 ■*Ventura****Foods ®***

Sandwiches

Strategic Insights & Category Management

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**New photo**

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  + Despite significant growth from some emerging fast-casual sandwich chains such as Jersey Mike’s and Modern Market, Top 500 ***sandwich chains grew cumulative sales at just 0.1%*** in 2017 and unit count dropped 0.9%. Likewise, fast casuals continue to gain share of the LSR sandwich market, as many QSRs struggle to grow sales.



**-2.6%**

year-over-year sales decline of Top 500 QSR

sandwich chains

Growing pains

* + Other players, such as fried chicken or Mediterranean fast casuals, are aiming to steal share with high-quality, unique and ethnic sandwich varieties. And yet another growing pain, ***some consumers have traded down*** to sandwiches prepared at home over the past two years despite an improving economy.
  + A ***balance of innovation and affordability*** is needed from

**Look for:**

sandwich operators to grow away-from-home consumption.

**Look for:**

* Operators to face a growing need to differentiate their sandwiches, especially with new carriers, proteins and toppings, ethnic inspirations and over-the-top indulgences
* Major sandwich chains, especially Subway, putting forth millions for concept and menu refreshes



Sides as toppings

**34%**

of consumers strongly agree that they like to add sides as toppings to their

sandwiches

* + - One way operators are differentiating their sandwiches is ***by topping them with ingredients that are traditionally plated as sides***. Fries, potato wedges, potato chips, onions rings and other components are all making their way atop sandwiches.
    - Operators are especially promoting these types of ***sandwich builds as limited-time offers to drive menu interest.*** For operators and suppliers, it is a cost-effective way to cross-utilize ingredients and create new signature sandwiches.
    - ***Crispy, fried toppings add a crave-worthy element*** to sandwiches, while imparting texture, differentiated flavor profiles and overall indulgence.

**Look for:**

* More menus to expand the range of sides that are suitable as toppings, such as macaroni and cheese, mashed potatoes and gravy or refried beans
* Seasonal sides to also come into play, such as

sweet potatoes during the fall or winter

**Look for:**



Crafted vs.

customized

**50%**

of 18- to 34-year-olds would like restaurants

to offer more sandwiches with new or unique flavors and

ingredients

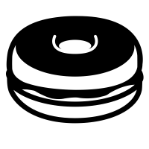
* The make-your-own model has become synonymous with the fast-casual restaurant segment. While over the years consumers have been gravitating to formats that give them the ability to choose their own ingredients in an assembly-line format***, their ever-changing expectations for uniqueness and differentiated experiences*** may eventually cause a shift in the opposite direction.
* Shift has already been seen in many of the independent and newly emerging sandwich chains that are bucking against the fast-casual customization trend.

**Look for:**

**Look for:**

* Chef-crafted sandwich builds to more fully emerge in the fast-casual arena to elevate the menu
* More quick-service operators to partner with award-winning chefs for crafted creations, and marketing of those chefs on menus and in advertising

# Regional



sandwiches

**10%**

increase of Montreal bagel mentions on menus in the past year

* American cuisine is anchored by regional preferences and culinary traditions, and one region’s favorite food is often seen as truly unique or even odd to people in another region. At a time when consumers are more food-savvy and endlessly curious about flavors than ever before, there could ***be prime opportunity in promoting regional influences for sandwiches***.
* ***Southern fare*** provides a wide array of inspiration for regional sandwiches, from fried bologna sandwiches topped with pimento cheese to vegetarian options featuring fried green tomatoes or collard greens.
* Regional and global mashups call for new twists on the classic grilled Cuban sandwich and unique fillings to dress up Montreal bagel sandwiches.

**Look for:**

#### **Look for:**

* + More top chains to experiment with lesser-known regional sandwich varieties, such as Buffalo, N.Y.’s beef on weck and Louisville’s hot brown
  + Experimentation into regions beyond the U.S., such as Yucatan, Mexico-style sandwiches



Alternative

proteins

**37%**

of Gen Zers are interested in trying sandwiches with alternative meat

options

* + - Alternative proteins have been getting a lot of attention in the burger category, with plant-based Impossible Burger meat being used in new veggie-burger options at better-burger chains such as Epic Burger and M

Burger.

* + - Smoked Eel Burger, recently listed at Shake Shack. Such innovation is due to carry over into the sandwich category, which is already experiencing a spate of sandwich offerings that feature differentiated proteins.
    - Arby’s routinely menus venison as an LTO, and elk and bison are appearing as sandwich fillings at more upscale sandwich purveyors.

**Look for:**

**Look for:**

* Operators to answer the call for top-notch vegan sandwich components with alternatives that truly mimic the taste and texture of meat—most notably, jackfruit
* More mainstream operators to look to nontraditional game meats for ultra- limited, limited-time offers

#### SANDWICHES

Key Conclusions

1 2 3

* Sandwiches are experiencing softness even with new, rapidly growing concepts such as Jimmy John’s and Jersey Mike’s. Consumers are looking for differentiation in their sandwich experience.

- items such as bowls are also driving a decline in

sandwich consumption

* Look to include distinctive ingredients to create a crave-worthy sandwich that appeals to consumers.
* Ingredients such as a unique spread (savory jam, alternative sauces) or an alternative protein can create a new experience for consumers
* Use texture as a differentiating element to a traditional ‘soft’ sensory experience
* Consider items such as crunchy fried onions, potato chips, crisp pickles or kimchee to create a multi- sensorial experience that can drive crave-ability
* Look to unique side dishes to differentiate the traditional sandwich. Mashups can create a unique experience through an LTO program.
* As Generation Z comes into their prime spending years, they have an expectation for authentic experiences – whether regional cuisine or ethnic cuisine.
* Look to the southern cuisine for inspiration as a beloved profile for consumers. Smoky flavors, Sweet Heat BBQ sauces, comfort of Mac and Cheese can serve as inspiration for new menu items.
* Move towards authentic ethnic flavors – familiar with a twist will devolve into more authentic flavors as Gen Z grows into the core consumer.