Consumer Trends for Restaurants

INTOUCH INSIGHT

Intouch Insight provides customer experience measurement services and software to empower CX and Operations professionals to listen to their customers, interpret the results and act on powerful data.

As North America's most technologically advanced **mystery shopping** company, Intouch Insight helps multi-location brands align operational delivery with customer expectation.

To contact us:

1-800-263-2980 ext. 1
letschat@intouchinsight.com
www.intouchinsight.com

Offices

Ottawa (HQ)
400 March Road
Ottawa, ON,
Canada
K2K 3H4

Montreal
2963 Joseph A.
Bombardier
Laval, QC
H7P 6C4

Georgia
309 E. Paces Ferry
Rd. NE, Suite 400,
Atlanta, Georgia
30305

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After weathering years of new regulations and forced closures, food service establishments and their patrons are learning to navigate the “new normal.” Having tracked the rapidly changing consumer habits over the past two years, Intouch Insight is here to take the guesswork out of consumer expectations.

This report will provide an overview of five trends impacting quick-serve and fast casual restaurants so you can make business decisions based on hard data rather than inferences and opinions.

The following data comes from Intouch Insight's ongoing consumer surveys and objective mystery shopping studies. This combination of both subjective feedback and objective reporting offers a more complete, 360° understanding of your brand than either data set could on its own. All data included from consumer surveys in this report received greater than 1,000 responses from North American consumers.

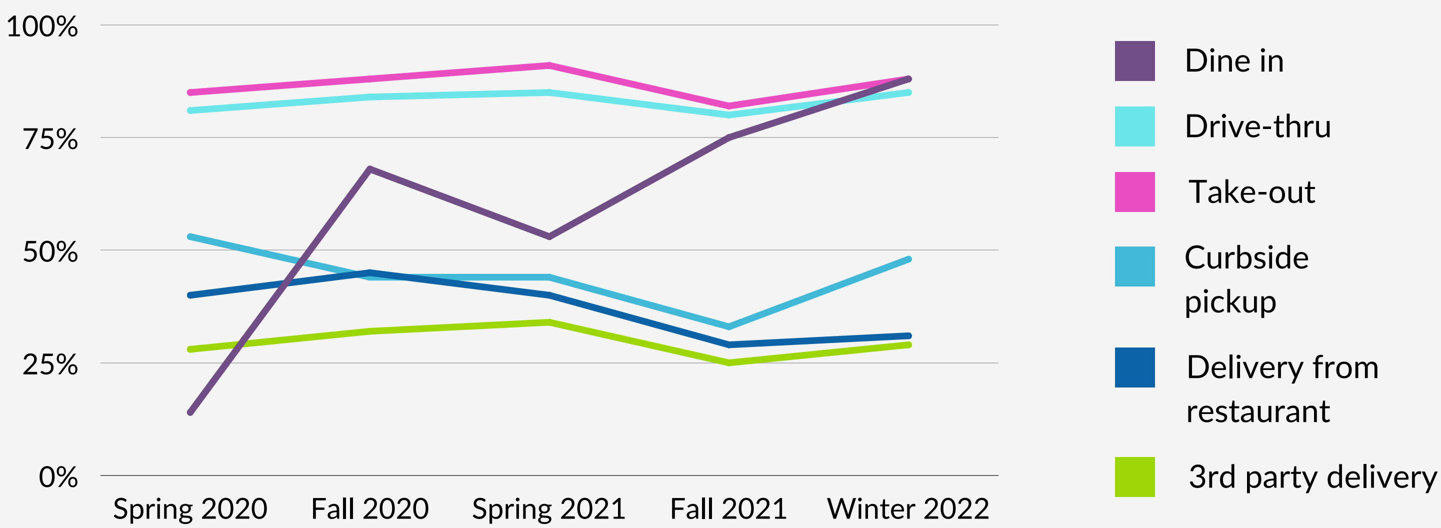
Key Findings

- The way in which consumers engage with food service establishments has mostly returned to normal with some residual pandemic-related concerns.
- Most consumers have used a mobile app to purchase fast-food, but the overall mobile ordering experience does not appear to be the primary driver.
- Convenience stores offering ready-made food are in direct competition with QSRs and can edge out traditional fast-food offerings when they are more conveniently located or offer a faster alternative to drive-thru.
- A majority of consumers have tried plant-based alternatives and roughly half expect to purchase them within the next year, with major factors being cost and taste compared to the meat equivalent.
- The popularity of loyalty programs make them a necessity to remain competitive and influence consumer buying habits, but they are not a primary driver for customer retention.

1. Changing engagement with food services

Rapid changes caused by the COVID-19 pandemic impacted how consumers engaged with their favorite restaurants and the factors that impacted where they chose to eat. Today, we've mostly seen a return to pre-pandemic behaviors and expectations while some pandemic-related concerns remain prevalent.

What services have you used to engage with restaurants in recent weeks?

