

Growing Meatless Sales in Deli



The continued rise of the vegetarian segment has resulted in expanded options for the department.

BY CAROL BAREUTHER

Walk into Zingerman's Delicatessen in Ann Arbor, MI, and the first sight is of a huge four-panel sandwich board. The #2 Zingerman's Reuben, thick with corned beef, Swiss cheese, sauerkraut and Russian dressing, all grilled on Jewish rye bread, is the headliner on the first panel. This best-seller was not only chosen for lunch by then President Obama

during a visit in 2014 and rated among the 'Best Sandwiches in the U.S.' by *Food & Wine* in 2018, but the Reuben is the embodiment of classic deli fare. However, this isn't the only Reuben on Zingerman's menu. The sandwich board's fourth panel features nearly a dozen selections labeled 'Vegetarian', including its #236 Rucker's Raucous Reuben, where grilled tempeh is the corned beef substitute.

Catering to meat-free customers isn't

exclusive to Zingerman's. Dorothy Lane Markets, a three-store chain based in Dayton, OH, offers a vegan shopping guide that lists products by department. Deli selections include hummus, salads like Vegan Chinese Chicken and Waldorf Quinoa and sides such as Roasted Rainbow Carrots, Green Beans Amantine and Lemon Brussels Sprouts.

One of the best and far-reaching examples of how supermarket delis are

contemporizing to cater to meat and non-meat eaters came in September when Columbus, OH-based The Kroger Co, the largest supermarket chain in the U.S. based on revenue with over 2,700 locations, announced an expansion of its private label Simple Truth line called Simple Truth Plant Based. Initial items in this new collection include deli slices in both black forest ham and salt and pepper turkey flavors.

"Veganism as an aspiration is an interesting and impactful health and wellness piece that is trending mainstream," says David Wright, senior manager for marketing at The Hartman Group, Inc., Bellevue, WA. "Our *Health + Wellness 2019* report finds that 9 percent of consumers say they've tried eating vegetarian and 6 percent of consumers say they've tried a vegan diet in the past year. While most consumers continue to eat meat (underscored by sales data showing increasing consumption of animal proteins), the frequency with which we hear of interest in vegetarianism and veganism as aspirational diets points to something else going on."

That 'something else' is an increasingly multifaceted customer base.

No Single Demographic

About 4 percent of the U.S. population is strictly vegetarian and about half of the vegetarians are also vegan, according to September 2019-released results of a Harris Poll survey on behalf of the Vegetarian Resource Group, based in Baltimore, MD. This might seem very niche, but the same research shows 60 percent of 18- to 34-year-olds sometimes or always eat meals without meat, poultry or seafood when eating out. What's more, 52 percent of parents with children under the age of 18 fit this category, too.

"Millennials and Gen Z consumers are leading the charge for vegetarian foods largely because they have grown up knowing that they do not have to sacrifice flavor and satisfaction for great taste," says Sharon Olson, executive director of Culinary Visions, a food-focused insights and trends forecasting practice and division of Chicago, IL-based Olson Communications, Inc. "Look to schools and colleges with ever changing menus that appeal to a diverse international student body, and you will see the habits of

the next generation coming to supermarkets and delis.

Yet, there is a huge range, as the vegetarian segment of shoppers are not exclusive of a single demographic, according to Aimee Tsakirellis, director of marketing for Cedar's Foods, a Ward Hill, MA-headquartered maker of Mediterranean foods. "Consumers looking for vegetarian options may not be strictly vegetarian eaters."

"No longer are plant-based foods reserved for vegans and vegetarians," adds Jaime Athos, president and chief executive officer of Tofurky, makers of soy-based meat and dairy products. "Flexitarians (defined as those whose diet is mostly vegetarian, but sometimes includes meat, poultry or fish), curious carnivores and conscious consumers alike are turning towards plant-based foods as alternatives to everyday foods."

Meatless on the Menu

Vegetarian and vegan products aren't a new addition to the deli. In fact, vegetarian products, based on product labeling and ingredients, accounted for 13 percent of deli sales during the latest 52 weeks ending Aug. 24, 2019, while vegan items tallied to 2.55 percent of deli sales during the same time period, according to New York-based The Nielsen Co.

