Catering: The New Frontier

The situation: Consumers are eating and entertaining at home more. Of consumers surveyed for a recent study by Technomic, over a third (36%) report that they are entertaining at home more frequently than a year ago. And it’s not just because of the recession. Instead, the new pattern seems to represent a longer-term lifestyle shift toward “cocooning,” driven by the longing to reconnect with family and friends in a familiar, cozy, no-hassle environment.

The upside: Just because Americans are eating and entertaining at home more often doesn’t mean they’re cooking. Instead, they’re turning to takeout and catering for all sorts of occasions. Almost seven out of 10 consumers have used catering from a restaurant or retailer at least once.
For social occasions, consumers tend to mix and match items sourced at home, beverages and snacks purchased from retail outlets, and prepared foods catered from restaurants or food retailers.

Two-fifths of consumers (40%) expect that they will entertain at home more often in the future. Whether or not the economy improves, takeout and catering are seen as all-purpose food solutions. Catered meals can be either splurges (such as catering a party meal so that the host can relax and spend more time with guests) or ways to economize (for instance, ordering a dozen burger meals for an office lunch rather than going out to a restaurant).

Home parties, however, are only part of the catering market. Also huge is corporate catering—from muffins and coffee for a morning meeting; to a sandwich-and-salad lunch for doctors hearing a presentation from a pharmaceutical representative; to a lavish spread for the office Christmas party.

While FSRs get the bulk of catering business, LSRs have the advantage of flexible lead times, offering them opportunities to serve last-minute needs.

Business and medical customers are particularly attractive to restaurants because they place more frequent catering orders and are less price-sensitive than those who place orders for social occasions.

Catering is one of the few bright spots on today’s restaurant scene, offering operators opportunities to build incremental sales without expanding the dining room. Catering orders for six or more people represent some 10% to 12% of the average restaurant’s revenue, and some restaurants have pushed that proportion to as much as 20% to 50%.

Catering ranges from box lunches and party platters to parties complete with off-site food preparation. Because options and occasions are so varied, there’s room for every type of restaurant—from a hamburger shack to a palace of fine dining—to build revenue through catering.
Technomic research shows that most orders are for groups of 20 or fewer, so smaller operators shouldn’t be intimidated by the idea of “large-order” catering. In fact, operators that structure their offerings for larger groups, with longer lead times, limit their potential market share.

The most popular catering orders are for platters and hot prepared foods. Meat and cheese platters allow people attending the business or social event to build their own sandwiches. Vegetable and fruit platters are also popular. Buffets and box lunches are other frequent formats for business occasions.

If you’ve been slow to get up to speed with large-order catering, the approaching fall and winter holiday season is the perfect time to start. Two-thirds (66%) of those polled by Technomic report having used catered prepared foods for a Christmas party and 61% have bought prepared foods from restaurants or retailers for a Thanksgiving gathering. And consumers who first try restaurant catering for their ambitious holiday entertaining may come back for other party catering throughout the year.

When you decide to make a play for the catering market, it’s essential to first think through the details of your offerings and delivery system.

### Setting Up Your Catering Program - continued

Quality, taste and order accuracy are the critical drivers of consumers’ catering decisions. When Technomic polled catering customers about catering attributes, these were the top characteristics named both by those who placed business orders and consumers who placed orders for social occasions.

On-time delivery, ease of ordering and availability of delivery are also extremely important to people who place orders for business-related catering.

Here are some tips to help you get started.

- Availability of online ordering is increasingly important to catering customers. Make it easy with web portals that allow order-placers to choose the size of their party and bring up suggestions for orders; store previous orders; and allow for connection to a live operator.

- Your website should include an easy-to-find group-orders option with order limits (minimum number of people, minimum dollar order). Consider a feature that would allow members of a pre-designated group (a business group ordering lunch sandwiches, for instance) to place their own online orders. Customers should receive a confirmation e-mail.

- Downloadable desktop widgets and iPhone apps for easy repeat ordering have become standard among pizza chains, and are likely to spread to other chain and independent restaurants that have strong repeat business for takeout and catering (including business catering).

- Offer and publicize holiday-related specials. Last year, La Salsa Mexican Grill restaurants offered 10% off catering events to customers who phoned in an order via the chain’s holiday helpline for stressed-out party planners.

### The Gift of the Holidays

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### What Catering Means to Restaurants - continued

<table>
<thead>
<tr>
<th>What Types of Items Did You Order for Your Catering Needs?</th>
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<tbody>
<tr>
<td>Meat/Cheese Platter</td>
<td>36%</td>
</tr>
<tr>
<td>Hot Prepared Foods</td>
<td>35%</td>
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<tr>
<td>Veggie Platter</td>
<td>32%</td>
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<tr>
<td>Beverages</td>
<td>15%</td>
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<tr>
<td>Dessert</td>
<td>13%</td>
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<td>Source: Technomic</td>
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Use your Facebook, YouTube and Twitter presence to remind customers of your catering offers, including special offers and deals for holiday entertaining.
Offer options in menu selections: individual box meals; platters; family-style salads; individual and bulk beverages; and meeting packages, including all-day packages that involve breakfast, lunch, dinner and snacks delivered when needed.

Devote attention to packaging, presentation and labeling—all important for both business and social orders. Technomic research shows that consumers’ top-ranked characteristics for packaging of catered orders are appearance; items that are individually labeled; and packaging that looks upscale but is disposable.

Offer options for service style. Boston Market orders are available with paper plates or fine china—and the chain advertises that it will cater weddings. Romano’s Macaroni Grill offers both family-style catering for small groups (food is delivered and set up, complete with a paper table cover, but there is no service staff) and catered buffets (with service staff and linens) for groups of 30 or more.

Improve execution with order accuracy and confirmation systems. Make sure managers personally check orders before they leave the store (and if possible, get at least one additional set of eyes as well). Managers should place follow-up calls to the customer.

Offer options for payment that appeal to catering decision-makers. Au Bon Pain has national and corporate accounts that receive detailed bills at regular intervals. Boston Market’s all-inclusive catering includes the delivery fee and driver gratuity and streamlines the payment process; the person receiving a prepaid order doesn’t have to scramble for tip money.

Consider using a delivery service. The Cheesecake Factory elected not to set up its own delivery infrastructure. Instead, it partners with local services such as Restaurants on the Run and Takeout Taxi.

If delivery service is a high point for your restaurant already, make sure to market it consistently, like Jimmy John’s does (“Freaky Fast Delivery”), across all of your business segments, including catering.

Sysco Can Help

Sysco and its network of experienced professional Marketing Associates can help operators to inaugurate, enhance and publicize a catering program. In addition, Sysco’s iCare program connects restaurateurs to business partners that offer value-added resources. Some of the current iCare partners that can offer help with catering programs, online ordering and marketing include:

- **Executive Dining Club**: Turnkey website solutions for online takeout and catering orders.
- **Moving Targets**: Offers three low-cost direct marketing services proven nationwide to influence people to visit you and spend money.
- **Ordereze.com**: Customized websites that are easy and painless to operate.
- **Constant Contact**: Affordable email marketing campaigns.
- **Restaurant.com**: A comprehensive marketing solution including website development and management, online reservations systems, and customer feedback surveys.
- **Google’s Local Business Center (www.google.com/lbc/syscoicare)**: Independent restaurants can “get on the map” by creating an accurate, customized, online listing, for free. Operators gain insight into how their customers are finding them on Google, and customers can print coupons through the Google site.

Information on the Sysco iCare program and iCare partners can by found at www.syscoicare.com.