

Effects of Supermarket Delis on Established Restaurants in Nairobi's Central Business District

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ABSTRACT

The most notable change that has taken place in supermarkets in the recent past is the emergence of the delicatessen. Over the years, the deli has grown from a small service department that primarily focused on meat, cold cuts and prepared salads to a department that sells a wide variety of products including pizza, assorted sandwiches, hot entrees, chilled RTE foods, salads and other specialty food items. With the entrant of the deli into the RTE food market, restaurants as a matter of fact are getting a run for their money. The main objective of this study was to establish the effects that the deli concept had on established restaurants within NCBD. Other objectives of the study were; to determine the prevalence of the deli, examine their popularity among city residents and to profile the clientele of the supermarket deli. The literature review made it clear that the deli indeed affected the normal operations of restaurants especially in terms of sales and guest turnover. The review also served to highlight the gaps that exist in previous studies on the same. The research was conducted in NCBD where the researcher identified three supermarket branches from various chains and nine restaurants around the targeted supermarkets. Both the supermarkets and the restaurants were purposively selected due to the fact that they had the desired characteristics for the study. City residents were randomly picked from the targeted restaurants and were interviewed to examine how popular the concept was. Data that was collected was grouped and presented in form of tables and pie charts and an analysis followed. The findings showed that despite the concept being very new in the region; it has been adapted by nearly all supermarket chains and is spreading quickly. The concept proved to be very popular among residents as more and more are shifting to deli dining. Response from the restaurants shows that their operations had been affected in one way or another since the emergence of the deli. The study also showed that the deli customers were mainly students and office workers. The study recommends that both the restaurant and the delis should come up with marketing strategies instead of relying on word of mouth and manipulating the impulse buying behavior of customers. It also recommends that restaurants should revise their prices for take-out meals so that they are cheaper than meals consumed on the premises. Decent packaging for takeaways was also emphasized. Considering the short period that the delis have been in operation and the effects already being felt by the restaurants, it is evident that in the near future the impact will be greater. It is therefore time that the restaurants re-strategize if they want to remain in business.

Keyword: Home meal replacements, Central Business District, Retail meal solutions, ready to eat food

1.0. Introduction

For a very long time, restaurants have been very popular joints for people who for one reason or another wish to eat out. Restaurant dining has consequently been perceived as the cheaper and convenient option for groups such as office workers, bachelors and students. Opting to eat out is greatly attributed to the difficulty people face when trying to balance between cooking and work related duties.

Although restaurants and fast food outlets have dominated this market for a long period, the trend has taken an unexpected turn as supermarket chains have started to offer a variety of Ready-To-Eat (RTE) traditional and fast foods, a concept known as the deli.

The deli concept dates back to the 17th century in Germany with the launch of the Dallmayr in Munich which functioned as a deli, restaurant and coffee shop. At conception, delis served hot foods in cafeteria style, where one picks up a tray, orders and pays at the cashier (Sax, 2009). The deli concept has evolved gradually to what we have today. Most recently for example, upmarket supermarkets have started to operate their own delis within the premises as compared to the past where the delis were standalones.

Most people believe that prepared supermarket food sold amid fresh produce and meats is fresher and healthier than what is offered in restaurants. The fact that the food in supermarkets is prepared right in front of the customers is a plus for the delis. As a result restaurants are getting a run for their money.

Previously when large supermarkets muscled their way into the retail scene over two decades ago, traditional dukas were among the biggest casualties; with the supermarkets now entering the RTE food market, it would appear restaurants will suffer the same fate.

In America, after the Second World War, the supermarket concept exploded and housewives were encouraged to buy packaged and frozen foods. (Virginia B. Wood, 1995) It was noted that the American population was increasingly becoming urban and employed which meant less time for food growing, processing and preparation. The supermarkets further promoted the idea of one stop shopping by combining cleaning supplies, dry goods, factory-baked breads, meat, cheese and dairy section with refrigerated produce counters. This saw farmers' markets, butcheries, bakeries and green grocers disappear. Today, with every market worthy of the name "super" having a fresh prepared food section stocked with a tempting array of comestibles that demand minimum attention before it can be fed to the family, restaurants are on the verge of becoming a thing of the past.

As is the trend, times are tough economically but this does not stop people from eating (Mary Turck, 2008). Trading down is the buzz phrase as people are looking for cheaper ways to eat. According to a New York based research firm, in 2008 supermarkets saw a 1% increase in sales of take-out food even as total restaurant industry sales was down 3% during the same period.

1.1. Background of the study

A mere ten years ago, it did not occur to consumers that they would one day go to a supermarket for a take-out meal (Berry, 2011). The RTE food market trend has over the last few years gone through a notable revolution. Already established supermarkets are getting a makeover to accommodate the delicatessen concepts while new supermarkets have the idea incorporated in the original design. Recent times have seen the supermarket delis become a popular destination for salads, sandwiches, soups, fast foods and even traditional foods.

Since introduction two centuries ago, the deli concept has been received positively by consumers who tend to believe foods are fresher, less processed and homemade mainly due to the fact that it is prepared right in front of the customers' eyes (Ssegawa, 2013). In Kenya, things are not any different.

The boom has seen supermarket delis compete with fast food outlets and restaurants for their dining dollars (Parker & Freeman, 2005). Supermarket prepared foods not only attract out-to-lunch diners seeking to substitute the traditional burger and fries, but also customers looking to save money on eating while saving time over cooking meals from scratch. In Kenya generally, the success of the deli can be mainly attributed to the fact that preparation of meals continues to be a challenge due to people's busy schedules. This is the same opportunity restaurants and fast-food outlets have been exploiting for a very long time unopposed.

Supermarkets seem to have thoroughly researched the RTE food market and are capitalizing on the weaknesses of the restaurants. Apart from the speedy service, their packaging materials are more presentable and convenient. Whereas restaurants and fast food joints will package take-out food in polythene bags, supermarkets are using containers and also provide disposable cutlery. In this way, even office workers can have their take-out meals while working without the fear of messing up their work space. The biggest change however in the last couple of years is that supermarkets have cracked the quality code so they are able to offer restaurant quality meals at lower prices (Allen & McLaughlin et al., 1990). This could seem insignificant but it is resulting in many consumers shifting to deli foods.

Of late, supermarket chains are even considering investing in larger deli sections comprising of a sitting area. In Kenya, upcoming supermarkets are adopting the idea. A good example is café Naivas run by several branches of the Naivas chains here in Kenya.

The deli first registered its presence in Kenya at the T-mall under the roof of Tuskys supermarket and has grown steadily ever since. Today most supermarkets have a deli section. Menus have also been diversified to cater for wider markets. Although they started with only snacks, sandwiches and fast foods now you can get any kind of food at your convenience.

Recent studies have portrayed the modern customer as trendy (Chen, 2008) This means that they are very keen to adapt to new market provisions regardless of loyalty to previous suppliers or even cost. It is for this reason that restaurants should be alarmed by the new trend in the RTE food market which is the deli.

For a very long time, shopping malls were located either along major highways or in cities due to the never ending human traffic. In recent times, factors such as congested cities and the need to bring services 'closer home' have seen businesses such as supermarkets establish outlets in various residential areas (Mary Turck, 2008). It is therefore challenging for restaurants, most of which are located on highways and in cities to continue thriving. Nowadays, one can entertain guests at home without the hustle of large scale cooking. Presence of supermarkets in the residential areas is playing a great role in the thriving of the deli concept.

