



TOP TRENDS FOR 2010 FROM NATIONAL RESTAURANT CONSULTANTS

Denver, Colorado – For six years now, our “Top Trends” forecast has set the standard for industry insight into what operators can expect for the upcoming year. We have completed our latest research and are happy to announce our, "Top Trends for 2010."

THE DRIVING THEME IN 2010 WILL BE, “HOW MUCH MONEY CAN I MAKE?”

The restaurant industry has seen the steepest drop in traffic in the last 28 years, and the last two years have been hard on operators across the board. Tired of working hard for marginal returns and fueled by profit hungry shareholders and underperforming franchisees, the industry will go through a resurgence of what we believe will be a concentrated focus on profitability. Recently acknowledged by the Wall Street Journal magazine, “Smart Money®” as the restaurant efficiency experts, we at NRC, Inc. are extremely sensitive to what owners and operators want, and now, more than ever, the focus in 2010 will be profit. Just remember that it’s not what you make, it’s what you keep that matters.

PROFIT WILL BE POSSIBLE, BUT ELUSIVE IN 2010

As of this writing (October, 2009), the restaurant industry in general is experiencing real pain. High end operators are feeling the effects of greatly reduced cover counts and this segment in particular has contracted rapidly in the number of open restaurants. Full service and casual themed restaurants are experiencing flat sales. Quick and limited service concepts are seeing flat to marginal sales trends. Protracted unemployment which currently stands at 9.8% nationwide is expected to rise throughout 2011. This leaves more than 15 million Americans currently unemployed, and almost 25% of most major restaurant companies report that they expect to make payroll reductions during 2010. Although some industry segments will enjoy some positive growth, it’s difficult to get too excited about the financial prospects for 2010. In a study done by the National Association of Foodservice Equipment Manufacturers and by Foodservice Equipment and Supplies Magazine, 91% of Restaurant operators expect either the same or an increase in sales volume in 2009-2010. Operators stated their expectation of a 9.6% increase in gross profits. We think that this is optimistic, but we’ve already seen that some segments have already turned the corner. Upscale hamburger concepts are enjoying a resurgence, and some casual and fast casual operators, such as Chipotle, Panera Bread, Chili’s, Buffalo Wild Wings, Olive Garden, and a few others, are showing recovery in same store year over year sales. Most of the belt tightening has been done and operators are now interested in ownership, or at least leadership of their market niche whenever possible. For those that innovate, keep a close eye on capital expenditures, and upgrade their marketing efforts, 2010 could be a profitable year for them. For others, we encourage you to seek professional assistance in maximizing the efficiency of your restaurant. This does not mean shortchanging guests in any way. It means that you fully utilize every resource available to you in the most efficient way possible – eliminating wasted time, money or effort and placing an emphasis upon delivering value.

BUY LOCALLY. FOR MOST OF YOUR GUESTS, IT'S MORE IMPORTANT THAN ORGANIC

The organic movement has been steadily growing for years now, but in 2010 and beyond, we believe that local sources of everything from produce to proteins will be more important to most guests than organic products. This is not meant to downplay organics, but the growing focus on local sourcing has shown itself to be more than just a passing fancy. In 2008, we accurately predicted that for independent operators, local sourcing (which frequently includes organics as well) would be one of your greatest advantages in competing against the chains. In short, if you buy local, and you should, be sure to promote it – you'll quickly see the competitive and cost advantages of doing so!

MAKE MORE MONEY BY TAKING CARE OF THE KIDS

In 2006, we said that forward looking operators should address the generally poor quality of offerings for kids. It's taken the recession for many to understand that families are a good source of revenues. We've seen improvements by many operators and if you've not upgraded your offerings for children, now is the time to do it. Bottom line is that by offering higher quality food items for kids, it makes the parents happier – resulting in more frequent visits.

WE PREDICT THE DEATH OF THE GENERIC RESTAURANT

In a recent poll, three out of four adults said that they were trying to eat healthier than they did two years ago. However, our research has shown that menu items that are identified as being healthy are some of the least popular items. How interesting! Fact of the matter is that people can eat anywhere they want to, and the compelling reason to go to a particular restaurant is to enjoy something that they can't make at home or get anywhere else. What this means to you as a restaurant owner is that you simply must have a few highly profitable, "Niche Signature Dishes" that identify with your brand, and set you apart. Restaurants that have a generic menu that does not identify them as being something special will go by the wayside.

