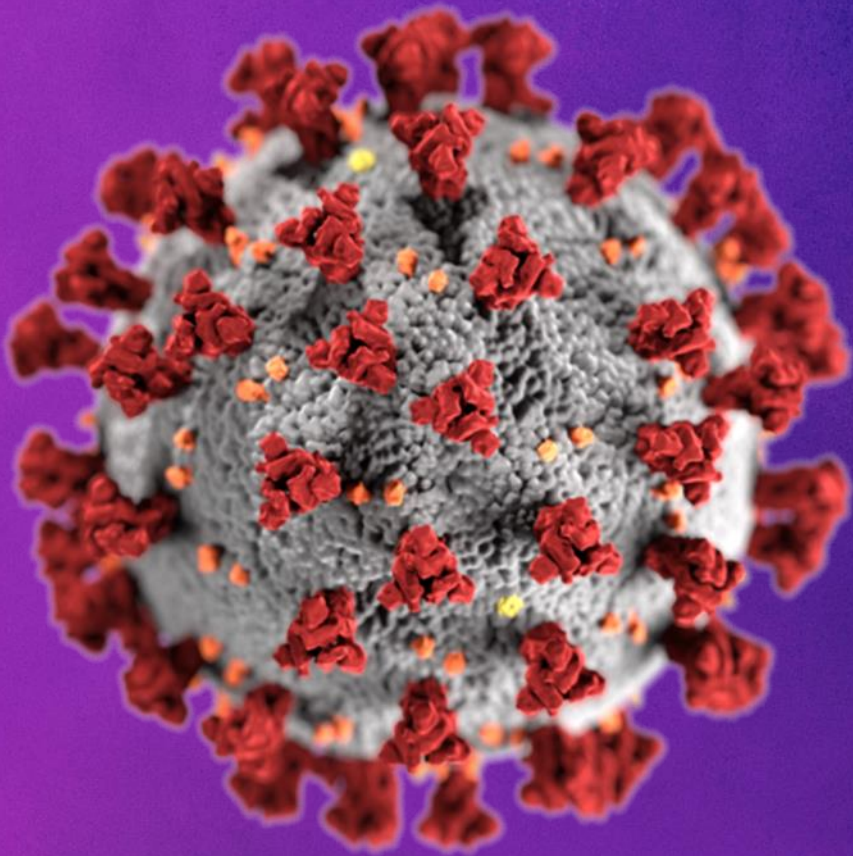


COVID-19

report 37: **STICKER SHOCK**

10.16.20





Going into the eighth month of the coronavirus crisis, there's some good news for the foodservice industry. People have begun to venture back out to eat a little more: Only 26% of consumers said they were using restaurants less to save money, down from 38% when they were asked the same question in April. But on the other hand, Americans remain as value-conscious as ever, and find ways to keep their average spend in line with tighter budgets. They're paying close attention to prices.

To help consumers under pressure, the food industry needs to make the value proposition transparent and compelling. People will accept the costs for making it safe to dine out, but how do operators prove their worth?

Here are highlights from Datassential's latest wave of coronavirus research, fielded October 8-14 with 479 US consumers.

RECENT KEY EVENTS

October 9

SBA releases simplified loan forgiveness application for Paycheck Protection Program borrowers
Chicago City Council considers legislation to cap third-party delivery fees for restaurants

October 10

President Trump's physician clears him for public appearances, saying he's no longer "transmission risk"

October 11

Twitter flags Trump's tweet about COVID-19 for containing misleading information

October 12

Johnson & Johnson pauses COVID vaccine trial, due to "unexplained illness" in volunteer
Major cruise lines cancel all cruises departing US through November
Domino's Pizza CEO tells investors pandemic will slow new-unit growth, despite strong sales

October 13

33 states report increase in new COVID-19 cases, intensifying worries about coming surge
President Trump tests negative for COVID on consecutive days

October 14

University of Alabama head football coach Nick Saban tests positive for COVID-19
President Macron of France announces curfew for Paris

