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ABSTRACT

Perhaps the most important change that has taken place in supermarkets during the past ten years has been the emergence of fresh prepared foods and the decline in importance of many traditional packaged food products, such as canned goods and dry grocery items. Fresh prepared foods are found in most U.S. supermarkets, and although no single strategy has emerged for the marketing of these products, much of the sales activity has been focused on the deli department. Over the years, the supermarket deli has grown from a small service department with a primary focus on meat cold cuts and prepared salads to a department selling a wide variety of products such as sandwiches, pizza, hot entrees, refrigerated prepared foods, gourmet salads and other specialty items. The variety of new prepared foods grows each year and changes for each region of the country in response to consumer tastes and preferences.

In 1986, Cornell University published its first study of the supermarket deli. The original study was intended to document distribution practices, and to provide valuable information about supermarket deli operations including important benchmark statistics in such areas as gross margin, sales by category, expense figures and general trends. In addition, the study included a survey that helped identify demographic characteristics of deli consumers, their shopping behavior as well as their attitude and perception on such topics as deli pricing and brand preferences. Although the original study was well received, it raised additional issues and questions that called for further research. This study, that was completed in 1990, was a response to that call.

Information in this study was collected from over 1,000 individual consumer interviews in five major market areas across the United States. In addition, a detailed survey instrument was mailed to major food retailing firms throughout the U.S. and responses were received from 56 different companies, representing over $110 billion in sales. Responses came from 9 of the 10 top food chains and 17 out of the leading 25 firms.

This report is divided into three major parts:

1. The Supermarket Deli Consumer
2. The Supermarket Deli Operation
3. Supermarket Deli Labor and Training

The first section analyzes the supermarket deli consumer in terms of demographic characteristics and shopping habits. The report examines how deli shoppers differ and are similar in their characteristics and shopping habits to non-deli shoppers. Comparisons are also made with the attitudes and shopping behavior of consumers interviewed in the 1986 study.

The second section examines supermarket deli operations and identifies changes and trends that have occurred since the first study. Material for this section has been heavily drawn from a special deli study conducted by Progressive Grocer.

The third section focuses on the important issue of deli labor and training. Specific attention is given to training programs conducted by various supermarket companies for their deli employees and to their effectiveness. Although all 56 firms that responded to the questionnaire provided information regarding deli labor and training, nine firms were asked to provide additional in-depth information about their own deli training programs.

A summary and conclusions section provides the reader with information about the important points of the study and also highlights opportunities for additional study.

ACKNOWLEDGEMENTS

This research was sponsored by the Russer Foods Company of Buffalo, New York. Russer Foods deserves a special thanks for its continued support of this type of supermarket deli research that contributes information and knowledge to decision makers in food retailing, wholesaling and manufacturing. We would like to acknowledge the important role that Howard Zemsky, President of Russer Foods, has had in this research project. During the course of the research he provided valuable insights and direction which contributed greatly to the overall success of the project.

Also a special thanks to Progressive Grocer for its cooperation in sharing the information used in the "Deli Operations" section of this report.

In addition, the authors would like to express their thanks to the many people throughout the food industry that cooperated in the data gathering process, to all of the retail executives, directors of supermarket deli operations, training directors, deli managers and deli employees that responded to questionnaires and cooperated in personal interviews - we extend our thanks. It has always been a pleasure to work with the food industry where cooperation and information exchange is overwhelmingly viewed as an opportunity to improve the total distribution system - not in order to give a single firm a special competitive advantage but to better serve the ultimate consumer. Thanks to all the people throughout the food industry that helped make this research possible.

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INTRODUCTION

The supermarket deli emerged during the 1980's as one of the growth areas for food retailers to develop in response to increasing consumer demand for convenience and quality. The deli offers supermarket operators the opportunity to gain back some of the food dollars which have been lost to the fast food industry. Delis also represent one significant piece of the concept called "one stop shopping".

In 1984, although supermarket delis had begun to grow dramatically in both numbers and sales, little was known about the nature of both deli operations and deli shoppers. Capital investment and operating decisions were being made by food retailers throughout the U.S. without objective knowledge of the economics of deli operations nor the demographics of deli shoppers.

Recognizing the need for a comprehensive study of the economics of the supermarket and the characteristics of deli shoppers, Russer Foods, supplier of high quality meats to the deli industry, commissioned a study by Cornell University's Food Industry Management Program's faculty. Data for that study was collected in 1985 and published in 1986 under the title "The Economics of the Supermarket Delicatessen". This preliminary study was well received by the food industry and answered many of the major questions about the evolving supermarket deli industry.

While the 1986 Cornell University-Russer Foods study answered many questions about supermarket delis, it also raised many other questions which also needed researching. One of the most glaring questions regarded describing non-deli shoppers and identifying why these consumers do not shop in supermarket delis.

In addition, conditions in the supermarket deli industry continued to evolve since the initial study so that new issues have come to the forefront of retailers' concerns. Among these new issues, one of the largest challenges facing supermarket deli operations is the problem of training and retaining employees.

With this backdrop, in 1989, Russer Foods again proposed that Cornell University conduct a major research study to further explore critical issues affecting the supermarket deli industry. Preliminary discussions led to a research plan which focused on two distinct areas of current concern: consumers and employees.

This report will be presented in three parts:

I. The Supermarket Deli Consumer: An analysis of the deli shopper and a comparison with the "non-deli shopper."

II. The Supermarket Deli Operation: Trends and changes within the supermarket deli, including the number of delis, sales, size and other characteristics.

III. Supermarket Deli Labor and Training: An evaluation of deli training programs, how they are taught, by whom, their length and content as well as their effectiveness.

OBJECTIVES

The Supermarket Deli Consumer

The consumer portion of the survey had two distinct purposes. First, for comparative purposes, deli shoppers and their behavior in 1989 would be compared with findings of the 1985 survey. Second, non-deli shoppers would be identified, analyzed, and compared with deli shoppers.

The Supermarket Deli Operation

The deli operations section of this report is a compilation of data collected from the 1989 executive survey and data collected by Progressive Grocer in its annual survey of supermarket operators. The purpose of this portion of the survey is to update the status of the supermarket deli in terms of size, sales and importance in its role in the food industry.

Supermarket Deli Labor and Training

The portion of the survey had two distinct purposes. First, deli managers and employees were surveyed to determine how they evaluate themselves and their training. Second, supermarket deli and training executives were asked to evaluate their own training programs and the performance of their employees.

METHODOLOGY

The Supermarket Deli Consumer

For the consumer survey, over 1,000 shoppers were personally interviewed during the summer of 1989; of these, data from 957 interviews were analyzed in this study. Using a confidential survey instrument (see Appendix C), two research assistants conducted these consumer interviews in supermarkets in five metropolitan areas across the United States. The sample market areas included Dallas-Fort Worth, Fort Lauderdale, Milwaukee, New York, and San Francisco-Oakland.

Consumers were randomly selected and interviewed as they approached the researchers in the supermarkets. Typically, the researchers were positioned in the stores so that most shoppers would have already passed the deli department in the normal shopping pattern of the particular store. In other words, if deli purchases were being made during the current shopping trip those selections would most likely have been made before the shopper reached the interviewers.

The Supermarket Deli Operation

For the deli operations portion of this study a questionnaire was mailed to key executives of each of the top 125 food retailing firms in the United States during March of 1990. In each firm questionnaires were directed to deli executives as well as personnel and training executives.

Total returns included 91 questionnaires from 56 companies, a return rate of approximately 45 percent based on the number of companies included in the mailing. Among the 56 firms responding were nine of the ten largest supermarket operators, and 17 of the top 25 firms.

Combined annual sales of the 56 companies was over $110 billion in 1989. The responding companies combined to operated over 14,000 supermarkets throughout all 50 states. Headquarters of the 56 supermarket chains were located in 30 of the 50 states, including Alaska and Hawaii.

Supermarket Deli Labor and Training

For the deli employee survey, nine supermarket firms were asked and agreed to distribute a confidential written questionnaire to their deli managers and employees (see Appendix B). During November and December, 1989, each firm was given 150 copies of the questionnaire and 150 stamped envelopes pre-addressed to Cornell University. Each firm was instructed to distribute 15 questionnaires and return envelopes to each of 10 of their stores with deli operations. Employees were asked to respond frankly with the instruction that the questionnaire should be mailed, anonymously, directly to Cornell University in the envelope provided. Employees were assured that individual responses and comments on the questionnaires would be held completely confidential by Cornell University.

There were 439 total responses to the employee questionnaire, a return rate of approximately 33 percent. Of the total returned, 413 or 94 percent were usable for analysis in this study.

PART I THE SUPERMARKET DELI CONSUMER

Who Shops the Deli

The consumer survey for this study was conducted in five major metropolitan areas across the United States. Over 1000 consumers were interviewed at random as they shopped in supermarkets. They were asked to indicate if they were "regular" deli shoppers, or "non-deli" shoppers. From this nationwide survey of consumers selected at random, 31 percent responded that they were regular deli shoppers and 41 percent reported that they shop the deli occasionally. Only 28 percent of the customers interviewed stated that they never shop the supermarket deli. This finding is especially good news for supermarket and deli managers since previous studies in this area reported the percentage of consumers shopping the deli to be a much lower figure - about 25 percent. This should signal supermarket operators that consumers are using the deli more and perhaps a target for increased sales should be the occasional deli shopper (i.e., finding ways to increase both the frequency and amount of purchases from this type of customer).

The regular or primary deli shopper tends to follow the demographic profile of the average supermarket shopper. Seventy percent are female head of household, 15 percent are male head of household, and 13 percent are men and women shopping together as a household. Two percent fall into other classifications, (see Figure 1-1).

Deli Shopping by Region

In the northeast, 49 percent of all supermarket customers are frequent deli shoppers compared with only 24 percent in the west, 40 percent in the north central region of the United States, and 42 percent in the south. The big difference between the west and other areas of the United States may be attributed to the fact that there are fewer delis in supermarkets in this region of the country -- a situation that is rapidly changing as supermarkets in the west add delis to new and remodeled stores (see Figure 1-2).

Deli Shopping by Day of the Week

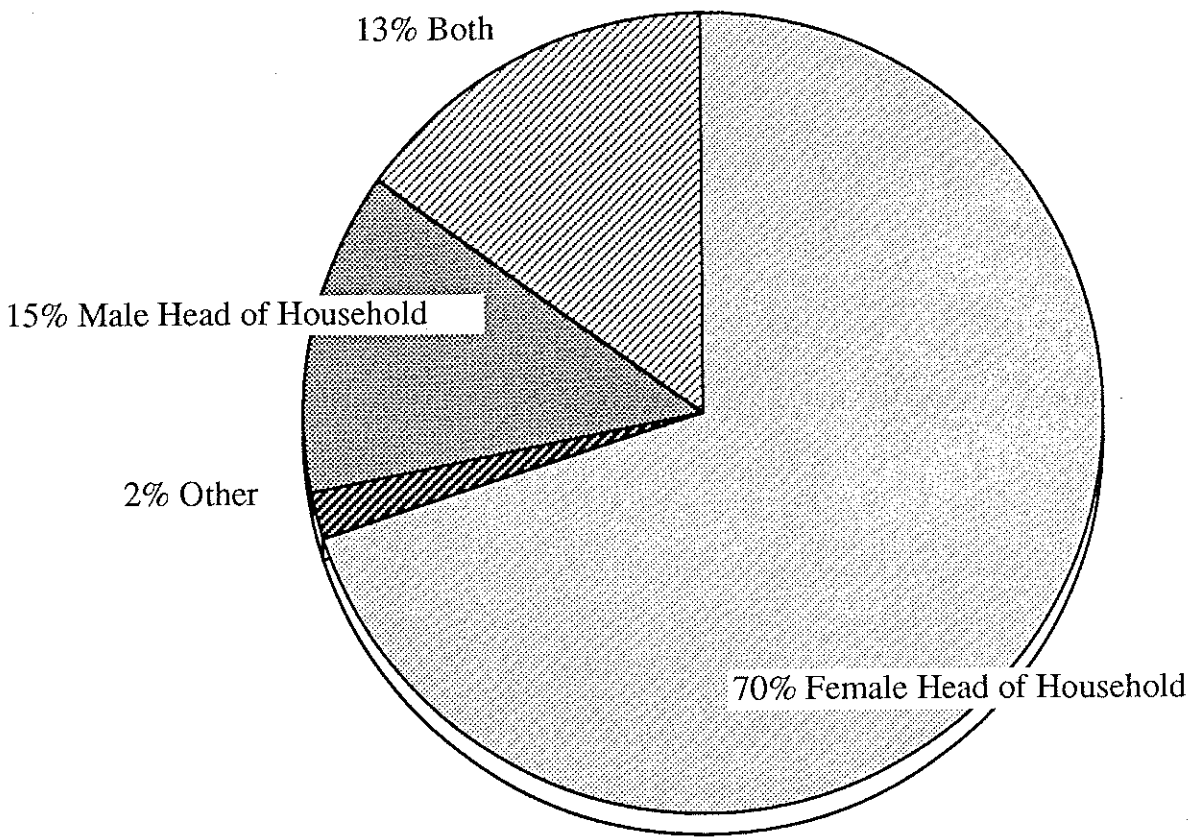
The biggest shopping day for most supermarkets is Saturday, when 22 percent of all customers frequent the store. Friday is the second most popular day for supermarket shoppers (see Figure 1-3). By contrast, Thursday is the biggest day for the supermarket deli, when 18 percent of all deli shoppers go to their favorite store. Friday and Saturday tie for second, with 17 percent of all deli customers shopping on those days.

