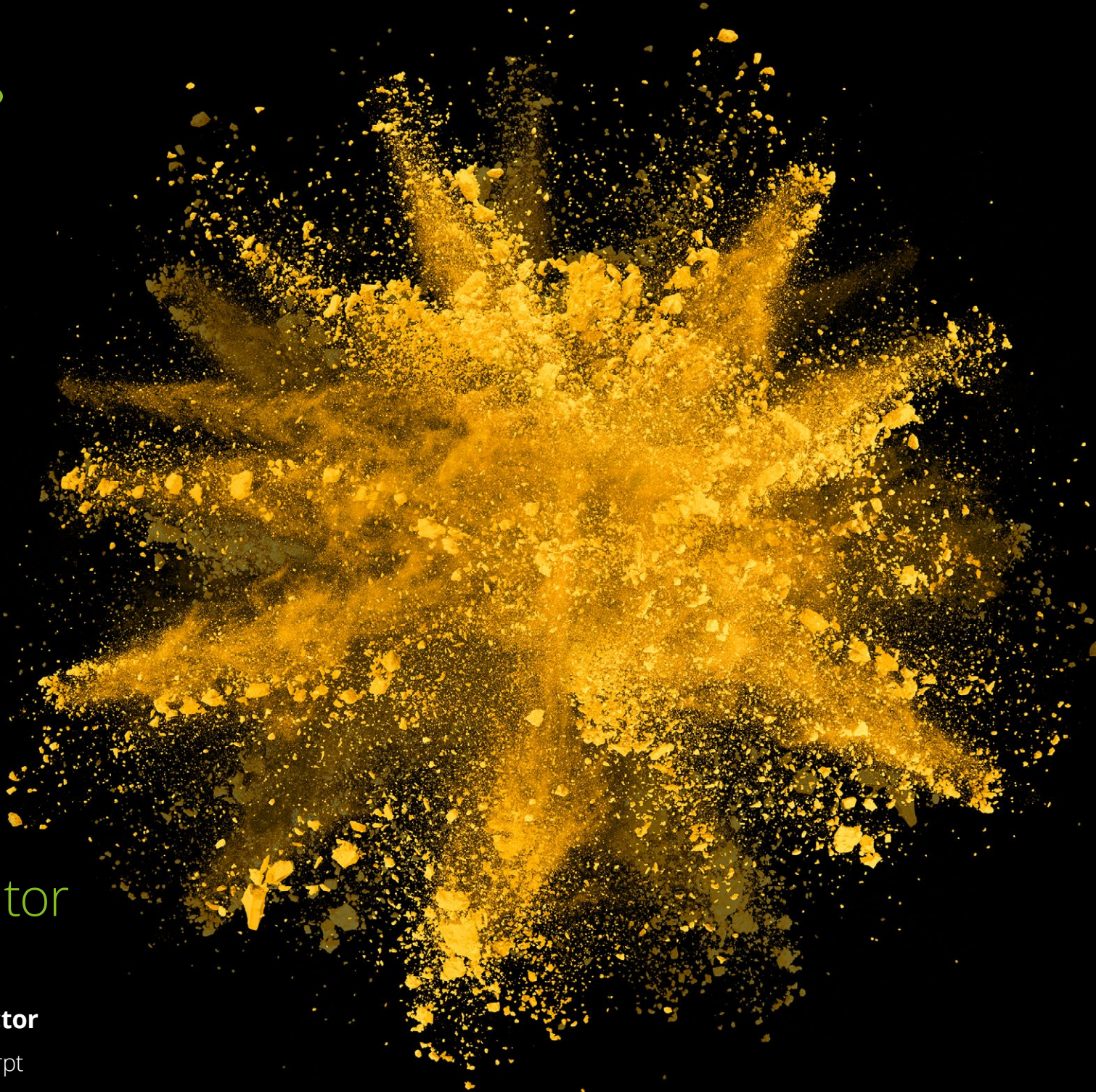


**Deloitte.**

Foodservice  
Market Monitor

**Evolutionary frontiers  
for the Foodservice sector**

2022 edition | Greece excerpt



# Contents

1	Executive Summary	3
2	Market evolution	5
3	Focus on FSR in Greece	12
4	Consumer trends and main challenges	15
5	Market outlook	29
6	Wrap-up on business needs	33
7	Market segmentation	37
8	Key contacts	40

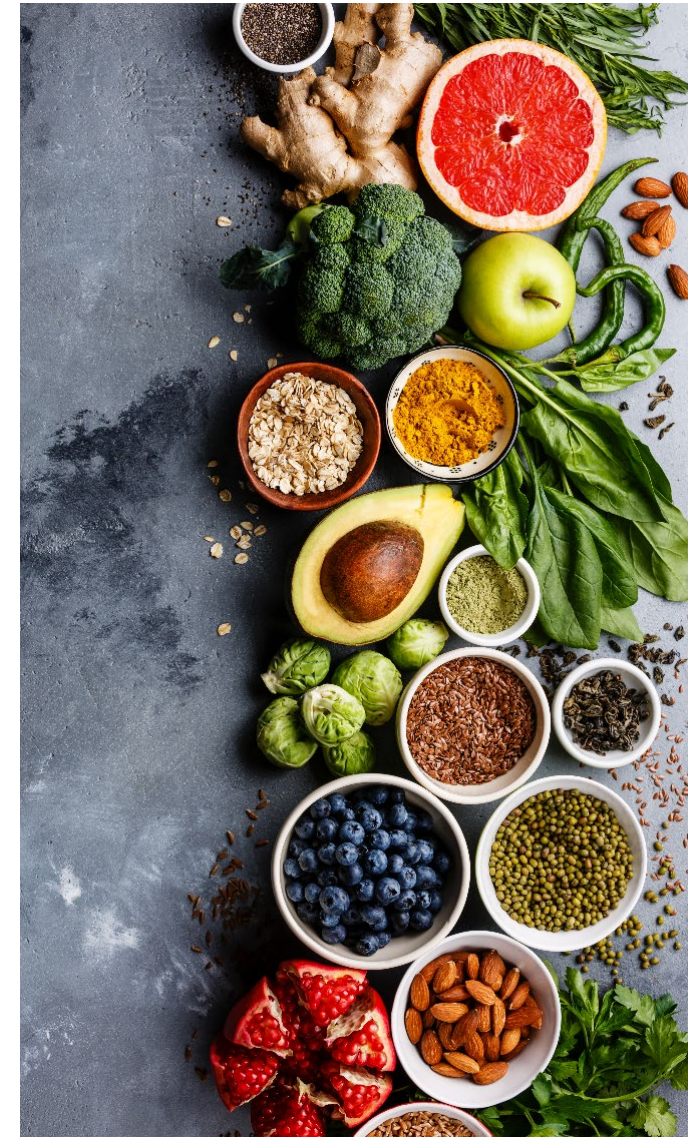


## FOODSERVICE MARKET EVOLUTION

- **Global Foodservice reached 2,221 B€ in 2021, with APAC covering 48% of the market. Full service restaurants the biggest type of restaurant, accounting for 48%**
- **The overall market showed a +15.6% growth in 2021 vs 2020, after the 2020 drop due to Covid-19; North America represents the highest growing region in 2021**
- **Focusing on type of occasion, Retail drove the 2021 rebound (+27.6%); in terms of consumption mode, delivery segment boomed in 2021 after 5y with double-digit growth**
- **In Greece, between 2020 and 2021, Quick service restaurants and Street food experienced the highest growth, supported by delivery and takeaway tailwinds over 2016-2020**
- **Chains represent one third of the global market, showing a double-digit growth 2021 vs 2020 (+14.8%), mainly driven by Europe (+18.8%)**
- **APAC countries such as China, India and South Korea show the highest penetration of Full service restaurants, followed by Italy and France; Greece, on the other hand, shows the lowest penetration**

## FOCUS ON FULL SERVICE RESTAURANTS IN GREECE

- **The value of Full service restaurants in Greece stood at 1,199 M€ in 2021, significantly below observed pre-pandemic levels of 2,048 M€**
- **Greek cuisine market value was ~740 M€ (~62%), followed by Italian cuisine at ~220 M€ (~18%), Japanese ~40 M€ (~3%), American ~26 M€ (~2%) and Chinese ~20 M€ (~2%)**
- **Analyzing Greece full service restaurants by price ranges, top 5 cuisines are mainly positioned as value for money, with Japanese showing the highest incidence of «premium» price restaurants, and American the highest share of «low price»**



## CONSUMER TRENDS & MAIN CHALLENGES

- Safety perceptions among consumers continue to reach new two-year highs, thanks also to the recent decrease of COVID-19 cases
- Consumers are gradually returning to purchase offline, even though ~23% of them are still heavy online buyers of Restaurants/takeout
- Among consumption habits trends, wellness is driving the shift towards a more sustainable consumption
- The pandemic and now the war changed some dynamics in the FS industry, requiring restaurants operators to adopt new strategies to drive their growth path
- After the economic crisis and the recent COVID-19 pandemic, Greeks are increasingly seeking alternatives to traditional consumer foodservice, whereas international tourists support the demand for traditional full service and higher-end restaurants
- Although in strong recovery vs 2020 (+106% arrivals and +143% spending), 2021 saw international tourism below pre-pandemic levels
- For 2022, expectations see tourism arrivals in the range of ~29-33m (~34m in 2019) and related revenues hitting a record-breaking ~20 B€

- As of July 2022, energy and catering services prices in Greece increased respectively by ~68% and ~4% vs prior year (~47% and ~6% EU), showing foodservice establishments inability to pass through the higher costs currently faced

## FOODSERVICE MARKET OUTLOOK

- Europe and RoW were the most impacted regions by COVID-19, but are expected to be the most dynamic regions after Pandemic; N. America is expected to return to pre-pandemic levels in 2022, APAC and Europe in 2023, Rest of World will recover in 2024
- Cafés and bars, street food and FSR will drive the growth in the next years with a CAGR 2021-2026 in a range of +5.6% and +8.1%; QSRs are expected to return to pre-pandemic levels in 2022, FSRs and Street food in 2023, Cafés and bars will recover in 2024
- In Greece, foodservice market will grow at a +10.7% CAGR 2021-2024 reaching ~10.5 B€ in 2024 vs ~10.9 B€ in 2019, with effective recovery starting from 2022 due to the nation's significant reliance on international tourism

## WRAP-UP ON BUSINESS OBJECTIVES

- A series of industry trends are shaping business objectives of Foodservice operators: well being, digital drivers, liquidity, Integrated Front and Back Office Processes, Planning and Distribution Efficiency Enablers, Double-Digit Growth
- As technology transforms the broader consumer industry, the capabilities and tools in restaurants must also adopt new innovations that serve managers and staff
- Restaurant Transformation Imperatives to drive growth and profitability must include Front and Back of House Capabilities, Customer and Employee Engagement, combined with Next-Generation Digital Technologies