October 15

President Trump and Sen. McConnell continue to publicly disagree on size of stimulus proposal
New York City issues rules for heating outdoor-dining spaces
Dr. Fauci warns, "We really have to be careful this time" when gathering for Thanksgiving

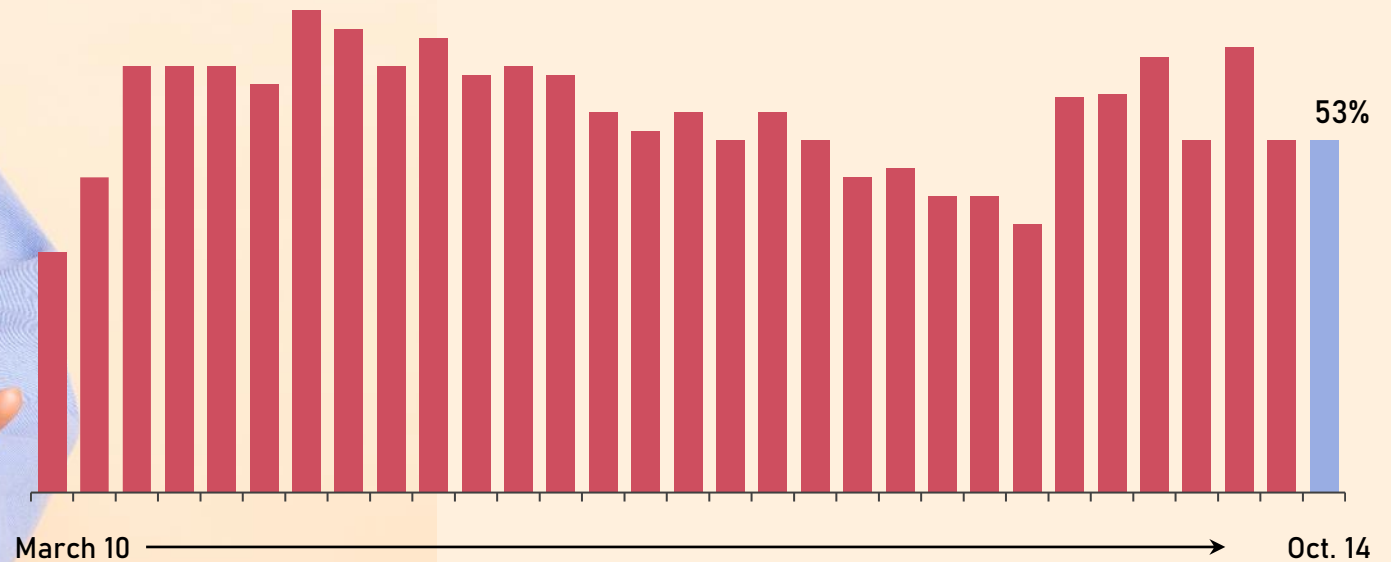
October 15

Global coronavirus deaths surpass 1.1 million

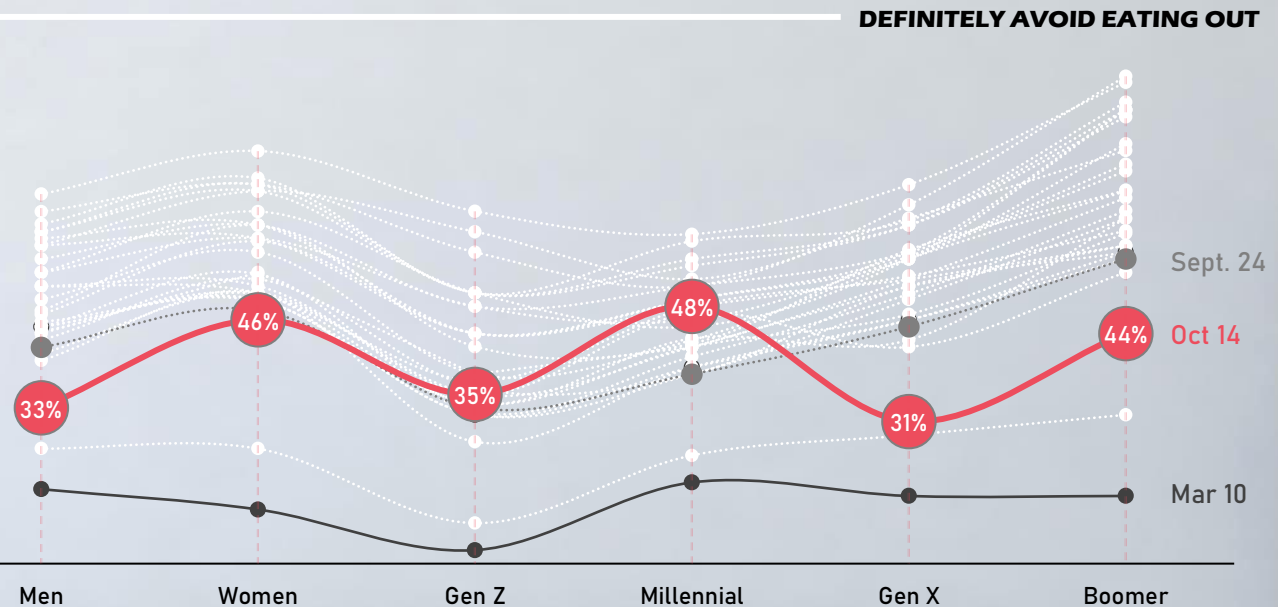


Concern levels over contracting COVID held steady from late September to mid-October.

	June				July				Aug.	Sept.		Oct.
	1	3	5	9	15	17	23	14	18	11	24	14
Very concerned	49%	50%	47%	47%	44%	58%	58%	62%	53%	63%	53%	53%
Somewhat concerned	40%	38%	41%	39%	42%	33%	35%	31%	35%	30%	36%	35%
Not concerned	11%	11%	13%	14%	14%	10%	7%	7%	12%	7%	10%	11%



