



MICHIGAN RESTAURANT INDUSTRY TRENDS

Results from Member Survey (4Q17)



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Important disclosures can be found in appendix

Survey Demographics

More than 120 responses

- Michigan restaurant companies covering **~\$615 million** in annual revenue
- Data reflects feedback from about **1460 sites**
- **56% of responses from single-unit independents** (19% are multi-unit indy's)
- About **33% of responses from casual dining**



Key Findings

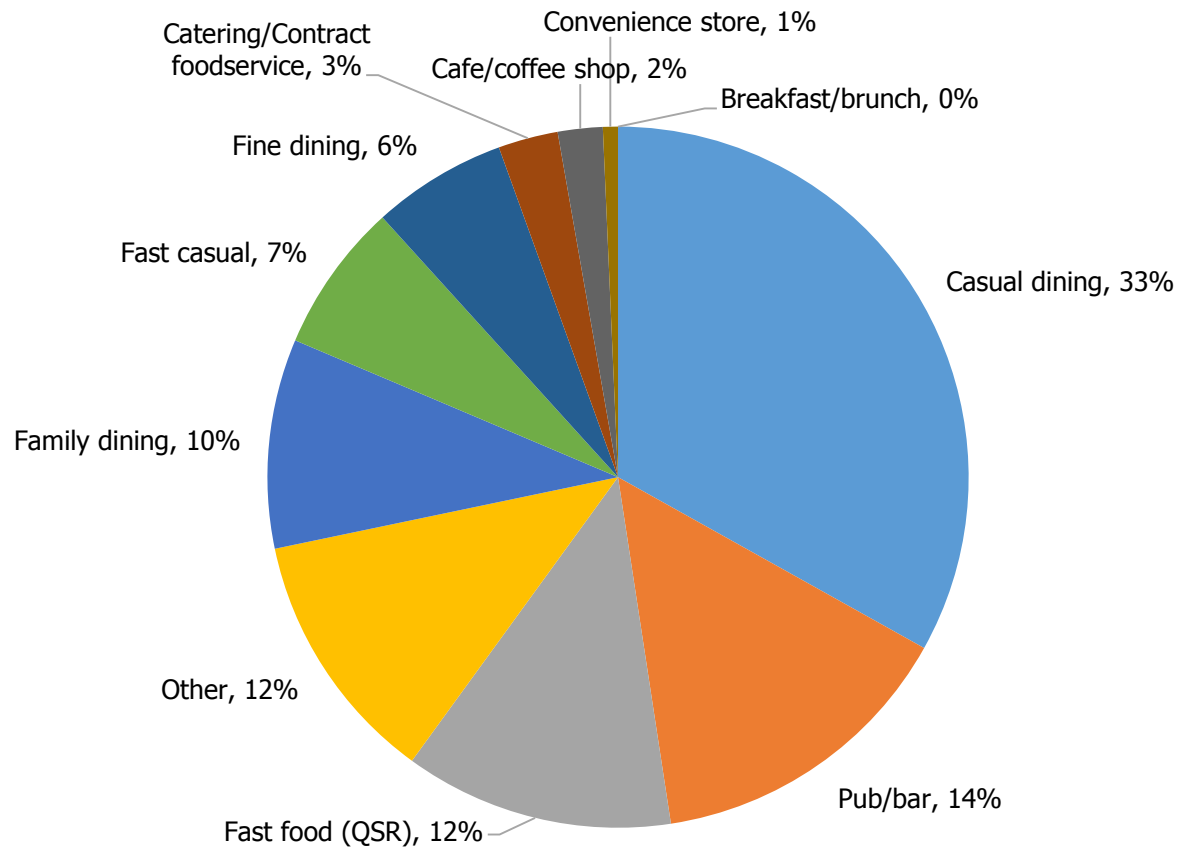
From initial look at data

- Sales in **4Q17 (Oct-Dec) slowed to +2.2%** compared to +2.8% in 3Q. Full-year 2017 same-store sales for the group finished up 2.3%.
- **Owners are more optimistic on 2018 trends** and expect same-store sales to be up 4% this year.
- **Food costs steady** at ~32.7% of total sales during 4Q (similar to last quarter and overall 2017). **Labor costs increased** to nearly 30% of sales (vs. 29% in 3Q).

