

The Restaurant of the Future has Lessons for All

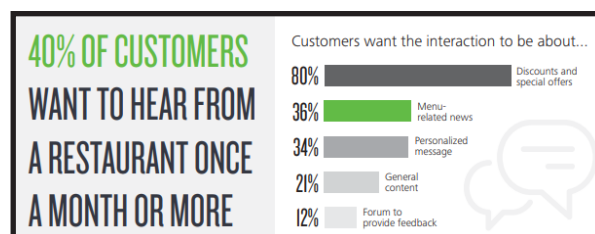
Apply the 5 E's to build customer connections

At a time when more than 80 percent of restaurants are implementing technology to run their business more smoothly, according to the National Restaurant Association, it's important not to lose sight of how your technology can impact each increment of a customer's experience.

Try this: Picture one of your restaurant's best customers. As he begins his lunch break, he thinks about picking up a slice of pepperoni from the pizza place next to his office, but reconsiders as he sees a long line of like-minded people snaking out of the restaurant. Then he remembers the burger on your menu and his recent download of your restaurant app. He opens your app, notices you offer a 10 percent discount for first-time users, and places his order as he walks in your direction. He adds guacamole and bacon to his burger — something the app will remember the next time he places an order — and walks a few more minutes to your restaurant, where he bypasses the line, picks up his prepaid food and heads back to the office. As he leaves your restaurant, he checks the app and notices he has earned three loyalty points toward his next 10 percent discount with you. He can earn that discount faster if he gets a friend to download your app so he makes a mental note to bring a co-worker with him the next time orders from you. He has benefited from your fast service, menu options and discounts, and your business has benefited from increased preparation time for kitchen staff, higher-quality face-to-face time with customers and enhanced customer loyalty.

Dissecting the customer experience

Sounds like the kind of seamless customer experience any restaurant would like to deliver, right? Whether scenarios like this one represent your restaurant now, in an aspirational future state or only indirectly, they are *(continued on page 3)*



Source: Deloitte

THE CHANGING FACE OF RESTAURANT LABOR

For many restaurant operators, the addition of 155,000 jobs in November, along with a 3.7 percent unemployment rate, confirmed what they have been observing for months: there is an ongoing war for talent. A recent Skift Table report indicated it's becoming increasingly difficult for operators to not only manage labor costs but also to retain the staff they are able to attract. But in the interest of finding a silver lining around the cloud of labor difficulty, perhaps this environment could provide restaurants the push they need to transform for the better.

For example, as restaurants adopt new technology to streamline service and as consumers demand off-premise dining options, change to the restaurant labor market will need to follow. While automation *(Continued on page 3)*



Source: US Bureau of Labor Statistics

OUTLOOK

Q1/2019

Agriculture Commodities

A Look Back and a Preview of What's Ahead

As Outlook was set to publish, the agriculture sector was still processing news about key commodities, from a projected surge in wheat exports to signs of easing trade tensions with China. As a result, 2019 could be a year of market surprises as producers formulate plans to address different outcomes. Here is the outlook for key commodities according to USDA research:

Wheat: Amid better growing conditions this season, U.S. durum production has climbed 41 percent as compared to last year's drought-impacted crop. The monthly farm-level price for durum is down significantly from last year, and U.S. exports — most of which go to Algeria and Italy — are projected to skyrocket more than 70 percent. However, U.S. production is still insufficient to meet domestic demand, so the United States is expected to continue as a net importer of durum with nearly all of its imports coming from Canada.

Wheat



Corn



Corn: The U.S. season-average farm price for corn is up 10 cents to \$3.60 per bushel, reflecting stronger global demand, observed prices to date, and smaller stocks. While prices eased in the spring, biweekly auctions have continued, steadily adding a volume of corn comparable to Brazil's entire corn crop to the market. Prices have still managed to stay higher than they were last year and have even strengthened in recent months.

Soybeans: Global soybean production is down to 368 million tons recently as reductions for Argentina and the United States more than offset gains in China, India and Ukraine. Chinese soybean purchases from the United States have declined this year, pushing U.S. export volumes lower as China has been expected to source soybean imports primarily from South America. However, talks on the sidelines of the recent G20 summit may result in an easing of trade

Soybeans



(continued on page 4)

OUTLOOK

Q1/2019

Agriculture risks

(from page 1)

worth considering as you consider the kind of customer experience you'd like to offer. That's a key message of the Deloitte Digital report "The Restaurant of the Future: Creating the next-generation customer experience." Granted, your restaurant may not fit the precise mold of the restaurant above. But by identifying the goal achieved in each step in the example, you can improve the experience of anyone who supports your business.

