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## Outlook for Restaurants

National Restaurant Association

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# Outlook for Restaurants

Travel and Tourism Research Association  
Marketing Outlook Forum

Philadelphia | October 2015



## The Restaurant Industry Is a Large and Diverse Business:

- ▶ **Restaurant-industry sales are forecast to exceed \$709 billion in 2015** — an increase of 3.8 percent over 2014. When adjusted for inflation, restaurant-industry sales are expected to advance 1.5 percent in 2015.
- ▶ **On a typical day in America in 2015**, more than 130 million people will be foodservice patrons.
- ▶ **Sales at tableservice restaurants** are projected to reach \$220 billion in 2015.
- ▶ **Sales at limited-service restaurants** are forecast to increase to \$201 billion in 2015, while snack and non-alcoholic-beverage bar sales rise to \$33 billion.



## Restaurant-Industry Sales 2014-2015 (\$000)

	2014	2015
<b>TOTAL RESTAURANT INDUSTRY</b>	<b>\$683,094,940</b>	<b>\$709,237,888</b>
<b>COMMERCIAL RESTAURANT SERVICES</b>	<b>\$624,070,382</b>	<b>\$648,049,986</b>
Eating Places	454,620,263	471,074,887
Tableservice restaurants	213,498,491	219,689,947
Quickservice and fast casual restaurants	192,836,252	201,128,211
<b>NONCOMMERCIAL RESTAURANT SERVICES</b>	<b>\$56,463,196</b>	<b>\$58,535,984</b>
<b>MILITARY RESTAURANT SERVICES</b>	<b>\$2,561,362</b>	<b>\$2,651,918</b>

Note: 2015 figures are projected  
Source: National Restaurant Association, 2015 Restaurant Industry Forecast

### Tableservice Outlook:

Tableservice restaurant sales are forecast to reach \$220 billion in 2015, an increase of 2.9 percent from 2014. That represents a real sales increase of 0.6 percent after accounting for inflation. The Association estimates that tableservice restaurant sales were \$213 billion in 2014. Trends to look for include:

- ▶ **New Opportunities:** As interest in the sourcing and preparation of food continues to grow, a logical next step for many consumers is to enhance the freshness and quality of the meals they produce in their home kitchen. NRA research found that 48 percent of consumers say they would likely purchase fresh, uncooked food items such as beef, chicken, pork, seafood or pasta of the same quality as served in the restaurant if they were available.
- ▶ **Tell Me on Twitter:** To help build business in a challenging environment, tableservice operators are ramping up efforts to more effectively reach their diverse customer base. Fifty percent of both casual- and fine-dining operators, and 40 percent of family-dining operators say they plan to devote more resources to social media marketing in 2015. In addition, roughly one-half of fine-dining operators are planning to invest more in email and text message marketing in 2015.

### Limited-Service Outlook

Limited-service restaurant sales are forecast to reach \$201 billion in 2015, an increase of 4.3 percent from 2014. That represents a real sales increase of 4.3 percent after accounting for inflation. The limited-service segment

sold \$193 billion in food and drink in 2014, according to Association projections. Trends to look for include:

- ▶ **Mobile Payment:** Mobile payment, a previously underexplored area, is starting to gain steam as technology innovations and a growing number of service providers make it more accessible to consumers and operators. Currently, 35 percent of quickservice and 15 percent of fast-casual operators offer this option. In addition, 20 percent of quickservice and 14 percent of fast-casual restaurants say they plan to offer it within the next year.
- ▶ **Breakfast for Dinner:** NRA research found that 72 percent of consumers — fairly consistently across age groups — say they wish restaurants would offer breakfast items throughout the day. This has more quickservice and fast casual operations thinking about options for all-day offerings of breakfast dishes in addition to focusing on the morning daypart for business growth.

