

ECONOMY & SPENDING

HOW TO SUCCEED WITH IN-STORE DINING

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Supermarkets are like other host venues (hotels, casinos, other retailers) in their desire to keep people on premises and offer multiple food experiences. The more stores expose shoppers to food merchandising, amenities, services and entertainment, the more solutions that shoppers become aware of, and the bigger baskets could grow.

Done well, in-store dining could extend a family shopping experience into a quality restaurant meal – and it could serve other customer behavioral needs as well. A bored dad has a place to park. Kids can play their hand-held games, text friends or doodle. Mom can have a well-deserved treat and shop without ‘I want that’ whining or tussles in the aisle.

Pretty often, though, it's about the food. When Home Depot operated its Expo stores, the Chock Full of Nuts Café concept (muffins, coffee, salads, sandwiches) drew a 68% customer capture rate, says Arlene Spiegel, principal, Arlene Spiegel & Associates, a New York City consultancy that worked on it with both brands. “Once customers leave the store, the chances of getting them back are nil,” she adds, underscoring the value of in-store eateries.

Of course, people shop food stores far more than they visit a home design center, but the principle remains intact that “characteristics of a branded restaurant must meet the needs of the shopper the supermarket is looking to attract,” says Spiegel. To succeed, a supermarket and an on-premise branded eatery must conform in demographic and psychographic appeals, menu offers, décor, pricing, operations, merchandising, marketing and more.

Her checklist is lengthy. Several of the points include:

- When are the stores peak shopping hours? “An urban store serving double-income-no-kids will have people grab a sandwich after their post-workday gym workout on the way home. That’s different from a suburban family filling in for the week,” says Spiegel.
- What are local preferences in cuisine, service, pricing, and frequency of eating out?
- Will the eatery have its own trade dress, and be accessible and visible to the storefront area? (She thinks the restaurant should have its own identity, and likes when supermarkets build out to create the dining space, often with a glass-enclosed outdoor space that faces the supermarket entrance.)
- Will the eatery be a hybrid of takeout counter/sit-down? With servers? Will it use china, or higher- or lower-end disposables?
- Will payments to the store be based on a base rent or a percentage of sales?
- Will restaurant employees be hired by the supermarket or by the restaurateur?
- How will the restaurant’s goods be received, differentiated, segregated and handled within the store?
- Will success be measured by sales/square foot or by a traditional restaurant P&L?

Final tip: Both parties should have an amicable way out, without suffering damages, if certain events occur.