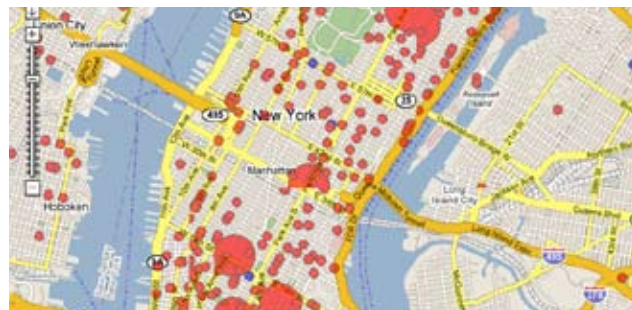


# The Future of Health & Wellness in Food Retailing

## FORECASTS AND IMPLICATIONS



About the ...

## HEALTH HORIZONS PROGRAM

The Health Horizons Program combines a deep understanding of the global health economy, consumer behavior, health and medical technologies, health care delivery systems, and societal forces to identify and evaluate emerging trends, discontinuities, and innovations in the next three to ten years. We help organizations work with foresights to develop insights and strategic tools to better position themselves in the marketplace.

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For more information about the Institute for the Future, please visit our web site at [www.iftf.org](http://www.iftf.org) or contact:

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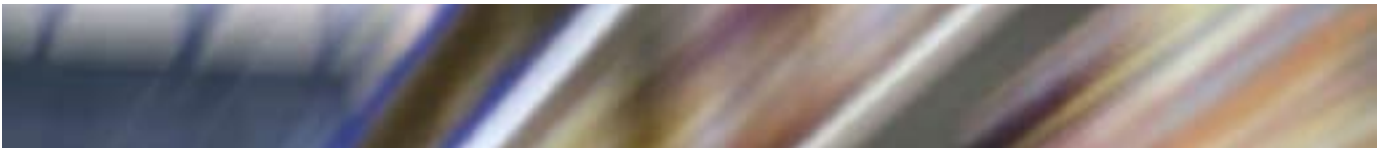
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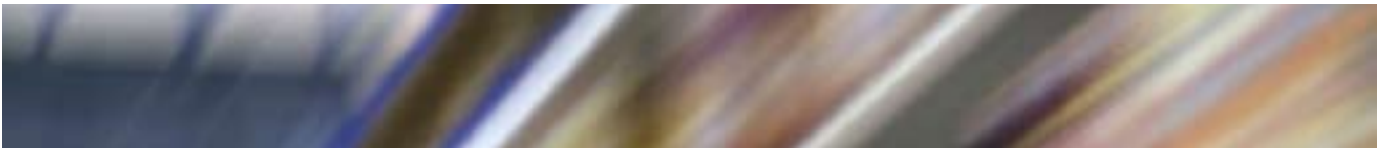
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## Introduction

Food is fundamental to health. Indeed, what we eat is becoming inextricably intertwined with how we think about wellness, healthy living, and sustainable communities. Whether we're focused on balance and energy, prevention and disease management, or ecology and the environment, our food choices reflect our evolving needs and values.

These choices represent our best intentions but also our worst challenges. With rising health care costs—by 2017, about 20% of the gross domestic product will be spent on health care<sup>1</sup>—and an employer-based health insurance system on the brink of collapse, many people are focusing their attention on prevention, health risks, and the underlying causes of disease. Poor diet and lack of physical activity make up the second leading cause of preventable death in the United States;<sup>2</sup> nearly two-thirds of Americans overweight or obese.<sup>3</sup> These behavior-driven risks are estimated to represent 50% to 70% of health care costs.<sup>4</sup> Not surprisingly, food is a key component of any prevention strategy.

But despite the consequences, health is not the only filter on food choices. Taste, price, and convenience are still important dimensions of value when it comes to purchasing food. However, cost pressures and disease burdens are mounting and will soon reorder how these tradeoffs are made. What will this mean for you, the food retailer?

The Coca-Cola Retailing Research Council, North America asked the Institute for the Future's Health Horizons Program to help answer that basic question. This memo, which is a companion piece to IFTF's map of *The Future of Health & Wellness in Food Retailing* (SR-1096A), puts our research into the context of two more specific questions:

*“What might the connections between food, health, and food retailing look like over the next 10 years?”*

*“How can food retailers respond to those future directions today?”*

In order to answer research questions like these, IFTF uses a forecasting method based on our Foresight to Insight to Action<sup>®</sup> (F-I-A) framework. This memo's Appendix A describes the practice of forecasting and how the different elements of the F-I-A cycle relate to this project.

We designed the map, *The Future of Health & Wellness in Food Retailing*, as a tool to help you use foresight to reveal insights that can lead to more effective action in the present. It features seven focal points, or big stories, that forecast what the new role of food retailers might look like over the next ten years.

This memo is intended to help you interpret the map, and provides a deeper dive into each focal point's F-I-A analysis. When you consider the trends and drivers influencing the direction of the future landscape, you can draw out insights that lead to more strategic action in the present. Using the map along with this companion memo, you will be able to ask yourself the kinds of questions you need to answer in order to take meaningful actions today. Appendix B includes some key strategic questions to get you started.

For the purposes of this memo, we have organized the map's seven big stories to reflect those that we think offer you the most strategic opportunities to make our forecasts valuable for you. We'll explore “Wellness Goes Mainstream” first.

# OUR FORECASTS: Wellness Goes Mainstream

## FORESIGHTS:

Once marginalized to the realm of food cooperatives and health-food stores, wellness products (such as vitamins, herbal supplements, protein powders, and nutrient-enhanced items) are now standard in the grocery store aisle. But beyond what might be described as specialty merchandise, food in general is now viewed as fundamental to definitions of wellness. This evolution has been driven by an expanding sense of what it means to be healthy and what is considered to be therapeutic.

Food will continue to grow in importance in people's understandings of wellness as emphasis is placed on behavioral patterns that lead to obesity, diabetes, chronic heart disease, and other related health conditions and risk factors. In fact, according to IFTF research, over half (52%) of the adult population surveyed believe that good nutrition prevents most chronic diseases; 58% believe that good nutrition eliminates the need for most prescription drugs, and a full 70% believe that good nutrition delays the onset of chronic disease.<sup>5</sup>

## INSIGHTS:

**Food Choices Get Linked to Health.** Food is fundamental to consumers' definitions of health and wellness. Now more than ever, people are looking for health benefits in their food choices. As a result, they are redefining the value of food beyond simply taste, price, and convenience. Interest in health and wellness is driven not only by the ever-increasing disease burden in the population, but also by the shift to consumers of responsibility for the prevention of disease and the costs of health care. As these dynamics continue to play out, the grocery store will become an important hub for health management.

