

# 2012 Foodservice Trend Predictions

December 8, 2012

Presented by:

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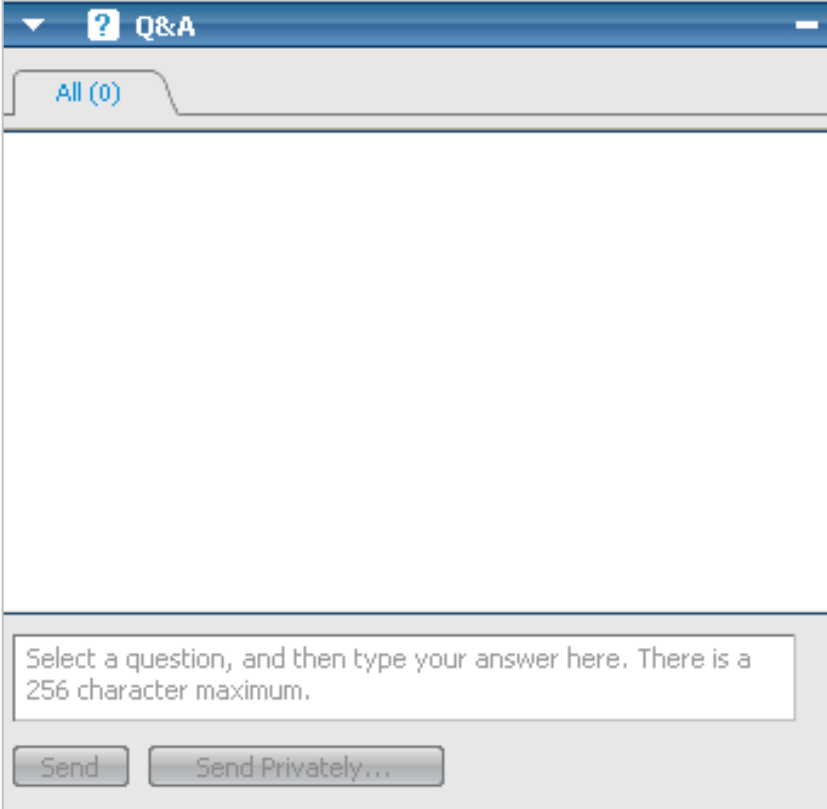
Kathy Hayden, Foodservice Analyst



## Questions

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- To ask a question, simply type the question at any time during the presentation into the **Q&A** box on your **Webex** control panel.
- We may not get to all of the questions, but we will do our best to answer as many as we can at the end of the session.



The screenshot shows a window titled "Q&A" with a question mark icon. Below the title bar is a tab labeled "All (0)". The main area is empty. At the bottom, there is a text input field with the placeholder text "Select a question, and then type your answer here. There is a 256 character maximum." Below the input field are two buttons: "Send" and "Send Privately..."

# Agenda

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Review of 2011 trends

Overview of 2012 trends

Analysis and implications of each trend

Q&A



### Healthy by Association

***Last year we said:***

Consumers are looking for restaurants to take small steps to improve the “healthy halo” of their offerings, not total revamps of menus

***This year:*** Sodium reductions. Kids’ menus get healthier with apple slices and Kids LiveWell initiative

### Automated Menus

***Last year we said:***

Restaurant operators are using technology to enhance the dining experience—especially the ordering process

***This year:*** Stacked debuts with iPad technology. Smartphone ordering apps continue to proliferate

### Transparency

***Last year we said:***

Transparency will be taking shape in a number of different ways—Product sourcing, ingredients, and nutritional information

***This year:*** Chefs as company spokesperson. More *mea culpas* from companies. Seafood DNA scanning to authenticate fish species

### Indigenous Ingredients

***Last year we said:***

Restaurants are adding and will continue to add ingredients positioned as “traditional,” “local,” and “authentic”

