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# Industry Insights

A roundup of noteworthy foodservice findings  
for the week of Dec. 7, 2020

# Comfort With Dine-in Service Will Remain Low

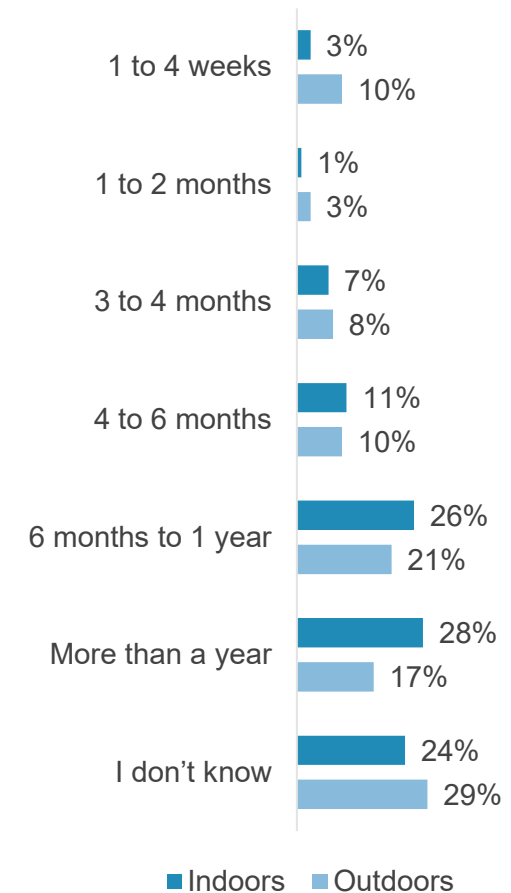
The majority of consumers (54%) indicate that they won't feel comfortable dining indoors for at least six months, and a quarter (24%) are unsure when they will feel comfortable.

The comfort level of dining indoors is surely tied to the explosion of COVID-19 cases and associated risks with spending time indoors, while comfort with outdoor dining may also factor in cooler weather and a distaste for the outdoor dining experience, which is reflected in a higher level of uncertainty around returning to outdoor dining compared to indoor dining.

This time line to return to on-premise dining is extending, and uncertainty is increasing overall compared to August, when only an average of 20% expressed uncertainty around returning to on-premise dining. However, with a vaccine on the horizon, we may see expectations solidify, but that is unlikely to shrink the time frame significantly.

Base: 505 (indoors) and 543 (outdoor) consumers who aren't currently dining on-premise  
Source: Technomic Economic Impact Navigator Program, survey from Nov. 4-7, 2020

WHEN CONSUMERS WILL FEEL COMFORTABLE DINING ON-PREMISE



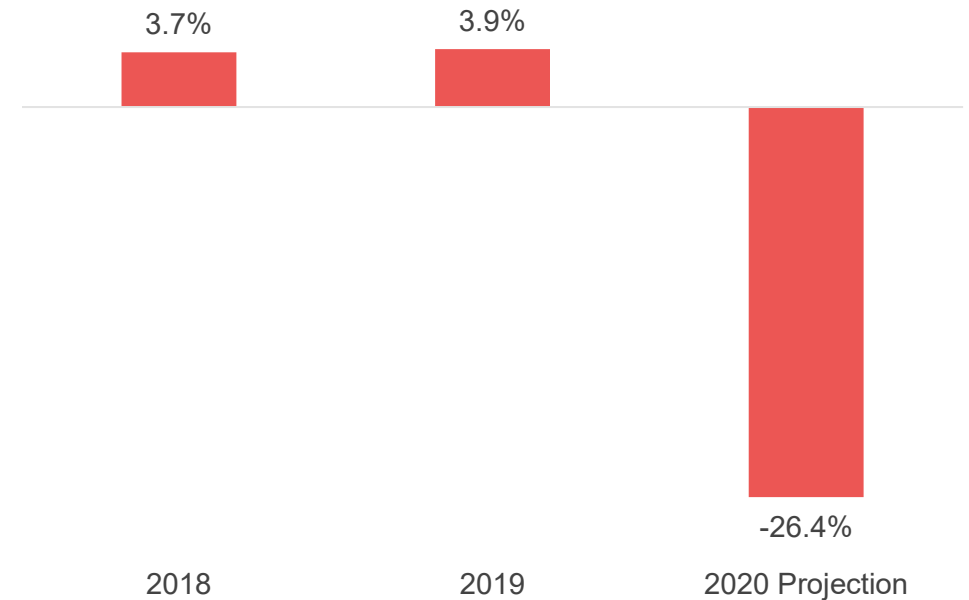
# Industry Sales Forecasted to Fall Over 26% in 2020

Due to the severe and prolonged impact of the COVID-19 pandemic, U.S. foodservice industry sales are projected to decline by 26.4% in 2020, according to Technomic's latest industry forecast. The 2020 outlook for restaurants and bars—the foodservice industry's largest segment—is modestly less severe with total sales projected to fall by 20.3%.