Why Deli Shoppers Choose a Supermarket

In the 1985 Cornell University deli study, deli shoppers were asked to indicate why they chose a particular supermarket in which to shop. Convenience was the overwhelming criteria for deli shoppers in choosing supermarkets in the 1985 study. The same question

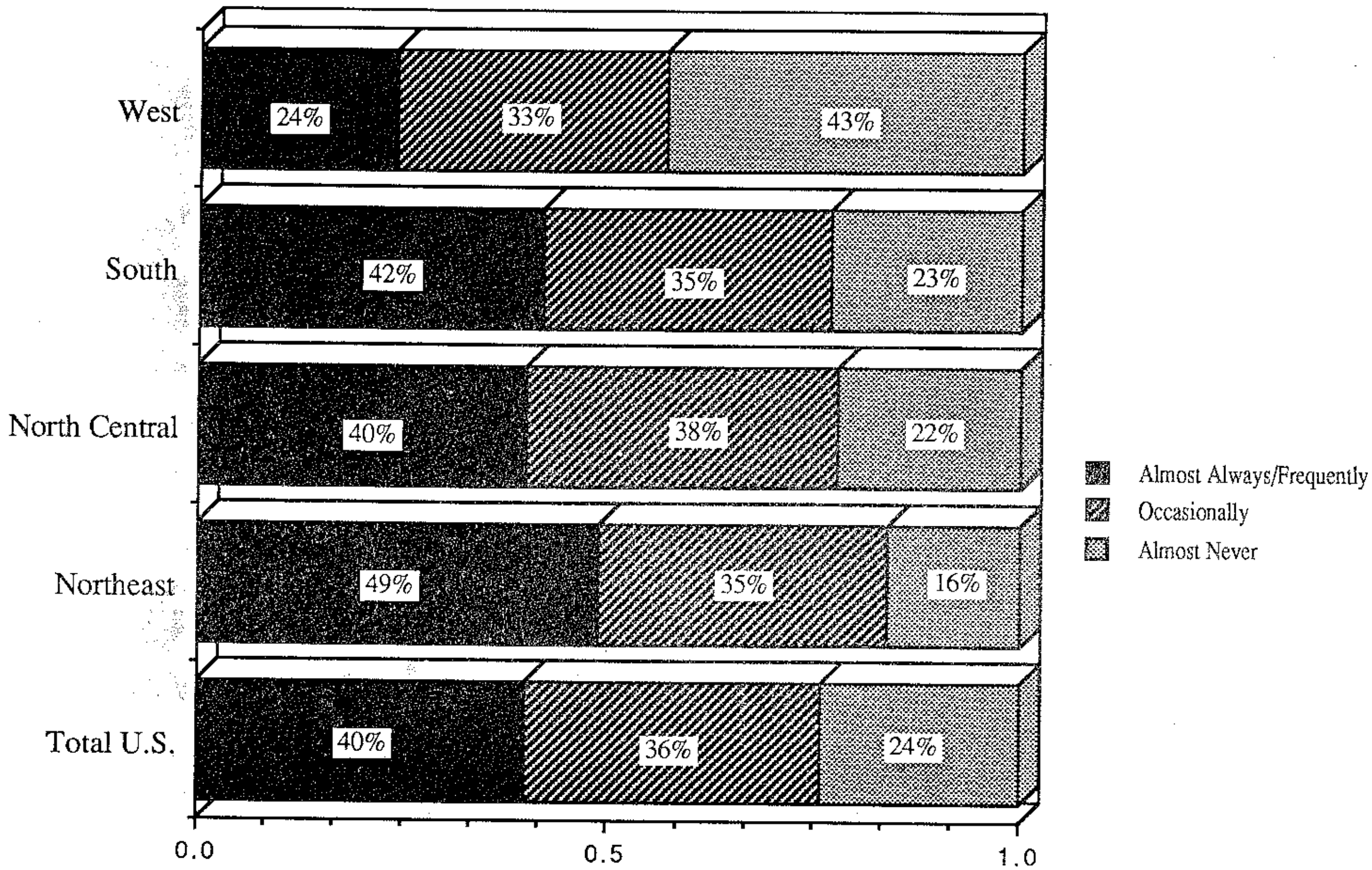
Figure 1-1: Primary Deli Shopper by Head of Household

(% of all Deli Shoppers)



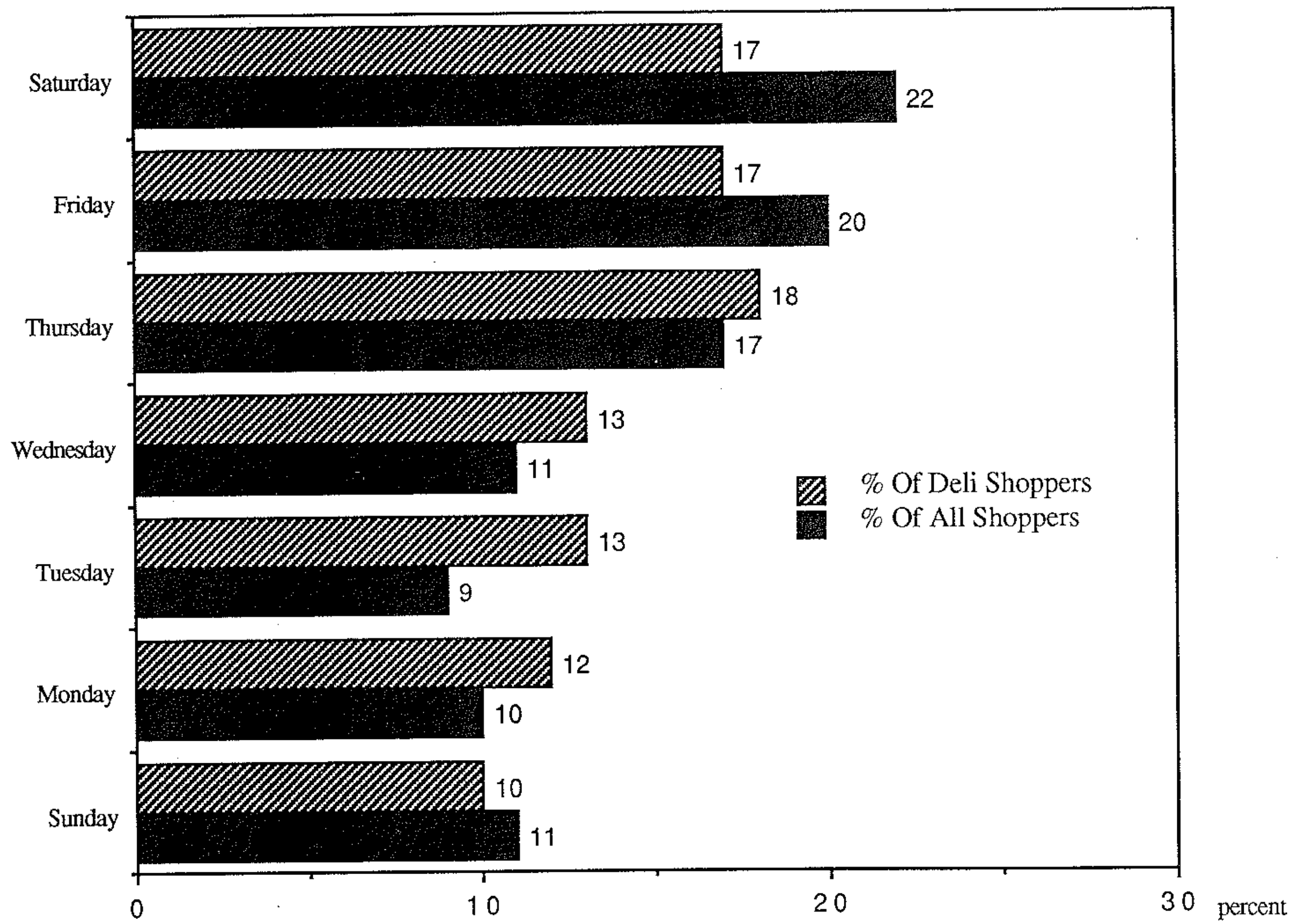
Source: Progressive Grocer's Food Service/Supermarkets

Figure 1-2: Deli Shopping Frequency By Region of U.S.



Source: Progressive Grocer's Food Service/Supermarkets

Figure 1-3: A Comparison of Shopping Day Preference of Deli Shoppers versus All Supermarket Shoppers



Source: Progressive Grocer's Food Service/Supermarkets

was asked of the deli shoppers in this study. The result was the same, with 63 percent of all respondents indicating that convenience was indeed the primary reason for choosing their supermarket (see Table 1-1). Although low prices ranked second, it was not a close second, with only 10 percent of the respondents indicating low prices as their preference in 1989 compared with 9 percent in 1985. Other reasons were even less significant.

Table 1-1: Reasons for Choosing Supermarket, 1989 vs 1985

Reasons	1989 Survey[1]	1985 Survey[2]
	-- Percent --	
Convenience	63	65
Low prices	10	9
Quality	5	8
Cleanliness	5	3
Service	1	2
Other	16	13

Source: [1] - Cornell University, 1990.
[2] - Cornell University, 1986.

Most Important Characteristics of Supermarket Delis

When asked what characteristics of supermarket delis are most important to them, deli shoppers mentioned quality most often, 40 percent in 1985 and 44 percent in 1989 (see Table 1-2). Convenience, the overwhelming reason for choosing a supermarket overall, is not even in the top four most important characteristics of a supermarket deli. Price was mentioned as most important by only 9 percent of deli shoppers in 1989, down from 11 percent in 1985.

Table 1-2: Most Important Characteristics of Delis, 1989 vs. 1985

Characteristic	1989 Survey[1]	1985 Survey[2]
	-- Percent --	
Price	9	11
Quality	44	40
Cleanliness	23	32
Variety	21	8
Other	3	9

Source: [1] - Cornell University, 1990.
[2] - Cornell University, 1986.

The 1989 survey shows a modest shift by consumers away from price and more toward quality as an important characteristic of the supermarket deli.

The greatest change in the 1989 survey was consumer interest in variety. In 1986, only 8 percent of the deli shoppers said this was most important. In 1989, 21 percent of all deli shoppers mentioned variety as the most important characteristic of the supermarket deli.

In 1985, cleanliness was clearly the second most important deli characteristic while variety was fourth, behind price.

The decline in importance of cleanliness in the consumer's mind could be an indication of the further evolution of the supermarket deli industry. Whereas, in 1985, when supermarket delis were still relatively new to most market areas, perhaps consumers had not fully accepted the quality and safety of deli foods. Therefore, cleanliness may have been a much greater concern at that time. Although cleanliness was still an important in 1989, perhaps supermarket delis had proven themselves safe and clean to consumers over the four year interim. The increased importance of variety among deli shoppers could also reflect a certain level of acceptance of supermarket delis. By 1989, most deli shoppers may have become accustomed to supermarket delis and were then interested in newer product offerings.

Pricing Perceptions

The previous section shows that price is not the most important aspect of supermarket delis for over 90 percent of deli shoppers. Deli shoppers were asked if there is a difference in the price of service deli items compared with the same item in the pre-packed, self-service deli case (see Table 1-3).

Table 1-3: Consumer Price Perceptions, 1989 vs. 1985

Pricing Perceptions	1989 Survey[1]	1985 Survey[2]
	-- Percent --	
Deli higher than Prepack	37	42
Prepack higher than Deli	16	14
No difference in prices	18	18
Not sure	29	26

Source: [1] - Cornell University, 1990.
[2] - Cornell University, 1986.

The proportion of deli shoppers who believe that service deli items are priced higher than their pre-packed, self-service counterparts declined between 1985 and 1989. However, it remains the largest portion of deli shoppers; more than twice the proportion of those who believe pre-pack prices are higher or those who believe there is no difference in price.

Willingness to Pay for Quality

Consistent with the importance of quality, deli shoppers continue to be willing to pay more for higher quality products (see Table 1-4). In fact, the percentage of deli shoppers who would pay more for higher quality deli meats and cheeses increased to 70 percent in 1989, from 61 percent in 1985.

This also seems consistent with the relative importance of price to deli shoppers in relation to deli products (see Table 1-2). Although low price is second, even if distantly, to convenience as a main reason for choosing a supermarket overall, it is a distant fourth in terms of important deli characteristics. Therefore, deli shopping is not price or convenience driven. Deli shoppers are interested in high quality deli foods and are willing to pay for them.

Table 1-4: Willingness to Pay for Quality, 1989 vs. 1985

Position	1989 Survey[1]	1985 Survey[2]
	-- Percent --	
Yes, I would pay more for higher quality deli meats and cheeses.	70	61
No, I would not pay more for higher quality deli meats and cheeses.	30	39

Source: [1] - Cornell University, 1990.
[2] - Cornell University, 1986.

Importance of Brand Names

Another unusual aspect of the supermarket deli industry is the relative unimportance of brand names to service-deli shoppers (see Table 1-5). To retailers, distributors, and manufacturers of deli products this issue has enormous implications. As with all other service or perishable areas of the supermarket, national brand manufacturers have never had much presence in these typically non-consumer-branded product categories. Their domain has been confined to the consumer packaged goods arena dominated by the grocery and frozen sections of the supermarket.

Table 1-5: Importance of Deli Brand Names, 1989 vs. 1985

Degree of Importance	1989 Survey[1]	1985 Survey[2]
	-- Percent --	
Great	29	16
Little	24	17
None	47	67

Source: [1] - Cornell University, 1990.
[2] - Cornell University, 1986.

However, as consumers increasingly demand more fresh and service foods, as well as convenience foods, the grocery department allotment of store space has been shrinking as seafood, deli, produce, and other perishable departments gobble up more square footage. This has caused the manufacturers of traditional grocery type food products to attempt to establish footholds for their brand names in traditionally non-branded food categories such as produce and deli, among others.

Perhaps these efforts by manufacturers have met some success in the deli area, over two thirds of deli shoppers in 1985 said brand names had no importance. By 1989, this proportion had declined to less than half. Also, the portion indicating that deli brands have great importance has almost doubled, from 16 percent in 1985 to 29 percent in 1989 (see Table 1-5).

CHARACTERISTICS OF DELI SHOPPERS VERSUS NON-DELI SHOPPERS

One of the objectives of this study was to try to determine if there were particular characteristics of "regular deli shoppers" that would distinguish them from "non-deli shoppers." It was felt that perhaps by identifying these differences it might be possible to develop marketing strategies to attract the non-deli shopper to the supermarket deli. In this section we will examine various demographic characteristics of regular deli shoppers, non-deli shoppers and the "occasional" deli shopper group.

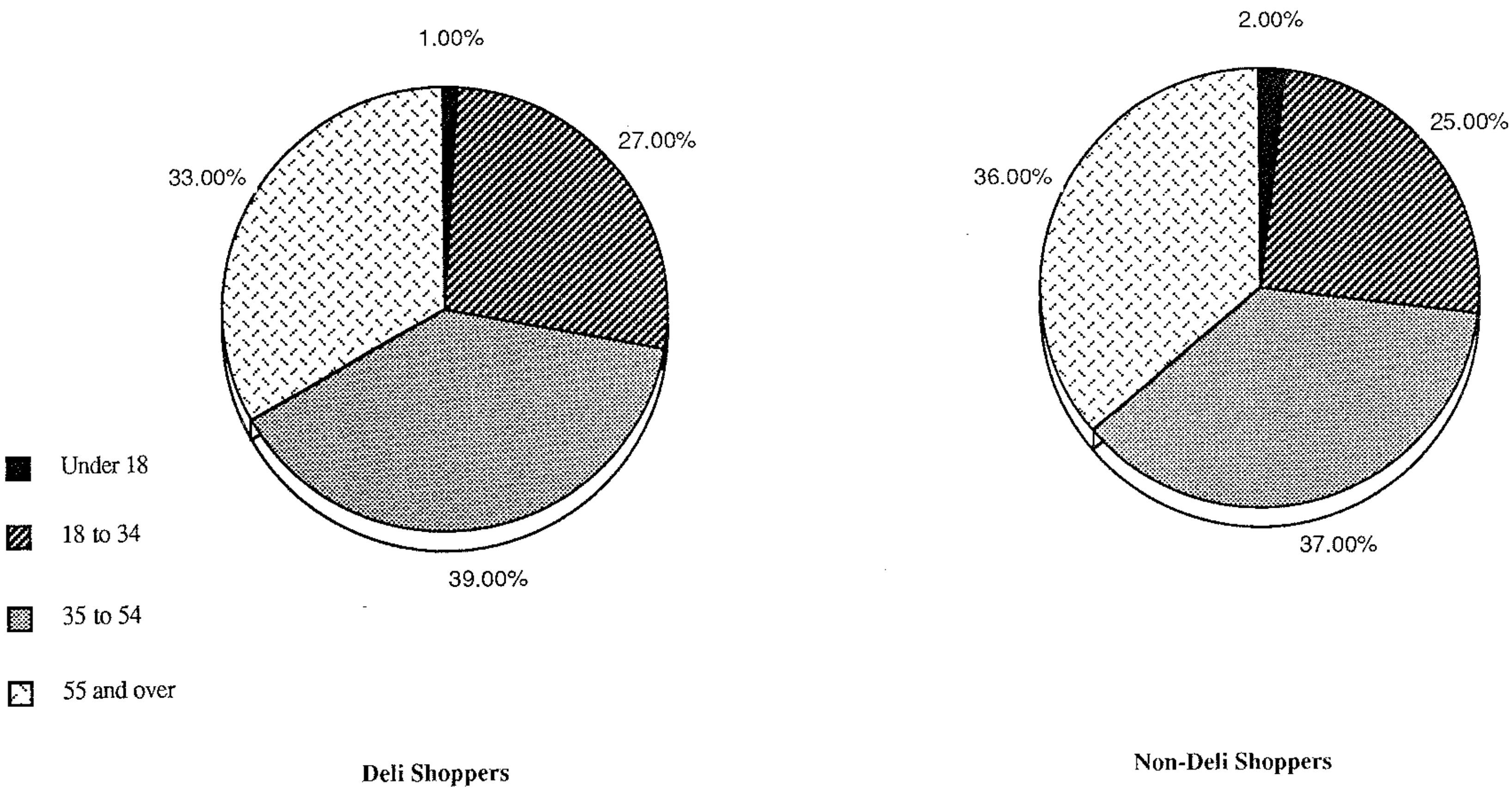
The nationwide survey of consumers conducted for this study showed that 31 percent of all supermarket customers classified themselves as "regular" deli shoppers, while 41 percent reported that they were "occasional" deli shoppers and 28 percent stated that they never shopped the deli. One of the interesting findings, as the various characteristics of the deli shoppers versus the non-deli shopper were examined, was that there were more similarities than differences between these two groups.

