The State of the QSR Industry

The Latest Trends QSR Marketers need to know

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Overview

Fast food brands seek to gain deeper insight as to how QSR customers' preferences and ultimately, their brand loyalty, is evolving in real-time. In order to see the full picture, brands & marketers can leverage location data to assess the competitive landscape, uncover foot traffic patterns by daypart and identify fast food preferences by market.

Each year, Foursquare publishes the latest QSR Loyalty Index, revealing a ranked list of the top quick service restaurants in the United States based on their customers' loyalty. Beyond analyzing loyalty, we set out to gain a better understanding of the state of the QSR industry at large, based on foot traffic data during the 12-month period starting July 1 2021 and ending June 30 2022.

Foursquare analyzed consumer behavior based on foot traffic data from millions of Americans that make up our always-on panel. For the purpose of this report, all data is aggregated and normalized against U.S. Census data to remove any age, gender and geographical bias.

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Methodology

Analysis Period: July 1 2021 - June 30 2022

Occasional Customers are defined as people who visited a QSR restaurant between 1-2 times during analysis period.

Loyal Customers are defined as people who visited a QSR restaurant at least 3+ times during analysis period.

Dayparts are defined as:

Breakfast (6AM-11AM)

Lunch (11AM-4PM)

Dinner (4PM-8PM)

Late Night (8PM-12AM)

Penetration is calculated as the percentage of consumers who visited a given category [i.e. fast food restaurants] or chain [i.e. Taco Bell] at least one time during the analysis period.

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Here's what QSRs need to know:

Fast food chains are busier than usual during the summer, especially during late night hours (after 8PM).

Late night foot traffic to QSRs picked up +25% more than usual during the final week of June 2022, while traffic earlier in the day (before 4PM) was up only +2-3% more than usual at that time.

QSRs struggle to draw customers for breakfast & late night during winter.

As of January 30th this year, fast food foot traffic was down -11% below usual levels during breakfast hours and down -22% more than usual for late night norms.

Fast food chains rely most on loyal (frequent) customers.

The majority of QSR chains' traffic (>57%) is coming from loyal customers vs. occasional customers. KFC, Taco Bell, Burger King and Hardee's are seeing the highest share of traffic from loyal customers (64%).

Loyal QSR customers are even more likely to frequent direct competitors than occasional customers.

For example, 57% of all McDonald's customers visited a Taco Bell this past year, but over 75% of loyal McDonald's customers visited a Taco Bell.

Burger joints account for the highest share of QSR traffic in most cities.

Traffic to burger joints represents over 1/3 of total QSR traffic in LA, Nashville, Phoenix and Austin. In perspective, traffic to pizza places accounts for < 1/4 of QSR traffic in these same markets.

Fast food preferences vary by city on the east coast.

People in Miami have the most diversified fast food preferences of any city we looked at, while sandwiches and pizza dominate the fast food scene in NYC (accounting for over 50% of QSR traffic in that market).

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Fast food chains are busier than usual during the **summer** months, especially during **late night** hours.

Fast food chains see slightly more traffic than usual during the **summer months**

QSRs saw slightly elevated foot traffic levels throughout most of July 2021, and again starting in early April this year. Compared to weekly average visitation over the past 12 months, QSRs were seeing between +4-6% more traffic than usual throughout May & June this year.

Average Weekly Foot Traffic To QSR Restaurants (Benchmark: Weekly Average Between July 2021 - June 2022)

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Chart illustrates change in weekly foot traffic to fast food chains in the U.S. between July 1 2021 - June 30 2022,
where QSR visitation is benchmarked to average weekly visitation within that 12-month period.
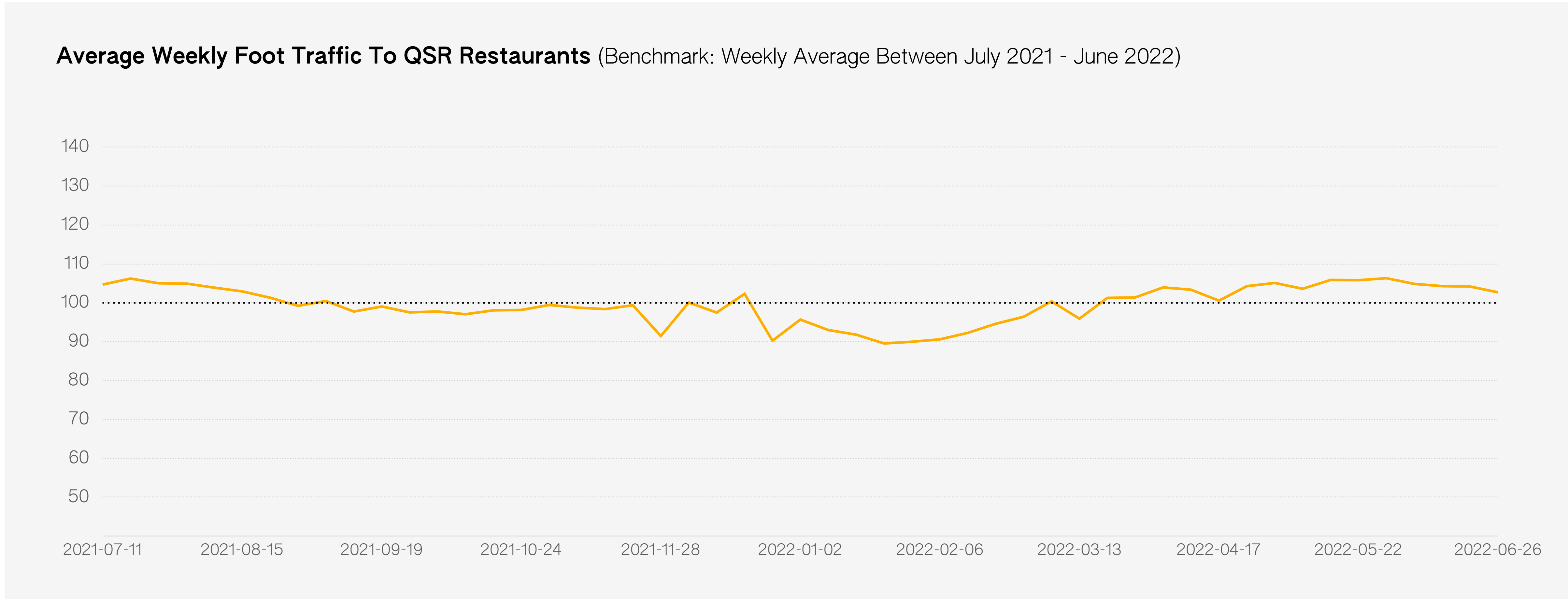
Fast food chains see the biggest traffic boost during **summer late night hours**

Late night traffic to fast food chains — occurring between 8PM to midnight — continued to surpass weekly average visitation for this daypart between mid March to late June this year, while breakfast, lunch & dinner traffic continued to hover around usual levels.

Average Weekly Foot Traffic To QSR Restaurants By Daypart
(Benchmark: Weekly Average Between July 2021 - June 2022 By Daypart)

— Breakfast — Lunch — Dinner — Late Night

As of the last week of June 2022, **late night** foot traffic to QSRs was up **+25%** from weekly average visitation over the past 12 months

Chart illustrates change in weekly foot traffic to fast food chains in the U.S. by daypart between July 1 2021 - June 30 2022, where visitation is benchmarked to average weekly visitation within that 12-month period for each respective daypart.

Fast food chains rely much more heavily on **loyal, (frequent) customers** vs. occasional (infrequent) customers.

