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Same-Store Sales Discussion

During the second quarter of 2017 ("Q2 2017"), the restaurant industry saw mixed performance in same-store sales ("SSS"). On average, restaurant same-store sales decreased 0.6% year-over-year ("YOY") in Q2 2017. Of the 67 companies we follow, only 30, or 45%, enjoyed positive same-store sales growth in Q2 2017. Data over the last several quarters have showed a consistent slowdown for the industry. Q2 2017 extended the streak of industry SSS decreases to five quarters.

QSR: In the QSR segment, 13 of the 23 concepts we track showed positive same-store sales growth during Q2 2017, with the segment as a whole up 0.5% YOY. Mexican concepts led the segment at 5.6% growth as Taco Bell (+4.0%) and Del Taco (+7.1%) both turned in strong results. Chicken concepts struggled in Q2 2017 and were down 2.0%, led by large decreases at Pollo Tropical (-7.7%) and Popeye's (-3.3%), which suffered its second consecutive down quarter after years of positive comps. Domino's (+9.5%) strong performance continued. If it's any indication of how strong Domino's recent performance has been, +9.5% was the *third worst* result of the past 12 quarters.

Fast Casual: Q2 2017 saw the fast casual segment turn in a decrease of 2.2% for its sixth consecutive quarter of SSS decreases after 26 quarters of SSS increases from Q3 2009 to Q4 2015. Pie Five's losses continued to accelerate as the pizza concept posted a 16.2% decrease, its fifth consecutive double-digit decrease. After bouncing back from five consecutive quarters of sales declines in Q1 2017, Chipotle (+8.1%) saw its recovery slow on yet another food safety issue. Excluding Chipotle, only El Pollo Loco (+2.9%) and Qdoba (+0.5%) posted positive comps. For a third straight quarter, a majority of the fast casual concepts we track had negative sales comps. Notably, Panera, the largest fast casual concept, was acquired by JAB Holding Co. in July 2017 and is no longer reporting SSS.

Family Dining: Struggles for the family dining segment continued in Q2 2017 as five of the six concepts we track posted SSS decreases. After 11 quarters of growth for the segment as a whole, this marks the third consecutive quarter of decreases. Bob Evans Restaurants was acquired by Golden Gate Capital in May 2017 and is no longer reporting SSS.

Casual Dining: Downward trends in casual dining continued in Q2 2017 as SSS declined 0.6% YOY. Of the 24 concepts we follow, 13 experienced sales declines for the quarter. Applebee's again suffered the largest decrease as the company posted a 6.2% decline for its eighth consecutive quarterly decrease. On the other hand, Olive Garden continued its strong run and led the casual dining segment with 4.4% SSS growth, its 11th consecutive quarter of SSS growth dating back to Q4 2014.

Fine Dining: The fine dining segment saw a SSS decrease of 1.3% YOY on negative comps from three of five concepts we track in Q2 2017. As the chart below illustrates, fine dining sales have yet to fully recover to pre-recession levels and are still below 2007 sales. Ruth's Chris continued its run of 29 consecutive quarters with positive comps as it led the segment with 2.9% growth. Sullivan's lagged the segment in Q2 2017 with a 5.2% same-store sales decrease.



Thus far in 2017, many concepts have repeatedly given up ground in same-store sales. Several factors, such as stagnant wage growth, higher prices and better options at grocery stores, may be contributing to the general weakness in the industry. We expect the environment to remain challenging for restaurant operators going forward, but concepts that differentiate themselves on quality, service and cleanliness should continue to succeed in the long run.

Contributing Editor Aaron Edwards is an Associate at Trinity Capital.

