

Restaurant Industry Losing The Low-Fat War

By Jerry W. Thomas

A battle is raging across America for the stomachs and dollars of American consumers who are trying to reduce their intake of fat and cholesterol. The restaurant industry is largely sitting in the grandstands as sleepy spectators as the battle rages on. Food manufacturers in the United States are aggressively pursuing new products which reduce or eliminate fat and cholesterol. The restaurant industry has its head in the sand. Food manufacturers and supermarkets are at least five years ahead of the restaurant industry, and they continue to open up their lead.



But, you might counterpose, the low-fat/low-cholesterol market is too small for restaurants to worry about. Approximately one-third of all adults living in major urban areas in the United States (where most restaurants are located) are currently on some type of low-fat or low-cholesterol diet. The percentage of the population attempting to limit their intake of fat and cholesterol is growing year by year. Four years ago, only one-fourth of the adult population was on a low-fat/low-cholesterol diet. Currently, 44% of all urban women are on a low-fat/low-cholesterol diet, compared to 26% of urban men. This data comes from thousands of interviews with consumers living in major urban areas, conducted by Decision Analyst, Inc. over the last five years. The survey sampling error is approximately two percent, plus or minus.

But, you might argue, when people go out to eat, they conveniently forget about their diets and feast on forbidden foods. Eating out, you might say, is an escape from the diet, a release of pent-up dietary frustrations. You are partially right. Yes, sad but true, consumers sometimes use eating out as an excuse for a fat and cholesterol binge. On the other hand, you are also wrong. The lack of low-fat menu items in most restaurants, and the lack of specific nutritional information about fat and cholesterol content of menu items, means that many consumers simply reduce the frequency of eating out at restaurants. As the flood of low-fat and fat-free products flowing from supermarkets continues to grow, the fat/cholesterol-conscious consumer will find it easier and easier just to stay at home.

Low-fat, fat-free, and low-cholesterol recipes should be tested among consumers using standard product-testing procedures, to help ensure that each low-fat item on the menu really tastes good.

But, you might say, “We once tried a low-fat menu item, and it did not do very well. Low-fat doesn’t sell.” Oh! I forgot to mention that low-fat foods must taste good. This is where food manufacturers and supermarkets are opening up such a great advantage over restaurants. Food manufacturers know how to test new recipes among consumers, so that they can continue to improve the taste and acceptability of low-fat and fat-free foods.

Restaurants tend to be in the Stone Age when it comes to product testing among consumers. If customers don’t complain, most restaurants assume their dishes are perfect. Food manufacturers put much greater emphasis upon product improvement and product testing, and tend to view it as an ongoing and continuous process. Restaurants tend to put an item on the menu and forget it. If it sells, it’s good. If it doesn’t sell, it isn’t good. Most restaurants really do not know if any of their menu offerings taste good to consumers, or not. Naturally, they do not know if their low-fat menu choices taste good either.

In thinking about low-fat foods, it’s important to understand who this audience is, in terms of demographics. First, the low-fat/low-cholesterol audience tends to be older and tends to be female. Here are the percentages of those on a low-fat or low-cholesterol diet by gender and age:

Group	Women	Men	Total
16-24	29%	13%	24%
25-34	43	25	34
35-44	46	28	37
45-54	54	32	43
55+	49	35	43

The percentages are higher for women across all ages—which tends to prove that women are more interested in good health than men are. If you suspected it earlier, now you know for sure: women are smarter than

men. For women, the percentage on a low-fat or low-cholesterol diet increases dramatically once the woman gets into the 25-34 age group, and reaches a peak in the 45-54 age group. For men, a dramatic increase occurs in the 25-34 age group and the percentages increase slowly thereafter, reaching a high in the 55+ age group. If your restaurant caters to women above the age of 25, you need to be thinking seriously about how to increase your offerings of low-fat and low-cholesterol menu items. If your customers in general tend to be 35+ (regardless of sex), you need to be thinking about low-fat menu additions.

The more educated consumers are, the more interested they are in low-fat and low-cholesterol foods. Here are statistics for those on a low-fat diet by sex and education:

Education Level	Women	Men	Total
High School or Less	35%	16%	26%
Some College/ Technocal School	49	28	39
College Graduate or More	52	31	41

The groups most likely to be on low-fat or low-cholesterol diets are consumers with at least some college. College graduates are the group most likely to be on a low-fat/low-cholesterol diet.

The higher consumers’ household incomes are, the more likely they are to be on a low-fat/low-cholesterol diet, as shown in the following table:

Annual Household Income	Women	Men	Total
Under \$30,000	37%	22%	31%
\$30,000 to \$49,999	46	25	35
\$50,000 or more	51	30	39

Consumers living in households with incomes above \$50,000 annually have the highest likelihood of low-fat/low-cholesterol dieting behavior. This is especially significant to the restaurant industry, because this same income group (\$50,000 plus households) accounts for a disproportionately large share of all restaurant sales. As a household's income goes up, the more often its members eat out at restaurants. This is why it is critically important that the restaurant industry address the low-fat/low-cholesterol wishes of consumers.

This last table presents low-fat/low-cholesterol dieting by ethnicity and gender:

Ethnicity	Women	Men	Total
Anglo/White	48%	26%	38%
African American	28	26	27
Hispanic	39	21	29
All other	56	30	39

The Anglo/White female, who represents about 40% of the adult population of the United States, is very conscious of dietary fat and cholesterol. As the table shows, 48% of these women are currently on a low-fat or low-cholesterol diet. The "all other" group, which is also

very likely to be on a low-fat/low-cholesterol diet, is still a small fraction of the adult population (less than 2%). Interestingly, Hispanic males are the least likely to be on a low-fat, low-cholesterol diet.

Final Thoughts. As suggested earlier, restaurants should strive to develop low-fat and/or low-cholesterol foods that taste good. Those low-fat, fat-free, and low-cholesterol recipes should be tested among consumers using standard product-testing procedures, to help ensure that each low-fat item on the menu really tastes good. Likewise, restaurants must have quality-control standards and procedures in place in every restaurant, and ongoing employee training and quality monitoring, to ensure the consistent delivery of great tasting foods to their customers. An important part of the quality-control system is the proper and systematic rotation of all food inventory to ensure product freshness and acceptability.

Restaurants have been enormously successful over the last three decades in taking market share away from supermarkets and food manufacturers. That success is at risk if restaurants do not mount a successful counterattack on the low-fat battlefield.

About the Author

Jerry W. Thomas is the President/CEO of Decision Analyst. The author may be reached by email at jthomas@decisionanalyst.com or by phone at 1-800-262-5974 or 1-817-640-6166.

Decision Analyst is a global marketing research and analytical consulting firm. The company specializes in advertising testing, strategy research, new products research, and advanced modeling for marketing-decision optimization.



604 Avenue H East ■ Arlington, TX 76011-3100, USA
1.817.640.6166 or 1.800. ANALYSIS ■ www.decisionanalyst.com