



RESILIENCE IN CONSUMERS AND RESTAURANT OPERATORS ARE TURNING CHALLENGES INTO OPPORTUNITIES

A discussion on
recent proprietary
research and
industry trends



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DISRUPTION INDEX REMAINS HIGH GLOBALLY AND SHOWS TO BE HIGHER AMONGST THOSE IN THIS ROOM

AlixPartners
Disruption
Index

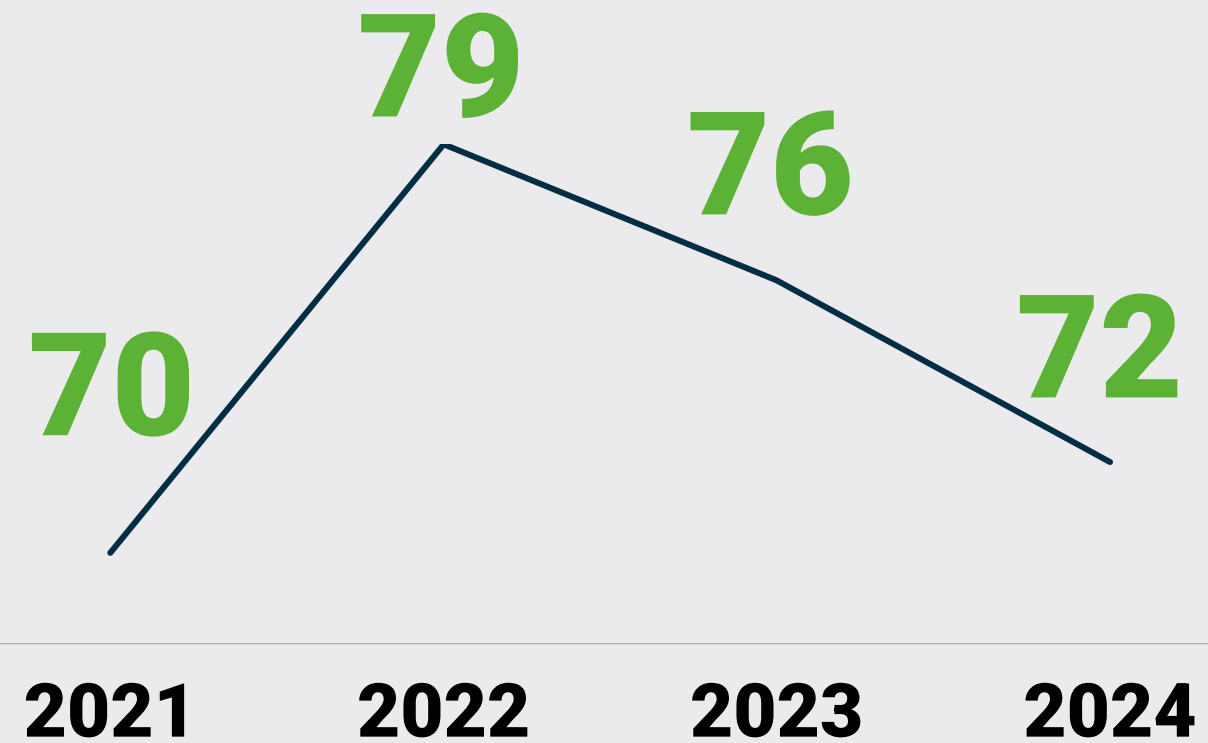


Survey of more than
3,100
EXECUTIVES

