

Global Foodservice Trends Bulletin

- incorporating implications for Irish foodservice suppliers

Issue 4 – January 2012


Prepared for Bord Bia by



Growing the success of Irish food & horticulture

Bord Bia
Irish Food Board

Introduction



Global foodservice operators focus on restructuring and international expansion as a means of maintaining growth.

With consumer confidence remaining fragile, foodservice businesses continue to operate under challenging conditions.

Gourmet comfort foods, bold flavours and fast fresh food concepts give the industry a long-overdue financial lift.

Farmers and artisans are saluted in menus.

Fast casual continues to gain ground. Creativity of a fine dining restaurant with a fast food service model is the basis of success.

CONTENTS

Product, industry trends and implications

- What's hot today: multi-ethnic, artisan, transparency, foods with gourmet flair...
- Hot product trends:
Fast approaching or returning?

Consumer trends and implications

- UK and US consumer snapshots
- Consumer confidence indicators
- Changes in eating out patterns

Operator trends and implications

- Expansion to new markets as a growth vehicle
- Fast Casual as a role model for the rest of the industry

What's hot in global foodservice today ?

HOT TRENDS IN THE FOODSERVICE INDUSTRY



Multi-ethnic flavour combinations
On-purpose collision of tastes and flavours



Allergen free dining



Build your own.... Endless choices



Transparency in product sourcing,
ingredients, nutritional information



Latin American/Nuevo Latino cuisines
(preparation and use of regional condiments)



Farmers and growers as new stars
at the dining table

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What's hot in global foodservice today ?

HOT PRODUCT TRENDS

PROTEINS

- Pedigree proteins (natural, breed specific)
- Local, free range poultry
- Seafood (sustainable)
- Beans and legumes
- Smoked and cured meats
- Beef thin meats
- Humanely produced
- Heritage



DAIRY

- Yogurt
- Growth hormone-free dairy
- Artisan cheeses
- Ricotta



GRAINS/BAKERY

- Whole grains
- Ancient grains
- Global breads
- Artisan breads
- Crepes



BEVERAGES

- Artisan coffees
- Milk based beverages
- Cold & hot teas
- Use of beverages in food preparation



Coffee rubbed pan seared lamb

What's hot in global foodservice today ?

HOT TRENDS BY CATEGORY



Upgrade of sandwiches
Fresh, healthy flavour sensations
Multi-cultural sandwiches
 (Vietnamese Banh Mi, Mexican tortas, Cuban sandwiches)



Ethnic/street food-inspired appetizers
 (tempura, taquitos, kabobs, satay)



All natural, hormone-free, steroid-free
and antibiotic-free meats

- Specialty Burgers -
7.95

All burgers can be stuffed for an additional 3.00 except for Pounder & Triple By-Pass

Black & Blue <small>Cajun & blue cheese crumbles</small>	Clucker <small>Breaded egg and cheddar cheese</small>	Jalapeno <small>Jalapeno's & pepperjack</small>
Bleus <small>Bacon & blue cheese crumbles</small>	Country <small>Grilled onions, mushrooms & Swiss cheese</small>	Spicy Blue <small>Sliced jalapeno's & blue cheese crumbles</small>
Cajun <small>Cajun seasonings & grilled onions</small>	Cuban <small>Roasted Pork, Swiss, pickle & Jack on cubana bread then pressed on the grill</small>	Patty Melt <small>Grilled onions, 1000 island and Swiss on grilled rye</small>
Classic <small>Plain, American, cheddar, pepper jack, Swiss or provolone</small>	Garden <small>Vegetarian burger (meatless)</small>	Western <small>Onion ring, cheddar & BBQ sauce</small>
Mariachi <small>Roasted green chile, bacon and pepper jack</small>	Dig & Cheese <small>Bacon & cheddar</small>	Mediterranean <small>Cucumber sauce, fresh spinach, red onion & feta</small>
Chester's Pounder <small>Any burger made with double beef patty 11.95</small>	Garlic <small>Topped with fresh minced garlic</small>	Triple By-Pass <small>3 half pound patties, choose your style 12.95</small>

STUFFED BURGERS

Chrissy Stuffed <small>Stuffed with brown sugar baked beans & bacon 10.95</small>	Jeremy Stuffed <small>Stuffed with whole roasted green chilies, crispy bacon and provolone 10.95</small>	Perry Stuffed <small>Stuffed with fresh sliced jalapenos, crumbled blue cheese & hot sauce 10.95</small>
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Specialty/gourmet burgers

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What's hot in global foodservice today ?

