



Executive Summary

According to Statista (2019), Applebee's Neighborhood Grill & Bar is a U.S.-based restaurant franchise headquartered in Glendale, California. The chain operates within the grill and bar segment of the restaurant industry's casual dining category, serving menus that range from traditional American fare to regional specialties. Depending on the location, customers can choose from a selection of burgers, salads, and pasta à la carte, or they can indulge in one of the various all-you-can-eat offers for ribs, chicken wings, or shrimps. In 2020, the brand celebrated its 40th year of "eatin' good in the neighborhood," having grown from a small Atlanta eatery into one of the world's largest casual dining brands (Statista, 2019).

Sales at Applebee's were \$3.95 billion USD in 2019 down from \$4.2 billion the prior year. Industry sales in the casual dining industry were \$297.37 billion USD in 2019. Sales in the restaurant industry were \$766 billion USD in the United states. There are 1,665 Applebee's restaurants in the United States. This business plan will cover many topics including the part that delivery, take-out and catering play in the casual dining industry, the competitive environment and how the different concepts are capturing market share, the part that nutrition and healthfulness plays in the restaurant industry and how the various generations fit into the marketing mix. Also, the current downturn in employment will be covered as it relates to the disposable income that potential restaurant goers have available to spend on food away from home. In addition, menu items will be discussed as well as the menu for carry out orders, etc.

Delivery, Take-out, and Catering

I called to place an order and I was told that Applebee's does not offer delivery, but I read online that Applebee's is offering delivery. I placed an order and picked it up curbside. According to the National Restaurant Association (2019), nearly 40% of restaurant operators plan to boost sales with orders that will be consumed outside of the restaurant's premises. Many restaurants are using third party services such as Grub Hub and Door Dash for delivery orders. It appears that Applebee's has its own drivers whom they will call to have the customer's order delivered. Four in ten adults, including 50% of millennials say they are willing to have restaurant food delivered than was the case in 2017.

The advantage to having an in-house delivery service to deliver orders to customers according to PYMNTS (2018) is that it gives the restaurant better control over the delivery process. By using their own delivery service, a restaurant organization does not share their data regarding who is ordering and what they are ordering, etc. which is information that can be sold to competitive restaurant organizations. According to Restaurant Business (2019), forty three percent of Baby Boomers said they are not ordering food for delivery as often as they would like.

Baby Boomers have fueled the growth of Panera Bread, which has its own delivery service within a limited area around its restaurants (Solomont, 2012). In 2012, at Panera Bread, customers 48 and older made up 54 percent of Panera Bread's customers. This was good news for Panera Bread which saw its profits rise 27 percent to \$36.5 million in a three-month period. Overall, sales jumped 17 percent to \$529.3 million with the increase in the number of Baby Boomers dining at Panera Bread's restaurants.

It appears that perhaps Baby Boomers are not as comfortable with third party delivery systems as are younger generations including generations X, Y and Z. The reason for this conclusion is that Panera Bread uses its own delivery people within a limited area around their restaurants and they are apparently having success with this method of doing business. Baby Boomers appear to be some of their biggest customers, and they apparently prefer to order directly from the restaurant and probably get delivery from Panera Bread more often than from restaurants that use a third-party system of delivery.

According to Kreinberg (2018), A report from Mintel stated that 12% of Americans have used a third-party delivery service within a three-month period. Among non-users of this type of service, 30% say they would rather order delivery directly from the restaurant itself. Panera does use a third party for delivery outside of the local delivery area, but it is likely that most of the orders come from within the delivery area covered by the restaurant's own delivery people. If it were not profitable to use its own

delivery people, Panera would likely turn over all the delivery responsibilities to the third-party organization.

Again, the value of the data alone is a good reason not to turn over the responsibility of delivering food to a third-party service. A database can be created that tracks the items ordered by the consumer and items ordered can be matched with demographic data so that it can be determined who is ordering which products and the menu can be refined based on this data. Also, specials can be created based on this data and emails and text messages can be sent to alert customers to order items that are on a special promotion, etc. By using a third-party service, your data will be shared with your competitors when the information is sold.

According to Restaurant Business (2019), the organization should make sure that the items travel well that are on the take-out/delivery menu. This is particularly true of orders that will be delivered. I ordered the Chicken Fingers and they travel well. In the case of millennials who might order an item such as this for their young children, 50% say they are more likely to have food delivered than was the case two years ago (Restaurant Business, 2019). Millennials now have young families in some cases which might be the reason they are becoming more interested in delivery.

Applebee's might also want to take advantage of the catering market like Olive Garden and Panera Bread have done. At Olive Garden, there is free delivery for orders over \$40.00 specifically at the Olive Garden Restaurant on Howe Avenue in Cuyahoga Falls, Ohio. **The catering market was \$11 billion in 2019. At Panera Bread, off-premises dining including delivery, to-go and catering makes up 62 percent of this organization's business (PYMITS, 2018).**

According to Yakubovich (2007), location is important to consider when deciding whether to offer delivery. According to this same source, being near a college, densely populated middle- and high-income populations, and large business communities are conducive to offering delivery (Yakubovich, 2007). Also, more than half of potential consumers prefer to order online rather than over the phone (Yakubovich, 2007). In addition, it is felt that people who are better educated and affluent are less inclined to cook their own meals (Yakubovich, 2007). In fact, **Boomers spent \$3,100 on dining out in 2016 and they spend an average of \$51.66 each time they dine out or get catering, take-out/delivery (Rowe, 2016). Millennials spent \$2,921 on eating food away from home/delivery/take-out, etc. in 2016 and spent an average of \$18.72 each time they dined out (Rowe, 2008).** What this means is that Boomers dine out 5 times per month and spend more than millennials who dine out 13 times per month and spend less each time.

Competitive Environment

The competitive environment is such that millennials are more likely to dine at an independent restaurant in many cases than at a chain casual dining restaurant. What this means is that casual dining restaurants are more likely to attract Baby Boomers and Generation X in many cases apparently. According to one restaurant organization, they try to hire people that will build relationships with empty nesters in particular "who look to replace some of their family ties with relationships with servers" (Rowe, 2016). These restaurant patrons are likely to be regulars who spend an above average amount on restaurant visits. Some bar and grills will hire servers who can discuss such topics as finance, politics, and popular cultural items with customers as well. These relationships make the customers feel welcome long term.

Baby Boomers are still important customers as they make up a quarter of the population and they control more than half of all discretionary income (Rowe, 2016). Many Boomers are concerned about their health and want smaller portions in some cases. They also want nutritional information as many of these consumers are also trying to lose weight (Rowe, 2008). They like steaks, seafood, olive oil, salads, and healthier soups. They also like pre-dinner cocktails and desserts, so many restaurants think they are the perfect foodservice customer (Rowe, 2008). Since they are getting older, again, they want to eat healthier meals. One chain found that one of their favorite meals is Calabash Chicken in a smaller portion (Rowe, 2008).

Generation X-ers were born between 1965 and 1980. They have their own families and their children are teenagers in many cases or pre-teens whom they also want to be welcomed by the restaurants at which they dine. According to Rowe (2008), they do not like formality and prefer casual dress and casual environments. Their children may also be young adults who are also making the decisions of where to dine or where to go for carryout/delivery for the family.

