



MICHIGAN RESTAURANT INDUSTRY TRENDS

Results from Member Survey (3Q17)



Authors:

Ross Walthall | (216) 649-7271 | rwalthall@cleveland-research.com

Adrienne Moncrief | (216) 649-7252 | amoncrief@cleveland-research.com

Important disclosures can be found in appendix

Survey Demographics

More than 145 responses

- Michigan restaurant companies covering **~\$814 million** in annual revenue
- Data reflects feedback from about **603 sites**
- **62% of responses from single-unit independents** (12% are multi-unit indy's)
- About **50% of responses from casual and family dining**



Key Findings

From initial look at data

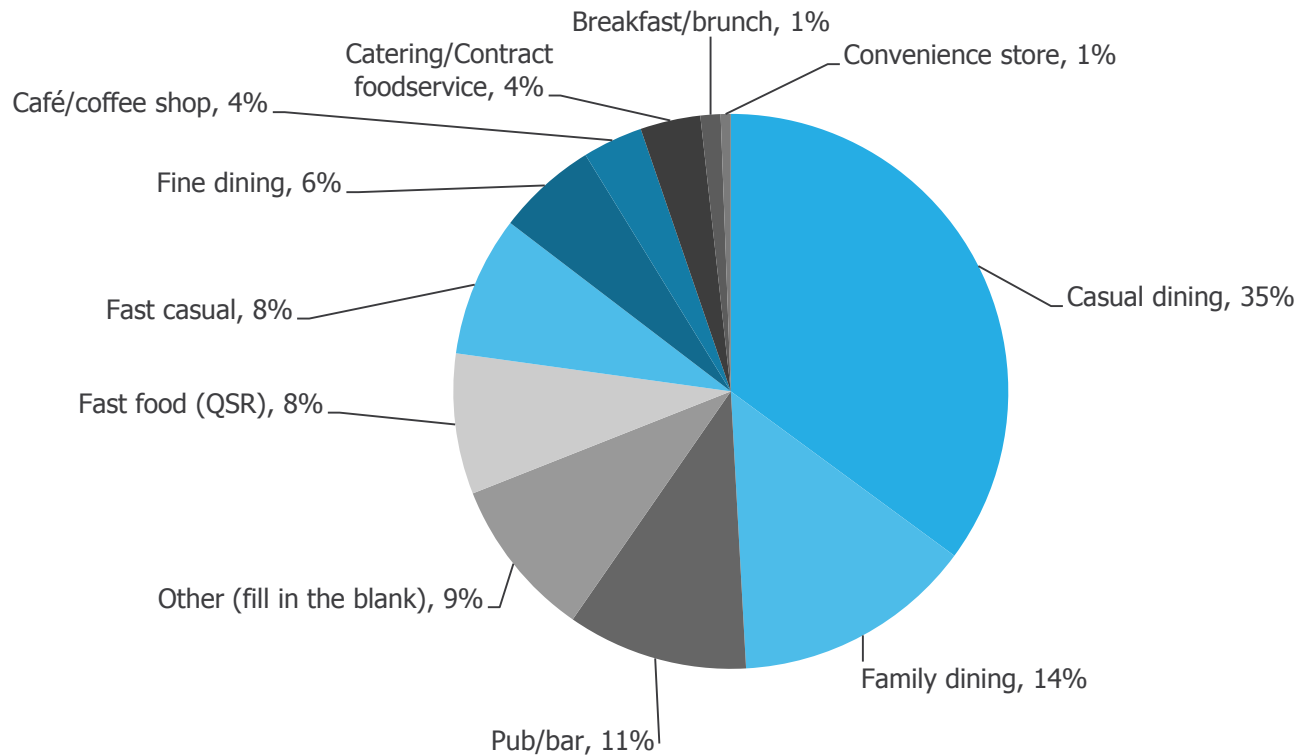
- Sales in **3Q17 (July-Sept) improved to +3.2%** following decent 2Q (+2.7%). Growth has steadily improved each quarter through 2017.
- **Food/labor costs a tick lower last 90 days**, likely helped by improving sales dollar growth.
- **Owners look to be trimming future hiring plans**, with only 18% planning to increase headcount next 6 months (vs. 31% last quarter).



