"SOCIAL TRENDS and FOOD RETAILING"

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for the

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FOREWORD

The Coca-Cola Retailing Research Group is studying the influence of a number of factors on food retailing during the 1980s. This report is one of a series of three performed for the group.

The Coca-Cola Retailing Research Group wishes to express its appreciation to the following members of the staff of SRI International who authored the report.

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I INTRODUCTION

Background and Objectives

The Planning Council of the Coca-Cola Retailing Research Group is probing the influence of a number of factors on food retailing in the 1980s in a series of studies.

The overall objective of the present work is to provide insight and data on how selected social, human, and economic trends will impact various types of retail food outlets in the 1980s. The specific objectives of the research are:

(1) To identify the demographic, social psychological, and economic trends most likely to impact food retailing in the coming decade.

(2) To characterize each trend, quantify each as exactly as possible using publically available existing data, and to identify the most probable evolution of each over the next ten years.

(3) To show how those trends are manifested in terms of several traditional and emerging lifestyles of American consumers.

(4) To analyze, from the perspective of the trends and life-styles, how various groups of customers are likely to react to each of ten types of food retail outlets expected to be operative in the next decade and to speculate about the types of retailing each group might regard as ideal, without regard to the industry's current ideas about what might be feasible.

Research Approach

The research involved a series of steps largely reflecting the objectives.

To identify the trends to be considered in the context of food retailing, an extensive brainstorming meeting was held with specialists in values, lifestyles, social trends, the future, consumer trends, and the food industry. A long list of trends and consumer changes and viewpoints was developed at that meeting. The list was reviewed in detail with representatives of the Planning Council, and eventually was compacted into the trends outlined in Section II of this report.

The second phase of research involved intensive search of the literature to collect and organize data, insights, and projections relating to the trends identified above. This work provides the basis for the substance of Section II.

The material on lifestyles was extracted from continuing work on this subject at SRI, some of which dates back many years. For the purposes of this study some special analyses were made of lifestyle data from 1978 findings.

Information concerning seven of the types of food outlets of particular interest for this study was provided to us by the Planning Council. To these seven, we eventually added an additional three as a result of project discussions of how various trends might affect food outlets.

Data relating to the "best guess" future and the two alternative futures were developed by SRI's futures research group. This group has extensive experience in forecasting social and economic trends as well as in defining plausible scenarios for the future.

The final major block of research effort prior to writing this report consisted of a series of meetings to consider in detail the likely impacts of each trend and lifestyle on each of the specified kinds of food retailers. Contributing to these meetings were experts in values and lifestyles, consumer psychology, social trends, the future and, of course, food retailing and the industry. Members of the Planning Council provided weightings for the key impacts and reviewed the draft report results.

In all, over a dozen senior members of SRI's professional staff contributed to the research reported here. We are also pleased to acknowledge excellent help in our work contributed by the Planning Council and by Dr. Willard Bishop. The latter provided crucial imputs in defining store types and in selecting the trends to be examined.

Conclusions

The overall conclusions of the study are discussed in detail in Section V of this report. Very briefly, the major conclusions are as follows:

- The 23 social, economic and demographic trends and the five lifestyles analyzed in the study have exceedingly varied implications for the 10 types of retail outlets examined.
- It appears that super stores, combination stores, and conventional supermarkets are best positioned to take advantage of the trends anticipated for the decade of the 1980's.
- Also favored--but much less so--are complete home-delivery operations and specialty stores.
- Warehouse, neighborhood and convenience stores will feel highly mixed impacts, probably negative on balance.

- Limited-assortment stores and limited home-delivery operations appear to have the least favorable outlook overall, although they are well adapted to filling some special market niches.

Analyses based on broad lifestyles representing aggregations of social, economic, and demographic trends yielded very similar results.

These conclusions reflect an economy marked by relatively low growth (2.8% in real terms), inflation at rates of 7% to 8% annually, and food costs rising at similar rates.

Sections II, III, and IV provide the details of how the research was conducted and the rationale for the conclusions reached.

II SOCIAL TRENDS

In this section of the report we outline the principal elements in the trends explored for impact on food retailing. For convenience, the trends have been divided into four groups, which are discussed in sequence in the following pages:

- o Demographics
  - Population and age structure
  - Household composition and fertility rates
  - Urban/suburban/rural migrations
  - Educational attainment
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  - Attitudes toward variety in foods.

Demographics

Population and Age Structure

The U.S. population will increase to around 233 million by 1985 and 243.5 million by 1990, a net increase of 11.7% from 1978 (218.5 million). Several significant changes will occur in the composition of the population in the 1978 to 1990 period:

- The largest increase will be in the 25 to 44 age group, which will experience a net increase of 19.4 million persons, or 33%. This group consists of the "baby boom" born in the post-war period and now moving into adulthood and the middle years.
- A concurrent new baby boom (or "boomlet") is anticipated because of the increased number of women in key childbearing ages. The number of women aged 20-34, for example, will grow by about 3 million between 1978 and 1985.
  - More women will be having fewer children.
  - The baby boom will peak from 1985 through 1989 when about 4 million babies are expected to be born annually.
- The number of young persons under 18 years of age will decline by 1.0 million during the 1978 to 1985 period but increase in the 1985 to 1990 period by about 2.5 million persons. The increase will be predominantly a result of the anticipated baby boomlet.
- The number of older persons aged 65 and over will rise substantially with a net increase of 6 million in the 1978 to 1990 period.

Household Composition and Fertility Rates

Households include all persons who occupy a housing unit--e.g., a house or apartment. The total number of households equals the total number of housing units. "Primary family" households include all related persons living together, whereas "primary individual" households include single individuals living alone and unrelated persons living together.

A number of significant changes will occur in the growth and composition of households in the period to 1990. The more important are described below:

- The growth rate in household formations during the 1980s will be almost half again the population growth rate, mainly because of an increase in the 25 to 44 age segment.
    - While the total number of households is expected to increase by about 27% in the 1980s, the percentage increase for households in the 25 to 44 age group is nearer 44%.
    - This age group is the key household and family formation group and will be looking for products to set up their households.
- There will be a net increase of 20.7 million households between 1978 and 1990.
- In 1990, 70% of all households will consist of families.
- Households will be different.
    - Families will be smaller--3.0 persons per family in 1990 versus 3.3 in 1978.
    - Average household size will decline--from 2.8 persons in 1978 to 2.50 persons in 1990.
    - There will be more young single households because of earlier leaving of the family household, and marriages deferred or foregone.
- There also will be a large increase in the number of older households--by 1990, there will be 4.8 million more households headed by persons 65 and over than was the case in 1978, an increase of 32%.

These trends will exert very great pressure on housing. New living units will probably decline rather sharply in size and will have fewer amenities, such as pantries for food storage or extra space for freezers. One implication of this, of course, is more frequent shopping--a trend that would tend to accentuate the trend (noted later) toward one-stop shopping.

Fertility rates, or the ratio of the number of births to the number of women of childbearing age, are expected to slowly decrease throughout the 1980s. Close to 75% of all women of childbearing age had, on an average, one baby during the 1970-75 period. This percentage is expected to drop to 71% by 1990. Interestingly, the largest drop will occur among minority groups whose 1970-75 average was close to 100% but whose fertility rate is projected to be slightly below 75% by 1990.

The simplest explanation is that minority groups, who traditionally have high fertility rates, are becoming better integrated economically in U.S. society. As they become more affluent, they follow the traditional pattern--they'd rather spend more time and income on things other than on raising large families that they used to want for economic security. Minority group fertility rates will not fall to or below white fertility rates, but, overall, will be declining.

Urban/Suburban/Rural Migrations

There is a great deal of controversy as to whether the general population is or is not moving out of the cities. Peter Morrison, a senior research staff member of the Rand Corporation, believes that people are moving away from the largest cities, reversing a long-term trend to urbanization. At the same time, Richard Engles, assistant chief in the Census Bureau's Population Division, believes that people continue to leave rural areas at a greater rate than urban residents are leaving metropolitan areas ... and many central cities thought to be suffering a loss are actually enjoying a surge in real estate values.

But what is clear, is a shift of the "monied" population to the suburbs and beyond (including the so-called 50-50 cities--those that are under 50,000 population, and tend to be more than 50 miles from a major metropolitan area). And where there is money is where the sales of consumer goods take place. The building of stores in such regions is often expensive because of delivery costs, long distance management, and buying for an unknown audience, and so forth. In some new locations, however, low-cost labor and real estate could reverse this situation. Table 1 reflects the Census position (which we suspect is a bit extreme in forecasting continued migration from rural areas). It is clear that suburbs and small cities are the high growth areas. Further, this growth involves people of above-average income, while central city residents are of average income, and rural residents are of below average income.

Our projections and remarks here agree with the conventional wisdom about long-term migration trends. In plain terms, growth rates are fastest in the suburbs and next fastest in rural places (nonmetropolitan counties). Most central cities--the older, inner urban cores--have been losing population slowly since the

Table 1

POPULATION AND INCOME DISTRIBUTION TRENDS

	Population Distribution			Income Distribution		
Year	Non-Metro	Central City	Other Metro	Non-Metro	Central City	Other Metro
1950	44%	35%	21%	38%	35%	27%
1960	37	33	30	32	33	35
1970	31	32	37	27	32	41
1980	27	28	45	23	28	49
1990	24	25	51	21	25	54

Note: "Nonmetro" here is basically rural;
"Other Metro" include suburbs and the 50-50 cities.

early 1950s. The migration of wealth is just as important as the movement of people. Here again, the suburbs and the so-called 50-50 cities are enjoying the fastest growth. But these are gross patterns. They appear quite different from one region of the country to another, and from one urban area to another. And there is considerable uncertainty about their directions during the next 10 years.

A retailer making decisions about where to locate new stores will not find our projections sufficient for making such decisions. However, we can point to the key uncertainties and the directions of movement under different circumstances.

There are three major uncertainties: the energy crisis, the emerging new structure of the economy, and changing lifestyles. All have impact on people's preferences and ability to afford residences where they would like them. Scarce energy and/or sharply more expensive energy make transportation to and from work both more difficult and more expensive. The general preference is to move closer to work. One interpretation of this is that the energy crisis will turn around the central cities. More likely, it will result in some slowing of the decline and a change in the mix and wealth of urban populations. It will certainly slow suburban sprawl, reinforcing an already visible trend toward higher suburban densities. And it may slow the rapid growth in certain rural areas, including some of the 50-50 cities. Generally, increasing residential densities should be its main effect.

Grosser, i.e., regional, migration patterns partly reflect the changing nature of the U.S. economy. There is the shift toward the South because of less expensive and more flexible labor forces and thus growth in employment. There is the shift to the West based on energy-related developments and on the emerging information society. Much of the growth in the 50-50 cities, which are technically located in non-metropolitan counties, comes from these trends. Rising costs and other problems in suburbs force manufacturers to move where labor costs are lower, which tends to be in smaller cities. (Eventually, of course, some of these 50-50 cities go over 50,000 in population and are redefined as metropolitan areas, or SMSAs).

Increasing diversity in lifestyles is the third uncertainty. This diversity lies behind the often cited shift of affluent, upwardly mobile young households back into some of the older central cities, e.g., New York, San Francisco, and Washington, D.C. It also lies behind the very small but highly visible movement of "voluntary simplicity" types to very low density rural places. Thirdly, lifestyle preferences associated with recreation and retirement appear to be behind the movement of large groups of relatively affluent older people to some 50-50 cities.

Thus, for the location and types of food stores, there are two principal issues: the size and density of various centers of population and the lifestyle characteristics and wealth of the resident population.

Educational Attainment

Educational achievement of the adult (over 25) U.S. population has increased and will continue to increase significantly during the period to 1995. Some of the more significant trends are listed below:

- A growing proportion of persons who have had some college

  - In 1970, one person in five had some college
  - In 1975, it was one in four persons
  - In 1985, it will be one in three persons
  - In 1995, it will be one in two persons

- A rising percentage of adults are also graduating from college

  - In 1975, 14% were college graduates
  - In 1985, the number will rise to over 16%
  - By 1995, it will be 21%

- In addition, there has been a boom in adult education of all types, which is expected to continue.

Working Women

The rapid and unprecedented (in peacetime) entry of women into the labor force was one of the most significant socioeconomic trends of the 1970s. Between 1970 and 1980 the labor force participation rate for women rose from 43% of all women aged 16 and over to over 48%. (Conversely, the male participation rate declined slightly during the same period). All indications are that this trend will continue:

- From 1980 to 1990 the number of women working will grow by about 7 million, over 16%. The number of men working will grow by only about 5 million, less than 9%.
- In 1990 women will make up nearly 43% of the work force versus 41% today.
- During the next ten years the fraction of the labor force made up of women aged 25-44 will grow from 17.7% to 21.7%.

The trend toward women working outside the home will have considerable impact on families and households.

Importantly, although many young women have worked and will work the first time for enjoyment, most are unlikely to leave the work force after they've become accustomed to additional income, job satisfaction and status, and nontraditional but satisfying social roles.

That this change in women's lifestyles has significance for the food retailing industry is obvious. What is not obvious is the nature of this significance. First of all, the demands of working versus nonworking women in their selection of what to buy and where to buy may not even be a critical relationship for retailers trying to understand how to tap the working women market. For it turns out that the working woman is many women. There is the career-professional with no family; the career-professional with a family; the nonprofessional with or without a family; there is the single professional who wants a partner but no family; and, of course, the nonworking woman also exists in as many guises. In addition, the fact that women are working more makes it more likely for men to do more shopping. Thus, the working women market includes the need on the part of the retailer to address the shopping demands of men as well.

Singles

"Singles" refers to households headed by "primary individuals" as distinct from "primary families." Included are individuals living alone and unrelated (i.e., not married) individuals living together. The high growth rates of singles apply especially to people under 45. In 1978 there were 6.0 million singles aged less than 45. In 1985 the number will be 8.6 million and in 1990, 10.2 million. The total number of singles will expand enormously from 17.4 million households in 1978 to over 25 million in 1990.