Age of Shoppers

In comparing the age of deli shoppers with that of all supermarket shoppers, Progressive Grocer reports that 39 percent of deli shoppers are between the ages of 35-54 years, and 33 percent are aged 55 and over (see Figure 1-4). By comparison, Progressive Grocer reports that 37 percent of all non-deli shoppers are between the ages of 35-54 followed by the 55 and older age group (36 percent). This comparison shows that deli shoppers in the 35-54 age group as well as the 55 and over age group represent a higher percentage of the total than the percentage of all supermarket shoppers in this same age group. Comparing the ages of deli shoppers with non-deli shoppers shows that there is very little difference in the age profile.

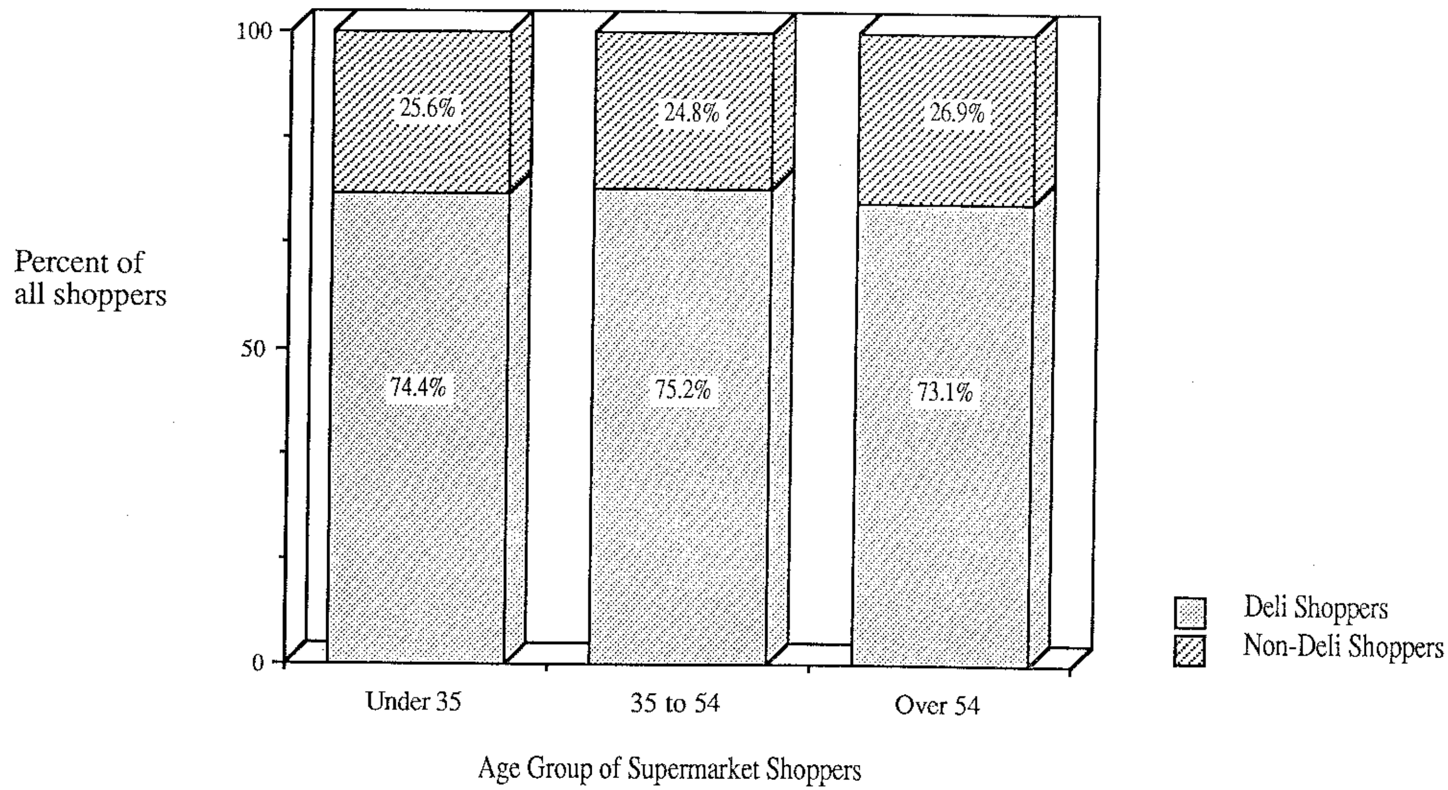
Of some significance is the fact that the 55 and over age group is slightly higher for the non-deli shopper than for the deli shopper group, 36 percent versus 33 percent. However, overall age does not seem to be a criteria for differentiating between deli shoppers and non-deli shoppers (see Figure 1-5).

Figure 1-4: A Comparison of the Age of Deli Shoppers versus the Age of Non-Deli Shoppers



Source: Cornell University, 1990

Figure 1-5: Deli Shoppers versus Non-Deli Shoppers by Age Group



Source: Cornell University, 1990

Occasional deli shoppers mirror regular deli shoppers closely in some age brackets but resemble non-deli shoppers more closely in others (see Table 1-6). Occasional deli shoppers are more likely than either of the other groups to have a household member 18 to 34 years old (51.9 percent).

Table 1-6: Percentage of Households with Members of Various Ages

Age	Regular Deli Shoppers	Occasional Deli Shoppers	Non-deli Shoppers
		-- Percent --	
Under 6	23.1	20.0	23.8
6 to 12	19.7	20.7	16.1
12 to 17	19.5	11.9	13.7
18 to 34	41.5	51.9	43.5
35 to 54	48.8	40.7	38.3
Over 54	31.8	34.1	31.5

Source: Cornell University, 1990.

A further refinement of household composition is the distribution of households by the number of residents under 18 years old (see Table 1-7). Households of regular deli shoppers are the most likely to have members under 18 years of age, at 46.3 percent. Only 39.3 percent of occasional shoppers and 41.1 percent of non-deli shoppers have school age children in their households.

Table 1-7: Households with Members under 18 years old

Number	Regular Deli Shoppers	Occasional Deli Shoppers	Non-Deli Shoppers
		-- Percent --	
0	53.7	60.7	58.9
1	21.8	17.8	17.3
2	13.8	15.6	15.5
3+	10.7	5.9	8.3

Source: Cornell University, 1990.

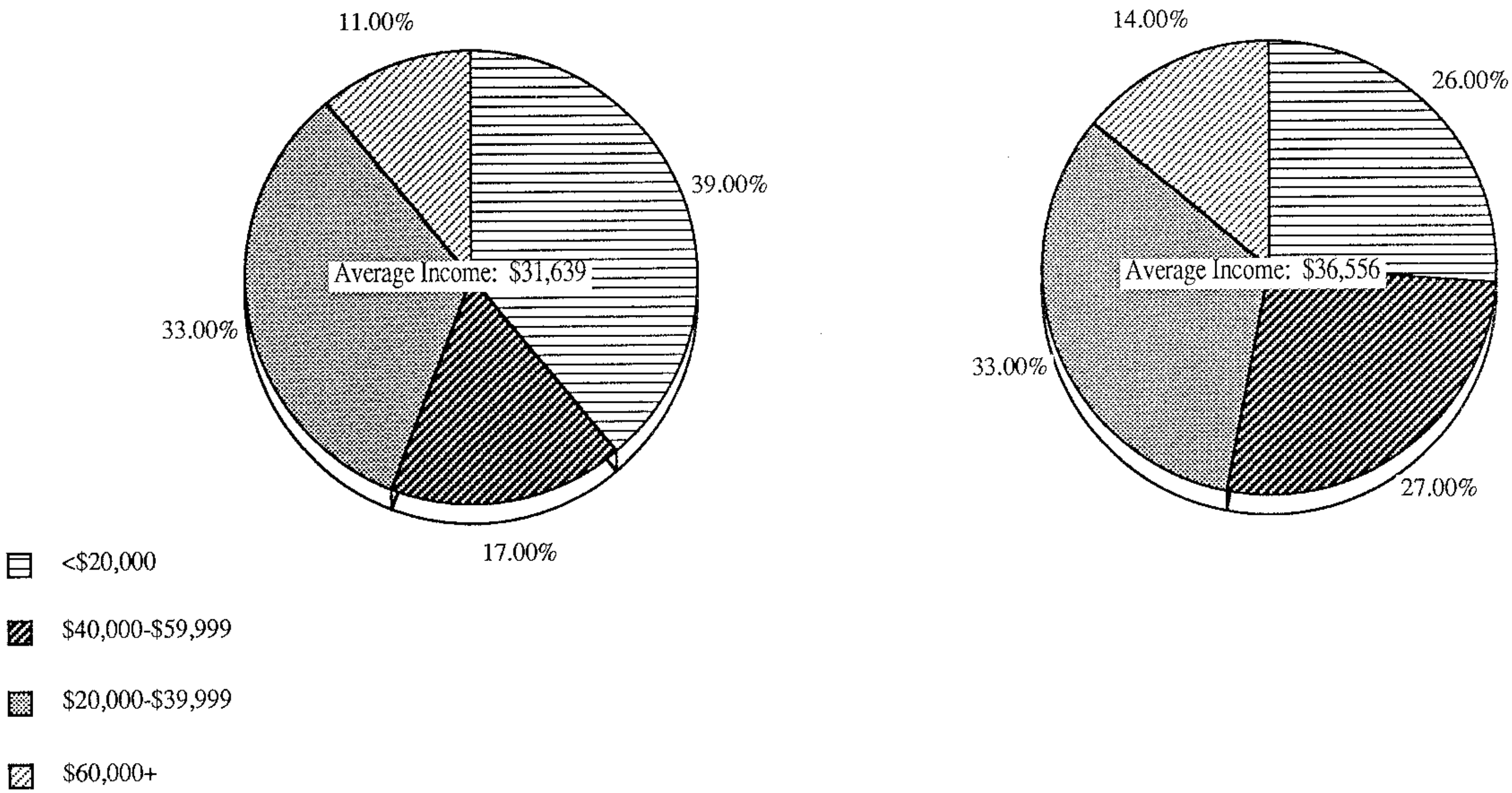
Income of Deli and Non-Deli Shoppers

Although regular deli shoppers tend to report slightly higher incomes than non-deli shoppers, there is no clear distinction in family income levels between these two groups. Progressive Grocer reports that the average income of all supermarket shoppers was $31,639 in 1989 compared with an average income of $36,556 for regular deli shoppers (see Figure 1-6).

Income distribution among occasional deli shoppers is quite different from both the other groups. Occasional deli shoppers are more skewed toward the lower income households; over 19 percent have incomes below $20,000 versus 13 and 14 percent, respectively, for regular and non-deli shoppers. Almost 45 percent of regular shopper households have incomes over $40,000 per year, compared with about 40 percent of non-deli shoppers and just over 31 percent of occasional deli shoppers (see Table 1-8).

Figure 1-6: A Comparison of Household Incomes of Supermarket Shoppers versus Deli Shoppers

% of All Shoppers **% of Deli Shoppers**



Source: Cornell University, 1990

Table 1-8: Household Income Distribution

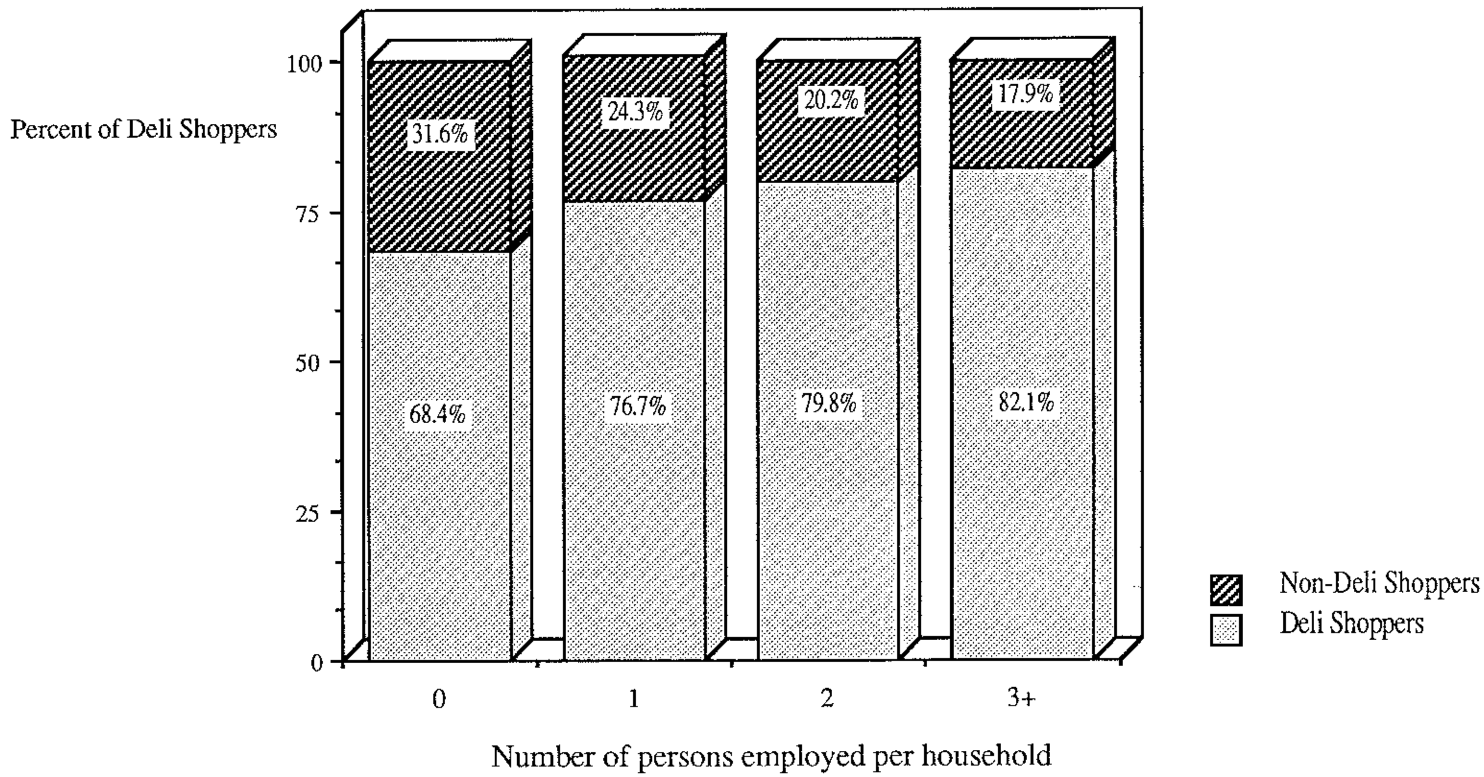
Income	Regular Deli Shoppers	Occasional Deli Shoppers	Non-deli Shoppers
$ (000's)		-- Percent --	
Under 10	3.1	5.2	4.1
10 to 19	10.1	13.9	8.9
20 to 29	16.3	17.4	22.6
30 to 39	26.0	32.2	24.0
40 and over	44.6	31.3	40.4

Source: Cornell University, 1990.

