

Industry Data Report

Marketing Spend – 2018

- Restaurant industry traffic weakness is inconsistent with traditional marketing spend growth which may explain its declining rate.
- We believe the industry needs to do a better job of reaching customers online where they are spending more time and converting “followers” into traffic.

**Estimated Total Net Marketing Spend
\$1B+ Restaurant Chains (\$ Billions)**

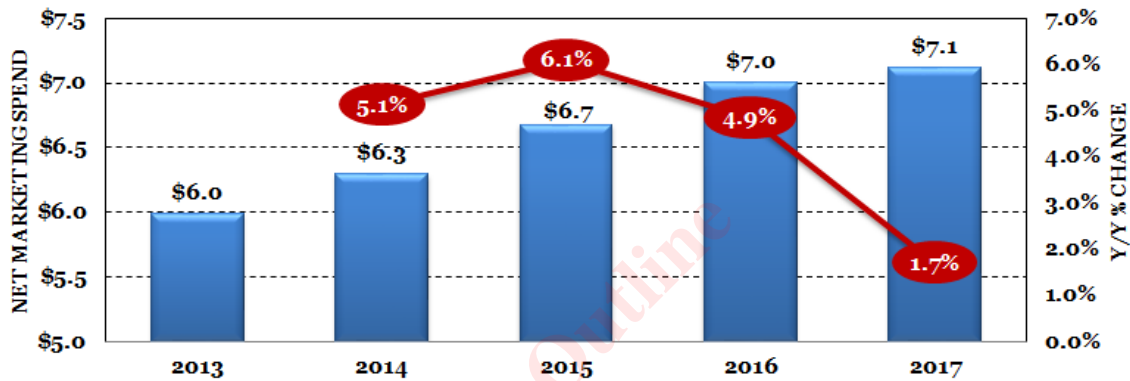


Table of Contents

| | Page |
|--|-------|
| ➤ Trends & Changes - Traditional Media | 2 |
| ➤ Trends & Changes - Social Media | 3 - 4 |

Marketing Spend Overview by Chain

| Chain | Creative Ad Agency | Year Hired | Social Media Followers (Dec. '17) | | | Marketing Spend Overview | Gross Store Level Marketing Contributions | | | | 2017 Net Marketing Spend (After Support/Admin. Costs) | |
|-----------------|--------------------|------------|-----------------------------------|---------|-----------|--------------------------|---|-------------|----------------|-------------|---|--------------|
| | | | Facebook | Twitter | Instagram | | National/Brand Fee | Local/Co-op | Support/Admin. | Total Gross | % of Sales | Spend (\$MM) |
| ➤ Casual | | | | | | | | | | | | 5 - 6 |
| ➤ Family | | | | | | | | | | | | 6 - 7 |
| ➤ Fast Casual | | | | | | | | | | | | 7 - 8 |
| ➤ Sandwich | | | | | | | | | | | | 8 - 10 |
| ➤ Pizza | | | | | | | | | | | | 10 - 11 |
| ➤ Sub-Sandwich | | | | | | | | | | | | 11 - 12 |
| ➤ Coffee/Bakery | | | | | | | | | | | | 12 - 13 |
| ➤ Chicken | | | | | | | | | | | | 13 - 14 |
| ➤ RR Overview | | | | | | | | | | | | 15 |

Data in spreadsheet form available at <http://www.ChainRestaurantData.com>

Trends & Changes – Traditional Media

\$1B+ Chain Marketing Fee Requirements as a % of Sales

| Year | National / Brand Fund | Local/ Co-op | Support/ Admin. | Total Gross | Total Marketing Admin ⁽¹⁾ | Net Marketing Spend |
|------|-----------------------|--------------|-----------------|-------------|--------------------------------------|---------------------|
| 2017 | | | | | | |
| 2016 | | | | | | |
| 2015 | | | | | | |
| 2014 | | | | | | |
| 2013 | | | | | | |

(1) Total marketing administrative expense = mandated support/administrative fees + total national/brand fund production/administrative expenses (included in the gross national/brand fee % requirement).

| Changes to Marketing Allocations | | | | |
|----------------------------------|----------------|----------|-------|-------------------|
| Chain | Effective Date | National | Local | Net Budget Impact |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |

| Creative Ad Agency Changes | | |
|----------------------------|------------|------|
| Chain | New Agency | Date |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |

Trends & Changes – Social Media

-

\$1B+ Chains 2017 y/y Follower Growth



\$1B+ Chains 2017 y/y Follower Growth

| Segment | Twitter | Instagram | Facebook |
|--------------|---------|-----------|----------|
| Pizza | | | |
| Chicken | | | |
| Casual | | | |
| Family | | | |
| QSR sandwich | | | |
| Fast Casual | | | |
| Coffee | | | |
| Sub Sandwich | | | |

\$1B+ Chains Social Media Followers
Ranked by Change in Facebook Followers (Dec. '17/Dec. '16)

| Chain | Social Media Followers (Dec. '17) | | | Social Media Followers Y/Y % Change (Dec. '17/Dec. '16) | | |
|-----------------------|-----------------------------------|-----------|----------|---|-----------|----------|
| | Twitter | Instagram | Facebook | Twitter | Instagram | Facebook |
| T.G.I. Friday's | | | | | | |
| LongHorn | | | | | | |
| Outback | | | | | | |
| Red Lobster | | | | | | |
| Ruby Tuesday | | | | | | |
| Buffalo Wild Wings | | | | | | |
| Olive Garden | | | | | | |
| Applebee's | | | | | | |
| Texas Roadhouse | | | | | | |
| Cheesecake Factory | | | | | | |
| Chili's Grill & Bar | | | | | | |
| Red Robin | | | | | | |
| Casual | | | | | | |
| Golden Corral | | | | | | |
| Denny's | | | | | | |
| Perkins | | | | | | |
| IHOP | | | | | | |
| Cracker Barrel | | | | | | |
| Bob Evans | | | | | | |
| Family | | | | | | |
| Moe's Southwest Grill | | | | | | |
| Qdoba | | | | | | |
| Chipotle | | | | | | |
| Panera Bread | | | | | | |
| Corner Bakery Café | | | | | | |
| Fast Casual | | | | | | |
| Sonic Drive-In | | | | | | |
| Arby's | | | | | | |
| McDonald's | | | | | | |
| Whataburger | | | | | | |
| Five Guys | | | | | | |
| Zaxby's | | | | | | |
| Dairy Queen | | | | | | |
| Hardee's | | | | | | |
| Jack in the Box | | | | | | |
| Wendy's | | | | | | |
| Carl's Jr. | | | | | | |
| Burger King | | | | | | |
| Taco Bell | | | | | | |
| Chick-fil-A | | | | | | |
| Culver's | | | | | | |
| Sandwich | | | | | | |
| Domino's | | | | | | |
| Little Caesars | | | | | | |
| Papa John's | | | | | | |
| Pizza Hut | | | | | | |
| Pizza | | | | | | |
| Jersey Mike's | | | | | | |
| Quizno's | | | | | | |
| Firehouse Subs | | | | | | |
| Jimmy John's | | | | | | |
| Subway | | | | | | |
| Sub-Sandwich | | | | | | |
| Krispy Kreme | | | | | | |
| Dunkin Donuts | | | | | | |
| Tim Horton's | | | | | | |
| Starbucks | | | | | | |
| Coffee/Bakery | | | | | | |
| KFC | | | | | | |
| Popeyes | | | | | | |
| Church's | | | | | | |
| Bojangles' | | | | | | |
| Chicken | | | | | | |
| Total | | | | | | |



\$1B+ Chain Marketing Summary
(Ranked by Estimated 2017 U.S. Net Marketing Spend)

| Chain | Creative Ad Agency | Year Hired | Social Media Followers (Dec. '17) | | | Marketing Spend Overview | Gross Store Level Marketing Contributions | | | | 2017 Net Marketing Spend (After Support/Admin. Costs) | |
|---------------------|--------------------|------------|-----------------------------------|---------|-----------|--------------------------|---|-------------|----------------|-------------|---|--------------|
| | | | Facebook | Twitter | Instagram | | National/Brand Fee | Local/Co-op | Support/Admin. | Total Gross | % of Sales | Spend (\$MM) |
| Olive Garden | | | | | | | | | | | | |
| Applebee's | | | | | | | | | | | | |
| Chili's Grill & Bar | | | | | | | | | | | | |
| Red Lobster | | | | | | | | | | | | |
| Buffalo Wild Wings | | | | | | | | | | | | |
| Outback | | | | | | | | | | | | |
| LongHorn | | | | | | | | | | | | |
| Red Robin | | | | | | | | | | | | |
| Ruby Tuesday | | | | | | | | | | | | |
| T.G.I. Friday's | | | | | | | | | | | | |
| Texas Roadhouse | | | | | | | | | | | | |

