

BESPOKE MARKET INTELLIGENCE

Brinker Spotlight (EAT)
Casual Dining Competitive Dynamics

OCTOBER 2017

BRINKER (EAT) NEW MENU – KEY TAKEAWAYS

EAT Menu Change Summary

Our data from two different surveys suggests that around half of customers have noticed menu changes. While more customers like the changes than dislike, around 20-25% of customers who have noticed changes say they like the new menu worse (and cross-tab analysis tells us that a high percentage of those who have reduced visits like the new menu worse). In all, our surveys suggest the new menu is currently a negative for ~13% of customers from our monthly survey who had been to Chili's in the past month and 8.3% of respondents who said they regularly or occasionally include Chili's in their rotation of restaurants to choose from for take-out or dine-in (based on them being aware of the changes and saying they like it worse).

Chili's Monthly Survey

We saw an increase in the percentage of visitors from the past month who noticed changes to the menu and m/m increases in the percentage of visitors from the past month who have tried the new menu items. While more respondents say they like the new menu better (45.0%), we would note that 24.6% of respondents said they like the new menu worse. When we focus specifically on respondents who have tried each of the new menu items, 62.1% said they liked the item and 36.9% said it was okay or they didn't like it).

Chili's Quarterly Survey

We ran a quarterly deep-dive survey to focus in on consumers who say they regularly or occasionally include Chili's in their rotation of restaurants to choose from for takeout or dining in. While this data also shows more respondents saying they like the menu better than those who say they like it worse, we are seeing a notable trend among respondents who have decreased visits recently. Among the 43 "regular" customers who have reduced their visits recently, 86.1% said they noticed menu changes and they like it worse.

CASUAL DINING – KEY TAKEAWAYS

Other Casual Dining Flags

Recently Increased Visits

- ❑ The top four restaurants in which customers say recent visits have increased include Panera, Dunkin Donuts, Starbucks, and Chipotle (Chili's ranks fifth).

Expected Increases in Visits Going Forward

- ❑ Top performers include Cheese Cake Factory, Starbucks, Panera, and Chipotle.

Online and Mobile App Ordering

- ❑ Dominoes, Papa John's, and Pizza Hut are tops when it comes to usage of online ordering or mobile app ordering.

Menu Changes Customers Don't Like

- ❑ Restaurants who got demerits from the highest percentage of customers for menu changes that they don't like include Texas Roadhouse, Cracker Barrel, Buffalo Wild Wings, KFC, and Pizza Hut.

*Note: To compare apples to apples, we are focusing on respondents who selected each restaurant regularly or occasionally in their rotation of restaurant options.

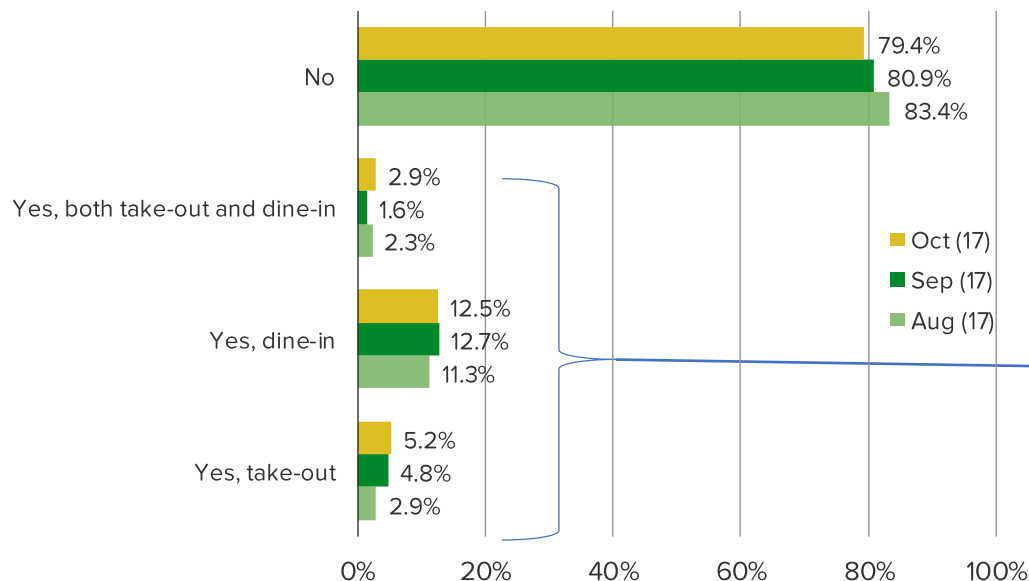
BRINKER MONTHLY DATA

Note: For most of these questions we focus on respondents who have been to Chili's in the past month.

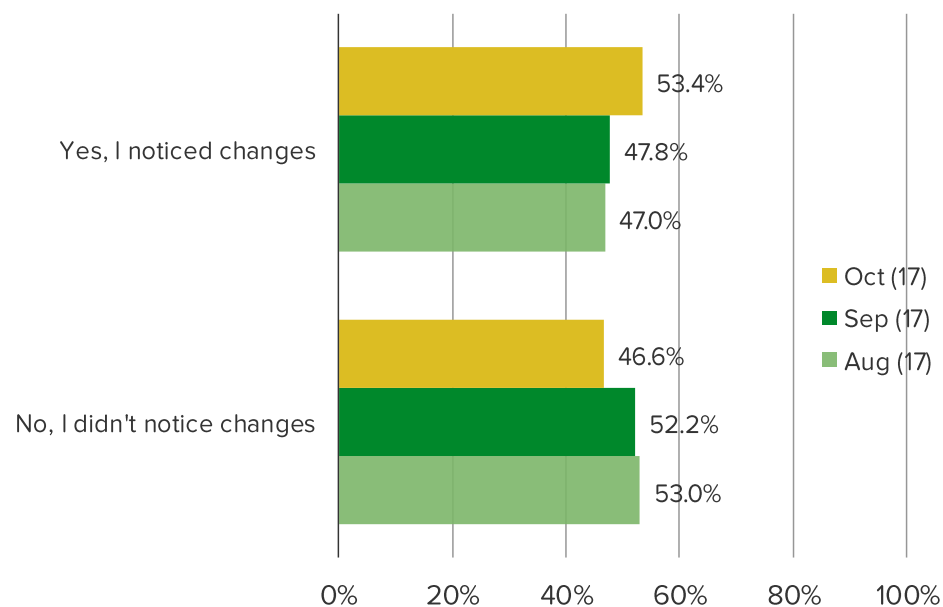
The percentage of consumers who visited Chili's in the past month ticked up m/m. An increased percentage noticed changes to the menu in October.

Posed to: All Respondents

Have you eaten Chili's in the past month?



Did you notice any changes to the menu?



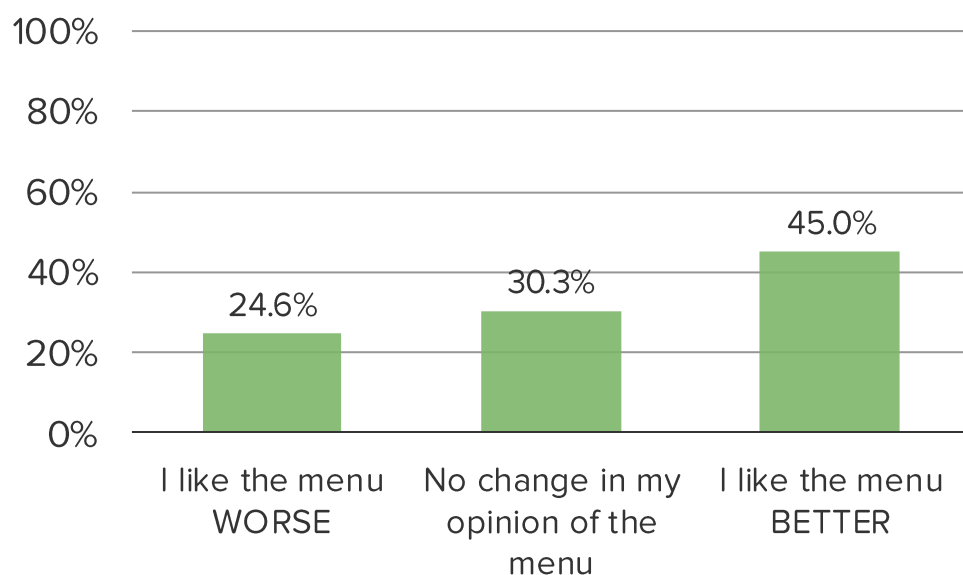
From a Survey of 1,500 consumers (18+).

24.6% of respondents who have noticed changes to the menu after going in the past month (across three surveys run in August, September, and October) say they like the menu worse.

