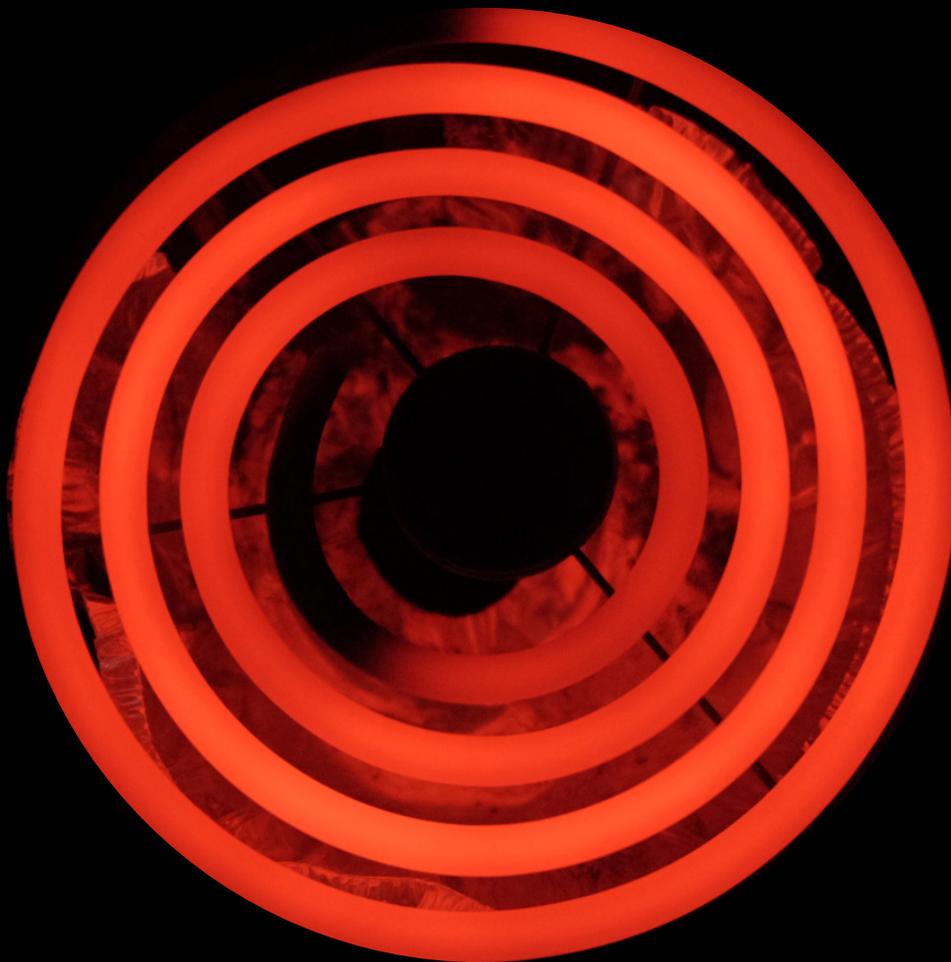


Deloitte.



Surprise
ingredients in the
post-pandemic
food story

Consumers cooking up concern
for restaurants' return

Barb Renner, Justin Cook, Steve Rogers



We may be about to witness the reversal of a multi-decade trend

Where will we eat?

