TRINITY CAPITAL
INVESTMENT BANKING

Restaurant Industry Commentary
&
Q4 2018 SSS Update

Inside This Issue

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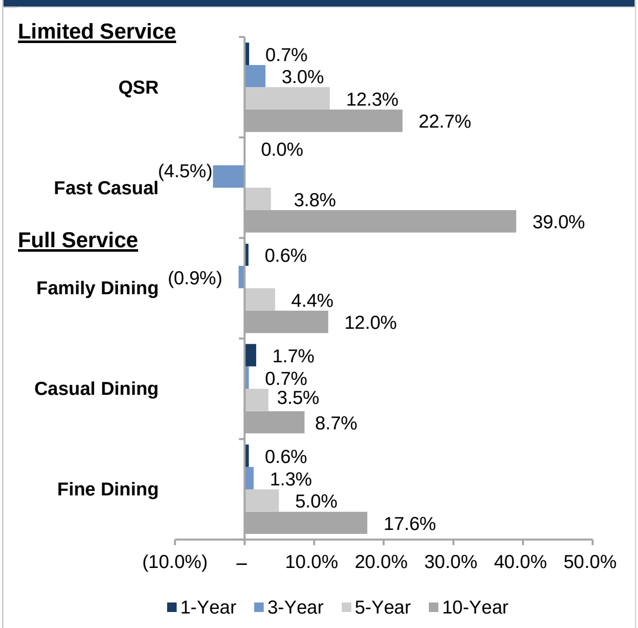
Same-Store Sales Discussion

Restaurant industry same-store sales ("SSS") increased for the fifth straight quarter in Q4 2018 following six consecutive quarters of SSS declines. Of the 52 companies we follow, 34, or 65%, generated SSS growth, close to the 68% positive in Q4 2017.

As shown in the figure below, long-term performance is most consistent in QSR, measured over 3-, 5- and 10-year periods. Fast casual provided the most growth over the past 10 years, but most of that growth occurred more than five years ago. Casual dining led the industry with 1.7% growth in Q4 2018, continuing its bounce-back after several years of challenged results.

Cumulative Q4 2018 SSS by Segment



Source: Company filings; Technomic, Inc.

QSR: The QSR segment extended its streak of positive year-over-year ("YOY") SSS growth to seven consecutive quarters with a 0.7% increase. Mexican concepts led the segment for the 10th straight quarter with 2.8% growth. Chicken concepts lagged the segment with a 0.3% decline driven by a 1.9% decrease for Pollo Tropical, partially offset by 1.0% growth for KFC, which now has 12 consecutive quarters of growth. Domino's (+5.6%) delivered another strong quarter in Q4, but its growth is showing signs of slowing. The Sandwich (+0.8%) and Coffee/Snack (+0.6%) segments posted modest growth led by industry leaders McDonald's (+2.3%) and Starbucks (+4.0%), respectively.

Fast Casual: SSS were flat for the fast casual segment in Q4, an improvement following 11 consecutive quarters of SSS decreases. The segment benefitted from Zoe's Kitchen, which had increasing SSS losses for the first three quarters of 2018, being taken private in Q4 by a group led by Panera founder, Ron Shaich. Chipotle (+6.1%) continued its resurgence with El Pollo Loco (+4.4%) and Noodles & Company (+4.0%) following closely behind.

Family Dining: Family dining extended its positive streak of YOY growth posting an increase of 0.6%. The back-to-back positive quarters follow seven consecutive quarters of SSS declines. Cracker Barrel (+3.8%) led the segment, while Steak n Shake (-5.1%) was the worst performer in the segment for the third straight quarter, the ninth consecutive negative quarter for the concept.

