Introduction

In this edition of the CX Consulting Newsletter, our research team dove into how the topic of “Healthy Dining Trends of Today”. The phrase “Healthy Dining” is a vague and constantly changing landscape, but our team broke down a few different topics to give you specific analyses and ideas that will provide you with some new insights and ideas for your own restaurant.

This edition is an example of what a partnership with our club will be like, with our student consultants acting as your own research analysts that can provide you new, detailed information and ideas to enhance your customer’s experiences. Working one-on-one with one of our members is will provide you a lot of value over the whole year, at the cost of paying an employee for less than a day of work.

More About the CX Club

The CX Consulting Club is a student-run business club at Indiana University’s Kelley School of Business. Our club strives to provide our members the opportunity to work with and support real businesses with research, analysis, ideation and implementation. We love feedback from our partners as well and strive to give them the most impactful research possible.
The Force Driving the Top Food Trend

Health is a state of body, wellness is a state of being. This belief is largely instilled in millennials, which are reaching a tipping point at 84.6 million strong and are currently the largest living generation in the US. Yahoo health study suggests that Health & Wellness is the top priority for them. According to National Restaurant Association, more than 7 out of 10 adults are trying to eat healthier at restaurants than they did 2 years ago. Increase in healthy trends has led to a drastic increase in the use of plant-based food. A research conducted by Baum + Whiteman suggest that, “Plant-based food will be the Food Trend of 2018.” A recent report by the NPD Group also suggests that consumers under the age of 40 have upped their vegetable intake by 52%.

Subtle Changes That’ll Bring in Customers

There are three responses to a design- yes, no & ‘Wow’! Wow is the one to aim for, and it is that wow factor in the in-store design which will take the concept of healthy eating to the next level. People not only want to eat healthy foods, but feel satisfied while eating them. Incorporating a natural ambience enhance the dining experience. This can be accomplished via multiple methods but some of the most prominent are to display your foods, to use a specific color scheme, and to train your employees in a certain way.

By displaying foods or other ingredients, a restaurant is able to help build trust between customers and itself. When customers are able to see the food they purchase as it is being prepared, they are able to see the beginning to end process of how some simple ingredients became their meal. Current restaurant superpowers such as Subway and Jimmy Johns have built empires off of simple deli sandwiches, mostly by showing off their fresh ingredients that customers are able to see turn into their meal. Although it may work for some, most restaurants are unable to provide this type of service. So taking after restaurants such as Olive Garden may also be beneficial. Although it is unable to flaunt its food making process, Olive Garden has nurtured a healthy, family style, Italian ambiance by placing different common ingredients such as fake grape vines or wine racks on the walls.
Psychology Behind Colors

Studies have shown that 90% of snap judgements are based on color alone. So if a restaurant wants to bring in more customers, using the yellow, brown, white, and green color palette in restaurant design can help customers perceive the restaurant, and thus the food it serves, as healthier. Yellow generally displays enthusiasm and happiness. In most cultures it is also linked strongly to the sun, a very common idol of healthy foods as it helps to grow plants. White is conceived as pure and taintless. Customers will subconsciously allude this purity and innocence to the food. Brown and green are the most influential when it comes to healthier eating. These colors are mostly conceived as being fresh and organic due to customers relating these to plants and the ground they grow in.

Menu Designs

As a new era of eaters arises in the United States one trend is growing by the second: healthy eating. These new eaters will demand the highest quality ingredients, but one aspect a healthy restaurant (or any in general) may fail to heavily consider is the menu. A restaurant’s menu is a paramount component to success, and focusing on the many different parts of a menu can prove to be beneficial. Two simple components of a menu can produce lasting results: information displayed and general layout/graphics.

Focusing on general menu concepts and operations is the first step to creating a compelling menu. First off, it is essential to be transparent about the sourcing and preparation of ingredients. Displaying this information, especially for a healthy restaurant, is critical. A recent Harvard study explains, “consumer engagement is driven by the rise in food safety and fraud alerts, a growing interest in sustainability and food ethics,” as people are eating healthier foods, so are their interests in the what, how, and where of ingredients. The most useful information to display is quite simple, where the ingredients are from, how they are transported, what nutrition facts prove they are healthy, and how they are prepared. A University of Missouri study reports consumer appeal to nutrition facts, “Approximately 81% of the respondents said they read nutritional labels when they shop, 93% felt that restaurant menus should include nutritional information and 90% said they would use nutritional information to select a menu item in a restaurant.”
The Data*

So, what is this healthy eating trend? Over 30% of the 75% of teens who claimed that they eat healthy said that they started eating healthier within the past year. Over 80% of those surveyed answered that it was important to them to eat healthy. This shows that there is a recent trend among people and the youth especially to lean toward healthier food options. Only 13% of those surveyed thought that it was easy to find healthy food locally. Because of this, less than 8% of those surveyed go out more often than they stay in when they want to eat healthy. 67% of people surveyed that when they want to eat healthy, they are more likely to eat at home rather than go out to eat. This means that if restaurants want to reach this growing consumer market that is changing to eat healthier, they must make it more available and known that they have healthier options.