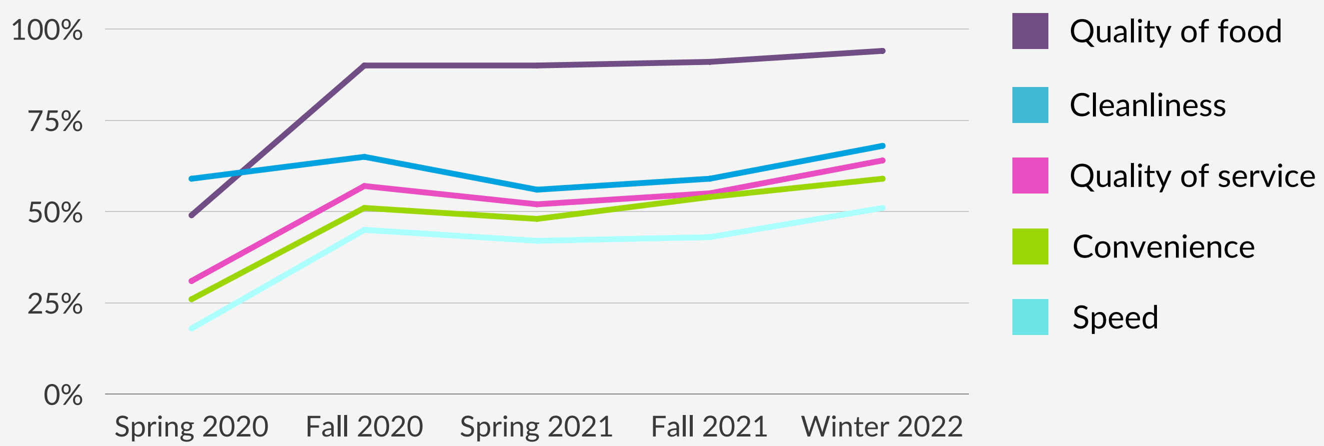


Drive-thru and **take-out** services have remained consistently popular while **dine in** has had a rocky road to recovery, but has returned to prominence towards the end of 2021.

3rd party delivery has remained in last place behind alternative services offered directly by restaurants, **implying consumers prefer to engage directly with brands**.

The **quality of food** has remained the **most important factor** when consumers are deciding where to purchase prepared food, despite briefly dropping to 2nd in the spring of 2020.

Which of the following aspects do you consider extremely important when making a decision to order prepared food from a food service establishment?



After a huge spike in concerns around **improved cleanliness** in the spring of 2020, **it remains the 3rd most requested improvement** in 2022, but has been overtaken by a demand for **cheaper delivery** and **better online ordering** capabilities.

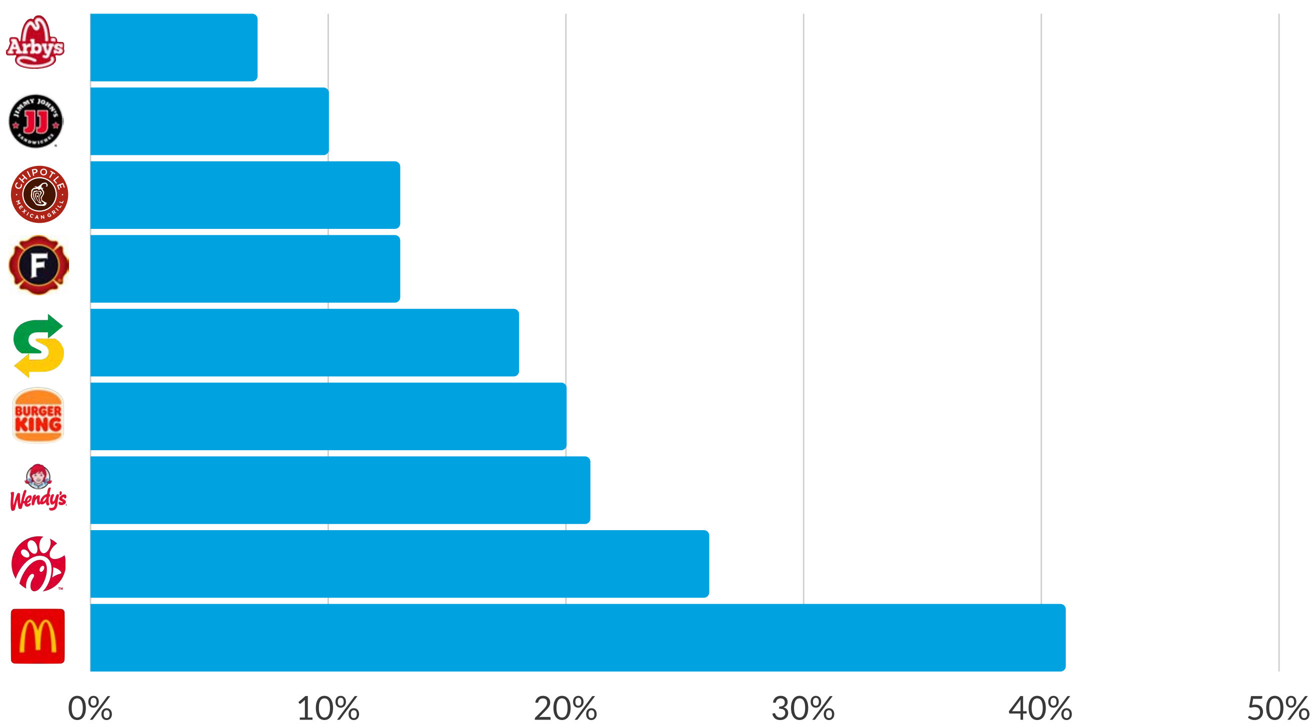
	Spring 2020	Fall 2020	Spring 2021	Fall 2021	Spring 2022
1	Improved cleanliness and sanitation	Ensuring customers wear masks/face covers	Ensuring customers wear masks/face covers	Cheaper delivery dees	Cheaper delivery fees
2	Better online ordering capabilities	Improved cleanliness and sanitation	Improved cleanliness and sanitation	Better online ordering capabilities	Better online ordering capabilities
3	Limiting traffic in-store	Better online ordering capabilities	Better online ordering capabilities	Ensuring customers wear masks/face covers	Improved cleanliness and sanitation