Number of Household Members Employed

One lifestyle characteristic that appears to have a direct relationship to deli shopping habits is the number of household members that are employed. From this study it is evident that the more members of the household that are working outside the home the greater the tendency to shop the supermarket deli. By analyzing the number of persons employed in the household, we see that the highest penetration of deli shoppers (82.1 percent) come from households with 3 or more persons employed and the lowest penetration of deli shoppers are found in households where no one is employed (see Figure 1-7). Over 55 percent of the customers that identified themselves as non-deli shoppers were from households where only one person was employed or no one was employed. The percentage of occasional shoppers from these two employment groups was 46 percent and it dropped to only 39 percent for regular deli shoppers. The vast majority of shoppers that responded that no members of their household were employed indicated the reason was retirement, not unemployment.

Figure 1-7: The Number of Persons Employed in Deli Shopper Households versus Non-Deli Shopper Households



Source: Cornell University, 1990

Household Size

The results from this study also show that there is a relationship to household size and the tendency of consumers to shop the deli. Results show that consumers from larger households tend to be more consistent deli shoppers than single person households.

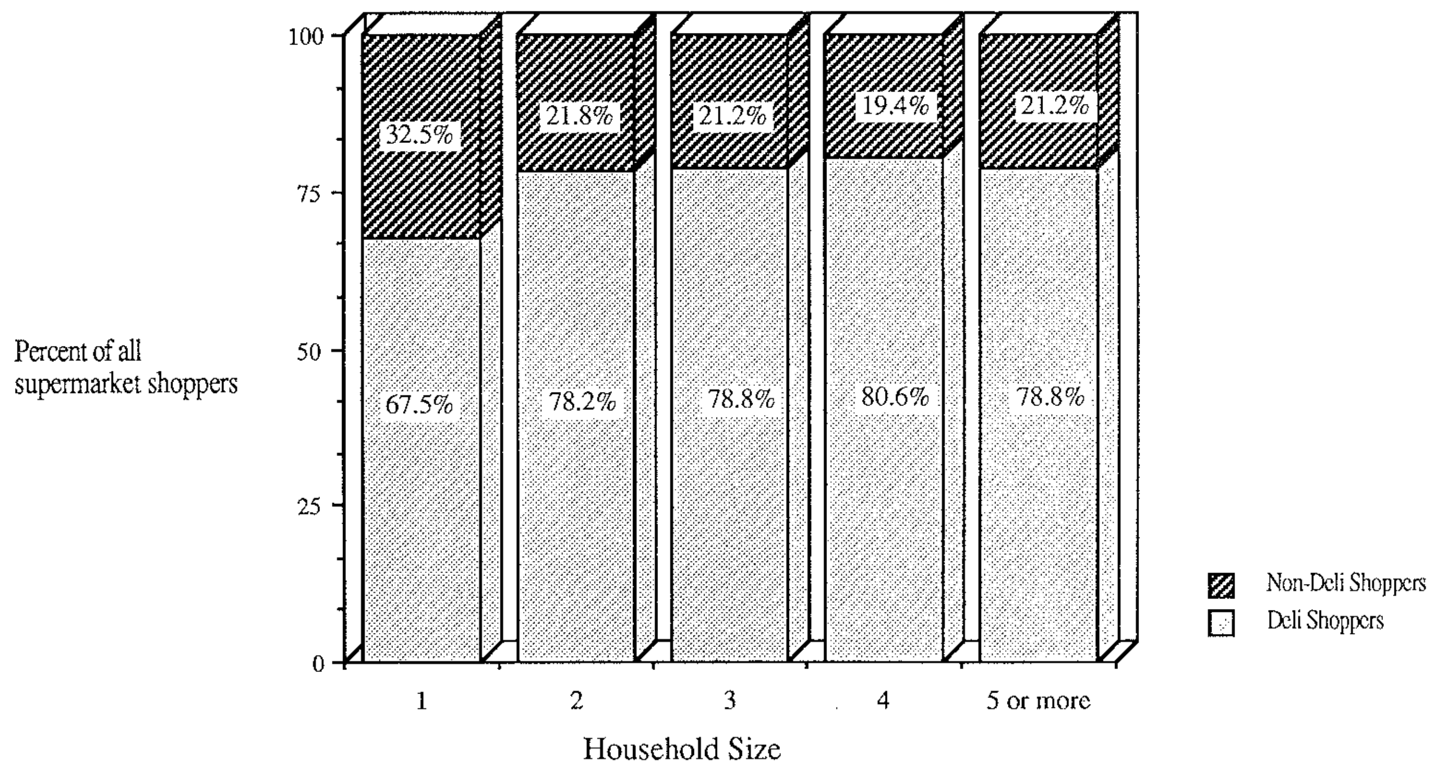
Only 67.5 percent of consumers from single person households are deli shoppers, compared with 78.2 to 80.6 percent of consumers in households with two or more persons (see Figure 1-8). The highest penetration of deli shoppers was found in 4 person households where 80.6 percent indicated that they shopped the deli and only 19.4 percent were non-deli shoppers.

Single households represented a much smaller proportion of regular deli shopper households (15.1 percent) and occasional shoppers (18.5 percent) than of non-deli shoppers (29.9 percent).

However, it is interesting that over 56 percent of occasional shoppers and 57 percent of non-shoppers live by themselves or with just one other person. Just over 42 percent of regular deli shoppers live in single or two person households.

Therefore it becomes apparent that supermarket delis do a better job of serving households with two or more persons than single person households and are the most popular with households where three or more people are employed (see Table 1-9 and Figure 1-7).

Figure 1-8: Deli Shoppers versus Non-Deli Shoppers by Household Size



Source: Cornell University, 1990

Table 1-9: Household Size of Consumers Surveyed

Size	Regular Deli Shoppers	Occasional Deli Shoppers	Non-Deli Shoppers
		-- Percent --	
1	15.1	18.5	29.9
2	27.2	38.5	26.3
3	23.2	15.6	18.6
4	17.8	17.8	13.2
5	10.4	7.4	10.2
6+	6.3	2.2	1.8

Source: Cornell University, 1990.

Gender of Deli and Non-Deli Shoppers

The regular deli shopper age profile is more comparable to the age distribution of the non-deli shoppers than to that of occasional deli shoppers. Age profiles of regular and occasional deli shoppers are quite different with occasional deli shoppers almost equally distributed among the three age brackets (see Table 1-10).

Table 1-10: Age of Consumers Surveyed

Age	Regular Deli Shoppers	Occasional Deli Shoppers	Non-Deli Shoppers
		-- Percent --	
Under 35	29.7	35.6	28.7
35 to 54	42.2	32.6	40.1
Over 54	28.1	31.8	31.1

Source: Cornell University, 1990.

The proportion of men shoppers varies notably across the three shopper groups (see Table 1-11). Almost 30 percent of non-deli shoppers are men while just about 15 percent of occasional deli shoppers are men. The male portion of regular shoppers falls just about in the middle of the two other groups at 22.7 percent.

Table 1-11: Gender of Respondents

Gender	Regular Deli Shoppers	Occasional Deli Shoppers	Non-Deli Shoppers
		-- Percent --	
Male	22.7	14.8	29.7
Female	77.3	85.2	70.3

Source: Cornell University, 1990.

Summary of Deli Versus Non-deli Shoppers

Apparently, regular deli shoppers differ from non-deli shoppers and occasional deli shoppers on several key demographic measures. Occasional shoppers seem to mirror the characteristics of non-deli shoppers more closely than those of regular shoppers particularly in age of shoppers, household size, and household composition. On measures such as household income and number of household members employed, occasional shoppers compare more favorably with regular shoppers than with non-deli shoppers.

There has been much discussion over the years about trying to entice the non-deli shopper to become a deli shopper. Perhaps the focus should rather be on encouraging occasional deli shoppers to become regular shoppers. This group of consumers already has experienced supermarket deli shopping and, apparently, is at least somewhat favorably disposed. It seems that the task of increasing the frequency of occasional shoppers' deli purchases would be easier than completely changing the behavior of non-deli shoppers.

A series of questions were asked to determine how consumers perceived supermarket delis and how this compared with perceptions of the supermarket overall. Analysis was performed to determine if significant differences in these areas existed between deli shoppers and non-deli shoppers.

Consumers were asked if they shopped the deli in the supermarket in which they were surveyed. Ninety-three percent of regular shoppers and 83 percent of occasional shoppers shop the deli in the supermarket in which they were surveyed. However, 95 percent of regular shoppers and almost 99 percent of occasional shoppers indicated they also shopped at other delis.

PART II THE SUPERMARKET DELI OPERATION

This section of the deli study is intended to put into perspective the importance of the supermarket deli to retailers, wholesalers and manufacturers of deli products. Data for this section is from Progressive Grocer's annual survey of supermarket delis from its supplement to the April 1990/August 1990 issues.

Growth of Service Delis in Supermarkets

The supermarket deli has grown in importance over the past ten years, in terms of sales (as a percent of total store sales), in size (the number of square feet it occupies in the supermarket), and in numbers (actual number of delis in supermarkets).

Between 1980 and 1989 the percent of supermarkets operating service delis increased from 42 percent to 72 percent (see Figure 2-1).

In 1989 the typical supermarket deli recorded 4.23 percent of total supermarket sales (see Figure 2-2). Eight percent of all supermarkets operated delis that accounted for over 8 percent of total store sales. Only 28 percent of all delis reported sales over 5 percent of total store sales. Three percent of all stores had deli sales that were less than 2 percent of total store sales.

Sales of Deli Products

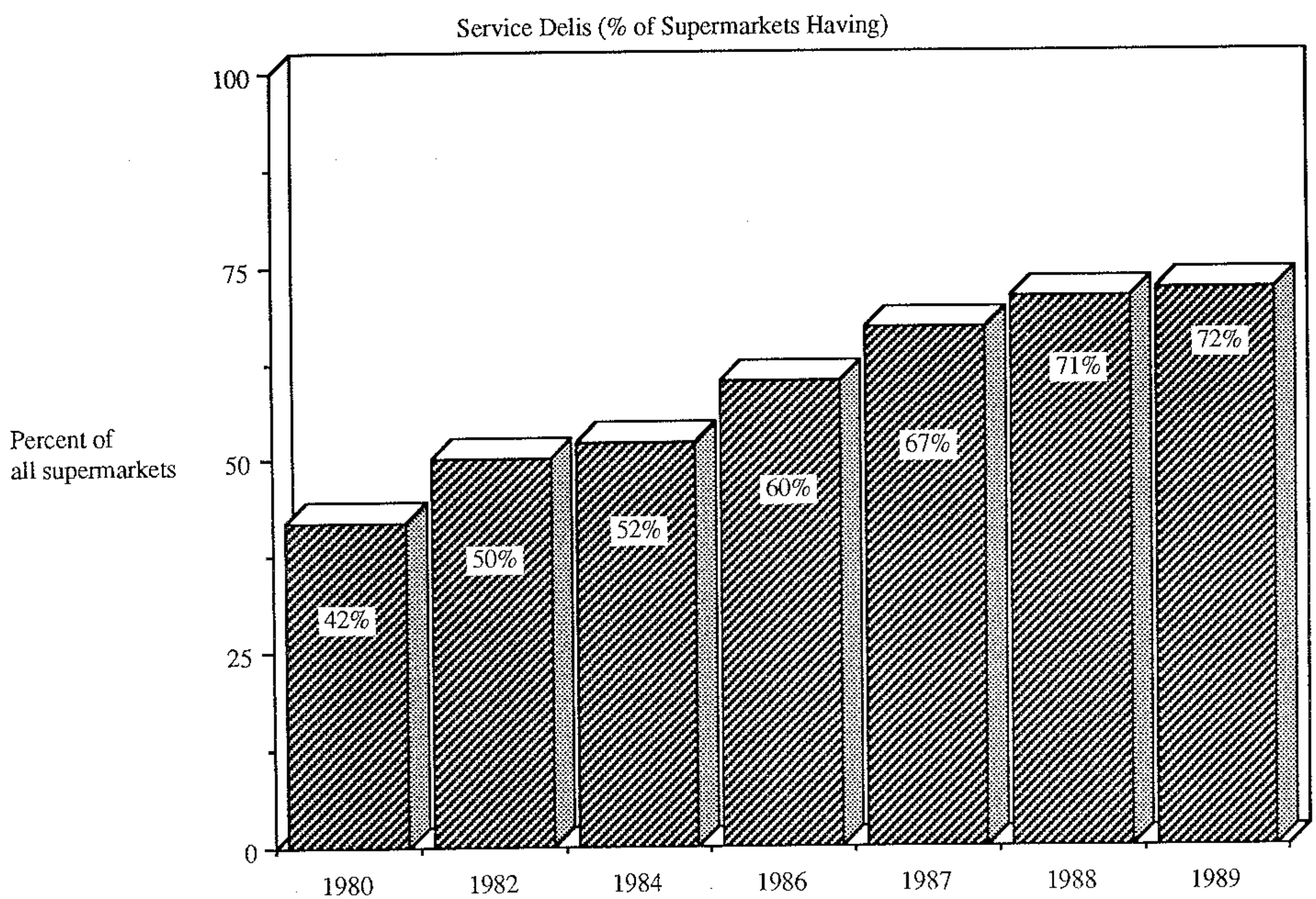
Sliced meats continue to be the most important category in the service deli, accounting for nearly 40 percent of total deli sales. Cheese is second in sales with 15.4 percent of total deli sales. Salads account for 12.3 percent of sales, followed by fried and BBQ chicken at 7.4 percent, hot foods at 7.1 percent, sandwiches at 6.6 percent, and pizza at 6.0 percent of total deli sales (see Figure 2-3).

