The Catering Institute™

Five Points of Competitive Differentiation for Catering in QSR

A Catering Institute Original Essay by Erle Dardick, *CEO, The Catering Institute™*

Partners in Education:

MONKEYMEDIA™ SOFTWARE

PEPSICO

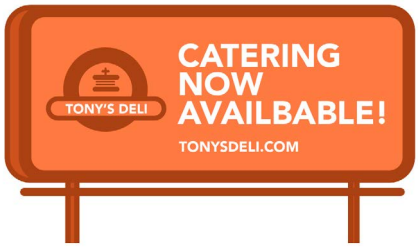
CATERING INSIGHTS™
Driving Relevant Catering Data to Restaurants

As consumer markets continue to converge, catering remains as an important topic of discussion in the boardrooms of our community's restaurant chains. Historically, catering was left to the 'caterers' who focused on filling off-premise consumer demand, while restaurateurs focused on the in-store dining experience. Caterers had an advantage over restaurants, as they were not bogged down with the complex subtleties of managing advanced restaurant operations. But like most everything, things have changed.

Not in a small way , but in a BIG way. I see it every day.

> *Yes, catering is a BIG business and has a serious impact on the economics of any restaurant. Even in a QSR. Thing is, it's less about 'catering' and more about consumer markets.*

Multi-unit restaurant operators across all dining segments are successfully exploring and layering catering on top of their existing business infrastructure. Some multi-unit restaurant operators are now reporting that catering represents up to 25% of their top line sales. When I owned and operated my own deli, my catering channel represented more than 50% of my total sales! Even more staggering was the flow-through of these sales to my bottom line. Yes, catering is a BIG business and has a serious impact on the economics of any restaurant. Even in a QSR. Thing is, it's less about 'catering' and more about consumer markets.



Today, few, if any QSR's have worked a catering strategy into their overall business plans. Some have put up signs in their windows, and perhaps have done the odd catering order here and there. But what I am talking about is serious. I'm speaking about the thoughtful design, planning and implementation of a strategy that should one day represent 20% of overall system sales for the QSR segment. That's BIG business, considering that the QSR segment represents $188 Billion of our industry sales.

I'd like you to consider five points of competitive differentiation within the QSR catering segment that will provide a serious advantage to operators who want to pursue catering as a valid business strategy. In my view, these points of differentiation are specific to the QSR world. By using proprietary QSR opportunities wisely, these operators are positioned to not only win catering consumers in certain market demographics but also, reframe the entire value perception for their brands by creating a new and exciting conversation with consumers. This will influence the mindset of consumers with regard to the brand they will select for their next "catering opportunity." If we do a good job, then we will be rewarded by consumers with more sales.

Five Points of Differentiation

1. Media

QSR controls much of the media. Print, television, billboard, radio and so on. Media provides a platform for consumer influence. Once QSR's join the conversation around catering the segment lines will continue to blur. This will be especially true for the QSR segment if they focus on winning back dollars from the grocery segment. In addition, this will lead to more market convergence towards the value proposition for healthier services by QSR/Grocery/ Fast Casual. Like any market, when profits grow, competition increases. From my perspective, this convergence is already taking place and is a good thing for the entire supply chain of our

© 2015 Catering Institute. All Rights Reserved.

of our industry of which the consumer will receive the benefit as our services grow.

2. The Power of Brands

Because of the history of QSR's, this segment continues to have the largest brand equity and awareness in our restaurant community amongst consumers. These brands have been in our communities for decades, and have spent billions of dollars keeping their brand promises in front of consumers. Catering provides an additional opportunity to extend these brands into the communities they serve. If QSR operators deploy the strategy of catering across their assets properly, and deliver services to the market, consumers will buy because of the trust and emotional connection that they already have to the brand. Of course, the services will have to fill the market demand for off-premise services. Do not underestimate the power of brands.

3. Consumers expect an off-premise experience

QSR's understand and have always had a well-defined take-out experience. This is a very important psychological aspect to conquering the catering market. When we add the business of catering to QSR operations, and focus on the consumer markets, a point of differentiation is made using language because catering is simply another off-premise service experience for the brand. Saying that, the entire service conversation and workflow is different between take-out and catering, as are the products and packaging and consumption experience.

4. Fixed Assets and Real Estate

QSR's have the most fixed assets deployed in a multi- unit restaurant environment. Each of these assets (restaurants) is a manufacturing facility. If you consider the pursuit of new markets to find more sales, then scaling the right business strategy and consumer experience across existing assets is simply good business. QSR's have the greatest opportunity to shift the use of large-scale assets.

5. Scale in Operations

Many QSR's have large operational footprints. Billions have been invested in systems, procedures and people. Once the market opportunity is understood, and the strategy deployed, QSR's are positioned to win BIG using their size and scale.

As a whole, the restaurant community is beginning to understand how and why the layering of catering and off-premise opportunities can alter their unit economics by increasing their revenue stream. As a QSR operator, focus on filling consumer demand for catering and experience a serious lift in sales!

Let's talk catering.

© 2015 Catering Institute. All Rights Reserved.

About The Catering Institute

The Catering Institute is the world's leading educator in takeout, delivery and catering, providing training, certification and consulting to restaurant operators and their teams.

The Catering Institute is a private, independent academic institution. Led by founder and CEO Erle Dardick, the faculty at the Catering Institute is passionate about helping brands excel at feeding their customers where they Live, Work & Play™.

Learn more:
www.cateringinstitute.com

About Erle Dardick

Erle Dardick is a 17-year catering veteran, business turn-around expert and author, best known for helping multi-unit restaurant executives create successful catering revenue channels. Erle founded both MonkeyMedia Software and The Catering Institute. He also authored "Get Catering and Grow Sales! A Strategic Perspective for The Multi-Unit Restaurant Executive."

Get Catering and Grow Sales!™

A Strategic Perspective for the Multi-Unit Restaurant Executive

by **Erle Dardick**

Partners in Education

MonkeyMedia Software | PepsiCo FoodService | Catering Insights

As Partners in Education, MonkeyMedia Software, PepsiCo Foodservice, and Catering Insights work with the Catering Institute, to help restaurant operators grow sales and increase profits by educating them to become experts at feeding their customers where They Live, Work and Play™.

© 2015 Catering Institute. All Rights Reserved.