

# SYSCO | TrendSpotter

## 2012: Translating Trends to Sales



It's time once again to face the big annual question: What will the New Year bring?

In one sense, the answer is: more of the same. With the economy still slowly growing, recent research shows that most consumers are not planning to make any changes in their use of foodservice—but those who do are far more likely to say they are anticipating further cutbacks than any increase in patronage or spending. For most in the industry, it's a picture of sales stagnation.

Yet there are changes shaping up. Consumers' needs, desires and whims are rapidly altering and diverging, so it's vital for restaurateurs to understand the leading trends and implement them in ways that make sense for their operation.

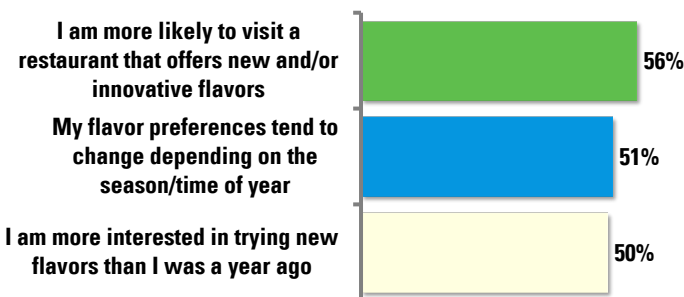
Let's take a closer look.

*Technomic has issued its predictions for the seven top trends of 2012. They begin, appropriately, with the menu. Operators are struggling to provide their customers meaningful quality and innovation in food, even as they cope with the opposing pressures of rising commodity costs and consumer resistance to any increases in menu prices. Some potential operator responses are:*

**1. Twists on the familiar.** Consumers aren't in a risk-taking mood, so expensive ingredients and exotic new ethnic cuisines are unlikely to make news next year. Instead, the formats that seem to be working are familiar comfort foods with a more upscale twist—think “gourmet” burgers, “artisan” sandwiches, “ethnic” wraps, “wood-fired” pizzas or “authentic regional” pasta dishes. Seasonal fare and limited-time offers are also proven ways for restaurants to build menu excitement by switching things around. But the easiest and surest method of innovation is to incorporate new flavors into existing menu items with updated preparation methods or the addition of rubs, sauces, spreads, condiments or dips. In a recent Technomic study, 56% of consumers said they would be more likely to visit a restaurant if it offered new or innovative flavors, and 50% said they're more interested in new flavors than they were a year ago.

**Please indicate how much you agree or disagree with the following statements**

*% Completely or somewhat agree*



Source: Technomic, Inc.

**2. Rustic fare made in-house.** This is being driven by operator constraints as well as consumer desires. Commodity costs are rising, but operators' costs for kitchen labor are holding steady, so stepping up back-of-house preparation makes sense financially—and also allows concepts to brag about the upscale, artisan appeal of their fare and the skill of the kitchen staff. Simple recipes made from fresh, quality ingredients seem to resonate particularly well with customers. Think of the huge popularity of fast-casual

concepts offering sandwiches or burritos “made for you” from fresh, “all-natural” ingredients. Note also that many of the most popular “rustic” dishes just happen to take the spotlight away from expensive proteins, giving more play to cheaper cuts, beans, grains and produce.

**3. The next step in local sourcing: a transparent supply chain.** The rising use of seasonal and local items suits the less-is-more culinary trend as well as Americans' growing desire to support local businesses while saving the earth. But increasing consumer demands for information and accountability are complicating the supply chain. Buying decisions made by big chains like McDonald's and Chipotle can and do influence the ways that farm animals are reared and farm products brought to market. But independents have their own advantages here. Because they don't have the same overwhelming needs for volume and predictability, they can easily work with their suppliers to introduce and promote menu ingredients that are natural, organic, sustainable, humane, single-sourced, seasonal and/or local. Independent restaurateurs might go farther, forging partnerships with specific farmers, ranchers, fishermen, vintners, brewers or processors. Some restaurants even invite these supply-chain partners to guest-blog on the website or to visit for a special presentation and tasting.

