

2021 EDITION

The 2020 chain restaurant landscape,
after an unprecedented pandemic year

Key industry trends and consumer
insights for the (hopeful) “new normal”

Firefly 500+



Trends From Last Year

01



Frozen desserts were cool again. The dessert-snack segment in limited service bounced back with sales and unit growth, and it welcomed new members of the 500 largest chains, like Jeni's Splendid Ice Creams and Sub Zero.

06



2020 was not a rerun of 2009. Unlike the downturn a decade ago, a public-health crisis was even more salient than an economic one, making value tactics less of a silver bullet for restaurants.

02



Salad-Healthful abounded with opportunity. This still emerging part of limited service diversified as it kept up its rapid growth, showing fastest expansion for bowl-focused health concepts.

07



Dinner leapfrogged lunch as the top daypart. In the early days of the pandemic, the dinner period consistently had the greatest share of restaurant traffic, a trend that persisted all of 2020.

03



Plant-based maintained its momentum. In fact, the term "plant-based" rose nearly 500% on the menus of Firefly 500+ chains, including 34 LTOs tracked by SCORES.

08



Pent-up demand was a mixed bag for FSR. Wanting to support restaurants in the pandemic, consumers planned to visit as often but also to cut back on apps, desserts, and beverages.

04



Winner, winner, chicken (sandwich) dinner. Popeye's was not the only chain to launch a premium chicken sandwich, but it derived the most growth from one, with an 18% increase in its AUV.

09



Labor issues were more salient after COVID. Aside from calling on restaurants to rehire as many laid-off staff as possible, people also supported benefits like paid sick leave or bonuses.

05



Progress from 2019 was broadly wiped out. The COVID Impact Model from Datassential and IFMA predicted that the pandemic would shave about 20% off initial sales projections.

10



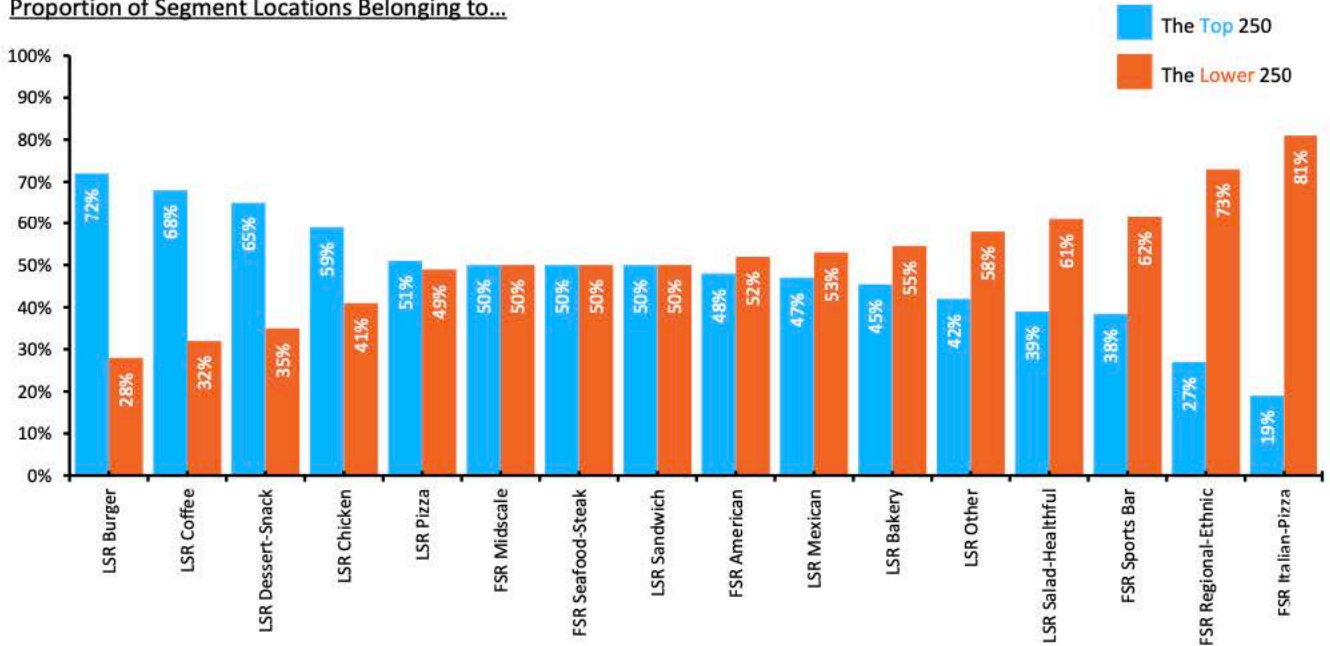
Delivery and digital went from niceties to necessities. While 86% of operators said takeout and delivery sales could not completely make up for lost dine-in traffic, off-premise tactics nonetheless were the primary way they stayed open.

