Special Insights

Revenue Management Solutions

Restaurant Consumer Insights

2022 Q1 Trends: Inflation, Back-to-Work, COVID and the Value Equation

revenuemanage.com

About the survey

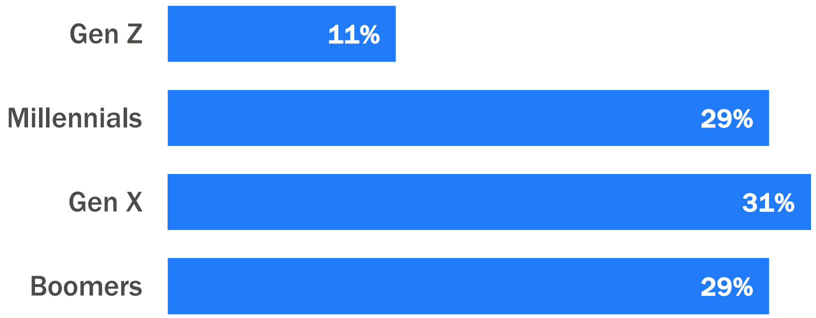
RMS surveyed 874 people in the United States from March 4th to March 7th, 2022.

Gender

57%
Female

43%
Male

Generation



Restaurant usage

Order from restaurants **at least 1x per week**

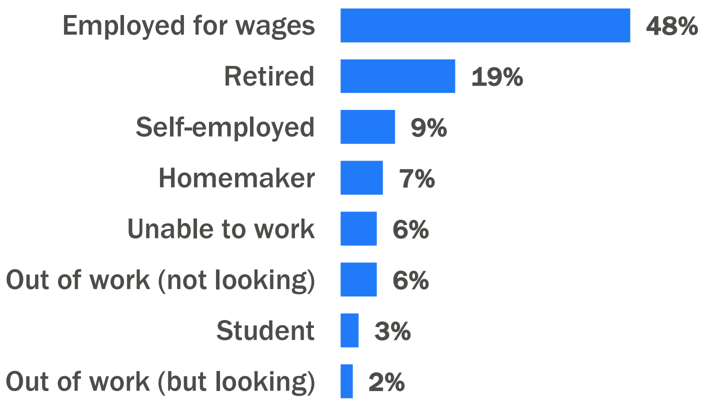
Order from restaurants **2 - 4x per week**

Order from restaurants **at least 5x per week**

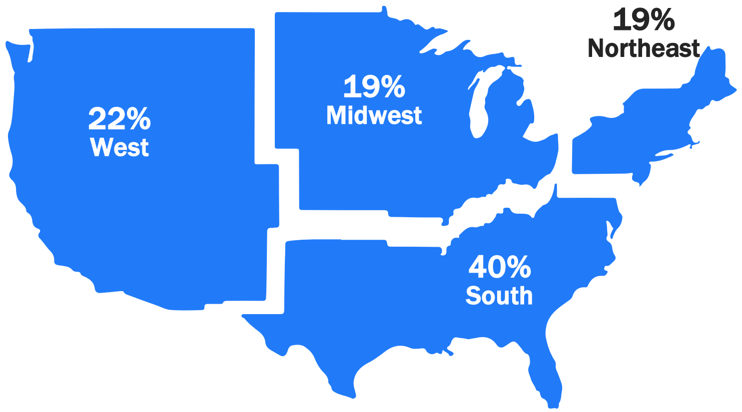
Respondent breakdown

RMS surveyed 874 people in the United States from March 4th to March 7th, 2022.