Products With Growth Potential

In Progressive Grocer's annual survey, deli executives were asked to identify products with the greatest potential for growth in the 1990s (see Figure 2-4). The top four categories identified by these deli executives were:

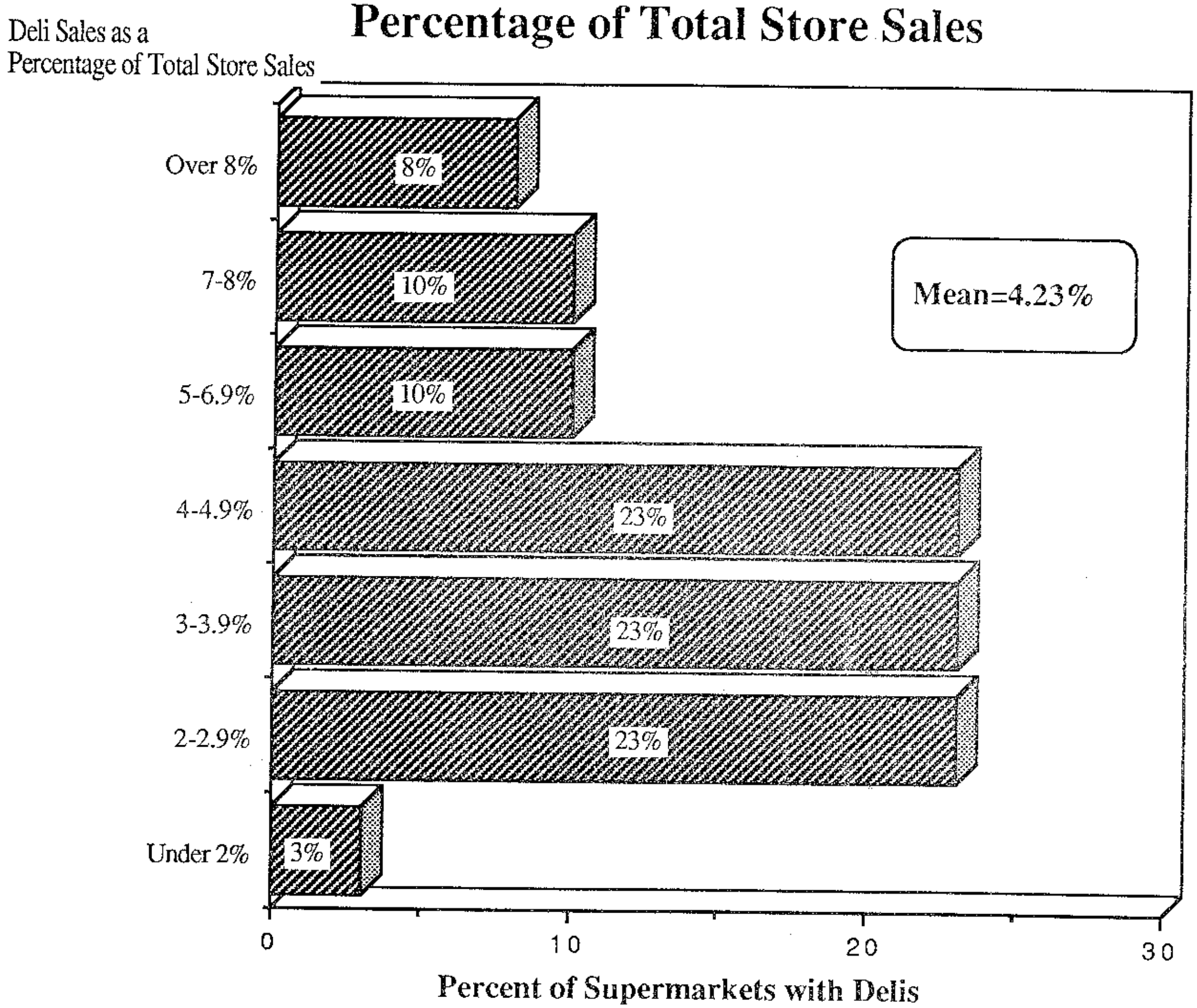
1. Chilled prepared foods
2. Low-fat, low-sodium products
3. Hot take out foods
4. Pizza

Figure 2-1: Deli Growth Pattern 1980-1989



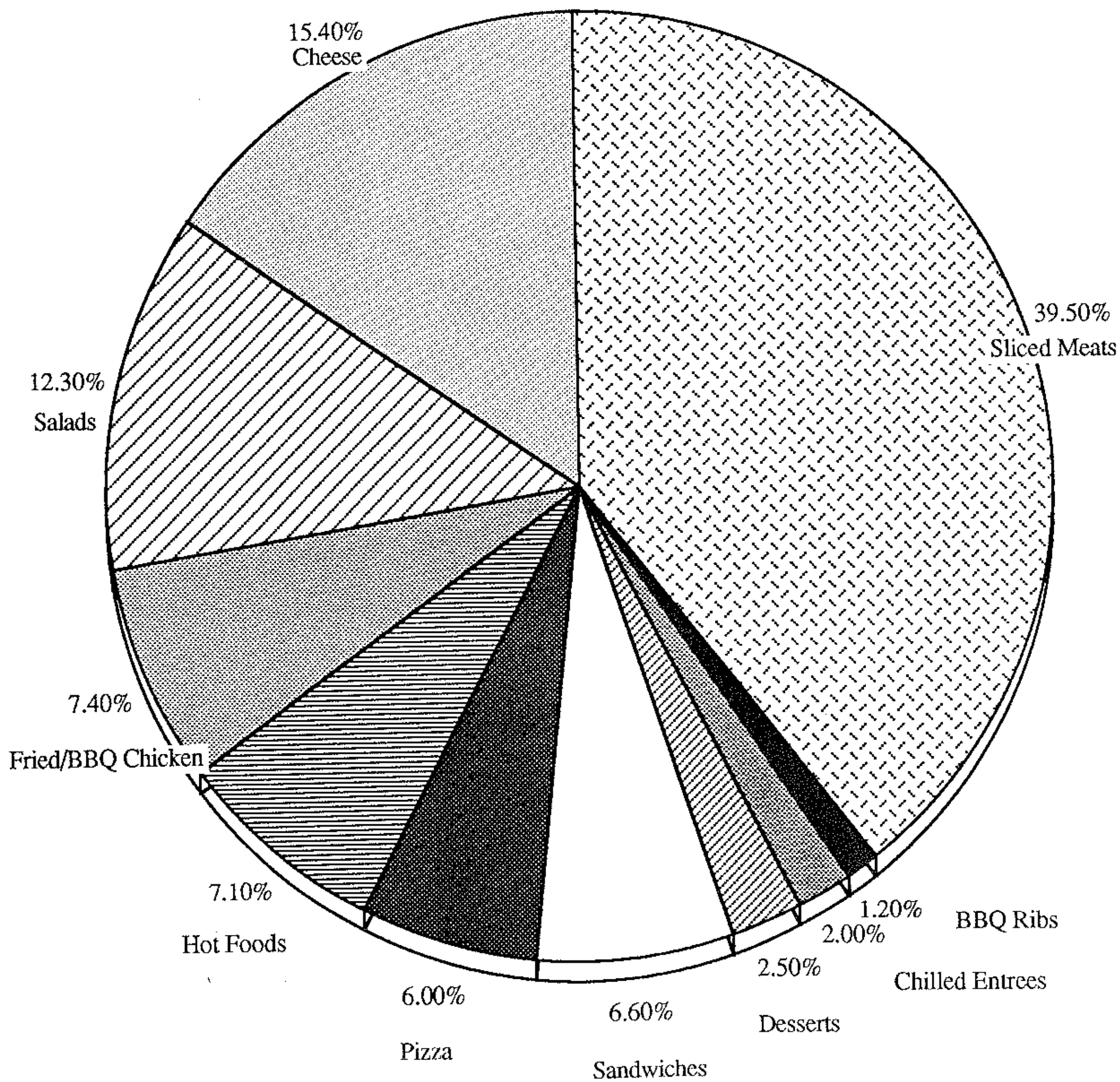
Source: Progressive Grocer's Food Service/Supermarkets

Figure 2-2: Deli Department as a Percentage of Total Store Sales



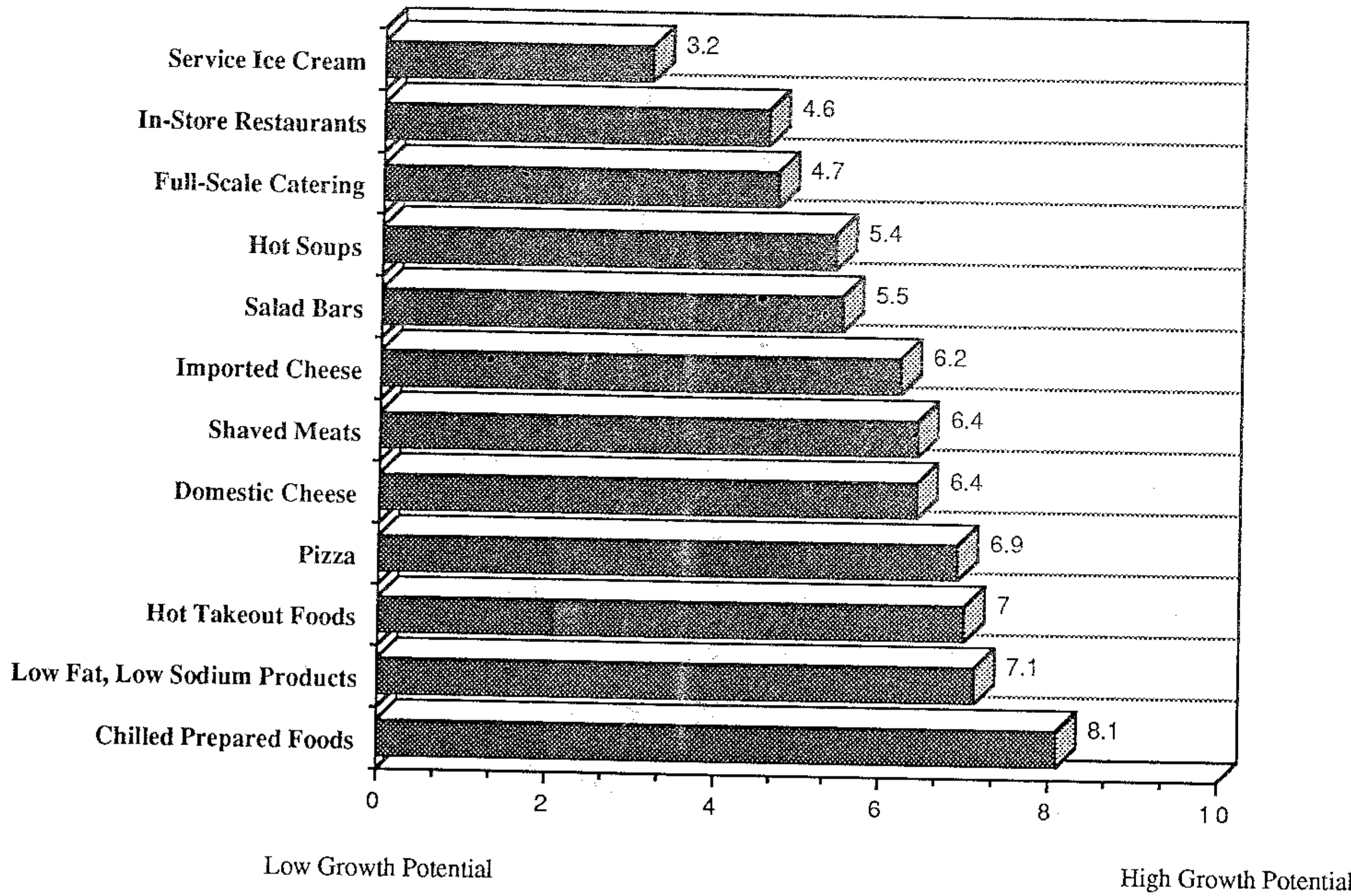
Source: Progressive Grocer's Food Servicc/Supermarkets

Figure 2-3: Deli Sales Mix (%)



Source: Progressive Grocer's Food Service/Supermarkets

Figure 2-4: Potential Growth Categories in the 1990's



Source: Progressive Grocer's Food Service Supermarkets

PERFORMANCE MEASURES

Sales per employee

In measuring performance in terms of hourly sales per employee, retailers reported a wide range of sales, from less than $20 to more than $50 per labor hour (see Table 2-1). The mean was $36.72 with food chains reporting a higher mean ($43.67) than independent operators ($33.24). Variation in sales per labor hour was greatly affected by the functions performed in each service deli. Typically, stores that prepare a large percentage of the product that they sell (i.e., salads, soups, pizza, etc.) will have lower sales per labor man hour performance than stores that purchase these products already prepared from vendors.

Labor Costs

This measure of productivity is also affected by the functions performed by employees in the service deli. Retailers reported labor costs as a percentage of deli sales from less than 12 percent to over 30 percent. The overall mean was 22.3 percent of deli sales for deli labor costs. Chain supermarkets had higher labor costs (28.7 percent) than did independent supermarkets (18.9 percent) (see Table 2-2).

Best Location for the Service Deli

Deli executives were asked to identify the preferred location for the service deli. The front of the store was the preferred location for 42 percent of the respondents, while 37 percent preferred the side perimeter, 19 percent favored the back of the store and only 2 percent indicated that a location in the center of the store was their preference (see Table 2-3).

Primary Deli Problems

In identifying the primary problems they faced, deli executives, in responding to Progressive Grocer's annual survey, listed the following as the four most important:

1. Attracting more shoppers into the deli
2. Customer satisfaction
3. Employee training
4. Recruiting effective employees

Table 2-1: Hourly Sales per Employee

Under $20	9%
$20-24	21%
$25-29	22%
$30-39	19%
$40-49	13%
$50 or more	16%
Weekly Sales	$1,468.80
Mean	$36.72
Chain Mean	$43.67
Independent Mean	$33.24

Source: Progressive Grocer's Food Service Supermarkets

Table 2-2: Labor Cost as Percent of Deli Sales

Under 12%	13%
13-17%	17%
18-22%	17%
23-25%	25%
26-30%	20%
Over 30%	8%
Mean	22.3%
Chain Mean	28.7%
Independent Mean	18.9%

Source: Progressive Grocer's Food Service Supermarkets

Table 2-3: Preferred Deli Location

Front	42%
Back Perimeter	19%
Side Perimeter	37%
Center	2%

Source: Progressive Grocer's Food Service Supermarkets

The first problem, "Attracting more shoppers into the deli" may at least be partially solved. This study shows a marked increase in both "regular deli shoppers" and "occasional deli shoppers." Since Cornell's first deli study in 1985, the number of customers indicating that they shop the deli has increased from 25 percent of all shoppers to 31 percent who identified themselves as regular shoppers plus 41 percent who said they were occasional deli shoppers. As suggested earlier in this report, it may now be the challenge of the deli executives and managers to convert the "occasional" shopper to a "regular" shopper. By increasing both the frequency and size of purchase by this customer, deli sales and profits could be greatly improved.

The second problem listed: "customer satisfaction" is an ongoing challenge and opportunity for all deli operators. The customer must come first and be the primary focus of attention.

Issues number 3 and 4 are somewhat special because they both focus on the deli employee. The issues of finding, recruiting, hiring, training and retaining good employees is paramount in providing customer satisfaction and in the successful operation of the service deli. With this much importance being placed on the deli employee by deli executives in Progressive Grocer's annual survey, Cornell included a special study to analyze supermarket deli training, its effectiveness in a wide range of areas and to determine how it is carried out.

The next section of this report will review this issue.

PART III SUPERMARKET DELI LABOR AND TRAINING

The ability to secure qualified deli employees, train them properly and then to retain them has been identified as an important problem by deli executives in the survey conducted by Progressive Grocer. This section of the study is devoted to the topic of deli labor and training.

