

For ten years now, our “Top Trends” forecast has set the industry standard for insight into what operators can expect in the coming year. We have completed our latest research and are happy to announce our “Top Trends for 2014.”



Confusion with Obama Care Reigns!

Most companies and individuals think that the Affordable Care Act (ACA) has been delayed for businesses until 2015. The requirement to provide health insurance may have been delayed, but not the reporting requirements and regulatory issues. Restaurants have no idea what actions they have to take or their current/impending responsibilities.

Confusion will reign! We expect restaurants to incur additional costs to recreate these required reports when they realize what Obama Care documentation needs to be reported about the middle of 2014.

We expect this conundrum (we do not know what else to call it) to continue for the next 24 months. The launch of this program is fragmented, confusing, and is the number one burr in the saddle of almost every restaurant operator out there. The scary thing is that most of them are not even aware of the ramifications for their restaurant. For the record, we'd much rather be talking about foods and service trends – not health care!

The net result will be the drive to 29.5 hours per person. Overtime will no longer be taboo for full-time employees who are being paid benefits.



The Importance of "Local" or "Farm-to-table" will Skyrocket in 2014

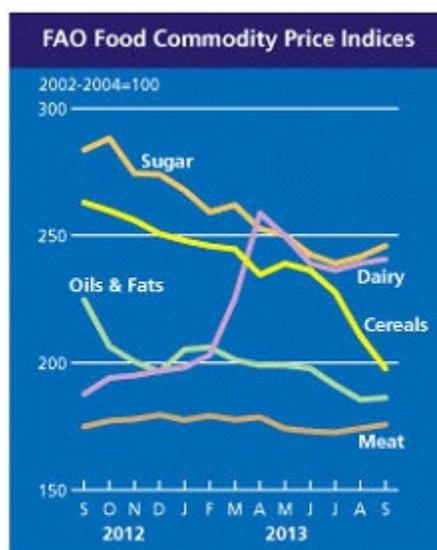
These two phrases really mean “freshness” to consumers and guests. It is great to support our local farmers and ranchers who provide high quality produce and meat products. It is important to develop a relationship with a producer for protein, bread, dairy,

and/or produce. However, many times this comes at a cost and may not be as reliable as other supply options. Menus will need to contain disclaimers.

Farm-to-table is hot right now and will continue to grow, especially with the under-35 crowd. The key for restaurateurs will be to properly promote the use of “local” sourcing and ensure they meet high-quality standards. Use the name of the supplier on the menu or your daily specials. This will help your restaurant guests know it truly does come from a local source. Don’t source local just for the sake of local. Make sure you receive a return for the additional time and costs associated with local.

Bold Tastes will be Popular

Bold, rich tastes are nothing new. Chefs have been searching for the next big thing for decades. In 2014, the United States will see more tastes from South of our borders. This will include new twists from Mexican and Peruvian dishes. This trend will not be limited to entrees; it will give rise to different desserts and libations. These new combinations will create unique flavor profiles that will rely on sauces in addition to spices.



Food Inflation for 2014

The drought of 2012 is behind us. This is clearly evident in the large drop in prices for grains. September, 2013, saw one of the largest dips in the FAO Indices decreases in years. Grain harvests in the United States will hit records this year. There are bumper crops in South America and Russia. Prices will stabilize in the fourth quarter of 2013. On the flip side, cattle prices hit an all-time high in September, 2013, as a result of herds being depleted in the 2012 drought. This will encourage farmers to increase their inventory but will not have a dramatic

impact on the market into the fourth quarter of 2014.

taking these facts and statistics into consideration, we believe the markets will return to more historic levels of commodity increases for next year. Expect a food cost rise of between 2.9 – 3.7%. Efforts should be made now to offset this expected rise through announced price increases or menu adjustments

Gluten-free Options Need to be Understood

Last year, the gluten-free craze opened a huge new market; you needed to have this option on your menu. This year it will remain extremely important, but the trend is leveling off. Consumers now expect a restaurant to have gluten-free options and expect their servers to direct them to those options. It will be critical to inform your guests that you cannot guarantee gluten-free, as there is potential cross contamination when products are made in the same kitchen as non gluten-free. The size of this market will grow upwards of 50% through 2016 but will remain less than one percent (1%) of the total dining market.