1.2. Problem statement

As it is the trend in Kenya currently, most supermarket chains have opened branches all over to deal with

competition. In Nairobi alone, the major chains are ensuring they have at least one branch in every street. With this concentration of supermarkets, restaurants are being greatly threatened. Supermarkets have availed the RTE food all over the city reaching all potential customers including students, office workers and passengers on transit.

Due to the nature of deli service which is faster than restaurants, more and more people are opting to buy their take-out meals in supermarkets. Other programmes like the loyalty reward schemes in supermarkets are also ensuring many of the RTE food consumers make their purchases from supermarket delis. For a fact, restaurants are indeed getting a run for their money. Should this trend continue, a replica of how retail shops were outcompeted when supermarkets were introduced could re-appear in the RTE food market.

1.3. Purpose of the study

Based on the above problem, the researcher aims to investigate how the rise of supermarket delis is impacting on established restaurants. At the end of the study the proposed recommendations could be adopted by restaurants to survive the new competition from the delis.

1.4. Study objectives

1. To determine the prevalence of supermarket delis in Nairobi CBD
2. To examine the popularity of supermarket delis among Nairobi residents
3. To identify the clientele of supermarket delis in Nairobi CBD
4. To establish the effects of delis on restaurants

1.5. Hypothesis

1.5.1. Null hypothesis

There is no relationship between supermarket delis and restaurant sales

1.5.2. Alternative directional hypothesis

There is a great relationship between supermarket delis and restaurant sales.

1.6. Significance of the study

The business of restaurants is very popular in Kenya as a source of revenue and employment to the local community. This new competition trend from supermarket delis could result in extinction of the restaurants. As a result the community would suffer a lot especially if their source of income is cut. The research findings will suggest ways in which restaurants can adjust their services to retain their customers as well as to compete effectively with the supermarket delis.

The research will also help shed some light on the deli business which is an emerging trend in hospitality and tourism as well as provide areas that can be researched further concerning this trend.

1.7. Assumptions and limitations of the study.

1.7.1. Assumptions

- i. All the targeted managers and residents will respond.
- ii. That all the respondents will provide accurate information and they will answer the questions honestly.

1.7.2. Limitations

- i. Language barrier between the researcher and the respondents especially when dealing with city residents.
- ii. Inadequate funds to cater for transport and supplies for the researcher during the study period.
- iii. Some respondents provided biased information in favor of their establishments.

1.8. Conceptual Framework

This conceptual framework highlights the consequences of the rise of the deli and how it impacts on the traditional restaurant. It is in form of a linear process as shown in figure 1.

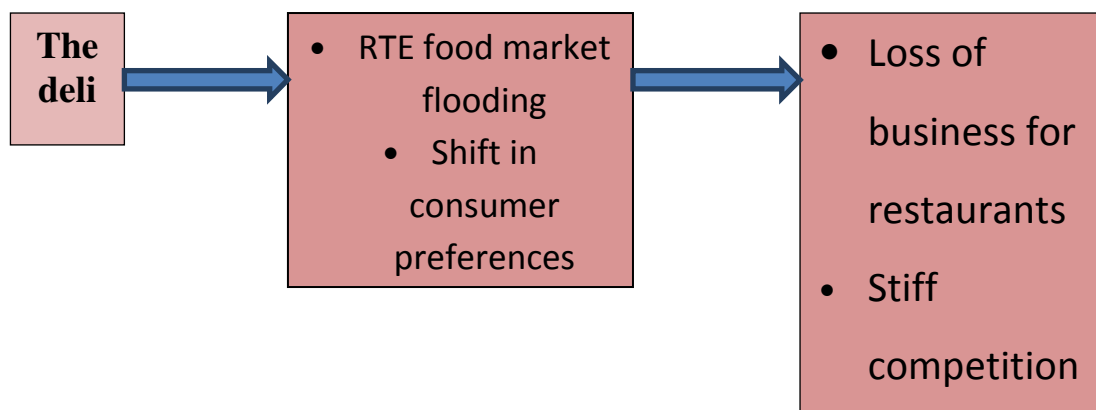


Figure 1- SOURCE: RESEARCHER

- **The Deli**

This is a new trend in the RTE food market that has continued to spread quickly since conception. It has muscled into the market and seems to be receiving a positive reception by most people. This has as a result changed the marked trends. Due to the delis there has been;

- i. **RTE food market flooding**

For a very long time, the restaurant has dominated the RTE food market being the major suppliers. Entrance of supermarket delis into the market has seen supply exceed demand. This has provided the consumer with a wide variety to choose from and only the fittest will survive.

- ii. **Shift in consumer preferences**

As the delis continue to spread, the modern customer who is remarkably keen on new trends has abandoned the traditional restaurant for the deli. With everyone wanting to keep up with the current fashions, there is a great migration and delis are now the in thing.

The above results are impacting on restaurants in the following ways.

- a. **Loss of business for restaurants**

As a result of the market flooding, the restaurants have to share their customers with the new entrants which are the delis. Also more and more customers are abandoning restaurants for delis as they keep up with times.

- b. **stiff competition in the RTE food market**

Due to the presence of many suppliers and a limited number of customers in the market, competition is the order of the day. As they strive to survive, suppliers of RTE food may be forced to apply unfair rules of the game to stay afloat.

LITERATURE REVIEW

2.0. *Introduction.*

The deli concept is the newest trend in the catering industry that has continued to prosper since inception. It is a concept that has seen many people globally abandon traditional home and restaurant dining and has been perceived as the better option. It is only obvious that the deli is in one way or another affecting the previous 'catering giants' including restaurants, fast-foods and the likes.

The researcher will look at works from different authors to establish the gaps in existence as a base for this study.

2.1. *Evolution of the deli concept*

The term delicatessen meaning delicacies or fine foods is an English term which originally exclusively referred to specially prepared food. With time, the store where this food was sold came to be known as delicatessen as the new meaning for the word was eventually shortened to deli. Although the delicatessen dates back to the 17th century, the last two decades have seen the most notable growth of the deli department in supermarket stores. Over this period, the deli has grown in importance in terms of sales (as a percentage 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) (German & Hawkes, 1990). Between 1980 and 1989 percentage of supermarkets operating service delis in the US increased from 42% to 72% as shown in table 1.

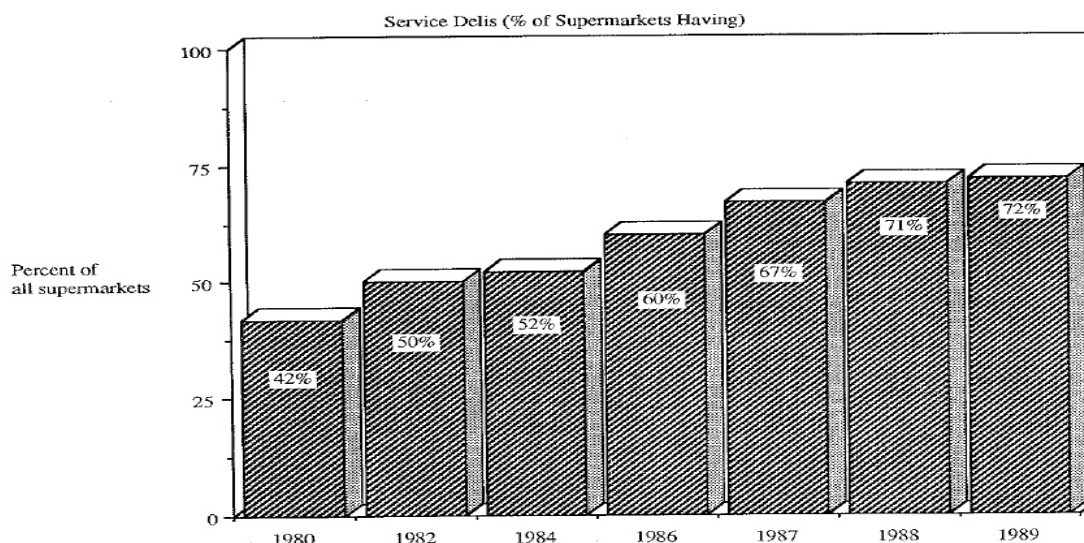


Figure 2-Deli growth pattern in US; 1980-1989

The supermarkets ability to provide catering services began when they started offering cheese trays, vegetable trays and other items that shoppers could pick up and take home. The upscale supermarkets having had kitchen production facilities realized that they could easily diversify into other related food items (Shiring, 2012).

