

PCH QSR HABITS AND DEMOGRAPHICS SURVEY
RESULTS (OCTOBER 2018)

ATTRACTING NEW CUSTOMERS AND CREATING GREATER LOYALTY

IS WHAT'S ON THE MENU FOR
QUICK SERVE RESTAURANTS





EXECUTIVE SUMMARY

The competition between quick serve restaurant (QSR) brands to keep their base intact and to attract new customers is fierce and only increasing in competitiveness according to a new report from Publishers Clearing House.

Based on a survey of more than 2,600 registered members of its online community, PCH shows that in the world of QSRs, customer loyalty often extends only as far as the next incentive or reward.

Competing brands are going to great lengths to capture and keep new customers and loyalty programs, branded apps and financial offers are at the heart of their strategy.

Data shows that customers are willing to try new brands when they receive a compelling offer and it's a constant game of one-upmanship among QSRs to bring the most attractive incentives to market.

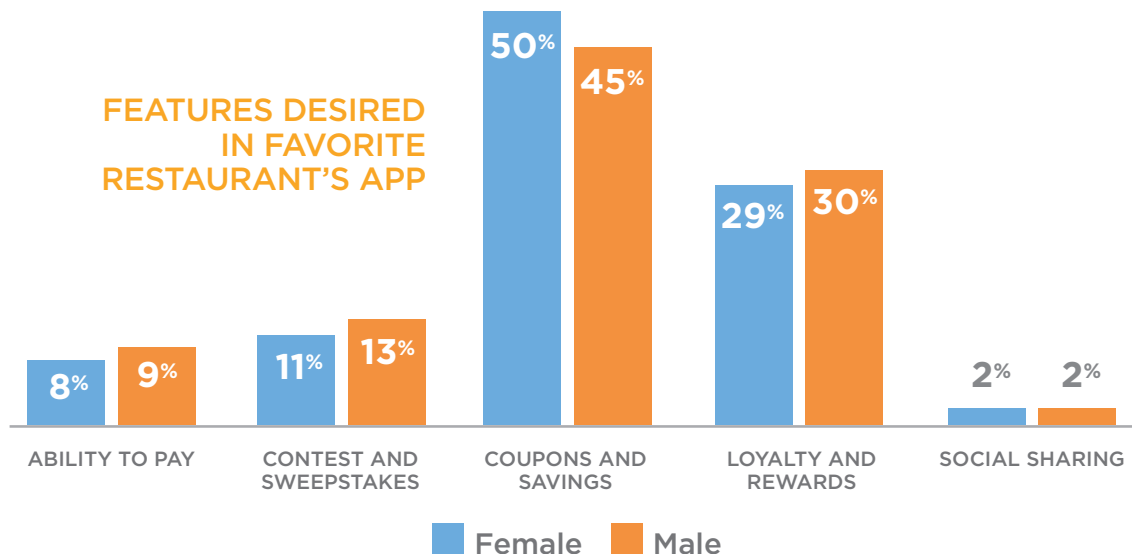
For QSRs, the ability to attract and retain customers has become as much about providing the right level and type of incentive as it is delivering a quality product.

QSR INCENTIVES: WHAT'S WORKING

Attracting and retaining customers is a key objective for all QSR brands and many of them have adopted programs to encourage frequent usage. Primary among them is the creation of a restaurant app that can offer all sorts of incentives to reward consumer participation.

Our research showed that receiving coupons and savings was the number one driver for both women (exactly 50 percent) and men (45 percent) to use an app. Loyalty rewards was next with a nearly identical mark of 30 percent for both women and men. Contests and sweepstakes and the ability to pay through the app were third and fourth, respectively.

This tells us that if QSRs make it easy for their customers and incentivize them along the way, they are more likely to retain them as loyal customers.



INCENTIVES ARE A TWO-WAY STREET

Incentives work. That is why competing QSRs are also employing incentives and rewards as a strategy to lure new customers to their restaurants and away from the competition.

