

Consumer trends and markets: Attaining competitive advantage on European food markets

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Competitive pressures on European food markets

- § Easier access to markets means more competitive intensity
- § Big retail chains have become the dominant channel member
- § Consumers demand is complex, heterogeneous and dynamic



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Competing on European food markets

- § Select your target group
- § Create value
- § Relate to current trends
- § Define your role in the value chain
- § Exploit your capabilities
- § Find the right partners



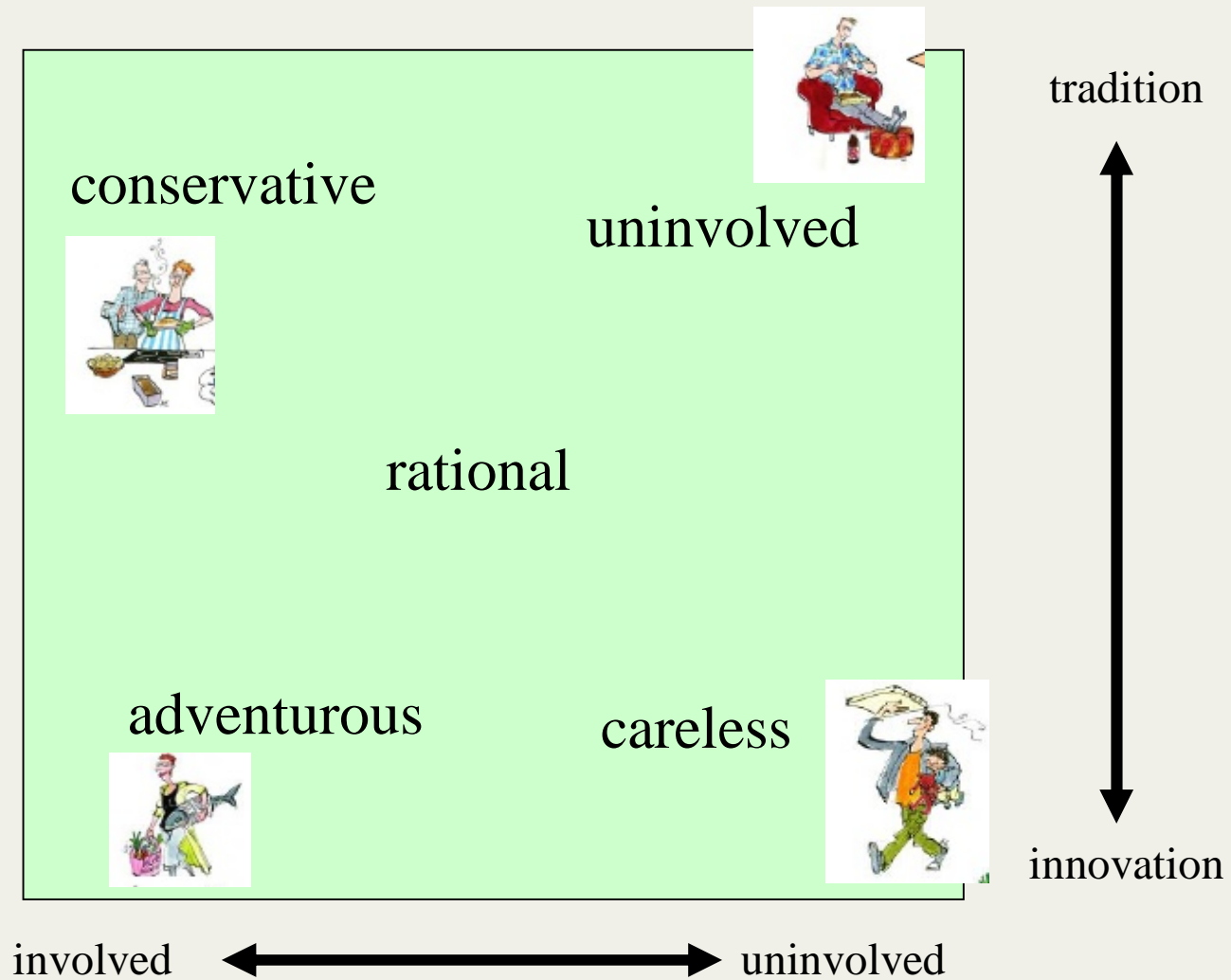
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Select your target group

