



# Market Brief

Tracking and interpreting restaurant trends

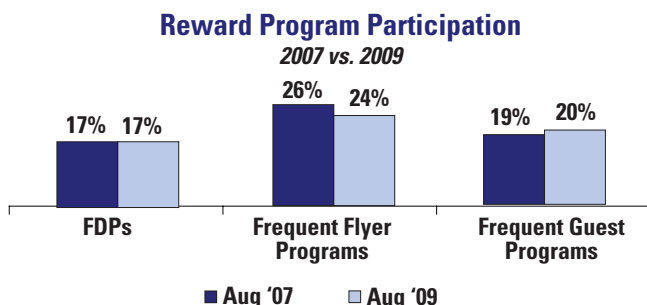


## Frequent Diner Reward Programs: Status Update

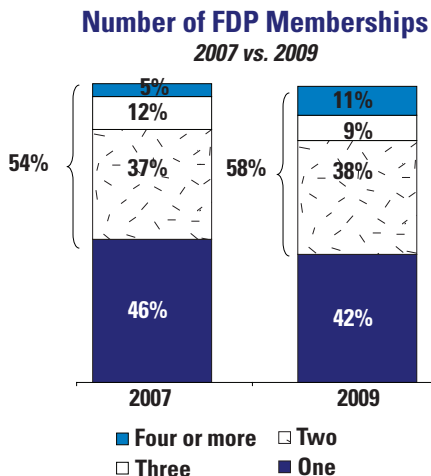
The aim of frequent diner programs\* is to increase customer loyalty and thereby increase visit frequency, ultimately resulting in higher traffic counts and more revenue. Today, frequent diner programs (FDPs) face a market flooded with similar programs as well as competition from restaurants offering deeper-than-usual discounts on meals. In light of this situation, operators may wonder whether FDPs are as relevant to their customers as in the past and whether they're still an effective strategy for building a loyal customer base.

### PROGRAM PARTICIPATION IS FLAT

Reported participation in FDPs remained steady from August 2007 to August 2009, with 17% of consumers indicating they were enrolled in at least one FDP. During the same time span, reported participation in frequent flyer programs and preferred hotel guest programs was relatively unchanged as well.



More than half of consumers who belong to frequent diner programs participate in more than one program. In 2009, 58% of such consumers reported they were members of two or more frequent diner programs. This is a slight increase from 2007, when 54% of program participants indicated they had multiple memberships.



\*Restaurant programs where consumers' restaurant purchases or visits are tracked, and in return they receive rewards such as gift certificates or free meals.

### INSIDE MARKETBRIEF

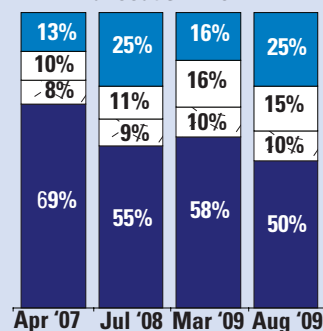
*For the Love of Leftovers.....p.3*  
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### LATE-NIGHT DINING TREND BARMETER

Late-night dining, which includes meals and snacks purchased from restaurants between 10 p.m. and 5 a.m., is becoming increasingly common. From April 2007 to August 2009, lapsed/non-users of late-night dining dropped nineteen percentage points, from 69% of consumers to 50%. In the same time period, moderate and heavy users of late-night dining grew significantly.

Late-night dining may be seasonal, with highs achieved in the mid- to late summer; during non-peak seasons, heavy users likely dip into the realm of moderate usage instead.

### Late-Night Dining at Restaurants Takeout & Dine-In



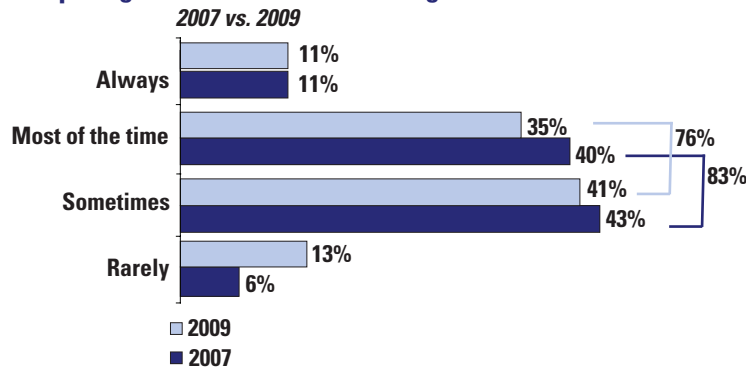
■ Heavy users (at least once per week)  
 □ Moderate users (2-3 times per month)  
 □ Light users (once per month)  
 ■ Lapsed/Non-users (rarely/never)

