

What Makes Foodservice Operations Competitively Different?

Published on Monday, 02 April 2012

Written by Juan Martinez, PhD

It is no coincidence that the distinct lines of service that used to define the various foodservice segments continue to blur. That's because this phenomenon is largely consumer driven. As consumers become more pressed for time, their expectations tend to be pretty similar for all operator segments. In fact, it can be futile trying to cater to all of the triggers that might get a consumer to use a foodservice operation. The reasons are vast, and they vary greatly; operators just have to be ready to answer the call when the consumer's need arises.



*Juan Martinez, Principal,
Profitability, Miami*

That's why it is important for operations to understand and focus on what they do best instead of what makes them different. By excelling in their core competencies and striving to be better than their competitors, foodservice operators will not only articulate their value propositions, they will also clearly define what makes them truly different.

Every foodservice segment feels it is different in its own way, but it is important to realize that the baseline expectations by which you are judged tend to be pretty consistent. Simply put, consumers want a product that meets their expectations for quality, price and speed of service, so you need to understand how your operation meets those needs better than the competition.

Consumers don't differentiate between quick service, fast casual and casual dining as much as those of us who work in the industry do. And one could argue that brand managers may prefer this as well because it can prevent consumers from discriminating and counting them out of their meal purchase decision.

But for those of us who are industry lifers, it is important to understand the differences between the various segments and which best practices apply to more than one area. This allows us to continue to drive the industry forward using a best-of-breed approach. For example, commercial and noncommercial operators have learned from each other ways to be more cost effective through facility design, menu offerings and more. Both of these broad industry segments now excel at creating highly versatile and flexible concepts that morph and change as customers' tastes and needs evolve.

As market growth stagnated during the economic slowdown, operators were forced to look for ways to take share from one another to help maintain an upward revenue trajectory. As such, many QSRs expanded into nontraditional dayparts for their concepts, with Taco Bell being the latest to add breakfast. The intent here is to further increase the return on investment from the existing network. And it is hard to deny the success some QSR concepts have had adding different types of drinks, specifically coffee and smoothies. Fine dining has had some success generating incremental revenue, too, through hosting happy hours with inexpensive appetizer and wine options. Some fine dining restaurants even open for breakfast power meetings these days! I guess that both commercial and

noncommercial operators have realized having more than one strong daypart differentiates the average concept from the more successful one.

The impact of this evolution in the back-of-the-house design requirements has been pretty significant. Keep in mind that it is very different to produce many of the same items using a batch process, as compared to producing each item individually to the exacting specifications and requirements of the customer.

So while commercial and noncommercial concepts are the same in many ways, they still have many opportunities to differentiate themselves to create more sustainable business models. One clear example of this is the way in which executives provide leadership and the principles and practices they use to create and implement innovation.

Optimistic leadership adopts a "glass is half full" philosophy, as Firehouse Subs' Don Fox pointed out in a recent article. He suggests that perhaps the government should take this "what is right" approach, creating an optimistic view of the environment, instead of focusing so much on "what is wrong" and creating anxiety for the general population. (But since this article is not about politics, I will leave it at that.)

The way foodservice operators approach innovation can represent another key point of differentiation. For example, it is pretty common for a foodservice operation to consider innovation only in terms of the customer's journey. This is somewhat intuitive, until you think about the other side: the employee's journey and how it impacts the customer's experience. I would submit that a better way to encourage innovation is to apply a more holistic and integrated approach where the changes take into account both the customer and the employee perspectives. Both perspectives are very important because the team member has to be able to deliver a product and an experience that customers want and that meets their expectations.

So when looking at innovation from the team member perspective, no detail is too small to consider. For example, examine everything, including the processes, procedures, equipment platforms, place design, people deployment, products and promotions, and how these areas impact the employee's ability to deliver the brand promise. The designs must apply the right ergonomic considerations and principles to ensure an optimum result.

Suppliers can also play a role to help foodservice operators stay competitive and relevant by asking what innovations they can offer foodservice concepts to help drive a differentiating proposition and by considering how to facilitate this innovation to ensure that employees can consistently execute. Suppliers should also be willing to proactively share ideas and innovations they see from outside their customers' competitive set; and operators need to welcome this kind of information from their peers and see these suggestions as a chance to broaden their perspective.

Although productivity and efficiency are not necessarily things a concept's customers see, when they are absent, customers certainly feel it, impacting the likelihood of their return.

I had the opportunity to talk about this specific topic at the COEX conference, which took place in late February in Las Vegas. I told the packed house that it is critical to develop team-member-focused designs and that applying the principles of ergonomics and industrial engineering in foodservice is one sure way to do this and to ensure that design innovations can be executed by the team members to drive the intended impact. Brand growth depends on the concept's ability to deliver, and employees control many aspects of execution. Developing crew-centric, innovative designs and menu offerings drives the ability to deliver service and hospitality, which facilitate the sales and profits necessary to grow the brand.

Although concepts look more alike as they learn from each other, providing leadership and applying these changes in a way that ensures they are easy for team members to execute is the real competitive advantage. There is a lot of truth to the old adage that you may be able to copy a brand's concept, but it's not as easy to copy a brand's people. Maybe commercial and noncommercial foodservice concepts are like snowflakes: They look the same at a superficial level, but are really very different. This difference is the key to winning in this very competitive marketplace.