

BAUM + WHITEMAN
INTERNATIONAL FOOD + RESTAURANT CONSULTANTS

www.baumwhiteman.com

+1 718 622 0200

"LETTER FROM AMERICA"

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SLIDE #1: LETTER FROM AMERICA

SLIDE #2: I've been asked not to spend time joking around, so I won't dwell much on the subject of theme restaurants such as these.

SLIDE #3: Instead, you're going to listen for the next 20 minutes as I run through some quick trends ... and then talk at length about the impact of just two of them. With any luck, if you're paying close attention, we'll both finish at the very same time. I'm going to neglect, for now, the high end of the market because most innovation is taking place at the opposite end of the price spectrum.

SLIDE #4: There's been a multi-year trend for optimistic entrepreneurs to open single-item restaurants. My beautiful clairvoyant wife, chef, author Rozanne Gold, who is here today calls them slivers... because they use only a sliver of a conventional menu and occupy only a sliver of space. Meatballs, macaroni-and-cheese, breakfast porridge, restaurants serving only Nutella ... cupcakes ... bagel holes with various flavors ... macarons ...

SLIDE #5: The most recent is an eclair-only shop ... eclairs are having a bit of a boomlet in the US ... sold with sweet and savory fillings ... this one with wasabi-green pea dressing, a dab of smoked salmon, and a crunch of wasabi peas. You will soon see that the ingredients (not necessarily the business concept) are right on trend. Now here are a few ... "beyonds".

SLIDE #6: We're going beyond the avalanche of kale that's swept our country, along with broccoli and cauliflower ... which seem to be running their course ... so then next logical place is to look under the ground. Restaurants are doing wondrously "cheffy" things with ugly root vegetables ... as substitutes for mundane potatoes ... pureeing them, gratineeing them, mashing them all together, sometimes with bits of cured pork, sometimes with exotic spices.

SLIDE #7: We're going beyond four-legged meat ... in our disparate search for more protein than we require. Insects seem to be the answer ... and some brave restaurants already are slipping these critters onto their menus. Fortifying bread, pasta, and tacos ... not to mention what you call "mince" ... cuts down on cow poop

and global warming, we told. If you're fidgety about bugs in your food, watch for products with new forms of algae-based proteins.

SLIDE #8: We're going beyond merely sweet things ... as our palates mature into savory-bitter-acidic flavor profiles. These vegetable yogurts have made a splash ... Haagen dazs in Japan is selling vegetable ice creams ... Chobani, the yogurt people, have a cafe in New York ... offering yogurt topped with hummus, chickpeas, zaatar and olive oil; or with cucumber, olive oil and mint leaves.... In Rome there's artisan gelati made with gorgonzola, with mortadella and pistachio, with artichokes, even with anchovies and smoked salmon. One gelateria serves these with beer pairings.

SLIDE #9: Here we find frozen beet yogurt on a salad.

SLIDE #10: We're going beyond meat-on-a-plate ... As our economy has grown ... especially at the top ... large format dinners have become trendy. You invite to bunch of friend to share a roast pig or an entire shoulder of lamb ... or a roasted loin of tuna ... along with an infinity of accompaniments ...and everyone gets

sticky fingers and amazingly smashed ... it is makes for a great show in the restaurant.

SLIDE #11. We've even gone beyond large format dinners into large format boozing. Beyond mere martinis. Cocktails for a crowd are the current big thing. This extreme example serves eight thirsty souls ... comes in a spigot jar with a cup of top-shelf cognac, an equal amount of Royal Combier liqueur, lemon juice, demerara syrup, bitters, half a dozen lemons, a fistful of mint and lots and lots of ice. It costs \$110. They're appearing at upscale bars across the country.

SLIDE #12: More beyond: We're moving beyond plain old beer ... We're adding beer to cocktails ... and cocktail ingredients to beer. This example is margarita ingredients with a splash of beer .. called a beergarita, of course; a bloody mary with beer is a big seller. We're going to get to the reasoning here: That we've become a nation of flavor junkies ... and that food manufacturers can't leave well enough alone.

SLIDE #13: Bitter has been a growing F&B trend (chocolate and coffee being easy examples). Now we're moving beyond pleasantly bitter to ... repulsively bitter.