*Survey of 424 Midwest residents
Menu Designs Cont. & Layout

The general design of a menu plays an integral role in customer experience. With useful information a customer can be informed and feel confident, but a menu that displays components inefficiently or awkwardly can defeat the purpose of compelling information. As discussed before, pictures are a great idea for a menu but where do they go? The best location for pictures are at the top of columns or next to highlighted food items. These locations are the easiest to see for customers. Another component of design includes the graphics. Generating images that portray the general theme of the restaurant creates a story that stays in the customers head. Graphics that outline a restaurants proud roots or methods can be a symbol to customers of commitment. Graphics allow a restaurant to express their true intentions and meaning to customers, further enhancing the dining experience. On top of graphics the layout of prices is important. Staggering the prices is very inconvenient to the customers and displaying them in a specific way can help them make a decision. The best organization for prices is ordering them in descending or increasing order. This makes it easy for customers to pick items based on their budget. Having prices displayed clearly can help a customer grow good expectations of a restaurant and give them comfort upon return. Lastly, a smaller menu can prove fruitful to both the customer and restaurant. To a customer it gives them a concise list of products and makes a decision easier. A restaurant benefits from decreased costs and cooking time/workload.

Finding the Perfect In Between

Not every restaurant or food stand has the ability to complete an entire overhaul of their food options in order to purchase locally grown, non-GMO ingredients. However, that is not to say that is the only way of sharing the ideology of ‘health eating’ with the consumers. As we have mentioned above, two easy ways to communicate the idea of wellness and healthy foods is to change the in-store aesthetic of a restaurant and the menu, which, if adopted can lead to increased foot traffic, sales, and customer satisfaction.
Overview of the Restaurant Industry

The restaurant industry is highly competitive and ever-changing. Compared to the S&P 500 Index, stocks in the Zacks Restaurant industry are experiencing greater declines (-3.5% vs. -3.2%). Recently, restaurants are dealing with a consumer decline in dining out and increased food costs. As a result, restaurants have to come up with innovative strategies in order to remain competitive. Healthy eating is a food trend that is rising and therefore, this has caused an increase of healthy food restaurants opening. The international health food market reached a value of $1 trillion in 2017, according to Euromonitor.

How are Other Companies Doing it?

In an industry where overall new restaurant openings are declining, innovative healthy food restaurants are booming. Freshii, a Canadian-based health brand founded in 2005, added 25 locations so far in 2018, putting their total at 421. Sales grew $5.6 million in Q2 2018, compared to $4.4 million in Q2 2017. They are passionate about providing high-quality, diverse and affordable food items in a fast-casual dining setting. Despite their continuous growth, they have yet to see a profit since 2016. This is a result of focusing their strategy on opening new restaurants and increasing sales.

Other restaurants are using their commitment to social responsibility to attract investors. For example, LA based chain Everytable, whose goal is to adjust prices based on the locations income, just landed a 5.3 millions dollar investment from Kimbal Musk. Lower-income families can afford healthier foods, and higher-income individuals feel good about spending their money in a way that fulfills both their own needs and others.

Local restaurants that serve a niche community have also found successful in Bloomington. For example the Owelry, which offers a vegetarian menu only, chooses to focus on “comfort food” that all people enjoy, not just vegetarians. Another restaurant, FARMbloomington, focuses on sustainability by procuring as many seasonal ingredients as they can from local farmers and even growing their own herbs. Both these restaurants and others have become popular community staples.

