

- 1. Foodservice is a key area of differentiation for grocery retailers and a way to effectively compete with restaurants.**
Closing in on \$13 billion in annual sales, retail foodservice is growing at an above-average rate of 8.2%. Household penetration for grocery deli-prepared is 94.1%, still somewhat below the 98.8% for the total deli. Additionally, while consumers average 161 grocery trips per year, a much lower 28.3 trips include a deli purchase and 20.0 include deli-prepared items, with an average ring of \$7.92. As such conversion, trip frequency and basket size remain important areas of opportunity.
- 2. A strong foodservice reputation can pay off for grocery stores by building traffic beyond primary shoppers.**
One of the major barriers to retail foodservice success has been a lack of knowledge and top-of-mind awareness. But a strong foodservice reputation can prompt 64% of shoppers to drive further or shop stores they don't normally visit. Work on being on shoppers' radar beyond the store when dinner decisions are being made through a strong reputation.
- 3. Speed is the name of the game, particularly at lunchtime when shoppers want to spend no more than 15 minutes.**
Ordering ease and speed are important to deli-prepared food shoppers, as expressed by high interest in separate checkout lines and the ability to order in advance using store apps or websites. At lunchtime, shoppers' top attributes are the ability to get in and out of the store quickly (71%) and an extensive grab-and-go selection (59%). Ensure your foodservice can deliver on speed or slow people down with an engaging in-store experience.
- 4. Technology plays an integral role in dinner decisions and search optimization is crucial to future success.**
Nearly 3 in 10 shoppers frequently use technology when deciding when and where to eat. Retail foodservice regulars are even more technology inclined. Shoppers use search engines (72%), Yelp (36%), the map feature on their phones (23%), LocalEats (23%) and many other applications for research. Online/app ordering is a growing source of business, with 54% of shoppers having placed a digital order with restaurants directly and 38% having used a third-party delivery service, such as GrubHub or UberEats. Focus on search optimization. After all, the first step in winning the dinner dollar is simply being considered.
- 5. 65% of shoppers emphasize healthy, nutritious choices when ordering from retail foodservice.**
Retail foodservice delivers on providing healthy options, say 67% of shoppers. They also recognize grocery stores for providing ample information on *when* items were made, meal ingredients and nutrition information. In their eating strategies, shoppers are the most interested in meals with healthier ingredients (61%) and healthier preparation methods (58%). Retail foodservice loyalists have an above-average focus on health/nutrition. Provide information, education and assortment to not miss out.
- 6. 88% of shoppers want their stores to offer more frequent item and flavor rotation.**
Assortment variety and rotation are big opportunities for retail foodservice. The more often shoppers purchase deli-prepared foods, the higher their desire for variety and rotation. At the same time, low-frequency consumers are interested in a wider and changing assortment. Avoid menu fatigue and increase conversion and trips as the menu innovation cycle is shortening.
- 7. At-home dinner preparation drops further and retail foodservice can be a meal part or full meal solution.**
Shoppers home-prepare an average of 4.5 meals in a typical week, with declines across most demographics. Having children is a turning point for Millennials to eat at home more often but not to the tune of older generations. Most shoppers mix scratch cooking with fully- and semi-prepared items. Cross-market time-saving solutions throughout the store.
- 8. Grab-and-go, both ready-to-eat and heat-and-eat varieties, are shopper preferred formats.**
68% of shoppers are interested in their grocery foodservice carrying extensive ready-to-eat grab-and-go items and 63% want grab-and-go heat-and-eat items for later consumption. While chicken, salads, pizza and sandwiches are big business with wide appeal, younger generations look for more adventurous food options and cuisines. Create unique dish, flavor, brand, cuisine or chef differentiators that help create a strong foodservice reputation and elevate top-of-mind awareness.
- 9. A focus on the environment is important, but package functionality trumps sustainability among a majority of shoppers.**
Despite environmental sustainability being a driver of financial performance and competitive advantages, package functionality cannot be overlooked, say 47% of consumers. Likewise, there is no one clear winner in the plastic (27%), paper (27%) or reusable (33%) tableware, straws and utensils debate. But given the much higher interest among Gen Z and Millennials in environmental sustainability, a choice and store-based approach can help grocers engage on a growing consumer concern.
- 10. Shopper suggestions for improvement highlight consumer hot buttons in retail foodservice.**
Key areas of improvement include faster in/out of the store and service, greater cuisine variety and rotation, options for healthier choices, better prices, more information and staff knowledge, better freshness and frequent replenishment/replacement, friendly and available staff, and various operational improvements, such as better cleanliness and in-stock performance.