

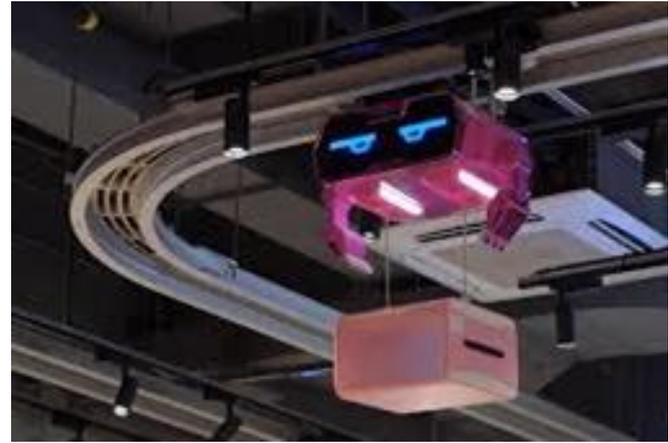


# Innovate Everywhere

## NENA Regional Conference 2023

### At WVU

**How is our industry innovating?**

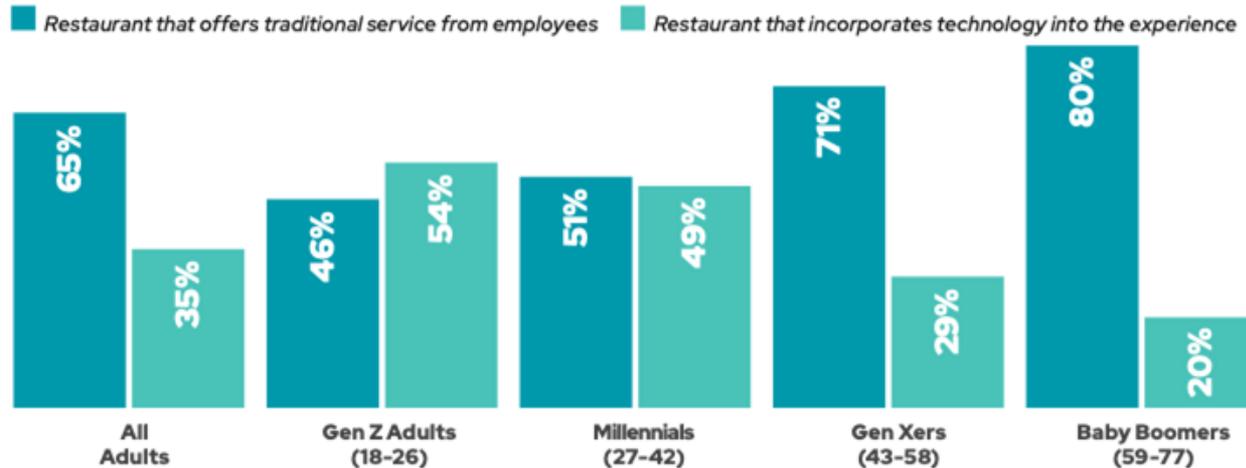


## 65% of adults say they would choose the restaurant that offers traditional service from employees.

However, these decisions vary significantly by age group. Baby boomers (80%) and Gen Xers (71%) were much more likely to pick the restaurant that offers traditional service. Millennials and Gen Z adults are roughly split between the two options.

### MOST CONSUMERS PREFER TRADITIONAL SERVICE

How consumers would choose between 2 similar restaurants based on technology



# Restaurant Challenges



	Family dining	Casual dining	Fine dining	Quick-service	Fast casual	Coffee & snack
Food costs	93%	91%	89%	95%	93%	87%
Inflation	91%	90%	83%	93%	91%	85%
Labor costs	92%	89%	90%	92%	87%	75%
Recruiting and retaining employees	77%	76%	73%	83%	79%	64%
The economy	81%	74%	71%	78%	78%	73%
Energy or utility costs	72%	66%	63%	59%	59%	54%
Government regulation and legislation	54%	44%	44%	41%	48%	39%
Food availability	46%	32%	28%	39%	46%	43%
Attracting new customers	30%	26%	21%	34%	33%	25%
Obtaining credit or financing	34%	20%	14%	33%	31%	33%
Competition with other restaurants	22%	18%	19%	27%	25%	27%
Bringing back repeat customers	21%	12%	10%	25%	20%	16%

