



2015 Restaurant Survey Report



Get **back to basics** to get customers **to the table**

Our recent survey indicates that young Gen Z (ages 18-20) and Millennial (ages 21-35) consumers – *who are “increasingly becoming the dominant economic force in the restaurant business,” according to Nation’s Restaurant News* – are clearly favoring restaurants that get back to the basics in four key areas: food, convenience, environment and culture.

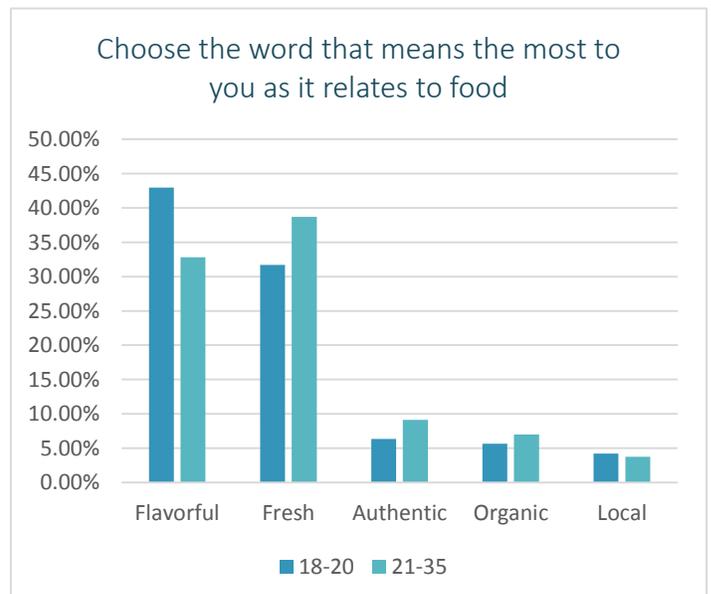
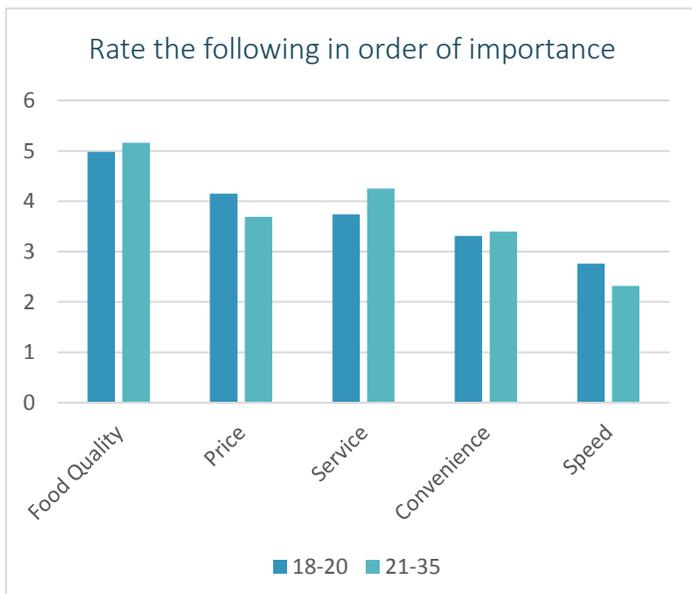
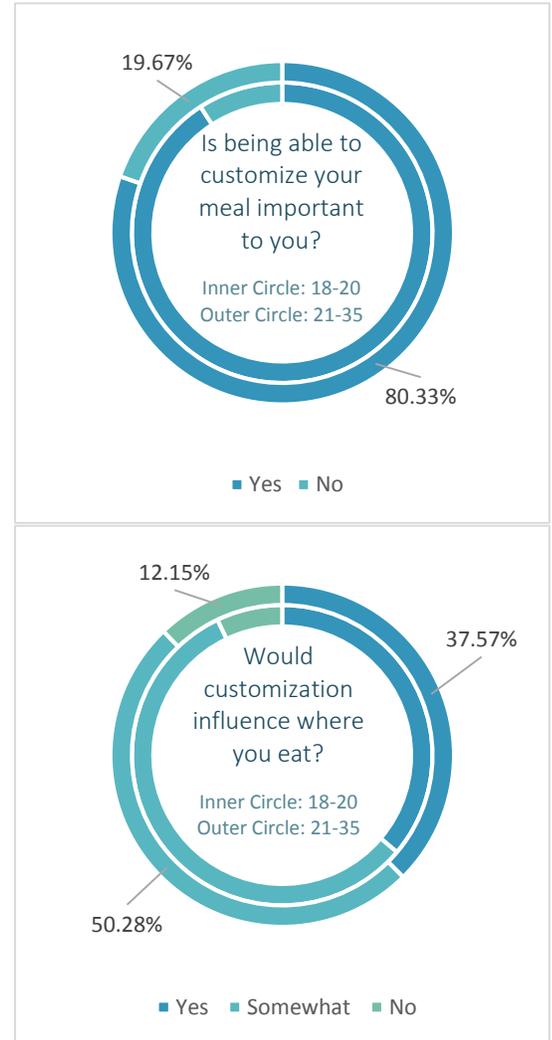
In other words, restaurants that emphasize flavorful, quality foods served in comfortable, casual environments with convenient options will draw young diners. If you’ve wondered why Fast Casuals like Chipotle and Panera Bread are thriving when Fast Food seems to be slowly starving, the results of our survey offer tantalizing insights why.

