SULLIVAN HIGDON & SINK

FoodThink

EVOLVING TRUST IN THE FOOD INDUSTRY

Monitoring consumer trust in food production

MARCH 2016
ISSUE NO. 1

Revisiting America's trust in the food industry

A customer walks into a store. They pick up a food product. And then they hesitate. Can they trust it? Can they be sure it's been made the right way? Can they be certain that the food industry has done all it can to deliver a quality product through a process they can believe in?

More and more consumers are having that moment of hesitation, and it's the food industry's greatest challenge. The numbers paint a dim picture: Only about a third of consumers think the agriculture community and food companies are transparent. Yet nearly two-thirds (65%) of consumers want more food production knowledge.

How can food companies close that gap? With education through clear, consistent messaging. The continued longevity of the food industry depends on it. FoodThink's previous white papers, "Trust in Food Production" (2012) and "Emerging Faith in Food Production" (2014), examined consumers' perceptions of the food industry. Now, in FoodThink's third study on this important topic, we evaluate how public knowledge and trust of the food industry have changed through the years.

Contents

This white paper explores the following topics:

Key Takeaways

65%
of consumers say it's somewhat or very important to know how their food is produced.

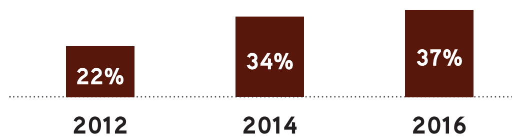
Most consumers want to know how their food is produced

More than ever, consumers want to know all about their food. Nearly two-thirds of consumers surveyed think it's somewhat or very important to have knowledge of food production processes and practices. That means it's important for marketers to increase consumer learning opportunities around food production.

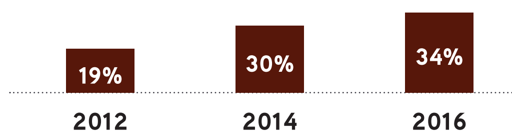
Perceptions of transparency in agriculture and food are still on an upswing

Even though most consumers continue to feel there's a lack of transparency in the food industry, perception numbers are on the rise, likely due to industry-wide initiatives to educate the public. These efforts are starting to pay off, but there's still work to be done.

Perceived transparency of agriculture community



Perceived transparency of food companies



Some sources are becoming more trustworthy for food information

People learn about their food from a number of different sources – and that number is growing every day. Food companies and manufacturers, bloggers and social media, and grocery and food retailers have all seen significant increases in consumer trust since 2012.

Food Companies/ Manufacturers
+17 Percentage Points since 2012

Bloggers/ Social Media
+15 Percentage Points since 2012

Grocers/ Food Retailers
+14 Percentage Points since 2012

SECTION NO.1

Trust in Food Production

Perceptions of transparency in food production are improving, but there is plenty of room to grow

Transparency in food production continues to be on the upswing. However, it's important for food marketers to understand there is still room for improvement. And it's essential to tailor marketing initiatives toward continued openness with the consumer.

From 2012 to 2016, trust increased in the **AGRICULTURE COMMUNITY**

+15 Percentage Points

From 2012 to 2016, trust increased in **FOOD COMPANIES**

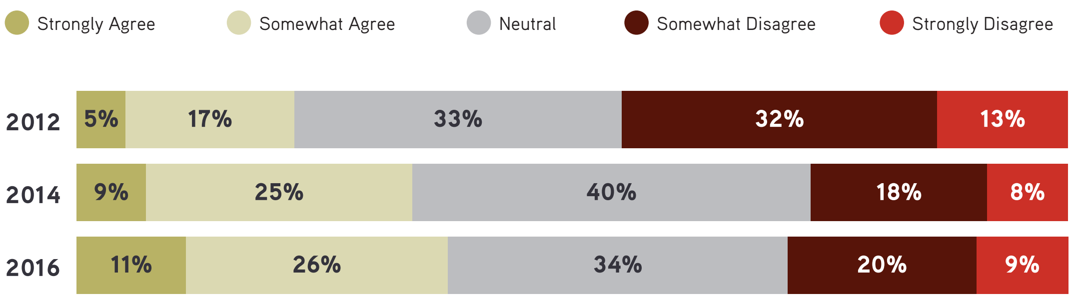
+15 Percentage Points

Consumers take a stance on transparency

Today, just 37% of consumers somewhat or strongly agree that the agriculture community is transparent, and only 34% agree that food companies are transparent about how food is produced. Although these numbers have increased only slightly over 2014, they are a significant improvement over 2012.

