

HRIM-381 Class One

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Restaurant Trends 2002

*The overall economic impact of the restaurant industry is expected to reach \$1 trillion in 2002. This includes sales in related industries such as agriculture, transportation, wholesale trade, and food manufacturing.*

( Source: National Restaurant Association )  
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Goals for This Learning Module

- ◆ Discuss the importance of F&B and beverage operations in hospitality operations
- ◆ Examine the macro dimensions of the U.S. restaurant industry
- ◆ Consider recent developments in the food and beverage industry



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### U.S. Restaurant Industry Factbook

- ◆ Sales: \$408 billion
- ◆ Locations: 858,000 — more than 54 billion meals will be eaten in restaurants and school and work cafeterias
- ◆ Employees: 11.6 million — the industry is the largest employer besides government
- ◆ Restaurant-industry share of the food dollar: 46.1 percent



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### Why are We Here?

- ◆ Food and beverage operations are critical to success of any total hospitality product
- ◆ Career transition patterns dictate need for general skill sets
- ◆ Lodging F & B has moved from an amenity to a profit generator
- ◆ Scope of the restaurant industry makes it an ideal place for small business ownership
- ◆ Development of a business plan will provide you with valuable experience that is directly translatable to any workplace, regardless of industry or industry segment

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### Economic Impacts of Restaurant Operations

- ◆ On a typical day in 2002, the restaurant industry should post average sales of more than \$1.1 billion.
- ◆ The typical person (age 8 and older) consumes an average of 4.2 meals prepared away from home per week, or 218 meals per year.
- ◆ In 2002, the restaurant industry's food-and-beverage purchases will exceed \$144 billion

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### Employment In Restaurant Operations

- ◆ One-third of all adults in the United States have worked in the restaurant industry at some time during their lives
  - ◆ The typical employee in a foodservice occupation in 1999 was:
    - Female (57 percent)
    - Under 30 years of age (57 percent)
    - Single (70 percent)
    - Working part-time and averaging 25.6 hours a week
    - Living in a household with two or more wage earners (81percent)

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### Implications For Leadership

- ◆ Foodservice-and-lodging managers account for the largest number of managerial employees in the country — 1.4 million
- ◆ More than eight out of 10 salaried employees at table-service restaurants started as hourly employees
- ◆ Restaurant-industry employment will reach 13 million by 2010.

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### Restaurant FAQ's

- ◆ What is the size of the restaurant industry?  
*There are over 857,000 restaurant locations in the United States*
- ◆ How many people are employed in the restaurant industry?  
*The restaurant industry is the nation's largest private-sector employer, providing jobs for 11.6 million individuals.*
- ◆ What proportion of the population has worked in the restaurant industry?  
*One-third of all adults in the United States have worked in the restaurant industry at some time during their lives.*
- ◆ What is the restaurant-industry share of the food dollar?  
*The restaurant-industry share of the food dollar today is 45.8 percent, compared with only 25 percent in 1955.*

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### Restaurant FAQ's ( continued)

- ◆ How many people eat out on a typical day?  
*More than four out of 10 adults were restaurant patrons on a typical day in 1999.*
- ◆ What is takeout and delivery's share of total restaurant traffic?  
*Off-premises (takeout and delivery) traffic accounted for roughly 51 percent of total restaurant traffic in 1999.*
- ◆ What is the distribution of restaurant traffic by daypart?  
*Dinner accounted for 52% of commercial establishment traffic in 1999, followed by lunch (37 percent) and breakfast (11 percent).*
- ◆ Between 1970 and 2001, restaurant-industry sales will post a compound annual growth rate of 7.5 percent. In 2001, the restaurant industry will post its tenth consecutive year of real (inflation-adjusted) sales growth.

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### Scope and Features of Typical Restaurants

- ◆ Average unit sales in 1999 were \$625,000 at fullservice restaurants and \$572,000 at fast-food restaurants, per-person checks averaged \$4.88 in 2000.
- ◆ More than seven out of 10 eating-and-drinking places are single-unit (independent) operations.
- ◆ One out of three eating-and-drinking places are sole proprietorships or partnerships.
- ◆ Half of all eating-and-drinking-places had sales of less than \$500,000 in 1997.
- ◆ More than seven out of 10 eating-and-drinking places had less than 20 employees in 1999.

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### Restaurant Usage Patterns:

- ◆ In 2010, the restaurant industry will operate more than 1 million units, with sales of \$577 billion capturing 53 percent of the food dollar.
- ◆ More than 50 percent of all consumers visit a restaurant on their birthdays, making this the most popular occasion to eat out, followed by Mother's Day and Valentine's Day.
- ◆ August is the most popular month to eat out, and Saturday is the most popular day of the week for dining out.

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### Emerging Patterns:

- ◆ Fine dining operations continue to lose market share, casual and take-out continue to grow
- ◆ Consumer preference is moving towards more frequent visits, but with lower check averages. Shared plates, small plates and grazing menus are emerging as the hottest trend for 2002.
- ◆ According to Roper Starch, by 4:00 PM ,40 % of Americans don't know what they will be eating for dinner ! The average American eats 14 meals per year in their automobile...McDonalds is testing use of the Mobile Speedpass to automate purchases

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### Force of Generation X and Y

- ◆ FoodService 2010 (McKinsey & Company) predicts that Generation X consumers will transition to "food assemblers" who purchase pre-cooked, pre-cut products, then re-heat and assemble meals at home.
  - ◆ 2/3 of all shoppers buy pre-cut, cleaned, and ready-to-cook foods
  - ◆ 44% buy frozen side dishes
  - ◆ 50% buy pre-cut, cleaned and bagged salads
  - ◆ 40% buy main dishes
  - ◆ 34% buy pre-cooked meat, poultry and other main dishes
- ◆ Culinary illiteracy and time poverty are two driving forces behind these trends

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### Impacts For F & B Operators

- ◆ Hand-held food sales increased 7% last year, restaurant operators need to examine their menus for possible applications
- ◆ Restaurants usage has evolved from a special occasion to utility function
- ◆ Time poverty means more visits to restaurants on a weekly, monthly and yearly basis, with a different set of demands
- ◆ Urban dwellers and young professionals use food and beverage operation as a social gathering place, one that is good for clanning(a la Bucca De Beppo)

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Profile of the New Restaurant Consumers:

- ◆ Consider themselves as highly sophisticated consumers, due to effects of latch-key generation, Food TV network, increased foreign travel and immigration
- ◆ Will continue to spend more money on meals prepared away from home
- ◆ High Tech society means consumers want "high touch" and personalized service

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New Areas of Focus: Individual Operators:

- ◆ Focus on Process v. Product:
  - ease of ordering
  - simplified service and delivery
  - increased take away ( drive-thru, windows)
  - customization options
- ◆ "Beat the chains at their own game"
- ◆ Focus on consumer behavior, brand loyalty, trust-mark v. trademark, depth of relationship

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