Chefs & Beef's Value

KEY SUMMARY

January 19, 2017

OBJECTIVES

- Examine the pricing strategies of restaurants when it comes to beef dishes, versus dishes with other proteins
- Assess profit margin dollars for beef dishes and beef meals
- Generate a powerful narrative demonstrating beef's value to the operator
- Establish a basic model for how a beef dish contributes to a restaurant's bottom line
- Identify the obstacles to achieving more beef on menus
- Evaluate early stage beef innovation platforms

METHODOLOGY

572 total operators
- 292 casual dining restaurant operators
- 141 upper casual restaurant operators
- 139 fine dining restaurant operators

Qualified respondents must:
- Have F&B purchasing responsibility
- Have familiarity with cost and quantity of food items purchased in their operation
- Have worked in the industry for 3 or more years
- Currently serve beef on their menus
- Be a casual dining, upper casual or fine dining restaurant

Fielded November 2016

Items included in study

MENU

- Filet Mignon
- Ribeye Steak
- Sirloin Steak
- Beef Fajita
- Beef Burger
- Chicken Breast
- Chicken Fajita
- Chicken Sandwich
- Salmon
- Shrimp
- Tilapia
- Shrimp Fajita
- Pork Chop
- Pork Ribs

Dish = Whatever is included on the plate?

Profit measure both

Profit Dollars of dish

% Food Cost

+

Additional items ordered

Appetizer | Sides | Side Salads | Dessert

Beverage Alcohol

Cocktails | Beer | Wine

Probability of ordering

Cost of item

=

Profit measure both

Meal

Profit Dollars of Meal

% Food Cost

Hypothesis: Beef Meals, while having a higher cost, deliver a greater profit than other protein meals.

Beef costs more

Beef delivers greater profit dollars, add-ons, and larger check sizes

	Menu Price	% Dish Food Cost	Dish $ Profit	Add On Revenue	Check Size	Meal $ Profit	% Meal Food Cost
Beef	$28.09	33%	$18.28	$17.33	$45.42	$31.77	30%
Chicken	$16.25	26%	$11.68	$11.97	$28.22	$20.84	26%

Compared to:
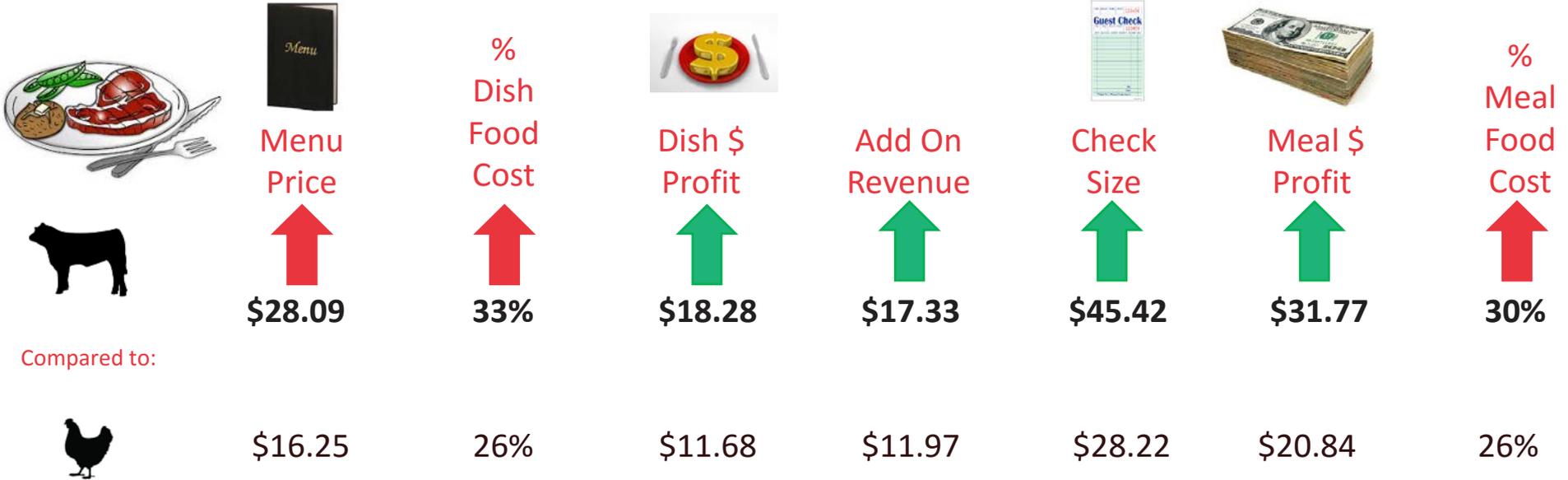
* Based upon median center of plate data

