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THE 2022 RESTAURANT DIGITAL DIVIDE: Turning First-Time Diners Into Loyal Customers

NOVEMBER 2022



INTRODUCTION

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**THE 2022
RESTAURANT
DIGITAL DIVIDE:**
TURNING FIRST-TIME DINERS INTO LOYAL CUSTOMERS

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The restaurant business has always mixed the old and the new — chefs ascend by transforming old ingredients into modern dishes, and the most successful restaurants maintain their long-term customers’ loyalty while giving new customers a reason to come in and order a meal. Without new customers, no restaurant can grow, and the lean years of the pandemic have emphasized this.

PYMNTS’ data sheds light on how vital these customers are for restaurants: Nearly one-fifth of restaurants’ transactions come from new diners. Moreover, consumers are eager to try something new, as one in three restaurant patrons tested out a new place to eat in the 30 days prior to the October survey. As the economy continues to evolve, it behooves every restaurant to position itself as the best place for prospective customers to try.

For The 2022 Restaurant Digital Divide: Turning First-Time Diners Into Loyal Customers, PYMNTS surveyed a census-balanced group of 2,256 United States consumers between Oct. 12 and Oct. 15 about the factors that would drive them to try out a restaurant. We sought information about the frequency with which respondents dine at restaurants for the first time and the methods they use to order meals and pay their checks.

This is what we learned.

PART I:
WHY FIRST-TIME CUSTOMERS MATTER

Restaurants rely on regular customers for most of their sales, but first-time diners represent up to one-fifth of transactions.

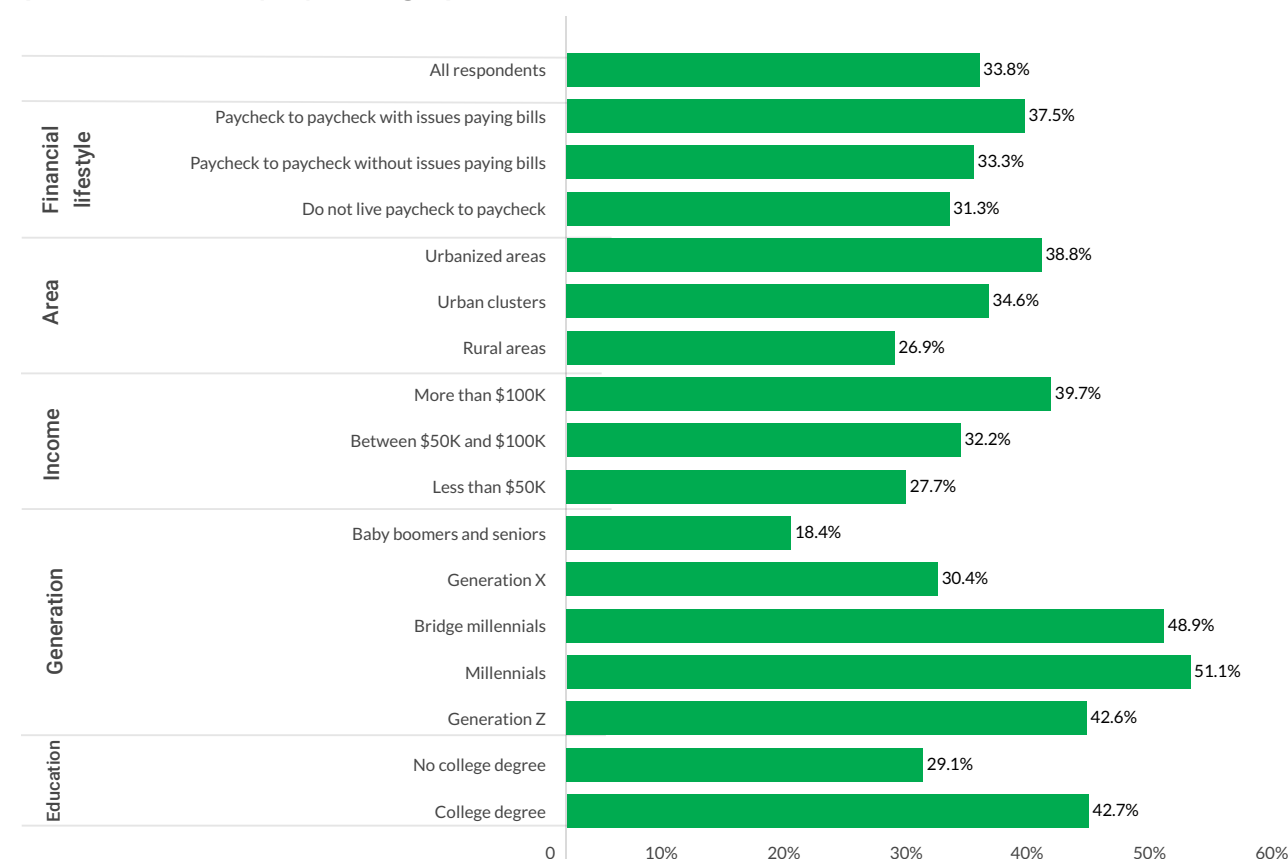
An estimated 66 million consumers, or 34% of restaurant patrons, tried a new restaurant for the first time in late September and early October 2022.

Setting the table for the importance of new patrons is this reality: An estimated 10% to 17% of restaurant purchases come from first-time visitors. First-time customers account for 13% to 22% of purchases at table-service restaurants and 7% to 12% at quick-service restaurants (QSRs). These shares may not be huge, but they are significant.

Also vital is that first-time customers are younger than the average restaurant patron and represent a key component of every restaurant’s customer base, now and in the future. PYMNTS’ data finds that they also have larger incomes and spend more.

