

# Restaurant Trends in 2018





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## Introduction

# Where have we been?

If you're a restaurant owner stepping back and looking at the last 12 months, you may see a fairly uneven patch of success and downturn. In fact, 2017 was a bit of a roller coaster for the restaurant industry, but a fairly tepid one, with highs that didn't climb too high and lows that didn't fall too low.

Signs point to more of the same ahead, but with every challenge comes an opportunity for innovation and creativity. This eBook is designed not just to inform restaurateurs about the trends they can expect to see evolve in early 2018, but also provide some insight into what you can do to survive — and thrive — in the coming year.

First, we'll look at how different segments of the industry are adjusting to somewhat flat financial circumstances, highlight some concerns to watch out for, and share what

some segments are doing to capitalize on what does seem to be working.

Then, we'll explore the rich expanse of food and menu trends, as restaurant owners, foodies, and chefs continue to embrace international flavors alongside both healthy and indulgent choices.

And lastly, we'll look at some operational challenges facing restaurants as consumers continue to focus more on eating at home, just as food prices remain low. Transcending this new level of consumer behavior is going to be critical for establishments of all types to break through and increase their traffic in 2018.

Ready to explore everything 2018 has in store for the restaurant industry? Read on!



## Chapter

# The Industry

As restaurant trends go, 2018 is looking to be much like its predecessor, at least in terms of industry growth and financial forecast. The consumer price index remains strong, with discretionary income stable, maybe even ticking up.

Earlier in the year, revenue for the restaurant industry was estimated to reach \$799 billion by the end of 2017, up 4.3 percent from the previous year.<sup>1</sup> That overall number, however, is deceptively high, and deflates to 1.7 percent growth when accounting for inflation. Those numbers break down further with \$263 billion (3.5 percent growth) ascribed to full service establishments and \$234 billion to quick service and fast casual (an impressive 5.3 percent growth).<sup>2</sup>

However, the revised projection for the industry based on current performance is not meeting that 2017 forecast. Although new growth is expected in some segments with the opening of new stores and menu price adjustments, same store sales continue to remain a challenge with a reported rolling three months average of -1.1 percent for comparable sales and -3.2 percent for comparable traffic.<sup>3</sup>

And with industry observers predicting macroeconomic indicators — unemployment level, disposable income — remaining largely unchanged or edged up only slightly,<sup>4</sup> any period of rapid economic growth is expected to be out of reach in the next year.

In short, we're looking at nearly flat growth for the restaurant industry as a whole in 2018.

## An Independent Advantage

With the prediction of a flat overall industry, one thing is absolutely certain: competition for where dollars are being spent is tight. Conventional wisdom dictates that if one dining establishment (or segment, such as fast casual) in a local market is doing substantially well in an environment as described above, it's because customer business is shifting away from another one. Expectations are at an all-time high, but also, consumer behavior is simply changing. And that can have a profound effect on which establishments flourish.

Overall the hardest hit so far, restaurant chains have scaled back plans to expand over the course of the year. Red Robin has responded to disappointing late 2017 sales with a pause on unit growth as of year-end 2018 — inciting some poor stock activity as a result of the announcement.<sup>5</sup> Famous Dave's is down 13 units going into 2018 with focus shifting to more franchise units (and thus shared financial burden).<sup>6</sup>

Similarly, by the end of the third quarter, Papa Murphy saw -4.1 percent same store sales. The company plans to cut staff and refocus on refranchising.<sup>7</sup> And Pie Five is seeing its expected expansions offset by closings due to softening sales leading into the current year.<sup>8</sup> BJ's Restaurants, Zoe's Kitchen, Chipotle, and Potbelly all have also expressed plans to curb development in 2018.<sup>9</sup>

What this crunch could be indicating is an advantage for independent operators. Robert Veidenheimer, partner and president

at Pentalllect, a Chicago-based food industry consulting firm, said, "In contrast [to larger chains], some independent operators and regional chains continue to outperform the industry, with some growing at a rate of 4 percent to 5 percent."<sup>10</sup>

Overall the hardest hit so far, restaurant chains have scaled back plans to expand over the course of the year.

