



2017 Food Attitudes & Behaviors

Americans' appetite for increased control and wellness is disrupting the tried and true QSR formula for success. With no traffic growth in 2016 and a growing stigma with key audiences, "low cost", "convenience" and "taste" are no longer enough. Satiating consumers necessitates delivering on the values they care about.

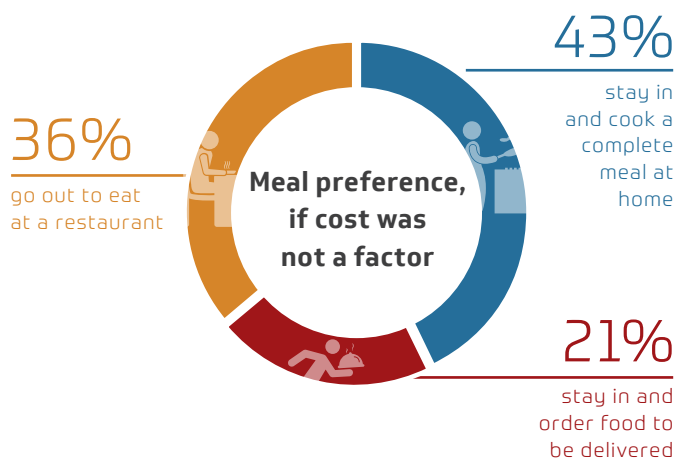
Benenson Strategy Group's (BSG) latest research on food attitudes and behaviors found that Americans are changing the way they eat - swapping out meals at restaurant chains for home-cooked meals, shunning processed foods, and longing for ingredient transparency – all to maintain a sense of control and to live healthier lives.

While this movement has served wellness brands, ingredient box companies and traditional and online grocers, QSRs have taken a hit. But, as we reveal below, there is a path forward. It just requires tweaking the recipe.

Home-cooked meals encourage wellness and control

Across meals, consumers are eating out less often than they used to, embracing home-cooked meals instead. An overwhelming majority, 77% of consumers, strongly agree with the statement: "I almost always prefer a home-cooked meal to a restaurant meal." And, nearly twice as many eat home-cooked meals than restaurant meals on a regular basis.

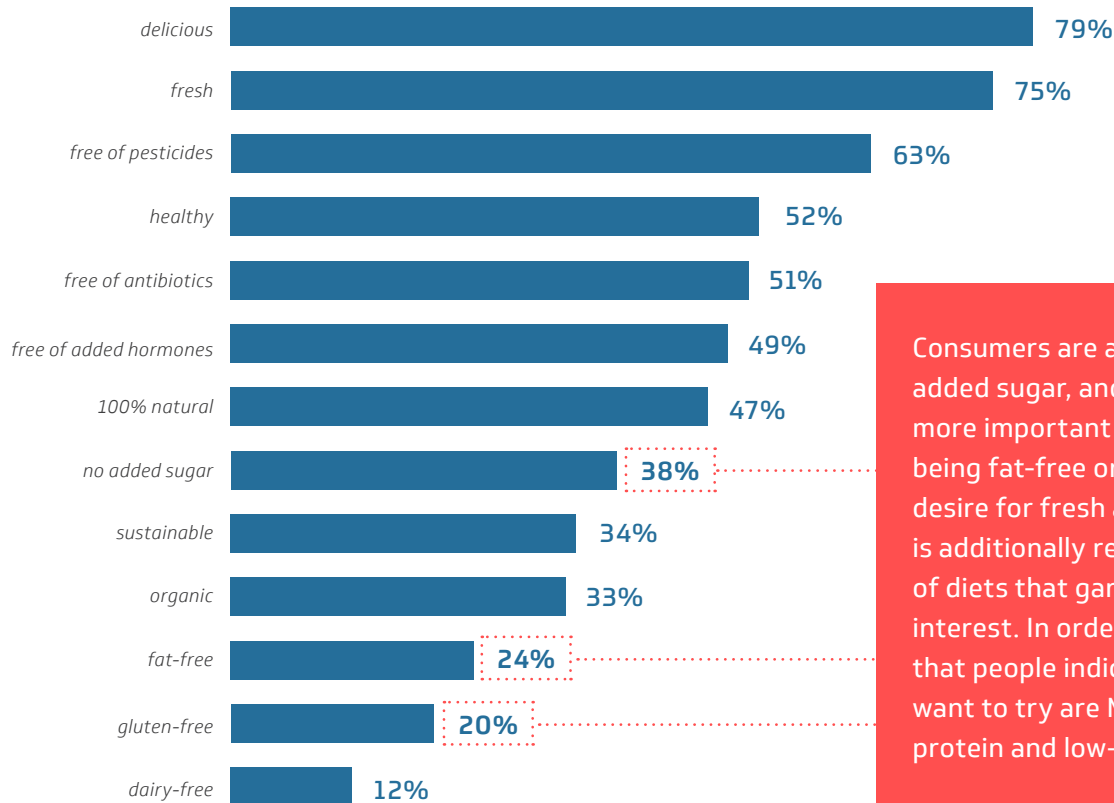
While it's easy to boil this all down to cost, it is not the only driver. There are a variety of underlying factors that make home-cooked meals more attractive and create a divide between consumers and the QSR industry.



