

Restaurants Industry

Monthly restaurant spending: spend up across segments as headwinds dissipate

Industry Overview

We note that our monthly aggregate and segment spend estimates use spend data based on household samples in the current month (February in this case), while our weekly segment estimates and monthly income/MSA estimates rely on household samples from the prior month. As a result, there can be slight discrepancies between the estimates, however they are all directionally consistent.

Aggregate restaurant spend turns positive post-weather

According to BAC aggregated credit and debit card data, on a one-year basis, aggregate restaurant spending growth accelerated 2.6% y/y in February, up from -3.2% y/y in January. January results suffered from adverse weather conditions as well as difficult comparisons (last year benefited from lapping Omicron and unseasonably warm weather). Spending growth at restaurant chains accelerated from -3.2% y/y in January to 2.4% y/y in February while spending at independent restaurants accelerated from -3.2% y/y to 2.7% y/y. See [BofA on USA](#) for methodology, limitations, and disclaimers for BAC card data and commentary on broader retail trends from the Economics team.

QSR accelerates, Pizza spend less negative

QSR ex-pizza y/y spend growth accelerated from -1.8% in January to 3.6% y/y in February. Pizza spend growth was less negative in February, at -2.7% y/y growth vs January's -5.9% y/y.

Fast Casual up, Casual Dining decline moderates

On a one-year basis, Fast Casual spend growth accelerated from 0.4% y/y in January to 7.7% y/y in February, while Casual Dining spend slowed its decline, from -8.9% y/y in January to -1.6% y/y in February.

B&M turns positive, Online accelerates m/m

On a one-year basis, brick and mortar spending growth accelerated m/m from -4.8% y/y in January to 1.6% y/y in February. Online spending also accelerated m/m, ticking up from 2.8% in January to 6.7% in February.

Sequential improvements across incomes

In February, high income consumer (>\$125k) spend declined -1.3% y/y, vs declines of -0.7% for \$50-125k and -0.2% y/y for <\$50k, with all cohort spend up m/m (January at -4.0% y/y for >\$125k vs -3.5% for \$50-125k and -2.6% for <\$50k). Both B&M and online y/y spending growth were less negative m/m across income cohorts. Spend growth in the >\$125K cohort saw a larger decline than that of other income cohorts.

By MSA Portland strongest, Denver weakest y/y

In February, Portland had the highest y/y growth of 6.1% (Las Vegas and San Francisco were highest in January at 0.3%) while Denver had the biggest decline of -4.1% (Portland was lowest in January at 11.8%).

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Definitions

QSR: Quickservice restaurants. These restaurants offer fast, pre-prepared foods at low price points with minimal front of house service. We break out Pizza restaurants from this category in order to provide more detailed comparison.

CDR: Casual dining restaurants. These are full-service restaurants with affordable prices and informal atmospheres.

FCR: Fast casual restaurants serve high quality, made-to-order food at higher price points than traditional fast-food restaurants but with a similar limited service model.

B&M: Brick and mortar. Refers to purchases made at the physical store.

Online (card not present): Card not present is largely online but could include purchases made over the phone.

m/m: month over month

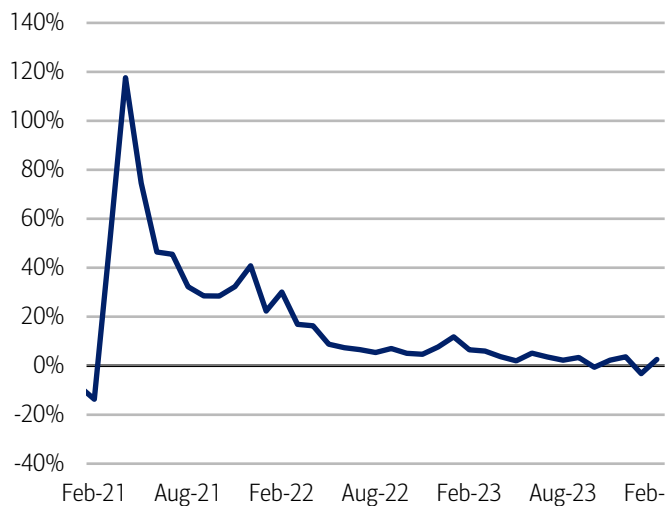
MSA: metropolitan statistical area

Aggregate restaurant spend turns positive post-weather

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Exhibit 1: All restaurant spending: y/y growth according to BAC aggregated credit and debit card data (Monthly)

