LESSONS FROM LEGENDARY LTOs
With traffic falling like a rock, Applebee’s Grill + Bar needed a sure-fire draw to reverse the exodus and spark a turnaround of the segment-leading casual brand. It bet on a familiar lure, updated to fit a set of new realities: The limited-time offer.

In 2018, in the heart of the industry’s slowest season, the 2,000-unit chain started with an offer of all-you-can-eat Riblets. The chain’s signature plate of rib tips had been previously pulled off the menu as the chain shifted upmarket. For the same price of $12.99, customers could also opt for unlimited servings of chicken fingers.

The LTO was halted before its scheduled end date—not because it failed, but because the success surpassed expectations. “You couldn’t find a Riblet anywhere in the country,” Steve Joyce, CEO of Applebee’s parent Dine Brands Global, told Restaurant Business. “We sold out and had to end the promotion a week early.”

The deal was the start of a turnaround that promises to be one of the most dramatic in recent restaurant memory, an illustration of the key role LTOs can still play in an industry contending with a prolonged traffic slide. However, the most successful users attest that it’s no longer a matter of just throwing out a lure and counting how many guests bite.

For one thing, the novelty of a short-time special is wearing off. Last year, 13,000 LTOs were offered just by the 500 largest restaurant chains, according to Technomic’s MenuMonitor, the researcher’s menu-tracking report. Nowadays, though, those big marketers are not the only players touting limited-time draws. Some independents have become famous for their LTOs—think of the Cronut, the croissant-doughnut hybrid that’s offered by New York City’s Dominique Ansel Bakery for a few hours every morning (limited to two per person, for $5 each). One of the hotbeds of LTO activity is the noncommercial sector, where the flipside of having a “captive” audience is the need to keep the menu interesting to virtually the same audience day in and day out. Foodservice operators count on seasonal and special-occasion specials (the term LTO is seldom used in that channel) to provide something unexpected and fresh to a clientele that could otherwise grow jaded.
CONVERTS TO THE FEWER, BETTER LTO APPROACH ARE EXPECTED TO GROW, AT LEAST WITHIN THE MAINSTREAM CHAIN SECTOR.

At Yale University, where any fine-dining fanatic would feel right at home in its dining clubs, one of the most popular items is an every-other-Thursday lunch special of chicken fingers, which runs only as long as supplies last. The LTO is so popular that students created a website to alert each other about what outlets hadn’t yet run out of the battered tenders. This is the response operators long for—loyalty, not just monetary benefit.

LTO strategies, wherever they’re embraced, have clearly evolved to match the cost and logistical challenges of introducing a product, often with significant marketing behind it, for a limited run. The returns can be significantly better for a permanent addition, which has prompted many operators to aim for fewer LTOs with more promise of being a hit.

Olive Garden, for instance, has cut the number of limited-time promotions it conducts by a third, to just six per year. Arch-rival Bloomin’ Brands has similarly curtailed the promotions for its directly competing brand, Carrabba’s, and its seafood concept, Bonefish Grill.

Ditto for Sonic Drive-In, the quick-service retro chain. “This will be an ongoing effort as we look to execute on the promotional strategy of fewer, bigger, better,” CEO Cliff Hudson explained to investors.

Converts to the fewer, better LTO approach are expected to grow, at least within the mainstream chain sector. The reason is obvious: Under the traditional approach, offering an LTO isn’t easy. Potential barriers include the cost of additional labor (including training staff on a new prep technique); promotional needs—how to get the word out without blowing the budget; buying new ingredients; and testing to track the success of the LTO.

**SHOULD OPERATORS BoTHER WITH LTOs?**

LTOs still pay off brilliantly, as Applebee’s can attest (it followed up its Riblets promo with an LTO of bargain-priced signature cocktails.)

