

NBCUniversal

2022

Restaurant Industry Assessment



Welcome!



Introduction

Explore NBCUniversal's latest perspectives and insights into the Restaurant industry. This report provides an overview of recent marketplace dynamics, our prediction of key future trends impacting the industry, and strategic recommendations for Restaurant brands and marketers as they navigate what's next.

Our Approach

At NBCUniversal, we have a legacy of working with a diverse range of Restaurant partners to build their brands. This report has been created based on NBCU's:

- Ongoing Industry Evaluation
 - Conversations with Restaurant Advertisers and Agencies
 - Continual Marketplace Analysis
 - Examination of Consumer Attitudes towards the Restaurant Industry
-

NBCUniversal Has a Unique Perspective

In 2022, NBCU worked with:

48 Restaurant Industry Advertisers



QSR



Fast
Casual



Casual
Dining



3P
Delivery



Meal
Kits



Pizza



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2022 Landscape

Restaurant Forward-Looking Trends

NBCU Restaurant Strategic Considerations

NBCU Relevant Materials



2022 Landscape

Overview of Key Restaurant Marketplace Dynamics



For Restaurant brands,
2022 has been a time of

Resilience

in the face of increasing prices and price sensitivity, supply chain challenges, and ongoing labor shortages, even as consumers return to dining out.

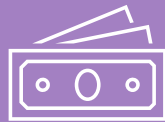


Restaurants Have Faced Ongoing Change in 2022



Return of In-Person Dining and Experiences

Coming out of the pandemic, consumers are increasingly comfortable with in-person experiences. Restaurants are looking to entice diners to return in-person despite emerging challenges (staffing shortages, more limited menus, etc.).



Costs and Prices Increase

Supply chain, inflation and labor challenges are forcing restaurants to raise menu prices to maintain margin. Restaurants are looking for new ways to highlight value as diners re-assess their purchases; 72% of Hispanics feel that higher menu prices due to the pandemic discourage people from eating out more often.¹



Worker and Driver Shortages Continue

With the ongoing labor shortage, restaurants are under pressure to evolve their employee experiences. Businesses are investing in automation and technology upgrades to lower labor costs and alleviate menial tasks for workers.



The Permanence of Multi-Channel Offerings

New dining behaviors were adopted during the pandemic and have remained somewhat permanent. Even as consumers return to restaurants, it is critical they continue to invest in drive-thru, digital ordering and loyalty capabilities.

BRANDS ACROSS RESTAURANT SUB-CATEGORIES ARE Adapting to Changing Mindsets & Behaviors

Quick Service

Coming out of the pandemic, QSRs are faced with **inflation and less brand-loyal consumers**. They continue to drive growth through lower prices items, LTOs and the continued convenience of fast food.

4.5%

Proj. growth in 2022, with **62%** of consumers ordering food from a QSR at least once a week¹.

Prioritizing speed and convenience, 73% of Hispanics typically order from fast food vendors¹.

Fast Casual

While convenience is driving success in the industry, **fast casual restaurant's ability to adapt to consumer demand for innovation and personalization** is critical for growth.

11%

Proj. growth in 2022², with **35%** of diners preferring to order from fast casual restaurants over QSRs¹.

41% of multicultural audiences are ordering from fast casual restaurants more often since the pandemic¹.

Casual Dining

Coming out of the pandemic, diners are excited to return to Casual Dining restaurants given the **full-service experience**.

15%

Post pandemic growth in 2021, with an additional **21%** expected by the end of 2022¹.

46% of Hispanics plan to go to a casual dining restaurant more often in 2022 than what they did in 2021¹.

Food Delivery

First-party and third-party delivery usage is approximately split down the middle. Despite the divide, both segments have seen **growth driven by a continued demand for convenience**.

49%

Of the 2021 online food delivery revenue came from 3rd party delivery³.

Multicultural diners are 79% more likely to spend more money at a restaurant if present on third party delivery apps¹.

Meal Kits

Meal kit subscription growth saw a spike in 2020 as consumers stayed inside and sought restaurant alternatives. Continued growth is expected post-pandemic given new consumer priorities including **cost, convenience and sustainability**.

