

November 2023

3 Trends Shaping the Dining Industry

This report leverages the latest location intelligence data to identify three dining trends that will shape the dining industry in 2024.



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Digging Into Dining

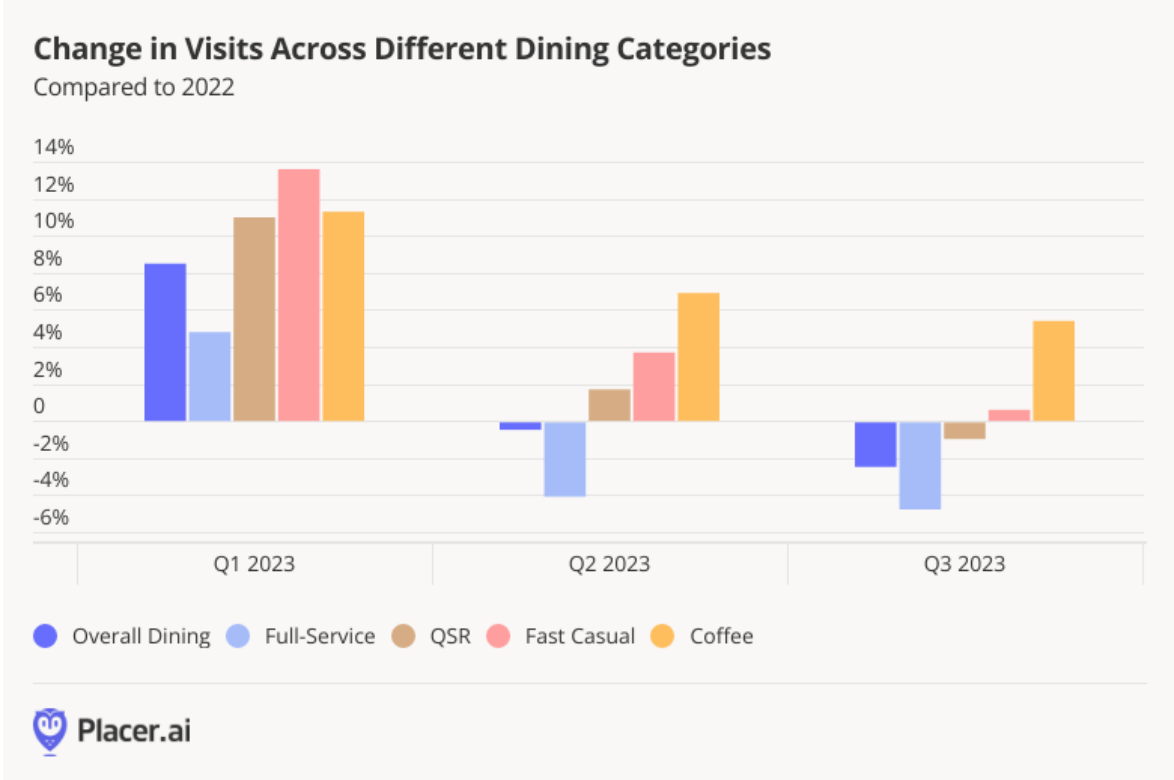
The dining industry showcased its agility over the past couple of years as it rapidly adapted to shifts in consumer preference brought on by COVID and rising prices. And with a new year around the corner, the pace of change shows no signs of slowing down.

This white paper harnesses location analytics, including visitation patterns, demographic data, and psychographic insights, to explore the trends that will shape the dining space in 2024. Which dining segments are likely to pull ahead of the pack? How are chains responding to changes in visitor behavior? And where are brands driving dining foot traffic by taking advantage of a new advertising possibility? Read on to find out how dining leaders can tap into emerging trends to stay ahead of the competition in 2024.

Stepping Up To The Plate

Comparing quarterly visits in 2023 and 2022 highlights the impact of the ongoing economic headwinds on the dining industry. The year started off strong, with year-over-year (YoY) dining visits up overall in Q1 2023 – perhaps aided by the comparison to an Omicron-impacted muted Q1 2022. And while overall dining growth stalled in Q2 2023, several segments – including QSR, Fast Casual, and [Coffee](#) – continued posting YoY visit increases, likely bolstered by consumers trading down from pricier full-service concepts.

