

# **HUNGRY FOR MORE**

## A Family Dining Out Report



December 2017



# On the Menu

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# Let's Dig In!

Welcome to the **2017 HUNGRY FOR MORE** report, a comprehensive look at out-of-home dining trends among U.S. families with kids and tweens.

The report—published by **SMARTY PANTS®** youth and family research firm—is derived from industry news, case studies, primary qualitative research, and quantitative findings from the 2017 **BRAND LOVE®** study.

**BRAND LOVE®** is a proprietary study of the **lifestyles** and **behaviors** of kids and tweens ages 6-12. The study also includes kids' **awareness**, **affinity**, **perceptions**, and **usage** of hundreds of family-facing brands. Parents evaluate the same brands as their kids, providing a holistic look at the preferences and behaviors of U.S. families with children.

The 2017 wave of the annual study—its 9<sup>th</sup>—was fielded online with a nationally-representative

sample of **over 8,200 kids and tweens ages 6 to 12, and their parents**. Data collection took place in June and July in order to capture both school year and summer learning.

Kids and parents evaluated a total of **347 brands** across **20 categories**. Each participant assessed up to 15 brands, providing both closed and open-ended responses to the 40-minute family survey.

- 347 brands
- 20 categories
- 8,292 kids & tweens ages 6-12
- 8,292 parents of 6 to 12-year-olds
- 15 brands per respondent
- More than 24,000 verbatims
- Tracking since 2009



Closed-ended responses included rating each brand on **30 attributes & descriptors**:

- I can make it my own/personalize it (*Customization*)
- Active/physical
- Good for me/healthy/safe
- A good value
- I can buy it with my own \$ (*Affordable*)
- Made well/good quality (*High-Quality*)
- Been around a long time (*Heritage*)
- Has great varieties/options
- Easy to use/do/make
- Has great commercials/advertisements
- Has a great website
- Has a great app
- Does good things for the environment/world
- Convenient/portable
- Exciting/adventurous
- Tastes great
- For the whole family (*All-Family*)
- For kids my age
- For kids younger than me
- For kids older than me
- Good for connecting with others (*Social*)
- My mom/dad let me have/use it (*Allowed*)
- Challenges/educates me
- Gives me rewards/rewards me
- Innovative/always has new things
- Fun
- Different/unique
- Cool/trendy
- Looks good/good design
- Hard to get/find (*Elusive*)

*Note that "me" is replaced with "my child" for parents*

An analysis of these attributes leads to a deeper understanding of how brands perform and categories behave.

Kids and tweens also rated how **popular** they perceive each brand to be. The results aid in mapping each brand's momentum and understanding restaurant trends.



### Key metrics

**Two proprietary measures** are referenced throughout the report:



**KIDFINITY** is an aggregate measure of kids' brand **awareness**, **love**, and **popularity** perceptions. Composite scores range from 0 to 1000, with most brands scoring between 400 and 900 points.



**PARENTFINITY** is a similar, independent composite metric that factors in parents' brand **awareness** and **love**. Scores also range from 0 to 1000.

Both measures have a .86+ correlation to current and future usage, making them critical indicators of brand success.

Brands can be ranked within and across categories based on their **KIDFINITY** and **PARENTFINITY** scores. Note, however, that absolute *scores* are a truer indicator of YOY brand performance, as *rankings* can be impacted by the number of brands and the actual brands included in the study each year.



Brands referenced in the report in **bold teal** were evaluated in the 2017 **BRAND LOVE®** study.



# THE BIG PICTURE



**In 2017, the dining out landscape is about much more than food.** Families are looking for healthy and customizable menu options, transparency in labeling and communications, multi-sensory experiences, digital enhancements that make the experience easier, and convenient ordering, payment and delivery solutions that support their busy lifestyles.

At the same time, **options for dining out (and in) have exploded.** According to the National Restaurant Association, there are now over 1 million food establishments from which U.S. families can choose! Whether they are ordering ahead on a mobile app, stopping by a local food truck, or getting their favorite meal delivered to their door, kids and parents are loving the choices they have when it comes to dining.