Source: Datassential Chef & Beef Value Study 2016

Beef Burgers offer a better menu value than Chicken Sandwiches

	Menu Price	% Dish Food Cost	Dish $ Profit	Add On Revenue	Check Size	Meal $ Profit	% Meal Food Cost
(Beef Burger)	$11.50	25%	$8.25	$10.16	$21.65	$16.24	25%
Compared to: (Chicken Sandwich)	$10.98	28%	$7.43	$8.06	$19.04	$13.34	30%

Beef food cost % decreases when including the total meal food cost

Casual Dining	DISH Food Cost (%)	MEAL Food Cost (%)	PP ▲
Filet Mignon	32%	29%	-3
Ribeye Steak	35%	33%	-2
Salmon	31%	28%	-3
Pork Ribs	29%	29%	-
Shrimp	28%	27%	-1
Sirloin Steak	31%	31%	-
Tilapia	31%	29%	-3
Pork Chop	33%	32%	-1
Chicken Breast	27%	27%	-
Shrimp Fajita	37%	35%	-2
Burger	28%	26%	-2
Beef Fajita	33%	34%	-1
Chicken Fajita	32%	33%	+1
Chicken Sandwich	28%	27%	-1

Upper Casual	DISH Food Cost (%)	MEAL Food Cost (%)	PP ▲
Filet Mignon	33%	29%	-4
Ribeye Steak	33%	29%	-4
Salmon	25%	23%	-2
Shrimp	27%	25%	-2
Sirloin Steak	34%	30%	-4
Pork Chop	25%	25%	-5
Chicken Breast	26%	25%	-1
Tilapia	32%	27%	-5
Burger	23%	24%	+1
Chicken Sandwich	29%	32%	+3

Fine Dining	DISH Food Cost (%)	MEAL Food Cost (%)	PP ▲
Filet Mignon	32%	29%	-3
Sirloin Steak	33%	29%	-4
Ribeye Steak	35%	32%	-3
Salmon	28%	26%	-2
Shrimp	28%	24%	-4
Pork Chop	28%	27%	-2

PP = Percentage Point

Source: Datassential Chef & Beef Value Study 2016

Restaurant Operators plan to add more BEEF items to their menus

**Casual & Upper Casual**
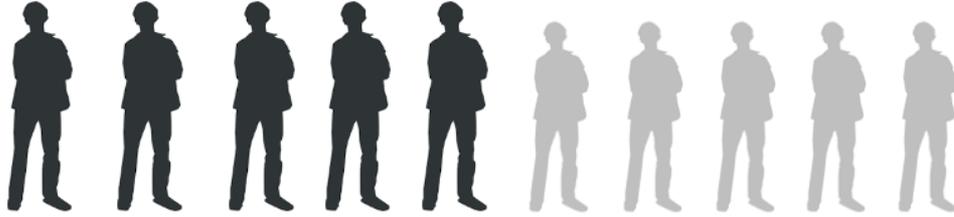
Fine Dining

+
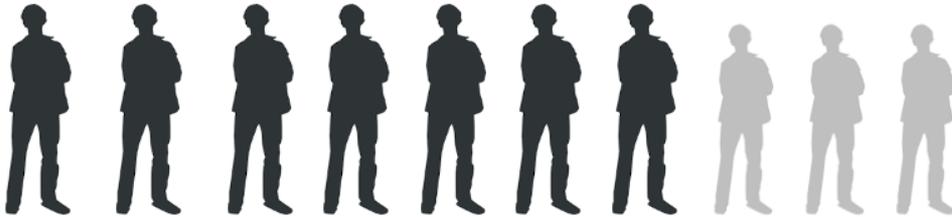
Why?
- Increased consumer demand
- Consumers like beef
- Adds versatility, opportunity to be creative
- High profit margins, lower cost of beef

Why Not?
- Already have enough beef on menu
- Satisfied with current menu
- Cost of beef

Source: Datassential Chef & Beef Value Study 2016

Top motivations for adding beef to the menu:

+

- Insights on consumer preference

- Favorable insights into profitability vs. other protein options

- Trend information showing increased interest in beef-based entrees

- Insights on impact of beef on increasing overall check size.

Source: Datassential Chef & Beef Value Study 2016

Respondents were shown the following information for 3 platforms and asked to give their opinions across several metrics.

