

Consumer Trends: Burger Sales Fall as Segment Matures

CHICAGO (PRNewswire) — Burger chains have finally reached maturity, as limited-service burger segment sales contracted in 2013. Although the burger chains in the [2014 Technomic Top 500 Chain Restaurant Report](#) [1] tallied U.S. sales of more than \$72 billion, they recorded nominal growth of only 1.2 percent. Adjusting for price inflation, the segment's sales declined. Overall units increased by only 1 percent, to 42,853 locations.

Quick service burger chains accounted for \$69.7 billion in sales but increased only 0.9 percent in sales volume with weak U.S. performance from McDonald's (whose sales are up just 0.7 percent, to \$35.9 billion), Wendy's (up 1 percent, to \$8.8 billion) and Burger King (down 1 percent to \$8.5 billion).

Some brands demonstrated strong sales growth, including Culver's (8 percent), In-N-Out Burger (6 percent) and Freddy's Frozen Custard & Steakburgers (42 percent). Growth for Culver's and Freddy's has been supported by the consumer appeal of their frozen custard, while In-N-Out Burger continues to provide a simple menu, good quality and a strong value price point.

Fast casual better burger chains continued to generate strong sales growth of 10.4 percent. However, their \$2.4 billion in sales represents only 3.3 percent of Top 500 ranked burger chains. Five Guys Burgers and Fries continues to lead the segment with sales of \$1.1 billion, but the chain's slowing growth (5 percent in 2013 compared to 14 percent in 2012) illustrates the segment's maturity as larger metropolitan markets hit saturation. Smashburger is gaining ground with sales growth of 32 percent, to \$214.9 million, and 54 new stores in 2013.

Strong U.S. sales growth continues from smaller, regional chains like Habit Burger Grill (35 percent), Shake Shack (40 percent) and BurgerFi (178 percent). Better-burger brands provide high-quality protein, toppings, sauces and buns combined with craveable french fries and strong beverage platforms including craft beer, wine and customizable soda.

"Consumer demand for health and wellness will drive success for brands that differentiate by quality, and innovation efforts will continue to drive impulse visits for trial," said Darren Tristano, Executive Vice President of Technomic, Inc.

Tristano added that burger blends, such as the ground beef and ground bacon mixture at California-based Slater's 50/50, will present new flavor profiles. Non-beef alternative proteins as well as gluten-free and high-quality buns will become standard fare on menus, giving consumers more customization options. Although American consumers' demand for burgers will not decline, the biggest shift will occur in where they indulge themselves with a burger.

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To gain more insights on burger chains, Technomic produces the following reports to help guide you through this important segment:

The [2014 Technomic Top 500 Chain Restaurant Report](#) [1] provides Technomic's exclusive sales forecast by menu category, update on franchise and international activity, outlook for the future, market share by menu category, and much more. Thirty-six burger chains are included in the Top 500.

Technomic's [Digital Resource Library \(DRL\)](#) [2] is an online database delivering comprehensive operator intelligence. Subscribers search and download thousands of detailed U.S. and international chain profiles that are updated continuously, including profiles for 56 burger chains.

The [Burger Consumer Trend Report](#) [3] analyzes a consumer attitude and usage study, identifying trends and opportunities in foodservice.

[Market Intelligence Report: Better Burgers](#) [4] mines Technomic's exclusive consumer, menu and industry data to uncover insights and opportunities in the fast-casual burger segment.

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