Technomic

Industry Insights

A roundup of noteworthy foodservice findings for the week of Sept. 21, 2020

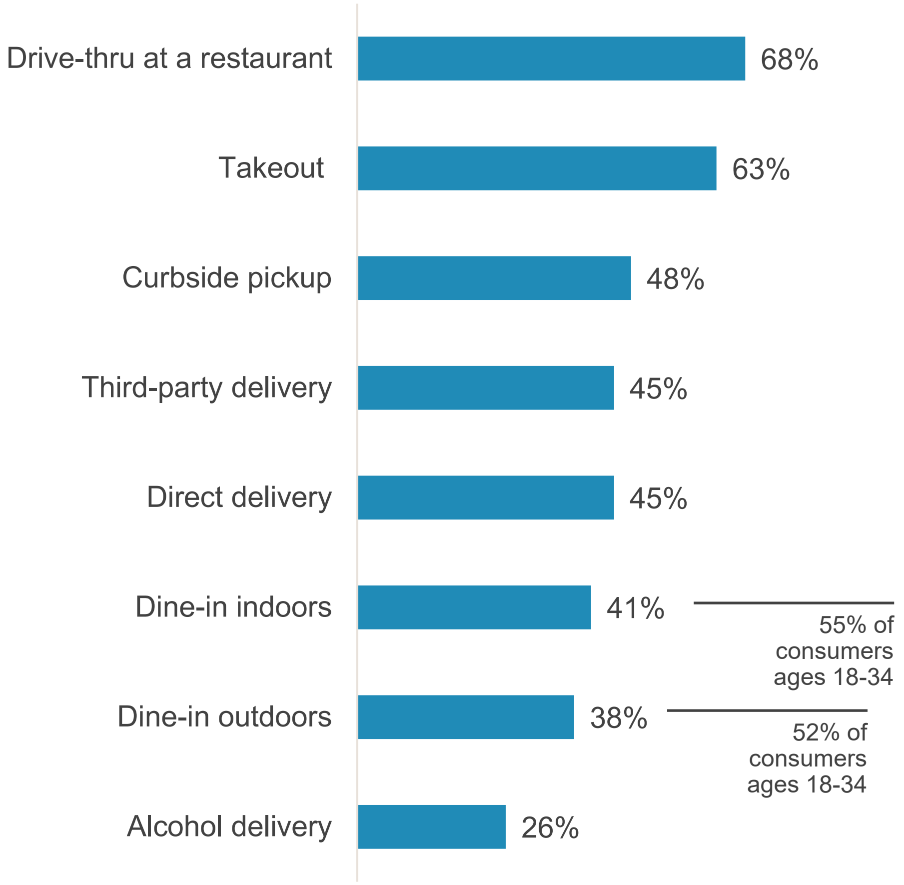
Consumers Continue to Prefer Off-Premise

After a notably sluggish return to dine-in service, more consumers are indicting that they are eating on-premise compared to earlier this summer. Although not shown, only a third of consumers say they don't dine in at all.

Younger consumers, who are statistically less likely to suffer serious consequences from COVID-19, are more likely to dine in than their older counterparts.

Off-premise continues to be preferred across age groups. Most consumers have visited a drive-thru or picked up their meals at least once a month. Consumers will likely reduce dine-in occasions once the colder weather sets in, and operators will need to revert their focus back to off-premise in regions where outdoor dining will soon be unpleasant or make investments in heaters or other structures to extend patio season a little longer.

HAVE YOU VISITED RESTAURANTS FOR THE FOLLOWING SINCE IT BECAME AVAILABLE?



Base: 1,000 consumers (Aug. 19-22, 2020)
Q: Have you visited restaurants for the following since it became available?
Source: Technomic Economic Impact Navigator Program

