

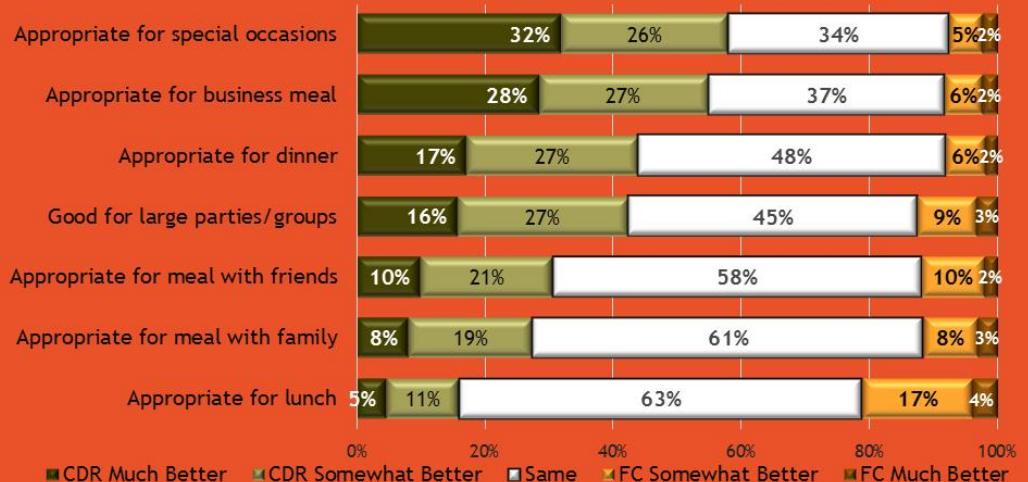


Fast-casual encroaching, but full service can leverage loyalty drivers

Casual dining restaurant users are giving a large chunk of their dining occasions to fast-casual restaurants. According to Casual-Track®, 84% of CDR users visit fast-casual restaurants. These consumers average 7.8 visits per month to casual dining restaurants and 3.8 visits to fast-casual restaurants. However, casual dining users clearly still have a preference for full service when it comes to special occasions, business meals, and a fun night out with family and friends. Full service casual dining is all about being entertained – an opportunity to share a meal and make a memory.

Fast-casual's inroads are mostly at lunch where users want a quality experience with the speed and ease of fast-food. While 21% of casual dining users have a preference for fast-casual for lunch, CDR chains can still compete in the middle of the day with 16% showing a preference for casual dining at lunch.

Casual Dining and Fast Casual Meet Different Needs



this issue

Trust is the basis for all relationships P.2
 Convenience of drive-thru is powerful draw P.2
 RTE competes most with fast-food P.3
 Sandelman sponsors MEG Conference P.3
 Welcome Andrew Postell P.4

The lower service model of fast-casual works at lunch where people like the ease of ordering and paying for their food at the outset, then getting a refill as needed and lingering as much or little as they like.

On the other hand, those who prefer casual dining for lunch like the feeling of a little more privacy and having their dishes cleared away. There are opportunities for casual dining on

both ends of the spectrum. Some chains may be able to build lunch by simplifying the order and payment process, while others might differentiate on offering an experience that lets you focus on your lunch companions while you enjoy your meal. In other words, make lunch a special occasion.

Find out more about how casual dining users make the trade-off between full service and fast casual dining by contacting andrew@sandelman.com

Trust is the basis of all relationships

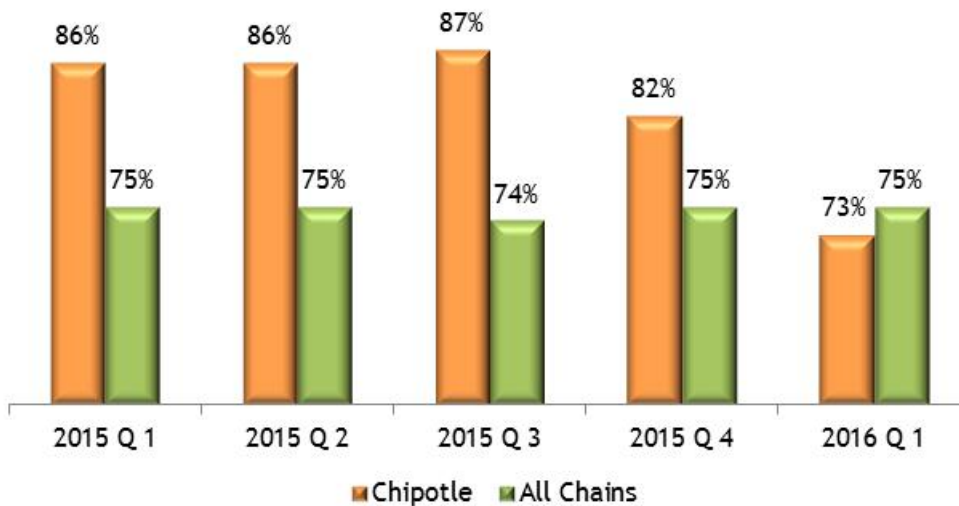
People visit restaurants for all kinds of reasons. Taste and quality of the food, convenience of locations, and value for the money are primary motivators. Likewise, when a restaurant falls out of contention, there can be a variety of reasons, but most issues boil down to trust.