Bamford and West, (2010) observed that modern supermarkets have redefined the traditional deli operations, (mix, cook, serve) to allow customers to carry prepackaged fresh meals that only require a little heating up before eating.

During the 19th century, delicatessens filled the gap between butcher shops, which sold uncooked meat, and general grocery stores which sold generic and packaged goods (Smith, 2007). Originally the prepared foods were taken out and consumed elsewhere but as the deli thrived and expanded, some made a place for customers to sit in the store to have the meals.

In 1960, a study on what consumers expected from supermarkets found that for many people, going for food shopping was a form of recreation made possible by the ever increasing discretionary income (Liebs, 1995). The study suggested that in order for supermarkets to grow, they must appeal to the new rich mass market that have many options as pertains what to do with their disposable income. It is the conclusions of this trend-setting report that saw supermarkets by early 1970s ready with the deli sections devoted to everything from exotic produce to natural foods.

Unlike the deli of the past that was strictly focused on lunch, todays delis, besides lunch provide a broad array of dinner options including main dishes, side dishes and snack items. This trend is due to recent studies which have shown that the most popular meal for eat-out diners is dinner with breakfast being the least popular.

2.2. The Ready-To-Eat market; who shops at the deli?

Customization, wellness, easy preparation, convenience, value, cleanliness, taste, specialties; these are among the most influential factors that guide eat-out diners on where they will purchase their meals.

A surge in the number of working wives of the middle and lower middle class and the rise of the two income family has greatly transformed dining habits and trends (Levenstein, 1988). Levenstein observes that the single girls of 1920s fuelled a boom in cafeterias, lunch counters and sandwich shops whereas the married women workers of the post 1960 era and their families have created a market for RTE food to relieve them from the burden of family meal preparation. All this is attributed to added income and less time for cooking. Levenstein also observed that delayed marriages, postponed child bearing and smaller families have further reinforced the RTE food market trend.

A consumer survey that was conducted globally by Global Online ACNielsen in 2006 came up with the following results in table 2 from RTE meals consumers in response to the question “what is your main and second reason for purchasing RTE meals?”

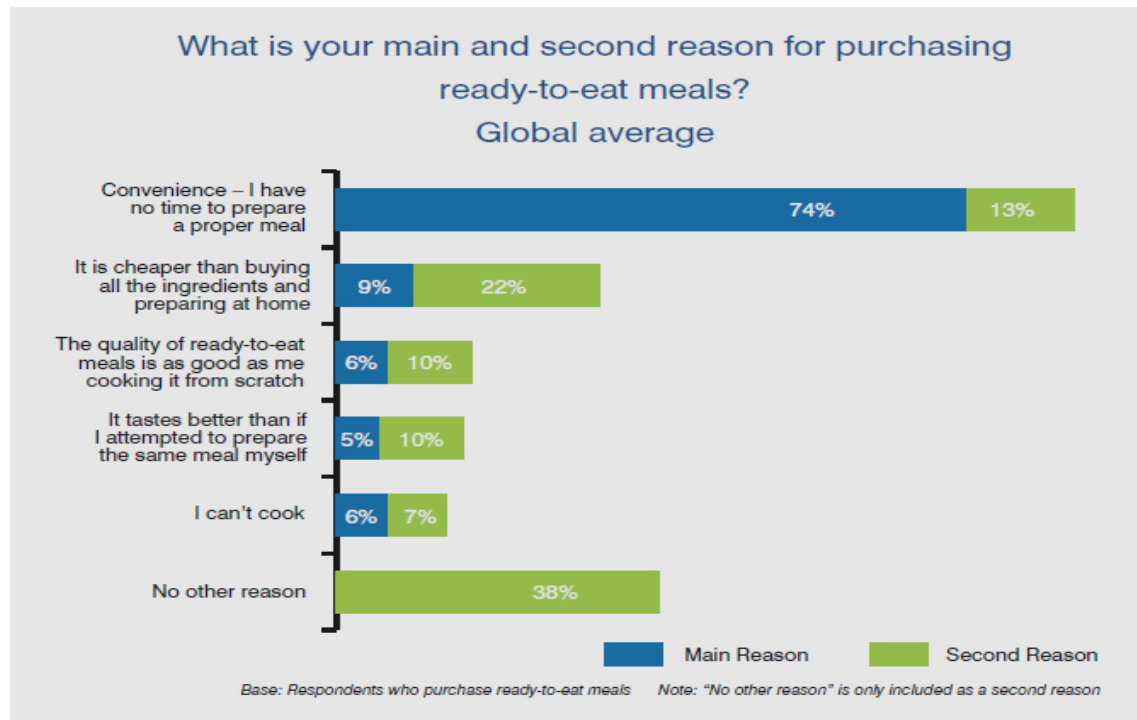


Figure 3: Consumers and Ready-to-Eat Meals

Convenience due to lack of time to prepare a meal emerged as the biggest reason with 87% claiming it was either their main or second reason

2.3. Effects of the supermarket delis on restaurants.

Studies over the past years show that restaurant sales have been decreasing as supermarket take-out food sales increase. According to government statistics in Australia during the 2008-2009 financial crises, the café and restaurant sector contracted 3.8% in real terms while supermarket and grocery on the other hand grew 4.6%. Carlson & Kinsley et al (1998) while examining consumers' food shopping and eating behaviors concluded that over half of the consumers made their purchases from retail stores. In terms of expenditure, 53.1% of dining dollars are spent in retail stores while the remaining percentage is split between restaurants, fast food joints and the other food retailers. When measured in grams, 71.9% of the food people eat comes from retail stores.

