



PYMNTS

CONNECTED DINING:

RISING COSTS PUSH CONSUMERS
TOWARD PICKUP

FEBRUARY 2023

PYMNTS

PYMNTS is where the best minds and the best content meet on the web to learn about “What’s Next” in payments and commerce. Our interactive platform is reinventing the way in which companies in payments share relevant information about the initiatives that shape the future of this dynamic sector and make news. Our data and analytics team includes economists, data scientists and industry analysts who work with companies to measure and quantify the innovation that is at the cutting edge of this new world.

INTRODUCTION

Restaurants should be places to enjoy nice meals and relax, but how can consumers relax when every appetizer, main course and dessert has become more expensive during the last two years?

The answer for many consumers trades effort for cost. When they do not want to cook dinner themselves, they order meals from their favorite restaurants and pick them up to save on delivery costs. This changed behavior is shaking up the restaurant industry.

Customers eat nearly half of their restaurant meals at a location other than the restaurant and pick up 80% of these off-premises meals. Cost is top of mind: 58% of takeout customers say they pick up their meals to save on the delivery fee. Because the right offer can persuade consumers to change their behavior, further changes may come to pass as restaurants rethink incentives. Half of the consumers who used pickup for their last meal say a 5% discount could convince them to have their next meal delivered, and 60% of the consumers who had their last restaurant meal delivered say they would pick it up if it meant getting a 5% discount.

These are just a few of the key findings in Connected Dining: Rising Costs Push Consumers Toward Pickup, a PYMNTS exclusive report based upon the findings of a census-balanced survey of 2,168 United States consumers. Respondents were asked about their restaurant dining habits and whether high inflation rates during the last two years have altered how frequently they dine off-premises. Consumers were also asked about whether they picked up meals themselves or had the meals delivered. The survey was conducted from Jan. 9 to Jan. 13.

This is what we learned.

TABLE OF CONTENTS

Introduction	03
Key findings	04
Conclusion and methodology	18

**CONNECTED
DINING:**
RISING COSTS PUSH CONSUMERS
TOWARD PICKUP

PYMNTS

PART I:
CONSUMERS DISPLAY LITTLE APPETITE FOR MEAL DELIVERY

Restaurant customers are opting for pickup four times more often than delivery.

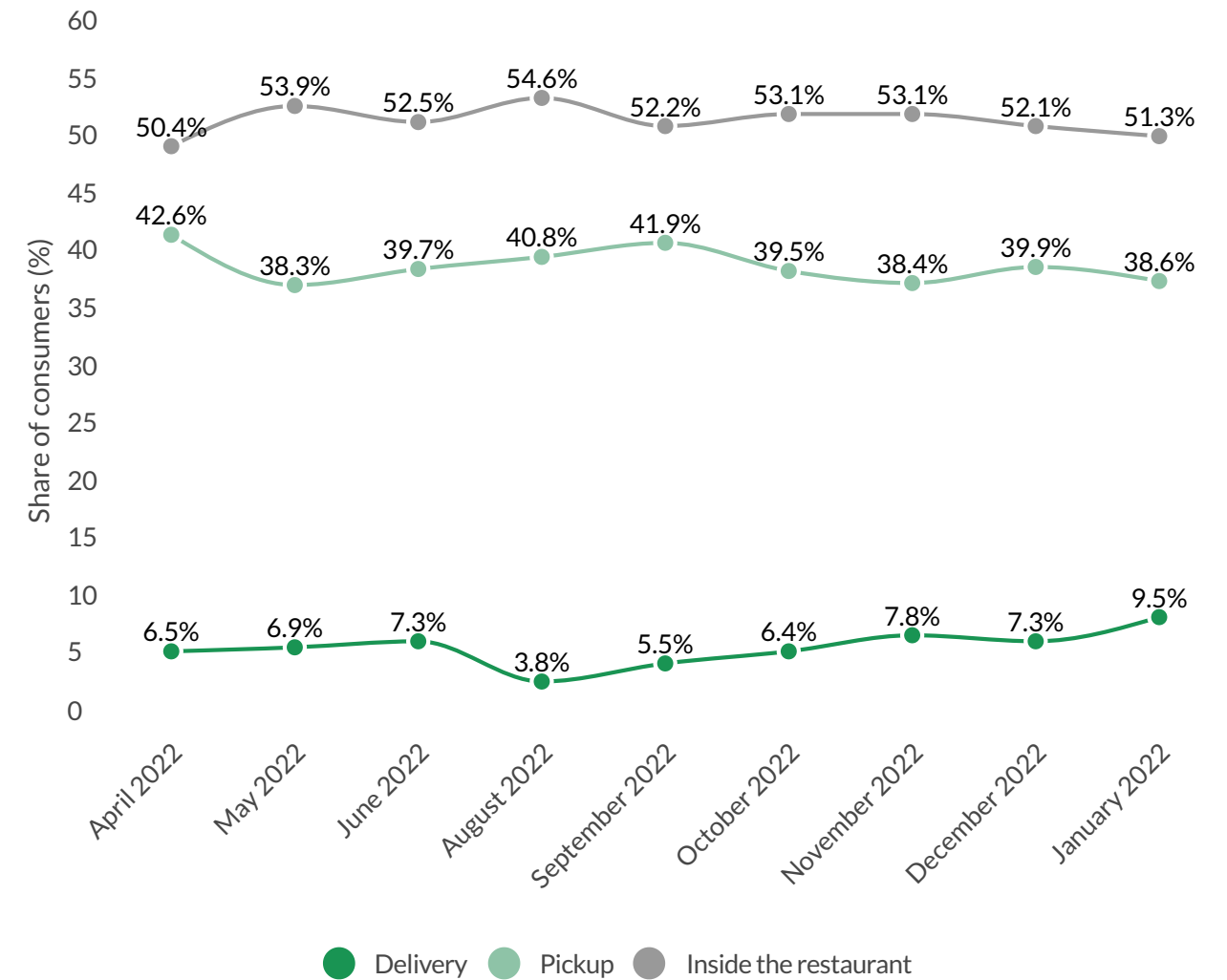
Although pandemic-related safety measures have lifted, for the most part, many changes to consumer behavior seem permanent, including a sustained interest in remote ordering of restaurant meals. Consumers eat just 51% of all restaurant meals at the restaurant.

