

Quick Service Restaurant (QSR) Loyalty Index Report



Fourth Edition
Location-based Insights, 2020-2021

Measuring Customer Loyalty With Location data.

This past year has been one of historic change for the QSR industry. The pandemic proved a disruptive and undeniable force, resulting in a slew of unforeseen challenges for all businesses. The total revenue of the QSR industry in the U.S. dropped to \$239 billion U.S. dollars in 2020 from \$273 billion in 2019. While the ultimate impact is still highly unknown, the pandemic has undeniably reinforced the importance of adaptability and swift action to navigate the greatest crisis in restaurant history.

Still, the QSR industry may actually emerge in even better shape post-pandemic as a result of unprecedented innovation and improved operational strategies. While many sit-down restaurants remain devastated by the COVID-19 crisis, QSR chains were well-positioned to shift focus to drive-thru services, order-ahead and delivery infrastructure.

Today's consumers are on-the-go and seeking quick and easy meals more than ever, making convenience and customization increasingly crucial to success. In fact, approximately 72% of consumers surveyed between October - November 2020 stated conveniences as the leading reason they eat fast food. The pandemic brought to light how quickly consumer behavior can change, perhaps revealing serious long-term implications for QSRs post-pandemic.

Despite the ever-changing landscape, our foot traffic analysis is proof positive that it's possible to build a dedicated fan base amidst times of great uncertainty. Developing a loyal customer base is a top priority for QSRs, and our latest Loyalty Index Report provides the most accurate assessment of customer loyalty. With a deep understanding of how people move around the real world, Foursquare is uniquely positioned to measure loyalty based on true consumer behavior, rather than reported behavior and 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 QSR 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. Sources: [QSR Magazine](#), [Statista](#), [Medium](#)

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. For this year's index, we looked at data from **July 1 2020 - June 30 2021**.

The Foursquare QSR Loyalty Index is calculated using the following metrics:



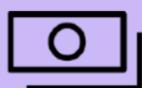
Frequency

The average number of visits per customer to each brand within the analysis period.



Penetration

The percentage of category visitors who visited each brand within the analysis period. (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 during the analysis period.



Fanaticism Threshold

The number of visits within the analysis period required for a user to be within the top 1% of users who visit a particular chain.

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The Foursquare QSR Loyalty Index

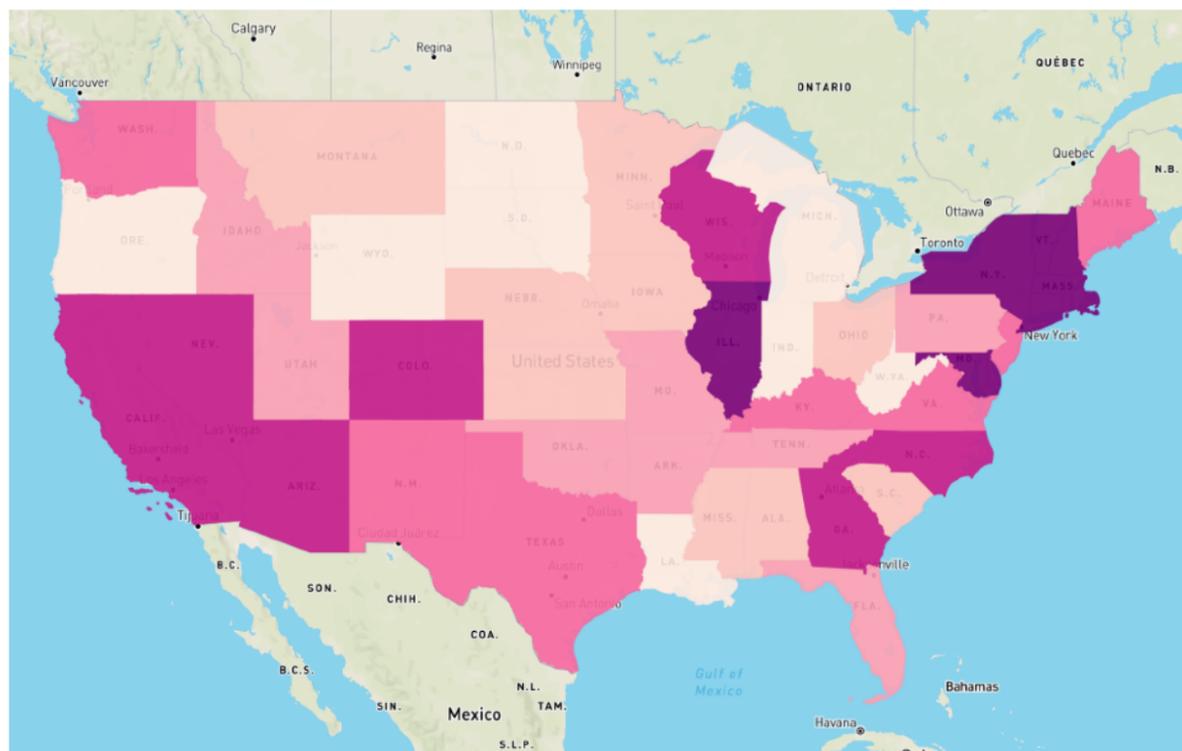
Based on QSR Magazine's 2020 Top QSRs By Revenue

