

Restaurants' Loss is Supermarkets' Gain

According to a new report, retailers quick to react to the shift away from dining out could boost annual food sales 3.2 percent.

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We all know the economy has forced many consumers to cut back on dining out, giving retailers the chance to provide a bigger share of their food needs. But a new report from the Coca-Cola Retailing Research Council of North America, Atlanta, in conjunction with The NPD Group, Port Washington, N.Y., actually quantifies the size of the opportunity.

"Successful capture of the incremental business expected to be available across breakfast, lunch and dinner can boost a retailer's food sales by up to 3.2 percent," the report said, which translates to a 2.2 percent increase in total store sales (assuming food represents 70 percent of total store sales). For a retailer that does \$100 million a year, the report continued, that's an additional \$2 million per year.

The biggest opportunity to increase sales comes during dinner (1.5 percent), followed by lunch (1.2 percent) and breakfast (0.5 percent).

"Thinking about supermarket retailing in terms of ingredient products and prices may no longer be a wide enough net to capture the changes that are coming in eating behaviors," the report cautioned.

For example, it noted, more eating at home has not meant a return to cooking from scratch, as both cooking skills and interest in cooking are on the decline. Moreover, the two age groups expected to grow the most over the next five to seven years — seniors and 20-somethings — are looking for more prepared meals. As a result, NPD forecasts that one of the fastest-growing behaviors during the next 10 years will be meals prepared away from home and brought home for consumption.

"The upside potential created by this shift in behavior is clear, but a downside exists also," the report said. "If food retailers fail to take advantage of this opportunity, we will likely be playing defense for the foreseeable future."

For more information or to download the report in its entirety, please visit <http://www.coke.net> and click on the CCRRRC tab.