



Buon Appetito, The Grove Superspar's HMR and sit-down offering is purposefully situated next to the fresh produce department so customers have no choice but to walk past it – or in most cases, stop for some refreshment.

How retailers are making their mark on the foodservice industry

BY LAURA DURHAM

In post-recession times, dining on a budget warrants two options for consumers: To buy a takeaway from one of the many outlets conveniently located around us or to stop off at the local supermarket for some of its home meal replacement (HMR) and in-store dining menu offering. In the end it will come down to great quality food, reasonable prices and an enjoyable eating experience.

Remnants of the recession

According to Eelco Camminga, vice president of Unilever Food Solutions for South Africa, the Middle East and Pakistan, the foodservice industry has definitely been affected by the recession. "The debt crisis has meant that there is less disposable income for those everyday luxuries that had become a habit – the early morning coffee and snack, the lunchtime light meal. These were habits that had formed, and were good for the foodservice industry's growth. With money being in short supply, these habits are dying quickly and are being exchanged with bringing food from home to work, or eating at home before going out to do grocery shopping etc."

There has also been a noticeable reduction in the frequency of visits to restaurants, where those who used to eat out twice a week, have changed to once a week.

"We don't see the end of this trend/behaviour as yet, whilst global and local markets are still in such turmoil. The property and manufacturing sectors still remain largely depressed and this means continued pressure on growth and disposable income," he says.

In addition, it is actually quite difficult to compare this year with 2010 because the hosting of the FIFA Soccer World Cup boosted figures dramatically.

It is not all doom and gloom, however, says Camminga. "There are also opportunities to be seen in this, particularly in the home meal replacement (HMR) sector. HMR meals are still considered a 'take-out' meal, but are often more affordable than a traditional QSR (quick service restaurant) take-out meal," he says.

Good news for retailers

The value of grabbing the grocery shopper's attention is not lost on the foodservice industry. "While servicing them with their shopping items, one should not lose their potential value – they are stopping down the street for their coffee and muffin elsewhere," comments Alisdair Sinclair, MD of General Mills South Africa.

Keep them on the premises with freshly baked pastries and the scent of good coffee through your retail outlet. A small effort can pay off and today there are many franchises specialising in this type of activity," he adds.

"The obvious benefit is that a cup of coffee generates more profit for the retailer than a tin of beans," says Unilever Food Solutions' Eelco Camminga. "If the quality of the meal/coffee served is perceived as good, it may become a reason to shop at that retailer, thereby attracting more feet through the store, or the store becoming a destination venue," he adds.

Investing in one's HMR's department in terms of professional staff, high quality equipment and a wide range of wholesome meals certainly pays off, says Ryan Hodge, retail sales manager for foodservice at Macadams Food Service Solutions, a division of Macadams International.

"Retailers have realised the value it brings to the stores – firstly, from a gross profit perspective, bringing in on average a GP of 42%, where groceries are well below 20%. Secondly, this additional department adds to the feel, aroma and fresh appeal of the store," he says.

Food enjoyment in-store

The HMR department at The Grove Superspar in Nelspruit encapsulates this idea of adding fresh appeal to a store. ▶

IN-STORE DINING ►

Creating an eating experience in-store is exactly what Elzaan Myburgh and her team at The Grove SuperSpar have done. Originally, the Nonna Mia deli was inside the store and the Riverside Café was outdoors but when the seating area started being taken up by non-customers, it was decided to move the chairs and tables inside and to create a dining hub in-store.

Buon Appetito, as it is now known, has become the heart of the store as customers cannot help but be tempted by the delicious looking foods on offer as they pass by. It is purposefully situated next to the fresh produce department so customers have no choice but to walk past it – or in most cases, stop for some refreshment. Myburgh says that if customers don't stop for breakfast before they shop, they'll come by for lunch afterwards or pick up something for later.

"We offer home-cooked meals in a comfortable and relaxed environment. Shopping and eating – it's all under one roof here," she says.

The offering is extensive, and according to Myburgh, "if customers want something that is not on the menu, we'll make it for them. We are happy to work around the customers and what they need". They also offer a catering service where they make up platters, bulk meals and have even catered for a wedding or two.

