The Restaurant Guest Has Changed

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The following pages detail shifts in attitudes that likely will have a lasting impact on restaurant usage and behaviors.

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The year began with a number of uncertainties. The longest period of economic expansion in U.S. history had slowed considerably, yet unemployment remained at historic lows. There was news of a new type of "viral pneumonia" in central China yet early reports of the outbreak indicated fewer than 50 people were infected. Incidents of racial injustice made news yet public reactions may have been more local in nature.

Fast forward to midyear and the current consumer situation is nearly unrecognizable. COVID-19 has rattled the nation's healthcare system and general sense of health. Unemployment reached double digits overnight, as the ensuing pandemic forced local and state governments to close or place severe restrictions on nonessential businesses. Reactions to the death of Black citizens at the hands of police officials have incited protests across the globe and generated significant momentum behind the Black Lives Matter movement.

Deemed non-essential businesses in numerous states, many restaurants remained open through it all. Rapid-fire changes to operations—often mandated by local authorities—created confusion and likely left operators at a loss regarding disrupted consumer demands and emerging preferences in the wake of an unprecedented situation.

Consumers May Never Be the Same

The second quarter of 2020 will surely go down as one of the most challenging business environments in the history of the U.S. As the COVID-19 pandemic forced the closure of so many nonessential businesses across the country, consumer behaviors and attitudes were subject to change in unforeseen ways. From extreme "pantry loading" to demands for contactless transactions, consumers and circumstances reshaped the restaurant landscape overnight.

However, the disruption in consumer trends and continuity holds some surprises. For example, despite the sudden change in household finances for many, price sensitivity did not see an uptick in Q2. Instead, consumers note increased interest in brand-name products, as they now feel it is worth it to pay more for items and products that carry trustworthy familiar names.

Agree/strongly agree (top two box)	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020
I am very health-conscious	46%	47%	46%	48%	50%
I actively seek out nutritious foods that are good for me	53%	53%	52%	54%	55%
I almost never have time to stop and enjoy a meal	22%	22%	24%	25%	26%
Foodservice allows me to meet daily obligations	39%	40%	40%	41%	44%
Often, I have no choice but to eat meals on the run	36%	36%	37%	37%	37%
Name-brand foods and beverages typically taste better	46%	46%	47%	47%	49%
It's worth it to pay a little more for name-brand foods/beverages	53%	53%	54%	54%	57%
I pay close attention to menu prices so I can find the best value for my money	67%	67%	68%	68%	67%
I always compare prices before deciding what to buy	60%	61%	61%	61%	60%

Base: 27,000 restaurant consumers per quarter
Source: Technomic Ignite consumer brand metrics data

Social Responsibility in Focus

The pandemic was not the only significant current event to impact consumer behavior in the second quarter. Over the past few months, people from many backgrounds have come together to protest racial injustice and discrimination against the Black community. Marches and demonstrations were initially sparked by a widely circulated video of the death of George Floyd, and quickly gained momentum and evolved to more fully encompass the larger movement of racial equality for Black Americans.

Many retail and restaurant operators responded to calls for social justice in different ways, as companies sought to understand their place in the national conversation about race. Those who chose to stay silent ran risks of social media backlash and lost business. Consumers appear increasingly interested in value-based shopping and dining, as noted by the stated importance of social responsibility when selecting a restaurant to visit.
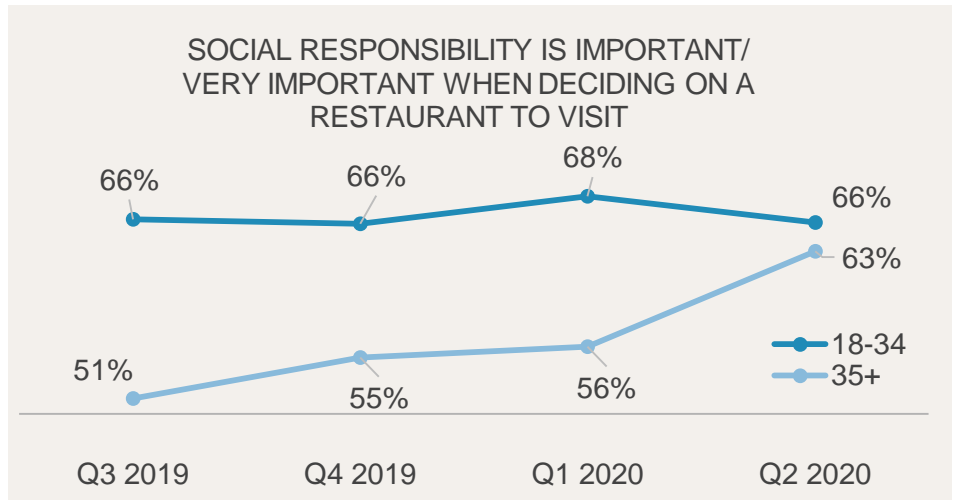
64%
of consumers now prioritize social responsibility when selecting a restaurant to visit

