



TOP TRENDS FOR 2007 and 2008

To see our Top Trends for 2009 please visit our corporate web site at:
www.nationalrestaurantconsultants.com

TOP TRENDS FOR 2007 FROM NATIONAL RESTAURANT CONSULTANTS, INC.

Denver, Colorado - For the last three years, we've been pretty accurate in our analysis of the trends for the upcoming year. Our professional restaurant consultants provide us with regular input on what's popular and what should be on your radar for the New Year.

What we expect for 2007 is quite a bit different than last year's predictions that were weighted heavily towards technological inroads in the food service business. This year, it's government regulation, consumer caution, and the snapping up of smaller concepts. Read on and enjoy. We've polished up the crystal ball, and here's what we see...

HUGE GROWTH IN ORGANICS

As the price of organically grown produce and vegetable drops and availability increases, restaurateurs are commonly using these products instead of the old standbys. Consumers are demanding organic items for many reasons including; higher perceived value, better nutrition, and a feeling that they are "Safer" than the alternatives. As Wal-Mart, major food service distributors, and even local produce companies make organic items more available and cost effective, this is a long legged trend that will be with us for many years to come. We're glad to see it as well.

LARGER RESTAURANTS

More seats, bigger menus, and more entertainment are key for 2007. Restaurateurs have learned that food is just one revenue stream, and consumers want much more than just food. They want a more complete experience that's stimulating to all of the senses—not just taste. Video, theatre, games of chance, innovative beverage displays, interactive ordering, and more high-tech goodies are just the ticket for investors seeking to maximize unit volume through multiple revenue departments.

BIG BOX BUYING & THE DISPLACEMENT OF DISTRIBUTORS

It's becoming hard to differentiate between a big box retailer like Sam's Club or Costco and distributors like Sysco. Food service operators and especially independent operators have found that large retailers provide products and services that are frequently at or below those of the full-line distributors and are flocking to them in numbers unseen in the past. No commissions to pay, free delivery, wide selections and seven-day availability are features hard to ignore.

GROWTH OF MEXICAN AND LATIN ORIENTATED CUISINE

As cultural boundaries blur even further in 2007, the dining trend that started two years ago is continuing strong in 2007. Ethnic restaurants that serve genuine native foods will continue to spring up nationwide. One of our Clients recently opened a restaurant that specializes in native foods that were served 100 years ago, and his business is very strong. This is an exciting time to be in the food service business!

CONSUMER CAUTION DUE TO BACTERIAL OUTBREAKS

We used to be able to trust our food. No longer as independent and national companies' alike struggle with the ability to source bacteria free food products. Meats, poultry and produce are particularly susceptible and recent announcements have further shaken our trust in the food chain. We expect that in 2007 more announcements of outbreaks will be made, and it's reasonable to expect consumer out lash. Our observation of irresponsible media reporting of events during this past year is even more disturbing. Prudent operators are advised to have proactive programs in place to deal with consumer concerns.

RESTAURANT EVOLUTION

Starbucks is serving breakfast like McDonalds and McDonalds is serving premium coffee in restaurants that resemble Starbucks. What's up with this? In an effort to exploit market share and consumer demand for premium products in a comfortable space, the days of red plastic chairs are rapidly disappearing. Market niches are blurring allowing plenty of room for new players in highly niched arenas. Look for these opportunities and be prepared to move quickly.

NATIONAL AND LOCAL GOVERNMENTAL INTERVENTION AND REGULATION

We can still buy cigarettes and cigars in New York, but we can't get French fries with trans fats. Local governments have taken it upon themselves to regulate what's apparently good for consumers much to our distaste. Foie gras has been banned in Chicago, and we expect more large metro areas to take it upon themselves to become food police in 2007. Our conundrum is this; when the FDA approves a food product for general sale in the US, why can a localized governmental agency take it upon themselves to outlaw what the federal government has already approved? We expect our frustration with this issue to grow.

STILL SEARCHING FOR LOST PROFITS AND ENHANCED OPERATIONS

We forecast that our Operations Analysis Division will grow by another 30% in 2007 as operators worldwide seek to find lost profit and streamline/enhance their operating systems. With net profit industry averages at 5% or less in full service restaurants, ROI dollars are squeezed tight. Frustrated restaurant stakeholders will continue to search for cost savings methods of bolstering profits.

That's our story for 2007, and we're sticking with it. Here's to a prosperous New Year from all of us at National Restaurant Consultants, Inc.