45%

Meal kit subscription increase from 2020 to 2021 and **17%** increase in 2022 YTD⁴.

Restaurant Forward-Looking Trends

Key Trends We Expect to Influence Restaurant
Marketing & Media Strategies



LOOKING AHEAD,
**Key Restaurant
Trends We Expect
to Influence
Marketing &
Media Strategies**



Getting Creative with
Employee Retention Efforts



Driving
Value Through Technology



Leading the
(Sustainable) Way



Sub-category Lines Are
Blurred



Expanding
Globally and Nationally



Getting Creative with Employee Retention Efforts

Responding to labor shortages under extreme pressure

Even as inflation pushes workers to return to labor force, restaurants are still down almost 6% compared to pre-pandemic levels.

Restaurants are looking for innovative solutions to balance the needs of their workers without disrupting the expectations or preferred experiences of their consumers.

“ ”

When you take care of your people, they will take care of the experience and the experience will translate to growth in the business...**The only way you can run a successful restaurant** — and we have 2,300 of them — **is that they have to be fully staffed.**

MARISSA ANDRADA
CHIEF DIVERSITY, INCLUSION &
PEOPLE OFFICER, CHIPOTLE

“ ”

Consumers expect restaurant chains to be able to **pay for these improvements themselves**, rather than passing on costs. Opportunity exists to build brand loyalty among target consumers – **and attract employees during a labor crisis – by improving brand ethics sooner rather than later.**

JILL FAILLA
SR. FOODSERVICE ANALYST, MINTEL



“ ”

TGI Fridays Dangles \$2,500
Vacation Reimbursement to Keep Staff

Bloomberg

“ ”

DoorDash offers **gas rewards program for drivers**, says customers won't bear the costs



“ ”

Sbarro adds
same-day pay option for employees

RESTAURANT DIVE

Driving Value Through Technology

Upgrading experiences with technology provides added value to consumers

As consumers' dining attitudes and preferences shift, restaurants are looking for new ways to create value for their customers.

With margins under pressure, more limited menus and increased price-sensitivity, restaurants are leveraging technology to create value for consumers.

LOYALTY is at stake

33%

Of consumers have **stopped visiting a restaurant** that they were once loyal to, **given the economic challenges** of the last 2 years.²

COMPETITION keeps emerging and growing

\$7.6B

Estimated **meal-kit subscription services** sales in 2022.³

BEHAVIORS are shifting

32%

Increase in spend at QSR locations in the last year, compared to 2019 levels.⁵

Restaurants are leaning into **technology** in response

42%

Of consumers report being interested in personalized experiences, such as **food suggestions, pairings, and add-ons**.¹

>40%

Of consumers say **technology positively** impacts their dining experience & are interested ordering from **vending machines, screens in store, or mobile apps**.¹



Forbes

Technology and innovation have helped, and in some instances, saved restaurants... **online orders to self-checkout, contactless payment methods, and home delivery**, the restaurant industry could not afford to ignore the latest trends set in the food industry if **they were to remain relevant and competitive**

GARY OCCHIOGROSSO

FORBES CONTRIBUTOR, TOP 25 FAST CASUAL RESTAURANT EXECUTIVE IN THE USA

Leading the (Sustainable) Way

Restaurants are investing across every pillar of sustainability

49% of U.S. restaurant diners are categorized as “sustainability prioritizers”¹

In a low margin industry, Restaurants are under pressure to create sustainable profits and practices. With more attention across many areas of business – packaging waste, food waste, value, worker experience, sourcing, and more – restaurants are forced to evolve their business practices to create sustainable profits.

