Deloitte.

The future of restaurants:
The new normal and beyond

Creating dynamic value for markets, models, and mechanics

Introduction

When Deloitte last surveyed restaurant customers for our 2021 restaurant trends report, the COVID-19 pandemic was creating massive uncertainty in the industry, and many worried that restaurant patronage might never recover. In the 2021 survey, two-thirds of customers said they did not expect to return to their pre-pandemic restaurant habits within the next six months. The outlook wasn't good.

For our fourth annual survey, conducted in March 2023, we polled 750 customers to see how the predictions played out. Surprisingly, 55% of customers answered that the amount of in-person dining they did was actually the same as or higher than before the pandemic. And a surprising 69% reported that they got takeout or delivery at the same rate or more frequently than pre-pandemic. Clearly, despite the pandemic, the appetite for restaurants has not gone away.

So, what else can the latest data tell us about restaurants' new normal? Overall, it seems many preferences that emerged during the pandemic are here to stay. In the 2021 survey, two themes emerged that now appear to be entrenched. One major trend was **ultimate convenience**, which was reflected in the dominance of delivery and takeout orders. In 2021, food-away-from-home spending was 10% higher than pre-pandemic levels.[1] We expect this trend to continue in 2023 and beyond. The importance of a **frictionless digital experience** also emerged. This remains a key feature for restaurants as the consumer preference for digital channel continues to grow.

In addition to refreshing the 2021 survey data to gain insight into the state of restaurants today, Deloitte turned to its future of the consumer industry analysis to anticipate industry changes over the next 10 years. Drawing upon the key drivers of change across all consumer industries, we expect the implications for the restaurant sector to fall into three primary categories: **markets, models, and mechanics**.

Markets

- What is sold
- Who it is being sold to
- What products or services create value

Models

- How businesses organize and configure
- How materials and capabilities are sourced
- What new models create value

Mechanics

- How businesses execute work
- How businesses employ labor
- How businesses make strategic and operational decisions

Markets: It's all about value

> Over the next 10 years, we expect to see changes in what's sold, who buys it, and why customers are purchasing in this way.
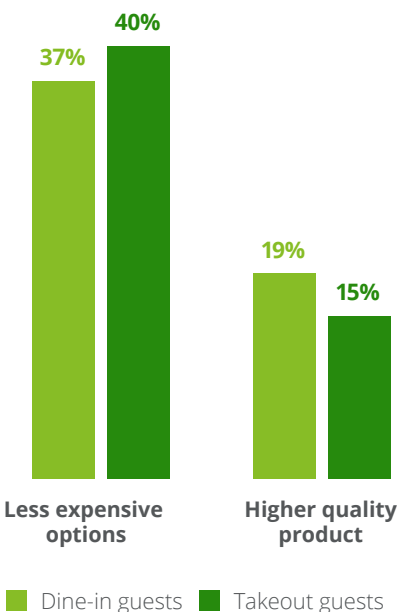
In 2023, a paradox is emerging among restaurant consumers. Although customers seem to have an insatiable taste for restaurants, many are feeling the pinch economically. Restaurants should find ways to provide high-quality food at reasonable prices. This could amplify revenue and guests' perception of value.

When asked what would persuade them to order from restaurants more frequently, answers were similar for both dine-in and takeout (figure 1). Customers want less expensive options alongside promotions and discounts. These motivators would compel 37% of dine-in guests and 40% of takeout guests to order from restaurants more often. Given current and projected future economic concerns, we expect this desire for cost savings to continue to grow. The next highest answer—higher quality product—had only about half as many affirmative responses, resonating with only 19% of dine-in guests and 15% of takeout guests.

To continue to deliver effective value as customer needs and preferences evolve, restaurants should consider creating a **suite of tools** that allow for optionality.

- This includes tools such as **personalization engines** to provide increasingly targeted discount and marketing campaigns. This could encourage individual spending while upholding profit margins and avoiding overloading guests with too many promotions.