Millennials like chain restaurants, but they prefer limited service restaurants in some cases (Rowe, 2008). They are a formidable group as there are 75 million people in this group. A sizable portion of millennials live at home (Maze, 2016). According to Pew Research Center, 32.1 percent of 18 to 34-year olds lived with their parents (Maze, 2016). One of the reasons this is the case is due to student loan debt of \$351 per month according to Tim Hackbart, CEO of restaurant consulting firm Brand Tip Partners (Maze, 2016). Also, as of 2016, even with economic conditions Improving, unemployment among 25- to 34-year olds was 5.2 percent compared with 4.3 percent for adults 25 to 54 years old.

Right now, roughly 13 percent of the workforce is unemployed due to the pandemic so even with the re-opening of restaurants, the environment is likely to be challenging in the short run. Specials and value meals may help restaurants to weather the storm as was the case during the last recession. Fewer people in the workforce and fewer people working in traditional offices are likely to affect demand for restaurant meals. This is particularly true of lunchtime meals. Since meat prices are higher, it may be possible to focus more on pasta dishes and so forth during this time.

Even before the pandemic, in 2015 22 percent of men ages 21 to 30 without a bachelor's degree had not worked at all during the previous twelve months, according to Erik Hurst, an economist at the University of Chicago. In 2000 that number was only 10 percent (Maze, 2016).

This may be a good time for specials such as endless salads or endless fries, for example, to build traffic. Many people who are still concerned about the pandemic despite the easing of restrictions on businesses and not having to stay at home may still want delivery. If indeed Applebee's has its own delivery services, this is a good time to advertise that service on radio and TV. I, again, called about delivery and I was told there was no delivery. As stated above, 62 percent of Panera Bread's business is delivery, so there is a healthy market for restaurant delivery.

The Digital Divide Between Baby Boomers and Millennials

Even though Baby Boomers tend to be the parents of many of the millennials, there is apparently a clash in the workplace between these two groups. It appears that Millennials want to establish their own identity and want to have meeting places that are separate from those places frequented by Baby Boomers. Unlike Baby Boomers who generally respect their parents but feel that their parents can take

care of themselves, and that older adults are completely capable of managing their own affairs throughout their lifetimes, it appears that Millennials see their parents as being less capable due to the differences in technology skills or feel that as they age they cannot keep up with the younger generation's skills and speed.

Part of the problem, again, may be related to technology and the fact that Baby Boomers rely on ideas and innovation to get ahead whereas Millennials rely on the speed at which they are able to do their work as well as their agility with using existing technology, in many cases. There are plenty of innovators in the Millennial generation as well, but many people in this generation are geared toward speed at which they use current technology rather than innovation. They also value work life balance more than do Baby Boomers.

According to Miller, Hodge, Brandt and Schneider (2013), Millennials were raised by helicopter parents whereas Baby Boomers tended to be raised by parents who were more inclined to teach their children that they needed to fend for themselves in many respects. Probably this was a sign of the times as people were being drafted into the Vietnam War at 18 years old in large numbers, etc.

The biggest difference, however, was that the parents tended to pay for their children's education whereas Millennials were put into a position of paying for their own education in large numbers leading to high rates of debt. Also, while Baby Boomers were taught that they needed to define themselves by long hours at work, etc. , millennials tend to be much more sure of themselves and more self-centered as they have a definite edge regarding technology and the speed at which they do their work, and they are less willing to work long hours due to their speed.

There are some definite cultural differences as well, since Baby Boomers, again, were willing to work 75 hours per week at their jobs if necessary, and Millennials, again, place much more emphasis on work life balance. Millennials, as stated above, are faster than Baby Boomers in the workplace and there are sometimes different attitudes about technology, etc. These attitudes regarding technology will also be discussed to the extent that they affect restaurant ordering and methods of payment.

These differences mean that it is incredibly challenging for restaurants to satisfy everyone. To get around the generational clashes between Baby Boomers and Millennials, restaurant concepts such as Denny's have changed the music and attire of the servers at night and stay open all night to serve millennials and older generation z consumers who may be coming from night clubs, etc. and want to continue socializing at a restaurant. It appears that Generation Z may be more like the Baby Boomer generation as they may also be more likely to have to fend for themselves in many respects, so they can identify with Baby Boomers. Generation X is also less likely to clash with the Baby Boomers as well. At any rate, Denny's, which attracts the 55 and over crowd during the day changed the attire of the servers at night and they wear jeans and t-shirts instead of uniforms to attract younger millennials and generation z.

Cuyahoga Falls used to have the Halftime Pub & Grille back in the early 2000s and the bar mostly attracted empty nester males and the 21-34 age group, so these two groups co-existed together. Apparently, that co-existence of those generations is a thing of the past. The reason that these two groups were regular customers was primarily the case since neither group had children, and both had more discretionary income to spend than other age groups. It is likely that as generation Z ages, Generations Z and X will co-exist as did older Baby Boomers and Generation X. The two groups that

tend to clash are Baby Boomers and Millennials as Millennials apparently want their own space. The type of music a restaurant plays is also important to Millennials while Baby Boomers tend to adapt to whatever music is playing in the restaurant environment.

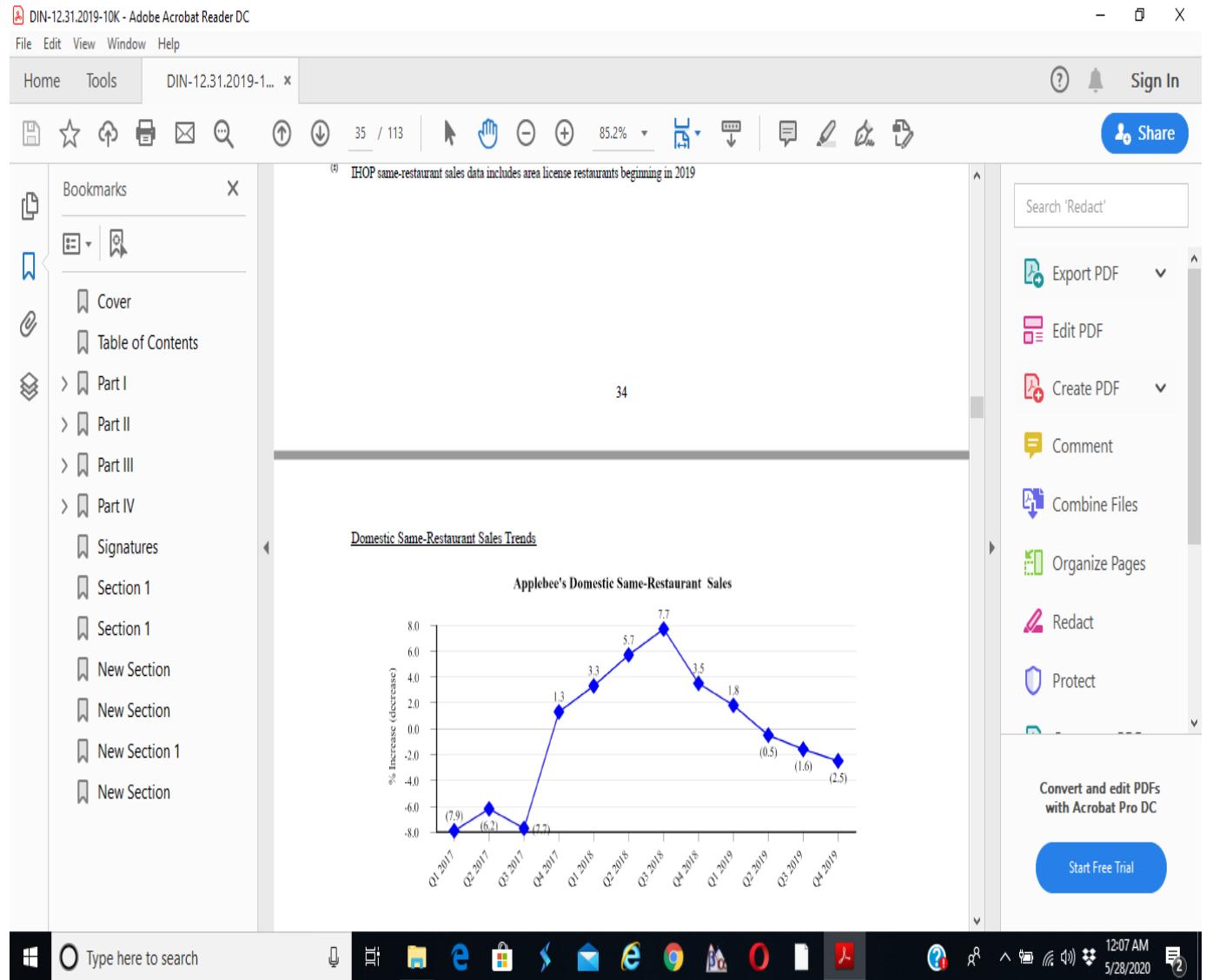
Applebee's can therefore either reinvent itself to become more attractive to Millennials or it can cater to a mix of Baby Boomers, Generation X and Generation Z as well as some Millennials. According to Klie (2016), the spending habits of Baby Boomers are not on the decline and they are still willing to try new brands. Over time, brands such as Applebee's may decide to make changes on a region by region basis to accommodate the appetite for ethnic varieties of foods associated with millennials. Between Generation X and Generation Z, however, there are likely to be another 60 million consumers to consider as Baby Boomers continue to age. In the meantime, restaurant organizations such as Applebee's must figure out how to continue to attract ageing Baby Boomers who continue to spend and the Millennial generation.