Source: National Restaurant Association  
 Note: Survey respondents were asked if each item poses 'a significant challenge,' 'a moderate challenge' or 'little to no challenge' for their restaurant



## STREAMLINING STILL MAKES SENSE

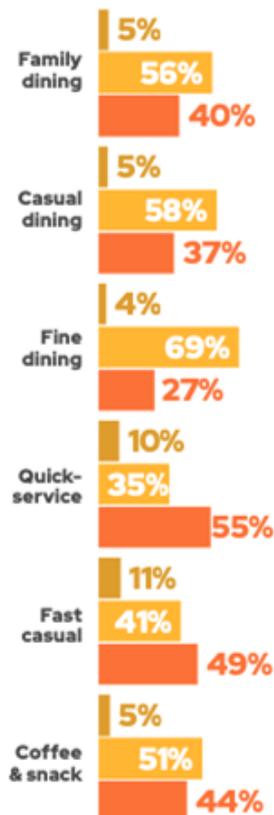
Menus have gotten shorter in recent years, and they're staying streamlined for now.

A majority of operators in each of the 3 fullservice segments say they have fewer menu items now than they did in 2019.

### Current number of menu offerings compared with 2019

Source:  
National  
Restaurant  
Association

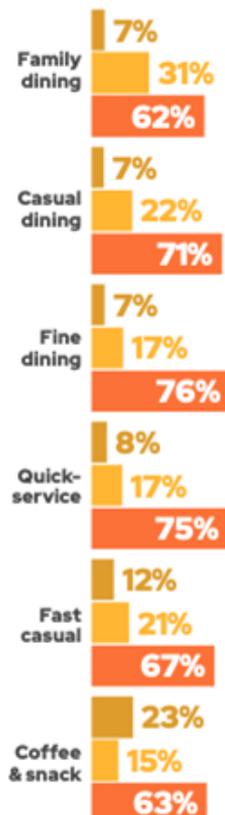
- More menu items than 2019
- Fewer menu items than 2019
- About the same



### Expected number of menu offerings in 2023, compared with late 2022

Source:  
National  
Restaurant  
Association

- More menu items in 2023
- Fewer menu items in 2023
- About the same



Action taken	Family dining	Casual dining	Fine dining	Quickservice	Fast casual	Coffee & snack
Shop around for other suppliers	72%	74%	73%	52%	67%	72%
Cut costs in other areas of the operation	56%	55%	48%	60%	55%	56%
Increase tracking of food waste	41%	39%	30%	47%	46%	31%
Adjust portion sizes	40%	52%	47%	28%	39%	33%
Substitute lower-cost items on the menu	35%	45%	37%	23%	29%	30%
Purchase more items from local sources	28%	27%	31%	24%	36%	35%



FOOD  
& MENU  
TRENDS

## ON-PREMISES OPPORTUNITIES IN THE KITCHEN WITH CHEF

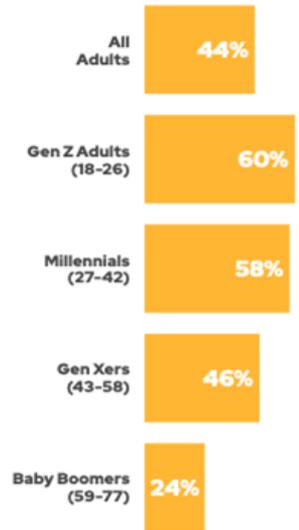
### ON-PREMISES OPPORTUNITIES KIDS LOVE TO COOK

**40%** of consumers say they'd be likely to participate in interactive cooking demonstrations for kids if they were offered by a restaurant in their area they patronize.