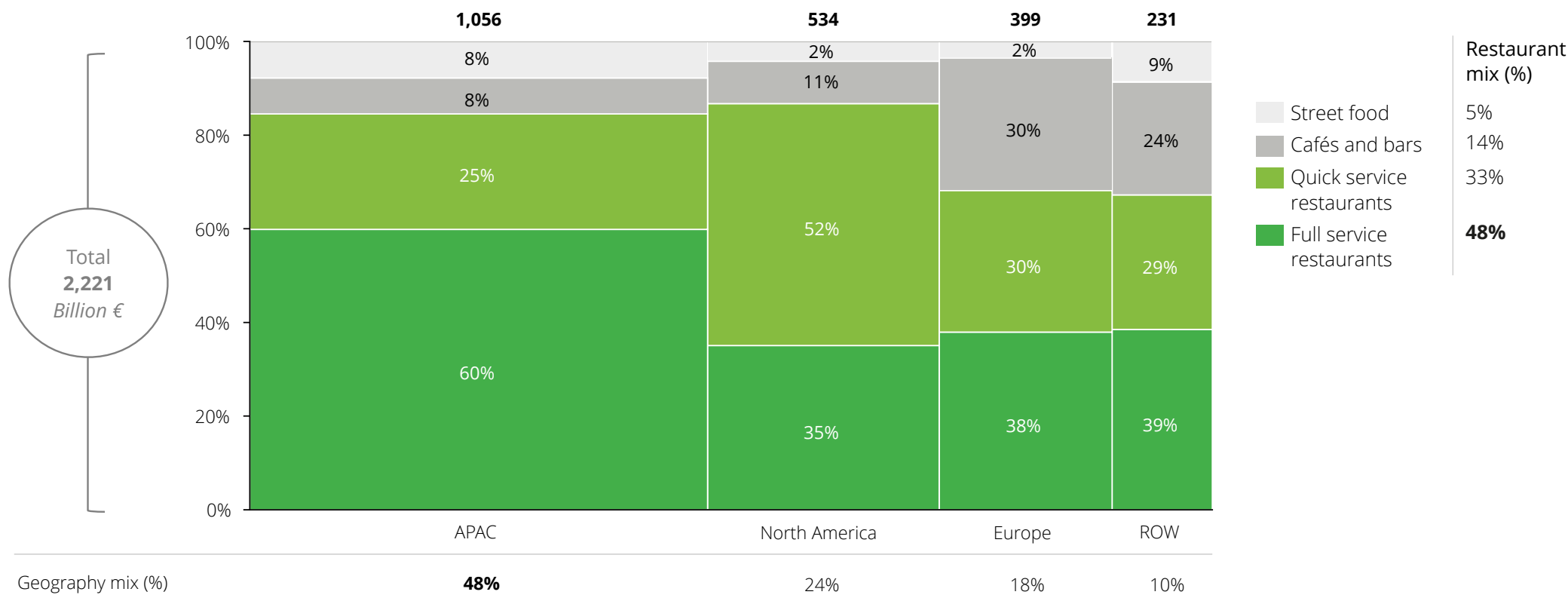
Market evolution



Global Foodservice reached 2,221 B€ in 2021, with APAC covering 48% of the market. Full service restaurants account for 48% of total

**Global Foodservice market by type of restaurant and geography 2021**

(Billion €; Percentage)



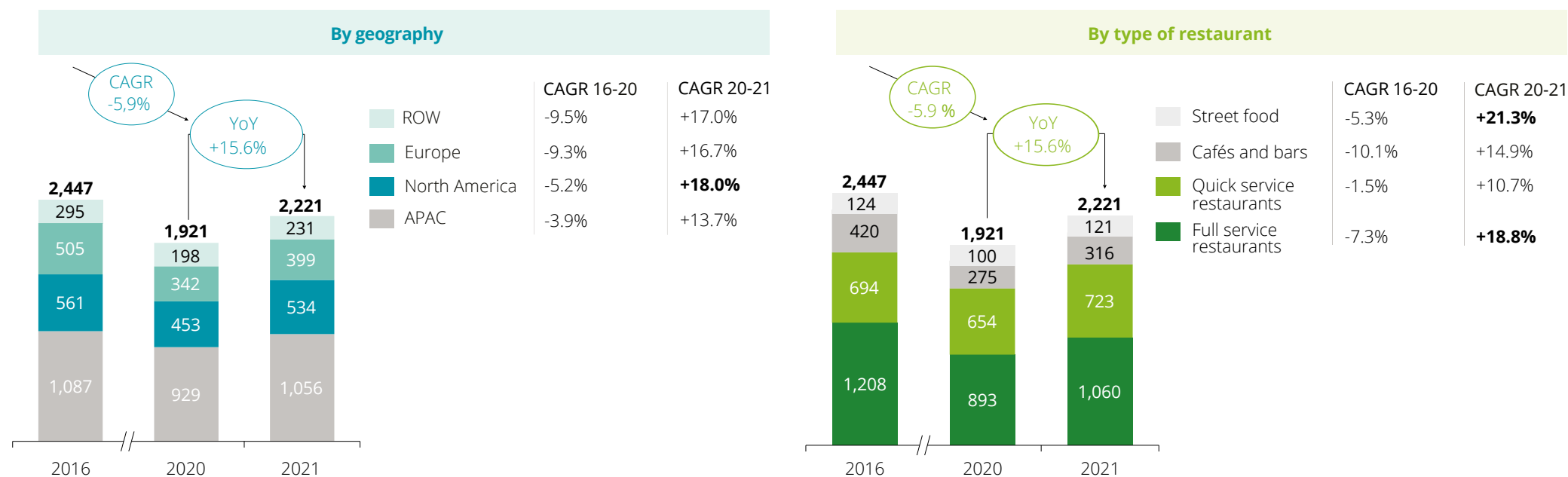
Note: numbers may not sum due rounding


Source: elaboration on secondary data sources (Euromonitor, Allied Market Research and Statista)

The overall market showed a +15.6% growth in 2021 vs 2020, with North America representing the highest growing region in 2021

### Global Foodservice historical market performance 2016-2021

(Billion €, Percentage)



 Full service restaurants drove the 2021 growth (+18.8%); Street food showed the highest 2021 growth rate (+21.3%), even though its absolute volume amounts to ~5% of total market

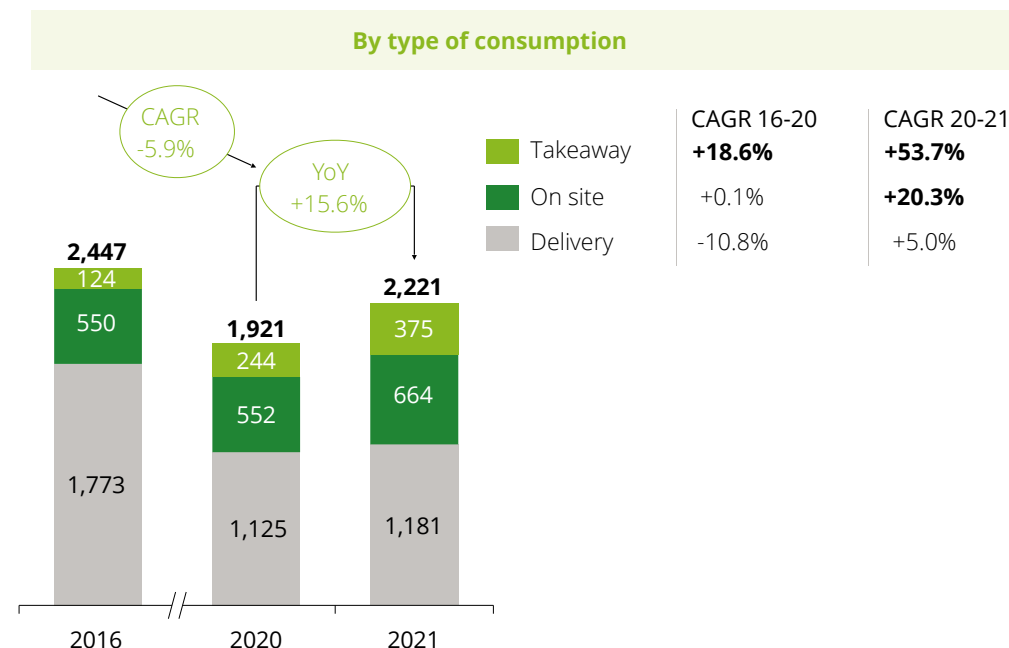
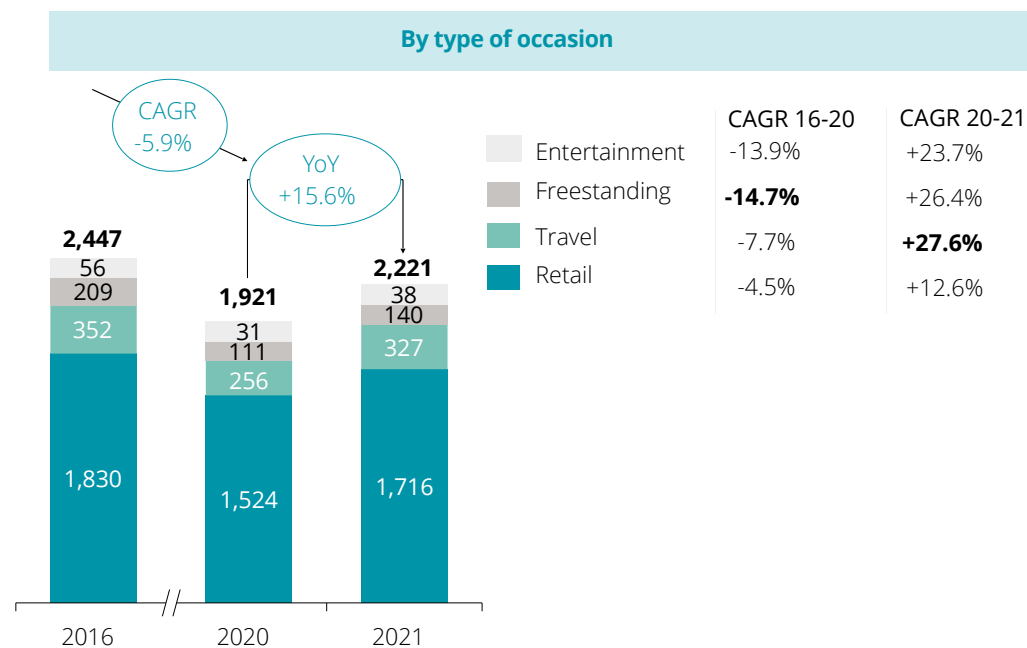
Note: numbers may not sum due rounding

Source: elaboration on secondary data sources (Euromonitor, Allied Market Research and Statista)

Focusing on type of occasion, Retail drove the 2021 rebound (+27.6%); delivery segment boomed in 2021 after 5 years with double-digit growth

### Global Foodservice historical market performance 2016-20-21

(Billion €; Percentage)



 On site consumption showed a lower growth rate in 2021 mainly due to Covid-19 in-restaurants restrictions

Note: numbers may not sum due rounding

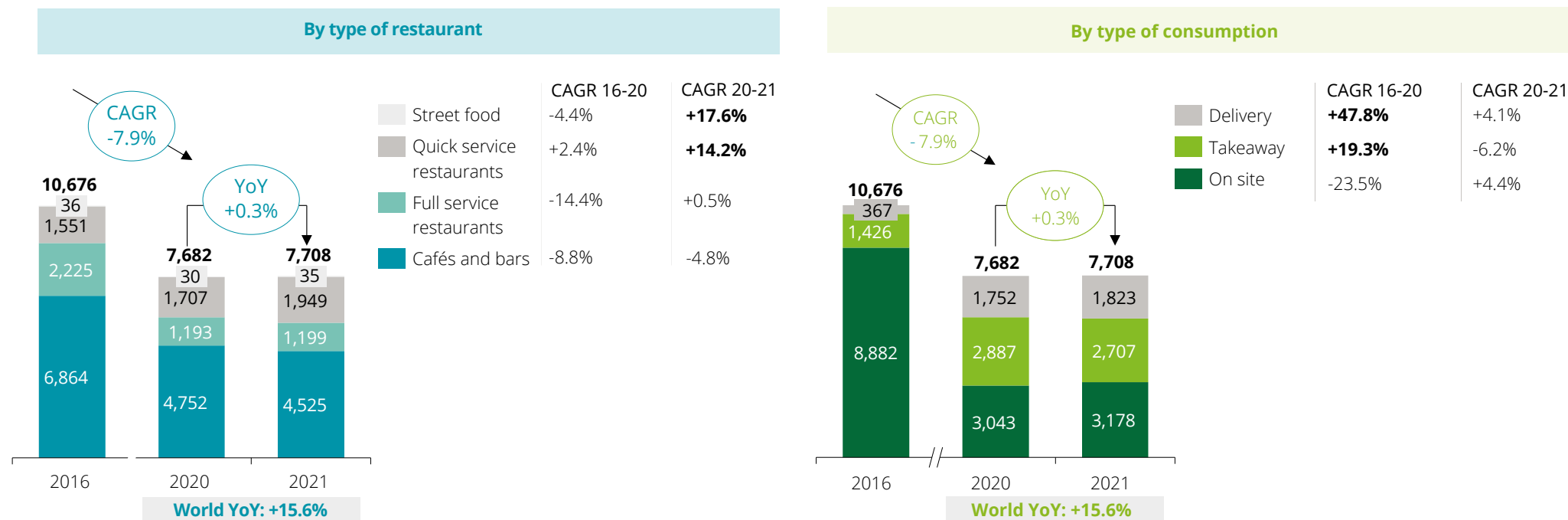
Source: elaboration on secondary data sources (Euromonitor, Allied Market Research and Statista)