Casual Dining: The casual dining segment posted positive quarterly results for the fifth consecutive quarter and led the restaurant industry in Q4 with SSS growth of 1.7%. Texas Roadhouse (+5.6%) led the segment marking its 36th consecutive positive quarter. Other strong performers included BJ's (+4.5%), which produced strong results in every quarter or 2018, and Olive Garden (+3.5%), which has outperformed the segment except for Texas Roadhouse over the past few years. On the other hand, Red Robin (-4.5%) lagged the segment and finished the year without posting a positive quarter.

Fine Dining: The fine dining segment posted back-to-back positive Q4 results in Q4 with a 0.6%. increase, resulting from Capital Grille's (+3.7%) growth being partially offset by the remaining concepts slightly negative results. Fine dining steak chains continued to be outperformed by casual steak chains in 2018.

Contributing Editor Aaron Edwards is a Vice President at Trinity Capital.

Same-Store Sales Data

	FY 2016				FY 2017				FY 2018			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
QSR												
Chicken												
Bojangles[1]	2.0%	0.2%	0.8%	2.4%	(1.7%)	(1.4%)	(2.2%)	(3.1%)	(0.6%)	(0.2%)	0.4%	N/A
KFC	1.0%	2.0%	6.0%	4.0%	2.0%	2.0%	1.0%	1.0%	0.0%	1.0%	1.0%	1.0%
Pollo Tropical	0.0%	(1.4%)	(1.0%)	(4.0%)	(6.7%)	(7.7%)	(10.9%)	(0.1%)	2.8%	3.4%	6.5%	(1.9%)
Popeye's	1.1%	0.0%	1.5%	3.0%	(0.4%)	(3.3%)	(2.6%)	(2.5%)	2.3%	1.8%	(0.2%)	(0.1%)
Mean	**1.0%**	**0.2%**	**1.8%**	**1.4%**	**(1.7%)**	**(2.6%)**	**(3.7%)**	**(1.2%)**	**1.1%**	**1.5%**	**1.9%**	**(0.3%)**
Coffee/Snack												
Baskin Robbins	5.0%	0.6%	(0.9%)	0.9%	(2.4%)	(0.9%)	0.4%	5.1%	(1.0%)	(4.0%)	1.8%	(3.7%)
Dunkin Donuts	2.0%	0.5%	2.0%	1.9%	0.0%	0.8%	0.6%	0.8%	(0.5%)	1.4%	1.3%	0.0%
Jamba Juice[2]	(2.1%)	4.2%	(1.1%)	(2.2%)	(5.8%)	0.0%	N/A	2.9%	2.3%	2.4%	N/A	N/A
Starbucks	7.0%	4.0%	4.0%	3.0%	3.0%	5.0%	2.0%	2.0%	2.0%	1.0%	4.0%	4.0%
Tim Horton's	5.8%	5.9%	4.5%	3.6%	(0.1%)	(0.8%)	0.3%	0.1%	0.1%	0.0%	0.6%	1.9%
Mean	**3.5%**	**3.0%**	**1.7%**	**1.4%**	**(1.1%)**	**0.8%**	**0.8%**	**2.2%**	**0.6%**	**0.2%**	**1.9%**	**0.6%**
Mexican												
Del Taco	3.2%	3.3%	6.7%	5.5%	4.2%	7.1%	4.1%	2.4%	3.7%	3.3%	1.4%	1.9%
