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Shopping for food in the Digital Age

We live in a connected world — one so connected that the average American spends 23 hours a week online*. As a result, digital technology is changing the way we think about food. This high number of hours means shopping now starts at home before shoppers ever step foot inside a store. Shopping for groceries begins online as consumers search for circulars, coupons and the best prices. And restaurants are in the same boat: Consumers are increasingly looking for online information about restaurants, including menus, nutritional information and even the opportunity to order ahead. In today's connected world, the food revolution and the digital revolution have begun to intersect.

*Source: eMarketer, 2014



Contents

The following report explores these broad topics and shows how answers vary by consumer segments:

1. Technology and Food
2. Digital Grocery Shoppers
3. Tech-savvy Diners
4. Implications

Key Takeaways



Technology is changing the way we think about food.

Consumers are embracing this change, as it gives them more access to information. For instance, half of consumers get more cooking ideas online than anywhere else.

Millennials may be driving mobile usage while grocery shopping, but **baby boomers** are currently driving the growth of some mobile activities more than any other age group.



Consumers are expected to order food online more in the coming years, which will give them more access to nutritional information, the ability to prepay with a credit card and the ability to save previous orders.

Consumers are digitally savvy when it comes to food



Making restaurant reservations online



Using mobile coupons at grocery stores



Expecting more digital amenities from restaurants and grocery stores



Technology and Food

When smartphones become cooking companions

It's apparent that today's digital amenities have forever altered Americans' interactions with food. In fact, 33% of consumers say that technology is changing their food habits. From price checking at grocery stores to finding recipes and ordering from smartphones, technology has found a way to make consumers' lives easier.

It wasn't long ago that the go-to for cooking information was a stack of cookbooks or Rolodex of recipes. Now, 50% of consumers say they get more cooking ideas online than anywhere else, and over a quarter (27%) reference their mobile phone more than a recipe book.

Q. Thinking about technology and its impact on your food habits, how strongly do you agree or disagree with the following statements?

Technology and food habits

● Agree ● Neither ● Disagree

I reference my mobile phone more than a recipe book



I get more cooking ideas online than anywhere else



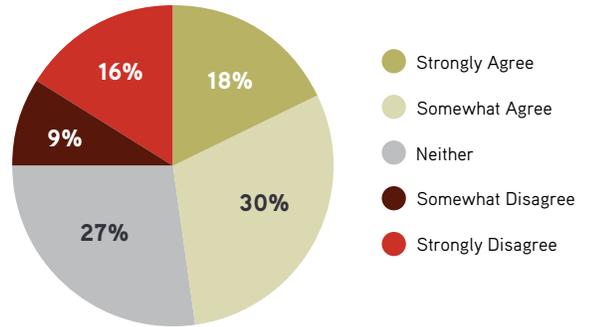
Embracing the change

Almost half (48%) of consumers embrace using technology to help with food decisions and cooking. And technology doesn't just help when shopping at the grocery store or at a restaurant – technology has also found its way into the kitchen.

There is one area that all ages can agree on: 79% of Millennials and 67% of boomers agree that technology has made it easier to find recipes. Whether on phones, tablets or computers, the Internet puts the largest collection of recipes at consumers' fingertips.

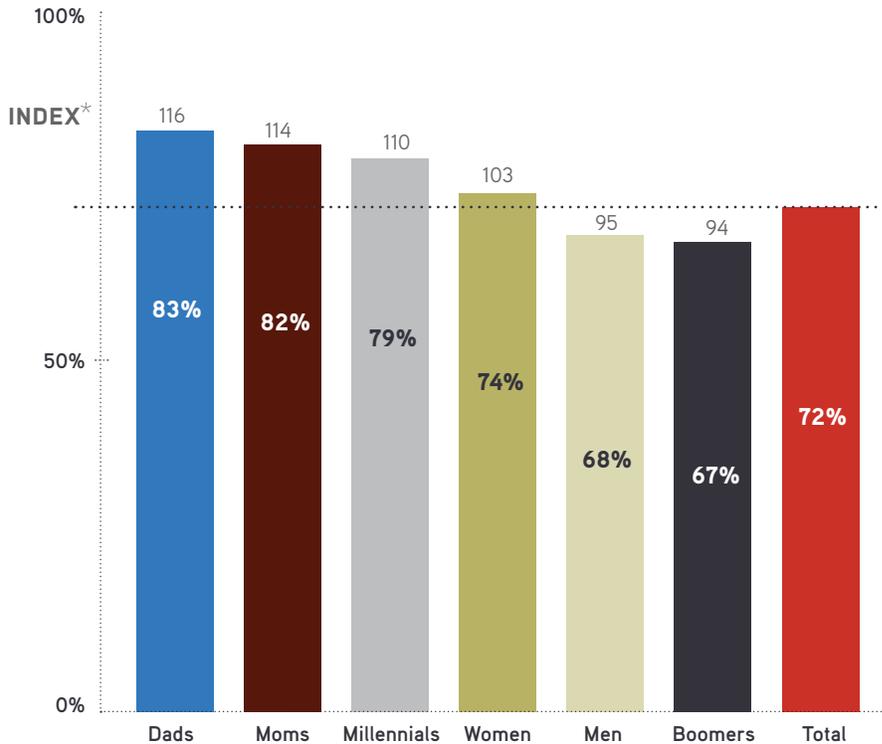
Q. Thinking about technology and its impact on your food habits, how strongly do you agree or disagree with the following statements?

I embrace using technology to help with food decisions and cooking



Q. Thinking about technology and its impact on your food habits, how strongly do you agree or disagree with the following statements?

Technology has made it easier to find recipes



***What's an index?**

An index is a quick and easy way to see how the statistic for that consumer segment compares to the total responses. An index of 100 represents the average response. An index over 100 means that response is higher than average and below 100 means it is less than average. For example, an index of 120 means that it is 20 percent more likely than average and an index of 80 means that it is 20 percent less likely than average.

