



Summer Burger 2017

Ideas

Ghost Peppers

Arugula

Bison Meat

Goat Cheese?



THE KEYNOTE REPORT

MENUTRENDS KEYNOTE

July 2017

BLUEPRINT FOR LTO SUCCESS



DATASSENTIAL
FOOD WITH A STORY

Brian Darr
312-655-0594
brian@datassential.com



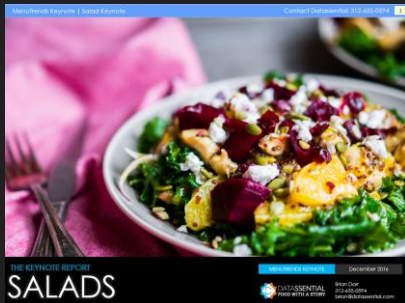
Datassential's MenuTrends Keynote Series leverages the power of MenuTrends, our trend-tracking database, and combines it with extensive consumer and operator survey data, from motivations to behaviors to opportunities, in order to bring together trends, data, and insights in a comprehensive report that dives deep into key industry topics and categories.

For more details, please contact **Brian Darr** at:
312-655-0594 or brian@datassential.com



The **Snacking Keynote** covers the snacking landscape in both retail and foodservice and takes deep dives into consumer operator habits, perceptions, and preferences regarding sweet, salty, and natural snacks, as well as non-traditional snacks such as burgers, pizza, and beverages.

In addition to the attitudes, trends, and tastes that Keynotes always cover, we asked over 3,500 consumers to track their snacking for a day to capture the nuances of their snacking behavior. Discover the who, what, where, when, and why of snacking to understand foods and beverages chosen, snacking triggers, and snacking occasions.



The **Salads Keynote** provides you with a complete view of both leafy green salads and deli salads by exploring consumer and operator perceptions and preferences both at home and away from home.

In the report you'll find, comprehensive data on the most-menus and fastest-growing varieties; in-depth details about consumers' last salad occasion; consumer affinity for salad products, ingredients, and flavors; and operator goals and challenges around green and deli salads.



The **Sandwiches Keynote** takes a complete look at sandwiches both at home and away from home by delving into perceptions and preferences regarding carriers, proteins, cheeses, toppings, condiments and accompaniments.

We combined opinions from over 1,000 consumers with hundreds of operator perceptions on sandwiches and leveraged the power of MenuTrends, our trend-tracking menu database, for this extensive report. It will be an invaluable resource to understand the sandwich landscape.

CONTENTS

executive summary	KEY FINDINGS 10	THOUGHT STARTERS 16			
LTO landscape	LTO LANDSCAPE 19	CONSUMER LTO PREFERENCES & ATTITUDES 47	OPERATOR PERSPECTIVES 71		
LTO trends	DETAILED REVIEW OF RESTAURANT LTOs 95	TRENDING INGREDIENTS IN RESTAURANT LTOs 110	C-STORE LTO LANDSCAPE 123	OPERATOR CASE STUDIES 131	NEW CONCEPT TESTING BEST PRACTICES 143
appendices	APPENDIX 1: LTO MARKETING 151	APPENDIX 2: DEMOGRAPHIC INSIGHTS 156	APPENDIX 3: DEMOGRAPHIC DETAILS 161	APPENDIX 4: EXHIBIT GUIDE 164	

EXHIBIT GUIDE

Key Findings

LTO Key Findings	11-15
LTO Thought Starters & Recommendations	16
Most Menued & Fastest Growing Food LTO Terms & Ingredients	17
Most Menued & Fastest Growing Beverage LTO Terms & Ingredients	18

LTO Landscape

INSIDER: Median # of LTOs Released per Year by Chain Restaurant Segment, 2010-2016	20
Operator Perspectives: Slowing LTO Menuing at FSRs	21
Operator: Average # of LTOs in the Past Year and Returning/New LTO Distribution	22
INSIDER: Food/Beverage Distribution in Chain Restaurant LTOs, 2010-2016	23
INSIDER: Detailed Food/Beverage Distribution in Chain Restaurant LTOs, 2016	24
INSIDER: LTO Distribution by Chain Restaurant Segment, 2016	25
Operator: Types of LTOs Operators Have Offered or Would Consider Offering	26
Operator: LTOs Offered in the Past Year and LTO Success	27
Last LTO: When Eaten and Daypart Eaten	28
Operator: Dayparts when LTOs are Offered	29
Operator: Daypart with Highest LTO Sales	30
Last LTO: Food and Beverage Distribution	31
Last LTO: LTO Choices by Daypart	32
Last LTO: Origin	33
Last LTO: Origin Differences by Daypart	34

Last LTO: First vs. Repeat Purchase	35
Last LTO: Planned vs. Impulsive Purchase	36
Last LTO: Premium, Average, or Value Pricing	37
Last LTO: Reasons for Purchasing	38
Last LTO: Characteristics	38
Last Restaurant Visit Specifically for an LTO	40
Places Where LTO Ads Have Been Seen in the Past Month	41
Operator: Methods Used for Promoting LTOs	42
Change in LTO Purchasing by AFH Segment	43
LTO Landscape Recap	44-46

Consumer LTO Preferences & Attitudes

America's Favorite Type of Food LTO	48
America's Favorite Type of Food LTO by Demographic	49
Consumers Who Prefer Trying New Flavors Over Old Favorites: Foods	50
Consumer Verbatims: Favorite Food LTO	51-52
America's Favorite Type of Beverage LTO	53
Consumer Who Prefer Trying New Flavors Over Old Favorites: Beverages	54
Consumer Verbatims: Favorite Beverage LTO	55
Attitudes Toward LTO Purchasing	56
Attitudes Toward LTO Purchasing by Demographic Group	57
What Should Distinguish LTOs from Regular Menu Items & How Well LTOs Perform	58
LTO Characteristics: Important Distinguishing Factors vs. Performance	59
Motivators for Ordering More LTOs	60

EXHIBIT GUIDE

Consumer LTO Preferences & Attitudes, cont.

