Operators are struggling with the need to provide low prices at a time when commodity costs are quickly increasing. Quick service restaurants must wean consumers off the idea of price and provide extra value in order to justify increases.”

– Bethany Wall, Foodservice Analyst

This report looks at the following areas:

- How do quick serves compete on price, even as costs rise?
- How can quick serves answer to the threat of fast casuals?
- How can operators capitalize on the aspects of QSR that consumers value most?

The recession and subsequent years have had a significant impact on the quick service restaurant (QSR) segment, for both operators and consumers. Value-pricing initiatives have kept patrons engaged, but consumer demand, media attention, rising commodity prices and the constant threat from competing segments have driven the fast food industry to rebrand itself and provide more upscale and healthier menu choices. While QSRs are shifting to become more like fast casual restaurants, they must be able to keep some of their core identity in terms of products and services to retain traditional customers.

This report explores the current state of the QSR segment of the restaurant industry, and will incorporate proprietary research featuring menu analysis and consumer data regarding attitudes and behaviors toward fast food dining, revealing strategic insights and actionable opportunities for operators.

DID YOU KNOW?

This report is part of a series of reports, produced to provide you with a more holistic view of this market.
Quick Service Restaurants - US - August 2013

Table of Contents

Scope and Themes

What you need to know
Definition
Data sources
Mintel Menu Insights
Consumer survey data
Abbreviations and terms
Abbreviations
Terms

Executive Summary

Market size
Figure 1: Total U.S. retail sales of quick service restaurants, at current prices, 2008-18

Market drivers
Opportunities
Marketing strategies
Menu analysis
Figure 2: Segment breakdown of food menu items at restaurants, by incidence, Q1 2010-13
Figure 3: Menu breakdown of food menu items at quick service restaurants, by incidence, Q1 2010-13

The consumer
Figure 4: Drivers for quick service restaurant visits, by gender, May 2013
Figure 5: Desired improvements for quick service restaurants, by gender, May 2013

What we think

Issues and Insights

Quick serves compete on price, even as costs rise
The issues
The implications
Quick serves answer to the threat of fast casuals
The issues
The implications
Capitalizing on the aspects of QSR that consumers value most
The issues
The implications

Innovators and Innovations – Pricing

Pricing strategies
Dollar and Value Menus
Limited time offers
Innovators and Innovations – Fast Casualization

- Better-For-You alternatives are attractive to consumers
- Customization creates upscale items at low cost
- Gourmet items for sophisticated consumers
- Salads and wraps highlight fresh ingredients
- Upscale breads, upscale image
- Remodeling
- Transparency

Innovators and Innovations: Core Competencies

- Standing out during breakfast
- Kids’ offerings: Healthful and fun
- Late night daypart
- Menu variety appeals to consumers
- Co-branding taps into the familiar
- Crowdsourcing reaches core consumers
- LTO beverages help drive interest

Enticing Consumers with Technology

- Real-world applications
- Décor makes consumers more comfortable

Trend Applications

- Trend: Minimize Me

Market Size and Forecast

- Key points
- Market size insight

Quick service restaurant sales and forecast

- Figure 6: Total U.S. retail sales of quick service restaurants, at current prices, 2008-18
- Figure 7: Total U.S. retail sales of quick service restaurants, at inflation-adjusted prices, 2008-18

Fan chart forecast

- Figure 8: Total U.S. retail sales of quick service restaurants, at current prices, 2008-18

Market Drivers

- Economic indicators
- Rising commodity prices
- Government legislation
- Cultural diversity
- Millennials drive usage
- Childhood obesity and diabetes

Competitive Context

BUY THIS REPORT NOW
Quick Service Restaurants - US - August 2013

Marketing Strategies

Overview of the brand landscape
Television advertisements
Arby’s
Burger King
McDonald’s
Subway
Taco Bell
Wendy’s
Crowdsourcing – the power of consumer feedback
Interactive marketing
Sweepstakes and contests
In-store games
Co-branding tie-ins
Endorsements and sponsorships
Causes and charitable programs
Local community involvement

Menu Analysis – Food Items

Segment overview
Figure 9: Segment breakdown of food menu items at restaurants, by incidence, Q1 2010-13

Menu section
Figure 10: Menu breakdown of food menu items at quick service restaurants, by incidence, Q1 2010-13

Menu items
Figure 11: Top 10 food menu items at quick service restaurants, by incidence, Q1 2010-13