The highest growth rate is occurring right now among males in the 25-44 age group. The average annual growth rate of such single households is 5.5% annually, compared with 2.0% annually for all households.

In general, singles have household incomes about $2,000 higher than the U.S. average. About 15% of this income goes for food, with two-thirds spent in retail outlets.

Two-Earner Households

SRI studies show that 31% of all U.S. households in 1977 had more than one earner. Their median income was $21,000--$5,000 more than the median income of single-earner households. Almost 44% of all households with annual incomes over $30,000 are dual-earner households.

The trend is toward more two-earner households (both families and unrelated individuals living together. This reflects both the increase in the number of working women and the anticipated income squeeze resulting from continued inflation and slow economic growth.

Ethnic Shifts

Approximately 9% of the U.S. population is Hispanic and 12% is black. During the next decade, the Hispanic population could pass the number of blacks owing to higher fertility rates and both legal and illegal immigration. Catering to the food wants and needs of these groups will become increasingly a challenge as their supposedly homogenous tastes prove to be more diverse than was once believed. Of potentially significant impact on the food retailing industry is the extent to which "traditional" minority foods and tastes are adopted and/or adapted by the society at large. Mexican, Spanish and Chinese foods are selling in greater quantities, and in the case of Chinese food, stir-fried food may become extremely popular among those people who want fresh produce which is convenient to cook.

Economics

Income

Personal Consumption Expenditures (PCE)

Overall economic growth will slow during the next decade with real personal consumption expenditures (PCE)* growing at about 2.1% annually. In constant 1978 dollars, PCE should grow from $1,350 billion in 1978 to about $1,490 billion in 1985 and $1,740 billion in 1990. The significant trends for 1975-1990 are described below:

- From 1975 to 1990, the composition of PCE will change; there will be a gradual but steady
  - Decrease in the percentage share of expenditures going to food, tobacco, clothing, and personal appearance, and an
  - Increase in the percentage share of expenditures going to transportation, recreation and leisure, and medical care.
- Durable goods consumption will level off at 16% of PCE after an increase from 13.6% in 1975.
- Nondurable goods consumption will steadily decline from 42% of PCE in 1975 to about 37% in 1990.
- Services will continously increase as a proportion of PCE from 44% in 1975 to 48% in 1990, thus following the world trend in the expansion of the service sector.
- The savings rate follows the consumption pattern and shows a decline from 6% to 5.5% of GNP between 1975 and 1985 and an increase again to about 5.8% in 1990 as the economic activity slows down and consumption levels fall.

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*PCE is that fraction of disposable income that people actually spend.

Distribution of Income

Although real incomes have grown steadily over the past 25 years, the distribution of income has remained roughly fixed. Two factors in particular have begun to shift large numbers of households upward: the greater participation of women in the labor force has pushed many two-earner households into the over-$30,000 income brackets and many single households have further increased the average. Table 2 shows 1977 and expected 1990 income distribution.

Inflation and Energy

By 1990 gasoline will cost as much as $3.00 per gallon (in 1980 dollars) and all other forms of energy will be substantially higher than today. Energy will remain for the entire decade a principal and critical factor underlying social, political and economic conditions. Price increases, periodic shortages, environmental concerns, and public policy all will push toward conservation. Economizing in energy use will affect shopping in a number of different ways. Transportation will cost more and be occasionally

Table 2

PROJECTED CHANGES IN INCOME DISTRIBUTION

Annual Income	Percent of Households	
	1977	1990
Under $5,000*	16.5	10.5
$5,000-$10,000	20.3	16.0
$10,000-$15,000	17.9	14.5
$15,001-$20,000	15.6	13.5
$20,001-$25,000	11.5	13.0
$25,001-$50,000	16.0	27.5
Over $50,000	2.1	5.0
	100.0	100.0

*In 1978 dollars.

Sources: U.S. Department of Commerce;
The Conference Board.

inconvenient. Population migration, residential and commercial densities, and industrial plant siting will all change to accomodate transportation constraints. All goods (including food) that require large amounts of energy to process or make will be more expensive, affecting how families budget their incomes. Retail outlets will be designed to reduce their use of gas and electricity.

With overall inflation continuing at an unpredictable but significant rate, the value of the dollar is bound to decrease. Under such conditions, people will have to budget their money more carefully during the next decade. What has been, for example, an enjoyable shopping trip to the "out of the way favorite shopping place" may well come to be considered a frivolous waste of precious disposable income and gasoline. On the other hand, rising income levels will allow some groups to continue to shop at these kind of stores.

The general implications of continuing inflation and rising fuel prices for the retail food industry include an increase in the number of one-stop,* once-a-week shoppers who are trying to economize; an increase in the number of in-home shoppers; more intense competition for store locations in dense residential and employment centers; higher electric and gas bills for stores staying

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*What we mean by increased "one-stop shopping" is that people are likely to go to stores located close or next to other stores that they also have to visit frequently, e.g., a supermarket located in a large mall/shopping center where there are other specialty food stores, clothing stores, bookstores, and so on. The other side of the coin is probably reduced frequency of visits to more isolated stores.

open at night to accommodate working men and women who want one-stop shopping; higher fuel bills for keeping the frozen food section frozen; to light markets, and so forth.

Food Costs

The cost of food is closely related to the cost of energy. Until 1972, the cost of food rose slightly more slowly than the rate of increase for the consumer price index. In 1973 and 1974, this changed abruptly. The oil embargo and quadrupling of oil prices were a central reason for this change. The food distribution and delivery system is dependent on oil, and as long as it remains that way food costs can be expected to rise as fast as inflation. Overall, the impact of higher food costs prompts more careful shopping--price and quality become more critical concerns for shoppers.

Social Issues

Concern with Nutrition

The demand for nutrition is primarily spearheaded by specific interest groups. The influence of these groups is difficult to assess in the sense of their impact on the eating habits of the majority of people. Where their impact is most clearly seen is in the advent of labeling various foods. Many people who are not members of the "nutrition lobby" seem to appreciate the labels even if they cannot understand the relationship of what is on the label to their specific diet. One store has hired a nutritionist to help customers make up their shopping list. In another instance, in Omaha, Nebraska, a weight-loss clinic and a market have teamed up to make it more convenient for the clinic's clients to find the prescribed foods for their diets. As more Americans become aware of their physical condition (or lack thereof), the demand for nutritious food will increase. If the number of sales of fitness and self-help books are any indication of such an increase in awareness <u>and</u> the incidence of people actually buying nutritious food, then the demand for nutritious food seems assured.

Overall, an increasing interest in nutrition means several things for food retailing:

- Specialty stores emphasizing nutritional special interests.
- Accomodating generally changing tastes with displays and labels showing nutritional information.
- Some change in advertising presentations and media choices.
- Related products and literature.

<u>Holistic and Self-Help Health</u>

"Holistic health" is a term which describes a perspective which is becoming more prevalent in the United States (and in other places, as well). The perspective is that the human being is a completely integrated entity; that is, the physical, intellectual, and emotional conditions of an individual are inextricably related to one another. To persons who have a holistic health perspective, it makes little sense (and may be inconceivable) to care for their body while ignoring their mind. To these people, one cares or does not care for one's entire self. As a result, these people are less likely to take their health problems to a traditional doctor. The fact that the annual number of visits to traditional doctors has declined since 1974 is probably testimony to the spread of the holistic health perspective rather than to the possibility that the society has become "healthier" in the traditional sense of the term.

The implications of this trend for the retail food industry are difficult to pinpoint but of potential importance. People with the holistic health perspective are more likely to be concerned with the freshness and nutrition value of their food. They are also more likely to grow their own produce. Of particular concern for the food retailer is to realize that this perspective is not limited to particular income groups but is spread throughout the income spectrum.

Changing Roles of Men and Women

In regards to shopping, more and more men are going shopping, particularly those men whose mates are women who work. Not only do these men do more of the shopping than ever before but also more of the housework. If men who are living with or married to professional women refuse to help in these chores, many of these jobs are only accomplished with irritation by whomever ends up doing them. As more women attain higher levels of educational achievement, this trend can be expected to continue. A pattern which would create less time pressure on two working people would be to have both people working 50% to 75% of the time. But even in this case, more men will spend more time doing what was once "women's work" just as more women now do what was once "men's work." Other factors also influence male and female roles--e.g., educatic ---but the main force is the work role.

In general, men shop faster than women, and some people say that they are more interested in having a variety of products available. The general merchandise section of markets is appealing to men as will be the increased availability of alcohol in markets. But differences in spending patterns between men and women partly reflect the fact that the measurements are not usually held constant for the type of shopping trip.

Neighborhood Safety

Neighborhood safety becomes more important for the retail food industry as more people find that shopping after 5:00 p.m. is desirable, as the population ages, and as more people are tempted to return to urban centers as the price of suburban living becomes prohibitive. The return to urban centers of relatively young people (under 50) will necessarily increase neighborhood safety. These people will only return if there are jobs; and if there are jobs, there will be taxes; and if there are taxes, the more protective elements of enforcing neighborhood safety will be better paid and out in force. If urban centers continue their economic collapse, the needs of those people who live in urban centers for food will be met with increasing difficulty, particularly for the elderly.

At this time, demographic data are mixed regarding the level of vigor in urban centers. There is no question that the last 15 years witnessed mass out-migration but some people feel this is changing. Within the next ten years, a clearer picture will be available regarding urban growth and decay. In the meantime, neighborhood safety is not a serious problem where most of the food dollar is spent--that is, in the suburbs.

Both safety and vitality tend to go together. An economically and culturally vital neighborhood is generally safer than one that is in decline. From the perspective of shopping behavior, the key issue is safety. Poorer, older urban neighborhoods tend not to be safe. Newer urban neighborhoods, with a large influx of upwardly mobile and younger people who work, tend to be safer although there are problems in most urban neighborhoods. Suburbs, where more of the food dollar is spent, are generally safer overall, but of course poorer, decaying suburbs suffer problems similar to poor inner city neighborhoods. Rural areas are generally safe.

The safety problem is exacerbated by economic conditions especially among minorities with a high proportion of unemployed youth. Vandalism and assault tend to be higher in places where there are many disadvantaged, unemployed younger people.

<u>Stress</u>

Stress has always been a feature of human life. The frequency and intensity of stress, however, varies from time and place and from person to person. Of course, for an individual, the nature of stress can vary throughout a single day or even during a half-hour period. In regard to the retail food industry, stress is particularly important for two [illegible]. First, there is the growing possibility that certain chemicals and certain personalities combine in such ways to either produce stress or make stress more likely. Insofar as these chemicals may be prevalent in certain foods, the unveiling of such chemico-personalities could have serious impact on what kinds of food are sold in what stores, with what kind of warning labels, and so forth. Secondly, stress will increasingly influence the operation of stores as more people shop after 5:00 p.m. and on the weekends. Stores are more crowded at these times and situations like waiting in checkout lines before waiting to get back on the highway to wait in the traffic can be particularly irritating to the shopper who arrives at the store already feeling under stress.

Consumer Psychology

Value of Time

The main concern here is one's use of scarce (and increasingly scarcer) time, i.e., how one organizes one's daily activities including shopping. As noted earlier the overriding issue is that more time required for other activities means less time for shopping. The availability and value of time relates to a number of other factors: transportation and, indirectly, energy availability, the length and organization of the work week, the movement of large numbers of women into the labor force, changing roles of men and women, the organization of leisure time, and preferences associated with lifestyles. It is not just a matter of the amount of time available to particular activities; as important are how blocks of time sufficiently large for doing various things can be put together. Some of the specific trends are:

- Nearly all the relevant factors point to greater amounts of time spent traveling, especially to and from work. Highway congestion is increasing, lowering average speeds. Looking for gasoline during periods of scarcity takes another large block of time. As more women go to work they have less time to shop.

- There are strong indications that the work week is undergoing considerable reorganization. Flextime, the four-day work week, and more opportunities for part time work all mean potentially more time for shopping (as well as other activities). But while these emerging patterns provide workers with greater flexibility and more time, they are likely to be more expensive (in terms of energy) for employers who, thus, may resist these trends.

- Changing sex roles, however, mean that men will be sharing more of the daily household tasks, including shopping for food, with women.

- New forms of home entertainment, especially the new video media, suggest that households will not be as locked into entertainment at certain times of the day. (With a video recorder one can watch a program at any time). Likely, this means some incremental increases in time available for shopping. Similarly, adjusting to the energy crisis will probably mean more stay-at-home leisure and recreation.

- Some people highly value preparing and eating meals and, by inference, will also want to shop carefully. Other lifestyles mean a great concern for convenience--easily purchased and easily prepared meals.

<u>Demand for Convenience</u>

The aggregate demand for convenience in shopping will continue to grow. But what convenience means to different people, and therefore to the different retailers who are trying to serve these people, is a complex and important issue. First of all, convenience refers to specific products, specific shopping styles, and to specific shopping locations.

The demand for convenience in products refers, in general, to easily prepared foods. As the number of working women grows, as well as the number of single individual households, this demand will continue to increase. These people have less time and less inclination to spend a great deal of time preparing a full meal.

The demand for convenience in shopping styles refers to the desire on the part of the consumer to be able to shop at an optimal time, and, thus, is related to the value of time. The optimal time refers to the specific time of day and to the number of trips to the market which are required per week. The trend seems to be toward one-stop shopping. This means that the consumer wants to be able to go to one store, at one time, and get most of the weekly requirements in one trip. Again, with many more working women, a great deal of shopping by men and women will increasingly take place on the weekend and after 5:00 in the evening.