A special report on brand trust is now available at no charge for Sandelman subscribers, as well as for \$500 for non-subscribers.

Contact Andrew Postell at (888) 897-7881 ext.2 for more information.

Restaurant I Trust

Top 2 Box Rating



Chains build trust by consistently meeting or exceeding consumers' expectations. Failing to do so results in a loss of trust, which can be costly. Changes in trust can be influenced by regular interaction with the chain, or less directly via news, a shuttered unit, or a poorly maintained building.

Chipotle provides a good example of the costs associated with a loss of trust. Interestingly, those who have been to Chipotle recently continue to rate it highly on the food, service, and facilities, but sales are off sharply as brand trust has fallen.

Quick-Track® reports on brand trust along with other key attributes that monitor brand positioning and brand health.

Convenience of drive-thru is powerful draw

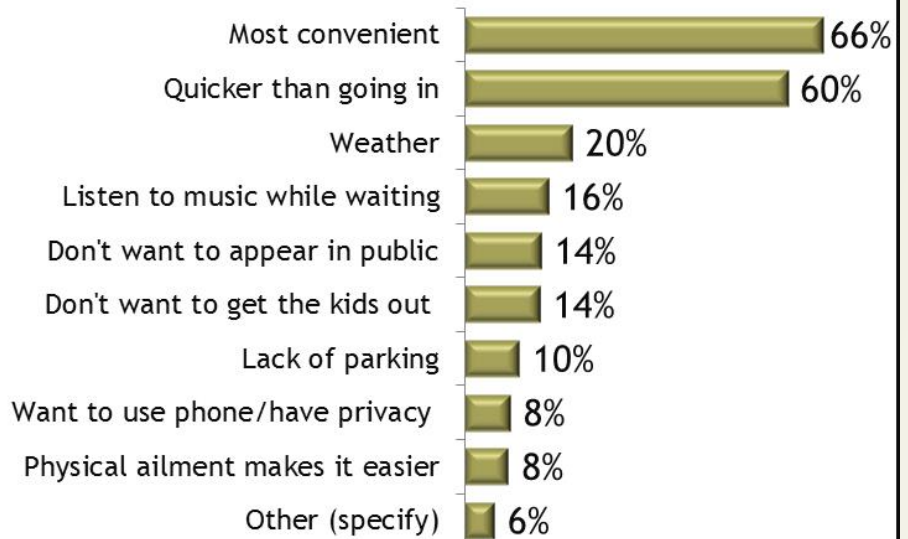
Fast-food was founded on convenience and that is why drive-thru has long been the most popular service mode. Six in ten or more drive-thru users mention speed and convenience as their primary reasons for choosing drive-thru

However, drive-thru usage is slipping as the population ages and consumers expect more from fast food. Over the past 5 years, drive-thru usage has slipped from 46% of all occasions down to 40% in 2016.

Women still allocate a larger percentage of their visits to drive-thru than men because they can be hesitant to be seen in public, don't want to take the kids out of the car, or want to avoid weather.

Special reports available on QSR eat-in, drive-thru, carry-out, and delivery.

Reasons for Choosing Drive-Thru



RTE steals from QSR and FSR

Fully 60% of all QSR users made at least one ready-to-eat (RTE) purchase from a grocery store, discount store (Target or Walmart), or superstore (Costco or Sam's) in the past month. Young people and heavy QSR users are more likely than average to make RTE purchases.

ing, or new and interesting flavors and sides.

This report includes a wealth of information on how various retailers like Publix, Costco, and Walmart are meeting customer needs and expectations.

