





## Introduction

*For those considering investing in and operating a franchise, quick-service restaurants are an enticing option. Based on the timeless concept of serving food, they follow a business model that is both easy to understand and has the potential to generate high revenue.*

*However, before making the decision to dive into this exciting world of QSR's, it's important to become familiar with what is driving fast food culture and how your franchise will fit into that evolving picture.*

*Here, we look at the current market situation and how Oporto is adapting to and benefiting from emerging consumer trends.*



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## Know your market, grow your market

To find out which fast-food franchise will be the best option, it's necessary to look at the market and find answers to some important questions. Who is buying fast food? What are the characteristics and tastes of that market segment? Is fast food gaining in popularity, and how do societal trends impact visitation and sales.

Dividing Australian society by age segment, The Foodie Nation revealed that the biggest consumers of restaurant food were Millennials – those born between 1980 and 2000 and who are presently 15-35 years old. Edging out both Generation X and Baby Boomers, Millennials relied upon food establishments for five of their 21 weekly meals.<sup>1</sup>

With Millennials eating out five times a week and 70 per cent of this generation have a disposable income of less than \$300 per week,<sup>2</sup> this suggests a growing cultural preference for cost effective restaurant food among this group.

Millennials have recently overtaken Baby Boomers as the largest age group<sup>3</sup> however, on account of their youth, they have yet to reach their full purchasing power. As their wealth increases, businesses that actively target this population should expect increasing profits.

Oporto has focused on young people as its target market since its first store outlet opened in 1986 in the Sydney beachside suburb of Bondi.

As an established Australian brand, it has been extremely successful in attracting and retaining the interest and patronage of its young customers through its menu offering, image and branding.

But, what is it about Oporto that really appeals to Australians?

Oporto, with its fresh and vibrant image, appeals because it offers a product that aligns precisely with the desires and beliefs of its main target market, Millennials.

But, what drives Millennials?

### **Millennials care about healthier living**

While health consciousness in previous generations meant counting calories, Millennials care more about food being fresh, less processed and with fewer artificial ingredients.<sup>4</sup> In choosing what to eat, for Millennials it's the quality of the food in a holistic sense that determines what is desirable.

This shifting sentiment toward healthier fast food is also revealed by research conducted by Ibis World





showing that for 2015, businesses selling higher-quality fast food options are driving a growth forecast for the year of 2.7 per cent.<sup>5</sup>

Clearly, consumers are increasingly well informed and are willing to divert their spending toward those businesses whose offerings tick all the boxes.

The Oporto menu – emphasising fresh, grilled chicken as its main ingredient – sets it apart from its competitors and their frozen, fried and otherwise oil-soaked alternatives.

By maintaining this positive brand image, Oporto continues to enjoy its reputation as a healthier fast food option and is likely to build its popularity going forward as more customers shift toward a healthier lifestyle.

#### **Culturally diverse with a sense of adventure**

Millennials are the offspring of Baby Boomers, and they've often grown up on ethnic foods to a much greater extent than previous generations. Their palates are accustomed to a much wider range of flavours on account of Australia's increasingly multiethnic population.

As a result, Millennials are far more adventurous when it comes to eating. They're eager to experience new tastes

and want intense, complex layers of flavour in their food. Research from the Center for Culinary Development (CCD) found that 51% often eat ethnic foods compared to only 20% who rarely ate ethnic food.<sup>6</sup>

Oporto menu strikes at the heart of this emerging trend. It features Portuguese-style grilled chicken, special recipes and the secret chilli sauce with irresistible force. It's exotic and adventurous, yet it comes encased within the comforting familiarity of a burger and grilled chicken.

As more and more Australians seek out new and complex flavours, Oporto franchisees are well placed to benefit from that increased demand.

#### **Brand Engagement – Digitally Led, Activation Driven & Flavour Inspired!**

Owing to the considerable size and spending power of the Millennial market, a great deal of research has been conducted on how to best achieve brand engagement with this highly lucrative group.

While traditional advertising still serves an important role, marketing techniques that emphasise a more personal, emotional relationship with the brand – those that foster a relatable brand identity that extends successfully into the digital space – are seen as optimal.<sup>7</sup>



Oporto, having built its business model around the Millennial market, has been on-point in directing its broad marketing efforts to target this market segment.

In 2015, Oporto launched the 'Flame Rewards Program', a loyalty initiative that allows customers to earn 'Flame' points for every dollar spent in store. 'Flame Rewards' include a free meal on your birthday, points earned can be redeemed on meals, and being a member will give access to exclusive events and competitions.