These amari ... which in Italy are drunk straight after a meal as punishments for excess enjoyment ... are becoming vital ingredients in all sorts of cocktails. Even your typical G&Ts are benefitting from an added dash these bitter liqueurs. These also are finding their way ... very quietly ... in sauces and dressings. So bitter is in ... bitterer is more "in."

SLIDE #14: Lots of old-fashioned liqueurs ... which also used to be sipped by your grandparents straight and in small quantities ... and for years have gathered dust on back shelves of bars ... are now shifting to the front where they're key players in "artisan" cocktails. Chartreuse, green and yellow ... maraschino ... Benedictine ... strega ... especially absinthe ... even cherry heering ... and you might want to look up Mama Juana from the Dominican Republic.

SLIDE #15: Here you have two trends in one: We're showing a margarita with the addition of yellow chartreuse ... topped with finely shaved ice ... in this case, the ice happens to be flavored with cinnamon sugar ... turning a classic drink into something approaching dessert. We're

seeing lots of ice creams and shakes boozed up with the liqueurs I noted above. One reason is to add adult gratification to childhood treats ... and the other goes back to the term I just used : We've become flavor junkies.

SLIDE #16: Speaking of alcohol

SLIDE #17: Back to our quick review of trends ... Matcha is hot ... Powdered Japanese green tea has become a trendy hot beverage, shown here as a cappuccino. But the stuff also is going into poaching liquids, into flavored oils ... into breadsticks and into desserts.

SLIDE #18: We're going beyond plain old hummus. Hummus now commands meters of refrigerated displays in supermarkets ... in dozens of varieties ... beet, pumpkin, Thai chili, spinach-artichoke, guacamole, edamame, cilantro-chimichurri, lemongrass-chili ... even (heaven help us) chocolate mousse. Sabra ... the main supplier ... has a 50-50 joint venture with Pepsi Cola to Americanize the snack. Combined with mayonnaise or yogurt ... flavored or not ... it makes a great spread. This is an eccentric pizza, spread with

hummus, topped with zucchini and crushed wasabi peas.

SLIDE #19: I must admit that American is not the source of all the world's great trends ...

SLIDE #20: ... and this theme restaurant is trendy in ... Korea!

SLIDE #21: Now ... it is time to get serious. Snicker if you must but this is a no-nonsense image ... and it represents what our company calls ... The Restless Palate Syndrome. We're talking about the irresistible compulsion to layer flavor after flavor onto our food ... especially in restaurants. This improbable pushcart has grown into a small chain.

SLIDE #22: What do I mean by "discomfort"? Melted cheese gives a hamburger a comforting mouthfeel. Butter give toast a comforting mouthfeel. Bearnaise sauce adds comfort to a steak. These are flavors that complement each other the way cream does with coffee. But: Topping a hamburger with blissering chilli-infused crisps ... or with kimchee ...short-circuits our taste neurons. Global mashups

also short-circuit our neurons,,, and I have here a few examples:

SLIDE #23: (pastrami egg roll) ... this proves that nothing is sacred.

SLIDE #24: And this proves that we should embargo pizza in Japanese restaurants.

SLIDE #25: Japan meets Mexico ... you can see the slippery slope developing.

SLIDE #26: And here we are ... at the very bottom of that slope.

SLIDE #27: What happens at this global crossroad? Gastronomic collisions. If you find this **SLIDE** hard to read, that's because I'm purposely jangling your neurons.

SLIDE #28: That spaghetti-filled taco reminds me that there's a trend for demented minds finding all sorts of substitutes for bread ... two uses for ramen noodles are shown here.

SLIDE #29: And this is the ultimate breadless sandwich ... a two-sauce bacon cheeseburger sandwiched between two pieces of Kentucky Fried Chicken. My cardiologist just went into a terminal swoon.

SLIDE #30: It seems that in the world of food, what ultimately counts is ... impact. Neural impact. Visual impact. And intellectual impact. Consumers all talk ... in your country and ours ... about how important it is source locally ... but as I've just demonstrated, geography counts for little in this context. I should add that much more of these flavor hijinks take place on the casual side of the market ... where customers and restaurateurs are more willing to push the envelope. And I'm momentarily going to get to a crucial shift in the market for casual restaurants.

SLIDE #31: But first ... food and drink manufactures are abetting this mashup trend. You see this by watching shifting shelf-space allotments in Tesco and Sainsbury ... where we're beyond simple mayonnaise ... which has morphed into multiple variations.

