

DELI BUSINESS

MARKETING MERCHANDISING MANAGEMENT PROCUREMENT

APRIL/MAY 2011 \$14.95



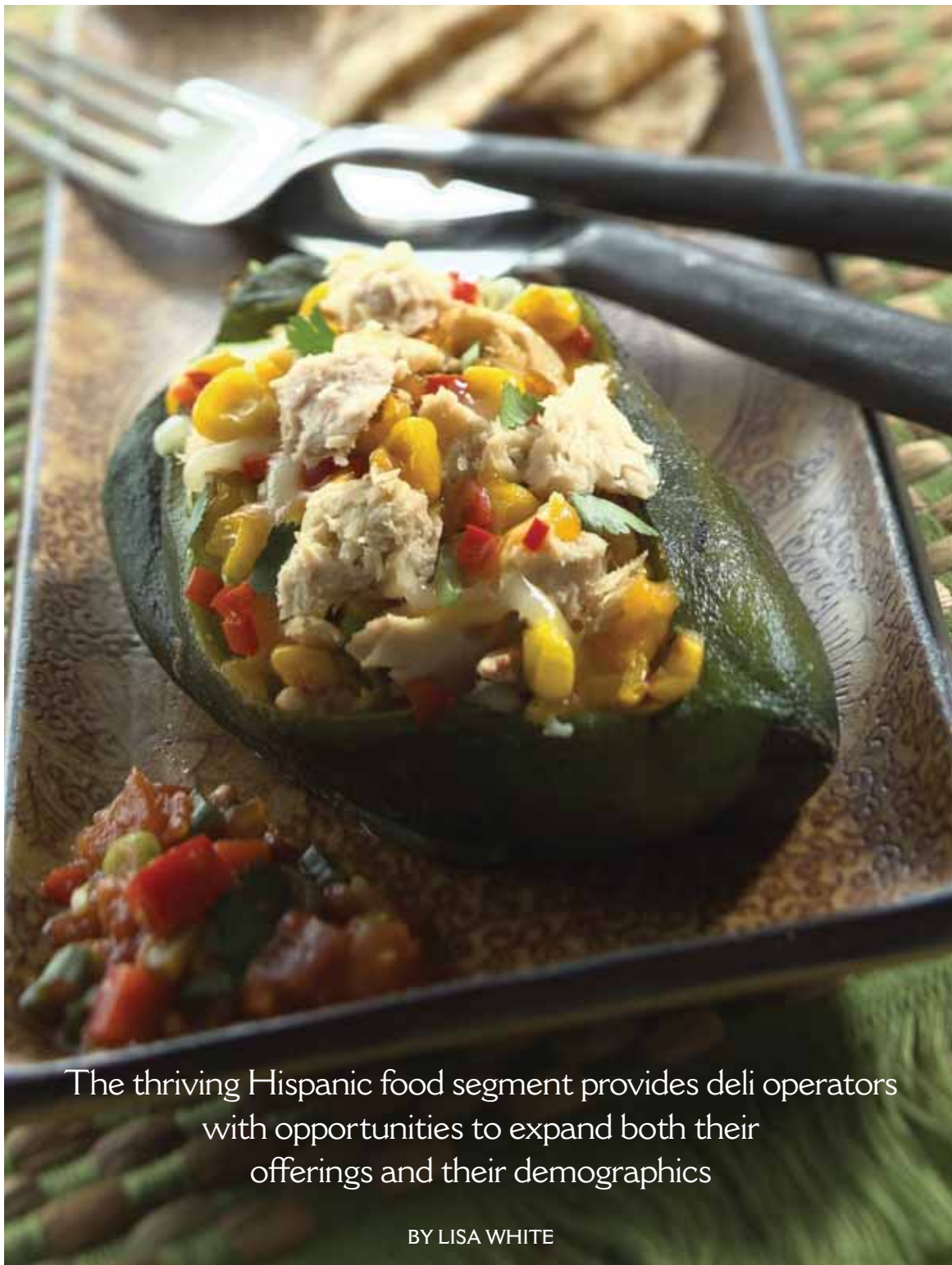
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THE HISPANIC HOLD



The thriving Hispanic food segment provides deli operators with opportunities to expand both their offerings and their demographics

BY LISA WHITE

The popularity of Hispanic foods shows no signs of waning. As a result, an increasing number of supermarket deli operators are incorporating these food items into their departments to capitalize on this growing segment.