Employment status

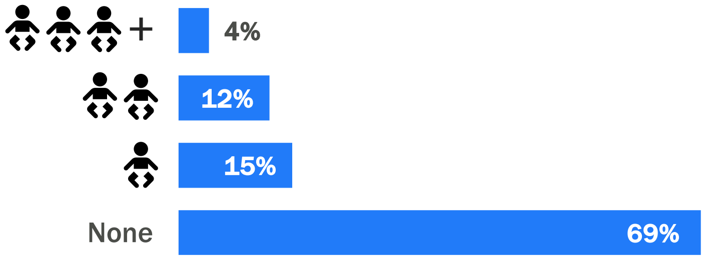


Region

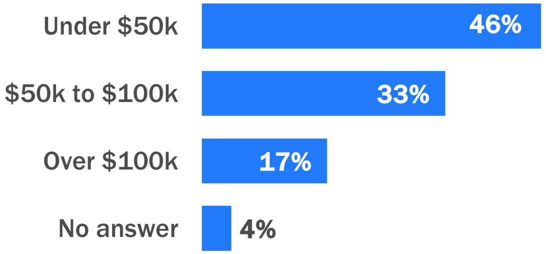


Children

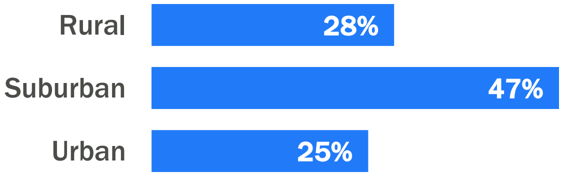
Under the age of 16 in the household



Household Income



Geographic area



Office & Vaccination Trends

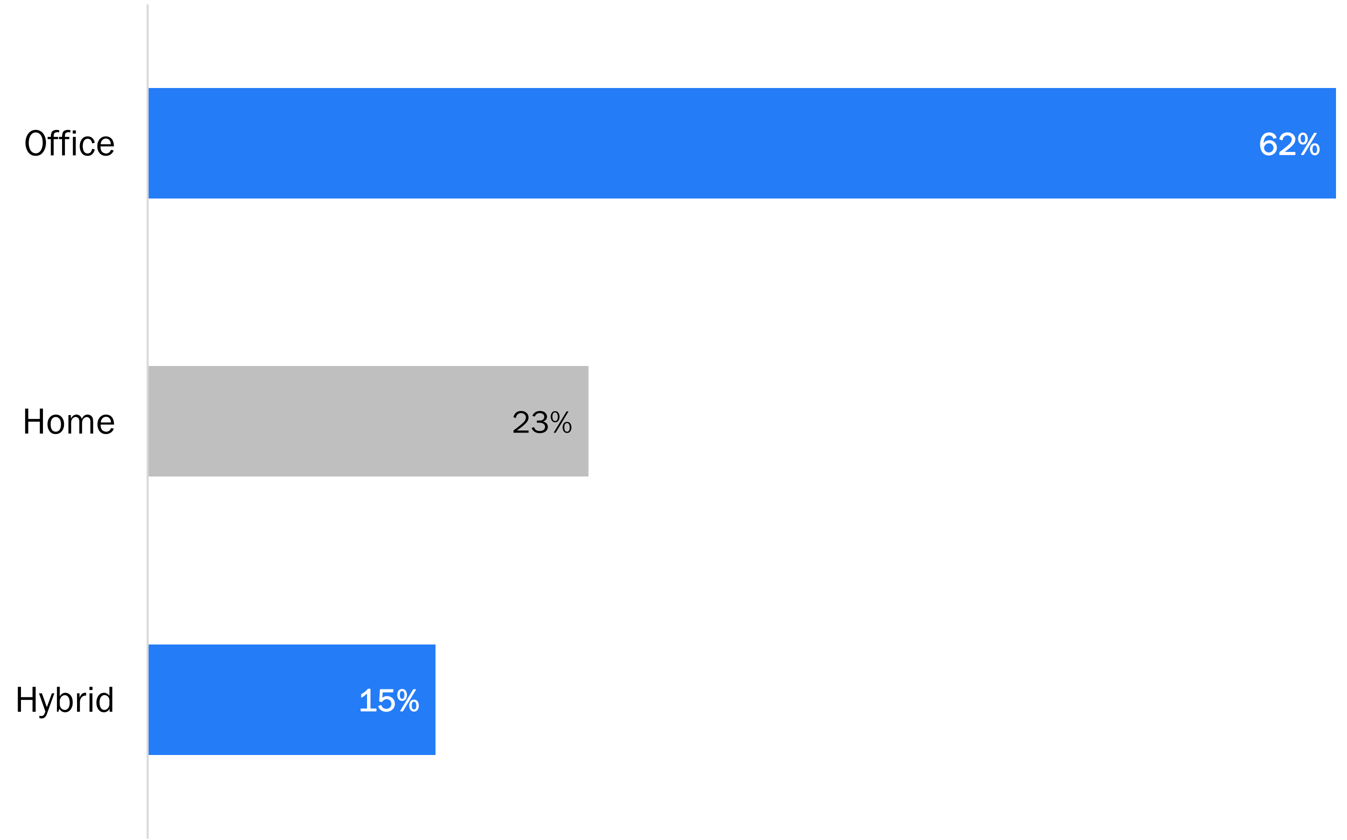
Trends in workplace habits and vaccination rates have stabilized and are likely to remain constant.

75% of the workforce are back in the office full-time or part-time.

3 in 4 are now vaccinated against COVID-19.

Work environments stabilized with over 75% working partially or full-time from the office

What is your current work environment?



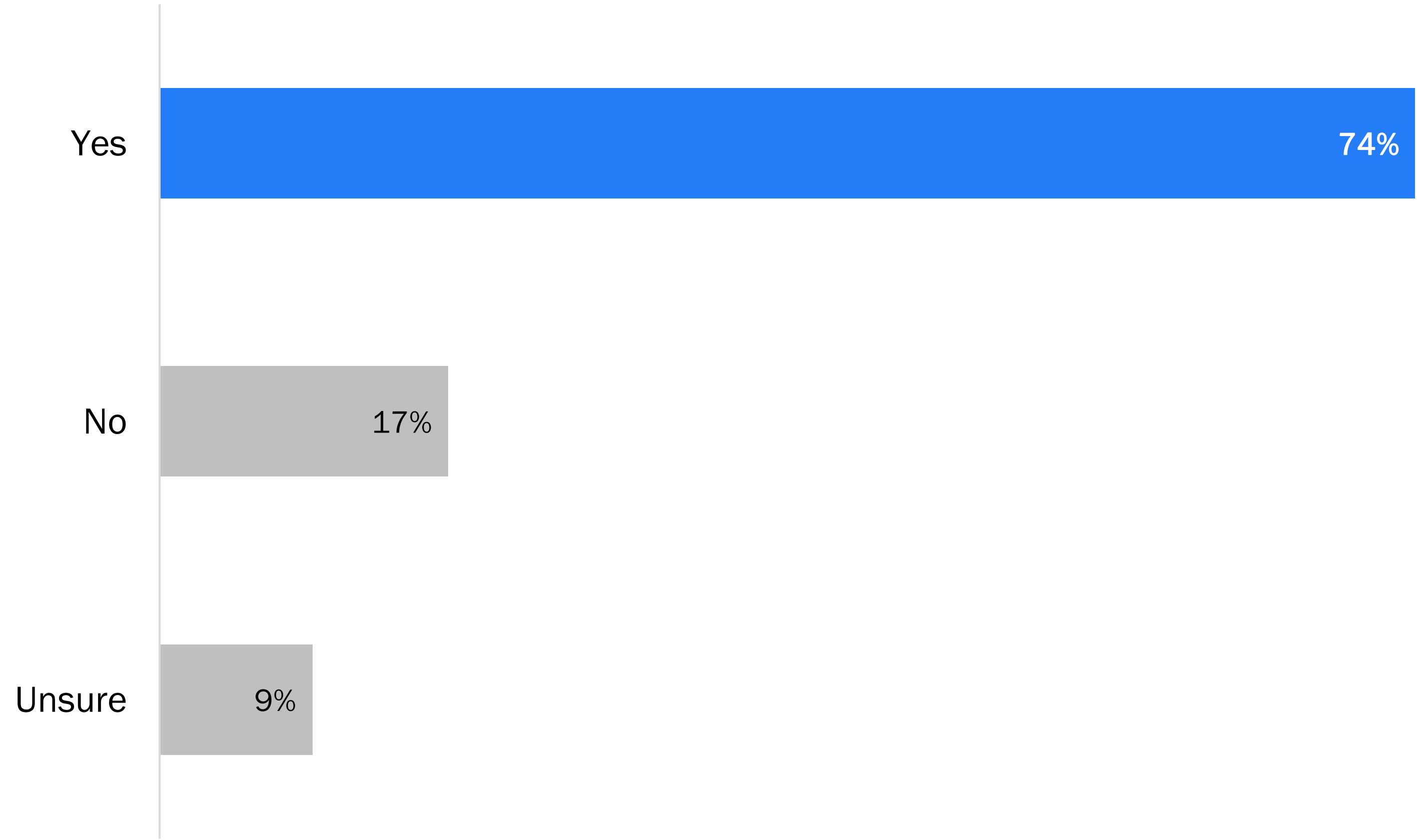
Our Viewpoint

Changes in the workplace environment will not significantly impact restaurant traffic in 2022.

Q1 2022 n874

74% of respondents reported that they are fully vaccinated

Have you received the COVID-vaccine?



Q1 2022 n874

Our Viewpoint

Another round of mass vaccination is unlikely in the foreseeable future, so RMS does not expect rates to have an impact on restaurant traffic in 2022.