And customers do already have a lot to choose from. Fresh Italian pizzas are



The Grove SuperSpar also offers sushi classes every Wednesday evening where customers can bring their own wine and learn how to make sushi from scratch.

available out of the pizza oven, sushi is made fresh at the sushi bar and the deli menu offers dishes from traditional macaroni 'n cheese to lamb shanks and game. Customers can choose to eat their sushi at the sushi bar or for it to be served in the general eatery. The pizza den recently introduced stackers and calzones and they can't get them out fast enough!

She says the lunchtime rush starts from 11am when construction workers, business people and government officials come into the store for their favourite wholesome meal – at a reasonable price. "We have a varied customer base but they are all looking for wholesome foods and don't want to settle for a sarmie or takeaway," says Myburgh.

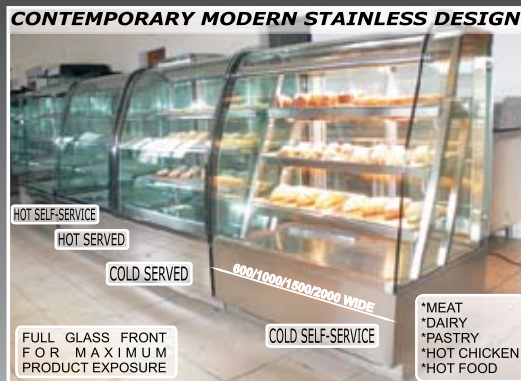
"Our restaurant really is one of a kind. We even make our own ice cream on-site,"

she adds. They have also just started making hot desserts two weeks ago and customers seem to be enjoying the added Malva pudding and apple crumble options.

Myburgh and her team have had an interesting time developing the menu because as soon as they removed some dishes and added new ones, customers would complain that their favourites have disappeared off the menu. They therefore had to go back to the traditional menu and buffet layout and each week, add six dishes to the buffet on a rotation basis. "Customers can now try new dishes each week but also know that they can look forward to a specific week when their favourites will be on the menu," she says.

"Christmas is also a busy time for Myburgh and her team as they offer turkey, gammon and duck to order. Customers are

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Don't make assumptions about your customer base. Rather, introduce a new idea – like a sushi bar – and see how customers respond.

also able to choose from a range of glazes and stuffings. This takes the hassle out of preparing a Christmas feast, which customers are grateful for, particularly in the December heat. "The demand keeps growing since starting this service two years ago. Customers are now asking for all the trimmings – roast potatoes, vegetables, gravy – as well!"

Hands on with customers

Buon Appetito has partnered with the Tops next door and provides canapés for the monthly wine tastings. "The tastings have become a staple in the Lowveld now and people are hungry to learn even more," she says.

The Grove SuperSpar also offers sushi classes every Wednesday evening from 6.30-7.45pm at a cost of R100 per person. This has become very popular and is often used as a team-building exercise by local companies. Customers have to pre-book to get a slot in the class and they can bring their own wine to add to the fun of the evening. Each class member is given the ingredients and tools to make their own sushi – mat, nori sheets and sushi rice – and Liesel Fuentes leads them through the process. "We're all about taking the hassle out of food and making it the way customers would at home," says Myburgh.

"And if there's something we haven't done yet, we'll give it a try!"



The Wedge Food Lover's Market offers a service whereby customers can buy any piece of meat, chicken or seafood from one of the service departments and it will be cooked to their liking for no extra charge.

Focus on service

Even if your store makes the best cottage pie or beef stew in the area, the way it is presented and the service they received, will make customers vote with their feet.

This personal touch is an important reason why The Wedge Food Lover's Market won Gauteng Retailer of the Year award this year, after being open for just five months.

Every department has a department head who is always available to offer advice to customers. "One of our focuses is to bring more of a personal dimension to the business," says owner, Ben Rubin.

This idea is followed through in the store's advertising where the names of the department heads are included in the promotional material. "This helps customers to know that they can ask for Isaac at the Fish Shop for advice," he says.

The store is anchored by its service departments – bakery, fish shop, butchery – and complemented by its Hot Food Emporium and eating niches throughout the store. "We have tried to blend the retail shopping experience with a food experience, mixing in food with shopping under one roof," says Rubin.