Between '20 and '21, QSR and Street food experienced the highest growth, supported by delivery and takeaway tailwinds over '16-'20

### Greek Foodservice historical market performance 2016-20-21

(Million €; Percentage)



Between 2020 and 2021, the Greek foodservice market remained substantially flat (+0.3% YoY vs +15.6% globally) due to its significant reliance on international tourism, which as of 2021 was still below pre-pandemic levels

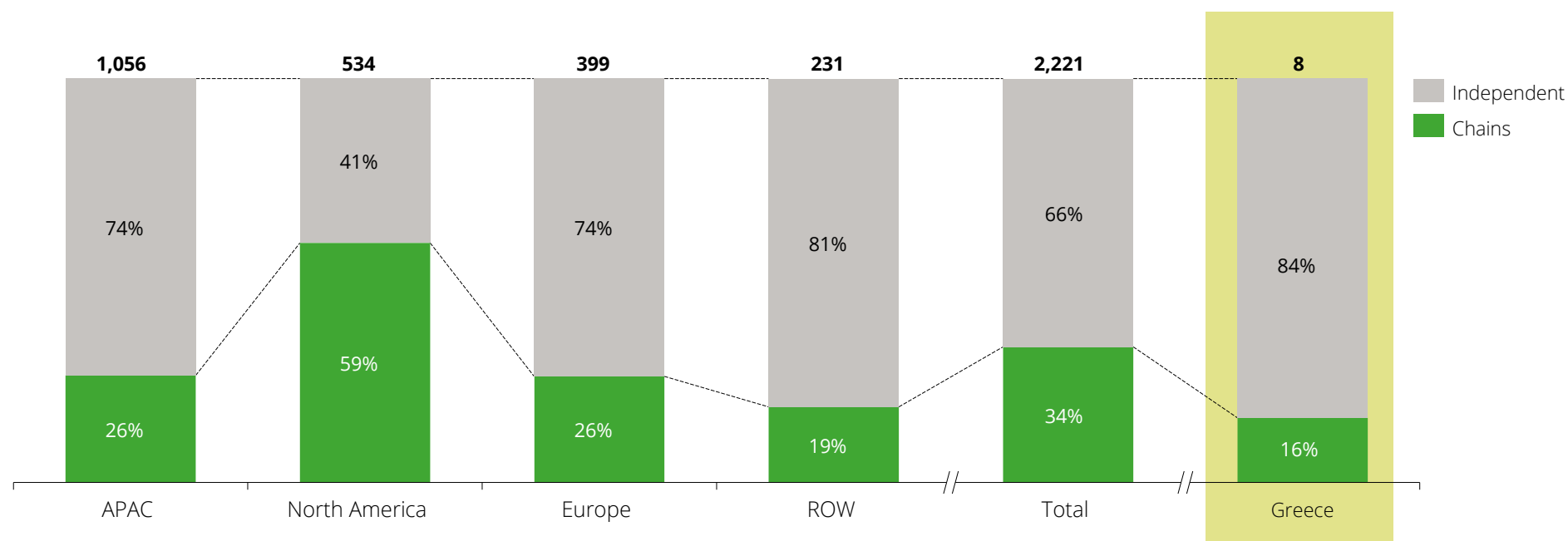
Note: numbers may not sum due rounding

Source: elaboration on secondary data sources (Euromonitor, Allied Market Research and Statista)

Chains represent one third of the global market, showing a double-digit growth in 2020-2021 (+14.8%), mainly driven by Europe (+18.8%)

### Global Foodservice market by ownership and geography 2021

(Billion €, Percentage)



YoY 20 - 21 Chains (%)	+14.0%	+13.6%	<b>+18.8%</b>	+19.8%	<b>+14.8%</b>	+34.5%
CAGR 16 - 20 Chains (%)	+0.0%	-2.3%	-5.4%	-5.8%	-2.1%	+1.0%

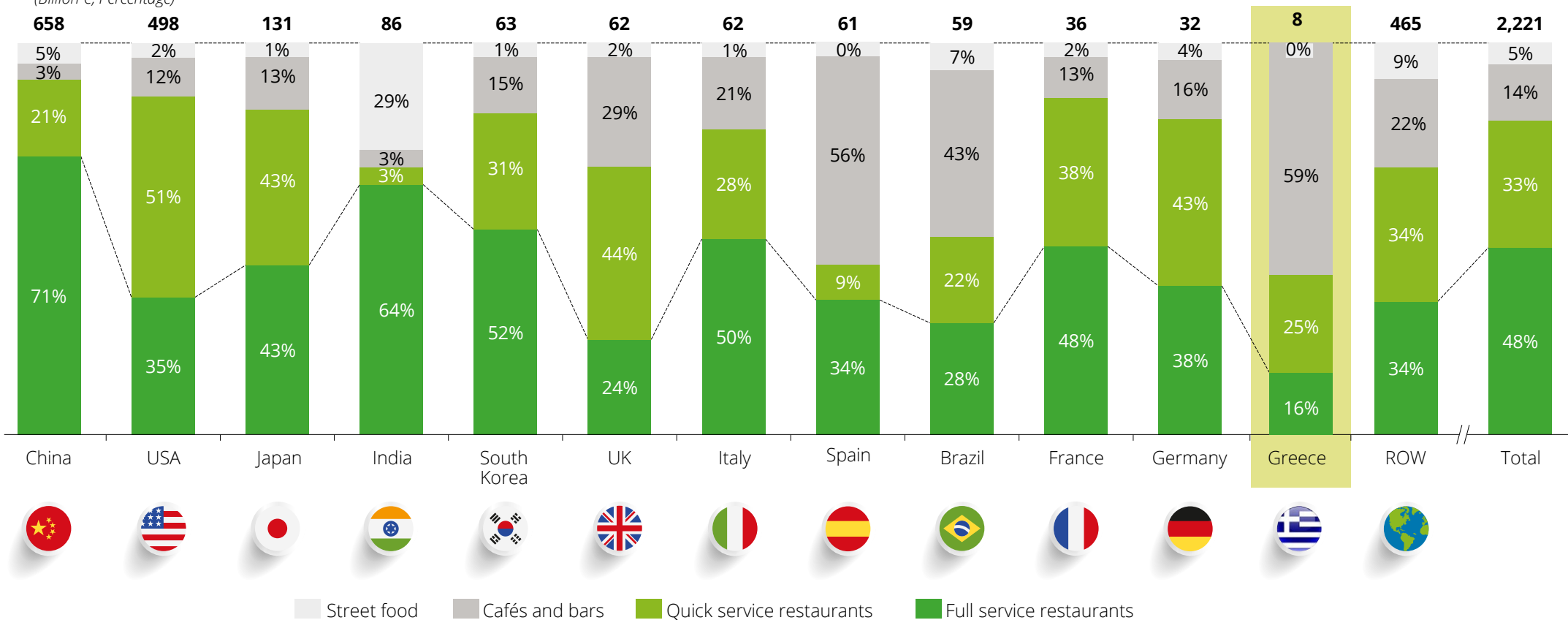
Note: numbers may not sum due rounding

Source: elaboration on secondary data sources (Euromonitor, Allied Market Research and Statista)

APAC countries such as China, India and South Korea show the highest penetration of Full service restaurants, followed by Italy and France

**Global Foodservice market by type of restaurant in Top countries 2021**

(Billion €; Percentage)



Note: numbers may not sum due rounding

Source: elaboration on secondary data sources (Euromonitor, Allied Market Research and Statista)

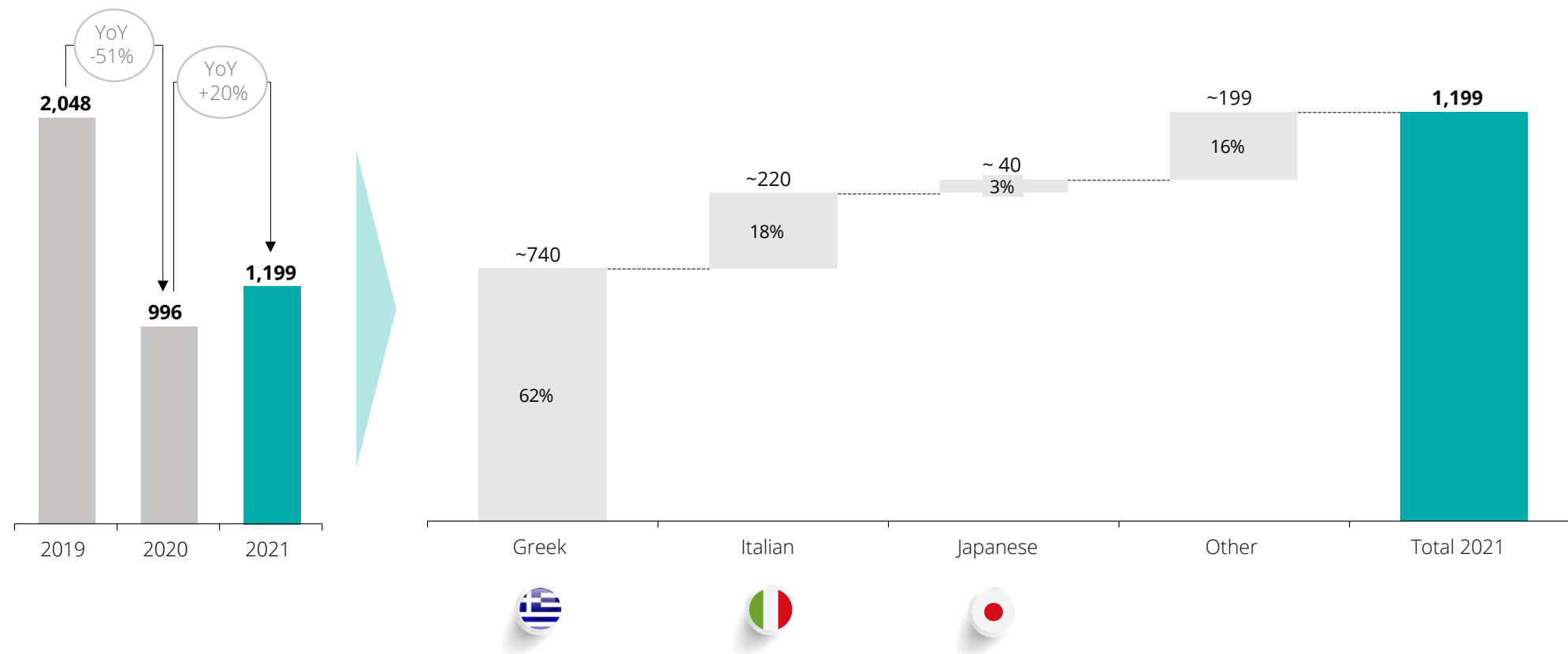
Focus on Full Service  
Restaurant in Greece



