



RESTAURANT INDUSTRY

2030

ACTIONABLE INSIGHTS FOR THE FUTURE

IN PARTNERSHIP WITH



ABOUT THIS REPORT

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In partnership with



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INTRODUCTION:

LOOKING TO THE FUTURE

RESTAURANTS HAVE BECOME A NOW INDUSTRY.

The only constant as we look toward 2030 will be the speed of change and the hyper-competition the restaurant and foodservice industry will face.

Succeeding in the restaurant industry will always be about great food and great service. In 2030, however, it's going to be about technology and data, too. For a long time now, restaurants have known that they need to get more innovative ... and fast. Technology and data allow for quicker consumer response, and restaurants will need to be nimble. Restaurants will need to embrace new ways of using data and information to keep up — or get left behind.

Ordinary won't cut it in 2030. What constitutes a restaurant is rapidly changing. The off-premises market — carryout, delivery, drive-thru and mobile units — is where the majority of industry growth is going to come from over the next 10 years. But the only reason that growth can occur is that the technology is now in place to support it. Data-driven decisions will expand beyond sales and staffing applications to guest services, supply-chain logistics, and menu development, allowing restaurants to

adapt what to sell in real time as demand dictates.

The other side of the off-premises coin is on-premises, which won't diminish but will likely change. The natural privacy that accompanies dining off-site could lead to an even more heightened demand for restaurants as community hubs delivering myriad new and shared social experiences.

When the National Restaurant Association began tracking industry sales in 1970, sales were \$40 billion. Sales in 2019 are expected to reach \$863 billion and by 2030, the Association projects the industry's sales will top \$1.2 trillion. The industry's workforce, now 15.3 million, is likely to exceed 17 million by 2030.

We are at a crossroads in how people dine. Restaurants are swiftly adapting both the front- and back-of-the-house to meet the needs of guests — serving them wherever they want to be served. As the industry approaches its next decade, this report uncovers what may be around the corner.

WHAT'S INSIDE:

• 2030 Landscape

A look at where the economy, workforce and consumer demographics are headed in 2030.

• 2030 Pulse Check

Industry experts weigh in on the most and least likely developments by 2030.

• 2030 Disruptors

Some possible outliers and disruptors, driven by factors outside the restaurant industry.



10 20 30

SURE THINGS IN

AS RESTAURANTS SHIFT AWAY FROM THE TRADITIONAL, OPERATORS MUST BE NIMBLE.

The world is changing fast, and business leaders will have to adapt with speed and agility. Constant innovation and speed-to-market will help restaurants thrive as they serve guests where and when they want to be served.

1. The definition of “restaurant” will change.

The digital world and evolving consumer preferences are resulting in an array of restaurant models aimed at giving customers what they want, when and where they want it. Some restaurants will morph into a hybrid model, offering counter service, full service, takeout and delivery, and meal kits. The delivery-only restaurant is on the rise through virtual restaurants and “ghost kitchens.” New food halls feature retail and restaurant pairings to make it easy for people both to eat and to shop for food they can take home.

2. Off-premises opportunities will drive industry growth.

The increasing demand for off-premises meals is transforming the restaurant industry and operators will need to find ways to tap into this new revenue channel. Delivery orders are booming, and business models are shifting fast to find ways to serve that customer base. The shift affects everything from restaurant design to marketing, tech investment, operations, and site selection.

3. Margin pressures will continue.

Labor costs, real-estate costs, and increasing investments in delivery and technology will continue to put pressure on the restaurant P&L. There will be a strong motivation to automate routine back-of-house tasks in restaurant kitchens and bars, as well as escalate the use of kiosks and digital ordering.

4. Data is king. Restaurants will see new opportunities to apply data analytics to predict and capitalize on consumer demand and optimize supply economics.

5. Restaurants will serve — and employ — a different demographic.

The U.S. population and labor force will be the most diverse it's ever been, and the workforce will include more older Americans. Restaurant operators will need to accommodate both the dining preferences and work styles of an increasingly diverse American public.

6. Recruitment, retention and training will remain top priorities.

The skills and talent restaurants seek in their workforce will evolve to support a new technology ecosystem. Restaurants will compete with other industries for tech talent. Benefits will be critical to recruiting and retaining employees. Technology-based training, certifications, and internal career paths will be increasingly important tools to retain valuable employees.

7. Technology will drive tremendous advances in food safety, food sourcing, and sustainability.

As the supply chain grows increasingly complex, operators will leverage blockchain and other new traceability technologies, ingredient and sourcing data, automated food safety management systems, and advances in utility and waste management to become more efficient, transparent organizations.

8. Government will be a greater factor in everything operators do.

In addition to the federal government, state and local governments may continue to add to the legislation, taxation and regulation affecting restaurant operators.

9. Sustainability isn't just a buzzword.

It's an important way to drive costs down as well as showcase the industry's efforts to attract and serve the growing number of guests who are interested in everything about sustainability — from restaurant packaging to food sourcing.

10. Restaurants will continue to bring people together.

Hospitality, excellence in service, and engagement in local communities will remain the hallmark of the restaurant industry. That strong commitment to guests and consumers of every type will be core to the industry's identity in 2030 as operators innovate and thrive in an age of increasing technology.

2030

BY THE NUMBERS



**1.2
MILLION**
fewer 16- to 24-
year-olds
in the labor force
by 2028.



0.5%
Anticipated
U.S. average
annual
labor force
growth,
2018 to
2028.



RESTAURANT
INDUSTRY
PROJECTED SALES
IN 2030:
**\$1.2
TRILLION**

RESTAURANT
& FOODSERVICE
JOBS IN 2030:

**17.2
MILLION**



**6.1
MILLION**

Number of
additional adults 65
and older who are
expected to be in
the labor force
by 2028.



**74.8
MILLION**

Projected
Hispanic-
American
population
in the U.S.
in 2030.



3%

Teens as an
expected share
of the U.S. labor
force in 2028.



2030: THE LANDSCAPE

GROWTH IN THE RESTAURANT INDUSTRY FOR THE PAST SEVERAL DECADES HAS BEEN DRIVEN BY CONSUMERS' DESIRE FOR CONVENIENCE, SOCIALIZATION, AND HIGH-QUALITY FOOD AND SERVICE.

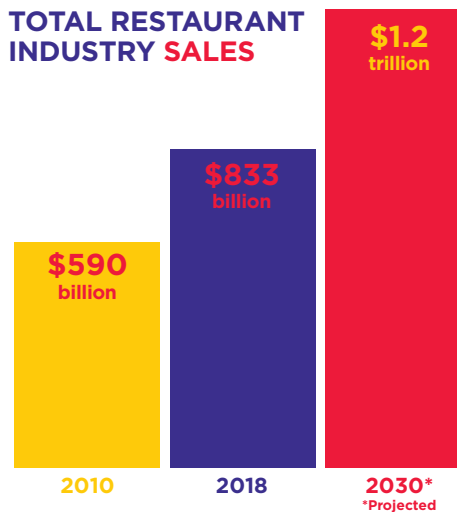
These same drivers will be the catalysts for expansion well into the future, as the restaurant industry continues to innovate and adapt to the ever-changing tastes and preferences of consumers.

By 2030, the National Restaurant Association expects total restaurant industry sales to top **\$1.2 trillion**, and provide employment opportunities for **more than 17 million** individuals.

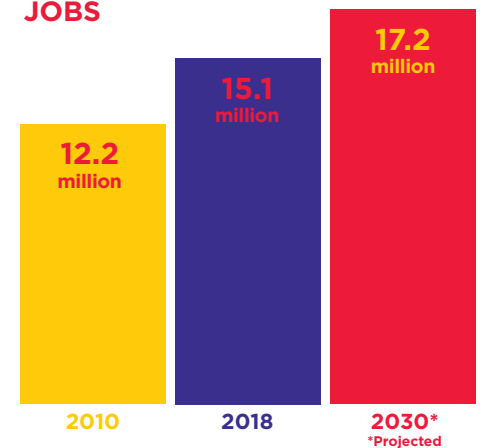
This section looks at some key drivers for the industry's success over the next decade, including the U.S. economic outlook, workforce changes, and the continued evolution of the American consumer.

RESTAURANT INDUSTRY SNAPSHOT IN 2030

**TOTAL RESTAURANT
INDUSTRY SALES**



**TOTAL RESTAURANT
AND FOODSERVICE
JOBS**





2030: THE LANDSCAPE

ECONOMIC ROADMAP TO 2030

AT A GLANCE

The U.S. economy is expected to expand at a more moderate pace over the next decade, due in large part to slower growth of the population and labor force. Trends won't be uniform across the country. Opportunities for restaurant industry expansion will likely be much more significant in areas with faster-growing economies.



WHERE WE ARE NOW

As of September 2019, the U.S. economy had added jobs in 108 consecutive months, making for the longest uninterrupted streak of job growth on record, with the addition of more than 21 million jobs. But even with these steady gains, the economy during that time posted job growth of more than 2% in just one year: 2015. As a result, the decade that began in 2010 is on pace to be the second-weakest for job growth since the 1930s, in percentage terms. The projected 1.7% average annual employment growth between 2010 and 2020 would outpace only the 2000 to 2010 period — a decade that included two recessions.



WHERE WE'RE HEADED

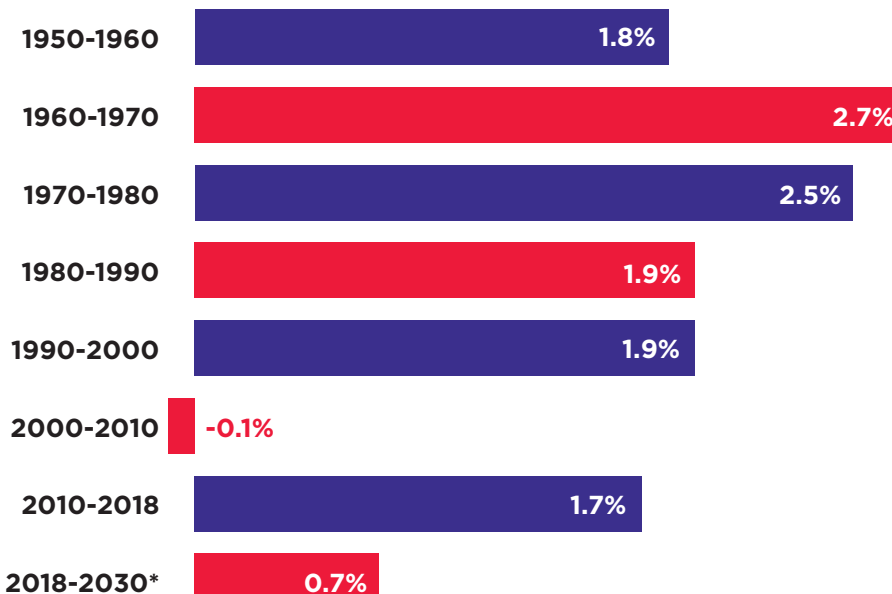
Employment growth is projected to slow even further over the next decade. The National Restaurant Association expects total U.S. employment to increase at a 0.7% average annual rate between 2018 and 2030. The 2018 to 2030 period is likely to feature stretches of stronger growth, as well as at least one recession.

JOB GROWTH IS PROJECTED TO BE MODEST DURING THE NEXT DECADE

AVERAGE ANNUAL GROWTH IN TOTAL U.S. EMPLOYMENT

Job growth is expected to average 0.7% a year from 2018 to 2030.