LTO Attributes That Justify Premium Pricing	61
LTO Attributes that Justify Premium Pricing by Demographic	62
Interest in Different Types of LTOs	63
Likelihood to Take Action After an Enjoyable LTO	64
Interest in Contributing to LTO Development & Preferred Methods of Contributing	65
Barriers to Trying LTOs	66
Operator Perspectives: Issues with LTOs	67
Consumer Verbatims: Disappointing LTO	68
Consumer LTO Preferences & Attitudes Recap	69-70

Operator Perspectives

Operator: LTO Goals & Performance	71
Operator Perspectives: LTO Goals	72-73
Operator: LTO Attitudes	74
Operator: Frequency of New LTO Introduction	75
Operator: Average Length of LTO Promotion	76
Operator: Percent of LTOs that Return to the Menu as...	77
Operator: Change in LTO Offerings & LTO Sales Over the Past Year	78
Operator: Additional Revenue & Traffic Generated by a Successful LTO	79
Operator: Factors Contributing to Last Successful LTO	80
Operator Perspectives: Optimizing Ingredients & Equipment	81
Chain Operators: Relationship with Corporate/HQ	82-83
Operator Perspectives: Unit-Level Issues	84
Independent Operators: LTO Challenges	85

Operator: Planned Changes to LTO Offerings	87
Operator: Interest in Support from Suppliers	88
Operator Perspectives: Supplier Relationships	89
Operator: Sources for LTO Information	90
Operator: Plans to Invest in Digital Menu Boards	91
Operator Verbatims: Successful LTO Examples	92
Operator Perspectives Recap	93-94

Detailed Review of Restaurant LTOs

Explanation of LTO Type Grouping	95
SCORES Consumer Ratings Definitions	96
LTO Distribution: Uniqueness vs. Unbranded Purchase Intent Quadrants	97
LTO Distribution: Average Uniqueness and Unbranded Purchase Intent by LTO Type	98
LTO Examples: Safe Experimentation	99
LTO Example Breakdown: Safe Experimentation	100
Operator Perspectives: LTO Development Strategy	101
LTO Examples: Everyday Classics	102
LTO Example Breakdown: Everyday Classics	103
LTO Examples: Ahead of the Curve	104
LTO Example Breakdown: Ahead of the Curve	105
LTO Examples: Work in Progress	106
LTO Example Breakdown: Work in Progress	107
Review of Restaurant LTOs Recap	108

Trending Ingredients in Restaurant LTOs

Most Menued & Fastest Growing Food LTO	110
Keywords: Limited Service Restaurants	111
Most Menued & Fastest Growing Food LTO	112
Keywords: Full Service Restaurants	

EXHIBIT GUIDE

Trending Ingredients in Restaurant LTOs, cont.

Seasonal Food LTO Ingredient Index	113
Operator Perspectives: Importance of Seasonality	114
Regional Index for Fastest-Growing LTO Ingredients: Limited Service Restaurants	115
LTO Examples of Local Preferences: Limited Service Restaurants	116
Regional Index for Fast-Growing LTO Ingredients: Full Service Restaurants	117
LTO Examples of Local Preferences: Full Service Restaurants	118
Most Menued & Fastest Growing Beverage LTO Keywords: Limited Service Restaurants	119
Most Menued & Fastest Growing Beverage LTO Keywords: Full Service Restaurants	120
Seasonal Beverage LTO Ingredient Index	121
Trending Ingredients in Restaurant LTOs Recap	122

C-Store LTO Landscape

C-Store LTO Distribution, 2016	123
C-Store LTO Distribution: Average Uniqueness and Unbranded Purchase Intent by LTO Type	124
C-Store LTO Examples: Safe Experimentation	125
C-Store LTO Examples: Everyday Classics	126
C-Store LTO Examples: Ahead of the Curve	127
C-Store LTO Examples: Work in Progress	128
C-Store LTO Landscape Recap	129

Operator Case Studies

Wendy's: LTO Profile 2010-2016	130
Wendy's: High-Scoring LTOs & Key Ingredients	131

Wendy's: Percent Increase in Same-Store Sales, 2013-2016	132
Denny's: LTO Profile 2010-2016	133
Denny's: High-Scoring LTOs & Key Ingredients	134
Denny's: Percent Increase in Same-Store Sales, 2013-2016	135
Olive Garden: LTO Profile 2010-2016	136
Olive Garden: High-Scoring LTOs & Key Ingredients	137
Olive Garden: Percent Increase in Same-Store Sales, 2015-2017	138
Operator Case Studies Recap	139-142

New Concept Testing Best Practices

Introduction	143
Informed Ideation	144
Consumer Test Metrics Detail	145
Express Screening & Concept Refinement	146
Full Testing	147
Full Testing Output Detail	148
New Concept Testing Best Practices Recap	149

Appendix 1: LTO Marketing

Social Media Usage: Percent Using Each Service Multiple Times per Week	150
Operator: Marketing Methods Used for LTOs	151
Operator: Most Effective LTO Marketing Method	152
Operator: Social Media Services Used to Promote LTOs	153

Appendix 2: Demographic Insights

Differences Based on Generation	154-158
---------------------------------	---------

EXHIBIT GUIDE

Appendix 2: Demographic Insights, cont.

Differences Based on Gender	159
Differences Based on Parental Status	160

Appendix 3: Demographic Details

Consumer Demographics	161
Operator Demographics	162
	163



SHOW, BUT DON'T GIVE OR LEAVE BEHIND

This report can be presented live or via webinar, but can not be distributed to outside companies.

If your company has purchased this report, you are encouraged to excerpt key exhibits and build them into your own presentations.

However, you should not provide significant sections of this report to any outside company without express written consent from Datassential.

Objectives & Methodology

Objectives

- Identify consumer LTO consumption habits, preferences, and perceptions at restaurants and at other away-from-home venues
- Understand consumer motivators for ordering LTOs
- Analyze operator motivators, preferences, and challenges with executing LTOs
- In-depth analysis of top and growing LTO categories and ingredients
- Identify supplier opportunities where operators and consumers have unmet needs

Methodology

- Main fielding completed June 2017 (online)
 - Consumers: 1037 respondents (GenPop)
 - Operators: 310 operators who offer LTOs (via the Datassential panel), including:
 - 90 independent restaurant operators
 - 194 unit-level chain operators
 - 26 c-store operators
 - Full respondent details available in the appendix
- Four qualitative interviews with chain decision-makers at limited-service and full-service chains

Qualitative Interviews

To obtain in-depth perspectives around LTOs, individual qualitative interviews were conducted with chain restaurant leaders at the regional and headquarters level, as noted below. A unit general manager also was interviewed. The discussions ran 45-60 minutes and covered the following topics:

- Overall importance of LTOs
- Primary and secondary LTO goals
- Contributing factors to LTO success/failure
- Seasonality
- Supplier relationships and desired support
- Unit-level relationships and execution
- Menu item development process
- Calendar and planning
- Staff training
- Promotion and marketing
- Product sourcing/availability



VP of Culinary & Marketing
Midscale
200-300 units
30-40 LTOs in 2016



Director, Menu Development
QSR
500-700 units
20-30 LTOs in 2016



Area Manager
QSR
>1000 units
30-40 LTOs in 2016



Unit Manager
QSR
600-800 units
15-20 LTOs in 2016

LTO Definitions

In this report's quantitative surveys, we defined LTOs in the following ways:

Consumer Definition

"In this survey, please focus on **foods and beverages that you can only get for a limited time**. They can include menu specials, seasonal items, items that are connected to a certain event or holiday, promotional tie-ins, trendy new flavors, etc.
Please **DO NOT consider** combo deals, special offers, or coupons for items that are a part of the regular menu."

