



Fail-safe Deli Strategies

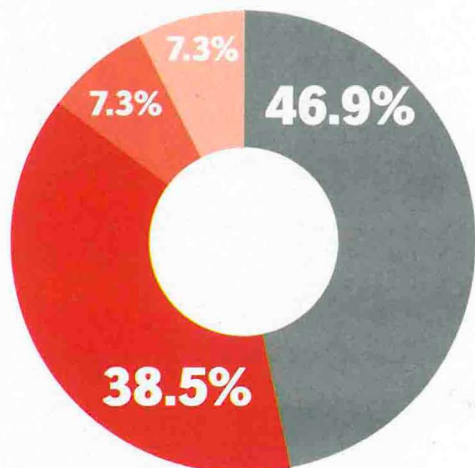
Problems are inevitable in any service industry, and the deli department is no exception. In fact, a new study from Carbonview Research suggests that 4 out of 10 customers experienced some type of problem while purchasing prepared chicken products from their grocery's deli during the past three months. But the effects of these problems can be dramatic, ranging from shoppers complaining to management to permanently bypassing the store's deli for prepared foods.

How often do delis fail?

% shoppers reporting no problems **59%**

% shoppers reporting problems **41%**

Problems are a problem



Shoppers who had a problem in their prepared foods shopping experience said they would:

Continue to shop for prepared foods at that store

Stop shopping for prepared foods at that store for a short time

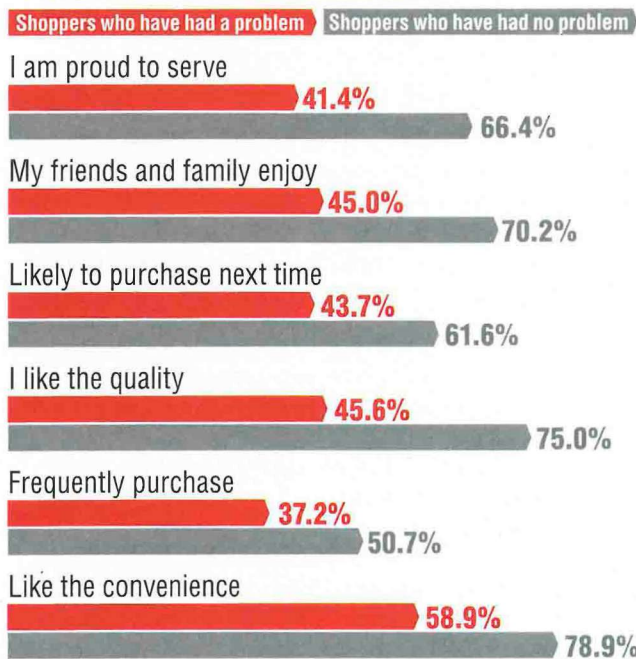
Stop shopping for prepared foods at that store for a long time

Stop shopping for prepared foods at that store permanently

On average, **53% of deli shoppers who have had a problem in their prepared foods shopping experience will stop shopping for prepared foods at that store for at least some period of time.**

The repercussions from bad experiences at the deli counter can also surface in more subtle changes in shopper behavior: Deli prepared foods shoppers who have had a problem show drastic reductions on all drivers of purchase intent, creating a strong negative impact on pre-shop attitudes and behaviors.

Drivers of purchase intent



No matter what types of problems your deli shoppers are experiencing, it's obvious that defining and then eliminating these negative encounters has the potential to pay off in a number of areas, from higher sales to more frequent shopping trips to overall customer satisfaction. With so many competing choices for convenience meals, your deli department can't afford to ignore the consequences of failing to address your shoppers' most pressing problems.



Most of the problems reported by shoppers fell into one of three areas: staffing, product, or general deli problems. Long wait time, a general deli issue, was the most commonly reported problem, along with product that was too dry, not fresh, or not available. Staffing problems are the least reported, according to the Carbonview research, but problems with staff tended to have the most negative effect on shoppers: These customers also reported product and/or general deli problems more often and were most likely to stop shopping at their grocery's deli for a short period of time.

Problem areas

| Problem Area | % of shoppers reporting |
|---------------------|-------------------------|
| General deli issues | 42.9% |
| Product issues | 46.7% |
| Staffing issues | 22.2% |



Research data provided by Carbonview Research, 2015

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greatest degree of convenience and are often a store's point of differentiation, but data indicate that the overall experience for many shoppers depends on their engagement in the deli area.

Among consumers reporting a staff problem, their level of satisfaction with their prepared food shopping experience was 33.8 percent, compared with an overall shopping experience of 38.5 percent. Shoppers who reported any problem rated their overall shopping experience at 65.1 percent, where 100 would be perfect. Shoppers who didn't have a problem gave their overall shopping experience a rating of 82.4 percent.

In addition to shopping experience, staffing issues have an impact on prepared food purchase intent, as shoppers reported low percentages of intent across a number of drivers.

Shoppers encountering staffing issues are likely to punish a retailer by not purchasing. Nearly 40 percent (38.5 percent) will stop visiting for a short period of time, 9.4 percent will stop for a long period of time, and 6.8 percent will stop permanently. That 53 percent of "punishers" translates to 21 percent — one out of every five — total shoppers.

In the hypercompetitive world of grocery retail, consumers shop a number of stores. The deli area, which offers an opportunity to showcase fresh, signature offerings, can positively set a retailer apart from the competition by offering products shoppers might not find anywhere else.

