




Consumer Foodservice Industry

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Research questions

? What are the trends in the consumer foodservice industry?

? What are the important factors for a company entering a new market or expanding their business in an existing one?

? What does a customer seek when visiting a restaurant?

? What are the major conclusions concerning potential investors in the foodservice industry?

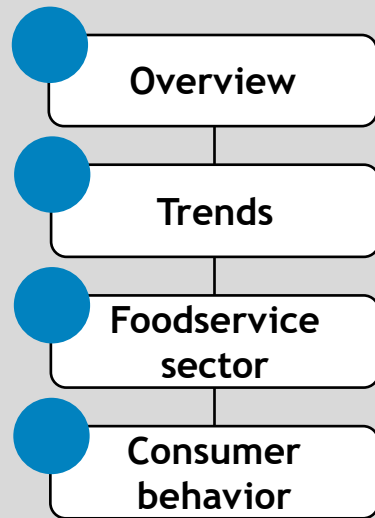
? What are the major conclusions concerning restaurant owners or managers?

? What are the most intriguing restaurants to visit for a customer in Cluj-Napoca?

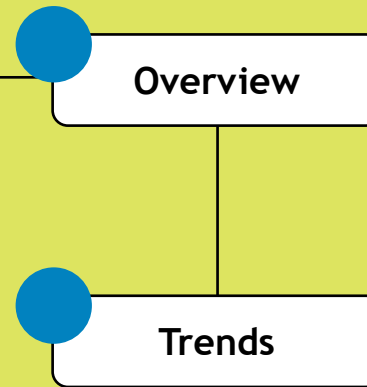
AGENDA

[Executive summary]

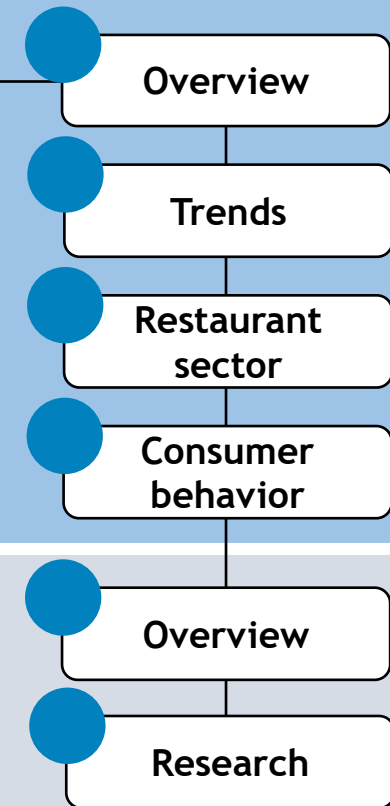
[Global]



[Europe]



[Romania]



[Cluj Napoca]

[Conclusions]

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[Executive summary]

Executive summary global market

Trends of the global market

The consumer foodservice industry revenue was **2.95(€) trillion**, and it was the fourth among the industries, with a total contribution of **4.12%** to the world GDP, with a net profit of **398(€) billion** and **45.7 million workers**.

Economic overview

India is the fastest growing country in the world, and the quick service restaurants are also growing fast. Today's consumers are health conscious, hyper connected, social, collaborative, they want unique experience and atmosphere. The restaurant of future will understand its consumer. The mobile apps are used mainly to see the prices, and menus.

The food service sector and it's top players

Worldwide were more non branded restaurants, **11.84 million**, than branded, **4.16 million**, in 2016. The industry sub segments leaders are DineEquity, McDonald's, Starbucks, Applebee's, Osteria Francescana, Dairy Queen and Green King. The macroeconomic environment and the positioning is important when they enter to a new market and in their expansion strategy.

Consumer trends

Fast food restaurants are the most attractive „on the move” food service models, while casual dining restaurants lead the „sit-down” section all around the world. The price and quality of the food are the most important factors in restaurant choosing. **34%** of people eat once a day in a restaurant and **22%** of the people eats less than once a month in a restaurant.

Executive summary European market

Macroeconomic factors in Europe

We compared all of the European countries by macroeconomical data + VAT rates and as a result, we highlighted a few dominant countries from each data category.

Branded Restaurant industry overview

The European foodservice industry was divided into subsectors like **Fine-dining, Street Stalls, Full service restaurants and Fast-food**. Full service restaurants and the fast food chains represent **more than 60%** of the total foodservice industry revenue.

Top lists of the biggest players on the market

We analyzed the **most important companies** in the foodservice sector: the top operators, fast food and food truck franchises, casual and fine dining restaurants. There are almost 30.000 branded restaurants in Europe. Fast food chains play an important role on the list.

Consumer trends and Key success factors for restaurants

If an investor wants to open a new restaurant in the CEE, it is good to know the consumer trends in the West (USA, W-Eu). They will show up in the East a few years later. New expectations regarding the restaurant are emerging, like the atmosphere.

Executive summary Romanian market

Economic overview

The consumer foodservice sector in Romania represents **1.3%** of the total GDP value. The average **profit** in this segment is **5.2%**, but the present trend in the country is highly fluctuant. **Tax fraud** is a specific characteristic in the country so the government implemented a **new tax**, specifically for restaurants.

Trends on the Romanian market

Romanians consider **healthy food** and **good nourishment habits** the basis of a healthy lifestyle, so the Western trends are valid in Romania too. Studies show that only **1 out of 3** Romanian habitants have no possibility to eat in restaurants at least once a month. We identified the major food trends for this year, like: **Authentic or Insta-ready food**

Analysis of the foodservice sector

Romania is dominated by non-branded restaurants considering their total number of outlets, but regarding their ratio, **branded restaurants** are gaining ground, growing constantly during the past five years. The most **developed** counties (Bucuresti, Constanta, Brasov, Cluj) have the highest expenditures per person.

Executive summary Romanian market

Top lists of the biggest players on the market

We analyzed the **most important companies** in the foodservice sector: the top operators, quick service franchises, casual dining restaurants, confectionary companies and coffee chains. Furthermore we researched the biggest Romanian restaurants' **expansion plans** and took a look at the most important companies **entering** the market.

Customer trends

Romania is in the **bottom half** among European countries regarding the **frequency of eating outside**, only **2% of the population** eats every day in the city. In 2016, the main reason why Romanian consumers chose restaurants was: **quality of food**, same as in 2015, but **fastness** gained two places, thus being the second most important factor.

Basic points of running a restaurant

Based on recent studies, **60% of restaurants fail in the first year**, due to the **lack of a proper business plan**. Most restaurant operators in Romania make illegal business deals illegally, do not **analyze the market** and do not operate efficiently enough on **social media**. In order to **avoid** this problem, we made **recommendations** to aid it.

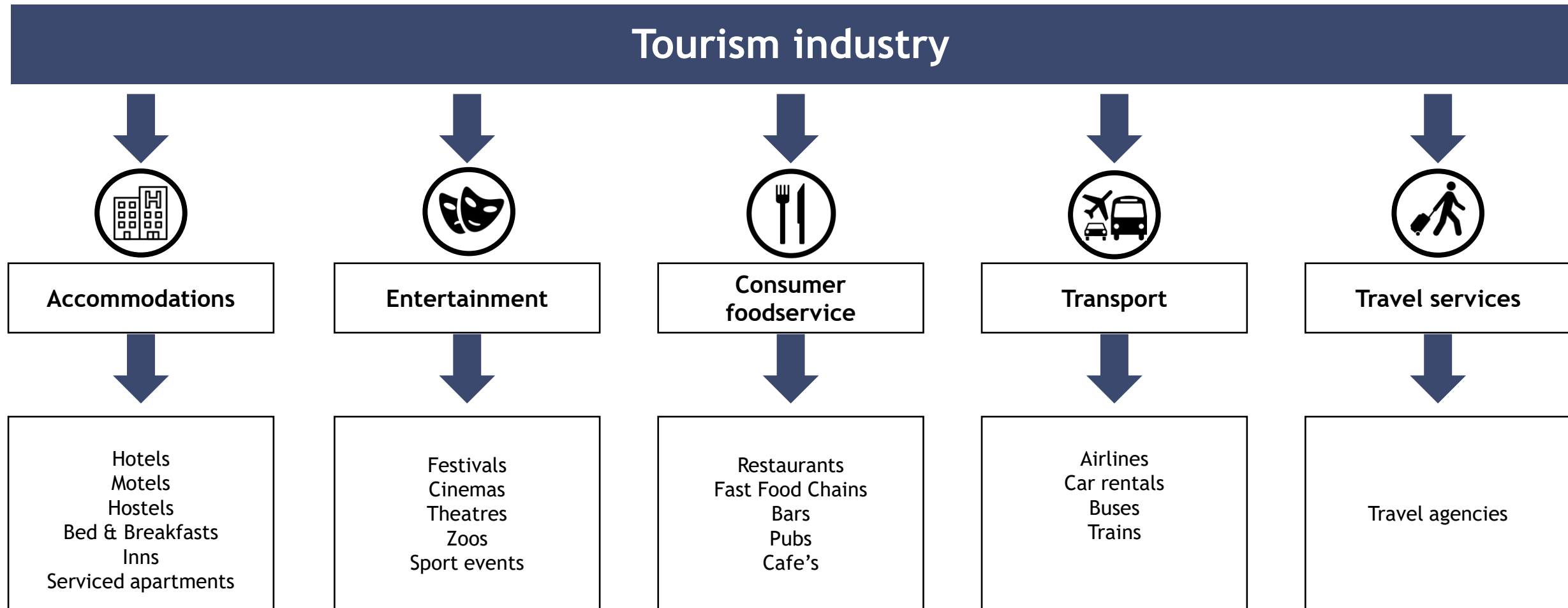
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Overview

Areas of the tourism industry

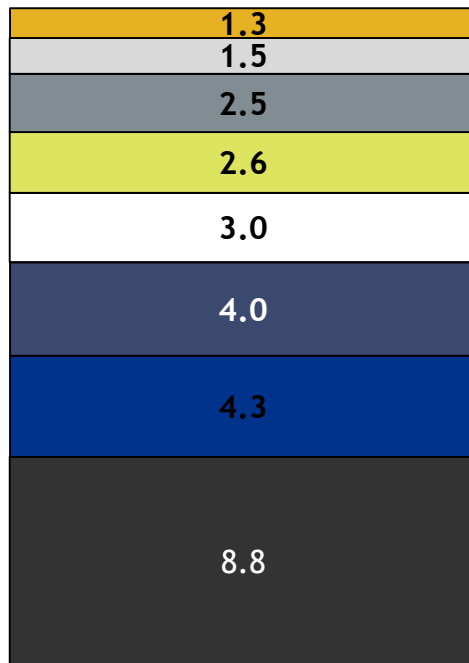
The tourism industry is focused on the satisfaction of costumers and providing experiences for them. This industry has five influencing factors.



Global consumer foodservice industry overview

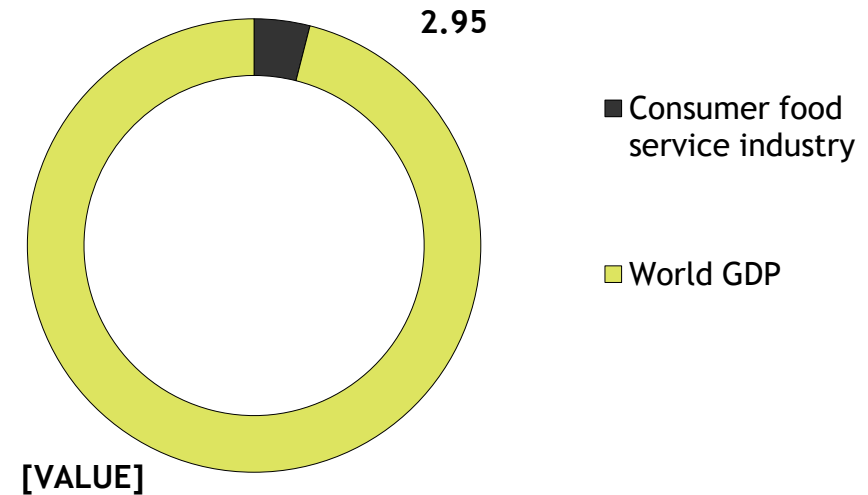
The global foodservice industry generated a total revenue of 2,95 (€) trillion in 2016. With this it gained the 4th place on the top sectors list and contributed with 4,12% to the world total GDP.

The top sectors by revenue in 2015
(€ trillion)



- Revenue
- Consumer Directionary
 - Retail Sector
 - Financial Sector
 - Services Sector
 - Consumer Foodservice
 - Technology Sector
 - Capital Goods Sector
 - Travel & Tourism

Consumer foodservice industry contribution to the GDP in 2016 (€ trillion)

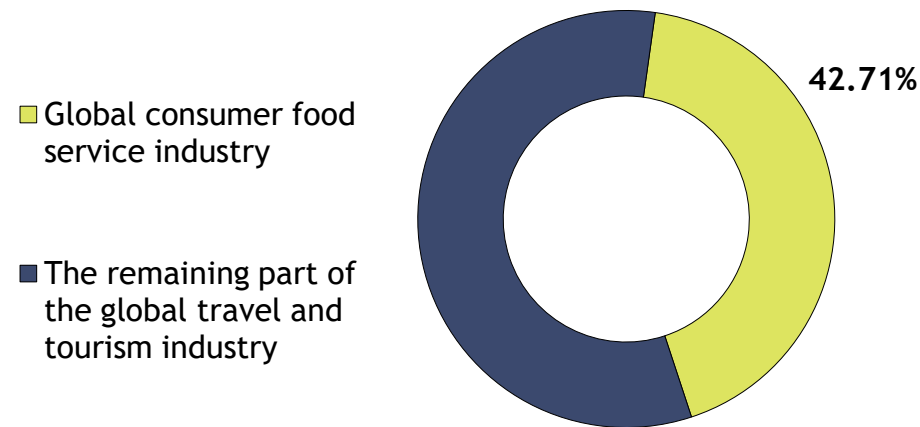


The consumer food service industry accounts 4.12% of the World GDP. This means it generates 2,95 (€) trillion revenue and it's the 4th on the top industries list.

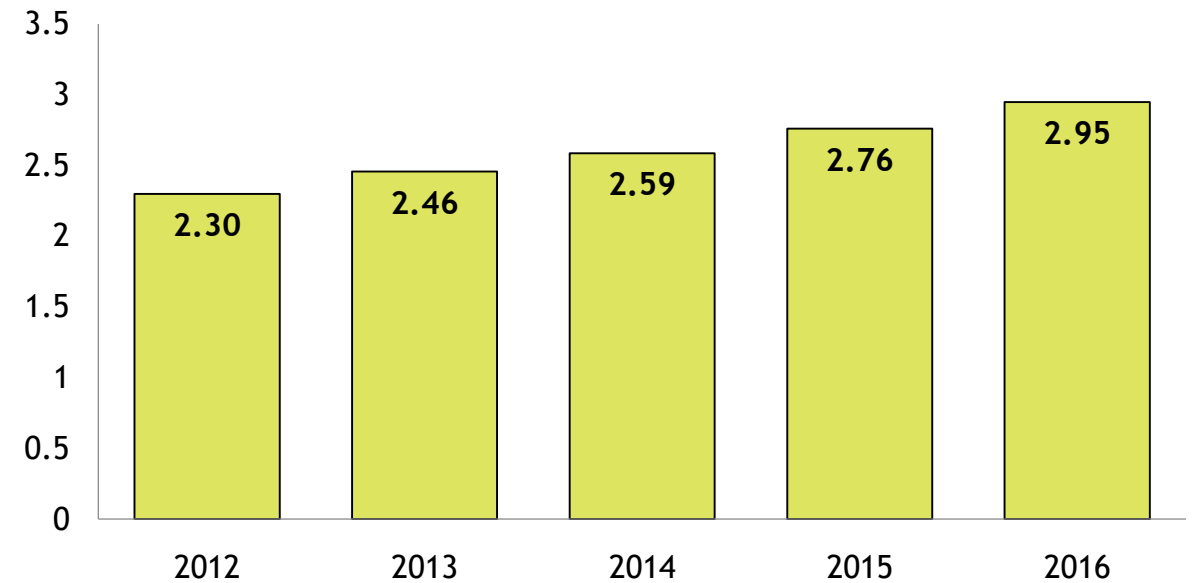
The global consumer foodservice industry`s revenue

The global restaurant industry had a total revenue of 2,95 trillion EUR in 2016, which accounts for 42,7% of the global travel and tourism industry.

The share of global consumer food service industry from the total travel and tourism industry in 2016 (%)



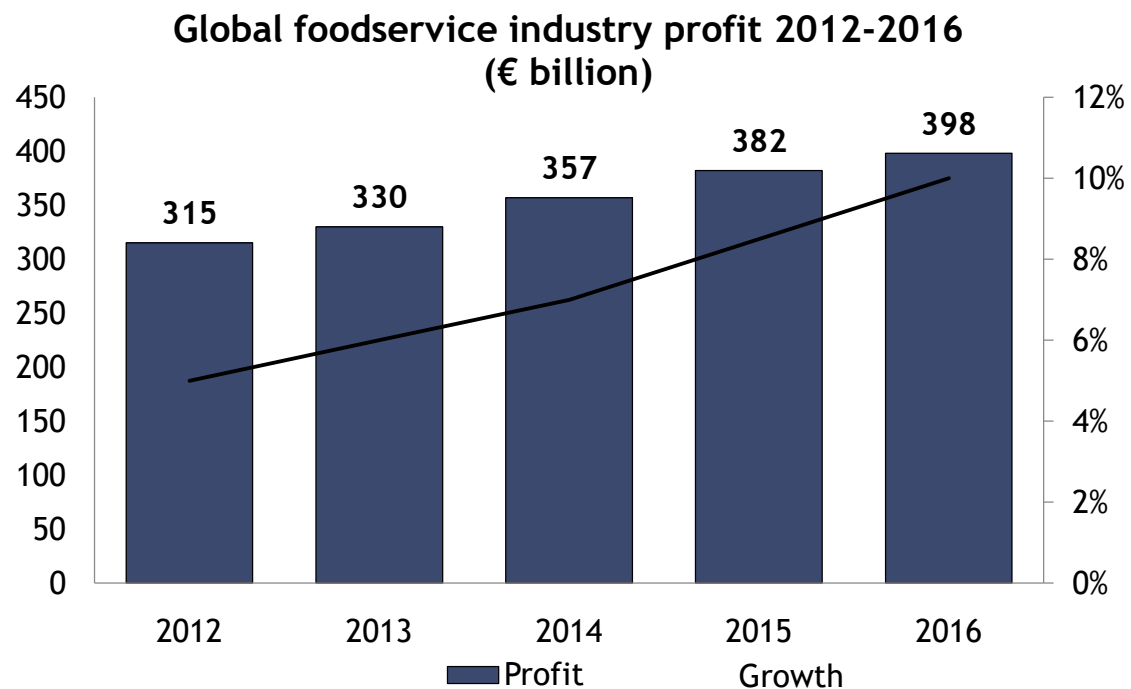
Global consumer foodservice industry`s revenue (€ trillion)



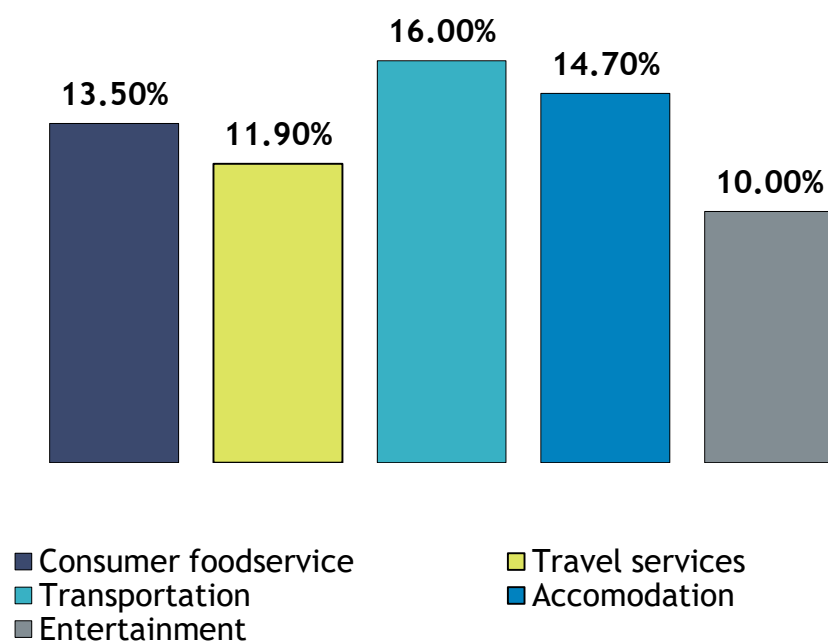
Global consumer foodservice value increased with a CAGR of 5.1% from 2012 to 2016. Full service restaurants account for the largest proportion of sales globally, followed by fast food and cafes/bars. Emerging and developed markets now account for 13 of the top 20 largest foodservice markets in value terms.

Global consumer foodservice industry profit between 2012-2016

The global consumer foodservice industry generated a profit of almost 398 € billion in 2016. The industry registered an average profit growth of 4,79% in this period.



Tourism subsectors net profit margin 2016 (%)

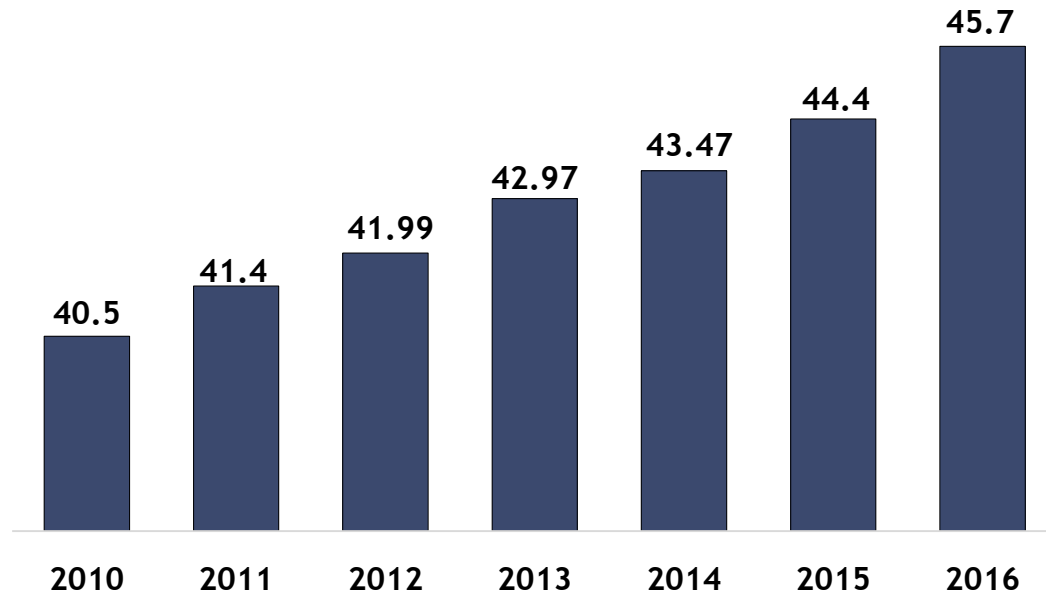


In 2016 the net profit margin of the consumer foodservice industry was 13%, the highest in the last 5 years. In 2016 the total global industry revenue was more than 2,9 € trillion and the net profit almost 398 € billion. The consumer foodservice industry has the biggest net income within the tourism industry subsectors.

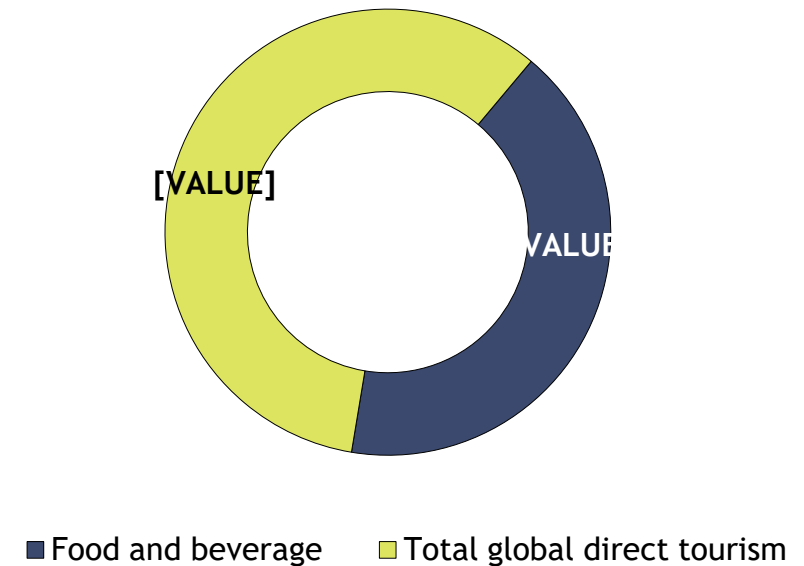
The global consumer foodservice industry employment 2010-2016

Between 2010 and 2016 the number of employees in the global foodservice sector increased constantly, representing 41,5 % of the total number of employees in tourism.

Consumer foodservice employment 2010-2016
(million capita)



Consumer foodservice employment from tourism in
2016 (%)

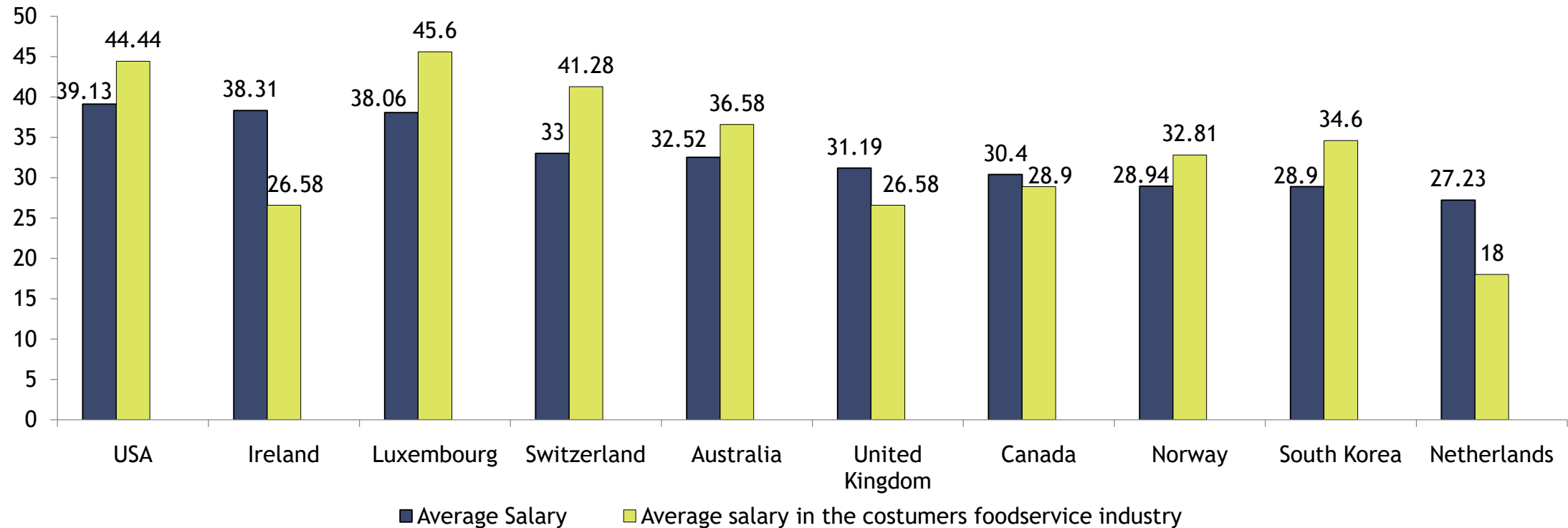


In 2016 the consumer foodservice industry had **45.7 million** employees, which is the highest number within the global tourism subsectors. In the past 7 years the number of employees in this sector always **increased** with more than **half a million** employees per year.

Average salary in the consumer foodservice industry in 2016

The biggest annual salary in the consumer foodservice industry is in Luxembourg 45.000 €, although the biggest annual average salary is in the USA, 39.130 €.

Annual average salaries vs average salaries in consumer foodservice(€ thousand)



USA is in the top of the list with the best annual average salary, but the best one in the catering industry is in Luxembourg while Netherlands has the smallest, 18.000 € and 27.230 € annual average salary.

Restaurant categories by definition

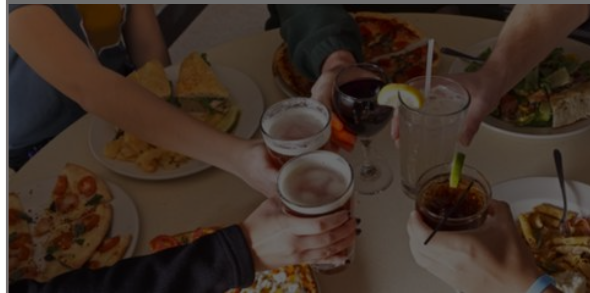
Comparison by definition of the three most commonly known restaurant categories: Fast food, Casual dining and Fine dining.

Fast Food Restaurants



- Type of mass-produced food that is prepared and served very quickly
- Food is ordered not from the table, but from a front counter
- Drive-through and take-out service may also be available
- Also known as: QSR or quick service restaurants

Casual Dining Restaurants



- Serves moderately-priced food in a casual atmosphere
- Typically provide table service
- May also have wine menu or full bar service
- Casual restaurants are often called "trattoria"

Fine Dining Restaurants



- Full service restaurants with specific dedicated meal courses
- Features higher-quality materials
- Visitors are generally expected to follow rules, often including a dress code

The top 5 best chefs in the World in 2017

Gordon Ramsay is the best chef with 31 restaurants from which 7 are Michelin starred. He is a British celebrity chef, television personality, born in Scotland. In the second place is Marco White with 35 restaurants from which 3 have Michelin stars.

Gordon Ramsay



1

Marco Pierre White



2

Wolfgang Puck



3

Michel Bras



4

Paul Bocuse



5



UK

UK

Austria

France

France



31-7*

35-3*

3-2*

5-3*

20-3*



He almost became a professional soccer player

He earned Three Michelin Stars by age 33

He's won an Emmy Award in 2001

Bras is a non-vegetarian who eat exactly like a vegetarian

His namesake restaurant in Lyon has 3 Michelin stars for over 43 years

How to become Michelin starred chef

It is a very difficult and long way to become Michelin starred chef. If somebody wants to be a Michelin starred chef, the following steps need to be followed to fulfill all the requirements.



1. Become a chef:
Junior -> Senior -> Sous Chef

You can either take a course at a reputed culinary school, learn the basics, join the industry and work your way up the ladder; become a Commi 3, Commi 2, Commi 1, working at the different kitchen stations, then moving on to first junior then senior chef. Next step up the ladder is the position of the sous chef and finally you will reach the position of the chef. An amateur has to start their career even lower in the brigade as an assistant in the kitchen, washing dishes and working their way up till they can head the kitchen.



2. Having a restaurant located
in an area covered by Michelin

To qualify for a Michelin star firstly your restaurant has to be located in an area covered by Michelin. If it is, then your journey to the stars begins by your food speaking for itself among the locals, the food bloggers, the food writers and critics.



3. Flawless experience for
the inspectors

Once you become a chef it is your passion and creativity that will speak for you. How you blend flavors, how you present each dish, how clean your kitchen are all important factors that matter to the Michelin inspector. The most important factor that every Michelin inspectors places immense value on is consistency. The inspectors are anonymous and visit the restaurants a number of times before reaching their decision. Each and every time they have to have a flawless experience. The freshness and quality of the ingredients is of prime importance to the Michelin inspectors. That along with the cooking, the presentation of the dish and the harmony of the flavours in the dish decides the worthiness of an establishment.

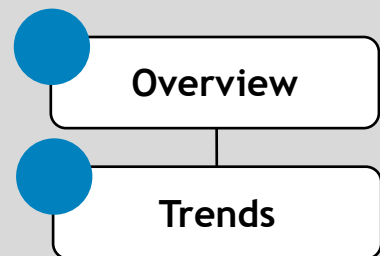


4. Earning a Michelin star

Then if you are lucky you may receive a phone call that says “Bonjour, this is (name) with Le Guide Michelin. We are calling to inform you that you will be included as One Star in the next Michelin guide for (city)”.

[Executive summary]

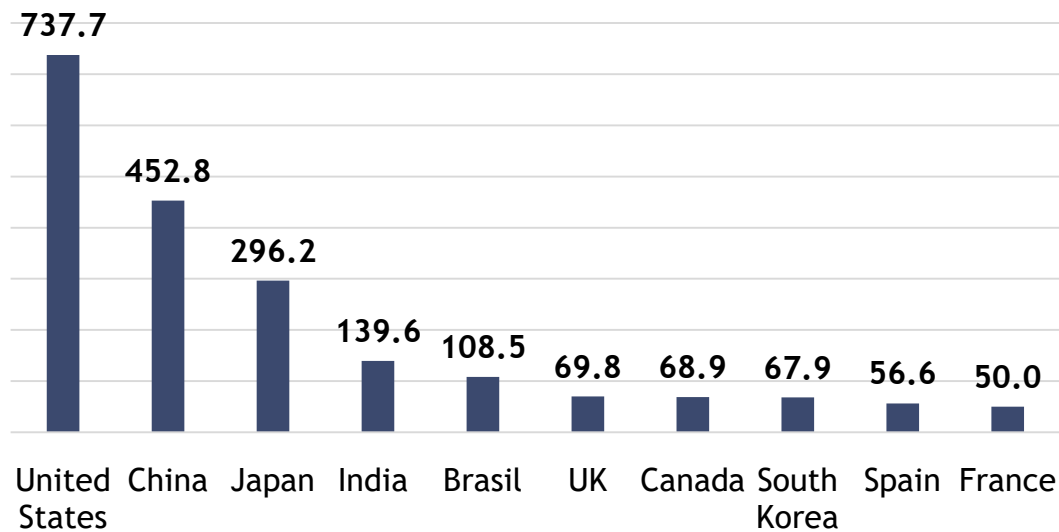
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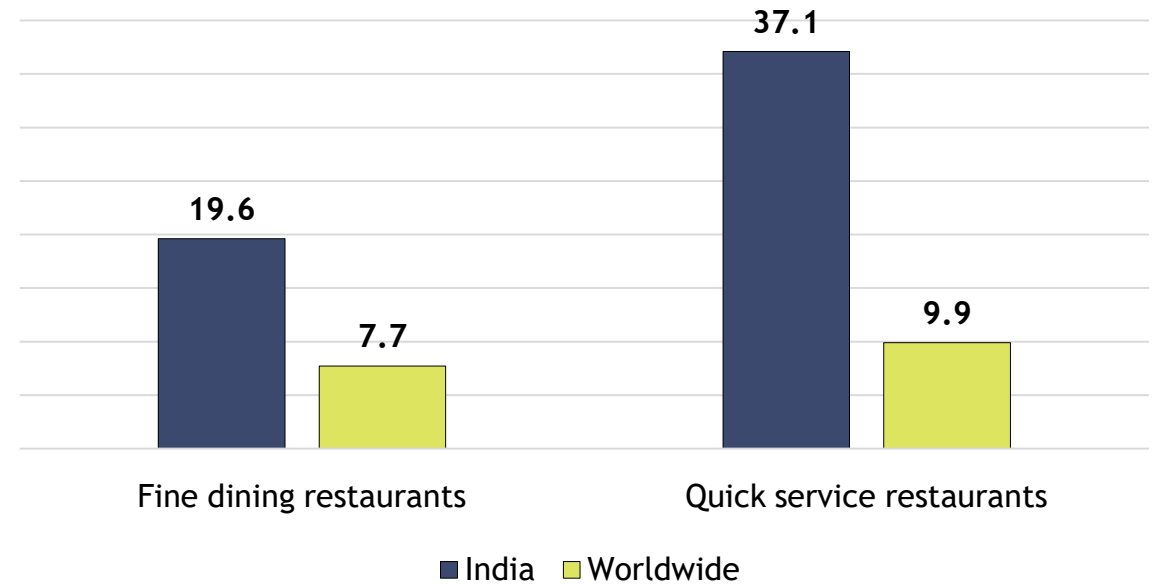
Trends in the restaurant industry

In the restaurant industry India is one of the most developing country. In the last year there was a 7% growth in this industry. China and USA are the market leaders in this industry in the last years.

Global market size of the restaurant industry in 2016 (€ billion)



EV/EBITDA (annual growth 2016-2017)



In India the average eat out is less then 2 times a month, compared to 25 times in USA and 60 times in China. Restaurant industry increased in India by the **growing wages** and the **people in India prefer to eat in fast food restaurants**, and the **market isn't instinct yet**.

Restaurant industry trends

As consumers have access to more choices and less time, they need better technological services, better options in the menu, but the atmosphere and uniqueness of a restaurant remains very relevant.

Eatertainment

Restaurants must not only be a place to eat, but an out-of home entertainment.

Consumers increasingly want a **unique atmosphere and experience.**

Taking a stand

Consumers are supporting brands that align with their values and stand for the greater good.

Menu transparency, local ingredients, healthy options and CSR is needed.

Segment blurring

Supermarkets have started stocking wide ranges of **ready-to-eat meals.**

Furthermore, the **hybrid restaurants** and food subscription options are starting to rise.

Technological advancements

Consumers demands for new opportunities in **ordering, payment, and loyalty programs** to offer convenient and intuitive applications for customers.

Today`s consumer is value driven, health conscious, hyper connected, social and collaborative.

Therefore companies need to present a restaurant experience that people want.

The 5E model of technology in the restaurant industry

By bringing integrated digital experiences to each of 5E phases, the restaurant of the future can understand their customers, build deeper relationships with them while engaging them in a highly personalized way.



