Understanding the Restaurant Kitchen of the Future

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Today’s Restaurant Market

• Restaurants are everywhere: National Restaurant Association reports 1 million eating and drinking establishments

• These range in size and complexity from the smallest coffee cart to the largest full-service restaurant chains and countless points in between

• Restaurants represent a very diverse, vast and evolving market
• Sales will total $782.7 billion in 2016, per the National Restaurant Association
• Industry sales will increase 2% to 3% in 2016
• NPD reports total number of restaurants declined 1% last year. Chain locations were flat, per NPD. Independents down 1%. 
Industry Outlook

• It’s a 1 percent world: Traffic and spending increase, but minimally each quarter

• QSRs, including fast-casual, continue to drive industry health

• Chipotle proves fast-casual is not immune to challenges

• In the absence of real growth, one operator’s success comes at the expense of another
Understanding Consumers
Changing Consumer Dynamics

• People are marrying and having children later in life
• Consumers spend 10% of their income on food, per the NPD Group
• Health care continues to take a larger bite out of consumers’ disposable income
Trends Shaping the Foodservice Market

Key demographic shifts about to occur:

• Boomers are in transition
• Millennial generation exerting more influence
• Introducing Generation Z
• The Hispanic market is becoming more important
Changing Consumer Dynamics

Three other factors impacting how consumers use foodservice:

• Number of people working at home at least once a week up 35% over the past decade
• More people dine alone – 39% of all restaurant visits come from people dining solo, per NPD
• Delivery growing faster than restaurant visits
The ways consumers use foodservice continue to evolve:

- Breakfast continues to rise and shine
- Lunch lingers behind
- Dinner offers potential
- Snacking and beverages represent a new frontier
Regardless of location, the following four factors impact their decisions to use foodservice:

- Quality
- Dynamic experiences
- Perceived convenience
- Value
Understanding Operators
Trends in Operator Sales Volume

Source: FE&S 2017 Operator Forecast
Trends in Operators’ Gross Profit

- Increase: 46%
- Stay the same: 40%
- Decrease: 14%

Net growth rate gross profit:
- 2016: +1.4%
- 2015: +1.2%
- 2014: +0.9%
- 2013: +0.8%
- 2012: +0.7%
- 2011: +0.1%

Source: FE&S 2017 Operator Forecast
## Percent of E&S Budget by Product Category

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Foodservice Equipment Purchasing

Operator equipment-related pain points:

- Cost
- Breakdowns and repairs
- Space
- Kitchen layout and design
- Staff training
- Failure to meet expectations for quality, durability or performance
- Maintenance
Operators’ Reality

• The list of concerns fluctuates but usually includes some combination of labor, food costs, the economy, government and sales

• Convenience and perceived quality experience drive sales

• Competition is more diverse than ever

• Fast-casual has changed the game

• Successful operators understand how and why customers use their businesses and provide value on the customers’ terms, not theirs
Key Foodservice Trends Impacting Equipment

- Kitchens are getting smaller in the U.S.
- Use of fresher, more seasonal and locally sourced ingredients impacts layout, labor, process and more
- Design must celebrate technique
- Consumers prefer casual, flexible dining occasions
- Transitioning from observation to participation
Key Foodservice Trends Impacting Equipment

• The fast-casual affect: speed of service and customer control rule

• Labor costs continue to impact layout and equipment specification for all restaurants

• All of this continues to benefit limited service restaurants or those with a more focused menu
Foodservice Planning Considerations

• Fire power and longevity are the name of the game.

• With space at a premium, multi-function items will have more value in the back of the house. Today’s smaller equipment can still pack a big punch.

• Understand what the equipment does and if the employees can use it to its fullest.
The Impact of Buying Local and Seasonal

Equipment must contribute to the experience by:

• Maintaining or increasing yield
• Enhancing flavor profiles and allowing the ingredients to shine
The Importance of Presentation

• Plating, portion control, quality assurance and general presentation shape the customer experience and live on forever via social media

• Communicates the brand by facilitating great customer experiences
Other equipment growing in popularity:
• Rapid cooking equipment
• Combination cooking equipment
• Beverage service equipment
• Merchandising and display items
Customer-Facing Technology

• Online ordering and delivering services are global game changers
• In-store technology having a great impact on the customer experience and revenues
• Must integrate into the design to create seamless, customizable guest experiences
Future Planning Considerations

• Focus on the menu with the understanding it will evolve over time.

• With space at a premium, multi-function items will have more value. Today’s smaller equipment can still pack a big punch.

• Understand what the equipment does and what it takes for operators to use it to its fullest.
Keys to Success

Understanding and navigating diversity:

- Markets will differ from one another
- Flexibility in planning, menu and prototype will be essential
- Communicate the brand by facilitating great customer experiences
- Find your core, serve it and innovate within
Understanding Today’s Value Equation:

Flexible Environment

+ Fast Service

+ Perceived Higher-Quality Food

Value
Questions?

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