

THE RESTAURANT OF THE FUTURE 3.0

PROJECTED LONG-TERM IMPACTS OF COVID-19 ON THE FOODSERVICE INDUSTRY

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EXPERT TAKES



UNSPLASH/PAUL HANAKA

Some customers have dropped their guard because of their desire to be out socializing, but as we move forward, most are going to stay focused on the environment that restaurants are providing to them.

The Restaurant of the Future 3.0: Eight Drivers of Change in a 'New Normal'

AND FOUR FOODSERVICE DNAS THAT WON'T CHANGE.

SEPTEMBER 2020 ▸ TIM HAND AND BRUCE REINSTEIN

This Restaurant of the Future 3.0 article looks back at the roadmap from April 1 to September 1 and updates the insights, predictions, and implications that [Kinetic12](#) previously outlined. We are in the midst of significant change and so evolving our view of the future only makes sense. Kinetic12's journey began in April when we looked at the projected long-term impacts of COVID-19 on consumers, operators and manufacturers. [In our first article on April 1](#) we wrote:

"These are unprecedented times and if crisis is the true catalyst of change then we can expect some sea-change impacts on consumer behaviors and expectations. Operators and suppliers will respond and modify their business models for the new post-crisis world. How we plan, how we go-to-market, how we communicate and collaborate and how we interact with consumers is all going to be impacted."

After completing our eighth article, entitled The Restaurant of the Future 2.0, we felt that it was important to tie everything together, but still look to the future.

"The one thing you can never do in the restaurant business is dwell on what you did yesterday."

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These are unprecedented times and if crisis is the true catalyst of change then we can expect some sea-change impacts on consumer behaviors and expectations and in how operators respond.

The design and operation of restaurants will change.

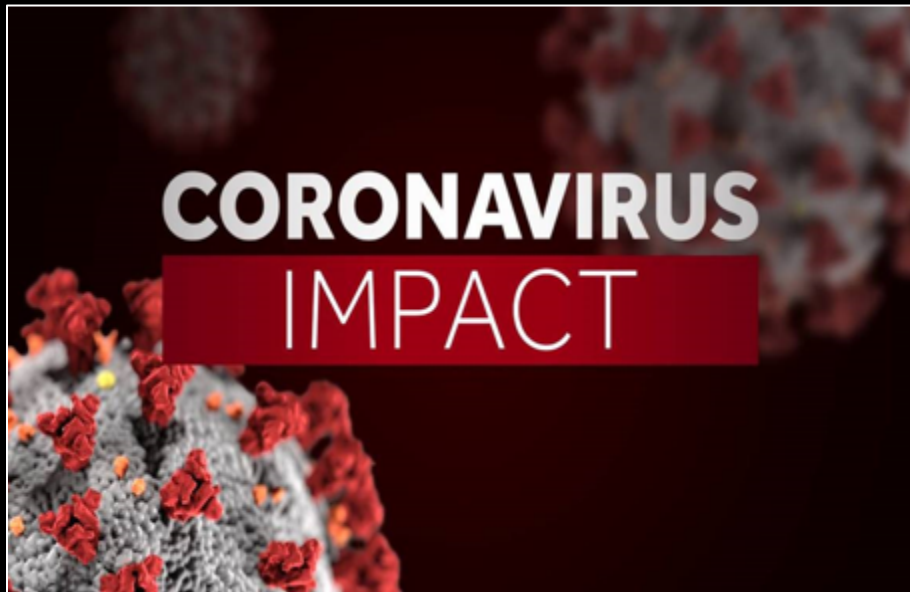
Let's take out a blank sheet of paper and start from scratch.



Chapter 1

8 DRIVERS OF CHANGE

Areas of a restaurant's design and operation that have changed and will continue to evolve