Rank	Brands
1	Chick-fil-A
2	Dunkin'
3	McDonald's
4	Subway
5	Starbucks
6	Sonic Drive-In
7	Domino's Pizza
8	Whataburger
9	Pizza Hut
10	Papa John's Pizza
11	Taco Bell
12	Wendy's
13	Culver's
14	Panera Bread
15	Hardee's
16	Tim Hortons
17	Jack in the Box
18	Dairy Queen
19	Burger King
20	Bojangles'
21	Taco John's
22	Marco's Pizza
23	Chipotle Mexican Grill
24	Jimmy John's
25	In-N-Out Burger

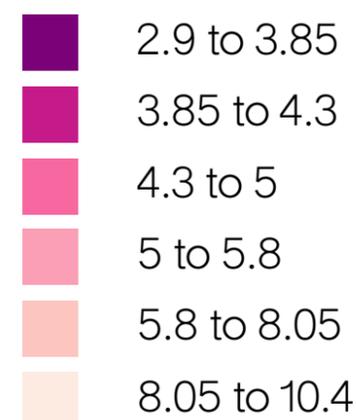
Rank	Brands
26	Church's Chicken
27	Arby's
28	Bruegger's
29	Carl's Jr.
30	Little Caesars
31	Einstein Bros.
32	KFC
33	Del Taco
34	The Coffee Bean & Tea Leaf
35	Checkers
36	Popeyes Louisiana Kitchen
37	Auntie Anne's
38	Papa Murphy's
39	Baskin-Robbins
40	McAlister's Deli
41	Wingstop
42	Jersey Mike's Subs
43	Zaxby's
44	White Castle
45	Panda Express
46	Smoothie King
48	Jamba Juice
49	Schlotzsky's
50	Tropical Smoothie Cafe