It's A Fact: Fresh, Flavorful Food Comes First

Our survey unambiguously reveals that the dining experience itself – food quality, service, flavor – outweighs other attributes of the food, even recent trends like local and organic. Plus, consumers like to see their food being made, and they like to be able to customize it.

Both age groups are in sync when it comes to what's important to them: they want food that's *fresh* and *flavorful*, and they prioritize food quality over all other attributes. In other words, they firmly identify good food as the basis of a great meal. Case in point: when choosing a pizza restaurant, more Millennials look for food “made fresh” (at 34.8%) than for attributes like “price/value” (a close second) and “authenticity.” Gen Z put price and value first, but 37.5% still rated “made fresh” highly. Young diners may favor “fresh” because it has implications beyond just the quality of the ingredients: such meals are easier to “make-to-order,” something diners of both age groups heartily endorse. A disproportionate segment of both generations consider the ability to customize their meal so important that it would influence where they chose to eat (see “customization options” to the right). These figures correlate with another finding: majorities of both generations visit restaurants that offer customization options, like Chipotle and Panera Bread, at least once a month and as often as once a week (18-20: 57.1%, 21-35: 52.5%). Two out of every three younger diners also seem to be drawn to eateries that allow them to watch their food being made (see also “Environments” on page 5). These findings may help explain why Fast Food finds itself increasingly battling Fast Casuals; the latter combines the quick-service model with higher quality foods and ingredients prepared on-site at the time of order.