2. Diminishing returns for mobile ordering

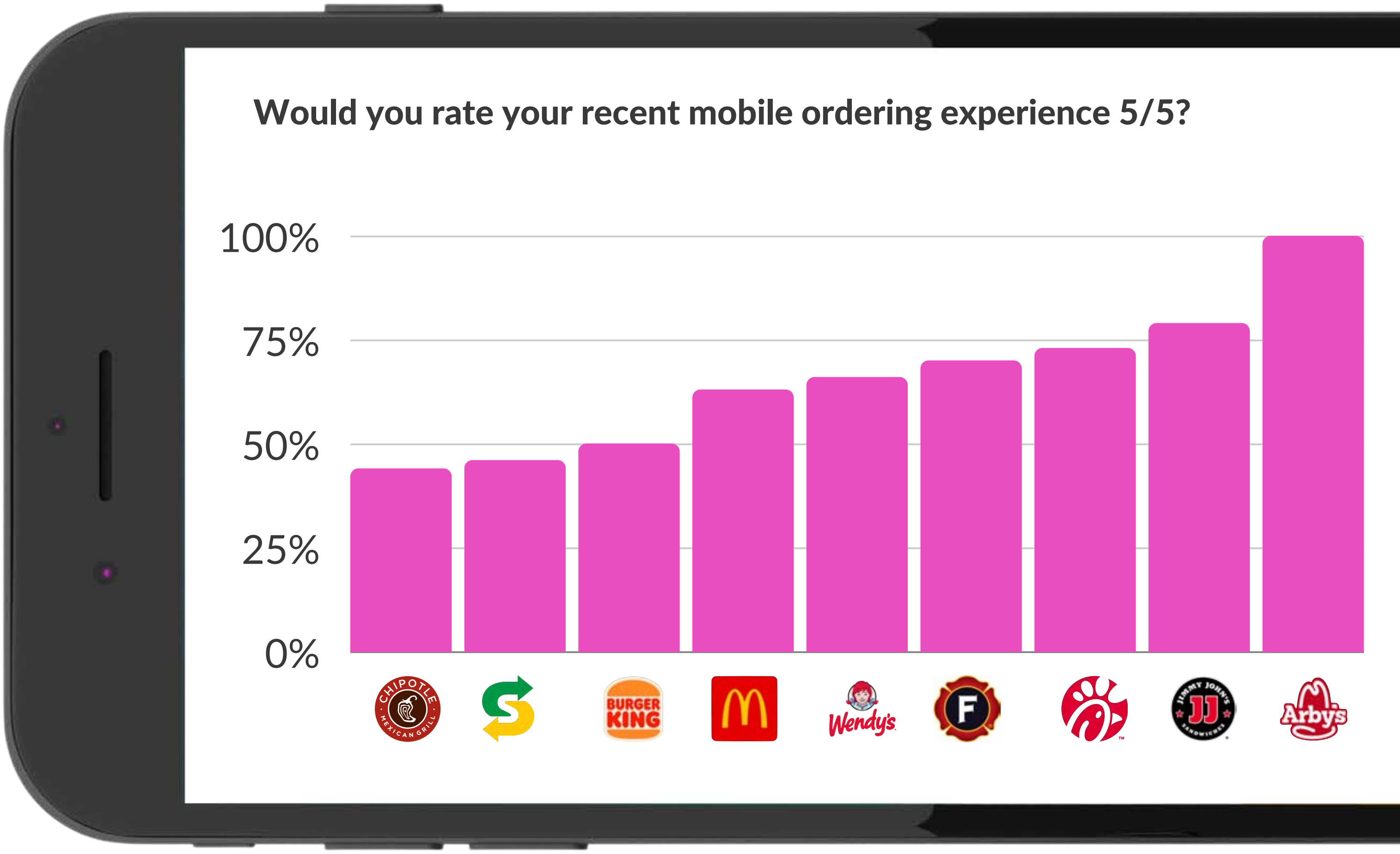
The convenience of mobile ordering has led to wide-spread adoption from consumers, with 71% of respondents indicating they used a mobile app to purchase food from a fast food restaurant. However, despite wanting improved mobile ordering, a top-tier experience does not attract additional patrons.

When asked which apps they had used to complete a mobile order, **41%** of consumers indicated having made a purchase using the **McDonald's app** – **58%** more than the next most-used app.

Which application have you used to complete a mobile order?



