



The Future of Foodservice

*Why Fast Casual Is
Changing Global Foodservice*

PREPARED FOR:

Bord Bia

Irish Food Board

TECHNOMIC[®]

4 NOVEMBER 2015 | DUBLIN, IRELAND



Only Technomic delivers
a **360° view** of the food
industry. We **impact growth**
and **profitability** for our
clients by providing
consumer-grounded **vision**
and channel-relevant strategic
insights.

FACT

Today's consumers are different

FACT

They value different things than previous generations

FACT

The restaurants that keep up with changing consumer dynamics will win



FACT

These needs are global in nature

FACT

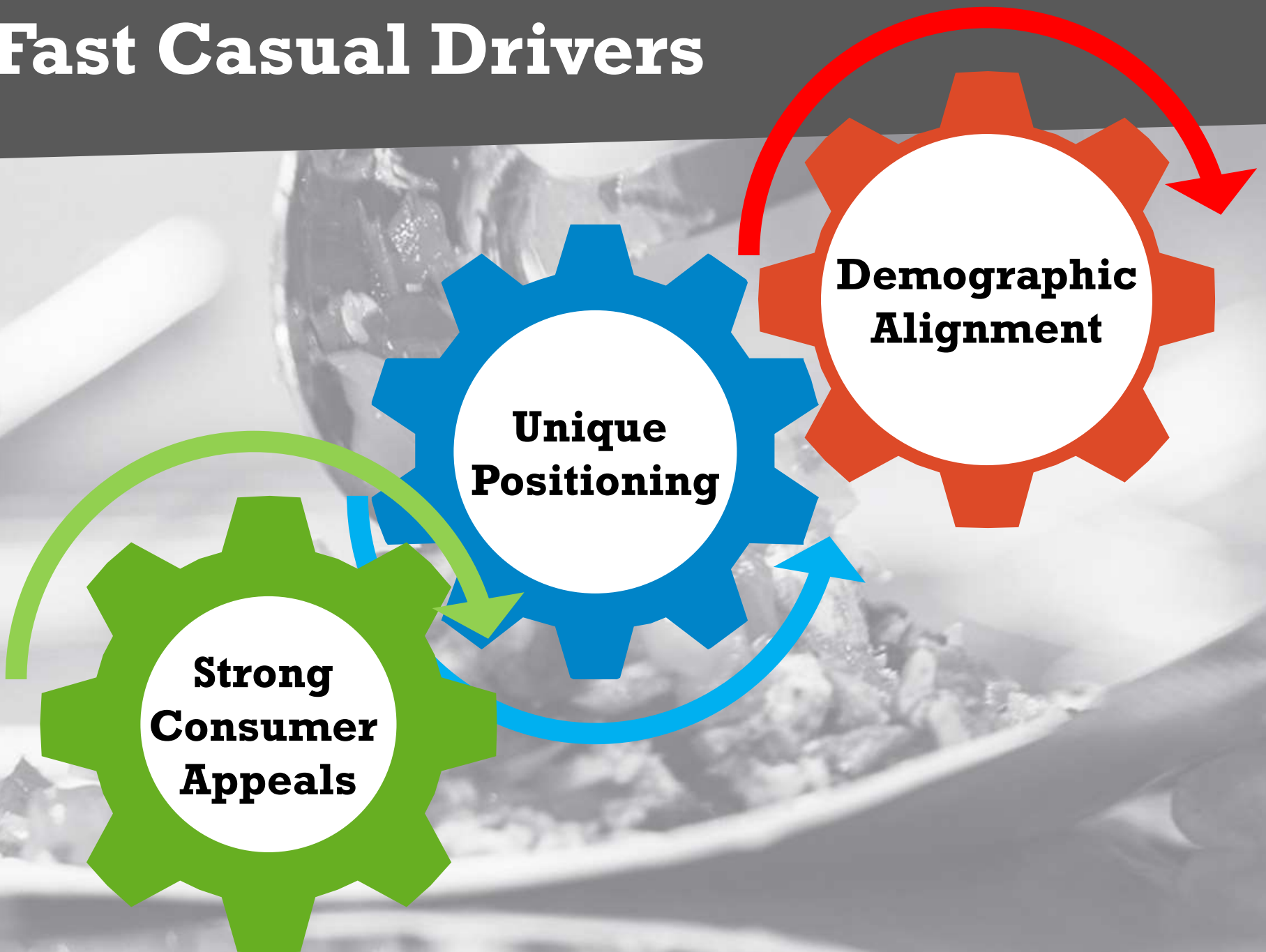
Many of the longstanding players in the industry are having trouble addressing and meeting these consumer needs



The 10 Fs of Fast Casual



Fast Casual Drivers



Ingredient Transparency Helps Drive Fast Casual



Calcium Sorbate
Canthaxanthin
Caprocaprylobehenin
Caramel Color
Carboxymethyl Cellulose
Carmine/Cochineal
DATEM
Diacetyl/Acetoin
Dipotassium Sulfate
Disodium Guanylate

Pol
Pol
Pol
Pol
Pol
Pro
Pro
Pro
Pro

“The No No List is the latest step on our journey to clean food and a transparent menu.”

