

David T. Denney

Founder, Denney Law Group - a Nose-to-Tail Law Practice[®]



- President-Elect, Greater Dallas Restaurant Association, 2018-19
- Board Member, Texas Restaurant Association
- Frequent speaker & writer on Restaurant, Bar & Hospitality Law issues

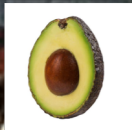
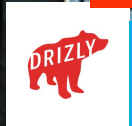
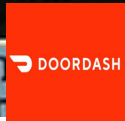
A photograph of the Houston skyline, featuring several prominent skyscrapers like the Texas Tower and the Reliance Tower. In the foreground, there is a river with a bridge and some greenery. The image has a semi-transparent overlay.

Forces Attacking Restaurant & Bar Profits (and how the industry can fight back)

THE HOSPITALITY LAW CONFERENCE: SERIES 2.0 - HOUSTON

APRIL 9 - 10, 2019

YIELD
1520 VAN
1904



What does this mean for the industry?

- Let me tell you a story.

(quickly)

NRN, July: Technomic Sees Tough Economic Times Ahead for Same Store Sales

- "In the face of growing inflation, a sluggish economy and soaring energy costs, the industry's quest to boost same-store sales has become one of its most daunting challenges."
- **“Inflating commodity prices**, a slowing gross domestic product, skyrocketing fuel costs and a **weak dollar** confront operators with such force that restaurateurs nationwide should expect to see real growth in sales of only about 1 percent this year.”

NRN, July, cont'd

- “However, not all of the economic indicators are bleak.... pointing to **continuing new-job creation, steady growth in disposable personal income, higher corporate profits and recent stock market rallies.**”
- “The general consumer demand for convenience continues to grow, and operators in all segments are addressing that need in many ways, including adding more locations, longer hours, more menu choices, easier ordering and pickup methods, and better employee training.”

No Surprises There ...

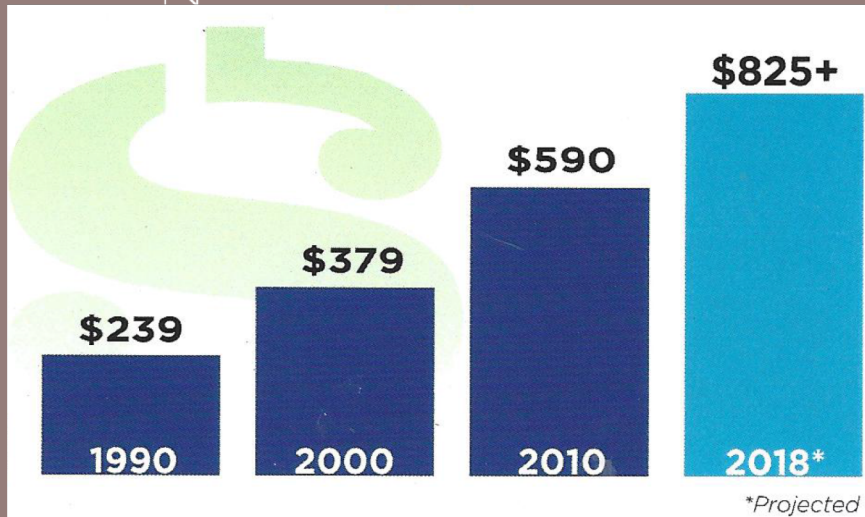
...But this article appeared in NRN on July 9, **2007!**

- 10 days after the first iPhone was released
- 6 months after Netflix began streaming content
- 1 year before the App Store was launched
- 18 months before Lehman Bros. collapsed at the peak of the 2007-08 financial crisis

How do you make it work?!



Statistics That Matter



Source: National Restaurant Association

CONSUMERS

- **9 in 10 consumers** say they enjoy going to restaurants.
- **4 in 10 consumers** say restaurants are an essential part of their lifestyle.
- **7 in 10 consumers** say their favorite restaurant foods provide flavors they can't easily duplicate at home.
- **8 in 10 consumers** say dining out with family and friends is a better use of their leisure time than cooking and cleaning up.

The Restaurant/Bar/Hospitality Experience

Innovate – Disrupt before being disrupted

- Provide an experience guests can't recreate at home
- Provide guests with a little bit of your restaurant they can take with them
 - consider selling house-bottled sauces, condiments, or rubs;
 - Rise restaurant even sells its aprons, dishtowels, glassware, accessories, etc.

The Restaurant/Bar/Hospitality Experience

Nancy Kruze: “Throw out the old Menu Rules & Play With Your Food”

- Smoking – most guests **can't do it at home**; “house-smoked” suggests expertise
- Regional flavors: Alabama white sauce, Nashville hot chicken
- Showcasing Vegetables (kale is still king, but brussels, beets, carrots on the rise)
- “We're committed carnivores, but we want to feel good about our choices.” (so be responsible)
- “If you want diners to try something, put it on a chip.”
- Plant-based proteins and meat-free are ↑↑
- Capture evolving US palates: sour, African, Asian, E. European.

The Restaurant/Bar/Hospitality Experience

Make Sure Guests Know What You're Doing

- Instagram and FB – keep it up, and keep it fresh
- Give advance notice of Specials & LTOs
 - (I hate it when I learn about today's specials when scrolling late at night, and it's too late...)

The Restaurant/Bar/Hospitality Experience

NEVER FORGET: It's always been about getting guests off the couch and into the restaurant/bar

- We just have a few more distractions with which to compete.
- We're currently dealing with technology that **did not exist** 10 years ago.
- We're dealing with **labor forces** that were not as organized 10 years ago.

The Restaurant/Bar/Hospitality Experience

- Challenges are nothing new!
- The industry is thriving and growing, and will continue to do so.
- The most successful operators will continue to adapt and innovate, adopting new technology where necessary, and going Old School when warranted.

Questions?! Comments?!

- Join the deeper dive roundtable!
- david@FoodBevLaw.com
- 214-739-2900 x102