

# Meals made easy

## Boost your HMR by getting your offering perfect

BY ANELLE HAMILTON

**T**HE ECONOMY has played havoc with supermarket margins! Just too much of what they sell these days are low-margin promotional lines. This is one important reason why HMR and take-out is great business for supermarkets. A good HMR has margin and it brings feet into the store. And for those that get it right, it's really profitable.

### Getting started

Setting up an HMR department is not an inexpensive exercise. Gordon Ayres, HMR guru and owner of AT & D Solutions, says an average HMR will cost R350 000 depending on what type of set-up you want and the type of equipment you purchase. However, he suggests an investment of R500 000. "Even though these amounts sound quite high, keep in mind that the turnover is very favourable."

The credit crunch has had an impact on HMR as well. "I have seen a drop in high end products and impulse buys like single pieces of fried chicken. It is also interesting to note that almost 70% of these impulse buyers are male."

However, the recession has boosted the sales of stews, vegetables and meal-of-the-day solutions. Shoppers are working longer hours in an effort to hang onto their jobs and they do not have time to cook in the



evenings. It's clear customers want value for money. "Customers perceive a good plate of food for around R20 as excellent value for money, and by offering them a meal-of-the-day solution you bring in repeat business," he adds.

### Seasonal food

The economic meltdowns started just before winter and year on year sales in HMR have been very good. "However, dry grocery and butchery sales have taken a serious knock in some stores."

This winter stews sold well, however, soup did not perform well at all. "Pap always sells well and magodo (black tripe) is popular as it is seen as health food much like chicken soup."

### Cater for your market

However, it is essential to get your offering perfect and cater for your specific market.

Pick n Pay Moreletta Park is a good example of a store that got it right. They operate in a predominantly Afrikaans area and introduced melkkos on their menu this winter. It was a huge hit with customers!

As much as 60% of your HMR offering should be made up of popular local dishes. Also get creative and offer your customers a breakfast, lunch and dinner menu. "Don't have the stew ready at 1000 in the morning. It won't taste nice later in the day and no-one will buy it for breakfast either."

Ayres predicts that turkey is going to be a winner this summer. Pre-crumbed or pressure fried turkey with fresh home-made salads made in-store by using the store's fresh produce is going to sell well. Turkey is better priced than chicken and is very tasty.

He observes that lamb is not moving well in stores because of its high prices. Products that look like good value such as liver wrap with bacon and potato wedges will also be

a hit this summer. "My motto is: sell the customer what he/she wants to eat, not what you want to make."

## On promotion

"It is very important that your customers know that you have a meal solution for them before they enter your fruit & vegetable department, which is usually the first department in the store.

Advertise your 'What's for supper?' meals further throughout the store. However, if you opened a new store or introduced a new offering, get the basics right first and then do a promotion. You do not want to lose customers because you can't keep up, or they are not happy with their food.

Pick n Pay Brooklyn, for example, identified Thursday night as a slow night in the HMR department. To boost sales they launched a fish & chips promotion for R13.99 on a Thursday and the demand is huge!

## Challenges

Consistency in your offering is the biggest challenge in the HMR department. The ability to have a consistent range of good food on offer will make your customers come back again and again.

"My advice is to invest in good staff and develop them. Remember to constantly train and retrain them and treat your HMR like it is a business within a business." advises Ayre.



*The hot food counter at Pick n Pay Meadowlands is a hive of activity the whole day. It provides meal solutions for any time of the day.*

## Tips for running a successful HMR

- ◆ Customers want good value for money.
- ◆ Offer healthy food.
- ◆ Cleanliness.
- ◆ Offer good service.

## CASE STUDY

### Pick n Pay Meadowlands

HMR is doing very well in the emerging Black middle class market, with stores in areas like Soweto and Tembisa running successful HMR programmes. One example

of this is Pick n Pay Meadowlands, a newly converted Pick n Pay Family Store that was previously a Score outlet. According to Ayres, this market is perfect for HMR, as it offers people who travel to work very early in the morning and who get home late a much easier solution compared to buying bags of groceries, taking them home on a taxi and having to prepare a meal from scratch.

