

QSR & Fast Casual: An Industry Snapshot



Eating at quick-service restaurants (QSRs) is a popular American experience, but what draws consumers to these chains? This month, we are using data from a recent Harris Poll survey and QuestBrand to examine consumers' QSR habits. This report provides a glimpse into the world of QSR trends as of August 2024.

The snapshot takes a deep dive into Americans' QSR eating habits and priorities. We close with an over-index report, listing five casual chains that over-index with US adults from each geographic region - urban, suburban, and rural. This indicates that these chains are more popular with US adults in that region of the country.

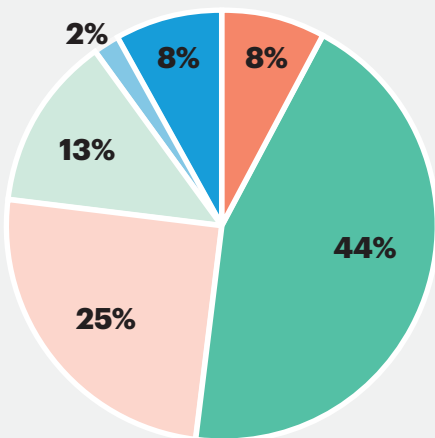
An In-Depth Look At Americans' QSR Habits: Who, What, Where, And Why

WHO ARE QSRS' KEY CUSTOMER BASE?

Quick-service restaurants (QSRs) (i.e., a fast food or fast casual restaurant such as McDonald's or Chipotle) are undeniably popular in the US. Only 8% of US adults say that they do not order items from QSRs. **Slightly more than half (52%) of consumers are considered frequent diners** (i.e., order at QSRs at least once a week). Across American consumers, several demographics over-index on their QSR consumption. **Frequent diners are more often young adults** (ages 18-34) (65%) (versus older adults (ages 55+) 37%), **men** (52%) (versus 48% women), **and people of color** (59%) (versus 48% white).

WHAT DRAWS CONSUMERS IN? - PRICE & VALUE

Fast-food has long been thought of as an affordable meal option – especially for busy families on the go. But this perception has recently taken a hit as **fast-food restaurants have raised prices** to deal with rising input costs and employee wages. **Today, only one-third (32%) of US adults agree that QSRs offer affordable meal options.** That's not good news for the casual chains. Four-in-10 (36%) US adults agree that **overall price is the most important factor to them when they eat out.**



“On average, **how often** do you **order items** from **QSRs**.”

- At least once a day
- At least once a week
- At least once a month
- A few times a year
- About once a year
- N/A - I don't order from QSRs

Base: US adults, n=1,114. Q51Q1: On average, how often do you order items from quick-service restaurants (i.e., a fast food or fast casual restaurant such as McDonald's or Chipotle)?

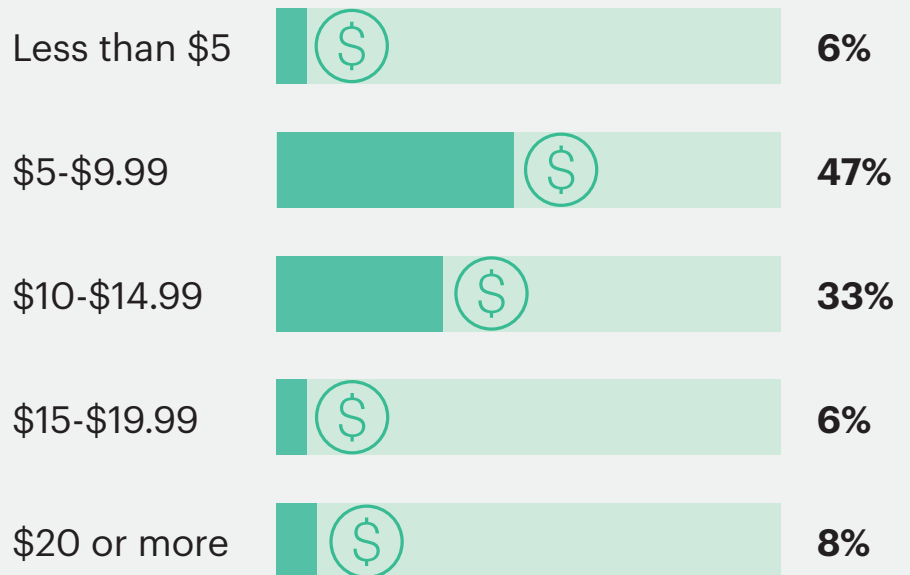


Customers have noticed QSRs' price-hikes. When asked to compare current prices to prices one year ago, **81% of US adults who order from QSRs at least once a year say that prices are higher**. Four-in-10 (41%) described prices as ***much higher***.

In addition to higher prices, **35% of consumers who order at a QSR at least once a year agree that they've noticed "shrinkflation"** at QSRs (i.e., reducing the quantity or size of an item without reducing the price) over the last year. Despite consumers' scrutiny, most don't expect all QSR meals to be **value-meal level cheap** - **only 6% of US adults say that a fair price for a full QSR meal is less than \$5**.

