



NINE TOP RETAIL DELI TRENDS FOR 2022

FIND OUT WHAT'S IN STORE FOR THE YEAR AHEAD.

BY CAROL M. BAREUTHER

The supermarket deli fared well last year compared to many segments. Specifically, 53% of supermarket deli operators said they saw an increase in sales, while about a third reported that sales stayed the same and only 8% saw a decrease, according to Datassential, a Chicago-based foodservice market research firm.

What about in 2022?

Here are nine trends forecasted to drive customers and their dollars into the deli.

1. MINDFUL DINING GOES MAINSTREAM

Customers are looking for cleanliness and safe, fresh food, says Gayle De Caro, specialty cheese category manager, deli and deli merchandiser for Gelson's Markets, a 27-store chain headquartered in Encino, CA. "Sustainable, humanely-raised and organic are driving the consumer, especially those looking for healthy snacking and grab-and-go dining."

Healthful high-quality ingredients are what differentiates products sold in the grocery versus the deli, says James Anderko, vice president of sales and marketing for Hingham, MA-headquartered Venus Wafers, Inc., makers of Mariner brand flatbreads, which are vegan verified, non-GMO certified, kosher and free of saturated fats and trans fats.

Mindful dining is something Sharon Olson and her team defined as a mega trend more than a decade ago.

“Our recent studies show this trend has continued to accelerate and has become mainstream,” says Olson, executive director of Culinary Visions, a division of Chicago-headquartered food-focused insight and trend forecasting firm, Olson Communications, Inc. “Consumers in a recent study we fielded reaffirmed their interest in many aspects of value beyond price. These factors include concern for everyone involved in bringing their food to the table. And importantly, for delis in these uncertain economic times, 64% of those we surveyed said they would be willing to pay more for ethically-produced meals.”

Plant-based versions of deli items are emerging and becoming mainstream, according to Gelson’s De Caro. “We will see more plant-based meat, cheese and salads. The next frontier we will see more food being created in a lab.”

This doesn’t mean that healthful and ethical eating will totally trump indulgence going forward, says Paul Baker, founder of the St Pierre Bakery and CEO of the St Pierre Group Limited, in Manchester, UK. “A Tastewise Spotlight Report from June 2021 confirmed that the key driver for croissants is the taste and experience and that these attributes of great quality and taste will outweigh health arguments time and again. Our products are there for those moments, the need for a little indulgence.”

2. CONVENIENCE MEANS RESTAURANT QUALITY

Convenience means something different than it did a couple of years ago, says Melina Romero, trend specialist at CCD Innovation, a food and beverage product development and commercialization agency in Emeryville, CA. “Previously, convenience was driven by hectic on-the-go lifestyles. Now, consumers are looking for convenient at-home ways to offer feel-good dinner solutions to their families that are ready-to-eat and add restaurant-quality offerings with minimal prep and clean-up.”

Damita Crouse, insights and innovation at the Austin, MN-headquartered Hormel Foods Corp., agrees and adds, while “consumers will continue to eat more at home and have increased their cooking

skills, there is fatigue in meal planning and preparation as well as time constraints. The deli provides solutions that save time and labor for consumers without sacrificing taste or health.”

Chef-focused or restaurant-quality offerings are a way to take the pandemic-spurred uptick in deli prepared food sales a step further, says CCD’s Romero. “Many private label CPG brands are looking for their share from foodservice while they can take it. For example, Cadence Kitchen & Co. (in Downers Grove, IL) recently

launched Frozen Lobster Tortellini with the branding, ‘Dining Out at Home’ to attract would-be restaurant patrons. Consider how prepared food offerings could take a similar share from restaurants. Highlight a high-quality ingredient like grass-fed beef or call out a restaurant-style cooking technique not easily achieved at home like sous vide.”

Another good example is deli bread.

“Brioche is now widely recognized to elevate everyday meals, recreating restaurant quality at home. Ours has grown 63% year on year,” says the St Pierre Group’s Baker.

Baker adds, “Our products are perfectly placed to boost supermarket sandwich programs. Research has proven that consumers are willing to pay more for a gourmet burger bun or a recognized brand on a menu. Supermarket sandwich programs are aligned closely with our ambition to deliver a quality experience, which is why we have partnered with Kroger stores nationwide and launched a chicken sandwich in September.”

Store-wide, cross merchandising focused on deli rotisserie chicken is a way to provide restaurant-like dishes at home.

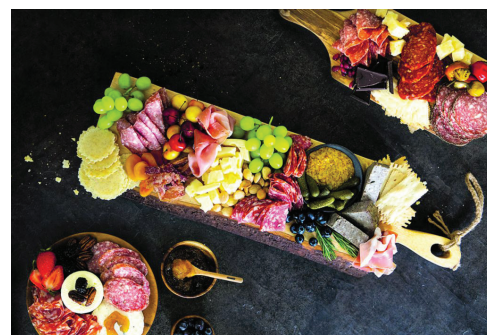
“Customers don’t mind taking a few extra steps to pick up the ingredients needed for a meal they are proud to serve their family. The key is letting them know where they are going in-store and why. This means good communication and even providing meal ideas before they enter the store. For example, a rotisserie chicken from the deli, fresh spinach and strawberries from produce, and slivered almonds from the grocery aisle. All they have to do is open packages, and they have a foodservice-

quality chicken salad meal,” says Eric Le Blanc, director of marketing for deli at Tyson Foods, Inc., in Springdale, AR.