Restaurant y/y spend growth accelerated m/m from -3.2% in January to 2.6% in February

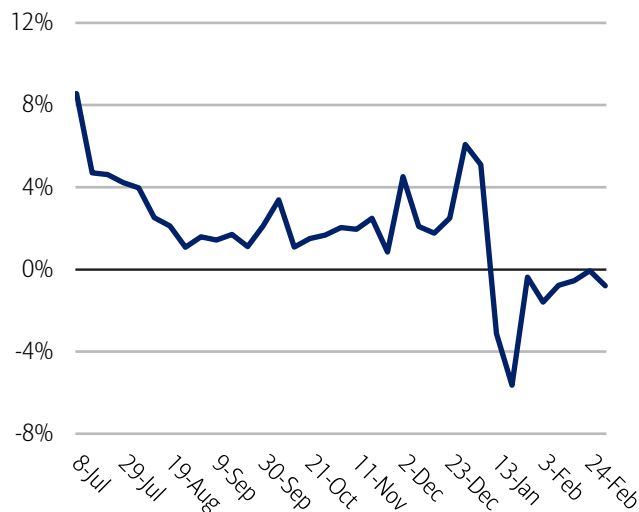


Source: BAC internal data

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Exhibit 2: All restaurant spending: y/y growth according to BAC aggregated credit and debit card data (Weekly)

Aggregated BAC credit and debit card data through the week ended Mar 2nd show a -0.8% y/y decline in restaurant sales

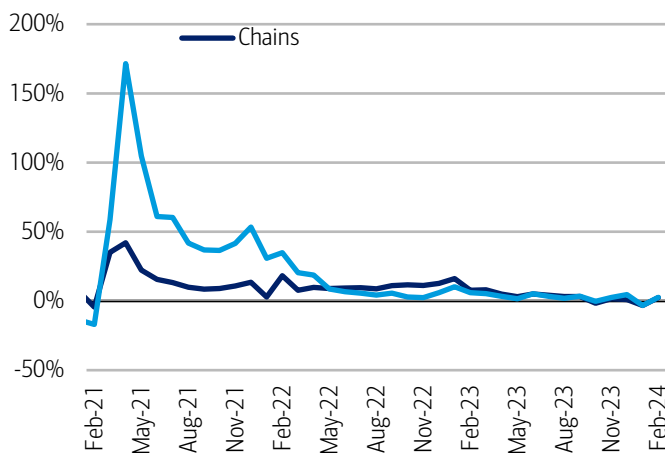


Source: BAC internal data

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Exhibit 3: Spending on chain vs local/independent restaurants according to BAC aggregated credit and debit card data (Monthly)

Spending at chains accelerated m/m from -3.2% in January to 2.4% in February. Independent/local spend also accelerated from -3.2% to 2.7%



