

# IS YOUR BRAND ON TARGET?

*A guide to hitting the mark with today's consumers*

BY ROBIN LEE ALLEN

It used to be that the way to a man's heart was through his stomach. These days, however, it would appear the way to reach a man's — or woman's — stomach is through the heart.

Great food, a value proposition and a memorable experience are merely fees to entry in today's foodservice arena — they don't seal the loyalty deal. Increasingly savvy consumers want a visceral connection with the brands, restaurant and otherwise, that they choose to support. Be it shared ideals, common causes or an encounter that speaks to the customer as an individual, foodservice success now lies in creating an emotional bond with customers.

Operators can thank both the economy and the growing sophistication of the restaurant consumer for that.

Throughout the recession, short-term survival was the name of the foodservice game. The focus was on value as the economy ground to a halt and operators, looking to drive traffic and sales, intro-

duced a succession of discounts and deals that they lamented for their deleterious effects on margins.

As the recovery stumbled along, that focus shifted to "the customer experience," with operators turning their energy to reimagining units, revamping menus and ramping up service in an effort to control what they could, burnish their images and lure patrons with new attractions.

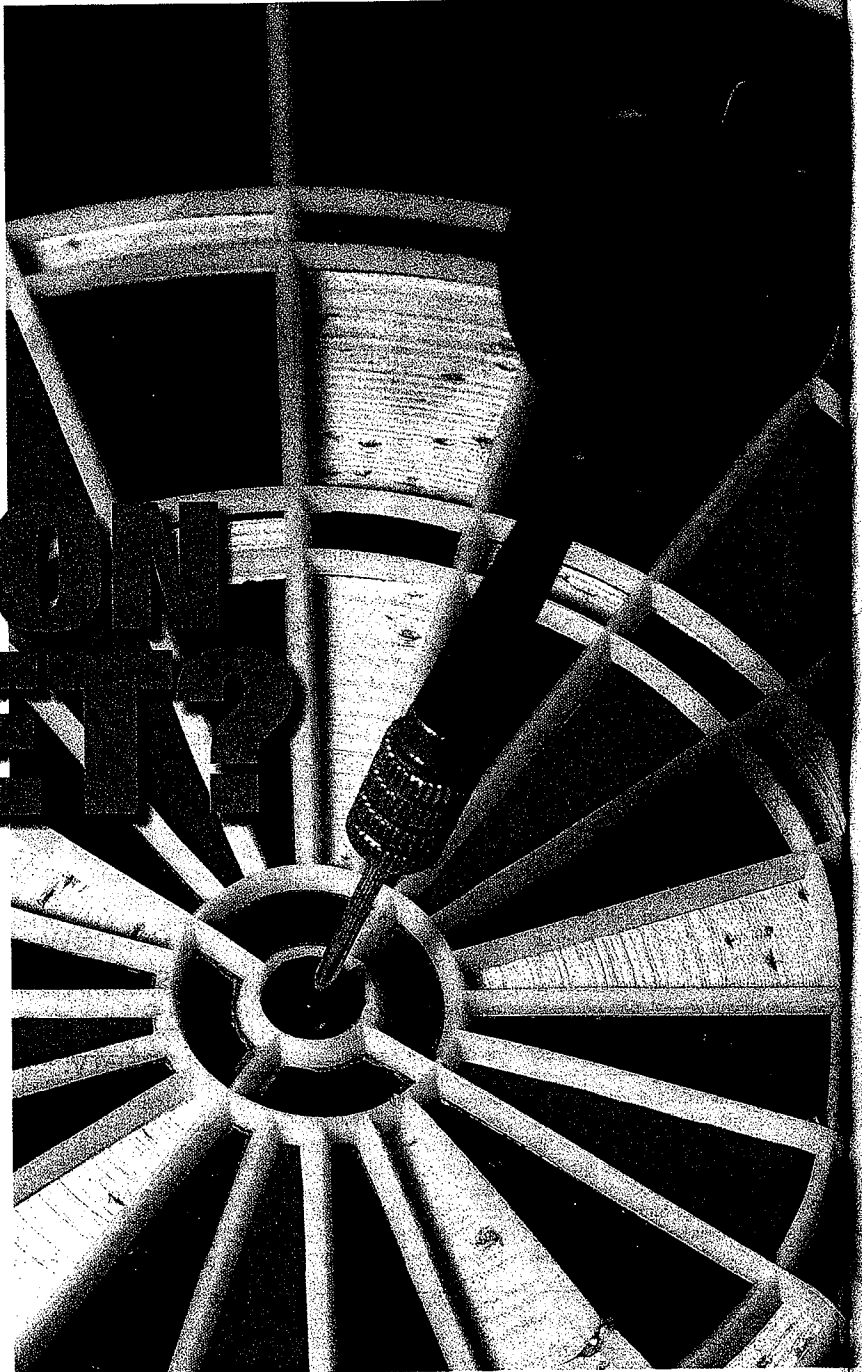
Today, as the downturn slowly recedes in the rear-view mirror, operators are shifting their gaze to the long term and the horizon ahead. Even as deals continue to dot a landscape filled with shiny new prototypes, operators are accepting that they must stand for more. The new buzzword is "relevance." In readying for the long term, restaurateurs are looking at how best to connect with their target audiences to distinguish their brands from

the pack. They know that lasting loyalty lies in building an emotional bond with patrons.

The term "relevance" — defined as having social significance, being important, germane or carrying weight — now peppers calls with analysts and discussions at industry conferences. Operators aspire to be relevant in their objectives, industry observers claim it is missing when a brand's performance suffers, and bankers gauge it in making their lending decisions.

At a recent finance conference during a panel discussion on capital markets, several lenders said their investment choices hinged on a brand's ability to resonate with today's consumer.

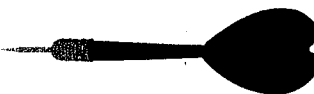
"Consumer relevance and unit economics is the best estimate of future performance for us," said panelist David Farwell, senior vice president and managing director of RBS Citizens Franchise Finance, giving voice to a thought that was echoed by others.



COVER AND ABOVE PHOTO: THINKSTOCK

## Q&A: Dave Jenkins

Partner, CustomersDNA



Earlier this year, when Dunkin' Brands announced Giorgio Minardi had been named president of its international division, his responsibilities were described as growing the company's Dunkin' Donuts and Baskin-Robbins chains and "delivering a consistent, but culturally relevant, brand experience."

And when Taco Bell unveiled its plans for the Doritos Locos Taco, chief marketing and innovation officer Brian Niccol explained that the Mexican quick-service brand was working to shift its consumer perception toward experience and quality.

"We're dialing up our relevance for an expanding palate," he said.

Meanwhile, a recent report from the Bellwether Food Group Inc. looking at same-store sales at chains for the fourth quarter of 2011 declared that operators that had done well, such as Chipotle Mexican Grill, Panera, Buffalo Wild Wings, McDonald's and Starbucks, "had unique positioning and understood the needs of their customers." Those chains that had struggled, such as Ruby Tuesday, Logan's Roadhouse and Burger King, suffered from "brand relevance and consistency issues."

To be sure, relevance is a nebulous concept, but there is no doubt that mattering to consumers, well, matters. Even as the economy picks up steam, many consumers exhibit a lingering frugality. They are more mindful of their expenditures and ready to retreat from discretionary purchases, like restaurant meals, at the first sign of monetary distress. For this reason, the restaurant transaction must involve more than a meal. Restaurant brands must integrate themselves into the lifestyles of their target audience by representing shared ideals and playing to subconscious desires that consumers themselves may not even be able to articulate.

That's a tall order, and it's made even trickier by the fact that the consumer also is evolving continuously. In this special report we offer a roadmap to understanding what motivates today's consumers. We dissect four demographics — Millennials, Generation X, baby boomers and seniors — understanding that even as individuals within an age group may vary greatly, there are common external influences that in-

form their points of view, and those groups themselves are changing as time marches on.

