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# 21<sup>ST</sup> CENTURY GENETICS: RISING TO THE CHALLENGE SOUTHERN STYLE

## Consumer Satisfaction

by Micky Wilson



Sysco's Paul Heinrich offered tips for how to satisfy the 21st Century consumer.

CHOCTAW, MISS. (April 19, 2006) — Paul Heinrich of Sysco Corp. has established a set of goals for the beef industry: increase eating quality, improve consistency, decrease cost and inefficiencies, decrease portion size, reduce fat content, and reinforce safety standards. Accomplishing those goals will be no small feat, but he has a plan.

Heinrich noted a trend toward mid-level and quick-service restaurants.

“Consumers have less money in their pocketbooks, [but] they still want to go out and entertain themselves,” he explained. “So, they either elect to go to that mid-level restaurant and not necessarily order the appetizer or dessert, or they just migrate down to the quick-service restaurant.”

To understand the 21st century consumer, Heinrich said, you must first define that consumer. In the group 60 years of age and older there are 45.8 billion people. The 40- to 59-year-old category, the Baby Boomers, has 73.6 billion people. Generation X, ages 30-39, encompasses some 43.2 million people; and Generation Y, those 29 years old and younger, includes 118.8 million people.

Baby Boomers hold a large portion of the country's wealth. On average, Heinrich said, Baby Boomers spend \$123 per week on food. Generation Xers spend \$102; and those 60 years old and older spend \$75. No data has been collected on Generation Y.

With wealth comes buying power. When a Baby Boomer talks, retailers and restaurateurs listen, Heinrich said.

Today, two of every three women work outside of the home. This means

more income and less time in the home in a world where food prices are rising, Heinrich noted. Consumers are demanding food be easy to prepare, nutritious and consistent.

Niches in the food industry — such as natural or organic products, diet items and entertainment dining — are growing. “Baby Boomers have more disposable income,” Heinrich said. “Customers 50 and over have 70% of the wealth in the U.S. They are fueling the trendy organic and natural product.”

### Portion size

While niches in the food industry are quickly expanding, so are portion sizes. Beef portions have increased due to a larger animal. And when portion sizes increase, costs increase, Heinrich said.

High-end restaurants have resolved to serve smaller portions and keep prices at the same level. Quick-serve restaurants have decided to increase both portion sizes and prices. Another tactic for handling prices and portion sizes has been to feature less-expensive cuts of meat at a restaurant, and leave the beef on the short-order menu.

“What we need from you in the beef industry, number one, is to increase the quality in product that you see, Heinrich said. “Number two, we need to make the product more predictable.”

In addition, Heinrich recommended producers position themselves ahead of the curve to capture a better market share, increase financial margins for all parties in the beef supply chain and decrease production inefficiencies. **AV**

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**— Paul Heinrich**