Entice

Menu customization options
Direct ordering through tablets
Pre-order delivery system



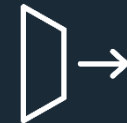
Enter

Remembering previous orders
Automatic suggestions
Showing nearest locals, wait times



Engage

Monitoring customer profiles, same customer experience in every franchise restaurant



Exit

Pay and go at the table or through application
Self-Ordering Kiosks



Extend

Collecting customer feedback
Loyalty programs
Direct communication



- dining frequency
- check size
- customer conversion
- loyalty

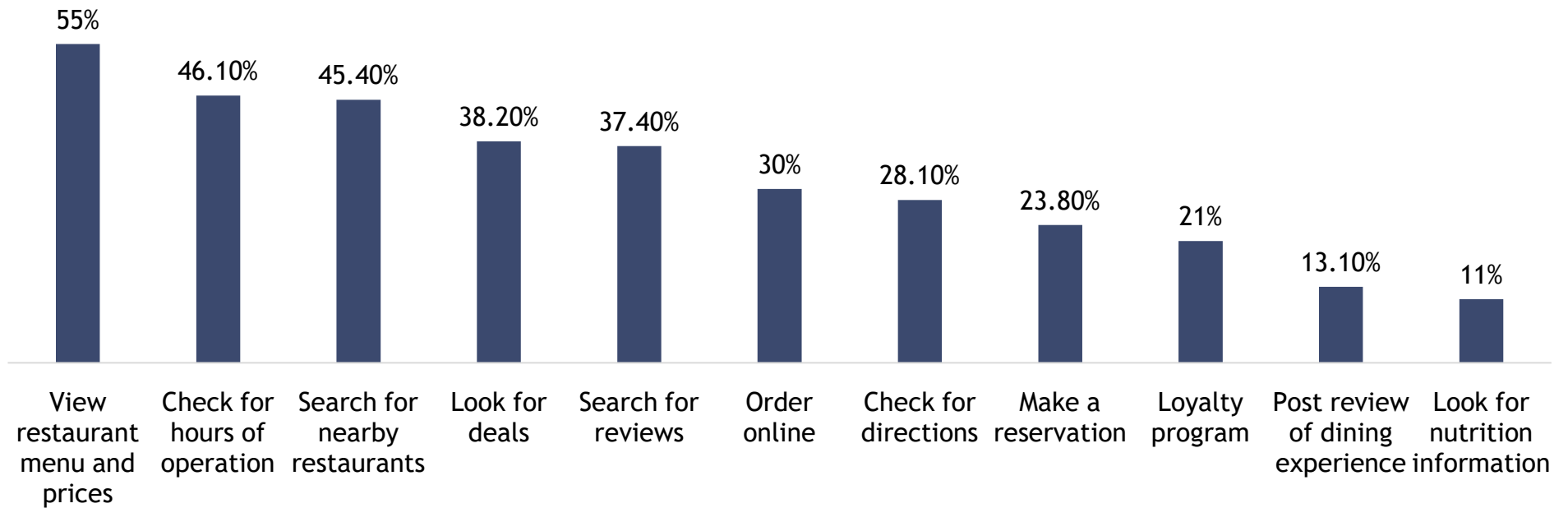
Mobile application usage

According to an American Deloitte survey, only one-fifth of people have a restaurant app on their phone, and the instant need for basic information is the key factor for using them.



18,9% have at least 1 restaurant app.
27,2% amongst youth.

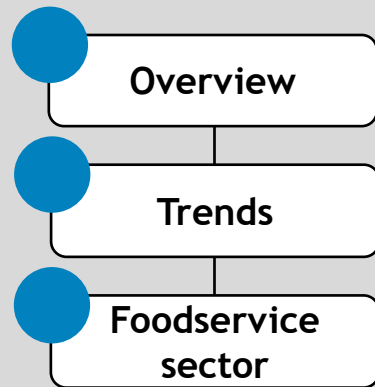
Why do customers use restaurants mobile apps?



While the current impact of a mobile app in the restaurant industry seems little, there are very good ways to engage with younger generations by investing in technology. “Touch and Go” payment and loyalty services can boost visiting frequencies. Also 36% of those who have downloaded a restaurant app say they have built a relationship.

[Executive summary]

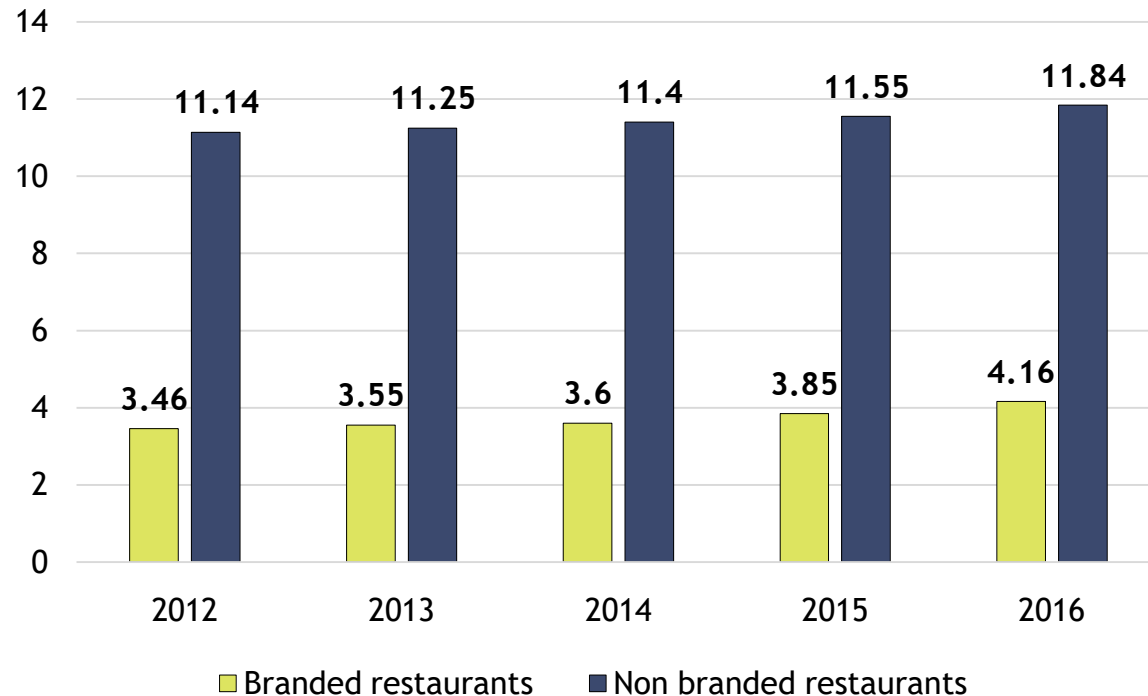
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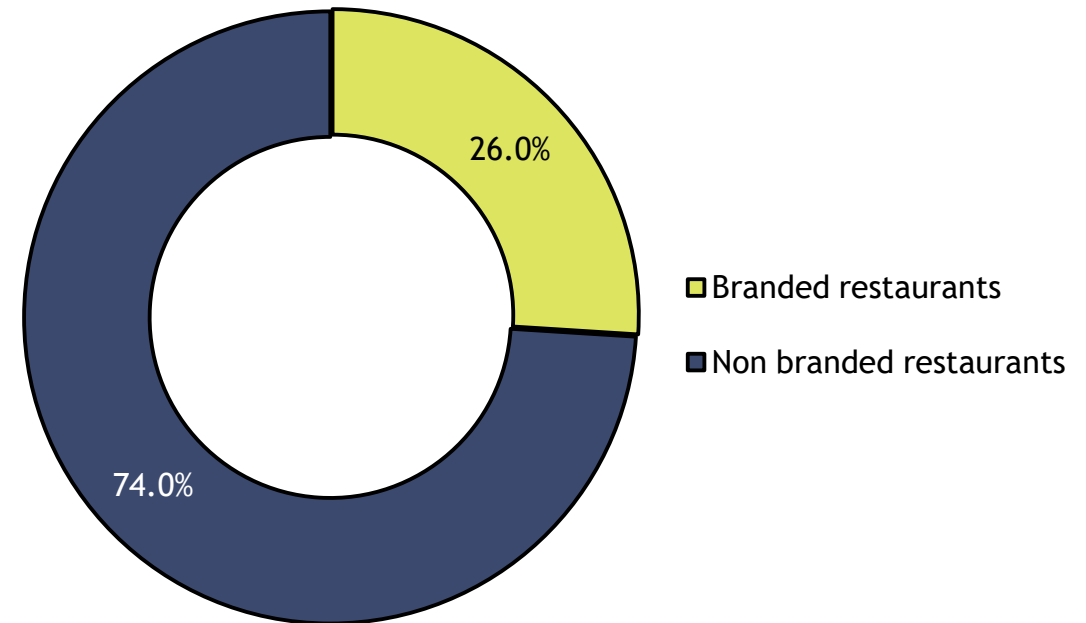
Branded and non branded restaurants worldwide 2012-2016

The number of restaurants worldwide totalize more than 16 million restaurants, and the number of restaurants has shown a growth of 9.5% in the last 5 years.

Restaurants distribution 2012-2016 (million)



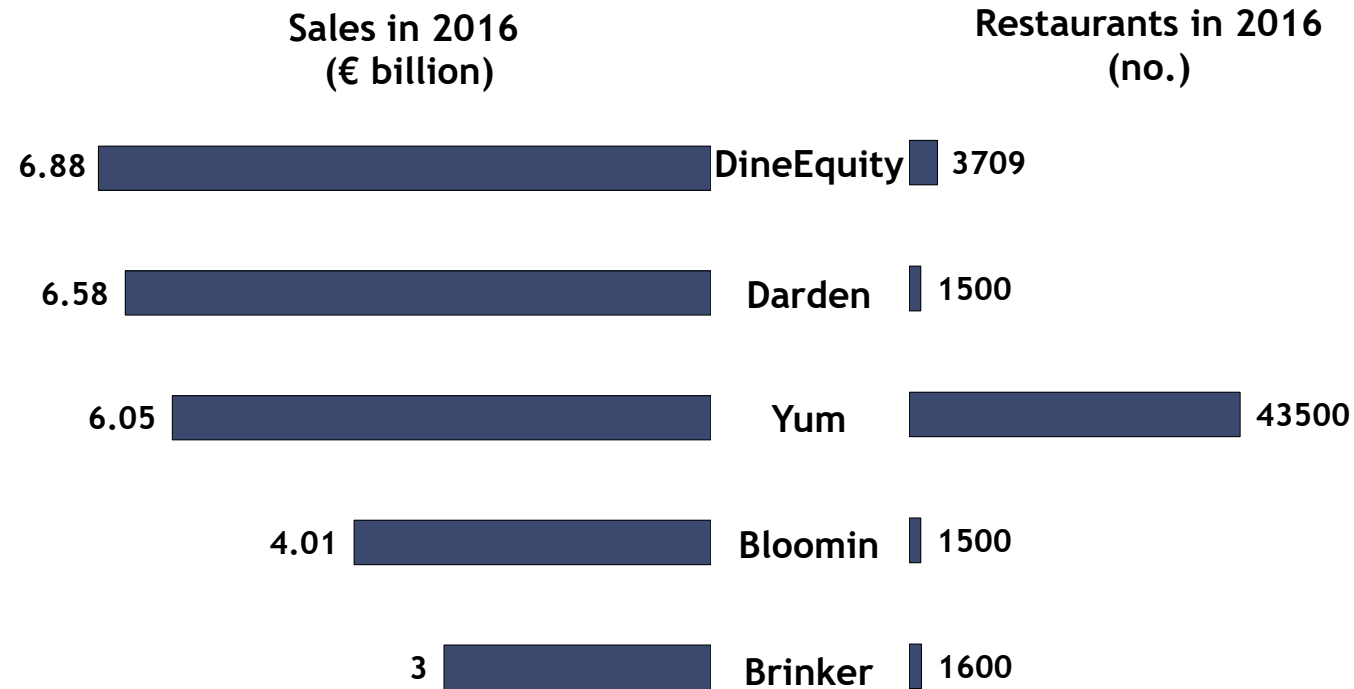
Restaurants distribution 2016(%)



The number of restaurants shows an **overall growing tendency**, realizing a growth of **9,5%** in the last 5 years. The tendency also shows, that restaurant chains are growing faster than other types of consumer foodservice units, gaining 1.5% at the expense of branded restaurants.

The top 5 largest multinational chain operators in 2016

DineEquity is the largest operator company with 6.9 € billion revenue, the company's brands are Applebee's and Ihop.



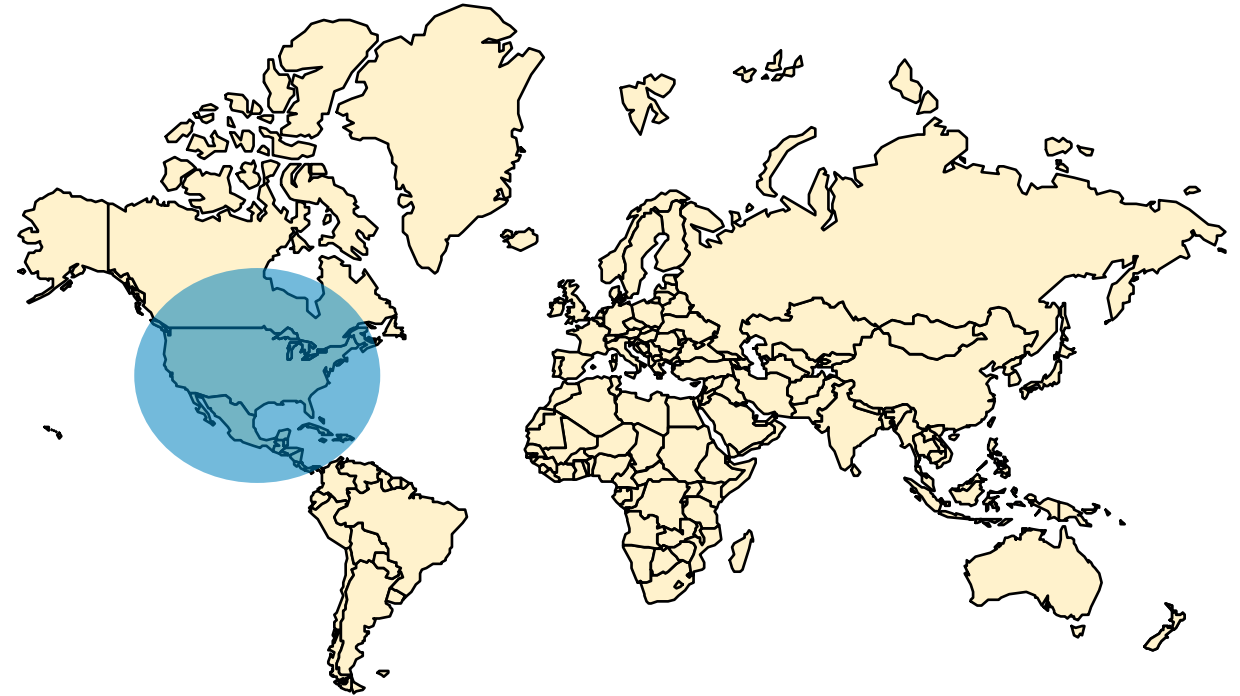
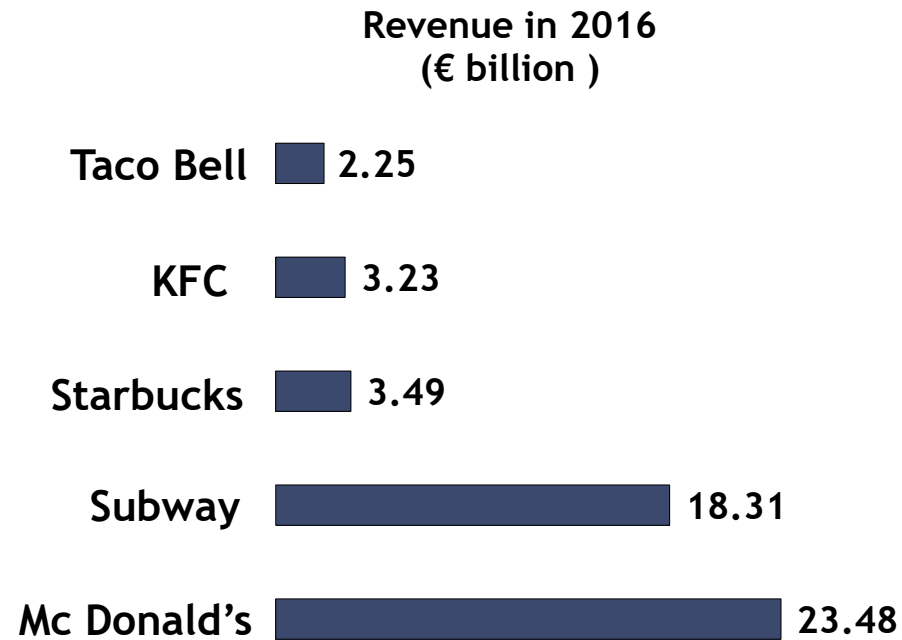
Top 5 multi chain operators brand portfolio



In 2016 DineEquity is the leading operator company with 6.8(€) billion revenue and 3700 restaurants. The company's brands are the Applebees and Ihop. Yum had the most restaurant in portfolio, 43 500 restaurants. The company's brand are the KFC, Pizza Hut and the Taco Bell.

Top 5 fast food chains in 2016

McDonald's is the leading fast-food chain, with a revenue of 23.48(€) billion, followed by Subway and Starbucks. All five leading companies have their headquarter in the USA.

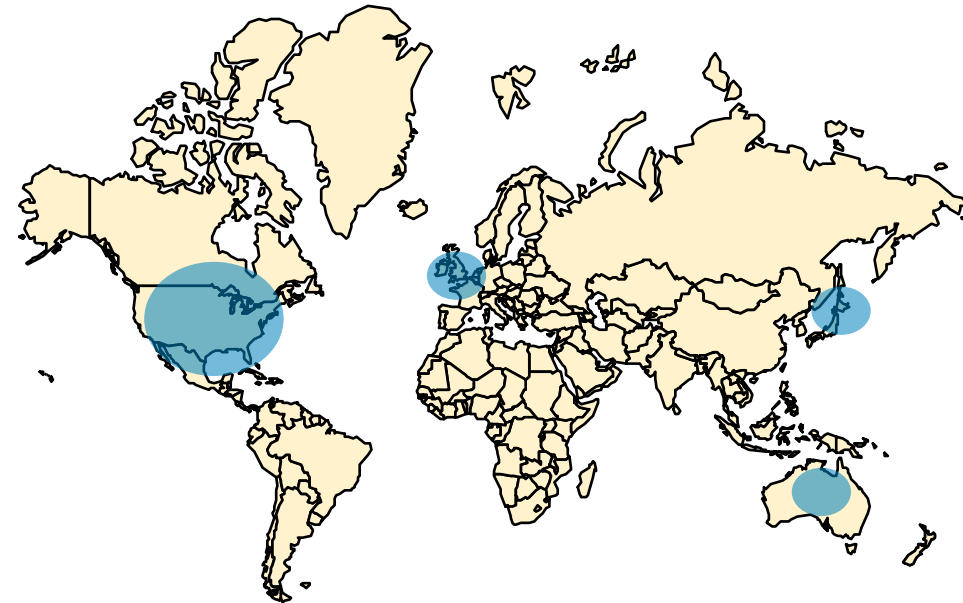
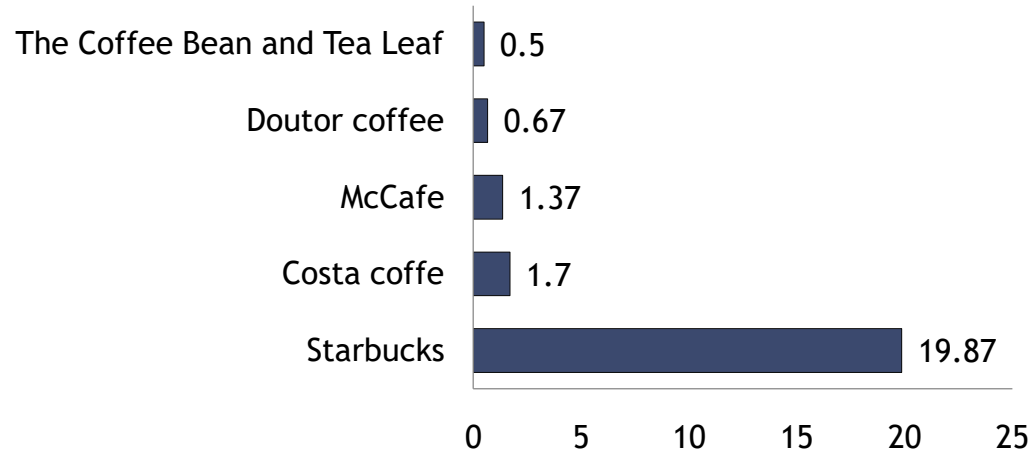


In 2016, based on revenue, the top fast food companies were McDonald's, with 23.48(€) billion revenue, followed by Starbucks, Subway, KFC and Taco Bell. These companies' headquarters lay in North America.

Top coffee chains in 2016

The leading coffee chain is Starbucks, with more than 19 euro billion revenue and it has stores in 70 countries. It is followed by Costa Coffee and McCafe.

Revenue in 2016 (€ billion)



Starbucks

Founded in Seattle;
19.87 billion euro as revenue;
More than 25085 stores
Present in 70 countries;
238,000 full time employees;



Costa coffee

Founded in London;
1.7 billion euro as revenue;
More than 3401 stores;
20000 employees;
Present in 31 countries;



McCafe

Founded in Melbourne;
1.37 billion euro as revenue;
More than 15,000 employees;
27200 stores;
Present in 110 countries;

DOUTOR Doutor Coffee

Founded in Tokyo, Japan;
0,67 billion euro as revenue;
1300 stores;
Present in 12 countries;



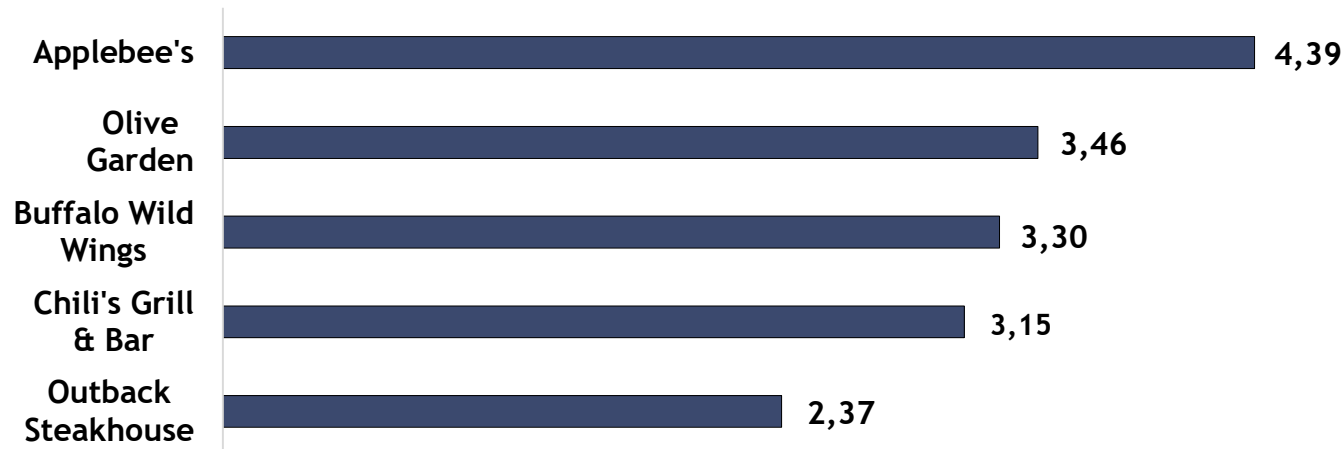
The Coffee Bean & Tea Leaf

Founded in Los Angeles;
0,5 billion euro as revenue;
Present in 30 countries;
More than 12,000 employees;
1000 stores;

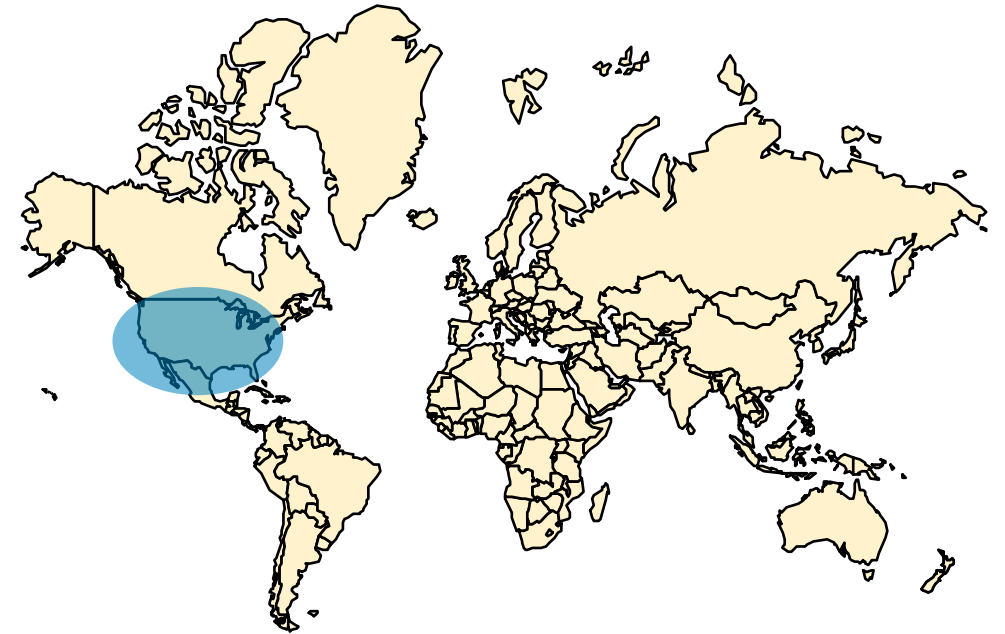
Top 5 casual dining restaurant chains in 2016

In 2016 Applebee's took the first place among the casual dining restaurant chains with 4,39 € million revenue. Applebee's is followed by Olive Garden and Buffalo Wild Wings.

Top 5 casual dining restaurant chains by revenues in 2016 (€ million)



TOP 5 companies headquarters



Worldwide the first casual dining restaurant chain based on revenue in 2016 was Applebee's with 4,39 € million, it's followed by Olive Garden, Buffalo Wild Wings, Chili's Grill & Bar, and Outback SteakHouse. These companies' headquarters lay in North America.

Top 5 fine dining restaurants worldwide in 2016

Osteria Francescana ascended to the top of the annual ranking of the world's best restaurants for its inventive twist on traditional Italian dishes.

Osteria Francescana
Modena, Italy



175-255 €/Menu

Cuisines:
Modernist cuisine

Osteria
Francescana

El Celler de Can Roca
Girona, Spain



125-200 €/Menu

Cuisines:
Modernist cuisine
Molecular gastronomy


EL CELLER DE CAN ROCA
GIRONA

Eleven Medison Park
New York, USA



75-150 €/Menu

Cuisines:
Contemporary American


ELEVEN MADISON PARK

Central
Lima, Peru



90-115 €/Menu

Cuisines:
Contemporary Peruvian


RESTAURANTE

Noma
Copenhagen, Denmark



270 €/Menu

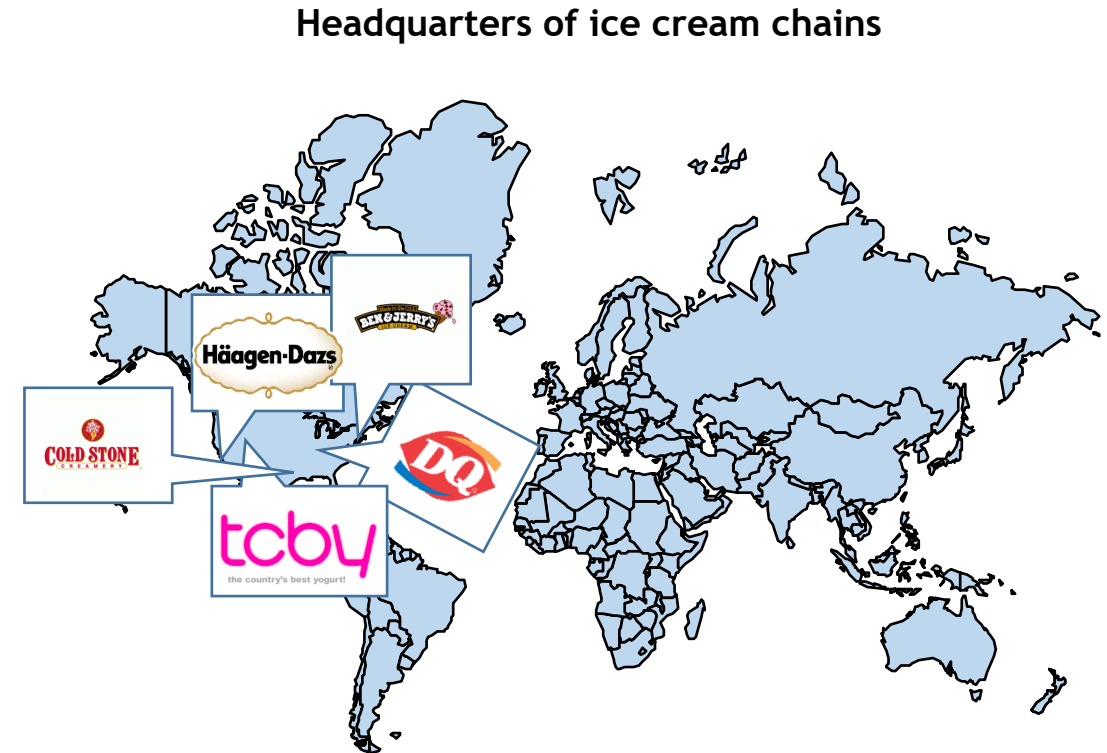
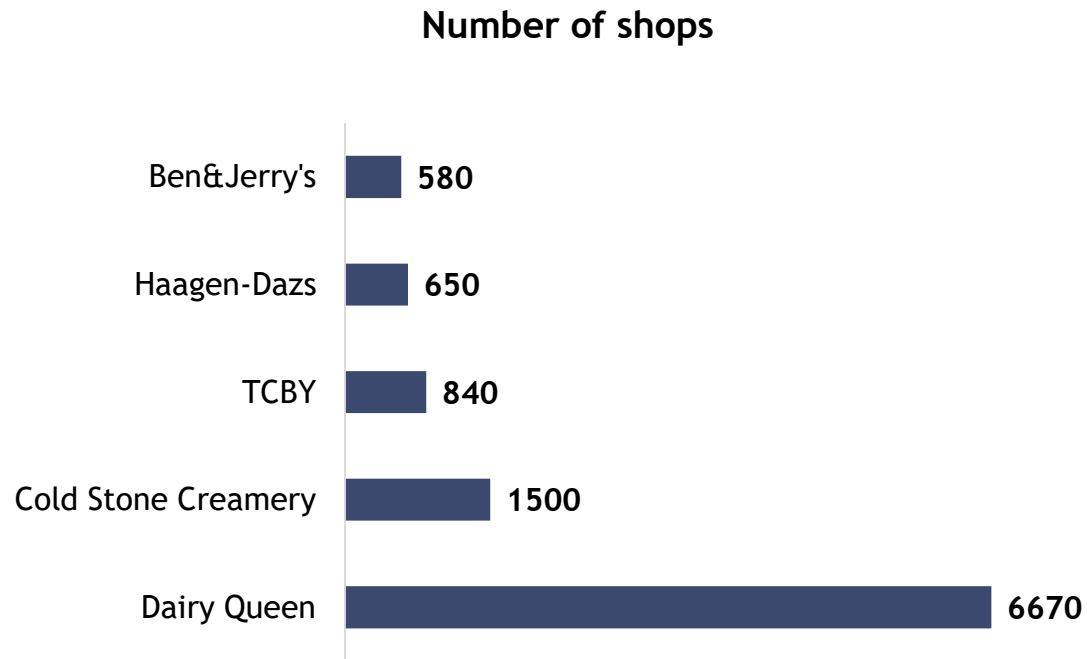
Cuisines:
New Nordic Cuisine
Molecular gastronomy

noma

The list, compiled by William Reed Media, was based on the personal experiences of 972 chefs, restaurateurs, food writers and culinary experts, instead of a list of pre-determined criteria. **Osteria Francescana** is in the first place followed by **El Celler de Can Roca**, **Eleven Medison Park**, **Central** and **Noma**.

Top 5 ice cream chains by number of shops

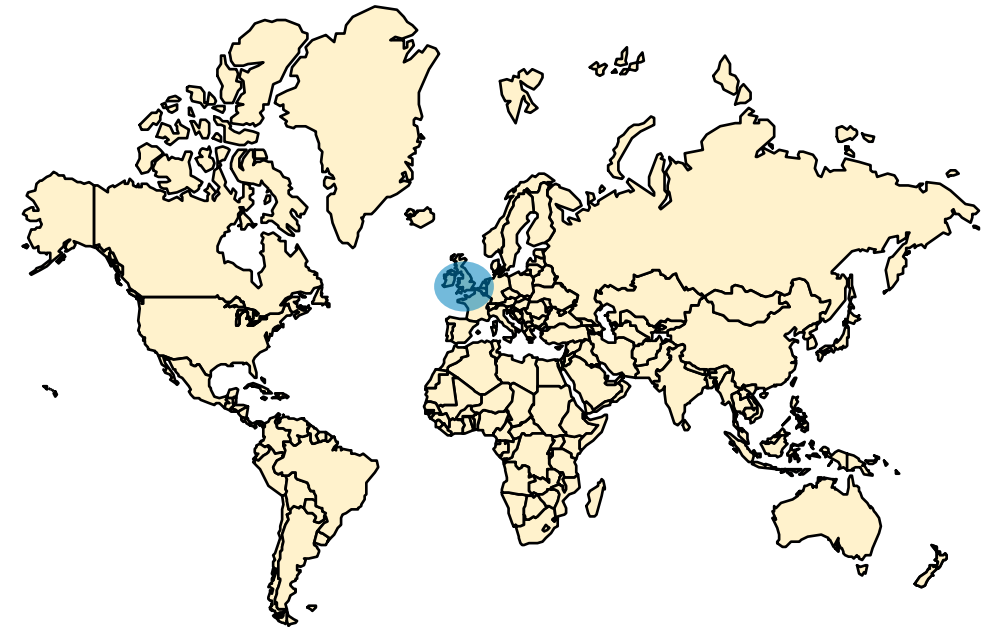
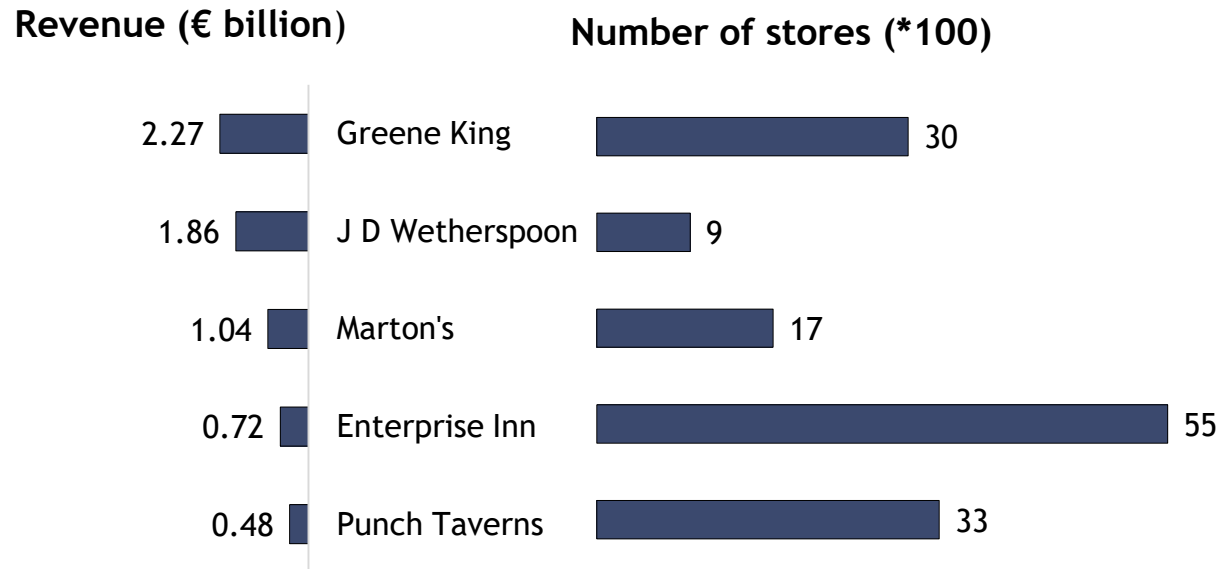
Dairy Queen is the leading ice cream chain in the world based on the number of shops. All five leading companies have their headquarter in the USA.



The **biggest ice cream chain** is the **Dairy Queen** based on the number of shops, with **6670**. Looking at the market force, which is calculated on a the total number of votes, and then factored with the number of locations for each chain, the first was the Ben&Jerry's with 1,70%, while the Dairy Queen was only 6th . Besides some people choose handmade ice cream on the street.

Top pub chains in 2016

The top pub chains are located in the United Kingdom. Greene King had the highest revenue, 2.27 € billion. It is followed by J.D Wetherspoon and Marston's. Enterprise Inn has the most stores worldwide.



In 2016, **Greene King** reached **2.27 € billion** revenue, which is the highest one. It is followed by **J D Wetherspoon** and **Marston's**. Although **Enterprise Inn** has around **5,500** leased and tenanted **pubs** in the United Kingdom which is the highest number among the pub chains.

Consumer foodservice industry's generic and intensive growth strategies

The big picture shows that companies in general, try to differ from each other, and prefer to penetrate in every way to reach more customers.