Source: Bureau of Labor Statistics, National Restaurant Association projections



* Projected



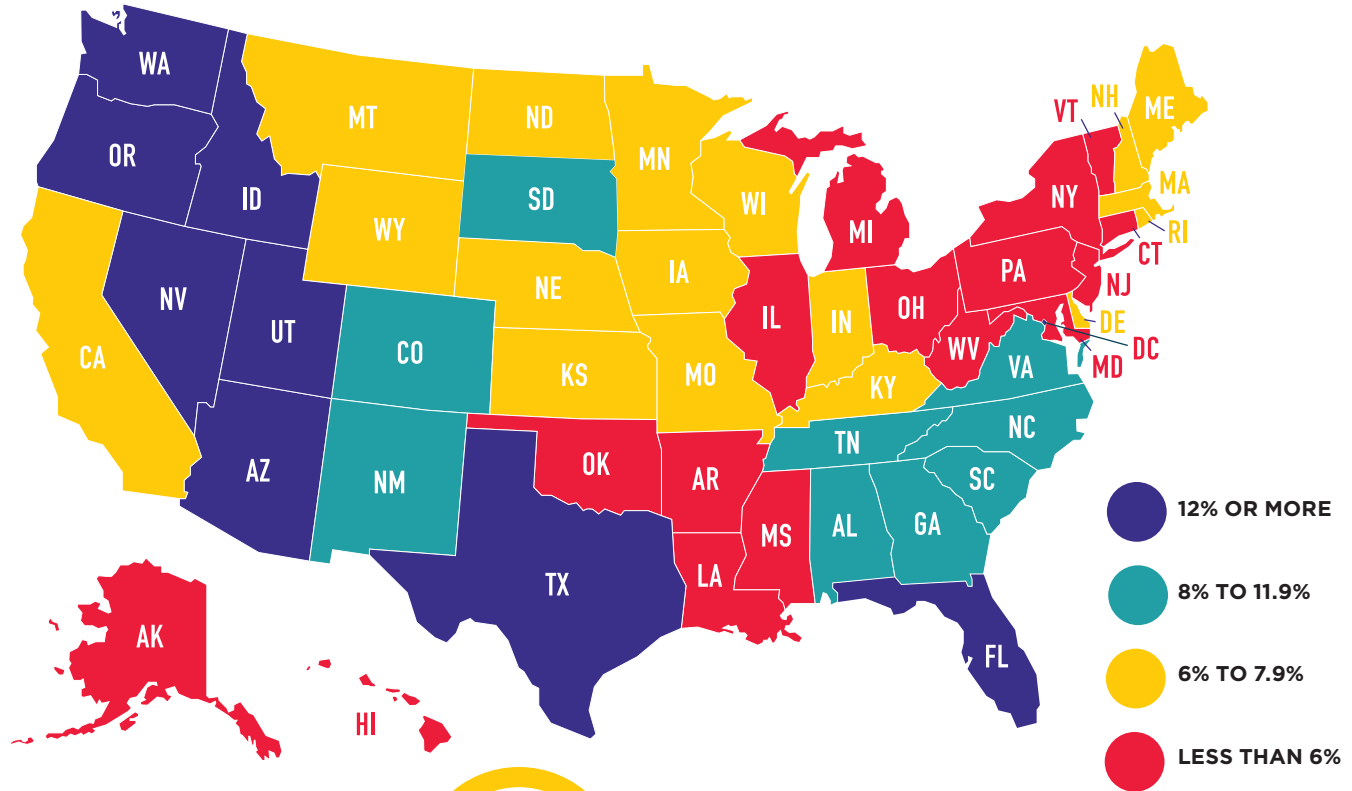
2030: THE LANDSCAPE ECONOMIC ROADMAP TO 2030

MAPPING THE STATE JOB MARKET

PROJECTED GROWTH IN TOTAL STATE EMPLOYMENT, 2018 TO 2030

Southern and western states are expected to post the strongest job growth.

Source: National Restaurant Association projections



MAKE A NOTE ...

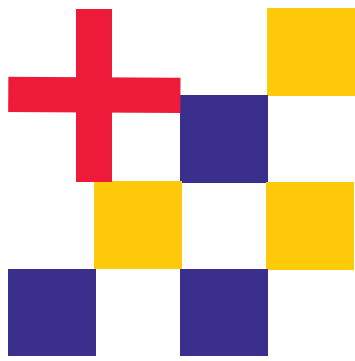
Job growth will be highest in the South and West.

The National Restaurant Association is projecting job growth of 8.5% for the U.S. overall between 2018 and 2030, but some states — particularly in the southern and western regions — will see higher growth.



Texas and Nevada are expected to lead the way.

Both states are expected to expand their workforces by more than 17% between 2018 and 2030, according to National Restaurant Association projections. Arizona, Oregon, Utah, Florida, Idaho and Washington are also expected to register job growth well above the national average during the next decade.



2030: THE LANDSCAPE

THE WORKFORCE IN 2030

AT A GLANCE

Growth in the U.S. labor force is projected to slow over the next decade, which would make the upcoming decade the fifth consecutive decade of decelerating growth. Trends in labor force participation will vary by age group. Older adults are expected to register the largest inflows to the labor force over the next decade. While older adult workers should become more prevalent, the number of teenage workers will likely dwindle and by 2028, their numbers are expected to decline to their lowest level in 65 years.



WHERE WE ARE NOW

U.S. job growth has been somewhat tempered during the recent economic expansion. One reason for this is the relatively slow growth in the U.S. labor force. The total U.S. civilian labor force increased at an average annual rate of 0.6% between 2010 and 2018, according to data from the Bureau of Labor Statistics. If this trend continues, the current decade will be the slowest decade of labor force expansion on record.



WHERE WE'RE HEADED

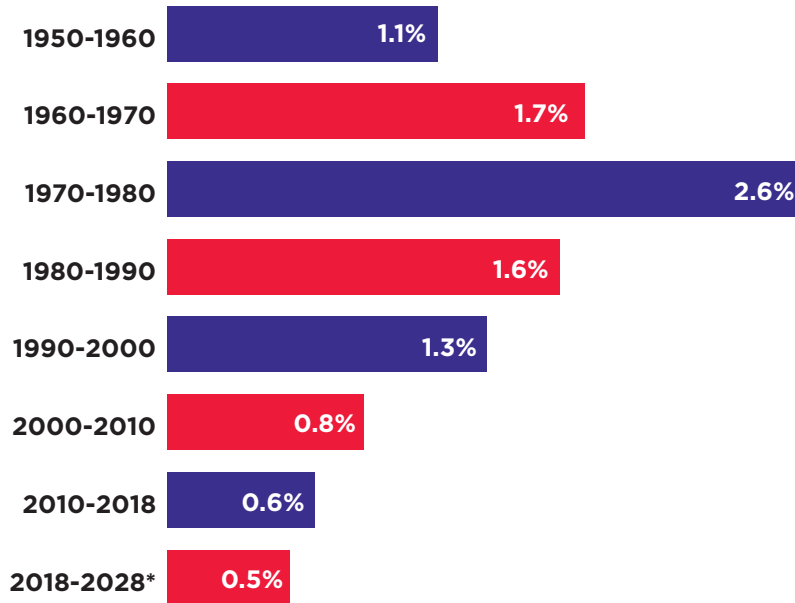
Labor force growth is expected to remain modest. The U.S. civilian labor force will grow at an average annual rate of just 0.5% between 2018 and 2028, according to BLS projections. Slower population growth and changing demographics are largely responsible for the dampened labor force growth.

PUTTING ON THE BRAKES

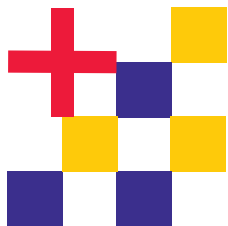
AVERAGE ANNUAL GROWTH IN THE TOTAL U.S. CIVILIAN LABOR FORCE

Labor-force growth is expected to average 0.5% a year over the next decade.

Source: Bureau of Labor Statistics, National Restaurant Association



* Projected



2030: THE LANDSCAPE THE WORKFORCE IN 2030

CHARTING A NEW COURSE WITH AN OLDER WORKFORCE



WHERE WE ARE NOW

There were 9.7 million teenagers in the U.S. labor force in 1978, which is the highest number ever recorded. At that time, there were 3.1 million adults age 65 and older in the labor force. The dynamics shifted over the next three decades. Teen representation in the labor force slumped, while more older adults remained in the workforce beyond the typical retirement age. By 2008, the U.S. labor force included 6.9 million teenagers and 6.2 million adults age 65 and older. That was the last year teenagers outnumbered their older counterparts in the labor force. The divergent trends accelerated during the next decade, and by 2018 older adults outnumbered teenagers by more than 4 million.



WHERE WE'RE HEADED

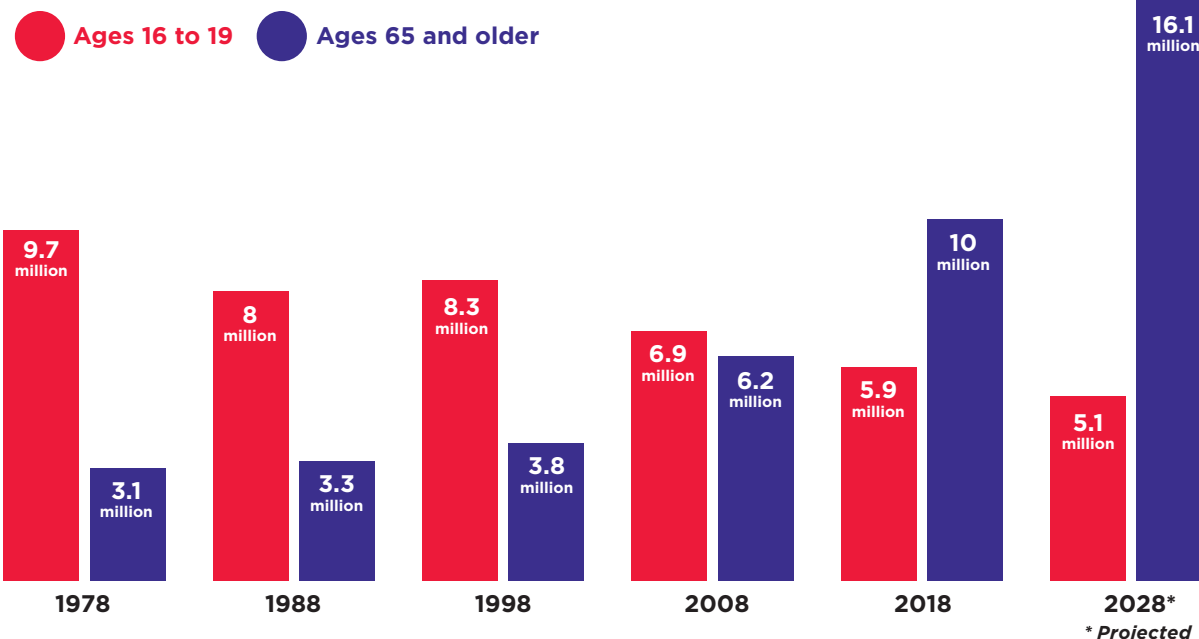
The Bureau of Labor Statistics expects this trend to continue over the next decade. By 2028, there are projected to be 16.1 million adults age 65 and older in the labor force — a record high. In contrast, BLS expects there to be only 5.1 million teenagers in the labor force in 2028, which would be the fewest number of teenagers in the labor force since 1963.

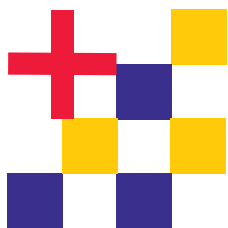
MORE OLDER WORKERS, FEWER YOUNGER WORKERS

NUMBER OF PEOPLE IN THE LABOR FORCE: TEENAGERS AND ADULTS AGE 65 AND OLDER

By 2028, workers age 65 and older will outnumber teenage workers by 11 million.

Source: Bureau of Labor Statistics, National Restaurant Association





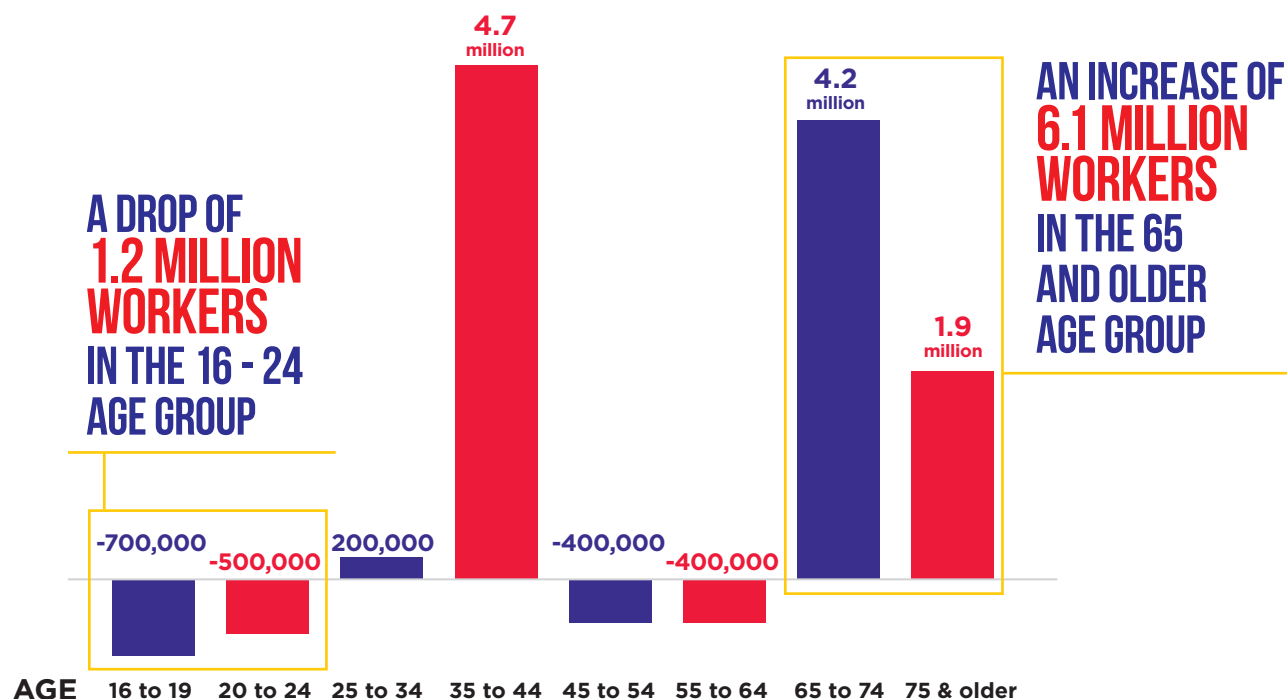
2030: THE LANDSCAPE THE WORKFORCE IN 2030

OLDER ADULTS ARE A GROWING PROPORTION OF THE LABOR FORCE

PROJECTED CHANGE IN THE U.S. LABOR FORCE BY AGE, 2018 TO 2028

The number of 16- to 24-year-olds in the labor force is expected to drop by 1.2 million by 2028.

