

# BAUM + WHITEMAN

INTERNATIONAL FOOD + RESTAURANT CONSULTANTS

## THE FUTURE OF FAST FOOD IS OUT THERE. IT JUST ISN'T HERE. YET.

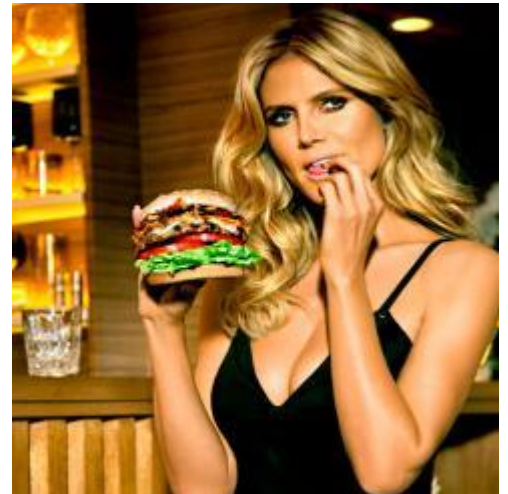
**April 15, 2013 CONTACT: Michael Whiteman, [mw@baumwhiteman.com](mailto:mw@baumwhiteman.com)**

How does fast food get out of the “fast food trap”? And what is that trap, anyway?

Most observers say that fast feeders are struggling with a downscale business model ... and that “Dumbelling” their menus with high-priced options while simultaneously hawking 99-cent items is a “salvation strategy.”. We say that’s only half-right.

In our opinion, fast feeders by and large are dumbelling the wrong stuff. They’re playing a Post-It strategy -- sticking in-and-out items onto their menus that have little marketing meaning and that don’t get consumers salivating for very long.

And that’s because fast feeders are merely shuffling their decks of ingredients. *They aren’t innovating!* Swapping white cheese for yellow cheese *is not innovating*. Adding mushrooms to a sameoldsameold burger *is not innovating*. Doubling the number of bacon slices, or slipping jalapenos into your mystery sauce, or bourbon into your bbq sauce, or tripling the number of patties *is not innovating* – no matter how wide Heidi Klum (right) opens her mouth.



Does putting turkey on the menu count? How about adding twists and flavors to “carriers” – like pretzel buns and jalapeno-cheddar buns and buns branded with logos, or flatbreads and flavored tacos? OK, Taco Bell’s Doritos tacos are innovative. But these still are carriers ... and they don’t address the heart of the matter: the food.

You can see that the recession hasn't been kind to fast feeders ... which is why they keep reverting to price points around a dollar. Competition hasn't been kind, either ... which is why you see customers gravitating to fast-casual chains where prices are higher but taste thrills and perceived value are even greater.

You're looking at a "The Big Squeeze." Every time fast food outfits reach for higher price points, they bump against the lower end of fast-casual menus ... but they lack fast-cas's story lines and fast-cas's immersive consumer service experience. Fast food, fundamentally, is a high-speed feeding machine with cheap prices; fast-cas is more about sensory connections to the process of creating food.

There happens to be a solution to fast feeders' dilemma, and we can sum it up with one word: *Globalization*.

There are two aspects to gastro-globalization.

The first deals a monumental shift in consumer tastes. There's been a radical move away from comforting "crisis food" that prevailed at the start of the recession ... think mac-and-cheese ... to a fascination with new ingredients, flavors and vibrant



combinations. At the lower end of the market there's no end of innovation taking place. Food trucks, out-of-work chefs in popup locations, and imaginative sandwicheries all are hotbeds of experimentation – things like bibimbap hamburgers (see left), pastrami eggrolls, cheeseburger-fried sushi, multi-culti chicken wings, banh mi baguettes, Mexican

cemitas, gizzards in soft tacos, meatballs your grandmother never dreamt about, and kimchee on just about everything – all these and more are lighting up consumers' palates. But you'd never know it by looking at fast food menus across the country.

The second aspect of globalization is really quite simple: Virtually every fast food chain operates internationally. Because they must appeal to local populations, they've been forced to reinvent their menus. And if you add up what they're doing from country to country, you suddenly discover that *fast feeders already have an amazing global repertoire of tastes and flavors* just waiting to be repatriated to the United States. But these chains seem to be operating in a parallel universe: They're ignoring the wild experiments going on around them, and they're not deploying here the exciting stuff that they're selling successfully overseas.

For example: Here's Subway in Japan selling a Spanish potato-onion-egg omelet in a hero sandwich (right) with meat and tomato sauce. Doesn't sound like a loser.



In Spain, there's McIberica (right, below) which consists of two pork patties with cheese, red peppers and sauce of olives and tomatoes. In Japan, McD offered a fried pork cutlet (left) stuffed with cheese, topped with cabbage and sweet-and-sour sauce



# BAUM + WHITEMAN

INTERNATIONAL FOOD + RESTAURANT CONSULTANTS

In Japan, Burger King last summer promoted this aggressively spiced “Jerk Chicken” sandwich, an item nowhere to be seen in the United States. (Yes, “Hot ‘n’ Juicy” indeed is a Wendy’s slogan in the US.)



In France, you might find Domino's selling a blue cheese and bacon sandwich with onions, crème fraîche, and Gouda. Add a bit more animal protein and you've got potentially winning combo right here at home.



Now quite likely this pork and seaweed concoction that Dunkin Donuts sells in Japan would bomb here but ...



... how do you feel about this surf-and-turf burger that McD menued in Austria? It consists of grilled patty with fried shrimp, tomato, cucumber and arugula.

