake was similar for both groups, the consumers of high-sugar cereal ate a much higher proportion of their calories in sugar (even though both groups were offered sugar and fruit as options). Researchers concluded that a child's meal of a low-sugar cereal with the addition of natural sweetness through fruit is just as appealing to the child as a high-sugar-cereal meal. Technomic's Kids and Moms study found that kids wanted to eat healthier options; well over three-quarters of kids polled reported that over the previous six months they had tried to eat more fruit and vegetables.

Eco-friendly practices are slipping while self-congratulation is on the rise. More consumers identify themselves as driven by environmental concerns, but fewer are practicing eco-friendly habits. Harris Interactive found that 2,400 consumers polled in late 2010 were less likely to purchase sustainable foods than were those polled in 2009—down to 33% from 39%. Fewer consumers purchased organic foods in 2010—15% compared to 17% the year before. The higher prices of such foods may be responsible for some of the falloff. Fewer consumers are conserving water (57% compared to 60% in 2009), switching from bottled water to tap water (23% compared to 29%) or composting organic waste (15% versus 17%). Yet consumers are more likely to identify themselves as being concerned with the environment and to describe themselves as a conservationist, environmentalist or "green."

Gulf oil spill has lingering effects on seafood consumption at restaurants. Last summer's oil spill in the Gulf of Mexico released an estimated 200 million gallons of oil over the course of three months. Despite the fact that only about 2% of fish and seafood eaten in the United States comes from the gulf, the spill has continued affecting consumer behavior. A new study by Technomic finds that 23% of consumers say their consumption of seafood at restaurants decreased during the spill. Perhaps more importantly, 19% were still eating less fish even as much as four months later as a direct result of the spill. While these changes may not be permanent, they have lasted beyond the media's coverage of the spill and are a testament to the strength of that imagery.

Foodservice Happenings

What's in Store for RMS

By Aimee Harvey, Editor

Retailer meal solutions (RMS) from supermarkets, convenience stores and other food stores meet different needs for different consumers. For some, these ready-to-eat or ready-to-heat prepared foods are an aid to their efforts to eat healthfully. Other consumers want a quick, convenient alternative to the time-consuming chore of cooking at home. Still others want to sub for a restaurant experience; they're seeking retail foods that are on the level of restaurants' foods in terms of quality.

But the truth is that retailers are now ahead of the restaurant curve when it comes to the latest, most up-to-date flavors, ingredients and preparations. RMS formats are competing with typical limited-service restaurants by offering trendy international foods and less-mainstream fare like hummus, sushi and edamame to go. Made-from-scratch preparations may not be feasible in a QSR environment, but bustling retail kitchens are heavily promoting their housemade foods—everything from tortillas and breads to salsas and soups, all made onsite every day.

Technomic Insight

Retailers are now ahead of restaurants in offering trendy flavors.

RMS purveyors are positioning their offerings as not just on a level with restaurant foods in terms of quality, but better. Retailers are taking an active role in interpreting today's culinary happenings for food shoppers, helping to set RMS items apart from both restaurant offerings and home-cooked foods.

A brutal economy has nudged many consumers back into home kitchens to save money by cooking for themselves. These consumers are also doing more food shopping, and increasingly creative RMS has given them something to pique their interest when they visit a grocery store: prepared items that they cannot duplicate at home.

Technomic's recent *Retailer Meal Solutions Consumer Trend Report* makes note of numerous trends that have gained traction in the RMS market over the past year. Bold and spicy flavor profiles, customization, ethnic/global inspirations, and health and wellness have been essential themes in the development of RMS food and beverages.

Our research has led us to uncover the following trends for RMS meals and snacks.

Wings take flight

Variety and flavorful sauces for chicken wings take center stage in the menu development of this snack. 7-Eleven, which late last year launched chicken wings as part of its expanding hot-food program, offers Asian, Spicy Breaded and BBQ varieties. The c-store kicked off the launch with a "3 Free Wings" promotion, available with the purchase of any drink. The wings are offered at an everyday low price of 50¢ a piece.

