



A Year in Review: Measuring Restaurant Performance by Season

Technomic's Transaction Insights is enhanced by GroundTruth, using its 3 million mapped business locations nationwide and 75 million mobile devices.

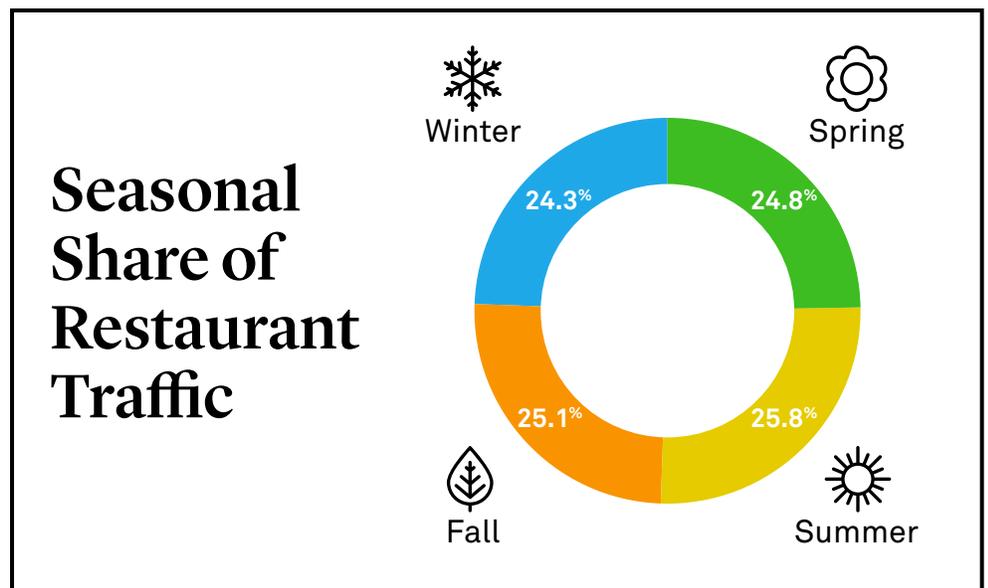
The changing of the seasons provides a wealth of opportunities for restaurant operators to use limited-time offers, promotions and events to generate traffic. In fact, a third of consumers (32%)—including 47% of 18- to 34-year-olds—say that their foodservice preferences tend to change depending on the season, according to Technomic's *Flavor Consumer Trend Report*.

But not every season produces the same share of customer visits as the next. For instance, as the thermometer increases, so does restaurant traffic: summertime months edge out the other seasons to produce the most overall traffic. Closely following summer in seasonal share of traffic is fall, followed by spring, rounded out by winter. Though it's not surprising that consumers are less likely

to purchase from restaurants when the weather is grim, some restaurants are still able to shine during those times.

In fact, every restaurant segment has its greatest share of visits in a different season. For quick service, summer takes majority share; for fast casual, springtime

rules; for midscale, fall leads; and for casual dining and fine dining, winter prevails. Let's take a closer deep dive at each season to see why these segments lead, which operators within the segments are gaining majority share and how to use these tools to procure restaurant visits at different times of the year.



Percentages are rounded to the nearest tenth
Source: Technomic Transaction Insights leveraging GroundTruth location intelligence

Spring

Segment Definitions

QUICK SERVICE:

Fast-food restaurants with \$3-\$8 average check.

FAST CASUAL:

Limited-service/self-service restaurants emphasizing fresh ingredients with \$8-\$12 average check.

MIDSCALE:

Full-service, sit-down restaurants emphasizing breakfast and lunch with \$8-\$12 average check.

CASUAL DINING:

Full-service, sit-down restaurants with \$12-\$50 average check.

FINE DINING:

Full-service, white-tablecloth restaurants with \$50-and-up average check.

Despite spring often having heavy rainfall, fast-casual share of traffic is highest during this time of year. When rounded, the fast-casual segment's share of visits in the spring just slightly surpasses that of the winter, fall and then summer. And fast casual indexes higher in its share of traffic during the spring compared to the other segments.

Some of fast casual's greatest draws during the months of March, April and May are the quickly prepared yet high-quality meals; the focus on seasonal, fresh spring ingredients; and grab-and-go bundles for the plethora of spring holidays and celebrations, such as St. Patrick's Day, Easter, Cinco de Mayo, Mother's Day and graduations.