Source: BAC internal data

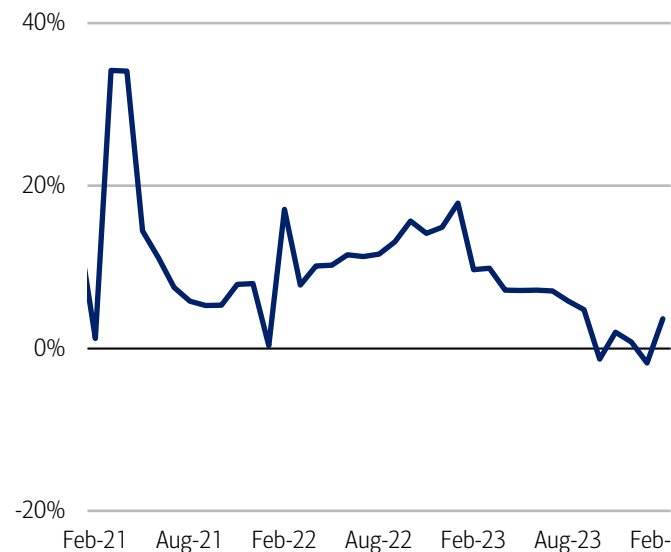
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QSR accelerates, Pizza spend less negative

QSR ex-pizza y/y spend growth accelerated from -1.8% in January to 3.6% in February. Pizza spend growth was less negative in February, at -2.7% y/y growth vs January's -5.9%.

Exhibit 4: Quickservice restaurant spending: y/y growth according to BAC aggregated credit and debit card data (Monthly)

QSR y/y spend growth accelerated m/m from -1.8% in January to 3.6% in February

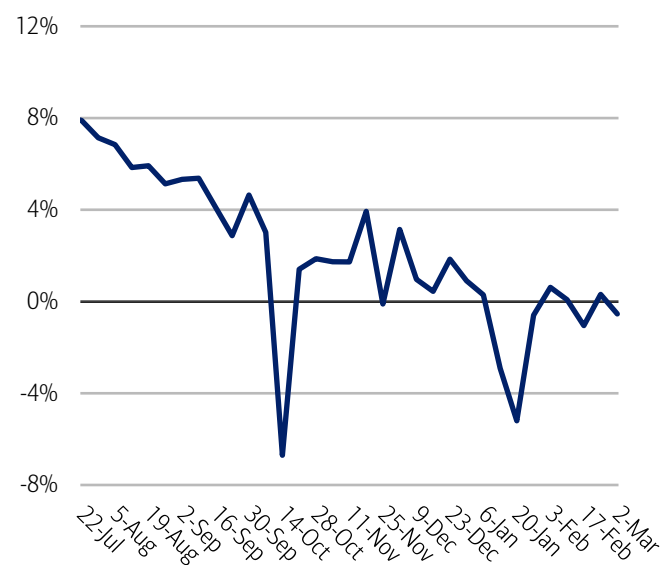


Source: BAC internal data

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Exhibit 6: Quickservice restaurant (QSR) spending: y/y growth according to BAC aggregated credit and debit card data (Weekly)

Aggregated BAC credit and debit card data through the week ended Mar 2nd show a -0.5% y/y decrease in QSR sales

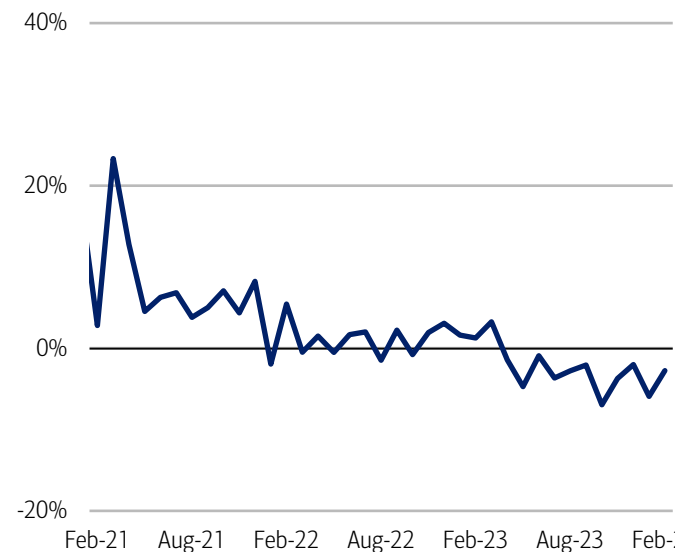


Source: BAC internal data

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Exhibit 5: Pizza restaurant spending: y/y growth according to BAC aggregated credit and debit card data (Monthly)

