



Jack in the Box Benchmark Report

Executive Summary

Jack in the Box's brand positioning benefits from: flavorful, unique & craveable foods; product innovation; breakfast & late night strength; and penetration in fast-growing Hispanic demo. Although this regional system has 70% of its stores located in California and Texas, the brand enjoys the 2nd largest QSR hamburger share in 8 of its top 10 markets. While the chain's cooling comps reflect difficulty in keeping-up with price competition given an elevated West Coast cost structure, its ability to offer a new tiered low-priced value platform as a primary media message when needed will help the chain better compete with a plethora of single items priced under \$5 in the market. The brand's popular 2 for \$1.19 tacos & Monster Tacos also represent good value, are unique to QSR burger chains and work well with Hispanic customers. Menu positioning further benefits from: better burger positioning reinforced by Buttery Jack burger platform and Double Jack; all day full menu availability; and +75% outperformance of new product intros, reflecting the brand's commitment to innovation. However, this regional chain's small scale (8th largest marketing budget & use of less efficient local ad channels) and exposure to higher West Coast labor and real estate costs means that competing around price is neither easy nor desirable. For this reason, the brand's pivot to value defined by sub \$5 prices (as opposed to historic use of bundled value offers) can only be used as a temporary traffic boosting strategy. In conclusion, while Jack in the Box has made progress improving its menu and operations while also playing catch-up on mobile and with a new remodel, the key issue will be how the chain deals with value over the long-term given an unfair cost disadvantage on the West Coast.

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Restaurant Research LLC leverages an extensive network of industry players as part of its annual Concept Benchmark Analysis due diligence process for 22 large US restaurant chains. Also, RR tracks store level data for all major chains with system-wide sales in excess of \$1B across all major restaurant segments in order to produce 11 key Industry Data Topic reports. For more information please contact us at info@ChainRestaurantData.com or 203-938-4703.