

## **EXECUTIVE SUMMARY**

The Department of Industry, Tourism and Resources commissioned Roy Morgan Research to conduct a Consumer Preference and Needs Based Segmentation Study of the Australian Dining Market in March 2004.

The aim of the study is to provide the Restaurant and Catering Industry Action Agenda (RCIAA) with information to assist development and promotion of an industry led generic marketing campaign that educates and increases consumer awareness of the value of eating out. The objective of this campaign is to grow the Dining Out category by encouraging Australians to increase the frequency of dining out experiences, and by increasing the yield.

A four-phase approach was taken. Phase one involved scoping the market utilising existing Roy Morgan Single Source information on dining out habits. The second phase involved the Dining Out Steering Committee and Roy Morgan Research undertaking a preview and planning process. The third primary research phase included both qualitative focus group work along with a quantitative telephone interview. And the final phase of the project was the analysis and reporting phase. At this stage the development of the needs based dining out segments occurred and communicated to the Department of Industry, Tourism and Resources both by means of this report and a subsequent formal presentation to key stakeholders.

### **MAIN FINDINGS**

- As identified in Phase One, fast food is a competitor with more people having a fast food experience (81%) in a three month period than a dining out experience (74%).
- The café culture has also proliferated in the past three years with 42% of Australians having visited a café for a snack or meal in the last three months as at December 2003 compared with 38% of Australian in December 2000. Further, not only are more Australians going to cafes for a snack or meal, they are going more frequently (4.9 visits in 3 months in December 2000 cf 5.3 visits in December 2003).

Phase 3 involved focus group research to further explore the dining out category:

- The key motivators for consumer's decisions and choice to dine include:
  - Convenience / ease (eg. not having to prepare own food)
  - Socialising (eg. catering up with friends / family)

- To mark celebrations or special events or occasions (eg. Birthdays, anniversaries)
  - Rewards (eg. for adults and children)
  - Social development for children (eg. how to act appropriately in a public arena)
  - Networking for business
- There are several factors determining where people choose to dine out including:
    - Size of dining party
    - Time availability
    - Whether the venue is children ‘friendly’
    - Whether the venue is in close proximity
- The decisions on whether to dine out and where tended to be a mutual one when dining out as a couple while in large groups one person spearheads the decision. For special occasions such as birthdays the decision on where to dine out tends to be the person whom the celebration is for and in a business context clients tended to be given the choice of venue followed by the person who was paying.
- Value is determined by the degree to which price is equitable to service and the dining experience within the boundaries of consumer expectation.
- Word of mouth recommendations continue to be the most influential information source.
- The Good Food Guide, newspapers, magazines and leaflets (particularly if new restaurants) in the mailbox were also mentioned as potential sources of information.
- Holidaymakers tend to gather information usually by walking past dining out venues and viewing the menu or asking people they meet when traveling.

The findings from the focus groups went onto be quantified to identify needs based dining out segments of the Australian population aged 14 plus.

## **DINING OUT SEGMENTS - A PROFILE:**

### **Segment 1: Category Advocates**

- **36% of Australian Population**
- **43.4% total category visits**
- **35.8% total category spend**
- **58.3% have children Under 16**

Category Advocates have a pragmatic attitude, appreciate dining out, frequent dining out behaviour, seek value, often informal occasions when dining out, higher than average spend across all dining out occasions, tend to 'get out of the house', lead a full and busy life, embrace technology, male skew, supports advertising and attitudes reflect high consumption of alcohol. Heavy radio, internet and commercial TV viewing

### **Segment 2: Relaxed Winer/Diners**

- **26% of Australian Population**
- **25.2% total category visits**
- **32.3% total category spend**
- **56.0% have children Under 16**

Relaxed Winer/Diners have a relaxed attitude to dining, dining out a common and comfortable experience, often with kids, higher than average spend at good quality restaurants and pubs/sporting clubs, lower than average spend at fast food establishments and meals at home, however average or above average spend when dining out, cosmopolitan eating style, dining out often a formal occasion, female skew, enjoy wine with meals. They have heavy newspaper, magazine and internet usage.