Branded restaurants

geographical expansion



to be present everywhere

market penetration



grows by reaching more customers

Representative operators

product development



supporting intensive strategy for growth

uniqueness business



distinct from competitors

Small sized companies

low price products



cheaper than others

market penetration



grows by reaching more customers

In 2017, **branded** companies/restaurants in the consumer foodservice industry choose to **expand their business to new destinations**, where they can **build their brand and reach more customers**. **Representative operators** see the future in the **product development**, while **small companies** are going to work with **low price products**.

Companies' expansion strategy



Criteria you should consider when you expand

Make your supply chain resilient

1. GDP per capita

It shows relative performance

2. Political risk

Political conflicts or signs of increasing threats

3. Fire risk management

Consider how rigorous the fire codes are

4. Corruption

Deal with business cultures that are quite different from your own

5. Infrastructure

Transportation, telephony and energy systems of candidate locations

6. Local supplier quality

Are the people and businesses that would support the plant reliable?

Position your brand

1. Current Position

Determining how the brand is **currently positioning itself** and what **benefits to consumers**

2. Competitor analysis

Identifying the **direct competitors** and what their **brand benefits** to the consumers

3. Comparison

Compare the current position with competitor's to **identify your brands uniqueness**

4. Consumer habits

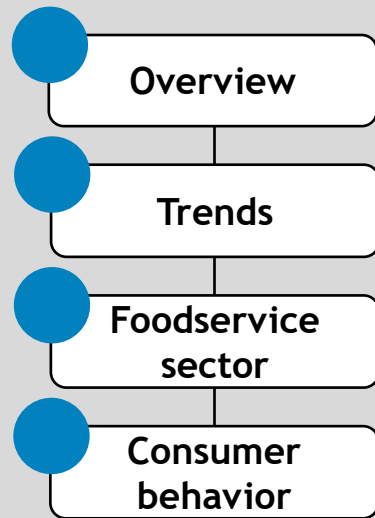
Meeting the consumers expectations, needs and habits with the **company's value**

5. Reliability

Transferring in the **promised quality**

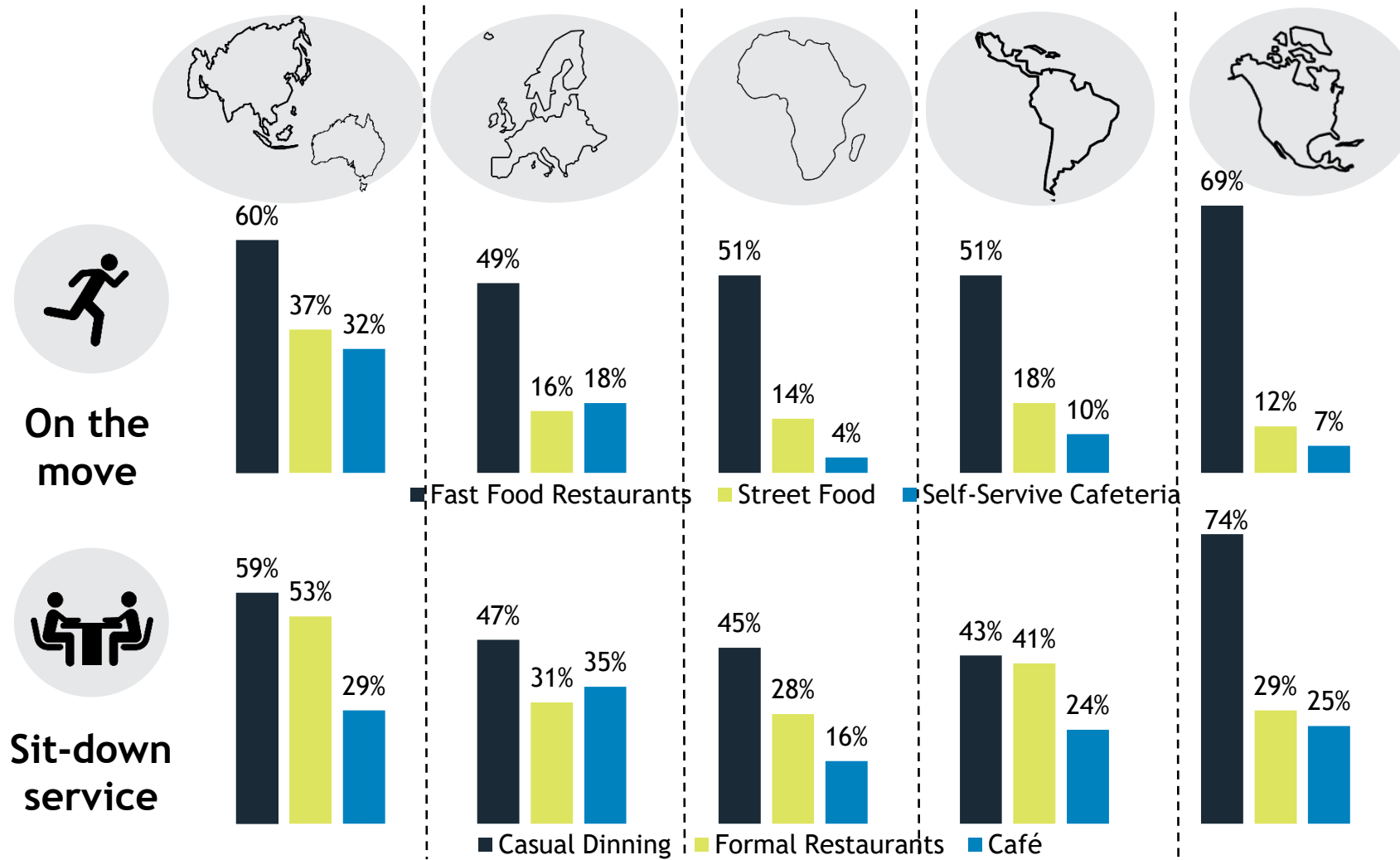
[Executive summary]

[Global]



Restaurant visiting behavior

Fast Food Restaurants are the most attractive „on the move” food service models, while Casual Dining restaurants lead the „sit-down” segment all around the world.

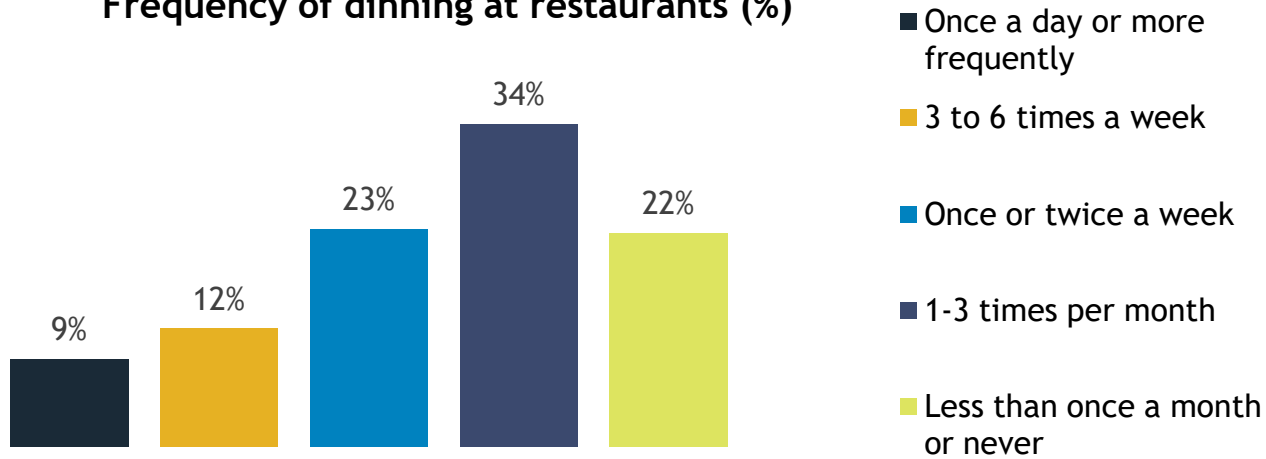


According to a Nielsen report quick-service and casual-dining restaurants are the most popular types of out-of-home dining establishments frequented in every region, and they're particularly popular in North America. Formal dining restaurants, street food and self-serve cafeterias are popular in Asia-Pacific, while cafés are popular in Europe.

Foodservice consumption trends

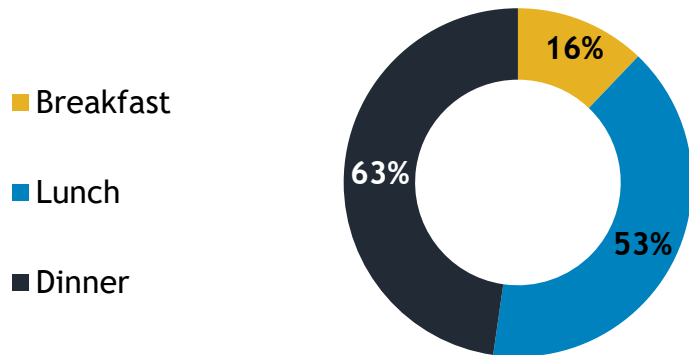
According to a Nielsen research, price is one of the key choosing factors for restaurants, around 9% of the global population eats at least once a day at an out-of-home dining establishment and dinner is the most common one.

Frequency of dining at restaurants (%)

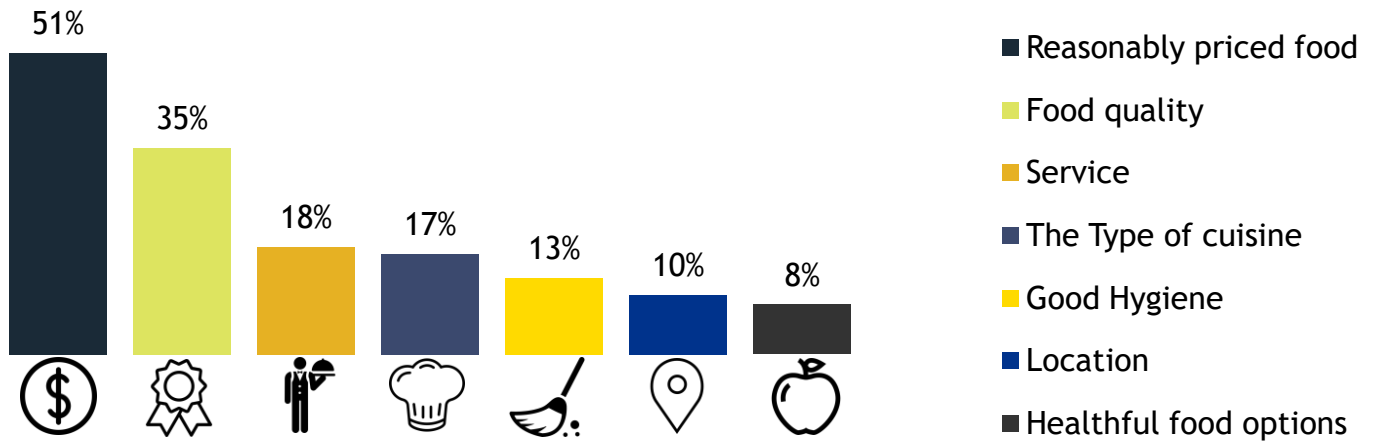


Eating out isn't just for special occasions; it's a way of life for nearly half of global respondents (48%), who eat at restaurants **weekly or more often**. Also the **price and quality of the food** is the leading choosing factors, but service and the type of cuisine is crucial as well.

Percentage of out-of-home diners (%)

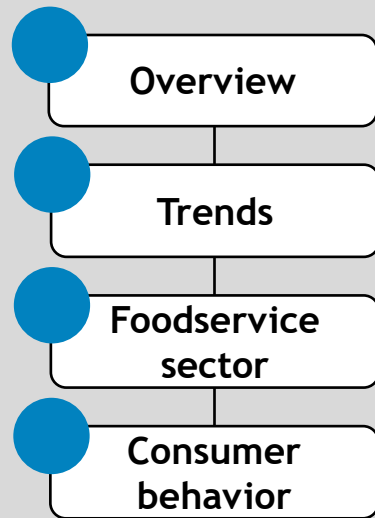


Restaurant choosing factors (%)

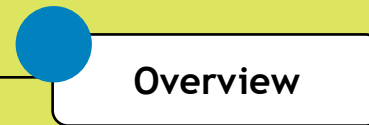


[Executive summary]

[Global]



[Europe]



Northern-Western Europe

The most developed European countries are mostly situated in the Northern-Western region. Luxembourg stands out with the highest GDP/capita and Iceland with the highest GDP growth rate and the lowest unemployment rate

Northern-Western region						
Country Name	Population (million ca.)-2016	GDP (billion €)-2016	GDP/capita (€)-2016	GDP Growth Rate (%)-16/15	Unemployment Rate(%)-16/15	Inflation Rate(%)-16/15
Austria	8,57	348,57	40678	3,48	9,00	0,95
Belgium	11,37	423,16	37214	3,49	7,94	2,18
Denmark	5,69	272,31	47858	2,53	4,17	0,27
Finland	5,52	215,27	38977	3,06	8,80	0,43
France	64,94	2239,46	34486	2,81	10,05	0,39
Germany	80,68	3145,41	38985	3,86	4,10	0,79
Iceland	0,33	17,50	52869	16,30	3,03	1,65
Ireland	4,71	277,13	58800	8,53	7,61	0,02
Luxembourg	0,57	54,89	96291	5,46	6,37	0,38
Netherlands	16,98	692,94	40811	2,56	5,92	0,41
Norway	5,27	338,64	64246	-3,10	4,73	3,51
Sweden	9,85	465,70	47274	4,94	6,93	1,03
Switzerland	8,38	596,23	71158	-0,22	3,35	-0,30
United Kingdom	65,11	2384,90	36628	-7,29	4,92	0,80

Southern-Mediterranean Europe

In this region unemployment rates are rather high. Living standards are better in seaside countries (Spain, Italy,) due to the high GDP.

Southern-Mediterranean region						
Country Name	Population (million ca.)-2016	GDP (billion €)-2016	GDP/capita (€)-2016	GDP Growth Rate (%)-16/15	Unemployment Rate(%)-16/15	Inflation Rate(%)-16/15
Albania	2,90	10,93	3765	6,5	16,42	1,40
Bosnia and Herzegovina	3,80	14,88	3913	3,35	41,73	-1,08
Croatia	4,23	44,87	10620	2,05	14,75	-0,97
Cyprus	1,18	17,94	15253	3,10	13,37	-0,91
Greece	10,92	176,29	16145	0,28	23,54	-0,66
Italy	59,80	1667,25	27880	2,02	11,67	0,11
Kosovo	1,81	5,90	3267	2,43	32,90	0,42
Macedonia	2,08	9,44	4538	3,99	24,12	-0,20
Montenegro	0,63	3,82	6099	6,34	18,82	-0,10
Malta	0,42	9,42	22474	7,29	4,95	0,94
Portugal	10,30	185,27	17981	3,43	11,05	0,64
Serbia	8,81	33,98	3856	3,40	15,25	1,12
Slovenia	2,07	39,71	19193	3,09	11,20	0,33
Spain	46,06	1126,95	24465	4,37	19,63	0,40
Turkey	79,62	662,14	8316	2,47	10,75	7,86

Central-Eastern Europe

In the CEE region unemployment rates are under 10%. These countries show poor performance in their GDP ratio.

Central Eastern region						
Country Name	Population (million ca.)-2016	GDP (billion €)-2016	GDP/capita (€)-2016	GDP Growth Rate (%)-16/15	Unemployment Rate(%)-16/15	Inflation Rate(%)-16/15
Belarus	9,48	43,31	4568	-11,87	1,10	11,69
Bulgaria	7,10	45,40	6397	3,04	9,29	-0,80
Czech Republic	10,55	174,18	16513	4,52	5,41	0,80
Estonia	1,31	21,13	16141	3,40	6,77	0,41
Hungary	9,82	105,36	10728	2,96	5,1	0,52
Latvia	1,96	25,15	12865	3,66	9,65	0,40
Lithuania	2,85	38,50	13508	3,84	8,00	1,02
Moldova	4,06	5,99	1473	2,70	4,32	5,61
Poland	38,59	420,62	10899	3,56	8,85	-0,35
Romania	19,37	167,86	8665	4,80	5,93	-1,35
Russia	143,44	1140,98	7954	-4,39	5,50	6,69
Slovakia	5,43	81,24	14963	4,19	8,54	-0,39
Ukraine	44,62	78,48	1759	-3,67	9,67	12,62

VAT rates generally applied in the Member States

In the different categories the highest value added tax is in Hungary, with 27%. In the second category the lowest VAT is in the Netherlands, with 6%.

Country Name	VAT/Sales Tax-General(%) -2016	Restaurant Services:VAT/ Cofee on-site(%) -2016	Restaurant Services VAT/Cofee take-away(%) -2016	Bar and Cafes Sevices:VAT/Cofee on-site(%) -2016
Austria	20%	20%	10%	20%
Belgium	21%	12%	6%	12%
Bulgaria	20%	20%	20%	20%
Czech Republic	21%	21%	15%	21%
Denmark	25%	25%	25%	25%
Finland	24%	14%	14%	14%
France	20%	10%	6%	10%
Germany	19%	19%	7%	19%
Greece	23%	23%	23%	23%
Hungary	27%	18%(5%)	27%	27%
Ireland	23%	13,50%	13,50%	13,50%
Italy	22%	10%	10%	10%
Netherlands	21%	6%	6%	21%
Norway	25%	25%	15%	25%

VAT rates generally applied in the Member States

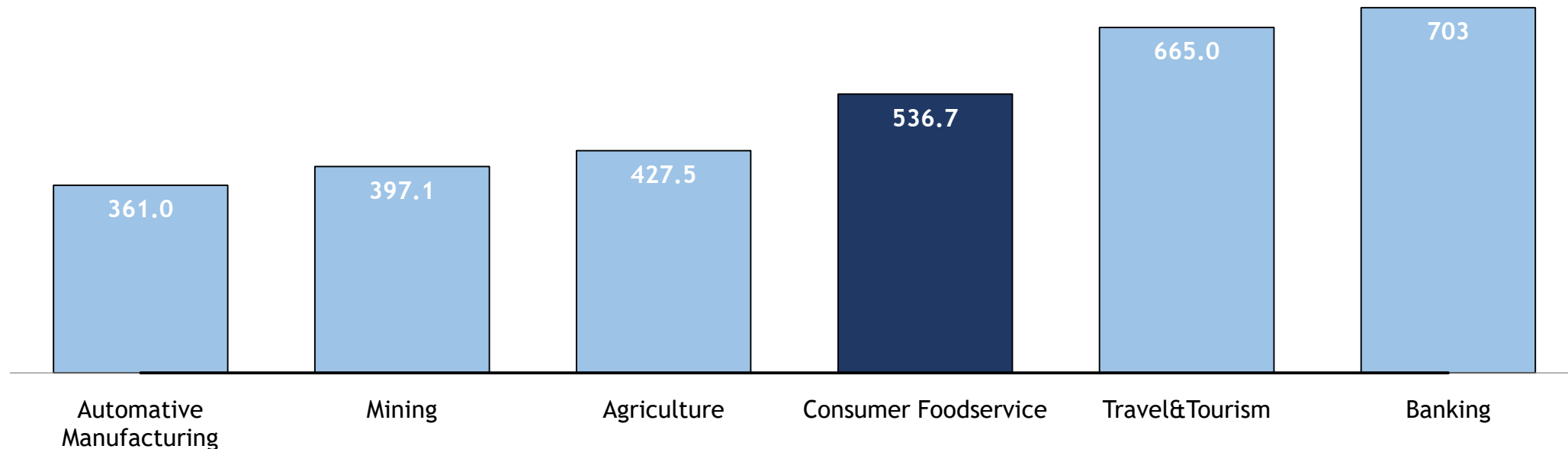
In the first, third and the last categories the lowest VAT is in Switzerland.

Country Name	VAT/Sales Tax-General(%) -2016	Restaurant Services:VAT/ Cofee on-site(%) -2016	Restaurant Services VAT/Cofee take-away(%) -2016	Bar and Cafes Sevices:VAT/Cofee on- site(%) -2016
Poland	23%	8%	8%	23%
Portugal	23%	23%	23%	23%
Romania	19%	9%	9%	9%
Russia	18%	18%	18%	18%
Slovakia	20%	20%	20%	20%
Spain	21%	10%	10%	10%
Sweden	25%	12%	12%	12%
Switzerland	8%	8%	3%	8%
Turkey	18%	18%	18%	18%
UK	20%	20%	20%	20%

Consumer foodservice in Europe

Consumer Foodservice sector's direct revenue reached 536.7 billion EUR in 2015.

Consumer foodservice revenue in comparison with other sectors in 2015
(€ billion)

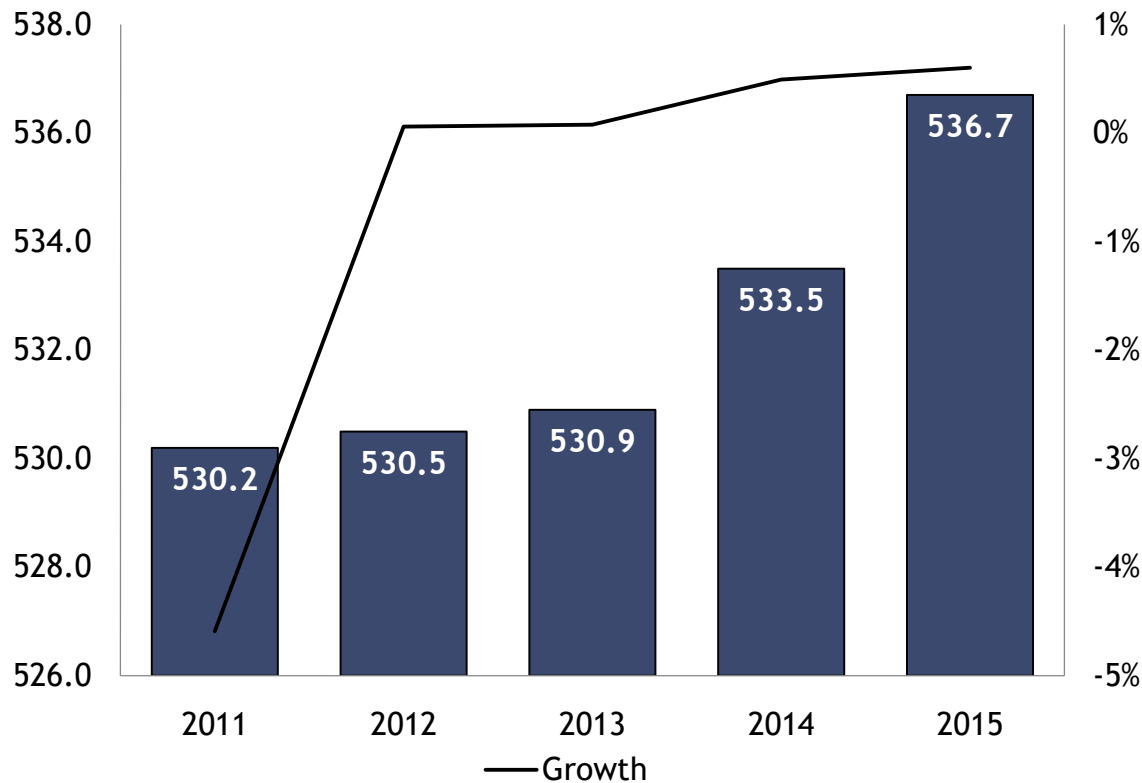


The Consumer Foodservice sector in Europe by revenue exceeds the Agriculture, Mining and Automotive Manufacturing sectors, but can not reach the Travel&Tourism's and Banking's revenue.

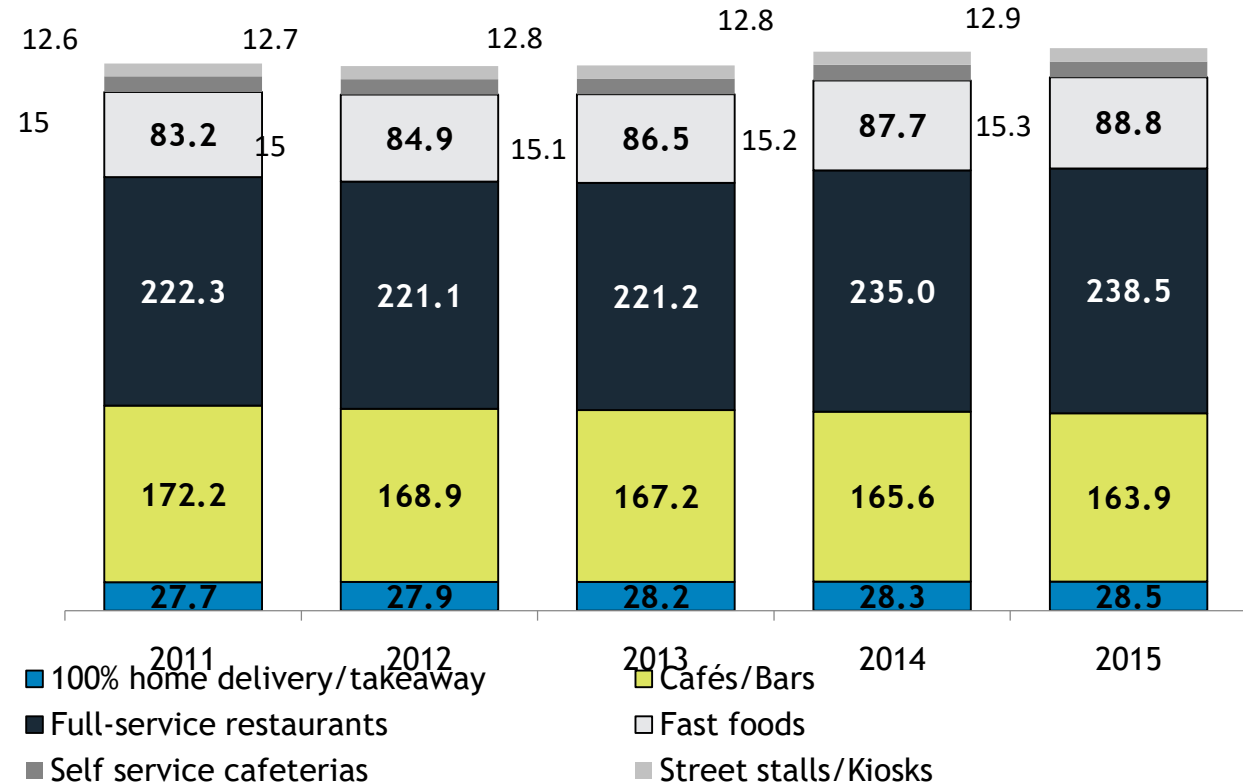
Consumer foodservice in Europe

In Europe the Consumer Foodservice sector grew annually between 2011 and 2015. The biggest subsector in Europe is the Full-service restaurants subsector.

Consumer foodservice revenue 2011-2015
(€ billion)

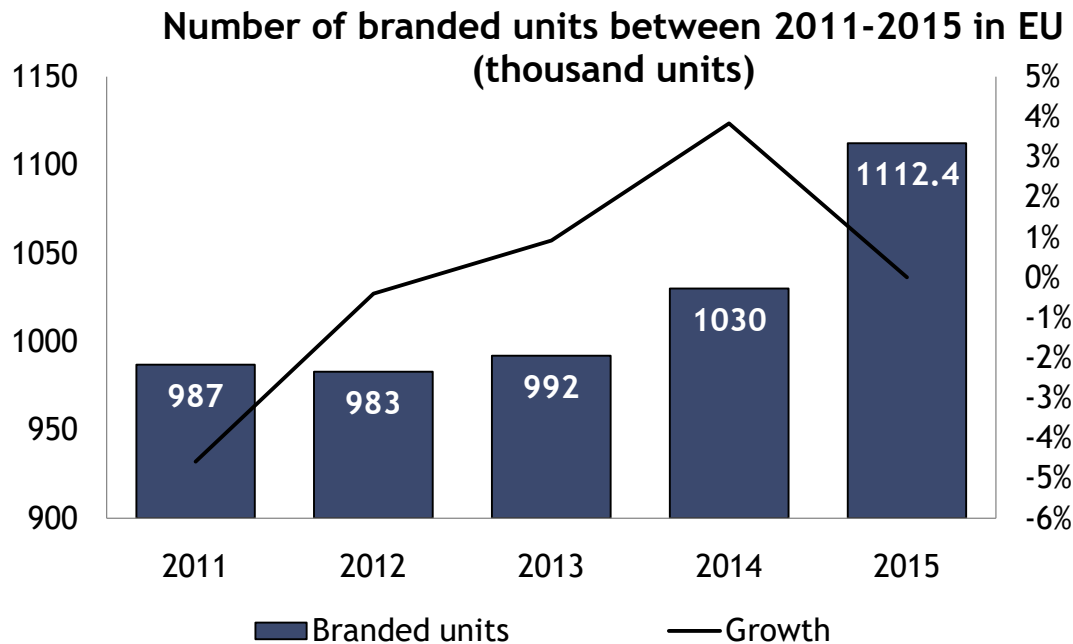


Consumer foodservice revenue by subsectors
(billion EUR)

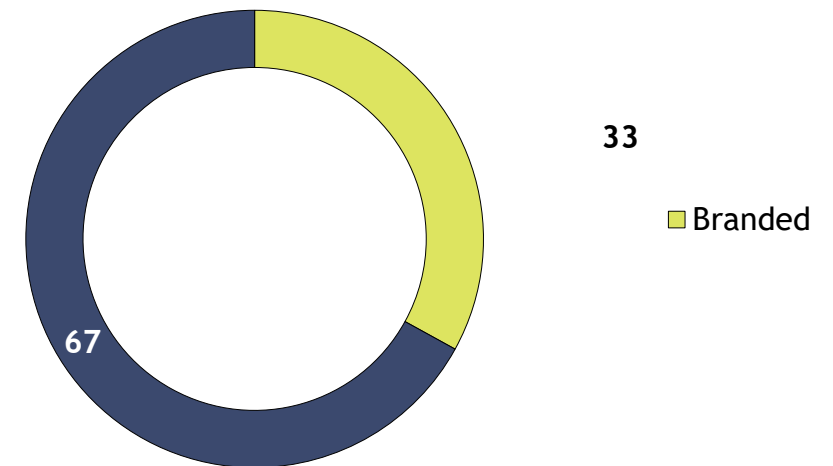


Branded and non-branded restaurants in Europe

Branded restaurants are diversified from the non-branded ones by their advertisements, interior design, visual aspects, menu, take-out boxes, business cards, which all create an unique customer experience.



Distribution of branded and non-branded restaurants in Europe (%)

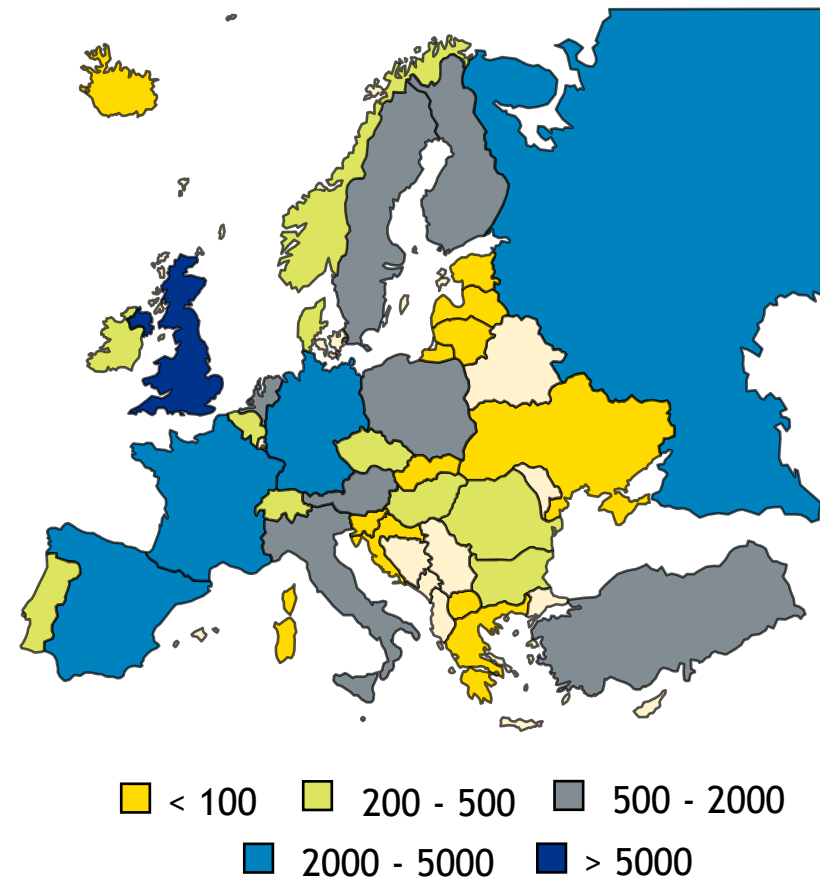
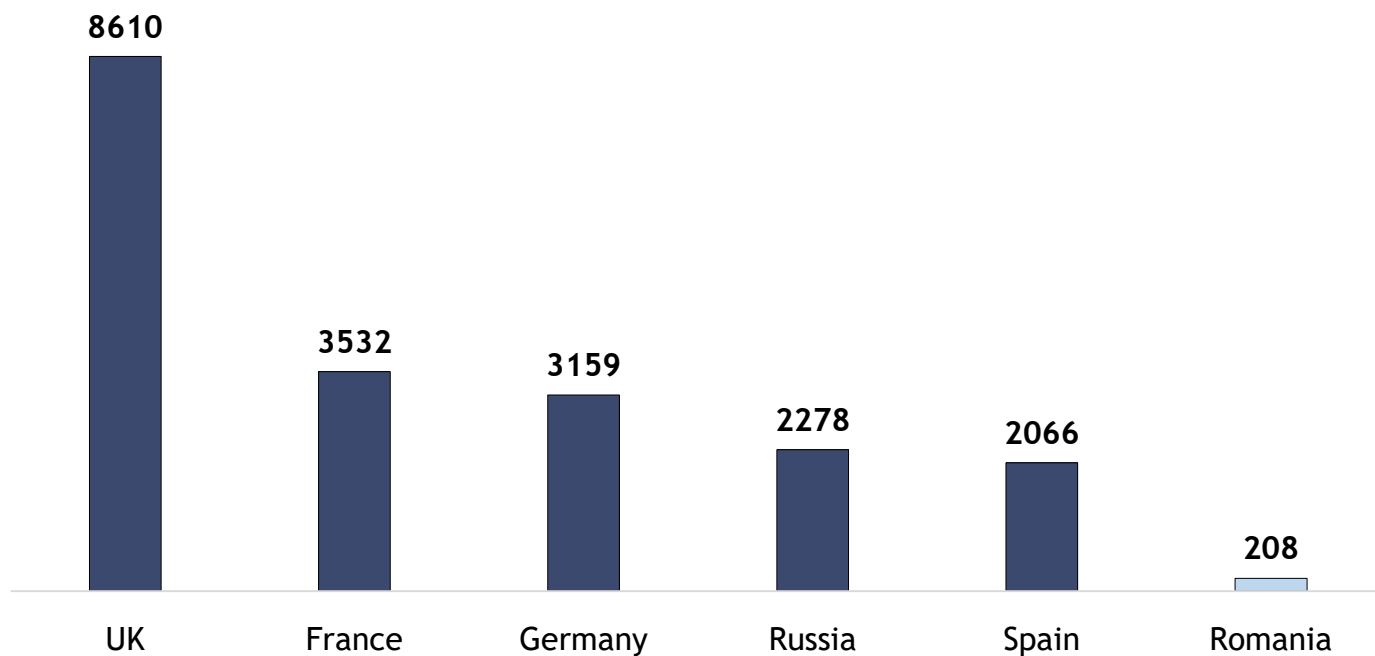


McDonald's is the largest fast food restaurant chain in Europe with the operation of 8320 units. In the case of the casual dining restaurants, the Flunch chain is presented in the highest number.

Branded restaurant units 2016

The UK has the most branded restaurant units, 8610; which is more than the following two countries' total number of units.

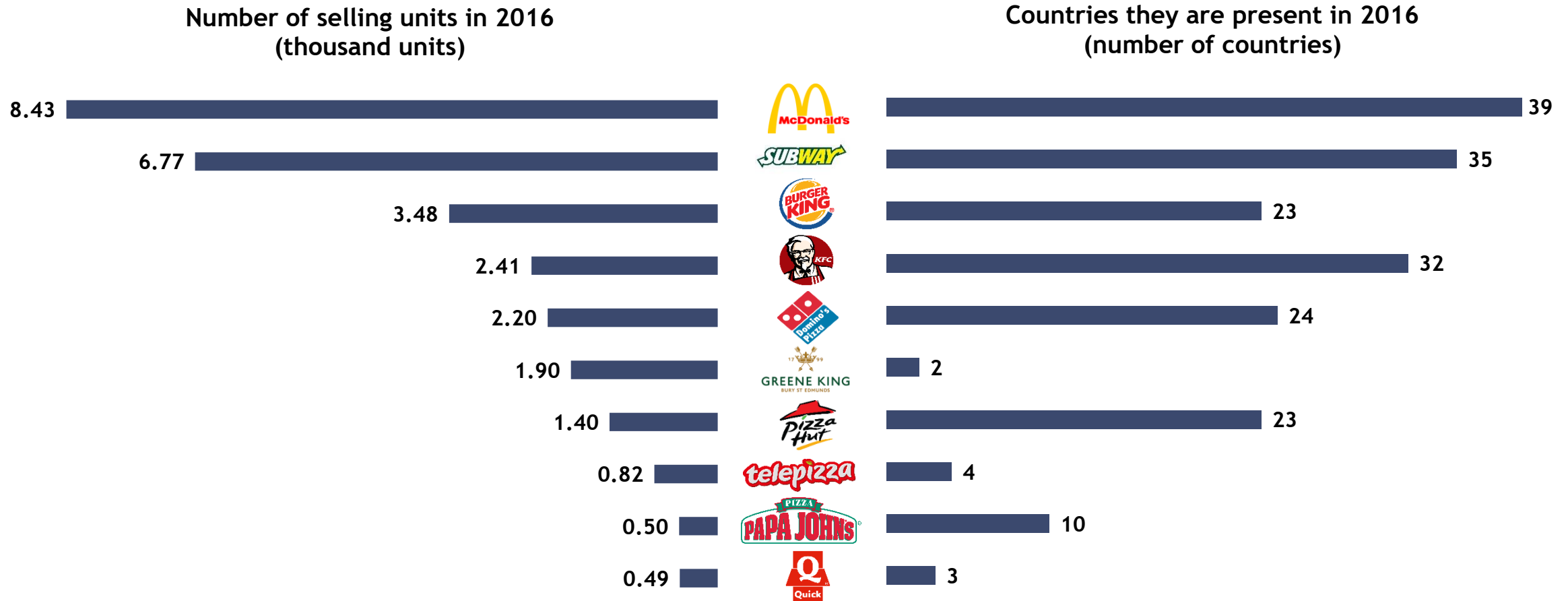
Top 5 countries by number of branded restaurant units, 2016



The total number of branded food and beverage service units in 2016 was 29020, in Romania there were 208 branded restaurant units in 2016.

