

Consumer Trends: Restaurant Performance Declined in December

WASHINGTON (PRNewswire-USNewswire) — Due in large part to softer same-store sales and customer traffic levels, the [National Restaurant Association's](#) [1] Restaurant Performance Index (RPI) declined in December. The RPI — a monthly composite index that tracks the health of and outlook for the U.S. restaurant industry — stood at 99.7 in December, down 0.2 percent from November. In addition, December marked the third consecutive month in which the RPI stood below 100, which signifies contraction in the index of key industry indicators.

"Although restaurant operators reported softer same-store sales and customer traffic levels in December, they are cautiously optimistic about sales growth in the months ahead," said Hudson Riehle, senior vice president of the Research and Knowledge Group for the Association. "However, operators remain decidedly pessimistic about the overall economy, with only 17 percent saying they expect business conditions to improve in the next six months."

The RPI is constructed so that the health of the restaurant industry is measured in relation to a steady-state level of 100. Index values above 100 indicate that key industry indicators are in a period of expansion, while index values below 100 represent a period of contraction for key industry indicators. The Index consists of two components - the Current Situation Index and the Expectations Index.

The Current Situation Index, which measures current trends in four industry indicators (same-store sales, traffic, labor and capital expenditures), stood at 99.1 in December - down 0.7 percent from November and the lowest level in nearly two years. December represented the fourth consecutive month in which the Current Situation Index stood below 100, which signifies contraction in the current situation indicators.

Although restaurant operators reported net positive same-store sales for the 19th consecutive month, December's results were much softer than the November performance. Forty-two percent of restaurant operators reported a same-store sales gain between December 2011 and December 2012, down from 55 percent who reported positive sales in November. In comparison, 38 percent of operators reported lower same-store sales in December, up from 30 percent in November.

While overall sales remained positive, restaurant operators reported a net decline in customer traffic levels in December. Thirty-one percent of restaurant operators reported higher customer traffic levels between December 2011 and December 2012, down from 43 percent who reported positive traffic in November. Meanwhile, 48 percent of operators reported lower customer traffic levels in December, up from 35 percent in November.

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Although sales and traffic results softened, restaurant operators reported an uptick in capital spending, with 45 percent of operators saying they made a capital expenditure for equipment, expansion or remodeling during the last three months.

The Expectations Index, which measures restaurant operators' six-month outlook for four industry indicators (same-store sales, employees, capital expenditures and business conditions), stood at 100.3 in December – up 0.3 percent from November. December represented the first time in three months that the Expectations Index rose above the 100 level, which indicates that restaurant operators are becoming somewhat more optimistic about the business environment in the months ahead.

Although restaurant operators remain generally positive about sales growth in the months ahead, their optimism is well down from their bullish outlook during the first half of 2012. Thirty-seven percent of restaurant operators expect to have higher sales in six months (compared to the same period in the previous year), unchanged from last month. Meanwhile, 16 percent of restaurant operators expect their sales volume in six months to be lower than it was during the same period in the previous year, up slightly from 14 percent last month.

In contrast to their sales outlook, restaurant operators are more pessimistic about the direction of the overall economy. Only 17 percent of restaurant operators said they expect economic conditions to improve in six months, down from 21 percent last month. Meanwhile, 29 percent of operators said they expect economic conditions to worsen in the next six months, compared to 36 percent who reported similarly last month.

Despite the uncertain outlook, restaurant operators continue to plan for capital spending in the months ahead. Fifty percent of restaurant operators plan to make a capital expenditure for equipment, expansion or remodeling in the next six months, up from 45 percent who reported similarly last month.

The RPI is based on the responses to the National Restaurant Association's Restaurant Industry Tracking Survey, which is fielded monthly among restaurant operators nationwide on a variety of indicators including sales, traffic, labor and capital expenditures. The [full report](#) [2] and a [video summary](#) [3] are available online.

The RPI is released on the last business day of each month, and a more detailed data and analysis can be found on [Restaurant TrendMapper](#) [4], the Association's subscription-based web site that provides detailed analysis of restaurant industry trends.

Founded in 1919, the National Restaurant Association is the leading business association for the restaurant industry, which comprises 980,000 restaurant and foodservice outlets and a workforce of more than 13 million employees. We represent the industry in Washington, D.C., and advocate on its behalf. We operate the industry's largest trade show ([NRA Show](#) [5] May 18-21, 2013, in Chicago); leading food safety training and certification program ([ServSafe](#) [6]); unique career-

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building high school program (the NRAEF's [ProStart](#) [7], including the National ProStart Invitational April 19-21, 2013, in Baltimore, Md.); as well as the [Kids LiveWell](#) [8] program promoting healthful kids' menu options. For more information, visit [Restaurant.org](#) [1] and find us on Twitter [@WeRRestaurants](#) [9], [Facebook](#) [10] and [YouTube](#) [11].

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Links:

[1] <http://www.restaurant.org/>

[2] <http://www.restaurant.org/Downloads/PDFs/News-Research/index/RPIDecember2012.pdf>

[3] <http://www.youtube.com/watch?v=Jy7qcTlck8g>

[4] <http://www.restaurant.org/trendmapper>

[5] <http://www.restaurant.org/show>

[6] <http://www.servsafe.com/>

[7] <http://www.nraef.org/ProStart>

[8] <http://www.restaurant.org/kidslivewell>

[9] <http://twitter.com/werrestaurants>

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