

Forecast

Inside the Mind of Today's Consumer:

Why Restaurants are
Poised for Success
in 2011 and Beyond

SHARED VISION of the National Restaurant Association, National Restaurant Association Educational Foundation and State Restaurant Associations:

We will lead America's restaurant industry into a new era of prosperity, prominence and participation, enhancing the quality of life for all we serve.



MISSION

We exist to help our members — the cornerstone of their communities — build customer loyalty, rewarding careers and financial success.



MISSION

As the philanthropic foundation of the National Restaurant Association, we exist to enhance the restaurant industry's service to the public through education, community engagement and the promotion of career opportunities.

WE CREATE VALUE for our members in five ways:

- **Advocacy and representation**
Building and sustaining positive public opinion and a favorable political environment.
- **Tools and solutions**
Helping grow revenues, increase profitability and develop employees.
- **Education and networking**
Providing opportunities to connect and learn from each other.
- **Research and insights**
Anticipating and preparing for emerging trends that could impact restaurants.
- **Responsible stewardship**
Providing thought leadership to inspire community involvement and impact.

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About the Cover:

The 2010 National Restaurant Association *National Household Survey* asked consumers what word describes how they feel when thinking of their favorite restaurant. The larger the word, the more frequently it was given as an answer. See [page 11](#) for more info.



The National Restaurant Association is pleased to provide the *2011 Restaurant Industry Forecast*, our 42nd annual profile of restaurant-industry opportunities and challenges for the year ahead. The research and insights are based on analysis of the latest economic data, as well as extensive surveys of restaurateurs and consumers.

The National Restaurant Association will closely monitor incoming industry and economic data in the months ahead and provide updates to this *Forecast* at www.restaurant.org/research.

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Industry sales will top \$600 billion in 2011 for the first time.



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Outlook: An Improving Business Environment

2011 RESTAURANT INDUSTRY FORECAST

As the national economy continues to slowly climb from the deepest downturn since the Great Depression, the U.S. restaurant industry also is on the road to recovery. According to the National Restaurant Association's *2011 Restaurant Industry Forecast*, total restaurant-industry sales are projected to reach a \$604.2 billion record high in 2011. The 3.6 percent increase over 2010 marks the first time that industry sales topped \$600 billion.

Equally significant, restaurant-industry sales are projected to register real growth for the first time in four years. In inflation-adjusted terms, total restaurant-industry sales are expected to grow 1.1 percent in 2011. That follows three straight years of real sales declines: -0.2 percent in 2010, -2.8 percent in 2009 and -0.9 percent in 2008.

Read on the future

Unlike in some industries, the recent downturn didn't reflect a prolonged decline in the restaurant industry. Instead, it was more of a pause in the industry's long-term positive trajectory.

At this time, the restaurant industry accounts for nearly half of consumers' food dollar in the United States, up from 25 percent in 1955. Driven by consumers' ever-expanding desire for convenience, value and socialization, America's restaurants will continue to be important to consumers in 2011 and beyond.

In 2011, an improving economic environment will drive restaurant-industry growth, and increasing jobs and income

will bolster consumer confidence. A more positive mindset, along with improving household finances, will allow many consumers to satisfy a hunger for restaurants that might have been unfulfilled during the recession.

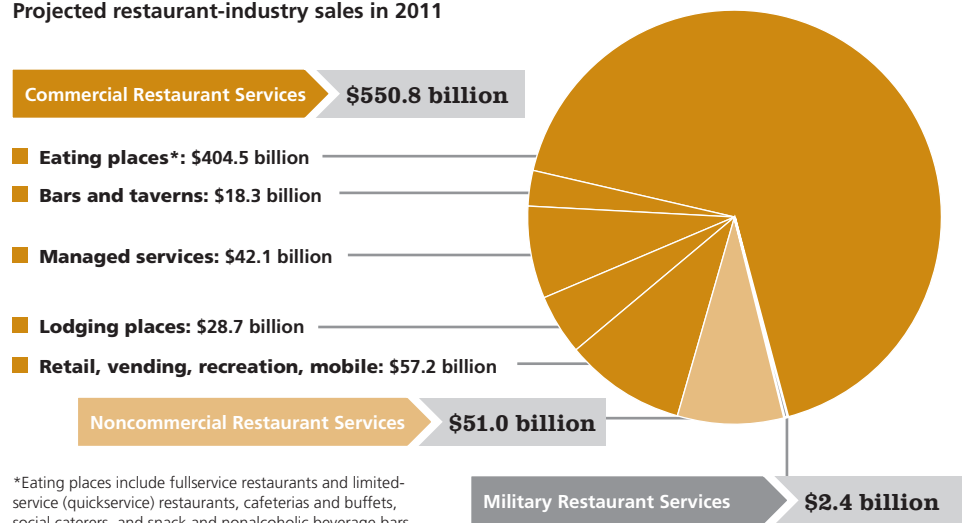
In addition to revealing sales and economic projections on the national and

state levels, the *2011 Restaurant Industry Forecast* takes a detailed look into the mind of today's consumer. The *Forecast* offers insights to enable restaurant operators to survive and thrive in this new economic climate. It also provides in-depth research, tips and trends to help reach today's consumer and boost business.



Adding It All Up: \$604.2 billion

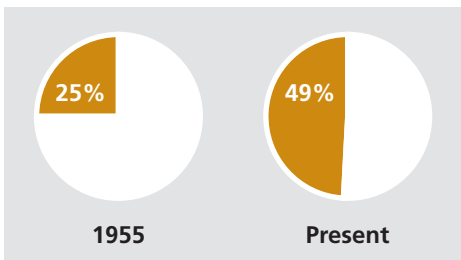
Projected restaurant-industry sales in 2011



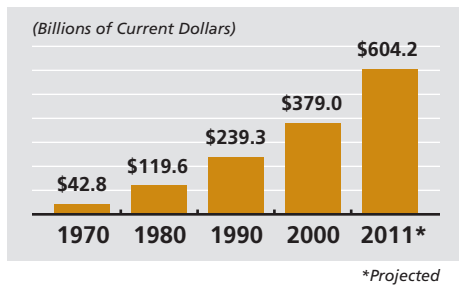
*Eating places include fullservice restaurants and limited-service (quick-service) restaurants, cafeterias and buffets, social caterers, and snack and nonalcoholic beverage bars.



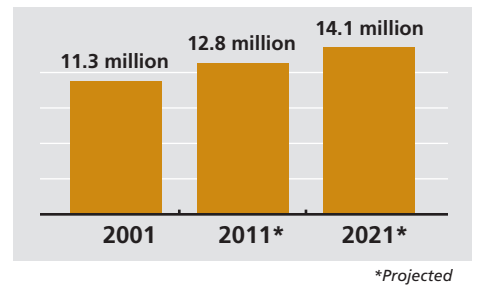
Restaurant Industry Share of the Food Dollar



Restaurant Industry Sales

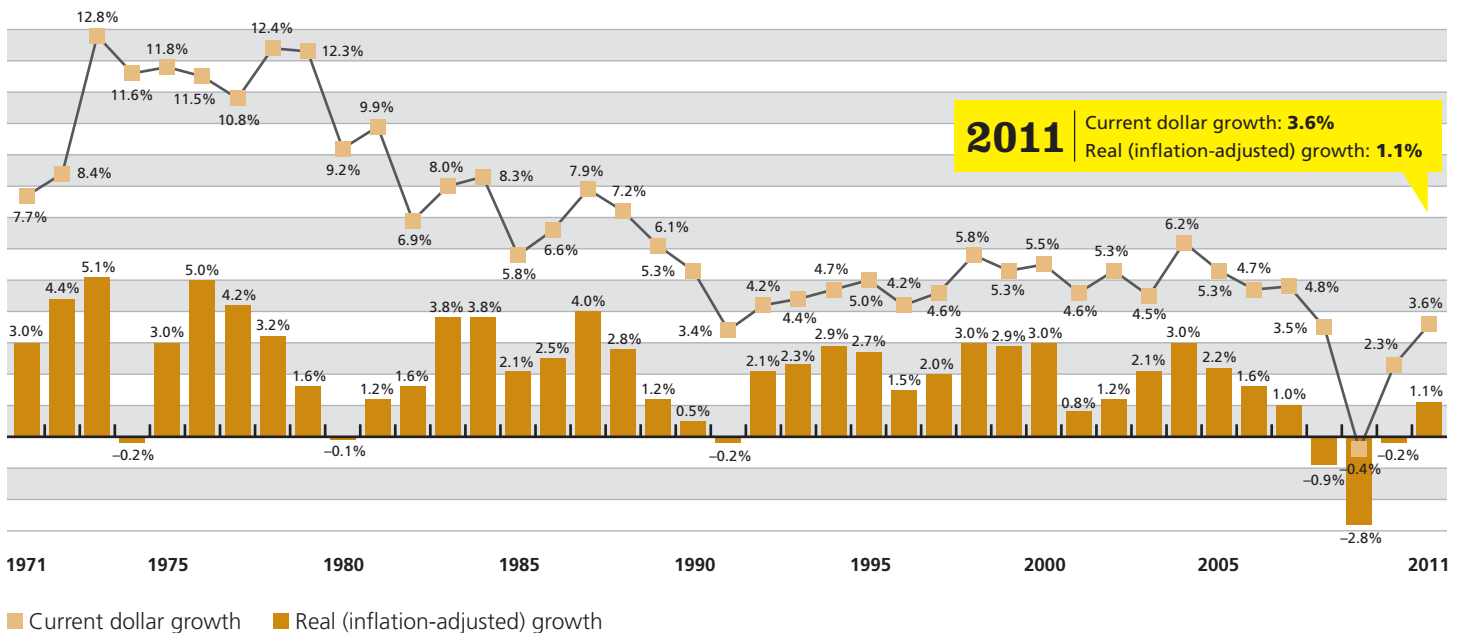


Restaurant Industry Employment



41 Years of Restaurant Industry Sales

This chart shows sales growth for the restaurant industry since 1971, when the National Restaurant Association began issuing its annual forecast. The chart shows growth in the number of dollars spent each year in restaurants as well as real (inflation-adjusted) sales growth.



Growth rates are estimated for 2007 to 2009 and projected for 2010 and 2011. Providing final estimates for restaurant-industry sales from previous years is an ongoing process. The National Restaurant Association's Restaurant TrendMapper offers updated sales estimates as they become available. Visit www.restaurant.org/trendmapper to learn more.

Source: National Restaurant Association

What's in Store for Restaurant-Industry Sales

Restaurant-industry food and drink sales: Projections for 2011

	2010 projected F&D sales (\$000)	2011 projected F&D sales (\$000)	'10-'11 % change	'10-'11 % Real growth change
GROUP I — COMMERCIAL RESTAURANT SERVICES¹				
EATING PLACES				
Fullservice restaurants ²	\$188,706,350	\$194,556,247	▲ 3.1%	▲ 0.7%
Limited-service (quick-service) restaurants ³	162,349,544	167,707,079	▲ 3.3%	▲ 0.9%
Cafeterias, grill-buffets and buffets ⁴	8,009,723	8,330,112	▲ 4.0%	▲ 1.6%
Social caterers	7,048,090	7,485,072	▲ 6.2%	▲ 3.6%
Snack and nonalcoholic beverage bars	25,309,177	26,412,657	▲ 4.4%	▲ 2.0%
TOTAL EATING PLACES	\$391,422,884	\$404,491,167	▲ 3.3%	▲ 0.9%
Bars and taverns	17,721,601	18,288,692	▲ 3.2%	▲ 0.6%
TOTAL EATING-AND-DRINKING PLACES	\$409,144,485	\$422,779,859⁵	▲ 3.3%	▲ 0.9%
MANAGED SERVICES⁶				
Manufacturing and industrial plants	\$6,695,868	\$6,907,458	▲ 3.2%	▲ 0.8%
Commercial and office buildings	2,551,424	2,616,486	▲ 2.6%	▲ 0.2%
Hospitals and nursing homes	4,910,912	5,181,012	▲ 5.5%	▲ 2.6%
Colleges and universities	13,097,338	13,699,816	▲ 4.6%	▲ 1.6%
Primary and secondary schools	5,748,038	6,023,944	▲ 4.8%	▲ 2.4%
In-transit restaurant services (airlines)	2,081,207	2,164,456	▲ 4.0%	▲ 1.6%
Recreation and sports centers	5,246,027	5,487,345	▲ 4.6%	▲ 2.2%
TOTAL MANAGED SERVICES	\$40,330,814	\$42,080,517	▲ 4.3%	▲ 1.7%
LODGING PLACES				
Hotel restaurants	\$26,797,503	\$28,324,961	▲ 5.7%	▲ 3.3%
Other accommodation restaurants	369,435	373,499	▲ 1.1%	▼ -1.3%
TOTAL LODGING PLACES	\$27,166,938	\$28,698,460	▲ 5.6%	▲ 3.2%
Retail-host restaurants ⁷	30,773,538	32,051,441	▲ 4.2%	▲ 1.8%
Recreation and sports ⁸	12,679,137	13,249,023	▲ 4.5%	▲ 2.1%
Mobile caterers	608,238	630,013	▲ 3.6%	▲ 1.2%
Vending and nonstore retailers ⁹	11,028,374	11,337,169	▲ 2.8%	▲ 0.1%
TOTAL — GROUP I	\$531,731,524	\$550,826,482	▲ 3.6%	▲ 1.2%
GROUP II — NONCOMMERCIAL RESTAURANT SERVICES¹⁰				
Employee restaurant services ¹¹	\$405,748	\$417,469	▲ 2.9%	▲ 0.2%
Public and parochial elementary, secondary schools	6,243,352	6,423,119	▲ 2.9%	▲ 0.5%
Colleges and universities	6,543,959	6,701,420	▲ 2.4%	▼ -0.6%
Transportation	1,856,243	1,978,783	▲ 6.6%	▲ 3.8%
Hospitals ¹²	15,610,742	16,250,782	▲ 4.1%	▲ 1.2%
Nursing homes, homes for the aged, blind, orphans and the mentally and physically disabled ¹³	7,506,668	7,769,402	▲ 3.5%	▲ 0.6%
Clubs, sporting and recreational camps	8,999,740	9,211,754	▲ 2.4%	▼ -0.1%
Community centers	2,166,696	2,237,114	▲ 3.3%	▲ 0.6%
TOTAL — GROUP II	\$49,333,148	\$50,989,843	▲ 3.4%	▲ 0.6%
TOTAL — GROUPS I AND II	\$581,064,672	\$601,816,325	▲ 3.6%	▲ 1.1%
GROUP III — NONCOMMERCIAL RESTAURANT SERVICES¹⁴				
Officers' and NCO clubs (Open mess)	\$1,546,296	\$1,625,158	▲ 5.1%	▲ 2.7%
Military exchanges	709,128	750,968	▲ 5.9%	▲ 3.5%
TOTAL — GROUP III	\$2,255,424	\$2,376,126	▲ 5.4%	▲ 3.0%
GRAND TOTAL	\$583,320,096	\$604,192,451	▲ 3.6%	▲ 1.1%

Footnotes:

- 1 Data are given only for establishments with payroll.
- 2 Waiter/waitress service is provided, and the order is taken while the patron is seated. Patrons pay after they eat.
- 3 Patrons generally order at a cash register or select items from a food bar and pay before they eat.
- 4 Formerly commercial cafeterias.
- 5 Food-and-drink sales for non-payroll establishments are projected to total \$12,096,146,000.
- 6 Also referred to as onsite foodservice and food contractors.
- 7 Includes health-and-personal-care-store restaurants, general-merchandise-store restaurants, variety-store restaurants, food-store restaurants and grocery-store restaurants (including a portion of delis and all salad bars), gasoline-service-station restaurants and miscellaneous retailers.
- 8 Includes movies, bowling lanes, recreation and sport centers.
- 9 Includes sales of hot food, sandwiches, pastries, coffee and other hot beverages.
- 10 Business, educational, governmental or institutional organizations that operate their own restaurant services.
- 11 Includes industrial and commercial organizations, seagoing and inland-waterway vessels.
- 12 Includes voluntary and proprietary hospitals; long-term general, TB, nervous and mental hospitals; and sales or commercial equivalent to employees in state and local short-term hospitals and federal hospitals.
- 13 Sales (commercial equivalent) calculated for nursing homes and homes for the aged only. All others in this grouping make no charge for food served either in cash or in kind.
- 14 Continental United States only.

Major Markets: Projected Sales, 2011

This chart on pages 5-6 provides more detail on the National Restaurant Association's projections for sales in markets outside the "eating-and-drinking places" category in 2011, including foodservice sales at schools, worksites, health-care facilities, lodging places and the military.

Educational Sales

What this category includes: Food-and-drink sales by foodservice companies that manage restaurant services in colleges, universities, primary and secondary schools, as well as food-and-drink sales by schools that operate their own restaurant services.

2011 projected food-and-drink sales	\$32.8 billion	2010 projected F&D sales (\$000)	2011 projected F&D sales (\$000)	'10-'11 % change	'10-'11% real growth change
Colleges and universities					
Managed services		\$13,097,338	\$13,699,816	4.6%	1.6%
Noncommercial		6,543,959	6,701,420	2.4%	-0.6%
Subtotal		19,641,297	20,401,236	3.9%	0.9%
Primary and secondary schools					
Managed services		5,748,038	6,023,944	4.8%	2.4%
Noncommercial		6,243,352	6,423,119	2.9%	0.5%
Subtotal		11,991,390	12,447,063	3.8%	1.4%
TOTAL EDUCATIONAL		\$31,632,687	\$32,848,299	3.8%	1.1%

Employee Sales

What this category includes: Food-and-drink sales by for-profit companies that manage restaurant services for employees at manufacturing and industrial plants and in commercial office buildings, as well as food-and-drink sales by plants and companies that run their own noncommercial employee restaurant services.

2011 projected food-and-drink sales	\$9.9 billion	2010 projected F&D sales (\$000)	2011 projected F&D sales (\$000)	'10-'11 % change	'10-'11% real growth change
Managed services					
Manufacturing and industrial plants		\$6,695,868	\$6,907,458	3.2%	0.8%
Commercial and office buildings		2,551,424	2,616,486	2.6%	0.2%
Noncommercial employee restaurant services*		405,748	417,469	2.9%	0.2%
TOTAL EMPLOYEE		\$9,653,040	\$9,941,413	3.0%	0.6%

*Includes sales for industrial plants and office buildings, seagoing ships, and inland-waterway vessels

Health-Care Sales

What this category includes: Food-and-drink sales by foodservice companies that manage restaurant services in hospitals and nursing homes, as well as food-and-drink sales by hospitals and nursing homes that operate their own restaurant services.