**Prevention Drives Different Ways of Eating.** With so much emphasis placed on poor nutrition, excess calories, and lack of physical activity as the underlying causes of many preventable diseases, the act of eating has taken on new meaning. The question of what to eat is essential, whether you are an overweight child at risk for diabetes or a baby boomer concerned with appearance and reducing the signs of aging. Prevention of health problems remains a fundamental issue that will drive different ways of healthy eating.

**The Connection Between Food and Health is Not Always Clear.** Consumers want information that helps make the connection between food and health, but simply providing more information will not necessarily suffice.<sup>6</sup> The proliferation of health information can actually be overwhelming for people who are trying to improve their health practices, and competing health claims and contradictory information about products, diets, and possible risks compound the problem. Consumers want health information connected to their own personal needs, delivered to them in a clear and manageable way.





## ACTIONS:

**Connect Food with Health.** Retailers can help shoppers see the connections between the benefits of particular foods and the specific health concerns those foods address. In-store nutritionists, shopping coaches, proactive workshops that bring similarly-interested shoppers together—or even offering food recommendations that complement a customer’s prescription medications—are opportunities for retailers to connect the dots between food and health for their customers. Retailers may also highlight scientifically proven diets or eating regimens, such as the D.A.S.H. Diet, that consumers can use to guide their food choices to reduce health risks related to diabetes or lowering their cholesterol.

**Provide Clarity and Resources.** Information and education are essential for changing behavior, but not all information is actionable and too much can be overwhelming. Providing legitimate and trusted information inside the store, when customers need it the most, is key to enhancing the shopper experience. Look for opportunities to ease the burden of filtering healthy choices at the point-of-purchase with shelving strategies, product and section signage, kiosks, and other ways that bring clarity and simplicity to navigating the sea of health messages and products in the store.

**Create Simple Navigation Systems.** A system of icons can help shoppers more readily find the products they’re looking for, including those that will help them eat well and live healthier lives. By aggressively introducing these navigational aids, retailers can help their customers become familiar with the system more quickly and allow them to find information that will be most helpful to them. This navigation system also provides an effective way to improve the experience in a range of different need-driven shopping occasions.

## CASE STUDY: BIG BOX ORGANICS

**COMPANY:** Wal-Mart

**PROGRAM/INITIATIVE:** Organics at Wal-Mart

**DESCRIPTION:** In the last few years, Wal-Mart has moved toward selling more organic products. At its 2005 annual meeting, CEO Lee Scott declared, “We know that customers at all ends of the income spectrum want organic and natural foods ... [W]e don’t think you should have to have a lot of money to feed your family organic foods.”<sup>7</sup> Some Wal-Mart locations, such as Rogers, Arkansas and Plano, Texas, stock roughly 400 organic items.<sup>8</sup>

**RELEVANCE:** Organic foods have traditionally been the purview of smaller, specialty stores or larger, high-end chains like Whole Foods. Wal-Mart has recognized that its shoppers want to have the option of buying organic at reasonable prices. Its sales of organic cotton reflect this demand. In 2001, the global production of organic cotton amounted to about 6,400 metric tons; in 2006, Wal-Mart and its Sam’s Club division were expected to buy about 6,800 metric tons.<sup>9</sup> Wal-Mart’s push in this direction has meant increased visibility and legitimacy for organic products. Its influence on food suppliers has been significant, too, with companies like Kellogg and Kraft developing organic versions of their products, reportedly in response to Wal-Mart’s need for a broad enough range of organic goods.<sup>10</sup>

# OUR FORECASTS: Anytime, Anyplace Health

## FORESIGHTS:

American culture thrives on convenience in the fray of fast-paced schedules, longer work weeks, dual family incomes, and single parent households. Competing priorities on time and a proliferation of convenient choices drive the desire for anytime, anyplace health. The reality is that the majority of health management is not happening in traditional clinical settings (such as doctors' offices or hospitals) but at expanded points of care in the community at large, including in the home and on the go.

Rising health care costs that have not yet seen a cap are driving the move toward anytime, anyplace health. Employer-sponsored insurance plans have had to pass on some of the costs to consumers in the form of higher premiums and co-pays, and fewer covered benefits. In-store clinics, which are found in popular retail locations, provide shoppers with convenient, low-cost access to first-level medical services. These clinics are an appealing alternative to expensive emergency room and other after-hours services; clinic charges may even be significantly lower than a visit to the doctor's office, and are frequently covered by PPO and HMO plans. Retail clinics provide basic services, from shots to physicals; they can also treat some routine health problems, such as ear aches. When appropriate, in-store clinic staff (which usually includes nurse practitioners and sometimes doctors) refer clients to outside physicians.

Mobile technology is also making anytime, anyplace health a reality. Approximately 74% of Americans have mobile phones and use them for at least emergency situations.<sup>11</sup> Many consumers, especially the younger generations, already rely on their cell phones as a primary communications tool, and are likely to expect to use them as a health tool, as well. New services like MyFoodPhone (which allows people to take pictures of what they eat to be reviewed by nutritionists) and advances in "texting for health" applications highlight the possibilities for anytime, anyplace health going truly mobile.



## INSIGHTS:

**People Shop in a Health Mode.** Consumers today are seeking health benefits from a wide range of products and services—from personal hygiene to home care to consumer electronics to office furniture. Food is the most important category they list in response to the question of whether or not health benefits are important considerations for them when shopping.<sup>12</sup> So when a customer enters a retail food store, s/he is likely to filter the abundant choices in the aisle through a health lens.

**Shopping for Food is Health Management.** Poor nutrition or over nutrition is associated with a range of chronic illnesses and, as a result, shopping for food has taken on greater significance as a health management strategy. People now look at ingredients and assess the nutritional content of food products as a means of managing their health. As a health management strategy, food shopping requires consumers to make choices with prevention, or weight reduction, or even maximizing energy levels, as goals.