Taco Bell	1.0%	(1.0%)	3.0%	3.0%	8.0%	4.0%	3.0%	2.0%	1.0%	1.9%	5.0%	6.0%
Mean	**2.1%**	**1.2%**	**4.9%**	**4.3%**	**6.1%**	**5.6%**	**3.6%**	**2.2%**	**2.4%**	**2.6%**	**2.8%**	**2.8%**
Pizza												
Domino's	6.4%	9.7%	13.0%	12.2%	10.2%	9.5%	8.4%	4.2%	8.3%	6.9%	6.3%	5.6%
Papa John's	0.1%	4.8%	5.5%	3.8%	2.0%	1.4%	1.0%	(3.9%)	(5.3%)	(6.1%)	(9.8%)	(8.1%)
Papa Murphy's	(3.0%)	(4.0%)	(5.8%)	(7.8%)	(5.0%)	(4.3%)	(4.1%)	(2.6%)	(3.9%)	(2.4%)	(2.1%)	(1.3%)
Pizza Hut	5.0%	1.0%	(2.0%)	(4.0%)	(7.0%)	(3.0%)	0.0%	2.0%	4.0%	0.0%	1.0%	1.0%
Pizza Inn	(2.2%)	0.3%	0.2%	(1.2%)	0.1%	(9.5%)	1.4%	2.7%	2.3%	2.5%	2.3%	2.7%
Mean	**1.3%**	**2.4%**	**2.2%**	**0.6%**	**0.1%**	**(1.2%)**	**1.3%**	**0.5%**	**1.1%**	**0.2%**	**(0.5%)**	**(0.0%)**
Sandwich												
Burger King	4.4%	(0.8%)	(0.5%)	1.8%	(2.2%)	3.0%	4.0%	5.1%	4.2%	1.8%	(0.7%)	0.8%
Jack in the Box	0.0%	1.1%	2.0%	3.1%	(0.8%)	(0.2%)	(1.0%)	(0.2%)	(0.1%)	0.5%	0.5%	(0.1%)
McDonald's	5.4%	1.8%	1.3%	(1.3%)	1.7%	3.9%	4.1%	4.5%	2.9%	2.6%	2.4%	2.3%
Sonic Drive-In[3]	6.5%	2.0%	(2.0%)	(2.0%)	(7.4%)	(1.2%)	(3.3%)	(1.7%)	(2.9%)	(0.2%)	2.6%	N/A
Wendy's	3.6%	0.4%	1.4%	0.8%	1.6%	3.2%	2.0%	1.3%	1.6%	1.9%	(0.2%)	0.2%
Mean	**4.0%**	**0.9%**	**0.4%**	**0.5%**	**(1.4%)**	**1.7%**	**1.2%**	**1.8%**	**1.1%**	**1.3%**	**0.9%**	**0.8%**
Mean Total QSR	**2.5%**	**1.6%**	**1.8%**	**1.3%**	**(0.3%)**	**0.4%**	**0.4%**	**1.0%**	**1.1%**	**0.9%**	**1.2%**	**0.7%**
Fast Casual												
Chipotle	(29.7%)	(23.6%)	(21.9%)	(4.8%)	17.8%	8.1%	1.0%	0.9%	2.2%	3.3%	4.4%	6.1%
El Pollo Loco	0.7%	2.4%	1.6%	(1.3%)	(0.3%)	2.9%	1.7%	1.4%	(1.1%)	(0.9%)	2.6%	4.4%
Fuddrucker's	0.0%	(1.0%)	(0.8%)	(1.6%)	(1.1%)	(0.9%)	(3.6%)	0.6%	0.6%	(5.8%)	(3.9%)	(11.2%)
Noodles & Company	(0.1%)	(1.0%)	(0.7%)	(1.3%)	(2.0%)	(3.4%)	(3.5%)	(0.9%)	(0.2%)	5.4%	5.5%	4.0%
Pie Five	(4.0%)	(12.0%)	(14.7%)	(17.4%)	(15.8%)	(16.2%)	(17.3%)	(13.7%)	(12.6%)	(6.4%)	(1.8%)	(3.6%)
Potbelly	3.7%	1.7%	0.6%	0.1%	(3.1%)	(4.9%)	(4.8%)	(2.4%)	(3.6%)	(0.2%)	(0.2%)	(1.7%)
Shake Shack	9.9%	4.5%	2.9%	1.6%	(2.5%)	(1.8%)	(1.6%)	0.8%	1.7%	1.1%	(0.7%)	2.3%
Zoe's Kitchen[4]	8.1%	4.0%	2.4%	0.7%	(3.3%)	(3.8%)	(0.5%)	0.3%	(1.5%)	(2.5%)	(7.6%)	N/A
Mean	**(1.4%)**	**(3.1%)**	**(3.8%)**	**(3.0%)**	**(1.3%)**	**(2.5%)**	**(3.6%)**	**(1.6%)**	**(1.8%)**	**(0.8%)**	**(0.2%)**	**0.0%**