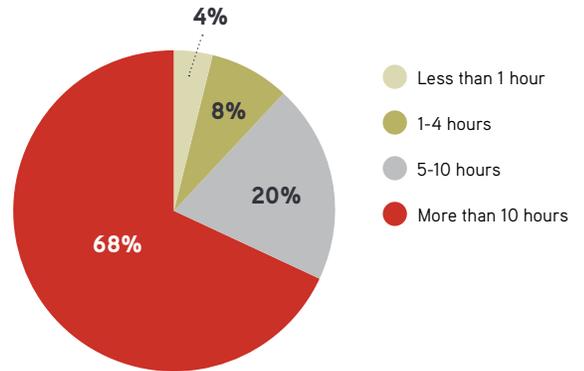
Constantly connected consumers

Americans spend a lot of time online. In fact, two-thirds of consumers spend more than 10 hours a week online on their computers, and 88% spend five or more hours using the Internet on their computers.

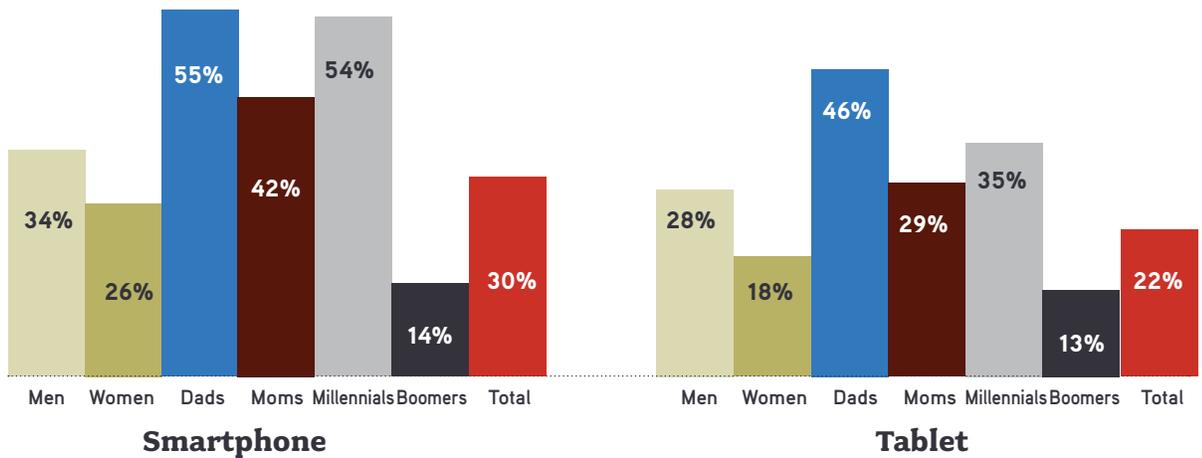
Mobile usage is also high, with 63% of consumers surfing the Internet on their smartphones. The mobile Web continues to grow quickly, and mobile traffic is expected to surpass desktop traffic by the end of 2014.

Consumers expect companies to be available online, and they look for opportunities to engage with these companies, either through social media, third-party sites or branded websites, proving that the user experience per device is crucial to engaging consumers online.

Time spent online in an average week (computer)



Percentage of consumers who use a device to look at the Internet for five or more hours a week



87%

is the average computer usage (5+ hours) for all segments.

FOOD FOR THOUGHT

Key factors for engagement include:



Mobile-optimized sites

Consumers aren't wanting to "pinch and squeeze" their screen to read what's on your website. Ensure that sites are mobile-friendly and that the most important content is at the top.



Load times

When on the go, consumers don't want to wait for a website to load, whether caused by large images or a poor Internet connection. If offering a large amount of information, consider a native app to help with load times in not-so-great service areas (like inside a store).



Give them what they want

Consumers utilize many aspects of the mobile Web when at the store. Give them the opportunity to easily find information, such as nutrition and prices, without having to search around your site.

Enticing consumers with digital content

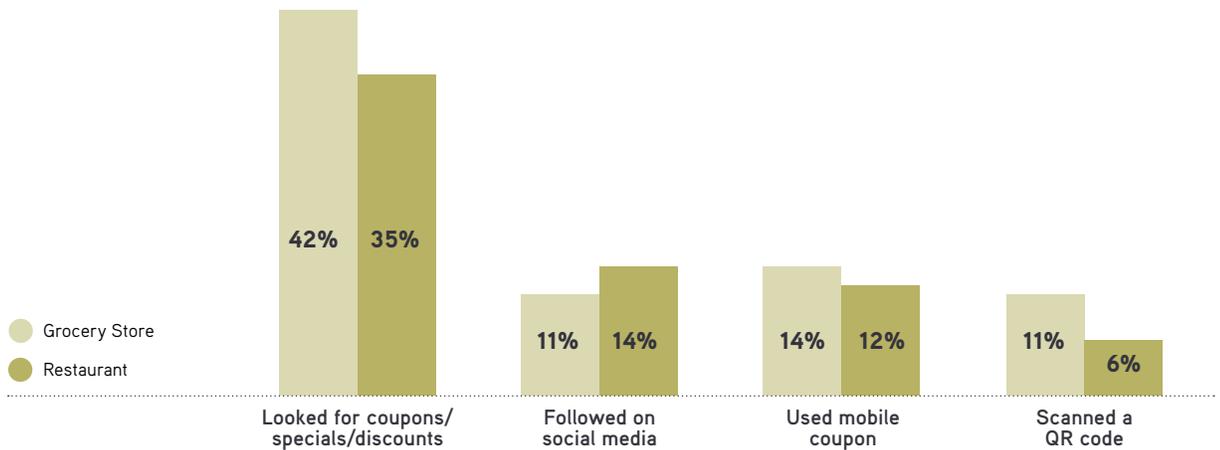


Mobile coupons allow consumers to easily store savings on a device that's with them at all times. One in ten consumers have used a mobile coupon at a restaurant (12%) or at a grocery store (14%). QR codes are more often used in the grocery store than at a restaurant. 6% of consumers use QR codes in restaurants while 11% use them at grocery stores.

