

6 STEPS FOR INSIGHT-DRIVEN MENU INNOVATION

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Introducing a new menu item doesn't have to be a roll of the dice. Intelligent menu design is a fact-based approach that replaces guesswork in the culinary development process with six steps you can follow to take your menu and offerings to new heights. This sequence is extremely important for helping you develop on-trend, authentic dishes that speak to the modern foodie culture. Let's examine these actions in-depth to understand how following a logical menu innovation plan is a worthwhile investment for creating offerings that stand up to the exacting standards of today's guests.



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Step

1

UNCOVER INDUSTRY TRENDS

The first step to approaching menu innovation is to conduct an in-depth investigation into leading culinary trends and identify flavors or ingredients that are coming into the fold. For the most up-and-coming and relevant trends, supplier partners and market research can be valuable assets for seeing where opportunities exist.

As an example of how to approach menu trend analysis, let's say a traditional casual-dining operator named Joe discovers with his supplier's help that ethnic sauces are a smart add to menus. Joe learns that not only are global sauces on trend, but adding a sauce differentiates any core menu item with minimal cost and provides easy customization.

The next discovery point in this step is identifying buzzworthy ethnic sauces. Sriracha would be an obvious candidate, but because of its mature status it wouldn't provide enough substantial menu differentiation for Joe. Another trending ethnic hot sauce identified during this stage as having better potential is harissa.

The case for harissa based on industry trends:

- The sauce was noted two years ago as an independent restaurant trend to watch, per Technomic.
- Plates featuring harissa garner a price premium.

WHAT IS HARISSA?

The Tunisian hot sauce typically features a combination of chili peppers with spices and herbs such as garlic paste, coriander, cumin or caraway. Heat can be adjusted with types and amounts of chilies used. Its spicy-smoky flavor goes well with meats, fish, veggies and more.



- Numerous foodservice media outlets (e.g., *Restaurant Business* magazine, National Restaurant Association, etc.) have pointed to African cuisine as a major trend for 2017.
- Innovative fine-dining restaurants have led the charge on menuing harissa, particularly to premiumize new items.

Could harissa be a hot hit for Joe? Let's dig deeper in the process and see ...

Step

2

CONDUCT A
COMPETITOR ANALYSIS

After identifying a buzzworthy flavor or ingredient, you should look at your competitors' menus to see if they're taking notice of the item too. If innovative, growing restaurant brands within a competitive set are experimenting with the item, then it is likely

worth further pursuit in the menu development process.

During this stage operator Joe, for example, would see that harissa is still a more emerging sauce for his segment, only appearing on a handful of competing traditional casual-dining menus. Here are three other operators in Joe's competitive set who have jumped aboard the harissa bandwagon:



P.J. Whelihan's Pub & Restaurant—Chorizo Stuffed Chicken Boats with a harissa salsa

TONY ROMA'S
 RIBS • SEAFOOD • STEAKS

Tony Roma's—Harissa Maple
 Glazed Chicken Wings

Red Robin
 GOURMET BURGERS AND BREWS

**Red Robin Gourmet Burgers
 and Brews**—Citrus Harissa
 Salmon Burger


At this competitive analysis stage, it's also important to make sure the flavor or ingredient hasn't already become too saturated for the segment. Technomic's Lifecycle tool tracks flavor and ingredient penetration in various segments to allow you to see which flavors are trending up and which have already surpassed a segment's prime time for menu development. In general, you should look to the flavors or ingredients currently in your stage, plus the ones at the top of the preceding stage if you want a more budding trend.

In this case, traditional casual-dining operator Joe would want harissa to fall in one of two Lifecycle stages: mainstream, which means it is trending at fast-casual and traditional casual-dining chains, or growth, which means it is trending at higher-end casual-dining restaurants and about to jump into the mainstream stage.