(1) Bojangles was taken private by Durational Capital Management and Jordan Co. in Q4 2018

(2) Jamba Juice was taken private by Focus Brands, a portfolio company of Roark Capital, in Q3 2018

(3) Sonic Drive-In was taken private by Inspire Brands, a portfolio company of Roark Capital, in Q4 2018

(4) Zoe's Kitchen was taken private by Cava Group in Q4 2018

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

Same-Store Sales Data (Cont.)

	FY 2016				FY 2017				FY 2018			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Family Dining												
Chuck E Cheese	6.0%	2.6%	3.7%	(1.6%)	(2.8%)	(3.8%)	(6.9%)	(6.0%)	(5.1%)	1.0%	2.2%	3.3%
Cracker Barrel	2.3%	3.2%	1.3%	0.6%	(0.4%)	(0.8%)	0.2%	1.1%	1.5%	(2.6%)	1.4%	3.8%
Denny's	2.5%	(0.5%)	1.0%	0.5%	(1.1%)	2.6%	0.6%	2.2%	1.5%	(0.7%)	1.0%	1.4%
IHOP	1.5%	0.2%	(0.1%)	(2.1%)	(1.7%)	(2.6%)	(3.2%)	(0.4%)	1.0%	0.7%	1.2%	3.0%
Luby's	3.1%	(0.2%)	0.0%	(2.2%)	(4.4%)	(2.5%)	(4.5%)	1.5%	1.5%	2.4%	3.9%	(3.0%)
Steak n Shake	1.8%	(0.7%)	0.2%	(0.4%)	(3.3%)	(3.1%)	(2.2%)	(1.8%)	(1.7%)	(3.4%)	(6.9%)	(5.1%)
Mean	**2.9%**	**0.8%**	**1.0%**	**(0.9%)**	**(2.3%)**	**(1.7%)**	**(2.7%)**	**(0.6%)**	**(0.2%)**	**(0.4%)**	**0.5%**	**0.6%**
Casual Dining												
Applebee's	(3.7%)	(4.2%)	(5.2%)	(7.2%)	(7.9%)	(6.2%)	(7.7%)	1.3%	3.3%	5.7%	7.7%	3.5%
Bahama Breeze	9.9%	4.7%	3.9%	2.6%	0.5%	1.4%	1.2%	2.5%	0.2%	0.6%	1.1%	(1.1%)
BJ's Restaurants	0.6%	(0.2%)	(3.4%)	(2.2%)	(1.3%)	(1.4%)	(1.7%)	1.6%	4.2%	5.6%	6.9%	4.5%
Bonefish	(2.7%)	0.9%	1.7%	(1.9%)	(0.8%)	(2.6%)	(4.3%)	0.6%	0.9%	1.5%	1.8%	(1.1%)
Carrabba's Italian Grill	(2.0%)	(4.8%)	(2.1%)	(2.3%)	(3.8%)	0.4%	(2.8%)	1.3%	0.9%	(0.6%)	(0.6%)	0.8%
Cheesecake Factory	1.7%	0.3%	1.7%	1.1%	0.3%	(0.5%)	(2.3%)	(0.9%)	2.1%	1.4%	1.5%	1.9%
Chili's Grill & Bar	(3.6%)	(1.8%)	(1.3%)	(3.2%)	(1.7%)	(1.7%)	(3.0%)	(1.6%)	(1.1%)	0.4%	1.9%	3.0%
Chuy's	3.2%	1.0%	0.3%	(1.1%)	(0.7%)	(1.0%)	(2.1%)	1.3%	(1.5%)	1.0%	0.5%	0.9%
Dave & Buster's	3.6%	1.0%	5.9%	3.2%	2.2%	1.1%	(1.3%)	(5.9%)	(4.9%)	(2.4%)	(1.3%)	2.9%
