

Fast changes in fast food industry

By ALISON MORRIS, Fox 5 Business
Reporter

- **Couple's note to server goes viral: "We've been in your shoes"**

Posted: Sep 29, 2014 4:26 PM PDT Updated: Sep 30, 2014 5:00 AM PDT

NEW YORK (MYFOXNY) -

New Yorkers are still looking for quick meal solutions that make their lives easier, but we might be seeing a shift away from fast and fattening. And that's taking a toll on some traditional chains' bottom line.

Seth Goldman, CEO of HelloFresh, is hoping New Yorkers agree. His fresh ingredient and recipe delivery service is one of several in New York capitalizing on the apparent consumer shift away from fast food.

HelloFresh just launched a campaign offering new customers a credit of up to \$50 for their fast food and take out receipts. Goldman's company is just a small player in the market, delivering a million boxed, ready-to-make meals a month.

But the influx of healthier, easier eating options is having an impact on the fast food sector.

McDonald's, the world's largest burger chain, is in the midst of its worst sales slump in over a decade. Last quarter, U.S. same-store sales dropped 1.5 percent, down for the third straight quarter. McDonald's blames sluggish industry growth in a highly competitive marketplace.

Direct competitors Burger King and Wendy's both saw their same store sales increase, up 0.4 percent and 3.1 percent, respectively.

Branding expert Denise Lee Yohn says McDonald's is losing customers because of its ever-growing menu and poor execution of healthier options.

Meanwhile a newer category of fast casual restaurants has exploded, with Chipotle leading the charge. Last quarter, its same-store sales shot up over 17 percent even though the restaurant chain raised its menu prices.

Yohn says that Chipotle is a winner because it gives customers an enjoyable experience and an emotional connection.

As for convenient food delivery services, Yohn says they may steal some customers but fast food and take out joints - even the unhealthy ones -- aren't going anywhere, especially those that offer an "experience."

We reached out to McDonald's for a comment about its slipping sales but didn't get a response.

Meanwhile, Yohn says quick, quality pizzas are the next fad in the fast casual space. And, yes, she thinks custom pizza chains can have success even in New York.

