

## Hot Spots of Restaurant Innovation



As the Great Recession recedes into history, the restaurant industry is returning to growth mode—yet the formulas that worked before the downturn are not necessarily the ones that will find favor with consumers in coming years. We're living in a golden age of restaurant innovation, and those who understand and capitalize on the trends are aligned for long-term success.

This innovation is nowhere more apparent than in the world of quick-service restaurant franchises, particularly the higher-end fast-casual concepts that are revolutionizing the ways consumers think about "fast food." Sales and unit growth figures show an industry being rapidly reshaped by these new formats and menus, easily reproducible for mass expansion in diverse environments. What's more, these menu and format ideas are being copied and adapted by existing limited-service and full-service restaurants, including independents.

Key trends include:

- "Better" burgers
- New twists in sandwich concepts
- Custom-made burritos, wraps and ethnic variants on sandwiches
- Treats including frozen yogurt

Let's take a closer look at each.

## What Makes Burgers 'Better'?

The limited-service burger sector is highly concentrated—McDonald's alone has captured nearly half the market—but operating below the radar of the huge QSR burger chains is a fast-growing group of "better burger" concepts.

- **Smashburger** was the fastest growing national restaurant chain in 2010; it grew sales 195% as unit numbers grew 116%. Denver-based Smashburger's point of differentiation is its cooking method: balls of premium 100% Angus beef are smashed onto a hot griddle with a heavy press. Customers choose from a handful of signature burgers or create their own, selecting from an array of vegetables, cheeses and condiments.
- **The Habit Burger Grill**, a California institution, menus signature Charburgers made from 100% fresh lean ground beef, available in four varieties (classic, double, teriyaki and BBQ bacon). Grilled sandwiches, salads, shakes and malts are also on offer. Posted behind long ordering counters are the words "Custom built! Quality food made to order."
- **Mooyah Burgers & Fries**, based in Texas, focuses on "Just burgers, just fries, just better." Its 100% lean beef burgers, fries and shakes are served in a contemporary setting with a red-and-white color scheme.

Some "better burger" sector ideas that other restaurant concepts could adopt:

- **A narrow menu**—doing one thing extremely well.
- **Relentless focus on quality** of beef and other ingredients.
- **Easy-to-implement customization** through a variety of toppings and sauces.
- **Easing back on the traditional QSR focus on speed** (in favor of quality and customization).

## Sandwiched Into a Niche

Almost as concentrated as the LSR burger segment is the sandwich sector, where wildly successful Subway plays the McDonald's role. Yet some of the fastest-growing chains have made inroads in this territory.

*Many of these successful concepts ease back on the traditional QSR emphasis on speed in favor of quality and customization.*

- **Heidi's Brooklyn Deli**, based in Denver, grew sales 183% last year. It offers an authentic Brooklyn-style deli experience; made-to-order premium sandwiches, fresh-baked bagels and other deli favorites are displayed on a chalkboard menu in bright orange, red, yellow and green. Food preparation is visible behind the ordering counter. Sandwiches come with a choice of bread made in-house daily. Also on offer are breakfast sandwiches, fresh-made bagels with spreads, salads, soups, healthy smoothies, ice-cream treats and signature New York-style cheesecake.
- **Jimmy John's Gourmet Sandwich Shop** focuses on all-day delivery and "freaky fast" service, along with premium ingredients and fresh-baked bread. At this Illinois chain, 8-inch subs come with fresh vegetables, meats and cheeses; club sandwiches have twice the meat and cheese. Interiors boast a modern, energetic feel, with humorous sayings, red-and-black-checkered tile walls, and commercial-size containers of mustard, mayonnaise and other ingredients behind the counter.
- **Firehouse Subs**, founded in Florida by sons of a firefighting family, features firefighter memorabilia, including boots, helmets, fire jackets and signage, and supports firefighter-related charities. Firehouse Subs uses high-quality meats and cheeses, and its signature hot subs are steam-heated.

## Sandwiched Into a Niche—*continued*

- **Which Wich Superior Sandwiches**, based in Dallas, offers 50+ varieties of sandwiches. Guests use red Sharpies to mark pre-printed menus on sandwich bags; they select a sandwich from one of 10 categories, then choose the size, bread, cheese, spreads and vegetables. The sandwiches are delivered in personalized sandwich bags, which guests are encouraged to decorate with the red Sharpies and hang on the “Vibe” wall—which also contains magnetically attached printed symbols, such as an image of the earth, a peace symbol and question mark, or local school mascots.

