



The Lean QSR Insights Brief

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Real-world behavior. Real business results.

Overview

Climbing inflation, low visitation rate, and increasing business costs are compounding a period of slow growth rates for the QSR market. Despite the challenges and decrease in foot traffic, the QSR industry has maintained some positive revenues this year through higher prices and menu changes.

The monthly average price has grown by double digits (+16.3%) while basket size has decreased (-5.3%)¹. QSRs may also be benefiting from higher food costs, as QSR goers weigh the financial benefits between going out and eating at home. While QSR and Grocery Store foot traffic has followed a similar trend over the last several months, QSRs did experience slightly higher visitation rates than grocery stores during recent months.

Performance Marketing Continues to be Important to Business Growth

In the latest volume of The Lean: QSR insights report, we spotlight top QSR audiences, foot traffic trends between grocery store shoppers and QSR diners, and break out the market share across breakfast and late-night dining. We also rank brand loyalty among the top QSR brands and identify the brands impacted by audience switchers. We share how QSR marketers can turn their traditional seasonal strategies into performance-driven campaigns that generate real business results.

¹Revenue Management Solutions



About The Lean

Between professional careers and personal lives, we understand that there is very little time left to read drawn out whitepapers. This is why we created The Lean — meaningful marketing insights that help brands make strategic decisions about their marketing campaigns. Specifically designed for easy consumption and quick reference, each issue of The Lean applies offline behavioral data filters and other industry sources to current consumer trends to help understand the impact they are having on business outcomes such as visits and sales. GroundTruth data is sourced from the 30 billion annual global visits observed on its platform. All data is anonymized and aggregated.

QSR Category Highlights

1

While QSR brands may be seeing an increase in revenue, it is not due to a rise in foot traffic to their brick-and-mortar stores

2

Customers are teetering between eating out & cooking at home as the increase in food prices affect menu prices and grocery bills

3

QSRs are battling for on-the-go breakfast customers while also competing for late night snack customers

4

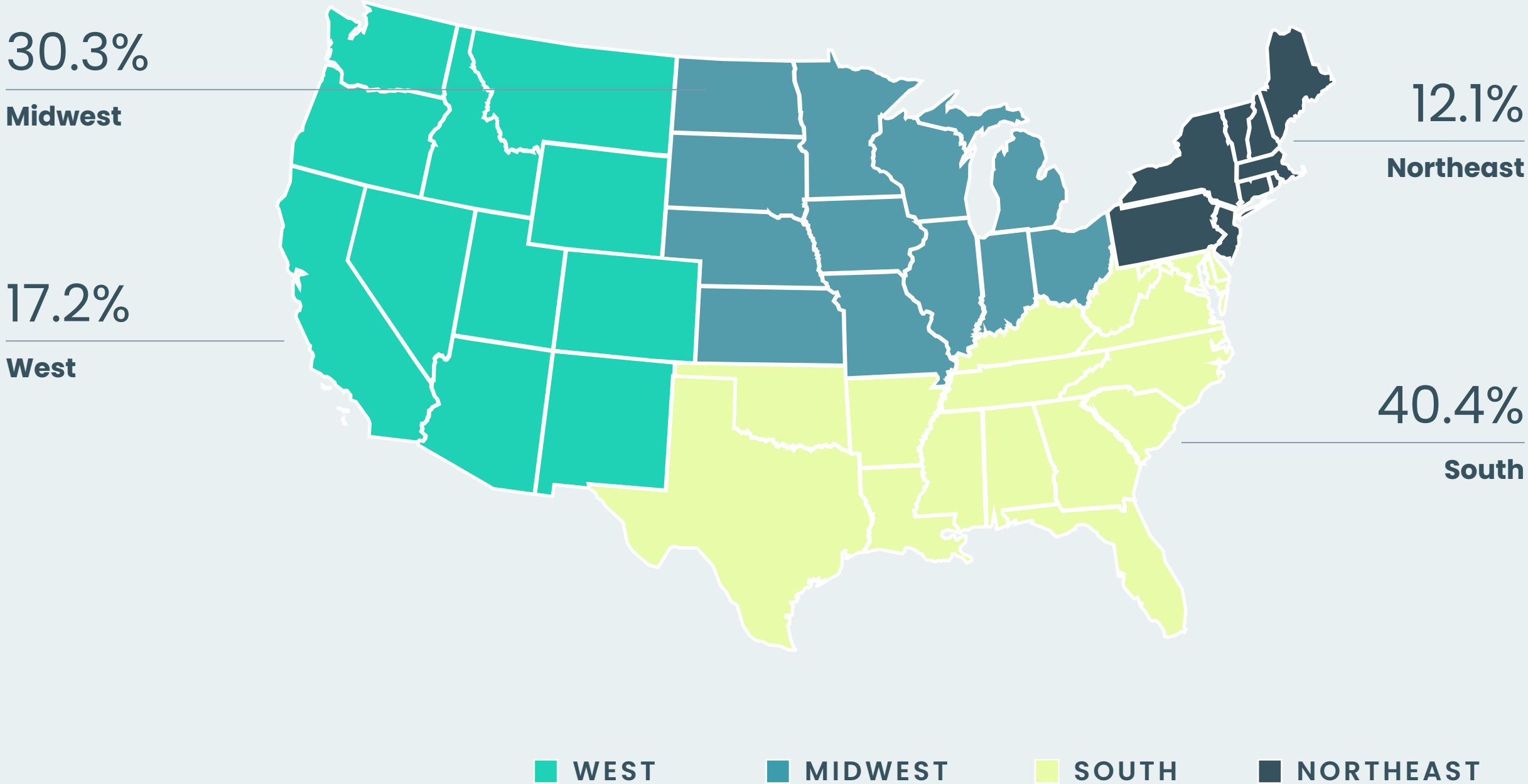
Remaining competitive and establishing brand loyalty in a crowded market is becoming increasingly important