Chapter 2

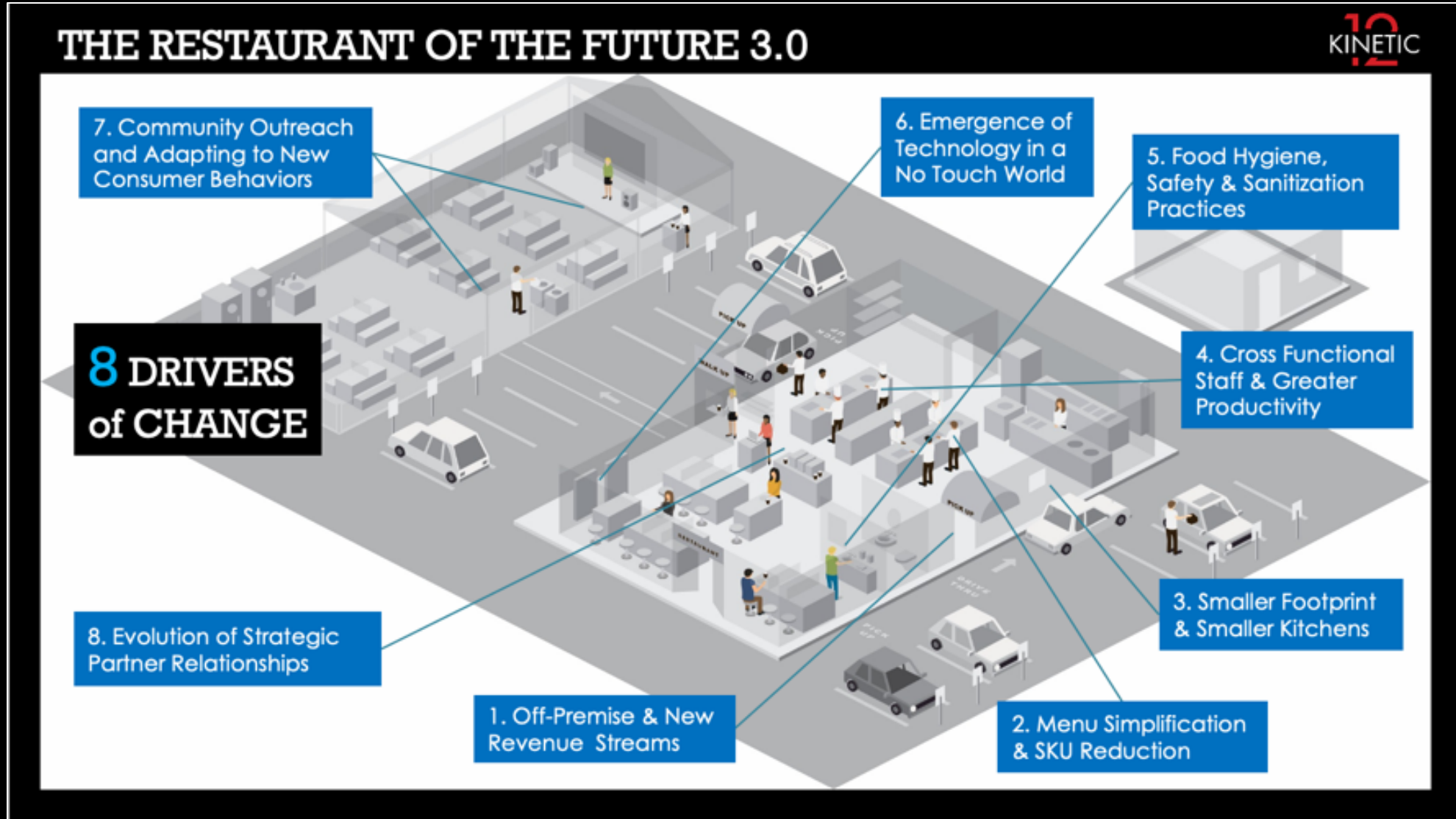
4 FOODSERVICE DNAs THAT WON'T CHANGE

Foundational expectations that must be part of a restaurant's design and operation



Chapter 1

8 DRIVERS OF CHANGE
Areas of a restaurant's design and operation that have changed and will continue to evolve



WHAT
WILL
CHANGE

1 The Restaurant of the Future

Off Premise & New Streams of Revenue

- Investment in Curbside, Drive-through, Take-out, Delivery
 - Double DT & Traffic Flow
 - Ordering spots
 - Curbside spots
- Expanded Dayparts
- More Virtual brands





NEWS > FAST CASUAL

Shake Shack adds curbside pickup to 68 locations

Shake Shack has added curbside pickup at 50 locations.

Chain, hit hard by Manhattan closures, outlines pandemic-accelerated strategies tied to digital ordering and store formats; new Shack Track store debuts in Los Angeles; in-house delivery a priority, leaders say.

Nancy Luna | Sep 16, 2020

Menu Simplification & SKU Reduction

- Smaller menus
- Best sellers & Comfort foods
- Higher margin
- Easy to execute items
- Fewer skus in the kitchen
- Improved consistency & quality
- Suitable for off-premise





OPINION • FINANCING

MCDONALD'S FRANCHISEES WANT TO MAKE THEIR SMALLER MENU PERMANENT

As operators of fast-food brands enjoy more efficient service than ever, many want to see changes last long after the shutdown, says RB's The Bottom Line.

