

The recipe for

RESTAURANTEERING IN A NEW ERA

Research & Insights into Satisfying the Next Generation of Eaters



WHITEPAPER

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INTRODUCTION

The keys to running a successful food establishment have long been consistency and quality menu items, knowledgeable and friendly servers, and a unique and attractive ambience. While all are still important elements, the industry is rapidly changing in response to emerging consumer trends. Our research shows that the recipe to success in this new era is a focus on sustainability, memorability, and nutrition.

In this report, we will explore these three overarching themes from the perspective of both restaurateurs and consumers. Specifically, we will consider perceptions amongst Millennial diners and the growing importance of nutritional labeling. These insights are the result of extensive interviews we've conducted with New York City-based restaurant managers, along with our analysis of secondary research cited throughout the report.



Nutrition. While restaurants aren't quite overhauling their menus to include kale and quinoa bowls, there is a pressing need to address consumers seeking more nutritional options. The modern diner is highly educated with regard to intake and preventative health measures. Food establishments can get ahead by offering a selection of gluten-free, vegan, and/or vegetarian fare, along with nutritional information about each dish. The nutritional information adds value to the meal for the consumer by knowing their sugar, fat, or salt intake. Having this information accessible allows the restaurant to be transparent about their cooking methods as well as provides the consumer the opportunity to make an educated and health conscious decision.

Sustainability. While you're certainly familiar with the farm-to-table movement and have seen a rise in establishments focusing on this concept, the initiative is now about much more than locally-sourced ingredients. Forward-thinking diners not only seek restaurants that source from local farmers and vendors, but they also care about limiting food waste, eco-consciousness, and an overall decrease in meat-centric meals.

Memorability. Millennials in particular want to share their dining experiences via social media. From Snapchatting a dessert on fire to Instagramming a trendy Acai bowl, it's essential to consider how well each dish is captured from an iPhone lens.

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CURRENT TRENDS IN CONSUMER BEHAVIOR

In 2015, the U.S. Food and Drug Administration (FDA) created the [Menu Labeling Compliance](#) mandate that requires food establishments that are part of a chain with 20 or more locations to provide nutritional information for items on their menus. Recently, restaurants that meet this criteria learned that they must also [indicate](#) that consuming large amounts of sodium (salt) is hazardous to one's health.



But such regulation isn't necessarily the result of bureaucratic fiat. The law seemingly reflects what many consumers already demand with regard to nutrition labeling, whether in the grocery store or while dining out.

According to *Packaged Facts*, a New-York based market research firm, [87% of Americans](#) look for the Nutrition Fact panel on packaged foods and drinks, and [67% of consumers](#) seek packaged foods that contain fewer and simpler ingredients. In a [survey of 3,500 U.S. diners](#), Unilever Food Solutions found that 75% of respondents want more nutritional information and sourcing information about food served in restaurants. 64% of diners surveyed stated that, if provided with nutritional information while dining out, they would make a healthier choice.

