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Newsletter



**Learn more:
Quick-Track
Syndicated Study**

- *Unaided and aided brand and advertising awareness*
- *Purchase level and purchase frequency*
- *Overall rating*
- *16 customer satisfaction attribute ratings*
- *Demographics*
- *Last purchase occasion dynamics, including promotion awareness and usage, amount spent, party size and composition*

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Fast-food users not fueling up?

Although average gas prices dipped ever so slightly to \$3.56 a gallon nationally when *Tracks* went to press, prices are up considerably in the past two years and generally in the past five years. The question on restaurant chain marketers' minds: How do gas prices affect fast-food usage?

Quick-Track® National measures QSR category usage (superheavy, heavy, moderate, light and nonusage) and many consumer confidence metrics, such as expectation of financial situation in the next six months.

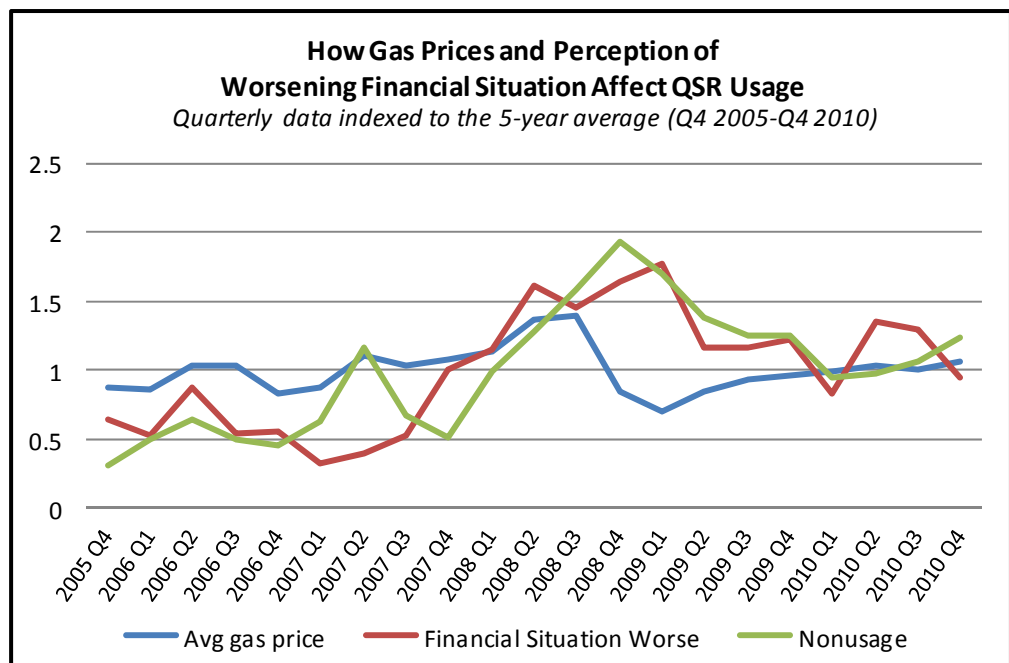
To better understand the impact of gas prices on fast-food usage, Sandelman indexed the average quarterly gas price to the five-year average (Q4 2005 - Q4 2010) and compared it to indices of expectation of worsening financial situation and fast-food nonusage (no past-month occasions).

Higher gas prices are to some extent correlated to higher levels of QSR nonusage. Of course it's difficult to isolate high gas prices from concerns about financial security, as one certainly feeds the other. But financial concerns and fast-food nonusage

lingered in 2009 after gas prices fell, because consumers remained concerned about their own security and other economic and political issues.

It appears growing perception in the minds of consumers that their *future* financial health might be in jeopardy is even more closely correlated to higher levels of QSR nonusage.

Brands that are perceived to be convenient (deep penetration, well located, availability of drive thru) and offer value tend to perform the best when gas prices rise or the economy falters.



Bigger sometimes is better

Which fast-food restaurant chain highly satisfies the most consumers month in and month out?

Readers who are familiar with

great reputations and they highly satisfy larger portions of their user bases than many competitors. For example, 89 percent of

Panera Bread's past-3-month users rated their last purchase excellent or very good overall.