By **Jonathan Maze** on Jun. 02, 2020

Case in point: McDonald's. This week, the chairman of the National Owners Association, McDonald's independent franchise association, said that keeping a reduced menu would be his group's top priority.

McDonald's took some aggressive steps in March to simplify its operations to prepare for a pandemic during which sales would come exclusively through the drive-thru. The company ended All-Day Breakfast, for instance, and cut some other items from the menu that didn't sell well and were complex, all in a bid to improve service through that window.

That, apparently, has worked to improve speed and service in recent weeks. "We are seeing improved sales throughout the country," Casper wrote. "Our teams are doing amazing work in our drive-thrus."

WHAT
WILL
CHANGE

3

The Restaurant of the Future

Smaller Footprints & Flexible Kitchens

- Smaller spaces – dining room and kitchen - that are maximized
- Greater space given to drive-through, curbside pick-up, order spots
- Flexible, moveable spaces, equipment, tables & walls
- Flexible outside seating





Noodles CEO: How we're reducing our store footprints – and growing again



By [Ed Sealoover](#) – Senior Reporter, Denver Business Journal
Aug 27, 2020, 5:03pm EDT

Noodles & Company CEO [Dave Boennighausen](#) has seen the future during the coronavirus pandemic, and it is smaller.

It's not the size of the Broomfield-based fast-casual chain (Nasdaq: NDLS) that will shrink in coming years. On the contrary, company leaders who eased back on a [planned push to boost franchising and grow locations this year](#) expect to rev that up next year and see unit growth of 7% in 2022, just one year later than originally expected, Boennighausen said in an interview.

Instead, it's the size of Noodles locations that officials now are convinced can shrink from the 2,500-square-foot model that's been in place almost since the company's 1996 founding. And while Noodles executives had been eyeing 2,000-square-foot spaces even before this year began, they now believe they can reduce future restaurants to 1,500- to 1,700-square-foot eateries – and possibly go as small as 1,000 to 1,200 square feet in some cases.

Cross Functional Staff & Greater Productivity

- Multiple competency positions / fewer specialists
- Smaller staff
- Cross-training
- Benefits / certifications
- Winning team culture



Food Hygiene, Safety & Sanitization Practices

- Procedures, equipment, training
- Overt signals of cleaning, including signs
- Hand washing / sanitizer in dining area
- Food is covered at all times before reaching the table/guest



Emergence of Technology in a No- Touch World

- App controlled drink machines
- Facial recognition machines
- No-touch operation – “wave & point”
- Robotics
- QR Code menus
- Order ahead - curbside





burger king's restaurant of the future features a touchless, post-pandemic design

burger king has unveiled its new restaurant redesign, with social distancing in mind, which delivers flexibility, innovation and convenience for ordering and delivery. dubbed *the restaurant of the future*, the new design features dedicated mobile order and curbside pick-up areas, both drive-in and walk-up order areas, a covered exterior main dining space, an enhanced drive-thru experience and sustainable design elements.





NEWS > QUICK SERVICE

White Castle to test AI-powered drive-thru system with license plate recognition

White Castle plans to test Mastercard's AI Powered Drive Through Platform later this year.

Loyalty members can opt-in for personalized menu and payment experience featuring a digital voice assistant; Mastercard platform builds on automated tech tested last year by Sonic Drive-in

Nancy Luna | Sep 02, 2020

Community & Adoption of Consumer Behaviors

- Greater focus / connection to local / community
- Guest loyalty through familiarity and trust
- Outreach to local charities / first responders / senior living
- Pop-up Entertainment



LUNCH FOR A CAUSE

You Eat Lunch Right? Why Not Eat for a Great Cause!

Join us on Wednesday, December 7th
Help us raise funds to support the Dr. Robert E. Appleby School Based Health Centers in Norwalk's Public Schools
15% of Proceeds will Support our Health Centers
"Healthy Kids make Better Learners"

HUMAN SERVICES COUNCIL

LUNCH HOURS 11:30 - 2:30PM
(*in house dining only)
To reserve a table please call: 203-229-0000
Mention the Human Services Council