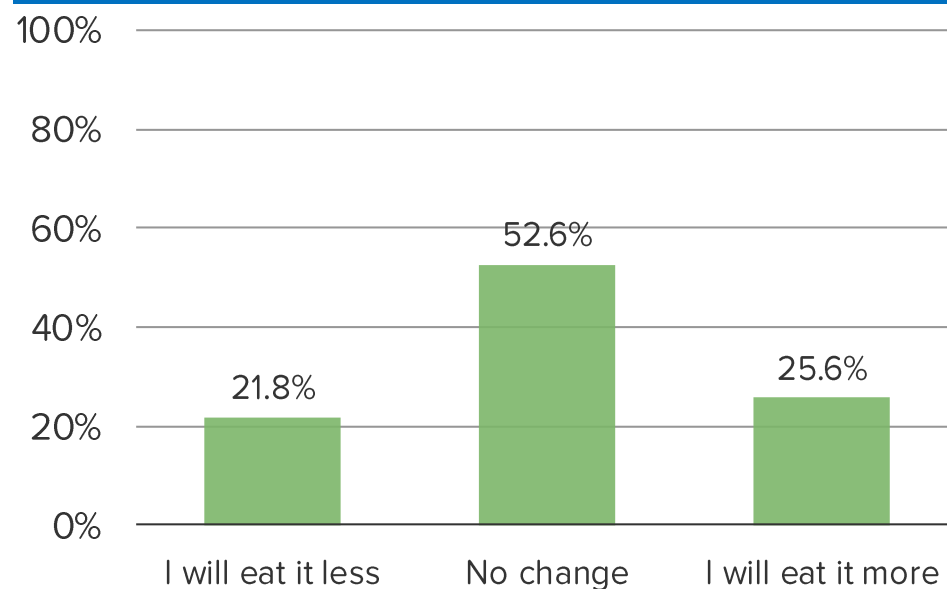
Posed to all consumers who noticed changes to the menu when eating Chili's in the past month...

N = 422 respondents who have been to Chilis in August, September, or October AND noticed changes to the menu

Opinion of Changes



How Will it Impact Visits Going Forward?

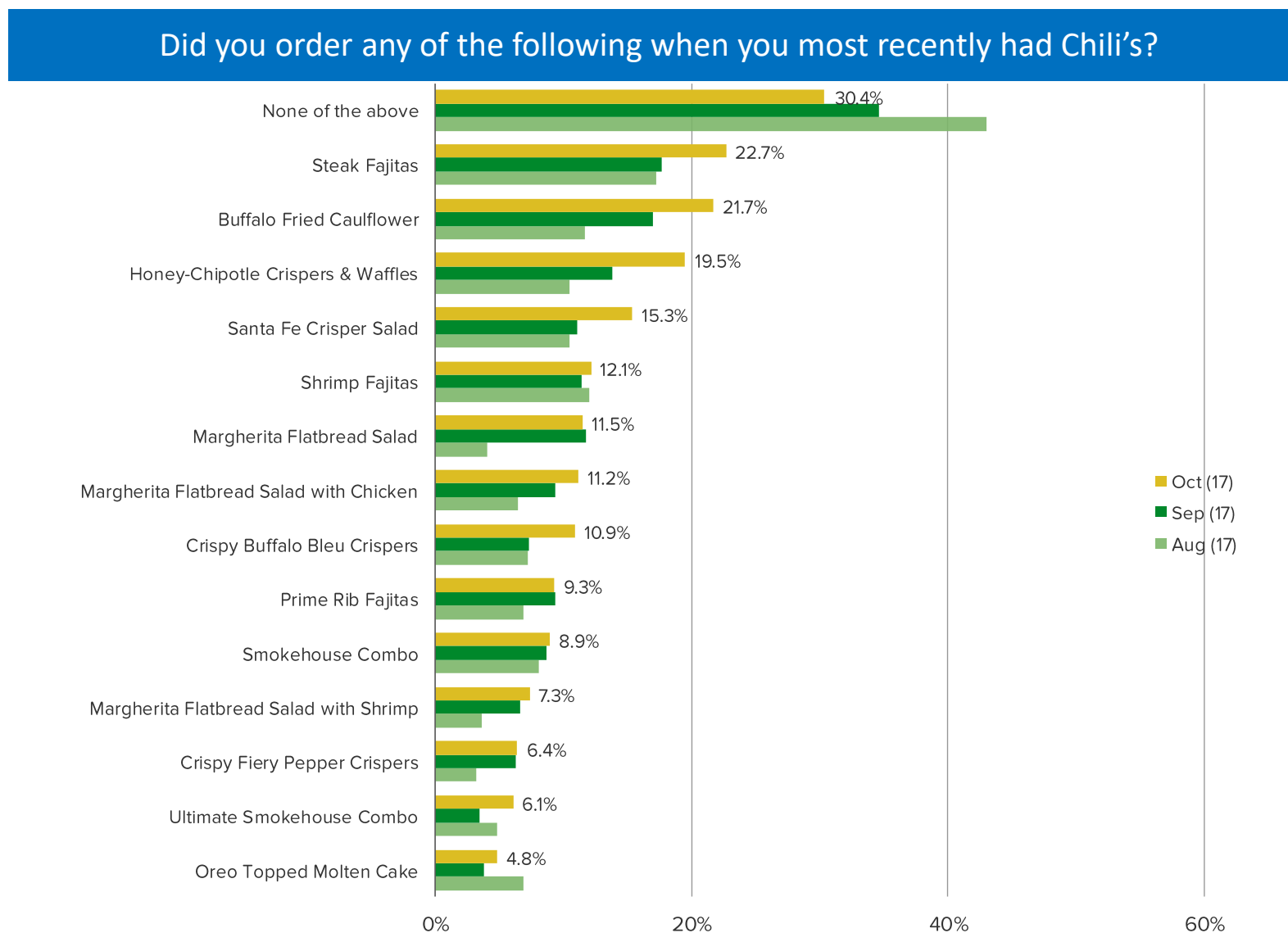


**These charts include all respondents who noticed changes to the menu, including both respondents who tried new items and respondents who did not try new items. Later in this report you will find direct feedback by item from respondents who tried the new items.*

From a Survey of 1,500 consumers (18+).

The percentage of monthly visitors who have tried any of the new menu items increased m/m.

Posed to all consumers who have had Chili's in the past month...

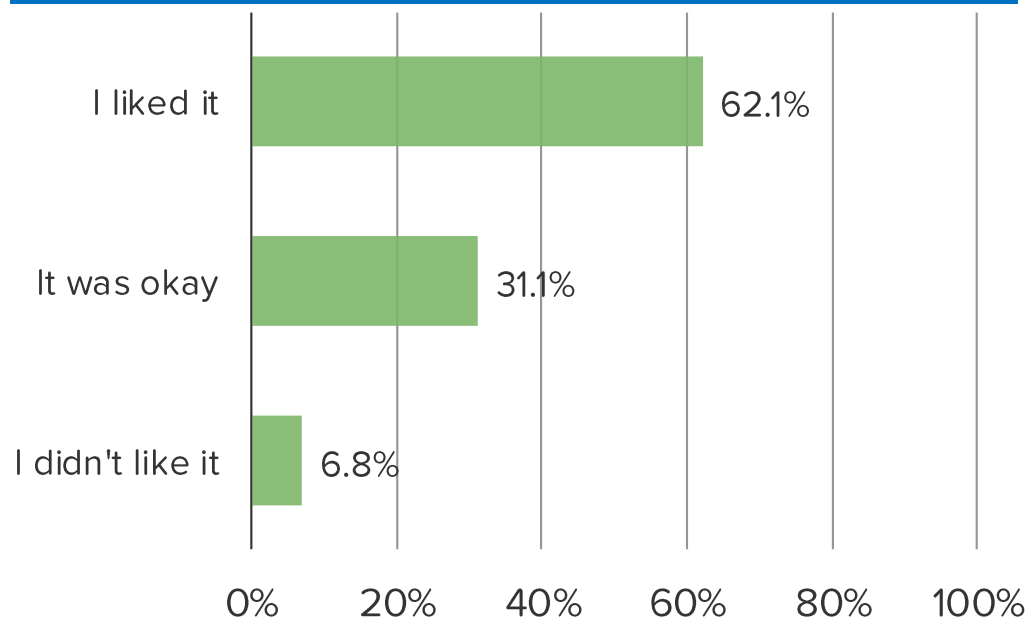


From a Survey of 1,500 consumers (18+).

