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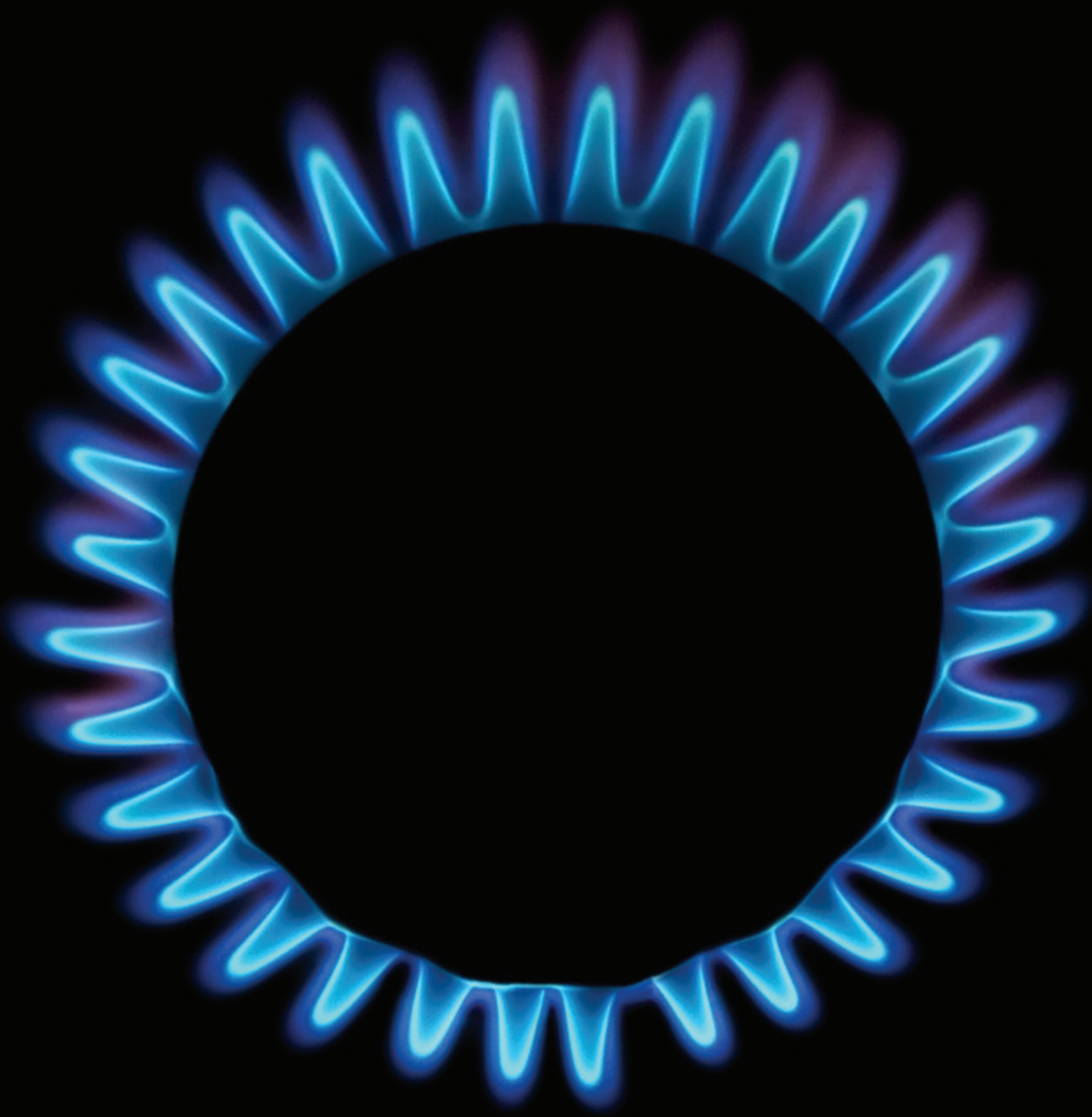


Where will we eat?

