

Casual Dining Keeping Burger Pricing Steady



Max & Erma's \$10.49 Garbage Burger

The new breed of fast-casual competitors such as Smashburger is influencing pricing strategies by casual-dining chains above it as well as by quick-service chains below it.

Data on pricing for burgers at casual-dining restaurants compiled for BurgerBusiness.com by Boston-based pricing-intelligence firm [Intellaprice LLC](#) shows that these chains kept burger prices relatively flat during 2011 despite dramatic beef-price increases. The average price for adult-portion burgers at chains such as Applebee's and Chili's was \$9.37 last year, an increase of only a nickel over 2010's average.

Pricing for Adult Burgers at Casual-Dining Restaurants

	2010	2011	Difference (\$)	Difference (%)
Minimum price	\$5.99	\$5.99	—	—
Maximum price	\$14.95	\$17.90	\$2.95	19.7%
Average price	\$9.32	\$9.37	\$0.05	0.6%

Source: Intellaprice LLC

That restraint suggests that casual-dining operators are feeling competitive pressure from fast-casual burger chains below them. Burger prices at Smashburger begin at about \$5.99 (5.3 oz.) or \$6.99 (7.5 oz.), below the casual-dining average. At [Burger Works](#), the fast-casual burger chain being tested by casual-dining's Red Robin Gourmet Burgers, burgers also are priced at \$5.99.

Conversely, quick-service chains are planning to add [more premium-price burgers](#), having seen from fast-casual that consumers are willing to pay higher prices for better burgers.

Intellaprice's recent **Casual Dining Study** found the category actually reduced the average lunch entrée price by 94¢ (or 10.4%) to \$8.12 after letting lunch rise by 93¢ in 2010. Dinner entrées rose 41¢ to \$14.09 according to the study.

Bar beverages, where many casual-dining chains recoup profits, rose only 3¢ on average, according to Intellaprice. Where the category did try to gain was with side dishes, which rose in price 12.1% on average in 2011.