Engagement of customers — maintaining the quality of food, service, and atmosphere, as well as directly responding to customer concern in real time — is driving a lot of the long term independent restaurant success we've seen and expect to continue in 2018.

## Expansion of Off-site Eating

Delivery was, without a doubt, one of the factors that drove growth for restaurant businesses large and small in 2017, and as a restaurant industry trend, it's certainly not going anywhere.<sup>11</sup> Consumers are simply eating in their homes more than ever before.

With an increase in consumers working from home taking a bite out of the lunch market in major cities (and more and more options in to-go style eating from grocery competitors), the drive for take-out

and delivery service is likely necessary to maintain profits in 2018, not simply additive.

As restaurant industry traffic has slowed, one possibility is that the grocery industry is picking up on the consumer trend to eat already prepared meals at home. This theory has some wind at its back with the latest USDA numbers.<sup>12</sup> We are now seeing the greatest gap between restaurant menu prices and retail grocery prices of food since 2009, favoring the latter. Menu prices are going up to meet the demands of a service-based industry, while grocery stores are maximizing on their ability to be all things to all consumers.



With Amazon.com's recent acquisition of Whole Foods,<sup>13</sup> and planned expansion into grocery delivery, there's some valid consternation that they could rival delivery services such as GrubHub, UberEats, and their own Amazon Restaurants for market share right out of the gate.

To combat this, we're seeing a rising tide of delivery service introductions, expansion,



and development of exclusive off-site dining outlets for some major restaurant brands.

Bloomin' Brands, the parent company of both Outback Steakhouse and Carrabba's Italian Grill, has opened a new delivery-and-take-out only concept, the first of which has opened in Hollywood, Florida, and will continue with slow roll-out to other municipalities over the next few months.<sup>14</sup> Wendy's has made a big push into its delivery partnership with Door Dash, with an expected 2,500 locations fully participating by the end of 2017.<sup>15</sup>

And it's no wonder why restaurant chains are making the leap now, and why it's likely we'll see even more by the end of 2018. Olive Garden has reported its delivery orders have risen 70 percent over four years, and Buffalo Wild Wings now reports that take-out and delivery accounts for 19.2 percent of its orders.<sup>16</sup> With casual dining traffic down for all but four quarters since 2012, this revenue is absolutely critical to the continued success of full service establishments.

## Hurricane Rebound

While many forecasters expected 2017's plight of hurricanes to have strongly negative regional effects, particularly in Texas and Florida markets, the rebound was much faster than anticipated. There's no question that third quarter profits in 2017 were adversely affected, but the long tail on that dip appears much shorter than it could have been.<sup>17</sup>

What does that mean for regional markets in 2018, however? With no end in sight to these types of dramatic weather patterns, businesses large and small across the gulf region and eastern coast need to prepare themselves for worst case scenarios like they never have before.

Hurricane and winter storm preparedness isn't just about protection of your physical assets. It's also about maintaining a financial foundation in case of damage or environmental conditions that make it impossible to safely open an establishment for a prolonged period of time. If a significant portion of a local industry can't survive that break in case of increasingly stronger storms, it could have a more dramatic effect on restaurant numbers and overall regional revenue.

## Federal and Local Divide

Another factor that has already had a profound effect on some regional markets — and will only get more difficult going into a midterm election year — is the divide between federal and local government interests in regard to employment law (including the ongoing minimum wage debate) and immigration enforcement.

While it remains unclear whether there will be any changes to workplace rules and pay levels, specifically with respect to the minimum wage, at the national level, local municipalities are filling in perceived gaps with new regulations. With 27 states and 40 localities with minimum wage laws setting pay above the national requirement,<sup>18</sup> that number is only expected to grow as time goes on unless a larger federal law is put into place.



Hurricane and winter storm preparedness isn't just about protection of your physical assets.

