

Coronavirus Impact on the Foodservice Industry

# THE RESTAURANT OF THE FUTURE 6.0

Differentiation for a Brighter Future



By Bruce Reinstein & Tim Hand  
partners, Kinetic12 Consulting



**THE RESTAURANT OF THE FUTURE 6.0** is about the crucial importance of differentiation. The consumer has already made the decision to harshly judge their choice of restaurants and to do it by a different set of criteria than before. Their behaviors will get even more discerning as we begin to transition from COVID to whatever the new normal will be. There have been plenty of thoughts, theories and predictions, but we believe that the road to success will require operators and suppliers to be highly flexible in order to adjust to the evolution ahead.

Consumer expectations will go to a new level as 2021 begins to take shape. Their patience for mediocre delivery is waning and their desire to dine out is growing. If the food, the service and the experience are differentiated and exceed their expectations, they will become more and more loyal. Those operators that continue to aggressively adjust to survive COVID will thrive in the new normal.

As Kinetic12 has explored the **Restaurant of Future** we have looked at topics including driving new revenue streams, reducing unnecessary costs and becoming more productive and efficient.

We believe that success requires restaurants and suppliers to aggressively pivot into the future and make the difficult changes required to address the evolving environment and consumer/customer needs.

## LOOKING FORWARD - THE RESTAURANT OF THE FUTURE 6.0

In this edition we look at 10 areas of differentiation which will define future success for restaurant brands.

**FOR SUPPLIERS:** For manufacturers in this industry, understanding the dramatic reinvention that the operator landscape is undergoing is crucial to business success. Understanding your operator's new prioritized needs, such as optimizing their off-premise business, slashing menus and ingredients to simplify the operation, improving labor productivity and driving new streams of revenue, is essential to optimizing your go-to-market approach.

### 10 Areas of Differentiation in the Restaurant of the Future

These include:

1. Providing True Value - Being different is more compelling than simply being better
2. Subscriptions and Loyalty - Driving Loyalty through Subscriptions
3. Flexibility - Adjusting to consumer preferences and needs
4. Portability - Offering what you do best in an off-premise format
5. Telling a Real Story - Shout out what makes you unique
6. Adaptable Footprints: Meeting the seasonal needs & evolving behaviors of the consumer
7. Hospitality & the Restaurant Experience - Entertainment, environment and socializing
8. Customer Collaboration - Staying connected to the customer in real time
9. Simplification - Why easy is best
10. Consistency - Setting and meeting expectations

1. **PROVIDING TRUE VALUE: Being different is more compelling than being better** - It is easy to succumb to the pressures of doing what it takes to drive much needed revenue. Short-term solutions are dangerous to the long-term viability of a brand. The things that made concepts successful before COVID must find a balance with those things undergoing a significant re-boot. If a person was running in a race and had time to rethink their position halfway, it is likely that their strategy would change so that they could improve in the second half. In essence, they would run the second half differently and the results would be better.

Consumers expect certain things from every restaurant visit and the operators that deliver it better will stand out. It is not good enough to think that you are better. It is the consumer who makes that decision.

Value to some may be "less expensive" or providing enormous portions, but to many consumers it is about getting something they can't easily get elsewhere. It is about getting something they did not expect or that simply exceeded their expectations.

In our new hyper-competitive environment being unique is even more important than ever.

***"Despite many restaurants closing, I still have a significant number of options. Convenience is important, but I now look for restaurants that can provide me something different. In today's times, a memorable experience can truly impact my day."***

2. **SUBSCRIPTIONS and LOYALTY: Driving Loyalty through Subscriptions** – Although we have all had magazine subscriptions and are familiar with the idea of a subscription, they have not, until recently, gained traction in the Foodservice industry. That is about to change. The opportunities for subscriptions in Foodservice are endless but how an operator uses them to differentiate will have a bearing on their success. Panera came out with a bold and innovative subscription offer for coffee, which has worked extremely well for them. It was a COVID-driven marketing idea to drive customer trial and loyalty.