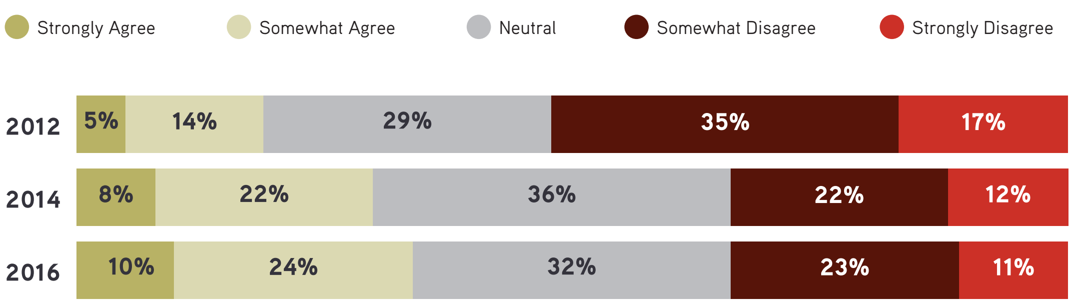
"As a whole, the agriculture community is transparent about how food is produced"

Q: How strongly do you agree or disagree with the following statements?



"As a whole, food companies are transparent about how food is produced"

Q: How strongly do you agree or disagree with the following statements?



Increasing media attention and dialogue about food production, and the food industry's willingness to be more open about its production practices, have likely caused this increase in perceived transparency. In turn, this provides consumers the knowledge to have definite opinions on the degree of industry transparency.

But as the conversation continues to focus on food production and additional practices are revealed to the American consumer, improvement is needed not only in the communication of these practices, but also in the degree of transparency practiced by the food industry as a whole.

Perceptions of transparency vary across generations

Millennials and parents are more likely to perceive food companies and the agriculture community as transparent. It's important for marketers to continue building on the positive attitudes of these growing audiences.

Alternatively, Boomers and bad cooks** are much less likely to agree that the agriculture community and food companies are transparent. Non-parents are also much less likely to agree.

Consumer opinions on transparency (by segment)

Q: How strongly do you agree or disagree with the following statements? "As a whole, food companies/the agriculture community are transparent about how food is produced"

THE AGRICULTURAL COMMUNITY **FOOD COMPANIES**

MORE LIKELY to believe these industries are transparent.

MILLENNIALS

43% AGREE (115 Index*)

41% AGREE (119)

PARENTS

41% AGREE (110)

42% AGREE (122)

LESS LIKELY to believe these industries are transparent.

BOOMERS

31% AGREE (83)

28% AGREE (81)

BAD COOKS

28% AGREE (81)

26% AGREE (77)

***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 lower 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.

****Good Cooks/Bad Cooks**
How would you rate your cooking skills? Good Cooks answered Good/Excellent.
Bad Cooks answered Fair/Poor

