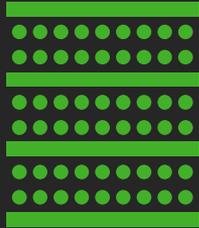


Trending Now

Future of Fast Casual



 **Ventura Foods**®

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Insights &
Category Management

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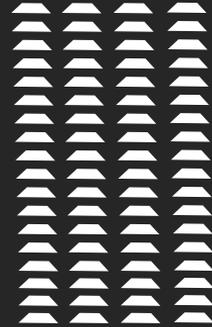
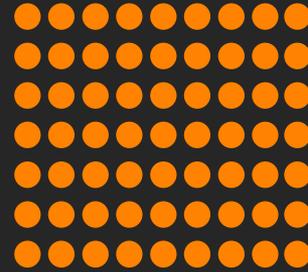
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Future of Fast Casual

Increased QSR competition

51%

of consumers visit a

fast-food restaurant

on a weekly basis, compared to
40% who say the same
of fast casuals

Facets like customization and quality that define the fast-casual segment are now being ramped up in the quick-service space. While fast-food restaurants have struggled to grow sales in the past few years, data indicates that recent efforts to meet changing consumer expectations have paid off. As competition intensifies between quick-service and fast-casual restaurants, keeping up with and adapting to consumer expectations—including customization, additive-free labeling and technology-driven convenience—will be increasingly vital to stealing share.

Look for

- More restaurants defining themselves as “fast fine,” a segment between quick service and fast casual that offers consumers quality foods for a low price at a quick speed
- Continued focus on transparency and health in particular at quick serves



Subway gets rid of
antibiotics ... over time

Chicken
End of 2016



Turkey
Starting 2016
& taking 2-3 years



Beef & Pork
Completed 2025



Future of Fast Casual

Full serves bet on fast casual

1.4%

2016 sales growth of
**Top 500 full-service
chains**, compared to an 8%
increase for fast casual



Despite a long list of struggling (and often failed) experiments, full-service restaurants are continuing to veer outside of their troubled market to recapture patrons who have found fast-casual concepts more in sync with their tastes and lifestyles. The sit-down brands are embracing new vehicles for getting into limited service: One method is by launching fast-casual spinoff brands (e.g., Hooters' Hoots, Cracker Barrel's Holler & Dash, Denny's The Den, etc.), and another is to latch onto upstarts that are showing promise (e.g., The Cheesecake Factory's deal with Fox Restaurant Concepts' Flower Child, Buffalo Wild Wings' controlling interest in R Tacos, etc.).

Look for



- Full serves to test variations of scaled-down formats, including delivery-and-takeout-only or delivery-only versions
- Full serves to spin off fast-casual brands that focus on a single menu item, such as bowls or tacos

Future of Fast Casual

Niche menu categories



Over the past year, the specialty segment—which includes health-focused, barbecue and Mediterranean concepts, among others—grew extensive sales and units. While most specialty brands had solid growth, the segment’s leaders particularly posted jaw-dropping numbers. Plus, of the new entrants to the Top 500 chain list this year, many are specialty brands—Mission BBQ, Snap Kitchen, Urban Plates, Modern Market and Salata.



18.6%

2016 sales growth of **other specialty fast casuals**

Look for



- More specialized ethnic fast casuals to pop up, such as Chicago-based The Polenta Bar, which focuses on build-your-own polenta bowls
- Even more specialty brands to find their way into the Top 500 list next year

Future of Fast Casual

Off-premise boom

49%

of consumers who are ordering **food to go** more often than three years ago say they're doing so from **fast-casual restaurants**

Advances in the ordering and delivery technology space are making it more feasible to deliver fast-casual food at a consumer-acceptable price point. Amazon's recent partnership with Olo (a restaurant software system used by many popular fast casuals) will likely drive the off-premise boom in this segment. The partnership means that most restaurants using the Olo system—think Chipotle, Shake Shack and Noodles & Company—will now be available for delivery on Amazon Restaurants. These partnership and likely others like these will boost off-premise growth of fast casuals.

Look for

- Amazon Restaurants to continue to change the face of off-premise for the entire food industry
- Other off-premise initiatives like catering to grow for some fast casuals
- Emerging concepts such as Newk's are providing offerings to meet the needs of the consumer where they are – eat in or grab & go occasion



Future of Fast Casual

Technology: the X-factor



Technology continues to be the X-factor for fast casuals, and adoption of new technological advancements in restaurants is increasing. Developments specifically with order and payment seem to be the tech initiatives of the moment with fast casuals. **FRictionless** interaction has driven kiosk ordering and cashless payment, especially compared to quick-service and full-service restaurants. For example, Forum 55, a new Chicago food hall, has all-kiosk ordering, is cashless and diners are notified via text when food is ready. These tech advancements will become increasingly vital to driving purchases among tech-savvy younger consumers.

83%

of 18- to 34-year-old consumers expect or desire mobile ordering at fast-casual chains

Look for



- More developments regarding online or app-based loyalty programs to drive repeat visits and add value
- Fast casuals to continue testing third-party tech-based delivery systems

Key Considerations

1

There is a complete blurring of food channels that exists between retail vs. Foodservice, and now the segments within Foodservice. QSR is enhancing their value proposition by increasing the quality and types of products on the menu to capture some of the awareness and traffic that Fast Casual has taken away.

2

Consumers are increasingly expecting a frictionless experience at restaurants, especially Fast Casual. This means ensuring your technology provides mobile ordering apps, text notifications for table availability or meal pick up times and fast payment. Additionally, ensure your apps and mobile presence have great food photography as this is the short cut communication to today's emerging consumers.

3

Fast Casual is rapidly becoming the go-to segment for consumers to experience new nutritional and flavor concepts. Specialty flavors is one method to gain consumer trial of flavors that are not expected in more well established chains or segments.