

Bennigan's Bankruptcy Indicative of Larger Casual Dining Woes, Says Technomic

2008-07-30

The sudden timing of Bennigan's Chapter 7 filing may have surprised many industry observers, but the difficulties facing S & A Restaurant Corp. and many other casual dining chains have been readily apparent for some time.

'These restaurants share many subtle and complex challenges that extend beyond this difficult economic climate,' says Ron Paul, president of Technomic. 'To some extent, they've become victims of their own success—a mature category with too many units and not enough differentiation, at least in the eyes of consumers.'

According to Technomic, the top 20 casual dining chains in the category in which Bennigan's operated had unit growth of 45 percent during the most recent five-year period, well beyond the growth in demand.

Recent Technomic research on the segment also identified factors that have helped some casual-dining operators remain successful, while others have stumbled. Those factors include strong unit economics, excellent execution in food quality and service, and the ability to convey a strong price/value perception with consumers, regardless of the total amount spent.

'In terms of achieving differentiation, it's hard to underestimate the importance of the food element,' says Paul. 'Consumers are naturally drawn to unique, signature menu items. When the chain can also layer in excitement through new or limited-time offerings, they help create an environment where consumers want to come back. A good experience can generate all-important buzz around the concept.'

To learn more about the Technomic study, *Casual Dining Outlook: A Consumer Assessment and Best Practices Analysis*, please contact Ron Paul at 312-876-0004.

This article comes from Hotel News Resource

<http://www.hotelnewsresource.com>

The URL for this story is:

<http://www.hotelnewsresource.com/article33797.html>

© 1998 - 2008 Nevistas and the author.

Brought to you by Hotel News Resource

Distribute your news on our Network

See what all the buzz is about at:

http://www.hotelnewsresource.com/Info-news_account_info.html