

FOURSQUARE

Quick Service Restaurant (QSR) Loyalty Index

Third Annual Report
Location-based Insights, 2019



FOURSQUARE

Measuring Customer Loyalty With Location Data

Although today's consumers are on-the-go and seeking quick and easy meals more than ever, the quick service restaurant (QSR) industry is in flux, adapting to a slew of new challenges. Where are these challenges coming from? For one, brands face intense direct competition: there are over 350,000 quick



service restaurants in the U.S., up from approximately 305,000 in 2010 according to NPD. QSRs also face indirect competition from casual dining restaurants -- Foursquare data shows that more than 36% of QSR diners also visit casual dining restaurants. Not to mention new dining options like online ordering and meal delivery.

Despite the changing landscape, our foot traffic analysis is proof positive that it's possible to build a dedicated fan base. Developing a loyal customer base is a top priority for QSRs, and our annual Loyalty Index provides the most accurate assessment of customer loyalty. With a deep understanding of how people move around the real world, Foursquare is uniquely able to measure loyalty based on true consumer behavior, rather than reported behavior or brand perception.

In this report, you'll learn...

- The methodology behind the Foursquare Loyalty Index
- The rankings of America's leading QSRs in terms of customer loyalty
- Data-driven strategies to boost customer loyalty

Editor's Note: Foursquare analyzes foot traffic patterns from millions of Americans that make up our always-on panel. All data is either anonymized, pseudonymized, or aggregated, and is normalized against U.S. Census data to remove age, gender and geographical bias. Indexed numbers in this report indicate percentage more likely than the average U.S. consumer to frequent a specific venue or place. Source: [Total U.S. restaurant count dips 1%](#)

What is the QSR Loyalty Index?



The QSR Loyalty Index is Foursquare's ranking of the top Quick Service Restaurants in the United States based on their customers' loyalty. This loyalty index distills a complex set of behaviors and preferences into a single metric that can be compared across chains, revealing which QSRs are winning in terms of customer loyalty.

The Foursquare loyalty index is calculated using the following metrics:

- **Frequency:** The average annual visits per customer to each brand.
- **Penetration:** The percentage of category visitors who visited each brand within a year. (Penetration was only measured for regions in which the chain exists, so a southwest chain like Whataburger was not penalized for not having locations in the Northeast.)
- **Share of Wallet:** The median share of each customer's total QSR visits to a particular chain over a year period.
- **Fanaticism Threshold:** The number of visits within a year required for a user to be within the top 1% of users who visit a particular chain.

Editor's Note: For this analysis, Foursquare analyzed a panel of users who have been active in our panel for a minimum of one year and have visited at least one of the analyzed chains within that year. All data is anonymized, aggregated and/or pseudonymized, and normalized to match the U.S. Census (removing age, gender, or geographical bias). For this year's index, we looked at data from July 1st, 2018 through June 30th, 2019.

The Foursquare QSR Loyalty Index

Based on QSR Magazine's 2018 Top QSRs By Revenue and Foursquare's 2018 QSR Loyalty Index

Rank	Brands	Change YoY	Rank	Brands	Change YoY
01	Starbucks	—	26	Little Caesars	new
02	McDonald's	⬆️	27	Zaxby's	⬇️
03	Dunkin' Donuts	⬇️	28	Einstein Bros.	⬇️
04	Sonic Drive-In	⬆️	29	In-N-Out Burger	⬇️
05	Subway	⬆️	30	Popeyes Louisiana Kitchen	⬆️
06	Chick-fil-A	⬇️	31	Bruegger's	⬆️
07	Dairy Queen	⬆️	32	Tropical Smoothie Cafe	⬇️
08	Whataburger	⬆️	33	Smoothie King	⬇️
09	Tim Hortons	⬇️	34	Arby's	⬇️
10	Domino's Pizza	new	35	White Castle	⬇️
11	Hardee's	new	36	Jimmy John's	—
12	Jack in the Box	—	37	El Pollo Loco	⬆️
13	Burger King	⬆️	38	Carl's Jr.	⬇️
14	Bojangles' Famous Chicken 'n Biscuits	—	39	Checkers	⬆️
15	Taco Bell	⬇️	40	Papa Murphy's	new
16	Pizza Hut	new	41	Auntie Anne's	new
17	Wendy's	⬇️	42	KFC	⬇️
18	Panera Bread	⬇️	43	Qdoba Mexican Grill	⬇️
19	The Coffee Bean & Tea Leaf	⬇️	44	Baskin-Robbins	new
20	Taco John's	⬆️	45	Steak 'n Shake	⬇️
21	Papa John's Pizza	new	46	McAlister's Deli	new
22	Culver's	⬇️	47	Taco Cabana	⬇️
23	Chipotle Mexican Grill	⬇️	48	Jersey Mike's Subs	⬇️
24	Church's Chicken	⬆️	49	Krystal	⬆️
25	Del Taco	⬇️	50	Panda Express	⬇️

