Nearly half of all consumers (47 percent) say they purchased specialty foods in the past six months, according to annual research conducted by the Specialty Food Association and Mintel and presented in the report “Today’s Specialty Food Consumer 2015.”

The results of a survey indicate high awareness among consumers (70 percent) of the term specialty food itself. The Association and Mintel continue to refine the definition of specialty food as the category matures and some segments that used to be considered specialty become more mainstream. This refinement has led to a narrowing of those who report they purchase specialty foods versus previous years, but gives the most accurate representation to date. Mintel reports that annual sales growth exceeding 10 percent is the best reflection of the state of the industry.

The following pages offer highlights of key data from Today’s Specialty Food Consumer research. Download a summary report with charts and data at specialtyfood.com/consumer2015.

Plus, attend our webinar
Today’s Specialty Food Consumer
Monday, Sept. 28, 2–3 p.m. ET
**WHO BUYS SPECIALTY FOODS?**

*Young consumers are the core specialty food customer.* Those ages 25–44 are the most likely purchasers of these products, followed closely by the 18–24 age group. Millennials (ages 21–38) comprise the lion’s share of these age groups and is a critical generation to specialty food producers and retailers due to its size and level of engagement. However, as this group ages, there are shifts to purchasing habits and needs that will impact the future of specialty foods.

Consumers 45 and older have a lower likelihood of purchase, though *generation X and baby boomers report high usage of specialty foods for snacking or meal preparation.*

For the first time since this research began in 2005, *men rated higher than women* as more likely to purchase specialty foods.

**TODAY’S SPECIALTY FOOD CONSUMER KEY DEMOGRAPHICS**

**WHO HE IS**

- **AGE:** 25–44
- **GENDER:** MALE
- **RACE:** HISPANIC

**WHAT HE BUYS**

- Pasta
- Energy bars
- Chocolate
- Yogurt
- Menus

**WHAT HE EARS**

- **$75,000 OR MORE** household income

**WHERE HE LIVES**

- **WEST coast**
- **EAST coast**

Source: Mintel

**KEY OPPORTUNITIES**

- Specialty food producers and retailers have new marketing opportunities with men.
- Millennials reflect the core specialty consumer, but the trade needs to track their changing needs as they age.
- Product development opportunities around health and convenience are growing as gen Xers and boomers age.
Millennials are more likely than other generations to say they purchased specialty foods from the largest range of segments. Looking deeper at the differences in purchasing between younger and older millennials paints a clearer picture of how this group’s needs are shifting as they age. Snacks and sweets, like ice cream, chocolate, cookies, and snack bars, rank high among 18- to 24-year-olds, while consumers 25–44 are more inclined to shop for specialty kitchen staples, such as meat and poultry, cooking sauces, rice and grains, and yogurt. This is likely due to the fact that many millennials are starting families.

**WHO’S BUYING WHAT?**

Here is a breakdown of the segments that have the highest incidence of purchase, by generation.

<table>
<thead>
<tr>
<th>Segment</th>
<th>Generations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ice cream and frozen desserts</td>
<td>21-38</td>
</tr>
<tr>
<td>Chocolate</td>
<td>21-38</td>
</tr>
<tr>
<td>Cookies, brownies, cakes, and pies</td>
<td>21-38</td>
</tr>
<tr>
<td>Pasta</td>
<td>21-38</td>
</tr>
<tr>
<td>Yogurt and kefir</td>
<td>21-38</td>
</tr>
<tr>
<td>Nuts, seeds, dried fruits, and vegetables</td>
<td>21-38</td>
</tr>
<tr>
<td>Pasta and pizza sauces</td>
<td>21-38</td>
</tr>
<tr>
<td>Salty snacks</td>
<td>21-38</td>
</tr>
<tr>
<td>Dairy and dairy alternatives</td>
<td>21-38</td>
</tr>
<tr>
<td>Snack bars</td>
<td>21-38</td>
</tr>
<tr>
<td>Alcoholic and non-alcoholic beverages</td>
<td>21-38</td>
</tr>
<tr>
<td>Cereal</td>
<td>21-38</td>
</tr>
<tr>
<td>Grains and rice</td>
<td>39-50</td>
</tr>
<tr>
<td>Cooking sauces and marinades</td>
<td>39-50</td>
</tr>
<tr>
<td>Frozen meals</td>
<td>39-50</td>
</tr>
<tr>
<td>Coffee, coffee substitutes, and cocoa</td>
<td>39-50</td>
</tr>
<tr>
<td>Oils and vinegars</td>
<td>39-50</td>
</tr>
<tr>
<td>Tea</td>
<td>39-50</td>
</tr>
<tr>
<td>Meat, poultry, and seafood</td>
<td>39-50</td>
</tr>
<tr>
<td>Salsas and dips</td>
<td>39-50</td>
</tr>
<tr>
<td>Baking mixes and flours</td>
<td>39-50</td>
</tr>
<tr>
<td>Cheese and cheese alternatives</td>
<td>39-50</td>
</tr>
</tbody>
</table>