Men and older consumers were more likely to venture outside the home in mid-October, leading the overall drop in avoiding restaurants.



After public-health concerns popped up in late September, the gap with economic worries narrowed slightly.

which are you more concerned about?

43%

ECONOMIC CRISIS
+5% since September 24

57%

PUBLIC-HEALTH CRISIS
-5% since September 24



Since late September, more Americans are back to work, both remotely and outside the home.

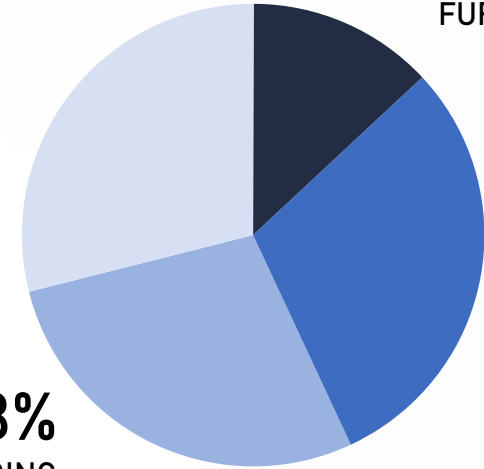


29%
STILL GOING TO
SCHOOL/WORK AS NORMAL

28%
WORKING OR ATTENDING
SCHOOL REMOTELY

13%
LAID OFF /
FURLOUGHED

30%
NOT WORKING
OVERALL



which of the following best
describes your current situation?

Make it worth it.