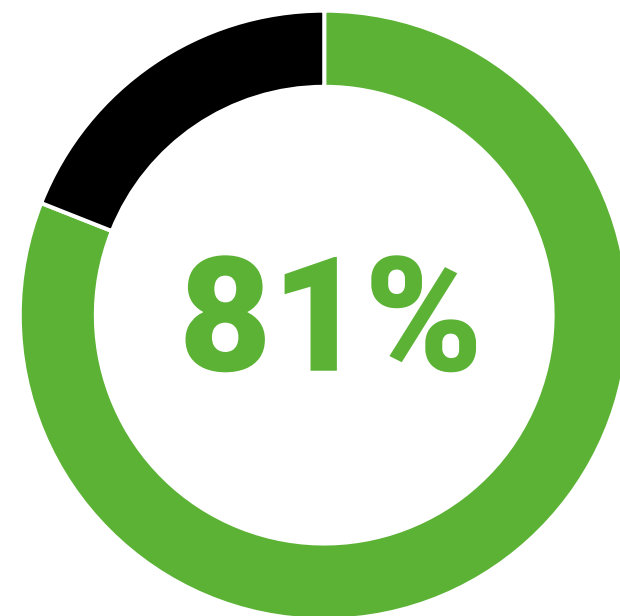
across



11 COUNTRIES and
10 INDUSTRIES



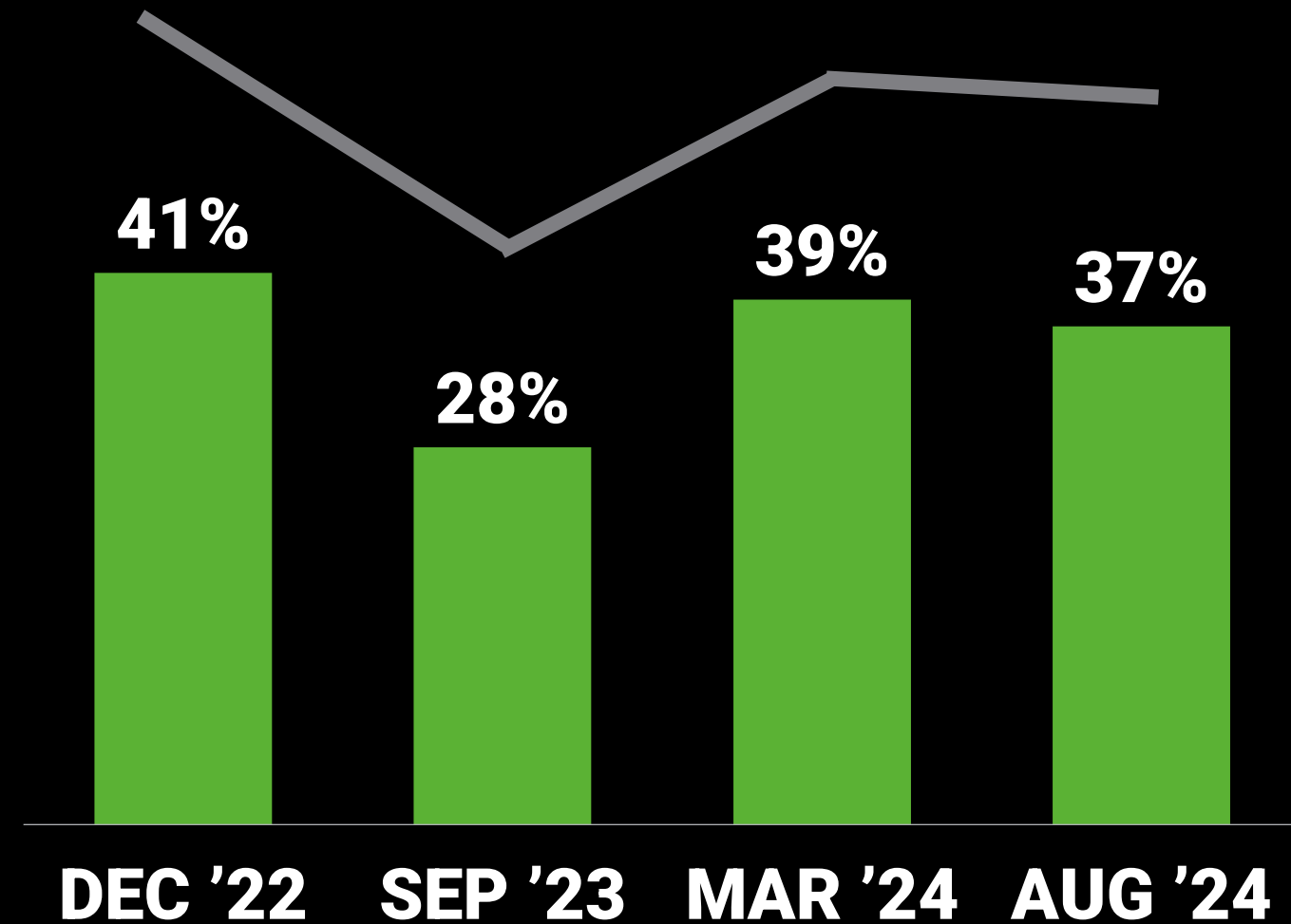
However, operators and suppliers surveyed here at Prosper face **PERCEIVED HIGHER LEVELS OF DISRUPTION**



From the July & August survey responses, **81%** reported at least being **moderately disrupted** over the last 1-2 years

JUST HOW RESILIENT ARE CONSUMERS TODAY? HOW DO THEIR BEHAVIORS SHAPE OPPORTUNITIES?

