

Consulting Breakout Restaurant Reality 2016



Chris Tripoli, FCSI

Friday, April 15 – 1:45 -3:00 p.m.

PROGRAM PRESENTED BY CHRIS TRIPOLI



Chris has over 35 years of service in the Hospitality Industry as a designer, developer owner and operator. He graduated from Phoenix College after completing Food Service Management and moved to Houston, Texas where he assisted in the rapid expansion of a casual family restaurant chain. Later, Chris founded his first restaurant company and expanded it into a small regional chain. He has developed award winning restaurants and provided assistance to many airport, park, theatres and retail center developers. Chris consults on operations development and growth related matters with a variety of restaurant franchisors and franchisees as well as independent operators. Chris is a recognized lecturer, educator and trainer.

Before forming A' La Carte Foodservice Consulting Group, Chris developed Truluck's Steak and Stone Crab Restaurant.

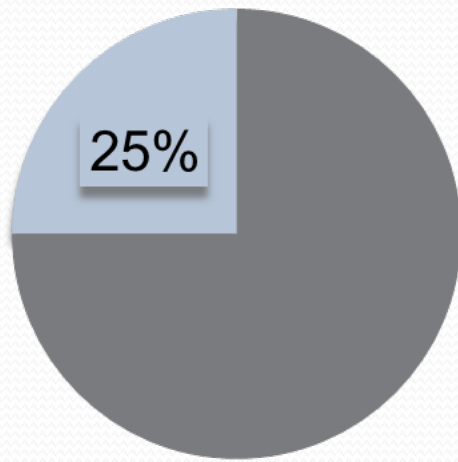
Chris regularly contributes to *Restaurant Startup & Growth Magazine* and RestaurantOwner.com. He developed a curriculum entitled "So You Want to Open a Restaurant" and currently teaches at The Small Business Development Center at the University of Houston. He is a guest speaker for a variety of hospitality meetings, seminars and as a participant in Industry Workshops. Chris is currently providing one-day seminars on Restaurant Operations and Growth Strategies throughout the United States and Mexico.

Chris remains active in the Foodservice Consultant Society International and National Restaurant Association. He serves on the advisory board of The University of Houston Small Business Development Center and board of the Texas Restaurant Association Education Foundation.

