US Highland (OTC: UHLN) Could Dominate the $750 Billion Restaurant Industry

The brand has more than enough potential to match or surpass the revenue per store of leading legacy brands.

MIAMI, FLORIDA, USA, March 13, 2018 /EINPresswire.com/ -- (EmergingGrowth.com NewsWire) - EmergingGrowth.com, a leading independent small cap media portal with an extensive history of providing unparalleled content for the Emerging Growth markets and companies, reports on United Highland Corp. (OTC Pink: UHLN).

The $750 billion U.S. restaurant industry is coming to terms with the fact that healthy eating is not a passing fad, but a fundamental shift in consumer behavior that is here to stay. 70% of U.S. consumers say they are influenced by the availability of healthy menu items when choosing where to dine out, according to a 2017 industry report by the National Restaurant Association. This underlines the mainstreaming of healthy eating.

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>
> *Everett Dickson, CEO, US Highland Corp.*

Retail sales of natural and organic food in the U.S. have been on a steady uptrend since 2000, hitting $61.1 billion in 2017. This is a pointer to the growing demand for healthy menus in both restaurants and households.

See the chart here:
http://emerginggrowth.com/wp-content/uploads/2018/03/UHLN-Picture1.png

Stronger growth ahead

The general analyst consensus is that demand for healthy menu options will grow at an even more frantic pace in coming years. Interestingly, health consciousness is not the sole driver of demand. Economic considerations are also at play, despite the fact that healthy meals such as salads, fresh protein and flatbread sandwiches are priced at a premium to unhealthy options.

On closer inspection, consumers have realized that unhealthy meals, which are typically priced at a dollar in most fast food chains, are in the long-term more expensive than the $5 to $7 healthier options. This is because of the economic cost of managing lifestyle diseases, which are strongly linked to calorie-laden and notoriously greasy dollar meals.

Lifestyle diseases are expensive to treat since the drugs are not only exorbitantly priced by big pharma, but also need to be purchased for the remainder of one's life. Conditions such as hypertension can also limit productivity at work, lowering the overall competitiveness of the U.S. economy at a time when rival economic powers such as China are quickly catching up. One study indicates that lifestyle diseases cost the U.S. economy over $153 billion per year in lost productivity.

As the economic impact of unhealthy meals becomes more apparent, policy makers will have an even greater incentive to accelerate the introduction of policies that promote healthy eating.

Demand for healthy menu items is therefore set to grow against the backdrop of sustained consumer demand and an increasingly friendly regulatory landscape.

Clearly, the U.S. healthy dining industry is coming of age. Some of the publicly listed legacy fast food chains have in the recent past attempted to establish a footing in the sector by adding healthy options to their menus. None of them, however, are fully commited to healthy eating as they offer a handful of healthy options alongside a plethora of processed, sugary and greasy foods.

This means that the public have limited opportunities as far as profiting from public companies that are fully committed to healthy dining is concerned.

In line with our established tradition of identifying undervalued emerging growth companies and bringing them to the attention of the investment community, EmergingGrowth.com identified one public company that has jumped into healthy dining with both feet.

US Highland (OTC Pink: UHLN) has finalized agreements to fully acquire Tru-Food Provision Co, an Atlanta,

GA headquartered fast-casual restaurant that is consolidating its position in the healthy dining sector through rapid expansion in Atlanta and across the south east.

The press release about the acquisition, which is already in the public domain, indicates that Tru-Food will expand substantially over the next 2 years, positioning UHLN as a formidable franchise development company.

Tru-Food is a healthy dining pure play, a model UHLN's CEO Everett Dickson says competitively positions it in the rapidly growing healthy eating space. He spoke to Emerging Growth at length about the rationale behind the acquisition deal and what it means for the company's shareholders. Excerpts from our conversation with the CEO will be analyzed later on in the article.

For now, the fundamental thing is to first appreciate the size of the healthy dining market, its growth potential and the market entry strategies work vis-à-vis those that don't.

The healthy dining industry in the U.S. can conservatively be valued at $525 billion (based on the fact that 70% of consumers in the $750 billion U.S. restaurant industry prefer healthy menus).

In view of the strong growth prospects outlined earlier in the article, the value of healthy dining as an industry could expand exponentially from $525 billion to $1 trillion in the next couple of years.

Consequently, there is a huge opportunity for investors to make a decent return on investment in this space, provided they invest in companies that are competitively positioned to corner the market.

The real opportunity

Overall, healthy menu options have increased 30% in the Top 500 chain menus in recent years, according to the Technomic 2016 Healthy Eating Consumer Trend Report, underlining lower supply of healthy options vis-à-vis a 70% preference from consumers as pointed out in the beginning of the article. This undersupply is where the opportunity lies.

Legacy publicly listed fast food brands such as McDonald's (NYSE: MCD), Wendy's (NASDAQ: WEN) and Taco Bell (owned by Yum! Brands, NYSE: YUM) have attempted to seize the opportunity by adding healthy options to their menus, tempting investors in the emerging healthy dining space to add these stocks to their watchlist.

However, investors keen on making real returns from healthy dining should pay little attention to the moves that legacy fast food brands are making in this space. These are primarily public relations tactics aimed at deflecting criticism away from the concerns consumer advocacy groups have raised about the devastating health effects of fatty and sugary dollar meals.