In the supermarket realm, wing bars have become widespread and hugely popular. Major retailers have mapped out new wing-bar areas as part of recent remodeling projects. Others have expanded their existing wing selections to include a broader range of sauce flavors, allowing for customization with extra-hot, sweet-and-spicy or honey-accented sauces. Some recent examples of RMS wing bars at traditional and upscale supermarkets:

- **Byerly's** self-serve wing bar is among its new food bars and stations. Wing varieties include Breaded, Boneless, Buffalo, Peanut Thai, Rosemary Lemon, BBQ, Cajun and Chili-Lime-Mojito.
- **Price Chopper**'s chicken-wing flavors include Plain, BBQ, Buffalo Glazed, Honey Mustard and Jerk.
- **Schnucks'** latest store revamp in Columbia, MO, features a new wing bar.
- **Stop & Shop** offers BBQ, Buffalo, Teriyaki, and Honey Stung chicken wings.
- **Wegmans'** wing bar features Buffalo, X-Hot Buffalo, Sweet & Spicy and BBQ chicken wings or chicken fritters; the wings are accompanied by bleu cheese crumbles.
- **Winn-Dixie** features new wing bars in its recently renovated Miami stores.

New global influences

Mediterranean and Middle Eastern offerings, including olive bars and hummus, have become increasingly popular over the past year. Mediterranean cuisine is especially notable for its associations in the minds of many consumers with flavor, health and wellness. Among recent promotions of Mediterranean fare:

- **Food Emporium**, an upscale A&P banner, held an event called "A Taste of France"—featuring more than 30 French specialty food products and brands.
- **A&P** ran a two-day, build-your-own-antipasto promotion that allowed customers to sample antipasto with mix-and-match cured meats, hard and soft cheeses and marinated vegetables.

Retailers like PCC Natural Markets and Mollie Stone's report that sales at gourmet olive bars have held up well through the economic recession, and gourmet retailer Jungle Jim's said 2010 was its best year ever for olive-bar sales. Here are just a few recent examples of Mediterranean-inspired food bars:

- **D&W Fresh Markets** feature wide-ranging varieties of olives, antipasti and caprese salads among its olive-bar selections.
- **Martin's Food Markets** offers a Mediterranean Bar featuring hummus, stuffed grape leaves, feta cheese, roasted peppers and olives.
- **Earth Fare** offers a traditional antipasti selection of pepperoni, salami, soppressata and hot chorizo along with marinated olives and artichokes, provolone and feta cheeses, and artisan bread.
- **Jungle Jim's** expanded its Mediterranean olive bar to include not just olives, but preserved lemons, capers, roasted and marinated garlic, roasted peppers, feta cheese, marinated mushrooms and artichokes, and a number of salads.

American consumers are interested in global foods overall and some are ready to give new ethnic flavors a try. The Middle Eastern side of the Mediterranean is represented by ingredients like hummus, couscous and Moroccan sauces. Here are some of the most recent examples of how Middle Eastern flavors and ingredients are being promoted for RMS.

- **Trader Joe's** features an unusual Guacamole Hummus, made with avocados, garbanzo beans, seasonings and spices; the result is guacamole taste with a hummus-like texture.
- **Central Market** offers a Moroccan Salad with Mandarin oranges, spiced garbanzo beans, feta cheese, fried capers, grape tomatoes, red onions and a Moroccan charmoula vinaigrette.
- **Fresh & Easy** borrows from a couple of cultures with its Curried Chicken with Israeli Couscous—chicken breast pieces marinated in curry and yogurt over baby spinach, served with Israeli couscous and cilantro dressing. Fresh & Easy also lists a grilled chicken with Moroccan couscous as well as a Greek yogurt-and-cucumber dip.

Hispanic side offerings have been another highlight of RMS innovation over the past year.

- **Wegmans** lists family-sized sides of its Black Beans & Rice.
- **Whole Foods** offers *elotes*, Mexican-style roasted corn on the cob slathered with jalapeño-lime mayo, fresh Mexican cheese and a dusting of chili powder.
- **Winn-Dixie** offers both rice and beans, along with a side of fried plantains.
- **ampm** introduced a proprietary line of packaged Hispanic snacks under its El Mero brand. They include dried mango slices coated in a chili-sugar mixture, crunchy garbanzo beans with chili powder and a touch of lime, and Churritos—chile-flavored corn sticks.