When consumers order meals for off-premises dining, 80% choose to pick their meals up. Just 9.5% of consumers overall chose to have their meals delivered.

The pattern has remained relatively consistent for most of the past year, with slightly more than half of restaurant patrons taking their meals at the restaurant. Consumers have strongly and consistently favored pickup over delivery. Across age groups, consumers were far more likely to pick up their meals than they were to have them delivered — though that gap is smaller for younger consumers.

Figure 1
 The pickup–delivery divide

Share of consumers who acquired their most recent restaurant meal in select ways



Source: PYMNTS
 Connected Dining: Rising Costs Push Consumers Toward Pickup, February 2023
 N = 2,168: Complete responses, fielded Jan. 9, 2023 – Jan. 13, 2023

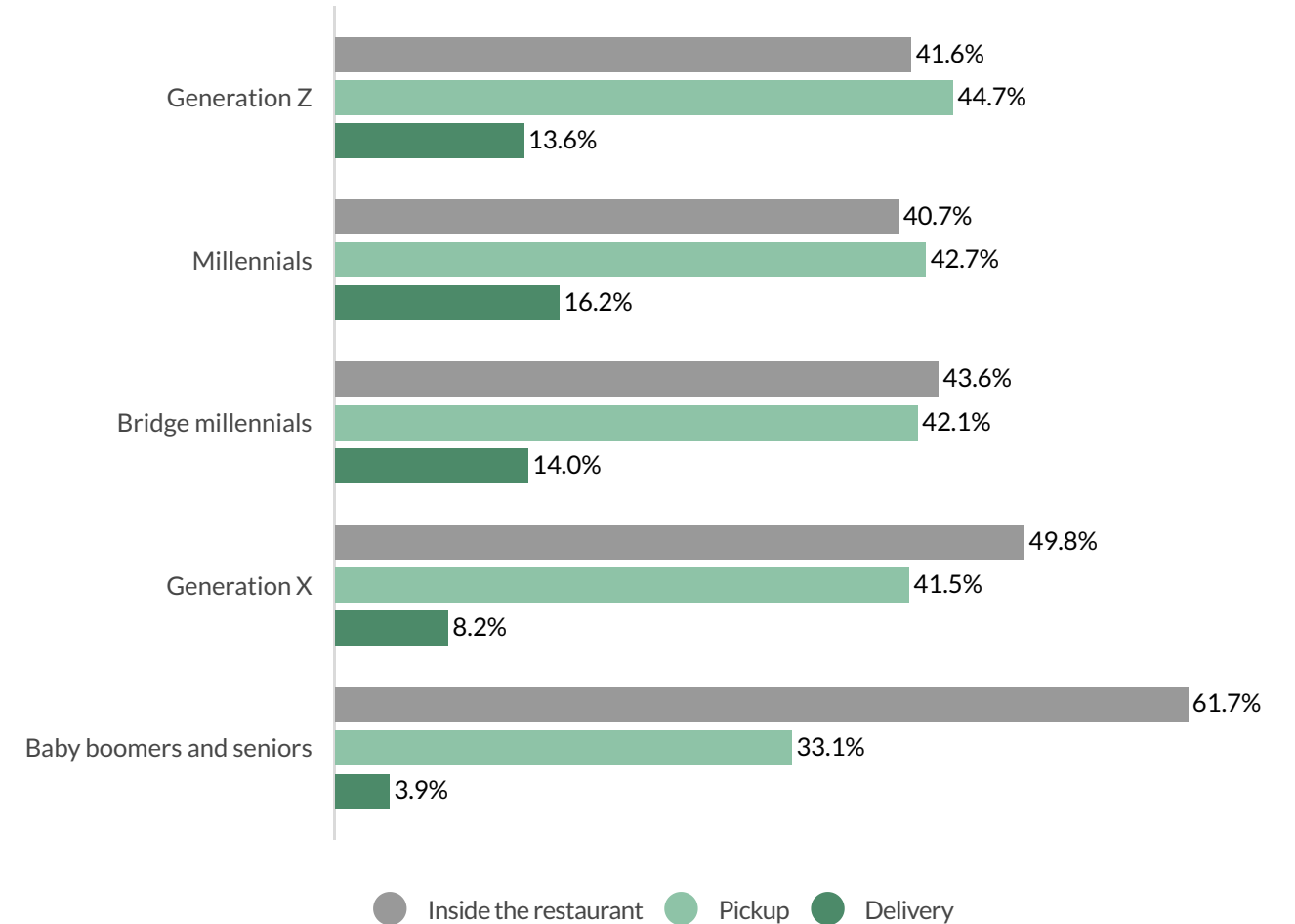
Upper-income consumers tend to rely on meal delivery more frequently than others. Our data shows that 12% of consumers annually earning more than \$100,000 had their most recent restaurant meal delivered. We also found that 8.5% of consumers annually earning \$50,000 to \$100,000 had their most recent meals delivered. For consumers with annual incomes of \$50,000 or less, 7.5% had their most recent meal from a restaurant delivered.