Environmental



Protecting the Planet and
Conserving its Resources



Embracing Plant-based Options

Reducing Carbon Emissions

Eliminating Food Waste

Eco-friendly Packaging

Economic



Considering Accessibility
and Impact of Sustainable
Restaurant Efforts



Governance via Compensation Alignment to
ESG Metrics

Commitment to Increase of Female
Executives

Willingness from Consumers to Pay More for
Green Food

Social



Ensuring Equitable Treatment
of Individuals and Communities



Diverse Pop Culture Partnerships

New & Expanded Employee Benefits (ie.
tuition coverage)

Giving Back to the Community

Sub-category Lines Are Blurred

Restaurants take inspiration from outside their core competition to meet consumer expectations of “convenience”

Restaurants are looking in adjacent categories to see how players in those spaces are creating convenience for their consumers.

As restaurants continue to innovate through these external inspirations, sub-category lines are getting blurred and consumers will begin to hold all restaurants across different areas to the same standards of convenience, value, and quality.



“ ”

There’s virtually **no difference between fast-food** restaurants like McDonald’s and **fast-casual** restaurants like Chipotle anymore

BUSINESS
INSIDER



“ ”

Subway, **eager to grow sales, turns to catering.** The sandwich giant has refreshed its catering program, hoping to take advantage of companies returning to offices.

RESTAURANT
BUSINESS



“ ”

Applebee’s and iHop are getting a **high-tech makeover:** Dine Brands is investing heavily in new POS systems, a loyalty program and other technology, which it views as key to long-term growth

RESTAURANT
BUSINESS



The restaurant industry is taking note from the growth of CPG **convenience foods** by responding with the rise of **prepared food stores** and more meal subscriptions.

MOSAIC

Global & National Expansion

Geographical growth balanced with localization

As the world becomes more globalized, restaurants are following suit. Local restaurants are going national and national restaurants are expanding internationally.

Despite the mass standardization employed as restaurants continue to expand, creating local, personalized, and neighborhood feel is critical to form relationships with consumers.

The Global And National Opportunity

	Global	National (U.S)
Market Size	\$798B	\$297B
Historical Growth (Per Year)	8.9%	1.1%
Expected Growth (‘20 – ‘27)	5.1%	4.6%

What's Driving Growth?

Increase in working women around the world, particularly in developing countries

Demand for global and local flavors as social media & tech promote globalization

Growth in foot traffic as peaks of pandemic subside

Opportunity for SMB chains to increase market share after local restaurants closed

Who is Growing?

EXAMPLES



Expansion within the US



Expansion from U.S. to Europe and Asia



Expansion from Philippines to China and U.S.

SUMMARY

Key Restaurant Trends We Expect to Influence Marketing & Media Strategies



Getting Creative with Employee Retention Efforts

Restaurants are responding to the labor shortage under extreme pressure



Driving Value Through Technology

Upgrading experiences with technology provides added value to consumers



Leading the (Sustainable) Way

Restaurants are investing across every pillar of sustainability



Sub-category Lines Are Blurred

Restaurants are taking inspiration from outside their core competition to meet consumer expectations of “convenience”



Expanding Globally and Nationally

Geographical growth balanced with localization

NBCU Restaurant Strategic Considerations

Key Considerations for Driving Growth for Restaurant Brands



NBCUNIVERSAL

Restaurant Strategic Considerations



01. Maximize Reach through Cross-Platform

Capitalize on evolving consumption patterns and activate across platforms to maximize reach with all potential restaurant customers.

02. Differentiate Your Brand through Cultural Conversations

Capture attention and spark conversation by aligning with passion points (pop culture, sustainability, music, etc.), influential talent, and cultural moments & events.

03. Communicate Locally, Nationally, and Globally

Balance the power of localization with the strength of national and global scale as your chain expands into new regions.

04. Strengthen Relationships with Key Consumers

Connect with key growth audiences through data to reinforce brand messaging with existing or prospective customers.

05. Use Actionable Creative to Drive Traffic to Site and Stores

Drive digital and mobile engagement through interactive experiences and ad innovations that fuel discovery and trigger ordering action.

NBCUNIVERSAL

Restaurant Strategic Considerations



01. Maximize Reach through Cross-Platform

Why: Brands must modernize their video approach to include all screens in order to maximize reach potential and capture all restaurant-relevant audiences.

