

Retailers serve up ready-to-eat and ready-to-heat restaurant-quality food to corner a larger segment of the food market.



# TAKING — FOOD SERVICE TO THE NEXT LEVEL

By Judith Springer Riddle

**T**he in-store foodservice business among grocery store chains is evolving and growing at a rapid pace. Retailers are introducing more upscale, restaurant-quality meals to go, testing branded ready-to-eat entrees, expanding food-bar offerings, and re-evaluating how to best serve, showcase, and package product for customer convenience. Some are remodeling stores to accommodate in-store restaurants and seating areas and express checkout lanes all in an effort to capture a larger share of the food dollar.

Fueling the trend are time-crunched consumers with a desire for higher-quality, quick-and-healthy meals that they can take home or eat in the store as well as fierce competition from fast-food chains, convenience stores, and family restaurants that eat up a sizeable portion of consumer food spending.

"The competition will continue to be stiff as you see more and more people getting into the home meal replacement business," said Manda Johns, VP for deli and bakery at Giant Food, Landover, MD. "You see





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gas stations that are offering fried chicken and sandwiches, making it very convenient for consumers to get in and out with a quick meal. So the grocery retail industry is looking to its foodservice departments, asking 'what can you do to gain back that share for us.' "

### The demographics

According to a survey of 500 grocery shoppers, nine out of 10 consumers purchase portable convenience foods, defined as ready to eat, easy to prepare, and portable. The study also found that the popularity of on-the-go foods is more about convenience than portability, as 72 percent of consumers say they eat on-the-run meals at home. Convenience foods are so popular the survey showed that Americans are eating them at nearly every meal.

"It's the consumer's desire to serve her family a quality meal in the shortest amount of time possible," said Jim Gawley, VP for business development at the Food Institute, Elmwood Park, NJ. "Consumers don't just want to bring home a bag of Happy Meals. They want sit-down, restaurant-quality food without the work," he said.

Bill White, president of Shoppers Food & Pharmacy in Lanham, MD, agrees: "Customers want convenience. They want to be able to access food easily, and they want good customer service. If it's dinner, they want to sit and eat it at a café, or take it home. They want to be able to get in and out quickly."

Food service at this 59-store chain consists of in-store seating, soups, hot-and-cold prepared sandwiches, fried and

roisserie chickens to go, side dishes, self-service hot food bars, olive and salad bars, ethnic foods and beverage stations, where fountain drinks and flavored coffees are sold. Furthermore, hot cases of rotisserie and fried chicken are located at the front end for easy customer access. "Foodservice becomes a destination. It helps bring customers back into the store for additional visits and purchases," White said.

### Notching it up

Marsh Supermarkets, Inc., one of the largest regional grocery chains in the country with a long-standing reputation for innovative foodservice opened its first-ever off-site restaurant, called Trios Di Tuscans in Noblesville, IN. The reason: To glean a bigger chunk of the foodservice market that the 68-store chain has never tapped before.

Marsh subsidiary Crystal Food Services operates the family restaurant. Food is cooked fresh to order by specially trained chefs. Customers can eat inside the Mediterranean-style dining room or pick up meals at the drive-up express window. Menu options include a wide variety of rotisserie foods such as roasted meats, hot and cold side dishes, gourmet pizzas with specialty toppings and sandwiches served with soup and a salad.

Since its April debut, the restaurant has exceeded sales expectations. "We reached our targeted revenue within the first 30 days of opening," said Dan Bayt, president and COO, Crystal Catering and the C.A.F.E. Group, Indianapolis. "We're all feeling extremely enthusiastic that the concept has been well received. Part of our sales revenue comes from repeat customers. We're seeing the same faces three times a week." SYSCO Corporation supplies Trios Di Tuscans with butter, sugar and other broadline items. Piazza Produce provides its fresh produce, while Delco Pizza distributes its pizza ingredients such as dough, toppings, cheeses and spices, Bayt said.

Yet, opening an off-site restaurant is the exception, not the rule for most supermarket chains. Some prefer to operate in-store restaurants to keep the bulk of consumer food spending inside the store.

Lunds Food Holdings, Inc., Edina, MN, offers full-service restaurants under

the name Minnesota Grill in eight of its Byerly's units. The restaurants seat approximately 100 customers. There are menus and hostesses to greet and seat patrons. Food is cooked fresh to order for lunch and dinner. And while most customers eat there during grocery-shopping trips, the restaurants have become destination places for consumers who just want quick, great-tasting meals, said Jennifer Panchenko, director of food services for Byerly's.