## ACTIONS:

**Define Market and Brand Positioning.** Food retailers can offer a continuum of health management resources, from simply communicating the health benefits of foods to providing routine health care onsite. Where a food retailer plays on this continuum will depend on market positioning, which can only come from a deep understanding of local demand for health and wellness products and services. Local market conditions may simply require improved signage or a more expansive role in feeding back point-of-sale data for better consumer decision making.

**Provide Resources for Health Monitoring.** Many consumers find it difficult to stay in touch with the health care system because of the time commitment and expense involved. Food retailers can help by making health monitoring resources available in their stores. For example, the next generation of in-store health testing kiosks provide an easy and convenient way for shoppers to measure their weight, body mass index, blood pressure, and other vital signs, and to share that information with their health care providers via the Web.

**Optimize Store Design for Wellness Experience.** Everything from signage to product mix to health information can be leveraged to deliver valuable in-store wellness experiences for food retail customers. Each of these elements needs to be tested locally to ensure value. Making the supermarket a wellness destination and resource for health can take on multiple forms and designs.

**Capture Consumer Wellness Shopping Occasions.** The erosion of grocery store shopping trips to other channels continues, despite a range of efforts by the food retailer to meet consumers' shopping needs. Adding floral, pharmacy, and ready-made food sections, for example, has not increased the number of grocery store shopping occasions. Given this context, if food retailers want to successfully take advantage of health and wellness opportunities, they must go beyond simply adding new products and become purveyors of more in-depth knowledge and services for wellness shopping occasions.

## CASE STUDY:

### IN-STORE NUTRITIONAL GUIDANCE

**COMPANY:** Hy-Vee

**PROJECT/INITIATIVE:**  
Hy-Vee Dieticians

**DESCRIPTION:** Hy-Vee has more than 100 professional dieticians working on-site in its stores throughout the Midwest. The dieticians are responsible for providing food and nutrition education and counseling to customers. They also give personalized supermarket tours to fit specific dietary needs.

**RELEVANCE:** Faced with the complexity of information about food—from health claims on labels to the interaction of vitamins, minerals, and nutrients—and differing individualized needs, customers are looking for ways to make healthy decisions in the supermarket aisles. Providing in-store access to certified nutritionists or dieticians can help consumers make healthier choices. In-store nutrition experts can add value to the shopping experience and potentially improve the overall health measures of the entire community.

# OUR FORECASTS: Health-Driven Transparency

## FORESIGHTS:

Concerns about food safety, globalization, and the food chain will come together with new media technologies to drive and expand the demand for greater transparency in food labeling. Consumers will leverage new online platforms to aggregate and diffuse information about food products, manufacturers, and retailers.

Contradictory information about food and nutrition science, especially as reported by the media, can cause public uncertainty and amplify perceptions of risk. In a world of complex food choices, consumers must filter this information to make decisions about their personal and family health. Backlash against contested health claims will also create additional pressures for new transparencies, drive user-generated information, and open opportunities for trusted third-party information resources.

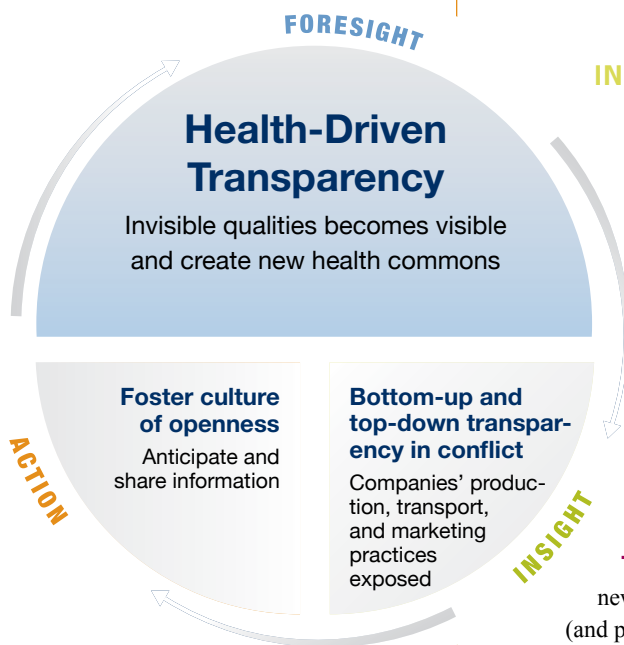
## INSIGHTS:

### Consumers Demand Information Beyond Labels and Packaging.

Consumers are beginning to demand information well beyond what is provided on the package or in the store. They want to know not only whether their food is healthy or not, but also about the origins of a product, the labor and wages behind it, its carbon footprint, the growing practices used to produce it, and so on.

**Transparency Will Emerge From the Bottom Up.** Not all food companies will be able to respond to consumer demands for more transparency. Consumers, however, will not wait; rather, they will self-organize and build transparency from the bottom up. Consumers are already engaging in a wide range of online platforms to build, share, and diffuse information about companies and their products.

**Transparency Requires Caution.** As companies begin to communicate new brand positioning towards wellness or even sustainability, their activities (and particularly their missteps) will be exposed by online consumer groups for all to see. Companies will need to manage this new environment of transparency or risk seeing their market position and brand narrative chipped away at the edges.





## ACTIONS:

**Use Mobile Technology to Make Product Information Available in Store.** Some food retailers may find that their markets are ready for the integration of the mobile phone into the shopping experience. The use of mobile devices as in-store information hubs is evolving as user models emerge that offer innovative ways to provide more transparent product information and add value to the customer. New platforms like kadoink.com and SmartReply are quickly evolving as tools for delivering mobile social messages to small and large groups of people.

**Coordinate with Suppliers to Make the Right Kind of Information Available.**

Food retailers can work with their suppliers and other sources from across the global health economy to meet the demand for information beyond what is available to their customers on product packaging. Shoppers may even rely on in-store personnel to provide that information.

**Cultivate a Culture of Transparency and Feedback.** Store owners should communicate health, wellness, or sustainability activities in a way that is consistent with their market and brand position, but be open to feedback from consumers and other stakeholders in health, sustainability, and the food environment.