- It could also include **increasingly diversified offerings** to meet consumers' changing and niche needs in this continually expanding market. Takeout-oriented restaurants in particular may be a popular model given their lower asset cost.

- Finally, expect to see more **channel-specific offerings**. To enhance restaurants' sales mix, we anticipate a rise in channel-specific offers to promote either dine-in or takeout business. These offers will likely fluctuate to align with business and short-term needs.

Figure 1. What would persuade customers to order from restaurants more frequently?

- Less expensive options: Dine-in guests 37%, Takeout guests 40%
- Higher quality product: Dine-in guests 19%, Takeout guests 15%

Legend: Dine-in guests, Takeout guests

Models: The takeover of takeout

How will restaurants continue to evolve their businesses to create value in new ways? How will brands organize and source new capabilities to support these new models?

Restaurant delivery has surged over the past 10 years—as indicated by the rise of third-party delivery apps and encouraged by changes in customer behavior during the pandemic. Restaurants are increasingly catering to this business, which is often leading to smaller dining rooms, dedicated shelves for pickup, and separate service lines to prepare takeout orders. Restaurants will likely continue to invest in this channel to meet the sustained customer interest by improving the digital and delivery experience.

One area brands should continue to invest in, to encourage direct sales, is the **frictionless digital experience**. We found that generally, customers prefer to order through a restaurant's direct channels. In 2023, 40% of consumers opted to order directly from the restaurant website, versus 13% who expressed a preference for third-party apps or websites. We also found that most customers (87%) feel a delivery fee of $5.00 or less is fair. Therefore, to protect direct sales, restaurants should work to make their direct-order channels, including delivery fees, equal to or less expensive than third-party options. Another strategy to keep in mind is the **continued adoption of digital leading practices across industries**. Customers expect the latest digital practices to be adopted across their buying experiences, so restaurants could be wise to look to other industries such as airlines and hotels for inspiration.
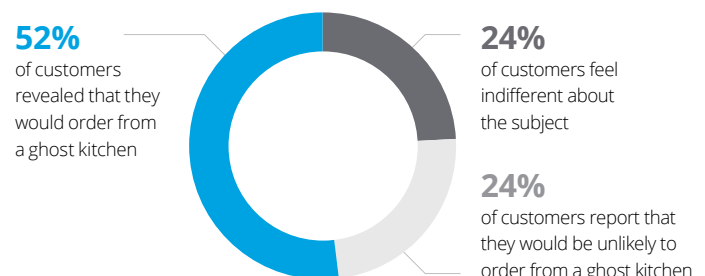
The second element to help win with takeout is a **high-quality delivery experience** and product. The majority, 60% of customers, said they are unlikely to accept lesser quality when ordering takeout food. According to our 2023 survey, when service issues do arise, most patrons (55%) still prefer to use the phone to address complaints. However, customer preference for mobile chat and text increased from 20% in 2021 to 27% in 2023, while phone bias declined from 63% in 2021 to 55% in 2023. Centralizing service recovery could deliver cost savings and provide an opportunity to streamline customer experience. This can be achieved through centralized support teams offering multiple communication channels, including mobile chat and text. While this requires an investment, it could allow restaurants to operate with leaner staffs and meet channel expectations, which are currently being set by third-party apps.

Looking ahead, restaurants can achieve greater efficiency and meet growing delivery demands through **streamlined delivery** technologies like autonomous vehicles and drones.

To further triumph on takeout, many restaurants are operating **ghost kitchens**, which offer only takeout and delivery. In 2023, 52% of customers revealed that they would order from a ghost kitchen, while 24% feel indifferent on the subject, which is consistent with 2021 findings (figure 2). The shift to ghost kitchens would be a longer-term evolution for most brands. While ghost kitchens operate with less labor, changing a restaurant's physical footprint can be challenging and expensive. As this trend continues, we expect to see **greater efficiency in restaurant design**. Shrinking dining rooms and shared locations for multiple restaurant concepts could help reduce costs while customizing spaces to focus on the core takeout business. We also expect to see this trend mirrored by the food service industry on college campuses and in stadiums and workplace cafeterias. With food **service through takeout** programs, patrons can use familiar channels to get takeout and delivery at dining room-less kitchens.