**6 in 10** Gen Z adults and millennials say they would be likely to participate in cooking classes.

### COOKING CLASSES

% of consumers who say they'd be likely to participate in cooking classes

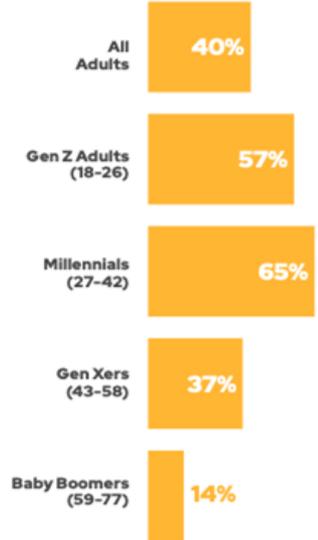


Of course, this offering would be much more popular among parents:

**71%** of adults with children checked yes. Even 27% of adults in households without children reported similarly.

### COOKING DEMOS FOR KIDS

% of consumers who say they'd be likely to participate in interactive cooking demonstrations for kids





## REBUILDING A WORKFORCE

During the early months of COVID-19, millions of restaurant and foodservice employees were laid off or furloughed. Many of these jobs were restored as lockdowns eased and businesses resumed operations, but others were eliminated as thousands of restaurants closed for good.

By the end of 2020, restaurant and foodservice employment totaled just **12.2M**—or 3.2M fewer people than were on payroll at the beginning of that year.

The restaurant and foodservice industry added **2.8M** jobs over the next 24 months—reaching 15M by the end of 2022. Despite these significant gains, the industry remained 400K jobs below pre-pandemic levels.

The industry workforce will continue to grow in 2023, with a complete return to pre-pandemic employment levels expected during the second half of the year.

A projected increase of **500K** jobs will bring total restaurant and foodservice industry employment to **15.5M** by the end of 2023.

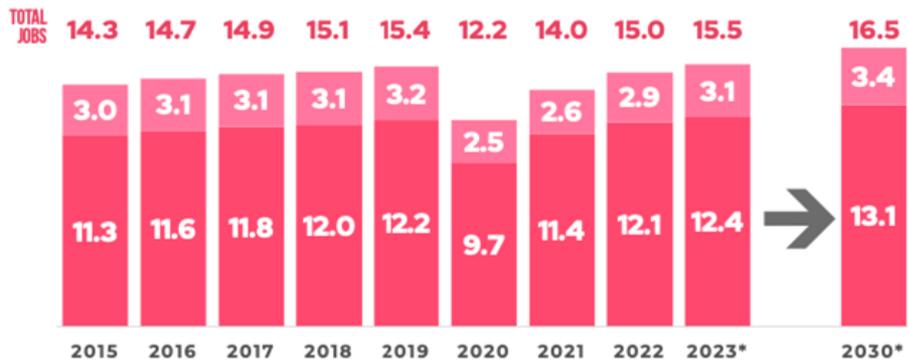
Over the course of this decade, employment will continue to rise at a moderate rate.

The industry's projected to add an average of **150K** jobs a year, with total staffing levels reaching **16.5M** by 2030.

## SLOW & STEADY RECOVERY

Number of restaurant and foodservice jobs (in millions)

■ Eating & drinking place jobs  
■ Non-restaurant foodservice jobs



Source: National Restaurant Association, based on historical data from the Bureau of Labor Statistics \*projected  
Note: Figures represent year-end employment levels

## ADVANCED SOLUTIONS TO TODAY'S PROBLEMS

Some operators are exploring how technology can help alleviate a challenging labor market.

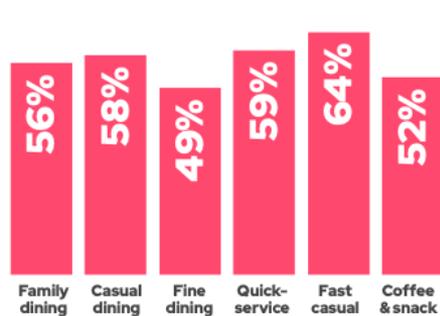
**58%** of operators say using tech and automation will become more common in their segment in 2023.

Tech is used primarily to enhance rather than replace human labor.

Only **17%** of operators say their restaurant made investments in equipment or technology that resulted in the permanent elimination of any positions during the pandemic.