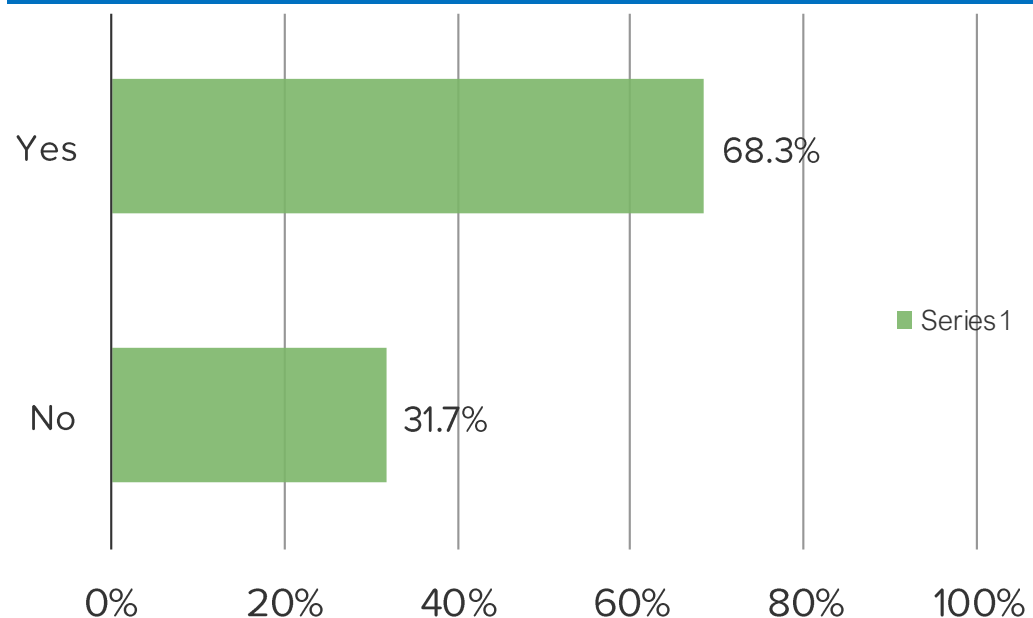
62.1% of respondents who have tried any of the new items in August and September replied that they liked the item.

We asked respondents who have tried each of the new items in the past month in August, September, or October to tell us *how they liked that specific item*. The chart below shows the average across all new items.

How did you like it?



Do you think you will start going to Chili's more often because of this item?



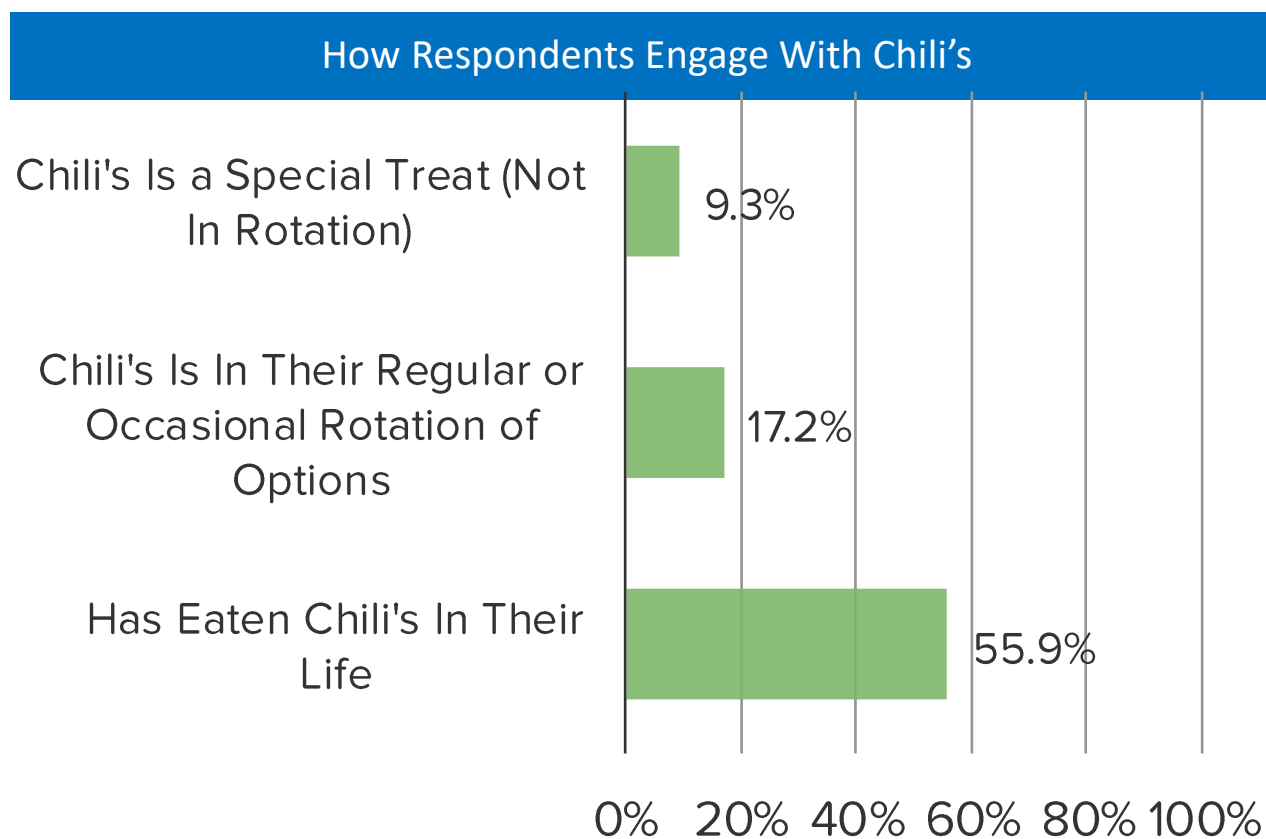
From a Survey of 1,500 consumers (18+).

QUARTERLY SURVEY

NOTE: FOR MOST OF THESE QUESTIONS WE HAVE FOCUSED IN ON RESPONDENTS WHO SAID THEY INCLUDE CHILI'S IN THEIR REGULAR OR OCCASIONAL ROTATION OF RESTAURANTS TO CHOOSE FROM FOR DINE-IN OR TAKE-OUT.

Chart: Three questions in which Chili's was an answer choice asking consumers if they've ever eaten it, if they include it in their regular or occasional rotation of restaurants to choose from for take-out or dine-in, and if they don't include it in their rotation but will get it occasionally as a special treat.

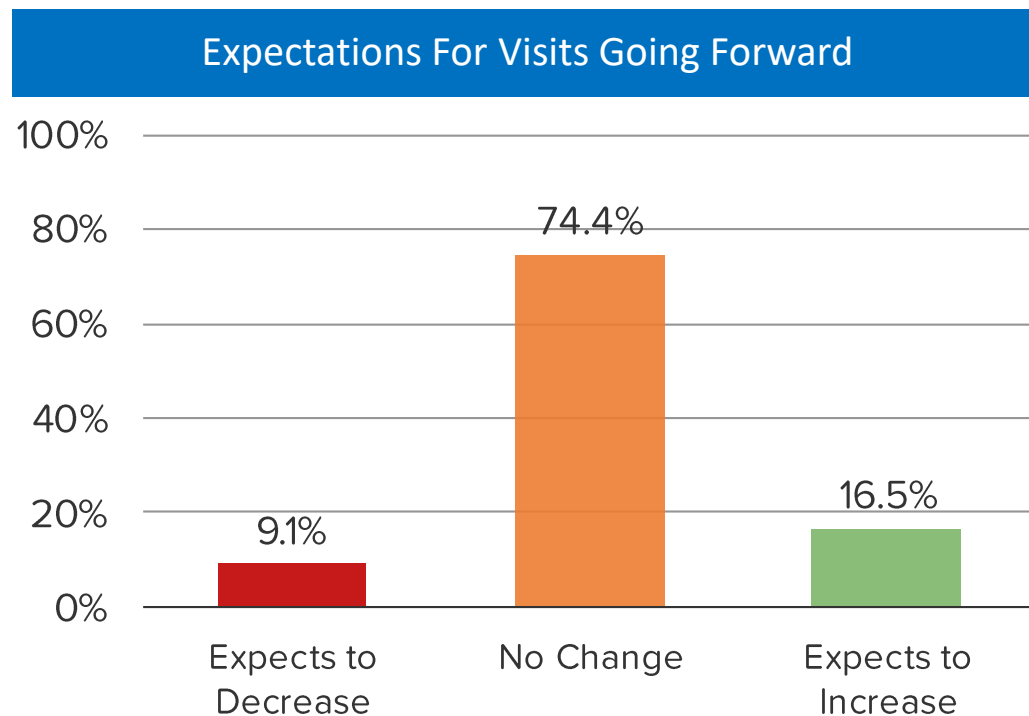
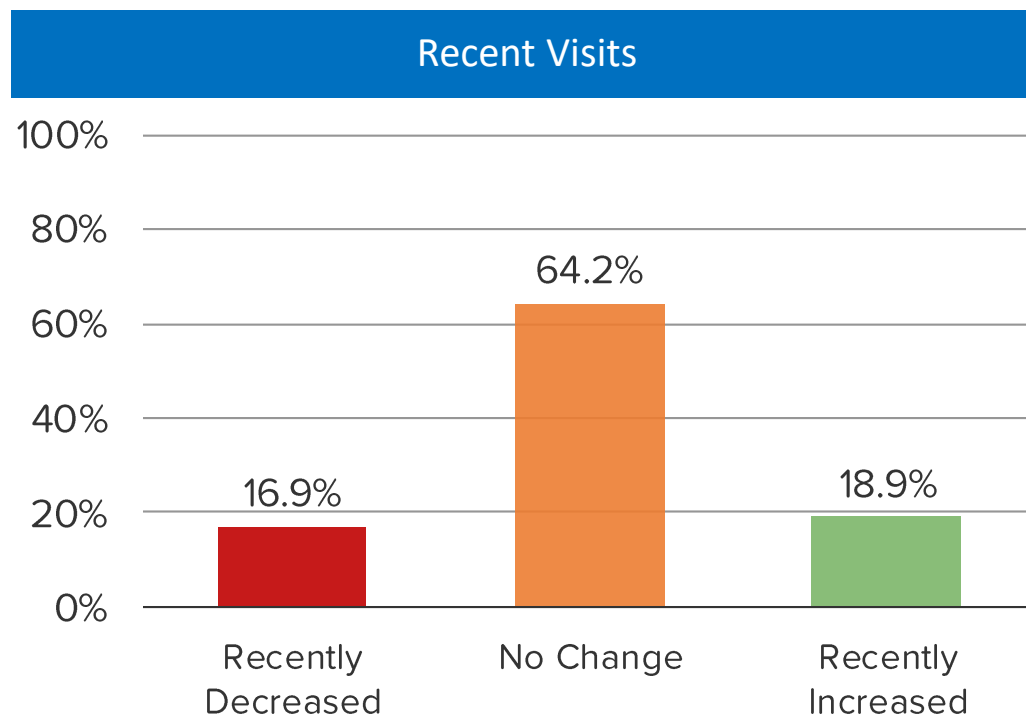
Posed to: Respondents who say they regularly or occasionally include Chili's in their restaurant rotation (n=254)