Younger consumers also tend to use restaurant delivery at significantly higher rates than both Generation X consumers and baby boomers and seniors. While 16% of millennials and 14% of bridge millennials and Generation Z consumers had their most recent restaurant meals delivered, just 8.2% of Gen X consumers and 3.9% of baby boomers and seniors had their most recent meals delivered.

Figure 2

Generational pickup and delivery preferences

Share of consumers who acquired their most recent restaurant meal in select ways, by generation

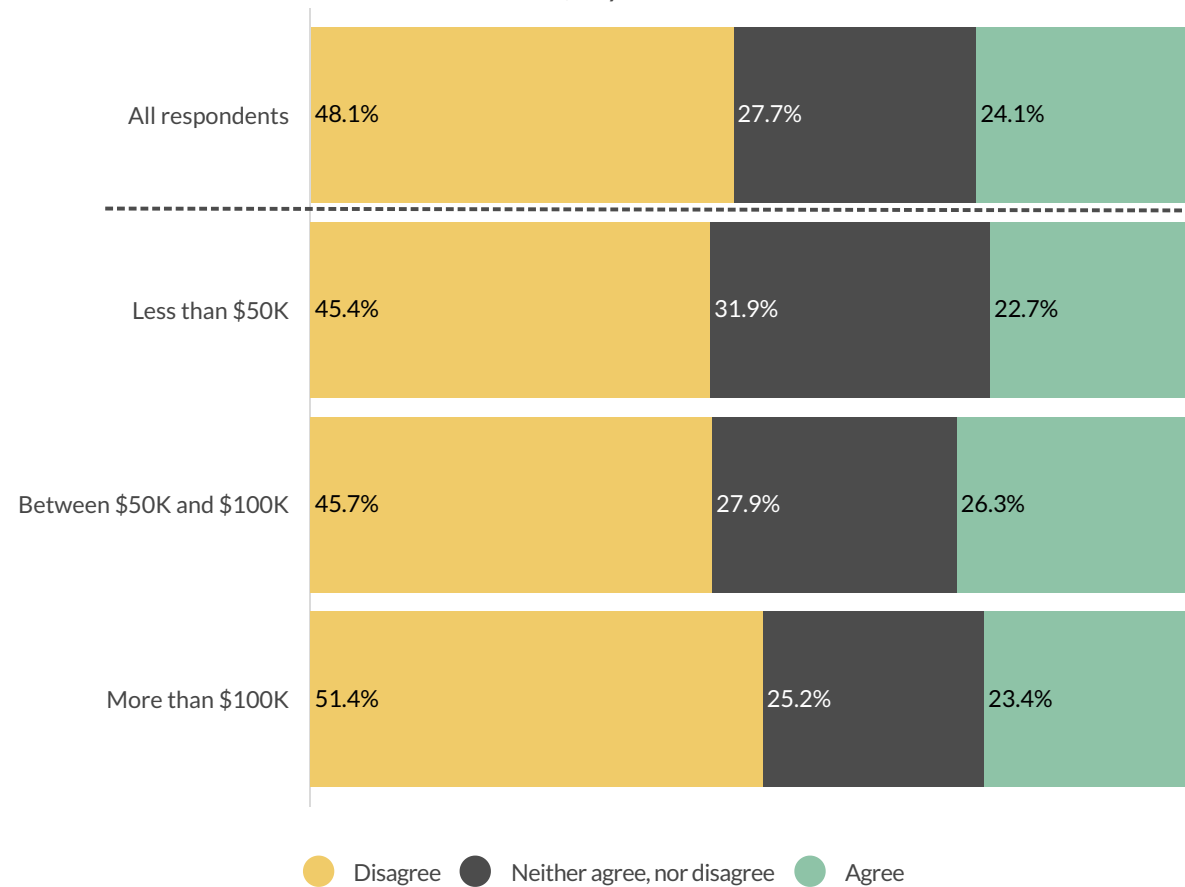


Source: PYMNTS
 Connected Dining: Rising Costs Push Consumers Toward Pickup, February 2023
 N = 2,168: Complete responses, fielded Jan. 9, 2023 – Jan. 13, 2023

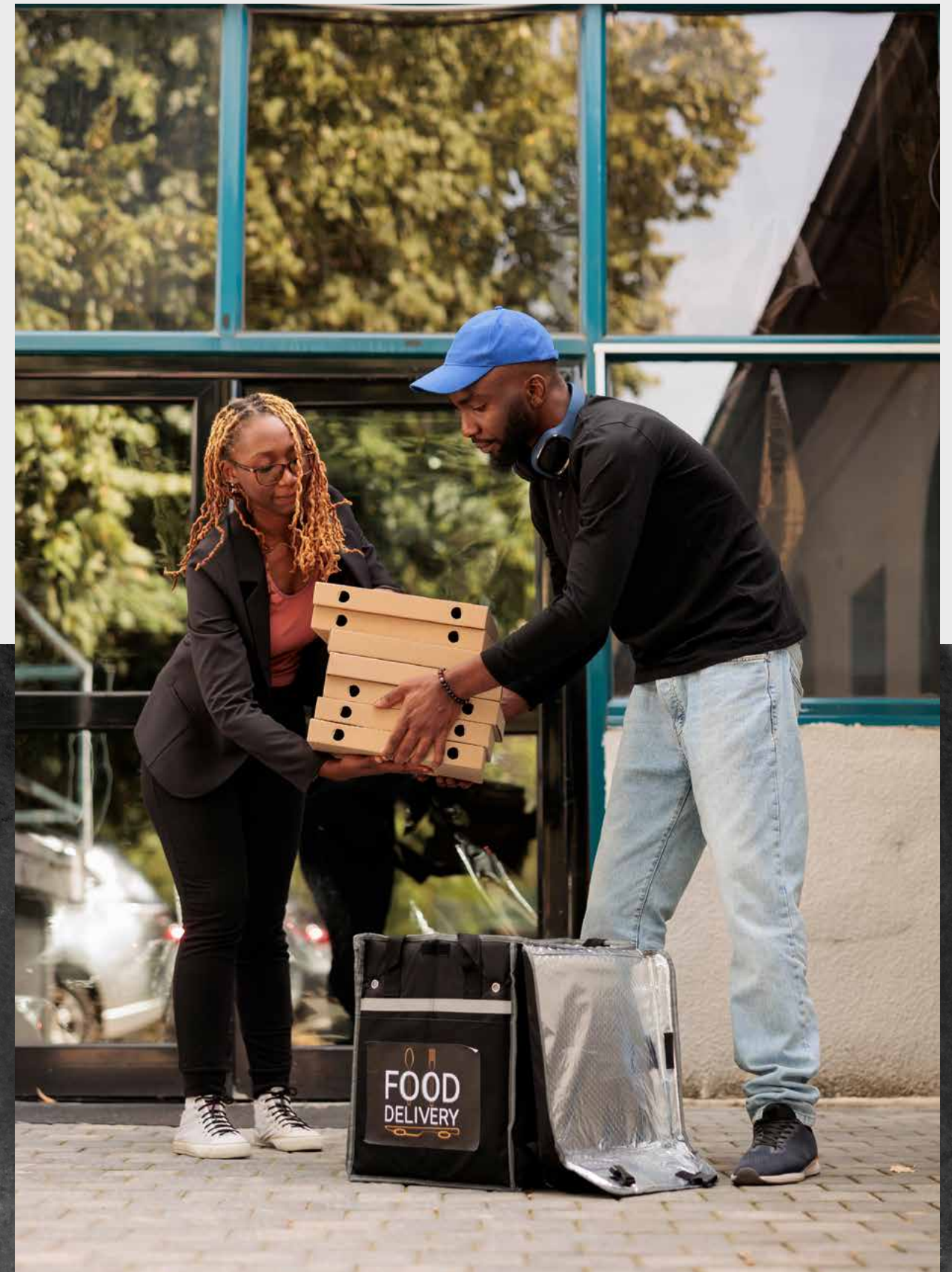
Consumers do not see pickup and delivery in the same light. Less than one-quarter of consumers agreed that there was no difference between them, and nearly half said they clearly preferred one option over the other.

