

COVID-19 CRISIS: US RESTAURANT CONSUMER PULSE SURVEY

Conducted April 20-22, 2020

The ongoing COVID-19 crisis has disrupted consumers' dining habits, with families preparing meals or procuring food from restaurants offering delivery, takeout, and curbside service, and eating at home. Trends that are solidifying during this period are poised to persist once restrictions ease.

AT A GLANCE

- 1** Bad news for third-party delivery providers: meal pickup methods are winning out over delivery
- 2** Stimulus checks likely won't boost restaurant spending
- 3** Dining habits catalyzed by the crisis are shaping longer-term sentiments

DINING HABITS HAVE BEEN DISRUPTED

- Since the start of the crisis in the US, 70% of meals have been cooked at home.
- Nearly 33% of the consumers in our survey say they have not ordered meals for takeout and/or delivery during the this period.
- For those not ordering from restaurants, top reasons included a preference to cook at home (61% of respondents picked this as a top-3 choice), desire to limit contact with others (49%), more free time (45%), and concerns about food contamination (41%).

KEY TAKEAWAYS

Distinctive consumer groups are coming into sharper focus: those who are willing to patronize restaurants in any way they can during this time (for some, this may stem from a desire to support local businesses; for others, it may be more about convenience or pleasure), and those who are categorically opposed (a large group). To manage the challenges during this time, restaurants must craft tailored strategies for each group.

ONLY
18%

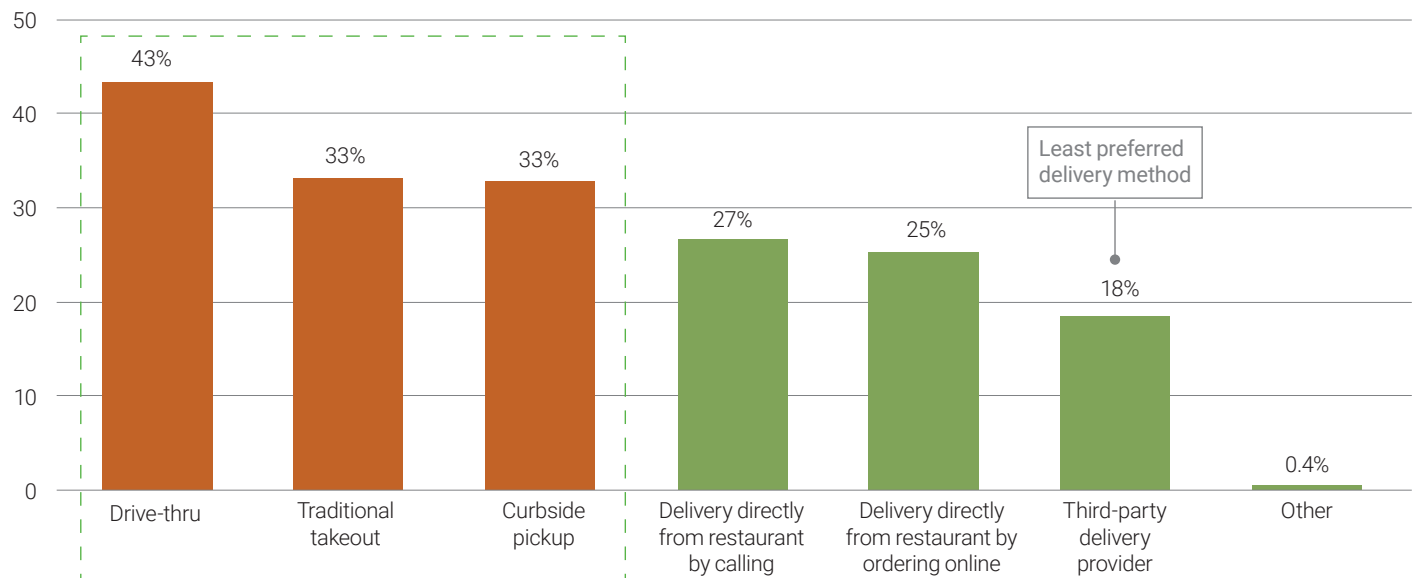
of meals have been purchased from restaurants during the crisis.

FOR RESTAURANT-SOURCED MEALS, BAD NEWS FOR THIRD-PARTY DELIVERY PROVIDERS

- Consumers favor pickup (drive-thru, curbside, traditional takeout) over delivery.
- Third-party providers were the least preferred delivery method by far, likely owing to their inability to gain traction with baby boomers (only 7% prefer these providers, versus 30% of millennials).
- Independents have been winning out over chains, with 38% of respondents favoring local restaurants throughout the crisis, and only 27% preferring chains (35% were indifferent).
- Dinner was the most popular daypart for takeout/delivery, with 83% of respondents having ordered it.
- Fast food and pizza led off-premise dining occasions.
- Move to curbside appears to be driving new off-premise occasions. Consumers eating more restaurant meals off-premise during this period is strongly prefer curbside pickup (chosen by 42%) and prefer casual dining (57%).