### RESTAURANTS ARE OPEN TO NEW TECH

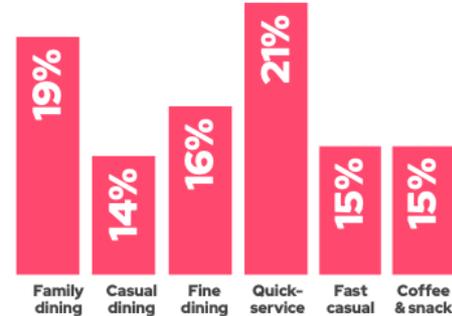
% of operators who say the use of technology and automation to help with the current labor shortage will become more common in their segment in 2023



Source: National Restaurant Association

### TECH ISN'T REPLACING HUMANS

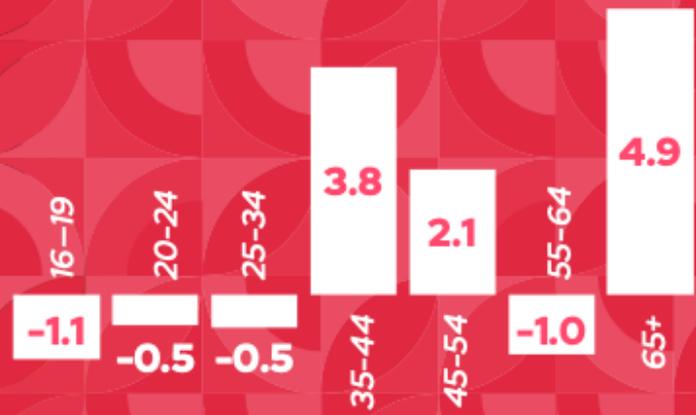
% of operators who say their restaurant invested in equipment or technology that resulted in the permanent elimination of any positions during the pandemic



Source: National Restaurant Association

# OLDER ADULTS WILL BE THE FASTEST-GROWING AGE COHORT IN THE LABOR FORCE

Projected growth in the U.S. labor force by age group: 2021 to 2031 (in millions)



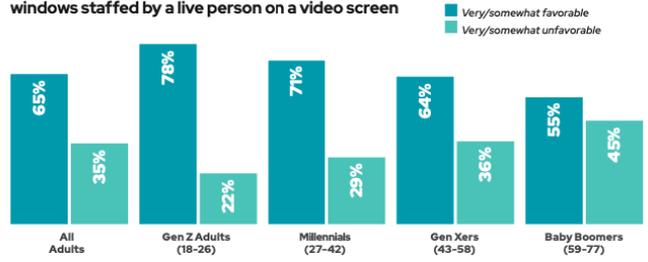
Source: Bureau of Labor Statistics

## EMERGING TECHNOLOGY – STAFFING WITH REMOTE WORKERS ON VIDEO SCREENS

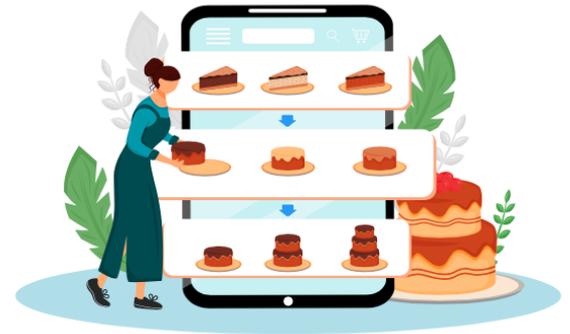
Some restaurants with walk-up counters or drive-thru windows are now taking customer orders via a live person on a video screen. These workers aren't inside the restaurant, but they take customers' orders in the same way an onsite worker would. Customers accept this approach.

### TALK TO THE SCREEN

Consumers' reaction to restaurants that have walk-up counters or drive-thru windows staffed by a live person on a video screen