SAVE MONEY AND BUILD TRAFFIC BY USING SOCIAL MARKETING

One of the biggest wastes of money is to spend it on conventional print and TV advertising. Save that money and get closer to your guests by using highly effective, loyalty enhancing, real-time media options such as Twitter, MySpace and various phone applications. An effective web site and Internet marketing should also be utilized and integrated into your marketing program. Before jumping in, be sure to:

- Determine what you want to achieve. Have a clear goal in mind and build your program around that goal. Make it measurable and constantly benchmark your progress.
- Have a clear understanding of your brand and market position.
- Know what your guests want from you. What type of content should you provide in order to obtain maximum actionable results? What's in it for them? Work through these questions early in the game.
- Who on your staff is going to manage the system, provide content updates and maintain it? In today's electronic and digital media, outdated content is the kiss of death.
- Create, thoroughly test, and launch your new marketing system and begin saving money today!

PROFIT BY UNDERSTANDING THE NEW GUEST PROFILE

Today's consumer has new habits and needs. As we all know, 2008 and 2009 proved to be financially difficult for all of us. As a result, we've changed our habits and have resorted to living within our means. Our spending habits have changed as well. Consumers are now seeking value propositions in every aspect of their life. The new mentality is, "Give me more but don't charge me for it." Understanding that your guests have new needs and desires are the keys to profiting from this new guest profile.

Innovation is the key word for 2010 and we're predicting a growth of serving size options and service formats. Offering a wide variety of options makes a lot of financial sense for you as the owner and also for your guests. In 2010 and beyond, it's not going to be business as usual.

KEEP AN EYE OUT FOR NEW FINANCIAL PRODUCTS AND SERVICES

Unbelievably, the U.S. Government and the banking industry continue to serve themselves and ignore the needs of small businesses. As such, large and small loans have for most, been difficult if not impossible to obtain.

This has led to a pent-up demand for capital that simply must be made available, and we think that 2010 will be the breakthrough year. Expect to see a wide variety of new funding options become available from unexpected sources.

OLD STANDBYS MAY PROVIDE A PROFITABLE NEW BUSINESS OPPORTUNITY

Due to the low cost of ownership, greater mobility, and a focused niche orientation, food carts and food trucks are expected to enjoy greater popularity in most major metro areas. These venues provide more guest orientated interaction when compared to a conventional restaurant, and patrons can enjoy a low cost meal in a format that provides high value orientation for today's consumers. Easily cutting across all social economic lines, expect to see gourmet versions as well.

PROTECT YOUR PROFIT BY BEING PREPARED FOR THE H1N1 VIRUS

In a recent study, the Harvard School of Public Health found that most small businesses are unprepared for an outbreak of the H1N1 virus. Restaurant operators nationwide will be challenged by having to run their business with fewer employees, resulting in overtime pay for many. The National Restaurant Association has an information packed web site that every business owner should check out.

<http://www.restaurant.org/fluinfo/>

POINTS OF PAIN OR POINTS OF PROFIT – IT'S YOUR CHOICE

Your guest just ordered one of your most popular menu items. Do you as the owner know exactly how much money you just made off that one item? Did you just experience pain or pleasure? Don't know? We might suggest that it's time to get a grip on your most important selling tool – your menu. Revenues don't keep you open, profit does and it's the fuel that your business needs to continue in operation. We've all seen busy restaurants close for no apparent reason, but the reason that EVERY business closes is a lack of profit. Don't become a casualty in 2010. Act today and engage some professional assistance. As noted by Smart Money® Magazine, obtaining an Operations Analysis™ of your operation should be #1 on your list of things to accomplish as soon as possible. The costs will be offset in no time and you'll feel better knowing that your restaurant is operating at peak efficiency and profitability.

That's our story for 2010 and we wish everyone the very best for the upcoming year. It's going to be interesting!

National Restaurant Consultants, Inc. is a busy food service consulting company that assists restaurant clients worldwide. Experts in new restaurant startup ventures and troubleshooting projects, the firm works with clients of all size in a wide variety of applications including; Family Style Operations, Taverns and Pubs, Deli and Coffee Shop, Full and Limited Service Restaurants, Quick Service Restaurants, Hotels and Resorts, Unique and Theme Concepts, and custom projects of all types. Your confidential inquiry is invited. www.nationalrestaurantconsultants.com

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