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# Industry Insights

A roundup of noteworthy Canadian foodservice findings for the week of May 2, 2022

# Drive menu innovation

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# Food Prices Soar to Record Highs

Following rapid rates of inflation in the United States, Canada's food prices are rising to rates not seen in over a decade.

In March, shoppers paid 8.7% more for food from grocery stores than they did a year prior. This marks the largest year-over-year increase of food prices since 2009. Dairy products and eggs (+8.5%), pasta products (+17.8%) and breakfast cereal (+12.3%) are among the most rapidly rising grocery staple prices.

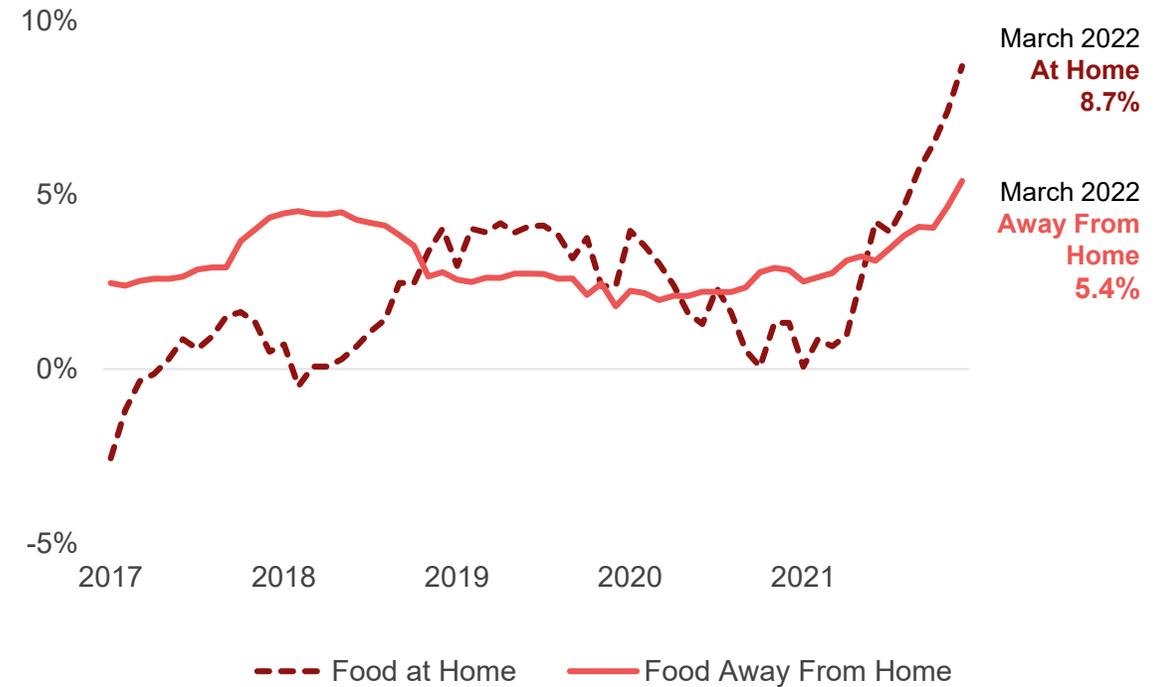
Though not as severe as grocery prices, prices at restaurants are increasing just as pandemic-related dining restrictions continue to ease

across the country. Food away from home rose 5.4% in March, up from 4.7% the month prior.

The Canadian total Consumer Price Index stands at 6.7% in March, one percentage point higher than the gain in February (+5.7%). January of 1991 (+6.9%) was the last time the yearly increase had reached this level.

Sources: Technomic Ignite Company

CANADA CONSUMER PRICE INDICES  
YEAR-OVER-YEAR % (REAL)



# Q1 2022 Food and Beverage Insights

The Q1 2022 Ignite Canadian menu data is live on Ignite.

Although we're seeing declining year-over-year counts in entrees (-4%), appetizers (-2%) and sides (-5%), mealparts including nonalcohol beverages (+5%), adult beverages (+2%), add-ons (+2%), desserts (+3%), kids menu items (+2%) and senior menu items (+3%) are on the rise.