Fast food chains see the most traffic from **loyal customers**

KFC, Taco Bell, Burger King and **Hardee's** restaurants are seeing the highest share of traffic from **loyal** customers (people who made 3+ visits) this year, while **Cinnabon** is seeing the highest share of traffic from **occasional** (infrequent) customers.
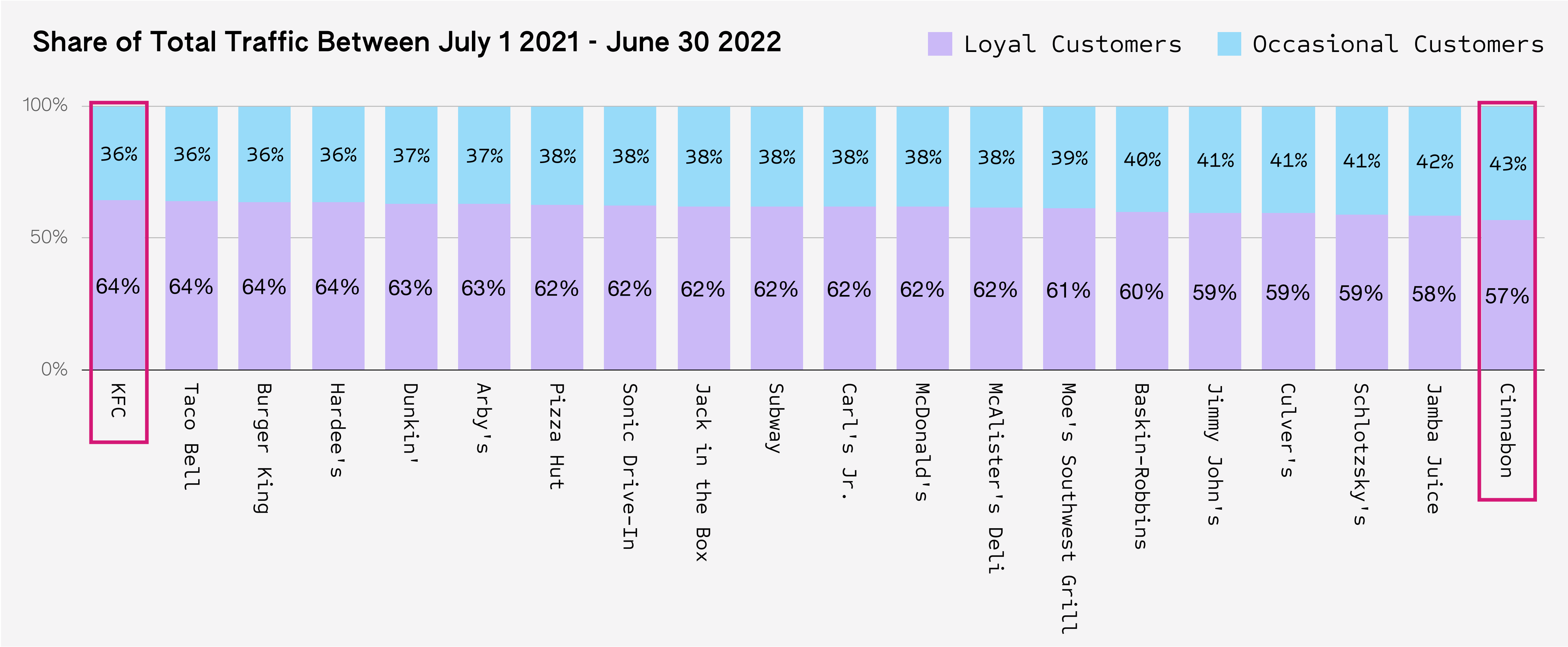
Share of Total Traffic Between July 1 2021 - June 30 2022   ■ Loyal Customers   ■ Occasional Customers

Brand	Loyal Customers	Occasional Customers
KFC	64%	36%
Taco Bell	64%	36%
Burger King	64%	36%
Hardee's	64%	36%
Dunkin'	63%	37%
Arby's	63%	37%
Pizza Hut	62%	38%
Sonic Drive-In	62%	38%
Jack in the Box	62%	38%
Subway	62%	38%
Carl's Jr.	62%	38%
McDonald's	62%	38%
McAlister's Deli	62%	38%
Moe's Southwest Grill	61%	39%
Baskin-Robbins	60%	40%
Jimmy John's	59%	41%
Culver's	59%	41%
Schlotzsky's	59%	41%
Jamba Juice	58%	42%
Cinnabon	57%	43%

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Loyal QSR customers are even more likely to frequent direct competitors than occasional customers

Not only do loyal customers account for a higher share of QSR traffic overall, but they're also more likely than the average customer to frequent direct competitors.

For instance, we know that loyal customers represented over 60% of total traffic for McDonald's this past year. And yet, these customers were even more likely to visit direct competitors — like Taco Bell, Burger King and Subway.

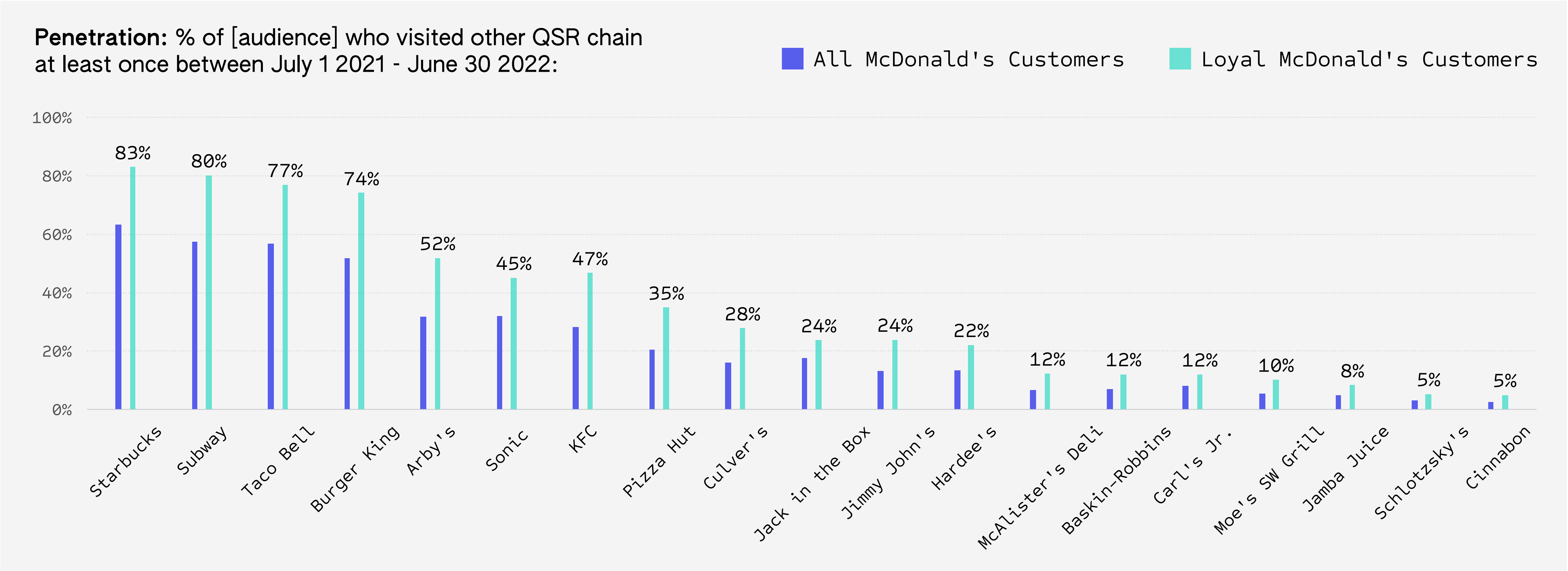## 57%
of **all McDonald's customers** (based on 1+ visit) had also visited a **Taco Bell** in the past year.

77%
of **loyal McDonald's customers** (based on 3+ visits) had also visited a **Taco Bell** this past year.

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Competing with **McDonald's**...

When it comes to winning share of wallet, our data reveals that McDonald's is competing most with **Starbucks, Subway, Taco Bell** and **Burger King.** Over 74% of McDonald's' most loyal customers visited a Burger King, and roughly 80% visited a Subway at least once in the past 12 months.