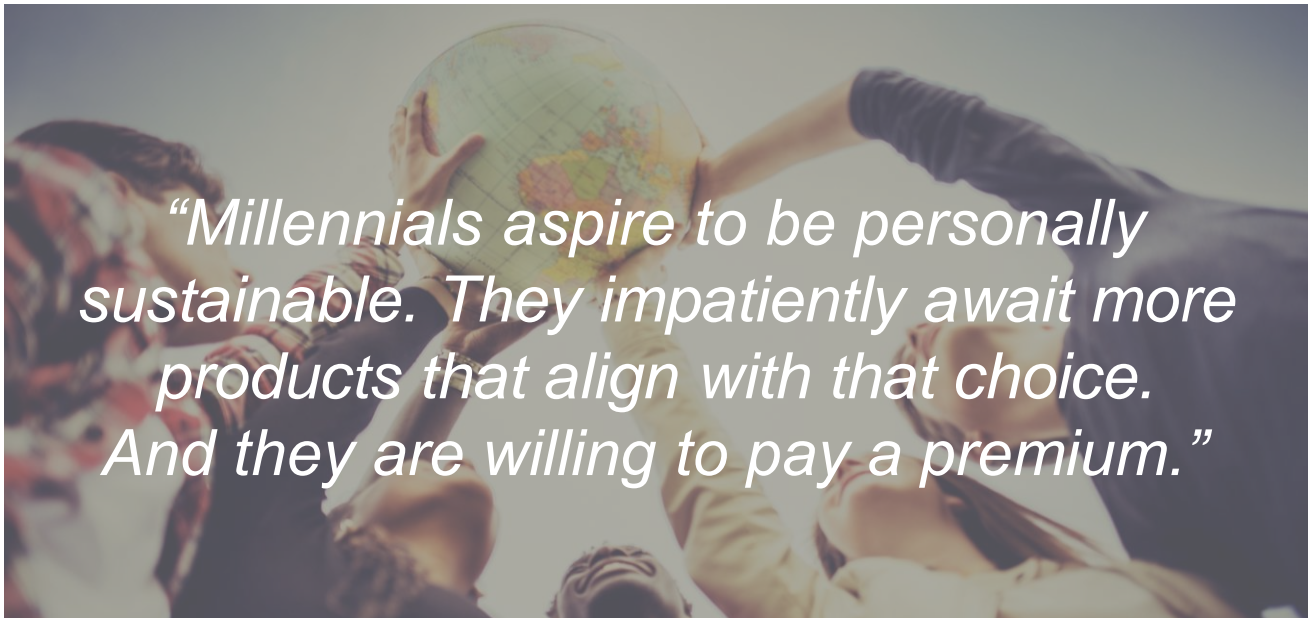
Such sentiments have likely been impacted by [recent studies](#) directly tying poor dietary habits to the development of chronic illness such as obesity, diabetes, cancer, and heart disease. In New York City, [research has shown](#) that menu labeling has decreased caloric intake by 6% per transaction.

Regardless of FDA regulations, providing consumers with nutritional information is a sound strategy. But it's not the only conclusion that a *diner-centric* restaurateur would reach.

The new demographic

Millennials are perhaps [the most health-conscious generation](#) ever, and, as of 2015, they made up a larger percentage of the population than Baby Boomers. By 2017, it's [estimated](#) that the Millennial generation will also outspend Baby Boomers. Understanding this demographic and anticipating Millennial behavior is the key to restauranteering in the future.

Aside from an obsession with health and nutrition, Millennials also care deeply about sustainability. From 2014 to 2015, the percentage of those willing to pay more for products from companies committed to sustainability [rose from 55% to 72%](#), respectively. The Nielsen Global Study [concluded](#) that 60% of respondents in a survey value purchasing items from sustainable and eco-friendly companies, and are willing to pay more for such products, prioritizing products made with natural and/or organic ingredients.



Transparency with regard to sustainability and eco-friendly practices increases the perceived value of a product, especially in the food category. Business Insider's Daniel Maher crisply captures this notion: "Millennials aspire to be personally sustainable. They impatiently await more products that align with that choice. And they are willing to pay a premium."

