

January 2022

Restaurant Performance Index Fell 1.5% in January

The National Restaurant Association’s Restaurant Performance Index (RPI) fell to a four-month low in January, due in large part to softer same-store sales and customer traffic levels. The RPI – a monthly composite index that tracks the health of the U.S. restaurant industry – stood at 103.2 in January, down 1.5% from December’s level of 104.8.

Although a majority of restaurant operators continued to report same-store sales and customer traffic above year-ago levels, the dampened numbers likely reflected the negative impact of the omicron variant in January. Despite the dip, restaurant operators have a positive outlook for sales gains in the months ahead.

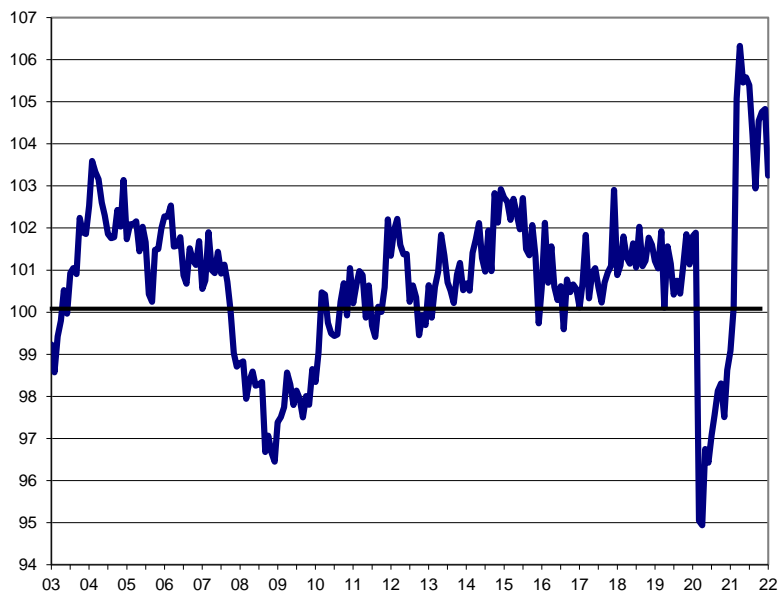
The RPI is constructed so that the health of the restaurant industry is measured in relation to a neutral level of 100. Index values above 100 indicate that key industry indicators are in a period of expansion, while index values below 100 represent a period of contraction. The Restaurant Performance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

Current Situation Index Fell 2.1% to a Level of 103.0 in January; Expectations Index Declined 0.9% to a Level of 103.5

The Current Situation Index, which measures current trends in four industry indicators (same-store sales, traffic, labor and capital expenditures), stood at 103.0 in January – down 2.1% from December and the lowest level since February 2021. Same-store sales and customer traffic readings came in at their softest levels since the beginning of pandemic comparisons in March 2021.

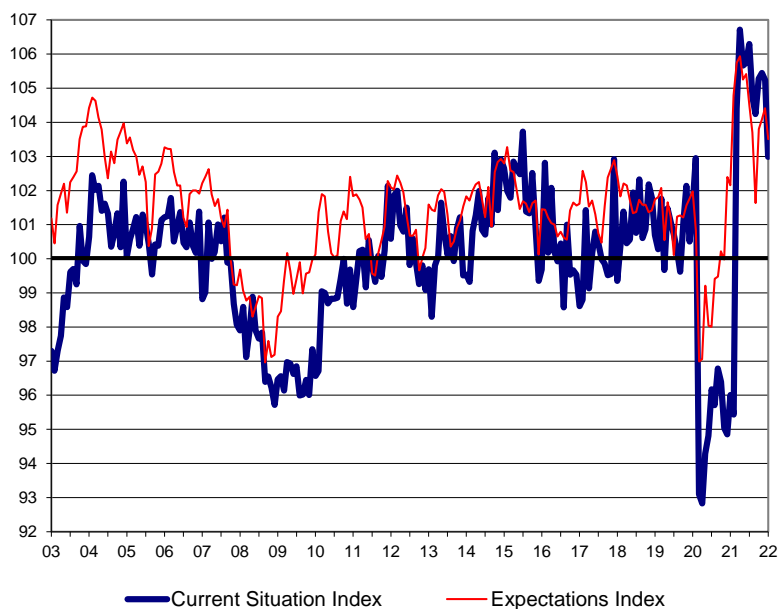
The Expectations Index, which measures restaurant operators’ six-month outlook for four industry indicators (same-store sales, employees, capital expenditures and business conditions), stood at 103.5 – down 0.9% from the previous month and the first decline in four months. Despite the decline, restaurant operators remain generally optimistic about business conditions in the coming months.

