

March 2022

Restaurant Performance Index Edged Down 0.1% in March

The National Restaurant Association’s Restaurant Performance Index (RPI) held relatively steady in March, as the current situation indicators and operator sentiment remained essentially unchanged from the previous month’s readings. The RPI – a monthly composite index that tracks the health of the U.S. restaurant industry – stood at 103.7 in March, down 0.1% from February’s level of 103.8.

A majority of restaurant operators reported an increase in same-store sales and customer traffic from year-ago levels, while capital spending activity remained healthy. Although operators are generally optimistic about their own business in the coming months, their 6-month outlook for the overall economy remained negative for the second consecutive month.

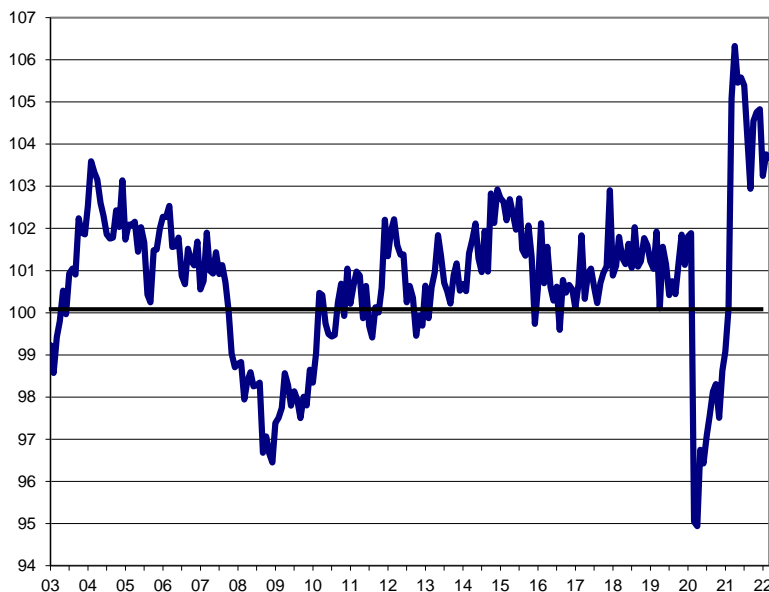
The RPI is constructed so that the health of the restaurant industry is measured in relation to a neutral level of 100. Index values above 100 indicate that key industry indicators are in a period of expansion, while index values below 100 represent a period of contraction. The Restaurant Performance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

Current Situation Index Held Steady at a Level of 104.6 in March; Expectations Index Declined 0.2% to a Level of 102.8

The Current Situation Index, which measures current trends in four industry indicators (same-store sales, traffic, labor and capital expenditures), stood at 104.6 in March – unchanged from February. All four of the current situation indicators were in expansion territory in March, which means the overall industry remains on a path toward recovery from the pandemic lows two years ago.

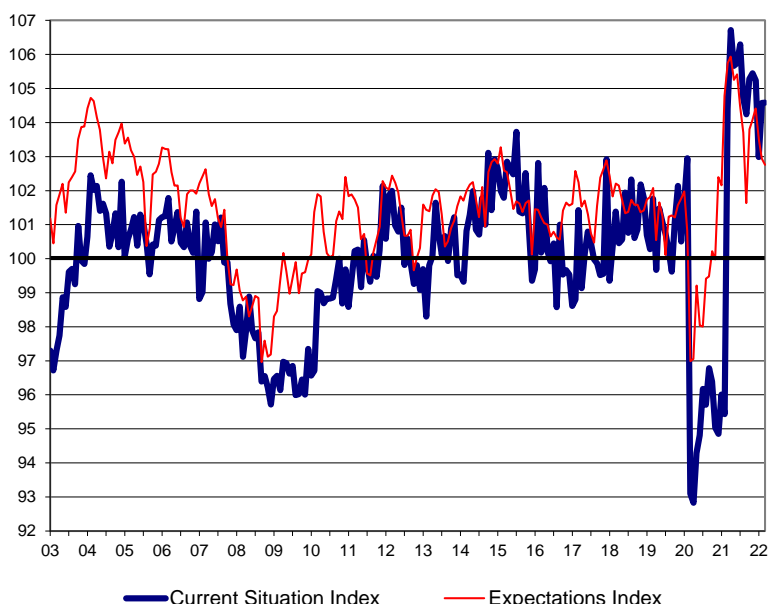
The Expectations Index, which measures restaurant operators’ six-month outlook for four industry indicators (same-store sales, employees, capital expenditures and business conditions), stood at 102.8 – down 0.2% from the previous month and the third consecutive monthly decline. Still, most operators remain optimistic about sales growth in the months ahead.

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 Positive Same-Store Sales and Customer Traffic in March

A majority of restaurant operators reported positive same-store sales in March, as the industry continued its long recovery from dampened pandemic sales levels. Seventy-five percent of restaurant operators said their same-store sales rose between March 2021 and March 2022, down from 82% of operators who reported higher sales in February. Ten percent of restaurant operators said their sales were lower in March, compared to 16% who reported similarly in February.

Although customer traffic results were also positive in March, they were not as strong as the sales readings. Sixty-nine percent of restaurant operators said their customer traffic rose between March 2021 and March 2022, compared to 65% who reported similarly in February. Seventeen percent of restaurant operators said their customer traffic declined in March, down from 25% who reported lower traffic in February.

Sixty-five percent of restaurant operators said they made a capital expenditure for equipment, expansion or remodeling during the last three months. That was down from a reading of 71% last month.