### CASE STUDY:

## USING TECHNOLOGY TO PROMOTE TRANSPARENCY

**COMPANY:** Ishii Foods Corporation (Japan)

**PROJECT/INITIATIVE:** Food products tagged with QR codes

**DESCRIPTION:** QR (quick response) codes are a modern version of the bar code, capable of holding details such as livestock/raw material origin, feed history, distribution dates, and even the use of bioengineered ingredients. In supermarkets in Japan, customers use camera-equipped cell phones to scan the QR code on product labels. Ishii was an early adopter of QR codes, enabling consumers to trace information about ingredients, production, sources, and so on.

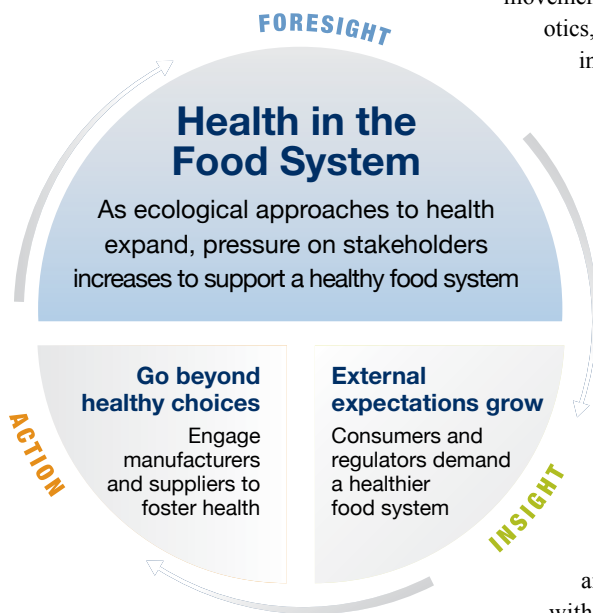
**RELEVANCE:** Emerging technology like QR codes offer a flexible way to make information—about business practices, other shoppers' experiences, and product attributes beyond what's on the label—immediately accessible to shoppers. This degree of transparency, particularly when used to reveal information related to food safety, has appealed to consumers in Japan, and will likely influence the purchasing decisions of U.S. supermarket customers, as well.

# OUR FORECASTS: Health in the Food System

## FORESIGHTS:

The food supply has historically been focused on a productionist paradigm, with a long history of increasing calories to enhance the sheer quantity of food produced. However, this method of production has been blamed for many negative health consequences.<sup>13</sup> The U.S. food supply produces 3800 kcal/day for every person in America (nearly twice as much necessary for adults),<sup>14</sup> and over 300,000 deaths from obesity-related causes occur in the United States every year.<sup>15</sup> The estimated cost of obesity in America is \$117 billion.<sup>16</sup> As demands for healthy food proliferate, a backlash against cheap commodities, like high fructose corn sugars and other derivatives, has started smoldering.

In contrast, health is intrinsic to each stage of an ecologically-based approach to the food system, leading to a more sustainable model (both ecologically and biologically). Entire movements to produce food in a truly sustainable manner, without pesticides and antibiotics, signal a shift in favor of valuing the qualitative aspects of food, perhaps resulting in the adoption of an ecological paradigm for our food supply.



## INSIGHTS:

**Qualitative Aspects of Food are Now More Important.** As we move from a productionist to an ecological paradigm in the food system, there are likely to be a variety of interpretations of what this means. Already health benefits are important dimensions of food but other dimensions (such as growing practices, resource use, carbon footprint, etc.) are also becoming more relevant as awareness of and demand for a healthy food system expands.

**Consumers and Regulators are Demanding a Healthier Food System.** Whether the issue is food safety, the impact of food production on the environment, or the over-consumption of food and the related burden of disease (such as the risk for diabetes), both consumers and regulators are looking at state of the larger food system. Consumers will not be satisfied with only filtering choices in the grocery store; they will want more voice throughout the supply chain.



**ACTIONS:**

**Design Signage to Communicate Key Qualitative Aspects for Food.** Food retailers can drive attention to the qualitative value of food choices, but must do so with market demand in mind. They may emphasize nutritional and health values or, if localism is a value in their market, simply wrap local narratives around food.

**Establish a Preferred Supplier Network that is Aligned with Health Values.** Food retailers can go beyond providing healthy choices to customers by creating “supplier quality standards” that meet health and sustainability goals. Working with suppliers to make health and sustainability a priority and visibly highlighting preferred supplier partnerships allows retailers to engage a larger set of stakeholders in improving or bringing health to the food system.

**CASE STUDY:**

**PARTNERING FOR QUALITY AND COMPASSION**

**COMPANY:** Whole Foods

**PROGRAM/INITIATIVE:** Whole Trade Guarantee/Certified Partners

**DESCRIPTION:** Whole Foods has adopted a set of quality standards for its Whole Trade food items, and pays its Certified Partners a premium price for their products. One of the program’s goals is to promote sustainability. Whole Trade producers must use sound environmental practices that encourage biodiversity and healthy soils. Their farms integrate pest management systems, emphasizing alternatives to chemical use, and they may also practice soil and water conservation through composting and reforestation. Other products are respectfully harvested from land or water areas that provide shelter and habitat for migratory birds and other species.

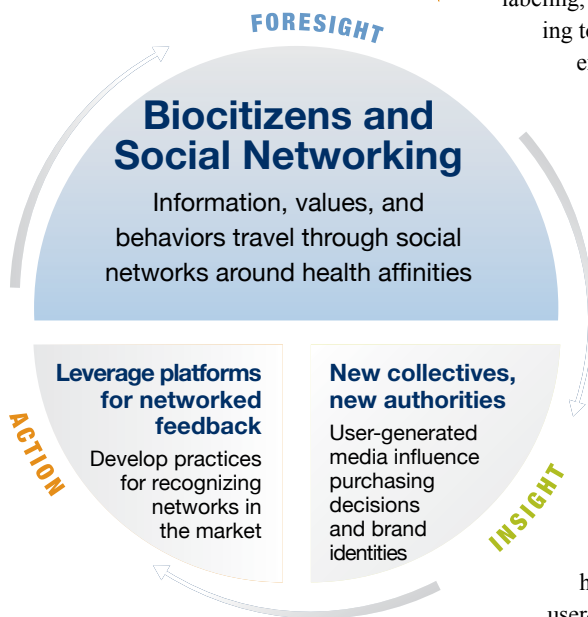
**RELEVANCE:** The Whole Trade Program is an example of how a food retailer can engage in socially responsible leadership that promotes environmental, social, and economic sustainability in agricultural production. For shoppers concerned with the qualitative aspects of their food purchases, this initiative ensures that they can choose products that benefit farming communities and protect the environment. It also enables them to use their buying power to make a difference.