Source: Bureau of Labor Statistics, National Restaurant Association



MAKE A NOTE ...

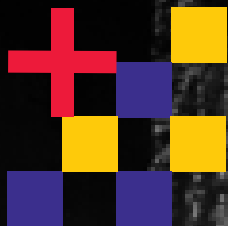
Older Americans will increase their presence in the workforce.

The number of 65- to 74-year-olds in the labor force is projected to rise by 4.2 million during the next decade, and the number of workers age 75 and older is expected to increase by 1.9 million.



The number of working teens and young adults will shrink.

This will be particularly important for restaurants. Nearly 40% of today's restaurant workforce is made up of 16- to 24-year-olds, much higher than this group's 12% representation in the U.S. workforce overall. The number of 16- to 24-year-olds in the labor force is expected to drop by 1.2 million by 2028, according to BLS projections.



2030: THE LANDSCAPE

THE WORKFORCE IN 2030

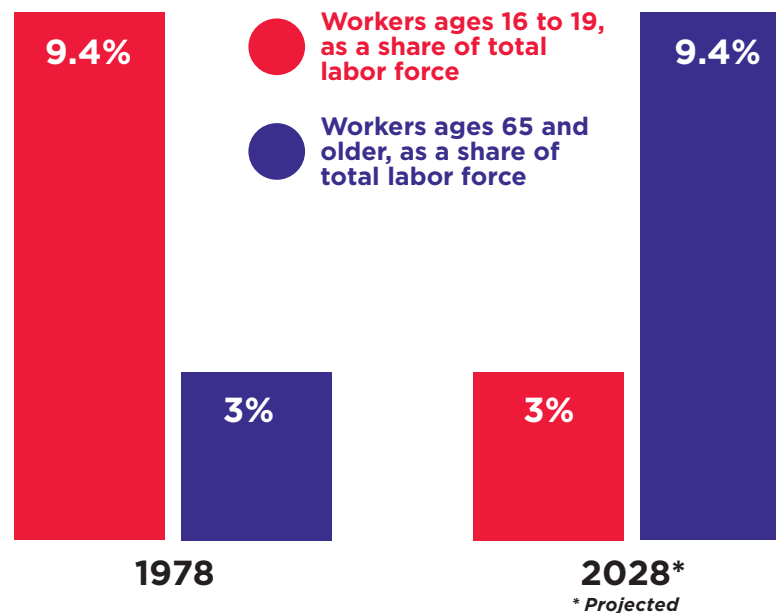


SHARP TURN COMING UP

SHARE OF THE U.S. LABOR FORCE: TEENAGERS VS. ADULTS AGE 65 AND OLDER

What a difference a half-century makes: Teens made up 9.4% of the total U.S. labor force in 1978, and adults 65 and older made up 3%. Fast forward 50 years, and the numbers are expected to flip: According to BLS projections, adults 65 and older are expected to represent 9.4% of the labor force in 2028; teens are expected to make up only 3%.

Source: Bureau of Labor Statistics, National Restaurant Association





2030: THE LANDSCAPE CONSUMERS IN 2030

AT A GLANCE

Population growth is a key driver of restaurant industry expansion. Any slowdown in U.S. population growth has a far-reaching impact on restaurants because it effectively constrains expansion in the economy, the workforce and the industry's customer base. **Population growth is projected to remain modest in the next decade**, and the U.S. population is expected to become older and more diverse.



WHERE WE ARE NOW

Population growth in the U.S. slowed in recent years. Total U.S. population increased at an average annual rate of 0.7% between 2010 and 2018, according to the U.S. Census Bureau. If the trend continues, the decade that began in 2010 will represent the slowest population growth since the 1940s.



WHERE WE'RE HEADED

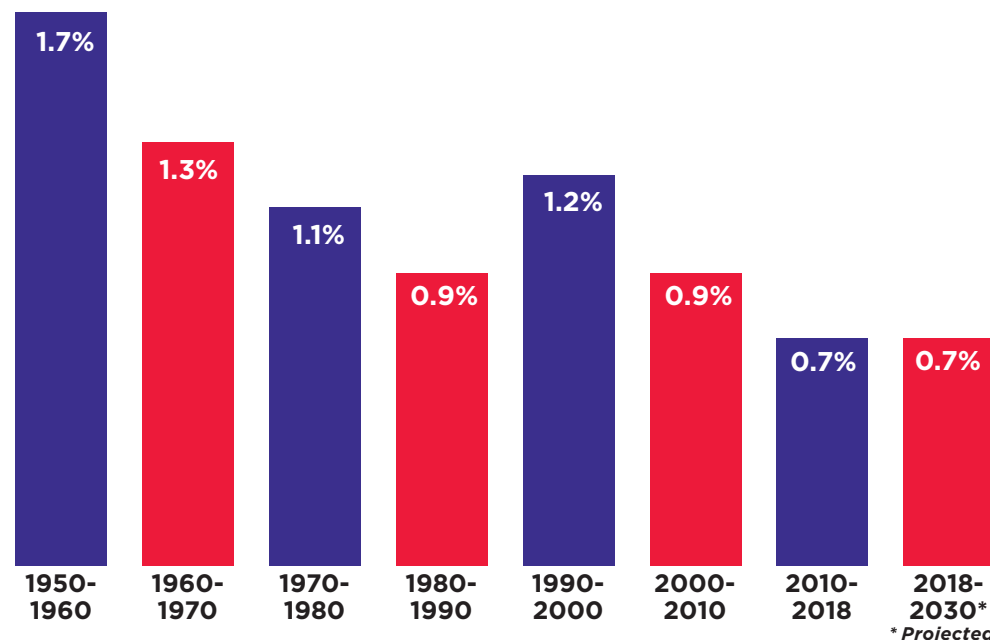
The U.S. population is expected to continue growing at a modest pace. **Total U.S. population will grow at an average annual rate of 0.7%** between 2018 and 2030, according to projections by the U.S. Census Bureau.

U.S. POPULATION GROWTH IS EXPECTED TO REMAIN MODEST

AVERAGE ANNUAL GROWTH IN TOTAL U.S. RESIDENT POPULATION

The U.S. population is expected to grow at an average annual rate of 0.7% between 2018 and 2030.

Source: U.S. Census Bureau, National Restaurant Association

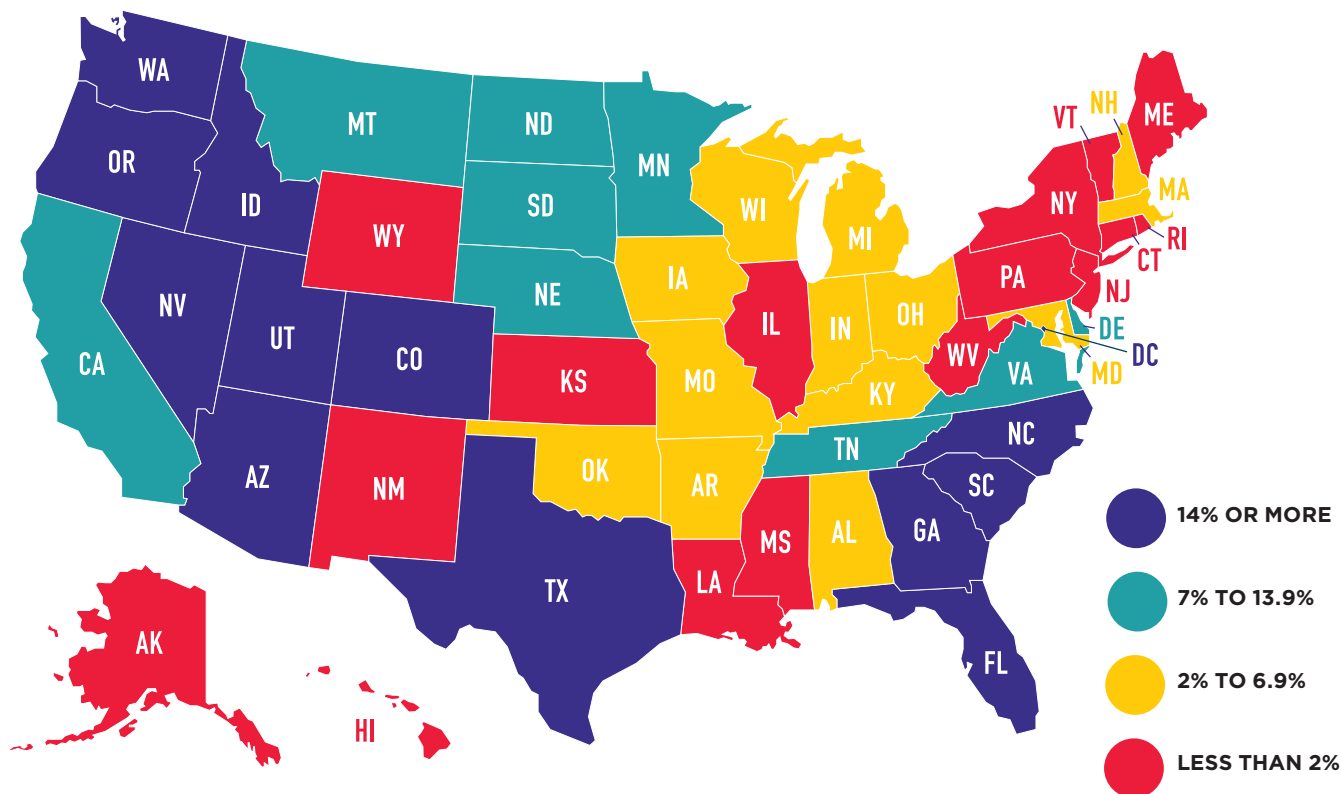


SET YOUR GPS FOR WEST AND SOUTH

PROJECTED GROWTH IN TOTAL STATE POPULATION, 2018 TO 2030

Source: National Restaurant Association projections

**U.S. TOTAL:
8.5%
POPULATION GROWTH**



MAKE A NOTE ...



Mountain states among the fastest-growing

Over the next decade, the top three states in terms of projected population gains are the Mountain-region states of Nevada, Utah and Idaho. States in the southeast and Pacific Northwest are also expected to see population growth well above the national average in the years ahead.



SNAPSHOT OF THE U.S. POPULATION IN 2030

WE'LL BE OLDER ...

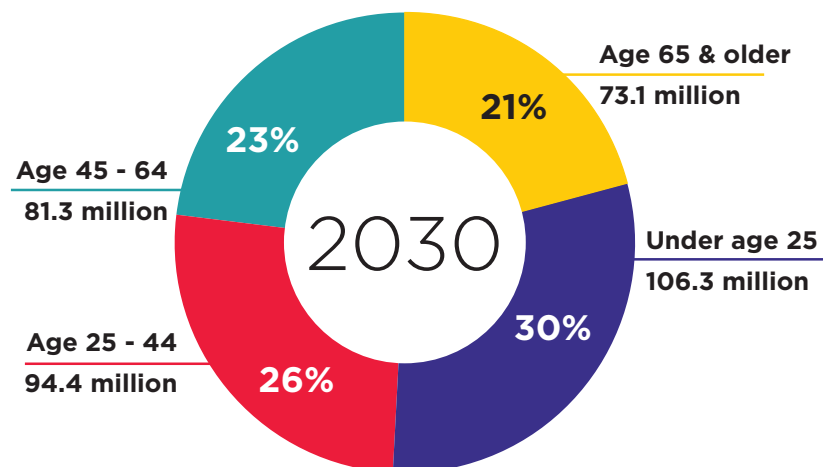
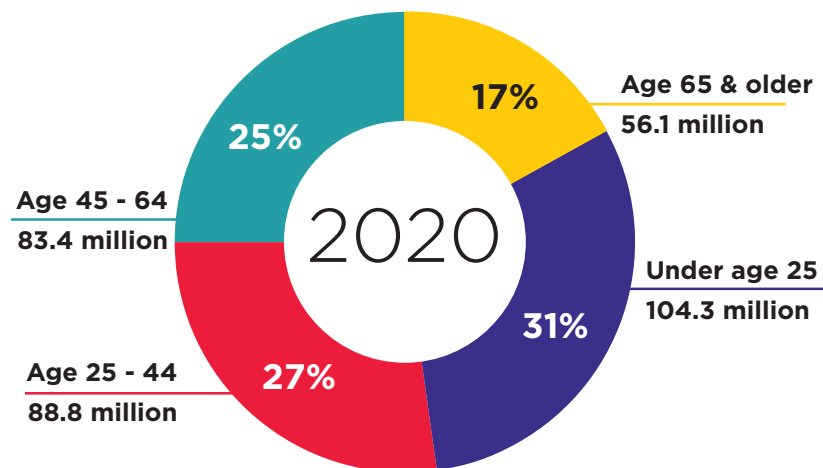
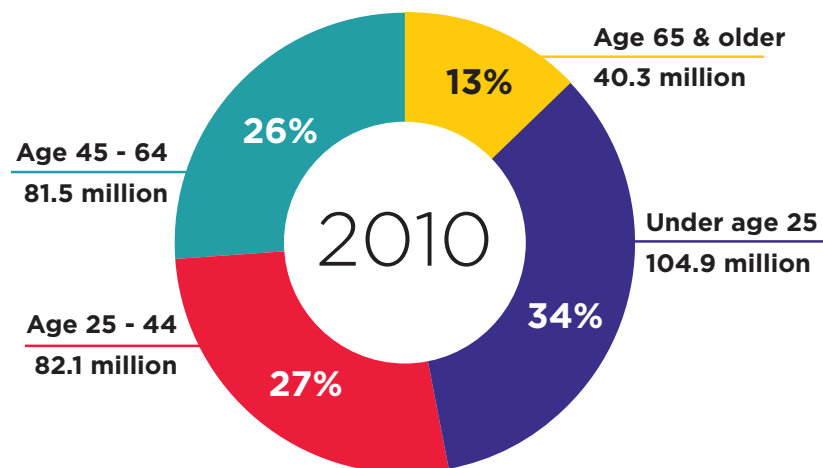
Older adults are expected to make up a larger proportion of the U.S. population over the next decade. According to projections from the U.S. Census Bureau, **there will be 73.1 million adults age 65 and older in the U.S. in 2030, comprising 21% of the total population.** This age group represented just 13% of the population in 2010, at 40.3 million people.