Foot traffic slowed significantly in Q3 2023 as inflation and tighter consumer budgets [constrained](#) discretionary spending. Overall dining visits fell 2.4% YoY, and full-service restaurants – with their relatively high price point compared to other dining segments – seemed to be particularly impacted by the wider economic outlook. But the data also revealed some bright spots: Fast Casual still succeeded in maintaining positive YoY visit numbers and Coffee saw its Q3 visit grow an impressive 5.4% YoY. As the [return to office](#) continues, a pre-work coffee run or [lunchtime foray](#) to a fast-casual chain may continue propelling the two segments forward.



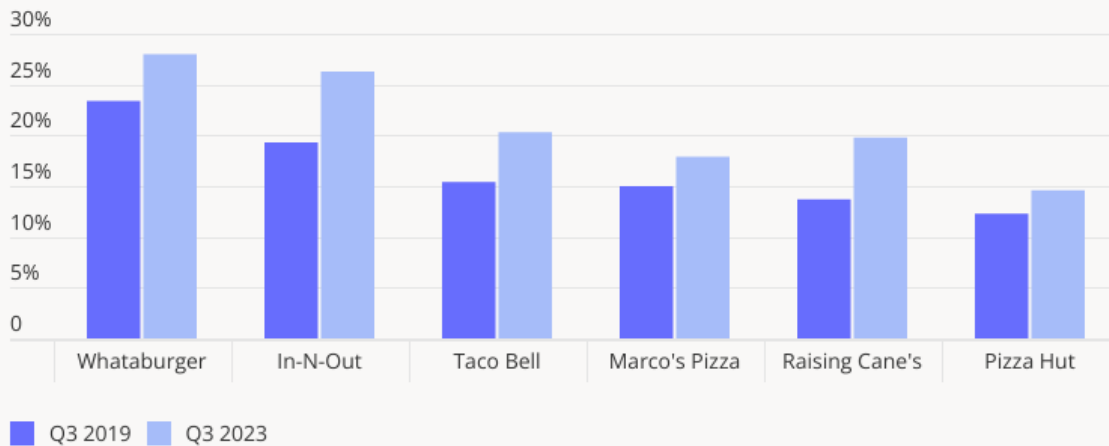
Shifting Demographics and Shifting Dining Behavior

Restaurant visitation patterns have evolved over the past few years. Although an 8 PM seating was once the most coveted slot at fine-dining restaurants, recent visitation data suggests that sitting down to dinner [earlier](#) is rising in popularity.

But among the QSR segment, the opposite trend is emerging, with [late-night visits](#) rising. Analyzing hourly foot traffic to several major QSR chains reveals that the share of visits between 9 PM and 12 AM increased significantly between Q3 2019 and Q3 2023. Even Taco Bell – already known for its [popularity](#) among the late-night crowd – saw a substantial increase in late-night visits YoY – from 15.4% to 20.3%.