Segment Breakdown

Majority coming from full-service

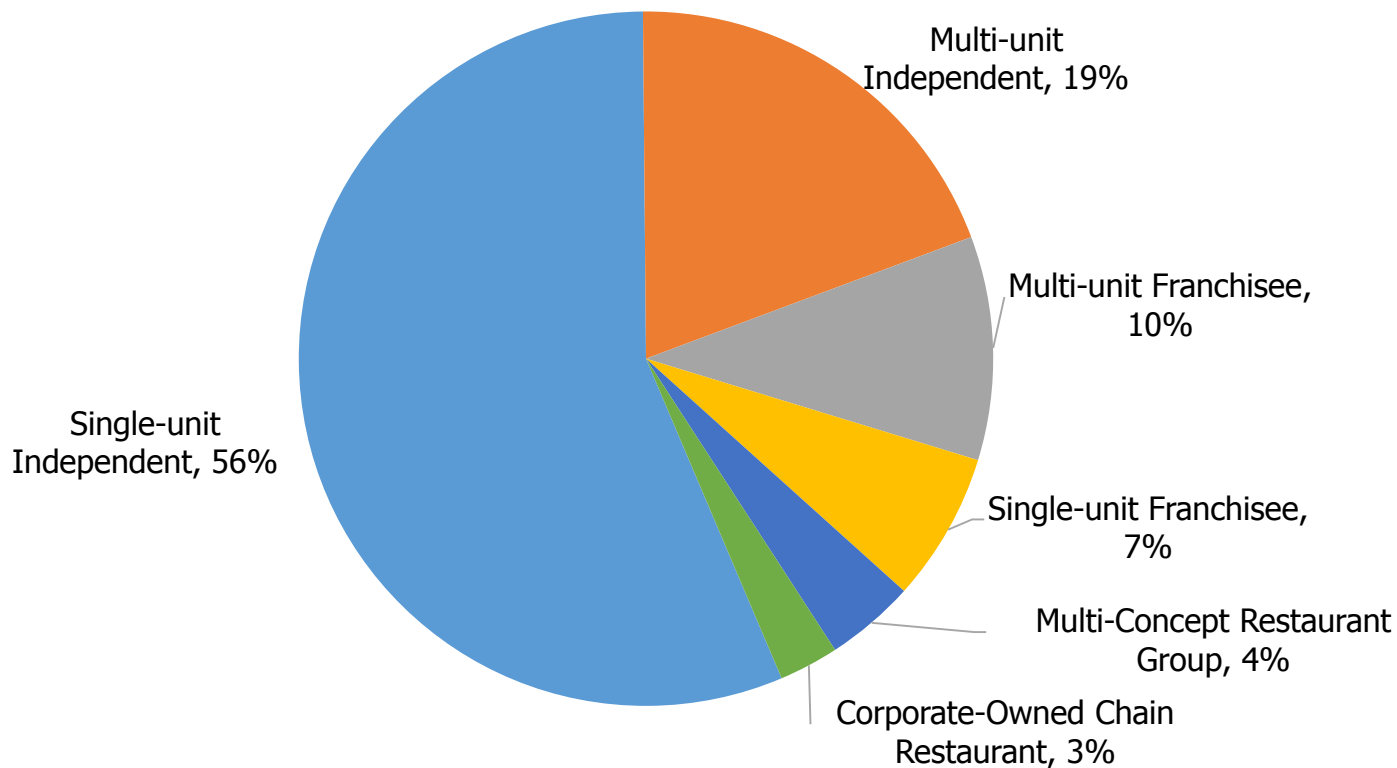
Which type of concept is your restaurant?