- § People differ in the role that food plays in their life
- § These differences will have an impact on
 - Which kinds of products they look for
 - How they shop
 - How they cook
 - How they eat





Select your target group

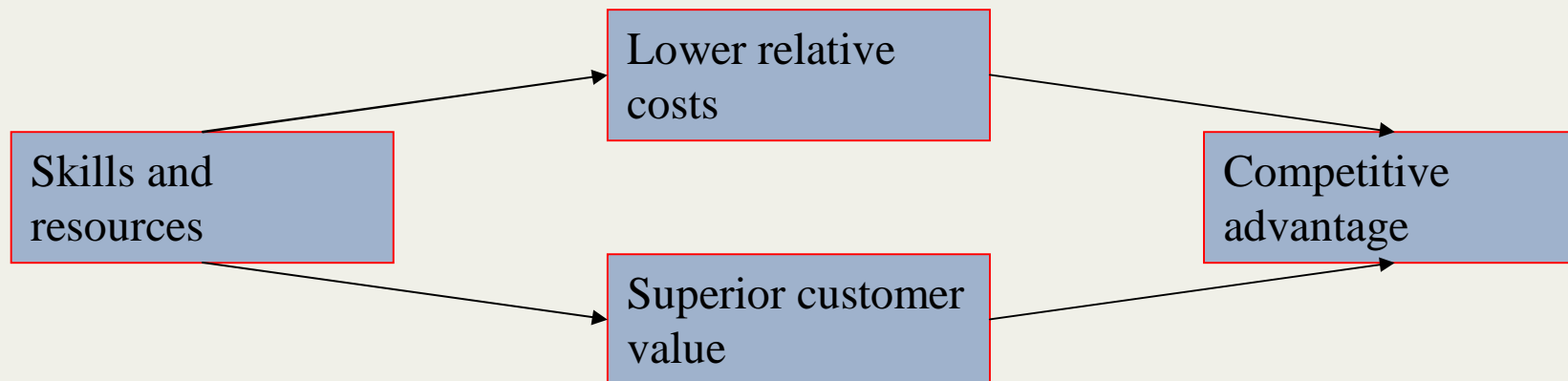
- § Which group do we want to serve?
- § What do they look for? Where?
- § What are the competitors?



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Create value



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Create value

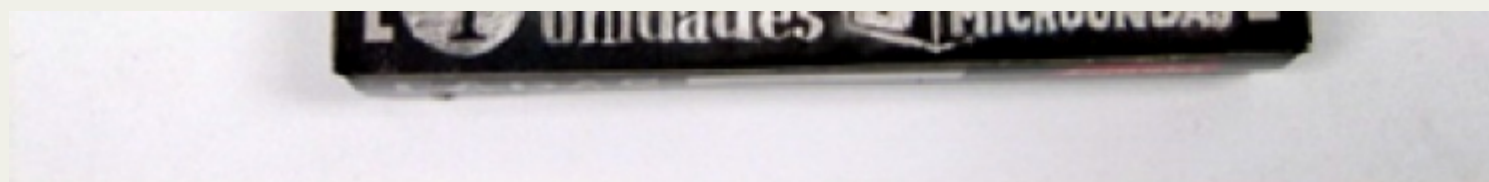
§ Major dimensions of perceived food quality

- Taste and other sensory characteristics
- Healthiness
- Convenience
- Process characteristics



