

CONSUMER FOOD JOURNEY

Jack Li, Builder, Datassential

CONTEXT

Jack Li discussed current research that is focused on understanding how consumers make decisions around food and how those decisions impact the foodservice industry.

OVERVIEW

Datassential and IFMA have collaborated on a research project ("The Food Journey") to gain more insight into how consumers make decisions about food. The research focused on what food consumers buy, and where they buy it and consume it.

This study found that because many consumers prefer to eat at home, there will be a growing "battle for the home." For both operators and manufacturers the idea of "Foodservice at Home" presents a significant growth opportunity over the next decade. Realizing this opportunity will involve improving ordering and delivery, doing a better job of delivering high-quality food, where hot food is kept hot and cold food is kept cold, and making greater use of automation. While the obstacles are significant, they can be overcome, and the opportunity to better meet changing consumer needs and grow market share is enormous.

KEY CONCLUSIONS

A significant "battle for the home" is shaping up—which represents a significant opportunity.

This battle stems from the fact that a great deal of food consumption takes place in the home, regardless of where food is purchased. Consider these salient facts from research by Datassential:

- Consumers eat frequently; on average, eight times per day.

- 74% of all food is eaten at home.
- Only one third of food that is purchased away from home is eaten at that venue.
- More than 50% of food purchased away from home is eaten at home, work, or school.
- One third of all away from home eating events also include food or drinks from home. These are "mixed occasions" where some food is from the home and some comes from away from home.

"People are eating at home all the time, including stuff from restaurants they are taking back to their home. A lot of things are going to drive even more traffic into the home. We think it's a big opportunity for this industry to bring foodservice into the home."

— Jack Li

Imagine a dinner party where the entrée comes from a full service restaurant, bread might come from an in-store retail bakery, cheese comes from the deli, olives from the grocery store, and liquor from a warehouse club. This all co-exists within a single meal, where the food served comes from retail and foodservice.

To compete in this environment, manufacturers will have to change their mindset and structure. Often manufacturers have a CPG division focused on retail, and a foodservice group—with a big invisible wall between them. Neither group sees the entire picture. This will have to change with the two groups working together to better meet the consumer's needs.

The concept of “Foodservice at Home” provides the ultimate solution for consumers.

Research has found that people have very different “need states” when they are eating at home compared to when eating away from home.

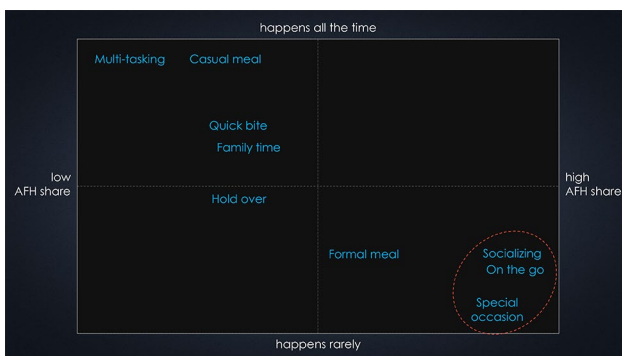
MAIN NEEDS WHEN EATING

At Home	Away from Home
<ul style="list-style-type: none"> Quick & easy Easy to eat Healthy 	<ul style="list-style-type: none"> Craving Fun to eat Indulgent Bold flavor

At home, needs are basically about convenience. Away from home needs are more about the food and the experience—essentially about passion.

In looking at different eating occasions, about 71% of eating occasions are food sourced solely from home and 29% include food sourced away from home. Of those, 20% are sourced fully away from home while about 9% are mixed in that they are sourced both at home and away from home.

For special occasions and socializing, away from home has a very high share. But away from home has a low market share for casual meals, quick bites, family time, or multi-tasking.



In addition to cost, reasons consumers often prefer to eat at home are:

- 44% prefer eating in the comforts of home (44%)
- 30% have some reason that requires they be at home (like TV, computer, or something else)
- 27% find it inconvenient to go out for food

- 26% say food at home is healthier
- 25% say food at home is faster than eating out

For years the foodservice industry has focused on trying to get consumers off of their couch to come into restaurants. A different approach is required: let consumers stay on their couch and get the food to them. That provides the comfort that consumers want, with the benefits of away from home food. That’s the essence of the concept of Foodservice at Home.

“Instead of trying to get them off their couch, what we’ve got to focus on now is serving them on their couch instead. We think that is going to be the single biggest driver for this industry in the next decade and beyond. That’s what Foodservice at Home is.”

— Jack Li

Foodservice at Home requires access, delivery, and automation.

For Foodservice at Home to take off, three elements are necessary:

Access

Foodservice is already doing a good job of providing access at home, as there are multiple ways for consumers to order food from their computer or phone, with more ways coming. Amazon, Facebook, and Google are some of the companies making access easy.

Delivery

Some operators provide their own delivery and there are multiple third-party delivery services, including GrubHub, DoorDash, and UberEATS. More are coming, but eventually there will be consolidation.

Automation

Using automation is important. Autonomous vehicles are coming that will be able to deliver food while still hot, along with future vehicles that will even have cooking equipment to prepare and deliver food.

Also, drones are likely to play a role in automating the delivery process. Domino's is piloting delivering pizza via drone and Google has Project Wing, which has delivered food from Chipotle.



To succeed, Foodservice at Home must excel in several key areas.

Research found that key areas for Foodservice at Home are the ordering process, the delivery process, satisfaction with the food, and bringing the brand experience into the home. (Li focused on the ordering process and food quality.)

Ordering Process

Currently, 89% of consumers order from a restaurant's own website (many are consumers ordering from Domino's, Pizza Hut, and Papa John's) and only 11% order through a third-party site. But 17% of Millennials order through third-party sites, and these sites are poised to grow.

When consumers are asked about their experience with online ordering they cite several frustrations:

- Orders are hard to customize (29% expressed frustration)
- Mistakes made online can't be corrected (32%)
- Ordering online requires registration (33%)
- Consumers can't ask questions (35%)

Collectively, 72% of consumers have at least one of these four concerns. If these concerns can be addressed, confidence in ordering will improve. Also, when there are boxes for consumers to provide any special instructions, consumers are extremely skeptical that their special instructions will be followed. In the future, menus will become digital flip books with pictures, so consumers won't be limited by written descriptions on the menu.

Food Issues

When ordering food online for delivery, what matters most to consumers is that hot food arrives hot, the food is not smashed, and containers don't leak. However, today most consumers don't think that most restaurants do an excellent job in these areas:

Important Elements of Delivery	% of Restaurants That Do an Excellent Job
Hot food arrives hot	28%
Food isn't smashed	29%
Containers don't leak	25%

There is a great deal that can be done through packaging innovation and by collaboration between the manufacturers, operators, packaging, and delivery companies.

Major trends affecting Foodservice at Home include new concepts and new technologies.

One emerging trend focused on the Foodservice at Home opportunity is ghost restaurants. These are foodservice operations that have no physical storefront—they only produce food for delivery. Examples include Maple, Butcher Block, and Good Uncle. Ghost restaurants provide all of the benefits of great food, in the comfort of your home. The ghost restaurant doesn't have the expenses of rent or wait staff. About 50% of consumers like the idea. Within 10 years this could account for a significant percent of the away from home food industry.

Last year, an important technology trend that was predicted was virtual and augmented reality. The next big thing in foodservice is robotics, which will play a bigger role in food preparation and delivery.

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