The value of Full Service Restaurants in Greece stood at 1,199 M€ in 2021, significantly below observed pre-pandemic levels of 2,048 M€

**Greece Full Service Restaurants market value 2019-21, top 3 cuisines**

(Million €; Percentage)

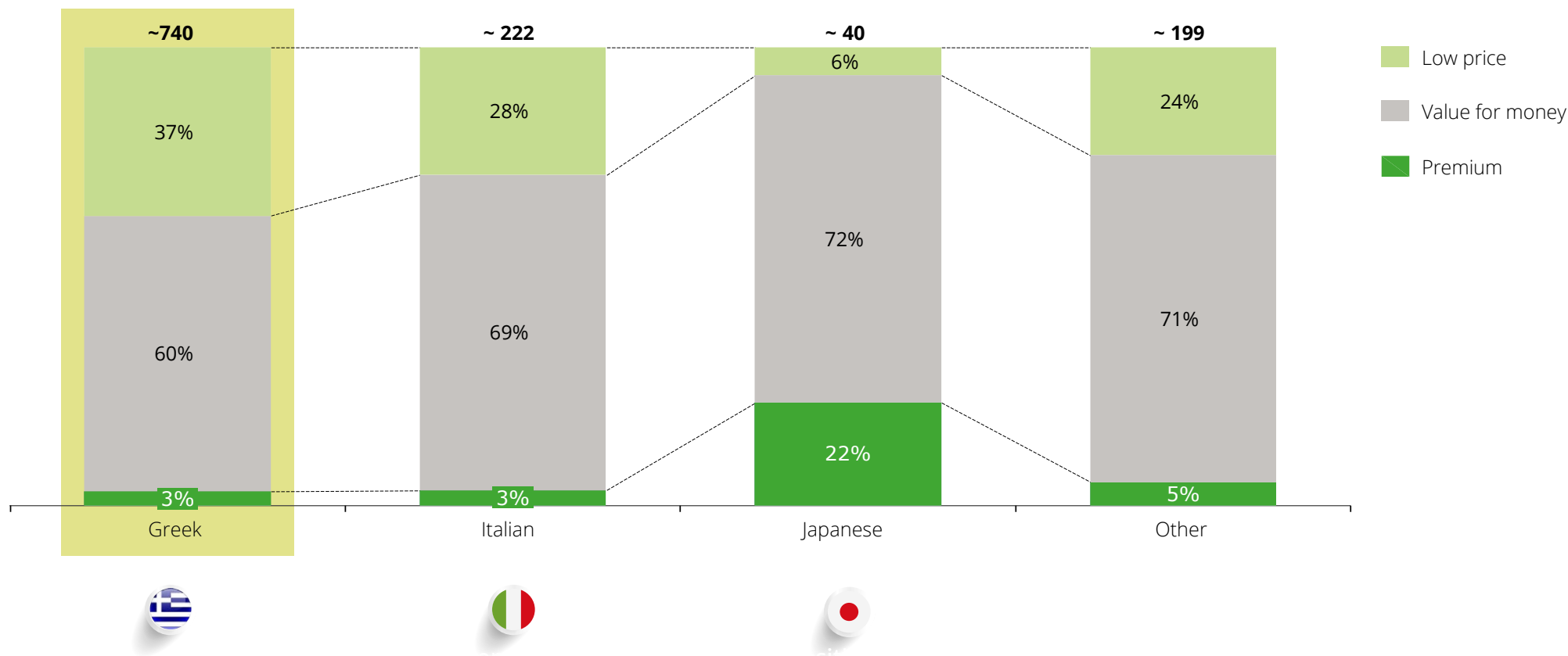


Note: numbers may not sum due rounding  
Source: Deloitte analysis

# Top 3 cuisines are mainly positioned as value for money; Japanese shows highest share of «premium» restaurants

## Greece full-service restaurants by price ranges, top 3 cuisines, 2021

(Million €; Percentage)



Note: numbers may not sum due rounding  
Source: Deloitte analysis

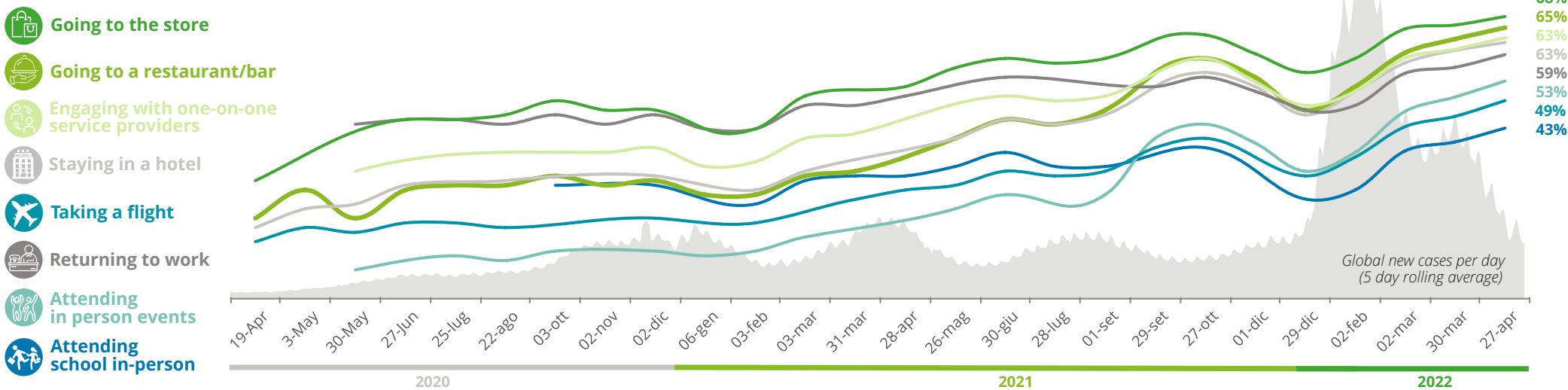
# Consumer trends and main challenges



# Safety perceptions among worldwide consumers continue to reach new two-year highs, thanks also to the recent decrease of COVID-19 cases

## I feel safe...

(Global Average)



Going to a restaurant/bar is among the safest activities perceived by consumers

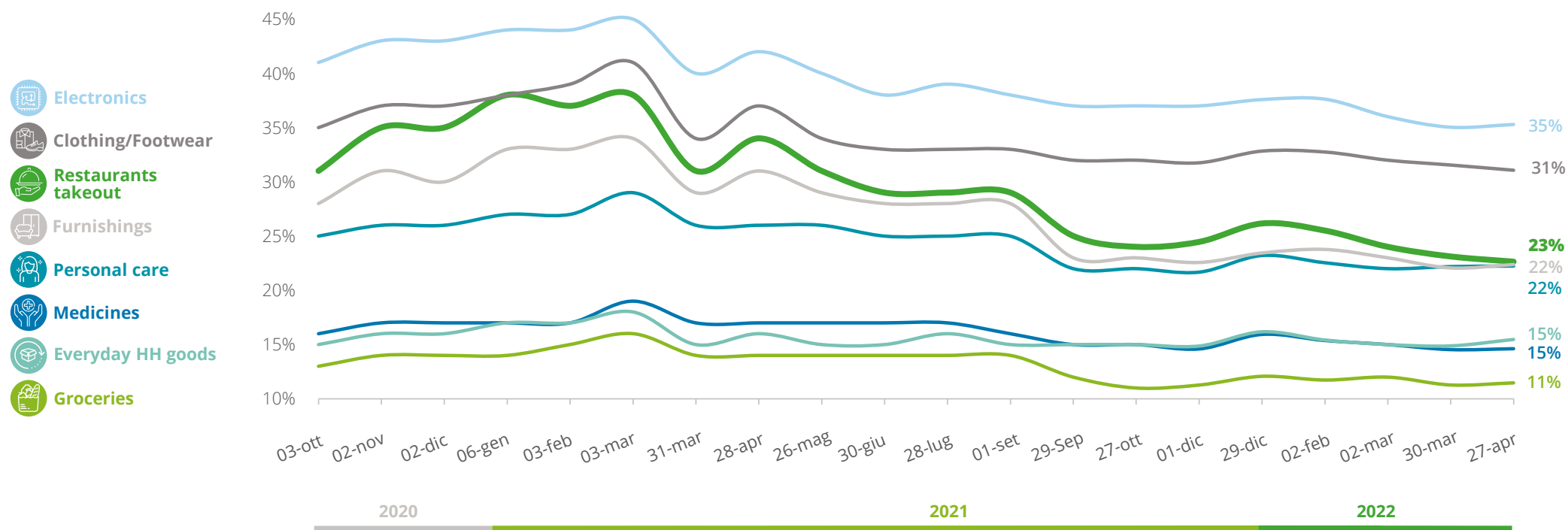
Note: #Sum of agree/strongly agree values greater than 50% are considered safe  
 Source: Deloitte Global State of the Consumer Tracker as of April 2022



Consumers are gradually returning to purchase offline even though ~23% of them are still heavy online buyers of Restaurants/Takeout

**Consumers planning to purchase 50% or more online in the next 4 weeks**

(Percentage)



Source: Deloitte Global State of the Consumer Tracker as of April 2022

# Among consumption habits trends, wellness is driving the shift towards a more sustainable consumption



## 1. Health and nutrition

After the Covid crisis, consumers are increasingly more concerned about their own health. Therefore they identify diet as a way to take care of their bodies and their well-being, recognizing that nutrition has a value that goes beyond mere physiological needs



## 2. Plant-based food

Plant-based meat alternatives and the rise of popularity of dairy free milks such as potato milk as a way of cutting out meat, are expected to grow exponentially in 2022



## 3. Global Cuisine

With people home-bound for most of 2021 due to the Covid-19 pandemic halting mainstream travel, consumers sought to get their dose of travel and culture through food they could recreate and order at home



## 4. Reduced sugar and fat snack

Due to life and work rhythms, between-meal snacks demand is increasing, especially healthy ones such as vegetables and rice snacks, legumes, bread chips and dried fruits



## 5. Less alcohol

The Covid-19 pandemic and the subsequent concern for better health is likely to have accelerated an already fast-developing trend for less alcohol consumption. Mocktails and alcohol-free beers are becoming a more popular option



## 6. «Clean» labels and sustainability

Consumers are more and more attentive to product labels, to be aware of the origin of ingredients, preferring products that meet environmental standards both in terms of packaging and production techniques

# The pandemic and now the war changed some dynamics in the FS industry, requiring restaurants operators to adopt new strategies



1.

## Raw Materials cost

Due to the war, price increases for food commodities have been the largest since 2008. Agricultural prices are projected to increase by almost 20% in 2022



2.

## Workforce shortage

FSRs are grappling with a new problem: finding and keeping employees. To attract and retain candidates, businesses will need to offer competitive wages and incentives, while investing more in work culture



3.

## Liquidity

During the pandemic, FSRs generated a smaller fraction of their normal turnover, therefore a good cash management was crucial. The importance of liquidity resulted in postponement or renegotiation of payments and reduction of the cost of labor through hiring freezes



4.

## Digital customer experience

The dining experience is becoming more and more digitalized. Restaurants are now providing online menus, apps through which customers receive discounts and special offers or can collect loyalty points



5.

## Ghost kitchen expansion

During the height of the pandemic, the rise of ghost kitchens soared with restricted access to bricks-and-mortar venues, emerging restaurants took their services to dark kitchens to meet growing demands



6.

## Increased penetration of chains

In Greece, the market is highly fragmented and, with respect to Europe, is an unsaturated market. Moreover, there is a shift from smaller independent restaurants to restaurant chains, resulting in a high growth potential for chained food service operators



7.