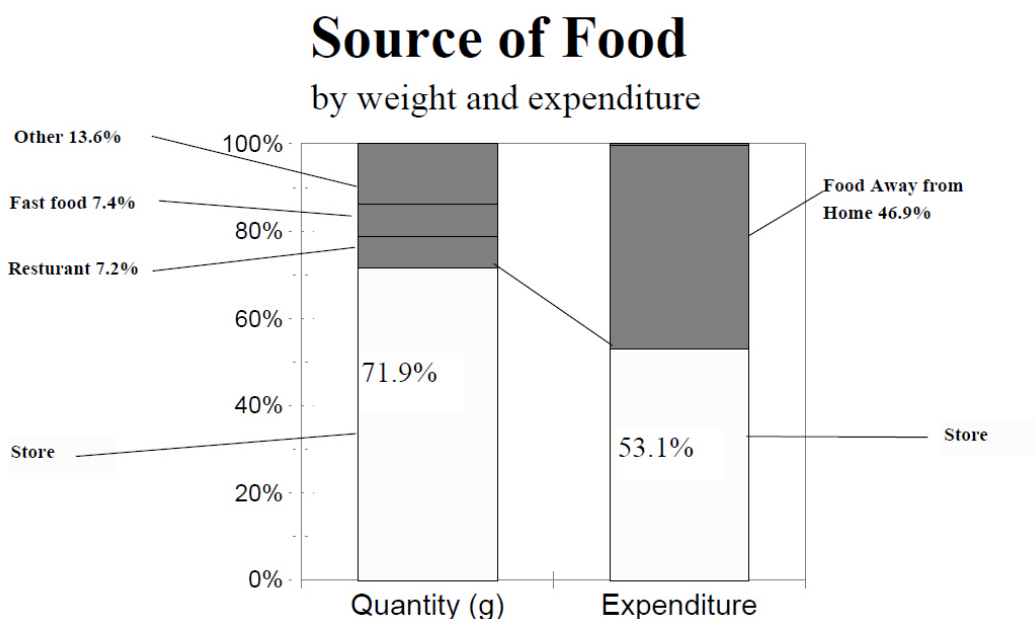


Figure 4: who eats where?

Ssegawa, (2013) observes that the deli is just what consumers have been waiting for- a shop that sells cooked

food ready to serve and eat. He argues that the new addition to retail stores is a threat to restaurants and take-away joints that have thrived on the eating out crowd. According to him, restaurants are likely to suffer the same fate as traditional dukas when supermarkets first appeared in the retail market. Being a one-stop shopping Centre, supermarkets have captivated many people whose lives now revolve around what the supermarkets have to offer.

As has been noted by food industry executives, fresh prepared food is the newest trend in the RTE food market that requires new approaches, practices and philosophies. The sale of fresh prepared foods has continuously blurred the traditional distinction between supermarkets and restaurants as the fresh foods from the deli sections in supermarkets and take-out food from restaurants are often targeted to the same customers (Allen & McLaughlin et al., 1990). Shoppers nowadays do not have to look for a place to eat after they are through with their shopping. Meals are available in the supermarkets for take-out and where there is space, a sitting area is provided where the meals can be taken. Indeed, supermarkets today are providing a one-stop shopping experience which has been readily accepted by customers.

In recent times, urban consumers are relying less on the traditional markets and more on corporate retailers like the supermarkets and hypermarkets which are stocked with large volumes of ready to eat foods both local and international (Clapp & Fuchs, 2009). Traditional markets are limited to cuisine from the local community of the area in which they are located but the corporate retailers are introducing international cuisine by importing food items and various recipes that interest the shoppers.

The growing use of credit cards, refrigerators and microwaves has further propelled the shift to corporate retailers (Phan, 2006). The modern consumer is keen on emerging trends around him. With recent developments in the use of plastic money, it is more preferred to cash by many people globally. Factors such as insecurity, convenience and the need to track expenditure records have made the spread of credit and debit cards inevitable. Supermarkets unlike restaurants seem to be aware of this and every supermarket accepts payment via credit and debit cards. Most average restaurants however are yet to adapt to this trend.

For years, supermarkets spend lots of money on marketing compared to restaurants that do very little marketing but instead rely on repeat guests as well as word of mouth. Supermarkets are known to psychoanalyze customers by videotaping customer habits and studying them to figure out why people do what they do (Hunt, 1999). From these studies they are able to arrange the stores in the best way to influence customer purchasing behavior. Stationing a deli counter strategically on the premise is the key to profitable sales. A deli counter located near entrances, exits or near the cashiers will definitely attract more customers than a counter located at the counter. Supermarkets will usually exploit the customers' behavior of purchasing what pleases their eyes even without prior planning. This explains why deli counters are always made of glass and deliciously appealing food displayed. Hunt also observes that whereas restaurants pump kitchen aromas outside through ventilation systems, supermarkets trap the aromas and return them inside which help influence impulse buying from customers.

Supermarkets unlike restaurants enjoy a never ending human traffic due to the diversity of the items they offer. It is for this reason that supermarkets are seen as the greatest threat to the traditional restaurants that specialize on food items. The ability of supermarket delis to offer prepackaged items at the counter gives them another potential advantage over restaurants and take-out joints where customers have to wait for their orders to be prepared (Mitchell & Dudlice, 2005). In the delis, popular items such as fries, chicken, sausages and the likes are prepackaged and displayed on heating counters. Depending on consumption trends, they also will often combine meals and snacks for customer convenience. For instance, you will find prepackaged combinations of foods such as fish and chips, chips and chicken, chips and burgers just to mention a few. With time scarcity being a common factor for eat-out diners, the deli counter is better placed.

As much as more and more people are opting to eat out due to factors such as time limit and the tedious chores involved in food preparation, the modern consumer is very conscious about the hygiene and safety of the food he eats. According to Turck, (2009) recurring salmonella scares and concerns over food safety are some of the most dramatic consumer health concerns. Among the many considerations one considers before he can decide where to eat, hygiene is very prominent (Embry, 2008). With supermarkets preparing the meals right in front of the customer, their foods are perceived to be fresher and more hygienic than food in restaurants. In most restaurants, the kitchen is usually located away from the dining area where the customer has no access. In fact, most restaurant diners cannot tell where the kitchen in their favorite restaurant is located. It is therefore obvious that with the delis entering the RTE food market, more and more people will shift from restaurant to deli dining.

According to Ingram (2012) the term Home Meal Replacements (HMRs) which was used interchangeably with take-out meals meant that the offerings were designed to replace home meals and were therefore home-style in nature. What is now known as Retail Meal Solutions or simply RMSs can also be described as Restaurant Meal Replacements since retail stores are keen to incorporate current food trends as well as offer a wider variety which puts them in a position to capture more frequent visits.

Ingram (2012) also notes that unlike regular restaurants, deli sections in a supermarket have something

for everyone. As the researcher discussed earlier, most consumers nowadays are very sensitive about what they eat. This is attributed to health consciousness of the consumers as well as various health conditions that restrict the diet of the consumers. Most food in the deli sections especially those that are prepackaged have a comprehensive list of ingredients, cooking methods used as well as calorie content of the food item. According to a survey in America commissioned by CSPI, 81% of Americans favor having supermarket deli food since they are provided with calorie information. According to the study, people not only want nutrition information—they need it. It was observed that consumers and even nutrition professionals are unable to estimate the calorie content of restaurant foods.

2.4. Summary of gaps

The rise and rise of the supermarket deli concept has greatly propelled the growth of HMRs which seem to be the order of the day in most homes globally. Traditionally, families bonded around the pot and food prepared by the mother of the house showed love and care towards her family. With this in mind, it is evident that HMRs have resulted in a form of detachment. Further research on this would help to establish if the HMRs are hurting the social family life.

With the deli entering the catering industry, further research would help to establish if it has attracted new eat-out diners or it is relying on the traditional restaurant diners wholly. Considering that majority of people, even those who do not eat at restaurants, will usually go to supermarkets for their shopping, does the availability of RTE food in supermarkets influence them to start eating out? Has it affected the total revenue in the catering industry in any way?

CHAPTER THREE: RESEARCH METHODOLOGY.

3.0. Introduction

After reviewing other previous studies, the researcher undertook to carry out an actual research to accomplish certain objectives as stipulated earlier. The researcher identified various sets of respondents and used various techniques to collect relevant data from them.

