

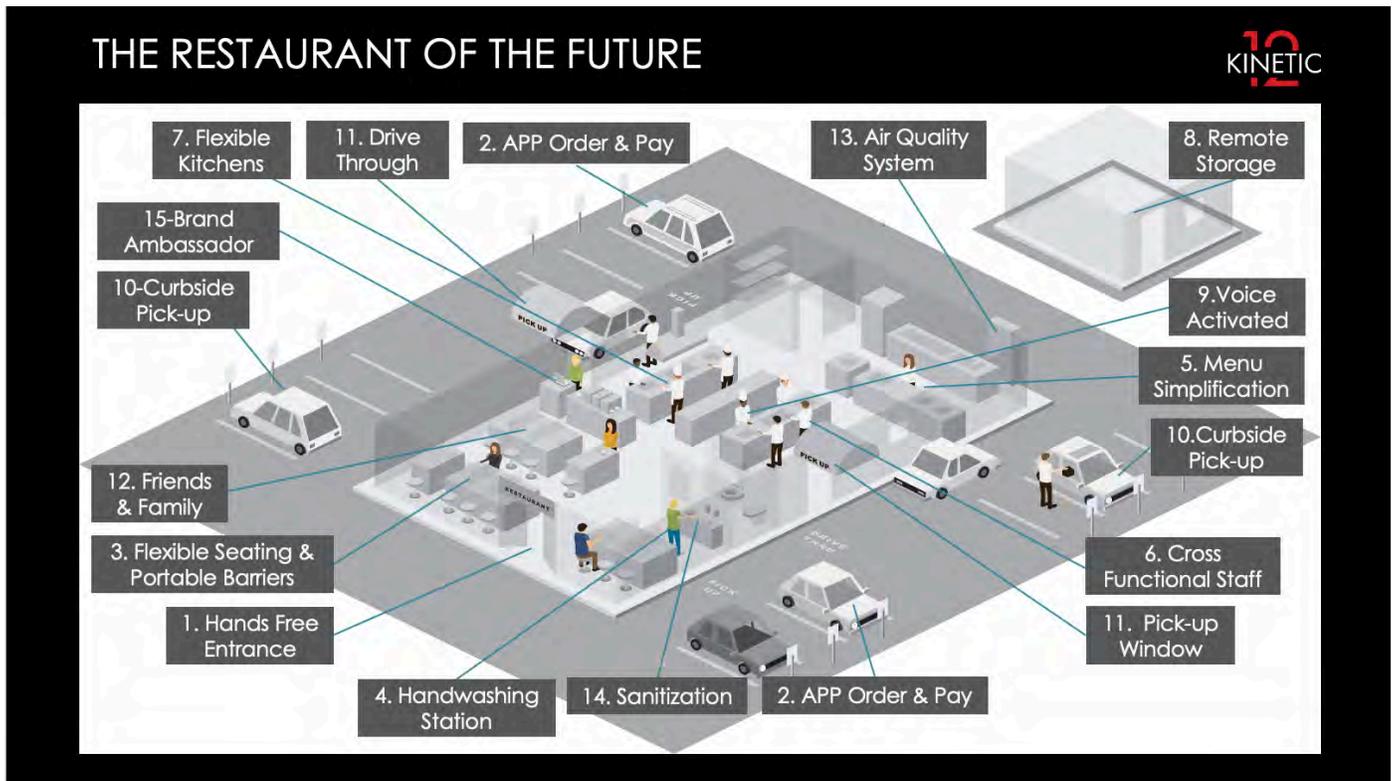
Coronavirus Impact on the Foodservice Industry

What Does the Restaurant of the Future Look Like?

A look forward to define the New Normal



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The restaurant of the future will be quite different. As restaurant brands evaluate their Post COVID-19 strategies, they will be forced to adjust, on the fly, and try to satisfy new consumer expectations while driving as much revenue as they can. How will they do this? What will restaurants look like?

There is no common blueprint available for the restaurant of the future. Footprints and designs will vary by concept. Many concepts are simply set up to be congested in order to maximize revenue. This made total sense with costly rents and the high cost of build-out. Not only that, consumers in the pre-

COVID world embraced restaurants as a place to hang-out, to work and to socialize. That also may change.

