

Restaurants Industry

Monthly restaurant spending: Pizza and FCR improve, QSR and CDR slow

Industry Overview

Updating methodology for monthly spend estimates

In this report, we update our methodology for calculating monthly spend growth to incorporate more timely sampling. Rather than aggregating daily card spend data which rely on household samples from the prior month (e.g., tracking December spending of household samples from November), we now calculate monthly spend data now using household samples in the current month (December in this case). Weekly data continue to be aggregated from daily card spend data.

Aggregate restaurant spend growth accelerates m/m

According to BAC aggregated credit and debit card data, on a one-year basis, aggregate restaurant spending growth accelerated from 2.3% in November to 3.6% in December. Spending growth at restaurant chains decelerated from 1.6% in November to 1.0% in December while spending at independent restaurants increased from 2.5% in November to 4.8%. See [BofA on USA](#) for methodology, limitations, and disclaimers for BAC card data and commentary on broader retail trends from the Economics team.

QSR growth decelerates, Pizza stems its decline

QSR ex-pizza y/y spend growth decelerated from 2.0% in November to 0.8% in December. While pizza spend growth remained negative, it continued to improve m/m, from -7.0% in October to -3.7% in November and -2.0% in December.

Fast Casual up slightly, CDR decelerates

On a one-year basis, Fast Casual spend growth accelerated slightly from 4.5% in November to 4.7% in December, while Casual Dining spend decelerated from 3.4% in November to 1.5% in December.

B&M and Online spend accelerate m/m

On a one-year basis, brick and mortar spending growth accelerated m/m from 1.8% in November to 3.2% in December. Online spending also accelerated m/m, from 4.2% to 5.4%.

Spend growth accelerates across incomes

In December, high income consumer (>\$125k) spend grew 4.0% y/y, vs growth of 5.0% for \$50-125k and 5.8% y/y for <\$50k, with all cohort spend accelerating m/m (November at 2.4% y/y for >\$125k vs +3.2% for \$50-125k and +3.6% for <\$50k). Both B&M and online y/y spending growth accelerated m/m across income cohorts. Spend growth in the >\$125K cohort continues to lag that of other income cohorts.

By MSA Portland is strongest, Miami weakest y/y

In November, Portland had the highest y/y growth of 9% (Cleveland was highest at 8.8% in November) while Miami had the lowest at 1.1% (vs 0.0% in November).

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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 growth accelerates m/m

According to BAC aggregated credit and debit card data, on a one-year basis, aggregate restaurant spending growth accelerated from 2.3% in November to 3.6% in December. Spending growth at restaurant chains decelerated from 1.6% in November to 1.0% in December while spending at independent restaurants increased from 2.5% in November to 4.8%. See [BofA on USA](#) for methodology, limitations, and disclaimers for BAC card data and commentary on broader retail trends from the Economics team.

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 2.3% in November to 3.6% in December

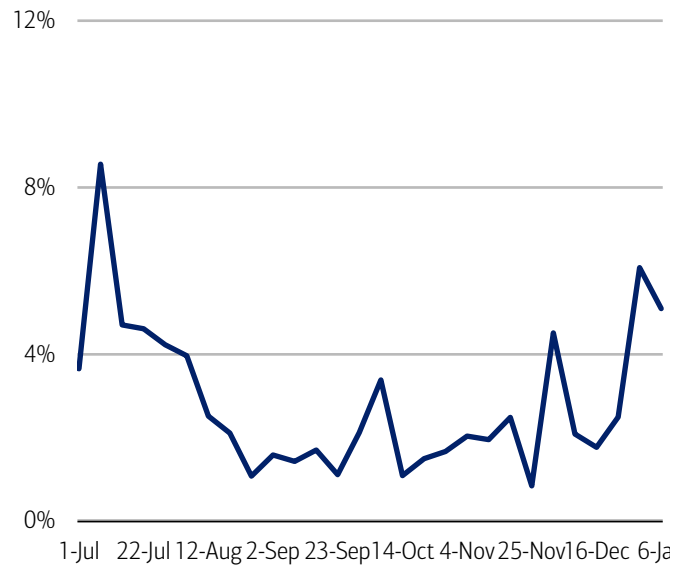


Source: BAC internal data

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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 Jan 6th show a 5.1% y/y increase in restaurant sales

