

BE DIGITAL

# DINING DURING COVID-19

The Covid-19 pandemic has impacted different industries in different ways. One industry in Thailand that was impacted very strongly is the restaurant industry. As the Thai government frequently adjusted regulations for restaurants in reaction to trends in Covid-19 infection rates, the way consumers bought food from restaurants was in a continuous state of change. Now that the pandemic has evolved into an endemic, we look at trends over the past few years to see how consumer behavior in the restaurant industry has changed and how different market players have been impacted.

Be Digital has monitored trends in the restaurant industry since October 2017 through an online survey among 3,000 respondents every month, asking them about the brands and channels they have used. As the food delivery channel grew and aggregators (Grab Food, Foodpanda, LINE Man) became more important, Delivery Watch was launched as an additional survey to focus on the delivery channel through a sample of 1,000 respondents per month.



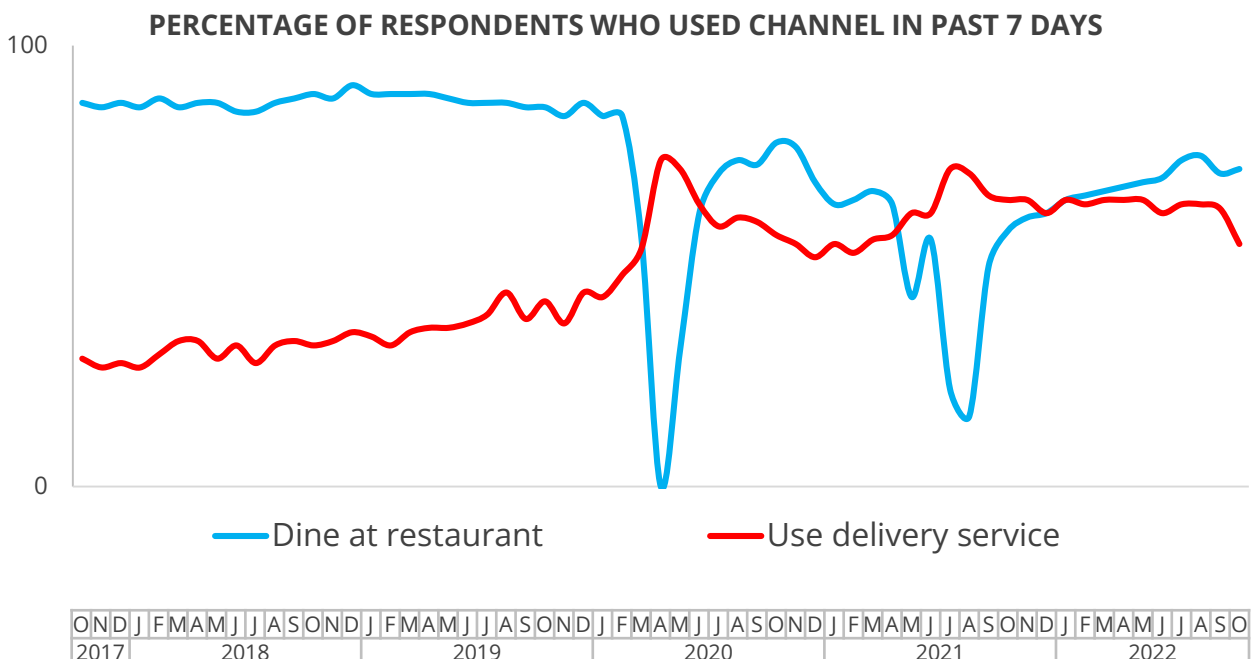
Maarten Kallenberg  
Jim Fralick  
Author

# FOOD DELIVERY WILL REMAIN AN IMPORTANT PART OF CONSUMER REPERTOIRE

The number of people who used food delivery services showed modest growth in 2018, but accelerated in 2019, with aggregators aggressively growing the market and becoming a threat to traditional delivery platforms like 1112 and 1150 that are owned by large restaurant companies. As Covid-19 emerged and lockdowns were implemented, the penetration of delivery services accelerated further, peaking in Q3 of 2021 during the third wave of infections and causing dining in to plummet to a very low level.

Now that restrictions on dining in have been eliminated, consumers seem to have permanently altered their pre-pandemic behavior. Although the number of people who visit restaurants to consume their food on premise has been increasing since Q3 2021, the recovery has been steady but slow and usage of the dine-in channel is still quite far down from where it was. As restaurants re-opened and consumers started to switch some of their restaurant food consumption back from delivery to dine-in, the percentage of survey respondents who say they used a food delivery service in the past 7 days has hardly declined from its peak.

As the impact of Covid-19 on people's everyday lives may decrease further in the future, and the delivery channel may continue to lose market share to dine-in, it looks like food delivery will remain an important channel in the repertoire of consumers.