Information for this section was obtained from the response of 91 executives from 56 supermarket companies. These 56 supermarket companies operate stores with delis in all 50 of the States and most of the Canadian Provinces. Seventeen of the top 25 U.S. food chains were included in this survey.

In addition, nine supermarket firms were selected to participate in a special study of deli employers and deli managers. These nine firms operated 4,568 stores with combined annual sales of approximately 45 billion dollars in 1989.

Deli sales averaged about 3.4 percent of total store sales, ranging from 2.2 percent to 5.0 percent of total sales among the nine retailers. Over 80 percent of the stores operated by the nine firms contained service delis. Almost ten percent of the delis operated by these nine firms were newly opened during 1989.

Stores operated by the nine firms averaged 41,778 square feet in size. The range of individual firm averages for store size was 24,000 square feet to 80,000 square feet. The service deli departments averaged 1,944 square feet or about 4.6 percent of total store space. Individual firm average deli size ranged from 750 square feet to 4,000 square feet. The ratio of deli space to total store space ranged from 2.0 percent to 11.4 percent among the nine firms.

Deli Employee Turnover Rates

One indication of the magnitude of the issue of deli employee retention that was reviewed in this study was employee turnover rates.

Deli employee turnover (for 46 firms reporting this item) averaged almost 67 percent during 1989. Turnover rates reported for 1989 ranged from 2 percent to 300 percent. Over half the firms had turnover rates greater than 50 percent for 1989 (see Table 3-1).

Table 3-1: Deli Employee Turnover Rates

Turnover Percent Range	Percent of Firms
Under 25	21.7
25 to 49	26.1
50 to 99	34.8
100 and over	17.4

Source: Cornell University, 1990.

Almost 42 percent of firms reported that their 1989 deli employee turnover rate was lower than the year before. About 48 percent reported a higher deli employee turnover rate in 1989 than a year earlier while the remaining 10 percent indicated no change in employee turnover in 1989.

The turnover issue comes into focus when the length of employment of deli managers and employees is examined (see Table 3-2). Almost 53 percent of deli employees have been working in the deli for two years or less. Almost 31 percent have worked in the deli for one year or less.

Table 3-2: Distribution of Deli Employees by Deli Tenure

Tenure	Deli Managers	Deli Employees
	-- Percent --	
One year or less	3.6	30.8
1 to 2 years	6.3	22.0
3 to 5 years	33.3	29.8
6 to 10 years	36.0	12.7
Over 10 years	20.7	4.7

Source: Cornell University, 1990.

Length of Deli Employment

Of the total 413 respondents to the deli employee questionnaire, 111 or 27 percent were deli department managers and the remaining 302 were other deli employees including assistant and night deli managers, clerks, and trainers. On average, deli managers had worked for their company over eight years, had worked in the deli department for just over seven years, and currently worked about 42 hours per week (see Table 3-3).

Deli employees' tenure with their company averaged approximately four years, tenure in the deli averaged just over four years, and currently averaged about 36 work hours per week.

Deli department staffing ranged from 1 to 12 full-time and 3 to 30 part-time employees. On average, responding firms typically had about 4 full-time and 10 part-time employees in each deli department.

Table 3-3: Average Tenure and Hours

Category	Deli Managers	Deli Employees
Average years with company	8.33	4.00
Average years in deli	7.08	3.17
Average work hours per week	41.84	35.64

Source: Cornell University, 1990.

Gender of Deli Managers and Employees

The ranks of supermarket deli managers and employees are dominated by women (See Table 3-4). Women actually comprise a higher percentage of deli managers than of other deli employees, 92 percent versus 87 percent.

Table 3-4: Gender of Deli Managers and Employees

Gender	Deli Managers	Deli Employees
	-- Percent --	
Female	91.9	86.9
Male	8.1	13.1

Source: Cornell University, 1990.

Although deli employees were often newcomers to their company, they were not "youngsters." This study revealed that more than 70 percent of the employees were over 26 years of age and nearly 45 percent were 35 years of age or older.

As a group, deli managers were even more mature. Just over half (50.5 percent) of the managers were between 35 and 54 years old and another 41 percent of managers were between 26 and 34 years old (see Table 3-5). As may be expected, other deli workers were typically younger than managers with 36 percent between 35 and 54, 25 percent between 26 and 34, and 29 percent between 18 and 25 years old.

Table 3-5: Age of Deli Managers and Employees

Age Group	Deli Managers	Deli Employees
	-- Percent --	
Under 18	-	1.0
18 to 25	2.7	28.7
26 to 34	41.4	25.3
35 to 54	50.5	36.1
55 and over	5.4	8.7

Source: Cornell University, 1990.

Educational Levels of Deli Personnel

Both deli managers and deli employees had a reasonably good formal education. Almost 30 percent of managers and over 25 percent of deli employees had completed some college courses, while just over 13 percent of managers and 7.5 percent of employees were college graduates (see Table 3-6). Most managers (93 percent) and employees (89 percent) were high school graduates.

Table 3-6: Education of Deli Managers and Employment

Educational Status	Deli Managers	Deli Employees
	-- Percent --	
Currently high school student	1.9	2.9
Completed some high school	4.8	7.9
High school graduate	48.6	47.1
Currently college student	1.9	8.9
Completed some college	29.5	25.7
College Graduate	13.3	7.5

Source: Cornell University, 1990.

Standard Procedural Manual

From the executive questionnaire it was determined that all the firms surveyed had a Standard Manual for Deli Operations. When deli managers and employees were asked if their company had such a manual, 92 percent of the managers said "yes," but only 81 percent of the employees were familiar with it. Therefore, even firms that provide such a manual cannot be sure that all managers and employees will read it or even know it exists.

Training Programs for Deli Employees

Almost 70 percent of the responding companies offer training programs designed specifically for deli employees. On average, training programs lasted 10 working days but ranged from 1 day to 8 weeks. Two thirds of companies reported that training took place on-the-job in stores (see Table 3-7).

Table 3-7: Where Does Deli Training Take Place

Location	Percent
On the job (OTJ), in the store	66.7
Model department or store	9.5
Central (outside the store)	4.8
Combinations of those above	19.0

Source: Cornell University, 1990.

In about 24 percent of responding firms, deli training was conducted by training professionals from headquarters (see Table 3-8). The combination of deli managers and other deli employees to conduct deli training was also used in about 24 percent of the firms. Just over 21 percent of companies reported that deli managers alone were responsible for deli training.

Table 3-8: Who Conducts Deli Training

Trainer	Percent
Training professionals from headquarters	23.8
Store deli manager	21.4
Other deli employees	2.4
Store trainer specifically for deli	4.8
Deli manager and other deli employees	23.8
Deli manager and professionals from HQ	11.8
Other combinations	12.0

Source: Cornell University, 1990.

About 12 percent of the firms reported that training was conducted by a combination of headquarters training professionals and deli managers. Less than three percent of the firms reported that deli training was conducted solely by other deli employees. The remaining firms reported that deli training was the responsibility of various combinations of trainers.

All firms offering training programs reported that customer service and relations are stressed during deli training. Over 64 percent of firms with training programs reported that they rely on outside sources for training materials and resources such as manuals, videos, and consulting.

Twenty-six different sources of deli training resources were mentioned by firms with deli training programs (see Table 3-9). These sources included manufacturers, wholesalers, trade associations, brokers, distributors, consultants, universities, and governmental agencies.

Table 3-9: Outside Deli Training Resources Mentioned

- Food Marketing Institute	- Stouffer's
- Russer Foods	- Sallinger Films
- Hazelwood Farms	- Oscar Mayer
- Hormel	- International Dairy Deli Assoc.
- Carando	- Hasmat Films
- Schaller & Weber	- Cornell Univ. Home Study Prog.
- Eckrich	- State Health Departments
- Wisconsin Cheese Board	- Kahn's
- Frymax	- Emmber Brands
- Deli Date	- Campbell
- Wilson Foods	- Broker Product Seminars
- Food Service Association	- Various Consultants
- Various Wholesalers	- Other Deli Supplier Videos

Source: Cornell University, 1990.

Quality Rating of Deli Training Programs

Deli managers and employees were asked to evaluate their company's deli training program (see Table 3-10). Fifty-six percent deli managers rated their training programs either "very good" or "excellent". Just over 43 percent of deli employees rated their training programs at these levels.

Table 3-10: Quality Ratings of Deli Training Programs

Rating	Deli Managers	Deli Employees
	-- Percent --	
Excellent	14.3	16.2
Very Good	41.7	27.4
Good	28.6	36.8
Fair	15.5	18.8
Poor	-	0.8

Source: Cornell University, 1990.

Post Training Activities

More than seven out of ten managers and deli employees said that followup evaluations are conducted at their company to see if employees are retaining and practicing information and standard operating procedures which were presented in their training program (see Table 3-11). On first glance this sounds reassuring but consider the converse: that almost 25 percent of deli managers and almost 30 percent of deli employees responded that deli training followup evaluations are not conducted in their stores.

Table 3-11: Deli Post-Training Procedures

Aspect	Deli Managers	Deli Employees
	-- Percent Answering "Yes" --	
Followup evaluations	75.6	70.6
Periodic refresher programs	45.3	43.6

Source: Cornell University, 1990.

In addition to followup evaluations, employees were asked if periodic refresher programs were conducted to reinforce standard operating procedures. Less than half of both groups said such refresher programs were conducted by their companies.

Quality Rating of Deli Employees, by Deli Executives

As a measure of the effectiveness of in-store training, deli executives were asked to grade their employees on six key areas of deli operations. Using the standard 4 point scale grading system where in an "A" equals 4.0 and "F" equals 0.0, executives graded employees on Product Knowledge, Customer Service, Suggestive Selling, Food Preparation Skills, Food Safety Information, and Food Sanitation Knowledge.

Average grades for all six subject areas was 2.57 (about C+) and ranged from a low of 1.94, for Suggestive Selling to a high of 2.79, for Sanitation Knowledge. The average grade for Customer Service was the second highest, 2.78, followed by Food Preparation Skills (2.71), Food Safety Information (2.66), and Product Knowledge (2.55).

The distribution of grades for each subject area provides more details on how executives evaluated their deli employees (see Table 3-12). Almost three quarters of executives gave their deli employees C's, D's, or F's on Suggestive Selling. Almost 20 percent gave their deli employees A's for Customer Service. Only 32 percent of executives gave their deli employees C's or lower in the area of Sanitation Knowledge.

Table 3-12: Distribution of Grades for Deli Employees

Subject	A	B	C	D	F
			- Percent -		
Product Knowledge	8.9	42.9	42.9	5.3	-
Customer Service	19.6	41.1	35.7	3.6	-
Suggestive Selling	5.4	21.4	41.1	26.7	5.4
Food Preparation Skills	16.1	44.6	33.9	5.4	-
Food Safety Information	10.4	48.5	37.5	3.6	-
Sanitation Knowledge	17.9	50.0	25.0	7.1	-

Source: Cornell University, 1990.

Quality Rating of Deli Employees

As a measure of how managers and employees felt their training had prepared them for their job, they were asked to grade themselves in six critical areas of deli operations: Product Knowledge, Customer Service, Suggestive Selling, Food Preparation Skills, Food Safety Information, and Sanitation Knowledge (see Table 3-13). In each area managers graded themselves higher than did other deli employees.

Table 3-13: Self Evaluations of Deli Managers and Employees

Category	Deli Managers	Deli Employees
	-- Average Grades --	
Product Knowledge	3.60	3.29
Customer Service	3.79	3.64
Suggestive Selling	3.35	3.16
Food Preparation Skills	3.57	3.45
Food Safety Information	3.69	3.46
Sanitation Knowledge	3.73	3.58

Source: Cornell University, 1990.

In general, respondents graded themselves above average in all areas. Deli managers gave themselves a cumulative average grade of 3.62, or about an "A minus", across the six categories. Other deli employees averaged 3.43 or about a "B plus". Both groups gave themselves the highest grades for customer service and the lowest grades for suggestive selling. However, even the lowest grades equated to a "B" or a "B plus" which is above average.

As a means of evaluating the performance of deli managers and employees, deli executives were asked to evaluate the quality of service and prepared foods in their delis versus their major competitors. A third of the executives rated the service in their delis the "same" or "worse" than competitors (see Table 3-14). 41.8 percent said it was "better" and 24.1 percent rated service in their delis as "far better" than competitors.

Table 3-14: Quality Ratings of Service and Prepared Foods by Deli Executives

Rating	Quality of Service	Quality of Prepared Foods
	- Percent -	
Much Worse	--	--
Worse	3.3	--
Same	30.8	9.9
Better	41.8	56.0
Far Better	24.1	34.1

Source: Cornell University, 1990.

Over 90 percent of executives rated the prepared foods in their delis as either "better" or "far better" than that in their major competitors' stores. No executives felt that the quality of their firm's prepared foods was either "worse" or "much worse" than their competition. When asked to compare the quality of service in their delis with their major competitors, about two thirds of executives rated their delis' service as "better" or "far better."

Deli managers and deli employees were also asked to evaluate their performance relative to their major competitors in terms of quality of service and quality of prepared foods. Both groups rated themselves higher than their competitors and higher than the deli executive had rated them on these two factors (see Table 3-15).

On a five point scale where "4" equals "better" and "5" equals "far better", deli managers rated the quality of service and the quality of prepared food in their deli each about 4.2 out of 5. Other deli employees rated service slightly higher and prepared food slightly lower than did deli managers.

Deli executives rated the quality of prepared foods higher than either the managers or employees (4.24) but rated their employees quality of service lower than the managers or employees rated themselves (3.87).

It is interesting to note that deli managers and employees rate their "quality of service" higher than the "quality of the prepared food" that they sell. On the other hand, deli executives have a very high regard for the quality of prepared foods that their employees sell, but a much lower opinion of the service level of their managers and employees.

Table 3-15: Ratings of Own Deli versus Competition

Category	Deli Managers	Deli Employees	Deli Executives
Average Rating of Quality of Service in own deli versus service in deli of major competitor's store.	4.19	4.22	3.87
Average Rating of Quality of Prepared Foods in own deli versus that in deli of major competitor's store.	4.16	4.09	4.24

Source: Cornell University, 1990.

Deli executives were also asked to evaluate the content of their deli training programs in the critical area of food safety and sanitation. Specifically, they were asked if their deli training programs informed employees how food safety and sanitation relates to four key areas of deli operations: food quality, shelf life, customer satisfaction, and profitability. Executives were asked to indicate how much information is included in their training program on each of these issues.

Over 90 percent of executives indicated that their deli training programs include some level of information about how food safety and sanitation relates to food quality, shelf life, and customer satisfaction (see Table 3-16). The relationship of food safety and sanitation with customer satisfaction is stressed the most as about 45 percent of executives indicated that detailed information on this relationship is included in their deli training programs. Just one third of executives indicated that their deli training programs include detailed information on the connections between both food quality and shelf life with food safety and sanitation. Profitability is stressed less often and to a lesser degree, with only 17.5 percent of the executives indicating that detailed information was included in their training programs.

