



DAIRY

WHITEPAPER

CHANGING CONSUMER HABITS AND THE RETURN TO SIMPLE AND NATURAL FOOD INGREDIENTS

ABOUT HANS DAIRY

Founded in 1997, Hans Dairy is one of the largest Ontario businesses that specialize in South Asian dairy products. From the very beginning, our mission is to offer dairy products that provide our customers with a little taste of home. Mr. and Mrs. Hans immigrated to Canada and found themselves with limited options for food that was part of their upbringing in a little village in India. They wanted to give back to the community that welcomed them to their new home and soon found a demand from the growing ethnic community that was not being met.

www.hansdairy.com

EXECUTIVE SUMMARY

Today's food shoppers want real, fresh, and local foods at an affordable price.

There was a time when convenience was the reigning champion consumers considered when choosing food products.

While convenience is still an important element that consumers consider, real foods made with real ingredients carry much more weight for today's food shoppers.

But because shoppers are becoming increasingly wary of food labels that advertise products as natural and healthy, they're relying more and more on ingredient listings to guide their purchasing decisions. They are buying health-promoting foods with simple and natural ingredients that they recognize.

Moreover, to meet the demand for local foods, an increasing number of shoppers are choosing farmers markets over grocery chains, because they're not finding enough local options in grocery stores.

In order to meet the increasing demand for real food, grocery stores across the country could consider healthy products from local manufacturers, and products that only contain simple, natural, and easily recognizable ingredients.



INTRODUCTION

These days, most consumers that pick up a new food product will read the ingredients and nutritional label before deciding whether or not to purchase it. More importantly, however, is the trend toward putting back food products that contain ingredients with long or chemical names, and ingredients that consumers simply don't recognize.

This is known as the real food movement, and an increasing number of consumers are demanding that their food products contain natural, simple, and familiar ingredients. More than that, consumers want to understand what's in their food, where it comes from, and whether it offers long-term health benefits. This is forcing food manufacturers to pay more attention to the ingredients they use, and grocery stores to be more proactive about providing natural and real food options.

Nearly 90 percent of Canadians [support real food](#), because many consumers are using diet as a way to support health and reduce the chances of disease. However, when customers aren't able to find the local and real-food products they're looking for in their regular grocery stores, they don't just give up, and instead find alternative suppliers.

Grocery stores that wish to remain competitive are choosing to stock more and more natural and real foods, and that includes foods with short ingredient lists, familiar ingredients, functional foods like dairy products, and locally made foods that contain simple and natural ingredients.



THE RISE OF REAL FOOD: MODERN CONSUMERS WANT TO KNOW WHAT'S IN THEIR FOOD

Things like health and nutritional value guide food choices in the twenty-first century. That's why most food shoppers today don't blindly add products to their carts without first inspecting the nutritional and ingredient labels. In fact, **25 percent** of shoppers regularly read the ingredient listings for every food product they purchase.

Mainly, today's shoppers are looking for healthy foods that contain natural and real ingredients that they recognize. Consumers are more likely to purchase a product with five recognizable ingredients (such as milk) on the label versus a product with 20 ingredients, or versus one with scary-sounding ingredients (such as carboxymethylcellulose).

Consequently, consumers no longer define healthy foods based solely on the benefits they confer, but also on what they don't contain. This includes ingredients with long and complicated names, artificial additives, colours, and preservatives.

Recent research indicates that **75 percent** of the world's consumers are concerned about the long-term health impacts of such ingredients, which is why so many people these days read labels. "To many consumers, simple is beautiful," says Nielsen's Andrew Mandzy. "Foods with a short list of recognizable ingredients resonate strongly."

It's no surprise, then, that over 90 percent of Canadians now think it's important to eat **real foods**, which can be loosely defined as foods made with simple and natural ingredients.

INCREASING DISTRUST ABOUT FOOD MARKETING TECHNIQUES

Another problem that has arisen with the demand for real food is that consumers are becoming increasingly wary of labels that market foods as natural, healthy, and other terms that don't hold much weight in terms of definition.

In Canada, the Canadian Food Inspection Agency has some rules about the use of words like "natural" to describe foods, but there are ways around these rules, and some manufacturers and packagers take advantage of these loopholes to employ deceptive marketing tactics.

For instance, while foods labelled as natural cannot contain added nutrients, vitamins, flavours, or other additives, just about any food can claim to be made with natural ingredients.

Consumers are becoming more aware of these tactics, and as a result, their trust in food marketing labels is waning: as many as 63 percent of Canadians have concerns about [food fraud](#), and almost 50 percent of consumers [don't trust food labels](#) in general.

In response to their increasing desire for real foods and their dwindling trust for marketing buzzwords, customers are relying on ingredient lists more than ever to determine if a food product is suitable.

