



AgEcon SEARCH
RESEARCH IN AGRICULTURAL & APPLIED ECONOMICS

The World's Largest Open Access Agricultural & Applied Economics Digital Library

This document is discoverable and free to researchers across the globe due to the work of AgEcon Search.

Help ensure our sustainability.

Give to AgEcon Search

AgEcon Search
<http://ageconsearch.umn.edu>
aesearch@umn.edu

*Papers downloaded from **AgEcon Search** may be used for non-commercial purposes and personal study only. No other use, including posting to another Internet site, is permitted without permission from the copyright owner (not AgEcon Search), or as allowed under the provisions of Fair Use, U.S. Copyright Act, Title 17 U.S.C.*

Facing the Meal-Solution Dilemma

Ronald B. Larson

Pat James knew she had a challenge on her hands. Although all the supermarkets in her district wanted to offer convenient meal solutions (i.e., takeout food), many supermarkets in other areas who attempted to satisfy the consumer's desire for prepared food lost money on their ventures. Was there a way to develop and market a program or set of programs to regain some of the sales volume lost to the restaurants with drive-thru windows, delivery, or takeout initiatives? The supermarket chain's top management had given her the task, expressed willingness to authorize significant capital and marketing funding, and suggested that this would be a test that the rest of the firm would study.

Background

Pat worked in a supermarket during high school and part of college. She interned with a marketing and sales agency during her junior year, but decided that food retailing was a better career for her. After graduation, she accepted a co-manager position at a F.O.O.D. store. F.O.O.D. Stores, Inc., was started in 1951 by four brothers (Frank, Oliver, Otis, and Donald) and grew into a regional chain of traditional neighborhood supermarkets. The company focused on businesses they knew and did not develop their own distribution system. They had enjoyed a long supply relationship with one of the nation's largest grocery wholesalers.

She worked with one of the most experienced store managers for two years and then was given the opportunity to manage her own store. Pat seemed to thrive on the daily challenges of store management and turned her store into one of the jewels of the chain. Two years ago, after four years as a store manager, she was promoted to district manager. Her territory covered an entire state and

she worked with store managers, co-managers, assistant managers, department managers, and store associates to boost each store's performance and profits.

In the 1990s everything went quite well for F.O.O.D. Stores, Inc. The supermarket industry was experiencing many consolidations. The Food Marketing Institute (2001a) reported that the number of chain supermarkets increased by 19.2 percent between 1990 and 2000 while the number of independent supermarkets fell by 17.2 percent. Between 1980 and 2000, several new retail formats emerged. Conventional supermarkets declined from accounting for 55.2 percent of grocery sales in 1980 to 19.2 percent in 2000 (Griffith 2001, Table 1). Because much of the firm's stock was held by a charitable foundation set up by the four brothers, management was able to reject several offers to sell the company. However, senior managers knew that it would be difficult for a conventional supermarket chain to compete with many of these new retail formats and they examined various growth options. Besides helping to assure the firm's survival, they believed growth reduced labor turnover by creating promotion opportunities and new challenges for experienced personnel.

About six months ago, F.O.O.D. Stores, Inc. made two acquisitions: SuperC, a small chain of supercenters that sells food, apparel, hardware, garden supplies, electronics, housewares, and many other items, and FooPha, a regional chain of combination stores that offers groceries along with a pharmacy and health and beauty care items. Because these acquisitions doubled the size of F.O.O.D. Stores, Inc., the purchases required the company to take on significant debt. Management decided to operate the chains under their existing names. Some senior positions were redefined or eliminated in an effort to save money and promote synergies. Pat's territory was changed from all F.O.O.D. stores in one state to all of the stores from the three chains in one metropolitan area (18 stores total). Pat had spent much of the last six months learning about the discount retailing and pharmacy businesses. She was impressed by the SuperC and

Ronald B. Larson is professor, Department of Marketing, Haworth College of Business, Western Michigan University, Kalamazoo, MI. Review coordinated by previous Editor.

This case is a hypothetical illustration of common issues faced by firms and does not describe a particular company. It is intended to be used as a basis for educational discussions.

FooPha store managers in her new district and was looking forward to the opportunities and synergies available to the new, larger retailing firm.