3.1. Scope of the study

This study was conducted in Nairobi CBD. NCBD was purposely selected because it is fast growing and highly populated and has seen a rapid increase of the number of supermarkets recently. The large population implies that NCBD offers a huge market for food and catering services.

Nairobi, being the capital city has all kinds of people based on status, economic activities, age, gender, ethnicity, income and not forgetting country of origin. Also all major supermarket chains; Nakumatt, Tuskys, Naivas, Uchumi and Ukwalla, have more than one branches in NCBD. Restaurants and fast food joints are also in plenty.

3.2. Sources of Data.

The study used both primary and secondary data. Secondary data was obtained by reviewing books, magazines, journals and publications. Primary data was obtained from supermarket delis, restaurants and residents in the NCBD.

3.3. Respondents.

To get relevant primary data, the researcher targeted three different classes of respondents. They are; supermarket deli supervisors, restaurant managers and residents within the NCBD. Nairobi residents were selected randomly from the restaurants in the sample.

3.4. Sampling methods.

Various sampling techniques were used for the various classes of respondents to obtain a desirable sample.

3.4.1. Supermarkets

A purposive sampling of supermarket chains with deli sections was conducted. The researcher identified that out of the eighteen branches of the main supermarket chains; only eight had fully functional delis. The researcher considered 30% of the population as his sample thereby taking three supermarkets randomly.

3.4.2. Restaurants

Purposive sampling was also used; the researcher took the three closest restaurants to the supermarkets in the sample totaling to nine restaurants.

3.4.3. Residents

The researcher identified that the nine restaurants had an average seat capacity of 59 with an average seat turnover of 1.5 per meal adding to an average of 89 guests per restaurant per meal.

The researcher then took 30% of the guests totaling to 27 per restaurant. The respondents were picked randomly at lunch (1200-1400hrs) since the researcher identified that most people took lunch around the same time unlike breakfast and dinner. A total of 243 respondents were targeted.

3.5. Data collection instruments

The researcher used questionnaires interviews and observation to collect the data.

3.5.1. Questionnaires

Two sets of self-administered questionnaires were used; one for the deli supervisors and the other one for restaurant managers. The questionnaires comprised of structured, unstructured, contingency and matrix questions. The questionnaires were respectively distributed to the deli supervisors and restaurant managers.

Questionnaires that were distributed to deli supervisors were meant to identify the clientele as well as investigate the performance of the deli section. Those that were distributed to the restaurant managers sought to establish how the restaurants were affected by the rise of the delis.

3.5.2. Interviews

The researcher interviewed random guests at the restaurants to examine the popularity of the deli concept. The wide variation in the responses expected from the respondents and the limited time the guests had for meals influenced the choice of this data collection technique for this class of respondents. All interviewees were asked a similar set of questions as the researcher took notes.

3.6. Pretesting of the data collection instrument

The researcher identified a restaurant and a supermarket with a deli section outside the area under study and administered the questionnaires. As a result mistakes such as vague, unclear and irrelevant questions as well as insufficient space were discovered and rectified. A similar procedure was conducted for the observation checklist and the interview guide.

3.7. Data analysis techniques and presentation.

The researcher used both qualitative and quantitative techniques to analyze the data collected. The data was analyzed as per relevance to the objectives of the study. The desired outcome of the analysis was to determine the prevalence and popularity of delis identify the clientele as well as to establish how the delis are affecting restaurants.

After processing the research findings, results were presented in form of pie charts, tables, polygons and bar charts.

CHAPTER FOUR: DATA ANALYSIS AND PRESENTATION

4.0. Introduction

The aim of this study was to determine the effects of the fast rising supermarket deli concept on established restaurants in NCBD. Interaction with the respondents yielded the results as presented.

4.0.1. Response rate

The initial sample size comprised 243 NCBD residents, 3 deli managers and 9 restaurant managers. The actual respondents are as shown.

Target group	Initial sample	Actual respondents		Non-respondents	
		frequency	Percentage(%)	frequency	Percentage(%)
Deli managers	3	2	67	1	33
Restaurant managers	9	7	78	2	22
NCBD residents	243	212	87	31	13
Totals	255	221	87	34	13

Table 1: response rate

The chart below is a representation of the rate of response for the various target populations.

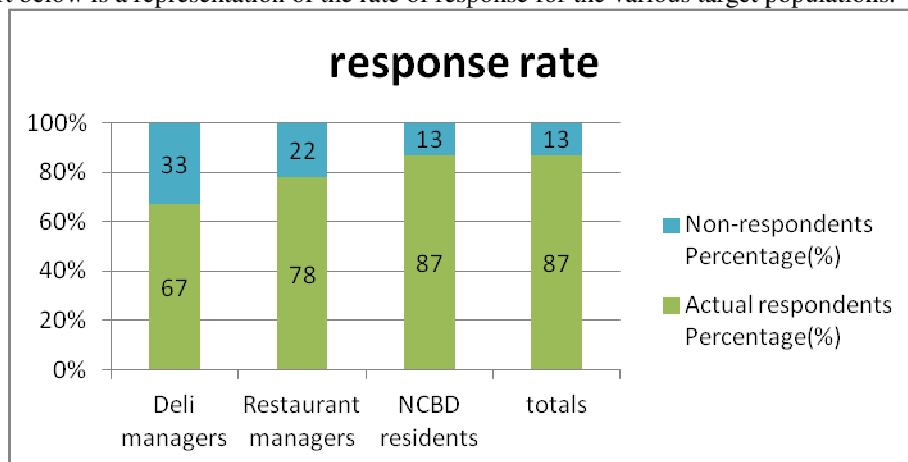


Figure 5: response rate percentage

Of the 3 deli managers issued with questionnaires, 2 (67%) of them responded, 7 out of the 9 restaurant manager

totaling to 78% of the sample responded and 212 out of 243 NCBD residents were reached during the research period which was an 87% turn-out.

4.1. Socio-demographics characteristics of respondents.

4.1.1. Gender

	male		Female	
	frequency	%	frequency	%
Deli managers	1	50	1	50
Restaurant managers	4	57	3	43
NCBD residents	82	61	130	39
Totals	87	39	134	61

Table 2: gender distribution of the respondents

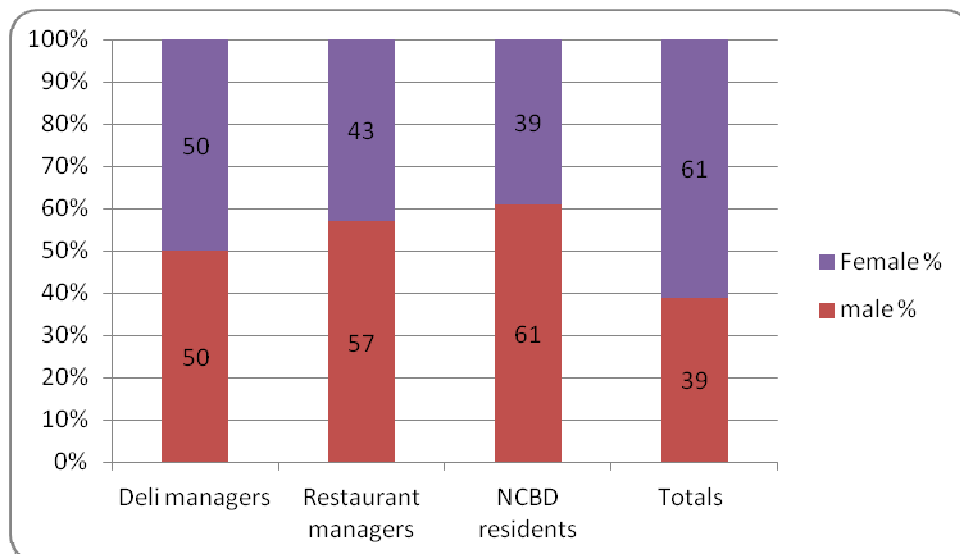


Figure 6. gender distribution among the target groups

4.1.2. Age bracket

The ages of the respondents were as follows.