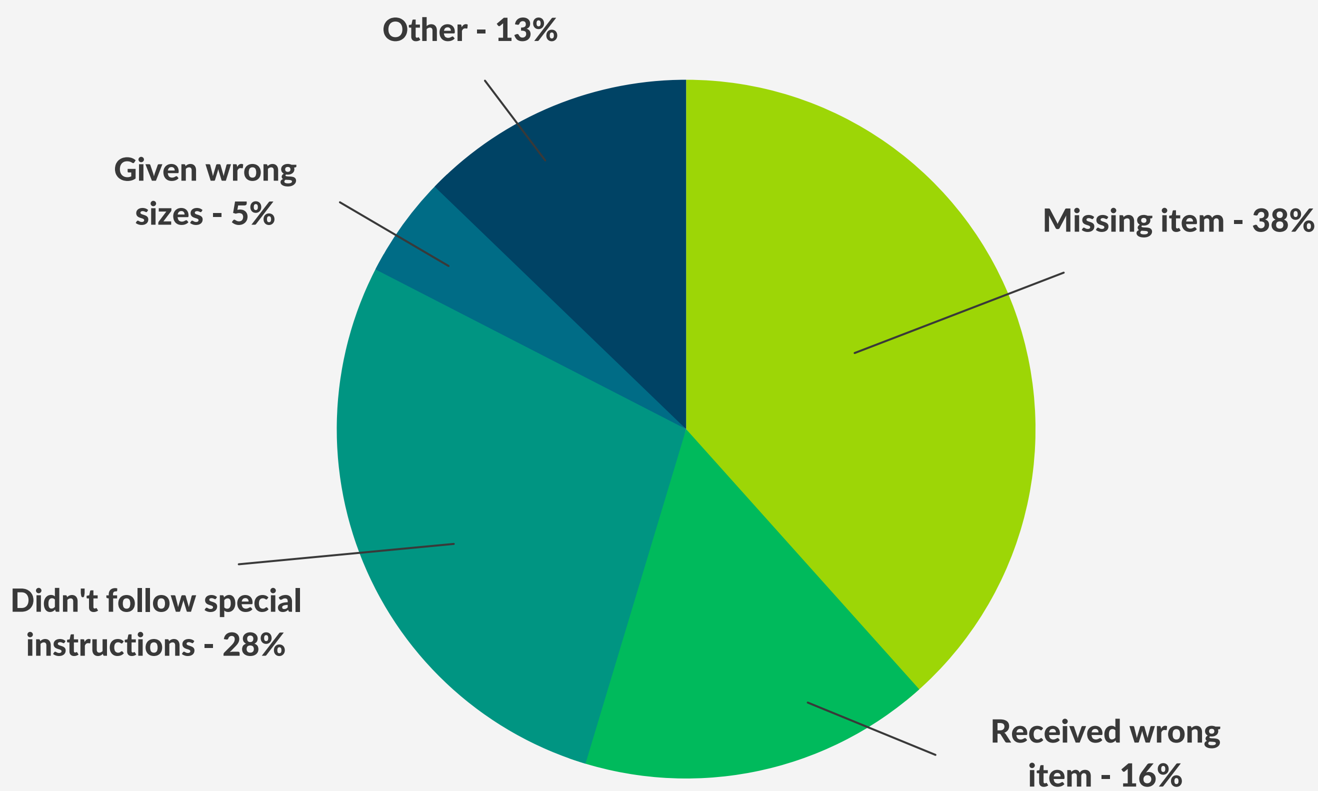
However, when asked which brands they would rank as a **5-star mobile ordering experience** – meaning the app was easy to use, menu easy to navigate, timely delivery and accurate order – **there was no correlation to app usage**.



This shows that while it is **essential to offer a mobile ordering experience** in order to attract customers, **an adequate experience is enough to satisfy the majority.**

Purchases completed through mobile apps were mostly accurate with an average of **91% accuracy across all brands included in the survey**.

The most common issue with mobile orders is **items missing from the orde**r followed by **special instructions not followed** and a **wrong item being included**.



A major **area for improvement**, however, is **delivery time** for mobile order. Consumers reported nearly **40%** of mobile orders were **delivered later than projected** with the average delivery time sitting at 40 minutes and 50 seconds.

Additionally, less than half of hot meals ordered arrived "Hot" or "Very Warm" – possibly connected to delayed delivery times.

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3. Losing market share to convenience stores

Convenience stores offering ready-made food are increasingly in direct competition with QSRs, with the potential to edge out traditional fast-food offerings when they are more conveniently located or offer a faster alternative to drive-thru.

Ready-made meals at convenience stores proved popular with **76%** of those surveyed reporting having **purchased prepared food from a convenience store.**

Popularity of these meals is **highest with consumers <50 years old** – peaking among those in their 30s with a steady decline among those over 50.

Percent of respondents who purchased ready-made food from a convenience store, by age

The **quality of ready-made food** from convenience stores ranks relatively high, which **increases the risk of direct competition** with quick-serve restaurants.

On a scale of 1-5, how would you rate the quality of the ready-made food you purchased from a convenience store?

To purchase or not to purchase?

In order to stay competitive over time, QSR operators need to understand why customers may choose to purchase ready-made food from a convenience store instead of a restaurant in order to **focus on the factors where they can win**.

Top reasons to purchase food from a convenience store instead of restaurant	Top reasons NOT to purchase food from a convenience store that QSRs can capitalize on
1. Can purchase gas at the same time 2. Faster than drive-thru 3. Located along my commute	1. Prefer options at fast-food restaurants 2. Convenience store food too expensive 3. Prefer to remain in my vehicle

4. Increasing demand for plant-based food

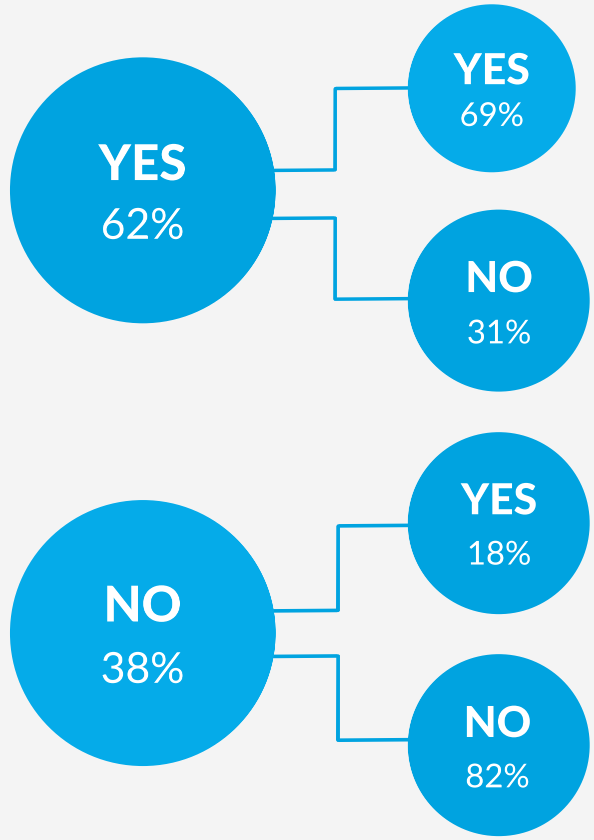
A majority of consumer have tried plant-based meat alternatives and roughly half expect to purchase them within the next year with cost and taste compared to meat equivalent being major factors.

