



Real Life. Mapped.

# Real-world intelligence: how the world eats

September 2019

#RealWorldIntelligence

# Contents

<b>Introduction</b>	3
<b>Executive summary</b>	4
<b>Exclusivity varies by region – and population density plays a part</b>	5
<b>Who is eating your dinner?</b>	7
<b>Looking forward: disruption presents challenges but physical stores still top the menu</b>	10
<b>What's for dessert?</b>	12

# Introduction

We're living in an era of curation, in which consumers carefully tailor themselves on social media and public forums – and what they say and show online is not always representative of what they actually feel and do. Instead, consumers are more likely than ever to share what they want others to see, which can pose a challenge for marketers trying to ascertain a real portrait of their customers.

The goal of this report is to provide brands with the insights they need to understand consumer audiences in the current climate. These findings, based on real-world intelligence, can help marketers more effectively localize their messaging and strategy while equipping other stakeholders with the insights needed to successfully expand the global footprints of their brands.

## Key takeaways

### 1 Customer crossover cuts across QSR segments.

Each of the five global QSRs included in the report saw high rates of crossover outside of their direct segment competitors, with KFC demonstrating, on average, nearly 40% crossover globally between burger outlets.

### 2 Expect population density to impact your loyalty.

Markets with the highest population density (Singapore and UK) witnessed significantly lower loyalty levels on average.

### 3 Consumers are seeking more variety and more convenience.

Disruption within the fast-food industry is bringing more food options to the table and new ways to order. In such a crowded market, having a larger footprint enables more effective competitor targeting.

# Executive summary

With this study, we're launching a quarterly series of global reports examining the truth about what people actually do, beginning with how the world eats – focusing on quick-serve restaurants (QSRs) in the US, UK, Australia and Singapore.

Why focus on food first? It's at the heart of our daily activities. Breakfast, lunch and dinner create the framework for our days and the centerpieces for family gatherings and social outings. According to a Nielsen report, nearly half the world dines out at least once a week<sup>1</sup>. And as we get busier and lead increasingly mobile lives, QSRs are outpacing casual dining establishments in their growth<sup>2</sup>.

Against this backdrop, our internal research team used Blis' proprietary technology to observe visitors in 81 branded QSRs globally during the month of July 2019, focusing on five international brands: McDonald's, Burger King, Subway, KFC and Domino's. The study encompassed:



**133,000 locations**



**2.5 million consumers**



**4 million device signals**

Beyond the ways in which consumers engage with a brand directly, this real world intelligence helps marketers understand competitive threat levels, audience loyalty and key visit patterns – which in turn help identify opportunities and understand the state of play in the wider industry.

Read on to learn more. We hope it makes you hungry for more Blis insights.

**Greg Isbister, CEO, Blis**



<sup>1</sup> <https://www.nielsen.com/ma/en/insights/article/2016/dining-without-doing-dishes-almost-half-globally-eat-away-from-home/>

<sup>2</sup> <https://www.latimes.com/business/la-fi-agenda-casual-dining-20170918-story.html>

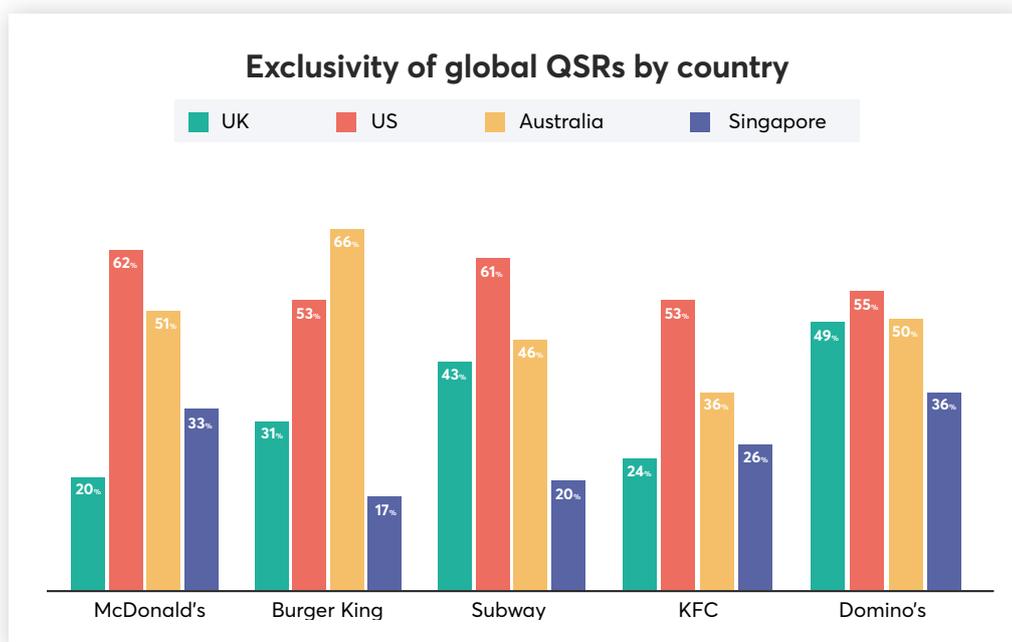
# Exclusivity varies by region – and population density plays a part