**Editor's note:** Look for several up-to-date metrics that shed light on key industry trends presented in this space in each month's MarketBrief. For comparison, you can find past Trend Barometer metrics online at: [www.technomic.com/amex](http://www.technomic.com/amex)

## LESS ALLURING THAN BEFORE?

One objective of FDPs is to keep participating restaurants top-of-mind with their consumers. In the past two years, this effect seems to be fading slightly. At the uppermost reaches, no changes were reported: in both 2009 and 2007, 11% of diners indicated they “always” consider restaurants in whose frequent diner programs they’re enrolled when deciding where to dine out. In 2009, however, 76% of consumers reported they take that same restaurant set into consideration “most of the time/sometimes” when dining out, vs. 83% who did so in 2007. The difference is made up by those who reported they “rarely” consider this set of restaurants when making their dining-out decision; 13% in 2009 vs. 6% in 2007.

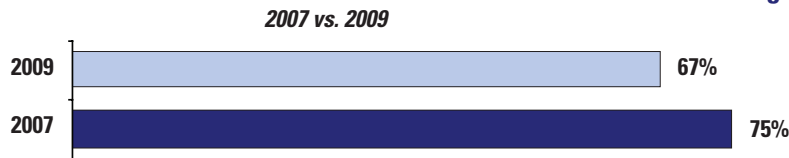
### How Often FDP Members Consider Eating at Participating Restaurants when Dining Out



## FDPs HAVE LESS PULL THAN IN THE PAST

In 2007, a favorite restaurant offering an FDP was a more compelling proposition than it is now. In 2009 two-thirds of consumers (67%) indicated they would be “extremely likely” or “somewhat likely” to increase visits to a favorite restaurant if it had a program, a drop of eight percentage points from 2007, when three-fourths of consumers (75%) felt the same.

### Chances that Visits to Favorite Restaurant Would Increase if it had a Reward Program\*

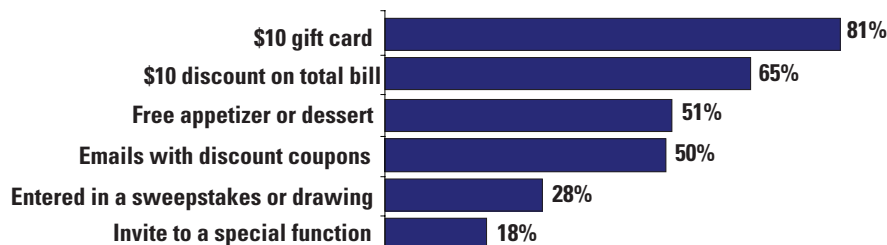


\*Top two box responses = “extremely likely” or “somewhat likely”

## TOP DRAWS & DRAWBACKS OF FDPs

Many operators encourage customers to join their reward programs by offering incentives. Consumers clearly indicate that giveaway money, in the form of a \$10 gift card for the restaurant, is a top motivator (81%). Money-saving offers and freebies such as a 10% discount on the total bill (65%), a free appetizer or dessert (51%), or emails with discount coupons (50%) for use at the restaurant are also appealing. Less enticing incentives were a sweepstakes or drawing (28%) and getting an invitation to a special function at the restaurant (18%).

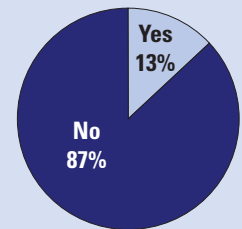
### Top Incentives for Joining an FDP



## MOBILE FOOD TRUCK TREND BARMETER NEW!

Mobile food trucks are garnering a lot of attention in the press, especially as many publicize their every move via frequent Twitter and Facebook. Nevertheless, it appears that this phenomenon is still in its infancy, as only 13%, or approximately one of eight consumers, actually has visited a mobile food truck in the past six months.