From a Survey of 1,500 consumers (18+).

Among regular Chili's customers (includes it in their rotation) recent visits are mostly unchanged. More respondents expect visits to increase going forward compared to those who said decrease.

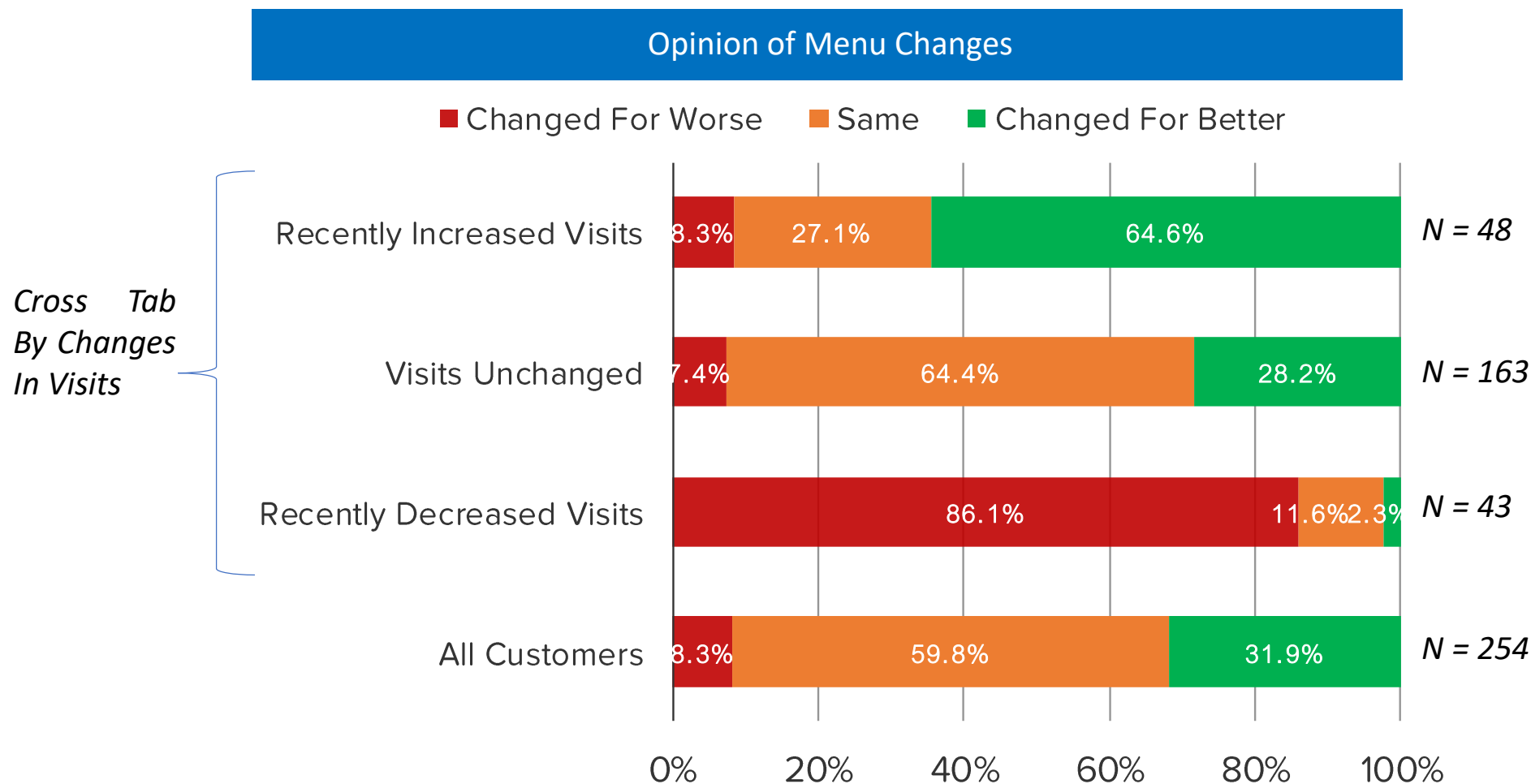
Posed to: Respondents who say they regularly or occasionally include Chili's in their restaurant rotation (n=254)



From a Survey of 1,500 consumers (18+).

Among respondents who recently decreased visits, sentiment is strongly against the menu changes.

Posed to: Respondents who say they regularly or occasionally include Chili's in their restaurant rotation (n=254)



Out of 21 respondents who say the menu has changed for the worse, 11 filled-in a response complaining about reductions to the prior menu.

