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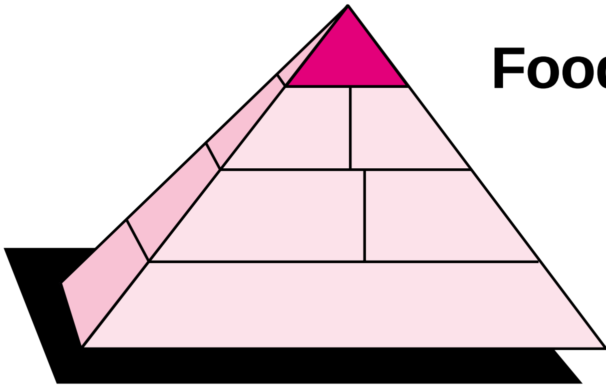

Food and Agriculture: Consumer Trends and Opportunities

Fats, Oils, and Sweets

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This publication describes the trends in consumption, nutrition, health, lifestyle, and marketing for the fats, oils, and sweets sector of the agricultural economy. This publication is part of a series that seeks to integrate the consumer aspects of food and agriculture in an effort to help Kentucky agribusinesses. Each publication is organized around the USDA's Food Guide Pyramid. The series is designed to bridge gaps in understanding about the economics of food consumption, health and lifestyle trends, and food production and to provide a resource for food marketing efforts. The following information should be helpful for farmers who want to better understand consumers and their consumption patterns. Consumers may gain a better understanding of the nutritional implications of their diet.

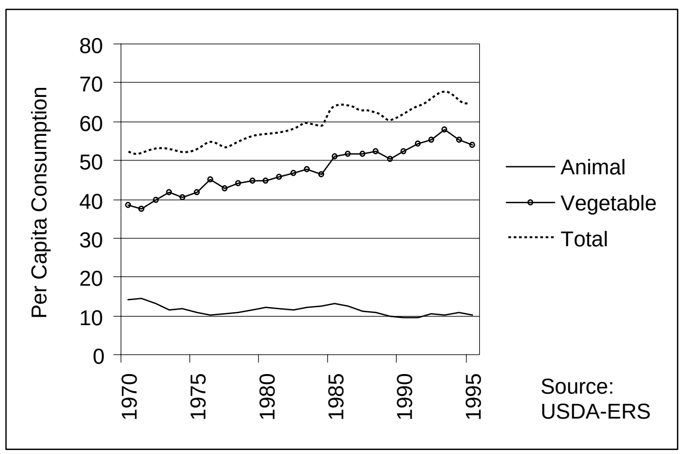
Per Capita Fat, Oil, and Sweets Consumption

Which fats, oils, and sweets do consumers purchase? Figure 1 shows the trends in domestic per capita consumption (in pounds) for fats and oils from 1970 to 1995. These data are based on the disappearance[1] of the fats and oils supply, rather than actual consumption. Generally, disappearance data overestimate consumption. However, by keeping track of disappearance trends over time, researchers can determine relative changes in fats and oils consumed.

In 1995, roughly 85 percent of total fat and oil consumption was comprised of vegetable oils, with animal fats making up the remaining 15 percent. Per capita animal fat and oil consumption fell 28 percent from 14.1 to 10.2 pounds in the last 25 years. During the same period, vegetable oil consumption increased 40 percent from 38.5 to 53.9 pounds. Despite declines in animal fat and oil consumption, total fat and oil consumption rose 22 percent from 52.6 to 64.1 pounds during the period.

Figure 2 shows per capita caloric sweetener consumption by segment from 1970 to 1995. Sucrose consumption fell 36 percent from 108.9 to 70.1 pounds during the period. Conversely, corn sweetener consumption increased 336 percent, ending 1995 at 83.2 pounds. Total caloric sweetener consumption increased 23 percent from 122.3 to 150.0 pounds during the period. Changes in relative prices, income, preferences, and the marketing mix have largely shaped these trends.

Figure 1. Per Capita Fat and Oil Consumption (Pounds), Disappearance Data: 1970-1995



[1] This term, as defined by the USDA-ERS, means beginning food stocks, production, and imports minus exports, shipments to the U.S. territories, and ending stocks. So it is a reasonable proxy for consumption, given that data for consumption is not collected overall.

> ***Carbonated soft drinks accounted for more than one-fifth of the refined and processed sugars in the American diet.***

Figure 2. Per Capita Sweetener Consumption (Pounds), Disappearance Data: 1970-1995

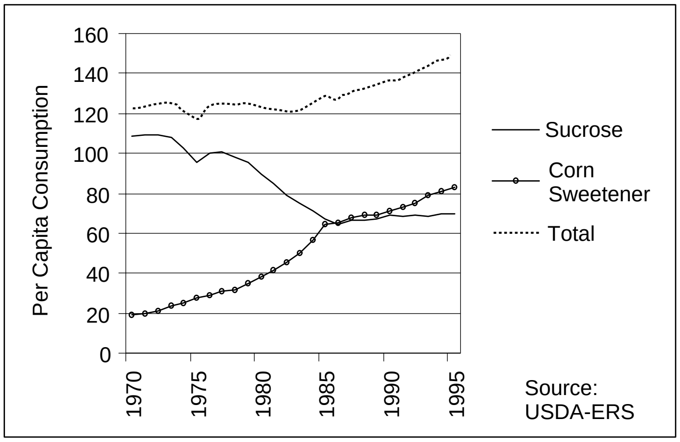


Figure 3 shows butter and margarine per capita consumption trends from 1970 to 1995. Butter consumption fell 17 percent since 1970, ending 1995 at 4.5 pounds. Margarine consumption, while still twice that of butter, declined 15 percent from 10.8 to 9.2 pounds. Recent developments with trans-fat, however, have people eating more butter now.