Plant-based meat alternatives have become increasingly available with **62%** of respondents indicating they **have purchased a plant-based meat alternative** and **69% of those have reported they would again**.

However, 82% of those who have not yet tried a plant-based meat alternative indicate that they will not in the future – suggesting the adoption of these alternatives is unlikely to rise drastically.

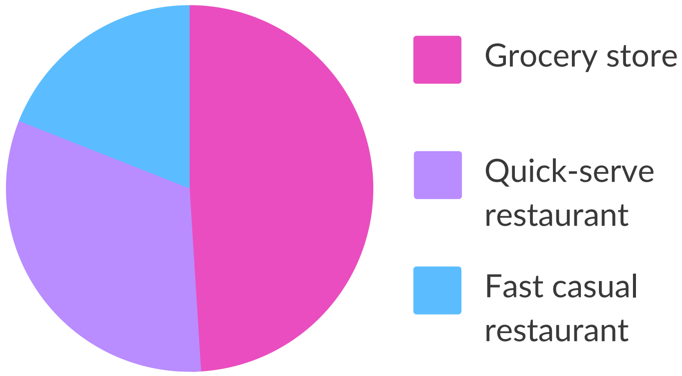
Have you tried a plant-based meat alternative?

Do you plan to eat plant-based meat alternative items in the upcoming year?



As an increasing number of restaurants offer plant-based meat alternatives, the purchase of these goods is split almost evenly between restaurants and grocery stores.

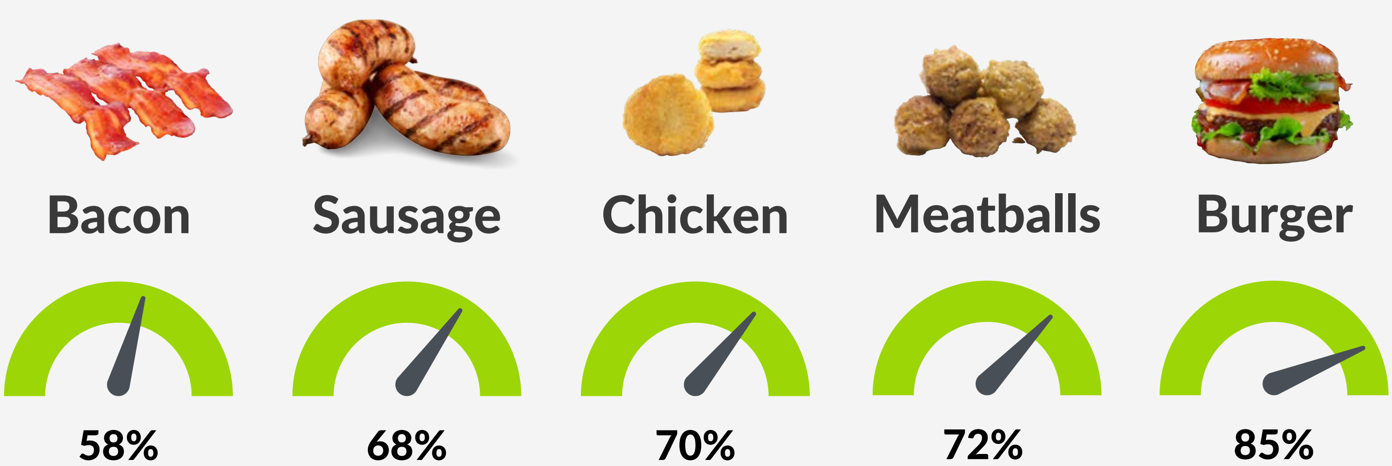
Where have you purchased a plant-based meat alternative?

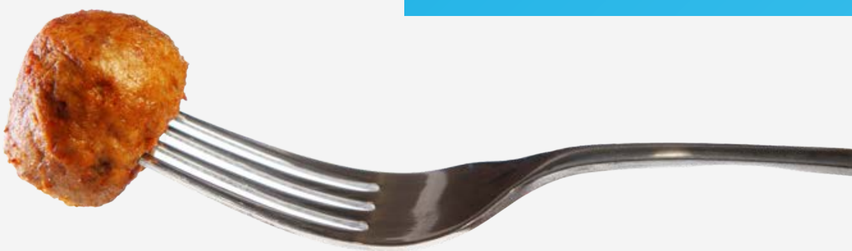


With roughly **half of respondents** indicating they **plan to purchase a plant-based meat alternative** in the coming year, it's important to understand what and why.

Of those who indicated they would purchase a plant-based meat alternative, **burgers prove to be the most popular item** followed by meatballs and chicken.