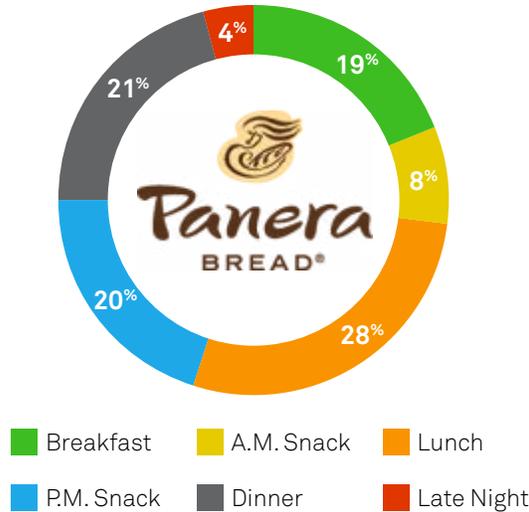
Fast Casual's Seasonal Share of Visits



Foot Traffic by Segment

	Casual/ Fine Dining	Midscale	Fast Casual	Quick Service
All season share	14.6%	5.7%	10.2%	69.5%
Spring share	14.4%	5.7%	10.2%	69.7%
Spring index	98.7	98.8	100.4	100.3

Panera's Daypart Share of Visits in the Spring



Among fast-casual brands, Panera Bread wins majority share of visits during the spring (15.9%), edging out runner-up Chipotle Mexican Grill (11.3%). Rather than holding the highest share of visits for any one daypart, Panera's broad appeal produces consistently strong foot traffic throughout the day. This is likely because the bakery-cafe chain's clean-eating messaging helps to encourage visits for breakfast, lunch, dinner and snacks from the growing cohort of health-conscious diners.

According to Technomic consumer research, a strength of Panera's compared to competitors is its food's taste and flavor. One way the chain enhances this perception is by launching flavorful adds every season that have both high draw and craveability. Panera clearly plays up seasonal springtime produce by featuring blueberries and strawberries. Here are two limited-time offers that Panera launched in the spring with strong consumer interest.

Consumer Appeal of Panera's Spring LTOs

Springtime LTO	Description	Craveability*	Draw**
Steel Cut Oatmeal with Blueberries & Granola	Steel-cut oats topped with blueberries and granola	56.9%	61.0%
Strawberry Poppyseed Salad with Chicken	Chicken, romaine, strawberries, blueberries, pineapple and mandarin oranges tossed in fat-free poppy seed dressing and topped with toasted pecan pieces	58.2%	66.4%

Source: Technomic's MenuSurf

*Based on Top Two Box response: "I perceive the item as very craveable or craveable."

**Based on Top Two Box response: "I would be much more likely or more likely to visit restaurant if added."

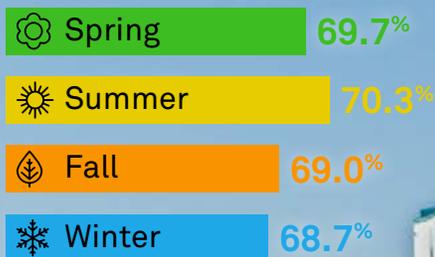


Percentages are rounded to the nearest tenth
Source: Technomic Transaction Insights leveraging GroundTruth location intelligence

Summer

As the temperature heats up, so does quick service's in-restaurant traffic. Quick service is especially prominent in the summer, where it has a greater share of visits compared to the other seasons. And quick service indexes higher in its share of traffic during the summer compared to other segments. The appeal of quick service in June, July and August includes the ability to grab a meal quickly and eat outdoors; lighter swimsuit-friendly fare, such as salads and sandwiches; quick meals for road trips and other summer travel; thirst-quenching beverages; and cold desserts, such as ice cream and milkshakes.

