

# Huhtamaki

## 2022 Q2 Trends Report



Sustainability



Loyalty Programs



Mergers & Acquisitions



# I. Sustainability

**Sustainability** is no longer just a buzzword in the restaurant industry; instead, it's become a necessity to stay competitive. Since the vast majority of today's consumers want **sustainable items**, those not already in the game are falling behind. Many people are willing to pay more to do business with companies that put a priority on making and using products that are kind to **humans, animals and the planet**. Consumers wishing to practice "**mindful shopping**" will find it easy to locate products and services from companies with sustainable business practices in place. As in other industries, quick-service restaurants are responding to customers who care deeply about **environmental issues**.

# Sheetz

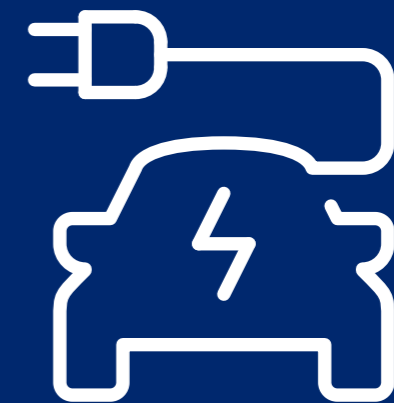


This family-owned-and-operated restaurant and convenience store chain recently announced an agreement with Constellation, the leading supplier of **clean energy solutions** in the nation.

The partnership will enable **Sheetz** to significantly reduce their environmental impact in Pennsylvania by powering more than **160** stores and **40** other facilities with **clean energy**. According to the United States EPA, this is the equivalent of taking almost **17,000** cars off the road.

# Taco Bell

The brand has come up with a creative incentive to use larger parking lots, which became underused as consumers adopted **mobile** and **pickup ordering** because of the pandemic.



Partnering with ChargeNet Stations, **Taco Bell** will offer customers the convenience of **charging their electric vehicles** when they stop by to get something to eat.

# Starbucks

The Seattle-based chain has an ambitious goal to **reduce its waste by half** by **2030**, including finding a more sustainable way to dispose of cups.

They're also committed to the goals of the Nextgen Consortium, which is building a recycling infrastructure to create a circular economy that reduces the amount of packaging waste that ends up in the nation's landfills and waterways.



**Starbucks** is also launching a new app that will be store-specific, providing information to customers on **what can be recycled and how**.

# Chipotle



**Chipotle** has taken a major step in tying executive bonuses to the milestones reached in the areas of Environmental, Social and Governance (ESG).

**Laurie Schalow**, Chief Corporate Affairs and Food Safety Officer, said, “As a company with over **3,000** restaurants and nearly **100,000** employees, we have a responsibility to transparently share our progress and drive positive change.”

Last year, **10** percent of executive bonuses were tied to ESG goals, which will increase to **15** percent in 2022.

# Chick-fil-A

In partnership with **Darling Ingredients**, Chick-fil-A plans to turn their cooking oil into **diesel** to be used for transportation purposes. The renewable fuel may **reduce greenhouse gases** by up to **85** percent after being processed through its **Diamond Green Diesel Venture** as diesel.



According to Rodney Bullard, Vice President of Corporate Social Responsibility, “At Chick-fil-A, we are committed to caring — and that includes caring for others through our food and caring for our planet.” This move will allow Chick-fil-A to produce about **700 million pounds** of **renewable diesel**.

# Panda Express



**Panda Express** recently announced its commitment to source **100 percent cage-free eggs** and **egg products** for all its restaurant locations **worldwide**. Vice President of Policy and Strategy Aaron Ross said the company is responding to consumer demand for more ethical standards in the treatment of animals raised for food.

Many egg-laying hens are raised in cramped cages that often cause **broken bones, disfigurement** and **death**. Ross said, “Panda Express is responding appropriately by committing to the **removal of cruel battery cages** from its supply chains.”