When Pat was a store manager, the growth in foodservice sales concerned her. She believed that restaurants were capturing some volume from traditional supermarkets as time-pressed baby-boomers cut back on meal preparation. At the time, she was unable to convince the leadership of F.O.O.D. Stores, Inc. to make major investments in prepared food—what was being called home meal replacements, or HMR. At her store, she increased the deli department display space by 10 percent and offered additional items besides the traditional rotisserie chicken and pizza. The deli department's profit increase more than covered the capital costs and the sales losses from the space reallocated from other departments. Her store's deli initiative had been replicated at many other

F.O.O.D. stores with similar results. Her deli gross margins were almost identical to the national averages: 47.4 percent for the service deli, 50.0 percent for hot/cold entrees etc. (Turcsik and Heller 2001). With good cost controls, accurate demand forecasts, and minimal waste, expanded deli operations could boost store profits. However, the below-average store sizes limited the amount of in-store preparation to a few entrees and sandwiches.

The in-store deli operations at SuperC stores were similar to those at F.O.O.D. stores, and Pat believed their sales could be increased. FooPha stores never had deli departments. Adding an in-store deli to a store would cost \$250,000 for remodeling, temporarily reduce sales by \$150,000 during the construction, take up 150 square feet of sales area for preparation space, and increase labor costs by \$100,000 per year. The conservative FooPha senior management thought the foodservice

Table 1. Store Format Growth Trends between 1980 and 2000.

	1980 Number of of stores	1980 Share of all commodity volume (ACV)	2000 Number of stores	2000 Share of all commodity volume (ACV)
Traditional grocery channel*				
Conventional	30,250	55.2%	13,000	19.2%
Superstore	3,150	11.6%	7,900	25.6%
Food/drug combo	475	2.2%	3,650	14.1%
Warehouse store	920	2.5%	950	2.5%
Super warehouse	7	0.0%	510	3.0%
Limited assortment	750	0.6%	1,485	1.3%
Convenience store	NA	NA	83,500	10.5%
Other	96,000	22.5%	34,600	5.8%
Non-traditional grocery channel				
Hypermarket	NA	NA	7	0.1%
Wholesale club	NA	NA	921	7.9%
Mini club	NA	NA	182	0.2%
Supercenter	NA	NA	1,283	9.3%
Deep discounter	NA	NA	360	0.4%
Internet	NA	NA	80	0.1%

* Refer to source for format definitions.

Source: Griffith (2001). Reproduced with permission.

threat did not justify these expenses. They were particularly concerned with the opportunity costs of the space including preparation areas and possible guest seating.

Recently many local casual-dining restaurants in the area (e.g., Applebee's, Bennigan's, Bob Evans Farms, Chi-Chi's, Chili's Grill and Bar, Outback Steakhouse, Ruby Tuesday's, and T.G.I. Fridays) boosted their takeout sales with special menus, dedicated takeout windows, and even curbside delivery. Fast food (quick-service) restaurants were continuing to expand throughout the entire market area and were doing brisk drive-thru business. Pat's task was to recommend strategies and tactics to respond to the growth in foodservice sales.