Figure 1A
New customers and what they spend

Share of restaurant shoppers who purchased food at a restaurant for the first time in the 30 days prior to the survey, by demographic



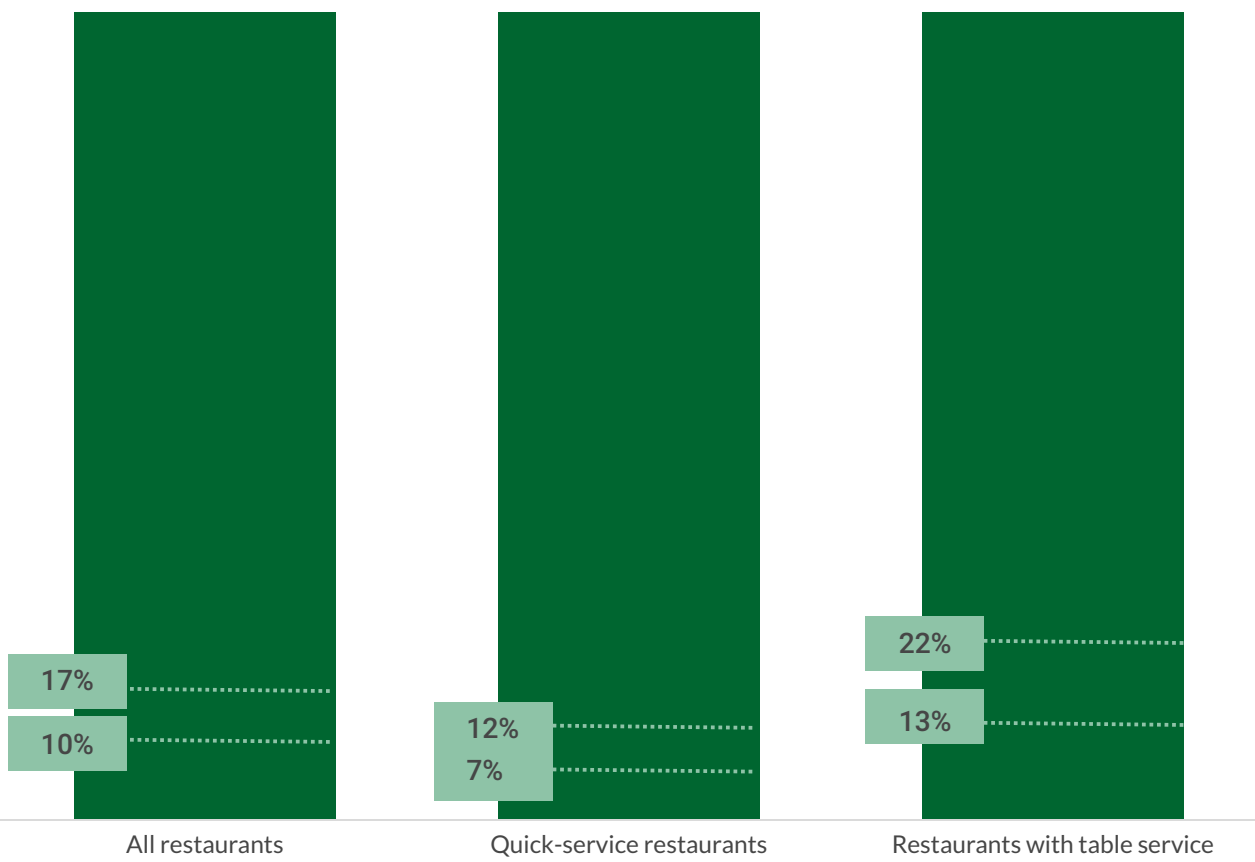
Source: PYMNTS
The 2022 Restaurant Digital Divide: Turning First-Time Diners Into Loyal Customers, November 2022
N = 2,256: Complete responses, fielded Oct. 12, 2022 – Oct. 15, 2022

Fifty-one percent of millennials and 49% of bridge millennials ate at a restaurant they had not previously tried during late September and early October, leading other age groups by a significant margin. Just 18% of baby boomers and seniors ate at new restaurants.

Figure 1B

New customers and what they spend

Estimated share of transactions carried out by first-time diners, by restaurant type



Source: PYMNTS
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 N = 2,256: Complete responses, fielded Oct. 12, 2022 - Oct. 15, 2022

Forty percent of consumers with annual incomes of \$100,000 or more ate at a new restaurant in the 30 days prior to the survey, exceeding the 32% of consumers with incomes between \$50,000 and \$100,000 and 28% of consumers with incomes of less than \$50,000 who did the same.



PART I:
WHY FIRST-TIME CUSTOMERS MATTER

Restaurants’ first-time customers tend to spend more on their meals, particularly when they are regular restaurant diners.

The average dining cost per person for new patrons at a table-service restaurant was \$37 in late September and early October, \$10 more than the overall average check at such locations. Consumers who eat out regularly paid even more — an average of \$40 per person — when they went to a new restaurant in the 30 days prior to the survey.

Consumers who do not dine out regularly spent considerably less than average. We detected clear differentiation by age group, with middle-aged consumers generally spending more and the oldest and youngest consumers spending less. Our data found that bridge millennials spent an average of \$43, and millennials spent an average of \$39. Baby boomers and seniors spent the least, with average checks of just \$26. Generation X consumers had average restaurant checks of \$38, whereas Generation Z consumers spent an average of \$31.

