

How QSR and Fast Casual Restaurants Can Overcome the Nutritional Labeling Challenges

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by Linda Hofflander

This white paper examines the challenges to be faced by Quick Service and Fast Casual Restaurants if Congress passes legislation standardizing the posting and availability of nutritional and caloric information to consumers in-store, and explores the solutions available through digital menu boards and digital signage.



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If you work in the QSR or Fast Casual restaurant industry, chances are that you've had a conversation surrounding the looming potential menu labeling changes. American restaurateurs were watching closely as new federal food and menu labeling bills were introduced to the Senate in the fall of 2008 calling to regulate the posting and availability of nutritional and caloric information within restaurant chains across the country.

The National Restaurant Association (NRA) has expressed support for national menu labeling standards after a number of states and municipalities began instituting their own calorie count rules several years ago. ⁽¹⁾

Initially, there were two versions of very similar legislation: the Lean Act and the Meal Act. The Lean Act was sponsored by Senator Tom Carper (D-DE) and Senator Lisa Murkowski (R-AK). The Lean Act provided caloric and nutritional data to consumers, but did not require the data be presented in a standard format allowing chains a degree of flexibility in displaying data at the point of sale. The Meal Act, sponsored by Senator Tom Harkin (D-IA), required that nutritional and caloric data be presented alongside the food item. Both of these Senate bills had sponsors in the U.S. House of Representatives, too.

In June 2009, Senate sponsors Carper, Murkowski and Harkin came to agreement on a compromised version of the two bills achieving broad bipartisan support. The various house sponsors of the two bills have endorsed this bipartisan agreement; the national restaurant association supports it as well as do numerous health groups and other restaurant and business groups.

As of August 2009, the active proposal in the bipartisan committee doesn't have a catchy name such as the Lean Act or Meal Act, and is in early versions of the healthcare reform legislation working its way through the House and Senate at the committee level. The proposal was included in early legislative activity prior to the August 2009 Congressional recess and is included in versions of the healthcare legislation up for debate in both chambers.

THE CHALLENGES OF NUTRITIONAL LABELING

There is significant support for implementing menu labeling on a national level. A single federal standard would control the propagation of possible conflicting and confusing individual state and local regulations. Many chains hope to see a national standard as the answer to managing the complexity of compliance. ⁽²⁾

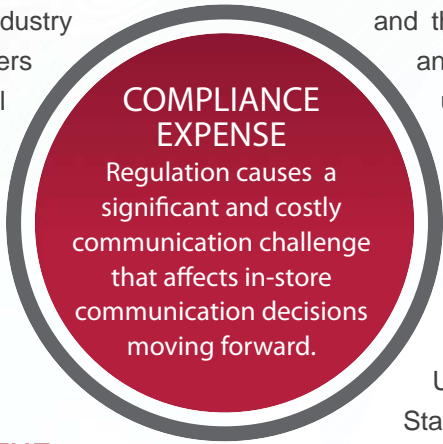
Keeping nutritional and caloric information alongside a menu item may be the easiest way for the consumer to understand what they are buying, but serves up communication challenges at the point of sale. At present, many quick service restaurants provide nutritional and calorie information through in-store brochures, tray liners, small signage, and online websites.

For food services conducting business across the country, the lack of an instant communication solution hinders compliance, productivity and efficiency. To comply with what some believe to be the inevitable legislatively-driven communication of nutritional information, the ability to instantly push data to consumers in-store with a push of a button will become mission critical in restaurants. Many are now turning their attention to technology solutions as a method of delivering the information that may shortly be required by law.

The expense and logistical maneuvering necessary to remain compliant with the proposed legislation directly



impacts the profits and the public perception of the restaurant industry. How can the industry accurately maintain, and inform customers on nutritional information and meet federal regulations? The answer lies in digital signage systems that perform intelligent, multi-sourced data analysis, and extract menu item nutritional data and publish it real-time via a digital display to align with the day parted menu board viewed in-store.



In June of 2009, Senate sponsors of the LEAN Act and the MEAL Act compromised, negotiated, and announced the development of a single uniform National Nutritional Standard Agreement to provide nutritional information to consumers across the country. The combined agreement was introduced into committee prior to the August recess.

NATIONAL STANDARDS ARE ON THE HORIZON

Why the change? To enable customers to make informed choices about the nutritional content of standard menu items in large chain restaurants. The House and Senate originally served up change in the restaurant industry in the form of two different bills, the Labeling Education and Nutrition (LEAN) Act and the Menu Education and Labeling (MEAL) Act, either of which would have a major impact on the restaurant industry. ⁽³⁾

The LEAN Act would require restaurant chains with 20 or more units to post calorie information for standard menu items on menu boards or a similar sign next to the menu board or at the point of purchase. Additional information on 11 nutritional items, including sugar and sodium, would have to be available to consumers upon request. Under the Lean Act the number of calories within a food item would need to be disclosed prior to the point of purchase on Menu Boards and Menus.

