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)

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.
**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
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 (81 percent)

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 tableservice restaurants started as hourly employees
- Restaurant-industry employment will reach 13 million by 2010.

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.
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.

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.

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.
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.

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.

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 claning (a la Bucca De Beppo).
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

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