Figure 2A
Restaurants’ first-time patrons

Average ticket size for first-time purchases at restaurants versus regular restaurant purchases in the 30 days prior to the survey



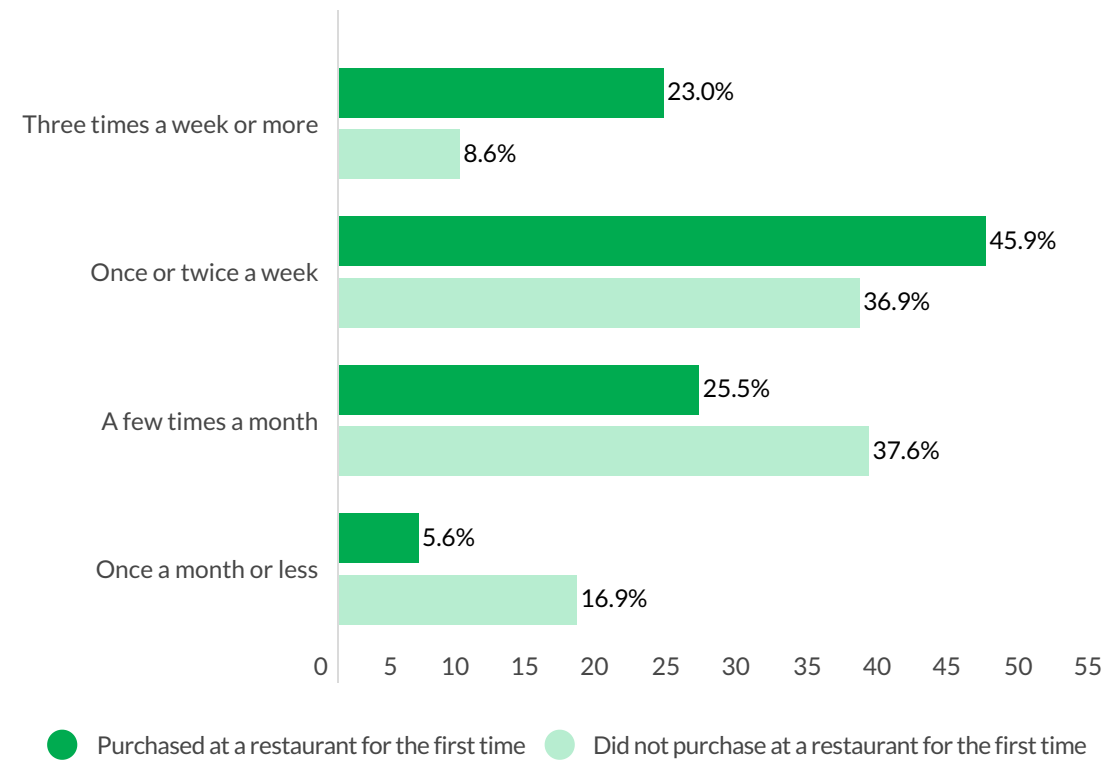
Source: PYMNTS
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Consumers who are first-time restaurant customers tend to be more frequent restaurant patrons in general. Forty-six percent of first-time restaurant customers eat out once or twice a week, yet the share eating out that frequently is 37% for consumers who return to the same spots when they dine out rather than try new places.

Figure 2B

Restaurants' first-time patrons

Share of consumers who dined out at select frequencies in the 30 days prior to the survey



Source: PYMNTS
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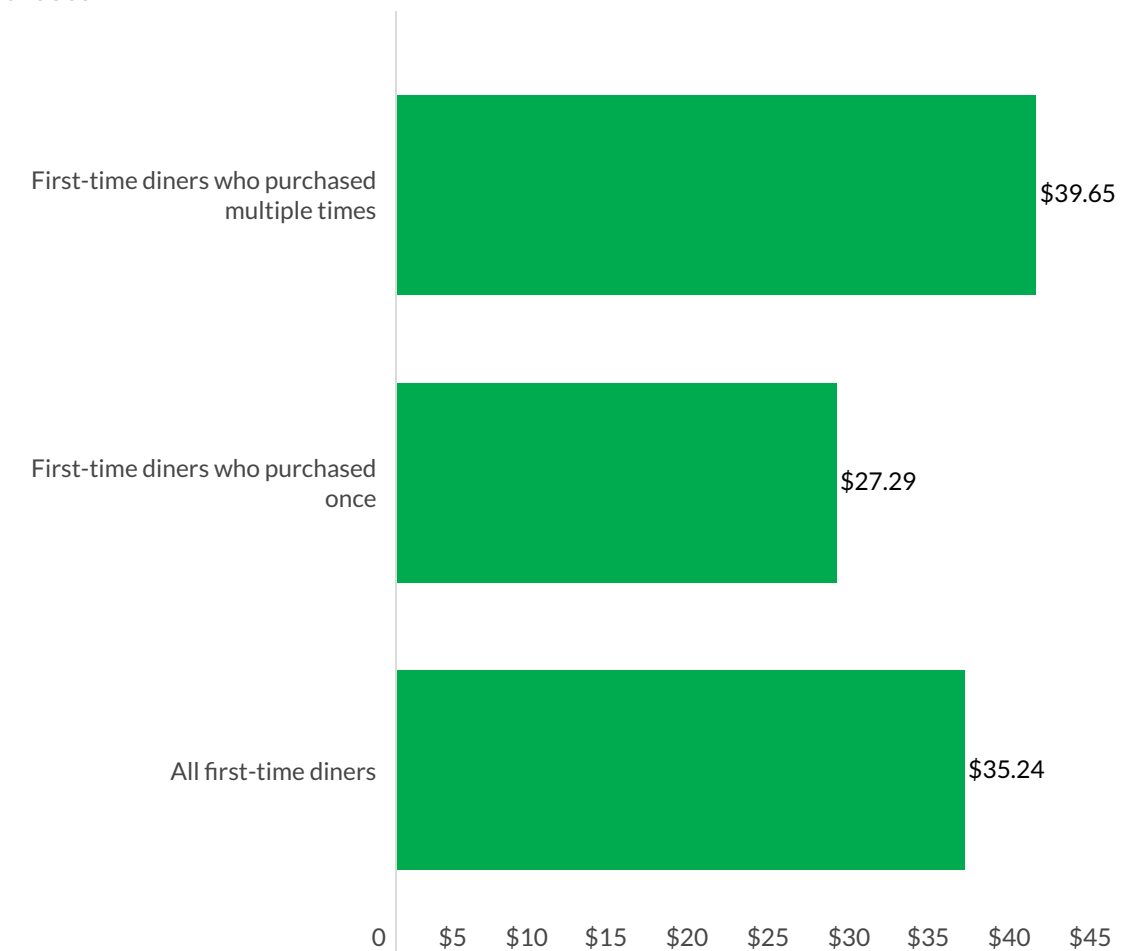
Twenty-three percent of first-time customers eat out three times a week or more, while just 8.6% of those who are not first-time customers at a restaurant eat out three times or more each week.

