

Foodservice Economics – September 2023

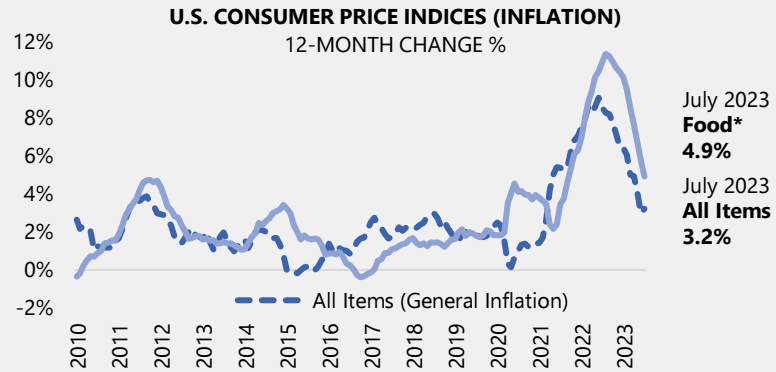
Menu prices are increasing with menus seeing an overall average price growth of 2.7% in 2023

Technomic

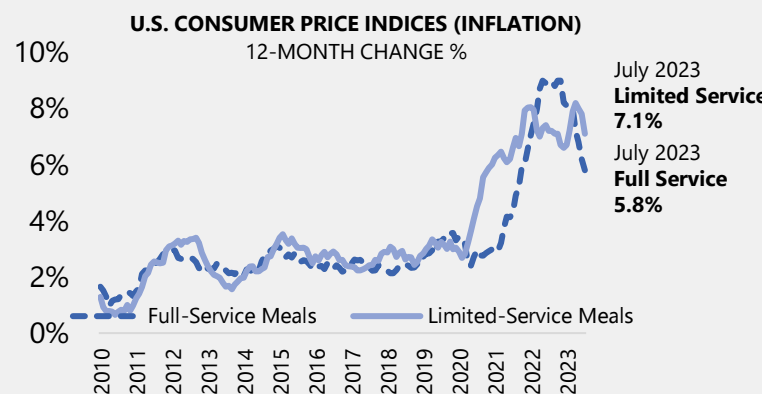
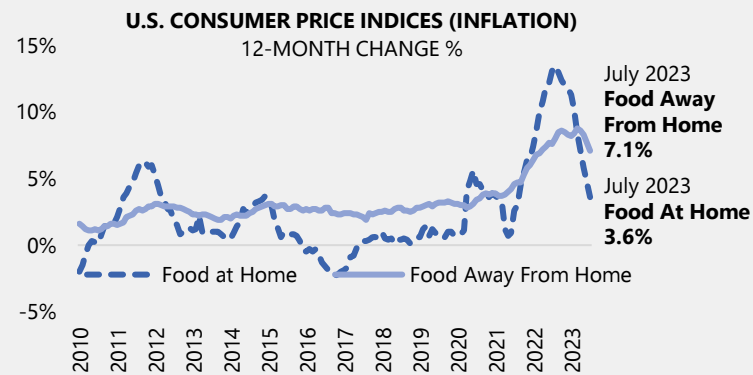
In today's economy, it is difficult to predict consumer behavior. Daily eating behaviors changed after the pandemic with less consumers eating lunch out the home or grabbing a quick bite while on the go.

To entice cost conscious consumers, quick serve operators turned to value meals. At the same time, fine dining is experiencing growth as consumers return to viewing dining as an experience rather than a just a convenience.

Inflation Indicators



*Includes both the "Food at Home" and "Food Away From Home" categories
Source: Bureau of Labor Statistics



Source: Bureau of Labor Statistics

Performance Indicators

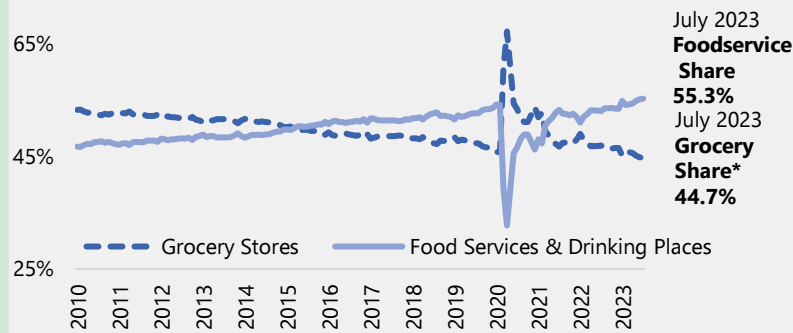
According to Technomic, almost 20% of operators have a value meal on their menu, compared to 18.9% in Q2 2022. And the number of value meals on menus has increased 15% offering consumers more variety in the types of value meals.

