

## Blurred Lines Between Retail and Foodservice

Collaborative supermarket retailers and produce suppliers can cash in on consumer desire for fresh menu items.

### Produce Fuels Deli Enhancements

The deli section of the supermarket is most likely the origin of this blurred line between retail and foodservice, says Shayna Snyder, senior account manager for **Olson Communications in Chicago**. "Supermarkets started selling sandwiches, and some have evolved to add seating areas for consumers to eat inside the store. Now, we even see some supermarkets that have foodservice kiosks or even full-service restaurant concepts inside the store."

"Affordable, healthy food" is the biggest trend in all channels right now based on research from the Center for Food Integrity, says Amy Myrdal Miller, MS, RDN, FAND, founder and president of Farmer's Daughter Consulting in Carmichael, CA. "We've seen incredible changes, from the standard deli items of cold cuts and mayonnaise-based salads to a wide variety of prepared ready-to-eat and ready-to-heat items."

Indeed, the top three food-related factors that drive consumer purchase decisions from the supermarket are taste (91 percent), appearance (89 percent) and impression of freshness (88 percent), according to a 2017 assessment of the supermarket foodservice channel as provided by Chicago-headquartered Technomic. Fresh produce figured prominently into each of these points.

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— Kalia Pang, Sprouts Farmers Market

A good example is the offerings at the Market Corner Deli at Sprouts Farmers Market, a nearly 300-store chain based in Phoenix and operating in 15 states.

"Over the past couple of years, we have added salad bars, freshly squeezed juice, olive bars, fresh sushi and soup bars to many of our stores," says Kalia Pang, company spokesperson. "In addition, we've expanded the selection of freshly prepared foods offered in our full-service deli case, which now includes various entrees, salads and side dishes. These deli enhancements are in close to half of our stores today and are truly changing the way our guests shop at Sprouts."

The overarching desire for health is destined to put more produce on the plate, according to Steve Petusevsky, president of Fort Lauderdale, FL-based Steven Petusevsky Enterprises and chairman of the Appetites & Innovation Retail Supermarket Initiative at the Culinary Institute of America in Napa, CA. He is also a trend-setting chef who served for more than a decade as corporate chef for Whole Foods Market, where he developed more than 1,000 core recipes. "People today are interested in globally inspired, plant-forward cuisine. Plant-forward is profitable secondary to cost of protein, and this bodes well for supermarkets that are not high profit."

## How Produce Retailers And Suppliers Can Cash In

There are several ways supermarket retailers and produce suppliers can take a bite into the potentially profitable pie of retail foodservice:

For Retailers

1. Seek out chefs. Retailers are recognizing prepared foods are a differentiator, and they no longer compete only with other supermarkets but with foodservice operators too, according to Jacquelyn Chi, associate director for programs and special products under strategic initiatives at the Culinary Institute of America at Copia, in Napa, CA. "As a result, they know they need to have culinary driven people in these areas."

Trend-setting retailers have already gotten this message. In fact, says Greg Drescher, vice president of strategic initiatives and industry leadership for the Culinary Institute of America, in Hyde Park, NY, "There are more than 100 CIA graduates each now employed at Wegmans and Whole Foods, and other retailers from the East Coast to Hawaii are attending our job fairs. This gives a good indication of where retail and foodservice are headed."

The Culinary Institute launched its Appetites + Innovation forum in 2016 to boost innovation in retail foodservice and prepared foods, especially when it comes to the recruitment and training of culinary talent. Chi remarks that more supermarket retailers are attending this event each year. The next will be held August 20-21 at the Copia campus.

Hiring chefs is definitely a good way to bring more shoppers into retail. Specifically, last year's Deli Experience research from the **Culinary Visions Panel, a Chicago-based food-focused research and trend-forecasting firm**, indicated that restaurant quality is the gold standard, with **72 percent** of consumers saying they **like a deli where the prepared foods are comparable in quality to their favorite restaurant**. Forty-four percent responded their local deli could become their go-to eatery if the deli had a chef creating the menu.

"Oftentimes, the goal is that the chef will **elevate prepared foods offerings**," says Olson Communications' Snyder. "Implications include bringing more interest and attention to the produce available in the store after featuring specific vegetables or seasonal produce in their prepared foods, on catering menus or in holiday promotions."

Produce industry partnerships with retail-based chefs offer the chance to tell the story about fruits and vegetables, adds Chi. "Chefs love a good story, like where and how something is grown and the grower behind it. They are happy to pass this story onto their customers and likely amplify and build on it by highlighting the ingredient in a special way. To do this, growers could invite retail chefs to tour their operations."

To make professionally trained chefs feel at home in retail, it's important for supermarkets to pay attention to the mind and motives of the chef, according to Drescher. "To make sense as a resume-building career move, chefs need to be supported. Look at college dining. It was a culinary wasteland 30 years ago. They knew they needed to step up their game, and to do this they brought in chefs to innovate. Consumers today want to eat seasonal, local, vegetarian, healthy, organic, Italian, Korean and more, much of it plant-forward and produce-centric, and to do so every day. It takes strong culinary leadership to make this operationally achievable at the retail-store level."