# OUR FORECASTS: Biocitizens and Social Networking

## FORESIGHTS:

Biocitizens are people who form networks based on biological or health similarities, and who may engage in collective action as a result of their shared identities. The abundance of social networking tools and platforms now available online has facilitated the ability of people with similar health values or conditions to share and generate information. As a result, food and health affinity groups are proliferating online. For example, DailyStrength.com, an online social networking site, has health affinity groups that span interests and needs from food allergies, diabetes, new mothers, and people with hypertension.

People who are networking with each other around their health affinities are also speaking out to have their voice heard. They want more than just choice between products; they want a say in what types of products are available to them (sometimes even advocating for new labeling, like “gluten free” or front-of-package nutritional information). They are working to get their concerns addressed in retail and dining venues, and on products. For example, in New York, people with celiac disease rate restaurants, grocery stores, and products (both obtaining and giving advice to other people like them).



## INSIGHTS:

**New Collectives, New Authorities.** As individual expertise gets shared and “peer reviewed” online, biocitizen collectives are emerging as new and increasingly credible authorities for health information and practices. These sources of collective intelligence offer information that may either complement or challenge product and in-store information. As information about a store and the products it sells flows through these new collectives, gaps between health claims and people’s real experiences (whether about the health benefits of eating in a particular way or a green washed approach toward sustainability) will be revealed.

**User-Generated Media Influences Purchasing Decisions.** Most health information searches online today yield results that include some form of user-generated media, such as wikipedia or other Web sites that aggregate consumers’ views about, or experiences with, products, retailers, services, etc. Health-related social networks impact purchasing cycles as sources of information that play a role in filtering product choices, influencing where products are purchased, and shaping how products are used.

## **Personal Health Networks are the Infrastructure for Health Management.**

Consumers rely on what we call “personal health networks” to manage their health. These personal health networks include a wide range of resources: people, places, technology, providers, products, and information sources. For example, diabetics would turn to physicians, grocery stores, pharmacies, glucometers, nutritionists, Splenda, and the American Diabetes Association’s cookbook as resources for managing their condition. Food retailers can play a role in these personal health networks and fulfill unique needs, whether their efforts are targeted at people with high blood pressure, children with asthma, or chronic disease patients.



## ACTIONS:

**Integrate Social Information into the Shopper Experience.** Look for ways to provide feedback information to customers about products or recommendations based on affinity groups that exist within your consumer market. Amazon.com does this on its Web site by recommending other books from “buyers like you.” In the same way, using point-of-sale data to communicate what other healthy shoppers buy can reduce uncertainty for shoppers about food choices and decisions.

**Build Community Around Market and Brand Positioning.** Supermarket Web sites can add value to customers with the inclusion of a social networking platform and/or other opportunities for user-generated information. In addition to offering user experiences online, retailers can provide opportunities for health affinity groups to interact in-store, either through classroom/education sessions (as Elephant Pharmacy does) or by making available feedback information and recommendations from other shoppers like them.

**Rethink Category Management Through a Health Lens.** Several “destination” categories are already well-established in supermarkets (pet care, for example). The health and wellness space presents a range of potential destination categories for food retailers. A number of health affinities—such as disease management, performance and energy management, immunity and prevention, and beauty and aging successfully—can define new areas for category management.

### CASE STUDY:

## RETAIL COMMUNITY EDUCATIONAL OPPORTUNITIES

**COMPANY:** Elephant Pharmacy

**PROGRAM/INITIATIVE:** Elephant Pharm Free Classes and Consultations

**DESCRIPTION:** Elephant Pharmacy is an alternative wellness store with five locations in the San Francisco Bay Area. The stores integrate a traditional pharmacy; an herbal pharmacy; natural foods and products; and free classes and consultations. The daily rotation of yoga, shamanic healing, tea tasting, mindful aging, and other classes creates a space and opportunity for emerging communities of biocitizens to meet. Each store coordinates the interests of community members with offerings from local and traveling practitioners of holistic healing, movement and exercise, nutrition, life coaching, and mind-body awareness. Vibrant networks form around these classes, with participants requesting more classes and sometimes product lines from the store.

**RELEVANCE:** Shopping is becoming a more networked experience in which people look for others who share their biological conditions and aspirations, values, and interests. Retailers like Elephant Pharmacy have found an opportunity to play an active role in building community around the products, practices, and interactions customers want.

# OUR FORECASTS: Nutrition Information Gets Customized

## FORESIGHT:

Since 2003, when scientists finished mapping the human genome, advances in molecular biology have led to new understandings in food science. Today's nutritional guidelines, which focus on macro-nutrients like proteins, fats, and carbohydrates, educate the general public on how to obtain a balance of nutrients from a varied diet. But these guidelines do not take into account an individual's metabolic characteristics, nor his or her culturally specific food needs.

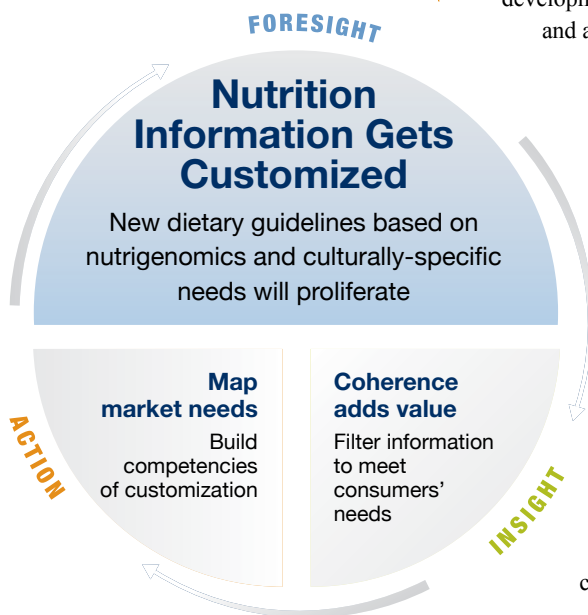
New metrics and categories of food and beverages will abound as consumers seek specialized approaches to how foods interact with their metabolisms and specific biological predispositions. Nutrigenomics—which studies the effects of nutrients and diet on a person based on their individual genetic profile—is the personalized nutrition of the future. New scientific developments will continue to drive choices, maybe even finding food links to asthma and autoimmune disorders.

