



AlixPartners

# WHERE NEXT FOR F&B?

What sets winning F&B brands  
apart in the current market

**SUMMER 2025**

# EXECUTIVE SUMMARY

Challenging conditions are reshaping the F&B landscape — and rewarding those who adapt

## IN CHALLENGING TIMES, WHAT ARE THE F&B MARKET WINNERS DOING?

Those who rapidly adjust to the changes in consumer behaviour are thriving and will define the next era of growth

- 01 While macroeconomic conditions are gradually improving, the **legacy of financial strain remains**
- 02 F&B is feeling the effects of consumer cutbacks — but the impact is **significantly milder in the UK than in the US** (where operators have pushed prices harder)
- 03 Across the leisure sector, consumers are **cutting back on frequency but holding firm on quality** — driven by a growing focus on experiences, **which are perceived to be greater value**. This is particularly among younger audiences, who are prioritising spend on F&B at the expense of discretionary retail
- 04 **Price remains the single biggest barrier to spend**, especially outside of London and the Southeast — alongside the **improved quality and ambience of at home dining** post Covid
- 05 At the same time, the way consumers discover, choose, and access F&B is changing fast. **Social media, delivery platforms and loyalty** are playing a bigger role than ever in shaping behaviour and expectations

## TO WIN IN THIS ENVIRONMENT, OPERATORS NEED TO ACT DECISIVELY:

- **Tap into the 'experience-first' budget** — people are still spending, but they want it to feel worth it
- **Define value through your customer's eyes** — not just price, but quality, relevance and experience
- **Show up in the right places in the right way** — including digital discovery and delivery platforms
- **Fix the engine** — operational excellence is non-negotiable to protect margins and repeat visits

# WHAT DOES THIS MEAN FOR YOU?



01

Capitalise on the experiential budget

- With Covid improving home cooking and restaurant prices rising, eating out is increasingly **competing with at home dining**
- This means consumers are ringfencing spend for **memorable experiences**, while cutting back on more functional eating out occasions
- Now is the time to go all in on your unique experience and be distinctive – **make it feel special**



02

See value the way your customer does

- It is increasingly about **more than just price** - be clear on how price and offering combine for value perception
- This means **setting the ladder right**. Anchor a sharp entry item for value seekers and give reasons to trade up
- Plus know where you could be the best **trade down option**



03

Be where your customer is – in the right way

- You need to **be where your customers are**, across social media and delivery platforms
- In doing so, it is critical to recognise that **value for money varies by occasion, channel and location type**
- Your proposition design and pricing needs to be sophisticated enough to reflect this



04

Fix the engine behind the experience

- Effortless value needs **flawless execution**, and increasingly the presence of efficient, scalable operations is the key factor for investors in the industry
- This requires the highest focus on continuing to optimise an **efficient and scalable operating model**

## MARKET CONTEXT

Market dynamics are testing resilience across the UK food & beverage sector

**Legacy inflation impact** – with not all inflation passed on



Ongoing **labour cost inflation**



Confidence remains low and **disposable income squeezed** (albeit recovering)



**Consumer squeeze is spreading** with a large majority of under 60s feeling the pinch



### MARKET DYNAMICS



**International supply chains** remain fragile and volatile



**High competitive intensity** from all angles (QSR, coffee shops, supermarkets, pubs...)

### CONSUMER DYNAMICS



**Younger consumers** are prioritising F&B spend, while older ones are cutting back



**Expectations are high** in terms of experience and distinctiveness

## INDUSTRY IMPLICATIONS

Our consumer research shows five major implications of this volatile environment for the F&B industry

01

Relative resilience



UK F&B is feeling the effects of consumer cutbacks—**but the impact is milder than in the US** (where the industry has priced up more aggressively)

02

Young favour F&B



F&B is capturing a larger slice of **younger consumers' discretionary spend** – instead cutting back on discretionary retail and even grocery

03

Experience matters



Across F&B and the wider leisure industry, consumers are **preserving the quality of the experience, while cutting back on frequency**

04

Price remains key



**Price remains the number one factor holding back spend**, especially outside of London and the South East

05

Discovery is shifting



**There is a critical shift in discovery**, with the role of social media, delivery platforms and loyalty continuing to accelerate



# 1. RELATIVE RESILIENCE

F&B is feeling the effects of consumer cutbacks – but the impact is milder in the UK than in the US

