

Pricing Strategies Driving Restaurant Visits in 2024

This white paper dives into the data to explore the state of the restaurant industry in 2024 and see how leading chains are navigating the challenges posed by rising prices.

- 1. Foot traffic to restaurants is on the rise, led by the fast-casual segment.** Overall visits to restaurants increased YoY for most months since January 2024. But while FSR foot traffic dipped slightly YoY during the first eight months of the year, and QSR saw just a slight YoY increase, fast-casual restaurants saw a 3.3% YoY jump – likely driven by the segment's more affluent audience.
- 2. Shake Shack is thriving even as it raises prices.** The fast-casual burger chain increased prices this year, but its wealthier visitor base – with a captured market median HHI of \$94.3K – didn't seem to mind: Visits were up 22.8% YoY in August 2024, far outpacing the wider fast-casual segment.
- 3. Texas Roadhouse is driving YoY visit growth in the face of price hikes with early dining specials.** Despite price increases, Texas Roadhouse saw a 9.7% YoY increase in visits during the first eight months of 2024 – likely bolstered by the chain's outside share of 3:00 PM - 6:00 PM weekday visits. Texas Roadhouse also draws a larger share of high-traffic weekend visits than the wider FSR category.
- 4. QSR chains have been using limited-time offers (LTOs) to drive visits.** Hardee's offered an LTO this summer, leading to a boost in loyalty among the chain's visitors. Meanwhile, **McDonald's** experienced a significant visit boost after its late June LTO launch – especially in markets with higher-than-average concentrations of "Young Urban Singles."
- 5. A Michelin Star can shift the profile and behavior of a restaurant's visitors.** Washington D.C.'s **Causa** won its first Michelin Star in November 2023 – and saw an increase in the share of "Power Elite" households in its captured market, as well as a surge in the share of visitors traveling more than ten miles to visit the venue.



