

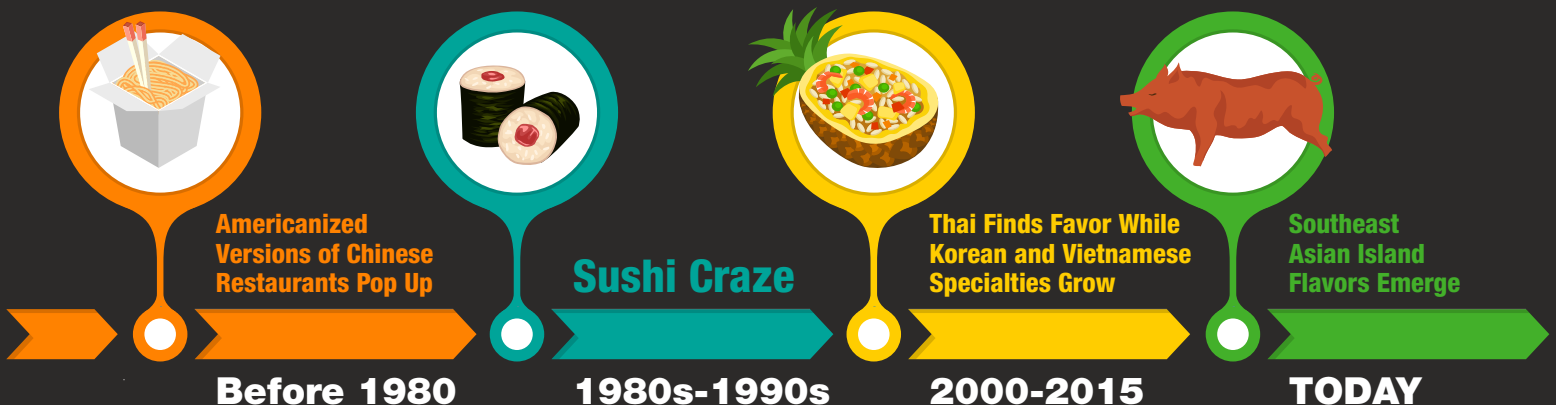


Why Asian Foods Dominate U.S. Menus

Some flavors consistently permeate all aspects of the food industry, rising to the top of menu and consumer trend charts. Coming to mind is Asian. For decades, aspects of Asian cuisine have been a focus in most annual trend reports.

And in the last five years, we've seen ingredients such as Sriracha go from relative unknowns to menu mainstays.

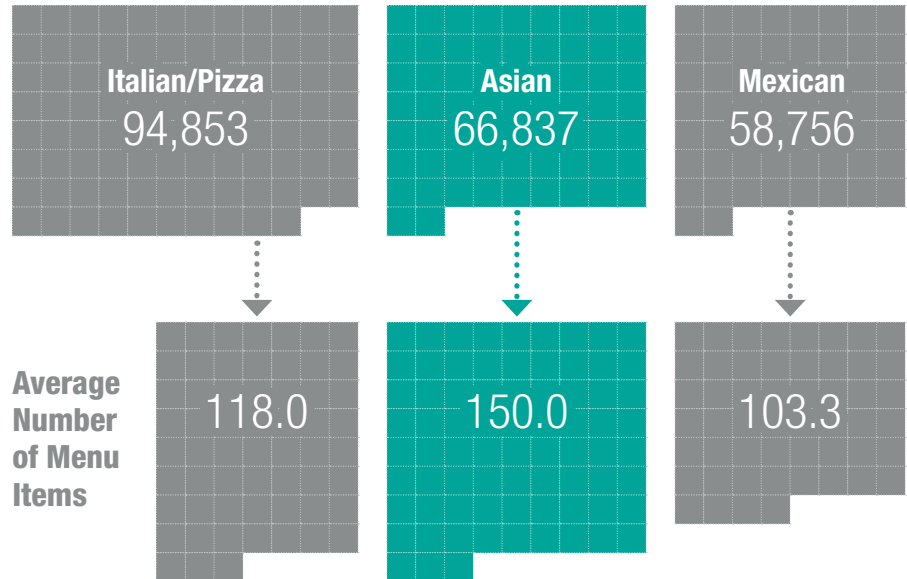
Why does Asian continue to dominate?
Let's "wok" through it.