***This year:*** Consumers continue to show high interest in ingredients that are native to a particular cuisine



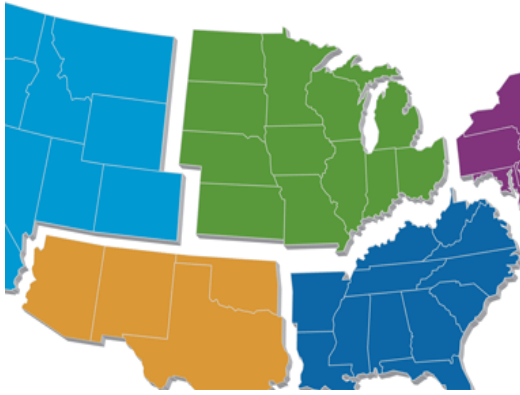
### Exemptions to the Rule

***Last year we said:***

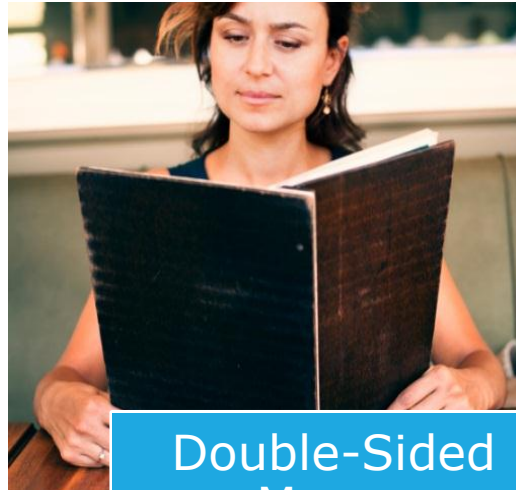
Consumers may be embracing the new levels of transparency and health improvements to menu items, but they still want to enjoy the dining out experience. New calorie count disclosure mandate allows for such indulgence

***This year:*** Delayed action by the FDA has put this trend on hold

# 2012 Foodservice Trends



American Regionalism



Double-Sided Menus



Consumer Control



Slow It Down



Imported Ideas

## Trend #1: American Regionalism

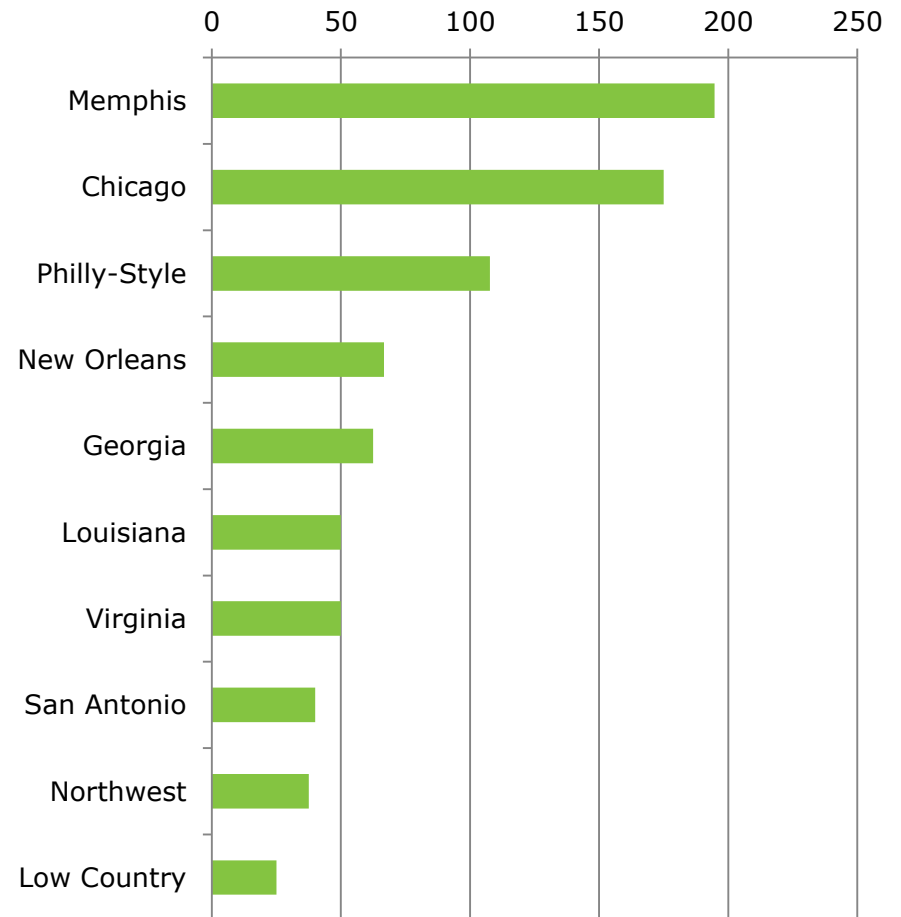
Consumers and restaurants are increasingly recognizing the “best of” what the U.S. has to offer

Don't expect regional cuisine to stay static—it will evolve as more influences and groups of people define it

Trend is defined by regional specificity, even within cuisines

- From Cajun and Creole to New Orleans-style
- From barbecue to Memphis ribs, Texas brisket and St. Louis Style

**# of Menu Items with American Regional References**



## Where it's occurring: **American Regionalism**

### **Jose Andres' America Eats**

Menu features historical vignettes about each dish: "Harvard Beet Salad, c. 1906: Fannie Farmer, The Boston Cooking School Cook Book. Supposedly named after the crimson color of Harvard, this dish uses cornstarch, unlike its predecessors, the root puddings of Medieval Europe."