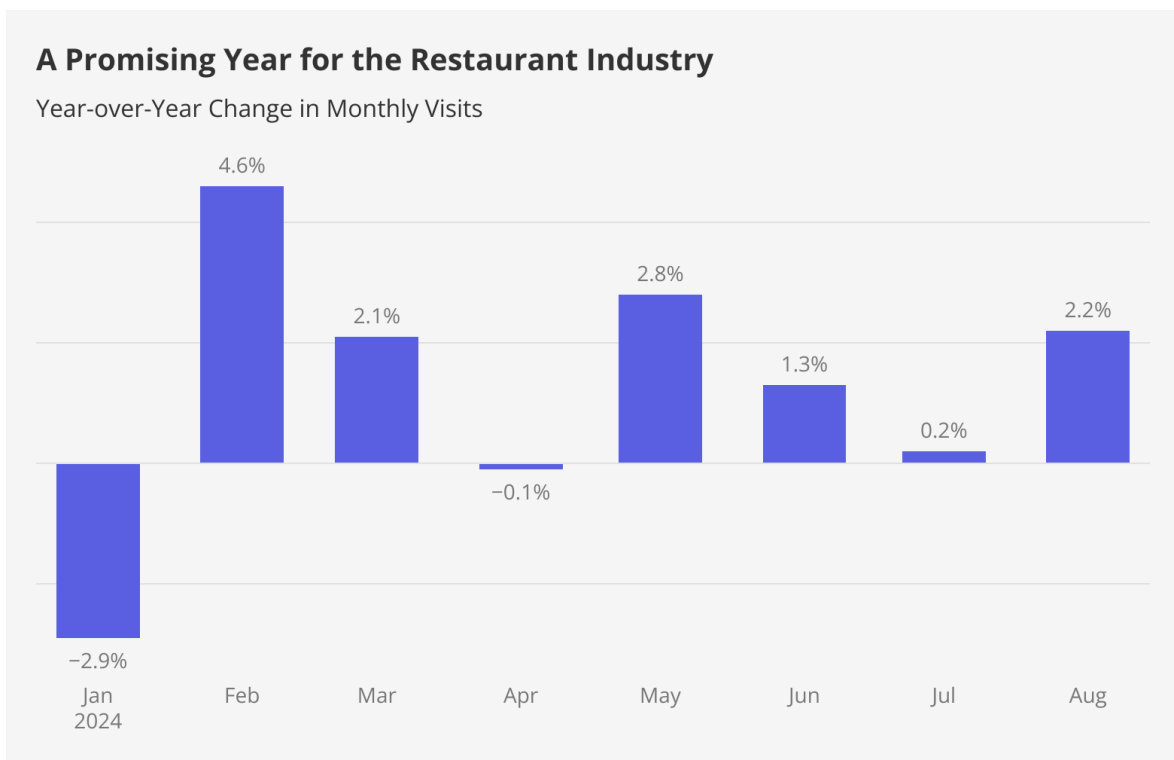
Table of Contents

Dining in 2024 (So Far)	3
Dollar-Driven Dining Decisions	4
Who Can Afford to Raise Prices?	5
Shake Shack: Drawing Affluent Audiences	6
Texas Roadhouse: Thriving Through Price Hikes	7
QSR Limited-Time Offers (LTOs) to the Rescue	8
Hardee's August Combo Deal: A Recipe for Loyalty	8
McDonald's Special Meal Deal	9
Michelin Star Success	11
The Final Plate	12

Dining in 2024 (So Far)

The restaurant space has experienced its fair share of challenges in recent years – from pandemic-related closures to rising labor and ingredient costs. Despite these hurdles, the category is holding its own, with total 2024 spending projected to reach [\\$1.1 trillion](#) by the end of the year.

And an analysis of year-over-year (YoY) visitation trends to restaurants nationwide shows that consumers are frequenting dining establishments in growing numbers – despite food-away-from-home prices that remain stubbornly [high](#).



Overall, monthly visits to restaurants were up nearly every month this year compared to the equivalent periods of 2023. Only in January, when inclement [weather](#) kept many consumers at home, did restaurants see a significant YoY drop. Throughout the rest of the analyzed period, YoY visits either held steady or grew – showing that

Americans are finding room in their budgets to treat themselves to tasty, hassle-free meals.

Still, costs remain elevated and dining preferences have shifted, with consumers prioritizing value and convenience – and restaurants across segments are looking for ways to meet these changing needs. This white paper dives into the data to explore the trends impacting quick-service restaurants (QSR), full-service restaurants (FSR), and fast-casual dining venues – and strategies all three categories are using to stay ahead of the pack.

Dollar-Driven Dining Decisions

Overall, the dining sector has performed well in 2024, but a closer look at specific segments within the industry shows that fast-casual restaurants are outperforming both QSR and FSR chains.

Between January and August 2024, visits to fast-casual establishments were up 3.3% YoY, while QSR visits grew by just 0.7%, and FSR visits fell by 0.3% YoY. As eating out becomes more expensive, consumers are gravitating toward dining options that offer better perceived value without compromising on quality. Fast-casual chains, which [balance](#) affordability with higher-quality ingredients and experiences, have increasingly become the go-to choice for value-conscious diners.