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Relate to current trends

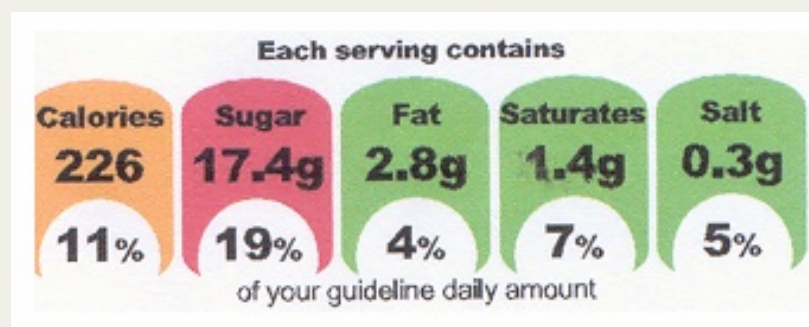
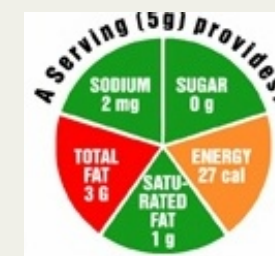
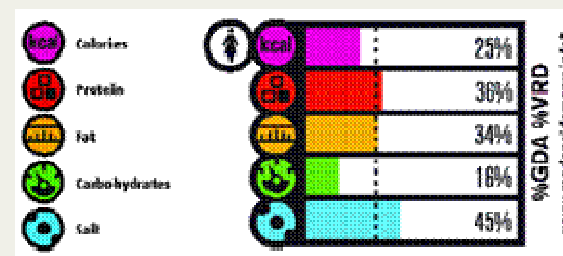
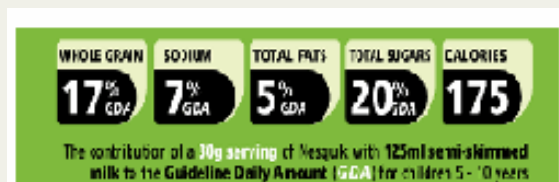
- § Healthiness: consumers under pressure
- § Process characteristics: small is beautiful
- § Convenience: make it fast and easy for everyone
- § Variety: Stimulation and excitement



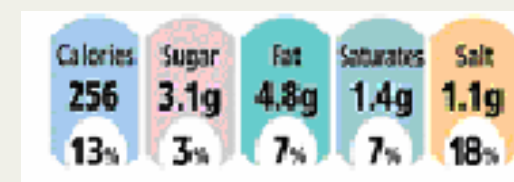
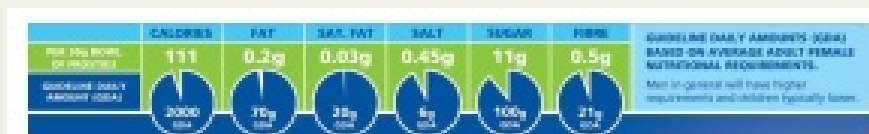
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The 'dimensionalization' of healthiness

