This report looks at the following areas:

- The impact of COVID-19 on fast casual restaurants (ie those using limited service models)
- How fast casual restaurants can boost both on- and off-premises sales beyond the pandemic
- Consumers’ attitudes towards eating out, focusing on fast casual restaurant innovations
- How the pandemic will shape the future of food halls

Food halls will be a popular destination for accessing fast casual restaurants, with 55% of 16–34 year olds saying they are likely to eat in at a food hall in the next six months. Consumer interest in visiting a food hall is largely driven by the pleasure of accessing different food and drink offerings from different restaurants, and therefore 58% of those who are likely to eat in at a food hall in the next six months agree that visiting a food hall is more enjoyable than visiting one restaurant only.

The pandemic has forced fast casual restaurants to ramp up their takeaway offerings. Operating ‘dark kitchens’ is a great way for operators to expand food delivery reach by drawing people directly to their business rather than paying huge overhead costs of running a bricks-and-mortar restaurant. Promisingly, two fifths of limited-service restaurant users agree that ordering from delivery-only dark kitchens is just as good as ordering from a conventional food outlet/restaurant.

With unemployment expected to rise in 2021 before returning to pre-COVID-19 levels in 2024, this will result in more polarised consumer behaviour as consumers losing their jobs will be restricted by tighter budgets when it comes to things like eating at fast casual restaurants. Meanwhile, many of those still in full-time employment have built up savings during the pandemic, and spending this money on experiences such as eating is towards the top of their priority list.

“The pandemic has caused a blurring of lines within the foodservice market as fast casual restaurants encroach into the space occupied by full-service restaurants by offering enhanced service features such as table service. Likewise, the use of better ingredients makes it more worthwhile for consumers to visit a fast casual restaurant than a fast food chain.”

- Trish Caddy, Senior Foodservice Analyst
As foodservice categories continue to blur the lines, fast food outlets and self-service restaurants would be wise to embrace some of the elements of the limited service restaurant model to appeal to discerning diners with heightened awareness of greater dining experiences in the wake of the pandemic. This includes offering table service as part of a fast casual restaurant model to compete with full-service restaurants. Likewise, the use of better ingredients makes it more worthwhile for consumers to visit a fast casual restaurant than a fast food chain.
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