Food Industry Trends

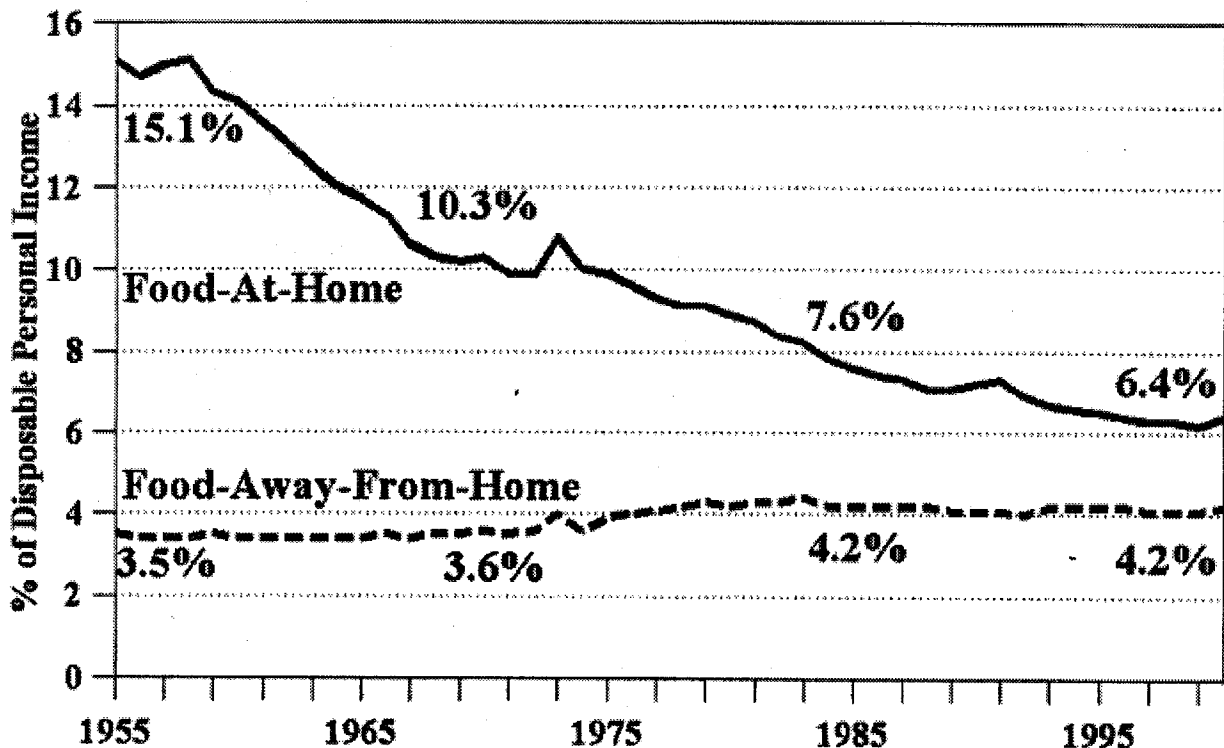
The percentage of household income spent on food for at-home preparation and consumption has gradually declined. In 1955, 15.1 percent of the typical household's disposable personal income was spent on "food at-home." U.S. Department of Ag-

riculture (2002) data, plotted in Figure 1, show this has now fallen below 7 percent, while spending on "food away-from-home" has increased from 3.5 percent to 4.2 percent.

The supermarket industry depends on high sales volumes to survive. Total supermarket-industry sales in 2001 were estimated at \$398.2 billion. The typical shopper made slightly more than two shopping trips to a supermarket per week (*Progressive Grocer* 2002). The average transaction in 2000 was \$23.03. Average weekly sales per square foot of selling area were \$10.29. Net profit after taxes was under 1.3 percent of sales (Food Marketing Institute 2001c).

As restaurant sales have grown, some have suggested that foodservice will soon capture a majority of the consumer's food spending (Food Distributors International 2000). However, there has not been a sudden shift in consumer preferences for foodservice. Research by the National Restaurant Association (2000) suggested that the average person consumed 3.7 commercially-prepared meals per week in 1981 and 4.2 commercially-prepared meals per week in 2000. Rising prices have con-

Figure 1. Percentage of Disposable Personal Income Spent on Food for 1955–2000.



Source: U.S. Department of Agriculture (2002).