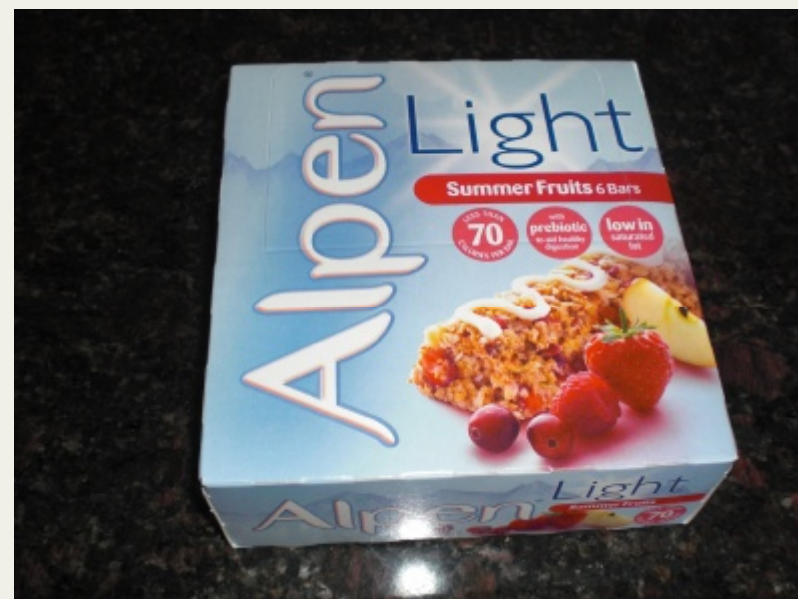


	Per serving	GDA
FAT	1.7g	70g
SATURATES	2.0g	20g
SUGAR	42.4g	40g
SALT	2.0g	6g
■ HIGH ■ MEDIUM ■ LOW		



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Exploiting the health trend

- § Have products that have a superior nutritional composition
- § Link your products to symbols for healthiness
 - Production, origin, standards, naturalness, cleanness.....



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Production process

- § Increasing interest in the way food products are being produced
 - Alerted by debate about genetic modification
 - Alerted by food scares
- § The good processes: small scale, regional, free-range, organic
- § The bad processes: large scale, industrial, high-tech, cloning, GMOs, irradiation, growth hormones in food...