2011 projected food-and-drink sales	\$29.2 billion	2010 projected F&D sales (\$000)	2011 projected F&D sales (\$000)	'10-'11 % change	'10-'11% real growth change
Managed services in hospitals and nursing homes		\$4,910,912	\$5,181,012	5.5%	2.6%
Hospitals*		15,610,742	16,250,782	4.1%	1.2%
Nursing homes**		7,506,668	7,769,402	3.5%	0.6%
TOTAL HEALTH CARE		\$28,028,322	\$29,201,196	4.2%	1.3%

*Includes voluntary and proprietary hospitals; long-term general, TB, mental hospitals; and sales or commercial equivalent to employees in state and local short-term hospitals and federal hospitals.

**Includes homes for the aged, blind, orphans, mentally and physically disabled; sales (commercial equivalent) calculated for nursing homes and homes for the aged only. All others in this group make no charge — either in cash or in kind for food served.

Lodging-Place Sales

What this category includes: Food-and-drink sales at hotel restaurants and other accommodation restaurants.

2011 projected food-and-drink sales	\$28.7 billion	2010 projected F&D sales (\$000)	2011 projected F&D sales (\$000)	'10-'11 % change	'10-'11% real growth change
Hotel restaurants		\$26,797,503	\$28,324,961	5.7%	3.3%
Other accommodation restaurants		369,435	373,499	1.1%	-1.3%
TOTAL LODGING PLACES		\$27,166,938	\$28,698,460	5.6%	3.2%

Major Markets Continued

Military Sales

What this category includes: Food-and-drink sales at military clubs and exchanges.

2011 projected food-and-drink sales	\$2.4 billion	2010 projected F&D sales (\$000)	2011 projected F&D sales (\$000)	'10-'11 % change	'10-'11% real growth change
Officers' and NCO clubs (Open mess)		\$1,546,296	\$1,625,158	5.1%	2.7%
Military exchanges		709,128	750,968	5.9%	3.5%
TOTAL MILITARY*		\$2,255,424	\$2,376,126	5.4%	3.0%

*Continental United States only.

Recreational Sales

What this category includes: Food-and-drink sales at recreation and sports centers, such as movie theaters, sports arenas and bowling lanes.

2011 projected food-and-drink sales	\$27.9 billion	2010 projected F&D sales (\$000)	2011 projected F&D sales (\$000)	'10-'11 % change	'10-'11% real growth change
Recreation and sports centers					
Managed services		\$5,246,027	\$5,487,345	4.6%	2.2%
Noncontractors*		12,679,137	13,249,023	4.5%	2.1%
Subtotal		17,925,164	18,736,368	4.5%	2.1%
Clubs, sporting and recreational camps**		8,999,740	9,211,754	2.4%	-0.1%
TOTAL RECREATIONAL		\$26,924,904	\$27,948,122	3.8%	1.4%

*Includes sales as movies, bowling lanes, and recreation and sports centers.

**A portion of food-and-beverage sales in clubs is business-related.

Transportation Sales

What this category includes: Food-and-drink sales at military clubs and exchanges.

2011 projected food-and-drink sales	\$4.1 billion	2010 projected F&D sales (\$000)	2011 projected F&D sales (\$000)	'10-'11 % change	'10-'11% real growth change
Managed services, in-transit commercial airlines		\$2,081,207	\$2,164,456	4.0%	1.6%
Noncommercial transportation		1,856,243	1,978,783	6.6%	3.8%
TOTAL TRANSPORTATION		\$3,937,450	\$4,143,239	5.2%	2.7%

Other Sales

2011 projected food-and-drink sales	\$46.3 billion	2010 projected F&D sales (\$000)	2011 projected F&D sales (\$000)	'10-'11 % change	'10-'11% real growth change
Retail hosts*		\$30,773,538	\$32,051,441	4.2%	1.8%
Mobile caterers		608,238	630,013	3.6%	1.2%
Vending and non-store retailers**		11,028,374	11,337,169	2.8%	0.1%
Community centers		2,166,696	2,237,114	3.3%	0.6%

*Includes drug- and proprietary-store, general-merchandise store, variety-store, food-store and grocery-store restaurants (including a portion of delis and all salad bars); gasoline-service-station restaurants; and miscellaneous retailers.

**Includes sales of hot food, sandwiches, pastries, coffee and other hot beverages.

Every Diner Counts

Making every dining party — no matter how big or small — welcome can have a significant impact on a restaurant's bottom line. The gap between gaining or losing five diners per day translates into an annual difference of \$36,500, or 4.6 percent of original sales for a typical restaurant with annual sales of \$800,000.

If you **add** 5 diners a day for a year*



▲ Your sales **gain** is **\$18,250** per year

If you **lose** 5 diners a day for a year*



▼ Your sales **loss** is **\$18,250** per year

* Based on typical restaurant with annual sales of \$800,000

Restaurant Sales by U.S. Census Region

Growth in the restaurant industry typically varies significantly by region of the country, and is most heavily influenced by gains in employment, disposable income and population. The National Restaurant Association estimates that restaurant-sales growth in the nine Census regions in 2011 will range from a high of 3.9 percent in the South Atlantic states to a low of 2.8 percent in New England. Among states, North Carolina is expected to lead the nation in 2011 restaurant-sales growth. (Note: The appendix on [page 41](#) offers details on restaurant-sales growth in each state.)

Regional Snapshots

Restaurant-sales¹ and economic² growth projected for 2011 in the nine U.S. Census regions

East North Central
2011 projected growth:

	Regional	National
• Jobs	1.1%	1.8%
• Income	2.4%	3.4%
• Population	0.3%	1.0%
Restaurant Sales	3.1%	3.4%

East South Central
2011 projected growth:

	Regional	National
• Jobs	1.7%	1.8%
• Income	3.3%	3.4%
• Population	1.0%	1.0%
Restaurant Sales	3.1%	3.4%

Middle Atlantic
2011 projected growth:

	Regional	National
• Jobs	1.0%	1.8%
• Income	2.6%	3.4%
• Population	0.3%	1.0%
Restaurant Sales	3.6%	3.4%

Mountain
2011 projected growth:

	Regional	National
• Jobs	1.8%	1.8%
• Income	3.4%	3.4%
• Population	2.0%	1.0%
Restaurant Sales	3.6%	3.4%

New England
2011 projected growth:

	Regional	National
• Jobs	1.3%	1.8%
• Income	3.0%	3.4%
• Population	0.3%	1.0%
Restaurant Sales	2.8%	3.4%

Pacific
2011 projected growth:

	Regional	National
• Jobs	1.5%	1.8%
• Income	3.0%	3.4%
• Population	1.1%	1.0%
Restaurant Sales	3.2%	3.4%

South Atlantic
2011 projected growth:

	Regional	National
• Jobs	2.1%	1.8%
• Income	3.8%	3.4%
• Population	1.3%	1.0%
Restaurant Sales	3.9%	3.4%

West North Central
2011 projected growth:

	Regional	National
• Jobs	1.6%	1.8%
• Income	3.3%	3.4%
• Population	0.6%	1.0%
Restaurant Sales	3.1%	3.4%

West South Central
2011 projected growth:

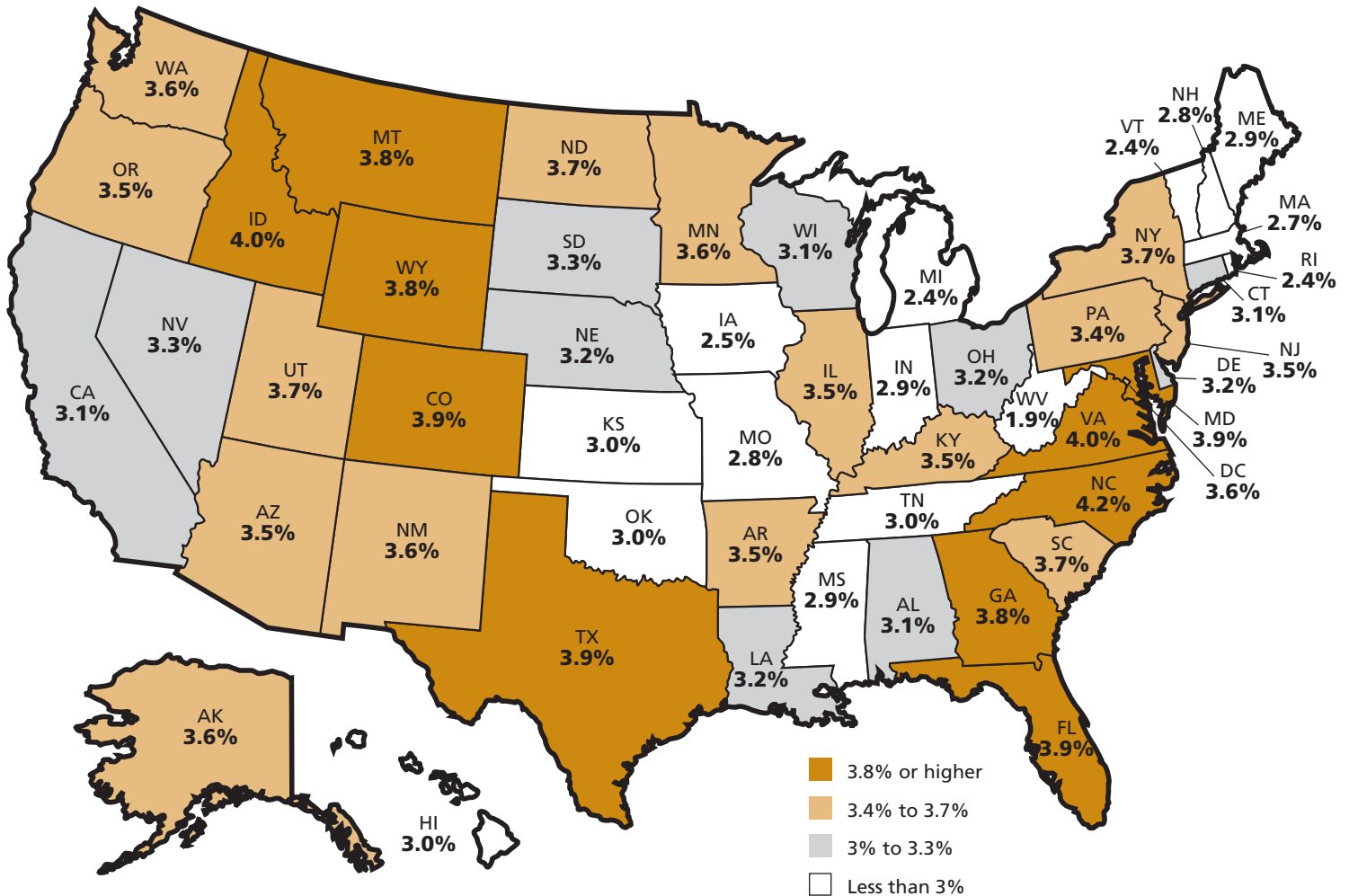
	Regional	National
• Jobs	2.5%	1.8%
• Income	4.1%	3.4%
• Population	1.4%	1.0%
Restaurant Sales	3.7%	3.4%

1 Regional restaurant-sales-growth figures are based on current dollars and not adjusted for menu price inflation. For definition of restaurant sales included in this grouping see [page 41 footnote](#).

2 Economic indicators show growth in region's total employment, real disposable personal income and total population.

Restaurant Sales Growth in 2011 (projected)

▶ See state information appendix on [page 41](#) for full sales projections for all states.



*State restaurant-sales figures are in current dollars and not adjusted for menu price inflation. For definition of restaurant sales included in this grouping see [page 41 footnote](#). National sales for this group are projected to increase at a 3.4 percent rate in 2011.

Source: National Restaurant Association

Top States 2011 Restaurant Sales Growth

Projected increase in restaurant sales in 2011	
North Carolina	4.2%
Idaho	4.0%
Virginia	4.0%
Florida	3.9%
Texas	3.9%
Maryland	3.9%
Colorado	3.9%
Montana	3.8%
Georgia	3.8%
Wyoming	3.8%

Top 10 States 2011 Restaurant Sales Volume

Projected restaurant-sales volume in 2011 (\$000)	
1 California	\$61,591,141
2 Texas	\$36,665,783
3 New York	\$30,674,161
4 Florida	\$30,077,847
5 Illinois	\$19,904,638
6 Pennsylvania	\$16,445,817
7 Ohio	\$16,029,199
8 Georgia	\$14,662,385
9 North Carolina	\$14,123,191
10 New Jersey	\$13,049,752



Inside the Mind of Today's Consumers

Restaurant operators think like consumers to achieve success in 2011 and beyond.



Inside the Mind of Today's Consumer

2011 RESTAURANT INDUSTRY FORECAST

Ten years ago, American consumers rode into the new millennium on a high note. They were in the midst of the longest sustained economic expansion in U.S. history, jobs were plentiful, and consumer confidence was at a record high. In the National Restaurant Association's *2000 Restaurant Industry Forecast*, the American consumer was described as more dynamic and confident than ever. Fueled by steady job growth and rising household income, consumers were "much more self-reliant, confident and in control of their own destinies," according to the *2000 Forecast*.

A decade later, as the nation struggles to recover from the worst economic

downturn since the Great Depression, the mood of the American consumer is quite different. Compared with 2000, there were 1.5 million fewer jobs in the economy, real household incomes were lower, and consumer confidence was only one-third of where it stood 10 years earlier.

The impact of the recession cut a wide swath across the fabric of the nation, impacting more households and demographic groups than any downturn in recent history.

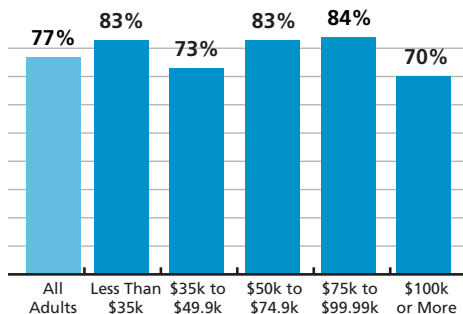
According to a nationwide household survey the National Restaurant Association conducted in December 2010, 70 percent of adults said they had a family member or close personal friend who lost a job within the past two years. That was true for all demographic groups: about 70 percent of respondents in every category said they knew someone who lost a job.

Not surprisingly, the vast majority of Americans don't have high opinions of current economic conditions. In the Association's 2010 *National Household Survey*, more than nine out of 10 adults described the economy as "poor" (58 percent) or "fair" (34 percent). Only 8 percent said the current economic conditions was "good," and none called it "excellent."

Consumers were somewhat more optimistic about their personal financial situations, however. Forty-one percent of adults described their personal finances as "excellent" or "good," while 59 percent said they were "fair" or "poor."

Patrons Tighten the Purse Strings

Proportion of adults (by household income) who feel they should curtail spending due to uncertain economy

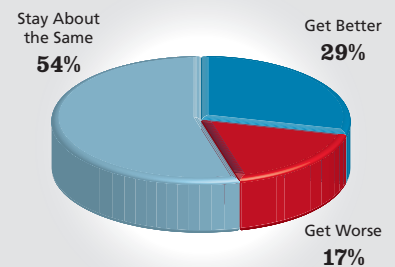


Source: National Restaurant Association, *National Household Survey*, 2010

Consumers' Fiscal State of Mind

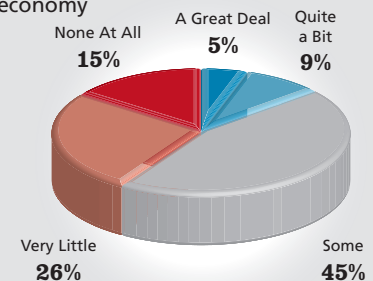
Consumers are cautiously optimistic that economic conditions will improve in the months ahead.

Consumers' Outlook for the Nation's Economy in the Next 12 Months



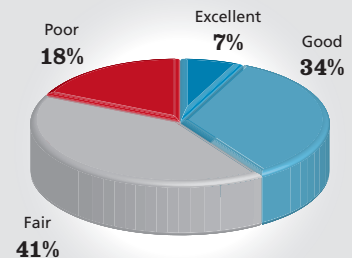
Consumer Confidence in the Economy Shaken

Level of confidence in the national economy



Consumers on the State of Their Own Personal Finances

Consumers are somewhat more optimistic about their own personal financial situation.



Source: National Restaurant Association, *National Household Survey*, 2010

Looking forward, consumers are cautiously optimistic that economic conditions will improve in the months ahead. Twenty-nine percent of adults said they thought the nation's economy would get better in the next 12 months, while 17 percent thought it would get worse. The remaining 54 percent thought economic conditions would stay about the same.

Consumers' overall view of the nation's economy is gloomy. In the Association's December 2010 *National Household Survey*, consumers were asked how much confidence they had in the national economy. Only 14 percent of adults said they had "a great deal" or "quite a bit" of confidence in the national economy, while 41 percent said "very little" or "none at all."

The lack of confidence in the economy has resulted in a dramatic pullback on consumer spending, even in many households where jobs weren't at risk. Seventy-seven percent of adults said they felt like they should cut back spending because of the uncertain economy. That sentiment cut across all income groups, but was particularly prevalent among middle class households with incomes between \$50,000 and \$100,000.

Even 70 percent of adults with household incomes of \$100,000 or more felt they should cut back on their spending because of the economy, which further indicates a widespread loss of confidence in the economy.

77% Percent of adults that said they felt like they should cut back spending because of the uncertain economy

Vote of No Confidence

Consumers' loss of faith during this time of economic turbulence has affected their perceptions of many national institutions. The December 2010 *National Household Survey* asked consumers how much confidence they had in various American institutions and entities and found that confidence had eroded across the board. Fifty percent of adults said they had little

Taking the Nation's Temperature

The amount of confidence consumers have in the following institutions and entities

Congress



Financial Industry



Federal Government



National News Media



Large Corporations



Businesses in Community



None at all Very little Some Quite a bit A great deal

Source: National Restaurant Association, *National Household Survey*, 2010

or no confidence in Congress; nearly half responded similarly about the financial industry, the federal government and the national news media.

In contrast to the negative reaction to the national institutions, consumers have comparatively positive feelings toward businesses in their communities. Forty-three percent of adults said they had "a great deal" or "quite a bit" of confidence in their local businesses, while only 12 percent said "very little" or "none at all."

Foresight Key to Success

Getting your customers' two cents' worth has never been so valuable. Operators who wish to achieve success in 2011 and beyond will need to understand today's consumers, see things from their perspectives and make sure their point of view is as positive as possible about your restaurant. The good news is that 88 percent of adults say they enjoy going to restaurants. That's momentum that can be used to build sales, reach new customers and combat a hostile economy.

Restaurants often are the cornerstones of their communities, and consumers generally express positive feelings about the restaurant industry. In the Association's December 2010 *National Household*

Survey, consumers were asked for a word or phrase that described how they felt when they thought of their favorite restaurants. The responses were overwhelmingly positive: "good food" (18 percent), "hungry" (12 percent), "delicious" (9 percent), "great" (7 percent), "happiness" (7 percent), "good service" (6 percent), "exciting" (5 percent), "comfortable" (5 percent) and "satisfying" (5 percent).