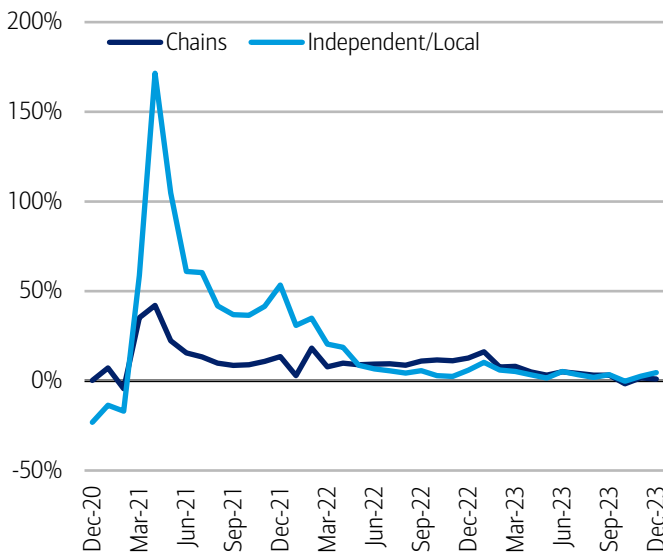


Source: BAC internal data

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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 decelerated m/m from 1.6% in November to 1.0% in December. Independent/local spend also accelerated from 2.5% to 4.6%



Source: BAC internal data

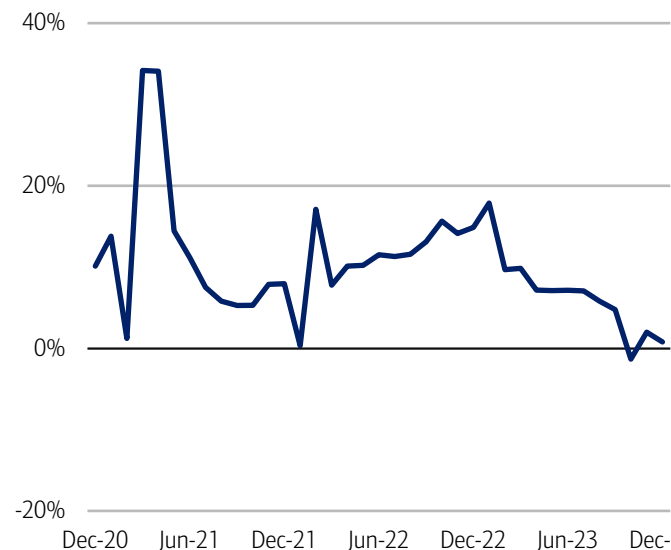
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QSR growth decelerates, Pizza stems its decline

QSR ex-pizza y/y spend growth decelerated from 2.0% in November to 0.8% in December. While pizza spend growth remained negative, it continued to improve m/m, from -7.0% in October to -3.7% in November and -2.0% in December.

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

QSR y/y spend growth decelerated m/m from 2.0% in November to 0.8% in December

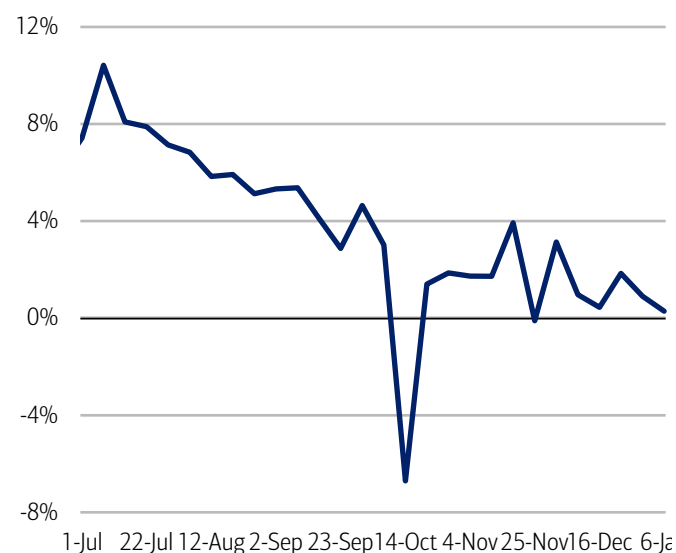


Source: BAC internal data

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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 Jan 6th show a 0.3% y/y increase in QSR sales