Operator Definition

"LTOs are **new foods, beverages, or dishes** that you offer **for a limited time**, including: specials, seasonal items, event/holiday items, etc.
LTOs are **NOT**: coupons, discount promotions, permanent discounts such as "kids eat free", or loyalty program rewards."

LTO Tracking and Testing

In this report we utilize three Datassential menu tracking tools: INSIDER, SCORES, and LOCAL. Within these tools, we analyzed both new and returning LTOs introduced from 2010 through 2016, tracked their consumer appeal, and compared their alignment with regional menu prevalence. The icons below indicate that the data on that slide comes from one of these databases.



INSIDER is Datassential's monthly LTO and new menu item tracker. It provides full descriptions, pricing, and the status of each menu listing – whether it's a new item, LTO, or returning item for the top chains and c-stores.

SCORES is a continuous concept test, with hundreds of new menu items added every month. Each item is evaluated by 500 consumers providing feedback on purchase intent, appeal, uniqueness, frequency, draw, and value.



LOCAL is a compilation of food items and ingredients indexed according to their regional menu prevalence. Items can be sorted by region, state, metropolitan area, and geographic type (urban, suburban, and rural.)

RESTAURANT SEGMENTS

Limited Service Restaurants (LSR)

Full Service Restaurants (FSR)

QSR

262,474 US units

counter service with no wait staff; focus on speed and food often served on disposables



Fast Casual (FC)

63,488 US units

counter service with focus on higher quality, fresh ingredients, and customization



Midscale (MDS)

113,413 US units

waiter service at a moderate price; often breakfast-focused, and generally no alcohol



Casual (CAS)

190,424 US units

waiter service at a higher price point than midscale, and often offering a full bar



Fine Dine

13,974 US units

high-end table service with chef-driven menu; most entrées priced \$25 or higher



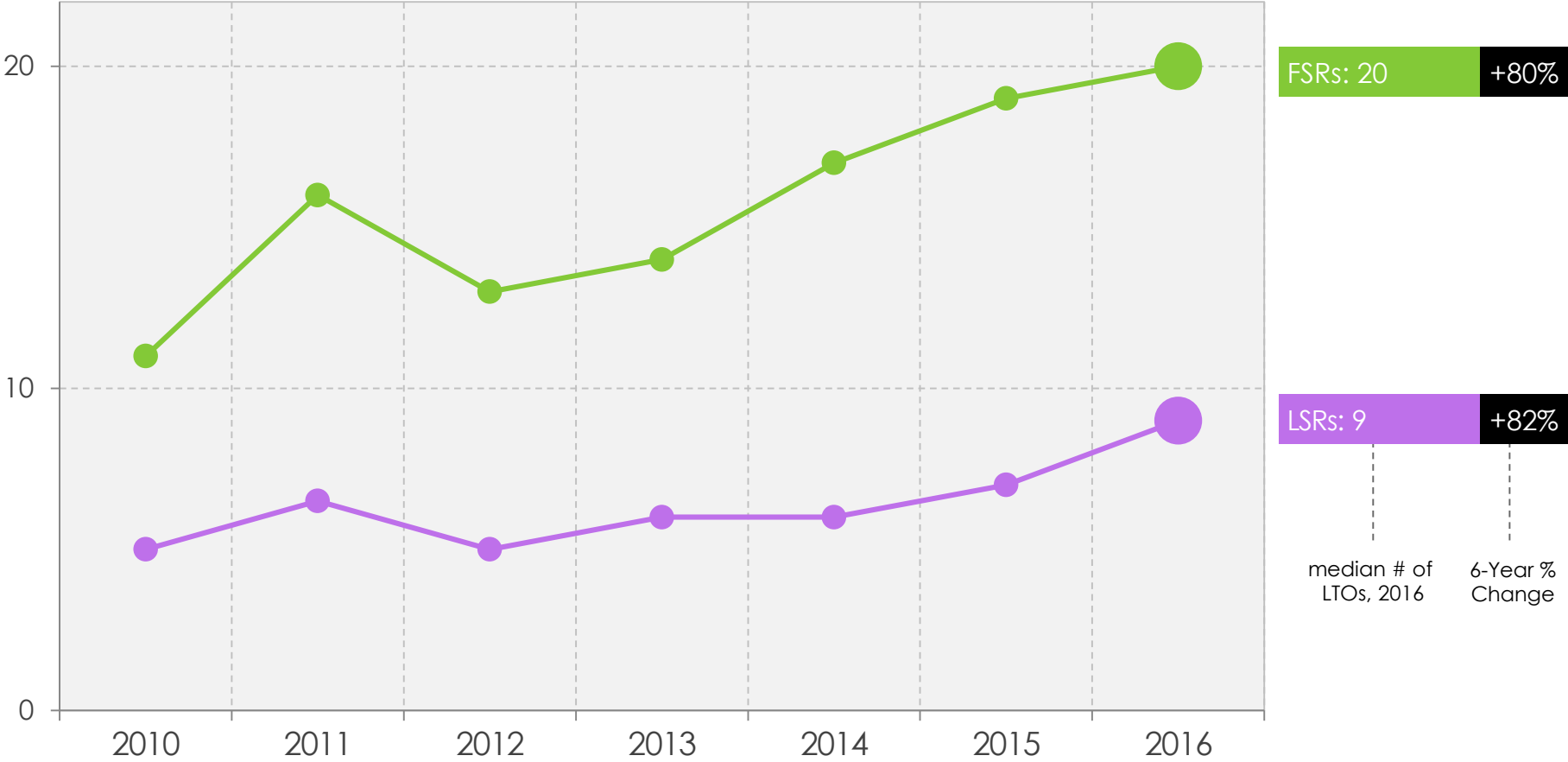
*unit counts include both chains and independents, Datassential Firefly 2016

Among the top 250 chains, full-service restaurants offer over twice as many LTOs per year as limited-service restaurants. The number offered per year at FSRs has begun to level out, while LTO menuing is increasing at LSRs.