- Ron Shaich, CEO

Aspartame
Astaxanthin
Autolyzed Yeast Extract
Azo Dyes

Glycerides
Glycerol Ester of Wood Rosin
High Fructose Corn Syrup
Hydrogenated Starch

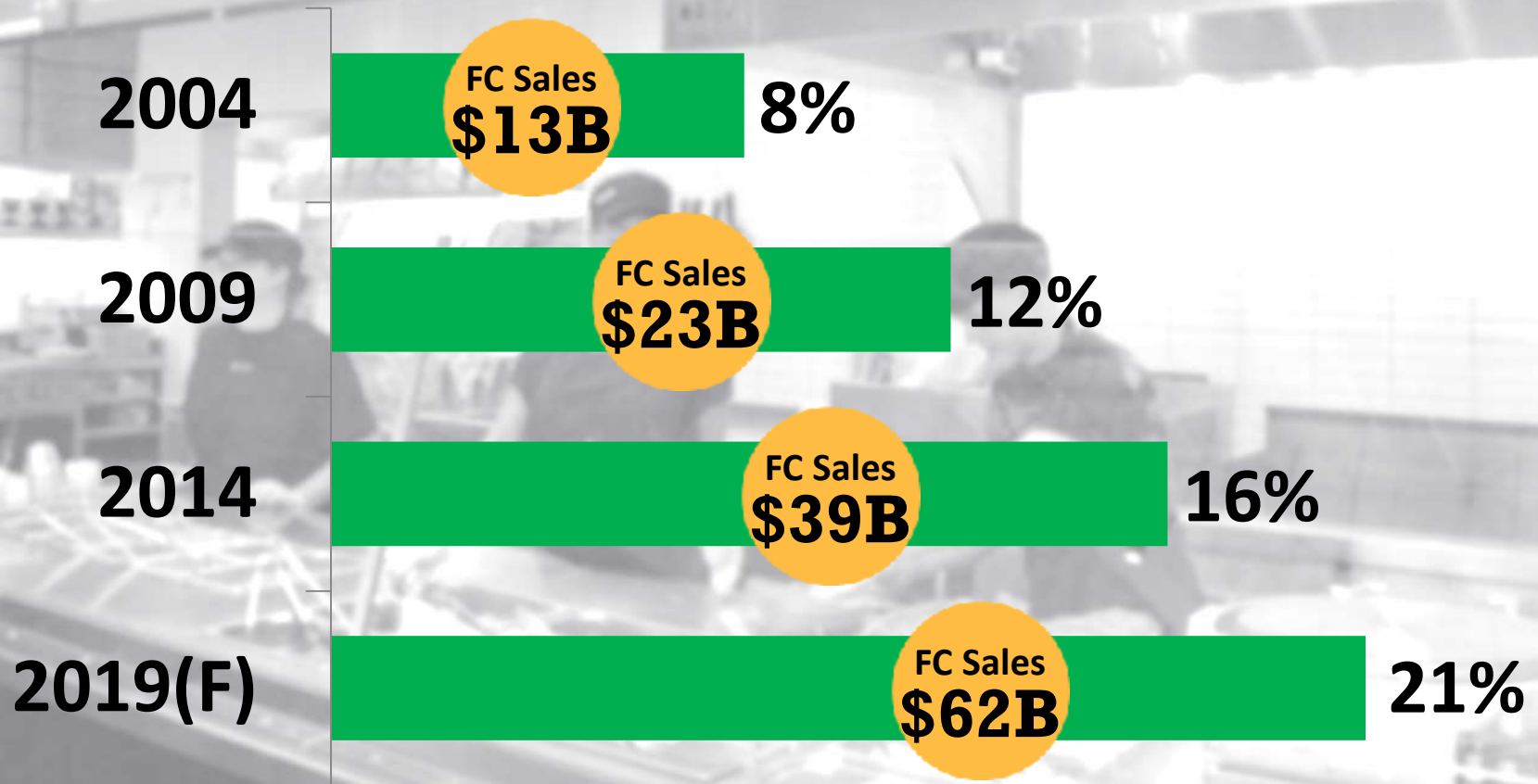
So
So
So
So

Fast Casual Over-indexes On Higher Income Groups and Millennial Consumers

Demographic	Fast Casual	Quick Service
Income <\$50k	✓	✓✓✓
Income >\$50k	✓✓✓	✓
Gen Z	✓✓	✓
Millennials	✓✓✓	✓✓
Gen X	✓✓	✓✓
Boomers/Matures	✓✓	✓✓