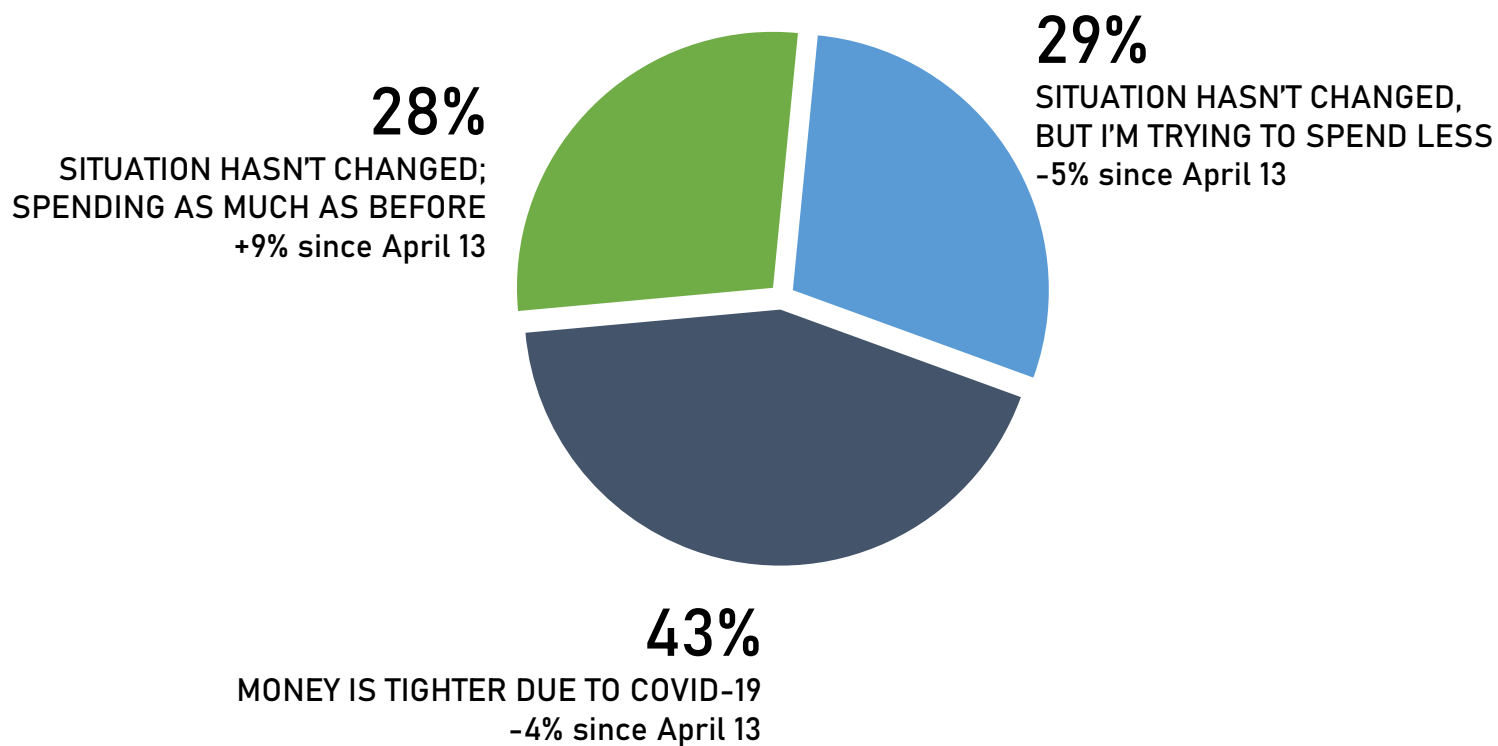
Barring a significant spike in COVID cases, some groups of people are beginning to increase visits to their favorite restaurants and gathering places. Just because they're happy to be out of the house, they won't necessarily pay anything for the privilege of dining out. They notice what they are asked to pay at restaurants, convenience stores, and grocery stores.

Consumers understand that staying open in the time of COVID comes at a cost. They will go along with higher prices, but they are more conscious of the *value* proposition than ever. Instead of tacking on fees that make people feel nickled and dimed, operators should adjust prices fairly and ensure an enjoyable overall experience to nail perceptions of value.



Consumers are slowly loosening their purse strings.

Compared with six months earlier, more Americans report spending as much as they had before the onset of the pandemic, possibly indicating that more of their financial situations have stabilized — or that they've grown accustomed to COVID-era budgeting.