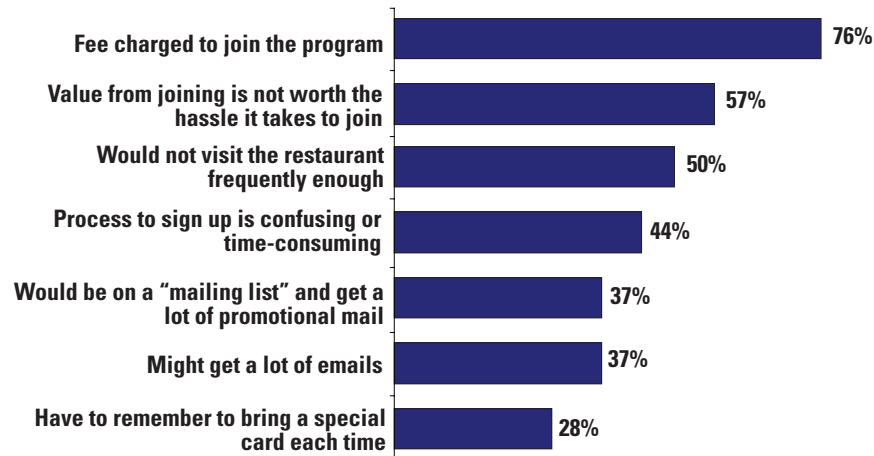
### Have You Visited a Mobile Food Truck in the Past Six Months?\*



\*A mobile food truck was described as a new way to sell specialty foods (such as tacos made with Korean bbq meat or freshly baked Belgian waffles) via a truck that travels around city areas, and not the same as sidewalk coffee carts or mobile kitchens at street fairs

Consumers indicate many reasons for not wanting to join a frequent diner program. Chief among them is that they will be charged a fee to join (76%). Other reported deterrents include: the value of joining may not be worth the hassle it takes to join (57%), visits to the restaurant may not be frequent enough to merit joining (50%), and the process to sign up could be confusing or time-consuming (44%). Additionally, more than a third of consumers (37%) indicate they are turned off by the promotional mail and/or emails they could receive as a result of joining a frequent diner program, while more than a quarter (28%) do not like the idea of having to remember to bring a special card to the restaurant each time they dine there.

### Top Reasons for Not Joining an FDP



**Bottom Line:** To compete with the deep discounts being thrown at diners these days, FDPs have to offer participants something beyond the ordinary. Key to this idea is reinforcing the concept of value, rather than focusing primarily on perks and rewards as in the past.

### BUSINESS-BUILDING IMPLICATIONS:

- FDP growth is flat, but this does not mean you should stop nurturing your program. Remember that this database has the names of your most loyal customers. Let them know you haven't forgotten about them in these hard economic times by sending them exclusive discount offers.
- Consider dropping any fees for membership in your loyalty program. Your guests will appreciate and likely respond positively to this gesture.
- T.G.I. Friday's Give Me More Stripes® frequent diner program is one of the most popular restaurant reward programs. Give Me More Stripes® issues perks right from the enrollment stage, including a "skip to the front of the line" pass and coupon for free appetizer or dessert. Promises of future perks like preferred seating and parking also help to differentiate Friday's program from a typical dining deal. Make sure to include these types of unique touches when designing your reward program.

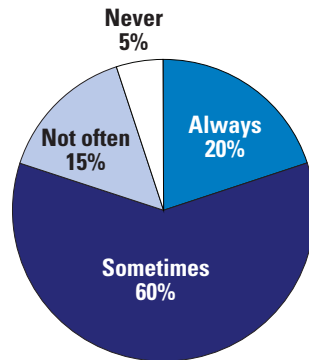
## For the Love of Leftovers

Leftovers are the ultimate comfort food. A meal to savor after the meal, a tasteful remembrance of food gone by, leftovers are the repast that requires no prep work and no added price tag. For many, it's unthinkable to leave a restaurant without some remains of the meal just eaten. Several factors account for leftovers' popularity, and based on some of these factors, there are many steps operators can take to ensure that this final aspect of the restaurant meal is a positive reflection on their establishment.

## NEARLY EVERYBODY DOES IT

To begin with, bringing home leftovers is an extremely common feature of restaurant dining. Taken together, eight of ten consumers (80%) indicate they either “always” (20%) or “sometimes” (60%) take leftovers home when they dine out, and another 15% of consumers do so as well, though “not often.” Only 5% of consumers report they “never” take leftovers home.