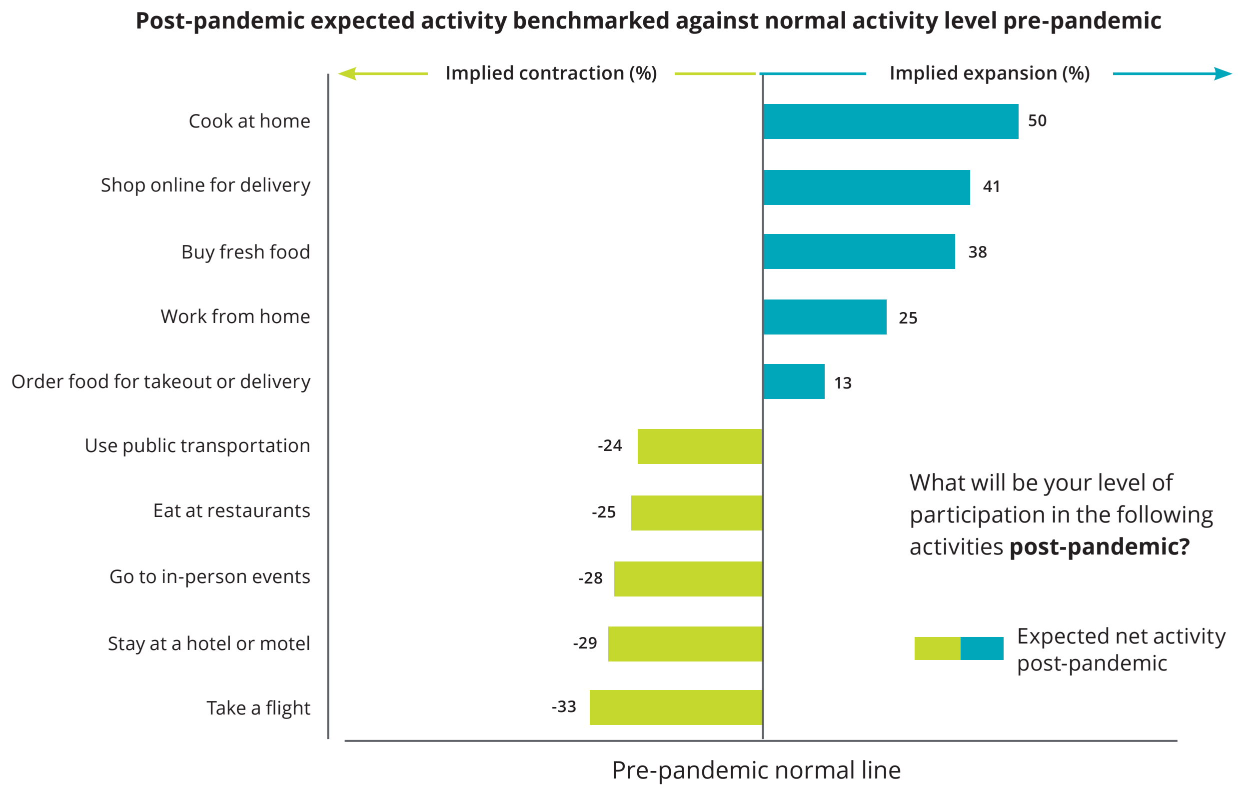
Global consumers are cooking up comfort and concern

Eating at home is sticking around

With vaccinations underway in many countries and an end to the health crisis in sight, one of the biggest questions for the global consumer industry is which COVID-19 trends will outlast the pandemic itself? Many assume life will go back to normal again or even tilt toward an abundance of social and economic engagement around everything that wasn't considered safe to do in 2020. When it comes to food, restaurants are counting on pent-up demand for dining out to once again fill their tables to capacity. They are gambling on consumers being tired of cooking for themselves and missing the excitement of the restaurant experience.

But the latest data from Deloitte's Global State of the Consumer Tracker puts that narrative into question. In our poll of 40,000 consumers across 18 countries, respondents indicated an overall pattern of continued at-home consumption and avoiding crowds—even after the health crisis ends. For instance, they say they will continue buying fresh food and cooking more than they did before the pandemic. While eating at restaurants will surely increase from today's levels, consumers are telling us their dining frequency will remain lower than in 2019, at least in the medium-term.

Figure 1. Expected net activity change after the health crisis ends



Source: Deloitte Global State of Consumer Tracker 2020-2021
% of respondents indicating more activity minus those indicating less activity post-pandemic

This pattern of cooking more at home and eating less often at restaurants holds across the countries surveyed. On average, 55% of global consumers believe they will be cooking more after the pandemic relative to before COVID-19. Only 5% say they will be doing it less (net +50%). Consumers in the United States, Canada, and much of Europe report numbers quite close to the net global average. However, consumers in developing economies like China, India, Mexico, Chile, and South Africa reflect even more intent to cook at home (each +10% above the global average). Germany, Japan, and the Netherlands project a relatively lower net intent to cook more but still signal an increase of at least 30% relative to 2019.