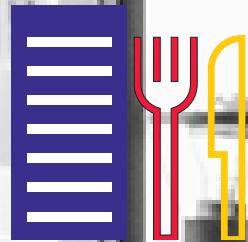
OLDER ADULTS CLAIM BIGGER SLICE OF THE PIE

DISTRIBUTION OF U.S. POPULATION BY AGE GROUP, 2010 TO 2030

Americans age 65+ are expected to make up 21% of the U.S. population by 2030.

Source: U.S. Census Bureau, National Restaurant Association





2030: THE LANDSCAPE CONSUMERS IN 2030

... AND MORE DIVERSE

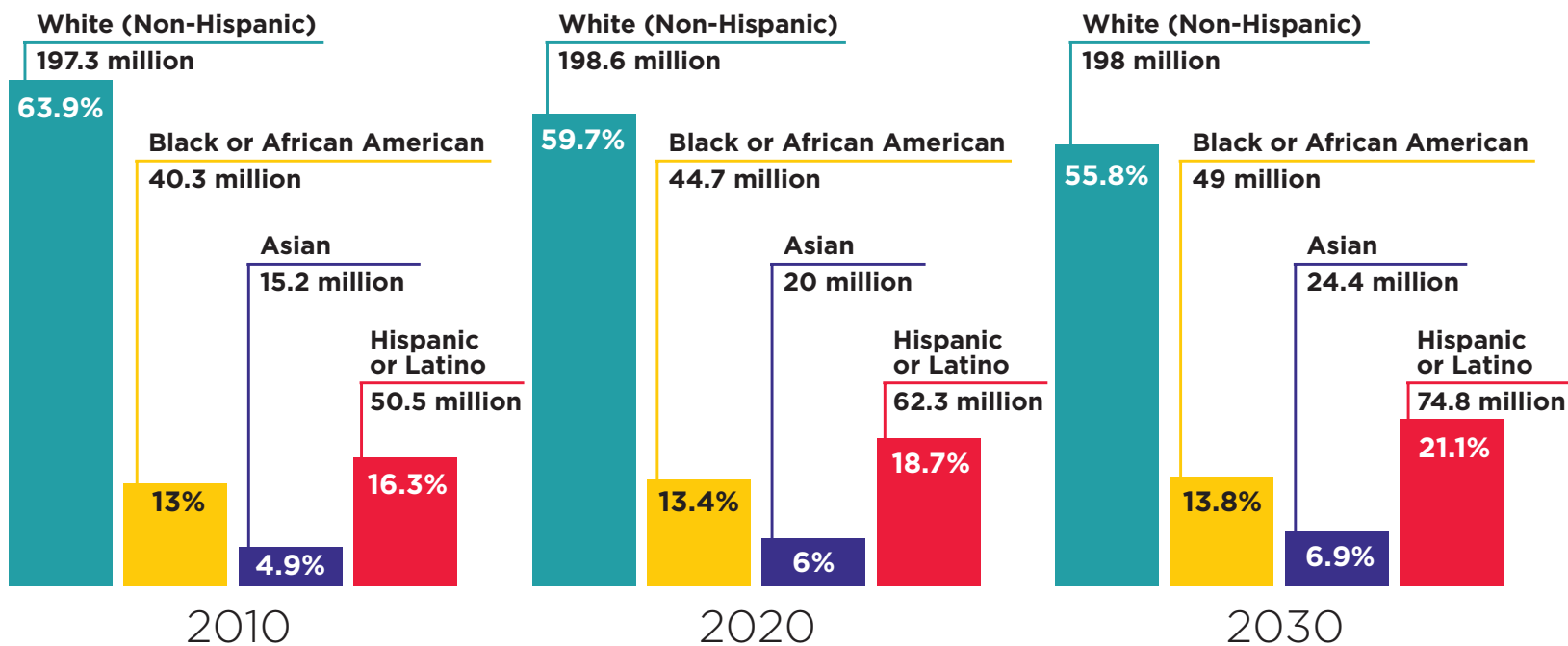
The Census Bureau projects that the **number of Hispanic-Americans will increase to 74.8 million by 2030, accounting for 21% of the U.S. population.** Asian and black or African-American residents are also expected to increase their share in the U.S. population.

DIVERSITY ON THE MENU FOR 2030

DISTRIBUTION OF U.S. POPULATION BY RACE AND ETHNICITY, 2010 TO 2030

Hispanics are expected to represent 21% of the U.S. population by 2030.

Source: U.S. Census Bureau, National Restaurant Association





2030: PULSE CHECK

THE NATIONAL RESTAURANT ASSOCIATION CONSULTED INDUSTRY EXPERTS TO GET THEIR TAKE ON THE MOST AND LEAST LIKELY DEVELOPMENTS FOR THE RESTAURANT INDUSTRY BY 2030, IN ABOUT A DOZEN CATEGORIES.

We used a Delphi approach for this part of our Restaurant Industry 2030 report, relying on a panel of industry thought leaders to identify issues and rank them in order of likelihood. This research method, originated by the Rand Corporation in the 1960s, has been found to work well when a topic lends itself more to subjective judgments than precise analytical techniques. (See “Delphi Methodology” in appendix for details.)

THE DELPHI PANEL'S PREDICTIONS FOR 2030

Industry experts were asked about the issues, events and developments that will shape the restaurant industry in the year 2030. Panelists rated 180 statements on a scale from +3 to -3, from “very likely to occur” to “very unlikely to occur.” According to the panelists, these are the 25 most likely developments for 2030. A full ranking is available in the appendix.

25

MOST LIKELY DEVELOPMENTS BY 2030

1. Competition for customers will intensify.
2. It will be commonplace for restaurants to accept mobile payments.
3. Handheld payment terminals that allow for pay-at-the-table will be commonplace.
4. The vast majority of takeout and delivery orders will be placed digitally.
5. Packaging designed exclusively for delivery and carryout will be more sophisticated and effective.
6. Regardless of the nutritional content of the food, consumers will still want comfort foods.
7. Convenience stores and grocery stores will expand their foodservice offerings.
8. More restaurant layouts will include areas dedicated to delivery and carryout.
9. State and local governments will increase restaurant industry regulation.
10. Total employee compensation costs will increase as a percent of sales.
11. More training will be provided online and on smartphones.
12. The restaurant industry will continue to be a breeding ground for entrepreneurialism.
13. Equipment used in restaurants will be more energy-efficient.
14. The use of kiosks in limited-service restaurants will be commonplace.
15. There will be increased regulation around third-party delivery.
16. More employees will be certified in safe food handling through ServSafe products.
17. Video menu boards in limited-service restaurants will be commonplace.
18. More restaurants will be designed to reduce use of energy and water and minimize waste.
19. Turning point-of-sale (POS) data into actionable knowledge for operators will become easier.
20. Restaurant operators will be more likely to implement more local, targeted and customized promotions.
21. Technology will be more effectively used to control costs and enhance management efficiency.
22. Women will hold a larger proportion of upper management jobs in the restaurant industry.
23. Restaurants will offer more healthy options on their menus.
24. Restaurant inspection results will be readily available to the public.
25. The federal government will enact more data-privacy rules to regulate how businesses handle customer data.



INDUSTRY STRUCTURE

Come In
WE'RE
OPEN



Off-premises traffic will post stronger growth than on-premises traffic.

— Delphi panelist



2030: PULSE CHECK

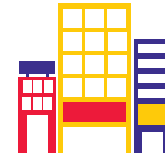
INDUSTRY STRUCTURE

THE RESTAURANT INDUSTRY IN 2030 WILL BE LIKE NOTHING YOU HAVE EVER SEEN BEFORE ... AND THAT'S EXACTLY HOW OPERATORS WILL THRIVE.

At the same time, the industry will continue to be the industry of the American dream, where low barriers to entry offer entrepreneurial opportunities in every community.

Our Delphi panelists believe that competition will intensify, and that the restaurant industry of the future will be a hybrid model. Convenience will be a huge priority and consumers will appreciate all the options offered by restaurants ... but they won't always be eating at the restaurant. Dining away from the restaurant will grow in importance. This could mean takeout, delivery and perhaps styles that haven't developed yet. Third-party delivery firms, virtual restaurants, and other models will enable new formats to appeal to guests.

When guests dine in the restaurant, the experience may be as important as the meal. Restaurant entrepreneurs will focus on a premium customer experience, whether that's inside or outside the restaurant.



MOST LIKELY DEVELOPMENTS BY 2030

- ✓ Competition for customers will intensify.
- ✓ Convenience stores and grocery stores will expand their foodservice offerings.
- ✓ The restaurant industry will continue to be a breeding ground for entrepreneurialism.
- ✓ There will be more delivery options in smaller markets.
- ✓ Virtual or “ghost” restaurants that only offer delivery will be more common.
- ✓ Off-premises traffic will post stronger growth than on-premises traffic.
- ✓ Consolidation in food manufacturing and distribution will intensify.

LEAST LIKELY DEVELOPMENTS BY 2030

- ✓ Independent operators will be the primary innovators and new product developers.
- ✓ A larger number of American restaurant companies will expand internationally.

See appendix for full survey results.

2030

RESTAURANT INDUSTRY 2030 • NATIONAL RESTAURANT ASSOCIATION



2030: PULSE CHECK

FACILITIES & OPERATIONS

OFF-PREMISES IS WHERE MUCH OF THE FUTURE GROWTH WILL LIKELY BE.

That trend will accelerate thanks to technology and it will necessitate long-term changes in the design, flow and speed of service in restaurants.

The restaurant of the future will likely be smaller and more efficient. Smaller restaurants, as predicted by the Delphi panel, should mean more automated kitchen equipment and a change in how the typical kitchen lays out.

With delivery and takeout being key drivers of the industry's growth, the focus will be on preparing foods that travel safely with quality intact. Expect an intensified focus on delivery packaging and look for kitchen spaces configured for takeout and delivery.

The on-premises occasion is also predicted to change as well, with more self-service options and perhaps a heightened desire for dining "experiences" when and where customers gather.

“Design will become more experiential.”

— Delphi panelist

“

Restaurant physical spaces will be smaller, requiring less square footage due to the increase in delivery and takeout.”

— Delphi panelist



MOST LIKELY DEVELOPMENTS BY 2030

- ✓ Packaging designed exclusively for delivery and carryout will be more sophisticated and effective.
- ✓ More restaurant layouts will include areas dedicated to delivery and carryout.
- ✓ More restaurants will be designed to reduce use of energy and water and minimize waste.
- ✓ The typical restaurant footprint will be smaller.
- ✓ Computerized cooking equipment will become more common in restaurant kitchens.
- ✓ Restaurant space utilization will be more flexible.

LEAST LIKELY DEVELOPMENTS BY 2030

- ✓ Restaurants will increase their hours of operation.
- ✓ Restaurants will include more retail space.

See appendix for full survey results.



Tighter margins are the new norm. How do we run even leaner? Simple, good menus are the future.

— Delphi panelist

2030: PULSE CHECK

PROFITABILITY & INCOME

MARGIN PRESSURES WILL REMAIN INTENSE FOR RESTAURANTS OF ALL TYPES AND SIZES, MAKING COST MANAGEMENT MORE ESSENTIAL THAN EVER.

The restaurant of the future will see escalating expenses for employee compensation and real estate, our Delphi panel says. Tech costs are likely to become a standard line item on the restaurant P&L, as even smaller operators will access integrated data systems that increase their profitability.

Panelists were in strong agreement: Food and beverage costs as a percent of sales aren't likely to go down, and restaurant profit margins aren't likely to increase.

MOST LIKELY DEVELOPMENTS BY 2030



- ✓ Total employee compensation costs will increase as a percent of sales.
- ✓ Real estate costs will escalate more rapidly as competition for prime sites increases.
- ✓ Smaller operators will have greater access to fully integrated software systems — from scheduling to ordering supplies to tracking sales/traffic metrics — which will increase their profitability.