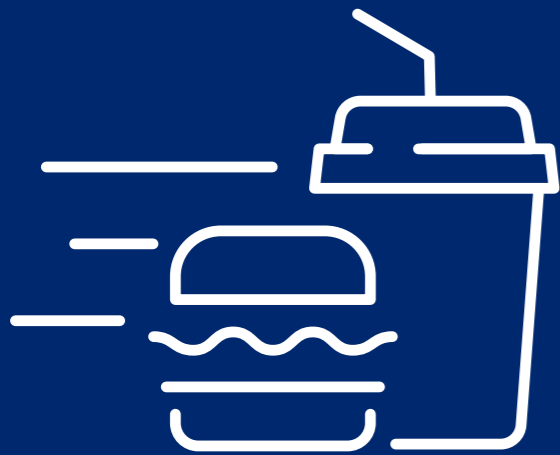
## II. Loyalty Programs

A survey conducted by **Paytronix** revealed that highly tech-savvy consumers were **more likely to spend more** at their favorite quick-service restaurant than the average consumer.

They're also more likely than average to make their dining choices based on whether a **rewards program** is in place.

For this reason, restaurants who want to stay competitive are expanding **loyalty programs** to make them more appealing to this sought-after demographic.

# Hardee's/Carl's Jr.

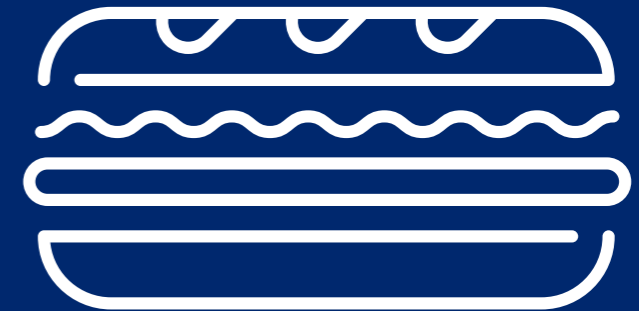


As part of a larger technology overhaul, parent company **CKE Restaurants** launched the **MyRewards program** in **Hardee's** and **Carl's Jr.'s** restaurants across the nation. The new program gives customers access to their most popular menu items with just a few taps.

To celebrate, both brands will offer promotions to entice customers to sign up. Once registered for **MyRewards**, guests will receive an offer for a choice of one **free Western Bacon Cheeseburger**, **Famous Star** or **Hand-Breaded Chicken Sandwich** with purchase.

# Quiznos

The chain's newly redesigned "**Toasty Points**" rewards program is available **online** and via the new **Quiznos app**.



The program's **rewards structure** and **levels** make it easier for customers to get their personal favorite menu items and deals by giving them **more control when redeeming the points** they've earned. The new streamlined app also makes **online** and **in-person** ordering easier by giving diners access to more **personalized information**.

# QDOBA



To **increase engagement** with their brand, **QDOBA** enhanced their **Rewards program** to give customers **more of what they want**: to earn more free food fast. Their streamlined program makes redeeming rewards easier with a **two-tiered loyalty** program.

Upon joining, all members **earn a point** for **every dollar spent** and get a free entrée at the **125-point** level. Most previous QDOBA Rewards members can get the items they want with fewer visits. Members' rewards are placed immediately in their wallets, so they never miss a deal.

# Velvet Taco

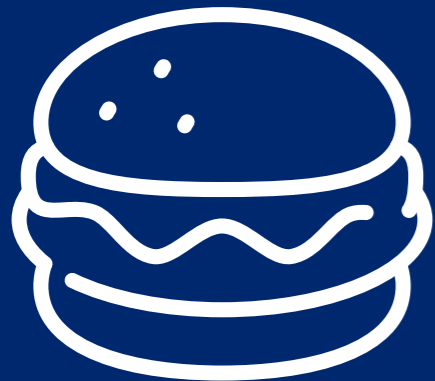
The Dallas-based brand launched its very first loyalty program, **The Velvet Room**, in partnership with leading industry guest engagement platform **Thanx**.



The Velvet Room is a **tiered, visit-based loyalty program** rewarding guests with **unique offerings** and **VIP experiences** without leaning into traditional discounts. It goes beyond discounts by capturing data to give customers a **truly personal experience** by understanding their **behaviors** and **spending habits**.

# McDonald's

To continue to expand the brand globally, the **McDonald's Corporation** is focusing on **loyalty programs** and **digitalization**.