According to Ruggless (2015), the Chicago-based research firm Technomic, Inc. estimates that Millennials have \$1.7 trillion in spending power compared to Baby Boomers with \$2.1 trillion in spending power. Both groups are important to restaurant concepts. Millennials, however, place greater importance on the atmosphere of a restaurant than do Baby Boomers. According to Ruggless (2015), Millennials love communal tables or furniture that they can move around to accommodate large groups of friends for easy socialization. Ruggless (2015) also states that Millennials want restaurants to use sustainable products such as tables made from bamboo rather than laminate. They also seem to want vegan and vegetarian meals for the sustainability of the planet as well. Michael Symon's offers vegetarian burgers and seems to attract at least some of the Millennial age group. It would not be necessary to offer vegan meals, but vegetarian burgers are extremely popular with millennials.

On the next page is a graph of same store sales for Applebee's Restaurants. Sales were increasing steadily and then they went back down. It would be important to consider what happened during this three-year period to determine why this was the case. Perhaps there were menu changes that affected same store sales. In fact, at the beginning of 2017 there was a failed attempt to attract millennials. There were menu changes according to Murillo (2017) that alienated core guests and sales dropped by 6 percent. Maybe the changes were too abrupt as Murillo (2017) said Millennials did not come to the restaurants in large numbers and core guests became confused about the changes. It is impossible for a restaurant to be everything to every generation. During this same period, the Dine organization saw increases at the family concept IHOP. Many Baby Boomers are also visiting restaurants such as Cracker Barrell and Panera Bread in large numbers in the family dining segment. Perhaps there are menu items from concepts such as Panera Bread like gourmet deli sandwiches that can be added to increase visits by the Baby Boomers as well as trying to entice millennials with vegetarian and ethnic items.

For the foreseeable future, it appears that delivery is going to be popular due to the pandemic. Perhaps free delivery in the immediate area around the restaurants might be an option to consider. Panera Bread has a \$29 family meal deal that it says is here to stay. They also say their motto is that their food can be eaten anywhere on any occasion as they are big on catering like the Olive Garden. **Perhaps Applebee's could have a \$39 dollar family meal as it is a somewhat higher price point with an entrée and salads for example for 4 people for to-go or delivery orders or a \$24 meal for two with an entrée and small salad to go or for delivery.** This would entice Generation X which is 48 million strong and a generation that according to Reisenwitz and Iyer (2009) is a group that has more disposable income as

their salaries continue to increase. This group has family members and would take advantage of a family meal deal. This would only be part of the to-go or delivery orders so it would not confuse dine-in guests. It seems like there is so much emphasis on Millennials that Generation X is overlooked.



Generational Trends

The trend as of 2016 is toward more family friendly restaurants. The casual dining industry has also catered to a younger customer (18-24), but the population is somewhat skewed toward the over 40 demographic which appears to be the core market of 35-54-year olds for Applebee's. In other words, this is the market that was confused when Applebee's changed its menu to appeal to the Millennials. The Baby Boomers who were 51-70 in 2016 fell outside of this demographic, but they still are a formidable group, and they likely can still be courted by the casual dining industry with the right products and promotions.

They may not dine out as often, but they still order carry out and delivery and they have been ordering from Panera Bread which has its own delivery people and offers excellent delivery service near their locations. It appears that the demand for innovative promotions is greater than the demand for innovative flavors. The greatest demand according to Failla (2016) for ethnic foods and beverages is by Millennials at 39% and this same group wants innovative flavors/ingredients at 40%. Generation Z rivals the Baby Boomers at roughly 30% for each of these attributes. Sixty nine percent of Gen Z-ers eat at limited service restaurants due to their income. That leaves 30 percent who may sometimes dine at casual dining restaurants or get food delivered from these restaurants if special promotions are offered. Denny's is courting the 55+ group and the 18-24 group at the same time during different hours of operation as they stay open all night for the 18-24-year-old group of diners.

To increase dining out or ordering carryout/delivery, Applebee's could reward customers with extra loyalty points on their birthday if they dine in or get carryout/delivery on that date. The restaurant organization could also offer a discount on the check on that day as well. This would reward diners of all generations and would help to make customers out of the younger generations as well.

In addition, all U.S. adults place importance on fresh (89%), fiber (81%), whole grains (81%), fat content (80%), portion size (79%), calories (77%), and saturated fat (76%) when making food and beverage purchases (Miller, 2013). Also, 71% want locally sourced produce when choosing where to purchase restaurant food (Miller, 2013). In addition, 32% of millennials restrict their salt and sugar intake compared with 67% of seniors (Miller, 2013). It appears that having locally sourced fruits and vegetables may drive restaurant traffic for as much as half of restaurant goers (Miller, 2013).

Regarding music at the restaurant, 52% of younger generations said that the music selection influenced their decision to visit a casual dining restaurant again compared with 43% of older consumers (Miller, 2015). Ninety-one percent of restaurant goers said that an appealing ambiance influences their decision to visit a concept often (Miller, 2015). The highest customer ratings went to Bahama Breeze Island Grille, Seasons 52, The Capital Grille, Maggiano's Little Italy, and Romano's Macaroni Grill (Miller, 2015). Younger generations also prefer cement sealed floors over carpeting in their restaurants of choice. It would be interesting to note how many of the top choices used this type of flooring.

Regarding alcohol drinks, 43% of those who consumed an alcohol drink while standing and waiting for a table said that they chose the right restaurant for that occasion (Miller, 2015). Also, 61% of those customers of consumers who ordered an adult beverage gave their visit an "excellent" rating, compared to 55% of those who did not order an adult beverage. What this means is that at least one adult beverage enhances the quality of the restaurant visit. Also, beer is ordered more often, but those individuals ordering a mixed drink rated their visit the highest.