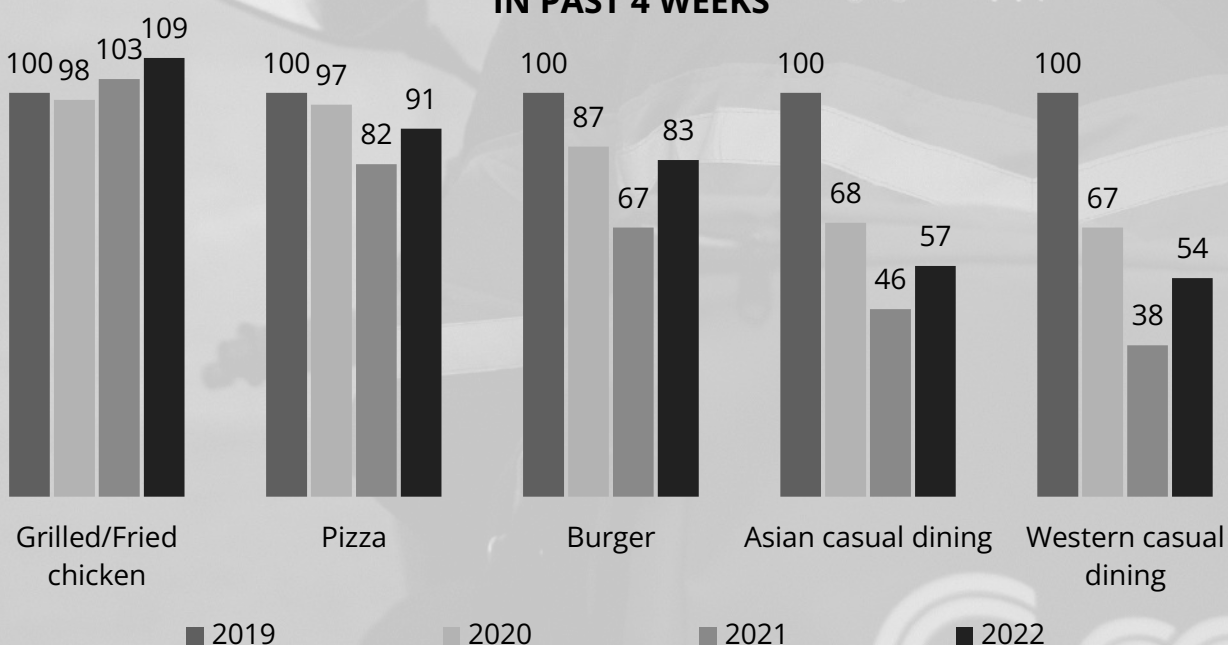
## CASUAL DINING RESTAURANTS STRUGGLE TO RECOVER

The revenues of restaurant industry in Thailand were severely impacted by the pandemic, but this was not distributed equally across restaurant chains. Some food types suffered much more than others and some brands managed to grow during the pandemic.

Casual dining brands (restaurants with table service) were hit hardest, likely due to their higher price point than fast food. The pain was felt even stronger by brands whose product is less suitable for delivery, as hot pot food for example. Brand that serve fried chicken, pizza or burgers fared better, as these are traditionally more popular food options for delivery.

The current number of customers of brands like KFC, The Pizza Company, Pizza Hut and McDonald's is not far off from the pre-pandemic level. However, large casual dining brands such as MK, Bar B Q Plaza and Shabushi still have a long way to go to achieve their previous levels.

### INDEXED PENETRATION OF RESTAURANT FOOD TYPES IN PAST 4 WEEKS

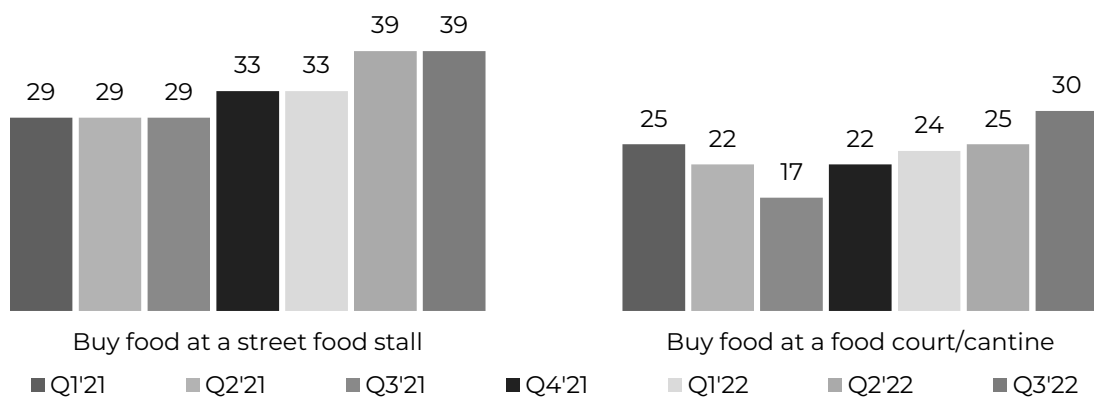




## **WEAK ECONOMY DRIVES CONSUMERS TO LOW-COST FOOD OPTIONS**

The slow recovery of casual dining brands seems to be hindered by the uncertain outlook of the global economy. As high energy prices spur on inflation around the world and many consumers still feel the negative impact of the pandemic on their financial situation, consumers are shifting to cheaper food options. Comparing data from 2021 with 2022, the number of respondents who have had food at a street stall (+23%) or at a food court (+29%) has grown strongly. This outpaced the growth of restaurant brands.

### **PERCENTAGE OF RESPONDENTS WHO USED YESTERDAY**



## **CONCLUSION**

The last few years have been very turbulent for the Thai restaurant industry. The pandemic, the rise of food delivery aggregators, inflation and a looming global recession have strongly impacted consumer behavior. Restaurant brands have been challenged to develop a delivery strategy and to react to higher price sensitivity of consumers.