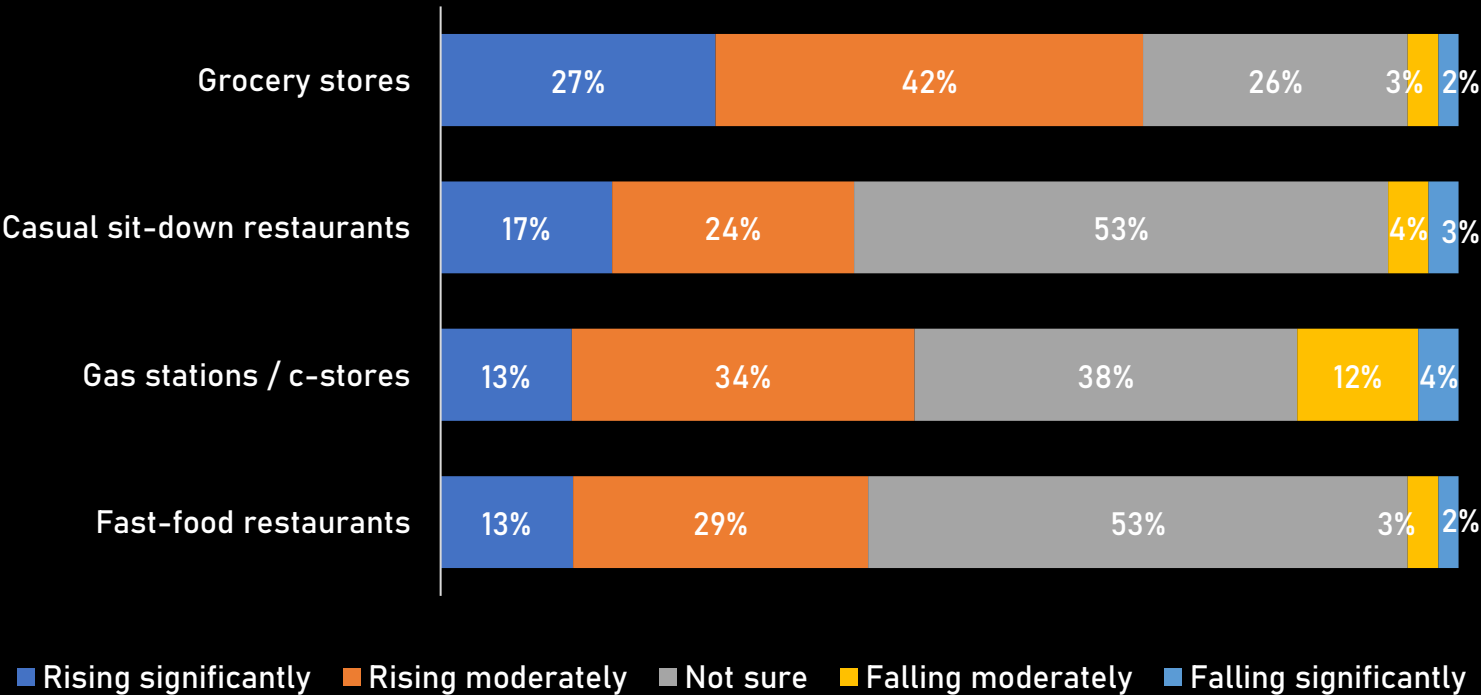
Significantly less likely for **Boomers** (31%)

how have consumers' financial situations changed since the onset of COVID-19?



Most people have felt sticker shock at the grocery store, but not as much dining out.

Restaurants may be able to take price, as more consumers perceive prices rising at c-stores and supermarkets — including two-thirds of shoppers at grocery stores.



since the onset of the pandemic, to what extent are prices you pay for food and beverages INCREASING or DECREASING?