Take a look, for instance, at the seniors, a demographic growing younger at heart by the minute — literally — as the baby boomers, a group that has always ignored the advancing years, start turning 65. Offer a simple "early bird special," and you do so at your peril.

"This group clearly finds a benefit in going out to eat, as they don't want to cook or clean up after a meal," said Bonnie Riggs, restaurant analyst with The NPJ Group, the Port Washington, N.Y.-based research firm. "We are seeing in our CREST data that this is the only age

Dave Jenkins, a partner in CustomersDNA, defines brand relevance as striking a chord with customers in a way that differentiates a brand from its competition. To do this, brands must first understand and deliver the basic parameters of their segment — for instance, in QSR that would be a low-cost, low-time, low-hassle experience — and then create a message that sets the brand apart and connects with the targeted audience. Jenkins, whose Inverness, Ill.-based market research firm specializes in quick-service restaurants, recently spoke with Nation's Restaurant News about why mattering to consumers is more important than ever and how such emotional and intangible bonds can be achieved.

### Is brand relevance more important today?

Because there are more options for consumers, brands have to know [their] promise to the consumer. But having a promise that's differentiating is more difficult today because there are more options. Think of casual dining. It's very difficult to be differentiated; they are all trying to fill a very similar need. In fast food there are just tons of players, and yet the basic premise they are trying to fulfill is giving people good food in a low-money, low-time investment, and yet trying to be different.

### How do you define relevance?

A lot of what we do is in QSR, looking at better understanding customer loyalty. You can look at frequency. But low frequency doesn't mean you are not relevant; [it means] you are relevant for different types of occasions. When our clients talk about relevance, they talk about, "How do we strengthen and strike the chord with consumers that we offer what they want and do it better than other people?" In QSR at least, the menu is not that differentiating.

### How does a brand stand out, then?

Be differentiating, [but still] appeal to a lot of people — that's one of the challenges of being relevant. Somebody like Chick-fil-A does very, very well being relevant by serving chicken in general and offering quality. Chipotle comes to mind, too. They're providing customers with Mexican fare that's differentiated by a focus on quality with a touch of "green" attached to it. They're offering very familiar fare to the consumer, with those differentiating characteristics of being green, healthier and better quality.

### Relevance is somewhat emotional, then. How do brands create emotional bonds with customers?

By reinforcing the offering steadily over time so the bond gets stronger. It's repetition that builds the bond. It's somebody like McDonald's. In our data, McDonald's generates the highest loyalty and frequency in lunch and dinner. Why is McDonald's relevant? It's some of the nuances of being convenient, hassle free — it's easy to get in and out. The consumer thinks, "I've got a little time and a little money, so where should I spend it?" McDonald's has reinforced that [consumers] get what they want in a short amount of time with little hassle.

McDonald's has built a very strong emotional bond, but if I talked to a lot of consumers, there wouldn't be that excitement about McDonald's. But it's still a daily or weekly trip that people make because of subtle things. For instance, [McDonald's] takes the risk out of eating. That's something that people aren't aware of in terms of their decision making. They may just want to avoid being late. So it's hard to get people to verbalize.

### What are some other examples?

At Starbucks it's an investment decision. You've got a number of choices — Starbucks, Dunkin' Donuts, McDonald's — you need coffee and you want it fast. So what gets reinforced? [At Starbucks] the quality flavor profile is something I love. ... Starbucks and Dunkin' have unbelievable frequency, but Starbucks seems a bit more traditional when marketers think of an emotional bond. They try to be on trend. They are pretty aggressive in trying new things.

### How do brands know if they are building an emotional bond?

A lot of it comes out of the loyalty card and the ability to have information on the individual level. Before, you had to rely totally on demographic descriptors. Now, you potentially have tons of data on customers. From a marketing standpoint, you are using that data to bubble up to what's the best message for a group of people. Hopefully, you can craft a better message for the group of people, and you can have an individual touch, because there's an opportunity for more interaction at the unit level. ... In the end, the marketers are simply developing what the brand promises, creating expectations. Marketers have to put expectations in the consumer's mind. If they are met, that reinforces that bond, and if they are not, it starts to put doubt in the consumer's mind.



DAVE JENKINS

snapshot of restaurant and nonrestaurant brands winning the group's share of both heart and wallet.

We also tapped the expertise of several industry trend watchers to create a table reflecting the more intangible drivers of the dining-out decision for different age and income groups, as well as the motivators for men and women.

Although emotional connections are amorphous by their nature, they are a strong and necessary foundation for future restaurant success. Understanding what motivates your audience — what is relevant in their lives — will help you target your brand straight to their hearts and into their stomachs. ■



## IS YOUR BRAND ON TARGET?

# Gauging what matters

To explore the ways purchasing decisions vary across different groups, Nation's Restaurant News canvassed six experts in the fields of consumer behavior, branding, foodservice and demographic trends for their insights into the mind of today's consumer.

On the assumption that food quality and value were universally important, we removed those from the survey, revealing the less tangible elements of the dining experience that make restaurant brands resonate with diners.

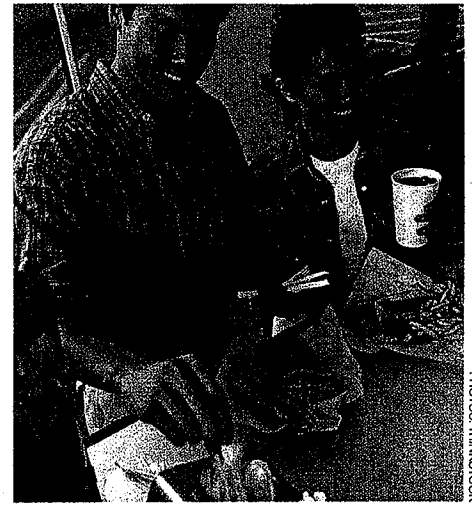
The experts were asked to use their professional opinions to consider seven attributes through the perspective of 10 different consumer groups. For each of the 10 groups they ranked the following attributes in descending order of importance to that group: atmosphere in the restaurant, authenticity of the brand, convenience, healthfulness of the food, personal connection with the brand, service style and social responsibility of the brand.

In the table below, each group's top five restaurant qualities are marked with a dot, and the most valued attribute is in orange.

Convenience reigned, with the panel citing that as most important for six groups. Atmosphere also was a key driver, ranking in the top five for all of the demographic groups.

Beyond those aspects, the nuances of each demographic group begin to emerge. As a rule, younger consumers — Under 18, Millennials and Gen Xers — were said to care more about a brand's authenticity. In fact, that quality was said to be most important among the Under 18 group. Older consumers and those with families were more likely to be drawn to brands that offered a service style suited to their needs and brands that offered healthful cuisine.

Still, personal connection with a brand emerged as a



PHOTOS: THINKSTOCK

universally desired trait, underscoring the idea that today's restaurant consumers want more than just to fill their bellies. They seek a deeper relationship with brands that can seamlessly blend into their lifestyles and offer experiences uniquely tailored to their needs.