Restaurant-quality, at-home dining subscription services, innovative technologies, disruptive new concepts, and a national push for healthier

eating solutions have contributed to growing competition, particularly in the casual dining space. Overall, **the category is more crowded, complex, dynamic, and exciting than ever.**

The **2017 HUNGRY FOR MORE** report is a deep dive into the kid and family trends that are changing the restaurant landscape. The analysis includes data from 22 quick-serve (QSR), fast casual (FC), and casual dining (CDR) brands.



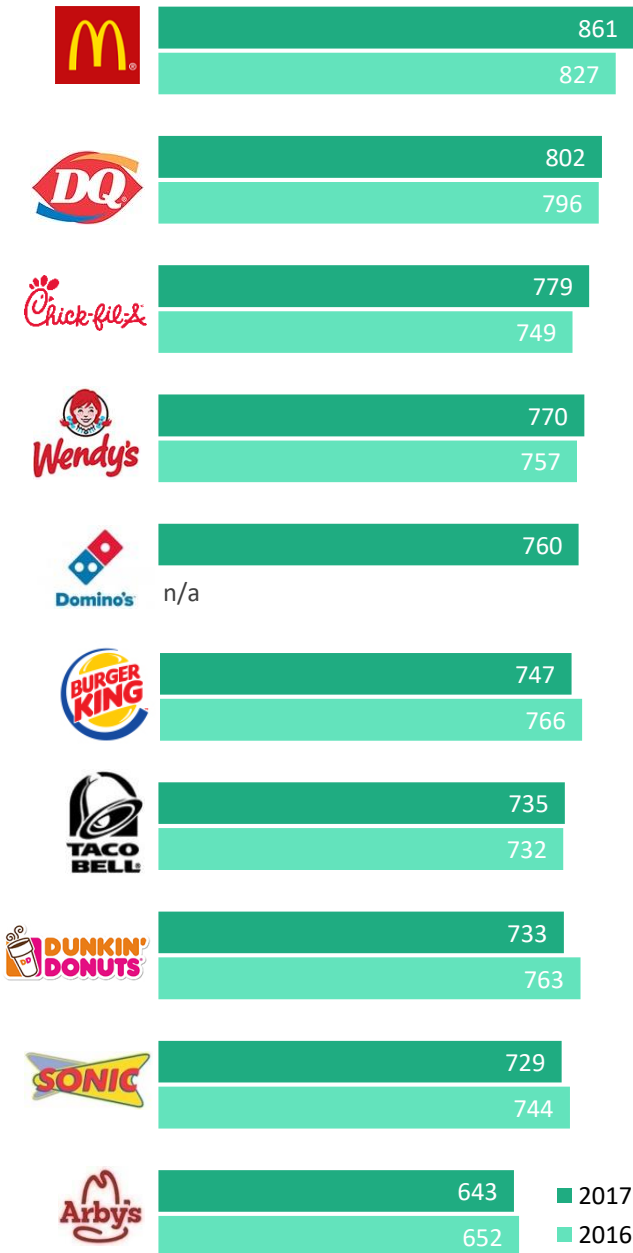
## An industry snapshot

Among both parents and kids, **affinity for most restaurant brands is growing in 2017.** The **fast casual (FC) sector is thriving**, giving new meaning to “fast food.” Meanwhile, CDRs and QSRs are evolving their menus, leveraging technology, and targeting younger diners in order to stay competitive. **Differentiation is a key challenge for established chains**, and only time will tell if their step-changes will be enough.

## Quick service still delights

Though nutrition experts have been critical of QSRs in recent years, there is no denying that **kids still love quick serve hotspots**—and the food and joy they create. Among 6-12s, affinity for leading QSRs has grown this year, while the chains that fall toward the bottom of the list are losing momentum.

Change in KIDFINITY for Select Quick Service Restaurants

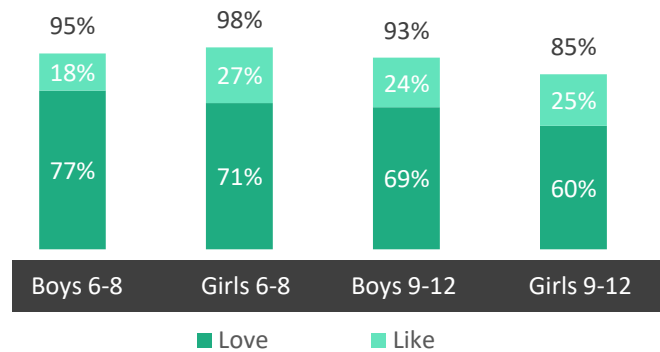


Base: Kids 6-12

Domino's was not included in the 2016 study

**McDonald's** continues to be the clear kid favorite in the category, and it has the largest growth momentum since last year. **KIDFINITY** for the brand has increased 34 points since 2016, moving to an impressive 861, and becoming the #10 brand across all 347 in the **BRAND LOVE®** study. Affinity for the brand is high across child age and gender, but it starts to decline as kids, particularly girls, move from Happy Meals into tweenhood.