The demand for convenience in store location arises from two major events. Rising fuel costs make the consumer more likely to try to shop near home or work; and with many more working people there is simply less time available for shopping. Hence, the demand for an accessible and nearby shopping location. One development of significance to retailers involves the emergence of the "In-Home" shopper. This type of individual finds that shopping is a necessity which should be avoided if possible. Whether it's due to an aversion to shopping or to a desire for convenience, the number of shoppers of this variety is bound to rise.

Family Eating Patterns and Food Away from Home

The most striking change in family eating patterns involves the number of people who are no longer eating breakfast. Exact figures were not found but comments to this effect are common. Other obvious trends include a greater percentage of the food dollar being spent away from home. As the number of households increases but the number of members decreases, this trend should hold. However, there are some demographers who believe that a second baby boom is just around the corner as many people of the original baby boom decide to have children. Were this to happen, more food money would be likely to be spent in markets as it is cheaper to feed a family of four from a market than in a restaurant. Another factor which could dampen the trend to eating away from home is the aging of the singles market, particularly those unrelated individuals who live together. It is this segment of the singles market which spends the most money on food and spends the smallest percentage of their food money in restaurants.

Another change in family eating patterns involves the specific meal. With two parents working, the archetypical sit-down family meal is less common (this is not to say that it's less desirable). In a family of four, it won't be uncommon for there to be four individually prepared dinners in a single evening.

We believe the general trend will be toward eating at home and away from eating out. This is not to say that restaurants will fall into disfavor; rather they will grow more slowly than during the past two decades. The principal reasons are:

- As many people grow older and form new households and families, economic pressures and the values associated with having a family suggest more eating at home.

- Older people, an increasing segment of the population, fall into two age groups--those who have money and those who don't. The former group will continue to eat out a lot since they have the resources and values to do so. Poorer people, of course, cannot afford to do so.

- Transportation and energy costs also tend to push people away from eating out and toward eating at home.

- Variety in home entertainment and recreation are increasing, suggesting that people will have additional reasons for eating at home. Video recorders, still with a low market penetration but rapidly becoming widespread in use, will allow some reorganization of home entertainment time but they will still mean a tendency to spend more time at home.

Importantly, we are already seeing a shift in the kinds of restaurants people prefer for dinner. Fast food restaurants appear to be suffering; more elaborate, sophisticated restaurants are growing.

All of these trends tend to improve the position of most kinds of markets. Which markets are more successful depends on which age group, economic group, or lifestyle group people belong to, as well as where people live.

Attitudes Toward Nationally Advertised Brands and Private-Label Products

Most people who use private-label products seem satisfied and plan to continue using them. Of course, some private-label products sell better than others and some shoppers are more inclined to buy private-label products than are others.

The main reason for using private-labels is that they are cheaper. Despite this fact, lower income individuals and families who would best benefit from using private-labels are the least likely to do so. The trend for more singles does not support private-labels, which are generally sold in large quantities and/or portions that are inconvenient for one or two-member families.

Overall, price-consciousness of consumers will increase if the economy worsens. Rising fuel costs and a recession will help the sales of private-labels and increase the competition among all brands for brand loyalty.

Media Effectiveness and Attitudes Toward Media

Over the past 10 years, media use has been changing in significant ways. As audiences' media preferences (especially women's) have changed, so has media effectiveness. More working women means more prime time TV advertising and more radio spots during commute times rather than during daytime TV serials and daytime radio. Magazines and direct mail are more effective media than TV and newspapers to reach better educated, wealthier people. Trends in attitudes toward media have included substantial growth in special interest media (i.e., market segmentation) and moderate levels of public disaffection for TV.

The 1980s will bring a variety of new media to both consumers and advertisers. Video cassette recorders and, later, video disc players will probably remain relatively free of advertising although some information programs about health, nutrition, and food may mask what is really advertising. "Special interest TV," in the form of many more channels, more cable penetration, more pay TV, two-way TV, and teletext, will pose serious challenges to broadcast TV. Many will be partially subsidized by advertising. More important, though, will be how well consumers accept new and traditional media, especially how they reorganize their use of time to accommodate them.

Retailers, like all other businesses, will have to change media strategies as the effectiveness of traditional media declines. This may be as simple as shifting TV and radio spot advertising to different times. It will probably mean greater reliance on non-periodical print advertising--handouts and direct mail. And it will likely mean taking risks with new media such as teletext.

Attitudes Toward Fresh Versus Processed Foods

The trend toward greater concern regarding nutrition and toward a belief that the individual should take an active role in caring for his or her health supports the potential for a move toward greater use of fresh food. On the other hand, the demand for convenience and the ever-increasing cost of time as well as the need to compete with restaurant business leads the observer to realize that the demand for processed, including frozen and convenience food, is bound to continue. Most likely, a technology--whether energy-intensive like a microwave oven or "simple" like stir-frying--will be required to truly shift the population back to predominately consuming fresh food.

Attitudes Toward Variety In Foods

Some people argue that men like more variety in their foods. A more plausible explanation for the fact that, at this time, men buy a greater variety of food when shopping is that men are relatively inexperienced, nonhabitual shoppers. As more men become regular shoppers, their purchases will more closely resemble those of women in terms of variety of food bought.

Of greater inportance to the food retailer is not that single individuals will be buying a greater variety of food than before, but that different individuals will increasingly pursue different diets. Knowing the range of diets of one's clientele will be important in terms of the variety of foods stocked.

Although not directly related to variety in foods is the general question of variety in terms of store merchandise. General merchandise (GM) has sold well in stores previously devoted to selling only food. Stocking GM in the market may become particularly important if one-stop shopping becomes increasingly popular. The market that stocks flashlights and automobile oil could be a more convenient place to shop. The retailer will thus be forced to consider not only which foods to stock and where to stock which items, but also how much store space to devote to food and how much to other merchandise.

Some buyers are, for economic reasons, willing to sacrifice variety for price. Although a market carrying a large variety will generally have to be larger and thus may have to pass on a higher overhead cost to consumers, it is unclear whether or not food buyers are consciously aware of this.

III LIFESTYLES

~ trends outlined in the previous section can be usefully collapsed into a number of lifestyles. Four seem to us to be particularly significant for the present study. The principal attitudinal and demographic attribute of these four lifestyles are sketched below. At a later section of the report, the impact of these lifestyles on food retailing is analyzed.

Need-Driven Consumers

Need-Driven consumers have few economic resources and hence purchases are driven more by need than by preferences. About 12% of the population is Need-Driven. Average household income is under $6,000 annually and education averages about ninth grade. The fraction of minorities, especially blacks, is high. Unemployment is high, especially among young members of minorities. It is a predominately female group, with many widows and families headed by single women. Need-Driven consumers tend to be over 50 years of age, but a fair number of young improverished minority families are included.

The older among these consumers are strongly traditional. Many of the Need-Driven are dominated by a sense of alienation, despair, and mistrust both of people and of the system. They tend to be heavy television watchers but light readers of newspapers and magazines. They live mostly in urban centers or rural areas and they are especially numerous in the South. Many live under conditions of fear, both physical and psychological. Such consumers are the farthest removed from the American cultural mainstream of any group.

A slow decline in the number of Need-Driven consumers is expected in the 1980s.

Belonger Consumers

About 38% of American adults can be described as Belongers. They make up much of Middle America. Such consumers are so called because their central need is to fit in, not stand out. To belong--to be accepted--is a core need.

Highly traditional, conservative, and old fashioned, Belongers are the Archie Bunkers of the nation. Demographics include middle-to-low income and education. Over 35% of Belongers keep house. Ninety-two percent are white. Average age is around 50. Most live in the country and small towns; they tend not to be urban. Nationally, they are most numerous in the South.

In general, Belongers are content with the way things are--or rather, were. This means they prefer trustworthy brand products and cooking from scratch. They are unexperimental and dislike the radical new product. They are laggards in responding to innovations. Belongers create many mass markets and serve as stabilizers of social change.

The number of Belongers will not change much in the coming decade, indicating that their ranks will shrink somewhat as a fraction of the total population.

Achiever Consumers

Almost a third of Americans hold values focused on materialistic achievement. [illegible] middle-aged, white, male, well educated, and successful. Incomes are usually over $20,000; education includes some college or more; and occupations tend to be managerial, professional, technical, or sales. Achievers live largely in the suburbs and are most numerous in the states of mid-America, although distribution will be fairly even. This is an enterprising, hard-working group that has built the American economic system and is now at its helm. In general, this is the most satisfied group in the American society. Established Achievers are willing to try the new, especially if technological advance is involved, but they don't want radical change since that might mean their topmost position would be threatened.

Younger Achievers--in their twenties and early thirties--are a distinct group. Many career women appear here. Singles are very prominent. Strongly upwardly mobile, they are an angry, distrustful group, still trying to break into the "big time." This group is not only physically mobile, but appears to be changing rapidly in a sociological sense.

One dimension of change is the makeup of the group itself. In 1973 it was more male than female and about 12% black. Today women predominate and almost a fourth of the group is black. The average age is about 29; most say they came from underprivileged backgrounds. So the picture is one of a powerfully upwardly mobile group trying to break into the system--and not at all sure they will make it. In a sense, this group of young Achievers are the 1980 equivalent to the ambitious children of the immigrants to America in the 1890s and 1900s. Attitudinally, these people are bimodal--conservative on some issues, liberal on others. They strongly back "women's liberation," for example. Many are losing confidence in the leadership of traditionally achievement-oriented institutions such as banks and large companies. Curiously, many young Achievers will later move into these same leadership positions. On the conservative side they tend to favor decreasing national spending in most areas except defense and foreign aid, and they tend to be less lenient toward such matters as Communism, criminal justice, homosexuality, and anti-religious sentiment. Their confidence in the government has ebbed more slowly than other lifestyle groups.

We expect that this group will expand a little in the 1980s.

Inner-Directed Consumers

Inner-directed consumers are people who live their lives attempting to fulfill their inner needs, as distinct from the drive of Achievers to respond to outer appearance. This is mostly a post-war generation. Most come from affluent (often Achiever) backgrounds; average age is about 32; education is excellent; 40% hold technical or professional jobs; incomes are good but less than those of Achievers. The Inner-Directeds are the men and women (50-50) who are active in such concerns as holistic health, inner growth and Eastern religions, and intensely experiential activities such as hang-gliding, discos, mountaineering, waterbeds, home baking, and gardening. An important subgroup is intensely societally aware and some among these have elected lives of voluntary simplicity. Highly self-reliant, the Inner-Directeds are leaders of movements such as those concerned with consumerism, pollution, health, safety, nutrition, and other societal issues. As a group they tend to be intellectual and aesthetic.

For the purposes of this study we have subdivided the Inner-Directed category into groups we designate as Experiential and Societally Conscious. The distinction between these two is spelled out in the life-style impact portion of Section IV.

Less than 20% of American adults today qualify as Inner-Directed, but their numbers appear to be growing rapidly and they could well constitute about 27% of adults by 1990. They are six to eight times more numerous in New England and the West than in the states of the Deep South.

Trends in Size of Lifestyle Groups

Table 3 shows trends in the size of the four groups.

Table 3

TRENDS IN SIZE OF LIFESTYLE GROUPS

Consumer Group	Percent of Adult Population 1978	1990
Need-Driven	12%	10%
Belongers	38%	34%
Achievers	33%	29%
Inner-Directeds	17%	27%
Total Adult Population (in millions)	154	180

Source: SRI

IV IMPLICATIONS FOR FOOD RETAILING

Focus

The project team was asked to consider the impact of trends and lifestyles on seven types of food outlets. As a result of its work, three other store types were added. All are briefly described below. We are indebted to the Planning Council and Dr. Bishop for most of this material.

Limited-Assortment Stores

Limited-assortment stores are price-oriented and specialize primarily in the sale of grocery products at relatively low prices. As of the fall of 1980, there are about 750 limited-assortment stores in the United States

Typically they offer about 500 dry grocery items (that is, canned and packaged foods and non-food grocery products). National brands are generally not available and standard grades of products, rather than fancy grades, are the rule. In some instances, the items are augmented by a limited assortment (typically less than 10% of a full-range store) of dairy, produce, frozen, and packaged meat items.

Pricing is usually 15%-20% below conventional supermarket prices, but competitive reaction may reduce the average savings available. The appeal of the stores is said to be very largely economy.

Customer service is also reduced. For example, checks generally are not accepted; customers are expected to bring their own containers and do their own bagging; waiting lines are frequently longer than in the supermarket, but relatively efficient checkout operations mean that the wait may not be any longer.

Warehouse Stores

Warehouse stores are price-oriented stores that streamline variety and store operations in an effort to sell a relatively complete line of grocery, meat, and produce items at prices perhaps 8% to 10% under the prices of conventional supermarkets. Although generally able to satisfy all the product needs of a household, warehouse stores do not provide a wide range of branded products.

Warehouse stores are highly utilitarian, meeting needs but not all wants. Many are located in older, recycled supermarkets. Such stores typically offer 4,000-6,000 items versus the 10,000 plus in the conventional supermarket. Products are displayed in shipping cases on warehouse-type racks. Customer services are also minimal although checks may be accepted.

Conventional Supermarkets

The conventional supermarket generally offers a broad assortment of groceries and related products, including the major branded lines. These stores offer many customer services including check-cashing, free shopping bags, assistance in bagging, and perhaps carryout service. Some include a bakery and/or deli in addition to the standard departments. Such stores define what is meant by conventional or standard pricing.

Super Stores

Super stores are large supermarkets that offer a full assortment of grocery, meat, and produce items. In addition, the super store usually also offers several specialty departments, such as deli, bakery, fresh seafood, floral, pharmacy, and perhaps a restaurant or snack bar. These additional departments are generally presented as "shops" within the store. The super store frequently carries a broader line of general merchandise than the standard supermarket. Prices are lower than in conventional markets by about 5%. . The stores are designed to attract a very broad spectrum of consumers.