Segment Breakdown

Majority coming from full-service

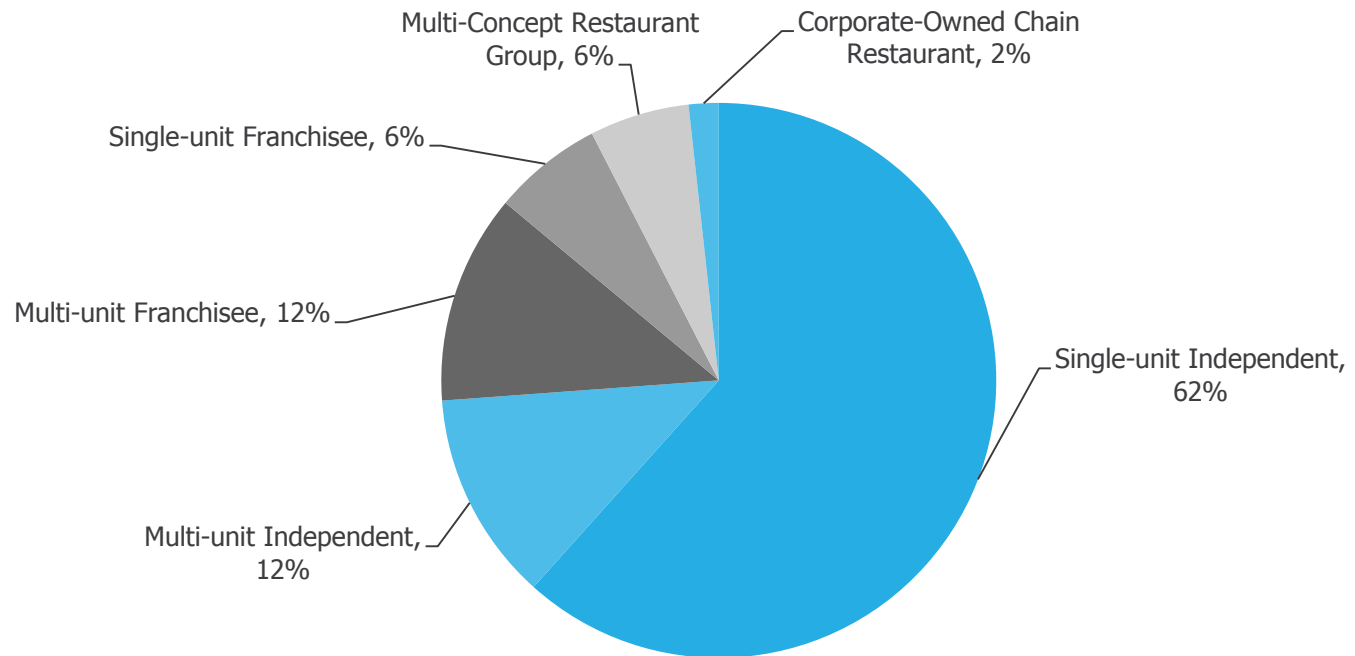
MRA Restaurant Sample



Restaurant Company Type

Predominately single-unit independents

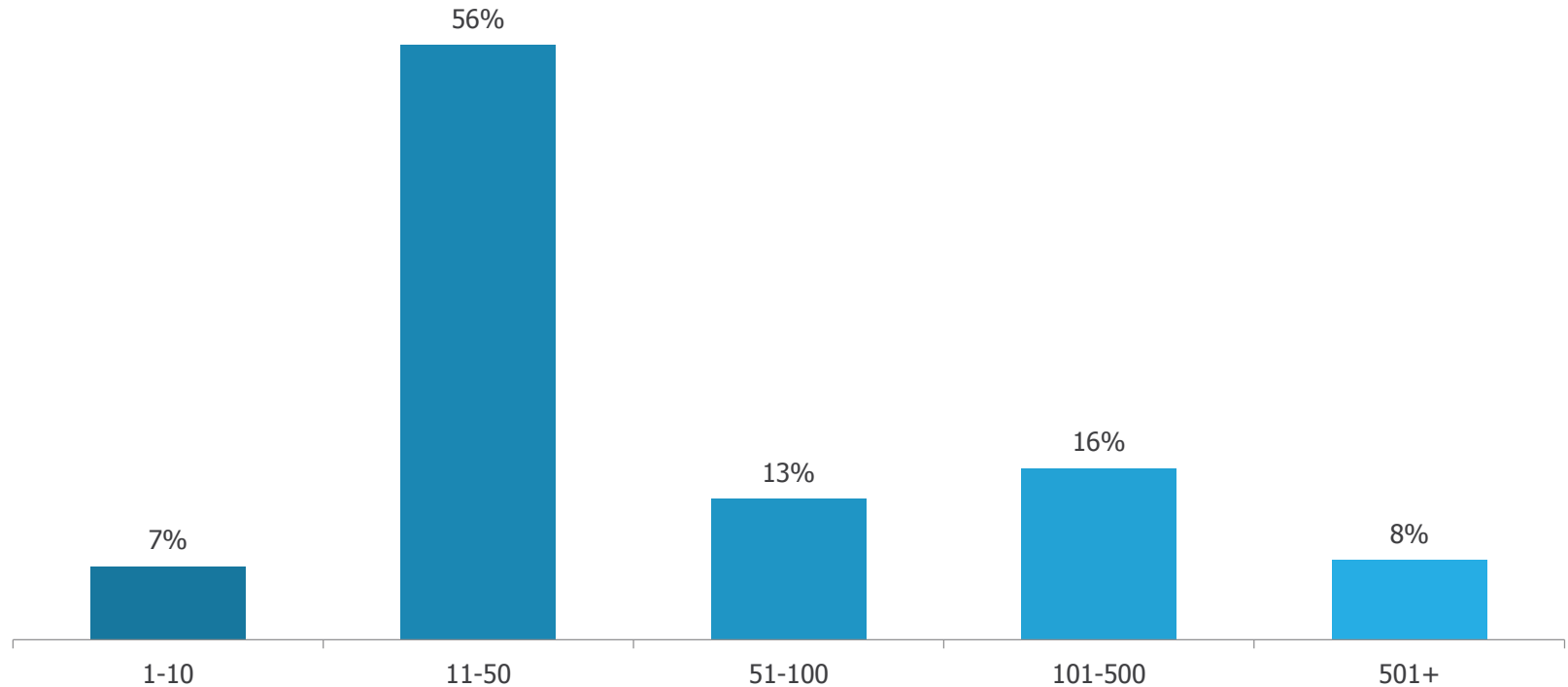
