

2018 Supermarket Foodservice Segmentation and Prioritization Study



RESEARCH OBJECTIVE

The objective of this study is to understand growth opportunities for increasing the number of supermarket foodservice offerings and manufactured food products using fresh, frozen or dehydrated potatoes.

A LOOK AT POTATOES IN SUPERMARKET FOODSERVICE TODAY

THE CURRENT LEADING SUPERMARKET FOODSERVICE POTATO-BASED ITEMS:

1. Mashed Potatoes
2. Potato Salad
3. Potato-Based Soups
4. Wedges
5. Roasted Potatoes



SECONDARY ITEMS INCLUDE:

- Fries
- Twice Baked
- Baked
- Tots
- Hash Browns
- Casseroles
- Breakfast Handhelds

INNOVATION HAS INCREASED OVER THE PAST TWO TO THREE YEARS DRIVEN BY BETTER-FOR-YOU OFFERINGS, USE OF ORGANIC INGREDIENTS, SOUP INNOVATION, POTATOES BEING USED AS A FLAVOR CARRIER AND NEW POTATO TYPES (COLORS, SIZES, VARIETIES).

Innovation is driven by corporate culinary teams. Current innovation includes an emphasis on ethnic flavors, unique seasonings and mix-ins.

SHOPPERS VIEW POTATOES AS IMPORTANT BECAUSE THEY COMPLETE A MEAL,

yet they prefer not to make them at home. Similarly, potatoes are very important to the supermarket because of solid consumer interest, profitability and strong sales.



LESS THAN 10% OF SUPERMARKETS PREPARE POTATO PRODUCTS IN HOUSE. Most are supplied by manufacturers or commissaries.

SUPERMARKET TIERS

are distinguished by service style and product selection so outreach efforts can be tailored accordingly.



TIER 1:

FOODSERVICE SPECIALISTS blur the line between supermarkets and restaurants.

DAYPART VISIONARIES

Focused on breakfast and snacking occasions, which are growing quickly and where potatoes play well.

OPPORTUNITY:

BREAKFAST & SIDES

Breakfast could be a strong potato volume driver. Consider increasing breakfast-friendly offerings and partnering with daypart visionaries. Because breakfast is a challenging concept, most operators face uncertainties launching a new product without first testing menu items. By offering breakfast items that can be part of their all-day menus, it may help operators roll out potato breakfast favorites with ease. Because potatoes are integral to side items, emphasizing and demonstrating potato innovations, techniques and inspirations are critical.

EXAMPLES OF FOODSERVICE SPECIALISTS:

Whole Foods, H-E-B, Price Chopper/Market 32



TIER 2:

DESTINATION SUPERMARKETS have a comprehensive perimeter with cuisine variation.

HOT BAR INNOVATORS

Hot bars were identified as the #2 fastest growing contributor to prepared foods, and potatoes play a major role in hot bars. This group is most interested in innovation to appeal to its customer base.

OPPORTUNITY:

MARKETING SUPPORT & PROTEINS

Materials need to communicate that the menu item is nutritious, delicious, unique and appealing to all age groups—especially families with young children. Fit the value proposition of the store into marketing materials and have a strong desirable name and description. Chicken and other proteins continue to be volume drivers, therefore, aligning potatoes' to fit with them present opportunities; including on the hot bar and remaining competitive in the grab-and-go merchandiser.

EXAMPLES OF DESTINATION SUPERMARKETS:

Wegmans, Giant Eagle, Mariano's



TIER 3:

STANDARD BEARERS have shifted away from meats and cheeses to ready-to-eat or ready-to-heat meals.

VOLUME DRIVERS

Grab-and-go oriented, favoring potato-based cold salads.

OPPORTUNITY:

TURN-KEY MENU ITEMS

Standard bearers are requesting more complete meal solutions, not just individual items. When presenting dishes, whether a side or center of the plate, offer suggestions to what pairs well with the dish, in either the hot bar, deli, salad bar or grab-and-go meal kits. Also provide recipes that are validated, easily converted or ready for mass production. to drive additional growth.

EXAMPLES OF STANDARD BEARERS:

Jewel-Osco, Harris Teeter, BI-LO



TIER 4:

ESSENTIALS still emphasize sliced meats and cheeses with a few additional hot alternatives.

CLASSIC COMFORT

Price savings are the primary focus. Deli cases are simple but still focus on fresh foods.

OPPORTUNITY:

FOOD SAFETY & COST CONTROL SUPPORT

When submitting recipes, include the critical control points, temperatures, holding times and shelf life. This will help high turnover and seasonal staff. Providing food safety support will help reduce food waste, potential cross-contamination and food spoilage. Provide cost information to help them evaluate recipes for production. Keep price approximations and additional ingredient costs in mind when creating recipes

EXAMPLES OF ESSENTIALS:

Giant Food, Food City, Save-A-Lot

MANUFACTURER AND COMMISSARY INSIGHTS

NEXT-GEN SALAD PROCESSORS

Leaders and innovators in the salad space, which is the largest potato-based product channel.



OPPORTUNITY:

PASTA DISHES ARE A MAJOR FOCUS

Because of that, potatoes are often bypassed as recipe ingredients. Multiple starches in one dish is typically avoided. Instead of potatoes, companies are giving more consideration to vegetables such as broccoli and mushrooms.

EXAMPLES OF NEXT-GEN SALAD PROCESSORS: Reser's Fine Foods, Walker's Fresh Foods, Duke Foods

POTATO-COMMITTED PARTNERS

These partners build sales and loyalty by utilizing more potatoes in more ways, as opposed to just a few volume drivers.



OPPORTUNITY:

POTATOES AS A FLAVOR CARRIER

They're also being asked for innovation around low-priced and value items. However, their concern is that it's deemed too expensive. Offering suggestions and providing more information on how potatoes function as an ingredient can help them reduce the cost of expensive ingredients and produce foods that are cleaner, fresher, have an added health benefit and are more unique.

EXAMPLES OF POTATO-COMMITTED PARTNERS: McCain, Lamb Weston, Simplot

MAJOR REGIONAL PLAYERS

These companies have varied portfolios, including potato-heavy dishes consumers love.



OPPORTUNITY:

NON-BELIEVERS

Some manufacturers argue that supermarket foodservice does not fit into their retail sales and marketing organizations or their foodservice groups. They need help to understand that this segment is looking for the same foods that are being produced for restaurants and would be a good avenue to explore. They're looking for both bulk and grab-and-go availability.

EXAMPLES OF MAJOR REGIONAL PLAYERS: Sandridge Food Corp, Request Foods, Mrs. Gerry's Kitchen



METHODOLOGY

This study focused on the industrial potato user market, including manufacturers, commissaries, bakeries and other high-volume industrial users. A three-day online focus group consisted of a cross-section of decision makers, including 13 supermarket foodservice executives and 11 processors and manufacturers; one-on-one interviews were conducted to gain additional insights.