As restaurateurs prepare their business plans for this year, they should keep in mind that:

- 38 percent of adults feel less in control of their own destiny than they did two years ago.
- 58 percent of adults value opportunities for leisure activities and entertainment more than they did two years ago.
- 71 percent of adults feel the need to reduce stress.
- 86 percent of adults said going out to a restaurant was a nice break from the monotony of daily life.

These insights and others detailed in the *2011 Forecast* will give operators the edge they need to successfully compete for a share of consumers' fiercely guarded wallets. The *Forecast* focuses on two key consumer categories — frequent restau-



Regulars Dish on Why They Like to Eat Out

Proportion of adults who agree with the following statements

	All Adults	Frequent Fullservice Customers	Frequent Quickservice Customers	Frequent Off-Premises Dinner Customers
You enjoy going to restaurants	88%	97%	93%	91%
Going out to a restaurant with family and/or friends gives you an opportunity to socialize and is a better way for you to make use of your leisure time rather than cooking and cleaning up	74%	83%	81%	80%
Restaurants are an essential part of your lifestyle	43%	73%	58%	64%
Purchasing meals from restaurants, take-out and delivery places makes you more productive in your day-to-day life	37%	43%	58%	60%
Purchasing take-out food is essential to the way you live	27%	35%	45%	58%

Source: National Restaurant Association, *National Household Survey*, 2010

rant customers and technologically connected people. It provides a demographic profile of each group, along with details about their restaurant tastes and preferences, to help operators think like their customers.

How Many Times Do We Have to Say This?

Repeat customers have always been important to restaurants' long-term success, but repeat customers are vital in today's challenging economic environment where operators must compete for fewer consumer dollars.

According to the Association's 2010 *Fullservice Operator Survey* and 2010 *Quickservice Operator Survey*, repeat customers represent 75 percent of sales at quickservice restaurants, 75 percent of sales at family-dining restaurants, 70 percent of sales at casual-dining operations and 60 percent of sales at fine-dining restaurants.

Data collected by the Association's 2010 *National Household Survey* revealed three groups of frequent restaurant customers:

- **Frequent fullservice customers.** Guests who eat at sit-down restaurants with wait staff more than once a week, on average.
- **Frequent quickservice customers.** Customers who buy meals or snacks from quickservice restaurants or carry-out places more than once a week, on average.
- **Frequent off-premises dinner customers.** Guests who buy dinner from restau-

rants, carry-out or delivery places and eat it at home more than once a week, on average.

Each of these groups relies heavily on the restaurant industry on a daily basis.

That's why it's important for restaurant operators to know how to reach those customers, what their tastes and preferences are, and what motivates their restaurant decisions.



Frequent Customers Are Connected

Frequent restaurant customers are more likely than the general public to use various forms of technology daily. Eighty-one percent of frequent fullservice and quickservice customers and 77 percent of frequent off-premises dinner customers said they frequently used the Internet, compared with 72 percent of all adults. All three frequent customer groups are more likely than the general public to habitually use e-mail.

Tapping In to Technology

Proportion of adults who frequently use the following forms of technology

	All Adults	Fullservice Customers	Frequent Quickservice Customers	Frequent Off-Premises Dinner Customers
Internet	72%	81%	81%	77%
E-mail	68%	80%	75%	74%
Text messaging	45%	40%	54%	59%
Facebook	33%	31%	45%	48%
Mobile phone applications, e.g., Foursquare or Urban Spoon	8%	13%	11%	17%
Online review sites, such as Yelp	7%	10%	9%	6%
Twitter	4%	8%	8%	11%

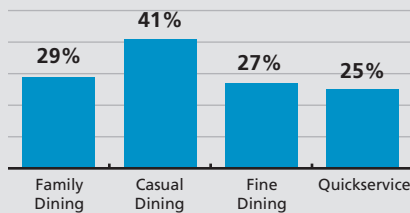
Source: National Restaurant Association, *National Household Survey*, 2010

Be Our Guest, Be Our Guest, Be Our Guest

Frequent-diner programs can encourage regulars to return as well as attract new customers. The value of frequent-diner programs isn't lost on restaurateurs, with 41 percent of casual-dining, 29 percent of family-dining, 27 percent of fine-dining and quickservice operators offering such programs.

Come Again

Proportion of restaurant operators who offer a frequent-diner program

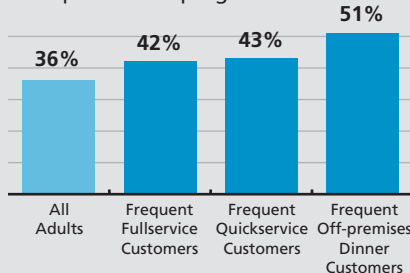


Source: National Restaurant Association, Restaurant Operator Surveys, 2010

Overall, 36 percent of adults said they participate in frequent-diner programs, a practice much more common among frequent customers. Fifty-one percent of frequent off-premises dinner customers, 43 percent of frequent quickservice customers and 42 percent of frequent fullservice customers said they participate in frequent-diner programs.

I'll Have the Usual

Proportion of adults who participate in a frequent-diner program



Source: National Restaurant Association, National Household Survey, 2010

High-Tech Habits

Proportion of adults who said they do the following at least once in a typical month

	All Adults	Connected Adults	Social-Media Savvy Individuals
Eat a meal at a sit-down restaurant with waitstaff service	84%	89%	92%
Purchase a meal or snack from a fast-food restaurant or carry-out place	83%	89%	87%
Purchase dinner from restaurant, carry-out or delivery place to eat at home	72%	78%	80%

Source: National Restaurant Association, National Household Survey, 2010

Favorite Thing to Make Is Reservations

Enjoyment is the top reason frequent diners give for patronizing the restaurant industry. Ninety-seven percent of frequent fullservice customers say they enjoy going to restaurants versus 88 percent of the general public. Frequent quickservice customers (93 percent) and frequent off-premises dinner customers (91 percent) also are more likely than the general public to say they enjoy going to restaurants.

Frequent restaurant customers also are more likely than the general public to say going out to restaurants with family and/or friends offers an opportunity to socialize and is a better use of leisure time than cooking at home and having to clean up.

Another perk of frequently dining out, according to survey respondents, is that it allows them to be more productive in their daily lives. Sixty percent of frequent off-premises dinner customers and 58 percent of frequent quickservice customers agreed that purchasing meals from restaurants, takeout and delivery places made them more productive. In comparison, 37 percent of the general public responded similarly.

Restaurants play a critical part in frequent diners' day-to-day lives. In fact, 73 percent of frequent fullservice customers said restaurants were an essential part of their lifestyles, while 43 percent of the general public responded similarly.

Frequent off-premises dinner customers (64 percent) and frequent quickservice

customers (58 percent) also were much more likely than the general public to say that restaurants were an essential part of their lifestyles.

In addition, 58 percent of frequent off-premises dinner customers said purchasing take-out food was essential to the way they lived — more than double that of the general public who responded similarly (27 percent).

97% Percent of frequent fullservice customers who say they enjoy going to restaurants

Connecting With High-Tech Consumers

Today's consumer has taken multitasking to a new level with the ability to e-mail, text, search the Web, conduct business, buy goods, and yes, make restaurant reservations or place food orders while virtually anywhere. To retain and attract these customers, restaurant operators will have to stay in step with technological innovations and put those innovations to work for their operations.

Within the technologically connected category, there are two groups of customers, based on data from the Association's 2010 National Household Survey:

- **Connected adults.** These people are frequent users of e-mail and the Internet.
- **Social-media savvy.** These people are frequent users of at least one of these

social-media tools: Facebook, Twitter, Yelp or other on-line review sites, or mobile-phone applications such as Foursquare or Urban Spoon.

Gathering Intel on High-Tech Customers

In general, technologically connected people are somewhat more likely than the general public to be restaurant customers. In the Association's 2010 *National Household Survey*, 83 percent of adults said they bought at least one meal or snack from a fast-food restaurant or carry-out place in a typical month. In comparison, 89 percent of connected adults and 92 percent of the social-media savvy group said they patronized fast-food restaurants or carry-out places at least once in a typical month.

Connected adults and social-media savvy individuals also were more likely than the general public to say they ate at sit-down restaurants with waitstaff and purchased dinner from restaurants, carry-out or delivery places to eat at home.

As with frequent restaurant customers, enjoyment is what drives the majority of technologically connected individuals to patronize restaurants. Ninety-four percent of connected adults and social-media savvy individuals said they enjoyed going to restaurants, compared with 88 percent of the general public.

Technologically connected customers also are more likely than the general public to agree that going out to restaurants with family and/or friends gives them a chance to socialize and is a better use of their leisure time than cooking a meal at home and cleaning up. In addition, they are more likely to agree that patronizing restaurants helps them to be more productive. Overall, 51 percent of social-media savvy individuals and 48 percent of connected adults said restaurants were an essential part of their lifestyles.

Taking Advantage of the Social Network

Using social media tools to gain information about restaurants is BAU (texting shorthand for business as usual) for technologically connected individuals, as is EAK (eating at keyboard), most likely.

Thirty percent of social-media savvy individuals and 27 percent of connected adults said they have posted or read reviews about restaurants on consumer-driven Web sites such as Yelp. In comparison, only 19 percent of the general public said they had done so.

Similarly, 29 percent of social-media savvy individuals have viewed restaurant

fan sites and pages on Facebook, MySpace and YouTube, compared with just 16 percent of the general public. Following restaurants on Twitter is still relatively rare, even among technologically connected individuals, but some operators — such as mobile-food trucks — have used this technology to their advantage.

Social-Media Advances as Marketing Tool

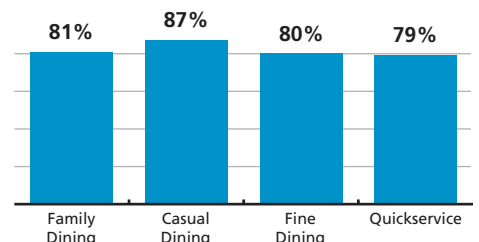
Currently, social media use is sporadic in the restaurant industry, but the majority of restaurant operators predict it will become more popular. Eighty-seven percent of casual-dining and about eight out of 10 family-dining, fine-dining and quickservice operators agree that the use of Facebook, Twitter and other social-media tools will become more important marketing techniques within their segment in the future.

Restaurant operators said they likely would incorporate several social-media tools within their businesses in the next year or two. A majority of fullservice and quickservice operators said they would use Facebook, Twitter and online review sites such as Yelp in the next year or two. Sixty-four percent of quickservice operators said they likely would incorporate text messaging into their businesses, while less than half of fullservice operators responded similarly.



Social-Media Tools Gaining New Status

Proportion of restaurateurs who agree social-media tools will become more important marketing tools in the future



Source: National Restaurant Association, Restaurant Operator Surveys, 2010

Restaurant Operators to “Friend” Facebook

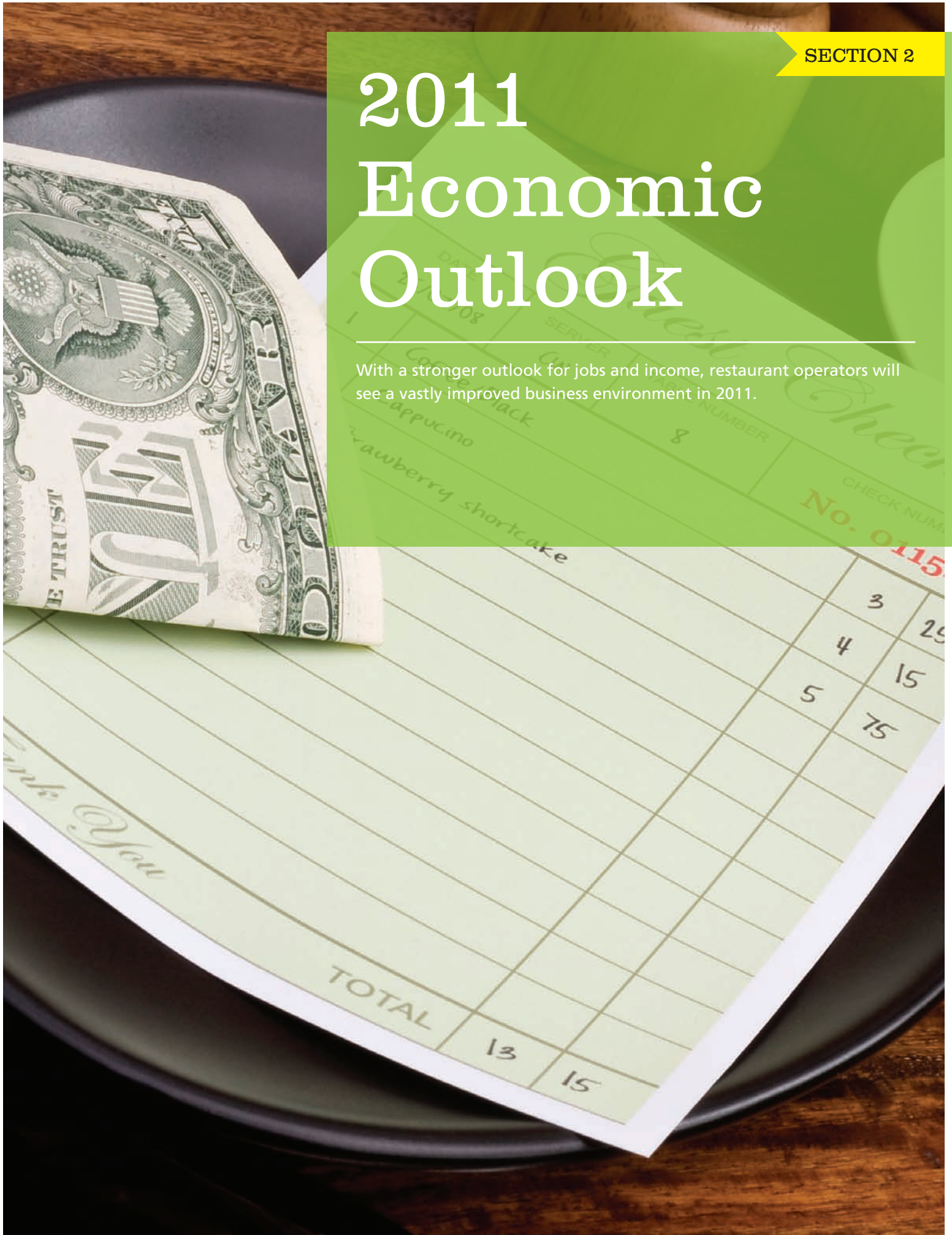
Proportion of restaurateurs likely to use the following social-media tools in the next two years

	Family Dining	Casual Dining	Fine Dining	Quickservice
Facebook	74%	80%	84%	80%
Online review sites, e.g., Yelp	61%	62%	70%	56%
Twitter	51%	60%	63%	69%
Restaurant blog	45%	44%	62%	51%
Phone apps like Urban Spoon	37%	47%	54%	47%
YouTube or other video-sharing site	44%	40%	45%	50%
Text messaging	38%	46%	36%	64%
Flickr or other photo-sharing site	39%	32%	42%	41%

Source: National Restaurant Association, Restaurant Operator Surveys, 2010

2011 Economic Outlook

With a stronger outlook for jobs and income, restaurant operators will see a vastly improved business environment in 2011.



2011 Economic Outlook

2011 RESTAURANT INDUSTRY FORECAST

Economic Recovery Will Gain Traction in 2011

Although the recession “officially” ended in mid-2009, the recovery has been anything but robust so far. The National Bureau of Economic Research, the organization that applies the official start and finish dates to business cycles, said the recession ended in June 2009, taking into account indicators such as gross domestic product and industrial production.

However, in the year and a half since the official end-date, most American households likely wouldn’t consider the economy to be on the fast track toward recovery. In fact, 92 percent of adults surveyed by the Association in December 2010 rated the national economy as “fair” or “poor,” while only 8 percent rated it “good.” None rated it as “excellent.”

Assessing the Damage of the “Great Recession”

The economy lost nearly 8.4 million jobs between December 2007 and December 2009, which equated to 6.1 percent of the nation’s employment base. That represents the largest employment-loss percentage since the national economy scaled back after World War II.

The private sector felt the brunt of the

losses during the recession, shedding 7.3 percent of its work force, or 8.5 million jobs. Meanwhile, the government added 100,000 jobs during the recession.

Digging Out

Just as the private sector was hit hardest during the recession, it will be up to the private sector to provide the engines of growth to get the economy moving again. The private sector added jobs in each month of 2010, for a total of more than 1.3 million jobs. Although monthly growth averaging about 112,000 jobs doesn’t define a robust recovery, the steady gains indicate the economy is heading in the right direction.

The private-sector job growth indicates the economy is on the right track. However, other indicators are reminders of how deep an economic hole was dug by the “Great Recession.”

On average, there were 14.8 million unemployed people each month in 2010. And each month, the proportion that were unemployed for more than six months topped 40 percent — peaking at nearly 46 percent in May. Looking back, in all the other recessions since the U.S. Labor Department began reporting data in 1948, the highest point reached was 26 percent in 1983.

Compared with previous recessions, there are a much higher proportion of households with thinly stretched finances for an extended period of time, meaning it will take that much longer for them to return to pre-recession spending levels.

Operators Cautiously Optimistic About Economy

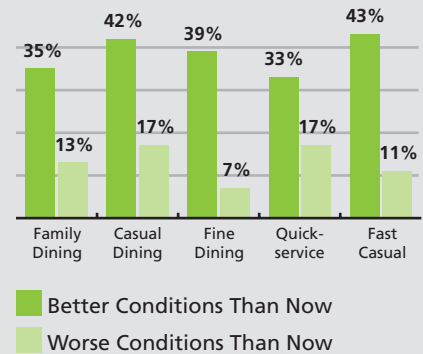
In the Association’s December 2010 *Restaurant Industry Tracking Survey*, 37 percent of restaurant operators said they expected economic conditions to improve in the next six months; only 15 percent expected economic conditions to worsen.

Fast-casual operators were the most optimistic among the major segments, with 43 percent expecting economic conditions to improve and only 11 percent expecting conditions to worsen.

Forty-two percent of casual-dining and 39 percent of fine-dining operators expect economic conditions to improve in six months. Meanwhile, only 33 percent of quickservice operators expect the economy to improve in the next six months, and 17 percent expect economic conditions to worsen.