Restaurant Company Type

Predominately single-unit independents

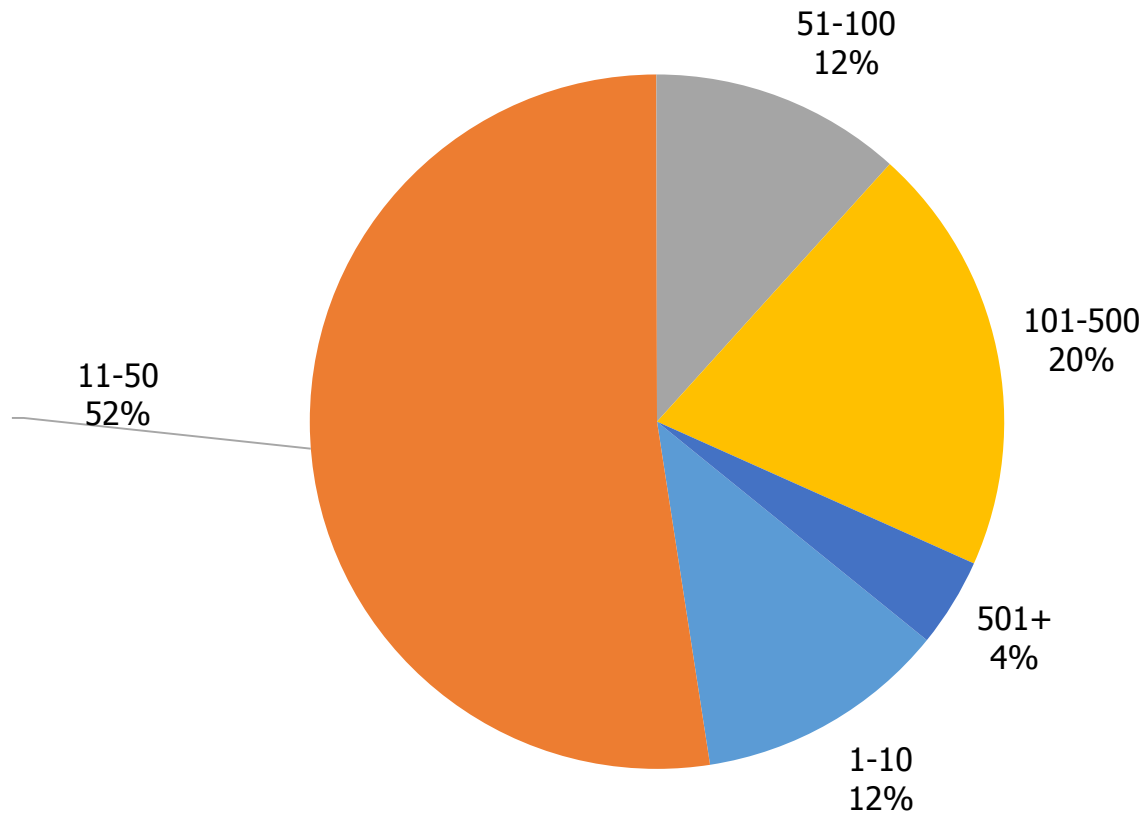
Which of the following categories best describes your restaurant business?



Number of Employees

Most have fewer than 50 employees

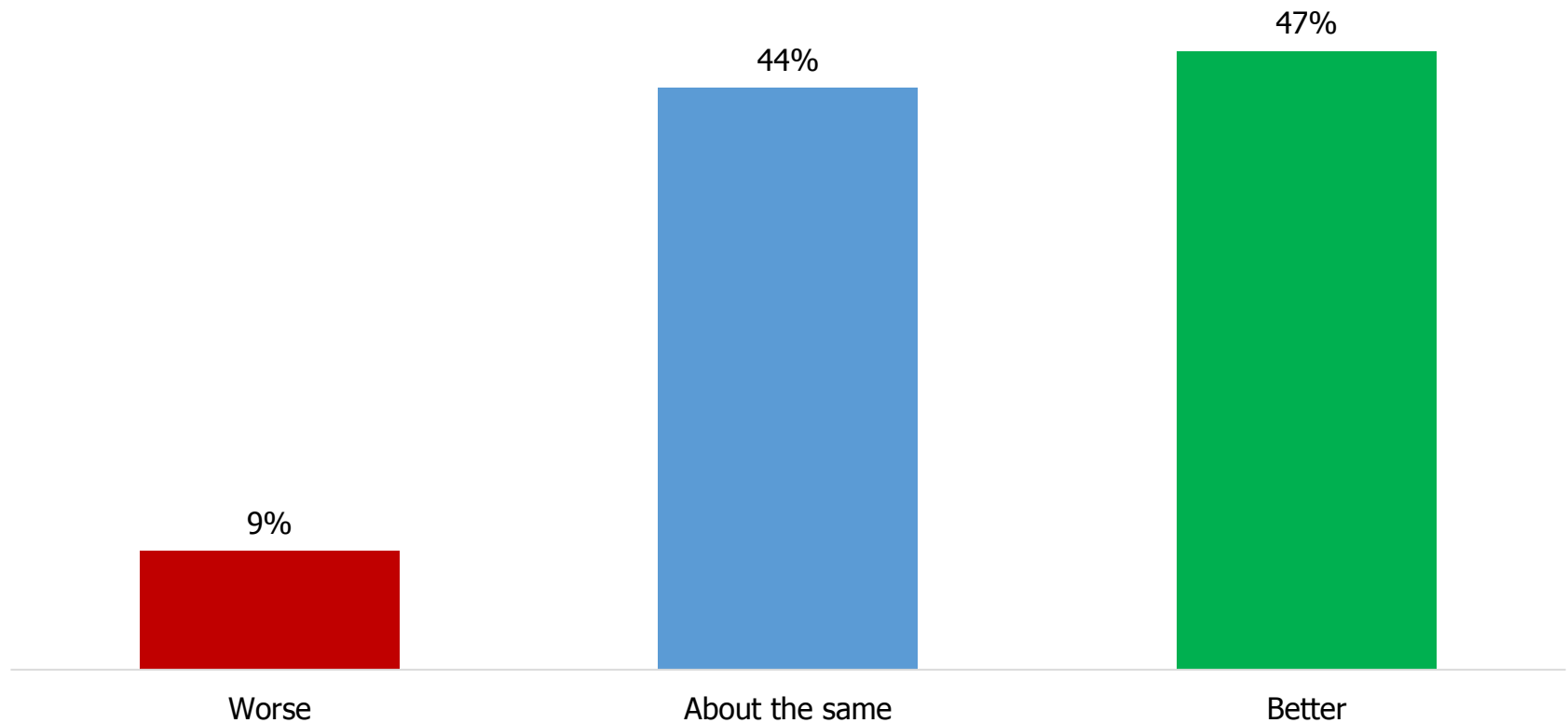
How many employees does your organization have?



