



**Technomic**<sup>®</sup>

# Industry Insights

A roundup of noteworthy foodservice findings  
for the week of Nov. 2, 2020

# Menu Changes Drive Cost-Saving Measures

While many aspects of the pandemic's impact on the industry are out of the operators' control, reducing costs and improving efficiency are areas that operators can manage. To reduce product and labor costs, operators are streamlining menus and using more versatile ingredients, with 85% of restaurant operators reporting they have or plan to make these adjustments. So as not to dissuade their customers from visiting, operators should home in on their best-selling items that are both easily executable and work well for off-premise dining.

When it comes to more direct ways to cover their costs, operators are showing little interest in adding a specific COVID-19 surcharge, which may turn off many customers. Instead, operators are more likely to increase menu prices to cover costs, with 81% of restaurant operators indicating they have either implemented or plan to implement price changes.

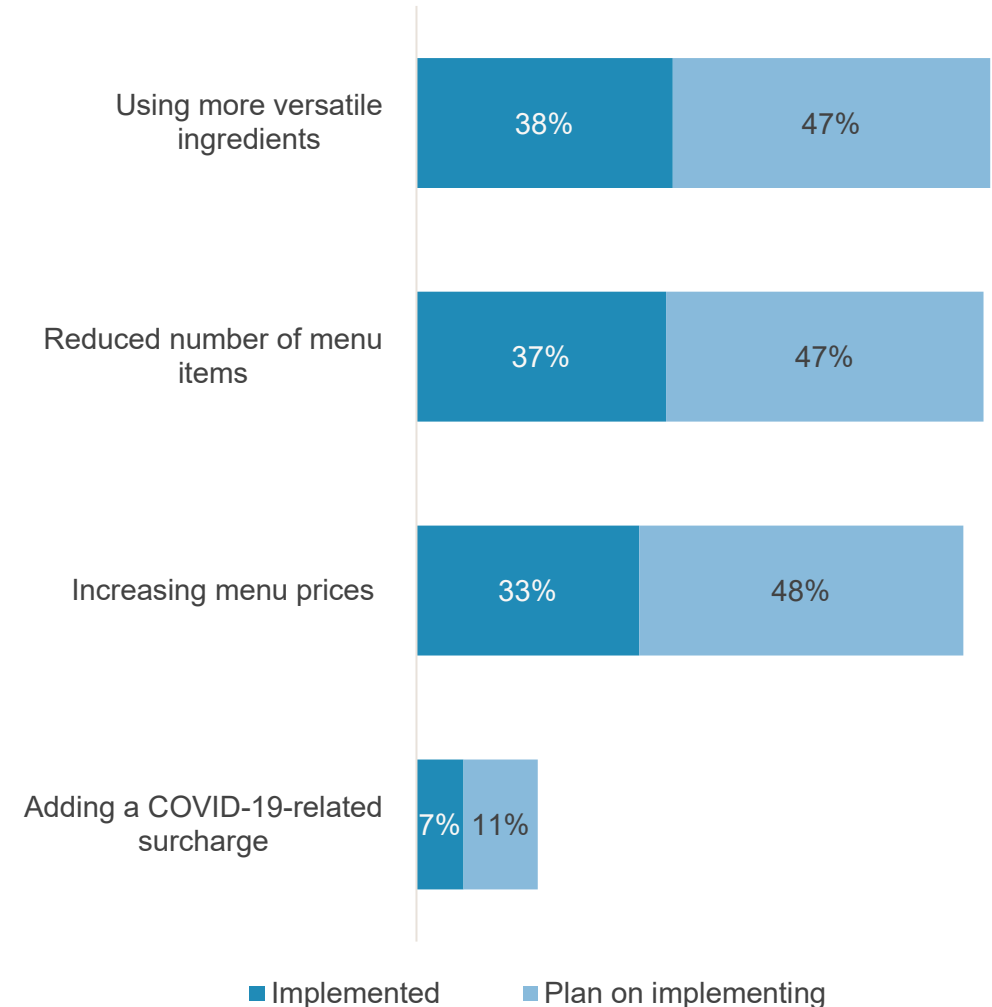
With the costs associated with delivery eating into profits, some operators are experimenting with increasing prices for their delivery menu, as well as offering fewer items.

