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Press Release

Health and Variety Increasingly Important to Fast-Food Users

Chains step up to the plate to meet changing needs

SAN CLEMENTE, CALIF. — According to a study of more than 62,000 quick-service restaurant users interviewed in 61 markets during 2005, an increasing percentage of customers desire healthful, nutritious food and broader menu variety at quick-service restaurants.

These findings are based on the quarterly syndicated Quick-Track® research program conducted by Sandelman & Associates, a San Clemente, Calif.-based market research firm that tracks consumer trends for the restaurant industry. Based on ratings provided by the study's respondents on fast-food chains they visited in the past three months, Sandelman announced its seventh annual **Quick-Track Awards of Excellence** for the top-rated chains.

Notable discoveries were made while analyzing the data to determine this year's award winners. Fully 43 percent of QSR customers rated "availability of healthy/nutritious food" "extremely important" in 2005, up from 35 percent in 2001. In fact, it is the only attribute of 12 studied that posted increases each year over the past five years. "Variety of menu items" also has gained in importance with some customers: 32 percent rated it "extremely important" in 2001 compared with 36 percent in 2005. Many QSR chains have responded to this growing interest by offering—or expanding their selection of—entrée salads, veggies, fruit and other items that are perceived to be healthful and nutritious. Over this same five-year period, consumers have increased their visits to fast-food restaurants from 16.3 to 17.2 occasions per month. "We think this increased patronage is due, at least in part, to the heightened interest in and broader availability of healthful menu items," says firm CEO Bob Sandelman.

Based on customer ratings of these measures, the industry has stepped up to the plate. In 2005, 20 percent of users rated QSR chains "excellent" on the availability of healthy/nutritious food compared with 15 percent in 2001. With respect to variety, 33 percent of users rated chains "excellent" in 2005 compared with 31 percent in 2001.

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Quick-Track Awards of Excellence Winners

In 2005, 36 percent of all quick-service restaurant chain customers rate their last occasion “excellent” overall, consistent with the peak satisfaction levels of 37 percent in 2004.

“It’s impressive that 12 chains were rated excellent overall by at least half of their customers,” says Sandelman. In 2005, many of the chains with the highest overall ratings feature pizza. “It is clear that many pizza chains are doing what’s necessary to satisfy their customers,” Sandelman adds.

Customers continue to give the highest marks to specialized regional chains, including those characterized as “fast casual.” In all, 31 chains received 2005 Awards of Excellence and five chains earned nearly half of all awards.

In-N-Out Burger and Panera Bread Co. Neck and Neck

Which chain is rated No. 1? In 2005, Irvine, Calif.-based In-N-Out Burger just edged out Panera Bread for the highest overall rating of last purchase occasion after tying the fast-casual concept for top honors the past two years. Fully 57 percent of customers rated In-N-Out Burger excellent (a rating of five on a five-point scale); Panera Bread was deemed excellent by 56 percent of customers. Perhaps bucking the trend of offering healthful items and menu variety, In-N-Out Burger is legendary for its streamlined menu of burgers, fries and milk shakes. Chains are rated by past-three-month patrons based on their last occasion.

But both chains’ overall ratings dropped slightly from 2004, when they each garnered “excellent” ratings from 59 percent of users. These chains were rated higher overall than 119 other chains for which ratings data were available, scoring 21 and 20 percentage points, respectively, above the all-chain average of 36 percent. In-N-Out received a total of 15 Awards of Excellence, scoring higher than all other chains on several key attributes, including quality of ingredients, taste of the food, temperature of food, friendliness/courtesy and order accuracy. Panera Bread, a fast-casual bakery/café concept, earned seven awards, including the highest rated chain on restaurant cleanliness.

Pizza Dominates Top 10

Regional pizza chains excelled in 2005, capturing three of the Top 10 spots in the Top Rated Chains Overall category. The three chains are Idaho Pizza Company (55 percent), Chicago Connection Pizza (52 percent) and Imo’s Pizza (51 percent). Pat & Oscar’s (51 percent), which features a broad menu including pizza, ranked No. 8. Chick-fil-A was the only chicken chain in the Top 10, ranked No. 4 overall (54 percent) and In-N-Out was the only burger chain.

Chick-fil-A received nine awards in 2005, though it slipped one slot from its No. 3 ranking in 2004. Chick-fil-A outscored all other chicken chains overall and on nine of the 12 attributes studied.

Two fast-casual chains in addition to Panera Bread were on the Top 10 list: Panera Bread's sister chain St. Louis Bread Co., rated "excellent" by 54 percent of patrons, and Chipotle with a 51 percent rating. Another Mexican chain made the coveted Top 10—Chico's Tacos—with a 51 percent mark, too.

Nearly Half of Chains Improve Year-to-Year Customer Satisfaction Ratings

Slightly fewer than half of chains (57 of 121 in all) improved their overall rating from last year, but only eight chains achieved a statistically significant increase. In 2004, by comparison, nearly 80 percent of chains improved upon their year-ago rating, with one in four showing a significant increase. The chains in 2005, which enjoyed statistically significant year-to-year increases: Idaho Pizza Company, Chicago Connection Pizza, D'Angelo Sandwich Shop, Pat & Oscar's, Taco Bueno, Captain D's, Burger King and McDonald's.