Quick Service's Seasonal Share of Visits



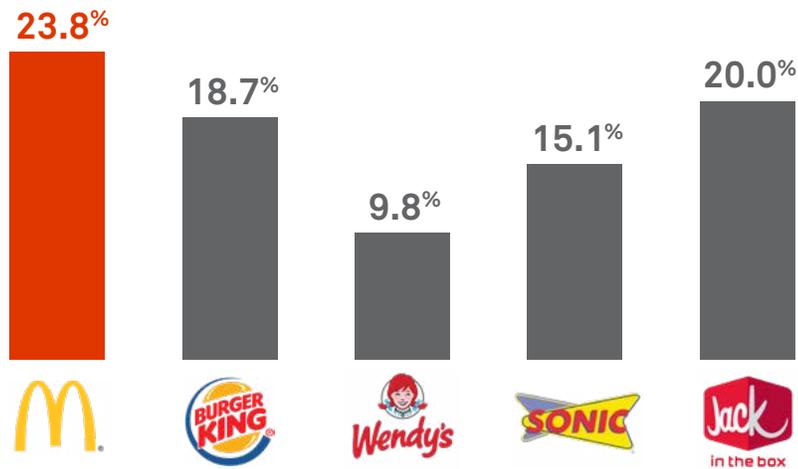
Foot Traffic by Segment

	Casual/ Fine Dining	Midscale	Fast Casual	Quick Service
All season share	14.6%	5.7%	10.2%	69.5%
Summer share	14.0%	5.5%	10.1%	70.3%
Summer index	96.2	96.8	99.6	101.1



Percentages are rounded to the nearest tenth
Source: Technomic Transaction Insights leveraging GroundTruth location intelligence

Share of Top 5 QSR Burger Chain Brand Visits for Breakfast During Summer



Among quick-service chains, McDonald's is winning in share of visits in the summer (23.6%). In fact, the next greatest share of visits from a quick-service chain in the summer is Starbucks, attaining just 8% of traffic. The largest global chain restaurant brand by sales, McDonald's roots its menu foundation in signature burgers, fries and drinks, thus mostly p.m. offerings.

However, the chain has placed emphasis on its breakfast program in recent years, adding breakfast all day in late 2016 and continuously launching new morning items to the menu. Not only is breakfast McDonald's largest share of daypart visits in the summer (23.8%), but McDonald's also has a greater share of traffic at breakfast during this season compared to many of its competitors.

Many of McDonald's summer rollouts are cold morning beverages, and its cold-brew line is no exception. Playing off the season and the growing consumer appeal for cold-brew coffee, McDonald's promotes its Cold Brew Frappe and Cold Brew Frozen Coffee as drinks that "offer a refreshingly cold twist on cold brew and are the perfect treat to cool down and recharge with."



Fast Cold-Brew Facts

25%
of consumers say they would like more restaurants to offer cold-brew coffee

25%
of consumers say they would order cold-brew coffee at a restaurant if it were available

Cold-brew menu mentions are **up 30.2%** year over year

Percentages are rounded to the nearest tenth
Source: Technomic Transaction Insights leveraging GroundTruth location intelligence

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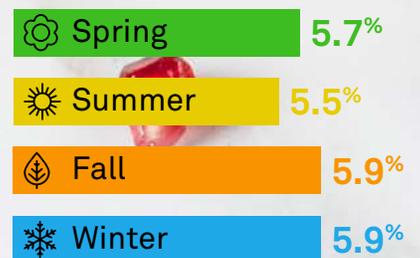
Bases: Q3 2017-Q3 2018; 1,477 consumers; 1,913 consumers
Sources: Technomic Ignite Menu Data, 2018 Beverage Consumer Trend Report



Fall

The onset of autumn is a favorite for many consumers, signaling the start of popular fall LTOs. Midscale operators are particularly successful at driving foot traffic during the months of September, October and November, as this segment has a greater share of restaurant visits in the fall compared to other seasons. This segment also indexes highest in its share of traffic during autumn compared to the other segments.

Midscale's Seasonal Share of Visits

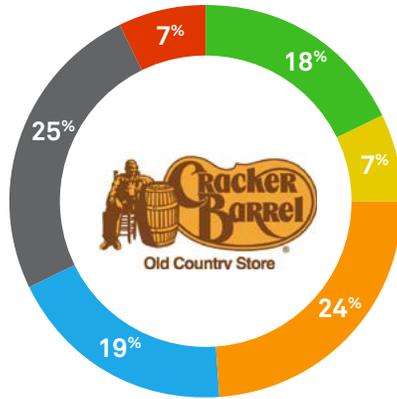


Foot Traffic by Segment

	Casual/ Fine Dining	Midscale	Fast Casual	Quick Service
All season share	14.6%	5.7%	10.2%	69.5%
Fall share	14.9%	5.9%	10.1%	69.0%
Fall index	102.4	103.2	99.7	99.3