First-time restaurant customers who try several restaurants for the first time each month spend an average of \$40 for each

Figure 2C

Restaurants' first-time patrons

Average ticket size for first-time customers in the 30 days prior to the survey, by frequency of purchases



Source: PYMNTS
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 N = 772: First-time diners, fielded Oct. 12, 2022 – Oct. 15, 2022

meal, whereas first-time customers who ate at new restaurants just once in the 30 days prior to the survey spent an average of \$27.

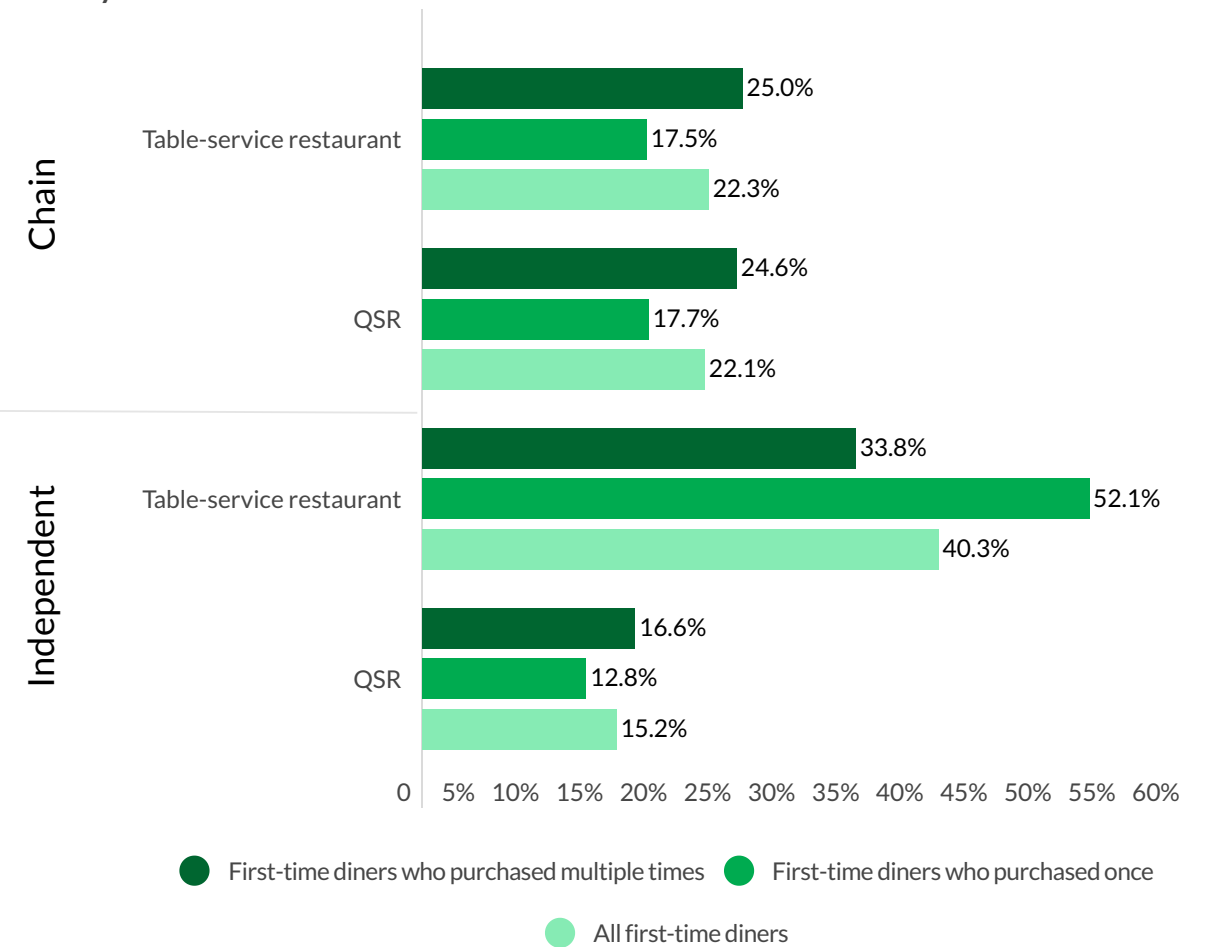
PART II:
THE TASTE OF INDEPENDENCE

Consumers who want a new place to dine generally prefer independent eateries to chains and table-service restaurants over QSRs.

Many consumers put a premium on trying something new and doing more than just following the crowd. That may explain why 40% of the customers who tried a restaurant for the first time in late September and early October did so at an independently owned table-service restaurant.

Willingness to try new places to eat that are independent and not part of a national or regional chain is especially prevalent among customers who ate at a new restaurant just once: 52% of diners who ate at just one restaurant for the first time in late September and early October chose an independently owned restaurant with table service.

