

QUID

# INSIGHT BRIEFING

Fast Food Pricing Impacts on Consumer Behavior





## The Questions:

With inflation impacting consumer budgets, those that turn to fast food as a cost-effective food alternative are now faced with rising prices at their favorite chains. A recent article from [Business Insider](#), pulling excerpts from McDonald's latest earnings call, confirmed consumers are changing their fast-food purchasing patterns. This study will explore the following questions:

- What is the consumer response to increased fast food pricing?
- How have rising prices impacted consumer ordering patterns?
- How has the perception of quality and value changed across leading fast food chains?
- What are the opportunities for fast-food brands in times of inflation?



## Methodology:

To understand the landscape of the impact of rising fast food pricing on consumers, Quid was used to analyze consumer conversations across leading fast-food chains, sourcing ~248K mentions across Twitter, Facebook, Instagram and Forums (primarily Reddit) from January 2022 – December 2022.

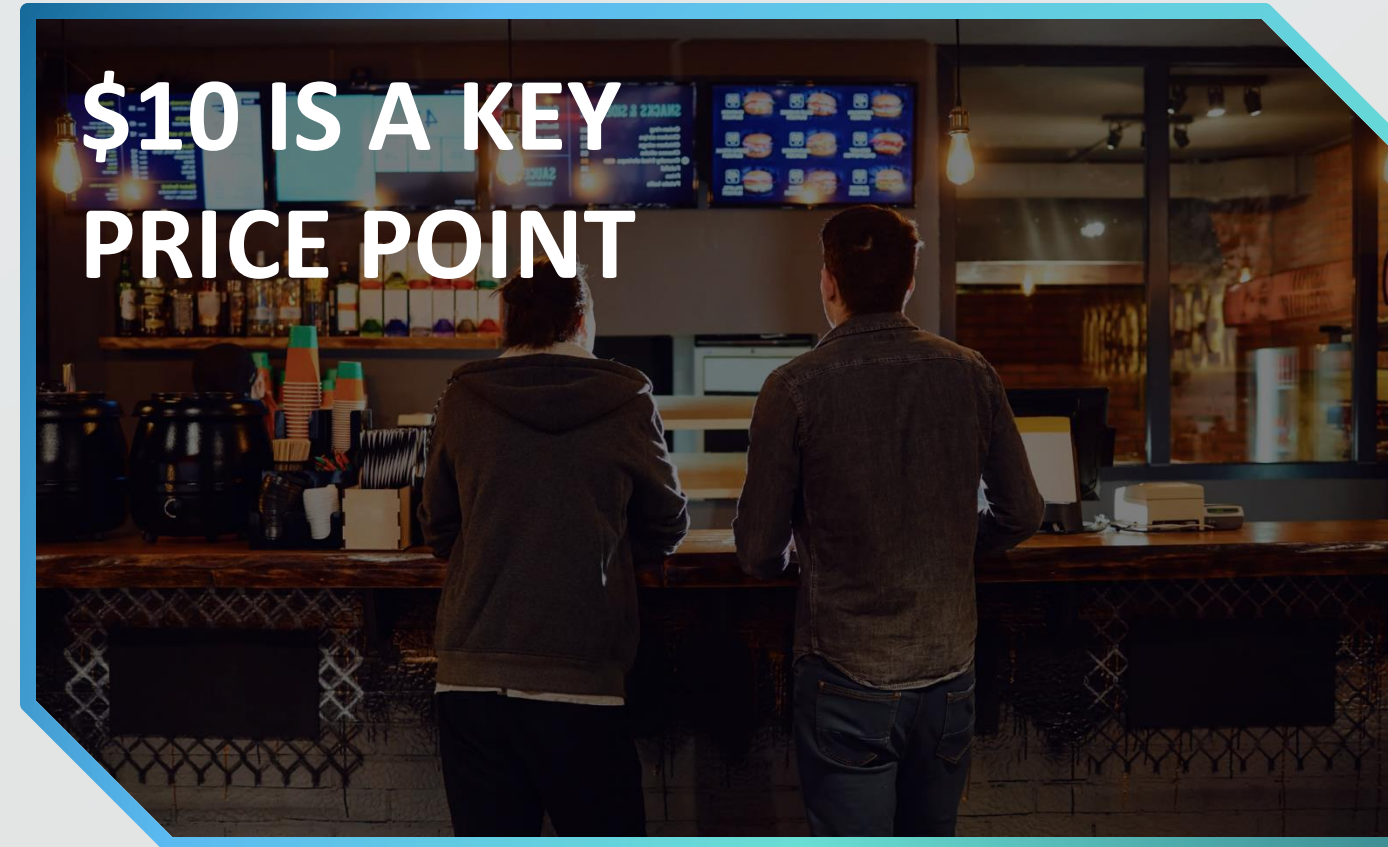


# The Insights



Passion Intensity for conversations about rising fast-food prices increased **3X** in 2022

Finding the best price is the top priority for most consumers, looking for bargains by geography and across chains; if consumers are forced to pay more for fast food meals, they are opting for better quality options from competing chains



The \$10 differential price point was referenced in **10%** of all conversations mentioning a specific price

\$10 was a regularly mentioned price point at which consumers felt single fast food items or meal deals were no longer perceived as a value



Passion Intensity for conversations about making less fast-food trips due to cost increased **4X** in the the two quarters of 2022

Consumers have mentioned they are either scaling back the number of trips to fast food chains or cutting out fast-food all together as they can no longer afford the rising prices