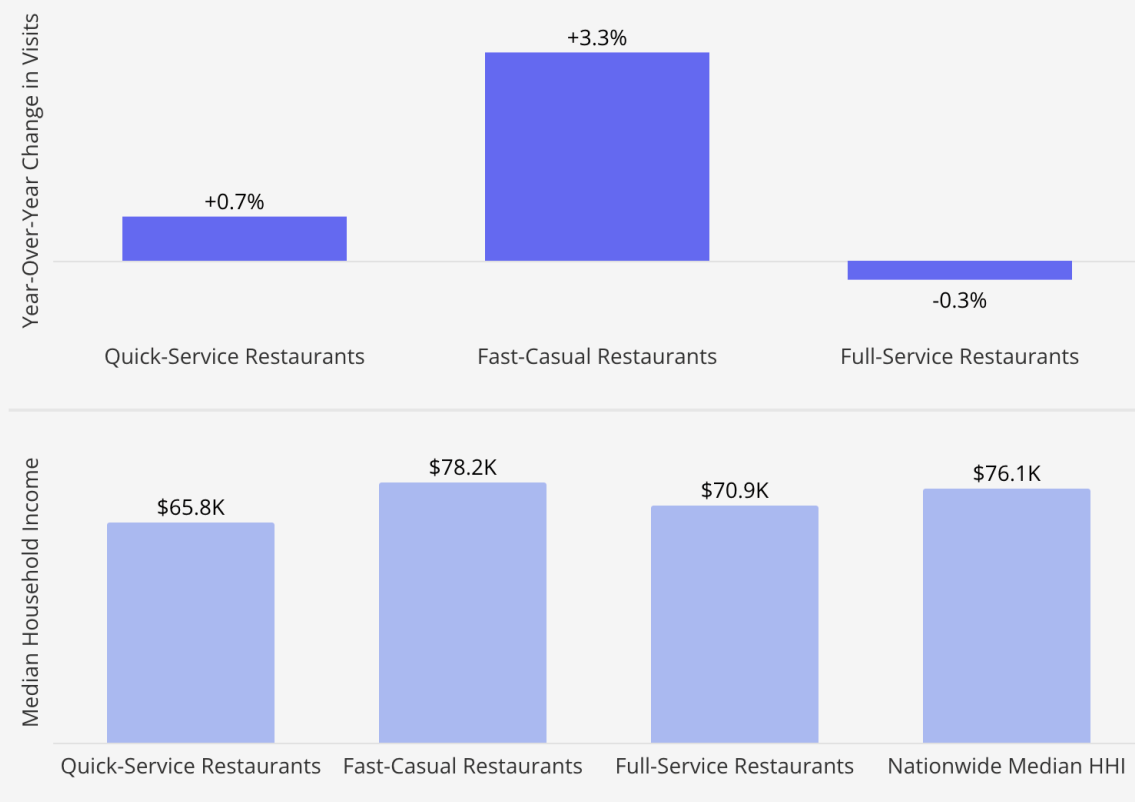
Fast-casual restaurants also tend to attract a higher-income demographic. Between January and August 2024, fast-casual restaurants drew visitors from Census Block Groups (CBGs) with a weighted median household income of \$78.2K – higher than the nationwide median of \$76.1K. (The CBGs feeding visits to these restaurants, weighted to reflect the share of visits from each CBG, are collectively referred to as their [captured market](#)).

Perhaps unsurprisingly, quick-service restaurants drew visitors from much less affluent areas. But interestingly, despite their pricier offerings, full-service restaurants also drew visitors from CBGs with a median HHI below the nationwide baseline. While

fast-casual restaurants likely attract office-goers and other routine diners that can afford to eat out on a more regular basis, FSR chains may serve as special occasion destinations for those with more moderate means.

Fast Casual Leads Restaurant Categories in Visit Growth, Attracting Visitors with Higher Median Household Incomes

January to August 2024 | Median HHI Based on STI: Popstats Combined with Placer.ai Data for Captured Trade Areas



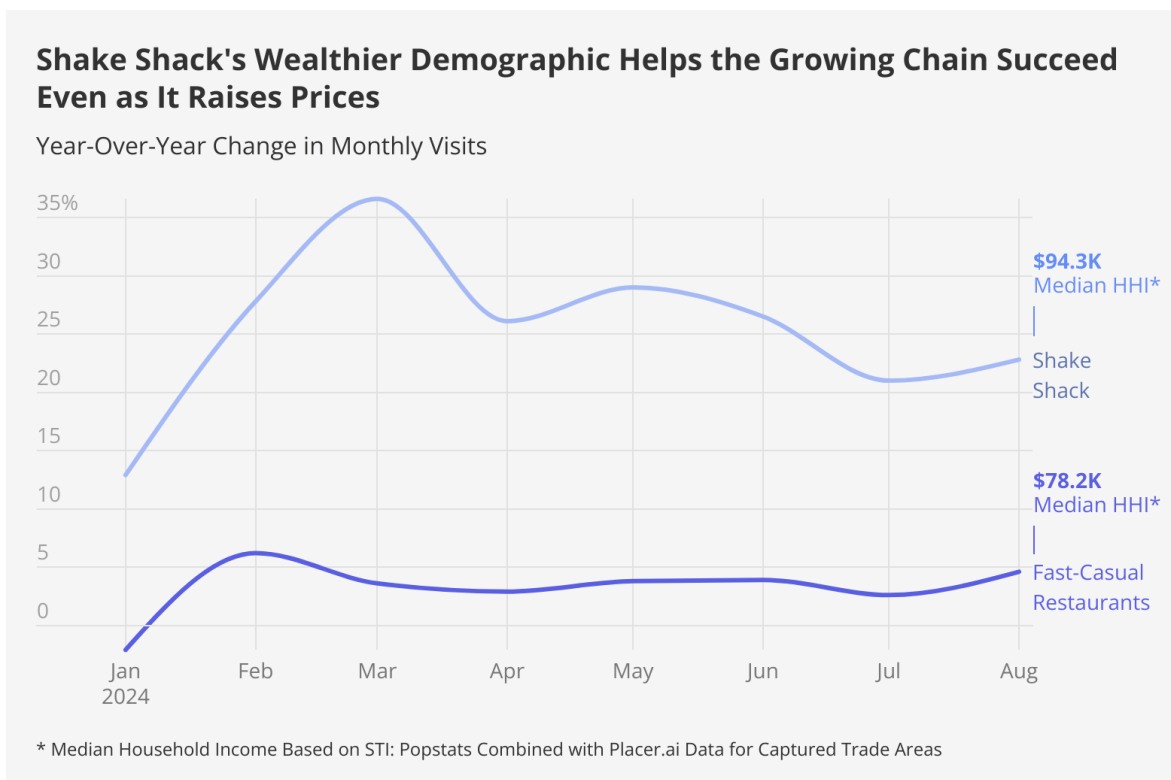
Who Can Afford to Raise Prices?