Top 10 branded restaurants in Europe

The top 20 franchise restaurants are serving fast food and most of them are leading companies worldwide as well. Half of them has its headquarters in the United States.

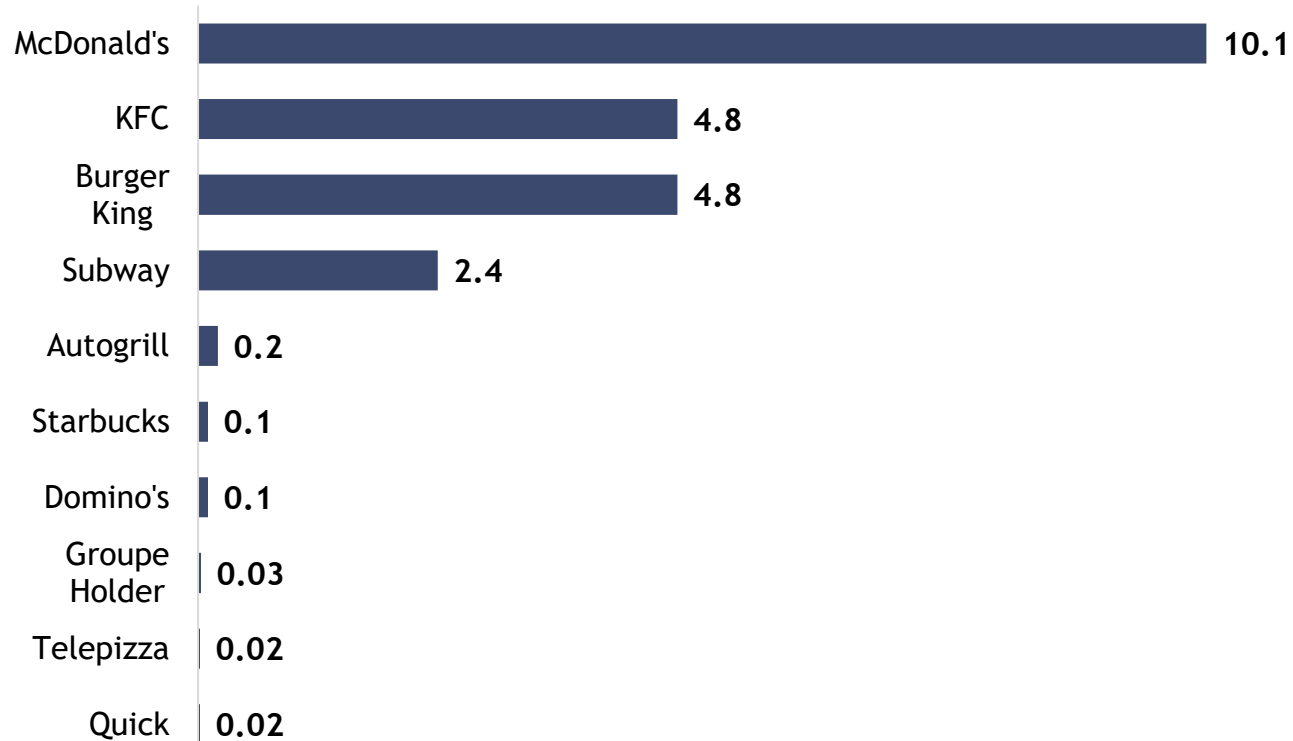


The top 10 branded restaurants grew an average 5,5% in the number of selling units between 2015-2016.

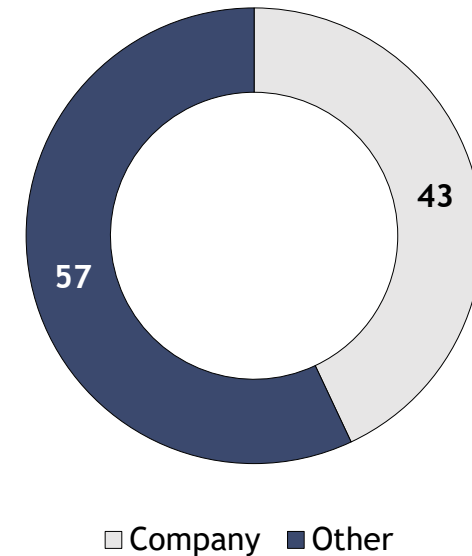
Top 10 fast food chains in Europe

The leading fast food chain is McDonald's, with more than 10 billion Euros as revenue and it has stores in 39 countries. It is followed by KFC and Burger King.

Top 10 fast food chains revenue in 2016 (billion EUR)



McDonald's market share in Europe (%)



The McDonald's fast food chain grew an average 1,77% in the revenue between 2015-2016.

European food truck industry

In Asia and in America street food has tradition, but in Europe this type of eating has just been gaining more and more popularity which led to the rise of the food truck industry.



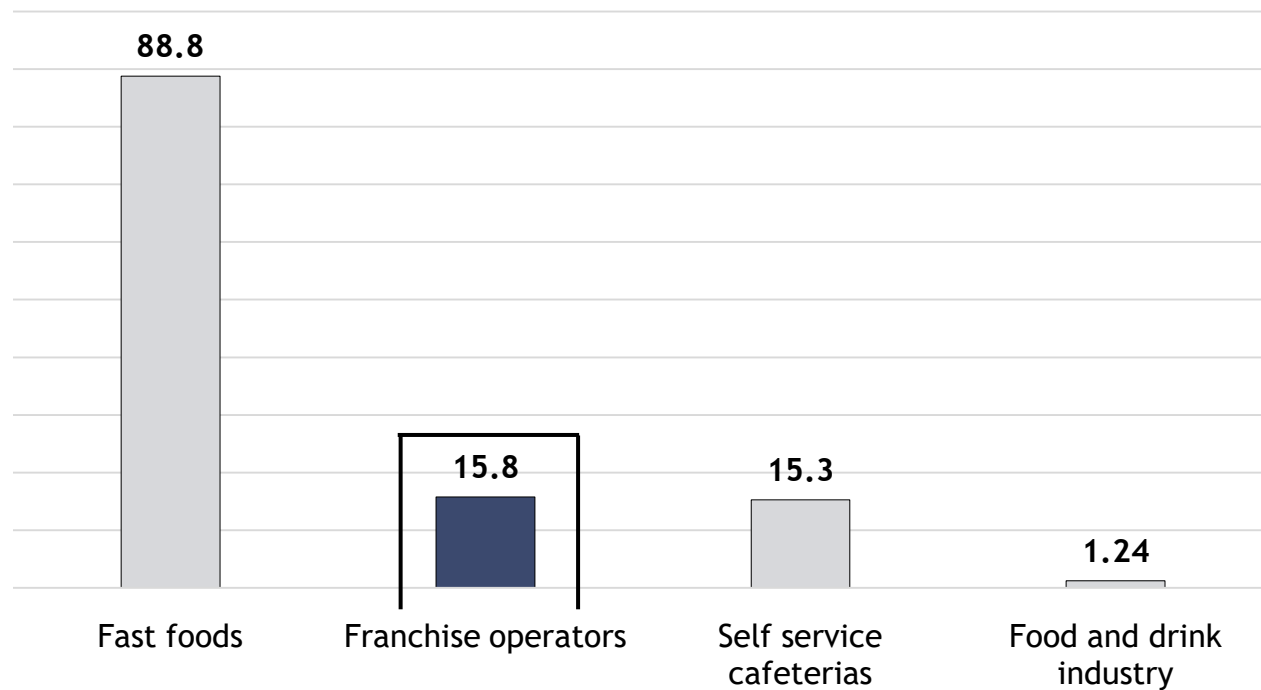
The TOP food truck companies are registered in France (Cantine California, Le Réfectoire, Mozza & Co), in the UK (Engine, The Bell & Brisket, Cheeky Italian), in Belgium (Urban Cook, Keep on Toasting Gourmet Toasties), in Germany (Vatos Tacos) and in Switzerland (Les Tartes de la Caravane).

Street food markets and festivals are more and more popular in Europe, so there is a huge potential in the food truck industry.

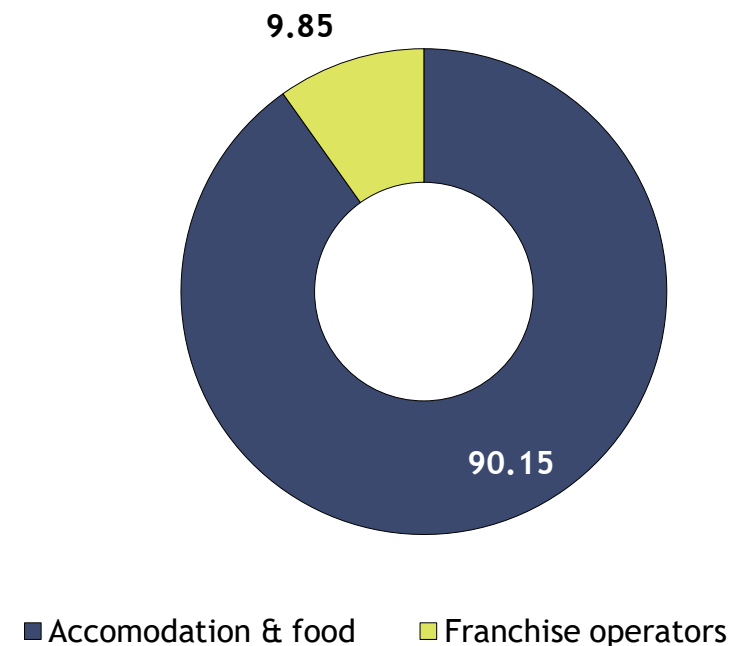
Restaurant franchise operator industry

Many of the largest franchise systems are dominated by a small number of Multi-Unit Franchisees. A Multi-Unit Franchise operator (franchisee) owns and operates more than one unit, traditionally in the same general region.

Franchise operator companies revenue in comparison with other sectors (€ billion)



Value added, 2016 (%)



European Multi-Unit Franchise operator companies generated more than €15 billion in value added. With this value, that industry is placed in the second half of the list, among the industries.

Biggest operators in Europe (2016)

We identified the 5 biggest operators in food service, based on a ranking of the 99 largest multi-unit franchisee organizations.

	Company	Units	Brands
1.	NPC International	1.497	Pizza Hut, Taco Bell
2.	Target Corp	1.197	Pizza Hut
3.	Flynn Restaurant Group	730	Taco Bell
4.	Carrols Group	705	Burger King
5.	Dhanani Group	594	Burger King, Popeyes

The biggest operator in Europe is the **NPC International**, which includes in its portfolio the Pizza Hut and Taco Bell brands.

Key success factors for consumer foodservice industry suppliers

A key criteria in selecting the right supplier for a restaurant is value.

2015

1. Customer service
2. Delivery commitments
3. Reliability and responsiveness
4. Resource savings (hard and soft)

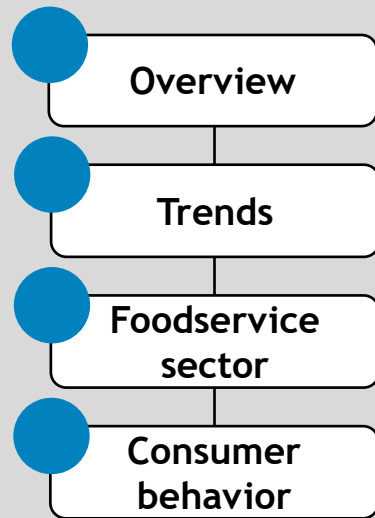
2016

1. Sourcing ingredients
2. Food safety
3. Trends
4. Speed

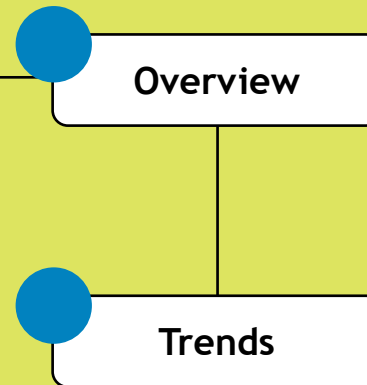
The first key factor in choosing the right supplier moved from customer service (2015) to the sourcing ingredients (2016).

[Executive summary]

[Global]



[Europe]



The restaurant industry's perspectives on consumer trends for 2017

Consumer trends in the restaurant industry are changing fast: consumers are becoming more aware of what they eat, how their dining habits effect the enviroment and they have a lot of expectation regarding the technological equipmement of the restaurants.

Consumer trends

- Healthy eating
- Digital technology
- Social responsibility
- Educated consumers
- Higher expectations
- Special drink pairings
- Concept-based ideas
- Vegetarian options

Industry perspectives-consumer trends

"Being known for serving local produced and organic food can be an important point of differentiation in the market place, giving a competitive advantage to the restaurant." dr Snježana Gagić, Assistant Professor, Faculty of Science, Novi Sad, Republic of Serbia

"They're (consumers) hyperconnected, and if a location lets them use technology to place an order, they'll come back 6 percent more often and spend 20 percent more each time, according to our survey results. They value connections, and 70 percent of survey respondents look for apps that deliver personalized offers." Andrew Feinberg, Principal, US Restaurant Consulting Leader

"The key is that consumers aren't just looking for something to eat; they're yearning to deepen their understanding of themselves and how they can fit into the world around them in a sustainable way. Restaurants are no longer here to simply satisfy hunger." Eilizabeth Moskow, Culinary Director, Sterling-Rice Group, US

"Organic, antibiotic-free and hormone-free foods are subsets of a broader trend. Consumers are educating themselves about what's going in their bodies and what's going into children's bodies." Mark Kalinowski, managing director of U.S. restaurant industry research for Nomura Instinet

"Serving a specialty beverage per each course is popular right now so creating unique menu with drink ideas is important." Larry DiPasquale, CEO, Epicurean Group, UK

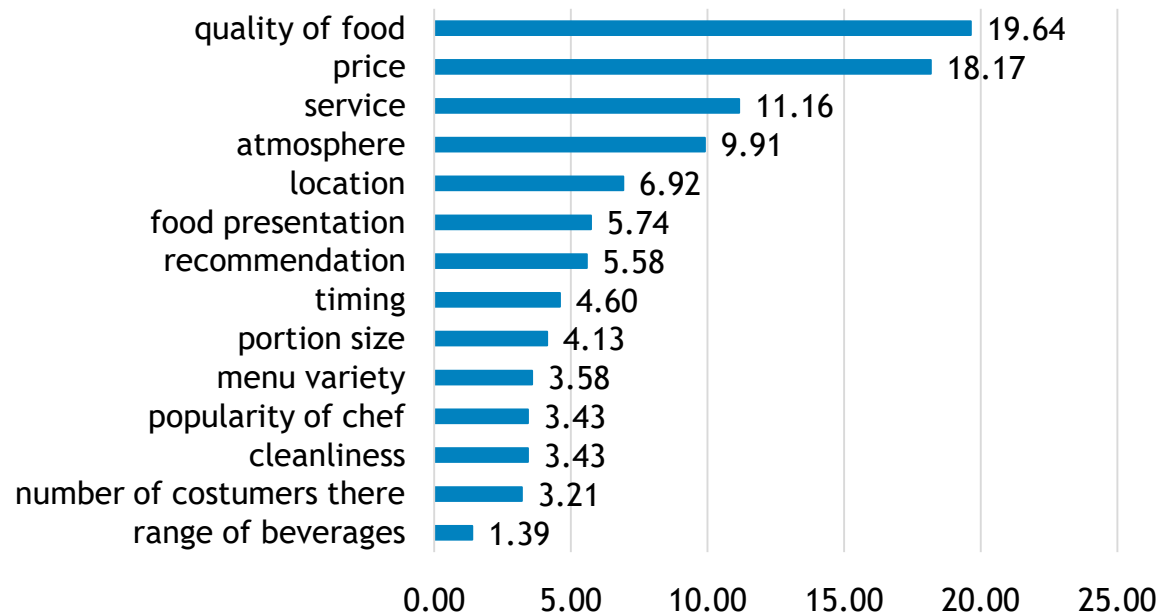
"Menu trends today are beginning to shift from ingredient-based items to concept-based ideas, mirroring how consumers tend to adapt their activities to their overall lifestyle philosophies, such as environmental sustainability and nutrition." Hudson Riehle, senior vice president, National Restaurant Association, US

"The appeal and potential for vegan products is expanding beyond the small group of people who avoid animal products for ethical reasons to include the much larger base of consumers seeking healthier, cleaner foods." Eric Pierce, director of strategy, New Hope Natural Media, US

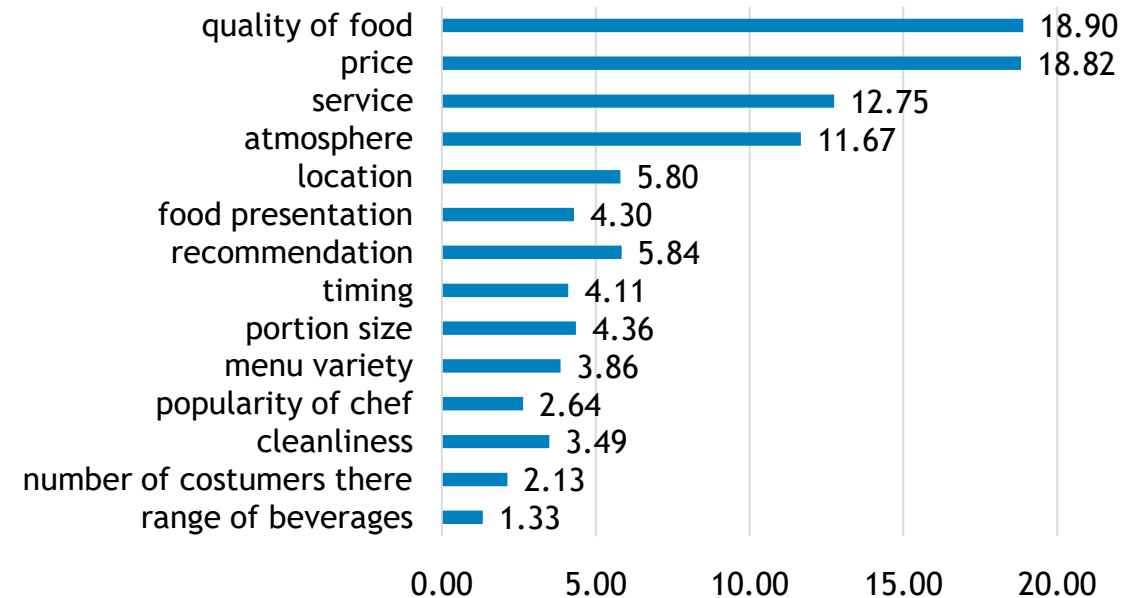
Key success factors of restaurant selection in 2015-2016

The distribution of the 15 most influential factors that consumers consider when selecting a restaurant has barely changed between 2015 and 2016.

The distribution of key success factors in 2015 (%)



The distribution of key success factors in 2016 (%)



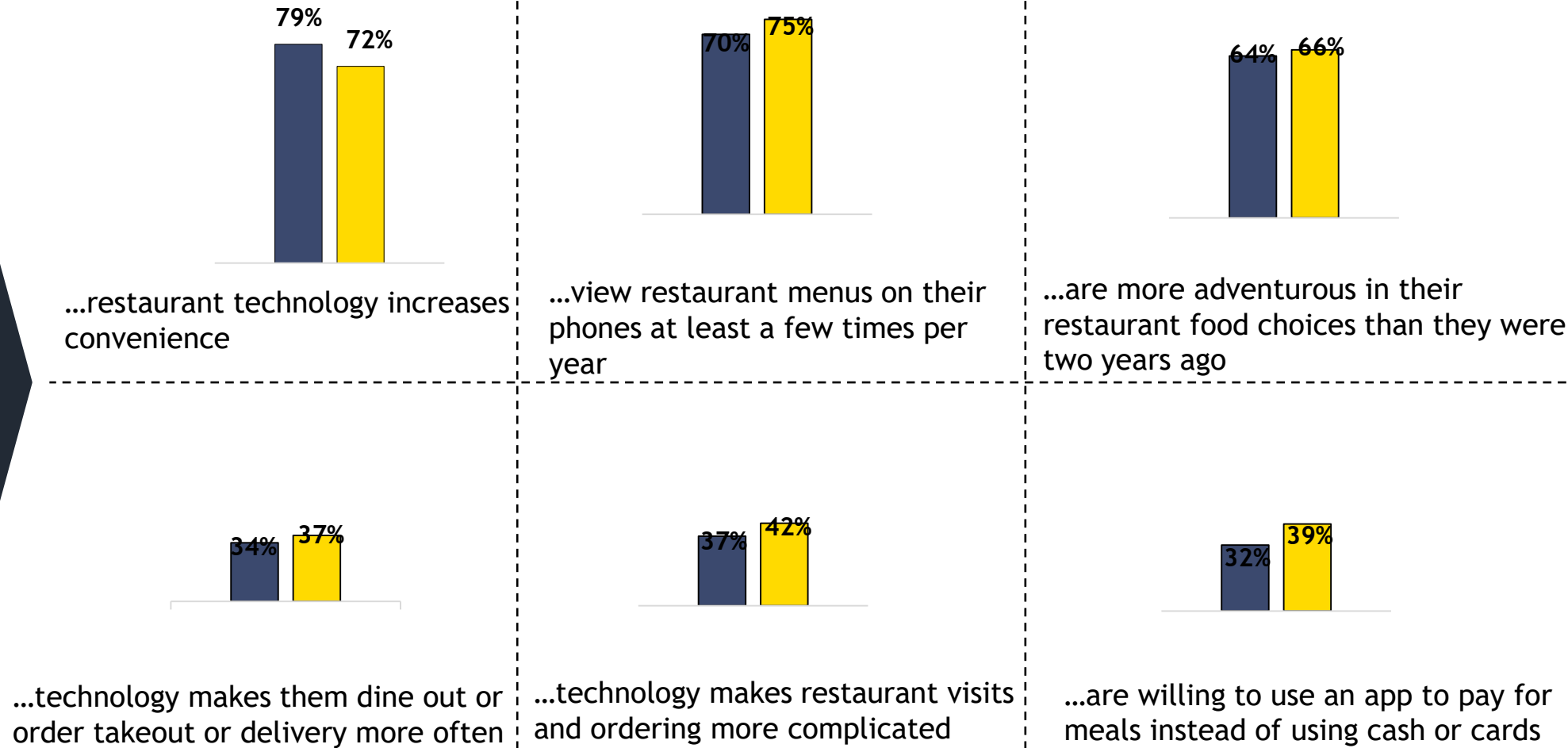
The quality of food, price and the quality of service the restaurant offers were the most influential factors in both years. Also, other factors such as the atmosphere tend to become more important for the costumers.

Consumer trends 2015-2016

Technology is influencing the restaurant industry, the way we dine out, and the consumer choices regarding which restaurant to choose.

Consumers said, that...

75% of consumers usually view restaurant menus on their phones. Also 42% of them said that technology makes the dining experience more complicated, which show a 5% increase compared to the previous years.



■ 2015 ■ 2016

Consumer trends 2015-2016

In 2015 - 2016 consumers expected more from their favourite brands, especially in the areas of technological amenities and food quality.

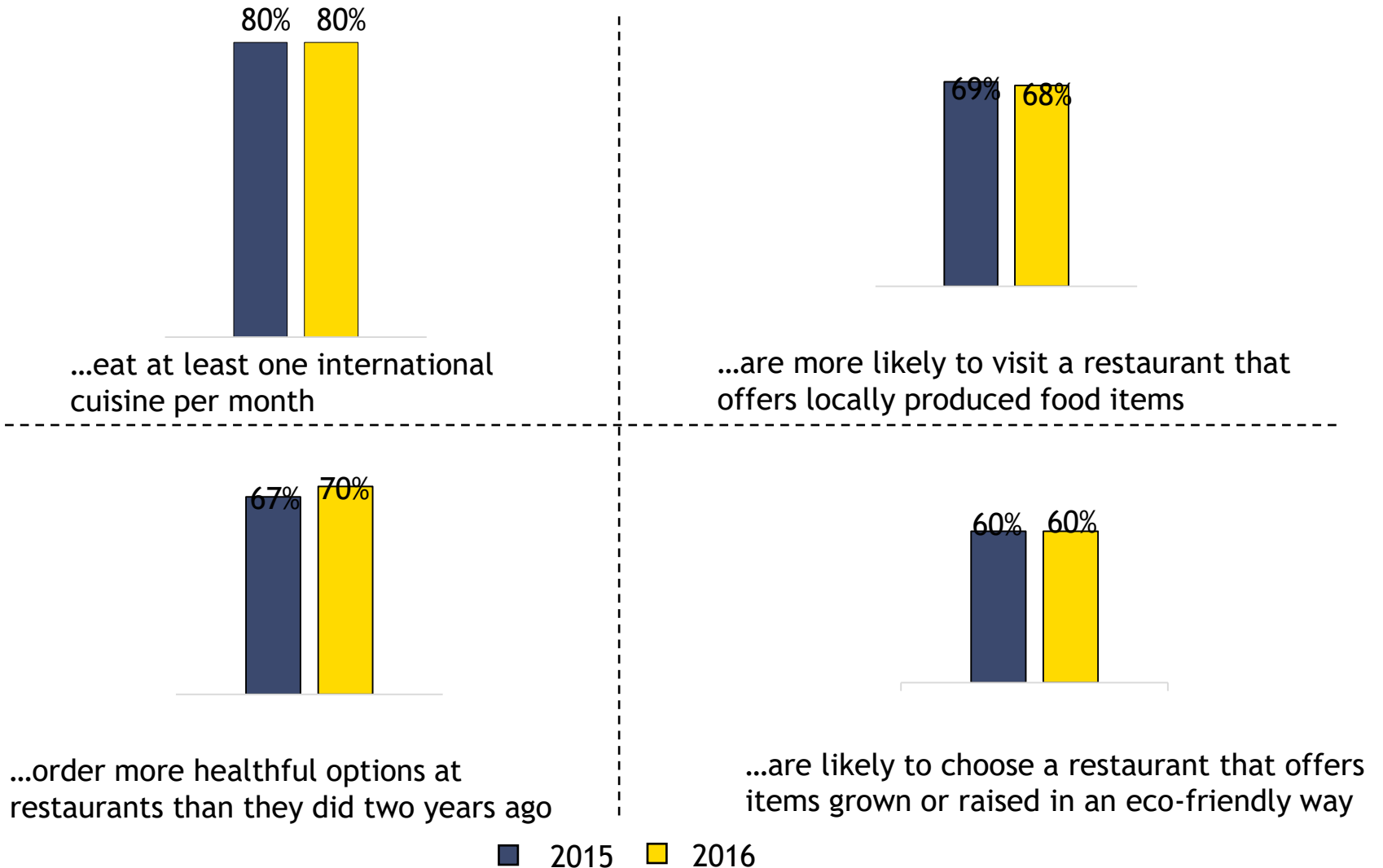
Consumers said, that...	Rank 2015	Changes 15-16	Rank 2016
...eat at least one international cuisine per month	●	0%	●
...restaurant technology increases convenience	●	-7%	●
...view restaurant menus on their phones at least a few times per year	●	+5%	●
...are more likely to visit a restaurant that offers locally produced food items	●	-1%	●
...order more healthful options at restaurants than they did two years ago	●	+3%	●
...are more adventurous in their restaurant food choices than they were two years ago	●	+2%	●
...are likely to choose a restaurant that offers items grown or raised in an eco-friendly way	●	0%	●
...technology makes restaurant visits and ordering more complicated	●	+5%	●
...technology makes them dine out or order takeout or delivery more often	●	+3%	●
...are willing to use an app to pay for meals instead of using cash or cards	●	+7%	●

Consumer trends 2015-2016

66% of European residents are concerned about the long-term health impact of eating healthy during restaurant visits. The consumer trends represent the awareness of consumers during dine-outs.

Consumers said, that...

70% of consumers order more healthful meals at restaurants, which is with 3% higher than it was in 2015. In the last two years restaurants which offers locally produced food items are more popular, they are chosen by 68% of consumers.



Branded restaurants growth by country, 2015-2016

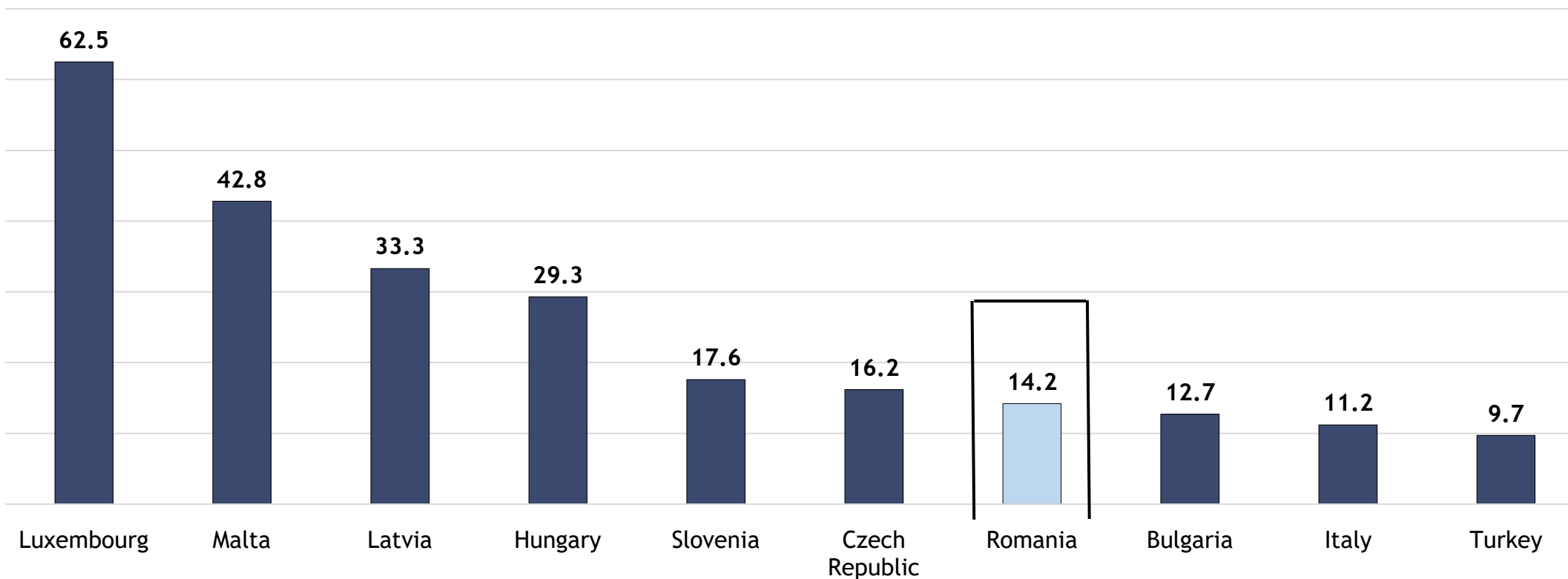
The number of branded restaurant units in the most European countries show a growth from 2015 to 2016. In Romania this number grew by more than 14 %, this is in average growth rate.

Growth Rank 2016	Country	2015	2016	Change 2015-2016	Growth (%)	Market share (%)
1	Luxembourg	24	39	15	62,50	0,19
2	Malta	14	20	6	42,86	0,10
3	Latvia	15	20	5	33,33	0,10
4	Hungary	133	172	39	29,32	0,84
5	Slovenia	17	20	3	17,65	0,10
6	Czech Republic	172	200	28	16,28	0,98
7	Romania	182	208	26	14,29	1,02
8	Bulgaria	102	115	13	12,75	0,56
9	Italy	658	732	74	11,25	3,58
10	Turkey	1021	1120	99	9,70	5,48
11	Greece	79	86	7	8.86	0,42
12	Denmark	126	135	9	7,14	0,66
13	France	3317	3532	215	6.48	17,29
14	Belgium	369	387	18	4,88	1,89
15	Netherlands	722	753	31	4,29	3,69
16	Spain	1982	2066	84	4,24	10,11
17	Portugal	430	439	9	2,09	2,15
18	Germany	3140	3159	19	0,61	15,46
19	Ireland	392	390	-2	-0,51	0,26
20	United Kingdom	8003	6710	-1293	-16,16	32,84

Top 10 countries by branded restaurants growth, 2015-2016

The smaller countries are mostly in the first half of the list, because the number of branded restaurants are really low, and the percentage rises in the case of further expansion of the brands.

Growth, 2015-2016 (%)

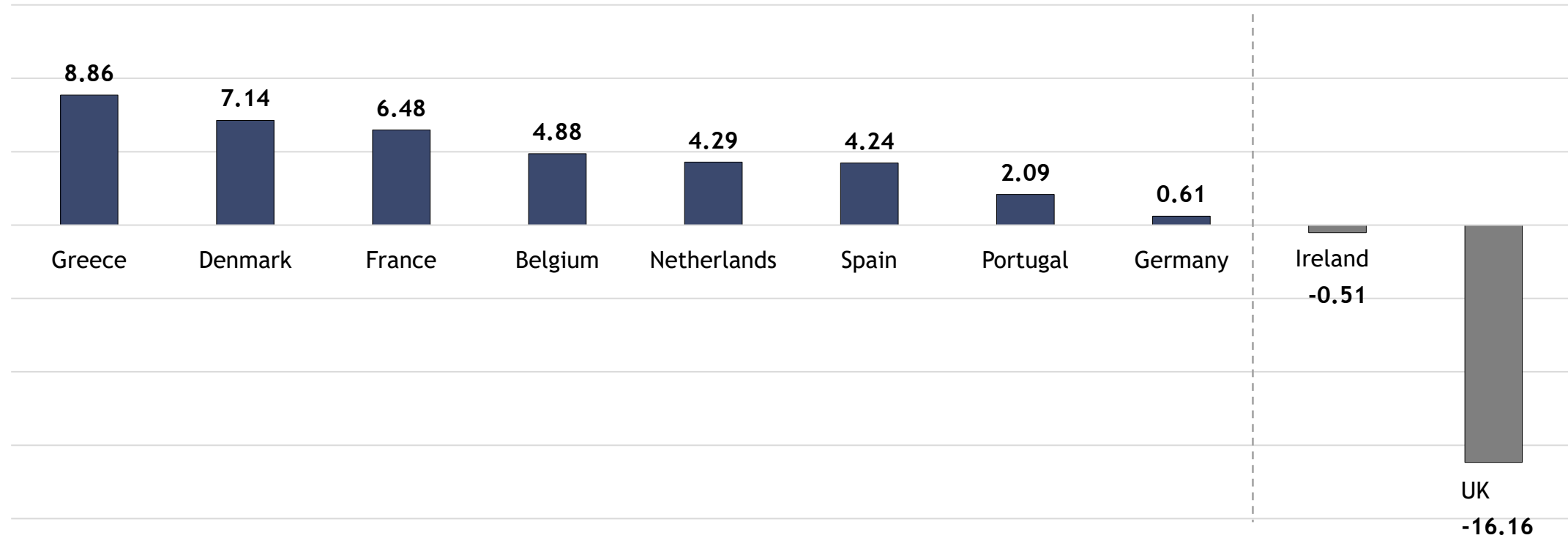


Luxembourg took the first place among the European countries with 62,5 % growth. Romania is also in the first ten, with a growth of 14 %.

The bottom 10 countries by branded restaurants growth, 2015-2016

The bigger countries in Europe as it was expected are in the second half of the results, nevertheless the changes in the number of branded restaurants in their case are really high.