3. GRAB & GO GROWS STRONGER

While behind the glass deli maintains its mystique as the most premium deli experience, grab-and-go has gained a lot of traction by basking in its glow and providing practical, often time-starved consumers with a speedier way to satisfy their deli desires without compromise, says Tanya Rodriguez, senior human experience research manager, for Hormel, regarding deli meats.

The same applies to deli salads.



“This season will be all about grab-and-go. Single-serve will be important in giving consumers mix and match options. Our single-serve potato, macaroni and pasta salads give consumers a wide range of options to pair with more classic items like sandwiches and wraps, while our new single-serve chicken salad can be the star on its own paired with crackers, rolls, salad, cut veggies or fruit,” says Nathan Roe, senior manager for deli strategy and customer marketing for Reser’s Fine Foods, Inc., in Beaverton, OR.

Busy shoppers can look for the company’s new Deli Preferred line in-store in the grab-and-go section. These include lighter, vinaigrette-based salads like Basil Pesto Bowtie and Lemon Capellini; ethnic varieties like Thai-Style Noodle and Greek Pasta Salad; and classic favorites like Rustic Red Potato Salad. Each is developed to look made-in-store and capture more refined tastebuds.

Innovation will drive the future of the deli salad category, from new products within traditional segments to pushing boundaries with creative line extensions,

to opening completely new segments, says Roe. “A focus on a single herb or spice (e.g., dill, parsley, cilantro) or a primary ingredient, like deviled eggs, gives a quick cue of what the customer can expect. Our research and development chefs are also introducing appealing ingredients such as wild rice and pepitas, with creative techniques (such as roasting, spiralizing or caramelizing), for new and delicious flavor combos.”

4. PACKAGING LOVE-HATE WILL PERSIST

Two years ago, self-serve salad bars, hot bars, abundant buffets and cheese and charcuterie grazing tables were the rage. Fast forward to last year and all that stopped, says Gelson's Markets' De Caro. “Self-serve was not available (due to pandemic produced safety concerns). We saw double-digit growth on in-store pre-packaged deli items and individual serving sizes. People would rather purchase a pre-packed meal they have to warm up than purchase a meal in the hot bar.”

The U.S. packaged food market, which was valued at \$996.56 billion in 2020, is forecast to expand at a compound annual growth rate of 4.1% from 2021 to 2028, according to the February 2021-published report, U.S. Packaged Food Market Size, Share & Trends Analysis Report By Product (Beverages, Ready-to-Eat Meals), By Distribution Channel (Supermarkets & Hypermarkets, Online), and Segment Forecasts, 2021-2028, from Grand View Research Inc., with U.S. headquarters in San Francisco.

Consumers gave operators a bit of a pass on packaging throughout the pandemic, but 66% of consumers say they will be more concerned about disposable packaging and its environmental consequences in the future, says Mike Kostyo, trendologist for Chicago-based Datassential. “As consumers continue to see the impacts of environmental issues firsthand, these concerns will only grow. I know finding any take-out packaging at all is difficult for operators right now, but operators should have real plans for offering more sustainable packaging in the future and even consider options like reusable packaging in the longer term.”

5. HOME ENTERTAINING – THE PARTY CONTINUES

Consumer desire for entertainment didn't wane during the pandemic but shifted homeward due to social distancing. Shoppers are still keen to make at-home celebrations memorable, and this includes products such as show-stopping deli platters.

“Consumers continue to look for bold flavors, convenience and versatility as

well as better-for-you options. These are expertly-paired options in Columbus-brand Charcuterie Tasting Boards as well as charcuterie meat trios. Pairing guides and in-store displays help consumers feel like an expert and impress their guests,” says Hormel's Crouse.

One of the company's Charcuterie Tasting Boards, for example, contains products including Italian dry salame, Calabrese salami, white cheddar cheese, multigrain crackers, Castelvetro olives and dark chocolate-covered cranberries.

“There needs to be enough variety in the platter to keep shoppers interested. A good balance of ‘new’ versus ‘reliable,’” says the St Pierre Group's Baker. “Finding a bread carrier that can cater to savory and sweet items is key for retailers. Our range of Brioche Burger Buns, Hot Dog Rolls, Sliced Brioche Loaf, Brioche Sliders and Brioche Baguettes works perfectly served with sweet or savory dishes, which can really help broaden the appeal of a party platter.”



6. MEAL KITS MORPH

Meal kits were a burgeoning category a few years ago.

“These kits provide consumers with an alternative to eating out, but at the same time, give them some of the same types of experience through flavors and dishes

with streamlined cooking instructions and all the necessary ingredients. This allows the consumer to learn something new and prepare a delicious, fresh and nutritious meal at home,” says Hormel's Crouse.