Table 3-16: Food Safety and Sanitation Content of Deli Training Programs

Amount of Information Included		Food Quality	Shelf Life	Customer Satis-faction	Profit-ability
		- Percent -			
No Information		5.1	5.1	2.6	17.5
Very Little Information	1 -	0.0	0.0	0.0	0.0
	2 -	7.7	2.6	2.6	10.0
	3 -	25.6	28.2	15.8	35.0
	4 -	28.3	30.8	34.2	20.0
Detailed Information	5 -	33.3	33.3	44.7	17.5

Source: Cornell University, 1990.

The Effect of Turnover on Deli Performance

Turnover has been identified as a serious problem for many supermarket deli operators. In analyzing the data from this study, the participants were classified as "high" or "low" turnover firms based on recent turnover of deli employees. Firms which had more than 50 percent turnover were considered high turnover firms and those with less than 50 percent turnover, low turnover firms. Deli executives rated their employees on "Quality of Service" and their stores on the "Quality of Prepared Foods." In this analysis, we have separated the responses based on the turnover of the firms.

Quality of Service

In rating employees on quality of service, executives from firms with low turnover tended to rate the service level of their employees higher than executives from firms with high turnover. Twenty-eight percent of the low turnover firms rated the service level of their employees "far better" than competitors compared with 10 percent of high turnover firms (see Figure 3-1).

Quality of Prepared Foods

Also, deli executives from low turnover firms rated the quality of prepared foods higher than executives from high turnover firms. In comparing the quality of prepared foods with competitors, 39 percent of the executives from low turnover firms gave their delis the highest rating (far better) compared with only 20 percent of executives from high turnover firms (see Figure 3-2).

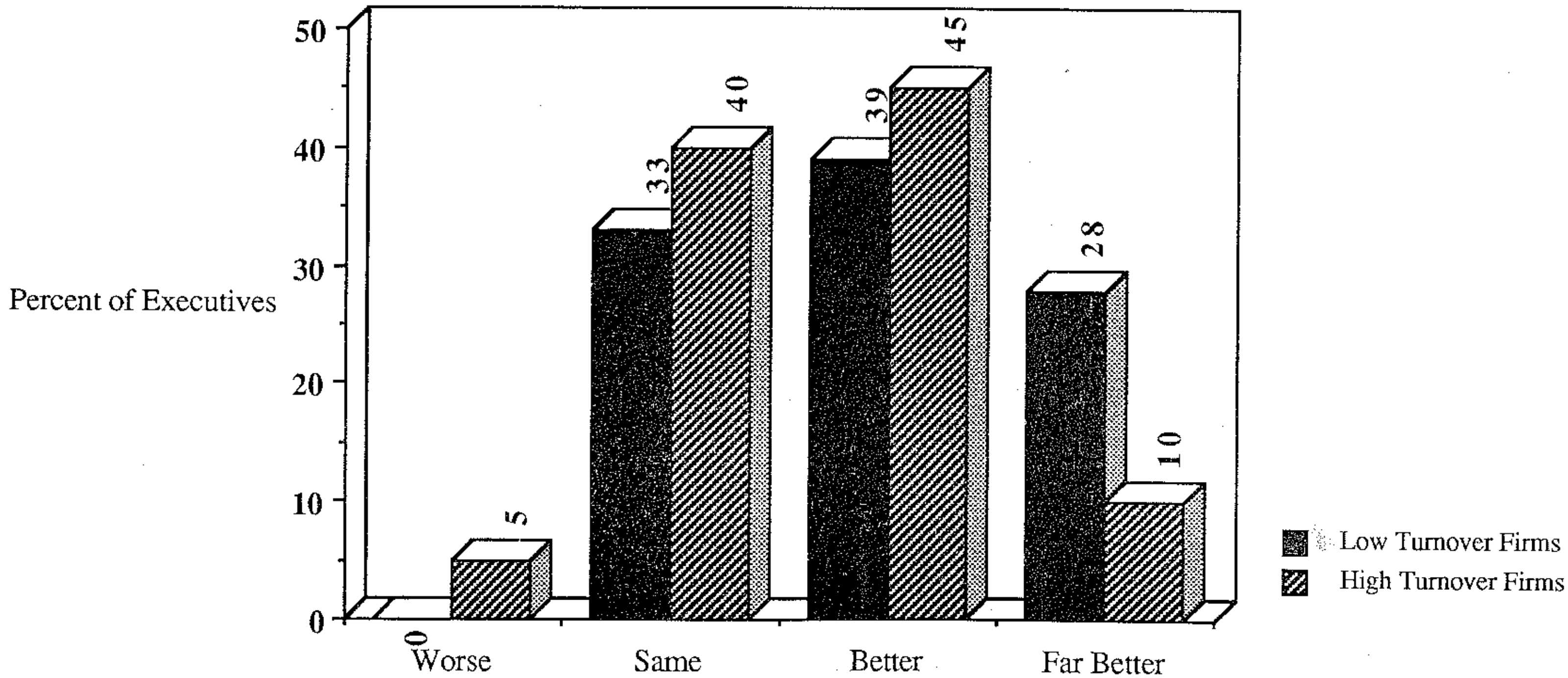
Deli Sales as a Percent of Total Store Sales

Perhaps the best indication of the effect of turnover can be seen in comparing the sales of high turnover firms with that of low turnover firms. In this analysis it is clear that firms with low turnover out perform high turnover firms.

Fifty-five percent of the firms with low turnover reported deli sales in excess of 4 percent of total store sales, while only 30 percent of high turnover firms reported deli sales at this level (see Figure 3-3).

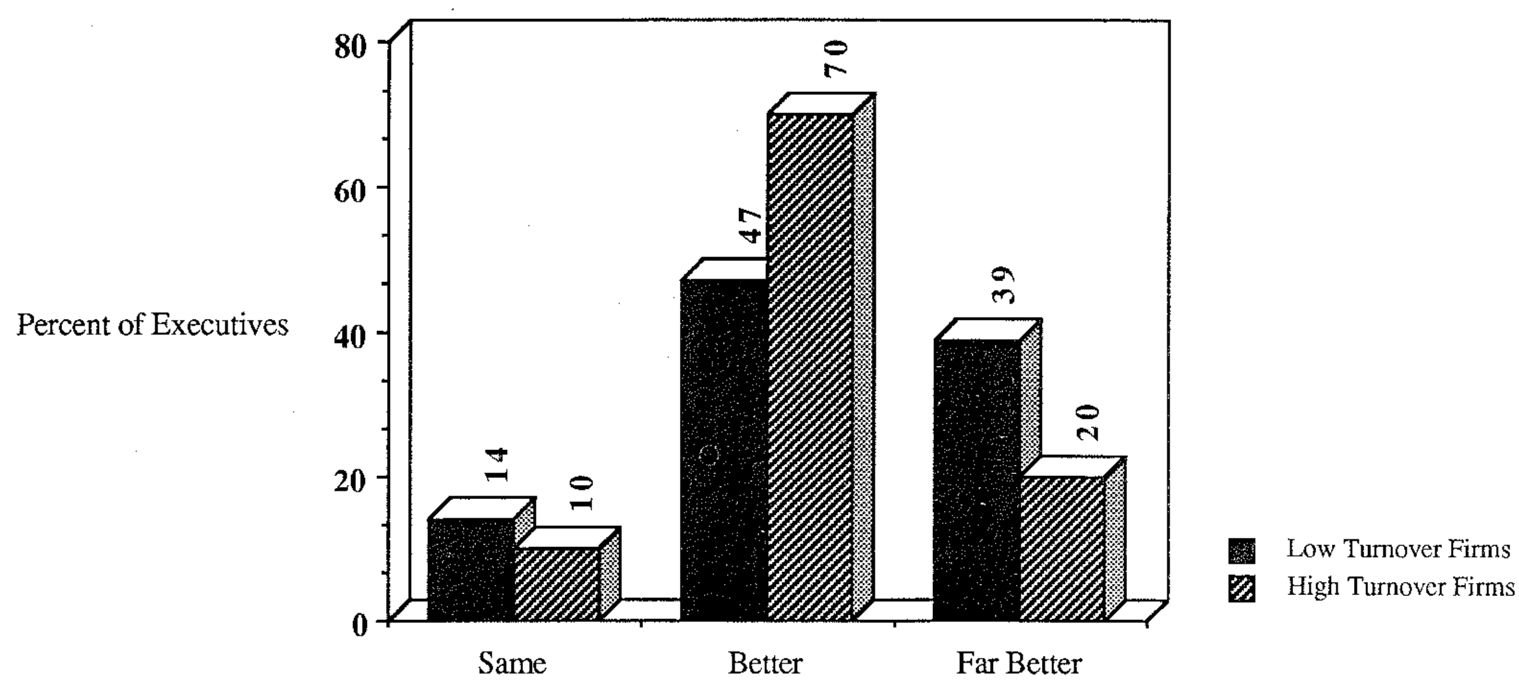
The challenge for supermarket operators in general, and deli managers and executives in particular, will be to find ways to reduce turnover and improve employee productivity. Better training and re-training programs may make an important contribution to the issue of employee retention. It is most certainly an issue that will demand the attention of supermarket operators in the years ahead.

Figure 3-1: Quality of Service (Rating by Deli Executives)



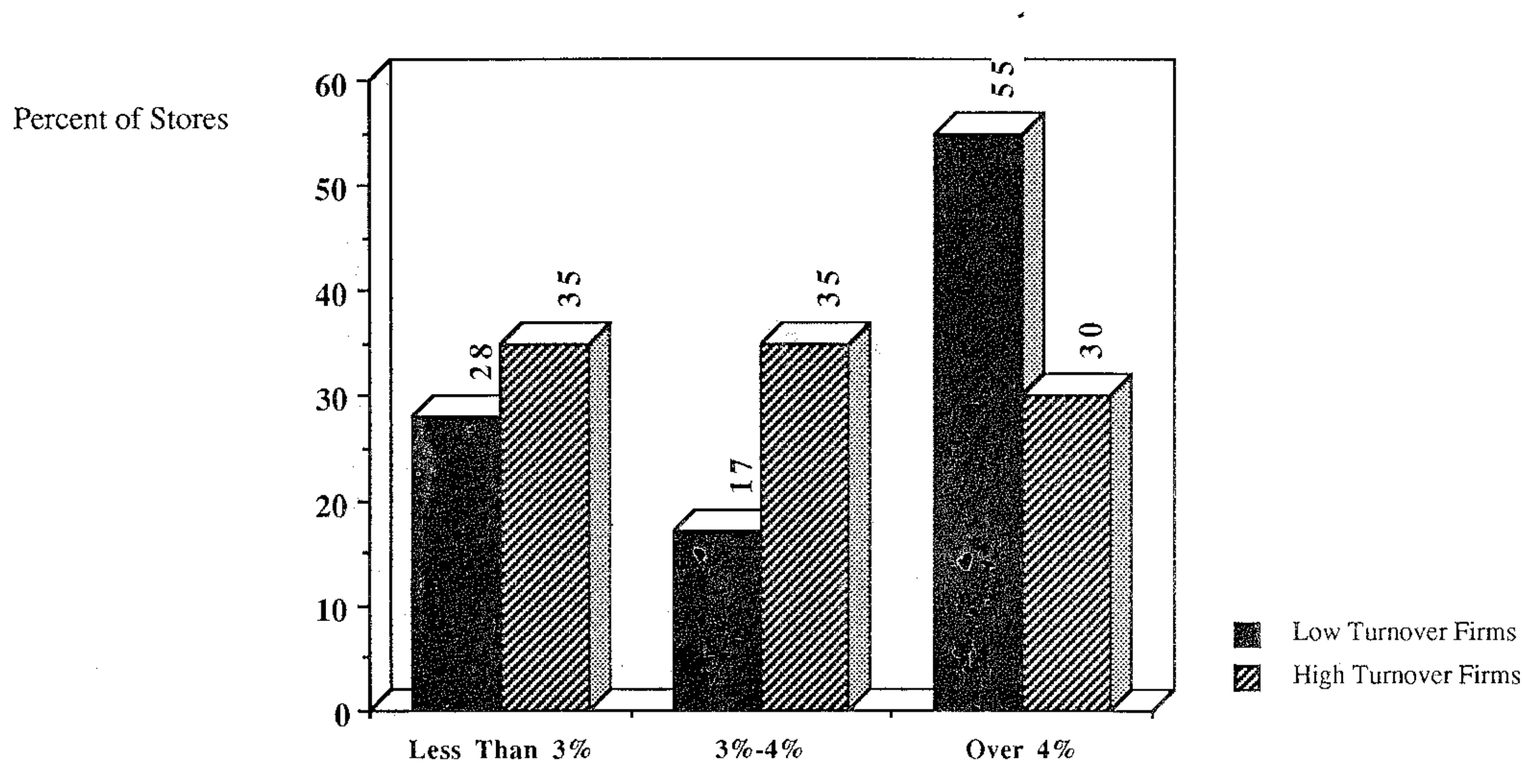
Source: Cornell University, 1990

Figure 3-2: Quality of Prepared Foods (Rating by Deli Executives)



Source: Cornell University, 1990

Figure 3-3: Deli Sales as a Percent of Total Store Sales



Source: Cornell University, 1990

SUMMARY AND CONCLUSIONS

This research was focused on three primary and distinct areas of the supermarket deli:

1. The Supermarket Deli Consumer
2. The Supermarket Deli Operation
3. Supermarket Deli Labor and Training

In each area a broad base of information was collected and analyzed. Although the results have already been presented in the various sections of this report, the purpose of this final section is to provide an overview or summary and to draw conclusions from the data collected.

THE SUPERMARKET DELI CONSUMER

A nationwide survey of over 1,000 supermarket consumers, taken at random in supermarkets in five major market areas, showed that 31 percent of all consumers were "regular" deli shoppers, 41 percent reported that they were "occasional" deli shoppers, and 28 percent of all consumers interviewed stated that they never or almost never shopped the deli. Perhaps the most important conclusion from these results is that it shows an increase in supermarket shoppers that shop the deli on a regular basis or at least occasionally. In 1985, the first Cornell study indicated that only 25 percent of all supermarket shoppers shopped the deli, compared with over 70 percent in the current study. This information will be important to both retailers and suppliers as they consider new strategies to sell products to deli customers. The customers are now coming to the deli as both "regular" and "occasional" deli shoppers, but the important thing is that more customers are shopping the deli than ever before. The new strategies will need to focus on selling <u>more</u> products to these new customers that are now shopping the deli rather than trying to attract new customers to the deli.

Attitudes of consumers have also changed regarding their deli shopping experience. In this current study, shoppers are less concerned with the price of deli products and more concerned with product quality than in previous studies. Also, consumers did indicate an increased interest in shopping at delis where there is a wide variety of products. This consumer interest matches a strategy that retailers may find extremely beneficial. By providing more and varied products for the increased number of customers shopping the deli, both sales and profits could increase. Variety may become more important than low price features to most deli shoppers.

An important aspect of the study was a comparison of the deli shopper and the non-deli shopper. It has been assumed that non-deli shoppers might possess different demographic or lifestyle characteristics that would set them apart from customers that shop the deli. Therefore, in this study, data was collected from both deli and non-deli shoppers. In examining the data, it was somewhat surprising to note that very few differences were identified in either demographic or lifestyle characteristics between the deli and non-deli shopper groups. Perhaps the only significant difference was that more deli shoppers were found in large families than in small families. This study revealed that people in single households are less likely to be deli shoppers than those in larger households. This is somewhat of a contradiction to a commonly held view that supermarket delis provide products primarily to people in single households or to couples in dual income families. This study reported that more non-deli shoppers were found in small households and more deli shoppers were found in households with three or four persons.