Pick n Pay Meadowlands invested around R300 000 in its new HMR department. They re-interviewed all the old staff from the Score store and re-employed the majority of

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them. The staff then underwent an intensive training programme. "This store is a perfect example of an ideal HMR offering," says Ayres. It provides a meal solution for any time of the day. The breakfast-run consists of pap and single pieces of fried chicken or fish, for taxi commuters who pop in to buy something before they head to work. Hard-boiled eggs sell really well!

During lunchtime, chicken livers, vetkoek with two different fillings, stews and turkey have been selling extremely well. The store also offers a plate of food for R20. The portions are generous and the customers perceive it as good value for money. There is margin on it so it's a win for the retailer and his customer.

The dinner-run also includes plated food, while whole-roasted chickens are extremely popular. The sale of individual chicken pieces drops at night. The chicken cabinets therefore get stocked with whole chickens at about 1600.

"We cut nine pieces from a chicken and that is why we are 30% to 40% cheaper than other take-away outlets."

More expensive items such as eisbein and lamb shanks sell very well at month end.

There is a huge market for smileys in the townships. However, it is very labour intensive and kills profit.

Health and wellness are also sending ripples through HMR. "This trend has also hit the lower LSMs and vegetables are top



Instore food demonstrations and tastings boost sales in your HMR department. This customer enjoys a tramezzini from Anat at a Pick n Pay store in Potchefstroom.

sellers in township stores.”

Pizza has also become very popular. It is a top seller for the store in the evenings. “A few years ago you could not give away pizza in the townships. However, as more and more people got DSTV and saw that black American men enjoyed eating giant pizzas, it has become a favourite with the emerging market,” says Ayres. The store is investing in a pizza oven and placing it at the entrance of the store for customers who want a take-away.

This summer the store will experiment with pressure fried chicken and combo offerings such as chicken, chips and a cold drink. Retailer tip: Employ a good chef and invest in a proper combi-oven.

### Eat in for under R100

Woolworths has been successfully running a number of promotions over the last few months where customers can purchase a mix of items for under a R100. The last promotion that ran until the 9th of August consisted of a chicken, veggies, red wine/



Turkey, stews and vegetables are top sellers in the HMR department as they are freshly prepared just in time for lunch and dinner.

juice, garlic potatoes and a sticky toffee pudding. “These promotions have been very successful. Cooking demonstrations using the products on offer are held at

the entrance of the food department. Our customers enjoy watching the chef cook up a storm and this boosts sales in the HMR,” says food development manager

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Kate Nkosi. Woolworths got very creative in promoting the offering and in addition to TV, in-store and print advertisements, they also sent SMS messages to their account holders informing them of the special offer.

## Food-to-go shoppers put quality above price

Shoppers who buy food or drink-to-go are more concerned about quality and freshness than price, despite the downturn, reports Namnews.

More than half (56%) of food-to-go consumers decide where to purchase based primarily on the quality or freshness of products such as sandwiches, wraps and salads, compared to nearly a third (31%) who choose their store based on price. This contrasts with when they are doing their main supermarket shop, where more than half (58%) mention price as a primary consideration of store choice. Joanne Denney-Finch, chief executive, IGD said, "Food-to-go is a highly competitive market but despite the credit-crunch, some retailers and suppliers continue to enjoy strong growth. Price is important, but definitely not at the expense of quality food and drink-to-go."