The higher mobile usage of coupons at grocery stores could be connected to the higher usage of coupons at grocery stores in general. And as for QR codes, consumers have the time to scan and read at a grocery store as opposed to the environment of a restaurant.

Q. Which of the following activities have you done online (on a computer or mobile device)? Please select all that apply.

Digital activity



FOOD FOR THOUGHT

Know where your QR codes go

While 11% of consumers say they have used a QR code in the past year at a grocery store, this number is slightly less than the previous year (13%). QR codes are quick and easy to implement, but they're lacking when it comes to usability. For many users, being able to scan a QR code means downloading an additional app to use it.



Scan for more digital food trends.

When planning to use a QR code, remember that they'll be scanned with a mobile device. So, direct consumers to a mobile-optimized website.

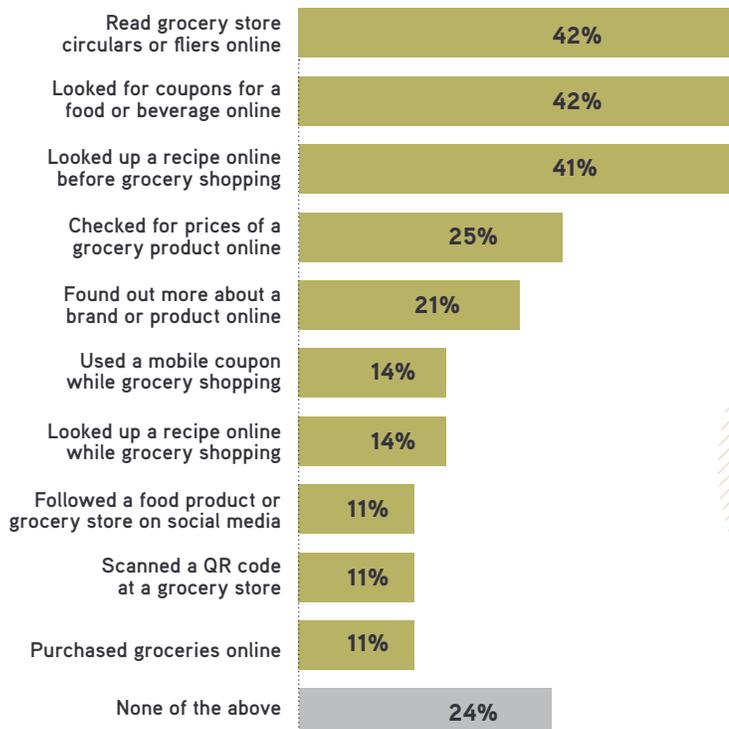
Digital Grocery Shoppers

Using digital on the path to purchase

Americans are spending more time connected to technology leading up to their trip to the store. Three in four Americans (76%) use technology to aid in grocery shopping, from looking up a recipe to finding out more about a brand or product. And it's influencing the way people shop for groceries.

Q. Which of the following grocery-related activities have you done online (on a computer or mobile device)? Please select all that apply.

Percentage of consumers who have done the following



76%
 of consumers engage in some activity on the Internet related to grocery shopping.

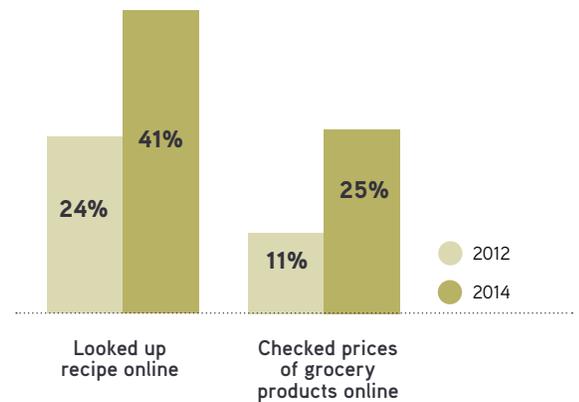
Online pre-shopping is on the rise

In 2012, only a quarter of shoppers looked up a recipe online before going to the grocery store. Just two years later, that percentage has increased nearly 17 points. 41% of Americans have now looked up a recipe online before going to the grocery store. This increase in online usage can also be seen in price checking. 25% of Americans have checked prices of grocery products online, up from 11% two years ago. More consumers continue to utilize online resources before going to the grocery store.

Millennials are more likely to embrace, but boomers are the fastest growing

In many cases the biggest drivers of growth in digital usage are consumers over the age of 45. While the younger generations are more likely to utilize online resources, their increase in usage is much smaller than the older generations. The most notable increase occurred with consumers over 45 looking up recipes online before grocery shopping. Up from 8% in 2012, over a third (36%) of consumers over 45 take a few moments to find recipes before going to the grocery store. Overall, two-thirds of consumers over 45 say technology has made it easier to find recipes.