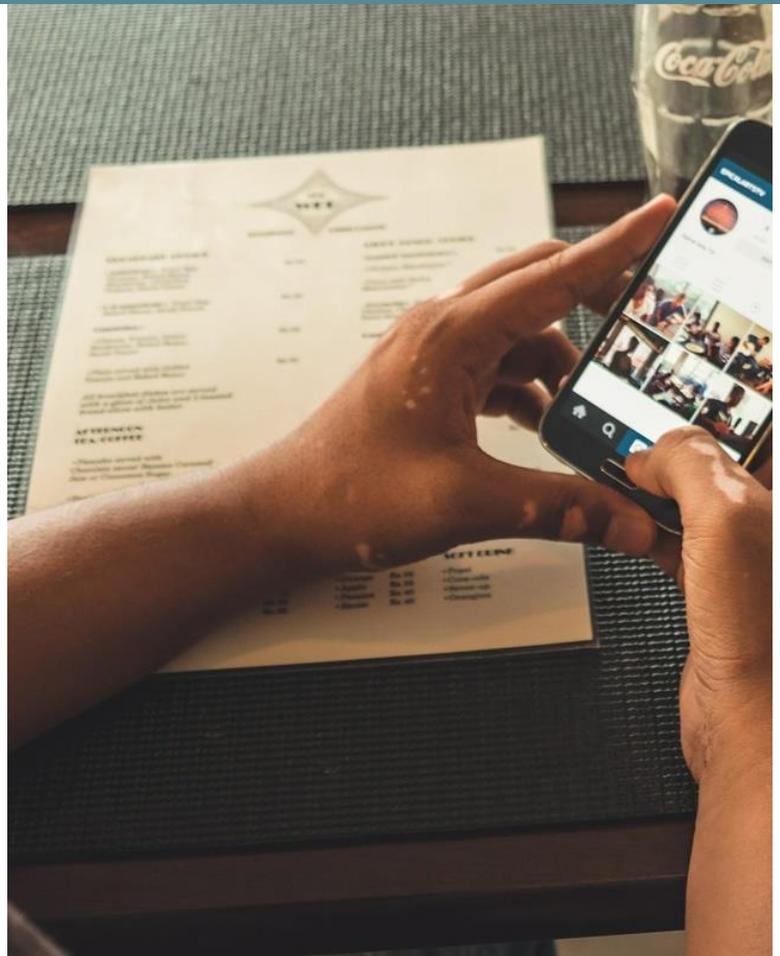
Customization Options



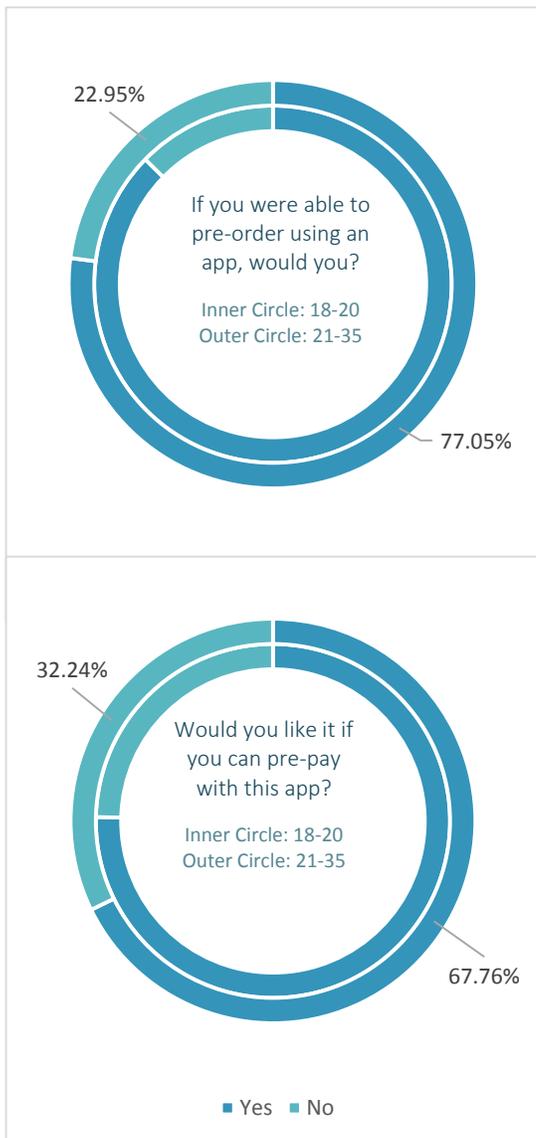
The desire for a pleasant dining experience extends to its ease and expediency, with a majority of respondents favoring the **convenience** of a drive-thru and the ability to use an app to order and pay.

The younger generations have spoken, and it's through their smartphones and tablets: a whopping 77.1% of respondents ages 21-35 would pre-order using an app if they could, and nearly as many (67.8%) would like to be able to pre-pay with the same app (see the charts below).

Diners Call **Convenience** Compelling



App Options



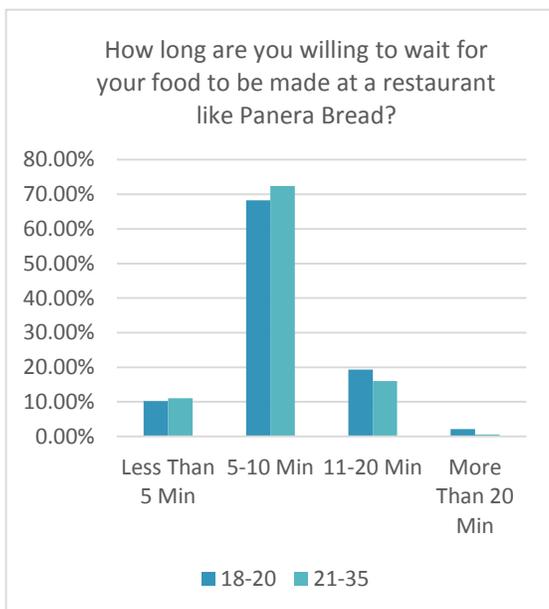
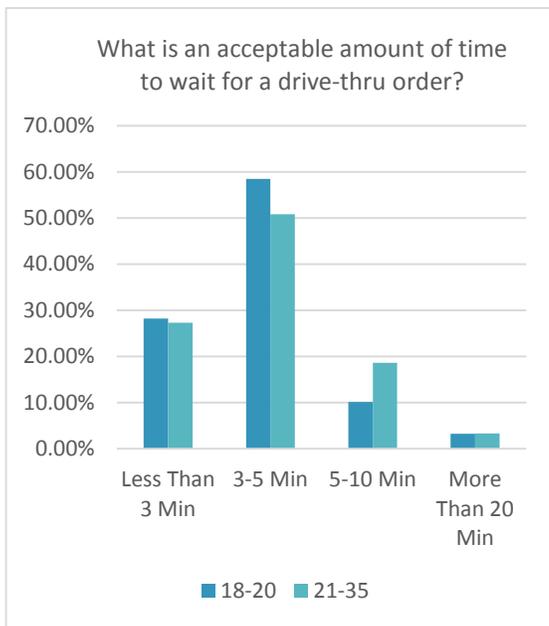
And that finding appears to be an age-based trend that's just getting stronger. More than eight out of ten (83.5%) respondents aged 18-20 would like to pre-order using an app; 73.8% would like to be able to pre-pay with it. Mind this gap going forward: any restaurant that fails to get on the mobile app train risks going off the rails.