Now with social distancing and a general fear of infection, we will see significant behavioral changes from consumers, and operators will be adapting to a safety-first mantra. We can expect to see significant adjustments to dine-in floor plans, the addition of no-touch ordering and payment systems, queuing, new take-out options, menu simplification, SKU reduction, labor productivity and so much more.

But, if you had a blank slate, and could design the restaurant of the future, what would it look like? Many operators, especially larger brands, have begun to think about this. The footprint will be quite different depending on the segment, menu, location and customer base. Using our insights, experience, previous predictions as well as some “forward thinking”, we have designed what could be, the restaurant of the future.

Here are 15 components that we see as crucial to the Restaurant of the Future:

1. Hands Free Everything - The safety of our employees and our customers will be paramount to our success. “Hands free” will include doors, hand washing, toilet flushing, lights, trash receptacles, condiments, fountain beverages, menu ordering, and much more. Providing no-touch solutions will be essential for the restaurant of the future. Consumers will expect it and even demand it.
2. Frictionless Ordering and Payment (Dine-in & Off Premise) - Frictionless ordering and payment has many great advantages for both the consumer and the operator. Yes the consumer is doing all the work, which is a good thing for operators as it reduces labor and streamlines the operation, but they are also avoiding touch points, putting in the order that they want without any time pressure or worrying about errors, and their paying for it by credit card in advance. The operator simply must get the order right when they make it.

We have already seen the growth of pre-ordered curb-side pick-up but there is also the potential of making drive-throughs strictly pick-up and eliminating cashiers. Overall, efficiencies for the operator and the consumer will be dramatic.

3. Flexible Seating to Accommodate Social Distancing - Squeezing patrons into a restaurant will not be part of the new normal. We have already seen some states allowing only 25% of the previous dine-in capacity as restrictions ease. Although this is may be short-term mandates, we expect that using space creatively to maintain distance and maximize seating will be top of mind going forward. For instance, a community table meant to seat people together will still exist, but dividers will be installed to separate groups as needed. In addition, booths and banquettes will move to flexible tables and chairs that could create mini areas for friends and families to congregate. Outside seating, wherever possible, will become part of the standard “floor plan”.
4. Handwashing Stations – Hands-free handwashing stations for customers will become part of the norm of any restaurant. That along with sanitizer areas, will send a clear message to the customer that the restaurant truly cares about their safety. Running out of soap or sanitizer will be a clear message that you do not care. An employee will have to be responsible throughout the day for “sanitation maintenance” in the restaurant.
5. Menu Simplification with RTI Ingredients - The 80/20 rule has applied to most restaurant menus, but we have continued to expand our menus and bring in ingredients that take up space and are used infrequently. During the COVID-19 pandemic operators have been forced to shrink their menus and have stuck with their best-selling items, which in many cases, has been the comfort foods that their customers crave. Operators will continue to be innovative and build points of

differentiation, but they also need to keep an eye on simplicity. Producing fresh guacamole in an Italian casual dining concept will not be feasible or prudent in the future. Menu and SKU simplification will make it easier for the consumer to order, easier for the operator to place and receive orders, easier to execute at the restaurant and will provide the opportunity to shrink the restaurant footprint.