Reasons that people consume food away from home from Applebee's according to Statista (2019)

Applebee's Neighborhood Grill & Bar - Statistics & Facts

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Applebee's Neighborhood Grill & Bar is a U.S.-based restaurant franchise headquartered in Glendale, California. The chain operates within the grill and bar segment of the restaurant industry's casual dining category, serving menus that range from traditional American fare to regional specialties. Depending on the location, customers can choose from a selection of burgers, salads, and pasta à la carte, or they can indulge in one of the various all-you-can-eat

offers for ribs, chicken wings, or shrimps. In 2020, the brand celebrated its 40th year of “eatin’ good in the neighborhood,” having grown from a small Atlanta eatery into one of the world’s largest casual dining brands.

As a casual dining chain, Applebee’s belongs to the broad landscape of full-service restaurants (FSRs). These types of sit-down establishments offer table service and wait staff and can encompass anything from family-style eateries to Michelin-starred restaurants. In the United States, [full-service restaurants generated sales](#) of over 297 billion U.S. dollars in 2019, mainly attributable to the growing number of franchised branches. That year, an estimated [33,160 franchised full-service restaurants operated across the country](#) and employed [over 1.11 billion workers nationwide](#).

Applebee’s is owned and operated by Dine Brands Global Inc., one of the world’s largest full-service dining companies. The California-based powerhouse, previously known as DineEquity, franchises both Applebee’s and its sister brand International House of Pancakes (IHOP). In 2019, Dine Brands reported [total assets](#) of 2.05 billion U.S. dollars and an [annual net income](#) of 104.3 million U.S. dollars. While the company managed to boost its [global revenue figures](#) in 2019 after several years of decline, it could not match the revenue that was generated a decade earlier, when Applebee’s first merged with IHOP. According to Dine Brands’ annual reports, [Applebee’s franchise restaurants generated sales](#) of 3.95 billion U.S. dollars in 2019, down from 4.2 billion the year prior.

With overall sales figures declining, many of Applebee’s branches were forced to shut down in recent years. In 2019, a total of [1,787 Applebee’s restaurants operated worldwide](#), a net reduction of 50 units compared to the previous year. The franchise reported closures across most of its international locations in 2019, the most drastic cut being witnessed in Mexico, one of [Applebee’s key target markets outside of the U.S.](#) Back home [restaurant numbers reached 1,665 units](#) in 2019, marking the fifth consecutive year of nationwide closures.

To appeal to younger audiences and take advantage of their purchasing power, Applebee’s introduced technological features like server tablets, tableside payments, and Wi-Fi across most locations. The company also implemented online ordering and delivery services. As a result, Applebee’s was able to respond to the early stages of the [coronavirus \(COVID-19\) pandemic in the U.S.](#), by boosting its curbside pickup and other off-premise sales while most of its dining rooms remained closed.

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Source: Statista (2019)

Reasons that people order food away from home overall

1. Time constraints that prevent having time to prepare food at home
2. Some people feel they can budget as much as \$600 per month for food away from home
3. People want to take advantage of all the foreign food restaurants

4. Take advantage of eateries that offer discounts, combo meals, and membership discounts
5. People want meal deals for carry out and delivery
6. To relieve the stress of work, people like to dine out in a restaurant as an adventure
7. People do not want to have to cook after working all day
8. Do not want to wash dishes and clean the kitchen
9. Many restaurants offer free soda with your meal and refills on the soup of the day

Source: Somerset Magazine (2019)

What this means is that Applebee's might want to run a promotion such as free bottomless sodas with your meal or bottomless soup of the day, for example. This organization might also want to offer a carryout/delivery of several meal deals for 2 or 4 guests that includes paper plates, napkins and plasticware so that no one must do dishes or clean up anything in the kitchen. They may also want to add some ethnic dishes and make them available for carryout/delivery as well. If it is allowed at a given location, they might also want to include sealed alcohol beverages with carryout as well.

How to attract Boomers, Millennials and Generation X and Z to the same restaurant

The youngest baby boomers turn 56 in 2020. Boomers like to dine out to celebrate, so they are likely to spend more than average on their meal (Dina, 2014). During the recession of 2013, Millennials cut back on dining out so they may do the same thing right now (Dina, 2014). Boomers ate dinner out more during the last recession than millennials did (Dina, 2014). That is why restaurants may not want to count Baby Boomers out. According to Dina (2014), "Boomers are naturally more loyal." Dina (2014) states that operators should attempt to attract both millennials and baby boomers. She feels that restaurant concepts should add communal tables, but not all communal tables or you will turn off Boomers (Dina, 2014).

The growing Hispanic population will equal 128.8 million by 2060 according to Dina (2014) and the U.S. Census Bureau. She also says that you should expect to see fruit drinks, juices, and more flavorful spices and seasonings gain popularity in the coming years (Dina, 2014). Hispanic women also eat dinner away from home less often than the men, but they will drive the demand for bolder, spicier, and adventurous flavors. Items such as vegetarian rice and ranch tacos might be worked into the menu. This would draw in Hispanics and millennials who eat vegetarian and vegan foods and may also draw in some baby boomers as well. Chicken tacos also may be a favorite.

Also, by 2030, it is estimated that millennials will number 78 million while there will only be 56 million boomers. Millennials only eat one meal per day according to Giles-Smith (2014), but they are heavy snackers. Also, Giles-Smith (2014) states that for Boomers, eighty one percent of their eating occasions take place at home. Boomers and millennials both want healthy choices when choosing which foods to eat. That is one of the reasons that restaurants that offer healthy choices and carry out as well as delivery options will be popular with baby boomers. In fact, Cracker Barrel ranked number one in 2016 among four industry categories including Limited Service, Casual Dining, Family Dining and Fine Dining. Restaurants were ranked based on Food Quality, Value, Cleanliness, Service, Menu Variety, Reputation, Atmosphere, Craveability, Likelihood to Recommend and Likelihood to Return. According to the Vice

President of Marketing at Cracker Barrel, people of all ages and walks of life dine here. Right now, Cracker Barrel is offering free delivery with orders over a certain amount, which is \$15.00. Applebee's could do the same to attract Baby Boomers who prefer to eat at home. This concept could also advertise that they have their own delivery people in a limited delivery area around their restaurants and then partner with a 3rd party delivery service for orders outside of the local delivery area.

By 2017, it was estimated that half of Americans would be age 50 and older, but these Americans would account for 70 percent of total disposable income (Clayton, 2016). In 2016, millennials and baby boomer populations were equal at 75 million (Clayton, 2016). As far as the foods that boomers consider healthy, they consider foods high in Vitamin C to be healthy as well as those with whole grains, protein from plants, and those foods with omega 3 fatty acids (Clayton, 2016).

Perhaps Boomers would like plant-based burgers on a whole grain bun as far as a vegetarian choice for a burger. Michael Symon, again, offers a vegetarian burger at his B-Spot restaurants. Fish sandwiches on a whole grain bun might also be a popular choice as well at lunchtime due to the desire for foods rich in omega 3 fatty acids. Almost 49% more boomers are interested in foods associated with health benefits beyond basic nutrition than millennials (Clayton, 2016). Boomers also want moderate portion sizes, so offering popular foods in smaller portion sizes is also popular with 32% of boomers due to their concern about weight management (Clayton, 2016).



