

Driving Traffic with LTOs

Volume 1, Issue 2

As we learned from *6 Steps for Insights-Driven Menu Innovation*, developing new menu items isn't a result of blind luck. The same can be said about winning with limited-time offers. They need to have a well-thought-out system of best practices for determining a standout menu item; the perfect launch timing and marketing promotions; and success measurements. Let's delve into the DNA of an LTO to determine best practices.

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HOW LTOs CAN HELP YOU

No two foodservice operators have identical industry experiences, but one likeness connects each operator: hurdles will be had. Perhaps sales will lag during the slower afternoon hours, or maybe competition will build from the hip new spot across the street that appeals to your core customer. LTOs may be the solution to help operators:

- Appeal to a certain gender, region, ethnicity, income or other demographic
- Add a new mealpart that's missing in your menu mix
- Increase traffic and check averages during a new time of day or day of the week
- Experiment safely with potential items to consider adding to the core menu

Remember traditional casual-dining operator Joe, who previously learned the necessary steps for menu development? He's now faced with a challenge: His customer base skews heavily toward baby boomers, but he wants to broaden that base to attract a younger crowd. A total menu overhaul is costly and risky, whereas simply swapping out a permanent menu item for something new could negatively affect Joe's standing with his core demographic. Could an LTO help Joe attain his goal of attracting younger guests?

Let's start with some basic facts and figures. Data shows growth of LTO incidence in general: Over the last year, LTO rollouts grew 16%. Why such strong growth, you ask? "Consumer research points toward growing interest in trying new flavors, formats and exotic ingredients (some are

quite keen on being the first among their peers to do so), as many operators are working to cultivate a more adventurous, innovative image," says Robert Byrne, Technomic's senior manager of consumer insights. "Simultaneously," he says, "operators are having to deal with on-again-off-again legislation regarding nutritional labeling on menus, and LTOs are not subject to the same scrutiny as are items on the everyday menu."

LTOs can drive traffic in the form of both existing, lapsed and new customers, so let's see if they can help Joe.

DETERMINING AN LTOs' BRAND VIABILITY

Now that you know why an LTO could benefit your brand, look to the other four W's to determine the steps for innovating an LTO. Knowing who to appeal to; what flavors, ingredients, preparations and dishes to focus on; when to time the launch; and where on the menuboard to focus efforts require a deep dive into consumer, menu and trend data.

Who?

The most important aspect when approaching LTO development—or any menu decision for that matter—is the makeup of your target demographic. Consumer surveys or screenings can determine the preferences specific to that base.

Joe—who wants to increase patronage of younger diners—uses consumer research to determine whether he should focus on appealing to Gen Zers or millennials. Because millennials drive patronage at traditional casual-dining restaurants (64% of millennials visit them once a month compared to



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just 50% of Gen Zers), and since Joe’s restaurant spotlights artisanal, scratch-made ingredients, millennials are the obvious choice of focus.

The Trend	The Proof
Scratch-made	Millennials more than any other generation say made-from-scratch menu items (45%) are important at family-style restaurants
Authenticity	29% of millennials are more likely to purchase and are willing to pay more for food that’s authentic
Global fare	Millennials more than any other generation would like restaurants to offer more ethnic foods and beverages (39%)

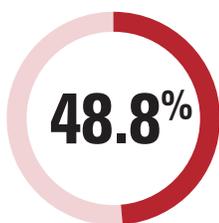
What?

There are several menu strategies operators can use when shaping an LTO to maximize consumer appeal, including knowing what ingredients, flavors, preparations and dishes will typically find favor with guests. Here are four tactics to consider.

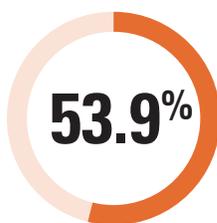
Longevity items

Customers are drawn to certain ingredients that tend to elicit an order no matter what item they’re found on. Bacon is one such universally popular item that has proven its longstanding appeal on menus and will likely never fall out of favor with consumers.

Penetration of bacon five years ago*



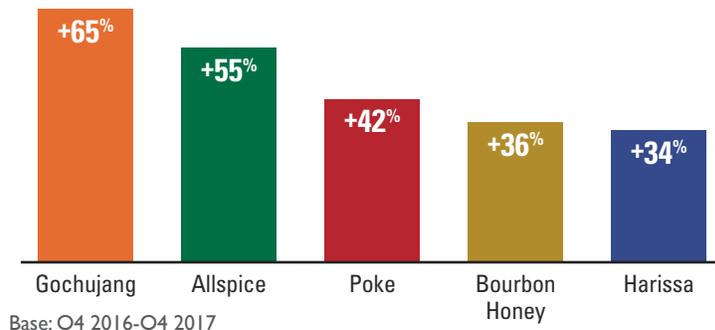
Penetration of bacon today



*Base: Q4 2016-Q4 2017
Sources: Technomic’s MenuMonitor, Technomic’s Consumer Trend Reports