In addition, Oporto are dedicated to the ongoing creation of exclusive content designed for maximum share-ability online through social media channels, which will continue to solidify Oporto as a fun and relatable Australian cultural icon, driving profits for franchisees into the future.

For a market that craves real-life participation, campaigns such as these reach out to customers, making the interaction personal and memorable.

Oporto's key point of differentiation has always been its grilled chicken and burgers flavour profile. Inspired by the Portuguese origin founder Antonio Cerqueira, the unique Oporto Chilli Sauce (with irresistible force) has been a hit from the first burger sold in 1986. Since then, the menu has continued to develop, not only offering a diverse range of grilled chicken options, but with the popularity of spicy food increasing, Jalapeño poppers, spicy bites and a range of chilli sauces have been added to the menu... and there is more to come!



### **Sustainability & Longevity**

Environmental sustainability has become an increasingly hot topic in recent times, and the impact of the fast food industry on the environment has been in the spotlight.<sup>8</sup>

In comparing the environmental footprint of various meats, chicken is widely considered to be the most sustainable. It requires less water, less infrastructure and less land to farm successfully than its red meat competitors. Indeed, chickens are the most efficient converters of feed into meat of all land-based livestock species.<sup>9</sup>

Chicken farming itself is also far less harmful to the environment than beef, which causes 13 times more climate impact due to the release of methane – a far more potent greenhouse gas than carbon dioxide.

Chickens produce no methane at all and generate far fewer emissions overall during farming and production.<sup>10</sup>

For these reasons, Oporto is unlikely to suffer on account of sustainability concerns.

### **Overworked and time-poor, convenience is a key driver**

What drives fast food and always will, is convenience, and for overworked and underpaid Millennials, this is critical.

There are a few factors that play into the perception of convenience – familiarity, affordability and availability. The stressed and hungry customer is looking for a brand that they know they can trust, that they know they can afford, and one that is easy to obtain.

Since opening its first store almost 30 years ago, Oporto has achieved strong, positive brand awareness in Australia and firmly imprinted on the Australian psyche.

Because it is well known and available in different contexts – from shopping centres and strip-malls to standalone restaurants with drive-thru services – Oporto has further cemented itself as a familiar and welcome presence across the Australian fast food landscape.

Furthermore, drive-thru dining options are becoming increasingly desirable as driving to work continues to dominate strongly in Australia as the preferred style of commute.<sup>11</sup>



## Oporto is a solid investment

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Having multiplied over the past 30 years from a single outlet in Bondi to more than 140 stores across Australia and New Zealand, and growth continuing with an additional 20 new stores scheduled to open this year, Oporto represents an attractive option for prospective franchisees. Oporto represents an attractive option for prospective franchisees.

### **Business sustainability**

While the environmental impact of meat production is concerning in a general sense, from a business sustainability perspective, the ability for primary producers to keep meat prices stable has a big impact on the ongoing profitability of restaurants.

Fortunately, the chicken farming industry has markedly outperformed all other meat types, to the extent that chicken is now the cheapest meat source in Australia, and it is likely to remain that way.

The excellent characteristics of chicken, combined with an exceptionally innovative farming industry, has seen to it that the price of chicken has changed little since 1987.<sup>12</sup>

This is particularly surprising considering that demand for chicken in Australia has been skyrocketing, increasing six-fold since 1965 till today<sup>13</sup> and recently surpassing both traditional red meat staples – beef and lamb – combined.<sup>14</sup>

With its low and stable price, coupled with the increasing popularity of chicken in Australia, an Oporto franchise makes a strong case for business sustainability going forward.

### **Be part of something legendary**

Having built its business model around Millennials, Oporto has the knowledge and experience to continue to capitalise on the excellent brand image they have worked hard to foster.

Oporto has invested significantly in optimising the menu, outlet designs, loyalty program, marketing engagement and ongoing social media campaigns to ensure they maintain their image as a young, fun and exciting brand.

As Australian society continues to mature culturally, exotic tastes will increasingly dominate over the traditional offerings. Furthermore, a growing taste for chicken, not just on account of its culinary versatility but as it becomes better known as the most environmentally friendly meat, puts Oporto franchisees in an enviable position where they stand to benefit both at present and particularly in future, from these positive, accelerating trends.

For more information on available opportunities with Oporto, click here:

**<http://www.oporto.com.au/franchising>**



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