Let's take a closer look at QSR loyalty across the United States

QSR Loyalty By State



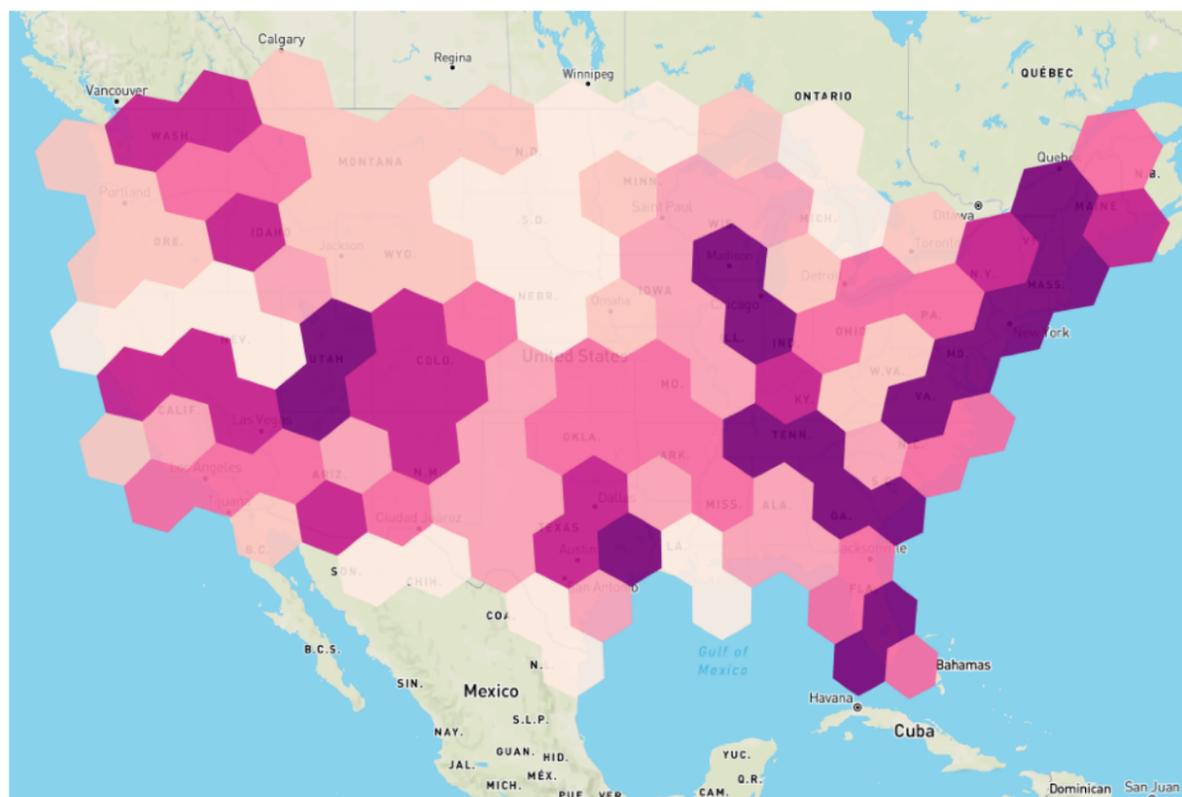
AVERAGE QSR CUSTOMER LOYALTY INDEX



HOW TO READ:

Highest numbers/darker colors indicate highest average loyalty score of QSRs in the geography (including chains with $\geq 5\%$ venue share in the geography).

QSR Loyalty By H3 Cells



KEY INSIGHTS:

According to Statista, **California** accounts for the highest number of Quick Service Restaurants (QSR), while **Wyoming** accounts for the least. However, when plotting customer loyalty by state, Foursquare data reveals that QSR loyalty is strongest in states such as Illinois, Massachusetts, New York, Vermont, Maryland. This is perhaps due in part to regional affinities. For example, Dunkin' ranked #2 in QSR loyalty and is primarily concentrated in the Northeast.

If we take a closer look at **California**, Foursquare data reveals stronger QSR loyalty in Northern California (primarily around the Bay Area), as well as some parts of Southern California (primarily Los Angeles & San Diego).

Movers & 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 closer look at the following case studies to learn how leading QSRs are maintaining top rankings based on customer loyalty.

#1 Accelerating customer loyalty with Chick-fil-A



Chick-fil-A unsurprisingly found a way to shine during the pandemic as the leading fast food brand (by sales per venue) last year. By late March 2020, the QSR giant had closed all of its dining rooms and seamlessly shifted gears to capitalize on its drive-thru service. To drive penetration amidst the COVID-19 crisis, the brand erected drive-thru tents and multi-lane setups that managed to deliver a quality guest experience (including cow-themed face coverings). Within weeks of the lockdown, there were consistent lines of cars waiting at Chick-fil-A locations across the country. On top of pushing meal kits via drive-thru and launching a video cooking series, the brand focused on giving back by enabling local franchises to support communities most impacted by the COVID-19 crisis. Chick-fil-A also doubled down its efforts on supporting restaurant employees, awarding college scholarships to 7,400+ team members. These strategies are still paying off, with the brand now beating out industry leaders such as McDonald's, Subway, Taco Bell and Wendy's among 50+ other QSR chains .

