

4 WAYS

THE PANDEMIC

CHANGED THE

RESTAURANT INDUSTRY





Of all the industries negatively impacted by the COVID-19 pandemic, **the restaurant industry may have been hit the hardest.** The one-two punch of dining room shutdowns and major supply chain issues dramatically slashed revenues. The National Restaurant Association estimates more than 110,000 restaurants in the U.S. closed for business in 2020 with more than 2.5 million jobs erased from pre-pandemic levels. Operators that were able to survive had to be smart, nimble, and a little lucky. As more Americans get vaccinated and restrictions on dining begin to be relaxed, it's time to look at ways the pandemic changed the restaurant industry, why some of those changes won't be changing back, and how operators can be better prepared to handle it all.

Buyers Edge Platform analyzed more than \$12 billion in purchasing data from January 2020 to now, and also surveyed 500 Americans about their dining habits. From this data and our own in-depth industry knowledge, we've come up a list of four ways the pandemic changed the restaurant industry that won't be changing back any time soon.

1. OFF-PREMISE DINING IS HERE TO STAY.

The future is contactless. The less touchpoints, the more safe your customers feel. Customer perception has changed and even though indoor dining has returned, the comfort and convenience of being able to eat your favorite restaurant foods is not going away. Operators are finding new avenues to drive sales through takeout and delivery. With the adoption of off-premise and delivery comes an expanded reach of new customers who would not necessarily find an operation if it wasn't close to their home.

According to our survey of consumers, the pandemic drastically changed how (and how much) people order food from restaurants.

- ▶ **25%** say they ordered less food overall from restaurants during the pandemic
- ▶ **46%** say when they ordered food, they ordered more carry out and delivery during the pandemic

Restaurant ordering overall is going to pick up in the next 12 months

- ▶ **33%** of consumers say they plan to order more food from restaurants in the next 12 months
- ▶ Only 11% say they will order less

Off-premise ordering will continue to be a big part of the industry

- ▶ Only **7%** say they will order less carryout in the next year
- ▶ Only **9%** say they will order less via delivery in the next year

The Buyers Edge Platform Data backs this up. Orders for disposable containers spiked in the spring of last year as restaurants across the country closed in



person dining. And even as many areas have opened back up to in person dining, disposable container orders remain high.

- ▶ In April 2021, in the heart of the shutdowns, disposable container orders were up **53.5%** over pre-pandemic levels.
- ▶ Orders still remain elevated, with February 2021 orders still **43%** higher than pre-pandemic levels.



57.7% PREFER
EATING IN
PERSON AT A
RESTAURANT

But the shift to more off-premise ordering is not without problems. Even though consumers say they'll order more carryout and delivery, many still prefer the traditional in person experience.

- ▶ Of all the consumers surveyed **57.7%** say they prefer eating in person at a restaurant
- ▶ **42.3%** say they prefer eating carryout or delivery at home



42.3% PREFER
EATING CARRYOUT
OR DELIVERY AT
HOME

While many plan to continue ordering off premise, there are some things about it that they don't like. We asked customers what annoys them the most about ordering takeout and delivery.

- ▶ The biggest complaint was that the food arrived cold, with **27.4%** giving that as their top complaint.
- ▶ The next two complaints, each with **16%** of the vote, were long wait times and incorrect orders
- ▶ The poor quality of To Go/delivered food came next with **7.8%**
- ▶ **4.57%** say their biggest complaint is the added cost associated with delivery options
 - ▶ Then came complaints about packaging, either too much or



that it was not made from green materials. That accounted for **3.7%** of the complaints.

▶ **13.6%** said they wouldn't change a thing, and that they were happy overall with the To Go/delivery experience.

What should operators take away from this data? The encouraging news is that some of the biggest complaints can be addressed. While it will always be a challenge to have food at home be as hot as food delivered to the table fresh out of the kitchen, many operators are taking steps to ensure better temperature management throughout the off-premise process. This includes investing in higher quality containers that keep food warmer longer. And equipping delivery drivers with better insulated bags to store food in while they drive.