Improving Outlook for Business Conditions

Restaurant Operators’ outlook for general business conditions in the first half of 2011, by industry segment



Source: National Restaurant Association, *Restaurant Industry Tracking Survey*, December 2010

International tourism bouncing back

In addition to bearing the brunt of the weak domestic economy, the restaurant industry was negatively affected by a sharp decline in international tourism. Spending by international visitors plunged more than 23 percent between August 2008 and June 2009, which translated to a loss of about \$3 billion a month — much of which was spent in restaurants. Although spending by international visitors trended steadily upward during 2010, it remained below peak levels in 2008.

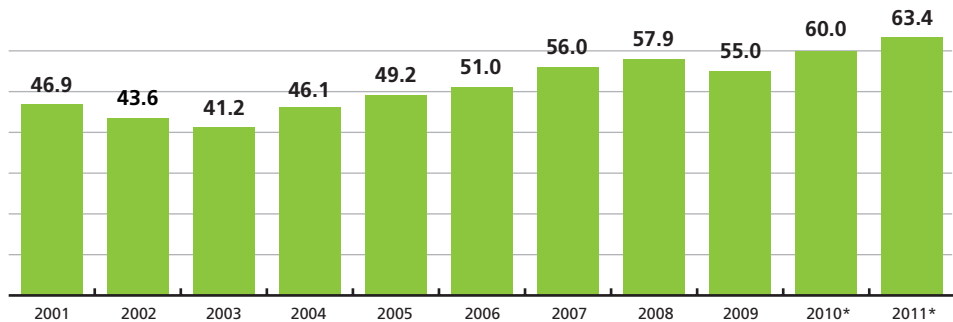
Looking forward to 2011, international tourism to the United States is expected to grow. According to the U.S. Commerce Department's Office of Travel and Tourism Industries, the number of international visitors to the United States is projected to reach 63.4 million in 2011, up from 60 million in 2010.

Representing an average of 40 percent of sales in the fine-dining, 25 percent in casual- and family-dining, and 15 percent of sales in the quickservice segment, travelers and visitors are an important customer demographic for restaurant



Putting Out the Welcome Mat

International arrivals to the United States in millions



Source: U.S. Department of Commerce, Office of Travel and Tourism Industries *Projected

operators. The upward trend in spending by international visitors is a positive sign for the restaurant industry, particularly for operations in tourist destinations.

Increased Optimism

The latest economic indicators confirm the economy isn't yet operating near full capacity, but they also provide evidence that fears of a double-dip recession are overblown.

In addition, the fiscal-policy compromise reached by Congress and the White House in late 2010 — which includes tax cuts and spending increases — will provide an additional boost to the national economy. Barring external shocks, the Association expects the economy to continue to strengthen throughout 2011, led by an increasingly confident private sector.

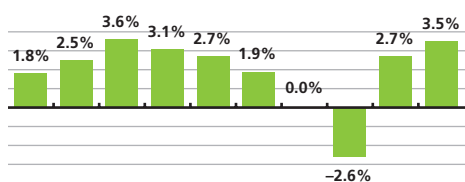
Jobs: Although the national unemploy-



Economic Growth

Economic Engine Gains Steam in 2011

Real Gross Domestic Product growth



2002 2003 2004 2005 2006 2007 2008 2009 2010* 2011*

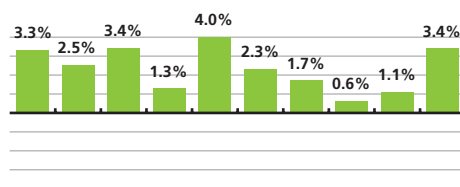
Source: Bureau of Economic Analysis, National Restaurant Association *Projected



Income Growth

More Disposable Dough

Real disposable personal income growth



2002 2003 2004 2005 2006 2007 2008 2009 2010* 2011*

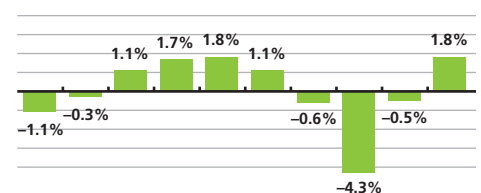
Source: Bureau of Economic Analysis, National Restaurant Association *Projected



Job Growth

Economy Expected to Add Jobs at Strongest Rate Since 2006

Total U.S. employment growth



2002 2003 2004 2005 2006 2007 2008 2009 2010* 2011*

Source: Bureau of Labor Statistics, National Restaurant Association *Projected

ment rate likely will remain elevated in 2011 as more people reenter the labor market, the economy is projected to add jobs at a 1.8 percent rate, the strongest gain since 2006. However, the economy likely won't completely add back jobs lost during the recession until at least 2013.

GDP: Economic output is expected to improve steadily during 2011, topping the 4 percent annualized growth plateau in the second half of the year. Overall, the Association expects real Gross Domestic Product (GDP) to increase 3.5 percent in 2011, up from 2.7 percent in 2010 and the strongest gain in seven years.

Income: Driven by an improving employment picture, income growth is expected to recover markedly from sluggish gains of 2009 and 2010. The Association projects real disposable personal income to increase 3.4 percent in 2011, up from 1.1 percent in 2010 and the strongest increase since 2006.

Energy Prices to Heat Up

Energy prices, which impact both operators and their customers, are important indicators for the restaurant industry. Looking ahead to 2011, energy prices are expected to be generally higher, according to the U.S. Energy Information Administration (EIA).

On the consumer side, gas prices are expected to average \$3.17 in 2011, according to EIA. That's up from \$2.35 in 2009 and \$2.78 in 2010, but slightly below the record high of \$3.27 in 2008. The expected rise in pump prices will put additional strain on consumers' pocketbooks as they continue to recover from the recession.

On the operational side, EIA projects little change in electricity and natural gas prices for the commercial sector. Electricity prices are expected to average 10.24 cents per kilowatt hour, a 0.3 percent increase over 2010. Meanwhile, natural gas prices are projected to average \$9.21 per thousand cubic feet in 2011, a 0.3 percent decline from 2010.

Food Prices Cut In to Bottom Line

Food costs are one of the most important line items for restaurants, representing

about 33 cents of every dollar in restaurant sales. As a result, fluctuations in food costs significantly impact restaurants' bottom lines.

After a brief reprieve in 2009, wholesale food prices rose sharply in 2010. Average wholesale food prices jumped 5 percent in 2010, which easily wiped out the record-breaking drop registered in 2009.

In 2009, prices fell 3.8 percent on an average annual basis, which matched the 3.8 percent drop in 1976 as the largest wholesale food price decline since record-keeping began in 1967. Combined with the 2007 and 2008 gains — the largest jumps in nearly three decades — average wholesale food prices were up more than 17 percent in the last four years.

Looking forward, commodity prices generally are expected to remain elevated. The U.S. Department of Agriculture projects moderate gains in primary market prices for beef, while prices for other meat and dairy commodities are expected to be mixed.



2011 Commodity Price Outlook

Projected high/low growth rates for primary market prices

	2009	2010	2011
Beef	-10%	14%	1% to 9%
Pork	-14%	33%	-3% to 4%
Broilers	-3%	7%	-3% to 6%
Turkeys	-9%	14%	-4% to 4%
Eggs	-20%	3%	-2% to -8%
Milk	-30%	27%	-2% to 2%
Cheddar	-32%	17%	1% to 6%
Butter	-16%	41%	-6% to -13%

Source: U.S. Department of Agriculture, December 2010 projections

Show Me the Money

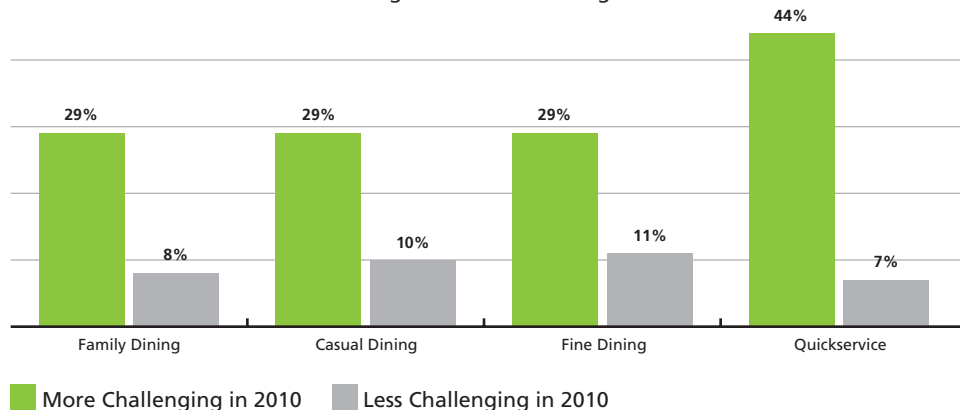


In addition to dealing with the uncertain economy, restaurant operators continued to report difficulties obtaining credit and financing in 2010. Forty-four percent of quickservice operators said it was more challenging to obtain credit in 2010 than it was in 2009; 7 percent said it was less challenging.

Among fullservice operators, 29 percent said obtaining credit was more challenging in 2010, while only one out of 10 said it was easier in 2010.

Money Matters

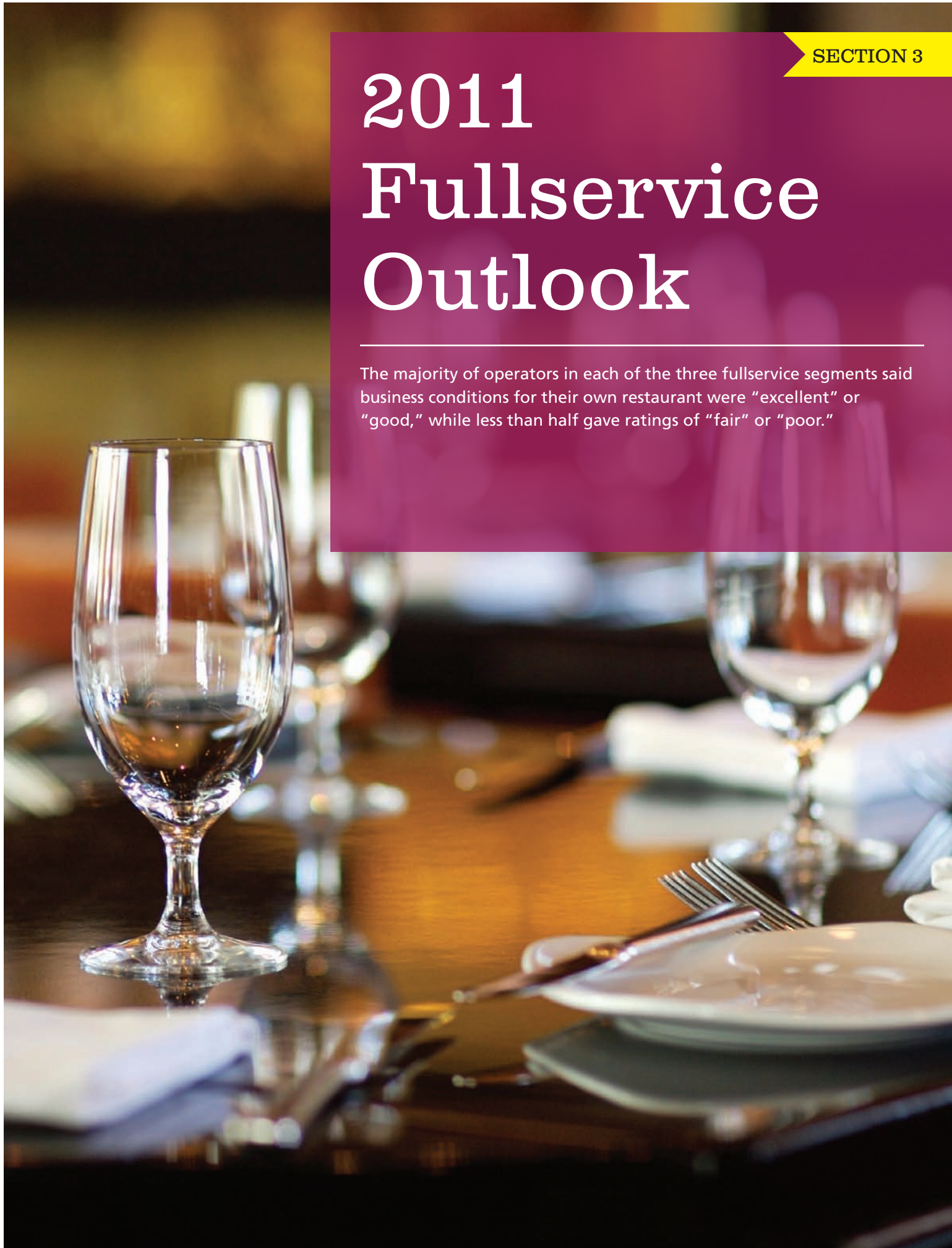
Restaurateurs' assessment of obtaining credit and financing in 2010



Source: National Restaurant Association, Restaurant Operator Surveys, 2010

2011 Fullservice Outlook

The majority of operators in each of the three fullservice segments said business conditions for their own restaurant were "excellent" or "good," while less than half gave ratings of "fair" or "poor."



2011 Fullservice Outlook

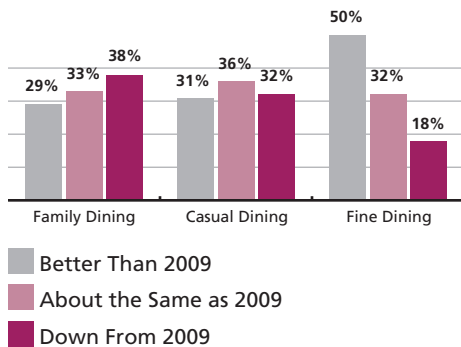
2011 RESTAURANT INDUSTRY FORECAST

The fullservice segment is projected to register sales of \$194.6 billion in 2011, a 3.1 percent increase from 2010. In inflation-adjusted terms, fullservice sales are expected to grow 0.7 percent. Although this real growth remains relatively modest by historical terms, the projected 2011 gain would be the first inflation-adjusted increase since 2007.



The Final Tally

Fullservice operators' reporting of their business in 2010



Source: National Restaurant Association, *Fullservice Operator Survey*, 2010

2010 in Review

The state of the U.S. restaurant industry was challenging in 2010, according to fullservice operators. When asked in a November 2010 survey to describe business conditions for the overall restaurant industry, roughly two-thirds of fullservice operators gave ratings of "fair" or "poor." In contrast, just one-third of fullservice operators said business conditions were "excellent" or "good."

Fullservice operators were somewhat more bullish about their own operations, however. A majority of operators in each of the three fullservice segments said business conditions for their own restaurants were "excellent" or "good," while less than half gave ratings of "fair" or "poor." Fine-dining operators were particularly optimistic about their own operations, with 19 percent rating business conditions as "excellent."

Not surprisingly, expanding their customer base was more difficult in this uncertain economic environment, with nearly six out of 10 fullservice operators saying it was more challenging to attract new customers in 2010 than it was in 2009. Less than 10 percent said it wasn't as challenging for their operations.

Fullservice operators had a somewhat better time with their core customer bases, however. One out of four said it was more challenging to bring back repeat customers in 2010, and roughly 17 percent said it was less of a challenge. This factor is critical to the segment's success, as repeat customers represent a majority of sales for fullservice operators.

Fullservice Operators' Assessment of ...

... Industry Business Conditions in 2010

Fine Dining



Casual Dining



Family Dining



... Their Own Business Conditions in 2010

Fine Dining



Casual Dining



Family Dining



Poor Fair Good Excellent

Source: National Restaurant Association, *Fullservice Operator Survey*, 2010

As consumers' dining-out dollars remained scarce, competitive pressures intensified in the fullservice segment in 2010, particularly among operations with mid-range check sizes. Fifty-four percent of casual-dining operators said competition with other fullservice segments was more challenging in 2010 than it was in 2009, while only 5 percent said it was less of a challenge. Among family- and fine-dining operators, 40 percent said it was more of a challenge to compete with other fullservice segments, while roughly 10 percent said it was less challenging.

Meanwhile, more than four out of 10 family- and casual-dining operators said it was more challenging to compete with the quickservice segment in 2010; 26 percent of fine-dining operators reported similarly.

Overall, fullservice operators reported

mixed performances in 2010. Just 29 percent of family-dining operators said their business in 2010 was better than in 2009, while 38 percent said business was down from 2009.

In contrast, fine-dining operators reported much better business conditions in 2010. Fifty percent of fine-dining operators said their business was better in 2010 than 2009, while just 18 percent said business was down from 2009 levels.

Focus on Foodies

One way fullservice operators can capitalize on consumers' growing interest in food and cooking is to offer interactive educational options for their customers. Twenty-nine percent of adults said they would be interested in chef's table dinners and private tasting-menu events at fullservice restaura-

rants, while 28 percent said they would be interested in cooking classes. Younger adults were much more likely than older adults to express interest in those options.

The littlest patrons also might be ready to don a toque. Twenty-nine percent of adults — including 49 percent of adults with children — said they would be interested in interactive cooking demonstrations for kids if they were offered at fullservice restaurants.

Off-Premises Opportunities

Today's time-strapped consumers are willing beneficiaries of the growing number of off-premises options in the fullservice segment. Forty-seven percent of adults said they would be likely to utilize delivery directly to their homes or offices if it was offered by a fullservice restaurant, while 44 percent said they would use curbside takeout at a fullservice restaurant.

Frequent fullservice customers also expressed interest in delivery and curbside takeout, but the frequent quickservice customers (59 percent) and frequent off-premises dinner customers (66 percent) were significantly more interested in delivery options from fullservice restaurants. Similarly, 67 percent of frequent off-premises dinner customers and 56 percent of frequent quickservice customers said they would be likely to use curbside takeout at a fullservice restaurant.

Technologically connected individuals also were more likely than the general public to take advantage of delivery or curbside take-out offered by fullservice restaurants.

Bumps in the Road

Top challenges expected by fullservice operators in 2011

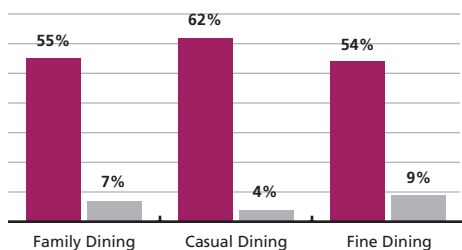
	Family Dining	Casual Dining	Fine Dining
1 Building and maintaining sales volume	24%	23%	28%
2 The economy	25%	24%	24%
3 Food costs	9%	13%	6%
4 Government	9%	6%	6%
5 Operating costs	5%	5%	8%
6 Competition	3%	4%	5%
7 Recruiting and retaining employees	5%	3%	2%

Source: National Restaurant Association, *Fullservice Operator Survey*, 2010

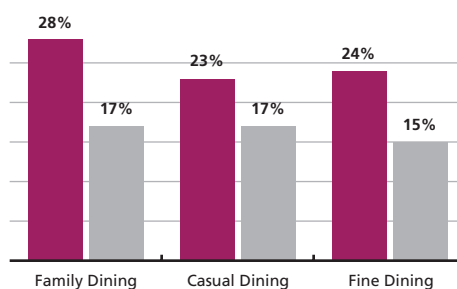
2010

Business-Building Challenges

Attracting New Customers



Bringing Back Repeat Customers



More Challenging in 2010 Less Challenging in 2010

Source: National Restaurant Association, *Fullservice Operator Survey*, 2010

Give the People What They Want

A tough economic climate might make eating out even more important to consumers who are seeking a bit of comfort or a moment of escape by enjoying their favorite meals at their favorite restaurants. Roughly nine of 10 fullservice operators reported that even during this challenging economic environment, customers are willing to pay for quality dining experiences.