Sandelman Sponsors MEG Conference

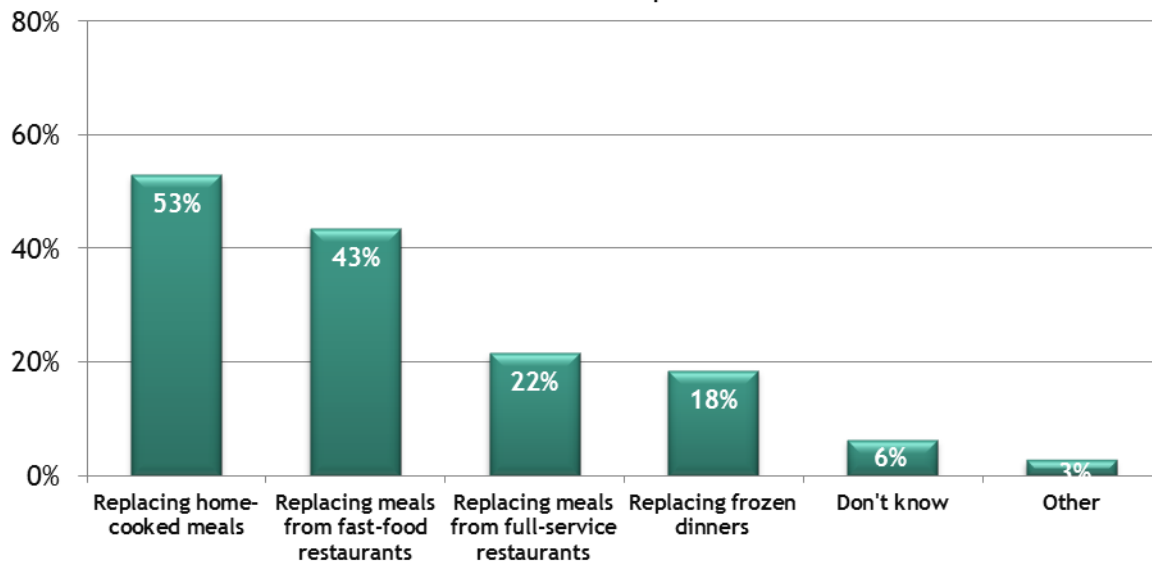
We are looking forward to seeing you at the Marketing Executives Group Conference at the Loews Hotel in Chicago next month. Sandelman is proud to sponsor this important forum for the restaurant industry's marketing leaders.

We'll also be at the NRA convention the following week.

If you are planning to attend the MEG or the NRA Show, be sure to contact Andrew Postell in advance of the meeting to select a free Special Report from our library (\$500 value). See back page for contact information.

Sandelman subscribers can get the full report at no charge. The non-subscriber fee is \$500. Contact Andrew@sandelman.com for more information.

What does RTE Purchase Replace



RTE usage may have stabilized for the time being as consumers report relying on RTE about the same as a year ago. In addition, much of the usage appears to replace other grocery purchases such as meals that would have been cooked at home or frozen meals.

RTE still has a significant impact on restaurant usage with 43% of RTE purchases replacing fast-food occasions and 22% replacing full service dining occasions.

RTE purchases are mostly for weekday dinners and consumers are attracted by the value and convenience. Fast-food, particularly pizza and chicken, need to continue to differentiate their take home dinner options to stay competitive. This might include improved packaging to keep product quality up, simplified Internet order-

2016 MEG SPRING CONFERENCE

May 18-20, 2016
Loews Hotel · Chicago, IL





NEW Quick-Track Attributes

Quick-Track now gives subscribers the same flexibility to customize attributes that consumers want for their meal. Subscribers can choose among 20 attributes to put together a comprehensive set that best meets their needs.

New attributes include:

- ◆ Freshness of the food
- ◆ Order customized at your direction
- ◆ Useful online/mobile app

Tracks
April 2016

Have you met Andrew Postell, VP of Sales?

Andrew Postell joined Sandelman in mid-2015 and has been busy getting to know key marketing and operations professionals throughout the restaurant industry. If you are planning to attend the MEG Conference or the NRA Show, give Andrew a call to set up a quick meeting. He'll reward you with a free special report (\$500 value) for taking the time.

You can reach Andrew via e-mail at andrew@sandelman.com or give him a call at (888) 897-7881, ext. 2.



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