Technomic®

Industry Insights

A roundup of noteworthy foodservice findings for the week of Oct. 26, 2020

Restaurant Visits Trending Flat

Over August and September, visits per week have been fairly consistent, hovering just below three visits a week. Weather will likely have an impact on visits over late fall and winter, once outdoor dine-in service becomes more difficult to manage in many parts of the country.

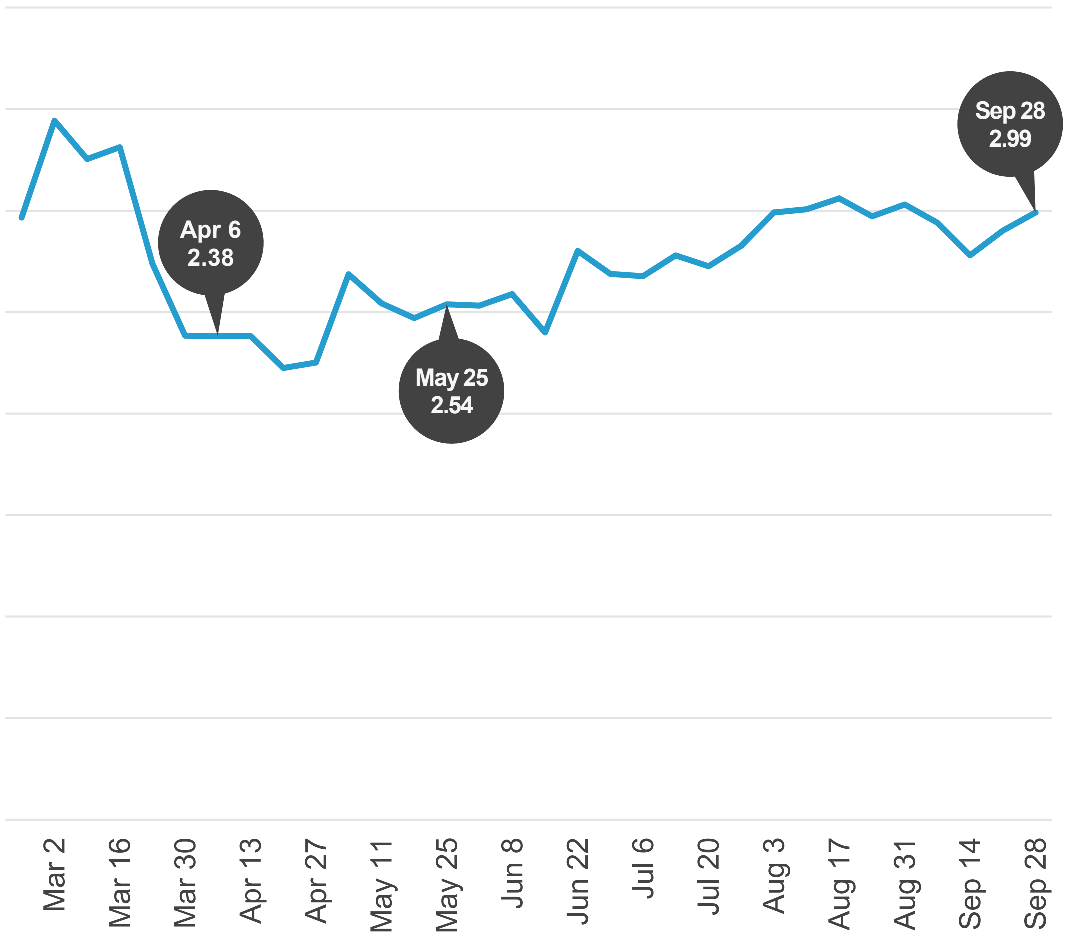
COVID-19 case totals have surged since September. It's unlikely we will see visit frequency rise to pre-COVID-19 levels until the virus itself is contained. Around a third of consumers still have not visited restaurants for dine-in service since it has become available, indicating that there is a subset of consumers who are taking a cautious approach to returning to foodservice.

Presently, the average number of visits per week is down about 13% from the 2020 peak of 3.44 visits per week.

Visit behavior is consistent with other economic signs like unemployment, which suggest a stalled recovery after major gains in June and July.