At a Glance:

Beyond the Halfway Point

The Top 250 is heavily saturated with LSR chains, in terms of unit count.

Proportion of Segment Locations Belonging to...



THE TOP 250

	Units	Sales (\$000)
2020 Figure	215,562	\$285,533,953
1-Year Change	-1.4%	-4.1%



Domino's Pizza opened 358 additional locations in 2020, the most in the Top 250 and 70 more than No. 2 Starbucks.

THE LOWER 250

	Units	Sales (\$000)
2020 Figure	14,417	\$19,646,380
1-Year Change	-3.1%	-7.8%



Sam's Southern Eatery went from 50 quick-service locations in 2019 to 83 last year, vaulting to unit rank No. 270.

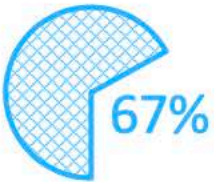
Industry Overview:

Issues on the Front Burner

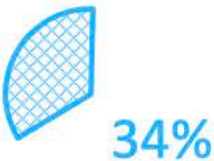
Insights from Datassential's **PULSE** Market Overview and Topical Report, fielded December 2020 to March 2021.



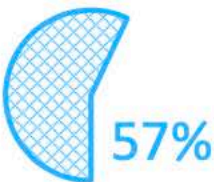
OPERATOR CONCERNS



of all operators reported an **increase in food costs in 2020**, but only 47% said labor costs rose last year.



of all operators had **online-ordering capabilities** by the end of last year, compared to only 23% in 2019.



of all operators **changed their indoor seating layout** due to COVID-19 and social-distancing requirements.

SALIENT QUESTIONS



Is it time to move toward **pre-made menu items** and less scratch cooking?



Are we doing enough around **worker safety**, during the pandemic and after?



What **packaging options** hold up best to the demands of delivery and carry-out?



How can our supplier reps and manufacturer partners **show us new products** remotely?



We need to **raise menu prices** to offset pandemic costs, but by how much?



Which **marketing tactics break through** with consumers in a post-COVID world?



Post-COVID, we'll compete against convenience.

Cooking at home more

75%

Getting takeout rather than dine in

56%

Use the drive-thru rather than dine in at QSR

56%

Pack my own food to avoid using restaurants

50%

Get more restaurant meals delivered

33%

Cook at home from a meal kit

27%

Getting alcoholic beverages delivered

18%

Pent-up demand for a restaurant experience is real, but many of the pandemic behaviors and patterns consumers have set will have lasting effects. Three in four people expect to cook at home more when the pandemic is over, even if boredom sets in like it did during quarantine.

Half of consumers expect to brown-bag their lunch when they return to work outside the home, including 70% of Gen Z respondents and 64% of Millennials surveyed.

Once new conveniences are introduced, they are popular and hard to wind down — if that were even something restaurants wanted to do. Going forward, the expanded capabilities for carryout, drive-thru, and delivery, not to mention the mobile technologies powering their adoption, will continue to be a crucial offering for growth-minded chains.

“Of all the ways to get food, which have been doing during the pandemic and will continue when the crisis ends?”