The food served in the restaurants is also packaged in the stores' hot service cases in the delis for grab-and-go convenience. "The restaurants are another option for providing meal solutions," Panchenko said. "Families may come to our stores and have dinner and afterward go shopping. It's really important that our fresh food departments give customers continued options, so they don't have to go somewhere else to get great meals for their families."

Two off-site central production facilities prepare the food for the restaurants and for the chains' hot and cold prepared foods program, which features a wide variety of prepackaged specialty salads, soups, made-to-order sandwiches, prepackaged meals for in-store or at-home eating, express registers within the prepared foods area, and full-service catering.

Giant Food prides itself on its executive chef program. According to Johns, the culinary-trained chefs set the 198-store chain worlds apart from area competition. They prepare food, educate customers about new products and food trends, offer weekend sampling and help shoppers with wine and meal selections. "They're a great resource," she said. "The chefs make anything from appetizers to meals such as Italian dishes, fresh meats like stuffed pork chops, entrees, side dishes and salads. Our chefs have developed over 350 recipes that they can work from based on store demographics and consumer needs."

Food Lion, Salisbury, NC, entered into a partnership with Boston Market Corporation, Golden, CO, to introduce ready-to-eat and ready-to-heat Boston Market homestyle meals to its stores. Under the agreement, Food Lion sells

Boston Market rotisserie chicken, meat loaf, side dishes, soups and salads in a take-and-go format. The company is testing the concept in one store and plans to roll it out in 11 other units by the end of October.

To keep the concept fresh, Boston Market will introduce seasonal menu items throughout the year such as lemon herb rotisserie chicken, Asian pork loin, barbecue ribs and turkey breast.

"Boston Market has very strong brand equity with the customer," said Darrell Sapp, director of merchandising for concept renewal at Food Lion. "The company specializes in comfort foods that travel well and food you want to put on your table every day. It's not about building new Boston Markets in store. It's about offering customers high-quality foods and convenience," said Sapp, who is also testing a Meal Solutions program alongside the Boston Market brand.

Meal Solutions features sandwiches, ready-to-heat entrees and side dishes like chicken parmesan, chicken marsala, fresh pasta and sauces, rice pilaf, salads, soups, and fully cooked reheatable meat selections like pork chops, chicken breasts and burgers.

At Schnucks Markets in St. Louis, low-carb menu items are one of the strongest growth segments of its foodservice program. The 100-store chain designed a pamphlet for customers listing the number of carbs found in its top 50 deli meats, cheeses, hot foods and salads. Low-carb sandwich options are sold, consisting of a meat and cheese selection with cream cheese and celery, minus the bread, in a grab-and-go container. "These sandwiches are selling extremely well," said Ed Meyer, VP for deli/seafood/carry-out foods. "The low-carb, high-protein category is a growing segment that continues to grow in our marketplace," he said.

Additionally, hot meals to go in single-serve and family-size microwaveable and oven-safe containers are offered as well as grab-and-go fried and rotisserie chicken. Hot soups, spicy chicken wings, olives and a large variety of salad trimmings are served in 18-linear-foot food bars. The majority of the stores have express registers in the prepared foods departments for customer convenience. "Customers

can buy a whole roasted chicken, a two-foot sandwich, or Italian sub, and they're out the door," Meyer said.

### The wholesaler's role

Continued growth and success of in-store foodservice will depend largely on how well wholesale food service distributors meet the needs of supermarket retailers through program development, merchandising and design and on how well manufacturers prepare product tailored to the supermarket setting.

SUPERVALU, INC., Eden Prairie, MN, the nation's 11<sup>th</sup> largest supermarket retailer and wholesaler, partners with an alliance of regional and specialty foodservice distributors across the country to supply its nearly 1,500 stores. The company's design-service group assists retailers with equipment selection, department design and décor, menu selection, and staff training to get their foodservice departments up and running. The marketing staff provides services such as operations analysis, program development and merchandising and works closely with manufacturers to distribute innovative foodservice products to supermarkets, said Judy Bequette, corporate director of bakery, deli and foodservice at SUPERVALU.

"The biggest change in grocery food service has been in manufacturing," said Bequette. "Restaurant-quality prepared foods are more accessible to retailers because manufacturers that have supplied the finest restaurants for years are making products retail and distribution friendly," she said.

Gordon Food Service, Grand Rapids, MI, the largest family-owned foodservice distributor in the country, also helps supermarket retailers develop programs through recipe- and menu-development and merchandising services, said director of marketing Bob Eichinger. The company supplies supermarkets with restaurant-quality frozen prepared entrees such as stuffed peppers, cabbage rolls, lasagna beef stroganoff, fresh precooked meats and frozen raw poultry, beef, pork and seafood. ♦