Percentages are rounded to the nearest tenth
Source: Technomic Transaction Insights leveraging GroundTruth location intelligence

Cracker Barrel's Daypart Share of Visits in the Fall

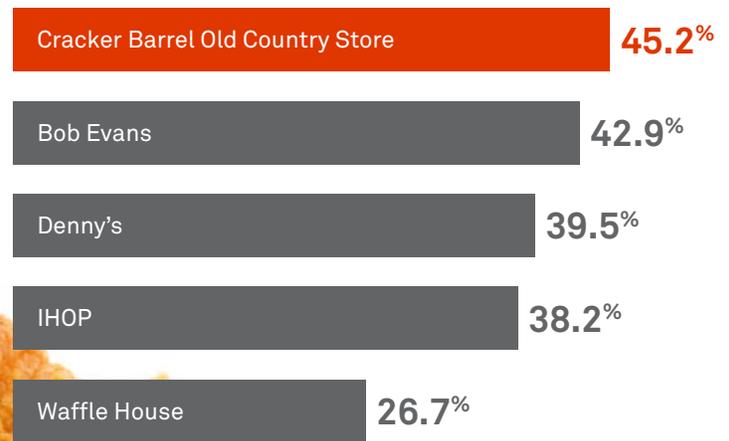


■ Breakfast ■ A.M. Snack ■ Lunch
■ P.M. Snack ■ Dinner ■ Late Night

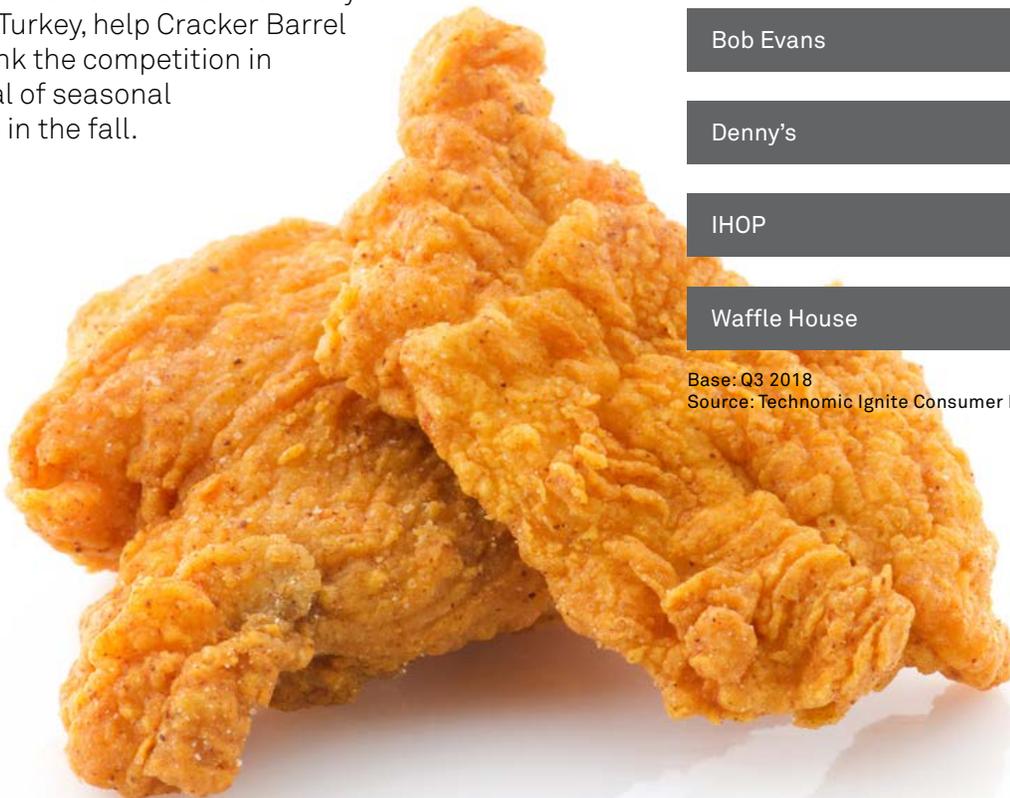
While most prominent midscale chains launch a bevy of seasonally inspired LTOs this time of year, Cracker Barrel Old Country Store beats out competitors such as Denny's and IHOP for share of autumn foot traffic (23.2%, compared to 22.3% and 21.7%, respectively). Despite its renowned reputation at breakfast, the chain's dinner traffic surpasses all other dayparts for share of visits in the fall. Further, Cracker Barrel outshines most of its midscale counterparts at driving traffic during dinner this time of year.