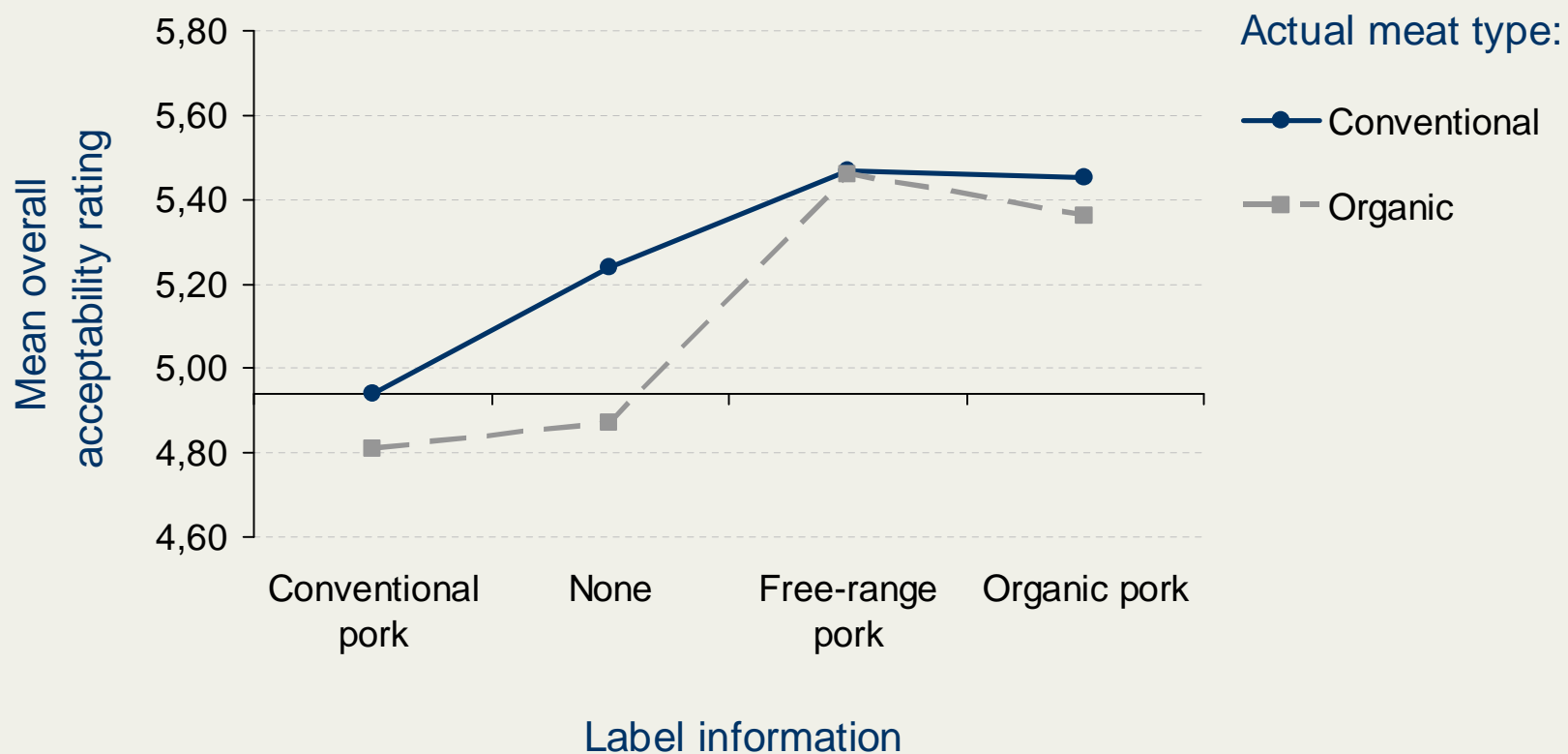


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Quality perception of organic pork



Exploiting the process trend

- § Design your production process for consumer sympathy
- § Find ways of communicating what you are doing
- § Argue for a link between production process and the quality of the final product



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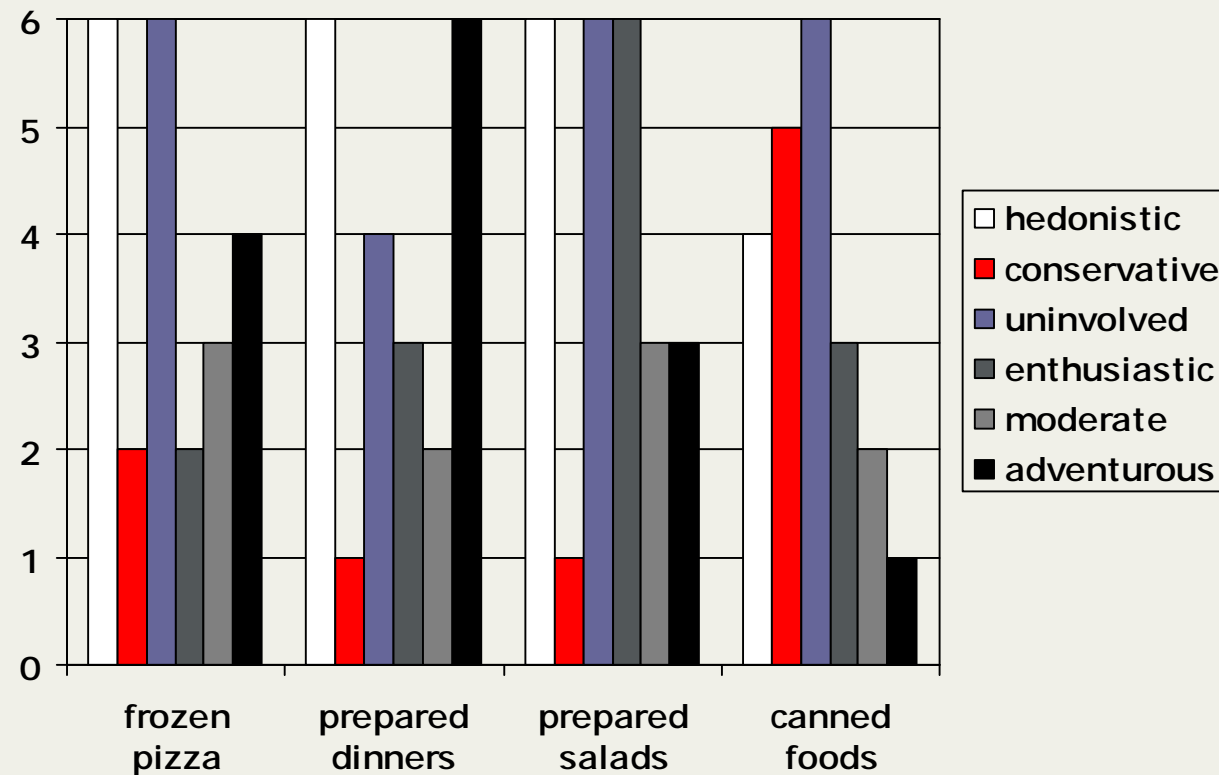
Convenience