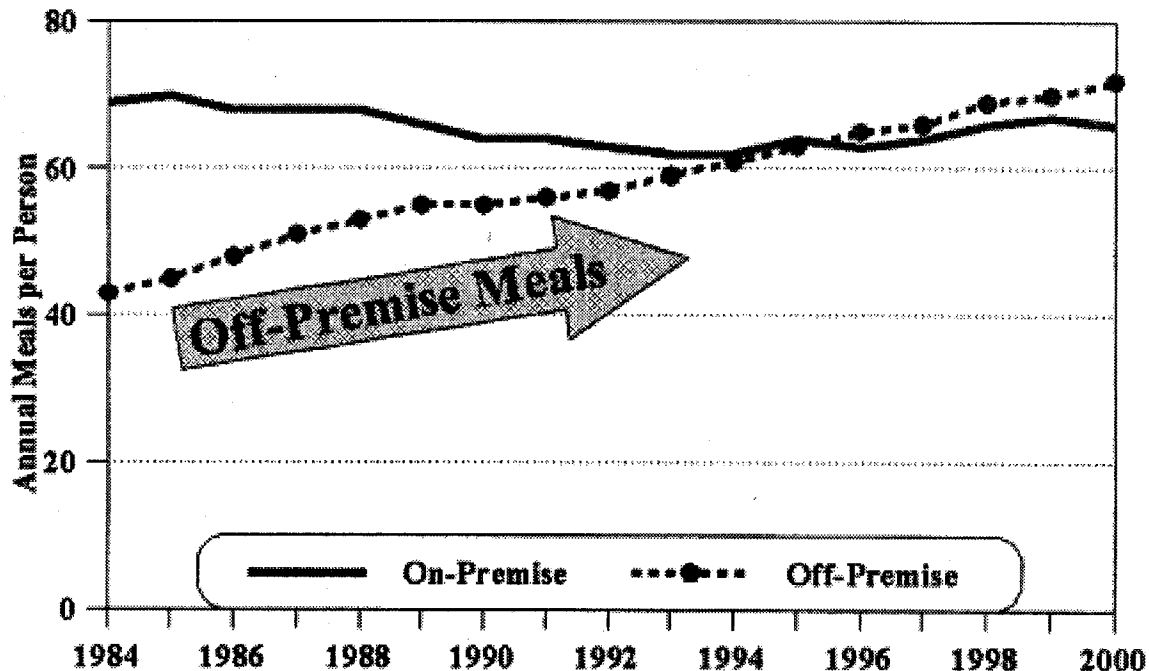
tributed more to the dollar-sales gains in foodservice than did increasing meals away from home. An important trend has been a large increase in takeout meals. According to the NPD Group (2002) and Larson (2002), takeout and delivered meals now exceed on-premise (i.e., "sit-down") restaurant meals. Figure 2 shows that off-premise restaurant meals (takeout) grew more than 60 percent since 1984 while on-premise dining declined slightly. Another National Restaurant Association (1998) study found that about 78 percent of U.S. households made at least one food carryout or delivery purchase per month.

Technomic, Inc. estimated the total takeout food category sales (excluding beverages, snacks, and desserts) in 2000 to be \$99.0 billion. Although annual supermarket takeout food sales totaled \$14.0 billion, sales growth in supermarkets was 5 percent, slightly below the 6 percent growth for the category (ID, 2002). Several consulting groups projected significant growth for the meal-solution, or HMR, market. For example, McKinsey and Company predicted supermarket foodservice sales will increase by 3.8 percent per year through 2010 (Food Distributors International 2000).

As Pat studied trends in the meal-solution market, she identified the major buyers of supermarket-prepared food. A Food Marketing Institute (2001b) survey suggests that 18 percent of the population used supermarkets as their primary source of takeout food. Older shoppers were slightly more likely to rely on the supermarket for takeout food than were younger shoppers. For supermarket-prepared foods, Spectra consumption indices for all nine lifestyle classes of household heads aged 18 to 34 with children exceeded 120, and all the indices for household heads aged 18 to 34 without children were below 90 (Warren 2001). This suggests that families are major prepared-food buyers. However, the majority of takeout meals were consumed by adults, not by time-stressed parents at meals with their children (Larson 1999). Often a household's decision to have a takeout meal was made in the evening at home instead of at work or on the drive home. Household members would discuss what to have for dinner and then decide whether to make or purchase the meal (Larson 1999).

Pat studied a report (Hale Group, Ltd. 1998) that looked at HMR operations at stores from several supermarket chains and concluded that the av-

Figure 2. Annual Foodservice Meals On-Premises and Off-Premises.



Source: NPD Group (2002).

erage store was losing \$19,000 per year on meal solutions. She also knew that several chains were pleased with the image enhancement and store traffic generated by their HMR programs. Hopefully, her firm could learn from other chains and avoid some mistakes.

