

S&A SANDELMAN & ASSOCIATES  
**TRACKS**

*Newsletter*



Millennials are less than half the story

The Millennial generation, 16 to 34 year olds, continues to be important to the quick-service restaurant category, because they purchase more frequently than older consumers. But thanks to a population that's increasingly older and a Baby Boom generation that's remained active in QSR, 35 to 64 year olds now account for 56 percent of all QSR occasions.

QSR consumers of *all* ages are looking for a better experience, which has fueled the growth of fast-casual chains such as Chipotle, Panera Bread and Starbucks.

Successfully capturing occasions from 16 to 34 year olds, fast-casual has grown their share of all Millennial QSR occasions from 2 percent in 2002 to 16 percent today. While that's

impressive growth, the story is similar among 35 to 64 year olds: fast-casual share has grown from 2 percent in 2002 to 13 percent today (*see chart*).

Much of this growth has come from category expansion as the population grows and the QSR category broadens its reach to more consumers. From a share perspective, this growth has come at the expense of the largest and smallest players in the market. The large burger chains have given up the most ground along with small independents.

Just because the other fast-food segments—sandwich, Mexican, pizza, coffee and miscellaneous chains—are holding their own, doesn't mean they are immune to the share battle facing burger chains. Chains such as Chick-fil-A and Raising Cane's are steal-

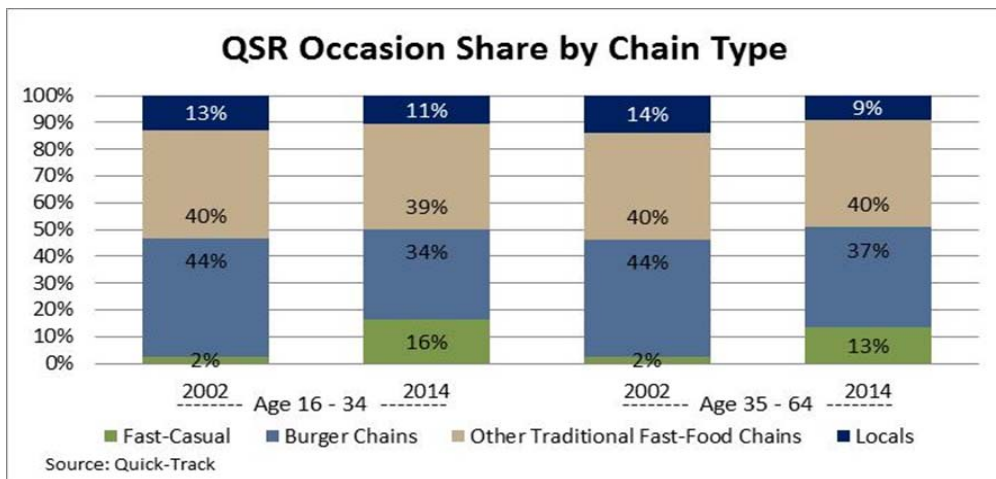
ing share of the chicken segment and Jimmy John's, Jersey Mike's, Firehouse Subs and others are building a base in the sandwich segment.

Yes, Millennials are and will continue to be important to QSR, but considering the fact the population will continue to skew older over the next 20-plus years, it's important to consider your options with an older crowd, too.

Sandelman's Quick-Track, the longest-running syndicated local market AAU in the industry, interviews as many as 120,000 QSR users annually. Subscribers have access to long-term trends that can be easily sliced by demographic segments to determine where your opportunities lie. Call Paul at (847) 277-7603 for more information.

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## Identify drivers to increase loyalty

Quick-Track National monitors the importance of individual attributes in the choice of chains every period. In Q3 2014, we examined shifts in importance among select chains' past-month users, light users and lapsed users.

Here, we consider McDonald's, Subway, Taco Bell, KFC, Burger King, Wendy's, Panera and Chipotle.

Some attributes, including taste, cleanliness, accuracy and convenience, have universal appeal. These are the table stakes for fast-food restaurants.

Certain attributes—availability of healthy items, indulgent items, kid appeal and friendliness—garner a broad range of

	Extremely or very important among chain's past-month users		
	Lowest	Highest	Fast-Casual
Healthy Food	61%	67%	76%
Indulgent Items	53%	60%	48%
Kid Appeal	40%	46%	35%
Friendliness	80%	83%	74%
Affordability	88%	92%	87%

importance ratings by chain user. Value and affordability have a more modest importance ratings range.

Subway's *lapsed* users assign the lowest importance to healthy food among these chains and place high importance on indulgent items. McDonald's *lapsed* users place lowest importance on kid appeal.

Knowing your chain's user importance ratings can help chain leaders focus messaging and operations on the attributes that make a difference in increasing loyalty among current or light users and in luring lapsed users back.

For more information, call Paul at (847) 277-7603.

