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## READY TO HEAT, Ready to Eat

Home meal replacements are the hottest items going in the food retail industry, and Atlanta is just now getting in on the act.

By Ellen Fix

**IT'S 4:45 PM. YOUR STOMACH STARTS TO GROWL. DO YOU know where your dinner is?**

Probably not, if you're like some 37% of your peers nationwide who make their dinner decision on the way home from work. You search in vain for an alternative to the bland belly-fill of fast food. Chinese take-out? Pizza? What you yearn for is a meal that's fresh. Healthy. Convenient. Like mama used to make.

Nowadays, that craving can be satisfied with carry-out dishes known as "home meal replacements." HMR is the hottest new category food retailers have cooked up in years.

Grocers and other food outlets in Atlanta are just now catching on to this trend. Responding to busy dual-income families and young couples with more disposable income than personal time, progressive supermarkets, gourmet take-out operators and even upscale restaurants are offering an array of ready-to-heat or -eat meals. And they're selling like — well, much better than hotcakes ever will.

Analysts from the Food Marketing Institute and other sources estimate annual HMR sales somewhere between \$62 and \$110 billion; that figure is expected to double in the next 5-10 years. By 2005, many Americans will have never cooked a meal from scratch. Twelve years ago,

64% of all dinners consumed at home included at least one homemade item. Today, only 55% do.

So where is dinner coming from, anyway?

### It's gourmet every night

Restaurants currently account for 83% of HMR sales, but the figure has been steadily declining, and HMRs sold at supermarkets are expected to grow at a rate of 10% in the next 5 years.

Heeding the call, some Atlanta restaurants are beefing up their menu offerings by featuring their most popular items in refrigerated cases for quick carry-out. Others have decided to capitalize on the trend by bringing the restaurant to the consumer. This is the philosophy of Takeout Taxi, whose Atlanta franchise represented only a handful of restaurants when it opened in 1992. Now, total annual food sales are up to a half million dollars, from some 175 restaurants listed on 14 different menu books around town.

Says Takeout Taxi's owner Michael Castro Jr., "The typical customer is time-limited and eats out a lot, but doesn't want to spend the time to go and sit down at a restaurant. A lot of our business comes from people in their late 20s and 30s, and moms who need to feed their families when after-school sports and music activities are over, around 7 pm. We can save them an hour's worth of cooking time."

It's little wonder the meal solutions market is a juicy target for supermarkets, giving them an opportunity to take a bigger bite out of the huge food spending pie. They see it as a chance to squeeze more profits from an industry that operates on razor-thin margins. At the same time, it challenges them to square off with restaurants, take-out services and even convenience stores.

Says Isenberg, "The last 7 years was considered the first generation of the meal solutions market. There's a lot of experimentation going on. As more outlets start doing a better job, more consumers will catch on."

The meals in minutes concept is what prompted Harry Blazer, founder of Harry's Farmer's Markets, to open 7 Harry's In A Hurry stores around Atlanta. They offer a wide range of freshly prepared entrees, ethnic dishes, sides, salads, sandwiches, breads and desserts.

Taking its cue from Harry's is the new Buckhead Eatzi's. A Dallas-based chain, Eatzi's is one of a new breed of hybrid "grocerant."

Eatzi's, which received "Nation's Restaurant News" magazine's award for hot concept of the year, is jointly owned by creator Philip Romano and Brinker International. Atlantans are already familiar with 2 of Romano's other restaurant creations, Puddruckers and Macaroni Grill.

The 16,000-square-foot European-style market and eatery in Buckhead includes a 9,000-square-foot kitchen. A team of 100 on-site bakers and chefs whip out more than 1,800 fresh dishes daily, including breads, wood-roasted chicken, marinated meats and seafood, hand-tossed salads and custom-made sandwiches.

"It's a high-energy environment. With the on-site production, our whole store is a celebration of culinary talents," explains President Lane Cardwell. "Our employees like to be front and center to discuss their delicacies."

The average transaction at Eatzi's is \$14-\$15. And although there is a premium to be paid for prepared foods, Cardwell says most people "don't factor in the waste involved in buying and preparing ingredients, because of the portions you're cooking in. It's actually cheaper to buy cooked lasagna from us, at \$5.99 for a pound and a half portion that feeds 2 people, than to make it at home."

“How many times have you spent \$200 at the supermarket, come home, put everything away, looked around and said to yourself, ‘There’s nothing to eat’?”

Lane Cardwell, Eatzi's

Joshua Isenberg, strategy manager for the consulting firm of Noble and Assoc., says, "Supermarkets traditionally were a place to get items to stock in your pantry at home, to use in recipes you had planned in advance. Now, supermarkets are improving and expanding their prepared foods departments to avoid a loss of share to other foodservice outlets. They're leaning toward creating the 'refrigerator as pantry' idea so consumers will buy fresh food items."

Nationwide, the median number of prepared food items offered by supermarkets is about 30, ranging from the mundane to the sublime. The average per person prepared meal cost is \$5, a \$2 premium over limited menu quick service restaurant operators.

### Forget the ingredients — just get dinner

Another approach is a farmer's market-like retail store. A typical Atlanta Harris-Tetter store flaunts platters of freshly prepared oriental sesame noodles, penne pasta asparagus salad and turkey tarragon. In its "heat and eat" section, you can purchase a microwaveable meal of flank steak with asparagus and potatoes for \$5.49. And you can buy a full-cooked meat loaf for \$5.99/lb, or cheese lasagna for a buck less.

From the standpoint of convenience, Cardwell says an Eatzi's shopper still goes to the store to buy "staple and paper goods; they just buy their meals from us. How many times have you spent \$200 at the supermarket, come home, put everything away, looked around and said to yourself, 'There's nothing to eat?'"

Kevin Blessing, Eatzi's general manager, says he has been "pleasantly surprised" with the mix of customers who visit Eatzi's. Most surprising is the number of senior citizens.

"They don't want to spend any more time cooking than busy families do," according to Karin Solganik, vice president of Solganik and Assoc. "It doesn't make sense for them to cook for just one person, so they pick up a meal at the store."

The concept seems to be working in Atlanta. Cardwell claims a daily customer count of 2,000. And the Buckhead store is already 20% above sales quotas after 6 months of operation.

Cardwell is pragmatic about the HMR trend. "There's a whole generation of people who don't do the laundry the way we did and our parents did; instead, they bring everything to the dry cleaners. It's just another form of outsourcing." 