On a dollar basis, cumulative 2020 sales for the foodservice industry are expected to shrink by nearly \$269 billion. In 2019, industry sales increased by over \$35 billion, growing 3.9% on an annual basis.

Additional forecasting and segment-level performance insights for 2020 and beyond can be found in the recently released November 2020 edition of Technomic's *U.S. Foodservice Industry Wallchart*.

TOTAL U.S. FOODSERVICE INDUSTRY  
ANNUAL NOMINAL SALES CHANGE (%)



Sources: Technomic Ignite company data featuring the Technomic November 2020 U.S. Foodservice Industry Wallchart

# Lab-Grown Chicken Gets World's First Regulatory Approval

On Dec. 2, San Francisco-based startup Eat Just was the first company to win government approval for the sale of its lab-grown meat. Singapore's Food Agency approved the company's cultured chicken—which is made from real meat cells—for sale as chicken nuggets, which will initially be available in a single Singapore restaurant.

Similar to plant-based products, this lab-grown product aims to provide meat in a sustainable and ethically produced way. The company hopes Singapore's decision to approve the product would spur U.S. and Western Europe regulators to authorize lab-grown meat.

Chicken is a staple protein of American diets, with consumers reporting higher consumption of chicken than any other

center-of-the-plate protein, according to Technomic's *2019 Center of the Plate: Poultry Consumer Trend Report*. Humane animal treatment is becoming an increasing concern though, as many consumers want more transparency about how their poultry is raised or farmed.

Yet still, concerns exist for meat modifications. Some 59% of consumers say they'd be hesitant to eat genetically modified beef or pork, for example, per Technomic's *2019 Center of the Plate: Beef & Pork Consumer Trend Report*. Americans may need time to get used to lab-grown products like this but touting their eco-friendliness will be key to attracting the similar group who finds plant-based fare appealing.

Source: Technomic Ignite menu data



Eat Just's lab-grown chicken nuggets  
Image Source: The Guardian

# Priorities Shifting Among FSR Diners

The events of 2020 have undoubtedly impacted how consumers behave, causing changes in the restaurant selection process.

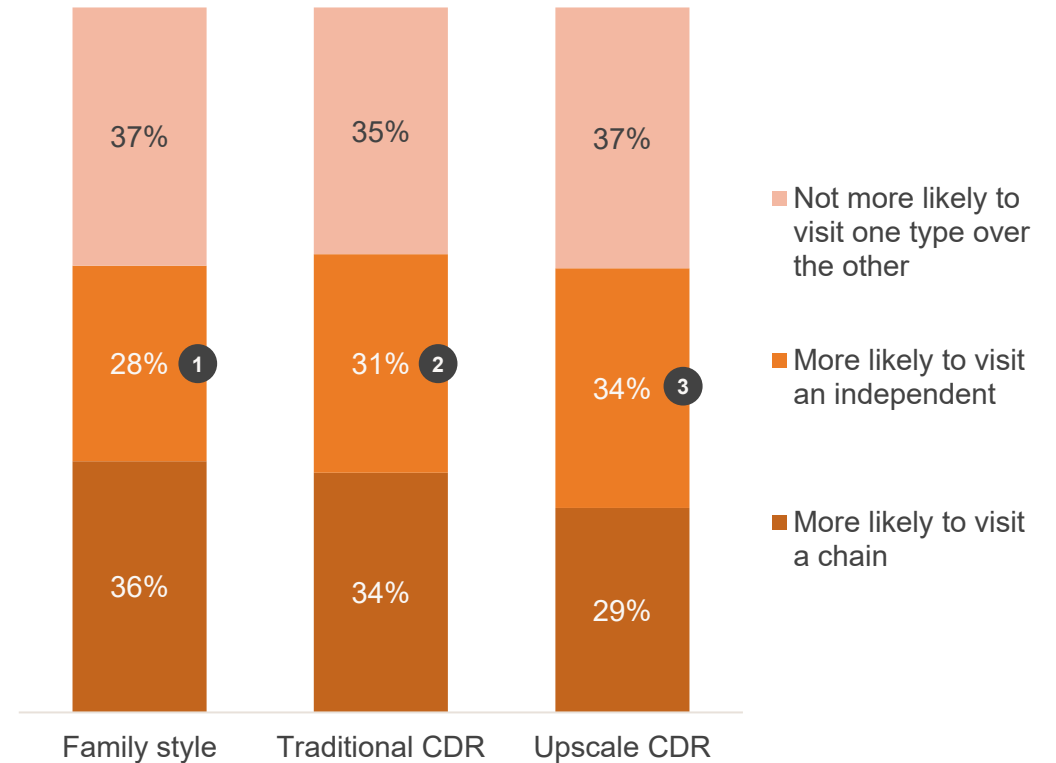
For instance, an increasing number of traditional casual-dining restaurant users cite social responsibility as very important when visiting these restaurants. This increase comes as a growing number of chains introduce plans to address social issues like systemic racism and climate change.

