

MSU Product Center

For Agriculture and Natural Resources

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Definition of Market Drivers - Indulgence

Definition

- Indulgence is a broad category that covers many product attributes and characteristics. Products that appeal to indulgence are those designed to meet the consumer's deeply felt desires as opposed to their needs. However, these desires also may include the consumer's belief and religious system and other very important aspects of the consumer's life.
- Indulgence does not necessarily mean unimportant or frivolous, but rather food and beverage items that possess characteristics above and beyond the simple ability to maintain life or to provide minimum quality at a minimum price.

Demographic Factors Affecting Indulgence

- There are two overriding demographic forces that affect the demand driver of indulgence: increasing affluence and smaller family size.
- In the year 2000, households that earned \$75,000 or more made up 23.8 percent of all households. In 1970, only 8.8 percent of all households earned \$75,000 or more. These figures have been adjusted for inflation. Higher real incomes allow consumers to pursue their passions and interests, and this in turn, creates a demand for indulgence.
- While household incomes have increased, the size of households has declined somewhat. From 1970 the size of the average household has fallen from 3.14 to 2.59, a decline of 17.5 percent. While the rate of decline is slowing, it is still continuing. Smaller household size reinforces the trend for more discretionary incomes and as a result more discretionary purchases.

Examples of Foods that Appeal to the Demand Driver of Indulgence

- The most obvious example of indulgence is luxury items. Examples include beer from a microbrewery, expensive wines and chocolates, gourmet coffees and cheeses.
- Another aspect of indulgence is cooking as a hobby, cooking gourmet meals as a lifestyle choice.
- For some cooking and preparing food is a basis of social connectedness, an opportunity to interact with others.
- Offering products that reflect the values and religious beliefs of consumers is also a way to appeal to the demand driver of indulgence. Examples of this are dairy and meat products from animals raised in a manner perceived as being humane, such as free range chicken and milk from cows that are not treated with hormones. Consumers who purchase organic foods or foods grown in the area they live primarily because of their minimal effects on the environment are another example. Foods that conform to Jewish and Muslim dietary laws would also appeal to those consumers.
- A great advantage of developing products that appeal to indulgence is the ability to charge higher prices. Products that truly possess these desirable characteristics could be able to obtain a price premium, at least in the short run and perhaps in the long run as well.