Despite overall menu items decreasing 2% year over year, the fact that this is compared to a 9% decrease from pre-pandemic to today signals that a slow road to recovery may be starting.

Let's take a look at some of the key categories showing growth and declines year over year.

## KEY YOY TAKEAWAYS

### Growth

Among the fastest-growing dishes are bowl value meals (+250%) and taquito entrees (+175%), both of which are often spotlighting global flavours.

Several coffee drinks are growing on menus, especially cold coffee drinks, including iced Americanos (+62%), iced coffees (+34%) and iced lattes (+24%).

Within adult beverage menus, spritzers (+107%) top the fastest-growing list, followed by hard sparkling water/sodas (+71%), indicating a trend toward lighter or lower-alcohol adult beverage options.

Floral flavours are on the rise, with lavender (+42%) appearing in lemonades, lattes and desserts and hibiscus (+27%) being featured in teas and cocktails.

Spicy sauces and condiments such as Nashville hot sauce (+48%), chipotle sauce (17%) and wasabi mayonnaise (+10%) are showing

growth, reflecting a gravitation toward bold, exciting flavours.

### Declines

With entrees overall on the decline (-4%), take-and-bake meals (-39%) are seeing a particularly large drop, indicating that more consumers may be returning to in-person dining as dining rooms reopen.

Several cheeses are on the list of declining flavours, including pepper jack (-31%), brie (-19%) and Manchego (-17%), perhaps as a result of dairy-free (+16%) taking the spot of fastest-growing healthy claim.

When it comes to adult beverage options, many straight spirits are decreasing on menus, including rum straight (-21%) and Scotch whisky straight (-19%), another indication that menus may be straying away from higher-alcohol options.

# Value and Convenience Remain Key Drivers for Pizza

When it comes to drivers for purchasing pizza, the importance of various elements of the guest experience varies by age, with consumers aged 35 and older prioritizing value, convenience and consistency. However, the importance of these factors has waned slightly since 2020.

Value and convenience are important to younger consumers as well, but this group expects more from operators. Relative to consumers aged 35 and older, those under 35 place greater importance on elements such as

delivery, ordering options, coupons and high-quality packaging.

When it comes to convenient ordering options, younger consumers prioritize mobile ordering capabilities such as smartphone-optimized websites and apps. While phone (“voice call”) orders still enjoy broad levels of usage, restaurant operators should invest in technology that helps younger generations of consumers to engage with restaurants as they prefer to.

Base: 1,176 consumers

Q: Thinking about the restaurant or other foodservice location that you purchase pizza from most often, why do you choose to order pizza from this location most often? Select all that apply.

Source: Technomic Ignite Consumer featuring the Technomic 2022 Canadian Pizza Consumer Trend Report

DRIVERS TO PURCHASING PIZZA FROM RESTAURANTS



# Indonesia's Chain Restaurant Growth in Overdrive



The world's fourth-largest population and largest Muslim-majority nation doesn't always get the spotlight nearby markets China and South Korea receive as a hotspot for chain restaurant growth.

But this Southeast Asian country has huge potential from a foodservice perspective and many chains are poised for massive growth in a market that until recently did not even have a brand bigger than a thousand units.

Here's a breakdown of growth-minded chains' current plans:

## Kopi Kenangan

It's hard to talk about Indonesia's modern restaurant industry without starting with this emerging player. Founded in 2017, this fast-growing coffee chain grew nearly 40% in 2020 amid the worst of the pandemic environment, taking its store count to about 425. For 2022, Kopi Kenangan plans to add another 400 units, which would make it the second-largest restaurant chain overall in the market.

## Wingstop

The U.S.-based chicken specialist has grown to 50 locations since its 2014

entry into Indonesia and recently inked an expanded agreement with its franchisee there to reach 120 units by 2028. That would put Wingstop among the ranks of Indonesia's chicken leaders including Rocket Chicken, KFC, CFC and Richeese Factory.

## Subway

The American sandwich giant recently inked a deal with a highly regarded

MCO—one of Technomic's 200 Global Restaurant Groups to Know—to develop an undisclosed number of shops in Indonesia over the coming years.

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