⬆️ Chain moved up in loyalty rank. ⬇️ Chain moved down in loyalty rank. — Chain remained the same in loyalty rank since 2018.

Who dropped off the list? A number of QSRs on last year's Index fell below the top 50 this year, including Jason's Deli, Wingstop, Raising Cane's, Moe's Southwest Grill, Firehouse Subs, Five Guys, Noodles & Company, Schlotzsky's, and Krispy Kreme.

Who is new on the list? Analyzing brands in QSR Magazine's Top QSRs and Foursquare's 2018 QSR Loyalty Index, the top 50 features some new players this year, such as Domino's Pizza, Hardee's, Pizza Hut, Papa John's Pizza, McAlister's Deli, Auntie Anne's, Little Caesars and Papa Murphy's.

Movers and Shakers



As experts in location technology, we know that harnessing the power of real world data is one of the best ways to captivate consumers. Take a look at the case studies below to learn how leading QSRs are moving up the rankings in terms of customer loyalty.

#1 Long Live Dairy Queen

The chain moved up 14 spots in the rankings this year, with increases in penetration, frequency, fanaticism and share of visits. To drive penetration, Dairy Queen is expanding into new markets and investing in DQ Grill & Chill restaurants, which offer non-dessert food options and therefore may draw a wider audience. To boost visit frequency, Dairy Queen leverages menu innovation and limited time offers. For example, the brand launched a new summer menu in 2019 with unique items such as Cupfections, Cake Shakes and the Dreamsicle Dip. Dairy Queen also uses limited time only treats to generate a sense of urgency, such as a promotion offering free cones to celebrate the first day of summer. These strategies are paying off, with the brand beating out industry leaders such as Taco Bell, Panera and Domino's in this year's loyalty rankings.

Source: [Dairy Queen Unveils Epic Summer Menu Lineup](#), [Dairy Queen's Grill & Chill Expansion Heats Up](#)

#2 Betting On Burger King

With innovative marketing tactics and rapid expansion, Burger King moved up 4 spots in the rankings this year. From a Super Bowl ad starring Andy Warhol to the 1-Cent “Whopper Detour” deal promoting the use of a revamped mobile app, the brand is using edgy advertising to drive business outcomes. Burger King has expanded its footprint significantly, opening more than 100 restaurants in the US in 2018. The brand is also investing to enhance



customers’ experience within its locations, integrating technology such as digital menu boards and self-order kiosks. Perhaps taking note of customer’s tremendous loyalty around coffee and breakfast, Burger King launched a coffee subscription program offering unlimited coffee for \$5 per month and the BK Cafe, a platform upgrading beverages for morning commuters. These bets are driving real results, with Burger King moving to #13 on the Loyalty Index this year, outranking key competitors such as Wendy’s and Carl’s Jr. The brand is particularly strong in terms of penetration, ranking #6 in this metric, above leading QSRs such as Chick-fil-A and Dunkin’.

#3 Pickin’ Church’s Chicken

Moving up 16 spots in the Loyalty Index this year, it’s clear that Church’s Chicken is making major inroads. The QSR launched new brand positioning and advertising this year with the tagline, “Bringing That Down Home Flavor” in early March. Investing in a national campaign including TV, out-of-home, digital and radio, Church’s Chicken sought to both reach new audiences and drive greater visit frequency. The brand has also been renovating restaurants and investing in the guest experience, implementing a new training program to provide better customer service. In light of these initiatives, the brand moved up to #24 this year in terms of customer loyalty, beating out key competitors such as Zaxby’s, Popeyes Louisiana Kitchen, KFC and Raising Cane’s.

