Extending YOUR BRAND

Using the fast casual concept to extend your restaurant's off erings

Successful family and casual restaurant chains often find themselves facing a difficult challenge. To build more restaurants in an already well serviced market, they may need to significantly cannibalize their existing locations. The loss in sales can turn the financial returns of an otherwise great new location into a poor overall investment.

That said, fast casual provides family and casual restaurant chains with a way to fill in an already saturated market to fully take advantage of consumer demand. Fast casual can also be used to fill in core urban markets where high real estate costs, lack of ample parking, and operating overhead make them otherwise impenetrable. Dense urban settings are markets where working professionals want – and can afford – upscale product, but often don't have the time for sit down at a full-service restaurant.

The fast casual proposition, offering the same quality of food that customers crave and delivering it in a convenient environment, is a compelling one. Yet, surprisingly, relatively few family and casual chains have extended their brand to the fast casual segment.

CARE AND CONCERN

The reluctance stems from a fear of brand dilution; that is, consumers associating the restaurant with a lower-calibre product, especially with service that is over-the-counter. Operational concerns revolve around maintaining the same food quality with a short delivery window without using full-sized kitchen facilities. Finally, there's a fear that fast casual locations will cannibalize existing full-service locations. Executives worry that their existing customers can get their "fix" of their products with a lower spend per person at a fast casual version of their concept.

To mitigate these concerns, chains need to develop a distinct sub-brand, which requires different skill sets and economic models. For example, the product development process for fast casual is different from full service restaurants. Sub-brands are an opportunity to differentiate customer expectations. They allow existing chains to maximize on the strength of their food and enter non-traditional markets. The result: Restaurant occasions driven by different need states that don't cannibalize existing restaurants are captured.

One great example of a fast casual chain extension is Pei Wei Asian Diner in the United States, which opened in 2001 and now has 150 locations. Pei Wei is a faster, more casual take on the successful parent chain, P.F. Chang's, offering the same quality of food with a lower-priced menu.

Triple O's, a sub-brand of Vancouver-based White Spot, is an example in Canada. Triple O's now has approximately 50 locations and stands on its own as a brand with extensions into non-traditional markets such as Chevron Gas stations, BC Ferries, and a presence in Southeast Asia.

Sub-branding is already a successful strategy in other industries, too – particularly fashion, with brands such as Armani and A/X, Gap and Old Navy, and Abercrombie & Fitch and Hollister. In these cases, the sub-brands satisfy the demand of price-conscious consumers with aspirations for luxury items.

Fast casual in the restaurant industry provides these same benefits to a more value-conscious and time-pressed consumer. It's a compelling opportunity for family and casual chain executives to fuel growth in their mature markets, and it's definitely worth a look.

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