



Foodservice Trends Report

Q2 2024

Today's Special: Creative ways to fight traffic decline and inflation

Huhtamaki

Putting more value in value meals

Restaurants are constantly looking for ways to **increase foot traffic** and **grow their business** – but not shrink their bottom line. **Consumers**, on the other hand, **are always on the hunt for good value**. So, instead of continuing to raise prices and hoping customers keep coming in, **many restaurants have pivoted to new and creative ways to deliver more value to their customers** – as well as prospective new customers – while still turning a profit. Here's a look at how some restaurants are trying to tackle the problem.

Chili's Grill & Bar



Since its inception, **Chili's 3 For Me® menu** has been a huge success for the company. So, they leaned in to it with two new items – the **Big Smasher**, a **hand-smashed cheeseburger**, and a new **Crispy Chicken sandwich** – to help them take a bite out of their QSR competition. “**We believe that Chili's 3 For Me offers better value than you'll find in any drive-thru,**” said **George Felix**, Chili's Chief Marketing Officer. But they didn't just up their menu game, they took the fight to social media by challenging fans on X (formerly Twitter) to tweet about why they love Chili's – and rewarding their favorite answers with gift cards. Turns out, **they didn't need to reinvent the wheel; doubling down on an already successful promo led to another smashing success.**

Applebee's



Another company that's learned from its past success is **Applebee's**, who brought back their hugely successful \$1 margarita – **the Dollarita**. When it first made its debut, **93% of purchases included an add-on menu item**, helping to make up for its low price point. And **it brought in a younger demographic**, something every restaurant strives for. This time, they took it a step further, giving customers the option of adding strawberry or mango flavor. They also teamed up with Dwayne “The Rock” Johnson to create the Rock & Berry Rita featuring his Teremana Blanco Tequila, as well as the Breaking Rock Rita featuring Aaron Paul and Bryan Cranston's Dos Hombres Mezcal. **Sometimes a little star power – and dollar drinks – is all you need to get more people through your doors.**

Taco Bell



Taco Bell has always been known as **a place to get a lot of food for not a lot of money**. So, while their value menu isn't new, **they've recently updated it with 10 full-sized menu items for under \$3** – giving their customers something to fulfill any craving, at any price point. To support the new menu items, they teamed up with the band **“Portugal. The Man”** to create **two new commercials highlighting their longtime Taco Bell fandom**. (According to the band, they regularly ate Taco Bell on the road in the early years.) Then, to try **to tackle the cravings of an entirely different group** – vegetarians – **they launched a new Veggie Build-Your-Own-Cravings-Box**. So, if you're a fan of affordable Mexican food, “Portugal. The Man,” or you're vegetarian, the Taco Bell Cravings Value Menu was made for you.

KFC



People love the finger lickin' flavor of KFC, but they love a good deal even more. So, **KFC has launched their new “Taste of KFC Deals”** – with the **Meal for One, Meal for Two** or **Family Meal Deal**. “We created a value menu that actually has value. The new **Taste of KFC Deals menu proves you don’t have to sacrifice quality or taste to save on food spending,**” said **Nick Chavez**, CMO, KFC U.S. And they didn’t stop there; they drove traffic on what’s typically a slow day with **\$10 Tuesdays featuring an 8-piece bucket** for just, you guessed it, \$10. With 11 herbs and spices, \$11 Tuesdays kind of feels like a missed opportunity, but **it’s pretty hard to argue with a great value.** And alliteration.

If you build it (or remodel it), will they come?

Although the restaurant industry has been hit hard by inflation, it's **proving to be resilient and finding ways to overcome**. The strategy of driving traffic by improving the customer experience through remodeling and new construction isn't revolutionary in itself – **just look at Cracker Barrel's recently announced \$700 million rejuvenation plan**. But there is definitely a certain amount of risk involved. In the short term, **owners and franchisees know there's going to be some growing pains**, and the cost of investing in the projects, **but their hope is to come out stronger on the other side**. Let's take a look at some other restaurants that are going this route.

Burger King



The Miami-based flame-grilled burger restaurant experienced some of the biggest inflation casualties over the last few years, with three major BK franchisees declaring bankruptcy. But **they're leaning fully into the remodeling trend**. In April, they announced a **"Royal Reset"** – a **\$300 million remodeling plan – on top of their \$400 million "Reclaim the Flame" investment** that had previously been announced. In all, they plan to **update 90% of their 7,000 locations** with their new look by 2029. "When you get to the point where the vast majority of your restaurants are reimaged, you get a bit of a catalytic effect from that," Patrick Doyle, executive chairman of Burger King parent Restaurant Brands International, said. And that's not just talk. They're clearly putting their money where their Whopper is, **with over \$2 billion in remodeling investments committed.**

CAVA



Judging by the latest food delivery, drive-thru and retail trends, you'd think in-store experience was going the way of the dodo bird. But **CAVA has bucked that trend and jumped on the remodeling train with their new 3.0 store design.** CAVA leadership "always felt the demise of the dining room was greatly exaggerated," said CEO Brett Schulman. He added, "This is really about warming up, **using some of our fresher palette, colors, and environmental aspects, and softer seating.**" With their Chipotle-style serving concept, it makes sense that **in-store dining makes up 64% of their revenue, and even more sense to improve the in-store experience.** The CEO added, "I think what we all learned through the pandemic was we are social beings." Pretty hard to argue with that.

