



Q3 2020 MENU:

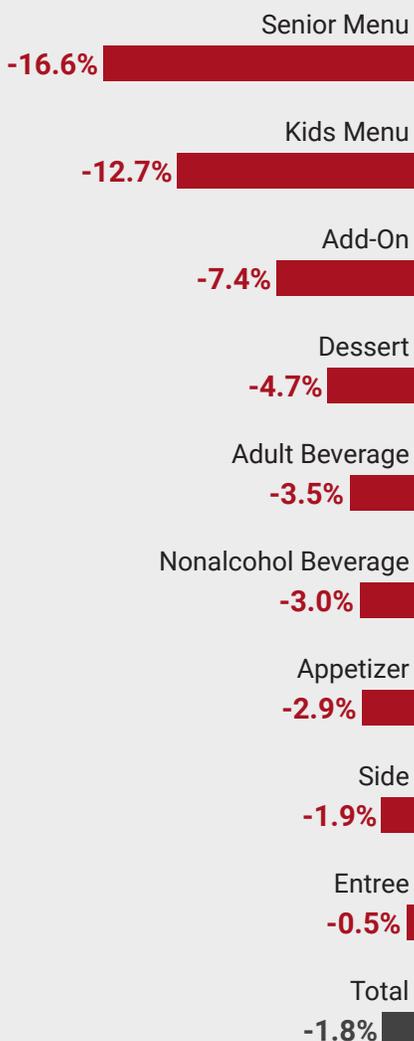
Major Takeaways and Insights

In the third quarter of this year, many operations entered the “Start” phase of Technomic’s **“Four S” process of recovery** framework, as some markets moved toward reopening, albeit with restrictions, hypersensitivity to the safety of employees and patrons, and caution with menu innovation. The data gleaned from Technomic’s Ignite Menu dashboard provides a plethora of insights into the state of menus today, but how do you apply these insights to your business? In this whitepaper, we’ll delve into both by getting a generalized overview on what we saw on menus in Q3 2020, as well as some actionable insights moving forward.

MENU CLEANSING CONTINUES

We continued to see operators streamline menus in Q3. Although total menu item count declines were less extensive this quarter (-1.8%) compared to the previous quarter (-3.3%), the two largest mealparts—entrees and appetizers—actually saw slightly greater

YOY MEALPART DECLINES



The two largest mealparts—entrees and appetizers—saw slightly greater cuts in Q3 compared to Q2.

cuts in Q3 compared to Q2 (with entrees down 0.5% versus 0.0% in Q2, and appetizers declining 2.9% versus 1.4% in Q2). On the other hand, decreases in nonalcohol beverages, adult beverages, add-ons, kids menus and senior menus were not as extensive this quarter compared to the previous quarter. Let's take a look at each mealparts' item count declines over the past year.

NOTABLE DECLINING AND GROWING ITEMS

The items that saw year-over-year falloff and growth speak to larger industry trends throughout the pandemic. In Q3, we saw operators especially move away from items that require high touch, unnecessary menu extensions and substantial expenses, and move toward global dishes, comfort fare and off-premise food and drink.

Trends in the Declines

Buffet Grub

Self-serve buffet items—including kids buffet (-43.5%) and senior buffet (-42.9%)—have been on the decline as operators have moved away from fare that requires high touch and potential contamination among guests.



24%
of consumers are paying closer attention to store cleanliness at fast-food restaurants compared to before the pandemic

Base: 675 consumers who order from fast-food restaurants monthly+

Source: Technomic 2020 Future of LSR: Fast Food & Fast Casual Consumer Trend Report

Luxury Items

Expensive items such as lobster mashed potatoes (-58.3%), caviar (-38.8%) and tasting menus (-34.1%) saw notable declines.