LEAST LIKELY DEVELOPMENTS BY 2030

- ✓ Restaurant profit margins will increase.
- ✓ Food and beverage costs will decrease as a percent of sales.
- ✓ Operations with lower-check-per-person averages will have higher profit margins than higher-check operations.

See appendix for full survey results.



FINANCING



“ I love crowdfunding and hope it expands. ESOPs [employee stock ownership plans] and employee ownership are also attractive. ”

— Delphi panelist

2030: PULSE CHECK

FINANCING



FINANCING MAY CONTINUE TO BE CHALLENGING FOR RESTAURANTS.

According to the Delphi panel, profit margins and stockholder demands will likely continue to deter the risk-averse, which means many in the restaurant industry will still turn to private investors in 2030 and beyond.

At the same time, panelists do not expect the restaurant industry overall to become more attractive to investors.

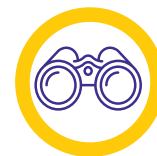
Panelists also do not see it getting any easier in 2030 for restaurants to access credit or for operators to find financing, including through local independent banks.

“

More predatory lending will leave owners high and dry.

”

— Delphi panelist



MOST LIKELY DEVELOPMENTS BY 2030

- ✓ Private financing of restaurant operations will be more common than public financing.
- ✓ Meeting the demands of stockholders will force more public restaurant companies to go private.

LEAST LIKELY DEVELOPMENTS BY 2030

- ✓ Accessing credit will become easier for restaurant operators.
- ✓ Local independent banks will be more willing to finance restaurants.
- ✓ More funding will come from tax incentives offered to small businesses for job creation.
- ✓ The restaurant industry will be more attractive to investors.
- ✓ Suppliers will be more likely to invest in new restaurants and concepts.

See appendix for full survey results.

2030

RESTAURANT INDUSTRY 2030 • NATIONAL RESTAURANT ASSOCIATION

“

POS systems will need to become even more sophisticated, but training will be imperative. It is shocking how few of the functions restaurateurs learn how to use.”

— Delphi panelist

2030: PULSE CHECK

TECHNOLOGY & DATA

TECHNOLOGY AND DATA ARE GOING TO PLAY THE BIGGEST ROLE YET IN THIS FUTURE STATE OF THE INDUSTRY.

Most restaurants are already living it now. We're moving rapidly toward a restaurant industry that will fully adopt technology by 2030.

Guests of the future will demand technology. If you're not doing business through a phone or tablet — whether it's delivery, online ordering or even your tableside POS — you could find your business struggling, our panel suggests. Today's customers are interacting with restaurants digitally — to order takeout and delivery, pay, rate the experience, provide preferences in advance — and they expect the restaurant industry to keep up.

Technology will automate traditional tasks. Everything from inventory management to scheduling, payroll, taxes, and bill reconciliation will be more automated in the restaurant of the future. This means more need for tech support, cybersecurity, and restaurant managers and staff who are tech-savvy.

Innovation in many areas will drive productivity. Big data will have applications for restaurants of all sizes, and the Internet of Things (IoT) will allow data to be collected in even more ways. Making data-driven decisions will expand into every area of the operation — although panelists do not see it as highly likely that customers will embrace data collection.



MOST LIKELY DEVELOPMENTS BY 2030

- ✓ It will be commonplace for restaurants to accept mobile payments.
- ✓ Handheld payment terminals that allow for pay-at-the-table will be commonplace.
- ✓ The vast majority of takeout and delivery orders will be placed digitally.
- ✓ The use of kiosks in limited-service restaurants will be commonplace.
- ✓ Video menu boards in limited-service restaurants will be commonplace.
- ✓ Turning point-of-sale (POS) data into actionable knowledge for operators will become easier.
- ✓ Technology will be more effectively used to control costs and enhance management efficiency.

LEAST LIKELY DEVELOPMENTS BY 2030

- ✓ Customers will embrace data collection in their everyday restaurant experiences, with their permission.
- ✓ Drones, self-driving vehicles and robots will play a larger role in delivery.

See appendix for full survey results.

2030: PULSE CHECK

WORKFORCE

RESTAURANTS ALREADY EMPLOY MORE WOMEN AND MINORITY MANAGERS THAN ANY OTHER PRIVATE-SECTOR INDUSTRY.

Our Delphi panel expects that to become even more so by 2030. The restaurant industry of the future will continue to grow its ranks of women and minority leaders as it remains one of America's most diverse sectors.

The Delphi panel agrees that there will be continued competition for employees in the restaurant industry, and that the average number of employees per restaurant is likely to decline. Employers are likely to use compensation and benefits to attract new talent. Technology skills will be needed to ensure the staff is able to deal with automation and robotics, data analytics and more. Yet even with enhanced use of technology to drive productivity, panelists expect the industry to remain very labor-intensive.

With demographic trends pointing to continued dips in the number of working teens, panelists predicted an increase in the restaurant industry's reliance on older workers.

“Culture is the only way to keep staff.”

— Delphi panelist

“To reach its 2030 potential, the restaurant industry needs to enhance its status as a good career choice.”

— Delphi panelist



MOST LIKELY DEVELOPMENTS BY 2030

- ✓ Women will hold a larger proportion of upper management jobs in the restaurant industry.
- ✓ Minorities will hold a larger proportion of upper management jobs in the restaurant industry.
- ✓ The average number of employees per restaurant location will decline.
- ✓ The restaurant industry workforce will become more diverse.
- ✓ The restaurant industry will remain very labor-intensive despite technological developments.

LEAST LIKELY DEVELOPMENTS BY 2030

- ✓ The average tenure in the industry for a typical employee will increase.
- ✓ Younger workers will make up a larger proportion of the restaurant workforce.

See appendix for full survey results.

2030: PULSE CHECK

TRAINING & DEVELOPMENT



2030

RESTAURANT INDUSTRY 2030 • NATIONAL RESTAURANT ASSOCIATION

“

More developed career paths will create more lifetime employees in the industry.”

— Delphi panelist

THE FUNDAMENTALS WILL ALWAYS BE ESSENTIAL WHEN IT COMES TO TRAINING IN THE RESTAURANT INDUSTRY: HOSPITALITY, MANAGING RISK, AND OPERATING EFFICIENTLY.

Here's one thing that will be different about the restaurant of the future and training: Technology will be a skillset that requires training — and technology will also be the way restaurants train. Online and smartphone training will be common. And even as more tasks are automated or done digitally, restaurants will become more career-focused, the Delphi panelists said. Restaurants will increase their focus on internal career-pathing to retain employees and work more closely with schools and universities to recruit employees.



MOST LIKELY DEVELOPMENTS BY 2030

- ✓ More training will be provided online and on smartphones.
- ✓ More employees will be certified in safe food handling through ServSafe products.
- ✓ Allergen training for employees will be mandatory.
- ✓ Independents will have greater access to professional training online.
- ✓ More restaurants will develop and promote internal career ladders to help retain employees.

LEAST LIKELY DEVELOPMENTS BY 2030

- ✓ The typical restaurant employee will be more highly trained and educated.
- ✓ Video games designed for restaurant-employee training will be more popular.

See appendix for full survey results.

2030: PULSE CHECK

MARKETING

SAY GOODBYE TO
TRADITIONAL MARKETING.

Savvy operators have known for a while that social-media marketing connects well with consumers, but marketing will get more personal and localized in the restaurant of the future as the industry strives to deliver a customized experience at every touchpoint.

The Delphi panel believes that mastering personalization and targeted marketing will be the hallmarks of successful operations as we head toward 2030. That includes using technology to change menu offerings and prices depending on demand, and leveraging loyalty programs for online marketing.

The bottom line: Give consumers what they want when they want it ... even if it means you have to use facial recognition technology to figure it out.

“We will see more apps, digital ads and geo-tracking of customers.”

— Delphi panelist

“Data budgets will likely surpass today’s marketing budgets for most restaurants.”

— Delphi panelist

MOST LIKELY
DEVELOPMENTS
BY 2030

- ✓ Restaurant operators will be more likely to implement more local, targeted and customized promotions.
- ✓ Restaurants will be more likely to incorporate technology to allow menu offerings and prices to change depending on the time of day or day of the week.
- ✓ Frequent-diner databases and loyalty programs will be used more frequently for online advertising and promotion.
- ✓ Videos — both in-store and in digital marketing — will be used more frequently to market restaurants.
- ✓ Restaurants will be more susceptible to negative social media.

LEAST LIKELY
DEVELOPMENTS
BY 2030

- ✓ Discounting will be less common in restaurants.
- ✓ Customer loyalty at restaurants will decline.

See appendix for full survey results.

2030: PULSE CHECK

FOOD SAFETY & SECURITY

FOOD SAFETY WILL CONTINUE TO BE A MISSION-CRITICAL AREA FOR RESTAURANTS.

The growing interest in on-demand food is likely to up the game, to ensure no reputational risks as delivery and takeout foods increase.

Technology will be a game-changer in food safety, the Delphi panel says. As consumers increasingly expect transparency, restaurant inspection reports are likely to be publicly available. Food-safety certification and comprehensive food safety management systems will be critical components of enhancing food safety. Supply-chain technologies such as bar coding and blockchain will help create digital records of a product's journey from farm to table. The dramatic increase in data from across the supply chain will quickly identify the source of foodborne-illness outbreaks and remove potentially contaminated foods.

“More automation, robotics and AI should improve food safety and security.”

— Delphi panelist

“

Food safety knowledge will increase as consumers become more educated.

”

— Delphi panelist

MOST LIKELY DEVELOPMENTS BY 2030

- ✓ Restaurant inspection results will be readily available to the public.
- ✓ A majority of cases shipped in the supply chain will be equipped with universal bar codes or transponders.
- ✓ More of the handling of food products in the supply chain will be done by machines, rather than people.
- ✓ More food safety certification for hourly and management employees will enhance restaurant food safety.
- ✓ Technologies such as blockchain will improve traceability in the restaurant supply chain.
- ✓ More restaurants will implement comprehensive food safety management systems.
- ✓ Food-chain security and “food defense” will receive greater attention to prevent intentional food contamination.

LEAST LIKELY DEVELOPMENTS BY 2030

- ✓ The complexity of traceability will be an increased barrier to the local-foods movement.
- ✓ Restaurants will spend a larger proportion of their budget on food safety.

See appendix for full survey results.



2030: PULSE CHECK

GOVERNMENT



OUR PANEL OF EXPERTS FORESEES MORE RESTAURANT REGULATIONS AHEAD.

This includes regulations in emerging areas such as third-party delivery, data privacy, environmental rules, and packaging. The trend will be even more pronounced at the local and state levels, our panel predicts.

Some see more mandates coming on employee benefits, and more taxes on alcoholic beverages and foodservice-focused taxes.

The recommendation: Get on top of it now. And stay engaged with your lawmakers around issues and regulations that are key to the industry's success.

Despite concerns about new regulations, panelists say the industry's entrepreneurial spirit will be going strong in 2030.



The industry will employ more lobbyists at city halls than at the state and federal levels, combined.”

— Delphi panelist



The industry is always entrepreneurial and will always survive. That is the nature of the individuals that go into the hospitality business.”

— Delphi panelist



MOST LIKELY DEVELOPMENTS BY 2030

- ✓ State and local governments will increase restaurant industry regulation.
- ✓ There will be increased regulation around third-party delivery.
- ✓ The federal government will enact more data-privacy rules to regulate how businesses handle customer data.
- ✓ New environmental regulations will increase operating expenses.
- ✓ There will be more government regulation of restaurant takeout and single-use packaging.

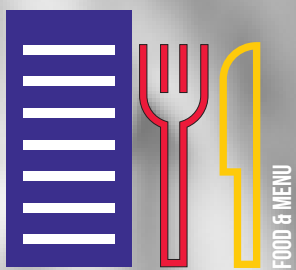
LEAST LIKELY DEVELOPMENTS BY 2030

- ✓ Government will increasingly regulate portion sizes of menu items.
- ✓ Restaurateurs will become more involved in donating to political candidates and causes.

See appendix for full survey results.

2030

RESTAURANT INDUSTRY 2030 • NATIONAL RESTAURANT ASSOCIATION



FOOD & MENU



Menus will continue to be innovative and fresh; this is what the consumer demands.”

— Delphi panelist

2030: PULSE CHECK

FOOD & MENU



MOST LIKELY DEVELOPMENTS BY 2030

- ✓ Restaurants will offer more healthy options on their menus.
- ✓ Plant-based protein (vegetarian) food products will grow in popularity.
- ✓ Consumers will increasingly ask for allergen information.
- ✓ Consumers' palates will be more sophisticated.
- ✓ Global-cuisine-themed restaurants will grow in popularity.
- ✓ Restaurants will offer more fresh produce options on their menus.
- ✓ Consumers' interest in food sourcing will increase.
- ✓ Local food sourcing will become more commonplace.

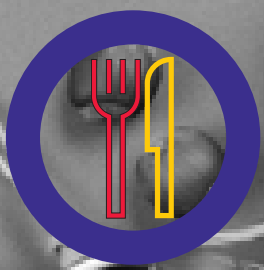
LEAST LIKELY DEVELOPMENTS BY 2030

- ✓ Restaurants will be less likely to offer paper menus.
- ✓ Restaurant menus in general will offer fewer choices.

