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Fast-Growing Fast-Casual

Restaurant segment stealing share from QSRs

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LOS ANGELES -- Fast-food eateries are in the throes of drive-through Darwinism as more upscale upstarts, such as Chipotle Mexican Grill and Panera Bread Co., grab market share from the likes of Taco Bell, Subway and Wendy's, according to a *Los Angeles Times* report.

The hybrid restaurant sector known as fast-casual is maturing into one of the food industry's strongest.

That category is tapping into growing demand for more healthful, specialty foods that are still speedily served and moderately priced. Fast-casual is steadily poaching fast-food customers looking for better quality and sit-down diners seeking cheaper prices, NPD analyst Bonnie Riggs told the newspaper.



"There's no end in sight to their growth," Riggs said. "They've delivered on consumers' value expectations far more than most fast-food places."

The evolution is happening as the rest of the restaurant industry fights for a shrinking customer base amid a slow economic recovery and high food prices.

Fast-casual is still only a small segment of the industry. But it tripled its market share in roughly the last decade to about 6% of restaurants and is the industry's only segment to grow in the last five years, analysts said. In 2010, major fast-casual chains pulled in \$18.9 billion, a 6% increase, according to research group Technomic.

"This category has essentially blown through the recession without skipping a beat," said Technomic executive vice president Darren Tristano in a statement.

Panera, which has about 1,500 outlets nationwide, is turning in especially impressive numbers. According to the newspaper report, in the third quarter its profit was \$28.8 million, up 27% compared with the same period in 2010. In late November, the company's stock price hit a 52-week high of \$143.38.

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