Habits & Intentions

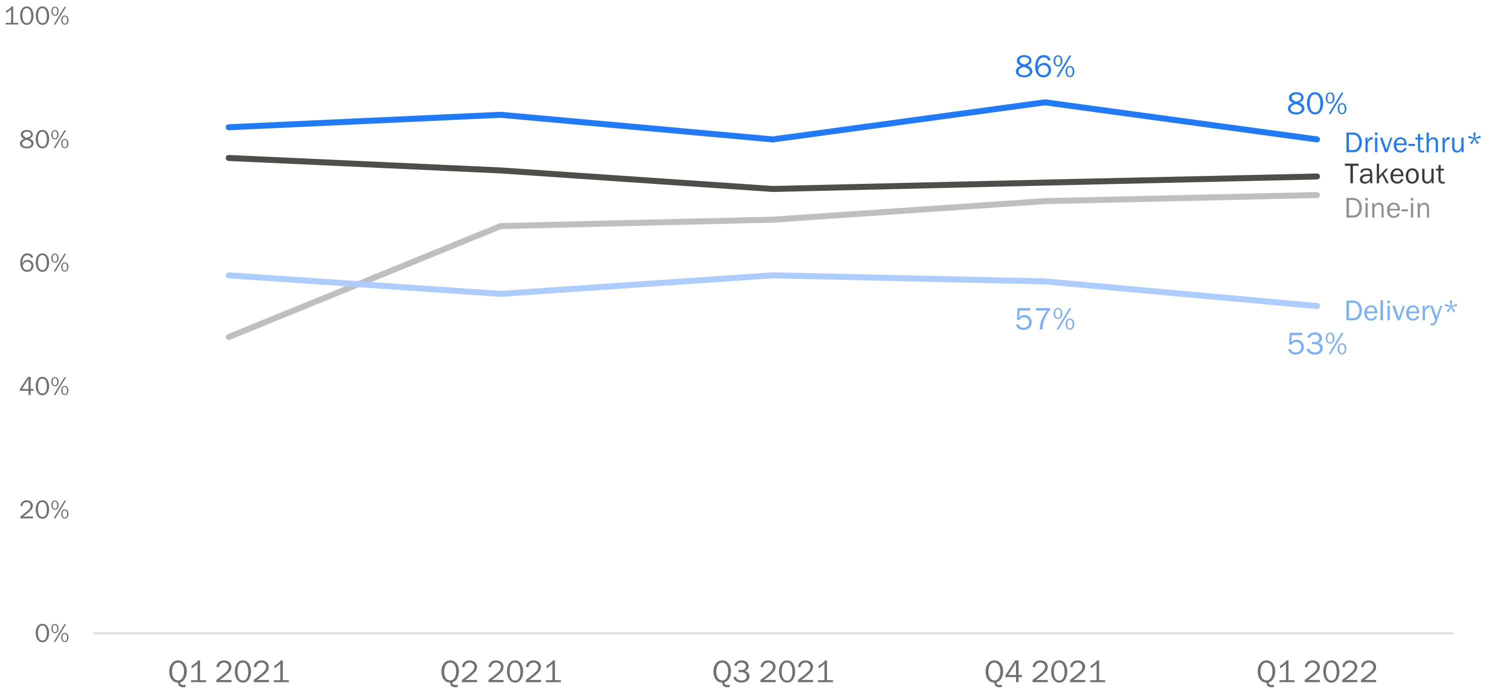
Reported visits to drive-thrus and quick-service restaurants decreased compared to 2021.

Overall restaurant visits also saw a decline in the beginning of 2022.

Insight One

Guests reporting at least one weekly drive-thru visit decreased in comparison to 2021

Share of respondents reporting at least 1 weekly restaurant visit by revenue center



Q1 2021 n955 | Q2 2021 n729 | Q3 2021 n858 | Q4 2021 n662 | Q1 2022 n874

* Designates statistically significant change (greater than 95% confidence interval) vs. previous survey

Deep Dive

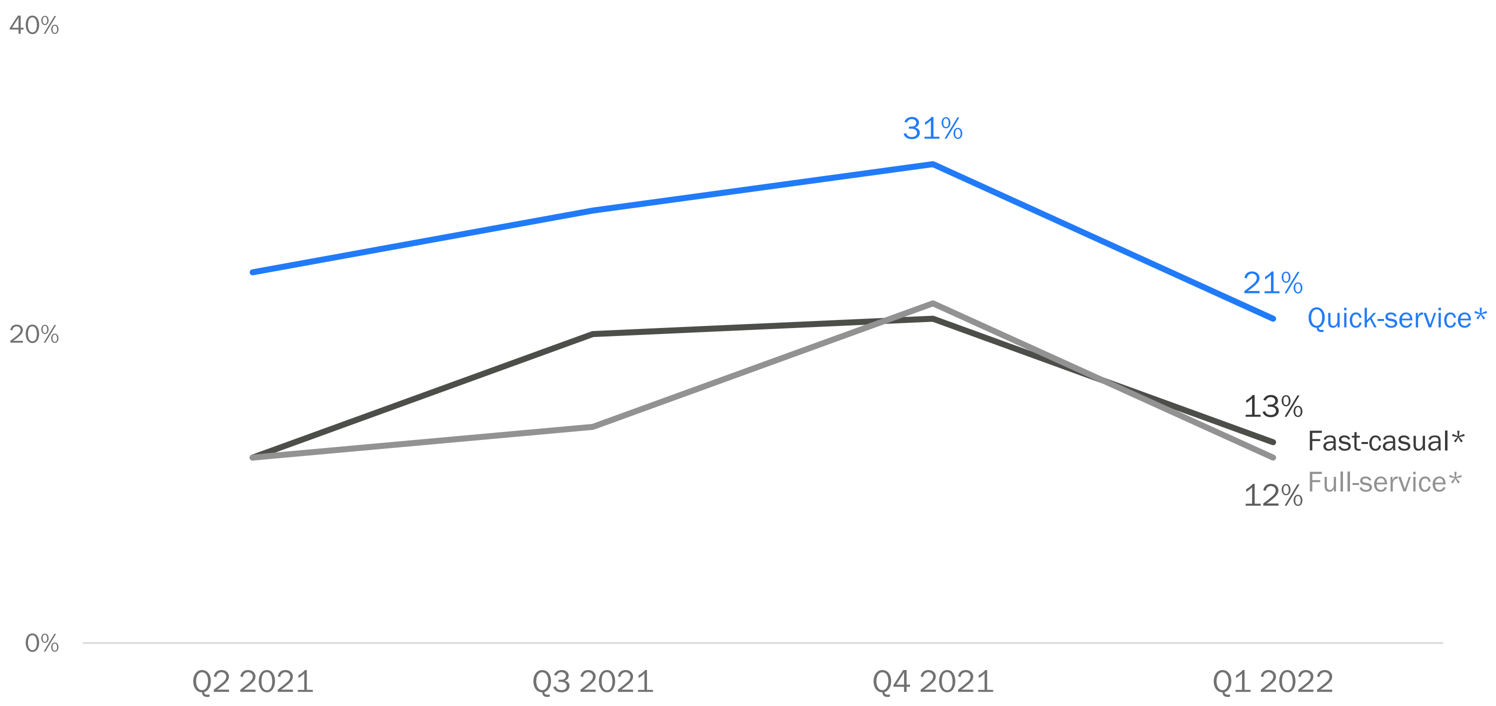
Diners also pulled back on delivery, likely because of delivery price premiums and service charges in the inflationary environment.

Insight Two

Guests reduced their frequency across all dining segments

In the past month, have you ordered more or less frequently from the following restaurant types?