Consumer perceptions of the biggest global brands in each sector differ across markets and impact how they interact with these brands. Branding, menu extensions, innovation, pricing and physical footprint of the competition all play a role.

Among the brands included in this report, **markets with the highest population density witnessed significantly lower levels of exclusivity** – loyalty to a single QSR – on average, Singapore with 26% and the UK with 33% loyalty to an individual chain.

**Higher rates of exclusivity were demonstrated in Australia (50%) and the US (57%).** This might be surprising given the wealth of options available in the United States, but it may also be indicative of stronger brand traction given the rich history that these retailers have in their home market.

Despite strong brand equity and a ubiquitous presence around the world, these colossal brands face the familiar challenge of nurturing customers to return to their stores and select from their menus time and time again. Understanding where audiences are currently eating can inform brand and marketing strategies, with tempting products and tantalizing offers that resonate with the people that matter most to them.



## American consumers are the most loyal

Overall, Australians and Americans tend to be more loyal to their QSRs than consumers in other regions. Based on our data, **Americans are actually 70% more likely than Brits to stick with a favourite QSR.** On the other side of the globe, Australians are twice as likely to be loyal as Singaporeans, who, in turn, are 38% more likely to visit multiple fast food chains than Americans, Brits or Australians. That said, Australians represent an almost perfect midpoint between the hyper-promiscuity of Singaporean and British diners and the proclivity of Americans to steadfastly stick to favoured brands. With an average exclusivity of 50% across McDonald's, Subway, KFC, Hungry Jack's and Domino's, loyalty to any particular QSR is literally split down the middle.

## Brits and Singaporeans have similar habits, but what's on their menu differs

Brits and Singaporeans share some similarities in their eating habits: both groups seek variety in their diets, but differ in their food preferences. Brits are fans of the sandwiches from convenient options like Pret a Manger and Eat. Singaporeans tend to frequent hawker-style franchises that serve up modern takes on traditional local staples.

Ultimately, it's all about the consumer. Global brands need to understand regional engagement with their brands to know how much to tailor, or localize, their communications accordingly. In markets where consumers show higher exclusivity – i.e. the US and Australia – it can be inferred that the QSR doesn't need to adapt far beyond "original" branding. Conversely, the knowledge that Singaporeans, for example, frequent hawker-style franchises serving regional fare more often than global QSRs could spur brands to localize their communications to better appeal to consumers seeking a wider variety.



