



the sixth sense of business™

# TNS.SENSE<sup>SM</sup> RESTAURANT

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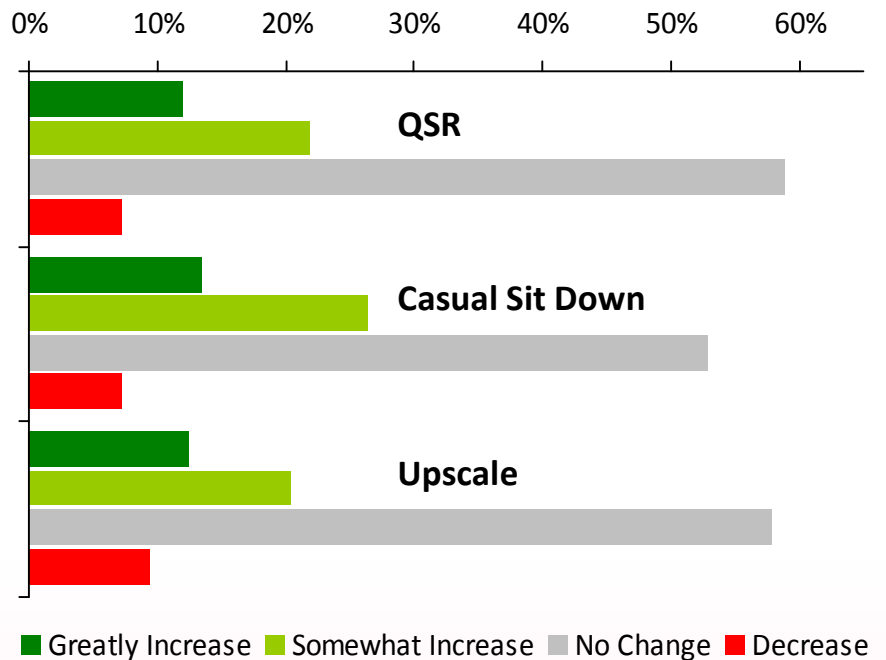
## DO SMALLER PORTIONS MEAN MORE CUSTOMERS?

Several restaurants have announced **lower-priced meals with smaller portions**, coincident with lingering economic weakness. TNS asked a nationally-representative sample of 15,000 adults how smaller portion/lower-priced meals would impact their likelihood of eating at a given type of restaurant.



Results indicate smaller portions with lower prices would **benefit all types of restaurants** tested. The strongest results were for **Casual Sit Down** restaurants, with 40% of respondents saying the new menu choices would either “greatly increase” or “somewhat increase” the likelihood to visit.

Between 7% and 9% of respondents stated the change would **decrease** their likelihood. It is possible that these people interpreted the question to mean that the new menu items would **replace** existing ones rather than **augment** existing ones.



*How will smaller portion, lower priced meals impact your likelihood of eating at a given restaurant?*

The net impact on revenue of increased patronage will depend on the extent to which lower priced items **drive per-check revenue down**. For example, total revenue would drop if people dine 12% more often at an establishment, but per-check revenue drops more than 12%. Restaurants should investigate the extent to which **lower priced items** impact consumers' expected **per-check spend**. Also important is understanding the extent to which the availability of lower-priced items will encourage consumers to **migrate up-market** (e.g., spend about the same total amount, but at a more upscale establishment). And because lower-priced items were added in response to the soft economy, it is crucial to monitor the recovery and its impact on restaurant choices to know when to **shift some emphasis** back to traditionally-priced menu items.

TNS is the world's foremost provider of custom research and analysis, combining in-depth industry sector understanding with world-class expertise in the areas of innovation, communication, customer acquisition, and satisfaction & loyalty. For more on these results contact Lincoln Merrihew of TNS Business Solutions (Lincoln.Merrihew@tns-global.com) or Melanie Mumper of TNS Marketing (Melanie.Mumper@tns-global.com).