**THE TOP FIVE MOST PURCHASED SEGMENTS**

<table>
<thead>
<tr>
<th>Segment</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cheese and cheese alternatives</td>
<td>34%</td>
</tr>
<tr>
<td>Ice cream and frozen desserts</td>
<td>34%</td>
</tr>
<tr>
<td>Chocolate</td>
<td>31%</td>
</tr>
<tr>
<td>Coffee, coffee substitutes, and cocoa</td>
<td>29%</td>
</tr>
<tr>
<td>Cookies, brownies, cakes, and pies</td>
<td>28%</td>
</tr>
</tbody>
</table>

Source: Mintel/Spins/IRI

What drives specialty food consumers to purchase a food or beverage? Simply, the desire to try new things, according to two-thirds of respondents. Quality and health are also important drivers, and to these consumers, health increasingly refers to the absence of artificial ingredients.

**THE WHY BEHIND THE BUY**

- Millennials buy from the largest array of segments, predominantly snacks and treats. But as they age they are buying more everyday items for meal prep and seek ideas on how to use them.
- While consumers overall are becoming more aware of sweets intake, the top five specialty food segments include ice cream, chocolate, and cookies. Indulgence is still a big draw, something to keep in mind in product development and merchandising.
- Millennials are starting to have families, opening new marketing opportunities.
Supermarkets and natural food retailers are the leading businesses where respondents say they recently purchased specialty foods. **Baby boomers prefer supermarkets**, while **natural food stores and farmers markets appeal most to gen Xers. Millennials** are most likely to shop at the **widest range of retailers**, including mass merchants, club stores, specialty food stores, convenience stores, department stores, and online. This group is very convenience-minded; they seek out purchases where it’s easiest and they like to find specialty foods where they are already shopping. Nontraditional retailers may gain sales opportunities in carrying these foods and beverages.

### Key Opportunities

- **Convenience is king with millennials who shop where it is easiest.** Nontraditional outlets like convenience stores could gain by offering the specialty foods and beverages they seek.
- **E-commerce is exploding.** Younger consumers, especially, are buying more online and have a growing desire for delivery services. Producers need to have this channel on their radar.

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**Of consumers purchase specialty food online:**

- **52%**

**The Top 3 Most Purchased Categories Online**

- **Chocolate**
- **Coffee, Coffee Substitutes, and Cocoa**
- **Tea**

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**Using or seeking online delivery service:**

- **31%**
- **33%**
- **29%**
- **44%**
- **49%**
- **42%**

- Of consumers
- Of men
- Of women
- Ages 25-44
- Of Hispanics
- Pacific region residents
WHAT SPECIALTY FOOD CONSUMERS SPEND—AND SPEND ON

Specialty food consumers spend about one-third of all food dollars on specialty food and drinks, the highest number in the past three years. Three-quarters of specialty food consumers have gone grocery shopping in the past month, with an average of six visits during that time period, buying specialty foods or ingredients just over half the time.

32% Specialty food consumers spend 32 percent of their food dollars on specialty foods and beverages.

$113 $80
In 2015, specialty food consumers spent a mean of $113 per week on food cooked at home and a mean of $80 per week in restaurants. These numbers have increased significantly from more conservative growth in the previous three years.