But when it comes to satisfying vast numbers of users in the total population, McDonald's takes the prize, figuratively. When one takes into account that 73 percent of the population visited a McDon-

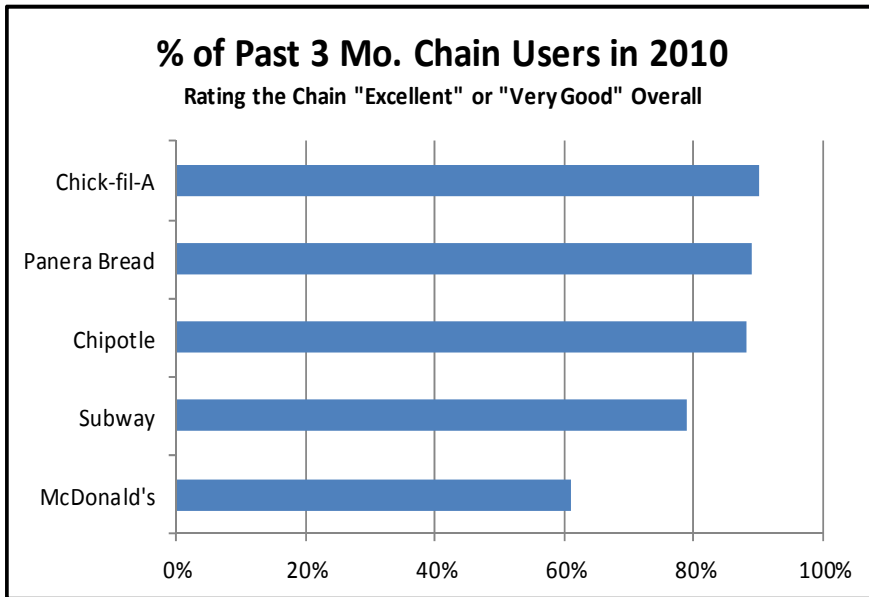
ald's at some point in the past 3 months, and 61 percent of them highly satisfies 45 percent of all fast-food users. That is more than any other chain, including a giant like Subway that has a large base of highly satisfied users.

So what? Many chain operators misjudge the power and allure of the McDonald's brand. McDonald's has a very large group of people who are extremely or very satisfied with the overall experience and many important components of the experience including the food, service, value, etc.

The chain also benefits from a large group of users who find the overall experience adequate, but the chain meets an immediate need like a convenient drive-thru, breakfast or a meal with the kids.

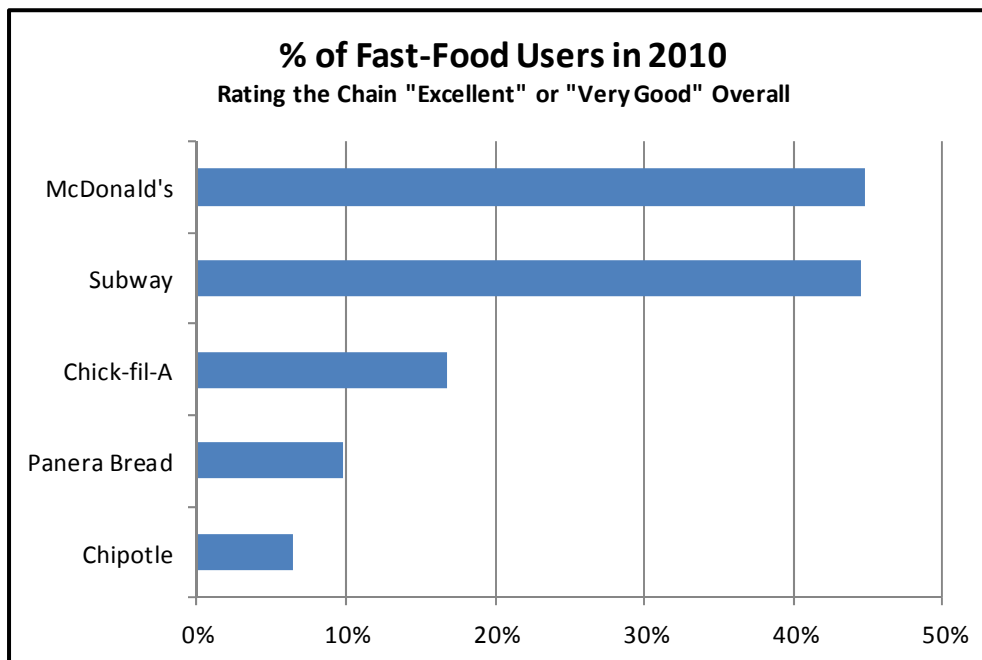
More important, McDonald's is growing because they are highly satisfying more and more users. McDonald's has expanded its past-3-month user base while it improved its top 2 box overall rating from 54 percent in 2006 to 61 percent in 2010. In other words, McDonald's is changing a lot of minds for the better, which is fueling growth.