While sandwich chains continue to be highest rated (40 percent overall "excellent" rating), Mexican chains and "miscellaneous" chains, such as Pat & Oscar's and Bill Miller's, were only a bit behind (38 percent "excellent" rating). Nonetheless, chicken (35 percent) and Mexican chains dipped 1 percent in the overall ratings from 2004 to 2005, while "miscellaneous" chains slid 2 percent (from 40 percent to 38 percent).

Average ratings across all chains over the past year increased measurably for only one key attribute: taste or flavor of the food. Each of the other 11 attributes was either flat or just below 2004 levels.

Cleanliness, Taste and Order Accuracy Most Important Factors

The three most important factors to fast-food users in their selection of a quick-service chain continue to be the cleanliness of the restaurant (77 percent rated this "extremely important"), taste or flavor of the food (73 percent) and order accuracy (66 percent). Quality of ingredients also is highly important (64 percent) and increased slightly in importance from 2004 (63 percent). Temperature of food ranks next in importance (increased 2 points to 57 percent).

Highest rated attributes across all chains were generally consistent with those that are most important as well—order accuracy, taste of food, food temperature, quality of ingredients and cleanliness. The lowest rated attributes were overall appeal to kids, availability of healthy/nutritious food and value for the money, which also are relatively less important in fast-

food decisions. So, while the fast-food industry has made some strides on the health front, there is still plenty of room for further improvement since availability of healthy menu items is still one of the lowest rated attributes overall.

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About The Study

Quick-Track® is a syndicated research study that tracks key consumer behavioral and attitudinal measures for all major fast-food and pizza chains in individual markets. This research program has been conducted on a quarterly basis since 1988 by Sandelman & Associates, a San Clemente, Calif.-based market research firm. During 2005, Quick-Track telephone surveys were conducted in 61 major markets across the U.S. among a total sample of 62,751 fast-food users. Respondents provide an overall rating of their last purchase occasion for each tracked chain they have patronized in the past three months. They also rate selected chains they have patronized in the past three months on 12 key attributes that define a chain's image, including food, service, cleanliness, convenience and value. A five-point rating scale is used, with "1" being "poor" and "5" being "excellent." The scores reported equal the percentage of patrons giving an "excellent" rating (top-box score). To ensure reliability, data is reported only for those chains that were rated by at least 150 past-three-month users. For some chains, the sample of respondents providing an overall rating was sufficient and this rating is included in the report, but the base providing ratings on specific attributes was below the 150 minimum requirement and attribute ratings for those chains are not included in the report. Importance ratings for the same 12 attributes are provided from the quarterly Quick-Track National study, which was conducted among 2,400 quick-service restaurant users in 2005. Respondents rate the importance of each attribute in their selection of a fast-food or pizza restaurant, with "1" being "not at all important" and "5" being "extremely important."

TOP RATED CHAINS OVERALL — BY CHAIN TYPE

% "Excellent" for Overall Rating of Last Occasion

ALL CHAIN TYPES

In-N-Out Burger	57%
Panera Bread	56%
Idaho Pizza Company	55%
Chick-fil-A	54%
St. Louis Bread Co.	54%
Chicago Connection Pizza	52%
Chipotle	51%
Pat & Oscar's	51%
Chico's Tacos	51%
Imo's Pizza	51%
<i>ALL CHAINS AVERAGE</i>	<i>36%</i>

BURGER CHAINS

In-N-Out Burger	57%
Culver's	44%
Backyard Burgers	43%
<i>BURGER CHAINS AVG.</i>	<i>32%</i>

CHICKEN CHAINS

Chick-fil-A	54%
Zaxby's	49%
William's Chicken	42%
<i>CHICKEN CHAINS AVG.</i>	<i>35%</i>

MEXICAN CHAINS

Chipotle	51%
Chico's Tacos	51%
Moe's Southwest Grill	50%
<i>MEXICAN CHAINS AVG.</i>	<i>38%</i>

SANDWICH CHAINS

Panera Bread	56%
St. Louis Bread Co.	54%
Atlanta Bread Co.	46%
<i>SANDWICH CHAINS AVG.</i>	<i>40%</i>

PIZZA CHAINS

Idaho Pizza Company	55%
Chicago Connection Pizza	52%
Imo's Pizza	51%
<i>PIZZA CHAINS AVG.</i>	<i>37%</i>

MISCELLANEOUS CHAINS

Pat & Oscar's	51%
Bill Miller's	43%
Captain D's	41%
<i>MISC. CHAINS AVG.</i>	<i>38%</i>

TOP RATED CHAINS FOR EACH ATTRIBUTE

% Rating "extremely important" or
"excellent"

