



Changes in Consumer Behaviour in the Foodservice Sector



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Restaurant sales and traffic growth are returning to historical rhythms but new consumer behaviours, driven largely by younger consumers, are changing dynamics within the restaurant industry. This new consumer mindset centers on convenience and speed, value, menu innovation and quality.

Across both limited- and full-service restaurants, dine-in share of occasions has rebounded from historic lows in 2020 and 2021. However, Gen Z consumers have been slower than other cohorts to return to dining rooms which has kept off-premise occasions buoyant and accounting for a larger share of occasions than in 2019.

Prior to the pandemic, more than 90% of full-service restaurant visits and more than 40% of limited-service restaurant visits were dine-in occasions. Today, 81% of full-service and just 28% of limited-service restaurant visits are on-premise occasions. An increasing need for convenience and speed are driving off-premise restaurant usage, which consumers cite as a time-saver.

Gen Z's slower return to on-premise dining is also a by-product of lifestyle changes. These younger consumers adapted to a variety of amenities like curbside pickup and grab-and-go which expanded during the pandemic and still fit with their daily routines.

In addition to impacting a full recovery of the dine-in occasion, younger consumers' restaurant visit frequency overall has declined. One of the reasons for this decline is tied to annual household incomes which were disproportionately impacted in terms of employment and wages. Younger cohorts have also had to deal with inflationary pressures which get intensified at the lower end of the income spectrum. Nearly half of consumers with annual household income of under \$50K are ordering from restaurants less than once per week, while 44% of more affluent consumers (household incomes of \$100K or more) use restaurants more than once per week.

This does not mean more affluent consumers are immune to inflationary pressures. In fact, value as a general food and beverage driver is creeping higher across all age groups.

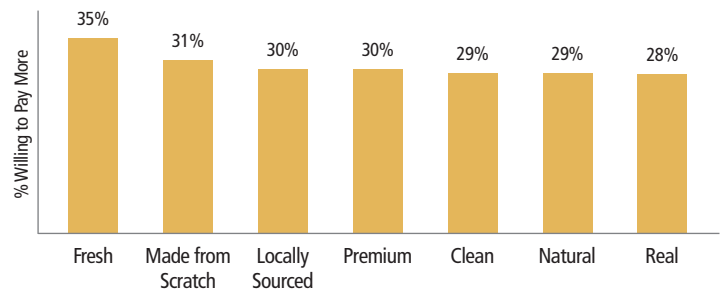
Value-seeking consumers say they pay close attention to menu prices to find the best value and usually choose restaurants with lower prices. Aligning with the presence of young families among value consumers, kid-friendliness and the conveniences afforded by mobile order/mobile payment options are the most notable decision-driver skews for value consumers.

Value-minded Millennials, more than any other generation, rate restaurants offering new and exciting products as a driver of their restaurant usage. Many members of this cohort are building careers and raising families, thereby maximizing their restaurant experience by ordering items they can't easily replicate at home. In general, new product launches are more of a restaurant traffic driver for younger consumers than their older counterparts.

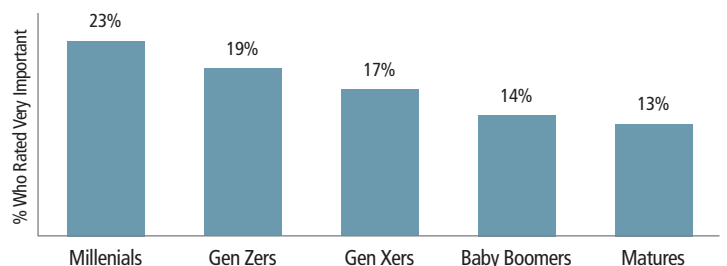
At the other end of the spectrum, quality cues aligned with health can command premium pricing on restaurant menus. For example, 35% of consumers say they are will to pay more for items described as fresh, and 30% are willing to pay more for locally-sourced and premium menu items. Calling attention to premium attributes of beef can justify menu price increases, reminding consumers the inherent value of quality ingredients.

One behaviour that hasn't changed: consumers are still spending at restaurants. And in many cases spending more per occasion than in the past. Quality ingredients will continue to entice consumers to spend, and new product launches will help drive traffic among younger consumers.

Willingness to Pay More for Items with Healthy Attributes



Importance of Offering New and Exciting Products as a Restaurant Driver





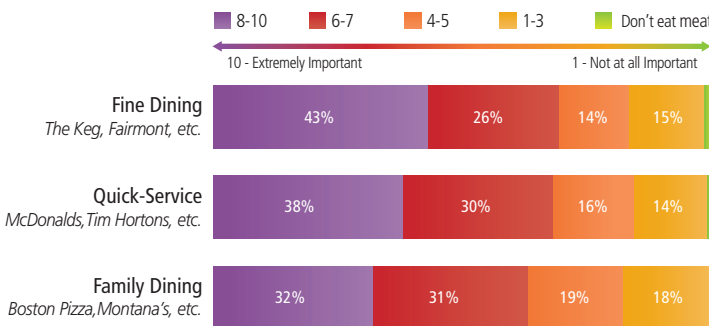
Study Finds that Consumers Want Canadian Beef on Restaurant Menus



The demographic composition of Canada is ever-changing, much like the robust foodservice industry that strives to cater to Canadians from coast to coast. Canada Beef is aware of the changing needs and wants of restaurant-goers and proactively sought to understand Canadian adults’ attitudes towards beef as it relates to foodservice establishments and the importance of having beef, as well as Canadian beef, on the menu when dining out.

The national study, designed to better understand today’s foodservice environment and how to support operators best, was administered to 1,000 adult Canadians 18 or older. The data was weighted to represent the actual Canadian population by age, gender, and region. The study was conducted between December 22-27, 2022.

Of those surveyed, most Canadians visiting fine dining, quick-service and family dining restaurants at least once a month view beef as being important or very important on menus:



Q3: How important is it to you that beef is offered on the menu when visiting each of the following types of restaurants? Using a scale from 1 to 10, where 1 is 'not at all important,' and 10 is 'extremely important'.

Base: Among those that reported they visited each type of restaurant at least once in a typical month.

Amongst those dining at each restaurant segment monthly, the following beef dishes were specified as being important/most important to have on-menu:

Segment	Beef Dish	Important/ Most Important (%)
Fine Dining		73%
Quick-Service		77%
Family Dining		68%

Q4: Thinking specifically when you eat out at a [INSERT ITEM] restaurant. How important is it to you that each of the following types of beef dishes are offered on the menu? Using a scale from one to 10, where 1 is 'not at all important' and 10 is 'extremely important'.

Base: Among those that reported they visit fine dining (n=660), quick-service (n=920), family dining (n=784) restaurants in a typical month.

In addition to the importance of beef on the menu, just over ¾ of those surveyed noted that beef on menus was important or very important to be from cattle raised in Canada. According to the results, respondents said that highlighting dishes featuring Canadian beef on the menu and stating that only Canadian beef products are served is important. This can be done in many ways, including on-menu descriptions, staff interaction with guests, advertising, point-of-sale (POS) materials, etc.

Operators may apply to leverage Canadian Beef logos on their menu and other POS materials, free of charge, by partnering with Canada Beef at <https://cdnbeefperforms.ca/partner-with-us/>.

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