Figure 3
Where diners are adventurous
Share of first-time diners who tried out select types of restaurants in the 30 days prior to the survey



Source: PYMNTS
The 2022 Restaurant Digital Divide: Turning First-Time Diners Into Loyal Customers, November 2022
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Restaurant patrons who dine out regularly at a variety of new locales also prefer independent eateries, but by a smaller margin. Thirty-four percent of consumers who try new places several times each month went to independent restaurants with table service, and 25% tried table-service restaurants that are part of chains. Another 25% visited QSRs that belong to chains, while 17% ordered from independently owned QSRs.

Table-service restaurants also depend on first-time customers more than QSRs. Thirteen percent to 22% of the transactions at table-service restaurants come from first-time customers, compared to 7% to 12% of the transactions at QSRs.

23%

OF FIRST-TIME
RESTAURANT CUSTOMERS
**EAT OUT THREE TIMES
A WEEK OR MORE.**



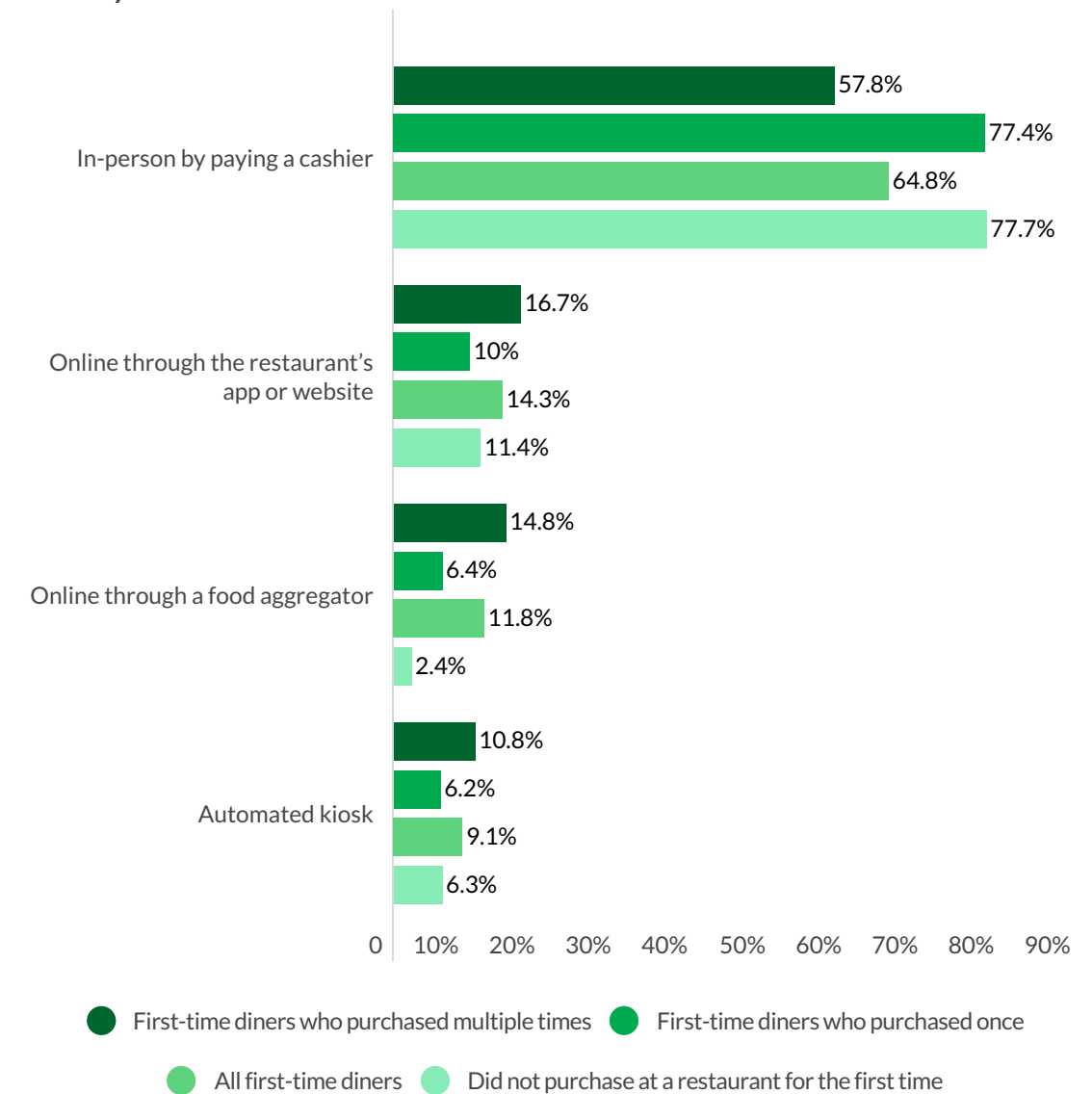
PART III:
TECH AND THE HUNGRY DINER

First-time restaurant customers use apps and websites to order meals more often than other customers.

Although the restaurants may be new to them, first-time diners are more likely to lean on familiar technologies to make their orders. Twelve percent of first-time customers ordered a meal through a delivery service or an aggregator, such as DoorDash or Uber Eats, in late September and early October compared to just 2.4% of repeat customers. Similarly, 14% of first-time customers used a restaurant’s app or website to order their meals, exceeding the 11% of repeat customers who did the same. First-time restaurant customers are more likely to think positively about ordering meals through apps or delivery services.

Consumers made just 22% of all restaurant purchases via digital means in late September and early October, but consumers who try new restaurants at least once a month or habitual first-time customers drove much of this activity. More than 40% of these customers used a digital platform to order from a new venue in the 30 days prior to the survey.