Our research showed that the incentive of a coupon is the leading driver for a consumer to try a new restaurant. Fifty percent of women and 44 percent of men indicated that they would be willing to try someplace new if a financial reward was offered.

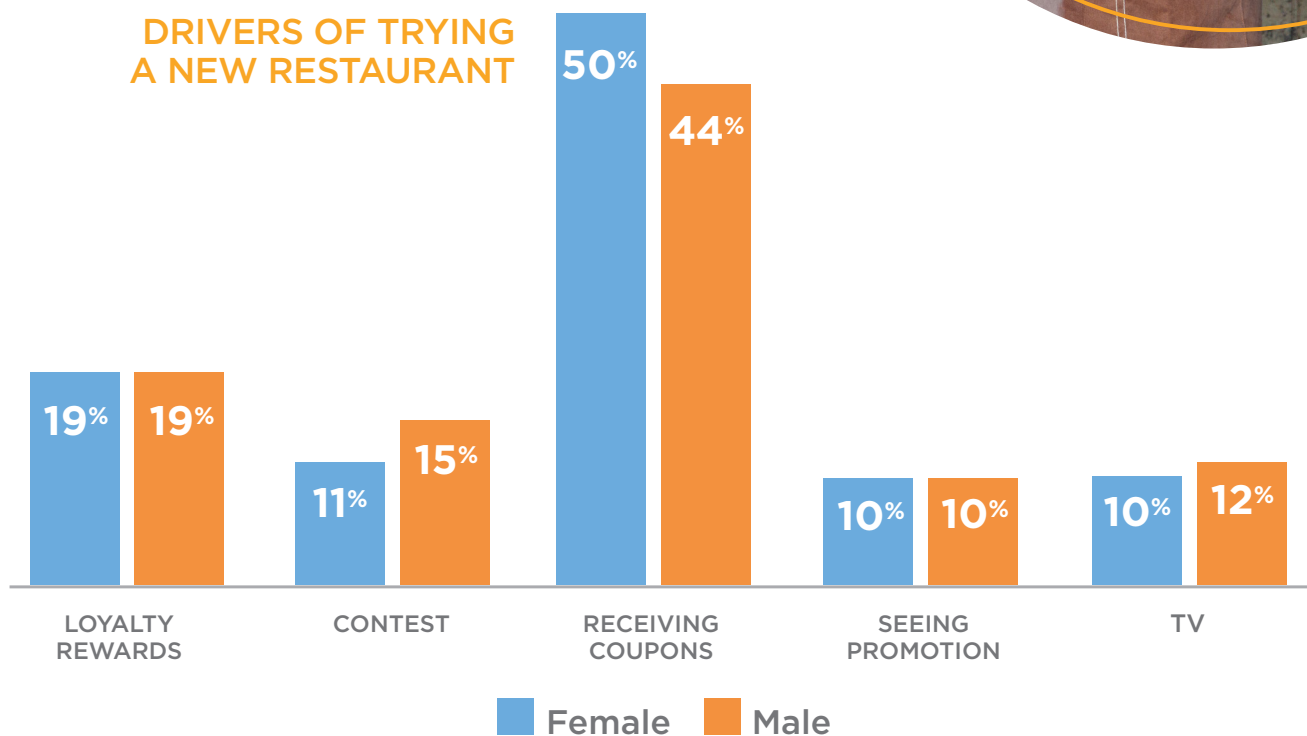
Highlighting the power of loyalty reward programs, both 19 percent of men and women said a loyalty program would be an incentive for them to try a new QSR. Contests were third with 11 percent of women and 15 percent of men.

These findings confirm that savings, incentives and the ability to win are the clear drivers in attracting new customers.

Promotions and TV advertisements were a distant fourth and fifth respectively highlighting the fact that customers respond to monetary incentives and rewards far better than advertisements.



DRIVERS OF TRYING A NEW RESTAURANT



IS THERE CONSUMER LOYALTY WHEN IT COMES TO QSRS?