Pizza y/y spend growth accelerated from -5.9% in January to -2.7% in February

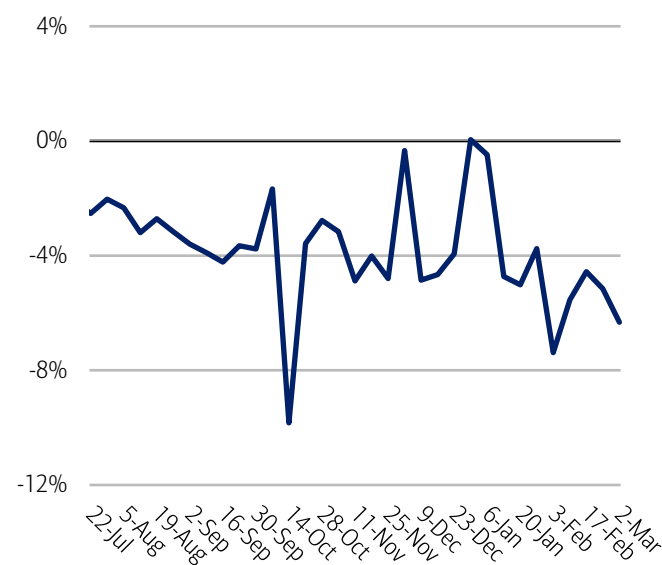


Source: BAC internal data

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Exhibit 7: Pizza restaurants spending: y/y growth according to BAC aggregated credit and debit card data (Weekly)

Aggregated BAC credit and debit card data through the week ended Mar 2nd show a -6.3% y/y decline in Pizza sales



Source: BAC internal data

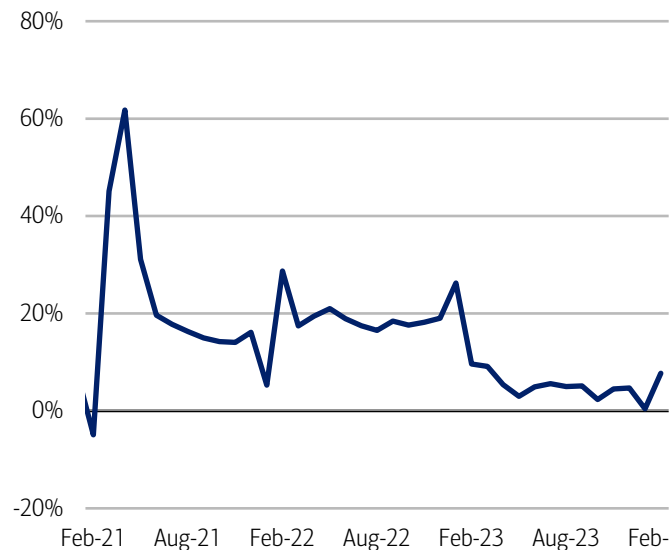
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Fast Casual up, Casual Dining decline moderates

On a one-year basis, Fast Casual spend growth accelerated from 0.4% y/y in January to 7.7% y/y in February, while Casual Dining spend slowed its decline, from -8.9% y/y in January to -1.6% y/y in February.

Exhibit 8: Fast Casual restaurant spending: y/y growth according to BAC aggregated credit and debit card data (Monthly)

Fast Casual y/y spend growth accelerated m/m from 0.4% in January to 7.7% in February