Figure 4A
Tech-friendly restaurant services’ appeal to new customers
Share of customers who paid their restaurant checks with select methods in the 30 days prior to the survey

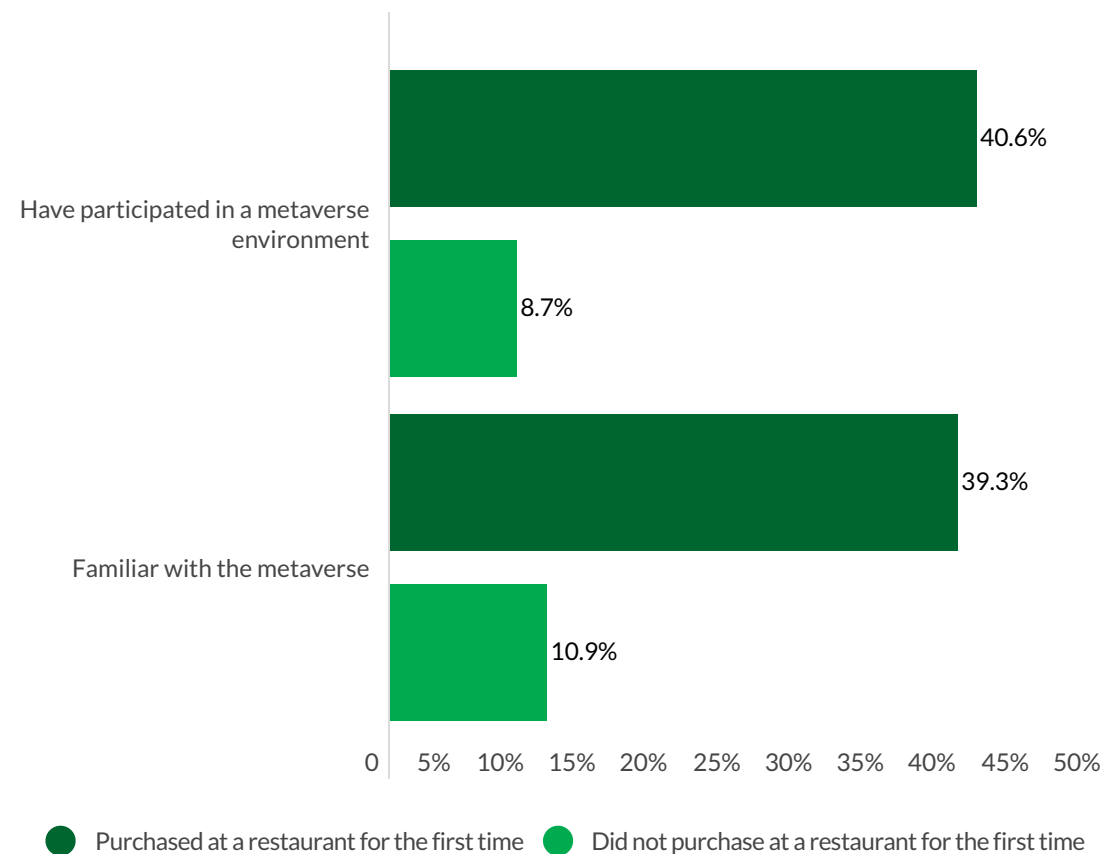


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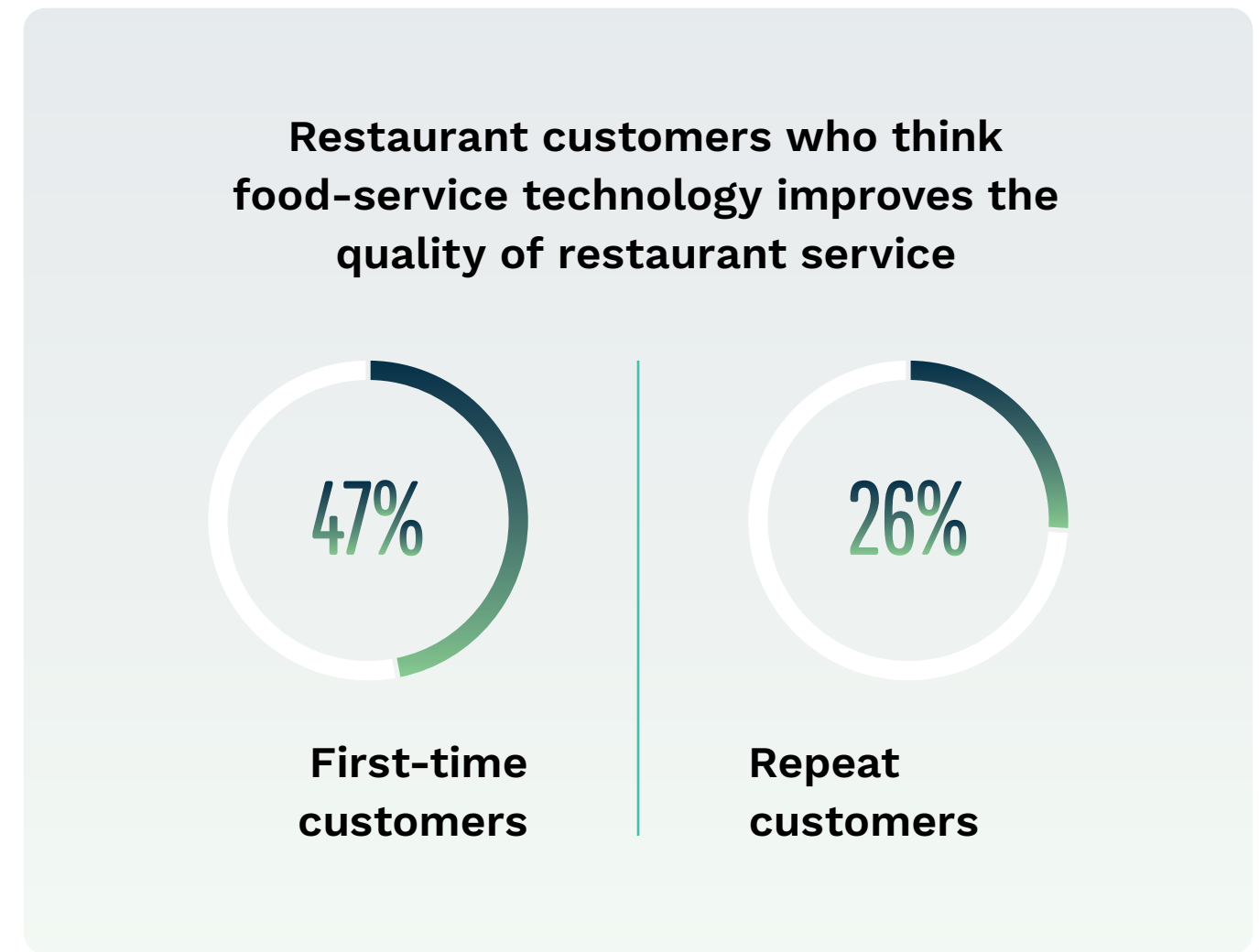
Repeat customers completed 78% of their restaurant purchases by paying a cashier or server, but diners who regularly try new places are far less likely to pay a worker and far more likely to use an app or delivery service instead. Those who regularly try new places to eat paid cashiers or waitstaff for just 58% of their meals.