Though QSR, FSR, and fast-casual spots all seek to provide strong value propositions, dining chains across segments have been forced to raise prices over the past year to

offset rising food and labor costs. This next section takes a look at several chains that have succeeded in raising prices without sacrificing visit growth – to explore some of the strategies that have enabled them to thrive.

Shake Shack: Drawing Affluent Audiences

The fast-casual restaurant space attracts diners that are on the wealthier side – but some establishments cater to even higher earners. One chain of note is [NYC-based](#) burger chain Shake Shack, which features a [captured market](#) median HHI of \$94.3K. In comparison, the typical fast-casual diner comes from areas with a median HHI of \$78.2K.



Shake Shack emphasizes [high-quality](#) ingredients and prices its offerings accordingly. The chain, which has been [expanding](#) its footprint, strategically places its locations in

affluent, upscale, and high-traffic neighborhoods – driving foot traffic that consistently surpasses other fast-casual chains. And this elevated foot traffic has [continued](#) to impress, even as Shake Shack [has raised its prices](#) over the past year.

Texas Roadhouse: Thriving Through Price Hikes

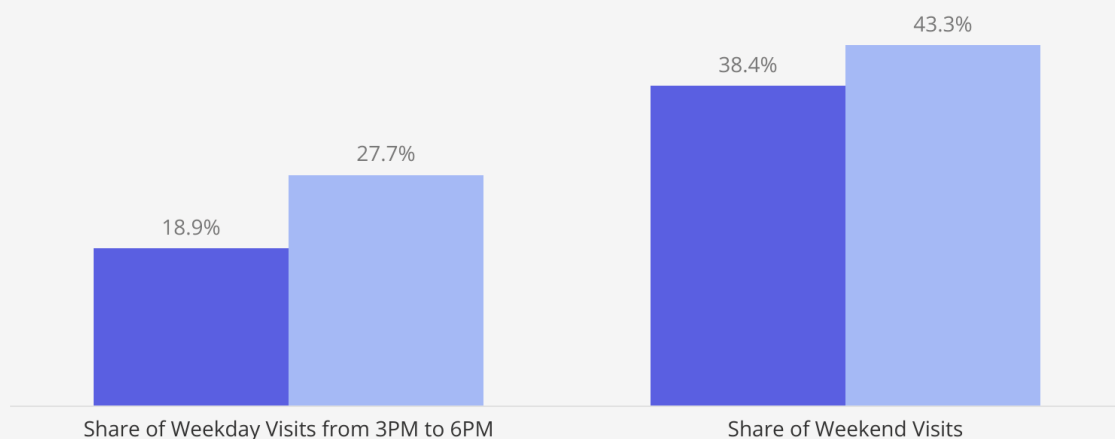
Steakhouse chain Texas Roadhouse has enjoyed a positive few years, [weathering](#) the pandemic with aplomb before moving into an [expansion](#) phase. And this year, the chain [ranked](#) in the top five for service, food quality, and overall experience by the 2024 Datassential Top 500 Restaurant Chain.

Like Shake Shack, Texas Roadhouse has raised its prices over the past year – [three times](#) – while maintaining impressive visit metrics. Between January and August 2024, foot traffic to the steakhouse grew by 9.7% YoY, outpacing visits to the overall FSR segment by wide margins.