#2 Capitalizing on convenience with Dunkin'

During the pandemic, **Dunkin'** made industry news with the biggest non-COVID headline in 2020 by way of acquisition (positioning Inspire Brands as the 2nd largest restaurant company in the U.S., both by system sales and locations).

Prior to the pandemic, Dunkin' was recognized for having the fastest average drive-thru time of all QSR chains in 2019. While countless independent restaurants and coffee shops were forced to close their doors for good, Dunkin' continued to focus on convenience and contactless grab-and-go service. QSRs with strong delivery and takeout operations have benefitted from the shift in eating patterns brought on by the pandemic and dining room closures. Dunkin' has continued to encourage guests to order ahead with the Dunkin' App or order Dunkin' for delivery with Grubhub and other delivery partners. These bets are driving real results, with Dunkin' holding the highest fanaticism score in this year's QSR loyalty index, outranking McDonald's, Starbucks and Tim Hortons in in this metric and in overall customer loyalty.

Movers & Shakers

#3 Leaning into menu innovation with McDonald's

Despite facing unprecedented challenges brought on by the COVID-29 pandemic, **McDonald's** was still the top U.S. fast food chain (by systemwide sales) in 2020.

The brand can credit much of its rebound success to its drive-thru service (which improved by roughly 30 seconds in the past two years in major markets), as well as new menu items (The QSR introduced meals in collaboration with celebrities such as the musician Travis Scott, added a new crispy chicken sandwich and rolled out a spicy-nuggets promotion to increase sales).

While McDonald's may not have ranked first in our customer loyalty index, the chain did see the highest penetration by far (68.3% of U.S. consumers visited a McDonald's at least once between July 1 2020 - June 30 2021). The brand is also particularly strong in terms of share of wallet, ranking #1 in this metric, followed by Dunkin' and Starbucks.

Looking ahead, McDonald's intends to focus on affordability and value options, and plans to launch its customer loyalty program in the U.S. this year. Despite an undoubtedly challenging year, McDonald's continues to outrank leading QSRs such as Subway, Taco Bell, Wendy's and Jack in the Box in this year's loyalty index.



Movers & Shakers



#4 Staying fresh & relevant with Subway

Coming in strong at #4 is Subway, with the most U.S. venues of all QSR chains, amounting to roughly 23,800 restaurant locations by the end of 2019.

Major transformation is in-store for the world's largest sandwich chain under recently revamped leadership (Subway named former Burger King leader John Chidsey CEO in Fall 2019.). To drive greater visit frequency, the brand is investing in an overhauled guest experience including core menu changes, a complete redesign of Subway's digital ordering experience and app, and new in-store merchandising.

Throughout the pandemic, the QSR has continued to focus on localization and customization, successfully catering to fast food frequenters and health-conscious customers alike. Subway is also investing in its digital strategy. By partnering with Olo, a digital food ordering platform, the brand seeks to both reach new audiences and drive greater penetration during times of great uncertainty.

Most recently, Subway launched the 'Eat Fresh Refresh' menu overhaul, its biggest menu update in 5+ decades with more than 20+ changes to core menu items. To build awareness and boost visit frequency, the brand is investing heavily in innovative advertising and media strategy, with the first "never-ending" TV spot featuring superstar athletes like Stephen Curry and Serena Williams.

In the light of these initiatives, Subway holds strong at #4 in this year's loyalty rankings, beating out industry leaders such as Starbucks, Domino's Pizza, Taco Bell and Wendy's. The brand is particularly strong in terms of penetration, ranking #3 in this metric, above leading QSRs such as Chick-fil-A and Dunkin'.