"The growth of Hispanic foods in the supermarket deli from the late '80s through the '90s was driven by the popularity, portability and ease of prep of traditional Mexican foods such as burritos, tacos and quesadillas," says Robin Todor, director of marketing at Mission Foods, Irving, TX. "However, recent growth in Hispanic foods in the supermarket deli has been largely driven by consumer demand for bolder, spicy ethnic flavor profiles from a variety of different areas globally. Also, the versatility of the flour tortillas has generated good momentum, as deli operators are using the traditional Mexican ingredient as a bread replacement for sandwich-style pinwheels and wraps."

According to Jorge Aguilar, deli sales manager, Ontario, CA-based Haliburton International Foods, "In the last four years there has been a major change in the deli departments from very little presence of salsas to a large variety of salsas. The retailers have realized their customers want salsa and, with an effective merchandising program, they can provide a profitable solution for the customer demand. The advantage of having a salsa program in the service deli is the profitability it provides to the retailer and the fresh appearance to the customer. It's a win-win for everyone." Haliburton makes fresh salsas using a unique Flash Pasteurization – Flash Cooling Process.

"We're starting to see more and more foodservice operators and retail grocers carrying Mexican cheese," relates Cindy Jensen, director of sales and marketing, Queso Campesino, Denver, CO. Kings Sooper, a division of Kroger, is opening its first Hispanic store here in Denver on April 27."

The consensus is the category has transcended the Mexican and Latin demographic, with these items becoming staples in Anglo diets. "Mexican food is becoming more and more mainstream, with some items even losing their Mexican connotation," notes John McCarthy, senior retail marketing manager at Reser's Fine Foods, Beaverton, OR.

"Most people don't realize salsa is the No. 1 condiment in the United States," adds Aguilar. "Haliburton has a salsa flavor profile to match the regional flavor preferences of the consumer."

The Mexican entrée segment totaled more than \$1 billion in sales last year, an increase of 5 percent from 2009, according



to New York, NY-based research firm The Nielsen Co.

"The growth of Hispanic foods in the supermarket deli picked up speed in 2008 and 2009 during the economic recession, when consumers returned to in-home meal preparation," according to Cari Price, corporate chef at Food IQ, Springfield, MO.

Retailers realize the broad appeal of these foods. "Most supermarkets are noticing it's not just Hispanics buying these foods," relates Mario Dovalina, general manager at Pepe's Wonderful Mexican Foods, Chicago, IL. "Although sales of these products are more pronounced in states with a greater number of Hispanics, those tracking this segment's demographics say it's the fastest growing category in hot deli."

With Hispanics now accounting for approximately 15 percent of the U.S. population and expected to reach 20 percent by 2020 and 30 percent by 2050, this demographic grew 3.4 times faster than the total American population and 10 times faster than non-Hispanic Caucasians, Nielsen reports.

Along with the changing demographic, the popularity of Hispanic foods also has been driven by today's restaurant trends. This year's Washington, D.C.-based Nation-

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—CARI PRICE
FOOD IQ

al Restaurant Association's *What's Hot in 2011* survey by St. Augustine, FL-based American Culinary Federation member chefs, identified two of the top trends for the year as ethnic/street food-inspired appetizers and ethnic-inspired breakfast items. Based on this survey, the infusion of ethnic flavors into non-ethnic forms are expected to experience an upswing.

"Following restaurant trends, the deli has become more sophisticated in its offerings, which now include fresh tamales, tortas and new twists on traditional favorites, such as chicken and mango quesadillas and fish tacos," says Tania Haladner, director of marketing at Circle Foods/La Terra Fina, San Diego, CA.

Hispanic offerings at the retail level are largely dependent on location; those in areas with larger Hispanic or Latin populations, such as California, Arizona, Texas, New Mexico and Florida, tend to offer more authentic items.

"Hispanic can mean things," says Queso Campesino's Jensen. "Spanish, Mexican, Guatemalan, Honduran — it depends on where you are. All these groups have great pride in what they are."

Regional differences also account for differing flavor preferences. "We sell different flavor profiles across the U.S.," explains Haliburton's Aguilar. "For example, the West Coast and southern border states are accustomed to tomatillo-based salsas and salsas with a spicier flavor profile, while the East Coast and central U.S. generally prefer a milder tomato-based salsa."