The reality is that legacy fast food brand identities are already fixed in the minds of consumers—and they are anything but healthy. Adding healthy options to menus only serves to increase costs and make the menus overly complex, affecting overall business performance. MCD experienced this between 2010 and 2015 when its healthy options provoked sustained criticism in the financial press that its menu had lost focus and become overly complex, a development that was negatively received by investors and analysts. Today, MCD is more focused on its core menu options, despite leaving a few healthy options on the menu ostensibly for reputational reasons.

Clearly, if you are thinking of profiting from the growth potential of the healthy dining market, you need to look beyond legacy fast food chains that are adding healthy options to their menus.

The real opportunity for investors interested in the healthy dining space is in emerging fast-casual restaurants that are solely focused on healthy menus. In addition, they must have the right mix of strategy and talent to navigate the challenges in an early stage sector and achieve sustained growth.

The only challenge is that most of the emerging fast-casual healthy menu restaurants are privately owned, meaning that information about their operations, finances and strategy is scant and investing in them is still largely restricted to private equity firms.

To circumvent this challenge and present the public with an opportunity to profit from the tremendous growth opportunity in healthy dining, UHLN is giving its investors an opportunity to be part of the growth story of Tru-Food, its recently acquired pure play healthy dining chain store.

First of several acquisitions

“We are pleased to welcome Tru-Food to the UHLN family, as a first of several acquisitions” said Everett Dickson, CEO of UHLN in a press release. He described the deal as: “another partnership that adds to our solid foundation for assets, while diversifying our revenues streams, improving profitability and increasing shareholder value. Tru-Food founder and senior management believe it's in their best interest to become part of UHLN which provides them the financial platform to substantially increase their business over the next 24 months.”

The specifics of the deal—including additional details about Tru-Food’s market roll out plan and timelines for executing its strategy—will be officially disclosed to the public after the company files an 8K with the Securities and Exchange Commission (SEC).

“Though I can’t delve into the specifics at the moment, I can confidently reassure our investors and the public that Tru-Food is ran by some of the most reputable names in franchising, as they will soon come to discover,” noted Mr. Dickson.

“In line with our vision to be the foremost franchise development company, we are focusing on niche markets such as healthy dining that are still in need of developing but show strong growth potential. As such, talent is a key consideration for us when selecting an acquisition target. We work with business leaders who have sharp business acumen and an established track record of outstanding performance in their respective markets. Our existing and potential investors should expect nothing less with Tru-Food,” he continued.

What this acquisition means

Commenting on what the acquisition means, Dickson said it gives UHLN the opportunity to gain an early mover advantage in the healthy dining market. “A lot of brands are lumping healthy eating options together with unhealthy options in a single menu. Few, however, have successfully positioned themselves as healthy eating pure plays, despite the fact that healthy dining as a standalone market has come of age and is ready for major investments,” said Dickson.

By positioning itself as a pure play, Tru-Food will establish a strong and memorable brand identity in healthy dining before the market gets flooded with copycats. A memorable brand identity with a clear and consistent message that resonates with the target market is an indispensable component in the marketing strategy of any restaurant business. Players that offer healthy menu options alongside deep fried, calorie-laden unhealthy options are sending a distorted brand message and making a serious strategic blunder.

Mr. Dickson reiterated the fact that Tru-Food’s clear brand message would be championed by a seasoned management team that understands all elements of the franchising and restaurant business—from market-driven customer service policies; healthy diverse menus; strategic selection of franchisees and structuring of licensing agreements to create win-win engagements; strategic alliances with commercial real estate players and businesses who have concepts and properties that capture the brand ethos of healthy living; competitive positioning of the Tru-Food brand in relation to key competitors in the space; and structuring and negotiation of celebrity endorsement deals that profitably communicate the brand ethos of healthy living.

“As soon as we make necessary regulatory filings, we will proceed with officially unveiling the senior management team at Tru-Food. We will also expound on the specifics of our operational strategy, which will see the Tru-Food brand rapidly expand its footprint in Atlanta and across the South East over the next two years,” said Mr. Dickson.

This ambitious capital-intensive expansion plan, which has a two-year timeline, heightens the possibility that the company is already in advanced talks with deep-pocketed investors to shore up its coffers, preferably through equity financing—a point Mr. Dickson said “he would authoritatively comment on further down the road.”

“For now, what I can say is that our shareholders are thrilled following the announcement of this deal as it candidly demonstrates our commitment to model ourselves into a successful franchise developer,” ventured Mr. Dickson.

The CEO joined UHLN in July 2017 after the company switched its path from motor cycle manufacturing to franchise development. Following this critical transition, Dickson has been proactively identifying acquisition opportunities in order to actualize the company’s franchise development dreams.

The deal with Tru-Food, which comes barely a year after his entry, is a pointer to his commitment, strong professional networks in the franchise industry, professional competence and personal entrepreneurial grit. These are qualities that investors should always look out for before investing in a company operating in a dynamic and high pressure early stage field such as healthy dining. Dickson has garnered the right momentum to seal other acquisition deals in future, in line with his guidance that Tru-Food is the first of many UHLN’s acquisitions. More are in the pipeline.

Conclusion - Only on EmergingGrowth.com
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Emerging Growth Staff
EmergingGrowth.com
305-330-1985
email us here