	Atmosphere in restaurant	Authenticity of brand	Convenience	Healthfulness of food	Personal connection with brand	Service style	Social responsibility of brand
Millennials	●	●	●		●	●	
Generation X	●	●	●		●	●	
Baby boomers	●		●	●	●	●	
Seniors	●		●	●	●	●	
Under age 18	●	●	●		●		●
Families	●		●	●	●	●	
Men	●	●	●		●	●	
Women	●		●	●	●	●	
\$100K + household income	●		●	●	●	●	
Under \$50K household income	●	●	●		●	●	

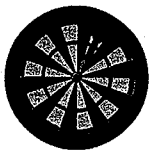
ORANGE DOT INDICATES MOST IMPORTANT ATTRIBUTE



## Survey sources

The six industry professionals consulted to create this table were:

- Robert Hardy; founding partner, Bellwether Food Group; Topsfield, Mass.
- Dave Jenkins; partner, CustomersDNA; Inverness, Ill.
- Dennis Lombardi; executive vice president, WD Partners; Columbus, Ohio
- Bonnie Riggs; restaurant industry analyst, The NPD Group; Port Washington, N.Y.
- Gary Stibel; chief executive, New England Consulting Group; Westport, Conn.
- Darren Tristano; executive vice president, Technomic; Chicago



IS YOUR BRAND ON TARGET?

# Millennials

Integrating into lifestyles key to winning youngest consumers

BY MARK BRANDAU

**M**illennials defy easy definitions for marketers. Generally, they are Americans born from the late 1970s to the mid-1990s, but industry experts say proliferating technologies for communicating and consuming culture make Millennials more connected but less homogeneous than previous generations.

A recent survey of 4,000 Millennials by the Boston Consulting Group and Service Man-

agement Group identified six distinct segments within the demographic, including:

**The Hip-ennial** — a more cautious, globally aware and information-hungry consumer;

**The Millennial Mom** — a wealthier, family- and health-oriented, digitally savvy female consumer;

**The Gadget Guru** — a successful, free-spirited, usually single and male consumer;

**The Clean and Green Millennial** — a cause-driven, health-oriented, optimistic consumer likely to be a student;

**The Old-School Millennial** — a cautious consumer less likely to be wired and more likely to be Hispanic;

**The Anti-Millennial** — a locally minded and conservative consumer.

“Understanding and recognizing these distinct segments and their nuances is essential for companies that hope to develop effective product offerings, marketing campaigns, channel strategies and messaging,” BGC and SMG wrote in the report. “A one-size-fits-all effort will fail to connect with every Millennial segment.”

Still, most restaurant executives agree that most Millennials embrace authenticity. For many restaurants, the way to be authentic with young consumers and connect with them is not to self-promote, but to talk about what interests Millennials besides food, and then provide the menu and experience befitting the lifestyle they seek.

Denny’s tries to do this through its “Always Open” positioning, said vice president of marketing John Dillon. The tagline speaks to the family-dining chain’s convenient late-night

hours for young night owls, but more importantly, it is meant to address the customer experience in a come-as-you-are atmosphere, he said.

Last year, Denny’s started communicating that positioning with its “Always Open” comedy series on CollegeHumor.com. The original content starred comedian David Koechner interviewing other celebrities in a Denny’s restaurant, not to overtly sell the food, but to connote an atmosphere where “anything could happen,” Dillon said.

“[This series] says, ‘Be yourself,

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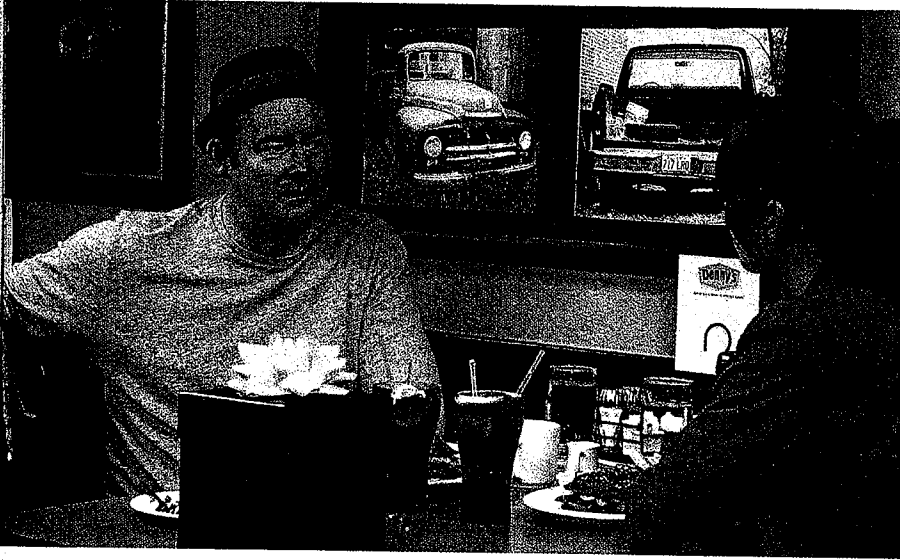


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According to chain officials, Denny's "Always Open" Web series featuring comedian David Koechner interviewing other celebrities reached out to Millennials by being relatable.

of themselves in a pose — in this case stacked like pancakes — and uploaded them to the site Denny's set up.

"It's not just a brand selling some lifestyle," Dillon said. "It's something people could do on their own anyway and share."

Bill Trefethen, chief executive of Daphne's California Greek, said the fast-casual chain has improved sales and brought more young diners into its locations since revamping the concept as more of a "lifestyle brand" appealing to young, health-focused people. The brand began focusing narrowly on a younger Californian demographic with remodeled restaurants, a new menu, and marketing partnerships with athletes and artists.

Trefethen looked at brands with a Millennial following, like retailers lululemon athletica and

Hollister Co., and asked, "We're a restaurant company, but why couldn't we be a lifestyle brand?"

"The younger demographic — and everybody up to middle-aged women, really — gravitates toward some level of authenticity," Trefethen said. "How could we make this authentic and incorporate lifestyle elements that people are into?"

Daphne's main marketing push has been to promote emerging musicians, filmmakers and visual artists in their stores and on the brand's website and social media pages. Champion surfer Kelly Slater also has signed on as a partner and spokesman for the brand, and he picked a Daphne's surf team of up-and-coming surfers for the brand to sponsor.

Not only would Daphne's

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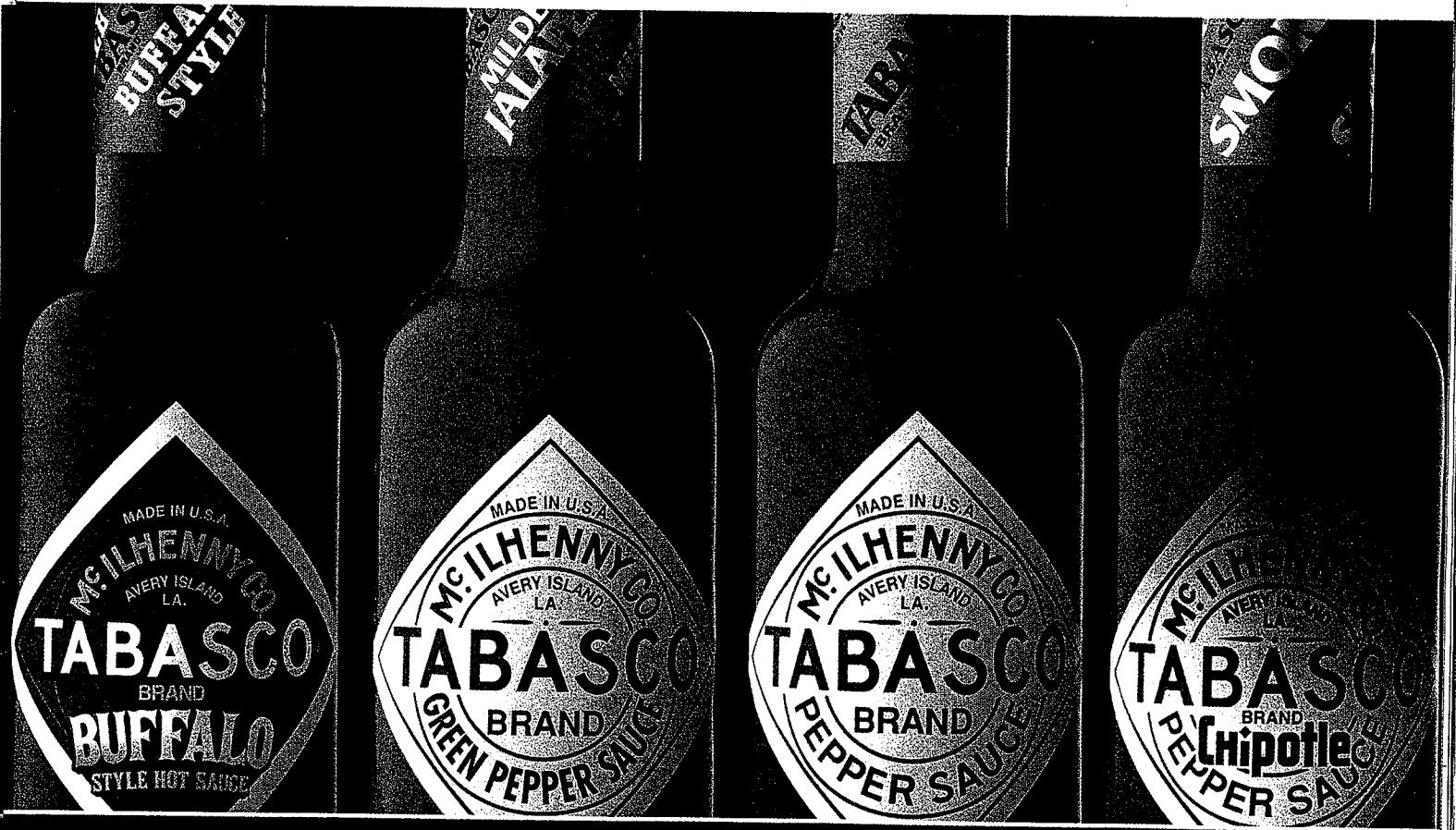
and that's what this generation wants in a lot of the brands they frequent," he said. "Yes, these episodes happen in a Denny's ... but anyone can relate to it."