ASPIRATIONAL VS. ACTUAL
SPECIALTY FOOD PURCHASES & WEALTH

While research data often focuses on the core specialty food consumer as affluent, earning $75,000 or more per year, those earning less are also very engaged in this market. Those with incomes of $25,000 to $74,999 buy specialty foods from more segments than more affluent groups, and buy specialty foods to treat themselves as well as for everyday use. The least affluent groups, in fact, are the most likely to buy specialty ingredients for cooking at home versus spending money in restaurants.

$25,000 TO $74,999

26% share of dollars

SPECIAL-INTEREST FOODS

Specialty food consumers spend the most—about one in three dollars—on foods that carry an all-natural or organic claim. This share of spend has gradually risen over the past three years. Share of spend on ethical or special-interest foods is generally higher among millennials, but gen X also rates high. That is likely because they report reading nutrition labels to a greater extent than millennials do.

SPEND ON ETHICAL OR SPECIAL-INTEREST FOODS

ASPIRATIONAL VS. ACTUAL
NON-GMO CONCERN VS. SHARE OF SPEND

Despite the rise in non-GMO claims on products over the past few years, and increasing interest in the issue, share of dollars has held steady since 2013 at 26 percent among specialty food consumers. Non-GMO purchases are slightly less likely among millennials versus gen Xers.

KEY OPPORTUNITIES

• Specialty snacks, treats, and ingredients appeal to consumers in many income brackets, opening new marketing opportunities.

• In addition to millennials, gen Xers will spend on products that make an ethical or special-interest claim.

• Further data shows that hunger relief ranks first as a cause specialty food consumers would endorse through their food purchases.
Frequency of ready-to-eat meal purchases has gone up, a behavioral shift that is adversely affecting scratch cooking, mostly among millennials. This group is most likely to buy ready-to-eat meals as well as takeout and delivery. By contrast, consumers over 45 go to the grocery store more often, and baby boomers especially are more likely to cook meals from scratch at home.

Younger consumers are often seen as cooking more than past generations, but data shows that millennials are relying more on takeout and ways to expedite home cooking. This could be a result of time pressures, as millennials begin to have families and are looking for more conveniences.

Posting comments about brands and companies on social media is far more common among specialty food consumers than consumers overall (48 percent vs. 33 percent). Pinterest and Facebook are the most popular sites for engaging with, researching, or discussing restaurants or retailers.

84 percent of specialty food consumers consider themselves knowledgeable about food, but that view is shared by baby boomers more than millennials. Mature specialty food consumers, especially gen Xers, are the most likely to say they will spend more for quality ingredients.

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• Retailers should increase in-store ready-to-eat meal options. Convenience is going to play a bigger role in how millennials engage in food shopping and prep.

• A social media presence is necessary for companies on the buy and supply side of the trade who want to engage specialty food consumers.

• Retailers have educational opportunities with millennials to talk about food products and different usage or recipe ideas.

• Gen Xers are in their prime earning years and are willing to spend on quality ingredients.
SHOPPING HABITS, ATTITUDES, AND DRIVERS BY GENERATION

**MILLENNIALS**
- Buy eco-friendly, artisanal, and gluten-free foods
- Most aware of the term specialty food
- Use specialty foods most to bring to the office, have on hand for unexpected guests, give as a gift
- Purchasing drivers: need something special when entertaining; eat more natural and healthy ingredients; dietary or health concerns
- Enjoy planning parties for friends and family
- Believe GMOs should never be used in food and beverages
- Spend the most per week in restaurants

**GENERATION X**
- Use specialty foods most for everyday snacking and for special occasions
- Purchasing drivers: quality ingredients listed on packaging; recommendation from a friend or relative; impulse purchase; environmentally friendly
- Most likely to shop at farmers markets
- Shop for all-natural and ethical foods
- Buy coffee online
- Spend the most per week on cooking or preparing food at home
- Most likely to read nutritional labels

**BABY BOOMERS**
- Use specialty foods for everyday meals at home
- Purchasing drivers: like to try new things; eat more natural and healthy ingredients; looking for exciting new experiences; convenience; recommendation from a friend or relative; impulse purchase
- Consider themselves knowledgeable about food
- Shop for locally sourced, non-GMO, and fair trade foods
- Believe GMOs are OK to use but only if disclosed on label
- Least likely group to shop for food online
- Most likely to prepare meals from scratch

Written by Denise Purcell, editor of Specialty Food Magazine; research led by Ian Au, brand specialist for the Specialty Food Association.