Famous Dave's	(6.1%)	(4.3%)	(3.8%)	(4.7%)	(4.8%)	(3.2%)	(1.5%)	1.8%	(0.9%)	(1.6%)	(1.4%)	(1.5%)
Joe's Crab Shack	(1.3%)	(6.8%)	(6.5%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Kona Grill	3.6%	2.5%	0.7%	(4.1%)	(4.3%)	(5.3%)	(7.2%)	(6.5%)	(8.3%)	(12.1%)	(14.1%)	N/A
LongHorn Steakhouse	5.2%	2.2%	0.6%	0.1%	0.2%	3.5%	2.6%	3.8%	2.0%	2.4%	3.1%	2.9%
Maggiano's	0.2%	(1.7%)	(0.6%)	(0.8%)	1.6%	0.5%	(2.6%)	1.8%	0.5%	0.3%	0.0%	1.8%
Olive Garden	4.9%	2.4%	2.0%	2.6%	1.4%	4.4%	1.9%	3.0%	2.2%	2.4%	5.3%	3.5%
Outback	(1.3%)	(2.5%)	(0.7%)	(4.8%)	1.4%	0.3%	0.6%	4.7%	4.3%	4.0%	4.6%	2.9%
Red Robin	(2.2%)	(3.2%)	(3.3%)	(4.4%)	(1.5%)	0.5%	(0.1%)	2.7%	(0.9%)	(2.6%)	(3.4%)	(4.5%)
Taco Cabana	1.7%	(3.8%)	(4.1%)	(3.5%)	(4.5%)	(4.7%)	(12.6%)	(7.4%)	0.9%	3.1%	12.2%	5.1%
Texas Roadhouse	4.3%	4.2%	3.4%	1.4%	3.2%	4.0%	4.5%	5.8%	4.9%	5.7%	5.5%	5.6%
Mean	**0.8%**	**(0.7%)**	**(0.6%)**	**(1.5%)**	**(1.1%)**	**(0.6%)**	**(2.0%)**	**0.5%**	**0.5%**	**0.8%**	**1.6%**	**1.7%**
Fine Dining												
Fleming's	1.3%	(0.8%)	(1.9%)	0.2%	(2.9%)	(1.3%)	(1.0%)	3.1%	2.9%	0.3%	0.5%	(0.4%)
Ruth's Chris	3.1%	1.5%	2.1%	0.0%	0.7%	2.9%	(1.6%)	1.5%	1.1%	1.3%	3.7%	(0.1%)
Capital Grille	5.3%	3.7%	(1.2%)	1.2%	0.9%	0.5%	2.0%	3.8%	2.8%	2.6%	3.9%	3.7%
Del Frisco's Grille	5.3%	(2.0%)	(1.4%)	2.7%	(0.9%)	(3.2%)	(5.4%)	0.9%	(1.4%)	0.7%	(0.4%)	(0.8%)
Sullivan's[1]	(1.8%)	(2.9%)	(3.2%)	0.9%	1.1%	(5.2%)	7.7%	(10.8%)	(10.3%)	(6.0%)	N/A	N/A
Mean	**2.6%**	**(0.1%)**	**(1.1%)**	**1.0%**	**(0.2%)**	**(1.3%)**	**0.3%**	**(0.3%)**	**(1.0%)**	**(0.2%)**	**1.9%**	**0.6%**

Note: Kona Grill had not reported SSS figures as of the publication date

(1) Sullivan's was taken private by Romano's Macaroni Grill in Q3 2018

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

Financing Bonanza

Franchisees today, especially those with scale, have unprecedented access to capital. Whether they are seeking equity or debt financing, the number of options has expanded significantly. The myriad of financing alternatives has allowed franchisees to grow at a faster rate and maintain a competitive cost of capital.