Good For: Awareness | Consideration | Salience | Incremental Reach | Targeted Reach

02. Differentiate Your Brand through Cultural Conversations

Why: Cultural relevance and credibility enables brands to capture attention and build deeper consumer connections.

Good For: Awareness | Consideration | Familiarity | Brand Perception | Trial | Familiarity | Purchase Intent

03. Communicate Locally, Nationally, and Globally

Why: Brand awareness is highly correlated with traffic; as new stores open in new areas, local consumers need to be made aware of their presence.

Good For: Awareness | Consideration | Familiarity | Loyalty | Ad Recall

04. Strengthen Relationships with Key Consumers

Why: Data-driven approaches can help identify sources of growth, improve targeting, and tailor messaging.

Good For: Awareness | Targeted Reach | Incremental Reach | Conversion

05. Use Actionable Creative to Drive Traffic to Site and Stores

Why: As restaurant consumers seek convenience and digital innovation, brands must align with content experiences that both create and convert demand.

Good For: Consideration | Discovery | Engagement | Conversion | CRM / Lead Generation

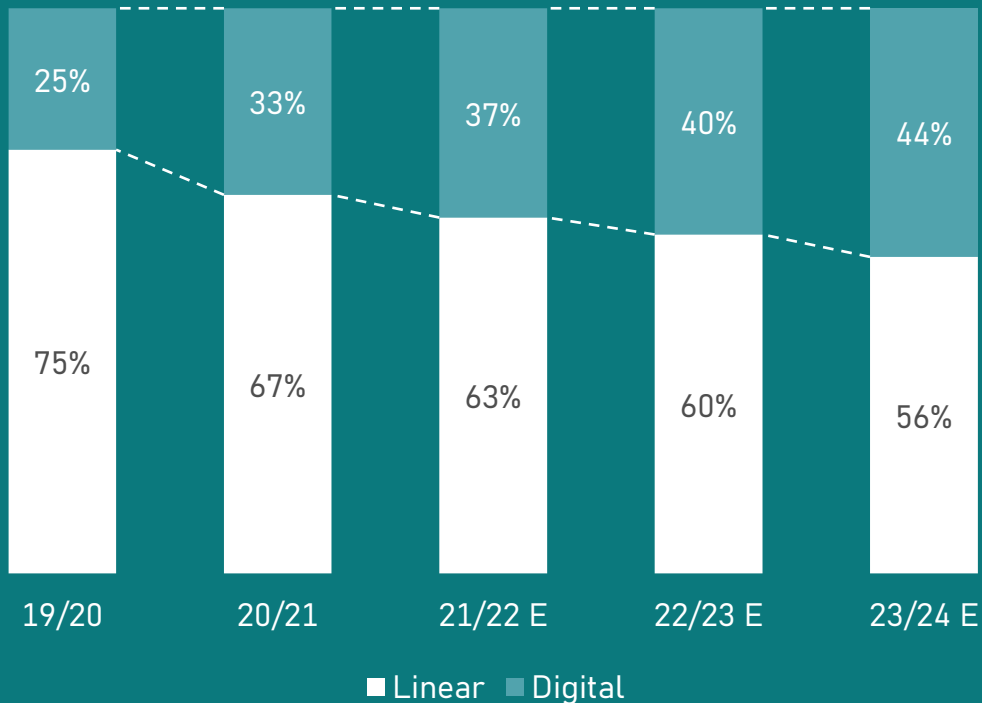
01. Maximize Reach through Cross-Platform

Capitalize on evolving consumption patterns and activate across platforms to maximize reach with all potential restaurant customers.

The way content is being consumed continues to evolve.

NBCU One Platform – Share Of Minutes

A18-49, reflects aggregate viewership across NBCU portfolio



Expand your brand's presence by adopting a cross-platform approach.



02. Differentiate Your Brand through Cultural Conversations

Capture attention and spark conversation by aligning with passion points (pop culture, sustainability, music, etc.), influential talent, and cultural moments & events.



Pop Culture & Passion Points

Tap into breakthrough moments and events that shape today's cultural conversation.



Cultural Heritage Celebrations

Celebrate Multicultural audiences and drive impact by aligning with moments that matter year-round.



