



Getting Through the Fads

How to survive consumer-based fads (and know what trends are)

Food fads don't last forever, but while they do, you're apt to feel it in your bottom line. The low-carbohydrate craze is one of the latest fads to hit food processing. So if you're a producer of bread or orange juice or any of the other carbohydrate-laced foods, what's the best strategy to take?

According to John Stanton, professor of food marketing at Saint Joseph's University in Philadelphia, the first thing to do is determine what's a trend and what's a fad. A trend, he says, is something "structural in society." It's not something that will change at a whim. For example, being pressed for time is not likely to change soon. Most families – between parents who work full time and juggle children and their activities – are pressed for time. So when it comes to food, the trend has been toward convenience (think Maple Leaf microwaveable roasts).

"No matter how badly many families might like to sit and have a wonderful breakfast in the morning together, it's things outside of their control that keep them from doing that," says Stanton. Food processors stepped in and tried to mitigate that: by making it easier to prepare a meal.

A fad, says Stanton, is something like the low-carb craze. "It could disappear tomorrow if people said let's go back to pasta and potatoes and orange juice." He points to other fads the food industry has weathered: low fat, low cholesterol, low sodium and low sugar. They've all had a "shelf life" of about four years: "about two years to reach a crescendo and then about two years down to nothing," says Stanton. "And if you make a product like bread or orange juice, you know eventually people are going to come back to eating what would be normal."

As far as tactics go, if food processors have identified a fad they have to act fast. There's no time to sit down with a committee and discuss whether or not low-carb is something to worry about. Depending on how cost-effective it is, Stanton says a processor can look into developing a low-carb product.

(According to the Calgary Sun, more than 600 low-carb products were introduced in 2003 in the U.S.)

"The problem is thinking that [a new low-carb product] has some kind of longevity that can rationalize a lot of research and development expenditures, a lot of capital equipment expenditures, a lot of marketing expenditures, presuming 'Oh boy, we're going to ride this for a long time.' Well, you're not," says Stanton.

According to ACNielsen in the U.S., in 2003 sales of meat snacks, nuts, cheese, diet-carbonated beverages, refrigerated sausage, frozen unprepared meat and seafood and whole-grain wheat bread went way up in some cases. On the other hand, instant rice, cookies, orange juice, cereal, regular carbonated beverages, dry pasta, potatoes and white bread were down. Glenys Babcock, vice-president, Public Affairs Trends Division at Ipsos-Reid in Toronto, says Canada appears to be six months behind the U.S. on the carb trend and that it's unclear whether Canada will experience the full fever pitch of the low-carb craze as it was in the U.S.

Abol Jalilvand, dean of faculty of management at Dalhousie University in Halifax, also has a couple of strategies he suggests. He says there are two tactics to take: a financial one or a marketing one.

For instance, companies selling higher carb foods will want to cover themselves in case sales slip. Declines in sales or revenues can be hedged through the use of financial instruments, such as derivatives and futures contracts, says Jalilvand.

There's also a natural hedge for some companies. Large corporations tend to be diversified, so if sales decline in orange juice or bread, most likely they've got other consumer products that can pick up the slack. Or they're involved in other areas, such as real estate or technology, says Jalilvand.

Another strategy that's been put to use is investing in competing research. Jalilvand says companies can use it to discredit the fad – for example, showing what's wrong with the Atkins diet. "You

know that as many scientists there are that say something is good, there are those saying that it's not good," he says. He suspects that companies producing low-carb foods are also behind much of the pro-low-carb research.

Another strategy, says Jalilvand, is to just "take the hit." Stanton says it's a dilemma for all bread and orange juice producers right now: ride out the storm or produce a low-carb product (Canada Bread Co. Ltd. launched Carb Wise bread in February). "If you can do that fairly simply and not very expensively," he says, "there's no reason not to do it."

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