SLIDE #32: This is just to see whether you're still with me.

SLIDE #33: What's true for mayonnaise applies also to going beyond whiskey. We're adding honey and maple syrup, cinnamon and pumpkins pie spices, cherries and ginger to brown whiskies.

We're bottling amalgams of vodka and tequila, gin and sake, rose wine and brandy ... presumably for people who are bored with too many synthetic flavored vodkas. Very shortly you'll be seeing Jim Beam Bourbon infused with Scotch whisky ... a Frankenstein beverage if there ever was one!

SLIDE # 34: Young people in France are doing it, too ... drinking all manner of adulterated wines ... including this unearthly combination.

SLIDE #35: Sweeteners are getting similar treatment ... honey, sugars, syrups ... all are getting spiced up with chillipeppers.

SLIDE #36: All of which culminates in the ruination of this perfectly good bourbon whiskey ... that's been flavored with honey AND hot peppers. I can sum it up this way: Successful restaurant innovators ... and also some CPG manufacturers ... are focusing on Four Esses: SWEET, SALTY, SPICY, SMOKEY ... all bold flavors that are easily exaggerated to make their point. At the same time, they also are focusing on SWEET, SAVOURY, SALTY, SPICY, BITTER flavor combinations. You can identify this in packaged snacks displays in your local

food shops and in new sweet-savoury flavor mashups in restaurant desserts, main courses and alcoholic beverages.

SLIDE #37: The final part of my report will bring us full circle. I now discuss the fast-casual dining revolution in the US. It is a service system that takes the notion of freshly prepared and freshly assembled food ... and places the process in front of a self-service customer. It provides the evidence of freshness with the gastronomic theater of building dish.**SLIDE #38:** You have several burrito outfits doing this sort of this in London ... and there's the tangentially related Leon here ... but I'm referring to more wide-scale applications ... application that cause a nice idea to mushroom (so to speak) into a trend.

SLIDE #39: . Here's a fast-casual pizza business ... where customers build their own pies and get them hot and bubbling in 90 seconds. You can see how this stimulates appetite.

SLIDE #40: This one's doing wrapped sandwiches, with customers deeply involved in the process. You're looking at a dining form that fits into a widening gap between fast food and casual sit-down

dining. Better than fast food. Faster than casual restaurants.

SLIDE #41: Here the same system is applied to salads. It is being applied in the US to hamburgers, southeast Asian food, falafel- hummus restaurants, meatball shops, barbecue, upscale sandwiches ... even to sushi. Many big casual dining chains are transforming their offerings into fast-cas formats. Average spend is 50% higher than in fast-food restaurants, and labor and real estate costs are less than full-service restaurants.

SLIDE #42: If you're not fully familiar with how it all works, here's a template from an Asia chain owned by Chipotle Grill. You follow the menu's board's instructions ... here choose a base ...

SLIDE #43: ... add a protein ...

SLIDE #44; ... add a vegetable ...

SLIDE #45: ... add a sauce or a garnish ... and sometimes there's a fifth set of choices. So these are the elements that make all this so revolutionary: The food looks fresher than fast food, which often is handed to you prepackaged; you see the food, which doesn't happen in a sitdown

restaurant; the credibility of the final product is higher ... and perhaps most importantly ... there's an element of customization that is controlled by the customer. Very democratic, I'd say.

SLIDE #46: What I've just been showing you is from an Asian fast-cas startup in the US ... that is owned by these guys ... who have imported this service trend to London.

SLIDE #47: Now, highfalutin chefs around the US are starting their own fast-casual restaurants ... this one from a multi-starred chef in Washington is named after the beefsteak tomato and will center upon vegetables. Because the fast-cas format is so flexible, it is easy to introduce new ethnic cuisines ... and it is easier to introduce the kinds of mashup-able flavors with which I introduced my talk this morning ... because people can see the product and ask questions of the person preparing the food ... without the intermediary of a waiter or even of a menu for that matter.

SLIDE #48: So, bringing us back to food for a moment ... this fast-casualization of service and presentation ... combined with our globalizing Restless Palate Syndrome ...

give you these kinds of ingredient shifts ... And I assure you ... this is only a small smapling.

So I leave you with this final thought ... that trends come and go ... but no matter what ...

SLIDE #48: ... we'd all best remember that we're in the business of service to our customers. So ... unless you've dozed off, we've actually finished together