

COVER STORY



Capturing Generation Next

Delis that stick with the same-ol' same-ol' are not going to attract today's young adult consumers.

By Heather Nelson, Olson Communications

In a high-tech, fast-paced world where young adults can have their entire music collection in their pocket, e-mail sent to their phone and groceries ordered via the Internet, why would this "food court" generation buck their fast-paced, grab-it-and-go mentality to stand in line at the deli and wait for their order to be prepared?

Not only are today's young adults time-crunched and health-conscious, but they are also food-sophisticated, brand-sensitive and money-savvy. Ranging in age from 18 to 25, these young adults have had control of their money from an early age and have learned to make choices on how to spend it — and they spend most of that money on food. But before they fork over the cash, the "food court" generation demands quality, flavorful foods and it demands them at unconventional hours and intervals.

Capturing the attention of this coveted market can mean big business, not only for their current buying power, but also for the buying power they represent as lifelong consumers.

"They are now independent decision makers with less parental or teacher control over their spending," says Tami Cline, co-founder of Y-Pulse, LLC, a youth food-service research company with offices located in Chicago, IL, and Marina del Ray, CA. Cline says the hope is that capturing the young adult market now will spill over into buying habits for the rest of their adult life.

This is an attractive age group for deli operators, who are already poised to cater to their grab-and-go mentality. This group is "very different from the baby boomers — very health conscious, very physical. I think that this is a generation that does not care to cook often because they grew up with mothers who were working and did not have time to cook often, either," says Jennifer Panchenko, director of deli operations for Lund Food Holdings, operator of Byerly's, a chain of 20 upscale supermarkets throughout St. Paul and Minneapolis, MN.

To Cook Or Not To Cook

A recent Y-Pulse survey of more than 280 young adults, ages 18 to 25, on their attitudes toward food found that more than one-third of young adults rarely cooks or does not cook at all. Only 15 percent say they cook at least one meal a day. One in four consider reheating a frozen meal to constitute "cooking."

In a recent focus group, conducted by Olson Communications in Chicago, IL, young adults echoed similar sentiments. Many say they prefer not to cook because it takes too much time, it is inconvenient, or they simply do not know how. However, others say they enjoy cooking — even infrequently — because it allows them to customize their meal and because cooking at home is perceived as more healthy than purchasing ready-made foods.

"I like to cook because I can control what I am eating and make what I like. It's

also a lot cheaper than eating out," says Annie, 25. Nearly 70 percent of young adults surveyed by Y-Pulse agree that they cook at home to save money.

Parents are the biggest influence on young adults' cooking habits; about 60 percent say they learned to cook from a parent at home. About one-third say they are self-taught and another seven percent say they do not know how to cook at all.

"I never cook at home, that's why I love deli meat so much. There's no cooking required and it's low maintenance," according to Ann, 21.

"I cook very rarely and when I do, it's usually just something quick I throw together. I don't really have the patience to cook a detailed meal at home," explains Steve, 23.

The lack or infrequency of cooking by this group is evidence of large profit potential for delis, where shoppers can purchase quick, ready-to-eat options or items that do not require cooking. However, few delis and supermarkets are actively targeting this age group with marketing or promotions to build business.

"Although we do not design marketing plans toward capturing this age group demographically, we can see our customer base becoming younger," says Panchenko.

The Food Factors

As the customer base in most foodservice operations becomes younger, this up-and-coming age group brings with it a new set of demands and preferences with

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considerable emphasis on convenience, nutrition, appropriate pricing and variety.

In its recent survey, Y-Pulse asked young adults where the majority of their meals are purchased. More than one-third say the grocery store is their first choice, 20 percent choose fast food restaurants as their primary destination, 19 percent choose cafeterias and 16 percent say full-service restaurants are their first choice.

In considering where to purchase meals, Y-Pulse found that price is the number one factor for young adults, followed by convenience, nutrition, location and meal plan obligations for those who are students. But among those whose first choice for food outside the home is the grocery store, nutrition plays a larger role as a deciding factor.

Nutrition -- Who Cares?