Movers & Shakers

#5 Switching gears with **Starbucks**

As a coffee chain that relied heavily on morning dayparts and habitual occasions, Starbucks was hit hard very early on by the pandemic. By mid-March, the global QSR giant announced plans to close 500 U.S. restaurants, with the goal of developing new, more efficient retail store formats focused on customers' increasing desire for convenience as a result of the pandemic.

Throughout the pandemic, Starbucks sought to drive penetration by investing in Starbucks Pickup locations, drive-thru and stores without seating. In Q4 2020, about 75% of Starbucks' U.S. sales volume flowed through drive-thru and mobile orders. The brand focused on app upgrades and increased messaging across marketing channels to drive awareness and boost visit frequency, resulting in increased mobile transactions and the roll-out of curbside service at 800+ restaurants by the end of 2020.

The reality created by the pandemic has undeniably played further into the hands of Starbucks' more affordable rivals, including Dunkin' and McDonald's, respectively ranking #2 and #3 in this year's loyalty index. However, Starbucks is particularly strong in penetration (ranking #2 in this metric) and share of wallet (ranking #3 in this metric).

#6 Capitalizing on contactless service with **Sonic Drive-In**

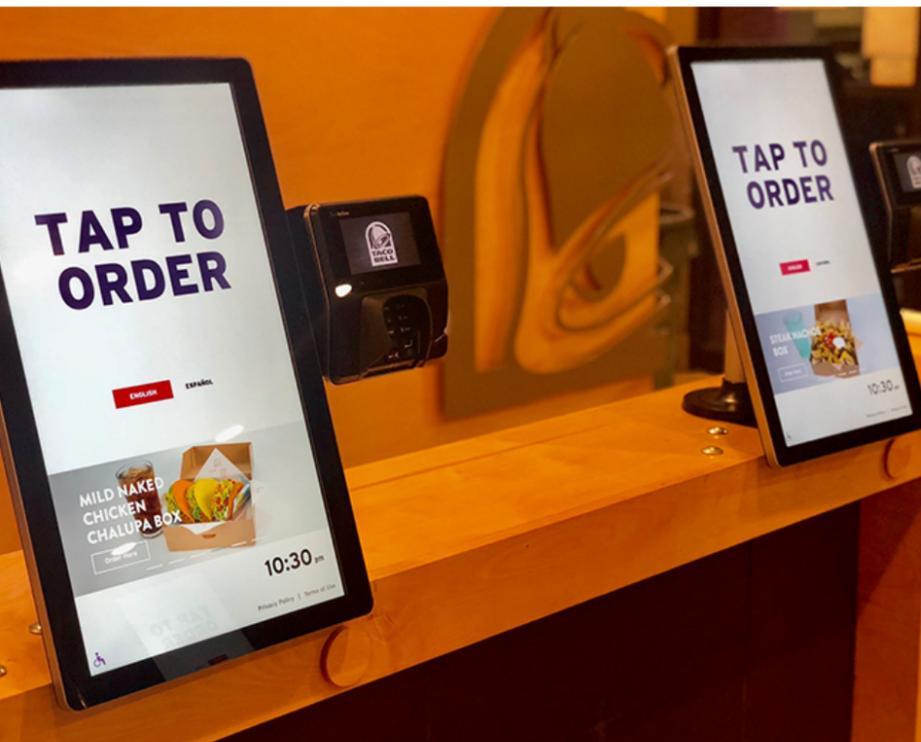
If any brand was well-positioned to satisfy QSR customers during the pandemic, it was Sonic Drive-In, with an impressive fleet of drive-thru and drive-in locations. Unlike most QSR chains, the brand soared to record sales in 2020. Indeed, its average-unit volume was up from \$1.3M in 2019 to \$1.6M in 2020.

