

Dining Out Declines

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Looming recession drives Americans out of the restaurant, back into the kitchen

The restaurant industry is taking a hit as economic struggles plague the country. New consumer research from Mintel reveals that over half (54%) of people who dine out regularly are cutting back on restaurant spending because of the economy.

Rising gas and food prices, home foreclosures and a fear of recession have caused many Americans to curb out-to-eat spending. Seventy percent of those trying to cut back are saving money by going out to eat less, rather than by choosing cheaper entrees or dining at less expensive restaurants, reports Mintel.

'People aren't trading down for cheaper or lower quality food, they're just trading out,' explains David Morris, senior analyst at Mintel. 'Especially when you consider the price of casual and fine dining, staying in can reduce costs significantly.'

Though people are cutting back, Mintel's survey still showed consistent restaurant usage. Three-quarters of survey respondents went out to dinner at least once in the past week. On average, people who dined out reported eating 2.3 evening meals from a restaurant in the past seven days.

But as budgets tighten, home cooking is getting a lot more attention. Mintel found that 72% of people who regularly cook at home do so because it is cheaper than other options.

'As people try to curb their spending, restaurants have to focus more on price and convenience to draw them in,' states Morris. 'The recession is taking a toll, but certain innovations can help restaurants succeed.' Morris looks to fast food and fast casual (i.e. Panera Bread), both of which have done well with value pricing and carry-out convenience. 'By highlighting cost savings, all restaurants can maintain steady business.'

1 Consumer survey conducted in January 2008.

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