

Canadian retailer Arc'teryx travels to Australia

The brand from North Vancouver expands its local presence to compete in the increasingly crowded outdoors category.



In this issue

News

Net-a-Porter's new ultra-luxury service

The exclusive fine jewellery offering caters to the retailer's most loyal customers. **p4**

Around the globe

Fast food chains up the ante

From McDonald's to KFC, quick service restaurants are adding a touch of luxury. **p8**

From the source

George and Matilda

CEO Chris Beer on growing his optometry business while maintaining a startup mentality. **p10**

Fast food experiments with a touch of class

Quick service restaurants are discovering that there is profit in updating an old look, which may attract a whole new demographic. *By Norrelle Goldring. Photography by Andrew Meredith*

At the newly unveiled McDonald's in Times Square in New York, diners gaze serenely out of the three-storey glass "curtain wall" out into the bustling crowds below, while waiting for their orders to be sent up from the basement kitchen via dumbwaiter and hand-delivered to their table. A predominantly grey palette is punctuated by a bright yellow, three-storey staircase and some abstract yellow splashes. No Ronald McDonald reds here. Designed by Australian agency Landini, the aim of the new outlet was to provide a sense of calm and respite from the world outside.

It's the opposite of McDonald's at Sydney Airport, also designed by Landini, where the bright yellow glass floating kitchen is the feature and further theatre is provided through bagged orders visibly threading their way to diners from the elevated kitchen via a conveyor belt track. According to Sydney Airport's general manager of retail, Glyn Williams, it is the most instagrammed place at Sydney Airport and it has won a number of hospitality design awards.

These are a far cry from the plastic moulded chair, blindingly lit, cookie-cutter environments generally associated with quick-service restaurants. While many outlets may be refreshed every three to

five years and thoroughly renovated every 10 years, it's the nature of the renovations that's changing to reflect the immediate location, incorporating digital and mobile technologies throughout the experience, and often a more premium fitout.

Fast casual dining on the rise

One of the reasons behind this shift is the growing popularity of fast casual dining, which is booming in both the US and Australia. Think Grill'd, Schnitz, the Bavarian, Zeus Street Greek, the Burger Project, Mad Mex and Belle's Hot Chicken to name a few – outlets with healthier options and more "authentic" environments.

This has partly been fuelled by millennials, for whom dining out is an everyday occurrence. Millennials are now Australia's largest consumer group, and they are driven more by seeking experiences than acquiring objects. King-Casey, a restaurant design firm that's worked with more than 100 QSR and fast-casual clients globally, is increasingly being briefed to design restaurant interiors with spaces specifically intended to be used as backdrops for selfies.

Some KFC outlets feature a "breeding window" where customers

can watch their chicken pieces being prepared for the fryer. KFC's "Big Chicken" store in Marietta, Georgia (said chicken is 17 metres tall and looms over the adjacent interstate highway) is an example of the brand bringing back the Colonel.

Starbucks seeks mass localisations

Starbucks has long recognised the challenges of mass customisation and mass localisation. Now its Wan Chai cafe in Hong Kong, which began trading last August, has refreshed the Starbucks look with bold design elements. It features, for example, a black polycarbonate facade that allows passersby to see inside. The streetfront also features a colourful collage-style, street-art-inspired original artwork, created by Hong Kong-resident, South African-artist Dustin Holmes.

And as long as six years ago, the company was already sporting a number of standout locations including one in Dutch Oak in Amsterdam, a double-decker train car in Switzerland with table service, and a shrine in Dazaifu, Japan – all nods to their local context.

Obviously, fully custom buildouts aren't feasible at scale, particularly if it's the franchisee funding them. Previously Starbucks used three or four replicable design formulas, but more recently it moved into a form of "fast fashion" augmentation where individual outlets introduce fresh design pieces regularly from a catalogue to remain relevant and surprising.

“The challenge for retailers is balancing convenience with the customer experience for a market that expects ‘elevated dining’.”

Offline to online – and back again

The new QSR formats aren't just about paint jobs, lighting and wood finishes, however. Digital is becoming increasingly important, with wifi now being a standard feature. Customers also expect ease of ordering and transacting via different channels online, mobile, and in-store.

For example, in 2013, customers needed to take 25 steps to place an order on the Domino's website. Now it takes only five with a zero-click ordering process; and if a customer opens the app for 10 seconds, their previous order will automatically be placed.