## Building Relationships and Trust

*Technomic's next set of trends has to do with the give-and-take between restaurants and their customers.*

**4. Social networking influence accelerates.** Increasingly, consumers trust their friends and peers to a much greater extent than they do companies and professional marketers. The proliferation of social media has let them seize control of information about—among other things—restaurants. They share their experiences and opinions with the general public (via review sites such as OpenTable or Yelp), with their own circles of friends, acquaintances and family (via Facebook or Foursquare) or both (via Twitter). This multiplies the “buzz” factor, helping some restaurants rocket to popularity while leaving others quiet.

This growing social media influence means that even small-scale operators must invest strategic resources and personnel in the task of engaging customers

## Building Relationships and Trust— *continued*

through social media—not only the company website and emails to loyalty club members, but also Facebook, Twitter and location-based media such as Foursquare and Facebook Places. It's also vital for operators to track what's being said about their restaurant on discussion sites and jump into the conversation if warranted.

**5. Customers want more information.** In addition to the sourcing information discussed above, important subsets of customers demand additional information that can help them make better food choices—for instance, the calorie, gluten or allergen content of menu items. Both chains and independents are meeting these demands by providing easily accessible information on menus, in pamphlets or on websites and mobile sites, as well as by introducing menus that simplify consumers' choices (such as "Under X Calories" food menus and "skinny cocktails").

## Taking a Different Approach

*To rephrase an old cliché, innovative times call for innovative measures. Technomic's final set of predicted 2012 trends addresses operators' challenges in building traffic and sales, as well as their successful responses.*

**6. Operators resist discounting.** The foodservice industry will continue to operate in a take-share environment, but discounting is cutting to the bone. To counter daily deals and other forms of discounting, operators are turning to menu innovation; differentiation in concept, ambiance or service style; and creative methods to court and reward their best customers. (For instance, they might surprise frequent diners one night with a free dessert out of the blue.)

In particular, operators who are trying to hold the line on discounting should weigh carefully the pros and cons of participation in "daily deal" websites. Consumer research shows that online daily deals are attracting new and infrequent customers to participating restaurants, and a high percentage later return to the restaurant without a daily deal and/or recommend the establishment to their family and friends. But of independent restaurant operators polled about their participation in these promotions, only half said they were pleased with the results. Operators should be open to testing new tactics, including online daily deals, but should get solid

## Taking a Different Approach— *continued*

proof of performance before making any of them a permanent part of their marketing mix.

**7. Brands expand through flexible formats.** With new full-scale units and expensive renovations of existing real estate out of the question for most operators, other ways must be found to wrest more profit from the same footprint. One answer is format flexibility. Some restaurants, for instance, are catering to new around-the-clock dayparts—whether that means breakfast, lunch, happy hour, early-bird dinner or late night. Some concepts have learned how to switch gears from fast-casual by day to full-service at night. Some eateries transform their kitchens into catering commissaries during slow times. Others are finding ways to expand their reach even in constrained times, with streamlined, high-efficiency smaller-footprint units as well as brand extensions (such as a fast-casual or food-truck version of an existing full-service format, or a signature product from the restaurant sold in retail stores).

## Sysco Can Help

These are challenging times. While the basic trends in play for 2012 seem instinctively understandable, successfully and profitably addressing them in the context of a particular independent restaurant can be an overwhelming task. Fortunately, you have connections: your business partnership with Sysco. Your Sysco Marketing Associate, backed by Sysco's formidable team of culinary and operational professionals, can help you interpret these overarching trends for your specific needs, your customer base and your financial and operational constraints. This is true not only when you schedule one of Sysco's famed Business Reviews in which a team of experts examines every phase of your operations and recommend improvements; it's also true on a day-to-day basis, because your Marketing Associate knows your business inside and out.

In addition to the resources available within Sysco itself, Sysco's 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.