Note: Consumer surveys fielded weekly with a national representative sample of 500 consumers
Base: Among consumers who ordered food and beverage from foodservice locations in the past week
Q: Please indicate how many visits you made to each in the past week (or last seven days) for each daypart
Source: Technomic Economic Impact Navigator Program

AVERAGE NUMBER OF RESTAURANT VISITS IN THE PAST WEEK



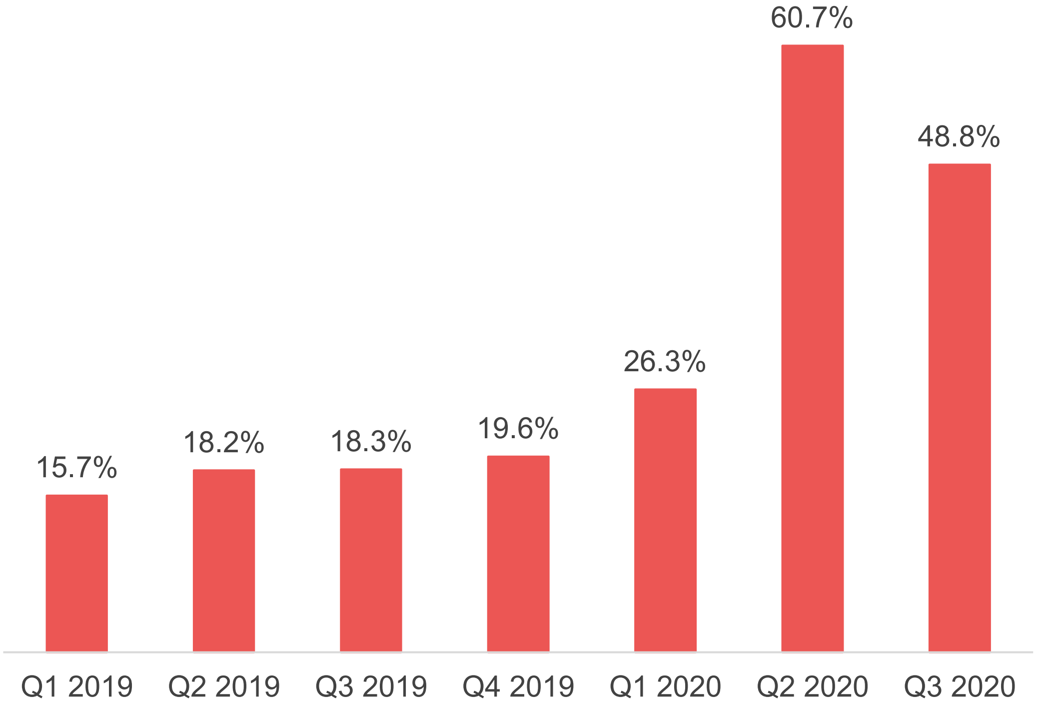
Digital Sales Surge for Chipotle

Digital sales at Chipotle Mexican Grill hit $776.4 million for Q3 2020, accounting for nearly 49% of the company's total quarterly sales. During the same quarter of 2019, digital sales comprised just over 18% of sales.

Approximately half of Chipotle's digital sales for the quarter came via delivery orders with the remainder resulting from order-ahead transactions placed on the company's app and website.

Same-store sales performance improved significantly for Chipotle in the third quarter, increasing by 8.3% after registering a decline of 9.8% during the prior quarter.

CHIPOTLE MEXICAN GRILL
DIGITAL SALES SHARE BY QUARTER (%)



Sources: Technomic Ignite company data; Chipotle Investor Relations

Daypart Innovations Address Lifestyle Shifts

This year ushered in seismic lifestyle shifts for c-store customers. Shelter-in-place orders and widespread work-from-home policies sparked a slowdown in traffic in the convenience channel.

Having long owned the morning with dispensed coffee programs, c-stores experienced a slump in breakfast daypart sales. Lunch occasions also took a dip as guests who would normally fuel up midday spent more of those hours at home.

While c-stores reposition themselves for a recovery in 2021, part of their latest strategy is to uncover new opportunities at dinner. Current daypart innovations for dinner call for a plethora of heat-and-serve dinners that are packaged for grab-and-go and delivery. These options are more substantial, higher in protein and hearty in order to be suitable for the evening meal. Kids meals are also part of the new equation, meeting the needs of family dining parties.