Nutrition customization will also have to take into account socio-cultural concerns that may be based on religious restrictions (e.g. kosher or halal) or personal convictions, such as vegetarianism. No longer will food simply be labeled organic; instead, labels will feature new categories (like “locally developed”) or will indicate qualities of the producer (like “living wage labor practices”). New metrics for water quality may include protection from pharmaceutical byproducts in drinking water and irrigation systems for food.

## INSIGHTS:

**Coherence Adds Value.** In a world of ever increasing food categories and metrics, consumers will need more coherent and easy-to-understand information that helps them meet their specific needs. Rather than merely contributing to the sea of information, retailers can add value by providing clarity and bringing simplicity to customized health and nutrition information.

**Filter Information to Meet Consumers' Needs.** As health claims continue to be featured prominently on packaging and in marketing efforts, providing filters for these choices will benefit customers. New metrics or indices of healthy food may conflict with marketing messages; for example, if a product is ranked low but is marketed as healthy. Already, some well-established filters, such as the American Heart Association label on food products, are at odds with newly emerging systems for assessing the healthy qualities of food. These contradictions create dissonance in the marketplace, which will require ever more intervention to help consumers filter information about their food choices.







## ACTIONS:

**Filter Choices Based on Needs.** Retailers can clearly identify categories based on health concerns (such as food safety, children’s health, immunity, prevention, and so on) and can organize the store experience around these needs. This allows shoppers to find products more easily and make choices that meet their specific health needs.

**Create Online Platforms for Consumers to Self-customize Their Shopping Experience.** Supermarket Web sites already provide recipe recommendations, and some can help shoppers easily identify the items on promotion that fit their unique health needs. Consumers can also use online health and nutrition information to create eating plans and regimens to meet their particular health goals. For example, consumer data can be translated into shopping lists to guide meal-planning and food purchases.

## CASE STUDY:

### **CUSTOMIZED NUTRITIONAL RECOMMENDATIONS**

**COMPANY:** Safeway

**PROGRAM/INITIATIVE:** FoodFlex

**DESCRIPTION:** Many supermarkets have been collecting information on people’s purchasing behaviors through the customer loyalty cards. Safeway FoodFlex uses this existing loyalty card structure to give feedback to the consumer. After signing up for the FoodFlex program, the customer receives a detailed inventory of the month’s purchases, interpreted through the lens of nutritional content and dietary guidelines. The program then makes recommendations based on which food groups are well- or under-represented. For example, if too many meats and fats are purchased, the printout might recommend adding some whole grains and low-fat dairy products.

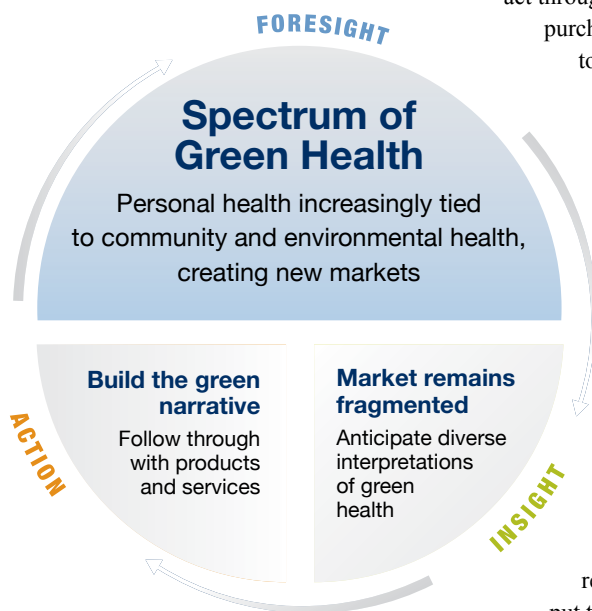
**RELEVANCE:** The simple reflection of the month’s purchases can help a consumer better evaluate their family’s long-standing food habits and reflect on their choices. By customizing nutritional recommendations to actual purchases, the cumulative choices of individuals and households are made more transparent. This new information may inspire more healthful choices.

# OUR FORECASTS: Spectrum of Green Health

## FORESIGHTS:

As people's perceptions of health extend beyond the personal to include issues of sustainability and the environment, a market for "green health" emerges. While the spectrum of green health may be broad, even at the household level it may include concerns about ecological disruption, climate change, and the threat of zoonotic disease. For some, eco-friendly, low-impact, local, and organic food and beverage choices will be seen as key parts of a sustainable lifestyle, nourishing on multiple scales and avoiding multiple risks. Others may frame the link between the environment and their health only in terms of food safety. Health-driven green values and practices will define new product and services that mitigate risks in the home, the community, and the global environment.

In this context, decisions at the level of the household will become important as people act through their purchasing decisions. Sustainability issues will factor into consumers' purchasing decisions, including not only what they buy, but also where they choose to shop. Awareness of environmental footprints is growing, and consumers are making choices intended to reduce their impact, directly or indirectly. A food retailer's commitment to green values may lead to initiatives that go beyond architecture and packaging to have a broad impact within a community and across the industry.



## INSIGHTS:

**Market Reflects Diverse Interpretations of Green Health.** A spectrum of green exists within the consumer market. Some consumers are concerned with the environment and issues of sustainability as it relates to risk to their own personal health while others have a pure interest in the environment and its degradation. Green health values—sometimes expressed as concerns about footprints, food origins (e.g., local), sustainability, organic, and so on—will translate into health practices and will influence food choices and shopping experiences. These values represent an evolving market; we are just beginning to see how consumers might put them into practice.

**Anticipate the Importance of Sustainability.** With the World Health Organization announcing that climate change is the number one health concern for this century, issues of the environment and sustainability will be folded into policy discussions concerning population health. We are likely to see a growing awareness that our health status depends not only on access to care, our genetic makeup, and good health behaviors, but also the environment. Expect demand for information and products that meet green health values.



