



NBCUniversal



Restaurant Category Insights

MARCH 2020

Restaurants in Times of Crisis

A Look Back at Relevant Times

Past Consumer Behavior

During the 2008 recession, the Dow Jones U.S. Restaurants & Bars index fell by about 13%. The casual dining sector felt the greatest impact, while fast food chains were able to better weather the storm through LTOs and dollar menu promotions.

Successful Category Response

However, the overall 13% drop for the entire category was not nearly as significant as the 40% drop seen across the overall Dow Jones. While the COVID-19 crisis is different in scope from an economic recession, these examples still help to reinforce the important role that restaurants play in adapting their product mix and messaging to drive convenient and affordable options for consumers.

Learnings

If we look back even farther to the 1990-91 recession, we see an important example that suggests a critical need for restaurant brands to advertise during difficult times:

In the 1990-91 recession, 2 challenger brands took advantage of a leading QSR's decision to drop its advertising and promotion budget. As a result, these brands increased sales by 61% and 40%.

Restaurants in Times of Crisis

What We are Seeing Now

1. Take out/delivery as a short term solve

- Restaurants of all types and sizes are prioritizing delivery/take out; here are a few examples
- Third party delivery platforms like Grubhub, Uber Eats and DoorDash are seeing surges in usage and an unprecedented number of new restaurant partnerships
- Critical to keep consumer experience top of mind in order to preserve loyalty

2. Emphasis on cost/price efficiency + safety

- Price focused promotions and offers to provide consumers with easy and affordable options
- Brands are promoting social distancing through safety measures within their pickup process
 - Here's an example of how KFC is prioritizing safety for consumers and employees

3. Casual + Fine Dining will likely take the biggest hit

- Darden, the country's largest casual dining chain operator, reported same-store-sales dropped 21% for the period ending March 15
- Foursquare looked at YOY casual dining foot traffic trends from 2/24-3/13 (vs. same time last year) and observed an 11% decline nationwide (which is only expected to accelerate)

4. Workforce implications

- While some chains are staffing up with increased delivery/takeout focused employees (Dominos, Papa John's and Pizza Hut have all created new positions), overall an estimated 5 to 7 millions jobs will be lost in the next 3 months
- Certain restaurant groups and chains are trying to place their displaced hourly employees in new positions in partnership with grocery stores

5. Power of purpose

- Fast food chains want to play a critical role in feeding America
- Prioritizing children – Burger King is promoting free kids meals
- Celebrity chef, Jose Andres, closed all of his dining establishments and turned many into 'community kitchens' to help feed the hungry

Frequently Asked Questions

What are best practices around increasing purchase intent, conversion or app downloads in the short term?

As restaurants prioritize new experiences like delivery/contactless pick up and price-focused promotions in the short term, it is critical to heavy up against that messaging to drive broad immediate awareness/reach for new convenience or price-focused promotions and to reinforce the message with frequency across platforms.

What are the best ways to preserve brand awareness and loyalty in the long term?

We're seeing an increased emphasis on storytelling beyond transactional messaging into how brands are protecting and serving both employees and customers during this crisis. Established national brands should focus on driving a balance of broad/mass reach and targeted reach against existing customers to tell these stories.

How is NBCU partnering with clients in my category to manage through this time?

Creating strategies focused on ways to maintain, secure, and thrive on an ongoing basis.

Navigating the COVID-19 Crisis

A Leader Shows Support During a Time of Need

Uplifting Storytelling

- Put the brand and its values at the center of the story.
- Showcase how the brand is supporting relief efforts and highlight the critical role they play in keeping communities fed.
- Drive broad reach in tandem with targeted reach against key audiences.

Demonstrating Commitment to Delivering Efficiency & Convenience

- Restaurants need to tell their brand story, but they also need to move product in the short term to survive.
- Audience + meal moment targeting can reach consumers with price focused promotions and offers centered around delivery and pick up + app usage.
- Commercial innovation can integrate order functionality or 'restaurant locator' technology in a seamless fashion.

Drive Community Engagement

- Leverage the power and support of your fans and customers to create opportunities to socially embed the brand culturally through new experiences.
- Showcase the ways the brand is creating experiences that foster a sense of community and promote engagement through digital and mobile 'click to' functionality.
 - For example, Chipotle has created 'Chipotle Together'.

We're Here to Help

In these challenging times

Beyond your Sales contacts, we have people in Insights & Measurement, Strategy and Marketing to help you with solutions and data.



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