Meanwhile, several lawsuits have been filed, most notably by Los Angeles and Chicago, against the U.S. Department of Justice for attempting to tie federal funding to cooperation with immigration enforcement. Eleven cities also have united in a pledge to provide legal assistance to all immigrants facing deportation.<sup>19</sup> This makes for a very complex legal atmosphere for restaurant owners managing staff at risk of deportation.

It also raises the possibility of more turnover if staff members who are citizens themselves have to face the possibility of their family members being deported. Do they stay or do they go?



## A Rise in Turnover

More broadly, a relatively positive economic environment overall has made turnover an increasingly difficult issue for restaurateurs to manage. After a brief plateau (at an already high level), post-summer 2017 has seen climbing numbers again.<sup>20</sup>

	Limited Service	Full Service
<b>Hourly</b>	146.2%	102.8%
<b>Management</b>	49.7%	38.5%

Part of the issue lies in what would otherwise be considered a positive economic statistic: the unemployment rate is at record low, resting at 4.1 percent nationally in October 2017. This is not expected to change appreciably as 2018 zooms ahead. With more options available in a stronger market, and less competition for positions, turnover is bound to stay high.

But unemployment numbers can't be the sole factors behind the high turnover rate, as regional variances make clear. As Victor Fernandez, executive director of insights and knowledge for TDn2K, noted in TDn2K's Workforce Index report, "Kentucky and Mississippi, which are among the states with the highest restaurant hourly turnover rates in the country, both have unemployment rates around 5.3%, well above the national number."<sup>21</sup>

## Refocus on Baby Boomers

One of the ways the restaurant industry is adjusting to an evolving employment environment is looking back to an age bracket they may have slowed recruiting from in recent years — baby boomers.



According to the National Restaurant Association, people 55 and older are the fastest-growing sector of the industry's work force.<sup>22</sup> As baby boomers begin to exit the mainstream workforce, a traditional work ethic coupled with long term prospects for living well into their 80s and 90s has encouraged many retirees to take up employment in the restaurant industry. In fact, the U.S. Department of Labor predicts that people 65 and older will continue to enlarge this workforce at least until 2024.

But it's not just employee manuals and shift schedules that could start shifting to accommodate baby boomers alongside the expanse of Millennial employees that now dominate the industry. Customers 55 and older remain income-positive and big spenders in the restaurant vertical, with an affinity for dining out, particularly with familiar brands and local establishments.

Franchise restaurants such as Chili's and Applebee's have recognized this development and begun to re-engineer their menu offerings — streamlining and simplifying — to appeal to the baby boomer aesthetic.<sup>23</sup> Operators are hoping that returning to core values and recognizable branding, over trying to maximize on every fleeting trend, will turnaround soft sales in early 2018.

Overall, the restaurant industry as a whole is still positioned better than many going into 2018, but each restaurant and small business needs to take care to plan, weigh decisions carefully, and build a safety net in case economic conditions shift unexpectedly.

Staying on message with the food you choose to purchase, prepare, and serve is a huge part of that decision-making process.



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## Chapter

# Menu

Don't let the Instagrammers of the world fool you – predicting food trends is a fine art. It requires knowing the difference between what new dishes consumers will actually demand in the upcoming year versus what's gaining attention because it makes for good #foodpics.

But even the latter can be worthwhile for your restaurant to explore, if you can apply the flashy food in a way that will consistently attract more customers.

Here we explore 12 of these food trends that we're looking forward to in 2018, with practical ways you can apply them to your menu.

## Global Influence

### Sandwiches Around the World

The hottest sandwich of 2018 is poised to be the banh mi, but not just because it's super spicy or piping hot. Sometimes called a "Vietnamese hoagie," banh mi is typically pork, pickled carrots, cucumber, and cilantro on a baguette.

According to Datassential, banh mi appears on restaurant menus today five times more than it did four years ago, making it the fastest-growing sandwich trend.<sup>24</sup> The versatility of this sandwich also makes it easier to incorporate on your restaurant's menu. You can swap the traditional pork pate for barbecue pork, grilled chicken, meatballs, or tofu.