2017 Kid Love/Like for McDonald's



Base: Kids 6-12

Affinity for rival **Burger King** is moving in the opposite direction. The brand loses 19 **KIDFINITY** points since last year, driven primarily by girls' fading interest. **Burger King** has experienced ups and downs over the last 9 years, but the decline is evident. It now rests more than 100 points below **McDonald's** 861.

Change in KIDFINITY for Burger King



Base: Kids 6-12



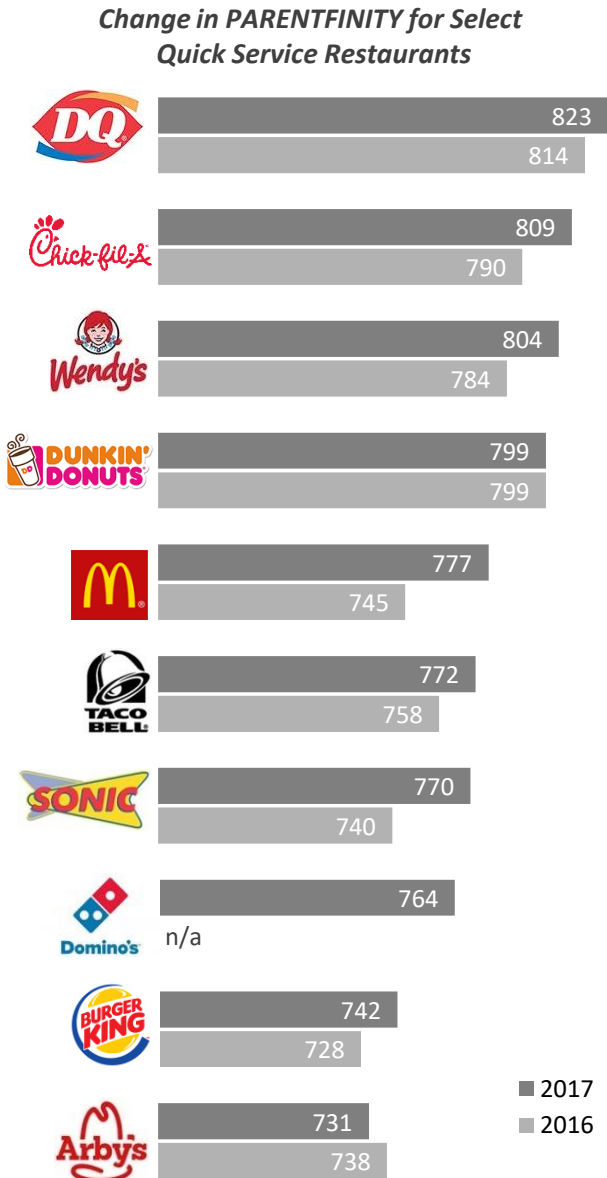
*"I love their chicken  
nuggets and  
PlayPlace. The toys  
are cool, too."*

*- 7-year-old boy, on  
McDonald's*



Arby's and SONIC, too, are experiencing losses among kids in 2017. Conversely, Chick-fil-A, Wendy's, Dairy Queen and Taco Bell post positive kid momentum, driven by their taste, family-friendly service, and portfolio of offerings.

Amid the changing dining landscape, parents still love the classic QSRs they grew up on. With the exception of Arby's (and Dunkin Donuts, which is flat), parents are feeling more positively about these eateries than they did just a year ago. As seen with their kids, the QSR sub-category shows growth among moms and dads.