McDonald's is a chain that every chain should be watching, no matter the chain type, because chances are more of your users are visiting McDonald's more often, and many are feeling better about it.



Sandelman & Associates' Awards of Excellence would figure Panera Bread, Chipotle or Chick-fil-A. These chains have

were extremely or very satisfied, that means McDonald's



Are they 'liking' it?

Sandelman & Associates will release *Social Media Lessons for Restaurant Operators 2011* this fall. It's interesting to consider some of the results from the 2009 Sandelman report. At

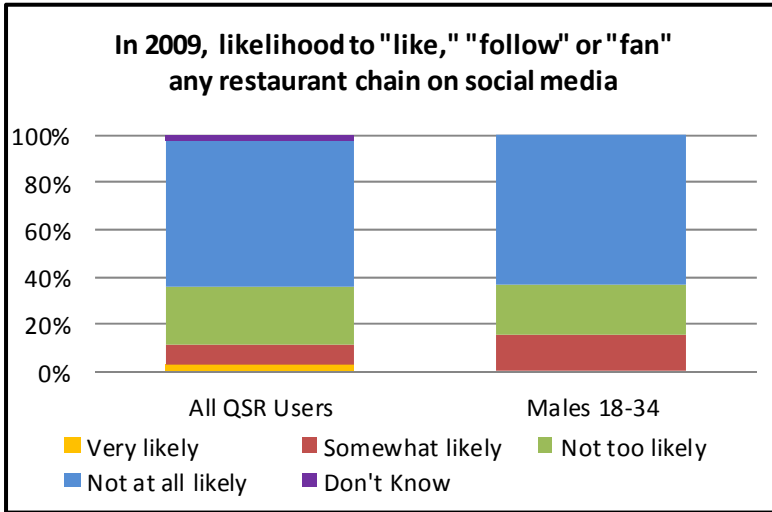
that time, only about 11 percent of restaurant customers were fans of restaurant sites. But of the nonfollowers, over 10 percent were likely to "like," "follow" or "fan" a restaurant

site. Question is, what kind of success have the social media sites had in the past two years in their efforts to persuade these consumers to "like" them?

Young consumers are the most likely to become fans of restaurants on these sites, despite the fact studies often indicate young consumers are highly skeptical of advertising tactics.

Most daunting: The nearly 65 percent of restaurant goes in 2009 who said they were "not at all likely" to "like" restaurant chains on social media. It will be interesting to see which chains have overcome that level of *ennui*.

In 2009, over 10 percent of nonfans were likely to "like," "follow" or "fan" a restaurant chain site.



'Hot' pizza promotions, delivered online

According to Quick-Track, the use of promotions for fast-food purchases increased from 18 percent in 2007 to 22 percent in 2010 as consumers sought out deals during the recession.