# Global Influence



**Banh Mi**



**Poke**



**Falafel**



**Gochujang**

Vietnam isn't the only international source of 2018 sandwich trends. Other trending 'wiches include the Mexican torta and Middle Eastern shawarma, which are found on more menus as old staples like the club and Reuben are being pulled from the lineup.

## **Poke and Pacific Cuisine**

While the Pokémon Go craze came and went, the poke bowl trend is here to stay for 2018.

A cousin of sushi, poke bowls are made with marinated raw seafood like tuna or salmon served over a bed of rice with toppings like sesame seeds, jalapeno, and tobiko. Like the banh mi, this trend can be adapted in both full service and limited service restaurants, though the customizability of poke has found success in fast casual concepts.

Beyond the bowl, Pacific cuisine is also trending in the upcoming year, particularly Filipino food like chicken adobo and halo halo. Google searches for "Filipino food" have doubled since 2012<sup>25</sup>, so offering some of these dishes can help these lumpia lovers find your restaurant.

## **Middle Eastern Food**

Hummus has been a chart-topping appetizer at restaurants for the past few years, but other Middle Eastern tastes are picking up the pace into 2018.

Shawarma and falafel are popular in salads and pita pockets, and shakshouka (poached eggs in a spicy tomato sauce) is becoming a brunch menu favorite. Middle Eastern spices are also trending in restaurants looking to infuse more unique flavors. Za'atar, a blend of thyme, oregano, marjoram, and sesame, makes a great seasoning for chicken and flatbread.

For a tarter taste, sumac can be added to meat and fish or used as a lemon substitute in salads. And if you think mozzarella sticks are delicious, you haven't lived until you've had grilled haloumi!

## Ethnic Hot Sauces

Sriracha has of course taken over the restaurant hot sauce scene, but consumers are starting to seek other spicy condiments with international origins.

Another Middle Eastern trend, harissa can spice up chicken wings, stews, or dipping sauces. Javanese sambal, is found more frequently on menus, and not only because it's the "other rooster sauce" from Huy Fong Foods. Korean gochujang, made from chile peppers, sticky rice, and fermented soy beans, is often found as a side on bibimbap but is expanding to be used in meat marinades, on top of burgers, or in bloody Mary mixes.

As Nando's and other South African-inspired restaurants have seen rapid U.S. expansion, piri piri sauce is becoming beloved here across the pond, too.

## Visual Appeal

### Bright Colors

In 2018, restaurants will learn to paint with all the colors of the plate, utilizing natural ingredients as food coloring.

While blue food was hard to come by in the past, spirulina algae is becoming more prevalent in smoothies, parfaits, and sauces. It can also be used to turn waffles, pancakes, cheesecake, and even rice into "mermaid food." Algae also is rich in magnesium and iron, giving it a nutritious advantage over traditional food dyes.

Matcha has been a popular tea latte for the past few years, but the powder is now being used to turn food green as kale has faded from the limelight.

Filipino food trends have also made ube a more popular ingredient, adding more vibrant purple to our diets. As more consumers are aware that the mainstream red food coloring is made from crushed bugs, beet powder is becoming more popular in red velvet cakes.

## Visual Appeal



**Spirulina Algae**



**Matcha**



**Ube**



**Charcoal**

## Charcoal

For those who are totally over the unicorn fad, food as dark as our punk rock souls has popped up in restaurants across the country. Touted as the “goth” food trend, activated charcoal is being used to blacken ice cream, lemonade, burger buns, and pasta.

Many consumers believe the appeal of charcoal as an ingredient extends beyond Instagram. It’s thought to have detoxifying qualities and is used as a hangover cure. Whether these claims can be substantiated is still up for debate, so if you’re looking to add activated charcoal to your dishes, focus more on the photo-worthiness of the food to attract more customers.



## Health Conscious

### Turmeric

Asian cultures have long used turmeric for its medicinal properties, including anti-inflammatory and antioxidant qualities. Because of this belief, restaurants

focused on healthy offerings feature turmeric in Golden Lattes made with ginger, cinnamon, honey, coconut oil, and almond milk. Juice bars also offer turmeric as a health-boosting option.