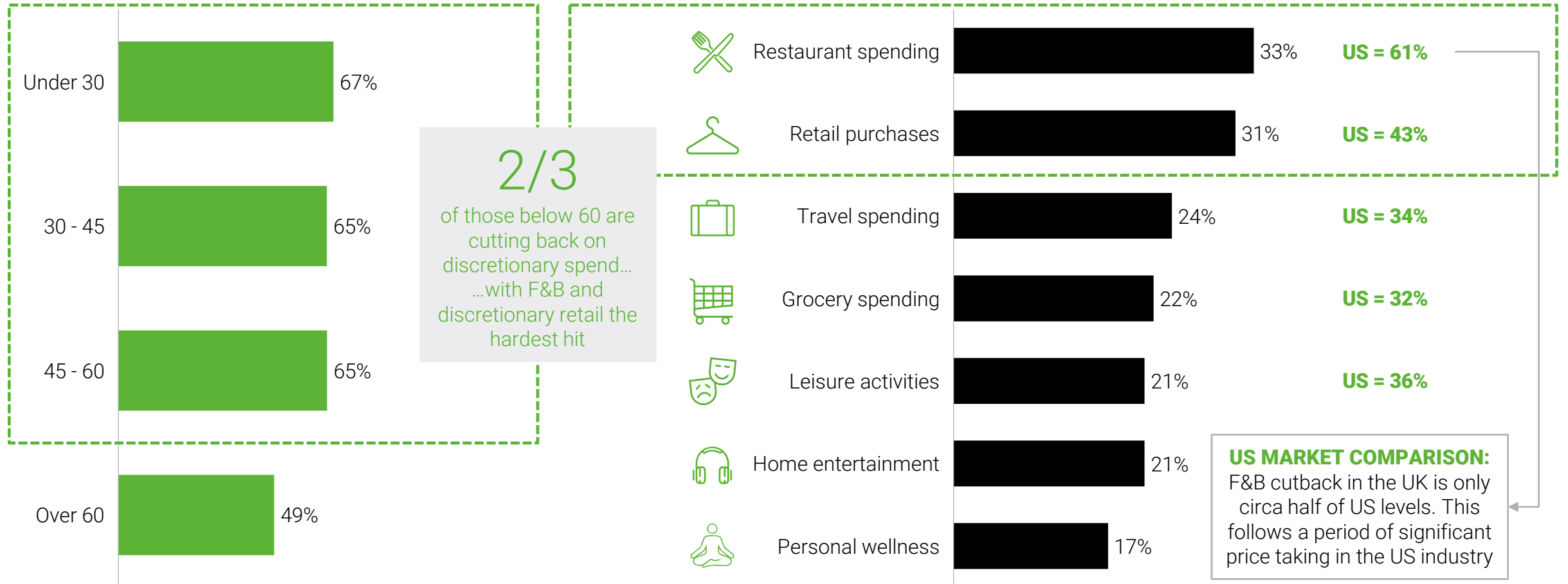
## SHARE OF CONSUMERS CUTTING BACK

**Question:** Have you already or do you plan to cut back on your discretionary spending due to financial pressures?



## WHERE THOSE CONSUMERS ARE CUTTING SPENDING<sup>1</sup>

**Question:** You mentioned you have or will likely need to cut back on discretionary spending. HOW?



1. For those consumers who are cutting back, where are they doing so? On average 62% of consumers are cutting back, with 33% of those cutting back on restaurants --> 21% of all consumers are cutting back on restaurant spend  
Source AlixPartners' Restaurant Consumer Sentiment April 2025 across UK and US

## 2. YOUNG FAVOUR F&B

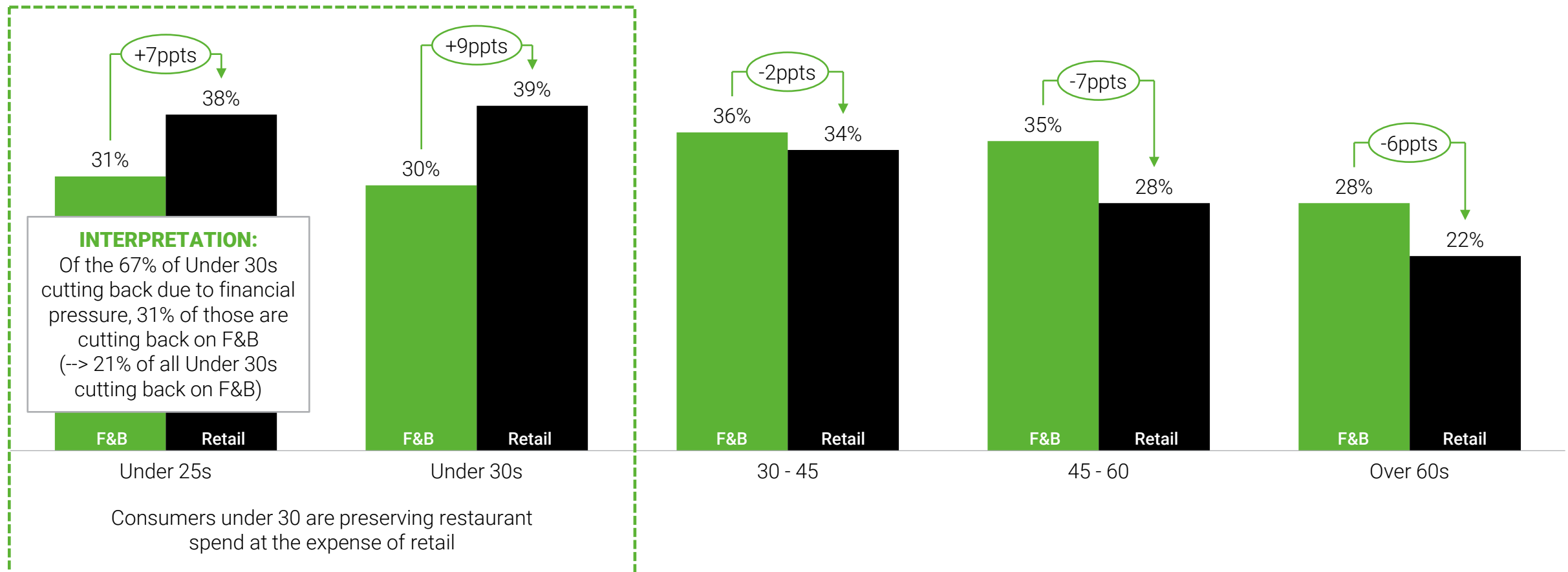
F&B is capturing a larger slice of younger consumers' discretionary spend – they are instead cutting back on discretionary retail

