



inmarket insights

Spring 2017  
Loyalty Report:  
**Restaurants**



# Overview

At inMarket, we analyze location trends from over 50 million mobile devices per month. This first-party data powers our suite of location-based ad products that segment, retarget and recover customers for our partners. It's also very useful for predicting business performance based on location/store foot traffic over time -- and for understanding customer retention.

In this Spring 2017 Loyalty Report, we're ranking full-service and quick-service restaurants (QSRs) based on customer loyalty from January through May, 2017. Each restaurant is assigned a loyalty score, which is determined by repeat device visitation and is normalized for comparability. For example, a restaurant with 1,000,000 visits from 500,000 devices would have a loyalty score of 2. Note: The average loyalty score for all full-service restaurants in Spring 2017 was 1.4; and the average for QSRs was 1.55.

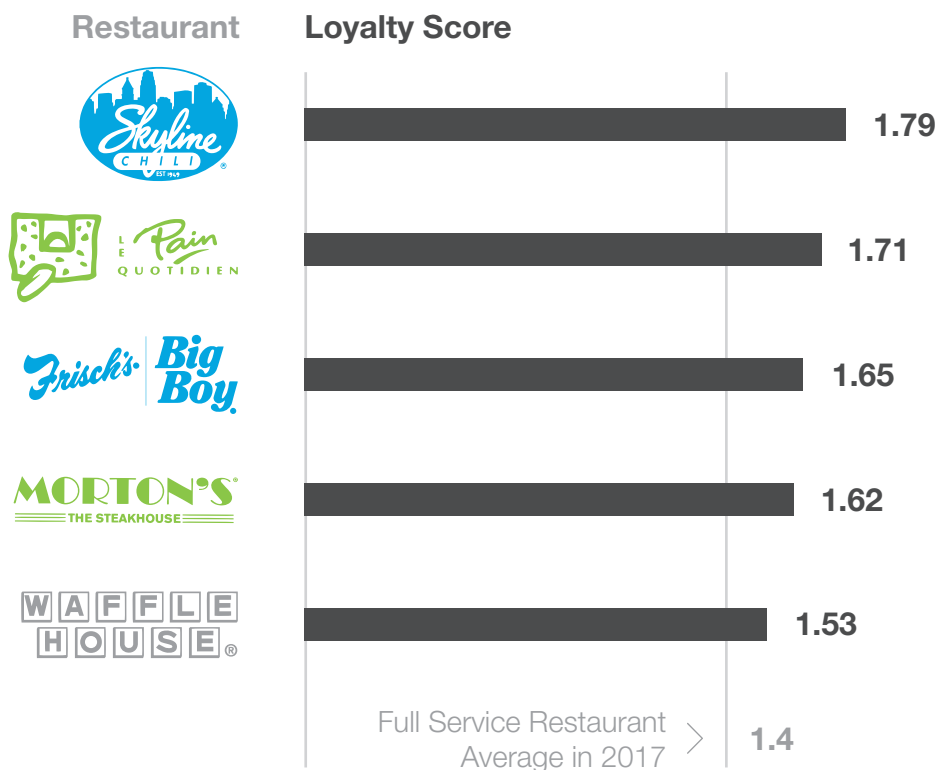
From a marketing standpoint, customer retention is cheaper and potentially more lucrative than new customer acquisition. Businesses with high loyalty scores tend to be healthier and more efficient than their low-scoring counterparts. If you're interested in how these loyalty scores shake out across other business categories (like retail or fitness), please visit our dedicated [inMarket inSights](#) page.

If you have any questions about the Spring 2017 Loyalty Rankings for Restaurants, or would like to learn your business's loyalty score, please [contact us](#) today.



# The Top 5 Full Service Restaurants Ranked by Customer Loyalty

These restaurants had the most loyal customers in Spring 2017, according to inMarket location data.



Expanding  
in 2017

Based in  
Cincinnati, OH

Ohioans appear to be fiercely loyal: Beloved Cincinnati chain Skyline Chili leads the nation in repeat visitation, retaining customers 27% higher than average; while Frisch's Big Boy placed third with 18% higher than average loyalty. Frisch's appears to be doing well, having just unveiled its new-and-improved [Big Boy Statue](#) in March 2017.

Brussels-based Le Pain Quotidien also ranks very highly for repeat visitation, but it must be noted that the chain also offers takeaway counter service. Morton's lands at #4 on the list and leads all steakhouses -- which are thriving despite overall an restaurant slowdown in 2017, [according to CNBC](#).