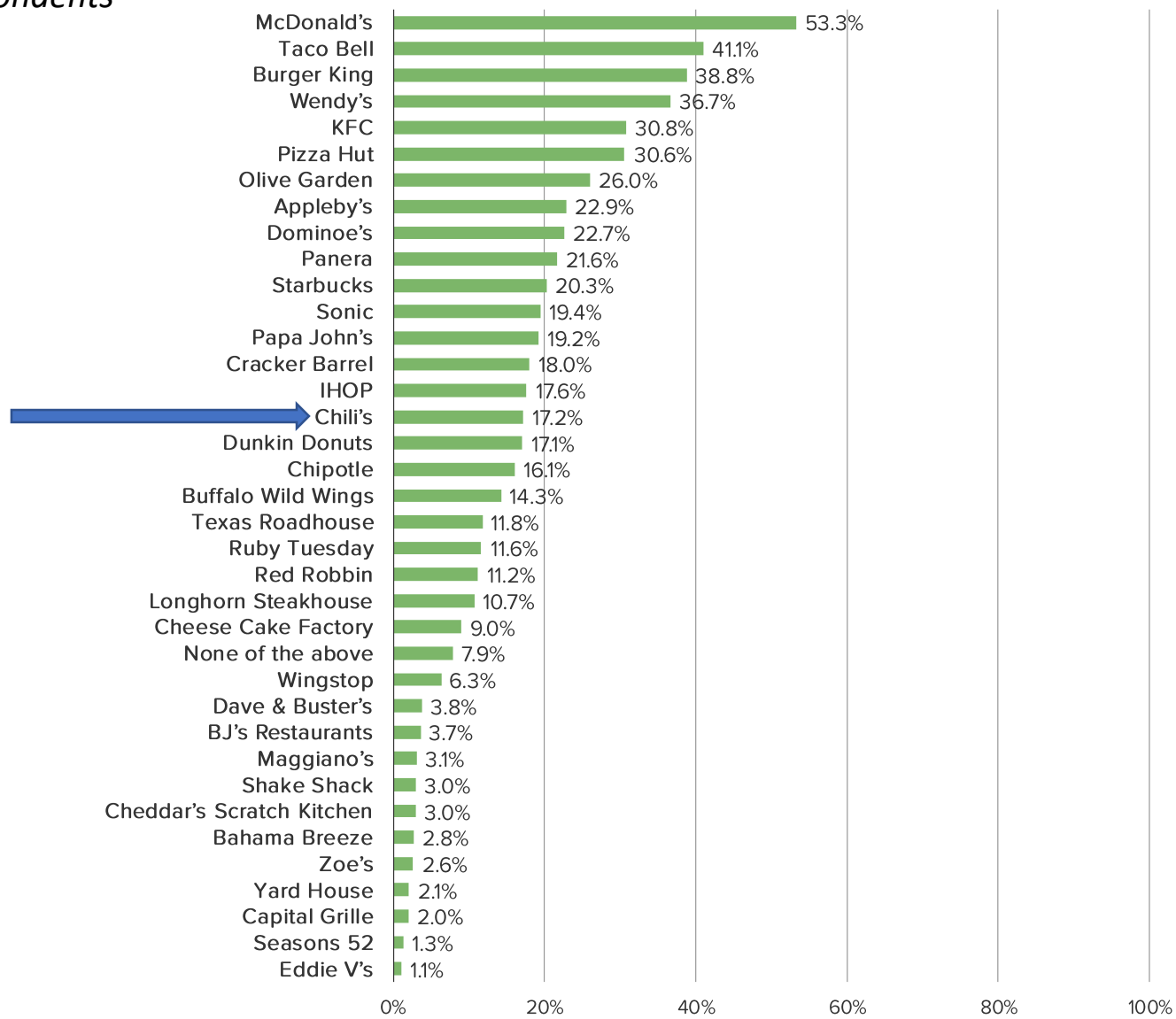
From a Survey of 1,500 consumers (18+).

QUARTERLY SURVEY (COMPETITIVE COMPARISONS)

NOTE: FOR MOST OF THESE QUESTIONS, **FOR EACH RESTAURANT**, WE HAVE FOCUSED IN ON RESPONDENTS WHO SAID THEY INCLUDE IT IN THEIR REGULAR OR OCCASIONAL ROTATION OF RESTAURANTS TO CHOOSE FROM FOR DINE-IN OR TAKE-OUT.

Chart: Included in Rotation of options they regularly or occasionally choose from for dining-in or ordering takeout.

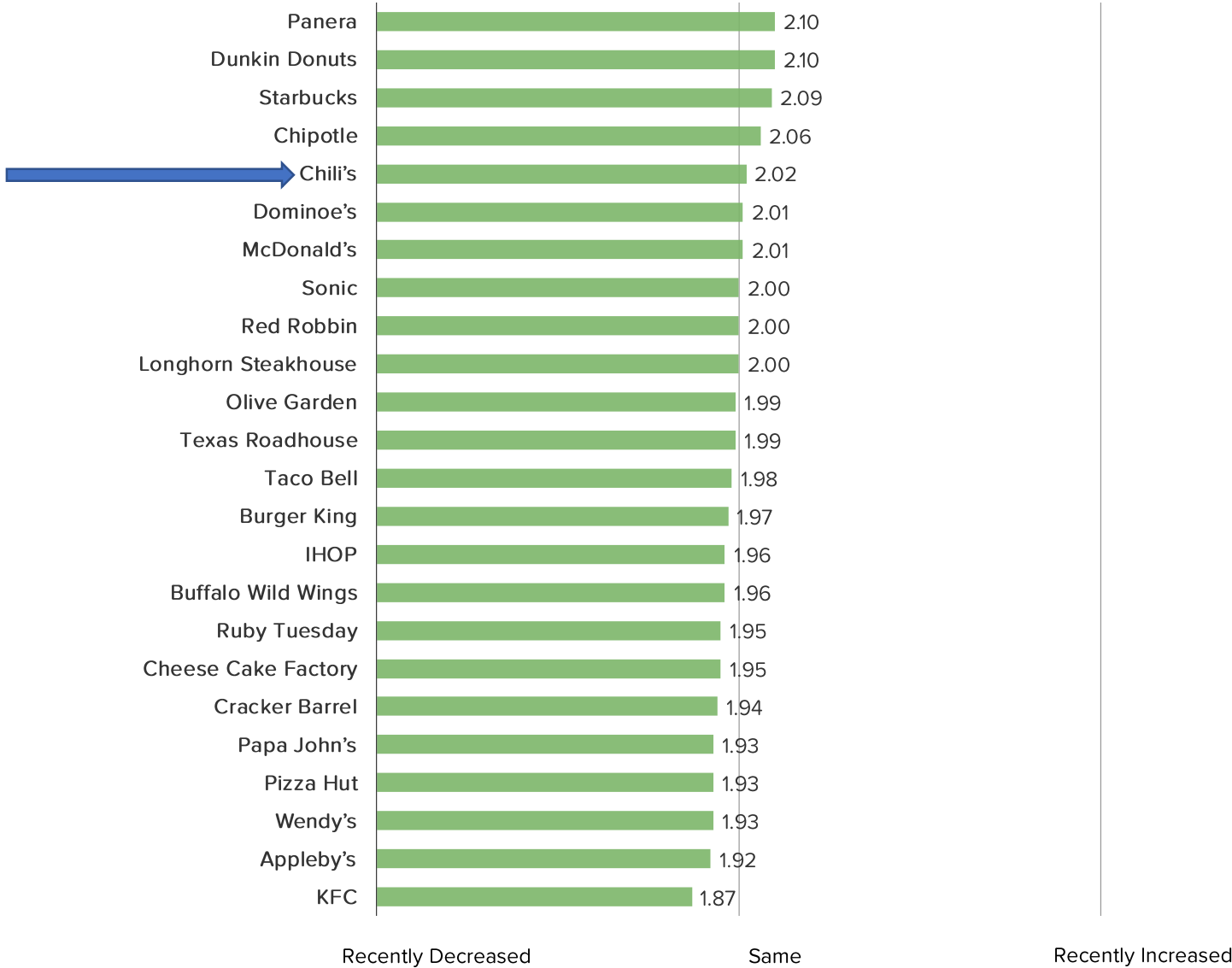
Posed to: All Respondents



From a Survey of 1,500 consumers (18+).

Chart: Have you changed how often you takeout or dine here?

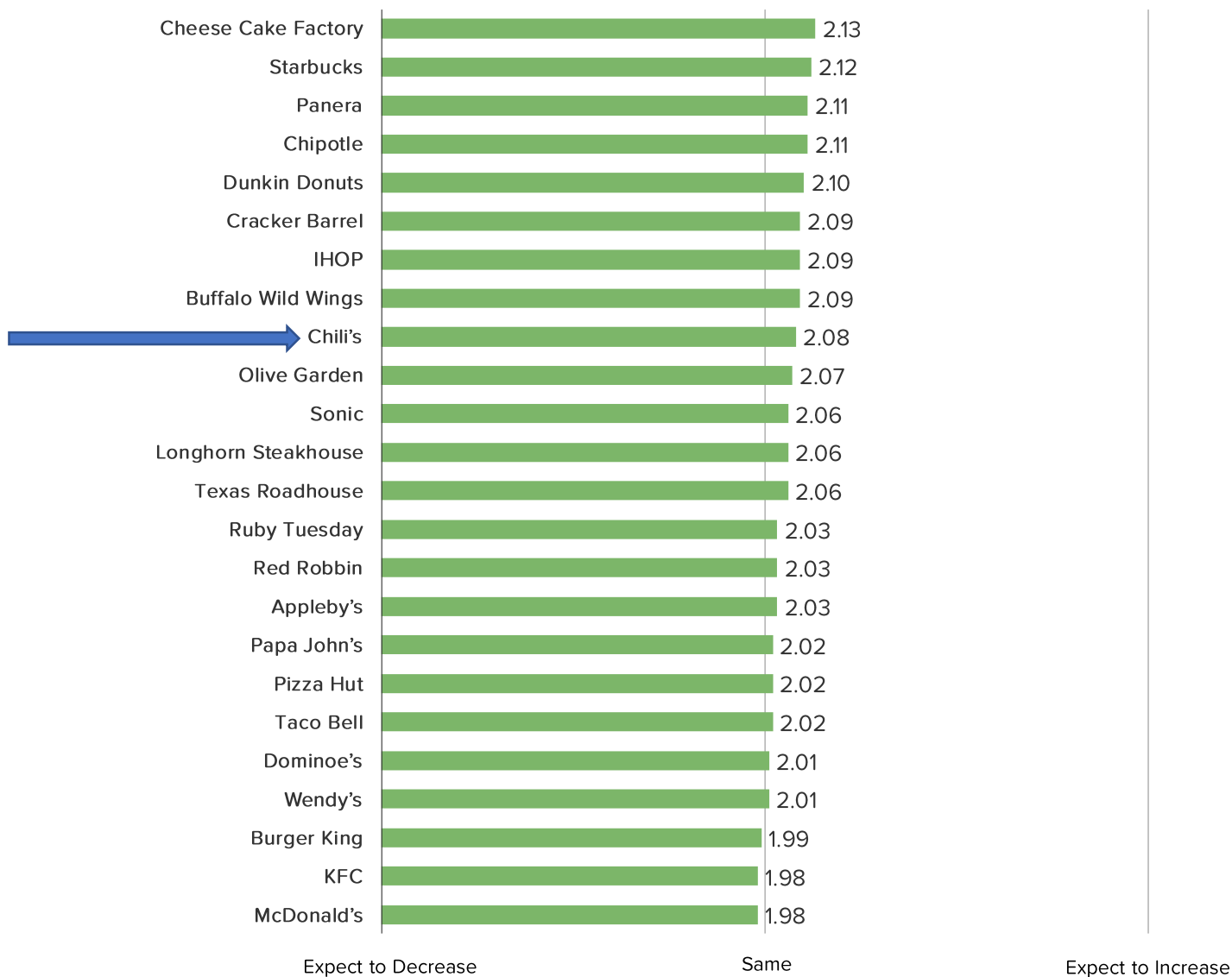
Posed to: Respondents Who Include Each Restaurant in Their Regular or Occasional Rotation of Restaurants