Deli shoppers also make purchases elsewhere in the store, as shoppers want to make the most of any store visit. If the deli experience isn't great, it will drive shoppers to another retailer that offers a better experience, and with that loss from the deli come a

lot of other purchasing power. While 56.6 percent of shoppers who reported a problem with their deli experience remain likely to shop that retailer, those not reporting a problem are far more likely to continue to shop the retailer — 80.9 percent.

Unfortunately, retailers might not know they're being punished. Of those who experienced a problem during the past three months, 80 percent won't report the problem. This is contrary to what deli retailers tell *PG*: "Trust me, they let us know," and "It's easy to track in my store, as [shoppers] let us know." The remaining 20 percent of consumers will report a problem to a store associate. Nearly 90 percent of deli managers said store associates report incidents of shopper dissatisfaction to their supervisor, 76 percent of respondents engage in periodic inspections of products or display cases, and two-thirds reported that supervisors observe random shopper transactions. These problems are largely invisible to corporate-level management.

Measurable strategies, including comment cards, coupons offered to customers, mystery shoppers and shopper surveys, are employed by fewer than half of responding retailers.

Even if addressed by an associate dedicated to delivering the best customer service, problems are most often considered to be one-off situations. Without careful tracking of these encounters, it's likely that

no pattern of failure will emerge, much less make it up the corporate chain. Without measurement, problems can't be addressed in a strategic manner, and unreported problems could hold the key to a systemic issue for a retailer.

Retailers Acknowledge Staffing Issues

Retailers gave themselves fairly high marks in terms of the quality and taste of offerings, and having friendly associates, with nearly 90 percent of retailers agreeing or strongly agreeing that at all times their store offers good-quality and good-tasting products, and that deli associates demonstrate friendliness with every shopper. But numbers slipped in terms of staffing issues, including nearly 78 percent agreeing that "the wait time for each

53%

of shoppers who have had a problem in the deli will stop shopping for a period of time.

The Impact of Issues on Intent to Purchase

| | General Deli Issues | Product Issues | Staffing Issues |
|------------------------------|----------------------------|----------------|-----------------|
| | Percent Likely to Purchase | | |
| I am Proud to Serve | 40.4% | 29.4% | 37.3% |
| My Friends and Family Enjoy | 44.2 | 31.3 | 36.9 |
| Likely to Purchase Next Time | 41.1 | 32.5 | 37.7 |
| I Like the Quality | 43.8 | 32.1 | 38.7 |
| Frequently Purchase | 37.4 | 31.8 | 37.2 |
| Like the Convenience | 50.8 | 44.3 | 43.9 |

Source: Tyson Consequences of Failure Study 2015



shopper is always reasonable,” and 64 percent agreeing that “the deli associates in my stores have an appropriate level of product knowledge to answer shopper questions regarding the products we offer.” Similarly, when it came to training, 85 percent of retailers believe they’re providing excellent customer service training, but those numbers continued to dip down to just 60 percent for product knowledge.

Retailers Rate the Effectiveness of Training Programs

| | |
|------------------------|-------|
| Customer Service | 84.7% |
| Customer Engagement | 82.8 |
| Cleanliness | 82.8 |
| Product Safety | 79.8 |
| Operational Efficiency | 64.6 |
| Food Merchandising | 61.6 |
| Product Knowledge | 59.2 |

Source: *Progressive Grocer*, 2015

Retailers reported a lengthy wish list for improving staff issues, including improving customer service, training and communications. While many consider it a challenge to find engaged and mature employees, many believe it’s up to the store to invest

in associates: “More training on product knowledge”; “Train properly to minimize staff turnover”; “More training and retraining of associates.”

Solutions in Store

Retailers’ perceptions are corroborated by Tyson’s in-store observation study of 1,373 supermarkets across 36 retail banners in November–December 2014. The study found no correlation between staffing levels and performance versus demand index. While maintaining quality customer service is clearly important, the evidence doesn’t suggest more staff equals greater sales performance.

Appropriate staffing is key to success in deli retail, but it’s not as much about the number of associates as it is about well-trained, informed employees. These individuals can ensure product preparedness, display, and the critical element of helpful and friendly interaction with customers.

Rather than adding more work hours in the deli, retailers are better served by investing in the training of associates who work in this valuable section of the store. Customer satisfaction will win repeat purchases, and more likely a greater number of customers, as happy customers share their positive experiences. Then again, unhappy customers also share their experiences. **PG**

There’s Power in POS

PC’s February 2015 Deli Insights installment focused on consumers’ pre-shop planning and the degree to which supermarkets factor in mealtime solutions.

Digital platforms, and social media in particular, could play an effective role in reaching out to consumers ahead of store visits to let them know of meal options at the ready for harried shoppers. Retailers could also be making better use of in-store signage to alert shoppers to meal solutions available in the deli section.

Grocers are doing a spotty job at best of driving awareness and trial. Of the 1,373 store visits, which were focused on chicken, POS was observed in 49 percent of stores to promote fried chicken, and 46 percent for rotisserie chicken. However, popular items, including wings (24 percent) and tenders (17 percent), saw very little in the way of promotion.



Packaging is a simple way to promote products and has proved helpful in illustrating the quality and freshness of rotisserie chicken, in-store observations demonstrate. In 75 percent of visits, store packaging communicated freshness, while appearance was featured 83 percent of the time.

With fewer than 50 percent of shoppers making deli prepared food purchases weekly or more often, according to ICC/Decision

Services, in-store signage and promotional materials go a long way in driving the path to purchase. First, connecting with consumers ahead of the shop is critical, and those same messages shared pre-shop should be visible as soon as shoppers enter the store. If deli prepared food offerings aren’t part of the shopper’s consideration set, the battle is already lost. Driving shoppers to the deli is the obvious first step, but execution takes place at the destination.