Sonic is also investing to enhance customers' experience within its locations and at home. By August 2020, the brand had successfully launched a new drive-in prototype and expanded its off-premise service by launching its order-ahead service in-app and online, in addition to contactless payment capabilities. Perhaps taking note of customer's affinity for flavored seltzers, Sonic is launching its own line of hard seltzers with plans to distribute to big box, wholesale clubs, liquor stores and convenience store chains across 20 states by Spring 2022. Sonic Drive-In is particularly strong in share of wallet, ranking #5 in this metric, above leading QSRs such as Chick-fil-A, Subway and Taco Bell.



Movers & Shakers

#11 Going digital with **Taco Bell**



Due to its breakfast service and late-night prowess, Taco Bell (ranked #11) faced a tougher climb during COVID compared to its big-chain Yum! Brands counterparts, Pizza Hut and KFC. However, Taco Bell scored major wins last year by investing in its digital business. From a fully digital Times Square store to the “Go Mobile” digital unit with ‘smart kitchen’ technology integrated within Taco Bell’s app, the brand is using cutting edge technology to drive business outcomes. The QSR is also investing to enhance customers’ experience within its locations, introducing the first drive-thru Cantina and strengthening customer connection and loyalty through the Taco Bell Beta Rewards Program.

#40 Pivoting to curbside service with **McAlister's Deli**

McAlister's Deli is yet another example of quick thinking in times of crisis. Prior to the pandemic, the fast casual chain relied most on patrons dining in (with 55% dine-in business). When COVID-19 hit, the QSR chain was quick to readjust operational strategies by investing in digital platforms and enhancing its loyalty program. By early 2021, the brand had nearly doubled its number of service channels, from dine-in, carryout, catering, limited curbside, and third-party delivery to those plus direct delivery, expanded curbside, and tableside ordering via its app. According to QSR Magazine, McAlister’s more than doubled its digital sales during the pandemic, and increased its loyalty base seven-fold.



Honorable Mentions



Whataburger outranks the burger competition.

Whataburger is seeing its largest growth in its 70+ year history, earning the burger chain the #8 spot in this year's loyalty rankings (outranking Wendy's, Hardee's, Jack in the Box and Burger King).



Tim Horton competes with leading QSRs in key loyalty metrics.

While Time Hortons may not have ranked amongst this year's top 10 QSRs, the chain saw a relatively high share of wallet (20.5%), coming in only 4th in this metric (behind McDonald's, Dunkin' & Starbucks). The chain also scored relatively high with fanaticism (13) -- tied with McDonald's and Starbucks in 2nd place behind Dunkin' (14).



Culver's takes the cake for highest average visit frequency.

In the #13 spot, Culver's had the highest visit frequency of all QSR chains, tied with Papa John's Pizza (#10) and In-N-Out Burger (#25). All 3 saw the highest visit frequency (roughly 2 visits per customer on average during the analysis period). What's more, Culver's outranks other dessert-focused QSR chains including Dairy Queen (#18) and Baskin-Robbins (#39) in this year's loyalty rankings.



Fast casual pizza chains dominate the top 10 rankings this year.

This year's top 10 loyalty rankings include 3 leading pizza chains -- Domino's Pizza (#7), Pizza Hut (#9) and Papa John's Pizza (#10). Domino's Pizza, for instance, generated roughly ~\$7B its U.S. stores last year, positioning the brand as the leading fast food pizza chain in 2020.

According to Statista, U.S. consumers spent around ~\$38.2B on pizza within the QSR industry in 2020 (an increase of +\$0.4B over the previous year). Moreover, QSR Pizza sales in 2020 accounted for roughly ~14% of total QSR sales, making U.S. QSR sales in the pizza category the second largest behind hamburgers.

Tracking Top Trends

It's not all about burgers and fries — this year's 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.

Capitalizing on the new normal: QSRs are adjusting to meet the needs of customers by focusing on contactless curbside service and enhanced drive-thru and carry-out options as a result of the pandemic.



