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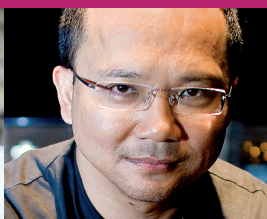
EFood Service Europe & Middle East

INTERNATIONAL TRADE JOURNAL
FOR THE HOTEL, RESTAURANT
AND CATERING INDUSTRY

EDITION 3/2012
www.food-service-europe.com
www.cafe-future.net



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Food Service Europe & Middle East

4 Editorial

6 Statistics

Europe by Numbers

8 Pan-European Survey

Gourmet Burgers, Part II: Ambitious Better-Burger Formulas from the Fast-Casual Segment in Western Europe and Russia

20 Concepts to Watch

A Quick Glance at Portugal, Spain, Austria and Russia

Market Analyses

24 Germany

Top 100 Foodservice Players 2011: The Biggest Chains and Companies Grow by 5.1%

28 Netherlands

Consumer Research: Seniors and Singles – New Target Groups for Foodservice Operators

Olympics

30 Catering: Companies on the Starting Block for the Largest Peacetime Catering Operation of the UK Foodservice Industry

34 City Guide: 20 Selected London

Foodservice Destinations for Professionals

36 Report: How London Made It – Lord Coe

on Mastering the Challenge to Win the Bid

37 Interview

Karen Kvalevåg, CEO of Norwegian Umoe Restaurant Group

Middle East Section

43 Event Catering

Big, Glamorous, Glitzy, Extravagant – Great Opportunities for Hotels that Join in the Wedding Game

48 Burger King

The World's Second largest Burger Restaurant Chain Takes Action: BK Introduces a New Business Strategy

52 Expansion

German Brewery Concept 'Paulaner Bräuhaus' Finds its Second Home in China

56 Casual Dining

Istanbul: The House Café Chain – how Ottoman Culture Can Successfully Acquire a Cosmopolitan Character

60 Contributing Authors

62 Suppliers

Sweden-based Duni: Packaging and Table-Top for Restaurants and Chains of All Levels

64 Suppliers

Top Trend Products: Suppliers Present their Latest F&B and Equipment Solutions

66 Show Dates

Major International Trade Fairs and Events

page 30 ■■■

London Olympics and Paralympics – 30 days of excitement for the British capital, when records will be beaten not only by athletes but also by caterers. About 14 m meals will be served within the venues alone.



■■■ page 37

Karen Kvalevåg is head of Norway's largest food-service business: Umoe Restaurant Group operates 220 restaurants and cafés (of more than 40 national and global brands). In our interview Karen talks about particular challenges for the Norwegian food-service industry and future prospects.

front cover ■■■

Big day, big business. For the happy couple the wedding day is supposed to be the greatest day in their lives. For the hosting hotels in the Middle East, weddings rank among the most lucrative events. Up to 1,000 guests are nothing out of the ordinary. Read more in our Middle East section starting on page 43. Photo: Phoenicia Hotel, Beirut

page 52 ■■■

Two decades ago the German brewery Paulaner launched its first Bräuhaus in China. What began as a trial balloon turned out to be a great success. Today there are 19 Paulaner outlets in China.



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Burger King – the Turning Point?

In the last few years fast-casual chains, such as Five Guys Burgers in the US, have been eating up market share by offering fast service and higher quality items. While Burger King failed to react to this and stuck to its old formula, it prompted many of its rivals to start their transformations, which eventually resulted in Burger King losing its number two title in the US to Wendy's earlier this year. Nonetheless, after 2011 full year sales declined 3% (compared to 2010), in March 2012 Burger King announced that it too will adapt its business strategy, introducing new initiatives such as a wider food offering, to broaden its appeal. An analysis by Nicole Parker-Hodds, Associate Analyst, Planet Retail.

Changing core consumers

This new direction is not completely surprising; Burger King has never changed its strategy of focussing on teenage and early twenty year old males as its main consumer base – now an outdated approach. It concentrated on hamburgers, especially the Whopper burger, and had its marketing campaigns revolve around its mascot The King, that aimed to bring humour to the advertisements to appeal to its youthful audience. This strategy had been successful until the latest recession, when rising unemployment and lower disposable income led to reduced spending by its core customers – and hence fewer visits to its stores. This affected Burger King's whole business because it was a slow mover in terms of diversifying. Because its main competitors were already targeting a wider audience Burger King was doubly affected in market shares, because it needed to readjust all its strategies – including its menu, marketing and store design – to target a new consumer, women. Although this is a time consuming and expensive move, it is also a critical one for Burger King.