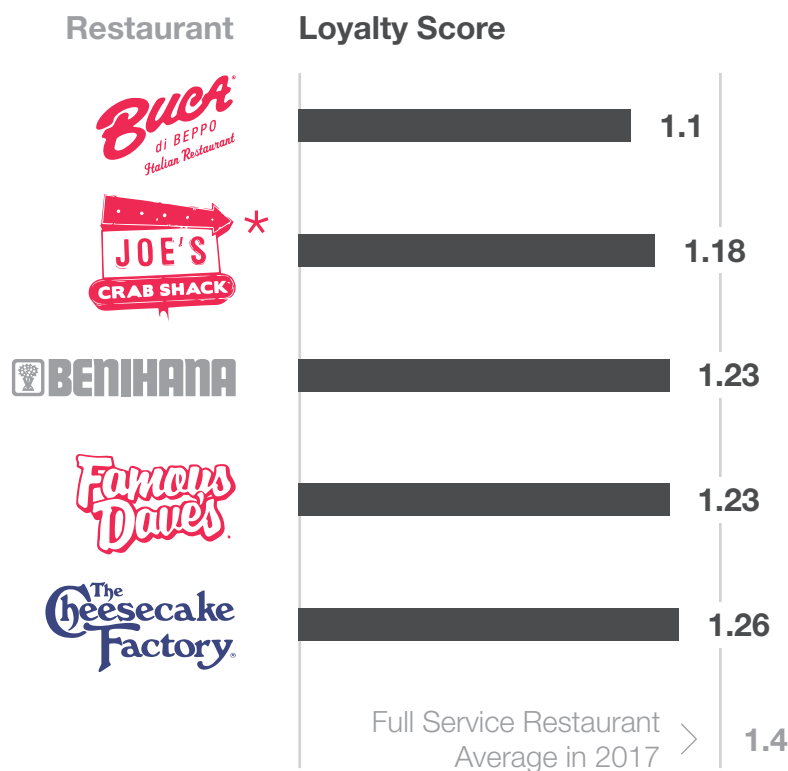
Waffle House, with over 2,100 locations across 25 states, rounds out the top five for loyalty. We're still determining which percentage of those visits occur directly after a bar or nightclub.





# The Bottom 5 Full Service Restaurants Ranked by Customer Loyalty

These restaurants struggled to retain customers and suffered from below-average customer loyalty in Spring 2017, according to inMarket location data.



Closing Restaurants in 2017

\* Filed for bankruptcy

Expected Q2 Sales Decrease



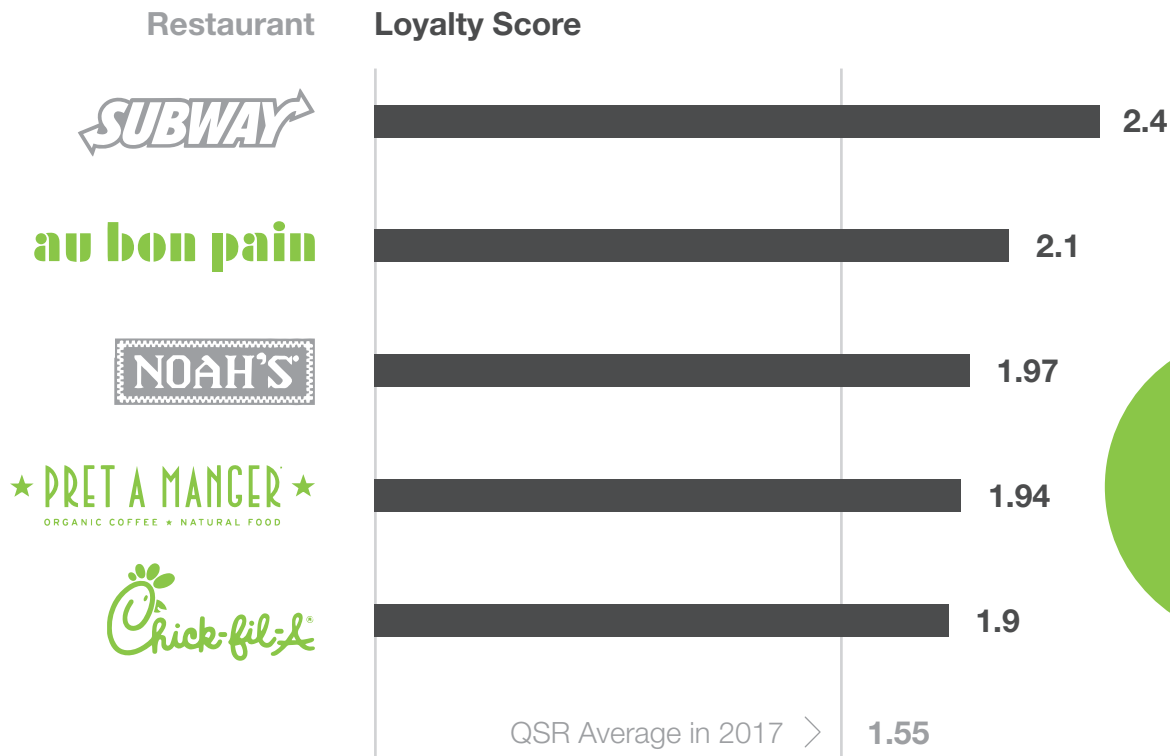
In our [retail rankings](#), 80% of the bottom 10 businesses for customer loyalty were either closing stores, laying off employees or freezing growth. That trend seems to extend to full service restaurants as well -- with Joe's Crab Shack having filed for bankruptcy in June 2017 after performing at 19% below the loyalty average this year.