When it comes to nutrition, this food-savvy market is perhaps smarter in their choices than generations before them. Rather than following fad diets or other quick fixes, many young adults are opting to eat healthfully simply by making educated decisions when it comes to purchasing food.

Limiting the amount of mayonnaise-based side dishes in the deli counter or advertising sides that are made with light mayonnaise appeals to young adults.

"I'd like to see prepared foods that are made with less mayonnaise, more flavor," says Nicki, 23.

More than 50 percent of those surveyed by Y-Pulse say they diet when they need to, but 78 percent say they do not try the latest fad diet. Only 22 percent take dietary supplements of any kind and only 19 percent eat meal replacement bars or supplements.

While healthful options are in high demand, only six percent of those surveyed by Y-Pulse say they are either vegan or vegetarian and about 30 percent say they choose to eat vegan or vegetarian meals as a healthful option at times. It seems the number of young adults turning to meatless or seafood choices is on the rise. When asked about new foods they recently tried and liked, the most common responses are a variety of fish and seafood, from sushi to calamari to tilapia.

College campuses are capitalizing on the rapid popularity gain of sushi and staying ahead of the trend. James Madison University, Harrisonburg, VA, added a full line sushi bar within The Festival food

court, and Cornell University, Ithaca, NY, has drawn a crowd for its Make-Your-Own-Sushi Day where campus culinary staff members help students make their own dishes.

"We have had success with this age group based on the fact that sales are up, especially with some of our newer items, such as our sushi counter and organic foods section — favorites amongst this generation," says Panchenko.

Deli operators can be proactive in regards to the nutrition trend by disclosing and posting as much nutrition information as possible.

College campuses are already responding to students' demands by labeling their

offerings. "Look to colleges and universities as places where some of the trends might set," Y-Pulse's Cline advises. "These operators appeal to them on a daily basis and are with them on a daily basis. There is a lot we can learn from them."

The Homeplate foodservice location at Dartmouth College, Hanover, NH, was developed to provide alternative menu options for students, including low-fat, low-cholesterol, and low-sodium choices with an emphasis on quality, freshness and presentation. The food court-style operation features a Healthy Choice deli counter, an exotic salad bar, a baked potato bar, vegetarian entrées, and a low-cholesterol, reduced-fat grill line including stir-fry, noodle bowls and panini sandwiches.

In The Fast Lane

Clearly-labeled signage not only makes it easy for young shoppers to find healthy choices but also allows them to quickly make purchasing decisions. Convenient, in-and-out options appeal to this age group that places a high value on speed of service.

"When we go shopping, we want to be in and out of the store as quickly as possible so we tend to go for already packaged products," says Cari, 21.

"We are a generation that is constantly in a rush and on a budget. We don't like waiting in line," notes Tara, 22, who adds that she opts for prepared or prepackaged meals such as frozen dinners in lieu of cooking for one.

In the deli, prepackaged meals or items that are served chilled to reheat in a microwave can offer a quicker and better-tasting alternative to frozen meals.

"We live in a very fast-paced society, and young adults are definitely more attuned to it as a daily part of life. Portability gives young adults the opportunity grab a quick meal and go to another location to eat it — either alone or with friends or colleagues," relates Cline. "Our young adult generation is not used to eating a traditional meal at home around the table. Grab-and-go is the norm."

According to Byerly's Panchenko, "This generation, as far as I can see, opts for quick, healthy meals to go, in both cold and hot prepared items."

At Tufts University, Medford, MA, the Hodgdon foodservice operation — which claims to be "good to go" — offers students both hot and cold grab-and-go options at lunch and a variety of global



Today's young adults are looking for convenient, healthful, fair priced and good-tasting food.

foods with easy-to-read signs, such as color-coded name cards for low-sodium or low-fat items. Mandatory nutritional content disclosure is rapidly approaching for restaurant operators, and voluntary labeling can help deli operators stay ahead of the trend and their competitors.

Convenience may be foremost on their minds, but when they are grabbing on-the-go, more and more young adults are conscious about whether what they are grabbing is nutritious. Juice and bottled water are rated the most popular beverages among this age group, and 44 percent say that despite their fast-paced lifestyle, they never drink coffee.