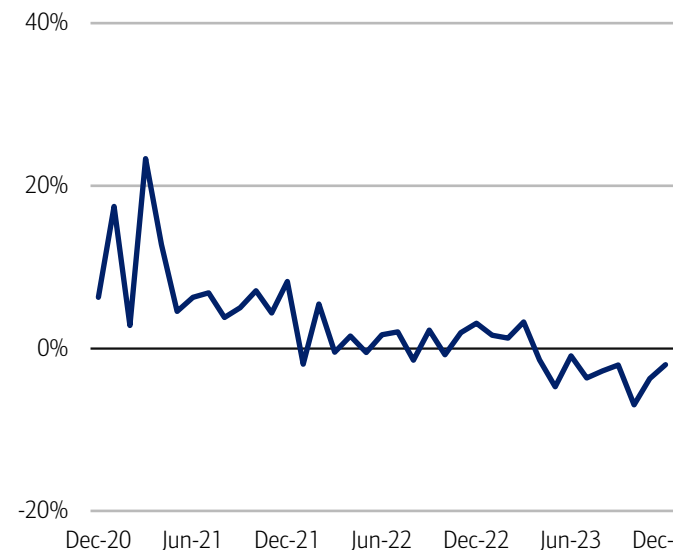


Source: BAC internal data

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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 -3.7% in November to -2.0% in December

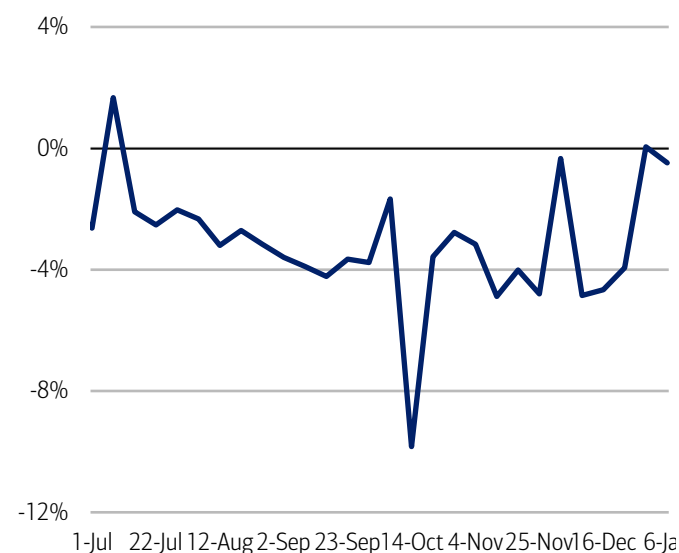


Source: BAC internal data

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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 Jan 6th show a -0.5% y/y decline in Pizza sales



Source: BAC internal data

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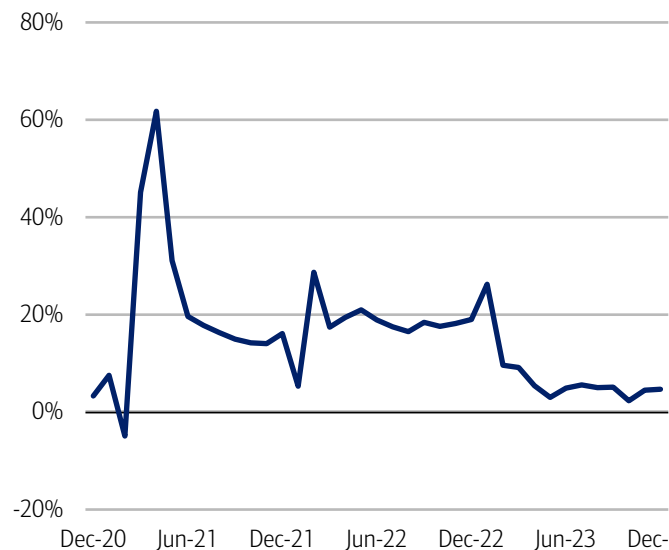


Fast Casual up slightly, CDR decelerates

On a one-year basis, Fast Casual spend growth accelerated slightly from 4.5% in November to 4.7% in December, while Casual Dining spend decelerated from 3.4% in November to 1.5% in December.