## Delivery post Covid

The number of "delivery-first" (not necessarily delivery-only) operators will continue expanding, as more eat-in focused operators struggle to adapt to depressed sales and a host of costs associated with third-party delivery



8.

## Cost side efficiency

Restaurants can exploit technology in order to increase cost efficiency through the provision of online training, digitalized supply management and innovative solutions for HR management

# After the economic crisis and the recent COVID-19 pandemic, Greeks are increasingly seeking alternatives to traditional consumer foodservice



## Home Dining & Home delivery

- According to IELKA<sup>1</sup>, following the economic crisis and the pandemic Greeks increasingly turned to alternatives to replace traditional consumer foodservice
- Shifting dietary patterns and money-saving trends resulted in more and more locals favoring eating at home at the expense of ordering out
- In addition, online food shopping experienced a significant surge during the pandemic, with 25% of Greeks apt to buy their groceries online vs less than 2% in 2019<sup>2</sup>. Moreover, embracing of food delivery has proven resilient even after restrictions' easing<sup>3</sup>



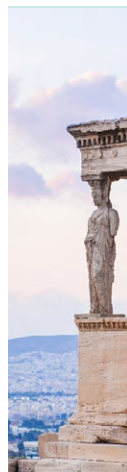
## «Farm-to-table»

- Greeks – as other consumers globally - are becoming more attentive to product origin, preferring healthier meals either in or out of home
- In response to that, much of the food ordered in cities' restaurants will be made with ingredients produced (or whose production has been overseen) by the chefs themselves
- Most hands-on chefs work closely with farmers and are involved in every stage of the food production, growing their own vegetables and baking their own bread



## «Food-on-the-go»

- As a consequence of increasing local consumers' preferences towards money-saving meals, street food and quick service restaurants growth is expected to continue over the coming years, at the expense of more expensive full service restaurants solutions
- Specifically, «*food-on-the-go*», «*fast dining*» and smaller restaurants - where dinner is typically held on stalls and kitchens show an open setting - are becoming more and more popular among Greek consumers



## Tourism spending

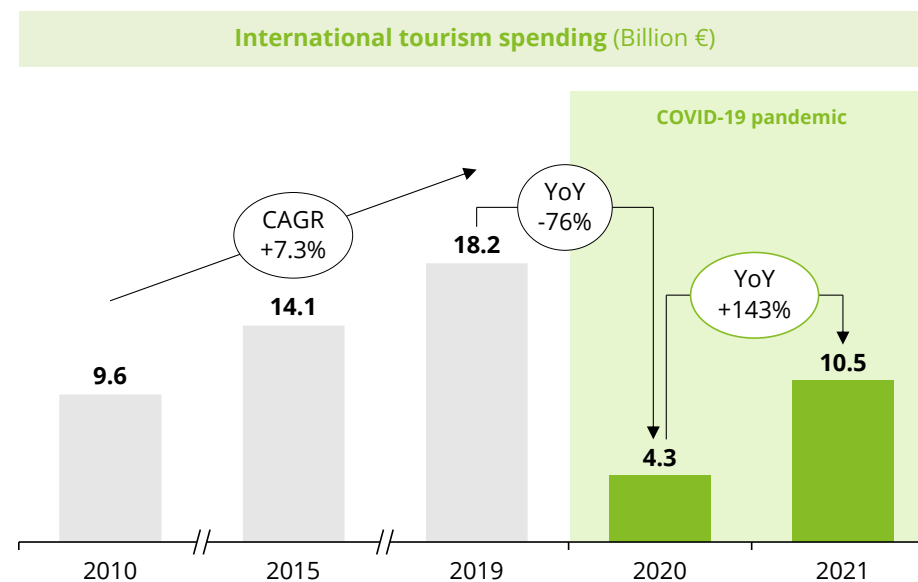
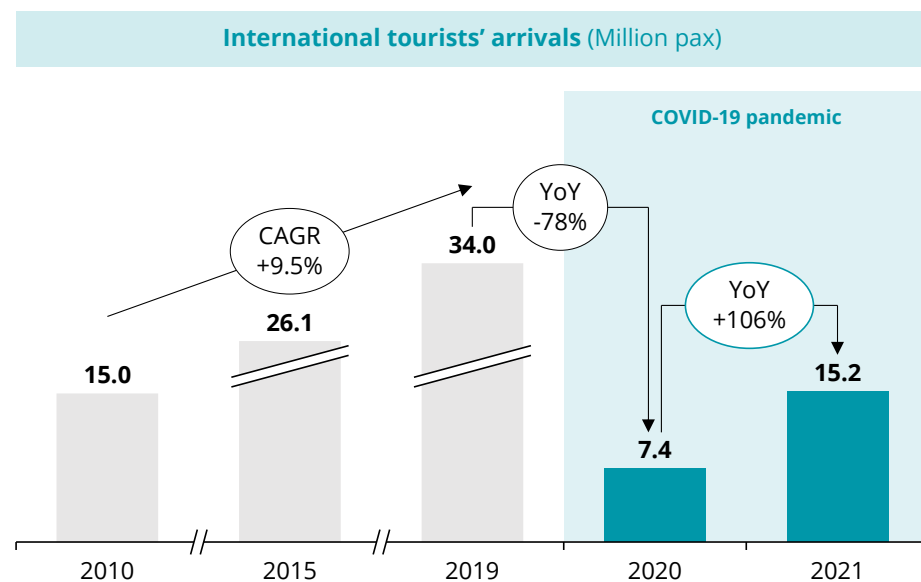
- Whereas locals are increasingly shifting towards money-saving alternatives, international tourists – whose arrivals and expenditures have been growing respectively at a +9.5% and +7.3% CAGR over '10-'19 – support the demand for traditional full service and higher-end restaurants
- Following the pandemic-induced tourism industry slump, in 2022 Greece is expecting a record-breaking season and foodservice sector is set to benefit from higher tourists' spending

Focus on next pages

Note: <sup>1</sup> Greek Research Institute of Retail Consumer Good, <sup>2</sup> according to a survey conducted by IELKA in November 2020; <sup>3</sup> IMF research  
Source: elaboration on market reports, desk analysis and interviews with industry operators

Although in strong recovery vs 2020 (+106% arrivals and +143% spending), 2021 saw international tourism below pre-pandemic levels

**Tourists' arrivals and expenditure in Greece 2010-21**

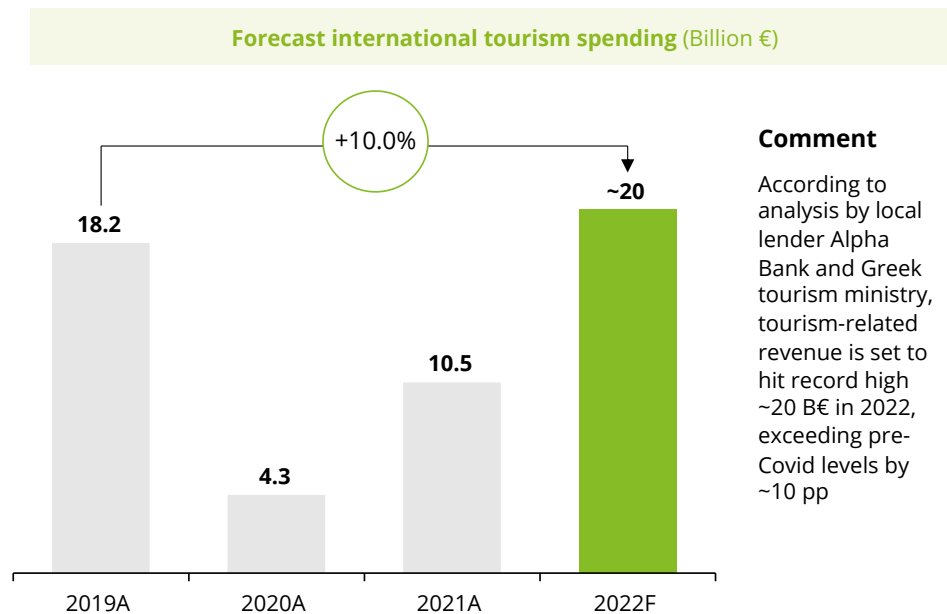
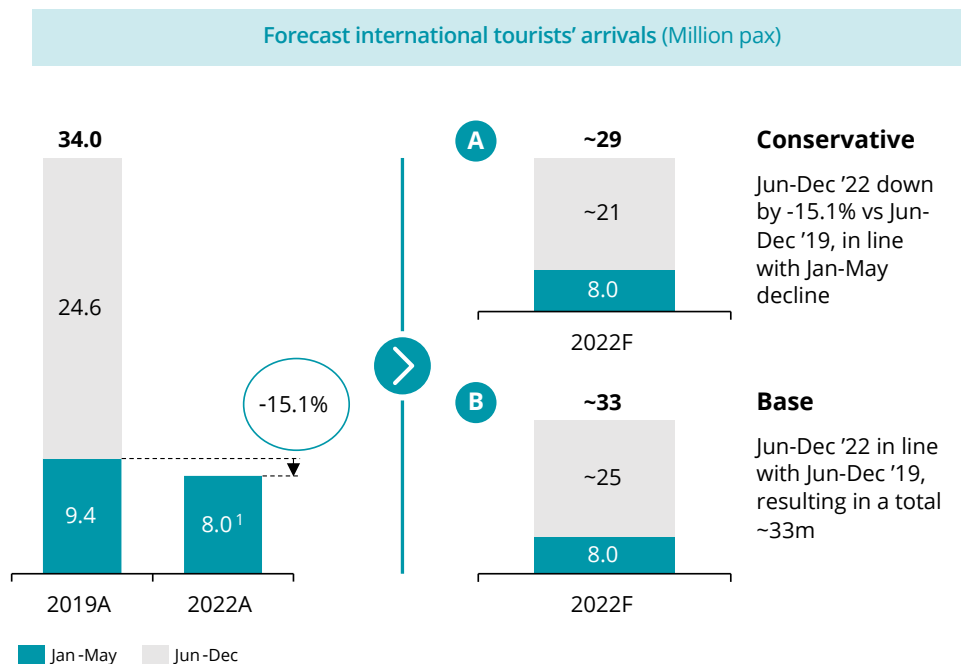



During 2021, international tourism in Greece remained significantly below pre-pandemic levels, hampering foodservice market recovery, which between 2020 and 2021 grew by a mild +0.3% vs +15.6% globally

Source: elaboration on secondary data sources (Bank of Greece)

In 2022, expectations see tourism arrivals in the range of ~29-33m (~34m in 2019) and related revenues hitting a record-breaking ~20 B€