Growth, 2015-2016 (%)

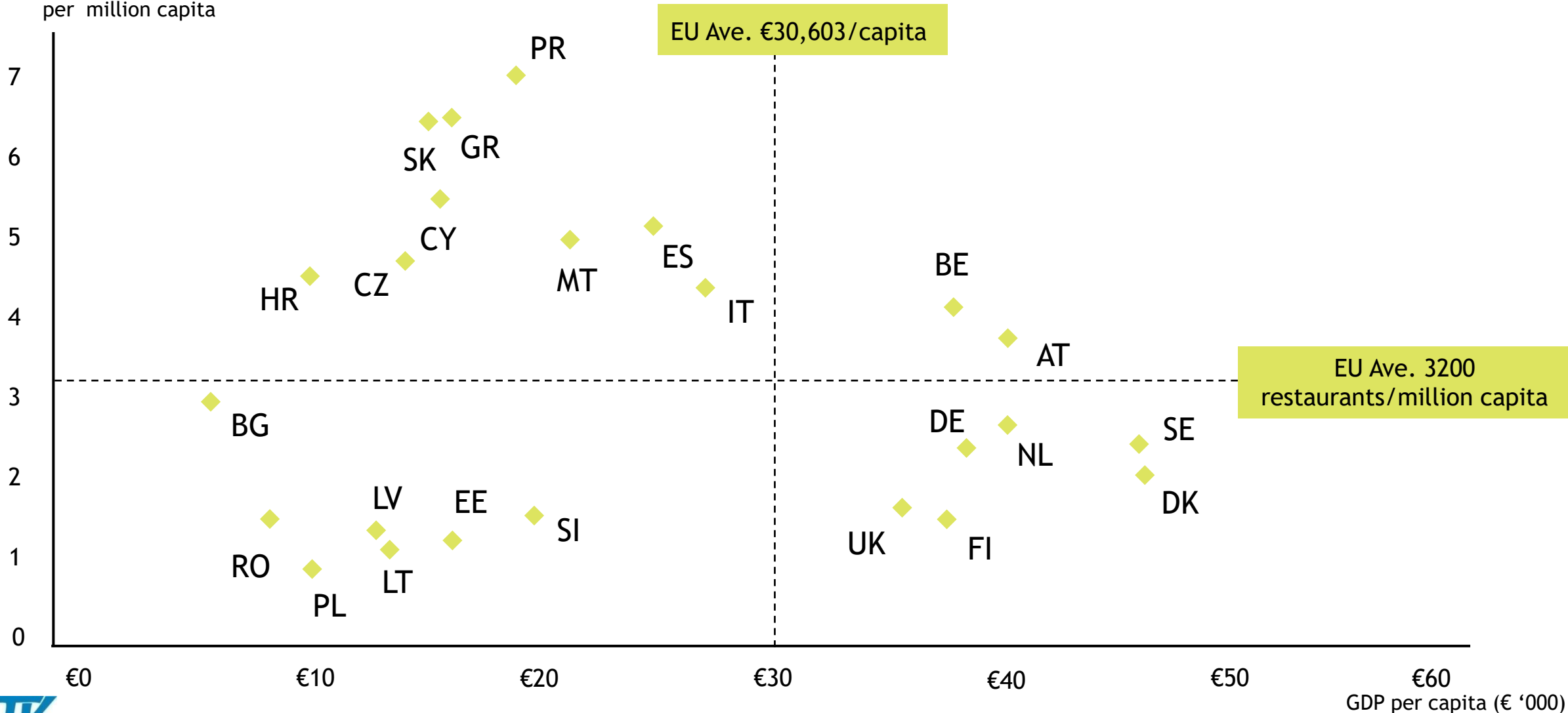


The most branded restaurant units are in the UK. But from 2015 to 2016 so many of them got eliminated, which caused a really high decrease, considering the percentage of the growth.

EU comparative analysis

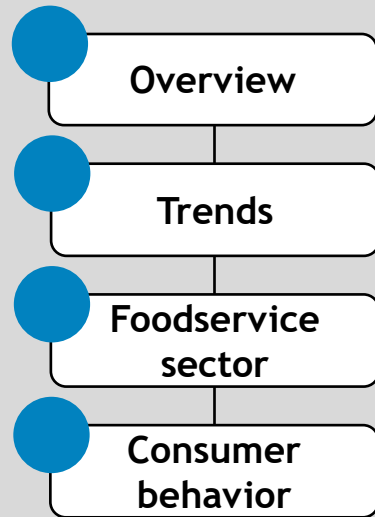
In the EU Portugal has the highest number of food and beverage service units per million population which is 7200 units per million capita, and Poland has the lowest number 1060 units per million capita.

No. of food and beverage service units ('000) per million capita

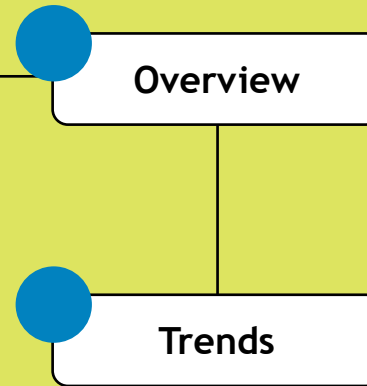


[Executive summary]

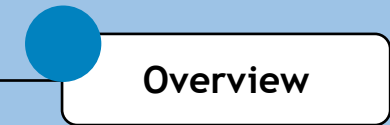
[Global]



[Europe]



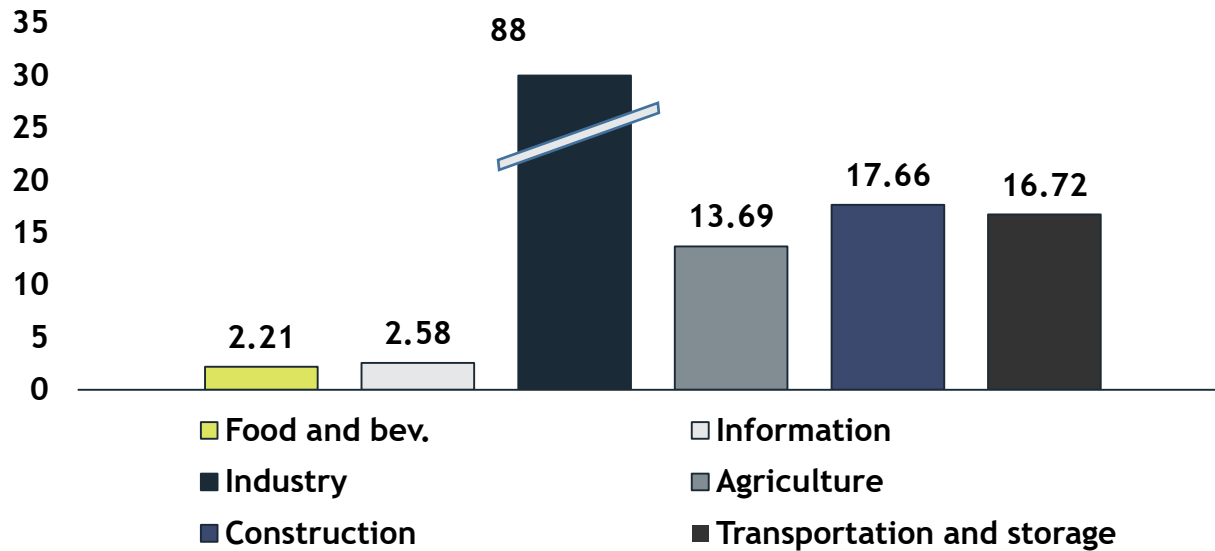
[Romania]



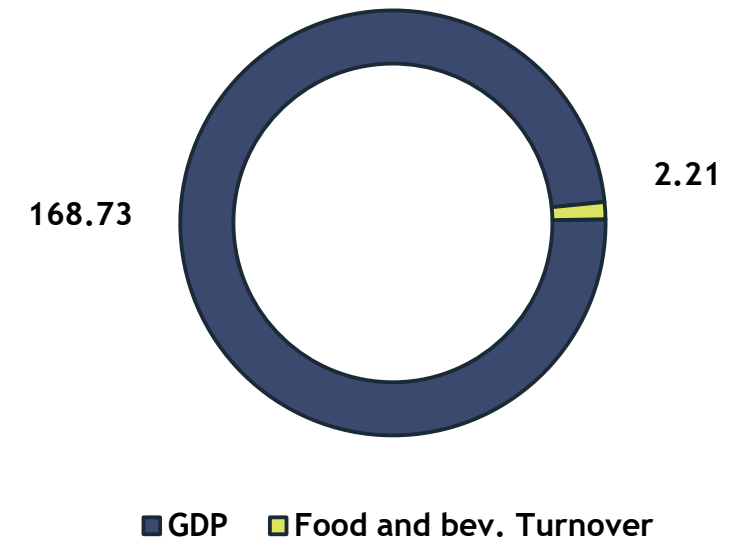
Total turnover of food and beverage sector, 2016

In 2016, the turnover of food and beverage sector reached 2,2 billion €. In this period, the highest turnover was reached in the industry sector, followed by construction, transportation and storage and agriculture sectors.

Food and beverage turnover compared to top industries, 2016 (bill. €)



Food and beverage turnover compared to GDP, 2016 (bill. €)

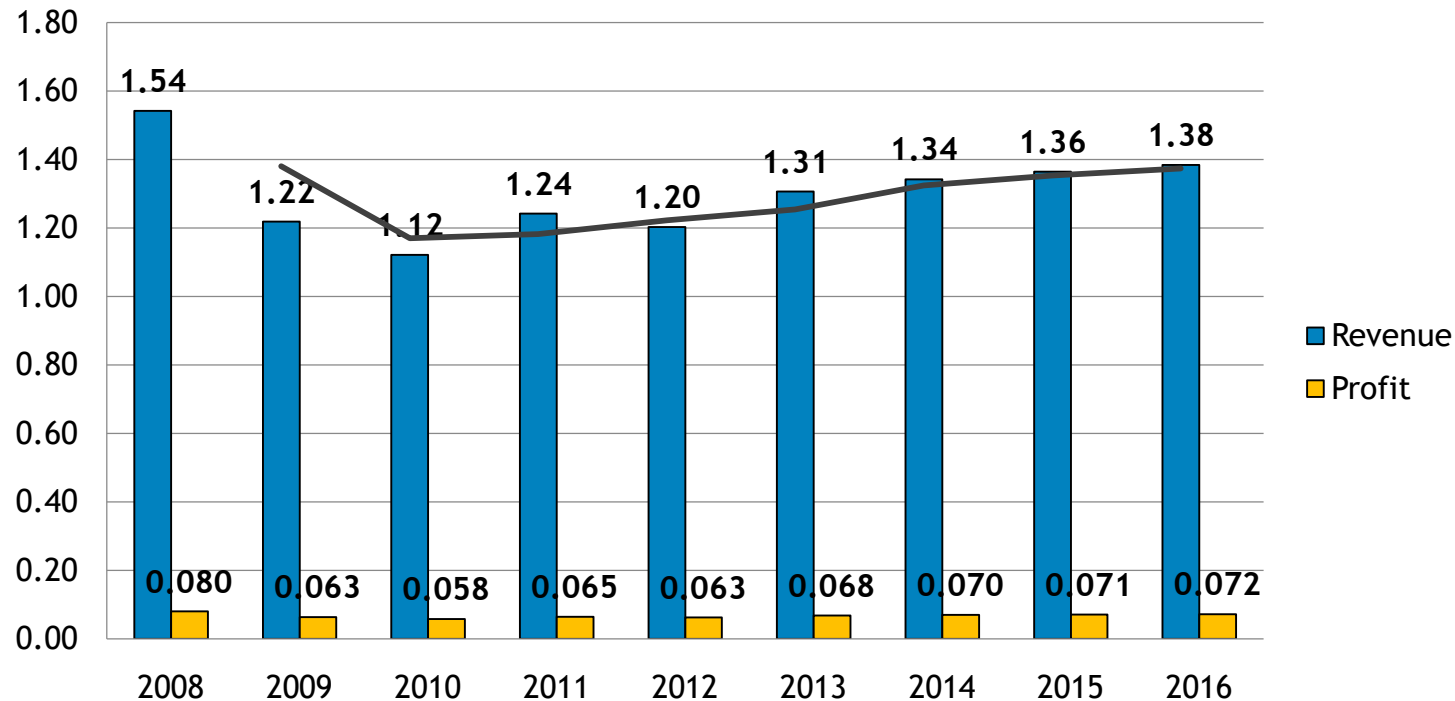


In 2016, the food and beverage sector's turnover was 1,3% of Romania's GDP, which means 2,21 billion €. In this period, the highest turnover was reached in the industry sector, of 88 billion €. Information sector's turnover was only around 1,5% of the total GDP, but it is projected that it will reach 3% in the next 3 years.

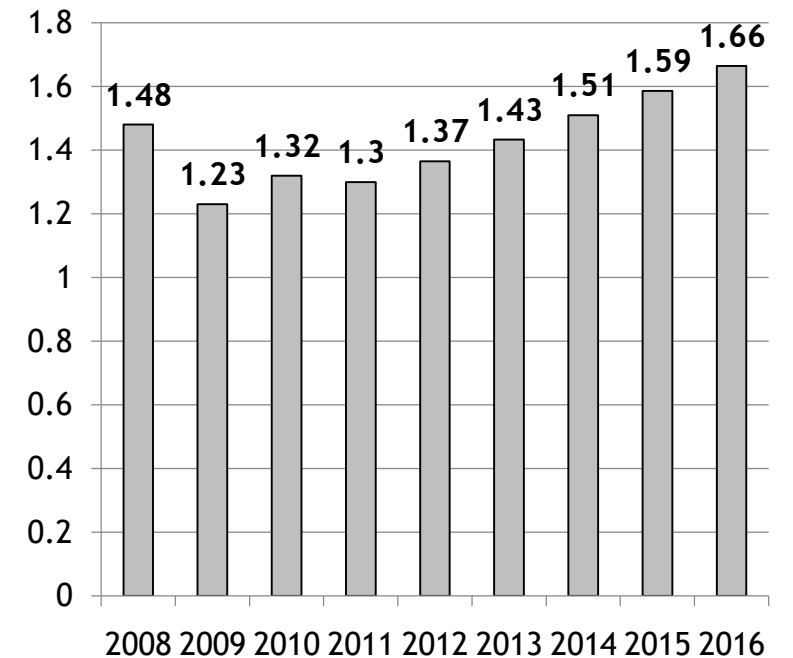
Revenue and profit in the foodservice sector

The revenue and the profit increased constantly since 2010 and in 2016 the restaurant sector's revenue reached the 1,38 € billion and the profit reached the 72 € million.

Revenue and profit in the foodservice sector in Romania from 2008 to 2016 (€ billion)



The foodservice market size in Romania from 2008 to 2016 (€ billion)

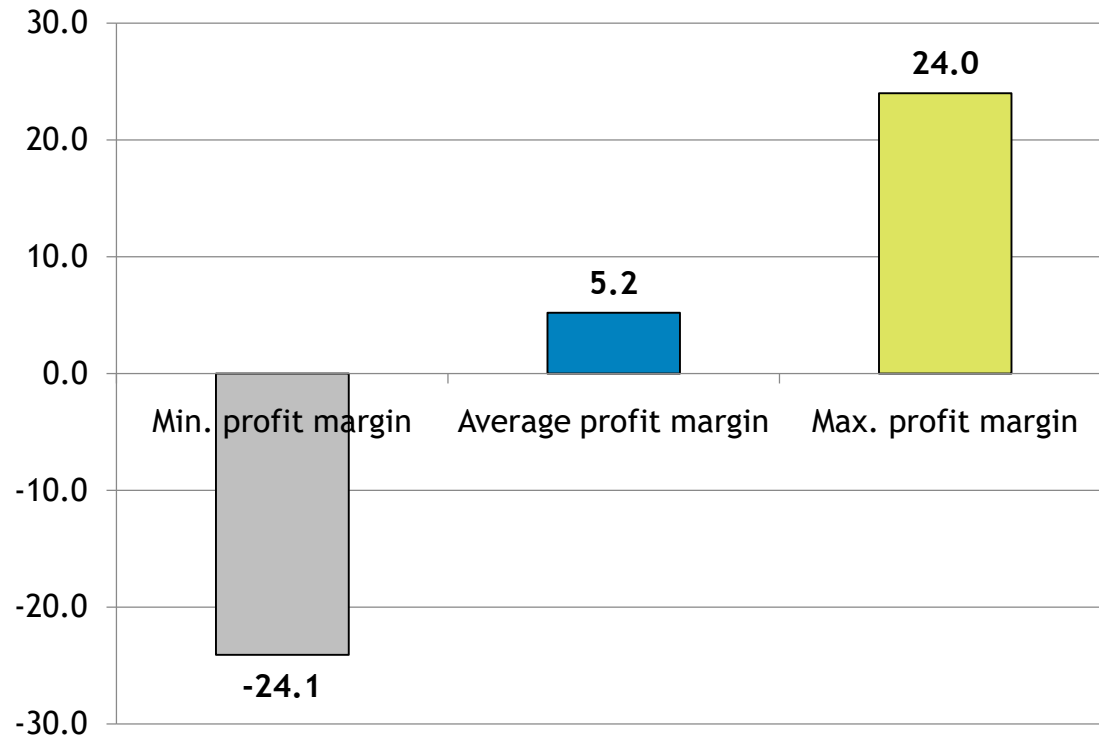


Because of the economic crisis the revenue and the profit decreased a lot in the restaurant segment in Romania, but since 2010 the revenue and the profit increased with 5% in average. The market size of this segment also expanded and reached 1,66 € billion in 2016.

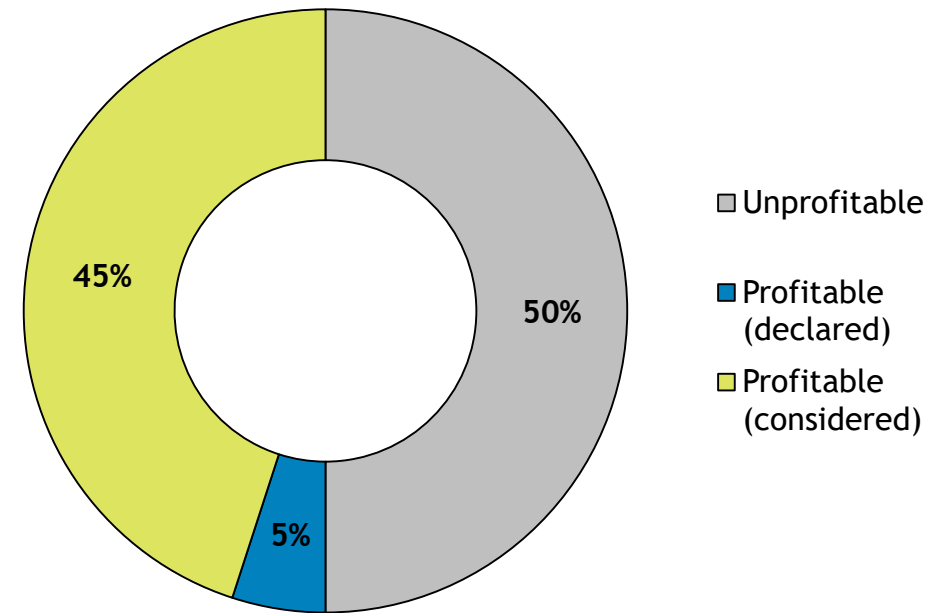
Average profit in the foodservice sector

95% of restaurants reported that they were loss makers, however the „Inspection Association of HORE” (RO) considers that further 45% are profitable.

Restaurant, food and beverage sector's profit margins (%), 2015



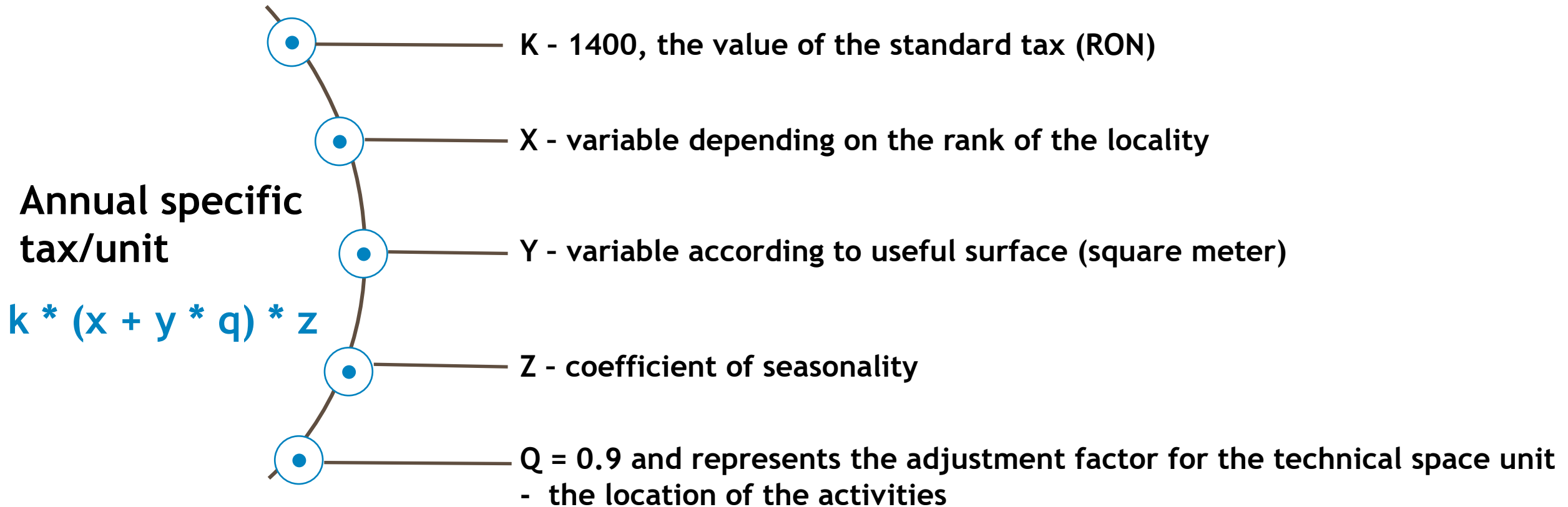
Distribution of profitable and inprofitable restaurants in romania (%), 2016



The average profit in this sector is 5,2%. But some of restaurants registered 24% profit, and some registered - 24,1% loss. Because of the tax fraud, the government decided to implement a new tax (2017), especially for restaurants.

Specific tax 2017 - A new type of tax

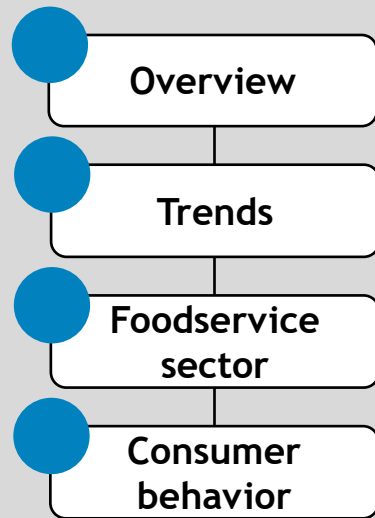
Starting with January 1, 2017, the profit tax is replaced for certain activities with a new type of tax, approved by the Law no. 170/2016, which applies more precisely to the activities of NACE 5610 - 27 "Restaurants"



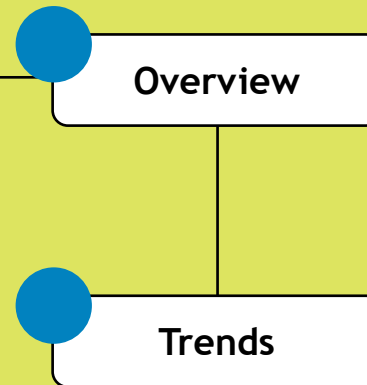
Basically, the new tax system is calculated based on certain variables, without taking into account whether the businesses are profitable or not, so small entities in particular will have to pay more than they have done so far.

[Executive summary]

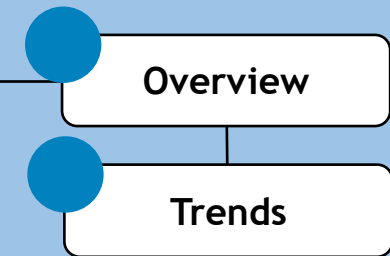
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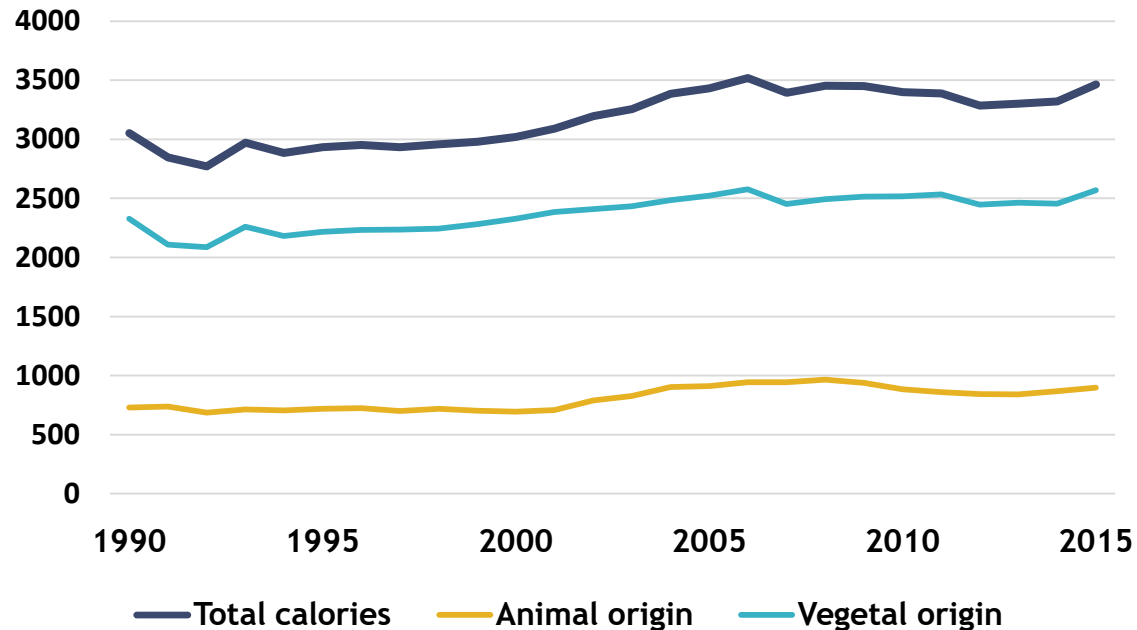
[Romania]



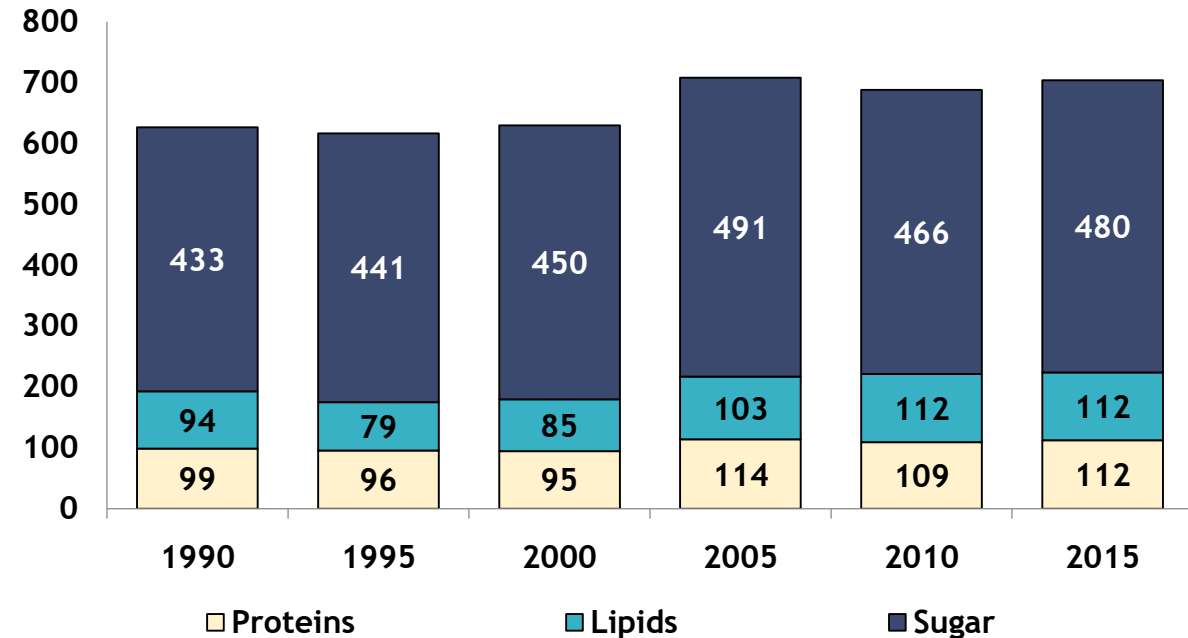
Daily food consumption per capita in Romania (calories and nutrients)

Average daily intake of calories per day was significantly beyond the normal intake (2500). The highest average value was registered in 2008, of 3455. Sugar intake in the last 25 years was 4 times higher, than protein or lipid intake.

Average daily calories per capita, 1990-2015



Daily nutrient consumption per capita, 1990-2015

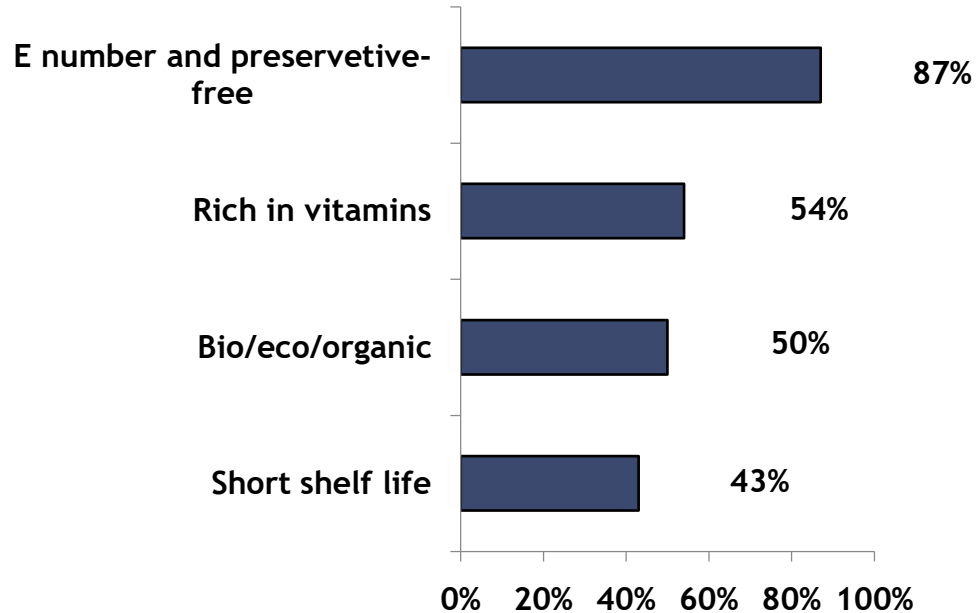


Average daily intake of calories have been fluctuating around 3000 calories until 2002, after that it started to increase. The major part of calorie intake is of vegetal origin. However more and more people start to live a healthier lifestyle, sugar consumption highly exceeds the consumption of proteins.

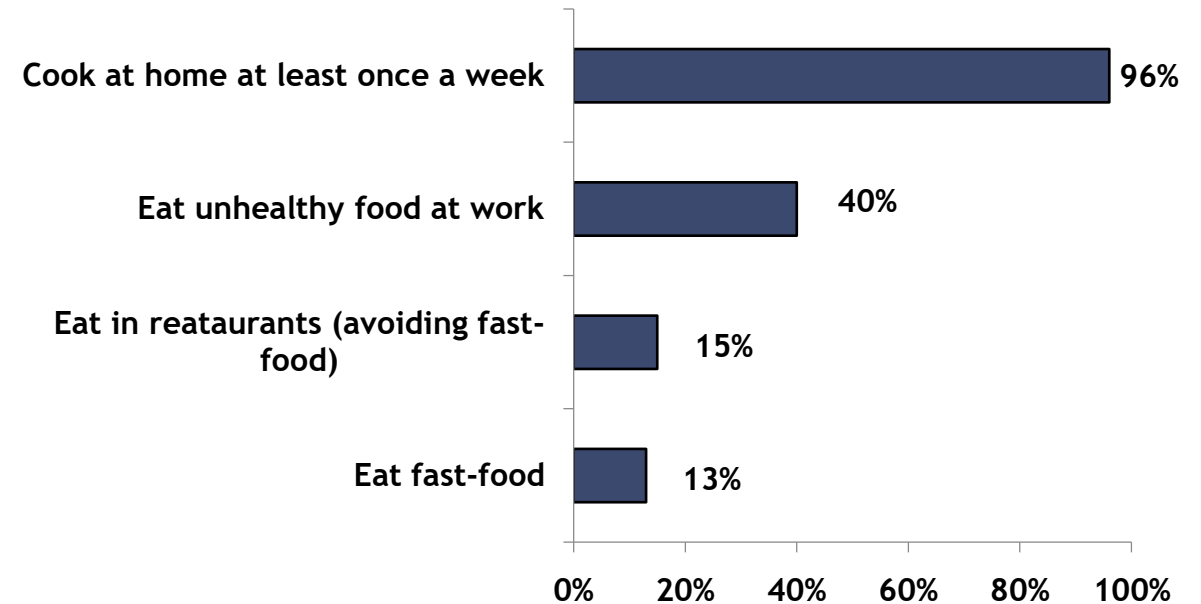
Eating habits considering the healthy lifestyle of Romanians in 2016

Based on iSense Solution's study from the year 2016, 40% of Romanian people give high importance to nourishment habits. They are willing to pay more with 10% for a healthier product.

The share of Romanians in 2016 who considered healthy food to be:



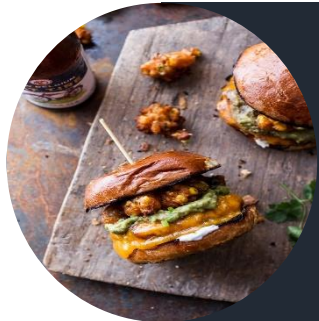
The share of Romanians in 2016 whose eating habits were:



Based on one study of iSense Solution, Romanians consider healthy food and good nourishment habits the basis of a healthy lifestyle. Romanians purchase healthy food most of the time from smaller producers (64%), from hypermarkets/supermarkets (56%), from the market (41%) or other special markets (34%).

Consumer habits in Romania, 2015-2016

Based on a study, 1 out of 3 romanian habitants have no possibility to eat in restaurant at least once in a month. Fast food is popular because of its low price, around 3,3 €/menu. Pizza is also popular option between ages 18-24.



Street food

Shaorma was placed on the second place on the preference toplist, fornetti on the fourth.



Restaurant

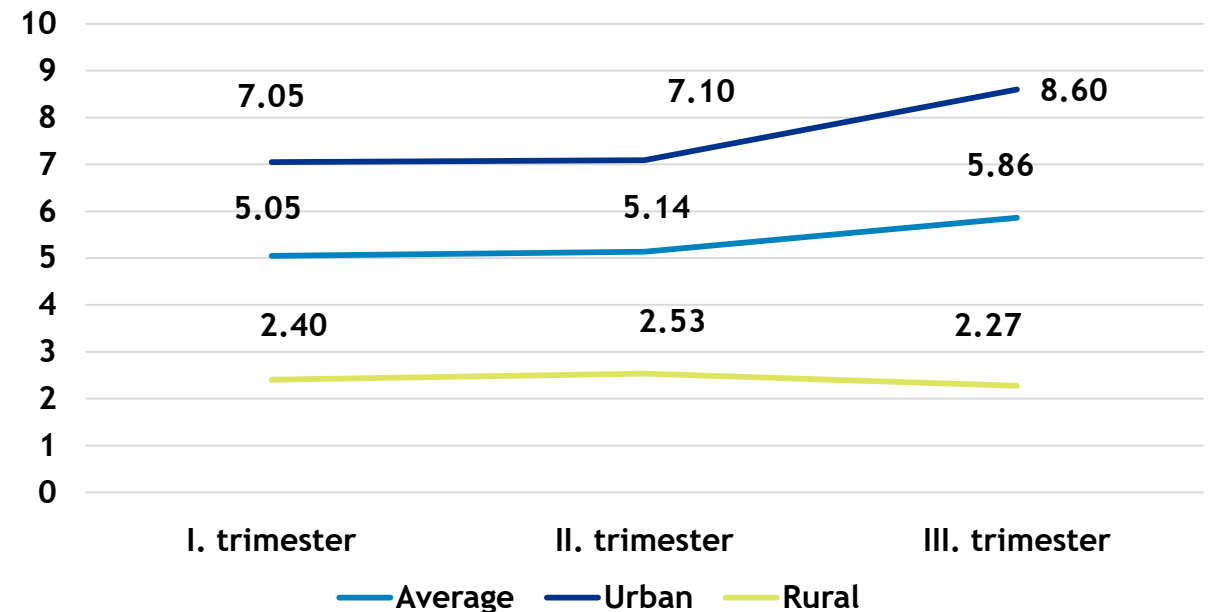
Only 1 out of 3 people eats in restaurant once in a month
Average prices between 12-25 €



Fast food

The most popular way of eating outside, 20% of the asked population chooses this way of eating 1-3 times per week

Average spent outside, 2016 (€/capita)



During the first three trimesters of 2016, the average spent on outdoor dining had a growing trend. While urban habitants spend around 7-9 € per month, this amount is around 2 € considering rural population.

Food trends and eating habits in Romania in 2017

Similar to the last years, healthy food and healthy lifestyle will become important to more and more people. Regional food will continue to become popular, while the fashion of preparing “Insta-ready” food will increase.