However, as Indian and Middle Eastern cuisine becomes more popular with American consumers, restaurants are also adopting turmeric as a favorite spice in the kitchen. It works well in curries, of course, but turmeric also works well in soups, dressings, rice, chicken, and even mac ‘n’ cheese.

### Vegan Alternatives

Whether it’s because they choose to avoid animal products for personal, environmental, or health reasons, more consumers are going meat free.

Plant-based sushi is creating a buzz, as even Whole Foods now offers a tuna roll alternative made from tomatoes. The trendy Impossible Burger is becoming easier to find on restaurant menus, making even meat

lovers smile. These engineered, plant-based foods are also becoming easier to source, as new vegan substitutes for animal products are being developed – such as milk made from peas.

Expanding your restaurant menu to include vegan offerings in 2018 also opens your doors to more customers who may have not been able to find something on your menu before, helping you boost your traffic and sales.

### **Acai Bowls**

The smoothie bowl trend of the past few years is evolving to feature one main ingredient: acai. With Brazilian roots, this fruit is frozen and mashed to form the base of the bowl. Acai is known as a “superfood,” the berry is thought to have antioxidant and anti-inflammatory qualities.



The original Brazilian variety had a savory approach with toppings like shrimp and dried fish. But as it’s eaten as a sweeter breakfast food in the US, acai bowls here are topped with granola, sliced banana, berries, and coconut flakes.

Like the poke bowl, many fast casual restaurants are seeing acai bowls as an opportunity to attract customers looking to customize their meal, by offering a wider spread of toppings to choose from like mango, chia seeds, and almond butter.



### **Treat Yourself**

#### **Rolled Ice Cream**

Tying together global influences and indulgent desserts, rolled ice cream is rolling up the food trend charts. This trend started to take off more towards the tail end of 2017, so it’s slated to become even more popular in the upcoming year. Rolled ice cream started as a popular street food in Thailand, and has evolved into an American Instagram favorite with popular flavors like Nutella and Oreo.

#### **Edible Cookie Dough**

There are some dishes in which calories don’t seem to count, and edible cookie dough is becoming one of the most popular indulgences in the restaurant industry.

Edible cookie dough has been in the CPG world since 2011 thanks to The Cookie

Dough Cafe, made famous by Shark Tank, but it wasn't until 2017 that it first broke into the restaurant scene with the opening of Do in Manhattan. As customers waited up to two hours for scoops of cookie dough served in cups and cones like ice cream, the trend took off across the country.

If your restaurant is looking to jump on the dough train, keep food safety in mind. The easiest way is to skip the eggs and baking soda completely.



## Queso

If the advertising campaign is any indication, Chipotle has invested quite a bit in its new queso.<sup>26</sup> As Chipotle has discovered, though, there's a catch 22 with queso these days.

Over the past decade, consumers have demanded that restaurants offer more

authentic and healthier dishes made from natural ingredients. However, authentic queso, which some believe is made from Velveeta-style cheese, is anything but healthy and natural.

The challenge presented to restaurants in 2018 is to develop a queso that checks all the boxes – smooth cheesy goodness with a thick enough consistency to hold on chips, guilt-free for nutrition seekers, and made from natural ingredients.

Ultimately, how you run your restaurant is going to have the greatest impact on your success, and 2018 is bringing with it a number of operational challenges — and opportunities for the savvy owner or manager.





## Chapter

# Operations

What is happening behind-the-scenes in America's restaurants in 2018? What innovations are being focused on? What processes are being implemented to better serve customers?

And how can your restaurant get in on these trends?

Just remember that these are trends, and they might not work for every restaurant. It's important to look at your specific business and see what operational trends could benefit you.

## Shifting Dayparts

Restaurants adding a breakfast shift (or offering breakfast all day) has been a solid

trend for a while, and that should continue to grow in the next year.

