



Millennials Meet Their Match

THE MUCH-TOUTED DEMOGRAPHIC AND ORGANIC FRUITS AND VEGGIES ARE MADE FOR EACH OTHER.

By D. Gail Flenor

Organic produce may be a small part of produce sales, but it's important to Millennials, the largest group of consumers and organic shoppers.

Ask customers about organic produce, and most young shoppers will say they think it's healthier, cleaner and safer than traditional produce, while many older shoppers may say it's more expensive.

Both groups of customers are correct. Younger shoppers are the ones with bigger households, including children to feed, and these shoppers want to give their offspring healthy, clean produce. These consumers mostly fall within the Millennial group, the largest sector of consumers with growing families.

So when a produce department is searching for space for that new organic item, it helps to remember that organic produce shoppers are valuable because they rack up above-average weekly spending and grocery trips. To put it more succinctly, they're the spenders.



Key Takeaways

- ▶ Millennials, the largest group of consumers with growing families, are also the biggest cohort of organic shoppers, racking up above-average weekly spending and grocery trips.
- ▶ Organic remains a growth driver for produce, according to FMI's 2019 "Power of Produce" report.
- ▶ Messaging that appeals to families, cross marketing of organic produce with locally grown and value-added items, providing recipes and detailed nutrition information, and presenting the "story" of where the produce comes from are all ways to encourage Millennials to purchase even more organic produce.

How Popular is Organic Produce?

Organic continues to be a growth driver for produce, according to the 2019 "Power of Produce" report from Arlington, Va.-based FMI - The Food Industry Association. Organic produce is a small part of the entire produce category, at 6.9%, according to the report, but sales gains are driven by increased household penetration, growing availability and increased purchases among buyers.

The FMI survey found that while 61% of shoppers expect to buy about the same amount of organic produce in 2020, 30% expect to expand their organic produce purchases. Organic produce is driving new dollars in categories around the store based on increased availability in terms of SKUs and channels offering organic variety, increased purchasing among current users, and growing household penetration, the FMI report notes.

"Organics are a tricky one," admits Terry Esteve, produce and floral director for New Orleans- and Baton Rouge, La.-based Rob rt Fresh Markets and Lakeview Grocery. "We have three stores that do really well with organics, and three that don't do much. One store is a younger, hipster crowd, with a big mix of gay couples. Both these groups have good jobs and disposable income. They really do not look at price. A second store has Millennial growing-family-group shoppers, and the third store is close to Tulane and Loyola universities." Esteve notes that the three other

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—Jeff Cady, Tops Markets LLC

stores have older customer bases that are more “ad shoppers.” He explains, “On any given day, this group probably frequents us and two of our competitors, looking to save a dollar.”

Esteve is in the company’s stores often. “Our customers are pretty vocal and always let us know what they want — sometimes more than we want to know — but we go out of our way to get what they want,” he observes. “One of my managers had a customer request for organic gold beets, because the customer juices them. It turned into us scratching our heads

Organic Shopper Profile

65% More likely to purchase organic produce

83% Core locally grown produce shoppers

80% Online produce shoppers

79% Farmers' market shoppers

78% \$125,000-plus/year household income

78% 3-plus grocery trips per week

78% Millennials

78% Young kids living at home ages 0-12

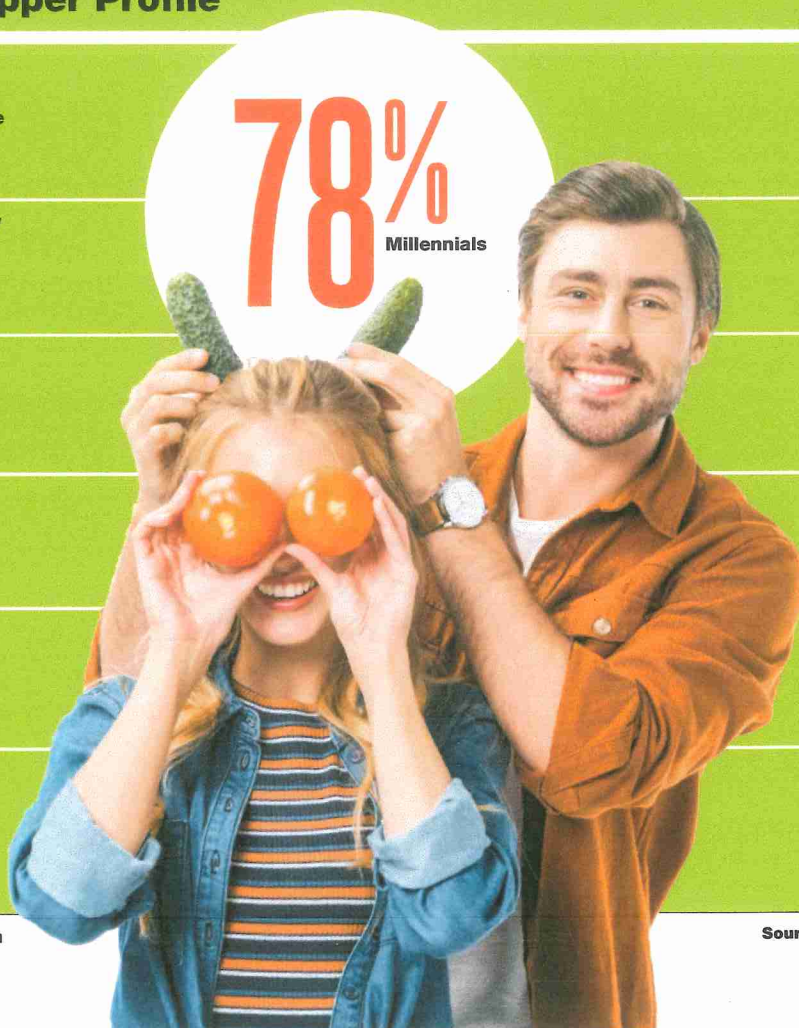
75% Live in urban areas

75% \$75,000-\$125,000 household income

75% Kids living at home

73% 3-4 persons living in household

73% Spend more than \$150/week on food



one day to selling four to five cases a week. Always try to take care of requests, because you never know.”