Share of participants who reported ordering **"more" or "much more"**



Q2 2021 n729 | Q3 2021 n858 | Q4 2021 n662 | Q1 2022 n874

* Designates statistically significant change (greater than 95% confidence interval) vs. previous survey

Our Viewpoint

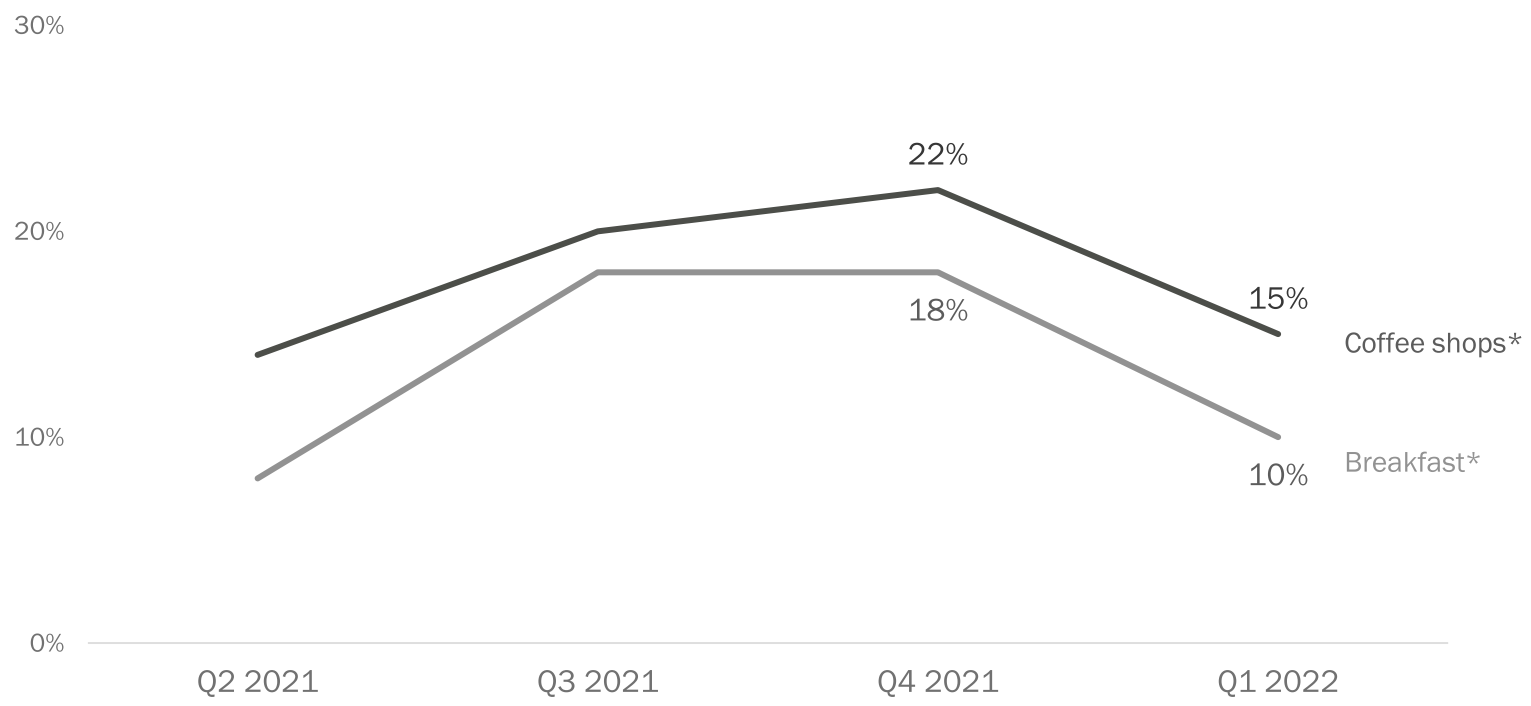
This is in line with previous years. Guests tend to eat out more during the Q4 holiday season, particularly at full-service restaurants.

Insight Three

Frequency declined at breakfast and coffee shop concepts

In the past month, have you ordered more or less frequently from the following restaurant types compared to previous months?

Share of participants who reported ordering **"more" or "much more"**



Q2 2021 n729 | Q3 2021 n858 | Q4 2021 n662 | Q1 2022 n874

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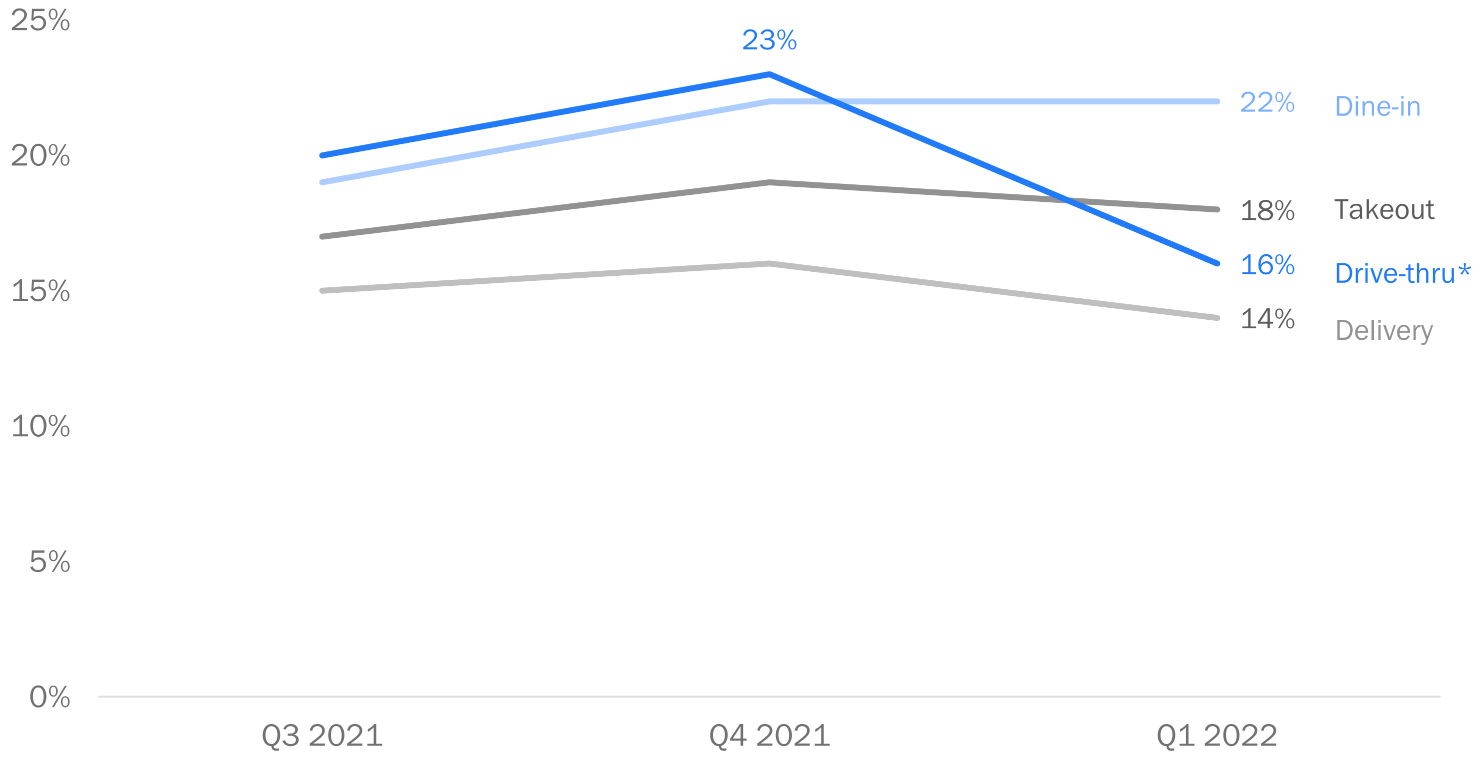
Insight Four