However, with disposable income limited, operators across all three fullservice segments are well aware that consumers'

expectations for quality experiences are greater than ever. Eighty-one percent of fine- and 74 percent of casual- and family-dining operators said that in the past two years, they have noticed an increase in customer expectations regarding the quality

of the complete restaurant experience.

Fullservice operators also reported that their customers expected more for their money. In fact, more than nine out of 10 fullservice operators agreed that their customers were more value-conscious than

they were two years ago. Consumer demand for increased value has expanded to encompass the whole dining experience. Roughly three out of four fullservice operators said their customers had higher expectations for quality of food and



Promotions

Marketing and Word of Mouth

Teaching an Old Dog New Tricks

Work of mouth remains the most powerful promotion tool for restaurants. More than nine out of 10 adults indicated they are likely to choose a restaurant they hadn't patronized before based on a recommendation from a family member or friend. Now operators can take advantage of technology such as social-media tools to spread that word farther and faster than ever.

Overall, 25 percent of adults said they would use consumer-driven review Web sites and online communities such as Yelp to learn more about a restaurant. Thirty-seven percent of social-media savvy customers and 33 percent of connected adults said they would use this source of information.

Let Your Fingers Do the Marketing

E-mail and cell phones can be efficient and effective marketing tools in today's technology-driven society. Twenty-five percent of adults said they likely would use the option of receiving e-mail notifications of daily specials if offered by a fullservice restaurant. Frequent customers and technologically connected customers were somewhat more interested in this option, with roughly one-third saying they would like to receive e-mails about daily specials. A smaller proportion of adults — 17 percent — said they would be interested in receiving cell phone text-message notifications of daily specials from fullservice restaurants.

Blue Plate Updates

Proportion of adults likely to use the following options for notification of daily specials

	All Adults	Connected Adults	Social-Media Savvy Individuals	Frequent Fullservice Customers
E-mail	25%	31%	33%	34%
Cell Phone Text Message	17%	20%	29%	21%

Source: National Restaurant Association, *National Household Survey*, 2010

World Wide Word of Mouth

Proportion of adults likely to use the following sources to choose a restaurant

	All Adults	Connected Adults	Social-Media Savvy Individuals	Frequent Fullservice Customers	Frequent Quickservice Customers	Frequent off-Premises Dinner Customers
Recommendation from family member	93%	97%	95%	96%	97%	98%
Recommendation from friend	92%	97%	96%	97%	95%	95%
Restaurant review in newspaper or magazine	57%	66%	57%	63%	61%	54%
Advertisement mailed to their home	54%	58%	57%	60%	60%	55%
Newspaper advertisement	51%	54%	48%	59%	54%	54%
Internet search engine	45%	59%	60%	51%	56%	52%
Advertisement or promotion e-mailed to them	37%	45%	45%	44%	44%	39%
Online dining guide	36%	48%	51%	49%	43%	53%
Consumer-driven review Web sites and online communities like Yelp	25%	33%	37%	33%	30%	18%

Source: National Restaurant Association, *National Household Survey*, 2010

service than they did two years ago. In addition, a majority of fullservice operators said they noticed an increase in customer expectations in regard to service speed.

High-Tech Hospitality

Technology might have become an indispensable part of society, but it has yet to make significant inroads at the restaurant dinner table — not counting the ubiquitous iPod, cell phone or laptop carried by most customers. That could change in the future. About half of fullservice operators agreed that technology-related developments, such as digital menus and wine lists, and pay-at-the-table devices, will become more popular within their segment in the future, while the other half disagreed.

The use of such technological devices remains rare at this point, with about 2 percent of fullservice operators using electronic ordering or payment systems at the

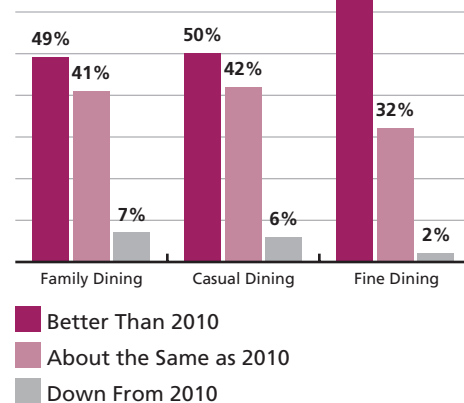
table or a wine list on an electronic tablet. However, a higher proportion of fullservice operators believe the use of these items will become more prevalent in the future.

One of four fullservice operators said electronic ordering systems at the table would become more popular in the future, while nearly half of casual- and fine-dining operators reported the same about electronic payment systems at the table. Meanwhile, 36 percent of fine-dining operators said wine lists on electronic tablets would become more popular in their segment in the future.

Those forms of technology might still be in their early stages at fullservice restaurants, but customers are willing to embrace them. Forty-eight percent of adults said they likely would use electronic payment systems at their table in fullservice restaurants, while 36 percent said they likely would use electronic ordering systems at their tables.

Here Comes the Sun

Fullservice operators optimistic about business in 2011



Source: National Restaurant Association, *Fullservice Operator Survey*, 2010

People in each of the three frequent customer categories were more likely than the general public to express interest in using electronic payment or ordering systems at the table in fullservice restaurants, particularly frequent off-premises dinner customers and frequent quickservice customers. Not surprisingly, connected adults and social-media savvy individuals were much more likely than the general public to say they would be interested in using electronic ordering and payment systems at the table.

Fullservice Operators Look Ahead

The new year will bring new business, according to fullservice operators. Fine-dining operators are particularly hopeful about 2011, with 66 percent expecting higher sales in 2011 and only 2 percent expecting sales declines. Among family-dining and casual-dining operators, roughly half expect their business in 2011 to improve from 2010 levels.

Operators might be hopeful, but they also are realistic about business conditions in the new year. When asked what the most significant challenge will be in 2011, roughly one out of four fullservice operators said building and maintaining sales volume, while a fourth identified the economy. In contrast, less than 5 percent of fullservice operators identified recruiting and retaining employees — historically a struggle for restaurant operators — as the top expected challenge.

Get It to Go

Proportion of adults likely to use the following options at fullservice restaurants

	Delivery From a Fullservice Restaurant Directly to Home or Office	Curbside Take-Out From a Fullservice Restaurant
All adults	47%	44%
Frequent fullservice customers	49%	47%
Frequent quickservice customers	59%	56%
Frequent off-premises dinner customers	66%	67%
Connected adults	54%	49%
Social-media savvy individuals	63%	53%

Source: National Restaurant Association, *National Household Survey*, 2010

I'll Have a Side of Technology, Please

Proportion of adults likely to use the following options at fullservice restaurants

	Electronic Ordering System at the Table	Electronic Payment System at the Table
All adults	36%	48%
Frequent fullservice customers	39%	57%
Frequent quickservice customers	46%	62%
Frequent off-premises dinner customers	51%	66%
Connected adults	45%	56%
Social-media savvy individuals	50%	60%

Source: National Restaurant Association, *National Household Survey*, 2010

Ready, Set, Click

The Internet is a powerful ally in today's hectic world. According to Association research, 59 percent of adults have visited a restaurant's Web site, up from 36 percent just five years ago. A majority of adults said they had viewed a restaurant's menu online and used the Internet to find out information about a restaurant — both well above the levels five years ago. Roughly one-third of adults said they placed an order online, while 27 percent said they used the Internet to make reservations at a restaurant.

Consumers in the connected adult and social-media savvy groups are much more likely than the general public to use the Internet for restaurant-related activities. Seventy-six percent of connected adults and 72 percent of those in the social-media savvy group have visited a restaurant's Web site. They also are more likely than the general public to have used the Internet to find out information about a restaurant they haven't been to before.

Frequent restaurant customers are more likely than the general public to use the Internet for restaurant purposes, in particular to make their restaurant patronage more convenient. Fifty-one percent of frequent off-premises dinner customers and 48 percent of frequent quickservice customers have used the Internet to order at a restaurant for dine-in, carry-out or delivery; 32 percent of the general public have placed online orders.



Restaurant Presence Growing Online

Operators are leveraging technology to reach today's tech-savvy consumer. Association survey results show that 97 percent of fine-dining operators have a Web site, along with 82 percent of casual-dining, 81 percent of quickservice and 76 percent of family-dining operators. Among operators that have a Web site, more than nine of 10 allow visitors to view their menu. A majority of restaurant Web sites also show promotions or daily specials.

Thirty-four percent of quickservice operators said their Web sites give customers the option of placing takeout or delivery orders. Eighteen percent of family-dining operators and 13 percent of casual- and fine-dining operators also offer online ordering.

Nearly two-thirds of quickservice operators display menu items' nutritional information on their Web site; this option is less common on fullservice restaurant Web sites.

Mousetrap

Proportion of restaurant Web sites that have the following features

	Family Dining	Casual Dining	Fine Dining	Quickservice
Menu	95%	98%	99%	93%
Option to e-mail restaurant	76%	86%	91%	55%
Promotions or daily specials	59%	71%	61%	52%
Option to make reservations	23%	32%	65%	n/a
Merchandise for sale	29%	37%	22%	25%
Job listings	19%	25%	19%	54%
Packaged food items for sale	23%	15%	11%	12%
Option to place takeout or delivery order	18%	13%	13%	34%
Menu items nutritional information	17%	7%	11%	65%

Source: National Restaurant Association, Restaurant Operator Surveys, 2010

The Skinny on Web Use

Proportion of adults who have used the Internet for the following activities

	— All Adults —		Connected Adults	Social-Media Savvy Individuals	Frequent Fullservice Customers	Frequent Quickservice Customers	Frequent off-Premises Dinner Customers
	2010	2005					
Visit restaurant Web site	59%	36%	76%	72%	67%	70%	71%
View restaurant menu	58%	31%	74%	75%	64%	68%	64%
Get information about restaurant before visiting	54%	35%	70%	67%	62%	65%	65%
Place dine-in, carry-out or delivery order	32%	11%	40%	46%	34%	48%	51%
Make reservations	27%	10%	34%	37%	35%	30%	27%

Source: National Restaurant Association, National Household Survey, 2010

2011 Quickservice Outlook

Eighty-two percent of quickservice operators agreed that even during this challenging economic environment, diners are willing to pay for a quality dining experience.



2011 Quickservice Outlook

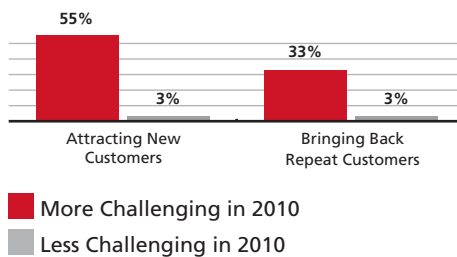
2011 RESTAURANT INDUSTRY FORECAST

The quickservice segment is projected to register \$167.8 billion in sales in 2011, a 3.3 percent increase over 2010 and the strongest gain since 2008. In inflation-adjusted terms, quickservice sales are expected to grow at 0.9 percent in 2011, the first real sales increase since 2008.



Corralling Customers

Quickservice operators report on challenges of building business in 2010



Source: National Restaurant Association, *Quickservice Operator Survey*, 2010

2010 in Review

Quickservice operators reported a challenging business environment in 2010. Asked in a November 2010 survey to rate business conditions for the overall U.S. restaurant industry, more than three out of four quickservice operators gave ratings of "fair" (62 percent) or "poor" (14 percent). Twenty-one percent of quickservice

operators said business conditions in the U.S. restaurant industry were "good," while just 3 percent rated them as "excellent."

Quickservice operators gave somewhat higher marks to their own business conditions, with three out of five giving ratings of "excellent" (14 percent) or "good" (46 percent) and only 40 percent saying their

business conditions were "fair" or "poor."

Although a majority of quickservice operators were generally positive about business conditions for their restaurants, they also said the economy had become more challenging for them in 2010. Seventy percent of quickservice operators said general economic conditions were more challenging for them in 2010 than they were in 2009, while only 5 percent said they were less challenging.

Cost control also was increasingly difficult for quickservice operators, with 64 percent saying controlling costs was more of a challenge for them in 2010 than in 2009.

Like their fullservice counterparts, quickservice operators found it increasingly difficult to expand their customer base in 2010. Fifty-five percent of quickservice operators said attracting new customers was more challenging in 2010 than in 2009, while only 3 percent said it was less of a challenge.

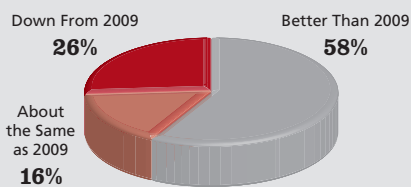
Quickservice operators had a comparatively easier time with repeat business — only 33 percent said it was more challenging to bring back customers in 2010 than in 2009.

Competition remained intense for quickservice operators in 2010, particularly from grocery stores. Forty percent of quickservice operators said it was more of a challenge to compete with grocery stores in 2010, while just 6 percent said it was less challenging. In contrast, only 23 percent of quickservice operators said fullservice competition posed more of a challenge for them in 2010, while 17 percent said it was not as great.

Despite the competition, quickservice

Quickservice Operators Grab Their Piece of the Pie

Reporting of sales performance in 2010



Source: National Restaurant Association, *Quickservice Operator Survey*, 2010

Quickservice Operators' Assessment of ...

... Industry Business Conditions in 2010



... Their Own Business Conditions in 2010



Legend: Poor (Red), Fair (Orange), Good (Grey), Excellent (Black)

Source: National Restaurant Association, *Quickservice Operator Survey*, 2010

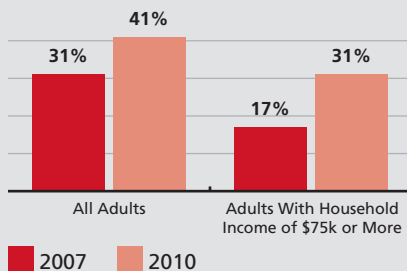
Pent-Up Demand for Restaurants Remains High

The weak employment market of the past several years combined with corresponding modest income growth has forced many consumers to modify their typical spending patterns, including money spent at restaurants. Although many consumers have altered their restaurant spending, they still want to use restaurants more than they do currently. Restaurant operators can tap into that substantial unfulfilled demand to maintain and build sales in the coming year.

In the Association's 2010 *National Household Survey*, 41 percent of adults said they weren't eating on-premises at restaurants as often as they would like. In 2007, a lower 31 percent of adults reported similarly. This general trend also is apparent among higher-income households, a prime restaurant market. In 2007, just 17 percent of adults with household incomes of \$75,000 and above reported they weren't patronizing restaurants as much as they would like. By 2010, a higher 31 percent reported their "pent-up" demand for restaurants.

Appetite for Someone Else's Cooking

Percentage of adults not eating on-premises at restaurants as often as they would like



Source: National Restaurant Association, National Household Surveys: 2007, 2010

operators were generally positive about their sales performance in 2010. Fifty-eight percent of quickservice operators said their business was up in 2010, while just 26 percent reported a sales decline.

Setting the Bar High

The uncertain economy has prompted customers to demand more when dining out, according to quickservice operators. First and foremost, diners want value for the dollar, with 98 percent of quickservice operators reporting that their customers are more value-conscious than they were two years ago.

Consumers also have higher expectations with regard to food choices and quality.

Seventy-nine percent of quickservice operators said they noticed an increase in customer expectations regarding food quality, while 62 percent said diners expect more healthful menu options.

Fast and efficient service has long been a hallmark of the quickservice segment — another area where operators see an increase in consumer demand. Eighty percent of quickservice operators reported an increase in customer expectations regarding the quality of service in the last two years, while 66 percent reported similarly regarding service speed. But operators said they have great incentive to meet customers' expectations: 82 percent of quickservice operators agreed that even

Quickservice Quick to Respond

Customers' expectations increased in the following areas compared with two years ago

Value received for price paid	93%
Quality of the complete restaurant experience	80%
Quality of service	80%
Food quality	79%
Speed of service	66%
Choice of healthful options	62%
Choice of portion sizes	40%

Source: National Restaurant Association, *Quickservice Operator Survey*, 2010

We'll Come to You

Proportion of adults likely to opt for delivery from a quickservice restaurant

All adults	45%
Frequent fullservice customers	46%
Frequent quickservice customers	57%
Frequent off-premises dinner customers	72%
Connected adults	50%
Social-media savvy individuals	56%
Adults with children in household	56%

Source: National Restaurant Association, *National Household Survey*, 2010

Making Quickservice Even Quicker

Proportion of adults likely to use the following options at quickservice restaurants

	Place Order Online Through a Web site	Place Order via Mobile Phone Application	Place Order Via a Self-Service Customer-Activated Ordering Terminal
All adults	34%	29%	35%
Frequent fullservice customers	34%	33%	33%
Frequent quickservice customers	46%	40%	46%
Frequent off-premises dinner customers	52%	47%	53%
Connected adults	45%	35%	44%
Social-media savvy individuals	52%	41%	46%

Source: National Restaurant Association, *National Household Survey*, 2010

during this challenging economic environment, diners were willing to pay for a quality dining experience.

Adding Technology to the Menu

Today's consumer seeks to incorporate technology into his or her daily routine, including mealtimes. Thirty percent of quickservice operators said they give their customers the option of ordering online through Web sites; 34 percent of adults said they likely would use that option. Ordering online is even more popular among frequent customers, with 52 percent of frequent off-premises dinner customers and 46 percent of frequent quickservice customers saying they would be likely to place a food order via the Web. In addition, 52 percent of social-media savvy individuals and 45 percent of connected adults said they would like the option of ordering online.

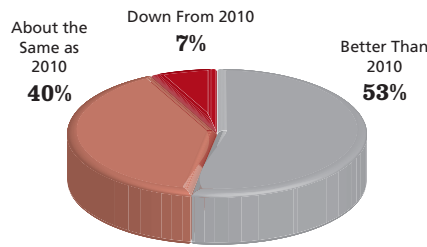
On-the-go consumers also want the ability to place orders with mobile devices. Currently, only 13 percent of quickservice operators said they offer the ability to order via mobile phone applications. But this option is likely to become more common as customer demand grows. According to Association research, 29 percent of adults would be likely to use their cell phones to order quickservice meals, while 47 percent of frequent off-premises dinner customers, 40 percent of frequent quickservice customers and 41 percent of social-media savvy individuals would take advantage of such an option.