% CONSUMERS VERY OR EXTREMELY
concerned regarding financial health



KEY THEMES FROM RECENT CONSUMER RESEARCH

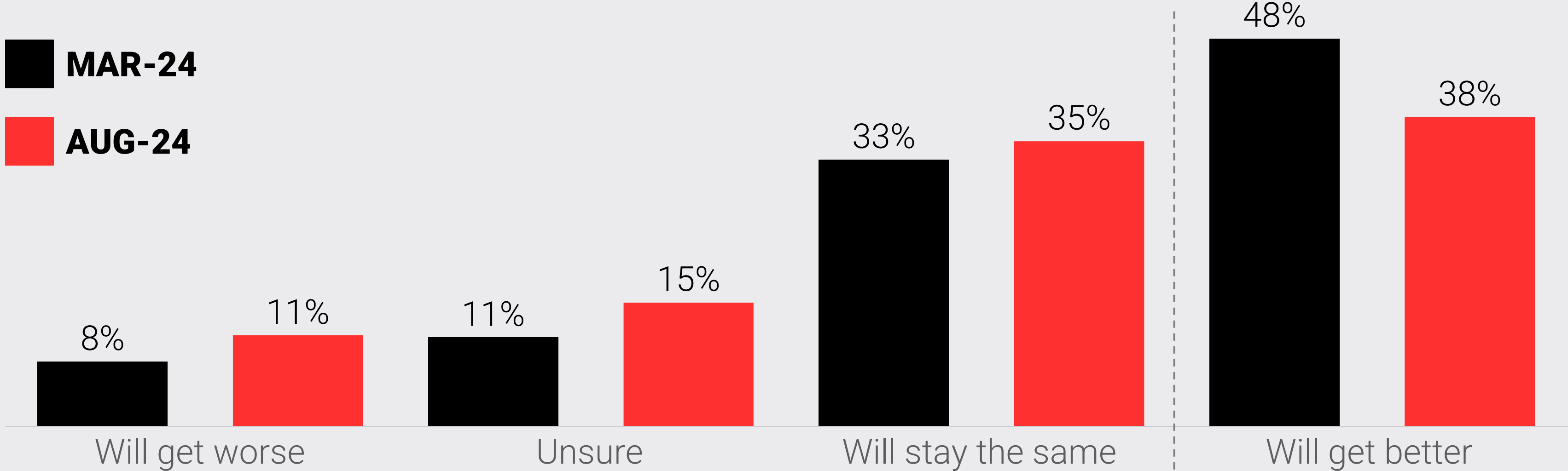
- Anxiety on personal finances reaches pessimism and increased uncertainty
- Debt load staying high – bubble to burst?
- Pent up demand has subsided, and lifestyle changes are more clear
- Price ceiling may have been reached with value decline sharpest shown for QSRs
- Reducing frequency before trading down

AS 2024 HAS PROGRESSED, CONSUMERS HAVE FELT THE 'PINCH'

QUESTION: What is the financial outlook for your household for the remainder of the year?

MAR-24

AUG-24



More people are worried about the economy...

...and fewer people believe it's getting better

TOP OPERATOR CONCERNS HAVE EVOLVED FROM LAST YEAR

QUESTION: When thinking about the future of your company, what's your #1 concern?

1 Consumer

15%



2 Financial Performance
Growth

14%



3 Labor/Talent
Adaptability

12%



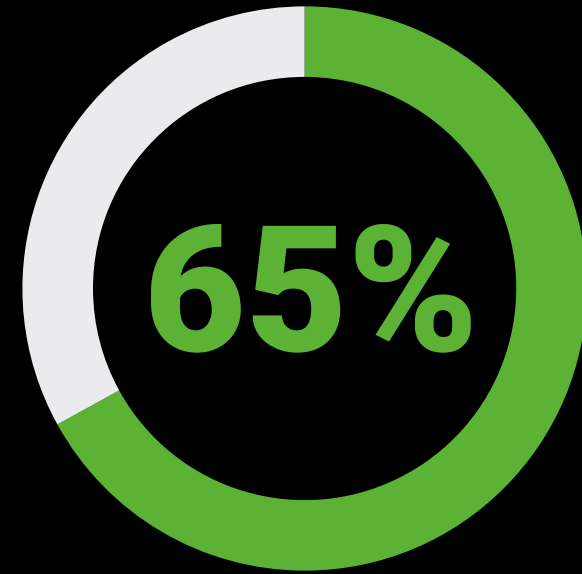
4 Economy

9%



WORKERS CONTINUE TO SEE HOSPITALITY INDUSTRY AS A “STEPPINGSTONE” NOT A DESTINATION IN THEIR FUTURE

A lack of a stable workforce...