However, we're also starting to see the trend of daytime restaurants (that formerly only served breakfast and lunch) expanding to dinner shifts as well! These "all-day" restaurants are tapping into different needs for their customers, offering them a wide variety of experiences. Whether it's a hearty breakfast/brunch, refreshing lunch, or satisfying dinner, restaurants who have built a foodie following are learning that their customer bases really love having the opportunity to try a restaurant's culinary style in different dining styles.

The trick is really looking at how your restaurant is performing now to decide if it can support experimenting with expanding



into other dayparts or time of day. And of course, once you have expanded, you need to properly advertise that you're offering this new daypart.

## Reassessing Benefits

One of the biggest challenges in the restaurant industry is employee retention. While pay itself is always a complicated subject for restaurants (for instance, the "no tipping" trend from 2016 doesn't seem to be working out), there are still ways to offer your employees more as part of their employment.



Benefit packages like the ala carte employee assistance programs (EAP) can be an incredible resource for restaurant employees, and are becoming more and more popular with restaurant owners, too. After all, investing in benefits for your employees means investing in the ongoing wellbeing of your workforce. And a healthy workforce (both physically and emotionally)

means a stronger workplace — with less call-offs and higher efficiency.

Emily Mendenhall, owner of Lily's Bistro in Dayton, Ohio, felt offering employees benefits was a key part of her restaurant's mission. "At Lily's, it's important to us to be able to provide quality jobs in our community. For me, having worked in the service industry and having struggled with things like insurance and benefits, we wanted to offer an employer co-paid health insurance plan and we offer retirement options."

One of the biggest challenges in the restaurant industry is employee retention.

Establishing a better work-to-life balance for your employees will help retain them, but it also builds a real company culture at the restaurant.

If you do decide to set up EAP options for your employees, it's important that you take the time to educate your workers on these benefits and really stress that you want them to use this program. If some employees are more reluctant to put their health first (or are unclear about the benefits available to them), it may take some encouragement from management for your staff to try some of these services.

## Taking Social Responsibility

Another ongoing trend we'll see continuing into 2018 is consumers looking for socially responsible businesses to support. In particular, locally-owned small businesses are especially appealing when they use sustainable resources and work with local suppliers. In many ways, being a locally-owned business is a feature, not a flaw. Leaning into that aspect of your business and investing in sustainability and buying locally can help you build a stronger brand.

That said, sustainability and local vendors could also mean higher costs before these investments in quality pay off. How you offset those higher costs is important.

"There are different costs that come into play [when] you're paying for a quality product," says Mendenhall, "So while something might cost a little bit more in an independent business or a farm-to-table business, it's because the product that went into it started with such high quality. We're just big believers that when you start with a quality product in, you end up with a quality finished product."

But Mendenhall says it's worth it: "With farm-to-table and being an independent business, I wouldn't do it any other way."

## Offering New Ways to Pay

When it comes to tech in the restaurant industry, the goal is functionality, efficiency, and convenience. A big tech trend that's aiming to fill that need for fast casual is the

digital touch screen kiosk. Set up toward the front of the restaurant, touch screen kiosks allow for customers in a rush to quickly put in their orders using the system, allowing them to skip the line to place their order with a cashier.

That doesn't necessarily mean human cashiers will be replaced entirely. After all, having a real person navigate the order means more personable service — and also the possibility of upselling (when appropriate). Plus, many consumers would rather interact with an employee than navigate a new piece of technology in the restaurant.

**In many ways, being a locally-owned business is a feature, not a flaw.**

But for other customers, the kiosks can be a major plus when needing to rush in and out for food. It eliminates miscommunication for customized orders — the customer will be able to put in exactly the additions or substitutions they want without judgment.

We're also seeing new tech show up in sit down restaurants in the form of on-tablet POS systems. Instead of a paper bill, the server hands the guest a tablet with their bill listed, and they swipe their credit card right on the spot. It means their card doesn't exchange hands, less human error

when handling the payment, and there's less paper waste over time.

But with this new technology are some drawbacks.