AUTHENTIC FOOD:

- [2017 is the year of authentic food;
- [People become more interested in trying out local dishes;



SEA VEGETABLES:

- [There was an exponential rise in vegan and veggie cooking;
- [Sea algae is considered to be very healthy;



PRICKLES AND FERMENTS:

- [Asian pickles and ferments are considered to be very healthy;
- [Kimchi is a sort of fermented cabbage;

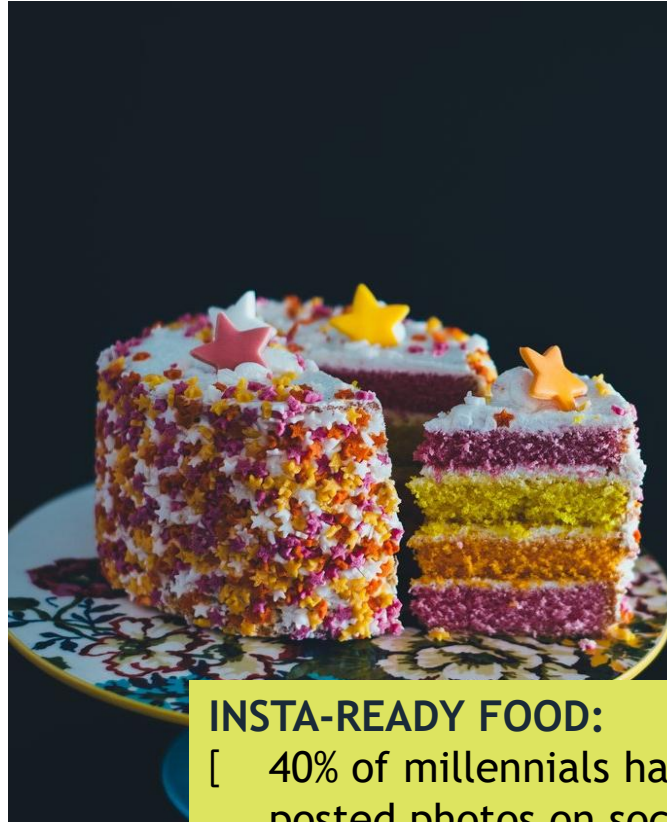
Food trends and eating habits in Romania in 2017

Similar to the last years, healthy food and healthy lifestyle will become important to more and more people. Regional food will continue to become popular, while the fashion of preparing “Insta-ready” food will increase.



YOLK ART:

- [Experts tell us to expect more and more dishes that contain eggs not only because the flavor but because of design too;



INSTA-READY FOOD:

- [40% of millennials have posted photos on social media channels;
- [30% have made photos at restaurants and coffee shops;



AUTHENTIC BUTCHER SHOPS:

- [The interest for street food and meat will remain in 2017;
- [High demand for healthy and high quality meat;

Consumer Profiles



ANA, 23

STUDENT AND INTERN
LIVES IN CLUJ-NAPOCA



FAVOURITE FOOD:

- [Street food
- [Asian food
- [Chocolate
- [Different fruits;



HOBBIES:

- [Travelling to other countries
- [Being with friends
- [Photo shooting;

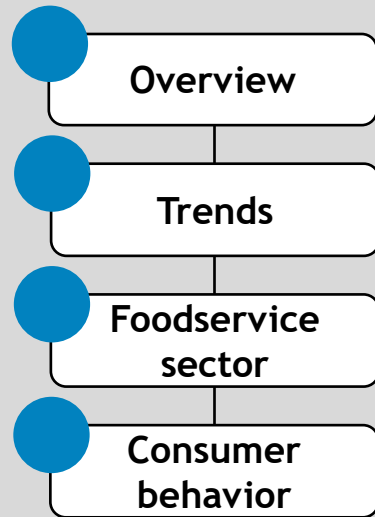


HABITS:

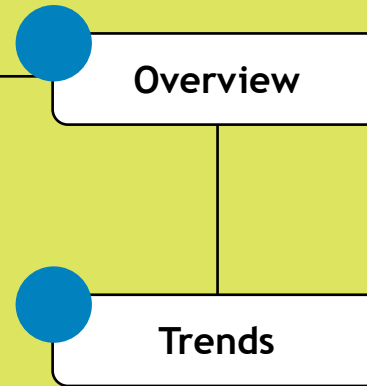
- [She has a busy lifestyle, so she eats in a rush;
- [With her friends she eats Asian food or street food;
- [Sometimes she goes to the gym;

[Executive summary]

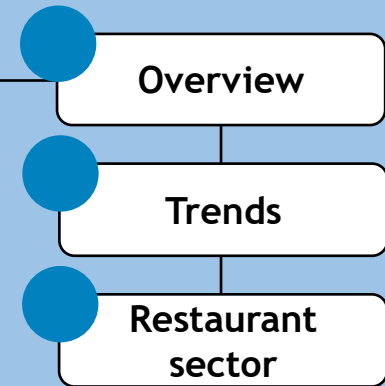
[Global]



[Europe]



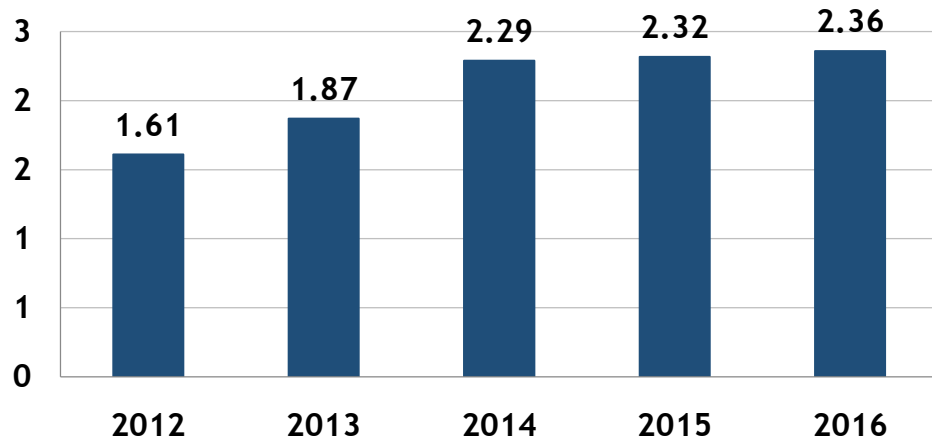
[Romania]



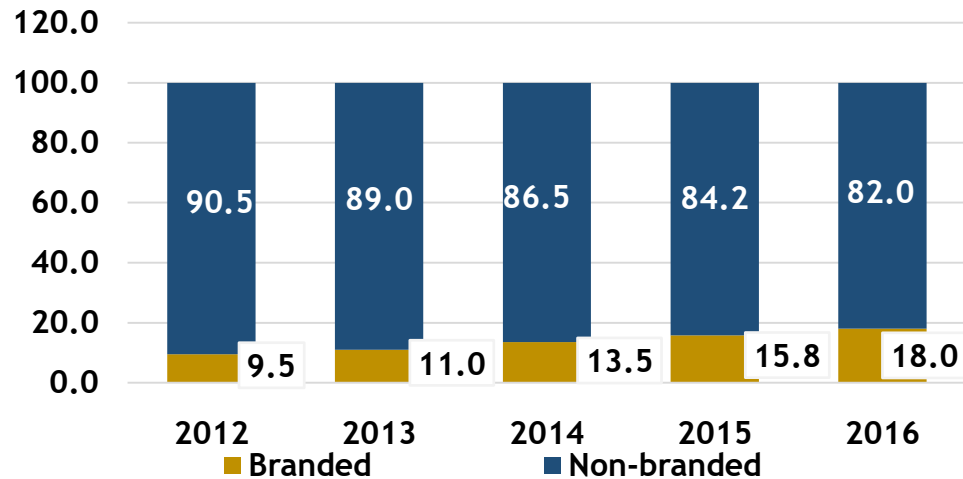
Branded restaurants in Romania

The branded restaurants reached the 2.3 thousand number in 2016 which stands at 18% share of the total restaurant market.

Number of branded restaurants in 2010-2015 (thousand units)



Branded-non branded restaurants ratio (%)



The ARTIST restaurant:

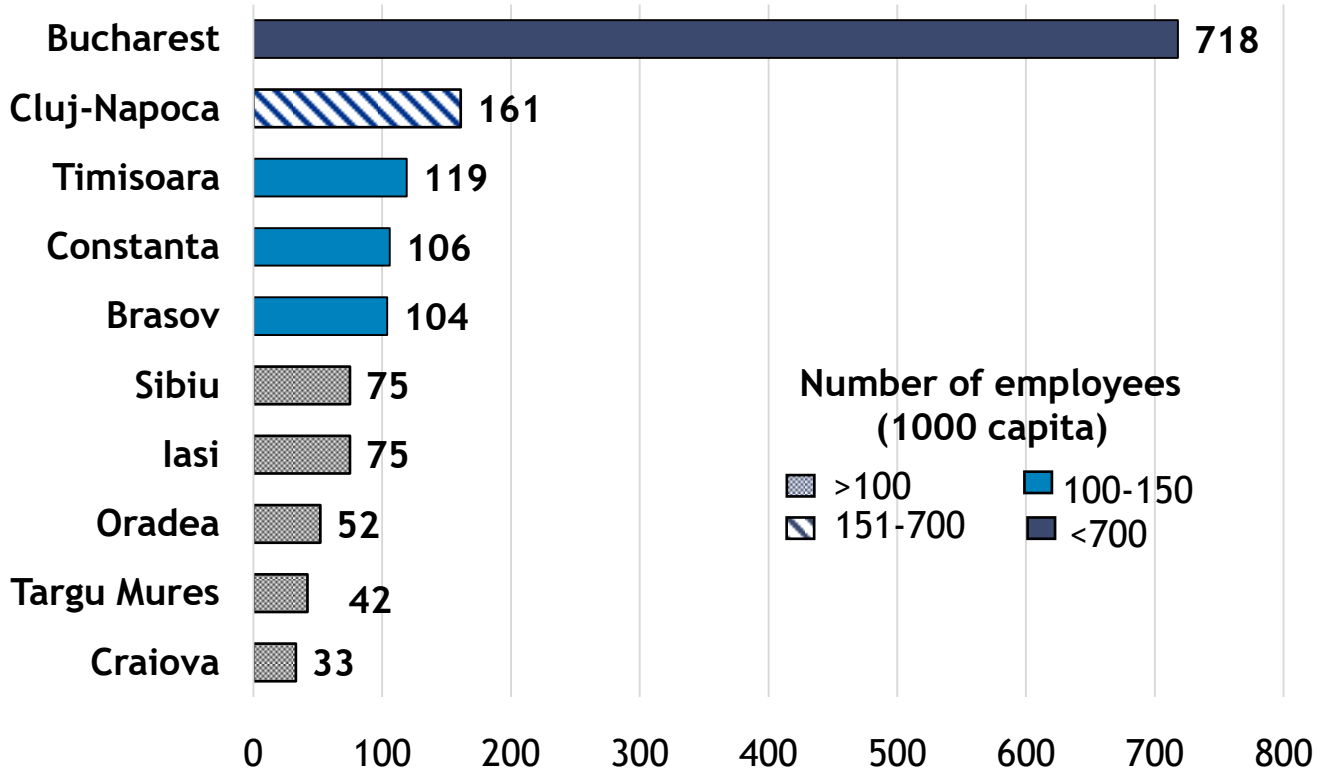
- first restaurant in Romania(2016) by brand
- Headquarter is in Bucharest
- Less food, but individual quality, taste and serving

Information	Photo
<ul style="list-style-type: none"> • Chef Paul, Dutch Chef • new collection of delicious masterpieces • delight of loyal guests 	

TOP 10 Romanian cities by the number of branded restaurants

Below is the ranking by the information available on Trip Advisor, this includes the categories of Mid-range and Fine dining restaurants (excluding cheap eats). The first two places are unchanged, the third is Timisoara, right after it comes Constanta.

Top 10 cities by the number of restaurants

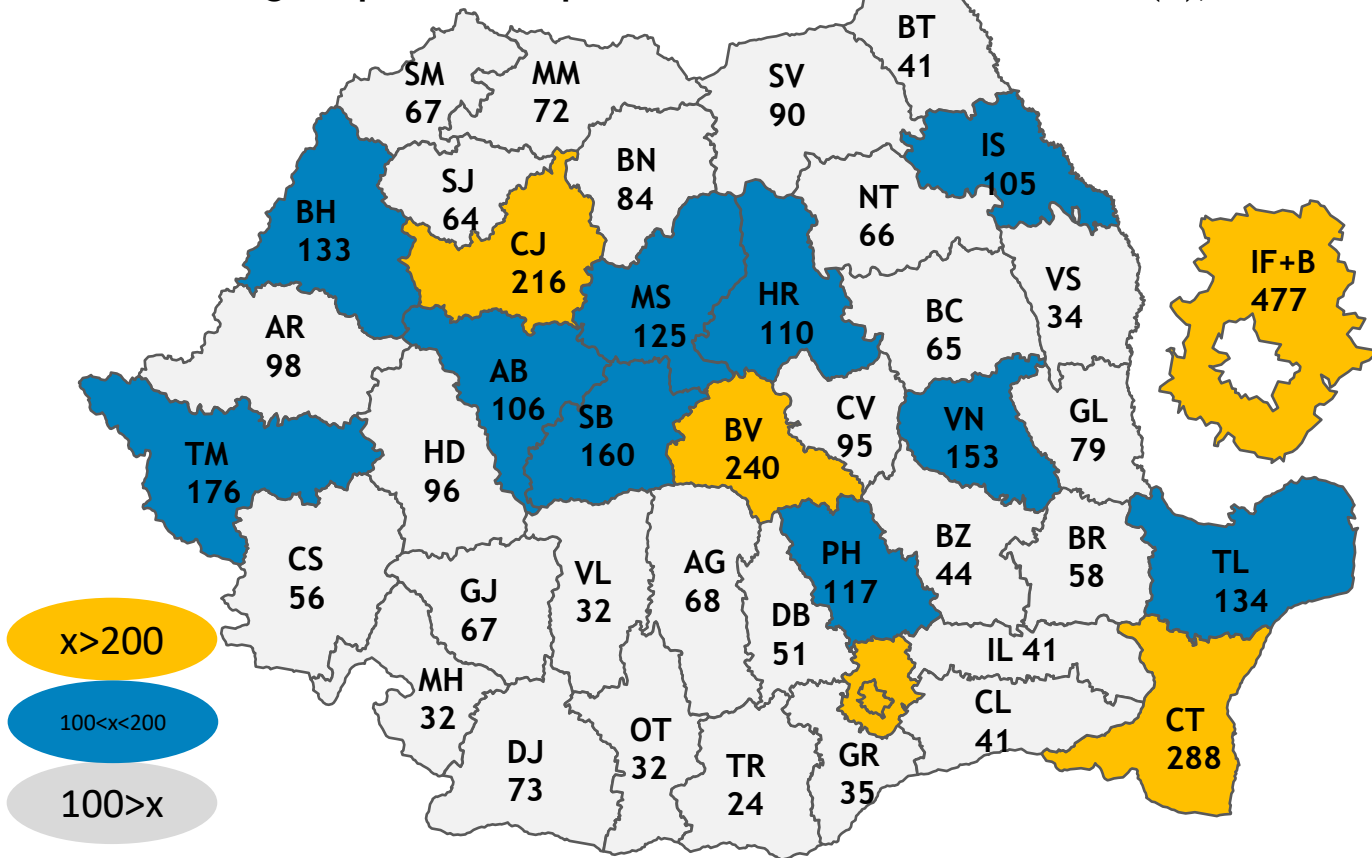


The ranking is almost the same like before, only Brasov fell back to the fifth place. By excluding the cheap eats category we may assume that none of the fast food restaurants are included in these numbers.

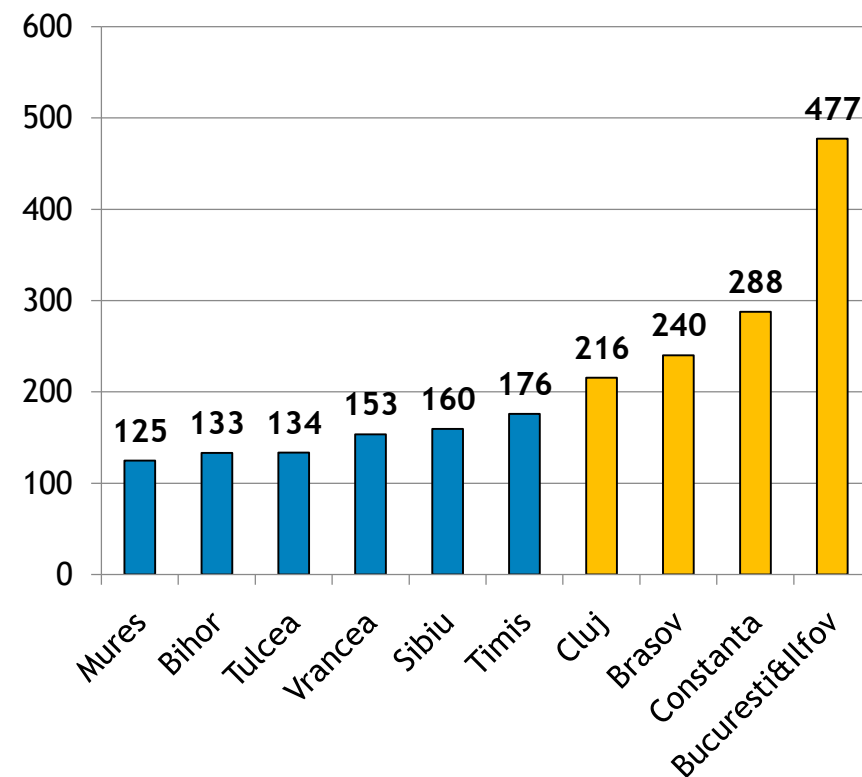
Expenditures in restaurants

Yearly in average 477€ is spent by one person in restaurants in Bucharest, this is the highest number in the country.

Average expenditures/person in restaurants in Romania (€), 2015



Expenditures in one year in restaurant / person (€), 2015



Thanks to the tourism, in Bucharest a big amount of money is spent in restaurants. In the second place is Constanta, likewise the capital, the amount of money spent in restaurants is also high.

The structure of expenditures

An average Romanian person spent 1,4% of his income in restaurants, however a tourist spent 13,5% of its money in restaurants.

BigMac index (€), 2015

ROMANIA

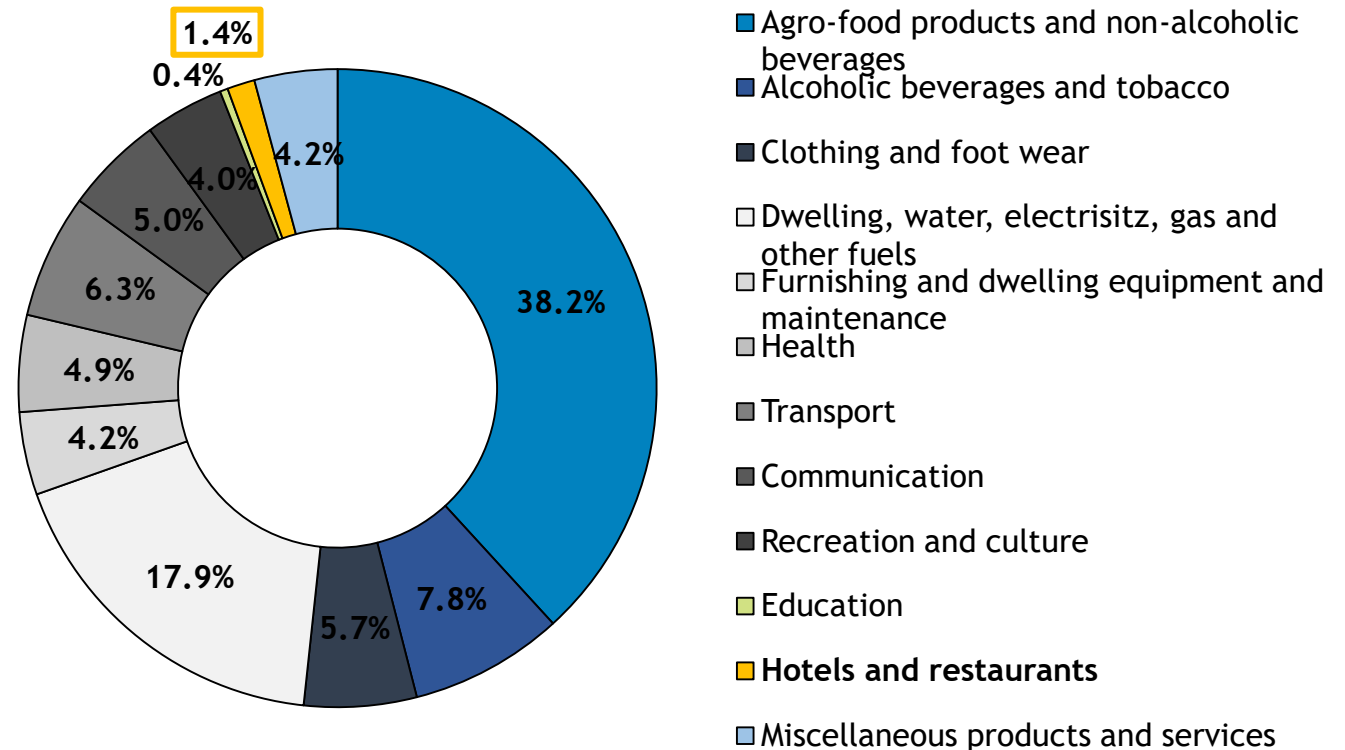
2,36



EUROZONE

4,01

Structure of the total consumption expenditure in Romania, 2015 (%)

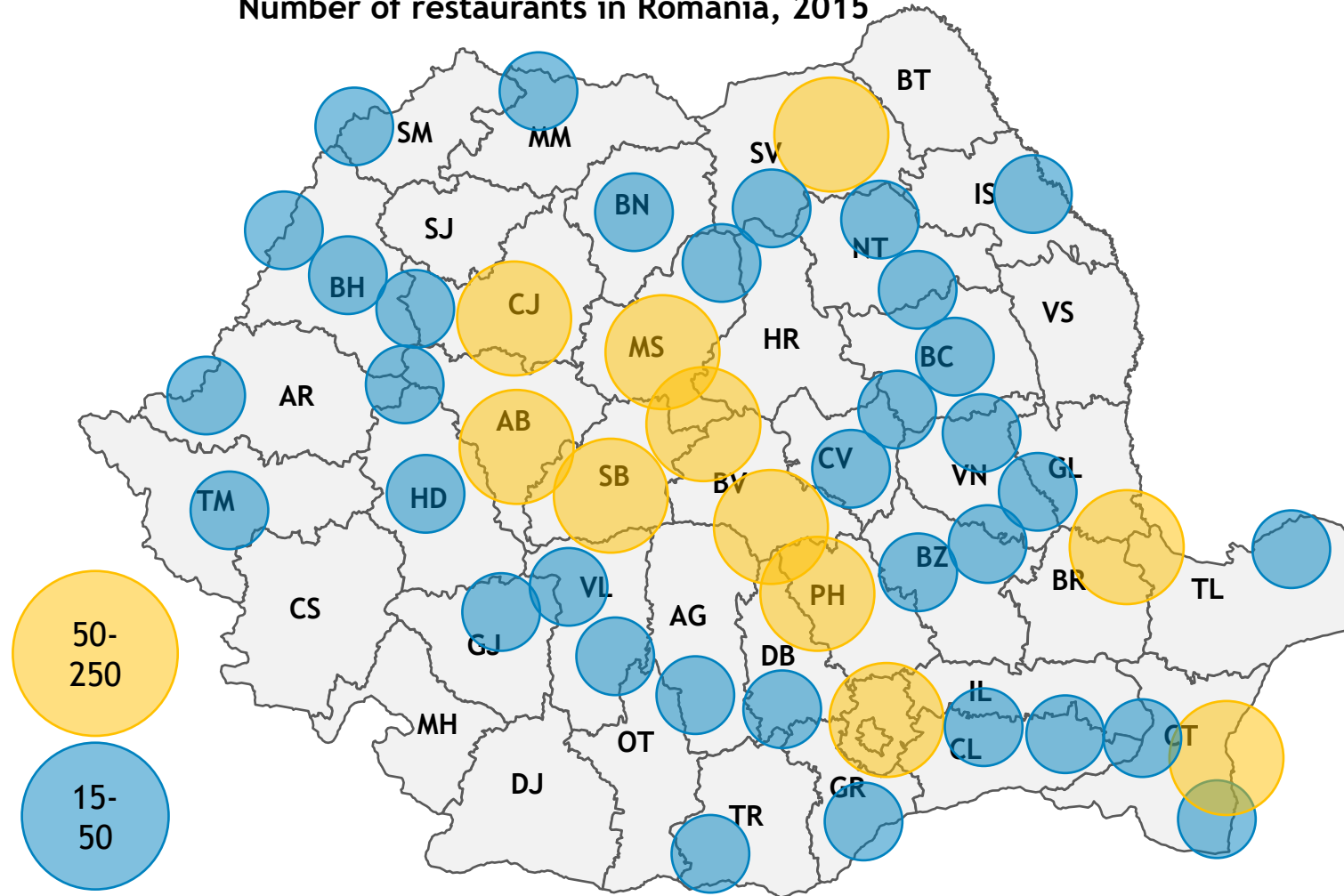


The Romanian restaurants, compared with European ones, are very cheap. The BigMac index shows this, because in the Eurozone in average a BigMac's price is 4€, but in Romania is only 2,36€.

The location of restaurants

Restaurants are located from the border to the seaside, crossing the main cities (Cluj-Napoca, Targu-Mures, Alba Iulia, Brasov, Prahova, Galati, Suceava, Bucharest, Constanta).

Number of restaurants in Romania, 2015



Influencing factors in choosing location of a restaurant

Nr. of inhabitants



Nr. of tourists



Nr. of monuments



Top 5 fast food operators

The biggest fast food chain operators are in foreign ownership. The turnover of fast food sector is about 50% of the foodservice sector.

①

Premier Restaurants
Romania SRL



②

US Food Network SA



③

American Restaurant
System SA



④

Spring Prod Com SRL



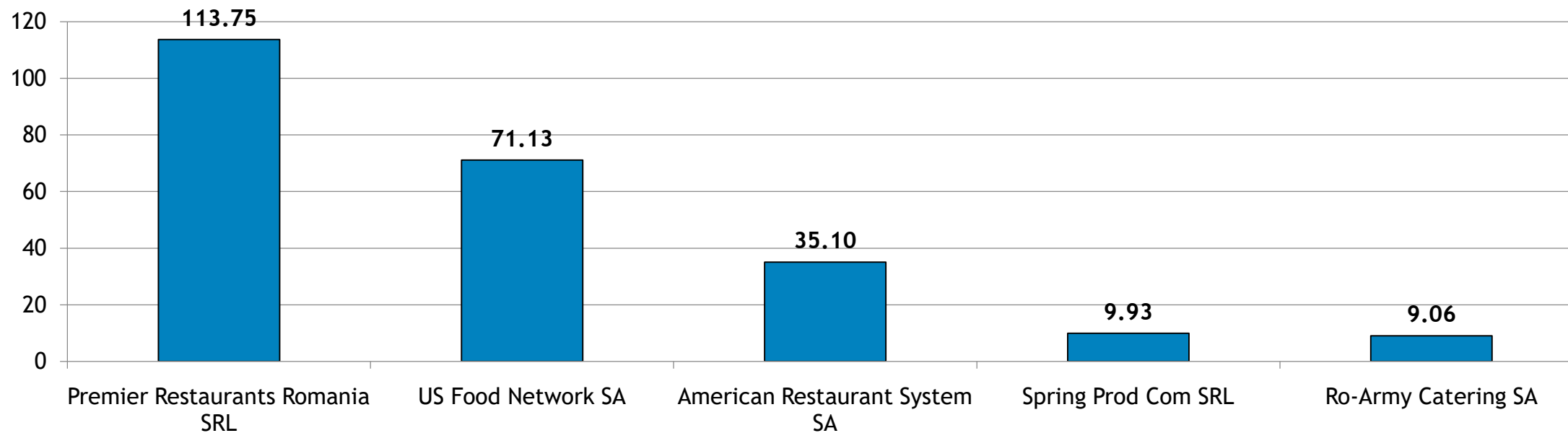
⑤

Ro-Army Catering SA



Most
important
partners

Turnover of biggest fast food chain operators (€ million), 2015



Top 5 fast food operators

The two biggest operators' net profit was about 9 million euro in 2015.

Most important partners

①

Premier Restaurants Romania SRL



②

US Food Network SA



③

American Restaurant System SA



④

Spring Prod Com SRL

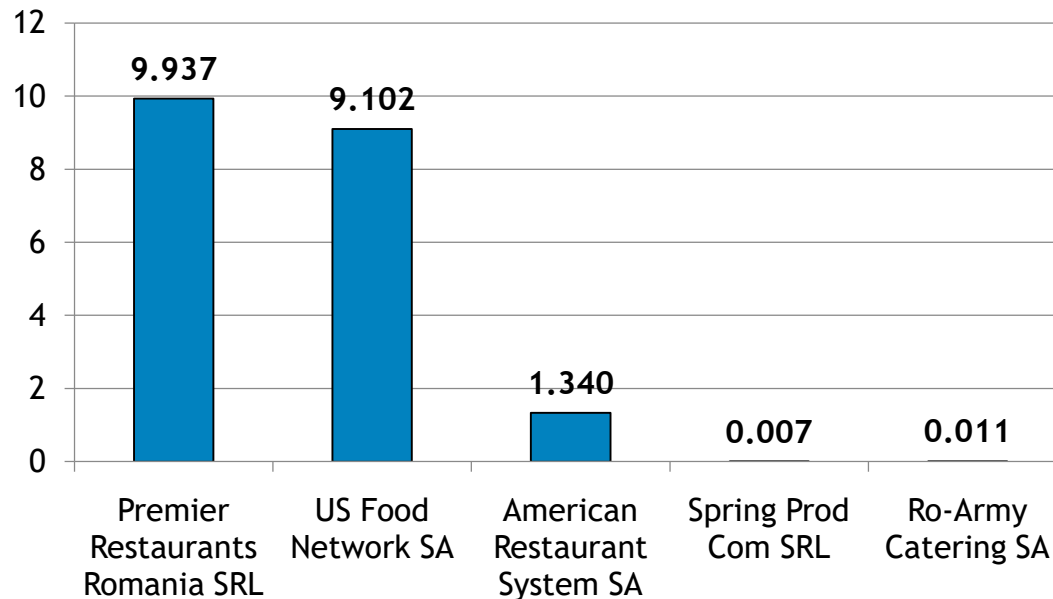


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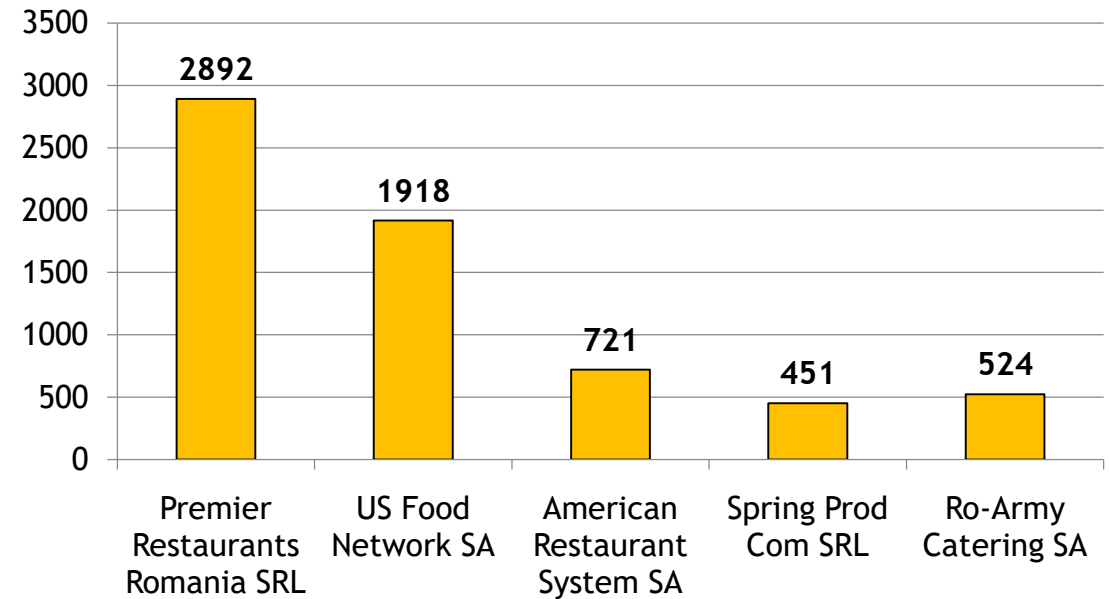
Ro-Army Catering SA



Net profit of biggest fast food chain operators (€ million), 2015

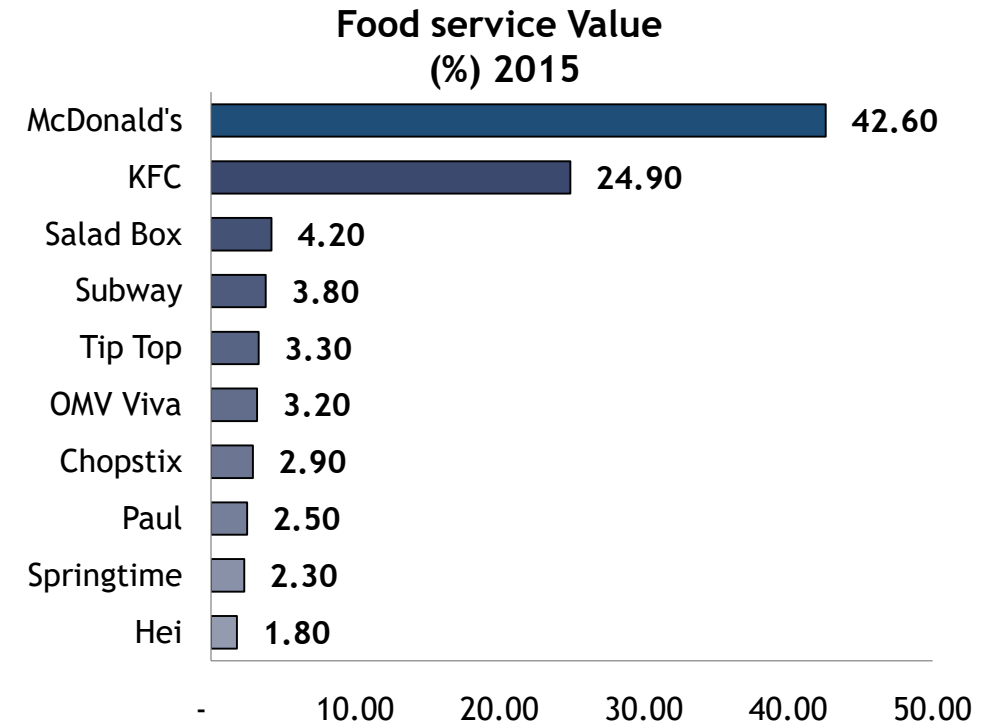
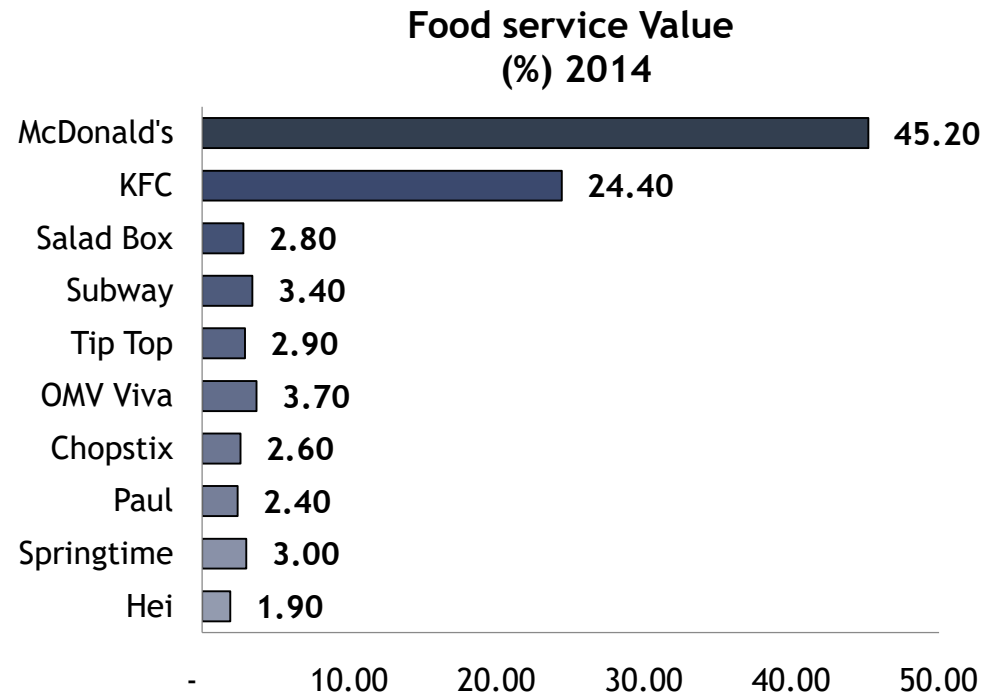


Number of employees of biggest fast food chain operators, 2015



Top 10 Brand Shares in Franchise Quick Service

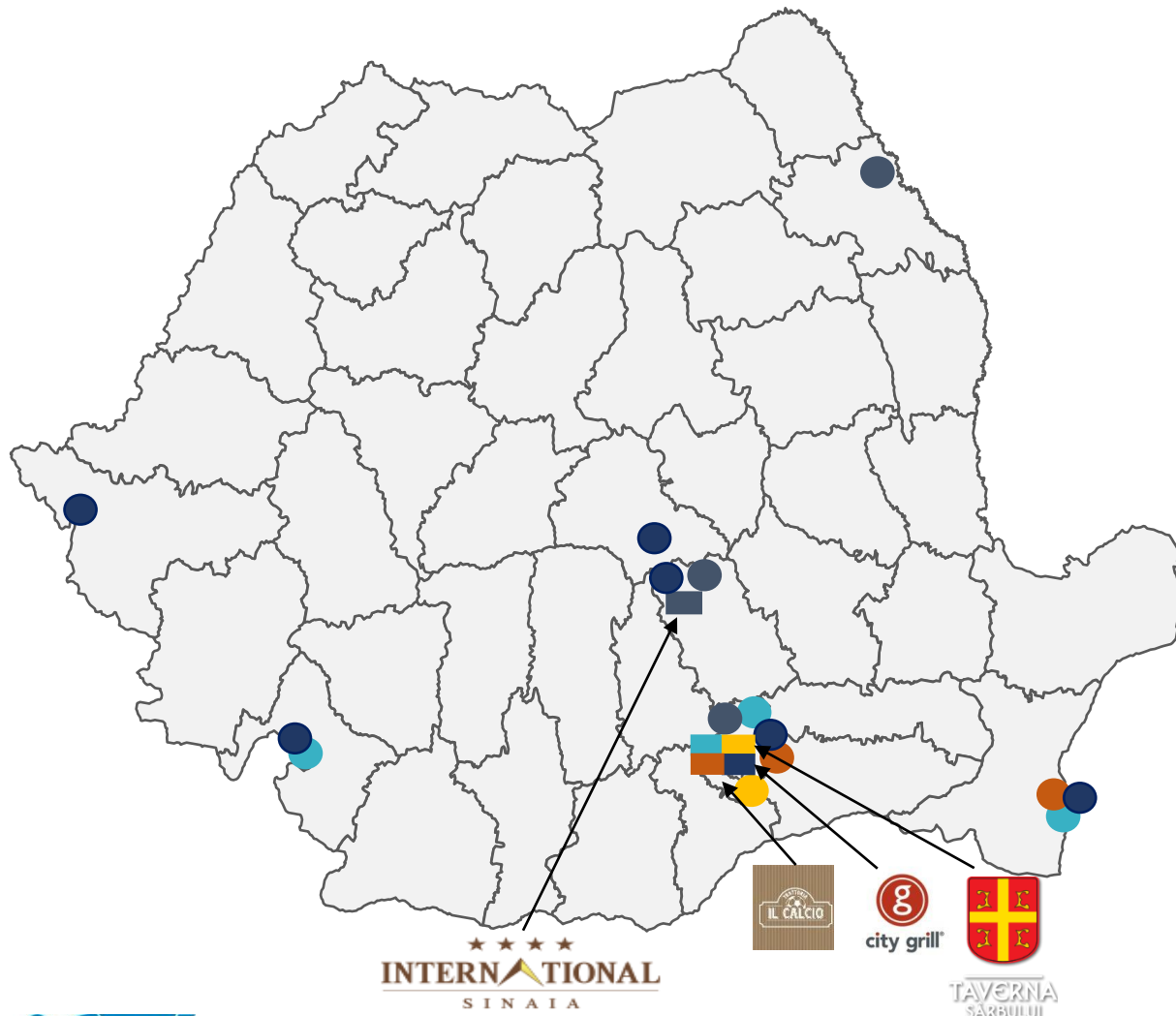
The quick service sub-sector is prospering at a significant rate due to the fact that a growing number of people intend to minimize the amount of time they spend preparing and eating meals.



