



## Quarterly Spotlight Trend

### Wizard of Lightbulb Moments

Consumer's confidence has proven to be resilient, despite the impact of Inflation/Recession, US Political Unrest, and International Military Conflict. The aftereffects of COVID-19's psychological impact has caused consumer's fear level to rise to a new, higher set point. What would panic consumers before the pandemic, no longer does. They are demonstrating caution, but not panic as would be seen in a Recession. And so we remain in a Stall as long as consumers are still spending and are not panicking and losing confidence. Experimentation remains despite wounded confidence as can be seen across travel, food service, and retail. Consumers trade down on restaurants / menus, increase reliance on brick & mortar retail locations, decrease delivery & e-Commerce. One of many specific examples is in meat purchasing behaviors. They are cutting back, looking for cheaper cuts, but not abandoning the category. Consumers reevaluate corporate and product alliances based on availability, personal history with the brand, and trust. Experimentation will re-gain more traction as Inflation/Recession, US Political Unrest, & International Military Conflict wanes. Create emotional connections between company, products, and consumers - become part of their Clan to maintain current clients and win back previous clients. Empower consumers by allowing them to feel in control by choosing, using your products. Encourage consumers' confidence by creating products that combine fringe, experimental, and nostalgic elements. As consumers frequent restaurants and retail spaces, give them a reason to choose your location or product over the competition.

#### US Consumer Confidence Improved Substantially in June

The Conference Board reported that its consumer confidence index rose to 109.7 in June from 102.5 in May. That's the highest the reading has been since January of 2022 and much higher than economists had forecast. The business research group's present situation index rose to 155.3 from 148.9 in May. The board's expectations index climbed to 79.3 this month from 71.5 in May. A reading under 80 often signals a recession in the coming year. The board said that consumers' fears of a recession declined in June, with 69.3% of respondents saying a recession is somewhat or very likely in the next 12 months, down from 73.2% in May. Consumer spending, which makes up about 70% of U.S. economic activity, has held up well despite the Federal Reserve raising interest rates in its effort to cool the economy and bring down persistent, four-decade high inflation. At its last meeting, the Fed elected not to increase its benchmark borrowing rate after raising it 10 straight times over 15 months. Last month, the government reported that consumer spending jumped 0.8% from March to April, the biggest increase since January. Much of the increase was driven by spending on new cars, which soared 6.2%. Consumer prices in the U.S. rose again in April, and measures of underlying inflation stayed high. However, the latest data did provide some evidence of cooling inflation, particularly at the grocery store. Regarding the job market, 46.8% of respondents said that jobs were plentiful, up from 43.3% in May.

Source: Conference Board



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#### KEY INSIGHTS

Consumer confidence rose to 109.7 in June, highest reading since 1/22



Morning meal restaurant visits grew by 10 percent in February YOY



55% are dining in restaurants as much or more than before pandemic



74% say an annual summer vacation is important, up 14 points since 2019



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### The Future of Restaurants Continues to Evolve

According to Deloitte's survey, "The Future of Restaurants: The New Normal and Beyond," despite concerns that restaurants might not recover from the pandemic, more than half of consumers (55%) reported they dined in restaurants with equal or greater frequency than before the disruption. A surprising 69% of consumers ordered food for takeout or delivery at the same rate or more frequently than pre-pandemic. As an incentive to order from restaurants more frequently, 37% of dine-in guests and 40% of takeout guests want less expensive options alongside promotions and discounts. Higher quality products are less of a driver than value, resonating with only 19% of dine-in guests and 15% of takeout guests. While 13% of customers use third-party apps or websites to place a delivery or takeout order, 40% of customers prefer to order through the restaurant's app or website, demonstrating the importance of a restaurant owning its own digital experience. Regardless of how an order is placed, most customers (87%) believe a delivery fee of \$5 or less is fair for the convenience it brings. Quality counts: 60% of consumers said they are unlikely to accept lesser quality when ordering takeout food. Most patrons prefer to use the phone to address complaints, however its use has declined, from 63% in 2021 to 55% in 2023. During the same time period, customer preference for mobile chat and text increased from 20% to 27%. Consumers aged 18-38 are 16 percentage points more likely to return to restaurants that use automation technologies than those 39 years and over (58% for 18-38 group versus 42% for 39+ group). This indicates these technologies are likely to continue to be adopted over time. Contactless delivery has maintained prominence since the pandemic, enabling faster deliveries: 53% of respondents receive contactless delivery more than half the time.