Quick Service Chains Drawing Higher Share of Late-Night Visits

Share of Visits Occurring Between 9PM and 12AM*



*Share of Visits Calculation Based on Visits Occuring Between 11AM and 12AM



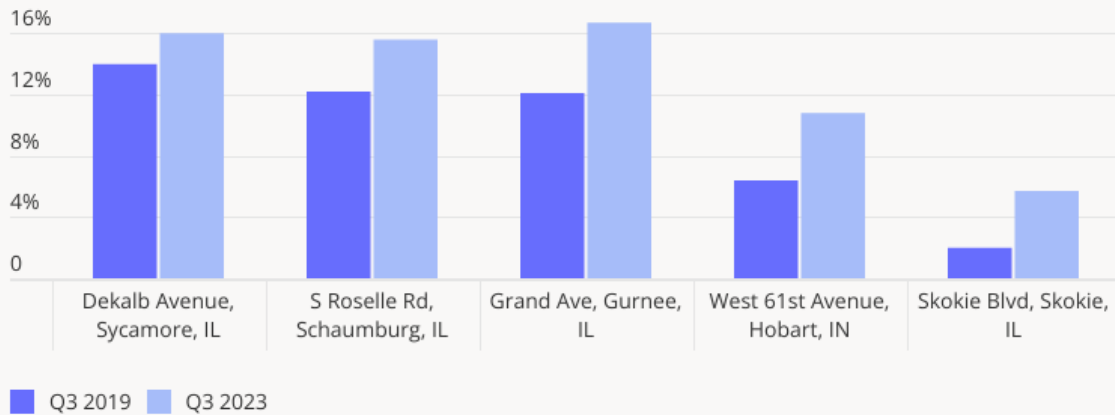
Younger Customers Staying Out Later

Who is driving the late night visit surge? One reason restaurants have been [expanding](#) their opening hours is to capture more [Gen-Z diners](#), who tend to seek out [nighttime dining options](#). But location intelligence reveals that younger millennials are also taking advantage of the later QSR closing times.

An analysis of the captured market for trade areas of top locations within one of Taco Bell's major markets – the Chicago-Naperville-Elgin, IL-IN-WI Metropolitan area – reveals a year-over-four-year (Yo4Y) increase in "Singles & Starters." The "Singles & Starters" segment is defined by [Experian: Mosaic](#) as young singles and starter families living in cities who are typically between 25 and 30 years old. As consumers continue to prioritize experiential [entertainment](#) and [going out](#) with friends, late-night dining may continue to see increased interest from young city-dwellers.

Top Taco Bell Locations in the Chicago-Naperville-Elgin, IL-IN-WI CBSA See a Higher Share of Singles & Starters* From 9 PM to 12 AM

Based on Experian: Mosaic Data of Placer.ai Proprietary Algorithm of Captured Market of Trade Areas



*Singles & Starters: Young singles starting out and some starter families living a city lifestyle



Smoothies Drive Weekend Visits

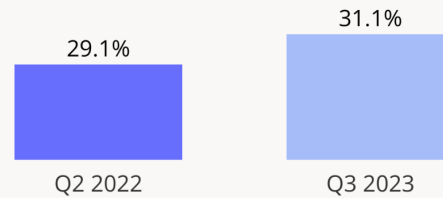
Millennials and Gen-Z consumers aren't only heading to their favorite fast food joint for a late-night bite – these audience segments are also helping drive visits on the weekends. Smoothie King is one chain feeling the benefits of young, [health-conscious](#) consumers.

The chain, which [opened](#) in New Orleans, LA, in 1973 as a [health food](#) store, has since grown to over [1,100 locations nationwide](#) and is currently [expanding](#), focusing on the Dallas-Fort Worth CBSA. The area's Smoothie King venues have seen strong visitation patterns, particularly on the weekends – weekend visits were up 3.4% YoY in Q3 2023. The smoothie brand's trade areas in the greater Dallas region is also seeing a YoY increase in weekend visits from "Young Professionals" – defined by the [Spatial.ai PersonaLive](#) dataset as "well-educated young professionals starting their careers in white-collar or technical jobs."

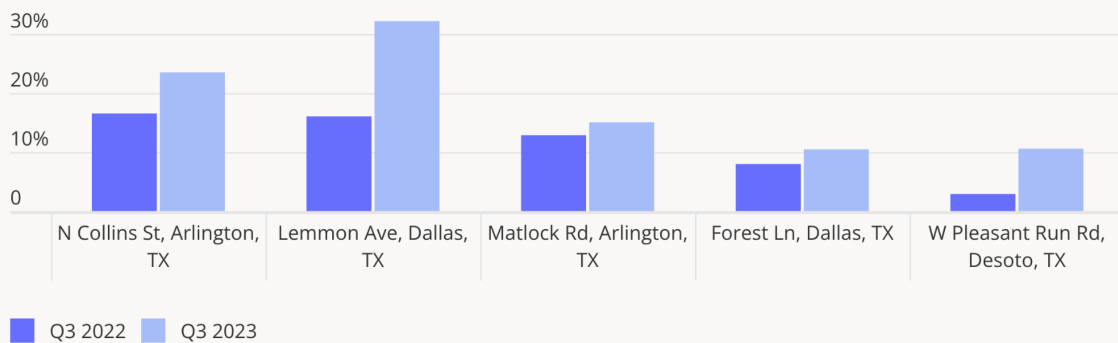


Smoothie King in Dallas-Fort Worth, TX CBSA See Growth in Weekend Visits

Share of Weekend Visits



Top Smoothie King Locations in Dallas-Fort Worth, TX CBSA See Increase in Share of Young Professionals* During the Weekend Visits



