Health Food Perception and Marketing Strategies

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Health Food Stores in the Bay Area

- In the last 20 years, there has been an increase in the Bay Area of what people consider “Health Food Stores”
- The Big 3 in the bay: Whole Foods (29), Trader Joe’s (42), Sprouts (11)
- There are over 90 currently in the bay area (Google Maps)
  - this does not include non-franchise stores, smaller less known stores, or local farmers markets

Why are they so popular?

- increased demand for Organic foods
- Fear of pesticides and GMOs
- mistreatment of animals on “farms”
- Increase in dietary restrictive diets (Gluten-free, Non-dairy, Low Carb, etc)
- save the family farms movements

What We Want:

- discover perceptions of food in the bay area
  - why do people buy what they buy?
  - where do they buy their groceries?
  - what do people think health food is?
  - what do they think about health food in general?
  - why does this matter, and who does it matter too?
- Statistics of Health Food Store Shoppers
- Currently Used Marketing Strategies in big Health Food Stores
- Marketing Techniques for a larger audience
- How current stores can revamp their marketing techniques

Perception of Stores

- Health Food stores provide better quality of ingredients and products
  - “health food” seen as food with few ingredients, made with quality ingredients and no hidden ingredients.

- “Atmosphere” of some stores (Whole Foods) is unwelcoming; Trader Joe’s has an inviting atmosphere, fun and energetic employees
  - However, an employee of Trader’s believes that sometimes quality suffers due to Trader’s buying their products at a low price so they can sell at a reasonable price

Modern Demographics for Health Food Stores

As the way modern Americans view food shifts, we are seeing a new trend emerge in which people are willing to spend far more money to get the same amount of food they could cheaply buy somewhere else.

Individuals see the options before them, and while some people will go for the burger instead of the salad, more and more people are spending the time and the money to prepare meals that are made of “healthier” ingredients.

Through interviews that were conducted, it was found that those who were interviewed believed that only those who were well off economically were able to afford to shop at these health food stores. Studies conducted have substantiated these claims.

Modern Demographics for Health Food Stores

In relation to the economic and nutrient benefits one receives from food, lower income individuals reaped less of both in comparison with their middle income counterparts.

In order to potentially increase profit, health food stores should subsidise fruits and vegetables in order to improve the health quality and overall quality of life for lower income individuals.

At its current state, low income families receive far fewer benefits from price manipulations compared with middle income families, which is evidence that could point towards a climate of heavier social and dietary inequality.

Currently used marketing techniques

- products
- price
- placement
- promotion

“health interventions need to alter the presence of less- healthy foods in stores, rather than attempting only to increase access to healthier options”

Table 1. Key findings, promising strategies, and research needs

	Key findings	Promising strategies	Research needs
Products	Access to healthy foods may increase healthful eating.	Ensure availability of healthful products.	Rigorous evaluation designs, quality measures of foods and diet
	Less access to unhealthy foods may promote health.	Reduce/restrict/replace unhealthy foods.	Experimental research to supplement cross-sectional research
	Product packaging (size) and images affect purchase and consumption.	Provide small package sizes with prompts for self-regulation.	In-store research to test small packages and images on healthy items
Price	Price-change effects vary for customer subgroups.	Reduce prices for healthier items within categories (e.g., fruits, vegetables).	Evaluation of impact on varied income groups
	Coupons and cross-promotion increase product liking and purchase.	Use price reductions to increase acceptability of unfamiliar healthier foods.	Test effects and sustainability; qualitative research useful
Placement	In-store location matters; putting promoted products in prominent and "early trip" locations.	Place lower-calorie and healthier foods in visible, accessible locations.	Evaluate the use of placement manipulations in stores within and across products
	Healthy checkout aisles can be helpful for reducing unhealthy impulse purchases.	Place multiple healthy checkout aisles in stores to shift the healthy/unhealthy balance.	Rigorous impact evaluation and reliable/valid measures of checkout aisle offerings
Promotion	Most promotions of child-targeted foods are for sugary foods.	Increase promotion of nutrient-dense child-oriented foods.	Demonstration projects with health-committed cereal manufacturers
		Decrease promotion of sugary foods.	
	Shelf labels, samples and taste testing, and end-of-aisle displays are most noticed by customers.	Highlight healthy options by displays, labels, and taste-testing/samples.	Systematic manipulation of healthier options within categories in experiments

Marketing to a larger audience

- Organic food popularity has increased : meats, eggs, breads, grains and beverages
        - Retail sales increased to 21.1 billion in 2008, from 3.5 billion in 1997.
        - Increase in number of organic food retailers, manufacturers and distributors and widened the retail customer base.
    - Big box grocery stores sold half of all organic foods in 2008: mainly produce but the sale of dairy products, beverages, packaged and prepared, breads and grains increased to 63% of total organic sales in 2008.
    - Wholesale of organic foods by handlers' (firms that buy organic products from farmers and other suppliers, process or repack the goods, and then sell the value-added resulting products) sales to big box grocery retailers and club stores, like Wal-Mart and Costco, increased.
    - Putting their money where their mouths are: Consumer willingness to pay for multi-ingredient, processed organic food products by Marvin T. Battea,Neal H. Hookera, Timothy C. Haaba, Jeremy Beaverson
        - consumer willingness to pay for, or motivation to purchase based on organic label: multi-ingredient processed organic food shoppers at the specialty stores.
            - Consumers are willing to pay premium prices for organic foods with less than 100% organic ingredients.
            - Specialty grocery consumers were willing to pay more of a premium than traditional grocery store shoppers. However, not more willing to pay a premium for foods with an organic content of less than 70%.

How can stores revamp their marketing techniques

- Build grocery stores in low-income neighborhoods.
  - Have fewer grocery stores
  - Have less fruits and vegetables in markets
- Walking distance from neighborhoods increase traffic
- Purchase organic’s from wholesalers before repackaging
  - package and create multi-ingredient organic foods for in-store sale.
    - traditional and specialty store shoppers are more likely to purchase and pay a premium for organic food items that are processed and labeled according to their organic content.

End