Anyone following the restaurant industry in recent years has noticed the increase in the number of private equity firms, family offices and pension funds that have made investments in the sector. A decade ago private equity groups generally avoided restaurants and shied away from franchise investments. Fast forward a few years and financial firms have changed their tune on the industry. Some of the factors behind the change include a track record of success, more competition for deals, excess capital, a steady cash flow profile and a demonstrated ability to grow. Several early investors in the restaurant franchise sector made exceptional returns on their investments and their peers took notice. After numerous successful investments, restaurants, including franchisees are firmly situated in the investment discussion. Investors have also taken notice of the recurring cash flow characteristics of franchised businesses and the growth many companies have been able to achieve. In recent years, the growth in the industry has been fueled by low borrowing costs and other sources of debt financing that was not previously available.

Restaurant lenders have also gained a better appreciation for what it means to underwrite a franchisee of a nationally recognized chain restaurant. There is a certain level of comfort knowing that there is a franchisor involved that has implemented systems and processes that increase the probability of a franchisee's success. There is also more transparency in the industry and lenders can analyze the financial performance of their borrowers better than ever before.

Historically, franchisees borrowed money to acquire stores, build new units and remodel from traditional commercial banks. Over the past 5 years there has been a significant increase in commercial banks that have entered the franchise lending business. Many attribute the sale of GE Capital's restaurant loan portfolio in 2016 as a major catalyst for lenders to enter or expand their presence in the restaurant industry. GE was a fixture in restaurant franchise finance for many years and was considered a "go to" lender. When GE sold its restaurant loan portfolio, many of its franchise finance employees went to other banks to lead their restaurant lending groups. Today, there are more restaurant franchise lenders than ever before. More lenders means more competition, which has served the franchise community well. On a recent debt financing engagement, Trinity contacted approximately 75 commercial banks actively lending to the restaurant industry. Ten years ago, that number was closer to 20.

In addition to traditional commercial banks, some larger franchisees have also been able to tap the Term Loan B ("TLB") market. TLBs are syndicated loans that are rated instruments bought and sold on the secondary market. TLBs typically mature within six to seven years and have a slower repayment schedule (usually about 1.0% of the principal) per annum than senior bank loans. This type of financing allows for more cash flow to be used for new unit development and remodels rather than paying down non tax-deductible principal payments. In addition, there are fewer financial covenants that restrict the borrower's operation of its business associated with this type of loan. In exchange for this flexibility, Term B loans have higher interest rate margins than traditional bank loans. This type of financing has become an attractive option for some of the nation's largest operators such as Flynn Restaurant Group, K-MAC, Tacala, NPC and others. For a company to justify the increased issuance cost and market liquidity requirements to issue TLBs, the typical minimum loan amount is $250 million. The chart below provides a summary of some of the advantages and considerations for the various loan types.

Restaurant Loan Summary

	Senior Bank Loan	Term Loan B	Private Capital Loans
Tenor	✘	✓	✓
Max Leverage	✘	✓	✓
Pricing	✓	✘	✘
Fees	✓	✘	✘
Rating Agency	✓	✘	✓
Amortization	✘	✓	✓
Covenants	✘	✓	✓
Funding Commitment	✓	✘	✘
Access to Additional Capital	✘	✘	✓

For those companies that are not quite large enough to secure a TLB, private debt investors have become an option in the restaurant sector. Many times, private debt investors offer even more flexibility and loan structures can be negotiated on a case-by-case basis. Pricing is more expensive that a traditional loan, but loan terms that may be important to the borrower such as low principal payments, covenant-light, and advance rate are all negotiable. This can also be an attractive alternative for a restaurant company that doesn't quite meet the minimum loan size of a Term Loan B.