General Business Conditions

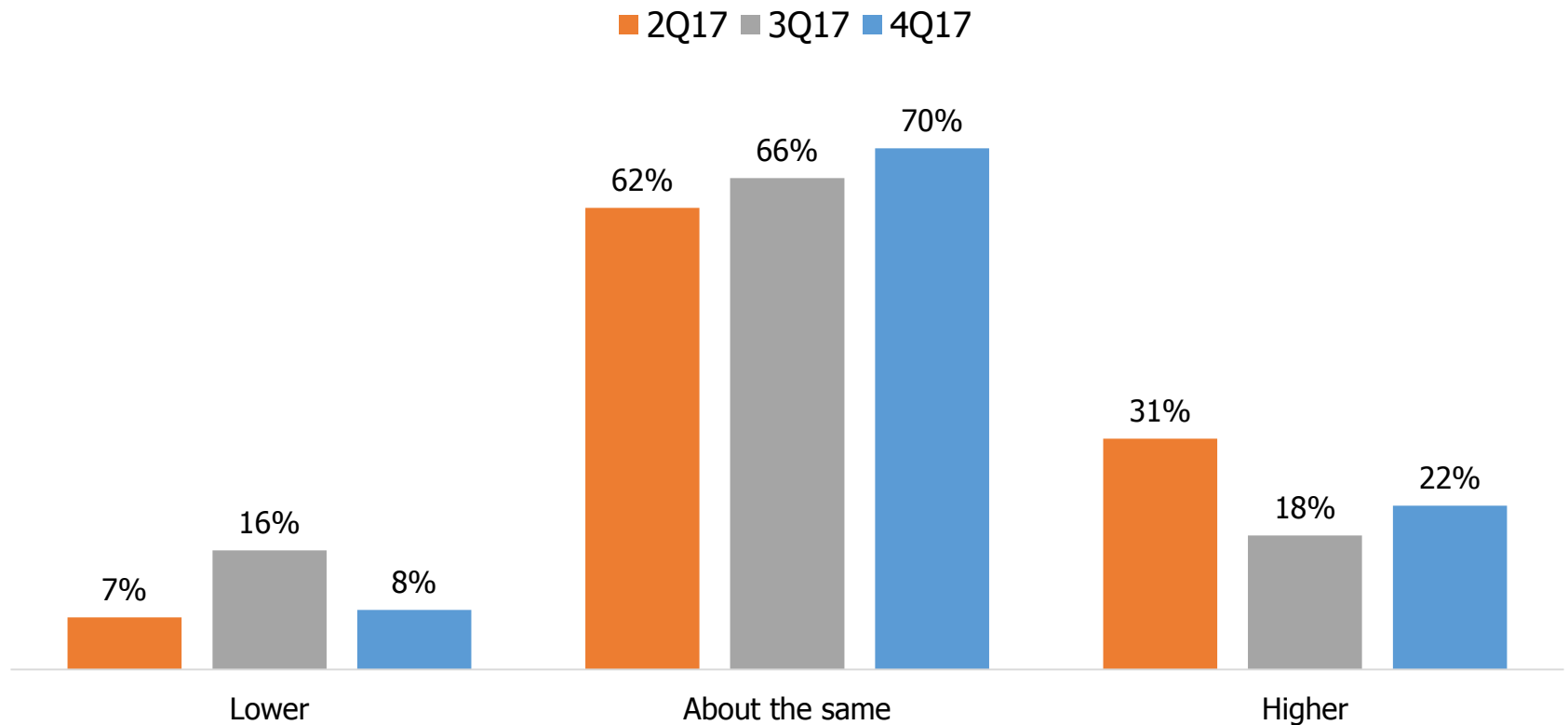
Nearly half expecting better trends next 6 months