Age	Below 20	20-40	41-60	Over 60	Total
Frequency (%)	18	57	16	9	100

Table 3: age distribution of the respondents

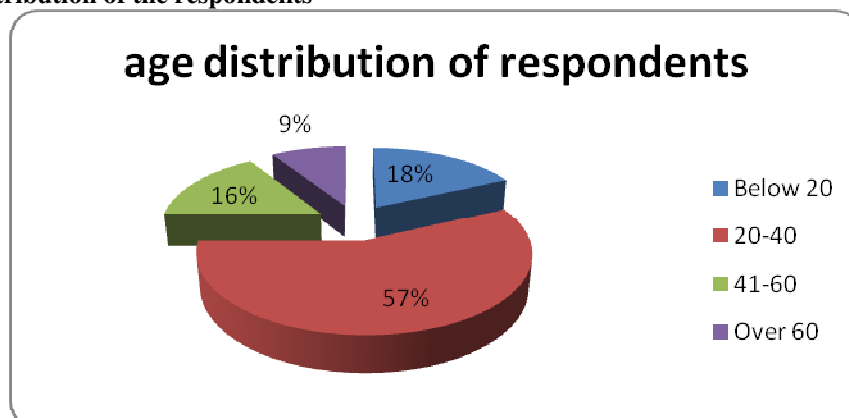


Figure 7: composition of respondents by age bracket

Of the 221 respondents in the study, 18% (40) were under 20 years, 57%(126) were in the 20-40 age bracket, 16% (35) were in the 41-60 bracket while 9% (20) were over 60 years old.

4.1.3. Marital status

35 % of the total respondents were single, 52% were married and the other 14% were either divorced, separated or widowed as represented below.

status	frequency	%
Single	77	35
Married	114	52
other	30	13
Totals	221	100

Table 4: marital status of the respondents

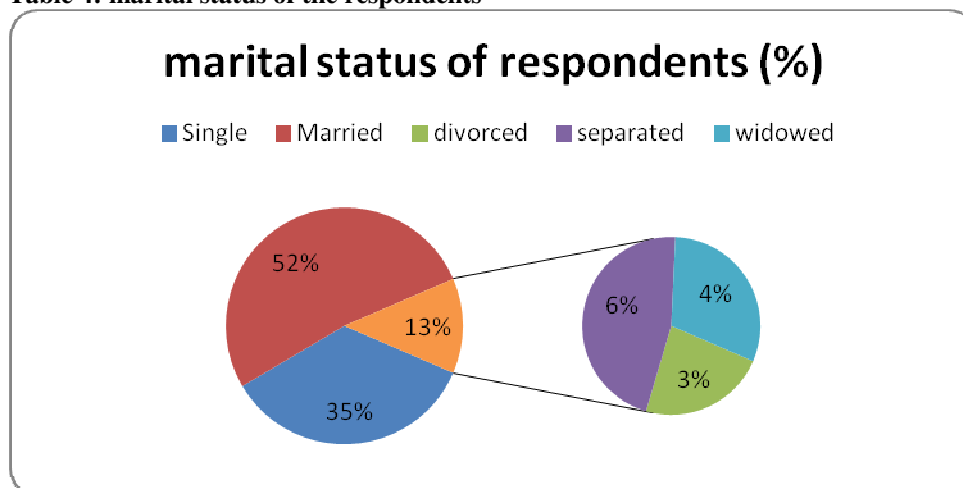


Figure 8. marital status of respondents

4.2. Prevalence of supermarket delis in NCBD.

One of the objectives of the study was to determine the prevalence of the deli concept within NCBD. In regard to this deli managers were asked if their chain was running a deli in any other branches within the study area. Of the two chains, one had a single branch operating a deli within NCBD; the other one had deli sections in five other branches. The other branches however did not have a fully functional deli but a display counter with packaged deli food.

All of the delis have been in operation for not more than three years.

4.3. Popularity of supermarket delis among NCBD residents

The second objective of the study was to examine how popular the deli is among residents. The researcher interviewed a total of 212 residents who were identified from restaurants under the study area. The respondents were asked if they were familiar with the deli concept, the frequency of eating out, choice of where to eat and how they learnt about the concept.

4.3.1. Frequency of eating out.

frequency	At least twice per day	At least once per day	rarely	totals
%	37	51	12	100
frequency	78	108	26	212

Table 5: frequency with which respondents eat out

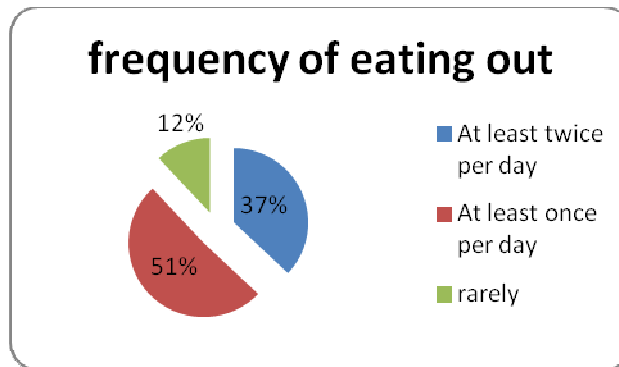


Figure 9 : representation of frequency of eating out

From the study, 88% of the total respondents had their meals away from home. 37% had more than one meal in a day away from home. The other 12% comprised of those people who did not have a predictable pattern of eating out, they ate out once in a very long time.

From the frequent eat out diners distribution according to age and gender is as shown.

	Below 20	20-40	41-60	Over 60	Totals
Male %	33	45	53	71	51
Female %	67	55	47	29	49
Totals %	100	100	100	100	100

Table 6: composition of eat-out diners based on gender and age

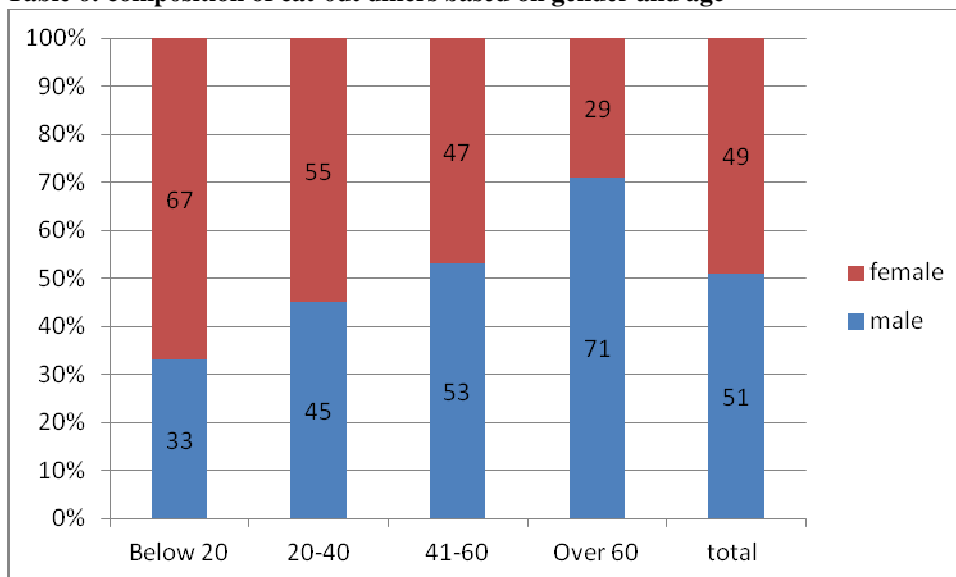


Figure 10 . composition of eat-out diners based on gender and age

4.3.2. Choice of where to have meals

Asked what influences the residents' choice of where to eat, the following considerations came up.