Same-Store Sales Data

	FY 2014		FY 2015				FY 2016				FY 2017	
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
QSR												
Chicken												
Bojangles	5.3%	7.0%	7.9%	4.4%	4.1%	0.6%	2.0%	0.2%	0.8%	2.4%	(1.7%)	(1.4%)
Church's	1.7%	3.6%	2.8%	(2.6%)	(4.8%)	(4.6%)	(4.2%)	(2.5%)	(1.8%)	(1.3%)	(1.0%)	0.2%
KFC	2.0%	6.0%	7.0%	3.0%	0.0%	3.0%	1.0%	2.0%	6.0%	4.0%	2.0%	2.0%
Pollo Tropical	5.9%	7.7%	6.4%	4.3%	4.2%	0.4%	0.0%	(1.4%)	(1.0%)	(4.0%)	(6.7%)	(7.7%)
Popeye's	7.2%	10.7%	7.0%	7.9%	5.6%	2.0%	1.1%	0.0%	1.5%	3.0%	(0.4%)	(3.3%)
Mean	4.4%	7.0%	6.2%	3.4%	1.8%	0.3%	(0.0%)	(0.3%)	1.1%	0.8%	(1.6%)	(2.0%)
Coffee/Snack												
Baskin Robbins	5.8%	9.3%	8.0%	3.4%	7.5%	4.4%	5.0%	0.6%	(0.9%)	0.9%	(2.4%)	(0.9%)
Dunkin Donuts	2.0%	1.4%	2.7%	2.9%	1.1%	1.8%	2.0%	0.5%	2.0%	1.9%	0.0%	0.8%
Jamba Juice	3.7%	4.9%	5.0%	(5.9%)	6.6%	5.4%	(2.1%)	4.2%	(1.1%)	(2.2%)	(5.8%)	0.0%
Starbucks	5.0%	5.0%	7.0%	8.0%	9.0%	9.0%	7.0%	4.0%	4.0%	3.0%	3.0%	5.0%
Tim Horton's	6.8%	4.1%	8.9%	7.0%	4.3%	5.8%	5.8%	5.9%	4.5%	3.6%	(0.1%)	(0.8%)
Mean	4.7%	4.9%	6.3%	3.1%	5.7%	5.3%	3.5%	3.0%	1.7%	1.4%	(1.1%)	0.8%
Mexican												
Del Taco	N/A	N/A	7.7%	6.0%	5.6%	5.8%	3.2%	3.3%	6.7%	5.5%	4.2%	7.1%
Taco Bell	3.0%	7.0%	6.0%	6.0%	4.0%	4.0%	1.0%	(1.0%)	3.0%	3.0%	8.0%	4.0%
Mean	3.0%	7.0%	6.9%	6.0%	4.8%	4.9%	2.1%	1.2%	4.9%	4.3%	6.1%	5.6%
Pizza												
Domino's	7.7%	11.1%	14.5%	12.8%	10.5%	10.7%	6.4%	9.7%	13.0%	12.2%	10.2%	9.5%
Papa John's	7.4%	4.1%	6.5%	5.5%	3.0%	1.9%	0.1%	4.8%	5.5%	3.8%	2.0%	1.4%
Papa Murphy's	1.5%	N/A	5.6%	4.5%	1.4%	(3.1%)	(3.0%)	(4.0%)	(5.8%)	(7.8%)	(5.0%)	(4.3%)
Pizza Hut	(2.0%)	0.0%	(1.0%)	1.0%	0.0%	2.0%	5.0%	1.0%	(2.0%)	(4.0%)	(7.0%)	(3.0%)