Of-the-moment items

Consumers are drawn to trending flavors and ingredients that are rapidly growing on menus. Let’s look at some that you could consider:



Seasonal elements

In-season ingredients in both traditional preparations (to appeal to conservative diners) and nontraditional preparations (to attract those looking for a twist on classics) can help an LTO shine. Here are some flavors to consider for each season:

- | | | | |
|---------------|------------------|---------------|--------------|
| SPRING | Asparagus | SUMMER | Cherries |
| | Peas | | Tomatoes |
| | Strawberries | | Corn |
| | Ginger | | Peaches |
| | Artichokes | | Cucumber |
| | Scallions | | Eggplant |
| | Rhubarb | | Lemon |
| Zucchini | Swiss Chard | | |
| FALL | Pumpkin | WINTER | Mint |
| | Squash | | Cinnamon |
| | Brussels Sprouts | | Hazelnut |
| | Mushroom | | Nutmeg |
| | Apple | | Sweet Potato |
| | Pecan | | Gingerbread |
| | Cauliflower | | Cranberry |
| Date | Kale | | |

Cracker Barrel’s Campfire Meals LTO strategy similarly aligns with Joe’s. To maintain its loyal customer base of older diners and reach a younger audience, per Don Hoffman, Cracker Barrel’s vice president of marketing, the chain relaunched its Campfire Meals, which has the authentic and scratch-made menu attributes that both millennials and older generations seek. The LTO—which features chicken or beef wrapped in foil with veggies—is an extension of the brand’s country-living mantra.



Twists on the familiar

Offering spins on well-known American dishes can attract both adventurous and non-adventurous diners alike. Ways to accomplish this include:

- Ethnic flavor infusions of traditional ingredients (think harissa mayonnaise)
- Daypart mashups such as an eggs Benedict-inspired breakfast pizza
- Mealpart mashups such as a mac and cheese-topped burger

Where?

Comparing the LTO breakdown by mealpart within your competitive set can help you determine where on the menu you should focus on culinary development. For instance, analyzing LTOs by mealpart for April 2017, you see that many of the rollouts are entrees. However, limited-time adult beverages, desserts and appetizers received plenty of mentions for the month as well. And compared to April 2016, the number of beverage LTOs have increased significantly: nonalcohol beverage LTOs are up 51.6%, and adult beverage LTOs have increased 44.9%.

PRO TIPS FOR WHAT TO IDEATE:

- Use in-store or online customer surveys to gauge the appeal level of an item you're ideating as an LTO before launching it.
- If you find one especially winning flavor or ingredient, consider introducing more than one item with that flavor.



When?

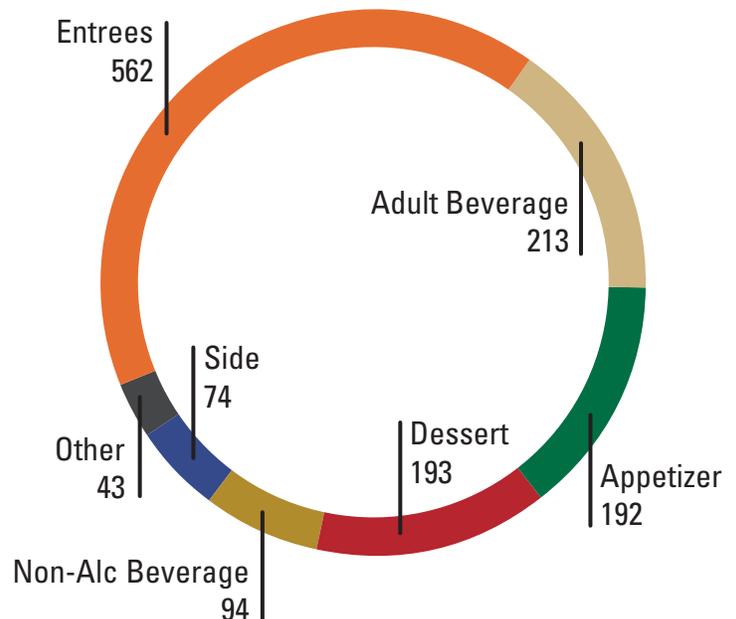
The months with the greatest number of LTOs over the last year are April and November. Similar peaks are prevalent in previous years, showing Joe that these times have proven successful for operators in the past. Major LTO marketing events during these peak months include Easter, Lent and seasonal spring flavors in April, and Thanksgiving, Black Friday and seasonal fall selections in November. Two other events worth considering LTO launches for are Valentine's Day and Mother's Day, which are the two busiest days of the year for restaurants, according to research from the National Restaurant Association.

