

# Huhtamaki

## 2022 Q3 Trends Report



Inflation & Recession



Digital Ordering



Breakfast



# I. Inflation & Recession

**Many restaurant owners** place the current rate of inflation, its impact on consumer spending and increasing costs at the top of their list of challenges. The likelihood of a recession also looms large in the near future. However, a recent study showed that **29%** of those surveyed say it's cheaper to order from restaurants than it is to buy everything and cook it yourself.



# I. Inflation & Recession

Those surveyed even preferred to give up other things like buying new clothes and traveling to keep eating out. That's good news to those in the restaurant business who can also look to the **recession of 2008-2009** to help them navigate the current one. The **main thing to remember** from then is that brands should stay the course with their primary strengths.

# Firehouse Subs

According to Firehouse CEO **Don Fox**, restaurants are currently operating in the **fourth-highest rate of inflation** in modern American history, which is bringing on several challenges. Fox said many of these challenges “are either direct results of the pandemic or highly influenced by it.”



Consumers, however, may continue going to restaurants as a way to **save money** because other sources of food and drink are feeling the pain as well. June saw grocery prices rise **12.2%** since last year. It was the largest 12-month increase in grocery prices since the period ending in April 1979.

# Dunkin'

With the onset of the pandemic and the changes it brought to consumer schedules, the brand responded by focusing on **other dayparts** outside the morning rush hour.

**Dunkin'** executives noticed that commuters had shifted to the midday hours and offered cold beverages like Refreshers and other snacks. The result was a **95% attachment rate**.



The brand will continue to inspire repeat business by providing value beyond the dollar point by focusing on the demand for cold drinks, price elasticity, add-on potential and innovation.

# Dutch Bros



The Oregon-based drive-thru coffee chain seems to be riding the wave of inflation pretty well.

While nationwide foot traffic to coffee establishments slowed in June (likely due to high gas prices), **Dutch Bros** visits were up **178%** compared to 2019 levels. The increase was likely because of both **strong unit growth** and overall same-store **traffic growth** during the pandemic. In recent years, **Dutch Bros** has been one of the fastest-growing coffee chains in the U.S. In 2021 alone, the chain added nearly **100 locations**.

# Denny's

Company executives are leaning into their customers' preference to pay more to enjoy a sit-down meal. CEO **John Miller** makes it clear that **Denny's** is not going after budget-minded diners, and its customers are fine with that.



Echoing customer sentiments, Miller said, "I want the **\$9** omelet. I want the gourmet pancakes. I want a second round of coffee. I'm not here for a deal." **Denny's** still offers a pancake meal for around **\$4**, but their **\$2 to \$8** combos are gone.

# Mighty Quinn's

This East Coast barbecue chain is going against the grain in the fast-casual industry by **cutting prices** on two of its most popular menu items: the meat samplers with sides.



With the cost of meat products beginning to level out, **Mighty Quinn's** wanted to pass along the savings by giving customers a discount of about **9%**.

Their customers have responded favorably as foot traffic has **increased** since the discount was initiated.





## II. Digital Ordering

The pandemic changed many aspects of our lives, including how we eat. Restaurants from fine dining to quick service need to embrace the **digital revolution** to stay competitive because **digital ordering** is now something consumers expect across multiple platforms.

By implementing **four key features** — personal display, loyalty programs, an integrated digital presence across platforms and buy-in from kitchen operations — restaurants can thrive even in challenging times.

# Smokey Bones



**Smokey Bones** is the first fast-casual dining brand in the U.S. to feature a fully equipped, **all-digital** drive-thru lane at its restaurants.

The drive-thru lanes have everything a quick-service restaurant has, which appeals to the traditional drive-thru customer, including **digital ordering boards, digital order confirmation**, high-quality audio and a window for express menu pickup.

They also have parking spots for customers who order **Smokey Bones'** popular items that take a little more time.

# Red Robin



Even though **Red Robin's** most profitable transactions come from dine-in, they know how important **digital** is now.

The chain saw its eighth straight quarter of off-premises sales dollars at more than double pre-pandemic levels, with the vast majority of that coming from third-party deliveries and to-go orders.

**Red Robin** recently upgraded its website with new presentation, navigation and online ordering. They expect this will drive higher checks because they'll remain committed to their core value propositions while featuring items that appeal to specific guest segments.

# Cracker Barrel

The chain known for its old-fashioned comfort food is feeling the pressure from many sides heading into the second half of **2022**.



**Younger consumers** say they could do better when it comes to **technology**. In response, **Cracker Barrel** launched pay at the table via QR code, and later in **Q4**, it plans to launch Apple Pay and Google Pay.

Other upcoming changes that will appeal to multiple generations of consumers include **enhancing** its digital store, revamping the **app** for a more streamlined ordering process and providing a more personalized experience. A **rewards** program is also being considered.

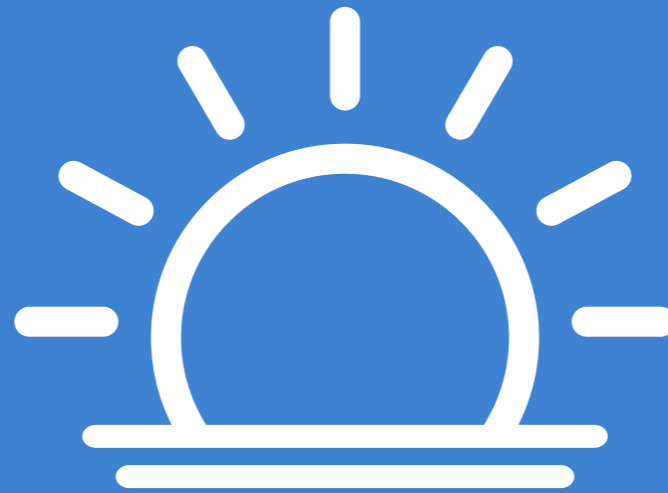
# Habit Burger Grill

The California-based brand, which has an ambitious goal to open **2,000** locations, currently has **320-plus** restaurants in more than a **dozen** states.