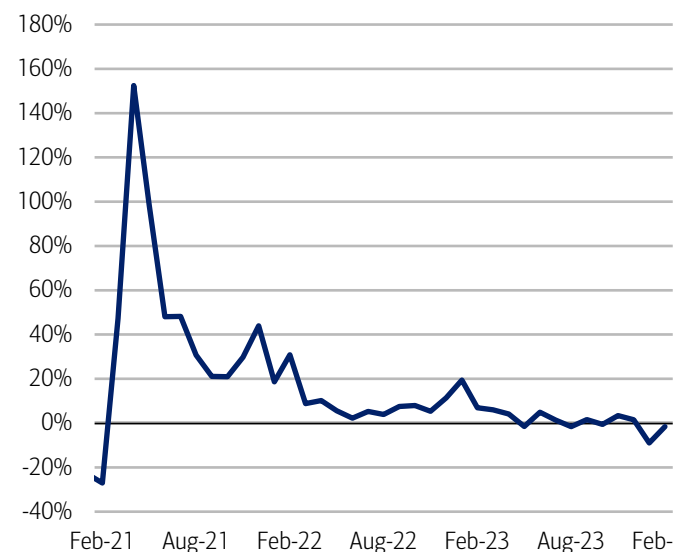


Source: BAC internal data

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Exhibit 9: Casual Dining restaurant spending: y/y growth according to BAC aggregated credit and debit card data (Monthly)

CDR spend accelerated from -8.9% in January to -1.6% in February

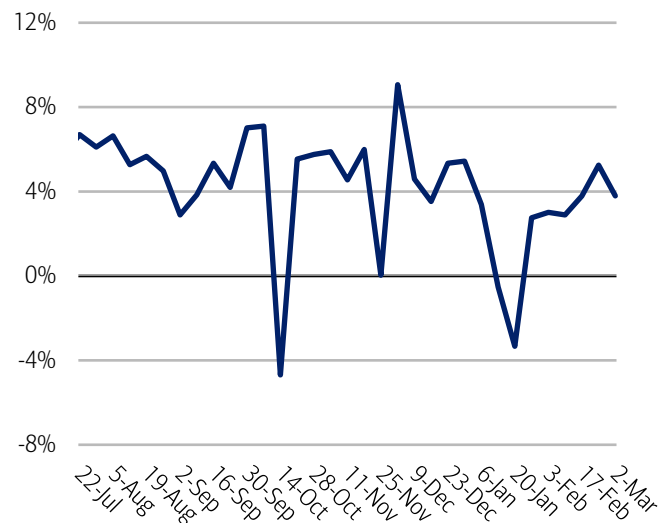


Source: BAC internal data

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Exhibit 10: Fast Casual restaurant spending: y/y growth according to BAC aggregated credit and debit card data (Weekly)

Aggregated BAC credit and debit card data through the week ended Mar 2nd show a 3.8% y/y increase in FCR sales

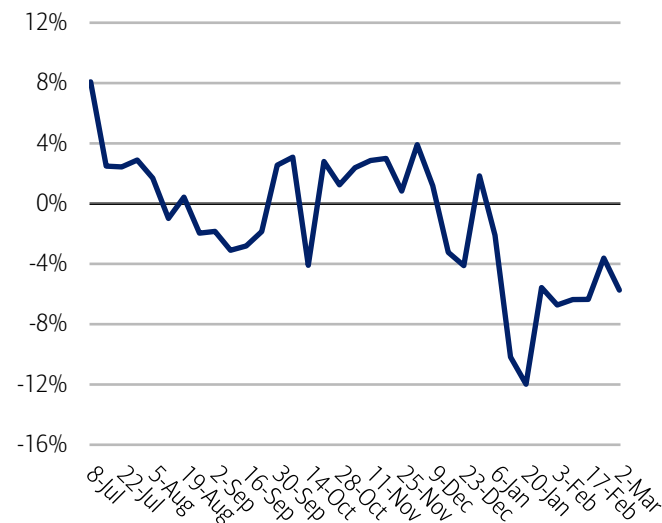


Source: BAC internal data

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Exhibit 11: Casual dining restaurant (CDR) spending: y/y growth according to BAC aggregated credit and debit card data (Weekly)

Aggregated BAC credit and debit card data through the week ended Mar 2nd show a -5.7% y/y decline in CDR sales



Source: BAC internal data

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B&M turns positive, Online accelerates m/m

On a one-year basis, brick and mortar spending growth accelerated m/m from -4.8% y/y in January to 1.6% y/y in February. Online spending also accelerated m/m, ticking up from 2.8% in January to 6.7% in February.