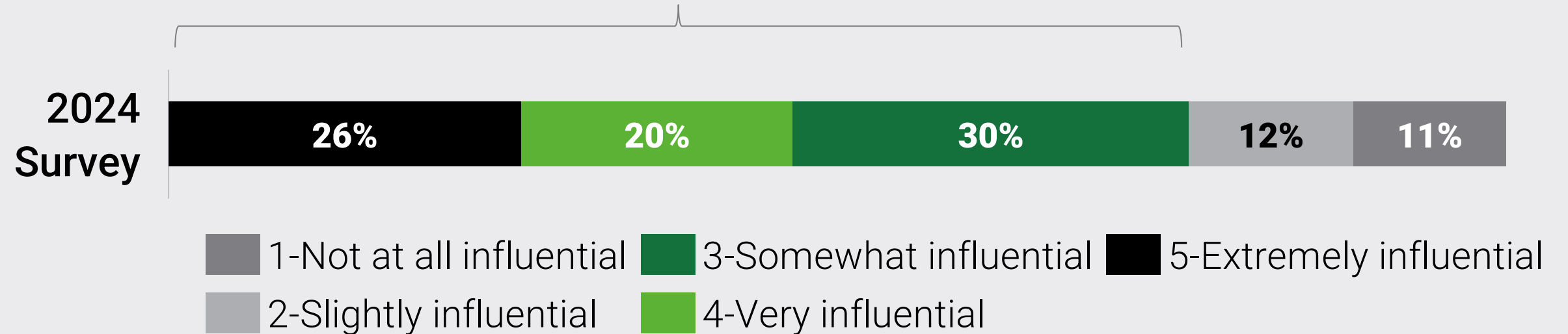


Of all employees surveyed see working in hospitality as a temporary job

...with strong focus on company's position on critical policies

76%

of restaurant employees say they are at least somewhat influenced by a brand's social efforts