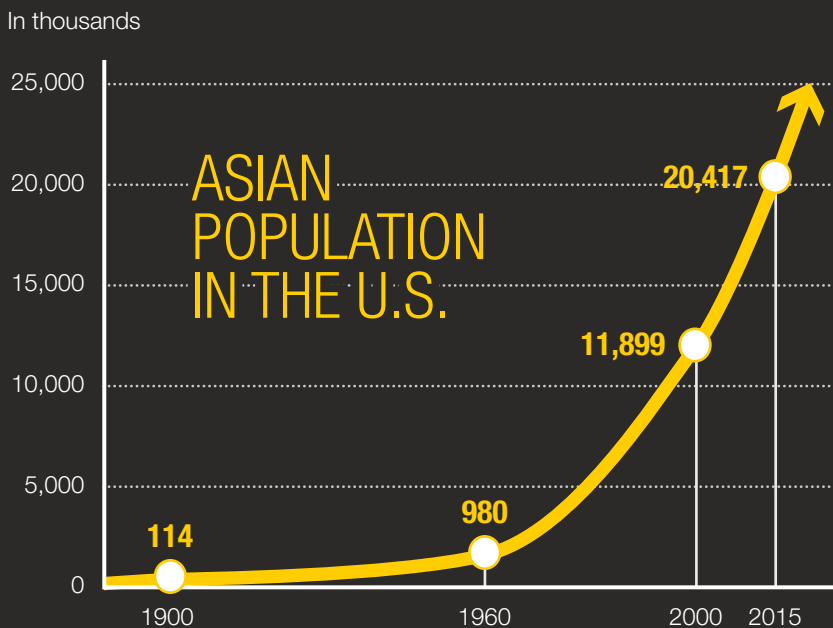
The Asian Restaurant Landscape is Vast & Growing

Other than pizza-driven Italian restaurants, the total number of Asian restaurants by unit count surpasses locations of any other ethnic cuisine type, including Mexican. Particularly on the full-service side, Asian is the second-largest menu category by store count in the U.S. Although it trails varied menu operations, unit change is growing for Asian full serves (+1.8% since 2016, compared to a 0.2% unit uptick for varied menu).

Total U.S. Industry Units (2017)



The Asian population in the U.S. has **grown 72%** since 2000



Ratio of McDonald's units to Chinese restaurants in the U.S.



Source: Chinese American Restaurant Association

But why so many Asian restaurants? Despite prohibiting the immigration of Chinese laborers to the U.S., the Chinese Exclusion Act of 1882 was altered a few years later to make an exception for certain Chinese business owners to get special merchant visas. This loophole produced a surge in Chinese restaurant operations in the U.S., according to NPR.

With this surge and eventual repeal of the law came an uptick in Asians immigrating to the U.S., which has continued today. But beyond the sheer number of restaurants and Asian consumers in the U.S., other factors and forces are contributing to the great Asian boom.