*Based of Spatial.ai: PersonalLive Data of Placer.ai Proprietary Algorithm of Captured Market of Trade Areas



Sports and Dining - Match Made in Heaven

While some dining chains are appealing to the late-night or weekend crowd, others are driving visits by appealing to sports lovers. How have recent rule changes around student athletes changed the restaurant game, and how can college football teams drive business in their hometowns?

Scoring Big: Leveraging Fan Insights to Fuel Successful Partnerships

College sports have long been a major moneymaker, with top-tier teams raking in [billions of dollars](#) annually. And as of 2021, college athletes can enjoy a piece of the



[significant fan following](#) of college sports thanks to the change in the [NCAA's Name, Image, and Likeness](#) (NIL) rules, which now allows student athletes to sign endorsement deals.

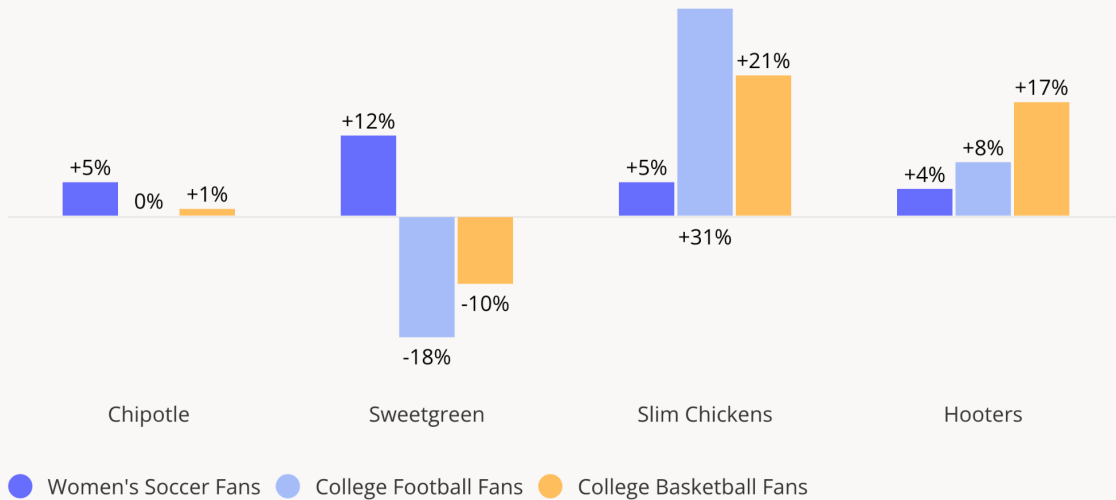
Since then, multiple restaurants have jumped on the opportunity to [partner](#) with student athletes, some of whom have [millions of followers](#) on Instagram and TikTok. Chains like [Chipotle](#), [Sweetgreen](#), [Slim Chickens](#), and [Hooters](#) have all signed college athletes to various brand deals.

How can brands ensure they partner with athletes their customers will want to engage with? Analyzing a chain's [audience](#) by looking at the interests of residents in a given chain's trade area can reveal which type of athlete will be the most attractive to each brand's customer base. For example, data from [Spatial.ai: Followgraph](#) provides insight into the social media activity of consumers in a given trade area and can highlight desirable partnerships.

Examining the trade areas of Chipotle, Sweetgreen, Slim Chickens, and Hooters, for instance, reveals that Sweetgreen's visitors tended to have the largest share of Women's Soccer followers. Conversely, Sweetgreen's trade area had lower-than-average shares of College Football Fans or College Basketball Fans, while residents of the trade areas of the other three chains showed greater-than-average interest in these sports. Leveraging location intelligence can help companies choose brand deals that their customers resonate with and find the ideal athletes to represent the chain.

