

**HUUNU Futures[®]:
Forecasting The Quick Serve
Restaurant Bounceback
Post COVID-19**





It's safe to say the past 18 months have been a tumultuous period for the restaurant industry. As the COVID-19 pandemic carried on throughout the U.S. in 2020, many restaurants were forced to close; some temporarily, some forever. At the time, the future seemed bleak for many restaurant owners, employees, and diners.

In late May 2020, the team at **Cipher** partnered with a well-known restaurant chain to conduct a **HUUNU Futures Prediction Market** to determine how the Quick Serve Restaurant (QSR) category would recover from the effects of the pandemic. QSRs are defined either as:

- **Fast food restaurants:** customers order drive-thru or from a board at the counter. Example restaurants include McDonald's, Taco Bell, and Subway.
- **Fast casual restaurants:** customers primarily order from a board at the counter. Example restaurants include Chipotle, Panda Express, and Panera.

The prediction market was conducted with 502 participants from across the U.S., representing a wide range of demographic backgrounds. The vast majority of participants had visited a QSR in the past twelve months, and 75% were in charge of choosing the restaurants their family visited or ordered from.

If you're unfamiliar with HUUNU Futures and prediction market research, we suggest you first read [this primer](#) to understand the role that prediction markets play in quantifying future trends and consumer behavior.



Key Predictions Made By HUUNU Futures

2020 was an uncertain time for virtually every restaurant, from small neighborhood bistros to national QSR chains. For much of the year, there was little sign of hope as the pandemic continued to worsen and restaurant customers stayed home.

*Importantly, the projections in May of 2020 were in the context of **after people can safely resume these activities, how long will it take for QSR activities to return to pre-Covid levels?** The predictions focused on the critical topics of sales recovery, ordering methods, and important safety drivers for guests and employees as follows:*

1. **Fast Food QSR sales are predicted to return to normal levels in 8 months and Fast Casual Dine-In will take 11 months**
2. **Ordering at a drive-thru is predicted to be the preferred ordering method for breakfast and lunch**
3. **Participants predict advertising campaigns will emphasize food, guest, and employee safety, while also focusing on convenience**
4. **Sanitization policies, including the wearing of masks and gloves, are predicted to be important to customers**

Fortunately, 2021 has indeed been a much better year for the restaurant industry. With the expansion of outdoor dining, rollout of vaccines, and dropping case numbers, the future looks bright. The industry—particularly QSR chains—has bounced back. At times in 2020, prospects looked bleak; but our HUUNU Futures research presented a reassuring picture of a more positive future. Today, many QSR's are experiencing renewed success as these predictions come to fruition.

Now, as economies in states across the country reopen, we are reaching nearly 50% of Americans being fully vaccinated, and **people are feeling they can safely resume restaurant activities**, it is time to revisit the predictions made in May 2020 and evaluate the state of the QSR industry today.

QSR Sales Will Return to Normal Levels in Eight Months



All in all, the U.S. restaurant industry ended 2020 with gross revenues \$240 billion under the pre-pandemic projections laid out by the **National Restaurant Association** at the beginning of the year. However, QSRs suffered less than traditional restaurants, owing to their lower priced menus, existing use of technology to support to-go orders, and drive-thrus.

Data indicates that by Q1 of 2021, **QSR sales rose 29% over the previous quarter** and were 1.8% higher than March 2019: the pre-pandemic yardstick. This figure represented the first green shoot of growth the QSR industry had seen in well over a year. This growth is a welcome sign of recovery, and points to future strong performance for the industry.

Drive-Thrus Increasingly Popular at Breakfast & Lunch



Throughout the pandemic, drive-thrus were popular with consumers, offering minimal interaction with others in outdoor surroundings, which was perceived to be safer. For QSR's, drive-thrus represented a vital lifeline. Data from the **NPD Group** found that drive-thru visits increased 26% in Q2 of 2020, representing 42% of all restaurant visits.

The changing consumer preference for drive-thru food prompted the largest QSR chains to innovate new store designs to help satisfy demand. By the end of 2020, popular chains—including McDonalds, KFC, and Burger King—announced **new investments in their drive-thru businesses** in response to their rising popularity.

Lunch orders have been particularly popular with QSR customers, **rising 18%** over the course of the year. The QSR breakfast sector recovered towards the end of the year, with **Dunkin' seeing 3% growth in Q4** and Wendy's reporting that newly-introduced breakfast items made up 7% of their sales by the end of the year.

Advertising Campaigns Focused on Safety & Convenience



Safety was a key concern for QSR customers and employees over the past year. Customers have always expected high levels of cleanliness and sanitation when dining out, but this was thrown into sharper focus by the pandemic.

Virtually all large QSR chains focused heavily on communicating safety and convenience throughout the pandemic. Many of these campaigns performed well: a **Dunkin' ad highlighting in-restaurant safety procedures** drove three times more engagement than other ads from the popular coffee and donut chain. Ads focused on convenience fared well too: **this Burger King spot** promising free home delivery was ranked as one of the best performing of 38 different QSR ads.

Restaurant Workers Will Continue to Mask Up



Visible displays of cleanliness and safety are important to QSR customers: a **recent study** found that 65% of diners say it's 'absolutely required' that restaurant workers continue to wear masks and gloves in order for them to feel safe dining out.

In addition to affirming the importance of restaurant staff continuing to wear protective equipment, 68% of QSR customers want regular sanitation measures—such as the wiping down of tables between customers—to continue. It's not just QSR workers however: half of those surveyed said they would continue wearing their mask unprompted at a restaurant in the coming months.

HUUNU Futures: Precise Trend Forecasting

When we first conducted this research back in May 2020, the future was uncertain. Nobody was quite sure the direction the pandemic might take, how long it would take the U.S. to get back to normal, or what the future of the restaurant industry looked like.

By applying sophisticated prediction market research techniques, HUUNU Futures was able to cut through this uncertainty and provide accurate forecasts of the months to come. The business outcomes and guest preferences and behaviors have all come to fruition within the projected timelines.

HUUNU Futures offers significant value not only for short-term trend predictions like these, but also for longer-term forecasts. Prediction market research tools like HUUNU Futures are applicable to a wide range of industries, and stand alone from other market research techniques in their ability to quickly, quantifiably, and accurately forecast future trend development and growth indicators.

To learn more about HUUNU Futures, [talk with one of our experts](#) today.