Emerging ethnic appetizers and sides reflect a growing Asian influence on food and drink. Sushi, Asian buns and egg rolls are part of this trend. Up-and-coming is Indian cuisine, with upscale retailers leading innovation. There may be a chance for Indian fare to expand and trickle down to a mass-market retailer level. Some assorted examples of Asian-inspired starters and sides:

- **Dorothy Lane** offers potstickers in chicken teriyaki, traditional pork, vegetable and lemongrass versions; steamed dumplings filled with sweet barbecued pork; Sui Mei, a chicken-and-corn dumpling; a veggie egg roll and a shrimp-coconut spring roll.
- **Fresh & Easy** tempts its customers with Onion Bhajis—Indian-style onion fritters.
- **Trader Joe's** purveys an Indian-style Masala Lentil Dip made with puréed lentils and seasoned with brown sugar and traditional Indian spices, including paprika, coriander, cumin, curry and cardamom. It also offers raita, a spicy Indian yogurt dip.
- **Whole Foods** features hot Indian food bars at select locations.
- **Mollie Stone's** has also been offering more Indian entrées for grab-and-go, including curry dishes, chicken masala and chicken vindaloo.

Better-for-you choices for kids

Health and nutrition are the primary buzzwords in kids' foods in RMS sections of food stores. Menu development typically focuses on lower levels of sugar, sodium and fat. The use of whole grains and fresh fruits and vegetables was central to the preparation of new kid-friendly offerings in 2010.

- **Fresh & Easy**'s new Goodness line for kids features packaged items as well as RMS. Like all Fresh & Easy food lines, the Goodness offerings are free of artificial colors and flavors, preservatives, trans fats and high-fructose corn syrup.
- **Publix** rolled out a line of kids' meals in 2010. The five fresh, ready-to-eat meals are priced at $3.99 and include an entrée, two vegetable/fruit sides and choice of juice or milk. The deli worked with Publix's in-house registered dietitian to make sure that the new kids' options were nutritionally balanced.
- **Super 1 Foods**, a Tyler, TX-based grocery, recently added three new options to its Super Fun Lunch deli box meals for children. The box lunches, priced at $2.59 each, feature meat, wheat, fruits and dairy and are prepared with nutritional guidelines in mind; options include a turkey sandwich with an apple and orange juice.

What's next for RMS?

Expansion into new channels is remaking RMS once again. Purchase frequency has increased over the past three years—especially at c-stores, mass merchandisers and warehouse/club stores, all of which have aggressively expanded and promoted their foodservice offerings in the past two years. This indicates that consumers want more RMS options and are open to purchasing them at stores beyond supermarkets if they are available.

Look for more retailers in the drugstore and c-store arenas to expand offerings of fresh fruit and other foods. CVS, Duane Reade and Walgreens have all bolstered their food selection with fruit, prepackaged sandwiches and other grab-and-go foods. Ready-to-heat entrées may be on the horizon for Walgreens.

Brand migration between the retail and restaurant sectors continues to blur the distinction between food stores and foodservice. Restaurant chains are opening units inside restaurants—from beverage-and-snack spots such as Jamba Juice, Krispy Kreme, Seattle's Best and Starbucks, to traditional QSRs like Blimpie, El Pollo Loco, McDonald's and Nathan's Famous, to sandwich-focused concepts such as Atlanta Bread or Subway. Even full-service chains, from Denny's to Dickey's Barbecue Pit, have staked out new territory in retail stores.

There's another migration in the opposite direction: retailers to restaurateurs. Wegmans, Safeway and other grocery chains have recently developed and launched standalone restaurants. Wegmans' Next Door Bar & Grill, billed as "a fun place with great food," is located across the street from its store in Pittsford, NY. Safeway operates Citrine New World Bistro in Redwood City, CA, promoted as offering innovative cuisine prepared fresh to order.

In addition, restaurants are feeling the heat from RMS, prompting them to develop their own home-meal-replacement offerings as an alternative to retail foodservice. Consumers welcome home-meal offerings at restaurants; 44% of those surveyed by Technomic said that they would like more restaurants to offer family-sized options they can purchase to eat at home.

Horizon Scan

Trend or Aberration?

By Anne Mills, Research Analyst

Viva Mexican! Mexican food is more popular than ever, according to Technomic's new Market Intelligence Report: Mexican. The number of Mexican menu items on restaurant menus rose 3.3% from 2009 to 2010—including an impressive 22.5% rise in the number of fish tacos. The number of chains offering Mexican items rose 5.4%. Limited-service Mexican chains are a bright spot for growth; they were able to increase sales 2.7% on 1.8% unit growth in 2009, during a period when the restaurant industry contracted 3.2%. Several top Mexican chains within the Top 500 were able to achieve double-digit sales increases. The rise in popularity of Mexican food is the culmination of a number of factors converging in foodservice. Mexican concepts fit well into the fast-casual segment, which is booming. Consumers are also calling for authentic ethnic dining experiences and spicier, more flavorful foods. Consumers have begun to respond to regional preparations of Mexican items, much like Tuscan or Sicilian within the Italian category or Cantonese and Sichuan varieties of Chinese food.