Dine-in accounted for **60%** of sales prior to COVID, which **John Phillips**, Chief Global Brand Partnerships Officer, says is a “**rare event**” for quick-service brands.

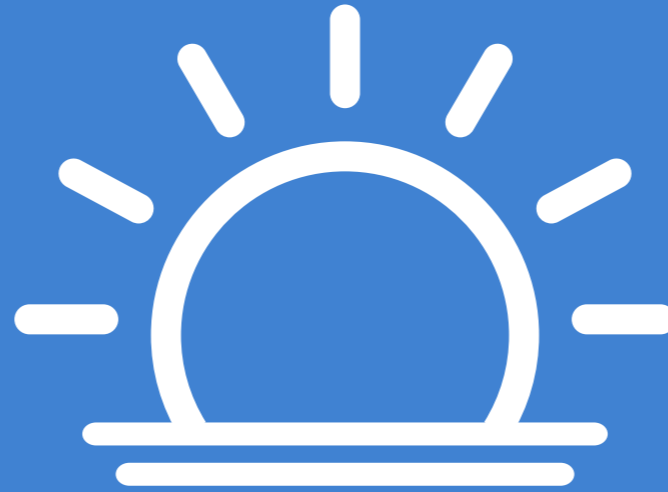


With the rise of digital, **Habit Burger** has pickup shelves in about one-third of their stores with more on the way. Expanding during a possible recession is daunting, but Phillips is confident going forward because franchisees aren't facing the new environment alone. The company is building and investing alongside them to help **promote confidence** and **optimism**.



## III. Breakfast

**Breakfast** as a daypart had been on the rise faster than other segments until 2020 when the pandemic started. According to **The NPD Group**, it was the quick-service brands that fueled the breakfast trend as the “breakfast wars” became more crowded. During the pandemic, consumer behavior shifted, and it was the breakfast and late-night segments that were most affected by it.



## III. Breakfast

In a notable shift in **breakfast**, consumer breakfast routines became an **all-day event**. They also craved more variety: spicy ingredients, global flavors, and vegan or vegetarian dishes. As these changes were unfolding, technology was also being used to reach customers as in-person dining shut down.

**Take-out breakfast** has now come into its own, with curbside pickup, grab-and-go, digital apps, personalization and loyalty programs.

It's safe to say that **breakfast has made a comeback**.

# Snooze, an A.M. Eatery



When your restaurant's business model is centered on **leisurely breakfast and brunch with friends**, you don't worry about shifting morning commuter trends.

Snooze, a Denver-based chain, opened six new locations last year and saw sales grow from **\$80.9 million** to **\$139.2 million**. CEO **David Birzon** proved the naysayers wrong when they claimed his business would be hurt by the increase in people working from home.

In fact, he said sales would have been even higher last year if their California locations had been able to open prior to the summer of **2021**.



# Another Broken Egg Café

With their record-setting sales so far this year, this award-winning “**NextGen Casual**” daytime-only restaurant is capitalizing on the popularity of **brunch** and will continue to expand into **new markets**.



**Another Broken Egg Café** is known for chef-inspired artisanal dishes along with their full bars serving trendy drinks hosted by a mixologist. CEO **Paul Macaluso** said, “We are energized and ready to **power through** the rest of 2022, securing even more development opportunities, with operators looking for an innovative and profitable **daypart brunch** concept that offers a better quality of life for their managers, servers, kitchen staff and for themselves.”

# OEB Breakfast Co.

Founded by chef **Mauro Martina** in Calgary in 2009, **OEB** offers **breakfast** and **brunch items** that use the type of high-quality, locally sourced ingredients normally seen on dinner menus. Featuring lobster, caviar, scallops and duck fat-fried potatoes, their **breakfast bowls** are a signature dish.



When **Martina** saw the increased interest in this early daypart in the U.S., he opened the first **OEB** in Scottsdale, AZ, in 2018. A second American location opened earlier this year in Newport Beach, CA.

# Toasted Yolk



CEO and co-founder **Chris Milton** is excited to be bringing the **Toasted Yolk's** unique breakfast, brunch and lunch **experience** to more states, including Ohio, Mississippi, Florida, Louisiana and Texas, in the coming months.

Their chef-driven menu offers **quality and freshness** with fan favorites like Cowboy Scramble, Churro Donuts and the West Coast Arnold. With their tongue-in-cheek belief that “it’s never too early to get toasted,” guests can enjoy classic mimosas, Rise ‘N’ Shine Punch and more at the full bar.

# IV. Signoff

As a foodservice provider, you know how important it is to stay on top of the trends that your customers care about. From getting through challenging times with **inflation and recession**, to the increased use of **digital and breakfast's** big comeback, stay on top of **industry changes**. **Huhtamaki North America** stays at the forefront of these trends to help your business navigate the ever-changing foodservice landscape.

# Q3 2022 Trends Report Sources by Slide

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