How Can Dining Chains Leverage Their Visitors' Sports Tastes for Strategic Partnerships

Q3 2023 Compared to Nationwide Average | Based on Spatial.ai: Followgraph of Placer.ai Proprietary Algorithm for Potential Market of Trade Areas



College Gameday - Wins for Dining

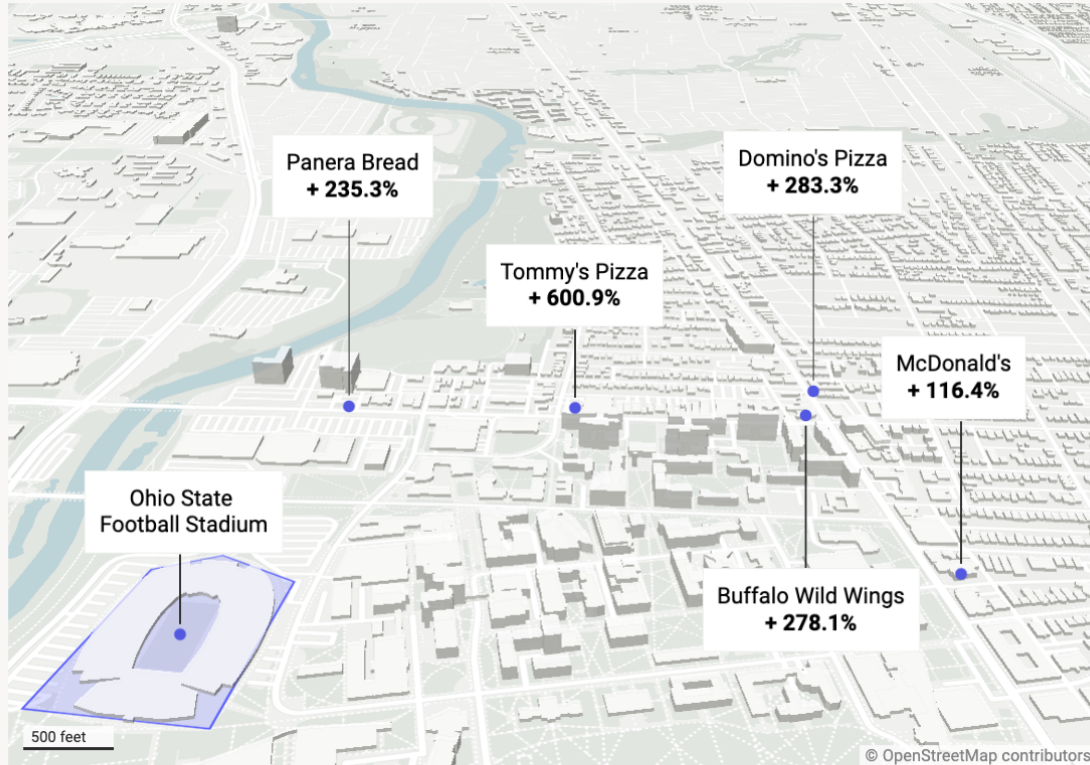
Finding the right college athlete partnership is one way for dining brands to appeal to college sports enthusiasts. But dining chains and venues located near major college stadiums also benefit from the popularity of their local team by enjoying a major game day visit boost.

One of the country's most [popular](#) college football teams, the Ohio State Buckeyes, can draw [millions](#) of TV viewers, and its stadium has a capacity of [102,780](#) – one of the [largest stadiums](#) in the country. And while [tailgating](#) is a popular activity for Buckeyes fans, nearby restaurants are some of the biggest beneficiaries of the college football craze. Panera experienced a 235.3% increase on game days as compared to a typical day, Domino's Pizza visits grew by 283.3%, and [Tommy's Pizza](#), a local pie shop, saw its visits jump by a whopping 600.9%.