"Vegetarian sales in deli have increased over the past three years, despite the fact that this department has shown contraction in the latest 52 weeks for the first time during this period. Despite this, vegetarian dollar share of the deli department has remained consistently between 13 to 14 percent for the past three years," says Genevieve Aronson, vice president of communications for Nielsen. "Similarly, vegan sales have increased over the same time, despite the downturn described above. Vegan deli department dollar share has been very consistent at roughly 2.5 percent."

"Health and vegetarian trumps local, as grains may be sourced from outside the U.S.," says Carl H. Cappelli, senior vice president of sales and business development at Don's Prepared Foods, Schwenksville, PA.

The company's best-selling vegetarian items include a variety of lines, such as Wheatberry; Mango Lime Quinoa; Roasted Corn Salad; Seven Grain Salad;

Cranberry Grain Salad; Island Grain with Beans; and Spicy Black Beans with Corn.

"There is a growing demand for functional foods that can fulfill a nutritional need in an alternative way. For example, hummus is a great source of protein and fiber and therefore, could be used as a protein contribution in a meal," says Cedar's Foods' Tsakirellis.

She adds that over 95 percent of the company's products, which, in addition to hummus, also include salads such as

VEGETARIAN AND VEGAN (SORT-OF) DEFINED

There is no federal definition or regulation of the words 'vegetarian' and 'vegan' in the U.S. Across the pond, the European Commission started the process of formulating an opinion on the topic this year, which is hoped to ultimately feed into an act that definitively addresses these terms for consumers and manufacturers alike.

The challenge, especially for deli operators seeking to answer shoppers' questions about what ingredients are or aren't in a product, is that there are four types of non-meat eaters. These are Lacto-Ovo (eats dairy and eggs, but avoids meat, poultry or fish), Ovo (eats eggs, but not meat, poultry, fish or dairy), Lacto (eats dairy, but doesn't eat meat, poultry, fish or eggs), and Vegan (does not eat meat, poultry, fish, eggs or dairy), according to the Baltimore-based Vegetarian Resource Group. It gets even a little trickier. For example, some vegans avoid honey and products that contain this natural sweetener. Others want to know that the sugar in a food isn't processed with animal bone char.

This quandary isn't necessarily solved by labels. There are a number of non-profits, such as the Vegan Awareness Foundation in Richmond, VA, that offer certification and private companies, like Whole Foods Market, that have their own label and guidelines on what they label vegetarian and vegan. However, for now, the best rule of thumb for deli operators is the tried-and-true: know your products and know your customers. **DB**



PHOTO COURTESY OF DON'S PREPARED FOODS

tabouleh, black bean and Mediterranean lentil and both mild and medium hot tomato-based salsas, are vegan certified.

Many traditional deli salads and sides fit a vegetarian or vegan profile.

"When plant-forward hit last year, we just reclassified 30 to 40 of our products that were already this way and put them on a sell sheet to help with the marketing," says Bob Sewall, executive vice president of sales and marketing for Blount Fine Foods, based in Fall River, MA. "No longer do retailers want an assortment that only spans broth- and cream-based. Now, they also want soups that are, for example, organic, gluten-free, vegetarian and vegan."

Blount's soup selections include a vegetarian tomato bisque and vegan garden vegetable. This fall, the company will introduce a meatless chili. Additionally, side dishes span from vegetarian mashed sweet potatoes to vegan sweet and spicy riced cauliflower.

"The benefit of having plant-based sides on a deli's hot bar is a better gross margin. On a per pound basis, protein is more costly than grains and vegetables," says Blount's Sewall.

Both vegetarian and vegan breads are ideal to cross merchandise as a soup go-with, crouton base for salads and for sandwich making.

"One hundred percent of our breads are vegetarian," says Warren Stoll, marketing director for Kontos Foods, Inc., headquartered in Paterson, NJ. "And, we are in the process of rolling out breads that qualify as vegan. Currently, our best-selling Gyro bread is vegan. We sell it in four to five in a pack for retail or a 10-piece pack for food-service applications. It makes a great vegan grilled cheese sandwich best served with tomato soup."