Pizza Inn	4.6%	6.4%	6.0%	0.2%	(1.1%)	(1.7%)	(2.2%)	0.3%	0.2%	(1.2%)	0.1%	(9.5%)
Mean	3.8%	5.4%	6.3%	4.8%	2.8%	2.0%	1.3%	2.4%	2.2%	0.6%	0.1%	(1.2%)
Sandwich												
Arby's	10.4%	4.9%	9.7%	7.6%	9.6%	5.5%	5.8%	3.7%	2.4%	3.1%	1.6%	3.7%
Burger King	3.6%	4.2%	6.9%	7.9%	5.2%	2.8%	4.4%	(0.8%)	(0.5%)	1.8%	(2.2%)	3.0%
Jack in the Box	3.1%	4.4%	8.9%	7.3%	6.2%	1.4%	0.0%	1.1%	2.0%	3.1%	(0.8%)	(0.2%)
McDonald's	(3.3%)	(1.7%)	(2.6%)	(2.0%)	0.9%	5.7%	5.4%	1.8%	1.3%	(1.3%)	1.7%	3.9%
Sonic Drive-In	3.5%	8.5%	11.5%	6.1%	4.9%	5.3%	6.5%	2.0%	(2.0%)	(2.0%)	(7.4%)	(1.2%)
Wendy's	0.8%	1.7%	3.2%	2.2%	3.1%	4.8%	3.6%	0.4%	1.4%	0.8%	1.6%	3.2%
Mean	3.0%	3.7%	6.3%	4.9%	5.0%	4.3%	4.3%	1.4%	0.8%	0.9%	(0.9%)	2.1%
Mean Total QSR	3.9%	5.3%	6.3%	4.2%	4.0%	3.2%	2.3%	1.6%	1.7%	1.2%	(0.3%)	0.5%
Fast Casual												
Chipotle	19.8%	16.1%	10.4%	4.3%	2.6%	(14.6%)	(29.7%)	(23.6%)	(21.9%)	(4.8%)	17.8%	8.1%
El Pollo Loco	7.9%	7.6%	3.5%	1.3%	0.0%	1.8%	0.7%	2.4%	1.6%	(1.3%)	(0.3%)	2.9%
Fuddrucker's	(4.6%)	0.2%	2.1%	0.2%	1.7%	1.3%	0.0%	(1.0%)	(0.8%)	(1.6%)	(1.1%)	(0.9%)
Noodles & Company	1.7%	1.3%	0.9%	0.1%	(0.9%)	(1.1%)	(0.1%)	(1.0%)	(0.7%)	(1.3%)	(2.0%)	(3.4%)
Panera Bread	1.4%	3.0%	0.7%	1.8%	2.8%	2.3%	4.7%	2.3%	1.7%	0.7%	2.6%	N/A
Pie Five	17.0%	16.9%	9.5%	6.7%	1.5%	(1.6%)	(4.0%)	(12.0%)	(14.7%)	(17.4%)	(15.8%)	(16.2%)
Potbelly	0.5%	3.7%	5.4%	4.9%	3.7%	3.7%	3.7%	1.7%	0.6%	0.1%	(3.1%)	(4.9%)
Qdoba Mexican Grill	7.7%	14.0%	8.3%	7.7%	6.6%	1.5%	2.1%	0.6%	0.8%	(1.0%)	(3.2%)	0.5%
Shake Shack	N/A	7.2%	11.7%	12.9%	17.1%	11.0%	9.9%	4.5%	2.9%	1.6%	(2.5%)	(1.8%)
Zoe's Kitchen	5.9%	7.8%	N/A	5.6%	4.5%	7.7%	8.1%	4.0%	2.4%	0.7%	(3.3%)	(3.8%)
Mean	6.4%	7.8%	5.8%	4.6%	4.0%	1.2%	(0.5%)	(2.2%)	(2.8%)	(2.4%)	(1.1%)	(2.2%)

