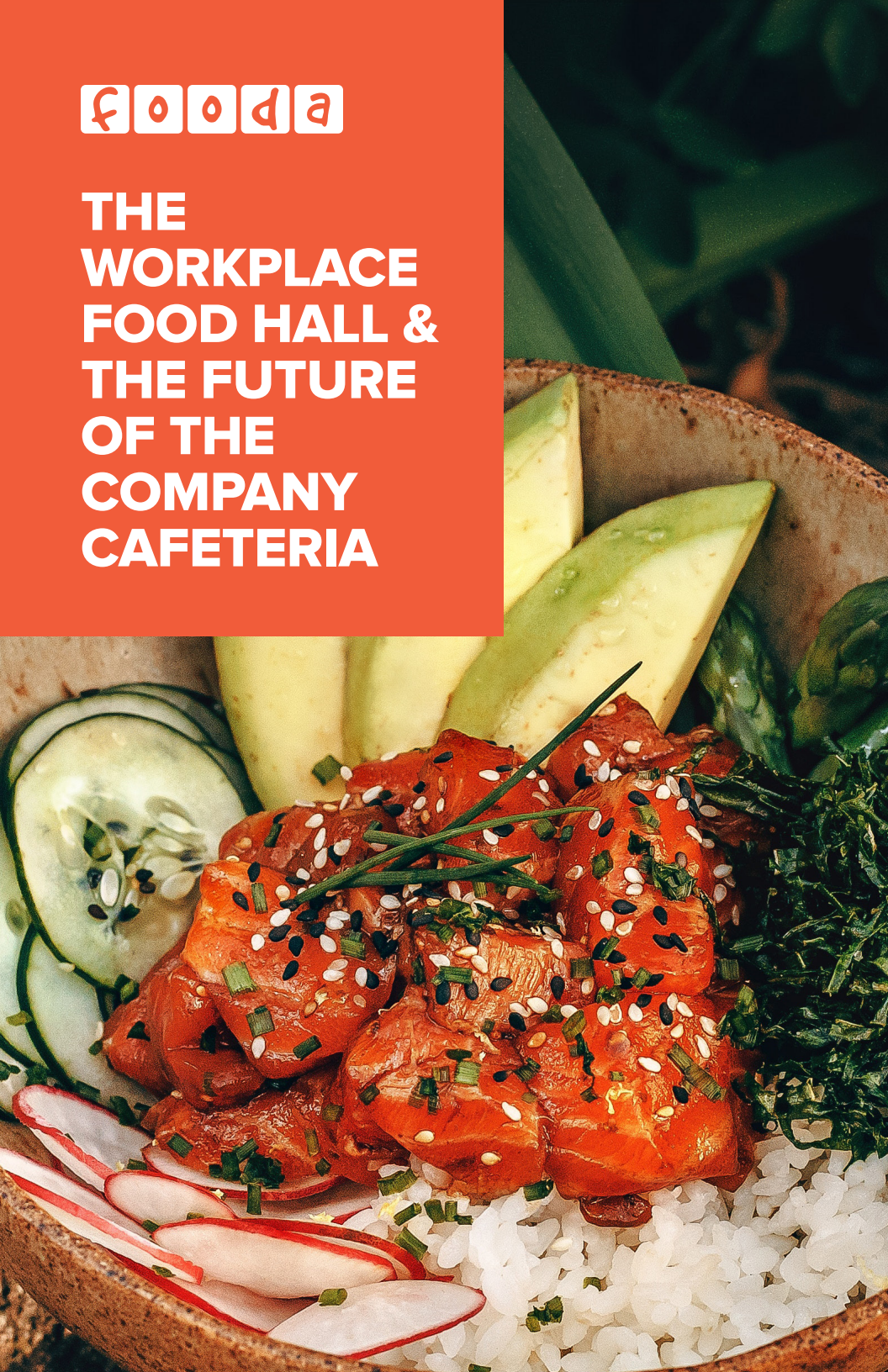


fooda

THE WORKPLACE FOOD HALL & THE FUTURE OF THE COMPANY CAFETERIA



Everyone loves great food. Over the past few decades, we've gone from a culture that placed a premium on meals of convenience — microwave dinners, fast food, anything that comes out of a box — to one that increasingly values delicious, high-quality food experiences. We no longer settle for whatever is easiest or cheapest. We now live in an age where people will happily drive miles out of their way to grab a gourmet grilled cheese from a food truck with great Yelp reviews.