Even with Price Increases, Texas Roadhouse Continues to Attract Visits with Strong Shares of Happy Hour and Weekend Visits

January to August 2024

The year-over-year change in visits for [full-service restaurants](#) is **+0.3%**, while [Texas Roadhouse](#) saw a **+9.7%** increase



This foot traffic growth is fueled not only by expansion but also by the chain's ability to draw traffic during quieter dayparts like weekday afternoons, while at the same time capitalizing on high-traffic times like [weekends](#). Some 27.7% of weekday visits to Texas Roadhouse take place between 3:00 PM and 6:00 PM – compared to just 18.9% for the broader FSR segment – thanks to the chain's [happy hour](#) offerings [early dining](#) specials. And 43.3% of visits to the popular steakhouse take place on Saturdays and Sundays, when many diners are increasingly choosing to splurge on restaurant meals, compared to 38.4% for the wider category.

QSR Limited-Time Offers (LTOs) to the Rescue

Though rising costs have been on everybody's minds, summer 2024 may be best remembered as the summer of value – with many quick-service restaurants seeking to counter higher prices by embracing [Limited-Time Offers](#) (LTOs). These LTOs offered diners the opportunity to save at the register and get more bang for their buck – while boosting visits at QSR chains across the country.

Hardee's August Combo Deal: A Recipe for Loyalty

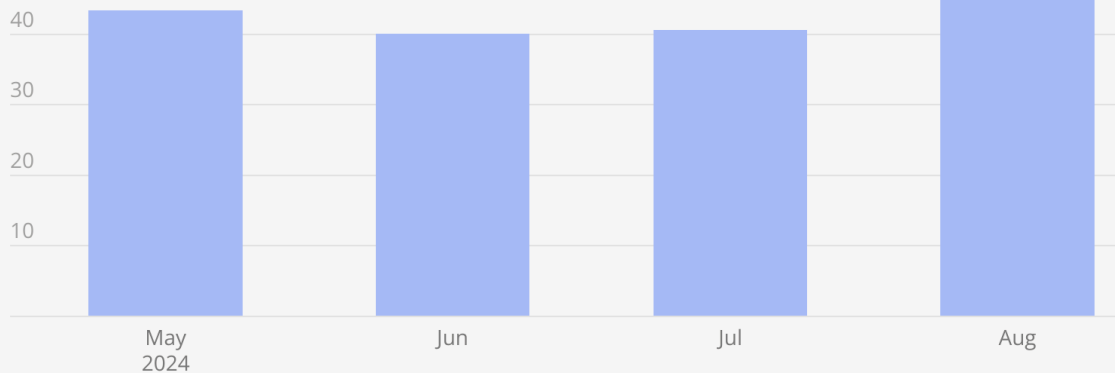
Limited time offers such as [discounted meals](#) and [combo offers](#) can encourage frequent visits, and Hardee's \$5.99 "[Original Bag](#)" combo, launched in August 2024, did just that. The combo allowed diners to mix and match popular items like the Double Cheeseburger and Hand Breaded Chicken Tender Wraps, offering both variety and affordability. And visits to the chain during the month of August 2024 were 4.9% higher than Hardee's year-to-date (YTD) monthly visit average.

August's LTO also drove up Hardee's already-impressive loyalty rates. Between May and July 2024, 40.1% to 43.4% of visits came from customers who visited Hardee's at least three times during the month, likely encouraged by Hardee's [top-ranking](#) loyalty program. But in August, Hardee's share of loyal visits jumped to 51.5%, highlighting just how receptive many diners are to eating out – as long as they feel they are getting their money's worth.

Hardee's Special August Promotion Drove Visits and Increased Customer Loyalty

Loyal Visits Defined as Visits by People who frequented Hardee's at least 3 Times During a Month