Using technology more before shopping

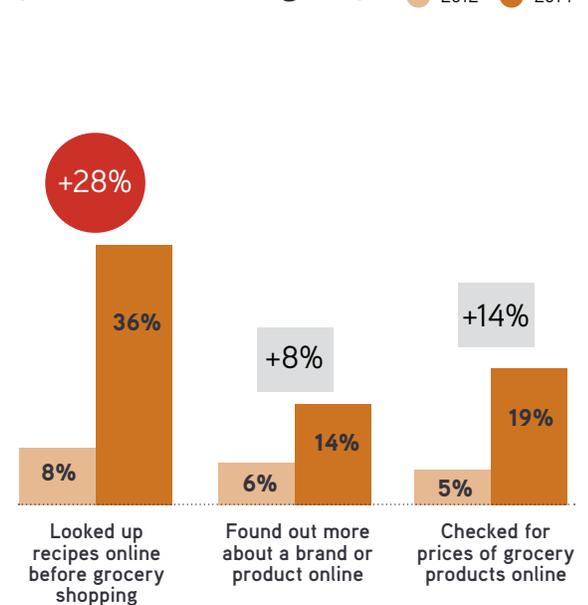


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Digital usage before grocery shopping (consumers under age 45)



Digital usage before grocery shopping (consumers over age 45)

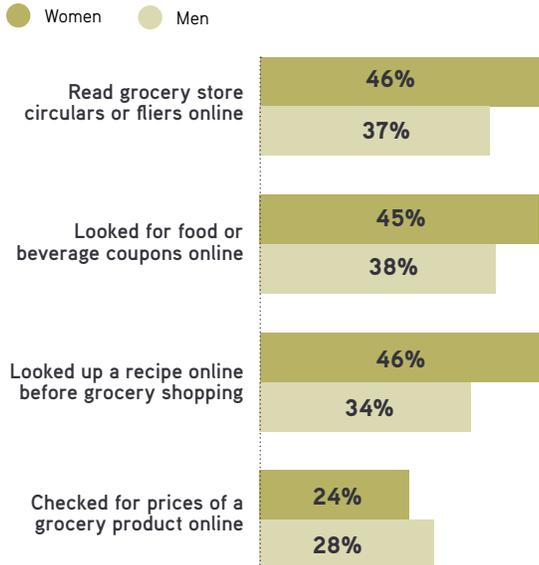


More and more consumers go digital before grocery shopping

Before going to the grocery store, consumers take a moment to spend some time online looking for the best prices and for help on what to cook. Women are more likely to take the time before going to the grocery store to look up recipes, read store circulars and look for coupons. Both younger and older consumers read grocery store circulars online and look for coupons, but younger consumers are more likely to look up recipes and check for prices online than their older counterparts. But when it comes to saving money, age doesn't matter: 42% of consumers under 45 and 43% of consumers over 45 read grocery store circulars or fliers online ahead of time.

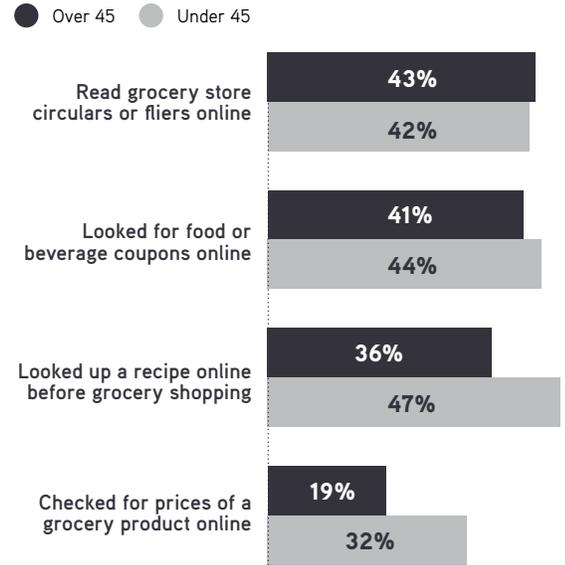
Q. Which of the following grocery-related activities have you done online (on a computer or mobile device)? Please select all that apply.

Women and Men Digital usage before grocery shopping



Q. Which of the following grocery-related activities have you done online (on a computer or mobile device)? Please select all that apply.

Under Age 45 and Over Age 45 Digital usage before grocery shopping



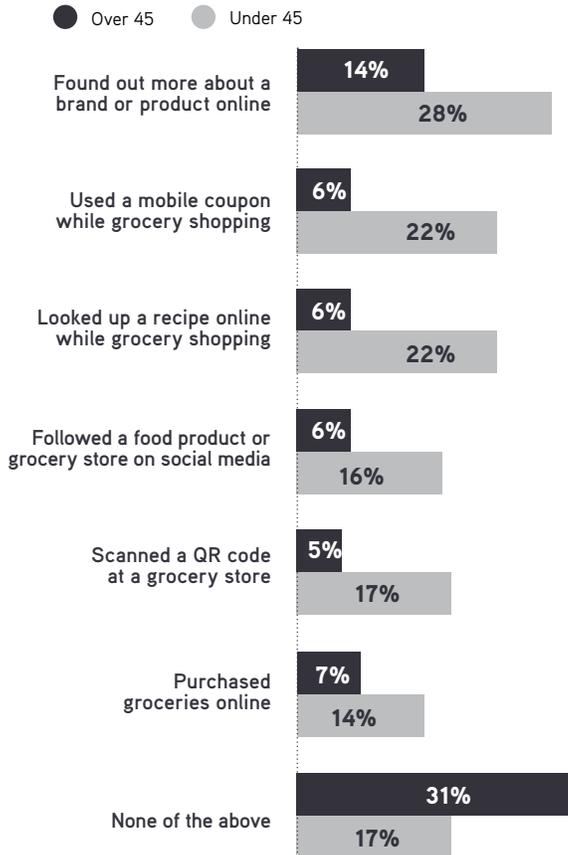
Guys and those under 45 embrace digital at the store

When it comes to digital usage and grocery shopping, age makes a difference. Consumers under 45 are more likely to utilize digital at the grocery store with mobile coupons and look up recipes online while at the store. 22% of consumers under the age of 45 have used a mobile coupon or looked up a recipe online while grocery shopping, but only 6% of consumers over 45 have done these activities.



Q. Which of the following grocery-related activities have you done online (on a computer or mobile device)? Please select all that apply.