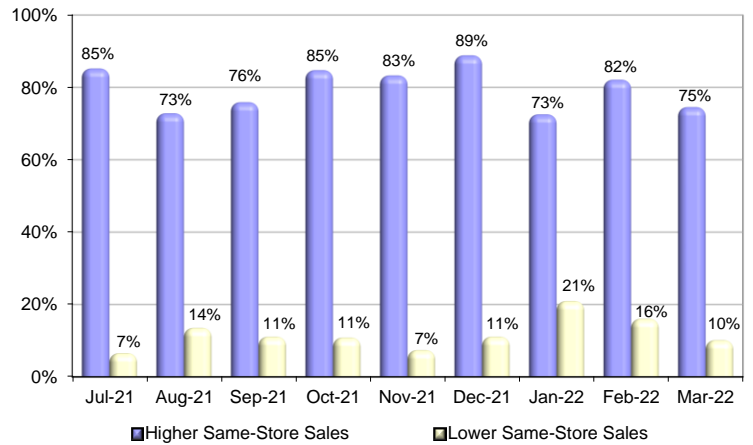
Restaurant Operators' Outlook for Sales Remains Positive

Restaurant operators remain generally optimistic about sales growth in the months ahead. Fifty-nine percent of operators expect their sales volume in six months to be higher than it was during the same period in the previous year. This was roughly on par with last month's reading. Only 10% of operators expect their sales in six months to be lower than it was during the same period in the previous year, down from 21% who reported similarly last month.

Restaurant operators are much less bullish about the overall economy. Twenty-eight percent of restaurant operators said they expect economic conditions to improve in six months, while 33% think economic conditions will worsen during the next six months. That represented the second consecutive month in which operators had a net negative outlook for the economy – the first such occurrence in more than two years.

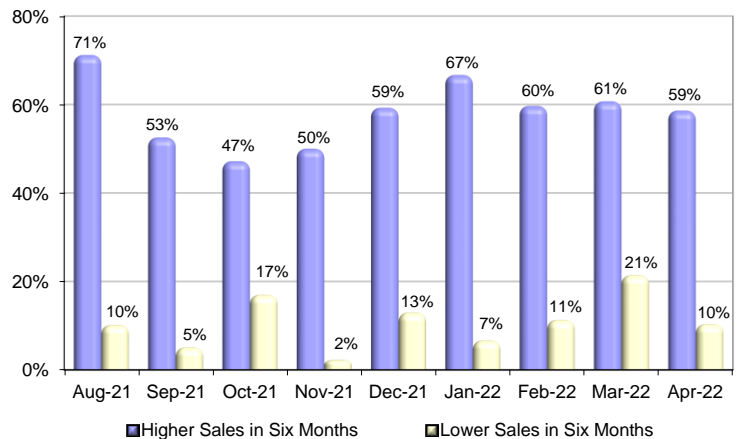
A majority of restaurant operators continue to plan for capital spending in the months ahead. Sixty-three percent of operators said they plan to make a capital expenditure for equipment, expansion or remodeling during the next six months. That was down from 71% who reported similarly last month, but still represented the sixth consecutive month with a reading above 60%.

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



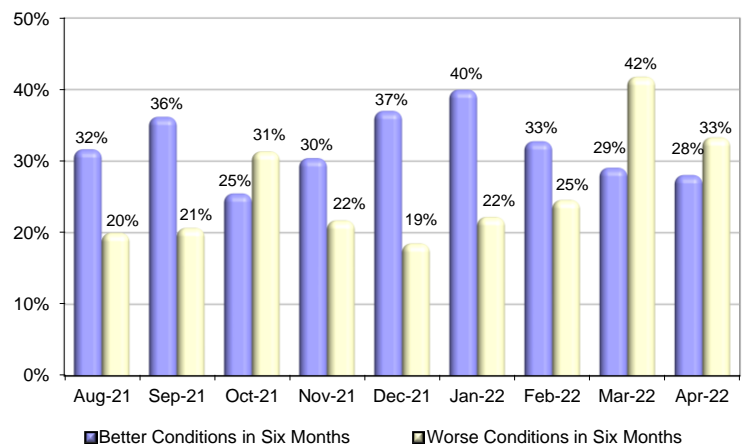
Source: National Restaurant Association, Restaurant Industry Tracking Survey

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

	November 2021	December 2021	January 2022	February 2022	March 2022	Mar-22 over Feb-22
Restaurant Performance Index	104.8	104.8	103.2	103.8	103.7	-0.1%
Current Situation Index	105.4	105.2	103.0	104.6	104.6	0.0%
<i>Current Situation Indicators:</i>						
Same-Store Sales	107.6	107.8	105.2	106.6	106.4	-0.2%
Customer Traffic	106.6	107.1	102.3	104.0	105.3	1.2%
Labor	103.6	104.4	102.1	103.5	103.7	0.2%
Capital Expenditures	104.0	101.6	102.5	104.2	103.0	-1.2%
Expectations Index	104.1	104.4	103.5	102.9	102.8	-0.2%
<i>Expectations Indicators:</i>						
Same-Store Sales	104.6	106.0	104.8	103.9	104.8	0.9%
Staffing	104.7	105.5	105.2	104.9	104.1	-0.8%
Capital Expenditures	105.1	104.4	103.1	104.2	102.6	-1.5%
Business Conditions	101.9	101.8	100.8	98.7	99.5	0.8%

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).