The goal of subscriptions is to have customers come in more frequently and while they take advantage of the deal they try other products and spend more than they did before. In addition, loyalty breeds new customers and if the subscription program is different, new customers will try it and become hooked. It is never easy to change consumer behavior, but quality, consistent products at a great value can do it and subscriptions bring revenue to restaurants in advance which is incredibly important in today's world. Much like a gift card, many subscribers will pay in advance, but not take advantage of the value of the subscription. That clearly is not good for the loyalty aspect of the subscription but will help with margins.

We expect to see subscriptions as a new standard for many brands. It is all about the creative approach to providing consumers with a differentiated program. The tendency to follow others with the same old approach will not work. Standing out from competitors early, as Panera did, will be make the difference in a successful subscription program.



3. **FLEXIBILITY: Adjusting to consumer preferences and needs** - Operators have worked hard to simplify their menus in order to execute efficiently and with a more limited team. QSR, for the most part, has done extremely well during COVID, due to having a menu that works well from an off-premise standpoint. Consumers will always crave their favorite restaurant foods, but how do you eat a chicken pot pie in the car, possibly while you are driving? Creating portable products such as a hand-held chicken pot pie can help solve the craving of the customer and drive consumers to frequent some of the restaurants that they may have stopped going to. It comes down to differentiation. Yes, there is a way of taking customer favorites and re-inventing them to work now and in the Restaurant of the Future.



Flexibility is another key to success for restaurants in the future. Starting now, operators can adjust their menus to still provide their customers with what they prefer and desire, but maybe in a different format that will satisfy their cravings and support the operator with increased sales.



4. **PORTABILITY: Offering up what an operator does best in an off-premise format** - Not everything travels well!

Operators are well aware of this and consumers, in many cases, are not getting the restaurant quality food that they had hoped for when it gets delivered. The restaurant of the future dictates that operators look at things in a different way.

One category that has not traditionally been viewed as “portable” is soup. But it actually can be extremely portable. Operators who are able to differentiate by providing drinkable broth and pureed soups for off-premise business have the opportunity to scale.



Soup is only one possibility. The options for portable products are endless and only require forward thinking and collaboration amongst strategic partners to identify the opportunities.

5. **TELLING A REAL STORY: Shout out what makes you unique** - The basics of what a Foodservice customer is looking for has not changed. They want their environment and the products they purchase to be safe and they want a different, quality food experience regardless of whether they eat inside, outside or at home. The restaurant of the future will require honesty and integrity. The story that should be told is not just what the operator wants it to be. It needs to be “real”. If an operator can’t execute a menu item each and every time or it does not travel well, adjustments will need to be made.

Operators must shout out what makes them different from their competitors and execute those differences consistently. The consumer is looking for a story that is real and that can be supported. It is a big part of what will drive frequency in the restaurant of the future.



6. **ADAPTABLE FOOTPRINTS: Meeting the seasonal needs & evolving behaviors of the consumer** -

Restaurant brands are developing prototypes to adapt to the changing needs of the consumer resulting from the evolving COVID environment. Off-premise Foodservice is without a doubt the area that has seen the biggest change and the greatest investment. Off-premise has become crucial to the revenue stream, and outdoor dining is not far behind. In addition, touchless ordering and payment has become a necessity. Footprints are shrinking as menus become smaller and off-

premise becomes more successful. Creative and different footprints will be needed to satisfy the consumer and deliver profitability for the operator. The restaurant of the future will require highly adaptable footprints that can provide consumers with an environment that works seasonally and gives them the experience that will bring them back.

Air quality, flexible seating created by garage doors and screens, ceiling fans, heaters, misters and so much more will become part of the restaurant of the future so that consumers can have the experience that they want during any given time period.

7. **HOSPITALITY & THE RESTAURANT EXPERIENCE: Entertainment, environment and socializing** - Hospitality used to

be strictly the focus of hotels and fine dining restaurants, but consumers are looking for an experience both in-house and off-premise that provides, not only restaurant quality food, but also hotel quality hospitality. The restaurant of the future will need to provide an experience that is different. It does not have to be costly but must be something that customers talk about. Taking an unorthodox approach and being extremely adaptable to the changing needs of the customer will have a major impact on the success of restaurants.