Sandwich, chicken and pizza value meals are the most popular value entrees on menus, but there is growth in beef (+39%), pork (+28%), chicken (+28%) value meals to vegetable (+44%), and pasta/noodle (+27%).

Yelp analyzed consumer interest in restaurants across different price points, ranging from \$ to \$\$\$\$ between April 2022 and March 2023 compared to the same period the year prior. The data suggested that although menu prices increased, consumers are splurging when dining-out. Consumers appear to be forgoing affordable options for higher-end dining experiences. In fact, consumer interest for low price point restaurants (\$) decreased by 4% nationally, while states such as Nevada (down 12%), Utah (down 11%) and Oregon (down 10%) saw the largest decreases.

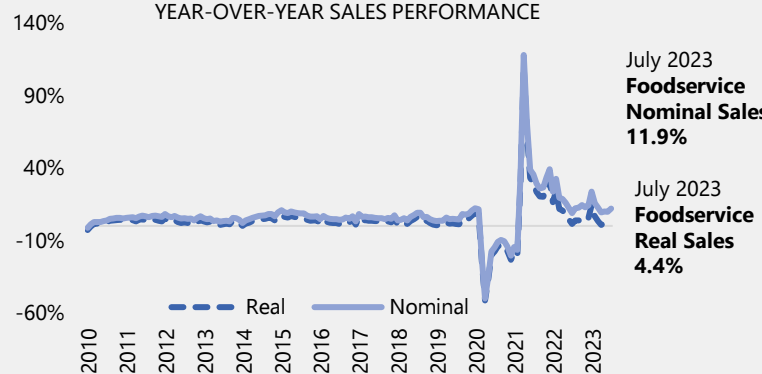
Yelp data revealed that fine dining is not dead. When compared to pre-pandemic levels (April 2019 through March 2020), consumer interest decreased nearly 16% for traditionally affordable restaurants (\$). Notably, interest in higher priced restaurants (\$\$\$ and \$\$\$\$) rose nearly 10% and 17%, respectively, compared to pre-pandemic levels. We continue to see this trend year over year, with consumer interest up nearly 2% for both pricing designations (\$\$\$ and \$\$\$\$).

U.S. FOOD INDUSTRY SALES SHARE ANALYSIS
FOODSERVICE VS. GROCERY STORE SALES



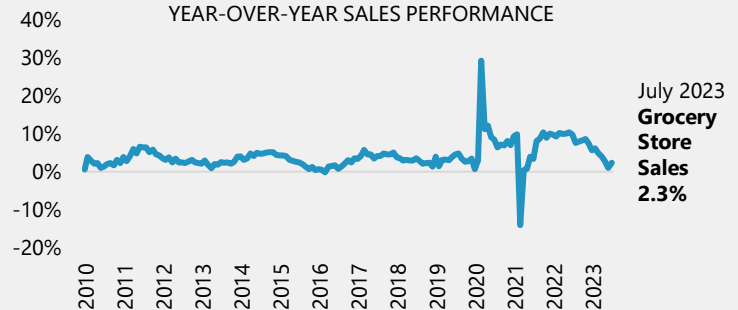
Source: U.S. Census Bureau; Monthly Trade Report
NAICS Categories: Grocery stores; Food services and drinking places (seasonally adjusted)
*Note: Grocery store sales data excludes grocery purchases made at club/warehouse stores, convenience stores, and other general merchandise stores

U.S. FOODSERVICE INDUSTRY SALES
YEAR-OVER-YEAR SALES PERFORMANCE



Source: U.S. Census Bureau; Monthly Trade Report
Note: Monthly sales data is preliminary and subject to ongoing revision
NAICS Category: Food services and drinking places (seasonally adjusted)

U.S. GROCERY STORE SALES
YEAR-OVER-YEAR SALES PERFORMANCE



Source: U.S. Census Bureau; Monthly Trade Report
Note: Monthly sales data is preliminary and subject to ongoing revision
NAICS Category: Grocery stores (nominal; seasonally adjusted)