Figure 4 shows per capita consumption of general confectionary and carbonated soft drink products.

Figure 3. Per Capita Consumption (Pounds), Disappearance Data: 1970-1995

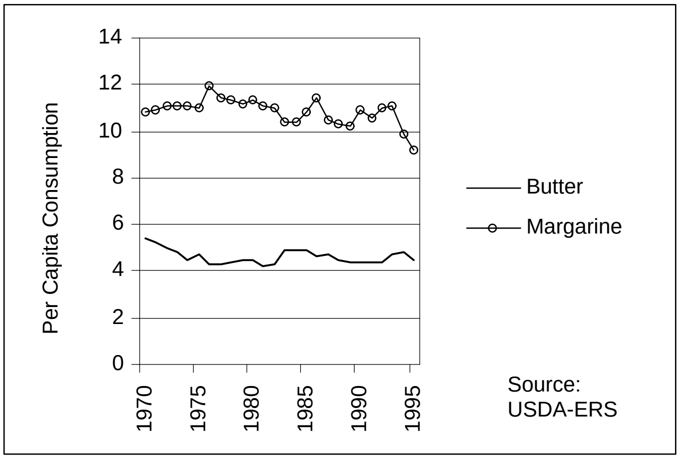
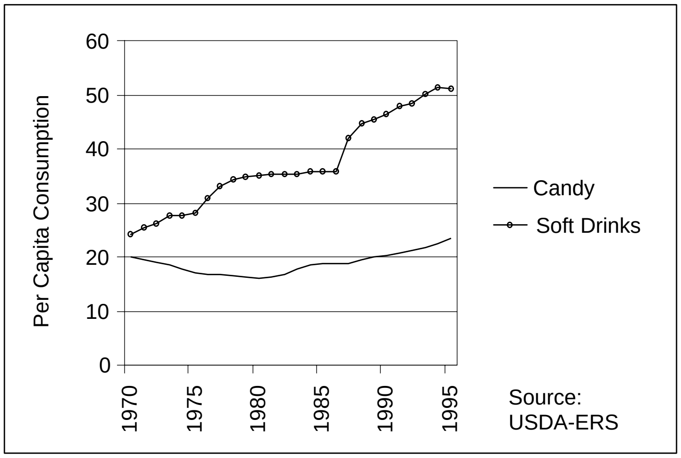


Figure 4. Per Capita Consumption (Pounds and Gallons), Disappearance Data: 1970-1995



Candy consumption increased 18 percent from 19.9 to 23.4 pounds during the period. Total soft drink consumption, both diet and regular, increased 111 percent, ending 1995 at 51.2 gallons.

Other Forces Driving Fats and Sweets Consumption Trends

Taste, novelty, and convenience are the factors driving the changes in the consumption of fats, oils, and sweets. While the consumption of animal fats and oils declined, the consumption of vegetable oils increased during the last 25 years. Likewise, although sucrose consumption fell, corn sweetener use rose. Most sugar as sucrose and corn sweeteners is used as food additives in processed foods such as pizza, breads, canned vegetables, condiments such as catsup, and carbonated soft drinks. Carbonated soft drinks accounted for more than one-fifth of the refined and processed sugars in the American diet. Honey, molasses, and maple syrup as a group maintain one percent of the market share.

Americans are conspicuous consumers of sweets. Many snack foods are high in fat and sugar. Specialty and novelty foods constitute one of the largest areas of the specialty foods trade. Many of these items are gourmet condiments such as tomato sauces, fruit salsas, and other sauces. Marketers are focusing on these trends. For example, a number of products are aimed at consumers interested in herb-flavored oils. Flavored oils and vinegars, especially popular at food trade shows in recent years, appeal to consumers because of distinctive taste and packaging. These products are also widely used in the gift basket market.

Examples of Specialty Food Marketing

Consumers also have a number of market venues for purchasing specialty food products. The number of specialty food, gourmet, and ethnic food stores is rising, along with markets that sell directly to consumers. Many specialty and novelty foods products are sold in conjunction with other products. A unique approach reflecting the popularity of gourmet foods is exemplified by a new multi-level company known as Tastefully Simple (www.tastefullysimple.com). Tastefully Simple is a direct sales company that sells an ever-changing line of high-quality party and specialty foods. These products range from sauces to prepackaged specialty bread mixes.