# Who is eating your dinner?

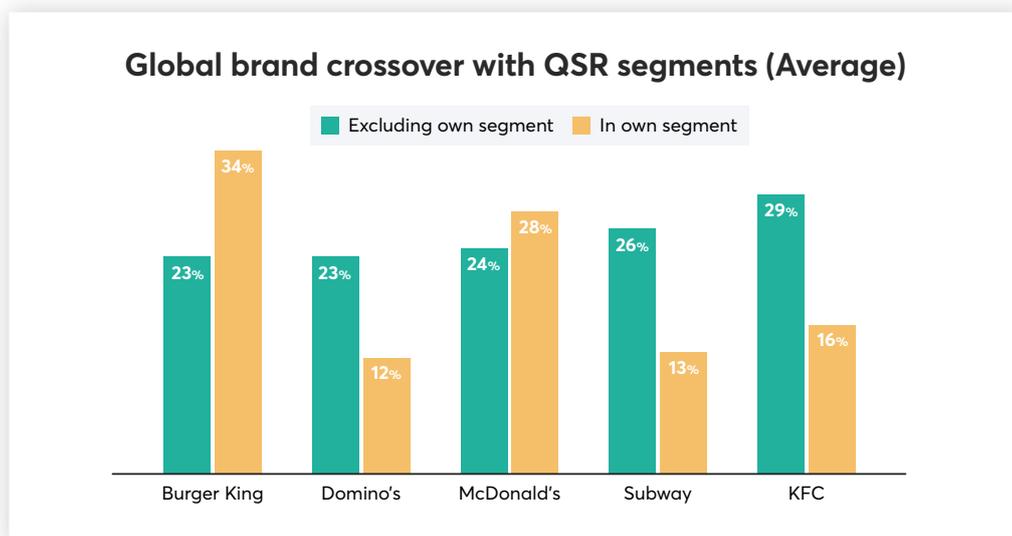
Whilst the major QSRs employ a 'one brand' strategy globally, local interpretation and market dynamics shape audience perception in different ways and influence how consumers engage with each of these fast food chains. This is clear in an examination of the five major global QSRs and the food segments (burgers, chicken, pizza, sandwiches and 'other') with which they see the greatest competition. For brands, this poses the question: "Who are the real competitors?". If a QSR in the burger segment, for example, is focusing its energy and budget on targeting the "traditional" burger audience, are they losing out on potential customers?

What's interesting to note is that whilst there is fierce competition within the individual food segments, three out of the five global QSRs observed that, when choosing other options, their consumers were more likely to opt for a different genre of food.

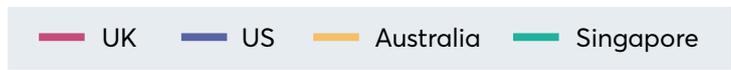
Subway consumers were more than twice as likely to select any other segment (+105%), with Domino's and KFC nearly twice as likely (+99% and +87% respectively). This indicates that in their categories these retailers are the undisputed winners of their patronage. This also suggests that for these retailers in particular, a communication strategy that speaks to diners of other genres could be more effective than targeting direct competitors in their own segments.

The burger behemoths saw the greatest competition with their own segment, Burger King (34%) and McDonald's (28%), which underlines the fever pitch at which the burger wars are fought. In addition to local champions such as Wendy's in the U.S. and Byron in the UK, these two pillars of the QSR industry have been under assault over the last few years with the emergence of global competition, including Five Guys and Shake Shack which are providing more choice and increasing the challenge for customer loyalty.

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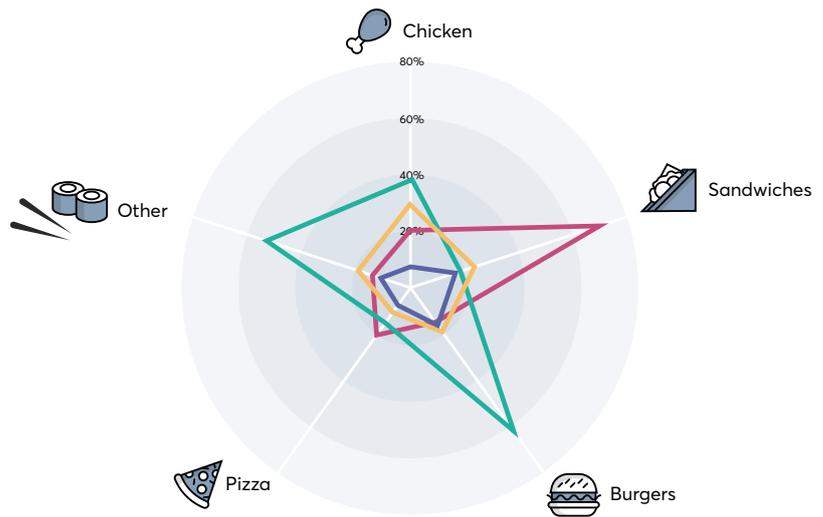


As we've established, there is not one universal experience of a QSR globally. As such, the competition a brand faces from a given segment varies hugely from region to region, so delving into the detail is recommended to adapt brand positioning locally.