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 4.5% in November to 4.7% in December

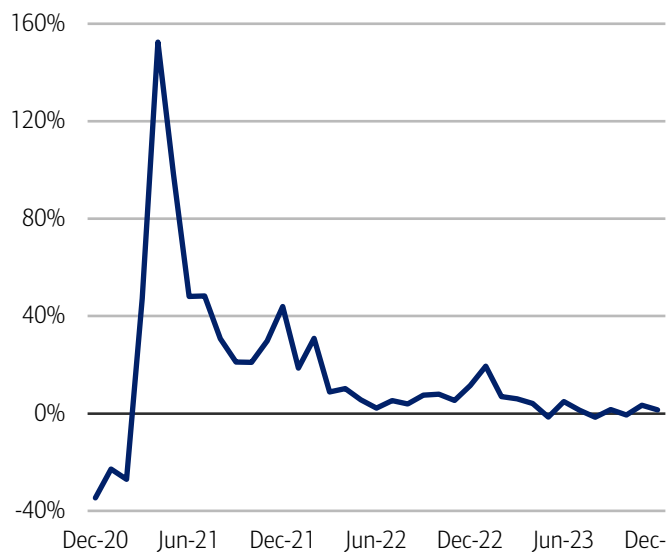


Source: BAC internal data

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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 decelerated from 3.4% in November to 1.5% in December

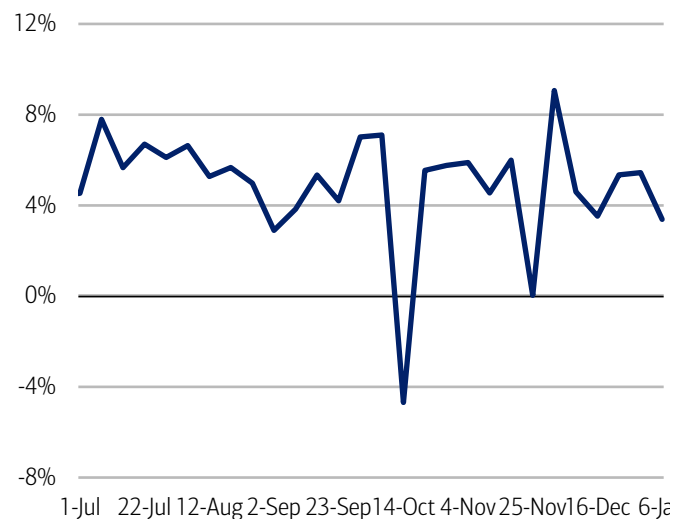


Source: BAC internal data

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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 Jan 6th show a 3.4% y/y increase in FCR sales

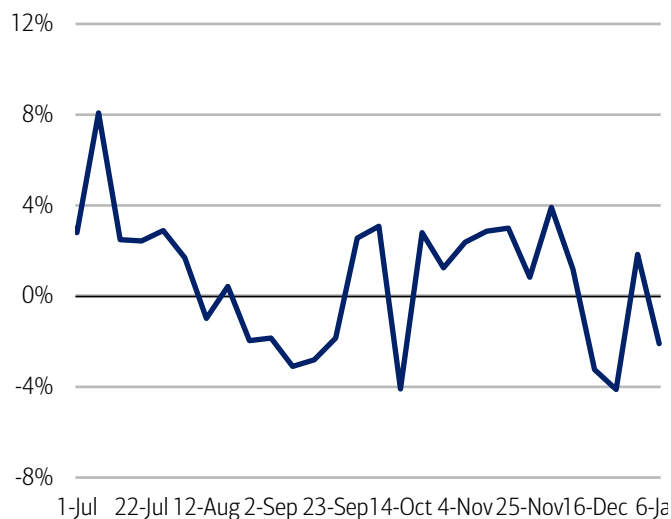


Source: BAC internal data

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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 Jan 6th show a -2.1% y/y increase in CDR sales