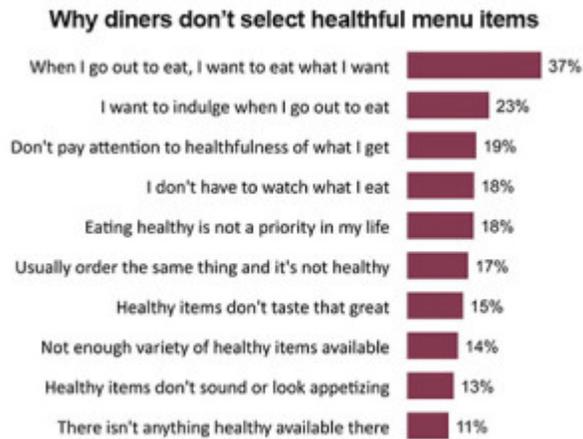
There Needs to be a Continued Effort in Taking Care of the Kids



For seven years, we have stressed the importance of taking care of the kids and improving the menu options for this important age group. The “Gen Y” and “Millennials” will not stop eating out just because they become parents. They will simply change their eating habits to include their children. It will therefore be even more important to cater to this

group. Good-tasting, healthy options will need to be offered for the kids. But don't go off the deep end. Mac and cheese and French fries will still need to be on the menu. American Demographic Magazine states that married couples with children spend an average of 44% more at restaurants than those without children. Happy kids mean happy parents. Provide a fun and unique selection of foods for the kids.

Fast Healthy is Growing



Source: The NPD Group/Healthy at Foodservice Report
Note: Diners surveyed identified themselves as "not healthy eaters"

As Subway's growth shows, consumers prefer a healthy sandwich over most burger and greasy options. As the largest fast feeder with over 40,000 restaurants and adding another 10,000 by 2017, McDonald's and similar type chains have reason to be concerned.

While all restaurants need to be cognizant of this trend and begin adding more healthy options, they need to be careful not to remove old favorites that people love. As the chart shows, people want to eat what they want and splurge when they go out. So don't jump into the health trend with both feet; stick one toe in at a time!

This creates an opportunity to add both a healthy option to your menu as a unique signature item in conjunction with a traditional standby comfort food dish.

Marketing, Technology & Social Media



The face of marketing to the restaurant guest is changing. In the past, we placed a tremendous emphasis on establishing a brand. The dollars followed to create this brand as we pumped precious resources into newspaper, radio, and television advertising. We would do direct mailers and offer coupons to drive people into our seats.

Today there is a wealth of technology available that allows restaurateurs to get closer to their consumers. This allows for more of a personal relationship. People always buy from people. Using this technology allows you to almost touch your guest with a one-on-one strategy.

Advertising budgets will begin to shrink. Restaurants should now start to pour their dollars into social media managers to develop a personal relationship with the guests. Once this happens, you will have a very loyal customer that is value-driven and not coupon-driven. Everyone enjoys frequenting an establishment where they're known.

Labor will Continue to Try to Organize Restaurant Employees

Last year we saw Organized Labor attempt to unionize restaurant employees. They did this in a number of different ways - through minimum wage (living wage) protests, paid vacation and sick leave protests, and sick outs. These efforts will increase in 2014 as this is one of the last areas that unions see they can increase union dues.

Can We Help You with Any of the Above?

National Restaurant Consultants is a world-renowned leader in providing restaurateurs with assistance in resolving some of the most challenging aspects of their businesses. This includes refining or expanding concepts to take advantage of an ever-changing market place. Our most popular service,

Operations Analysis™, has saved operators nationwide thousands of dollars; it is one of the most powerful tools available!

If you believe that you are not ready for any of the above changes occurring next year, or if you need assistance in your operations, we would love to speak with you. Please call or send us an email, and we will get you on the road to expanding your revenues and increasing your profits!