SECTION NO.2

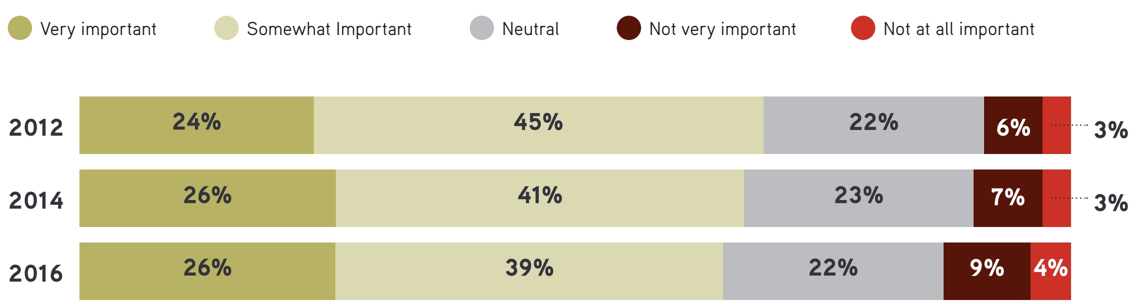
Consumer Desire for Food Knowledge

Consumers still yearn for more understanding of how their food is produced

The majority (65%) of consumers say it's important to understand how their food is produced. While these numbers have seen a slight downward trajectory (down 4% since 2012), food marketers should still work to be forthright with consumers who want to better understand food production.

Importance of understanding how food is produced

Q: How important is it for you to understand how the food you eat is produced?

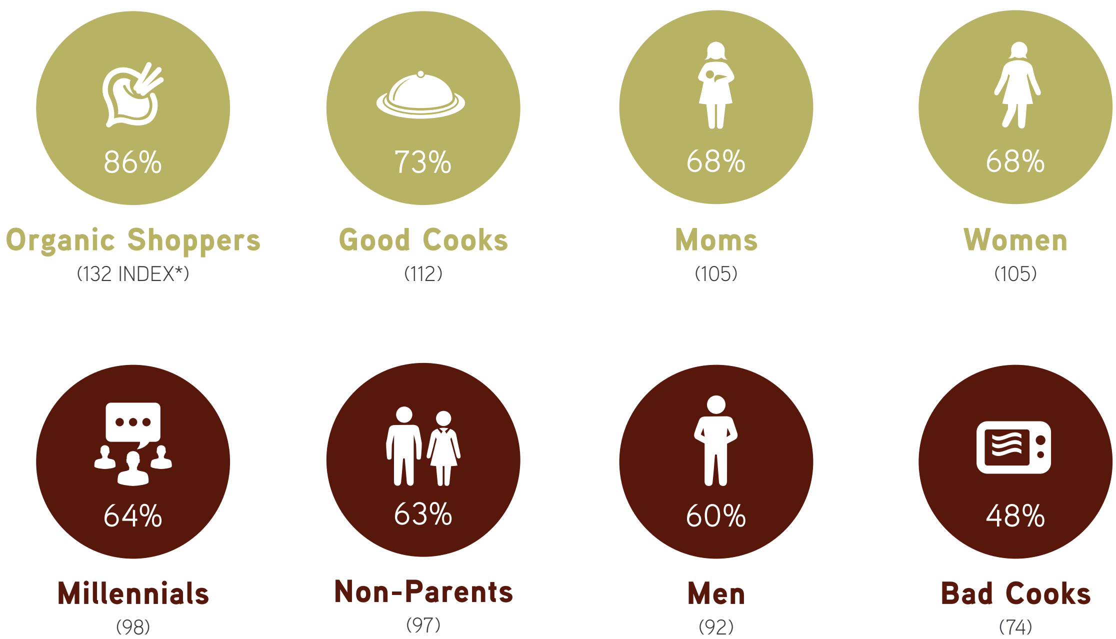


Some consumer segments desire more knowledge

Organic shoppers, moms, dads and those who describe themselves as good cooks are more likely to think it's important to understand how food is produced. On the other hand, men and bad cooks are less likely to be concerned with their understanding of how food is produced.