### **Red Lobster**

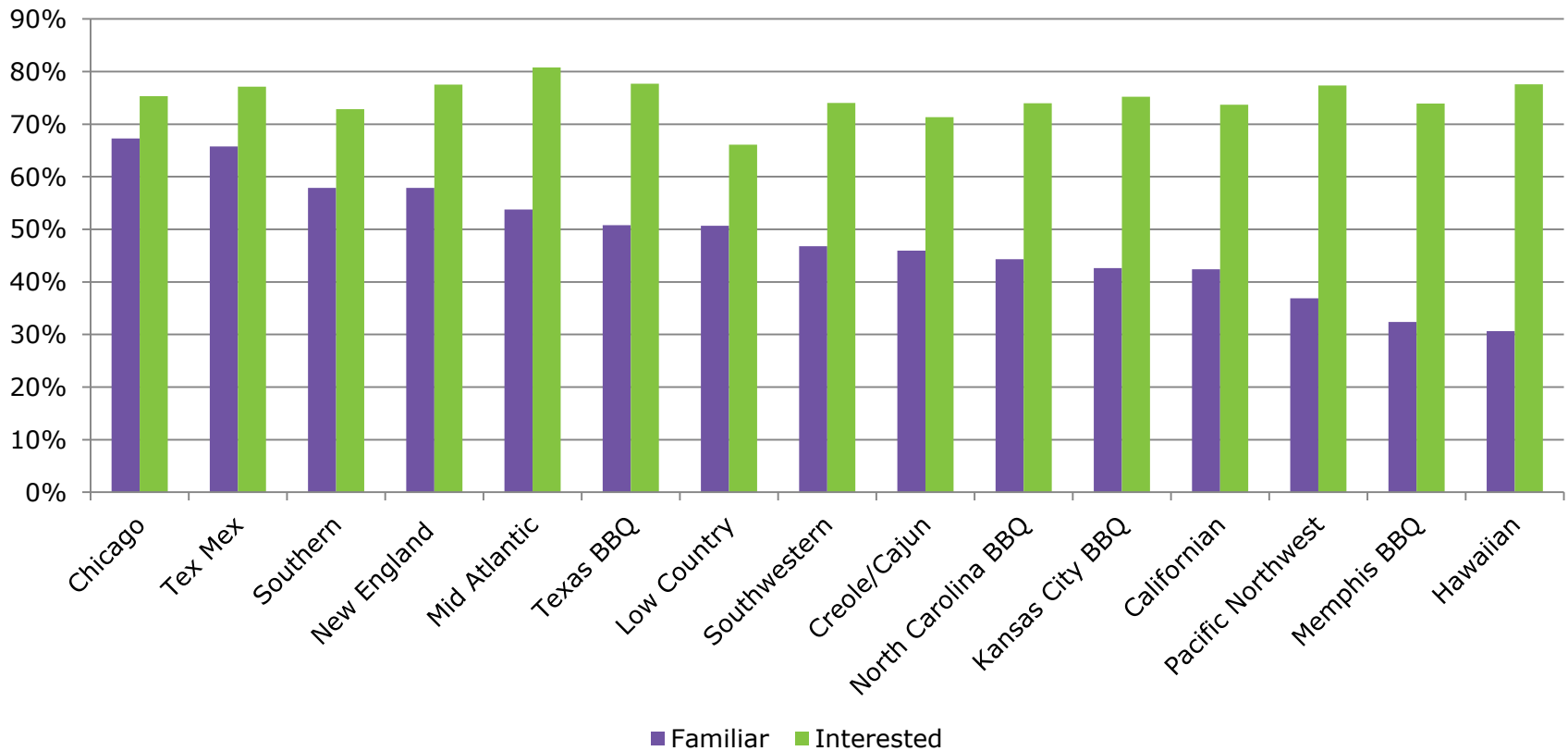
**Bar Harbor, Maine** is the inspiration for **Red Lobster's** Lobster-and-Shrimp Trio: A wood-grilled split Maine lobster tail, garlic-grilled shrimp and a creamy Parmesan lobster and shrimp bake. Served with broccoli and crispy red potatoes sprinkled with sea salt.