Half of millennial parents (51%) would visit restaurants more often if they offered healthier options for children

Base: 350 consumers ages 28-54 who live with kids under 12

Source: Technomic 2020 Generational Consumer Trend Report

Kids Desserts

Kids ice cream dish (-50.0%), kids cookie (-42.9%), kids ice cream (-41.7%) and kids brownie (-41.2%) are among the top 10 declining dishes in the past year.

Trends in the Upticks

At-Home Prep & Consumption

Meal kits (+17,500.0%) and packaged coffee (+2,000.0%) both saw whopping upticks, popping up among the top three fastest-growing dishes in the Q3.

Bowls

Morning and afternoon bowls—including Mexican bowls (+61.8%), breakfast bowls (+25.0%) and smoothie bowls (+18.3%)—are easy to take on the go.



41% of consumers say being able to eat food directly from the container is important or extremely important when it comes to packaging

Base: Approximately 960 consumers who order carryout or delivery at least once a month

Source: Technomic 2020 Delivery & Takeout Consumer Trend Report



Comfort Desserts

A plethora of doughnuts, including glazed doughnut (+75.0%), cream/custard filled doughnut (+62.5%) and cake doughnuts (+58.8%), as well as snickerdoodle cookies (+27.0%) and assorted cookies (+24.4%), saw growth.

International Fare

Food from all over the globe saw upticks, including Mexican bowls (61.8%), carnitas (+14.8%) and value meals (+12.9%); Indian biryani (+15.5%); and Middle Eastern chicken kabob entrees (+13.7%).

Plant-Based Imitations

Among the top 10 fastest-growing ingredients in the past year were plant-based proteins (+118.2%), cauliflower rice (+63.3%) and oat milk (+37.5%).

ACTIONABLE INSIGHTS

The Q3 2020 Ignite menu data provides colorful detail to what we've been talking about at a macro level over the past few months. But what are some actionable insights to implement in Q4 and beyond?

Target the Off-Premise Comfort Lifestyle

Many of the comfort foods on the rise in Q3 are easy to grab and go. Operators added items such as bowls and doughnuts, each of which can easily be taken off-premise, as well as meal kits and retail coffee to only be consumed at home. Knowing many consumers may not be secure with dining in (or able to), operators need to meet their patrons where they're at in terms of comfort.

Offer a Mode of Safe Exploration

Travel restrictions are making it difficult for Americans to explore other countries' cultures, but operators can help by serving up crave-worthy international fare. Cuisines with which consumers are most familiar—such as Mexican, Italian and Chinese—are more likely than other international fare to survive the veto vote among families ordering food and drink for home consumption.

Prioritize Safety and Sanitation

Menus that connote safety and sanitation remain essential. Items on the decline in Q3 included tasting menus, which require consumers to linger in restaurants for extended periods of time, and self-

serve buffet fare, which requires high levels of touch. Moving away from like items, as well as extensive shareables, will be critical for the near future.

Keep Plant-Based a Consideration

In the third quarter, plant-based protein, rice and milk were three of the top 10 fastest-growing ingredients on menus. Cauliflower rice was among the top two in both Q2 (+65.0%) and Q3 (+63.3%), with various specified plant-based proteins (shrimp, beef and sausage) listed as fastest growers for Q2. What this means is that the plant-based movement is going strong despite a bit of a slowdown at restaurants in the beginning of the pandemic. Consider this a trend that's here to stay.



As operators begin their recovery process, they'll need to find ways to combat everything from supply availability and cost to labor and time. In addition to continuous efforts toward menu streamlining in Q4 and beyond, operators will look to offer items that can be executed quickly (especially for the drive-thru), provide items that hold up during off-premise travel and launch safer LTOs. Look

for menu innovation to continue but in new ways, as modernization will be an essential part of the recovery process in the new year.

For more information about our menu collection, please reach out to your Technomic account manager.



Since 1966, we've produced in-depth research focused on the foodservice industry.

We provide insights into consumer, industry and menu trends in the U.S., Canada and 23 countries around the world. Our team of experts helps leaders in the industry make complex business decisions, set strategy and stay ahead of the curve.



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