### WHERE PRESSURED CONSUMERS ARE CUTTING SPEND BY AGE GROUP

**Question:** You mentioned you have or will likely need to cut back on discretionary spending. HOW?

**% Answering:** Reduce spending at restaurants / on retail (out of those cutting back)

■ Cutting back on restaurants  
■ Cutting back on retail

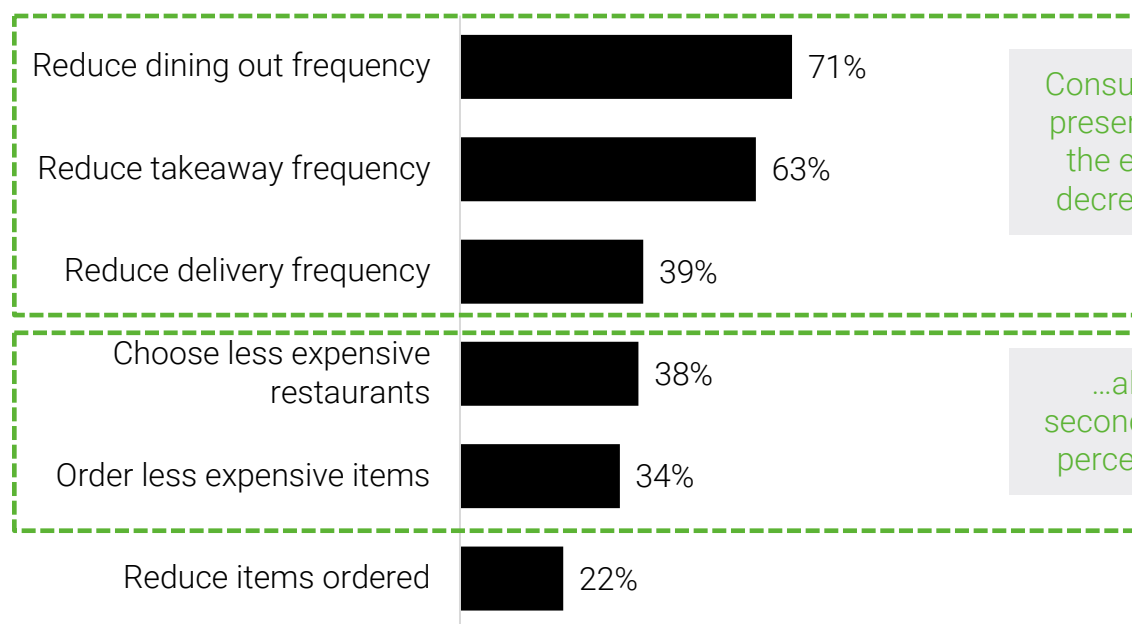


### 3. EXPERIENCE MATTERS

Across F&B and the wider leisure industry, consumers are cutting back on frequency while preserving the quality of the experience



Consumers who report cutting back on **restaurant spending** due to financial pressures:

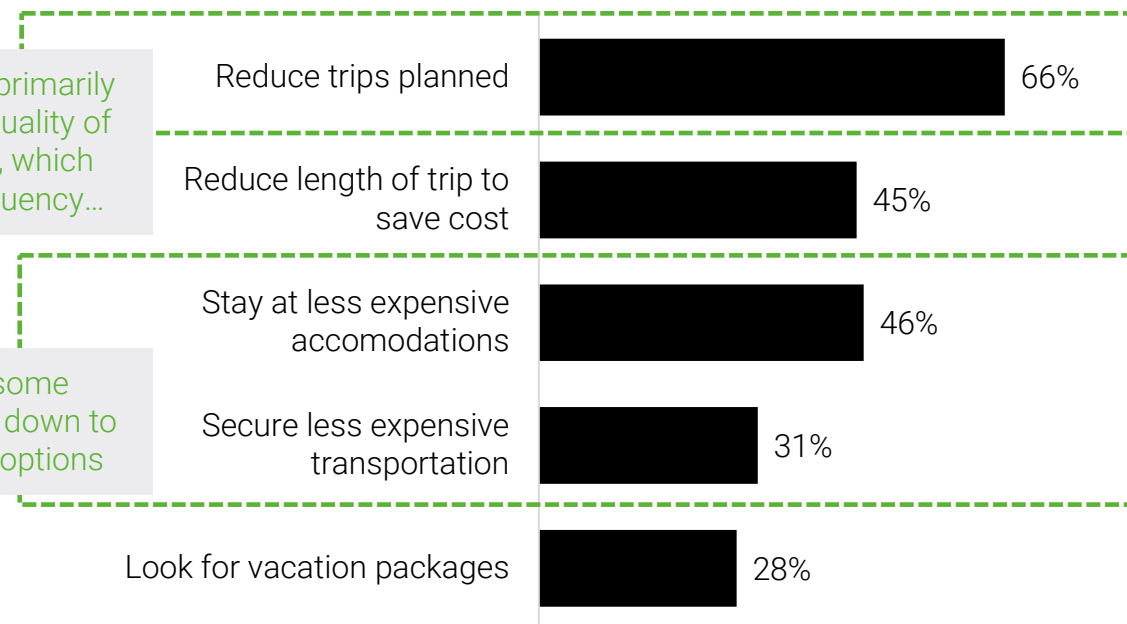


Consumers are primarily preserving the quality of the experience, which decreasing frequency...

...albeit with some secondary trade down to perceived VFM options



Consumers who report cutting back on **travel spending** due to financial pressures:





### 3. EXPERIENCE MATTERS

This is part of a global macro trend, and is observed strongly in the US market too



US consumers who report cutting back on **restaurant spending** due to financial pressures:

Reduce dining out frequency 78%

Reduce takeaway frequency 62%

Reduce delivery frequency 40%

Order less expensive items 36%

Choose less expensive restaurants 32%

Reduce items ordered 30%

Even higher share than the UK's 71% reducing frequency

Primary difference vs the UK market is the greater trade down in travel – this has increased significantly from being comparable to the UK levels last year



US consumers who report cutting back on **travel spending** due to financial pressures:

Reduce trips planned 59%

Stay at less expensive accommodations 56%

Secure less expensive transportation 45%

Reduce length of trip to save cost 32%

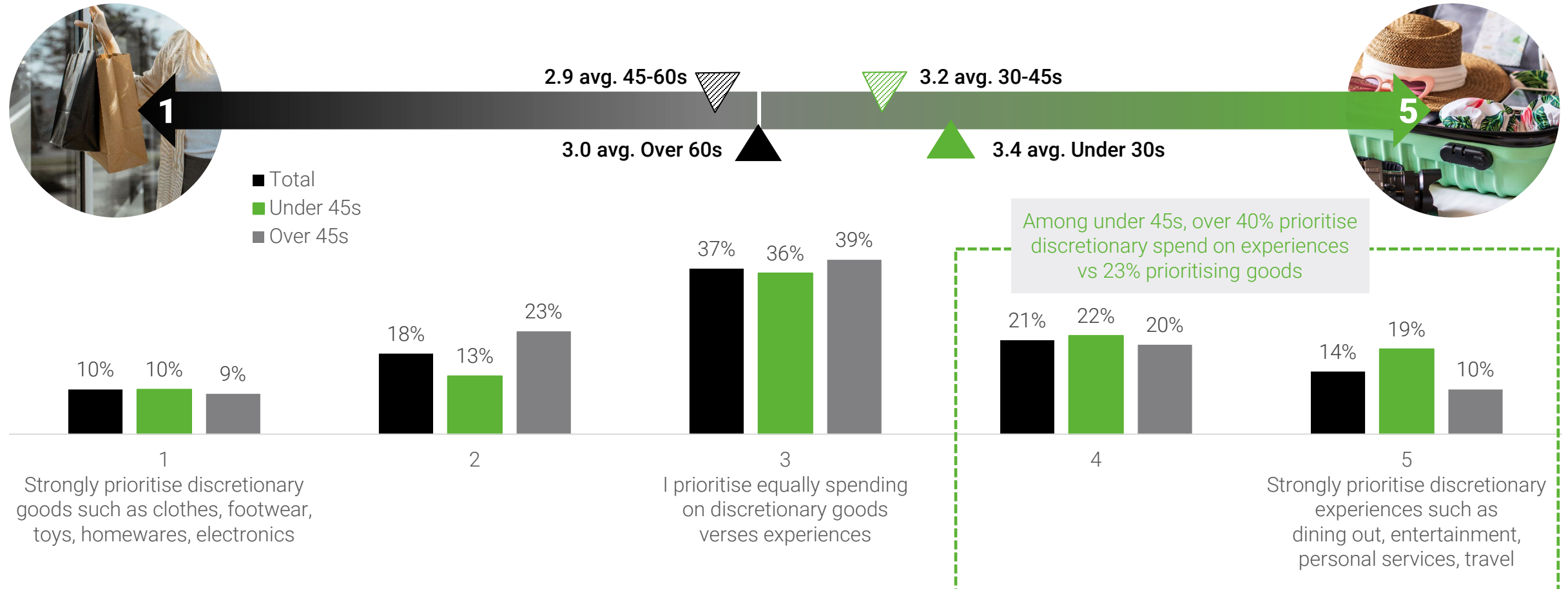
Look for vacation packages 15%

### 3. EXPERIENCE MATTERS

This is supported by a wider trend towards prioritising more experiential leisure spend, especially among younger consumers

#### SHARE OF CONSUMERS PRIORITISING GOODS VS EXPERIENCES

**Question:** Please indicate how you prioritise your discretionary spending on goods verses experiences for you and/or your family?

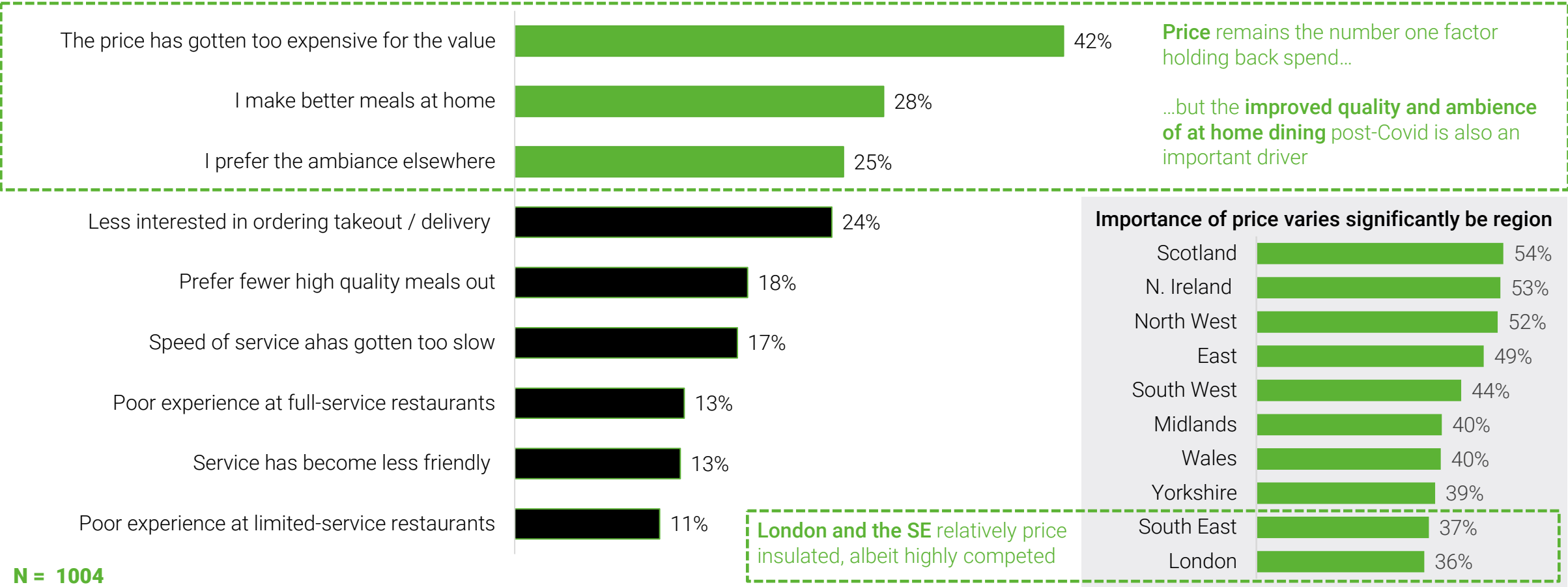


### 4. PRICE REMAINS KEY

Financial challenges aside, price remains the number one factor holding back spend, especially outside of London and the South East

