

Did COVID-19 make us eat a little bit healthier on the road?

A recent report suggests fast food chains were the hardest hit by the reduction in business travel spend due to restrictions enforced by COVID-19.

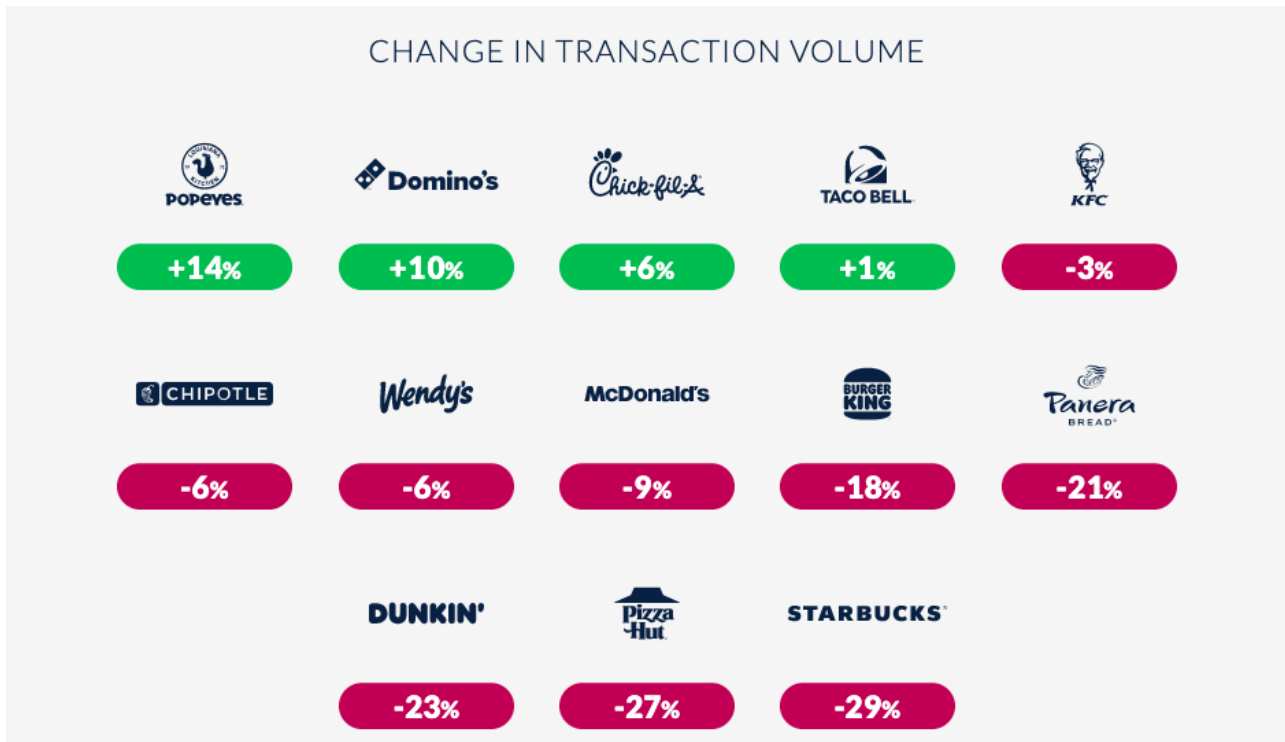
Temps de lecture : minute

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Each year, the *SpendSmart report* looks at some of the biggest trends in business travel expenses from the previous 12 months. The team at *Emburse* crunch through millions of expense entries to find out where people are spending their business travel money. Traditionally, the focus has been on areas such as flights and hotels, but the devastating impact that COVID has had on business travel is extremely well documented, so this year the focus is different.

While people were not able to spend much of their companies money on business trips in 2020 and 2021, one thing that they *did* continue to do at the companies expense was to eat. So that is the focus of the first SpendSmart report of 2022. Diving deeper into the meal spend data has revealed some interesting trends over the past couple of years, particularly when it comes to where - and possibly what - people are eating.

CHANGE IN TRANSACTION VOLUME



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COVID summary

Unsurprisingly, expenses submitted for restaurants dropped by about 30% from 2019 to 2020, as restrictions brought about by COVID limited restaurants' capacity to operate. Expenses from fast food outlets also dropped similarly. When restrictions eventually lifted in 2021, the gradual recovery of business travel, combined with peoples' desire to get back to meeting colleagues and customers in person, led to the overall number of meal related expenses bouncing right back to pre-pandemic levels. In fact, by the end of 2021, overall meal expenses were 3% *higher* than they were in 2019.

Here's where things get a bit interesting. Although the overall volume was back to normal, if we look at the most popular fast food/casual dining restaurants, the recovery wasn't nearly as pronounced.

Fast food's tumble

Among the top US chains in this sector, 2021's expense levels were still down by 17% compared to their pre-COVID levels. And while a small number of the most-often expensed fast food chains were able to maintain or even increase the amount of meals expensed, most of them took a significant (and sometimes dramatic) dive.

The sector that did worst of all? ... coffee. Dunkin' and Starbucks saw their 2021 trade from business travellers drop by 21% and 29% respectively, dragging the whole sector down significantly. Whether this is tied to fewer people passing through airports, less overnight stays meaning less morning coffees on-the-go, or people feeling on edge enough already to not need their double shot in the morning, remains to be seen.

Average spend decrease

But it isn't just the frequency at which people were frequenting these restaurants that is telling, it was how much they were spending there. Overall, the restaurant industry didn't see much change over the past three years. Average expenses submitted were \$93 in 2019, \$95 in 2020 and \$91 in 2021, and these fluctuations can probably be attributed to rising costs in the food supply chain, similar to those that we are seeing in sharp focus today.

For fast food outlets, the 2019-2020 drop in average expense size was most significant, and remained noticeable in 2021. Of the top 10 fast food brands, the average expense size dropped from \$46 in 2019 to \$34 in 2020 and then down to just \$30 in 2021. The one chain which seemed to be immune to this was Chipotle, where the average expense fell by just under a dollar from 2019 to 2021 - only a couple of percentage points. Wendy's was the hardest hit, with average transaction sizes down a whopping (not whopper) 58%. Several other chains also saw two-year

declines of around 50%, including Chick-fil-A, Panera and Taco Bell.

So what does this really mean? Given the seismic events of the past couple of years, there could be several reasons behind this decrease, so we would need to look at a few more quarters' worth of data to draw a definitive conclusion. Maybe with the panic of a global pandemic people decided that they wanted to eat less unhealthy food, or maybe they just decided after a long pause of not being able to eat out, that they deserved more upmarket dinner options. Given that most fast food restaurants saw a significant decline in both the number of transactions *and* the average transaction size, it is clear to say that business professionals made a very conscious decision to move away from fast food - and stay away.

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