In addition to internal restaurant model changes, we also expect to see a rise in **capability-as-a-service providers** for these restaurants. These providers deliver technology solutions to aid in essential business processes. Using these partners could allow restaurants to offer cutting-edge capabilities more quickly and efficiently, such as natural language processing, cloud computing, or drone technology. Adoption may vary between large brands and small, independent ones, and could become a key tool in helping smaller restaurants deliver on customer expectations set by larger brands.

Figure 2. Would customers order from a ghost kitchen?

52%
of customers revealed that they would order from a ghost kitchen

24%
of customers feel indifferent about the subject

24%
of customers report that they would be unlikely to order from a ghost kitchen

Mechanics: The rise of automation

In the face of changing customer preferences and economic conditions, how will future restaurants operate, execute tasks, and staff work?

Automation and technology solutions introduced during the pandemic have been largely well-received (figure 3). This year's survey found that most guests are not deterred by automation technology and would continue to patronize restaurants that use these innovations. Comfort with these technologies is significantly higher among younger demographics. On average, consumers age 18–38 are 16 points more likely to return to restaurants that use automation technologies. This signals that these technologies will likely continue to be adopted over time.
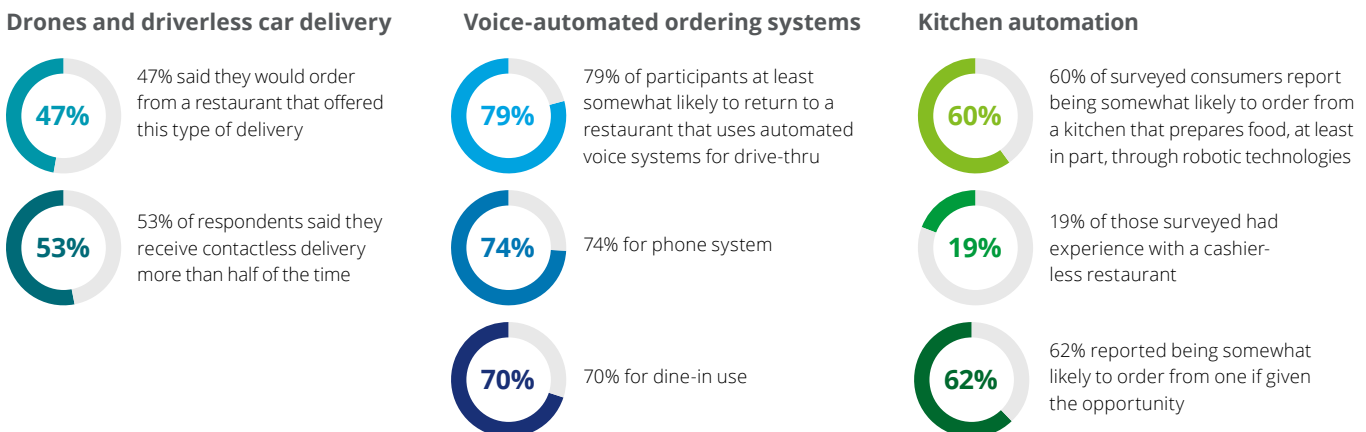
One example of these solutions is **drones and driverless vehicles**. We discovered that customers are increasingly comfortable with drones and driverless car delivery options, with 47% saying they would order from a restaurant that offered this type of delivery in 2023, versus 44% in 2021. **Contactless delivery** has also maintained prominence since the pandemic, allowing for faster deliveries. This year, 53% of respondents said they receive contactless delivery more than half of the time. **Voice-automated ordering systems** continue to be widely accepted, with 79% of participants at least somewhat likely to return to a restaurant that uses automated voice systems for drive-thru, 74% for phone systems, and 70% for dine-in use. In terms of **kitchen automation**, 60% of surveyed consumers report being somewhat likely to order from a kitchen that prepares food, at least in part, through robotic technologies— up from 54% in 2021. Regarding **cashier-less restaurants**, while only 19% of those surveyed had experience with a