We also crave variety, authenticity, and value in our meals. Present us with a predictable and lackluster menu, and we notice. If the food isn't great, we probably won't come back if we have better options. That's even true for those hurried meals we take during our lunch breaks at work.

For legacy cafeteria providers, the consumer shift towards thoughtful, artisanal meals is becoming a serious problem.



For legacy cafeteria providers it was never about the food

Countless companies have spent — and lost — a tremendous amount of money on their cafeterias. They're losing more now than ever before. The reasons for this aren't hard to understand. Legacy cafeterias were never really about providing great food, but rather about managing costs.

LOOK AT IT FROM THE LEGACY CAFETERIA'S PERSPECTIVE:

- » Shipping bulk ingredients to each cafeteria and limiting the variety of purchases are more cost effective than providing fresh, high quality food.
- » Training employees to prepare standardized recipes is much cheaper than hiring specialized chefs.
- » The legacy cafeteria system is a virtual monopoly. It makes more financial sense to increase fees, than it does to improve menu variety.

Is it any wonder that the legacy cafeteria provider model is becoming increasingly painful for their customers? Are these company-provided cafeterias becoming unsustainable? Is there another way to think about workplace-based dining? Is it possible to both update the company cafeteria experience and appeal to the variety-hungry workforce who identify themselves as “foodies”?

Not only is it possible, but it's already happening. To understand how it works, we first need to look at an increasingly popular global food trend: Food Halls.

The Global Food Hall Trend

The idea behind the modern food hall is simple: Create a central place where people from all walks of life can come together to sample and taste their way through the best dishes an entire city has to offer. It works by turning an otherwise underused space — often an empty section of a train station or a vacant department store — and reshaping it into a grand market filled with the aromas, sights, and sounds of dozens of restaurants, bakeries, and other food vendors.

Food halls aren't new, but they have been on the rise in recent years, popping up in practically every major market. If you live near a decent-sized city, odds are that it either has a food hall already, or one is in the works. The steady



growth in food halls — and related trends, like the explosion of gourmet food trucks and pop-up restaurants — shouldn't come as much of a surprise. Nothing brings a community together like great food.

Each food hall is unique, with each stall offering the promise of an authentic ethnic dish, an Instagram-ready charcuterie plate, or the perfect obscure ingredient for a night of at-home cooking. Picking up an order of traditional Lebanese shawarma or a bowl of organic kimchi at a food hall isn't just about the taste of the meal. It's about the experience.

What does this have to do with the evolution of company cafeterias and legacy foodservice providers? Everything.

Today's companies are increasingly looking for cost-effective — and even cost-eliminating — ways to step up their game when it comes to engagement and excitement at the workplace. What better place to start than by rethinking the format of workplace dining?



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Why the Legacy Cafeteria Model is Struggling

Nothing about the traditional workplace cafeteria setting screams “memorable dining experience.” For legacy foodservice vendors, consistency and efficiency have always been the core selling points of their business. They may offer some degree of variety — a rotating menu of standard dishes incorporated into a handful of stations — but few people would characterize these food options as exciting.

Even in cafeterias where the standard format of a deli, a grill, and salad bar has been expanded to include global options, the offerings are generally not very authentic. The Mexican station may offer the makings for a taco or a burrito, but it almost certainly shares the same rice and vegetable options as the Asian and Indian stations. This isn't true global cuisine, but rather the closest approximation the legacy foodservice company can provide with a limited selection of bulk ingredients and one corporate chef's recipes.

Low employee enthusiasm is bad enough, but a bigger issue is the company's bottom line.

As a result, the menus at these legacy cafeterias tend to be static. The sandwich option is often a weekly rotation of familiar items — today a reuben, tomorrow a Philly cheesesteak, the next day a tuna melt — accompanied by an equally predictable set of sides. There's simply not much for the average worker to find interesting or exciting on that menu.