FIGURE 1: CONSUMERS FAVOR PICKUP (DRIVE-THRU, CURBSIDE, TRADITIONAL TAKEOUT) OVER DELIVERY

What are your preferred methods for ordering takeout/delivery?

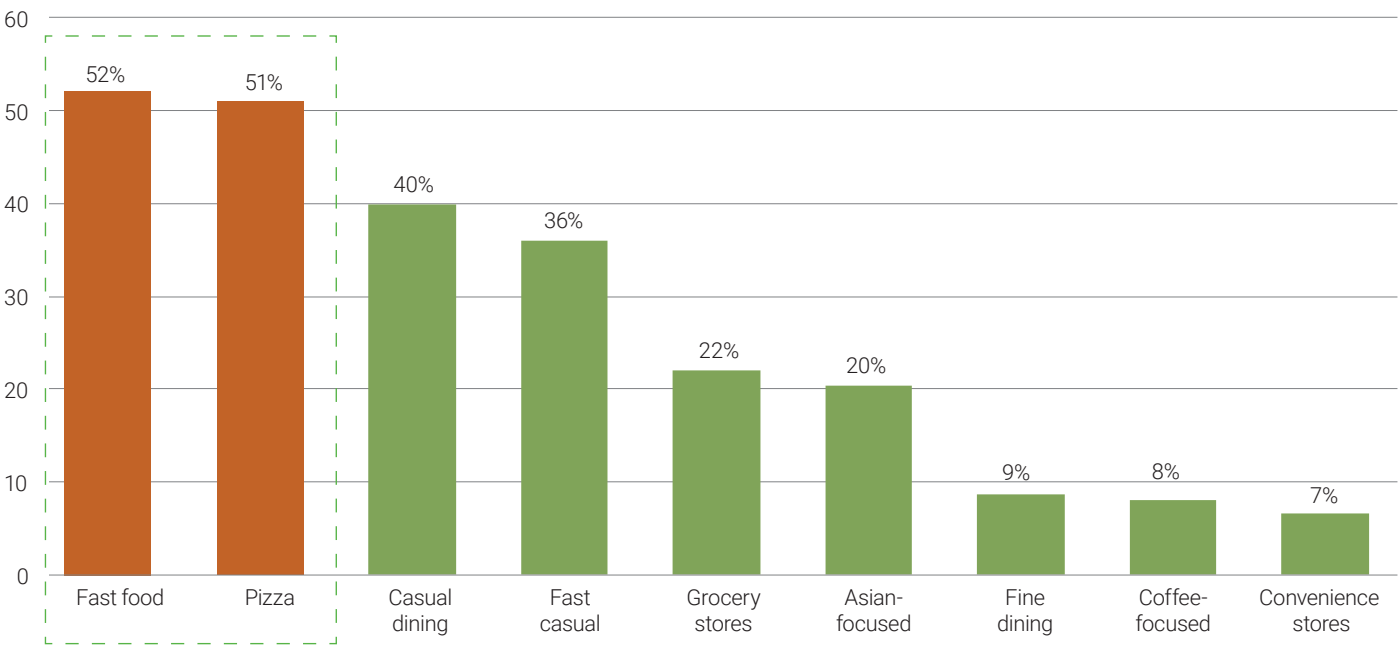


Note: Responses may total up to higher than 100% as respondents were able to choose more than one answer

Source: AlixPartners 2020 US Restaurant Consumer Pulse Survey

FIGURE 2: FAST FOOD AND PIZZA LED OFF-PREMISE DINING OCCASIONS

What type of meals and restaurants did you order from or plan to order delivery and/or takeout from during the crisis?



Note: Responses may total up to higher than 100% as respondents were able to choose more than one answer
Source: AlixPartners 2020 US Restaurant Consumer Pulse Survey

KEY TAKEAWAYS

Restaurants must look beyond third-party delivery to meet consumers' needs. Examples include beefing up their curbside service, evaluating off-premise channel profiles to see whether covering the cost of third-party fees makes good business sense, and investing in competitive off-premise dinner offerings.