Marketing claims
Figure 12: Top 10 marketing claims for food menu items at quick service restaurants, by incidence, Q1 2010-13

Nutritional claims
Figure 13: Top 10 nutritional claims for food menu items at quick service restaurants, by incidence, Q1 2010-13

Geographical claims
Figure 14: Top 10 geographical claims for food menu items at quick service restaurants, by incidence, Q1 2010-13

Kids’ menu items
Figure 15: Top 10 kids’ menu items at quick service restaurants, by incidence, Q1 2010-13

Menu Analysis – Drink Items

BUY THIS REPORT NOW
Segment overview

Figure 16: Segment breakdown of beverage menu items at restaurants, by incidence, Q1 2010-13

Menu items

Figure 17: Top 10 beverage menu items at quick service restaurants, by incidence, Q1 2010-13

Marketing claims

Figure 18: Top 10 marketing claims for drink items at quick service restaurants, by incidence, Q1 2010-13

Nutritional claims

Figure 19: Top 10 nutritional claims for menu items at quick service restaurants, by incidence, Q1 2010-13

Quick Service Restaurant Usage and Dayparts

Key points

Burger concepts are consistently popular throughout all dayparts

Figure 20: Quick service restaurant usage and dayparts, May 2013

Men are more likely to visit most quick serve types compared to women

Figure 21: Any quick service restaurant usage and dayparts, by gender, May 2013

Figure 22: Any daypart usage, by gender, May 2013

Young consumers more likely to visit most QSR types and dayparts

Figure 23: Any quick service restaurant usage and dayparts, by age, May 2013

Figure 24: Any daypart usage, by age, May 2013

Middle class visit Mexican and Asian quick serves more than other groups

Figure 25: Any quick service restaurant usage and dayparts, by household income, May 2013

Blacks visit chicken concepts more than any other group, while Asians choose Asian, beverage and snack QSRs

Figure 26: Any quick service restaurant usage and dayparts, by race, May 2013

Figure 27: Any daypart usage, by race, May 2013

Hispanics more likely than non-Hispanics to use every QSR type

Figure 28: Any quick service restaurant usage and dayparts, by Hispanic origin, May 2013

Figure 29: Any daypart usage, by Hispanic origin, May 2013

Regional differences emerge in QSR type and daypart preferred

Figure 30: Any quick service restaurant usage and dayparts, by region, May 2013

Figure 31: Any daypart usage, by region, May 2013

Changes in Behavior at Quick Service Restaurants

Key points

Consumers are restricting spending by cooking at home and using deals

Figure 32: Changes in behavior at quick service restaurants, May 2013

Women are more budget-conscious but seek healthful, upscale items

Figure 33: Changes in behavior at quick service restaurants (more), by gender, May 2013

Millennials are significant, but trade up to fast casual the most

Figure 34: Changes in behavior at quick service restaurants (more), by age, May 2013

Hispanics are looking for increased value in terms of price and quality

Figure 35: Changes in behavior at quick service restaurants (more), by Hispanic origin, May 2013
Drivers for Quick Service Restaurants

Key points

Consumers most interested in on-the-go consumption and drive-thrus
Figure 36: Drivers for quick service restaurant visits, by gender, May 2013

Young consumers find low prices and snack items to be most important
Figure 37: Drivers for quick service restaurant visits, by age, May 2013

Low-income consumers are willing to sacrifice speed for low prices
Figure 38: Drivers for quick service restaurant visits, by household income, May 2013

Blacks seek craveable items, while Asians look for affordable combo meals
Figure 39: Drivers for quick service restaurant visits, by race/Hispanic origin, May 2013

Hispanics are more likely to seek affordable combo meals at quick serves
Figure 40: Drivers for quick service restaurant visits, by race/Hispanic origin, May 2013

Desired Improvements for Quick Service Restaurants

Key points

Consumers seek items with lower calories and higher amounts of produce
Figure 41: Desired improvements for quick service restaurants, by gender, May 2013

Young consumers want customized smoothies and juices, while older consumers desire smaller items at lower prices
Figure 42: Desired improvements for quick service restaurants, by age, May 2013

Low-income consumers seek smoothies and juices, while affluent consumers want healthful items that are low in calories
Figure 43: Desired improvements for quick service restaurants, by household income, May 2013

Whites and Asians seek healthier items in terms of calories and ingredients
Figure 44: Desired improvements for quick service restaurants, by race/Hispanic origin, May 2013