With fewer customer dining in post-pandemic, QSRs quickly shifted focus to alternative on-premise services and delivery options to meet the ever-changing needs of customers. From contactless mobile ordering to curbside pick-up, a new wave of fast food dining was erected almost overnight. In fact, The carryout segment grew by around +16% between 2019-2020, and online QSR orders have also grown significantly in more recent months.

Pizza and burger chains including McDonald's, Domino's, Whataburger and Pizza Hut all rank within the top 10 QSRs in this year's loyalty index. With so many Americans spending more time at home this past year, these chains appealed to customers with convenient, outsized family meals. Indeed, Domino's, McDonald's, Jack in the Box, and Papa John's have all either caught up to or surpassed pre-virus sales as of June 2021.

From curbside to QR codes and everything in between, the QSR industry has undoubtedly made significant advancements in enhancing service offerings this past year. These trends in contactless drive-thru, mobile app ordering and third-party delivery will likely accelerate in the months to come.

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.

Tracking Top Trends

Reaching new audiences & retaining loyal customers: QSRs are offering value & incentives in times of great uncertainty.



Given the current state of the economy, more American households are seeking easy, cost-efficient options to help offset some of the physical and financial changes caused by the pandemic. This value-driven, health-conscious consumer mindset will likely continue throughout the post-pandemic recovery process.

Many top-ranking QSRs, like KFC, Popeyes, and Taco Bell, have introduced limited time offers around pricing, family-sized meals, DIY/"Build-Your-Own" meals, and free delivery. QSRs should take note that bundle meals and limited-time value offerings will likely play a vital role for some customers well beyond the pandemic.

COVID-driven digital innovation: QSRs are investing in technology to accelerate post-pandemic recovery.

Beyond enhanced POS systems and app-enabled ordering platforms, many other developments have contributed to an unprecedented year for digital innovation for the QSR industry.

From ever-changing payment options and self-service (contactless) kiosks to first-of-its kind infrastructure prototypes, leading QSR chains are investing even more in enhancing customers' experience than ever before. Much of these innovations are highly focused around convenience and customization, both of which have become increasingly important to loyal customers as a result of the pandemic. Through recent digital advancements, leading QSRs including Sonic Drive-In, Subway and Taco Bell have maintained considerable customer loyalty in terms of foot traffic.

Tracking Top Trends

Bracing for post-pandemic breakfast wars: QSR Breakfast & late night dayparts took the biggest hit during the pandemic



The COVID-19 pandemic hit QSRs hard, especially during breakfast & late night dayparts. Since the pandemic began, fewer working professionals are heading to work in person, resulting in fewer customers on the road during traditional commuting hours. To re-engage breakfast loyalists, QSRs are implementing new strategies -- including breakfast menu innovation and expanded delivery services -- to reach these customers as they establish new daily routines.

QSRs are leaning into order-head mobile services and 3rd party delivery platforms more than ever. According to Edison Trends, 2021 U.S. digital spend on breakfast items via delivery is up +263% from 2020. McDonald's took in the largest slice of what customers spent online on breakfast foods through food delivery services last year, followed by Dunkin', Starbucks and Taco Bell.



In addition to leveraging technology, leading chains are also focusing on revamping breakfast offerings to drive visit frequency amongst loyal customers. Tim Hortons (#16) and Burger King (#19) both recently added new breakfast sandwich options to their menus, and Wendy's (#12) reported better-than-expected earnings due in large part to their new breakfast offerings launched in 2020. Despite facing unprecedented challenges, Dunkin' saw the greatest year-over-year increase in breakfast food sales this past year — up more than +750%. They also saw a pronounced increase in spend after the reintroduction of its Fall menu in mid August 2020.

As the pandemic continues, it will be critical for QSR brands to focus on ways to bring back morning rituals in a post-pandemic world.

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 Visit 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. Conquering 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 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 chains.

Ready to Boost Your Customer Loyalty?

To Improve Penetration...

Uncover which QSRs are winning with different **demographic** and **psychographic** cohorts, enhancing **conquering 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 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.

FOURSQUARE EVERYWHERE