Average Ohio State Game Day Dining Visits Compared to Average Daily Visits

September - October 2023

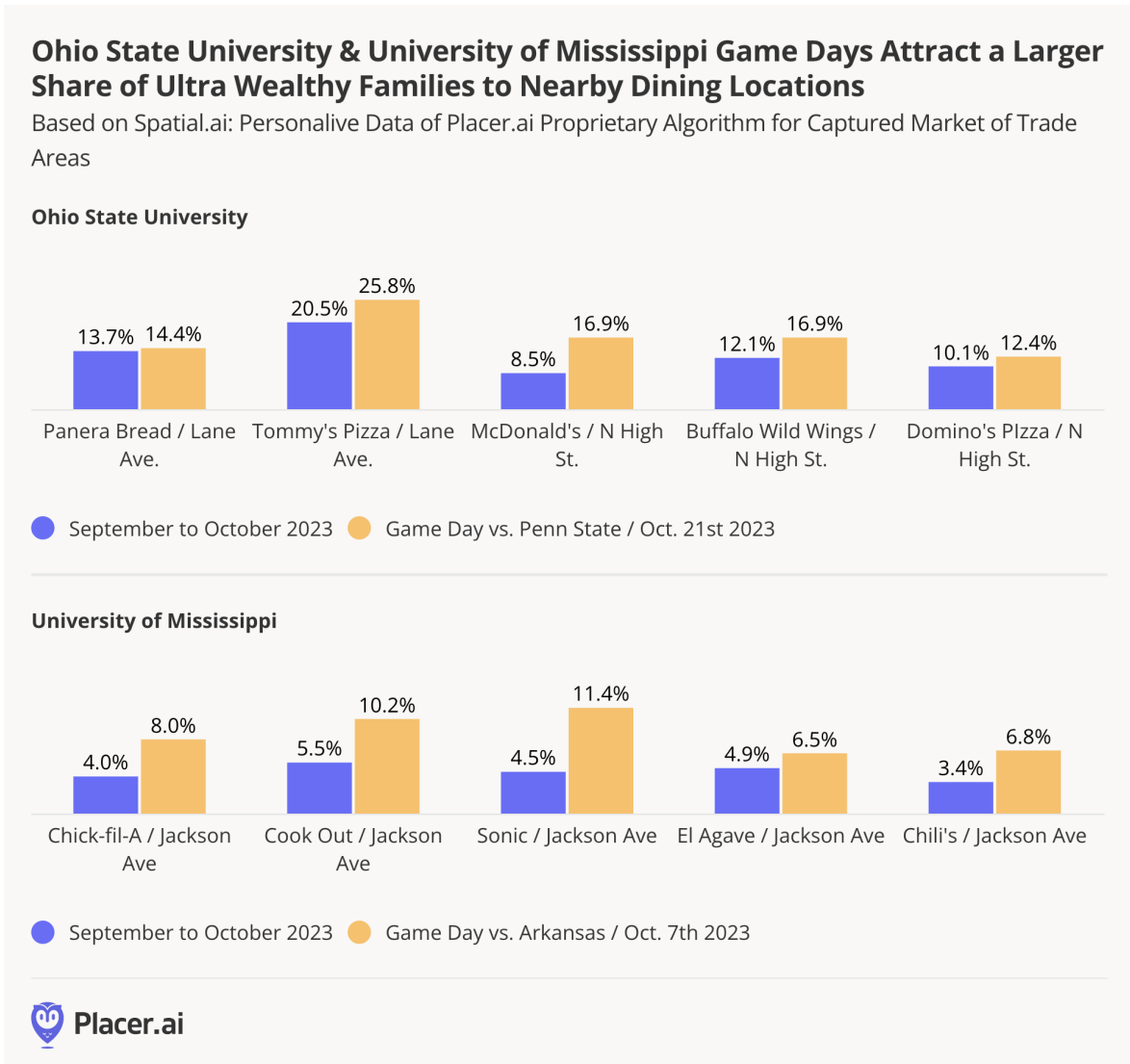


Game Day Visitor Spikes

This influx in diners also causes a major shift in game day visitor demographics, as revealed by changes in visitors at dining venues located near stadiums of two of the nation's [best college football teams](#) – the Ohio State Buckeyes and Ole Miss Rebels. Based on Spatial.ai: Personalive data for the [captured market](#) of these dining venues, game day visitors tended to come from “Ultra Wealthy Families” when compared to visitors during a typical non-game day in September or October.