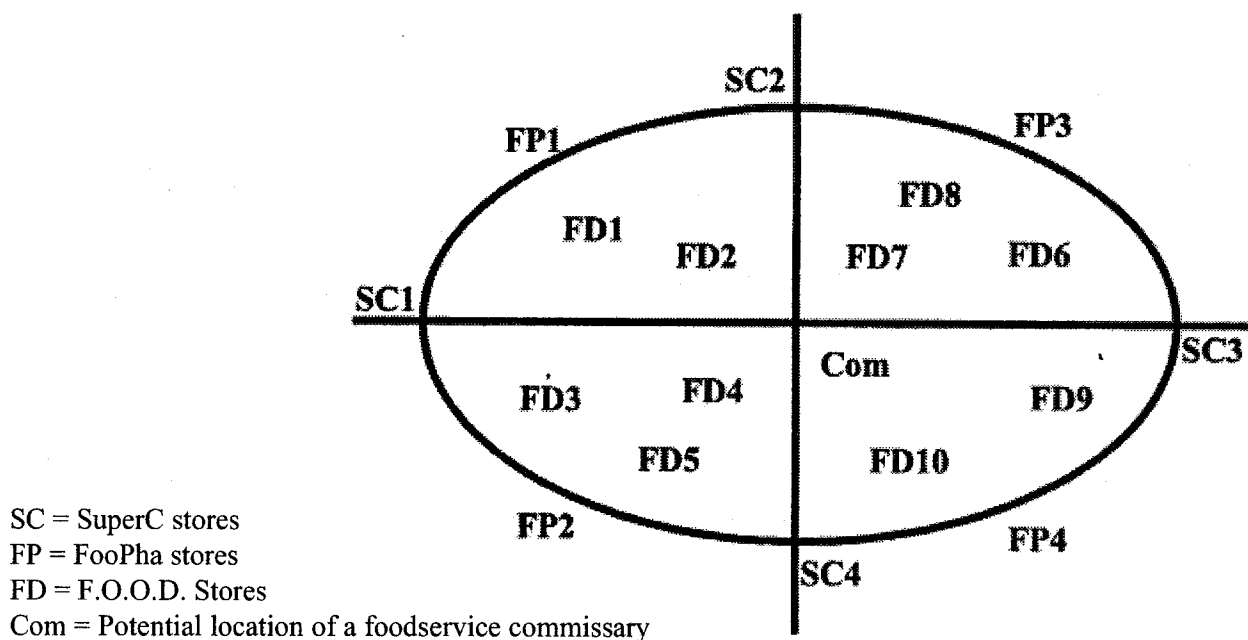
Pat read a paper (Larson 1998) that described seven key "P's" for marketing HMR products: positioning, product, package, place, price, promotion, and people. She knew her proposal to F.O.O.D. Stores, Inc. management would use all of these tools. These seven keys were developed further in another paper she read (Larson 2002). However, Pat also had to address two other "P's": procurement and politics. Her proposal to the meal-solution dilemma would need to include who would produce the prepared foods and how the items would reach the stores. Addressing these logistics issues and dealing with the tradeoffs between efficiency and consumer acceptance would be challenging. Integrating foodservice into traditional grocery operations would require some changes and compromises by department managers. She also would have to deal with cultural differences among the three recently combined chains and involve F.O.O.D., SuperC, and FooPha store managers and associates in the process.

Market Profile

Even though Pat had lived in the metropolitan area for many years, she gathered information about the market from several sources including the latest Survey of Buying Power (*Sales and Marketing Management* 2001). About one and a half million people lived in the metropolitan area. The age distribution was similar to the U.S. average. Food-and-beverage store sales in the area totaled \$3 billion (the three chains combined had a 20-percent share of food-and-beverage store sales). The median household effective buying income (EBI) was \$40,000; about 45 percent of households have an EBI of at least \$50,000. Five-year projections had the market growing slightly faster than the U.S. average in both population and EBI per household. Census estimates suggested the market was somewhat more diverse than the U.S. average, with a greater proportion of both African-Americans and Hispanics.

Figure 3 shows the location of the stores in the metropolitan area. F.O.O.D. stores were located in some of the older neighborhoods in the center of the market. The households in the Southeast quadrant had the lowest average income in the market, about 20 percent below the market average. The

Figure 3. F.O.O.D. Stores, Inc., Supermarkets in the Metro District.



Southwest quadrant had the highest concentration of minorities. In the 1960s, a beltline highway was built around the city. It was about 40 miles around and helped reduce traffic congestion in the center of the city.

SuperC started as a discount retailer and built stores at the intersections of the beltline and the main highways to the center of the city. At the time, these areas were quite rural. However, as the city grew and suburbs evolved, the highways next to SuperC store locations had very high traffic. Driving straight from SuperC store SC1 to SC3 was about 16 miles; from SC2 to SC4 was about 10 miles. SuperC stores were remodeled in the 1990s. Stores were expanded to 200,000 square feet of selling area and traditional supermarket departments were added.