What It Encompasses

The term 'Hispanic' has broadened over the years. Synonymous with Mexican cuisine in the U.S., it often encompasses other ethnic foods, such as Cuban and Central and South American.

"Some foods may be South American and classified as Hispanic," says Reser's McCarthy. "There's a lot of regionality involved, and the complexity of this is starting to show in the U.S." As a result, some deli operators are providing dishes that highlight different regions of Mexico.

Still, the traditional favorites in this segment remain the strongest sellers. Items such as burritos, fajitas, enchiladas and Spanish rice appeal to both Anglos and Hispanic consumers. "Offering crossover products that appeal to a wider demographic is important, but the flavor and heat aspects make it challenging," according to McCarthy. "Hispanics like food hotter than the mainstream."

By incorporating ethnic meats such as spicy pulled pork, deli operators have been able to add authentic Hispanic ingredients to menu items. Today, seasoned and marinated Hispanic meats, such as pork carnitas, barbacoa, carne asada and chorizo, are being offered in tacos, burritos and soups as well as being marketed as take-out, similar to how rotisserie chicken is offered.

Other Authentic Hispanic fare becoming more prevalent in today's delis includes Mexican cheeses, such as Cojita, Queso Fresco

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"Mexican style cheeses and creams, such as *prima Americana*, which is similar to sour cream, have become popular deli items," says

Felix Fajardo, Jr., marketing manager at River Bank, CA-based Rizo Lopez Foods. "Another growing segment is Hispanic yogurts."

"Traditional tortillas and flavored wraps can also be very mainstream when used with ingredients such as chicken, julienned bell peppers, lettuce and tomatoes for sandwich-style wraps," explains Mission's Todor.

A good example of how mainstream His-

panic foods have become is the evolution of the Korean taco trend. "Tacos, in general, have undergone huge growth in America," Food IQ's Price says. "Recently, tacos have fused with non-Hispanic ethnic flavor profiles. Korean tacos began in the mobile food truck segment and have now trickled onto restaurant menus, national chain menus and will most likely become standard offerings in the prepared foods section of supermarket delis."

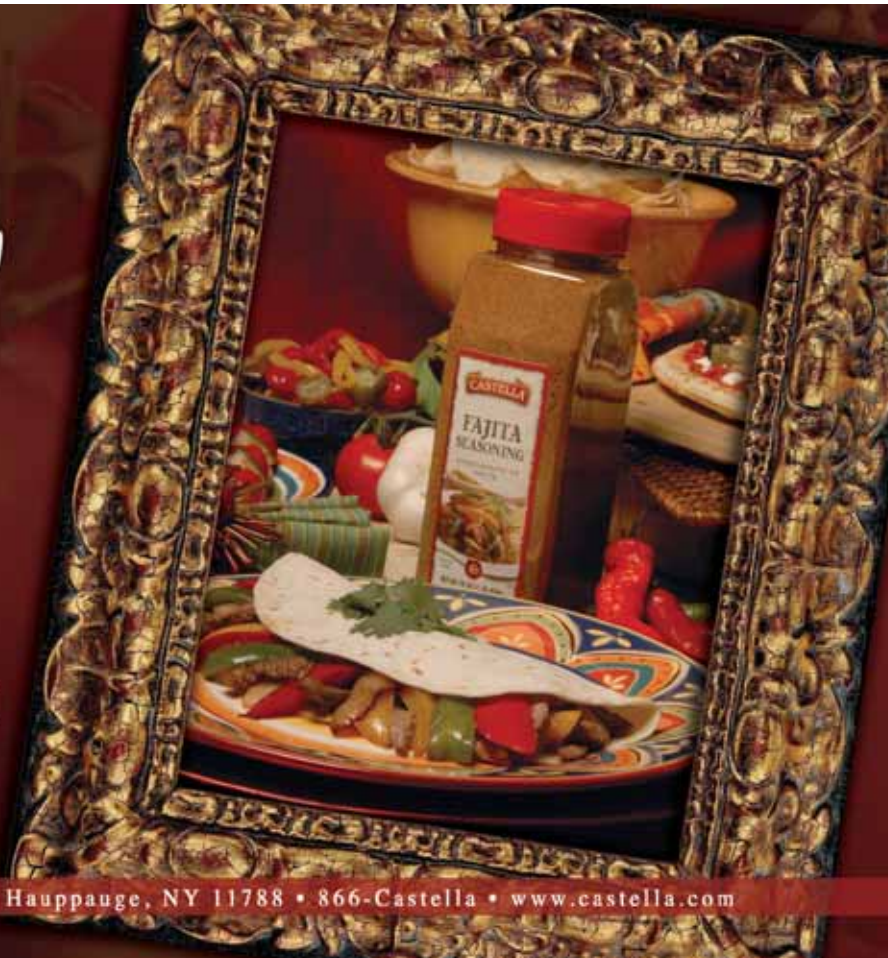
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Marketing And Merchandising