Source: Restaurant Research LLC, Capital IQ, Technomic and company filings

Same-Store Sales Data (Cont.)

	FY 2014		FY 2015				FY 2016				FY 2017	
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Family Dining												
Bob Evans	0.0%	3.8%	2.1%	(0.3%)	(3.2%)	(3.6%)	(3.0%)	(2.0%)	(2.2%)	(2.6%)	(3.9%)	N/A
Chuck E Cheese	N/A	(1.4%)	(5.0%)	3.0%	0.7%	1.3%	6.0%	2.6%	3.7%	(1.6%)	(2.8%)	(3.8%)
Cracker Barrel	3.3%	7.9%	5.2%	3.8%	2.5%	0.6%	2.3%	3.2%	1.3%	0.6%	(0.4%)	(0.8%)
Denny's	2.4%	4.7%	7.2%	7.3%	6.1%	2.9%	2.5%	(0.5%)	1.0%	0.5%	(1.1%)	2.6%
IHOP	2.4%	6.1%	4.8%	6.2%	5.8%	1.4%	1.5%	0.2%	(0.1%)	(2.1%)	(1.7%)	(2.6%)
Luby's	0.4%	0.2%	3.1%	(1.0%)	0.2%	1.2%	3.1%	(0.2%)	0.0%	(2.2%)	(4.4%)	(2.5%)
Steak n Shake	2.6%	2.9%	6.0%	4.8%	3.0%	3.6%	1.8%	(0.7%)	0.2%	(0.4%)	(3.3%)	(3.1%)
Mean	1.9%	3.5%	3.3%	3.4%	2.2%	1.1%	2.0%	0.4%	0.6%	(1.1%)	(2.5%)	(1.7%)
Casual Dining												
Applebee's	1.7%	2.8%	2.9%	1.0%	(0.5%)	(2.5%)	(3.7%)	(4.2%)	(5.2%)	(7.2%)	(7.9%)	(6.2%)
Bahama Breeze	N/A	(0.6%)	3.2%	1.8%	1.8%	2.4%	9.9%	4.7%	3.9%	2.6%	0.5%	1.4%
BJ's Restaurants	0.3%	1.2%	3.2%	0.5%	2.3%	0.7%	0.6%	(0.2%)	(3.4%)	(2.2%)	(1.3%)	(1.4%)
Bonfish	2.6%	0.7%	0.9%	(4.6%)	(6.1%)	(5.4%)	(2.7%)	0.9%	1.7%	(1.9%)	(0.8%)	(2.6%)
Bravo! Cucina Italiana	(6.7%)	(3.9%)	(1.7%)	(2.1%)	(3.1%)	(5.2%)	(4.1%)	(8.4%)	(8.0%)	(7.5%)	(2.9%)	(1.1%)
Brick House Tavern	7.5%	5.7%	5.4%	2.8%	(0.7%)	(2.8%)	(4.5%)	(6.3%)	(8.9%)	0.0%	0.0%	0.0%
Brio Tuscan Grille	(5.2%)	(4.2%)	(1.0%)	(1.6%)	(3.8%)	(4.3%)	(2.1%)	(6.4%)	(3.7%)	(4.3%)	(1.9%)	(0.9%)
Buffalo Wild Wings	5.8%	5.5%	6.5%	3.3%	2.6%	1.0%	(2.0%)	(2.3%)	(1.7%)	(4.0%)	0.6%	(1.2%)
Carrabba's Italian Grill	(1.2%)	0.3%	1.9%	0.9%	(2.0%)	(4.0%)	(2.0%)	(4.8%)	(2.1%)	(2.3%)	(3.8%)	0.4%
Cheesecake Factory	2.1%	1.4%	4.2%	2.8%	2.2%	1.1%	1.7%	0.3%	1.7%	1.1%	0.3%	(0.5%)