### **Segment 3: Reluctants**

- **16% of Australian Population**
- **11.2% total category visits**
- **10.3% total category spend**
- **71.2% have children Under 16**

The Reluctants as a segment have a subdued attitude to dining. They are infrequent diners, seek fast food more commonly, disinterested in the special occasion and social element dining brings, lower than average spend across all dining out occasions, display pessimism, adverse to change, male skew, mostly spirit and beer drinkers. They have below average media consumption generally.

#### **Segment 4: Quality Time, Quality Dine**

- **14% of Australian Population**
- **10.8% total category visits**
- **10.4% total category spend**
- **63.8% have children Under 16**

Conservative, traditional values, careful and considered, health conscious, high expectations of dining out experience, seek engagement with fellow diners, dining out occasions saved for special experiences that guarantee a quality time, higher than average spend for special occasions, female skew, light drinkers. They have heavy commercial TV, radio, cinema, Yellow Pages directory usage.

#### **Segment 5: Social Drinks & Chatter**

- **8% of Australian Population**
- **9.5% total category visits**
- **11.2% total category spend**
- **69.9% have children Under 16**

Dining out is a 'social platform', enjoys the dining out experience and aspires to this activity but is limited by budget, as a group dine out across a variety of occasions, higher than average spend at informal eateries but lower than average spend across all other dining out occasions, high spend on drinks across most dining out occasions, reward factor in dining out, likes to be in control and drive choice, seeks praise for a good choice, faith in Australian society. They have heavy commercial TV viewing and radio listening.

### **FUTURE ISSUES & DIRECTIONS**

#### *Overall market*

- The Dining Out category faces the barrier of budgetary constraints. In general, dining out is perceived to be too expensive to do frequently. Further it can be seen as a time consuming activity.
- Fast food establishments and dining at home for a formal or special occasion are key competition to the dining out experience.
- Take away food is also an obvious competitor. Roy Morgan Single Source identified that more people had a fast food experience in a three-month period than a dining out experience.

- Time and effort (travel and formality) are key factors in converting Fast Food & Take away food experiences into a dining out experience. Such issues also lead into the area of distribution of dining out venues.

*Segment specific:*

- 'Category Advocates' are the biggest segment in terms of population and therefore dining out spend and visits. There appears to be potential to increase the Category Advocates spend - they hold positive attitudes towards dining out, TV advertising along with being more open to purchases on credit cards. Further, they have a moderate income but have a discretionary spend which is above average.
- 'Relaxed Winer/Diners ' have the highest spend on dining out per visit along with having the highest income and discretionary spend. There is potential to increase number of visits to dining out venues, simultaneously increasing spend. Relaxed Winer/Diners have spent substantial amounts on take-away food and at home dining presents an opportunity to shift spend and visits to dining out venues. Further, the attitudes this segment tends to hold suggest they are positive towards dining out.
- 'Quality Time, Quality Dine' as a segment have a low spend on dining out overall, however they tend to have a high spend in Fine Dining and Quality Restaurants. This segment is on par with the population in terms of income and discretionary spend, however enjoys dining out and is willing to spend on the experience if it meets expectations, thus suggesting opportunity to expand into other Dining Out venues. Further, there is a higher proportion of non-marrieds and females which can present an opportunity if communicated to properly. The challenge with this segment is to match these values to less formal venues and extend involvement in the category.
- 'Social Drinks & Chatter' show a high spend when dining out relative to income and discretionary spend (lower than average). Attitudes suggest the Social Drinks & Chatter segment are positive towards the category, and champion the social aspect. A polarised skew of young independents and older 'empty nesters' is evident in this segment. The dining out category values among the younger audience could be influenced early with the potential to move them to a Relaxed Winer/Diners or Category Advocates segments as life stage matures. Further there is an opportunity to shift share of spend away from drinks to food as it would be unlikely to increase yield due to income barriers at this stage.

- Reluctants have the lowest spend and visits to dining out venues and their attitudes suggest they are not positive towards the category, feeling that dining out doesn't justify the expense as there is little enjoyment or reward. Hence this segment's perceptions would not easily be shifted regarding dining out. Specific targeting to increase yield in this segment may not be profitable. This segment could be considered a longer term priority in terms of influencing a change of perceptions of value in the dining out experience.