

## 2 new studies: Diners swayed by value, food item contents

By GREGG CEBRZYNSKI

(Nov. 24, 2008) Casual-dining chains with a strong value message and all kinds of restaurants that are perceived as offering “real food” rank higher with consumers than do those seen as falling short in both areas, two recent studies indicate.

**Olive Garden**, **Cracker Barrel** and **Applebee's** earned consumers' highest favorable perceptions of value during October in YouGov/Polimetrix's BrandIndex, a daily brand intelligence service that tracks more than 1,100 consumer brands.



Olive Garden has a favorable value perception, according to a consumer study.

Meanwhile, **Subway**, **Red Lobster** and **Outback Steakhouse** ranked first, second and third, respectively, in a new study by Restaurant Marketing Group titled “Food Actually,” which measures what consumers perceive is in the food a restaurant offers.

The results of the BrandIndex study indicate that restaurants need to continue promoting value in their marketing, said Ted Marzilli, BrandIndex's senior vice president and general manager.

At the same time, the “Food Actually” study shows that consumers more than ever want to know specific meal ingredients so they can order food with minimal processing, and chains that aren't transparent about preparation will lose customers to restaurants that are, said Arjun Sen, president of Centennial, Colo.-based Restaurant Marketing Group.

The RMG study identified recognition of the ingredient transparency issue as a growing trend.

In the BrandIndex study, Olive Garden had an average value score of 39.9 in October, followed by Cracker Barrel with 32.9 and Applebee's with 32.3. For the month, the average score among the 29 casual-dining chains tracked was 10.8, Marzilli said.

A brand's score is based on how respondents answered the question, “Does it give good value for what you pay?” The average value score accounts for how the score rose or declined from the start of the month to the end. Cracker Barrel's value, for example, rose by 6.2 points, the largest gain in the survey.

Olive Garden consistently ranks high because it heavily advertises its large portion sizes and bottomless salads, Marzilli said. Cracker Barrel began advertising during October with more of a “home away from home” theme rather than focusing on value, but Marzilli said consumers still perceived a value message.

“In an economy like this, when times get tough people gravitate toward what they know and what they've known,” he said.

Although Applebee's ranked third, its value score dropped 5.7 points during the month. Marzilli didn't know what to attribute that to, because the chain has performed well in past surveys.

Applebee's, a division of Glendale, Calif.-based DineEquity Inc., conducted an “Endless Favorites” promotion for \$9.99 in September and this month launched a “2 for \$20” promotion, offering an appetizer and two entrées for \$20.

**Romano's Macaroni Grill**, owned by Dallas-based **Brinker International**, began a "Chef's Trio" promotion in September that continued into November, including a salad, entrée and dessert for \$11.99, but the chain managed to achieve only a 10.9 value rating.

Either the promotion hadn't sunk in yet with consumers during October or "it didn't make an impression" with them, Marzilli said.

**Chili's**, another Brinker chain, rolled out the "Bottomless Express Lunch" for \$5.99 and ranked sixth with a value score of 23.5. Its average score rose 4.6 points during the month, making it the second-biggest gainer after Cracker Barrel.

The "Food Actually" study rated 128 restaurant chains by how well consumers understood what ingredients restaurants used to serve "real food." The online study involved 4,500 adults between 18 and 64 years old.

The study found that women based their ratings mostly on food freshness and ingredients more than any other factors. Men based their ratings on food taste. Being able to tell what was actually in the meal was more important to men and women older than 50 than to other age groups.

Women as a group tend to "investigate" food ingredients more than men, Sen said, and they tend to be more brand-loyal than men.

Study results showed that consumers perceive sub sandwich, juice and coffee brands as offering more "real food" compared with quick-service brands. Food made to order in front of the consumer also scored high.

That's one of the reasons Subway was rated first overall by 40.6 percent of those surveyed. Cold Stone Creamery, where customers can watch their ice cream treats being prepared, was 12th.

The growing taste for "real food" is prompting consumers to ask themselves, "What is the secret stuff you're putting in it that I need to know about?" Sen said.

Brand preferences vary by age. Men in their 30s rated steakhouses, ice cream chains and Mexican restaurants higher than women of the same age. Men in their 40s rated chicken chains higher than women in the same age group. Women gave higher scores to ice cream and sandwich brands.

Many restaurants with higher ratings have cues in their brand names that suggest freshness or healthfulness, such as **Panera Bread**, **Jamba Juice**, Applebee's, Sweet Tomatoes and **Souper Salad**.

Among men in their 40s, Smoothie King ranked seventh but was not in the top 10 for younger men, indicating that a sizable portion of men become more discerning about what they eat when they turn 40, according to the study.

The lowest rated brand overall was **Krystal**, but the lowest rated brand varied in each age group. Men in their 30s, for example, ranked Bruegger's Bagels lowest. Women in their 40s put Mexican and burger chains in the bottom half of their preferences and ranked **Taco Time** the lowest.

Low scores don't necessarily translate to low sales now or in the short term, Sen said. **McDonald's**, which ranked in the bottom half of the restaurants surveyed, continues to generate strong sales.

Low scores indicate dissatisfaction among consumers, he added, but consumers will overlook that in the short term because they're basing their purchase decisions on convenience or price value.

Long term, however, low-scoring chains will lose customers to higher-scoring competitors that become more efficient in solving convenience and price issues, Sen said.

"Over time, consumers do understand the shortcomings of brands," he said.