Base: 350 restaurant operators

Q: What kinds of menu and preparation changes have you made or are you planning to make in response to COVID-19?

Source: Technomic Economic Impact Navigator Program

MENU AND PREPARATION CHANGES IN RESPONSE TO COVID-19? (RESTAURANTS)



# Q3 Sales Improve for Top Full-Service Chains

After a severely challenging spring period, same-store sales for the industry’s largest full-service chains improved significantly in the third quarter.

Chain performance was positively impacted by the easing of dining room capacity restrictions throughout the country. Applebee’s, Chili’s and Outback Steakhouse all notably launched virtual brands as well, helping to boost off-premise sales volume.

Even without a virtual brand, Texas Roadhouse achieved the strongest same-store sales performance among its leading competitors. The brand saw same-store sales improve steadily each month of the third quarter, hitting -0.5% in September after declining 6.6% in August and 13.0% in July.

## U.S. SAME-STORE SALES YEAR-OVER-YEAR CHANGE (%)

Chain Name	Q3 2020	Q2 2020	Q1 2020
Applebee’s	-13.3%	-49.4%	-10.6%
Chili’s Grill & Bar	-7.0%	-33.0%	-5.4%
Olive Garden	-28.2%	-39.2%	2.1%
Texas Roadhouse*	-6.3%	-32.8%	-8.4%
Outback Steakhouse	-10.4%	-32.9%	-9.5%

\*Representative of company-owned locations only

Note: Fiscal calendars may vary by company

Sources: Technomic Ignite company data featuring the Same-Store Sales Tracker and public company filings

# Protein Swaps Keep Menus Exciting

In the past few years, mainstream operators have turned to plant-based imitations to offer more healthful and sustainable versions of beef, pork and chicken dishes, especially burgers. But lately, the trend of protein swaps is extending beyond the plant-based movement.

Not only are new plant-based iterations taking hold, such as plant-based seafood, caviar and bacon, but we're also seeing operators reinterpret other classic protein-rich dishes.

For example, at independent restaurants over the past few months, chefs have menued chicken in place of veal in osso buco dishes; meat instead of seafood in lox recipes; seafood in place of meat in meatball dishes; pork as a substitute for seafood in crabcake interpretations; and chicken, seafood, vegetables and grains as replacements for fried pork belly in chicharron.

Source: Technomic Ignite menu data

## ON THE MENU

### **Swordfish Meatballs**

tomato fondue and pickled chiles  
(Cira in Chicago)

### **Bagel with Pastrami Lox**

cream cheese (Puritan & Company  
in Cambridge, Mass.)

### **Herb Dumplings**

seafood ragu, breadcrumbs and  
lobster bottarga (Cadence in  
Philadelphia)

### **Chicken Chicharron**

flavors of Buffalo wings and ranch  
foam (WoodWind in Chicago)