IF YOUR MENU HAS THE WORDS “SUSTAINABLY SOURCED,” YOUR INGREDIENTS ARE CONSIDERED “CLEAN” AND YOU’RE PREPARED TO TELL THE STORIES BEHIND THE FOOD YOU’RE SERVING, THEN YOU’RE ALREADY LIVING IN THE RESTAURANT OF THE FUTURE.

It’s not surprising that the Delphi panel predicts that the years ahead are going to focus increasingly on healthy options, sourcing, local foods, and a product’s journey from farm to table. Look for increased demand for plant-based proteins and global cuisines.

See appendix for full survey results.



HEALTH & NUTRITION

2030: PULSE CHECK

HEALTH & NUTRITION

IF EATING AT A RESTAURANT IS AN EXPERIENCE, THEN THE EXPERIENCE YOUR DINERS WANT WHEN IT COMES TO HEALTH AND NUTRITION IS A FLAVOR AND DISH THEY CAN'T GET AT HOME.

Sometimes that means “comfort food,” regardless of the food’s nutrition content, say our Delphi panelists.

The restaurant of the future is going to be expected to be creative and innovative about the healthy dishes it offers, including for children. The Delphi panel expects that more consumers will have dietary restrictions — and that operators will offer more options to satisfy specific diets. Many see a focus on reducing added sugars in menu items.

“

Fresh, fresh, fresh.”

— Delphi panelist

“

Anyone serving food will have to be transparent about the health information of the product.”

— Delphi panelist

”



MOST LIKELY DEVELOPMENTS BY 2030

- ✓ Regardless of the nutritional content of the food, consumers will still want comfort foods.
- ✓ Restaurants will offer more healthy food and beverage options for children.
- ✓ Restaurants will be more creative and innovative in making dishes more healthful.
- ✓ Restaurants will offer more options to satisfy specific diets.
- ✓ A larger proportion of consumers will have dietary restrictions.
- ✓ Restaurants will offer more food and beverage items that are lower in added sugars.

LEAST LIKELY DEVELOPMENTS BY 2030

- ✓ Restaurants will be more likely to retain the services of a registered dietitian, whether on staff or as a consultant.
- ✓ There will be restrictions on advertising “unhealthy” foods.

See appendix for full survey results.

2030

RESTAURANT INDUSTRY 2030 • NATIONAL RESTAURANT ASSOCIATION

“

Waste is a huge challenge, yet to be adequately addressed.”

— Delphi panelist

2030: PULSE CHECK

SUSTAINABILITY

SUSTAINABILITY WILL BE INTEGRATED INTO EVERY ASPECT OF RESTAURANT OPERATIONS IN 2030.

Environmentally friendly practices have been increasing over the last decade and our panelists expect them to increase even faster in the next one as innovative restaurants lead the way in sustainable operations. Look for more energy-efficient equipment, recycling programs, sustainably sourced menu items, and environmentally friendly restaurant design. With a surge in delivery, packaging considerations will become more important.

As sustainability becomes more top-of-mind for guests as they make restaurant decisions, promoting sustainability practices will become increasingly part of a restaurant's marketing efforts, panelists say.

“

Packaging regulations will increase. This is a tremendous opportunity to be proactive.”

— Delphi panelist



MOST LIKELY DEVELOPMENTS BY 2030

- ✓ Equipment used in restaurants will be more energy-efficient.
- ✓ More restaurant operators will promote their sustainability practices and efforts in marketing to consumers.
- ✓ More restaurants will implement recycling programs.
- ✓ Restaurants will offer more menu items that are sustainably sourced.
- ✓ There will be a decline in single-use restaurant packaging.
- ✓ Eco-friendly restaurant designs will be more common.

LEAST LIKELY DEVELOPMENTS BY 2030

- ✓ A larger proportion of restaurant energy will be supplied by nuclear power.
- ✓ Restaurant utility costs will decrease as a proportion of total operating costs.

See appendix for full survey results.



2030: THE DISRUPTORS THINK AHEAD

WHILE DEVELOPING THE SCOPE OF THE RESTAURANT INDUSTRY 2030 REPORT, THE ASSOCIATION COLLABORATED WITH A TEAM OF FUTURISTS.

Foresight Alliance's team of futurists apply science and research to help companies build business plans that withstand, respond to, and even capitalize on developments that may arise in the coming decades.

The team excels in consequential thinking, and bringing in non-restaurant trends, to consider:

WHAT ARE THE POTENTIAL RAMIFICATIONS OF TODAY'S WAY OF LIFE ON TOMORROW'S WAY OF LIFE?

The firm maintains a list of "disruptors," developments and trends that have the potential to affect lifestyles and businesses. Each disruptor is a "space to watch." These are not predictions, nor even expected futures — but they are possible futures, based on external factors such as demographic trends and artificial intelligence.

Disruptors are opportunities, too. They can help us look ahead to spaces where there's a need, spaces where people aren't working in them yet. The trick is to get as many people working in them as possible, thinking about the future together.

We've selected a few we think could have a particular impact on the restaurant space. Of the 10, perhaps only three or four will happen, or maybe they'll happen in different ways with effects we didn't see coming.

1. THE INTELLIGENT RESTAURANT

KEEP AN EYE OUT FOR ...

- A sufficiently intelligent restaurant may be able to do more of its own supply chain management.



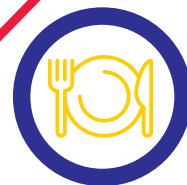
2030: THE DISRUPTORS

INFORMATION TECHNOLOGY WILL PERMEATE RESTAURANTS.

This will enable restaurants to interact in real time with an evolving digital ecosystem of apps, services and personal AI assistants (apps such as Siri (Apple) or Alexa (Amazon) that understand natural-language voice commands, complete tasks for the user, and over time “learn” their owners’ preferences). All will deeply integrate into consumers’ everyday decisions. It will be increasingly important for restaurants to provide accessible, detailed and accurate data. Restaurants will be able to use new data capabilities to develop dynamic menus with real-time pricing that can respond to supply-and-demand changes. Relevant data about restaurant operations will include details on nutrition, preparation methods, ingredients and supply-chain authentication.

WHY THIS COULD HAPPEN

- ✓ Near-universal smartphone adoption.
- ✓ AI as personal assistant and gatekeeper between a brand and consumer.
- ✓ The spread of the Internet of Things (IoT), physical objects embedded with electronics, software, sensors and network connectivity that enable the objects to collect, send and receive data.
- ✓ Growth of voice search, which allows users to search the Internet by verbally asking a question via smartphone, smart device or a computer.
- ✓ Growing demand for personalized diets (e.g., allergies, weight, religion, ethics).
- ✓ Consumer choices as an expression of social and political values.



WHY THIS MATTERS FOR RESTAURANTS

- ✓ A growing information ecosystem will require upgrades and integration of restaurant data collection and IT systems.
- ✓ Brands will market directly on virtual-assistant platforms and may find the platforms’ algorithms to be highly responsive to small tweaks in restaurant pricing or other data.
- ✓ All aspects of restaurant operations will be more transparent, such as health inspections, safety training, staff certifications and food sourcing.
- ✓ Effective management of food allergens will grow in importance as consumers expect documentation of food preparation, ingredients and practices.

2. VIRTUAL RESTAURANTS & CLOUD KITCHENS



Order Confirmed.
Your food is on the way...

⌚ 22 mins



KEEP AN EYE OUT FOR ...

- In some cases, owners of virtual restaurants could discover opportunities to open permanent physical restaurants based on their precise knowledge of local tastes.
- Data mining could enable hyperlocal, rapidly created virtual restaurants to serve the demonstrated tastes of a market.



2030: THE DISRUPTORS



WHY THIS MATTERS FOR RESTAURANTS

- ✓ The rise of “placeless” restaurants will challenge and redefine the concept of what a restaurant is.
- ✓ Like other industries that have moved online, virtual restaurants would likely see a relative lowering of costs (such as staff and rent) and of other barriers to entry in launching a restaurant.
- ✓ Virtual restaurants could substantially alter the franchising model.
- ✓ The expansion of centralized kitchens for meal prep will support the ongoing growth of app-based meal delivery services.
- ✓ A shift to cloud kitchens would likely affect municipal real estate markets as well as local commercial and retail areas that serve the customers of physical restaurants.
- ✓ Surprise pop-up versions of these online-only restaurants could bring the experience of these restaurants to the real world and build exclusivity.

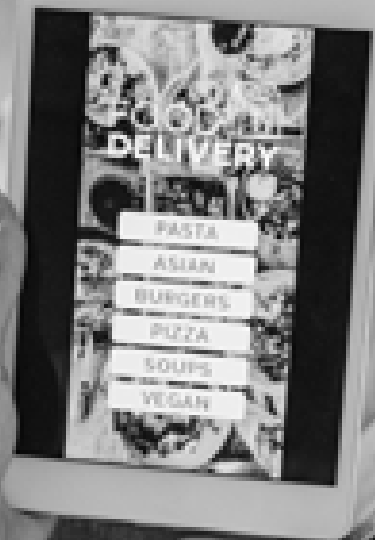
ACCELERATING TRENDS IN TECHNOLOGY AND CONSUMER DEMAND WILL LEAD TO MORE “CLOUD KITCHENS” AND “VIRTUAL RESTAURANTS” —

restaurants that exist only online or via an app. Growth will be fueled by the expansion of central kitchens for food prep, and social media marketing that showcases menus, philosophies and chefs. New chains could quickly emerge regionally or nationally.

WHY THIS COULD HAPPEN

- ✓ Proliferation of centralized kitchens serving delivery.
- ✓ Expansion of online delivery brands.
- ✓ Rising real estate and labor costs.
- ✓ Time-pressed consumers who don’t want to cook.
- ✓ Expanded role of social media in brand marketing.
- ✓ Increasing demand for convenience.
- ✓ Lifestyles of “digital natives,” those who have grown up in the digital age.
- ✓ Food-preparation robotics and new delivery options.

3. APPS CHALLENGE YOUR BRAND



KEEP AN EYE OUT FOR ...

- Food halls could merge with — or could sometimes be cobranded with — large food delivery apps.
- Data collection/consumer profiles could lead to food delivery apps dictating menus to restaurants, including which restaurants are “allowed” to make certain kinds of food.



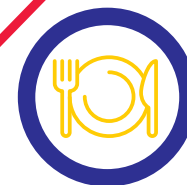
2030: THE DISRUPTORS

CONSUMERS MAY GROW INCREASINGLY LOYAL TO THIRD-PARTY DELIVERY APPS, ECLIPSING LOYALTY TO INDIVIDUAL RESTAURANTS.

Third-party delivery apps are emerging as a key gatekeeper between consumers and restaurants, able to capture consumers' business with convenient, frictionless ordering. With a growing number of consumers using third-party apps as their primary interface with restaurants, app companies could build on these relationships by creating private-label brands, similar to what many big-box and grocery stores have done. By contracting with local restaurants to offer app-associated “house-brand” meals, app companies could further sever a direct connection between restaurant and consumers.

WHY THIS COULD HAPPEN

- ✓ Rapid rise of food delivery and other off-premises options.
- ✓ Consumer expectations of seamless convenience.
- ✓ Consolidation among food-delivery apps.
- ✓ Success of private labeling in retail.
- ✓ Apps lock in customers through a “network effect” — the more users who use the apps, the more valuable the apps.
- ✓ Delivery services' acquisition of “shadow” restaurant URL domains.



WHY THIS MATTERS FOR RESTAURANTS

- ✓ Start-up independent restaurants could find opportunities in wholesaling to delivery apps.
- ✓ An industry-financed delivery app could preserve restaurants' direct brand relationships with consumers.
- ✓ Restaurants can use specialized, unique menu items to defend against brand disintermediation.
- ✓ Food-delivery packaging becomes an increasingly important touchpoint for brand interaction with consumers.

4. AUTONOMOUS VEHICLES

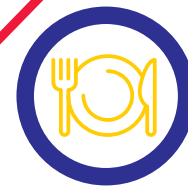


KEEP AN EYE OUT FOR ...

- More restaurants may need drive-thrus, in effect — but geared toward online and automated interactions.
- Some automated food trucks could become automats on wheels, circulating with selections from a group of restaurants, or their own preparations.



2030: THE DISRUPTORS



WHY THIS MATTERS FOR RESTAURANTS

- ✓ Restaurants that engage early with AVs will get practice in processes that are likely to become common in the future.
- ✓ Software, including AI assistants that recognize voice commands and complete tasks for users, will increasingly choose destinations and will eventually interface with cars directly. Having a strong and clear marketing presence in all relevant channels — including screens in AVs — will grow more important for restaurants.
- ✓ Autonomous delivery vehicles may be feasible sooner than fully self-driving passenger cars and could change the economics of delivery.
- ✓ Restaurant layouts and drive-thrus will need to accommodate interactions with self-driving vehicles.
- ✓ Cars that are increasingly hands-free will mean different kinds of foods can be consumed in cars.

AUTONOMOUS VEHICLES (AVS) PROMISE TO CHANGE HOW PEOPLE ON THE ROAD GET THEIR FOOD, AND WHAT THEY EAT AND DRINK IN CARS.

People will have more time to eat, with both hands, in their vehicles. Longer travel times will be possible, making it useful to carry and reheat food while on the road. Restaurants can geo-target their marketing. Eventually, driverless cars will go through drive-thrus.