The analysis indicates that [popular sporting events](#) create a unique opportunity for restaurants near college stadiums to attract high-income customers game day after game day, year after year.

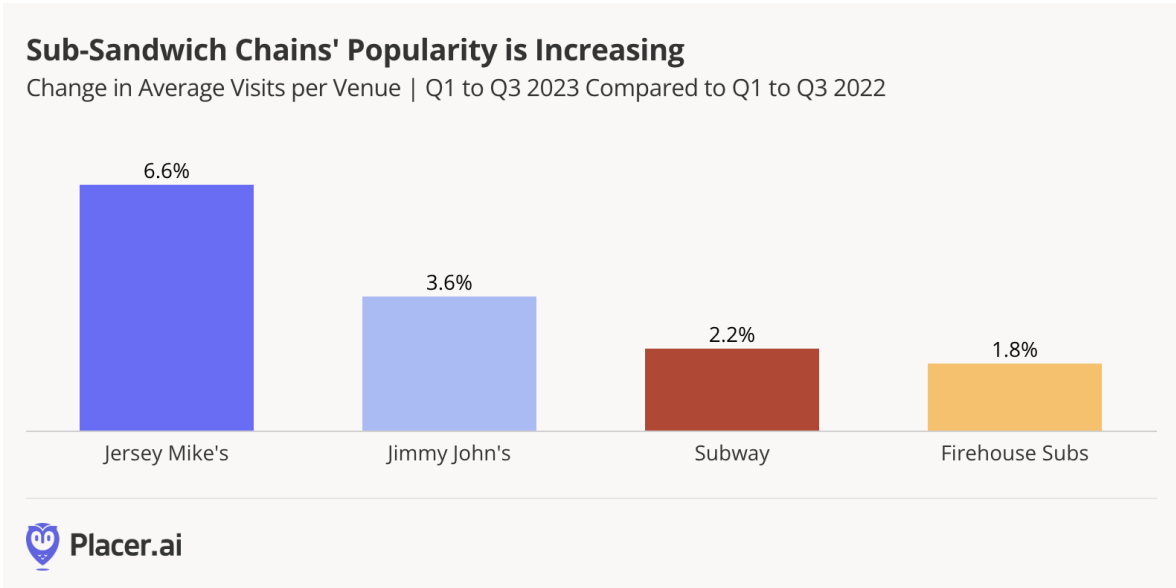


Subwars: Room for Everyone

While some spend game day tailgating or visiting a college restaurant, others hold a viewing party – with a [six-foot submarine](#). And the sub's popularity extends beyond

Superbowl Sundays. Sandwich chains including Jersey Mike's, Firehouse Subs, Jimmy John's, and Subway (recently purchased by the [same company](#) that owns Jimmy John's) have seen sustained YoY increases in visits and visits per venue in the first three quarters of 2023.