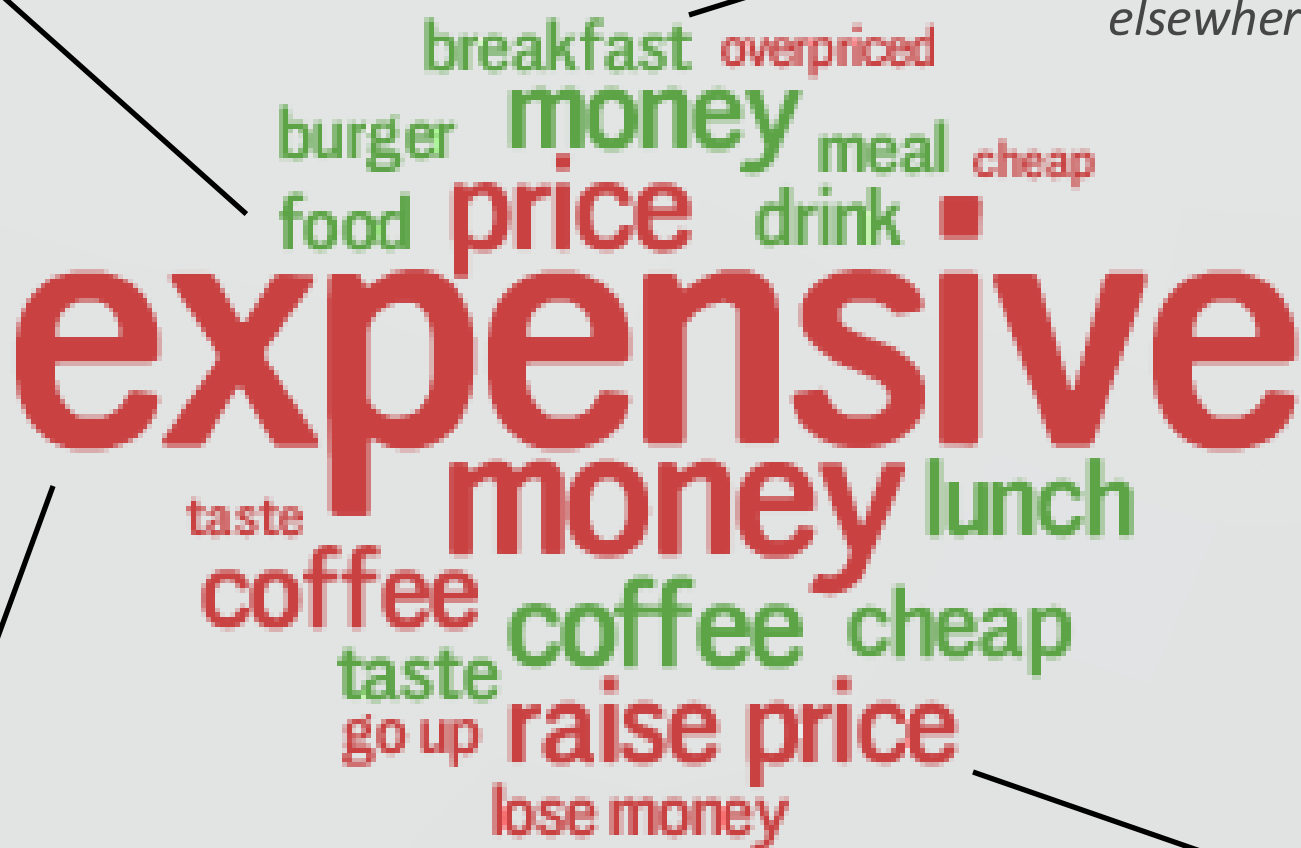
# Analysis and Insights

Rising fast-food prices left consumers hunting for the best deal and finding better value in competitors once perceived to be more expensive

## FAST-FOOD PRICING SENTIMENT DRIVERS

*“That said, I don't particularly like paying \$10+ for a single fast food meal. I do like Wendy's food though.”*

*“There have been some posts about high fast food prices lately, so I just wanted to let you all know that Taco Bell's breakfast is still a decent deal. This is in lower Manhattan so I assume it must be better elsewhere.”*



*“McDonald's chicken sandwich meal is more expensive than my chick fil a chicken sandwich meal. I don't know what's up with fast food these days but McDonald's/Taco Bell/Wendy's/BK trying to charge top dollar now is insane. Only worth it with good app deals but lately the app deals have gotten terrible.”*

*“My local McDonald's just raised prices again. McDoubles up to \$3.19 and double 1/4 pounders up to \$7.19. Grocery store prices are all up as well and they're not offering much at all in terms of sales.”*

## KEY INSIGHTS

- Consumers are feeling the impacts of inflation on their ability to purchase fast food, noting favorite chains are now more expensive than [local restaurants](#) or [food carts](#) and that [quality does not align with increased prices](#)
- \$10 was regularly mentioned as a price point separating reasonable vs. expensive fast-food prices; paying over \$10 for [single items](#) or [value meals](#) was a deterrent for the fast food consumer
