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INDUSTRY WEEKLY DIGEST

School of Hospitality & Tourism Management
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BLURRED LINES

Whilst the COVID-19 Pandemic led to the shuttering of bricks and mortar food service businesses, food retail boomed, however the food service operators' soon pivoted their offerings and developed innovative omni channel approaches that cleverly encroached the retail space in a battery of ways.

In this digest, **Mark Ashton** explores this trend and identifies which operators are exploiting these opportunities and where this may lead in the future.

Have a great weekend!

SCHOOL OF HOSPITALITY & TOURISM MANAGEMENT

OMNI CHANNEL FOOD SERVICE IN THE RETAIL ENVIRONMENT

MARK ASHTON

Given the fluctuating situation with food service businesses being able to trade from their physical outlets over the course of the Pandemic, rapid innovation and agile pivoting of business models were the order of the day, in order to survive. Conversely, supermarkets were one of the chief beneficiaries from the imposed lock downs and mass shift to remote working. Here, we examine the increasingly blurred lines between food service and retail across physical and digital channels, as operators capitalise on these changes in consumer behaviour.

Whilst Digest readers may be familiar with certain branded restaurants products being available in Supermarkets such as Pizza Express, recent diversifications into this space include **Prets** first supermarket range including ready-to-bake frozen croissants and granolas across 700 Tesco supermarkets; Costa with a retail-branded option; **Pizza Pilgrims** DIY Pizza Kits and **Hawksmoors** steaks being available through online supermarket, Ocado and **Prets** coffee beans through online retail giant, Amazon.

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Beyond food retail product placement, food service operators have been quick to encroach on retail space by other means too including **Carluccio's** micro-footprint vending offerings, the move to non-traditional site locations such as **motorway service stations and forecourt operations** and through various concession formats/channels in supermarkets themselves such as **pizza and deli counters**; branded outlets including **coffee shops**; and **multi-branded food courts**, some of which are also offering delivery. The **benefits** of these in-store eateries are also seen to be numerous, not least as they can help enhance the shopping experience and increase **dwell time**. In the States, some major retailers are converting space previously occupied by Quick Service operators into **ghost kitchen** formats, offering collection (you shop whilst your meal is prepared) and home delivery services, including **Wendy's**. Finally, there may also be further potential in the rise of **ultra-fast grocery delivery** to more closely align/merge with restaurant food delivery.

So to the future, whilst some ponder the **demise of the growth opportunity** food service operators once saw in the traditional shopping centre, the innovation around store formats and locations, and the opportunity to piggy back delivery onto some of these, are ripe test formats for future business models that may better align to rapidly changing customer behaviour and preferences in the new normal.