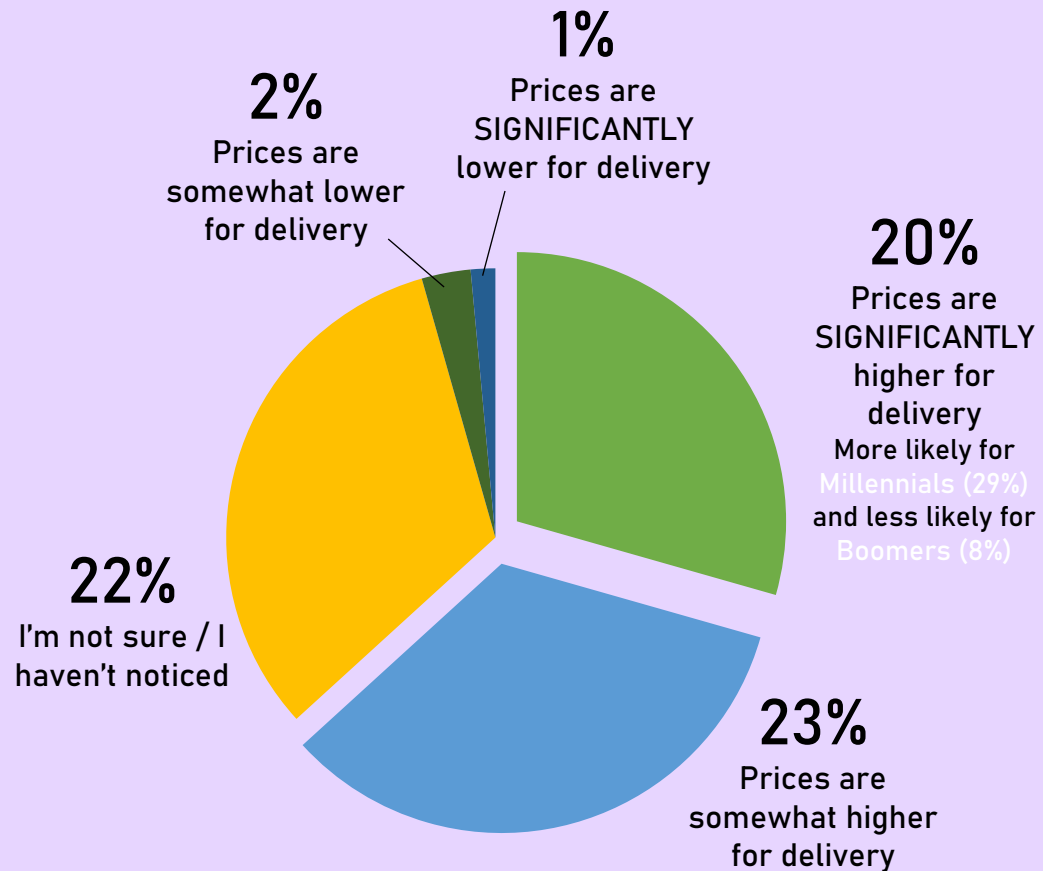
Restaurants, salons, and gas stations benefitted most from consumers trying to regain normalcy.

More people found room in their budgets for those categories compared with six months ago, while slightly more put off replacing their wardrobe; far fewer people cut back on grocery spending.

in the past month, due to COVID-19 / coronavirus, have you CUT BACK ON SPENDING for any of the following categories?

	Oct. 14	April 3	CHANGE
Food from restaurants	48%	57%	-9%
Clothing	42%	38%	+4%
Personal care / grooming	32%	36%	-4%
Gasoline	29%	37%	-8%
Subscriptions (gym dues, book clubs, etc.)	29%	24%	+5%
Entertainment subscriptions (Netflix, Spotify, etc.)	25%	-	-
Coffee (habitual coffee shop purchases)	23%	23%	-
Charitable giving	22%	20%	+2%
Groceries	22%	19%	+3%
Alcohol	21%	23%	-2%
Toys / gifts for my kids or pets	21%	21%	-

Nearly half of people see delivery as more expensive.



have you noticed a difference in prices when you get a restaurant meal delivered, compared to dining in or getting takeout?

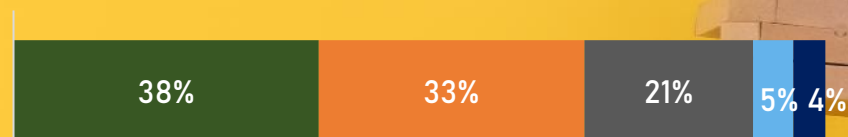
***31%**
N/A: I never get meals delivered
Less likely for Millennials (19%) and more likely for Boomers (55%)



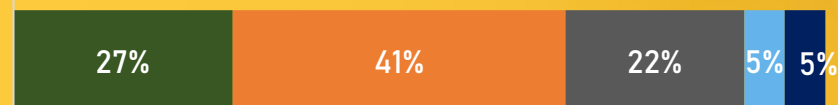
Customers can accept delivery fees and higher prices, if they're seen as equitable.