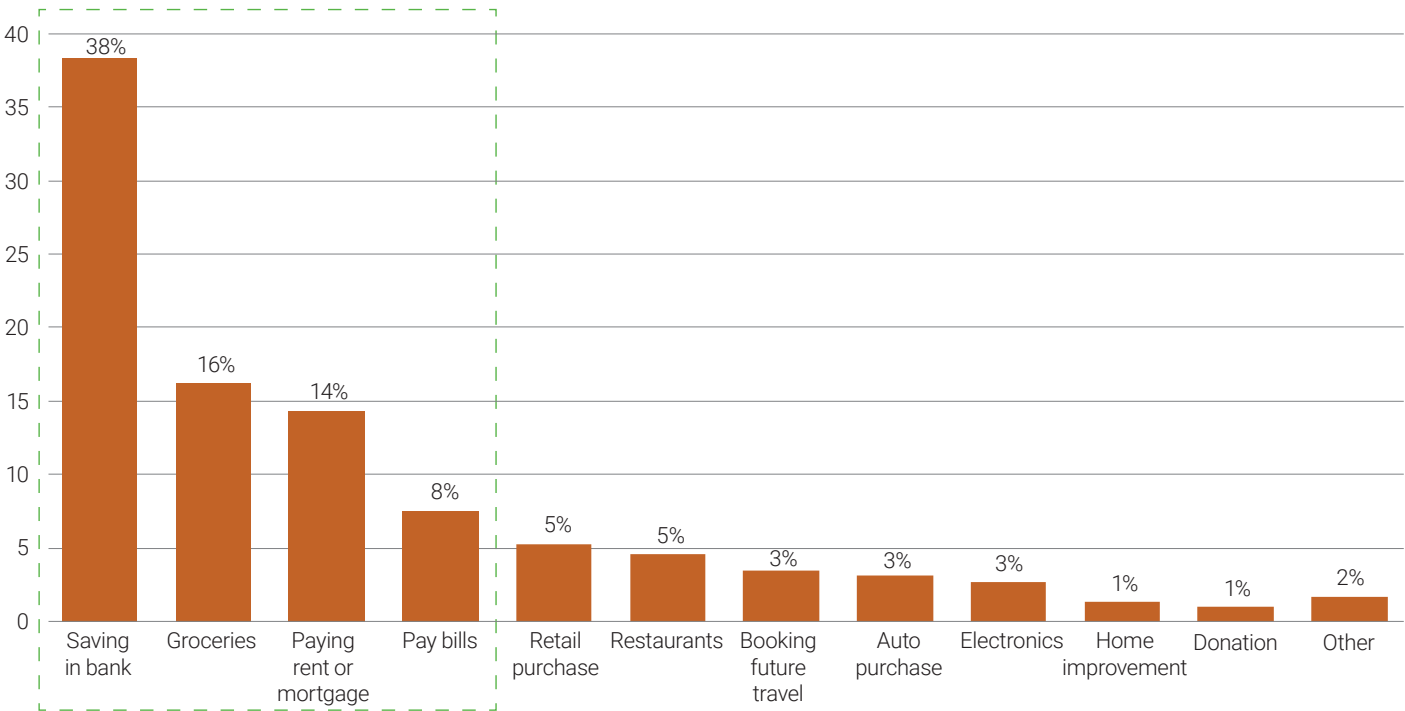
of baby boomers prefer third-party delivery providers to source off-premise restaurant meals, compared to 30% of millennials.

STIMULUS CHECKS NOT LIKELY TO BOOST RESTAURANT SPENDING

- Consumers say they will allocate 86% of their stimulus money for savings and/or necessities (groceries, rent and/or mortgage, paying bills, debt).
- They plan to spend only 5% of the funds for restaurant-related purchases (such as takeout/delivery).

FIGURE 3: RESTAURANTS WON'T SEE MANY STIMULUS DOLLARS

How do you intend to spend your stimulus check?



Note: 'Other' included responses such as investing in the stock market or helping a friend or family member
Source: AlixPartners 2020 US Restaurant Consumer Pulse Survey

KEY TAKEAWAYS

Other forms of CARES Act assistance (such as enhanced unemployment benefits) are enabling consumers to bank a higher percentage of their income, potentially putting them in a position to resume dining out in the future. Smart practices for restaurants may include developing offerings that center on the sentiment of saving for the future (such as offering discounted gift cards for future purchases) or evaluating how to gain share that consumers are allocating to groceries (such as offering grocery staples).

CONSUMER DINING HABITS PROMPTED BY THE CRISIS MAY SHAPE LONGER-TERM SENTIMENTS

- Consumers say they plan to dine out less often than before once restrictions ease, across all restaurant types and dayparts.
 - Net 20% of the consumers in our study say they plan to dine out less often.
 - Lunch and dinner appear slightly better positioned for dining-in, with net 15% of respondents saying they plan to dine out less often for these meal times.
- Until unemployment improves, breakfast and snack dayparts will likely feel the brunt of dine-out reductions.
- Dinner will probably continue to lead off-premise dining occasions.
- Consumers eating more restaurant meals off-premise during the crisis will be the most interested in dining out again in the future.
- As many as 68% of respondents say they will make dining decisions based on a restaurant's sanitation and safety practices.