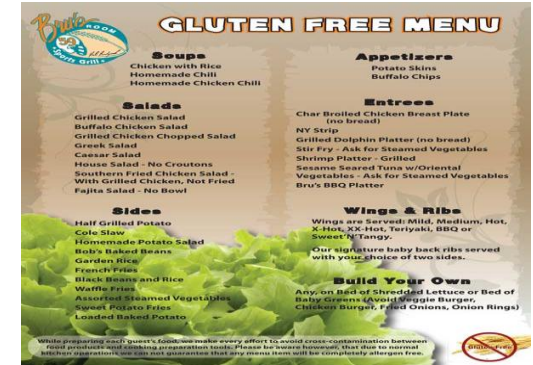
HOT TOPICS ON THE MENU



Shareable Meals
Tapas and Dim Sum



Liquid/drinkable desserts
Mini-desserts



Gluten-free menus

FIRE & STONE **kids menu**
with special recipes from **My Daddy Cooks**

Tick Coffey of My Daddy Cooks loves creating fresh and fun food for kids and the whole family and we've teamed up with him to produce a special pizza and dessert to satisfy even the hungriest of appetites

Nutritionally balanced kids' dishes scored 6th out of a list of 215 'what's hot' list of culinary trends in the USA



Sharable bar food
(contemporary, drink friendly finger foods)

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Product trend implications for Irish suppliers

Implications

- ➔ ***Bolder tastes and higher flavour profiles act as new consumer traffic magnets.*** A powerful flavour punch is a must to whet consumer appetites. Work alongside operators to embrace new flavours and respond with menu changes and concept development.
- ➔ ***Eating out is about standing out and declaring your individuality. 'Create your own' offerings is the industry response to personalisation movement.*** Toppings, sauces and accompaniments can act as a customization vehicle. Expand your portfolio to include products with a classic Irish pedigree, a regional taste or an ethnic spin.
- ➔ ***Nutrition is a critical component of a long term success in foodservice.*** Encourage your customers to re-examine portion sizes, plate composition and menu-pairing options. Expand your offerings to include gluten-free products. Support healthier menus for children.
- ➔ ***Minis (sandwiches, burgers, desserts etc) and shareable foods are great sales and profit builders.*** For consumer, it is an invitation to be more adventurous by sampling a variety of flavours without losing perceived value for money. Consider developing a mini-dessert programme or appetizer combos to capitalise on the trend.

Out of home consumer snapshots

THE USA



THE UK

- The average American eats out 4.8 meals per week or 249 meals per year.
- The most popular restaurant meal is lunch, with 2.6 eaten on average each week.
- Eating out patterns are shifting from the main day parts towards breakfast and snacking.
- Key growth categories are breakfast sandwiches, hot cereal, burritos and iced tea.
- More than 3 in 10 diners go on line for menu nutritional information.
- The big three cuisines are Italian, Mexican and Chinese.
- The nation's hottest new cuisine is Thai.
- 35% describe themselves as experimental eaters, 25% as foodies and 11% as locavories.

- One in nine meals are consumed away from home, increasing from one in ten in 2010.
- Lunch is the most popular meal eaten out of home, with 34% having at least one lunch meal out per week.
- Lunchtime visits are increasing, from 3.4 per month in 2010 to 4.1 in 2011.
- Coffee shops have the highest visit frequency.
- Italian cuisine is ranked as the nation's favourite when dining out.
- The hottest culinary trend is Korean cuisine.
- 68% claim to be adventurous.
- Over 50% of consumers prefer to eat out at outlets where ingredients are locally/regionally sourced.

Source: Mandala Research

Source: Allegra Strategies

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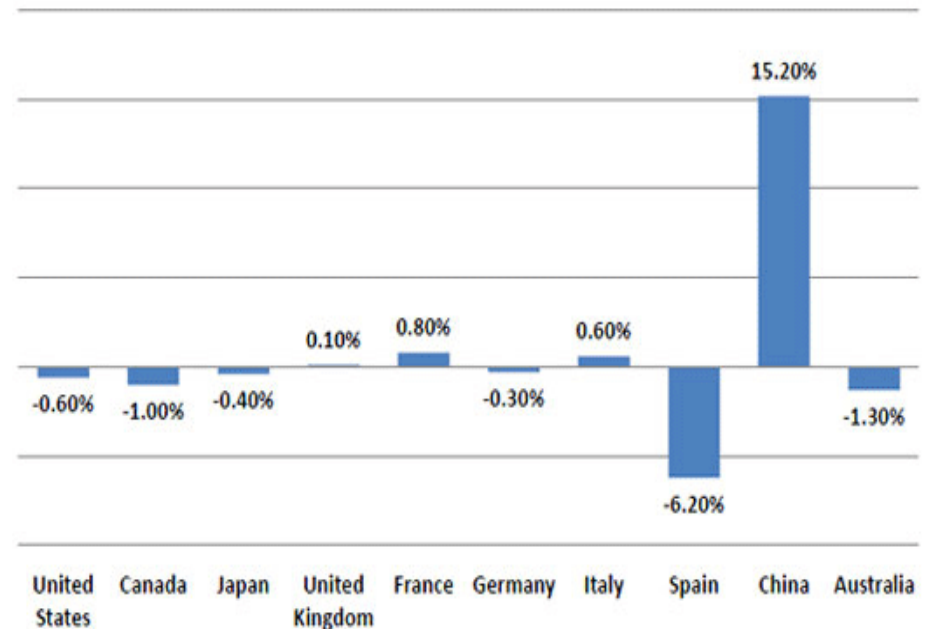
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Hot topics in consumer trends