Robért Fresh Markets’ best organic sellers are apples, tomatoes, romaine hearts, broccoli and celery hearts. According to Esteve, Organic Girl salads are a “huge” seller as well.

Meanwhile, according to Jeff Cady, director of produce and floral for Williamsville, N.Y.-based Tops Markets LLC, which comprises 169 supermarkets, along with an additional five supermarkets operated by franchisees under the Tops banner, the chain’s top organics are berries, bananas and packaged salads.

Who Are Millennial Organic Shoppers?

Just as it took a while to learn who Baby Boomers are, Millennials are still a mystery to many. This group is generally pegged as ages 18 to 35, or 22 to 37, depending on the source you read. We hear about this demographic so often because it’s not only the largest group of organic consumers and organic produce consumers, but it also has the largest number of parents of young children.

Because of that, Millennials are most likely to consider their kids’ health when shopping. Currently, they’re the group most interested in cooking, planning meals and even reading labels to make sure they’re purchasing food with the least additives. This is also the group most likely to do grocery shopping online.



Melissa's organic peeled/steamed red beets and organic steamed lentils are tops with Millennials.

Millennials don't settle for just any food in their shopping carts, according to a Whole Foods Market national survey conducted independently by YouGov in 2019. The survey found that this group is serious about what foods they buy. In fact, 70% spend more on food than they do on travel. Most consider themselves to be “adventurous” eaters, and 60% make an effort to cook new dishes. This group wants to know the story behind how their food is produced or grown.

In the Whole Foods survey, the biggest trend found



was that Millennials want to make “informed purchasing decisions.” Food quality is a priority for this group, with 80% saying that they’re willing to pay more for quality. Additionally, transparency in food sourcing is important to more than 65% of those surveyed. In fresh organic food such as produce, almost 70% of Millennials read labels more closely than they did five years ago, and half of those surveyed buy more organic food than five years ago. Eating healthfully is a normal part of each day for Millennials.

Merchandising Organic Fruits and Vegetables

When marketing organic produce, Robért’s Esteve notes: “I’ll throw an organic produce item in the ad every now and then, but don’t see any real sales lift on that item. I think what works best for us is to merchandise conventional and organic items right next to each other or on the shelf above, with shelf strips to draw attention to it.”

He adds that he always works on a lower margin for organics. “Costs are better now on organics than they’ve been in the past, but there’s still a big difference,” Esteve observes. “Retailers can scare people away and cause more shrink. I try to stay within 75 cents to \$1 more on an organic item than a conventionally grown item, just to keep it moving, and maybe convince a shopper to go organic when they see the price isn’t that much higher.”

“Most of our organic shoppers are families at this point,” notes Tops’ Cady. “I think we need to continue to create demand through messaging on packaged organics. Characters [for children] always seem to create demand.” The adults understand the better-for-you message associated with the product, so it’s a win-win, according to Cady. Organic produce marketing at the grocer includes a Tops Natural and Organic Market section on its website, and a magazine “featuring the newest and most popular natural, organic and specialty

items” each month with coupons, he notes. The magazine is also online, and both the publication and the website feature organic items besides produce.

Merchandising organic produce is valuable time spent. Cross marketing within the department of organic produce with locally grown and value-added items can bring additional sales, since there’s a high crossover in interest among organic produce shoppers. Value-added produce, which is convenient and saves time by being pre-cut, pre-washed or microwave-ready, appeals to core organic shoppers, who make up 36% of value-added customers according to FMI’s survey.

Other ways retailers can better merchandise their organic produce, according to Rockville, Md.- based Packaged Facts, include:

- ▶ Providing recipes for how to cook or prepare fresh produce items
- ▶ Providing more detailed nutrition information such as calorie and vitamin content for each fruit and vegetable
- ▶ Presenting the “story” of where the produce comes from, including the name of the farm, a photo of the farm and information about the farm’s history
- ▶ Offering unique varieties of produce, and information about what makes these products different
- ▶ Using farmers’ market displays where possible; for organic produce, these markets are competition

These moves are likely to attract more Millennials, who, as Packaged Facts illustrates, often “love buying vegetables that are still dirty.” **PG**



Marketing Organic Produce to Millennial Shoppers

Since Millennials have purchasing power of \$1.4 trillion in 2020, according to *Forbes* magazine, tailoring advertising and marketing to their interests is essential. Millennial shoppers are attracted by different things compared with Baby Boomers — after all, they’ve had contact with the internet and mobile phones all of their lives. Digital media is a given for marketing to this group. Social media, such as Facebook and Instagram, is a strong option, and merchandising by mobile phone is now expected by this group.

Online reviews matter to this group of younger consumers, since most do research before shopping. This doesn’t mean that “old” Baby Boomers don’t research products, but there are more Boomers who won’t touch a mobile phone or go on Instagram than there are Millennials with such habits. According to Cambridge, Mass.-based software developer and marketer HubSpot, 84% of customers, and Millennials in particular, don’t trust traditional advertising: They prefer to read the package or Google the item on their phones while standing in the store.

Further, websites are still important for this huge group of younger shoppers. Companies need to publish quality content on the homepage to attract Millennials, however, rather than just creating a page where customers can land.