Figure 3
Consumer perceptions of pickup and delivery differences

Share of consumers reacting in select ways to the statement, "I do not have a clear preference between pickup and delivery options for my restaurant purchases because I do not see much difference between them," by annual income



Source: PYMNTS
 Connected Dining: Rising Costs Push Consumers Toward Pickup, February 2023
 N = 1,796: Consumers who used pickup or delivery options, fielded Jan. 9, 2023 – Jan. 13, 2023



PART II:
THE LINK BETWEEN HIGH INFLATION AND COST CUTTING

High inflation spurs consumers to cut costs, particularly delivery fees and tips.

The cost of everything is rising, and it stands to reason that consumers would look to adapt wherever they can. PYMNTS' data shows consumers intend to steer clear on costs they can avoid.

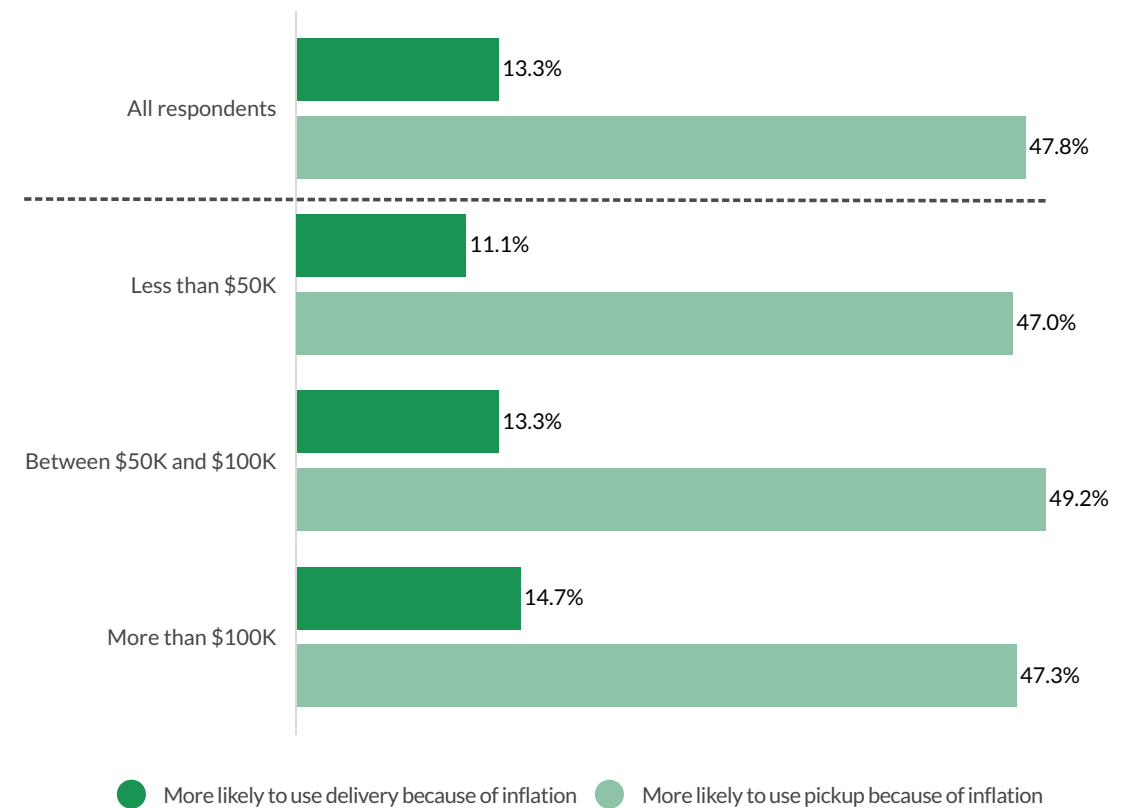
Fifty-eight percent of restaurant customers say an important reason they choose pickup is to save on the cost of a delivery fee, and 42% of restaurant customers say they pick up their meals because not having to tip a delivery person is important to them. Forty-eight percent of consumers say they have become more likely to use pickup during the past two years because of rising prices.