**MyMcDonald's Rewards** launched last year in the United States and earlier this year in the UK, bringing the total number of markets to more than **40**.

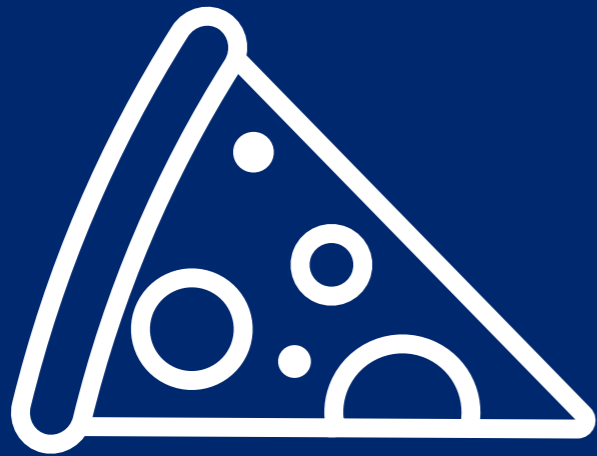
Customers are rewarded with items from the menu, so existing customers are encouraged to **spend more** to **earn more points**. It also expands the brand to **new customers**.



# III. Mergers & Acquisitions

**Consolidations** within the industry were put on pause in 2020, but they came back in full force in 2021 as things opened up. Last year's **five consolidations** tied for the most in the restaurant industry in **24 years**. The trend is continuing in 2022 as **worker shortages** and **higher costs of doing business** have franchise operators considering such options. A growing number of restaurants – especially struggling small businesses – are changing hands. The stronger and larger players are taking over.

# Pizza Rita



**Generational Equity**, the leading M&A advisor for privately held businesses, announced the sale of its client **Pizza Rita, Inc.**

**Pizza Rita**, with three locations in Spokane, Washington, had developed a **loyal fan base** over **32 years** of business that focused on **take-out** and **delivery** rather than dine-in. They're known for their uncommon customer service that includes a **"happiness" guarantee**. The buyer is a private investor and seasoned executive in the pizza business who wants to take Pizza Rita to the next level.



# Applebee's



**SSCP**, a Dallas-based multi-concept franchise operator, announced its recent acquisition of **12 Applebee's** locations in Virginia, bringing their total count of Applebee's units to **80**. SSCP and its affiliates also own and operate other units in the quick-serve restaurant community such as **Sonic Drive-Ins** and **Cicis Pizza**.

# KFC

Earlier this year, **Tasty Chick'n, LLC**, a Los Angeles-based franchise operator, acquired **90 KFC** units across **eight states**.

**Fifteen** of these units are combined KFC/Taco Bell stores, so the purchase gives the Tasty Restaurant Group an entry point into the **Taco Bell brand**.



# DoorDash



The popular **third-party delivery app** is introducing **digital tableside ordering** to its tech stack with its acquisition of **Bbot**, a **contactless ordering** and **payment** solutions company.

Building on logistics capabilities like **DoorDash Storefront** that began in the early days of COVID, this acquisition gives the company an opportunity to build out **first-party solutions**. In the end, **Bbot** will make the front-of-house and back-of-house run more smoothly, helping alleviate the **staff shortage problems** that continue to hamper restaurants.

# Barrio Queen

**BBQ Holdings**, parent company to **Famous Dave's**, has acquired this Mexican fine-dining brand, making it the **third acquisition** for the company in one year. **Jeff Crivello**, CEO of BBQ Holdings, is excited to welcome **Barrio Queen** into its portfolio.



He stated, “It’s a beloved brand with an entrepreneurial team that has done a great job. The food offerings and environment are unlike any of our other brands. It will be a truly unique addition to our portfolio. We look forward to continuing their path of success.”

# Signoff

As a foodservice provider, you know how important it is to stay on top of the trends that your customers care about. From **mergers and acquisitions** to **sustainability** and **loyalty programs**, keeping customers **engaged** with your brand helps you **stay competitive** in this ever-changing industry. No matter what changes the future holds, **Huhtamaki North America** stays at the forefront of these trends to help your business navigate them.

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