Chicken Chicharron from WoodWind  
Image Source: Chicago Tribune

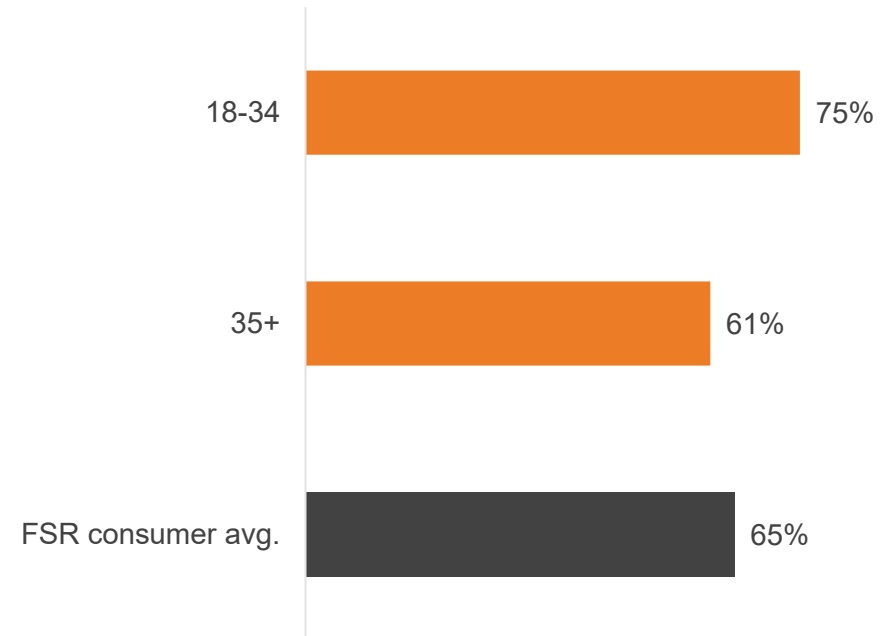
# Diversity and Inclusion as FSR Drivers

The various dimensions of Corporate Social Responsibility (CSR) continue to evolve. While sustainability and responsible sourcing may be earning fewer headlines since the onset of the pandemic, consumer demands for initiatives based on social justice and racial equality have emerged as powerful drivers for FSR diners.

A majority of consumers (65%) indicate that active promotion of diversity and inclusion factors into their decision

when choosing a full-service restaurant for an order or a meal. Additionally, three-quarters (75%) of 18- to 34-year-olds say the same.

"WHEN SELECTING AN FSR, IT IS IMPORTANT/VERY IMPORTANT THAT THE RESTAURANT PROMOTES DIVERSITY AND INCLUSION."



Base: 1,093 full-service restaurant consumers ages 18+  
Source: Technomic Ignite consumer data, Q3 2020

# Beer-Based LTOs

The crisis has sent menu development into two distinct categories in recent months: the return of guest favorites and products intended to make a splash by out-innovating the competition.

In the latter category, a sub-trend has emerged of using beer as an ingredient to amp up comfort food. Sure, it's been done before, but now, chains are ramping up the wow factor.

In South Korea, Burger King went back to the drawing board for its colored-bun Whopper idea and developed a product highly suitable for the season. The Guinness Whopper—perfect for both Oktoberfest and Halloween—is a collaboration with a striking bun flavored with Guinness beer. The addition of Guinness barbecue sauce

takes it a step further.

Pizza Hut offered an aptly named Beer Pizza this summer in the Philippines. The limited-edition pie featured among its components a beer-spiked barbecue sauce, crispy chicken skins (a regional trend on its own) and beer “sprinkles” to top it off.

And, in Brazil, Italian casual-dining brand Abbraccio (the local iteration of Carrabba’s) launched a pizza built on a crust made with Stella Artois, available in a cheese-forward Blue Parma build with Alfredo sauce, Parmesan, mozzarella, prosciutto and blue cheese, and a vegetarian Pizza Zucchini with pomodoro, Parmesan, mozzarella, goat cheese, grilled zucchini and sun-dried tomatoes.