So what should Joe do? Playing it safe, Joe should also run an entree LTO, as diners visiting a restaurant are more likely to order an entree than any other mealpart. Research can also provide insight into mealparts that are popular with your target demographic. For example, millennials purchase more beverages on average in a typical week than other generations, according to Technomic, which signals to Joe that a beverage LTO might be another way to go.

PRO TIPS FOR WHEN TO LAUNCH:

- Keep track of LTO event opportunities using a calendar; always keep slots open for unscheduled events to capitalize on with LTOs, such as on-trend fads or ingredients and customer requests.
- Theming an LTO around a local event is another way to separate yourself from the competition and appear community-minded in the eyes of your guests.
- Debuting a trendy or seasonal LTO before the competition will get you a step ahead of the curve.

LTOs by Mealpart



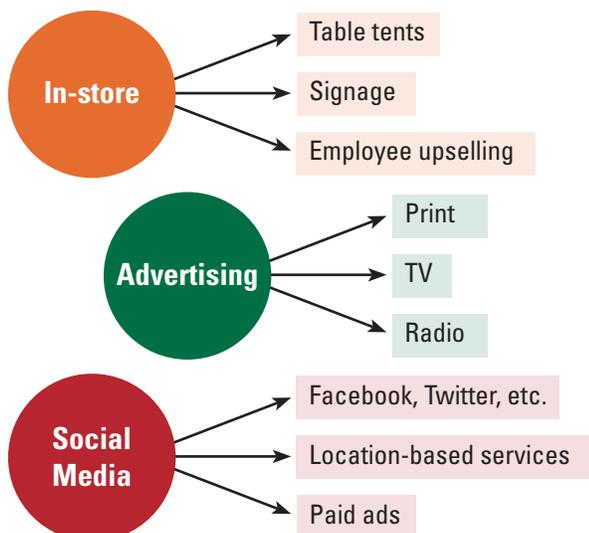
Keeping these factors in mind, Joe determines that he will roll out in April an LTO concept called Black and Tan Sliders. The shareable item features six soft slider buns slathered with smoky bacon jam then topped with ale-braised pork shoulder, smoked gouda, white American cheese and crispy fried onions. It's served with a pile of seasoned fries and pork n' stout gravy. As a pairing, Joe also unveiled a watermelon ginger agua fresca. This not only checks the box of entrees being a likely knockout and beverages appealing to millennials, but also covers the following:

- **Scratch-made preparations**
- **Authenticity**
- **Global fare**
- **Longevity items**
- **Seasonal elements**

In addition, the sliders and beverage also balance each other out—the burger's indulgent while the beverage is lighter. Plus, the seasonal ginger flavor in the beverage can be easily swapped out during a different time of the year for an of-the-moment ingredient like dragon fruit or other in-season element.

MARKETING YOUR LTOs

Marketing your LTO is essential for helping draw consumers into a restaurant. Here are some ways



Source: Technomic's *Generational Consumer Trend Report*

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to promote a limited-edition menu item: Which marketing tactics you employ will depend entirely on the audience you want to reach. An operator targeting baby boomers should opt for more traditional in-store or advertising methods, or stick to brands with longstanding reputations, such as Zagat. Joe, however, will have better luck reaching millennials with social media, who use these communication tools more than any

other generation to track and engage with foodservice venues.



MEASURING LTO SUCCESS

Not all LTOs are created equal. Turning an LTO into a permanent fixture isn't necessarily the goal for most brands. Three better measures of success are growing sales, physical in-store traffic and social media mentions. For the third measure, use social listening tools to track the percentage of positive social media mentions (including positive quality and taste mentions and positive purchase intent) and the percentage of creativity mentions, among other measures.

If Joe finds moderate success with his LTO but either can't or doesn't want to make it permanent, here are some considerations for next steps:

- Unveil the LTO during the same period next year
- Introduce the LTO with a slight variance (such as a seasonal riff) at a different time of the current year
- Roll out a line of items inspired by the LTO

Regardless of whether you're a big chain, a noncommercial venue or a one-off independent restaurant, developing, launching and marketing LTOs with these measures in mind can help you succeed with propelling traffic to your operation.

Follow Joe's lead by relying on your manufacturer supplier and data research to better understand the four W's to launching an LTO. There are many ways to use an LTO to your advantage, so make yours a cut—and a bite or a sip—above the rest.

To drive further success with your LTOs, contact Custom Culinary®—the leading provider of culinary flavor systems and solutions to the foodservice and food processing industries.

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