

COVER STORY

NEW GUY IN TOWN FEEDS FAMILIES

*"MAC the Knife" does the chopping and shopping
to fill the need for home-cooked meals without all the work.*

By Sharon Olson



DELI BUSINESS first reported on the new make-take-and-bake option of meal preparation services in an editorial, entitled *Cashing In on Cook & Carry*, in the August/September issue. Meal Assembly Centers (MACs), as this category is called, let customers assemble a week's worth of meals in two hours. The meals are popped into a freezer at home until they are needed.

Retailers cannot take their eyes off this new version of "MAC the Knife." It is a new category of competition for the consumer's food dollar and its success indicates consumers find added value in putting a home-cooked meal on the table. They want a hands-on experience in making dinner, but they happily skip the trip to the store and the chopping and dicing.

Olson Communications, Chicago, IL, asked 286 random consumers how they felt about cooking evening meals. The survey results paint a picture of everyday folks who are in a bind: They want to serve home-cooked meals, but they do not do it often.

For retailers and foodservice operators, the good news is these folks still want to cook. Only a handful of the consumers surveyed have actually used a MAC, but deli operators cannot celebrate yet. Consumers' lifestyles indicate these are exactly the consumers MACs are geared to serve.

What could be troubling for supermarkets and restaurants is that MACs are popping up in markets across the country, and they are thicker than dandelions in the spring.

Most of the consumers surveyed were enthusiastic about cooking and believed in making meals from scratch. But in this time-pressed world, more than half routinely turn to carryout or delivery to put dinner on the table.

A rapidly growing number of entrepreneurs see this disconnect as a major profit opportunity. In short, it may be only a matter of time before MACs take a significant share of business away from the prepared food section at supermarket delis, as well as away from restaurants.

MACs are opening every week to give these time-pressed, wannabe, wish-I-could cooks a way to do it all. The growth of this trend is staggering. The first MAC operation appeared in the U.S. Northwest in 1999, and the concept took off in 2002. At the end of September this year, there were 331 MAC companies with 951 outlets in the United States and Canada, according to the Easy Meal Prep Association, the industry's trade group headquartered in Cheyenne, WY.

The expansion momentum increases, seemingly daily. From May through September of this year, 97 new meal prep companies

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came on the scene, and 176 new outlets opened their doors, according to the association's website. That is more than one new outlet a day.

This is robust growth, but it is probably just the tip of the iceberg. For example, the Midwest's largest MAC, Dinner by Design in Grayslake, IL, has opened 40 locations, according to its spokesperson Laurie Hobbs. But, she adds, the firm has already selected the locations for 38 more.

THE SURVEY SAID

Of 286 consumers over 18 surveyed in September 2006:

1. Most — 61 percent — said that they sat down to family meals most evenings.

2. More — about 70 percent — were enthusiastic about cooking, but nearly half of this group would cook more if they had the time.

3. About 70 percent had pretty high standards, saying it was important that family dinners should be cooked from scratch.

4. But more than half — 55 percent — indicated carryout or delivery play a big role in their evening meals.

5. There was room for improvement in their enjoyment of the "dinner drill." One-third wanted more recipes, and more than 40 percent wanted help in the kitchen — be it advice, extra helpers or "someone to do it all for me."

DB

WHO OPERATES MACS?

Another interesting feature is ownership of these MACs. It looks as if this new foodservice concept involves entrepreneurs in a big way.

Although MAC franchises are available, so far most companies are single-outlet operations. Of the 331 total MAC companies listed on the Easy Meal Prep website, more than 300 have just one or two outlets. There are big players: Currently, the two largest firms have 149 and 160 stores, respectively. But their next largest competitors are six companies with more than 20 — but fewer than 40 — outlets.

The report discussed in the August/September issue discovered that MACs appeal to mainstream consumers with families outside of metropolitan areas. The most recent investigation identified an exception to the center-city no-go zone. Dinner by Design plans to open two outlets in downtown Chicago before the end of the year.

This may require a tweaking of the concept that was born to serve families of four or more who do not have access to a variety of high-quality restaurant carryout, notes Hobbs. "We are holding focus groups to be sure we'll be on target with what our potential customers want. For instance, we know freezer space will be an issue, and we are going to deal with that," she says.

WHO ARE THESE MACS SERVING?

Reports in the press about the "Meal Assembly Center experience" usually focus on the party atmosphere of having wine, music and snacks while friends gather to put meals together. But operators say that usually a customer will come to one or two of the party events and then return on her own to quickly put her chosen meals together.

A focus group member agrees, saying, "Once you have done it, you realize the best way to make it work for your lifestyle." It seems the party glitz attracts attention, but the convenience and speed of the process is winning long-term customer loyalty.

Testimonials posted at various MAC websites show the concept appeals to a variety of consumers. The most common response is from working parents who treasure the family time around the dinner table that MAC meals make possible. A good many customers are fans because MAC menus get them out of the rut and monotony of the same old recipes and takeout pizza.

Other comments testify to the concept's broad appeal. One mother took her college-student son to a MAC session when he moved into an off-campus apartment and was thrilled to learn he was already planning his next month's trip to fill up his freezer. And, it turns out MACs are life-savers for times when consumers cannot shop as they normally do, such as when they are heading off to a cabin in the woods or are new moms.