At A Glance: QSR Category Snapshot



SHARE OF QSR FOOT TRAFFIC, BY REGION
(Normalized by Population)



22%
more likely than average to be Discount Shoppers

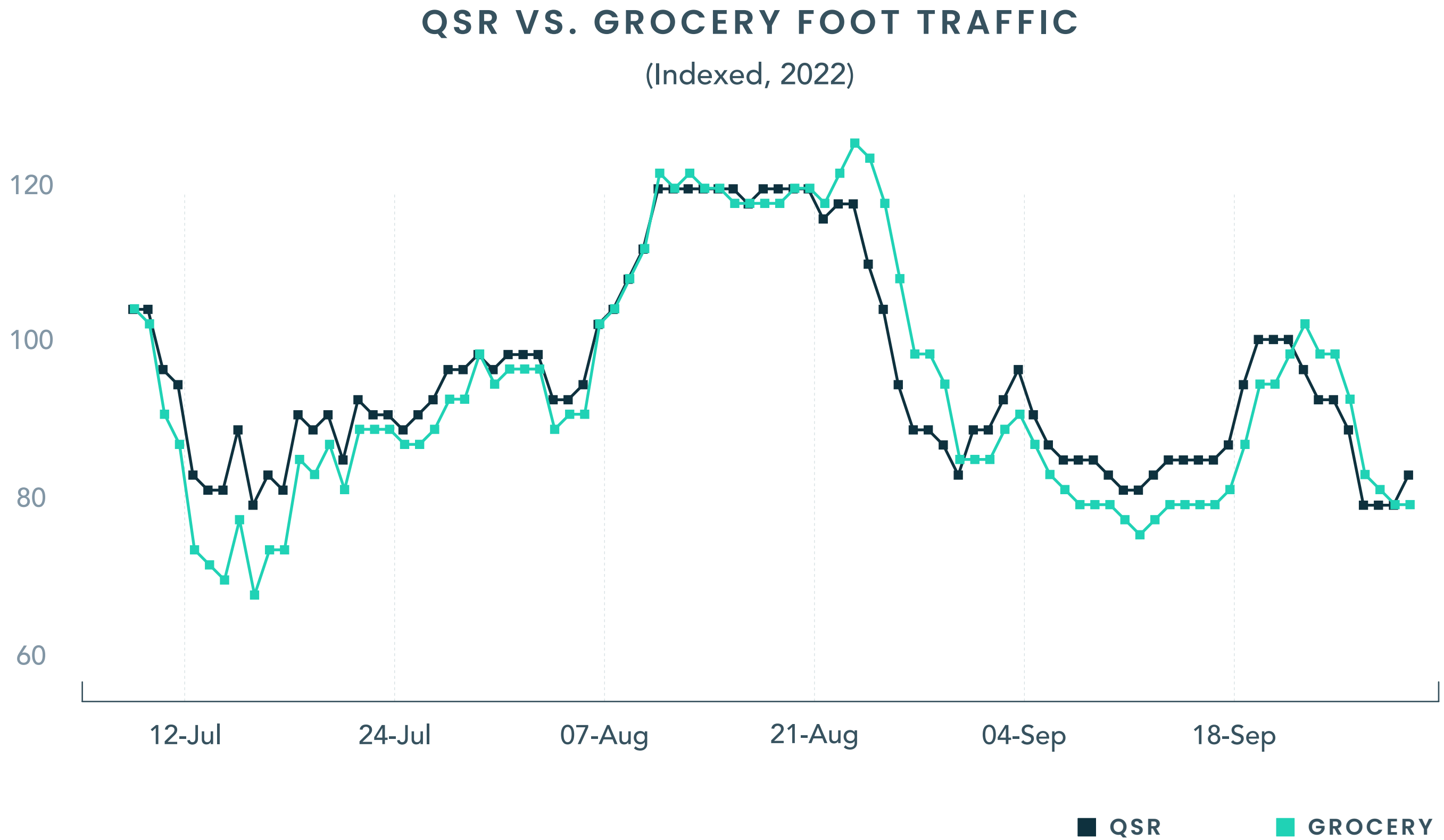
8%
more likely than average to be Grocery Shoppers