Since most Hispanic menu items in the deli have a broad appeal that extends beyond Hispanic consumers, success comes from marketing to the mainstream consumer. For example, young, female consumers may be seeking fresh, made-to-order meals such as wraps and pinwheels for party trays, whereas 20- and 30-something males seek heartier, meatier, more indulgent meals such as stuffed burritos. "Using authentic meats and cheeses, garden fresh vegetables and bold, spicy sauces are what the customer wants, and they want it made fresh and ready to serve," Todor adds.

"However," advises Todor, "deli operators must offer items that are appealing to the Hispanic consumer, as authenticity is important to most of these supermarket deli customers."

Marketing efforts to the traditional Hispanic consumer base are often divided between Spanish-speaking and English-speaking consumers. "Outside of the Hispanic consumer base, manufacturers and operators often focus their marketing efforts on younger consumers who have been exposed to a variety of ethnic foods from a young age," Price says.

Bilingual marketing is key to reaching

DELI OPERATORS WHO WATCH HOW RESTAURANTS, FOOD TRUCKS, AND CHEFS ARE MARKETING HISPANIC FOODS — AND THEN SHOW HOW THE DELI CAN HELP CONSUMERS CONVENIENTLY ENJOY THESE DELICIOUS FOODS AT HOME — WILL BE AHEAD OF THE COMPETITION.

non-English speaking consumers. "To bridge the demographic gap, bilingual tags, information and product descriptions can help deli operators better market to Hispanic consumers," Reser's McCarthy advises. "This also is a great way for delis to attract a bilin-

gual audience."

Segregating Hispanic items in the deli by utilizing islands or other display methods can help bring added attention to these products. "By selling Hispanic foods such as cheeses, creams, ham, sausages and chorizos in special sections, it increases visibility," Rizo Lopez's Fajardo says. "It doesn't have to take up a big area, but this concept will be effective."

Including Hispanic items into meal solutions and bundling is also effective. "People are looking for value and convenience," McCarthy adds. "Approximately 80 percent of consumers don't know what they're having for dinner at 4 PM. It's important to give them options."

To grow the segment, it's important to market fresh, authentic Hispanic foods that have widespread appeal. "The trick for marketing Hispanic foods is to avoid the trap of assuming Hispanics are one big block of people and, instead, to target to them with foods and flavors that are appropriate," says Patty Echeverria, marketing manager at Castilla Imports, Hauppauge, NY. "There's much more to Latino food than the food itself — it's what the food represents."

Still, it pays to remember that mainstream consumers account for the bulk of the population when marketing and merchandising Hispanic products. "Mainstream consumers account for 85 percent of the population, and so you definitely want to market to them to drive growth, but it's still important to reach Hispanic consumers who appreciate authenticity and freshness," Circle Foods' Haladner says. "Sampling, recipes, and usage ideas help drive trial and give consumers new ways to add excitement and variety to their meals at home."

According to Queso Campesino's Jensen, "The 'little' Mexican markets — the carnicerías — offer customers more to choose from than the mainstream markets. They have our cheeses behind the counter for fresh cut and they have them in the deli cold case. 'Mainstream' markets tend to have them only in the deli cold case. But the new Kroger concept will market them the way a carnicería does — and that will open up the market. Some areas have only the small markets, others have large ethnic supermarkets."

Deli operators who watch how restaurants, food trucks, and chefs are marketing Hispanic foods — and then show how the deli can help consumers conveniently enjoy these delicious foods at home — will be ahead of the competition. "Deli operators need to stay up-to-date with what the Hispanic foods consumers are experiencing in restaurants to keep their offerings relevant," Price says.

DB

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