

Top 10 Findings of The Power of Foodservice at Retail 2018



- 1. Focus on conversion. While visiting the store multiple times/week, shoppers buy grocery deli prepared only every 3 weeks.**
Combining scratch cooking with convenience items is the most popular dinner preparation technique at 55% — driving significant sales gains for value-added meat/produce and foodservice. A sole reliance on semi- or fully-prepared item is less common, at 8%. Cross-promote foodservice items with center store to draw shoppers with time-saving solutions.
- 2. Strive to be top of mind. When in a rush or not in the mood to cook, shoppers are twice as likely to buy from restaurants.**
When shoppers lack for time, 52% prepare a quick meal, 33% buy from a restaurant and 14% purchase grocery deli prepared. When shoppers are not in the mood to cook, 69% opt for restaurant food versus 31% grocery buying deli prepared. Why are restaurants twice as likely to get the business in either scenario? 68% of shoppers say the grocery deli is simply not on their radar even though it is a perfectly good alternative and 32% say their store's foodservice offering doesn't meet expectations.
- 3. Leverage technology to improve visibility and awareness of foodservice as a viable restaurant alternative.**
Nearly two-thirds of shoppers regularly use smartphones, tablets, computers or other technology to help them decide where and what to eat for dinner. Most stick to just researching dinner options, with online ordering and payment functionality being more important to technology-advanced users. Make sure shoppers find the grocery deli along with restaurant options.
- 4. Maximize your share of market. Half of shoppers purchase grocery deli prepared at outlets beyond their primary store.**
Supermarkets have the highest household penetration and purchase frequency for foodservice items. However, 50% of shoppers purchase grocery deli prepared beyond their primary store and 50% say it is typically a substitute for home-cooked items. While potentially a higher ring and margin, being a known prepared food destination that can compete with restaurants for meal occasions will help lock in more of the dinner dollar versus cannibalizing sales from other grocery departments.
- 5. Connect with shoppers. Email and text are the shopper-preferred methods of outreach to learn about deli promotions.**
Shoppers who more heavily rely on foodservice solutions are much more likely to opt in for email, social media or text outreach regarding deli promotions — opening the door for customized and loyalty-focused outreach.
- 6. Provide options for speed-focused shoppers: 52% put speed as the 1st or 2nd highest decision factor for a quick dinner out.**
These shoppers have a high interest in grab-and-go and heat-and-eat options, the ability to order ahead and a deli-dedicated checkout lane. A focus on speed often means lower emphasis on customization and a secondary role for nutrition.
- 7. Provide options for nutrition-focused shoppers who deemphasize price and speed but value customization.**
Nutrition-focused shoppers are valuable with above-average trips and spending. Top foodservice features include ingredient, quality and freshness information, transparency and healthier alternatives. Eight in 10 Americans have noticed menu calorie labeling and 30% say it influences their selections — signaling better-for-you alternatives may help cement future purchases.
- 8. Enhance in-store amenities to capture the heart of Millennials; elevate customer service to differentiate from restaurants.**
While less important than price, speed and nutrition, ambiance matters much more to Millennials and urban shoppers. Beyond the base need of cleanliness, important elements are customization, employee expertise and a nice seating area. The majority of shoppers see little difference in the knowledge displayed by grocery deli employees versus quick-serve restaurant workers.
- 9. Targeted investment in expanded variety matched to the core consumer can win over consumers at mealtime.**
Shoppers with access to variety, highly value it — underscoring that foodservice can become a strong point of differentiation. Shoppers see variety as meats beyond chicken, seasonal items, rotation and chef-inspired meals of the day rather than cuisine variety alone. Four in 10 shoppers like having steady cuisine featured days ("Friday pizza day"), with rising interest along with greater usage. Customization is important to half of shoppers, and particularly frequent grocery deli buyers.
- 10. Consider meal kits along with made-to-order, self-serve buffets and grab-and-go to provide more time-saving solutions.**
Shoppers are interested in their primary store offering extensive foodservice solutions for immediate or later consumption, with elevated interest among frequent users. Meal kit awareness is high, but only 22% actually buy them. In contrast, more than half of shoppers are interested in meal kits from the primary store. Meal kit interest closely overlaps with convenience-seeking shoppers who frequently buy deli prepared — making store-developed meal kits a natural extension for foodservice.

Links and resources

- To download a copy of the report, visit: www.fmi.org/store/
- For questions on the research, email Steve Markenson at smarkenson@fmi.org
- For inquiries about the FMI Fresh Council, email Rick Stein at rstein@fmi.org