- Price of meals
- Proximity to place of business.
- Quality of food served at the given outlet
- Speed of service
- Loyalty

Price of meals was the most popular factor that influenced source of RTE foods with 43% of the respondents citing it as their major consideration. Loyalty to a particular eating place proved prominent with 22% stating it as their reason. Speed of service was considered by 17%, quality of food served 12% and proximity 6%.

factors	price	proximity	quality	Speedy service	loyalty	Total
%	43	6	12	17	22	100

Table 7: factors affecting where people eat

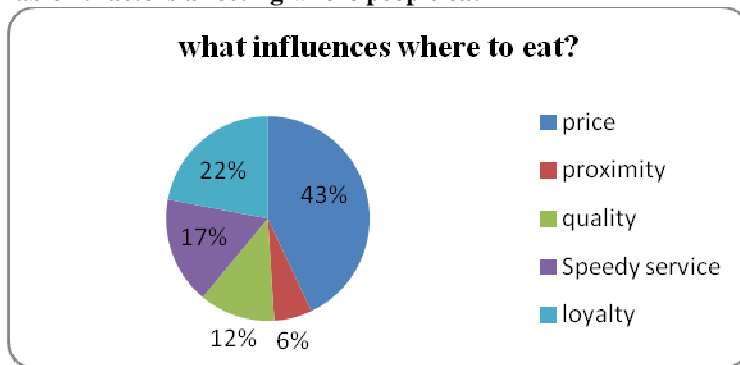


Figure 11: what influences where people eat?

4.3.3. Familiarity of the deli concept

The question; 'have you ever had of the deli?' was asked to the NCBD residents to determine how popular the deli was in the study area. Of the 212 respondents, 62%(131)gave their answer as yes while the remaining 38%(81) gave their answer as no. Of the 131 who knew about the deli, 30% (40) had learnt about it from friends while the rest, 70% (91) had learnt about the deli while shopping.

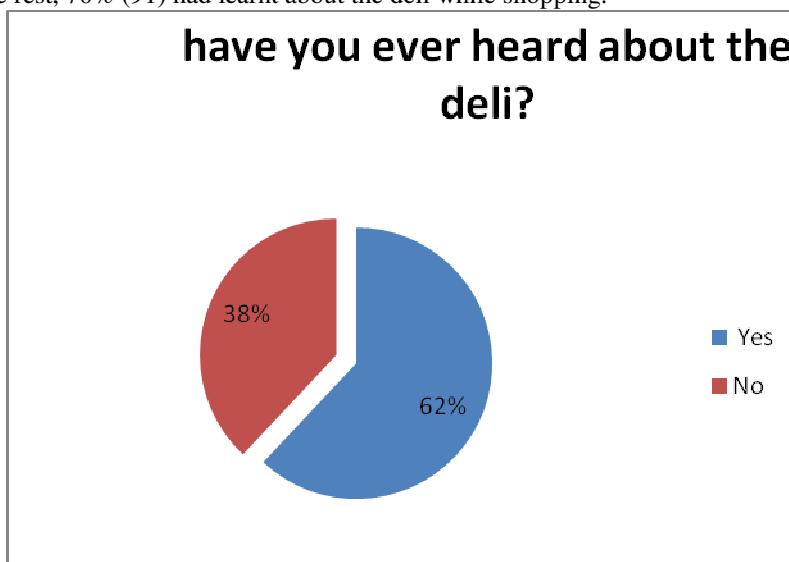


Figure 12: percentage of respondents who are aware of the deli concept.

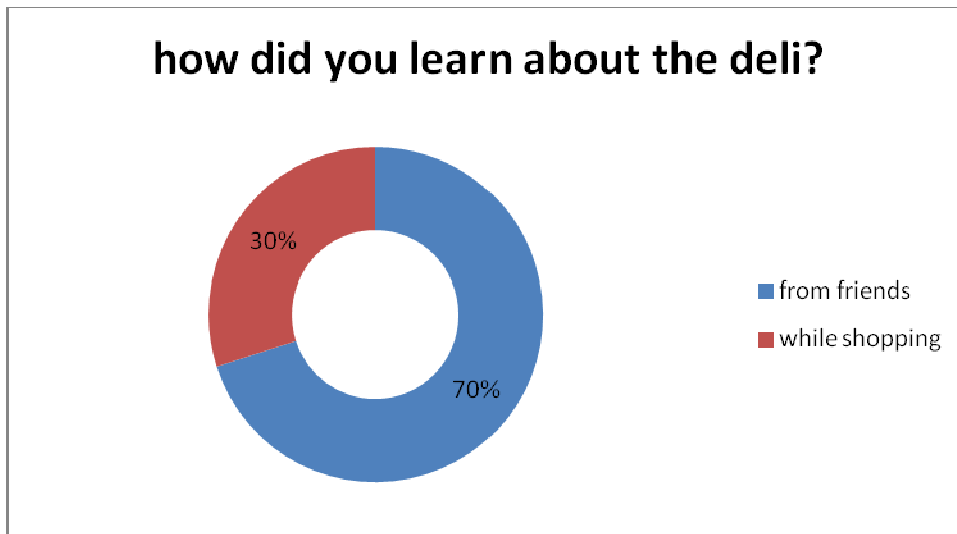


Figure 13: channels through which people know about the deli concept.

4.4. *Clientele of supermarket delis*

From the interviews administered to the NCBD residents, the researcher sought to identify which group of people based on their occupation favored the deli. Based on the response, the population was seen to consist of the following sub-groups;

- Students
- Business people
- Office workers
- Shop vendors
- Transport industry personnel

The distribution of the 212 respondents into the above sub-groups is as shown in the table below.

Occupation	students	Business people	Office workers	Shop vendors	Other	Total
%	39	14	28	14	5	100

Table 8: Distribution of the respondents according to their occupation.

