



IHOP Benchmark Report

Executive Summary

IHOP is building upon its breakfast heritage leadership (particularly around "world famous" pancakes) with strategic improvements that include: plans to move towards everyday value; improved marketing; remodeling progress; efforts to expand off-premise sales channels; and ongoing efforts to enhance the guest experience. We particularly appreciate its plans to explore an everyday value platform with the potential to increase frequency while moving the brand away from its historical special occasion positioning. New marketing should help break through the clutter with consistent messaging (pancake focus) and offbeat humor while strength in social media and new IHOP N' GO online ordering platform plays well to the brand's younger demo (compared to peers). Off-premise prospects especially benefit from the concept's 24 hour accessibility. A reinvented in-restaurant experience and operational improvements have driven higher guest satisfaction scores (up +500 bps during 2017), thus adding further to the brand's all important total value proposition. Having said all this, we still must wait to see how well these strategic improvements move the needle given the system's sales deterioration over the last 2 years. In conclusion, while we like IHOP's directional improvements and solid execution (helping to reinforce the brand's iconic foundation that extends deep below the consumer landscape), we are particularly interested in how the chain is able to address everyday value in a margin friendly way given the apparent necessity of this strategy in the current operating environment.

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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.