Church's Texas Chicken



Everything is bigger in Texas. But **at Church's Texas Chicken, their new "Blaze" concept aims to make them more modern and engaging** too—while leaning into their 70-year Texas heritage. They're also trying out a **new, more compact footprint within the new concept.** **"Blaze" has already been implemented at more than 100 locations since 2020, and another 400 U.S. stores will be updated over the next three years.** "As we look to 2024 and beyond, we are focused on building on this considerable momentum," said CEO Joe Guith. They currently operate **over 1,500 locations in 23 countries**, and with a Texas-sized appetite for growth – and an eye on international expansion – those numbers are sure to skyrocket in the coming years.

Tech upgrades are on the menu

The restaurant sector was hit harder than most industries during COVID-19, with many forced to close their doors for long stretches, and some shutting them for good. But **they also bounced back more than most, surpassing their pre-COVID baseline last year.** A large part of this is due to customers growing tired of cooking at home and wanting to experience life again. But **some is due to restaurants' willingness to adapt to trends and opportunities that arose during the pandemic** – many of them **technology-driven.** It's not easy for brands to make these leaps, especially legacy brands, but **these examples show that an investment in technology can lead to big growth down the line.** Here are some prime examples of how some chains are tackling the technology trend.

Steak 'n Shake



For some, **facial recognition technology** may seem like it's straight out of a sci-fi movie. But for **fans of Steak 'n Shake**, home of the iconic steakburger, **they may be ordering their meals using this advanced tech sooner than they think.** The chain recently **worked with PopID to install facial recognition kiosks at five locations**, with eyes on more locations in the future. "Similar to the kiosks, **biometric check-in can increase loyalty participation and revenue at the drive-thru while also reducing payment processing costs,**" said John Miller, CEO of PopID and chairman of Cali Group. **Looks like this 90-year-old burger restaurant can teach the restaurant world a little bit about modern business.**

El Pollo Loco



The Costa Mesa-based chicken chain **El Pollo Loco** is rolling out new technology and new equipment that will improve both the guest and the employee experience. CEO Liz Williams sees these upgrades as “**an opportunity for simplification** and to **continue to focus on priority labor initiatives** to drive speed and to **make the team member jobs easier**, which will also **enhance customer service**.” One example is “**new equipment that will simplify the preparation of our freshly made salsa**,” and another is “**kiosks that enable customers to order more efficiently**.” They plan on announcing more changes soon, but if you ask us, **making life easier for your employees and your customers** doesn’t seem loco at all.

Dutch Bros



Dutch Bros Coffee has been thinking outside the box for years when it comes to their drive-thru-only concept. And **their latest innovation, mobile ordering**, while not revolutionary, **could be seen as a risk**, considering they **don't want to lose their service-oriented identity**.

“As we look at mobile order and pay, we think **it's incredibly important that we really keep our brand differentiator**, and that brand differentiator is **our service**,” said CEO Christine Barone. She added, “So, if you drive through the line, you're going to have an awesome conversation as you come through.” And you know what goes well with an awesome conversation? A great cup of coffee.

Nation's Giant Hamburgers



Founded in 1952, Nation's Giant embraces the old school, but the Bay Area burger chain recently made a huge leap forward with a high-tech upgrade. They partnered with Raydiant on **a pilot program to replace their cardboard menus with digital pricing boards at a handful of locations.** The pilot program was so successful that after just two weeks, **they made the decision to install the system at all 28 of their locations.** This collaboration not only **reduces waste**, it **improves the guest experience.** A win-win in anyone's book.

Choose Huhtamaki

At Huhtamaki North America, we know that **staying on top of the latest trends, such as the implementation of value meals, the expansion and remodeling of restaurants, and technological innovations is important** to your industry, so it's important to you. That's why, as your trusted innovation partner, **we stay at the forefront of these trends to help your business navigate the ever-changing foodservice landscape.**

Our ambition is to be the first choice for sustainable packaging solutions. We can help you make the **most sustainable food packaging choices for your business** and, more importantly, **your consumers.** Together, **we can make a difference where it matters** by redesigning the future of sustainable packaging.

Resources

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- SLIDE 3 <https://www.prnewswire.com/news-releases/chilis-takes-aim-at-fast-food-by-introducing-the-big-smasher-burger-as-part-of-its-3-for-me-menu-302129451.html>
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- SLIDE 15 <https://www.qsrmagazine.com/news/nations-giant-hamburgers-improves-digital-experience-with-raydiant/>