Desire for unprocessed foods driving many to cook for themselves

Home-cooked meals allow people to control their wallet, but more importantly their wellbeing. Consumers want fresh and unadulterated food, which is leading many to cook at home. They consider it highly important for foods to be free of chemicals such as pesticides, antibiotics and hormones, and preparing their own meals affords them this assurance.

Importance of food attributes



Consumers are also shunning added sugar, and consider it more important than their food being fat-free or gluten-free. This desire for fresh and sugar-free foods is additionally reflected in the types of diets that garnered the greatest interest. In order, the top three diets that people indicated that they most want to try are Mediterranean, high-protein and low-sugar*.

*chart in appendix



Future proponents of cooking and eating at home? Kids

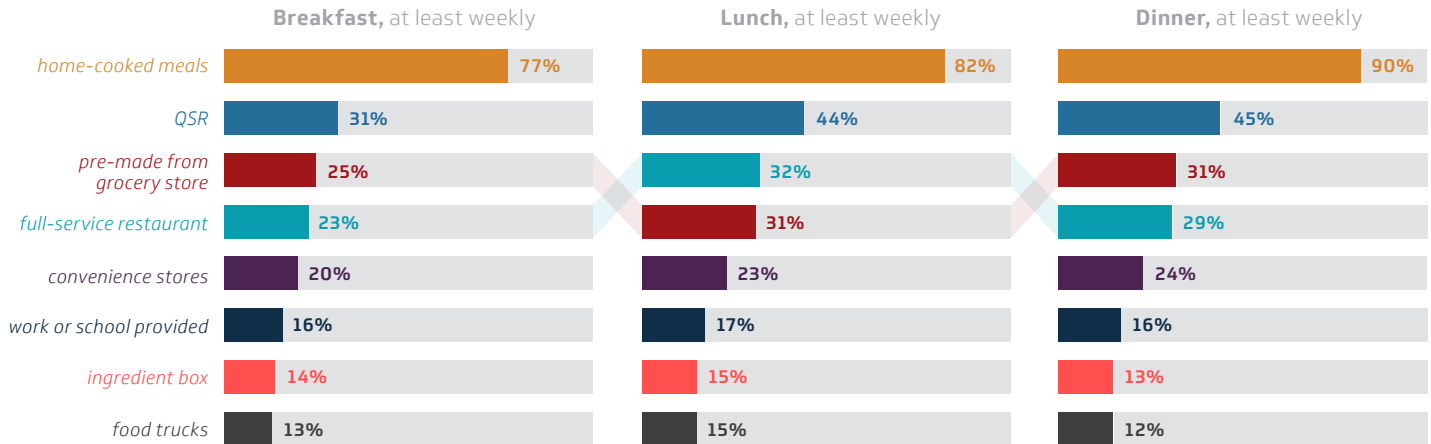
Children are cooking with their parents frequently, fostering a social sense at a younger age. The trend of cooking at home will only grow as the younger generation gets older.

- Eating dinner at home, whether cooked or brought in, goes beyond cost and convenience. It also gives consumers shared personal time with their friends and family that they may not get at a restaurant.
- Kids are embracing the role of chef – 31% ate something their kids cooked for them and 72% cooked with the kids at least once in a given week.

QSRs have taken a hit, but there is a recipe for fighting back

QSRs, which represent 80% of total commercial food service visits, realized no traffic growth in 2016 and total food service traffic dipped slightly (NPD Group). And, according to our research, consumers are eating at home much more frequently than at QSRs across all meals.

Twice as many regularly eating home-cooked meals vs. restaurant meals



Moreover, embarrassment over dining at QSRs has grown since last year, suggesting they are battling against more than just food quality. Tracking back to last year, key consumer groups, including millennials and males, are developing a heightened sensitivity around QSRs and their stigma in the food industry.

