

Top Findings of the Power of Fresh Prepared/Deli 2016



- Driving image, reputation and trips is important to grow deli/fresh prepared, particularly as store/deli visits are declining.**
Being top of mind through a strong reputation and image as a viable restaurant alternative is an important step in growing trips. However, this is precisely where many grocery stores struggle. Few shoppers today see deli/fresh prepared as an important driver of primary store choice. Likewise, despite 96 percent penetration, only 12 percent of shoppers visit the deli with regularity across channels and banners. Yet, making deli/fresh prepared a true point of differentiation can pay huge dividends for the department and total store, as seen in Nielsen's best-in-class retailer research.
- Experiential factors can be key to driving conversion, trip frequency and basket size in deli/fresh prepared.**
Supermarkets are the top outlet for deli/fresh prepared through above average household penetration and shopper conversion. Location/proximity is one obvious reason for switching stores to purchase deli/fresh prepared. Others center on experiential factors, including food theater, customer service, quality and variety of the offering and ambiance. It is precisely these experiential factors that help stores differentiate from the competition, both from other grocery stores and restaurants.
- Grocery stores have to find ways to connect shoppers to the rest of the store and reach beyond patrons to drive reputation.**
The predominant way in which shoppers learn about deli/fresh prepared is by seeing or trying it for themselves when in-store. With many looking to mix and match fresh prepared with scratch cooking, ideation and meal solutions that connect shoppers to center store and other perimeter departments are important. To elevate the profile of fresh prepared beyond current shoppers, digital, mobile and social are key ways to reach younger shoppers, and email is the preferred vehicle overall.
- Freshly-prepared heat-and-eat and meal kits draw high interest; current users want to see more across all solution types.**
Meals that are freshly-prepared but pre-packaged for heat-and-eat consumption draw the highest interest across channels, particularly among shoppers focused on speed. Meal kits that include all the ingredients to cook one meal are a close second. Current frequent users of deli/fresh prepared are highly interested in all types, particularly chef-prepared and self-serve bars.
- Tying into mega trends and touting health and wellness claims may accelerate sales growth in deli/fresh prepared.**
Shoppers are highly interested in seeing deli/fresh prepared featuring organic, locally-sourced, non-GMO, gluten free and other mega trend- inspired foods that are aggressively growing sales in other parts of the store. Touting health and wellness claims as is done in other areas of the store is another opportunity in deli/fresh prepared.
- Offer variety across all types of meal options, including item count, cuisines and regular rotation of offerings.**
Shoppers emphasize variety, including mainstream, premium and value options, and show high interest in chef-prepared and chef-inspired meals. Constant innovation is required to stay on top of flavors, ingredients and customizable options. Interest levels vary widely by cuisine type, with many of the more ethnic cuisines seeing much higher uptake among Millennials.
- Focus on convenience as the overarching advantage of deli/fresh prepared versus home-cooked meals.**
Convenience is the overarching theme versus home cooking, but sees many nuances, including time-saving in planning, preparation and cleanup. Additionally, the extensive variety helps suit different preferences among household members. Other important advantages are saving money on food that gets discarded due to making too much or avoiding the need to buy special ingredients; a solution for those who cannot or do not want to cook; and leaving cooking to professionals.
- Overcome perceived disadvantages of deli/fresh prepared vs. home-cooked meals through transparency and information.**
Closely matching perceived restaurant drawbacks, home-cooked meals are overwhelmingly seen as more nutritious. Shoppers like having control of and insight into the ingredients and amounts used when cooking themselves. They also believe deli/fresh prepared is more expensive than cooking. Information, education and transparency may help overcome these notions.
- Closely regard fast-casual restaurants as the primary restaurant competitor for deli/fresh prepared.**
Although significant differences exist based on channel shopped, consumers mostly compare deli/fresh prepared to the fast-casual restaurant segment, both in terms of price and quality. This segment has seen aggressive growth in sales and store counts with a focus on fresh, quality ingredients and enhanced ambiance — important points for deli/fresh prepared as well.
- Elevate the profile of the food itself: driving food theater, ambiance, customization, professional chefs and meal inspiration.**
When compared with restaurants, shoppers see the ability to combine errands and time savings as the top two advantages of deli/fresh prepared. While powerful marketing angles, shoppers' emphasis on speed undermines fresh prepared food's success as a basket driver. Grocery stores have an opportunity to elevate the experience and the profile of the food itself.

Links and resources

- To download a copy of the report, visit: www.fmi.org/store/
- For questions on the research, email Anne-Marie Roerink at aroerink@210analytics.com
- For inquiries about the FMI Fresh Council, email Rick Stein at rstein@fmi.org