

# CHEF'S STORE INDUSTRY REPORT:

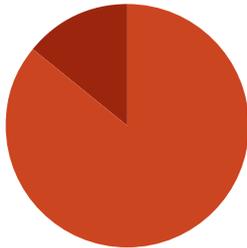
What Restaurant  
Industry Innovations Drive  
Profits in 2021?

When challenges arise, innovation and new ideas move us forward. During 2020, restaurants were forced to pivot and embraced new practices in order to stay in business.

Those same practices and innovations that helped them bounce back are expected to thrive into 2021 and beyond.

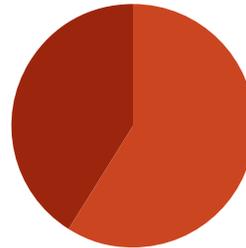
## What Does the Future Hold for Restaurants?

The pandemic had a significant impact on restaurant profitability in 2020:



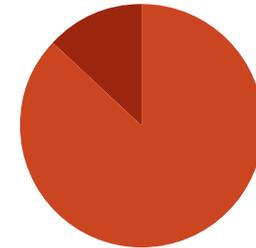
86%<sup>1</sup>

of restaurant operators saw lower profit margins compared to pre-pandemic years.



59%<sup>2</sup>

of restaurant operators had higher labor costs than previous years.



87%

of full-service establishments saw a 36% decrease<sup>3</sup> in sales on average.

Looking forward, there are positive trends projected for the foodservice industry:



**85%**<sup>4</sup> of adults say going out to a restaurant with family or friends is a better way to spend leisure time than cooking at home.



About **80%**<sup>5</sup> of adults say their favorite restaurants deliver flavors and experiences that can't be replicated at home.

## Restaurants Embrace Retail

In 2020, restaurants had to shutter their doors due to dining restrictions. Some establishments, however, quickly pivoted and turned their dining rooms into community grocery stores, offering proteins, vegetables, house-made sauces, meal kits, and more for purchase.

**Since the beginning of the pandemic, 55%**<sup>6</sup> of diners are mainly eating at home.

## Meal Kits Maximize Restaurant Profits

Diners want to bring the restaurant home with them:

- Between January 2020 and January 2021, meal kit sales increased **18.7%**<sup>7</sup>.
- By 2027, the meal kit industry is expected to reach nearly **\$20 billion**<sup>8</sup> in sales.
- More than **50%**<sup>9</sup> of diners state they would consider purchasing meal kits subscriptions directly from restaurants.



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## Restaurants Are Shopping Destinations

Customers are open to picking up ingredients as well as takeout:



**Almost half**

of all consumers<sup>10</sup> say they'd buy grocery items from their favorite dining spots.

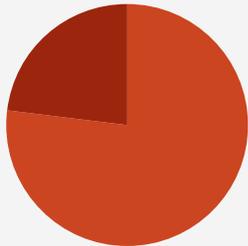


**69%**

of millennial<sup>11</sup> patrons stated they would visit their local restaurant for home cooking ingredients.

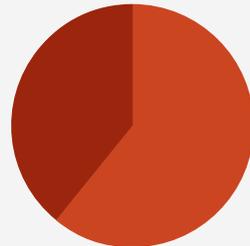
# Takeout and Delivery Dining

Takeout, curbside pickup, and delivery became necessary during the early stages of the pandemic and helped restaurants capture revenue.



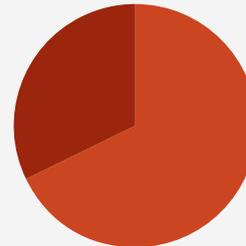
77%<sup>12</sup>

of full service and fast-casual restaurants adopted curbside pickup in 2020.



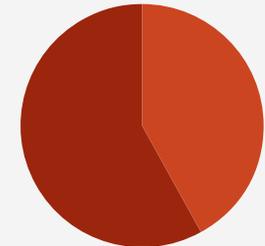
61%<sup>13</sup>

of online to-go orders belonged to establishments previously offering dine-in only.



68%<sup>14</sup>

of adult consumers are more willing to get takeout from a restaurant than they were pre-pandemic.



42%<sup>15</sup>

of open restaurants in 2020 added delivery to their operation in 2020

## The Demand for Delivery:

- Over the past five years, food delivery market revenue has expanded by 204%<sup>16</sup>.
- Food delivery app revenue in 2020 reached \$26.5 billion<sup>17</sup>.
- By 2025, the market is expected to climb to \$42 billion<sup>18</sup>.
- By the end of 2021, we can expect food delivery app users to reach 50 million<sup>19</sup>.

## The Rise of Ghost Kitchens:

- Restaurants and fast food establishments started their own ghost kitchens to keep up with delivery demand and expand their market base.
- An estimated 1,500 ghost kitchens<sup>20</sup> are currently operating in the United States.
- By 2030 virtual kitchens are predicted to corner:
  - 50%<sup>21</sup> of drive-through service
  - 50%<sup>22</sup> of takeout service
  - 35%<sup>23</sup> of the ready-to-eat meals market

# Technology Helps Foodservice Profits Thrive

From streamlining orders to facility safety, restaurants adopted cutting-edge technologies to navigate the challenges COVID-19 presented. Investing in these tools now and into the future will likely help increase customer base and boost profits.

**1/3rd<sup>24</sup> of small business owners believe digital technology prevented them from closing.**

In 2020, approximately half of all foodservice companies invested in tech to facilitate operations, including the use of:



Online and mobile ordering platforms<sup>25</sup>



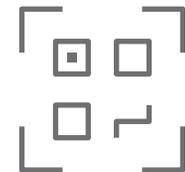
Delivery management software<sup>26</sup>



Mobile and contactless payments<sup>27</sup>

## Reducing Touch Points for Safe Dining

- At the start of COVID-19, **45%<sup>28</sup>** U.S. diners favored using their phone to view menus, place orders, and pay.
- **40%<sup>29</sup>** stated they would prefer contactless options even after the pandemic.
- Between 2020 and 2025, payments made via a QR code are predicted to rise **240%<sup>30</sup>**.
- Installing digital menu boards could boost sales by nearly **\$16,000 yearly<sup>31</sup>**.



# LOOKING FORWARD: Restaurant Innovations and Profitability Possibilities

Over the past twelve months, and despite the pandemic, the restaurant industry continued to provide goods and services to their customers using technology, creative strategies, and agile pivoting.

While things are beginning to improve and trend upward there is still much to be done to provide restaurant owners, chefs, hospitality workers, and others in the industry a sense of stability and normalcy.

Similar strategies, agility, and use of technology that kept the industry afloat in 2020 will be important to drive the industry forward for years to come.



[www.chefstore.com](http://www.chefstore.com)

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