

DELI BUSINESS

MARKETING MERCHANDISING MANAGEMENT PROCUREMENT

COVER STORY

From Everyday To Exceptional

Supermarket catering has untapped potential

BY SHARON OLSON



PHOTO COURTESY OF COLUMBUS

Catering has become the hot business-building topic across virtually every segment of the foodservice industry; consumers are increasingly dining at home but their dining desires are more varied and sophisticated than ever before.

When consumers are asked about their caterer choices and preferences for everyday events, they mention their supermarket deli more often than any other source. Yet they also mention quick-service and fast-casual restaurants and make note of some of the promotion practices that have encouraged them to try catering from other sources. Although many local supermarkets have been

offering "deli trays" for decades, this may be the right time to take a closer look at what consumers want in order to tap into greater potential sales.

When consumers are asked about catering, their first thought is often the caterer who did a recent wedding or special occasion — not something relevant to everyday real life. Today, catering is a lot more than the exquisite once-in-a-lifetime event. Celebrations are taking place every day at home and at work, and foodservice professionals from all segments of the food industry are trying to capture a slice of the catering pie.

In November 2010, the Culinary Visions Panel, a program led by Chicago-based Olson Communications, con-

ducted a new study of over 200 consumers to learn more about their best experiences with real-life catering and what the natural opportunities might be for supermarket delis to build their business. The research explored where consumers are purchasing food for events and gained insight into the sources, successes and challenges related to ordering food for everyday events.

Best Experiences

It was no surprise that the most commonly mentioned characteristics of "best" experiences involved good food and good customer service. As one consumer put it, "Fast service, quality food [and] value for my money" turned a catered meal into a best experience. Also mentioned were convenient ordering options, variety, value and packaging.

It was surprising that few respondents (less than 5 percent) mentioned discounts as important to making an experience qualify as one of their best. Over 80 percent of respondents were immediately able to identify a best experience, significantly higher than the 59 percent who were able to identify a worst experience.

Among the best experiences, nice surprises and food beyond their expectations made the experience memorable. There were mentions of managers including something special that was not expected such as a dessert. Consumers noticed when there was no skimping on ingredients, noting "Good sandwiches with fresh buns and ample meat in every sandwich."

Flawless execution also qualified for a best experience. One consumer simply stated, "The food was delivered on time; when it arrived the food was the perfect temperature." Consumers offered these two classic examples where execution can make or break a catering experience. Regarding a Thanksgiving meal promotion, one consumer reported, "It was delicious and so easy. I was able to enjoy myself." On the negative side, a consumer described the Thanksgiving experience this way: "It made me think less of the deli. The turkey was overcooked and dry, there was not enough gravy to save it and they shorted me on dinner rolls."

Top Catering Occasions

Birthdays are the No. 1 occasion for celebrating at home and at work with 49 percent and 25 percent respectively saying they ordered food for more than six people to celebrate a birthday. Holidays in general followed birthdays as reasons for celebration at home and at work.

At work, a catering company supplied food more than any other source. Food for birthdays, on the other hand, was ordered

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from a wide range of sources other than a catering company. It was interesting to note that the birthday cake and the food were not necessarily from the same vendor. This speaks to a real opportunity for the supermarket to up the ante on convenience by offering the whole celebration package available from one source.

Staff meetings were almost as important a catering occasion at work as holiday parties, 19 percent and 21 percent respectively. Workplace meetings are so much a part of the workday that the chance to add variety and convenience is always welcome.

Food is an integral part of personal occasions and consumers offered many more occasions in the "other" category, suggesting additional opportunities. They cited a wide range of celebrations involving family, friends, school, religious and community organizations among the occasions that food was ordered for more than six people.

Generation X (24- to 43-year-olds) and Boomers (44- to 61-year-olds) were the most likely to have ordered from the supermarket deli, at 34 percent each. Millennials were the least likely to order from the supermarket deli, at 8 percent of our sample.

Catering Sources

Thirty-six percent of consumers indicated they ordered food from the supermarket deli for a special occasion. Of the consumers who had not ordered from the supermarket deli, 51 percent said they had considered it and chosen another source; 49 percent had not considered the deli.

More in-depth questioning of consumers who had not ordered from the deli found reasons ranging from lack of awareness that the deli was a source for catered food to the perception that offerings were limited, with little beyond platters. Limited promotion was

another reason consumers considered restaurants more often, noting coupons offering discounts or free food.

Whether respondents considered the deli or not, if they didn't order from the deli, they were most likely to order from (in order of preference) QSR, casual dining, fast casual, catering company, and in last place, the company cafeteria.

Catering Value Considerations

Quality of the food is the most important consideration when making a decision about where to order catered food; 86 percent of consumers rated it very or extremely important in their decision process. Approximately 70 percent of respondents rated five other factors as very or extremely important in their final decision: cost, reputation, convenient location, ease of ordering and variety of menu items.

For consumers who purchase catered food from the supermarket deli, the following criteria are the most important in their purchase decision: quality of food was paramount, followed by cost, reputation, convenient location and ease of ordering.

Consumers were asked what, if anything the supermarket deli could do to encourage them to order for a group occasion, and most responses centered around building their awareness of the deli as an option for catering. Many of the consumers' ideas related to in-store promotion to make them aware of offerings while they're doing their regular shopping — making menus available, providing samples, and setting up a promotion table at holiday time.

These findings were in line with the 23 percent of respondents who told us they just didn't think about the deli when deciding where to order food for their group occasion, some of whom were unaware they could order food for groups from the deli. As one consumer reported, "I think they could offer a discount coupon that prints at the check-out when your receipt prints. This would encourage and remind people that the deli can handle catering events."