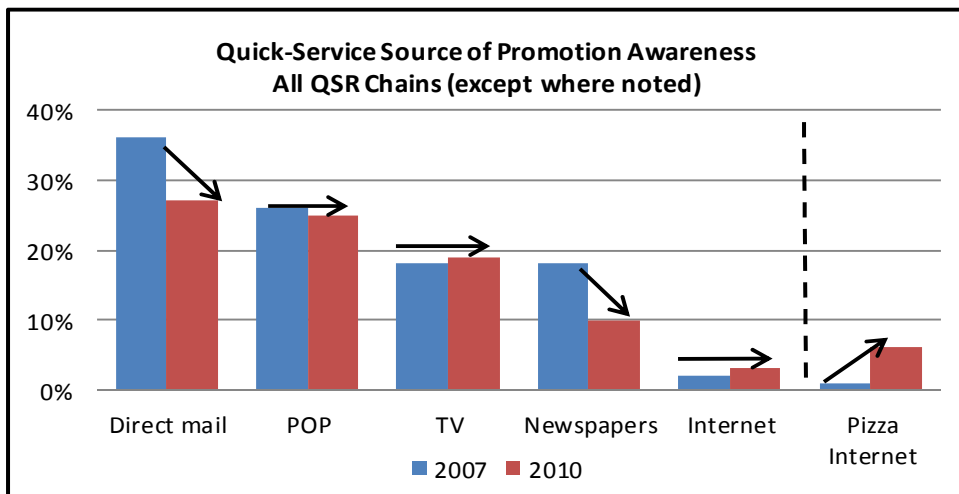
Direct mail and newspapers declined in importance as

sources of promo awareness; POP and TV were flat.

Surprisingly, the Internet as a promo source barely grew for the category in general, but pizza chains did drive eyeballs to the Web with easy-to-use online ordering programs. Similar shifts have been seen in

casual dining, but Internet is an even greater source of awareness for casual dining promos.

Social Media Lessons for Restaurant Operators 2011 will provide insight into the role social media plays in promotion awareness, as well as other brand metrics.



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‘Brand dynamics is local’

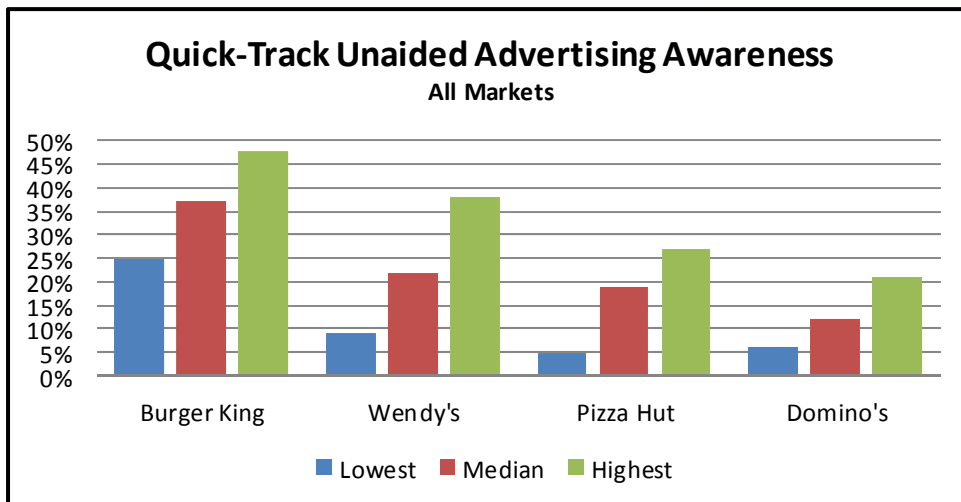
As the 2012 elections approach, pundits will remind voters “all politics is local.” Likewise, Sandelman & Associates believes consumers and the restaurant brands they patronize are local, too, so the firm monitors up to

80 media markets each quarter. Why? Because there often is a lot of variation in brand performance across markets.

The chart below demonstrates the variation in unaided advertising awareness for 4 national

brands across its markets.

Strikingly, ad awareness can be three to four times higher in one market than another. To learn more about a brand’s variation across markets, contact Paul Clarke at (847) 277-7603.



About Sandelman & Associates

Sandelman & Associates conducts consumer research exclusively for the foodservice industry. Information for this newsletter is taken from the Quick-Track and Casual-Track syndicated tracking studies. To learn how we can help you make better marketing decisions and for a 15-minute SandelmanEdge demonstration, call Paul Clarke at (847) 277-7603.