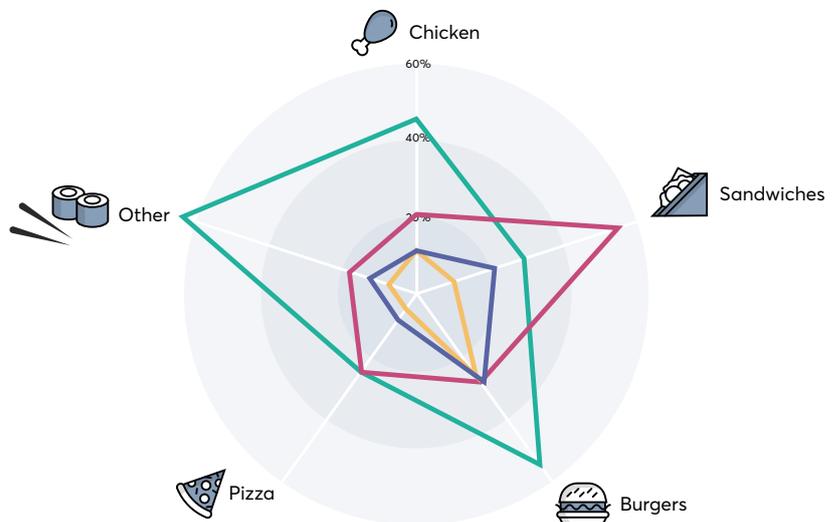
### McDonald's crossover

For McDonald's the biggest challenger in the UK market is sandwiches, with a whopping 71% crossover. While in Singapore, it is the only international brand that didn't experience it's highest crossover with the "other" category.



### Burger King crossover (Hungry Jack's Australia)

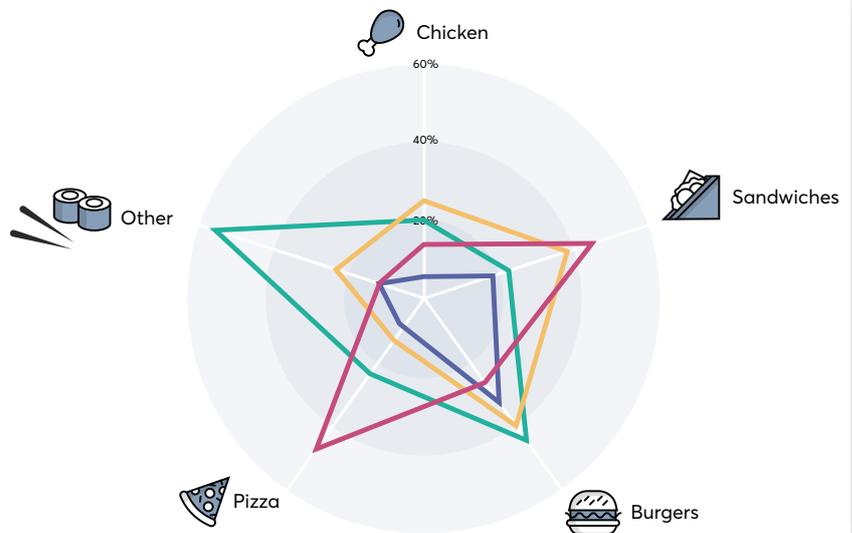
Burger King's biggest battle in Australia (25%) and the US (28%) is to be the unrivalled #1 with their audience, as the competition with other burger chains is more intense than with other QSR segments.