### REASONS FOR EATING OUT LESS

**Question:** Aside from financial reasons, are there other reasons you plan to reduce spending at restaurants?



## 5. DISCOVERY IS SHIFTING

There is a critical shift in discovery, with the role of social media and delivery platforms continuing to accelerate

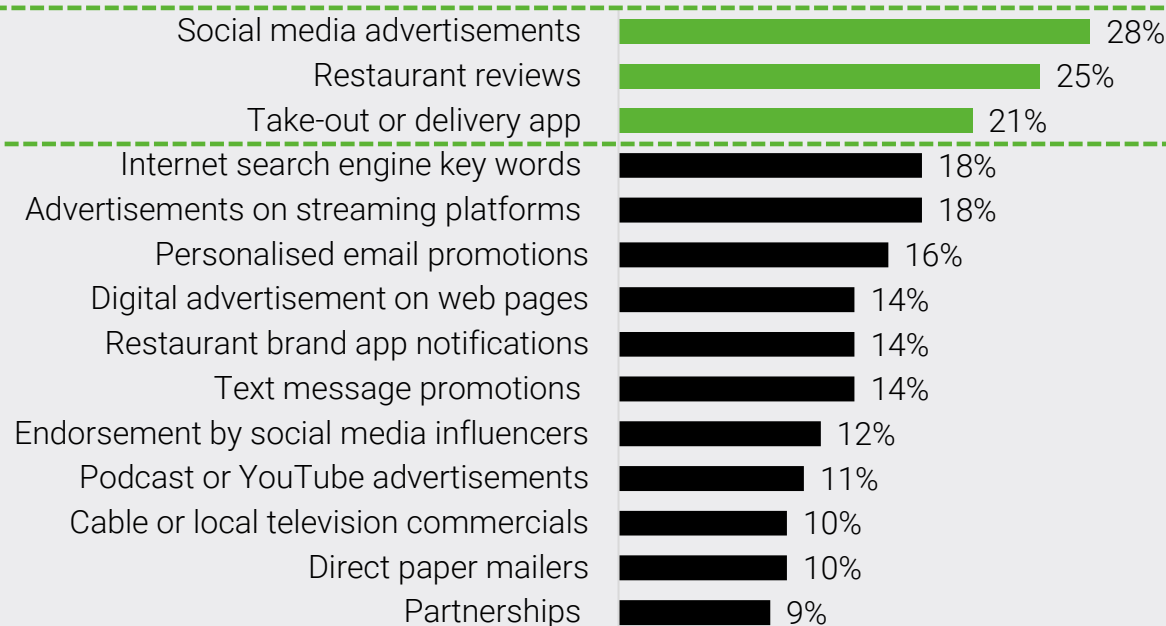
### DOES MARKETING MATTER?

**Question:** Are you influenced by marketing platforms to encourage you to visit a restaurant or try a new menu item?



### WHAT MARKETING GETS YOU NOTICED?

**Question:** What are the marketing platforms that are the most influential?



### DIRECTION OF TRAVEL:

Among Under 45s, 38% are influenced by Social Media and 30% by Delivery Platform ads.  
In the US market, 39% of the market as a whole is influenced by Social Media

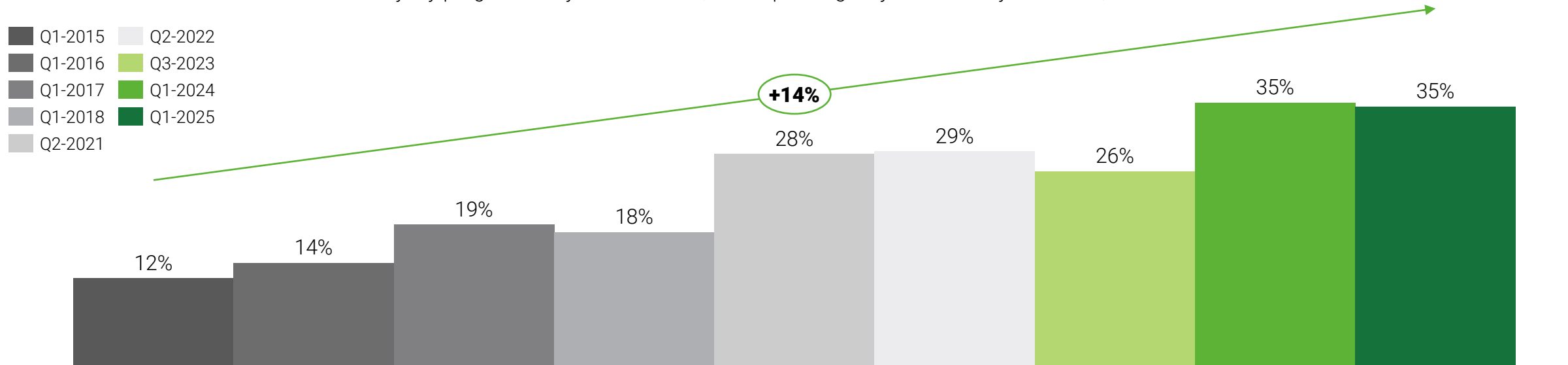


## 5. DISCOVERY IS SHIFTING

Alongside the shift in discovery, we expect the role of loyalty to accelerate, in line with the US market evolution over the last decade