Cracker Barrel's appeal in the evening includes its general store of country-style merchandise that allows hungry diners in the evening to also get a jump on holiday shopping, and the brand's creative applications of popular fall flavors and ingredients on its dinner menu. New spins on fall classics, such as Maple Pecan Fried Chicken and Country Fried Turkey, help Cracker Barrel outrank the competition in appeal of seasonal offers in the fall.

Consumer Rankings of Brand Appeal for Fall Limited-Time or Seasonal Offers (Top Box = Very Appealing)



Base: Q3 2018
Source: Technomic Ignite Consumer Data



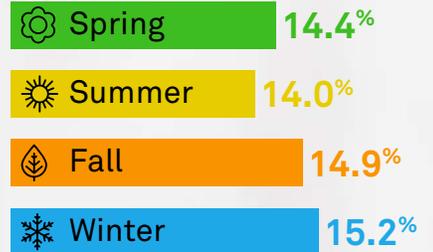
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Source: Technomic Transaction Insights leveraging GroundTruth location intelligence

Winter

As the temperature drops, consumers are trading up to casual- and fine-dining operations. The appeal of these restaurants in December, January and February includes longer indoor dining experiences; hearty, indulgent meals; seasonal alcohol beverages; and inside space to accommodate holiday gatherings.

Not only do casual and fine dining combined have a greater share of visits in the winter compared to other seasons, but they also index highest in their share of traffic this time of year compared to the other segments.

Casual and Fine Dining's Seasonal Share of Visits

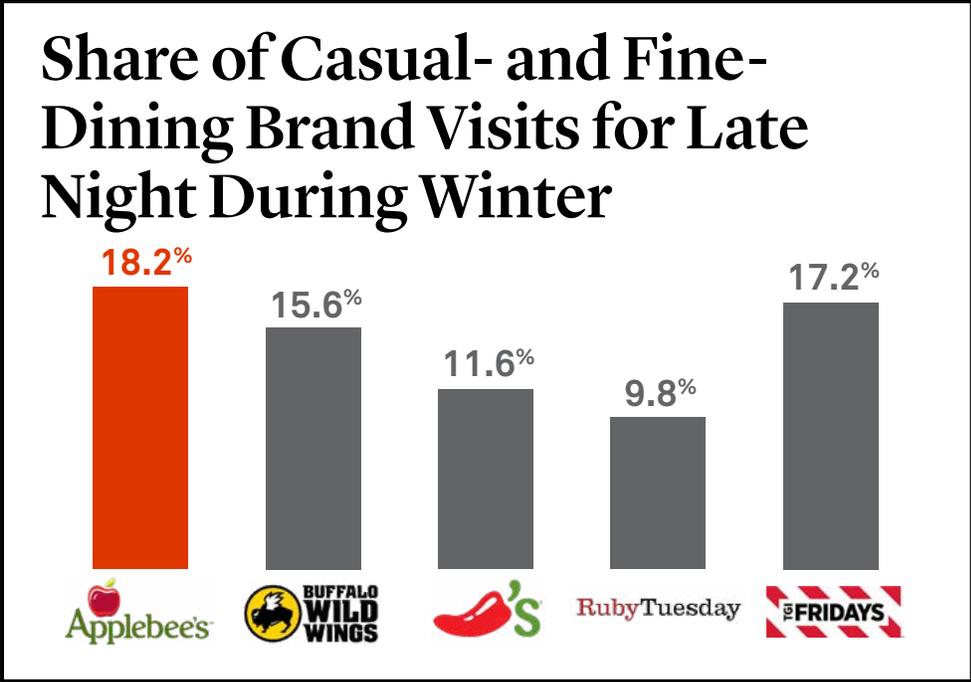


Foot Traffic by Segment

	Casual/ Fine Dining	Midscale	Fast Casual	Quick Service
All season share	14.6%	5.7%	10.2%	69.5%
Winter share	15.2%	5.9%	10.2%	68.7%
Winter index	104.4	102.8	100.2	98.8