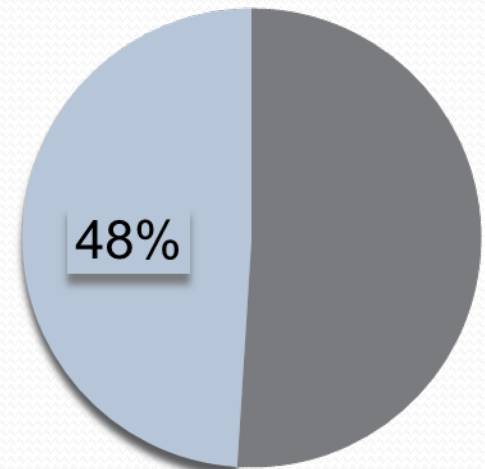


Overview

- Currently over **1.1 million** restaurants
- Share of food dollar = 48%



1955

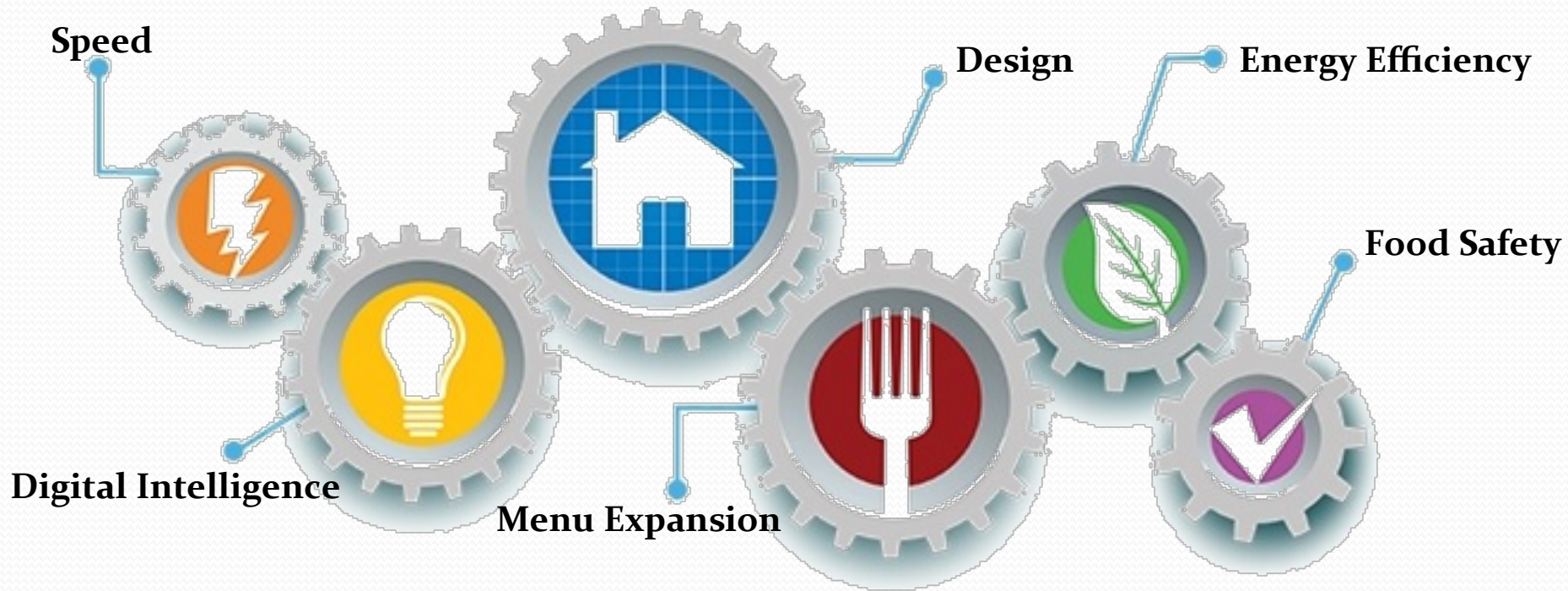


2015

Consumer Food Trends



Where Are We Going?



Smarter, Smaller, Faster

Customer Expectations

Value



Fresh & Healthy



Variety



Convenience



Service



Delivery

- 24% of 18-34 consider delivery as one of the most important attributes in creating “good value” at restaurants.

3rd Party Delivery → Growing



Fast Food “Quick Service”

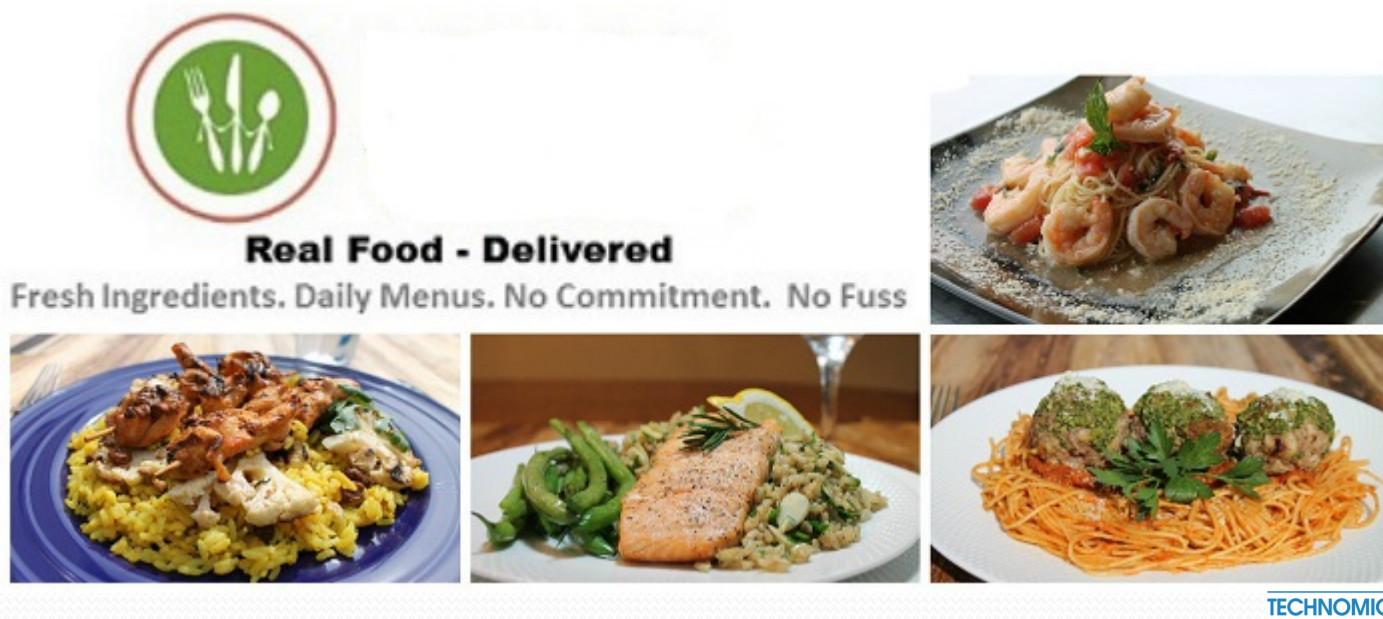
\$ Menu vs. McPick **2** Option, Others are Following
45% of Respondents Order from Value Meals Once a Week