While 15% of global consumers say they will be eating in-person at a restaurant more frequently, a much larger group (40%) plan to eat at restaurants less frequently (resulting in a net -25%). In-person dining follows the pattern of other activities that require interaction in crowded spaces—like taking a flight or attending concerts—where the global consumer is less ready to reengage. The United States is a bit of an outlier here (more details can be found in Deloitte's *Surprise ingredients in the post-pandemic food story*,[1] which shows net intent for consumers in the United States to eat out in restaurants is -10%, a far smaller decrease than what's reflected for countries like Canada (-31%), France (-35%), Germany (-27%), Ireland (-31%), or Japan (-41%). American consumers in our survey tend to feel safer than those in most other countries in venturing out for a broad array of in-person activities, including eating at restaurants, despite the country's higher COVID-19 case numbers.

Keep in mind this data tracks people and their intention to participate less, more, or about the same in these activities, not dollar spending. Additionally, like a New Year's resolution, consumers sometimes answer surveys based on what they would like to do versus what they actually do, or they have trouble knowing what they will do in the future beyond what they do today. That could partially explain the very high net intent to cook and buy fresh food. However, if consumer actions directionally mirror intentions, it will mark a major shift.

Since the 1960s, the United States 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.[2] In Europe, which has a somewhat different food culture, it is estimated that only about one in five meals is consumed away from home.[3] Though representing a smaller percentage, meals eaten out were also growing in Europe prior to 2020. Rapid urbanization and higher incomes were also increasing the share of meals eaten outside the home in countries like China and India.[4]

Once you start cooking you start to realize the benefits it can bring your life. You will save money, you will eat better, and you will protect the planet.

Chef Joel Gamoran

Most of us had no choice but to eat more at home during the pandemic. But, considering the long-established trend in the other direction, why would consumers now tell us they will be eating more at home after the health crisis is over? We see three potential reasons:

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

- **The next is economic.** Cooking is a cheaper option and millions will exit the pandemic in far worse financial shape. Three in five global consumers are currently spending all or more than the income they take in each month. Roughly two in five are concerned about their savings or credit card balances. Almost 30% are concerned about being able to make an upcoming payment.[5]

- **The final reason is preference.** Consumers became better cooks and made new cultural connections with food. With new services to seamlessly deliver groceries direct to homes, cookbook sales increased by 17%,[6] and countertop appliance sales increased by 32% in 2020,[7] —it's now easier than ever to choose what many see as the healthier option. In fact, elevated consumer interest in health and wellness could make cooking a tool for better, more sustainable dietary choices. For example, meal delivery company Purple Carrot saw a surge in sales for their vegan food and report that one in four consumers overall intend to eat more plant-based meals over the next 12 to 18 months. We should note too, that with the psychological scars of the pandemic, some consumers will prefer to continue avoiding crowded spaces, including restaurants.

Food manufacturers and grocery retailers are going to have to fight to keep the increased share they gained during the pandemic and continue with their projected growth. They have done well so far. In the United States, fresh and frozen food retail sales increased by over 10% and 20% respectively in 2020.[8] The growth in online sales was even more impressive. Expect manufacturers and retailers to continue to innovate and leverage pre-prepared meals, subscription box-like offerings, shopping experiences organized around recipes, and value-added content to educate and aid in meal preparation, as well as make increased investment in convenient digital channels to meet at-home demand.

But the food service sector is not going to take this challenge lying down. Along with cooking, consumers say they are going to continue ordering from restaurants for takeout or delivery (intention is up a net 13% relative to 2019). Restaurants will be investing in consumer convenience, including drive-through, takeout, and delivery capabilities, to better serve in a more 'off-premises world.'[9] They will also use digital technology to reduce ordering friction and better understand their customers. They will adapt the 'place' of restaurants by deploying formats with less in-person seating and by making use of 'ghost kitchens' set up for delivery only. Restaurants will also do everything they can, through hygiene and messaging, to reassure the dining public that it is safe to return.

Renowned chef and author Joel Gamoran shared several thoughts after seeing our consumer data.[10] "Cooking became popular during the pandemic because it had to. Restaurants closed, prepared food was called off and buffets shut down. [But] once you start cooking you start to realize the benefits it can bring your life. You will save money, you will eat better, and you will protect the planet. These are all attributes the new consumer appreciates." Chef Gamoran went on to say, "I sincerely believe the cooking revolution is at an all-time high. We will dip as the world opens and we want to experience restaurants, and outside home activities, but we will come back to cooking as people have now been exposed to a better way to eat and live."

He also had some advice for restaurant owners and fellow chefs. "Restaurants will not exist as a place to just eat. Restaurateurs and chefs need to lean into the interest the consumer has taken in cooking at home. How do you experience the restaurant when you are not there? Will there be pop-up cooking classes? Meal kits at grocery stores? Collaborations with CPG companies? The answer is the best restaurants of the future will not just feed people but help them feed themselves."

No matter how it pans out, it will be exciting to see how companies adapt and innovate to serve a new food environment.

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