Following the trend of self-checkout lines at various stores, more restaurant customers would opt to use self-service ordering terminals if available. Thirty-five percent of adults said they would be likely to use self-service ordering terminals in quickservice restaurants. The interest in self-service soars to 53 percent among frequent off-premises dinner customers, 46 percent among frequent quickservice customers, and nearly half of technologically connected individuals.

Taking It to the Streets

Consumers seeking to make the most of their limited time are eager for their favorite quickservice restaurants to offer

Quickservice Operators' Business Outlook for 2011



Source: National Restaurant Association, *Quickservice Operator Survey*, 2010

delivery. Forty-five percent of adults said they likely would opt for delivery if it were offered by a quickservice restaurant. The interest is even greater among frequent diners: 72 percent of frequent off-premises dinner customers and 57 percent of frequent quickservice customers said they would likely use this option.

Consumers with children also would take advantage of the convenience of delivery. Fifty-six percent of adults in

households with children said they would be likely to order food for delivery from a quickservice restaurant, compared with 38 percent of adults in households with no children.

Quickservice Operators Hopeful About New Year

Quickservice operators are generally optimistic about 2011, with 53 percent of quickservice operators expecting business to be better in 2011 than it was in 2010. Only 7 percent expect business to be down in 2011.

Sales growth and the economy are expected to be the top challenges quickservice operators face in 2011. Twenty-two percent of quickservice operators said the economy would be the No. 1 challenge, while 19 percent said building and maintaining sales volume would prove most problematic. Fifteen percent said rising food costs would be the top challenge in 2011, while 14 percent named the government as the toughest obstacle.

The Future Looks Greener

Restaurateurs are adding green initiatives to their menus to help reduce energy usage and expense, as well as to appeal to conservation-minded consumers. Nearly half of fullservice operators and four out of 10 quickservice operators plan to purchase energy-saving light fixtures in 2011. Roughly four out of 10 operators plan to purchase energy-saving kitchen equipment and energy-efficient refrigeration, air conditioning or heating systems in 2011. One third of family- and fine-dining operators and one out of four casual-dining and quickservice operators plan to install water-saving equipment or fixtures in 2011.

Restaurant operators across all segments plan to devote more resources to green initiatives in 2011. Forty-six percent of fine-dining operators plan to invest more in energy-saving measures in 2011, while 9 percent plan to cut back on green spending. Roughly one-third of family- and casual-dining operators plan to increase spending on green initiatives in 2011; 21 percent of quickservice operators reported similarly.

Bright Ideas

Proportion of restaurant operators planning to take the following actions in 2011

	Family Dining	Casual Dining	Fine Dining	Quick-service
Purchase energy-saving light fixtures	48%	46%	47%	39%
Purchase energy-efficient refrigeration, air conditioning or heating systems	38%	30%	38%	38%
Purchase energy-saving kitchen equipment	41%	40%	47%	34%
Install water-saving equipment or fixtures	33%	25%	34%	23%

Source: National Restaurant Association, *Restaurant Operator Surveys*, 2010

2011 Workforce Outlook

With an improving economic backdrop and more favorable business conditions, restaurant-industry job growth is projected to accelerate in 2011.



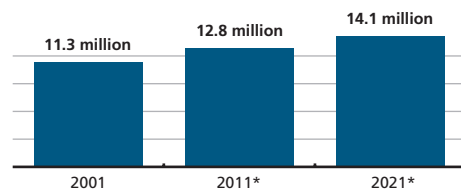
2011 Workforce Outlook

2011 RESTAURANT INDUSTRY FORECAST

After losing jobs in 2009 for just the second year on record, the restaurant industry bounced back with a modest employment gain in 2010. Eating-and-drinking places, which represent about three-fourths of the restaurant and foodservice work force, added jobs at a 0.3 percent rate in 2010. This growth follows a 1.8 percent employment decline in 2009. Despite the modest gain, 2010 marked the



Total Restaurant-and-Foodservice Employment



Source: National Restaurant Association * Projected

11th consecutive year in which the restaurant industry outperformed the national economy, which lost jobs at a 0.5 percent annual rate.

With an improving economic backdrop and more favorable business conditions, restaurant-industry job growth is projected to accelerate in 2011. The Association expects eating-and-drinking places to add jobs at a 2.4 percent rate for the strongest gain in four years. Moreover, the industry is expected to continue to outpace the overall economy, which is projected to add jobs at a 1.8 percent rate.

Long-term growth expected

With job growth expected to improve in 2011, the overall restaurant-and-foodservice industry will remain the nation's second-largest private sector employer. Its projected 12.8 million employees will represent 10 percent of the nation's total job base.

Over the long-term, the restaurant industry is projected to post steady growth well into the future. By 2021, the restaurant industry is expected to employ 14.1 million people — an increase of 1.3 million jobs over the 10-year period.

Occupational Job Growth to Be Broad-Based

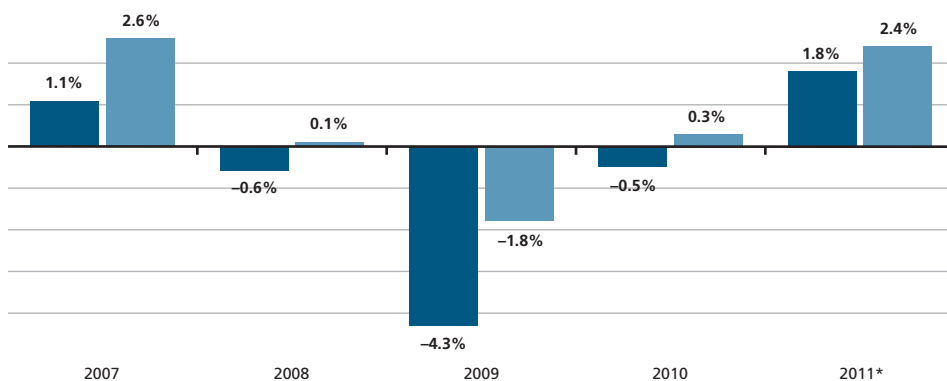
The restaurant industry is projected to grow steadily across most occupations in the next 10 years. In percentage terms, the strongest gains are projected among positions that combine food preparation and service. These positions are expected to number more than 3.1 million by 2021, an increase of 403,000 jobs over 2011. The number of waitstaff jobs is projected to reach more than 2.6 million by 2021 for a gain of 240,000 jobs.

The number of chefs and head cooks is estimated to increase 11 percent between 2011 and 2021, with the number of positions increasing to 122,000. Other cook positions also are expected to post solid growth, adding a projected 199,000 jobs — or nearly 10 percent — between 2011 and 2021.

The number of management positions is expected to grow steadily in the next 10 years. The restaurant industry is projected to add 27,000 foodservice managers between 2011 and 2021, a nearly 8 percent increase. In the same 10-year period, the number of first-line supervisors and managers of food-preparation and serving

2011 Restaurant Job Growth Projected to Again Outpace National Economy

Annual employment growth — eating-and-drinking places versus total U.S. employment



■ Total U.S. Employment ■ Eating-and-Drinking Place Employment

Source: Bureau of Labor Statistics, National Restaurant Association * Projected

workers is expected to increase by 102,000, or more than 12 percent.

West and South Expected to Lead

On the regional level, the states in the West and the South are projected to lead the way in proportional restaurant-industry job growth during the next decade. In fact, the top 22 states in terms of projected 10-year job growth are located in either the West or South, based on U.S. Census region definitions. These long-term projections typically follow closely with

The restaurant industry is projected to add 27,000 foodservice managers between 2011 and 2021, a nearly 8 percent increase.

demographic and economic projections over the same period.

Texas and Florida are expected to set the pace with industry job growth of roughly 17 percent, followed by Arizona and Alabama with projected employment gains of approximately 16 percent.

In terms of total jobs, California's restaurant industry is expected to employ nearly 1.6 million people by 2021 — an increase of more than 141,000 jobs over 2011. Meanwhile, Texas is expected to add nearly 173,000 restaurant-industry jobs between 2011 and 2021, while Florida's

Restaurant Workforce Expected to Exceed 14 Million by 2021

Growth in foodservice occupations, 2011 to 2021

	2011 Employment	2021 Employment	— EMPLOYMENT CHANGE, 2011-2021 —		
			Jobs Added	Total % Change	Avg. Annual % Change
TOTAL RESTAURANT INDUSTRY EMPLOYMENT	12,766,000	14,107,000	1,341,000	10.5%	1.0%
Food Service Managers	340,000	367,000	27,000	7.9%	0.8%
Food Preparation and Serving Related Occupations	11,638,000	12,940,000	1,302,000	11.2%	1.1%
Supervisors, food preparation and serving workers	950,000	1,064,000	114,000	12.0%	1.1%
Chefs and head cooks	110,000	122,000	12,000	10.9%	1.0%
First-line supervisors/managers of food preparation and serving workers	840,000	942,000	102,000	12.1%	1.2%
Cooks and food preparation workers	2,979,000	3,258,000	279,000	9.4%	0.9%
Cooks	2,079,000	2,278,000	199,000	9.6%	0.9%
Cooks, fast food	570,000	629,000	59,000	10.4%	1.0%
Cooks, institution and cafeteria	393,000	432,000	39,000	9.9%	1.0%
Cooks, private household	5,000	5,000	0	0.0%	0.0%
Cooks, restaurant	922,000	1,017,000	95,000	10.3%	1.0%
Cooks, short order	171,000	175,000	4,000	2.3%	0.2%
Cooks, all other	18,000	20,000	2,000	11.1%	1.1%
Food preparation workers	900,000	980,000	80,000	8.9%	0.9%
Food and beverage serving workers	6,357,000	7,145,000	788,000	12.4%	1.2%
Bartenders	512,000	563,000	51,000	10.0%	1.0%
Fast food and counter workers	3,255,000	3,730,000	475,000	14.6%	1.4%
Combined food preparation and serving workers, including fast food	2,727,000	3,130,000	403,000	14.8%	1.4%
Counter attendants, cafeteria, food concession, and coffee shop	528,000	600,000	72,000	13.6%	1.3%
Waiters and waitresses	2,400,000	2,640,000	240,000	10.0%	1.0%
Food servers, nonrestaurant	190,000	212,000	22,000	11.6%	1.1%
Other food preparation and serving related workers	1,352,000	1,473,000	121,000	8.9%	0.9%
Dining room and cafeteria attendants and bartender helpers	423,000	454,000	31,000	7.3%	0.7%
Dishwashers	526,000	587,000	61,000	11.6%	1.1%
Hosts and hostesses, restaurant, lounge, and coffee shop	352,000	377,000	25,000	7.1%	0.7%
All other food preparation and serving related workers	51,000	55,000	4,000	7.8%	0.8%
Other Eating and Drinking Place Occupations*	788,000	800,000	12,000	1.5%	0.2%

*Includes operational, business, financial, entertainment, sales, administrative and transportation occupations

Source: National Restaurant Association projections, based on historical data from the Bureau of Labor Statistics

Supply Exceeds Demand

Restaurant operators' reporting of labor indicators in 2010 compared with 2008

	Family Dining		Casual Dining		Fine Dining		Quickservice	
	Increased ▲	Decreased ▼	Increased ▲	Decreased ▼	Increased ▲	Decreased ▼	Increased ▲	Decreased ▼
Number of applicants for hourly positions	55%	14%	62%	11%	59%	12%	59%	9%
Number of applicants for salaried positions	29%	17%	32%	20%	36%	12%	40%	12%
Turnover of hourly employees	7%	35%	17%	40%	6%	41%	6%	51%
Turnover of salaried employees	5%	27%	9%	38%	9%	35%	9%	47%

Source: National Restaurant Association, Restaurant Operator Surveys, 2010

total restaurant-industry employment is projected to increase by nearly 133,000 in the same period.

Labor Challenges Eased in 2010

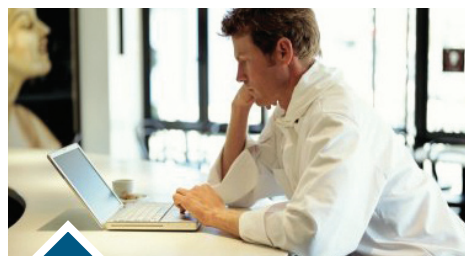
Recruiting and retaining employees became less of a challenge for operators in 2010's uncertain economy. A majority of operators in each of the major segments reported an increased number of applicants for hourly positions in 2010 compared with 2008; about one out of 10 reported a decline in

applicants. For salaried positions, restaurant operators reported a net increase across all four segments, including 40 percent of quickservice and 36 percent of fine-dining operators.

Restaurant operators also reported a decline in turnover rates among hourly and salaried employees in 2010 compared with 2008. Fifty-one percent of quickservice operators said their turnover of hourly employees declined from 2008 to 2010, while only 6 percent said it increased. Operators in all four segments also reported a net turnover decline of salaried employees in the two-year period.

employees. Thirty-one percent of quickservice operators expect it to be more challenging to recruit and retain employees this year than in 2010, while only 7 percent expect it to be less challenging. Family- and casual-dining operators also were more likely to expect recruiting and retaining to become a bigger obstacle in 2011.

Along with operators' expectations for a shrinking labor pool in 2011, the nation's long-term demographic shifts suggest that the challenge to recruit and retain employees will continue well into the future. Historically, teenagers and young adults made up the bulk of the restaurant industry workforce, as nearly half of all restaurant industry employees were under the age of 25. However, over the last several decades, this key labor pool steadily declined as a proportion of the total labor force.



Recruitment, Retention Challenges Expected to Reemerge

As the economy improves in 2011, operators expect to face a dwindling pool of

Connections

Using Technology to Connect With Employees

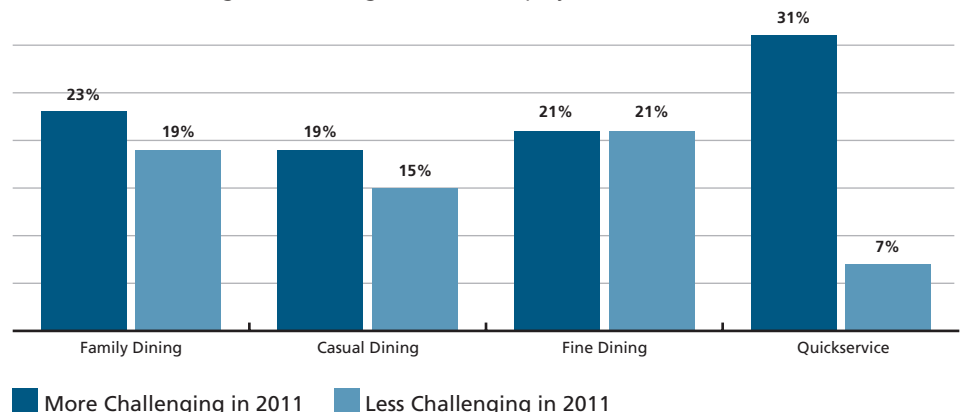
Proportion of employees who interact with employers using the following tools

E-mail	49%
Text messages	42%
Facebook	18%
Online scheduling	14%
Twitter	3%

Source: National Restaurant Association, Restaurant Employee Survey, December 2010

Get the Carrot

Outlook for recruiting and retaining restaurant employees in 2011



Source: National Restaurant Association, Restaurant Operator Surveys, 2010

State Restaurant Industry Employment Growth

Projected growth in restaurant industry employment* from 2011 to 2021



Texas and Florida are predicted to experience the biggest leap in job growth

	— EMPLOYMENT CHANGE, 2011-2021 —				
	2011 Employment	2021 Employment	Jobs Added	Total % Change	Avg. Annual % Change
Alabama	167,700	194,000	26,300	15.7%	1.5%
Alaska	27,700	31,900	4,200	15.2%	1.4%
Arizona	261,900	304,000	42,100	16.1%	1.5%
Arkansas	107,500	123,300	15,800	14.7%	1.4%
California	1,426,800	1,568,000	141,200	9.9%	0.9%
Colorado	229,600	262,800	33,200	14.5%	1.4%
Connecticut	147,800	155,700	7,900	5.3%	0.5%
Delaware	40,100	45,800	5,700	14.2%	1.3%
District of Columbia	47,700	51,700	4,000	8.4%	0.8%
Florida	794,300	927,100	132,800	16.7%	1.6%
Georgia	384,300	442,900	58,600	15.2%	1.4%
Hawaii	79,300	83,400	4,100	5.2%	0.5%
Idaho	58,400	64,600	6,200	10.6%	1.0%
Illinois	501,000	537,500	36,500	7.3%	0.7%
Indiana	295,100	319,800	24,700	8.4%	0.8%
Iowa	144,100	155,200	11,100	7.7%	0.7%
Kansas	126,400	138,200	11,800	9.3%	0.9%
Kentucky	180,800	196,300	15,500	8.6%	0.8%
Louisiana	182,200	199,500	17,300	9.5%	0.9%
Maine	61,100	65,800	4,700	7.7%	0.7%
Maryland	238,700	256,900	18,200	7.6%	0.7%
Massachusetts	302,800	323,900	21,100	7.0%	0.7%
Michigan	382,300	405,400	23,100	6.0%	0.6%
Minnesota	256,300	277,300	21,000	8.2%	0.8%
Mississippi	108,500	120,600	12,100	11.2%	1.1%
Missouri	282,100	302,200	20,100	7.1%	0.7%
Montana	47,600	51,500	3,900	8.2%	0.8%
Nebraska	85,000	91,500	6,500	7.6%	0.7%
Nevada	180,900	207,600	26,700	14.8%	1.4%
New Hampshire	62,900	68,500	5,600	8.9%	0.9%
New Jersey	303,600	324,500	20,900	6.9%	0.7%
New Mexico	84,400	96,500	12,100	14.3%	1.3%
New York	698,300	754,400	56,100	8.0%	0.8%
North Carolina	395,000	451,800	56,800	14.4%	1.4%
North Dakota	36,800	41,500	4,700	12.8%	1.2%
Ohio	524,900	552,400	27,500	5.2%	0.5%
Oklahoma	151,600	165,100	13,500	8.9%	0.9%
Oregon	170,100	192,300	22,200	13.1%	1.2%
Pennsylvania	533,400	561,600	28,200	5.3%	0.5%
Rhode Island	52,000	57,100	5,100	9.8%	0.9%
South Carolina	187,900	211,000	23,100	12.3%	1.2%
South Dakota	44,000	48,400	4,400	10.0%	1.0%
Tennessee	257,800	281,400	23,600	9.2%	0.9%
Texas	1,002,100	1,175,000	172,900	17.3%	1.6%
Utah	100,300	114,900	14,600	14.6%	1.4%
Vermont	27,900	29,800	1,900	6.8%	0.7%
Virginia	342,200	378,500	36,300	10.6%	1.0%
Washington	269,400	299,300	29,900	11.1%	1.1%
West Virginia	73,300	78,100	4,800	6.5%	0.6%
Wisconsin	272,900	291,400	18,500	6.8%	0.7%
Wyoming	27,200	29,100	1,900	7.0%	0.7%

Top 10 states

Fastest Restaurant Job Growth

Expected growth in restaurant-and-foodservice jobs, 2011 to 2021

1	Texas	17.3%
2	Florida	16.7%
3	Arizona	16.1%
4	Alabama	15.7%
5	Georgia	15.2%
6	Alaska	15.2%
7	Nevada	14.8%
8	Arkansas	14.7%
9	Utah	14.6%
10	Colorado	14.5%

Top 10 states

Top Restaurant Workforces

Number of restaurant-and-foodservice jobs in 2011

1	California	1,426,800
2	Texas	1,002,100
3	Florida	794,300
4	New York	698,300
5	Pennsylvania	533,400
6	Ohio	524,900
7	Illinois	501,000
8	North Carolina	395,000
9	Georgia	384,300
10	Michigan	382,300

*Includes employment in all eating-and-drinking-place occupations, plus employment in foodservice positions that are not located at eating-and-drinking places

Source: National Restaurant Association projections, based on historical data from the Bureau of Labor Statistics

According to data from the Bureau of Labor Statistics, the 16- to 24-year-old age group represented 24 percent of the total U.S. labor force in 1978, its highest level on record and ten percentage points larger than the share of the labor force represented by individuals age 55-and-older. However, by 2008, 16-to-24-year-olds represented only 14 percent of the labor force, and is projected to shrink to only 13 percent by 2018.