Fast Casual Has Taken The U.S. By Storm

FCR share of Fast Food



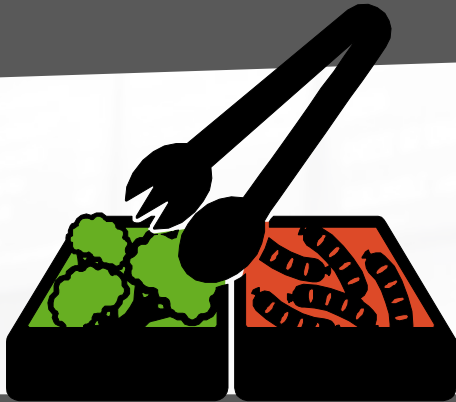
Segments Continue to Blur and Develop

Food Quality/Craveability

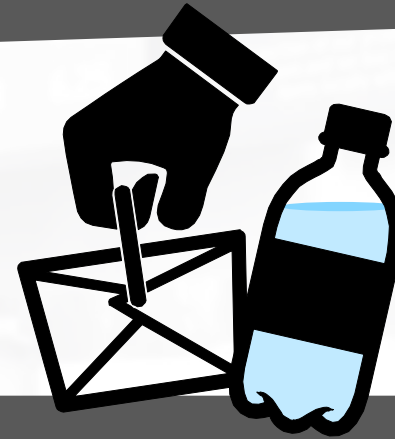
Price



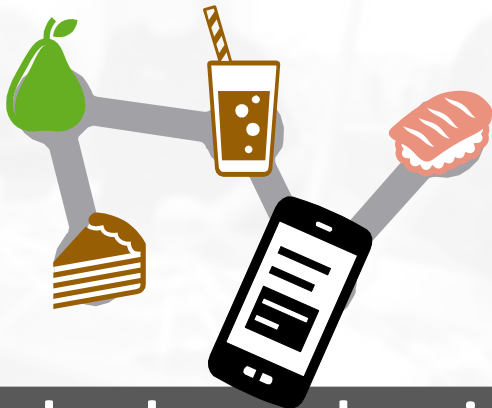
Evolutionary Trends in Fast Casual



**Build-your-own
finding great appeal**



Proliferation of delivery



**Technology enhancing
the experience**



**Increasing entry from
full-service operators**

2015 Private Equity Investments in Fast Casual

sweetgreen

uncle
MADDIO'S
pizza joint

TENDER GREENS


TAYLOR
SPICATI FORTI. MANGIATI DELICATI.
ITALIAN FLAVORS. URBAN TASTE.

DIG INN
Quality
SEASONAL MARKET
Est. 1997


organic avenue


ASIAN
-BOX-


MOD PIZZA
SUPER FAST

 honeygrow


saladworks
fast. fresh. fabulous.

CAVA
Mezze Grill


Naf Naf Grill
TRADIZIONE. SPICATI. MANGIATI.

sweetFrog
premium frozen yogurt



COTTON
PATCH
CAFE

These investments demonstrate a belief within the financial community that fast casual chains are well positioned for growth



How do You Identify the Next Chipotle?

Up and Comers

Engaged

Nimble

Innovative, trend setter

Defined appeal

Access to capital

Strong unit economics



Eureka!

LOVE

hopdoddy
BURGER BAR

U.S. Fast Casual Going Global

FIVE GUYS[®]
BURGERS and FRIES

SHAKE  SHACK[®]



BLAZE  PIZZA



But It's Not Just Big U.S. Chains Driving Global Expansion



Ireland Has Homegrown Fast Casual Concepts



O'Brien's[®]
IRISH SANDWICH CAFE



TOLTECA
MEXICAN STYLE GRILL

boojum
Mexican
Burrito
Bar

Fast Casual Generated Turnover In Ireland Of €151M

	2015 Consumer Spending (€M)	2015 Operator Purchases (€M)	2015-2018 CAGR
Total	€ 151	€ 63	9.8%
Republic of Ireland	€ 105	€ 44	10.8%
Northern Ireland	€ 46	€ 19	7.3%

Irish Operators Reacting to Fast Casual

“The learnings from our restaurant will now be transferred to the mobile food trucks. Because we want it to be cooked to order—there will be a longer delay, but we want to insist on quality. And then we can expand that offering.”