Restaurant Performance Index



Source: NRA; Values Greater than 100 = Expansion; Values Less than 100 = Contraction

Current Situation & Expectations Indices



Source: NRA; Values Greater than 100 = Expansion; Values Less than 100 = Contraction

Restaurant Operators Reported Softer Same-Store Sales and Customer Traffic in January

Seventy-three percent of restaurant operators said their same-store sales rose between January 2021 and January 2022, while 21% reported a sales decline. That represented the softest same-store sales results since the year-ago comparisons started lapping the pandemic months in March 2021, and likely reflected the pullback in consumer confidence due to the omicron variant.

Two-year comparisons were negative, with 41% of operators reporting higher sales compared to January 2020 and 51% reporting a decline. Limited-service operators were much more likely than fullservice operators to report an increase in same-store sales between January 2020 and January 2022.

Restaurant operators also reported softer customer traffic results compared to recent months. Fifty-five percent of restaurant operators said their customer traffic in January 2022 was higher than it was in January 2021. Thirty-two percent of operators said their traffic declined.

Sixty-two percent of restaurant operators said they made a capital expenditure for equipment, expansion or remodeling during the last three months. That was up from a reading of 58% last month.

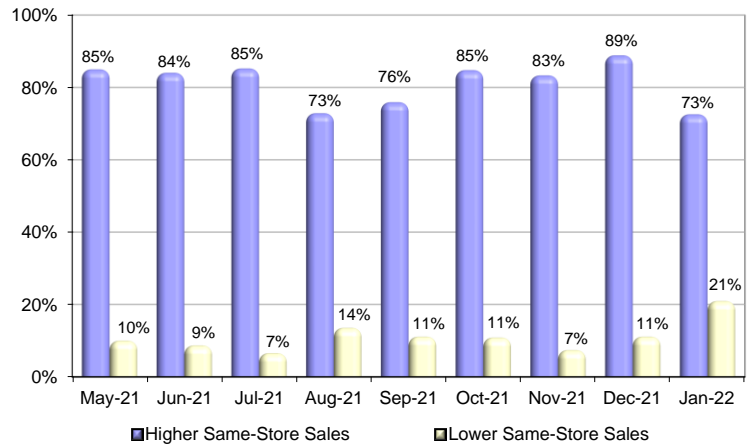
Majority of Restaurant Operators Expect Their Sales to Improve

Restaurant operators remain generally optimistic about business conditions in the months ahead. Sixty percent of operators expect their sales volume in six months to be higher than it was during the same period in the previous year, down from 67% last month. Only 11% of operators expect their sales in six months to be lower than it was during the same period in the previous year.

Restaurant operators are somewhat less bullish about the direction of the overall economy. Thirty-three percent of restaurant operators said they expect economic conditions to improve in six months, down from 40% last month. Twenty-five percent of operators think economic conditions will worsen in the next six months. That represented the weakest outlook for the economy since the November 2021 survey period.

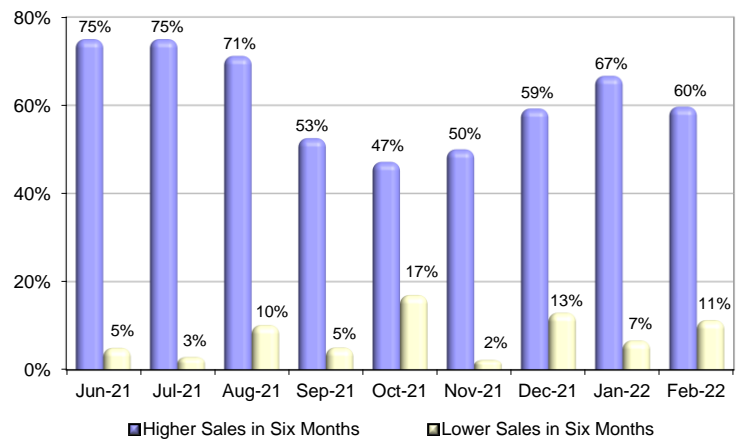
A majority of restaurant operators continue to plan for capital spending in the coming months. Sixty-six percent of operators said they plan to make a capital expenditure for equipment, expansion or remodeling during the next six months. That represented the fourth consecutive month with readings above 65%.