In contrast, individuals age 55-and-older made up 18 percent of the labor force in 2008, and are projected to comprise nearly one-quarter of the nation's labor force by 2018. With this trend expected to continue into the future — Baby Boomers will be between the ages of 54 and 72 by the year 2018 — this demographic group will represent a critical source of potential restaurant employees in the years ahead.

Restaurants Still Offer Recipe for American Dream

Opportunities still abound in the restaurant industry, whether for entry-level jobs or lifelong careers. Restaurant employees (94 percent) overwhelmingly agree the restaurant industry is a good place to get a first job and learn basic work skills, according to the Association's December 2010 *Restaurant Employee Survey*.

Restaurant employees also feel strongly that the industry offers significant opportunities for advancement and entrepreneurship. Eighty-eight percent of restaurant employees said restaurants provide the chance to work up the career ladder from entry-level jobs to management, while 77 percent of employees said the restaurant industry provides an opportunity for people who want to succeed in life based on hard work, talent and effort.

A strong majority of restaurant employees agree the restaurant industry is a pathway to the American dream. Eighty-one percent of restaurant employees said the restaurant industry offers people of all backgrounds and experience the opportunity to become business owners.

Overall, employees have a positive view of the industry, with 73 percent stating that it's good to have a restaurant job during an uncertain economy. In addition, restaurant employees are optimistic about the future of the restaurant industry, with 79 percent of those surveyed agreeing that the future of the restaurant industry is bright.



Restaurants Good Place to Start Careers

Proportion of restaurant employees who agree with the following statements

The restaurant industry is a good place to get a first job and learn basic working skills	94%
Restaurants often provide the opportunity to start at the bottom and move up to management	88%
The restaurant industry is a place where people of all backgrounds and experience can open their own business	81%
The future of the restaurant industry is bright	79%
The restaurant industry provides an opportunity for people who want to succeed in life based on their own hard work, talent and efforts	77%
In today's uncertain economy, a job in the restaurant industry is a good one to have	73%
You would like to own a restaurant some day	46%

Source: National Restaurant Association, *Restaurant Employee Survey*, 2010

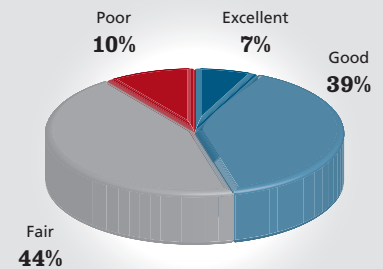
News From the Frontlines

Restaurant employees tend to agree with their bosses when it comes to business conditions. In the Association's December 2010 *Restaurant Employee Survey*, 46 percent of employees rated business conditions for the current overall restaurant and foodservice industry as "excellent" or "good," while 54 percent said business conditions were "fair" or "poor."

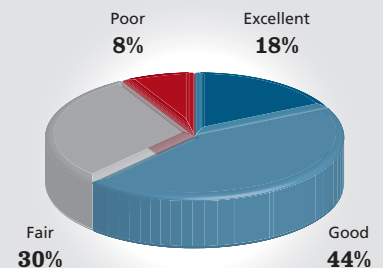
In contrast, restaurant employees had a more favorable view about business conditions for the restaurants in which they work. More than six out of 10 restaurant employees said business conditions were "excellent" (18 percent) or "good" (44 percent) for the restaurant where they work, while only 38 percent rated business conditions as "fair" or "poor."

Restaurant Employees' Assessment of Business Conditions of ...

... Overall Restaurant Industry



... Restaurant Where They Work



Source: National Restaurant Association, *Restaurant Employee Survey*, 2010

2011 Food and Menu Trends

Sixty-nine percent of adults say they are more likely to visit a restaurant that offers locally produced food items.



2011 Food and Menu Trends

2011 RESTAURANT INDUSTRY FORECAST



Consumers continue to hone their culinary knowledge and skills. In fact, 80 percent of fullservice operators said customers were more knowledgeable and sophisticated about food and beverages than ever. So restaurateurs must remain innovative to keep regulars coming back, as well as tempt new taste buds.

According to the Association's 2010 restaurant operator surveys, fine-dining operators were the most likely to add new menu items in 2010, with 91 percent adding food items and 79 percent adding

new beverages. Looking ahead to 2011, a majority of fullservice and quickservice operators said they planned to add new food items, led by 90 percent of fine-dining operators.

Healthful Meals, Local Foods Heat Up Menus

The National Restaurant Association's "What's Hot" survey of more than 1,500 professional chef members of the American Culinary Federation reveals that local and hyper-local sourcing, healthful children's meals, sustainable seafood and



Fullservice Restaurant Trends for 2011



- 1 Locally Sourced meats and seafood
- 2 Locally grown produce
- 3 Sustainability
- 4 Nutritionally balanced children's dishes
- 5 Hyper-local (e.g., restaurant gardens, do your own butchering)
- 6 Children's nutrition
- 7 Sustainable seafood
- 8 Gluten-free/food allergy conscious
- 9 Simplicity/back to basics
- 10 Farm/estate-branded ingredients
- 11 Micro-distilled/artisan liquor
- 12 Locally produced wine and beer
- 13 Half portions/smaller portion for a smaller price
- 14 Organic produce
- 15 Nutrition/health
- 16 Culinary cocktails (e.g., savory, fresh ingredients)
- 17 Newly fabricated cuts of meat (e.g., Denver steak, pork flat iron, Petite Tender)
- 18 Fruit/vegetable children's side items
- 19 Ethnic-inspired breakfast items (e.g., Asian-flavored syrups, chorizo scrambled eggs, coconut milk pancakes)
- 20 Artisan cheeses

Source: National Restaurant Association, "What's Hot" Chefs Survey, 2010

Bill of Fare

Proportion of operators who added new food/beverage items in 2010 or plan to add new items in 2011

	Family Dining	Casual Dining	Fine Dining	Quick-service
Added new food item in 2010	77%	82%	86%	91%
Added new beverage item in 2010	58%	59%	74%	79%
Plan to add new food item in 2011	68%	84%	86%	90%
Plan to add new beverage item in 2011	58%	67%	72%	81%

Source: National Restaurant Association, Restaurant Operator Surveys, 2010

Quickservice

Menu Trends

Trends and Perennial Favorites

Healthy options in kids meals topped the list of 'hot trend' menu items for the second consecutive year in the Association's 2010 *Quickservice Operator Survey*. Quickservice operators were given a list of 50 food and beverage items and were asked to rate each item as a "hot trend," "yesterday's news" or "perennial favorite" on quickservice menus in 2011.

The local trend is not just for fullservice menus, as both locally-sourced produce and locally-sourced meat/seafood appeared among the top seven hot menu items, according to quickservice operators.

Also making the top 10 were gluten-free items, spicy dishes, smoothies, organic items, snack-sized items, lower-sodium items and energy drinks.



While innovative new menu items help attract customers, it's the perennial favorites that keep them coming back. French fries topped the list of perennial favorites at quickservice restaurants for the 3rd consecutive year, followed by hamburgers and cheeseburgers, beef items, chicken sandwiches, soft drinks, poultry items, milk, chicken strips/nuggets/bits, milkshakes and iced tea.

Quickservice Top 10 Perennial Favorites

- 1 French fries
- 2 Hamburgers/cheeseburgers
- 3 Beef items
- 4 Chicken sandwiches
- 5 Soft drinks
- 6 Poultry items
- 7 Milk
- 8 Chicken strips/nuggets/bits
- 9 Milkshakes
- 10 Iced tea

Source: National Restaurant Association, *Quickservice Operator Survey*, 2010

Quickservice Restaurant Trends for 2011



- 1 Healthy options in kids meals
- 2 Gluten-free items
- 3 Spicy items
- 4 Locally sourced produce
- 5 Smoothies
- 6 Organic items
- 7 Locally sourced meat/seafood
- 8 Snack-sized items
- 9 Lower-sodium items
- 10 Energy drinks
- 11 Espresso/specialty coffees
- 12 Flavored/enhanced water
- 13 Value meals
- 14 Flatbreads
- 15 Breakfast wraps
- 16 Low-calorie items
- 17 Low-fat items
- 18 Whole-grain breads
- 19 Mexican/Latin American items
- 20 Entrée salads

Source: National Restaurant Association, *Quickservice Operator Survey*, 2010

gluten-free cuisine will be among the hottest trends on fullservice restaurant menus in 2011. In the survey, chefs were asked to rate 226 individual food items, beverages, cuisines and culinary themes as a "hot trend," "yesterday's news" or "perennial favorite" on restaurant menus in 2011.

The top 10 menu trends for 2011 are locally sourced meats and seafood, locally grown produce, sustainability as a culinary theme, nutritious kids' dishes, hyper-local items, children's nutrition as a culinary theme, sustainable seafood, gluten-free/food allergy-conscious items, back-to-basics cuisine, and farm-branded ingredients.

Rounding out the top 20 hot menu

trends are artisanal liquor, locally produced wine and beer, smaller portions for smaller prices, organic produce, nutrition as a culinary theme, culinary cocktails, newly fabricated cuts of meat, fruit/vegetable children's side items, ethnic-inspired breakfast items, and artisanal cheese.

In tune with increased consumer awareness and interest in food sourcing and farm-to-fork practices, the leading culinary theme revealed by the survey is sustainability, which occupies four of the top five trends. The top two items — both with 86 percent of chefs identifying them as a hot trend — are locally sourced meats and seafood and locally grown produce. Sustainability as a culinary theme ranked

as the third hottest trend. Hyper-local ingredients (e.g. restaurants with their own produce gardens, chefs' raising and butchering their own meat) lands at No. 5, with nearly eight of 10 chefs naming it a hot trend.

Nutrition — particularly children's nutrition — is another umbrella trend highlighted in the survey. Healthful children's dishes ranked as the fourth hottest trend on menus in 2011, while kid's nutrition as a culinary theme comes in at No. 6. Gluten-free/food allergy-conscious items rank No. 8 in the trends survey, with nearly eight out of 10 chefs citing it as a hot trend. Nutrition and health as a general culinary theme is No. 15.

2011 Top Trends by category



► Appetizers

- 1 Ethnic/street food-inspired appetizers (e.g. tempura, taquitos, kabobs, hummus)
- 2 Amuse bouche/bite-size hors d'oeuvre
- 3 Warm appetizer salads
- 4 Appetizer combos/platters
- 5 Dumplings/dim sum

► Sides/Starches

- 1 Black/forbidden rice
- 2 Quinoa
- 3 Red rice
- 4 Vegetable pickles
- 5 Asian noodles (e.g. soba, udon, rice noodles)

► Desserts

- 1 Artisan/house-made ice cream
- 2 Bite-size/mini desserts
- 3 Dessert flights/combos
- 4 Deconstructed classic desserts
- 5 Savory desserts

► Main Dishes/ Center of the Plate

- 1 Locally sourced meats and seafood
- 2 Sustainable seafood
- 3 Half-portions/smaller portion for a smaller price
- 4 Newly fabricated cuts of meat (e.g. Denver steak, pork flat iron, Petite Tender)
- 5 Non-traditional fish (e.g. branzino, Arctic char, barramundi)

► Preparation Methods

- 1 Sous vide
- 2 Braising
- 3 Liquid nitrogen chilling/freezing
- 4 Pickling
- 5 Smoking

► Breakfast/Brunch

- 1 Ethnic-inspired breakfast items (e.g. Asian-flavored syrups, chorizo scrambled eggs, coconut milk pancakes)
- 2 Traditional ethnic breakfast items (e.g. huevos rancheros, shakshuka, ashta, Japanese)
- 3 Fresh fruit breakfast items
- 4 Prix fixe brunches
- 5 Seafood breakfast items (e.g. smoked salmon, oysters, crab cake)

► Kids' Meals

- 1 Nutritionally balanced children's dishes
- 2 Fruit/vegetable children's side items
- 3 "Kid cuisine"/gourmet children's dishes
- 4 "Mini meals" (e.g. smaller versions of adult menu items)
- 5 Children's entrée salads

► Produce

- 1 Locally grown produce
- 2 Organic produce
- 3 Superfruits (e.g. acai, goji berry, mangosteen, purslane)
- 4 Heirloom beans
- 5 Exotic fruit (e.g. durian, passion fruit, dragon fruit, paw paw, guava)

► Ethnic Cuisines and Flavors

- 1 Regional ethnic cuisine
- 2 Ethnic fusion cuisine
- 3 Southeast Asian cuisine (e.g. Thai, Vietnamese, Burmese, Malaysian)
- 4 Peruvian cuisine
- 5 Latin American/Nuevo Latino cuisine

► Other Food Items/ Ingredients

- 1 Artisan cheeses
- 2 Ethnic cheeses (e.g. queso fresco, paneer, lebeh, halloumi)
- 3 Artisan/specialty bacon
- 4 Ancient grains (e.g. kamut, spelt, amaranth)
- 5 Black garlic

► Culinary Themes

- 1 Sustainability
- 2 Hyper-local (e.g. restaurant gardens, do your own butchering)
- 3 Children's nutrition
- 4 Gluten-free/food allergy conscious
- 5 Simplicity/back to basics

Source: National Restaurant Association, "What's Hot" Chefs Survey, 2010

Download the full results of the National Restaurant Association's 2011 "What's Hot" survey at www.restaurant.org/foodtrends.



Beverage Trends:

Shaking up beverage menus

More consumers are quaffing micro-distilled spirits, which nearly three-quarters of the chefs surveyed listed as the top beverage trend. Diners also have a growing thirst for locally produced beer and wine, culinary cocktails, food-beer pairings and beer dinners.



Alcoholic Beverage Trends for 2011



- 1 Micro-distilled/artisan liquor
- 2 Locally produced wine and beer
- 3 Culinary cocktails (e.g., savory, fresh ingredients)
- 4 Food/beer pairings/beer dinners
- 5 Bar chefs, mixologists
- 6 Craft beer/microbrews
- 7 Regional signature cocktails
- 8 Gluten-free beer
- 9 Organic wine
- 10 Herb-infused cocktails

Source: National Restaurant Association, "What's Hot" Chefs Survey, 2010

Nonalcoholic Beverage Trends for 2011



- 1 Specialty iced tea (e.g. Thai-style, Southern/sweet, flavored)
- 2 Organic coffee
- 3 Agua fresca
- 4 House-made lemonade
- 5 Flavored/enhanced water

Source: National Restaurant Association, "What's Hot" Chefs Survey, 2010

Moveable Feast

Put cuisine and convenience on wheels and you get another growing trend: food trucks. Forty-seven percent of adults said that if one of their favorite restaurants were to offer its menu from a mobile kitchen parked near their home or work place, they likely would take advantage of that service. Frequent diners were even more likely to express interest in food trucks, according to the 2010 *National Household Survey*. Sixty percent of frequent off-premises dinner customers, 58 percent of frequent quickservice customers, and 51 percent of frequent fullservice customers said they likely would visit a food truck.

Drive-By Dining

Proportion of adults likely to patronize mobile truck offered by one of their favorite restaurants

All Adults	47%
Frequent fullservice customers	51%
Frequent quickservice customers	58%
Frequent off-premises dinner customers	60%
Connected adults	48%
Social-media savvy individuals	54%

Source: National Restaurant Association, *National Household Survey*, 2010

Food trucks and pop up restaurants will be the hottest restaurant operational trend in 2011.

Source: National Restaurant Association, "What's Hot" Chefs Survey, 2010

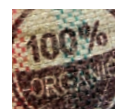


Diners See Green

A majority of consumers — 57 percent — said they are more likely to visit restaurants that offer food grown or raised in an organic or environmentally friendly way. That sentiment was more common among younger consumers, with 65 percent of adults between the ages of 18 and 34 more likely to visit a restaurant that features organic or environmentally friendly fare.

Fullservice operators confirm the growing demand in this area, with 64 percent of fine-, 55 percent of casual- and 51 percent of family-dining operators saying their customers are more interested in environmentally sustainable menu items than they were two years ago.

Source: National Restaurant Association, *Fullservice Operator Survey*, 2010



Consumers Dig Environmentally Friendly Fare

Proportion of adults more likely to visit a restaurant offering food grown in an organic or environmentally friendly way

All Adults	57%
18 to 34 Years Old	65%
35 to 44 Years Old	55%
45 to 54 Years Old	56%
55 to 64 Years Old	56%
65 Years or Older	45%



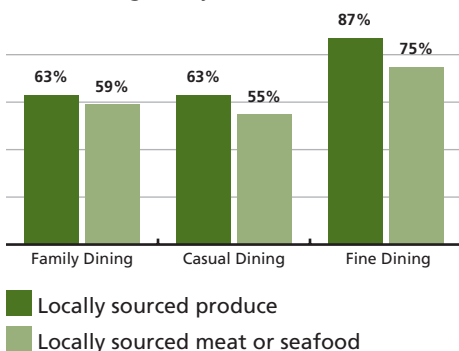
Culinary Inspiration In Your Backyard

Locally sourced food and beverages are showing up on more menus in response to customer demand. According to the Association's 2010 *Fullservice Operator Survey*, 78 percent of fine-, 65 percent of casual- and 59 percent of family-dining operators said their customers were more interested in locally sourced menu items than they were two years ago.