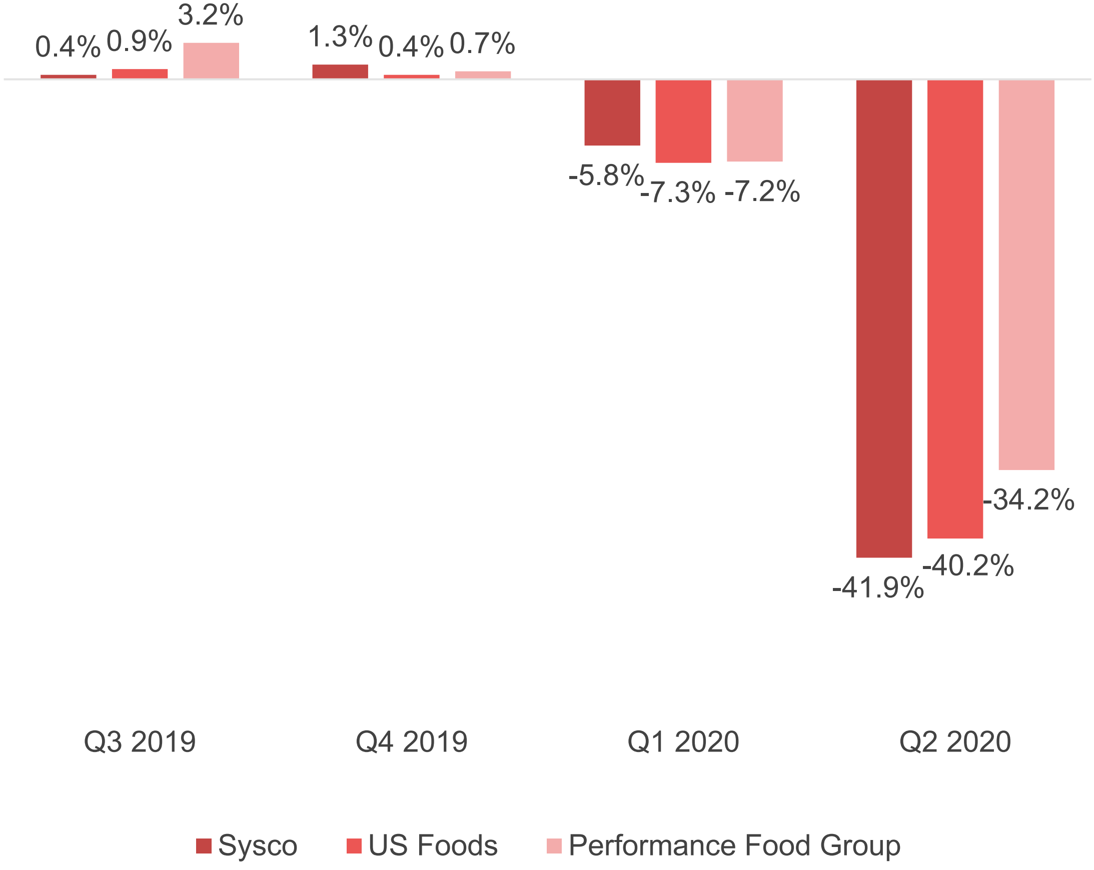
Case Volumes Drop for Top Distributors

Case volume performance for the three largest broadline distributors declined sharply in the second quarter of 2020, as suppliers dealt with significantly reduced purchasing demand from foodservice operators.

Sysco, the largest broadline distributor in the U.S., saw its organic case volume fall by nearly 42% over the most recent quarter, including a 39.4% decrease at independent restaurants.

US Foods and Performance Food Group experienced second quarter case volume decreases of 40.2% and 34.2%, respectively.

ORGANIC CASE VOLUME: U.S. BROADLINE OPERATIONS (YEAR-OVER-YEAR CHANGE %)



Note: Fiscal calendars vary by company
Source: Technomic Ignite company data featuring public company filings

Value Offer Preferences Vary by Age

After many operators paused innovation at the onset of the pandemic and pivoted toward launching value offers over new products, Technomic established a monthly concept testing survey to evaluate consumer perception of these value offers.

While value is top of mind for many consumers, preferences vary by age. Consumers ages 18 to 34 are most likely to purchase value offers centered on pizza or chicken nuggets, while older consumers (ages 35+) find sandwich and burger offers more appealing.

The best bet for operators looking to appeal to consumers of all ages may be to menu value offers containing a choice of varied menu categories, such as McDonald's 2 for $5 Mix and Match Deal that appealed to about 60% of both younger and older consumers.

MOST APPEALING VALUE OFFERS

	Chain	Offer	Likely or very likely to purchase
Ages 18-34	Domino's	**All Pizzas $7.99.** Any of our five crusts, up to three toppings. Excludes extra-large and specialty pizzas.	66%
	Wendy's	**Get a Free Four-Piece Nugget.** Available in Spicy or Crispy.	63%
	Taco Bell	**$5 Chalupa Cravings Box.** Get a Chalupa Supreme, Beefy 5-Layer Burrito, Crunchy Taco, Cinnamon Twists and a medium fountain drink.	63%
	Domino's	**50% Off All Menu-Priced Pizzas.** Get 50% off all menu-priced pizzas ordered online.	63%
	McDonald's	**2 for $5 Mix and Match Deal.** Big Mac, Filet-O-Fish, Quarter Pounder with Cheese or 10-piece Chicken McNuggets	61%
Ages 35+	Subway	**Buy 1 Get 1 Free Footlongs.** Get a free Footlong when you buy any Footlong in the app or online with contactless payment.	65%
	Subway	**$5 Footlongs.** When you buy two.	63%
	Ruby Tuesday	**$6.99 Cheeseburger.** Served with crispy fries or tots.	62%
	Burger King	**2 for $5 Mix N' Match Deal.** Choose from Whopper Sandwich, Original Chicken Sandwich, Fish Sandwich and 9-piece Chicken Fries.	59%
	McDonald's	**2 For $5 Mix and Match Deal.** Big Mac, Filet-O-Fish, Quarter Pounder with Cheese or 10-piece Chicken McNuggets.	59%