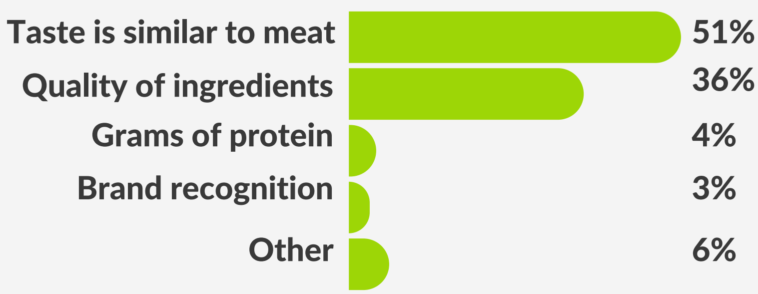
Which plant-based meat alternative are you most likely to purchase?



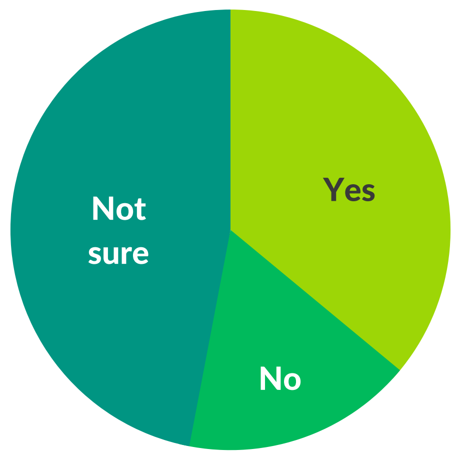


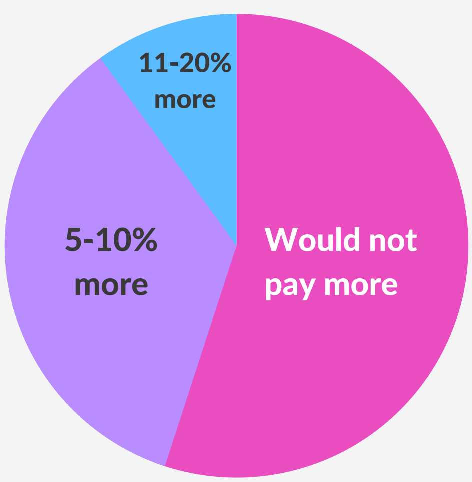
By far the **most important factors** for consumers looking to purchase plant-based meat alternatives is **how similar they taste** to their meat counterparts and the **quality of the ingredients**.

What is the most important factor when purchasing a plant-based meat alternative?



More **education around ingredients** may be required as **47%** of consumers were **not sure if they would purchase** a plant-based meat alternative that had sustainable **hemp as its top ingredient**.





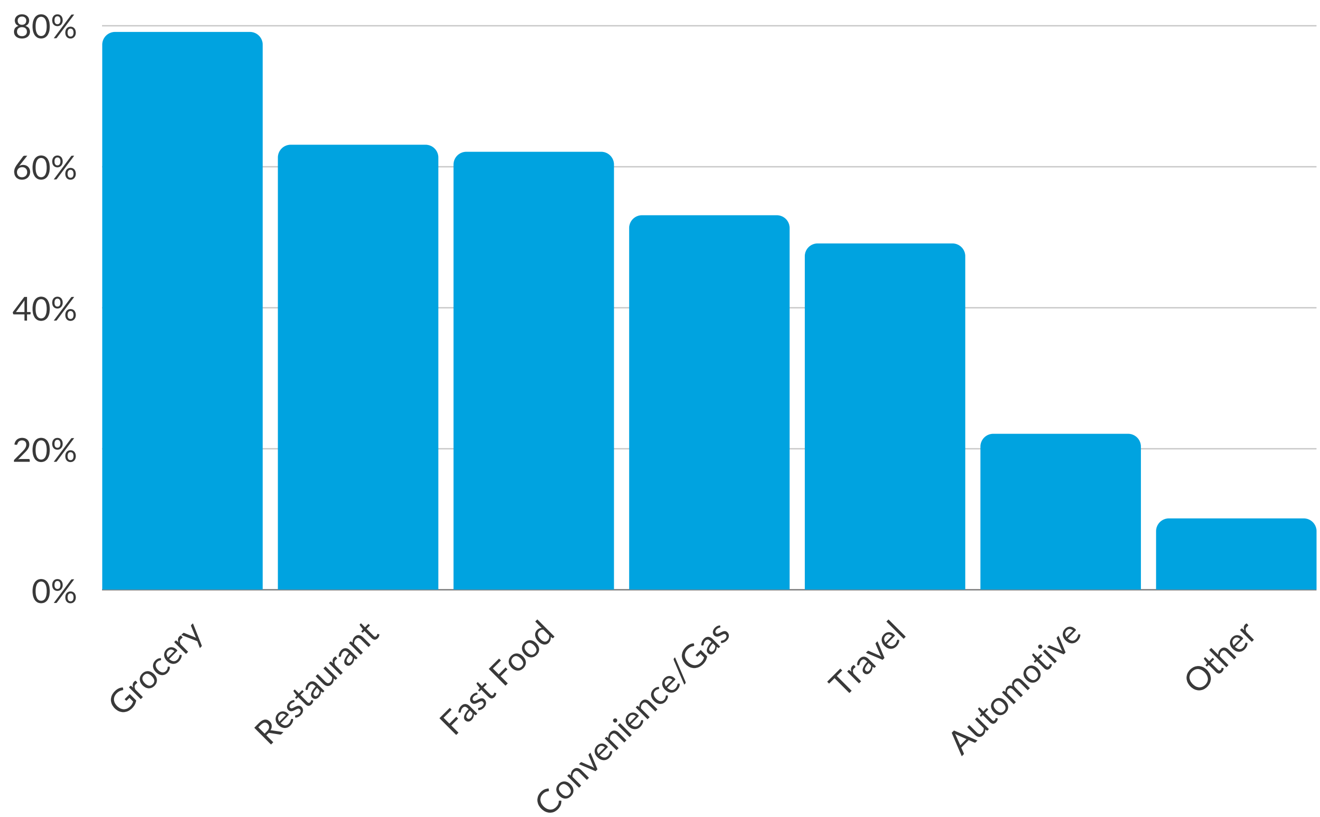
Cost comparison is also a major factor for consumers looking to purchase plant-based meat alternatives with **only 10%** of respondents **willing to pay more than a 5-10% premium** for these products.