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### Three-Quarters Of Americans Say Taking A Summer Vacation Is Important



Americans are taking a no-holds-barred approach to summer vacations this year and prioritizing their PTO days. Allianz Partners USA's 15th Annual Vacation Confidence Index reveals that consumer vacation confidence is continuing its three-year trend with 61% of Americans intending to book a summer trip of 100 or more miles away from home for at least a week (up one point from last year, 19 points since 2019). The survey also revealed 74% say that an annual summer vacation is important, up 14 points since 2019. While down two points from last year, Americans ages 18-34 are the most confident (67%) they will take a summer vacation, compared to 35-54 year olds (64%, no increase year over year) and 55+ (53%, up 3 points). Men (65%) are more likely than women (57%) to express confidence in a summer getaway.

Income plays a factor as well – 75% of Americans whose household earns more than \$100,000 a year are confident they will take a summer vacation, compared to 59% who earn \$50,000-\$100,000 and 48% of those who earn less than \$50,000. Financial considerations were also most frequently cited among those not taking a summer vacation – tracking the same from last year, 57% of respondents said they "did not want to spend the money," a sentiment that the 35-54 year-old demographic echoed more emphatically (67%) than their younger (18-34, 54%) or older (55+, 51%) counterparts. One in eight (13%) found "taking time off from work" to be a barrier to taking a summer vacation, up two points from last year, and interestingly fewer people found that "planning a vacation is stressful or time consuming." Down three points from 2022, 7% of respondents cited stressful planning or time constraints for their lack of confidence, the dip perhaps fueled by the easing of travel restrictions and entry requirements, an increase in travel planner resources to help streamline the process, or the blurring of lines between business and leisure travel. A vacation is defined as leisure travel of at least a week to a destination at least 100 miles from home.

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Sources: Deloitte, Allianz Partners

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### Breakfast Can Sales Drive Restaurants Sales and Customer Frequency



Here is some good news from Circana, The U.S. restaurant industry continued to recover from COVID-19 pandemic-related losses in February, with traffic up by 2 percent year over year. Visits to quick-service restaurants, representing 82 percent of total restaurant industry visits, grew by 3 percent during the month of February vs. the year-ago period. Alternatively, full-service visit growth was held back by a 13 percent decline in dinner traffic, the segment's busiest meal day-part. However, the segment increased visits at morning meal and lunch. Overall, visits to full-service restaurants declined by 2 percent in February compared to one year ago. Total restaurant traffic at the morning meal, breakfast and a.m. snack has fully recovered from pandemic losses. Morning meal restaurant visits grew by 10 percent in February year over year and are up 2 percent from

three years ago. Whereas total restaurant lunch visits were down 1 percent in February vs. one year ago, and dinner traffic was down 3 percent. At lunch, consumers have other choices, including bringing items from home or going to a workplace cafeteria, offering subsidized pricing or no-cost options. Additionally, the higher average check for lunch and dinner may make them less appealing to some consumers. [Continue reading article here](#)

### Price Most Important for Meat Shoppers

Even with the cost of many meat cuts declining, sector volume sales down 1.3% for the 52 weeks ending April 23, versus the year-earlier period, reports Circana. Dollar sales were up 2.4%. Seventy-six percent of meat and poultry shoppers indicated they are changing their purchasing behavior, up from 72% in 2022, according to the Power of Meat 2023 report, published by FMI and the Washington, D.C.-based Foundation for Meat and Poultry Research and Education. Meat remains the biggest perimeter department for April sales. Such adjustments involve the amount of meat and poultry being purchased (78%); the species being bought (76%); type of cut (74%); brand (71%); and where they are buying (64%). More shoppers, for instance, are purchasing thinner meat slices, switching to lower-priced selections within a species (like buying chicken legs and drumsticks instead of breasts), and seeking private-label options.



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Sources: Circana

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