Purpose-First

Amplify the work your brand is doing behind the scenes by aligning with NBCU's premium, brand-safe IP and storytelling capabilities.



Talent Room

NBCU's influencer hub, a standalone website connecting brands with the right talent to authentically share their brand story.

03. Communicate Locally, Nationally, and Globally

Balance the power of localization with the strength of national and global scale as your chain expands into new regions

A 3-pronged approach rooted in NBCUniversal's Co-Lab:



Universal Truth

As a global creator of content, NBCU has unparalleled insight into the experiences, topics, and cultural moments that resonate with people around the world.



Local Insight

With access to thought leaders, researchers, and influencers by both geography and expertise, NBCU understands the balance between local nuances and universal truths.



Power of Distribution

Along with content comes NBCU's unmatched distribution. With the power of targeting, local stations, national scale, and global reach, NBCU is a single powerhouse partner to communicate your story.

04. Strengthen Relationships with Key Consumers

Connect with key audiences (ie. MC, working women, Gen Z, loyalists) through data to reinforce brand messaging.

Leverage NBCUnified to mine for audience insights....

... expand through lookalike modeling... and target through AdSmart



QSR High Engagers & Spenders

33%

of consumers have stopped visiting a restaurant that they were once loyal to, given the economic challenges of the last 2 years¹

Sporting Event Tickets
188 Index



Health-Conscious Restaurant Engagers

49%

of restaurant consumers in the U.S. are categorized as "sustainability prioritizers"¹

Theme Parks
188 Index

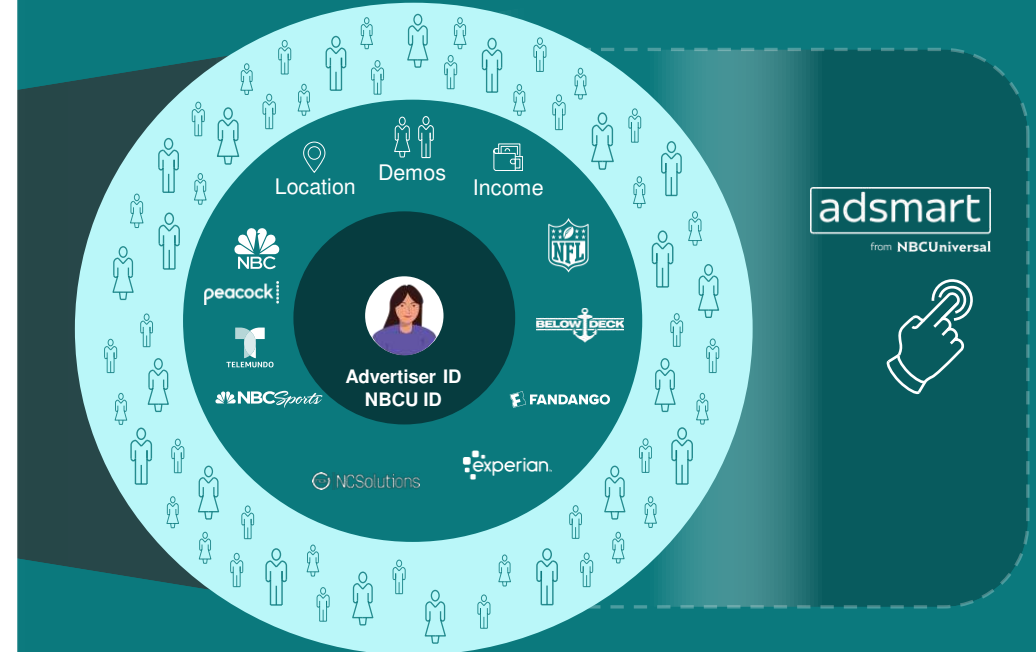


Young Diners

40%

of Gen Z-ers like when a restaurant offers celebrity meals¹

Video Games
275 Index



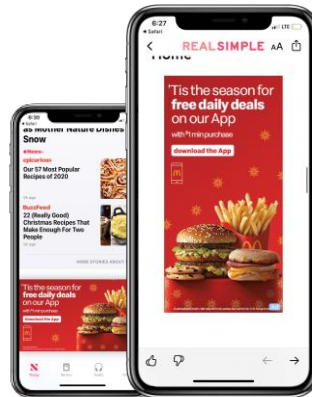
05. Create Interactive Experiences

Drive digital and mobile engagement through interactive experiences and ad innovations that fuel discovery and trigger ordering action.