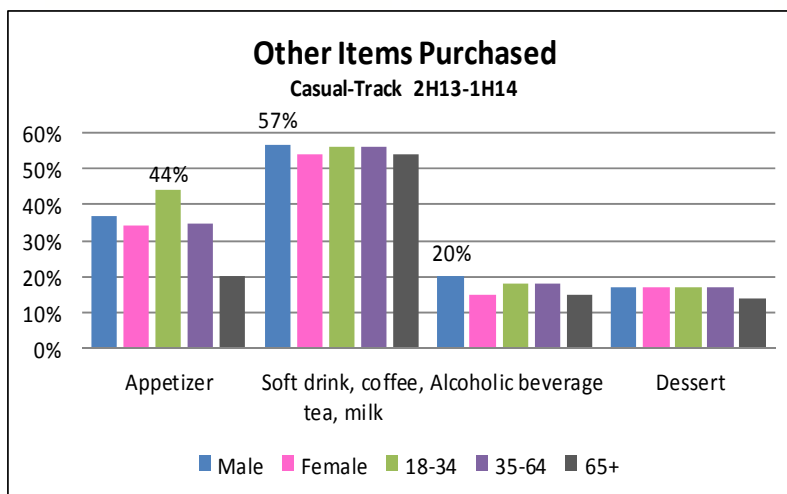
*Certain attributes—availability of healthy items, indulgent items, kid appeal and friendliness—garner a broad range of importance ratings by chain user.*

## Would you like dessert with that?

Sandelman historically has asked about the main menu item ordered in both Quick-Track and Casual-Track. Recently, Sandelman asked respondents about the other items in the bag, on the tray or on the plate.

In Casual-Track, for example, over the past couple of years CDR users are slightly more likely to order burgers as their main item and slightly less likely to order seafood or buffets; and CDR users continue to order

chicken as their main menu item most often. This past year, beyond the main menu item, a third of CDR users order appetizers, more than half order soft drinks or other beverages and nearly a fifth



order alcoholic beverages or desserts. Some demographic segments are more likely than others to order side items (see chart at left).

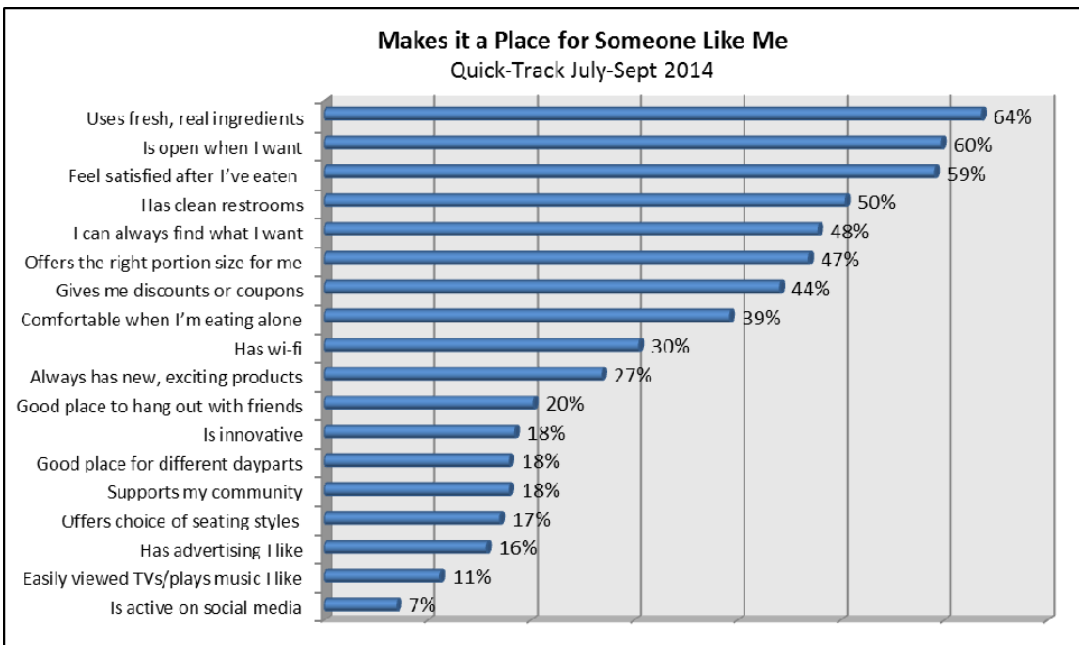
If you'd like to examine the "other" items ordered by daypart, service mode, market, chain or demographic, call Paul Clarke at (847) 277-7603. Sandelman can help.

## How to foster brand affinity

To develop brand affinity for your chain, it's time to persuade your guests that you serve "fresh, real ingredients." Quick-Track finds that perceived freshness is the No. 1 characteristic that makes a quick-service restaurant "a place for someone like me."