Source: U.S. Census Bureau

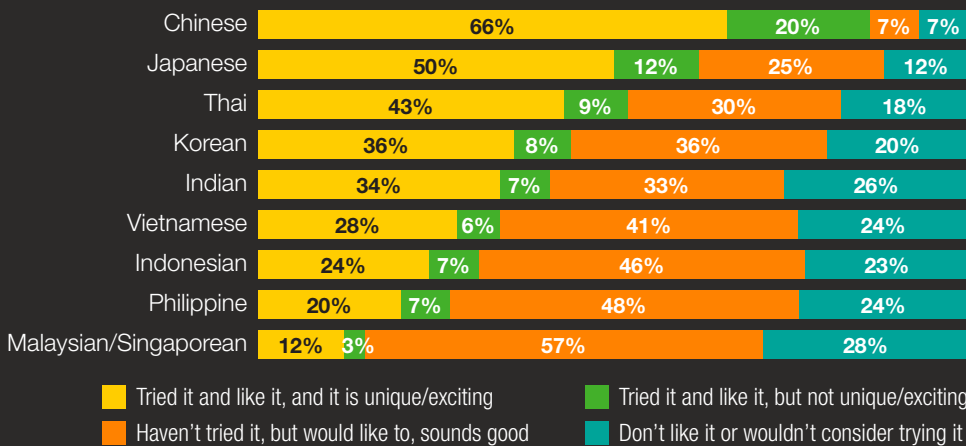
Consumer Demand is Strong

According to Technomic's 2018 Ethnic Food & Beverage Consumer Trend Report, Asian is the most ordered ethnic food among consumers for most segments, including fast-casual restaurants, full-service restaurants and prepared-foods sections of grocery stores. Attitudes toward the various

Asian cuisines are all positive. Chinese cuisine is the most tried and liked (86%), and only a mere 7% of consumers don't like it. On the flip side, cuisines such as Malaysian/Singaporean are relatively untested but interest is high: 57% of consumers haven't tried it but would like to and think it sounds good.

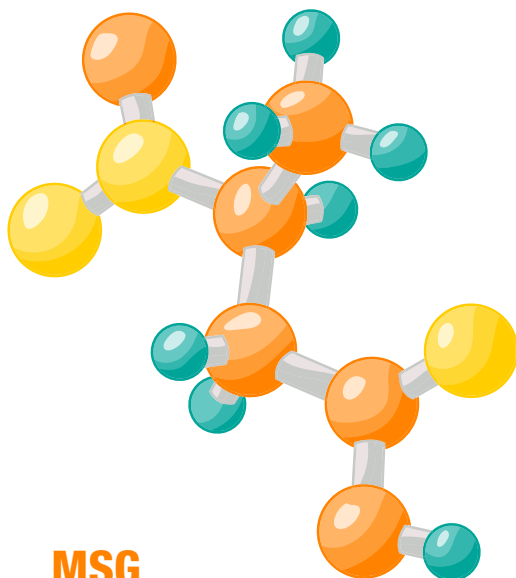


Which best describes your attitude to these cuisines?



According to Technomic's MenuSurf, many of the ingredients that correlate with high purchase intent among consumers are Asian, including **panko** and **sweet & sour**.

SO WHAT ABOUT ASIAN CUISINE MAKES IT SO APPEALING ACROSS DEMOGRAPHICS?



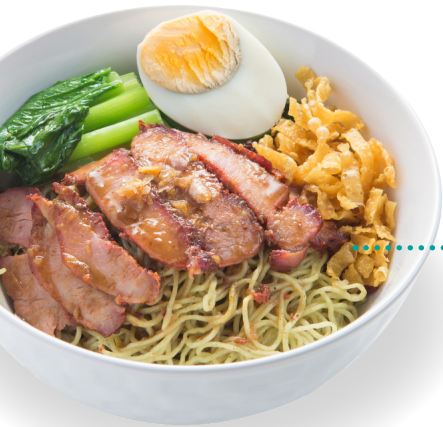
MSG
monosodium glutamate

There's Science Behind It

Many Asian flavors such as soy sauce, kimchi, fish sauce and seaweed are chock full of umami, the savory fifth taste. The primary source of umami flavor is glutamate, which is either naturally occurring or from MSG (monosodium glutamate). In fact, the term umami was first used when scientists were isolating glutamate as a taste substance in kombu and dashi, Japanese ingredients. That's why today, most consumers associate MSG with Asian food.

But the fact of the matter is, we've been primed to crave MSG from birth—human breast milk has 10 times more MSG than cow's milk! So not only do we crave MSG, but it's also a trigger substance that enhances appetites, per a study published in the American Journal of Nutrition. Operators are capitalizing on this scientific connection by spotlighting Asian ingredients in abundance.

Asian Foods Dominate Menus



Today, 66.3% of operators menu Asian foods or flavors, skewing the greatest for fine-dining restaurants (90.9%), lodging operations (89.8%) and colleges and universities (89.5%). Let's delve deeper:

▶ Three of the top 10 fastest-growing ingredients over the past five years are Asian (honey Sriracha, gochujang and matcha).