Chili's Grill & Bar	2.3%	4.2%	2.2%	0.1%	(1.1%)	(2.1%)	(3.6%)	(1.8%)	(1.3%)	(3.2%)	(1.7%)	(1.7%)
Chuy's	3.0%	3.8%	1.9%	N/A	4.2%	3.2%	3.2%	1.0%	0.3%	(1.1%)	(0.7%)	(0.1%)
Dave & Buster's	8.7%	10.5%	9.9%	11.0%	8.8%	6.0%	3.6%	1.0%	5.9%	3.2%	2.2%	1.1%
Famous Dave's	(2.3%)	(2.4%)	0.1%	(3.3%)	(3.6%)	(5.2%)	(6.1%)	(4.3%)	(3.8%)	(4.7%)	(4.8%)	(3.2%)
Joe's Crab Shack	(4.4%)	(4.5%)	(3.8%)	(4.0%)	(6.6%)	(2.9%)	(1.3%)	(6.8%)	(6.5%)	0.0%	0.0%	0.0%
Kona Grill	2.7%	3.1%	2.2%	1.0%	1.6%	3.2%	3.6%	2.5%	0.7%	(4.1%)	(4.3%)	(5.3%)
LongHorn Steakhouse	2.8%	2.6%	5.4%	5.2%	4.4%	2.6%	5.2%	2.2%	0.6%	0.1%	0.2%	3.5%
Maggiano's	0.6%	2.3%	0.1%	(0.1%)	(1.7%)	(1.8%)	0.2%	(1.7%)	(0.6%)	(0.8%)	1.6%	0.5%
Olive Garden	(1.3%)	2.2%	2.2%	3.4%	2.7%	2.8%	4.9%	2.4%	2.0%	2.6%	1.4%	4.4%
Outback	4.8%	6.4%	5.0%	4.0%	0.1%	(2.2%)	(1.3%)	(2.5%)	(0.7%)	(4.8%)	1.4%	0.3%
Red Robin	1.4%	4.3%	3.8%	3.6%	3.7%	(1.6%)	(2.2%)	(3.2%)	(3.3%)	(4.4%)	(1.5%)	0.5%
Ruby Tuesday	1.1%	(1.0%)	(0.3%)	(1.7%)	0.6%	0.8%	(3.1%)	(3.7%)	(2.7%)	(4.1%)	(4.0%)	(1.6%)
Taco Cabana	3.5%	6.1%	3.8%	5.6%	4.8%	3.3%	1.7%	(3.8%)	(4.1%)	(3.5%)	(4.5%)	(4.7%)
Texas Roadhouse	5.8%	6.8%	8.7%	8.0%	7.0%	4.4%	4.3%	4.2%	3.4%	1.4%	3.2%	4.0%
Mean	1.5%	2.2%	2.8%	1.6%	0.7%	(0.4%)	0.0%	(1.7%)	(1.5%)	(2.0%)	(1.2%)	(0.6%)
Fine Dining												
Fleming's	4.8%	3.4%	3.0%	3.2%	(0.6%)	(0.3%)	1.3%	(0.8%)	(1.9%)	0.2%	(2.9%)	(1.3%)
Ruth's Chris	4.8%	5.0%	2.8%	4.2%	3.3%	3.2%	3.1%	1.5%	2.1%	0.0%	0.7%	2.9%
Capital Grille	3.9%	5.0%	6.1%	4.4%	7.2%	1.5%	5.3%	3.7%	(1.2%)	1.2%	0.9%	0.5%
Del Frisco's Grille	8.4%	4.9%	2.3%	1.0%	(1.4%)	(4.5%)	5.3%	(2.0%)	(1.4%)	2.7%	(0.9%)	(3.2%)
Sullivan's	0.6%	1.7%	4.8%	(3.0%)	1.2%	(1.8%)	(1.8%)	(2.9%)	(3.2%)	0.9%	1.1%	(5.2%)
Mean	4.5%	4.0%	3.8%	2.0%	1.9%	(0.4%)	2.6%	(0.1%)	(1.1%)	1.0%	(0.2%)	(1.3%)