Source: BAC internal data

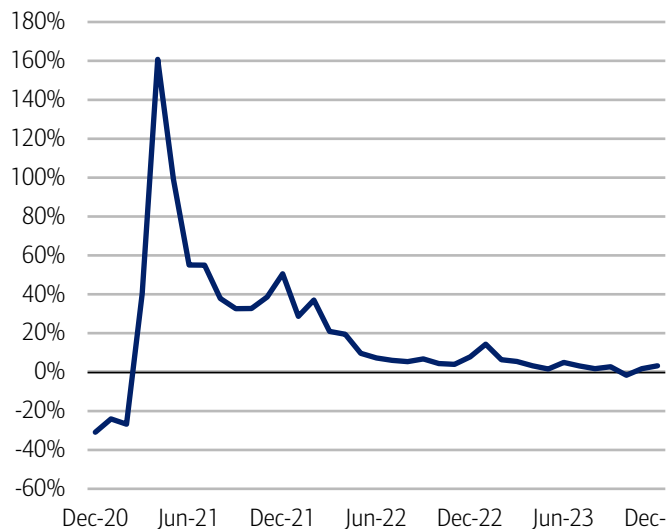
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B&M and Online spend accelerate m/m

On a one-year basis, brick and mortar spending growth accelerated m/m from 1.8% in November to 3.2% in December. Online spending also accelerated m/m, from 4.2% to 5.4%.

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 1.8% in November to 3.2% in December



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 4.2% in November to 5.4% in December

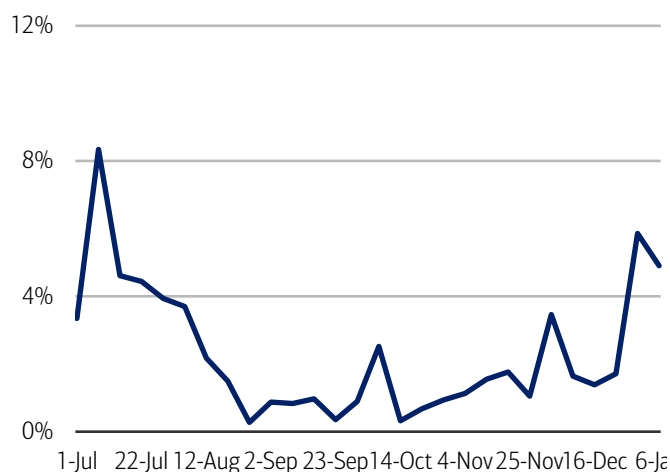


Source: BAC internal data

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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 Jan 6th show a 4.9% y/y increase in B&M sales

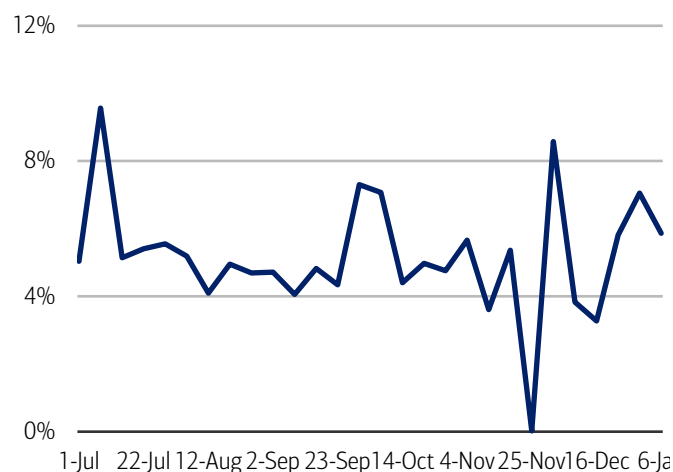


Source: BAC internal data B&M
(Brick & Mortar) means purchases at the store

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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 Jan 6th show a 5.9% y/y increase in online sales