Encourage Engagement / Commercial Innovations

- Seamlessly blend advertising and content to better engage the consumer and create interactive viewing experiences.
- Formats include but are not limited to PIP, Interactive Countdown Clock, Pause Ads, In-Scene Ads, Contextual Targeting, etc.



Drive Action through Apple News

- Reinforce messaging and generate quality leads via Apple News engaging ad solutions.
- Tap-to capabilities can drive users to site, app download, deep link within app, email, chat, map, wallet etc.



Innovate the Ordering Experience through Content Commerce

- Create seamless and meaningful shopping experiences for consumers.
- NBCU commerce opportunities include but are not limited to experiential, social commerce, ShoppableTV, and Interactive web.

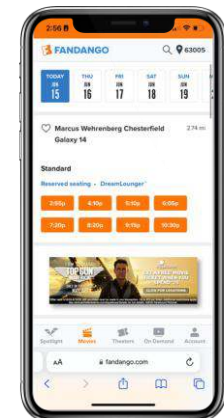
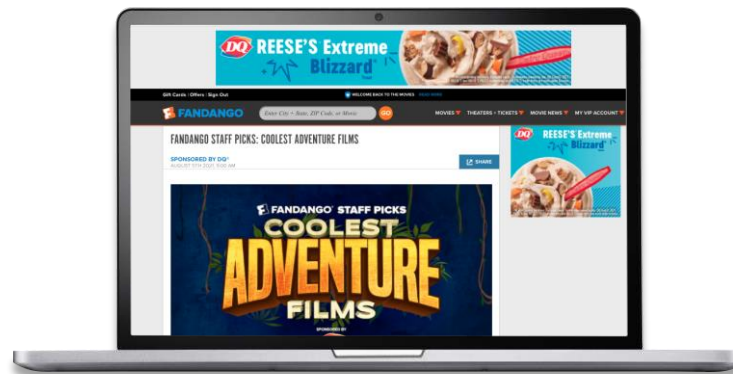
NBCU Relevant Materials

Example Restaurant Industry Partnerships



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Restaurant Partnership Examples



NBCU Restaurant Industry Content

TOGETHER SITE

Category Content & Strategies



Sustainability and Brand Response



Effectiveness: Using Context to Take Planning from Great to Amazing



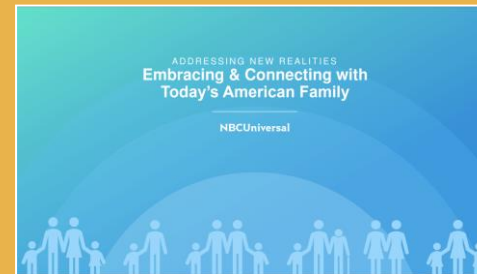
The Blending of Worlds: How the Internet is Creating a Unique Global Culture



Fueling the Cultural Conversation



A Marketer's Guide to the Metaverse

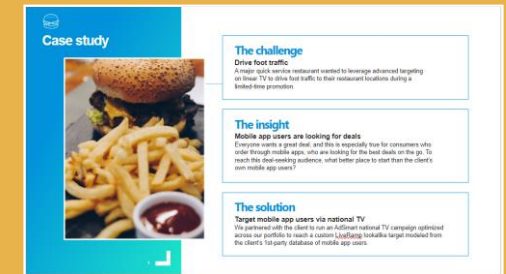


Embracing & Connecting with Today's American Family

Restaurant Case Studies



AdSmart + QSR (Sales Impact)



AdSmart + QSR (Foot Traffic)

2022 Restaurant Industry Assessment

NBCUniversal

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