

FEEDING THE GLOBAL CONSUMER

The race for share of wallet heats up

AT A GLANCE

- 1 For consumers, shifting their money to other goods and experiences is their #1 reason for reducing dining occasions.
- 2 Restaurants are fighting the share-of-wallet battle more often with retail and travel rather than delivery, prepared foods, and meal kit offers.
- 3 Growing interest in non-traditional dining suggests a potential for increased competition—but also an opportunity to enter markets in innovative ways.

Consumers overwhelmingly want to dine out more—but they don't want to spend proportionally more.¹

GLOBALLY, CONSUMERS SAY THEY WILL DINE OUT MORE FREQUENTLY IN THE COMING YEAR

But only 28% expect to spend more. Top strategies to reduce spending vary on a country-to-country basis, ranging from ordering cheaper food and ordering fewer items to using coupons and discounts and taking advantage of frequent diner programs. But one thing is clear around the world: consumers do not plan to cut back by skipping meals all together.

34%

More than one-third of consumers polled say they expect to dine out more often than they did in the past 12 months.

75%

HOW DINERS WOULD RATHER SPEND THEIR MONEY

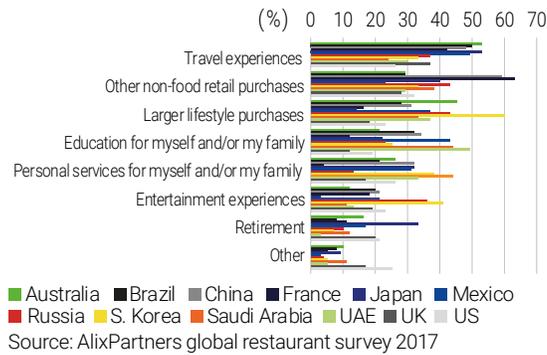
Restaurant spending ranked behind several categories, including grocery, education, and non-food retail purchases, in importance to consumers.

Travel experiences (40%) and non-food retail purchases (37%) are the top areas where consumers are reallocating their spending.

In three-quarters of the countries we surveyed, consumers said having more money to spend on other expenses was the #1 or #2 reason they were cutting back on dining.

1. AlixPartners surveyed more than 8000 consumers across 12 countries in July-August 2017

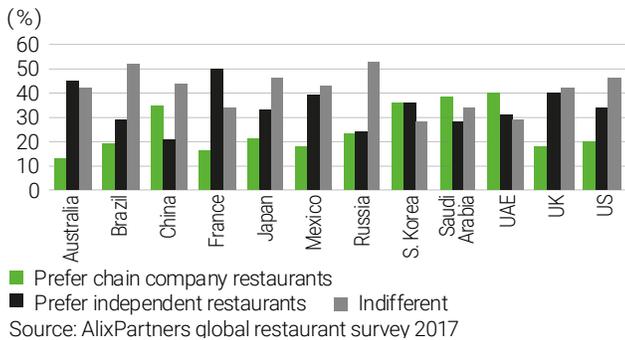
FIGURE 1: WHERE CONSUMERS WOULD REALLOCATE SAVED MONEY



RESTAURANTS ARE NOT FIGHTING THE SHARE-OF-WALLET BATTLE WITH DELIVERY, MEAL KITS, AND PREPARED FOOD

Restaurants were only a top-two purchase category in two out of the 12 countries we surveyed: China (#1) and the US (#2). Who are their biggest competitors? The hospitality and retail industries. Very few consumers said they plan on purchasing delivery (6%), meal kits (7%), or prepared foods (8%) instead of dining out.

FIGURE 2: AUSTRALIA, FRANCE, MEXICO, AND THE UK STRONGLY PREFER INDEPENDENTS, BUT CHINA, SAUDI ARABIA, AND THE UAE PREFER CHAINS



NOT EVERYONE PREFERS INDEPENDENTS

In fact, two-thirds of consumers prefer chains or are indifferent to the operator format. 77% of consumers think restaurant chains should open more locations.

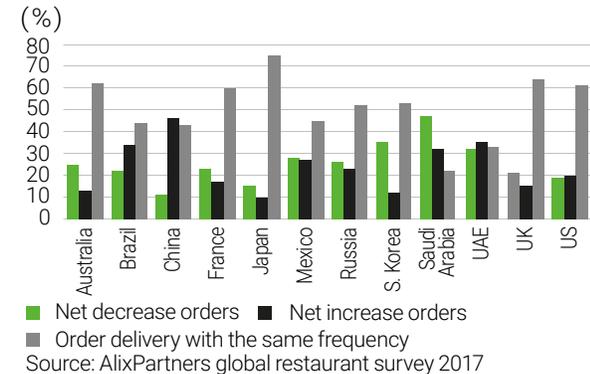
Only 34% said they would dine in someone's private home, compared with 39% who said no. That potentially suggests that an Airbnb-style shake-up of the restaurant industry may not happen anytime soon.

DELIVERY COULD OFFER A BIG OPPORTUNITY

75% of consumers think restaurant chains should offer more delivery options. But consumers in Brazil and China plan to increase delivery orders, while those in Australia, Saudi Arabia, and South Korea want to cut back.

40% of consumers said they would order delivery from an establishment without pick-up or dine-in services. That suggests established businesses could face increasing competition from non-traditional channels. But it also suggests businesses can test out new dining concepts without over-investing in upfront build.

FIGURE 3: HOW OFTEN CONSUMERS PLAN TO ORDER DELIVERY NEXT YEAR



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