**Pizza is a whole lot cooler**

# **Introduction**

**Hamburgers may still be America’s No. 1 restaurant food, but make no mistake: Pizza is a whole lot cooler. When pop superstar Katy Perry got hungry in the middle of a concert in Kansas City, Missouri, this summer, she didn’t dial up the local Wendy’s. She ordered a pepperoni pie from hometown favorite Minsky’s Pizza (minskys.com) and brought a young fan onstage to share a slice. Jimmy Fallon took a similar tack in March when he surprised his Tonight Show guest Tina Fey with a cheesy on-air treat—a carryout order from the legendary Pica’s Pizza (picas-restaurant.com) in Upper Darby, Pennsylvania.**

**Celebrities and actors from Ellen DeGeneres to Steve Carell and Jennifer Garner have been making headlines all year by ordering pizza for their audiences and for each other. And independent pizzerias, such as the Original Barone’s Famous Italian Restaurant (baronesfamousitalian.com), and small chains like Big Mama’s and Papa’s (bigmamaspizza.com), both based in Los Angeles, have been getting most of the love. Even former child star Macaulay Culkin has gotten into the act, touring the country with a novelty band that puts a Weird Al-style pizza twist on old Velvet Underground tunes. Eat your heart out, Whataburger!**

**Considering that pizza has become such a cultural touchstone from coast to coast, it’s no surprise that U.S. pizza restaurant sales grew a little bit over the past year even as the economy continued to drag. All of the industry’s leading research firms—including Technomic, CHD Expert, Mintel, Euromonitor and the National Restaurant Association (NRA)—agree that key sales figures are up, although challenges await us in 2015. Once again, we’ll crunch the numbers to uncover key sales figures for independents and chains alike, and we’ll also share insights from leading operators and researchers about noteworthy trends that will impact our readers in 2015. Let’s get started!**

# **Sales Figures and Store Counts**

**It’s safe to say the pizza restaurant industry has entered the mature stage of its life cycle. Many towns and cities have reached the limit of pizza restaurants that their populations can support. That makes it harder for operators to open new stores and for new operators to get into the business. It also means that increasing sales-per-unit—rather than opening new stores—is a key driver of industry revenue. The prevalence of independents or chain is highlighted in Figure 1.**

**Having said that, pizza sales in the States still rose over the past year, reaching $38,524,732,336 by the year ending September 30, 2014, according to data from CHD Expert. That’s a 3.08% increase over PMQ’s estimated sales figure of $37,375,108,000 for the industry in 2013. (See sidebar on this page about last year’s estimated sales figures.)**

The pizza sales for each company are shown in Table 1.

Table Pizza market shares by sales

|  |  |
| --- | --- |
| Independents | 40.89% |
| Other chains | 20.16% |
| Pizza Hut | 14.79% |
| Domino’s | 9.86% |
| Little Caesars | 7.85% |
| Papa John’s | 34.0% |
| Papa Murphy's | 5.67% |
| California Pizza Kitchen | 4.84% |
| Sbarro | 2.45% |

# **Overall Restaurant Growth**

**For the fifth straight year, the restaurant industry in general showed modest growth, with sales expected to hit another record high in 2014, according to the NRA’s 2014 Restaurant Industry Forecast. The NRA credits a stronger economy and “historically high levels of pent-up demand among consumers” for the boost, as overall restaurant sales are projected to reach $683.4 billion in 2014, an increase of 3.6% from 2013. Even so, the NRA forecast says, “The gains remain below what would be expected during a normal post-recession period.”**

**The restaurant industry remains the nation’s second-largest private-sector employer, with 13.5 million people working in the business. Restaurants are projected to add jobs at a national rate of 2.8% this year. Over the next 10 years, the fastest restaurant job growth is projected to occur in Arizona with a rate of 15.6%, followed by Texas with 15.3% and Florida with 15%. Nevada (14.7%) and Georgia (14.4%) round out the top five states with the fastest restaurant job growth.**

# **Comparing 2014 and 2013 sales figures**

**While compiling last year’s Pizza Power Report, we found our industry sources—such as CHD Expert, Euromonitor and Technomic—didn’t always agree on sales growth. For example, CHD Expert showed a decline in 2013’s total pizza restaurant sales, while Euromonitor showed some growth in North America for 2013, and Technomic’s figures indicated higher sales for the top chains for 2012. In the end, we opted to split the difference between the conflicting reports and arrived at our own estimates showing positive growth in total pizza restaurant sales of 1.16% in 2013.**

**Since all of our sources for this year’s reports agree that the industry saw positive growth over the past year, we will stick with CHD Expert’s figures for overall pizza restaurant sales and forgo making our own estimates. However, it was necessary to compare certain figures from this year to PMQ’s estimated figures from the previous year**

**Still, Jay Jerrier, owner of Cane Rosso (ilcanerosso.com) and Zoli’s NY Pizza (zolispizza.com) in Dallas, believes the fast-casual bubble will burst soon enough. “I think there are 10 or 11 opening in Dallas right now,” he says. “There’s no way they can all survive.” The concept wouldn’t work for him anyway, Jerrier adds. “I have zero interest in propagating that high-volume model. I can price my pizzas at six dollars, but now I’ve got to sell a thousand of them before it gets interesting. Why would you want to do that? I’ll let someone else have that crazy lunch business and make all my money at dinner and on the weekends, when people don’t want to go to those places.”**

**Only 22% of customers say they rein in their pizza cravings due to health concerns, down from 28% in 2012. Just 34% say they want pizzerias to offer healthier pizzas, a decrease from 40% in 2012.**

# **How to Compete**

**Baum + Whiteman, an international food and restaurant consulting firm, recently coined the phrase “restless palate syndrome” to describe Americans’ changing tastes. Here are some of the firm’s predictions for food trends in 2015:**

**1. Ugly root vegetables rule 75%**

**2. Seaweed’s outta sight 64%**

**3. Honey’s getting hotter 49%**

**4. Hummus on the rise 48%**

**5. Bye-bye, bacon 35%**

**6. Gluten free rise 18%**