Hispanics desire a greater variety of breakfast and coffee selections
Figure 45: Desired improvements for quick service restaurants, by race/Hispanic origin, May 2013

Consumer Behavior at Quick Service Restaurants

Key points

Consumers order the same things using to-go or drive-thrus
Figure 46: Consumer behavior at quick service restaurants, by gender, May 2013

Young consumers price sensitive, but seek customization; older consumers most likely to order coffee and breakfast
Figure 47: Consumer behavior at quick service restaurants, by age, May 2013

Low-income consumers visit QSRs due to price and order off dollar menu, middle class use drive-thru, and affluent desire customization
Figure 48: Consumer behavior at quick service restaurants, by household income, May 2013

Blacks use drive-thrus and eat in transit; Asians buy coffee and breakfast
Figure 49: Consumer behavior at quick service restaurants, by race/Hispanic origin, May 2013

Hispanics buy food and drink at breakfast, choosing QSRs over sit-downs
Figure 50: Consumer behavior at quick service restaurants, by race/Hispanic origin, May 2013

Northeasterners like breakfast; Midwesterners create dollar menu meals
Figure 51: Consumer behavior at quick service restaurants, by region, May 2013
Consumer Attitudes toward Quick Service Restaurants

Key points

Women want upscale, healthful items; men want a better dine-in experience
Figure 52: Consumer attitudes toward quick service restaurants (any agree), by gender, May 2013

Young consumers are looking for healthful items and dine-in ambience
Figure 53: Consumer attitudes toward quick service restaurants (any agree), by age, May 2013

Hispanics view freshness and healthiness as separate food qualities
Figure 54: Consumer attitudes toward quick service restaurants (any agree), by Hispanic origin, May 2013

Westerners see QSRs as cheap; Northeasterners see QSRs as unhealthful
Figure 55: Consumer attitudes toward quick service restaurants (any agree), by region, May 2013

Cluster Analysis

Super Users
Demographics
Characteristics
Opportunity
Fancy Pants
Demographics
Characteristics
Opportunity
Budget Bills
Demographics
Characteristics
Opportunity

Cluster characteristic tables
Figure 56: Target clusters, May 2013
Figure 57: Any quick service restaurant usage and dayparts, by target clusters, May 2013
Figure 58: Any daypart usage, by target clusters, May 2013
Figure 59: Changes in behavior at quick service restaurants (more), by target clusters, May 2013
Figure 60: Changes in behavior at quick service restaurants (more), by target clusters, May 2013
Figure 61: Drivers for quick service restaurant visits, by target clusters, May 2013
Figure 62: Desired improvements for quick service restaurants, by target clusters, May 2013
Figure 63: Consumer behavior at quick service restaurants, by target clusters, May 2013
Figure 64: Consumer attitudes toward quick service restaurants (any agree), by target clusters, May 2013

Cluster demographic tables
Figure 65: Target clusters, by demographic, May 2013

Cluster methodology

Appendix – Additional Tables

“Figure 66: Any daypart usage, by household income, May 2013”
Quick Service Restaurants - US - August 2013

Appendix – Market Drivers

Consumer confidence
Figure 74: University of Michigan’s Index of Consumer Sentiment (ICS), 2007-13

Unemployment
Figure 75: U.S. unemployment rate, by month, 2002-13
Figure 76: U.S. unemployment and underemployment rates, 2007-13
Figure 77: Number of employed civilians in U.S., in thousands, 2007-13

Food cost pressures
Figure 78: Changes in USDA Food Price Indexes, 2011 through June 25, 2013

Obesity
Figure 79: American adults by weight category as determined by body mass index (BMI), 2008-June 20, 2013

Childhood and teen obesity – highest in decades
Figure 80: Prevalence of obesity among children and adolescents aged 2-19, 1971-2010

Racial, ethnic population growth
Figure 81: U.S. population by race and Hispanic origin, 2008, 2013, and 2018
Figure 82: Households with children, by race and Hispanic origin of householder, 2012

Shifting U.S. demographics
Figure 83: U.S. population, by age, 2008-18
Figure 84: U.S. households, by presence of own children, 2002-12

Appendix – Trade Associations

Visits: store.mintel.com
Call: EMEA +44 (0) 20 7606 4533  Brazil 0800 095 9094
Americas +1 (312) 943 5250  APAC +61 (0) 2 8284 8100
Email: oxygen@mintel.com