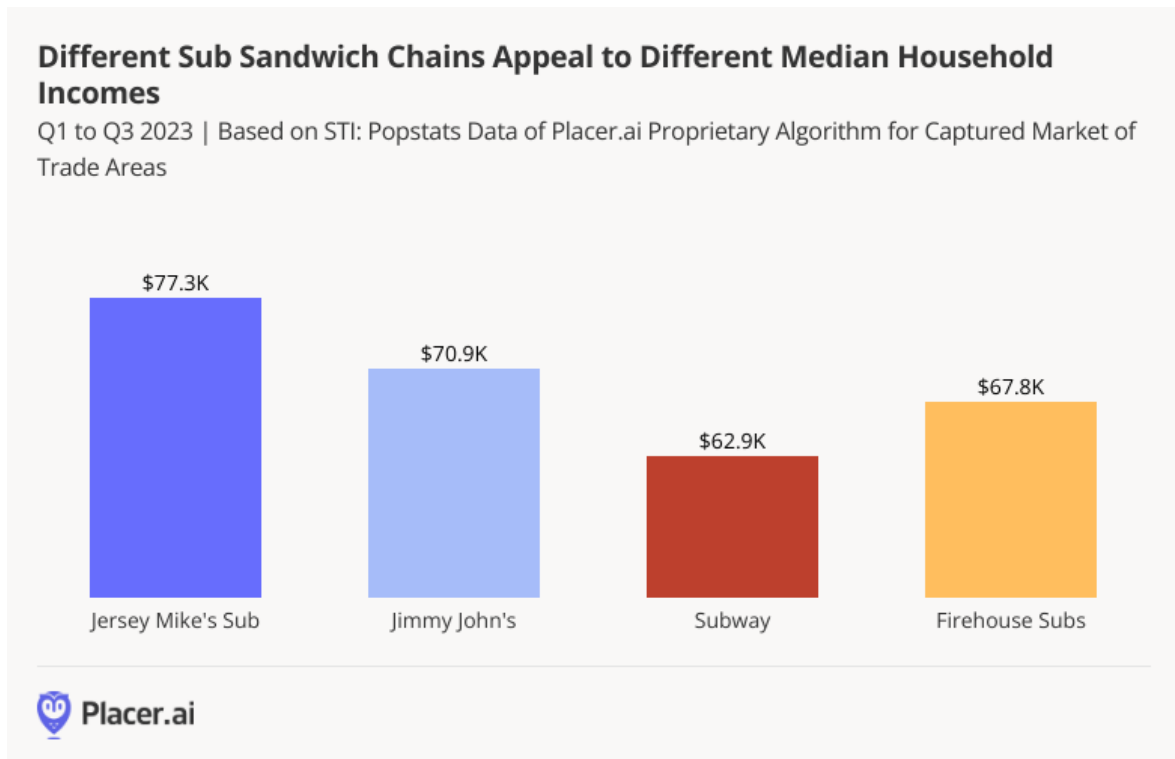
Some of the growth to these chains may be related to their affordability, a draw at all times but especially during a period marked by consumer uncertainty and [rising food costs](#). And subway leaders seem to be seizing the moment and striking while the iron is hot – Jersey Mike's opened [350 stores](#) in 2023 and still saw its YoY visits per venue grow by 6.6%. And Subway reported [ten consecutive quarters](#) of positive sales, a promising sign for its new owner.



Sandwich Chains Attract a Wide Consumer Base

The love for a healthy, affordable sandwich extends across all income levels, with all four chains seeing a range in their visitors' median household income (HHI). Out of the four chains analyzed, Jersey Mike's – which has [long prioritized](#) a suburban, middle-income customer – had the highest trade area median household income of the four chains at \$77.3K/year. Subway, known for its affordability, had the lowest,

with \$62.9K/year. The variance in median HHI combined with the strong foot traffic growth shows that when it comes to sandwiches, there's something for everyone.



So What's The Dining Space Cooking Up?

Persistent inflation and [declining consumer sentiment](#) may pose serious challenges for the dining space, but emerging trends are helping boost some restaurants. Customers seeking out a late-night bite drive visits to QSR chains, and health-conscious diners are boosting foot traffic to smoothie bars and sandwich shops. Meanwhile, sports sponsorships and game-day restaurant visits can provide a boost to dining businesses that take advantage of these opportunities.

Key Takeaways

- 1. Younger Consumers Drive Late Night QSR Visits:** QSR leaders have seen an increase in late-night and weekend visits, partially driven by the unique dining

habits of Gen-Z and millennial consumers. As this cohort continues to prioritize socializing, these trends are likely to continue shaping the QSR space in 2024.

- 2. Sports Brings in the Visitors:** Restaurants that take advantage of the NCAA rule change allowing college athletes to enter into brand deals can boost visits by identifying sponsorship opportunities that will engage their consumer base. And restaurants nearby college stadiums see major game day boosts from desirable audience segments. .
- 3. Sub Sandwiches See Sustained Success:** Major sandwich chains have experienced strong visit growth during a period that has proven challenging for many dining establishments. And many of these chains are expanding, fueled by strong visits and an engaged customer.