Under Age 45 and Over Age 45 Digital usage on the grocery path to purchase



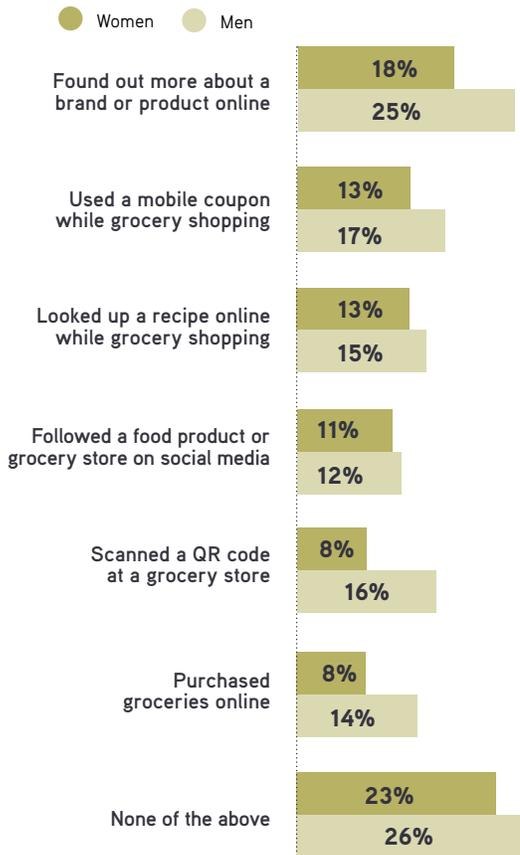
Consumers under 45 are more likely to utilize digital at the grocery store with mobile coupons and online recipes while at the store.

Men are more likely than women to utilize digital at the grocery store

Men are also more inquisitive with digital resources, finding out more about a brand or product online and scanning QR codes at grocery stores. In fact, while the usage of QR codes at the grocery store has declined, men continue to use them more than women (16% compared to 8%, respectively).

Q. Which of the following grocery-related activities have you done online (on a computer or mobile device)? Please select all that apply.

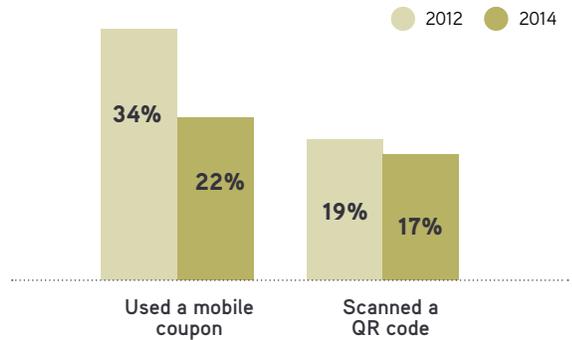
Women and Men Digital usage on the grocery path to purchase



Mobile coupons, QR codes are dropping off

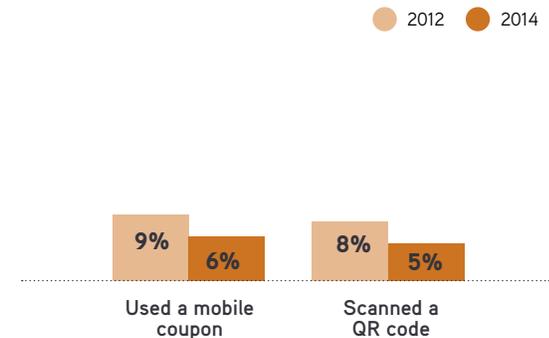
While usage of most digital tactics has grown over the past two years, consumers haven't fully embraced some technology. Mobile coupons have seen a decline over the past two years. The largest decline was seen among consumers under the age of 45, from a third (34%) in 2012 to 22% in 2014.

Usage of digital tactics, under age 45



Consumers over the age of 45 have also not fully embraced mobile coupons and QR codes, with just 6% and 5% using each, respectively.

Usage of digital tactics, over age 45

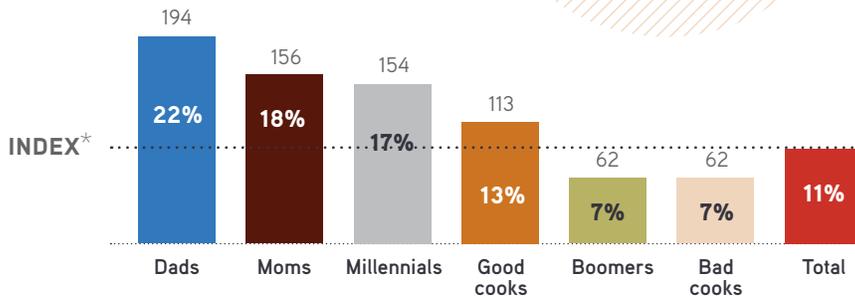


Mobile coupons have seen a decline over the past two years. The largest decline was seen among consumers under the age of 45.

Who follows grocery-related brands on social media

1 in 10

consumers engage with grocery-related brands on social media.



**What's an index?
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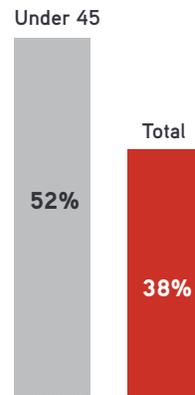
Millennials continue to drive social media

While many brands have a presence on social media, only one in ten consumers (11%) follow a food product or grocery store on social media. And while 18% of moms, who are the typical grocery shoppers, follow brands on social media, over one in five fathers (22%) do also.

Millennials continue to drive the social world. 86% of Millennials are on social networks, yet only 17% follow food products or grocery stores on social media. Comparatively, 39% of boomers are on social networks and 7% follow food products or grocery stores. This makes Millennials the largest area of opportunity when it comes to social media.