Many consumers might feel intimidated by the tablet and won't know how to use it. There would also still need to be a system for handling cash. Will your staff be trained on how to deal with a malfunctioning machine? If the tablets break in the middle of the shift, do you have a back-up POS plan? The last thing you want is for a piece of technology that's meant to streamline your business to end up being a burden on your business.



If you're considering investing in this kind of tech, just make sure to thoroughly research your options and have set processes in place for its use.

## **Simplifying Business Process**

When most restaurant owners think of restaurant apps, they're thinking of ordering

apps or other customer-based applications. They don't always think about how they could be using apps themselves.

Up-and-coming technology doesn't just entail hardware like the touch screen kiosks. It also means software and business-focused apps. There are so many apps on the market designed specifically to aid restaurant owners behind the scenes on a day-to-day basis. If you're not taking advantage of these relatively low-cost solutions, you could be missing out on great ways to streamline your own work.

The challenge is finding the apps that will be the most beneficial to you in a sea of business apps out on the market. Brainstorm about how your daily tasks could be improved, and then start looking for apps that will streamline your process.

## **Generating Upfront Revenue**

Have you heard about the Pasta Pass at Olive Garden?<sup>27</sup> Or how about Smashburger's Holiday Smash Pass?<sup>28</sup>

One of the biggest trends that keeps gaining popularity in the food industry is what we're calling membership meals. It's not that different from offering gift cards in the sense that the customer is pre-purchasing items from you. It encourages the customer to come into your restaurant regularly, possibly ordering drinks and extra food along with whatever the pass offers. And if they immediately forget about the card, you still have the revenue from the pass to begin with.

The biggest thing to remember if you're planning to implement this kind of program is to be very specific when laying out the rules. Be clear just how many visits the pass would entail: if it's unlimited for a year (like the Pasta Pass), then specifically state in the terms and conditions that it can only be used once a day.

It's also important to price the pass carefully. Yes, it should seem like a good deal for the customer, but you also don't want to lose money by charging far too low for a lot of meals.

## Mining Consumer Data

Data savviness is not in every business owner's wheelhouse, but it's becoming more and more important to use data in an ongoing, comprehensive analysis of your restaurant. That way, you can make the right choices for the future with the numbers to back you up.

Rewards Network offers key consumer data points so you can better understand your customer base.

Elizabeth Morse, owner of Corner Wine Bar and The Wellington Pub in Indianapolis, has partnered with Rewards Network for over three years, and using Rewards Network's verified member reviews as data points has been very helpful.

"We wouldn't have time to collect all the data that Rewards Network provides for us," says Morse. "It's great to be able to take a quick glance at those reports and see where most of our customers are coming from. It's also great to be able to see who's a repeat customer, who's a brand-new customer."

By carefully reviewing this kind of data, you can start seeing the patterns happening in your own restaurant, what's working and what needs to be improved.



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## Conclusion

# So, where do we go next?

As we look for new ways to drive traffic in a possibly softer economic year, one thing is absolutely certain: there are still only four ways to increase sales in a restaurant.

This is where an important distinction arises. While there are many ways a restaurant can increase its **profits**, from controlling costs to offering smaller portions; there really are only four ways for a restaurant to increase **sales**.

### 1. Increase Number of New Customers

It's no secret that restaurants need more customers to succeed, and attracting new customers is one of the ways in which you increase your customer count. There is a

myriad of tactics to get new customers in the door. Some allow you to keep your brand equity, some may cause you to discount it, but getting new customers to try your location provides growth potential.

Tactics such as targeted emails, mobile applications, a social media presence and detailed web pages with directions and menus will draw new diners into your restaurant. Be sure you are working with a reputable company with valid email addresses that can help you reach the right targeted audience when it comes to acquiring new customers for your restaurant.

## 2. Increase Frequency of Existing Customers

Once you gain those new customers, keep them coming back often. This can be accomplished by providing an engaging experience both inside the restaurant and after they leave. Exceptional service, food, value and atmosphere all contribute to the restaurant experience. But what about after they leave?