Restaurant Operators' Reporting of Same-Store Sales versus Same Month in Previous Year



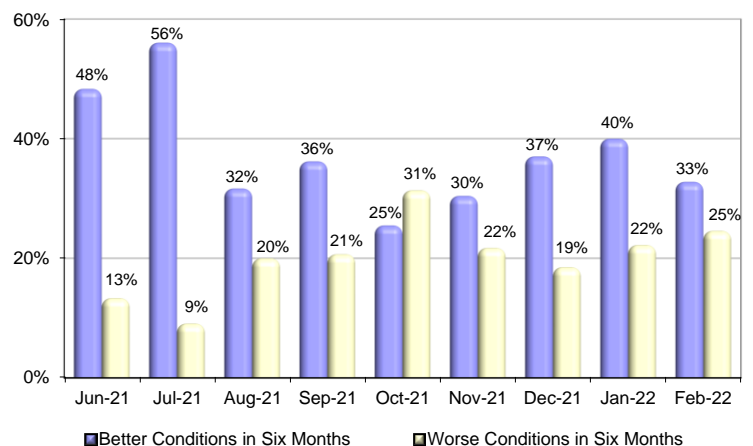
Source: National Restaurant Association, Restaurant Industry Tracking Survey

Restaurant Operators' Outlook for Sales Volume in Six Months versus Same Period in Previous Year



Source: National Restaurant Association, Restaurant Industry Tracking Survey

Restaurant Operators' Outlook for General Economic Conditions in Six Months



Source: National Restaurant Association, Restaurant Industry Tracking Survey

National Restaurant Association Restaurant Performance Index and Its Components

	September 2021	October 2021	November 2021	December 2021	January 2022	Jan-22 over Dec-21
Restaurant Performance Index	102.9	104.5	104.8	104.8	103.2	-1.5%
Current Situation Index	104.2	105.3	105.4	105.2	103.0	-2.1%
<i>Current Situation Indicators:</i>						
Same-Store Sales	106.5	107.4	107.6	107.8	105.2	-2.4%
Customer Traffic	105.6	106.7	106.6	107.1	102.3	-4.5%
Labor	102.8	103.7	103.6	104.4	102.1	-2.2%
Capital Expenditures	102.2	103.3	104.0	101.6	102.5	0.8%
Expectations Index	101.6	103.8	104.1	104.4	103.5	-0.9%
<i>Expectations Indicators:</i>						
Same-Store Sales	103.0	104.8	104.6	106.0	104.8	-1.1%
Staffing	103.1	105.3	104.7	105.5	105.2	-0.2%
Capital Expenditures	101.0	104.2	105.1	104.4	103.1	-1.2%
Business Conditions	99.4	100.9	101.9	101.8	100.8	-0.9%

Note: For each of the Indices and Indicators, a value above 100 signals a period of expansion while a value below 100 signals a period of contraction.

Definitions

The National Restaurant Association's *Restaurant Performance Index* is a statistical barometer that measures the overall health of the U.S. Restaurant Industry. This monthly composite index is based on the responses to the National Restaurant Association's monthly Restaurant Industry Tracking Survey, which is fielded among restaurant operators nationwide on a variety of indicators including sales, traffic, labor and capital expenditures. The *Restaurant Performance Index* is composed of two equally-weighted components: the Current Situation Index and the Expectations Index. For each of the Indices and Indicators, a value above 100 signals a period of expansion while a value below 100 signals a period of contraction. The distance from 100 signifies the magnitude of the expansion or contraction.

The Current Situation Index is a composite index based on four 'recent-period' restaurant industry indicators:

Same-Store Sales: Compares same-store sales volume in the reference month versus the same month in the previous year

Customer Traffic: Compares customer traffic in the reference month versus the same month in the previous year

Labor: Compares the number of employees and the average employee hours in the reference month versus the same month in the previous year

Capital Expenditures: Measures capital expenditure activity during the three most recent months

The Expectations Index is a composite index based on four 'forward-looking' restaurant industry indicators:

Same-Store Sales: Restaurant operators' outlook for same-store sales in six months, compared to the same period in the previous year

Staffing: Restaurant operators' expectations for their number of employees in six months, compared to the same period in the previous year

Capital Expenditures: Restaurant operators' capital expenditure plans during the next six months

Business Conditions: Restaurant operators' outlook for general business conditions during the next six months

For a complete analysis of the National Restaurant Association's Restaurant Industry Tracking Survey including data broken out by industry segment, as well as a host of other economic indicators that impact the restaurant industry, log on to *Restaurant TrendMapper* at www.restaurant.org/trendmapper (subscription required).