Exhibit 12: Brick and mortar restaurant spending: y/y growth according to BAC aggregated credit and debit card data (Monthly)

B&M y/y spend growth accelerated from -4.8% in January to 1.6% in February



Source: BAC internal data

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Exhibit 13: Online (card not present) restaurant spending: y/y growth according to BAC aggregated credit and debit card data (Monthly)

Online y/y spend growth accelerated m/m from 2.8% in January to 6.7% in February

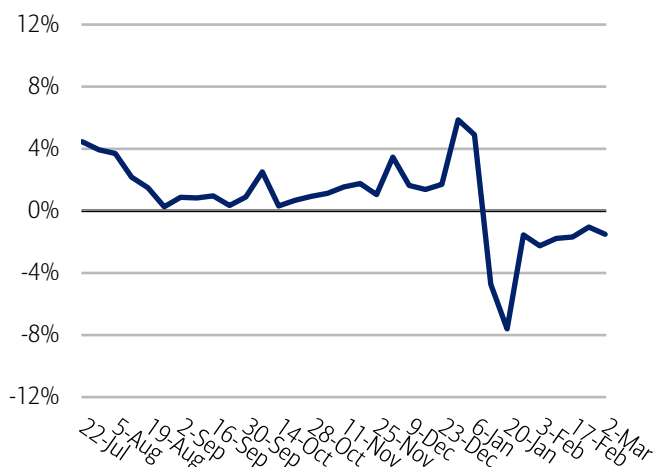


Source: BAC internal data

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Exhibit 14: Brick and mortar restaurant (B&M) spending: y/y growth according to BAC aggregated credit and debit card data (Weekly)

Aggregated BAC credit and debit card data through the week ended Mar 2nd show a -1.5% y/y decline in B&M sales

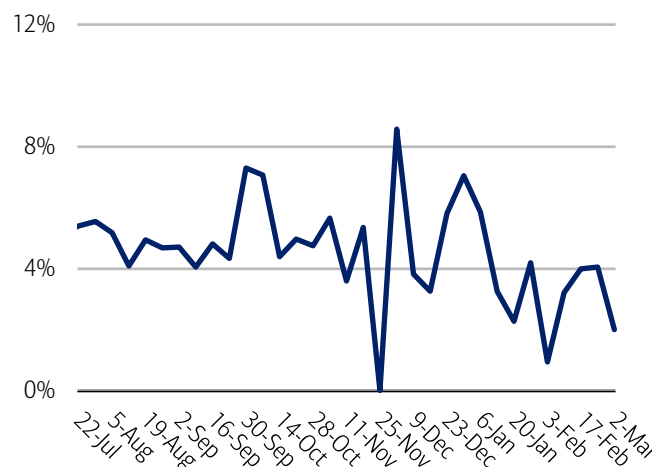


Source: BAC internal data B&M
(Brick & Mortar) means purchases at the store

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Exhibit 15: Online (card not present) restaurant spending: y/y growth according to BAC aggregated credit and debit card data (Weekly)

Aggregated BAC credit and debit card data through the week ended Mar 2nd show a 2.9% y/y increase in online sales



Source: BAC internal data
Card not present is largely online but could include purchases made over the phone.