The aversion to delivery fees is consistent across all income brackets and age groups and underscores how widespread consumer efforts are to find a way to cut expenses. There is a strong preference for pickup among all age groups, but the preference is strongest among younger consumers. Fifty-six percent of Gen Z consumers say the high inflation rates during

Figure 4A

The changes inflation brought to restaurant dining

Share of consumers with select attitudes toward restaurant pickup and delivery, by annual income



Source: PYMNTS
Connected Dining: Rising Costs Push Consumers Toward Pickup, February 2023
N = 2,168: Complete responses, fielded Jan. 9, 2023 – Jan. 13, 2023

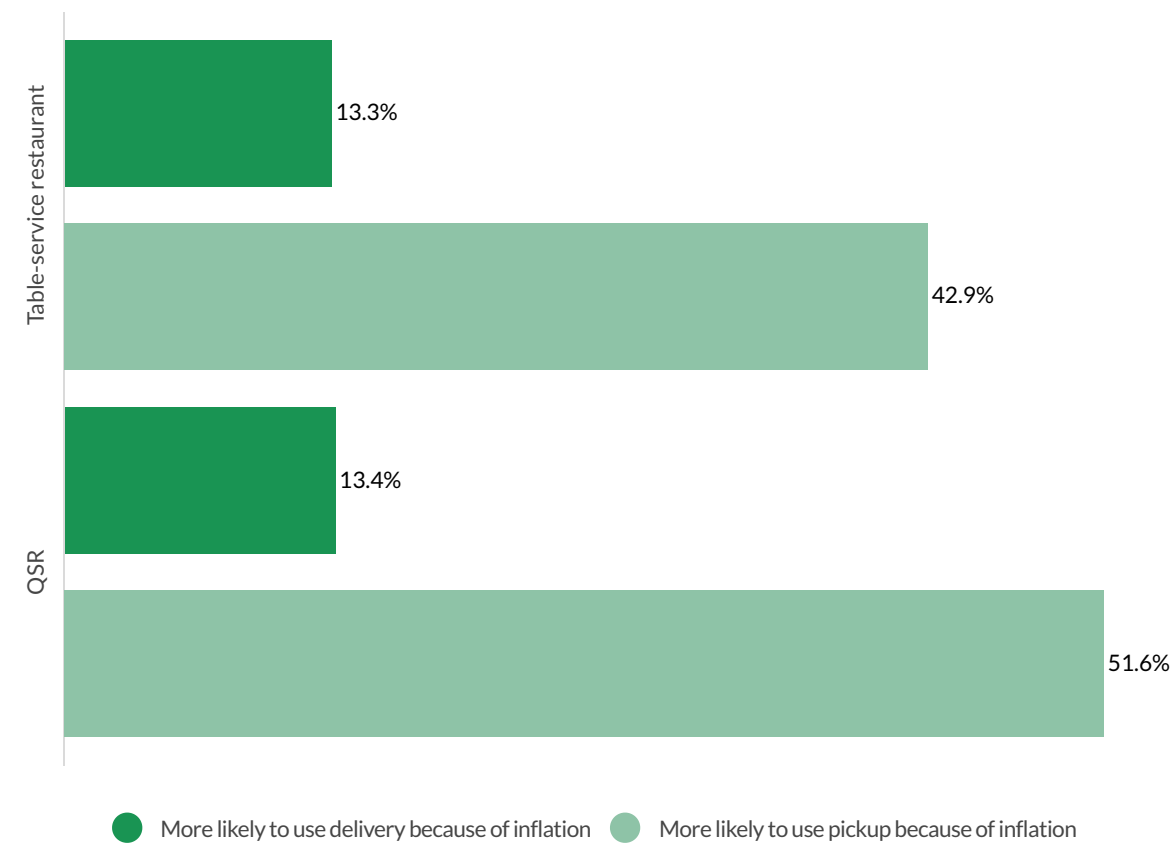
the past two years have influenced their interest in restaurant pickup. The influence of increased costs on consumer preferences is somewhat less pronounced among older consumers, but it is still there. Forty-one percent of baby boomers and seniors say they pick up their restaurant meals more frequently to save expenses.

The pattern of being more likely to pick up meals due to inflation appears somewhat unaffected by the type of restaurant consumers choose. Fifty-two percent of diners whose last meal was from a quick-service restaurant (QSR) say they are more willing to use pickup, and 43% of table-service restaurant patrons say the same.