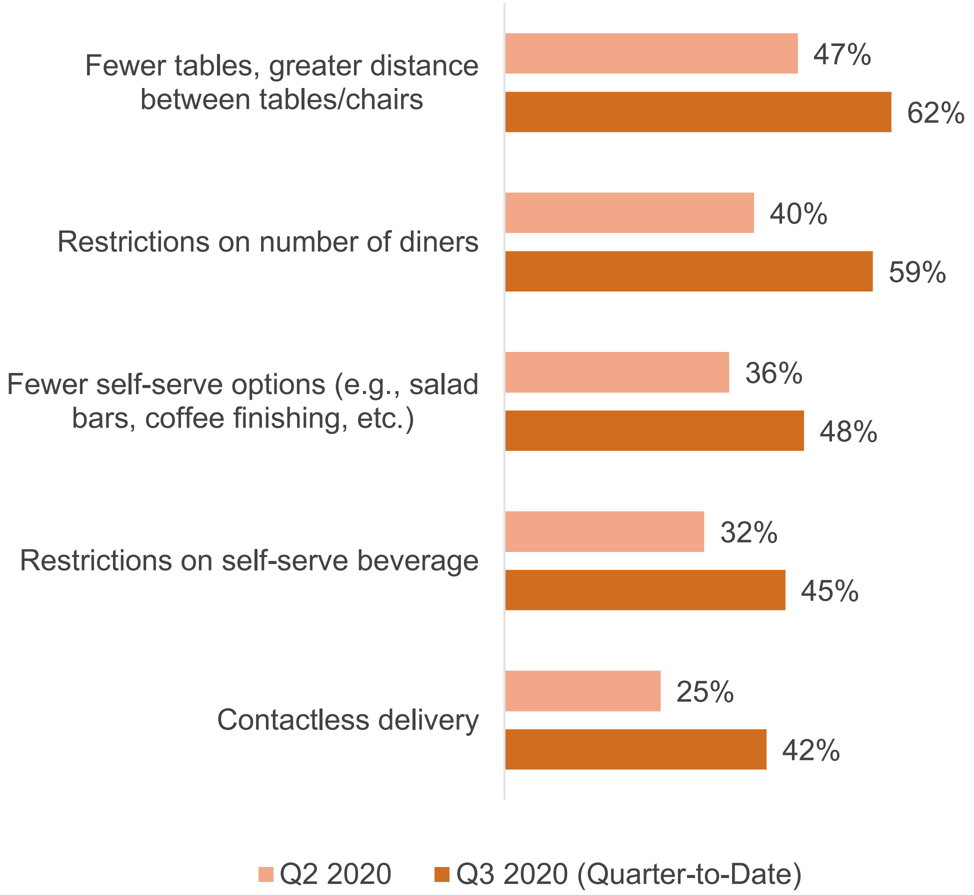
Base: Approximately 150 consumers ages 18-34 and 350 consumers ages 35+
Source: Technomic Ignite menu data featuring the value offer survey

Demand for Distance Grows

Consumers are increasingly interested in keeping a healthy distance from other diners. As scientists and health officials learn more about novel coronavirus transmission, published information points to the necessity of social distancing—in addition to masks—particularly when indoors in public places.

The list of changes shown on the chart do not represent the most important components of safety demanded by consumers; they are changes that represent consumer desire for distance and limits to close-quarters interaction with staff and other diners. The significant jump in consumers looking for these measures shows that, when it comes to space in the dining room, consumers mean business.

WHAT ARE CHANGES THAT YOU EXPECT RESTAURANTS TO MAKE SO THAT YOU FEEL SAFE AND COMFORTABLE?



Base: 27,311 consumers ages 18+ per quarter
Source: Technomic Ignite consumer data

COVID-19's Impact on Eating Behaviors

We asked consumers in 25 countries how COVID-19 changed their eating behavior. Here's what they told us.

Cooking at Home Surged

Nearly 60% of consumers started cooking at home more in response to the virus. This is not surprising since lockdowns left people homebound and foodservice outlets were under restrictions. Chains, of course, aimed to tap into this with meal kits, bulk ingredients and frozen goods.