Report Outline



\$1B+ Chain Marketing Summary
(Ranked by Estimated 2017 U.S. Net Marketing Spend)

| Chain | Creative Ad Agency | Year Hired | Social Media Followers (Dec. '17) | | | Marketing Spend Overview | Gross Store Level Marketing Contributions | | | | 2017 Net Marketing Spend (After Support/Admin. Costs) | |
|-----------------------|--------------------|------------|-----------------------------------|---------|-----------|--------------------------|---|-------------|----------------|-------------|---|--------------|
| | | | Facebook | Twitter | Instagram | | National/Brand Fee | Local/Co-op | Support/Admin. | Total Gross | % of Sales | Spend (\$MM) |
| Cheesecake Factory | | | | | | | | | | | | |
| Casual | | | | | | | | | | | | |
| IHOP | | | | | | | | | | | | |
| Denny's | | | | | | | | | | | | |
| Cracker Barrel | | | | | | | | | | | | |
| Golden Corral | | | | | | | | | | | | |
| Bob Evans | | | | | | | | | | | | |
| Perkins | | | | | | | | | | | | |
| Family | | | | | | | | | | | | |
| Chipotle | | | | | | | | | | | | |
| Panera Bread | | | | | | | | | | | | |
| Moe's Southwest Grill | | | | | | | | | | | | |
| Qdoba | | | | | | | | | | | | |

Report Outline



\$1B+ Chain Marketing Summary
(Ranked by Estimated 2017 U.S. Net Marketing Spend)

| Chain | Creative Ad Agency | Year Hired | Social Media Followers (Dec. '17) | | | Marketing Spend Overview | Gross Store Level Marketing Contributions | | | | 2017 Net Marketing Spend (After Support/Admin. Costs) | |
|--------------------|--------------------|------------|-----------------------------------|---------|-----------|--------------------------|---|-------------|----------------|-------------|---|--------------|
| | | | Facebook | Twitter | Instagram | | National/Brand Fee | Local/Co-op | Support/Admin. | Total Gross | % of Sales | Spend (\$MM) |
| Corner Bakery Café | | | | | | | | | | | | |
| Fast Casual | | | | | | | | | | | | |
| McDonald's | | | | | | | | | | | | |
| Burger King | | | | | | | | | | | | |
| Wendy's | | | | | | | | | | | | |
| Taco Bell | | | | | | | | | | | | |
| Sonic Drive-In | | | | | | | | | | | | |
| Arby's | | | | | | | | | | | | |
| Dairy Queen | | | | | | | | | | | | |

Report Outline



\$1B+ Chain Marketing Summary
(Ranked by Estimated 2017 U.S. Net Marketing Spend)

| Chain | Creative Ad Agency | Year Hired | Social Media Followers (Dec. '17) | | | Marketing Spend Overview | Gross Store Level Marketing Contributions | | | | 2017 Net Marketing Spend (After Support/Admin. Costs) | |
|-----------------|--------------------|------------|-----------------------------------|---------|-----------|--------------------------|---|-------------|----------------|-------------|---|--------------|
| | | | Facebook | Twitter | Instagram | | National/Brand Fee | Local/Co-op | Support/Admin. | Total Gross | % of Sales | Spend (\$MM) |
| Jack in the Box | | | | | | | | | | | | |
| Hardee's | | | | | | | | | | | | |
| Carl's Jr. | | | | | | | | | | | | |
| Zaxby's | | | | | | | | | | | | |
| Chick-fil-A | | | | | | | | | | | | |
| Culver's | | | | | | | | | | | | |