Consumers remain cautious in their spending. NPD Q2 2011 study in 10 global markets confirmed that economic anxieties had an adverse influence on consumer eating out patterns.

- Restaurant guest counts were nearly flat in the USA and the same or worse in most of the countries under research.
- Traffic was negative or flat in all countries with the exception of China where guest counts rose by 15%.
- France and Italy showed modest traffic growth.
- The USA, UK and Germany had essentially flat restaurant traffic.

Change in traffic by country
Percent change versus a year ago



Note: Japan represents Tokyo and Osaka only
Source: NPD Group/Crest, quarter ending June 2011

Hot topics in consumer trends

According to the latest Q3 Nielsen Consumer Confidence Index, a recessionary mindset is growing among consumers. The result is continued spending restraint for discretionary expenses, such as eating out.

- Asia Pacific and Latin America dominate the list of most optimistic countries.
- The outlook is pessimistic in the USA and Europe.
- Consumer confidence declines in 11 of 18 European markets.
- France and Denmark report a double-digit confidence decline.
- If the global economic climate worsens, 'dining out' expenditure is among most vulnerable sectors.

A recessionary mindset is growing

Do you think your country is in an economic recession at the moment?



Source: Nielsen Global Online Consumer Confidence Survey, Q3 2011

nielsen

Future Spending



Source: Nielsen Global Online Consumer Confidence Survey, Q3 2011

nielsen

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Hot topics in consumer trends

Due to economic uncertainty, consumer eating out behaviour is in a state of flux. What are the key areas of change? What are consumers 'voting for' with their wallets and feet?

- Consumers continue to seek comfort in food and crave for familiar products but with new taste thrills and culinary twists.
- Street food concepts are growing as consumers want to broaden their experience whilst expecting good value for money. Street food delivers all that.
- Consumers are more mindful than ever of the value equation. They gravitate towards outlets that offer good quality food at not-quite-full-service prices.
- Consumers are seeking counter austerity treats. Small luxuries and gratification moments are vital. American Express study reports an 8% rise in fine dining spending in London in the first half of 2011.



Fast fresh food concepts like Chilango are trend-setters



**Re-inventing comfort foods
Mmmmeatballs by Noodle & Co
(meatballs, marinara sauce and
parmesan on a ciabatta roll)**



**Clicquot Rolling Diner, a new
gourmet street food concept in Germany**

Consumer trend implications for Irish suppliers

Implications

- ➔ ***Value for money remains a key driver but consumers expect you to deliver value PLUS.*** Add sophistication to your products. Value Plus can imply authenticity, provenance, environment, nutrition, community involvement etc. Enable your customers to offer a memorable experience. Re-examine your product attributes to ensure they match the 'ideal menu' criteria such as craveable, unique and authentic.
- ➔ ***Create affordable luxuries.*** An upgrade of minor components could enhance the image of a final product. Creative toppings can turn a value-priced bowl of soup or salad into something special. Wild caught sustainable smoked salmon will lift a lunch sandwich. Explore new presentation formats, plating designs and serving ideas that create a luxury effect.
- ➔ ***Re-invent comfort foods.*** Re-define the boundaries between comfort foods and gourmet cuisine by adding a contemporary twist or a gourmet flare to the old themes. Sauces, spices and condiments can give a new spin to familiar products. Use the language to set the scene for comfort food using phrases such as slow roasted, warm, gooey, home-style.

Foodservice operator trends



Yum! Restaurants aims for \$1bn revenues in India by 2015



QSR chain Quiznos expands into Brazil

Despite the challenging business environment, leading foodservice operators post encouraging results mainly due to international expansion.