**Tourists' arrivals and expenditure in Greece, forecast 2022**



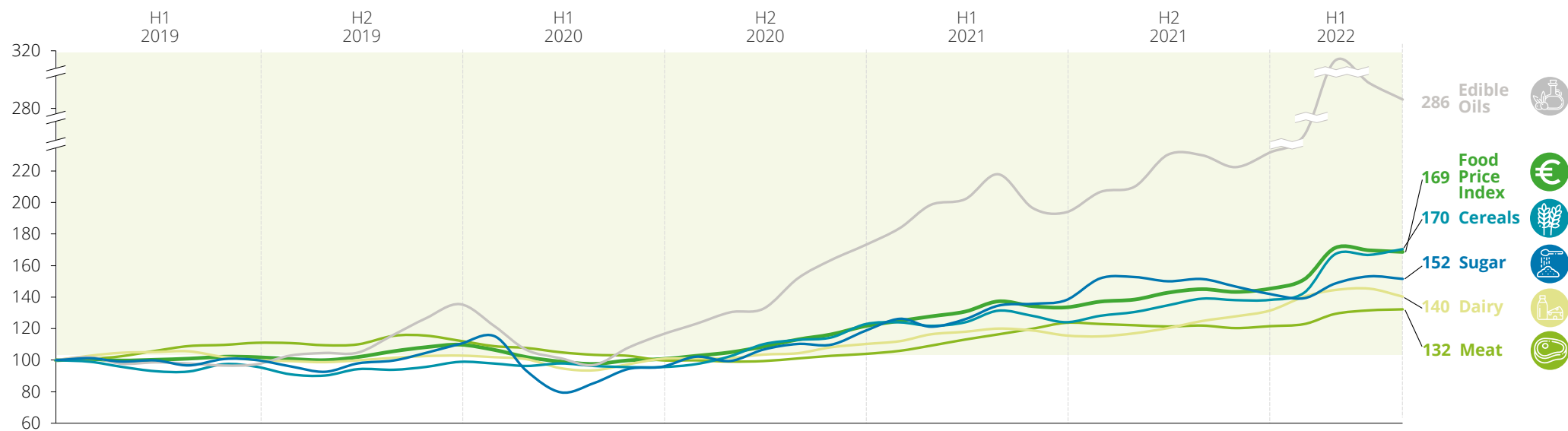
 With revenues generated from tourism expected to reach a record-breaking ~20 B€ and arrivals in the range of ~29-33m, Greek foodservice market is set to benefit from the rebound

Note: <sup>1</sup> provisional data  
Source: elaboration on secondary data sources (Bank of Greece, Alpha Bank, Greece Ministry of Tourism, CEIC)

International food commodities prices have risen +68.6 p.p. in May 2022 vs January 2019, mainly driven by edible oils prices

### FAO Monthly Food Price Index

(Index 100=January 2019)



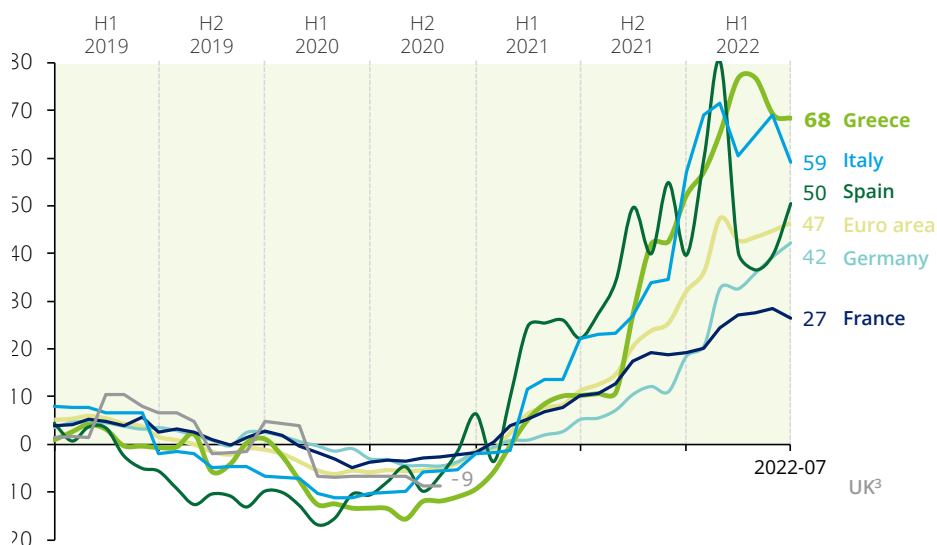
Rising international food commodity prices, caused by the Covid-19 pandemic and the Ukraine vs. Russia war, are causing disruptions on the entire food supply chain

Source: Food and Agriculture Organization of the United Nations

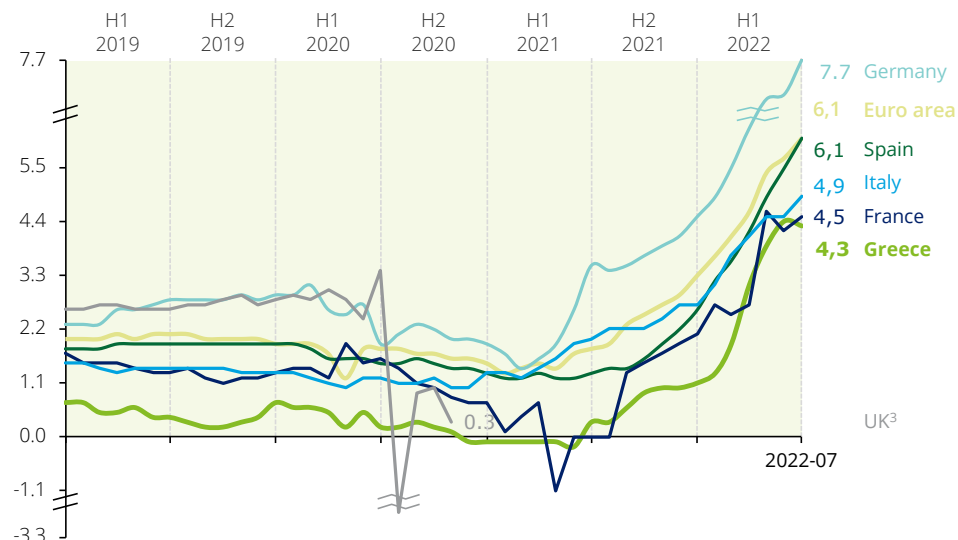
As of Jul-22, energy and catering services prices in Greece increased respectively by ~68% and ~4% vs prior year (~47% and ~6% EU<sup>1</sup>)

**Harmonized index of consumer prices (HICP) – energy and catering services inflation rate in Europe, 2019-22**

Energy, gas and other fuels (monthly data, annual % rate of change)



Catering services<sup>2</sup> (monthly data, annual % rate of change)



The generalized rise in prices (e.g., energy and raw materials) observed since H2 2021 across major European economies is putting the foodservice market under strain, with restaurants able to pass through only a fraction of the higher costs

Notes: <sup>1</sup> Euro area; <sup>2</sup> includes restaurants, cafés, fast food and take away food services; (3) data for the United Kingdom available until November 2020  
 Source: elaboration on secondary data sources (Eurostat)



# As inflation ramps up at a double-digit rate, consumer confidence declines after the upswing brought about in the first half of 2021

## Consumer Confidence Index (CCI) in Greece

(January 2010 - July 2022)



Source: OECD, Consumer confidence index (CCI) – Greece, last update August 2022

# Major food industry players are responding to supply chain disruptions by implementing strategies in 4 main areas of action

## Major players strategies examples



### Menu price increase

Several players in the Foodservice market increased prices on their menu to offset the effects of shortages and higher operating costs.

After prices started climbing in 2021, significant rises on the menu were recorded from the first quarter of 2022 and further spread in the second quarter.

Some players expect this trend to continue until the end of the year and are therefore foreseeing further price increases.

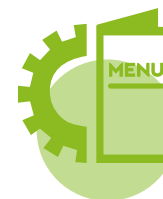


### Purchase optimization

Buying materials several months in advance and stocking them is one of the purchase optimization strategies adopted to maintain a competitive advantage in the market but also to face volatile prices.

With the same goal, some companies negotiate prices of key supplies in advance. This proves to be an effective measure to mitigate fluctuations but also to foresee costs.

Lastly, increasing the number of suppliers fosters resilience to market shocks, such as shortages or price volatility.



### Menu engineering

Menu optimization have been in place since the beginning of the pandemic. As a matter of fact, some restaurants have reduced the number of items offered on the menu by 30%.

Ingredients shortages have also pushed Foodservice players to reconsider their offer, for instance by substituting beef-based products with plant-based ones.

Other firms are also considering implementing Limited Time Offers on products that will see significant inflation in order to increase their margins.



### Technology implementation

Some Foodservice firms already rely on automation for organizational activities, such as employee scheduling, inventory management or equipment diagnostics.

To develop data-driven innovation, Foodservice players are eyeing technology firms. In this light should be seen the recent acquisition of an AI-specialized firm for consumer insights and marketing performance analytics by a Foodservice group.

Automation is also entering kitchens: some players are testing kitchen robots to automate part of the order fulfillment (e.g., frying food, fulfilling drink orders).



Large players, although characterized by a slower reaction time due to their size, have a higher bargaining power with their suppliers, and are therefore able to minimize the final negative impact towards end consumers

# Ghost kitchens are no-dine restaurants which enable brands to utilize synergies of common space, equipment and workforce to cook food

## Deep-dive about ghost kitchens

### Brief about Ghost kitchens

Ghost kitchens are a new business model in which virtual or existing restaurants use equipped kitchen spaces with **no dine-in facilities** and **directly connect with delivery platforms** to enhance their online food delivery capabilities

### Difference between Cloud and Ghost kitchens



- Kitchen may or may not have a physical outlet
- Food is prepared for all sorts of deliveries
- Number of restaurants operating is generally more than one
- Owner could be the same person or different people



- Kitchen spaces virtually located in different destinations
- Operates in a hub and spokes model – one central kitchen where food is prepared and delivered to subsidiary kitchen
- Ability to produce multiple menus and multiple brands out of one kitchen with common staff and rent

### Types of Ghost kitchens

#### Incubator/ Pop-up kitchens

- It is **attached to a traditional restaurant** but is **only utilized for online orders** (and deliveries)
- They are ideal for existing restaurants that need **dedicated spaces to fulfill online orders, new revenue streams, structured way to test a food concept**

#### Commissary/ Shared kitchens

- These are ghost kitchen **spaces owned by resourceful entrepreneurs** which can be rented out by restaurateurs
- In this model, **multiple restaurants share** kitchen space, appliances and tool

#### Commercial kitchens

- In this set up there **is no need to rent out specific time slots** or concern regarding sharing space
- There are **dedicated space to prep orders** whenever needed

# Although both formats provide some common advantages, the difference lies in ownership and utilization criteria of space

## Deep dive on the differences between virtual restaurant formats and associated advantages

Parameters	Virtual restaurants / Cloud restaurants			Kitchens as service (KaaS) or Ghost kitchens	
Operation space	<b>Self-owned partnership</b> with an existing restaurant. They generally have a brick-and-mortar presence which can be identified			Operated by a <b>third party</b> which can be restaurant, commercial space or service. Brick-and-mortar presence is very difficult to locate	
Utilization criteria	<b>Single parent</b> Multiple small brands operated by a single parent company	<b>Similar process</b> Operations out of an existing kitchen due to similarity of ingredients/cooking process or target audience	<b>Unutilized capacity</b> Utilization of down-time or available resource whitespace to process few extra orders	<b>Restaurant brands</b> Restaurant brands which have a menu but do not have front-of-house space or staff	<b>KaaS providers</b> Commercial space operators with expertise to set up shared kitchens for multiple purposes
Advantages	Both virtual restaurants and ghost kitchens offer some common advantages like: <ul style="list-style-type: none"> <li>Share service costs</li> <li>Easy expansions</li> <li>Lower overheads</li> <li>Better resource utilization</li> <li>Higher audience reach</li> </ul>				Ghost kitchens provide additional advantages like: <ul style="list-style-type: none"> <li>Faster brand launch</li> <li>Ease of concept testing</li> <li>Extended delivery capabilities</li> </ul>

Source: elaboration on market reports, desk analysis and interviews with industry operators