Honorable Mentions

Other players making moves? McDonald’s overtook Dunkin’ this year to reclaim its 2017 spot at #2, Subway moved up 4 spots year-over-year to take #5, and Sonic Drive-In moved up one spot in the rankings to #4.

Source: [Burger King Wins on Big Marketing Gamble, How Burger King Plans to Boost its Breakfast Business, Church’s Chicken Repositions for a Bold Future](#)

Tracking Trends

Mix Of Menus

It's not all about burgers and fries—the top ten QSRs show significant variety in terms of menu focus. Brands topping the list include a coffee chain, burger joint, chicken spot, sandwich shop, taco joint and pizza place. It's safe to say there's no one recipe for success when it comes to customers' loyalty to QSRs.



Pizza Party

Even QSRs traditionally known for delivery, such as Domino's Pizza and Little Caesars, can maintain considerable customer loyalty in terms of foot traffic, ranking at #10 and #26 in Foursquare's 2019 index respectively. Domino's has been expanding its real estate footprint in a "fortressing" strategy that not only enables faster delivery in key areas, but also offer nearby customers more opportunities for store pickup--perhaps explaining its #10 ranking in this year's index. Meanwhile, Little Caesars is innovating with the Pizza Portal, combining the convenience of mobile ordering and prepayment with heated self-service pickup. QSRs should keep in mind that delivering messaging to consumers in real-time when they're in proximity to a restaurant location can drive both online and carryout orders.

Source: [The Real Estate Strategy Behind Domino's Effort to Improve Delivery Times, Little Caesars Pizza Portal™ Pickup Wins Two Highly Coveted National Awards For Innovation](#)

Ready to Boost Your Customer Loyalty?



Do limited time offers drive a slew of one-off visitors or more visits from brand loyalists? Are sales on the rise due to net new customers or increased foot traffic from existing customers? Foursquare partners with the ten leading QSR brands in the country to measure consumer behavior, shedding light on the path-to-purchase, lifestyle preferences, and competitive visitation.

Location technology helps marketers measure incremental visits, visit frequency, penetration and cross-visitation—as well as comparing effectiveness by campaign, message, target, and partner,

determining how media strategies tie back to visit behavior. Need help on the below? Let's talk.

To Improve Frequency...

- Segment customers into fanatic (high loyalty), sporadic (moderately loyal), and defector (disloyal), to plan more effective CRM strategies, customizing communications with each segment to boost brand loyalty.
- Measure media's impact on visit frequency, optimizing towards the most effective creative, targeting tactics and partners to maximize your return on investment.
- Deliver proactive location-contextual messaging to consumers in times of consideration to intercept them on the path to purchase.
- Tailor creative to consumer preferences and behaviors, which vary based on time of day. Conquesting by daypart (breakfast, lunch, dinner, and even late night) coupled with loyalty targeting will allow brands to connect with the right diners for the right occasion.

To Improve Penetration...

- Uncover which QSRs are winning with different demographic and psychographic cohorts, enhancing conquesting strategies to reach new audiences based on the places they go in the physical world.
- Measure whether media strategies are effectively driving visits from net new customers, versus existing brand loyalists.

To Improve Share of Wallet...

- Leverage location data to determine your true competitive set in the minds of your customers -- it may surprise you. Build custom segments to conquest visitors from competitive chains, while accounting for their loyalty, daypart patterns, and region.
- Build brand affinity by understanding and aligning with your customers' lifestyles, rather than driving one-off promotional visits.
- Expand conquering strategies to include brands in adjacent categories where consumers also go for a bite, like convenience stores and casual dining restaurants.

To Improve Fanaticism...

- Identify and connect with your most loyal customers, using their affinities and preferences for menu development.
- Leverage location data to derive meaningful insights about your customers' lifestyles, tailoring promotions and rewards to their preferences, whether they skew healthy or on-the-go.

For a detailed competitive analysis and a tailored strategy to boost your customers' loyalty, email us at hi@foursquare.com today.