Combination Stores

Combination stores are very large (i.e., over 40,000 square feet in total size), and are designed to offer most of the frequently purchased consumable and related convenience items. They generally offer all the standard food and specialty items of the super store; in addition, at least one third to one half of the space is devoted to display of general merchandise, such as automotive supplies, health and beauty aids, cosmetics, housewares, and so forth. The merchandising objective of the combination store is to encourage people to make planned rather than impulse purchases of many general merchandise items. The store is designed to service the total family. The food department is usually separate and often offers prices about 5% lower than conventional supermarkets as a means of attracting traffic.

Complete Grocery Home-Delivery Stores

This is a non-store form of food retailing that allows the customer to purchase a full assortment of grocery, meat, and produce items from a catalogue, using a phone or other electronic device to place the order. Items are assembled at the store and scheduled for delivery to the customer's home within a designated period during the next business day. The customer pays a relatively small delivery fee and the price of the groceries themselves is similar to those offered by conventional supermarkets in the area. Payment can be made by cash, check, or credit card. It is clear that such operations can take advantage of special circumstances, such as the dense populations and hence short delivery routes feasible in metropolitan centers.

Staple Grocery Home-Delivery Stores

This form of retailing is similar to the complete grocery home-delivery store except that its offerings emphasize staple grocery items and its perishable products such as meat, produce, cheese, and other dairy products are limited. Prices tend to be slightly higher than in the complete home-delivery store because it does not carry some of the higher gross margin perishable items that could offset some of the costs of selling staple groceries at lower prices.

Small Neighborhood Grocery Stores

This kind of store is typified by the small Mom and Pop operation that carries a limited selection of the most consistently needed grocery and frozen products at higher than supermarket prices. A more elegant variation is the small independent set-up in association with an apartment or condominium complex. Such stores are patronized chiefly by local residents as a matter of convenience and as a time-saver for last-minute purchases.

Specialty Stores

Specialty stores offer exceptionally broad assortments of very specific food lines, such as coffees, organic foods, or fresh produce. Prices are materially higher than at supermarkets but the selection in the specialty line is much broader and expert sales help is often available. They tend to cater to the gourmet and those who want something different for a special occasion. Sometimes clusters of specialty shops of this sort appear in shopping malls or farmer's markets.

Convenience Stores

By these are meant operations that (like small neighborhood stores) typically offer a slim line of widely purchased food items and personal care products. Prices are higher than in supermarkets but lower than in specialty stores or in nonchain neighborhood stores. Convenience stores often stay open all night and are commonly patronized for the purchase of "just-ran-out-of" items.

Economic and Political Setting

The following scenario constitutes our estimate of the "most likely" future to 1990. This scenario was used in considering the impacts of social trends on various kinds of retail outlets.

The coming decade is likely to be a period of slow, sometimes stagnant economic growth. Causing or accompanying this situation will be high to moderate rates of inflation, sharply higher energy prices and occasional energy shortages, and an institutional inertia that makes it difficult to quickly resolve economic and social problems. For much of American society, it will be a period of "muddling through" rather than high growth or precipitous decline.

It is best to think of the 1980s as two somewhat transitional 5-year periods. Energy problems, resulting mainly from political instabilities abroad and inadequate policies at home, will dominate the economic and political climate for the first 5 years or so. Overall economic growth is likely to be slow, averaging around 2.8% annually in real terms. Wide swings in the economy--recession followed by prosperity followed in quick order by recession--will be typical. Unemployment will be high during recessions but not as high as during the 1974-75 recession. Inflation will remain at very high levels in the early 1980s, exacerbated by energy prices and the large pool of dollars held in international hands. By the mid-1980's, the rate of increase in prices should begin slowing as adjustments are made to the new energy situation through mandatory and voluntary conservation measures.

During the latter half of the decade, overall economic growth will be complicated by the slowing rate of growth in the labor force--the peak of the post-war baby boom will have entered the labor force by 1985. By the mid-1980s there should be an upsurge in capital investment, providing facilities and technologies for future productivity growth. Although overall economic growth in the latter half of the decade will still be slow (about 2.8% annually); it will be steadier than in the first half.

Political consensus about the resolution of energy, trade, labor, and productivity issues will be slow in coming. Political crises abroad, such as the current Iranian situation, may help bring about the consensus needed for strong energy conservation and supply policies. Labor issues, although changing because of the lower labor force growth rate and the maturing of the labor force, will not recede from the mainstream political issues of the day. By the end of the decade, the main issues will be underemployment and obsolescence of skills, rather than unemployment. The United States, as well as the rest of the developed world, will move gradually toward greater levels of trade protectionism during the first half of the decade, and slowly back toward freer trade during the second half. Economic problems in the early 1980s will underscore the need for stronger policies promoting productivity; in such a climate, general policies improving the climate for capital investment should be forthcoming.

The trend toward reduced government expenditures will continue, but expenditures at local, state, and federal levels will not decline. Rather they will grow more slowly than in the past, and certainly more slowly than GNP.

The government's regulatory posture will change somewhat. Regulation in some areas, especially transportation, will decline slightly. However, regulation concerned with energy supply and use will increase sharply, especially during the 1980-85 period. The general trend toward rationalized regulation will continue.

The decade may well be an era of growing experimentation in government, especially at local, regional, and state levels.

Finally, traditional American industries will grow very slowly during most of the decade, contributing to the general economic malaise. However, industries associated with the "information revolution" (e.g., electronics, computers, telecommunications) will become increasingly important in the American economic system.

Alternative Futures

In addition to the scenario discussed above, other futures are possible. To encompass the range of uncertainty implicit in looking ahead to 1990, we developed two alternative scenarios, each based on different assumptions about economic growth and the resolution of economic problems. The implications of these possible futures, as distinct from the main analysis, are discussed in the summary of the report.

Moderate Growth

This "moderate growth" scenario represents a more optimistic view of the future than contained in our "most likely" estimate. In it, the American economy continues to grow at historical rates (3.5% annually) in spite of higher energy prices and international problems. The United States implements strong energy conservation policies and also strongly encourages the development of conventional and unconventional energy resources and systems. This energy policy leads quickly to a major improvement in the U.S. balance of payments, and more importantly, to an improvement in the U.S. position in the international political and financial communities.

Domestically, there is a growing sense of direction, of consensus that the "American system" still works. With some sacrifice in terms of their daily mobility, most Americans seem satisfied that a direction has been found through the energy crisis. This sense of common purpose is at the heart of increasing domestic stability, hard work, and a gradual return to high rates of industrial productivity. Capital investment, with considerable federal encouragement, grows sharply early during the next decade. The unemployment rate is falling gradually, and employment rises steadily.

Key to the improving economic conditions is the more rapid development of the information sector of the economy. Given the reason--energy conservation--a variety of incentives are provided for the development and implementation of technologies that help to reduce energy consumption. This includes, for example, direct reduction by using microelectronics to optimize automobile engine performance and indirect reduction by employing telecommunications to substitute for some kinds of travel.

Depression and Recovery

In the "depression and recovery" scenario, energy shortages so exacerbate the economy that a serious downturn is inevitable. By the mid-1980s, the United States is suffering an economic depression about three times as severe as the 1974-75 recession (or roughly one-third as severe as the 1929-39 depression). The worst part of the depression occurs in 1985 but recovery to predepression levels doesn't come until 1990.

Americans suffer a considerable decline in their real standard of living, but their losses are not nearly as severe as for America's allies in the developed world.

The depression, despite now stable energy prices, leads to a short period of deflation in which reduced demand leads to falling prices. This, of course, makes the downturn all the worse for businesses and consumers who are highly leveraged.

The federal government takes a strong hand in managing recovery. All forms of transportation come under tight regulation; fuel, for example, is rationed. The government provides some forms of assistance to failing financial institutions and home owners caught short by the downturn and brief deflation. More important, it provides strong incentives for investment and development of new technologies. Although one would expect such hard times to bring about some consensus in the policy, such is not the case here. In fact, there is strong disagreement in the population regarding the causes of the decline, who is to blame, and appropriate measures for recovery. Despite the fact that most people are reasonably well-off during the slump, a sense of shock and disbelief (that "it couldn't happen here") persists. With recovery comes a return to interest group politics and general inertia within the large, complex organizations of government and large business. Table 4 shows selected economic and demographic projections for the scenarios.

Analysis of Impacts of Trends on Food Retailing

In the following pages each of the trends sketched earlier are examined for their implications to the ten types of food outlets under the general economic conditions of our "most likely" scenario given above. This analysis is followed by a parallel treatment using comprehensive lifestyles instead of individual trends.

In addition to the general treatment of socioeconomic and lifestyle factors and their effects, we have rated each in terms of its consequence for markets. Based on our analysis, we assigned "scores" to each type of food store for each category of impact. Where our conclusions indicated a major positive impact, i.e., greater demand for a certain kind of store, we assigned it a "++." A more moderate impact got a "+," a neutral effect a "0," and moderate and severe negative effects "-" and "--", respectively. Section V of this report summarizes these impacts.

Table 4

SCENARIO HIGHLIGHTS
(1978 Dollars)

Parameters	1978	1985 Most Likely	1985 Moderate Growth	1985 Depression and Recovery	1990 Most Likely	1990 Moderate Growth	1990 Depression and Recovery
Population (millions)	218.5	232.9	232.9	228.9	243.5	243.5	236.3
Adult population aged 20 and over (millions)	146.6	163.2	163.2	163.2	171.6	171.6	171.6
Gross National Product (billions)	$2,100	$2,480	$2,590	$2,330	$2,850	$3,080	$2,460
Personal consumption (billions)	$1,350	$1,490	$1,660	$1,440	$1,740	$1,940	$1,480
Per capita GNP	$9,610	$10,650	$11,120	$10,180	$11,700	$12,650	$10,410

Population and Age Structure

There appear to be four significant trends in population and age structure with substantial implications for retailing.

Most important is the large growth in the number of people aged 25 to 44. These are the years of family formation, having children, and trying to keep even financially. By the mid and late 1980s there will be enough new families with children under 10 to favor family-oriented combination stores, especially if food prices there are a bit under conventional supermarket prices. This will be "family occasion" shopping. Large families with limited resources are likely to cater to limited-assortment stores for reasons of economy. More affluent families will probably patronize conventional supermarkets and super stores for their wide selection and more familiar setting.

The decline in the number of teenagers is likely to have strong negative impacts on convenience stores and perhaps on neighborhood stores. Preteens and teenagers are impulse buyers and tend to congregate at local "in" places during nonregular store hours where they can buy snacks and soft drinks.

The baby boomlet will probably favor conventional supermarkets because a wide selection of branded products will be favored at a reasonable price. Parents with young children are likely to want well-known (i.e., nationally branded) products because these tend to be the products that are trusted. Nutrition is also an important concern. If limited-assortment stores can overcome some of the limited service aspects of their operation, they would be more successful in this market.

The marked rise in the number of older people could favor home delivery, especially in areas where safety is a concern. Both complete and staple home-delivery stores have clear advantages of one-call shopping, and will do well where cost is no constraint. Note, too, that food quality is less significant to older people whose sense of taste is no longer as keen as it once was. Older people can be very good customers of limited-assortment and warehouse stores, both because they have time available and because they are often on limited incomes. Limited-assortment stores and warehouse stores would have more appeal to older people if they could provide physical help with bagging and carrying groceries. Growing populations of older people in inner cities means more buying from neighborhood stores (despite costs often 20% or more higher than in supermarkets) because cheaper stores are not within walking or convenient bus range. This trend is likely to accelerate as more supermarkets move out of center cities. The positive trend on neighborhood stores from older people will probably more than offset the loss of business from declining teen and preteen populations.

IMPACT OF POPULATION AND AGE

Type of Store	Impact
Limited-assortment	+
Warehouse	0
Supermarket	++
Super store	+
Combination	++
Complete home-delivery	+
Staple home-delivery	++
Neighborhood	+
Specialty	0
Convenience	--

++	Very positive
+	Moderately positive
0	Neutral
-	Moderately negative
--	Severely negative

Household Composition and Fertility Rates

The principal trends in this complex area involve many more households of smaller average size (facilitating more two-earner families and households), many more singles and households of unrelated individuals living together, and many more households headed by people aged 65 or more.

The most significant single implication of these trends is the implied growing volume of shoppers. This will favor the major complexes, such as supermarkets, super stores, and combination stores.

These patterns suggest smaller average purchase size, which probably favors the neighborhood stores, specialty shops, convenience stores, and perhaps, conventional supermarkets. The impact is not likely to be great, however.

Another implication, reflecting the singles and two-earner families, in particular, is greater expression of individual taste. Stores offering wide variety will benefit. Notably, these include super stores, combination stores, and specialty shops.

The trends further support great demand for off-hour shopping. Beneficiaries of this include convenience stores, neighborhood stores, and perhaps, home-delivery systems.

The upshot is that these basic trends seem to offer advantages to all store types except limited-assortment and warehouse stores. These may benefit from secondary implications of changes in household composition--and those are treated elsewhere in this report. (See page 54 for impact table).

Urban/Suburban/Rural Migration

The flow of population and money to the suburbs and beyond will favor the large modern store capable of attracting consumers from a large area. Super stores and combination stores seem to be suited to this role. Malls and clusters of specialty shops also should benefit.

Declining central city population points to poor business for neighborhood shops and probably complete grocery home-delivery

IMPACT OF HOUSEHOLD COMPOSITION
AND FERTILITY RATES

Type of Store	Impact
Limited-assortment	0
Warehouse	0
Supermarket	++
Super store	++
Combination	++
Complete home-delivery	+
Staple home-delivery	+
Neighborhood	++
Specialty	++
Convenience	++

++ Very positive
\+ Moderately positive
0 Neutral

stores since they cater most effectively to dense populations of affluent consumers. Staple grocery home-delivery, in contrast, might benefit as supermarkets flee the center cities and neighborhood stores are forced to raise prices to stay in business. Under such circumstances, a 5% premium over supermarket prices for home-delivery may seem a bargain. But the urban stores that should thrive the most would be limited-assortment and warehouse stores. Even though central city population may be declining, those who remain will be avidly seeking bargains; further, facilities vacated by chains may well be available for warehouse and limited-assortment stores.