The Sushi Bar is popular with business people popping over for lunch and they can enjoy the freshly made offering on the belt quite comfortably amongst the shoppers. The Grill offers a selection of meats and seafood and weekly specials keep the menu fresh. In addition, the store offers a service whereby customers can buy any piece of meat, chicken or seafood from one of the service departments and it will be cooked to their liking for no extra charge.

Customers can then enjoy their home-cooked meal in the Market Café. Alternatively they can choose from the coffee shop menu or take their pick from the home meal replacement (HMR) selection, whose menu changes each week.

All of these dining experiences are overseen by professional chef, John Quinn.

Fresh produce remains a key element of the business, attributing to 30% of sales, according to Rubin. The in-store Smoothie Bar offers a variety of fresh smoothies, made on the spot with either yoghurt or ice cream and the Short Cuts department provides consumers with a vegetable and fruit chopping service.

"Our focus is on fresh produce and service departments rather than groceries, hence keeping that range to essentials. ▶



Customers are able to take their pick from a wide selection of dishes at the Hot Food Emporium at The Wedge Food Lover's Market. They can choose to either take it home or enjoy their meal at the Market Café in-store.

And we do it so much better than our opposition, our customers tell us."

Tips to draw customers in to dine:

- **Know your customer base.** It is vital that you understand your customer base and their tastes when embarking on an in-store eatery. Serving cordon bleu dishes when your customers would prefer chicken and chips, for example, is just silly.
- **Try new things.** But, at the same time, don't be afraid to experiment with new ideas. Introduce sushi to see if it takes off, or keep changing your menu weekly, monthly or each season to make the most of seasonal produce.
- **Communicate with customers.** When trying a new dish or changing the way your in-store dining works (such as moving from menu to buffet), ask customers what they think and be open to their suggestions.
- **Invest in quality.** It is worthwhile to employ a professional chef – even just on a consultation basis – to advise you on ingredients, preparation and menu set up.
- **Add excitement.** Introduce cooking classes, wine tastings or do-it-yourself sushi lessons to get customers coming back for more.



Focus on foodservice

Let's step out of the store for a moment and take a look at the foodservice industry as a whole, as General Mills SA's Alisdair Sinclair believes the tide is turning.

"Entrepreneurs have always played a strong role in developing the foodservice industry, from both the customer and supplier aspect. Despite the presence of many large suppliers, new entrants are always entering with fresh ideas, kick-starting new trends and reminding industry veterans that we all need to remain fleet-footed and innovative."

He says foodservice customers (retailers, restaurateurs and QSR franchisees) are starting to prefer freshly baked items as opposed to frozen. "In particular, we've noticed that cranberry-flavoured items, such as juices, sauces and pastries, are increasingly in demand. Mediterranean flavours continue to be on trend," says Sinclair.

There are many factors that contribute to ingredient choice by customers, most notably brand, sizing and added value. Sinclair elaborates:

"Brands play an important part within the industry and their role is likely to increase as customers look for improved delivery of consistent quality and innovative offerings coupled with technical support."

Unilever Food Solutions' Eelco Camminga agrees: "Customers in the foodservice industry have remained largely loyal to brands they trust, as opposed to trying a service/product which is new to them. They need serious convincing to move to a lower cost product/brand or service."

Product versatility is another key factor, says Sinclair. "Can the ingredient be used to

prepare more than just one item in the kitchen?

With limited space to store many ingredients and consumers demanding variety, versatile products play an important role in pleasing customers and consumers alike."

Some of the bigger retailers, like the Hypers and Makro, have themselves created a foodservice section in store, which offers a range of suppliers to caterers, bed & breakfasts and small eateries. Sinclair sees this as a worthy opportunity to explore.

"A quick look at the United States market shows that this is much more of a norm. In today's South Africa market there are many caterers who prepare some items in larger quantities (making regular supermarket sizes of products simply overpackaged for their needs) but whose business may not justify a distributor dropping at their door," he says.

An in-store foodservice section would allow the caterer to still pick up, for example, a larger quantity of baking premix, as well as the two lemons he/she needs for the recipe.

But, warns, Camminga, retailers need to find a way to make this mutually beneficial for manufacturers in the food industry. "To try and 'force fit' a foodservice manufacturer into a retail type behaviour is not viable for either party."

A foodservice or catering section in stores will help those caterers who prepare some items in larger quantities but whose business may not justify a distributor dropping at their door.