Would be embarrassed to be seen frequently eating at a fast-food restaurant



QSRs no longer winning on convenience

In the past, fast food chains have had a distinct advantage - a monopoly on food convenience, but this is no longer the case. Through grocery delivery services, restaurant and delivery apps, ingredient box subscriptions and even prepared meals from grocers, consumers can attain the at-home meals they desire without sacrificing convenience or control.

These convenient food choices are growing in popularity and permeating the mainstream, with 18% having used grocery delivery and 15% having used ingredient boxes.*

*chart in appendix

How QSRs can lure consumers from their kitchens

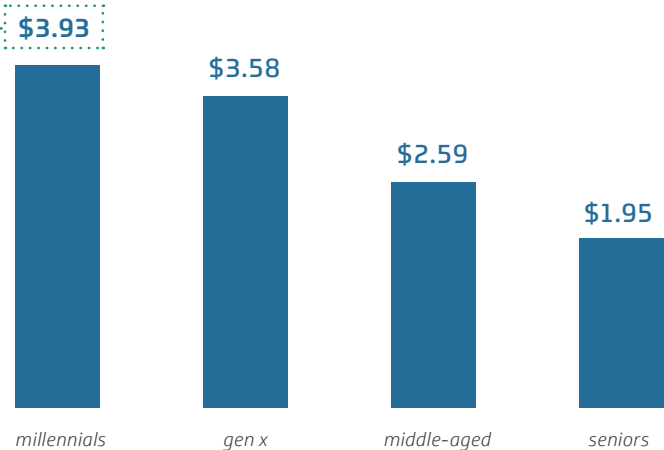
While QSRs are fighting back with everything from app ordering to kiosks, it is clear they need to focus on more than technology, menu expansion, convenience and cost. A major tipping point for QSR success lies in making an effort to align with the values their customers care about. Customers want to feel a greater sense of control in their diets. With greater customization and whole ingredients, QSRs can battle back.

- QSRs that are considered trustworthy and demonstrate a commitment to their customers and improvement (food, experience, social responsibility, etc.) are given credit for their efforts by consumers.
- Subway and Chick-Fil-A rank at the top of major QSRs on these key values (Company I Trust, Cares About Customers, Cares About More Than Profit, Is an Innovator). Upholding these key values translates positively in the hearts and minds of consumers as they also ranked highest for being Premium Brands and Brands I would Pay More For.
- Healthy options are important. On average, consumers are willing to pay \$3 more for a fast-food meal that's healthier than the original.

Millennials in particular value healthy items when eating out. They are willing to spend nearly \$4 more for healthier items at a fast-food restaurant.



Dollar amount more consumers would be willing to pay for a meal or menu item at a fast-food restaurant if they knew it was healthier



However, it's important to note that blanket healthy claims aren't enough. Customers want fresh ingredients and food that is free of pesticides, added sugar and the like. QSRs that take steps to make these ingredient-level changes are more likely to engender trust and demonstrate they care about their customers. Moreover, a sense of control and healthfulness is passed onto the customer.

Finally, while there is a tremendous opportunity for QSRs to align with consumers on values, there is also great risk in not doing so. If consumers believe a brand's values don't align with theirs, they'll go as far as to boycott. In fact, 20% of consumers have boycotted a restaurant chain, and in many of those instances it was because they felt the restaurant's values were not aligned with their own*.