- Value is prioritized over brand loyalty, as consumers regularly comparing prices among the competitive set; some found better deals with perceived premium brands (Chick-fil-A) [over value chains like Taco Bell](#)



# Analysis and Insights (cont.)

How have consumer fast food purchase behaviors changed?



Only Ordering With Discounts/App Deals

- Searching for value menus offering the best [meal deals](#)
- [Relying on apps](#) for additional discounts
- Dependent on finding the best value due to financial circumstances



Changes in Trip Frequency or No Longer Ordering Menu Items

- Consumers are [reducing the number of visits](#) to fast-food chains
- Some consumers have [stopped ordering specific menu items](#) due to price increases



Ordering Children's Meals

- Consumers are [ordering children's meals to stay within their budget](#), acknowledging the meal might not be enough food to keep them full



# Analysis and Insights (cont.)

How have consumer fast food purchase behaviors changed?



## Making At-Home Versions of Favorite Fast Food Items

- To not miss out on their favorite fast-food menu items, consumers are getting creative and [making their own versions at home to cut costs](#)

“I started making my own crunch wraps. The Taco Bell near me is run by kids. The quality of food is awful. Service is anything but pleasant. My crunch wraps are better and less expensive.”



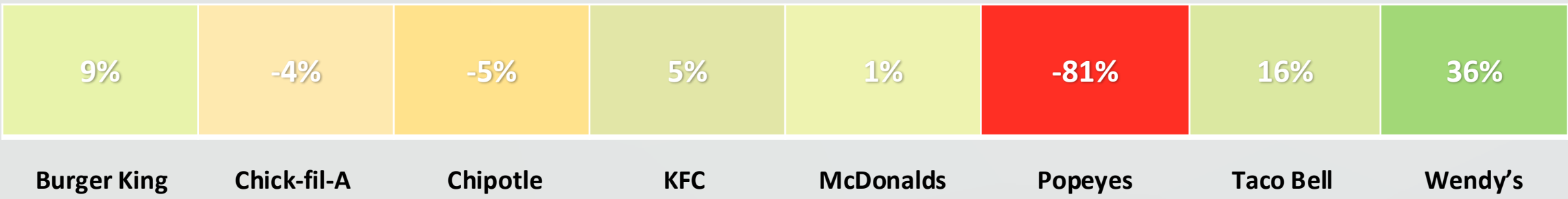
## Pricing Fluctuations Allowed Consumers to Try More Brands

- “My Chick-fil-A order is now [cheaper than Taco Bell by two bucks.](#)”
- “Yeah it’s like with Chick-fil-A and any other fast food. Like I might as well get Chick-fil-A over McDonald’s when they cost the same. But quality is different.”