Source: Technomic Global Foodservice Navigator Program



Pizza Hut's Beer Pizza in the Philippines  
Image Source: Pizza Hut Philippines Facebook

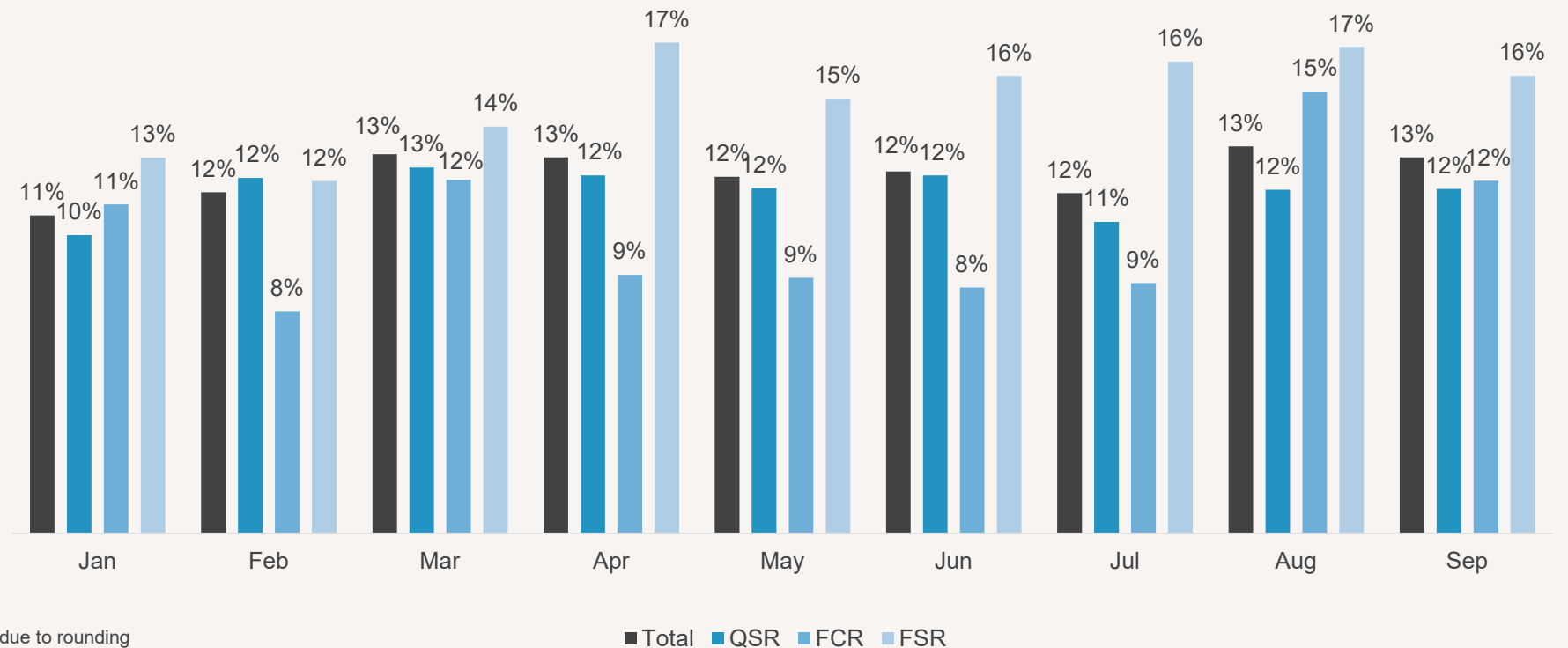
# CONSUMER VISIT TRACKER

## COUPON REDEMPTION BY MONTH

Overall coupon redemption has been relatively stable since January

However, full-service restaurants experienced an increase in coupon redemption in April and this has remained at an elevated level since. This may be driven by initiatives that these restaurants introduced to encourage consumer visits while their dine-in areas continue to reopen.

Fast casuals saw a decline in September, after surging in August, but are still at a higher level than during the start of the pandemic.



Note: bar chart lengths may look different from similar numbers due to rounding

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	Wausau, WI	0.617	4.23%	10.18%
2	Appleton, WI	0.644	3.47%	8.82%
3	Fond du Lac, WI	0.714	2.95%	7.44%
4	Eau Claire, WI	0.532	3.98%	5.64%
5	Oshkosh-Neenah, WI	0.638	3.20%	8.91%

Notes: Data updated Oct. 26, 2020

Source: [Shortest Track](#)



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