

# The Roaring 2020s: Restaurant Predictions for the Next Decade

 [qsrmagazine.com/business-advice/roaring-2020s-restaurant-predictions-next-decade](https://qsrmagazine.com/business-advice/roaring-2020s-restaurant-predictions-next-decade)

- A look at what limited-service operators should expect.



istock

There will be new delivery methods that require fewer workers, including smart cars, urban-area robots, and possibly even drones for more rural areas.

Projecting likely restaurant trends over a 12-month period is an exercise that many operators and consultants are accustomed to performing. But projecting an entire decade ahead is the kind of task that elicits silent, steely stares from experts, or derisive laughs.

After all, how many people just 10 years ago saw the likelihood that sriracha or gluten-free diets would become trendy, that mobile ordering would turn into a huge deal, that social media would become an important arm of marketing departments, or that restaurant delivery beyond pizza and Chinese food would explode in popularity?

Thanks to an unprecedented economic expansion lasting throughout the 2010s, and to the growing influence of technology-savvy and cuisine-eclectic millennials, the restaurant industry has embraced numerous tech advances and has been creative in

its approach to innovation. Looking ahead to the 2020s becomes a study in projecting how ongoing macro trends are likely to play out. Will we see an expansive “Roaring ‘20s” like that of a century ago, or something more akin to conditions at the tail end of that decade that led to the Great Depression? Will it be more “Jetsons” or “Mad Max”?

“It’s hard to talk about the long-term perspective because underlying conditions will probably change,” says Victor Fernandez, vice president of insights for Black Box Intelligence, a Dallas restaurant analytics firm. And Minneapolis-based futurist Simon J. Anderson, who typically looks ahead through a three-to-five-year window, notes that “the further out you get, the blurrier it becomes.” As a result, gazing into a decade-long crystal ball becomes “a real challenge, but a fun one,” says Mark Brandau, managing editor at market-research firm Datassential.

The 10 years ahead will “play off a lot of what’s happening now,” adds Andrew Freeman, founder of San Francisco restaurant consulting firm af&co. He says we’re in an interesting time in American industry in terms of politics, economics, the environment, and more, and that the decade ahead will be influenced by what we are dealing with today.

So, what does that portend for the restaurant industry? For most of the experts who contributed to this story, it means more and evolving technological advances, an increase in away-from-home meal preparations, growth in transparency demands, and further broadening of menu creations.

At the same time, the lessons of traditional retail’s lost decade—with thousands of store closings and tens of thousands of jobs lost due to that industry’s slow response to online shopping and Amazon in particular—are at the forefront of restaurants’ need to be nimble, the forecasters say.

The restaurant industry was expected to total \$863 billion in sales last year, up 3.6 percent over 2018, according to the National Restaurant Association. That includes results from more than 70 different segments of foodservice, including items prepared at grocery and convenience stores.

“The greatest wars in the world will be fought in the foodservice industry,” says Gary Stibel, founder and chief executive of New England Consulting Group.



istock

The mobile fad isn't dying down.

Starting during the latter half of the past decade, consumers for the first time spent more than half their food and beverage dollars at restaurants. Nonetheless, NRA statistics reveal that restaurant sales in the 2010s experienced their slowest percentage growth since at least the '60s, and the 2020s are likely to see slower growth than before the Great Recession. Restaurant employment, which hit 15.3 million workers in 2019, is expected to gain another 1.6 million employees by 2029 despite a tight labor market and gains in automation. That increase is considerably slower than the past decade, which saw an additional 3 million workers.

Still, there's no indication the industry will contract, and there's little doubt that competition and foodservice channels will keep expanding as operators battle for consumers and their dollars.

"The greatest wars in the world will be fought in the foodservice industry," says Gary Stibel, founder and chief executive of New England Consulting Group. "Food will be everywhere," he says, due to ongoing channel migration, potentially getting to the point that "you'll be able to buy a meal at any furniture store."

In fact, the basic paradigm of what constitutes a restaurant "is rapidly evolving," says Hudson Riehle, senior vice president of the NRA's Research and Knowledge Group. "From the consumer's perspective, there are more options than ever, and those will

only expand to meet their needs,” Riehle says. “There is a blurring of channels that will only continue to grow.”

No one single factor will impact restaurants in the 2020s more than technology, which will result in added convenience for consumers and in saving time, costs, and labor for operators.

“The influence of technology is only going to get more pronounced, and we will see technology influence every aspect of restaurant operations,” says R.J. Hottovy, a restaurant analyst with Morningstar, a Chicago-based investment research firm. “It is the big thing.”

Technology improvements will affect the back of the house with kitchen equipment and point of sale, as well as the front of house and drive-thru lane with smart menuboards, voice-recognition systems, mobile-order-and-pay solutions, and off-premises integration.

Consumers, employees, and employers are continually getting more comfortable with technology, and that’s not likely to abate, as tech-savvy Gen Z and, eventually, upcoming Generation Alpha members supplant millennials as the driving demographics.



AmazonGo/Istock

Expect to see more grab-and-go outlets like Amazon Go using digital payment and no checkout.



“Gen Z is extremely comfortable with technology, and they demand it,” says Kristi Turner, chief marketing officer at Compeat, a restaurant management software company based in Austin, Texas. When tech advances occur, she says, those consumers will most certainly use them.

More robotics will be involved in everything from kitchen and cleaning duties to food preparation and delivery. Gains in artificial intelligence will show up in figuring out ways to better personalize the customer experience, upselling, and helping employees do their jobs better.