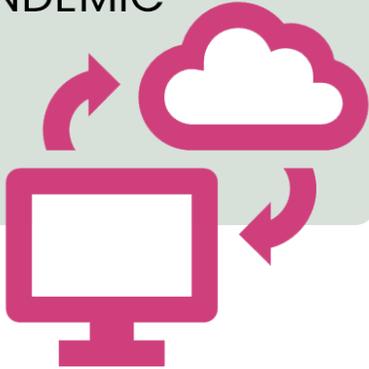
As restaurants dealt with the challenges of pivoting to much greater off-premise ordering, some of the growing pains included longer wait times and incorrect orders, which were the next two highest complaint categories. Now that the “new normal” has just become normal, those logistical errors are likely to decline.

2. TECHNOLOGY IN THE FOOD ORDERING EXPERIENCE

From kiosks, QR codes and tablets at a table, to online and mobile ordering, technology played a huge role in foodservice during the pandemic, and will only continue to grow in 2021 and beyond. Customers can now order their food and pay their bill straight from a tablet for cell phone and receive their receipts via email. Some operators have transitioned to self-serve kiosks in their operation due to high-cost table service. There is a goal of automating as much as possible in the dining experience and implementing technology where operators can increase efficiency and streamline their business model.

But this transition to technology may have its challenges. Our survey of restaurant customers found that many are wary of too much tech when they go out to eat. We asked consumers what they thought of the new technology measures that were implemented in order to create a “less touch” experience at restaurants.

36% HOPE THE NEW TECHNOLOGY CHANGES WILL CONTINUE AFTER THE PANDEMIC



- ▶ **50%** say that while they understand the need for this type of technology in the pandemic, they look forward to things returning to the way they were before.
- ▶ **36%** say they hope the new technology changes will continue after the pandemic

This doesn't mean operators should abandon customer-facing technology solutions. Instead, they should recognize that it may take some time for customers to get used to these changes, and that implementation should be done judiciously and with the customer experience always top of mind.

3. INCREASED FOCUS ON FOOD-BASED MARGINS, OVERALL SPENDING, AND ACCOUNTING

Operators are paying attention to their margins and accounting more than ever. In an industry that was always running lean, the pandemic has forced operators to scrutinize every single penny spent.

Operators are spending more money in areas they didn't spend before. Operational costs are higher with increased sanitation processes, staff dedicated more to sanitation, mask and PPE inventory etc. which is eating into their bottom line.

Our data shows that as a percentage of their overall purchases, orders for

disinfectant and sanitizer products soared 36% during the pandemic. That's likely to continue to be a heightened expense as customers say they want to see proof that the restaurant they are visiting is keeping conditions safe.

- ▶ **68%** of the customers we surveyed said they appreciate seeing visual proof that enhanced cleaning and sanitizing procedures have been implemented.

From a food cost perspective, operators had to deal with major supply chain issues as COVID forced shutdowns of major meat processing and agriculture operations. As a result, operators are paying more attention to their Cost of Goods Sold (COGS), Inventory, Food Waste, Shrinkage - which they may not have paid attention so closely to before the pandemic.

The good news is, there are tools available to help manage costs. Operators are turning to technology to help identify those key insights that help them make better business decisions. Buyers Edge Platform is one solution that has seen tremendous attention from operators looking to use technology and data to help manage their costs. In 2020 more than 20,000 new restaurant locations enrolled in Buyers Edge Platform, and we expect that growth to continue in 2021.

4. INCREASED FOCUS ON TRACEABILITY AND SAFETY

COVID-19 caused major disruptions in the restaurant supply chain. That not only caused issues with the availability of food, it also raised potential issues with the safety of food, and the importance of accurate tracing. An expert in food safety recalls at business insurance firm Allianz Global recently told [Food Safety Magazine](#) that:

68% APPRECIATE VISUAL PROOF OF ENHANCED CLEANING AND SANITIZING PROCEDURES



“With new operations, closed factories, remote workforces, weakened quality checks, decreases in regulatory visits, and erratic supply chains, risk exposures could also swell moving forward. All these factors can create errors, and a mistake in production can leave a product contaminated, dangerous and or defective.”

