



Limited-Service, Unlimited Possibilities

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Where Holiday Dollars Are

Find out which groups are ready to spend and what they're buying this season.



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A new report shows that consumer spending in the food and beverage space got off to a good start this holiday season. Dollar volume spent in the industry on Black Friday, the unofficial launch of the season, grew 11.7 percent over last year, according to First Data, an electronic commerce and payment processing firm.

To sustain the growth in consumer spending through the holidays, other firms suggest operators should focus on specific demographics and fine-tune their marketing to those groups.

American Express Business Insights, a global information, analytics, and consulting organization, found in its *Q3 2011 Spend Sights Report* that spending in quick-serve restaurants declined a scant 1.3 percent in the third quarter, the smallest drop in the dining segment.

The report shows that while consumers over 55 slowed their spending moving into the holidays, each of the 55-and-under demographics increased spending.

“Boomers and seniors coming out of the recession are not spending at the level they were before,” says Ed Jay, senior vice president of American Express Business Insights. “But Gen X and Gen Y are spending more than they were before the recession.”

Jay says investment stability could affect how older consumers approach the upcoming holidays. “If the market is volatile, I think that’s a segment that’s going to be a little more cautious,” he says.

The American Express Business Insights data shows another notable change in spending behavior. “Consumers overall are spending less frequently, but spending more when they make those purchases,” he says.

As an alternative to surveys, American Express Business Insights draws on transactional data from its cardholders to gather detailed information on spending patterns. “Our view into the customer side is really unique,” Jay says. “We can provide a view of who the customer is and much more—it’s based on real customers, their spending, and the volume of spending we see.”

Another study found that there is ample opportunity when marketing to employed Americans this holiday season.

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recession.

“They can be influenced to skip brown bagging,” Goins says. “With all the talk about fewer visits because of the economy and

unemployment, the working consumer that’s near your [quick-serve] restaurant is still a very viable target and maybe the most important target you’ve got.”

Jerry Allsbrook is chief marketing officer at Rocky Mount, North Carolina–based Boddie-Noell Enterprises Inc., a Hardee’s and Moe’s Southwest Grill franchisee. He says employment and consumer confidence projections have been hard to trust over the past few years, making studies focused on employed consumers particularly useful.

“It doesn’t do me any good to market to someone that doesn’t have any money,” Allsbrook says.

“We need people that work, people that are going to spend money going out to eat, and so it’s about people having a job.”

Along with extended holiday hours, new menu items, and gift card promotions, Allsbrook says Boddie-Noell is shifting its marketing focus to grab the attention of busy customers.

“We do a little bit more outdoor advertising in the fourth quarter,” he says. “Most people are out and mobile, and so much of our business is based on convenience and people knowing how to find us. We’re there where they’re shopping.”

Further, restaurant gift cards are on the holiday shopping list for 63 percent of respondents in the WorkPlace Media report, and two thirds of those planning to buy gift cards anticipate spending \$51 or more on the card.

Goins suggests quick serves take a page from casual dining’s playbook when it comes to gift cards.

“The casual-dining segment does such a great job with gift cards, and nearly every casual-dining operator has some type of offer out there—for instance, buy \$100 in gift cards and get a \$25 bonus card for yourself,” he says.

He says strong incentives are “a great way to drive those gift card sales” while enticing new customers and generating more traffic in January and February.

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Research firms WorkPlace Media and Technomic executed the *Workplace Foodservice Consumer* study of employed people and found that 50 percent of respondents were more likely to dine out during the holidays this year than regular.

Terry Goins, WorkPlace Media’s executive vice president, says quick-serve operators should remember that working consumers are still interested in dining out, despite the

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