WHY THIS COULD HAPPEN

- ✓ Artificial intelligence advances.
- ✓ Autonomous vehicle development.
- ✓ Consumer convenience expectations.
- ✓ Expanding online ordering and delivery infrastructure.
- ✓ Patterns of automobile and truck use.
- ✓ Advanced safety technology.
- ✓ Declining tolerance for risk.

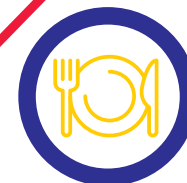
5. BIG TECH BUNDLES FOOD

KEEP AN EYE OUT FOR ...

- Food ordering could become directly integrated with ordering media content.



2030: THE DISRUPTORS



WHY THIS MATTERS FOR RESTAURANTS

✓ **Well-funded, non-traditional businesses could stake out positions within the restaurant industry and disrupt the status quo.**

✓ **Non-traditional operators will bring new ideas and new approaches to the restaurant industry.**

✓ **There will be opportunities for existing operators to partner with the new entrants.**

✓ **The scale, reach, and commitment to years-long losses to capture market of some online retailers will test competitors.**

✓ **There will likely be greater integration of industry segments — wholesalers, grocers, supply companies — as new-entrant companies use logistics experience to maximize efficiency and minimize costs.**

NON-FOOD COMPANIES COULD ADD FOOD AND PREPARED MEALS TO THEIR OFFERINGS AS AN ADDED SERVICE.

For example, a media-streaming service could buy or pair with existing meal delivery services to create an all-in-one dinner and entertainment experience. Or an online retailer could leverage one-click ordering, logistics and delivery expertise to add meals to their subscriptions. Restaurants could move beyond current loyalty or rewards programs and offer flat-rate monthly subscription plans to customers.

WHY THIS COULD HAPPEN

✓ **Growth in third-party delivery apps.**

✓ **More online retail options.**

✓ **Low-friction buying options (e.g., one-click purchases).**

✓ **Expectations and lifestyles of digital natives.**

✓ **Dominance of “big tech” companies with expertise in logistics and last-mile delivery.**

✓ **Proliferating delivery models and services.**

6. THE BIONIC RESTAURANT



KEEP AN EYE OUT FOR ...

- Food engineer could be a job category that spreads into the restaurant industry.



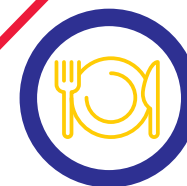
2030: THE DISRUPTORS

AUTOMATION AND ROBOTICS WILL BEGIN TO PLAY A GREATER ROLE IN FOOD PREPARATION AND THE KITCHEN LINE.

Automation technologies such as touchscreen ordering kiosks are already spreading in front-of-house restaurant operations. Back-of-house operations will become more fully automated as costs fall and flexible, reprogrammable robot systems grow more sophisticated. This will allow automation of more of the repetitive elements of food preparation and even permit motion-capture replication of the movements of chefs. Chefs will work in collaboration with these systems, using their physical senses and expert judgment.

WHY THIS COULD HAPPEN

- ✓ Machine-learning advances (machines learn from data, identify patterns and make decisions with minimal human intervention).
- ✓ Development of flexible, reprogrammable robots.
- ✓ AI services provided by Google, Amazon, Microsoft, and others.
- ✓ Growth in data analytics.



WHY THIS MATTERS FOR RESTAURANTS

- ✓ Higher automation-backed kitchen productivity can reduce staffing needs and alter compensation patterns.
- ✓ Using robotic equipment will become part of the kitchen staff skillset, and part of restaurant kitchen workflows.
- ✓ Robotics will enhance food-quality consistency.
- ✓ Operations will have higher capital costs, and potentially lower labor costs.

7. THIRD SPACE RESTAURANTS



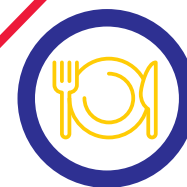
2030: THE DISRUPTORS

THE DECLINE OF SHOPPING MALLS AND “BRICKS-AND-MORTAR” RETAIL WILL LEAD TO RESTAURANTS BECOMING EVEN MORE IMPORTANT FOR PUBLIC OUTINGS, COMMUNITY ENGAGEMENT AND SOCIALIZING.

With their expanded and versatile seating options, gastropubs and full-bar fast-casual restaurants could evolve into American versions of German biergartens, with less emphasis on table turnover and more emphasis on facilitating repeat socializing by customers. Café seating and local independent restaurants could help transform food courts in the direction of food halls and bustling Asian street-food markets.

WHY THIS COULD HAPPEN

- ✓ Rise of ecommerce and decline of shopping malls.
- ✓ Need for social space as more people work remotely or at home.
- ✓ Aging of baby boomers.
- ✓ Retailers co-locating restaurants with stores.
- ✓ Rise of delivery, keeping people at home, or in offices.
- ✓ Mainstreaming of ‘foodie’ culture.
- ✓ Expansion of outdoor restaurant seating areas.
- ✓ Growth and popularity of coffee bars, craft breweries and food halls.



WHY THIS MATTERS FOR RESTAURANTS

- ✓ Growth in takeout and food delivery will increase the importance of the face-to-face restaurant experience.
- ✓ The need for more socializing space will change restaurant layouts and space allocation. Zoning laws could interfere with outdoor seating allowances.
- ✓ Embracing the social aspects of global food cultures can add an experiential component to restaurant visits and expand the appeal of international food offerings.

KEEP AN EYE OUT FOR ...

- Third-space restaurants could become an arena in which people actively try to undo some of the polarizations that can divide American society.



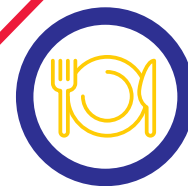
8 WEATHER VOLATILITY

KEEP AN EYE OUT FOR ...

- Food waste could be targeted, requiring adjustments in how food is sourced, prepared, served, and disposed of.



2030: THE DISRUPTORS



WHY THIS MATTERS FOR RESTAURANTS

- ✓ Disrupted weather patterns may cause spikes and volatility in food prices even before food costs reach a relatively higher level.
- ✓ A sustained higher proportion of food costs would change the basic economics of restaurant operations.
- ✓ More consumers will have grown up with weather-related information and be more responsive to its effects in restaurants, such as the carbon footprint of foods and the impact of packaging.
- ✓ Weather-change issues may spur the perfection of alternative “meats” (for example, plant-based and lab-grown/cell-based meats) and consumer enthusiasm for them.
- ✓ Weather-related public policy could affect other operational costs for restaurants, such as transportation, energy expenses and packaging.

WEATHER VOLATILITY COULD DRIVE UP FOOD COSTS BY CAUSING DISRUPTIONS IN AGRICULTURE AND THE FOOD DISTRIBUTION SYSTEM.

This would reverse the long-term trend of falling household food costs in developed countries. The issue: growing patterns of both staple and specialty crops may be disturbed as weather change affects agriculture, including shifts in water availability. Secondary factors may drive up food costs as well, such as carbon taxes on energy used in food production and transportation, or direct taxes on carbon-intensive foods.

WHY THIS COULD HAPPEN

- ✓ Rising global temperature volatility.
- ✓ Weather-based shifts in agricultural seasons and growing areas.
- ✓ Weather-induced disasters such as floods and drought.
- ✓ Weather-conscious consumers ready to act on the impact of specific foods’ carbon footprints.
- ✓ Global growth of middle classes, driving food demand.
- ✓ Development of vegetable-based meat alternatives.

9. CULINARY AI

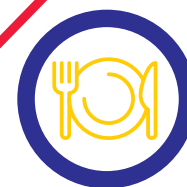


KEEP AN EYE OUT FOR ...

- There may be attempts to patent recipes not as ingredient lists but as technological processes.
- The software and recipes to support automated cooking could be valuable digital intellectual property in need of security.



2030: THE DISRUPTORS



WHY THIS MATTERS FOR RESTAURANTS

✓ AI chefs and recipe builders could create entirely new categories of cuisine and beverages, which could lead to new kinds of restaurants.

✓ Because they “live” in software, AI chefs are placeless and thus could be run at many locations simultaneously.

✓ More facets of cooking will be organized to be readable by artificial intelligence.

✓ If provided with medicinal and health information, AI chefs driven by algorithms could be programmed to maximize the health benefits of recipes and foods.

✓ Backlash against automation of all kinds could create a “return to artisanal” movement — predicated on humans being the center of all parts of the food and beverage process.

ARTIFICIAL INTELLIGENCES WITH KNOWLEDGE OF COOKING TECHNIQUES, FOOD CHEMISTRY, RECIPES, AND ALCOHOL WILL PRODUCE UNEXPECTED NEW CULINARY AND BEVERAGE EXPERIENCES.

An AI with the algorithmic ability to analyze and synthesize inhuman amounts of data and information about foods, beverages, ingredients, chemical compounds, and tastes will result in the creation of recipes, dishes and beverages beyond, and unlike, what humans would produce. Some AIs will become as well-known as human chefs, baristas and bartenders.

WHY THIS COULD HAPPEN

✓ Rapid advances in artificial intelligence.

✓ AI-derived new discoveries.

✓ AI-designed recipes.

✓ Algorithmic eating guidance.

✓ Machine-readable data (ingredients, processes, etc.).

✓ Popularization of AI chefs, baristas and bartenders in the media.

10. MEDICAL MEALS



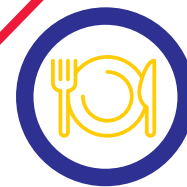
2030: THE DISRUPTORS

AN AGING U.S. POPULATION, ADVANCED GENETIC KNOWLEDGE, AND THE RISING INCIDENCE OF LIFESTYLE DISEASES SUCH AS HEART DISEASE, OBESITY AND TYPE 2 DIABETES WILL CREATE GROWING DEMAND FOR MEALS THAT PROVIDE SPECIFIC HEALTH BENEFITS TO DINERS, ON AN INCREASINGLY PERSONALIZED LEVEL.

In some cases, these meals may be prescribed by doctors or as part of coverage by insurance companies. For restaurants, costs for providing these meals could be offset by relationships with health care and insurance providers, which would direct patients to eateries with the proper medical meal and portion for their condition.

WHY THIS COULD HAPPEN

- ✓ Rise in health care spending, including prescription drugs.
- ✓ Aging populations.
- ✓ Efforts in preventative care.
- ✓ Menu personalization for diet and health.
- ✓ Ingredient restrictions for diet and health.
- ✓ Faster, cheaper, more accessible human-genome testing for personal health care data.



WHY THIS MATTERS FOR RESTAURANTS

- ✓ Prescription meals will be more precisely targetable with a growing understanding of how food can impact gut microbes or activate gene traits.
- ✓ People like to eat good food, even if they have medical restrictions. The growing recognition of chronic conditions that are helped or hindered by eating appropriate foods could make prescription meals an important new category of prepared foods.
- ✓ Restaurants will need to provide clearer, more thorough information about ingredients in dishes so that customers can make better-informed decisions about choosing a meal based on health.



KEEP AN EYE OUT FOR ...

- Personal digital assistants could manage people's diets with nudges, information-shaping "filter bubbles," and "choice architecture" to manage health, weight, etc.
- Insurance companies could begin to require information about what and how their customers are eating.



APPENDIX

Delphi Methodology

One of the most important aspects of a Delphi study is selecting the panel of experts who will lend their judgments to the topic being researched. For this study, Delphi was able to rely on an already-assembled group of experts – the National Restaurant Association Board of Directors. Based on their industry experience, these individuals are able to offer predictions on industry conditions in 2030. A variety of other experts were invited to join the panel, including the National Restaurant Association Educational Foundation Board of Trustees, state restaurant association leadership, suppliers, manufacturers, distributors and consultants.

Delphi Process

The research’s first phase began in 2018 with an open-ended questionnaire that allowed panelists to raise any and all issues they believed would be important to the industry in 2030. Based on responses generated in the open-ended questionnaire, a second questionnaire was developed, asking respondents to rate 180 statements about possible developments in the industry on a scale from +3 to -3, where +3 equals “very likely to occur” and -3 equals “very unlikely to occur.” All 180 statements are listed here. The Restaurant Industry 2030 research initiative was based on responses from more than 100 industry experts.

Detailed Survey Responses

Survey responses below are ranked according to the average rating they received on the +3 to -3 scale.

