

Retail Foodservice Trends

Howard Solganik

"Food Away From Home" as a segment is increasing. This means that consumers are purchasing more meals that are prepared outside of the home - whether they're eaten at a restaurant, at home, or at some other remote location like the car or office. Supermarkets, in vying for a share of this market, are beginning to compete more directly with restaurants. However, when consumers choose to frequent a supermarket for a meal purchase there are several expectations that they may bring to the store that are unique to retail foodservice. Consumers may want a quick "fix" for an immediate food need, or they may wish to buy a partially planned-out and/or prepared meal. These differing needs have led successful retailers to group prepared food displays into two distinctive categories: "Food for Now" and "Food for Slightly Later Consumption."

"Food for Now" refers to foods that can be eaten immediately at a desk, dashboard, or in-store dining area. Though supermarkets have always done a good job and have been sought out for fried chicken and sandwiches, fast-food feeders have long dominated the "food for now" business. Trying to compete for "food for now" dollars, the supermarket foodservice industry has spent tremendous energy mimicking McDonald's, KFC, and the local Chinese restaurant. This attempt to offer it all has led to a clutter of retail concepts that are difficult to execute at store level. The most successful, meal-savvy retailers have cleaned up the clutter and are focusing on just a few "food for now" offerings that are proven winners.

"Food for Now" Essentials

Menu Examples: Sandwiches, Pizza, Fried Chicken, Carved-to-Order Meats

Components: Fast Service, Easy Access, Dedicated Checkout Counters, Explicit Signage for Selfservice Displays, Easy-to-Understand Menu, Portable Packaging, and "In your Face" Merchandising

Howard Solganik
Solanik & Associates
5531 Far Hills Avenue
Dayton, OH 45429
solganik@aol.com

Keys for Success: Convenient, Fast, Focused

Store Location: Near Main Entrance or Separate Entrance

Principal Competition: Fast-food Restaurants

More challenging, and with the potential of being much more lucrative for supermarkets, is the category of "Food for Slightly Later Consumption." These meals and meal components are designed to be eaten off premise (at home) and are generally higher quality in terms of the food, the packaging, and promotional Point-of-Purchase materials support. Once in the consumer's kitchen, these products require slightly more preparation, assembly, and clean up on the consumer's part than "food for now" offerings. And, because quality is important when it comes to "food for slightly later," a significant investment in signage, labeling, and other informational or instructional materials must be made in order to deliver the anticipated dining experience. If executed correctly, consumers are able to browse a "menu" of appetizers, side dishes, salads, entrees, and desserts, and then make choices based on how these items are to be prepared, assembled, or reheated. Packaging for these "slightly later" foods must specifically lend itself to portability, cooking, reheating, and refrigeration.

"Food for Slightly Later" Essentials

Menu Examples: Ready-to-Grill Kabobs, Ready-to-Heat Mashed Potatoes, Ready-to-Toss Green Salads

Components: Store Management Support, Organized "Menu" of Meal Components, Integrated Signage/Labeling/Packaging, Demo's and Sampling

Keys for Success: Menu-Driven, Homestyle Quality, Systematic Merchandising, All Perishables Departments Participate

Store Location: Throughout the Store, or in a Centrally-located Meal Center

Principal Competition: Consumer Kitchen, Meal Stores (Eatzi's), QSR's (Boston Mkt.)

Whether these further-prepared, "later" meal components can be organized in one central merchandising display such as a Meal Center, or whether they are sprinkled throughout the store, it's clear that they must come from more places than just the Deli department. Although the deli remains the home of "now" food, there are opportunities to sell value-added home meal components from all of the perishables departments (Produce, Meat, Seafood, Bakery). In the

Produce department, simple cut fruit has evolved into freshly prepared salsas and ready-to-microwave vegetable sides. And now live cooking is being considered as the next opportunity to add value in the Meat and Seafood departments. Although retailers are trying to eliminate service counter labor costs from these departments, limited hours of meat and seafood cooking for customers (timed during the prime lunch and/or dinner hours) can constitute meaningful service that educates customers, presents cross-merchandising opportunities to sell "go-withs," and controls shrink (by cooking products that are near the end of their raw shelf life). Any means for bundling

meal components or bringing ingredients several steps closer to the dinner table affords the retailer better sales and margin potential.

So, when supermarkets offer meals or meal components that are ready-to-eat, ready-to-heat, or ready-to-cook, they present the consumer with an alternative to a dine-in or carry-out restaurant experience. And, since the ingredient sales business is in an anticipated downward spiral (largely due to consumers lack of interest in cooking), a retailer's only opportunity to grow, beyond an expansion of market share, is in the area of higher-margin prepared or semi-prepared foods.