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



Hiring Plans Next 6 Months

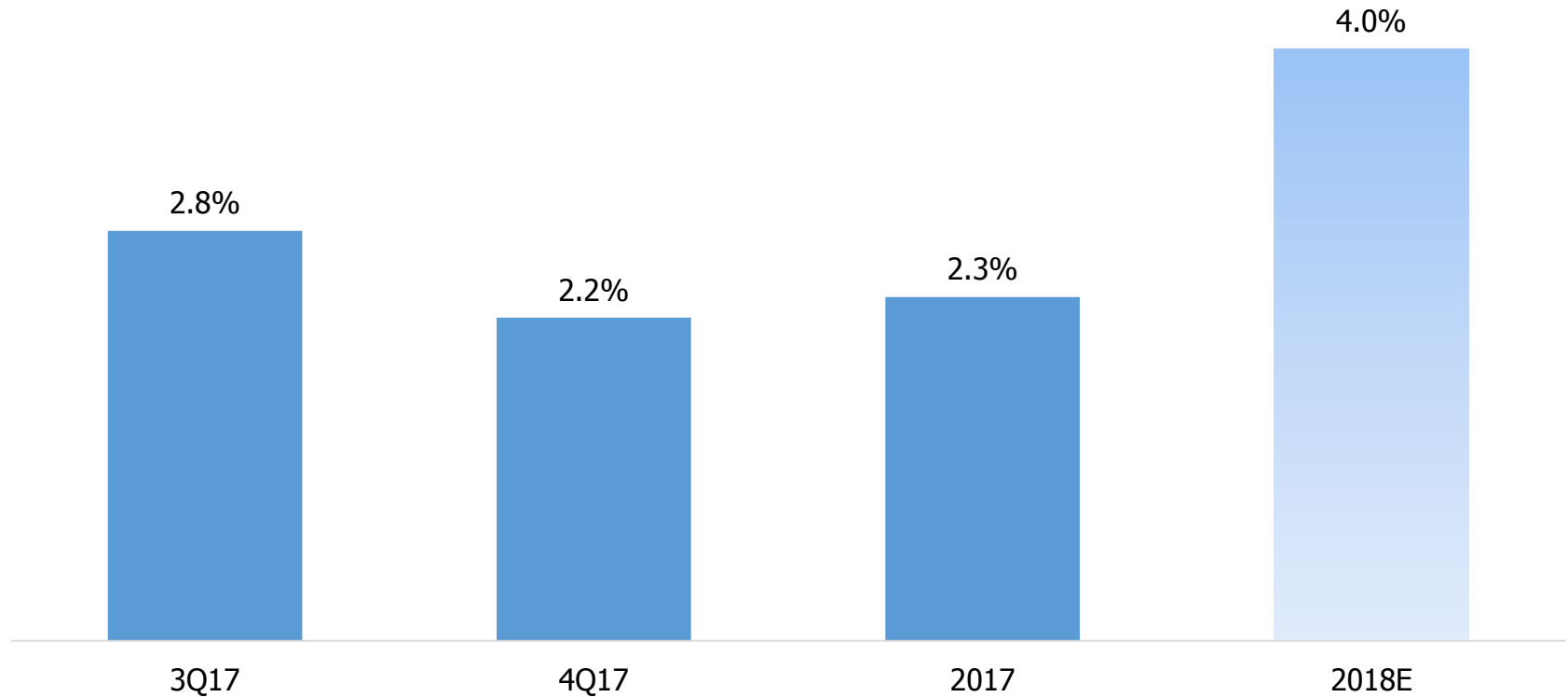
In the next six months, how do you expect the total number of employees in your operation to trend?



Same-Store Sales

Much more optimistic 2018

*What was your overall same-store SALES growth for the following periods?
(year-over-year % change)*