### **Popeye's**

**Popeye's** offers traditional **Louisiana Etouffee** a "one pot" dish featuring seasoned rice smothered with a rich sauce of crawfish, veggies and spices.

## Why it's worth watching: **American Regionalism**

- Consumers already show a high degree of familiarity with American regional cuisines
  - But there is still room for raising awareness and taking advantage of interest



## Trend #2: Double-Sided Menus

Dining out is still an enjoyable experience, but it's an everyday occurrence for many

- Change in use has created a change in demand

Recession continues to impact dining out

- High unemployment, low-to-no disposable personal income
- 23% of consumers indicate that they will be spending less at restaurants next year
- 63% of consumers believe it is too expensive to dine out regularly

Requirement for restaurants is to provide choices:

- Low price menu options and premium options
- Indulgent menu options and better-for-you options

# 77%

of restaurant goers report that **they order what they crave** when they go to a restaurant

# 64%

Of restaurant goers are **interested in seeing more healthy menu items** at restaurants

## Where it's occurring: **Double-Sided Menus**

### BJ's

**BJ's Restaurant & Brewhouse** was one of many restaurant operators to add an "under x calories" menu section



### Morton's

**Morton's** balances \$50+ steaks with high-priced steaks with lower-priced Bar Bites, available for \$6-\$7



### McDonald's

**McDonald's** Dollar Menu pairs with premium Angus Third Pounders. Oatmeal (~290 cal) balances Big Breakfast (~740 cal)



## Why it's worth watching: **Double-Sided Menu**

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Balance low price volume drivers with premium-priced margin drivers

Still gives operators control over their menu but also deflects external criticism—choice is the customer's

Meet demands for healthy and indulgence

### ***WHAT'S NEXT***

Barbell gets dropped for tiered pricing

Greater variety of sizing options

## Trend #3: Consumer Control

For many restaurant chains, operational efficiencies have driven profitability

However, operators are ceding some level of control to customers

Customization drives customer satisfaction and can be applied in multiple ways

- Ordering systems
  - Smartphone technology
- Service style
  - Self-service
- Menu orders
  - Secret menus
- Daypart flexibility
  - All-day breakfast

# 58%

Of restaurant goes like to **customize their food orders** when dining out



## Where it's occurring: **Consumer Control**

### STK

Steakhouses like **STK** allow diners to pick the cut and size of steaks, spice rubs, cooking levels (of doneness), toppings, sauces and sides. You design your own meal, but somebody else does the grilling.

### Buffalo Wild Wings

**Buffalo Wild Wings** offers a range of sauce options, from mild and creamy parmesan to blazing hot and several dozen in between.



### Stacked

At **Stacked** from the founders of BJ's Restaurant & Brewhouse orders are customized and ordered via iPads



## Why it's worth watching: **Consumer Control**

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Restaurant operators may lose efficiency  
but gain in customer satisfaction

Allows individual store owners to respond  
to local market tastes and dynamics

Next generation of foodservice  
customers are exerting this control  
in non-commercial settings