Percentage of consumers who think it's important to learn more about food production

Q: How important is it for you to understand how the food you eat is produced? Very/Somewhat Important



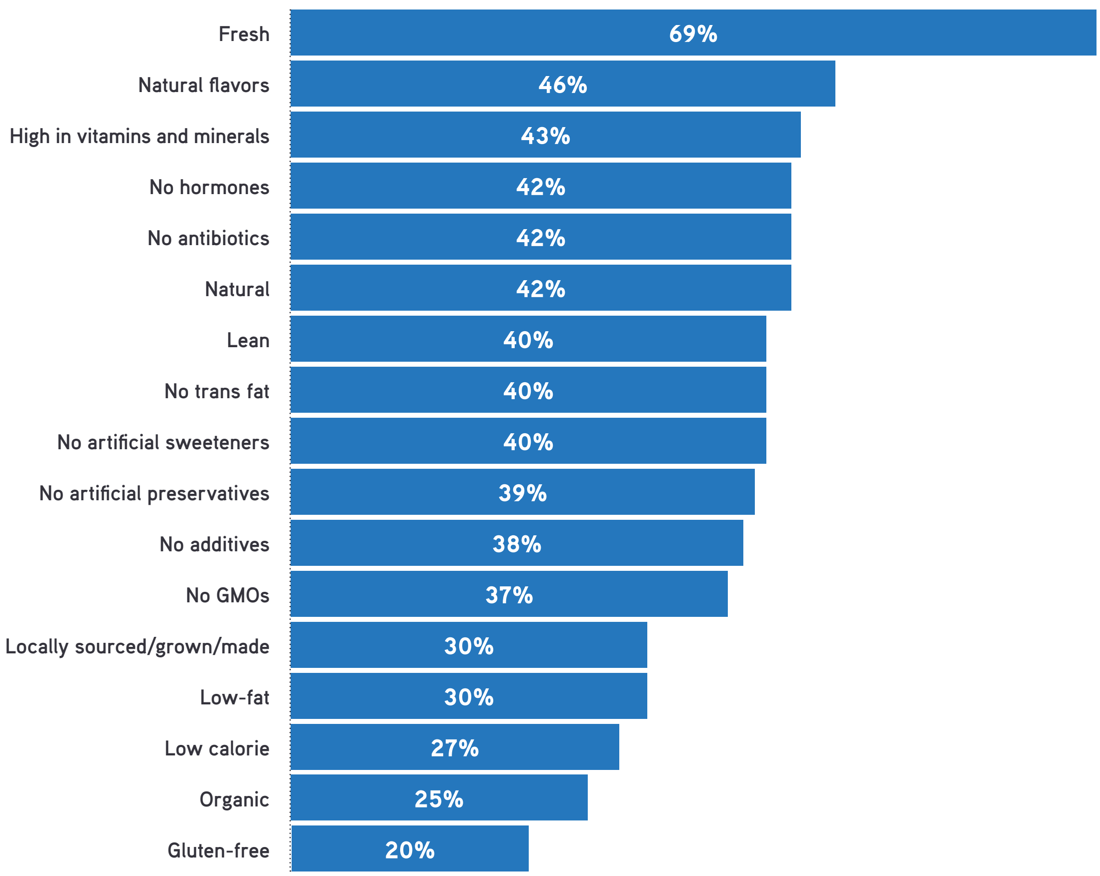
***What's an index?**
An index of 100 represents the average response. An index over 100 means that response is higher than average and below 100 means it is lower than average.

Food claims reflect consumers' desire to know more

Consumers want more than just healthier and fresher food options. They're also placing more emphasis on learning how their food is produced, where it comes from, and what ingredients are used. Further, when analyzing the many food claims in today's food production marketplace, it's easy to see a desire for transparency. Consumers are now looking for claims like "no hormones," "no antibiotics" and "no trans fats," which points to their yearning for more information about the foods they eat.

Importance of food claims

Q: How important are the following attributes when purchasing food to be prepared at home? Extremely/Very Important



DADS
Scored an index of 120* or higher on 14 of 17 claims

ORGANIC SHOPPERS**
Scored an index of 120* or higher on 17 of 17 claims

BAD COOKS
Scored an index of 80* or lower on 16 of 17 claims

There is also increased potential for marketers to drive transparency among select consumer groups. Increased importance of food packaging claims is more common among dads and organic shoppers, who index at 120 or greater on 14 of 17 claims and 17 of 17 claims, respectively. Bad Cooks, on the other hand, are more likely to index at 80 or lower on 16 of 17 claims.