Nearly half of consumers can stomach a "COVID surcharge" on the bill, but they are more willing to absorb a restaurant's costs if they are reflected in the menu prices.

Delivery fees are necessary for paying the drivers, regardless of what the restaurant does with menu prices



I can pay a little more knowing that restaurants are struggling to stay open with fewer customers



Restaurants are justified raising menu prices for items to be delivered instead of eaten inside



I can pay a "COVID surcharge" a restaurant might choose to add to my bill to pay for safety precautions



■ Agree completely ■ Agree somewhat ■ Neither ■ Disagree somewhat ■ Disagree completely

**please rate your level of agreement
regarding prices at restaurants**



People have figured out how to visit restaurants more often but spend less.

Good news for traffic; bad news for the average check.

relative to dining out, how have you tried to save money while still using restaurants?

	Oct. 14	April 13	CHANGE
Choosing less expensive restaurants	28%	22%	+6%
Skipping appetizers / sides / dessert	27%	14%	+13%
Ordering from restaurants less often	26%	38%	-12%
Ordering from value / dollar menus more often	25%	18%	+7%
Choosing less expensive menu items	24%	19%	+5%
Ordering less delivery (avoiding fees, tipping)	24%	17%	+7%
Skipping beverages, just having water	23%	15%	+8%
Ordering carryout instead of dine-in (avoiding tipping)	22%	15%	+7%
Skipping alcoholic beverages	22%	12%	+10%
Using more coupons	21%	23%	-2%
Ordering more shared / bundled items, family meals	18%	15%	+3%
None of these	25%	24%	+1%



IF YOUR FAVORITE RESTAURANT HAD TO RAISE MENU PRICES DUE TO COVID, WHAT COULD IT OFFER YOU OR DO TO MAKE THE EXPERIENCE WORTH THE COST?

"I would say more specials, maybe. I understand their position, but everyone is hurting. I order out occasionally to help keep my morale up, or I wouldn't do it at all for financial reasons."
- a 49-year-old woman in Wenona, MD

"One idea might be to offer free beverages with any order over a certain dollar amount."
- a 63-year-old man in Las Vegas, NV

"You know, I get it. In order to stay open, they may have to charge more. But offer some incentives like coupons, free non-alcoholic drinks, a free appetizer, a \$5 gift card, anything to show you appreciate my business."
- a 59-year-old woman in Pearsonville, CA

"They should ensure the quality of their food or products tally with the prices."
- a 40-year-old man in New York, NY

"Nothing at all. If it's a restaurant I enjoy, I will still go until the prices become so outrageous. It's a favorite spot-by-spot decision."
- a 48-year-old woman in Applegate, OR

"They have to provide logistics to safeguard customers from coronavirus."
- a 19-year-old man in Atlanta, GA

"I would support the raise in prices from my favorite restaurant due to coronavirus's effects, because the restaurant isn't responsible for circumstances that forced them to increase prices."
- a 64-year-old woman in Clinton, MO