Penetration: % of [audience] who visited other QSR chain at least once between July 1 2021 - June 30 2022:

■ All McDonald's Customers ■ Loyal McDonald's Customers

Chain	Loyal %
Starbucks	83%
Subway	80%
Taco Bell	77%
Burger King	74%
Arby's	52%
Sonic	45%
KFC	47%
Pizza Hut	35%
Culver's	28%
Jack in the Box	24%
Jimmy John's	24%
Hardee's	22%
McAlister's Deli	12%
Baskin-Robbins	12%
Carl's Jr.	12%
Moe's SW Grill	10%
Jamba Juice	8%
Schlotzsky's	5%
Cinnabon	5%

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Foursquare data from July 1 2021 - June 30 2022; Loyal Customers is defined based on 3+ visits during the analysis period, All Customers is defined based on 1+ visit during the analysis period.
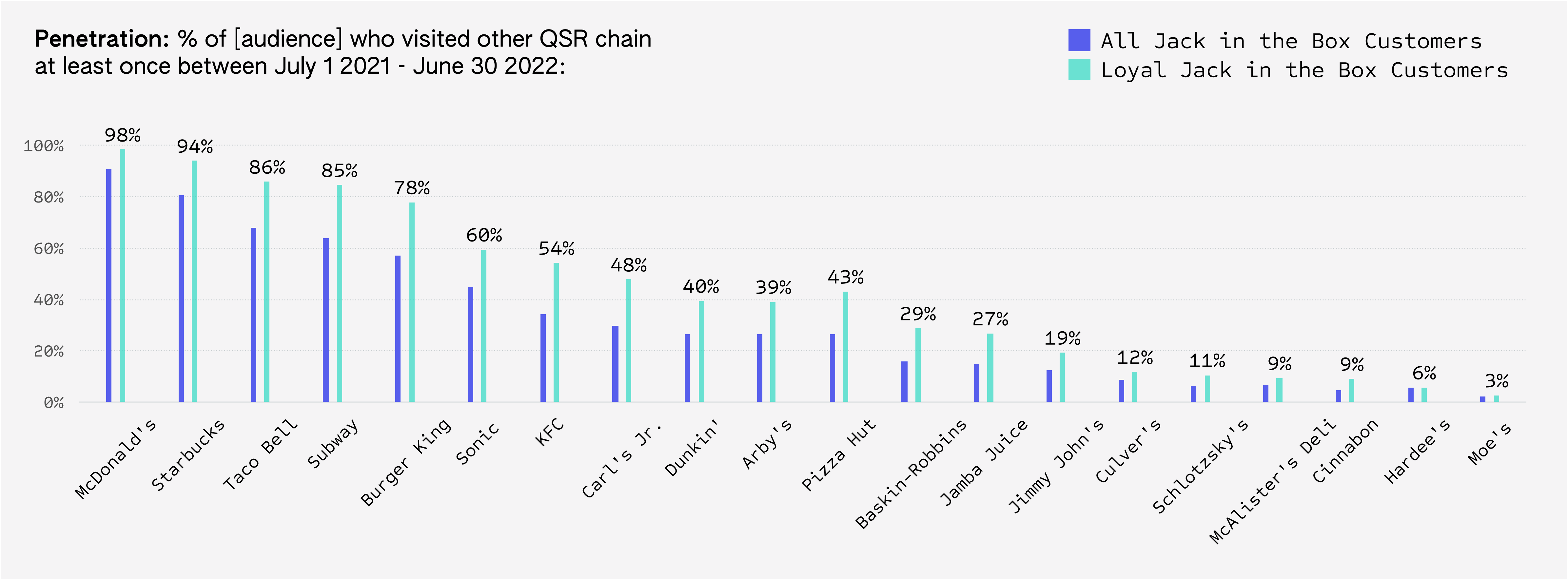
Competing with **Taco Bell**...

When it comes to winning share of wallet, our data reveals that Taco Bell is competing most with **McDonald's, Subway, Burger King** and **Arby's.** Over 80% of Taco Bells' most loyal customers visited a Burger King, and almost 100% had visited a McDonald's at least once in the past 12 months.

Penetration: % of [audience] who visited other QSR chain at least once between July 1 2021 - June 30 2022:

■ All Taco Bell Customers   ■ Loyal Taco Bell Customers

Bar chart showing penetration percentages for Loyal Taco Bell Customers: McDonald's 99%, Starbucks 88%, Subway 86%, Burger King 82%, Arby's 61%, Dunkin' 57%, Sonic 53%, KFC 56%, Pizza Hut 42%, Jack in the Box 28%, Culver's 31%, Hardee's 26%, Jimmy John's 28%, Carl's Jr. 15%, McAlister's Deli 15%, Baskin-Robbins 15%, Moe's 12%, Jamba Juice 10%, Schlotzsky's 6%, Cinnabon 6%.

Competing with **Jack in the Box**...

When it comes to winning share of wallet, our data reveals that Jack in the Box is competing most with **McDonald's, Starbucks, Taco Bell** and **Subway.** Almost 100% of Jack in the Box's most loyal customers visited a McDonald's, and over 90% had visited a Starbucks at least once in the past 12 months.

Penetration: % of [audience] who visited other QSR chain at least once between July 1 2021 - June 30 2022:

■ All Jack in the Box Customers
■ Loyal Jack in the Box Customers

Chain	Loyal %
McDonald's	98%
Starbucks	94%
Taco Bell	86%
Subway	85%
Burger King	78%
Sonic	60%
KFC	54%
Carl's Jr.	48%
Dunkin'	40%
Arby's	39%
Pizza Hut	43%
Baskin-Robbins	29%
Jamba Juice	27%
Jimmy John's	19%
Culver's	12%
Schlotzsky's	11%
McAlister's Deli	9%
Cinnabon	9%
Hardee's	6%
Moe's	3%

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Foursquare data from July 1 2021 — June 30 2022; Loyal Customers is defined based on 3+ visits during the analysis period, All Customers is defined based on 1+ visit during the analysis period.

Loyal Dunkin' customers are even more likely to visit Starbucks than the average Dunkin' visitor

Almost 90% of loyal Dunkin' customers had also visited a Starbucks at least once in the past year, while less than 60% of loyal Starbucks customers were visiting Dunkin'. However, both brands are seeing a much higher % of overlap amongst loyal customers than amongst the average customer.

43%
of **all Starbucks customers** (based on 1+ visit) also visited a **Dunkin'** in the past year.

72%
of **all Dunkin' customers** (based on 1+ visit) also visited a **Starbucks** in the past year.

59%
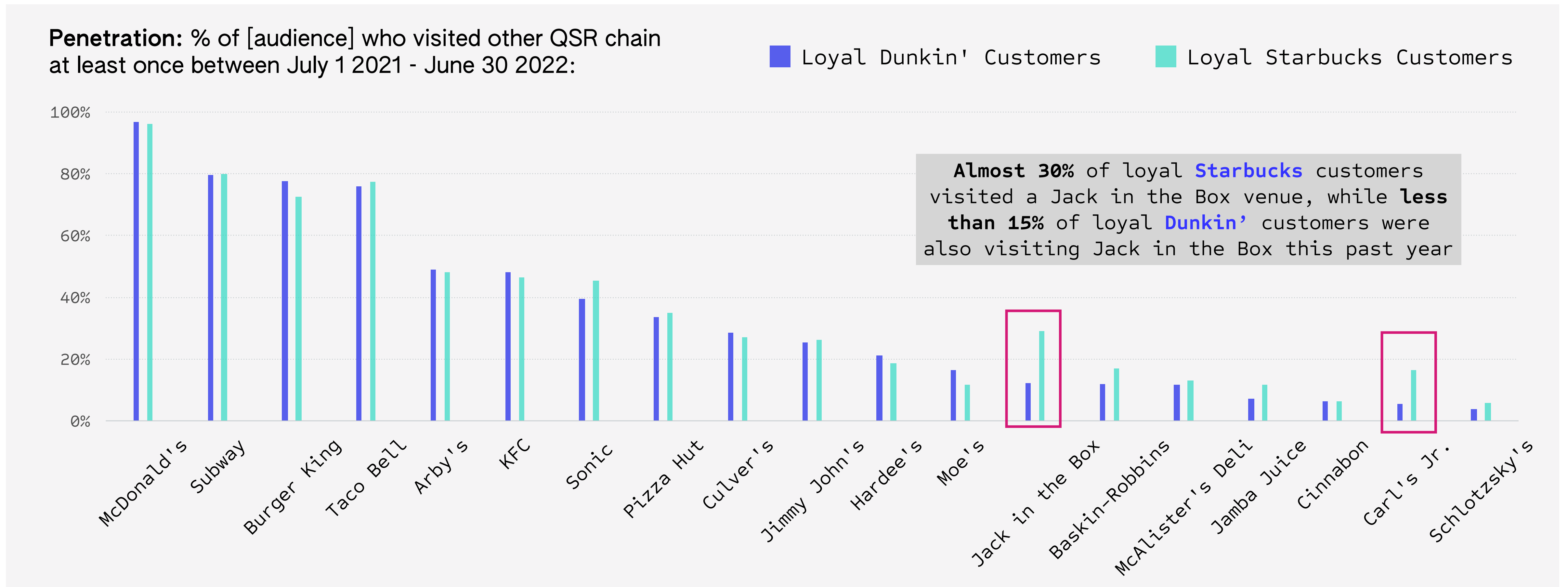of **loyal Starbucks customers** (based on 3+ visits) also visited a **Dunkin'** in the past year.