The MEAL Act would require restaurants or similar retail food establishments that are part of a chain with 20 or more locations to disclose calorie, saturated fat, trans fat and sodium directly on the menu or menu board in a format that relates to total daily diet. Self-Service buffet, salad bar, and cafeteria lines would require signage as well. Condiments and other general use food items are exempt from MEAL Act labeling as are daily specials, temporary menu items, and irregular menu items.

Under the combined National Nutrition Standard Agreement restaurants with 20 or more locations would be required to disclose on a menu, menu board or drive thru board the number of calories per standard menu item, a statement concerning suggested daily caloric intake and a statement regarding the availability of additional nutritional information. Restaurants from coast to coast will be required to provide the same nutritional information under this agreement. Consumers will also have access to other nutritional information, including trans fats, saturated fat, sodium, cholesterol, carbohydrates, sugar, dietary fiber and protein. ⁽⁴⁾

If approved, the combined bill, which has been included in early legislative activity, will require nationwide compliance within 2 years of enactment.

WHAT DOES ALL THIS MEAN?

It is important to understand that the nutritional labeling movement stems from the growing concern surrounding obesity in the US. In fact, research shows that more than 60 percent of American adults and 30 percent of American children suffer from being overweight, which can lead to chronic health risks including diabetes, heart disease, and hypertension and that a healthy lifestyle, including a balanced diet as well as physical activity, would help reduce the number of preventable deaths occurring from obesity-related chronic illnesses. ⁽³⁾

The goal of these new bills is to enable customers to make informed choices about the nutritional content of standard menu items in large chain restaurants. ⁽²⁾

Based on the conversations and the motivation behind the combined bill, it is in the best interest of your organization to map out a plan to proactively respond to the changes. Consider that California and a handful of communities have passed their own regulations and that a dozen more states have menu labeling bills on their dockets.

Preparing For The Change

The following proactive steps will assist in making your transition a little easier.

1. Marketing and IT Budget

Know your numbers. Begin to collect the numbers now. Create an ROI calculator to determine the incremental costs and benefits to your organization for having to add nutritional labeling elements.

- Consider the impact for corporate owned stores vs. franchises.
- Understand the ROI on traditional methods of communication vs. the value that digital signage can bring to your organization and not just in responding to the legislation.

2. Do Your Own Market Research

In New York City, 82 percent of customers said that menu labeling made a difference in items that they ordered. In the same study, the majority of people who used the nutrition information chose different items, but did not leave the restaurant. Also, there is no indication that menu labeling has had any negative impact on overall business in New York City. ⁽⁵⁾

In other words, customers may have ordered different items than they would have without menu labeling, but they ordered as many dollars' items as before.

QSR executives understand this means that certain products may need to be better stocked. Running tests in your key stores will allow you to understand the potential impact and be better prepared for any shipping and distribution changes.

3. Prepare Your Executives

Host a lunch-and-learn that explains the differences. Begin the dialogue today on the benefits and challenges the organization believes it will be face once nutritional labeling is the law.

4. Prepare Your Franchise Owners

Don't assume they are aware of this act. Prepare a communication package that outlines what your company's response and expectations will be depending upon what the law ultimately requires.

TODAY'S SOLUTION: DIGITAL SIGNAGE

To adequately address the nutritional labeling requirements by state, locality or proposed federal legislation, restaurants are turning to intelligent software to link menu labeling with recipes via digital menu-boards or signage.

An intelligent menu labeling system shares nutritional information based on the menu items currently offered. This allows valuable menu signage real-estate to focus on revenue generating food items. Currently not all jurisdictions hold to the same labeling legislation. Digital signage technology more easily adapts to varying legal requirements.

Quick service and fast casual restaurants are turning to digital media as the solution to quickly become 100% compliant with nutritional labeling legislation. Hardware costs have fallen and the more modern, all-in-one signage systems are cost-effective, providing a return on investment by reducing the expense of traditional print design, printing, kitting, shipping and installation.

An intelligent digital menu board and nutritional labeling system can provide:

- Legally compliant nutritional information
- Compelling menu item video and images
- Sales Lift



- Consistent messaging
- Reduced perceived wait times
- Reduce or eliminate POS clutter

THE BENEFITS OF DIGITAL SIGNAGE

Fortunately, message management through digital signage technology solutions allows immediate delivery and site control of menu items, nutritional data, and promotions down to the store level. This simplifies compliance, taking seconds to click a button vs. the weeks to adjust traditional print solutions. Digital menu and promotional messaging boards assist not only in satisfying governmental labeling requirements, but lifts sales. Adopting digital menu and promotional boards facilitates compliance with governmental labeling requirements and increases sales.

In addition, digital signage provides features and benefits that enhance the in-store experience and environment, including:

Database Integration

Automatically update calorie, serving size and other nutritional information on your menu board content by linking into an information database.

Consistency

Manage thousands of locations with RoninCast® software from one central location. Keep nutritional information and corporate branding accurate with 100% compliance in all locations.

Space Management

Leverage the dynamic nature of digital signage to provide more engaging graphics and information through your menu boards. Animating menu item transitions and item rotations helps you communicate more information.