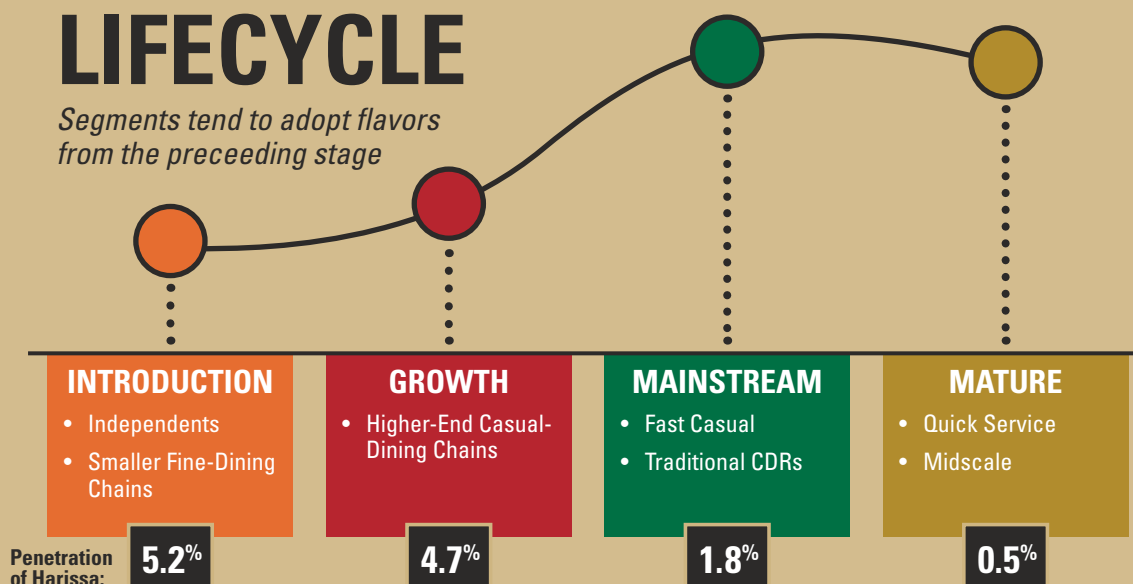
Technomic data shows harissa belongs in the growth stage and is ripe for innovation in Joe's segment. The stage a flavor or ingredient falls within is determined by:

- 1 Checking the operator penetration of the ingredient in each Lifecycle stage.
- 2 Eliminating Lifecycle stages that don't meet the operator penetration threshold.
- 3 Defaulting to the farthest right of the remaining Lifecycle stages that meet the operator penetration threshold.

Note: The flavor or ingredient may still be prevalent in earlier Lifecycle stage(s)—such as harissa falling in the growth stage but still having a presence in introduction—because as it moves through the Lifecycle, the previous stages may continue to menu it prominently.

LIFECYCLE

Segments tend to adopt flavors from the preceding stage



The total number of operators in each Lifecycle stage are as follows:

Introduction: 424
Growth: 190
Mainstream: 499
Mature: 648

Step 3

VALIDATE TREND WITH RESEARCH

If the flavor or ingredient shows a competitive presence and falls in the appropriate Lifecycle stage for the segment, the next step is to analyze menu and consumer data to see if it displays an upward trajectory in menu incidence and is finding favor with guests.

While exploring harissa, operator Joe would be pleasantly surprised to find strong growth in menu mentions overall and within his competitive set. Research also supports harissa as a viable ingredient to consider due to positive attitudes from consumers toward harissa's spicy and smoky flavors.

YOY Growth of Harissa: **19.2%**
Five-Year Growth of Harissa: **9.1%**

About three-quarters of consumers...

78% Say they enjoy at least **moderately spicy foods**

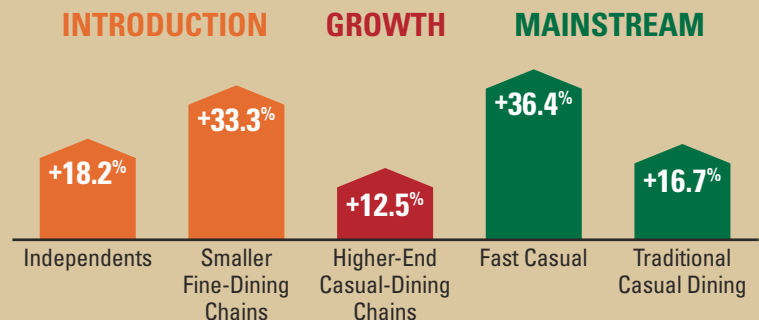
74% Like **hot sauce**

About half of consumers...

52% Say that **smoky flavors** are appealing

50% Say that **spicy flavors** are appealing

Key YOY Growth Metrics of Harissa by Segment within the Lifecycle Stages



Base: Q1 2016-Q1 2017

Step 4

EXPLORE CONCEPT DEVELOPMENT




The fourth step in the process is to identify the perfect vessel for the on-trend flavor or ingredient that will speak most to core guests and leverage the SKU to its full potential. While the best-suited menu application(s) will vary by operator, market research can shed light on the identification strategy. Use market research to...

- 1 Determine the top dishes featuring that flavor or ingredient to see where proven success lies.
- 2 Check out the fastest-growing dishes with that item to see where potential success lies.
- 3 Compare price points of a dish featuring that item to the same dish without the item to determine whether the flavor or ingredient will increase the dollar value and premium perception.
- 4 Market an item in a way that makes sense to your customers and fits your needs.