Report Outline



\$1B+ Chain Marketing Summary
(Ranked by Estimated 2017 U.S. Net Marketing Spend)

| Chain | Creative Ad Agency | Year Hired | Social Media Followers (Dec. '17) | | | Marketing Spend Overview | Gross Store Level Marketing Contributions | | | | 2017 Net Marketing Spend (After Support/Admin. Costs) | |
|----------------|--------------------|------------|-----------------------------------|---------|-----------|--------------------------|---|-------------|----------------|-------------|---|--------------|
| | | | Facebook | Twitter | Instagram | | National/Brand Fee | Local/Co-op | Support/Admin. | Total Gross | % of Sales | Spend (\$MM) |
| Five Guys | | | | | | | | | | | | |
| Whataburger | | | | | | | | | | | | |
| Sandwich | | | | | | | | | | | | |
| Domino's | | | | | | | | | | | | |
| Pizza Hut | | | | | | | | | | | | |
| Papa John's | | | | | | | | | | | | |
| Little Caesars | | | | | | | | | | | | |
| Pizza | | | | | | | | | | | | |
| Subway | | | | | | | | | | | | |
| Jimmy John's | | | | | | | | | | | | |
| Jersey Mike's | | | | | | | | | | | | |
| Firehouse Subs | | | | | | | | | | | | |
| Quizno's | | | | | | | | | | | | |

Report Outline



\$1B+ Chain Marketing Summary
(Ranked by Estimated 2017 U.S. Net Marketing Spend)

| Chain | Creative Ad Agency | Year Hired | Social Media Followers (Dec. '17) | | | Marketing Spend Overview | Gross Store Level Marketing Contributions | | | | 2017 Net Marketing Spend (After Support/Admin. Costs) | |
|----------------------|--------------------|------------|-----------------------------------|---------|-----------|--------------------------|---|-------------|----------------|-------------|---|--------------|
| | | | Facebook | Twitter | Instagram | | National/Brand Fee | Local/Co-op | Support/Admin. | Total Gross | % of Sales | Spend (\$MM) |
| Sub-Sandwich | | | | | | | | | | | | |
| Starbucks | | | | | | | | | | | | |
| Dunkin Donuts | | | | | | | | | | | | |
| Krispy Kreme | | | | | | | | | | | | |
| Tim Horton's | | | | | | | | | | | | |
| Coffee/Bakery | | | | | | | | | | | | |
| KFC | | | | | | | | | | | | |
| Popeyes | | | | | | | | | | | | |
| Bojangles' | | | | | | | | | | | | |
| Church's | | | | | | | | | | | | |
| Wingstop | | | | | | | | | | | | |
| Chicken | | | | | | | | | | | | |
| Total | | | | | | | | | | | | |

Report Outline

All Inclusive Subscription Package

Value-Added Data & Insight for \$1B+ Chains

Concept Benchmarking Reports

| | | | |
|---------------------|----------------|----------------------------|------------|
| Applebee's | Arby's | Burger King | Carl's Jr. |
| Chili's Grill & Bar | Church's | Denny's | Domino's |
| Hardee's | IHOP | Jack in the Box | KFC |
| McDonald's | Panera Bread | Papa John's | Pizza Hut |
| Popeyes | Sonic Drive-In | Subway | Taco Bell |
| TGI Friday's | Wendy's | Quarterly Concept Updates* | |

Industry Benchmarking (49 Chains)

| Store Level | Systemwide | Finance |
|----------------------------|--------------------------------------|-----------------------|
| New Unit Investment Report | Quarterly Same Store Sales Database* | Unit Level Valuations |
| Remodeling Report | Annual RR Databook* | Report |
| Unit Economics Report | Unit & Sales Growth Analysis Report | Franchise Finance |
| Operations Matrix Report | Menu & Promotions Report | Report |
| Marketing Spend Report | Annual State Unit Databook* | |
| | Commodities Database* | |

* Only available as part of subscription.

FDD/UFOC library for 37 Chains

Visit www.chainrestaurantdata.com or contact us at
(860) 352-2198 or info@ChainRestaurantData.com

- Ask us about custom research projects
- Ask to be added to complimentary RR Thermometer email distribution list

Copyright: This Restaurant Research LLC document is copyrighted material. Copyright 2017 Restaurant Research® LLC. All rights reserved.

Disclosure: Restaurant Research LLC often sells report subscriptions to concepts under our coverage.

Disclaimer of Liability: Although the information in this report has been obtained from sources Restaurant Research® LLC believes to be reliable, RR does not guarantee its accuracy. The views expressed herein are subject to change without notice and in no case can be considered as an offer or solicitation with regard to the purchase or sales of any securities. Restaurant Research's analyses and opinions are not a guarantee of the future performance of any company or individual franchisee. RR disclaims all liability for any misstatements or omissions that occur in the publication of this report. In making this report available, no client, advisory, fiduciary or professional relationship is implied or established. This report is intended to provide an overview of the restaurant industry, but cannot be used as a substitute for independent investigations and sound business judgment.