UK US Australia Singapore

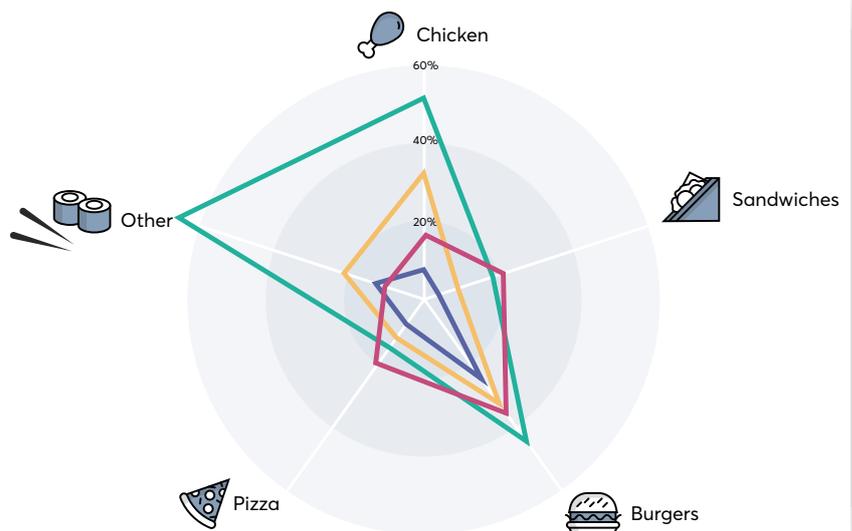
### KFC crossover

We found burgers provided most competition for KFC in the US (33%) and Australia (41%). Interestingly, in the UK, the KFC audience was most frequently seen at pizza chains (47%) indicating strong brand compatibility.



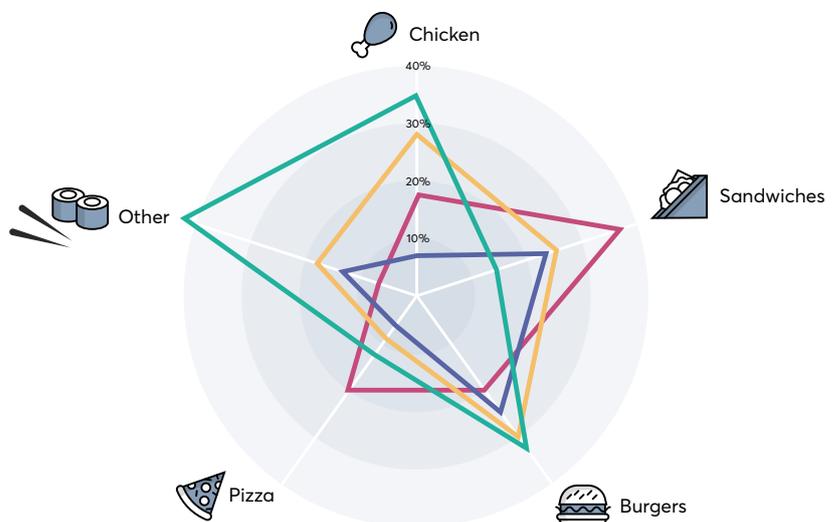
### Subway crossover

Subway saw competitive threats from a variety of QSR segments. Sandwiches are big business in the UK, but despite the physical scale of the competition, Subway saw a higher crossover with burgers (35%) than their sandwich peers (21%).



### Domino's crossover

In all four markets, Domino's greatest competition came from outside of the pizza segment. This indicates strong sub-segment preference from their audience – #1 for pizza – but high competition from other segments.



# Looking forward

## Disruption presents challenges but physical stores still top the menu

Disruption impacts every industry, and food service is no exception. However, it's more than digital innovation that's impacting restaurants, it's changes in diet and attitude as well. Environmentally conscious consumers demand reduced and improved packaging, right down to biodegradable straws and recyclable cups, as well as more sustainable menu items<sup>3</sup>. Health-conscious eaters seek not only healthier options, but plant-based<sup>4</sup> and even gluten-free choices. (Hence the incredible growth of the plant-based meat market, which jumped 42% between 2016 and 2019, to \$888 million USD.)<sup>5</sup> The restaurant industry has been quick to accommodate, with more salads, more (and more convincingly meat-like) veggie burgers and in many cases, better packaging for all of it.