### SHARE OF US CONSUMERS WHO CONSIDER LOYALTY SCHEMES VERY INFLUENTIAL

**Question:** How influential are restaurant loyalty programs on your selection?, % Responding very or extremely influential, US Market data



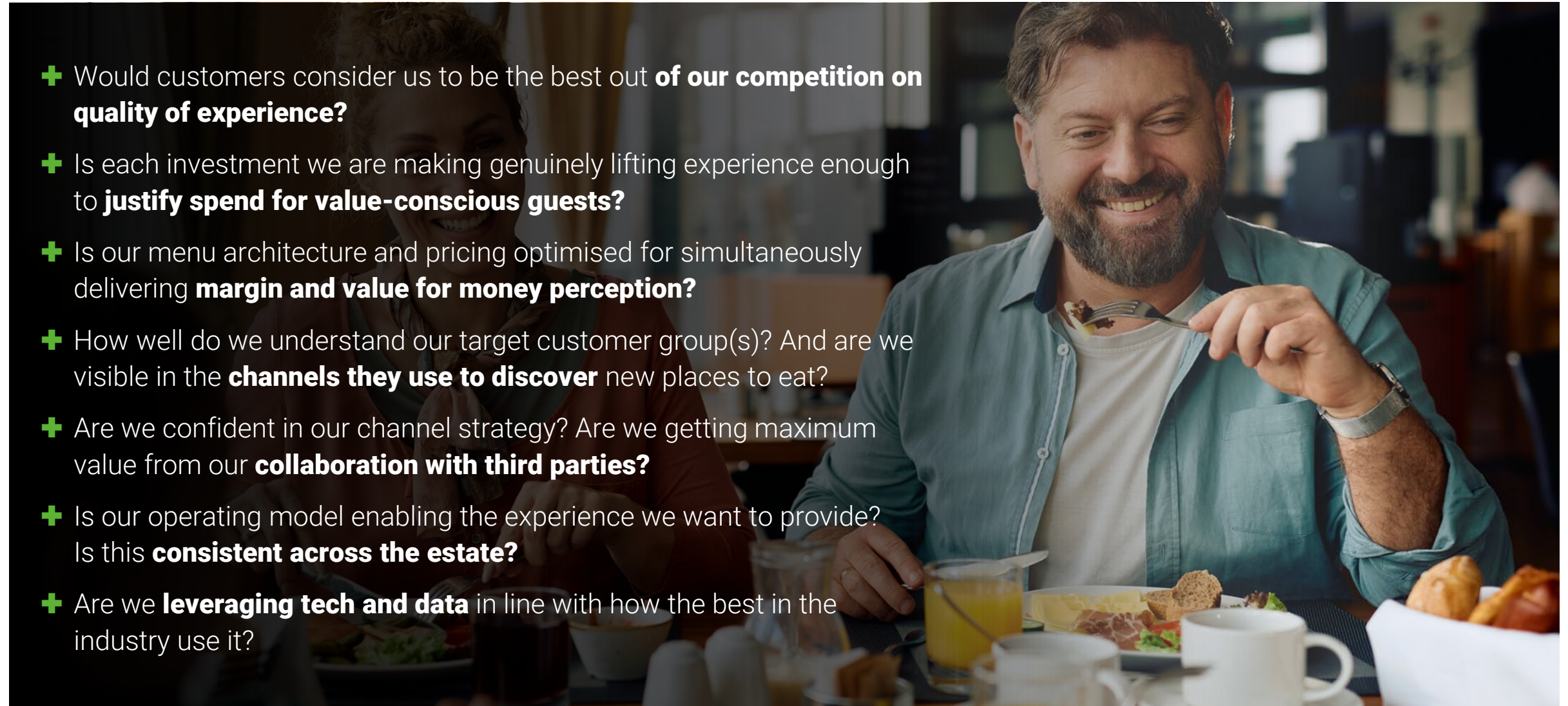
### US LEARNINGS

UK F&B can learn from the rapid rise of loyalty in the US market, as they look to drive share of wallet. US operators have learned to move beyond discounts, incorporating tiers, gamification and menu drops