TOP 10 FAST FOOD AUDIENCES

Discount Shoppers	+22%
Veterans and Military	+18%
Recent Auto Repair Visitors	+16%
Young Professionals	+14%
Young Drivers	+13%
Car Owners	+12%
Convenience Shoppers	+12%
Department Shoppers	+11%
Working Moms	+10%
Grocery Shoppers	+8%

Customers Are Teetering Between Eating Out & Staying In

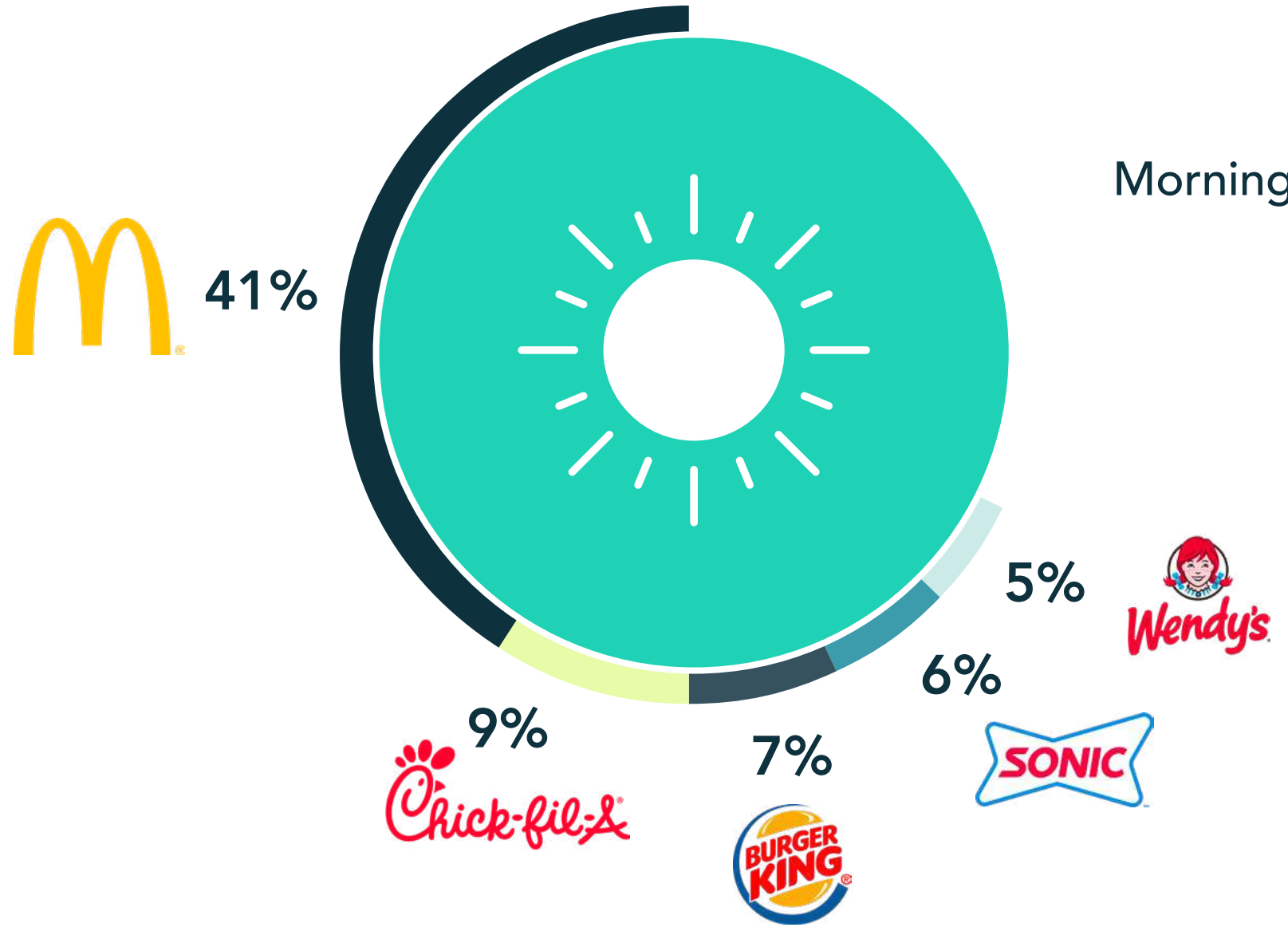
This leaves an opportunity for restaurants to encourage customers to eat out by providing limited time offers for cautious, value-driven customers