STATEMENTS RANKED BY CATEGORY

INDUSTRY STRUCTURE		AVERAGE
1	Competition for customers will intensify.	2.8
2	Convenience stores and grocery stores will expand their foodservice offerings.	2.4
3	The restaurant industry will continue to be a breeding ground for entrepreneurialism.	2.3
4	There will be more delivery options in smaller markets.	2.0
5	Virtual or “ghost” restaurants that only offer delivery will be more common.	2.0
6	Off-premises traffic will post stronger growth than on-premises traffic.	2.0
7	Consolidation in food manufacturing and distribution will intensify.	2.0
8	The limited-service segment (quick-service, fast casual, coffee and snack) will post stronger growth than the table-service segment.	1.8
9	The table-service segment will place a greater emphasis on growing off-premises traffic.	1.8
10	Chain unit growth will be driven more by franchising than adding company-owned stores.	1.8
11	There will be a greater emphasis on experiential restaurants to drive on-premise traffic.	1.6
12	The restaurant and foodservice industry will capture a larger share of consumers’ food dollar.	1.6
13	Tipping in table-service restaurants will still be commonplace.	1.4
14	Suppliers will become increasingly like partners with restaurant operators.	1.3
15	The number of restaurant and foodservice locations will continue to grow.	1.3
16	Chef-driven restaurant concepts will be more common.	1.1
17	Restaurant industry sales growth in the upcoming decade will be more moderate than in the prior decade.	1.0
18	A larger number of American restaurant companies will expand internationally.	0.9
19	Independent operators will be the primary innovators and new product developers.	0.8
RESTAURANT FACILITIES & OPERATIONS		AVERAGE
1	Packaging designed exclusively for delivery and carryout will be more sophisticated and effective.	2.4
2	More restaurant layouts will include areas dedicated to delivery and carryout.	2.3
3	More restaurants will be designed to reduce use of energy and water and minimize waste.	2.2
4	The typical restaurant footprint will be smaller.	2.0
5	Computerized cooking equipment will become more common in restaurant kitchens.	2.0
6	Restaurant space utilization will be more flexible.	1.9
7	Restaurants will be more likely to offer self-service options for customers.	1.7
8	Restaurant design will become more experiential.	1.5
9	More restaurants will have open-kitchen designs for display cooking.	1.1
10	Mobile foodservice (food trucks) will account for a larger share of sales and traffic.	0.5
11	Restaurants will include more retail space.	0.0
12	Restaurants will increase their hours of operation.	-0.3



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PROFITABILITY & INCOME		AVERAGE
1	Total employee compensation costs will increase as a percent of sales.	2.3
2	Real estate costs will escalate more rapidly as competition for prime sites increases.	1.6
3	Smaller operators will have greater access to fully integrated software systems — from scheduling to ordering supplies to tracking sales/traffic metrics — which will increase their profitability.	1.5
4	Investments in technology will increase restaurant profitability.	1.3
5	Operators will be more likely to invest in training to increase productivity.	1.1
6	Alcohol sales will increase as ride-sharing apps and self-driving vehicles reduce the risks of drunk driving.	0.9
7	Growth in alcohol delivery will increase profit margins for restaurants.	0.8
8	A higher proportion of restaurants will stop accepting cash.	0.8
9	Traditional brick and mortar restaurants will be more likely to create “pop-up” concepts as an additional source of revenue.	0.7
10	Restaurants will share a larger percentage of profits with third-party delivery firms.	0.6
11	Operations with lower-check-per-person averages will have higher profit margins than higher-check operations.	0.1
12	Food and beverage costs will decrease as a percent of sales.	-1.0
13	Restaurant profit margins will increase.	-1.2
FINANCING THE BUSINESS		AVERAGE
1	Private financing of restaurant operations will be more common than public financing.	1.4
2	Meeting the demands of stockholders will force more public restaurant companies to go private.	1.1
3	Financing for independents will be harder to obtain.	0.8
4	A greater foreign presence in restaurant financing will occur.	0.6
5	Crowd-sourcing of funds will become more important for niche foodservice concepts.	0.6
6	Suppliers will be more likely to invest in new restaurants and concepts.	0.0
7	The restaurant industry will be more attractive to investors.	-0.1
8	More funding will come from tax incentives offered to small businesses for job creation.	-0.2
9	Local independent banks will be more willing to finance restaurants.	-0.5
10	Accessing credit will become easier for restaurant operators.	-0.8



APPENDIX

TECHNOLOGY & DATA		AVERAGE
1	It will be commonplace for restaurants to accept mobile payments.	2.5
2	Handheld payment terminals that allow for pay-at-the-table will be commonplace.	2.5
3	The vast majority of takeout and delivery orders will be placed digitally.	2.4
4	The use of kiosks in limited-service restaurants will be commonplace.	2.2
5	Video menu boards in limited-service restaurants will be commonplace.	2.2
6	Turning point-of-sale (POS) data into actionable knowledge for operators will become easier.	2.1
7	Technology will be more effectively used to control costs and enhance management efficiency.	2.1
8	Artificial intelligence (AI) will be used in more ways, such as optimizing menu prices or having an app or tablet verbally suggest menu items for consumers.	1.9
9	Restaurant inventories will be calculated and transmitted automatically as product is removed from inventory.	1.8
10	Restaurants will provide more tools for customers to give real-time feedback electronically.	1.8
11	Restaurants will rely more on third parties for data hosting.	1.8
12	Handheld tablet menus in tableservice restaurants will be commonplace.	1.6
13	Restaurants will invest more in cybersecurity to protect consumer data.	1.6
14	Increased usage of virtual assistants by consumers to place voice orders as well as to initiate general restaurant and menu item searches will be an important productivity and sales driver.	1.4
15	Customers will be less forgiving when data breaches occur.	1.3
16	Drones, self-driving vehicles and robots will play a larger role in delivery.	1.2
17	Customers will embrace data collection in their everyday restaurant experiences, with their permission.	1.1

WORKFORCE		AVERAGE
1	Women will hold a larger proportion of upper management jobs in the restaurant industry.	2.1
2	Minorities will hold a larger proportion of upper management jobs in the restaurant industry.	2.0
3	The average number of employees per restaurant location will decline.	2.0
4	The restaurant industry workforce will become more diverse.	1.9
5	The restaurant industry will remain very labor-intensive despite technological developments.	1.8
6	The restaurant industry will increase compensation and benefit levels to attract and retain employees.	1.6
7	Immigrants will make up a larger proportion of the restaurant workforce.	1.5
8	Tech skills will be more highly valued in restaurant employees.	1.5
9	Older workers will make up a larger proportion of the restaurant workforce.	1.4
10	Restaurant operators will rely more on gig workers.	1.2
11	An increase in the use of automation and robotics will ease labor challenges for the restaurant industry.	1.1
12	Apprenticeship programs will become more popular in the restaurant industry.	1.1
13	Younger workers will make up a larger proportion of the restaurant workforce.	0.3
14	The average tenure in the industry for a typical employee will increase.	0.0



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TRAINING & DEVELOPMENT		AVERAGE
1	More training will be provided online and on smartphones.	2.3
2	More employees will be certified in safe food handling through ServSafe products.	2.2
3	Allergen training for employees will be mandatory.	1.9
4	Independents will have greater access to professional training online.	1.9
5	More restaurants will develop and promote internal career ladders to help retain employees.	1.8
6	More restaurant operators will partner with schools and universities to recruit staff.	1.7
7	Multi-lingual employees will be in higher demand by restaurant operators.	1.6
8	Virtual-reality technology will be used in employee training experiences.	1.5
9	Restaurants will place greater emphasis on internal training and development.	1.4
10	Employers will increasingly value certifications that show proof of employees' restaurant operational skills.	1.1
11	Video games designed for restaurant-employee training will be more popular.	0.9
12	The typical restaurant employee will be more highly trained and educated.	0.7
MARKETING		AVERAGE
1	Restaurant operators will be more likely to implement more local, targeted and customized promotions.	2.1
2	Restaurants will be more likely to incorporate technology to allow menu offerings and prices to change depending on the time of day or day of the week.	2.0
3	Frequent-diner databases and loyalty programs will be used more frequently for online advertising and promotion.	1.9
4	Videos — both in-store and in digital marketing — will be used more frequently to market restaurants.	1.8
5	Restaurants will be more susceptible to negative social media.	1.7
6	Digital marketing will offer the best operator ROI among marketing/advertising channels.	1.6
7	Consumers will be more value-conscious.	1.6
8	Tourism spending in restaurants will rise, due in part to operators marketing directly to tourists.	1.3
9	More restaurant companies will offer their branded retail products for sale in the restaurant and stores.	1.1
10	Biometrics/facial recognition will be more widely available as part of identity authentication in loyalty programs.	1.1
11	More restaurants will sell meal kits or "prepare at home" options.	0.7
12	Customer loyalty at restaurants will decline.	-0.1
13	Discounting will be less common in restaurants.	-0.7

FOOD SAFETY & SECURITY		AVERAGE
1	Restaurant inspection results will be readily available to the public.	2.0
2	A majority of cases shipped in the supply chain will be equipped with universal bar codes or transponders.	1.8
3	More of the handling of food products in the supply chain will be done by machines, rather than people.	1.8
4	More food safety certification for hourly and management employees will enhance restaurant food safety.	1.7
5	Technologies such as blockchain will improve traceability in the restaurant supply chain.	1.6
6	More restaurants will implement comprehensive food safety management systems.	1.6
7	Food-chain security and "food defense" will receive greater attention to prevent intentional food contamination.	1.6
8	Background verifications of employees and suppliers will be more common.	1.5
9	The restaurant industry will develop a more comprehensive response to food security incidents.	1.5
10	There will be a greater push for global food safety standards.	1.5
11	Consumers will show an increasing awareness and interest in food safety.	1.5
12	The restaurant industry will develop a more comprehensive response to food safety incidents.	1.4
13	There will be greater oversight of foreign-grown food products.	1.3
14	Restaurants will spend a larger proportion of their budget on food safety.	0.8
15	The complexity of traceability will be an increased barrier to the local-foods movement.	0.5
GOVERNMENT		AVERAGE
1	State and local governments will increase restaurant industry regulation.	2.3
2	There will be increased regulation around third-party delivery.	2.2
3	The federal government will enact more data-privacy rules to regulate how businesses handle customer data.	2.0
4	New environmental regulations will increase operating expenses.	2.0
5	There will be more government regulation of restaurant takeout and single-use packaging.	2.0
6	The federal government will increase restaurant industry regulation.	1.9
7	The level of required benefits for employees will increase.	1.9
8	Alcoholic beverages will be more heavily taxed.	1.5
9	Taxes focused on foodservice will grow at all levels of government.	1.5
10	Providing nutrition information for food and beverage items will be mandatory, regardless of restaurant size.	1.1
11	The federal government will mandate food safety training for all restaurant employees.	0.9
12	Restaurateurs will become more involved in donating to political candidates and causes.	0.6
13	Government will increasingly regulate portion sizes of menu items.	0.3

FOOD & MENU		AVERAGE
1	Restaurants will offer more healthy options on their menus.	2.0
2	Plant-based protein (vegetarian) food products will grow in popularity.	2.0
3	Consumers will increasingly ask for allergen information.	1.9
4	Consumers' palates will be more sophisticated.	1.9
5	Global cuisine-themed restaurants will grow in popularity.	1.7
6	Restaurants will offer more fresh produce options on their menus.	1.7
7	Consumers' interest in food sourcing will increase.	1.6
8	Local food sourcing will become more commonplace.	1.6
9	Portion sizes in general will be smaller.	1.3
10	Restaurants will be more likely to offer CBD-infused options on their menus.	1.0
11	More food-and-beverage suppliers will have their products "branded" on menus.	1.0
12	Restaurant menus in general will offer fewer choices.	0.9
13	Restaurants will be less likely to offer paper menus.	0.8
HEALTH & NUTRITION		AVERAGE
1	Regardless of the nutritional content of the food, consumers will still want comfort foods.	2.4
2	Restaurants will offer more healthy food and beverage options for children.	1.8
3	Restaurants will be more creative and innovative in making dishes more healthful.	1.8
4	Restaurants will offer more options to satisfy specific diets.	1.7
5	A larger proportion of consumers will have dietary restrictions.	1.6
6	Restaurants will offer more food and beverage items that are lower in added sugars.	1.6
7	Items that are lower in fat, calories, and sodium will become commonplace on menus.	1.3
8	There will be increased synchronization between POS systems and consumers' personal health-monitoring devices/apps.	1.0
9	Restaurants will be more likely to offer smaller portions at lower prices.	0.8
10	There will be restrictions on advertising "unhealthy" foods.	0.5
11	Restaurants will be more likely to retain the services of a registered dietitian, whether on staff or as a consultant.	0.3



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SUSTAINABILITY		AVERAGE
1	Equipment used in restaurants will be more energy-efficient.	2.3
2	More restaurant operators will promote their sustainability practices and efforts in marketing to consumers.	1.8
3	More restaurants will implement recycling programs.	1.8
4	Restaurants will offer more menu items that are sustainably sourced.	1.7
5	There will be a decline in single-use restaurant packaging.	1.7
6	Eco-friendly restaurant designs will be more common.	1.7
7	Restaurants will be more likely to take steps toward reducing their environmental impact.	1.6
8	A larger proportion of operators will purchase products made from recycled materials.	1.6
9	More restaurants will track food waste.	1.3
10	Consumers will be more likely to patronize restaurants with robust sustainability programs.	1.3
11	A larger proportion of restaurant energy will be supplied by natural gas.	0.9
12	A smaller proportion of restaurant energy will be supplied by oil.	0.9
13	More restaurants will implement composting programs.	0.7
14	More restaurants will use their sourcing policies and practices to set higher animal-welfare standards.	0.7
15	A larger proportion of restaurant energy will be supplied on-site by solar power.	0.3
16	A larger proportion of restaurant energy will be supplied by wind power.	0.1
17	Restaurant utility costs will decrease as a proportion of total operating costs.	-0.5
18	A larger proportion of restaurant energy will be supplied by nuclear power.	-0.8



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