89%
of **loyal Dunkin' customers** (based on 3+ visits) also visited a **Starbucks** in the past year.

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Foursquare data from July 1 2021 – June 30 2022; Loyal Customers is defined based on 3+ visits during the analysis period, All Customers is defined based on 1+ visit during the analysis period.

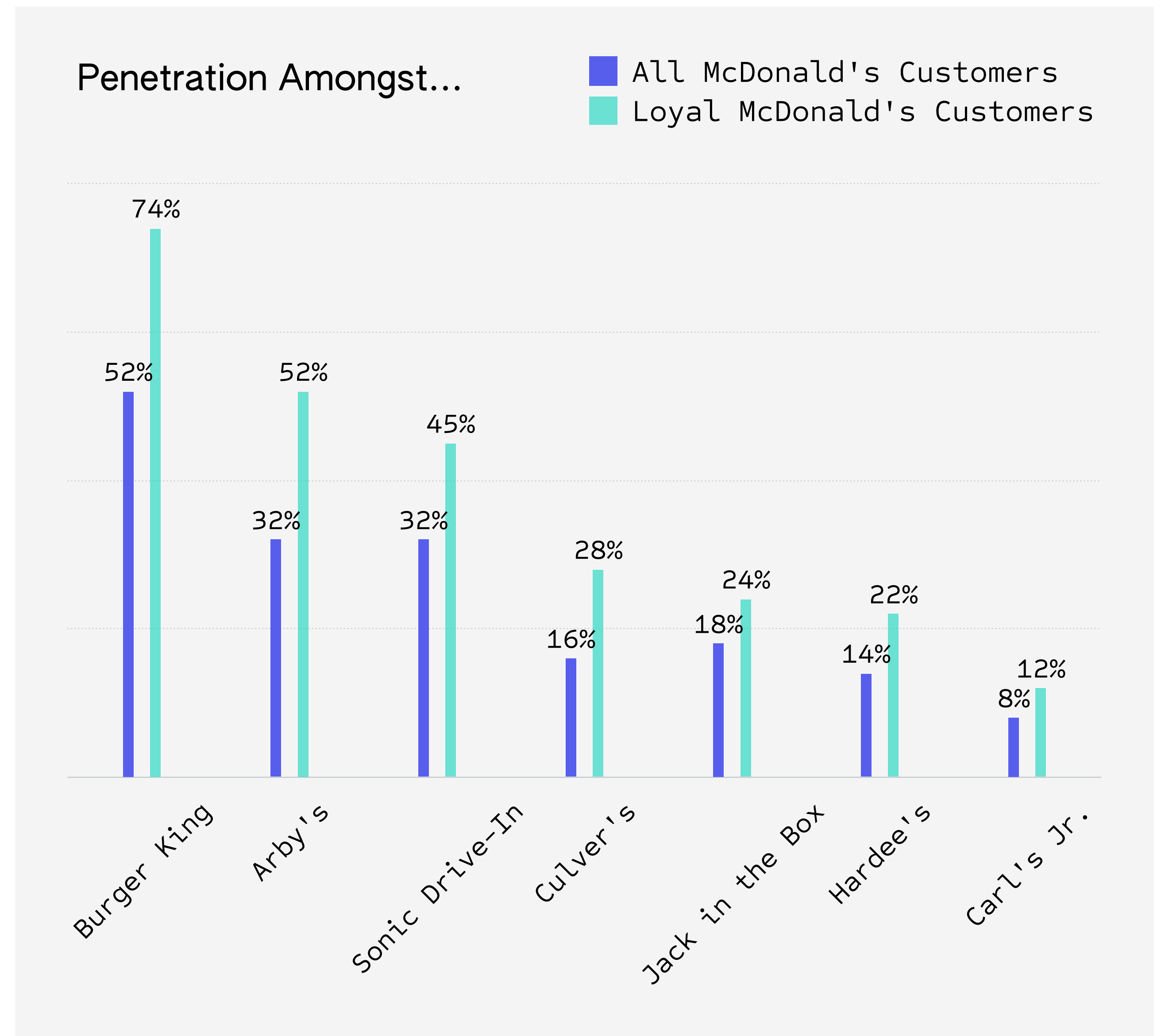# Where else are **loyal Dunkin' & Starbucks customers** going for fast food?

Loyal customers of Dunkin' and Starbucks share an almost equally strong affinity for McDonald's, Subway, Burger King and Taco Bell. But compared to loyal Dunkin' customers, loyal Starbucks customers are even more likely to frequent **Jack in the Box** and **Carl's Jr.** restaurants (both prevalent in the West).

Penetration: % of [audience] who visited other QSR chain at least once between July 1 2021 - June 30 2022:

■ Loyal Dunkin' Customers   ■ Loyal Starbucks Customers

Almost 30% of loyal **Starbucks** customers visited a Jack in the Box venue, while **less than 15%** of loyal **Dunkin'** customers were also visiting Jack in the Box this past year

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Burger Wars: Tracking competitive overlap between America's leading burger chains

Location data reveals that McDonalds' most **loyal customers** are even more likely to visit direct burger chain competitors. For instance, McDonald's is seeing the biggest overlap with **Burger King** in general, but especially amongst loyal/frequent customers. In fact, just over 1/2 of all McDonald's customers visited a Burger King location during the analysis period, but almost 3/4 of <u>loyal</u> McDonald's customers visited a Burger King during that time.

It's worth noting that over 1/2 of loyal McDonald's customers had also visited an Arby's at least once.

Penetration Amongst...

■ All McDonald's Customers
■ Loyal McDonald's Customers

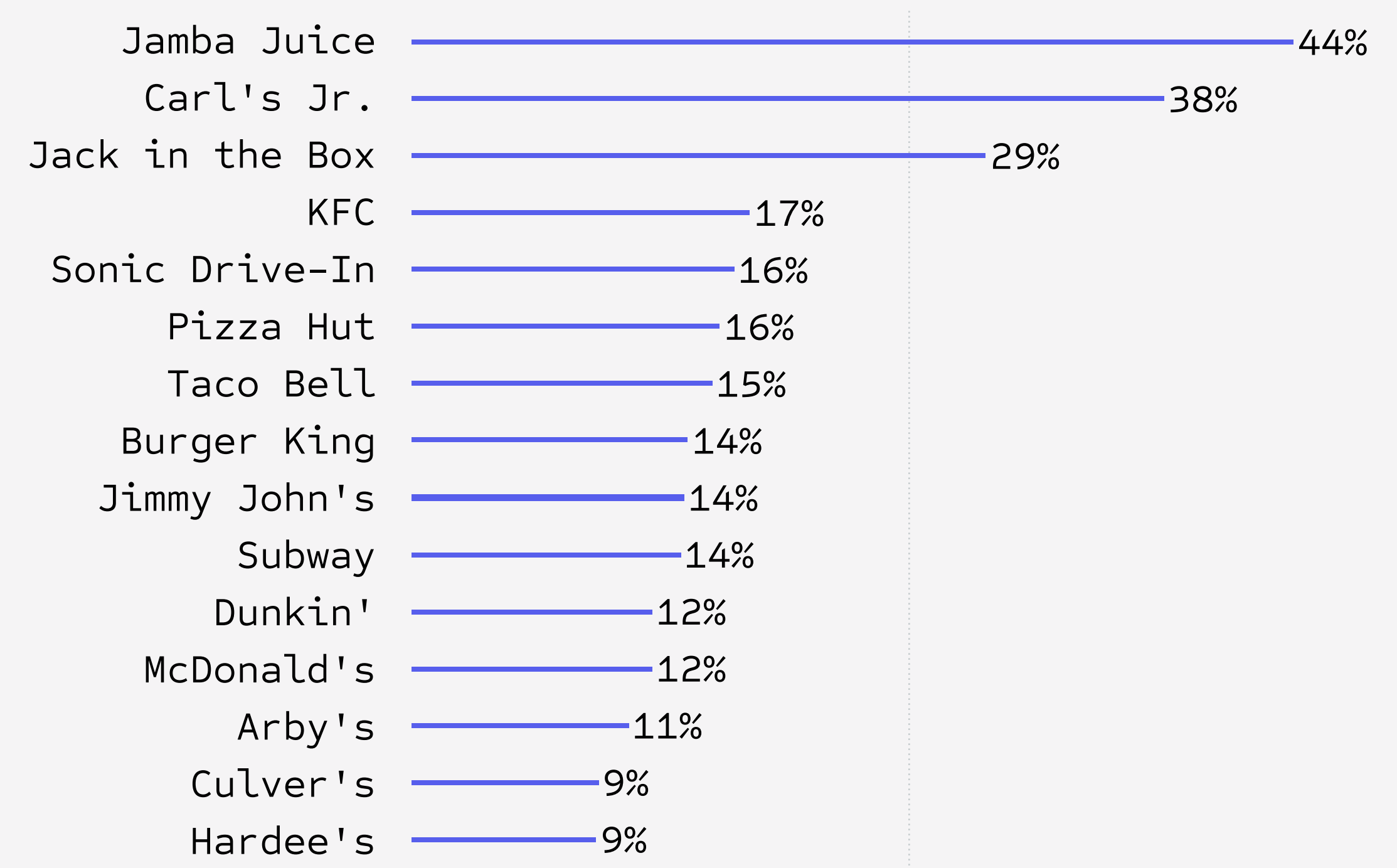|	All	Loyal
Burger King	52%	74%
Arby's	32%	52%
Sonic Drive-In	32%	45%
Culver's	16%	28%
Jack in the Box	18%	24%
Hardee's	14%	22%
Carl's Jr.	8%	12%