Intention to order from **drive-thrus** has **significantly decreased**

Going forward, how often do you plan on eating out at restaurants

Share of participants reporting ordering **"more" or "much more"**



Q2 2021 n729 | Q3 2021 n858 | Q4 2021 n662 | Q1 2022 n874

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Our Viewpoint

Historically, higher gas prices negatively impact drive-thru traffic.

Insight Five

Nearly 3 in 5 cook more at home now compared to 2021

When **socializing with friends**,

45% reported **entertaining less at home** compared to a year ago.

When **celebrating special occasions**,

31% are **more likely to go to a restaurant** over cooking at home.

Our Viewpoint

Consumers are cooking more everyday meals at home compared to last year.

When it comes to entertaining and spending time with friends and family, consumers are moving back to restaurants.

Q1 2022 n874

Summary of Habits & Intentions

1. Guests reporting at least one weekly drive-thru visit decreased in comparison to 2021. Delivery was also down.
2. Guests reduced their frequency across all dining segments compared to 2021.
3. Frequency also declined at breakfast and coffee shop concepts.
4. Intention to order from drive-thrus has decreased significantly.
5. Nearly 3 in 5 cook more at home now compared to 2021, but entertaining and spending time with family and friends is happening at restaurants.

Pricing & Value Perception

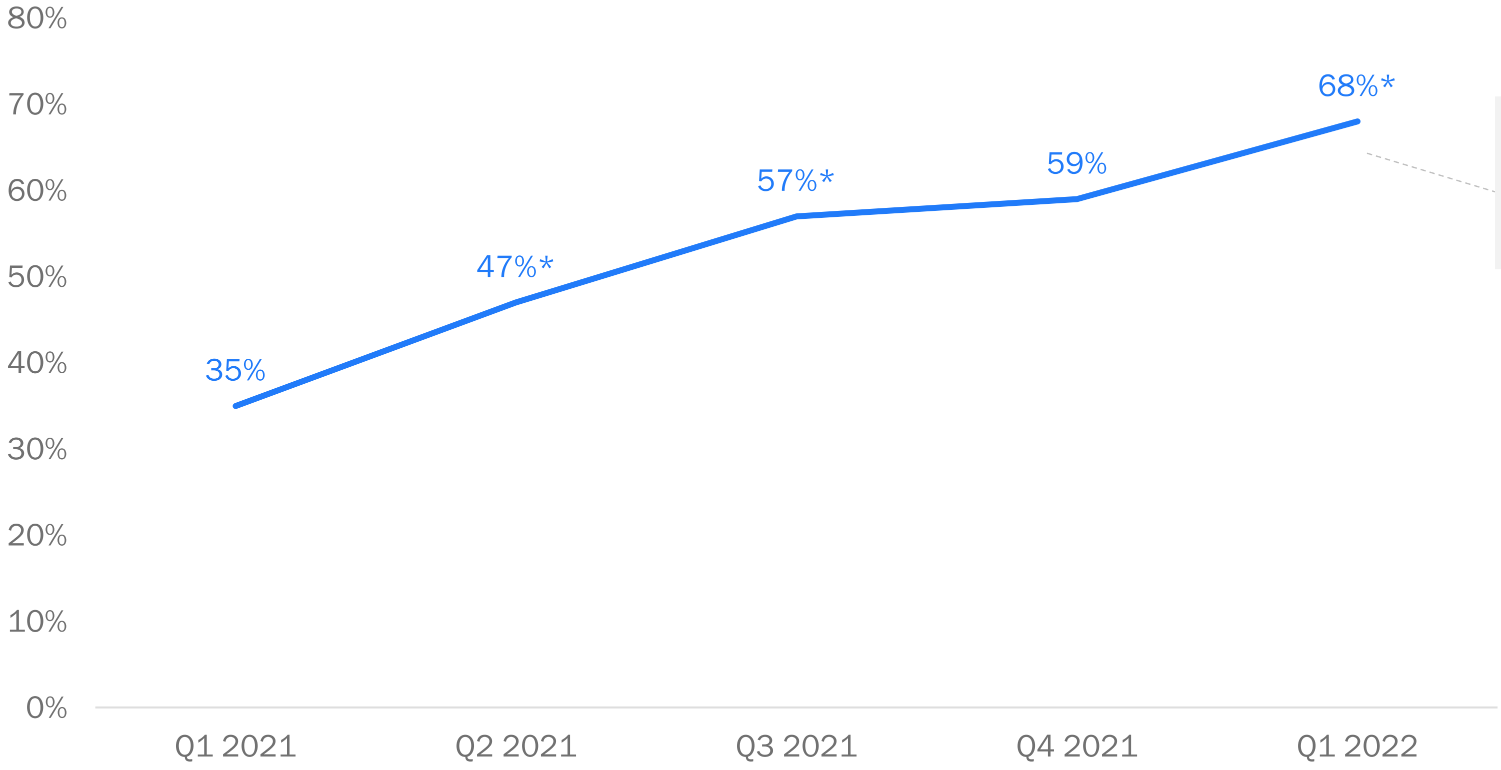
Consumers are reporting early signs of “trading out.”

Responses indicate more awareness of price increases and eroding value perception.

Insight Six

68% of consumers feel that restaurant prices are “higher” or “much higher”

Share of participants feeling that restaurant prices are "higher“ or "much higher"



This number has **almost doubled** since Q1 2021.

