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**
- Female: 57%
- Male: 43%

**Generation**
- Gen Z: 11%
- Millennials: 29%
- Gen X: 31%
- Boomers: 29%

**Restaurant usage**
- Infrequent users (6%)
  - Order from restaurants at least 1x per week
- Moderate users (33%)
  - Order from restaurants 2 - 4x per week
- Frequent users (61%)
  - Order from restaurants at least 5x per week
RMS surveyed 874 people in the United States from March 4th to March 7th, 2022.

Respondent breakdown

**Children**
Under the age of 16 in the household
- Under the age of 16: 4%
- 16 and over: 12%
- None: 15%

**Household Income**
- Under $50k: 46%
- $50k to $100k: 33%
- Over $100k: 17%
- No answer: 4%

**Employment status**
- Employed for wages: 48%
- Retired: 19%
- Self-employed: 9%
- Homemaker: 7%
- Unable to work: 6%
- Out of work (not looking): 6%
- Student: 3%
- Out of work (but looking): 2%

**Region**
- West: 22%
- Midwest: 19%
- South: 40%
- Northeast: 19%

**Geographic area**
- Rural: 28%
- Suburban: 47%
- Urban: 25%
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?

- Office: 62%
- Home: 23%
- Hybrid: 15%

Our Viewpoint

Changes in the workplace environment will not significantly impact restaurant traffic in 2022.
74% of respondents reported that they are fully vaccinated

Q1 2022 n874

Have you received the COVID-vaccine?

Yes 74%
No 17%
Unsure 9%

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.
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

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"

40%

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"

![Graph showing frequency decline at breakfast and coffee shop concepts](image)

Q2 2021 | Q3 2021 | Q4 2021 | Q1 2022
---|---|---|---
Coffee shops* | 22% | 18% | 15% | 10%
Breakfast* | 30% | 20% | 10% | 0%

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

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.
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.

Deep Dive

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

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
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"

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<th>Year</th>
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<th>30%</th>
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<th>70%</th>
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* Designates statistically significant change (greater than 95% confidence interval) vs. previous survey
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:**
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...

<table>
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<tr>
<th>Option</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Less</td>
<td>37%</td>
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<tr>
<td>Same</td>
<td>36%</td>
</tr>
<tr>
<td>More</td>
<td>27%</td>
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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?

- I order less from restaurants: 46%
- I choose less expensive items: 34%
- I choose less expensive restaurants: 30%
- I use more coupons & deals: 23%
- I choose more value-oriented options: 22%
- I no longer order dessert(s): 15%
- I no longer order beverage(s): 13%
- I no longer order appetizer(s): 12%

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 restaurants?

- Less: 40%
- About the same: 49%
- More: 11%
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
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.”
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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