McDonald's remained the undisputed leader in quick service in 2015 with a 31 percent transactions volume share and a 29 percent value share placing it far ahead of its direct competitors. Salad Box was the most dynamic quick service brand in Romania in 2015, recording an increase of 63 percent in value sales.

The top 5 casual dining restaurants in Romania (2015)

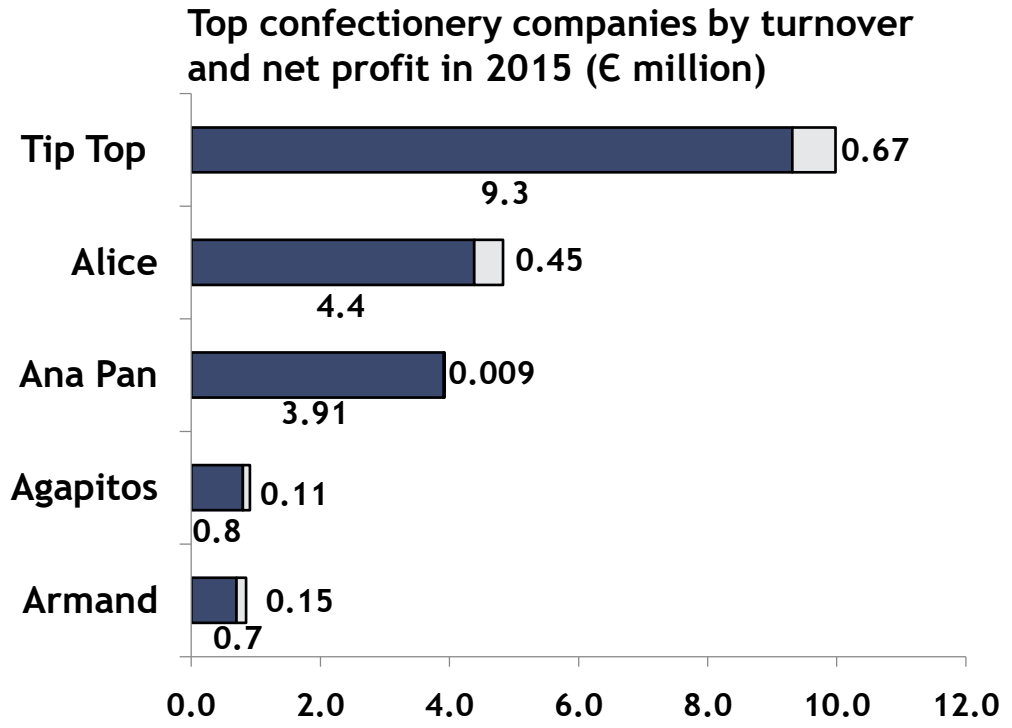
The market share of the top 5 companies represents 1,18% of the total restaurant and food services revenue. Four headquarters are located in Ilfov county and one in Sinaia.



1. Restaurante Trattoria IL Calcio SRL
 - Headquarter: ■ Bucharest
 - Number and location of restaurants: ● 14
 - Number of employees: 277
2. Trotter Management SRL
 - Headquarter: ■ Bucharest
 - Number and location of restaurants: ● 16
 - Number of employees: 173
3. Corex & C.B. SRL
 - Headquarter: ■ Sinaia
 - Number and location of restaurants: ● 8
 - Number of employees: 45
4. Trotter Restaurant SRL
 - Headquarter: ■ Bucharest
 - Number and location of restaurants: ● 8
 - Number of employees: 273
5. Taverna Sârbului SRL
 - Headquarter: ■ Bucharest
 - Number and location of restaurants: ● 6
 - Number of employees: 79

Top 5 confectionery companies in Romania

The top 5 confectionery companies headquarters is located in Bucharest. The first company based on turnover and net profit in 2015 is the Tip Top Food Industry SRL, with 9,3 million euros.

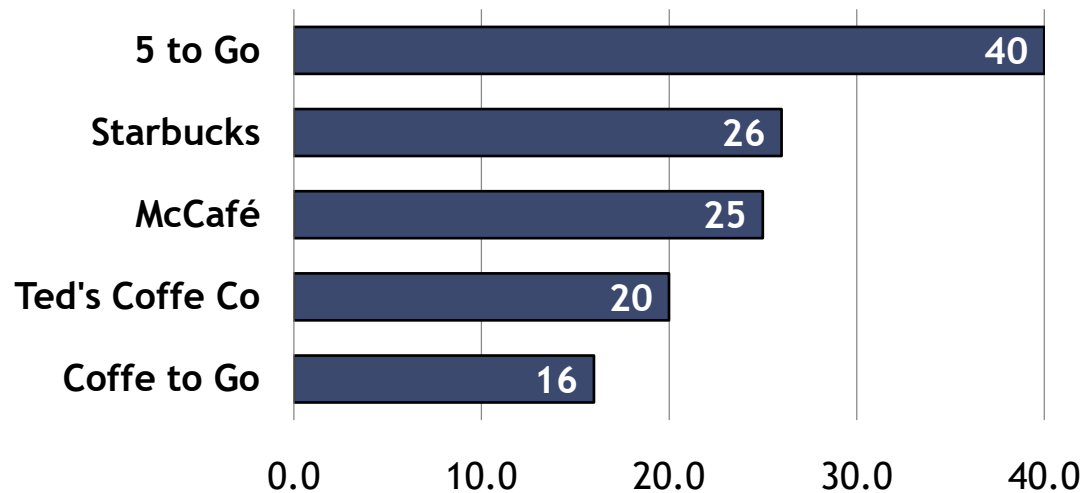


In 2015 the Tip Top Food Industry SRL has the **highest turnover** with 9,3 million euros and also the highest net profit, 0,67 million euros. Although Ana Pan SRL has the **smallest** net profit, with 0,009 million euros, the company occupies the third place.

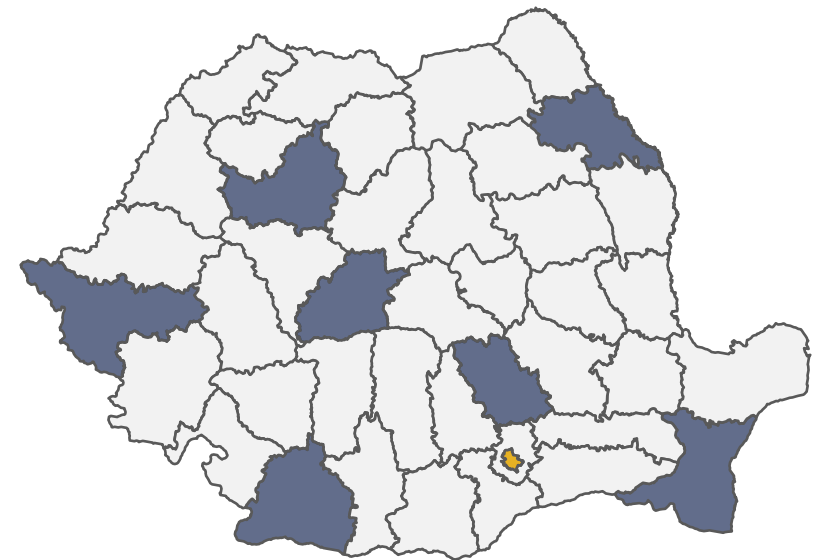
TOP 5 Coffe chains in Romania

If we consider the number of locations, 5 to Go leads the ranking with 40 branches only after that comes Starbucks with 26 locations.

TOP 5 coffe chains by the number of locations, 2016



TOP 5 Coffe chain locations

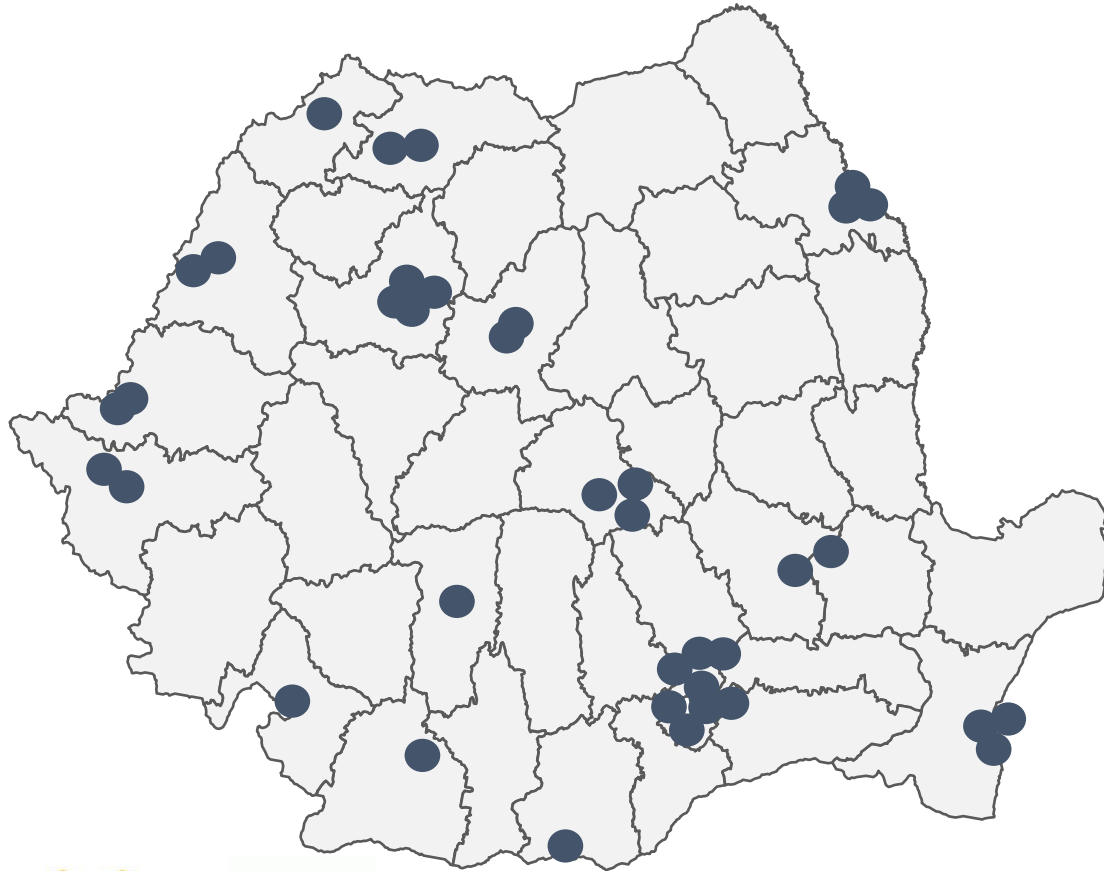


Although Starbucks has the highest value of revenue, 12 million euros, they have only 26 branches.

Smaller companies like 5 to Go, Ted's Coffe and Coffe 2 Go show a constant increase both in revenue and in the number of locations, due to their cheaper franchise strategy.

Forecast for branded restaurants

On the Romanian market the most committed branded restaurants are Subway, Burger King and Happy who will invest the most in order to open new units in different parts of the country until 2020.



Foreign restaurants

- **Happy (Bulgaria)** - entry into the Romanian market
- **Mc Donald's** - 2 more restaurants until 2018
- **Burger King** - 30 more restaurants until 2021
- **Subway** - 100 more units until 2025-2030

Romanian restaurants

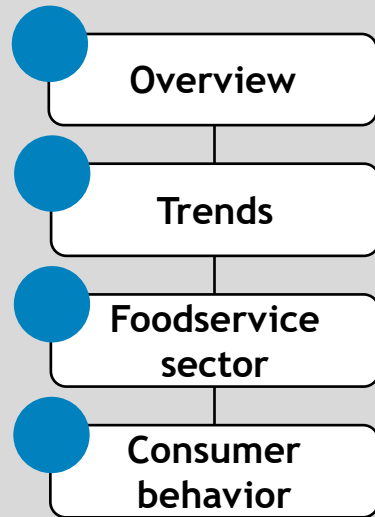
- **Salad Box** - entry into the the Turkish, Japanese, Indian and African market in the following years
- **Spartan** - 3 more units until 2018
- **City Grill** - 2 more units until 2018

The strongest restaurant-group in Bulgaria (Happy) will enter the 1,4 billion € romanian market, firstly with a unit at the AFI Cotroceni mall, where they are going to build a 2000 square meter unit until 2018.

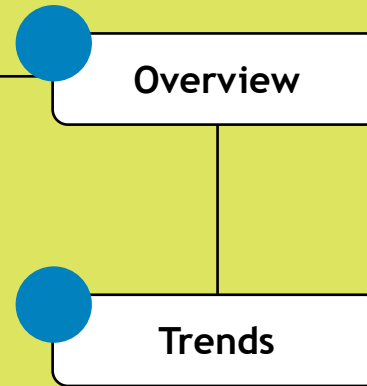


[Executive summary]

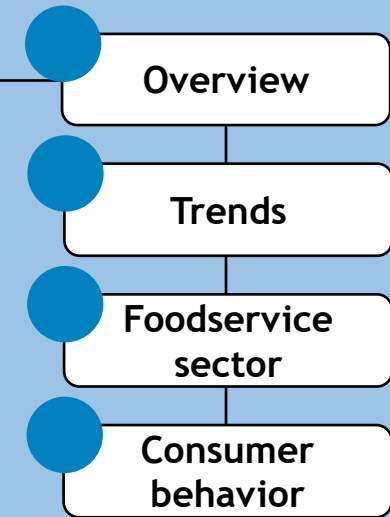
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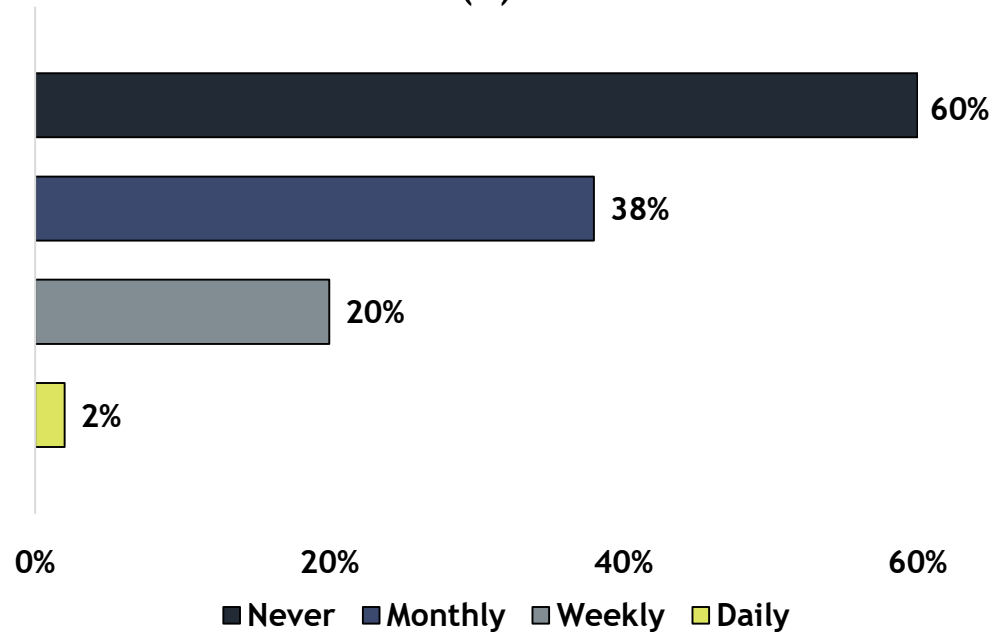
[Romania]



The frequency of eating in restaurants, 2015

1 out of 3 inhabitants have no possibility to eat in restaurants at least once in a month. 60% of the population never chose to recourse to food services. Only 2% eats every day outside. Women prefer bakeries, while men consume mainly fast foods, like shaorma, burgers and pizza.

The frequency of eating in restaurants, 2015 (%)



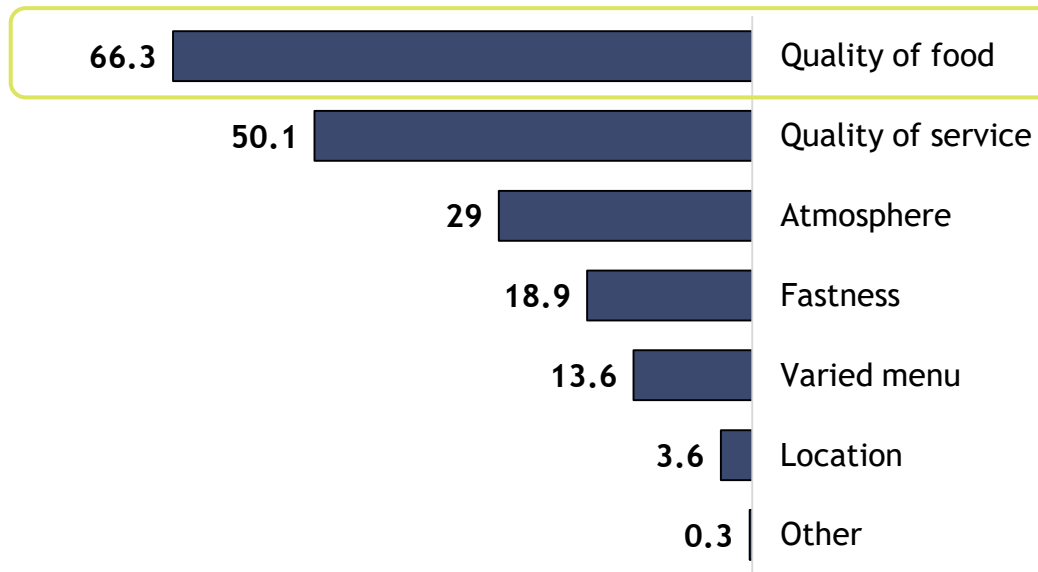
Inhabitants between 18-24: higher leaning of eating outside
Pensioners: the lowest possibility to eat in restaurants

Only 2% of the population eats every day outside. Employees with a salary above 880 € tend to use food services more than once daily. Young habitants also chose to eat outside daily, mainly in Bucharest and the biggest cities. Pensioners are the most critical segment, they almost never spend on eating outside.

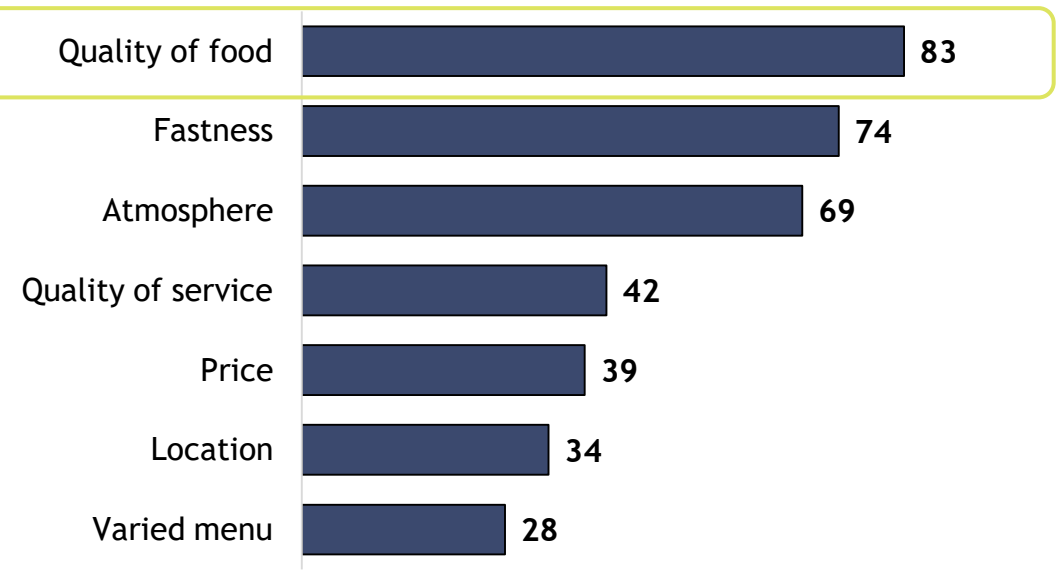
Consumer trends in Romania

Over the years the most important criteria for consumers when choosing a restaurant was the quality of the offered food.

Main reasons based on why Romanian consumers choose restaurants, 2008 (%)



Main reasons based on why Romanian consumers choose restaurants, 2016 (%)



Although fast food is very popular amongst the Romanian consumers, the quality is becoming more and more important. The atmosphere of the locations is also a relevant criteria, because as the number of restaurants is increasing their brand and design step into the focus.



10 advices to run a profitable restaurant in Romania

60% of restaurants fail, because they don't have a business plan and conception of operate the firm.



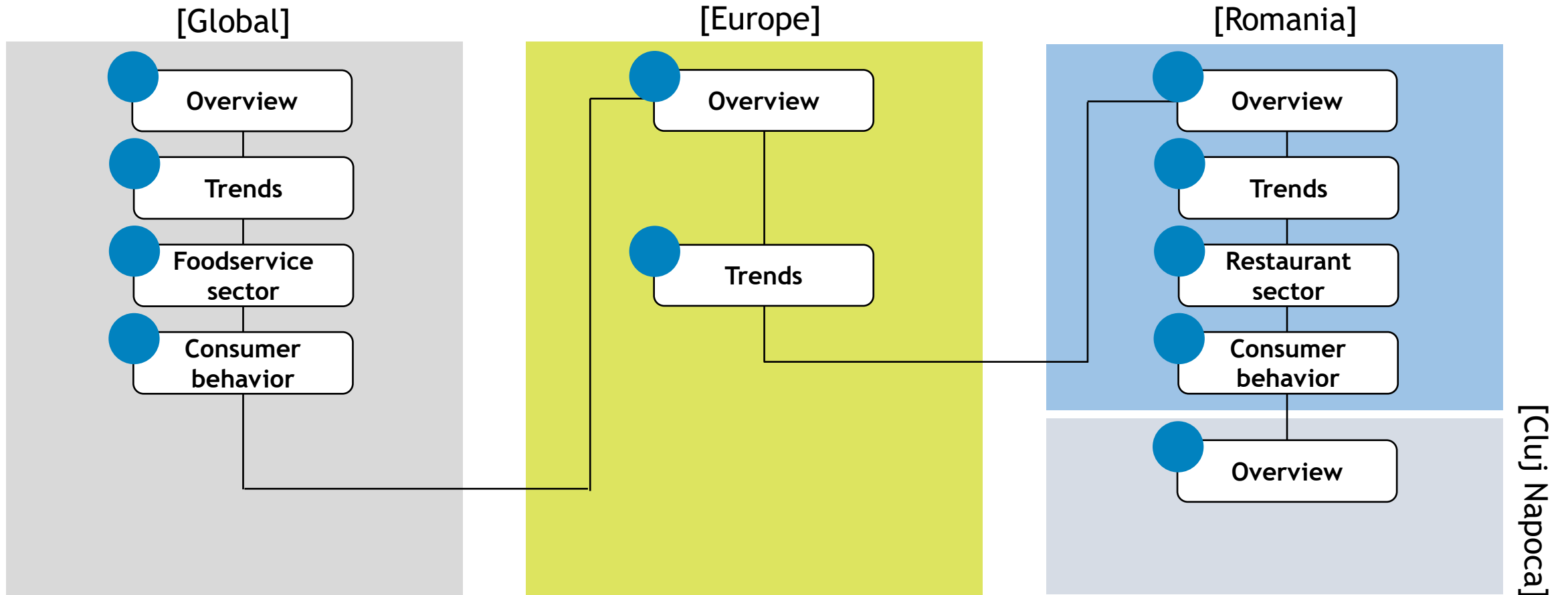
Keeping up with market trends
Making a business plan
Choosing the location
Testing the menu
Recruiting stuff
Making a marketing plan

Capital for the business
Planification of losses
Preparing for the financial obstacles
Administration of the stuff
Cost of the food

Continuous promotion
Social media peresnce

The most of restaurants operators make business deals illegal (paying no tax, irreal costs etc.), don't analize the market and don't use the social network.

[Executive summary]



Economic data of Cluj Napoca

Cluj-Napoca is considered to be the “heart of Transylvania”. It is a cosmopolitan European city, a key business destination for the South-Eastern area of Europe, with a remarkable investment potential.

Cluj Napoca

Population



Cluj Napoca is the 4th city in Romania in terms of inhabitants, having a population of 321 687.

Average salary



The average salary in Cluj is not far from Bucharest’s level - RON 2,025 (approx. EUR 450).

Unemployment rate



Unemployment rate is only 2.3%.

Infrastructure



Cluj county has a broad network of public roads totaling 2,454 km.

Regional GDP is 4,84 billion EUR.



GDP

The sales tax (TVA) is 19%.



Value added tax

Value of imports: 600 million Euro

Main imported products: coffee, tea, fuel, mineral oils and, organic

chemical products;

Value of exports: 1 billion Euro;

Main exported products: paper, cardboard, wood pulp, garments and clothing accessories;

Value of imports



Value of exports

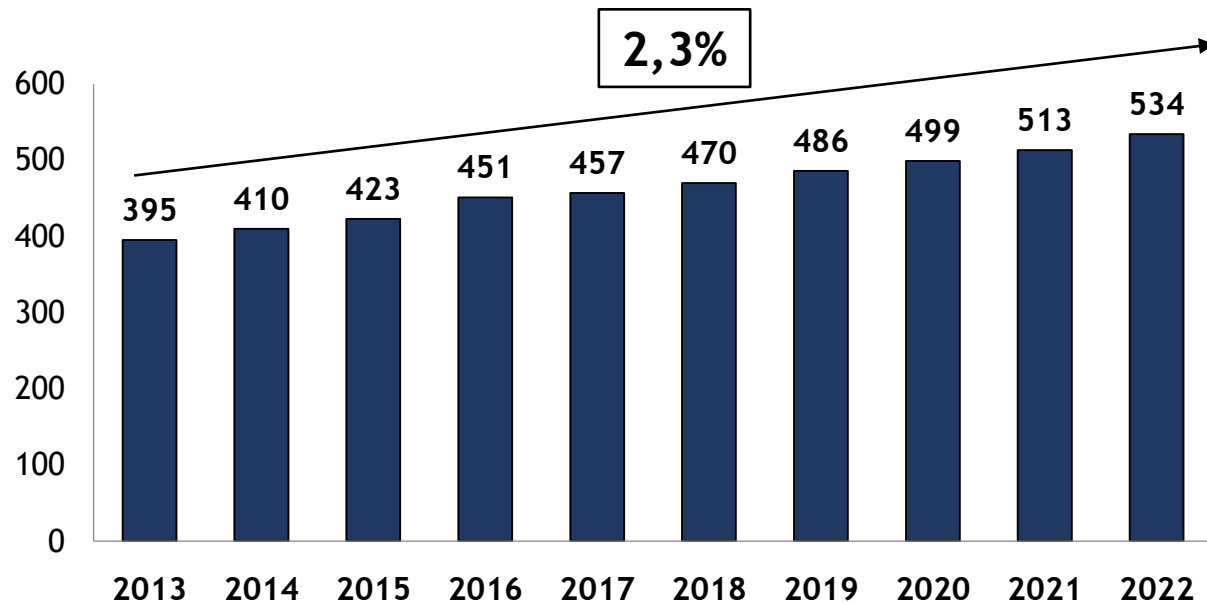


Cluj-Napoca was ranked 2nd, according to the latest Forbes ranking of Best Cities for Business in Romania 2016.

Food and beverage subsector in Cluj Napoca

In the last 5 years the food and beverage subsector showed great promises with an annual growth of 2,3%, and the expansion of this subsector in the following 5 years is also estimated around 2%.

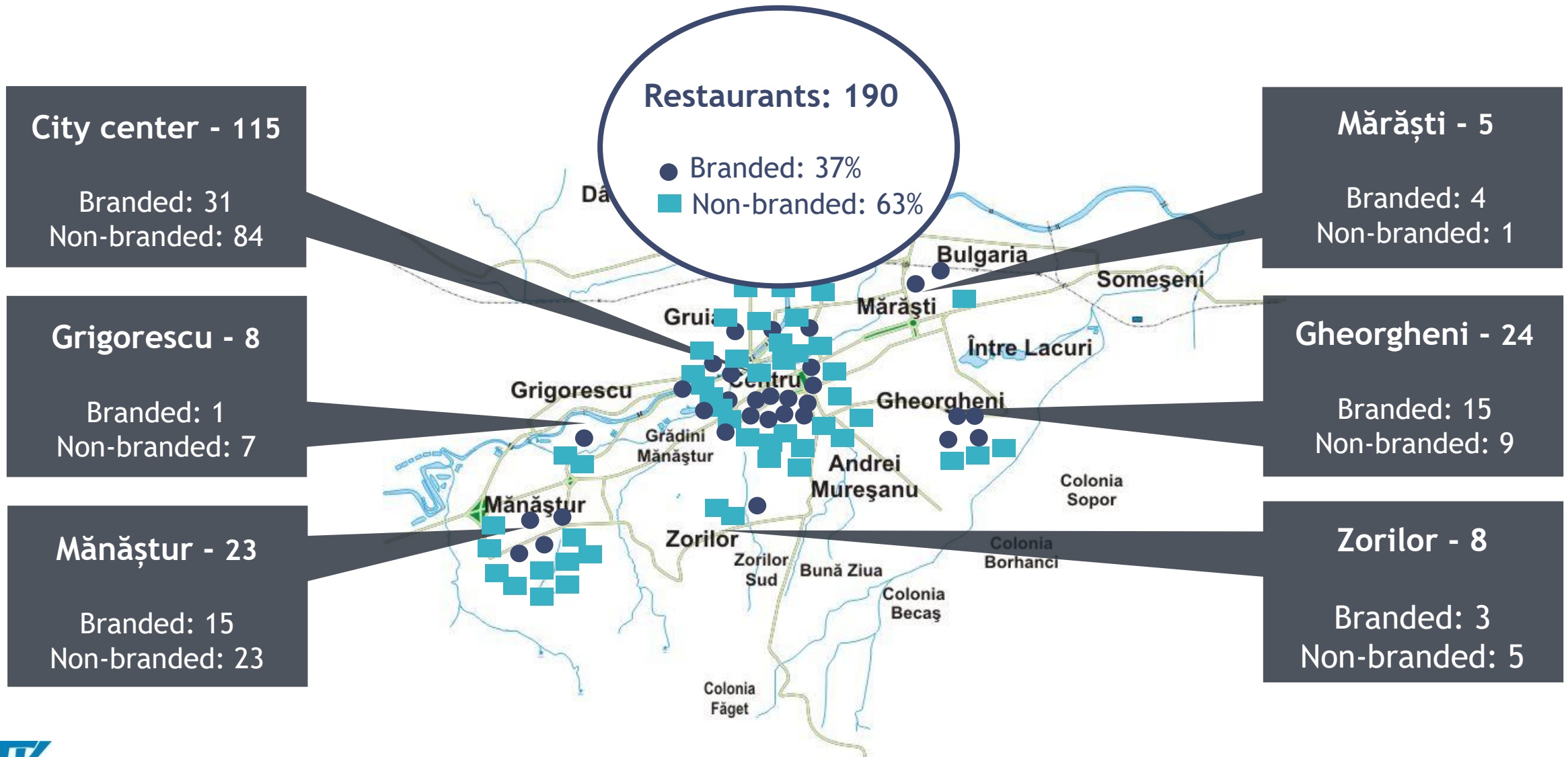
Number of food and beverage locals in Cluj Napoca



Cluj Napoca has the **second fastest growing food and beverage subsector** in Romania after Bucharest, this growth is due mostly to the youth community which is opened for new concepts and innovative locals.

Number of restaurants in Cluj-Napoca by districts

In Cluj-Napoca most of the restaurants are situated in the city center (115), followed by Gheorgheni, where there are 24. From the total number of restaurants 37% are branded, while 63% are non-branded restaurants.



Consumer trends in Cluj

Consumers in Cluj usually eat in restaurants 1-2 times a week, mostly soups, sandwiches and pizza spending between 5-10 euros.



TOP 3 most popular food:

Soups
Sandwiches
Pizza



50% of the citizens choose fast food restaurants



€0-5 - 45%
€5-10 - 50%
> €10 - 5%



Citizens eat in restaurants in average 1-2 times a week



2nd biggest food delivery market
Average spending: €10

Based on Foodpanda Romania's records, the citizens of Cluj spend the second biggest amount of money on food delivery after Bucharest. People mostly order food for work, the most popular requests being pizzas and traditional Romanian dishes like the ciorba soup.

Top 5 restaurant in Cluj by Tripadvisor

The first restaurant in Cluj by Tripadvisor is Cabinet de Vin&Cocotte. This restaurant won “Certificate of Excellent” in 2016.

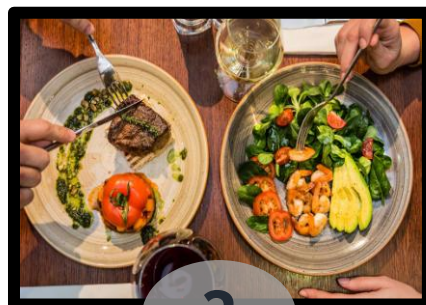
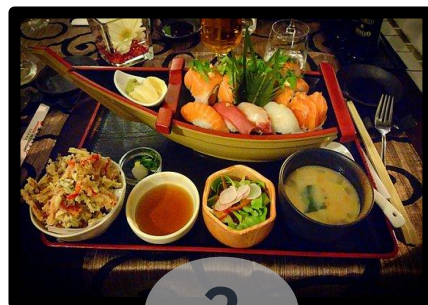
Cabinet de Vin&Cocotte

Tokyo Yapanese

Olivo Caffè&Bistro

Matei Corvin

Samsara Foodhouse



1

2

3

4

5



International cuisine

Japanese cuisine

Italian cuisine, Cafe

Traditional cuisine

International, Vegan cuisine



Amazing food

Best sushi in Cluj

Best coffee in Cluj

Great hospitality

Best vegetarian restaurant



Marius Solomon

Tsuchiya Naofumi

C. Marius

Seres Ana Gabriela

Anca I.&Valentina S.



“Lovely place, nice people, great staff, awesome wines.”