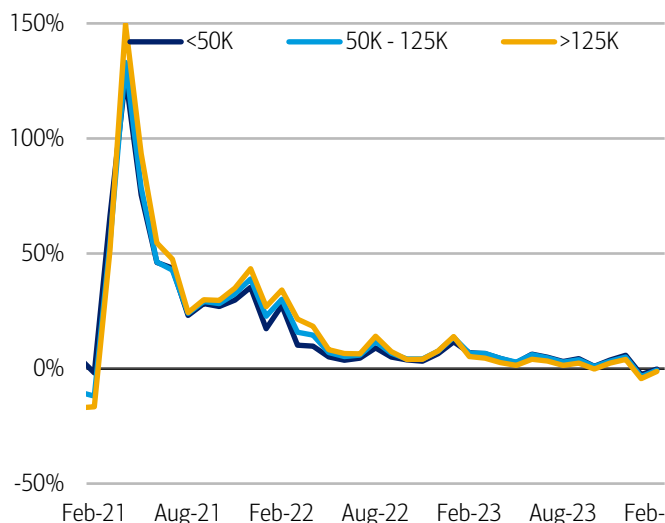
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Sequential improvements across incomes

In February, high income consumer (>\$125k) spend declined -1.3% y/y, vs declines of -0.7% y/y for \$50-125k and -0.2% y/y for <\$50k, with all cohort spend up m/m (January at -4.0% y/y for >\$125k vs -3.5% for \$50-125k and -2.6% for <\$50k). Both B&M and online y/y spending growth were less negative m/m across income cohorts. Spend growth in the >\$125K cohort saw a larger decline than that of other income cohorts.

Exhibit 16: Restaurant spending y/y change by income cohort (Monthly)

In February, restaurant spend growth was -1.3% y/y for the >125k cohort vs -0.7% and -0.2% for the 50-125k and <50k cohorts respectively

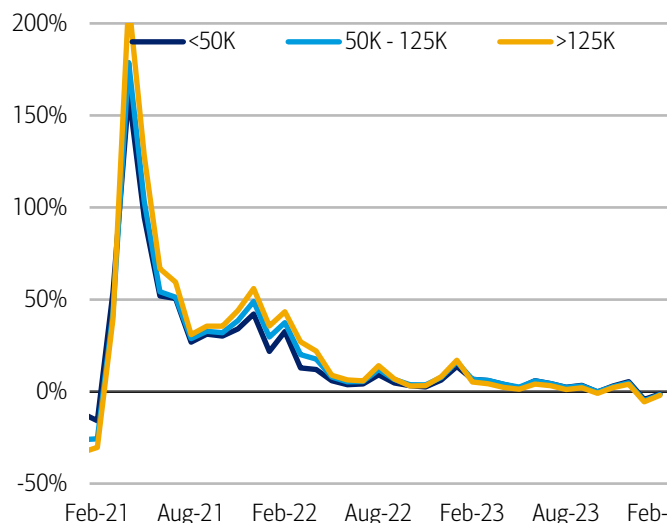


Source: BAC internal data

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Exhibit 17: B&M Restaurant spending y/y change by income cohort (Monthly)

In February, B&M spend growth was -2.0% y/y for the >125k cohort vs -1.7% and -1.3% for the 50-125k and <50k cohorts respectively

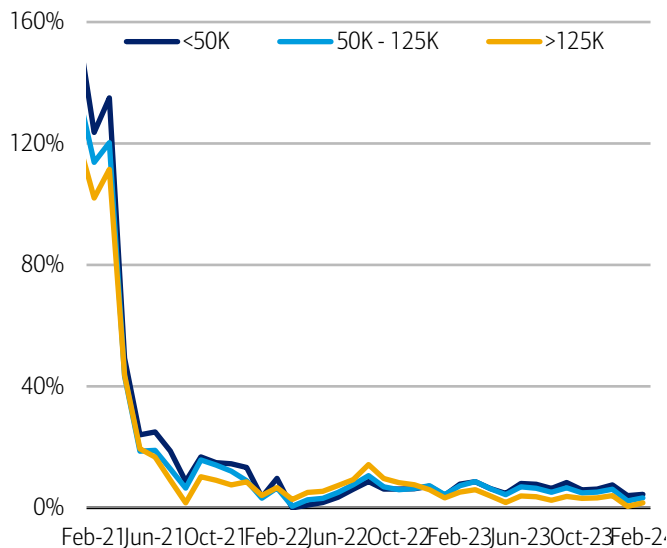


Source: BAC internal data

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Exhibit 18: Online (card not present) restaurant spending y/y change by income cohort (Monthly)

In February, Online spend growth was 1.6% y/y for the >125k cohort vs 3.3% and 4.4% for the 50-125k and <50k cohorts respectively



Source: BAC internal data

Card not present is largely online but could include purchases made over the phone.