- McDonald's Q3 2011 global sales increased by 5%.
- Chipotle Q3 revenues grew 24% to USD592mn.
- US hamburger chain Carls Jr is set to open 25 restaurants in Scandinavia.
- Domino's Pizza posted a 33% rise in profits for the last financial year.
- Greggs has announced plans to expand overseas.
- The UK Restaurant Group reported a 7.5% revenue increase to US\$234mn for the 1st half of 2011.
- Starbuck aims to open over 600 units outside the USA in 2012.
- Pizza Express (Gondola Group) is entering India.



Starbucks plans to triple its outlets in China to 1,500 by 2015

Foodservice operator trends

Whilst most foodservice channels are showing modest growth or stagnating, the Fast Casual sector is booming.

- Fast Casual in the USA comprises over 600 chains. Between 2001 and 2010, Fast Casual traffic grew at 9.6% per annum whilst QSR stalled at 0.5%.
- The USA has witnessed a steady stream of new 'better burger' entries. More than half of the top 75 burger chains are fast casual brands.
- Bakery café is another burgeoning segment. Led by Panera Bread, Einstein Bros Bagels and Au Bon Pain, the concept has been embraced across the world. International chains such as Le Duff, Paul, Le Pain Quotidien, BreadTalk are top players.
- Growth in Fast Casual is forecast to outpace QSR and FSR over the next five years.



Chipotle Mexican Grill set the standard for fast casual success



**Panera Bread (1,504 outlets)
22% sales growth in Q3 2011
Artisan bakery as impetus**



**Five Guys Burgers & Fries
'Serving hamburgers made from fresh, never frozen ground beef'**

Foodservice operator trends

What drives success of Fast Casual operations in a broader zero-growth environment?

- Fast casual concepts fill a consumer need for fast, affordable, higher quality food served in enhanced ambiance.
- They focus on fresh, natural and nutritious meals in a fast service frame.
- Artisan and fresh premium ingredients are at the heart of signature items.
- Leading operators excel at building emotional connections to consumers through:
 - ✓ creating menus that appeal to the heads and hearts of consumers;
 - ✓ delivering the experience that motivates;
 - ✓ community involvement and ethical values.



UK chains Tossed and Chop'd
Focus on fresh and seasonal ingredients
New , healthy & exciting food experience

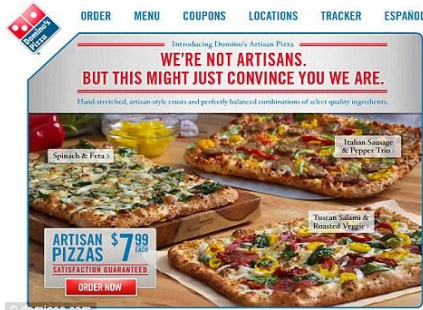


Signature crepes and iced coffees from La Madeleine



Mooyah Burgers & Fries
Creating the WOW! Factor

Foodservice operator trends



Domino's goes gourmet with a launch of artisan pizza line



Quick uplifts the interior and exterior design



QSR chain Souplantation introduces a new concept in express dining

To combat the competition from Fast Casual, traditional foodservice players are reviewing their propositions and undergoing a facelift.

- QSR have adapted by improving menu items and adding fresh positioning.
- McDonald's, Quick and Wendy's are upgrading to fast-casual like décor.
- Subway has launched a new concept Subway Café featuring an upscale coffeehouse ambiance, an expanded menu and a broad range of beverages.
- Domino's is expanding beyond pizza into gourmet burger.
- FSR operators are integrating elements of Fast casual. For example, Pizza Inn launched Pie Five Pizza concept offering fresh made-to-order pizza cooked in less than 5 minutes.

Operator trend implications for Irish suppliers

Implications

- ➔ ***Fast Casual operators remain at the forefront of an industry-wide transition.*** There are attractive dynamic higher value customer segments to target. Fast casual experience could and should be leveraged across channels and countries.
- ➔ ***Authenticity is a hallmark for Fast Casual concepts.*** The sector holds abundant opportunities for high-end quality food and beverages such as artisan bakery and dairy products, sustainable meat and seafood.
- ➔ ***Fresh and great tasting food is foremost for Fast Casual operators.*** Concepts of ‘fresh’ tend to have premium connotations and therefore represent higher value opportunities for suppliers. Minimally processed products, pedigree proteins (e.g. breed specific beef), local, organic offerings are of great importance to these customers.
- ➔ ***Signature items are paramount for igniting and maintaining consumer loyalty.*** Support foodservice operators with creating compelling signature products across the menu.

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