Q1 2021 n955 | Q2 2021 n729 | Q3 2021 n858 | Q4 2021 n662 | Q1 2022 n874

* Designates statistically significant change (greater than 95% confidence interval) vs. previous survey

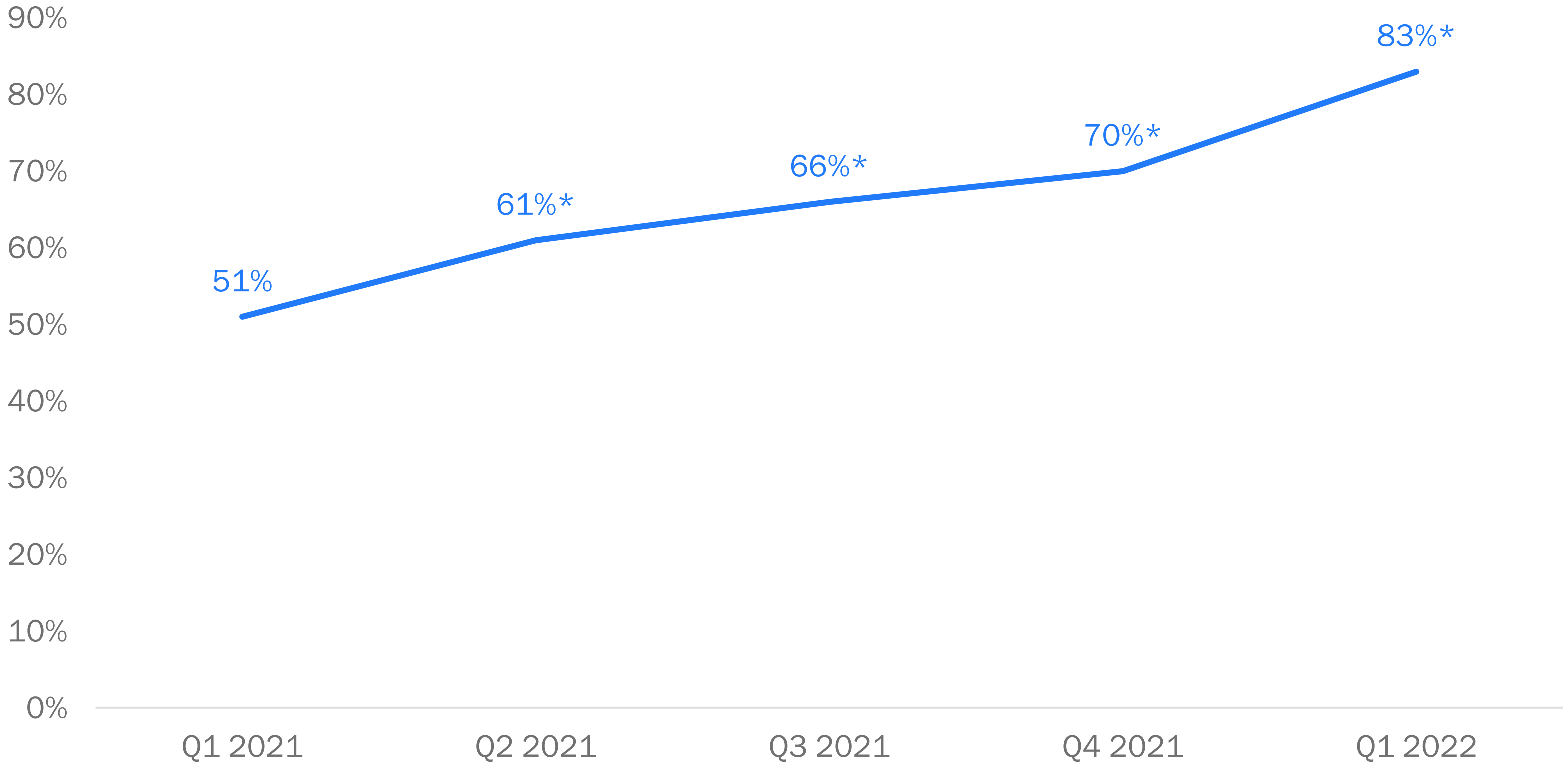
Deep Dive

63% of respondents stated that they find current restaurant prices too high.

Insight Seven

83% of consumers feel that grocery prices are “higher” or “much higher”

Share of participants feeling that restaurant prices are "higher“ or "much higher"



Q1 2021 n955 | Q2 2021 n729 | Q3 2021 n858 | Q4 2021 n662 | Q1 2022 n874
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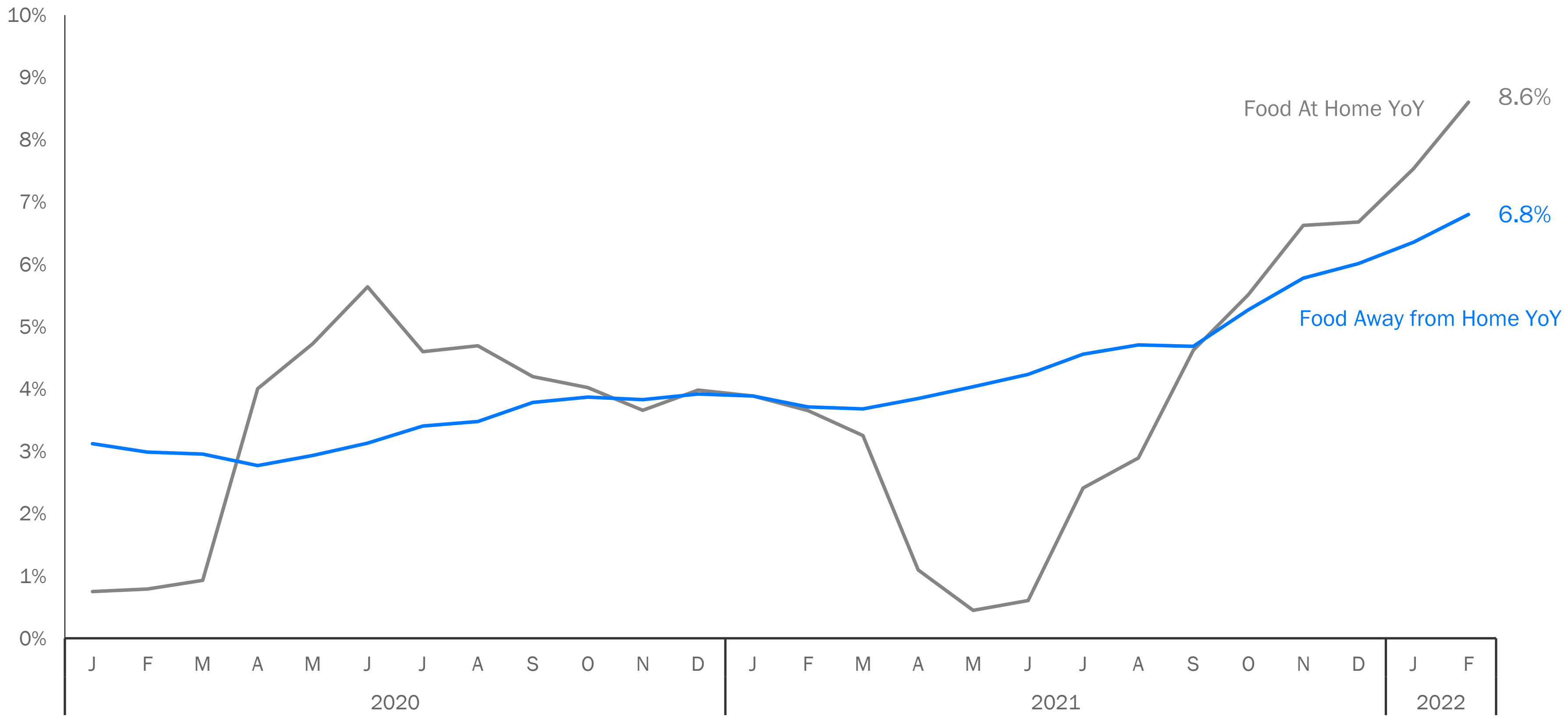
Insight Seven Cont.