AS MANY AS
68%

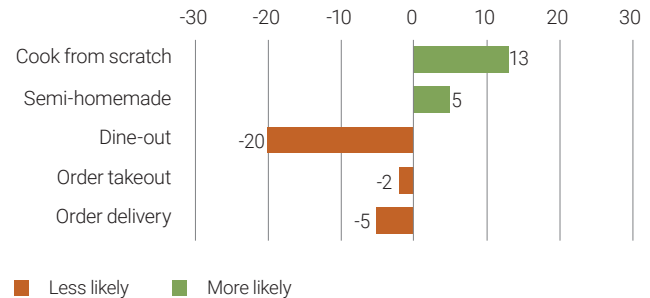
of consumers say they want to order from restaurants with heightened sanitation and/or safety practices in the future.

KEY TAKEAWAYS

Restaurants may benefit from evaluating ways to enhance dine-in share during the economic reopening; for instance, by linking takeout and/or delivery with dine-in promotions (such as coupons or gift cards for dining in related to qualifying off-premise purchases). They should also strive to over-communicate with consumers about the health and safety measures they're taking in every aspect of their operations. And they should assess the attractiveness of both their lunch and dinner daypart offerings to maximize share potential, which may be especially important for some fast-casual dining businesses as they look to compete in the dinner daypart.

FIGURE 4: NET 20% OF CONSUMERS SAY THEY WILL DINE OUT LESS OFTEN ONCE RESTRICTIONS EASE (%)

After the restrictions related to COVID-19 ease, how do you expect your dining habits at the following restaurant types to change from before the COVID-19 crisis started?

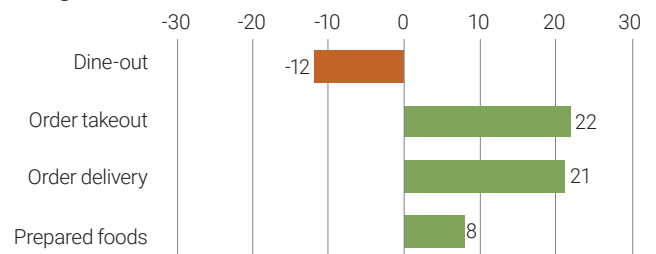


Source: AlixPartners 2020 US Restaurant Consumer Pulse Survey

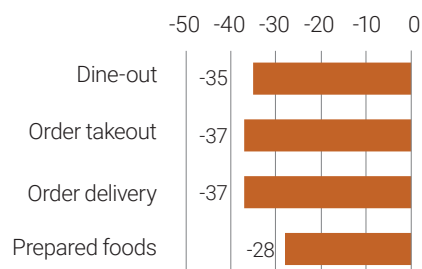
FIGURE 5: PLANNED DINING HABITS WHEN RESTRICTIONS EASE (COMPARED TO WHEN THE CRISIS BEGAN) (%)

After the restrictions related to COVID-19 ease, how do you expect your dining habits at the following restaurant types to change from before the COVID-19 crisis started?

Consumers with more off-premise occasions during crisis



Consumers with no off-premise intent for foreseeable future



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ABOUT THE SURVEY

Fielded online between April 20 and April 22, the AlixPartners 2020 US Restaurant Consumer Pulse Survey is the first of three surveys the firm plans to conduct in the US during the coming months. For this first survey, we received responses from 1,008 consumers nationwide, age 18 or older. At the time of the survey, 61% of respondents reported living under shelter-in-place restrictions, 37% reported living under a social distancing advisory, and 2% reported living under no restrictions.

Important dates for understanding the context of the survey include March 13, when President Trump declared a national emergency related to the coronavirus outbreak, and March 27, when the \$2.2 trillion economic package (CARES Act) was signed into law, providing \$1,200 for single individuals, \$2,400 for married couples, plus an additional \$500 per child.

ABOUT US

For nearly forty years, AlixPartners has helped businesses around the world respond quickly and decisively to their most critical challenges – circumstances as diverse as urgent performance improvement, accelerated transformation, complex restructuring and risk mitigation.

These are the moments when everything is on the line – a sudden shift in the market, an unexpected performance decline, a time-sensitive deal, a fork-in-the-road decision. But it's not what we do that makes a difference, it's how we do it.

Tackling situations when time is of the essence is part of our DNA – so we adopt an action-oriented approach at all times. We work in small, highly qualified teams with specific industry and functional expertise, and we operate at pace, moving quickly from analysis to implementation. We stand shoulder to shoulder with our clients until the job is done, and only measure our success in terms of the results we deliver.

Our approach enables us to help our clients confront and overcome truly future-defining challenges. We partner with you to make the right decisions and take the right actions. And we are right by your side. When it really matters.

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