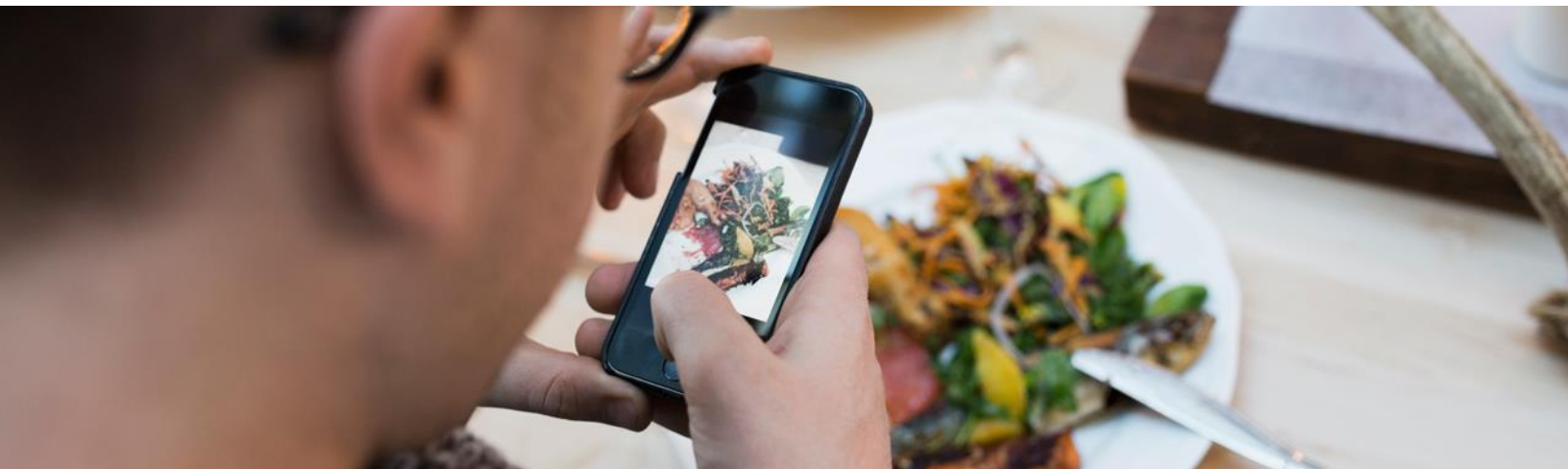
Untapped potential

There is another considerable upside to accommodating this choosy generation. Given their intense social media usage, Millennials have the unique capability to amplify any experience to their networks. A memorable and elegantly-plated dish can easily turn into wildly successful advertising, completely free of charge. Talk about word-of-mouth!

From ‘liking’ a page to deeper forms of engagement and sharing, more than [half of Millennials](#) actively connect on social media with brands they patronize. When it comes to food, studies have [dubbed](#) Millennials “The Foodie Generation” for their enthusiasm with regard to eating and sharing their culinary experiences publicly.

In fact, [research](#) indicates that 44% of people between the ages of 21 to 24 have posted at least one photo of food or drinks to a social media platform. An astonishing 52% of Millennials (ages 21-32) would rather attend a food festival than music festival, while 61% of Millennials (ages 21-24) would rather have dinner at a new restaurant than purchase a pair of shoes.

This increasingly important segment of the population may indeed have unprecedented potential for the food industry. Creating nutritious, sustainable, and memorable menus will certainly soon be the gold standard for restaurants.



DEVOURING THE COMPETITION

Once a consumer-centric mindset is adopted, restaurants and food brands can design and execute on strategies and expect impressive results. Utilizing social media and other technologies to create feedback loops with customers, organizations have already validated a number of worthwhile steps to take.

A [whitepaper by TalkWalker](#) illustrates how an organization could mine social media and internet data to discover that certain U.S. States

have more searches and interest in the Paleo diet than other areas. They could then tailor their practices to a particular location, localizing ingredients to match the area's nutritional preferences. For example, Kraft recently removed food dye from certain products in response to consumer feedback on

social media. There are a number of other companies and initiatives that can serve as sources for inspiration as well.





Industry innovators

KIND Bar takes pride in [valuing nutrition](#) and offering products with ingredients anyone can pronounce. The company started an initiative for its consumers to connect with dietitians to better understand their food habits and create healthier lifestyles. Chipotle [stresses its use of ingredients](#) that are antibiotic-free and free of GMOs. They also enable consumers to connect with its local partners from whom any particular restaurant sources ingredients. Further, Chipotle provides a [nutrition calculator](#) on its website for consumers measure the intake of their favorite meals.

Whole Foods is [dedicated to providing](#) artisanal, fresh, and organic ingredients on its shelves and in its pre-made food section. The company also emphasizes sustainability, given its use of compostable to-go containers and a focus on sourcing from local farmers and food producers.