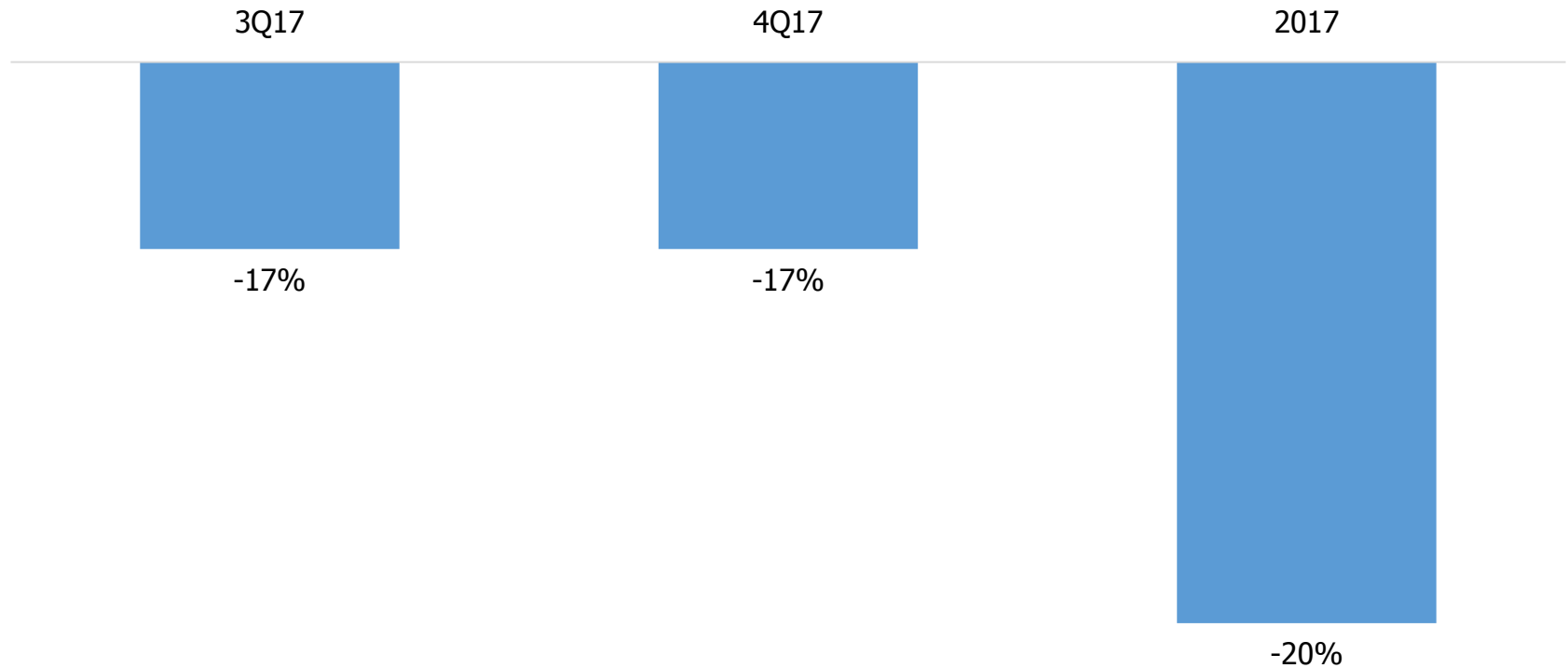


Sales vs. Expectations

Operators generally finished below plan for 2017

How did these periods perform relative to your expectations (same-store sales growth vs. plan)?

