

Mars, Venus and the Battle for the Quick-Service Market

Quick-Service Chains Losing Orders to the Healthier Quick-Casual Dining Trend

By Alain J Roy

Quick-casual has become the most popular and fastest growing segment of the restaurant industry. Now it's up to quick-service chains to grab their piece of the healthy dining market. The answer just might come from the planet Venus.

Like oil and Evian, the consumer market is separating itself into two very distinct bodies. It doesn't require scientific data or corporate spreadsheets to recognize how most consumers come to a decision when choosing between quick-service or quick-casual dining. That's because consumer perceptions and trends are as simple as Mars and Venus.

Picture the following scenario: it's 12:30 p.m. on a typical mid-week lunch hour. The drive-thrus at McDonald's, Carl's Jr. and In-n-Out Burger are filled with work trucks driven by hungry men. Down the street at California Pizza Kitchen, Olive Garden and Garden Fresh, the parking lots are full of shiny SUVs unloading manicured mothers and their children. The observation tells a compelling story and it reveals a growing trend in the division of the consumer market.

In general, consumers perceive quick-serve as "fatty" food, and quick-casual as "healthy" food. Mars/Venus thinkers and writers claim that men are mostly concerned with satisfying their immediate hunger, and thus are drawn to quick and hearty food items, whether those items are fresh or fatty. Men like their food fast, filling, and easy on the wallet. Their choice: quick-serve.

Women, on the other hand, prefer fresh, lean and healthy. They are willing to take the time to enjoy each meal—and to pay considerably more for it. They are concerned about their health and that of their children. Their choice: quick-casual.

But the distinction between quick-serve and quick-casual restaurants is increasingly blurring as more quick-serve chains nationwide try to shake the unhealthy "fast-food" image. For example, many chains such as Arby's, Jack in the Box, Hardee's and Burger King are making their menu selections healthier by adding low-fat items such as premium salads and vegetarian alternatives. Another example is Pizza Hut, which has added healthier menu items such as a "Fit 'N Delicious" pizza. Pizza Hut Chief Marketing Officer, Tom James, provides the reasoning that: "we must consider consumers' changing lifestyles and provide them with lower-fat alternatives and great-tasting menu options."

The decision to add healthy items is a smart one. But what segment of the consumer market are these quick-serve chains targeting? Are they addressing the importance of female preferences over male? And where *should* the focus be: quick-serve or quick-casual; women or men?

In spite of efforts to entice consumers with healthy choices, quick-serve restaurant chains are losing market share at an alarming rate to quick-casual dining outfits. Industry reports indicate a constant shift in market share between quick-serve operations and continued growth for the quick-casual business model.

The following five facts illustrate an important industry trend:

Fact #1: In the U.S., women account for more than 80 percent of consumer spending.

Fact #2: Between 1970 and 1998, men's median income rose by 0.6 percent, while women's median income rose by 63 percent.

Fact #3: Married women's spending power is even greater than their earning power.

Fact #4: Women are the primary buyers of quality food, *and* they influence the selection of their male counterpart.

Fact #5: The world's third-largest economy is American men. The world's second-largest economy is Japan. The world's *largest* economy is American women.

These statistics point clearly to the conclusion that—whether a quick-serve or quick-casual restaurant—businesses cannot afford to overlook women's concerns and preferences. Consumer (read: *female*) preferences and health concerns are influencing nutritional values, freshness, service quality, convenience and price. And women are turning more and more to quick-casual dining.

Quick-serve giants like McDonald's have realized that women do not buy a brand—they "join" it. Recently, McDonald's launched a worldwide leadership initiative aimed at helping families live more balanced, active lifestyles, focusing on menu choice, physical activity and education. Additionally, McDonald's has formed a Global Advisory Council comprised of leading experts in health, fitness and nutrition to guide the company in its efforts.

Similarly, others have elected to fight for a larger piece of the pie. Quick-serve queen Wendy's jumped into the quick-casual business in 2002 when it acquired Baja Fresh Mexican Grill for \$275 million—a clear attempt to speak to both market segments.

Businesses that cater to women's concerns about health and lifestyle will be the champions in this new race, benefiting from women's exceptional purchasing power. As a fast-growing and powerful segment of consumers, women represent an important market for competitive restaurateurs in the coming years. With jobs, parenting and domestic demands, women have less time on their hands, but their health and that of their family remains a top priority.

According to Martha Barletta, author of the new book, “Marketing to Women,” children’s obesity is one of the most visible topics on women’s radar screen today—and there is every indication it will stay there. “Consumers are making it clear they are expecting responsible corporate citizens to come up with some answers here. Kraft came out very early with a clear statement of intent to address the problem. I think they earned a lot of points in mothers’ minds.”

“It is the big food companies, with incredible food R&D resources at their disposal, who can come up with some solutions that are both healthy and tasty—and fun—for kids,” Barletta says. “The QSR that does it first will see an immediate favorable share shift. The QSR that doesn’t do it will lose the next generation of consumers for good.”

The men in the work trucks at the Carl’s Jr. may be good for the \$2.99 Burger Special today, and they may even come back tomorrow. But down the street at the Garden Fresh, the satisfied female customers may come back the next day and the next day, bringing with them the whole family—and that extra dollar—to be sure their loved ones get a fresh and healthy meal.

The key to winning the battle for market share will involve speaking to both market segments: women *and* the concurrent growing demand for quick-casual dining. As quick-serve restaurants aim to lure more of those shiny SUV’s into their drive-thrus, more and more menus will begin to “healthy up.” Call it a message from the planet Venus.

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