We see no substantial impacts from the slow decline in rural population--if, indeed, that proves to be the trend.

IMPACT OF URBAN/SUBURBAN/ RURAL MIGRATION

Type of Store	Impact
Limited-assortment	++
Warehouse	++
Supermarket	0
Super store	+
Combination	+
Complete home-delivery	-
Staple home-delivery	+
Neighborhood	-
Specialty	+
Convenience	0

++ Very positive
\+ Moderately positive
0 Neutral
\- Moderately negative

Educational Attainment

As a greater percentage of the population attends college and graduates from college, predicting where Americans will shop becomes increasingly difficult. This is so because education tends to enhance an individual's confidence in his or her ability to judge what is best for themselves. In regard to eating habits and shopping location, educated people tend to be more experimental than others--at least until they find the kind of stores and types of food that agree with their preferences. Their preferences will depend in part on whether or not they live alone; have a partner or family; work full or part time; and of course, on their income.

In general, assuming a continuation of the present economic conditions, educated people with and without families are likely to shop either at super stores and combination stores which offer a great variety of general and specialty items, or at a conventional supermarket, making supplemental purchases at specialty shops. For the educated person with a family and medium to low income, warehouse stores are more likely to be patronized. For the household with two educated and working people stores with home delivery service might capture some of the market from the super stores, conventional supermarkets, and specialty shops. Better educated people tend to prefer greater variety and more choice. They also tend to be concerned about nutrition. They would prefer complete home-delivery over staple home-delivery because they would get less variety and fewer perishables from the latter.

IMPACT OF EDUCATIONAL ATTAINMENT

Type of Store	Impact
Limited-assortment	0
Warehouse	+
Supermarket	+
Super store	++
Combination	++
Complete home-delivery	+
Staple home-delivery	0
Neighborhood	0
Specialty	++
Convenience	0

++ Very positive
\+ Moderately positive
0 Neutral

Working Women

A number of studies conclude, with some surprise, that the shopping behavior of the full-time working woman is similar to that of the full-time housewife. This may be true now and, in fact, may not be that surprising; but this similarity will change as more women join the work force. The behavior of these women will be shaped increasingly not by the values and perceptions developed during 15 to 20 years of being a housewife, but rather by the values and perceptions of a mid- to late-20-year old with no children, a college education, and high expectations about the role work (away from home) will and should play in her life.

This "new" working woman will have more money and less time to do the shopping. If she has a mate and/or family, these other household members will take on more of the responsibility for meal planning, food purchasing, and food preparation. Because money is of less concern and convenience is of great concern, working women and their households will tend to do their shopping at one place, once a week. This bodes well for super stores and combination stores with their in-house specialty shops and ready-to-eat or prepared gourmet foods. Of course, if the premium on time is particularly great, home delivery stores will do well. On the other hand, if it turns out that working women (particularly those without children) want to spend their time and money on quality items, specialty shops in combination with conventional supermarkets could divert a sizable portion of this segment of the market from the super stores.

Finally, there are those working women who have always been in the work force for financial reasons. These women generally have families and less money than those working women who work for nonfinancial reasons. This group of working women will grow in number if the economy worsens and as those women who went to work for nonfinancial reasons realize that they must work in order to maintain the level of general consumption to which they and their households have become accustomed. As this group of women who work for financial reasons grows, the limited-assortment and warehouse stores will benefit.

IMPACT OF WORKING WOMEN

Type of Store	Impact
Limited-assortment	+
Warehouse	+
Supermarket	+
Super store	++
Combination	++
Complete home-delivery	+
Staple home-delivery	+
Neighborhood	0
Specialty	+
Convenience	+

++ Very positive
\+ Moderately positive
0 Neutral

Singles

Households made up of singles--even those composed of unrelated individuals living together--tend to act as individuals rather than as units. Much shopping is probably highly selective. The incidence of eating out is high, but, more important, such people tend to buy in response to individualistic values. Most singles work, so that buying is often done in off hours, favoring the large standard outlets. Each purchase tends to be small, despite the relative affluence of such consumers.

This pattern would tend most to favor convenience stores, specialty stores, and the neighborhood grocery. Complete home-delivery operations also would benefit. Limited-assortment and staple home-delivery grocery stores might be negatively affected. The others would probably feel little impact.

IMPACT OF SINGLES

Type of Store	Impact
Limited-assortment	-
Warehouse	0
Supermarket	+
Super store	+
Combination	+
Complete home-delivery	+
Staple home-delivery	-
Neighborhood	+
Specialty	+
Convenience	+

\+ Moderately positive
0 Neutral
\- Moderately negative

Two-Earner Households

The two-earner household can be divided into households with medium to high income and low to medium income. The first group is relatively affluent and will shop accordingly. Super stores, conventional supermarkets supplemented by visits to specialty shops, and complete grocery home delivery are shopping arrangements that will appeal to this group.

Middle-income people must husband their money more carefully. Conventional supermarkets, super stores, and combination stores will attract this group, particularly those members with families. The extent to which the two-earner households with medium income have no children will be an important determinant of how often the members of this group patronize the super stores, which offer a greater variety, and a higher quality than the conventional supermarket. The poorest group of two-earner households is an especially good prospect for warehouse stores in cases where the low income, two-earner household members are educated and have children. They are tremendously concerned about money. If the earners are busy with work or children, or simply don't enjoy shopping, the demand for convenience and one-stop shopping would lead them to the combination store. If the two-earner household has no children, their shopping behavior is likely to be similar to that of other wealthier two-earner households.

IMPACT OF TWO-EARNER HOUSEHOLDS

Type of Store	Impact
Limited-assortment	+
Warehouse	+
Supermarket	+
Super store	++
Combination	++
Complete home-delivery	+
Staple home-delivery	+
Neighborhood	0
Specialty	+
Convenience	+

++ Very positive
\+ Moderately positive
0 Neutral

Ethnic Shifts

Ethnic minorities are likely to continue to cook traditional dishes from scratch, favoring one-stop stores offering good prices (especially warehouse stores and supermarkets). In neighborhoods where ethnic groups live, all food outlets will carry the scratch components.

Trends toward individualism and experimentalism, rather than growth of minorities, are likely to support more widespread use of ethnic foods. These would include not only such established favorites as Chinese and Mexican foods, but many more exotic foods. The evolution of Mexican foods from the hard-to-get scratch components 25 years ago to the arrival of Mexican foods and meals in the prepared section of every corner grocery, may be the template for other ethnic dishes. This penetration into the broad dietary pattern of the society will favor stores with large volume and large selection--particularly supermarkets, super stores, and combination stores. High cost specialty stores offering ethnic foods and dishes may develop to cater to limited status and fad markets.

We do not foresee major new markets developing around traditional dishes of blacks.

IMPACT OF ETHNIC SHIFTS

Type of Store	Impact
Limited-assortment	0
Warehouse	+
Supermarket	++
Super store	+
Combination	+
Complete home-delivery	0
Staple home-delivery	0
Neighborhood	0
Specialty	+
Convenience	0

++ Very positive
\+ Moderately positive
0 Neutral

Income

For the next decade, relatively high rates of inflation will produce an overall pattern of "income squeeze." But the effect will be bimodal--some groups will enjoy rapid increases in real income but others will see their income growing slowly or even declining slightly. Overall household and family incomes will rise at rates similar to or slightly lower than during the past decade. Best off in terms of real income will be new families or unrelated households without children but with two wage earners, and families with the primary members aged 45-64. Worst off will be poor people and older people on fixed incomes.

Several groups in the population will have special problems or advantages under such conditions:

- Because of the surge in the population aged 25-44, the rate of formation of new, young families and/or households will be unusually high. Often these will be families entering the housing market for the first time. With their real incomes just barely adequate--and going more and more to non-food expenses such as transportation, energy, and housing--they will have to economize. Their market preferences will be mainly conventional supermarkets, superstores, and combination stores and, to a lesser extent, limited-assortment and warehouse stores.

- New households with unrelated individuals or new families without children where both members work will enjoy a real increase in incomes. In addition to conventional supermarkets, their preferences will include super stores and specialty stores.

- People living on fixed incomes--a substantial fraction of the slowly growing cohort aged 65 and over--will suffer worst. Their market preferences will be the same as newer, younger families although those having transportation problems will find it difficult to shop at limited-assortment and warehouse stores.

o Incomes for individuals and families in the 45-64 age group will rise in real terms and this group as a whole will be best off. Their preference will be for super stores, combination stores, specialty stores, and, if they live in larger cities, full service grocery stores with delivery.

When the conflicting interests of these groups are balanced out, we come up with the following net pattern of responses to income trends.

IMPACT OF INCOME

Type of Store	Impact
Limited-assortment	++
Warehouse	++
Supermarket	+
Super store	++
Combination	++
Complete home-delivery	0
Staple home-delivery	-
Neighborhood	-
Specialty	0
Convenience	0

++ Very positive
\+ Moderately positive
0 Neutral
\- Moderately negative

Inflation and Energy

Higher prices in general, and higher energy prices in particular, will have a number of effects on market preferences. Inflation will generally force consumers to economize, presumably making them more sophisticated shoppers. But in looking for value, more affluent shoppers may move more readily to buy higher quality, more expensive food products. Higher energy prices will increase preferences for one-stop, once-a-week shopping. Markets close to home (even in walking distance), markets located near other kinds of stores (e.g., in shopping centers), and markets located on the way home will be preferred.

Energy prices as they affect transportation augur well for some types of stores; both home-delivery types because you don't have to go out to shop at them, neighborhood stores because they are within walking distance, and specialty stores because of interests in variety.

Higher energy prices will increase operating expenses for markets in general, but especially for smaller grocery and specialty stores that carry large produce selections and have large frozen food sections.

Combination stores, super stores, and to a lesser degree, conventional supermarkets will have some advantages in lower density residential areas.

The variety available for the careful, economizing shopper coupled with the shift toward one-stop shopping will make these types of stores more attractive. In cities, conventional supermarkets and stores providing delivery services will do well. Also in denser cities, smaller grocery stores should survive because of the image of quality they offer to neighborhoods.

Limited-assortment and warehouse stores will enjoy little advantage; their prices should rise at the same rate as prices in other stores. Warehouse stores with more variety, however, could see some gain from shoppers economizing down from conventional supermarkets. Convenience stores, located too far away to walk to, with too little variety, and with higher prices see no gain under these conditions.

IMPACT OF INFLATION AND ENERGY

Type of Store	Impact
Limited-assortment	0
Warehouse	+
Supermarket	++
Super store	++
Combination	++
Complete home-delivery	+
Staple home-delivery	+
Neighborhood	+
Specialty	+
Convenience	0

++ Very positive
\+ Moderately positive
0 Neutral

Food Costs

The effects of inflation on energy, transportation, and labor costs will push up food costs at a pace close to the rise in all products. Consequently, food costs are unlikely to be a continually shrinking part of the family budget. Because they are a highly visible item in that budget, they will be items on which people try to economize.

Rising food costs are closely related to rising energy costs because the food production, distribution, and delivery system is dependent on oil. As the cost of oil and therefore the cost of food continues to climb, the consumer will make two particular demands on the retail grocery shopping industry which have implications for specific types of stores. First, the demand for one-stop shopping, especially in rural areas where distances are great, will increase as people try to hold down their gasoline expenditures. The super store and combination store will benefit from this demand for one-stop shopping as will (although to a lesser extent) the conventional supermarket. Secondly, rising food cost will generate a demand for stores offering cut-rate prices. Warehouse stores will prosper here expecially if they offer a variety of items. Limited-assortment stores will also reap some of the benefit of this demand but the limited assortment of food will not look that appealing--even if it is cheap--if a number of other shopping trips are required to feed the household.

IMPACT OF FOOD COSTS

Type of Store	Impact
Limited-assortment	+
Warehouse	++
Supermarket	+
Super store	+
Combination	+
Complete home-delivery	-
Staple home-delivery	-
Neighborhood	-
Specialty	-
Convenience	-

++ Very positive
+ Moderately positive
- Moderately negative

Concern with Nutrition

Nutrition is one of a variety of special interests with respect to food. Our point is that there are various groups of people with special interests who have strong preferences for different kinds of food. Even with respect to nutrition there are likely to be several special interests--for example, organic food, additives, sugar-free foods, meatless diets, and so on.

Concern with nutrition reflects the deep and growing preoccupation of Americans with matters of health, diets, and safety in food. At least half of all U.S. adults go on some sort of a diet every year. Those involved in nutrition in a sophisticated way make up only about 10% to 15%, but they have many vocal followers.

There is a considerable element of public relations in capitalizing on these concerns. The very large stores, such as combination stores, super stores, and some conventional supermarkets, are in the best position to offer special advisory services coupled with medicinal boutiques, nutrition or diet sections, and a broad range of top-quality (often national brands) merchandise. The specialty stores will benefit by offering in-depth selections of, for example, organic foods or fresh produce. Stores negatively affected will be stores offering nonpremium goods, especially if only limited lines are offered. These would include limited-assortment stores, warehouse stores, staple grocery home-delivery stores, and neighborhood stores. Complete grocery home-delivery stores could take advantage of this trend if they develop reputations for top-quality merchandise.

IMPACT OF CONCERN WITH NUTRITION

Type of Store	Impact
Limited-assortment	-
Warehouse	-
Supermarket	+
Super store	+
Combination	+
Complete home-delivery	+
Staple home-delivery	-
Neighborhood	-
Specialty	+
Convenience	0

\+ Moderately positive
0 Neutral
\- Moderately negative

Holistic and Self-Help Health

This trend, being closely related to concern with nutrition, will have similar impacts. "Holistic corners" or "self-help clinics" could be established in the very large stores (super and combination stores). Entire specialty stores could be developed around such themes. Economy, neighborhood, convenience, and limited home-delivery stores probably would not benefit from this trend.

