

Economic Woes, Gas Prices Drive Americans Away from Restaurants, Back into Kitchen

By Marvin G. Perez.

New York, May 29 (CoffeeNetwork) The restaurant industry is taking a hit as economic struggles plague the country.

New consumer research from Chicago-based 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.

The U.S. economy grew 0.9% in the first quarter, up from 0.6% in the last quarter of 2007. Recession is defined as two consecutive quarters of economic contraction, so technically, there's no recession, but consumer confidence in the economy is at a 26-year low.

According to Mintel, 70% 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.

"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, which conducted the survey in January, 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 looked 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," said Morris.