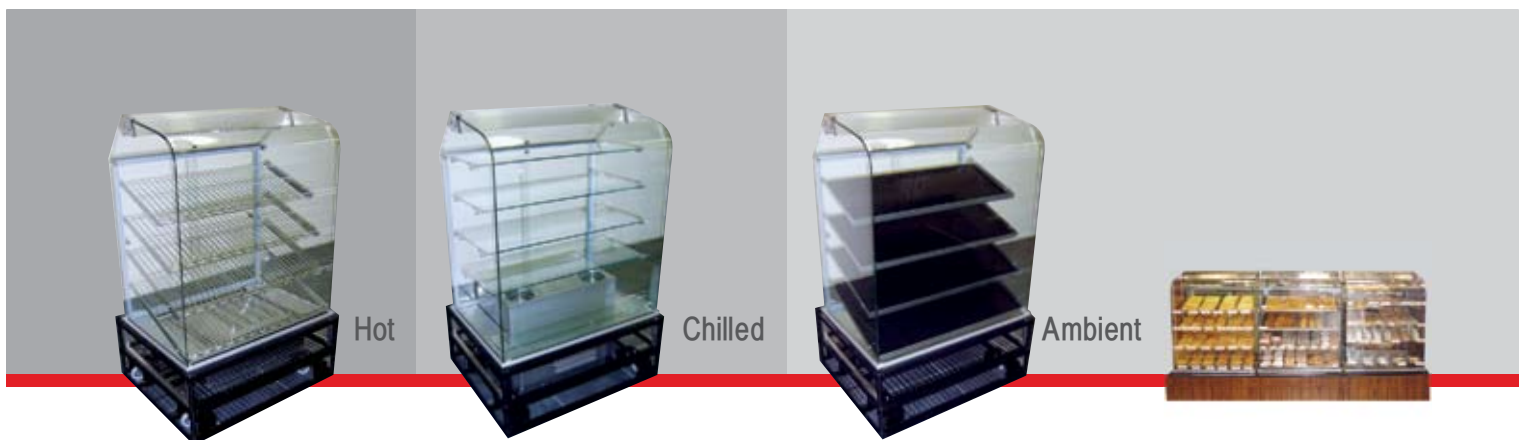
According to a new IGD consumer trends report 'Food to Go', for shoppers in lower social groups, health was not a key consideration when purchasing food-to-go. Many of these respondents recognise that the food they are buying is not considered particularly healthy. They also did not generally consider the amount that they are eating. They were interested in getting more for their money and selected larger portion sizes from fast food outlets as they are perceived to offer better value. Some were willing to trade up in price to have a larger portion size, even if they did not want all of the food as the deal was too good to miss.

Many of these respondents were unaware of the nutritional content of the cold foods they purchased, particularly sandwiches. The lunchtime meal was seen as different to home eating, and there was a perception that it did not make a significant contribution to daily intake. There was however, the recognition that some foods should be eaten in moderation.

Healthier options were seen as unlikely to satisfy hunger and not as tasty. This lack of satisfaction might lead some to consume more portions.



*Eat in for under a R100 at Woolworths. The store also sent out SMS messages to their cardholders to remind them of this offer.*



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*The grilled chicken cabinet gets stocked several times a day. In the mornings it will have single pieces of chicken on display and before dinner it gets stocked with whole roasted chickens.*

## Food-to-go among the health aware

The research indicated that those aware of nutritional information of foods and who also have some interest in eating healthier diets, would not always choose the healthier option when it comes to food-to-go. These respondents had more time to consider healthy options when conducting their main supermarket shops.

Health aware respondents frequently lacked the time to consider the nutritional content of the food-to-go that they purchased.

Other respondents were aware of nutrition information and were actively looking out for the healthy options for food-to-go. Some were influenced by a medical problem or being on a weight loss diet.

Overall around one in seven (15%) of food-to-go consumers rated having a good range of healthy options as an important driver of store choice. Female focus group respondents from higher social groups in particular, were choosing the healthier options wherever possible and looking out for lines with reduced fat and lower calories.

However, other focus group respondents, particularly women from lower social groups, would like to choose healthier options more often but complain about limited choice and lower quality.

Some respondents in the focus groups liked products such as sandwiches that clearly displayed the calorie information on the front of pack.

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**Melkos:** Melkkos is a comforting milk and cinnamon dish that can be served as a light breakfast, lunch or evening meal.

**Mogodu:** Traditional African unbleached tripe

**Smiley:** A 'smiley' is what they call a sheep's head in the townships where hawkers sell them cooked, ready for the table.