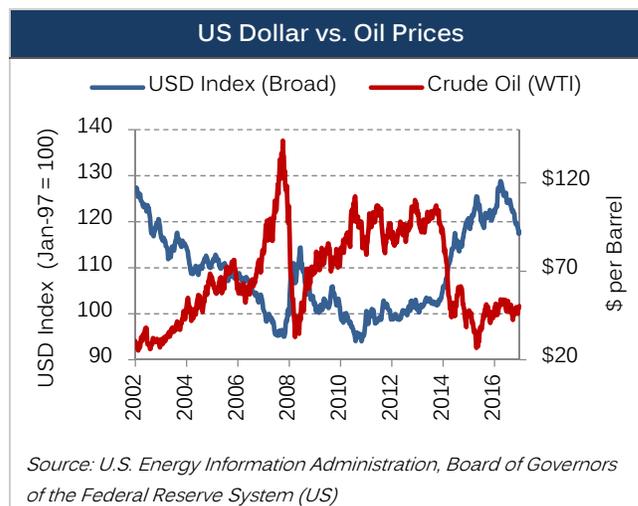
Source: Restaurant Research LLC, Capital IQ, Technomic and company filings

What Does Tax Reform Mean for the Restaurant Industry?

Two senior White House advisers, former Goldman Sachs CEO Gary Cohn and Treasury Secretary Steven Mnuchin, also a Goldman Sachs alumnus, have been working quietly with GOP leadership and in consultation with Senate majority leader Mitch McConnell and minority leader Chuck Schumer to create a tax reform bill. The purpose of this bill is to address inequities and inefficiencies in the present tax code. The bill purportedly reduces seven income tax brackets to three, doubles the standard deduction and eliminates the state and local income tax deduction. In addition, the tax bill will purportedly lower the corporate income tax rate from 34% to 20%. Initially, Trump had sought 15%, but I don't think there would be political support for a corporate tax rate that low. The tax bill will also accommodate "postcard" tax filing for the majority of American taxpayers. In addition, it ends incentives for US multinational corporations, which currently create employment, investment and tax revenues in foreign jurisdictions instead of the US. There is a one-time inducement for multinational corporations to repatriate cash from foreign subsidiaries with a single-digit tax rate. There is as much as \$2 trillion in overseas accounts of US headquartered multinational corporations; repatriating a sum of money which exceeds 10% of the US GDP in a single year would significantly benefit the US economy.

If the bill can remain largely intact in tax-writing committees, it could have a significant stimulus effect on the US economy in 2018 and beyond. This will be a meaningful positive for the restaurant industry. The stock market has risen 18.3% since the election of Donald Trump and 12.5% since his inauguration, largely on the assumption that a comprehensive tax bill would be put into law during 2017. The administration's infighting, fumbling of the travel ban and the President's personal guffaws reduced the likelihood of passage of any such bill over the summer. However, it has recently been decided that the bill would be structured as a reconciliation bill and attached to the US 2017-2018 federal budget. In this format, even the President's nemesis, Senator John McCain, will not be able to undermine the passage of the bill, as it only requires 51 Senate votes and a simple House majority. Despite losing significant public approval, most of the President's policies still remain very popular with the majority of Americans.

So what does this tax reform bill mean for the restaurant industry? If the tax bill emerges with most of the facets described previously, it will have three clear effects on the US economy and thus the restaurant industry: (1) stimulate economic growth; (2) strengthen the dollar; and (3) ease pressure on commodity prices, especially oil and gas. Economic growth will accelerate because consumers will have greater after-tax dollars to spend, which drives consumption. Corporations will receive significant tax breaks and have the ability to put more dollars to work in research and development, capital expenditures, renovations and payroll expansion. This is good for the stock market and, in turn, helps consumer confidence and therefore discretionary spending. Another important aspect will be the strengthening of the US dollar. Global oil pricing is inversely correlated with the US dollar. Worldwide oil transactions are predominately quoted and paid in US dollars. As a stronger dollar buys more oil, the US consumer will be provided with additional dollars to spend on other goods and services, including restaurants. With oil barrel prices closing in on \$60, this bill could not come at a better time for the restaurant industry.



A stimulus to consumer expenditures coupled with increased corporate spending, higher stock market valuations and cheaper gasoline could result in 1%-2% of incremental US restaurant revenues in 2018. So restaurant industry participants should hope that politics don't overwhelm the tax writing committees and a fair tax bill can emerge that stimulates the economy and brings everyone along.