From a Survey of 1,500 consumers (18+).

Chart: Do you expect to change how often you takeout or dine here?

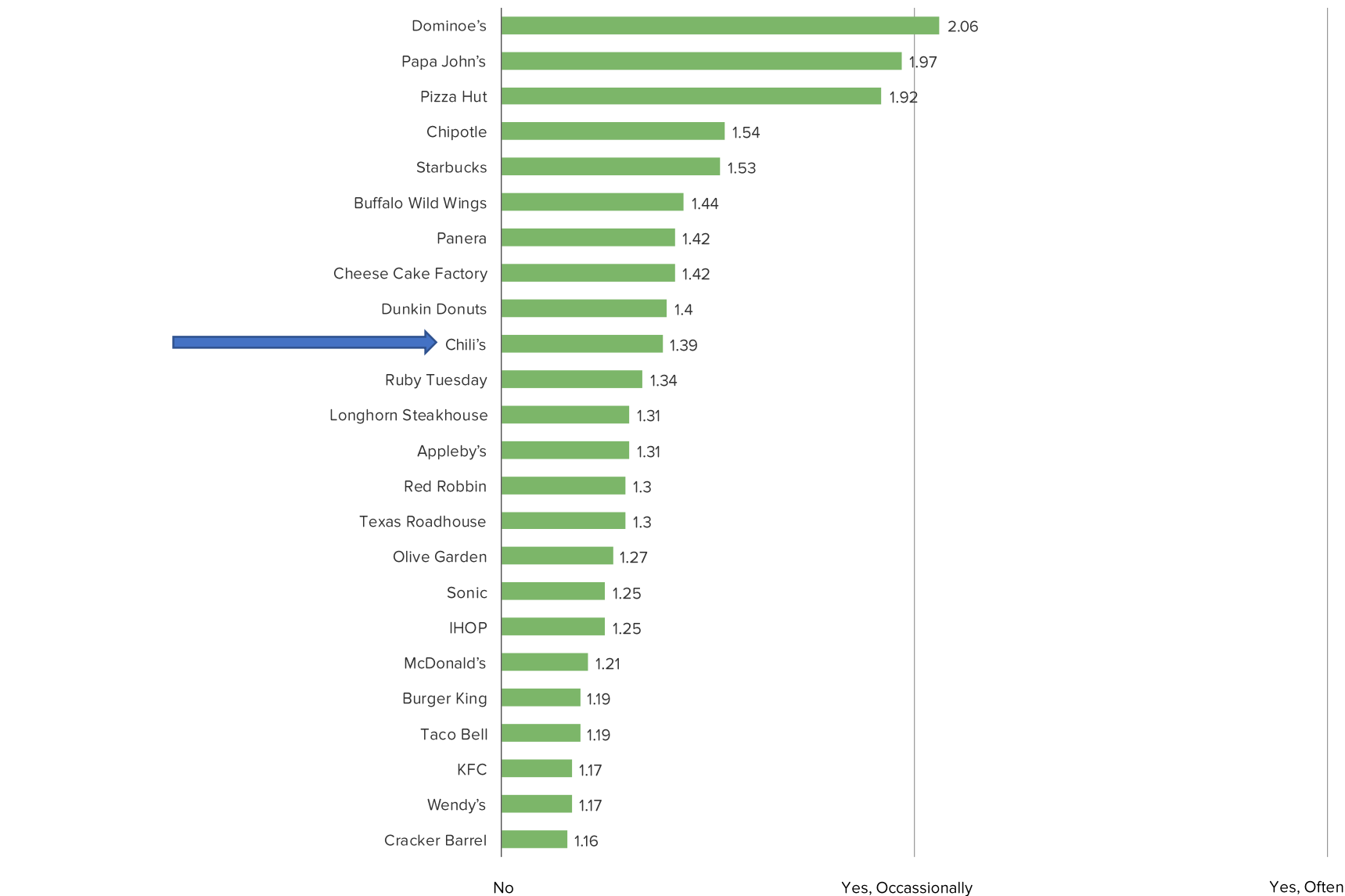
Posed to: Respondents Who Include Each Restaurant in Their Regular or Occasional Rotation of Restaurants



From a Survey of 1,500 consumers (18+).

Chart: Do you ever order from here online or through a mobile app?

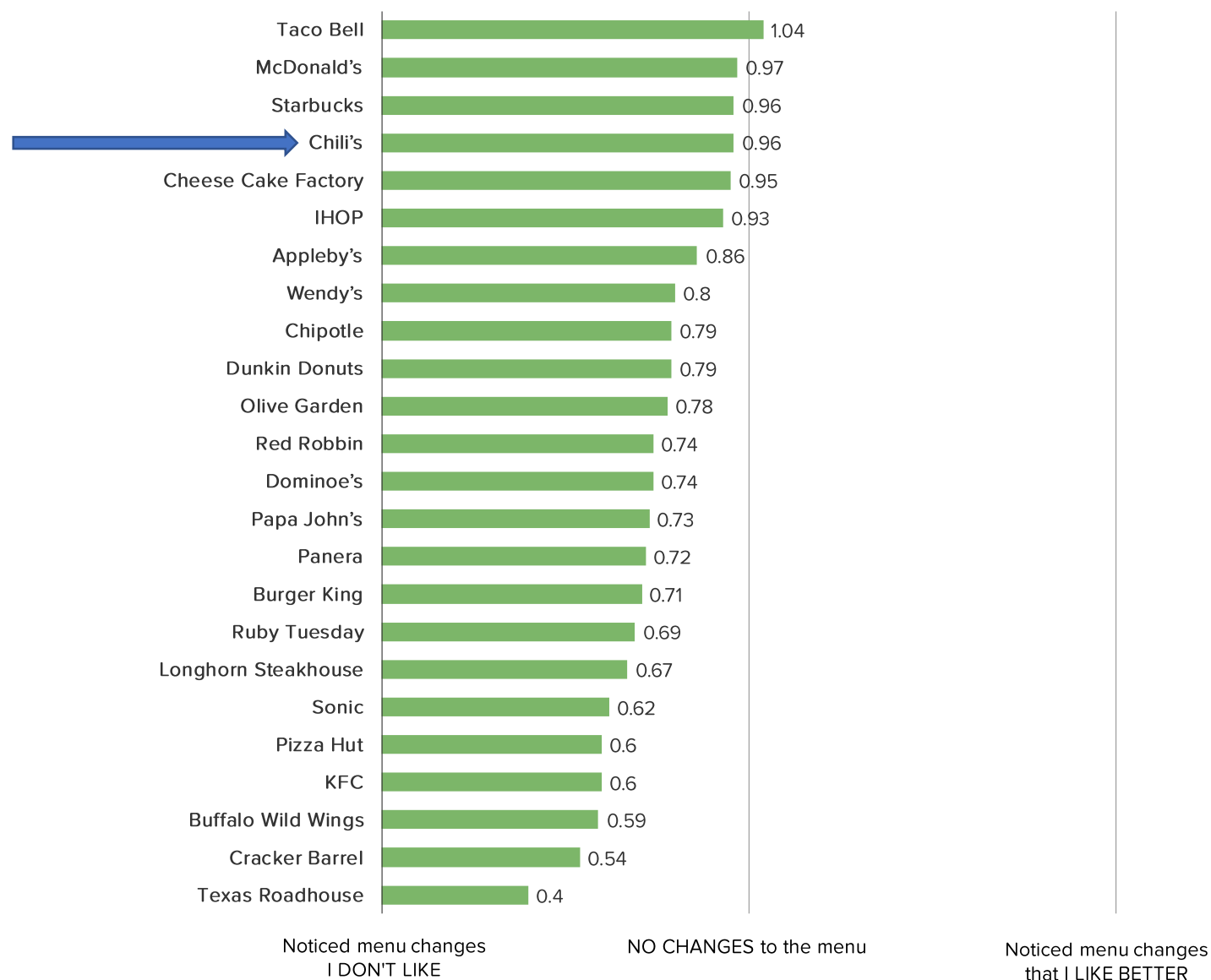
Posed to: Respondents Who Include Each Restaurant in Their Regular or Occasional Rotation of Restaurants



From a Survey of 1,500 consumers (18+).