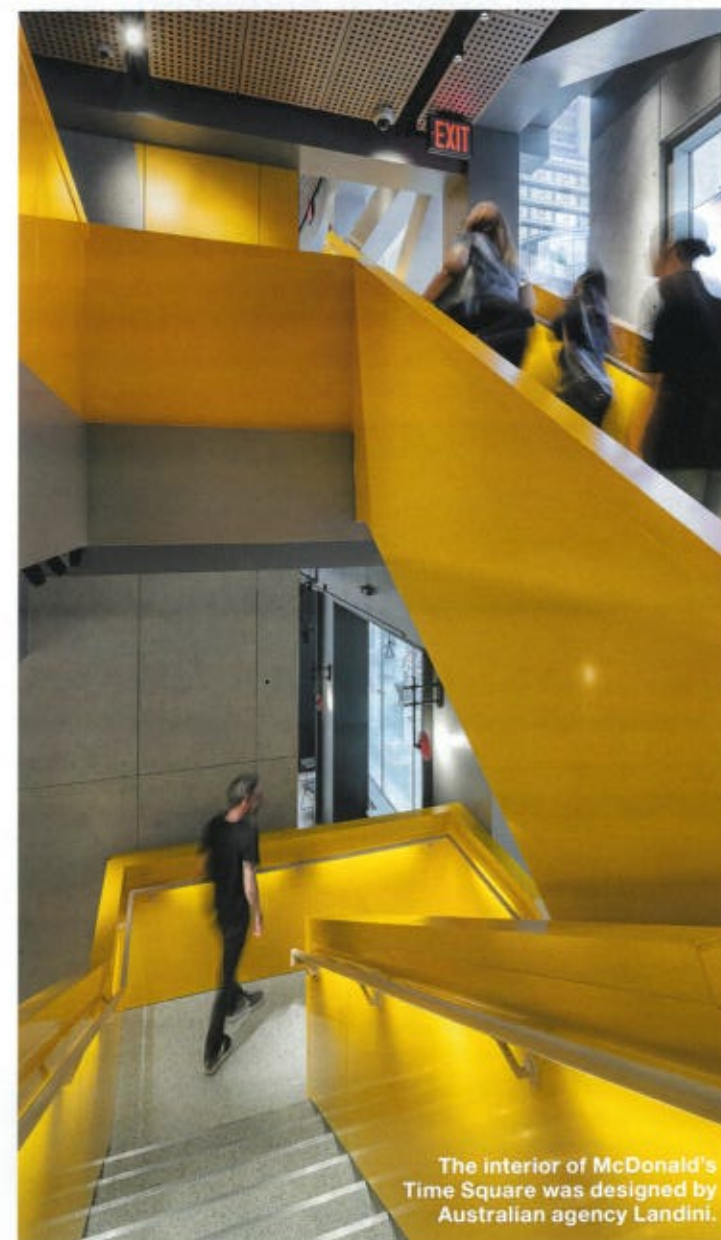
A March study published in online payments news and trends site PYMNTS stated that 71 per cent of surveyed QSR managers said fast in-store pickup was important for future success, and 65 per cent saw online and app ordering as important for future success. Almost half (48 per cent) believed loyalty programs were important. Some QSRs and fast-casual chains are teaming up with payment services to increase rewards offerings, such as Chipotle's partnership with Venmo.

In the US, app-enabled McDonald's customers can personalise their orders and get kerbside delivery, skipping the drive-through queue.

QSR customers are now looking for transparency, authenticity and an enjoyable and comfortable experience. The challenge for retailers is balancing convenience with the customer experience for a market that expect "elevated dining".

But if it's done right, it repays its costs. According to restaurant adviser John A Gordon of Pacific Management Consulting Group, where a modest refresh might bring about a 2 to 5 per cent temporary sales lift, a full redesign can yield a 10 to 15 per cent lift. And possibly keep some of the hungry fast-casual dining competitors at bay a while longer. **enr**

Norrelle Goldring has 20 years' experience in retail, category, channel and customer strategy, marketing and research and has worked with global retailers, manufacturers and consulting houses. Contact: 0411735190 or norrellegoldring@hotmail.com



The interior of McDonald's Time Square was designed by Australian agency Landini.



At McDonald's Time Square diners can gaze out at the bustling crowds below.