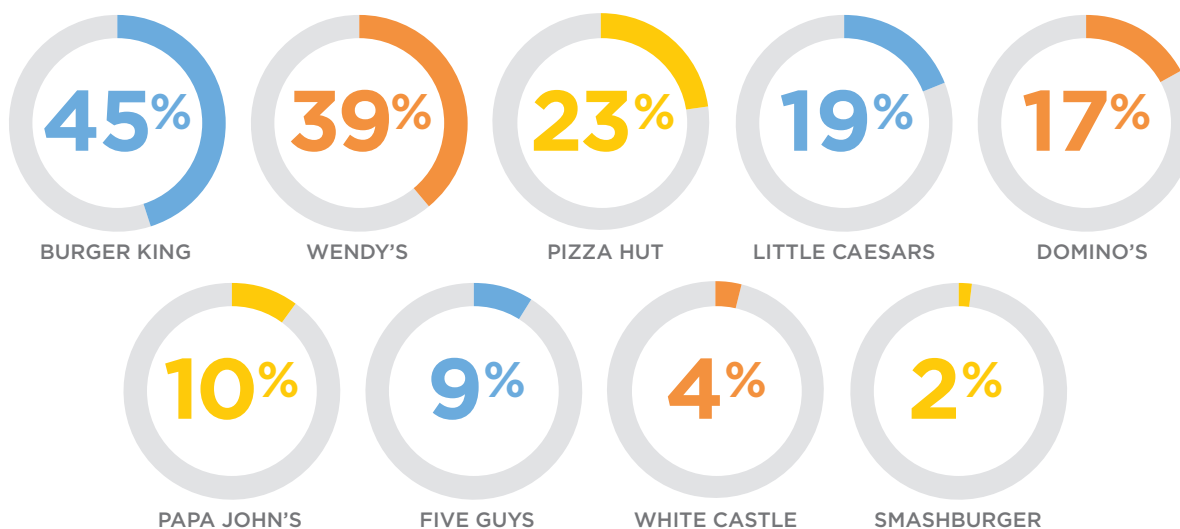
Yes and no. Our data shows that consumers have a willingness to be loyal, but that they need to be incentivized for that loyalty to stick.

Coupons and savings, loyalty options and the ability to participate in and win contests keep consumers coming back. That is also why the competition is employing these tactics liberally to lure customers away.

Our data showed that while consumers tend towards brand preference if conditions are met, they are not shy about frequenting other QSR options.

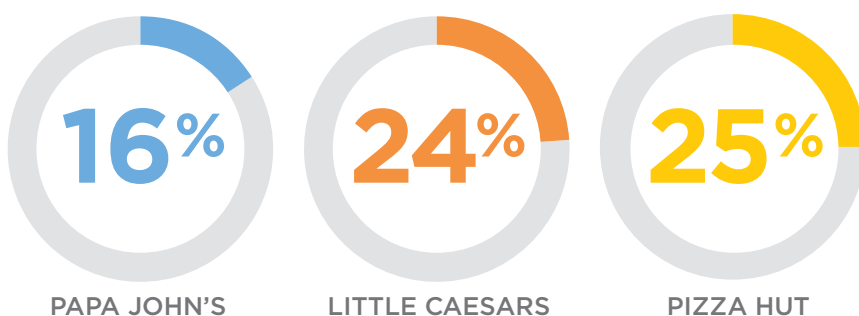
For example, consumers identifying as McDonald's customers are also willing to dine at Burger King and Wendy's.

MCDONALD'S EATERS OTHER QSR CHOICE



In another example, Domino's customers are willing to take their business to the competition when the right conditions are met. Pizza Hut and Little Caesars are nearly equal threats at 25 percent each with Papa John's representing a viable alternative to 16 percent of our respondents.