Younger consumers have been invested in this idea for some time, yet the second quarter saw a significant increase in the number of diners ages 35 and older, citing social responsibility as a decision driver.

55%
of consumers state that charitable giving is important in the restaurant selection process

SOCIAL RESPONSIBILITY IS IMPORTANT/ VERY IMPORTANT WHEN DECIDING ON A RESTAURANT TO VISIT

	Q3 2019	Q4 2019	Q1 2020	Q2 2020
18-34	66%	66%	68%	66%
35+	51%	55%	56%	63%

Rooted in the Community

Another growing area of interest for restaurant guests is operators' commitment to the communities they serve. The full text of the survey statement shown in the chart on the following page is "gives back to the local community (is charitable)." Operators need to show their guests that they are fully invested in the neighborhoods—and people—that immediately surround their stores in order to build true loyalty.

As was shown earlier in this report, price sensitivity remains unchanged. Meanwhile, according to consumers, a growing sense of belonging and a spirit of partnership between citizens and local businesses matters more now than it did a year ago.

Elevated importance of this attribute is directly attributed to consumers across generations. Although multiple cohorts contribute to this increase, changing life stages likely play a role in this phenomenon for millennials and Gen Xers. A majority of millennials now count themselves as parents, with many finally "growing up" and purchasing a home in which to raise their children. Gen X has fully entered the "sandwich generation" phase, often caring for kids and aging parents at the same time.

Knowledge that a local business supports the community's livelihood and causes often sends consumers a clear signal that the lives of their families matters to operators.
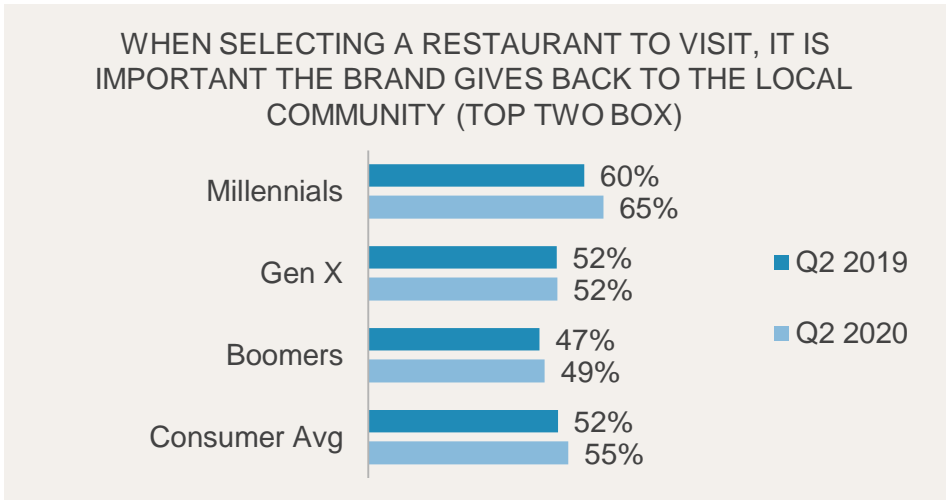
Who Is Building Brand Image?

A look at the operators that receive credit from consumers in areas of brand image is an important first step in understanding what resonates with guests.

Communicating the core values of a business is daunting; customer ratings for these chains show that concrete actions supporting their mission statements do not go unnoticed.

Chick-fil-A Website:

"We should be about more than just selling chicken. We

WHEN SELECTING A RESTAURANT TO VISIT, IT IS IMPORTANT THE BRAND GIVES BACK TO THE LOCAL COMMUNITY (TOP TWO BOX)

	Q2 2019	Q2 2020
Millennials	60%	65%
Gen X	52%	52%
Boomers	47%	49%
Consumer Avg	52%	55%

should be a part of our customers' lives and the communities in which we serve."

Dutch Bros. Coffee Website:

"Coffee is what we do, but it is not who we are."