There has been no better time to be a restaurant franchisee looking for capital. We believe the credit markets will continue to be strong and offer various financing alternatives for franchisees.

Contributing Editor Howard Lo is a Managing Director at Trinity Capital.

Delivery App Disruption

While I was growing up, the only food delivery was Chinese and pizza. Then, when I was working on Wall Street in the 1980s, I learned that there were a lot of neighborhood restaurants that would deliver, as well. I thought it was the greatest privilege to be able to call a restaurant and have them bring you a meal that wasn't pizza or hot and sour soup. Unfortunately, restaurant deliveries had one drawback: they took a long time to arrive, frequently an hour or more. Why was that? Because the New York restaurant operators knew they had to take care of their in-house customers first, so any take-out order that came up on the grill would not be prioritized over a customer seated in the restaurant. This was necessary to preserve the customer satisfaction for in-house diners which were responsible for ~90% of total sales.

Many concepts will rush to implement delivery and carry out capabilities before they are ready. Inevitably, some of these concepts will stumble while trying to effectively compete in the delivery and carry out sweepstakes. Restaurant concepts utilizing third-party delivery services must understand that a bad customer experience may reflect poorly on the restaurant, not the delivery service – it doesn't matter whose fault it is, a bad experience is a bad experience. In order to satisfy the customer, the order must be accurate, well-prepared, hot (if applicable) and delivered in a reasonably quick time with a fair delivery charge. This sounds easy, but if you try to do it 40 or 50 times a day there are invariably going to be problems, and precautions must be taken to make sure that implementation does not occur before everything necessary for success is in place and has been tested extensively.

Recently a brawl took place in a QSR establishment because the queue at the counter and the stack in the drive-through were moving so slow. Customers used to quick speed-of-service were frustrated by the inexplicable delay. What was the cause of the delay? The restaurant was deluged with take-out orders from third party delivery services. This reveals some of the growing pains of implementing delivery and carry out service in restaurants that do not have experience balancing order flow from external sources.

Managing order flow is just one of a few issues that will become mainstream as restaurants gear up for the significant changes that are occurring in the industry due to the rapid growth of carryout and delivery demand. One of the biggest trends driving this change is the growing number of Millennials and Generation X customers that would rather consume restaurant-prepared food at their own dinner table. Not every restaurant concept is currently well-prepared to accommodate this consumer shift. More importantly, grocery stores are legitimate competition for this business as well, particularly chains which specialize in prepared foods in addition to their deli, bakery and butcher offerings. Many restaurant concepts will not be able to effectively compete in this space due to menu constraints, lack of portability of the food, location shortcomings, inferior delivery capabilities and pricing disadvantages.

Along with order flow and increased competition, concepts must work to avoid a delivery and carry out mix which hurts their overall margins due to lack of beverage and alcohol sales or concessions to a third-party delivery service. Many delivery and carry out orders do not include beverages and few, if any, contain alcohol. Accordingly, this can lead to margin deterioration if not properly managed. A bar & restaurant concept may increase sales by 20% with delivery, but if that additional order flow slows down in-house service and produces empty barstools, it might undermine profit margins.

We believe the consistent trend of delivery and carry out will produce some real winners and losers in the principal restaurant sectors, while competition from grocery stores such as Whole Foods will be relentless. Accordingly, restaurants must carefully consider their delivery and carry out market strategy to avoid tarnishing their brand, undermining restaurant margins or losing customers. Successful concepts have created dedicated carry out menus with items proven to travel well and have sometimes installed dedicated delivery doors or separate stations inside the restaurant to exclusively handle delivery and carry out. Restaurant concepts that offer rapid delivery times, reasonable delivery charges and compelling menu options that travel well will win this race.

Contributing Editor Kevin Burke is a Managing Director at Trinity Capital.

For more information, please contact:
Kevin Burke, Managing Director, at:
310-231-3100
kburke@tcib.com
or
Visit us at:
www.tcib.com