5. Consumer attraction vs. retention

Loyalty programs are a necessity to remain competitive with 94% of consumers reporting they are part of at least one loyalty program, but customer retention comes down to experience, quality, and cost.

Restaurant and **fast-food** loyalty programs were among the **top 3** most popular programs – edged out only by **grocery stores**.

Which types of businesses do you have a loyalty membership with?



The **#1 reason** respondents were **not part of a loyalty program** was that the feel it takes **too long to build up enough loyalty points** to redeem for a reward.

Given the average household spends **2x** as much per month on **groceries** than **restaurants** and **prepared food***, this makes point accumulation faster at **grocery stores** and could explain their popularity.

Loyalty programs and points attributed to items prove to be an excellent motivator to **influence where customer choose to shop** and **what they choose purchase**.

Consumer who would choose a brand with a loyalty program over a competitor without

76%

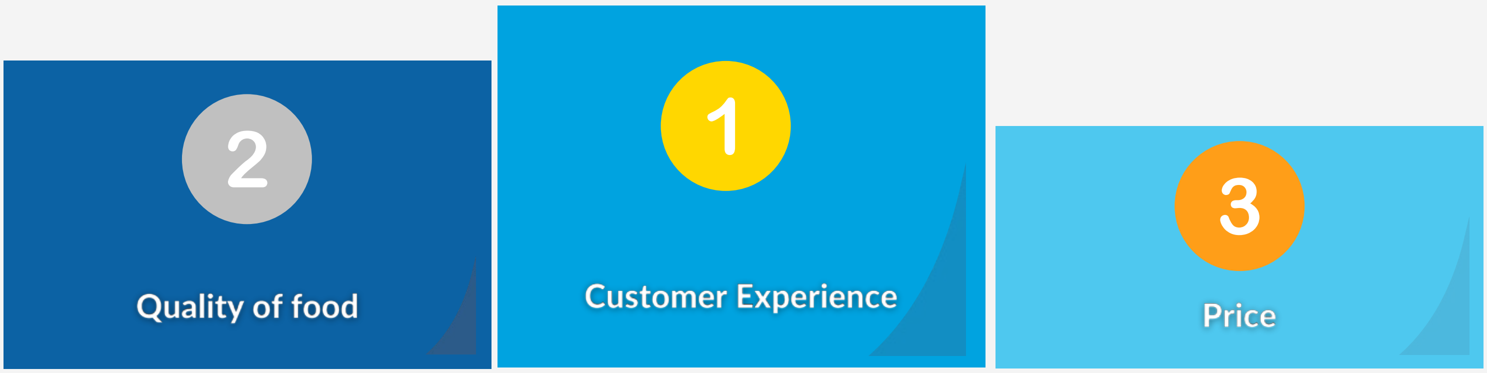
Consumer who would purchase an item worth more loyalty points if equal in value

82%

*https://www.nasdaq.com/articles/these-are-the-average-households-7-biggest-expenses

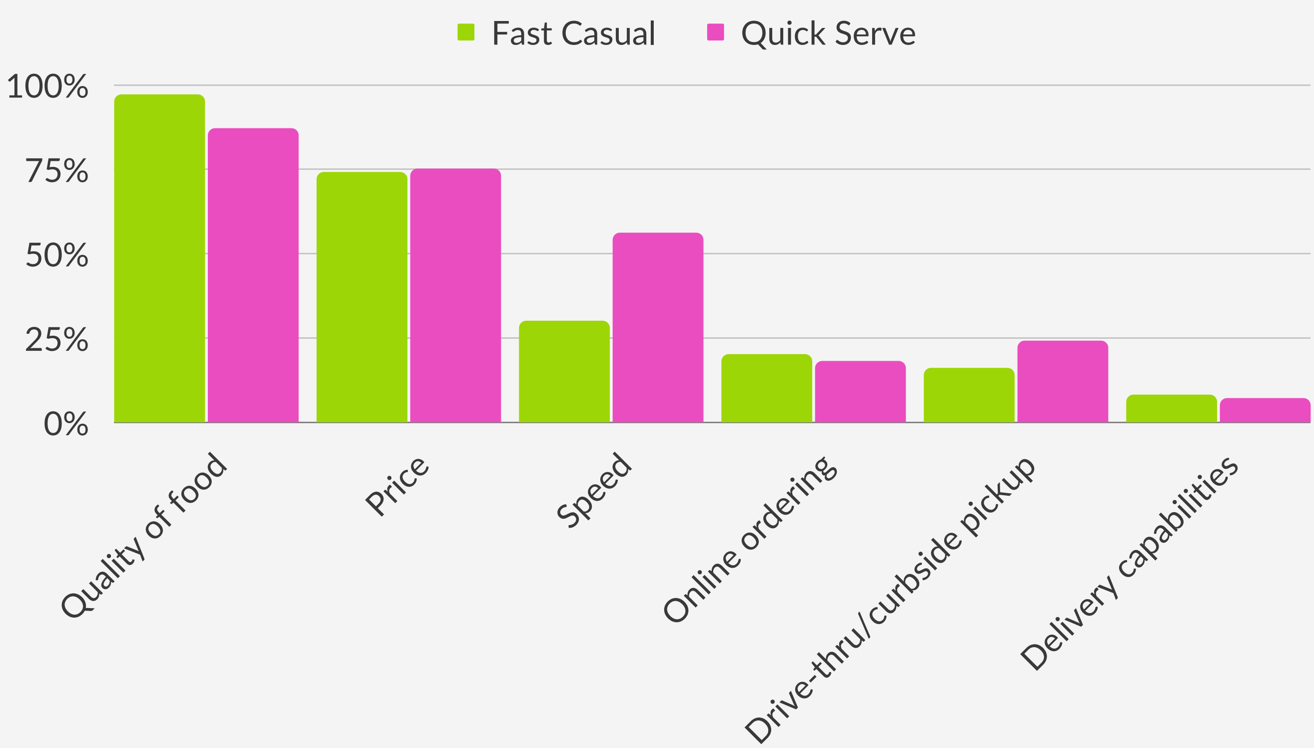
However, similar to the trends we've seen over the last two years, when we asked consumers what factors keep them returning to a brand, **loyalty programs did not make the top 3**.