Meats, one of the deli's classic categories, are where plant-based product development has proven explosive. For example, recent data from the Good Food Institute, a Washington, D.C.-based non-profit, shows that plant-based meat captures 2 percent market share of retail packaged meat sales and is worth more than \$800 million. Refrigerated plant-based meats are driving category growth, with sales up 37 percent.

"Consumers are looking for products that they can easily swap out for favorite or familiar products, like the chicken on a salad, the sausage in their grandmother's pasta recipe or deli slices in a traditional sandwich. To this end, we offer a varied



PHOTO COURTESY OF KONTOS FOODS, INC.

portfolio of plant-based products. Plant-based Tofurky Chick'n is one of our newer items that have really surprised people with its versatility. Tofurky Chick'n can be seared, steamed or tossed cold for use in salads, stir-fries, wraps and bowls. It has a great texture and protein content and is available in four tasty flavors, including Lightly Seasoned, Thai Basil, Sesame Garlic and Barbecue," says Athos.

The company's selection of plant-based oven-roasted deli slices, including Peppered, Hickory Smoked, Bologna, Italian and Roast Beef, are also popular in delis, she adds.

Last year, Maestri d'Italia, which has sold authentic Italian deli meats like Prosciutto di Parma and Tuscan Porchetta since 2014, introduced four Italian-made, U.S. pre-sliced veggie deli slices under the company's Good & Green label. Flavors include Veggie Prosciutto, Spicy, Carpaccio and Lupini Beans. The soy-free slices, formulated from high protein wheat and chickpeas in a process that includes fermentation and drying to produce both appealing flavor and texture, are sold in 3-ounce clear plastic packages.

"We weren't sure what the U.S. market wanted, so we started with two meat mimics and two produce-based products," says Athos Maestri, founder and president. "Now, before the end of the year, we'll introduce two new products: a veggie turkey and pepperoni."

New this fall, over 50 Whole Foods Markets, will introduce a Reuben redux. That is, premade sandwiches through a commissary operation that serves the Los Angeles-based Unreal Deli's chickpea-based corned beef on a whole-grain seeded roll with green leaf lettuce and a vegan Russian dressing. The produce- and

grain-based product gets its ruby red color from beets.

"We do sell pre-sliced, but most delis prefer the more authentic style of logs, like a long salami, and slice it down the middle themselves," says Jenny Goldfarb, Unreal Deli's founder and chief flavor officer, whose great grandfather owned and operated several delis in New York City and whose swap to a meat-free diet happened in 2011 when she and her family moved to California. "We have introduced a cubed version, perfect for salads and tacos, and in 2020 will introduce a turkey veggie deli meat."

Promoting Plant-Based in the Deli

The best way to sell more plant-based foods in the deli is to let all customers know it's available.

Sign boards, product labels and in-store point of sales as well as online and weekly print circular ads are all sound methods. What's more, the deli is the perfect place to promote vegetarian and vegan foods, especially meat-free meats.

"There are two different places in the store to merchandise plant-based meats. One is in the produce department, next to the tofu, and the other is in the deli. We see the deli, right next to the real meats, yield much better sales results. That's because the vegetarian or vegan shopper will go to produce, but in the deli you get customers who eat meat regularly as well as those who are attracted to plant-based alternatives."

Cappelli recommends incorporating vegetarian dishes as a component to a dish.

"Merchandise behind the glass, as these items are colorful," says Cappelli. "Our lines also can be merchandised with meal kits, wraps, in grab-and-go cups, as sides or tied in with a meal solution."

Interestingly, nearly all (98 percent) of meat alternative buyers also purchase meat and do so more than the average meat buyer, according to *The F Word: Flexitarian Is Not a Curse to the Meat Industry*, published by the Nielson Co. on July 25, 2019.

In the end, meatless foods are not about to take over the deli, according to Eric Richard, education coordinator for the Madison, WI-based International Deli Dairy Bakery Association (IDDBA). "What these trends signal is an opportunity to offer both animal and plant-based foods to an even larger customer base. It's a win-win, the perfect opportunity for the deli."

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