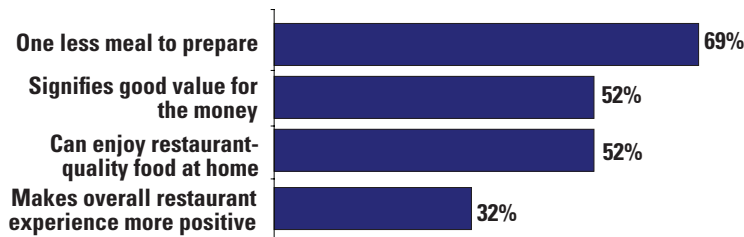
**How Often Consumers Take Leftovers Home when They Dine Out**



## LEFTOVERS SERVE MANY PURPOSES

There are many reasons why diners love to take home a part of their meal. First and foremost, consumers report that bringing home leftovers means that there will be one less meal to prepare (69%). Leftovers also imply that the meal was a good value for the money (52%). And, plenty of consumers indicate they like to enjoy restaurant-quality food in the comfort of their own home (52%). About one-third of consumers (32%) report that leftovers just make their overall dining experience more positive.

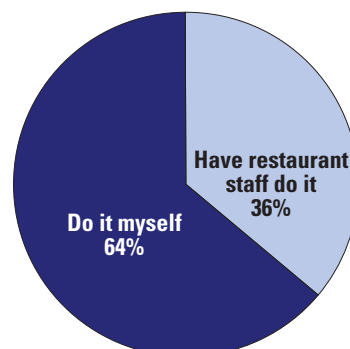
**More Appealing Aspects of Leftovers**



## POINTS ON PACKAGING

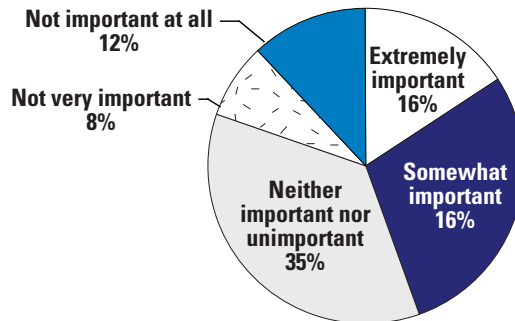
With regard to the overall the dining experience, the majority of consumers (64%) indicate that they prefer to package the leftovers up at the restaurant themselves. The remaining third or so of consumers (36%) report that they prefer to have the restaurant staff do the packing up.

**Preference for Packing Leftovers**



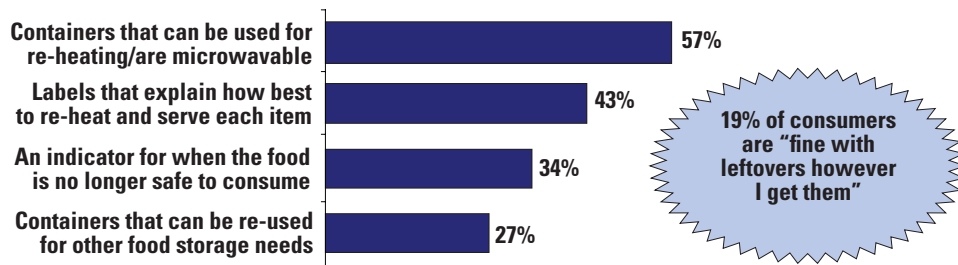
Packaging materials are of concern to a sizeable segment of consumers, but certainly not all, as the chart on the next page shows. Combined, nearly half of consumers (45%) indicate that "green" packaging materials for leftovers are "extremely important" (16%) or "somewhat important" (29%) to them. The largest bloc of consumers (35%) report that "green" packaging is "neither important nor unimportant" when they are getting leftovers. One of five consumers (20%) notes that "green" packaging is "not very important" (8%) or "not important at all" (12%).

### Importance of "Green" Packaging for Leftovers



What consumers mainly want in terms of packaging for leftovers is anything that will make it easier to heat and serve the food. Topping the list, nearly three of five consumers (57%) indicate they'd like containers that can be used for re-heating/are microwavable, and more than two of five consumers (43%) want labels that explain how best to re-heat and serve the leftovers they've got. Slightly more than one-third of consumers (34%) report that an indicator for when the leftovers are no longer safe to consume would be helpful, and about a quarter (27%) would like containers that can be re-used for other food storage needs.