Let's move ahead with harissa's potential in the concept development phase. The top and fastest-growing dishes featuring harissa include handhelds, plated appetizers and entrees and dips. The proteins featured in the burger and sandwich options also range—from lamb and beef to chicken and salmon. This shows that harissa can be paired with a wide assortment of protein types on menus.

There's also proof that harissa produces financial gains. The sauce drives a higher price point in each of the top items—sandwiches, salads and burgers. The last has the greatest percent markup: burgers featuring harissa are priced 70.5% higher than burgers without harissa.

Top Dishes (Appetizers and Entrees) Featuring Harissa

- 1 Sandwiches 
- 2 Salad Entrees 
- 3 Burgers 

Fastest-Growing Dishes (Appetizers and Entrees) Featuring Harissa

- 1 Dips 
- 2 Salad Appetizers 
- 3 Veggie Mains 

Supplier partners are valuable resources during the concept development stage. A partner that centers menu development on authenticity will be most helpful in creating offerings that win with culinary-educated guests.



Step 5

PERFORM STORE TESTING


So far, the operator has worked with suppliers to conduct industry, competitive and trend research. If the flavor or ingredient is still a “go,” next comes the test phase.

When considering where to test a new menu item, operators with a national presence should first consider the U.S. region with the highest overall penetration of that item. A higher penetration indicates customers in that region are more familiar with the flavor or ingredient and it has fared well enough to expand among other area restaurants.

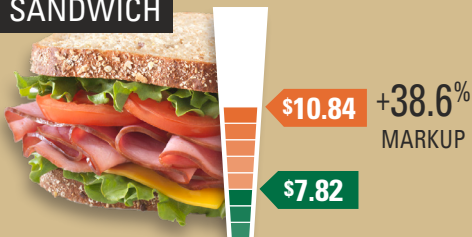
So where to start trialing harissa? Penetration of harissa is highest in the West, with 1.4% of Western operations offering the sauce on menus. Thus, Joe may want to first test harissa at stores along the West Coast.

Price Point Comparison

 Average Price with Harissa

 Average Price without Harissa

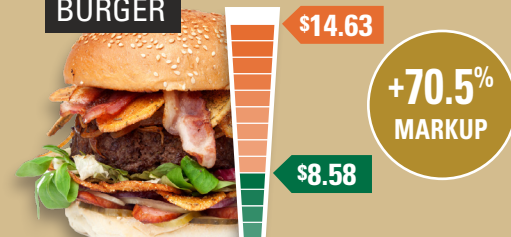
SANDWICH



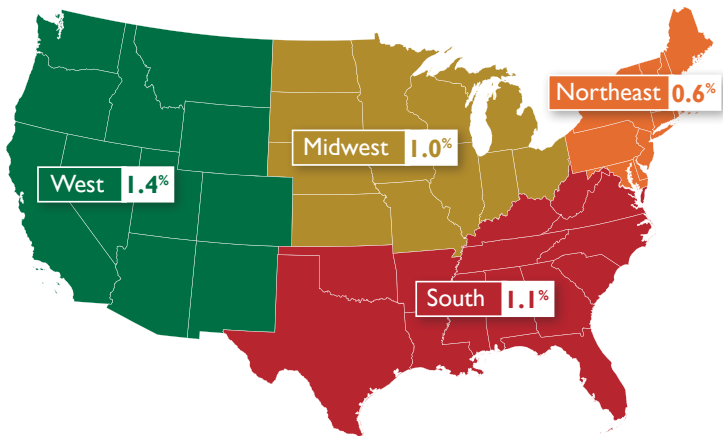
SALAD ENTREE



BURGER



Penetration of Harissa by Region



A supplier partner can be instrumental in determining whether the flavor or ingredient is best tested first in an urban or rural location. Factors such as where most locales exist and whether the item is geared toward more adventurous diners will affect the decision.

Step 6

Launch the Product

If preceding menu innovation steps get checked off and the test phase is a success, the final step is to formally roll out the item. When launching, you should:

- Rely on your manufacturer partner for detailed planning of the menu launch.
- Train front- and back-of-house staff on the creation and selling of the new item.
- Create effective marketing campaigns, including social media promotions, TV and radio spots, in-restaurant placards, etc.

Menu innovation doesn't have to be a shot in the dark. Conducting the proper research and testing can create a winning formula for menu development and implementation.

To begin your insight-driven menu innovation, contact Custom Culinary®—the leading provider of culinary flavor systems and solutions to the foodservice and food processing industries—to learn more about its FlavorIQSM program.

<http://www.customculinary.com/flavor-iq.cfm>

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