## EMERGING AS A WINNER

The questions F&B Execs are asking as they navigate this period of uncertainty

- 
- A photograph of a man and a woman sitting at a restaurant table, smiling and eating. The man is in the foreground, wearing a light blue button-down shirt over a white t-shirt, holding a fork with food. The woman is behind him, also smiling. The table is set with various dishes, including bread, a glass of orange juice, and a cup of coffee. The background is slightly blurred, showing a restaurant interior.
- + Would customers consider us to be the best out **of our competition on quality of experience?**
  - + Is each investment we are making genuinely lifting experience enough to **justify spend for value-conscious guests?**
  - + Is our menu architecture and pricing optimised for simultaneously delivering **margin and value for money perception?**
  - + How well do we understand our target customer group(s)? And are we visible in the **channels they use to discover** new places to eat?
  - + Are we confident in our channel strategy? Are we getting maximum value from our **collaboration with third parties?**
  - + Is our operating model enabling the experience we want to provide? Is this **consistent across the estate?**
  - + Are we **leveraging tech and data** in line with how the best in the industry use it?

## ALIXPARTNERS F&B TEAM: HOW WE CAN HELP



01

Capitalise on the experiential budget

- ✓ Customer journey mapping
- ✓ Competitive benchmarking
- ✓ Experience redesign across touchpoints
- ✓ Service model design (staffing, layout, ops)



02

See value the way your customer does

- ✓ Customer segmentation, perceptions and preferences
- ✓ Strategic pricing (value ladders, bundling, localised pricing)
- ✓ Scientific menu architecture
- ✓ Loyalty and promotions



03

Be where your customer is – in the right way

- ✓ Channel strategy & format innovation
- ✓ Cost-to-serve & profitability by channel
- ✓ Operational design for omni-channel models
- ✓ Marketing effectiveness



04

Fix the engine behind the experience

- ✓ Labour optimisation
- ✓ Site operating model
- ✓ Head office organisation design
- ✓ Sourcing & procurement
- ✓ Tech operating model

## OUR COMPANY

AlixPartners has helped clients on mission-critical assignments across the globe for more than 40 years

### WHO WE ARE



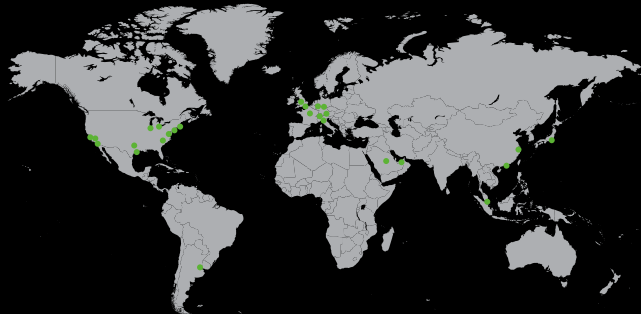
**1981**

year founded



**3,500+**

professionals



**26**

global offices  
across four continents

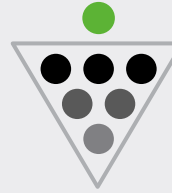
**100+**

Experienced  
Hospitality and Leisure  
professionals

Boston | Buenos Aires | Chicago | Dallas | Detroit  
Houston | Los Angeles | New York | San Francisco | Silicon Valley  
Washington DC | Wilmington | Dubai | Düsseldorf | Frankfurt  
Hong Kong | London | Manchester | Milan | Munich | Paris | Riyadh  
Shanghai | Singapore | Tokyo | Zürich

### HOW WE ARE DIFFERENT

**Low leverage**  
Experienced  
team structure



AlixPartners

vs.



Competitors

**High leverage**  
Junior team  
structure

Deploy experienced  
small teams

Implement results  
not just studies and reports

Focus on speed and results  
with proven performance across  
many industries

### WHAT WE DO

#### PERFORMANCE IMPROVEMENT

Revenue & Growth  
Customer & Proposition  
Organisational Transformation  
Sourcing & Procurement Transformation  
Operations

#### TURNAROUND & RESTRUCTURING

Chief Restructuring Officer  
Financial & Operational Restructurings  
Interim Management  
Whole Company Turnaround  
Creditor Advisory Services

#### DIGITAL

Digital Experience  
Digital Products  
AI & Data  
Cloud & Platforms  
Tech Modernisation  
Cyber Resilience

#### RISK ADVISORY

Corporate Investigations & Compliance  
Litigation & Arbitration  
eDiscovery & Litigation Data Analytics  
Economics Consulting  
Valuation & Transaction Support

#### M&A & TRANSACTION ADVISORY

Lead Corporate Finance Advisory (Sell-side,  
Buy-side, Capital Raises, Debt Advisory)  
Due Diligence  
Carve-outs & Exits  
M&A Strategy  
Post-Merger Integration

#### CORPORATE STRATEGY & TRANSFORMATION

Portfolio Structure & Business Strategies  
Resource Allocation & Operational Efficiency  
Organisational Capabilities & Incentives



# AlixPartners

WHEN IT REALLY MATTERS.