IMPACT OF HOLISTIC AND SELF-HELP HEALTH

Type of Store	Impact
Limited-assortment	-
Warehouse	-
Supermarket	0
Super store	+
Combination	+
Complete home-delivery	0
Staple home-delivery	-
Neighborhood	-
Specialty	+
Convenience	-

\+ Moderately positive
0 Neutral
\- Moderately negative

Changing Roles of Men and Women

The impact of more men shopping for food is likely to be complex and diverse. Men are not experienced shoppers and hence are likely to do more impulse buying and to select nonstandard products and brands. This will benefit the stores with wide selections--notably supermarkets, super stores, combination stores, and for the affluent male shopper, complete grocery home-delivery. Being inexperienced shoppers, men probably will go to the familiar outlet (largely supermarkets) and avoid outlets where food expertise is called for (i.e., specialty stores).

Men also tend to shop rapidly, often in off hours after work. This will benefit neighborhood stores and convenience stores.

Men probably are less astute and price-conscious food shoppers than women. This would be a negative influence on limited-assortment and warehouse stores, even though reduced service would be less important to men than to women.

Another attribute is the male interest in such nonfood items as alcohol and general merchandise. This should be beneficial for the large, diverse operations, especially super stores and combination operations.

As more men become shoppers and also become more sophisticated shoppers, the differences between men's and women's preferences may lessen but they will still be large during the next 10 years. Women are changing too. As they enter the labor force in greater numbers, their preferences should change as well.

IMPACT OF CHANGING ROLES OF MEN AND WOMEN

Type of Store	Impact
Limited-assortment	-
Warehouse	-
Supermarket	++
Super store	++
Combination	++
Complete home-delivery	+
Staple home-delivery	0
Neighborhood	+
Specialty	-
Convenience	+

++ Very positive
\+ Moderately positive
0 Neutral
\- Moderately negative

Neighborhood Safety

Neighborhood safety will remain primarily an urban problem in the 1980s. However, in suburban communities, particularly those contiguous with older urban centers, the issue of neighborhood safety also will become important during the next decade. The demand for safety in shopping will place a premium on store location. The store that is near home and/or work, and that supplies either convenient, well-lit parking or store-to-car-door grocery carrying service, will do well. The neighborhood store, convenience store, and/or smaller conventional supermarket located in or near an apartment complex also will benefit as people become more willing to pay higher prices for their food if the food can be bought without fear.

Of course, complete grocery home-delivery and staple grocery home-delivery stores will also benefit from the willingness (of especially the growing segment of elderly people) to pay the market "protection" money in order to obtain groceries safely. In urban areas, home-delivery stores may face two problems: first, there is the problem of having the delivery vehicle vandalized or stolen while delivering groceries to the customer's door; and secondly, the number of potential customers will be less than one might expect because some people, especially the elderly, will be afraid to unlock and open their door because they won't believe that the person knocking is the delivery person.

Finally, one-stop shopping will appeal to the frightened market patron--particularly the growing number of after 5:00 p.m. shoppers who live in urban areas--who will become increasingly reluctant to take a stroll after work to pick up "a few things" for dinner. As such, the supermarket and super store--if located within reasonable distance of these mostly single and relatively well-off people--will benefit from their concern with neighborhood safety.

IMPACT OF NEIGHBORHOOD SAFETY

Type of Store	Impact
Limited-assortment	-
Warehouse	-
Supermarket	+
Super store	+
Combination	+
Complete home-delivery	+
Staple home-delivery	+
Neighborhood	+
Specialty	0
Convenience	+

\+ Moderately positive
0 Neutral
\- Moderately negative

Stress

Growing levels of human stress in the society will affect food retailing in a variety of different ways. If, as seems likely, a considerable trend develops toward selection of "mood foods" as specialty items avidly sought by some customers, large operations such as supermarkets, super stores, and combination stores will benefit. This type of demand also could be catered to by large home-delivery stores.

People shopping under stress want to be in control and to get what they want quickly and easily. This desire favors warehouse stores, convenience stores, and neighborhood stores. Warehouse stores, with greater selection than limited-assortment stores, are likely to be more familiar--more like supermarkets--and larger as well.

A very different kind of impact reflects the inclination of people under stress to eat poorly, drink more, and develop erratic eating habits. Probably the upshot of this would be more off-hour shopping and a preference for stores carrying a wide selection of items--i.e., supermarkets, super stores, combination stores, and convenience stores.

Shopping itself, of course, can be a source of stress. The inference of this is an emphasis on easy-reach, easy-park, easy-in, easy-out shopping. Again the large operations should benefit along with neighborhood and convenience shops.

IMPACT OF STRESS

Type of Store	Impact
Limited-assortment	-
Warehouse	+
Supermarket	+
Super store	+
Combination	+
Complete home-delivery	+
Staple home-delivery	+
Neighborhood	++
Specialty	0
Convenience	+

++ Very positive
+ Moderately positive
0 Neutral
- Moderately negative

Value of Time

Several long and short-term trends regarding the value and use of time are underway. The long term trends have mainly to do with the changing balance of time spent at work, home and play. The short term trends have to do with the energy crisis and its potential impacts on transportation. Within this framework there is likely to be considerable variety in the way individuals and different groups reorganize their time. There is no single clear pattern. People who have more time (older people and the unemployed) may find it more appropriate to spend their time at various discount food stores. Single-person households, now on the rise will tend to look for convenience--in traditional supermarkets, super stores, and combination stores. Larger households, still enjoying elaborate meals if able to reorganize their time, will look toward conventional stores and larger markets that are located near specialty stores. People living in places where there are many other activities competing for their time should find stores offering delivery services highly attractive. For store location decisions the most favorable strategy is probably locating larger markets close to a wide variety of specialty stores, e.g., in appropriately designed shopping centers or urban shopping districts.

The increased concern with how time is spent manifests itself (with regard to the demand for specific store-types) in the trend toward one-stop shopping. Those men and women who are working full time have less disposable time. One-stop shopping and, in some cases, in-home shopping will appeal to these people. Super stores, combination stores, and to a lesser extent, conventional supermarkets and complete grocery home-delivery stores will benefit from the increased numbers of men and women who work full time. Since such people often must shop rapidly at odd hours, neighborhood and convenience stores also should benefit.

A small, and perhaps not-yet significant, counter-trend involves men and women who voluntarily choose less than fulltime work. These people have more disposable time and may decide to shop at a variety of specialty stores rather than at the super store or combination store. (See page 75 for impact table).

Demand for Convenience

With respect to food, the demand for convenience is largely a function of the shopper's income and household arrangements, and rising fuel costs. It is also closely related to stress and the value of time. The single individual with a healthy income is typically busy with his or her job and is not interested in investing a great deal of energy in domestic chores. As such, these individuals try to minimize the amount of time they spend shopping. Typically, they are one-stop shoppers who shop after 5:00 p.m. and often on the weekend. Super stores and combination stores will benefit as this segment of the population grows. To a lesser extent, complete grocery home-delivery stores will also tap this market as some of its members find that visiting any market is irritating and should be

IMPACT OF VALUE OF TIME

Type of Store	Impact
Limited-assortment	-
Warehouse	-
Supermarket	+
Super store	++
Combination	++
Complete home-delivery	+
Staple home-delivery	0
Neighborhood	+
Specialty	0
Convenience	+

++ Very positive
\+ Moderately positive
0 Neutral
\- Moderately negative

avoided. The main beneficiaries of demand for off-hours shopping will be the convenience stores and neighborhood grocery outlets.

Households with two-wage earners are similarly busy; and, whether or not such households include children, the demand for convenience will support convenience and neighborhood stores, super stores, combination stores and to a lesser extent, the complete grocery home-delivery store. Households with two or more members, but with a single wage earner, are similar, with slightly more patronage of the combination stores. The successful European-style combination store may find a niche in this context.

Finally, rising fuel costs will lead many people, regardless of income and household arrangements, to seek out the store nearest their work and/or home. One-stop shopping will be demanded, which again supports the super store and combination store. For those people who cannot afford to shop at these stores, times will be tough as food costs increase as a result of rising fuel costs.

With [illegible] erall increase in the demand for convenience, additional patterns of food shopping and service could emerge:

- Certain kinds of nonperishable foods may be sold in other kinds of stores that people frequently visit, e.g., drugstores.
- Collections of specialty food stores (e.g., "farmer's markets"), already flourishing in some cities, should grow in number.
- Convenience stores, enjoying the effects of the general trend to begin with, would do even better if they expand the selection of items that they carry. (Of course, there is still a tradeoff between convenience, cost, and size).
- Two-way electronic media coming into place by the end of the decade could add new twists to "in-home" shopping services.

IMPACT OF DEMAND FOR CONVENIENCE

Type of Store	Impact
Limited-assortment	-
Warehouse	-
Supermarket	+
Super store	++
Combination	++
Complete home-delivery	+
Staple home-delivery	0
Neighborhood	++
Specialty	-
Convenience	++

++ Very positive
\+ Moderately positive
0 Neutral
\- Negative

Family Eating Patterns/Food Away from Home

This issue incorporates two distinct factors: whether meals are eaten at or away from home, and the nature of meals eaten at home.

A number of trends point to a slow decline in the number of people eating out. Overall economic growth is slowing but inflation will remain fairly high. Under these circumstances, the cost of eating out will rise faster than meals purchased in markets and prepared at home. Much of the growth in restaurants and fast food chains has come because of the great growth in the young adult portion of the population. Now these people are entering the more mature 25-44 age group, forming new families and more stable households. Their tastes are also changing as they mature, portending a shift in the kinds of food in which they are interested and the kinds of restaurants they prefer. Likely they will prefer conventional supermarkets and convenience stores because they will be relatively unsophisticated shoppers.

The availability of new forms of home entertainment during the next decade, e.g., video cassettes, will serve to make the home a more attractive place for meals to many groups that would otherwise eat out.

With the formation of new families, there should be some increase in meals at home. Meals prepared from scratch could increase slightly but, because of earlier habits, most people will prefer more convenient meals.

IMPACT OF FAMILY EATING PATTERNS/FOOD AWAY FROM HOME

Type of Store	Impact
Limited-assortment	0
Warehouse	0
Supermarket	++
Super store	++
Combination	++
Complete home-delivery	+
Staple home-delivery	+
Neighborhood	+
Specialty	0
Convenience	+

++ Very positive
\+ Moderately positive
0 Neutral

Conventional supermarkets, super stores, and combination stores, because they are what less sophisticated shoppers are most used to and because they offer a full line of produce and foods, should enjoy increasing patronage under these conditions. Convenience stores and, in denser cities, complete and staple home-delivery stores will also enjoy higher patronage. The overall trend should augur well for all types of markets.

Attitudes Toward Nationally Advertised Brands and Private-Label Products

Interest in private-labels will most likely favor larger conventional supermarket chains, super stores, and combination stores. These offer a wide variety of products and brands as well as private-labels, and thus appeal to the most sophisticated shoppers. Under difficult economic conditions, food buyers would have even more reason to economize, and the interest in private-labels would improve the position of warehouse stores and limited-assortment stores.

IMPACT OF ATTITUDES TOWARD NATIONALLY ADVERTISED
BRANDS AND PRIVATE-LABEL PRODUCTS

Type of Store	Impact
Limited-assortment	+
Warehouse	+
Supermarket	++
Super store	++
Combination	++
Complete home-delivery	-
Staple home-delivery	-
Neighborhood	-
Specialty	-
Convenience	0

++ Very positive
\+ Moderately positive
0 Neutral
\- Moderately negative

Media Effectiveness and Attitudes Toward Media

The key issues here are the appropriate mix of media to reach a quickly changing consumer audience and the role that new media will play in advertising food (and other products) in the 1980s. Consumers' media preferences, and thus the effectiveness of various media, are tied to a number of factors: age, the value (and organization) of time, roles of men and women, income, and more. More women working and a blurring of traditional male and female roles mean a shift of television advertising from daytime to prime time. Accordingly, prime time advertising will continue to become more expensive. Only outlets with large financial resources will be able to afford this sort of advertising. Newspapers will remain the primary advertising medium for food stores, at least until newspapers' advertising base becomes threatened by new media. However, with shifts in their audiences, conventional daily newspapers may become gradually less effective. In their place we are beginning to see a number of local newsprint publications dedicated solely to local advertising; some versions of these that specialize in food advertising are likely.

Larger markets and market chains--conventional supermarkets, super stores, and combination stores--have the greatest resources and will be able to shift their advertising dollars about with few problems. Given their financial resources, they will remain in the best position to take advantage of shifting media preferences (resulting from changing lifestyles) and the emergence of new media. When low cost teletext (consumer information data bases available through home television sets) becomes available, all stores could use such systems.

Home-delivery stores will have little difficulty reaching their market segments using all sorts of local media. They may enjoy some advantage when two-way, cable-based TV systems come into place since these can be used for viewing and ordering goods. Neighborhood stores, especially small independents, will find the cost of most media too high, with the main exception likely to be local advertising newspapers. The impact on specialty stores, given their general attractiveness, will be negligible. Convenience stores that belong to large chains will of course have media strength similar to the larger market chains.

In general, during the 1980s, there will be significant changes in the structure of advertising media. Broadcast television will continue to become more expensive and will gradually be threatened by a variety of "narrowcast" television media. Newspapers should remain a primary advertising medium for food stores but may see some threats from teletext and local home computer networks by the late 1980s. Magazines, especially local and regional magazines, will thrive. The number of local newspapers devoted solely to advertising will increase sharply.