Which of the following categories best describes your restaurant business?



Number of Employees

Most have fewer than 50 employees

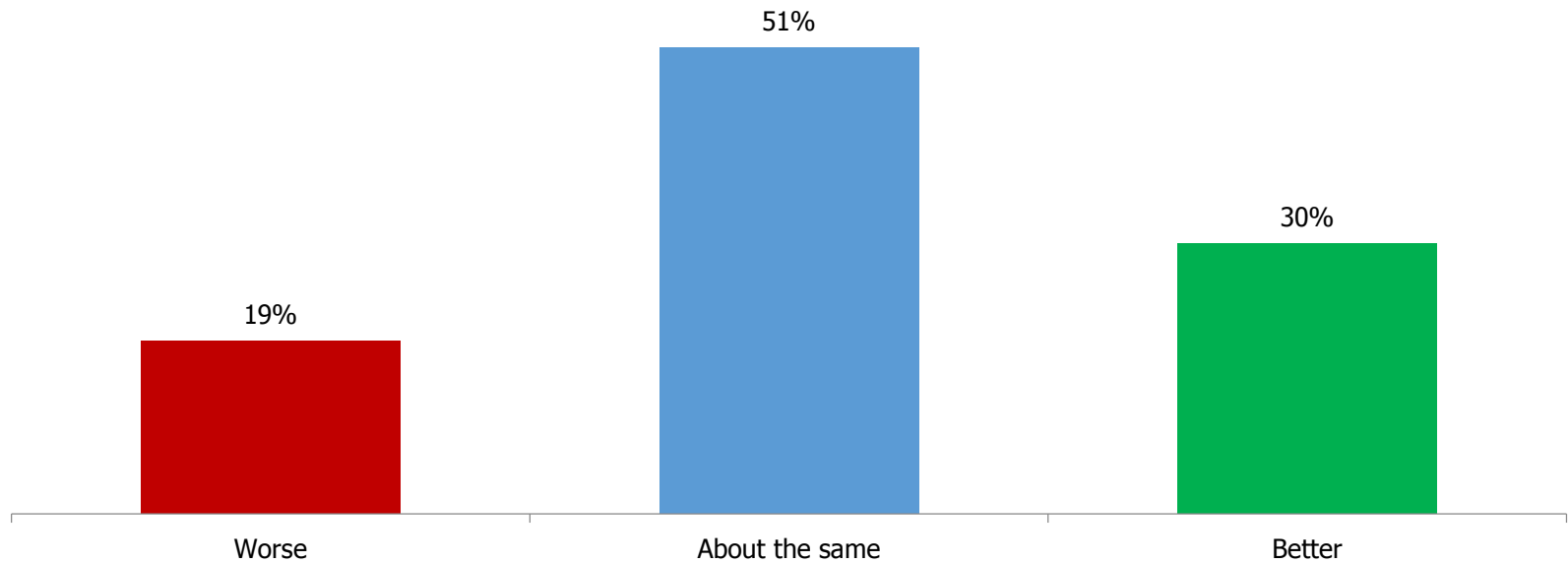
How many employees does your organization have?