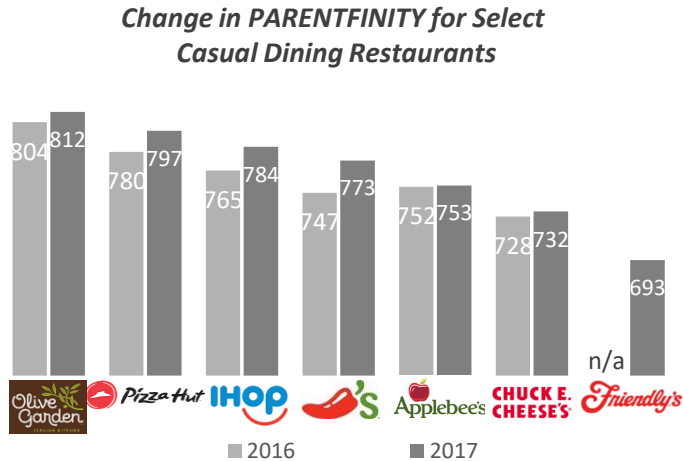
Base: Parents of kids 6-12  
Domino's was not included in the 2016 study

McDonald's experiences the most movement among parents this year, now ranking closely behind Dairy Queen, Chick-fil-A, and Wendy's. Verbatims reveal that the all-American brand still plays an important role in families' lives. It delights kids with toys, play opportunities, and "close-in" favorite foods, and parents with convenience and value solutions...not to mention, the ability to now get an Egg McMuffin at 3PM.

As health and customization become ever more important, and countless new dining options emerge, most QSRs are weathering the storm. Kids and parents remain hungry to grab some chicken strips or spend an afternoon on a play structure. The drive-thru window fills a unique family need that most FC and CDRs simply can't, and the joys of indulgence (on a Dilly Bar or a Frosty) remain a hallmark of family togetherness.

### CDRs struggle to keep families at the table

Families' affinity for casual dining restaurants also remains strong. In fact, PARENTFINITY for CDR brands has increased across the board this year. Olive Garden ranks as #60 across all 347 in the study for parents, and Pizza Hut is not far behind at #82.



Base: Parent of kids 6-12  
Friendly's was not included in the study in 2016

Kids, too, continue to feel good about popular CDRs, particularly pizza and pancake faves Pizza



*“It’s been a great place for the kids for so many years, even in my childhood.*

*McDonald’s has always been a place to go eat and enjoy family.”*

*- Dad of 8-year-old girl,  
on McDonald’s*



**Hut** and **IHOP**. The latter posts double digit **KIDFINITY** gains this year, as do **Chuck E. Cheese's** and the “fancy Italian” **Olive Garden**.

**Change in KIDFINITY for Select Casual Dining Restaurants**



But despite their affinity for these classic sit down brands, **BRAND LOVE®** data show that families are eating elsewhere. **For many of these CDRs, lapsed visitation has grown while future usage intent has diminished.**

For example, the percentage of kids who *used to visit* **Applebee's** has grown from 18% last year, to 37% in 2017, and **Olive Garden** moves from 21% to 32% attrition. The growing number of options available to kids, combined with less time to frequent a CDR means that many—and in some cases, more than a third of—kids have moved on to other places that better meet their needs.

**Kids Who 'Used to Use' Select Casual Dining Restaurants, 2017**



At a time when there are so many new and exciting ways to dine, the **family-friendly bar and grill concept is losing its luster**. There is little difference between eating at **Applebee's**, **Chili's**, Ruby Tuesdays or TGIFriday's, and this lack of differentiation—in both menu and experience—is part of what is driving the migration to other dining formats. The decline of the shopping mall, where many of these restaurants serve as anchors, has also played a role in diminishing visitation.



Contemporary families—many of which are led by Millennial parents who seek immediate gratification and simplified processes—are looking for speed and quality, and CDRs simply aren't delivering.



## Fast casual is the best of both worlds

Based on younger diners' cravings for convenience, customization and quality, it may be no surprise that **fast casual restaurants are seeing the most significant success in the category**. According to a study by Technavio, these hybrid eating establishments grew by 550% from 1999 to 2014. By 2020, the fast casual market in the US is expected to reach \$67 billion.

