



## ***Forecasting Sales for an Innovative QSR Product***

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**Assessor<sup>®</sup> QSR Forecasting Case Study**

**M/A/R/C<sup>®</sup> Research**

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## **Forecasting Sales for an Innovative QSR Product**

*How M/A/R/C helped a large national chain estimate sales volume and provide optimization opportunities for a new menu item.*

### **The Business Issue**

After several years of stagnant or declining market share, our client had recently embarked on a campaign to reverse this trend through the introduction of new menu items and more aggressive marketing strategies.

With experience forecasting both line extensions and innovations in the QSR arena, M/A/R/C was asked to estimate the sales potential and provide further insight for an inventive new menu item. This item was new for the client and the QSR industry.

### **The Research Objectives**

The primary objective was to estimate acceptance and sales among QSR customers.

- What was the first-year volume estimate for the new offering?
- What was the sales mix by size for the product?
  - Including value meal vs. a la carte.
- What was the impact of the marketing effort on awareness and sales?
  - Including TV advertising, coupons and in-store displays.
- What was the estimate during periods of heavier promotion?
- How much of the volume was sourced from competitors vs. the client's current menu?
- Which specific menu items would be cannibalized and by how much?
- Which groups (both demographic and behavioral) exhibited the strongest acceptance and repeat potential?
- What product improvements could be made?

*M/A/R/C's expertise in the QSR arena aided in the ability to provide a reliable forecast.*



*Assessor<sup>®</sup> calibrates survey responses to realistic demand using multiple models and competitive choice measures.*

## **The Solution**

M/A/R/C implemented an Assessor<sup>®</sup> STM including a taste test to achieve these objectives. Assessor<sup>®</sup> uses multiple models of consumer behavior to estimate the level of trial, repeat and resulting volume. QSR customers were interviewed including a representative group of client patrons and non-patrons. The sample was weighted to reflect accurate demographics and patronage.

Assessor<sup>®</sup> was selected because of its accuracy, having been successfully executed for thousands of forecasts with strong validation records.

The study included the following elements:

- Key measures including purchase intent, price-value, likeability, uniqueness and a simulated purchase exercise.
  - Asked both at the concept phase and after the taste test.
  - Used to derive trial motivation and repeat potential.
- Pair-wise comparison of each respondent's consideration set (recent QSR's visited), and the client's ratings relative to each restaurant.
  - Used to estimate source of volume and cannibalization.
- Allocation of purchases across the client's current menu and again with the new offering included.
  - Allowed for an estimate of cannibalization at the individual item level.
- Attribute ratings and other diagnostics to determine optimization opportunities.
- Demographics and category purchasing behavior.



*Based on research outcomes, the level of incremental sales were projected and marketing targets were identified.*

## **The Results and Actions Taken**

M/A/R/C provided a first-year forecast for the new product with a breakout by promotion period (heavily promoted vs. light or no promotion). Sales by product size, and value meal vs. a la carte were also provided.

A source of volume analysis provided an estimate of sourcing from competition and cannibalization of current menu items.

- Specifically, we determined the new product would source primarily from competitors and lower margin items from the client's menu.

Research findings also included:

- Awareness levels among both client patrons and non-patrons given the planned marketing spend and mix.
- Specific product strengths and weaknesses, and areas that could be improved.
- Demographic and behavioral groups (e.g. heavy users) most likely to try and repeat purchase.

Upon completion of the research, our client utilized these results to optimize the product and successfully launch on a national scale.