Further, the economic effects of the pandemic have hit small businesses especially hard. This may be the driving

force behind the increasing number of FSR users who say they prefer to visit independents over chains as consumers may be looking to support their local communities.

Base: 450 consumers ages 18+ per segment  
Source: Technomic Ignite consumer data featuring Technomic's 2020 Future of FSR: Family-Style and Casual Dining Consumer Trend Report

WHEN YOU VISIT \_\_\_\_, ARE YOU MORE LIKELY TO VISIT A CHAIN OR INDEPENDENT?



- 1. Up from 23% in 2018
- 2. Up from 21% in 2018
- 3. Up from 28% in 2018

# Celebrating Solidarity

As the crisis persists and forces new restrictions in some countries, brands are taking leadership roles by promoting solidarity to protect and strengthen the overall industry—from suppliers to operators to consumers. Many of these initiatives build on similar efforts we saw during spring. Here are a few recent examples.

Burger King earned praise for its recent Order from McDonald's campaign, in which the burger giant presented consumers with a call to visit competitors to keep the industry afloat—even if it meant sending business to its nemesis. Burger King called out other chains as well, both global and local, and presented its plea in [numerous countries](#).

KFC is supporting smaller brands looking to build buzz during the ongoing challenges in Indonesia. The chicken chain [encouraged its Instagram followers](#) to select smaller restaurants they enjoy engaging with. KFC will promote the top 20 vote-getters to its large Instagram following by calling them out in social posts.

And in the Philippines, rivals Jollibee and McDonald's joined several other brands to launch the [Ingat Angat Tayong Lahat](#) campaign encouraging consumers in the hard-hit market to remain vigilant and support the national economy by promoting safety and security so that consumers can shop confidently and businesses can weather the storm.

Source: Technomic Global Foodservice Navigator Program



Jollibee, McDonald's and several other brands have banded together to promote consumer safety and the national economy

Image Source: Jollibee Philippines Facebook

## CONSUMER VISIT TRACKER

### MOST-IMPROVED CHAINS ON COUPON REDEMPTION Q2 VS. Q3 2020

Most-improved chains on coupon redemption are split between quick-service and full-service restaurants

Chains such as Red Lobster, California Pizza Kitchen and Jimmy John's increased coupon redemption the most through print coupons, restaurant apps or partnerships with third-party delivery services.

Chain Name	Q3 2020	Change Over Q2
Red Lobster	20.8%	14.8%
California Pizza Kitchen	23.9%	12.6%
Jimmy John's Gourmet Sandwiches	16.4%	11.3%
Cold Stone Creamery	20.6%	10.9%
Boston Market	34.3%	10.8%
Krispy Kreme	19.3%	10.6%
Firehouse Subs	15.8%	10.5%
Bahama Breeze Island Grille	54.2%	10.3%
Red Robin Gourmet Burgers	23.5%	8.3%
Waffle House	20.4%	7.2%

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	Albuquerque, N.M.	0.876	26.08%	21.96%
2	Santa Fe, N.M.	0.835	26.57%	22.05%
3	El Paso, Texas	0.697	23.10%	17.83%
4	Lawrence, Kan.	0.761	19.01%	5.89%
5	Las Cruces, N.M.	0.713	20.27%	16.95%

Notes: Data updated Nov. 30, 2020

Source: [Shortest Track](#)



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