Percentages are rounded to the nearest tenth
Source: Technomic Transaction Insights leveraging GroundTruth location intelligence

Among casual- and fine-dining chains, Applebee's narrowly edges out competitors Buffalo Wild Wings and Chili's Grill & Bar to win majority share of visits in the winter (11.2%, compared to 10.3% and 10.0%, respectively). Centered on providing a friendly "neighborhood" atmosphere and a menu of classic American comfort food, Applebee's falls in the middle of its competitive set for share of lunch and dinner traffic during winter. However, it has a stronger showing during late-night hours this time of year. Most Applebee's locations are open until 11 p.m. or 12 a.m., allowing for ample opportunity to attract diners after dinner hours.



Consumer Appeal of Applebee's Winter Handcrafted Burger LTOs

Handcrafted Burger	Description	Craveability*	Draw**
Whisky Bacon Burger	A beef patty with seared-in caramelized onion and bacon, topped with pepper jack cheese, crispy onions, more bacon and Fireball Cinnamon Whisky-infused steak sauce on a brioche bun	58.3%	62.6%
Quesadilla Burger	A beef patty topped with Mexi-ranch sauce, bacon, pico and lettuce between a Jack and cheddar cheese quesadilla	55.9%	62.3%
Caprese Mozzarella Burger	A beef patty with seared-in garlic and onions, topped with grilled tomatoes, red onions, mozzarella, fresh basil and balsamic aioli on a brioche bun	62.1%	72.1%
Triple Bacon Burger	A beef patty with seared-in bacon, topped with cheddar, tangy barbecue bacon ranch and more bacon on a brioche bun	66.4%	64.4%

How does Applebee's entice consumers out of their homes in the darkness of winter nights? Value pricing is the primary strategy employed by this casual-dining leader. Irresistible wintertime deals to spur in-store visits include discounted all-you-can-eat riblets and \$1 Bahama Mama cocktails, as well as a limited-time promotion for its Handcrafted Burgers pairing a burger with fries for \$7.99.

But while value pricing is the driving force behind Applebee's late-night success in the winter, the craveability factor of the discounted menu items also plays an important role in bolstering restaurant visits. Let's look at how consumers rank Applebee's Handcrafted Burgers based on the craveability of these items and the likelihood that these burgers would increase guest visits to the restaurant.



*Based on Top Two Box response: "I perceive the item as very craveable or craveable."
 **Based on Top Two Box response: "I would be much more likely or more likely to visit restaurant if added."
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 Sources: Technomic Transaction Insights leveraging GroundTruth location intelligence, Technomic's MenuSurf

Let's Wrap It Up!

Each segment experiences its own seasonal swing of foot traffic throughout the year. For full service, share of in-restaurant visits is higher in colder months, whereas limited service's share increases along with the temperature. But while each segment has a season or two with greater share of in-store restaurant visits, the challenge is keeping traffic up year-round. Here are some ways operators can increase visitation during off-peak calendar months.

Full-service efforts during spring and summer should include:

- Offering smaller, lighter and more shareable bites
- Promoting nonalcohol beverages and cocktails as thirst quenchers for rising temperatures
- Unveiling cold treats, such as milkshakes, ice cream or popsicles
- Playing up social media or mobile app interactions with younger consumers who are out of school for the summer
- Marketing restaurants as destinations for relaxing summer breaks from the office or good gathering spots with colleagues
- Highlighting outdoor spaces that enable guests to dine al fresco

Limited-service efforts during fall and winter should include:

- Starting autumn and winter promotions early, toward the end of summer, so consumers likely come back through the colder seasons
- Offering vouchers and coupons for free and discounted items
- Promoting fresh ingredients and preparations as often as in warmer months
- Holding holiday-themed events and promotions, such as a shopping-break dining promotion or a toy collection for charity
- Giving exteriors and interiors holiday-friendly makeovers to convey cozy establishments for warming up with hot drinks and comfort foods
- Launching back-to-school specials enticing families to come in



Beyond growing traffic during sluggish months, operators can also adopt new initiatives to strengthen traffic during off-peak times of the day within profitable seasons. For any of these seasonal tactics, understanding your specific customer base, what drives them into stores for each season and how to market to them are keys to success. Operators who couple expert foodservice insights with location data analyses and targeted marketing campaigns will be in the best position to see an increase in store sales throughout the year.

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