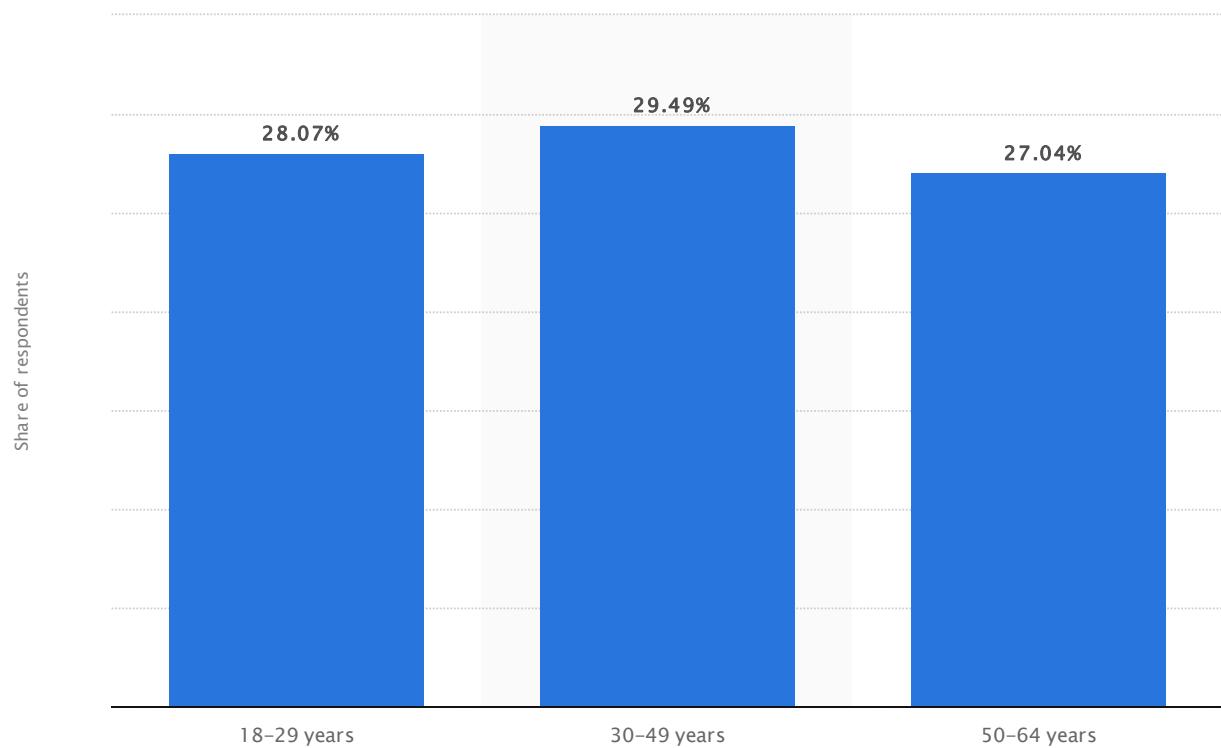
Also, to attract younger millennials and generation z, Applebee's should bring back its pizza product that this concept had in the early 2000s. This would help to attract younger consumers as well as older consumers who remember the pizza as well. Everyone loves pizza. This would also be a popular carry

out and delivery item as it travels well. Olive Garden still offers pizza at some of its restaurants as well. Also, pizza is considered a craveable item which promotes impulse driven occasions and can help to build a strong emotional connection with young consumers (Tristano, 2014).

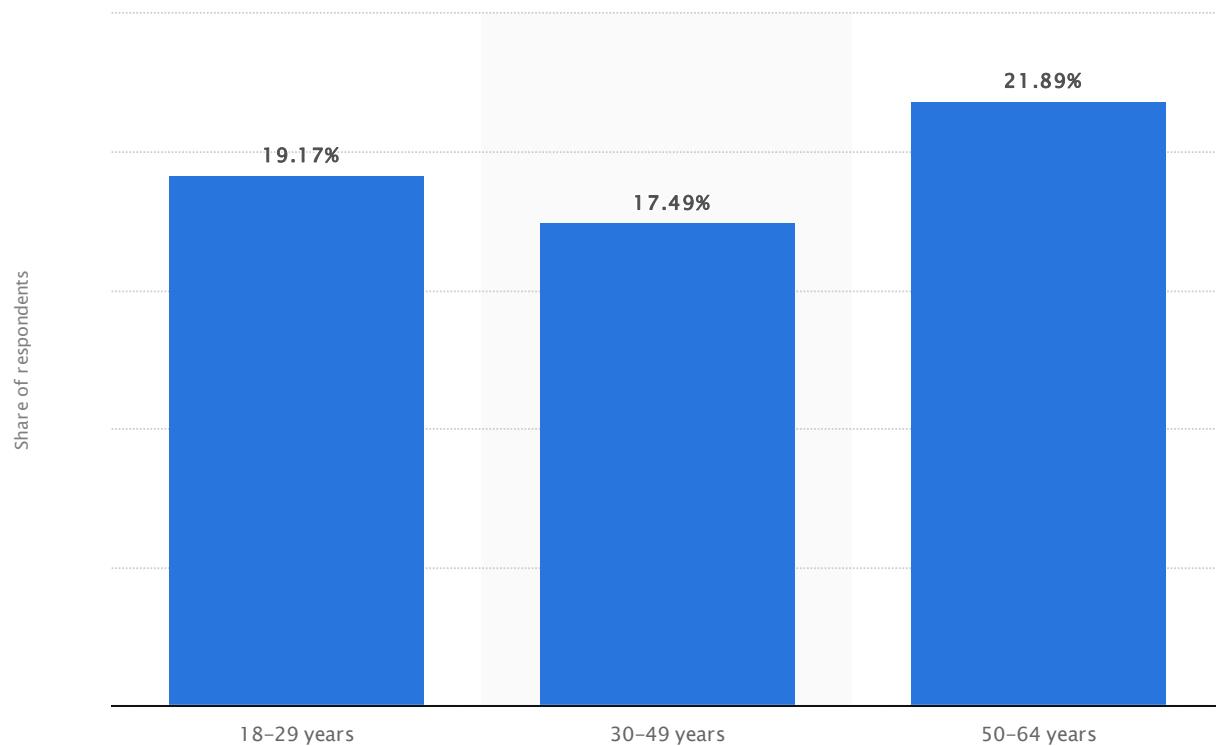


Also, attracting young people who use their cell phones to photograph their food, post a review via social media, or pay their check is a form of free advertising for Applebee's. Applebee's should explore programs that allow customers to pay with their phones as well as with tabletop devices. Sixty three percent of cell phone users were going online with their devices even as early as 2014. Now that number is probably 90%-100%. In addition, some casual dining restaurants give restaurant guests an iPad to place their own order rather than ordering through a server. This is popular with Millennials and Generation Z as well. Also, 58% of Generation Z consumers prefer Chili's over other casual dining restaurant concepts. What this means is that they do eat at Casual Dining restaurants as well as Limited Service Restaurants.

