

How the global economy is impacting consumer spend

15,000 US + UK consumers reveal new purchasing habits—and what those changes mean for restaurant brands

Consumers are concerned about their financial wellbeing, directly impacting how they plan to allocate their discretionary spending. And with global events like energy caps, war, + inflation, these concerns are only expected to grow—meaning restaurant brands will have to adapt to a value-forward model to compete in such a volatile market.

How does this impact the restaurant industry? The restaurant industry will feel the biggest impact, with nearly 70% of UK respondents (a 12-ppt increase since April) and close to 60% of US respondents planning to dine out less. And when they do go out to eat, 65% say quality and promotions/deals matter most when selecting the restaurant.

To prepare brands for these changes and drive conversions despite a challenging economy, we've compiled this brief of top consumer trends—including where consumers are planning to cut back, what factors are informing their purchase decisions, and how your brand can best prepare to meet customers' evolving needs.

Here's what we learned. >>

METHODOLOGY

September 2022
STUDY

12,000+
US RESPONDENTS

3,100+
UK RESPONDENTS

Feedback
+ BEHAVIORAL DATA



FOR THE RESTAURANT C-SUITE

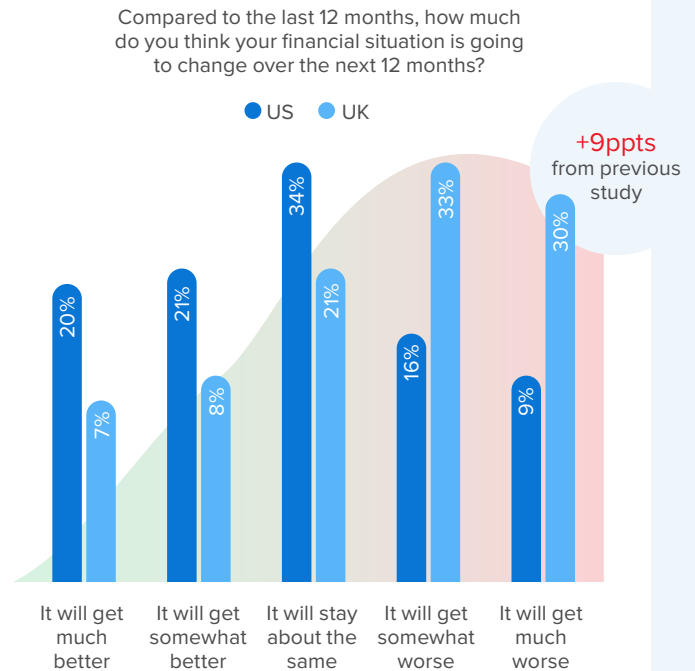
With so many consumers cutting back on spending—especially when it comes to dining out—restaurant brands should define what value means to their customer (e.g., delivery options, quality of food, ambiance) and lay focus there.

TREND #1

Consumers—especially those in the UK—are concerned about their financial situations

In light of recent political transitions, union strikes, energy caps, + inflation, 63% of UK respondents believe their finances will take a hit over the next year (a 9-ppt increase from April 2022). US consumers are slightly more optimistic, with 1 in 4 expecting their finances to worsen. Citing the most concerns are those making more than \$75K and retired individuals. In the UK, those most concerned are making less than \$25K, individuals working part-time, and homemakers.

Clearly consumers are prioritizing value, and brands need to start thinking about how they can deliver on that. Providing perks like loyalty reward programs and special promotions for frequent guests will help drive your retention efforts.



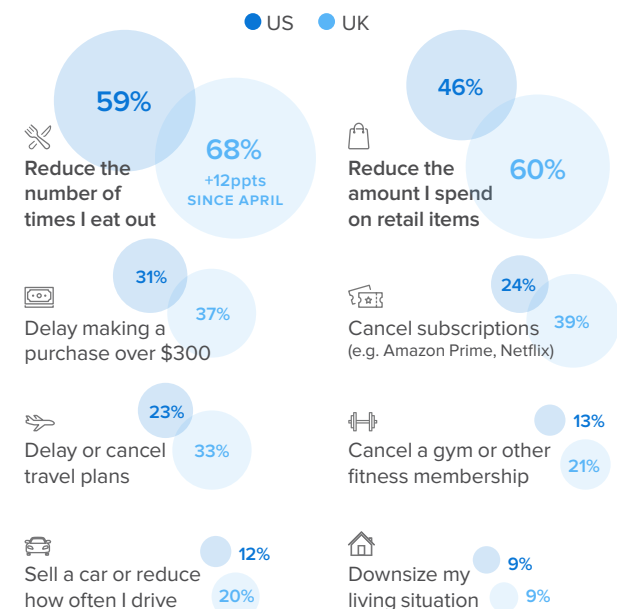
TREND #2

Consumers are planning to cut back on non-essential spending

To adjust to changes in their personal finances, consumers are making changes in their discretionary spending—with the UK seeing significant increases in plans to cut back. The restaurant industry is taking the biggest hit, with nearly 70% of UK respondents (a 12-ppt increase since April) and nearly 60% of US respondents planning to eat out less. Non-essential retailers will also feel the burn, with nearly half of US consumers and nearly 60% of UK consumers preparing to shop less.

With consumers limiting these engagements, it's even more critical for brands to focus on converting non-purchases into paying customers. Take the time to assess your customer journey—across touchpoints—and ensure all experiences are frictionless and driving conversions.