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

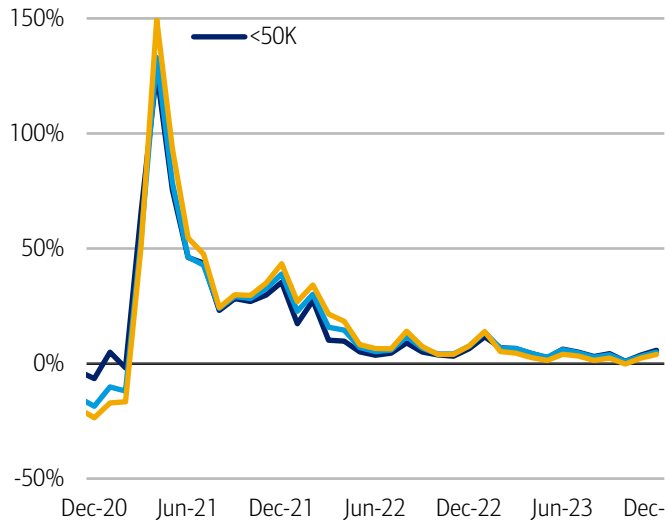
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Spend growth accelerates across incomes

According to BAC aggregated credit and debit card data, in December, high income consumer (>\$125k) spend grew 4.0% y/y, vs growth of 5.0% for \$50-125k and 5.8% y/y for <\$50k, with all cohort spend accelerating m/m (November at 2.4% y/y for >\$125k vs +3.2% for \$50-125k and +3.6% for <\$50k). Both B&M and online y/y spending growth accelerated m/m across income cohorts. Spend growth in the >\$125K cohort continues to lag that of other income cohorts.

Exhibit 16: Restaurant spending y/y change by income cohort (Monthly) according to BAC aggregated credit and debit card data

In December, restaurant spend growth was 4.0% y/y for the >125k cohort vs 5.0% and 5.8% for the 50-125k and <50k cohorts respectively

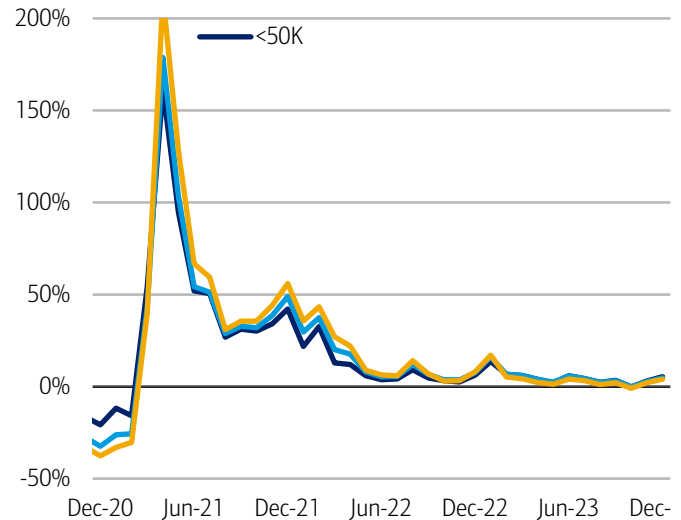


Source: BAC internal data

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Exhibit 17: B&M Restaurant spending y/y change by income cohort (Monthly) according to BAC aggregated credit and debit card data

In December, B&M spend growth was 4.0% y/y for the >125k cohort vs 4.7% and 5.3% for the 50-125k and <50k cohorts respectively

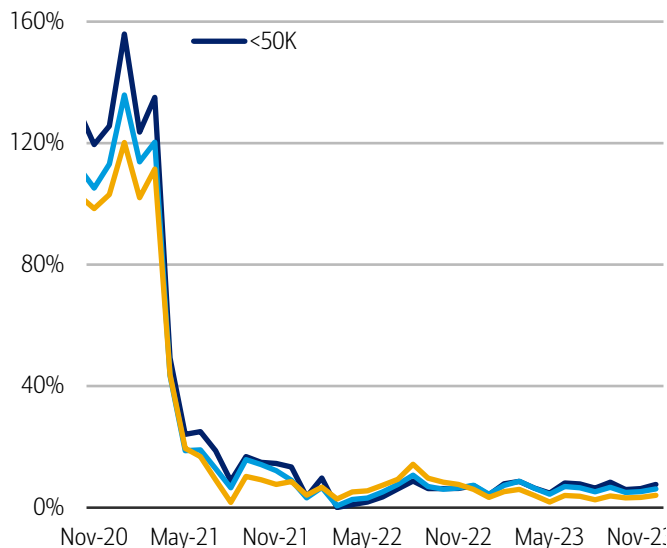


Source: BAC internal data

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Exhibit 18: Online Restaurant spending y/y change by income cohort (Monthly) according to BAC aggregated credit and debit card data