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Ice Cream Cravings: Tracking competitive overlap between America's leading QSR chains

Loyal **Carl's Jr.** and **Jack in the Box** customers have a particularly strong affinity for sweet treats, like ice cream. Between 29-38% of both audiences had visited Baskin-Robbins at least once within the past 12 months, while less than 14% of loyal McDonald's, Arby's, Culver's or Hardee's customers visited a Baskin-Robbins in that time.
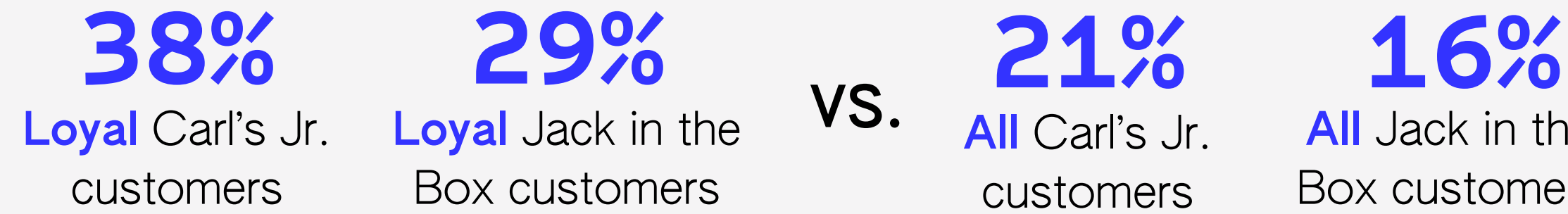
Loyalty QSR customers are indeed even more likely to visit these fast food chains compared to the average American. Between 16-20% of all QSR customers visited a Baskin-Robbins vs. between 29-38% of loyal customers.

Baskin-Robbins Penetration Amongst Loyal QSR Customers:

How To Read: 44% of Jamba Juice customers also visited a Baskin-Robbins venue at least once between July 1 2021 - June 30 2022.
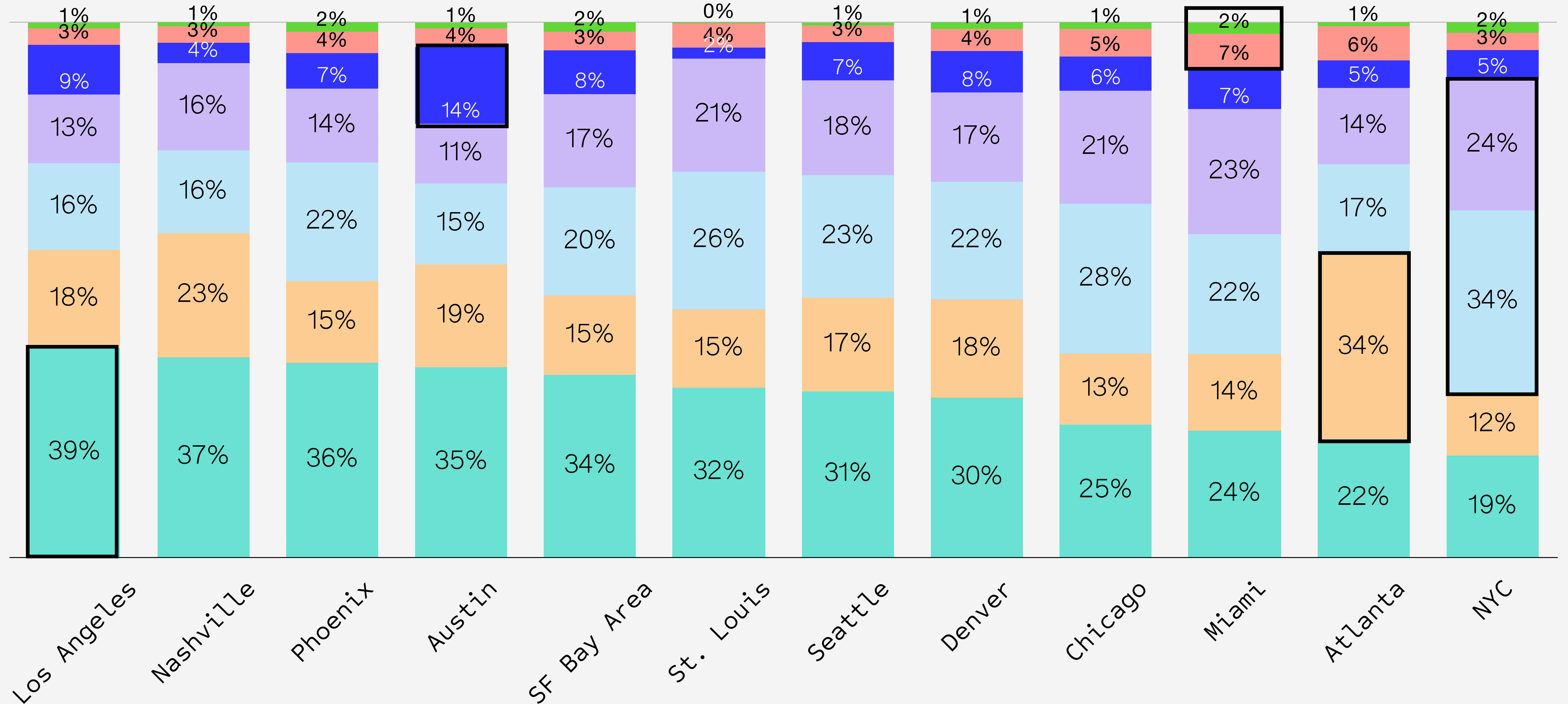
Chain	%
Jamba Juice	44%
Carl's Jr.	38%
Jack in the Box	29%
KFC	17%
Sonic Drive-In	16%
Pizza Hut	16%
Taco Bell	15%
Burger King	14%
Jimmy John's	14%
Subway	14%
Dunkin'	12%
McDonald's	12%
Arby's	11%
Culver's	9%
Hardee's	9%

% of customers who visited Baskin-Robbins:

38% **Loyal** Carl's Jr. customers

29% **Loyal** Jack in the Box customers

VS.

21% **All** Carl's Jr. customers

16% **All** Jack in the Box customers

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Fast food **preferences vary by market**

Share of Total QSR Visits By Sub-Category

Legend: Burger Joints · Fried Chicken Joints · Pizza Places · Sandwich Places · Taco Places · Wings Joints · Salad Places

Sub-Category	Los Angeles	Nashville	Phoenix	Austin	SF Bay Area	St. Louis	Seattle	Denver	Chicago	Miami	Atlanta	NYC
Salad Places	1%	1%	2%	1%	2%	0%	1%	1%	1%	2%	1%	2%
Wings Joints	3%	3%	4%	4%	3%	4%	3%	4%	5%	7%	6%	3%
Taco Places	9%	4%	7%	14%	8%	2%	7%	8%	6%	7%	5%	5%
Sandwich Places	13%	16%	14%	11%	17%	21%	18%	17%	21%	23%	14%	24%
Pizza Places	16%	16%	22%	15%	20%	26%	23%	22%	28%	22%	17%	34%
Fried Chicken Joints	18%	23%	15%	19%	15%	15%	17%	18%	13%	14%	34%	12%
Burger Joints	39%	37%	36%	35%	34%	32%	31%	30%	25%	24%	22%	19%

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Foursquare data from Q4 2021; Chart represents distribution of total visits to QSR category by sub-categories that occurred between July 1 2021 – June 30 2022 – by DMA

Visits to **burger joints** account for highest share of QSR traffic in most major U.S. cities

However, this isn't necessarily the case for all U.S. cities. For instance, **fried chicken joints** such as KFC and Popeyes account for over 1/3 of total QSR traffic in **Atlanta**, but less than 15% of QSR traffic in both Chicago and Miami.