Chart: Have you noticed any menu changes recently?

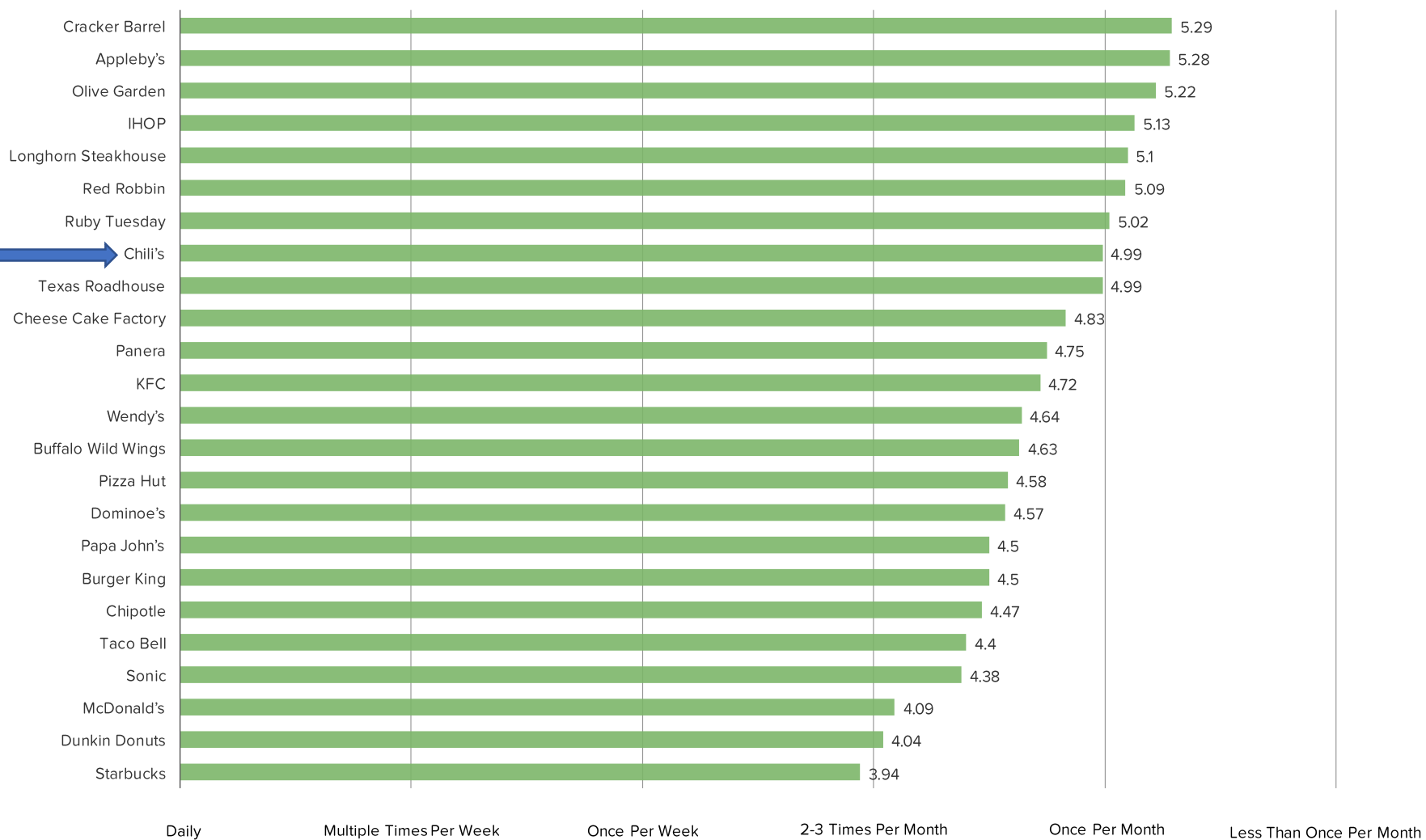
Posed to: Respondents Who Include Each Restaurant in Their Regular or Occasional Rotation of Restaurants



From a Survey of 1,500 consumers (18+).

Chart: How often do you order takeout from here?

Posed to: Respondents Who Include Each Restaurant in Their Regular or Occasional Rotation of Restaurants



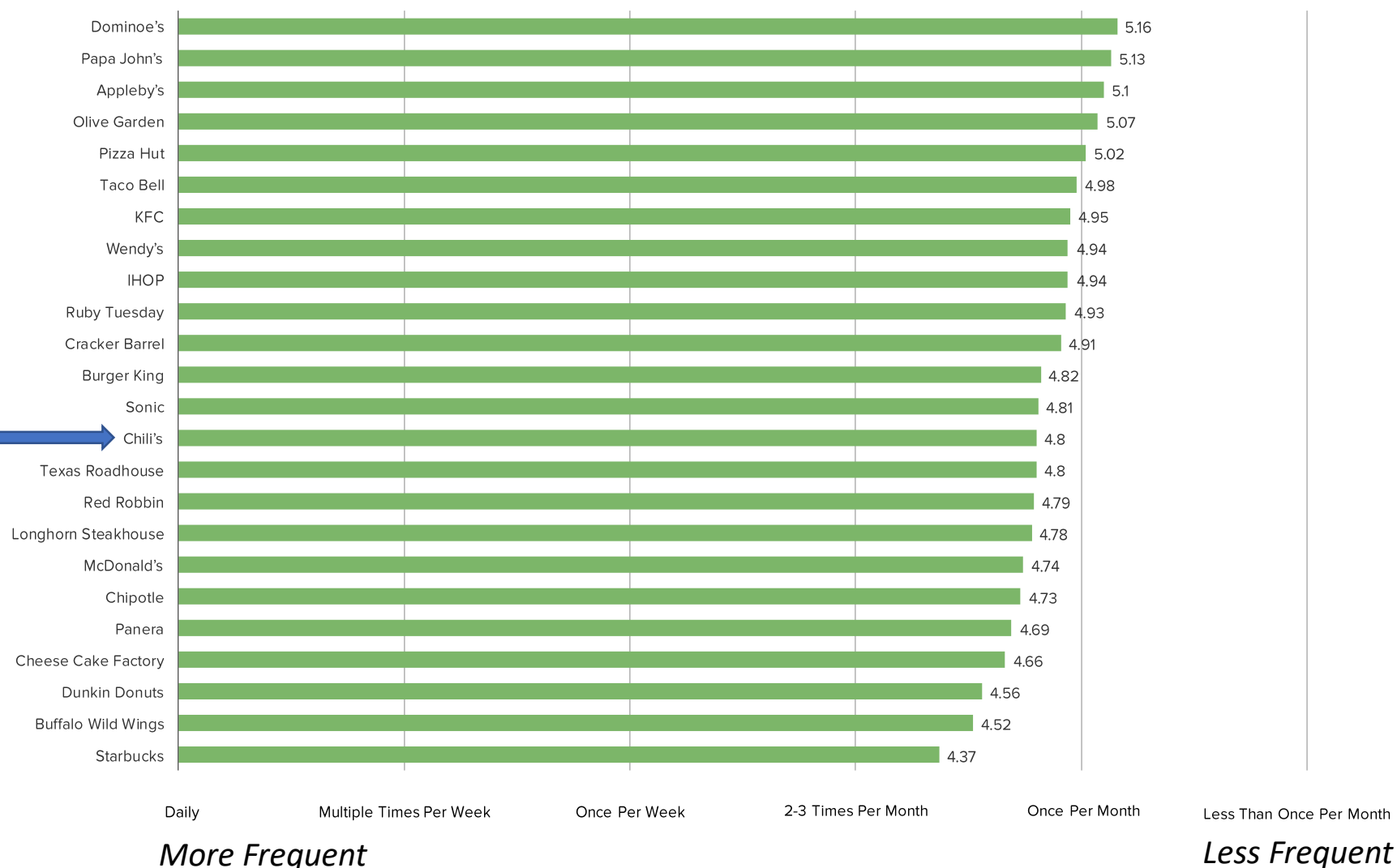
More Frequent

Less Frequent

From a Survey of 1,500 consumers (18+).