And they don't leave home without their phones

Walk down any aisle at the grocery store and you're destined to see someone talking on their mobile phone or sending a text message. Over a third of consumers (38%) say they would never go to the grocery store without their mobile phone. This percentage increases to just over 50% for those under 45.



Never go to the grocery store without their mobile phone

Opportunities to engage these audiences



Mobile recipes

14% of consumers have looked up a recipe on their phone while grocery shopping. Consumers reference recipes to know what items to buy if they forget their shopping list or see something that interests them in the store.



Mobile coupons

14% of consumers have used a mobile coupon in the past year. A great alternative to physical coupons, many retailers are developing coupon pages on their mobile apps.

Tech-savvy Diners

Before dining out, consumers do their homework

Planning where you're going to eat your next meal continues to become more digital, and consumers are testing out many ways to make their dining decisions. While some Americans are willing to blindly go to a restaurant, 33% turn to the Internet for restaurant reviews. Dads are 42% more likely to read reviews than the average shopper, making them one of the largest segments taking a look at reviews.

In addition to reading reviews, many consumers will review a restaurant's menu and look for discounts or specials. 42% of Americans review menus, and 35% look for coupons and specials. Moms are some of the most coupon-dedicated, with 47% of them looking for specials or coupons online.

42%

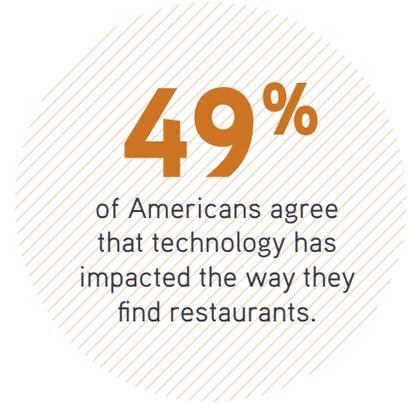
of Dads are more likely to read reviews than the average shopper.

47%

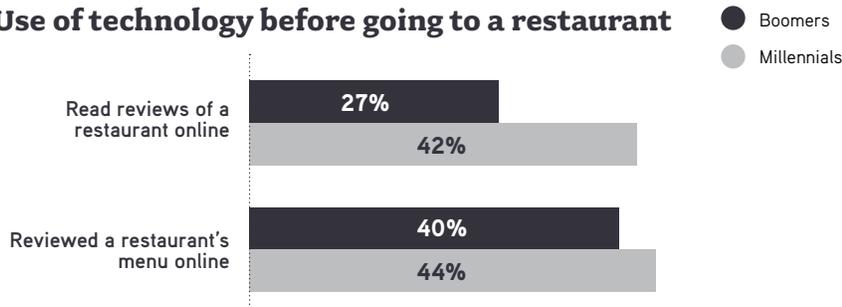
of Moms are looking for specials or coupons online.

Technology continues to make eating out easier

Nearly half of Americans agree (49%), technology has impacted the way they find restaurants and other sources of food. With the ability to view restaurant menus, read reviews where people have dined, and the number of coupons and specials available, consumers often turn to the Internet to find their next meal. Millennials, parents and organic consumers are all more likely to agree to this than the average American.



Use of technology before going to a restaurant



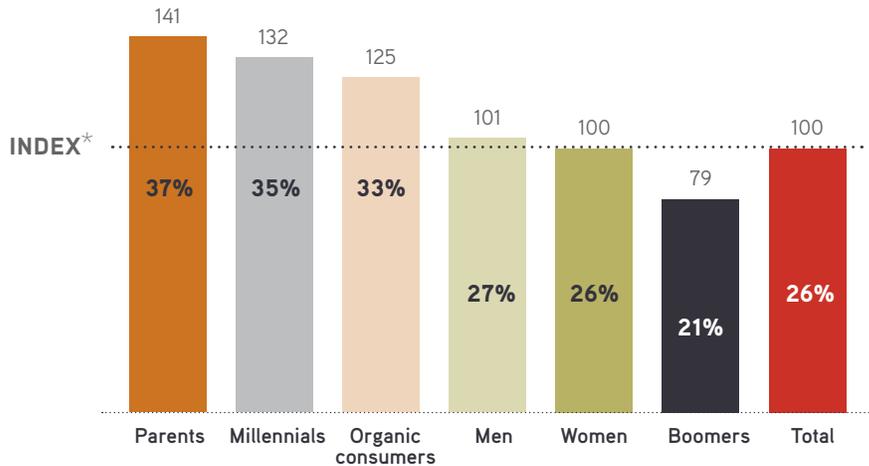
45% of consumers look for restaurant locations online.

Placing food orders online

Restaurant websites and mobile apps that allow online ordering continue to grow, and Americans are taking advantage of them. A quarter of Americans (26%) ordered food from a restaurant online in the past year. The biggest users of online ordering are organic consumers (33%), parents (37%) and Millennials (35%).



Consumers who have ordered from a restaurant online



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An index of 100 represents the average response. An index over 100 means that response is higher than average and below 100 means it is less than average.

The biggest users of online ordering are parents, Millennials and organic consumers.

The future is looking bright for online ordering

Over the next year, 45% of consumers project that they will order food online, up from 26% that order food online today. Men will lead the charge of ordering online over the next year, with 48% saying they are interested in ordering online, while only 42% of women are. In comparison with other generations, three out of five Millennials will purchase food online in the next year. Their online ordering habits will continue to drive the future of how we find food online.