Technomic Insight

The American Heart Association's strong stand on salt may raise awareness of this key nutrition issue.

President Obama signs food safety bill. On January 4, President Obama signed into law the Food and Drug Administration Food Safety Modernization Act. The legislation, which has the backing of both the National Restaurant Association and the National Council of Chain Restaurants, enables the FDA to order recalls of tainted foods; increases inspections of domestic and foreign food facilities; requires the FDA to draft new rules for the growers and processors of higher-risk fruits and vegetables; and creates stricter food safety standards for imported foods, among other provisions. The Center for Disease Control estimates that one in six Americans—about 48 million people—are sickened from foodborne illnesses annually, with about 128,000 hospitalizations and 3,000 related deaths.

The FDA redrafts menu labeling guidelines. The U.S. Food and Drug Administration withdrew its draft guidance on federal menu labeling regulations while it works on final rules. In a statement, the agency said it recognized that the restaurant industry might require more guidance from the FDA and time to comply with the provisions that went into effect when the bill was signed last year. The FDA said it would issue proposed regulations by March 23, and plans to complete the full rulemaking process before it takes any enforcement action. The FDA also told state and local authorities not to enforce the regulations until the final rule is published later this year.

American Heart Association pleads for reduced salt intake. In January, The American Heart Association (AHA) issued a call to action for the public, health professionals, the foodservice industry and the government to make a greater effort in reducing Americans' daily sodium intake. The AHA calls for the consumption of no more than 1,500 milligrams of sodium a day. Any more than that could lead to elevated blood pressure and an increased risk of stroke, heart attack and kidney disease. Currently, the average sodium consumption in this country is more than twice the AHA's recommended 1,500 milligrams—most of that from packaged and processed items and restaurant foods. According to the AHA, even a modest 400-milligram decline in daily salt intake could produce substantial benefits.

Food prices on the rise. Wholesale food prices rose sharply for the second straight month in December as average wholesale food prices jumped 1.1%. This follows a 1.3% increase in November and marks the fifth gain in the last six months. On an annual basis, wholesale food prices rose steeply in 2010 after a brief reprieve in 2009. Average wholesale food prices jumped 4.9% in 2010, easily wiping out 2009's record-tying drop. Combined with 2007 and 2008 increases in food costs—the largest jumps in nearly three decades—average wholesale food prices were up more than 17% in the last four years.

The latest addition to cocktail menus: super fruits. More restaurants are featuring "super fruits" on their bar menus. Super fruits like açaí, goji berries, dark berries and pomegranate are high in antioxidants, which seem to have health-promoting and anti-aging qualities. Hard Rock Café, for one, is using super berries such as blackberries, blueberries and raspberries in several of its drinks.

iPad: not your daddy's wine list. Apple introduced the iPad less than a year ago, in April 2010, but already a variety of restaurants from upscale concepts to quick-service chains are employing the device to help customers select wine. Customers use the iPad to select wine bottles with the flavor profile, food affinity and price point they want. David Flom, co-owner of Chicago Cut Steakhouse, said he uses 40 iPads as wine lists, and sales of his 750-item wine selection are about 20% higher than they were in comparable upscale steakhouses he has managed. The iPad gives diners the information and encouragement they need to order more wine, Flom said.

Forest-to-table is the latest twist in the local-food trend. Local food is a hot trend in the foodservice industry as restaurateurs look to nearby farms for fruits, vegetables and meat. Now foresters want to join in. They are promoting produce such as mushrooms, berries and salad greens that flourish in the woods. Governments are even getting in on the trend. The county tourism board of Asheville, NC promotes food adventures by giving families directions for berry picking, mushroom gathering and harvesting wild leeks in the forest.

Consumer Food Trends is prepared six times a year by Technomic, Inc. to assist food industry professionals in gaining early insights from scattered and seemingly unrelated events that impact consumer perspectives on food, menu and taste trends. Reports monitor the entire food industry with special attention to restaurants and foodservice, emerging specialty channels and the periphery of the supermarket where future foods are more likely to first appear. Annual subscriptions are $495. We welcome your comments.

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