"Through the Dutch Bros Foundation and local franchisees, Dutch Bros donates several million dollars to support its customers, local communities and nonprofit organizations."
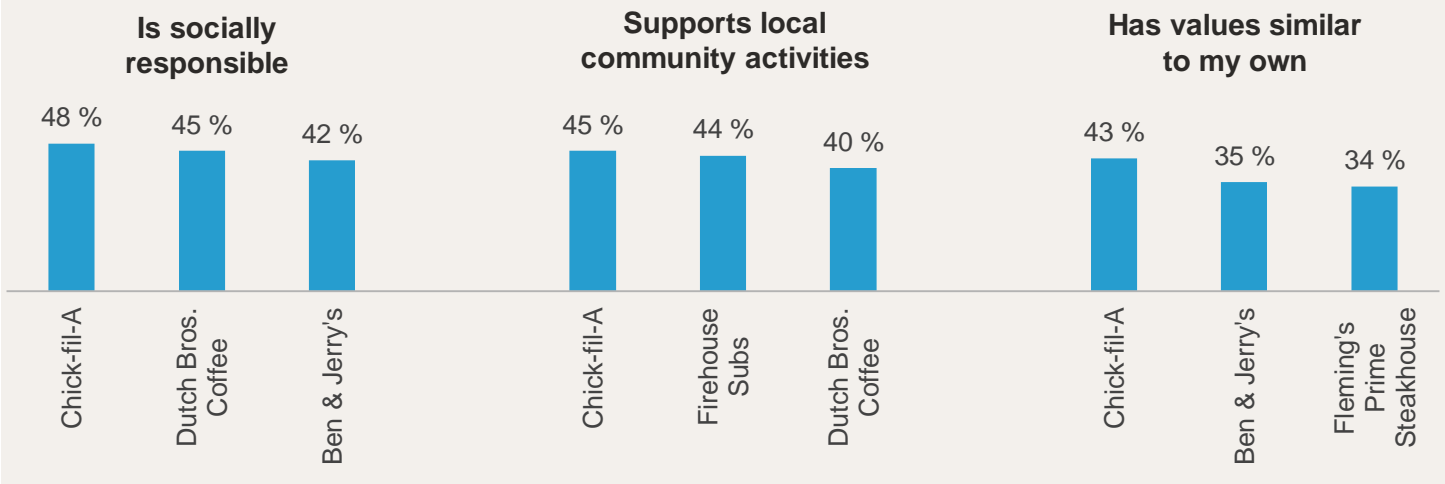
Ben & Jerry's Website:

"Leading with progressive values across our business:

By definition, the manufacturing of products creates waste. We strive to minimize our negative impact on the environment.

We strive to show a deep respect for human beings inside and outside our company and for the communities in which they live."

TOP BOX RATINGS (PERCENT OF CONSUMERS WHO STRONGLY AGREE)

Is socially responsible

Chick-fil-A	Dutch Bros. Coffee	Ben & Jerry's
48 %	45 %	42 %

Supports local community activities

Chick-fil-A	Firehouse Subs	Dutch Bros. Coffee
45 %	44 %	40 %

Has values similar to my own

Chick-fil-A	Ben & Jerry's	Fleming's Prime Steakhouse
43 %	35 %	34 %

Base: 27,000 restaurant consumers per quarter
Source: Technomic Ignite consumer brand metrics data

Strategies for Success

Current events have accelerated the increase in social consciousness as a consumer value, creating a mandate for restaurant operators and their partners to examine how their own approach may impact consumers' perceptions of their brand. Steps may include:

1

Recognize that consumers increasingly approach decisions about how and where to spend their dollars through a lens of social consciousness. Evaluate your organization's values, mission and activities relative to issues that are top of mind in the communities served and identify where you can best engage and support the community.

2

Communicate and demonstrate your support of key community issues. Statements from leadership disseminated via social media and highlighted on the company website assure customers and employees alike that the organization is sensitive to and supportive of key issues impacting the community.

3

Tune into younger consumers' concerns and identify relevant issues that align with your organization's core beliefs. Activate or provide support in a way that will resonate by having a positive impact on the issue. Genuine commitment is necessary as these consumers are savvy in evaluating the credibility of an organization's actions and intentions.

4

Empower employees ranging from the front line to the corporate office to actively engage; consider allocating paid "volunteer days" or "service days" or encouraging ideation of fundraising or other activities to connect employees directly with the communities served. Doing so not only strengthens the connection to the community, but also the employee's connection to the organization—a win-win situation.

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