“The best sushi I've ever tasted and very tasteful cocktails”

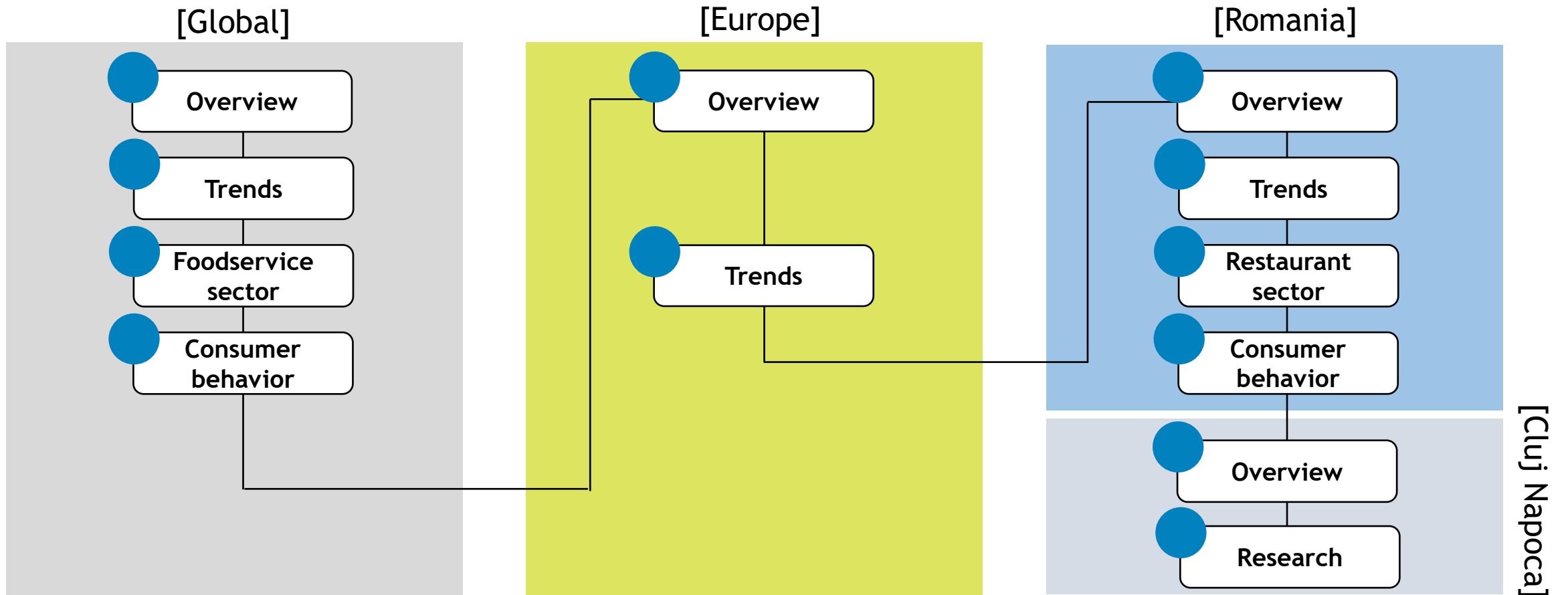
“I love their coffee, they have a great selection. Also the food is great.”

“Nice location, amazing food and hospitality! The owner is helpful.”

“Delicious food, perfect service. One of the best vegetarian food I've ever ate.”

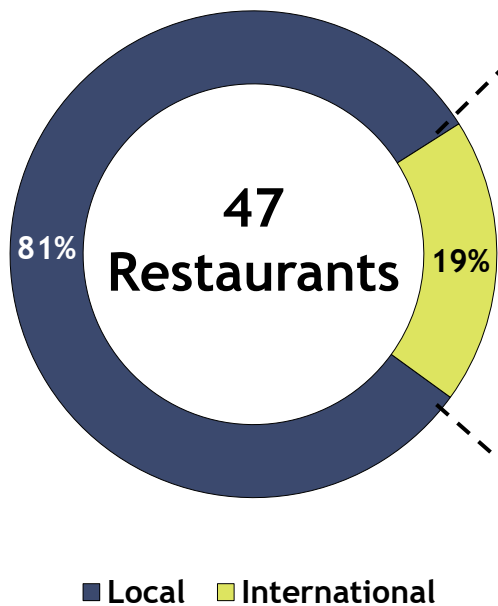
AGENDA




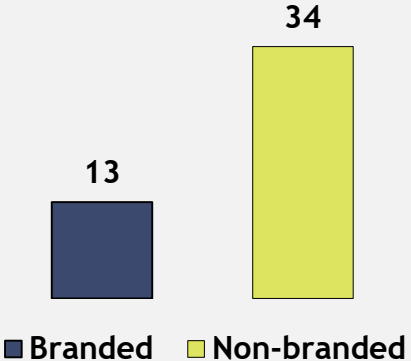
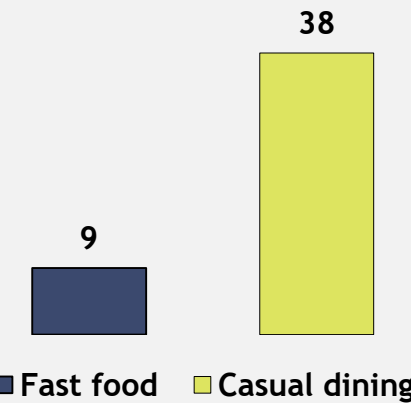
[Executive summary]



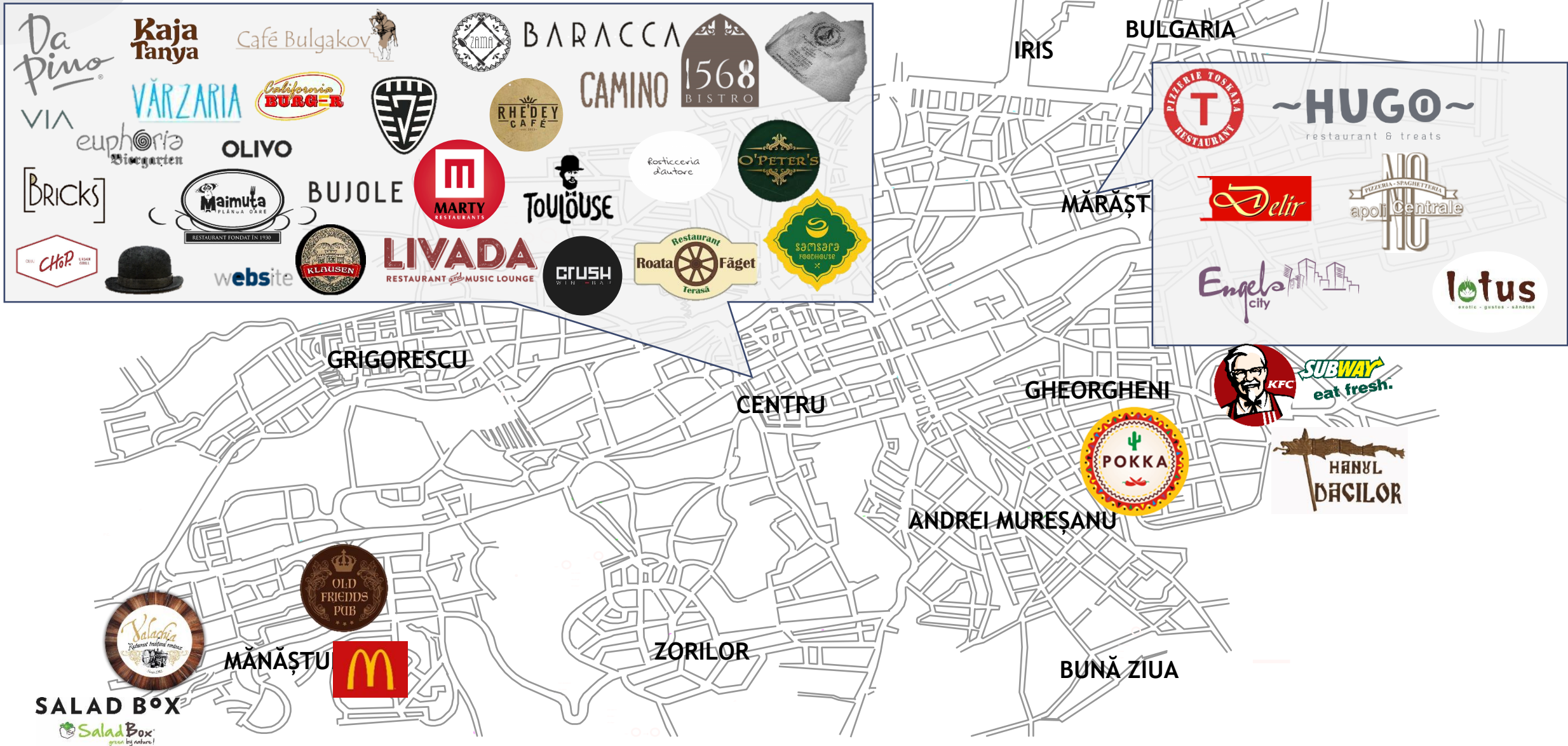
[Cluj Napoca]

Restaurants origin distribution(%)



 29 people	 74 question	 3602 RON
Branded and non-branded restaurants		
		
Restaurant type		
		
Semi structured interview with a person from the the industry		

All of the visited restaurants in Cluj Napoca



Source: Cluj Restaurant survey from GTK - Business Consulting Club.

Online presence



Rankings based on likes



Rankings based on followers



tripadvisor® Points ranking

Fast food

Casual dining

Fast food

Casual dining

Restaurants

1  46,030,340*

2  1,005,619

3  121,350

1  22,334

2  20,866

3  19,172

1  12,300

2  11,800

3  11,400

1  4,486

2  3,245

3  2,850

1  5

2  4.5

2  4.5

Last  2,209

Last  17

Last  122

Last  2

Last  3

20 are not present on the site

7 are not present on the site

$\sigma=397,566$

$\sigma=148,176$

$\sigma=5,872$

$\sigma=3,634$

$\sigma=0.456$

















Facebook is the main online communication platform for restaurants. The fast food companies are the leading ones on the Facebook and Instagram. At TripAdvisor the casual dining restaurants are the top rated ones.

Note*: KFC Facebook page changes automatically to the country language in where you are, therefore the total like number worldwide, is what you can see in your own language/country.

Source: survey;







Basic services and capacities

In our survey, everything was measured that is related to the capacity and basic services. Size of the restaurant is an interesting category from the customer's point of view.

Place earned	Tables		Full capacity		Customers in real time		Waiters number	
	Restaurant	Value	Restaurant	Value	Restaurant	Value	Restaurant	Value
Very first	 LIVADA RESTAURANT MUSIC LOUNGE	100	 LIVADA RESTAURANT MUSIC LOUNGE	570	 HUGO restaurant & treats	65	 LIVADA RESTAURANT MUSIC LOUNGE	6
Second best	 Pizzeria TOSKANA	62	 Valachia Traditional Italian cuisine	250	 CAMINO	58	 samsara RESTAURANT	4
Third best	 Maimuta	60	 Pizzeria TOSKANA	240		53	 Maimuta	4
...		↕		↕		↕		↕
Very last	 Kaja Tanya	3	 lotus KAFÉ - RESTAURANT - BAKÉRIE	30	 Delir	3	 Kaja Tanya	1
Average and Standard deviation	Avg = 24 (σ = 19)		Avg = 107 (σ = 96)		Avg = 22 (σ = 15)		Avg = 3.2 (σ = 1.7)	

If a customer wants to go a restaurant which has the most tables/chairs, large capacity and a relative fast service: the Livada Restaurant and Toskana will be a good decision.

Extra services and possibilities

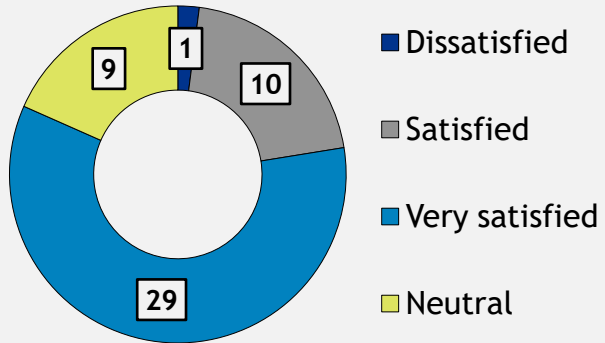
Place earned	Nearby Parking places		Nearby bus stations		Nr. Of terrace tables		WC cabins	
	Restaurant	Value	Restaurant	Value	Restaurant	Value	Restaurant	Value
Very first	 TOULOUSE	90	VIA	4	LIVADA RESTAURANT MUSIC LOUNGE	50	LIVADA RESTAURANT MUSIC LOUNGE	6
Second best		81	Engels city	4		26		4
Third best	LIVADA RESTAURANT MUSIC LOUNGE	60	BUJOLE	4	[BRICKS]	25	HANUL DACILOR	4
...		↕		↕		↕		↕
Very last	CAMINO	0		0		0	Kaja Tanya	1
Average and Standard deviation	Avg = 12		Avg = 2.2 ($\sigma = 1.3$)		Avg = 8 ($\sigma = 10$)		Avg = 2 ($\sigma = 1$)	

We know that parking is difficult in Cluj-Napoca, especially in the City Center. Some restaurants have their own parking lots, but almost every restaurant is close to a bus station.

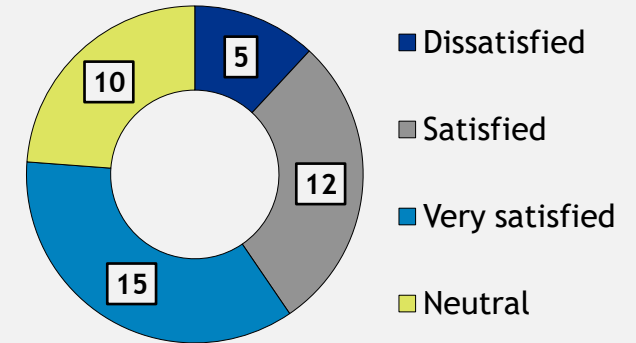
Cleanliness ratings over the restaurant



Waitress/Waiter appearance



Toilet cleanliness



Floor cleanliness

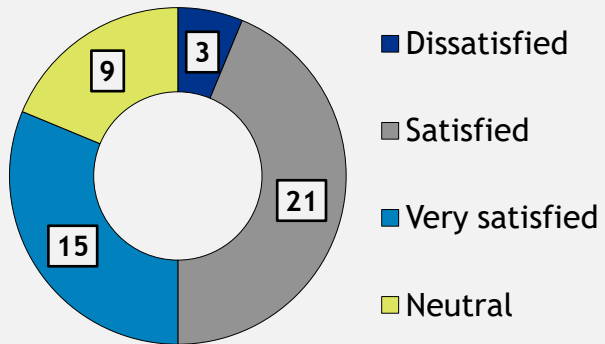
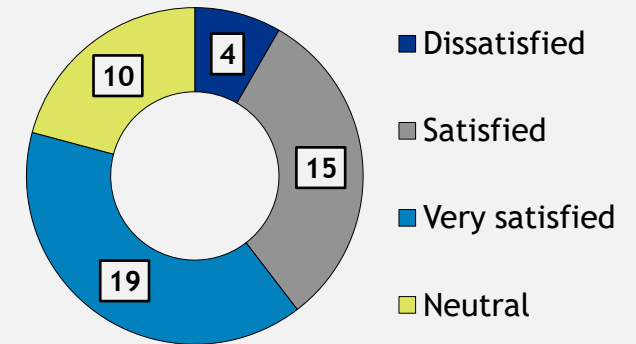
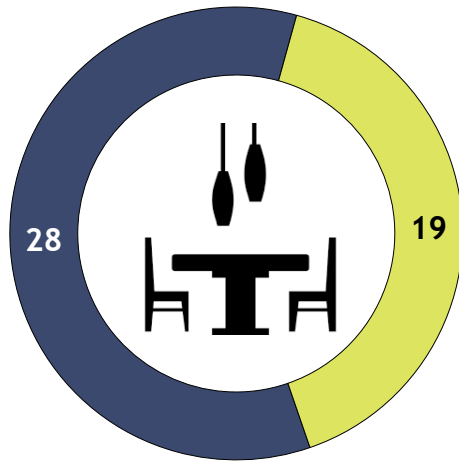


Table cleanliness



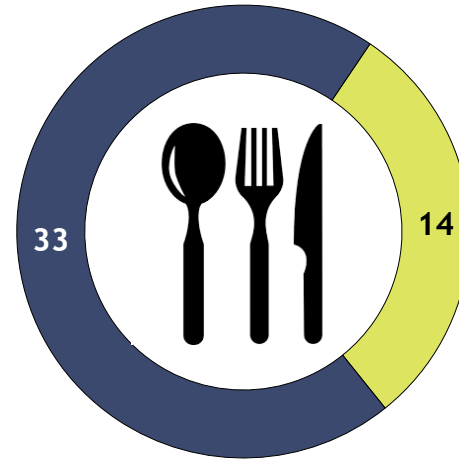
Inside the restaurants

Type of furniture



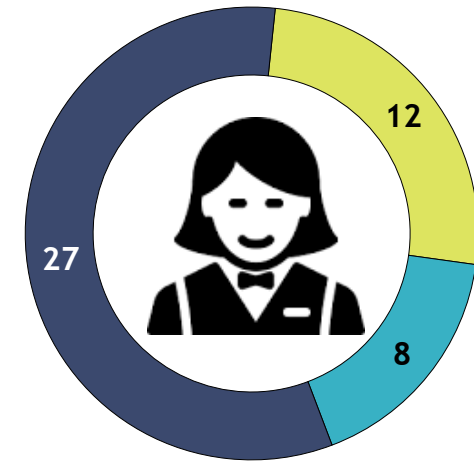
■ Customized ■ Standard

Type of silverware



■ Customized ■ Standard

Waitress/waiter dressing style

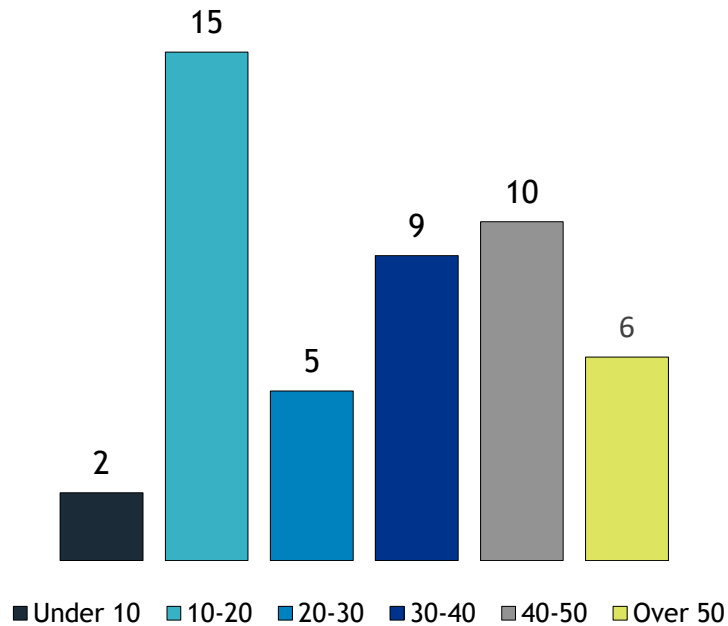


■ Elegant ■ Loose ■ Casual

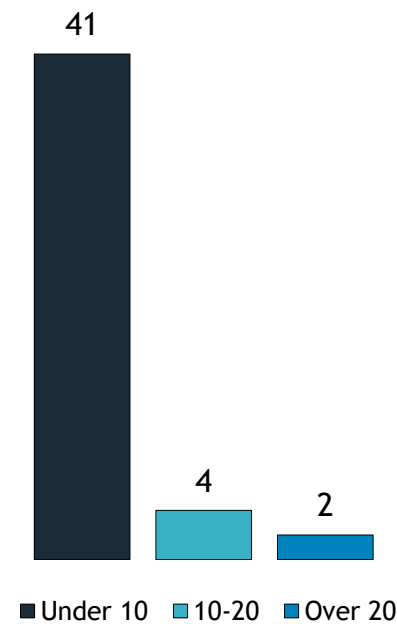
The casual dining restaurants furniture and silverware is mainly customized, on the other hand the fast food restaurants furniture and silverware is not customized. The waitress/waiter dressing style is casual in fast food restaurants. In the casual dining restaurants the dressing style depend on the restaurant owners preference.

Menu compositions

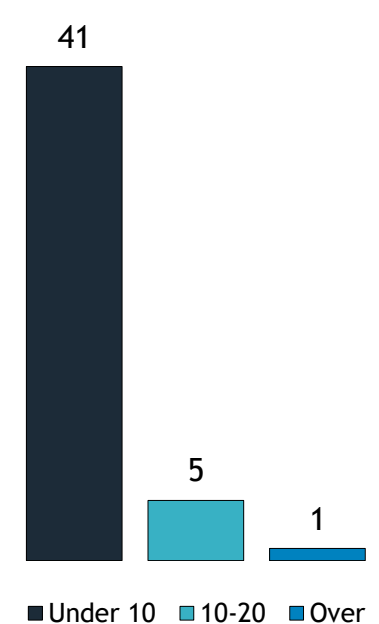
Restaurants main dish number



Restaurants soup number








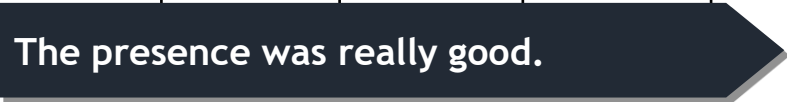
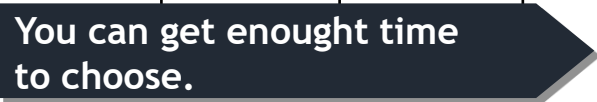

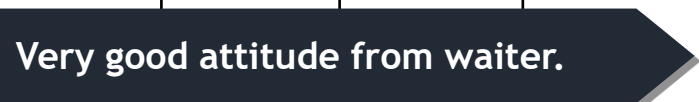
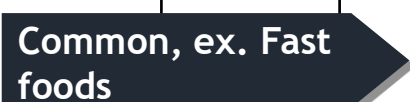

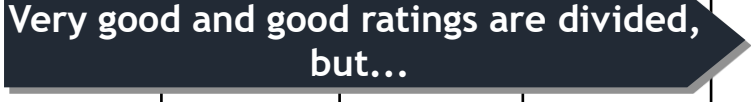
Restaurants dessert number




The most surveyed restaurant had between **10 and 20 type of main dishes** and we can't identify a correlation between type of the restaurants and the number of main course. At the soup category the most restaurants have **under 10 type of soup**, Lotus and Engels have over 20. At the dessert category also the most restaurants have **under 10 type of desserts**, in this category Engels is also the leader. The ordering is noted on a paper in the casual dining restaurants, but at fast food restaurants the ordering process is electronic.


The conditions of ordering, eating and the payment


All the ordering and eating related information is collected and presented here.


Question	Value						Evaluation
How fast does the waiter arrive?							The waiter arrives in less than 1 minute in 70% of the cases.
Time to choose food - from the waiter.							Bad or average rating in 10% of the cases.
Actual time spent with food selection.							At every second eating, the order taking is more than 10s.
Hassle-free ordering.							3 bad, but 45 out of the 48 cases the rating is good or very good.
The time of arrival of the food.							Only 25% get the food less than 10 minutes.
The time of arrival of the receipt.							40% of the VAT receipt arrives more than 3 minutes (or never).
How well-behaved was the waiter/waitress?							... none of them gets the worst rating.


Symbols

 = 0%

 = 25%

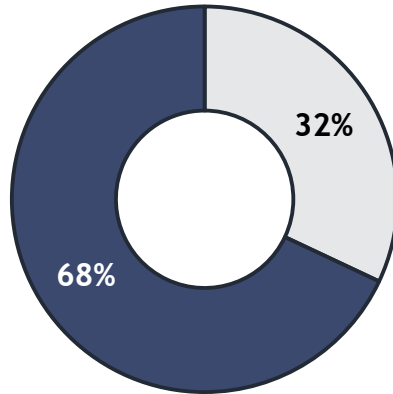
 = 50%

 = 75%

 = 100%

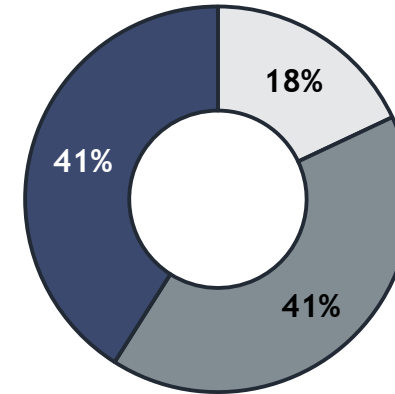
Survey questions

Level of personalization



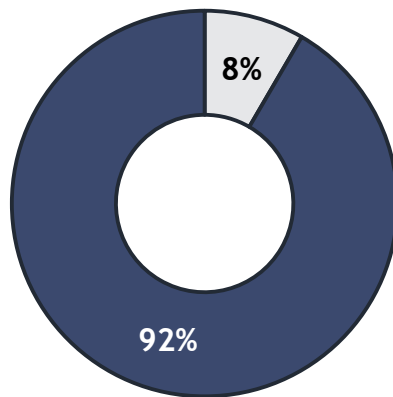
□ Standard ■ Unique

Usage level of menus



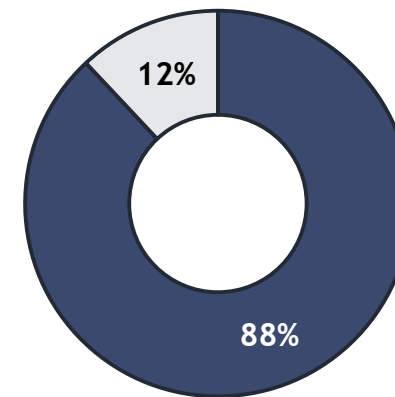
□ Used ■ Slightly used ■ New

How easy it is to reach the restaurant?



□ Difficult ■ Easy

Time between arrival and greeting



■ < 2 minutes □ > 2 minutes

Specifics of a restaurant that make it enjoyable

Poor

Acceptable

Average

Good

Excellent

Menus: cleanness and level of usage

Waiters: professionalism and uniforms

Slowness in bringing the check

More is not always better: no. of main dishes

Overall cleanness

Correspondence and volume of music

Interest in feedback from the waiters and offer of further help

Between standard and personalized

Personalization: menus, uniforms, music, furniture, silverware

Food: smaller variety, smaller portion, more specific

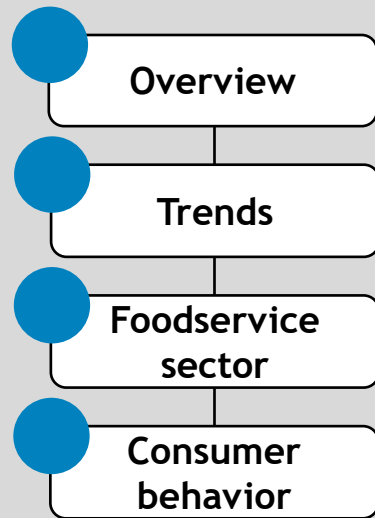
Service: ability to recommend and adapt

Offering something more!

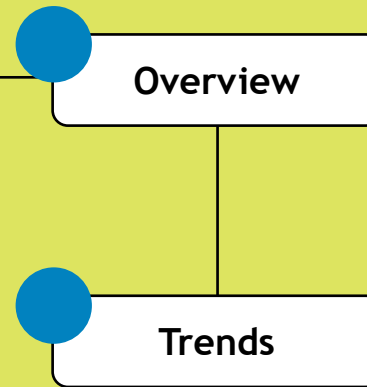
AGENDA

[Executive summary]

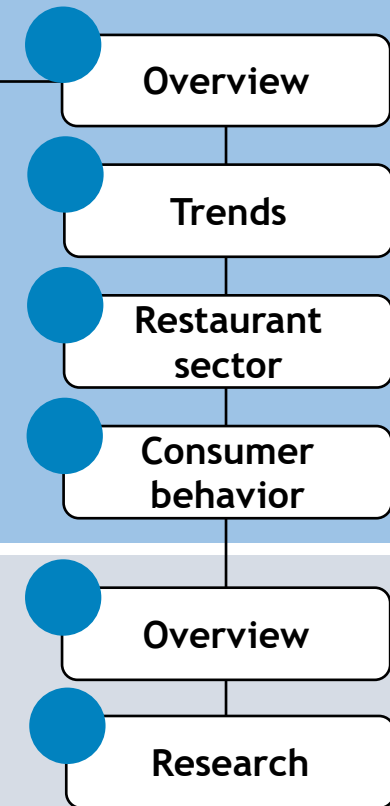
[Global]



[Europe]



[Romania]



[Cluj Napoca]

[Conclusions]

Recommendations for restaurant owners based on the survey

BASICS

Quality



Price



Recommendations for restaurant owners based on the survey

BASICS

Quality



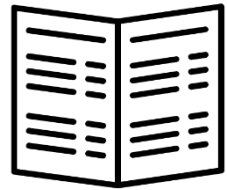
Price



COMPETITIVE ADVANTAGE



Professionalism
of staff



Menus: inside
and outside

Guarantee
of a pleasant
visit

Recommendations for restaurant owners based on the survey

BASICS

Quality



Price

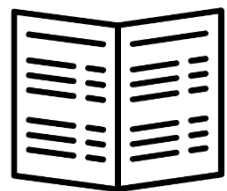
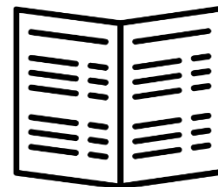


COMPETITIVE ADVANTAGE



Professionalism
of staff

CLEAR ADVANTAGE



Menus: inside
and outside

Guarantee
of a pleasant
visit

Returning
customer

PERSONALIZATION

Recommendations for restaurant owners based on the survey

BASICS

Quality



Price

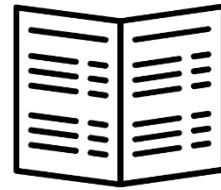


COMPETITIVE ADVANTAGE



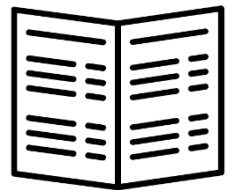
Professionalism
of staff

CLEAR ADVANTAGE



DISTINGUISH YOURSELF

**OFFER
SOMETHING
DIFFERENT,
AN
EXPERIENCE**



Menus: inside
and outside

Guarantee
of a pleasant
visit




Returning
customer

Satisfied
customers, that
recommend your
restaurant

PERSONALIZATION

How to improve the quality of service?

The labor shortage affects the restaurant industry too, which could be eliminated by hiring qualified people, flexible scheduling, using technological applications and regularly organized trainings.

Problem	Solution	Result
 <p>The urge of hiring new people regularly</p>	<p>Well-screened and properly trained employees during the hiring process</p> <p>Modern workplace standards and team-buildings</p>	<ul style="list-style-type: none">• Dropping turnover ratio which leads to saving money• Generating a fun, team focused environment• Reducing the costs of hiring new people
 <p>Inflexible working hours</p>	<p>Effective scheduling policies</p> <p>Using technology to create tight schedules and matching employee requests when possible</p>	<ul style="list-style-type: none">• Attracting more qualified workers• Predicting sales volume and staffing needs
 <p>Speed routine tasks</p>	<p>Place orders directly from mobile devices</p> <p>Intuitive restaurant software helps restaurants run tighter inventories</p>	<ul style="list-style-type: none">• Allow restaurants to function more efficiently• Lower payroll costs• Decreased need for servers

Trying to accommodate each employee's desire for fewer or more hours, using technology to reduce repetitive tasks so that staff can **concentrate on cooking, interacting with guests, thinking creatively and working at a more professional level** could reduce labor costs and create an appealing working environment.

Steps to keep employees happy and motivated

When it comes to achieving long-term success in the restaurant business, it is about the experience as a whole and one of the biggest influences on the quality of the experience is the people who deliver it: your staff.



PROBLEMS

Customers see waiters as robots

There is no appropriate medium for communication between customer and staff

Lack of team dynamics

Need of having a silent place

Lack of experience and knowledge

Low salaries/ no motivation

They see these jobs as a periodic solution - lack of commitment

They don't feel as being able to control

SOLUTIONS

Let the customers know them

↳ Short introduction of staff placed on tables

Let them have fun

↳ Teambuilding activities + “silent corner”

Invest in them

↳ Train and cross train

Acknowledge them

↳ Employee of the Month+ Loyalty Program

Offer incentives

↳ Team leader

Give them a say

↳ “Problems & recommendations box”



Research questions

? What are the trends in the consumer foodservice industry?

? What are the important factors for a company entering a new market or expanding their business in an existing one?

? What does a customer seek when visiting a restaurant?

? What are the major conclusions concerning potential investors in the foodservice industry?

? What are the major conclusions concerning restaurant owners or managers?

? What are the most intriguing restaurants to visit for a customer in Cluj-Napoca?

Conclusions on the foodservice market in Cluj-Napoca

Managers/
Owners

Basics:
Quality & Price

Staff/Menu

Personalization

Offer an
experience

Investors

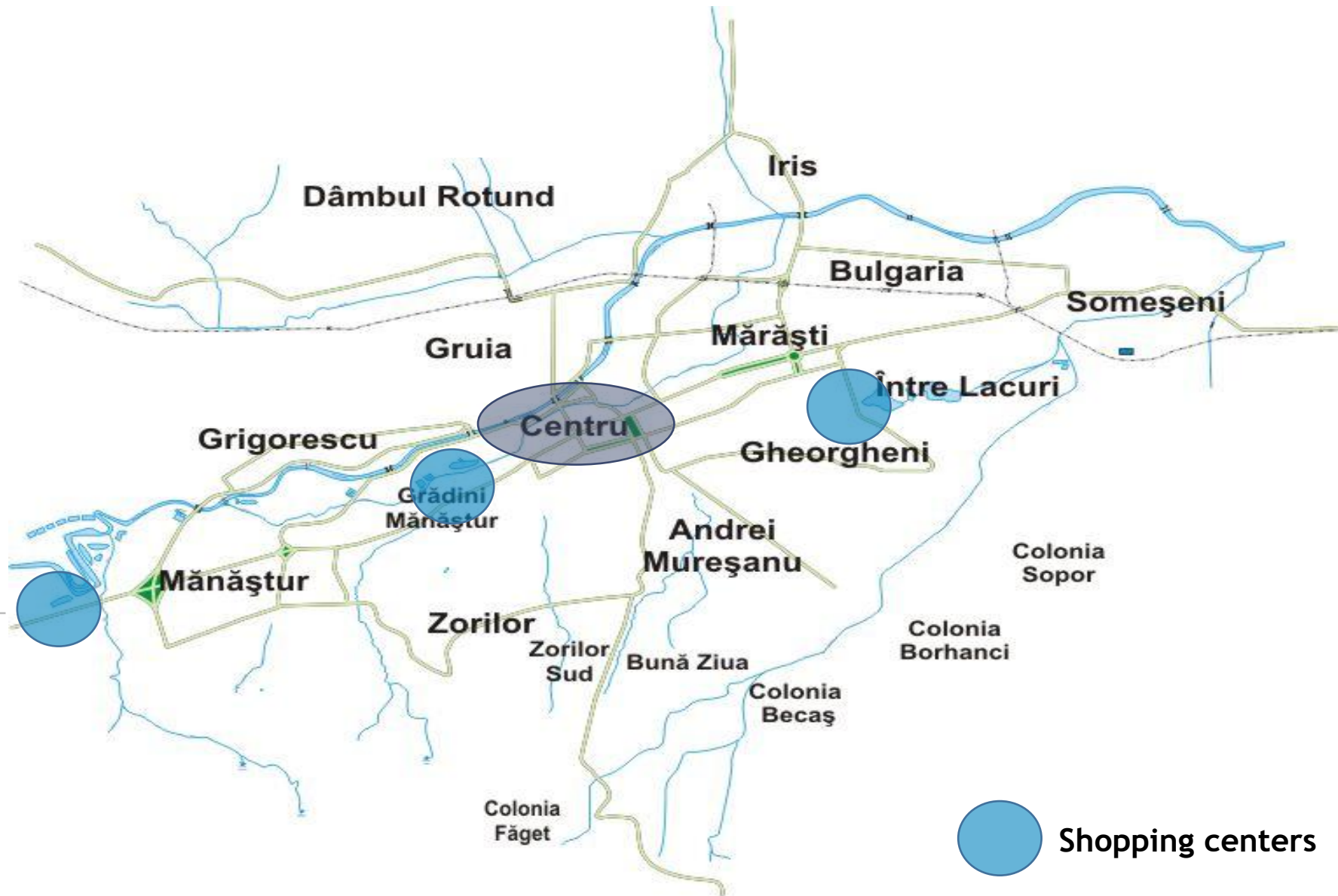
Potential
customers

Conclusions on the foodservice market in Cluj-Napoca

Managers/
Owners

Investors

Potential
customers



Conclusions on the foodservice market in Cluj-Napoca

Managers/
Owners

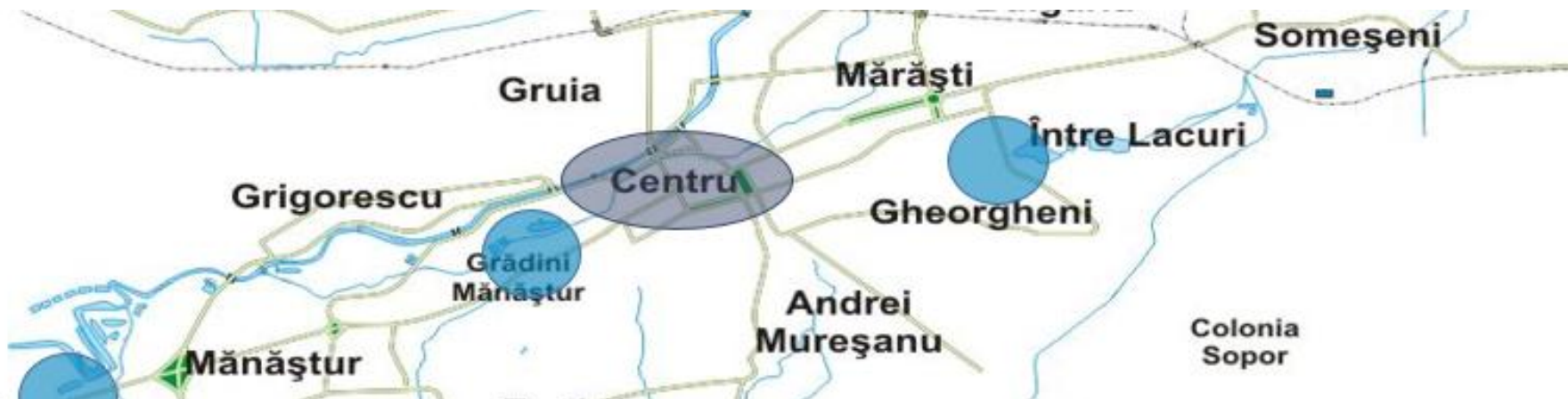
Basics:
Quality & Price

Staff / Menus

Personalization

Offer an
experience

Investors



Potential
customers

Highest score



Best Branded-
Restaurant



Best outdoor
location