cashier-less restaurant (i.e., a digital order-only location), 62% reported being somewhat likely to order from one if given the opportunity.

Looking ahead, we expect to see **increasing automation in restaurants**. Computerization and mechanization won't be limited to guest-facing technologies. Staff can expect cybernation in their roles for tasks like food temperature and machinery monitoring, as well as predicting equipment maintenance needs. These technologies can upgrade the customer experience by enhancing food safety and quality and improving order preparation consistency and menu item availability. Technological advances could also lead to a **greater focus on labor efficiency**. With a tight labor market, increasing minimum wages, and growing union pressures, there will likely be greater scrutiny over which tasks must be completed by workers, as opposed to technology. This could either result in lighter restaurant staffing or shifting staff roles toward more customer service-oriented responsibilities.

That being said, robotics and automation can be a costly investment, especially for large-scale quick-service chains. Restaurants have also been challenged by inflation and have had to increase prices to offset costs. As they consider where and how to invest in these new technologies, they should weigh the potential returns and be cognizant that any investment may limit their ability to keep prices stable.

Figure 3. How are customer preferences changing around restaurant technology?

Drones and driverless car delivery

47% — 47% said they would order from a restaurant that offered this type of delivery

53% — 53% of respondents said they receive contactless delivery more than half of the time

Voice-automated ordering systems

79% — 79% of participants at least somewhat likely to return to a restaurant that uses automated voice systems for drive-thru

74% — 74% for phone system

70% — 70% for dine-in use

Kitchen automation

60% — 60% of surveyed consumers report being somewhat likely to order from a kitchen that prepares food, at least in part, through robotic technologies

19% — 19% of those surveyed had experience with a cashier-less restaurant

62% — 62% reported being somewhat likely to order from one if given the opportunity

Conclusion

The consumer industry is on the precipice of dramatic upheaval that will likely influence the markets, models, and mechanics of companies in significant ways over the next decade. The pandemic was just the tip of the iceberg. Restaurants likely cannot succeed by holding on to established methods. We anticipate large-scale changes on a macroeconomic level. These developments include seismic supply chain shifts, a digital and hybrid tsunami, workforce extremes, and the arrival of a new age of algorithms and automation. These changes will certainly affect the restaurant industry, shaping the future competitive landscape. As change emerges and opportunities present themselves, restaurants need to be poised to innovate and drive the industry forward. *So, the question is, when change comes, will you be ready?*

We're here to help

At Deloitte, we believe the future is something to be created, not just predicted. Forward-thinking organizations should act with agency and take on bold decisions concerning markets, models, and mechanics to be a valued brand of tomorrow. Get in touch to discuss how we all can learn to buy into better.

Contacts

Authors

Jean Chick
Principal
US Restaurant & Food
Service Leader
Deloitte Consulting LLP
+1 312 486 2794

Joseph P. Morris, Jr.
Specialist Leader
Analytics & Cognitive
Deloitte Consulting LLP
+1 678 640 3307

Alison Kress
Manager
Deloitte Consulting LLP
+1 215 398 3906

Acknowledgments

About the research

Deloitte has conducted four surveys of restaurant customers—in December 2019, June 2020, September 2021, and the most recent survey in March 2023, which surveyed 750 respondents.

Endnote

1.   USDA Economic Research Service, "Food Expenditure Series," last updated July 15, 2022.

Deloitte.