FooPha stores were built along the beltline highway in the suburbs during the early 1980s. Each store was located about 5 miles from a SuperC store in the heart of a thriving, upper-middle-income suburb. They had about 40,000 square feet of selling area and handled about 50,000 items, excluding the pharmacy. FooPha stores faced some stiff competition from other upscale supermarket chains in the same suburbs. Most of these stores offered some prepared foods, but it was clearly not an area they were stressing. In contrast, many conventional, independent competitors of F.O.O.D. stores closed in the 1990s when SuperC entered the grocery business. The most serious grocery competition in F.O.O.D. store neighborhoods was coming from convenience stores.

Options to Consider

The first issue Pat examined was where the prepared food should be made (and who should make it). One possible synergy from the acquisition could involve using the excess in-store baking capacity of the SuperC stores to supply fresh baked goods to FooPha and F.O.O.D. stores. With gross margins typically over 50 percent, expanding in-store bakery sales could boost chain profits (Heller and Major 2002). The SuperC bakers arrive at the stores before 5 a.m. and usually have finished baking by 9 a.m. Customers who shop SuperC after noon never experience the aroma of fresh baked breads. Some chains use the sights and smells of food preparation (i.e., eatertainment) to promote their prod-

ucts (Miller 2001). Implementing this tactic at SuperC stores would require spreading the baking out over the entire day.

Entree preparation posed different challenges. F.O.O.D. stores lacked the space to expand their delis, and FooPha stores did not have food-preparation space. It might be possible to have each F.O.O.D. store specialize in one item and share products between the stores, but they probably do not have the capacity to supply FooPha stores. SuperC stores could serve as satellite producers and supply FooPha and F.O.O.D. store locations. However, if sales for meal solutions took off, it was unclear if SuperC's facilities could meet the meal-solution demand for both chains. It might also be politically difficult to convince stores that were rivals until six months ago to start depending on each other for items that could become major features for the stores.

Some chains had built their own commissaries (central kitchens) to supply their stores. Pat believed meal-solution demand in this area was strong enough to keep a small, dedicated facility operating efficiently. Before the acquisitions, F.O.O.D. Stores, Inc. had purchased land near the center of the city for an eleventh store. The acquisitions put the construction plan on hold, and the location would be ideal for a commissary. Building a new commissary would cost about \$1 million. Senior managers would compare the profit forecasts and risks from a commissary with the more-certain returns from a new store, possibly making a commissary harder to sell despite having 50-percent-lower capital costs. Pat read in the newspaper that a local school district had built a large central kitchen and was interested in preparing food for clients. A central kitchen in the area that prepared meals for airlines and prisons also had extra capacity. Pat met with the managers of both operations and concluded that either of them could provide basic prepared foods for F.O.O.D., FooPha, and SuperC stores. However, she was not convinced they could produce high-quality "gourmet" foods that some store managers wanted. There were also smaller catering kitchens in the area, including a few with upscale "signature" dishes, that could provide some products. However, at this time each appeared to lack the capacity to meet all the meal-solution needs of even one of the three chains. This raised the question of what brand name or names

to use on the products. Pat also thought "out-of-the-box" and wondered if any local restaurants would be interested in renting space in F.O.O.D., FooPha, or SuperC stores to sell takeout. She was uncertain how senior managers would react to this idea.

Another issue was managing deliveries. Pat knew that consumers wanted fresh foods, so daily delivery of the prepared foods probably would be required. For some hot items, multiple deliveries each day may be necessary. Asking department managers to order from multiple suppliers each day and "fast track" the perishable deliveries around the other products arriving at the stores (both from the wholesaler and from direct store-delivery vendors) would create some resistance. A system could be needed to simplify the process and minimize order errors.

Pat knew that out-of-stocks (OOS) could be a major problem for meal solutions. Based on her deli experience, she believed that about half of the customers who were interested in a particular prepared item and did not find it would switch to a different item; the other half would leave the deli department without making a purchase. About half the customers who left (25 percent of the customers not finding their preferred item) were unlikely to consider the deli department again when they were interested in buying prepared food. The other half would give the department one more chance. If the item they were seeking was OOS again, they would not return to shop for prepared food in the deli department. About 20 percent of those who switched (10 percent of the customers not finding an item) would also only give the department one more chance to have the prepared food item they wanted in stock. If it was OOS again, they would find a different source for prepared foods.