Chart: How often do you order dine-in here?

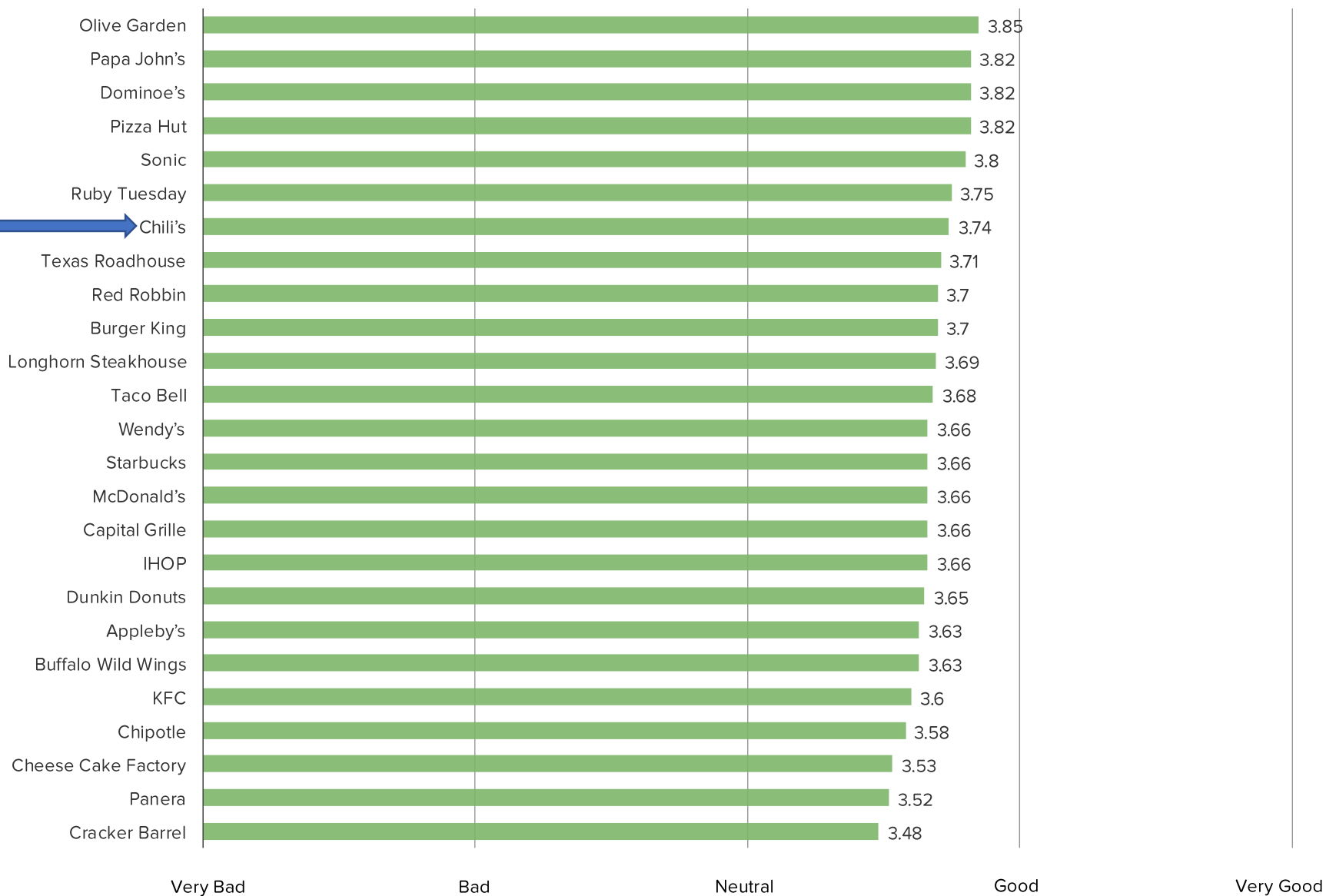
Posed to: Respondents Who Include Each Restaurant in Their Regular or Occasional Rotation of Restaurants



From a Survey of 1,500 consumers (18+).

Chart: What do you think of the promotions they have to encourage you to eat there?

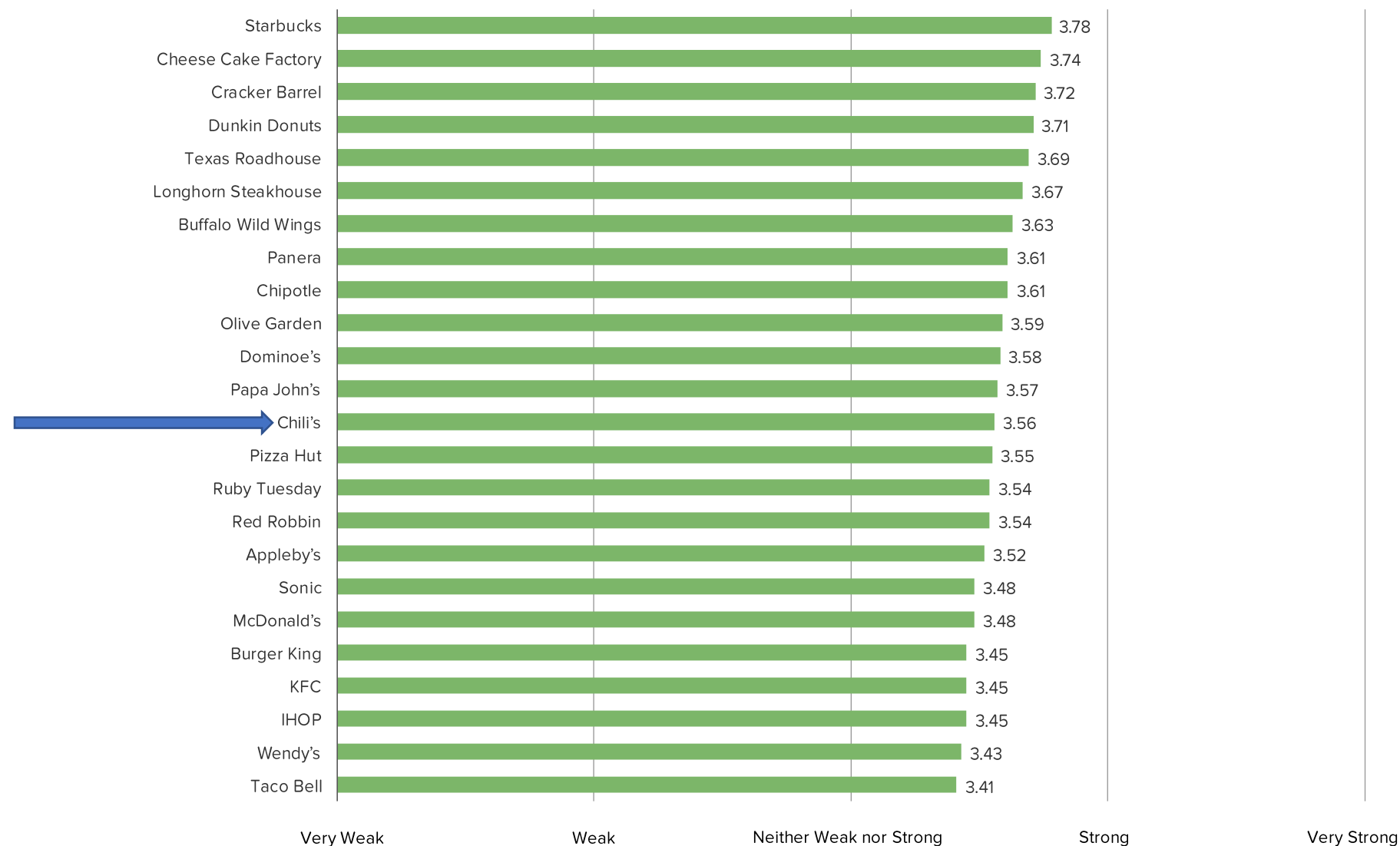
Posed to: Respondents Who Include Each Restaurant in Their Regular or Occasional Rotation of Restaurants



From a Survey of 1,500 consumers (18+).

Chart: How strong do you feel your customer relationship is with the restaurant?

Posed to: Respondents Who Include Each Restaurant in Their Regular or Occasional Rotation of Restaurants



From a Survey of 1,500 consumers (18+).