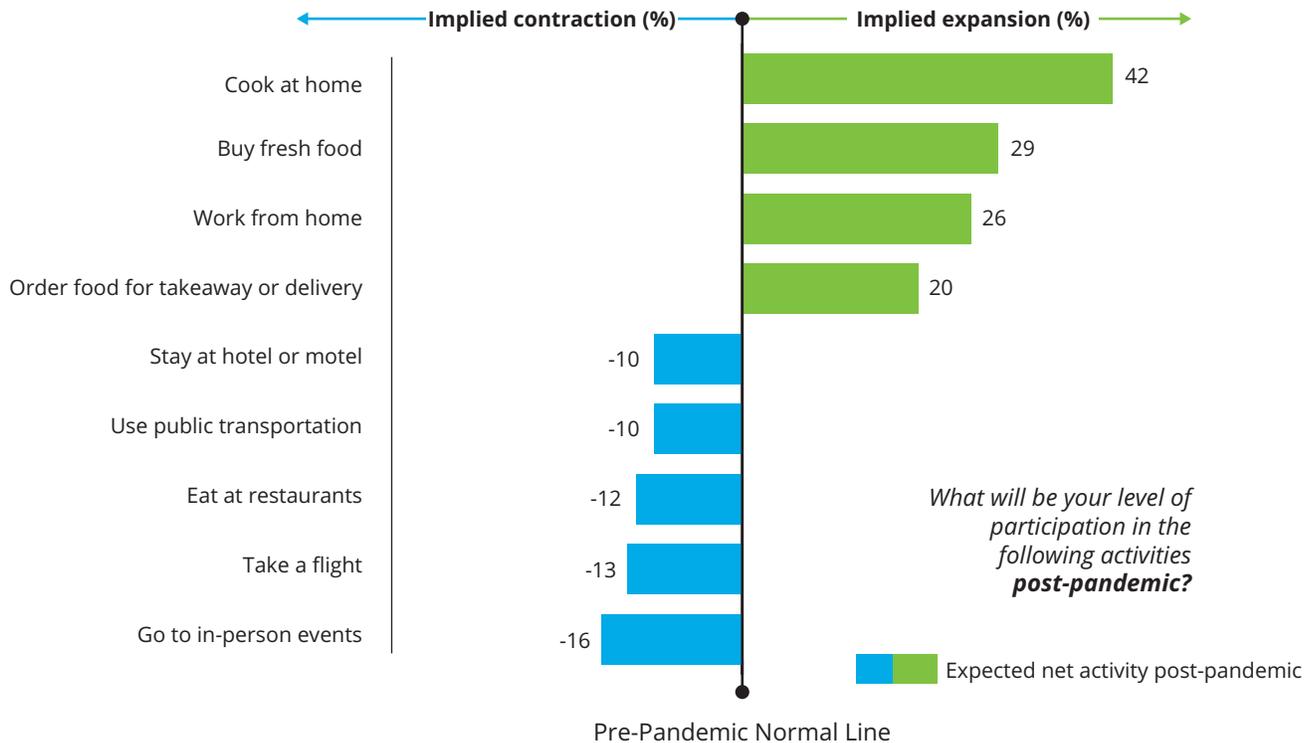
After the COVID-19 health crisis is over, many assume life will go back to normal again or even roar like the 1920's. When it comes to food, the image of consumers dumping their sourdough starters and rushing back out to restaurants and bars is palpable.

But the latest data from Deloitte's Global State of the Consumer Tracker puts that narrative into question. In our poll of 3,000 US consumers, many said they will be buying fresh food and cooking more than they did before the pandemic.

While restaurant dining will surely increase from today's levels, consumers are telling us frequency will remain stunted compared to 2019, at least in the medium term.

Net activity change after the health crisis ends

Post-pandemic expected activity benchmarked against normal activity level pre-pandemic



The underlying pattern suggests an at-home consumption holdover. A mere 7% of US consumers surveyed said they would be cooking less after the pandemic than before. Compare this to almost half who said they would be cooking more. As excited as some consumers are to eat out in restaurants once again, 1 in 3 consumers say they will be dining out less than before. Restaurants will likely benefit from an ongoing interest in takeout and delivery—40% say they will do this more than before—but this is also food for at-home consumption.

Keep in mind this data tracks people and their intention to participate less, more, or about the same in these activities, not dollar spending. However, if it proves directionally correct, it will mark a major shift. Since the 1960's, the share of disposable income spent on food eaten at home shrank steadily each year while food eaten away from home grew—until each was essentially tied 50/50 prior to the pandemic.¹ Why would there be a reversal when the health crisis has lifted?

We see three potential reasons:



The first is structural: Consumers and companies alike expect more working from home to continue past the pandemic. Breakfasts that would have been grabbed on the way to the office and lunches out with colleagues won't happen on days worked from home, not to mention missed happy hours. If virtual work means less work travel, expensed airport and hotel meals will be down too.



The next is economic. Cooking is a cheaper option and millions will exit the pandemic in much worse financial shape. Roughly 1 in 3 Americans are worried about making upcoming payments and the same number are concerned about their savings and credit card balances.²



The final reason is preference. Consumers have gotten better at cooking and, with new services to seamlessly bring groceries to your door, bread cookbook sales up 145%, and countertop appliance sales increasing 32% in 2020,³ it's easier to choose what many see as a healthier option. We should note too, with the psychological scars of the pandemic, some consumers will prefer to continue avoiding crowded spaces. When they want restaurant food, they might order it for delivery.