## ACTIONS:

**Evaluate your Local Market for Green Health.** Much of green health is up for interpretation and many of the emerging metrics such as footprints are contested. In this fragmented world of definition and approach, food retailers should evaluate local markets before making changes. For some, small incremental steps (like offering re-usable grocery bags) will make market and business sense, while for others, local demand will include everything from using energy more efficiently to the sourcing of products on the shelf and reducing overall carbon footprint. Food retailers will need to think about short and longer-term responses to this evolving definition of health and wellness.

**Assess Green Health in the Purchasing Cycle.** Green health is part of the larger health and wellness trend. Already we see people making a number of tradeoffs in their food purchasing decisions—health has joined taste, price, and convenience as an important dimension of choice for shoppers. Green health, whether it is the concern for personal health or the sustainability of the environment, may soon begin to reorder these tradeoffs. For the market segment that is already embracing green values, it will be important to signal and communicate product attributes that speak to green values. Some food manufacturers are already including this kind of information in their packaging, but the demand for all that is green will also extend to the food retailer as consumers seek companies that are aligned with their values and aspirations.

## CASE STUDY:

### THE GREEN GROCER

**COMPANY:** Tesco

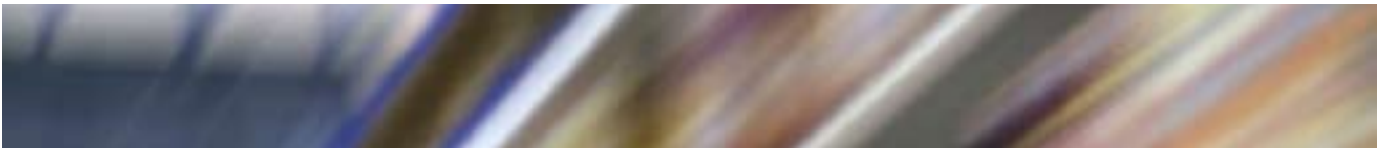
**PROGRAM/INITIATIVE:** Carbon footprint reduction

**DESCRIPTION:** In 2007, British food retailer Tesco commissioned a study of its total carbon footprint in order to identify priorities and establish a baseline from which to track its progress in reducing its emissions. It has undertaken a number of measures to reduce its energy usage, phase out the use of HFCs as a refrigerant, make its distribution system more fuel-efficient, and design more sustainable stores. Tesco has also launched a series of green initiatives that specifically target its relationship with its customers. These include carbon footprint labels on all products it sells, and the promotion of energy-efficient and environmentally friendly products and behaviors through its Green Clubcard program.

**RELEVANCE:** Food retailers are uniquely situated to effect change, not only in terms of their impact on the environment on a corporate level, but also with respect to influencing and responding to their customers' interests in green living. Tesco's Green Clubcard program is an example of how a supermarket can take an existing program—like its loyalty cards—and turn it into an opportunity to create incentives for consumers to make shopping decisions that benefit the environment. And as Tesco rolls out its carbon footprint labeling system, consumers will be able to compare similar products in relation to their impact on climate change, and may make purchases accordingly.

Tesco's efforts are also having an effect on suppliers. The U.K. divisions of companies like Coca-Cola, Kimberly-Clark, and Schweppes have signed on to pilot the draft standard the Carbon Trust has developed for Tesco.





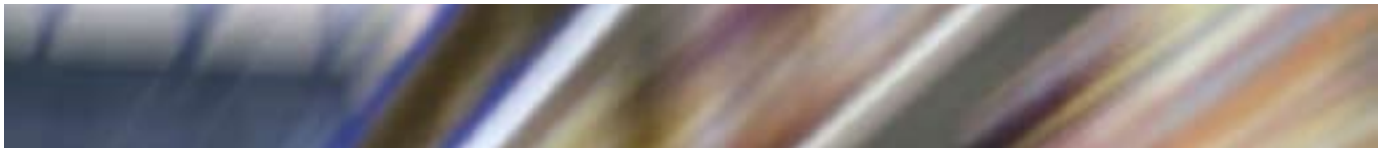
## Conclusion

Food, health, and sustainability are increasingly coming together. At their nexus, a number of trends are creating both threats and opportunities for food retailers. As wellness continues to go mainstream and create demand for a healthier food system, the definition of health, and the meaning and value of food, will change dramatically.

Food is already central to people's concerns about health, making the grocery store an important resource for health management. But the context in which we are all trying to eat better, stay healthy, and reduce overall risk for disease is also changing. As climate change shifts to the top of the global health agenda, green health values will redefine personal health practices and create new demands on food

retailers, not only for responsible corporate citizenship but also for new kinds of information and initiatives to live better and healthier lives. For food retailers, the complexity may seem impenetrable but many opportunities exist. This memo and the map, *The Future of Health & Wellness in Food Retailing*, are intended to help you anticipate those opportunities and make better decisions in the present.





## APPENDIX A

# Forecasting and the Foresight- Insight-Action Cycle

### WHAT IS A FORECAST?

At IFTF, we develop forecasts to help us think in new ways and to imagine future scenarios that perhaps nobody else is thinking about. A forecast is a plausible, internally consistent view of what might happen. It's designed not to be predictive, but to be provocative, able to inspire your imagination and challenge your assumptions. It should open up new thoughts: new insights, new possible actions, new ways of thinking.

A forecast, in being plausible, highlights the inherent ambiguity of the future, and ultimately, the ambiguity of the present. Dilemmas are everywhere, and we just need to be attuned to them. Once we recognize them, we can engage with them as opportunities. Even within broad trends and driving forces, there's a lot of room for innovation and creativity, and that's what forecasts are supposed to stimulate.

A forecast is not a prediction. A prediction is a statement that something will happen, and these statements are almost always wrong. Journalists and others love to highlight predictions that didn't come true, but why are they surprised? If IFTF has learned anything from 40 years of forecasting, it is that nobody can predict the future.

A forecast doesn't need to "come true" to be worthwhile. In fact, you don't need to agree with a forecast to find it useful. Herman Kahn, who invented modern scenario planning at the RAND Corporation, had a unique disclaimer in front of some of his reports that read something like this: "Some of the ideas in this report are deliberately misleading, in order to provoke thought."