If anything, these options quickly become predictable and boring, creating a state of “menu fatigue.” This lack of variety often results in the cafeteria becoming the dining option of last resort for employees. Instead of taking advantage of the cafeteria for their lunch and coffee breaks, they would rather go almost anywhere else. The cafeteria becomes a fallback option for days where horrible weather or a packed schedule make going out too much of a hassle.

Low employee enthusiasm is bad enough, but a bigger issue is the company's bottom line. Running a cafeteria is expensive, and decreased employee participation often means that these operations run at a loss. Even though their services haven't moved with the times, it's not the legacy cafeteria vendors who pay the price. It's the company — or sometimes the building or facility — that ultimately eats the costs.

It doesn't have to be this way. By taking a few lessons from the success of food halls, employers can have great on-site food options while dramatically reducing — or even eliminating — costs in the process.

Bringing The Food Hall Concept Into The Company Cafeteria

Consider a situation where there is no legacy cafeteria provider. Instead, the familiar stations are staffed by national brands and exceptional local restaurants. The deli might be operated by a cool French bakery, the salad bar by a local organic grocery, and the grill run by a chef from a James Beard award-winning eatery.

In addition to these anchor stations, there are other stations hosting pop-up versions of exciting local eateries. One day there might be a local Tex-Mex place selling gourmet tamales and an Italian deli offering their unique spin on pasta with meatballs. The next day, those stations might be operated by a stone bowl Korean eatery, a Cajun restaurant with world-famous jambalaya, or a burger bar that was recently featured on the Food Network. The actual chefs are often on hand, backed by their regular restaurant staff, and serving from their own menus.

Better yet, the meals cost the same — or less — as they would at the restaurants. Instead of a dull and lifeless cafeteria, the space hosts a new dining experience each and every day.

At a company's Food Hall, our restaurants already have their own kitchens at their home location, meaning that they generally don't need access to a cafeteria kitchen. By leveraging their existing employees and kitchen, it



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reduces the financial burden on the company cafe hosting them. Rather than fully staffing and operating a cafeteria through a legacy foodservice provider, the host provides a marketplace for authentic, exciting foods without outrageous overhead.



The food hall's restaurant partners also see serious benefits from this relationship.

It's worth noting that this isn't a one-sided deal. The food hall's restaurant partners also see serious benefits from this relationship. These vendors gain access to a captive audience of hungry customers in a part of town where they previously did not have access.

This exposure to hundreds — or even thousands — of new customers provides a great return on their investment. In fact, a survey conducted by Foda found that 33% of food hall customers went on to visit a restaurant's brick and mortar location.

Hidden Benefits To Food Hall Conversion

This new workplace dining model begs the question: Why bother keeping the kitchen at all? For that matter, why keep the cafeteria? The food hall experience can also be easily adapted to work in a lobby or any large communal space, making it possible to completely replace the cafeteria.

Consider the opportunity cost of dedicating such a huge amount of floorspace to the kitchen. This is valuable real estate that goes largely unused except during the lunch rush.

For a growing company looking at cost-effective ways to expand office space, reclaiming a cafeteria could easily open up thousands of square feet. The now-unused real estate can be converted into additional office space, communal areas, or storage. The cost of upkeep on those ranges, refrigerators, freezers, and other equipment simply disappear from the budget.

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Why The Smart Money is On Food Halls

The food hall approach has serious advantages over the legacy cafeteria model.

Not only does it provide a cost-effective means for providing employees with great food, but it also dramatically reduces the costs, limitations and headaches of traditional workplace cafeteria. But is the food hall model truly a practical replacement for legacy workplace cafeterias?

From a financial perspective, legacy cafeterias just can't compare to the return on investment offered by the food hall model. Better food, reclaimed floor space, happier employees, and dramatically reduced overhead — it's an improvement on every front. Unless you're a legacy cafeteria provider, that is.

A few decades ago, the cafeteria model made sense. These days, we have better alternatives that fit the changing needs of both the company and its employees. Here at Fooda, we've built a model that can easily adapt to any corporate setting. We connect those great, local restaurants with employees so that everyone benefits.



How does this transformation happen?

It starts with a conversation.
Every company is unique, and has a
unique set of needs and priorities.

To learn more about how
Fooda can help with your needs, contact us.

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