Net= Above Plan - Below Plan

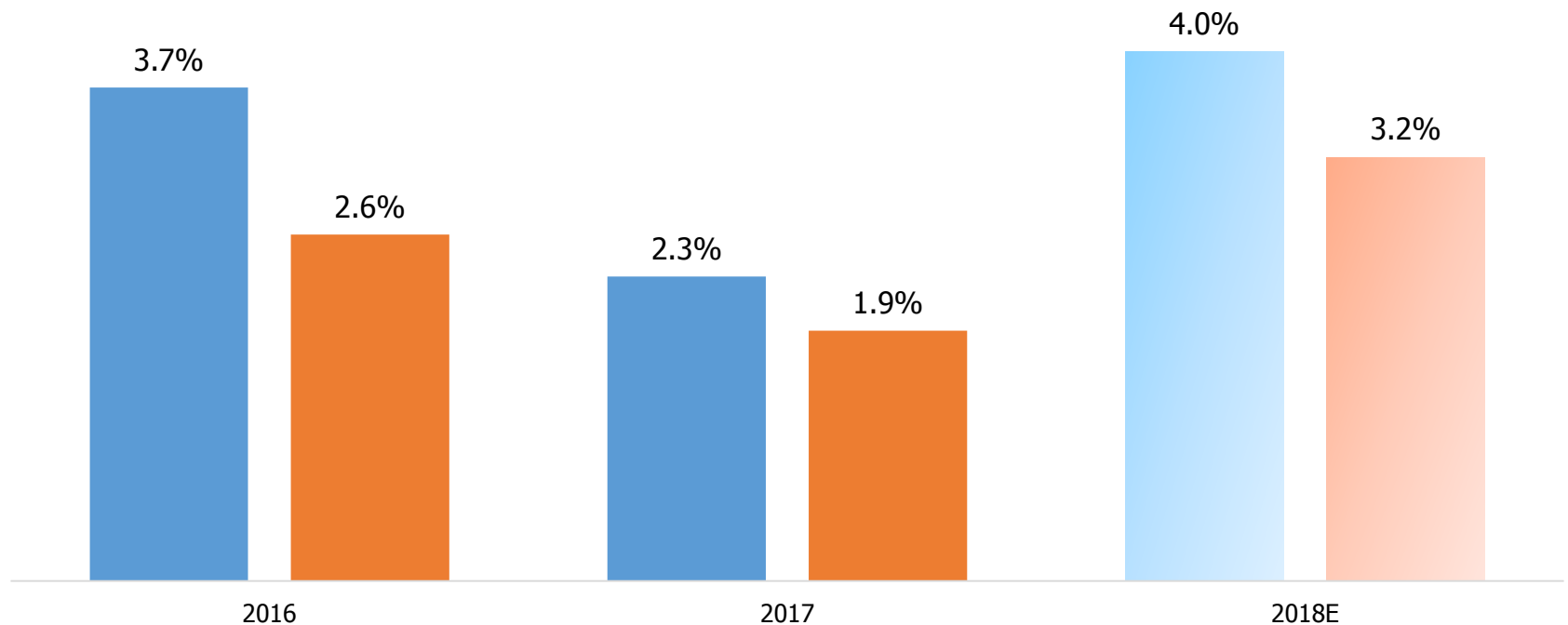


Annual Demand Trends

Operators very optimistic on 2018 forecasting

Michigan Restaurant Association Annual Demand Trends

■ Same-store Sales ■ Traffic



Biggest Surprises for Owners

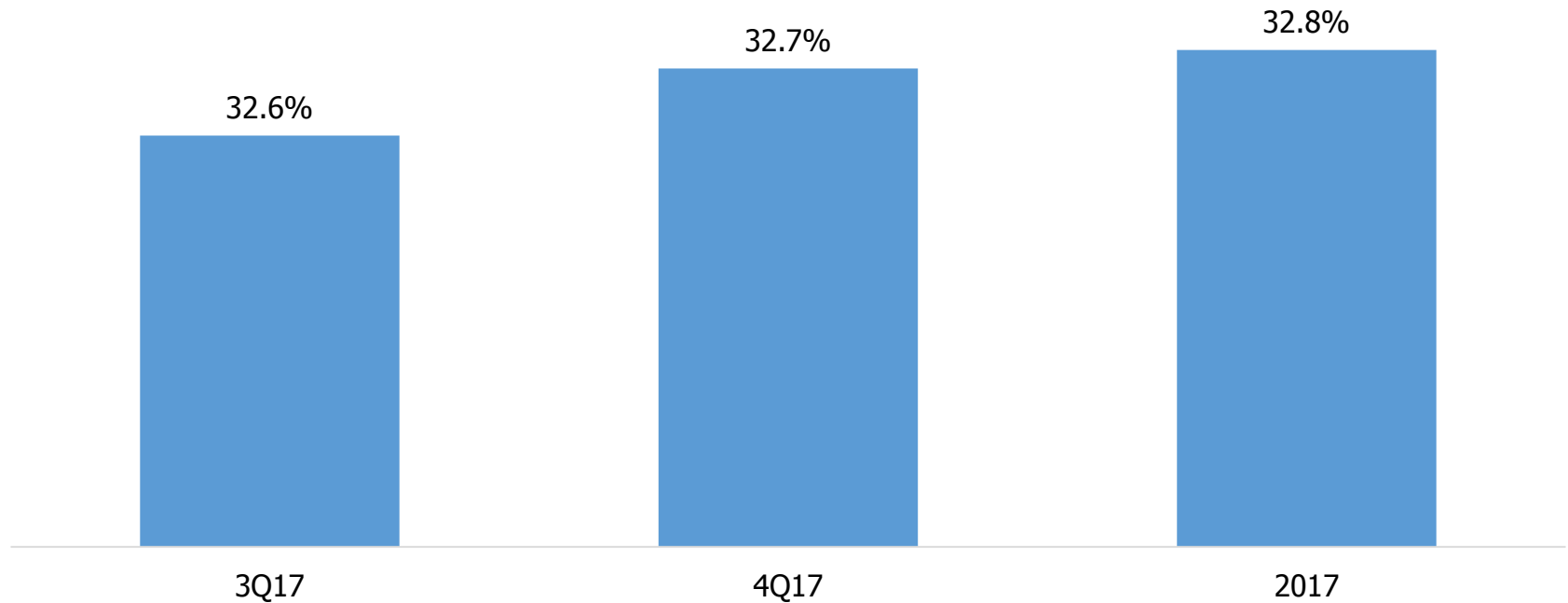
- **Some operators feeling positive...**
 - *Better take-out sales*
 - *Tax break should help consumer spending*
- **Other continue to struggle...**
 - *Winter weather impacting dining out traffic*
 - *Slower than expected holiday sales*
- **Labor challenges quite common...**
 - *Finding and retaining good employees*
 - *Higher costs due to new hire training, healthcare, wages*