Other in the table has been used to represent the unemployed and people from occupation groups that are least popular (had less than 3 respondents)

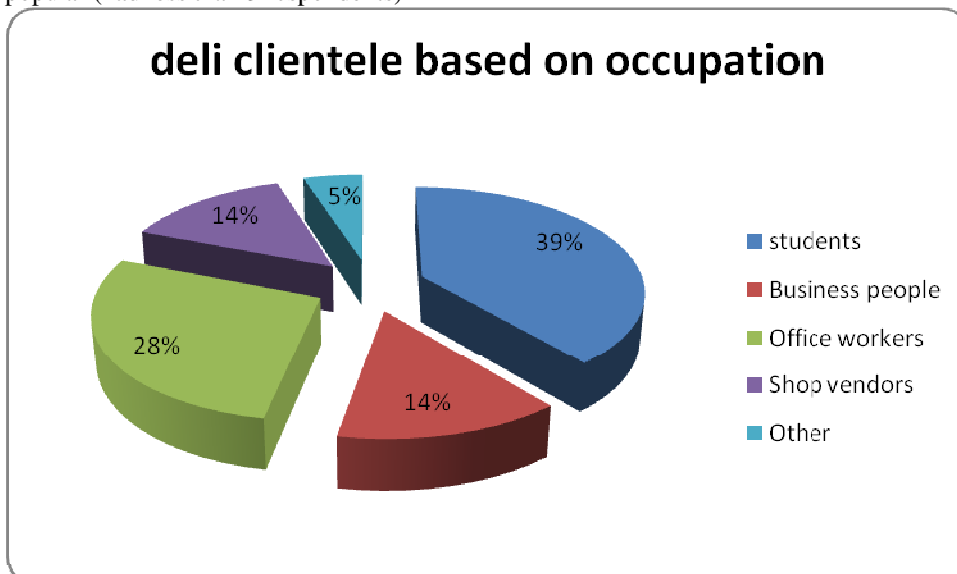


Figure 14: Distribution of respondents according to their occupation.

From the deli managers' views students and office workers were the most popular shoppers of the deli with females accounting for more than half of the deli shoppers.

4.5. Effects of delis on restaurants.

This was the main objective of this study. The researcher sought to establish the effects by directly asking the restaurant managers. The restaurant managers were expected to state the effects of the deli on daily restaurant sales and customer turnover, whether they had increased, decreased or had not been affected.

	increased	decreased	Not affected	Total
Daily restaurant sales	-	2	5	<u>7</u>
Customer turnover	-	4	3	<u>7</u>

Table 9: effects of deli on restaurant operations

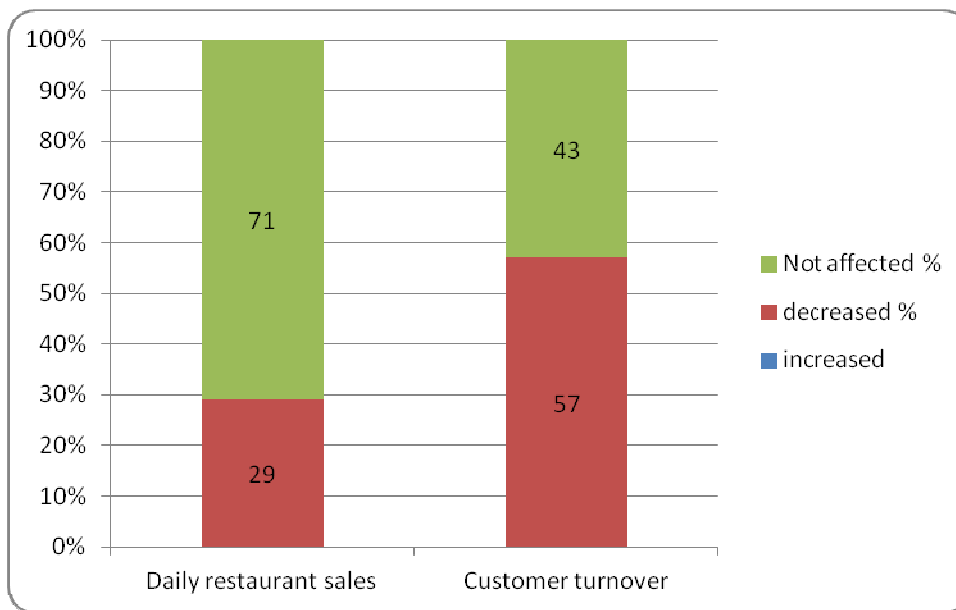


Figure 15: effect of deli on various restaurant operations.

CHAPTER FIVE: SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS.

5.1 Conclusions.

5.1.1 Prevalence of the deli in NCBD

From the findings of the study it became evident that the deli concept is very new in NCBD due to the fact that none has been in operation for more than three years. However, the concept has been widely adopted by many supermarkets and some have had to restructure in order to accommodate a deli section. Supermarkets that cannot house a fully functioning deli due to factors such as availability of space have a small counter where prepackaged food, usually prepared in branches that have a complete deli, is sold.

Such supermarkets that only have a deli counter only sell food in combinations that are popular among the clients. For example they package foods such as; chips and sausage, chicken and chips, chips and burgers or fish and chips for lunch and an assortment of breakfast items are combined variably to cater for the needs of many.

Considering the rate at which supermarkets are emerging in NCBD today and the fact that new supermarkets have the deli section from start, the concept will be wide spread in the near future.

5.1.2 Popularity of the deli among NCBD residents.

The concept, despite being very new proved popular among residents of NCBD. Days when people did their shopping in kiosks or local shops are long gone. Today, shopping is done in supermarkets therefore putting the deli in the limelight. Any frequent supermarket shopper is likely to stumble upon the deli. However, the study shows that most people learn about the deli during social interactions. Attention was drawn to the fact that delis are not advertising their products thus relying entirely on word of mouth.

The popularity is significant and most likely would increase if the slightest means of advertising was applied.

5.1.3 Deli clientele

The study brought out students and office workers being the majority of clients the deli receives. From the findings students consider price of foods above anything else while selecting where to consume their meals. Since the deli is offering quality food at lower prices compared to restaurants, it becomes more favored by the students. Most students indicated that they shifted from eating at restaurants.

Office workers on the other hand are known to have very busy schedules that sparing time to go out for meals during working hours becomes very difficult. The fact that people in an office can send one person to buy take away meals which are consumed in the office while working has solved the problem of time limit. Deli

packaging material has become very acceptable as it is decent and not messy. The containers allow one to have his or her meal at their desk without messing their work.

5.1.4 Effects of the deli on the restaurants

From the study the effects of the introduction of the deli are not wide spread especially when it comes to daily sales. The fact that the concept is very new is a possible explanation for this. Customer turnover has however decreased possibly due to shifting of clients from the restaurants to eat at the deli. With the rate at which the popularity of the concept is rising, this might not be the case in the near future and restaurants will eventually feel the full effect if they do not come up with strategies to stay afloat. Also the fact that delis are not advertising their products could be a possible cause of the minimal effects.

5.2 Recommendations

5.2.1 Delis

➤ **Marketing** – the delis should stop relying entirely on impulse buying and word of mouth to market their products. They should fully utilize media and other channels to market their products and consequently reach new markets.

5.2.2 Restaurants

➤ **Pricing** – it is time that restaurants accept that they are no longer giants in the RTE food market. They should consider revising their prices to match those of the deli. Restaurants that offer takeaway services should even have lower prices for take-out meals in comparison to meals taken within the premises.

➤ **Packaging of take-away food** – restaurants should adopt more decent and presentable packaging materials and abandon the traditional polythene bag packaging. The consumer of today is sophisticated and chooses what matches his standards. Polythene bags in real sense are messy and therefore not acceptable to many. Also providing disposable cutlery, for free or at a price, will gain favor from eat-out diners who prefer take-out.

➤ **Exploit impulse buying behavior of customers-** delis have capitalized mainly on the impulse buying behavior by placing their deli sections where everyone will notice. Aromas from the kitchen are trapped and redirected to the premise. Restaurants should consider displaying appealing meals at strategic places to market their food. Where possible some meals can be prepared where the customers can see.

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