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RESILIENCE AT FIRST WATCH IS DRIVING RESULTS

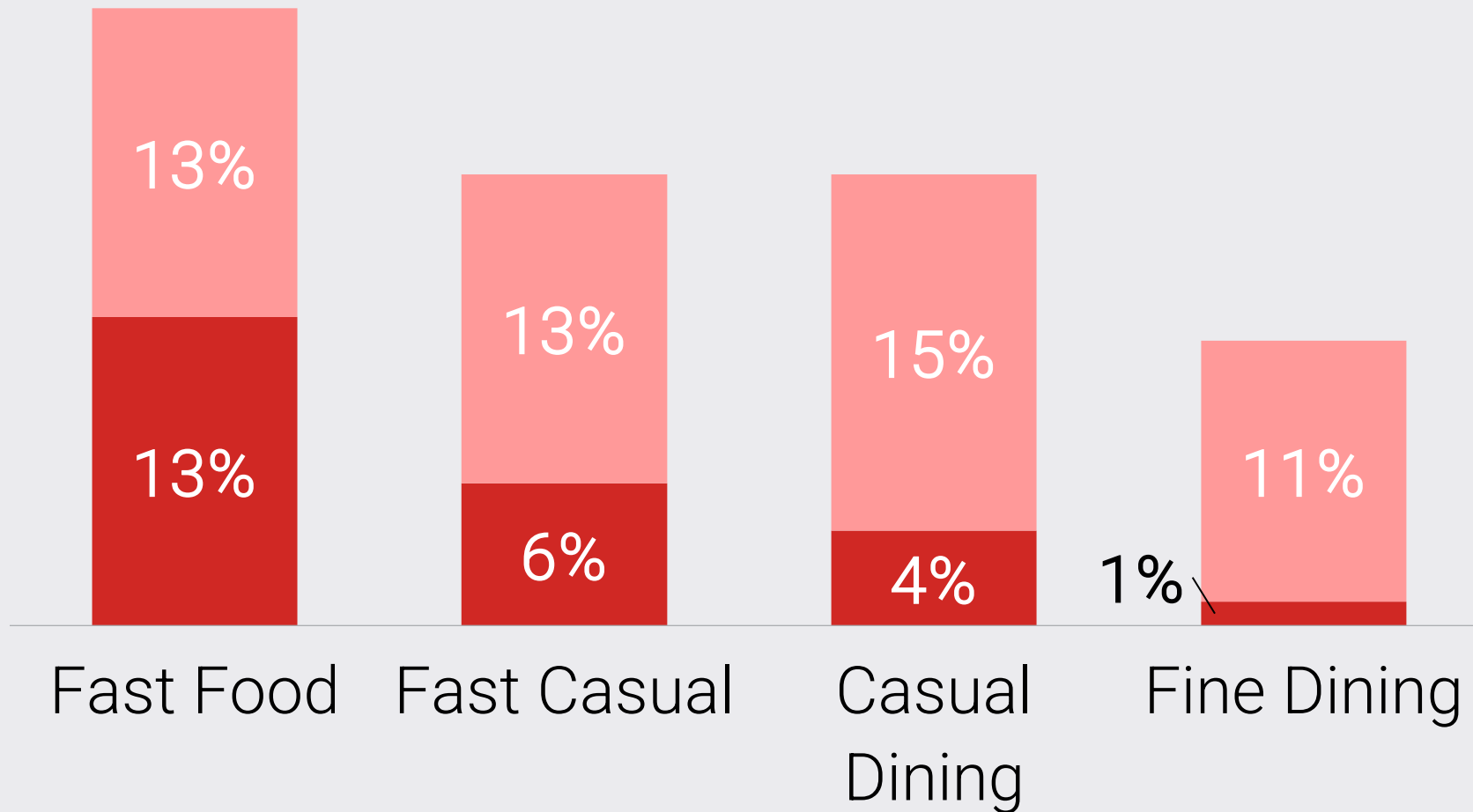
Q&A discussion with CEO
Chris Tomasso



**FIRST
WATCH**

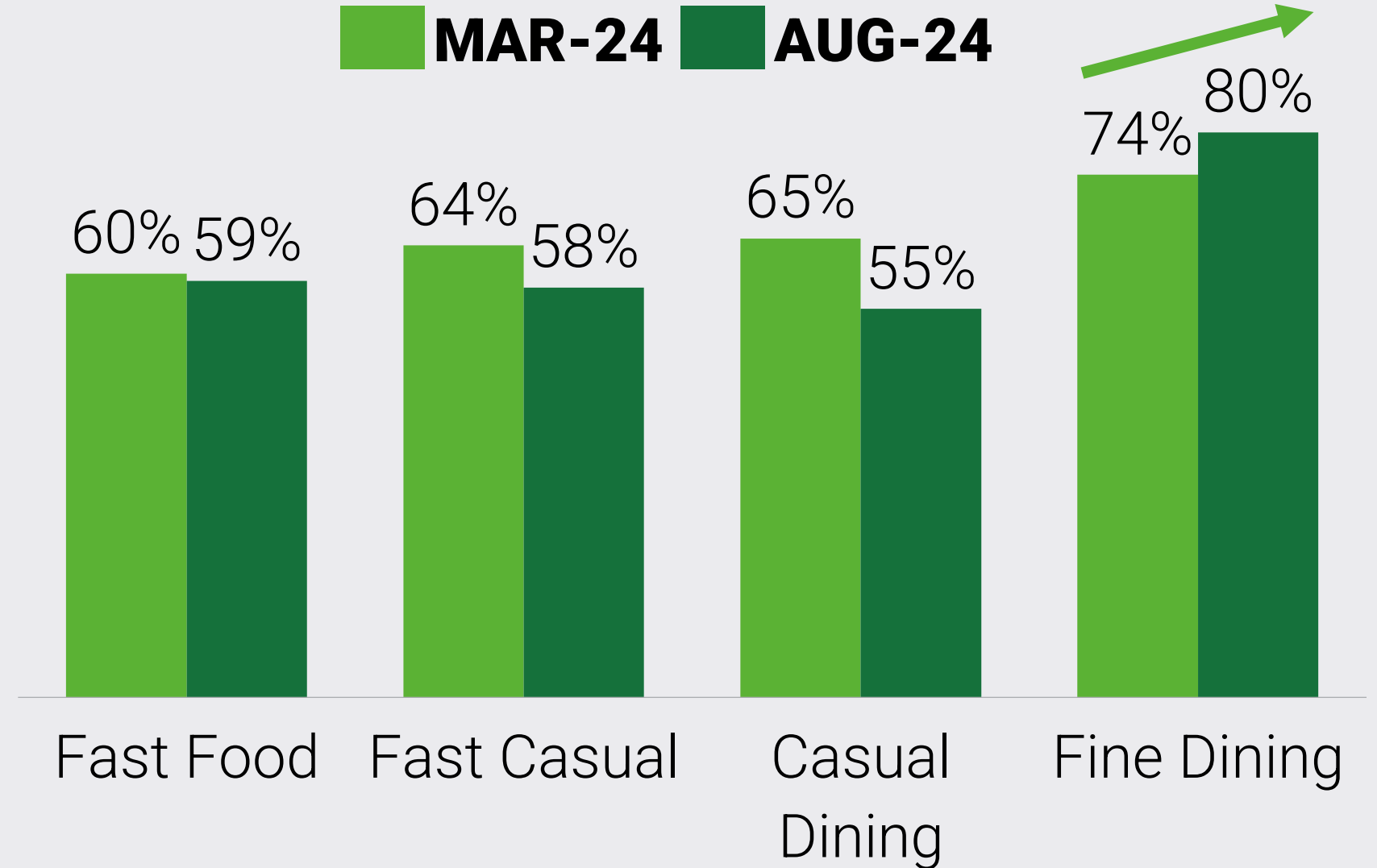
Seen as **POOR VALUE** recently...