Meal Assembly...

The New Home Meal Replacement?

- Is this a dinner daypart threat?
- Full service responds with elevated “Grab n’ Go.”



Non-Traditional Locations

- Airports
- Parks
- Stadiums
- Contract Service “Offices and Health Care”
- Food Halls



Plaza Food Hall



The Pennsy



What's Hot!



What's Hot Menu!

- “Clean” Food
 - Natural, local, seasonal
- “More Spice”
 - Beyond Sriracha
- Expanded Breakfast Segments
- Wine Types
 - Popularity of Lesser Known Varietals
- Fried is Back
 - Chicken and Seafood
- Coffee Segment Grows
 - Nitro is the next wave



What's Hot Menu!

Soup is the Ultimate Comfort Food



Latest Food Trends of 2016

What's Hot Menu!

- Interactive Desserts

Desserts often bring out the best in people with their role as that wonderful prize at the end of a (hopefully) healthy meal.



What's Hot...Refresh Tactics

Differences That Make a Difference

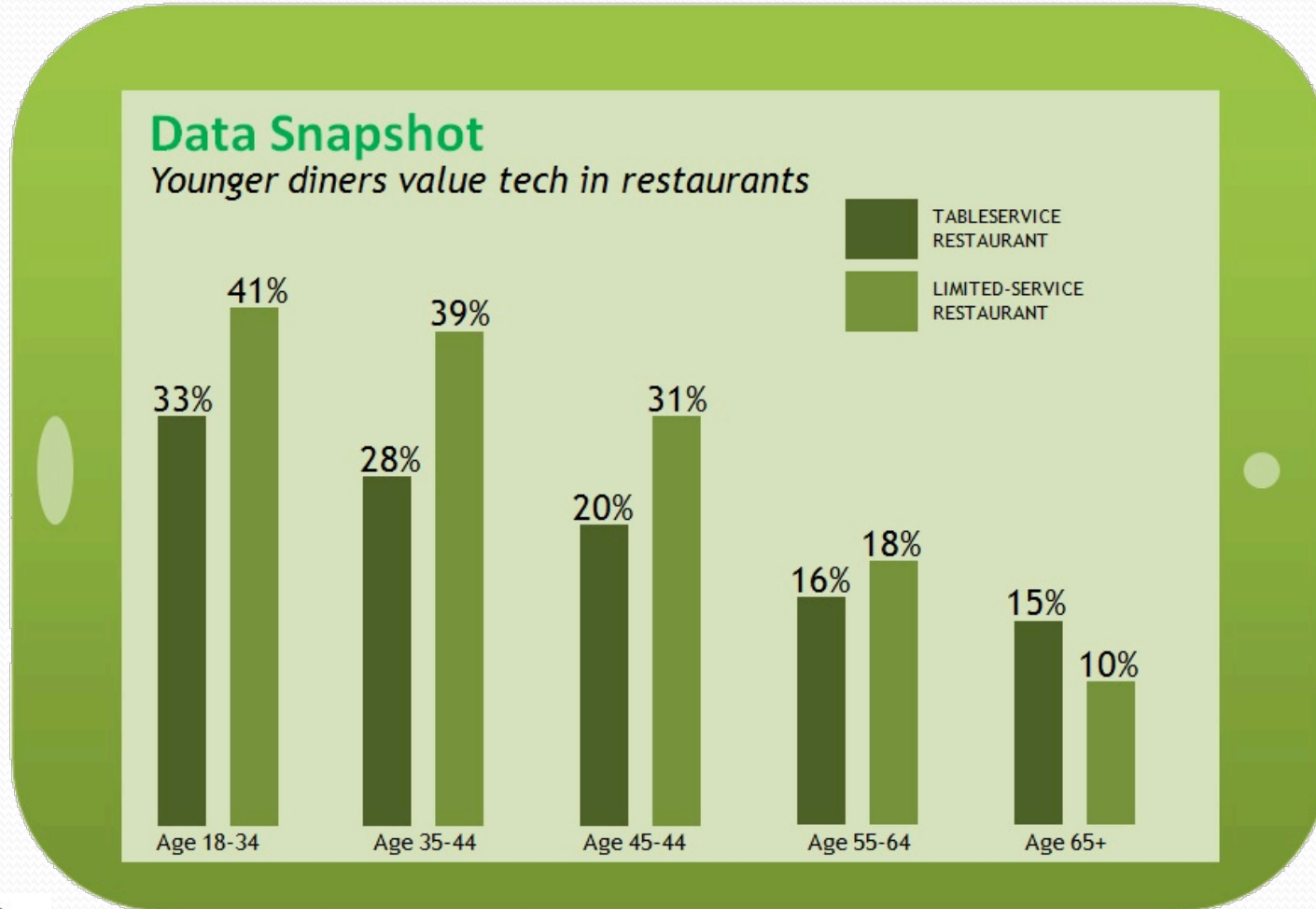
- Revamps can't stop with the menu.