Indeed, some seasonal LTOs have earned a permanent spot on the calendar of sales opportunities, corresponding with occasions such

THE BENEFITS ARE JUST TOO HUGE TO IGNORE

- **INCREASED SOCIAL MEDIA ATTENTION**
  With food and beverages going viral on Instagram and other channels all the time, there’s an increased likelihood of customers (both new and loyal) stopping in specifically to try a buzzed-about LTO. Consider the network of users that track and spread the word about any sighting of McRib, McDonald’s on-again/off-again promotional item.

- **INCREMENTAL SALES**
  Adding an LTO to a check, perhaps in the form of an LTO dessert, side or drink, can increase check averages. Special desserts accounted for 15% of last year’s big-chain LTOs, according to Technomic.

- **NEW CUSTOMERS AND NEW MARKET SHARE**
  Applebee’s blockbuster Riblets deal won back lapsed customers, but it also introduced the brand to patrons who may have never been in one of the chain’s outlets before, according to executives. And in the age of social media, a discovery is passed quickly via word of mouth.

- **STAYING COMPETITIVE**
  By offering the newest and trending options, operators can keep their brand feeling fresh.

Chocolate Chipotle Lamb Chops made with DOVE® Chocolate Baking Chips
Younger consumers are willing to sacrifice health and even freshness for flavors that satisfy their cravings, so craveable, indulgent LTOs can be big with that group.*

*According to Technomic’s June 2017 report, Management Summary: Dissecting the Foodservice Consumer

As Mother’s Day and the Big Game. Fall means Pumpkin Spice Latte to an army of Starbucks fans, as does the Shamrock Shake to McDonald’s customers who note St. Patrick’s Day approaching.

According to Technomic’s 2017 Value and Pricing report, 39% of consumers say that LTO menu items are likely to influence their decision on which foodservice location to visit. And when they’re choosing new foods and flavors, 62% say they do so because they’re looking for something different. Novelty and newness turn heads.

So how can operators plan for success? Here are some things that can help.

6 TIPS TO DEVELOPING A SUCCESSFUL LTO

1. CONSIDER BRAND FIT
When developing an LTO, operators will need to consider whether the product is a good brand fit. If an operation is a health-forward concept, an over-the-top dessert LTO isn’t the best fit. Instead, make sure the proposed LTO complements the brand and drives positive brand image. A healthy side dish LTO can be a great fit for these types of concepts—consider Ancient Grain Tabbouleh Salad, made with UNCLE BEN’S® INTERNATIONAL GRAINS Quinoa & Ancient Grains Medley, or serve Fish Tacos with Mexican Rice, using UNCLE BEN’S INFUSED® Mexican Rice.

The addition of on-trend ancient grains can generate excitement with consumers—salads featuring quinoa are up 17% on menus, according to MenuMonitor. Likewise, if the brand is known for indulgent desserts and other treats, a salad LTO may not be as successful. Instead, operators should consider menuing a signature dessert LTO with a seasonal flavor or popular candy that’s a better fit for their brand.

2. TARGETING
Operators should also consider who they’re targeting with the LTO—younger or older consumers? Diners who are looking for grab-and-go options or those who want to sit down for a treat? Men or women? New customers, or the so-called super heavy users?

Sonic was the first national chain to feature a blended burger when it added Slingers, two options featuring patties made with a blend of ground beef and vegetable material. With the cheeseburgers packing fewer than 350 calories, the LTO was seen as a way of appealing to women. It proved so successful that it was permanently added to the QSR’s menu in time for summer.

Younger consumers, according to Technomic’s June 2017 report, Management Summary: Dissecting the Foodservice Consumer, are willing...
to sacrifice health and even freshness for flavors that satisfy their cravings, so craveable, indulgent LTOs can be big with that group.

PRICING AND VALUE STRATEGIES
Consumers love a good value—that’s undeniable. However, they may be more willing to visit a restaurant if limited-time offers are available. In fact, 39% of consumers say that LTO menu items would influence them to visit a restaurant or other foodservice location.