### Top Consumer Requests for Leftovers Packaging



**Bottom Line:** The majority of your customers take home leftovers at some time or another. Each time they re-heat and serve this food, it is cause for them to think again of your restaurant. The more you can do to make the leftovers experience stand out, the more positive the reflections upon your establishment will be.

## BUSINESS BUILDING IMPLICATIONS:

- Consumers indicate they are looking for ways to use the leftovers they take home. Why not follow in the footsteps of UK chefs who contribute recipes for using leftover food to <http://www.recycleforlondon.com/reduce-reuse/index.jsp>, and offer up some ideas to your customers to go along with their doggie bags?
- Re-usable packaging for leftovers may cost more at the outset, but if you put your restaurant's logo on the containers, then each time those pieces appear in a consumer's kitchen, your restaurant's name will be front-and-center. Ultimately, this may net you a pretty good ROI.
- In today's economy, it is fairly safe to assume that when diners leave a decent amount of food on their plates, they will want to take it home. Make sure your staff is well-versed in leftovers etiquette; they should always offer to get the containers or pack things up, rather than having to make customers ask and/or wait a long time to get the process going.

## Family Attitudes & Motivations in Foodservice

Establishing brand loyalty, increasing sales and driving customer traffic are top aspirations of most operators. Growing the number of family dining and kid-focused foodservice occasions at a restaurant can be key to achieving all of these goals. To do so, however, requires a solid comprehension of the needstates of the end users in question, namely parents and kids.

In order to understand the dining behavior, attitudes and preferences of moms and kids, Technomic, in partnership with C3, conducted a May 2009 online survey of 1,500 moms and 1,200 kids between the ages of 6 and 12. All child respondents were the son or daughter of one of 1,200 mom respondents. Three hundred additional moms (to total 1,500 moms) of kids under the age of six were also surveyed in order to appreciate the behavior and preferences of even younger kid consumers.

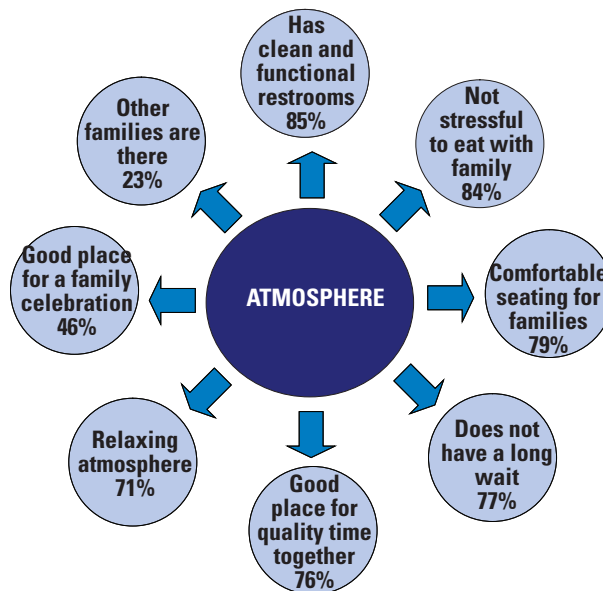
### RESTAURANT CHOICE DRIVERS

Moms were asked to rate the importance of different attributes when deciding the type of restaurant (i.e., fast-food, fast-casual, etc.) they will visit. They rated many of the atmosphere-related attributes relatively high on the importance scale. "Clean and functional bathrooms" and "not stressful for the family" were at the top of the list (85% and 84%, respectively).

Approximately three-fourths of moms rated "comfortable seating for families" (79%), "does not have a long wait" (77%), "good place for quality time together" (76%) and a "relaxing atmosphere" (71%) important or extremely important attributes in their restaurant type choice. Fewer moms rated "good place for a family celebration" as important to their restaurant choice decision (46%), likely because many restaurant occasions do not involve a celebration. Whether or not "other families are there" is only important to approximately a quarter of moms' restaurant-type choice (23%).