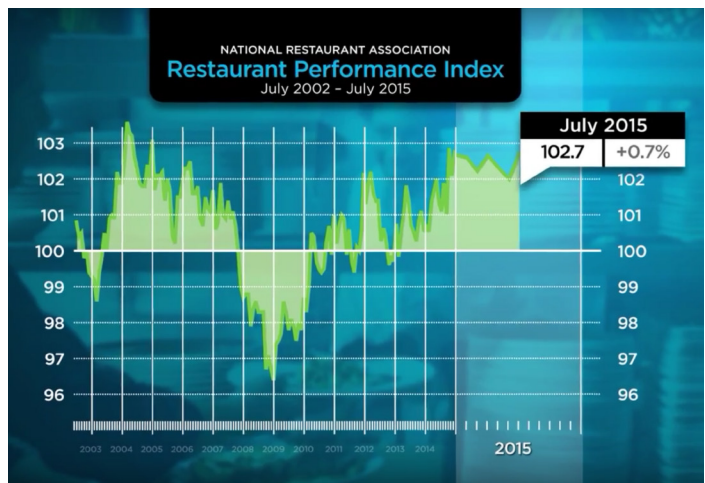
## Menu Trends

Today's consumers make lifestyle choices in a "big picture" kind of way and apply those preferences to a wide range of situations — including dining out. As Americans lead ever-busier lives with little leisure time, they want and expect menu options that allow them to adhere to their chosen life philosophies without sacrificing convenience. The National Restaurant Association's What's Hot survey of nearly 1,300 professional chefs (American Culinary Federation members) reveals that local sourcing, environmental sustainability, natural ingredients and food waste reduction are among the hottest trends on tableservice restaurant menus in 2015. Nutrition — particularly children's nutrition — is another umbrella trend highlighted in the survey. For example, healthful children's dishes ranked as the fourth hottest trend.

Reflecting these trends, the National Restaurant Association's Kids LiveWell program celebrated its fourth anniversary in 2015. The program aims to help and encourage restaurant operators to increase healthful options on kids' menus. To date, more than 42,000 restaurant locations are participating. The program allows parents to identify the menu choices that are right for their families at local restaurants and while traveling, making the healthful choice the easy choice. For more information, visit [Restaurant.org/KidsLiveWell](http://Restaurant.org/KidsLiveWell).

## Importance of Travel & Tourism

According to National Restaurant Association research, restaurants typically derive up to 30 percent of sales from travel and tourism. Consequently, growth in travel and tourism is an important drive of growth in restaurant sales and a majority of restaurants said they had tourism marketing planned last year. Overall, about one in every four restaurant industry sales dollars is related to tourism.



Values Above 100 - Expansion. Values Below 100 = Contraction

The National Restaurant Association's Restaurant Performance Index is a monthly statistical barometer that tracks the health of the restaurant industry.  
[Restaurant.org/RPI](http://Restaurant.org/RPI)

## Outlook for Restaurants in 2016

Economic factors play an ongoing and critical role in determining the performance of the restaurant industry. Because business conditions within the industry mirror general economic conditions, it is important to understand how the economy is likely to perform in 2016 in order to determine what will occur with restaurant sales over the years ahead. Real GDP growth in 2016 around the high-two percent range is anticipated. A modestly expanding economy signals growth in the restaurant industry as well, with a high correlation traditionally existing between changes in real GDP and changes in inflation-adjusted industry sales.

The rate of increase in disposable income is another indicator of restaurant industry performance. Changes in real disposable income are positively related to changes in restaurant sales. In general, as the rate of change in disposable income rises or falls, similar behavior is observed for restaurant sales. Advances in real disposable income in 2016 are expected to be in the high-two percent range. Accordingly, modest positive advances in industry-wide restaurant sales, as well as in the transportation and lodging sectors, are likely.

The 2016 National Restaurant Association Restaurant, Hotel-Motel Show (May 21-24 in Chicago [Restaurant.org/Show](http://Restaurant.org/Show)) will be a hotbed of innovation as the central gathering-point for restaurant and hospitality industry professionals. The largest industry trade show in the world with 63,000+ attendees from 100+ countries, the NRA Show will address strategies for business success in the recovering economy and beyond.

[Restaurant.org/Research](http://Restaurant.org/Research)