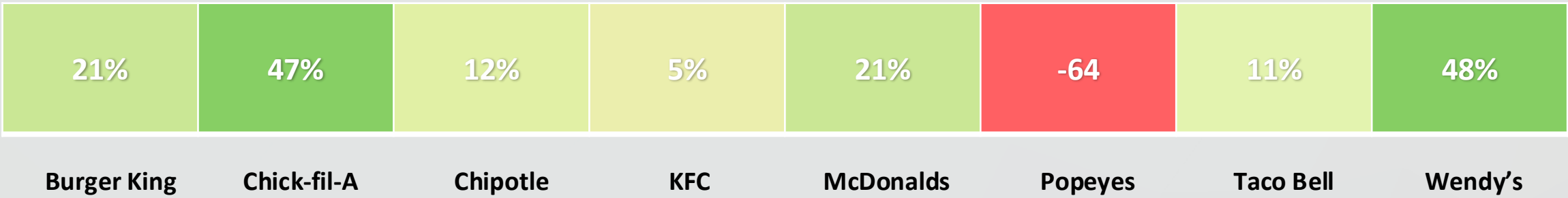
# Analysis and Insights (cont.)

Brands typically seen as offering the best value had the highest shifts in price and quality perceptions

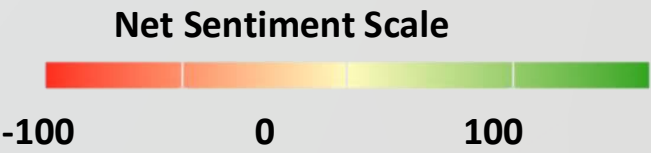
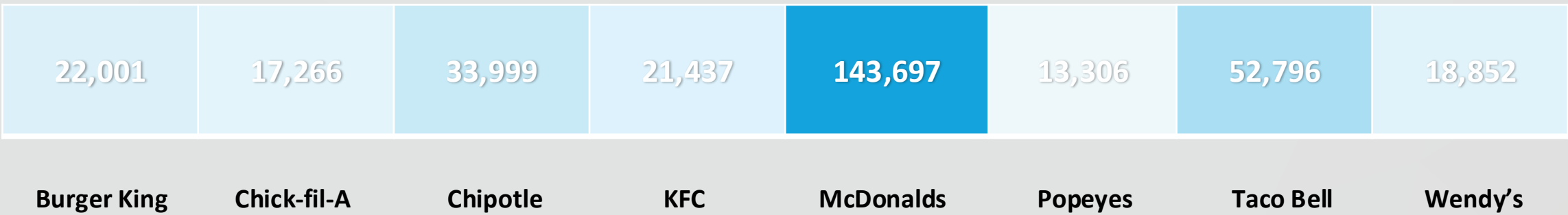
2022 QSR Brand Net Sentiment – Cost  
(includes inflation mentions)



2022 QSR Brand Net Sentiment - Quality



2022 QSR Brand Co-mentions of Price and Quality



## KEY INSIGHTS

- Consumers struggled to find value from chains perceived to be ‘the cheapest’ including McDonald’s and Taco Bell, noting most chains no longer had a Dollar Menu; many stated inflation was to blame for increasing meal deal prices
- Consumers found Wendy’s to offer the best quality for the price; nothing meal deals provided more food for the price, and app deals were superior to the competition
- Chick-fil-A had the most significant variance between price and quality, putting the brand in a unique position to earn market share when consumers prefer quality items if paying equally higher prices
- Popeyes struggled to maintain positive sentiment across price and quality, with customers noting higher prices for smaller portion sizes and an overall decline in food quality