Why do you remain loyal to a brand?

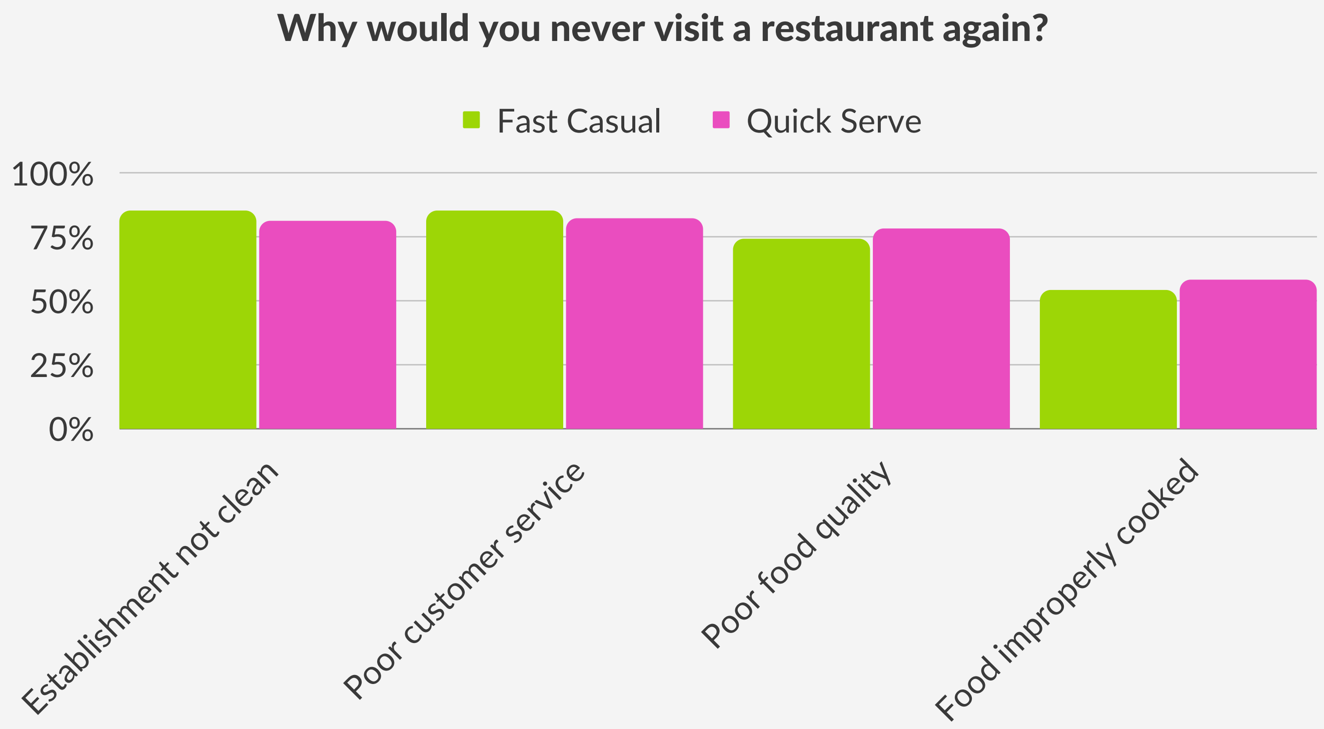


When asked what factors influence where they eat, consumers aligned across **fast casual** and **quick-serve** restaurants other than when it came to **online ordering** and **drive-thru/curb side pickup**.

What factors influence where you eat?



When asked why they **would not** return to a food service establishment, there were only minor difference between **quick-serve** and **fast casual** restaurants.



The data provided within this report is based on responses from **consumers across North America**. However, the patrons of your establishments will naturally be a subset of this group.

Intouch Insight will continue to collect data across a broad spectrum of consumers, but nothing can replace **listening** to your customers and **measuring** the impact that changes to your operational standards has on your business.

That's why **Intouch Insight** offers products and services to **listen**, **measure**, and **manage** multi-location businesses from mystery shopping, operational audits, survey tools, and inspection software.

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