Limited Time Offers

median # of LTOs released per year by chain restaurant segment, 2010-2016*



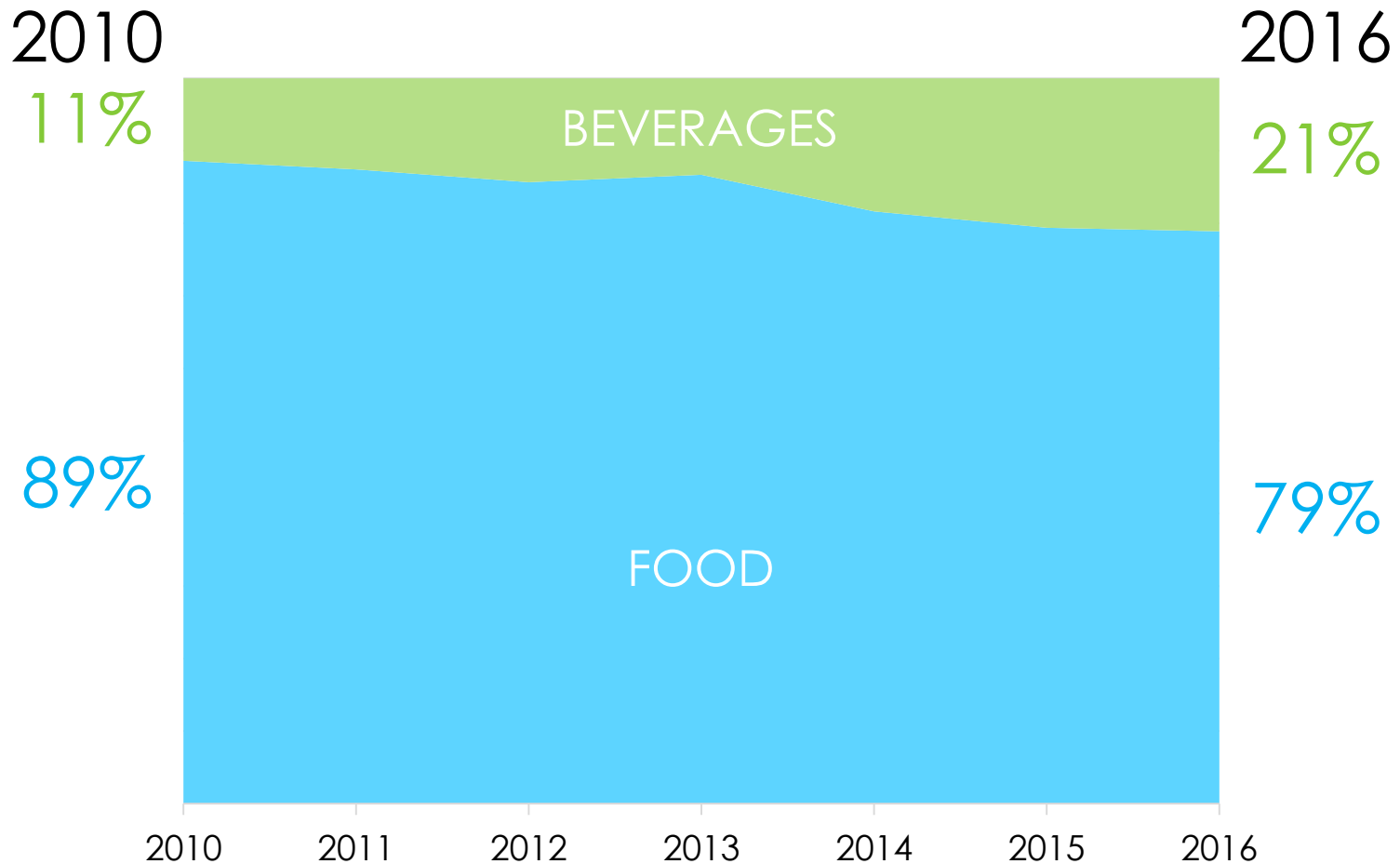
*Data is from Datassential's **INSIDER** database, which tracks LTOs and new menu items from the top 250 chain restaurants and c-stores on a monthly basis. C-store data is omitted from this section due to a lack of archival data; see full report for a review of c-store LTOs.

Four out of five LTOs are food items, but the share of beverage LTOs at restaurants has nearly doubled since 2010.



Limited Time Offers

food/beverage distribution in chain restaurant LTOs, 2010-2016*



*Data is from Datassential's **INSIDER** database, which tracks LTOs and new menu items from the top 250 chain restaurants and c-stores on a monthly basis. The base size is between 2400 and 4100 unique LTOs per year. C-store data is omitted from this section due to a lack of archival data; see full report for a review of c-store LTOs.

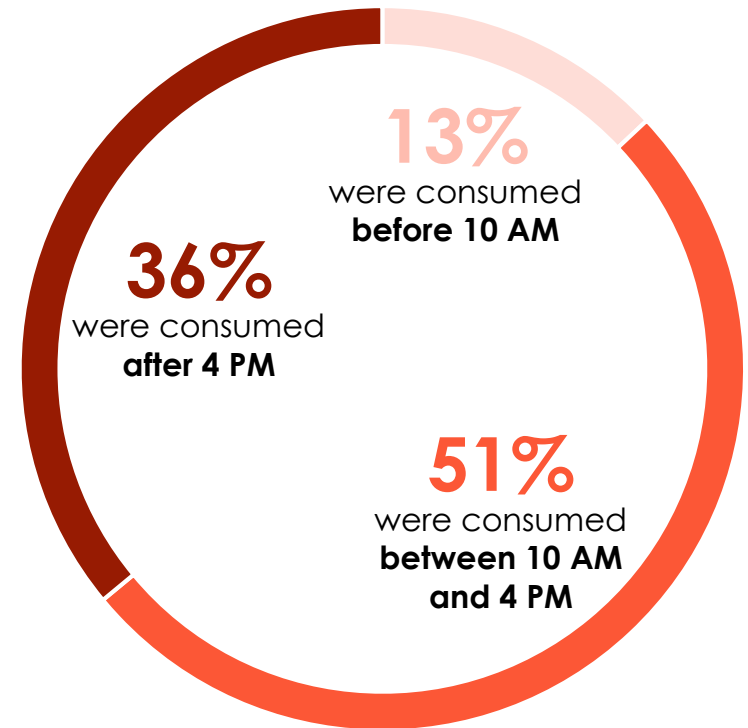
Around half of consumers have ordered an LTO within the past two weeks. More than half of LTO purchases were made during midday hours.