Platform name	Definition	Examples
Low & Slow	Beef preparations that call for lower temperatures over a longer period of cooking time for flavor and tenderness	• Braised Short Ribs • Slow-Roasted Prime Rib • Brisket smoked for 12 hours with Hickory and Cherry Wood
It's What's Inside	Formats that have beef stuffed inside the item	• Tacos • Empanadas • Bao • Dumplings
Small Plates	Beef featured in dishes designed for small plates and/or snacking	• Charcuterie Plates • Beef Dips (with Cheese, Meat)
Beef Nutritional Power	Beef dishes that tout nutritional benefits – lean protein source, zinc, iron.	• Tenderloin • Strip Steak • Flank Steak
Ethnic Inspirations	Beef dishes that offer consumers authentic flavors and formats from around the world	• Korean BBQ • Grilled Beef with Chimichurri Sauce
Alcohol Accents	Beef dishes that are made more interesting and sophisticated via preparations with beverage alcohol	• Steak Grilled on Bourbon-Infused Wood Planks • Filet with Whiskey Peppercorn Sauce • Cabernet Reduction Sauces
Hyperlocal	Leveraging local/metro food ways and eating styles to connect with consumers in an area and/or transport consumers from one area to another via flavor/format	• San Antonio-Style Barbacoa • Chicago-Style Italian Beef

Respondents were shown the following information for 3 platforms and asked to give their opinions across several metrics.

Platform name	Definition	Examples
New Class of Steaks	Non-traditional steaks that can gain (some or more) traction on the menu at a moderate price point	• Petite Tender • Flat Iron • Denver • Tri Tip • Coulotte
Classic Steaks	Traditional steak cuts not currently on your menu	• Filet Mignon • Ribeye • Sirloin Steak • Strip Steak • T-Bone
New Comfort Food	Updated versions of comfort foods that do (or could) incorporate beef	• Meatballs • Chili Mac
Flavor & Fire: Wraps and Planks Heat on Contact	Beef dishes flavored via contact with something not edible during the grilled process	• Wrapped in Tobacco Leaf • Grilled on Wooden Plank
DIY Butchery	Incorporating further fabrication of whole carcass or subprimals to break down steak cuts on-site to make the most out of every ounce you buy, stretch your profit margins, while adding value and premium appeal to your menu	• Ribeye Cap • Ribeye Filet • Coulotte Steak
Raw smoked	Beef smoked in a cold chamber by the supplier that allows the chef to cook raw beef to their desired level of doneness.	• Roasts • Steak • Ground beef

Top areas for further exploration to encourage beef menu additions

	Menu Intent (t2b; 5-pt. scale)	Uniqueness (t2b; 5-pt. scale)	Appropriateness (t2b; 5-pt. scale)	Solves a need (top box; 3-pt. scale)	Platform Potential	Notes
DIY Butchery	54%	47%	54%	38%	Strong Potential	Scores well across all metrics – very strong menu interest and appropriateness
Raw smoked	47%	52%	49%	35%	Strong Potential	High menu interest & uniqueness coupled with strong fit and ability to solve a need
Alcohol Accents	63%	47%	63%	36%	Strong Potential	Very strong menu interest & appropriateness as well as moderate uniqueness.
Hyperlocal	52%	55%	49%	36%	Strong Potential	High menu interest & uniqueness coupled with strong fit and ability to solve a need
Beef Nutritional Power	57%	47%	52%	41%	Strong Potential	High menu interest & uniqueness coupled with strong fit and ability to solve a need
Flavor & Fire	47%	58%	40%	32%	Moderate Potential	Scores well in menu interest & uniqueness, but is not thought to be particularly appropriate.
Low & Slow	55%	35%	47%	30%	Lower Potential	Strong menu interest and appropriateness, but lower uniqueness – might struggle to differentiate itself from other platforms
It's What's Inside	42%	35%	41%	27%	Lower Potential	Does not seem to be a good fit at FSRs (low appropriateness and does not solve a need)
Small Plates	52%	36%	48%	34%	Lower Potential	Strong menu interest and appropriateness, but lower uniqueness – might struggle to differentiate itself from other platforms
Ethnic Inspirations	47%	44%	44%	34%	Lower Potential	Only moderate menu interest & uniqueness. Compared to other platforms, it is not as appropriate for operations.
New Class of Steaks	61%	38%	48%	34%	Lower Potential	Strong menu interest and appropriateness, but lower uniqueness – may be too similar to current menu items
Classic Steaks	61%	30%	56%	41%	Lower Potential	Strong menu interest and appropriateness, but lower uniqueness – may be too similar to current menu items
New Comfort Food	39%	32%	44%	33%	Lower Potential	Compared to other platforms, scores low across all metric – particularly menu interest

Source: Datassential Chef & Beef Value Study 2016

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