Many users are looking for fresh food, they want to know what's in their food, where it came from and if it was grown responsibly. QSR chains that have already captured consumer trust for real, fresh ingredients are ahead of the curve in capturing visits.

No. 2 consideration: be "open when I want." QSR customers want to grab a bite when it's convenient for them. And 16 to 24 year olds are most likely to consider a restaurant "a place for someone like me" if



the chain is open when they want. QSR chains that offer late or 24/7 hours resonate with users.

And like Snickers, chains need to satisfy. Satiety is that wonderfully pleasant feeling of satisfaction.

QSR chains that deliver the right combination of ingredients or side items might see higher repeat visits.

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## Fast-casuals attracting matures, too

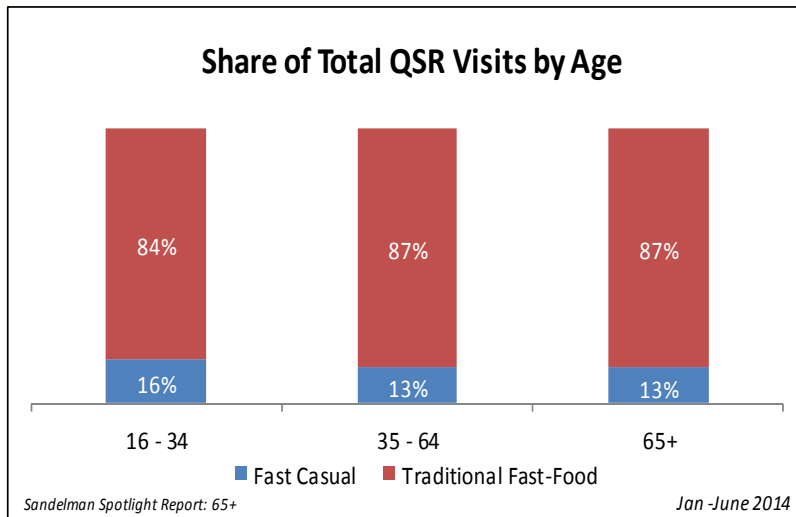
Fast-casuals are not just attracting Millennials. They're attracting "matures," too. Sandelman's *Spotlight: 65+* report indicates that QSR users 65 years and older devoted 13 percent of their total QSR occasions to fast-casuals.

This is the same percentage reported by 35 to 64 year olds, and not far below what 16 to 34 year olds report.

The fast-casual most likely to attract visits from 65+ QSR users: Starbucks. Ma-

tures also are fond of Panera and Culver's.

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## Capitalizing on the urge to snack?

Snacking has become so prevalent that it might not be long before “three meals a day” goes the way of 35 mm film.

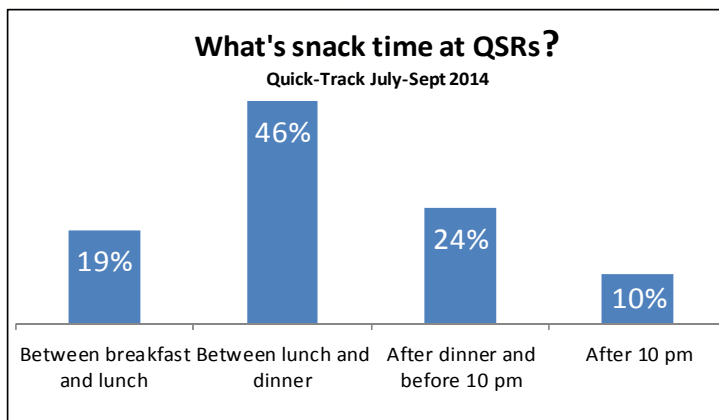
QSRs are the most popular venue for snacking, with consumers visiting QSRs for snacks about four times a month on average compared to two snack purchases per month at C-stores and less than one a month at casual/family dining chains.

At QSRs, the most popular time for consumers to buy snacks was between lunch and dinner, perhaps because of midday hunger or merely the need for a midday diversion. Nearly half of all QSR snacks

were purchased during that time frame. Late-night accounted for only one in 10 snack occasions.

The report also includes incidence of snackers and snacking frequency at QSRs, C-stores, and FSRs, motivations for

snacking, types of QSR snacks purchased (e.g., drinks, sweet items), perceived changes in late-night snacking, and demographic profiles of snackers, heavy snackers and nonsnackers. *Free to clients.* To order go to: [www.Sandelman.com/](http://www.Sandelman.com/) reports.



## About Sandelman & Associates

Sandelman & Assoc. conducts consumer research exclusively for the foodservice industry. Information for this newsletter is taken from the Quick-Track and Casual-Track syndicated tracking studies, which monitor attitudes, awareness and usage at the media market level.

S&A tracking studies allow clients to make the best decisions in their marketing, advertising and operational efforts. Call Paul Clarke at (847) 277-7603 to learn how.