Today, 78% of operators offer meal kits. Nearly two-thirds of supermarket prepared food operators say meal kit sales have been increasing, twice the number who said that two years ago. A third of consumers say they currently purchase meal kits at least occasionally from grocery stores, according to Datassential's Kostyo. “Abandonment is high, however, with 22% of consumers saying they used to order them from supermarkets but no longer do, although nearly the same number—23%—say they are interested but have never gotten a meal kit from a supermarket, so there is an untapped opportunity.”

We are closely watching the meal kit trend and looking for insights into why some consumers want a minimal amount of preparation, and some prefer a few cooking and heating steps, says Reser's Fine Foods' Roe. Fully-assembled meal kits, as well as those with just a few assembly steps, are a part of the company's offerings that will continue to expand.

An out-of-the-box take on these kits moving forward could focus on a single recipe rather than a meal. The CCD's Romero points to two CPG/QSR examples that could be translated to the deli. The first is the Sourdough Bread Making Kit from DIY food kit and urban farm concepts company, FarmSteady, in Brooklyn, NY. The second is a Chocolate S'mores Kit, which contains caramel chocolate bars, artisanal marshmallows, buttery oat cookies and bamboo skewers, and comes from Omnon Chocolate, in Reykjavik, Iceland.

7. EXPERIENCES TAKE CENTER STAGE

There's a renaissance coming, and innovation in the deli needs to be ready for it, says CCD's Romero. “Once people feel safe to do so, restaurant reservations will resume, vacation and travel will skyrocket, and no one is going to want to be indoors. What is it we're all starved of? Experiences. Consider how the deli can reinvent itself by engaging through food. Experiences that are shared and connect people will

be primed for this new era. For example, who doesn't love a good fondue—perhaps updated with diced hatch chilies or buffalo flavor for an updated spicy kick?"

As shoppers return to in-store experiences, there is a much greater opportunity to influence them with effective merchandising, specials and aromas from freshly-prepared foods.

"Tasting has been a time-honored tradition, and sampling today has to be done with greater attention to contained individual portions, but it is still the best way to tempt customers with a new experience," says Culinary Visions' Olson.

Consumers love samples, agrees Datassential's Kostyo. "While sampling was on hiatus during the pandemic, operators continued to find ways to bring them back safely. In total, 61% of consumers say they like sampling events, making them their favorite promotion."

Taste sampling is often part of the iconic behind-the-glass deli experience consumers continue to crave.

"Getting product advice from a knowledgeable team member, choosing custom cuts and amounts of meat, seeing your meat freshly sliced and carefully packaged in high-quality paper or plastic deli bags work together to create a deluxe deli experience. While all deli items do not come from behind the glass, consumers expect similar premium products and crafted quality throughout the deli. This is where our Columbus brand is especially successful by combining Old World-crafted meats with modern elegance and food-forward pairings," says Hormel's Rodriguez.

In a similar vein, food marketplace culture is one trend Olson and her colleagues have long monitored and that picked up great momentum pre-pandemic. As large food hall venues were emerging throughout the country, more than half (57%) of the consumers surveyed said they enjoyed these markets because they offered just as much of a social occasion as a shopping trip. Many supermarkets were creating these types of marketplace venues to encourage customers to linger and enjoy the food, beverages and ambiance.

"Large communal shopping and dining venues were devastated by the pandemic, but we are seeing a new normal emerge with reopenings in major cities with some modifications like social distancing, seating for smaller groups and increased emphasis on take away. Consumers are anxious to gather over food again," says Olson.

8. ONLINE SHOPPING SLOWS...BUT WON'T GO AWAY

The pandemic introduced many to online shopping. Going forward, some customers will stop click and collect shopping while others will continue. Deli operators need to be ready for both.

"The more things change, the more they remain the same. We heard that e-commerce was changing the way Americans shop. Back in April 2020, there was a much higher trial rate in click and collect and delivery. But the retention rate was low, and the business quickly settled back to levels only slightly above pre-pandemic. Those numbers are deli-

prepared numbers. Many of the stats you see are for total store, and those numbers misrepresent the reality for deli," says Tyson's Le Blanc.

However, some retailers are merging convenience and customization by featuring all the behind-the-glass deli items online and offering rich descriptions of each by concentrating on cooking method or flavor and allowing the consumer to still customize the cut and amount, according to Hormel's Rodriguez. "Some retailers even give the consumer an example of how the cut will look, along with a description of the cut. Strategizing on how to translate the behind-the-glass experience to an online format will be critical to delis as e-commerce gains traction."

9. EVERYTHING IS STILL ON THE TABLE

Everything is on the table when it comes to the future of supermarket delis, says Datassential's Kostyo. "New technologies, flavors, concepts, dishes, etc. are all fair game. The lines between segments are blurring more, and consumers want food on their terms. Delivery will be key, plant-based and globally-inspired options are increasing, and ghost kitchens and delivery-only concepts are popping up in every segment, including at retail delis. New ideas have the potential to disrupt the old way of doing things very quickly, so supermarket operators should keep an open mind and be ready for new trends and consumer wants at all times." **DB**