#### Most Important "Atmosphere" Attributes when Families Decide Which Restaurant to Choose

% of moms selecting "extremely important" or "important"

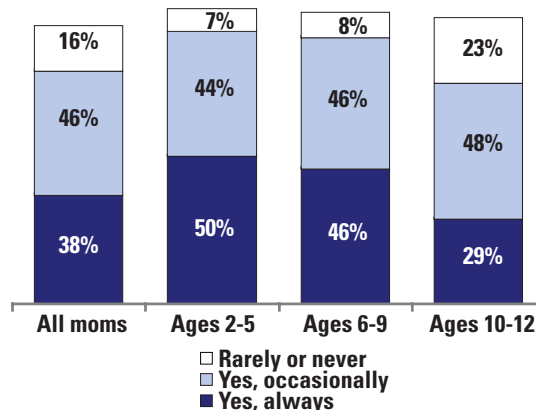


### USAGE AND PERCEPTIONS OF THE FULL-SERVICE RESTAURANT KIDS' MENU

Overall, approximately two of five moms (38%) report they "always" order for their children off the kids' menu at FSRs, and 16% "rarely" or "never" do so. Moms with kids 2–5 years of age and 6–9 years of age are more likely than moms with kids 10–12 to report they "always" order off of the kids' menu at FSRs (50% and 46% vs. 29%). Conversely, moms of kids 10–12 years of age were more than twice as likely as moms with kids 2–5 years of age and 6–9 years of age to report they "rarely or never" order off of the kids' menu (23% vs. 7% and 8%).

#### Moms who Order for their Kids off the Kids' Menu

By age of kids

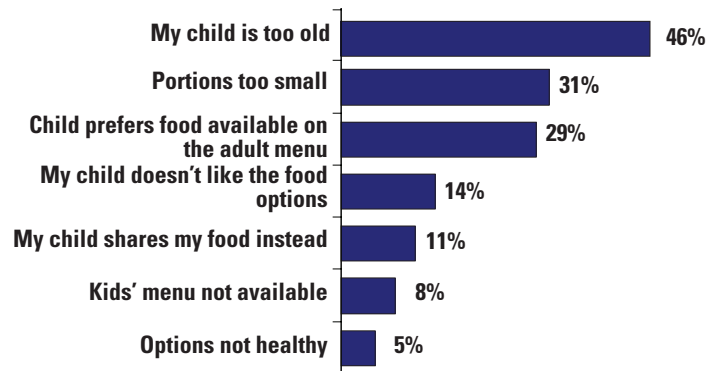


Base: 1,289 moms who visit FSRs

As noted above, only 16% of moms report they “never or rarely” order off of the kids’ menu at FSRs. The top reason indicated is that their children are “too old” (46%). This was followed by “portions (are) too small” (31%) and the “child prefers food available on the adult menu” (29%).

Other, less frequently cited reasons for not ordering off of the kids’ menu are “my child doesn’t like the food options” (14%), “my child shares my food instead” (11%), “kids’ menu not available” (8%) and “options are not healthy” (5%).

### Why Some Parents Do Not Order off the Kids’ Menu at FSRs



Base: 203 moms who rarely or never order off FSR menus

**Bottom Line:** Understanding dining occasions, restaurant choice drivers and food preferences from both moms’ and kids’ perspectives is an integral tool for growing incremental sales and driving brand loyalty at restaurants.

### BUSINESS-BUILDING IMPLICATIONS:

- Does your restaurant do everything it can to attract families and earn their loyalty? A good place to start in this endeavor is with server training. Make sure, for example, that your servers know to get young kids’ orders in asap and have them delivered to the table before the adults’ meals arrive, unless told otherwise by the parents.
- Nowadays, it is not uncommon for older kids have fairly sophisticated palates. Your restaurant can address these culinary whims by offering items such as kid-sized steak entrées, pizzas that go beyond the typical cheese variety, and mixed-grill offerings that feature shrimp instead of just the usual chicken.
- Solve the “child too old/portions too small” dilemma by serving kids’ meals in a range of portion sizes that will accommodate both big and small appetites. Operators who have created something similar for adult menus (e.g., Right Portions, Right Price Menu from T.G.I. Friday’s) have met with success in these endeavors.

**Editor’s note:** Except where otherwise noted, source of data is a periodic overnight survey of 500 consumers representative of the U.S. population, conducted via the Internet by Technomic, Inc. in August 2009. Margin of error  $\pm 3.4\%$ . “Kids and Moms Consumer Trend Report” is based on an online survey of 1,500 moms and 1,200 kids in the U.S. conducted in May 2009. Margin of error  $\pm 2.5\%$ .

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