Early stages of the potential for artificial intelligence can be seen in Starbucks’ fledgling Deep Brew program and McDonald’s acquisition of tech company Dynamic Yield, both of which use AI to customize the ordering experience for customers.

“Technology will get better to build the top line, not just the bottom line, where most of the focus has been so far,” Brandau says. “You will see advanced menuboards that can flex their prices to upsell.”

Personalization of restaurant interactions “will be elevated to a whole new level with technology and artificial intelligence so that operators can really customize experiences in ways never done before,” af&co’s Freeman says.

At the same time, futurist Anderson points out that automation is also expected to grow and “will express itself in many ways,” such as the robot-arm barista at Café X in San Francisco. “Automation in food preparation is not great yet, but it’s going to get better,” he says.

After seeing a labor shortage and workers’ costs rise in recent years, Fernandez believes the technological advances will ease “a redistribution of labor, less in staff taking orders and payment and instead focusing on critical components of a restaurant,” such as guest interaction.

Artificial intelligence has the potential to make employees better by serving as a virtual sidekick, reminding them of certain duties, teaching them how to perform certain tasks, and helping them with customer interaction, all through devices such as smartphones, earbuds, and digital eyewear.

But the technological gains will be embraced differently by different operations. Some won’t jump onboard. For others, including franchisees weighing the costs versus potential profit gains, the question becomes when to pull the trigger, Compeat’s Turner says. “They may say, ‘I don’t want to be on the leading edge, but when do I make that switch?’” she says.

In a larger sense, all this technology will reshape the definition of a restaurant, as restaurant ordering, pick-up, and delivery becomes easier and more seamless.

“Consumers are going to want to know increasingly more about their food,” says Melissa Abbott, vice president of culinary insights at the Hartman Group. “It’s what they are putting in their bodies and their overall attitude about that.”

Restaurants will become more diverse, not just in their menu offerings, but in how they are structured. While some eateries won’t look much different than now, consumers’ growing demands for convenience, including pickup and delivery, have already resulted in some restaurants opting for smaller seating areas or no seating at all.

Expect to see more delivery-only “ghost kitchens,” as well as hybrid restaurants that set aside additional parking, dedicated pickup areas and boxes, and perhaps separate drive-thru windows for delivery drivers. And there will be new delivery methods that require fewer workers, including smart cars, urban-area robots, and possibly even drones for more rural areas.

More grab-and-go outlets like Amazon Go—using digital payment and no checkout—are also likely.

“The restaurants of tomorrow will be designed to cater to people who don’t want to come into the restaurant,” Stibel says. He and others believe that the third-party delivery industry will eventually consolidate, and more big restaurant companies will take over their own delivery to provide more control over their menu items and customer experience.

Despite all the projections about off-premises dining, there still will continue to be a social aspect to restaurants, and many traditional eateries will continue to draw customers to dine in. Some eateries will revolve around on-site entertainment, such as bowling or pinball.



istock

Younger diners are a driving force for environmentally conscious food choices, and they're making demands about where their food comes from and how sustainable it is.

"I predict there's going to be a return to wanting to dine out again," Freeman says. "The millennials and Generation Z led delivery, but there will be a return to the joy of dining out."

Another influence on future restaurants is the after-effect of the retail downturn, which has led to older malls closing or losing large anchor tenants. "Now we are seeing food halls filling some of that space," Brandau says, with real estate company Cushman & Wakefield predicting there will be 450 of these halls this year, up from 120 just four years ago.

Technology will have a role in the menu, too, including another big trend for the 2020s: plant-based "meat," which is quickly evolving beyond burgers. "I think we'll see more innovation in plant-based proteins, and more than just with plants, but cellular creations," Hottovy says.

Freeman also believes there will be an evolution in the sustainable-eating movement. "The commitment to healthy eating and maintaining the planet is not only vegan," he says. "Like the bans on plastic straws—there are many ways to reduce waste."

Younger diners are a driving force for environmentally conscious food choices, and they're making demands about where their food comes from and how sustainable it is. As a result, concepts like food transparency and regenerative agriculture will continue to expand.

"Consumers are going to want to know increasingly more about their food," says Melissa Abbott, vice president of culinary insights at the Hartman Group, a food research and consulting firm. "It's what they are putting in their bodies and their overall attitude about that." It's also how the food is grown and its safety. At the same time, she adds, it still "needs to taste good."

While there will be growth in plant-based meats, the pace of its acceptance is likely to slow as the decade progresses, Abbott and others say. "We'll see the brakes on this in the next few years," she says, "especially as some of the items gets commoditized."

There may be one food ingredient that could grow even more than plant-based proteins: cannabis. "It will become the second 'C' in the restaurant business," behind only caffeine, Stibel says. "It's going to be a tsunami" for those who are looking at the plant's psychoactive qualities, as well as its possible health and wellness benefits.

But Brandau is not so sure of its long-term potential as an ingredient. "The general trends we're seeing that struck me is that consumers don't see it being as good as CBD or marijuana are on their own," he said. "There's interest in CBD being infused, but much more interest in CBD oil."

Another food trend likely to continue into the '20s is food extremes. That ranges from tastes like hot and spicy menu items to dishes that look great and are Instagrammable.

"More places will be offering their food for visual appeal," Stibel says. "It may taste good, but it looks incredible. We're just seeing the tip of the iceberg of extremes in terms of size, cost, and flavors. There will be totally new dishes, totally new forms, and totally new flavors."