A restaurant's décor and ambiance can have a significant impact on patrons' impressions of the quality and taste of the food.

And Then There is...

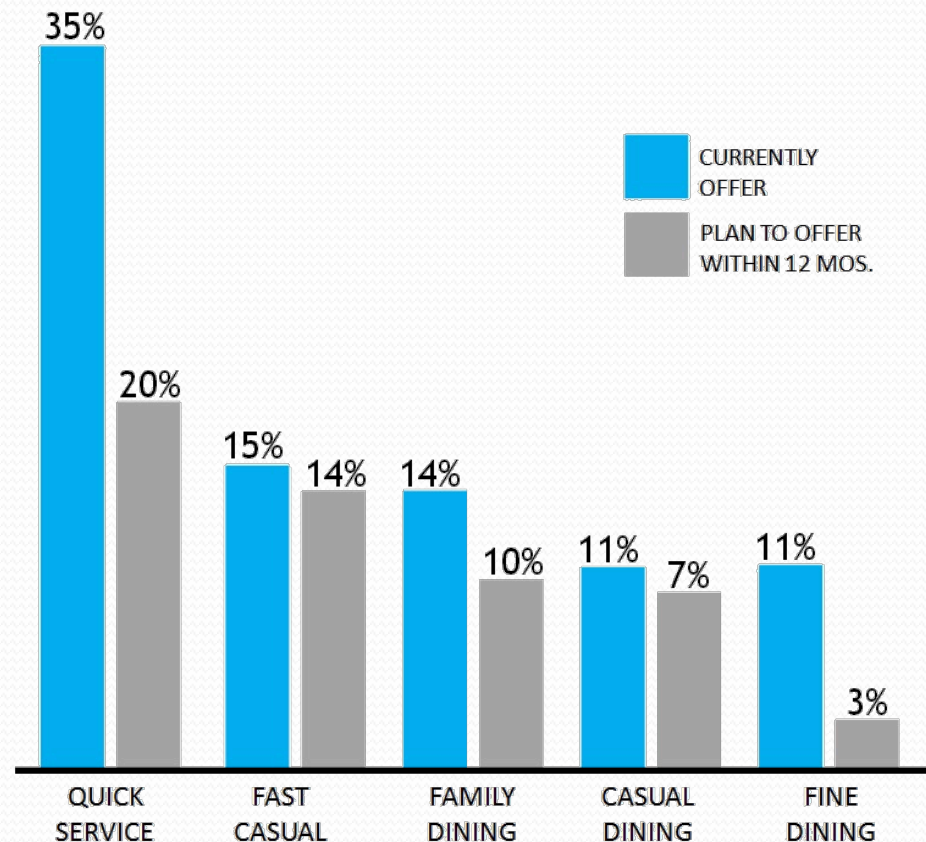
Technology!