### ***COUNTER TREND?***

At super high-end restaurants we  
concede control to the chef

Set menus

Themed menus

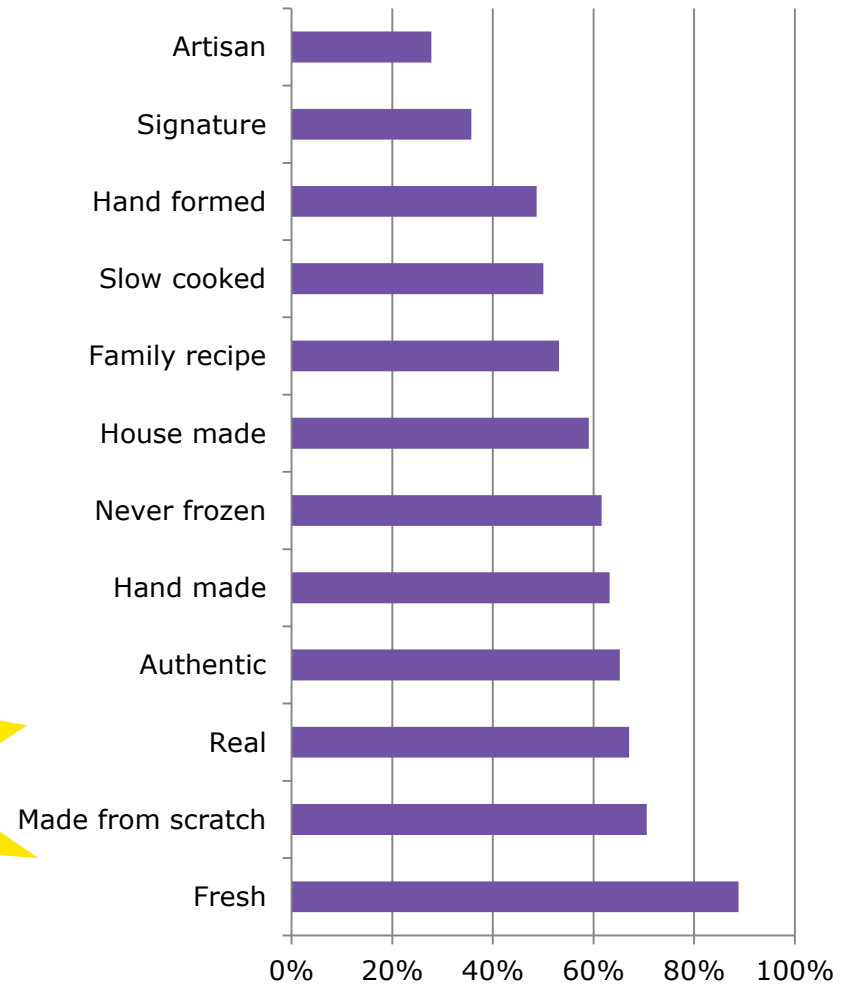
## Trend #4: Slow It Down

Increasingly, consumers want restaurant to return to quality

- Included carefully sourced ingredients AND thoughtful preparation

Looking for prep methods that communicate fresh preparation and quality beyond efficiency

**Artisan has the least appeal. Too much exposure?**



## Where it's occurring: **Slow It Down**

### Bob Evans

Slow Roasted Turkey Knife and Fork Sandwich: "Hand carved slices of slow roasted turkey"

**Bob Evans**  
FARMS®

### Hardee's

Hand-Breaded Chicken has moved from franchisee to total system



### T.G.I. Friday's

Jack Daniel's Pulled Pork Sandwich makes use of numerous "slow" descriptors:

**Slow cooked** pork tossed with Signature barbecue sauce, **basted** with smoky-sweet Jack Daniel's sauce.



## Why it's worth watching: **Slow It Down**

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As restaurants play a greater role in our lives, expectations for better preparation will also increase

Consumers are drawn in by “made just for you” preparation and want to avoid overly processed foods

Emphasis on preparation is a way for suppliers and operators to play up comfort in new ways



## Trend #5: Imported Ideas

Restaurant operators have long exported their menus to international markets

However, multinational companies are tailoring their offerings to local tastes and **bringing back** the best ideas

- Not limited to menu development
  - Includes operational developments

Slow growth in U.S. foodservice sales

By contrast, emerging and international markets provide **greater growth** opportunities right now



## Where it's occurring: **Imported Ideas**

### McDonald's

Asia as test market for chicken, Europe for burgers

McBites—First launched in Australia, tested in Detroit, rolled out nationally



### Burger King

Under Hungry Jack's brand introduced a Family Dinner Box

Stateside, the BK Family Bundle was available through December 4



### KFC

Self service kiosks have been under trial since late 2008



## Why it's worth watching: **Imported Ideas**

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Allows restaurant operators to “perfect” a concept before bringing to the larger U.S. market

Builds anticipation for when items are launched domestically

Restaurant operators looking to grow are increasingly looking overseas, greater opportunity for new menu developments



## LOOKING AHEAD

Not all markets are equal and they shouldn't be served as such

Get back to the kitchen and don't be shy about the fun of food

Create opportunity for choice, but not paralysis

- International markets continue to grow in priority
- “Grab and go” returns to urban markets
- Restaurants become more open to pre-ordering, self pay and kiosk ordering

## LOOKING AHEAD

Go deeper and broader than a national view of your accounts—look into their domestic regions and international markets

Commodity costs will continue to pressure operators and manufacturers will be charged with assisting—slow cooking methods, sauces and marinades

Explore what products and product lines are appropriate for customization and offer operator flexibility

- Operators will seek out suppliers who can cross borders
- “Quality” moves from marketing to measurable and definable
  - Justifies price increases
- Non-commercial provides big revenue but big demands

## LOOKING AHEAD

Trends are applicable to retail though need to be retooled slightly—customization through toppings, flavorings and sauces

Get specific—with flavors, with ingredients, with marketing claims, with sourcing information

The return of the Betty Crocker model—Finishing touches appropriate for the home with suggestions for regional flavors

- Retail and foodservice settings will continue to merge, creating more prepared foods, easier grab-and-go and other convenience-minded options

## Questions?

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