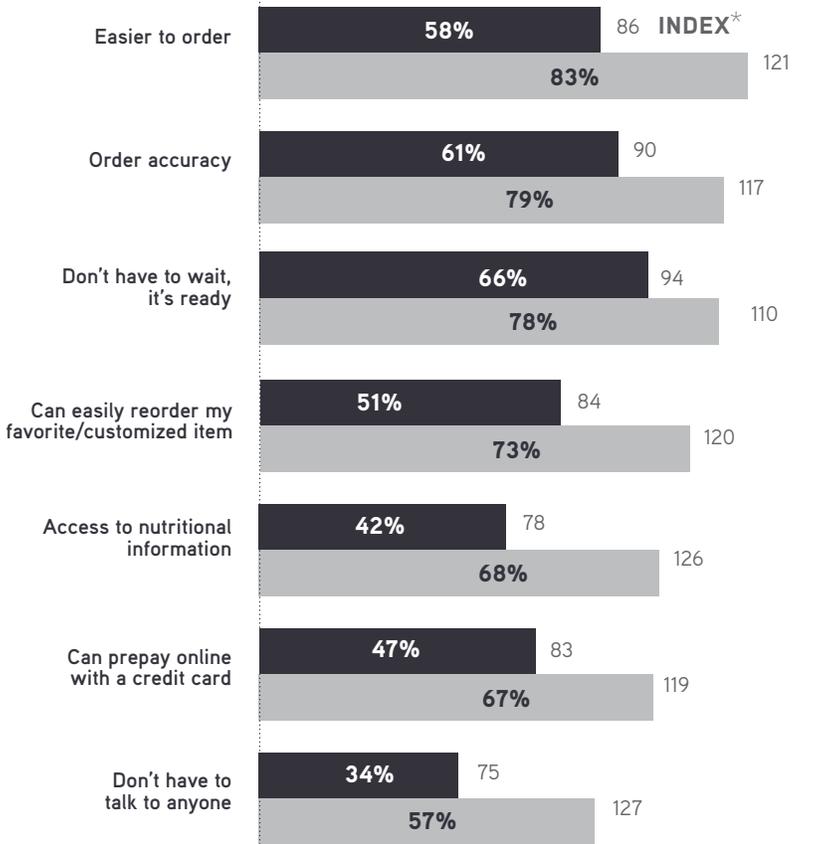


The perks of ordering from a phone or PC

We live in a fast-paced, get-it-when-I-want-it world, and online ordering helps consumers get their food quickly. The number-one reason consumers order online is that they don't have to wait – it's ready when they get there. There is no hassle involved. Ordering online is easy for consumers, and they know that their order is correct because they were the ones putting it in.

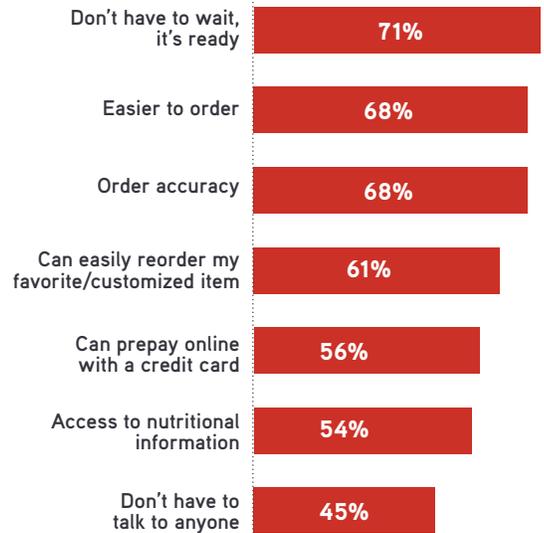
Different consumer segments have different reasons for ordering online. From access to nutritional information to not having to talk to anyone, consumers find online ordering easy.

Boomers and Millennials Perceived benefits of online ordering



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Overall Perceived benefits of online ordering

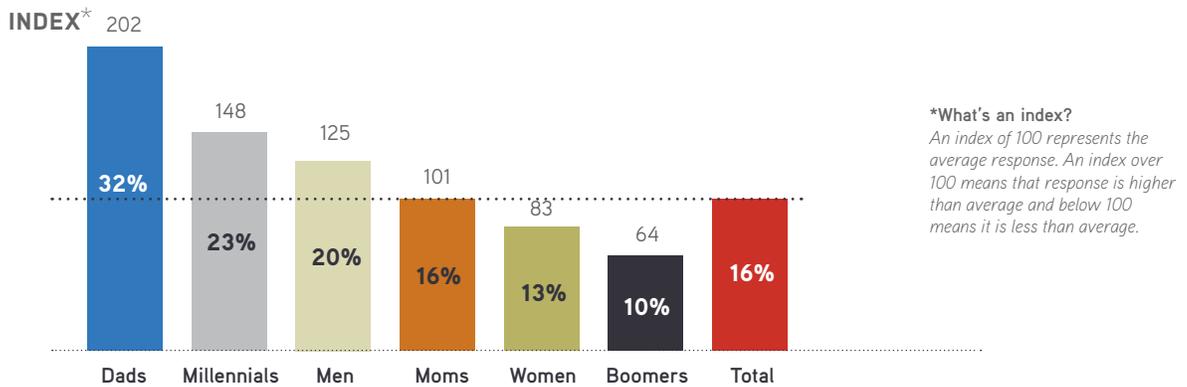


Online reservations are a big hit with dads

With the creation of OpenTable, Rezbook and a host of other apps and websites, online restaurant reservations continue to grow. This year, 16% of consumers report having made reservations at a restaurant online. Men are 25% more likely (20%), and dads are twice as likely (32%), to utilize online reservations.

Much like the ease of online ordering, placing reservations online allows consumers to trust that their reservation will be accurate, and their information can be stored so they can easily make a another reservation without inputting their information again.

Consumers who have made reservations online



Online reservations could triple next year

Nearly three times as many consumers are planning on placing reservations online in the next year, up to 43% from 16%. As more restaurants join these online services, there will be more options for consumers to choose when making reservations.

16%

of consumers made reservations online this year.

43%

or consumers plan on making a reservation online next year.