Pizza places account for over 1/3 of total fast food traffic in **NYC** and **sandwich shops** account for the 2nd highest share of QSR traffic in NYC (24%). In fact, visits to pizza and sandwich places combined account for even higher share of QSR visits in NYC than in another city we looked at. Meanwhile, QSR places that specialize in tacos, salads and wings account for only 10% of total QSR traffic in this major metro.
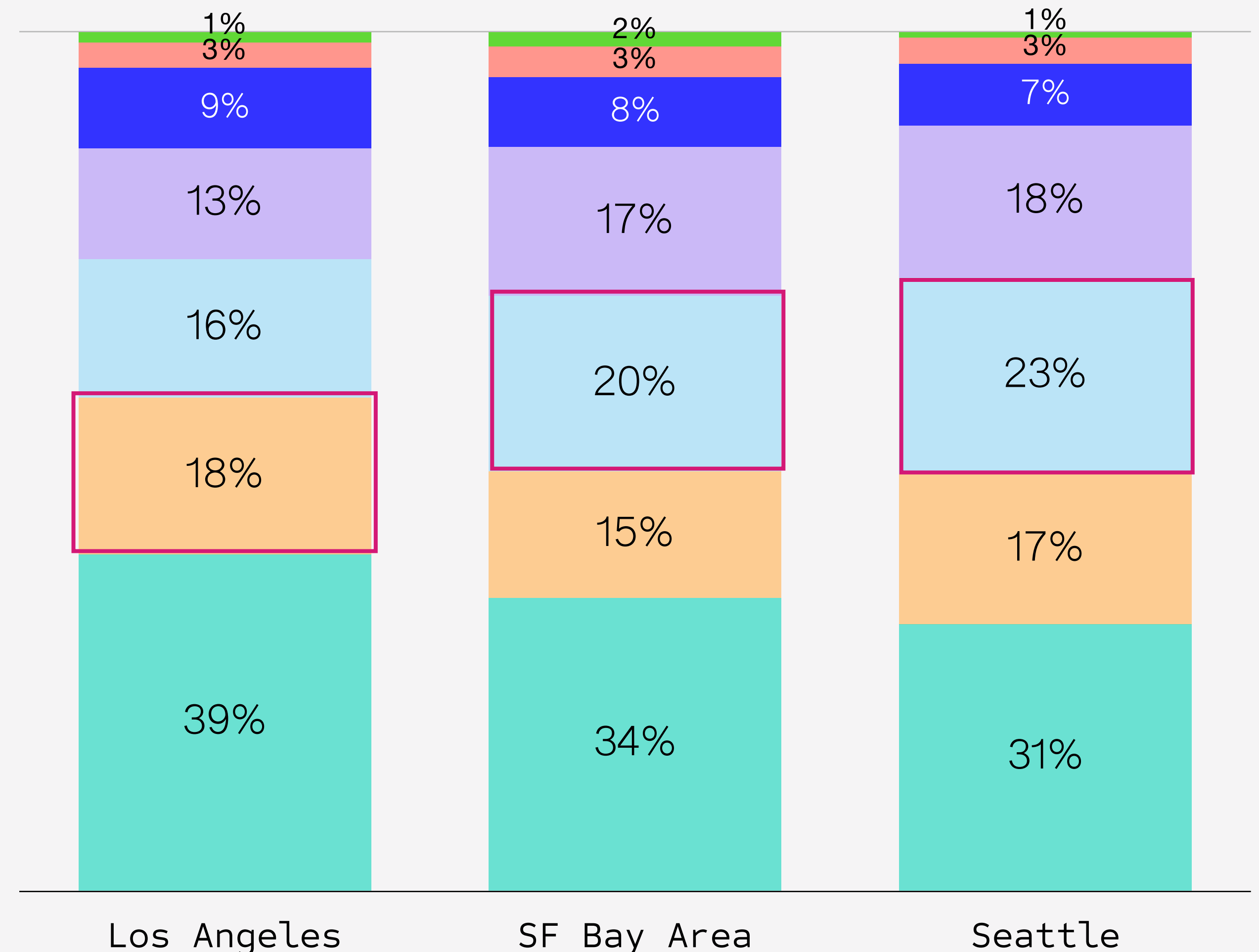
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Share of Total QSR Visits By Sub-Category

Legend:
- Burger Joints
- Pizza Places
- Taco Places
- Salad Places
- Fried Chicken Joints
- Sandwich Places
- Wings Joints

Sub-Category	Los Angeles	Nashville	Phoenix	Austin	St. Louis	Denver	Chicago	Miami	Atlanta	NYC
Salad Places	1%	1%	2%	1%	0%	1%	1%	2%	1%	2%
Wings Joints	3%	3%	4%	4%	4%	4%	5%	7%	6%	3%
Taco Places	9%	4%	7%	14%	2%	8%	6%	7%	5%	5%
Sandwich Places	13%	16%	14%	11%	21%	17%	21%	23%	14%	24%
Pizza Places	16%	16%	22%	15%	26%	22%	28%	22%	17%	34%
Fried Chicken Joints	18%	23%	15%	19%	15%	18%	13%	14%	34%	12%
Burger Joints	39%	37%	36%	35%	32%	30%	25%	24%	22%	19%

Fried chicken wins over pizza, sandwiches and tacos in **Los Angeles, California**

Across all 3 west coast hot spots, burgers are the fast food of choice — **burger joints** represent the highest % of consumers' QSR visits in Seattle, San Francisco Bay Area, and especially in Los Angeles (39%).

While burgers reign supreme, location data reveals that people in Los Angeles have a stronger affinity for **fried chicken** over pizza (based on a higher % of total QSR visits in this market), opposite of what we're seeing in SF Bay Area and Seattle, where pizza traffic represents 20-23% of fast food visitation in these markets.

All three markets are seeing generally the same distribution of traffic when it comes to salad places & wings joints (accounting for 4-5% of total QSR visits in these markets).

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Share of Total QSR Visits By Fast Food Sub-Category in...

- Burger Joints
- Pizza Places
- Taco Places
- Salad Places
- Fried Chicken Joints
- Sandwich Places
- Wings Joints

	Los Angeles	SF Bay Area	Seattle
Salad Places	1%	2%	1%
Wings Joints	3%	3%	3%
Taco Places	9%	8%	7%
Sandwich Places	13%	17%	18%
Pizza Places	16%	20%	23%
Fried Chicken Joints	18%	15%	17%
Burger Joints	39%	34%	31%

Burgers win over fried chicken, pizza and sandwiches in **Nashville, Tennessee**

Fast food preferences vary across these three southern hot spots — burgers account for over 1/3 of QSR traffic in **Nashville** (but only 22% of traffic in Atlanta), while fried chicken places account for over 1/3 of QSR traffic in **Atlanta** (but only 23% of traffic in Nashville).

Miami appears to have a more balanced fast food scene — people here have fairly similar preferences for burgers, pizza and sandwiches — each accounting for between 22-24% of total QSR traffic. Miami also sees the highest share of traffic to places that specialize in salad, wings and tacos (16%) of all three cities.

Share of Total QSR Visits By Fast Food Sub-Category in...