Many farmers are identifying ways to increase the sale of their products and are adding value to their farm products by making specialty food items such as jams and jellies, honey, candy, and other products. These are also popular at local farmers' markets. Many promote the freshness of their product or its novelty as a cultural or heritage food product.

As the market and production segments continue to consolidate, many farmers will form partnerships or expand their operation to compete in the wholesale and retail markets. Others will look for opportunities in local direct sales. While direct marketing can be a way for farmers to keep a larger share of the profit from their products, it may also limit the growth potential in their operation.

Consumers can benefit from the selection at retail and direct market outlets. The *Kentucky Food Products Directory* lists a number of food specialty products. These examples highlight the diversity of marketplace opportunities for both the consumer and the farmer. Some specialty food products listed included baked goods, candied fruits and other confectionary, condiments, herb products, sorghum molasses, honey, and other prepared foods. Kentuckians have long enjoyed specialty foods. Most famous is Ruth Hunt Candies, the official bourbon ball candy used at Churchill Downs for the Kentucky Derby. Mom Blakeman's Candy is known for its creamed pull candy. Ale-8 is produced and sold almost exclusively in Kentucky. Its distinctive taste sets it apart from many bottled soft drinks.

Food consumers are now more aware of the health consequences of the fats they choose to include in their diets.

Fats, Oils, and Sweets—Consequences for Nutrition and Health

Generally the U.S. diet is top-heavy, with too many calories coming from fats, oils, and sweets. By placing this category at the tip of the USDA Food Guide Pyramid, nutritionists are telling consumers to eat fewer of these foods because they tend to be of low nutrient density and contribute significant calories but few vitamins, minerals, protein, or fiber. As Americans look for ways to make fewer calories deliver more nutrition, there will be less room for "empty" calories from fats, oils, and sweets. In order to achieve a healthy diet based on the USDA Food Guide Pyramid, consumers need to reduce the amount of added fats by one-third.

On average, in 1995 Americans reported 25 percent of daily calories from fats added in food or meal preparation and at the table. Total calories from fat averaged 33 percent of daily calories. Thus, most fats consumed were added at the discretion of food processors, consumers, or preparers rather than naturally occurring. Salad and cooking oils were the leading source of added fats, followed by shortening, margarine, and dairy fats. These added fats are consumed in addition to the fats occurring naturally in meats, fish, nuts, eggs, and dairy products.

Food consumers are now more aware of the health consequences of the fats they choose to include in their diets. Research suggests that polyunsaturated and monounsaturated oils, such as safflower, canola, and olive oil, can be healthy choices for consumers who wish to reduce the risk of heart disease. Consumer awareness of the link between dietary fat and risk of heart disease increased 25 percent between 1988 and 1995. Consumer awareness of the relationship between dietary fat and cancer risk remained level during this same time period. Annual per capita consumption of added fats and oils declined 7 percent between 1993 and 1997, reflecting consumer concern about fat intake and health.

Americans reported that 15 percent of their daily calories came from added sugars in 1995. This amounts to about 20 teaspoons of table sugar. The Food Guide Pyramid recommends no more than 12 teaspoons of added sugar for a 2,200 calorie diet. While the human body cannot distinguish between added and naturally occurring sugars, dietary recommendations for good health advise limiting added sugars because foods high in added sugars often supply calories with few nutrients. Cane and beet sugar, as well as high-fructose corn syrup, account for the majority of added sugars in the U.S. food supply.

In 1997, U.S. consumers ate three-fourths more sugar and sweeteners per capita than their counterparts in 1909. This increase in added sugars coincides with a 47 percent rise in the consumption of regular soft drinks; these drinks account for 22 percent of the refined and processed sugars in the American diet. In addition to supplying calories without nutrients, soft drinks may also replace other beverages, such as milk or fruit juices, that supply needed vitamins and minerals.

U.S. consumers in the 21st century will be looking for ways to make calories count by selecting foods that supply good nutrition without adding excess fats and sugars. Many consumers are experimenting with flavored oils, cooking oil sprays, and noncaloric sweeteners in order to cook more nutritious and appealing meals. By choosing flavorful and functional fats, oils, and sweets, consumers can enjoy a healthy diet that tastes good.

What You Can Do

The food choices we make within our food and agricultural system impact our local, state, and national economy, the environment, and the well-being of our communities, as well as our own personal health. Here are some practical things you can do:

As a Consumer

Learn more about your community food system and the origins of your food purchases. Determine if your neighborhood food stores and restaurants use and sell Kentucky farm products. Read food labels for health and nutrition information.

As a Community Leader

Establish a local farmers' market. Work with your local Cooperative Extension Service office or chamber of commerce to promote local agricultural educational and economic development activities.

As a Farmer

Learn about your customers' needs and wants. Educate consumers about farming and the farm products you market. Join community organizations that foster interest and support in farming. Learn more about the costs and benefits of value-added agricultural opportunities.

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Additional Extension publications are available in the *Food and Agriculture: Consumer Trends and Opportunities* series. Ask your county Extension office for these publications.

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