Share of Americans who visited Olive Garden in the last 3 months in 2018, by age (Statista, 2018)

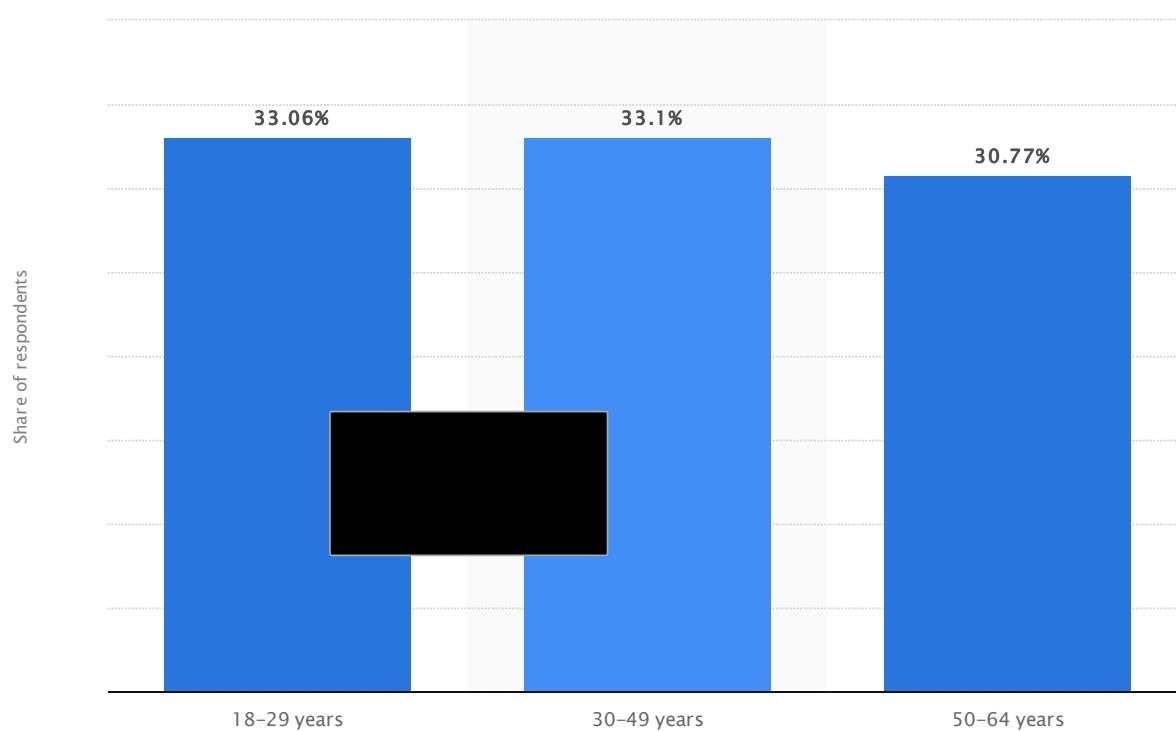


Olive Garden was able to attract all the generations from 18-64 with its menu items in 2018. It appears that Applebee's did the same and with some menu changes that cater to the diversity of millennials over time, it may be possible for Applebee's to increase its share of the much sought-after millennials. According to the graph below which depicts Applebee's market share based on age, it has a slightly higher market share for all three age groups than Olive Garden. What this means is that both Applebee's and Olive Garden are attracting all three age groups, but both concepts attract fewer 50-64-year-olds than they do of the two younger age groups. Fewer members of all three age groups visited Olive Garden than visited Applebee's on a percentage basis. This indicates that perhaps Applebee's offered better promotions during this period than did Olive Garden, as all three age groups appear to be promotion sensitive in determining where they dine.

Share of Americans who visited Panera Bread in the past 3 months in 2018, by age

As stated above, 62% of Panera Bread's business is delivery and over 80% of the Baby Boomers' dining occasions are at home. Baby Boomers also prefer that the restaurant organization uses its own delivery service, so it makes sense that the largest group visiting Panera or ordering from this organization in a 3-month period in 2018 was the 50-64-year-old age group. Applebee's has stated that this concept wants to increase delivery and catering, so it is likely that doing so will increase the percentage of 50-64-year-olds ordering food from this organization as well. The next largest group visiting Panera Bread in a 3-month period was 18-29-year-olds. This group orders food away from home for delivery often as well, and all age groups prefer to use a restaurant organization's own delivery service. Panera Bread probably developed the family meal deal to increase sales to the 30-49-year-old group., which had the lowest percentage of visits for an age group.

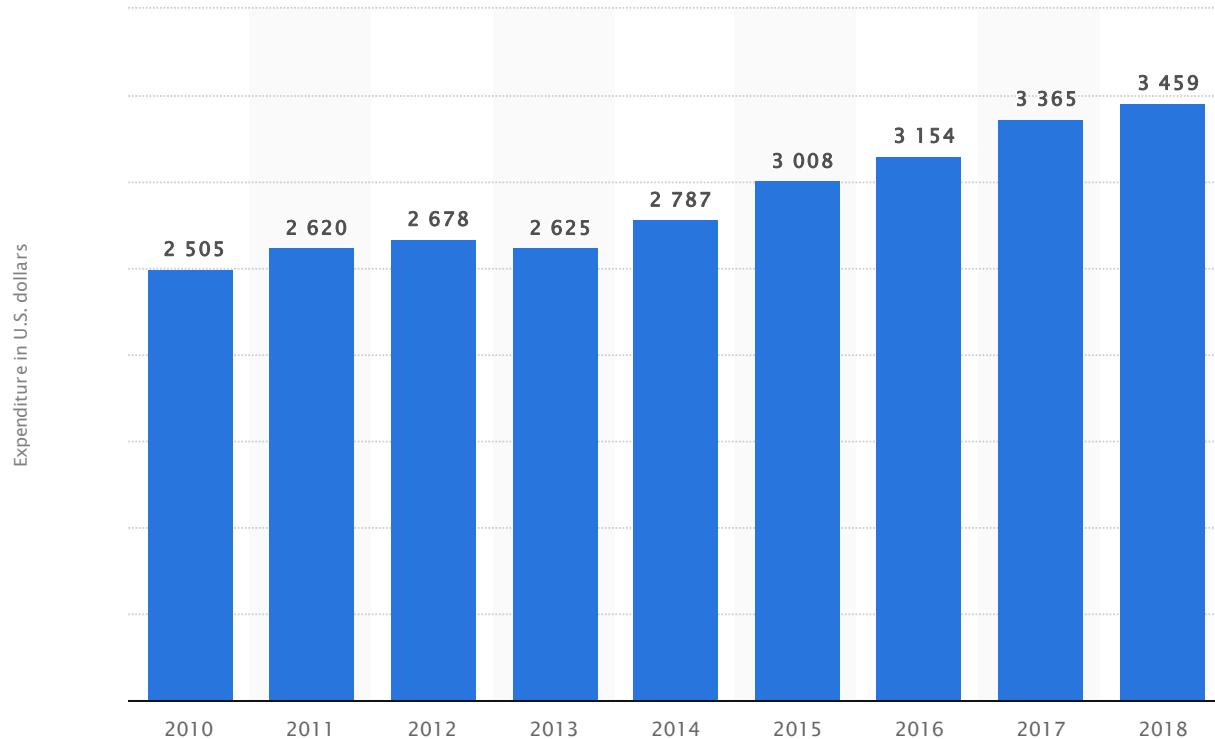
Share of Americans who visited Applebee's in the last 3 months in 2018, by age
(Statista, 2018)



As of 2019, Applebee's had five straight years of restaurant closures. To prevent restaurant closures, it would be helpful to increase the percentage of Applebee's consumers from all these age groups. According to Restaurant Food & Beverage Marketing Handbook (2013), during the 2012-2013 period, Applebee's remodeled all its 1,900 restaurants. In 2020, it has 1,665 restaurant locations in its chain. Applebee's has stated that this organization would like to add ethnic dishes and increase take-out/delivery and catering. Perhaps adding some spicier foods along with items that Boomers and Millennials perceive as being healthier would increase sales overall, as would adding some communal tables (only 43% of customers want communal tables), and considering the music selection that is popular with each of the groups would also help, etc. Increasing the percentage of the 50-64-year-old group ordering food away from home for dine in, carry-out and delivery would likely increase sales overall since this group has 70 percent of the disposable income as of 2016. Above, some ideas were mentioned that could

perhaps increase sales by this group including advertising that Applebee's has its own delivery service in most markets.