Consumers with a propensity for new restaurants equate technology with better service. Forty-seven percent of first-time buyers think the more technology a restaurant has, the better its service. Just 26% of consumers who had not tried a new place in the 30 days prior to being surveyed made the same connection between technology and service quality.

Figure 4B
Tech-friendly restaurant services' appeal to new customers
 Share of consumers familiar with the metaverse



Source: PYMNTS
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Consumers who regularly try new restaurants also tend to use technology for entertainment. Forty-one percent of consumers who tried a restaurant for the first time in the 30 days prior to being surveyed have taken part in a metaverse environment, and 39% of these consumers are at least familiar with the metaverse. Just 8.7% of consumers who have not recently eaten at a restaurant for the first time have taken part in a metaverse environment, while 11% of consumers who have not recently dined at a new place to eat are familiar with the metaverse.

PART IV:
SELECTING A NEW RESTAURANT

Recommendations from a friend or family member are the most important factor in a consumer’s selection of a new restaurant.

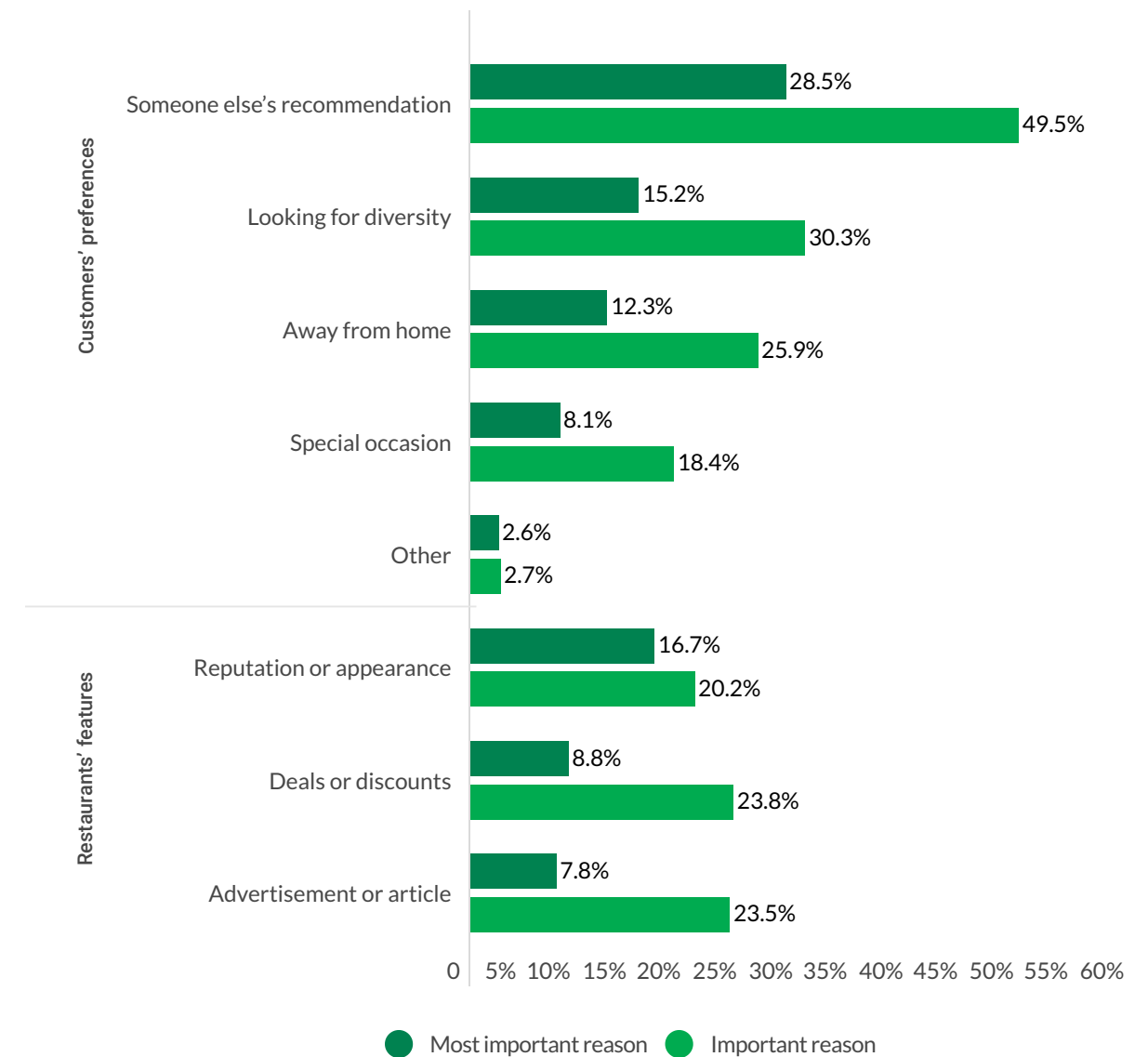
Consumers consider a host of factors when selecting a restaurant. Fifty percent of first-time diners say recommendations from family members or friends influence their choice of a new restaurant, and this was the most influential factor for 29% of consumers. Thirty percent of consumers say they were looking for a change, while 26% of consumers were out of town and needed a place to eat. Eighteen percent of consumers say they had a special occasion to celebrate and wanted someplace new.

