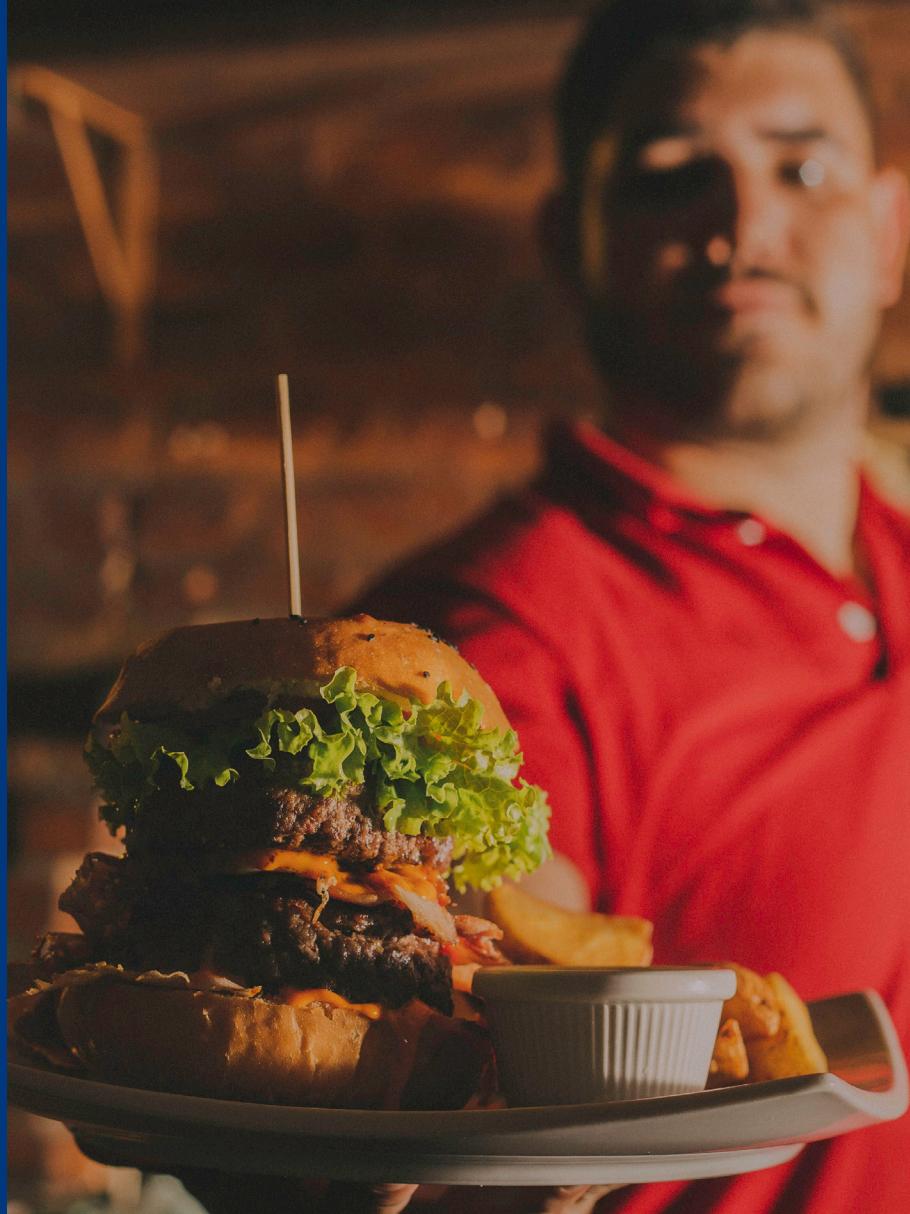


RESTAURANT INDUSTRY TRENDS

As Synergy celebrates thirty years in restaurant consulting, we want to share our perspective on what's happening now in our industry as it relates to culinary and business trends, and what we see happening when the clock strikes midnight on New Year's.



As we stick a collective fork in 2017, restaurant trend reports are crowding our inbox with predictions for what we'll see on our plates in 2018. These make for fascinating reading, as industry experts tout the tried and true (local foods and sustainable sourcing) with the truly bizarre (sushi doughnuts and pumpkin spice pizza).

MENU DEVELOPMENT: DRIVING THE RIGHT VALUE(S)

When restaurant sales start to sputter or slide, owners start scrambling for ways to boost sales. One tactic we see is the “Me Too” Hail Mary, where a restaurant starts adding menu items based on what the guys down the street are selling, or what they believe people will like.

“The pub around the corner is selling a ton of chicken wings — we need to put wings on our menu now!”

“Brunch is a big deal on the weekends. Let’s start serving brunch on Saturdays and Sundays, starting immediately!”

