

FAST FOOD RESTAURANTS – GERMANY – 2023

Despite cutbacks, fast food profits from its value positioning. Appeal to the senses with craveable, tasty menu offerings to prove fast food's value beyond price.



Eliana Riera-McInnes,
Foodservice Research
Analyst



Fast Food Restaurants – Germany – 2023

This report looks at the following areas:

- The short-, medium- and long-term impact of inflation on fast food restaurants, including changing consumption habits
- Usage of fast food outlets, including eating in and takeaway
- Types of fast food outlets visited, with burger outlets in pole position
- Occasions when fast food is most commonly eaten, such as when out shopping or travelling
- Factors influencing choice of fast food outlets, including taste, price and proximity
- Fast food behaviours, including features that consumers would be willing to pay more for
- Attributes that consumers associate with the top five fast food outlets in Germany



Despite cutbacks, fast food profits from its value positioning. Appeal to the senses with craveable, tasty menu offerings to prove fast food's value beyond price.

Overview

71% of Germans frequent fast food outlets, with takeaway as the preferred choice. 51% of users are regulars, visiting at least 2-3 times a month. Consumers aged 16-34 drive the market, with younger men being the most avid fast food eaters.

Eating fast food remains a social affair, usually enjoyed while shopping. Providing a higher-quality dining experience is necessary to stay relevant and continue reaching a wider audience (ie older consumers). However, solo dining occasions are also important, highlighting the need for more inclusiveness from brands.

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Fast food outlets are highly impacted by the rising cost of living. Menu prices have spiked, discouraging eating out as a way to save money. But the segment also benefits from trading down, thanks to its well-established value positioning.

Consumers prioritise taste when choosing a fast food outlet. While value for money should be highlighted, to prove their worth, fast food operators should appeal to the senses first with a flavourful, high-quality product that justifies price increases.

Treat occasions are opportunities to tap into the 'lipstick effect' and encourage trading up while trading down with sustainable and gourmet fast food. A stronger focus on freshness, more-balanced indulgence and smaller portion servings could entice less engaged demographics and ensure the long-term appeal of fast food.

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Report Content

EXECUTIVE SUMMARY

Key issues covered in this Report

- Overview
- The five year outlook for fast food restaurants

Market context

- Inflation is both hurting and benefitting fast food outlets
 - Graph 1: consumer price index – foodservice, 2021-23
- Empower consumers to make healthier choices
- Double down on sustainability efforts
- Be inclusive of rising demographics

Mintel predicts

- Fast food/limited-service food outlets* are well-placed for growth
- Market size and forecast
- Value sales of fast food/limited-service food outlets are set to continue rising

Opportunities

- Prioritise taste to prove fast food's value beyond price
- Tap into the 'lipstick effect' with elevated fast food
 - Graph 2: willingness to pay more for fast food with sustainable and gourmet ingredients, by age, 2023
- Leverage the permissibility of snacks and smaller-sized fast food
- Harness technology to drive consumer engagement
- Quick download resources

MARKET DRIVERS

The German economy

- The German economy slips into a technical recession
 - Graph 3: key economic data, in real terms, 2019-24
- Inflation remains the key concern in 2023 for consumers, brands and the economy...
- ...impacting financial wellbeing and consumer expenditure

The impact of the economy on fast food restaurants

- Fast food restaurants' main asset, value, is at risk due to rising inflation...
 - Graph 4: consumer price index – foodservice, 2021-23

- ...leading to cutbacks on fast food outlets
- However, the fast food segment is also benefitting from trading down within foodservice

Health and wellness

- Germans' healthy eating paradox is worsening obesity levels
- Fast food outlets need to increase efforts to support healthy eating
- Increase nutritional transparency to empower consumers

Technology

- Keep up with advancements in restaurant tech to boost convenience and service levels

Sustainability

- Boost sustainability efforts to reduce fast food's CO2 footprint
- Growing flexitarianism bodes well for plant-based fast food
- Cut packaging waste by facilitating the adoption of reusables...
- ...but also invest in sustainable packaging to bridge the gap

Population dynamics

- Fast food outlets need to respond to Germany's ageing population...
- ...and the rising number of single households
 - Graph 5: share of households, by size, 2010-30