General Business Conditions

Slightly positive lean next 6 months

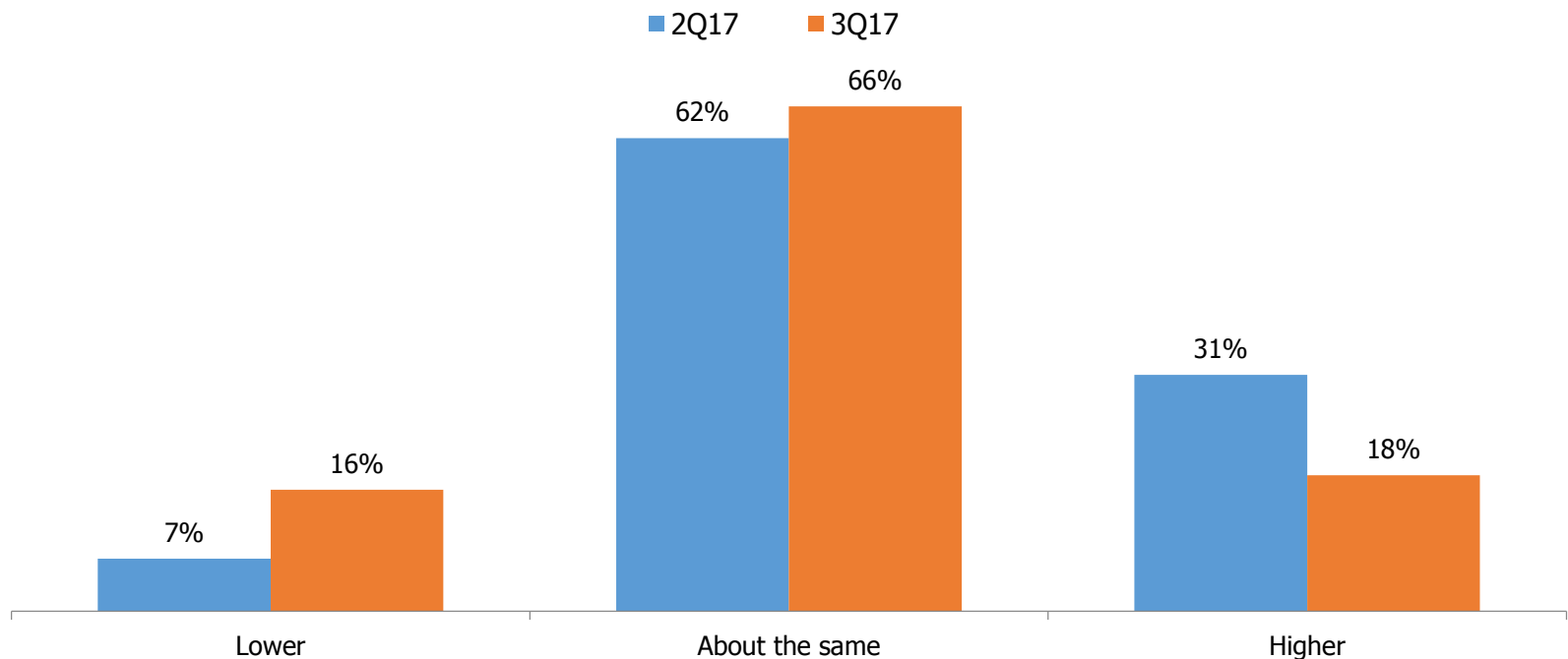
Do you think general business conditions six months from now will be better, about the same, or worse?