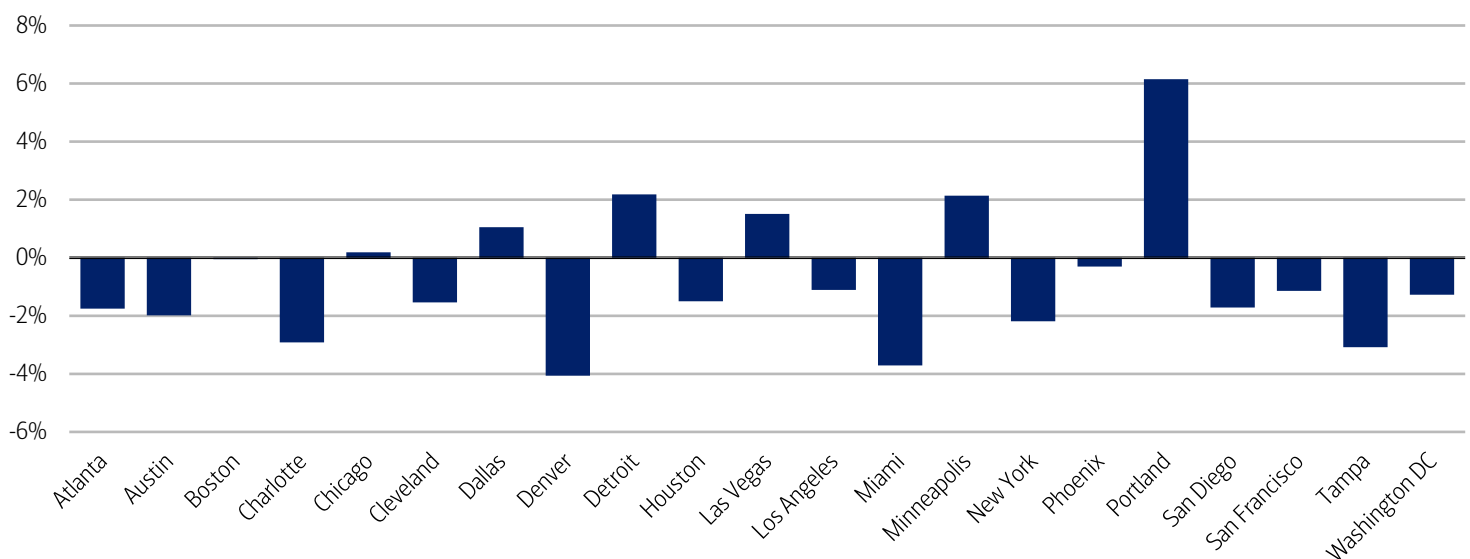
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By MSA Portland strongest, Denver weakest y/y

In February, Portland had the highest y/y growth of 6.1% (Las Vegas and San Francisco were highest in January at 0.3%) while Denver had the biggest decline of -4.1% (Portland was lowest in January at 11.8%).

Exhibit 19: Aggregate restaurant spend by MSA: 1-yr growth according to BAC aggregated credit and debit card data (Monthly)

In February, Portland had the highest y/y growth of 6.1% while Denver had the lowest at -4.1%



Source: BAC internal data

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Our methodology for calculating the growth rates for daily data: we calculate the % yoy growth and the 4-yr % change by matching calendar days (Jan 1 ‘22 matched to Jan 1 ‘21 and Jan1, 2019) instead of matching the day of the week, which we used previously (i.e., the first Monday in ‘22 matched to first Monday in each of ‘21 and ‘20, respectively).

Additional information about the methodology used to aggregate the data is available upon request.

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