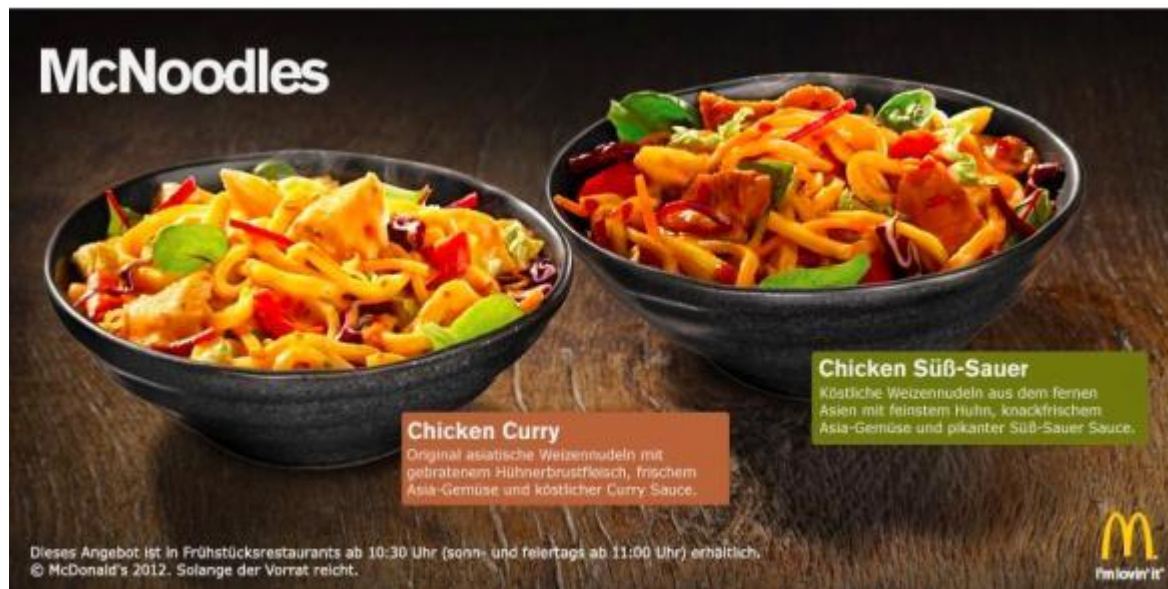


KFC, which seems to be a laggard in the US market, has sold this between-the-bun item in China: A pretty nifty shrimp and chicken patty sandwich.

# BAUM + WHITEMAN

INTERNATIONAL FOOD + RESTAURANT CONSULTANTS

And then there's this big Austrian LTO departure from McDonald's typical format: Thai-inflected chicken curry noodles and sweet & sour noodle *bowls*. *They've escaped from the tyranny of a bun!*



In the US, Bobby Flay inserts potato chips onto what he calls Crunch Burger and everyone goes "Wow." Meanwhile, Burger King has sold a Cheese Nacho Whopper in Japan and the Netherlands, and a similar Piñata Burger (left) in Denmark ... but there's no sign of it here, is there?

# BAUM + WHITEMAN

INTERNATIONAL FOOD + RESTAURANT CONSULTANTS

Finally ... there's the Battle of the Stuffed Pizza Crust ... begun six or seven years ago in Asia by Pizza Hut with whole "shrimp-in-blankets" being grafted onto its crusts (left). Today the crust wars are being hard-fought by Domino's and Pizza Hut in England (right) ... and are about to spread here.



*Now here's the thing:* If you've been watching the evolution of fast-casual restaurants (many evolving from food trucksters), you see that they're beginning to become *mass-market entry points* for Americans to sample cuisines of other countries. That's why you find so many fast-cas startups exploring niche menu categories such as Greek, Thai, Indian, exotic flatbreads, Asian dumplings, banh mi sandwiches, kebabs, sushi ... and anything else that can be fast-casualized ... even as fast feeders are being pressured by recession-burned customers.

So far we're not talking about adding anything super-exotic to American fast food menus. *We're simply highlighting what chains already know how to do.* On top of that there today are layers upon layers of ethnic influences successfully being fed to Americans – for whom wasabi and kimchee and lemongrass, an infinity of pork preparations, and Latino flavors and ingredients are part of their everyday vocabulary.

# BAUM + WHITEMAN

INTERNATIONAL FOOD + RESTAURANT CONSULTANTS

Better execution and terrific marketing kept fast feeders' stores in the plus column during the recession. But meal-deals and LTOs now appear to have diminishing returns. So if they continue their strategy of merely shuffling the limited ingredients that are already in their stores' walk-in boxes ... which is akin to rearranging deck chairs on the Titanic ... *then fast-cas operators will have closed off what we think could be a major avenue of growth and a way out of the 99-cent pricing trap.*

Would it make a difference if Burger King added to jerk chicken sandwich to its US menu? Or if McDonald's added its surf-and-turf burger? Or KFC its shrimp-and-chicken patty?



Individually, each of these would have little meaning. What has to happen, we think, is for lots of fast feeders across the country to ramp up their innovation ... even in the face of recession ... and present new global flavors with new levels of cravability ... giving customers good reasons to increase their frequency of use without having to trade down. Otherwise fast feeders will be caught in the big squeeze.

There's no adventure in white cheddar or extra bacon, and 99-cent lowballs will never get chains out of the fast food trap. We think.

**Baum+Whiteman International Food+ Restaurant Consultants creates high-profile restaurants around the world for hotels, restaurant companies, museums and other consumer destinations. Based in New York, their projects include the late Windows on the World and the magical Rainbow Room, Equinox in Singapore, and three of the world's first food courts.**

[www.baumwhiteman.com](http://www.baumwhiteman.com)