

From Drive-thru to Dinner Table

How the Red Rooster Franchise Will Thrive in the Fast Food Revolution



www.redrooster.com.au

Introduction

Despite increased competition in the franchise industry, the traditional mainstay – fast food – is still one of Australia's most popular franchise concepts.

But in recent years an industry makeover has been underway, as a result of shifting consumer sentiments toward healthier living. The make-over has seen many brands attempting to revolutionise their offerings and adapt their business model so there is less of an impact on customer's waistlines and the environment.

However, not all fast food brands are equal.

In this white paper, we look at Red Rooster – Australia's largest roast chicken quick-service restaurant franchise – where a healthier menu is not driven by a sole purpose to survive but rather inherently embedded, and why this brand in particular is uniquely placed to capitalize on current and future consumer trends.



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Franchisees face a growing choice

Whereas in the past the options for would-be franchisees didn't extend far beyond a handful of quick and colourful fast-food chains, the choice has grown considerably. There are now dozens of recognisable and familiar names crystallising throughout the retail spectrum.

For new investors, the allure of uncharted waters – a relatively unknown brand, a new market segment, or a novel twist on an old idea – can be particularly enticing,

but these carry significant risk in comparison to the more established alternatives. A truly reliable brand can take decades to evolve its market image and brand awareness, its systems, and its technologies.

For those seeking to enter the world of retail franchise operations, teaming up with a well-established and trusted brand provides the best foundation for business success from the start – a good start that can help franchisees grow into a solid and strong owner operator.

Is consumer sentiment shifting away from fast food?

In recent times, the media has promoted the idea that consumer sentiment is shifting in opposition to fast food, but it seems the hype doesn't match reality. A report on Australia's eating habits carried out by Enhanced Media Metrics Australia, shows that Australian's make 51.5 million visits to fast food restaurants every month¹, and expenditure on fast food and eating out has grown by 50 per cent in the past six years, according to the Australian Bureau of Statistics².

However healthier options have been a key driver for growth in the fast food industry, with a focus on brands who use fresh ingredients, offer healthier alternatives, and who address environmental sustainability concerns.

Research from IbisWorld supports this shift, with a 2015 report stating declining revenue for traditional fast food businesses has been offset by businesses selling healthier options. This has helped to sustain solid revenue growth of \$14.2 billion for 2014, with this figure expected to grow by a further 2.7 per cent in 2015.³

The fact that in recent years Subway has surpassed McDonald's as the world's largest fast-food franchise⁴ provides further evidence that while there has indeed been a shift, it has simply been toward franchises that cater to those changing needs rather than away from fast-food restaurants altogether.



Positive brand sentiment is key

Red Rooster on the other hand have sustained market share over the years. By remaining focused on the traditional roast chicken dinner, as well as offering a range of well-priced individual roast chicken options throughout the day, inclusive of the introduction of breakfast, Red Rooster will continue achieve positive growth.

Red Rooster's reputation as an innovator

Red Rooster has always been proactive in terms of improving the health and nutritional profile of its menu.

In 2011, Australian Food News reported⁵ that Red Rooster partnered with a biotechnology company in order to develop healthier food ingredients, in this case setting out to develop a potato chip that absorbs less fat during frying, a low-sodium salt, and a low-GI bread which, when consumed, releases glucose from carbohydrates into the bloodstream less rapidly.

In fact, they were the first Australian quick-service restaurant chain to invest in food technology for the benefit of their customer's health, which gave them an early competitive edge in the fast food market.

Menu innovation

As well as research and development behind the scenes, Red Rooster has continued to innovate more visibly, recently launching a café style menu in select restaurants; a new and dynamic range of chicken burgers and wraps; as well as a partnership with Streets.

Red Rooster's contemporary breakfast menu include items such as freshly baked muffins, bacon & egg

brioche, muesli parfait and waffles with mixed fruit. This new breakfast menu combined with The Crafted Range, a unique range of pulled chicken burgers and wraps, sets a new standard in the QSR industry offering customers greater choice at breakfast and lunch.

The Red Rooster new product development team will continue to roll out innovative breakfast, lunch and dinner menu options over the coming year, offering a diverse range of options not currently seen in quick service restaurants.

In this way, Red Rooster continues to invest in food innovation, and their contributions are helping to change the face and taste of fast food throughout Australia.

Convenience a key driver

Nevertheless, what drives fast food, and always will, is convenience. Because consumers now have so many options available to them, the choice is now not whether to enjoy fast food, but rather which fast food outlet has the most appealing offering and is conveniently located.