- § Convenience: saving time, physical and mental effort in shopping, cooking and eating
- § Driven by demographic changes
 - Women in labour force
 - Family size
 - Scarcity of time relative to income
- § Attitudinal changes
- § Convenience means different things to different people!





Purchase of convenience products in different segments



Exploiting the convenience trend

- § Think in terms of the target group
- § What kind of effort would they like to be free for?
- § How much control do they want to retain over the meal preparation?
- § What are their other quality demands?



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Variety

- § The more food is processed, the shorter the lifecycle becomes
- § Everything except basic food ingredients needs continuous product development



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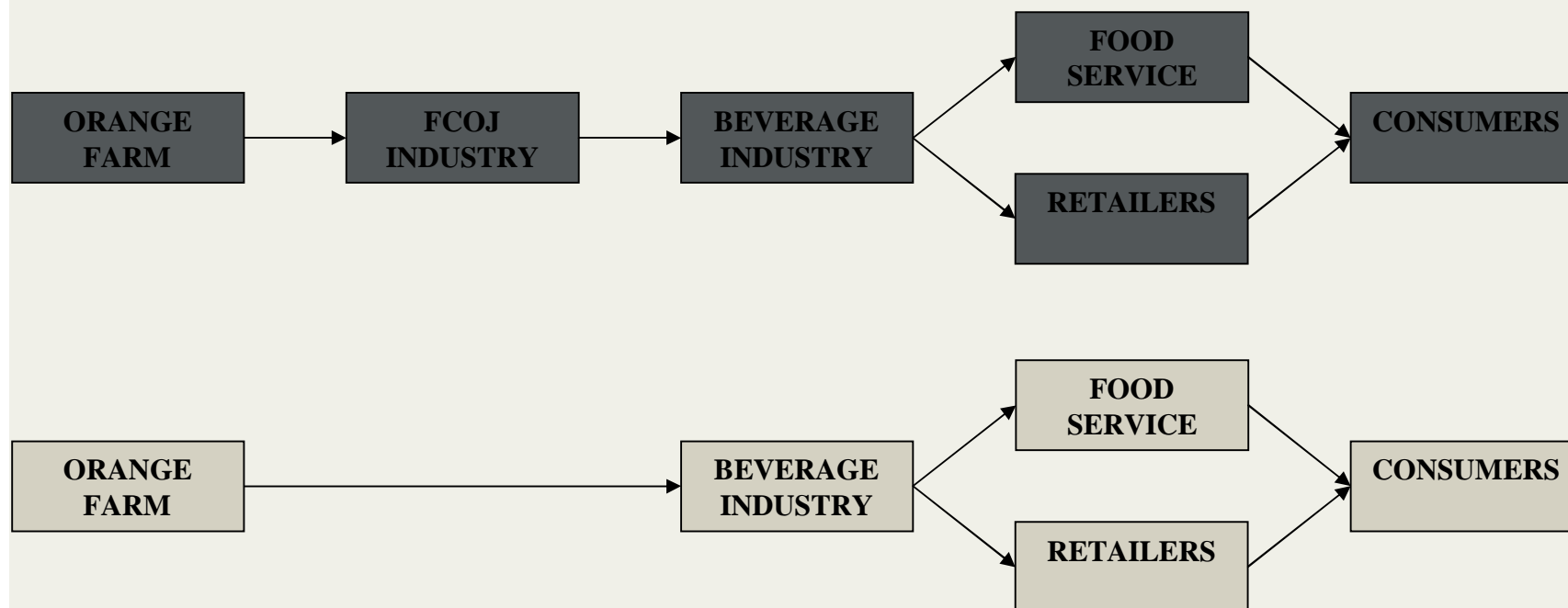
Define your role in the value chain