Last LTO: When Eaten

Within the Past Day	10%
Within the Past Week	29%
Within the Past 2 Weeks	10%
Longer than 2 Weeks Ago	51%



Last LTO: Daypart Eaten



Selected Consumer Verbatims: **Favorite Food LTO**

"**Texas Toothpicks from Carl's Jr.** Deep fried jalapeno and onion slivers. They stood out because they were **inexpensive and delicious**. I went there more often because of them, but stopped going when the LTO ended."

"There was a flavor of wings at **Buffalo Wild Wings** that was an LTO, they were the **best flavor I've ever tried there**. I was **able to get them as a combination on a sampler platter, so I had other flavors available if I didn't like the LTO**. Later I **came back and ordered just the LTO** while it was still available."

"I tried a **limited time chicken sandwich with a fried egg** on it and it was really good. I have always seen these types of sandwiches and thought it would not be appealing."

"This was a number of years ago, but **Chili's had a spicy citrus-glazed fajita** that included beef, chicken, and shrimp that was amazing. The **flavors were outstanding, the price was reasonable, and you could customize it easily**. It was part of a themed menu with several other things."

"**Jack in the Box does great with this idea – signature burgers or variations of them**. One of my favorite breakfast sandwiches is the chicken, with egg and cheese on a homemade biscuit. **Very filling and can be eaten for breakfast, lunch, or late night snack!** Really a great sandwich, I hope it comes back on the menu soon."

"I ordered the **special paella dish at a local restaurant**. It had seafood that they said they don't normally put in paella like scallops. I love scallops and could not resist ordering it. The flavors and textures were just perfectly complementary and **I wish they would make it on a regular basis**."

"**Pizza Hut's pizza with mini hot dog crust**. The taste overall was great, and I really like pizza and hot dogs. They went really well together in this special, and it was **very fun to eat**."

"The **chicken salad sandwich at Arby's is one of my favorite fast-food items**. I'm always sad when summer ends and it leaves the menu. It's **very fresh and tasty**."

Selected Consumer Verbatims: **Favorite Beverage LTO**

"I loved **Arby's pumpkin cheesecake shake** that they had last fall. It was **perfect for the season** and tasted amazing. I **went back just to get it about 8 times.**"

"Last Thanksgiving I ordered an LTO **pumpkin Martini** at a restaurant. It was the best. Creamy, sweet and **helped me celebrate my turkey dinner.**"

"I particularly enjoy seasonal and holiday LTOs. One of my favorites is **McDonald's St. Patrick's Day Shamrock Shake**. Seasonal and holiday LTOs **are festive** and help to get in the mood for the occasion."

"The **Shamrock Shake at McDonald's** is my favorite. **I've been drinking them for over 40 years.** I love the taste, it hasn't changed in all that time. I know when they come out and how long they will be in the stores. **It's a tradition for me and it's a unique item.**"

"The **Unicorn Frappe from Starbucks**. It **looked really cool, created lots of buzz, tasted good, was only available for 5 days**, and it was really hard to find a Starbucks location that had it in stock!"

"The **creamy lemonade dessert drink at Rally's** last summer was both unique and delicious. During the summer I usually choose restaurants that have orange creme LTOs because that's my favorite flavor, but that drink **made me eat at Rally's more often**. I was **so disappointed when I found out it was an LTO** instead of a new menu item."

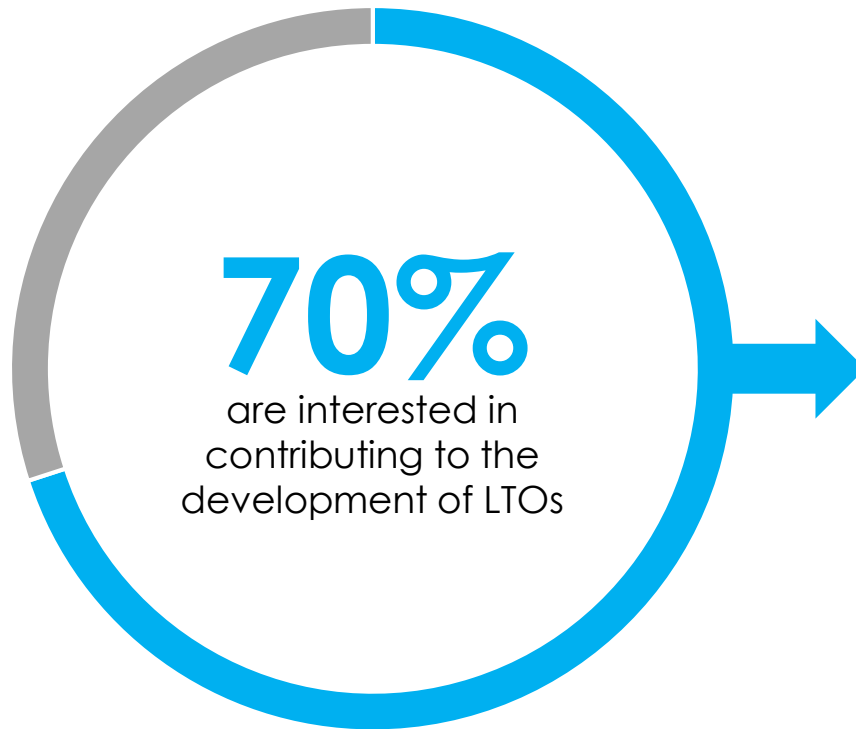
"I loved the **burnt butterscotch flavor from Starbucks**. It was too bad – when I went back to order, it was not available anymore. It had a great taste that was **not too sweet.**"

"**Starbucks had a really nice Holiday Spice Latte** that was different and not as sweet as the Pumpkin Spice one. I **went in to get that quite a few times** while they offered it."

Most consumers want to be actively involved in creating LTOs, in many different ways. Involving consumers on the front-end development phase not only gives customers a stake in the LTO and its success, but also a potentially lasting connection with the brand.

