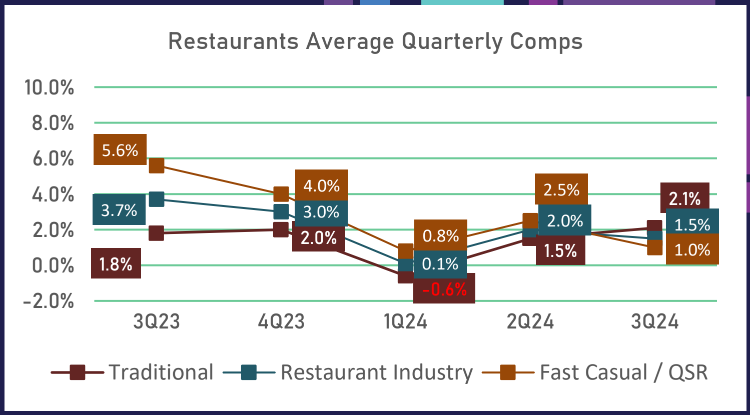
Restaurants

Key Takeaways

- Restaurant competition remains fierce with Companies increasing promotions and advertising to build traffic, to varying success.
- QSR/Fast Casual value proposition has weakened due to higher prices in recent years, leading to limited differentiation and accordingly, increased competition, from full service.

	Comps	Sales (millions)	YoY Sales % Change	Off-Premise % of Sales	Quarter-End Date
Traditional				2Q24	
BJ's Restaurants	1.7%	$325.7	2.2%	N/A	10/1/24
Bloomin' Brands	-1.5%	$1,038.8	-3.8%	26%	9/29/24
Brinker International	12.0%	$1,139.0	12.5%	N/A	9/25/24
Cheesecake Factory Inc.	1.6%	$865.5	4.2%	21%	10/1/24
Cracker Barrel	2.9%	$845.1	2.6%	17%	11/1/24
Darden Restaurants	2.4%	$2,890.0	6.0%	25%*	11/24/24
Denny's Corporation	-0.1%	$111.8	-2.1%	20%	9/25/24
Dine Brands Global	-5.9%	$195.0	-3.7%	22%	9/30/24
First Watch	-1.9%	$251.6	14.8%	N/A	9/29/24
Red Robin Gourmet Burgers	0.6%	$274.6	-1.1%	N/A	10/6/24
Shake Shack	4.4%	$316.9	14.7%	N/A	9/25/24
Steak 'n Shake	N/A	$62.4	0.8%	N/A	6/30/24
Texas Roadhouse	8.5%	$1,273.0	13.5%	N/A	9/24/24
Average - Traditional	2.1%		4.7%		
Fast Casual / QSR					
Cava	18.1%	$243.8	38.9%	36%	10/6/24
Chipotle Mexican Grill	6.0%	$2,793.6	13.0%	34%	9/30/24
El Pollo Loco	2.7%	$120.4	0.0%	N/A	9/25/24
Jack In The Box	-2.1%	$349.3	-6.2%	95%*	9/29/24
McDonald's	0.3%	$6,873.0	2.7%	90%*	9/30/24
Noodles & Co.	-3.3%	$122.8	-4.0%	55%	10/1/24
Potbelly	-1.8%	$115.1	-4.7%	38%	9/29/24
Restaurant Brands Int'l	0.3%	$2,291.0	24.7%	28%	9/30/24
Starbucks	-7.0%	$9,074.0	-3.2%	74%*	9/29/24
Wendy's	0.2%	$566.7	2.9%	75%*	9/29/24
YUM! Brands	-2.0%	$1,826.0	6.9%	85%*	9/30/24
Average - Fast Casual / QSR	1.0%		6.5%	*estimated	
Total Average	1.5%		5.6%		

Sales in the restaurant sector remained under pressure during 3Q24 as efforts to drive traffic through new products, promotions, and increased advertising were met with mixed reception from a customer base still looking to cut outside food spending and stretch their dollars. Average quarterly comparable sales growth for the restaurants in our coverage slowed to 1.5% in 3Q compared with 2.1% in 2Q, following the same dynamic as in previous periods with menu price increases often offset by transaction declines and shifts in mix. An average 2.1% comp increase at full-service restaurants outperformed a 1% increase at QSR/Fast Casual, as several major QSR chains have seen traffic trends deteriorate as value propositions have been eroded by substantial price increases. Comps were negative at Starbucks (-7%), Jack in the Box (-2.1%), and Yum! (-2%) and barely positive at McDonald's (0.3%) and Wendy's (0.2%). Some full-service competitors have had success with their own value offerings, such as Brinker/Chili's (12%), though others with similar promotions have had less success, such as Dine Brands/Applebee's (-5.9%). Up-and-coming concepts such as Cava (18.1%), Chipotle (6%) and Texas Roadhouse (8.5%) continue to grow traffic and thus have the strongest comps within our coverage. Store expansion also fueled sales growth at these chains, along with Shake Shack and First Watch. Restaurant Brands' 25% revenue bump was due to its acquisition of franchisee Carrols in May 2024. U.S. Census Bureau data showed 3% to 4% monthly sales growth at food services & drinking places that initially continued into 4Q before slipping to just 1.9% growth in November.



2024 Seasonally Adjusted Retail Sales (Monthly % Change Year-Over-Year) Source: U.S. Census				Upcoming Comparative Periods		
	Sep'24	Oct'24	Nov'24	Dec'23	Jan'24	Feb'24
Total Retail Sales	2.2%	2.8%	3.8%	4.4%	0.3%	2.1%
Retail Sales Ex Auto	2.5%	2.6%	3.2%	3.7%	0.9%	2.0%
Retail Sales Ex Auto and Gas	3.8%	3.7%	3.9%	4.8%	1.8%	2.5%
By Category:						
Furniture & home furnishings	0.4%	2.2%	0.7%	-1.6%	-13.5%	-9.8%
Electronics & appliance	-3.8%	-2.5%	1.2%	6.8%	-5.4%	1.2%
Building materials, garden equip. & supplies	1.7%	2.8%	4.1%	-4.0%	-8.6%	-5.6%
Food & beverage stores	2.3%	2.1%	1.8%	-0.0%	0.6%	0.1%
Grocery stores	2.2%	2.1%	1.7%	-0.7%	0.8%	-0.3%
Health & personal care	4.9%	1.3%	1.8%	11.3%	3.5%	1.6%
Gasoline stations	-8.9%	-7.3%	-3.9%	-6.3%	-7.1%	-3.3%
Clothing & clothing accessories	2.7%	3.4%	2.2%	1.8%	-0.3%	1.5%
Sporting goods, hobby, musical instrument & book stores	-2.4%	-2.5%	-1.4%	-3.5%	-3.4%	-1.5%
Footwear	-7.0%	-6.6%	TBD	2.2%	-5.5%	-2.1%
General merchandise	2.9%	2.9%	3.1%	3.6%	0.2%	1.0%
Department stores	-1.1%	0.0%	1.4%	-2.6%	-5.7%	-3.9%
Nonstore retailers	7.1%	7.1%	9.8%	8.6%	8.9%	7.5%
Food services & drinking places	3.6%	4.0%	1.9%	11.1%	3.7%	6.4%

*Sporting goods figures are not seasonally adjusted

Alan Lee, Senior Analyst

(800) 789-0123, ext. 146