The chain began airing a second season of "Always Open" in April.

"Last year, 'Always Open' blew us away with 6 million views, and we want to outdo that," Dillon said. "You can be much more targeted with this branded-entertainment approach. We made sure not to over-script this; it has to be real and in the

moment and transparent."

Another effort this year was the "Pancaking" blog Denny's created on Tumblr to advertise its Build Your Own Pancakes menu. Like earlier popular crazes "planking" and "Tebowing," participants took pictures





# Millennials

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target guests aspire to be like Slater or an independent musician, Trefethen said, but they also would be open to hearing more about them in original content Daphne's posts on its Facebook page or blog. In the restaurants, those guests can find healthful food while hearing new music that Daphne's curates.

Brands need to balance long-term positioning and generating short-term buzz when trying to reach Millennials, said Ted Marzilli, senior vice president of YouGov BrandIndex, a New York-based firm researching consumer perceptions.

A value proposition and good food are necessary "table stakes," he said, but companies differentiate themselves with Millennials through an experience that encourages those diners to recommend a restaurant to their friends, these days with a few keystrokes.

"You're not a possibility unless consumers have a positive impression of you," Marzilli said. "Customers' willingness to recommend you is critical because those are your proselytizers."

Among 18- to 34-year-old consumers, BrandIndex found that the restaurant companies with the highest average overall



perception index scores for the past 12 months did not necessarily grab the most buzz with Millennials, but rather had consistently high ratings for impression and respondents' willingness to recommend them.

Subway, for instance, had the highest overall ranking with these young consumers, as well as the top recommend score and the top impression score, BrandIndex found. Olive Garden, Panera Bread and The Cheesecake Factory fared similarly well.



Above: Carl's Jr.'s recent ad campaign with supermodel Kate Upton appealed to the chain's target demographic of Millennial males.

Left: CKE Restaurants says its Happy Star Rewards app, in use at both Carl's Jr. and Hardee's, will continue to be an important marketing tool.

Taco Bell and Carl's Jr. dramatically improved their "buzz scores" — which BrandIndex measures by positive or negative word-of-mouth for a brand — among young respondents during campaigns for the Doritos Locos Tacos and the Southwest Patty Melt, respectively, the firm found. Yet their overall scores fell outside the top 10, even among Millennials, Marzilli noted. The growth in positive buzz showed good traction for Taco Bell's new product and "Live Más" tagline, or Carl's Jr.'s commercial with supermodel Kate Upton, Marzilli said, but it's harder to tell how much that buzz drove sales.

ideal self," he said. "I'm 61, and I enjoyed our Kate Upton ad as much as my 19-year-old son. As you get older, you maintain the same image of yourself, but your eating habits may change."

For its recently completed fiscal 2012, CKE increased same-

changing attitudes among those guys, said Brad Haley, CKE's chief marketing officer.

For instance, in 2011 the chains' turkey burgers satisfied young males who were eating less red meat for health reasons, but CKE still advertised the turkey burgers with suggestive commercials starring Gtzem Memic, the reigning Miss Turkey from the Miss Universe beauty pageant.

Experimentation in social media and mobile marketing, including the brand's Happy Star Rewards mobile app, will continue to be important as young consumers diversify their media choices, Haley said. However, he added, TV is still the most powerful tool in a marketer's arsenal to reach Millennials.

"Younger guys are more online and on mobile than are other demographics, but TV drives the needle from a sales [perspective] more than anything else," Haley said. "We buy the media against programs that young guys are going to be watching live and won't watch

● "The more you can drive [recommendations] ... the better your chances are down the road. Whether it's a tweet or a Facebook post, a recommendation can be so simple ... which means that what used to be more trivial parts of the meal now mean something."

— Ted Marzilli, senior VP, YouGov BrandIndex

## Brands that connect

### Restaurant brands

**Subway:** The chain brands itself as "where winners eat" with athletes Blake Griffin and Apolo Ohno, but it also sponsors college-age directors with the Subway Fresh Artists filmmakers program at the South by Southwest conference.

**Chipotle Mexican Grill:** Long-term marketing and branded-entertainment campaigns have the brand known for "Food With Integrity" and social responsibility, not just burritos.

**Taco Bell:** The chain set out to "reinvent the taco" with the Doritos Locos launch, which it paired with the introduction of "Live Más," a slogan that executives said denotes a lifestyle to which Millennials aspire.

### Nonrestaurant brands

**Tumblr:** The social-media-rich blogging platform is where every latest youth craze or Internet meme starts and goes viral. When the creators of "Texts from Hillary" get invited to meet with the secretary of state, Tumblr is doing something right.

**Toms Shoes:** This retailer's "One for One" philosophy of donating pairs of shoes and glasses to disadvantaged people in poor countries for each pair sold in the United States appeals to Millennials' proclivities toward fashion and philanthropy.

**Apple:** The tech company's signature iPod, iPhone and iPad have changed the way everyone consumes media and communicates, and its design influence reaches across industries.

### Case study: CKE

Carpinteria, Calif.-based CKE Restaurants Inc., parent of the Carl's Jr. and Hardee's chains, applies the lens of what "young, hungry guys" want to everything from marketing and operations to menu development.

That means building two brands around big, indulgent burgers and commercials starring women like Upton or Kim Kardashian, noted chief executive Andrew Puzder.

While almost everything about CKE's positioning tries to fit within the lifestyle of a Millennial male, occasionally turning off some customers outside the target demographic, the company succeeds by being true to its core guests — or guests who want to be like young guys, Puzder said.

"You always aspire to be your

store sales for company-owned restaurants by 5.2 percent at Hardee's and 1.9 percent for Carl's Jr.

The past few years of recession and slow recovery have not been good ones for young, hungry guys, as many young Americans have struggled to find work or build families and homes of their own. But CKE stuck to its positioning, even though its core customer was not feeling as flush as before.

