

In-store Catering - UK - November 2010

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What is this report about?

Increasing emphasis is being placed on in-store catering, both as a revenue stream and as a footfall driver. For example, bookstore retailer Waterstone's has increased the floor space dedicated to catering in order to help build its reputation as a destination leisure venue; this has in part been motivated by the need to counteract increasing competition from non-traditional online retailers.

However, the in-store catering market also has to battle a number of potential negative trends. Furthermore, the economic climate has made consumers more selective about the meal occasions they choose to eat out for, which doesn't bode well for in-store catering which is often seen as a refuelling exercise rather than a leisure experience in its own right.

What have we found out?

- Tiered pricing structures (offering both a range of value and premium products as well as a core menu) should allow operators to protect margins while also trying to encourage the 50% of consumers who have cut back on their frequency of eating out in the last year, to eat out more often.
- Fostering loyalty and repeat visits should be a central concern for operators: the emphasis is on operators to actively provide reasons for consumers to visit them such as regular events and this will be crucial to improving on the fifth of in-store catering users who currently state that they primarily use these cafes as a place they regularly visit when shopping.
- Providing an overall leisure experience (eg play areas for children) should be a central concern for in-store catering operations, particularly considering the fact that it is families who are the most likely to have cut back on eating out in the last year and also to say that they plan their meals out more now.
- With in-store catering outlets often placed in out of the way locations, operators need to focus on strategies which re-engage with consumers such as taster stalls near the entrance of the shop, which can then drive footfall to the catering outlets.
- Fast service and snacking formats should be incorporated into the in-store catering offer in order to cater for the 28% of consumers who eat in store primarily to refuel.
- Operators looking to capitalise on the healthy eating trend must remember that while a third of consumers watch what they eat when eating in store, the number of those interested in seeing calorie counts on menus is much lower at 25%.

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