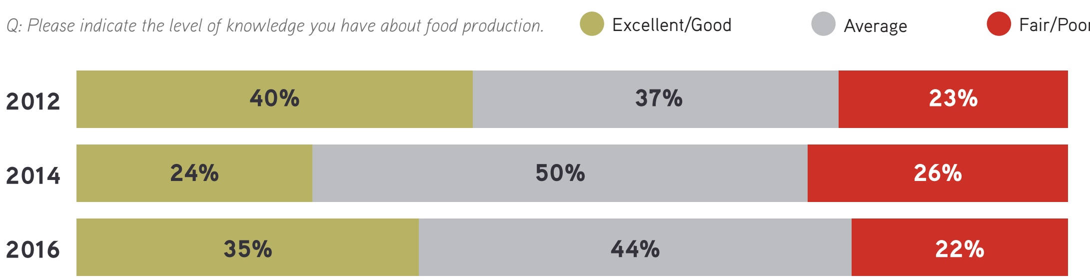
*What's an index?
An index of 100 represents the average response. An index over 100 means that response is higher than average and below 100 means it is lower than average.

**Organic Shoppers
How strongly do you agree or disagree with the following statement – "I try to eat organic whenever possible." Organic Shoppers answered Somewhat Agree/Strongly Agree.

Food production knowledge is increasing

More than one-third (35%) of consumers indicate good or excellent food production knowledge, a significant improvement compared to 24% in 2014. There has also been a discernable shift from those with average, fair or poor knowledge to those who claim to have good or excellent knowledge.

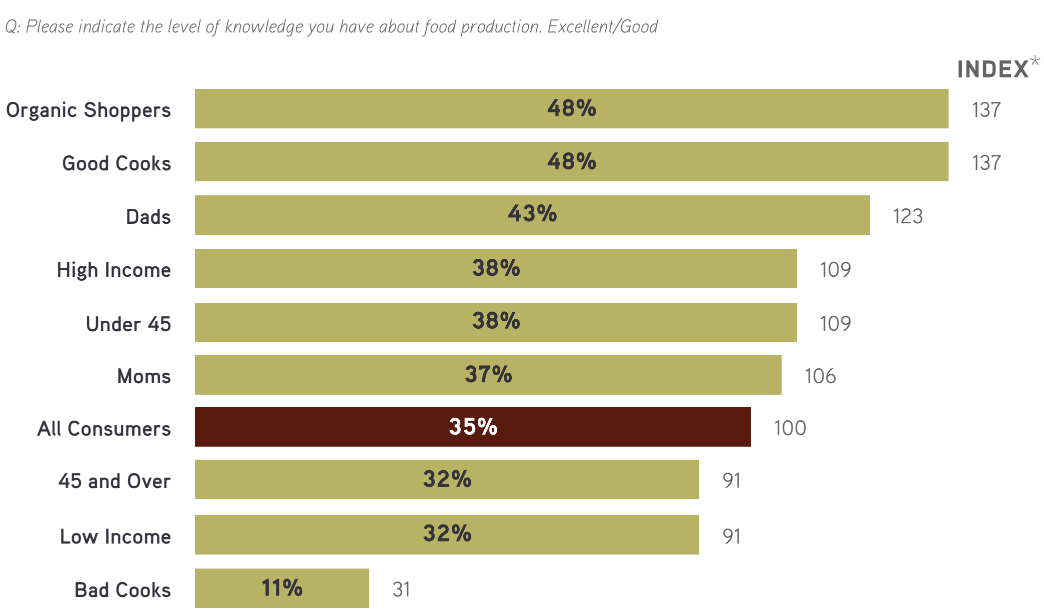
Food production knowledge change over time



Organic shoppers and good cooks claim to know more about food production

Those who identify as organic shoppers and those who consider themselves good cooks are 37% more likely than the average consumer to claim to have a good or excellent knowledge of food production. Moms and dads also indicate high levels of food production knowledge, which could be attributed to decision-making based around child and overall family needs. On the other hand, bad cooks, low income consumers and those under 45 exhibit less confidence in their knowledge of food production.