THE SUPERMARKET DELI OPERATION

Data for this section of the study was taken primarily from Progressive Grocer's annual survey of supermarket delis from its supplement to the April 1990 and August 1990 issues.

This survey provided valuable information for tracking the overall growth of the supermarket deli during the 1980s. The report pointed out that in 1980 only 42 percent of all supermarkets operated an in-store deli and that this number grew to 72 percent by 1989. In 1989, deli sales (in those stores with delis) averaged 4.23 percent of total store sales. Sliced meats continued to be the most important category with nearly 40 percent of deli sales. However, supermarket deli executives identified a number of fast growing product categories for high sales potential in the decade ahead. The top four categories were: 1) chilled prepared foods, 2) low fat, low sodium products, 3) hot take out foods, and 4) pizza.

Deli executives also reported that they preferred to locate the service deli in the front of the store, with a side perimeter aisle location the second choice.

The four most pressing problems facing the deli in the future, as identified by deli executives in the Progressive Grocer survey, were:

1. Attracting more shoppers to the deli
2. Customer satisfaction
3. Employee training
4. Recruiting effective employees

Two of the four problems mentioned above deal with deli employees. The success of supermarkets in general and its service departments in particular are dependent on the quality and training of its employees. As more supermarkets add delis and other service departments, the need for well trained employees with a strong customer service orientation will become even more important.

SUPERMARKET DELI LABOR AND TRAINING

The issues involved in the recruiting and training of qualified deli personnel can be seen from the following information taken from special surveys and interviews with deli executives, deli managers and employees.

Deli employment is a woman's world. Over 90 percent of all deli managers in this study were women -- 87 percent of all deli employees were women. Although nearly 30 percent of these women were under 25 years of age, data from this study indicated that 45 percent of all deli employees were over 35 years of age. This means that older women are finding employment opportunities in the service deli. It is also probably true that very few of these women find opportunities for advancement in other departments of the supermarket. Therefore, if they become dissatisfied with their job they tend to quit as opposed to seeking transfer. Finding ways to provide greater job incentives and satisfaction will continue to be a challenge to deli managers and executives in the years ahead.

A high percentage of deli employees (30 percent) have less than one year of work experience. This is both a cause and effect of turnover problems in the service deli. Over half of the firms in this study reported annual turnover rates of 50 percent or higher.

Nearly all deli managers and employees have completed high school and nearly 45 percent of deli managers have completed some college or are college graduates. This is certainly a bright spot in terms of deli training opportunities, since it indicates that, in general, deli managers are well educated and should be receptive to training programs.

Specific training programs for deli employees are not available in all supermarket firms, although nearly 70 percent of the firms in this study reported that they had such a training program. Most provided "on-the-job" training only. In some cases the training programs were only one day in length. However, the average deli training program was 10 working days and was often conducted by several people, usually the deli manager or a training person from company headquarters. Outside sources are frequently used to supplement on the job training. Firms with deli training programs identified 26 different sources for deli training material, including manufacturers, wholesalers, trade associations, consultants, universities and government agencies.

Overall, both deli employees and deli managers indicated satisfaction with their training programs. As a measure of the effectiveness of training programs, deli executives were asked to "grade" their employees on six skill areas. Employees received highest marks for "customer service" and for their "food preparation skills." Deli executives graded their employees lowest in "suggestive selling."

When deli managers and employees were asked to rate themselves on these same six skill areas, the results were similar and they also rated themselves <u>lowest</u> on "suggestive selling." This indicates an opportunity for training programs in the future since there seems to be agreement that improvement is needed in the area of suggestive selling.

Retail firms with low turnover were found to out perform stores with high turnover. Overall firms with less than 50 percent annual turnover reported higher deli sales as a percent of total store sales than firms with higher turnover. Also, employee performance in low turnover firms received higher ratings from deli executives than did employee performance in high turnover firms.

With this kind of evidence indicating a direct link between low turnover and higher deli sales and improved employee performance, there is need to conduct further study to determine causes for employee turnover. By identifying these causes, solutions can be found to reduce deli employee turnover and perhaps improved training programs are part of the answer. Certainly the need to address the issues of deli labor and training and their effect on employee retention demands additional study. The issue is one that will continue to be of critical importance to the supermarket industry in the decade ahead.

APPENDIX

IN-STORE CONSUMER SURVEY

1. What is your primary reason for shopping at this store?

   convenience   quality   cleanliness   low price   service   ____________

2. How often do you shop in delis?

   _____ never   Why? ______________________________   (GO TO DEMOGRAPHICS)

   _____ almost never   _____ usually
   _____ sometimes   _____ very often

3. Do you ever shop at the deli in this store?
   _____ YES   (go to 12)
   _____ NO

4. Do you shop at <u>another</u> deli?
   _____ YES   Which deli? _________________   WHY? ______________________

   _____ NO   Why not? ____

5. Did you purchase any prepackaged sliced meats or cheese items today?
   _____ YES   what? ____
   Why didn't you purchase these same items from the deli?

   _____ NO

6. Do you think there is a price difference between deli and prepackaged meat/cheese items?
   _____ YES   Which is higher?   deli   prepack
   _____ NO
   _____ DK

7. Have you purchased boiled ham at a deli in the last month?
   _____ YES   How much did you pay per pound? _________
   _____ NO

8. How important is knowing the specific brand name of deli products you purchase?
   Great   Little   None

9. Would you be willing to pay more for higher quality deli meats than the ones you now purchase?
   _____ YES   How much more? _______%   _______/lb.
   _____ NO

10. How would you rate this store's deli in terms of:

Product Variety	Great	Good	Poor	____________
Cleanliness	Great	Good	Poor	____________
Employee Service	Great	Good	Poor	____________
Price	Great	Good	Poor	____________
Food Quality	Great	Good	Poor	____________

11. What one specific change or addition would you recommend for this deli?

    ____

****

GO TO DEMOGRAPHICS

12. What characteristic of the deli is most important to you?
    _______ Price _______ Cleanliness
    _______ Quality _______ Variety

13. What do you usually buy at the deli department?______________________

14. Did you buy any items from the deli department today?
    ______ YES Which items?______________________
    ____

    ______ NO (Go to 16)

15. If DELI MEATS/CHEESES were purchased ... Why didn't you purchase these deli items pre-packaged?

    ____

16. Do you purchase any prepackaged sliced meat or cheese items?
    ______ YES What? ______________________

    Why don't you purchase these same items from the deli?______________
    ____
    ______ NO

17. Do you think there is a price difference between deli and prepackaged meat/cheese items?
    ______YES Which is higher? deli prepack
    ______NO
    ______DK

18. Have you purchased boiled ham in the last month?
    ______YES How much did you pay per pound? ________
    ______NO

19. How important is knowing the specific brand name of a deli product you purchase?
    Great Little None

20. Would you be willing to pay more for deli meats higher in quality than the ones you now purchase?
    ______YES How much more? ______% ________/lb ______DK
    ______NO

21. How would you rate this store's deli in terms of:

Product Variety	Great	Good	Poor	____________
Cleanliness	Great	Good	Poor	____________
Employee Service	Great	Good	Poor	____________
Price	Great	Good	Poor	____________
Food Quality	Great	Good	Poor	____________

22. Do you have any suggestions to improve this store's deli?____________
    ____
    ____

Please check the spaces that correctly describe you and your household:

SEX: _______ Male _______ Female

RACE:

_______ Asian
_______ Caucasian
_______ Black
_______ Hispanic
_______ Other, ____________
_______ Unknown

YOUR AGE:

_____ under 18
_____ 18 to 34
_____ 35 to 54
_____ 55 years and over

NUMBER OF PEOPLE IN HOUSEHOLD IN THE FOLLOWING AGE GROUPS:

_______ Under 6 years old
_______ 6 to 12 years
_______ 13 to 17 years
_______ 18 to 34 years
_______ 35 to 54 years
_______ 55 years and over

NUMBER OF PEOPLE EMPLOYED IN HOUSEHOLD: ____________ people

HOUSEHOLD TOTAL INCOME:

_______ under $10,000
_______ $10,000 to $19,999
_______ $20,000 to $29,999
_______ $30,000 to $39,999
_______ over $40,000

CORNELL UNIVERSITY-DELI TRAINING STUDY
EMPLOYEE QUESTIONNAIRE
CONFIDENTIAL

All information will be kept completely confidential. Only data summarized across the entire industry will be presented in forthcoming reports.

1. How long have you been employed by your company? ____________________

2. How long have you worked in the deli for this company? ____________________

3. On average, how many hours per week do you work? ______________ Hours

4. What is your job classification:
____Deli Manager ____Deli Assistant Manager ____Deli Clerk
____Other (Please specify) ____

5. How would you rate the quality of service in your deli compared with your major competitor:
(CIRCLE ONE)
Far Better Better Same Worse Much Worse

6. How would you rate the quality of prepared foods in your deli compared with those of your major competitor?
(CIRCLE ONE)
Far Better Better Same Worse Much Worse

7. How would you grade *yourself* on each of the following areas:
(CIRCLE ONE GRADE FOR EACH AREA)

	Very good				Poor
Product Knowledge	A	B	C	D	F
Customer Service	A	B	C	D	F
Suggestive Selling	A	B	C	D	F
Food Preparation Skills	A	B	C	D	F
Food Safety Information	A	B	C	D	F
Sanitation Knowledge	A	B	C	D	F

8. Does your firm have standardized procedural manuals on deli operations for use by deli employees? Yes____ No____

9. Does your firm have a training program designed specifically for deli employees?
Yes____ No____ **(If No, Go to the next page to question # 18, Do not answer questions 10 to 17)**

10. How long did your deli training program last? ____________days

11. Where does the deli training take place?
____On-the-job (in your store) ____Centrally (outside the store)
____Model department or store

12. Who conducts deli training sessions?
____Training professionals from headquarters ___Store deli manager
____Other deli employees ____Other (Please specify) ________________________

Page 2
CONFIDENTIAL

13. How would you rate the quality of your company's deli training program?
(CIRCLE ONE)

Excellent   Very Good   Good   Fair

14. Did your company's deli training tell you about how food safety and sanitation relates to:
(CIRCLE ONE GRADE FOR EACH AREA)

			If Yes, How much? Very little Information				Detailed Information
Food Quality	Yes	No	1	2	3	4	5
Shelf life	Yes	No	1	2	3	4	5
Customer satisfaction	Yes	No	1	2	3	4	5
Profitability	Yes	No	1	2	3	4	5

15. Is customer service and relations stressed in your company's deli training program?
Yes____   No____

16. Are followup evaluations conducted to see if employees are retaining and practicing what was presented in the training program?   Yes____   No____

17. Are refresher programs conducted periodically to reinforce standard operating procedures?   Yes____   No____

18. What suggestions would you make to improve deli training at your store?
(Please answer this question even if you answered No in question number 9)

____
____
____
____
____

DEMOGRAPHIC INFORMATION:

SEX   ___ Male   ___ Female

YOUR AGE
- ___ 13 to 17 years old
- ___ 18 to 25 years old
- ___ 26 to 34 years old
- ___ 35 to 54 years old
- ___ 55 years old and over

YOUR EDUCATION
- ___Currently High School student
- ___Completed some High School
- ___Graduated from High School
- ___Currently College student
- ___Completed some College
- ___Graduated from College

COMPANY NAME____________________STORE ____________________

==

Please mail to:

Food Industry Management Program
251 Warren Hall
Cornell University
Ithaca, N.Y. 14853

CORNELL UNIVERSITY-DELI TRAINING STUDY
EXECUTIVE QUESTIONNAIRE
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All information will be kept completely confidential. Only data summarized across the entire industry will be presented in forthcoming reports.

Name____________________ Title____________________
Firm Name____
Address____________________ City____________________
State________________ Zip code________ Telephone ________________

1. How many of the following does your firm operate?
   Stores____________ In-store delis____________

2. What is the average size of your company's:
   Stores________ sq ft Delis____________sq ft

3. How many new delis did your firm open in 1989? ____________

4. What is the average number of employees in your typical deli?
   Full time____________ Part time____________

5. What was your turn over rate for deli employees in 1989? ____________ %

6. How does 1989's turnover rate compare with the year before? ___ Higher___Lower

7. Does your firm have standardized procedural manuals on deli operations for use by deli employees? Yes____ No____

8. How would you rate the quality of service in your delis compared with your major competitor:

   (CIRCLE ONE)

   Far Better Better Same Worse Much Worse

9. How would you rate the quality of prepared foods in your delis compared with those of your major competitor?

   (CIRCLE ONE)

   Far Better Better Same Worse Much Worse

10. Overall, how would you grade your deli employees on each of the following areas:

   (CIRCLE ONE GRADE FOR EACH AREA)

	Very good				**Poor**
Product Knowledge	A	B	C	D	F
Customer Service	A	B	C	D	F
Suggestive Selling	A	B	C	D	F
Food Preparation Skills	A	B	C	D	F
Food Safety Information	A	B	C	D	F
Sanitation Knowledge	A	B	C	D	F

11. What is the average labor/sales percentage in your delis? ____________ %

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12. What is the average deli sales to total store sales? ______________ %

13. Does your firm have a training program designed specifically for deli employees?
Yes____ No____ **(If No, Do not answer questions 14 to 22)**

14. How long did your deli training program last? __________days

15. Where does the deli training take place?
____On-the-job (in your store) ____Centrally (outside the store)
____Model department or store

16. Who conducts deli training sessions?
____Training professionals from headquarters ___Store deli manager
____Other deli employees ____Other (Please specify) ____________________

17. How would you rate the quality of your company's deli training program?
(CIRCLE ONE)
Excellent Very Good Good Fair

18. Does your company's deli training tell deli employees about how food safety and sanitation relates to: (CIRCLE ONE GRADE FOR EACH AREA)

			If Yes, How much? Very little Information				Detailed Information
Food Quality	Yes	No	1	2	3	4	5
Shelf life	Yes	No	1	2	3	4	5
Customer satisfaction	Yes	No	1	2	3	4	5
Profitability	Yes	No	1	2	3	4	5

19. Is customer service and relations stressed in your company's deli training program?
Yes____ No____

20. Are followup evaluations conducted to see if employees are retaining and practicing what was presented in the training program? Yes____ No____

21. Are refresher programs conducted periodically to reinforce standard operating procedures? Yes____ No____

22. Does your deli training program use outside sources such as training manuals, videos, or consulting, etc.?
Yes____ No____
If Yes, please list outside sources and products used:
____
____

Please mail to:

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251 Warren Hall
Cornell University
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Other Agricultural Economics Research Publications

No. 90-4	Whey Powder and Whey Protein Concentrate Production Technology Costs and Profitability	Susan Hurst Richard Aplin David Barbano
No. 90-5	Potential Effect of Decoupling on the U.S. Rice Industry	Satoko Watanabe B. F. Stanton Lois S. Willett
No. 90-6	Determination of Butter/Powder Plant Manufacturing Costs Utilizing an Economic Engineering Approach	Mark W. Stephenson Andrew M. Novakovic
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No. 90-8	An Economic Analysis of Freshwater Finfish Aquaculture in the Mid-Atlantic States	Minot Weld Wayne Knoblauch Joe Regenstein
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No. 90-13	Evaluation of Wine Trails in New York State	Brian Henehan Gerald B. White
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