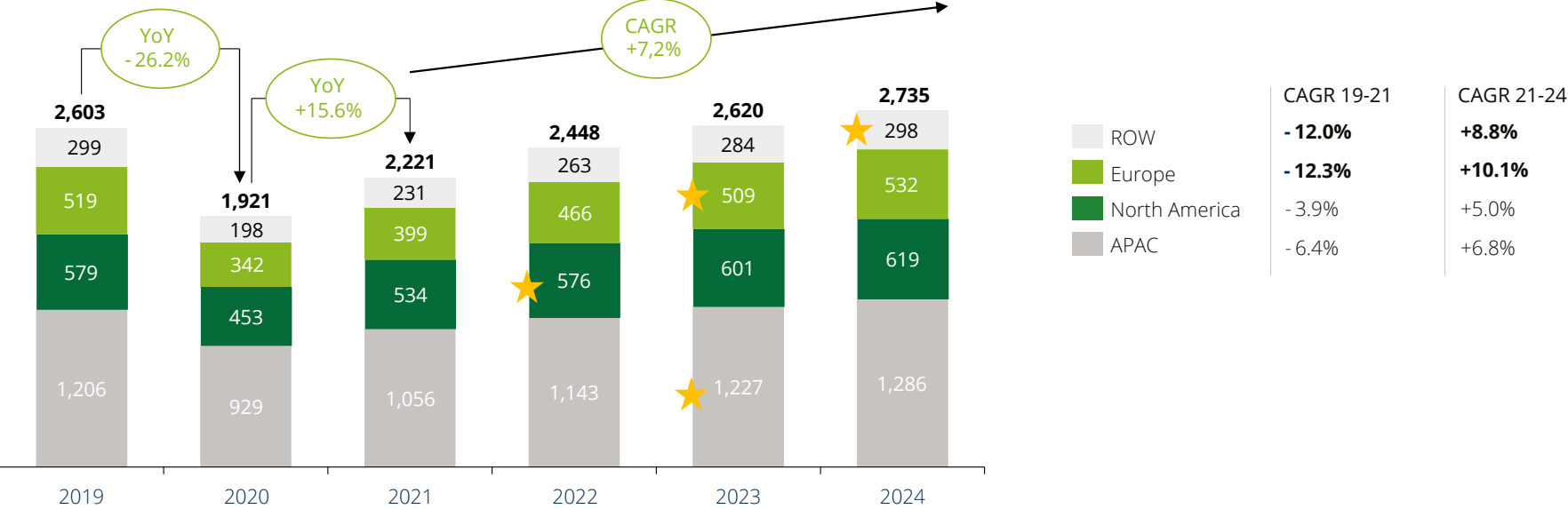
Market outlook



# Europe and ROW were the most impacted regions by COVID-19, but are expected to be the most dynamic regions after Pandemic

## Global Foodservice market outlook by geography

(Billion €; Percentage)



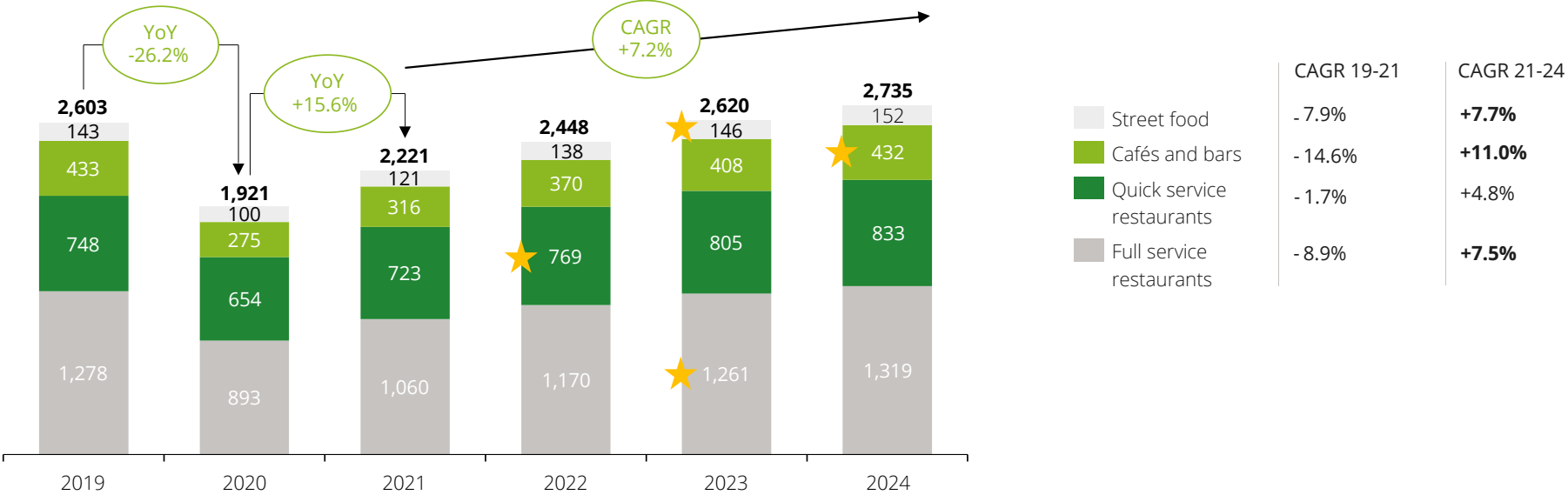
 N. America is expected to return to pre-pandemic levels in 2022, APAC and Europe in 2023, Rest of World will recover in 2024

Source: elaboration on secondary data sources (Euromonitor, Allied Market Research and Statista)

Cafés and bars, street food and FSR will drive the growth in the next years with a CAGR 2021-2026 in a range of +4.8% and +11.0%

**Global Foodservice market outlook by type of restaurant**

(Billion €; Percentage)



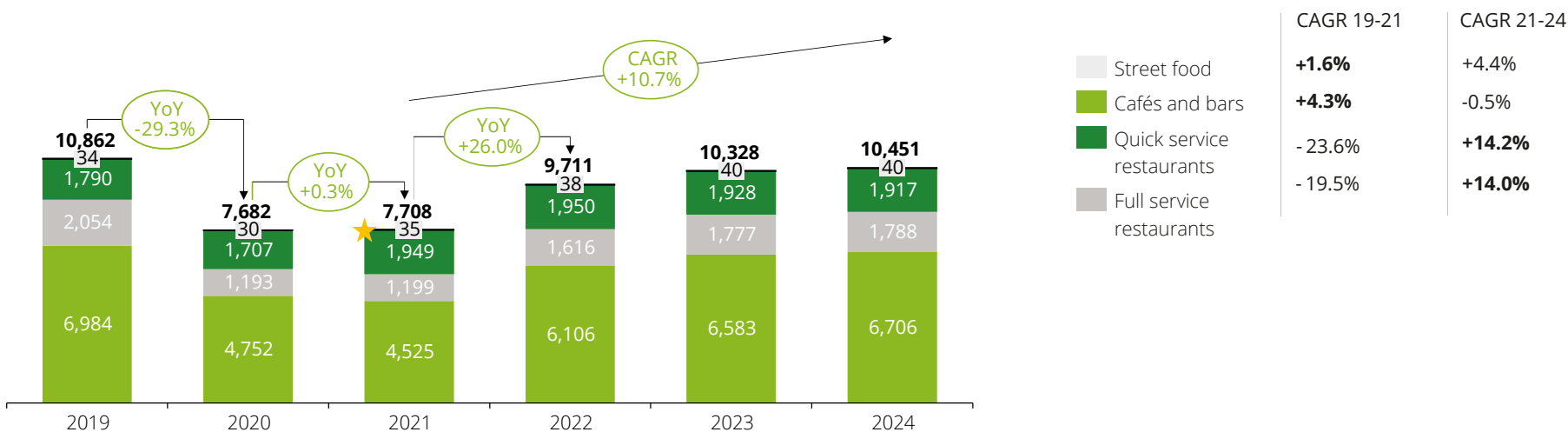
 Quick service restaurants are expected to return to pre-pandemic levels in 2022, FSR and Street food in 2023, Cafés and bars will recover in 2024

Source: elaboration on secondary data sources (Euromonitor, Allied Market Research and Statista)

# Foodservice market in Greece will grow at a +10.7% CAGR 2021-2024 reaching ~10.5 B€ in 2024 vs ~10.9 B€ in 2019

## Greek Foodservice market outlook by type of restaurant

(Million €; Percentage)



 Foodservice market recovery in Greece started effectively from 2022 (vs 2021 globally) due to the nation's significant reliance on international tourism, which by 2021 was still largely below pre-pandemic levels (15.2m arrivals in '22 vs 34.0m in '19)

Source: elaboration on secondary data sources (Euromonitor, Allied Market Research and Statista)



Wrap-up on business needs



# A series of industry trends are shaping Business needs of Foodservice operators

## Industry trends shaping business needs

### Industry trends

#### Health & Transparency

- Consumer focus tilting towards **healthy eating** regimen
- Empowered consumers via Technology with **ability to influence**

#### Digital Platform

- Consumers adeptly navigating digital channels to get what they **want, when they want** it in a **new on-demand environment**.

#### Financial Health

- COVID crisis has heightened importance of maintaining sound Financial health, that ensures not just survival, but also pursue growth options

#### Pricing, Customer Loyalty & POS Management

- Omnichannel & Multichannel programs are replacing traditional means of engaging customers

#### Supply Chain disruption

- Supply shortage and price increase putting pressure on restaurants
- "Food Safety & Quality Commitments" required by customers, imposes high quality standards by Food & Utilities distributors

#### Global Expansion

- Extending focus to international locations to gather sense of consumers in their brand, and signature menu items

### Business needs

#### Well Being

- Enable **Touchless delivery** and **Kiosks**
- Ensure "**Beyond the Restaurant**" solution with convenient options to increase traffic & repeat orders

#### Digital Drivers

- **Mobile is first; cashless is the norm;** and brands need to go where consumers are going
- Enforce agility, speed, customer-facing technology, etc.

#### Liquidity

- Consolidations and Acquisition
- Balance Sheet Management
- Tighter Spend Controls, Collections and DSO

#### Integrated Front and Back Office Processes

- Innovate means to engage and build customer loyalty
- Build "No-Checkout" POS using AI to complete transactions
- Offer cleaner ingredients, more healthy options

#### Planning and Distribution Efficiency Enablers

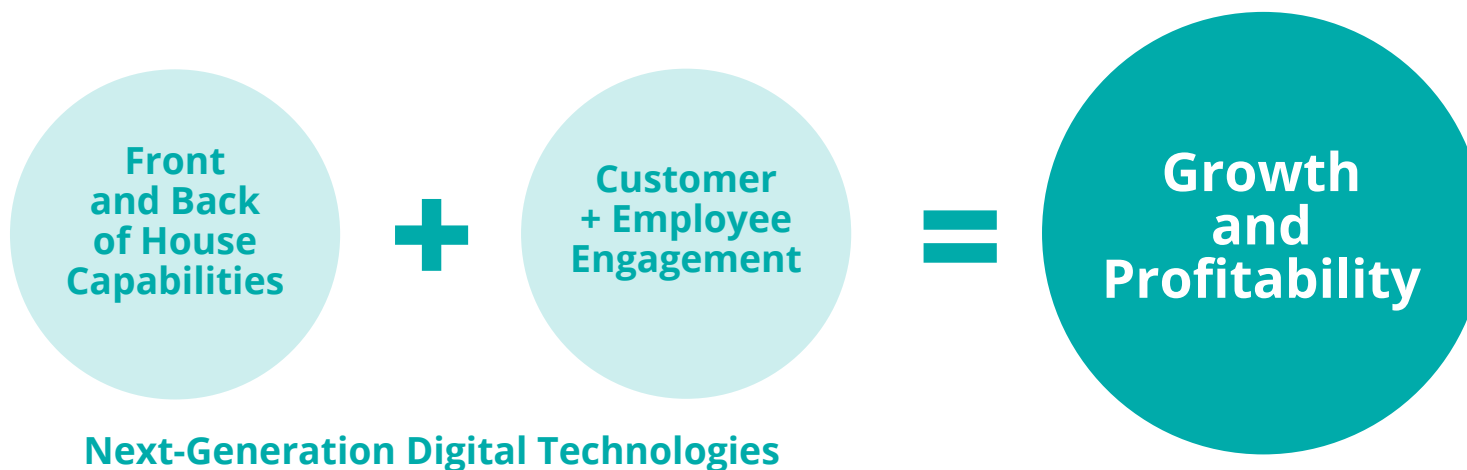
- Procurement excellence as the key to maintain margins without affecting customers and brand value
- Elasticity in distribution is key driver of sustainability and expansion

#### Double-Digit Growth

- Optimize and Consolidate back-office functions
- **Maintain authenticity**, and **preserve brand value**

# Restaurants Transformation Imperatives to drive growth and profitability

As technology transforms the broader consumer industry, the capabilities and tools in restaurants must also adopt new innovations that serve managers and staff. Employees are consumers of technology too and have grown to expect greater flexibility and capability delivered through smartphones and tablets with seamless cloud-based information



**User Experience** – stodgy and poor user interfaces are no longer tolerated for employee facing systems. Tech adoption is driven by ease of use and disconnected and difficult to use tools are being retired.