IMPACT OF MEDIA EFFECTIVENESS AND ATTITUDES TOWARD MEDIA

Type of Store	Impact
Limited-assortment	-
Warehouse	-
Supermarket	+
Super store	+
Combination	+
Complete home-delivery	+
Staple home-delivery	+
Neighborhood	-
Specialty	0
Convenience	+

\+ Moderately positive
0 Neutral
\- Moderately negative

Attitudes Toward Fresh Versus Processed Foods

The trend toward fresh foods is allied to two previous issues: nutrition and holistic health. In general, fresh products (whether vegetable, bread, cereal, or dairy products, etc.) are considered as more desirable than "old," processed (including frozen) foods. The trend is antithetical to several others, such as the preference for convenience foods.

Preference for fresh foods should prove advantageous to large stores with high turnover that receive deliveries frequently. Supermarkets, super stores, combination stores, and complete grocery home-delivery stores could capitalize on this trend. Specialty stores would benefit overall if their image is that of top quality and reasonably rapid turnover of stock. The trend is strongly negative to stores that carry little or no fresh produce, such as limited assortment stores and staple grocery home-delivery outlets. For other kinds of outlets the trends should not prove substantial, but would tend to be negative.

IMPACT OF ATTITUDES TOWARD FRESH VERSUS PROCESSED FOODS

Type of Store	Impact
Limited-assortment	--
Warehouse	+
Supermarket	+
Super store	+
Combination	+
Complete home-delivery	+
Staple home-delivery	-
Neighborhood	0
Specialty	+
Convenience	0

\+ Moderately positive
0 Neutral
\- Moderately negative
-- Severely negative

Attitudes Toward Variety in Foods

Demand for greater variety in foods carried in markets is likely to accompany several other trends. Men increasingly are becoming food shoppers. Because men are less experienced shoppers than women, they more often will tend to buy nonstandard and different items, often on an impulse basis. Thus they increase the overall demand for variety. As they mature (as shoppers) their buying patterns should become similar to women's.

Demand for different kinds of ethnic foods will increase partly as a result of migration, but more because of increases in awareness among the general population of different kinds of foods and meals.

Concerns for health and nutrition will also tend to increase demand for kinds of foods not necessarily now carried in conventional stores.

Most important, though, will be the increasing diversity of food interests that stores will have to serve. Interest in food variety will increase along with growth in special interest lifestyles. Many markets, depending on the makeup of the neighborhoods they serve, will find themselves serving customers with a broader range of food interests than in the past. Stores will also see greater demand for package size diversity.

Best positioned to take advantage of increased preferences for variety will be the larger markets--conventional supermarkets, super stores, combination stores, and full service grocery stores with delivery. Combination stores should do well because they carry a variety of other items besides food, further catering to the needs of male shoppers.

All will face an increase in special food interests, and all will see more variety in their customer base and their desires.

Specialty food stores will, of course, do quite well in light of this trend.

IMPACT OF ATTITUDES TOWARD VARIETY IN FOODS

Type of Store	Impact
Limited-assortment	-
Warehouse	-
Supermarket	++
Super store	++
Combination	++
Complete home-delivery	+
Staple home-delivery	0
Neighborhood	0
Specialty	++
Convenience	0

++ Very positive
+ Moderately positive
0 Neutral
- Moderately negative

Compilation of Trends

For convenience, the ratings discussed in the previous pages are compiled (Table 5). Each of the trends has been weighted to reflect the Planning Council's judgment of its overall significance. For example, the Council considered changes in "population and age structure" (weighted at 10) to have a greater impact on food retailing in the coming decade than "educational attainment" or "concern with nutrition" (both weighted at 3). Using these weights, which are shown in the column headings in Table 5, we multiplied the ratings given in the foregoing discussions to arrive at the data in the master compilation.

Commentary on these results is included in the summary of this report.

Table 5

IMPACTS OF KEY TRENDS ON MARKET CHOICES

Trend Eating*	Limited Assortment	Warehouse	Super-market	Super Store	Combination	Complete Home-Deli.	Staple Home-Deli.	Neighborhood	Specialty	Convenience
Demographics										
Population and age structure (10)	+ 10	0	+ 20	+ 10	+ 20	+ 10	+ 10	0	0	- 20
Household composition and fertility rates (9)	0	0	+ 18	+ 18	+ 18	+ 9	+ 9	+ 18	+ 18	+ 18
Urban/suburban/rural migration (7)	+ 14	+ 14	0	+ 7	+ 7	- 7	+ 7	- 7	+ 7	0
Educational attainment (3)	0	+ 3	+ 3	+ 6	+ 6	+ 3	0	0	+ 6	0
Working women (7)	+ 7	+ 7	+ 7	+ 14	+ 14	+ 7	+ 7	0	+ 7	+ 7
Singles (6)	- 6	0	+ 6	+ 6	+ 6	+ 6	- 6	+ 6	+ 6	+ 6
Two-earner households (5)	+ 5	+ 5	+ 5	+ 10	+ 10	+ 5	+ 5	0	+ 5	+ 5
Ethnic shifts (4)	0	+ 4	+ 8	+ 4	+ 4	0	0	0	+ 4	0
Economics										
Income (9)	+ 18	+ 18	+ 9	+ 18	+ 18	0	- 9	- 9	0	0
Inflation and energy (10)	0	+ 10	+ 20	+ 20	+ 20	+ 10	+ 10	+ 10	+ 10	0
Food costs (6)	+ 6	+ 12	+ 6	+ 6	+ 6	- 6	- 6	- 6	- 6	- 6
Social Issues										
Concern with nutrition (3)	- 3	- 3	+ 3	+ 3	+ 3	+ 3	- 3	- 3	+ 3	0
Holistic and self-help (2)	- 2	- 2	0	+ 2	+ 2	0	- 2	- 2	+ 2	- 2
Roles of men and women (4)	- 4	- 4	+ 8	+ 8	+ 8	+ 4	0	+ 4	- 4	+ 4
Neighborhood safety (3)	- 3	- 3	+ 3	+ 3	+ 3	+ 3	+ 3	+ 3	0	+ 3
Stress (3)	- 3	+ 3	+ 3	+ 3	+ 3	+ 3	+ 3	+ 6	0	+ 6
Consumer Psychology										
Value of time (7)	- 7	- 7	+ 7	+ 14	+ 14	+ 7	0	+ 7	0	+ 7
Convenience (7)	- 7	- 7	+ 7	+ 14	+ 14	+ 7	0	+ 14	- 7	+ 14
Food away from home (9)	0	0	+ 18	+ 18	+ 18	+ 9	+ 9	+ 9	0	+ 9
Brands vs. private labels (4)	+ 4	+ 4	+ 8	+ 8	+ 8	- 4	- 4	- 4	- 4	0
Media (6)	- 6	- 6	+ 6	+ 6	+ 6	+ 6	+ 6	- 6	0	+ 6
Attitudes toward fresh vs. processed (6)	- 12	+ 6	+ 6	+ 6	+ 6	+ 6	- 6	0	+ 6	0
Attitudes toward variety (6)	- 6	- 6	+ 12	+ 12	+ 12	+ 6	0	0	+ 12	0
Net total	+ 5	+ 48	+183	+216	+226	+ 87	+ 33	+ 40	+ 65	+ 57

*Overall significance of trend in judgment of Planning Council.

Analysis of Impacts of Lifestyles in Food Retailing

Next we look at the impact of several distinctive lifestyles on different types of food outlets. This material is summarized and discussed in Section V of this report.

Need-Driven Consumers

Price is paramount for Need-Driven consumers. Emphasis in the market is on loss-leader types of items where prices can be easily compared. Best response is to high-load, price-prominent ads and packaging. Coupons and understandable warranties are probably effective. However, home storage space and refrigeration are frequently inadequate and income is insufficient to support bulk forward buying during sales, since many pay with food stamps, welfare, or social security checks. Shopping tends to be in local stores, with national brands preferred to store-brands. Many ethnic and subcultural products and cooking styles with high flavoring are preferred. Such consumers are likely to buy more saturated fats such as pork, fatty hamburger, ham hocks, etc., and will purchase "stretch," "fill-up" foods, especially starches (bread, potatoes, spaghetti, noodles, rice, powdered and concentrated milk, etc.). In perishable foods, they may buy raw, leafy green vegetables (such as chard, mustard greens) and "overripe" bargains (15 lbs. of bananas for $1, for example). Most employed Need-Driven consumers are lunch box carriers, taking sandwiches, pie and thermoses of coffee.

Our impression is that about 10% of total food expenditures goes for food away from home, but that this fraction has been rising, expecially among smaller Need-Driven families, who are heavily inclined to eat processed foods and are good customers of "fast food," drive-in restaurants.

The emphasis upon economy indicates that limited-assortment stores would be a major beneficiary; to a lesser degree warehouse stores will benefit, especially if promotions involve significant loss leaders and other "bargains." Supermarkets, super stores, combination stores, and neighborhood stores will gain some of the Need-Driven business but more because of convenience than because of price.

About 35% of Need-Driven consumers are black and an additional fraction are of Hispanic origin. The older of these tend toward cooking from scratch and the younger toward pre-prepared ethnic foods. These trends are favorable to stores with wide selections--notably supermarkets, super stores, and combination stores. Such customers probably do not frequent specialty stores, which tend to cater to high-income consumers.

IMPACT OF NEED-DRIVEN LIFESTYLE

Type of Store	Impact
Limited-assortment	++
Warehouse	+
Supermarket	+
Super store	+
Combination	++
Complete home-delivery	-
Staple home-delivery	-
Neighborhood	0
Specialty	--
Convenience	-

++ Very positive
\+ Moderately positive
0 Neutral
\- Moderately negative
-- Severely negative

Belonger Consumers

Tradition is paramount for Belongers. This is the "the-way-Mom-used-to-do-it" market. Tends toward American traditions, but with many religious and ethnic subtrends. Holiday and occasion markets are appreciable. Family meals, often entirely home-cooked, loom large. The data indicate that about 90% of Belonger families eat dinner together as a regular thing. Center-of-the-plate items predominate, but snacks and candy are very important. In general, bland foods and condiments are preferred.

Belongers offer the best opportunity to promote themes such as "the family that eats together stays together," "the way to a man's heart is through his stomach," "make the bowling night an eat-out night," etc. Popularity and tradition are appropriate themes for ads and packaging. The approach should be undemanding of the customer (hence, self-service stores are ideal)--s/he wants to fit in, not stand out. Mother takes pride in preparing a "good, hot meal," promptly on the table at 6 o'clock when Father gets home. Often Belongers are "meat and potato" eaters, with a preference for roast beef, ham, or turkey dinners--hearty, but hardly inspired.

Food away from home is probably up to 15% of total family food outlays.

This massive market--there are almost 60 million Belongers aged 18 or over--is the heart of conventional family food shopping. National brands are strongly flavored, scratch cooking is expected, and traditional American foods are much preferred to exotic "foreign" dishes.

Belongers shop most at conventional supermarkets (where they are invisible) and at the friendly neighborhood grocery (where they feel much at home). Specialty stores would be avoided: home-delivery operations would be regarded as almost sinful--the cook is obliged to pick each item with care. Belonger housewives tend to keep full larders, so that they have little need of off-hours, pick-up shopping favorable to convenience stores. Inflation no doubt will drive some Belongers to price-oriented stores such as limited-assortment and warehouse operations. Super stores and combination stores will probably get their share of Belonger business, but will not be notably attractive.

IMPACT OF BELONGER LIFESTYLE

Type of Store	Impact
Limited-assortment	+
Warehouse	+
Supermarket	++
Super store	0
Combination	0
Complete home-delivery	-
Staple home-delivery	-
Neighborhood	++
Specialty	-
Convenience	-

++ Very positive
\+ Moderately positive
0 Neutral
\- Moderately negative

Achiever Consumers

Key descriptors of the Achiever consumer group include: top of the line, prestigious, gourmet, convenience, technologically advanced. Achievers have the means to dine on the best of the best, but of course, by no means everything they eat is elegant. At home, convenience foods are important. They own the latest inkitchen equipment, including microwave ovens and storage freezers. Gourmet and exotic items, "experimental" foods, and the classical best all find good markets here. A special opportunity exists for food items that can be cooked or prepared only with special equipment. Quality, appearance and convenience are more important than price. Ads and packaging should convey these properties. Much shopping is done at specialty food stores, fancy supermarkets, and super stores. Important convenience submarkets include career women, successful singles, and younger couples both of whom work.

Achievers use more imported foods and wines, "conversation piece" items (papayas and pineapple flown in fresh from Hawaii), and delicatessen foods, especially cheeses. They tend to buy fresh meat from butcher shops and fresh fish from the fishmarket; but vegetables frozen in special sauces such as Hollandaise, cream, or butter, etc., are popular, as are ice creams, frozen pies, bake and serve rolls, and tube cookies (slice and put it in the oven).

Achievers love "one-upmanship" entertaining (Mexican dinner one night, French dinner another, Indian another, etc.) with the emphasis on carefully planned "authentic" menus, and with foods and table decorations presented as a showcase for cooking school achievements.

Working parents of this type often serve on school committees, charities, and other community affairs, and encourage their children to participate in competitive sports; hence, during the week these busy families may not eat together because of conflicting schedules. Working mothers favor dinners providing leftovers that can be reheated in the oven or serve more than one meal. They tend to use more paper products and prepared baby foods.

Perhaps a third of the Achiever food dollar goes to food away from home, and they are good supporters of brunches, lunches, or dinner at many of the better restaurants.

The Achiever lifestyle is notably favorable to specialty shops. It also favors high-quality, wide-selection outlets such as super stores, combination stores, and complete grocery home-delivery operations. Off-hour convenience stores also should benefit. Economy and low-quality stores are adversely affected. The conventional supermarket or neighborhood shop probably will feel few specific impacts from Achiever buying. (See page 92 for impact table).