Of course, digital disruption also impacts fast food restaurants, as consumers increasingly expect the ability to order and pay with their mobile devices. Along with the convenience of app-based ordering, customers also want enhanced personalised experiences and improved loyalty programs.<sup>6</sup>

All of this bumps up against broader changes as QSRs endeavour to modernize their overall appearances, menus and payment systems.

It's against this backdrop that QSRs are expected to grow 4.6% globally by 2022<sup>7</sup>. Despite an evolving market, people still need to eat, and they have less and less time to prepare meals for themselves and their families. This not only accounts for the growth of fast-food restaurants but also delivery services like Uber Eats and meal kit delivery providers like Hello Fresh. The meal kit delivery market is expected to double over the next five years, reaching \$14.1 billion USD by 2024<sup>8</sup>, while the on-demand delivery service market is also expected to grow from \$2.5 billion in 2017 to \$8.94 billion by 2025<sup>9</sup>.



QSRs are expected to grow **4.6%** globally by 2022

<sup>3</sup> [https://www.ey.com/en\\_gl/disruption/why-your-next-big-bet-should-be-in-food-innovation](https://www.ey.com/en_gl/disruption/why-your-next-big-bet-should-be-in-food-innovation)

<sup>4</sup> <https://www.businessinsider.com/vegan-items-sweep-fast-food-chick-fil-a-mcdonalds-eye-options-2019-5?r=US&IR=T>

<sup>5</sup> <https://www.macleans.ca/news/canada/what-the-skyrocketing-popularity-of-beyond-meat-means-for-our-planet/>

<sup>6</sup> <https://www.qsmagazine.com/content/5-tech-trends-impacting-quick-serves-2019>

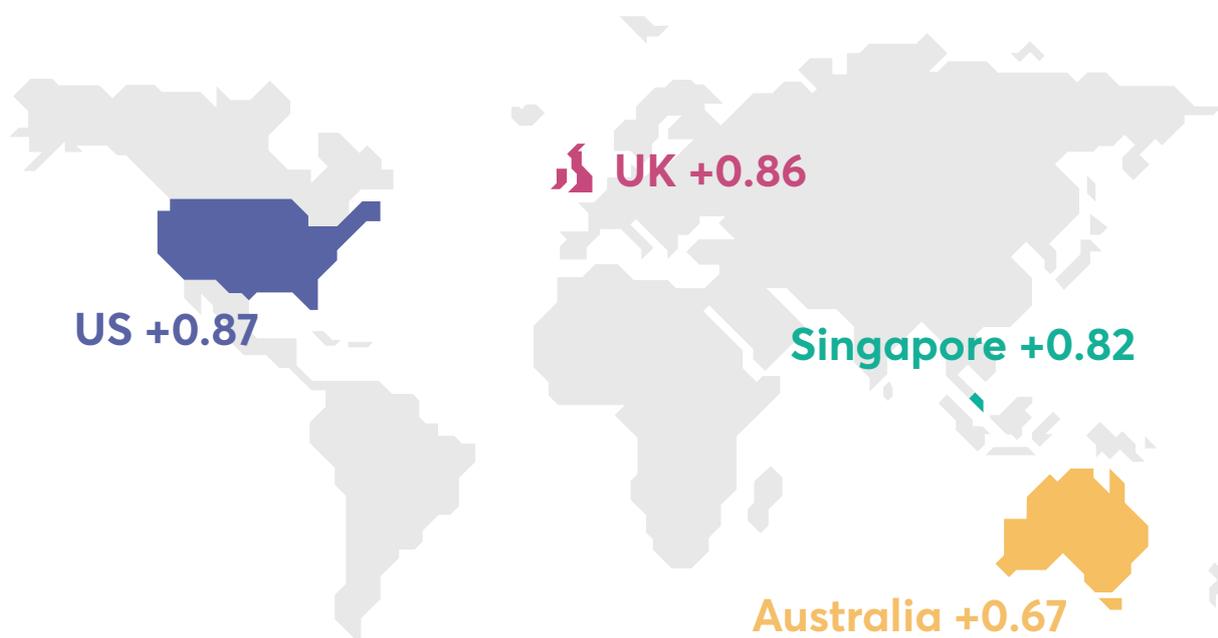
<sup>7</sup> <https://www.restaurantdive.com/news/qsr-to-grow-46-globally-by-2022-bolstered-by-consumer-demand/542996/>