WHAT CONSUMERS WANT AND WHY

Usage of fast food outlets

- Germans are keen fast food outlet users
- 16-34s are the driving force behind fast food outlets...
 - Graph 6: usage of fast food outlets in the last three months, by age, 2023
- ...but there is scope to encourage older Germans
- Consumers prefer ordering takeaway rather than eating in at fast food outlets
- Consumers are embracing different ordering methods to enjoy fast food in a way that suits them...
 - Graph 7: usage of fast food outlets in the last three months, 2023
- ...calling for operators to enhance the dining experience across channels
- Half of fast food outlet users are regulars
 - Graph 8: frequency of fast food outlets usage in the last three months, 2023
- Younger men are the most frequent fast food users
 - Graph 9: frequency of fast food outlets usage in the last three months, by gender and age, 2023
- Balanced indulgence could encourage more moderate female fast food users

Types of fast food outlets visited

- Burger outlets lead the fast food segment
- Burger, pizza and Asian outlets are widely loved, but there are marked gender differences for all other outlets
 - Graph 10: types of fast food outlets used in the last three months, by gender, 2023
- Sausage outlets need to innovate to keep younger generations engaged
 - Graph 11: usage of sausage fast food outlets in the last three months, by generation, 2023

Fast food occasions

- Almost half of users eat fast food while out shopping
 - Graph 12: occasions for eating fast food, 2023
- Fast food occasions while out shopping are threatened by the rise of online shopping
- Prioritise the on-premise dining experience at malls/shopping streets
- Men are more likely to enjoy fast food while traveling and on a night out
 - Graph 13: occasions for eating fast food, by gender, 2023
- Eating fast food is mainly a social affair, but solo occasions are significant
 - Graph 14: occasions for eating fast food, 2023
- Cater to social fast food occasions with shareable bundles
- Solo fast food eating is as common as eating with friends
- Embrace (and support) the solo diner

Factors influencing choice of fast food outlet

- Taste is the main factor when choosing a fast food outlet
 - Graph 15: key factors to choose one fast food outlet over another, 2023
- Appeal to the senses as consumers prioritise tasty fast food
- Highlight value for money to attract price-sensitive Gen Zs
 - Graph 16: importance of taste and price when choosing a fast food outlet, by generation, 2023
- Expand the effectiveness of deals with targeted, personalised offers
- Drive further engagement with location-based deals
- Convenience and good service also drive choice
- Be forward looking despite a temporary de-prioritisation of bigger considerations
- Demonstrate your values with initiatives for long-term growth
- Deliver on flavour, value and convenience to lure the highest number of consumers

Fast food behaviours

- A mix of budget and premium offerings will appeal to value-driven consumers
 - Graph 17: fast food behaviours, 2023
- Leverage fast food snacks as affordable, fun treats amid cutbacks
- Capitalise on Germans' culinary curiosity with exciting new snack launches
- Scope for premiumisation with sustainable and gourmet fast food

– Graph 18: fast food behaviours regarding sustainable and gourmet ingredients, 2023

- Tap into the feel-good, higher-quality aspect of gourmet and sustainable ingredients
- Menu inspiration: Shake Shack's white truffle range
- Spur engagement with omnichannel loyalty programs
- Satisfy cravings with smaller portions for conscious enjoyment
- Embrace vegetables and pulses to drive further interest in plant-based items

Fast food outlet brand associations

- Brand associations for five of the main fast food chains in Germany: McDonald's, Burger King, Nordsee, Domino's and Subway
- Burger King and McDonald's would benefit from a higher focus on freshness
- Subway wins on freshness perceptions but can improve on excitement and price
- Nordsee is perceived largely positively, with significant tastiness associations
- Stronger marketing efforts can help Domino's hazy profile

LAUNCH ACTIVITY AND INNOVATION

- McSmart Bundle: McDonald's new value-focused deal
- Only €2 for the second pizza ordered: Domino's extends its duo deal
- New McCrispy Homestyle Spicy Guacamole at McDonald's
- Plant-based menu launches and innovation
- Nordsee offers new better-for-you indulgent options
- McDonald's launches limited-edition merchandise for app users
- US burger chain Carl Jr's planning German expansion

Advertising and marketing activity

- McDonald's leans into at-home family occasions with its latest ad promoting McDelivery
- KFC makes sharing fun with its crispy bundle
- Burger King promotes its wide plant-based range

MARKET SIZE, SEGMENTATION AND FORECAST

- Fast food outlets fared better than most during the pandemic but saw increased competition in 2022
- 2023 brings challenges but also growth
- Value sales of fast food/limited-service food outlets to continue rising

APPENDIX

Appendix – products covered, abbreviations, consumer research methodology and language usage

- Products covered in this Report

- Abbreviations
- Consumer research methodology
- TURF methodology
- TURF analysis methodology
- A note on language

Appendix – market size and central forecast methodology

- Forecast methodology
- Forecast methodology – fan chart
- Market size – value
- Market forecast and prediction intervals – value

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