Food production knowledge (by segment)



*What's an index?
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 lower than average.

SECTION NO.3

Sources of Consumer Information

Trustworthy sources continue to evolve

While friends and family remain the most trusted source of food production information, there have been some notable shifts in other channels that consumers consider. Food companies and manufacturers, bloggers and social media, and grocers and food retailers are increasingly regarded as sources of credible information about the food industry as a whole.

Consumers increasingly turn to these sources for trustworthy food information

Q: How trustworthy are the following sources of food production information? Very/Somewhat Trustworthy

Food Companies/ Manufacturers

+17 Percentage Points since 2012

Bloggers/ Social Media

+15 Percentage Points since 2012

Grocers/ Food Retailers

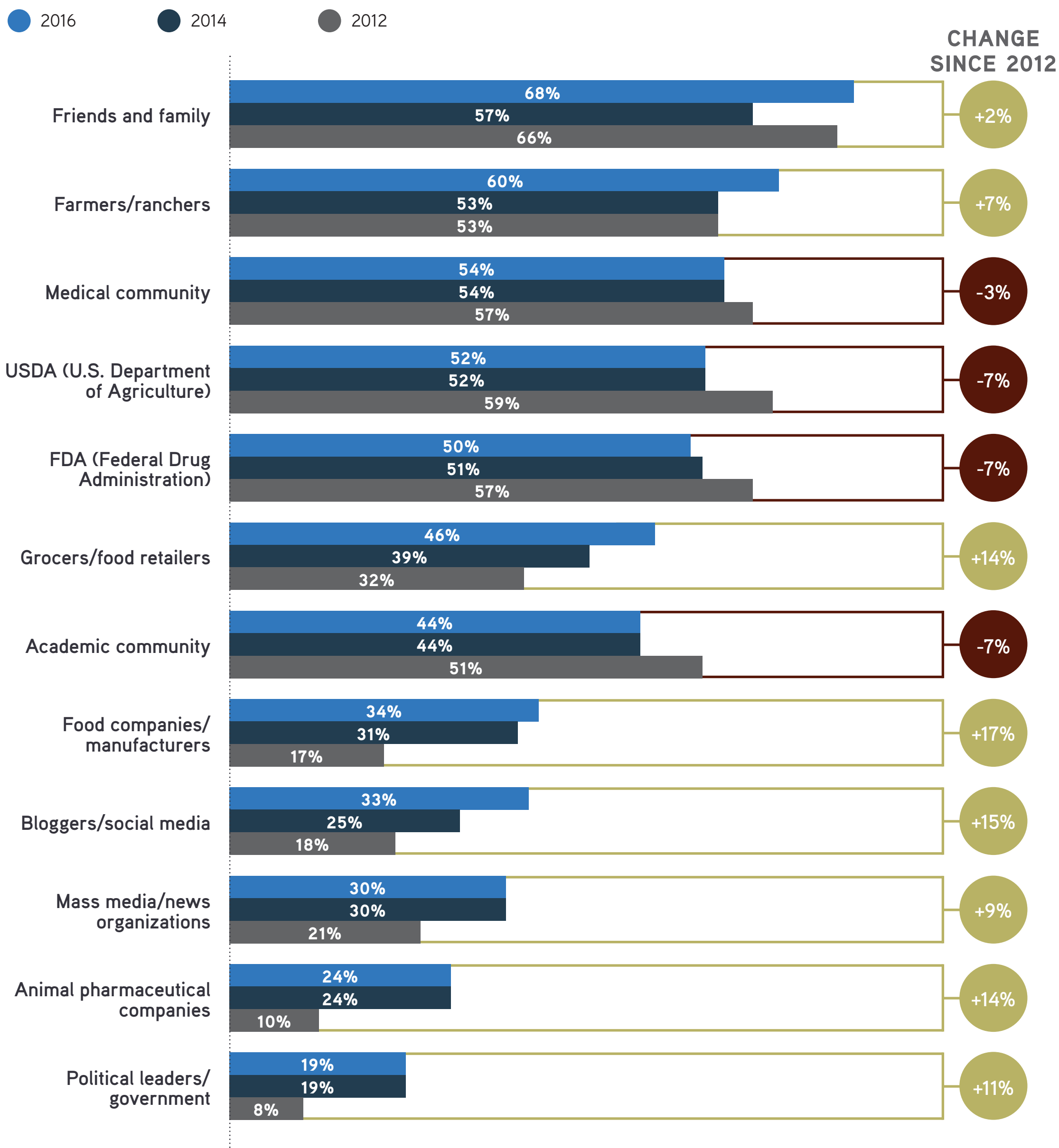
+14 Percentage Points since 2012

The food industry competes for consumer trust

The landscape of trustworthy sources for food production information is always changing. That's why it's important that marketers consider every option when determining where to share their message.

Sources considered most trustworthy for food production information

Q: How trustworthy are the following sources of food production information? Very/Somewhat Trustworthy



Some consumers trust different sources of information

Some consumer segments are more likely to trust certain sources than others. Young consumers, dads and organic shoppers are much more likely to trust sources like the government, animal pharmaceutical companies, blogs and social media.

Older consumers and bad cooks are much less likely to indicate trust in these same sources. Food marketers who target the aforementioned consumer segments may consider using these channels to share valuable food production information.

Trustworthiness of food information sources (by Segment)

Q: How trustworthy are the following sources of food production information? Very/Somewhat Trustworthy

	Blogs/ Social Media	Animal Pharmaceutical Companies	Political Leaders/ Government
Under Age 45	(121 INDEX*)	(122)	(122)
Dads	(134)	(159)	(189)
Organic	(148)	(142)	(147)
Over Age 45	(75)	(73)	(74)
Bad Cooks	(78)	(78)	(83)

