WE’RE HERE FOR YOU: 
THINGS TO THINK ABOUT WHEN DECIDING YOUR NEXT STEPS FOR WHEN WISCONSIN RE-OPENS

As of May 1, 2020; Information is fast changing

There isn’t a one size fits all resolution for getting through this pandemic. We’ve seen a lot of creativity in marketing and extreme pivots in menu offerings and business models. Many of these changes will most likely become the new norm.

When you decide what your next steps should be when dining rooms open back up, the most critical thing to consider will be the consumer.

• How will the consumer want to “dine”?
• How much are they going to be willing to spend?
• And what are they going to want to see for menu options?

We’ve gathered some information on consumer trend outlooks that will help prepare you for the new reality once the industry re-opens.

Different Dining Landscape

• Take-Out and Delivery Will Remain Strong
  Take-out and delivery, once an after-thought for many restaurants, is now vital to their survival. This will continue into 2021 with consumers maintaining their current practice of purchasing food by delivery and take-out in a greater way than pre-pandemic.

  Even some fine dining establishments have embraced take-out to get them through this crisis. By creating a separate take-out menu with limited options and much lower price points compared to their dining room check averages, these businesses have been able to push high volume and subsidize the interim loss of dining room revenue.

• Ghost Kitchens Will Gain Momentum
  Ghost kitchens, a trendy term that really broke out a few months ago, means a facility with no dining area that prepares food for delivery or take-out only.

  Ghost kitchens will continue to accelerate as some businesses find that off-premise trends are a better fit for them. With lower overhead and the opportunity to fill more orders, some operators may not see the need to go back to a dining room concept.

When Will Consumers Come Back to Dining Rooms

• Expect a short term resurgence due to pent up demand but customers will mainly proceed with caution and vary in their risk tolerance.
• Slow growth is expected after Q2 of 2020.
• Some reports say nearly half of consumers will wait until a month or more after their area opens up before dining inside a restaurant.

How would you feel about dining in at a restaurant right away once they reopen?

<table>
<thead>
<tr>
<th></th>
<th>Gen Z</th>
<th>Millennials</th>
<th>Gen X</th>
<th>Boomers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Absolutely</td>
<td>25%</td>
<td>31%</td>
<td>18%</td>
<td>10%</td>
</tr>
<tr>
<td>Maybe</td>
<td>46%</td>
<td>35%</td>
<td>37%</td>
<td>42%</td>
</tr>
<tr>
<td>No Way</td>
<td>30%</td>
<td>34%</td>
<td>44%</td>
<td>48%</td>
</tr>
</tbody>
</table>

Datassential’s 4/23/2020 Ready or Not Report
What Restaurants Can Do To Help With Consumer Concern

- The overwhelming majority of consumers have indicated that a restaurant’s cleanliness and food safety will matter more than ever before. It’s critical to market your deep cleaning and social distancing practices.
- Self-serve food like buffets, salad bars, beverage stations, bakery cases, roller grills, etc will be unwelcome by most consumers for a while as well as self-service ordering kiosks. It will be critical to modify your dining room actions to ease this concern. In addition to being unwelcome by customers, the State of Wisconsin’s re-opening guidelines will most likely have restrictions in place regarding self-service.
- If you’re a full service restaurant, consider reservations only for inside dining to reduce crowding concerns. If you want to take walk-ins, use text/call “when ready” options for when you get to a waitlist. Encourage people to wait in their cars rather than in your entryway.
- Have hand sanitizer or hand washing stations available upon entry and exit.
- When able, use physical barriers to separate tables, booths and bar stools.
- Limit party sizes at a table to not exceed six people.
- Support “The Wisconsin Restaurant Promise” which outlines responsibilities and obligations by both the restaurant and the customer to keep dining rooms safe for everyone. Visit www.wirestaurant.org/promise to participate.

Operation Changes To Consider

- Re-evaluate Options and Prices
  Consumers will be much more aware of their budget with value being paramount. For these price conscious diners, $12 lunch specials instead of $15 burgers may be a better option for your menu for the foreseeable future.
- Streamline Menus and Inventory
  With dining rooms most likely opening up with limited capacity at first, restaurateurs should consider streamlining menus and inventory in the beginning. Create menu items that cross-utilize more ingredients. Less complicated dishes will involve less prep and less staff. When looking at scaling down your menu, focus on your best revenue options—not just your best sellers. Your best sellers could actually yield you the least amount of profit.
- Economy Brings a Temporary Shift Away from Sustainable
  With price sensitivity for both the consumer and restaurateur, the previous strong trend toward offering more healthy, sustainable options will be curtailed until the economy recovers.
  And with a renewed interest in single use packaging, environmentally friendly packaging will be reduced for right now due to the cost.
- Create Alternative Revenue Streams
  There had been a channel blurring pre-pandemic with grocers acting as restaurants with their food courts and meal replacement options. This crisis has now shown restaurants that they can function as grocers. Restaurants are selling ingredients and kits to offer convenience to the consumer and incremental revenue for the restaurant.
- Online or App-Based Ordering
  With the desire for contact-less options, some restaurants will be replacing in store menus with online phone ordering through the restaurant’s website or app.

Boelter and Heartland Payment Systems are two WRA partners that are currently offering complimentary options to get you up and running with an online ordering tool.

% of total consumers who SUPPORT restaurants requiring the following

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>6 feet or more distance required</td>
<td>85%</td>
</tr>
<tr>
<td>Customers sanitize hands upon entering</td>
<td>81%</td>
</tr>
<tr>
<td>Customers at bar must have a seat</td>
<td>81%</td>
</tr>
<tr>
<td>Must wait outside if waiting for a table</td>
<td>73%</td>
</tr>
<tr>
<td>Seating by reservation only</td>
<td>69%</td>
</tr>
<tr>
<td>No physical menus</td>
<td>65%</td>
</tr>
<tr>
<td>Customers temperature taken upon entering</td>
<td>61%</td>
</tr>
<tr>
<td>Customers required to show proof of wellness</td>
<td>41%</td>
</tr>
</tbody>
</table>

Datassential’s 4/23/2020
Ready or Not Report
How Consumers Are Willing to Support Restaurants and Their Staff as they Recover from COVID-19

• Tipping servers more than before: 43%
• Visiting the restaurant more (to give it more business): 37%
• Rounding up bill to nearest dollar (to donate to a worker fund): 25%
• Giving positive reviews/ratings on sites like Yelp to drive traffic: 25%
• Buying gift cards (so restaurants get revenue now): 24%
• Ordering more per meal than normal (to give them more business): 16%
• Bringing more people to the restaurant: 15%
• Contributing to a “virtual tip jar” for affected employees: 15%
• Adding a meal/drink for staff to your bill: 10%

Summary of Predictions For The Future

• Hyper-sensitivity to sanitation
• Grab & go will remain in high demand
• Off-premise strategies (take-out and delivery) will continue in order to diversify risk as well as meet consumer demand
• Healthy and sustainable options will be temporarily sidelined
• Menu reinvention will be key to meet price sensitivity

One thing that we’re confident of—people will cherish coming together more than ever. And restaurants are at the heart of all celebrations. We will get through this together.

Content inspired by Technomic’s research that’s outlined in “The Post-Pandemic Playbook”.

608.270.9950 • askwra@wirestemart.org • wireyrestaurant.org