Perception is reality. Food At Home (grocery) prices continue to surpass Food Away From Home (restaurant) prices

Food Away from Home (FAFH) & Food At Home (FAH) Consumer Price Changes YOY

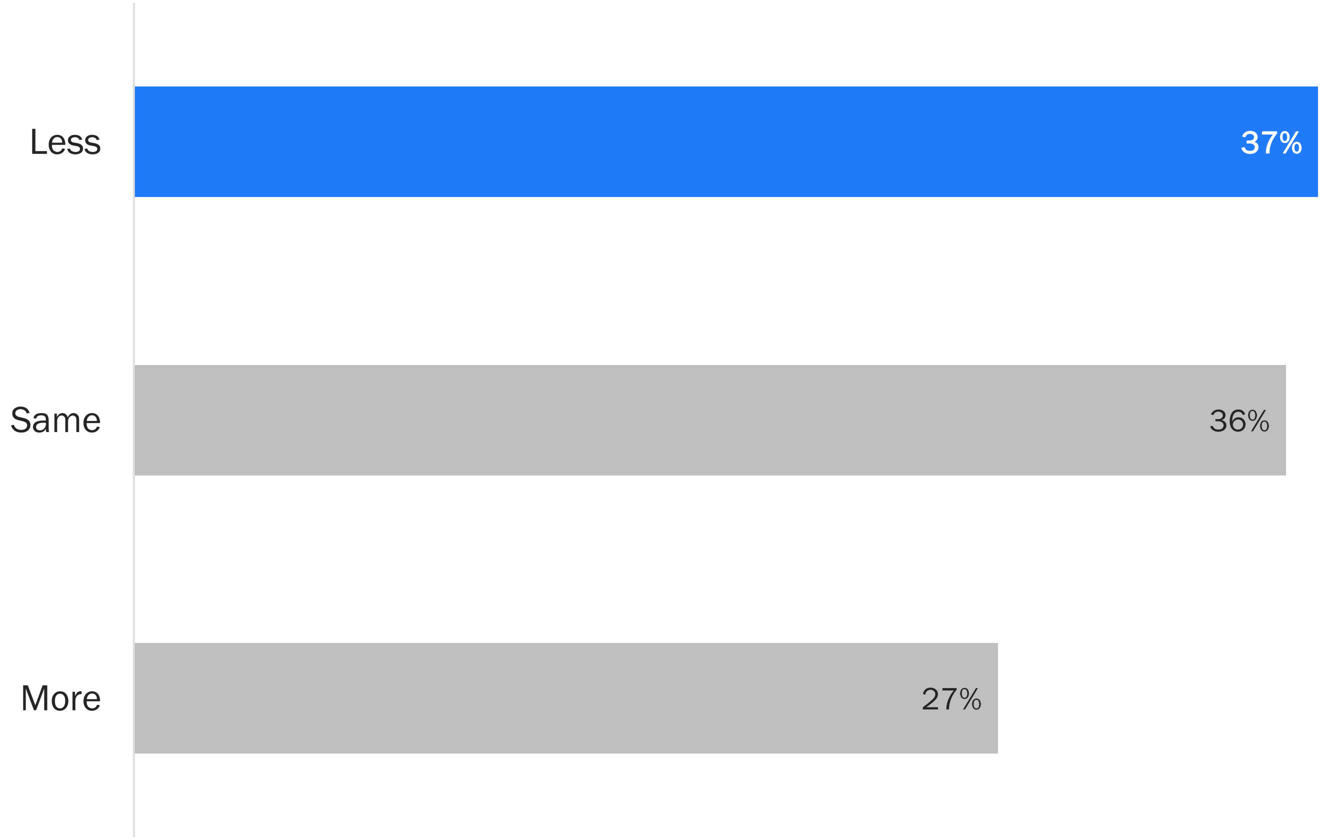


Source: U.S. Bureau of Labor Statistics (https://www.bls.gov/data/)
USDA Economic Research Service (https://www.ers.usda.gov/data-products/food-price-outlook.aspx)

Insight Eight

37% reported spending less of their disposable income on restaurants compared to last year