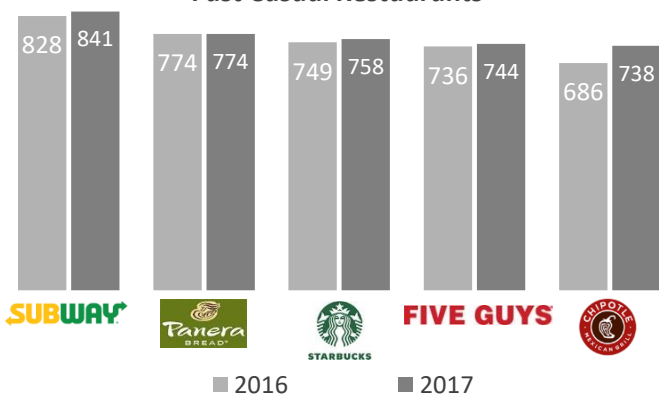
Impacting both QSRs and CDRs, trendy and inexpensive **fast-casual chains like Chipotle, Shake Shack, Five Guys, Subway, and Panera Bread are serving up what families desire**—expansive, healthier menu offerings and quicker in and out than the server-dependent casual dining experience. Patrons who are more health-conscious are gravitating to options where they can pay a little more money and wait a few minutes longer for food that is better for them and, to some, far better tasting.





FCs generally offer much more variety and customization opportunity than their QSR counterparts, giving them a significant edge in today's "all about me" culture.

**Change in PARENTFINITY for Select Fast Casual Restaurants**



Base: Parent of kids 6-12

It is no coincidence that **Subway**, parents' 2017 favorite in the category, also happens to be among the healthiest and most customizable. The brand has experienced three consecutive years of growth among parents, and is the clear leader on the *healthy* attribute across all 22 brands in the dining out category.

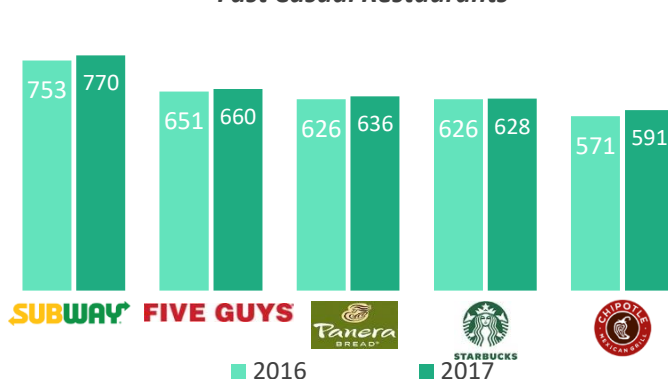
**Chipotle** has also managed to grow by an impressive 52 **PARENTFINITY** points this year! The chain is succeeding in spite of two nationwide E. Coli breakouts (in 2015 and 2017), as it embodies what families are looking for in a dining out experience.



Families are willing to get in line for Chipotle's "Food with Integrity"

**Subway** also leads fast casual for kids, who love being empowered to create their own sandwiches. It rises again in 2017. **Chipotle** also gains 20 **KIDFINITY** points, and **Panera Bread**, **Five Guys** and **Starbucks** all nudge up as well, indicating kid growth across the category.

**Change in KIDFINITY for Select Fast Casual Restaurants**



Base: Kids 6-12

Expect to see more restaurants built on this model in the coming years—quick, customized meals made with fresh ingredients. As these types of FCs continue to pop up across various global cuisines, they are often described as “the **Chipotle** of...,” demonstrating just **how popular the assisted-DIY dining model has become**.



## Beyond the food

In 2017, **great taste** remains the primary driver of restaurant appeal for parents, but *quality* and *variety* trail closely, both of which are key to pleasing the whole family and ensuring everyone's unique tastes are met. *Value* remains a priority for money-conscious parents, and *ease* of the experience helps drive restaurant decisions, too.

For kids, eating at a **kid-centric, easy, social and cool** place is actually more important than the food itself. Driven by marketing and aesthetics, kids place more emphasis on the experience than the mac & cheese, cheeseburger, or pizza.



**Drivers of PARENTFINITY and KIDFINITY for Restaurant Brands, in Rank Order, 2017**

Parents		Kids
Tastes good	1	For kids my age
High quality	2	Great ads
Variety	3	Easy
Looks good	4	Allowed
All-family	5	Looks good
Good value	6	All-family
Allowed	7	Heritage
Easy	8	Cool
Customization	9	Social
Healthy/safe	10	Variety
Innovative	11	Tastes good
Great ads	12	Fun
Good for the world	13	Good value
Heritage	14	Innovative
Social	15	Affordable
Affordable	16	Great website
For my kids' age	17	Rewarding
Convenient	18	For younger kids
Different	19	Great app
Great app	20	High quality
Rewarding	21	Customization
Great website	22	Convenient
Cool	23	Exciting
For older kids	24	Challenging
Fun	25	Good for the world

Restaurants that offer something beyond food will have an advantage when it comes to building loyalty and buzz, and those that offer efficiency—like mobile ordering and delivery—will continue to see success.