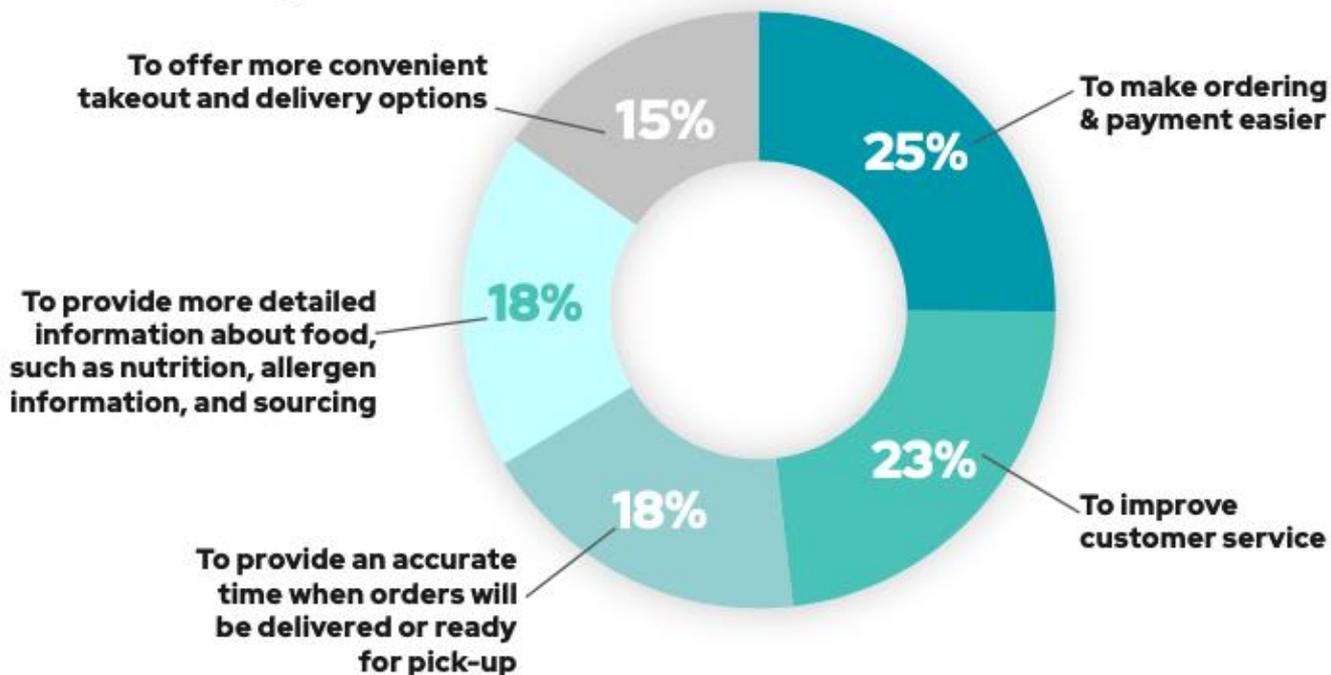
Source: National Restaurant Association



## CONSUMERS WOULD WELCOME SERVICE-ENHANCING TECHNOLOGY

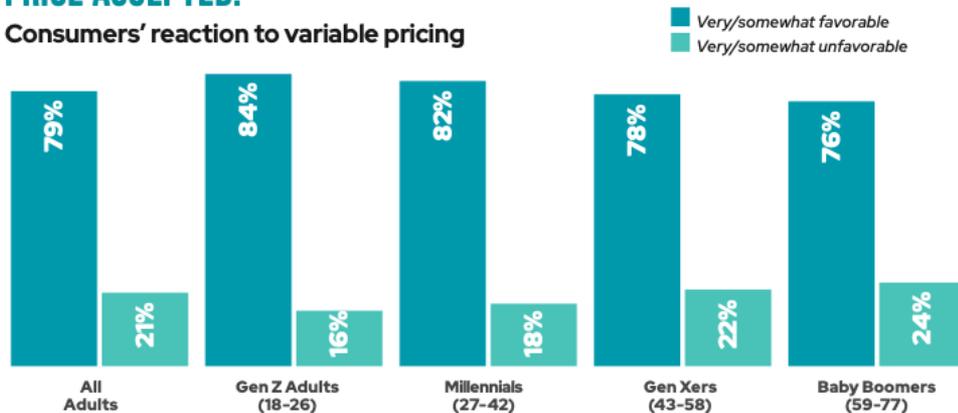
Areas in which consumers would most like to see restaurants incorporate more technology in the future

Source: National Restaurant Association



## PRICE ACCEPTED!

### Consumers' reaction to variable pricing



Source: National Restaurant Association

**79%** of adults have a favorable reaction to the concept of variable pricing in restaurants. The sentiment is similar across age groups.