Hiring Plans Next 6 Months

More cautious stance last 90 days

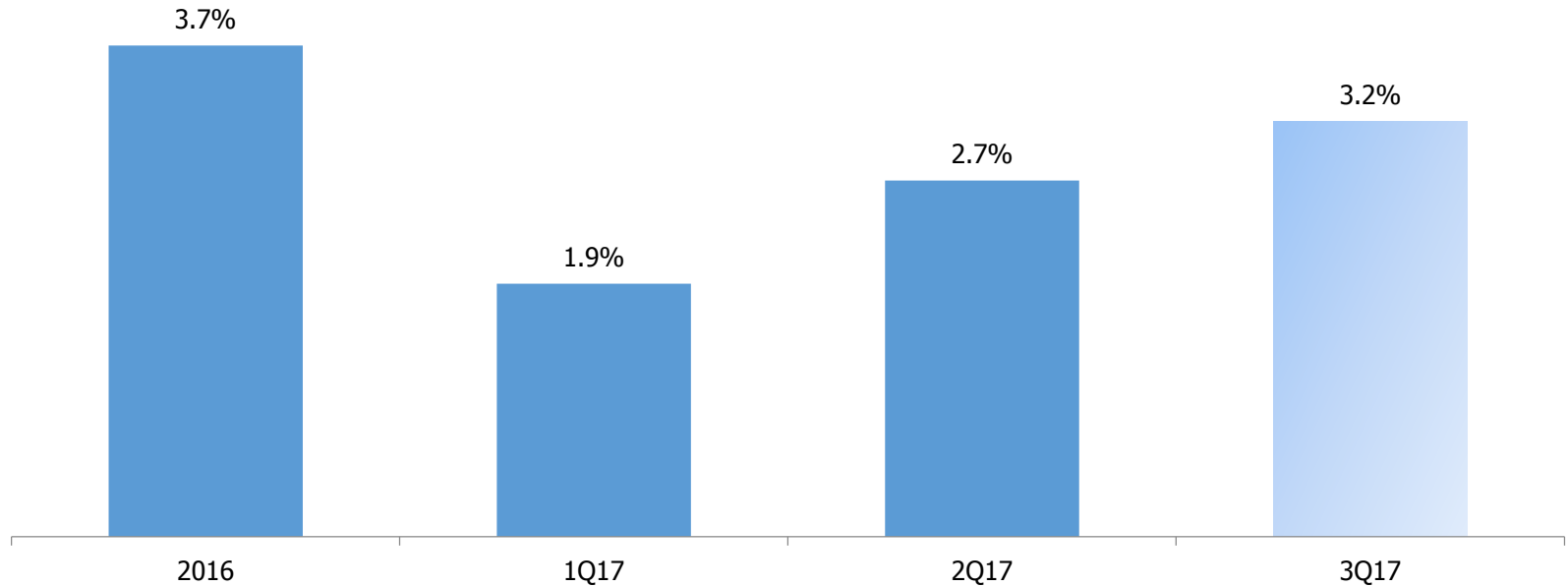
In the next six months, how do you expect the total number of employees in your operation to trend?