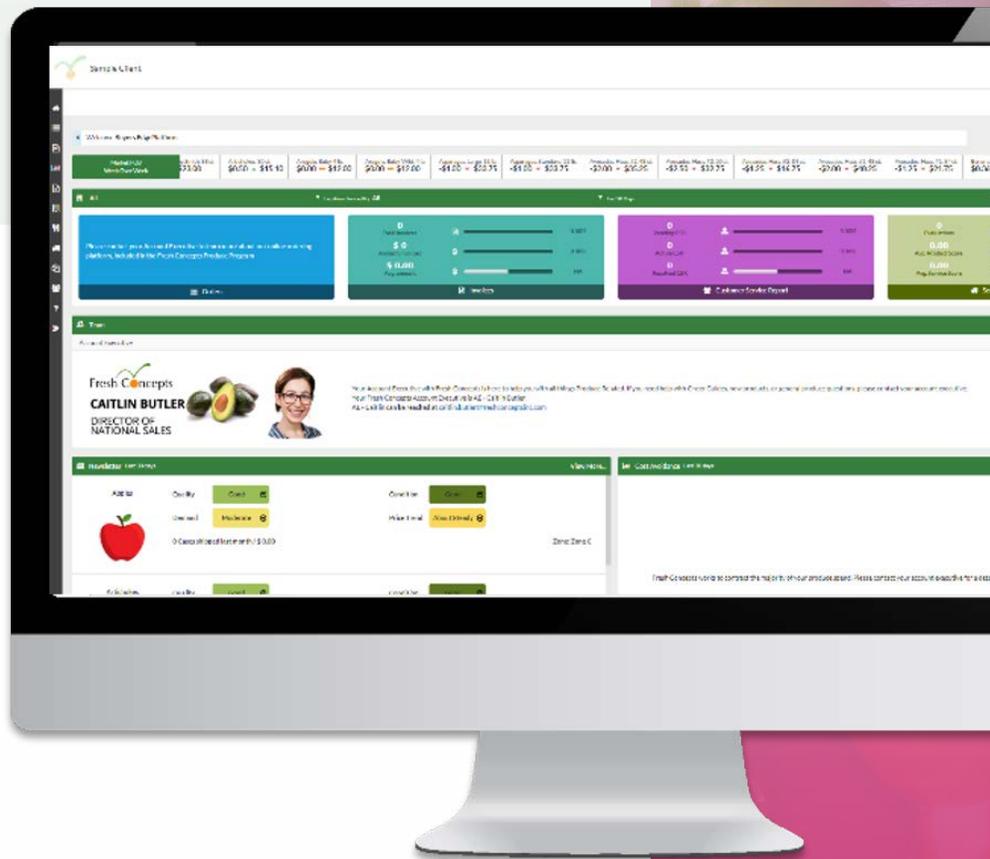
Stewart Eaton, Allianz Global Corporate & Specialty

Operators know that when it comes to food safety recalls, time is of the essence. They’ll look more and more to technology solutions that not only track the exact provenance of the food they’re putting on their tables, but that also will provide real time notifications if there’s an issue.

Knowing where the food comes from is important to consumers as well, not so much as a safety issue, but as a way to encourage sourcing from local suppliers. In our survey of 500 consumers many say they’re trying to support their local independent restaurants, and that locally sourced food is a priority.

- ▶ **41%** of consumers say they have ordered more food from independent restaurants since the pandemic began.
- ▶ **35%** of customers say finding a restaurant that serves locally sourced food is very important

Restaurants across the country have had to adapt to tectonic shifts in how their entire industry operates. Change that might have taken decades to occur was forced on them in a matter of weeks. And some of those changes don’t show any signs of going back. But operators



that recognize the change, embrace the change, and adapt to the change stand poised to come out of the pandemic mess even better than when it started. We'll end our report with one last positive note. All of the hard work done by operators and their staff has not gone unnoticed. In our survey of 500 customers, 44% say they have been tipping more when they order from restaurants during the pandemic. That's even more impressive considering so much of the ordering has been done for carryout and delivery, situations where tipping has traditionally been less than when customers dine in person. **People recognize and appreciate the hard work and sacrifice that everyone in the food service industry has endured.**

**About the survey: Buyers Edge Platform surveyed 500 randomly selected Americans March 19, 2021. The survey was conducted by Survey Monkey.