Individual communication with customers is key to staying top of mind and completing the customer experience. Responding to all customer feedback, acknowledging concerns, and thanking customers for compliments (typically through reviews) will let your customers know you care about their opinion and appreciate their choice to dine with you, which will set you apart from the nameless and faceless competition. Providing incentives for coming back or rewarding for a return visit reinforces the value you see in a returning customer.

## 3. Increase Spend per Ticket

Would you like to order an appetizer before your meal? I can recommend a great bottle of wine that would be perfect with both of your meals. Can I interest you in dessert? Seasoned fries with your burger?

Now that your seats are filled, ordering one extra item at each table can take your daily sales to a new level. Be sure your staff is attentive and reading the right signs to urge additional items. And when you pull in the right customers, they are willing to

spend more, especially if it means they will get more restaurant rewards for doing so. For example, Rewards Network members actually spend significantly more than non-members at program restaurant.

## 4. Increase Rate of Table Turn/Flow-Through

Now that your restaurant is filled and everyone has ordered dessert, there is only one more way to increase restaurant sales – do it all over again, as many times as possible in a day. This doesn't mean you should rush customers through their experience, but it does mean that you should be staffed appropriately to handle your tables and traffic.

In a full service restaurant consider the following: Are checks being presented and collected in a timely manner? Are tables bussed and reset as soon as your guests leave? Do you have the right mix of tables for your average dinner party sizes?

Or, in the case of a limited service restaurant, do you have enough registers/ POS systems in place? Can you add express ordering lines, or a separate station for call-ahead order pick-up?

If the year ahead is as challenging as we believe it will be, this is not the time to be leaving money on the table. So, ask yourself: what will I do — come hell or high water — to make sure 2018 is my best year yet?

## Endnotes

- <sup>1</sup> [FE&S' Forecast 2018: Steady as the Foodservice Industry Grows](#) – Fesmag.com
- <sup>2</sup> ["Consumers Continue to Spend More at Restaurants"](#) – Foodinstitute.com
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- <sup>5</sup> ["Red Robin to pause unit growth at end of 2018"](#) – Nation's Restaurant News; nrn.com
- <sup>6</sup> ["Famous Dave's shuttered 13 units since July"](#) – Nation's Restaurant News; nrn.com
- <sup>7</sup> ["Papa Murphy's loss widens in 3Q as store count falls"](#) – Nation's Restaurant News; nrn.com
- <sup>8</sup> ["Pie Five's 1Q same-store sales fall 17.3%"](#) – Nation's Restaurant News; nrn.com
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- <sup>11</sup> ["Delivery is Bright Spot in U.S. Foodservice Industry"](#) – npd.com
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- <sup>13</sup> ["Whole Foods, Amazon, and the "Last Mile" in Grocery Delivery"](#) – npd.com
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- <sup>20</sup> ["Restaurant Turnover Rates on the Rise, Again"](#) – Restaurantbusinessonline.com
- <sup>21</sup> Ibid.
- <sup>22</sup> ["7 Trends that Will Shape Restaurants in 2018"](#) – Restaurantbusinessonline.com
- <sup>23</sup> ["Restaurants now showing Baby Boomers some love"](#) – Restaurantbusinessonline.com
- <sup>24</sup> ["This Is America's Hottest Sandwich Right Now"](#) – Time.com

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<sup>25</sup> "Filipino Food Is the Next Big Thing — Again" – Bloomberg.com

<sup>26</sup> "Hate Chipotle Queso? Blame Chipotle Customers." – USAtoday.com

<sup>27</sup> "Olive Garden's Never Ending Pasta Pass Sold Out in One Second" – Eater.com

<sup>28</sup> "Smashburger Tests \$54 Burger Pass" – Nation's Restaurant News; nrn.com



“[Rewards Network] is a good platform for us to see where we’re at with our customer base. It allows us to find areas of improvement — and areas where we’re excelling — in both front of house and back of house needs, food, and customer service.”

— Phallon Miller, General Manager  
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