▶ Among the 1,000-plus dishes tracked in Technomic's Menu database, four of the top five are Asian.

The top dish containing honey Sriracha is wings.

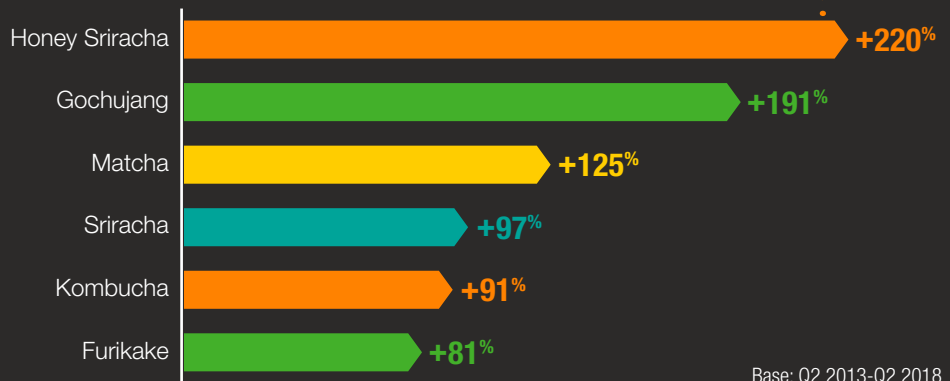


Top 5 Dishes

- 1 Asian Noodles
- 2 Asian Chicken
- 3 Shrimp
- 4 Asian Combo Meals
- 5 Asian Beef

Base Q2 2018

ASIAN INGREDIENTS ON THE RISE



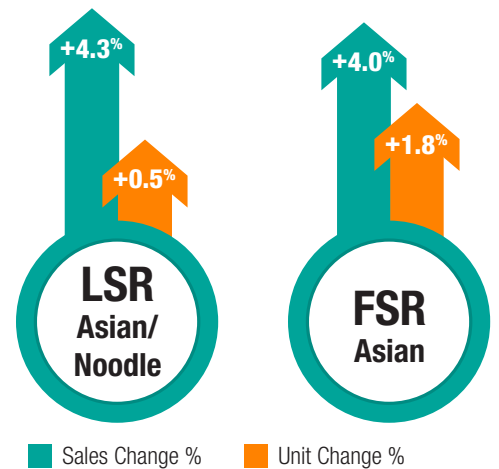
Base: Q2 2013-Q2 2018

What's the Outlook?

Sure, Asian dominates now, but will it have such a commanding presence in the future?

For Concepts...

Total industry sales and units for Asian concepts continue to grow, and not just Chinese and Japanese cuisines. Opportunities are vast for emerging Asian cuisine operations such as Korean and Philippine to compete with more established chains down the line.



YOY Sales Growth



For Consumers...

Consumers show increasing interest in emerging Asian flavors and regional varieties of mainstream ethnic cuisines. At the same time, transparency is more important than ever. Thus, expect to see operators respond with more information about authentic preparations of various emerging cuisines and more experimentation with new flavors to appease diners' desires.

For Science...

Concerns around MSG are waning. With a lack of evidence tying MSG to negative health effects, the FDA now states that MSG is "generally recognized as safe." Because consumers now have research available at their fingertips, the stigma seems to finally be diminishing.

Kombu is **up 27%** in non-Asian restaurants year over year

For Menus...

Top non-Asian restaurant chains are now turning to Asian ingredients to up the craveability factor. In the coming years, expect top chain operators to catch on to emerging Asian flavor trends more quickly than in years past.

Jack in the Box's Asian Fried Chicken Sandwich

Crispy fried chicken, Asian slaw and gochujang mayonnaise on a toasted baguette

MenuSurf

Uniqueness

Rating

Above Average

MenuSurf

Craveability

Rating

Above Average



The Fortune is in...



We've only seen the tip of the iceberg when it comes to Asia's invasion on the U.S. food scene