

Fast-Casual Chains Continue to Outperform Other Restaurants

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According to foodservice consultant Technomic, the Top 100 fast-casual chains continued to be the growth vehicle for the limited-service restaurant industry in 2007, and outperformed the restaurant industry as a whole.

	2007 Sales Growth	2007 Unit Growth
Fast-casual chains	13.3%	9.5%
Overall limited-service segment	5.3%	2.6%
Restaurant industry	5.0%	2.6%

Fast-casual restaurants provide fast service and fresh, high-quality food in upscale settings. The Top 100 chains totaled \$14.8 billion in sales, accounting for most of the \$16 to \$17 billion the entire fast-casual industry grossed in 2007, an industry that demonstrates solid performance and diversity across several menu categories.

Menu Composition within the Top 100 Fast-Casual Chains

Menu Category	Share of Market
Other Sandwich	20%
Mexican	19%
Bakery Café	18%
Pizza/Italian	12%
Asian	9%
Chicken	9%
Hamburger	7%
Specialty	6%
Total	100%

Fast-casual restaurants occupy a niche that gives casual-dining consumers an opportunity to 'trade down' to lower-priced yet high-quality fresh food, and allow quick-service customers a way to 'trade up' to a more upscale 'third place' environment that offers affordable food quickly at a cost that is usually only about \$2 to \$4 more than typical quick-service venues. However, their success has attracted the attention of both full-service restaurants and quick-service chains.

'Competition is getting tougher within this segment,' says Darren Tristano, Executive Vice President of Technomic Information Services. 'New chains are constantly emerging-some similar to concepts already out there, while others are spin-offs of their full-service counterparts. Meanwhile, quick-service chains are trying to lure customers back by revamping their offerings and sometimes their décor to compete with fast-casual concepts. To continue competing successfully, fast-casual chains must align themselves even more closely with the needs of their target customers.'

The report identifies and analyzes four key characteristics that will have an ongoing influence on fast-casual menus and continuing growth opportunities: 1) exceptional flavor and spice profiles, 2) high-quality ingredients, 3) regional ethnic cuisines, and, 4) fresh and healthy inspirations. Select findings include:

Fast-casual chains are trying to drive revenue in slower-traffic periods, such as breakfast, dinner and in-between snack periods, by introducing new menu items, adding or enhancing existing catering programs, and by offering Wi-Fi and adult beverages to attract mobile workers and social occasions.

Panera Bread, remained the highest grossing fast-casual chain with \$2.2 billion in estimated sales in 2007, as well as the chain with the largest sales and unit growth in terms of actual dollars (\$336.9 million) and units (140 new stores). It also leads the Bakery Café segment. Second- and third-place chains were Chipotle Mexican Grill (Mexican segment) with an estimated \$1.1 billion and Panda Express (Asian segment) with an estimated \$1.0 billion in sales in 2007.

Technomic Information Services' 2008 Top 100 Fast-Casual Restaurant Report provides restaurant operators and others in the foodservice industry with extensive information and analysis of top performers by sales and units, current trends within the fast-casual segment, and identification of potential fast-casual growth opportunities. Its comprehensive appendices list the Top 100 fast-casual chains alphabetically and ranked by U.S. sales and units, and provide detailed profiles containing concept and menu positioning.

To purchase or learn more about the 2008 Top 100 Fast-Casual Restaurant Report, please visit www.foodpubs.com.

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