Our forecasts for this project offer a perspective on what food, health, and food retailing will look like over the next ten years. The ten-year time horizon is an important choice. Looking ten years

ahead, we can see patterns more clearly, even if the details are unclear. This approach offers a balance between being accessible and being provocative, even in the food retail world, where planning cycles are short, margins are small, and tangible action steps need to be taken.

Ten-year forecasting is about leadership, not management. It provides a unique perspective—a futures context—that helps you create a distinctive and guiding vision for your own organization. It is not necessary to agree with the forecasts developed here: Their value is in provoking new insights, possible actions, and ways of thinking about the present—so that you are prepared to participate as the future unfolds.

### THE FORESIGHT-INSIGHT-ACTION CYCLE

We generate our forecasts using our Foresight to Insight to Action cycle, which is a dynamic and participatory process designed to *help clarify* what's happening in the marketplace today, to *provoke thinking* about what implications those observations have for the future, and to *generate insights* about the big stories that become apparent. These insights lead to identification and selection of more effective *actions*.

# APPENDIX A: Forecasting and the Foresight-Insight-Action Cycle

## FORESIGHT

We develop foresight to sense and understand the context around the dilemmas that challenge us. The goal is not to predict what's going to happen but to provoke our collective creativity and prepare for the biggest challenges, many of which are likely to come in the form of dilemmas.

Foresight is the first step in any good strategy process: the search for external forces and environmental factors creates the context for both strategy and innovation. Foresight is thus the ability to sense what could happen before it happens, the ability to identify innovation opportunities. The result is a strategic vision of where you are and where you want to go, and a pretty good idea how you are going to get there early.

Vision is your own personal statement, or your organization's statement, of the particular future that you intend to create. Vision is the beginning of strategy.

## INSIGHT

Before retailers can become agents of sensemaking for their customers, they must make sense of the changing landscapes for themselves. The path to this understanding will flow through insights. Foresight is a particularly good way to stimulate insight, to help make sense out of dilemmas and imagine what you and your organization might do next.

Sensemaking is, essentially, a search for an “a-ha!” that contributes to your strategy and seeds innovation. Insight is the core element of any good strategy, but insight is scarce, and it doesn't just happen. Insight is most likely to happen as a result of hard work, open-mindedness toward future possibilities, intuition, and a touch of serendipity.

Foresight is inherently provocative, but food retailers must draw lessons from the provocation if they are to create a clear, compelling, and productive way forward. This is insight, and it must be communicated clearly so that not only you understand it but so also do those whom you need to engage within your organization and the broader marketplace.

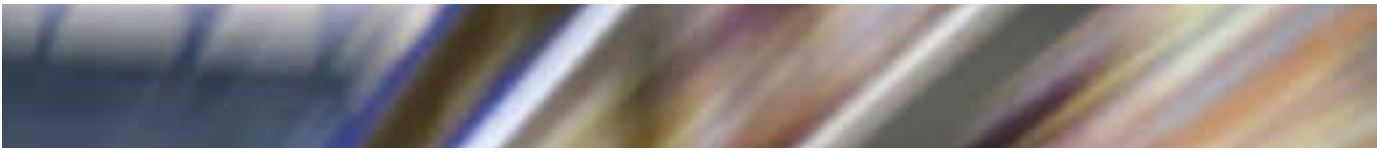
In the end, insight is a necessary prerequisite for a winning strategy.

## ACTION

Strategy leads to decisions and action. Even when the action begins, it must be carried out with agility—in order to respond to the inevitable corrections that will be required. Firm action is needed, with an ability to be flexible.

Action is aimed at results, at making a difference. In the business environment, making a difference can mean making a certain amount of money within a designated timeframe, but making money can be defined in many different ways with different processes: outcomes, return on investment, implementation, shareholder value, rollout, change, commercialization, institutionalization, or execution. In addition to monetary value, retailer action steps in the food and health world can make a difference in terms of improved health access and health outcomes, reduced carbon footprint and pollution in the environment, and an increased public awareness in nutritional and health IQ. These are all outcome oriented, but even outcomes often come about in stages.





## APPENDIX B

# Strategic Questions

The following are a list of questions that we used to help develop the actions described in this memo. Think about your market, your store, your customers, and try to come up with your own answers to these questions. Remember that from insights emerge new strategies that lead to possibilities for action.

**How** can you engage social networks around health affinities?

**How** will health shape your position in the marketplace?

**What** are the health/wellness needs of your best shoppers?

**How** will you develop product categories around unique diseases and health needs?

**How** will you use shopper data to forecast consumer needs for information, products, and services?

**How** should food and grocery products be displayed and marketed to the health conscious shoppers?

**What** technologies are available to enhance the wellness shopping experience?

**How** will you obtain authenticity and consumer trust to sell wellness solutions?

**What** role will science, government, and academia play in connection to wellness and the role of grocery products?

**What**, (or who) will be your source of information and authority on consumer wellness?

**What** changes in store design will be required to provide wellness products, services, and personal experiences?

**What** will comprise a wellness center within your store and how will your center differentiate itself in products and services from other format and channel offerings?

**What** inherent strengths does your retail format have to sell wellness and what are the strengths of other channel formats?

**How** will you prioritize consumer health needs that compliment your retail format?

**How** will various format strengths and shopping occasion needs come together to influence the wellness shopper?

**How** will you share consumer health need information across the supply chain?

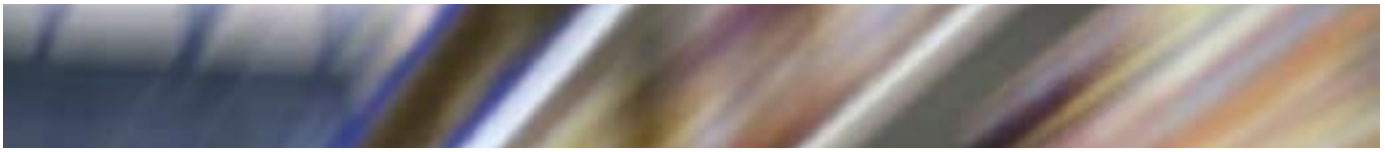
**How** can syndicated data be used to develop wellness needs and opportunities?

**How** will you train and educate retail personnel on wellness products and services?

**How** can category management skills be applied to consumer health needs?

**How** will consumers interpret environmental and green issues as a part of their health/wellness needs?





## APPENDIX C

# Endnotes

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