As such, consumers are increasingly choosing foods made with fresh, seasonal, and [minimally processed ingredients](#) that they recognize. Moreover, this isn't going to change any time soon, and "the new food consumer is moving toward fresher, cleaner labels, and [transparency is king](#)," says Campbell Soup's Suzanne Ginestro. Consumers' interest in healthy foods and transparent labelling isn't just a fad.



A TREND THAT'S HERE TO STAY: CONSUMER DEMANDS ARE ENCOURAGING MAJOR FOOD PRODUCERS TO CHANGE

The evolving needs of consumers haven't gone unnoticed by the major food manufacturers, many of whom have recently begun taking steps to meet the growing demand.

Campbell's, for instance, is rolling out a new [line of soups](#) made with organic ingredients, as well as juices that have no artificial ingredients. Other manufacturers like PepsiCo and Quaker Foods are similarly jumping on the real food bandwagon, by removing artificial ingredients from their products, relaunching products with simpler ingredients, and investing in [food start-ups](#) and smaller manufacturers that are already part of the healthy and real food movement.

HEALTH AND REAL FOOD DEMANDS ARE DRIVING A SHIFT BACK TO DAIRY PRODUCTS

Over the course of the last 100 years, there's been an ongoing battle between butter and margarine. At one point, however, margarine succeeded in convincing the public that it was cheaper and healthier than butter, and ever since the late 1950s, margarine has been the spread of choice year over year.

But in the last few years, consumers have again been choosing butter for the first time in decades, and this is largely because of the trend toward real food. Health-conscious consumers who have recently discovered the negative effects of trans fats and hydrogenated vegetable oils have also helped move this along, and today, butter isn't just outselling margarine thanks to its natural appeal, but [butter sales](#) have also reached a 40-year high in the United States.

Butter isn't the only dairy product that's seen a resurgence in recent years, and yogurt is also seeing record sales, partially because it's a functional food (a food that confers health benefits beyond fuelling your body). In Canada alone, [yogurt sales](#) grew more than 34 percent between 2005 and 2014, and the market is expected to continue growing.

CONSUMERS WILL GLADLY PAY MORE FOR THE RIGHT FOODS



Just as consumers will increase their food budgets for local offerings, so too will they pay extra for foods with simple and natural ingredients. Currently, [healthy food](#) products account for about \$1 trillion in global sales, and 88 percent of consumers across all demographics would pay more for healthy and natural foods. In Canada specifically, nearly 80 percent of consumers are concerned with [value over cost](#), and price has less bearing on food choices than whether a product meets their needs and demands.

A good example that proves customers are willing to pay more for the foods they want is organic food. The organic food industry has done an excellent job of building a healthy and positive reputation, and as a result, many consumers believe that organic foods are healthier and more nutritious.

Consequently, nearly 60 percent of Canadians [buy organic products](#) each week, despite the fact that [organic food costs 47 percent more](#), on average, than conventionally grown food. Similarly, if customers were given more real food options in the grocery store, they'd purchase those over the alternatives even if the price point were higher.

FINDING PRODUCT SOLUTIONS AT HOME: HANS DAIRY SUPPLIES REAL AND LOCAL MILK PRODUCTS

Hans Dairy is an Ontario-based Canadian dairy that specializes in whipped butter, natural yogurt, smoothies, rice pudding, and other popular dairy items. Their products satisfy many of the demands of the real food movement, including that their products have short ingredient lists, and their foods are made from simple and natural ingredients

Products such as their butter and yogurt present an excellent opportunity for grocery stores across the country to bridge the gap between the real foods that customers want and what's available, because [fewer than 60 percent](#) of North Americans with dietary restrictions say their needs are being met by grocery store options.

The simple fact is that Canadian consumers “want [more real and local food](#) in their diets,” says Stephanie Cox of Hellmann’s, and if they cannot find those offerings at the grocery store, then they will continue to find other sources, such as farmers markets, butcher shops, and specialty shops. Fortunately, Hans Dairy products meet all the criteria of the real food movement, as well as being exactly the kinds of healthy, nutritious, functional, and natural foods that Canadians are seeking.



CONCLUSION

Canadian consumers are more concerned than ever with what's in their food, and today's savvy shoppers are primarily looking for real food—food that's made with simple and natural ingredients—food that's local, and food that offers health benefits above and beyond regular nutritional values.

But because consumers are also becoming increasingly wary of food labels and marketing tactics, they're turning to ingredient listings to decide what foods to buy and which ones to avoid.

The good news for grocery stores is that consumers are willing to pay more for foods that meet these criteria, but many consumers would like to see more of these products on grocery store shelves.

Overall, the increasing consumer demand for real food is an excellent opportunity for grocery stores to bolster their healthy food offerings, and Hans Dairy products are ideal candidates. Get to know Hans Dairy today, and find out more about how their products can help your store meet the rising consumer demand to return to simple and natural food products and ingredients.

RESOURCES

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