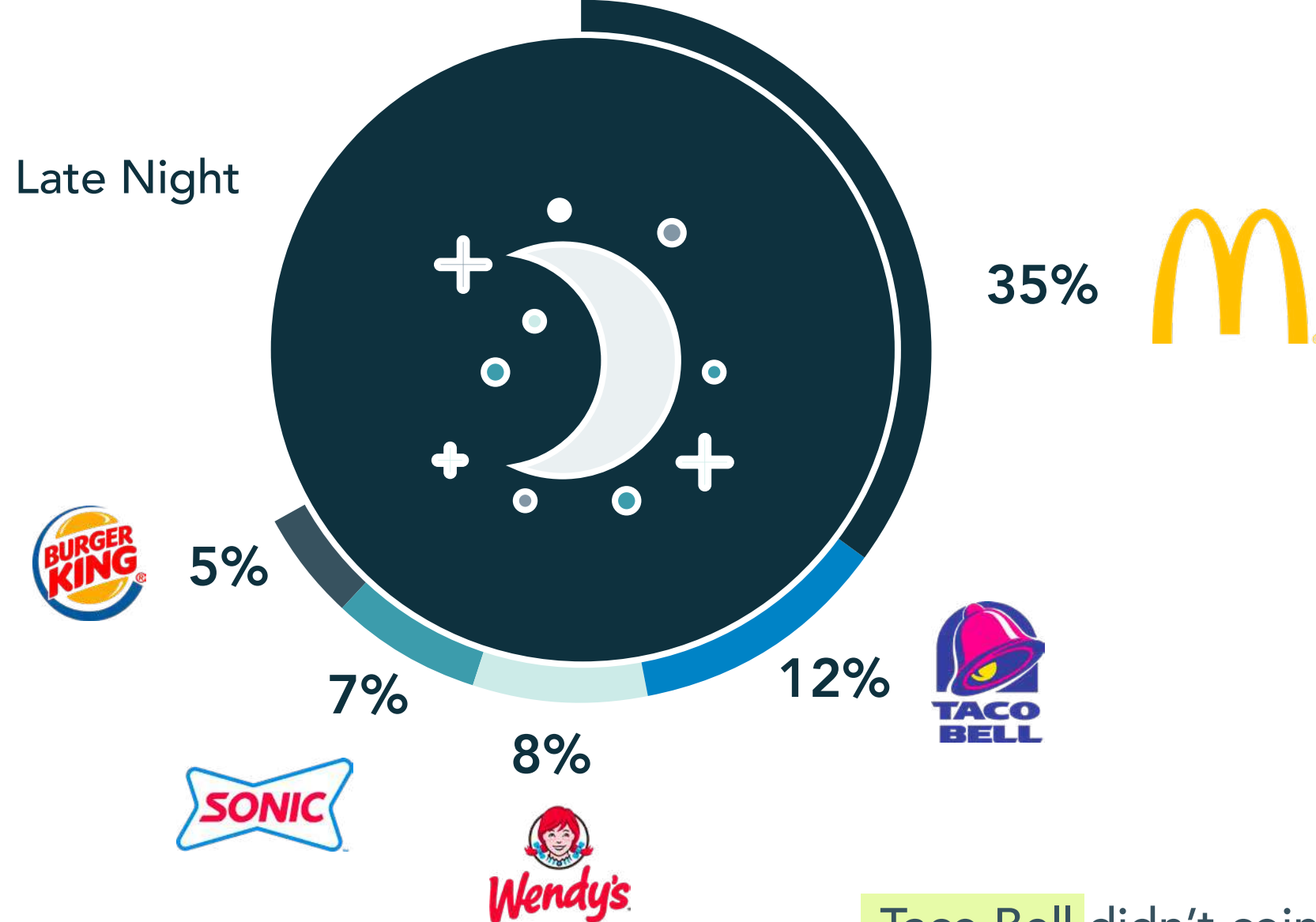
Breakfast & Late Night Competition Ramps Up