Same-Store Sales

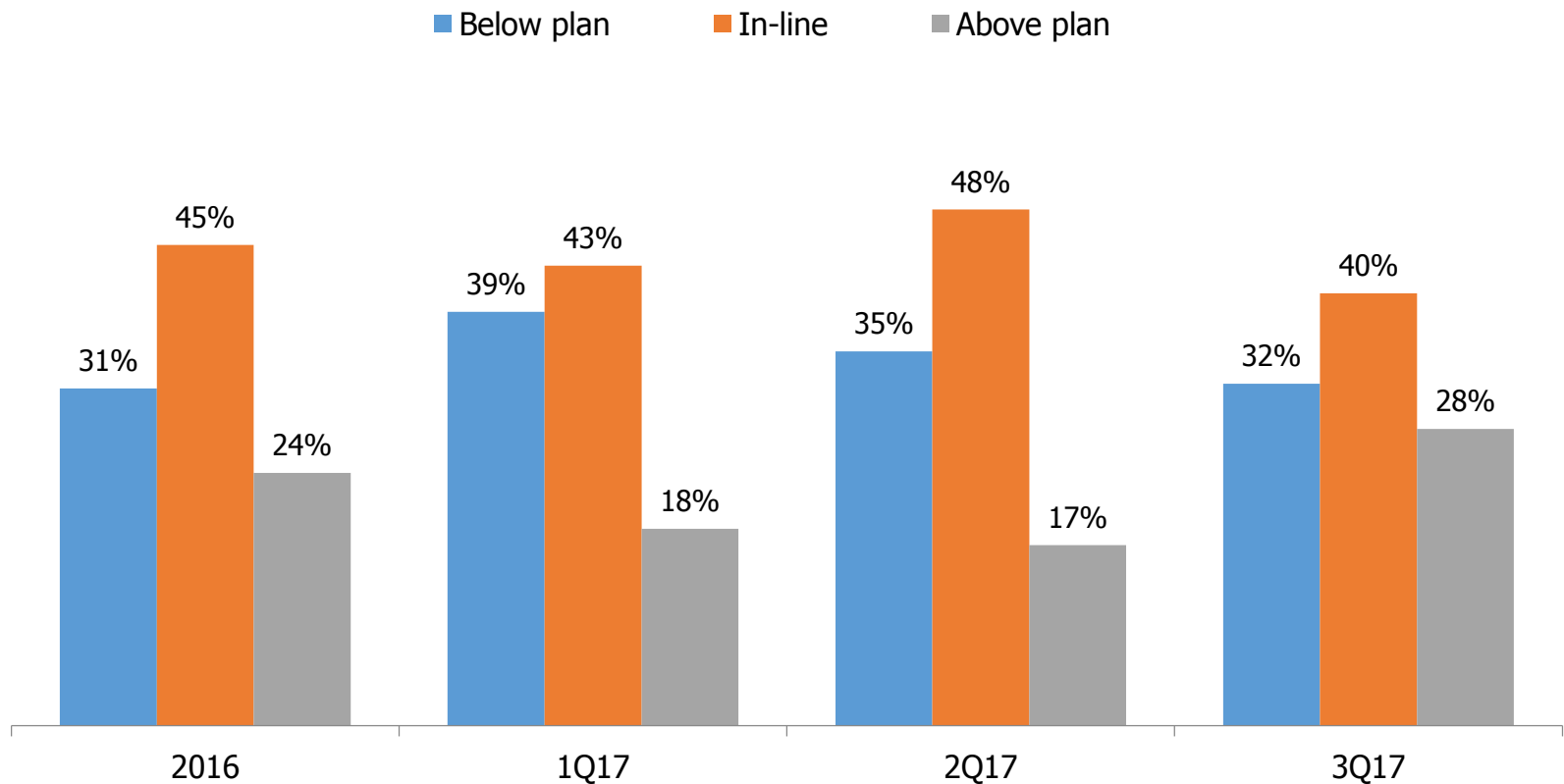
Moving higher through 2017

MRA Restaurant Sample



Sales vs. Expectations

Encouraging shift, now nearly 30% ahead of plan



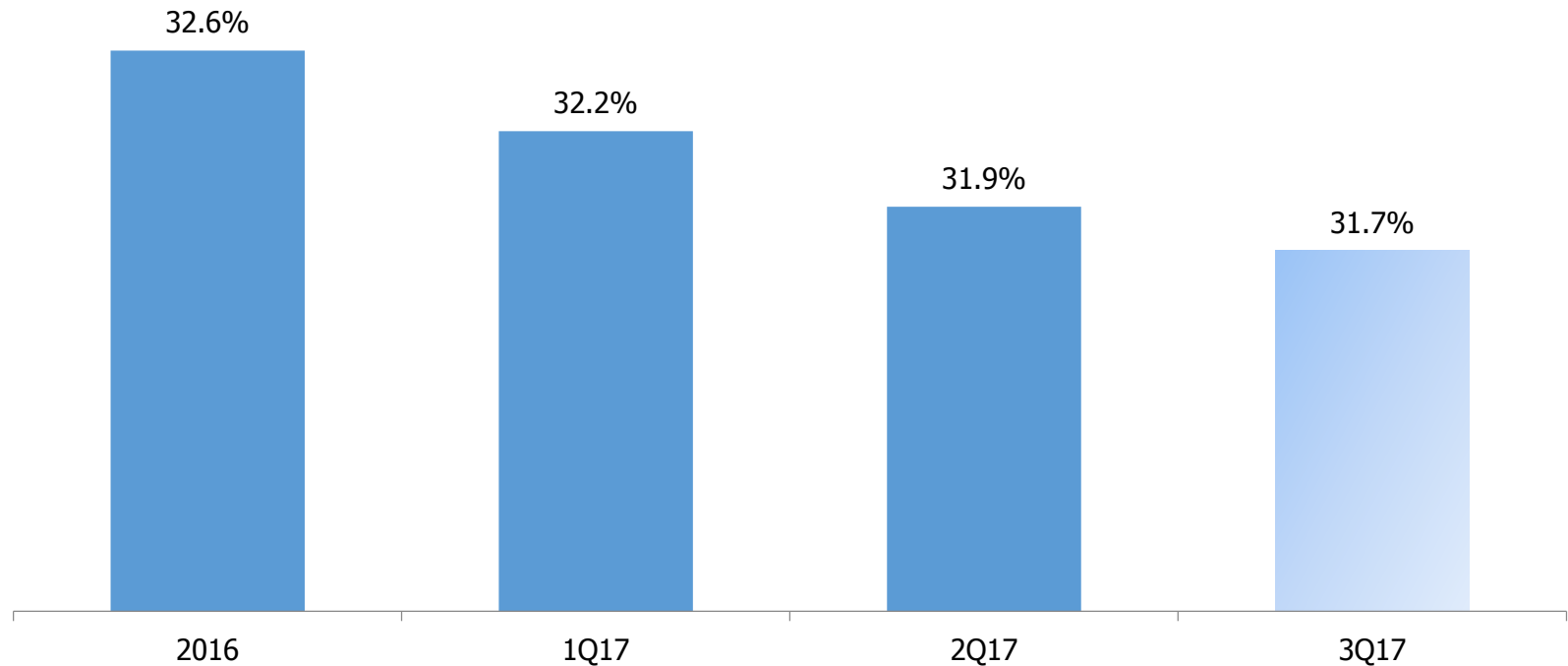
Biggest Surprises for Owners

- **Some operators feeling great...**
 - *"Fall was as busy as our summer was"*
 - *"Guests seem willing to spend more"*
 - *"Business performing much more consistently vs. last year"*
 - *"Weather has been a positive for business in Sept/Oct"*
- **Other continue to struggle...**
 - *"Lunch business continues to be soft"*
 - *"Still haven't seen weekend traffic come back"*
- **Labor challenges quite common...**
 - *"Lack of good job applicants"*
 - *"Increasingly competitive wages for staff"*

