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Press Release

Fast-Food Users Increasingly Satisfied

Chains responding to consumers' desires for healthier fare

VILLA PARK, CA — According to a study of more than 67,600 fast-food users interviewed in 57 markets during 2004, Americans are becoming increasingly satisfied with fast-food chain restaurants. These higher satisfaction levels indicate that many chains have successfully responded to consumers' desires for higher quality food that not only tastes good but is more healthy and nutritious.

These findings are based on the quarterly syndicated Quick-Track® research program conducted by Sandelman & Associates, a 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 sixth annual Quick-Track "Awards of Excellence" for the top-rated chains.

"Overall customer satisfaction with fast-food chains has been increasing over the past couple of years, but the improvement in 2004 was especially noteworthy," said Bob Sandelman, President of the firm. The chains with the highest overall ratings continue to be those that specialize in a limited menu of great tasting food, while providing fast, friendly service and a clean, comfortable atmosphere. "It is clear that many major chains have responded to the wants and needs of their customers by providing higher quality, better tasting food as well as more healthful, nutritious menu options," Sandelman added. While customers continue to give the highest marks to specialized regional chains, including those characterized as "Fast-Casual", many of the largest national chains have significantly improved their levels of customer satisfaction over the past year. In all, 31 chains received "Awards of Excellence" in 2004, with five key chains earning more than half of all awards.

Panera/St. Louis Bread Co. and In-N-Out Burger Share Top Honors Again

In a repeat of 2003, Panera/St. Louis Bread and In-N-Out Burger were in a dead heat again in 2004, each being rated “Excellent” by 59% of their respective past-three-month patrons based on their last occasion at each chain. Both chains increased their overall rating from 56% last year. These chains were rated higher overall than 117 other chains for which ratings data were available, scoring 22 percentage points above the all-chain average of 37%. In-N-Out, a traditional burgers and fries chain, received a total of 15 “Awards of Excellence”, scoring higher than all other chains on several key attributes, including taste of the food, temperature of food, friendliness/courtesy, and order accuracy. Panera/St. Louis Bread, a Fast-Casual bakery/café concept, earned 12 awards, including the highest rated chain on quality of ingredients and restaurant cleanliness.

Sandwich and Mexican Chains Dominate The Top Ten

Two sandwich chains in addition to Panera/St. Louis Bread Co. were on the top ten list – Atlanta Bread Co., rated “Excellent” by 52% of patrons, and Firehouse Subs with a 51% rating. Three Mexican chains made the coveted top ten, each receiving a rating of 51%, namely Chipotle, a rapidly expanding Fast-Casual chain, and two much smaller chains that currently do business in just one market -- Carnitas Queretaro and Chico’s Tacos. The remaining chains in the top ten included two pizza concepts – Smoky Mountain (51%) and Giordano’s (50%) -- while Chick-fil-A was the only chicken chain (53%) and In-N-Out was the only burger chain. Chick-fil-A received nine awards in 2004 and improved its ranking from #6 to #3 this year, outscoring all other chicken chains overall and on eight of the 12 key attributes.

National and Major Regional Chains Enjoy The Most Improvement in Customer Satisfaction

Nearly eight out of ten chains improved their overall rating since last year, with one in four earning a statistically significant increase. In 2003, only about 60% of chains increased their rating from year-ago with just 19% showing a significant increase. Most of the chains enjoying statistically significant year-to-year increases are key national or regional players, such as McDonald’s, Burger King, Hardee’s, Jack in the Box, Sonic, Carl’s Jr., Whataburger, In-N-Out, KFC, Chick-fil-A, Church’s, Boston Market, Bojangles, Popeyes, Taco Bell, Panera Bread, Schlotzsky’s, Arby’s, Pizza Hut, Domino’s, Little Caesars, and Panda Express.

The average “Excellent” rating for all chains was 37% in 2004, up from 35% in 2003 and 34% in 2002. While sandwich/bakery and miscellaneous chains continue to be the highest rated types of chains (40% each), all chain types improved their overall ratings since last year. Mexican chains and chicken chains showed the most improvement in overall ratings, up 4% and 3%, respectively.

Average ratings across all chains increased over the past year for every key attribute except value, particularly for quality of ingredients and availability of healthy/nutritious food. Thus, the overall improvement in customer satisfaction appears to be related to a broad range of factors related to the fast-food dining experience and indicates that many chains have successfully responded to consumers' desires for higher quality, good-tasting food that better fits a healthier lifestyle.