To cater to this trend, not only do Red Rooster have a growing network of 360 stores in suburban, regional and rural areas across Australia with more than 50 per cent of stores offering drive-thru options, they have now launched a delivery service. Available in WA, SA and ACT the delivery service will be rolled out across VIC, NSW & QLD throughout 2015/16. This additional service will not only offer convenience to consumers at home, office or for catering, but will also create an additional revenue stream for franchisees.

Investing in a familiar franchise

In choosing whether to invest in a franchise that is new to the market or one with a long-established history, it is important to consider the psychology of the hungry customer.

When it comes to choosing where to eat, the same pressures that lead customers to seeking a fast-food option – such as a lack of time and the competing pressures of life – also make them more likely to choose an established, familiar brand as opposed to a more novel and less-understood competitor.

Familiarity, affordability and reliability are the critical perceptions that play into the overall convenience that these customers seek.

Red Rooster satisfies this need in three important ways:

- Having achieved strong, positive brand awareness across suburban, regional and rural Australia
- Keeping menu prices competitive
- Focusing on roast chicken, a firm culinary staple in Australian society, as its primary product

Red Rooster is an iconic Australian brand

In Australia, certain brands above others elicit a sense of national pride. Brands such as Arnott's, Aeroplane Jelly and Vegemite evoke a heartfelt nostalgia, even when their parent companies reside offshore.

Red Rooster is similarly iconic⁷ – but with the added advantage that it has always been and remains fully Australian born, bred and owned.

Operating since 1972, Red Rooster has been serving roast chicken to Australians and their families in suburban, regional and rural parts of Australia for more than 43 years.

In that time, the Red Rooster brand has come to be strongly associated with Australian family life and cultural norms.

Chicken continues to rise in popularity in Australia

For Australians, the roast chicken dinner has been celebrated as one of the most popular institutions of family life, evoking happy memories from childhood.

It symbolises family unity, security, and middle-class prosperity. As Australia transitioned into the modern era, roast chicken dinners with the family have become part of a reassuring weekly routine.⁸

Far from being a passing fad, it's a food experience that is sought out regularly.

Industry statistics are showing that chicken has grown markedly in terms of its popularity, increasing sixfold from 1965 to today⁹ and recently surpassing both traditional red meat staples – beef and lamb – combined.¹⁰

According to agriculture industry news source The Land, while annual national consumption figures now hover around 34 kg for beef and 9.5 kg for lamb, Australians are eating almost 45 kg of chicken per person per year.¹¹

Furthermore, annual chicken consumption is expected to continue rising over the next five years to around 47 kg per person according to the Australian Bureau of Agricultural Resource Economics and Sciences (ABARES).

Such is chicken's popularity that approximately 33 per cent of all Australians who do eat chicken do so at least three times a week.¹²

Is chicken a sustainable product?

Beyond chicken's impressive nutritional profile and culinary versatility, there are also technological, environmental and economic factors that make a strong case for the sustainability of chicken as a product.

Chicken is heralded as the most sustainable meat because it requires less water, less infrastructure and less land to farm successfully than its red meat competitors. In fact, chickens are the most efficient converters of feed into meat of all land-based livestock species.¹³

From a business sustainability perspective, chicken, above all other meats, is the least expensive to produce because of its natural characteristics and on account of an innovative farming industry, which has surprisingly kept the cost of chicken meat stable since 1987.¹⁴

Chicken farming is also far less harmful to the environment – beef production causes 13 times more climate impact due to the gases emitted, chief among which is methane – a far more potent greenhouse gas than carbon dioxide.

A Red Rooster franchise is a solid investment

Today, Red Rooster has a network of 360 stores across Australia that employs more than 7,500 staff. For them, business isn't slowing down, Red Rooster currently have stores available in various locations across Australia, with more being continuously added to the network.

For those considering investing in a restaurant franchise, Red Rooster is perfectly positioned within the fast food market to meet current demand for healthier, delicious and convenient food. It's a brand that stands to benefit into the future aligned to predicted consumer, economic and environmental trends.

As the only quick-service restaurant in Australia offering roast chicken with most stores offering the added bonus of a drive-thru service, Red Rooster is unique in the Australian market. Its products align with changing dietary habits and consumer preference trends, and its primary offering – chicken – has risen to become the most popular meat in Australia.

Operating for more than 43 years, it has a familiar and nostalgic presence across the Australian suburban landscape and continues to uphold its traditional values, whilst being forward thinking and dynamic. In 2015, Red Rooster will diversify their offering and maximise franchisee financial growth with the introduction of home delivery and the launch of their loyalty program. An increase in their day part offering with more restaurants open from breakfast through to late night dessert, along with a dynamic and desirable new product offering to be rolled out into 2016.

If you want to be the a Red Rooster franchise owner, then **click here** to find out more about available opportunities, or call **02 8905 8401**.



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Australians make 51.5 million visits to fast food restaurants every month

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