QSRs are battling for on-the-go breakfast customers while also competing for late night snack customers

QSR BRANDS SHARE OF FOOT TRAFFIC, BY DAYPART



McDonald's gained 1% share in the Morning Daypart from June to August, while losing 2% share in the Late Night hours.



Taco Bell didn't coin the term "The Fourth Meal" for nothing - they come in at #2 for late night eats.

Remaining Competitive In A Crowded Market Is Becoming Increasingly Important

Most QSR brands have a high percentage of shared visitors, making it increasingly important to keep customers loyal to your brand

% OF SHARED VISITORS

	MCDONALD'S	SUBWAY	CHICK-FIL-A	BURGER KING	WENDY'S	TACO BELL	SONIC DRIVE-IN
MCDONALD'S		55%	57%	58%	59%	62%	58%
SUBWAY	29%		32%	34%	34%	36%	34%
CHICK-FIL-A	21%	22%		22%	26%	26%	29%
BURGER KING	20%	21%	20%		25%	25%	21%
WENDY'S	21%	23%	26%	27%		28%	24%
TACO BELL	24%	26%	28%	29%	30%		31%
SONIC DRIVE-IN	16%	17%	21%	16%	18%	21%	
Avg % of Overlap	21%	26%	29%	29%	30%	31%	31%

Repeat customers spend **67%** more than new customers¹

Taco Bell and Sonic have the least loyal customers with an average of 31% who visit other major QSRs

¹ BIA/Kelsey



Churn Was High This Summer As Customers Try LTOs From Many Different Brands

Subway and Burger King gained the most customers from other QSR brands this summer

TOTAL % OF CUSTOMERS GAINED/LOST

(Feb.-Apr. '22 vs May-Jul. '22)

Subway	+10%
Burger King	+10%
Wendy's	+7%
Taco Bell	+6%
Chick-fil-A	-3%
McDonald's	-10%



Subway gained 29% of McDonald's customers and 9% of Taco Bell's





+15% +12%




Chick-fil-A lost 15% of customers to Burger King and 12% to Wendy's

+29%



+9%



Looking Forward



Early risers or late-night snackers – make sure you know who you are reaching with your daypart strategy.

Increase traffic to your locations during specific mealtimes using custom audiences to reach heavy Breakfast, Lunch, Dinner, and Late-Night diners. You can even reach competitor daypart audiences to help gain market share.

Seasonal weather changes create shifts in consumer dining behaviors.

Transitioning from summer vacations to hectic school and office schedules can be a good time to promote new limited-time offers (LTOs), especially during the upcoming fall/winter seasons. Increased curbside pick-up due to cooler temperatures can turn these key marketing initiatives into significant revenue increases by reaching the right audiences. Drive awareness of LTOs and acquire new customers by targeting competitive loyalists as well.

Who doesn't like a great deal?!

Fast food customers are also 22% more likely to be discount shoppers. According to GroundTruth visitation trends, these deal seekers are willing to go to different QSRs to find the best prices, which can compromise your customer brand loyalty. Reach budget-conscious customers with reward-based coupons by tapping into behavioral audience targeting to identify customers who visit locations like off-price retailers or fast food restaurants.

Do you know where your customers are dining? Your competitors are probably courting them!

Understanding brand overlap & churn can help slow churn and drive new, loyal customer growth. Real-time tactics like proximity targeting influence impulse visits by targeting consumers near your locations, regardless of their brand preferences.



Questions?

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