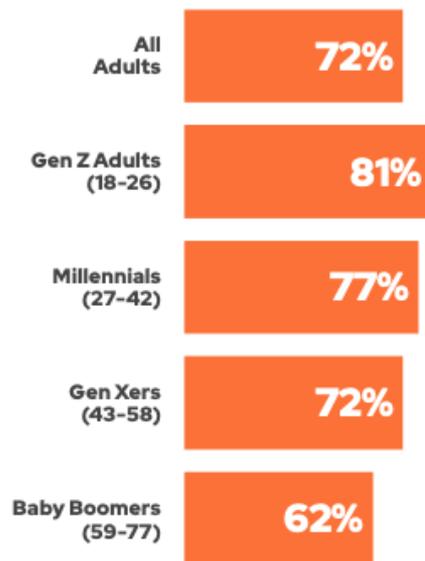


## THINKING GREEN

Consumers, especially younger ones, support environmentally friendly business decisions. For restaurants, this includes menu offerings as well as the way the business operates.

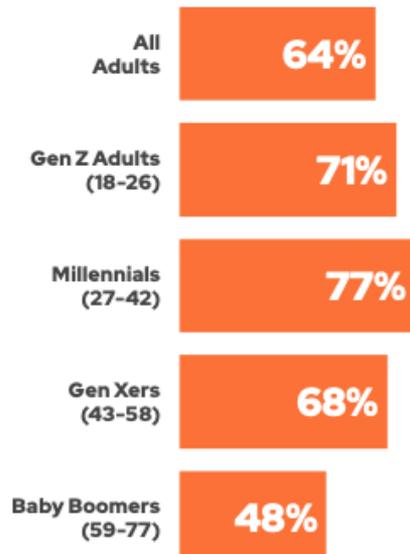
### ECO-FRIENDLY BUSINESS PRACTICES

% of consumers who say they're more likely to visit a restaurant that uses sustainable and environmentally friendly business practices



### ECO-FRIENDLY MENU ITEMS

% of consumers who say they'd be likely to order food that was grown or raised in an organic or environmentally friendly way



# What Consumers Want:

- Loyalty & Rewards
- Smaller portions for lower prices
- Discounts for dining on less busy days
- Discounts for off-peak times of day
- Items for home-cooked meals
- House accounts

## VALUE WILL BE KEY IN '23, IF THE PRICE IS RIGHT

Households are expected to face more challenging economic conditions this year, and many consumers will look for bargains to entice their restaurant use.

### VALUE OPPORTUNITIES

#### 1. Loyalty & reward program

It's easier to bring back repeat customers than attract new ones. Offering a frequent-customer program is one way to increase loyalty. 8 in 10 consumers say they would likely participate in a loyalty and reward program for frequent customers if it was offered by a restaurant in their area that they patronize.

#### 2. Smaller portions for a lower price

71% of adults say they would likely order smaller-sized portions for a lower price if it was offered.

#### 3. Discounts for dining on less busy days of the week

79% of adults say they would likely take advantage of discounts for dining on off-peak days.

#### 4. Discounts for dining at off-peak times of the day

77% of adults say they would likely take advantage of discounts for dining at off-peak times of the day if they were offered.

#### 5. Items to incorporate into home-cooked meals

57% of consumers—including 69% of Gen Z adults and 65% of millennials—say they're more likely to incorporate restaurant-prepared items—such as a main dish, side, or dessert—into their home-prepared meals than they were prior to the pandemic. Restaurants can take advantage of this by packaging popular items for easy customer pick-up.

#### 6. House accounts

Customers pre-pay an amount to the restaurant, and get a bonus amount added to their account. For example: Pay \$50 and get \$60 in the account; pay \$100 and get \$125; pay \$300, get \$400. Funds are deducted from the house account each time the customer dines at or orders from the restaurant. 59% of adults say they would likely participate in a house account program if it was offered by one of their favorite restaurants, including 7 in 10 millennials and Gen Z adults.



**Where are the gaps?**

**So, how is our industry innovating?  
And how do you prepare?**



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