Average annual food away-from-home expenditures of United States households from 2010 to 2018 (in U.S. dollars) *



Average annual food away from home sales increased overall, but in the case of Millennials, some of those sales likely went to independent restaurants. Applebee's can take some of their ideas to attract Millennials. Again, they must keep in mind that, at this time, baby boomers still have 70 percent of disposable income. Restaurant concepts such as Applebee's still need to attract all three of the above-mentioned age groups.

Hiring the right type of chef to manage your kitchen and implement your business plan and the right type of servers to wait on your customers can also increase your bottom line



According to Hammer (1996), the Myers Briggs Type Indicator can help you to find the right chef to manage your kitchen. This same source states that ENTJ personality types make the best chefs who oversee managing your kitchen (Hammer, 1996). These people have excellent organization, analytical thinking, and decision-making skills (Hammer, 1996). According to the Myers-Briggs test, ENTJs thrive in a fast-paced working environment in which their analytical skills and decision-making ability can be used as an advantage to your organization.

According to Tieger, Barron, and Tieger (2014), the work-related strengths of this personality type are the following:

- Able to see possibilities and implications
- Creative problem solver who is also gifted with objectivity
- Able to understand complex issues
- Drive and ambition to succeed
- Confidence and natural leadership ability
- Strong motivation leading to the ability to excel and to be highly competent
- High standards with a strong work ethic
- Ability to create systems and models that achieve the organization's objectives
- The courage to take risks and the drive to reach goals
- Logical thought processes and analytical decision-making abilities
- Decisiveness and strong organizational skills
- Comfort with technology and able to quickly learn new technology

A test that will enable you to identify ENTJ individuals who can manage your kitchen can be found at <https://careerassessmentsite.com/tests/combination-tests/>

These tests can be purchased using bulk prices and they are individualized to the person taking the test. This survey can pinpoint whether the person is appropriate for the positions you are attempting to fill.

There are also free tests on the internet that are not as detailed as this is. The price for an individual test is \$94.95, but the price can likely come down considerably if your organization decides to buy the tests in bulk. You can use these tests for all positions, and you would likely give the test to the persons you are strongly considering hiring. The data that can be obtained from these tests is impressive. In other words, no two persons will score the same result based on this test. If a person falls into a specific range for extraversion, sensing, feeling, and perceiving, they will likely be appropriate for the server occupation. Again, these tests are personalized to the individual taking the test. No two tests will be exactly alike.

According to Payscale.com (2020), the average pay for a head chef is \$32,000 to \$67,000. ENTJs may command a higher salary toward the top of the scale due to their knowledge, skills, and abilities. Tieger, Barron and Tieger (2014) lists Restaurant and food service manager as one of the popular occupations for ENTJs. These people can support the following criteria:

- Cleanliness of the kitchen
- Craveability of the food
- Food quality
- Likelihood to recommend
- Likelihood to return
- Menu variety
- Reputation
- Service
- Value for the money

According to Tieger, Barron, and Tieger (2014), the Myers-Briggs type ESFP make the best servers. The work-related strengths of these people include the following:



- A great deal of energy and enjoyment of being active on the job
- Can adapt well to change and switch gears quickly
- Sensitive to the needs of others and a genuine desire to help

- Caring nature and a cooperative team player
- Ability to make work fun and exciting
- Practical with a high degree of common sense
- Loyal to the people of an organization that they care about
- Have a process-oriented approach geared toward creating a lively and fun atmosphere at work
- Flexibility with the willingness to take calculated risks and to try new approaches
- Desire to cooperate, pitch in, and help in real and concrete ways
- Clearly assess the real needs related to current resources and conditions and to immediately see what needs to be done

In other words, these people create a fun, exciting atmosphere that complements the casual dining experience and ensures repeat customers to your organization's restaurant. These people can support the following criteria that support repeat business by customers:

- Atmosphere
- Likelihood to recommend
- Likelihood to return
- Reputation
- Service
- Value

According to Payscale.com (2020), servers can earn between \$3.23 and \$12.93 per hour. Servers of this personality type may require higher wages as they can also be flight attendants and are sought after for this occupation as well in the service industry. According to Tieger, Barron and Tieger (2014), they also are excellent chefs and head cooks as well.

Taking advantage of on-demand staffing technology can also help to maintain your bottom line

If your organization needs extra help from time to time and doesn't want to pay overtime, it is possible to use a service called Pared, which is an app that may be available in your area to solve unexpected staff no-shows (Adams, 2019). The app charges a flat fee of \$17.95 per hour to a restaurant for this service. The flat fee varies by market (Adams, 2019). In addition, it is more expensive for last-minute staffing requests according to Adams (2019). Also, according to Adams (2019), ShiftPixy is another startup offering on-demand staffing, and an entire shift can be offloaded to this service if necessary. It appears though, that Pared may better meet your needs of occasionally needed to replace shifts for no-shows. You can explore both, however, to see which one works better.

<https://apps.apple.com/us/app/pared-for-business/id1240942172>

Jun 02, 2017 · THE ONLY STAFFING SOLUTION FOR YOUR RESTAURANT. FIND A HOSPITALITY PROFESSIONAL FOR TONIGHT OR TWO WEEKS FROM NOW. Use Pared the next time you are short-staffed or need an extra set of hands. Pared helps hospitality business owners and operators find qualified, vetted culinary professionals to fill...

<https://shiftpixy.com>

ShiftPixy was designed to sync work opportunities from job providers with the open time slots of available shift workers. Our platform manages relationships with job providers to take open shift opportunities that are filling their schedules and offer them as work opportunities to qualified workers without the formal job interview and commitments.

Why customers visit Casual Dining Restaurants

Not all customers visit a casual dining restaurant for the same reasons. According to Josiam, Kalldin, and Duncan (2015), there are both hedonic and utilitarian reasons for dining out, but the hedonic reasons had more influence over a diner's motivation to return to a restaurant. Hedonic reasons for dining out have to do with recreational and experiential dining (Josiam et al., 2015). What this means is that providing a fun atmosphere is one of the prime reasons for eating at a casual dining restaurant. That is one of the reasons that hiring servers with the Extroverted Sensing Feeling Perceiving personality is a good idea as people with this personality create a fun and exciting atmosphere.

Something else that is interesting is that in the study conducted by Josiam et al., (2015), the largest group in the study that answered the survey included the 18-25 age group, the respondents were mainly Caucasian and they had some college or an associate level degree. The level of involvement of the diner in a casual dining restaurant was 9.5% Low involvement, Medium Involvement (61.2%) and High Involvement 29.3% (Josiam et al., 2015). The typical diner is therefore one with medium involvement, which means that they want food that they enjoy, socialization and some degree of convenience (Josiam et al., 2015). Being near a college like this location can shift the dynamic toward the 18-25 demographic.