Source: Technomic 2020 Reviving C-Store Foodservice webinar
Image Source: Wawa Facebook

NEW OPTIONS

Kitchen Cravings Take Home Meals
A line of 10 classic homestyle entrees packaged to heat and serve. (Kwik Trip)

Dinner Plates
New items include grilled chicken tenders, smoked pork ribs and more. (Kwik Chek)

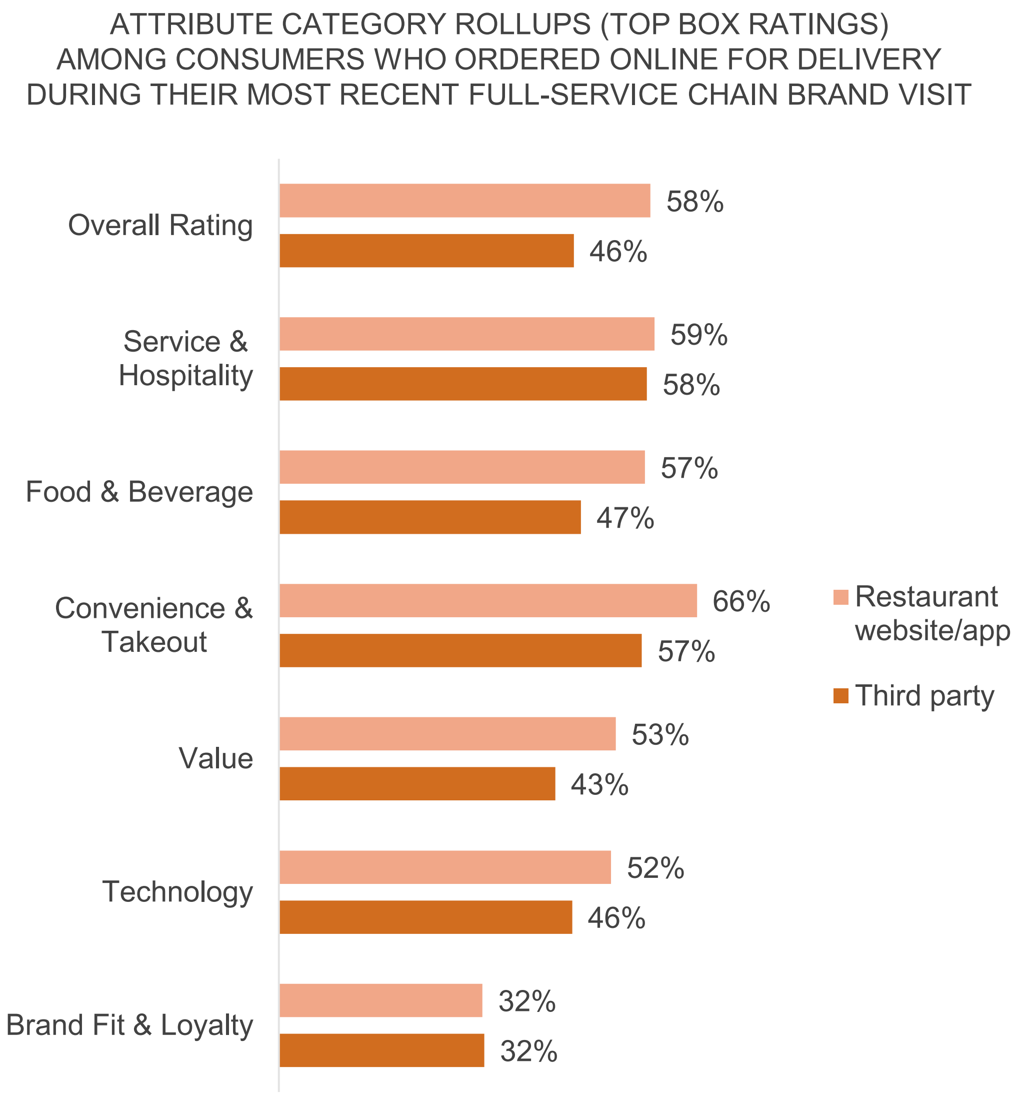
Heat and Eat Express Meals
Six new dinner entrees for heat and serve, including new burgers, pastas and braised meats. (Wawa)

Digital Orders at FSR: Elevated Ratings for Restaurant-Direct

For recent delivery orders placed online, full-service chains see significant gaps in brand performance ratings between diners placing orders directly on the restaurant website or app and those who used a third-party aggregator.