Food Cost Trends

Steady inflation rates through 2nd half of 2017

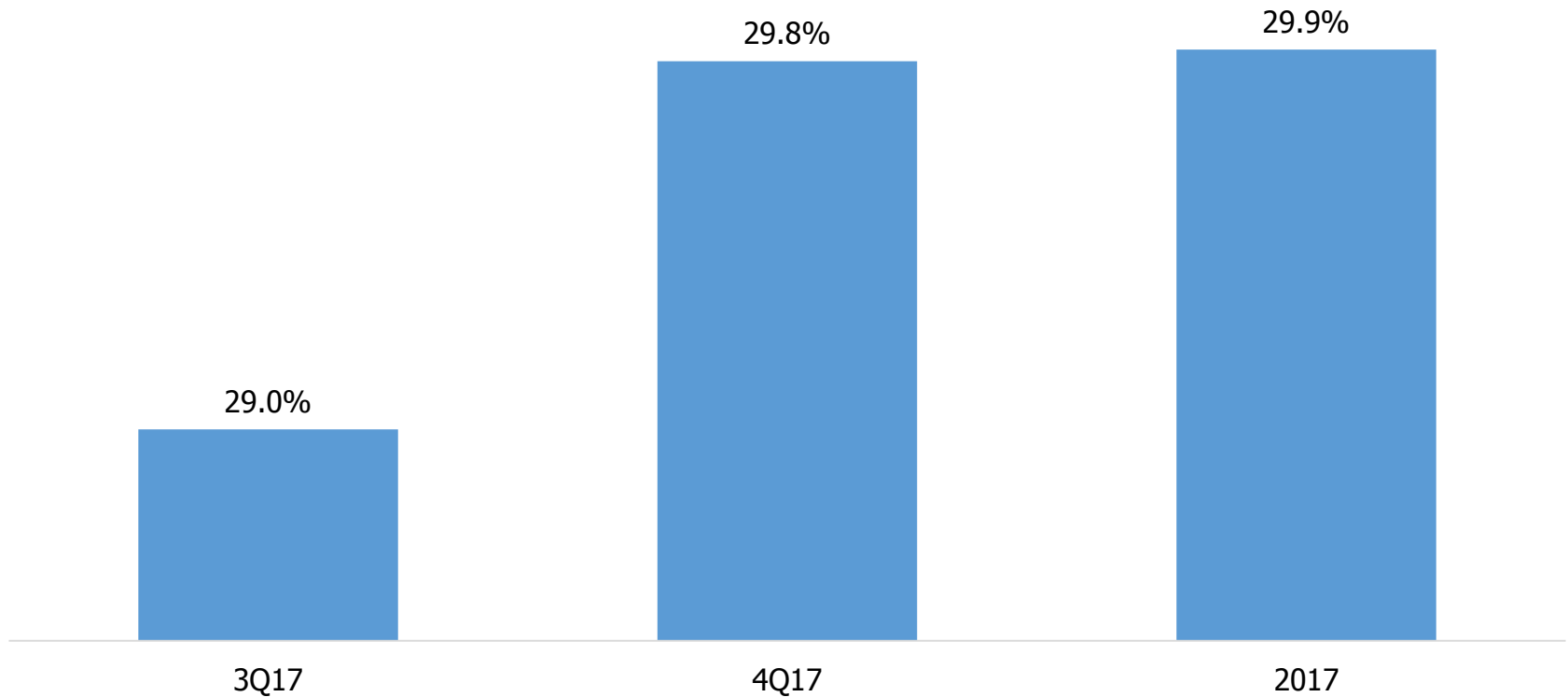
During the following periods, what was your total food cost as a percentage of total sales?



Labor Cost Trends

Up to ~30% of total sales in 2017

During the following periods, what was your total labor cost as a percentage of total sales?



APPENDIX

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