**Automation** – focus on reducing time spent on compliance activities and low value tasks. As labor costs continue to squeeze margins, it becomes more critical to optimize processes and direct resources to customer service.



**Data & Analytics** – introduction of new data sources and integrations to broader tools will enable managers to see more about upcoming demand, customer preferences, and key profitability measures.



**External Disruptors** – between delivery service aggregators, social marketing, and other new tech entrants; Back-of-House solutions must be ready to connect to a variety of systems.

# Restaurants should set a consistent Value Creation map to sustain top line growth, gain market share while improving margins

<p style="text-align: center;"><b>Brand strategy</b></p> <ul style="list-style-type: none"> <li>• Brand image awareness and positioning</li> <li>• Brand portfolio rationalization</li> <li>• Brand extension and right targeting</li> </ul>		
<p><b>Customer strategy</b></p> <ul style="list-style-type: none"> <li>• Customer survey</li> <li>• Customer experience redesign</li> <li>• Drivers of loyalty and defection monitoring</li> </ul>	<p><b>Product strategy</b></p> <ul style="list-style-type: none"> <li>• Value proposition expansion</li> <li>• Sales mix improvement</li> <li>• Menu reengineering</li> </ul>	<p><b>Pricing strategy set up</b></p> <ul style="list-style-type: none"> <li>• Pricing optimization</li> <li>• Discount strategy review</li> </ul>
<p><b>Go to market re-design</b></p> <ul style="list-style-type: none"> <li>• Restaurant network transformation plan                             <ul style="list-style-type: none"> <li>– New openings in strategic locations</li> <li>– Closure of low potential locations</li> <li>– Sales incentives scheme</li> <li>– Salesforce assessment</li> <li>– Visual merchandising strategy</li> </ul> </li> </ul>	<p><b>Marketing strategy</b></p> <ul style="list-style-type: none"> <li>• Tactical marketing campaign to accelerate traffic levels</li> <li>• Media plan optimization</li> </ul>	<p><b>Digital transformation</b></p> <ul style="list-style-type: none"> <li>• Digital transformation plan to optimize key processes and sustain overall organization</li> <li>• Adopt advanced IT systems in terms of                             <ul style="list-style-type: none"> <li>– E2E automation solutions using RPA capabilities, chatbots, blockchain,...</li> <li>– Embedded Analytics and Collaboration</li> <li>– KPI dashboards &amp; social collaboration features to deliver real time insights</li> </ul> </li> </ul>
<ul style="list-style-type: none"> <li>• Hiring vacant key figures</li> <li>• Re-design organizational structure</li> <li>• Right sizing</li> </ul>	<p style="text-align: center;"><b>Organization re-design</b></p> <ul style="list-style-type: none"> <li>• Collection development process optimization</li> <li>• Change management</li> <li>• Talents' recruitment strategy</li> </ul>	<p><b>Cost transformation</b></p> <ul style="list-style-type: none"> <li>• Cost transformation in terms of                             <ul style="list-style-type: none"> <li>– Procurement excellence</li> <li>– Demand planning</li> <li>– Inventory management</li> </ul> </li> </ul>
<p><b>Operating working capital and CAPEX optimization</b></p>		

Source: Deloitte elaboration

# Market segmentation

## By type of restaurant



### *Full service restaurant*

FSR encompasses all sit-down establishments characterized by table service and a relatively higher quality of food compared to quick-service units. Menus offer multiple selections and may include breakfast, lunch and dinner. Restaurants types catalogued in this segment refer to table-service only (wait staff attending customers and taking orders at the tables). It includes fine dining and casual dining restaurants.



### *Quick service restaurant*

It combines fast food and 100% home delivery/takeaway outlets. These outlets offer limited menus with items that can be prepared quickly. QSR tend to specialize in one or 2 main entrees such as hamburgers, pizza or chicken, but they usually also provide drinks, salads, ice cream, dessert, etc.



### *Cafés and bars*

It comprises all establishments where the focus is on drinking (either alcoholic or non-alcoholic beverages). While a wide variety of snacks and full meals are offered, it is not uncommon for consumers to only order a drink. This segment also includes outlets where there is no (or limited) service content. There are food-serving counters/stalls where customers take the food they require as they walk along, placing it on a tray<sup>2</sup>.



### *Street food*

Small, sometimes mobile, Foodservice providers characterized by a limited product offering and by low prices. Includes street stalls, street hawkers and Foodservice kiosks where food is prepared in some way and served through a hatch or over a display counter to take away. Also includes kiosks and carts located externally or internally (e.g. in shopping malls, etc.).

<sup>2</sup> Self-service cafeterias resemble contract catering self-service cafeterias such as canteens, dining halls and cafeterias located within institutions such as a large office building, school and universities. However, fully captive contract self-service cafeterias are excluded from consumer Foodservice

## By type of occasion



### *Freestanding*

Standalone foodservice establishments, not operating in a travel, leisure, lodging, or retail location.



### *Retail*

Establishments located in retail locations including supermarkets, grocery stores, convenience stores, hypermarkets, dept. stores and mass merchandisers.



### *Travel*

Establishments located in travel locations including motorway service or fuel stations, airports, rail stations and coach stations<sup>3</sup>. This segment also includes establishments located in hotels<sup>4</sup>.



### *Entertainment*

Establishments located in leisure locations including museums, health clubs, cinemas, theatres, theme parks and sports stadiums.

## By type of consumption



### *On site*

Food and drink consumed on the premises.



### *Takeaway*

Food and drink consumed off the premises (excluding home delivery). It also includes purchases made by customers from their cars, often from a dedicated intercom system<sup>5</sup>.



### *Delivery*

Food and drink sales which are delivered to the consumer by an employee of the outlet or by a third party<sup>6</sup>.

## By ownership



### *Independent*

Independent units comprise small businesses that count on up to 10 outlets, including branded ones.



### *Chain*

Chained units are defined by 10 or more units. An exception is made for international chains that have a presence of fewer than 10 units in a country. In this case, they are still considered to be chained units.

3. This excludes all in-flight or on board service which would be considered fully captive | 4. All food that is included in the accommodation price as well as catering services for private parties are considered fully captive and are excluded | 5. Orders made inside a restaurant and then consumed in a car would be considered takeaway purchases | 6. Does not include takeaway sales, transported off-premise by the consumer

## Disclaimer

This report, elaborated by Deloitte Financial Advisory S.r.l. ("Deloitte"), is provided to the reader for information purposes only and it is not intended to be used as a general guide to investing or as a source of any specific investment recommendations and should not be construed as research or investment advice.

In this regard, the views and opinions expressed in this report do not constitute a recommendation or advice by Deloitte to enter any transactions, to implement any strategies or to make or refrain from making any investment decision whatsoever. Readers must make their own independent decisions, commercial or otherwise, regarding the information provided.

All information, estimates, projections and assumptions contained in this document are based on publicly available data, which have not been independently verified by Deloitte. Therefore, Deloitte does not express any form of guarantee about the accuracy, completeness or trustworthiness of the data and

information contained herein and in no event will be responsible to the reader or any other party for any omission, error or interpretation of the data and information provided herein, and for any decision that may be undertaken on the basis of the data and information presented herein. No party is entitled to rely on the report for any purpose whatsoever.

The report may contain estimates, projections and assumptions and there is no representation, warranty or other assurance that any of the estimates, projections and assumptions will be realized, and nothing contained in this report is or should be relied upon as a promise or representation of the future.

The information contained herein was prepared expressly for use herein and is based on certain assumptions and information made available till September 30th, 2022; we have not updated this report since that date.



# Key contacts



## **Eugenio Puddu**

Equity Partner  
Consumer products  
Sector Leader

[epuddu@deloitte.it](mailto:epuddu@deloitte.it)



## **Tommaso Nastasi**

Equity Partner  
Value Creation  
Services Leader

[tnastasi@deloitte.it](mailto:tnastasi@deloitte.it)



## **Amedeo Lenti**

Director  
Value Creation  
Services

[amlenti@deloitte.it](mailto:amlenti@deloitte.it)



# Value Creation Services – Top line acceleration

**Our approach can generate an increase in Top line growth with tangible results within 3-6 months**

## Capability

- We support you across the breadth of Top line topics: understanding the current performance, identifying the strategic and tactical growth opportunities through the identification and prioritization of revenue and sales operation acceleration levers
- We assess the product range, salesforce effectiveness, pricing, promotion & marketing efficiency as well as managing churn & loyalty and how they can drive/maximise revenue and improve sales related costs
- We can provide rapid and implementable support as well as ensure that the business can operationally mobilise to deliver the growth agenda

## Top line acceleration

### Diagnostics

- Provide **insights** and **prioritization** into **all areas** of the **business related to organic growth**
- Define **must-win battles**
- Identify «**red flags**»

### Transformation

- Prioritize «**red flags**» and identify **quick-wins**
- «**Deep-dive**» diagnostics on specific **levers**, through the execution of Deloitte **toolkit** for:
  - *Product/ category management*
  - *Pricing*
  - *Churn reduction & loyalty*
  - *Marketing & promotions effectiveness*
  - *Salesforce effectiveness*
- Design of **solutions** and **top line acceleration plan**

### Execution

- Execute top line acceleration action plan
- Realize **quick-wins** through proven Deloitte **toolkit** aimed at delivering **tangible results**
- Set tools within the client company aimed at **generating long-term** and **repeatable results**

## Embed results

### Clarity:

- Create a **clear path** to **achieve** your **growth objectives**

### Expansion:

- **Increase share of wallet** from **existing customers**

### Growth:

- **Generate EBITDA gains** by **addressing multiple commercial opportunities**: increasing share of wallet, product and customers prioritisation, streamlining channel programs, improving pricing and sales related costs



This communication contains general information only, and none of Deloitte Touche Tohmatsu Limited (“DTTL”), its global network of member firms or their related entities (collectively, the “Deloitte organization”) is, by means of this communication, rendering professional advice or services. Before making any decision or taking any action that may affect your finances or your business, you should consult a qualified professional adviser.

No representations, warranties or undertakings (express or implied) are given as to the accuracy or completeness of the information in this communication, and none of DTTL, its member firms, related entities, employees or agents shall be liable or responsible for any loss or damage whatsoever arising directly or indirectly in connection with any person relying on this communication. DTTL and each of its member firms, and their related entities, are legally separate and independent entities.

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited (“DTTL”), its global network of member firms, and their related entities (collectively, the “Deloitte organization”). DTTL (also referred to as “Deloitte Global”) and each of its member firms and related entities are legally separate and independent entities, which cannot obligate or bind each other in respect of third parties. DTTL and each DTTL member firm and related entity is liable only for its own acts and omissions, and not those of each other. DTTL does not provide services to clients. Please see [www.deloitte.com/about](http://www.deloitte.com/about) to learn more.