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¹ Economic Research Service, U.S. Department of Agriculture <https://www.ers.usda.gov/data-products/chart-gallery/gallery/chart-detail/?chartid=76967>

² Deloitte Global State of the Consumer Tracker <https://www2.deloitte.com/us/en/insights/industry/retail-distribution/consumer-behavior-trends-state-of-the-consumer-tracker.html>

³ NPDI Bookscan <https://www.npd.com/wps/portal/npd/us/news/infographics/2020/countertop-chefs/>
<https://www.npd.com/wps/portal/npd/us/news/press-releases/2020/bread-cookbooks-rise-in-the-time-of-covid-19--the-npd-group-says/>

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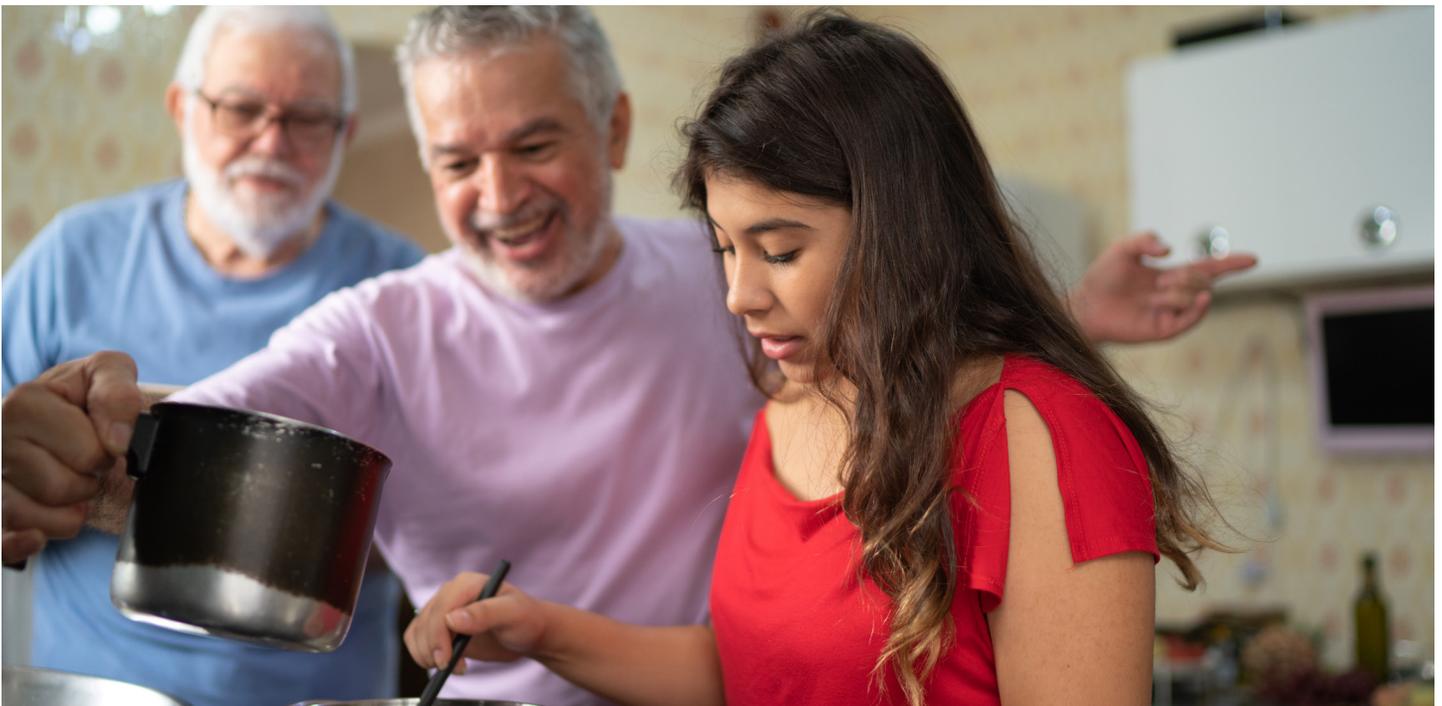
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