Compared to last year, the share of disposable income I spend on restaurant is…



Q1 2022 n874

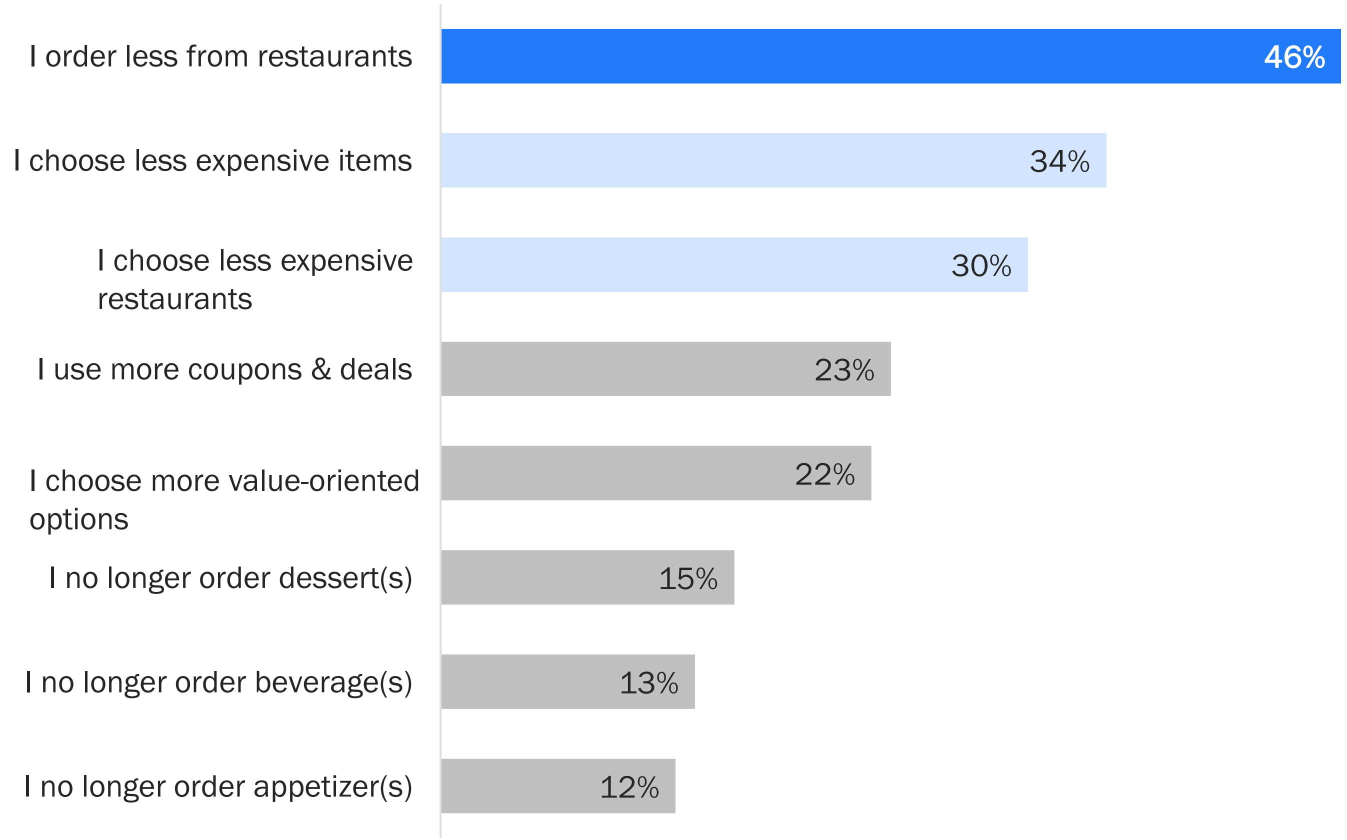
Our Viewpoint

Higher prices and inflation are likely to affect restaurant traffic throughout 2022.

Insight Nine

46% report ordering less from restaurants

How are you spending less at restaurants?



Q1 2022 n325

Additional Insights

Approximately 1 in 3 consumers are trading down:

- **34% are ordering less expensive items**
- **30% are opting for less expensive restaurants**

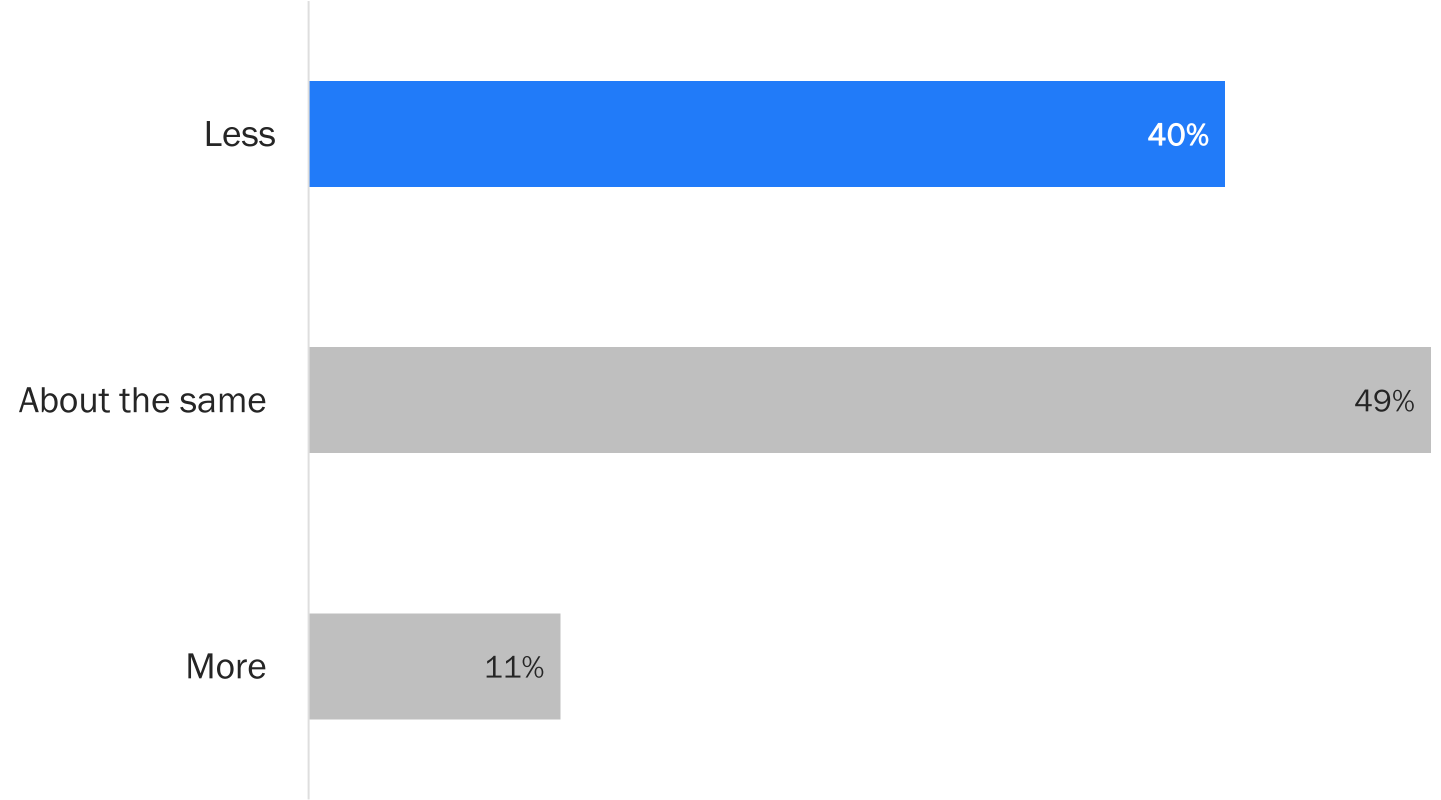
Consumers would rather manage overall spend than give up order items.

Value items, deals and coupons are helping consumers satisfy their desire to eat out while managing spend.

Insight Ten

2 in 5 believe they are getting less value from restaurants now

In the last month, do you feel you are getting more or less value from restaurant



Q1 2022 n349

Insight Eleven

When asked why they were getting less value from restaurants ...

82% reported higher prices as the reason

37% complained about **portion size**

- **Shrinkflation** (paying higher prices for smaller portion sizes) was repeatedly mentioned

12% blamed **lower food quality**

Q1 2022 n349

Insight Twelve

Menu reductions drove frustration.
7% said lack of variety or availability lowered value

The disappearance of dollar menus was noticed.

"The prices keep going up… dollar menus are a thing of the past."

"Removing dollar menus, adding fancier higher priced fares."

1 in 2 disagreed with the following statement:

"I find more affordable options on menus now than I did last year."

Q1 2022 n349

Summary of Pricing & Value Perception

6. 68% of consumers feel that restaurant prices are “higher” or “much higher.”

7. 83% of consumers feel that grocery prices are “higher” or “much higher.”

8. 37% reported spending less of their disposable income on restaurants compared to last year.

9. 46% report ordering less from restaurants. Approximately 1 in 3 consumers are trading down by ordering less expensive items or choosing less expensive restaurants.

10. 2 in 5 believe they are getting less value from restaurants now.

11. 82% reported higher prices as the reason they perceive less value from restaurants.

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