What do most consumers consider to be a fair meal price? **A plurality of US adults (47%) said that \$5-\$9.99 is a fair price to pay for a full meal** (i.e., food and drink for one person) at a QSR. Men are typically willing to accept a higher meal price than women. **Four-in-10 (38%) men say that \$10-\$14.99 is a fair price for a full meal** (versus 29% of women).

What is a **fair price** to pay for a **full meal** at a **quick-service restaurant**?



Base: US adults, n=1,114. QS1Q2: In your opinion, what is a fair price to pay for a full meal (i.e., food and drink for one person) at a quick-service restaurant?

QSRs must be mindful of rising their prices too much. **One third (34%) of consumers who order at a QSR at least once a year** (and 41% of young adults) **agree if price were not a consideration, they would choose to eat at another type of restaurant rather than a QSR**. If restaurants push their menu prices too high, they risk losing customers to sit-down restaurants, or at-home dining. Already, **almost half (45%) of US adults agree that in general, they are eating out less now than they did a year ago**.

How can QSRs attract more frequent customers? **When US respondents were asked which factors would increase their ordering** (e.g., frequency, overall likelihood) **from QSRs, they most often said lower base prices (50%) and discounts and promotions (49%)**. Other popular responses included **larger portions (35%), higher-quality ingredients (35%), and healthier menu items (35%)**.

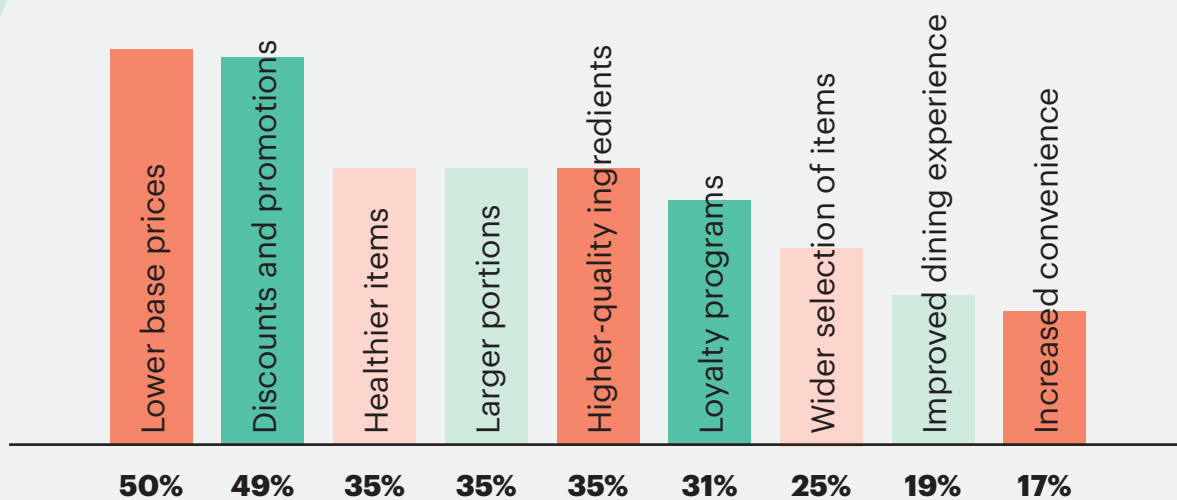
WHERE ARE CUSTOMERS ENJOYING THEIR MEALS?

Unlike sit-down restaurants, QSRs provide greater flexibility in where customers choose to enjoy their meals. In fact, **a minority of customers** who order from a QSR at least once a year **typically eat their meal in the restaurant** (18%). Instead, they usually **eat their food at-home** (44%) or **on-the-go** (e.g., in the car, traveling) (26%). Who can you expect to see eating in-restaurant? **Older adults** (23%) **more often than young adults** (16%) **say that they typically eat their food in the restaurant.**

Why are customers eschewing the in-restaurant experience? One-fifth (18%) of US adults agree that they **avoid eating inside QSRs because they dislike the in-restaurant experience** (e.g., atmosphere, cleanliness). This is especially true for women (22%) (versus 14% men).



“What would **increase your ordering** from QSRs?”



Base: US adults, n=1,114. QS1Q6: Which of the following would increase your ordering (e.g., frequency, overall likelihood) from quick-service restaurants? Please select all that apply.

To attract more eat-in guests, QSRs can improve the in-restaurant experience. When asked which aspects of the in-restaurant experience (e.g., atmosphere, cleanliness) are most important when dining out at a QSR, respondents prioritized **cleanliness** (69%), **quality of service** (63%), **speed of service** (56%), and **comfort** (e.g., of dining area, waiting area) (47%).

WHY ARE CUSTOMERS DRAWN TO QSRS?

Eating at a QSR is a distinctly American experience. You'd be hard pressed to find someone who hasn't enjoyed a McDonald's Cheeseburger on a road trip, or grabbed a late night Taco Bell Crunchwrap. Why are we attracted to QSRs? Almost half (45%) of consumers who order at a QSR at least once a year agree that **they choose to go to QSRs because it's practical** (e.g., saves money, convenient). About the same number (46%) **choose to go to QSRs as a treat** (e.g., for myself, someone else).