Interest in Contributing to LTO Development

Preferred Methods of Contributing to LTO Development

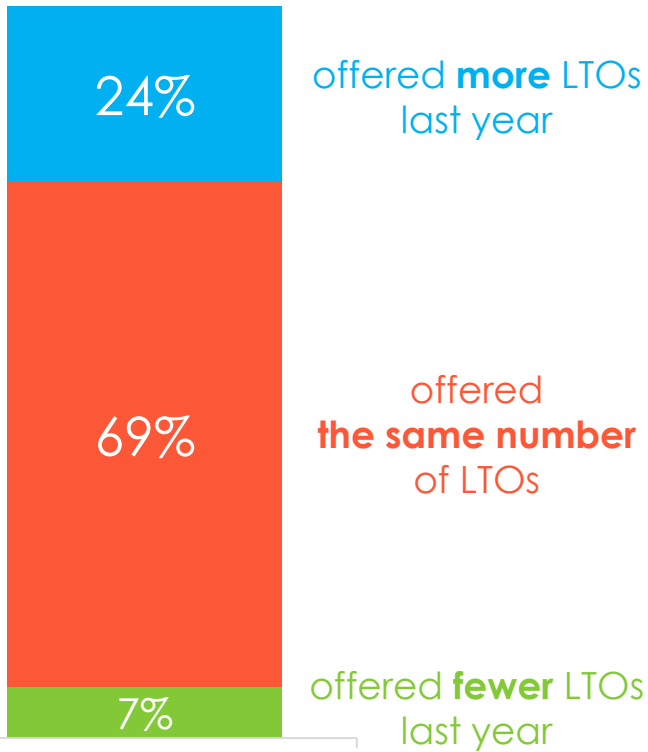


	% Selecting
Vote on flavors created by the restaurant	56%
Give feedback during a taste test event	56%
Submit a suggestion online	51%
Vote on flavors submitted by customers	49%
Write it on a tabletop card	37%
Suggest an item to a staff member	28%

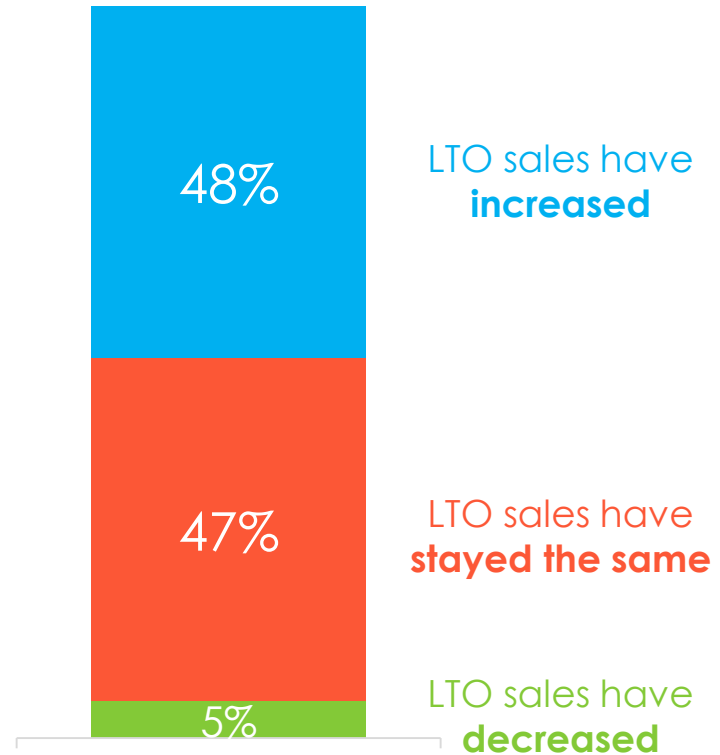
Though only around a quarter of operators offered more LTOs last year than in the previous year, nearly half report increased LTO sales. Only 5% report a decline.

Operator Finding

Change in LTO Offerings Over the Past Year (% selecting)



Change in LTO Sales Over the Past Year (% selecting)



Selected Operator Verbatims: **Successful LTO Examples**

Operator Finding

"Either the Beef Bacon Cheese or Chicken Bacon Cheese Sandwich... the **combination of cheese and bacon always works**. The **sandwiches are somewhat bigger** than what is normally offered. They **sell well even at a premium price**."

"This year we offered cheesy fries with crumbled real bacon. We had an initial expense for the cheese dispensers, but we already had the fries and crumbled bacon in stock. We were able to **utilize existing items to create a new item that was reasonably popular and very profitable**."

"We offered a new soup this past winter. It was wildly popular, **exceeding predicted demand by 60%**. We could not keep the item in stock, so **we ended the LTO early with plans to bring it back again this winter**. The product **was very high quality and was presented uniquely**."

"We offered a specialty coffee beverage that featured local honey, real cinnamon, and vanilla. It **became so popular that we featured it on the regular menu and it is a best-seller**. It was successful due in part to its uniqueness (something **not found at other coffee shops**) and because it **uses real and local ingredients** and isn't a processed, pre-made thing. It's **fresh and made-to-order and is really tasty**."

"Our Jack-O-Pizza does great every October. It's **cheap and targets the kids with ingredients they love**. It is **holiday themed** and allows parents to get something inexpensive for their children that they enjoy. Plus it is **simple, fun, creative, and cost-effective**."

"Our summertime LTOs are most popular by far. We feature dishes that **incorporate all of the wonderful seasonal organic produce we get at the local farm**. These are wildly popular with our clientele, especially with healthier eating being so hot right now."

"The most successful has been the **Summer Hash because it uses ingredients that are truly best in summer** and is **low in fat and carbs, which people are more likely to be watching in the summer**. Our hashes typically are excellent sellers already."

SCORES Consumer Ratings Definitions

In the following sections we discuss normative consumer ratings for LTO concepts based on two key variables: **unbranded purchase intent** and **uniqueness**.