# Recommended Actions

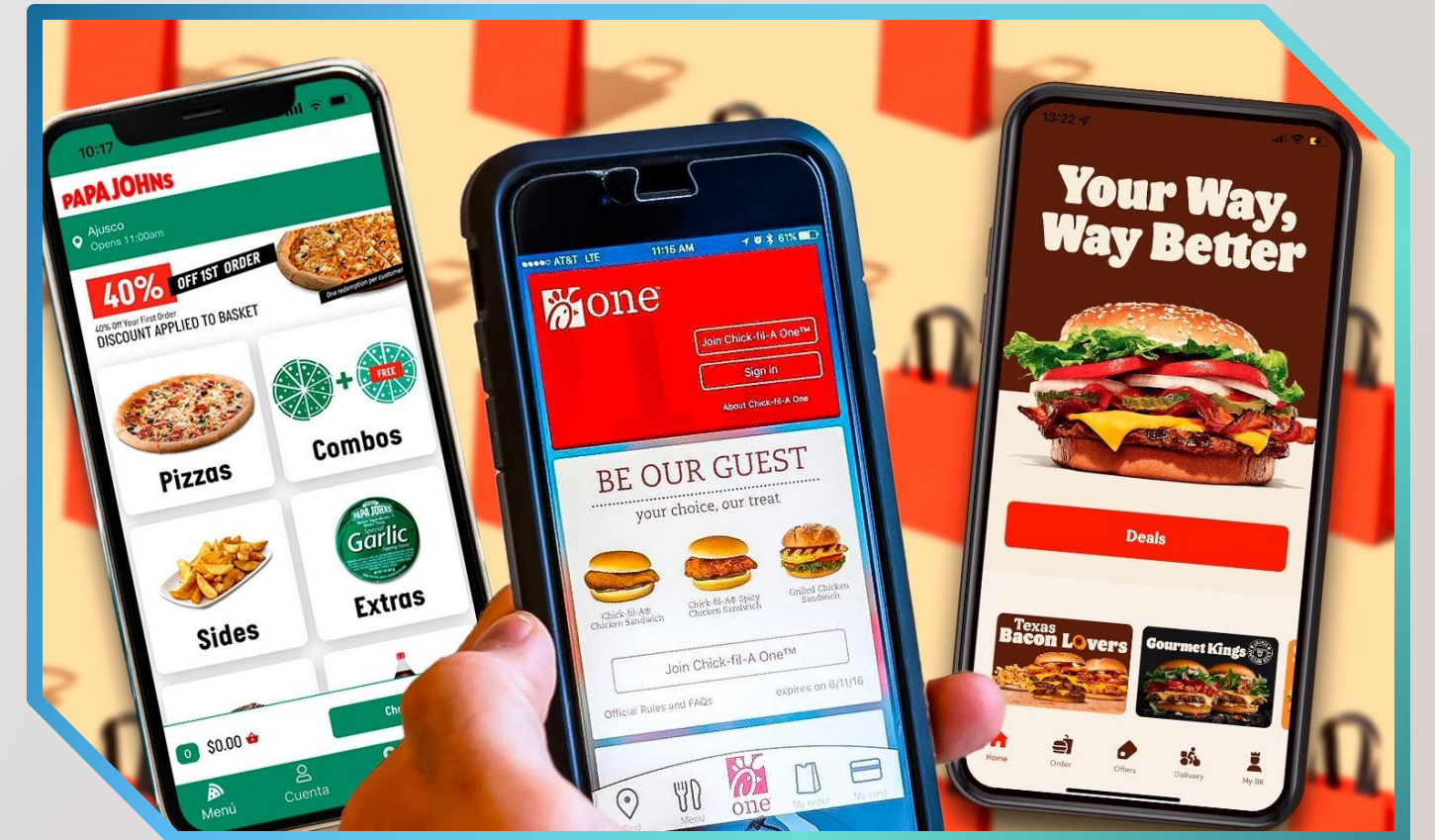
To appeal to price-conscious consumers, fast food chains should consider the following:



Prioritize discounts and meal deals to show customers they are receiving the best value for their budget



Quality is a secondary decision factor after price; highlight the quality of menu items and address opportunities for improvement based on customer feedback



Ensure app experiences are seamless and deals are redeemable, as app deals were a reason some consumers stayed loyal to a brand but switched to the competition if not able to use in-app discounts



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# Outcome

What did the customer achieve by implementing Quid's recommended actions to change their value menu pricing and increase their value menu promotions?



5%+

Market Share Increase



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