Olive Garden may have cut down the number of LTOs it schedules per year, but the ones that remain all have a strong value proposition. Premium brands can help command premium pricing, as well—call out branded ingredients on the menu when applicable.

DAYPART DISTRIBUTION
Entrees are the most common format for LTOs on menus, but desserts, as previously mentioned, hold the highest price threshold and may be more profitable. Restaurants should consider where the biggest opportunity lies based on their customers.

SEASONALITY
Seasonal flavors will always be a good starting point for LTOs. Particularly among younger consumers 18-to-34 years old, seasonal flavors can be big sellers. In fact, according to Techomic’s 2017 Flavor report, 47% of consumers in that age group say that their preferences tend to change depending on the season.

Operators should look at current trends in addition to classics—for instance, don’t just fall back on pumpkin spice for the fall; incorporate turmeric, maple or cinnamon as well. Cinnamon is the star spice in the Caramel Apple Crunch Cookie made with M&M’S® Caramel Chocolate Candies.

For springtime, floral flavors such as elderflower, lavender and matcha offer something new. And during the summertime, spicy and hot flavors can sell well. BBQ ribs, paired with UNCLE BEN’S® Classic Cornbread Stuffing Mix, makes a perfect barbecue special.

PLANNING AND MEASURING
Planning a successful LTO is a tricky game, however there are some steps to follow that can help ensure success. Studying trends, existing sales and other information, such as current pricing trends or seasonal flavors, can help figure into whether an item will be a success. Operators will also want to put in place some key performance indicators (KPIs) such as increased customer counts, shift in mix, profit, consumer perception, etc., to gauge success.

TAKEAWAYS FROM PREVIOUSLY SUCCESSFUL LTOs AND WHAT THEY MEAN FOR YOUR PLANS
When planning LTOs, it’s key to take a look at some success stories to notice trends of what’s done well in the past. For instance, healthy LTOs do exist, Source: MenuMonitor Q2 2017-Q2 2018

FASTEST GROWING DESSERT FLAVORS/INGREDIENTS

<table>
<thead>
<tr>
<th>Flavor/Ingredient</th>
<th>Growth (Year-Over-Year)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sorbet</td>
<td>+31%</td>
</tr>
<tr>
<td>Raspberry Sauce</td>
<td>+14%</td>
</tr>
<tr>
<td>Rum</td>
<td>+12%</td>
</tr>
<tr>
<td>Anglaise</td>
<td>+11%</td>
</tr>
<tr>
<td>Bourbon</td>
<td>+10%</td>
</tr>
</tbody>
</table>

Source: MenuMonitor Q2 2017-Q2 2018

CONSUMERS AGED 18 TO 34 YEARS OLD THAT SAY THEIR PREFERENCES TEND TO CHANGE DEPENDING ON THE SEASON.*

47% are consumers aged 18 to 34 years old that say their preferences tend to change depending on the season.*

*According to Techomic’s 2017 Flavor Report

POPULAR SEASONAL FLAVORS/INGREDIENTS

WINTER
• Peppermint
• Gingerbread
• Milk Chocolate

SPRING
• Elderflower
• Lavender
• Matcha

SUMMER
• Spicy and Hot
• BBQ
• Watermelon

FALL
• Pumpkin Spice
• Turmeric
• Maple
• Cinnamon
but overwhelmingly, indulgent LTOs are more successful (and are also much more common).

With that in mind, operators may want to consider planning a more indulgent option for their LTO. One recent LTO that plays into consumers’ desire to treat themselves is Burger King’s Pie Made with TWIX®, which was featured in Datassential’s March 2018 Scores report. Burger King offers a number of indulgent desserts, from cheesecake to milkshakes to all-American apple pie, but this branded LTO played into consumers’ familiarity with a favorite candy bar, earning high consumer purchase intent and uniqueness scores, making it a standout LTO offering.