DOMINOS EATERS OTHER QSR CHOICE

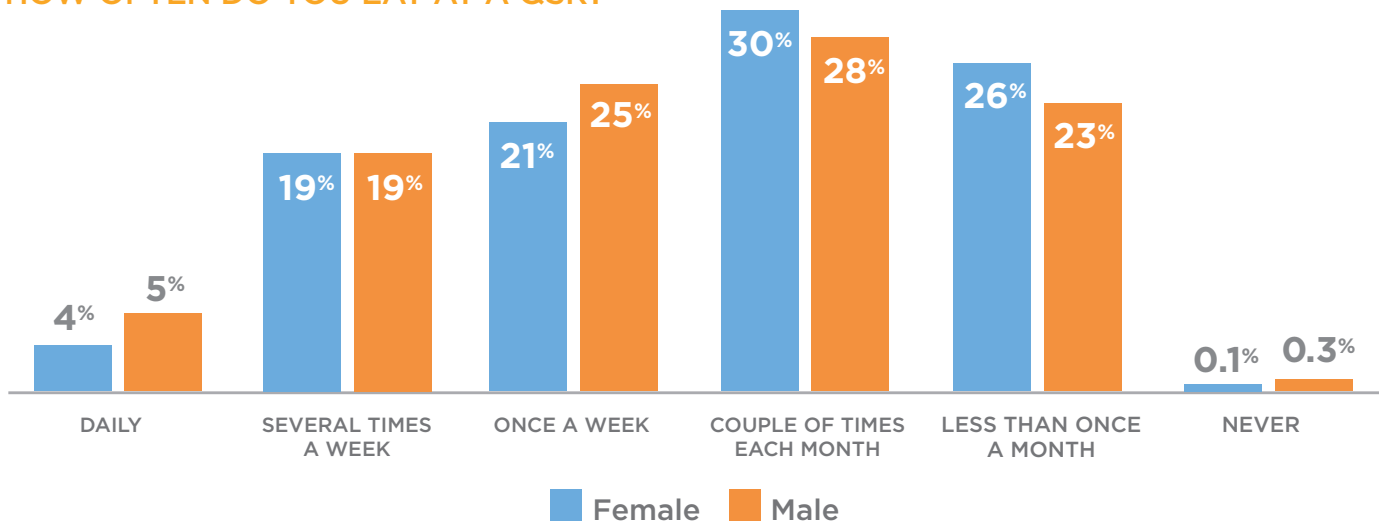


WHO IS GOING TO QSRS AND HOW OFTEN?

Our research showed that nearly half of men surveyed (49 percent) indicated that they eat at a QSR a minimum of once per week. Almost 20 percent of them indicated that this takes place several times a week and slightly more than five percent indicated that dining at a QSR is a daily occurrence.

On the flip side, approximately a quarter of both men and women eat at a QSR less than once per month. These are big numbers and represent a substantial revenue stream. Creating programs that appeal to this audience and incentivize them to increase their frequency of visits is the next big thing for QSR marketing. Whoever gets there first will have a significant advantage.

HOW OFTEN DO YOU EAT AT A QSR?



CONCLUSION

According to several QSR analysts, the fast food industry in the United States is forecasted to exceed \$223 billion by 2020*.

Given the stakes, brands are wrestling with a two-part equation. How to capture a greater percentage of market share while keeping customers loyal to the brand?

QSRs are investing heavily in programs such as incentives, apps, loyalty programs and more to attract new customers and to ensure current customers stay loyal. This area of the market is getting increasingly competitive.

Loyalty can no longer be taken for granted and the pressure on QSRs to retain customers now goes far beyond the dining experience. Consumers are looking for a commitment in return in the form of incentives as well as the opportunity to participate in contests and sweepstakes to win additional prizes.

If QSRs are not offering these types of programs, they can be assured that the competition is and will be using them to lure new customers to their restaurants.

Today's model of frequent touch points and direct access with customers, and having a good product is only half the battle. You also need to be providing the incentives consumers are hungry for.

WANT TO LEARN MORE ABOUT HOW PCH CAN HELP QSRS DRIVE CUSTOMER LOYALTY?
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