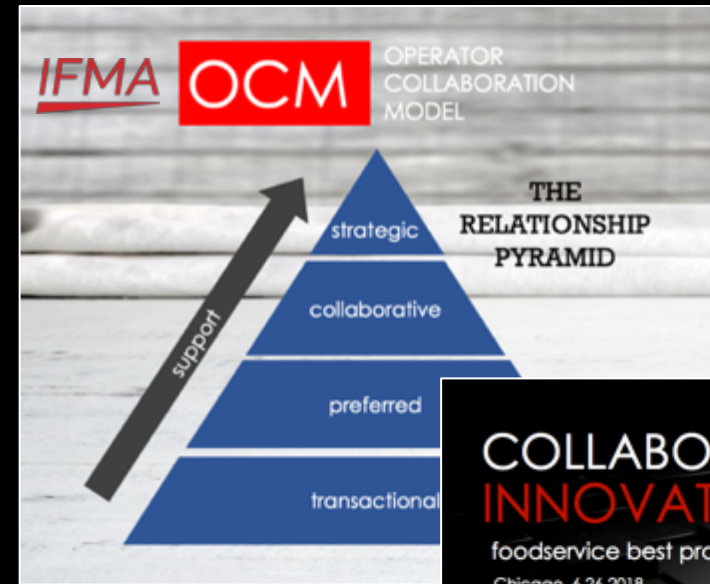
Lunch for a Cause is our way of Giving Back

MEDITERRANEO
353 Main Street | Norwalk, CT



Evolution of Strategic Partner Relationships

- Taping into top suppliers in a more collaborative solution-oriented way
- More CI, of course!
- More joint business planning
- Great supply chain transparency and trust
- Virtual Engagement



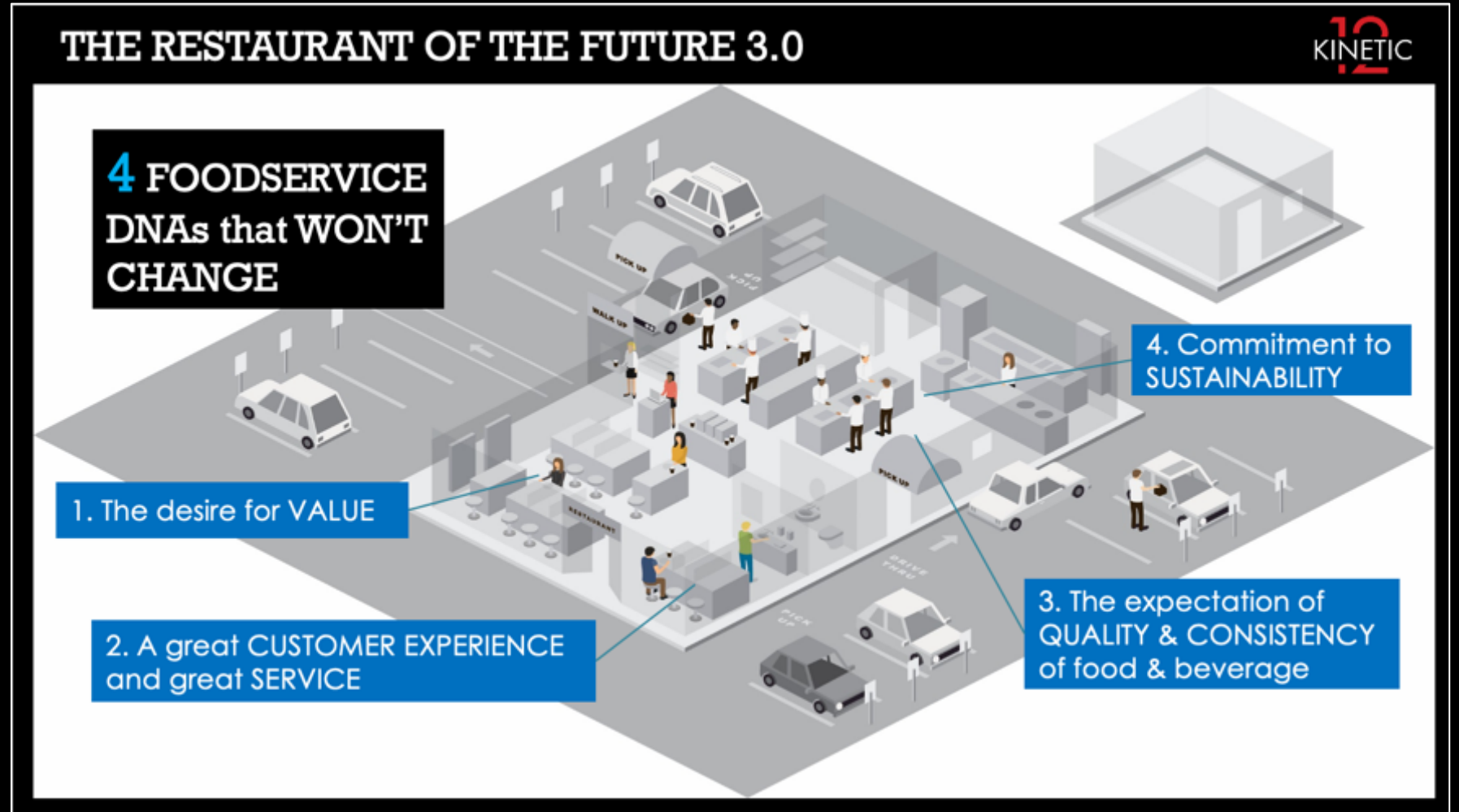
WHAT WILL CHANGE The Restaurant of the Future