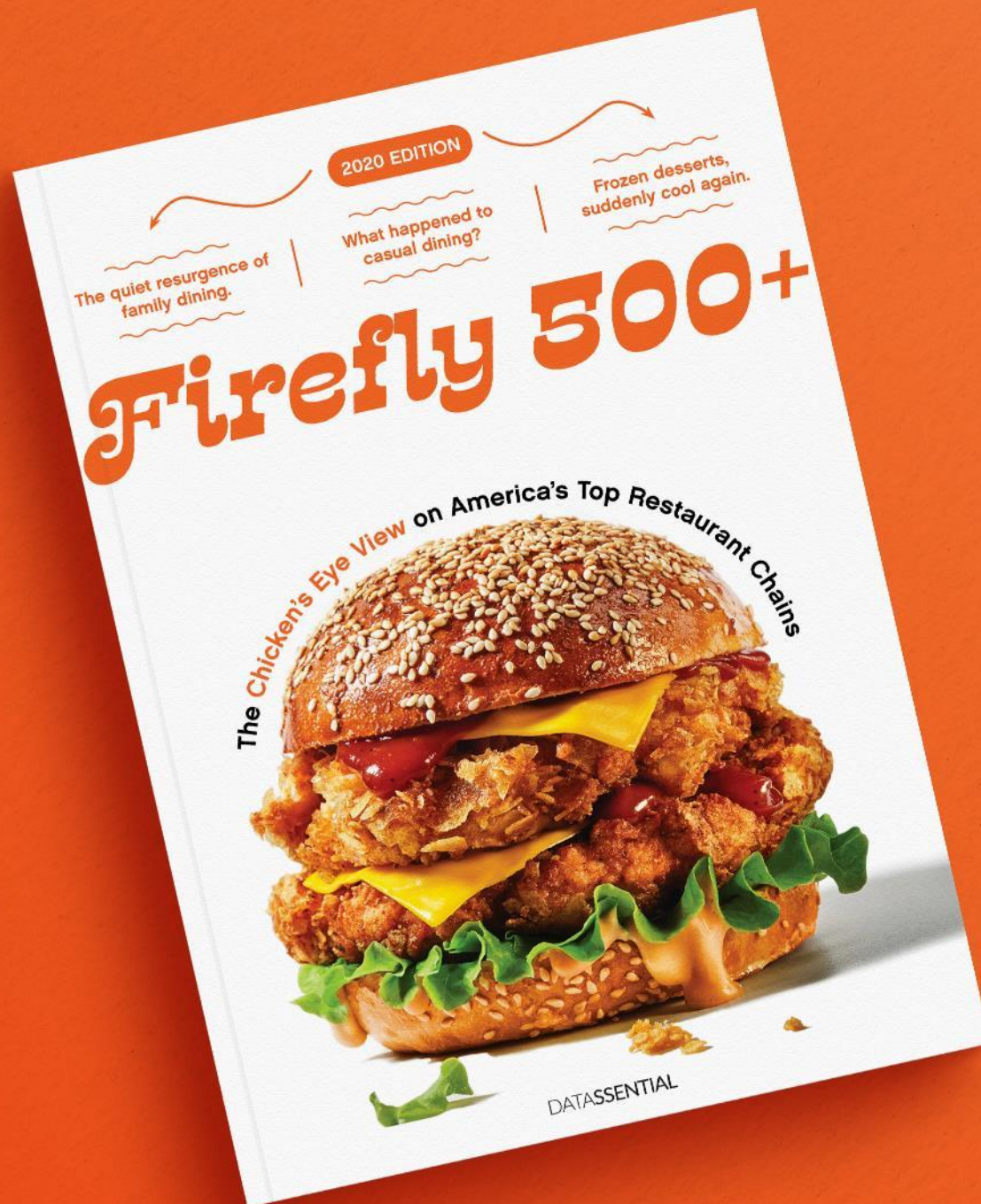




HOTSHOT REPORT

Visit Datassential's Coronavirus Resource Library at datassential.com/Coronavirus, your one-stop shop for all COVID-19 research reports, video interviews, restaurant closure maps, and Traffic Briefings, all updated daily as new data come out of the field.





America's chain restaurant landscape, reframed in the age of COVID-19.

Datassential's recently-released Firefly 500+ Report dives deep into the metrics of chain restaurant success: annual sales, unit counts, and AUVs; year-over-year growth numbers; and consumer insights from SCORES and BrandFingerprints. This year, the report also includes custom research about COVID-19's impact on the chain restaurant landscape, compiled from March to early May.

Help us help you.

As the Coronavirus situation continues to evolve rapidly, just tell us what you want to know. If it's something that benefits the food industry, we'll do our best to incorporate it into an upcoming report and provide the results to everyone for free.

And if you have a need that's specific to your company or brand, we would love to design a custom research solution for you.

[click me](#)