“Let’s put a triple-decker grilled cheese on the menu! Who doesn’t like grilled cheese?”

Don’t get us wrong — all of these can be great menu items. But when you start adding dishes based on hunches and guesswork, you can end up with a bloated menu that tries to appeal to everyone while attracting no one, possibly even driving up food and labor costs.

When considering any new menu item, start by asking yourself two questions:

- Does this new menu item fit our brand?
- Is this something our customers want and expect?

**ANY AND ALL NEW MENU ITEMS
MUST SUPPORT YOUR BRAND —
WHAT YOU WANT TO BE KNOWN FOR
IN THE MARKETPLACE —
AND WHAT YOUR CUSTOMERS WANT,
NEED, AND EXPECT FROM YOU.**





BY TAKING A BETTER-FOR-YOU APPROACH, RESTAURANTS CAN PROVIDE HEALTHFUL OPTIONS TO THEIR GUESTS AND FULFIL THE NEEDS AND TASTES OF KEY TARGET AUDIENCES.

Sure, everyone loves chicken wings, but do they belong on your French bistro menu? Probably not. Brunch can be a great weekend traffic driver, but will guests think of your sports bar when they're craving fancy omelets and mimosas? Might be a hard sell.

Let's look at this from the customer's perspective. If you're a sports bar, do your guests expect to see chicken wings on the menu? Absolutely. If you run a French bistro that caters to a female crowd, offering brunch on the weekends can be a great draw.

Any and all new menu items must support your brand — what you want to be known for in the marketplace — and what your customers want, need, and expect from you. Once you've answered yes to the previous questions, then you can figure out the details of portion size, recipe, plate cost, skill requirements, ingredient sourcing, etc.

"BETTER FOR YOU" IS THE NEW HEALTHY

Providing restaurant guests with healthy options morphed into business as usual quite a while ago, but healthy ingredients continue to get lots of play on industry trends lists. Everyone seems determined to uncover the next go-to ingredient that will finally dethrone kale. Farro, cauliflower, or hemp, anyone? With growing numbers of guests scanning your menu for healthy options, how can you offer items that balance nutrition with wide appeal?

Enter the "better for you" category. When we help clients develop new restaurant concepts or redesign their menu, we encourage them to integrate nutrient-dense foods into familiar dishes to satisfy the health-conscious guests while raising overall value perception. Below are a few recommended approaches:

- Kale is still alive and kicking as a healthy and versatile ingredient — kale pesto on pizza, kale and cabbage slaw, and kale Caesar salads signify a lasting trend.
- Quinoa is so five minutes ago. Ancient grain blends of farro, sorghum, amaranth, spelt, kamut, and quinoa are appearing more often in salads and side dishes. Their contrasting textures and flavors make for more hearty and healthful menu items.



INCORPORATING NEW GLOBAL FLAVORS INTO A MENU ITEM REQUIRES A DELICATE BALANCE BETWEEN AUTHENTICITY AND APPROACHABILITY.

- Cauliflower, besides providing amazing health benefits, is an incredibly versatile and inexpensive menu ingredient. Roasted, riced, blanched, or fried, cauliflower delivers menu diversity and economy while appealing to guest seeking vegetarian options.

By taking a better-for-you approach to menu strategy, restaurants can provide more healthful options to their guests within their core menu, and fulfill the needs and tastes of key target audiences.

GLOBAL FLAVORS: BALANCING AUTHENTICITY WITH ACCESSIBILITY

The year's end brings with it many predictions about up-and-coming global cuisines and ingredients. Is Peruvian the next big dining trend? Will gochujang overtake Sriracha in the battle for condiment table space? Will harissa catch on with heat-seeking diners this year? Restaurants looking to attract food-curious Millennials are eager to hop on the next big global food trend with the goal of gaining a competitive edge.

Incorporating new global flavors means more than creating a new sauce or condiment. It requires a delicate balance of preserving authenticity while providing guests with dishes that are recognizable and approachable.

Take gochujang for instance. Yes, it's a fiercely hot fermented bean paste from Korea, and an Asian condiment that's trending upwards with US foodies who enjoy discovering authentic and unusual flavors. But how can you capitalize on a trend like this with a wider range of restaurant guests? It takes more than skilled recipe development. An effort like this requires knowledge of traditional and modern cooking processes, strategic ingredient sourcing, crafted plate presentations, menu engineering, and staff training to successfully integrate new global flavors into a Western-style menu that your customers will understand and embrace.

Restaurant guests want and expect authenticity in the ethnic cuisines they sample — another food trend with staying power. But if your guests are intimidated by unfamiliar or hard-to-pronounce ingredients, they'll likely take their business elsewhere. Broad acceptance of trendy cuisines and unknown flavors requires tempering authenticity with accessibility.