Several steps could be taken to minimize OOS. Selecting good suppliers can help. Suppliers must have adequate capacity to meet the peak demands by the stores. Store personnel need to make accurate forecasts of each day's sales and suppliers must have sufficient flexibility to increase production on short notice. Orders could be placed in the afternoon of one day with deliveries expected the next morning. Multiple deliveries each day may be needed to maintain product freshness and keep OOS under control.

A related issue was the assortment of prepared

food items that F.O.O.D., FooPha, and SuperC stores would carry. Specializing in a few items could simplify production, ordering, delivery, and merchandising. Larger assortments (e.g., multiple entrees with a variety of side dishes and desserts) would require more backroom space for inventory. Some key items should be available at every store in a chain. Perhaps some stores should carry a larger assortment than other stores. Although consumers like variety, too much variety would increase product waste (i.e., because customers want fresh food, few prepared items can be held more than 30 hours). For each linear foot of prepared-food display space, Pat estimated they would need at least one square foot of backroom inventory space. Increasing the quantity of product on display or the size of the backroom hot- and chilled-food holding areas could reduce the need for multiple deliveries every day.

Deliveries would be easier to handle if F.O.O.D. Stores, Inc. contracted with an outside firm to pick up the prepared food items from each source and deliver them to each store. The contract would depend on the number of source locations and the frequency of the deliveries. Alternatively, F.O.O.D. Stores, Inc. could lease a fleet of trucks and have their own staff handle the products. Pat estimated the total cost of delivering their own products to be about \$2 per mile plus labor. Having their own delivery system may present other opportunities. For example, a few stores in other cities deliver groceries to large business parking lots at the end of the work day. Because the businesses considered this an employee benefit, they set up a system for employees to order groceries using their intranet and pay using payroll deduction. To better utilize their trucks, F.O.O.D. Stores, Inc. could offer prepared-food and grocery deliveries at the end of plant shifts at three large employers inside the beltline. More radical opportunities include delivering prepared foods to convenience stores, snack bars, food kiosks, sporting concessions, vending machines, or directly to customer homes.

Product quality and branding are two interrelated issues that Pat needed to examine. She thought that the prepared foods sold at F.O.O.D. stores need to be clearly positioned as convenient food, home-meal replacements (e.g., "food like Mom's"), or restaurant-meal replacements. SuperC stores could also consider the other positioning options such as quality and freshness, service, expertise, or vari-

ety. Given FooPha store locations, they might also explore the positioning options of natural, organic, gourmet, or nutritious foods. Each chain could conduct surveys, focus groups, and taste tests to develop menus and recipes that appeal to their customers. Although there were efficiency advantages from creating a single brand for all the stores, it might be better to develop three separate prepared-food brands that differentiated the stores from competitors and reinforced their positionings.

Staffing was still another issue that needed to be incorporated into Pat's proposal. Some chains tried entertaining customers with their HMR departments, hiring chefs who "performed" while shoppers selected their meals. The chefs reinforced the freshness and quality images the chains desired. However, the sales gains usually did not justify the costs, and in many cases the supermarket culture, with its focus on inventory control and margins, clashed with chefs who were particularly creative. In addition, store-based production limited the flexibility at each store. If a chef resigned, was sick, or went on vacation, a store would have difficulty maintaining quality. Central kitchens simplified human-resource, quality-control, and food-safety issues. A few stores prepared some foods in their delis throughout the day and sourced most items from outside suppliers. This did not require as much staff training as having full in-store preparation. For example, to reinforce FooPha's quality image it would be possible to have a chef work at a portable station slicing ham for sandwiches at lunch and entrees at dinner; other meal components would be delivered from outside suppliers. The annual cost for a chef and a portable station could exceed \$70,000 per store. Other companies had sold branded and freshness-dated prepared foods from outside firms in cold and hot cases without any in-store preparation. Pat could see the benefits and limitations of each option.

The deadline for Pat's proposal and presentation was getting near. There were still many options to weigh and she was sure there were other excellent opportunities she had not identified. Pat wanted to develop a viable meal solution strategy for the company and propose marketing tactics that fit that strategy. What should she propose?