- Burger Joints
- Pizza Places
- Taco Places
- Salad Places
- Fried Chicken Joints
- Sandwich Places
- Wings Joints

Nashville
- 1%
- 3%
- 4%
- 16%
- 16%
- 23%
- 37%

Miami
- 2%
- 7%
- 7%
- 23%
- 22%
- 14%
- 24%

Atlanta
- 1%
- 6%
- 5%
- 14%
- 17%
- 34%
- 22%

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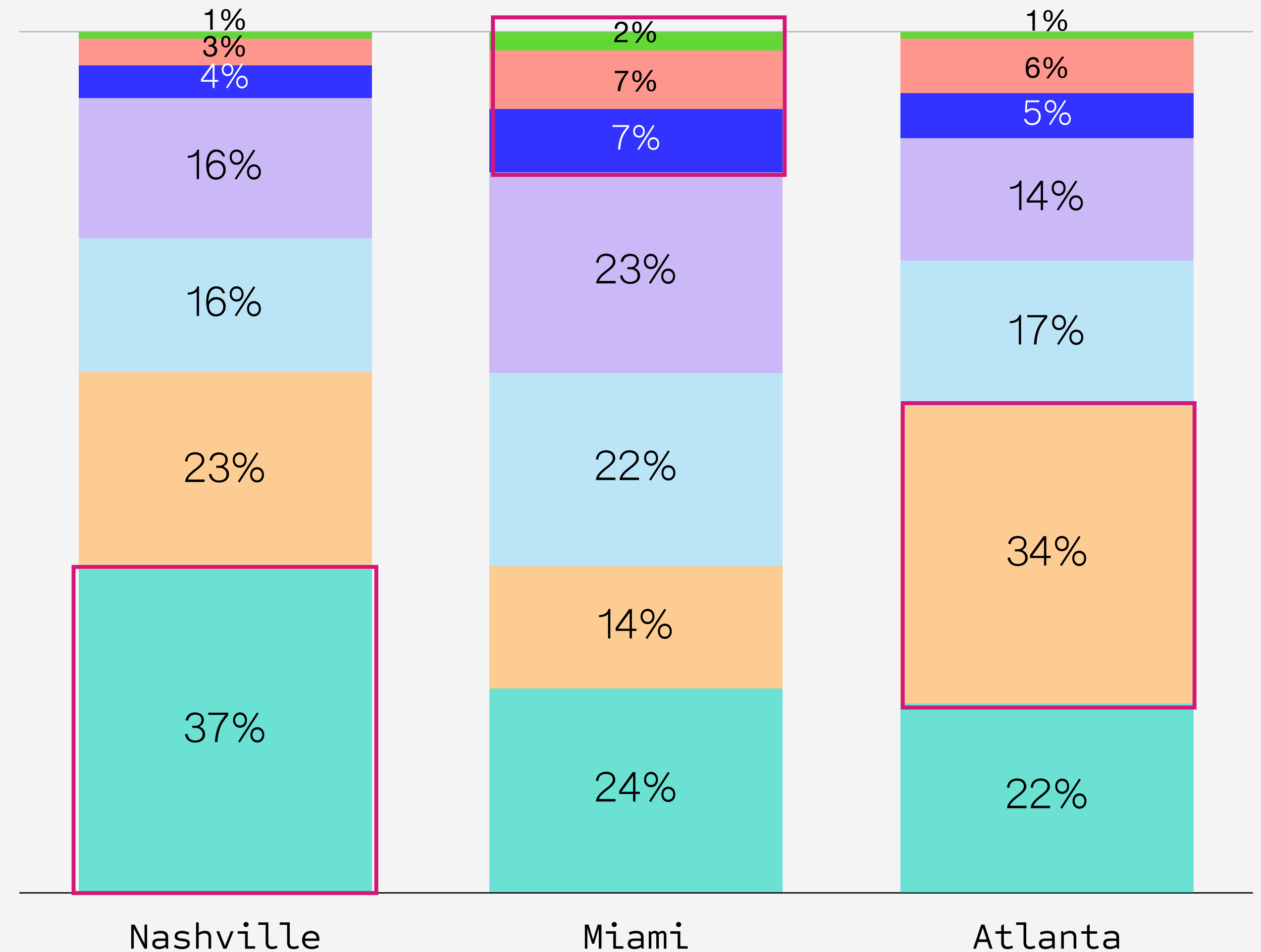
Pizza wins over fried chicken, sandwiches and tacos in **Phoenix & Denver**

Across all 3 south/west markets, burgers are the fast food of choice — **burger joints** represent the highest % of consumers' QSR visits, especially both in **Phoenix & Austin** (between 35-36%).

People in both Denver & Phoenix have a stronger affinity for **pizza** over fried chicken and sandwiches (based on a higher % of total QSR visits in this market), opposite of what we're seeing in Austin, where **fried chicken & wings joints** represent roughly 1/4 of all fast food visits.

Visits to **taco places** account for roughly 2X the share of QSR traffic in Austin compared to Phoenix and Denver.

Share of Total QSR Visits By Fast Food Sub-Category in...

Legend:
- Burger Joints
- Pizza Places
- Taco Places
- Salad Places
- Fried Chicken Joints
- Sandwich Places
- Wings Joints

Phoenix
- 2%
- 4%
- 7%
- 14%
- 22%
- 15%
- 36%

Austin
- 1%
- 4%
- 14%
- 11%
- 15%
- 19%
- 35%

Denver
- 1%
- 4%
- 8%
- 17%
- 22%
- 18%
- 30%

FSQ
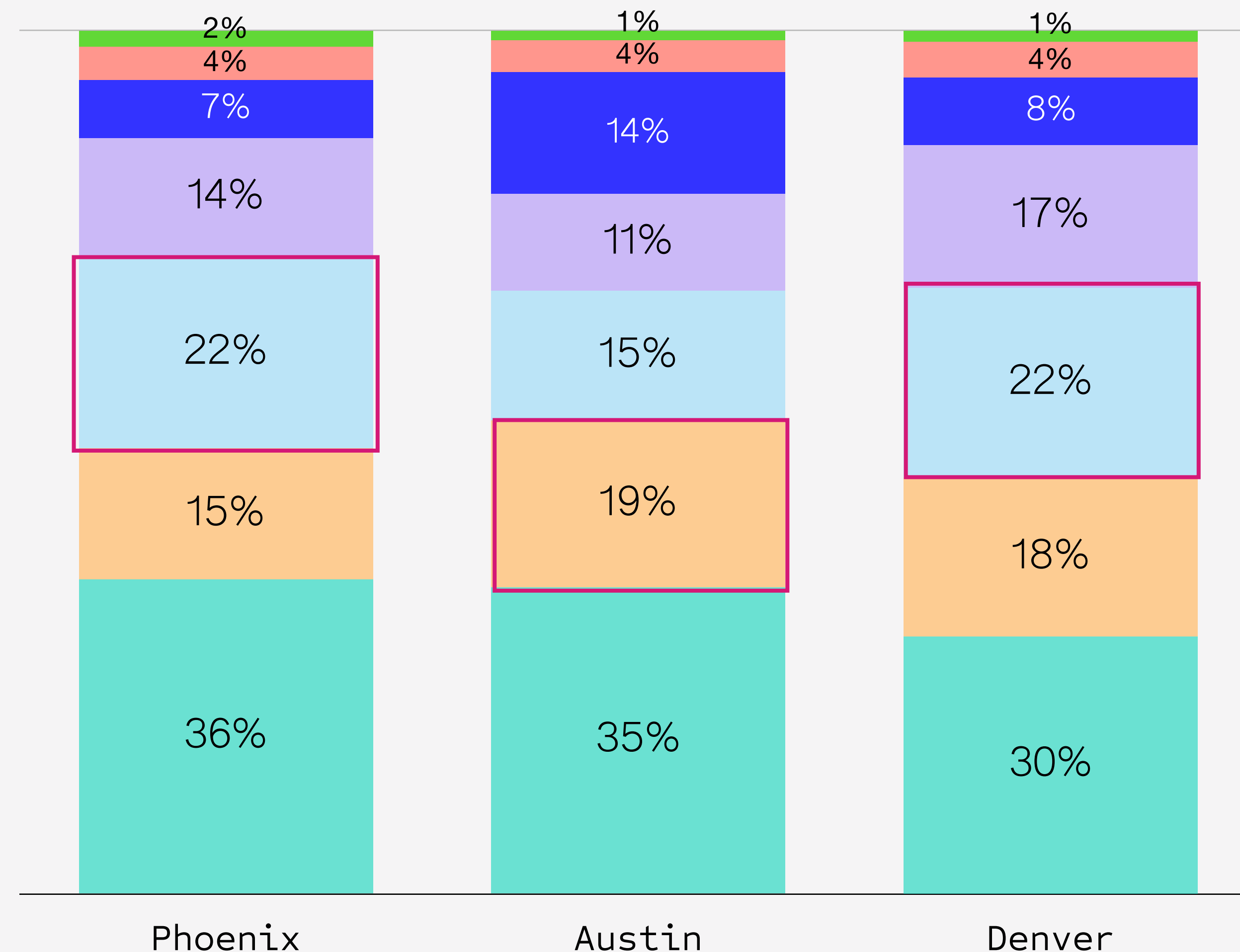
Pizza places dominate the fast food scene in **Chicago & New York City**

Fast food preferences vary by city in the Midwest & Northeast. In New York City, **pizza** places account for over 1/3 of total QSR traffic.