TOP TRENDS FOR 2008 FROM NATIONAL RESTAURANT CONSULTANTS, INC.

Denver, Colorado - For the last four years now, we've been on the money with our predictions. We have completed our latest market surveys and are happy to announce our, "TOP TRENDS FOR 2008."

WE SEE A HARD YEAR AHEAD

It's going to be a tough year in the restaurant business profit-wise. A barrel of oil is close to \$100.00 resulting in record high energy costs. This impacts all areas, but especially dairy, as cheese will be up another \$0.30/lb. on top of historical five-year averages. Our nation's number one food stock, corn, is also being used as fuel resulting in broad price increases due to the rising cost of corn syrup which goes into virtually everything. Choice grade beef continues to skyrocket in price resulting in fewer choices for operators. The chances of a recession appear to be 50/50 and with wholesale food prices going up three to five percent and production flat for the next year, it's reasonable to predict that restaurant operators are going to see a sharp decline on the profit side.

MASSIVE PROFIT EROSION IS LIKELY

Operators that are used to 10% profit margins may see these numbers cut significantly. 2008 could be one of the toughest years in recent history. A flexible and market driven menu is one of the wisest things a restaurant owner can invest in now.

A COUPLE OF BRIGHT SPOTS

There are some unique and bright spots on the horizon. Wild game, often overlooked because of price, is now a more viable menu option. Organic stocks, due to their widespread availability, have become less expensive. Both are high demand items with great cost/value perception in the eyes of your guests.

DESTINATION DINING CONTINUES TO FLOURISH

Entertainment orientated dining continues to grow as we predicted it would last year. Restaurants are becoming more and more destination based as new operators seek to create fun and balanced venues.

MORE SWIPING OF CARDS

Just three years ago, you could not use your credit card at any fast food restaurant. Today, almost every restaurant concept has integrated credit card payment options and faster payment methods to accommodate those wishing to avoid paying with cash. We predict that within the next two years, your cell phone will become the credit card option of choice - just swipe the back of your phone across the red electric eye.

FRESHER FOOD AND LESS ON-HAND INVENTORY

It used to be that anything a restaurant owner wanted for the menu could be obtained pre-made, frozen, and cryogenically protected for a two-year stint in the freezer. Today, as diners absorb the costs of eating out, their knowledge and escalating expectations are driving the quest for freshness in every item on the menu. Freshness and demand will drive smaller inventories, faster product turnover, and a renewed interest in fresh food purchases with more frequent distributor deliveries.

PERU AND SMALLER FOR YOU

Peruvian food is the next hot food in the marketplace according to feedback from our consultants. They also report that with the downturn in the economy many casual feeders are turning towards smaller portions and smaller plate concepts with the accompanying lower prices to combat the consumer swings towards quick service restaurants - and the guest-driven desire for more enjoyable dining. The word, "Mini" will be seen on more menus in 2008.

ORDER IT YOURSELF

Minimum wage increases will force the industry to pick up the pace on the development, advancement and implementation of self-order menu screens to reduce the ever-growing cost of labor.

NEW NICHE CONCEPTS WITH SOLO ITEM MENUS

Specialty niche dining and going solo with just one or maybe two menu items is a concept that is rapidly gaining in popularity. This is a new and emerging food category that is quickly gaining foothold in the traditional marketplace. Solo menu item operators are finding that it is easier to market, promote and manage these types of restaurants when compared to a conventional full-service format. We think that these solo-item concepts are here to stay, and every new restaurant operator should seriously consider this type of concept.

BUYING LOCAL JUST MAKES SENSE

In light of last year's bacteria outbreaks and in the wake of resulting criticism, we have already seen a rapid movement towards the purchase of locally produced agricultural products. Farmers that sell organics will continue to see strong support, and for many restaurant operators, it makes practical and economic sense to purchase locally. Your guests today want to know where their food comes from.

HIGHER EXPECTATIONS AND LESS PROFIT

Sustainability, enhanced quality, and increased expectations from the dining public...combined with lower profit margins are on the horizon for 2008. Time to buckle down and examine your operation for every financial opportunity in this business of nickels and dimes. Should be another interesting year.

From all of us here at National, we wish you all the best in 2008.

COMPANY BIO: National Restaurant Consultants, Inc. is the industry leader in providing restaurant start-up and troubleshooting services worldwide.

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