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Define your role in the value chain

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Define your role in the value chain

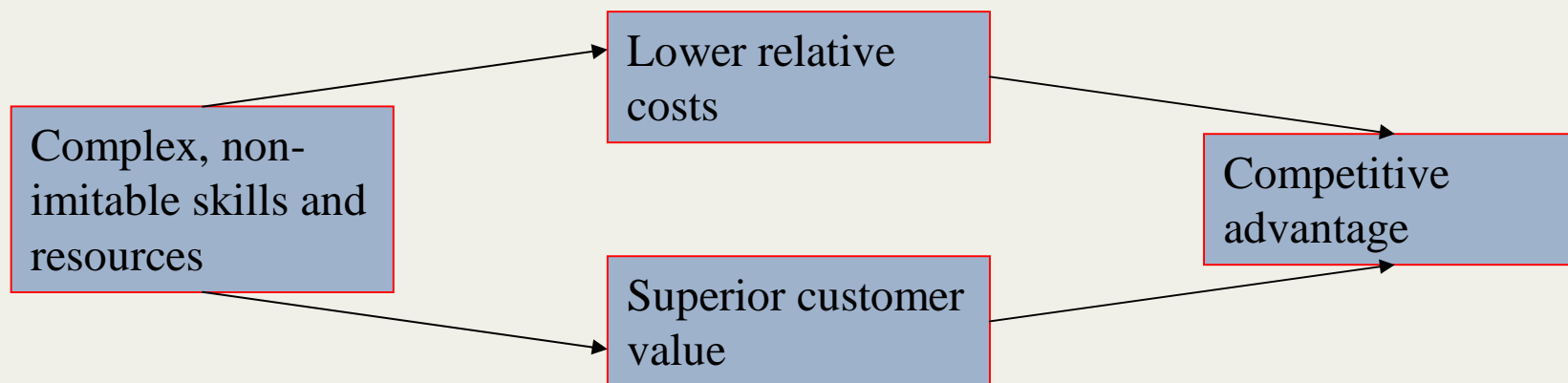
- § Who is our customer?
- § What do we need to know about the rest of the value chain?
- § What do we need to know about end users – consumers?



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Exploit your unique capabilities



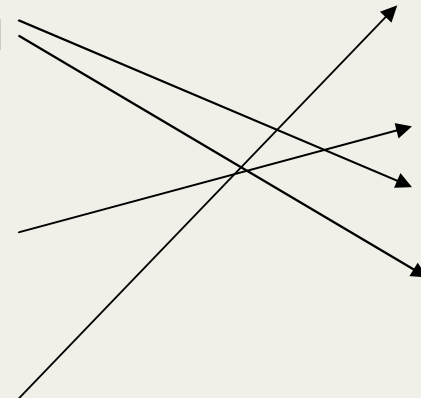
Exploit your unique capabilities

§ Unique capabilities

- Location
- Production method
- Natural conditions
- Tradition
- Scenic surroundings
- Local cluster
- Breed and feed
-

§ Dimensions of value creation

- Taste and other sensory dimensions
- Healthiness
- Process characteristics
- Convenience



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Find the right partners

- § You need partners for sales and distribution
- § You need partners for communication
 - Only sensory qualities speak for themselves
 - everything else has to be communicated
 - Your story has to travel
 - Your story needs credibility also when it arrives
 - You cannot do that alone
- § Specialized sales channels may be alternatives to big retail chains

What it takes

- § Think in terms of the consumer
 - You do not need to investigate into expensive market research
- § Think about what you can do that nobody else can
- § Think how you can create value for the consumer
 - In terms of sensory characteristics, healthiness, convenience, process characteristics
- § Search systematically for possible partners



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