50% Share of Loyal Visits*



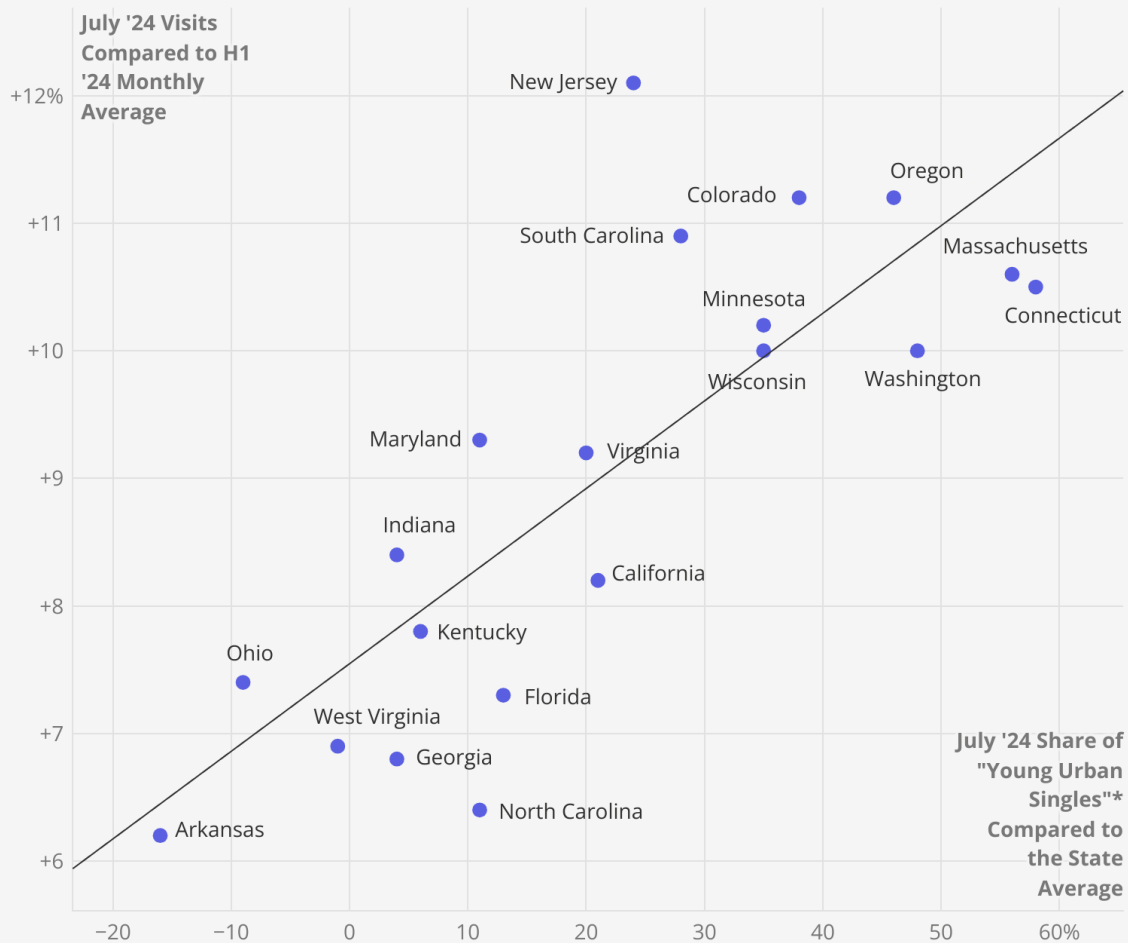
Visits in August 2024 were **4.9% higher** compared to the monthly average from January to July 2024

McDonald's Special Meal Deal

McDonald's launched its own limited-time offer in late June 2024, aimed at providing value to budget-conscious consumers. And the LTO – McDonald's foray into this summer's QSR [value wars](#) – was such a resounding success that the fast-food leader decided to [extend](#) the deal into December.

McDonald's LTO [drove](#) foot traffic to restaurants nationwide. But a closer look at the chain's regional captured markets shows that the offer resonated particularly well with "Young Urban Singles" – a segment group defined by [Spatial.ai's Personalive](#) dataset as young singles beginning their careers in trade jobs. McDonald's locations in states where the captured market shares of this demographic surpassed statewide averages by wider margins saw bigger visit boosts in July 2024 – and the correlation was a strong one.

After McDonald's Launched Its LTO in Late June, States With Higher Visit Rates From Young Urban Households Saw a Stronger July Performance



Based on Spatial.ai: PersonaLive Combined with Placer.ai Data for Captured Trade Areas. "Young Urban Singles" are defined as Singles starting their career in trade and service jobs.