Ideas from these concepts that other restaurants could use:

- **Differentiation through something beyond food itself**—a concept theme; delivery; a signature cooking method; a quirky ordering system.
- **Sense of community**—for instance, through identification with firefighters at Firehouse Subs or the “Vibe” motif at Which Wich.
- Once again, **focus on quality and customization**.

## All Wrapped Up

Paralleling the rise of quirky sandwich chains is that of concepts specializing in burritos, wraps and ethnic varieties of sandwiches, often with a focus on health and “green” positioning.

- **Bullritos**, a running-of-the-bulls-themed QSR franchise from Houston, represents one of the hottest niches today: the “make your own burrito” sector led by Chipotle Mexican Grill. The “Bullritos” are built from freshly made tortillas, seasoned meats, vegetables, and other “works.” Also on the menu are customizable tacos and bowls, as well as beers and housemade frozen margaritas. Similar to the system at Which Wich, guests mark their selections for entrée choice and

## All Wrapped Up—*continued*

ingredients on paper “bull bags” with red markers; employees prepare the order and place it in the same bag for takeaway.

- **Freshii**, a Toronto chain that entered the U.S. market this year, offers customized wraps and salads built from a selection of more than 75 vegetables, proteins, cheeses and spreads. Also available are customizable soups and breakfast yogurt, oatmeal and wraps. Restaurant settings are clean, cool and environmentally sustainable, with a green-and-white color scheme.
- **Pita Pit** also began in Canada; its U.S. system is headquartered in Idaho. Catering to a college-age clientele with late hours, modern music and cartoon characters on the walls, the concept specializes in healthy Lebanese-style pita sandwiches. Pitas can be customized with cheeses, proteins and toppings; any pita can also be prepared as a salad. Breakfast pitas are available all day.

Lessons for other concepts:

- **“Sandwiches” can come in many forms**, including highly adaptable ethnic varieties.
- Customization has even greater appeal when a **wide variety of fresh, seasonal ingredients** is on offer.
- **“Green” positioning** can be a winner when it’s tied to fresh, healthful fare.
- **Concept-appropriate adult beverages** can add appeal, setting the restaurant apart from “fast food.”

## No End to Desserts

Sweet treats are a sure winner with today’s consumers, who seek immediate gratification and affordable luxuries. But for individual concepts, success is far from assured; while one spot builds buzz, an outwardly similar competitor may languish. Here are some of the hottest chains operating in the treats segment today.

- **Red Mango Yogurt & Smoothies**, an import from Korea, serves distinctly tart frozen yogurt that is all natural, nonfat, gluten-free and packed with probiotics. Customers top the yogurt with a wide array of add-ons, from cereal to cut fruit to candy. Also available are blended drinks, frozen-yogurt smoothies, made-to-order parfaits and probiotic iced teas.
- **Menchie's Frozen Yogurt** offers a self-service format; customers create their own treats from a rotating lineup of 80 fro-yo flavors, plus any number of toppings—cookie, candy and nut pieces, fresh fruit and hot sauces. At this California chain, pink-and-green interiors (and pink-and-green awnings on patios) create a fun environment.
- **Crumbs Bake Shop**, a New York City-born concept that was sold and taken public this spring, offers some 50 varieties of fresh-baked cupcakes in three sizes, along with cakes, pies, cookies, Danishes, muffins

*Consumers love sweets, but a differentiating factor—like health or self-serve options—can boost the appeal of an item or concept.*

and scones—some 150 daily sweets. Beverages include whole-leaf teas, espresso, coffees, hot chocolate, housemade sodas and fresh-squeezed lemonade. Stores feature a long glass display case housing row after row of baked goods; a black chalkboard lists food and drink.

Dessert implications for other restaurateurs:

- **Uncompromising quality and appealing variety** are essential ingredients.
- **Single-serving treats** for immediate consumption reign supreme.
- **An additional differentiating factor**, such as a health focus or self-service format, can make a concept (or menu item) stand out.

Successfully adapting the latest industry trends isn't as easy as it might seem—whether you're contemplating an entire new concept extension or just thinking of adding a selection of gourmet burgers or indulgent cupcakes to your menu. Fortunately, your Sysco Marketing Associate, backed by Sysco's formidable team of culinary and operational professionals, can help you interpret menu trends for your needs, your clientele and your financial and operational constraints, and tailor your menu and marketing for maximum impact.

In addition to offering advice on a day-to-day basis, Marketing Associates coordinate customized Business Reviews in which Sysco experts examine every phase of your operations and recommend improvements to help you save money and stand out from the crowd. And Sysco iCare business partners offer a suite of value-added resources designed specifically to help the independent restaurant operator.

For more information, contact your Sysco Marketing Associate.

