

# Foodservice Updates

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## Are you maximizing opportunities in this key growth area?

If you had to choose one big growth opportunity this year, what would it be? For a rising number of U.S. restaurants, it's catering. Expert Market Research anticipates 6.2 percent annual growth throughout most of the next decade for businesses that offer this service. A recent Restaurant Dive report says consumers' return to the office is driving much of the demand, though private events are also fueling it. Catering is also looking different than it did before the pandemic. There is a greater range of restaurants getting involved – from small independents to large national brands – as well as an increase in offerings like boxed lunches and individual options across the channel. Appealingly for restaurants, the average spending per person on catered occasions is skewing higher these days, despite the increase in hybrid work environments resulting in a smaller critical mass of people in offices each day. At a time when company bosses are looking for ways to increase the appeal of coming to the office and want to encourage connections among employees who may be spending less time together, food from a favorite restaurant can be a useful tool. If you plan to increase your focus on catering this year, how might your menu accommodate consumers' tastes for customization and choice? Does every menu item you offer travel well and also help you maximize profit per head? When you send your food out the door, how well does your branding and packaging represent your business and its values? From a distance, are there opportunities for you to build engagement and loyalty among the people who are enjoying your food as a group? What incentives and promotions might help your business stay in regular rotation with these groups?



A photograph of several chefs in white uniforms working in a kitchen. One chef in the foreground is using a spatula to stir food in a pan on a stove. Another chef is visible in the background, also working. The scene is brightly lit, typical of a professional kitchen.

# Management Minute

## Boost your first-party delivery appeal

There's no doubt that third-party delivery allows restaurants to gain exposure to new guests and fast-track a business looking to provide a turnkey delivery option. But once a business has a foothold in delivery, transitioning to a first-party alternative provides far more benefits, including larger tickets and tips, improved service management, and access to guest data that empowers the business to craft targeted offers and build its loyalty program. (And as for loyalty, you have a far better chance to build it once you move more guests to first-party delivery: Paytronix found that first-party ordering has a loyalty attachment rate of 41 percent, compared to just 3 percent for third-party ordering.) If you want to convert more guests to your first-party delivery platform, there are steps you can take to encourage them in that direction. Online Ordering 2024 Trends, a new study from Paytronix, suggests using your third-party packaging materials to drive people to your website or mobile app – you might try printing a QR code or link on your bags, cups, boxes and napkins to help direct traffic where you want it most. In your store, email campaigns and social media, you can do something similar, building awareness of your first-party platform with signage and outreach. Once you get people to your app, make that the place to be, with a wider selection of menu items than are offered through the third-party app, items that are exclusive to your loyalty program members, and additional promotion about the benefits of joining your loyalty program.





## Cut your risk of food poisoning

Want to decrease your risk of food poisoning for your guests? One important step you can take is offering paid sick leave. In a recent study by the Centers for Disease Control and Prevention, the agency tracked 800 illness outbreaks linked to 875 foodservice establishments over a two-year period and found that 40 percent of outbreaks with at least one reported factor were associated with food contaminated by an ill or infectious worker – or, in other words, a worker who should have been out sick but was working. Offering paid sick leave can be a difficult possibility to consider at a time when foodservice operations are short-staffed as it is, but it's preferable when you consider the broader picture: You're spreading infection to guests and other employees, and potentially causing financial and reputational damage to the brand. In one telling example from a few years ago, a national restaurant brand reported losing \$1 billion in value over a five-day period after just one employee came to work with norovirus and the store employing the person did not follow its protocols about staff illness. Yet even when the risk-benefit analysis demonstrates the damage that can result when an employee comes to work sick, many studies have shown that the majority of sick employees of foodservice businesses still report to work – often because they can't afford to lose pay or feel pressured by their employer to do so. Offering some paid time off for sick leave can serve as a safety net for both your staff and your business.



**#FoodSafety**

# Foodservice CEO

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## Hedging against the risks of running a restaurant

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After the rollercoaster ride that the foodservice industry has been on in recent years, the start of 2024 has offered some reasons for a collective sigh of relief: The National Restaurant Association's most recent economic reports highlight that sales have been trending higher for the tenth consecutive month, while 300,000 jobs have been added. Still, the success of a restaurant is often more closely connected to the performance of its local economy and the quality of its competition – and as the pandemic demonstrated, unexpected events can throw a curveball at even the most successful restaurants. So now is a good time to fine-tune your risk management plan. In a recent Modern Restaurant Management report, an auditor advises restaurants to focus in a few areas: Partner with a diverse set of suppliers (including some back-up suppliers) whose compliance and supply chain management practices you trust. Implement a quality control process that includes regular facility inspections, product testing, and reviews of temperature-control and cross-contamination risks. Finally, let data drive your product development, branding and marketing strategies. To protect your business, you need to understand your place in the market. Collect and analyze data about your local competitors and guests so you can develop more targeted, well-priced offers that will help you drive traffic and compete. Shoring up your business against the risks you can anticipate will place it in a stronger position to weather those it can't.



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