"I was never tempted to leave the demographic," Puzder said. "It appeals across all demographics, because everybody wants to be the young, hungry guy or date him."

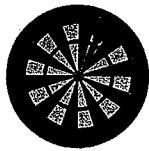
Even though CKE did not change its core marketing strategy of appealing to young men, the company has had to adapt to

on Hulu, like sports or other big events."

As for the racy, babes-eating-burgers ads, "our goal isn't to seek to alienate anyone, but it's to be focused on young guys," he said.

"The essence of targeting is finding the population that represents the greatest return on investment, and those are the people you try to influence the most," Haley said. "We've been building sales with this long enough to understand that as long as you've won the hearts and minds of young, hungry guys, if you ruffle some feathers along the way, that's the price you pay. But at the end of the day, they prove out what we set out to do." ■

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IS YOUR BRAND ON TARGET?

# Generation X

*Authenticity, atmosphere essential to capturing demographic*

BY LISA JENNINGS

**G**eneration X may not have the sheer numbers of the baby boomers that preceded them or the up-and-coming edginess of those tech-loving Millennials that tail them, but the demographic born between 1960 and 1982 has what many restaurant brands long for in their customers: discretionary income and a desire to socialize.

Often loosely categorized as consumers aged 30 to 50, Gen Xers are busy family people. They're college educated and

typically live in two-income households.

The category includes those with young kids as well as those whose kids are moving out. Gen Xers are in no hurry to retire, so they're financially stable — though committed to mortgages, saving for children's college educations or investing for their golden years.

Gen Xers also love to dine out, and they're willing to spend more for quality, though they also want to feel they're getting a good value for their money.

In fact, said Michael Schaefer, head of global consumer foodservice research for Euro-

monitor International in Chicago, the rise of the fast-casual segment could be attributed to its popularity with Gen X.

"It's a generation that grew up with fast food, but they have also become concerned with quality and ingredients," he said. That has fueled the growth of brands such as Starbucks, Chipotle Mexican Grill and Panera Bread.

Some brands, like Starbucks, have evolved along with Gen X as the group gets older, Schaefer said. Initially, Starbucks worked its way into the Gen X lifestyle as the place for young singles to gather and hang out. More recently, the chain has become more family friendly and more focused on health, in step with Gen X.

Similarly, the bar-and-grill segment within casual dining also began with Gen X, Schaefer said. But that category has stagnated — in part because bar-and-grill concepts have not been able to communicate a sense of authenticity or what makes them different, key aspects that engender brand loyalty among the Gen X crowd.

Authenticity is very important to Gen X, said Gary Stibel, founder and chief executive of the New England Consulting Group in Westport, Conn.

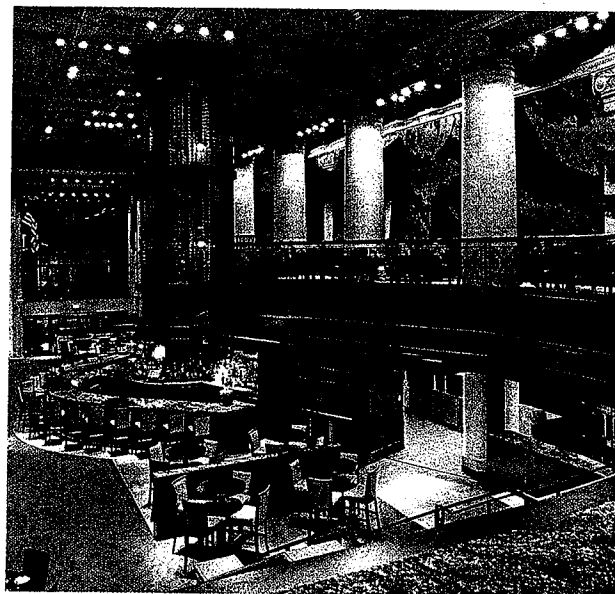
"This is the first generation where you're marketing to the marketers," he said.

Most seniors probably don't even know what a focus group is, he said. And while baby boomers grew up with notions of mass marketing, the Gen Xers that followed are even more sophisticated, said Stibel.

"You can't [B.S.] a Gen Xer," he said. "It'll just piss them off."

At the same time, Gen Xers are deeply brand loyal; they grew up favoring the Lacoste alligator and the Nike swoosh.

"They stay connected to their brands — until [the brands] let them down," said Stibel.



Del Frisco's Double Eagle Steak House aims to be a "gathering place" for Gen Xers, who appreciate the socialization-friendly dining-room setup.

## Brands that connect

### Restaurant brands

**Subway:** Gen Xers want to eat more healthfully, but they still like to indulge. They want to customize their meals and watch them being prepared. And they want to bring the kids.

**Chipotle Mexican Grill:** Customization is key, as are quality ingredients. The "Food With Integrity" emphasis offers authenticity and is conveyed simply without hype. Observers have called it "the thinking man's fast food."

**Starbucks:** Gen X first embraced the coffeehouse as a lifestyle choice. The chain has evolved with the demographic group to be more family friendly and healthful, offering an experience that makes it about more than a cup of coffee.

### Nonrestaurant brands

**Apple:** Steve Jobs may have been a baby boomer, but his products appeal to Gen X because they represent value for the money, quality and a retail experience unlike traditional electronics stores.

**Volkswagen:** Once known for its tiny cars, Volkswagen has grown up with Gen X, even bringing its iconic Beetle up to speed with a more contemporary look intended to appeal to families. Hitting on aspects of quality and value, Volkswagen offers a straightforward message, with cars that are "whimsical and off-beat, but something you can trust," said Michael Schaefer, head of consumer foodservice research at Euromonitor International.

**Target:** The retail store appeals to families that are looking for value but appreciate design. When Target rolled out a new Missoni fashion line last fall, its website crashed from the resulting customer traffic. "Their product mix is bright and colorful," said Lisa Kislak, vice president of marketing for Del Frisco's Restaurant Group. "And they make things affordable, so you'll change things more frequently."

Gen X is a bridge generation that started out using landline phones but now has adapted to today's technologies, he noted.

Still, their technology doesn't define them.

"This is the first generation that came of age with the Internet, and they use it," said Schaefer, particularly to search everything from Yelp to product sites. "But, for them, it's about using technology versus living it."

Perhaps most importantly, Gen X is a very social demographic, said Stibel.

"They really like atmosphere," he said, pointing to the remodeled McDonald's as an attractive driver to bring back Gen X, a demographic that grew up with the burger chain, but may have grown out of it.

Del Frisco's Restaurant Group, the Southlake, Texas-based operator of several full-service concepts, focuses on both Gen X's need to socialize and the importance of atmosphere, said Lisa Kislak, the group's vice president

of marketing.

"We're their gathering place," she said.

Gen X is looking for a whole night out, as opposed to one stop-in for happy hour, said Kislak.

"They're out on a date night and will eat dinner, then go back to the bar," she said. "They might spend four hours with us in the course of an evening."

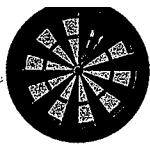
The group's 20-unit Sullivan's brand has had great success with such events as a recent Prohibition-inspired party. A social media campaign revealed a "secret" password — "giggle-water" — to get into the event, recalling the tradition of entering an old-fashioned speakeasy.

Their Gen X guests loved that it felt personal and inclusive.

"They want to be acknowledged," said Kislak.

Del Frisco's brands have fine-tuned their approach to niches within the diverse Gen X audience, stretching the boundaries a bit, she said.

CONTINUED ON PAGE 38



# Generation X

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For example, the nine-unit Del Frisco's Double Eagle Steak House brand, a more upscale concept with an average check of \$100 per person, appeals to the 40-plus age group, Kislak said.

Sullivan's, with a \$60-per-person check, targets the 30- to 50-year-olds.