Inner-Directed Consumers

For our purposes here, we divide Inner-Directed consumers into a youthful group that is living intensely and experientially and another group that is focused more on social issues. Each group consists of 13 or 14 million people. We anticipate major growth in both over the coming decade.

IMPACT OF ACHIEVER LIFESTYLE

Type of Store	Impact
Limited-assortment	--
Warehouse	-
Supermarket	0
Super store	+
Combination	+
Complete home-delivery	+
Staple home-delivery	-
Neighborhood	0
Specialty	++
Convenience	+

++ Very positive
\+ Moderately positive
0 Neutral
\- Moderately negative
-- Severely negative

Experiential Consumers

Hallmarks are the exotic, the different, the sensual, the aesthetic. Experiential consumers interested in food probably spend freely for what they want and are willing to spend hours in preparation. There is a good deal of home baking, home-grown vegetables, and other preparation "from scratch." Freshness, appearance, flavor, subtlety are very important. Fads probably are significant.

Generally young, these consumers are technologically and socially alert, and aware of health and nutrition trends. Wine-and-candles type dining is quite common, but generally more informal than classically elegant. Recreational foods for backpacking, RV trips, and camping are an appreciable item. Ads and packaging should stress the modish, the aesthetic, the stylish. Natural colors and themes are appropriate. These are Inner-Directed people and have a strong sense of the fitness of things--of foods, packaging, stores--to fit the occasion. Interest in the occult may offer specialty opportunities for exotic foods and cooking styles, especially if tinged by Eastern tradition, such as cinnamon teas and Indian or Oriental dishes.

Eating out probably accounts for at least one-third of the food dollar, since many are fairly prosperous, sociable singles.

This lifestyle strongly favors the specialty store and (less strongly) the large diversified operations such as supermarkets, super stores and combination stores. The spur-of-the-moment nature of this lifestyle suggests a need for convenience stores and neighborhood shops. Experiential consumers probably are not outstanding customers for cut-rate stores or expensive home-delivery outlets.

IMPACT OF EXPERIENTIAL LIFESTYLE

Type of Store	Impact
Limited-assortment	-
Warehouse	-
Supermarket	+
Super store	+
Combination	+
Complete home-delivery	-
Staple home-delivery	-
Neighborhood	+
Specialty	++
Convenience	+

++ Very positive
+ Moderately positive
- Moderately negative

Societally Conscious Consumers

Here, more than anywhere else the focus is on nutrition, health, safety, conservation, package labeling, and the like. Societally conscious people are keenly aware of ecological concerns and, hence, are big buyers of so-called natural and organic foods. Those living lives of voluntary simplicity do much of their own food growing and preparation, as well as canning and dehydrating of bulk purchases. City and suburban types tend to shop in the "earth" type stores and in co-ops. In general, these are intellectual folk prone to investigate what they consume and given to effective complaint if they don't approve. They are at the heart of many consumer and environmental movements and so are a good deal more visible than their numbers would suggest. Ads and packaging should, above all, be informational and open. Aesthetics also are important. These people seem to respond especially to "primitives," one-of-a-kind appeals, and "spaceship earth" perspectives.

Many of these consumers are vegetarians and balance their diets with nuts, raisins, legumes. Others are nonmeat eaters, turning to fish and chicken. Most entertain informally at home, perhaps with potluck suppers of homemade soups, casseroles, pastries, home-ground coffee, and spicy tea.

Societally Conscious consumers probably patronize specialty stores more than any other single customer group. Because they know what they want (and don't want), they tend to shop at wide selection stores--supermarkets, super stores, and combination outlets. The marginal quality of goods in limited-assortment and warehouse stores is a negative to consumers such as those who are concerned with nutrition. Similarly, they wish to see before they buy and hence would patronize home-delivery stores only if the reputation is excellent. This amounts to a probable negative for staple grocery home-delivery stores and a mild plus for high-quality complete grocery home-delivery outlets. Impacts on convenience and neighborhood stores appear minor.

IMPACT OF SOCIETALLY CONSCIOUS LIFESTYLE

Type of Store	Impact
Limited-assortment	-
Warehouse	-
Supermarket	+
Super store	+
Combination	+
Complete home-delivery	+
Staple home-delivery	-
Neighborhood	0
Specialty	++
Convenience	0

++ Very positive
\+ Moderately positive
0 Neutral
\- Moderately negative

V SUMMARY AND CONCLUSIONS

In this report, we have looked at 23 demographic, social, and consumer trends and five lifestyles and have assessed how each will affect ten different kinds of food retail outlets under conditions of a medium to low-growth economic scenario. It should be emphasized that the objective of this study was "to speculate about the types of retailing each group might regard as ideal, without regard to the industry's current ideas about what might be feasible." The perspective is intended to be sociological rather than economic.

Impact of Trends

Table 6 summarizes our findings with regard to trends. It is evident that the large, diverse, one-stop, conventional-price outlets--supermarkets, super stores, and combination stores--come out best. Many factors contribute to this finding, including growth in number of families, more men shoppers, more working women, desire for convenience, more one-stop shopping, higher food costs, the growing value of time, and rising levels of stress.

Table 6

WEIGHTED TREND IMPACTS ON FOOD RETAILERS

Type of Store	Impact		
	Positive	Negative	Net
Limited-assortment	64	59	+ 5
Warehouse	86	38	+ 48
Supermarket	183	0	+183
Super store	216	0	+216
Combination	226	0	+226
Complete home-delivery	104	17	+ 87
Limited home-delivery	69	36	+ 33
Neighborhood	77	37	+ 40
Specialty	86	21	+ 65
Convenience	85	28	+ 57

Specialty stores and complete home-delivery operations also emerge in a favored position, although less so than the large conventional operations. These are expected to benefit from shifts in household composition, more high incomes, higher levels of education, more working women, and various special situations.

Warehouse, neighborhood, and convenience stores will benefit from some of the trends and will suffer from others. Overall, it does not seem likely that they will prosper. For neighborhood and convenience stores, the main reasons are limited variety and higher prices.

Limited-assortment stores and limited home-delivery operations are least favored by these trends. Even so, there are areas strongly advantageous to these operations. Hence, the real significance of a low rating in this analysis is that the retailer should target his merchandising very specifically. Broad social trends probably will not sweep limited-assortment or limited home-delivery operations into prosperity (as could well happen to super stores); at the same time, there is a definite market niche to be filled. Low ratings do suggest that each such operation will require a rather large customer base.

In a moderate growth scenario the overall pattern would be much the same, except that preferences for limited-assortment, warehouse, and limited home-delivery stores would be even lower. Higher incomes and generally more stable social and economic conditions would reduce the need to shop economically. Under such conditions, speciality food stores would probably boom.

The overall preference pattern in a "depression and recovery" scenario, however, would be considerably different. Limited-assortment and warehouse stores would thrive. Conventional supermarkets, super stores and combination stores would be well patronized, with low cost the principal attractant. Both kinds of home-delivery stores would probably suffer, and neighborhood, specialty, and convenience stores would hold a slightly smaller fraction of the market than in the "most likely" scenario.

Impacts of Lifestyles

Table 7 summarizes our findings with regard to lifestyles. Note that the weighting in this case reflects the population of each lifestyle in 1978 and is altered for 1990 to reflect anticipated distributions then. Some comments on each store type are offered below.

The limited-assortment store has its basic appeal among the Need-Driven and Belonger groups. These stores, because of their price orientation, appeal to the over-50 segment of the Need-Driven group and the traditional housewives among the Belonger group. Because these groups will decline in importance over the next decade, it is felt that even though limited-assortment stores may be relatively successful during the early part of the '80s, they will be a declining factor in the food retailing mix by the end of the decade. These types of stores have strong negative connotations among the Achiever and Inner-Directed groups.

Warehouse stores, like the limited-assortment stores, appeal to the Need-Driven and Belonger people. Because these stores are located in older, recycled supermarkets, their customer base is the older or more traditional shoppers among the Need-Driven and Belongers. These types of retail food outlets should fare better than the limited-assortment stores over the decade of the '80s because of their broader selection of items.

The conventional supermarket with its broad assortment of groceries and related products is the standard of grocery retailing formats. It has its strongest appeal to the Belonger group, which makes up much of Middle America. Because this group is going to decline slightly in terms of adult population (38% to 34%) over the next decade, the conventional supermarket may feel some negative effect. However, the supermarket will remain the dominant format in grocery retailing.

The super store, because of the great variety of items offered, appeals to all the lifestyles except the Belongers. This very broad base of support suggests good prospects for further growth. Belongers will be less attracted to super stores because they prefer to shop in smaller stores with which they are familiar (e.g., supermarkets, neighborhood stores). More specifically, because the Experiential and Societally Conscious lifestyles will increase in importance at a greater rate than the Need-Driven will decline, we should see a slight expansion of the super store format.

Table 7

WEIGHTED LIFESTYLE IMPACTS ON FOOD RETAILERS

Type of Store	1978 Need Driven 1*	1978 Belonger 4*	1978 Achiever 3*	1978 Experiential 1*	1978 Societally Cons. 1*	1978 TOTAL 10*	1990 Need Driven 1*	1990 Belonger 3*	1990 Achiever 3*	1990 Experiental 1.5*	1990 Societally Cons. 1.5*	1990 TOTAL 10*
Limited-assortment	+ 2	+ 4	- 6	- 1	- 1	- 2	+ 2	+ 3	- 6	- 1.5	- 1.5	- 4
Warehouse	+ 1	+ 4	- 3	- 1	- 1	0	+ 1	+ 3	- 3	- 1.5	- 1.5	- 2
Supermarket	+ 1	+ 8	0	+ 1	+ 1	+11	+ 1	+ 6	0	+ 1.5	+ 1.5	+10
Super store	+ 1	0	+ 3	+ 1	+ 1	+ 6	+ 1	0	+ 3	+ 1.5	+ 1.5	+ 7
Combination	+ 2	0	+ 3	+ 1	+ 1	+ 7	+ 2	0	+ 3	+ 1.5	+ 1.5	+ 8
Complete home-delivery	- 1	- 4	+ 3	- 1	+ 1	- 2	- 2	- 3	+ 3	- 1.5	+ 1.5	- 1
Limited home-delivery	- 1	- 4	- 3	- 1	- 1	-10	- 1	- 3	- 3	- 1.5	- 1.5	-10
Neighborhood	0	+ 8	0	+ 1	0	+ 8	0	+ 6	0	+ 1.5	0	+ 7.5
Specialty	- 2	- 4	+ 6	+ 2	+ 1	+ 3	- 2	- 3	+ 6	+ 3	+ 3	+ 7
Convenience	- 1	- 4	+ 3	+ 1	0	- 1	- 1	- 3	+ 3	+ 1.5	0	+ 0.5
Percent of Adult Population	12	38	33	9	8	100	10	34	30	13	13	100

*Weighting based on percentage of adult population of each lifestyle.

Combination stores offer most of the frequently purchased consumable and related convenience items, along with a wide array of general merchandise. They appeal, like the super stores, to all the consumer groups except the Belongers and have a special appeal to the Need-Driven because discounted food prices are often used as traffic-builders. The growth of Experiential and Societally Conscious groups over the next decade should support expansion of this form of retailing. Another supportive factor is the inflow of European capital into U.S. grocery retailing: the combination store has proved highly successful in Europe.

Complete home-delivery operations appeal expecially to affluent Achievers who are willing to pay for the convenience of home delivery. They might also appeal to nutrition-conscious Societally Conscious people if they develop a reputation for top quality. The upshot is a specialty market niche, and one that will probably expand a little in the years ahead.

Staple home-delivery operations show up as very negative in this analysis from the sociological perspective. The picture for 1990 does not seem any better. As far as we can ascertain, the combination of relatively low product quality, limited selection, and relatively high cost is too negative to overcome the appeal of home delivery.

Neighborhood stores have powerful appeal to the massive Belonger group and also offer enough convenience to prevent negative ratings by any group, despite middling quality, limited selection, and high costs. Over time the popularity of neighborhood stores may decline, but we think the trend will be minor.

Specialty stores appear to us to be a very advantageous position. They have great appeal to Achievers and the two Inner-Directed groups. These are, in general, the lifestyles expected to expand in the years ahead, so that by 1990 specialty stores should be considerably more popular than they are today.

Convenience stores are, although to a much lesser degree, responsive to the same favorable lifestyles that specialty stores are. This means that they are likely to be increasingly patronized over the years, moving from a generally negative position today to a positive one in 1990.

The foregoing observations reflect the "most likely" scenario. A more prosperous future would be most beneficial to complete home-delivery stores and specialty stores. A less prosperous future for the U.S. would accent limited-assortment stores, warehouse stores, and conventional supermarkets, super stores, and combination stores able to offer low-cost goods.

Comparison of the Two Approaches

Reassuringly, the broad pattern of conclusions from the two approaches is the same. Ranking of the "net" figures for trends with the 1990 "total" figures for lifestyles are compared in Table 8.

Table 8

COMPARISON OF RANKINGS

Type of Store	Ranking Trends	Lifestyles	Difference
Limited-assortment	10	9	1
Warehouse	7	8	1
Supermarket	3	1	2
Super store	2	4*	2
Combination	1	2*	1
Complete homedelivery	4	7	3
Limited home-delivery	9	10	1
Neighborhood	8	3	5
Specialty	5	5*	0
Convenience	6	6	0

*Tied.

It can be seen that the two approaches agree on high rankings for 4 of the top 5 and 4 of the bottom 5--although not in the exact sequence. The areas of greatest difference are super stores, complete home-delivery, and neighborhood stores: the first seems materially more attractive on the basis of trends and the latter two seem more attractive on the basis of lifestyles. The absolute magnitude of the scores in the two approaches is not thought to be significant, being more an artifact of the number of factors involved than of the degree of attractiveness of the retail format. It probably is true that the general agreement of rankings from the two approaches suggests a higher degree of certainty of findings than results from either approach alone.