In addition to these factors, **eateries must find ways to further differentiate in the increasingly crowded foodscape**. Global inspiration, local sourcing, niche dietary menus, Insta-worthy food and décor, at-home DIY offerings, “you can’t do that” concepts, and feisty social media campaigns are just a few of the many ways restaurant brands are trying to stand out. **Expect to see more novelty and innovation**—even from established restaurant brands you thought you knew.



### On the report menu

The restaurant landscape is rapidly shifting, and **restaurants that fail to re-invent and re-invigorate will certainly struggle**. Understanding the trends guiding these industry changes is paramount to continued growth.

**The following nine trends provide insight into what is driving parent and kid behavior at the macro and restaurant category levels.** Read about some of the most tangible and pivotal changes in the dining out space in 2017 and how they will impact the industry in 2018 and beyond.

Whet your appetite and take a bite! Like diners, you are most likely hungry for more. 

# 1

## CLEANING UP



### Cleaning our plates

Today's **families are more conscious than ever of what they are putting into their bodies**. There is growing demand for less processed and more sustainable food; smaller portions and bigger nutritional value; higher protein and lower sugar content. And there is heightened awareness about what it means for food to be organic, locally sourced, antibiotic- and hormone-free, non-GMO, vegan, plant-based, and more.

#### of our food is



clean.

*Panera Bread boasts a 100% clean menu*

Unlike weight-loss fads that come and go, this **nationwide movement toward cleaner eating is here to stay**. It's a gradual response to decades of fast and processed food consumption and the poor health outcomes that often accompany it.

Vegetarianism, cleanses, and dietary sensitivities (to gluten, dairy, nuts and more) have become mainstream for families. And while the vast majority of kids and parents will never give up processed foods and calorie-dense treats, **there is a marked difference in food options now available to those looking for healthier alternatives**.

### Spotlighting whole and natural

At the same time, **healthy eating has never looked so good**, thanks to recipes and inspiration on **Facebook, Instagram, Pinterest**, and blogs like *What's Up Moms* that dial up the beauty, ease, and appeal of clean eating.



*What's Up Moms blog has thousands of healthy recipes*

## Restaurants respond to healthy demands

The pervasiveness of this trend extends beyond homes and schools. Kids and parents are seeing evidence of it when dining out. More than a decade ago, amid concerns of a national child obesity epidemic and calls to improve children's food options, some of America's most popular QSRs began offering healthier options for kids.



**McDonald's** pledged to remove kid-directed soda advertising; began only featuring water, milk and juice as drink options on its Happy Meal menu boards; downsized the fries portion; and added healthy new options like yogurt and **Cuties** (seasonally) to the Happy Meal.

Shortly after, KFC introduced the Li'l Bucket Kids' Meal, which includes green beans, applesauce and flavored water. **Subway** followed suit, announcing it would only offer items that meet nutritional guidelines on its kids' menu. And by 2015, **Burger King**, **Wendy's** and **Dairy Queen** all made similar promises to promote healthier children's drinks and add items like bananas and applesauce.



## Slow substantive change

Though fruit and milk options are now standard options with most kids' meals, **the majority of restaurants have yet to make substantive kids' menu changes**. In fact, most restaurant chains continue to promote soda, fries and desserts on their kids' menus and via servers/order takers.

**Burger King**, for instance, proudly promotes (on its Facebook page) soda, fries and items like the Nuggets Burger as part of its kids' meals.



**Five Guys** offers a Little Bacon Cheeseburger with "only" near-700 calories to accompany its Little Fries that pack more than 500 calories. And **Chili's** offers young ones a 700-calorie individual pepperoni pizza with a side salad and ranch that adds another 240.