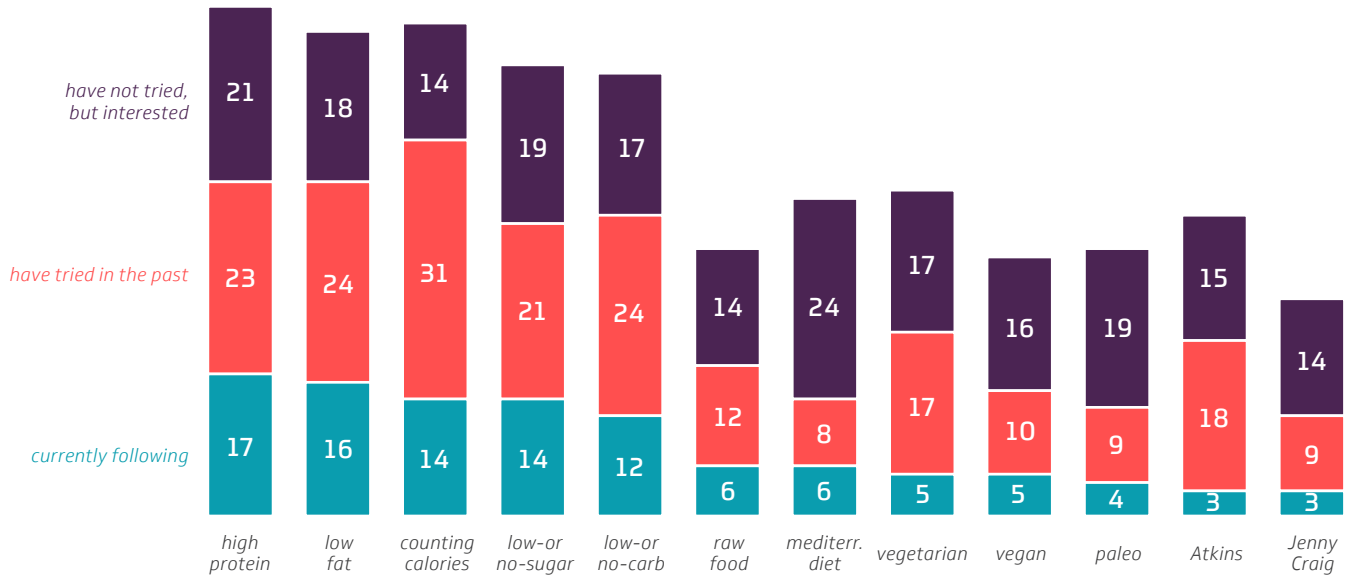
**chart in appendix*

Methodology

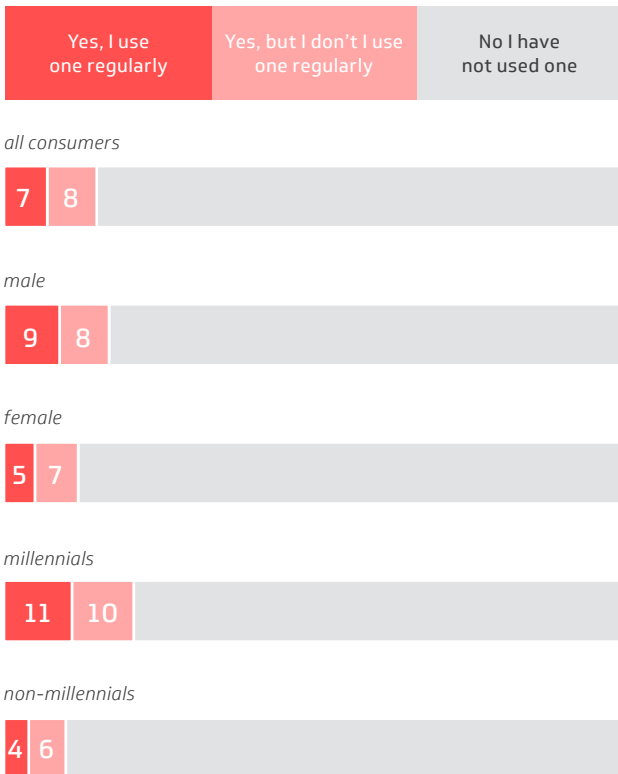
In May 2017, Benenson Strategy Group (BSG) conducted their second annual food study. 1,500 consumers 18+ nationwide were surveyed online to understand their attitudes, habits and values surrounding food. This random sample of 1,500 has a worst-case 95% confidence interval of $\pm 2.5\%$ about any one reported percentage.

Most Interest in Trying Mediterranean, High-Protein and Low-Sugar Diets

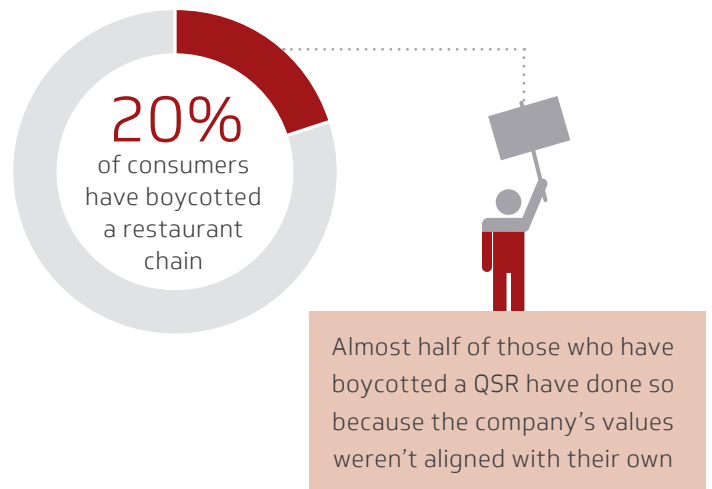
Are you currently following, or have you followed in the past, any of the following diets?




Ingredient box subscription use



QSRs consumers have boycotted and why



19% boycotted  61% of respondents who boycott Chick-fil-A said it was because of their **anti-LGBT** views