<sup>8</sup> <https://www.marketwatch.com/press-release/Meal-Kit-Delivery-Services-Market-Size-will-grow-at-7-CAGR-to-exceed-23400-million-USD-by-2024-2019-04-16>

<sup>9</sup> [https://www.hexaresearch.com/research-report/meal-kit-delivery-service-market?utm\\_source=referral&utm\\_medium=prnewswire.com&utm\\_campaign=prn\\_13march-mealkitdeliveryservice\\_rdl](https://www.hexaresearch.com/research-report/meal-kit-delivery-service-market?utm_source=referral&utm_medium=prnewswire.com&utm_campaign=prn_13march-mealkitdeliveryservice_rdl)

Physical scale still appears to be a key factor enabling effective competitor targeting and customer conquering for brands. In three of the focus markets – USA, UK and Singapore – the correlation between the number of stores within a competitive segment and the crossover they experienced with a specific retailer was very strong (exceeding +0.8), and in Australia there was a relatively strong correlation (+0.67). This is not to downplay the importance of having a strong, recognisable brand, which has underpinned the success of global leaders. However, once a brand has been established, it needs to be convenient for consumers to engage with.

### Correlation between QSR segment crossover and number of stores in segment (Average)



# What's for dessert?

QSR chains stand to gain from an increasingly time-constrained population.

Cooking is going the way of sewing in modern culture: 50 years ago, people made their own clothes and then mass-produced garments became more accessible and affordable.<sup>10</sup> The same trend is impacting the food industry. Many people no longer have time for cooking. Eating out is easier and often cheaper.

An increased appetite for fast food, combined with the fast pace of modern day life, puts the world on a plate for QSRs. Restaurant brands – and brands across every vertical – that leverage real-world intelligence to understand the customer journey and the competition are the ones that are sure to serve up what global customers crave.

## Eating around the world

### UK



- Sandwich shops are the biggest competitive segment for McDonald's, Burger King and Domino's.
- Domino's, McDonald's, Burger King and KFC all saw a very strong positive correlation (+0.9 to +1) between number of stores and crossover.
- None of the retailers examined saw their highest crossover within their own segment.

### USA



- Americans tend to be more loyal to their favourite restaurants than consumers in other regions. McDonald's comes in first with 62% exclusivity, followed closely by Subway (61%).
- In the US, the highest crossover among the brands observed is between KFC and burger restaurants.

### Australia



- Burgers and chicken are the most popular options in Australia. Chicken restaurants make up 26% of all QSRs there, in comparison to 19% in SG and just 7% in the US.
- While Subway sees the most promiscuity, Hungry Jack's sees the greatest loyalty with only 34% of visitors seen at other chains. It also has the most atypical fast food audience, reporting the lowest crossover across all food genres.

### Singapore



- Singapore QSRs have an average exclusivity of 26%, and Singaporeans are 38% more likely to visit multiple fast food chains than American, Australian and British consumers.
- Local hawker-style franchises are Singapore's second favourite option behind McDonald's. Traditional QSRs in Singapore benefit from having menu options that appeal across different meal times and types.

<sup>10</sup> <https://hbr.org/2017/09/the-grocery-industry-confronts-a-new-problem-only-10-of-americans-love-cooking>



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## About Blis

Blis is the global leader in real-world intelligence. We specialise in understanding real, human behaviour by analysing vast quantities of mobile location data. This gives businesses a uniquely powerful tool: the truth about what people actually do, to improve consumer engagement and deliver measurable sales uplift.

Our Smart Platform provides unmatched transparency, accuracy and scale through three proprietary technologies: SmartPin, Smart Scale and Smart Places. This enables more effective planning, activation and measurement for marketers and business decision makers alike, fuelling the next generation of insight-driven marketing.

With 33 offices across five continents, Blis works with the world's largest and most customer-driven companies across all verticals including Unilever, Samsung, McDonald's, HSBC, Mercedes Benz and Peugeot, as well as every major media agency, to reach over a billion mobile devices a year.

To learn more, visit [blis.com](https://blis.com).



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