



*Welcome to The Bottom Line newsletter, Restaurant Business' look at the week's finance news from Editor-in-Chief Jonathan Maze, as well as data from our sister company Technomic.*

## HOW CONSUMERS' USE OF RESTAURANTS HAS SHIFTED

Several restaurant companies reported earnings last week which, along with some preliminary earnings reports from a few casual-dining chains, has given us an indication of how consumers have changed their use of restaurants.

First, they're eating at casual-dining restaurants a lot less. Fine-dining and upscale-casual brands built on dine-in sales have seen little in the way of sales. Chains such as [Olive Garden](#) and [Chili's](#) are doing better thanks to their ability to generate takeout orders, but they're still down in the 40% range. Takeout has given them more time than it was looking like six weeks ago, but they're still burning through cash.

Consumers are eating breakfast less. Both [McDonald's](#) and [Dunkin' Brands](#) noted on their earnings calls that the morning daypart has been the most affected. Indeed, Taco Bell's franchisees have been given the opportunity to forgo the morning altogether to preserve cash. No morning commuters, no breakfast sales.

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Weekday sales are doing better compared to their previous levels than weekend sales. (No dine-in, no breakfast and slow weekends equals bad news for family dining.) Drive-thru has become a savior. No service model is considered as safe as the drive-thru window, and any concept with one is doing better than others. Starbucks, not traditionally a drive-thru-focused concept, [is generating 75% of its traditional volumes](#) in locations that have one of those windows.

Late-night is also a problem, as Yum Brands executives noted on their earnings call, which has been a problem for drive-thru business.

Lunch and dinner have held up best. And for companies such as Dunkin' and likely Starbucks, consumers looking for a late-morning or early-afternoon break are coming in more often during those dayparts for their coffee drinks.

This “new normal” should be expected to last for a while, even as states start allowing dine-in areas to reopen. While some customers will eat inside restaurants, many others will simply take their food to go until they feel safe.

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