And the group's newest concept, Del Frisco's Grille, which soon will open a third location, resonates with 25- to 40-year-olds. With an average check between \$50 and \$55, the Grille is the group's growth vehicle, Kislak said.

"Gen Xers want to go to the hippest new place," she said.

Stibel offered two suggestions for tapping into the passions of Gen X:

• Both men and women in the group are very loyal to the National Football League, he said. "No restaurant chain is associated with the NFL the way Budweiser is as a brand," he noted.

• There also is opportunity in "kids eat free" deals, he said. "You don't have to give it away; sell it!" said Stibel. "Do you know how loyal a Gen Xer would become?"

To better target Gen X, Schaefer recommended that restaurant companies look at their brand "story" as well as the experience they offer.

"You want an in-store experience that's family friendly but high quality — not too formal and not too flashy," he said.

"And no hype," Schaefer added. "With Gen X, you can't fake it."

## CASE STUDY:

### Enlightened Hospitality Group

As James Brennan built the five brands within his San Diego-based Enlightened Hospitality Group, he mostly had himself in mind.

His restaurants, which include Searsucker, Burlap, Gingham, Gabardine and the recent-

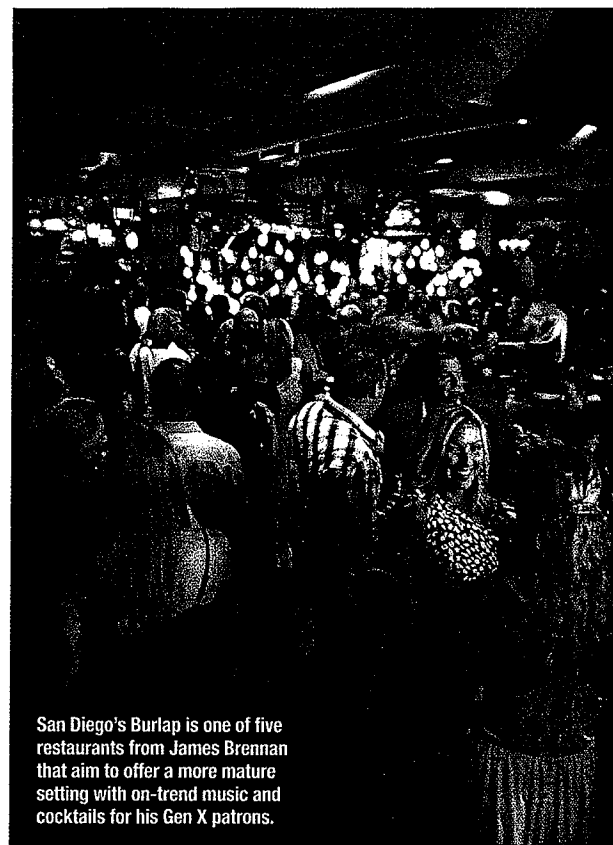
ly opened Herringbone, target a Generation X audience. It's a group to which Brennan himself belongs, and therefore understands well.

Having "graduated" from his years hitting nightclubs, with their emphasis on "scene" and bottle service, Brennan set out to create restaurants that offered "great energy and vibe, but in a more mature setting," along with hand-crafted cocktails, and great food and music, he said.

Brennan partnered with former "Top Chef" finalist Brian Malarkey, who developed individual menus for the restaurants, each of which has a different upscale-casual theme.

Searsucker, which opened in July 2010, was the first to incorporate what they call "social dining," a format designed to appeal to the very social Gen X crowd, Brennan said.

"It's almost like a house party setup," he said.



San Diego's Burlap is one of five restaurants from James Brennan that aim to offer a more mature setting with on-trend music and cocktails for his Gen X patrons.



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Kitchens are open, with counter seating overlooking the cooking action. Dining rooms include both tables and lounge seating around couches, where guests can sit with cocktails and talk. Menus are designed to be "engaging and eclectic, to encourage conversation," he said.

Music is a big component of the concept. DJs are set up in the kitchen in view of guests, and play a broad selection that would appeal to Gen X as well as older and younger demographics.

All of the restaurants follow the same blueprint, though the menus vary. Searsucker, for example, has an American grill theme, while the newest, Herringbone, is a seafood concept with Mediterranean and Italian leanings.

Brennan said his guests don't necessarily fit neatly into designated demographic groups.

The restaurants appeal to "hip 60-year-olds" as much as "mature 25-year-olds," he said, but there are factors that hit on characteristics common among Gen X.

The group looks for locations in the suburbs of midsize cities with high growth potential, where Gen Xers might be settling down and buying houses, Brennan said. He noted that he also likes affluent markets with high divorce rates because unmarried Gen Xers tend to go out more.

The group is also very event driven. Enlightened recently acquired Snake Oil Cocktail Co., a San Diego-based group that tailors beverage programs for restaurants and events.

Snake Oil was the creator of Searsucker's signature Peter Rabbit cocktail, featuring Pimm's No. 1, bruised basil, pressed lemon and a house-pickled carrot.

"We sold 8,000 Peter Rabbits at Searsucker alone last year," said Brennan.

Though Enlightened uses social media to promote its events and specialty cocktails, Gen Xers seem to respond more to old-fashioned word-of-mouth, Brennan said.

Enlightened also has had success working with local charities, donating dinners as auction items for local schools or children's hospitals, for example.

"That demographic is usually the one sitting at \$500- to \$600-per-plate galas and charity deals," he said.

● "This is the first generation that came of age with the Internet. But for them it's about using technology versus living it."

— Michael Schaefer, Euromonitor International

Still, Enlightened tries to keep prices affordable, allowing guests a night out for under \$50, which tends to build frequency, Brennan said.

"We're not looking to gouge

people and shake every nickel out of their pocket," he said. "We want them to try new things and come back more often." ■

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IS YOUR BRAND ON TARGET?

# Baby boomers

Healthful options, value gain loyalty of influential generation

BY RON RUGGLESS

**A**s a restaurant operator, don't even think — not for a moment — about treating a baby boomer as “old.”

Baby boomers are the large meal the U.S. population boomer constrictor has been digesting, with those Americans born between 1946 and 1964 numbering about 79 million and making up about 26 percent of the total U.S. population.

Boomers came of age among the fern-bar restaurants of the

typical boomer believes “old age” does not begin until age 72.

“While about half of all adults say they feel younger than their actual age,” the study found, “fully 61 percent of boomers are feeling more spry than their age would imply.”

The typical boomer feels nine years younger than his or her chronological age, Pew found.

While in their own minds they may feel forever young, the recession at the end of the aughts has forever changed how they view spending, especially

Pew found boomers are the most likely of all age groups to say they lost money on investments during the recession, and about 57 percent said their household finances had worsened.

Among those baby boomers who are approaching the end of their working years — aged 50 to 61 — six out of 10 said they might have to postpone retirement.

Riggs said that has been exhibited in restaurant spending.

“It's not that they aren't going to go out, but they are going to be looking for concepts that offer fresh ingredients, quality food, good-tasting food at reasonable and affordable prices,” she said. “That's why fast casual has done so well and appealed to this group, as well. They meet these consumers' definition of value.”

Riggs said that all consumers in NPD's surveys were asked to self-classify as either “optimists” or “controlled spenders,” and about 75 percent of respondents put themselves in the controlled spender category — “and a good share of them were baby boomers,” she added.

“They not only are interested in value expectations, but they are interested in eating healthier, lighter options,” Riggs said.

Consumers indicated they were not as concerned about eating fewer calories or less fat, salt or carbohydrates as they were looking for fresh ingredients and balanced food groups. They also want a lot of choice in terms of portion size and price, Riggs said.

“If they are looking for a particular preparation method, it would be grilled,” she added.