## Panera Bread disrupting the category

**Panera Bread** seeks to raise the nutritional bar in the space. In 2017, the fast casual hotspot made waves with its #kidsmenuchallenge. In September, after changing its kids' menu to offer smaller sizes of nearly the entire 250-item main menu, the CEO posted a video and tweeted: "I challenge the CEOs of **McDonald's**, **Wendy's** and **Burger King** to eat off of their kids' menu for a week, or to re-evaluate what they're serving our children in their restaurants." The challenge created significant viral buzz and resonated with the **growing number of parents who are searching for alternatives to fried foods, high sodium, and empty calories for their children**.





The brand's bold challenge is a direct call-to-action to QSRs that are perceived to be slower to adapt to families' next-gen desires. It's a strategy that appears to be working.

**Subway** blazed the healthier kids' trail years ago with its Fresh Fit for Kids initiative, and the nutritional halo remains. Complete with **Honest Kids** drinks, apples, whole wheat bread, and tons of veggies, **Subway** Kids meals have led the brand to a chart-topping *good for kids* perception among both parents and kids themselves.

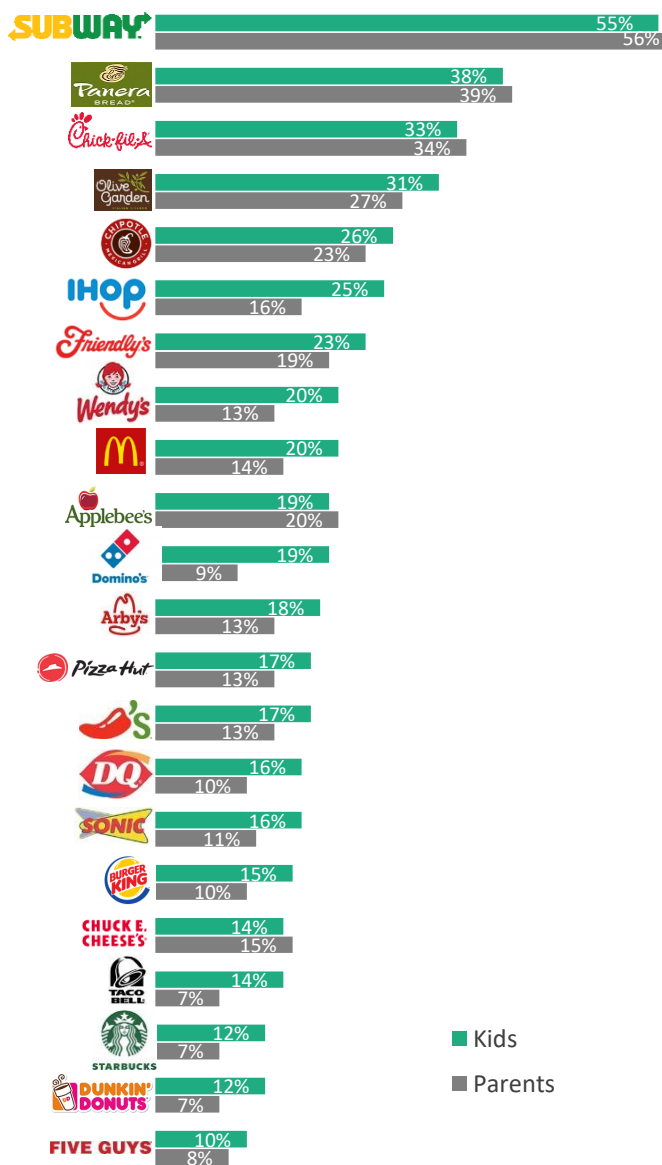


**Panera Bread** is now seen by parents and kids 6-12 as the second most healthy restaurant. While it noticeably trails **Subway**, it outperforms **Chick-fil-A**, **Olive Garden**, **Chipotle** and the remaining 17 family-friendly brands evaluated in 2017.

"Everything is made fresh, and they don't use artificial ingredients."  
- 39-year-old dad of 12-year-old girl, on Panera Bread

"I love the quality ingredients."  
- 12-year-old girl, on Panera Bread

## Kids and Parents Who Say Restaurant is 'Healthy/Good for Me/My Child,' 2017



Base: Aware kids 6-12; aware parents of kids 6-12

## Change is on the horizon

Other restaurants are rising to the challenge. **McDonald's** announced that as of November it is also swapping out **Minute Maid** juice boxes for **Honest Kids**, which has significantly less sugar and half the calories.

**Honest Kids** is also now on the menus of **Wendy's** and **Chick-fil-A**.