References

- Food Distributors International. 2000. *Foodservice 2010*, McKinsey and Company. <http://www.fdi.org/>.
- Food Marketing Institute. 2001a. "Key Industry Facts." http://www.fmi.org/facts_figs/.
- Food Marketing Institute. 2001b. "Meal Solutions." http://www.fmi.org/facts_figs/.
- Food Marketing Institute. 2001c. "Supermarket Facts." http://www.fmi.org/facts_figs/.
- Griffith, T. 2001. "The U.S. Retail Food Industry: 2001 Store Format Update." *Competitive Edge* June 2001.
- Hale Group, Ltd. 1998. *Building a Meal Solution Delivery System: Understanding Supply-Side Costs and Strategies for Supermarket Foodservice*. Coca-Cola Retailing Research Council, The Coca-Cola Company.
- Heller, W. and M. Major. 2002. "Bakery Rises Slowly." *Progressive Grocer* 81(5):43-47.
- ID. 2002. "Takeout: What Sells Where." 38(2): 45.
- Larson, R. B. 1998. *The Home Meal Replacement Opportunity: A Marketing Perspective*. The Retail Food Industry Center, University of Minnesota, TRFIC Working Paper 98-01, January.
- Larson, R. B. 1999. "New Insights into the Home Meal Replacement Opportunity." *Journal of Food Distribution Research* 30(1):12-16.
- Larson, R. B. 2002. "Marketing Meal Solutions." *Journal of Food Product Marketing* 8(1):63-71.
- Miller, L. 2001. "That's Eatertainment!" *Supermarket News* 49(36):37, 40-43.
- National Restaurant Association. 1998. "Tracking Takeout." *Restaurants USA* 18(6):39-41. <http://www.restaurant.org/>.
- National Restaurant Association. 2000. "Americans' Dining-Out Habits." *Restaurants USA* 22(9):38-40.
- NPD Group. 2002. *Annual Report on Eating Patterns in America*. <http://www.npdfoodworld.com/>.
- Progressive Grocer*. 2002. "69th Annual Report of the Grocery Industry." 81(6): Supplement.
- Sales and Marketing Management*. 2001. Annual Issue: Survey of Buying Power and Media Markets, Part Two. September.
- Turcsik, R. and W. Heller. 2001. "Deli Do-Right." *Progressive Grocer* 80(11):91-94.

U.S. Department of Agriculture. 2002. *Briefing Room: Food CPI, Prices, and Expenditures*. Economic Research Service. <http://www.ers.usda.gov/Briefing/CPIFood>

And Expenditures/.
Warren, F. P. 2001. "A Family Affair." *Frozen Food Age* 50(3):44-46.

Teaching Note for "Facing the Meal-Solution Dilemma"

This case was developed to help readers better understand many aspects of U.S. food retailing and to provide them with an opportunity to use marketing and logistics principles to address a realistic problem. Unlike other case studies that provide sufficient information to make fact-based recommendations, this case tries to expose readers to the uncertainty typically involved in the development

of new products or services. Readers must make assumptions and can gather additional information that may support or refute their assumptions. Case discussions can be organized around the nine "P's" that were mentioned in the case. Each "P" includes several issues that should be considered. Some of these issues are listed below:

Key "P's"	Issues to be considered
Positioning	How should the meal-solution initiative(s) be described to customers? What positioning(s) should the chains use for their meal-solution programs?
Product	What products and how much variety should each store carry? What brand(s) should be on the items (one brand, different brands for each chain, different brands for each producer of the meal-solution items etc.)?
Package	What package colors, shapes, sizes, and materials will boost attractiveness? What information should be included on the package?
Place	Where should the meal solutions be sold? How much preparation, display, backroom, and guest-seating space will be needed in each store? What merchandising (and cross-merchandising) tactics should be used?
Price	How should the prepared-food items be priced? Should prices for similar items vary by chain?
Promotion	What promotions should each chain use to build trial? Who is the primary target for the promotions? How will the chains increase repeat purchases?
People	Who will serve the customers in the stores? What training should be provided to the prepared-food program staff?
Procurement	Where should the items be produced (in all stores, in some stores, in a private commissary, in a F.O.O.D. commissary, in several central kitchens etc.)? How can sales forecasts be improved and order errors be minimized? Who should deliver the items and how often should deliveries be made?
Politics	How can managers and associates at all the stores be involved in the planning and implementation process? How can traditional foodservice processes be integrated into the supermarket system and culture?