Many of the aforementioned brands were founded with these values and don't fully illustrate the opportunity for companies that need to shift. One restaurant that you wouldn't historically equate with healthfulness is The Cheesecake Factory. Menu items from the chain once earned the [top two slots](#) on the list of Worst Food in America for consumer health.

Yet, in 2011, the [chain announced](#) the SkinnyLicious Menu, which [features](#) over 50 menu items ranging from appetizers, cocktails, and entrees with a calorie count of 590 or less. Since then, dining experience scores have increased by [20% in the past 5 years](#).

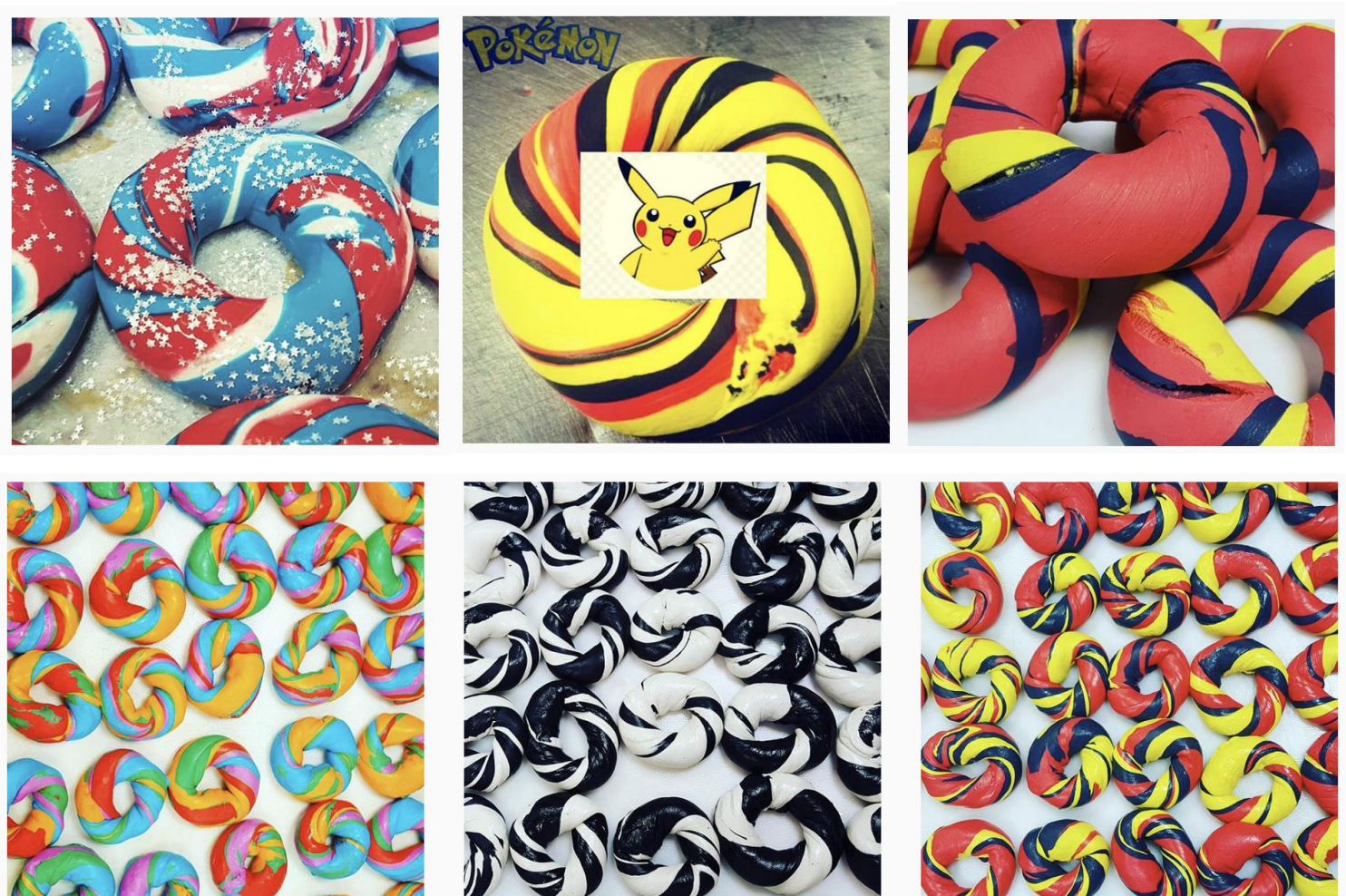


[According to Matt Clark](#), the Senior VP of Finance and Strategy at Cheesecake, "We change our menu two times every year to introduce new items or entire new categories...this keeps our menu fresh and relevant and is a critical component of driving sales."

[Bonnie Liebman](#), the nutrition director at the Center for Science in the Public Interest, went as far as to state, "I hate to criticize a company for moving in the right direction...but maybe this should become their main menu."

With regard to creating memorable dishes, mainstream media coverage can be unpredictable. But brands have started formulating a science to ensure their dishes go viral on social media. For example, Joe Isidori, the executive chef of ice-cream shop, Black Tap, aims for moonshots even before a dish is created. He [told Eater](#) that he designs “milkshakes in partnership with his social media manager” to “create something as eye-catching as it was delicious.”

But even classic dishes can be repurposed slightly to enhance the experience of enjoying them. Scott Rossillo has been making rainbow bagels since before there was social media. But he doesn’t miss a beat to alter them slightly to ride the wave of a momentous occasion, like the [Olympics](#), [Pokemon Go](#), or [Angry Birds](#).



Exclusive analysis of independent NYC restaurants

We interviewed owners and head chefs at restaurants across New York City to evaluate their perceptions and responses to consumer trends. Because many of the restaurants surveyed were standalone establishments or part of small chains, they did not meet the criteria for the FDA regulations, and their behavior was largely unbiased by it. This offered us the unique opportunity to qualify genuine sentiments and their corresponding performances in the market.