To help the hamburger chain battle with the economic downturn, and to reduce investor pressure, Burger King had a change of ownership. Burger King has had a chequered past in terms of ownership, having swapped between being a public company and being owned privately more than once. Most recently, in 2010, Burger King was acquired by Blue Acquisition, a private equity company owned by 3G capital, to provide the capital for the company to readjust its strategy and to take time away from the



■ ■ ■ Top 10 Markets 2011 ■ ■ ■

Country	System sales (US\$ m)	Number of outlets
USA	8,794	7,270
Germany	917	705
Australia	678	356
UK	676	511
Spain	540	500
Mexico	453	415
Canada	386	287
Turkey	377	345
Puerto Rico	264	175
Brazil	181	132

Source: Planet Retail

'limelight' following the harshest recession in our lifetime.

However the company announced in April this year that it will once again become public through a second IPO (Initial Public Offering) – to sell off 29% of the business for US \$1.4 bn to Justice Holdings LTD, a UK-based investment firm who will list itself on the New York Stock Exchange. This is part of its new turnaround strategy to catch up with its rivals in the US, and to remain competitive globally. Daniel Schwartz, Chief Financial Officer at Burger King said: "We believe it is the right time for Burger King to be publicly traded in the US again [on the New York Stock Exchange]. With this transaction, we are positioning the Burger King brand for long-term growth both domestically and internationally."

Evolving menus

Burger King is not generally known as a first mover in the fast food market in terms of evolving its menus – at least not recently – which has led to its troubles. While its competitors revamped their offerings to attract a wider audience, Burger King continued to focus on burgers and relied on its Whopper burger to target its core consumers, as mentioned previously. However, it has ten new menu items that are currently being introduced; such as salads, wraps, fruit smoothies and frappes; to help the company catch up with its rivals and widen its customer base to include women – mainly mums – as well as children.

Riding on the success of food trucks in the US, Burger King is offering free samples of its new menu to consumers across 40 cities in the country. The company will use this as further trials for the new items, as well to create interest and loyalty for the brand. However, Burger King has been criticised because many of these new items aren't new to the market, but are similar to those already sold in McDonald's and Wendy's. While true, these items

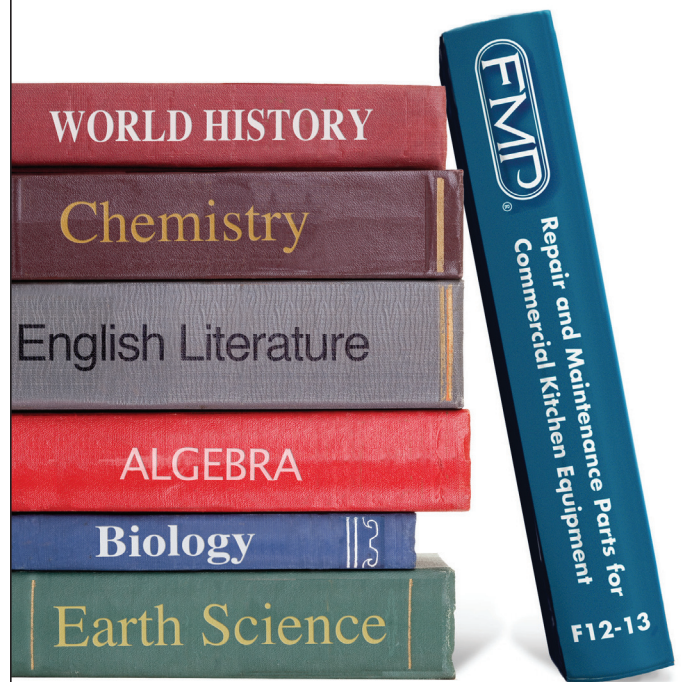
are based on customer preferences (and are what sells well at its rivals). Burger King does need to be careful not to rest on its laurels again though, but to become innovative with new products and flavours or stand point (e.g. animal welfare or customisation) to differentiate itself from the rest of the market. Miguel Piedra, Vice President of Global Communications at Burger King, said: "For us, it's really not about being first to market, it's about being best to market."

Children's meals are one area that Burger King was pioneering in. Before it was acquired by Blue Acquisition, the company stopped automatically serving French fries as an option in its children's 'Crown meals' and introduced 'apple fries' (apple slices) as an alternative to provide a healthier option. It also sold these branded apple fries, as well as its chips, in supermarkets in the US to help drive traffic and increase brand loyalty among children. Alongside this addition, in November 2011 Burger King introduced a family bundle deal, a limited time offer, which offered a Whopper burger, a Junior Whopper burger, two fries and a Crown meal – helping them to attract whole families.

Celebrity endorsements

In addition to the new menu changes under Blue Acquisition, Burger King has also altered its marketing strategy. The company ditched its traditional mascot, The King, in August 2011 and is now using celebrities (including David Beckham, Jay Leno, Salma Hayek and Steven Tyler) to endorse its new menu items – and target its new customers. Although an all too common strategy in retail as a whole, it's fairly rare within the foodservice sector. In an interview with Ad Age, Alex Macedo, Senior Vice President of North America Marketing, said: "We chose celebrities to get people's attention faster and to show the diversity that we have with our brand." However, Burger King needs to be

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