Guest perceptions of food quality and taste, convenience and value are higher among restaurant-direct consumers, and the gap in overall visit satisfaction scores is significant.

Nevertheless, aspects of brand loyalty are not stronger among either guest group. Operators looking to grow their restaurant-direct orders must think about leveraging this unfiltered customer interaction to better build guest loyalty.



Base: 2,047 recent delivery consumers, including 1,113 who placed delivery order via restaurant brand website/app and 934 who placed delivery order via third party
Source: Technomic Ignite consumer brand metrics data, Q1 2020-Q2 2020

Where the Biggest Global Chains Are Growing Fastest

The world's biggest restaurant players continued their expansion efforts across the globe last year. Looking at the top five players by unit count—Subway, McDonald's, Starbucks, KFC and Burger King—gives us an interesting glimpse into which countries are seeing the most growth.

KFC's top two growth markets are Brazil and Argentina. While not highly penetrated yet, Latin America likely still presents a growth opportunity for KFC and potentially other chicken players as well.

India is the country with the most growth for both Starbucks and Burger King. The Seattle-based coffee chain opened its 200th location there just last week (on Oct. 22).

China is the top growth market for McDonald's and third-leading growth market for Starbucks—a signal of the incredible amount of potential for unit development for chains. McDonald's grew nearly 13% to 3,383 units, and Starbucks grew 17% to reach 4,125 locations. Neither show signs of slowing down.

Asia is showing promise for Subway. Two of the chain's top three growth markets globally are Thailand and South Korea.

Source: Technomic Global Foodservice Navigator Program

TOP THREE GROWTH MARKETS FOR TOP FIVE GLOBAL CHAINS

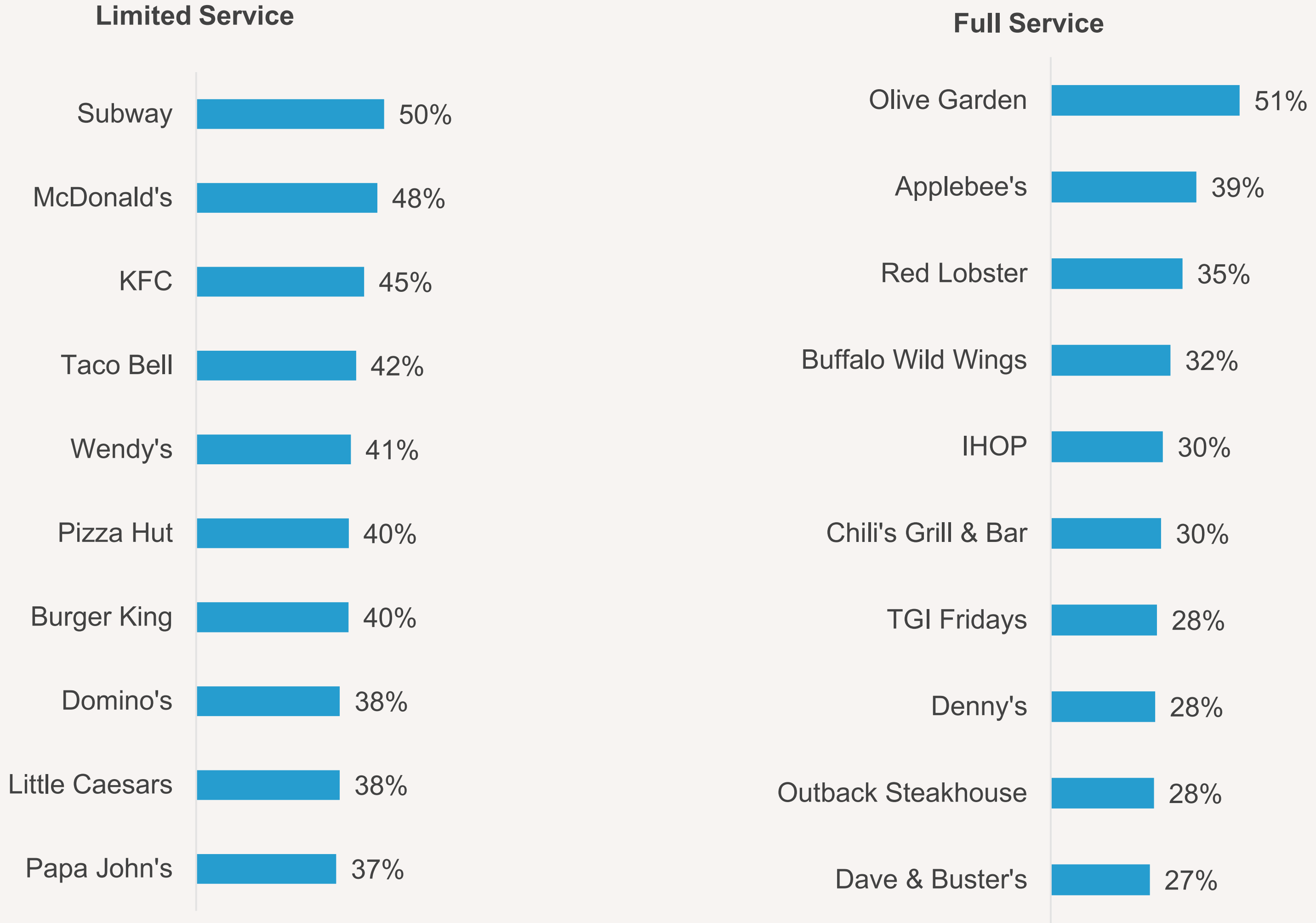
Chain Name	Market Name	Annual Change %
Burger King	India	66.7%
Burger King	Chile	23.9%
Burger King	France	21.0%
KFC	Argentina	90.0%
KFC	Brazil	47.4%
KFC	Spain	26.1%
McDonald's	China	12.7%
McDonald's	Indonesia	10.7%
McDonald's	South Africa	9.5%
Starbucks	India	25.8%
Starbucks	Saudi Arabia	21.1%
Starbucks	China	17.1%
Subway	Thailand	13.4%
Subway	Saudi Arabia	11.7%
Subway	South Korea	9.6%