***What's an index?**
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 lower than average.

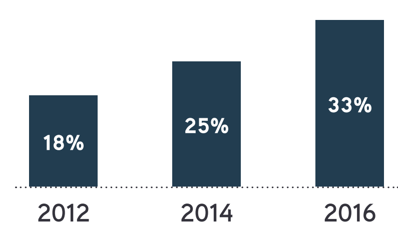
FOOD FOR THOUGHT

Blogs are becoming trusted sources of information

Blogs are becoming more trusted, mainstream and legitimate sources of information about food production processes and practices. The credibility and trustworthiness of blogs may depend on the established reputation of the blogger or the brand as a whole. Food companies who aim to produce unique and brand-specific blogs must position themselves as trusted sources of information on industry-related topics.

Trustworthiness of Blogs/Social Media

Q: How trustworthy are the following sources of food production information? Very/Somewhat Trustworthy



Implications

Facilitate education on food production

Consumers believe that food production knowledge is important. Continue to help facilitate consumer education on food production by building and championing educational initiatives around food production processes and practices.

Build a relationship

Consumers trust people with whom they have a relationship. The same goes for brands. Build a relationship with consumers and/or the sources they rely on by becoming a well of information on related topics and beyond.

Leverage the power of content

Consumers find blogs to be a trustworthy, steady stream of information. Use blogs and social media as a tool to provide food production knowledge and information to consumers.

Focus on key target audiences

Focus on organic shoppers, good cooks and moms, segments who are concerned with gaining additional food production knowledge.

SULLIVAN HIGDON & SINK
FoodThink

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's core focus areas is food value chain marketing — promoting products all along the farm-to-table spectrum.

In early 2016, 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 and a second study in 2014, SHS continues to monitor and research various food topics.

The study was executed among 2,037 consumers across the country via an online email survey (confidence interval of +/-2.17% at a confidence level of 95%). Respondents had to be at least 18 years old 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

OR CONTACT
Rand Mikulecky, Managing Partner
rand@wehatesheep.com