DECLINE **SIGNIFICANT DECLINE**



Seen as **GREAT VALUE** recently...

MAR-24 **AUG-24**



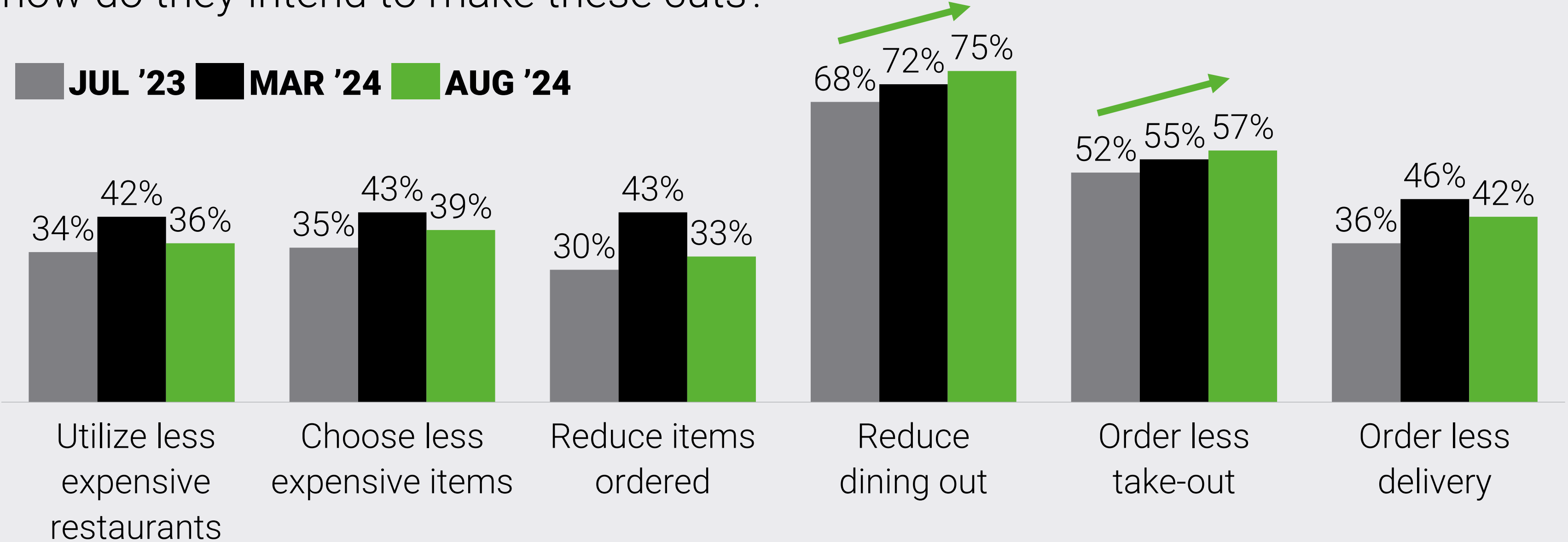
Source: AlixPartners' Hospitality Consumer Survey, August 2024



AlixPartners & **FIRST WATCH**

For consumers that plan to **REDUCE SPENDING ON RESTAURANTS**, how do they intend to make these cuts?