Chapter 2

4 FOODSERVICE DNAs THAT WON'T CHANGE

Foundational expectations that must be part of a restaurant's design and operation



WHAT
WILL
REMAIN

1

The Restaurant of the Future

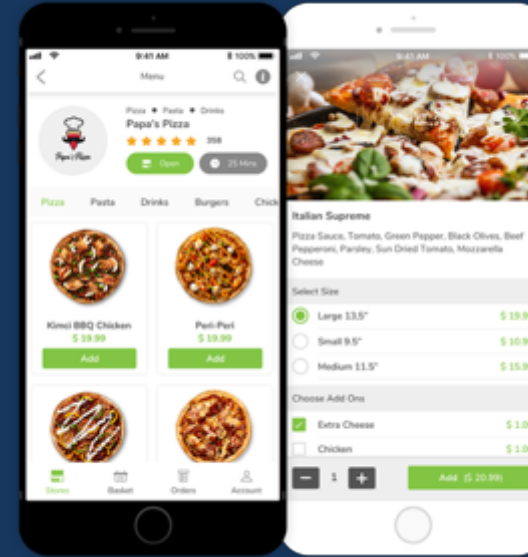
The Desire for Great Value

- Most consistent consumer driver
- Defined differently
- Deal driven culture
- Experience & value



A Great Customer Experience & Great Service

- Physiological versus experiential needs
- Food as a social catalyst
- Minimum expectations for service
- Service as a differentiator
- Role of the App – functionality and ease



The Expectation of Quality & Consistency

- Safety temporarily more important than quality
- Service expectations – vary
- Role of technology – can tech replace human contact?
- The guest experience
- Consistency crucial to brand building & loyalty



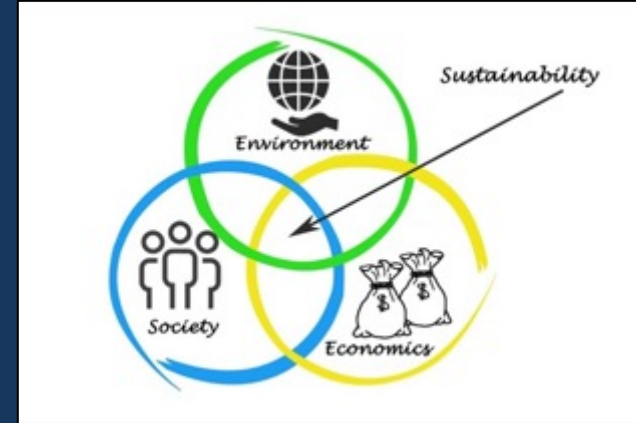
WHAT
WILL
REMAIN

4

The Restaurant of the Future

A Commitment to Sustainability

- 3-dimensions: Environmental, Social & Economic
- Taken a back seat to safety & sanitization - but not forever
- “Food Hygiene” is the new buzz phrase - may become the 4th dimension of sustainability



McDonald's

NEWS > QUICK SERVICE

McDonald's to test zero-waste cup solution by U.S. firm TerraCycle

McDonald's to test zero waste cup solution in the United Kingdom.

The Restaurant of the Future 3.0

8 DRIVERS OF CHANGE

Areas of a restaurant's design and operation that have changed and will continue to evolve

1. Off-Premise Growth & the Addition of New Streams of Revenue
2. Menu Simplification & SKU Reduction
3. Smaller Overall Footprints & Smaller Kitchens
4. Cross-Functional Staff & Greater Productivity
5. Food Hygiene, Safety & Sanitization Practices
6. Emergence of Technology in a No-Touch World
7. Community Outreach and Adapting to New Consumer Behaviors
8. Evolution of Strategic Partner Relationships

4 FOODSERVICE DNAs THAT WON'T CHANGE

Foundational expectations that must be part of a restaurant's design and operation

1. The Desire for Value
2. A Great Customer Experience & Great Service
3. The Expectation of Quality & Consistency of Food & Beverage
4. A Commitment to Sustainability

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