Questions focused on the availability of nutritional information, customer inquiries, and steps taken to practice sustainability. The restaurants surveyed range from fast food to fine dining, with representation of everything in between.



None of the restaurants said they currently met FDA standards with regard to providing nutritional information, but that doesn't tell the whole story. The majority heavily emphasize nutrition and sustainability, but don't have the resources or know-how to calculate nutritional content for each meal.

Further, every single restaurant reported receiving numerous customer inquiries into adapting dishes to accommodate allergies and specialty diets such as Gluten-free or Paleo.



Overall, participants expressed substantial interest in adapting to consumer trends. The few restaurants that outright claimed that consumers are just looking for the most delicious meal did however note that their clientele tended to be older. Only time will tell how these strategies will play out.

NEXT STEPS

There are a number of steps large food chains and brands have taken to increase their focus on nutrition, sustainability, and memorability. Similarly, standalone restaurants have proven that, even without substantial resources, it just takes some creativity to stay ahead of the curve.

In particular, one of the key areas restaurants have and will continue to focus on in the future is finding an affordable way to provide nutritional information for dishes on their menus.

Edamam provides an easy-to-use platform to create nutritional labeling for your menus. The company's mission is to capture the world's food knowledge and help you make educated decisions in the kitchen- whether at home or in a restaurant.

The Edamam Wizard Tool analyzes your recipes and matches ingredients listed to the USDA food guide to calculate nutrient information. Edamam also tags your recipes for all major allergens and diets such as Paleo or Gluten-Free. Giving your customers the information they want has never been easier. Visit <http://edamam.com> for details.

Perhaps your menu has complicated sauces and dishes with many components. If so, then a white glove service like **SPE Certified** may be what you need. SPE Certified is a unique certification dedicated to nutritional analysis and sustainability that establishes a commitment to being a health-conscious restaurant.

SPE Certified has an in-house culinary and nutrition team that works with you and your menu to create a customized strategic plan to analyze your menu for nutritional information, allergens, sustainability, and following menu labeling compliance set by the FDA. Visit <http://specertified.com> for details.