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The Rise (and Fall?) of Meal Subscription Services

Amidst the transformation of food consumption behaviors, meal subscription services have risen onto the scene and are taking hold of market share from both the grocery shoppers and restaurant goers. Given the relatively new emergence of such services, the implications on restaurant traffic is just beginning to unfold. According to Technomic, it is forecasted that the "meal kit" service segment could grow from \$3 billion today to over \$5 billion in the next 10 years, or growth of just over 5% per year.

As meal subscription services continue to develop their footprint, how could this impact the restaurant traffic and will it be cannibalizing or additive? We are seeing the frequency of home cooking increase versus restaurant visits which bodes well for meal kit services. According to a 2015 report by Food Marketing Institute, consumers are preparing an average of five meals a week as the healthy eating trend has become an important attribute to consumers. Health-conscious consumers tend to cook more meals at home as they can command more control of what ingredients and what portions go into their meals. Additionally, meal kits take the recipe selection and procuring specific ingredients out of the equation which many consumers are willing to pay a premium.

One important notion is that the market share for meal kits is they are still just touching the tip of the iceberg of possibilities. The majority of these services are focused solely on the dinner day-part which gives restaurants the upper-hand when it comes to breakfast, lunch and late-night meals. Early development into other day-parts have begun with Chef'd recently partnering with Quaker Oats, but those options are still in the infancy stage. Additionally, providing meal kit services to individuals would change the landscape as well (currently only options for 2 or 4 people).

As for the dinner day-part, the restaurant segment that appears to be the most immune from the meal kit trend is the QSR space, while the most impacted includes fast casual and casual dining segments. With an average cost of approximately \$10-\$15 per meal for dinner, the most receptive consumers of meal kits have been households with an average income of \$70,000 and millennial men. The meal kit value proposition versus fast casual and casual dining holds much more weight than QSR which caters more towards

lower income households. Fast casual and casual dining consumers will have to weigh the option of paying approximately \$10-\$15 per meal with ingredients delivered directly to their home which they have to prepare or paying a check and tip of \$15-\$20 for a fully-prepared meal delivered or dining in-person.

Given current consumer behaviors, it's safe to say that meal subscription services are likely here to stay, but it's just a matter of who will survive and survive profitably. Blue Apron, the leading provider of meal subscription services, recently went public in an IPO and investors continue to question long-term sustainability due to fierce competition, pressures from commodity costs and consumer retention after promotional spending. Other emerging players, such as Green Chef and Sun Basket, have been aggressively promoting their service with the angle of consumers seeking only organic ingredients. Additionally, other companies have partnered with celebrity chefs to gain an upper-hand on the competition which includes HelloFresh's partnership with Jamie Oliver, a British celebrity chef and restaurateur.



The biggest wild card in the food industry and the meal subscription business is "What will Amazon do next?" Amazon has invested heavily in their desire to control the food consumption space through their Amazon Fresh initiative for groceries, Prime Now for restaurant delivery and its partnerships with Tyson (Tastemakers meal kits) and Martha Stewart (Marley Spoon meal kits). The recent acquisition of Whole Foods by Amazon will undoubtedly have a tidal wave effect on the meal subscription landscape. It is highly speculated that Amazon may leverage Whole Foods' vast selection of prepared foods offerings and possibly an organic meal kit to partner up with their optimal distribution capabilities to captivate the consumer's needs.

With all of these options in play, nobody has completely cracked the code on the millennials – and other cohorts – as they continue to seek the perfect balance of convenience, value, and quality for their daily routines. It remains to be seen how impactful meal kits will be as it relates to restaurant sales; however, according to Technomic, 47% of consumers said they would reduce their restaurant takeout and delivery spending if they subscribed to a service and 37% said they would cut back on in-restaurant dining. While meal kits may not completely replace restaurant visits, they could easily replace a few outings per month. All stakeholders will be keeping a close eye on the consumer and their behaviors as more and more data becomes available in the coming months and years.

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