AD AWARENESS
AUGUST 2020 YTD

While limited-service restaurants tend to have higher ad awareness (including TV, radio, internet or other digital channels), it's a full-service restaurant (Olive Garden) that topped the overall list

Subway and McDonald's have the highest ad awareness among limited-service restaurants.

Among full-service restaurants, ad awareness is highest for Olive Garden—leading other brands, such as Applebee's and Red Lobster, by a significant margin.



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).

Ignite Subscribers: Download full market report

TOP 5 MOST DISRUPTED MARKETS BY INDEX POINT CHANGE (VERSUS PREVIOUS WEEK)		COVID-19 DISRUPTION INDEX (MAX: 1.00, HIGH DISRUPTION)	PERCENT CHANGE VERSUS LAST WEEK	PERCENT CHANGE VERSUS LAST MONTH
1	Providence-Warwick, R.I.	0.705	1.40%	3.58%
2	Bismarck, N.D.	0.443	1.46%	13.12%
3	Norwich-New London, Conn.	0.630	0.92%	2.44%
4	Jefferson City, Mo.	0.556	0.90%	6.00%
5	Pocatello, Idaho	0.499	0.96%	6.94%

Notes: Data updated Oct. 19, 2020
Source: Shortest Track

WANT MORE INSIGHTS?

You can get this report delivered to you every week!
Sign up here>>

Economic Impact Monitor

Our rich data on consumers, operators and the economy help you prepare for what's next.
Explore>>

Ignite Company

See where restaurant chains are, how many units they have and how well they're doing.
Explore>>

Convenience-Store Membership

Our c-store consumer reporting and brand tracking keeps you on top of what's happening in the industry. **Explore>>**

Ignite Consumer

Get to know your customers' customers through 60+ attributes and visit occasion metrics.
Explore>>

Global Foodservice Navigator

Understand the global industry, from menu trends to consumers, in 25 countries. **Explore>>**

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.

Have questions about this report?
Reach out to us today.

312-876-0004
info@technomic.com
technomic.com