Industry Insights

A roundup of noteworthy foodservice findings for the week of Sept. 18, 2023

Image Source: Shutterstock
A special September treat for you!

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*Offer valid through September 2023.*

Roark Capital Group’s acquisition of Subway is the largest deal in what has been an active year for chain acquisitions. The sandwich player became the ninth Top 500-ranked chain to be acquired thus far in 2023. By comparison, a total of 10 Top 500-ranked chains changed ownership in 2022.

Full-service chains Ruth’s Chris Steak House and Fogo de Chao are among the other top chains to be acquired so far in 2023, being absorbed by Darden Restaurants Inc. and Bain Capital Private Equity, respectively.

Last year, MTY Food Group Inc. went on a shopping spree, acquiring Famous Dave’s, Wetzel’s Pretzels, Village Inn and Granite City Brewery—all chains ranked within the Top 500.

Check out Technomic’s Same-Store Sales and Acquisition Tracker for regularly updated news on the industry’s largest chains.

Source: Technomic Ignite Company

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**IGNITE COMPANY**

Subway headlining a busy year of chain acquisitions

**YEAR-TO-DATE ACquisitions**

**TOP 500 CHAIN RESTAURANTS**

<table>
<thead>
<tr>
<th>Chain Name</th>
<th>Chain Rank</th>
<th>Acquired By</th>
</tr>
</thead>
<tbody>
<tr>
<td>Subway</td>
<td>8</td>
<td>Roark Capital Group</td>
</tr>
<tr>
<td>Ruth’s Chris Steak House</td>
<td>68</td>
<td>Darden Restaurants</td>
</tr>
<tr>
<td>Fogo de Chao</td>
<td>100</td>
<td>Bain Capital Private Equity</td>
</tr>
<tr>
<td>Pollo Tropical</td>
<td>106</td>
<td>Authentic Restaurant Brands</td>
</tr>
<tr>
<td>Krystal Company</td>
<td>125</td>
<td>SPB Hospitality</td>
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<td>Firebirds Wood Fired Grill</td>
<td>145</td>
<td>Garnett Station Partners</td>
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<tr>
<td>Corner Bakery</td>
<td>183</td>
<td>SSCP Management</td>
</tr>
<tr>
<td>Port of Subs</td>
<td>434</td>
<td>Area 15 Ventures</td>
</tr>
<tr>
<td>Genghis Grill</td>
<td>463</td>
<td>Craveworthy Brands</td>
</tr>
</tbody>
</table>

Source: Technomic Ignite Company
Here are some data and insights around adult beverage menu incidence today.

Overall menu incidence of adult beverages is up year over year, with the greatest growth in spirits (+20%), other wines (+14%) and specialty drinks (+7%). Only white wine has seen a dip in menu incidence (-0.3%).

The greatest year-over-year price upticks are in the beer category (+27%) and other wines (+19%).

The fastest-growing adult beverage brands are Graham’s (+67%), Glenfiddich (+56%) and Taylor Fladgate (+42%).

The fastest-growing flavors in adult beverages are green tea (+44%), kiwi (+14%), Irish cream (+10%), espresso (+9%) and wildberry (+8%).

Lime, orange, sweet, earthy and fruity are the top flavors paired with adult beverage.

**Ignite Menu clients: Click here for more**

Base: 30,659 menu items across 416 operators with five-year historical menus in Q2 2022-Q2 2023

Source: Technomic Ignite Menu
Nearly half of consumers (45%) agree restaurants have taken advantage of inflation to increase menu prices more than they should. In addition, 47% of consumers agree that they have just accepted the fact that restaurant food costs more now.*

Price increases have successfully driven revenue growth in the short term. However, this is not a sustainable strategy for the long haul. Moving forward, traffic growth should be the focus of the industry. This can be done by zeroing in on what makes an operation unique and doubling down on those aspects to gain a competitive advantage, earn new guests and drive visit frequency. Operators should be sure to understand who the core customer is and market to specific diners accordingly. For example, younger consumers tend to be more accepting of price increases. But when looking to target older customers (ages 35 and older), experiment with implementing strategic discounts such as value meals, BOGO deals and family-friendly combos.

Impact of price hikes on consumers

*Base: Varies

**Q: Please indicate how much you agree or disagree with the following statement about value and prices at restaurants and other foodservice locations.

**Base: 1,306 consumers who have noticed menu prices increasing in the past year

**Q: How have the price increases impacted your restaurant behavior? Select all that apply.

Source: Technomic Ignite Consumer featuring the Technomic 2023 Value & Pricing Consumer Trend Report

Ignite Consumer clients: Click here for more

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Mealpart and daypart breakdowns in Latin America

Technomic tracks menu development activity in five key markets in Latin America as part of its Global Foodservice Navigator Program, including dayparts and mealparts. Below are a few highlights from how these indices have evolved in this region over the past two years.

The four critical mealparts in this region across both years are entrees, desserts, nonalcohol beverages and sides/snacks. Entrees and desserts saw dramatic decreases in several markets, including Argentina’s 17% drop in entrees and Mexico’s 14% decrease in dessert items. Colombia and Mexico, conversely, were the only tracked markets in the region to see entrees grow or remain stable. Other notable points include the broad growth of sides/snacks in Argentina and Mexico, and Chile’s global standout 13% growth in adult beverage menu development.

On average, dayparts have remained stable in this region over the last few years. In both 2021 and 2022, lunch/dinner items made up about 60% of all items tracked in a given year, all-day items about 38% and breakfast the remaining 1%-2%. Colombia across both years and Mexico in 2022 were outliers, seeing a closer split between all-day and lunch/dinner items (about 42% to 56%). Brazil overindexed in 2022 with 72% of new items consisting of lunch/dinner releases—an 11% increase over the previous year.

Take a deeper dive into these markets and items with Technomic’s Country Reports.

Source: Technomic Global Foodservice Navigator Program

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We provide insights into consumer, industry and menu trends in the U.S., Canada and 23 countries around the world.

Our team of experts helps leaders in the industry make complex business decisions, set strategy and stay ahead of the curve.

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