6. Cross Functional Staff - Segmentation of staff throughout the restaurant will be changing. Some positions will remain specialized, but most will require the need for multiple competencies. Imagine a fast-casual restaurant with double drive-thru pick-up, curbside pick-up and limited dine in. Multi-faceted team members pass food through a window, bring food out to curbside or deliver pre-ordered items to a table. Kitchen staff will also need to be multi-faceted in their responsibilities. This also simplifies training and scheduling which has a direct impact on efficiency and profitability.
7. Flexible Kitchens - Kitchens will become more compact and highly productive. They will be designed to be modular so that expenses are kept to a minimum when doing a significant menu change. With added dayparts and off-site options, operators will be servicing customers throughout the day without the volume of "mad rushes" we have come to know in the past. Off-site sales will be a larger percentage of the business and may require a separate kitchen. In some cases, two identical production lines will exist where there is flexibility to close one during slower periods. We see this happening in new double drive-thru operations.
8. Remote Storage - Part of the path to greater profitability in the future will be to reduce the size of the footprint in "A" locations. To do this something has to go. Moving dry storage to a remote storage facility to service multiple restaurants in a single market, at a less costly rent location, can accomplish this.
9. Voice Activated - We will begin to see more voice activated everything as we continue to eliminate no-touch. In the kitchen, equipment such as microwaves will be using voice commands. For consumers, ordering, payment, communication with servers, fountain beverages and condiments may convert to voice activated. In the restaurant of the future, touch screens will become "no-touch-screens".
10. More Dayparts and Off Premise Options with Curbside Pick-up - The post-COVID consumer will be looking to eat at times during the day that provide a sense of comfort and safety and that may mean eating more at off peak times. Many of those times will be "fringe" periods. Instead of having a lunch rush from 12-1, we may see more people eating lunch at 11 or 2. Afternoon and early dinners will become more popular and take-out, curbside and delivery make this more convenient. The restaurant of the future must be designed to be flexible and be prepared to service guests throughout the day.
11. Double Drive Through and Order/Pick-up Areas - Where dine-in was the norm and take-out orders were set up on make-shift racks in the restaurant, the restaurant of the future will be designed for maximum flexibility. Consumers will now need a parking spot to place and pay for their orders on their apps. They can't be expected to do this before arriving at the restaurant anymore. They will then wait for their order to be delivered to their car or join the drive-through line when they are texted the order is ready.

Drive-through lines will be for pick-up only. No ordering at a window, no credit cards, no cash! There will need to be clear signage and identification for the customer as they will be doing a lot of the work. The operator simply needs to execute.

12. Friends and Family - Customers will want to gather in groups but will be more cautious. Restaurants will need to provide multiple options for this to take place. Creative approaches for dine-in including private reserved areas, cooking demos and specialty dinners and tastings as well as

other interactive events. A new approach to supporting friends and family at home will also become important. Those groups that want restaurant quality food, but not at the restaurant will rely on the restaurant's guidance to have a stress-free gathering at home. That means a meal kit picked up at curbside with a video or recipes and a phone number of someone who can help guide them if they get stuck.

13. Air quality systems & technology - Most restaurants circulate hot and cold air through ductwork. Installing an air purification system will reduce airborne and surface contaminants which will control bacteria, viruses and pollutants. Monitors can be installed in the restaurant to track key air quality parameters that most affect the comfort and health of your customers. And these systems must be promoted to the customer as knowing they are there will have a dramatically positive impact on the customer experience.
14. Sanitization and Directional Signage - The expectations of the guest regarding sanitization will start well before they enter, pick-up or have their order delivered. There can be no "bad days" when it comes to how a parking lot, windows, restrooms or overall restaurant looks and feels. Clean will be assumed, and sanitary will be required. Customer will have a very low tolerance for overt signs of uncleanness. Employees will need to look (masks and gloves) and act appropriately and sanitization practices including periodic disinfectant fogging will become the norm. Where we had sanitizer "around" because we were supposed to, we will now need to have clear signage identifying locations of hand washing and sanitizer stations.
15. Brand Ambassadors - Customers will be relying on more than just managers for answers on the many things that will drive a great experience. All employees will need to be trained to service the guest, but we see a new role – the brand ambassador. Brand ambassadors will be like the hotel concierge of the restaurant. They are personable, greeting people and answering questions and promoting additional revenue ideas. They can also do double duty and be the sanitization monitor for the restaurant and ensure standards are being maintained. This role may start as a cost but ultimately can become a revenue producer.

The Restaurant of the Future is coming soon. There is a strong desire among consumers to get back out to restaurants and to be with friends and family again, but this will be done slowly and with caution for the foreseeable future. Our collective COVID experiences are changing our expectations and behaviors. We already see how this has changed restaurants. The restaurant of the future will need to be different and designed to address both the consumer and operator needs of the new environment. The restaurant of the future will be innovative and exciting. We look forward to seeing how the creativity of our industry adapts to the new normal.

Tim Hand and Bruce Reinstein are partners with Kinetic12 Consulting, a Chicago-based Foodservice and general management consulting firm. The firm guides multiple best practice projects and forums, and works with leading Foodservice suppliers, operators and associations on strategic initiatives. Their previous leadership roles in restaurant chain operations and at Foodservice manufacturers provide a balanced industry perspective.

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