Consumers asked for coupons and discounts and noted they receive them with great frequency from restaurants. Although coupons will drive trial, the food quality and customer service create long-term value and repeat business. Consumers noted cost as a primary consideration in their choice for catered food; however, when they commented on best experience, none were based on best price.

Convenience was another factor consumers commented on, suggesting delivery and convenient ways to order that would assure accuracy in the final order. There was

plenty of disagreement among consumers who wanted a personal experience and those who wanted an on-line connection with no personal involvement at all.

Many noted menu variety because delis are often considered within a very limited range of offerings. One consumer said, "We choose more special dining options. The supermarket deli will never shake the aura of the ordinary. If we have a lot of people over for a more casual occasion that requires only snacks, then I'd consider it." The challenge is clearly breaking away from this perception.

Signature Service

One of the top value components was customer service, and consumers were more than willing to describe what they considered great customer service. A personal encounter with a particularly helpful staff person was often noted as a component of the experiences considered "best." Consumers also told us they appreciate suggestions and recommendations, especially when they included customer feedback on most popular items. Having everything in one place was another common request.

Delis with the flexibility to take special or customized orders may do well to promote this capability, since 27 percent of those who didn't consider the supermarket deli cited the type of food they wanted wouldn't be available in the deli.

Interviews with deli category managers at supermarkets gave us insight into retailers' approaches to catering. According to Maria Brous, spokesperson, Publix Supermarkets, based in Lakeland, FL, "We help our customers plan the perfect event with theme ideas, complete with produce, floral, meat, deli, seafood and bakery options, as well as wine selections. Our main goal is to make it as easy, convenient and fun as possible so our customers can enjoy their special occasions."

On The Catering Menu

Sandwiches are the most popular item, ordered by 59 percent of respondents who said they typically order sandwiches for their group occasions. Appetizers and entrées were also popular, ordered by 48 percent and 47 percent respectively. Desserts and side dishes other than soup were all ordered by more than one-third of respondents. Foodservice professionals noted challenges related to serving soup conveniently and at temperature.

Donna Howell, director of foodservice at Dorothy Lane Markets, based in Dayton, OH, says the company's most successful item for group occasions is the boxed lunch, which includes its famous sandwich featuring its own private-label turkey line and Provolone cheese on house-made artisan bread

made from scratch, served with store-brand natural potato chips.

On consumers' minds and on the menus of many caterers are mini foods, kids menus and gourmet desserts. According to Publix's Brous, Kid's Meal Platters with sweet and savory ingredients in a playful presentation were another successful introduction last year.

Destination Flavor

Half of respondents noted they consistently ordered food because they enjoyed the flavor. Successful deli operators told us how important it was to create a craving for a signature item available only from their store with a "secret formula" that was not easy to duplicate. Consumers often noted artisan breads as a specialty item that makes them loyal to a particular catering source.

At Dorothy Lane, Howell says, "It's our Killer Brownie that really sells the boxed lunch." The Killer Brownie is a multi-layered brownie whose ingredients are top secret.

Ethnic foods were also listed as house recipes that consumers crave. The big three ethnic flavors — Mediterranean, Latin and Asian — were well represented in this list with items such as lasagna, empanadas and curry chicken. There was also a healthy representation of regional American favorites such as brisket and ribs, pulled pork, barbecue and pizza.

Michael Hannigan, category manager at Food Lion, based in Salisbury, NC, told us the chain's most successful hot-food items are rotisserie chicken and fried chicken. New platters introduced last year included barbecue rotisserie chicken, grilled chicken and Gwaltney brand meats and cheeses, as well as newly designed cakes and desserts.

Supermarket deli shoppers reported the lowest incidence of loyalty to particular selections that satisfy a craving for a certain recipe or preparation. All other venues from which food was ordered for a group occasion had the majority of consumers mention they consistently order specific items because they enjoy the flavor — except for the supermarket deli, which had more consumers say they did not consistently order a particular item. One consumer noted, "I never gave a supermarket deli serious consideration." Another said, "Supermarkets don't generally offer authentic ethnic cuisine."

Brous says Publix has introduced a new Mediterranean Platter with marinated olives, hummus, baba ganoush, olive tapenade, tabbouleh, and eggplant caponata.

Implications

Platter Innovation — Delis are known for platters, which can be the perfect platform for innovation that goes well beyond meat



and cheese.

Destination Flavor — Distinctive foods that are not easily duplicated can create loyal customers following their cravings.

Customized Service — Some customers appreciate personalized service and others prefer on-line efficiency without human interaction; success is understanding the service needs of your customers.

Deliver The Goods — Consumers expect convenience in all aspects of the ordering process. Partnering with a delivery service may be an option for supermarkets without an in-house service.

Menu Flexibility — Occasions are rarely one-size-fits-all, and the more flexibility you can offer within reason can build more customers and positive word of mouth.

Targeted Promotion — Make your deli a catering destination by letting your customers know about your menu and seasonal specials and give them an incentive to try it. Target your communications differently for personal occasions and business occasions to assure you're top of mind as the right choice for each occasion you serve.

Breakaway from The Aura of Ordinary — Offer enticing and affordable menu variety and distinctive items to your customers. Whether your customers crave innovation or comfort, satisfying it can make your deli the catering destination in your neighborhood. **DB**

About the Culinary Visions Panel

The Culinary Visions Panel includes an annual roundtable discussion with food industry leaders from retail, foodservice and culinary education disciplines. Thought-leader insights are used to craft a series of consumer surveys on emerging issues throughout the year. The Culinary Visions Panel is a signature service of Olson Communications, a Chicago, IL-based food marketing firm that specializes in trend spotting in the food business.