By industry segment, drivers included:

**Fast food:** A wish for frequent-visitor cards. “They want to be rewarded for their loyalty,” Riggs explained.

**Family dining:** “They want pick-and-choose options, to be treated like a valued customer — like, ‘I'm glad that you're here’ — and value combos,” she said.

**Casual dining:** “They are

looking for daily specials, to be rewarded for their loyalty,” Riggs said.

NPD found that coupons for baby boomers could stimulate business and that these older customers are looking for those coupons and deals on the Internet.

“Baby boomers are absolutely more technologically savvy,” Riggs said. “While, yes, young folks are the heaviest users, we were surprised at the number of baby boomers who use social media.” Facebook is the primary site, but they also go to other places to get promotions and take advantage of them.

Pew backed up those findings. In a 2011 study it found that boomers may be latecomers to the digital revolutions, but they are beginning to close the gadget and social media gap with younger generations. Among younger boomers aged 48 to 57, fully half now use social networks, compared with 20 percent in 2008. Also, 55 percent of older boomers

aged 58 to 68 now watch online video, compared with 30 percent in 2008.

Riggs said there's little likelihood that baby boomers will be going out for \$250 dinners as they might have done before the recession.

However, there remains fertile ground for developing restaurant business among the baby boomer consumers.

“They don't want to cook, they don't want to clean up, and they want time to socialize,” Riggs said.

Even McDonald's has capitalized on these older consumers' tastes with the McCafé additions, Riggs said.

“McDonald's has done so well,” she said. “During this horrible downturn and recession, they have really done their homework and studied the market. All the things they have done are to satisfy a need in the market.” ■

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● **“It's addressing the baby boomers' wants and needs. It all goes back to fresh, quality, good-tasting food at reasonable and affordable prices.”**

— **Bonnie Riggs, restaurant industry analyst for The NPD Group's foodservice division**

1970s and still exert massive pressure on the foodservice business.

Bonnie Riggs, restaurant industry analyst for The NPD Group's foodservice division, said her consultancy's “Future of Foodservice” report last year, which forecast sales and trends to 2019, found that restaurant industry growth is likely to be less than 1 percent a year over the next decade, not even keeping pace with population growth.

“The reason behind that is this huge baby boom generation that is getting older,” Riggs said. “Their restaurant behavior changes, and they become lighter restaurant users. They don't go to restaurants as often, and when they do go, they are looking for different kinds of things, now.”

At the beginning of 2011, the oldest members of the baby boom generation celebrated their 65th birthday, the Pew Research Center reported. Every day for the next 18 years, 8,000 to 10,000 baby boomers will reach age 65.

“The aging of this huge cohort of Americans will dramatically change the composition of the country,” Pew reported.

Pew research in 2009 found

in the discretionary realm of restaurants, Riggs said.

NPD divides the baby boomer cohort into “younger boomers,” now roughly aged 48 to 57, and “older boomers,” from about 58 to 66.

The restaurant attitudes of younger boomers have been hit especially hard by the sour jobs and investment markets, Riggs added.

“Challenges with the younger boomers have a lot to do with the economy because of the recession,” she said. “There's been a change in their financial situation, and job losses have caused them to shift to more in-home eating.”

NPD has seen a growing divide between the so-called haves and have-nots in the boomer demographic.

“Even those who are financially comfortable among the older boomers, they've gotten used to being at home,” Riggs said. “The big competitor has become the home. They find it not only cheaper to eat at home, but they believe it tastes better. They can do it more leisurely, and they can eat healthier at home.”

## Brands that connect

### Restaurant brands

**Seasons 52:** This 22-unit Darden Restaurants Inc. concept features health-oriented items under 450 calories, marketed as fresh and providing lots of options, all of which are attractive to baby boomers.

**Zoës Kitchen:** Birmingham, Ala.-based Zoës, with 57 units mostly in the Southeast, offers a Mediterranean-inspired menu in a fast-casual service model that draws in baby boomers.

**McDonald's:** The 33,500-unit burger behemoth has proved nimble in attracting a wide number of age groups, but the variety of choices and upscale-but-affordable McCafé brand extension have kept baby boomers loyal.

### Nonrestaurant brands

**Activia:** Baby boomers like the healthful message of this retail foodservice brand, which has a spokeswoman, actress Jamie Lee Curtis, who is herself a boomer.

**Apple:** While seemingly geared toward younger techies, this electronics manufacturer has a broad-based message that markets a lifestyle baby boomers find attractive.

**Fidelity:** This large investment company appeals to baby boomers with its message of making complicated money management easier so the demographic has time to spend on other preferred activities.

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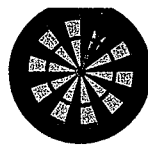
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IS YOUR BRAND ON TARGET?

# Seniors

*Sense of vitality, adventure drive buying decisions for country's oldest age group*

BY PAUL FRUMKIN

**N**ot so long ago, the conventional strategy for marketing a restaurant to senior citizens usually was constructed around a few one-size-fits-all promotions like "early bird specials," "two-fers" and a limited selection of menu items thought to appeal to aging palates.

The group of Americans aged 65 and older largely constituted a postscript in an operator's overall marketing program that only took on added importance when a restaurant was located in an area that catered to retirees, like south Florida or parts of the Southwest.

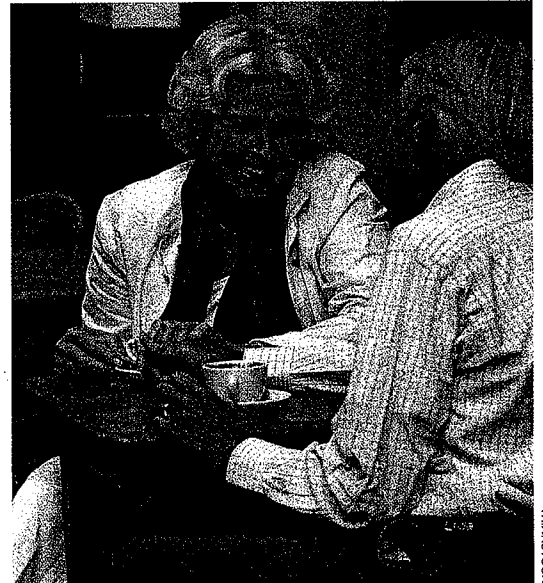
But those days are slipping away, most experts say, and restaurateurs who are looking to reach out to seniors and establish them as a loyal part of their customer base must learn what this evolving — and increasingly demanding — segment of the population wants.

"The senior market has changed," said Richard Ghiselli, head of the School of Hospitality and Tourism Management at Purdue University. "Boomers are becoming the biggest cohort in that group, and in a few years, it will be mostly boomers."

The first group of boomers turned 65 last year.

Consequently, experts advise operators to bear in mind that today's seniors are not dining out like their predecessors did.

"More are engaged, they explore new flavors and continue to use different options and engage different segments [of the foodservice industry]," said Mac Brand, a founding partner of Bellwether Food Group Inc., a retail consulting group in Chicago. "They've traveled, and unlike seniors in the past, they want to continue to experience new things."



Experts say today's seniors are more engaged and want to continue to explore new flavors and experience new things.

rience new things.

"It's sort of an overarching theme," he added. "The lines between seniors and baby boomers are blurring."

Not only is this new, emerging group of seniors different than its predecessors, it also is growing rapidly.

"The U.S. population is turning 65 years old at an estimated 8,000 to 10,000 individuals a day," said Jim Gilmartin, founder of Coming of Age Inc., a public relations and marketing agency targeting the baby boomer and senior customer markets.

"It is absolutely a large market to target — seniors are 39 million strong," he said, adding that when that figure is combined with that of the aging baby boomer population, the number rises to 117 million.

"Baby boomer and older customers form the single-largest economic group in America, with annual spending power of more than \$2

trillion," Gilmartin said.

