

Fast-Casual Service Gets Even Faster

RESTAURANT SECTOR EMBRACES ONLINE ORDERING TREND TO SATISFY HUNGER OF YOUNGER, AFFLUENT URBANITES

By Julie Bennett

The newest restaurant trend may soon bring Cobb salads, Italian Grinder sandwiches or even burgers and French fries to your front door. During a day-long meeting of the Fast Casual Industry Council on May 21 at the National Restaurant Show in Chicago, speakers predicted that the industry's next move would be on-demand delivery.

Fast casual began in the early 1990s, with a handful of limited-service restaurants that served fresher food at higher prices than traditional fast-food chains. The category now embraces over 600 restaurant concepts and, according to Chicago-based restaurant research firm Technomic, accounted for 17%, or \$44 billion, of the \$255 billion consumers spent at limited-service restaurants in 2015.

Technomic's president, Darren Tristano, says that fast casual's fresh and healthy products "are trendy and align with our fastest-growing demographic: younger, affluent consumers who live in more urban areas." Now 55% of these consumers order a fast-casual takeout meal at least once a week—and the majority of them would like the process to be smoother and faster, reports the National Restaurant Association's (NRA) "2016 Restaurant Industry Forecast."

SHORTER LINES

Unlike Quick Serve Restaurants, most fast-casual concepts do not have drive-through windows, so

picking up a Chicken Pomodori Grilled Panini sandwich from Corner Bakery Café for lunch, for example, often means waiting in line. This year, the NRA says, 59% of fast-casual operators are making efforts to expand and improve the off-premises side of their business.

Most fast-casual franchised chains are moving toward online ordering, allowing their customers to order and often pay for their luncheon salads or dinnertime burgers from their smart phones, tablets or computers, then stand in shorter pick-up lines to retrieve them. Corner Bakery Café CEO Frank Paci says that the expanding chain is using an online ordering program now for its 113 corporate and 79 franchised locations.

SPEED AND EFFICIENCY

Jeff Sinelli, founder and CEO and, he says, "CVO—chief vibe officer" of Dallas-based Which Wich, says he designed the 400-unit sandwich chain with a "unique, old-fashioned analog ordering system, using brown bags and Sharpie™ pens. But today, 20% of all our orders are digital. Online ordering helps our franchisees," Mr. Sinelli says, "because it increases the speed of service and makes their employees more efficient."

Stacy Peterson, the chief information officer of Wingstop in Dallas, says that nearly 16% of orders across the chain's 900 franchised units arrived online in the first quarter of 2016. "Additionally, we see approximately \$4 more in average tickets

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when guests place their orders online," she says.

"We were fresh and fast and casual before the term was cool," says Patrick Sugrue, CEO of Saladworks, a 100-unit franchise, founded in 1986 and based in Conshohocken, Penn. "Our most loyal customers come 17 times a month and typically look forward to interaction with the person building their salads," he says.

Others, however, would prefer to skip the discussion of romaine versus kale, order their salads online and have them delivered directly to their office or home. Saladworks franchisee Curtis High, who has four stores in Lancaster County, Penn., says he uses his catering trucks and drivers to deliver individual orders to nearby office buildings and houses. Delivery is free, he says, "but we hope people give generous tips to our drivers."

Technomic's consumer surveys show respondents are willing to pay an average \$6 delivery fee to have that salad or other fast-casual menu item delivered, and some would pay \$15 or more for the convenience. "On-demand delivery is a strong growth potential for fast-casual chains," says Mr. Tristano.



Top: In the first quarter of 2016, nearly 16% of Wingstop's orders arrived online. **Above-left:** Jeff Sinelli, founder and CEO of Which Wich, claims 20% of the sandwich chain's orders are digital. **Above-right:** Corner Bakery Café is now using an online ordering program for its 113 corporate and 79 franchised locations.

Unlike Mr. High, most fast-casual operators that offer delivery now are paying commissions to third parties, like DoorDash, UberEATS and Postmates, that list their restaurants and menus online. The services transfer your online order to the restaurant, then pick it up and deliver it to you for a fee of \$5-\$6.

"Catering is 25% of our business," says Corner Bakery Café's Mr. Paci, "and while it might make sense to use those vehicles and staff to deliver consumer orders in heavily concentrated areas, now we are only delivering catering orders."

Other fast-casual chains are approaching delivery with caution. In Carpinteria, Calif., Brad Haley, chief marketing officer for Carl's Jr. and Hardee's, with 2,728 franchised units, says, "We are testing and carefully monitoring a delivery program with DoorDash here, using a pared-down menu.

"Each order must arrive hot and appealing. Neither we nor DoorDash want to disappoint customers with sandwiches delivered cold, or French fries that arrive soggy."

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