- Fast Casual Operator

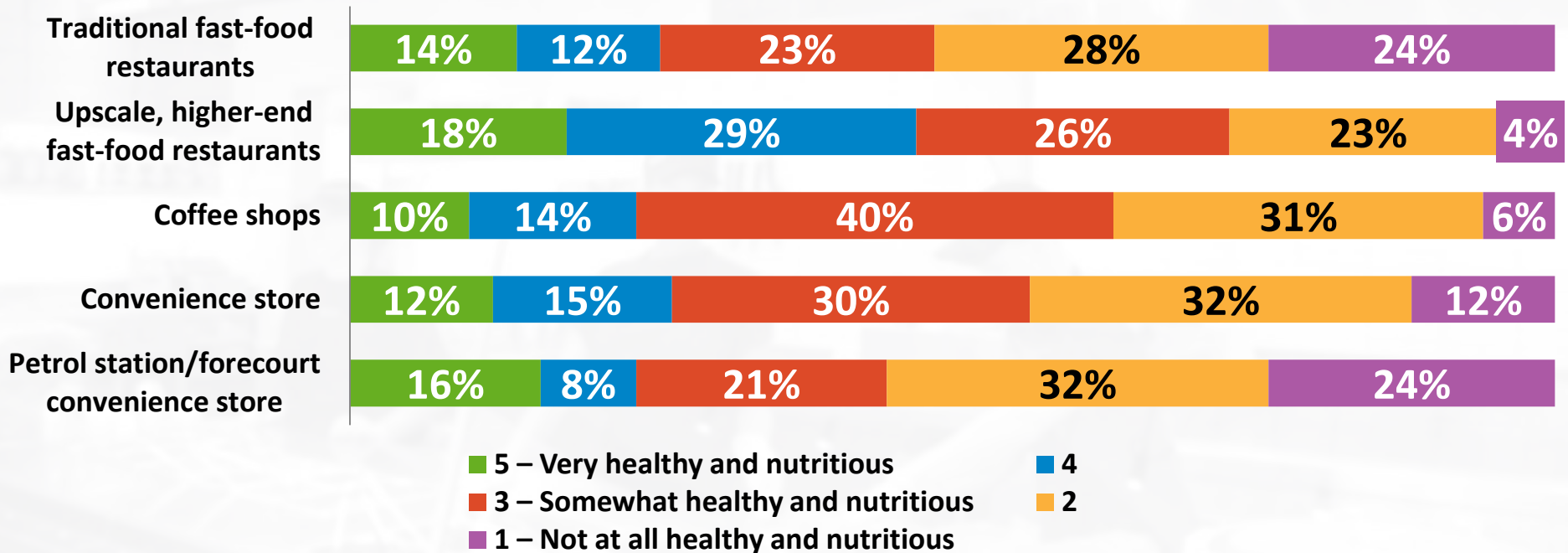
Carefully considering target markets and demographics that are not being captured and creating QSR sister-brands for established fast casual operations.

Following the food-truck trend and creating mobile units to increase brand awareness

Adding grab-and-go options such as salads, sandwiches, and drinks.

Fast Casual Has Highest Perception of Healthy Offerings

How healthy and nutritious do you think the prepared food offerings are at the following establishment types?



Food from upscale/fast casual operators is perceived to be healthier in general, as indicated in the chart above.

Q3. How healthy and nutritious do you think the prepared food offerings are at the following establishment types?

Many other QSRs Are “Fast Casualising” Their Business

Food



Domino's

Experience



In The US, “QSR Plus” Is Indicative of Fast Casual Strength




Collectively up
9.2% in 2014




These chains have proven that QSRs can survive and prosper in this environment.



Takeaways



Although FCR price points may be high for GenZ, Millennials continue to drive sales frequency.



QSR continues to raise the bar, but FCR counters with greater convenience, delivery.



Build-your-own engagement provides the control younger consumers are looking for.



Underserved specialty niches will thrive as fast casual continues to outperform the industry.

Final Thoughts

Fast casual is aligned with the consumer

It is changing the way people eat

Growth will continue to be high

All restaurants will need to adapt to the evolution of fast casual



Questions?



David Henkes

Managing Director & VP

001-312-506-3927

dhenkes@technomic.com

www.twitter.com/davidhenkes

www.technomic.com