In fact, this often is a point of differentiation for consumers, with 69 percent of adults saying they are more likely to visit restaurants that offer locally produced food. To attract those diners, 87 percent of fine-dining operators said they offer locally sourced produce, while 63 percent of casual- and family-dining operators reported similarly.

Appetite Growing for Local Foods

Proportion of foodservice operators offering the following locally sourced items



Source: National Restaurant Association, *Fullservice Operator Survey*, 2010

Opting for Healthful Options

Consumers who used to treat themselves when dining out now more often choose healthful fare. According to the Association's 2010 *National Household Survey*, 71 percent of adults say they try to eat healthier when dining at restaurants than they did two years ago.

Restaurant operators confirm that trend, with a majority saying their customers order more healthful menu items than they did two years ago. In addition, operators note that their customers pay greater attention to nutritional content of food than they did two years ago.

The trend toward eating more healthfully also has resulted in consumers seeking nutritional information about restaurant food. Thirty-three percent of adults said they have searched online for nutritional information about restaurant food, with those in the connected adult (42 percent) and social-media savvy (47 percent) categories more likely than the general public to do online research. In addition, 46 percent of frequent off-premises dinner customers have searched online for nutritional information about restaurant food.

Hunger for Knowledge

Proportion of adults who have searched online for nutritional information about restaurant food

All Adults	33%
Frequent fullservice customers	35%
Frequent quickservice customers	40%
Frequent off-premises dinner customers	46%
Connected adults	42%
Social-media savvy individuals	47%

Source: National Restaurant Association, *National Household Survey*, 2010

Consumers Seeking Healthful Menu Items

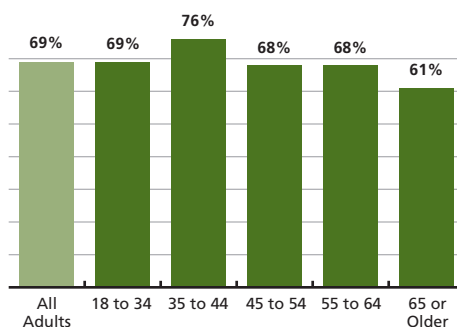
Proportion of operators who agree with the following statements

	Family Dining	Casual Dining	Fine Dining	Quick-service
Your customers order more healthful menu items than they did two years ago	68%	61%	71%	66%
Your customers are paying more attention to the nutritional content of their food than they did two years ago	71%	62%	68%	66%

Source: National Restaurant Association, *Restaurant Operator Surveys*, 2010

Consumers of All Ages Like to Eat Local

Proportion of adults who said they are more likely to visit a restaurant that offers locally-sourced food items



Source: National Restaurant Association, *National Household Survey*, 2010



State Economic Data and Outlook for Restaurant Sales and Jobs

Here's where key economic indicators are headed in each state in 2011, as well as the National Restaurant Association's projections for restaurant sales in 2011 and foodservice employment over the next decade.

	STATE ECONOMIC INDICATORS ¹ % change, 2010-2011			GROWTH IN RESTAURANT SALES ² 2010-2011 (\$000)			FOODSERVICE EMPLOYMENT ³ 2011-2021				
	Total Employment	Real DPI ⁴	Total Population	2010 Sales	2011 Sales	'10-'11 Percent Change	2011 Employment	2021 Employment	'11-'21 Jobs Added	'11-'21 Percent Change	Average Annual % Change
Alabama	1.5%	3.0%	1.2%	\$5,693,743	\$5,870,249	3.1%	167,700	194,000	26,300	15.7%	1.5%
Alaska	2.2%	3.8%	1.2%	\$1,156,732	\$1,198,374	3.6%	27,700	31,900	4,200	15.2%	1.4%
Arizona	1.4%	2.8%	3.0%	\$9,285,885	\$9,610,891	3.5%	261,900	304,000	42,100	16.1%	1.5%
Arkansas	2.1%	3.7%	0.7%	\$3,103,673	\$3,212,301	3.5%	107,500	123,300	15,800	14.7%	1.4%
California	1.3%	2.8%	1.1%	\$59,710,847	\$61,591,141	3.1%	1,426,800	1,568,000	141,200	9.9%	0.9%
Colorado	2.0%	3.7%	1.4%	\$8,312,769	\$8,636,967	3.9%	229,600	262,800	33,200	14.5%	1.4%
Connecticut	0.8%	2.3%	0.2%	\$5,454,295	\$5,621,872	3.1%	147,800	155,700	7,900	5.3%	0.5%
Delaware	2.1%	3.8%	1.2%	\$1,455,856	\$1,502,444	3.2%	40,100	45,800	5,700	14.2%	1.3%
District of Columbia	1.6%	3.7%	0.6%	\$2,381,057	\$2,466,775	3.6%	47,700	51,700	4,000	8.4%	0.8%
Florida	2.7%	4.2%	1.4%	\$28,935,196	\$30,077,847	3.9%	794,300	927,100	132,800	16.7%	1.6%
Georgia	1.9%	3.6%	2.1%	\$14,125,612	\$14,662,385	3.8%	384,300	442,900	58,600	15.2%	1.4%
Hawaii	1.1%	2.7%	0.5%	\$3,324,032	\$3,423,753	3.0%	79,300	83,400	4,100	5.2%	0.5%
Idaho	1.9%	3.7%	1.5%	\$1,706,741	\$1,775,011	4.0%	58,400	64,600	6,200	10.6%	1.0%
Illinois	1.1%	2.4%	0.5%	\$19,231,534	\$19,904,638	3.5%	501,000	537,500	36,500	7.3%	0.7%
Indiana	1.5%	2.8%	0.7%	\$8,327,355	\$8,568,848	2.9%	295,100	319,800	24,700	8.4%	0.8%
Iowa	0.9%	2.2%	0.4%	\$3,158,167	\$3,237,121	2.5%	144,100	155,200	11,100	7.7%	0.7%
Kansas	1.9%	3.8%	0.8%	\$3,450,658	\$3,554,178	3.0%	126,400	138,200	11,800	9.3%	0.9%
Kentucky	1.9%	3.6%	0.8%	\$5,536,957	\$5,730,751	3.5%	180,800	196,300	15,500	8.6%	0.8%
Louisiana	2.0%	3.4%	0.3%	\$6,054,785	\$6,248,538	3.2%	182,200	199,500	17,300	9.5%	0.9%
Maine	1.2%	2.6%	0.2%	\$1,805,554	\$1,858,098	2.9%	61,100	65,800	4,700	7.7%	0.7%
Maryland	1.8%	3.4%	0.7%	\$9,043,399	\$9,396,092	3.9%	238,700	256,900	18,200	7.6%	0.7%
Massachusetts	1.6%	3.5%	0.2%	\$11,931,008	\$12,255,641	2.7%	302,800	323,900	21,100	7.0%	0.7%
Michigan	0.8%	2.1%	0.0%	\$11,859,677	\$12,144,309	2.4%	382,300	405,400	23,100	6.0%	0.6%
Minnesota	1.9%	3.7%	0.8%	\$7,339,936	\$7,604,174	3.6%	256,300	277,300	21,000	8.2%	0.8%
Mississippi	1.4%	2.9%	0.8%	\$3,080,648	\$3,169,987	2.9%	108,500	120,600	12,100	11.2%	1.1%
Missouri	1.4%	3.0%	0.3%	\$8,272,152	\$8,503,773	2.8%	282,100	302,200	20,100	7.1%	0.7%
Montana	1.5%	3.3%	1.2%	\$1,294,839	\$1,344,043	3.8%	47,600	51,500	3,900	8.2%	0.8%
Nebraska	1.9%	3.6%	0.6%	\$2,187,968	\$2,257,983	3.2%	85,000	91,500	6,500	7.6%	0.7%
Nevada	1.7%	3.3%	2.3%	\$5,106,130	\$5,274,632	3.3%	180,900	207,600	26,700	14.8%	1.4%
New Hampshire	2.0%	3.6%	0.7%	\$2,118,441	\$2,177,757	2.8%	62,900	68,500	5,600	8.9%	0.9%
New Jersey	0.9%	2.3%	0.4%	\$12,608,456	\$13,049,752	3.5%	303,600	324,500	20,900	6.9%	0.7%
New Mexico	2.4%	3.9%	1.0%	\$2,769,559	\$2,869,263	3.6%	84,400	96,500	12,100	14.3%	1.3%
New York	1.0%	2.7%	0.3%	\$29,568,002	\$30,674,161	3.7%	698,300	754,400	56,100	8.0%	0.8%
North Carolina	1.8%	3.7%	1.5%	\$13,559,131	\$14,123,191	4.2%	395,000	451,800	56,800	14.4%	1.4%
North Dakota	2.3%	4.1%	0.5%	\$736,862	\$764,126	3.7%	36,800	41,500	4,700	12.8%	1.2%
Ohio	1.1%	2.3%	0.1%	\$15,524,799	\$16,029,199	3.2%	524,900	552,400	27,500	5.2%	0.5%
Oklahoma	1.7%	3.1%	0.6%	\$4,556,744	\$4,693,447	3.0%	151,600	165,100	13,500	8.9%	0.9%
Oregon	1.8%	3.5%	1.6%	\$5,777,634	\$5,979,851	3.5%	170,100	192,300	22,200	13.1%	1.2%
Pennsylvania	1.0%	2.7%	0.1%	\$15,905,045	\$16,445,817	3.4%	533,400	561,600	28,200	5.3%	0.5%
Rhode Island	1.4%	3.0%	0.3%	\$1,777,374	\$1,819,320	2.4%	52,000	57,100	5,100	9.8%	0.9%
South Carolina	1.7%	3.4%	1.2%	\$6,621,950	\$6,866,962	3.7%	187,900	211,000	23,100	12.3%	1.2%
South Dakota	2.3%	3.8%	0.6%	\$951,806	\$983,216	3.3%	44,000	48,400	4,400	10.0%	1.0%
Tennessee	1.8%	3.5%	0.9%	\$8,842,583	\$9,107,860	3.0%	257,800	281,400	23,600	9.2%	0.9%
Texas	2.8%	4.5%	1.8%	\$35,272,858	\$36,665,783	3.9%	1,002,100	1,175,000	172,900	17.3%	1.6%
Utah	1.9%	3.7%	1.7%	\$3,078,272	\$3,192,168	3.7%	100,300	114,900	14,600	14.6%	1.4%
Vermont	0.7%	2.1%	0.3%	\$785,179	\$804,024	2.4%	27,900	29,800	1,900	6.8%	0.7%
Virginia	1.9%	3.7%	1.0%	\$12,265,029	\$12,755,630	4.0%	342,200	378,500	36,300	10.6%	1.0%
Washington	1.9%	3.6%	1.2%	\$9,653,047	\$10,000,556	3.6%	269,400	299,300	29,900	11.1%	1.1%
West Virginia	1.5%	2.7%	0.2%	\$1,983,087	\$2,020,765	1.9%	73,300	78,100	4,800	6.5%	0.6%
Wisconsin	1.2%	2.3%	0.4%	\$6,593,151	\$6,797,539	3.1%	272,900	291,400	18,500	6.8%	0.7%
Wyoming	2.1%	3.9%	1.1%	\$746,283	\$774,641	3.8%	27,200	29,100	1,900	7.0%	0.7%

1 National growth rates for these indicators for 2011 are expected to be 1.8 percent for total employment; 3.4 percent for real disposable personal income; and 1.0 percent for total population.

2 State restaurant-sales figures are in current dollars, and are not adjusted for menu price inflation. Restaurant sales include sales at eating places and managed-restaurant-services providers (contract foodservice). Sales at hotel- and casino-owned restaurants are not included in this grouping. National sales for this grouping are projected to increase at a 3.4 percent rate in 2011.




















































3 Includes employment in all eating-and-drinking-place occupations, plus employment in foodservice positions that are not located at eating-and-drinking places.

4 Real disposable personal income.

Source: Economic indicators and restaurant sales: National Restaurant Association; industry employment: National Restaurant Association projections, based on historical data from the Bureau of Labor Statistics

State Restaurant Associations

The National Restaurant Association works closely with its state restaurant association partners.

 <p>Alabama Restaurant Association www.alabamarestaurants.com</p>	 <p>Louisiana Restaurant Association www.lra.org</p>	 <p>Ohio Restaurant Association www.ohiorestaurant.org</p>
 <p>Alaska Cabaret, Hotel, Restaurant & Retailers Association www.alaskacharr.com</p>	 <p>Maine Restaurant Association www.mainerestaurant.com</p>	 <p>Oklahoma Restaurant Association www.okrestaurants.com</p>
 <p>Arizona Restaurant Association www.azrestaurant.org</p>	 <p>Restaurant Association of Maryland www.marylandrestaurants.com</p>	 <p>Oregon Restaurant & Lodging Association www.oregonrla.org</p>
 <p>Arkansas Hospitality Association www.arhospitality.org</p>	 <p>Massachusetts Restaurant Association www.massrestaurantassoc.org</p>	 <p>Pennsylvania Restaurant Association www.parestaurant.org</p>
 <p>California Restaurant Association www.calrest.org</p>	 <p>Michigan Restaurant Association www.michiganrestaurant.org</p>	 <p>Puerto Rico Restaurant Association www.asorepr.net</p>
 <p>Colorado Restaurant Association www.coloradorestaurant.com</p>	 <p>Minnesota Restaurant Association www.hospitalitymn.com</p>	 <p>Rhode Island Hospitality Association www.rihospitality.org</p>
 <p>Connecticut Restaurant Association www.ctrestaurant.org</p>	 <p>Mississippi Hospitality & Restaurant Association www.msra.org</p>	 <p>South Carolina Hospitality Association www.schospitality.org</p>
 <p>Delaware Restaurant Association www.delawarerestaurant.org</p>	 <p>Missouri Restaurant Association www.morestaurants.org</p>	 <p>South Dakota Retailers Association, Restaurant Division www.sdra.org</p>
 <p>Florida Restaurant & Lodging Association www.frla.org</p>	 <p>Montana Restaurant Association www.mtrestaurant.com</p>	 <p>Tennessee Hospitality Association www.tnhospitality.net</p>
 <p>Georgia Restaurant Association www.garestaurants.org</p>	 <p>Nebraska Restaurant Association www.nebraska-dining.org</p>	 <p>Texas Restaurant Association www.restaurantville.com</p>
 <p>Hawaii Restaurant Association www.restauranthi.com</p>	 <p>Nevada Restaurant Association www.nvrestaurants.com</p>	 <p>Utah Restaurant Association www.utahdineout.com</p>
 <p>Idaho Lodging & Restaurant Association www.idahohospitality.net</p>	 <p>New Hampshire Lodging & Restaurant Association www.nhlra.com</p>	 <p>Vermont Chamber of Commerce Hospitality Division www.vtchamber.com</p>
 <p>Illinois Restaurant Association www.illinoisrestaurants.org</p>	 <p>New Jersey Restaurant Association www.njra.org</p>	 <p>Virginia Hospitality & Travel Association www.vhta.org</p>
 <p>Indiana Restaurant Association www.indianarestaurants.org</p>	 <p>New Mexico Restaurant Association www.nmrestaurants.org</p>	 <p>Washington Restaurant Association www.wrahome.com</p>
 <p>Iowa Restaurant Association www.restaurantiowa.com</p>	 <p>New York State Restaurant Association www.nysra.org</p>	 <p>West Virginia Hospitality & Travel Association www.wvhta.com</p>
 <p>Kansas Restaurant & Hospitality Association www.krha.org</p>	 <p>North Carolina Restaurant & Lodging Association www.ncrla.biz</p>	 <p>Wisconsin Restaurant Association www.wirestaurant.org</p>
 <p>Kentucky Restaurant Association www.kyra.org</p>	 <p>North Dakota Hospitality Association www.ndhospitality.com</p>	 <p>Wyoming Lodging & Restaurant Association www.wlra.org</p>

ABOUT THE NATIONAL RESTAURANT ASSOCIATION 2011 RESTAURANT INDUSTRY FORECAST

The National Restaurant Association's *2011 Restaurant Industry Forecast* projects nominal and real growth rates for all sectors of the restaurant industry. Real growth is calculated separately for each market segment.

To calculate real sales growth at eating-and-drinking places, the projected increase in menu prices (including projected price increases for alcoholic beverages served) is subtracted from the percent increase in sales.

For other industry sectors where food costs are the biggest determinant of expenses—such as colleges and universities—a modification of the Producer Price Index for food (which measures changes in wholesale food prices) is used to calculate the sector's real growth. Modifications to the PPI for food are based on historical patterns for each industry sector. The food-cost component constitutes the base percent increase, which is adjusted to reflect population changes and other pertinent factors, such as labor and overhead costs.

To arrive at 2011 real sales figures for the total restaurant industry, as well as for the Commercial and Noncommercial Restaurant Services groups, revised 2010 sales were multiplied by the respective 2010 real growth factors. The real sales figures for each of the industry sectors were added and compared with 2010 sales to obtain real growth for the industry overall and the industry's two major segments.

Forecast updates

The National Restaurant Association's projections for 2011 industry sales are based on the best data available in mid-December 2010. If the outlook for general conditions or the food situation changes significantly in 2011, those projections will require adjustment. The latest developments are posted at www.restaurant.org/research. In addition, the performance of individual companies or sales in local market areas may differ substantially from the U.S. outlook.

Sales data for previous years

Getting final estimates for restaurant-industry sales in previous years is an ongoing process. The National Restaurant Association's Restaurant TrendMapper offers updated sales estimates as they become available. Subscribe at www.restaurant.org/trendmapper.

ABOUT THE STATE AND REGIONAL FORECAST

State restaurant-sales data is arranged according to the nine U.S. Census Bureau regions. Included for each state are revised restaurant-sales data for 2010, projected 2011 restaurant-sales figures and percent-change calculations for population, employment and disposable personal income. Much of the historical economic data in this report are based on information obtained from such sources as the Bureau of Economic Analysis, which is part of the U.S. Department of Commerce, and the Bureau of Labor Statistics, which is part of the U.S. Department of Labor.

A few reminders

- Sales projections for 2011 are based on the best available data in mid-December 2010. If the outlook for general economic conditions or the food situation changes significantly in 2011, those projections will require adjustments.
- Adjustments were made to arrive at a predetermined U.S. total.
- Sales figures for each state are subject to a larger margin of error than the national projections.
- Actual sales figures represent an overall allocation of total sales in the United States. Although percent changes are subject to more variation, they have been shown here as a convenience to 2011 *Forecast* readers.
- "Restaurant sales" includes sales in foodservice operations with payrolls that fall under the North American Industry Classification System definition of Food Services and Drinking Places (NAICS Code 722). Sales totals also cover managed services (contract foodservice).

The information in this report was prepared in consultation with the research firm Malcolm M. Knapp Inc.

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