Source: National Restaurant Association, Restaurant Trends Survey 2014

The Mobile Movement

Adoption of mobile payment is growing across the board, but quick-service operators lead the pack, with more than half offering or planning to offer the service.



Source: National Restaurant Association,
Restaurant Trends Survey 2014

Menu Joins the Tech Movement

Consumers use smartphones or tablets for following activities at least once a month:

- 31% View menus
- 28% Look up locations, directions or hours
- 27% Order from restaurant's website or app
- 23% Read online reviews
- 23% Use rewards or special deals
- 18% Make reservations
- 16% Look up nutrition information
- 11% Pay for meals
- 9% Order via aggregate website or app (Seamless, Grubhub, etc.)



Delivery of the Future



Let's Not Uber Do It



It's a Service Business

R.O.C.

Return of Customer

=

R.O.I.

Return on Investment



Loyal Customers are Extremely Valuable...

- **They visit more frequently:**
Loyal diners visit **more than 3 times** as often.
- **They spread the word:**
89% of loyal customers will recommend a restaurant.



Source: The NPD Group

...Because Most Diners Never Come Back

- **56%** share foodservice visitors who say they do not regularly revisit the same restaurant.
- **\$956 million** estimated sales that **restaurants miss out** on from non-repeat customers.



What Things Cost*

	<u>Full-Service</u>	<u>Limited Service</u>
Cost of Sales	32%	31%
Salaries-Wages	33%	34%
Direct Operating	15%	12%
G&A	5%	5%
Occupancy	8%	10%
Pre-Tax Profit	<u>7%</u>	<u>8%</u>
	100%	100%

*National Restaurant Association

Labor Issues



- Minimum Wage
- Salary Exception
- Tip Claim – Tip Share
- Service Charges
- Menu Price Increase
- Insurance – Benefits
- Joint Employment

What's Hot...Marketing



What's Hot...Marketing

Annual Planning = 3% of Revenue



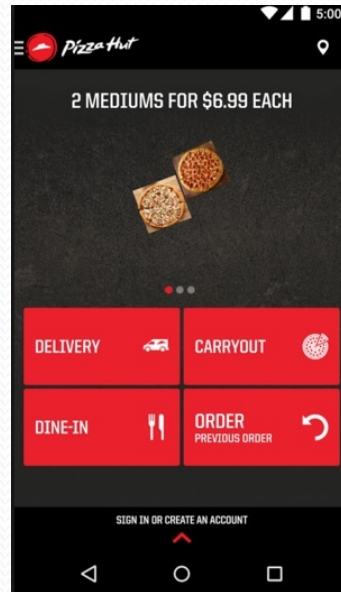
Local Store Marketing

- Frequent Diners
- E-Newsletter
- Menu Inserts
- Take-out Packaging
- Quality Assurance



Social Media on Steroids

- Website
- Facebook
- Twitter
- Blogs
- Phone Apps
- Customer Surveys



Restaurant Customer Satisfaction Survey

Page 1 Information on Your Visit.

1. What did you visit Sea Side Grill for?

- ☐ Breakfast
- ☐ Brunch
- ☐ Lunch
- ☐ Happy Hour
- ☐ Dinner

Community Care Programs

- Food Bank Participation
- Blood Drives
- Adopt an Esplanade



Growth Strategies

Increase Revenue Without Adding Units

- Broaden day part with breakfast, late nite, weekend brunch menu.
- Catering-delivery.
- To-go, curbside pickup, online ordering.
- Private parties facility.
- Retail your products.



Expansion and Exit Strategies

- **Expansion**
 - Capital and Operational Needs-Infrastructure
- **Non-Traditional Opportunities**
- **Franchising**
- **Succession Planning**



Expansion-Franchising



CATFISH
PARLOUR

Expansion-Non-Traditional



Expansion-Succession Planning



Questions?