On the other hand, restaurants don’t need to be entirely health focused to profit off the healthy eating trend. Even fast food restaurants are diversifying their menu with healthy options, such as Burger King, which rolled out their veggie burger in the United States in 2015. The burger has received positive reviews from both vegetarians and meat eaters. Since the product’s launch in the United States, Burger King has seen continuous growth in both restaurant sales and stock price since the product’s launch.
Offsetting High Food Costs

Making the change from unhealthy to healthy food can possibly create a big financial burden, but there are easy ways to try and offset that expense along with other opportunities for which a restaurant can display different things to make their restaurant unique. It begins with cheaper, creative marketing strategies. Marketing for a restaurant that plans on offering healthier menu options is quite simple. This cheap marketing idea consists of putting flyers or coupons out at gyms and health wellness places, which will bring in many people after or before their workout. The hardest part for selling a new menu item is getting people in the door to try it. This marketing strategy should solve that problem. Another idea to offset higher food acquisition costs is purchasing vegetables and fruits in bulk. By buying these goods in bulk it will be cheaper and will allow the business to obtain higher profit margins, and it is also very easy to freeze what produce the restaurant doesn't go through. Another thing to take in consideration is what season the restaurant would like to introduce different items. These different fruits and vegetables are grown on farms throughout the year. Understanding when each produce is mainly being harvested will reduce costs because it will be cheaper to buy that good. The supply of the produce “in season” will be higher, which leads to cheaper buying prices consumers (the restaurant). For example, “a few (usually limp) sprigs of basil, all too frequently with black speckles and moldy leaves, cost about $3 per half ounce. In contrast, the gorgeous, bright green, crisp basil you see in both grocery stores and at farmers’ markets in the summer when basil is in season often sells for as little as $1-2 for an enormous bunch”. This follows the idea of supply and demand for fruits and vegetables during their preferred harvesting periods. This also opens up doors for restaurants to create seasonal dishes that align with that particular season. It would bring back customers as they would be tempted to try out the new dishes due to their limited availability and fresh tastes. Lastly through this idea of reducing costs, considering the restaurant- would most likely be buying from a smaller farm since there are almost two million farms in the USA and about 80% of those are small farms, they could use the fact as a marketing strategy to widen its demographics.
The Impact

The Impact of this trend and the data we are seeing from it as a result is forcing businesses to adjust to the increasingly healthy consumer base. Shrinithi Venkatesan, a freshman at the Kelley School of Business who identifies as vegetarian, said that she would like to see “vegan and vegetarian symbols next to food” to make it known what eating options she has. Shazreh Bokhari, another Freshman at the Kelley School Business who identifies as vegan, said that she would like to see restaurants “label specific nutritional value” for each product that the restaurant has to offer whether it be on a menu or somewhere else. She wants to see restaurants have “more vegan options” other than “just salad”. Shazreh explained that she uses search engines in order to discover healthy places to eat. All in all, they both concluded that they were not satisfied with what businesses and restaurants were doing to accommodate their dietary needs.

How Restaurants can Adapt

Due to the shift in societal food tastes and the general trend towards healthy eating, many restaurants are playing ‘catch-up’ in order to market their healthy options, adjust their menus, and merge their brand as a ‘healthy’ place. Because most restaurants do not want to be associated with ‘fast food’ and ‘unhealthy’ many of them have been making drastic changes to their business model as a whole, as to not lose potential business with the healthy eating demographic.

Top 5 Trends in the Vegan and Vegetarian Food Industry

1. INCREASED VARIETY OF MEAT ALTERNATIVES
2. FAST-CASUAL VEGAN RESTAURANTS EMERGING
3. INCREASED AVAILABILITY OF PACKAGED VEGAN FOODS
What they can do

1. Fix Their Menu

To get more healthy eaters walk in their doors, restaurants must be able to cater their menus towards healthy eaters. One excellent example of this is Uptown Café in Bloomington, Indiana, does a great job formatting their menu to make it look appealing, and then integrating that format to include healthy eating options. It gives three primary options for customers...
1. Vegan
2. Vegetarian
3. Gluten Free

2. Use Social Media

One very important aspect of marketing their healthy food items is for restaurants to take to social media to advertise their healthy options. According to Adweek.com, 80% of restaurants use social media for marketing.

Here is an example of a great Instagram post that advertises not only their healthy menu but promotes a healthy food brand, Verlasso Salmon!

*Image of Instagram post from The BookMarket Eatery*
3. Adjust Their Website

Restaurants can also use their websites as a platform to interact with their ‘healthier’ customers. Root Cafe is a great example of this. Their logo “Building Community through Local Food” is what the restaurant lives by as it showcases the names of each and every farmer and producers along with their family photos with pride. The transparency helps customers relate to the values and beliefs of the restaurant through their website.

“variety is the spice of life” - Kamila Sitwell