Taste or Flavor of Food

<i>Importance</i>	72.8%
In-N-Out Burger	64.5%
Chick-fil-A	59.4%
Chico's Tacos	56.5%
ALL CHAINS AVERAGE	43.5%

Speed of Service

<i>Importance</i>	47.5%
Bill Miller's	51.2%
Chick-fil-A	48.2%
Chipotle	48.0%
ALL CHAINS AVERAGE	31.3%

Quality of Ingredients

<i>Importance</i>	64.3%
In-N-Out Burger	60.1%
Panera Bread	53.1%
Chick-fil-A	52.5%
ALL CHAINS AVERAGE	36.9%

Accuracy in Filling Orders

<i>Importance</i>	66.4%
In-N-Out Burger	64.0%
Papa Murphy's	62.8%
Chipotle	61.7%
ALL CHAINS AVERAGE	44.5%

Temperature of Food

<i>Importance</i>	57.4%
In-N-Out Burger	60.3%
Papa Murphy's	56.7%
Taco Tote	55.5%
ALL CHAINS AVERAGE	42.5%

Cleanliness of Restaurant

<i>Importance</i>	77.3%
Panera Bread	61.2%
In-N-Out Burger	57.6%
Chick-fil-A	56.7%
ALL CHAINS AVERAGE	35.6%

Variety of Menu Items

<i>Importance</i>	35.6%
Culver's	46.3%
Port of Subs	46.2%
Sonic	44.1%
ALL CHAINS AVERAGE	33.0%

Overall Appeal to Kids

<i>Importance</i>	33.2%
McDonald's	50.9%
Chick-fil-A	40.5%
Wienerschnitzel	33.5%
ALL CHAINS AVERAGE	21.6%

Healthy/Nutritious Food

<i>Importance</i>	43.4%
Subway	56.2%
Panera Bread	50.1%
Submarina	47.4%
ALL CHAINS AVERAGE	22.3%

Convenience of Locations

<i>Importance</i>	48.1%
McDonald's	55.3%
Bill Miller's	50.1%
Little Caesars Pizza	44.7%
ALL CHAINS AVERAGE	31.7%

Friendliness/Courtesy

<i>Importance</i>	54.5%
In-N-Out Burger	60.9%
Chick-fil-A	54.7%
Bill Miller's	51.8%
ALL CHAINS AVERAGE	33.9%

Value for the Money

<i>Importance</i>	53.4%
Chico's Tacos	68.6%
Little Caesars Pizza	57.4%
Papa Murphy's	56.0%
ALL CHAINS AVERAGE	29.3%

CHAINS IMPROVED OVERALL RATING vs. YEAR-AGO — BY CHAIN TYPE

Chains with statistically significant year-to-year increases

BURGER CHAINS

Burger King

McDonald's

MEXICAN CHAINS

Taco Bueno

SANDWICH CHAINS

D'Angelo Sandwich Shop

PIZZA CHAINS

Idaho Pizza Company

Chicago Connection Pizza

MISCELLANEOUS CHAINS

Pat & Oscar's

Captain D's

EXTREME STATS: FAST-FOOD EDITION

62,751	Number of fast-food users surveyed during 2005
121	Number of chains rated on an overall basis in 2005
101	Number of Awards of Excellence issued in 2005
58	Number of chains rated on 12 key attributes in 2005
61	Number of markets where fast-food users were interviewed in 2005
48	Number of Awards of Excellence earned by 5 chains
53	Number of Awards of Excellence earned by 26 chains
31	Number of chains earning at least one Award of Excellence
15	Most 2005 Awards of Excellence earned by a chain (In-N-Out Burger)
1	Number of awards earned by each of 14 chains
47%	Percent of chains with higher overall rating ("Excellent") in 2005 vs. 2004
77%	Rate "cleanliness of restaurant" as extremely important (most important attribute)
57%	Highest overall rating earned by a chain (In-N-Out Burger)
56%	Subway rating on "availability of healthy/nutritious food" (top-rated chain)
55%	McDonald's rating on "convenience of locations" (top-rated chain)
51%	McDonald's rating on "overall appeal to kids" (top-rated chain)
45%	Average chain rating on "order accuracy" (highest rated attribute)
41%	Greatest disparity between importance (77%) and average chain rating (36%) ("cleanliness of restaurant")
40%	Highest average overall rating by chain type (sandwich chains)
36%	Average overall rating across all chains
33%	Rating "overall appeal to kids" as extremely important (least important attribute)
32%	Lowest average overall rating by chain type (burger chains)
7%	Percent of chains with statistically significant increase in overall rating in 2005 vs. 2004
22%	Average chain rating on "overall appeal to kids" (lowest rated attribute)
15%	Lowest overall "excellent" rating earned by a chain (Sbarro)
18%	Largest increase in overall rating from 2004 to 2005 (Idaho Pizza Company)
2.6%	Difference between importance rating (35.6%) and average chain rating (33.0%) on "menu variety"
0.1%	Smallest increase in overall rating from 2004 to 2005 (KFC and Blimpie)