SO, WHAT ARE THEY SERVING?

After checking on MACs around the country, several issues were not found: They did not offer dishes usually thought of as "specialties of the region." That is to say, there was no focus on salmon in Washington, no barbeque in Texas. This suggests that offering consumers something different, a new taste treat, is the way to succeed. Deli managers should take note.

This is what we mean. When asked about its most popular dishes, the folks at Cena To Go in Tumwater, WA, cited authentic chicken enchiladas; at Dinners Ready in Southlake, TX, Philly cheese steak meat loaf; and at Super Suppers in Fort Myers, FL, King Ranch chicken. And, every MAC changes its menu monthly, which encourages customers to try new tastes.

WHAT MAC USERS SAY

MAC customer preferences fall into several categories. Here is what they liked most about their experiences:

No mess, quick and easy: In the MAC focus group, everyone loved two things: walking away from the mess and the timesaving of having the planning, shopping and prep done for them.

Good value: They also approved of the fresh ingredients in their meals and that help was handy if they needed it. Overwhelmingly, they felt their MAC meals were a good value, cheaper than a restaurant meal and at least as healthful as one, if not more. Costs ranged from \$3 to \$4 per meal per person for 12 meals that serve four to six. Some outlets offer smaller-sized portions for two to three and charge proportionally less. Virtually all operations are happy to have customers split meals up between themselves.

Interesting dishes: The MAC users enjoyed the new flavors in their dishes, which they described as having interesting flavors that were not overpowering or overly salty. This is seen as clearly superior to "speed scratch" alternatives such as flavor packets from supermarkets.

Favorites from the group included new tastes such as honey lime chicken, Caribbean pork chops and Moroccan chicken, which paired chicken breasts with couscous, almonds, raisins and

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mint. Comfort foods also were well received, with pizzas "as good as delivery and even quicker," kielbasa sausage with potatoes and meatball sandwiches getting raves for being easy and tasting homemade.

Freezing is OK: No one had a problem with freezing their meals and did not feel it changed the meal quality. However, they realized the meals probably should be cooked within a month.

"Mine" and what they did not say: An extremely important facet of MACs is that customers can customize their meals. According to one consumer, "I can control the fat and salt while I am assembling them." And what they did not say, but what can be inferred, is that because of this, they feel that they are really cooking.

All this assembling, heating and putting on plate at the dinner table is their version of "cooking." Kitchen veterans would be more likely to call it "convenience cooking." But today's consumers consider it just as real as the scratch cooking done 50 years ago. The emotional satisfaction of bringing a meal to the family table is just as real as cooking experience for today's families as cooking from scratch was for their grandmothers.

Compared to home cooking: When the group compared a MAC meal to their own scratch cooking, they said their MAC meals were more expensive (but worth it) and more interesting, though they suspected their home cooking was more healthful.

Compared to groceries and delis: When the focus group was asked to compare MAC meals to a cooked entrée from a grocery store or deli, the participants felt their MAC meals were clearly superior on key counts. They appreciated knowing exactly what was in their MAC meals, which they felt were more healthful, better tasting, more interesting, fresher and better quality than prepared foods from the grocery store.

Clearly, deli operators have their work cut out for them to change these consumer perceptions. The typical MAC delivers breakaway value for the mainstream consumer. A trip to a MAC is not the equivalent of dashing to the deli department for rotisserie chicken or ribs as a convenient way to add variety to dinner. Consumers who use MACs are buying the concept that everyday meals can be special.

In that sense, MACs are not aiming as high as many upscale gourmet delis that

create chef-inspired meals on par with upscale restaurants. But what MACs are doing, with precise targeting, is tapping into a need customers have to give their families what they consider to be a real home-cooked meal.

MACs understand that there is an emotional element to putting food on the table. They also understand today's time-pressed consumer is willing to pay someone to do part of the job, whether it is coming up with menu ideas or lightening the load when it comes to shopping, special ingredients, prep work and clean-up.

But it is also clear that operators of supermarkets and deli departments have significant resources the average entrepreneur opening a single-location MAC does not have.

Customers know where the supermarkets are and visit them frequently. Supermarkets know the food business and which products their local market is buying. They have trained employees, loyal customers and thousands of products already in the stores.

Retailers need to take a fresh look at what they are putting in their deli cases.

They need to add some zip and zing to their entrée offerings. If they are smart, they will learn how to give their customer a way to make that dish her own, so she gets the emotional satisfaction of providing a home-cooked meal for her family.

Deli operators probably need to borrow some of the marketing ideas the MACs use... notably, using websites to entice customers to choose their main dishes and explaining menu ingredients and cooking methods in detail.

After all, deli operators create successful salad bars every day. Are "dinner bars" with all the ingredients for a dish, right down to the spices, so much different? The consumer who looks at the specially made rotellos of beef, spinach and feta in the gourmet meat case might be more inclined to buy that pricey concoction if she watched it being assembled for her, with each ingredient and seasoning added under her watchful eye and according to her family's taste.

"Made-to-order masterpieces" like this may be what deli operators need to do if they are going to keep their fair share of the prepared-food business. **DB**

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