For example, the share of "Young Urban Singles" in McDonald's Massachusetts captured market was 56.0% higher than the Massachusetts statewide baseline – and the chain saw a 10.6% visit boost in July 2024, compared to the chain's statewide H1 2024 monthly average. But in Florida, where McDonald's captured markets were

over-indexed for “Young Urban Singles” by just 13% compared to the statewide average, foot traffic jumped in July 2024 by a relatively modest 7.3%.

These young, price-conscious consumers, who are [receptive](#) to spending their discretionary income on dining out, are not the sole driver of McDonald’s LTO foot traffic success. Still, the promotion’s outsize performance in areas where McDonald’s attracts higher-than-average shares of Young Urban Singles shows that the offering was well-tailored to meet the particular needs and preferences of this key demographic.

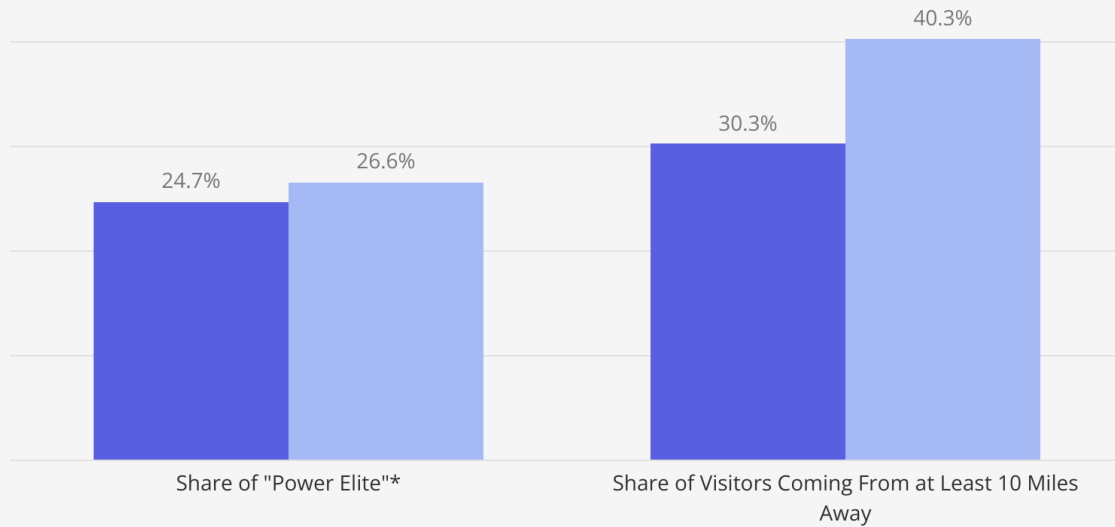
Michelin Star Success

While QSR, fast-casual, and FSR chains have largely boosted foot traffic through deals and specials, reputation is another powerful way to attract diners. Restaurants that earn a coveted Michelin Star often see a surge in visits, as was the case for Causa – a Peruvian dining destination in Washington, D.C. The restaurant [received](#) its first Michelin Star in November 2023, a major milestone for Chef Carlos Delgado.

The Michelin Star elevated the restaurant's profile, drawing in affluent diners who prioritize exclusivity and are less sensitive to [price increases](#). Since the award, Causa saw its share of the "Power Elite" segment group in its [captured market](#) increase from 24.7% to 26.6%. Diners were also more willing to travel for the opportunity to partake in the Causa experience: In the six months following the award, some 40.3% of visitors to the restaurant came from more than ten miles away, compared to just 30.3% in the six months prior.

Causa (Washington, D.C.) Saw Increased Visits from Wealthy Households and Distant Locations After Receiving a Michelin Star in November 2023

■ 6 Months Before Getting Michelin Star (May to Oct 2023) ■ 6 Months After Getting Michelin Star (Dec 2023 to May 2024)



*Based on Experian: Mosaic Combined with Placer.ai Data for Captured Trade Areas

These data points highlight the power of a Michelin Star to increase a restaurant's draw and attract more affluent audiences – allowing it to raise prices without losing its core clientele. Wealthier diners often seek unique culinary experiences, where price is less of a concern, making these establishments more resilient to inflation than more venues that serve more price-sensitive customers.

The Final Plate

Dining preferences continue to evolve as restaurants adapt to a rapidly changing culinary landscape. From the rise in fast-casual dining to the benefits of limited-time offers, the analyzed restaurant categories are determining how to best reach their target audiences. By staying up-to-date with what people are eating, these restaurant categories can hope to continue bringing customers through the door.