Availability of Healthy/Nutritious Food Increasingly Important

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% rated this "extremely important"), taste or flavor of the food (74%), and order accuracy (66%). However, the availability of healthy/nutritious food is the only attribute that increased in importance each year over the past three years, from 34% in 2001 to 40% in 2004. Many chains have responded to this increased interest by offering entrée salads, low carb and low fat menu items, fruit, and other items that are perceived to be healthy and nutritious. Quality of ingredients is also highly important (63%) and increased significantly in importance from 2003 (60%). Temperature of food ranks next in importance (55%).

Highest rated attributes across all chains were generally consistent with those that are most important as well – order accuracy, food temperature, taste of food, 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 are also 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.

Quick-Track® is a syndicated research program that has been conducted by Sandelman & Associates on a quarterly basis since 1988. The large base of respondents surveyed throughout the year provides data with a high level of statistical reliability.

Sandelman & Associates is a Villa Park, CA based independent research company that provides the restaurant industry with credible and clear feedback from their customers. More information is available on the Internet at www.sandelman.com.

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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 Villa Park, CA based market research firm. During 2004, Quick-Track telephone surveys were conducted in 57 major markets across the U.S. among a total sample of 67,601 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 twelve 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 are 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, and attribute ratings for those chains are not included in the report. Importance ratings for the same twelve attributes are provided from the quarterly Quick-Track National study, which was conducted among 2,400 quick-service restaurant users in 2004. 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

Panera/St. Louis Bread Co.	59%
In-N-Out Burger	59%
Chick-fil-A	53%
Atlanta Bread Co.	52%
Carnitas Queretaro	51%
Chipotle	51%
Firehouse Subs	51%
Chico's Tacos	51%
Smoky Mountain Pizza & Pasta	51%
Giordano's Pizza	50%
<i>ALL CHAINS AVERAGE</i>	<i>37%</i>

BURGER CHAINS

In-N-Out Burger	59%
Fatburger	47%
Rush's	44%
<i>BURGER CHAINS AVERAGE</i>	<i>32%</i>

CHICKEN CHAINS

Chick-fil-A	53%
Chicken Kitchen	48%
Boston Market	43%
<i>CHICKEN CHAINS AVERAGE</i>	<i>36%</i>

MEXICAN CHAINS

Carnitas Queretaro	51%
Chipotle	51%
Chico's Tacos	51%
<i>MEXICAN CHAINS AVERAGE</i>	<i>39%</i>

SANDWICH CHAINS

Panera/St. Louis Bread Co.	59%
Atlanta Bread Co.	52%
Firehouse Subs	51%
<i>SANDWICH CHAINS AVERAGE</i>	<i>40%</i>

PIZZA CHAINS

Smoky Mountain Pizza & Pasta	51%
Giordano's Pizza	50%
Imo's Pizza	48%
<i>PIZZA CHAINS AVERAGE</i>	<i>37%</i>

MISCELLANEOUS CHAINS

Tim Horton's	44%
Pat & Oscar's	44%
Bill Miller's	43%
Pick-up Stix	43%
<i>MISC. CHAINS AVERAGE</i>	<i>40%</i>

TOP RATED CHAINS FOR EACH ATTRIBUTE

% Rating "Extremely important" or "Excellent"

Taste or Flavor of Food

<i>Importance</i>	74.4%
In-N-Out Burger	63.6%
Panera/St. Louis Brd.	61.7%
Taco Tote	57.4%
ALL CHAINS AVG.	41.7%

Speed of Service

<i>Importance</i>	48.2%
Papa Murphy's	52.2%
Biscuitville	49.8%
Chipotle	49.1%
ALL CHAINS AVG.	31.4%

Quality of Ingredients

<i>Importance</i>	63.2%
Panera/St. Louis Brd.	61.3%
In-N-Out Burger	60.7%
Baja Fresh	54.3%
ALL CHAINS AVG.	38.0%

Accuracy in Filling Orders

<i>Importance</i>	65.5%
In-N-Out Burger	64.5%
Panera/St. Louis Brd.	64.4%
Papa Murphy's	63.6%
ALL CHAINS AVG.	45.4%

Temperature of Food

<i>Importance</i>	55.3%
In-N-Out Burger	60.8%
Panera/St. Louis Brd.	58.8%
Papa Murphy's	58.0%
ALL CHAINS AVG.	43.5%