How do you plan to reduce spending over the next 12 months?*



*People who believe their financial situation will be worse in the next 12 months

TREND #3

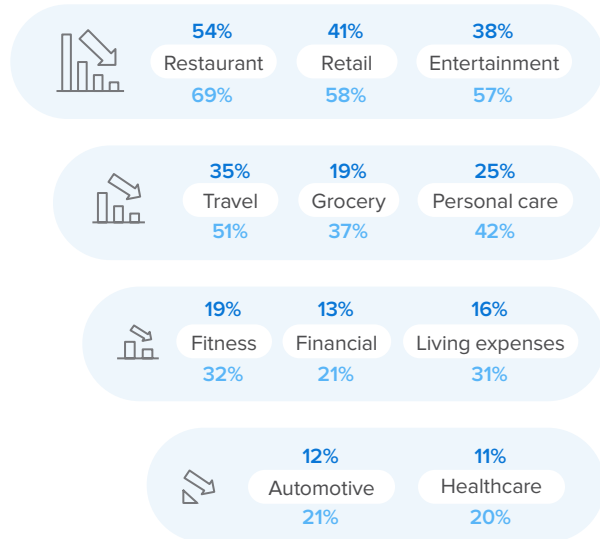
Consumers are now focused on the fundamentals

While a significant number of consumers are planning to spend less on non-essential expenses, fundamentals like groceries, automotive services, and healthcare are taking less of a hit. When it comes to regional differences, UK consumers are planning to cut back at a higher rate than US consumers across the board.

To get a better understanding of how your customers are allocating their spending, be sure you're measuring customer feedback across all channels. This will help inform where you can make improvements and drive conversion efforts—if customers are spending less with your brand, you need to know why.

In which of following categories do you plan to spend LESS over the next 12 months?

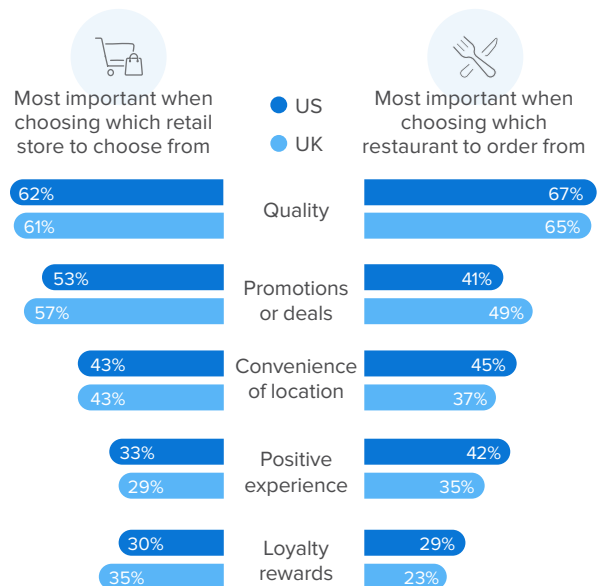
● US ● UK



TREND #4

Financially conscientious consumers are placing more emphasis on value

Brands across industries need to give their value offering a hard look—but higher value doesn't always mean less expensive. Though nearly half of restaurant + retail consumers list Promotions or Deals as a top factor in choosing a brand, more than 60% stated Quality of Food/Products as most important. To win customer loyalty, brands must prioritize value above all else—whether that's through lowering costs, providing exceptional service, or improving convenience measures.

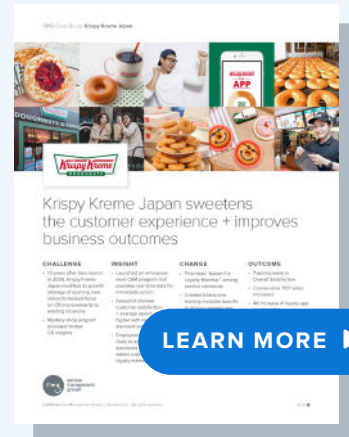




SUCCESS STORY

Krispy Kreme Japan sweetens the customer experience + improves business outcomes

By investing in a CX program that combines platform technology and professional services, Krispy Kreme Japan was armed with the tools to act quickly on customer feedback. Learn how the brand—through analysis support, insight delivery, and strategic guidance—was able to transform their business, leading to higher customer loyalty and improved financial performance.



Establish these 3 listening posts to stay ahead of consumer trends

- 1 **Location-level feedback** captured in real time, giving your brand the ability to act quickly
- 2 **Ratings + reviews management** that provides an aggregated view of top social sites
- 3 **Digital comment cards** to capture unsolicited feedback at the brand + location levels

Measure + improve experiences at each stage in the customer journey

SMG's unique software with a service (SaaS) approach combines platform technology with hands-on professional services to help brands stay on top of consumer behavior trends and turn experience data into real-world improvement strategies

GET STARTED ►



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management
group®

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About Service Management Group

SMG is a leading experience management (XM) provider, accelerating value by changing how brands act on customer + employee insights. With a rich 30-year history rooted in The Service Profit Chain, SMG is the industry's only software with a service (SaaS) provider—uniquely pairing an enterprise platform with professional services to help brands generate new revenue, grow existing revenue, reduce churn + detractors, and drive operational efficiencies. To learn more about our customer, employee, and brand experience management solutions, visit www.smg.com.

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