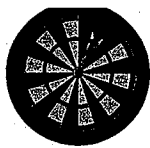
And, he added, given that seniors tend to eat out about four times a week, they could have the potential to form a sizeable piece of a restaurant's business.

Not surprisingly, the growing baby boom component of the contemporary senior marketplace is carrying many of its key values forward as it reels in the years. For example, Ghiselli said: "The boomers have a mind set. They want to be thought of as being youthful. They are a more active group — their lifespan is increasing. And they don't particularly want to be referred to as 'senior citizens.'"

Smart operators, in fact, will avoid positioning this group as being "seniors," Gilmartin said.

"Be careful what you call them. Euphemisms like 'elder,' 'of a certain age' or 'senior' may not go over well. Many may become more than a little upset with being labeled."

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Michael Lynn, a professor at the Cornell School of Hotel Administration, agreed that baby boomers "are fighting age more than any previous generation." But, he added, no real studies have been conducted establishing that they actually are different from previous senior citizens when it comes to dining out.

Most experts agree, in fact, that factors like food quality and value will continue to drive seniors' buying decisions — much as they do with other groups. However, the new group of seniors also is looking for "a connection, community, interaction," said Robert Hardy, also a founding partner of Bellwether. "And in a full-service environment they have a bias toward places where they're recognized and the staff knows them."

But where promotions like early-bird specials and traditional value plays formerly were a key draw, they might not be as effective in the future.

"There'll be some positioning, but not as is traditionally expected," Hardy indicated. "For instance, rather than an early-bird special, a restaurant might be better off having a community table with a special selec-

## ● "Euphemisms like 'elder,' 'of a certain age' or 'senior' may not go over well."

— Jim Gilmartin, founder of Coming of Age Inc.

tion of wines. Or Saturday and Sunday, maybe a restaurant can schedule live music. It will be some type of positioning that engages them more in what they're interested in."

Which is not to say that all previous senior-centric rules will be thrown out of the playbook.

"You will find some variation depending upon age," Ghiselli said.

For example, as the large group of seniors continues to age — moving toward 80 and beyond — restaurateurs can expect to address such conventional ambient concerns as brighter lighting, noise level and background music, more comfortable furniture, and wider aisles for easier mobility.

"People decline physically and intellectually with age," Lynn said. "Our visual acuity, our sense of smell and taste will be things restaurateurs will still have to deal with if they want to appeal to seniors. They will have to consider things like the font

size of menus and may need to strengthen flavorings in dishes, since subtle flavors often are lost on the elderly."

However, it also appears that lifespans are increasing, and seniors are remaining youthful longer.

"Seniors are healthy for longer periods of time and sick for shorter periods," Brand said. "It's what the health care folks call 'compression of morbidity.' Today's seniors are just healthier and more mobile than they were just a generation ago."

But while the baby boom sets out to redefine what it means to be a senior citizen in the United States, not all observers are convinced that restaurateurs should place too much emphasis on marketing to that demographic to the exclusion of others.

"The old strategy of segmenting a marketplace and then appealing to different [demographics] — I don't buy it," Lynn said. "Fundamentally, consumers don't differ that much

from one another. I don't know whether a restaurant should position itself as being an older person's restaurant. [Operators] should do what they can do to attract all people.

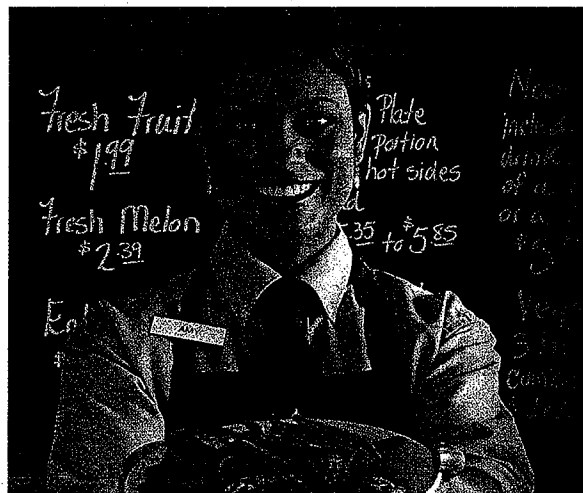
"There already are meaningful segments — casual dining, family, quick service," he continued. "I don't think any further divisions are meaningful

can be challenging.

"We offer a wide variety of salads, fruits and vegetables, and [older customers] can get a well-balanced meal," he added.

In fact, seniors form a significant portion of MCL's business, McGaughey said, estimating that older customers account for about 60 percent of sales.

"It depends upon the market,



MCL Restaurant & Bakery offers a Mayfield's Value Plate for seniors, which features a reduced-portion entrée, two side dishes and bread.

or profitable. Elderly people are still people, and they want pretty much the same things that everybody else wants."

### CASE STUDY: MCL Restaurant & Bakery

Few operators appear to be making a concerted effort to target senior citizens to the exclusion of other demographic groups, but some nevertheless are finding it worthwhile to offer older consumers incentives designed to generate trial or to keep loyalists coming back.

MCL Restaurant & Bakery, a 61-year-old cafeteria-style chain headquartered in Indianapolis, continues to reach out to seniors without taking its eye off other groups, according to vice president Casey McGaughey.

"We want to speak to baby boomers and young families as much as possible," he said. "That's where our current media focus is. But our concept does lend itself very well to seniors. A lot of seniors are not interested in cooking anymore, and sometimes cooking for one or two

though," he said. "Some stores, like the one in Kettering, Ohio, skew more heavily toward retirees."

To help attract new customers, McGaughey said MCL participates in senior-focused trade shows held in communities that have an MCL location.

"We set up a booth and try to sign people up for senior discount cards. We also offer samples of our products," he said.

To help retain its loyal, older customer base, MCL features a senior discount six days a week in its 18 locations in Indiana, Illinois and Ohio. Checks are discounted 10 percent between the hours of 2 p.m. and 5 p.m. on those days.

And to accommodate the reduced appetites — and value-mindedness — of its senior customer base, MCL offers the Mayfield's Value Plate, or MVP special. The menu selection features a reduced entrée portion, two side dishes and bread. The MVP is available throughout the day for about \$6. ■

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## Tips for connecting with seniors

from Jim Gilmartin of Coming of Age Inc. in Wheaton, Ill.:

### Messages should resonate with the values of seniors.

Because emotions drive the purchase decision, as critical as it is to understand what boomer and older customers think, it's even more important to understand how they think. Focusing on product features and benefits often results in a losing strategy, especially early in the process. Research shows that customers' decisions are not the direct product of the reasoning process; emotions drive boomers and older customers in their purchase decisions. The reasoning process will confirm their decision, but it doesn't start there.

### Anecdotes work well.

When communicating with boomers and other seniors, whoever tells the best story wins. Go with the "grain of the brain," and integrate your data into an emotional matrix to satisfy the customer's need. Gauge the potential emotional and experiential side of the equation before talking about the product's benefits and features.

### Honesty is the best policy.

Don't overstress a sense of urgency when sell-

ing to boomers and older customers. If you say, "Buy it today, or you won't get the discount," they most likely will know they can go elsewhere. They know they have plenty of choices and options, so they don't need you. Begin the connection process by developing a relationship.

The more honest you are, the better your chances are of developing a good solid bond in the relationship. Show empathy and take more time to understand the customer's needs and wants. Gain a better understanding of the physical as well as behavioral changes of boomer and older customers. Remember that as we age, we can't hear or taste or see as well, and if your approach isn't user-friendly to these customers, you're often wasting your time.

### Small print is pejorative in nature.

Ads and other marketing communications and sales collateral that have small print because of potential liability issues are usually interpreted as untrustworthy. Saying less is more in many instances. Let customers use their imaginations to interpret your communications. This approach reduces the need to use small print, further reducing the potential of customer dissatisfaction.