Cleanliness of Restaurant

<i>Importance</i>	76.6%
Panera/St. Louis Brd.	59.8%
In-N-Out Burger	56.8%
Chipotle	56.7%
ALL CHAINS AVG.	35.8%

Variety of Menu Items

<i>Importance</i>	33.9%
Carnitas Queretaro	51.7%
Panera/St. Louis Brd.	47.5%
Biscuitville	46.3%
ALL CHAINS AVG.	33.3%

Overall Appeal to Kids

<i>Importance</i>	33.3%
McDonald's	52.0%
Chick-fil-A	37.7%
Dairy Queen	34.7%
ALL CHAINS AVG.	21.2%

Healthy/Nutritious Food

<i>Importance</i>	40.2%
Subway	58.1%
Panera/St. Louis Brd.	53.1%
Chicken Kitchen	50.2%
ALL CHAINS AVG.	22.7%

Convenience of Locations

<i>Importance</i>	45.9%
McDonald's	56.5%
Bill Miller's	50.7%
Little Caesars Pizza	45.9%
ALL CHAINS AVG.	31.9%

Friendliness/Courtesy

<i>Importance</i>	53.3%
In-N-Out Burger	60.2%
Carnitas Queretaro	53.7%
Chick-fil-A	52.2%
ALL CHAINS AVG.	34.4%

Value for the Money

<i>Importance</i>	51.1%
Chico's Tacos	68.7%
Papa Murphy's	61.0%
Little Caesars Pizza	59.0%
ALL CHAINS AVG.	29.5%

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

(Chains with statistically significant year-to-year increases)

BURGER CHAINS

White Castle
Carl's Jr.
In-N-Out Burger
Sonic
Whataburger
McDonald's
Hardee's
Jack in the Box
Burger King

CHICKEN CHAINS

Lee's Famous Recipe
Bojangles
Chick-fil-A
Church's
Boston Market
Popeyes
KFC

MEXICAN CHAINS

Taqueria Aranda's
Chico's Tacos
Jimboy's Tacos
Taco Bell

SANDWICH CHAINS

Panera Bread
Schlotzsky's
Arby's

PIZZA CHAINS

Pizza Hut
Little Caesars Pizza
Domino's Pizza

MISCELLANEOUS CHAINS

Yoshinoya
Panda Express

EXTREME STATS: FAST-FOOD EDITION

67,601	Number of fast-food users surveyed during 2004.
119	Number of chains rated on an overall basis in 2004.
103	Number of "Awards of Excellence" issued in 2004.
65	Number of chains rated on 12 key attributes in 2004.
57	Number of markets where fast-food users were interviewed in 2004.
53	Number of "Awards of Excellence" earned by 5 chains.
50	Number of "Awards of Excellence" earned by 26 chains.
31	Number of chains earning at least one "Award of Excellence".
15	Maximum number of "Awards of Excellence" earned by a chain (In-N-Out Burger)
1	Number of awards earned by each of 15 chains.
79%	Percent of chains with higher overall rating ("Excellent") in 2004 vs. 2003.
77%	Percent rating "cleanliness of restaurant" as extremely important (most important attribute).
59%	Highest overall rating earned by a chain (Panera/St. Louis Bread, In-N-Out Burger).
58%	Subway rating on "availability of healthy/nutritious food" (top-rated chain).
56%	McDonald's rating on "convenience of locations" (top-rated chain).
52%	McDonald's rating on "overall appeal to kids" (top-rated chain).
45%	Average chain rating on "order accuracy" (highest rated attribute).
41%	Largest difference between importance (77%) and average chain rating (36%) ("cleanliness of restaurant").
40%	Highest average overall rating by chain type (sandwich chains, miscellaneous chains).
37%	Averall overall rating across all chains.
33%	Percent rating "overall appeal to kids" as extremely important (least important attribute).
32%	Lowest average overall rating by chain type (burger chains).
26%	Percent of chains with statistically significant increase in overall rating in 2004 vs. 2003.
21%	Average chain rating on "overall appeal to kids" (lowest rated attribute).
20%	Lowest overall rating earned by a chain (McDonald's, Burger King).
12%	Largest increase in overall rating from 2003 to 2004 (Taqueria Aranda's).
1%	Difference between importance rating (34%) and average chain rating (33%) on "menu variety"
0.2%	Smallest increase in overall rating from 2003 to 2004 (Subway, Thundercloud Subs).