College Habits Hold

College and university campuses, where juice bars are becoming as trendy as coffeehouses, are very much attuned to this trend toward nutritious yet delicious

cuisines for carryout at dinner, including Mediterranean pasta dishes, custom-made burritos and Asian entrées.

Sandwiches Still No. 1

Jodi, 18, agrees that she and her peers prefer ready-made foods as opposed to taking the time to prepare their own meals. Perhaps the most popular ready-made or custom-made food among young adults today is the classic sandwich.

When young adults enter the deli, they have sandwiches in mind, whether they are purchasing a made-to-order sandwich from the deli counter or buying sliced meat to build their own sandwiches at home. When focus group participants were asked what they look for in the deli, their most common response was high-quality sliced meats for sandwiches. And, for young adults, nothing says convenience like a deli sandwich.

"Sliced meat from the deli makes one feel a bit more refined compared to other quick meals, such as PB&J. Who can really make fun of a great deli sandwich?" asks Ann, 21.

Bob Lippman, deli manager at Claro's Italian Market in Gabriel, CA, agrees that young adults may be difficult to market to when it comes to general grocery and deli shopping, but that is not the case when it comes to sandwiches.

College foodservice operations have jumped on the bandwagon with made-to-order sandwich shops outnumbering traditional dining halls on most campuses.

At James Madison University, for example, the student population of 15,000 can choose from six different made-to-order sandwich locations. Wheaton College, Wheaton, IL, ranked No. 1 in the most recent *Princeton Review* for great campus food, offers fresh-made sandwiches with less traditional choices such as mortadella, capicola, fontinella, scarmoza and mufuletta olive relish.

Tech-Savvy Ordering

In 1998, Sheetz, the Altoona, PA-based chain of over 300 convenience stores in six states, launched a touch-screen ordering system in all its deli locations that was popular with the young adult age group. Consumers customize their own sandwich and pay for their order on-screen.

Hi-tech ordering and customization is attractive to the 18 to 25 market, which is technologically savvy and comfortable substituting automated systems for personal interaction, particularly if it saves them time.

"Devices such as touch-screens in

Where Generation Next Purchases Meals

Beyond the meals you eat at home, where do you purchase most of your meals?

1. Grocery store
2. Fast food
3. Cafeteria
4. Full-service restaurant
5. Convenience store
6. Grab-and-go kiosk
7. Snack bar

Source: Y-Pulse, LLC 2005

QSRs [quick service restaurants], use of iPods, Blackberries and laptops, and high-tech cellular phones with Internet capabilities are the norm among this age group," Y-Pulse's Cline says. "The price to enter this type of marketing has greatly reduced in the last couple of years."

One-Stop Shopping

With the popularity of sandwiches, one-stop shopping appeals to this on-the-go crowd.

"I'd like to see bread in the deli, too," says Jimmy, 25, "so I could just get it all in one stop. Some places have it, some don't."

Creating a one-stop shopping environment in the deli by cross-merchandising popular condiments, breads and sandwich toppings available for purchase or by implementing a fixing station with packets of condiments for shoppers to prepare their own sandwich with freshly sliced meats and cheeses helps make deli shopping more convenient for those on the go.

Meal Deals Add Value

Meal deals, such as a combination of a prepared sandwich and chips or other side dish, add value as well as convenience. Addressing the specific needs of this age group provides an opportunity for deli operations to add value at prices that are competitive — but not necessarily the lowest price.

When it comes to deli purchases, young adults are particularly conscious of the bottom line.

In the Olson Communications focus group, many said that it is comparatively cheaper to buy prepackaged meats and cheese than to buy fresh selections at the

deli counter. However, many respondents noted that fresh choices from the deli counter are preferable.

Don, 23, says he prefers to buy freshly sliced meats and cheeses from the deli counter but many times has to throw away half of what he buys. "I live alone and so to keep fresh meats in the house, I end up going to the store every couple of days, otherwise I'm just tossing out stuff that's gone bad and wasting money. I don't like the taste as much, but it's more cost effective for me to just buy the prepackaged meats and cheese with the all the preservatives so it lasts longer," he explains.