Figure 4B

The changes inflation brought to restaurant dining

Share of consumers with select attitudes toward restaurant pickup and delivery, by type of restaurant they ordered from most recently



Source: PYMNTS
 Connected Dining: Rising Costs Push Consumers Toward Pickup, February 2023
 N = 2,168: Complete responses, fielded Jan. 9, 2023 – Jan. 13, 2023



PART III:
INCENTIVIZING CHANGE

The right incentives can persuade consumers to change the method they use for getting their restaurant meals.

Fifty-nine percent of the consumers who used delivery for their most recent restaurant purchase say a 5% discount would make them more likely to pick up a meal instead of having it delivered. A similar 5% discount could convince 50% of consumers who used pickup for their most recent restaurant meal to have the meal delivered instead.

PYMNTS' data says other incentives could also persuade consumers to change their preferences for getting a restaurant meal.

For example, 49% of consumers say a restaurant that sets aside a special line for pickup could persuade them to pick up their meals instead of having them delivered. Fifty-five percent of consumers say a restaurant could persuade them to have their meals delivered instead of picking them up themselves if it promised to deliver the meal within a set time and discounted the price if the delivery was late.

Figure 5A
How incentives impact consumers' takeout choices

Share of consumers who say select incentives would make them more inclined to pick up their meal



Source: PYMNTS
Connected Dining: Rising Costs Push Consumers Toward Pickup, February 2023
N = 1,068: Consumers who used pickup or delivery, fielded Jan. 9, 2023 – Jan. 13, 2023

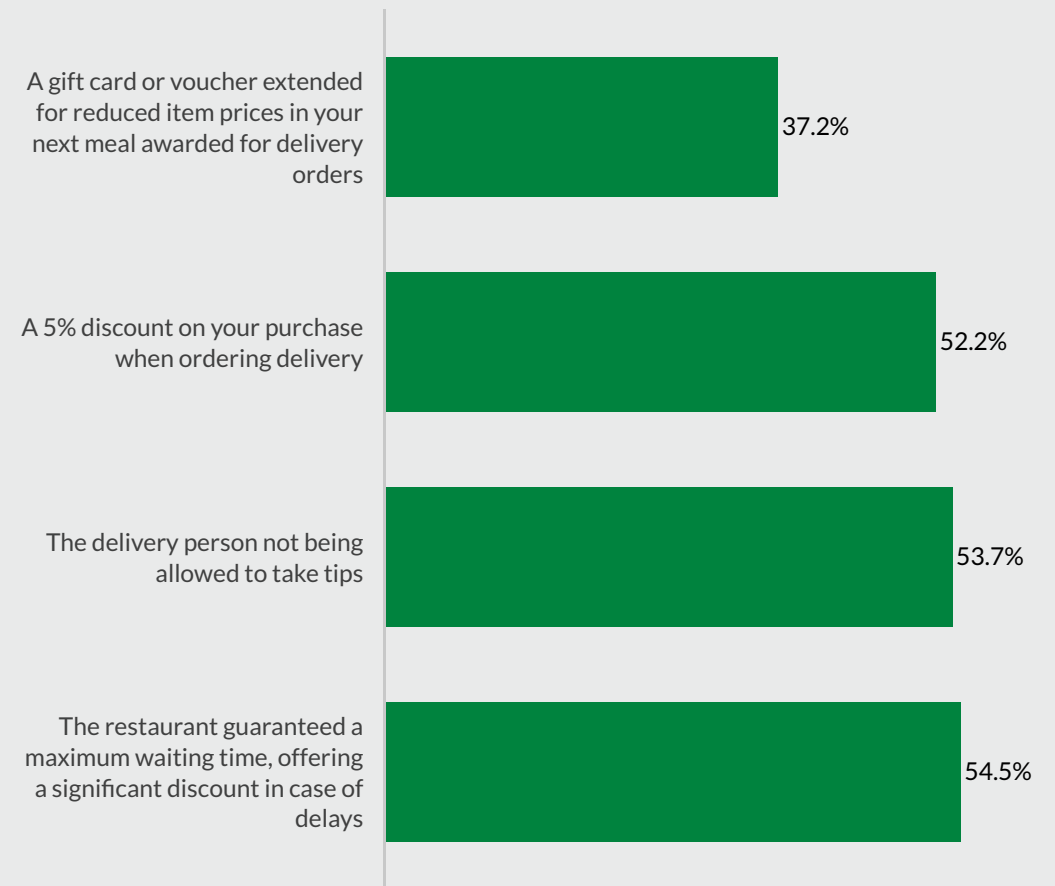
Gift cards are more likely to persuade a consumer to pick up their meals than they are to entice a consumer into having meals delivered. Forty-nine percent of consumers say they would be more likely to pick up a meal if the restaurant offered a gift card that they could apply to their next purchase. Thirty-seven percent of consumers say they would be more likely to take meal delivery than pick up the meal if the restaurant offered a gift card with each delivery.