Unbranded Purchase Intent

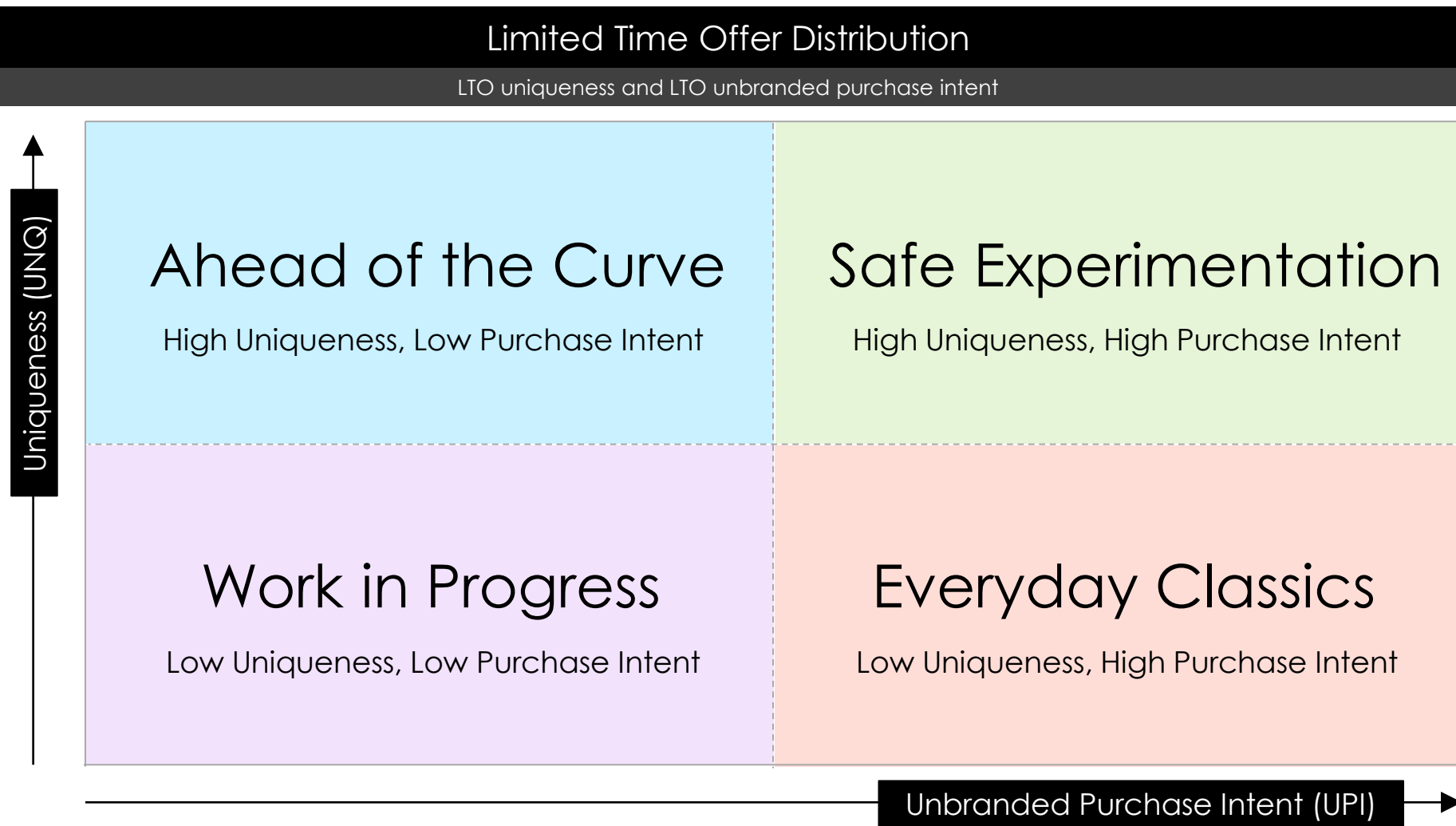
This measures consumer interest in a dish. Consumers are shown the concept without being told which chain will be menuing it.

Uniqueness

This measures the extent to which a concept is new and different.

We will be looking at each LTO's **normative ratings** instead of raw scores. Normative ratings are generated by benchmarking an LTO's raw scores against consumer ratings for other LTOs. In this report, all normative ratings are **compared to all other LTOs and new menu items in the SCORES database**. For example, **if an LTO has a normative unbranded purchase intent of 80 it means that the LTO generates higher unbranded purchase intent than 80% of all other items in the SCORES database**.

Plotting all restaurant LTOs according to consumer ratings of purchase intent and uniqueness yields four groups, with those engaging in Safe Experimentation earning the highest ratings on both scales.



Operator Perspectives: Importance of Seasonality



VP of Culinary & Marketing
Midscale
200-300 units
30-40 LTOs in 2016

“

LTOs are going to continue to be **a great seasonal play, as long as you're a brand where consumers expect... or require... seasonal dishes from you.** I think **snacks and beverages** can be a good way to work in seasonality without adding a ton of stress in the back of the house or challenging guests too much.

”

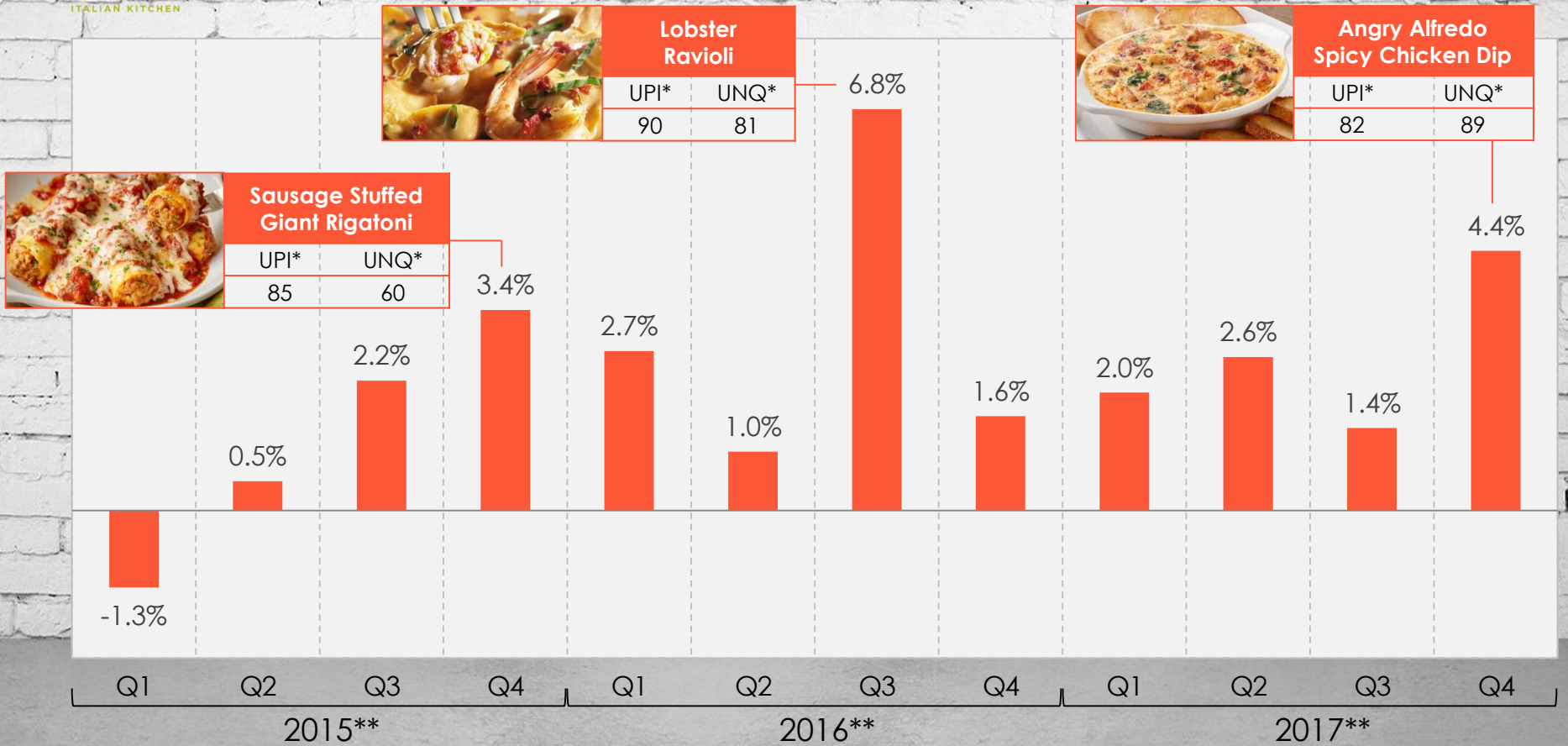
Insight:

Seasonal LTOs will likely see continued emphasis, although that emphasis could shift away from the main menu toward appetizers and beverages, which are operationally more manageable.

In a beleaguered casual dining segment, Olive Garden has experienced 11 consecutive quarters of positive growth.

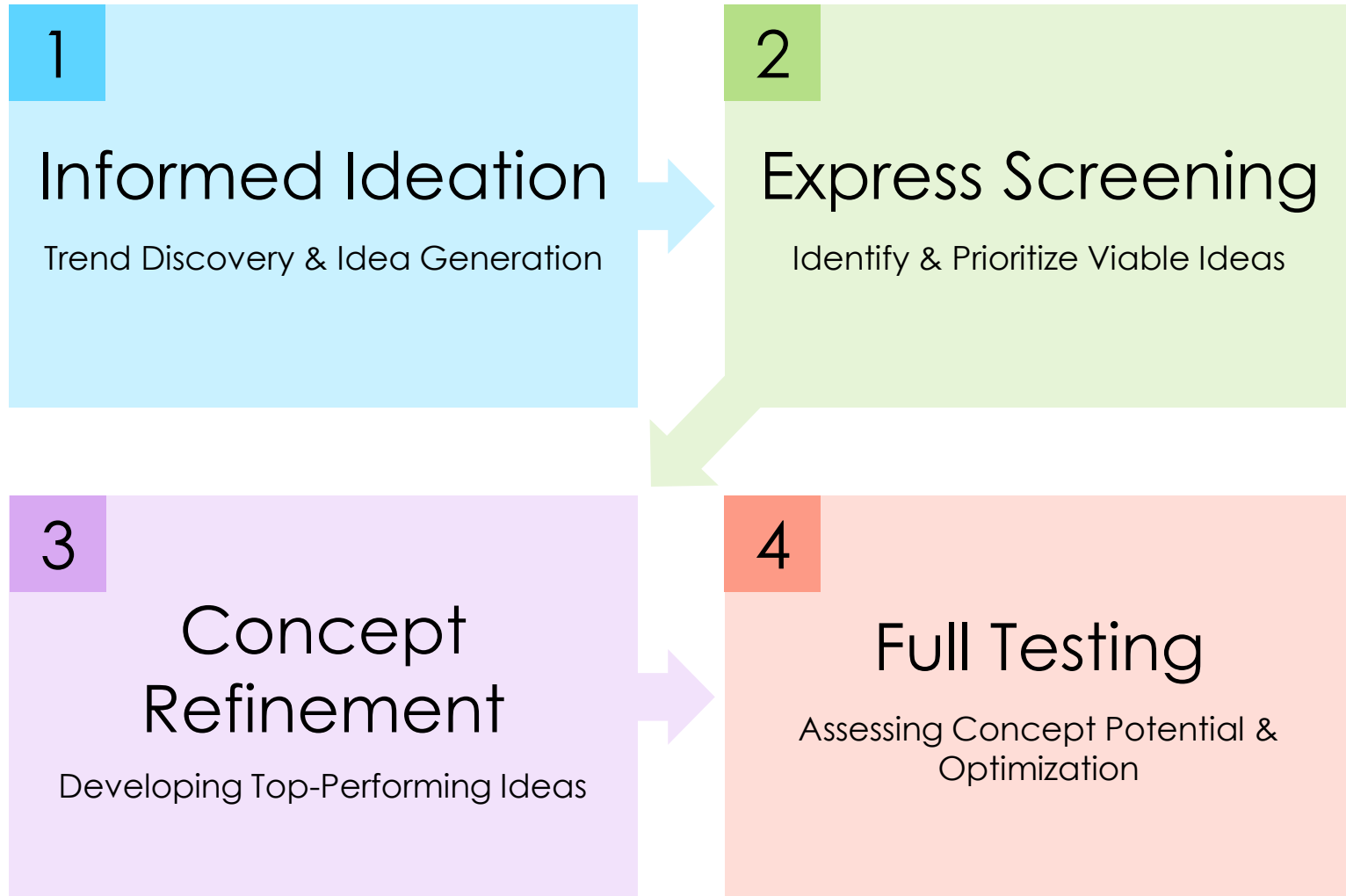


Percent Increase in Olive Garden Same-Store Sales, 2015-2017**



*Note: Unbranded Purchase Intent (UPI) and Uniqueness (UNQ) scores are normalized percentile rankings compared with all other LTOs. **Olive Garden's fiscal quarters are defined as follows: for 2015, Q1: June, July, August 2014; Q2: September, October, November 2014; Q3: December 2014, January 2015, February 2015; Q4: March, April, May 2015.

Concept testing best practices follow distinct phases, from ideation through consumer response.



WE KNOW FOOD

DATASSENTIAL is your best source for food industry insights – from the latest menu trends to the products shoppers want at the grocery store.



for more information, contact **BRIAN DARR** at
312-655-0594 or brian@datassential.com