When consumers look back on their meals, they focus on whether they liked the food. Thirty-two percent of all diners cite the food’s taste as the most important factor in their choice of a place to eat. Other factors count, but not nearly as much: 13% cite their familiarity with the restaurant, 12% say the restaurant’s location mattered to them and 10% say they just wanted a place to eat that was convenient. Deals and discounts attracted 24% of new restaurant customers.

Figure 5A

What matters most when finding a new place to eat

Share of first-time diners giving select reasons for trying a restaurant, by importance

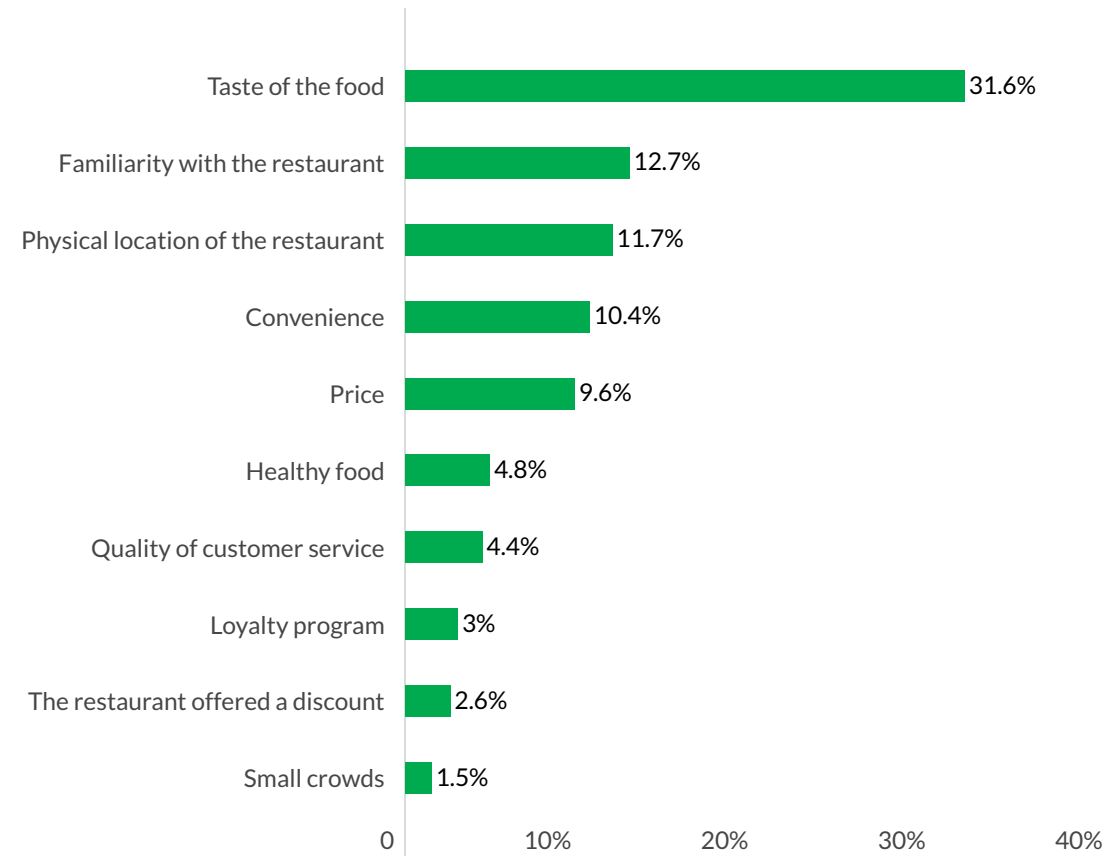


Source: PYMNTS
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Figure 5B

What matters most when finding a new place to eat

Share of all customers citing their most important reason for their most recent restaurant choice



Source: PYMNTS
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CONCLUSION

The restaurant business has been facing unprecedented developments in the years since the pandemic began, and changes to the industry that helped increase the portion of orders placed online and via digital apps are almost certain to continue. Because first-time restaurant customers use apps and websites to order meals more often than other customers, the restaurants that can seamlessly manage this increasingly varied business environment to sustain their appeal to regulars while getting the word out to new customers will be in the best position to succeed.

METHODOLOGY

For The 2022 Restaurant Digital Divide: Turning First-Time Diners Into Loyal Customers, PYMNTS surveyed a census-balanced group of 2,256 U.S. consumers between Oct. 12 and Oct. 15 about their interest in trying a restaurant for the first time. We sought information about the frequency with which respondents dine at restaurants for the first time and the methods they use to order and pay for meals.

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