Buca di Beppo ranks last for customer loyalty thus far in 2017, and has closed stores in Georgia, Wisconsin and Virginia, among other states. Based on this data, we expect additional closures in 2017. Famous Dave's, the Minnesota-based BBQ chain, is also considering closures this year after [posting a Q1 loss](#).

Mall-staple The Cheesecake Factory also lands near the bottom of the customer loyalty list, performing 11% below average for the category. CEO David Overton [blamed poor weather](#) in Q2 as the reason for declining sales, but this loyalty data could indicate a larger retention problem for the brand.

# The Top 5 QSRs Ranked by Customer Loyalty

These QSRs had the most loyal customers in Spring 2017, according to inMarket location data.



Expanding  
in 2017

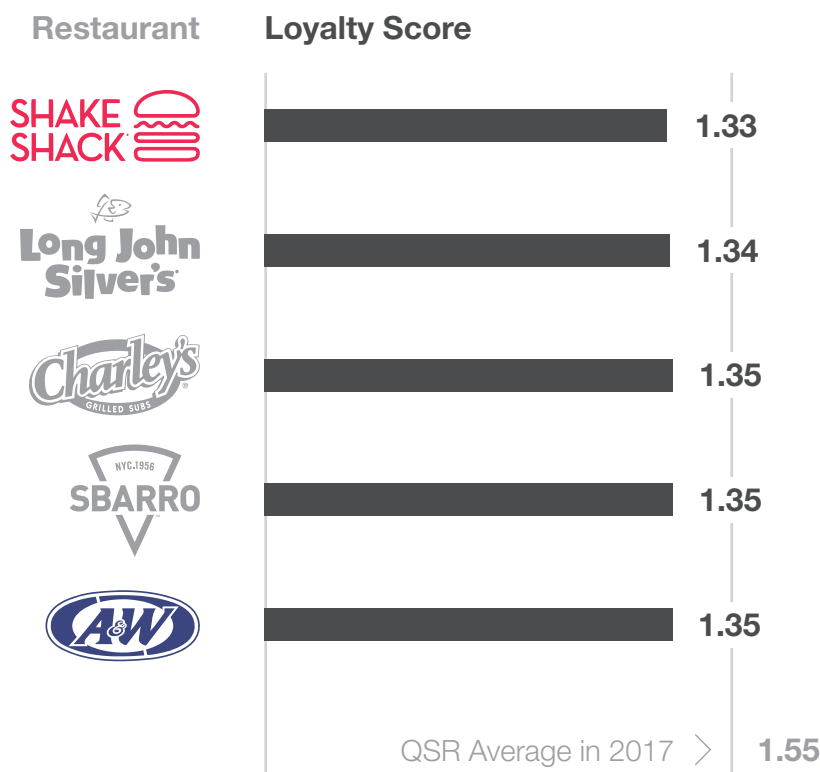
With over 26,000 locations in the U.S. alone, Subway is not only the single-largest restaurant operator in the country. It also has the most loyal customers in 2017, performing 55% better than the category average. While the chain actually contracted by 1.3% last year, 2017 should be a stronger year as customers are still visiting the chain repeatedly.

Three out of the top five QSRs for customer loyalty are expanding in 2017. Boston-based Au Bon Pain lands in second place, retaining customers 35% more often than average. Perhaps that repeat business is helping to fuel the chain's [expansion into Southeast Asian markets](#) like Cambodia. Stateside, we can enjoy the Lobster Sandwich and other [summer recipe items](#) rolling out in June. Pret A Manger and Chick-fil-A also have aggressive expansion plans in the works, perhaps fueled by the above-average customer loyalty that we're seeing here.



# The Bottom 5 QSRs Ranked by Customer Loyalty

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Aggressive  
growth  
plans

Restructuring  
with C-Store  
Elements

Here's a surprise: Shake Shack, the trendy burger chain that got its start in New York City's Madison Square Park, is actually performing lowest among QSRs for customer loyalty. As recently as June 8, Shake Shack CEO Randy Garutti explained that the company's growth was [just getting started](#), sharing his vision for up to 450 locations in the U.S. alone. (The chain currently operates 134 locations.) Shake Shack is enjoying the buzz right now -- but will interest wane as the chain becomes old news in its expansion markets? Time will tell.

Two former Yum! Brands -- Long John Silver's and A&W Restaurants -- are also performing below average for loyalty thus far in 2017. That could change, however, as Long John Silver's has [strengthened its marketing team](#) this year and just announced the addition of [deep fried Twinkies](#) to its menu. A&W is taking a very interesting and unique approach, [adding c-store elements](#) to new openings this year. We'll keep track of both restaurants throughout the year.

Overall, the bottom QSRs seem to be less likely to close restaurants despite below-average customer loyalty. Perhaps that's due to lower overhead costs, or higher overall visitation numbers than their full-service counterparts.

For more information on inMarket inSights and the Spring 2017 Loyalty Report for Restaurants, [contact us](#) today. To view additional Loyalty Reports, please visit [inMarket inSights](#).