As QSRs look to retain (and grow) their customer base in the months ahead, restaurants must prioritize what their customers value most - **convenience, affordability, and delight!**

Subway: The Sandwich Chain Turns Heads With The Release Of A Footlong Cookie

In January 2024, Subway added a Footlong Cookie to its menu for only \$5. Demand for the cookie exceeded Subway's ability to fulfill orders, and the cookie had to be temporarily removed from Subway's app and delivery purchase options. **Between January and May, Subway sold 5 million Footlong Cookies.**

After almost four months of hiatus as Subway tweaked their cookie supply chain, **the Footlong Cookie reemerged full force in May.** Since then, the cookie has been available for sale in-store, through the app, and through the chain's delivery partners.

"The Footlong Cookie has delighted millions of Americans since their first bites in January, **sparking unprecedented demand over the last several months.** Subway worked diligently to **rush additional Footlong Cookie supply to satisfy cookie cravings at a great value** and serve up a footlong dose of happiness this summer." - **Paul Fabre**, Subway's Senior Vice President of Culinary and Innovation

Perhaps in part due to the popular cookie's early scarcity, **the Subway Footlong Cookie took off across social media.** In particular, numerous customers posted videos of themselves **tasting the giant treat on TikTok.** The Subway Cookie had officially gone viral.

TikTok Users Who "Recommend" Subway - 12 Week Moving Average

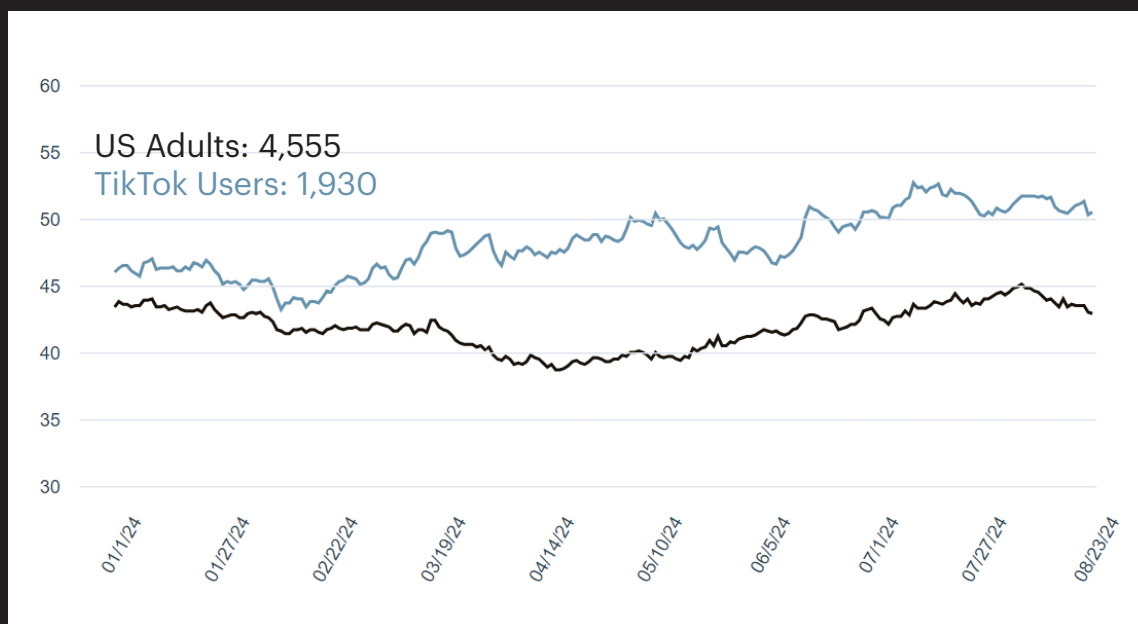


Figure 1. QuestBrand. 1/1/24-8/25/24. Base: General population of US adults, n=4,555. Base: US adults who have used TikTok within the past 30 days, n=1,930.

Using data from **QuestBrand** by The Harris Poll, **we tracked Subway's Recommend score among TikTok users, and compared it to the score among the general population of US adults.** Figure 1 shows that **active TikTok users** (those who have used the platform within the past 30 days) **more often recommend the Subway brand than non-TikTok users.** This trendline suggests that **TikTok users may be more positively predisposed to the sandwich chain due to the content they are seeing about the brand online.** This significant boost in Subway's recommend scores highlights the power that viral videos can have on a brand, its reputation, and ultimately its sales.

Over-Index Report: Casual Restaurants by Region

This month's over-index report provides a unique look into each region's QSR and casual dining preferences. Using brand equity data from QuestBrand, we ranked casual restaurant chains that over-index with each region: urban, suburban, and rural. This indicates that US adults from each area value

these brands more highly than the general population of US adults. To determine this ranking, we compared each brand's brand equity score among the general population of US adults to its brand equity score among US adults within each region. Brand equity data was taken from January - June 2024.

Urban	Suburban	Rural
		
		
		
		
		

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