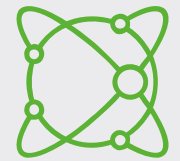
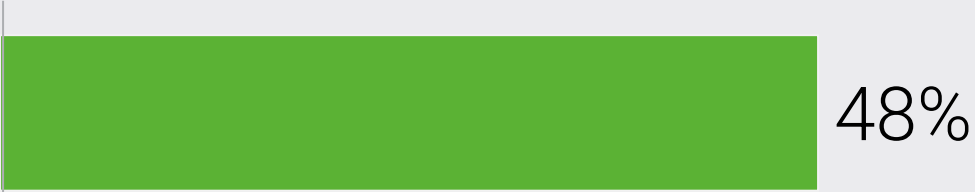
■ JUL '23 ■ MAR '24 ■ AUG '24



What elements of your business model do you expect to be **TRANSFORMED THE MOST?**



Product/Service Offering/
Portfolio



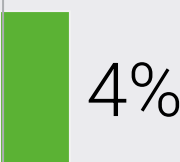
Go-to-Market/Channel/
Customer/Geo. Strategy



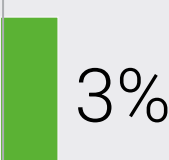
Labor Strategy & Costs



Financial Structure



Supply Chain/Distribution

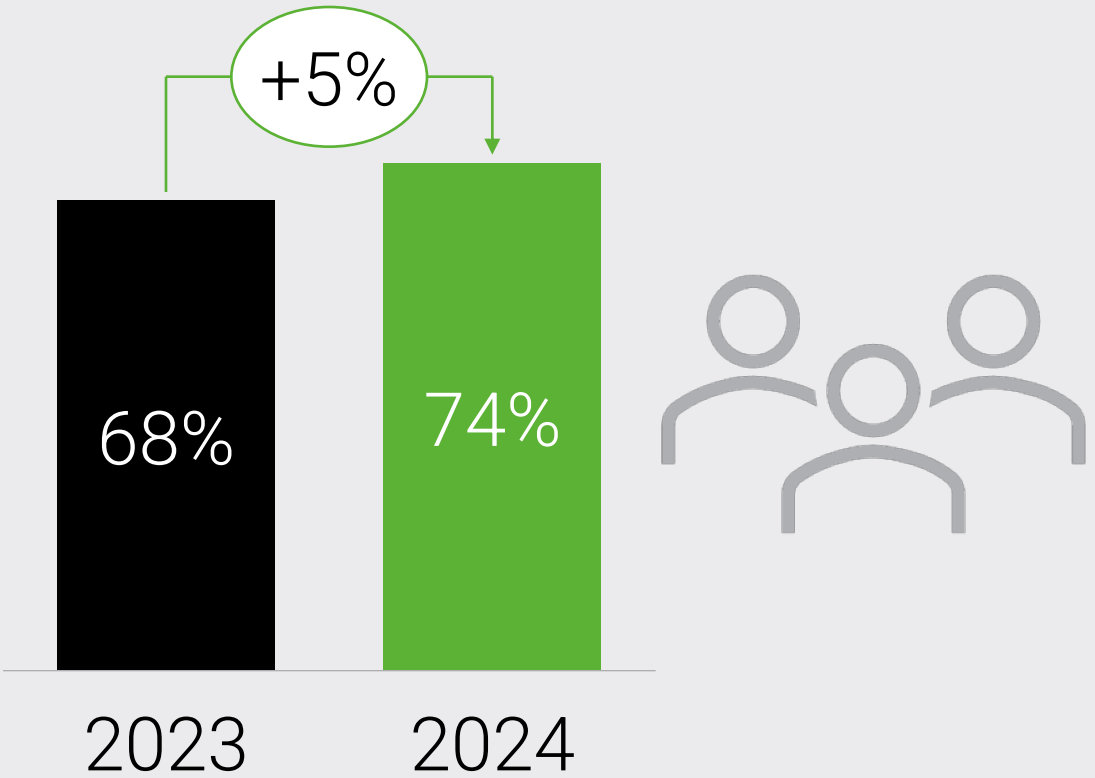


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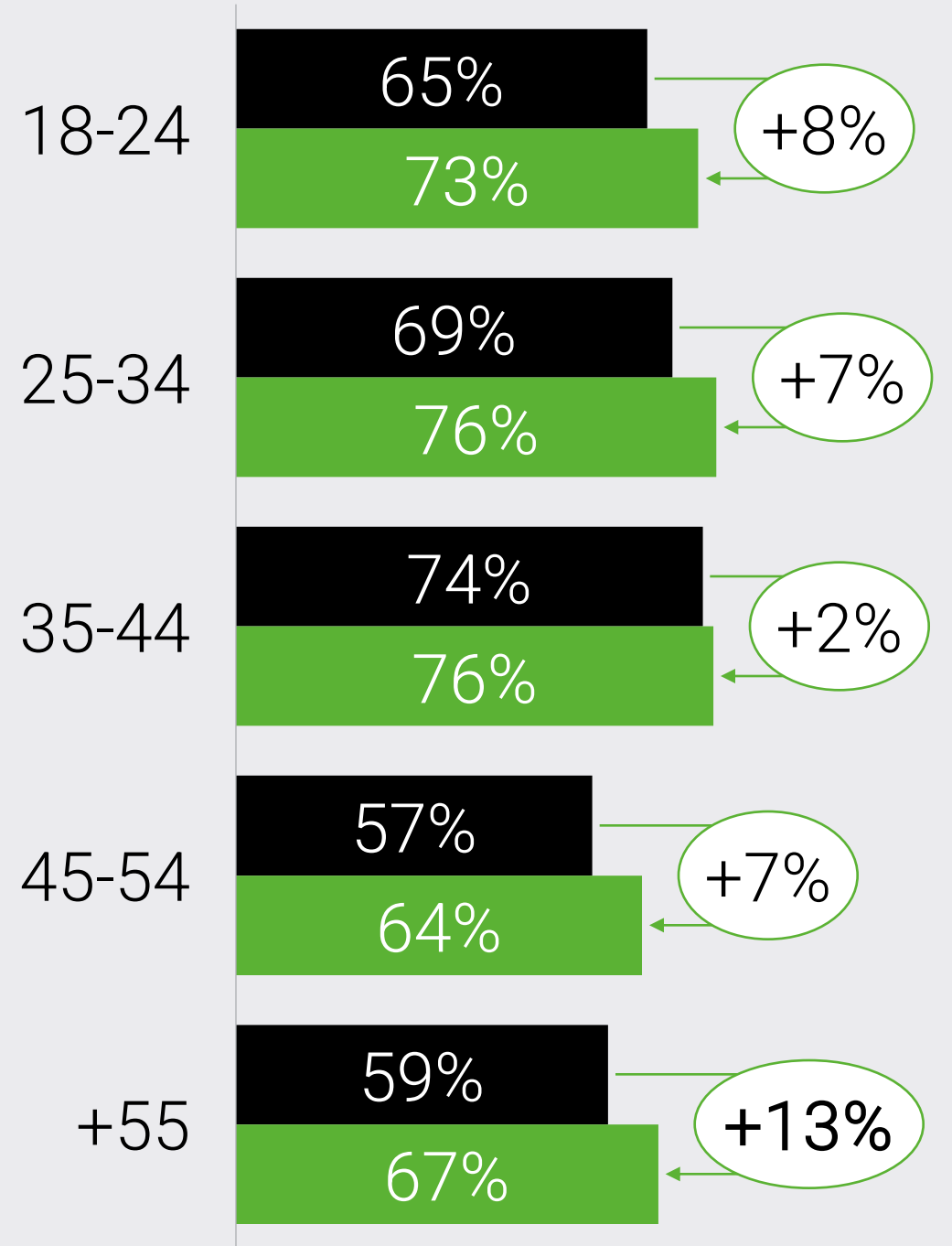
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**FIRST
WATCH**

Do you believe there is equal opportunity for career advancement at your company for all employees, regardless of race, gender, age, disability, etc.?



70%	FEMALE 65% +5%
80%	MALE 73% +7%
81%	MINORITY 65% +16%
69%	WHITE/CAUCASIAN 70% -1%



Are you the Disruptor or the Disrupted?

Four main strategies to stay ahead of today's
COMPLEX CONSUMER AND FINANCIAL ENVIRONMENT:

1

Evolve menu offerings
to enhance the focus on core offerings

2

Enhance the consumer experience
through more effective engagement

3

Invest in employees
to differentiate the company from competitors

4

Implement balanced pricing
including value options to embrace the consumer where they are



Scan here for
more insights

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