Freshness is a large factor for young adults, but many who shop on price first and foremost seem to be willing to sacrifice freshness for price, if necessary. However, those who place a higher priority on freshness seem unwilling to compromise.

"I buy freshly sliced meats and cheeses in the deli because it gives the feeling of freshness and healthiness because it doesn't come in a package. I think that's a big thing for people my age," according to Jordan, 23.

"The prices in most stores are way too high for my first-job-out-of-college budget," says Lindsey, 23, adding that she shops in the deli as a treat for herself when she feels she can splurge. "Why pay six to eight dollars for a pound of ham when I could go back to the refrigerated section and pick up a package of sliced ham for a couple of dollars?"

Deli operators can cultivate the urge to splurge by sampling higher quality, more interesting foods to expand young customers' taste to match their growing income. Jordan, 22, says when he has been offered samples in the deli, he has purchased the product, but he never requests samples. "That can be a kind of an uncomfortable situation," he says.

Premium or gourmet meats and cheeses help add a perception of value that may appeal to price-conscious shoppers. "I would like to see gourmet cheeses, not just the kinds I can buy in the dairy aisle, in the deli at the grocery store," notes Annie, 23.

Name brands that are familiar to consumers also play a big factor in their perception of value. "I like to see name brands that I recognize," comments Ted, 23.

Global Flavor

New and interesting flavors or ingredients in prepared meals or side dishes available at the deli counter also influence the overall perception of value. Global cuisines, such as Indian, Chinese and Thai foods, are becoming increasingly popular, although traditional American or comfort foods are still favorites.

When Y-Pulse asked young adults to name their three favorite cuisines, more than 70 percent chose Italian as one of their favorites; both comfort foods and Asian dishes were favorites of more than 50 percent of those surveyed. As far as specific menu items, chicken, prepared various ways, was the number one choice for this age group, followed closely by pizza, pasta and tacos.

Even delis whose menus or offerings consist of traditional favorites can add spark to their recipes by adding a unique ingredient to create comfort foods with a twist. Substituting sesame chicken for plain or fried chicken, adding goat cheese as a pizza topping option or updating pasta salad with pesto are easy ways to give deli selections a quick facelift.

Variety And Longer Hours

Variety and freedom of choice are also important to today's young adults. The greater the variety a deli can offer, the wider their customer base becomes.

"I am very picky when it comes to chicken salad. There should be a variety, such as one with pecans, one with fine shredded chicken, one with cubed chicken," says Lindsey, 23.

Options and a myriad of choices are par for the course in gaining business from young adults — choices that go beyond the varieties of cheese or potato salad a deli offers to the time of day shoppers stop in for a meal.

Beginning in college and extending into their post-graduation year, young adults are bucking three square meals a day at traditional mealtimes for meals at unconventional hours. Eating three meals a day still appeals to 45 percent of the young adult population but more than 40 percent say they eat only two meals a day. Campus operations and QSRs cater to their timing needs with late night menus and extended operating hours.

Extended deli hours may help draw business from the young adult market. Steve, 23, says he prefers sliced meats and cheeses from the deli, but "Delis close too early and I go shopping later at night."

E-Promotions & Reality Marketing

"This is a group that's on the go. They process information quickly," says Y-Pulse's Cline, adding that among young adults, prevalent use of the Internet and technology versus traditional marketing avenues has proven successful.

For deli operators, Internet marketing may not always be the most appropriate avenue, but in-store promotions that utilize technology in innovative ways can be easily executed and more cost effective.

For example, the on-campus convenience store at San Diego State University, San Diego, CA, helped build its grab-and-go business by printing coupons on the back of ATM receipts.

Lippman says Claro's Italian Market, which has advertised in personal magazines that may appeal to young adults, realizes how important young adults are to future business.

"People are creatures of habit and we are a family-style deli. Once we get them at a young age, we know they'll be back," he proclaims.

Sarah, 20, agrees a simple approach may be best for attracting young deli shoppers. "It's more than silly commercials or marketing ploys. Just have different, good food."