Food Cost Trends

Moving up last 90 days, ends 18 mo. deflation cycle

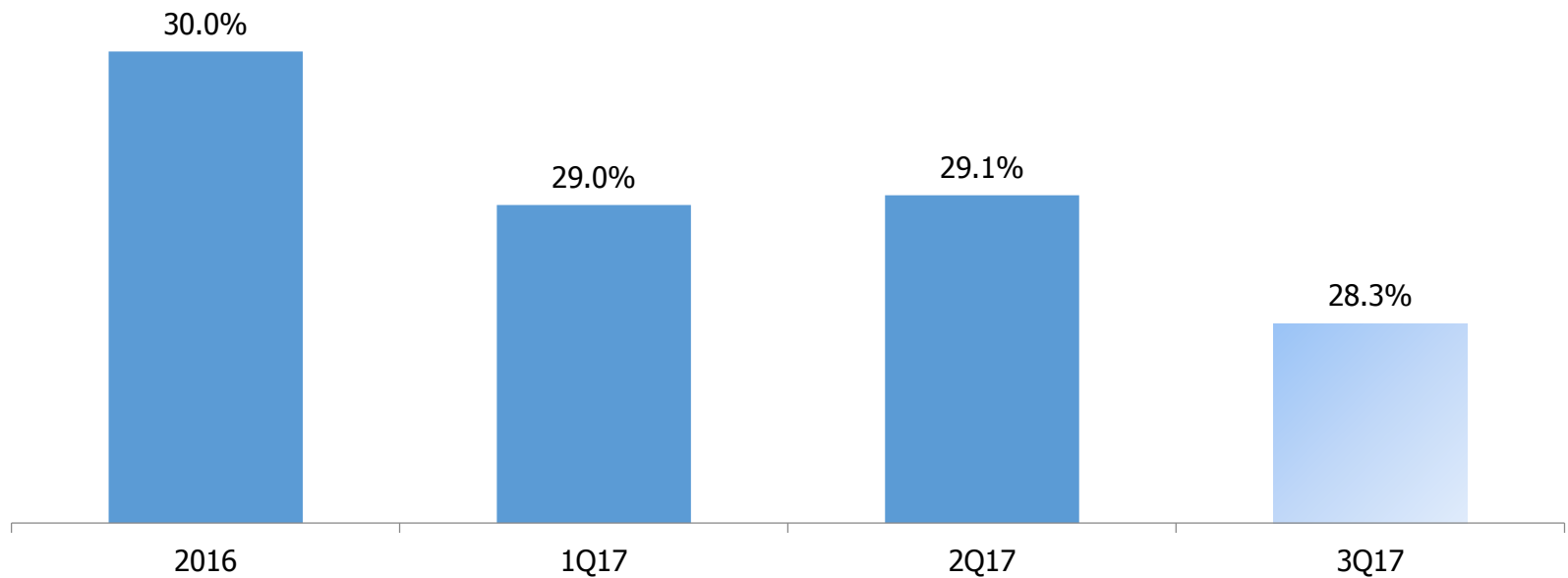
MRA Restaurant Sample



Labor Cost Trends

Remains elevated YTD, sequentially lower in 2Q17

MRA Restaurant Sample

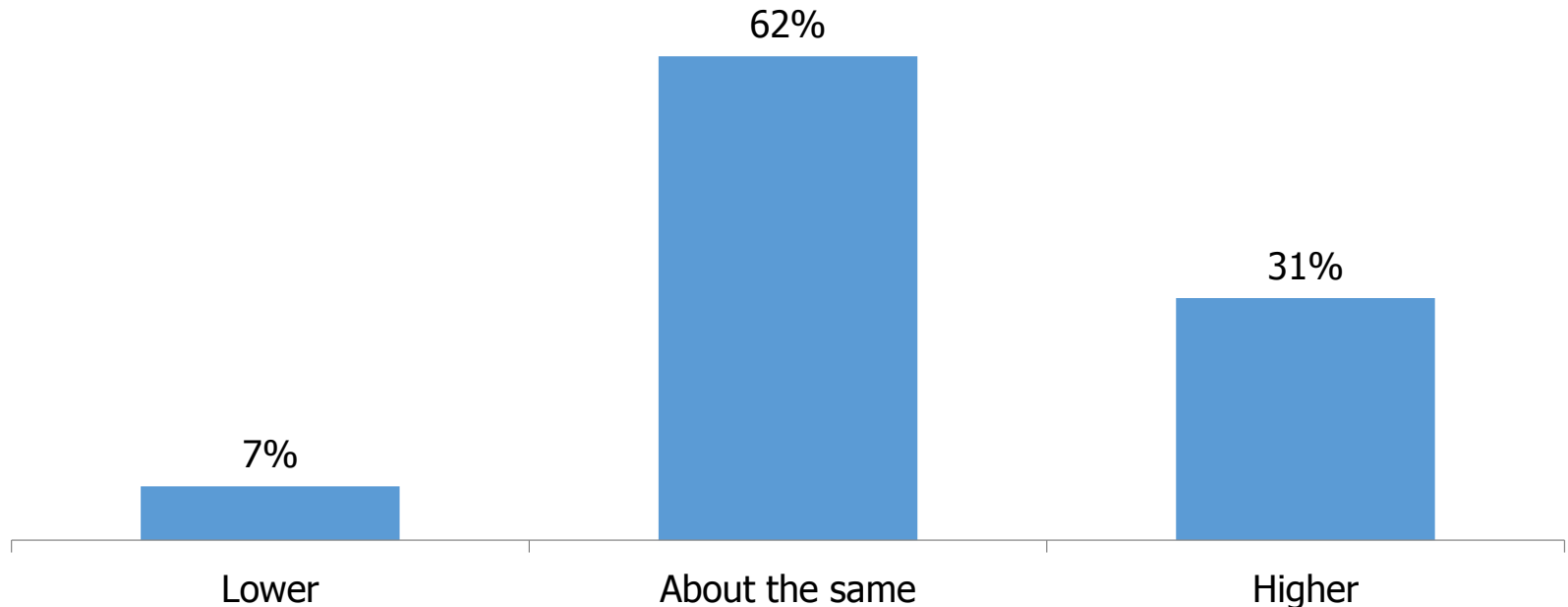


Future Hiring Plans

Many restaurants struggling to fill vacancies

Hiring Plans Next 6 Months

In the next six months, how do you expect the total number of employees in your operation to trend?



APPENDIX

Disclosures: *It is the policy of Cleveland Research Company to comply fully with the antitrust laws set forth by the United State Federal Government and various state laws. Our research is intended to be utilized as a resource in accordance with those established antitrust laws and regulations. The information transmitted is intended only for the person or entity to which it is addressed. Any review, retransmission, dissemination or other use of, or taking of any action in reliance upon, this information by persons or entities other than the intended recipient is prohibited. If you received this in error, please contact the sender and delete the material from any computer.*