What this means is that if it is convenient to dine at your location and the environment is friendly and conducive to socialization, this customer will dine at your location. According to Josiam et al., (2015), the high and medium involvement guests are 90% of your potential customer base and the challenge is to get them to dine at your restaurant as they are already dining out often. This is especially true of high involvement diners. Low involvement diners, according to Josiam et al., (2015), tend to spend more on each visit as they go out less often. Those in the high involvement crowd must watch their spending, especially in a recovering economy, as they dine out often (Josiam et al., 2015). This is the crowd that likes a party and travels for Spring break as college students.

Josiam et al., (2015) further breaks down diners into two groups that include "Kitchen Challenged Diners," and "Social Supper Diners." Kitchen Challenged Diners dine out for utilitarian reasons as they

do not want to cook. Josiam et al., (2015) does not specifically say, but it appears that these are the low involvement diners who want satisfying food, they are interested in enjoying convenient food, and perhaps are interested in economical eating. One way that you might be able to identify this group is that they will likely ask about the specials. You can satisfy this group by telling them about all the specials and providing excellent service. In many cases, these diners may be dining alone as they are coming from work.

The other group discussed by Josiam et al., (2015) is the “Social Supper Diner.” These diners dine out for social reasons and they are interested in a fun and exciting atmosphere. You will recognize this type of diner as they will be dining out with friends or family and they may be celebrating a special occasion. They may also have decided to visit your restaurant due to a specific item or type of food. These are hedonic diners and that is where the skills of the Extraverted Sensing Feeling Perceiving server/waitperson will be especially valuable.

Another study that was done at a casual dining restaurant near a college campus was one by Duncan, Josiam, Kim and Kalldin (2015). This study involved three clusters that were described somewhat differently than those above. **Cluster 1** was “Fraternizing Kitchen Fearfuls” representing 37.4 percent of the total sample population (Duncan et al., 2015). This group does not have cooking experience and enjoys socializing (Duncan et al., 2015). According to this same source, Duncan et al., (2015), restaurant design is unimportant to this group as well as menu selection. They dine out often and they are not as particular about where they go to eat or what they have. They also dine out more than the other two clusters named in this study.

This means that if you offer good service, this group will likely come back to your restaurant often since they do not cook at home. This is likely the high involvement group who make up the largest group of diners. This again is where having a waitperson who promotes fun and excitement is important. This group had a lot of the students. They are easy to please and should be advertised to when there is a college nearby. For “Fraternizing Kitchen Fearfuls” highlighting the value and service quality will draw in this segment as well as advertising the socialization and happy hour aspects of the restaurant.

Cluster 2 is called “Functional Feasters” and this group was 35.6% of the total sample population. This group expressed the least concern for restaurant design and quality service of all three clusters according to Duncan et al., (2015). “Functional Feasters” ranked low on the Culinary Novice scale unlike “Fraternizing Kitchen Fearfuls” and they ranked low as social diners. This cluster was made up more of non-students who were older (Duncan et al., 2015).

This group tended to be dining out during or after the workday according to Duncan et al., (2015). This group also had the lowest involvement score and the only time they socialize over a restaurant meal is when they are celebrating an anniversary or a birthday of a friend or family member, or for business purposes (Duncan et al., 2015). This group dines out for convenience. Again, low involvement guests spend more at each meal, but they go out less often. This group knows how to cook at home. For “Functional Feasters” it is essential to advertise the convenience feature and value aspects including lunch and dinner specials, dining to go and delivery. This group dines out or orders food to go or for

delivery for utilitarian reasons when they do not want to cook. This group orders a lot of carryout and delivery and the prices should be on the menu for carryout as they care about knowing the price of the food. Again, they may not dine out as often, but they order carry out and delivery.

Cluster 3 is called “Foodie Fanatics” according to Duncan et al., (2015). This is the group that casual dining restaurants need to attract in higher numbers. At this casual dining restaurant, they only made up 27% of the sample but they are part of the medium involvement group which is 61.2% of the population of restaurant diners. According to Duncan et al., (2015), in this study, they tended to be older students living off campus or recent graduates who are learning to cook for themselves reflected in this demographic profile. According to Duncan et al., (2015), a “Foodie” is a person interested in the latest food fads.

Foodies are more interested in the quality and uniqueness of the food product and less concerned about the price of the food and they give food type/selection the highest score of all three clusters (Duncan et al., 2015). Also, Foodies are the diners who often visit independently owned mom and pop restaurants and food trucks and is least concerned about eating healthy. For Foodie Fanatics, it is important to advertise creativity within the menu as well as aspects of socialization. “Ensuring that a restaurant has great variety and uniqueness of menu items can help draw in this segment” (Duncan et al., 2015).

Generational Dining Preferences

Baby Boomers (born 1945-1964) are getting older, but they still represent 70% of the disposable income and they represent roughly \$780 billion in restaurant sales. They enjoy dining out but only dine out about 20% of the time. They are prime candidates, however, for take-out and delivery. They enjoy a high level of service and they like to build a relationship with restaurant owners. They also like to be recognized as repeat patrons. They prefer getting delivery directly from the restaurant rather than through a third party. They also like menu substitutions as requested. They were the driving force in greatly increasing sales at Panera Bread as mentioned above due to ordering take-out and delivery from this restaurant organization.

Gen Xers (born 1965-1980) were one of the driving forces in the development of the casual dining restaurant segment. The reason for this is that they did not like to dress formally when going to a restaurant to eat. Spending time with children and family is a priority for this generation. Restaurants that offer a casual dress code, a kid-friendly atmosphere, value for the dollar, and friendly service meets the needs of this generation. This is the group that would respond well to a family meal deal for pickup or delivery.

Millennials (born 1980-1995) are highly drawn to social media technology. They tend to be the foodies who prefer trendy cuisine and are willing to try a cross cultural variety of cuisines. Like Boomers, Millennials represent \$783 billion in restaurant sales. They also prefer very casual restaurant environments as do Gen Xers. Millennials dine out roughly 13 times per month and like loyalty programs for this reason (Dixon, Miscuraca & Koutroumanis, 2018). Again, technology is particularly important to this group, unlike Baby Boomers, and they want iPad or tablet ordering self-ordering

systems. The fast-casual restaurant segment is incredibly attractive to millennials as it offers them a casual environment that they desire and the diversity of ethnic cuisine (Dixon et al., 2018).

Generation Z (born in 1995) makes up 26% of the U.S. population. They have the same desire for technology as their Millennial counterparts and would also want iPad or tablet self-ordering. They like healthy options as well as organic and sustainable cuisine. They are also incredibly drawn to the fast-casual restaurant environment.

Summary

The challenge is to consider both the above labels of types of diners and the generations in determining who you are going to attempt to attract to your organization. It can be surmised that there are Foodies in all the generations, but it does appear that there are a lot more of them in the Millennial generation. Attracting them might be challenging for an organization such as Applebee's that does not want to alienate its core customers who are likely the Fraternizing Kitchen Fearfuls and the Functional Feasters. In the above study, they represented 73% of casual dining restaurant customers.

Attracting Foodies means adding ethnic cuisine and trendy food items. It may be possible to mix in some of these items over time without alienating your customer base. Right now, delivery is also extremely important as are meal deals. Millennials are significantly more likely (58 percent) to have delivery services such as Grubhub and Seamless compared with Generation X (35 percent) and Baby Boomers (21 percent). Since Baby Boomers are apparently spending as much as Millennials on restaurant food but they only dine out 20% of the time, it appears that they order a fair amount of carryout, and they prefer to use a restaurant's own delivery service.

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