Health & Wellness Spiked

Consumers started eating and drinking healthier due to the pandemic. They also sought out items with immune system benefits. Turning to healthier foods and drinks was likely a counter to the so-called "quarantine 15." And it's little surprise people would want options they think might increase their chances of not getting sick (virus or otherwise). The latter is likely to stick around for awhile.

Comfort & Snacks Grew

As previously noted, consumers ordered more comfort foods such as burgers and pizzas amid quarantine periods. A significant percent also turned to these foods more broadly—be it at a restaurant or at home. And nearly 20% started snacking more often—likely because disruption of daily life altered traditional mealtimes.

Base: 8,700 consumers
Source: Technomic Global Foodservice Navigator Program

WHICH OF THE FOLLOWING HAVE YOU DONE IN RESPONSE TO THE CORONAVIRUS? SELECT ALL THAT APPLY.

	Global	Highest	Lowest
Prepare food at home more often	58%	81% Philippines	28% Japan
Eat more healthy foods and beverages	35%	70% Philippines	7% Japan
Integrate more immune-boosting foods into my diet	27%	64% Indonesia	10% France
Eat more comfort foods	25%	56% Brazil	8% South Korea
Eat more snacks	18%	33% South Africa	4% Japan

There are differences on how certain demographic segments order their food

Gen Z, Hispanic and Asian segments tend to rely on technology to order, either using kiosks and tablets or ordering online for pickup and delivery.

In addition, Asian consumers and Gen Zers also tend to call for delivery as a way to order food.

On the other hand, Gen X and boomers/matures underindex relative to the total in calling restaurants or ordering online for pickup or delivery. They are also more likely to order inside the restaurant from an employee.

ORDERING METHOD BY DEMOGRAPHICS

Demographic	Inside from an employee	Inside at a kiosk/tablet	Drive-thru	Called for pickup	Called for delivery	Ordered online for pickup*	Ordered online for delivery*
Male	35%	7%	30%	10%	5%	8%	6%
Female	30%	5%	39%	9%	3%	8%	6%
Caucasian	33%	5%	36%	9%	4%	8%	5%
Black/African-American	32%	7%	35%	10%	4%	6%	6%
Hispanic	31%	7%	33%	10%	4%	8%	7%
Asian	35%	8%	24%	11%	6%	10%	6%
Gen Z	29%	8%	32%	10%	5%	9%	7%
Millennial	33%	4%	38%	9%	3%	8%	5%
Gen X	38%	3%	39%	9%	2%	6%	3%
Boomer/mature	46%	4%	36%	8%	2%	4%	1%
TOTAL	**32%**	**6%**	**35%**	**9%**	**4%**	**8%**	**6%**

*From a desktop or mobile website/app
Source: Technomic Consumer Visit Tracker

COVID-19 DISRUPTION INDEX

COVID-19 Disruption Index is powered by Shortest Track, utilizing AI, machine learning and disparate sets of data resources to quantify the potential risks that U.S. businesses face from the spread of the COVID-19 virus at the market level.

The highest index possible is 1.00, which is not good and reflects markets that are extremely disrupted. The index is updated on a weekly basis.

The COVID-19 Disruption Risk Index shares weekly updates through a business lens, rather than a health lens, and incorporates more than 20 different data signals to measure disruption and predict future impact. These signals include infection rates, deaths, state-level restrictions and social distancing requirements, population densities and mobility, group size limitations and lifestyle risk factors contributing to spread. More information is available HERE.

Change Versus Previous Week and Month

Change versus previous week/month allows users to see if the market is becoming more or less disrupted over time. Changes that are positive (+) show a move toward becoming increasingly more impacted by COVID-19 (not good). Changes that are negative (-) show a trend toward being less impacted by COVID-19 (good).

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TOP 5 DISRUPTED MARKETS (AS OF SEPT. 14, 2020)		COVID-19 DISRUPTION INDEX (MAX: 1.00, HIGH DISRUPTION)	PERCENT CHANGE VERSUS LAST WEEK	PERCENT CHANGE VERSUS LAST MONTH
1	Houma-Thibodaux, La.	0.956	0.04%	0.12%
2	Lafayette, La.	0.860	0.06%	0.87%
3	Houston-The Woodlands-Sugar Land, Texas	0.796	0.18%	-4.25%
4	Panama City, Fla.	0.791	-0.25%	-4.78%
5	Daphne-Fairhope-Foley, Ala.	0.787	0.00%	-3.27%

Note: Data updated Sept. 14, 2020
Source: Shortest Track

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Technomic®

Since 1966, we have produced in-depth research focused on the foodservice industry.

We provide insights into consumer, industry and menu trends in the U.S., Canada and 23 countries around the world.

Our team of experts helps leaders in the industry make complex business decisions, set strategy and stay ahead of the curve.

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