To help, the report advises remembering the 5 E's:

- * Entice: The moment following a person's decision to eat out, but preceding the selection of a restaurant
- * Enter: The period between when a person selects a restaurant and when he orders his food
- * Engage: The period during order and payment
- * Exit: The period between paying for the meal and receiving it
- * Extend: The period after a customer has finished a meal and continues to engage via your loyalty program, social media or other vehicles

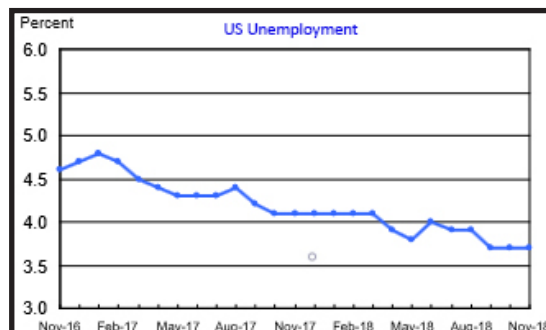
Whether you have up-to-the-minute technology at your fingertips or not, if you focus on how you can build an engaging experience into each of these steps, your connections with your best customers will only improve.

Labor

(from page 1)

may replace lower-level restaurant jobs that have traditionally driven high turnover rates, it will likely make more room for jobs designed to become careers: positions requiring customer service and management skills, as well as technology expertise.

Technomic's Darren Tristano put the impact of restaurant technology and off-premise sales in stark terms: "One hundred percent of the growth we expect this industry to have in the next five years will be from off-premise," he said. "Don't expect dining in restaurants to grow." If that is true, how will your restaurant's labor model adjust to accommodate it?



Source: US Bureau of Labor Statistics

Restaurant Trends to Watch in 2019

Lebanese, Syrian and Turkish cuisine

Natural food enhancements, from collagen to cannabis

Experiential videos surpass photos on social media

Food subscription services compete with third-party delivery

"Plant-based" extends beyond food to packaging and sustainability

Tech-inspired convenience continues to vie with the need for personal touch

Consumer demand for deeper transparency about everything from wages to corporate performance

Source: Technomic



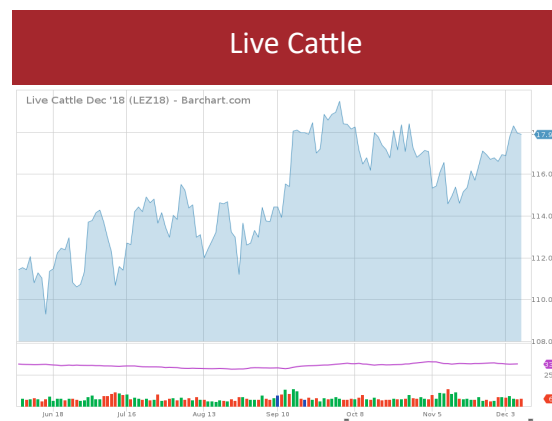
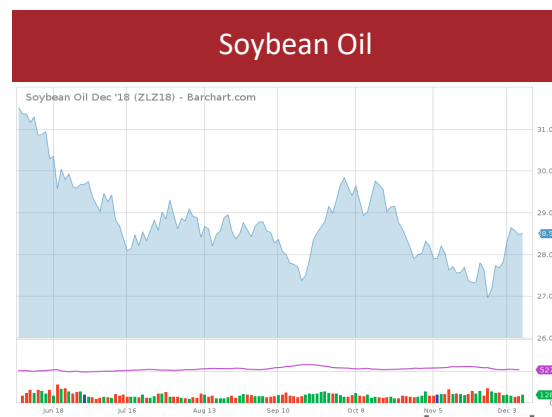
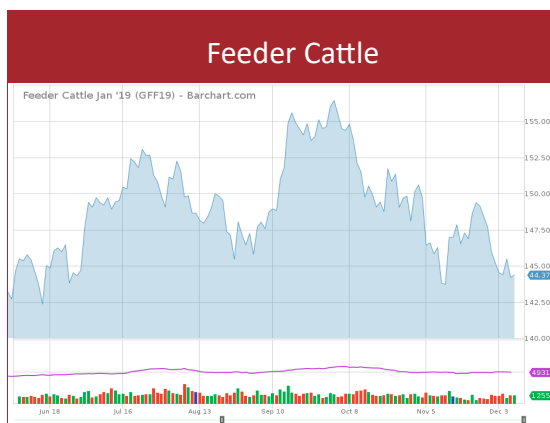
OUTLOOK

Q1/2019

Commodities (from page 2)

tensions between the U.S. and China going forward, so producers are preparing for a range of scenarios.

Beef: Production is forecast to increase 4 percent in 2019 to a record 12.7 million tons as a result of recent calf crop increases. Exports are forecast to climb 3 percent to a record 1.5 million tons, almost 12 percent of production. Ample supplies, competitive prices, and Australia’s waning production will spur U.S. shipments to key markets such as Japan, South Korea, Mexico, and Canada.



Pork: Production is forecast to climb 5 percent in 2019 on higher hog slaughter and heavier carcass weights. Despite lower hog prices this year, substantial investments made in production capacity in recent years are expected to set the foundation for growth. Meanwhile, lower pork prices and steady gains in global pork demand will drive exports nearly 4 percent higher in 2019, following 6 percent growth in 2018. Retaliatory tariffs on U.S. pork will limit U.S. shipments to China, but lower prices are expected to propel growth to Mexico.



The charts, on page 2 and this page, track futures price quotes (area in blue) in recent months for the commodities listed, as well as volume (red and green bars) and open interest (purple trend line). Charts source: Barcharts.com