REINVENTED CLASSICS: REPOSITIONING CASUAL CHAINS FOR GROWTH

In part, the culinary trends we mentioned — menu development, better-for-you foods, and global flavors — have shifted sales growth to the fast-casual restaurants like Panera, and away from traditional casual dining chains like Cheesecake Factory. When you factor in the impact of trends such as sustainable and local sourcing, house-made condiments, and farm-branded ingredients, many large casual chains are suffering from a lack of value perception with guests looking for a higher quality and affordable dining experience.

Many mature casual chains, in an effort to jump-start sales, pile new items onto their menus or stray from their identity in the hopes of attracting desirable target markets (read: Millennials). Or they take the opposite approach and continue plodding down the same path without recognizing the need for relevant change. Too often, the result is a once-thriving concept that has lost its way or has been left far behind.

So how do you reboot a chain like Chili's or Applebee's to point an established casual restaurant brand in the right direction? You start by going back to the basics. Every restaurant chain started with a core concept — the big idea on which the first restaurant was built. Start there, and evaluate every aspect of your menu, service model, facility strategy, operations, and marketing against that core concept. If that item, process, or message supports the core concept, then keep it and figure out how to make it better. If it doesn't, get rid of it. Paring down all aspects of the chain not only brings clarity to the concept in the eyes of the customer, it reduces operating costs and focuses company resources down a path for future growth.

**MINIMUM WAGE IN YOUR STATE
WILL ALMOST CERTAINLY GO UP IN
THE NEXT YEAR OR TWO, IF IT'S NOT
ALREADY HAPPENING. GET READY
NOW AND FOCUS ON WHAT YOU CAN
CONTROL TO CONTAIN COSTS.**



MINIMUM WAGE INCREASES: TRENDING UP AND UP

Operating costs for restaurants in 18 states will spike in 2018, as newly passed minimum wage laws go into effect. While the federal minimum wage hangs tight at \$7.25 per hour, minimum wage rates in these states will rise anywhere from \$0.50 to \$1.00 or more. Another 20 cities and counties across the country are following suit, and campaigns in another 17 states are actively pursuing similar minimum wage hikes to come.

How will restaurants who are getting by on razor-thin profit margins cope with these changes? By focusing on what you can control — cost of goods and labor scheduling. To get a big-picture idea of your costs, calculate your prime cost by adding your cost of goods sold with all labor costs, and divide that total by your sales for the same period. Ideally, you want your prime cost to land between 62% and 63%. If you're closer to 60%, that's stellar.

If your prime cost is over 65%, time to dig deep into your numbers. Compare the gap between your theoretical and average food cost for every menu item. Is the gap where it needs to be? How accurate is your food waste tracking system? Are your prep and line cooks portioning food properly? Does your menu include several single-use items? Are your ingredient prices fluctuating?

Now let's look at your labor. What percentage of your sales goes to paying your employees? Do you have a large portion of your team working a set schedule each week? Do you use historic sales and head count data to guide labor scheduling? What's your blend of full-time and part-time employees? Are employees cross-trained?

Whether you do business in one of the 18 states raising wages now or not, your minimum wage will almost certainly go up in the next year or two. Get ready now and focus on what you can control.

**IF YOUR PRIME COST IS OVER 65%,
IT'S TIME TO DIG DEEP INTO YOUR
NUMBERS TO DISCOVER STRATEGIC
WAYS TO REDUCE BOTH YOUR
COST OF GOODS AND LABOR COSTS.**



**Let's work together to make 2018
your best year ever.**

Email info@synergyconsultants.com

or call (888) 861-9212 to get started



TRAINING: THIS YEAR'S SECRET SAUCE

In the face of rising labor costs, there's another aspect of your restaurant business that you can control, and that's training for you and your staff.

If your service employees understand your expectations for customer service and upselling, your guests will likely buy more from you, come in for repeat visits, and recommend you to their friends (and Facebook followers). Back-of-house employees who follow recipes, record food waste, portion items properly, and follow food safety guidelines can reduce your costs and raise customer satisfaction.

And what about you? Running a restaurant starts with getting employees to do what they need to do, keeping an eye on costs, spreading the word about what you offer, and keeping up on all those year-end trend reports.

But that's just for starters. Truly successful restaurant operators excel at mentoring their employees, creating opportunities for advancement, evaluating their menus for new sales opportunities, and honing their own leadership skills. Are you up to speed on everything you need to know?

Training isn't sexy enough to appear on any Top 10 Restaurant Trends list anytime soon. If you're looking for greater profits and less stress this year, there's no better trend to follow.

If you're tired of working way too hard for way too little, it's time to graduate from the restaurant school of hard knocks. We're saving a seat for you at Synergy University — coming this spring!