The National Restaurant Association (NRA) agrees: "With technology becoming a daily part of our lives, consumers are increasingly building their tech expectations into the dining experience," says Annika Stensson, the NRA's senior manager of research communications. "As consumer acceptance and understanding of those tools grow, so is the chef's attention to them as service enhancers." But don't let your staff go quite yet: when on-site, the plurality of respondents still prefer to order from wait staff or at a counter (18-20: 54.9%, 21-35: 57.5%), followed by self-ordering kiosks or computers (18-20: 27.2%, 21-35: 26.0%) and apps (17.9%, 16.6%).

Apps and similar technologies are only one way to make the dining experience more convenient; regardless of the tools or methods chosen, the ultimate goal is to respect the customer's time and preferences.

A **drive-thru**, for example, is another option for convenience that influences narrow majorities to visit a restaurant (18-20: 53.4%, 21-35: 51.08%), with acceptable wait times around 3-5 minutes.

Convenience Drives Business

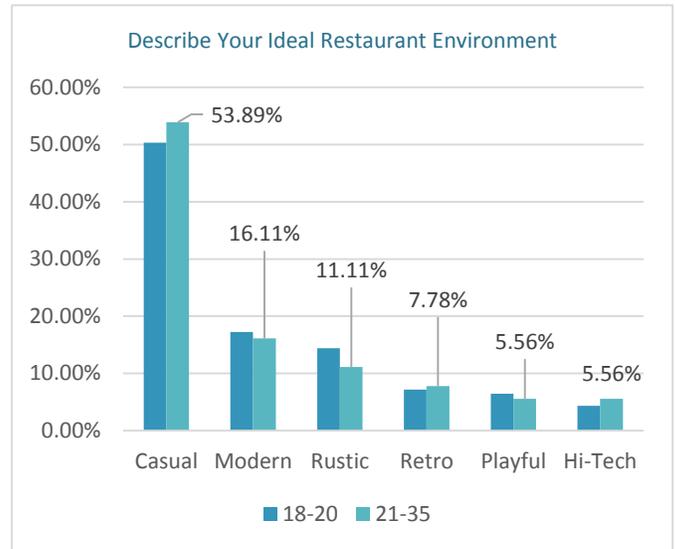


On-site, diners are more generous with their time: three-quarters are willing to wait almost twice as long ... but not *too* much longer, as willingness to wait falls off sharply after 5 minutes for drive-thrus and 10 minutes for fast casual restaurants. This can pose a significant challenge: we've already seen that consumers like to customize their food, but the more options available, the longer food prep can take. Restaurants should consider every applicable option for shaving time from the dining experience. Drive-thrus, ordering and payment "fast pass" apps (such as those that text the customer when ready to drive up to the window), online ordering, touchscreen self-ordering and more can all help. In a competitive market, every minute matters, and restaurants that unnecessarily eat into their diners' valuable personal time may suffer for it. By contrast, restaurants that synchronize their brand with high quality offerings and convenient operational procedures stand poised to take a bite out of the market.

Inviting Environments Are In

The sensory appeal of preferred dining experiences extends beyond just the taste-buds. Young diners prefer relaxed restaurants that create a feast for the senses by pleasing visual, aesthetic *and* gustatory palates. It's key to reflect your restaurant's brand in its **environment**.