Day-Parting

Schedule your menu between breakfast, lunch, dinner and



late night with menu boards specifically geared to change on your time line.

Versatile

Implement touch screen order menu boards that allow customers freedom to order on their own. Even display messages in various languages to effectively tailor communication to each location's demographic trends.

Flexible Control

Provide various levels of content control access all the way down to store level, yet retain corporate oversight. Allow location managers to select daily specials, or customize their menus for their area while verifying nutritional information provided is maintained.

Menu Nutritional Labeling

Nutritional regulations are quickly going to change menu board design. Take advantage of the dynamic nature of digital signage to make the most of your menu board's message space.

NUTRITIONAL LABELING PLATFORM

RoninCast is a comprehensive digital signage solution which addresses the mission critical needs of the quick service and fast casual restaurant industries. Wireless Ronin's software product features and valuable services include:

RoninCast® Digital Signage Software:

Centralized Control - manage content and review the status of the media players and network locations at any time.

Network Grouping - set up digital signage network groups and subgroups for specific content distribution.

Scheduling - create and change schedules so that content will play automatically on the time line you specify.

Database Integration - retrieve database information to automatically update messages, information and content

Data Mining - support your marketing and communication efforts with user data collected from users touch screen interactions.

Content Zoning - divide your displays into separate zones to play various content types which can be updated independently

Wireless Ronin Services:

Consulting - share goals and map program models during our discovery phases to determine your network structure.

Creative - work with our design team to produce messages that are both influential and memorable with brand consistency.

Project Management - our team will oversee the implementation of your network to keep you on budget and on time.

Training - take advantage of our training service to bring your team together and learn RoninCast functionality.

Hosting - our Network Operations Center (NOC) is available 24/7/365 for customers needing round the clock network monitoring.

Support - take advantage of software upgrades and hardware maintenance with a service package designed to meet your needs.

CONCLUSION

For restaurant industry members affected by nutritional labeling legislation and seeking an easy, cost effective method to comply, Wireless Ronin's RoninCast® for QSR and Fast Casual Restaurants provides a solution. By efficiently linking menu recipe databases with digital displays that can be multiply-purposed throughout the environment, restaurants can reduce costs, improve messaging compliance, speed data transmission and facilitate consumer the decision-making processes.

ABOUT WIRELESS RONIN

Wireless Ronin is a digital media leader in the fast casual and QSR industries with RoninCast® dynamic digital signage and its creative and technical support services. RoninCast digital menu boards allow:



- Never-before seen flexibility in product advertising, menu day-parting and decreased time-to-market with new products and promotions.
- Maintain corporate brand identity while allowing unique market segments the ability to customize to their specific locations needs.
- Extend that experience into additional areas for improved dining experiences with entertainment programming.
- Take it into the back room for employee training.
- Create an engaging drive-thru with dynamic digital menu boards for full audience reach.

Wireless Ronin has the services and support structure to assist you where needed through each and every step of the process. Through our Network Operations Center (NOC) located in Minneapolis, MN we can monitor the health or your network, schedule content, verify updates, and service your needs 7/24/365.

RoninCast digital signage software is an award-winning technology that has generated numerous awards for clients in the area of interactive innovation, environmental design, hospitality, top merchandising, and absolute excellence in electronic media.

In December 2008, Wireless Ronin's digital menu board application for Kentucky Fried Chicken was named one of the Best New Products of 2008 by Visual Merchandising and Store Design (VMSD) magazine.

Wireless Ronin has extensive experience in serving up technology needs in the form of menu boards, promotional and eatery signage, POS toppers and drive-thru communications. The organization has a reputation for drilling down on key business unit drivers to deliver mission critical solutions, software, and services.

To find out how Wireless Ronin can help streamline your labeling compliance and enhance your in-store communications contact Linda Hofflander at lhofflander@wirelessronin.com or visit www.wirelessronin.com.

RELEVANT AND CONSISTENT

Menu item and marketing messages across multiple locations while complying with nutritional legislation act requirements.

About The Author:

Linda Hofflander is VP and CMO at Wireless Ronin. Linda leads the marketing and business development group. She has over 20 years experience in communications with much of her career focusing on the alignment of business drivers with new and upcoming technologies. Linda sits on the Digital Signage Association Advisory Boards and is a member of the Digital Signage Speakers Bureau. She is on the Advisory Board of the University of Minnesota Alumni Association's Marketing Communication Committee and on the Digital Media Board of Uber Baby.



Linda Hofflander
VP and Chief Marketing Officer
WIRELESS RONIN
lhofflander@wirelessronin.com
952.564.3562

FOOTNOTES:

- 1 Fast Casual, Christa Hoyland, Contributing writer. (April 2, 2009). Will national menu labeling hold?
- 2 Authenticated US Government Information, 111th Congress 1st Session H.R. 1398 (March 9, 2009)
- 3 www.govtrack.us/congress/bill (April 2209) S.2784: MEAL Act
- 4 CRNI, (June 2009) www.nationalnutritionstandards.com
- 5 <http://www.deseretnews.com/article/1,5143,705304539,00.html>