Another tip for planning a successful LTO is to keep it simple—according to Restaurant Business, most successful LTOs have three ingredients or less. Ideally, most (if not all) of those ingredients will already be stocked by the concept, requiring no expansion of SKUs and lessening the chance that the operation will be stuck with unusable ingredients if the offer isn’t as successful as anticipated.

As for surefire hits, chocolate desserts have historically sold well—perhaps due to consumer preferences for chocolate. However, chocolate doesn’t always need to be used in a dessert LTO.

Data from Technomic points to the idea that consumer price threshold is higher for desserts than it is for apps, snacks or non-alcohol beverages, so dessert LTOs can be particularly successful for operators. However, drinks can prove successful, as well, whether alcohol or non-alcohol. A successful drink LTO of note is Taco Bell’s SKITTLES® Freeze, which was featured on Restaurant Business as one of the top Made-For-Instagram LTOs, and mentioned on NBC’S SNL during the “Weekend Update” skit on March 18, 2018. Its sweet taste and Taco Bell-exclusivity made it something consumers clamored for.

Other trending options included superfood ingredients such as kale, unique or ancient grains and global options that allowed consumers to try new flavors. For instance, UNCLE BEN’S® quinoa breakfast porridge or chili-lime quinoa, chicken and arugula salad are ideal ways to add on-trend ancient grains to the menu.

In the realm of protein LTOs, red meat/beef LTOs were more sought after by consumers than chicken LTOs were. Seafood items were enticing to some, but according to Restaurant Business didn’t pack the same punch as other proteins. Still, they’re a staple during Lent.

Plant-based proteins are also on the rise, as consumers become increasingly concerned with health, eco-friendliness and eating less meat.
Wendy’s Smoky Mushroom Bacon Cheeseburger is available for diners abstaining from meat, too—they can get this LTO in baked potato form, with the toppings (minus the bacon, that is) piled high.

SOURCING INGREDIENTS AND CONSULTATION FOR LTOs

When it comes to putting all of these best practices into place, it can be beneficial to look for manufactures to partner with. Some manufactures can even bring additional insights that can help with LTO planning. For these partnerships, look for manufactures that can:

• Research what consumers want
• Research what food trends to incorporate
• Offer a guaranteed supply of all ingredients, including seasonal items
• Provide the scale needed for the restaurant
• Offer products through distributors or brokers

WHY MARS FOODSERVICES?

MARS Foodservices has experience with LTOs, as shown in the above examples, and can also provide the leading or most popular branded ingredients that draw customers to your location—61% of consumers say they are more likely to purchase menu items with brand-name ingredients. MARS Foodservices can also provide new products, such as DOVE® Chocolate Baking Chips, that bring a unique product and customer experience to the market.

Want to get started planning your LTO? Contact MARS Foodservices at 800.452.2331 or MARSFoodservices.com for a menu review or for help developing a successful LTO.

EXECUTION AND KICKING IT UP A NOTCH

Before execution, make sure that the LTO plan checks these five boxes:

✓ SOCIAL MEDIA BUZZWORTHINESS.
Use of current events can be great for pushing LTOs.

✓ UNIQUE FORMATTING.
For instance, loaded fries aren’t new, but loaded fries with global ingredients, or loaded breakfast fries (with waffle pieces instead of French fries) offer unique twists on this popular item.

✓ TRENDING MENU IDEAS.
Think trends such as savory breakfast or using ancient grains in breakfast bowls, as in Panera’s Steel Cut Oatmeal with Almonds, Quinoa and Honey.

✓ TIGHT TIMING.
Short availability is great for building hype. Shake Shack will sometimes run an LTO for just a few hours.

✓ A SOUND PROMOTIONAL STRATEGY.
What’s the best way to get the word out to customers? Often, a mix of digital marketing efforts, including social media, and traditional signage and advertising can be a way to generate excitement.

Setting up the framework for LTOs helps increase the likelihood of having a successful LTO, and it also ensures that every base is covered before launch.

Pictured above: Dunkin Donuts’ heart-shaped donut for the Royal Wedding