Our survey indicates that younger diners prefer casual eateries with comfortable, ambient lighting. A restaurant's environment is more than just its physical space, however; it's about how the restaurant makes its diners feel and what kind of experience it cultivates. As a result, beyond décor, comfort and lighting, restaurateurs should get back to the basics here as well, ensuring that food, convenience and culture are all incorporated. For example, food can become an appealing part of the environment with food preparation open to the public, which provides visual stimulation and can cultivate a connection between diner and delicious meal; no wonder strong majorities of both Millennials (57.38%) and Gen Zers (68.45%) like to watch their (preferably customized) food being made. Similarly, convenience should be designed directly into the environment, and vice versa: a drive-thru's optimal convenience, for example, should match the same ambiance and customer experience as the interior dining space.

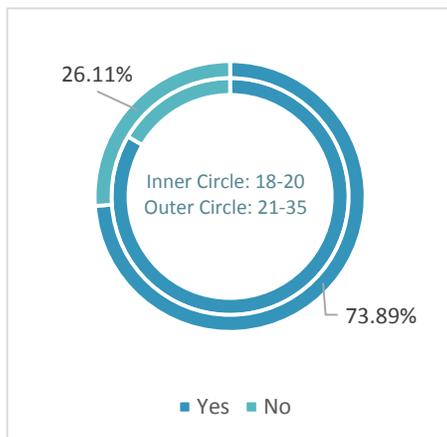


71.2% of 18-20 year olds and 68.9% of 21-35 year olds prefer soft, ambient lighting over bright lights when they eat out.

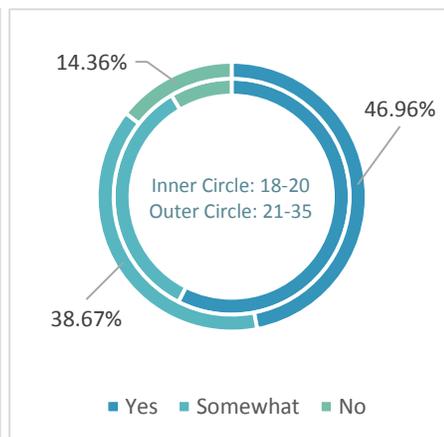
Diners Dish On Community-Conscious Cultures

Of course, the dining experience doesn't happen in a vacuum, and modern Gen Z and Millennial diners are conscious of the ways in which their preferred eateries plug into the **local community**. They are attracted to both charity and sustainability by three-to-one.

Is it important to you that a restaurant be sustainable and environmentally friendly?



Is it important to you that a restaurant regularly gives back to the local community?



Here, clarity is key: restaurants must identify who they are and for what ideals their brand stands. What do you want the customer experience to be, and how do you communicate that branding to them? Ideally, all aspects of the restaurant – food, environment, operations – reflect this desired culture. Chipotle, for example, features foods like antibiotic-free chicken and locally-sourced foods while allowing customers to watch their customized orders being prepared in front of them: convenience and sustainability in one.

Our survey indicates that younger diners overwhelmingly prefer restaurants that factor environmental-friendliness and community giving into their offerings. Young diners particularly like restaurants that regularly give back to the local community through customer-driven charitable contributions; that somewhat-to-definitely draws 85.5% of Millennials and 89.79% of Gen Zers.

Four Ingredients. One Recipe For Success.

Food • Convenience • Environment • Culture

Millennial (ages 21-35) and Gen Z (ages 18-20) diners just want a good experience. Over and over, the responses to our survey indicated that majorities of both generations frequent restaurants that successfully appeal to their palates (good food, inviting atmosphere) while respecting their budgets, busy schedules and personal values (convenience, culture). It's all about getting back to the basics in these four key areas.

But what that means is very personal. Don't worry about keeping up with the restaurant next door. Instead, simply pare your restaurant and its offerings down to these key elements and commit to serving high quality food, integrating convenience into your business plan, and getting clear on your brand. Then, **ensure that you are communicating your offering at the store level accurately and effectively enough to draw the next generation of diners.** Our research also clearly identifies technology as a fast-growing trend among the generations that have grown up with smart devices. From apps to ambiance, incorporating tech into your restaurant design helps to provide an optimal customer experience.

Ultimately, today's forward-thinking eateries are tomorrow's dominant brands. To capture the next generation of dining success, it's key to spot emerging trends right out of the gate. Fortunately, young Gen Z and Millennial diners are happy to tell us exactly what they want, and it's back to the basics: good meals served in a comfortable environment with convenient, customizable options.





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