In December, Online spend growth was 4.0% y/y for the >125k cohort vs 6.1% and 7.6% for the 50-125k and <50k cohorts respectively



Source: BAC internal data

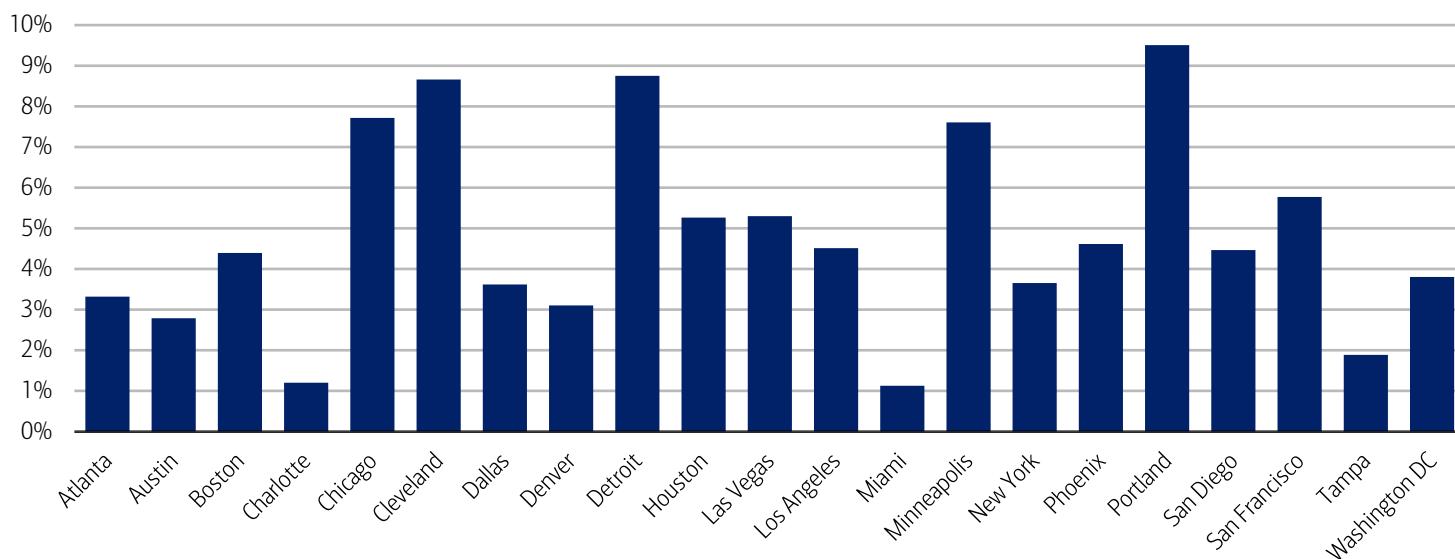
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By MSA Portland is strongest, Miami weakest y/y

In November, Portland had the highest y/y growth of 9.0% (Cleveland was highest at 8.8% in November) while Miami had the lowest at 1.1% (vs 0.0% in November).

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

In December, Portland had the highest y/y growth of 9.5% while Miami had the lowest at 1.1%



Source: BAC internal data

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Data regarding merchants who receive payments are identified and classified by the Merchant Categorization Code (MCC) defined by financial services companies. The data are mapped using proprietary methods from the MCCs to the North American Industry Classification System (NAICS).

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 Jan 1, 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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Buy	≥ 10%	≤ 70%
Neutral	≥ 0%	≤ 30%
Underperform	N/A	≥ 20%

^{R1} Ratings dispersions may vary from time to time where BofA Global Research believes it better reflects the investment prospects of stocks in a Coverage Cluster.

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