While pizza places represent over 1/4 of QSR traffic in St. Louis, **burgers** reign supreme in this market, with 32% share of total QSR visitation.

People in NYC are also fond of **sandwiches**. With its wealth of corner delis & bodegas, it's no surprise that sandwiches represent almost 1/4 of total QSR traffic in this major metropolis.

People in NYC and Chicago might also have a stronger affinity for **tacos** compared to people in St. Louis.

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Share of Total QSR Visits By Fast Food Sub-Category in...

- Burger Joints
- Pizza Places
- Taco Places
- Salad Places
- Fried Chicken Joints
- Sandwich Places
- Wings Joints

Sub-Category	St. Louis	Chicago	NYC
Salad Places	0%	1%	2%
Wings Joints	4%	5%	3%
Taco Places	2%	6%	5%
Sandwich Places	21%	21%	24%
Pizza Places	26%	28%	34%
Fried Chicken Joints	15%	13%	12%
Burger Joints	32%	25%	19%
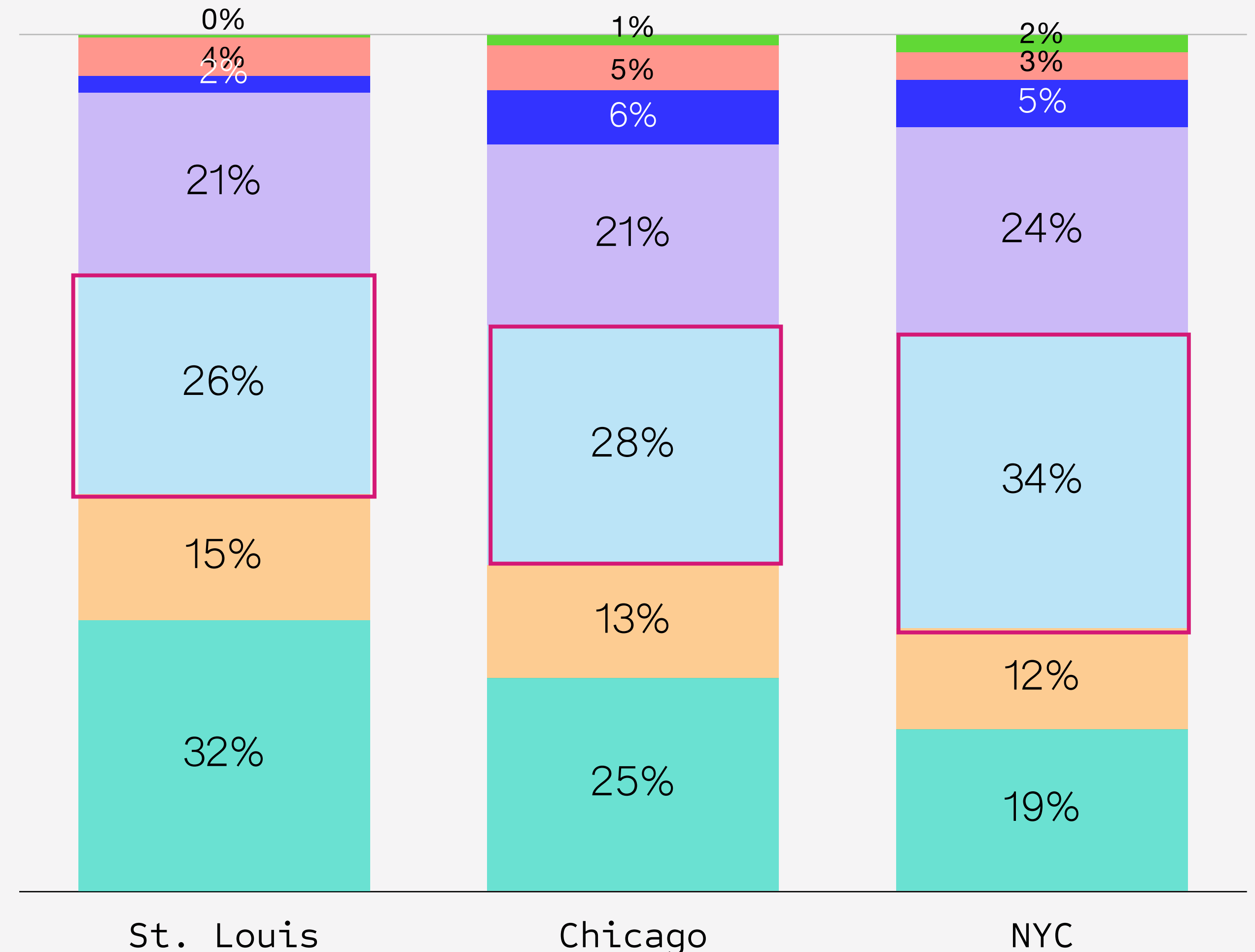
Activate with Foursquare

Key Learnings & Opportunities For QSR Brands

Loyal customers account for the majority of QSR traffic

Foursquare data reveals that QSRs are relying more heavily on returning customers (vs. new customers) post-pandemic, indicating that customer maintaining customer loyalty is more important than ever.

Opportunity: Build brand affinity amongst consumers QSR loyalists based on visit frequency.

Loyal QSR customers are even more likely to visit direct competitors than the average QSR customer

While loyal fast food fans are certainly visiting their favorite QSR chains often, that doesn't mean they're avoiding direct competitors altogether. In fact, we found that loyal customers are even more likely to frequent a variety of QSR chains.

Opportunity: Conquest from competitive chains winning with today's most loyal fast food fans; Reach customers who are visiting a competitors location in real-time.

Fast food preferences vary by market, and time of year

Location data reveals that QSRs typically see more late night traffic than usual in the summer, while late night & breakfast hours draw fewer customers than usual in the winter. On top of that, an assessment of QSR traffic by market reveals nuances in people's preferences.

Opportunity: Trigger location-based notifications and send ads, coupons, and more to people when/ where they're most likely to visit their favorite fast food chains.

Meet with us today to learn more about how your brand is performing in perspective of top competitors + more!

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Augment Marketing Efforts

Whether you're aiming to draw in more visitors during late night hours, working to revive dinnertime dining, or aiming to bring morning office commuters back to the drive-thru, location data and technology can augment your marketing efforts and boost conversion rates in several ways, including:

FIND & REACH

- People who have visited your restaurants in the past (pre-pandemic)

- People who are similar to those who either previously visited or are visiting your locations now (post-pandemic)

- People who are visiting competitor's locations

- People who live near your locations

MEASURE IMPACT OF ADS

- Measure impact of your TV, OOH & Digital Ads on driving new customers to your locations by using foot traffic data.

- Understand how changes in consumer movement through the real-world (due to COVID-19 or other events) can bring in net new customers to your locations.

- Understand who these new customers are vis demographic information (age, gender, etc.)
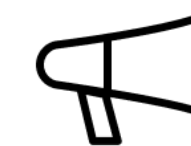
INFLUENCE BUYER BEHAVIOR

- Trigger location-based notifications and send Ads, coupons and other messaging to people who are at or nearby a QSR location.

- Send notification to people whose lifestyle or demographic information suggest that they may enjoy specific menu items or may be influenced by certain promotions.

Learn more about: FSQ/Visits, FSQ/Attribution, FSQ/Audience, FSQ/Proximity

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Beyond Marketing

Location technology and data can play a game-changing role in helping fast casual dining enterprises with the following strategic decisions and activities:
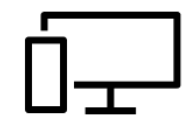
Customize app experiences based on where a user is located / where they like to go
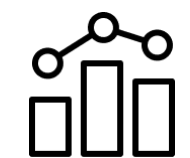
Site selection

Territory mapping

Investment strategies

In-app customer experience

Demand forecasting

Learn more about: FSQ/Places & FSQ/Pilgrim SDK

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Thank You

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