8. **CUSTOMER COLLABORATION: Staying connected to the customer in real time** - When Kinetic12 began looking at the Restaurant of the Future we talked about consumer behaviors being the first

element that would dictate changes in restaurants. Operators would follow their lead and then suppliers and other strategic partners would support the operators. In the restaurant of the future we can take this one step further. The consumer must now be part of the restaurant's insight team.



Differentiation will drive new and repeat business and the consumer will be a big part of defining what makes a restaurant different. There are more moving parts than ever before including food, service, safety, sanitation, experience, and flexibility. Customers want to be part of the process to help define the direction of their favorite restaurants. Consumers have become more engaged in cooking at home and being innovative in what they are now eating. Getting food at or from a restaurant has become an important part of the life of a consumer. It is time to embrace consumers and truly make them part of the team.

9. **SIMPLIFICATION: Why easy is best** – COVID has caused us to make many difficult decisions, and not just about whether we would go into a restaurant or not. Many operators have done a commendable job simplifying the ordering and payment process, simplifying the menu and simplifying their labor pool. The restaurant of the future will require a continued focus on simplification and a resistance to adding back. Bigger is not always better. Often bigger is simply more complex and unprofitable.

Complexity also breeds inconsistency. It is crucial for the consumer to get a consistent and seamless experience and complexity runs counter to that goal. Expansive menus, a long list of daily specials and dozens of unique ingredients is now the old-school approach. One of the most important lessons from COVID is that simplicity equals profitability.

10. **CONSISTENCY: Setting and meeting expectations** - Every consumer has very different expectations of the restaurants they frequent. Every day restaurant operators have the opportunity to set and influence the parameters of those expectations. They do that in three ways: the food, the service and the experience.

- The Food - What is a restaurant known for? Is it the food? Is it the chicken parmesan, the fresh pasta, the delicious crusty bread, the fresh pesto that is served with, or is it the whole package? If an operator hits on all 4, they have met the expectations of the consumer, but if they miss on even one of the four, that is what's remembered. The restaurant of future will dictate that if you set high expectations, that you meet those expectations and you do so every time.
- The Service - Whether for dine-in or take-out, service expectations are set almost before the consumer arrives. Consumers look at restaurant service in two ways - as the place to get something quick or a place where the staff are incredibly friendly and want to make them happy. Service has always been a differentiator in the restaurant business and that will not change. Being consistent with that service is the hard part.
- The Experience - A consistent experience is the third element of our consistency model. A "restaurant quality" experience is now expected for both in-house and off-premise. Surely there are times for all of us where convenience becomes the priority, but being able to differentiate the experience, even at a convenience driven visit, can truly "make a difference". Just like the food and the service, consistently delivering a great experience is not easy. In the restaurant of the future consistency is essential for long term success because in the consumer's mind consistency means "you will meet my expectations".



**These are 10 Areas of Differentiation in the Restaurant of the Future** - We believe they will be core to how restaurants win in the future. We look forward to seeing how these differentiators take shape as our industry continues to recover, evolve and thrive.

Look for the next article from Kinetic12: Restaurant of the Future 7.0

---

*Bruce Reinstein and Tim Hand are partners with Kinetic12 Consulting, a Chicago-based Foodservice and general management consulting firm. The firm works with leading Foodservice suppliers,*

*operators and organizations on customized strategic initiatives as well as guiding multiple collaborative forums and best practice projects. Their previous leadership roles in restaurant chain operations and at Foodservice manufacturers provide a balanced industry perspective.*

*Contact us to talk or learn more about how we can help your organization understand how COVID is impacting you. **Kinetic12.com***

*[Bruce@Kinetic12.com](mailto:Bruce@Kinetic12.com) or [Tim@Kinetic12.com](mailto:Tim@Kinetic12.com)*