Digital amenities can make a difference for diners

With nearly one million restaurants in the United States, consumers have quite a few options from which to choose. As the average consumer becomes more digital-savvy, they look for certain amenities that can help with their digital lifestyles. Digital amenities allow restaurants to engage with consumers on a new level. From digital coupons and offers to free Wi-Fi, these features can help sway a consumer's dining decision.

Consumers still find ordering online enticing, with 58% of consumers agreeing on its appeal. The same goes for digital coupons – one in ten consumers (12%) use them and 59% find them appealing. While there may be a good amount of appeal for these amenities, barriers may still exist that prevent them from use.



Percentage of consumers who find the following digital amenities at restaurants appealing



Digital coupons for offers



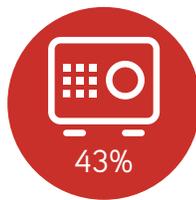
Free Wi-Fi



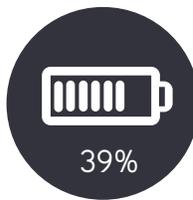
Reserved parking for online ordering



Text notifications for reservations



Digital menu boards



Charging stations



Ordering from a digital device at your table



Digital ordering kiosks

Social media — it's not just for Millennials

Social media is big. So big that by September 2013, 73% of American adults were on social networks, according to a Pew Internet Research study. FoodThink found that 14% of consumers follow a restaurant on social media, with moms, dads and Millennials all more likely than the average American to do so.

Social media offers consumers a chance to voice their opinions, for good or for bad, about everything they do in their lives. While there are many hashtags being used

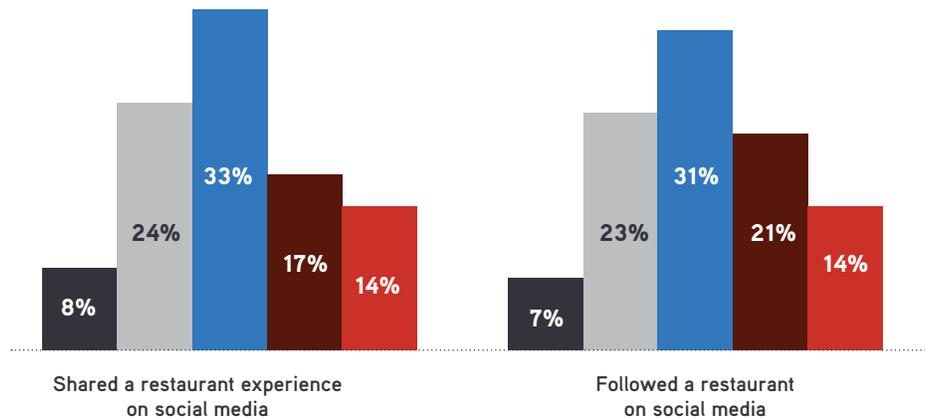
regarding food (such as #foodporn), few consumers actually share their restaurant experiences on social media. Only about 14% of consumers post pictures, check in or share their opinions about their experiences at a restaurant. Social media should be used as more than just a reach tactic. Encourage social media engagement and conversations through hashtags and social giveaways to help promote your brand.

Encourage social media engagement and conversations through hashtags and social giveaways to help promote your brand.

Q. Which of the following restaurant-related activities have you done online (on a computer or mobile device)?

Social media engagement

● Boomers ● Millennials ● Dads ● Moms ● Total





Implications

Take advantage of technology to connect with consumers

Consumers use technology in a variety of ways to find food. From the grocery store to the restaurant to the kitchen, consumers want everything at their fingertips, and they want it quick and easy. Grocery stores, food companies and restaurants have the opportunity to utilize technology, giving consumers the information they want while also helping ensure quality interactions and services.

Implications



Engage tech-savvy consumers

Consumers are embracing digital technology to find food. Make sure your brands and services are easily available to the tech-enthused consumer. Integrating with their lifestyle allows more opportunity for engagement.



Reach Millennials online, but don't forget about boomers

As the generation with the most interest in digital and the largest buying power, utilize digital amenities to reach and entice Millennials into your store. Boomers are the fastest-growing technology segment, so don't miss out on this opportunity.



Catch consumers before they reach the store

Consumers are planning their meals online, whether at the grocery store, in the kitchen or at a restaurant. Give them the resources to plan their dining experience with your brands in mind. The buying process begins well before they step foot in a store or restaurant.



Consider online food ordering but focus on ease

Consumers are willing, now more than ever, to order food and groceries online. Adding this technology creates a new engagement opportunity, but the process needs to be easy and beneficial, or they'll never do it.



Make the experience seamless across multiple devices

Consumers don't just use desktops anymore. The shopping and online search experience should be seamless, from desktop to mobile to in-store. The better the experience, the higher the chance consumers will positively mention your brand on the social Web.



Stand out from the flock

About Sullivan Higdon & Sink's FoodThink:

Sullivan Higdon & Sink is a full-service advertising and marketing agency with offices in Kansas City, Wichita and Washington, D.C. SHS is the agency known for hating sheeplike advertising that follows the flock. One of SHS' core focus areas is food value chain marketing — promoting products all along the farm-to-table spectrum.

In early 2014, SHS conducted the latest round of its FoodThink research study monitoring how consumers think about what they eat and America's relationship with food. After conducting its first study in 2012, SHS continues to monitor and research various food topics.

The study was executed among 2,004 consumers across the country via an online email survey (confidence interval of +/-2.19% at a confidence level of 95%). Respondents had to be at least 18 years of age and have joint or primary responsibility for the grocery and food decisions in their household. They came from a mix of demographic backgrounds and regions across the U.S. The study covered a wide range of topics, such as perceptions of food production, cooking trends and changing thoughts about food. FoodThink was developed to help SHS and its partners uncover insights about food in America in order to help craft effective, unsheeplike marketing communications.

FOR MORE about Sullivan Higdon & Sink's FoodThink study, please visit www.shsfoodthink.com

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