

# Changes in Work Hurt On-Site Dining Service

## *Four-day week, brown bagging and high costs affect performance*

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The current economic woes facing the country – the evaporation of credit, rising costs and declining sales – are causing companies to change the ways work is performed and employees to tighten their purse strings. This, in turn, means food service operators have to change the ways they manage, if they are to adapt to the new realities.

At the top of the list is the emergence of the four-day workweek. Companies gain, because their costs of heating, lighting and maintenance is reduced. Employees gain, because they have one less day of commuting expense and one more day off.

The on-site dining service loses, because about 20% of its normal weekly customer count and revenue is lopped off. The four-day week is on top of an increase in telecommuting. Safeco, Microsoft and IBM are among companies offering work-from-home opportunities, *Business Week* reports. One Clarion client was already encouraging employees to work from home on Fridays before the runup in gasoline prices hit, reducing dining center traffic on that day by about two-thirds.

Layoffs don't help café sales either. Although there may be no cuts at your office, knowledge that unemployment is increasing makes most people worry about their own future.

### **Rise of the Brown Bag**

Even if the dining service hasn't raised its prices, the increased retail cost of food and fuel is causing consumers to economize. Bringing food from home, instead of buying lunch in the employee café, is one way they try to trim five or six dollars a day from their budgets.

Consumers are bringing lunch to work from home – “brown bagging” – more frequently, an average of 38 times a year in 2007, up from 35 times in 2006, according to NPD Group, a market research firm, as reported in *Nation's Restaurant News*.

The number of employees coming to corporate dining centers continues to decline, according to a survey by the Society for Foodservice Management. In 2007, six of ten employees bought their lunches somewhere else. Recent Clarion Group surveys found 28% of employees at a corporate headquarters and 55% at a manufacturing plant bring lunch from home three or more times a week.

NPD's study found 91% of men and 95% of women cited financial reasons for brown bagging. But 72% of women and 61% of men also said health and nutrition concerns are a motivator; 66% of men and 63% of women said convenience, and about half also said taste and quality were important considerations. (Multiple responses were permitted.)

### **Cost Squeeze**

Operators are squeezed from the other end as well. Food costs have increased by about 6% over a year ago, and are likely to go higher in 2009. Vendors add fuel surcharges to their invoices, in addition to higher product prices.

Food isn't the only cost going up. As companies switch to “green” disposable dishes and eating utensils, operations that use disposables heavily are seeing this cost rise. At one Clarion client that uses both china and disposables, the increase was 4% since green tableware was introduced.

Since higher costs are not going away, operators need to focus more on the other half of the equation: increasing – or at least not losing more – sales.

This requires a three-pronged attack:

- Improve customers' perception of the staff café's value.
- Lure back those six-in-10 potential customers who never, or seldom, patronize the café.
- Find a way to compete with the brown bag.

**Perception of Value:** In focus groups and surveys, employees consistently say, “prices are too high” or “the food's not worth the price” in the on-site café. The idea that the food isn't healthy or that variety in the menu is unsatisfactory are included in the reasons why they think the staff café is overpriced. Many claim that nearby restaurants and sandwich shops are less expensive, even when they're not.

The first step is to ensure the café is, in fact, offering fresh, appetizing and healthy foods, and then letting customers see this. Exhibition cooking and fresh products go a long way toward demonstrating quality and good nutrition. Effective marketing and promotions, emphasizing these features will deliver the message.

**Increasing Participation:** If your food quality, variety, merchandising and marketing are good, you have to let the non-customers know about it and persuade them to try the café again, at least once.

How? The most powerful word in advertising is “free.” When you offer a new menu item or other feature, offer free samples. Vendors will often cooperate when the item is one of their products.

Promote the event through the intranet, mailbox stuffers, desk drops and whatever means reach people throughout the company. If they like what they see and taste, they are likely to come back for more— and pay for it, because it has value for them.

Special events, based on a holiday, seasonal or ethnic food theme, properly promoted, invariably increase traffic. Probably the best promotional event is a “visiting chef” day, where the chef from a popular local restaurant presents his/her favorite dishes in the café. If the event is done well, at least some of the new one-time visitors will become steady customers.

**Competing With the Brown Bag:** There are two perceptions to overcome: that the brown bag hold better, fresher food and that café food costs too much.

“Provide . . . a ‘craveable’ food that they don't have the ability to brown bag,” Dennis Lombardi, a restaurant consultant suggested to *Nation's Restaurant News*.

Aramark Corp, the food service contractor, is taking a different approach. They offer lunches a customer may bring from home and that are healthy, value-priced and/or feature ethnic cuisines. Aramark also stocks its grab-and-go sections with cups of cottage cheese and yogurt, popular brown bag contents.

For all customers, it can be worthwhile to feature a low-cost meal two or three times a week at a special low price – a value meal.

*Clarion can help you plan and execute a strategy that will increase customer participation and satisfaction. Contact Tom Mac Dermott, FCSI, at 603/642-8011 • [TWM@clariongp.com](mailto:TWM@clariongp.com) or Angela Phelan at 973/544-6223 or [ALP@clariongp.com](mailto:ALP@clariongp.com), or visit our website, [www.clariongp.com](http://www.clariongp.com)*