Figure 5B

How incentives impact consumers' takeout choices

Share of consumers who say select incentives would make them more inclined to choose delivery for their next meal



Source: PYMNTS
Connected Dining: Rising Costs Push Consumers Toward Pickup, February 2023
N = 1,068: Consumers who used pickup or delivery, fielded Jan. 9, 2023 - Jan. 13, 2023

CONCLUSION

Two straight years of high inflation have left consumers frustrated. The preference consumers have shown for picking up restaurant meals instead of having them delivered demonstrates that consumers will choose less expensive ways of getting what they want if the option exists. Restaurateurs can meet consumers' demand for lower costs by offering incentives encouraging consumers to use pickup instead of delivery. The restaurants that best satisfy these changing consumer demands will position themselves for success.

METHODOLOGY

Connected Dining: Rising Costs Push Consumers Toward Pickup, a PYMNTS exclusive report, is based on a census-balanced survey of 2,168 U.S. consumers conducted from Jan. 9 to Jan. 13 in which respondents were asked about their restaurant dining habits and whether the high inflation rate of the past two years has altered how frequently they dine off-premises. Consumers were also asked about whether they picked up meals or had the meals delivered.

DISCLAIMER

Connected Dining: Rising Costs Push Consumers Toward Pickup may be updated periodically. While reasonable efforts are made to keep the content accurate and up to date, PYMNTS MAKES NO REPRESENTATIONS OR WARRANTIES OF ANY KIND, EXPRESS OR IMPLIED, REGARDING THE CORRECTNESS, ACCURACY, COMPLETENESS, ADEQUACY, OR RELIABILITY OF OR THE USE OF OR RESULTS THAT MAY BE GENERATED FROM THE USE OF THE INFORMATION OR THAT THE CONTENT WILL SATISFY YOUR REQUIREMENTS OR EXPECTATIONS. THE CONTENT IS PROVIDED "AS IS" AND ON AN "AS AVAILABLE" BASIS. YOU EXPRESSLY AGREE THAT YOUR USE OF THE CONTENT IS AT YOUR SOLE RISK. PYMNTS SHALL HAVE NO LIABILITY FOR ANY INTERRUPTIONS IN THE CONTENT THAT IS PROVIDED AND DISCLAIMS ALL WARRANTIES WITH REGARD TO THE CONTENT, INCLUDING THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, AND NON-INFRINGEMENT AND TITLE. SOME JURISDICTIONS DO NOT ALLOW THE EXCLUSION OF CERTAIN WARRANTIES, AND, IN SUCH CASES, THE STATED EXCLUSIONS DO NOT APPLY. PYMNTS RESERVES THE RIGHT AND SHOULD NOT BE LIABLE SHOULD IT EXERCISE ITS RIGHT TO MODIFY, INTERRUPT, OR DISCONTINUE THE AVAILABILITY OF THE CONTENT OR ANY COMPONENT OF IT WITH OR WITHOUT NOTICE.

PYMNTS SHALL NOT BE LIABLE FOR ANY DAMAGES WHATSOEVER, AND, IN PARTICULAR, SHALL NOT BE LIABLE FOR ANY SPECIAL, INDIRECT, CONSEQUENTIAL, OR INCIDENTAL DAMAGES, OR DAMAGES FOR LOST PROFITS, LOSS OF REVENUE, OR LOSS OF USE, ARISING OUT OF OR RELATED TO THE CONTENT, WHETHER SUCH DAMAGES ARISE IN CONTRACT, NEGLIGENCE, TORT, UNDER STATUTE, IN EQUITY, AT LAW, OR OTHERWISE, EVEN IF PYMNTS HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

SOME JURISDICTIONS DO NOT ALLOW FOR THE LIMITATION OR EXCLUSION OF LIABILITY FOR INCIDENTAL OR CONSEQUENTIAL DAMAGES, AND IN SUCH CASES SOME OF THE ABOVE LIMITATIONS DO NOT APPLY. THE ABOVE DISCLAIMERS AND LIMITATIONS ARE PROVIDED BY PYMNTS AND ITS PARENTS, AFFILIATED AND RELATED COMPANIES, CONTRACTORS, AND SPONSORS, AND EACH OF ITS RESPECTIVE DIRECTORS, OFFICERS, MEMBERS, EMPLOYEES, AGENTS, CONTENT COMPONENT PROVIDERS, LICENSORS, AND ADVISERS.

Components of the content original to and the compilation produced by PYMNTS is the property of PYMNTS and cannot be reproduced without its prior written permission.