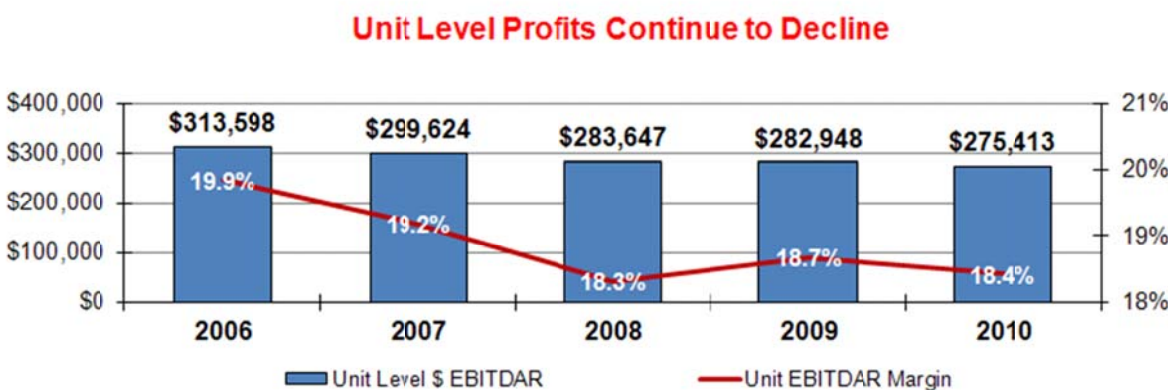
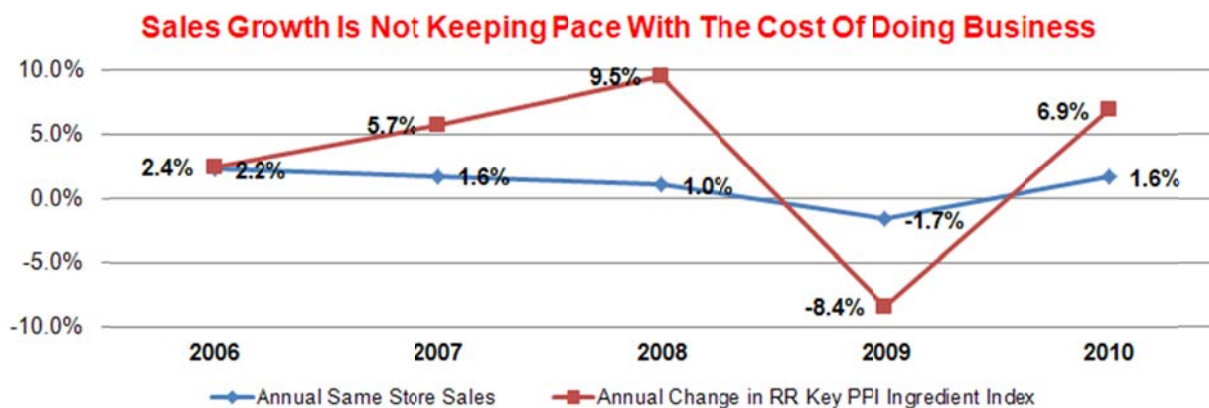


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### Restaurant Research Think Piece – October 2011

#### The Restaurant Industry Has Become Less Profitable...

It is common knowledge that the chain restaurant industry has become less profitable over the last ~5 years. Please see charts below which reveal the data to support this common industry claim. Here we see that while the top-line growth of \$1B+ restaurant chains has been mostly positive over the last 5 years, they have failed to keep pace with PPI cost growth for key ingredients used by industry players (note that the below PPI index is based upon an RR amalgam). Resultantly, unit level EBITDAR profits have declined 12% over the last 5 years to \$275k in 2010 – a point with far-reaching implications that we will explore further in upcoming *Think Pieces*.



notes

Data is derived from Restaurant Research's Unit Economic Database which includes unit level financials (at franchisee and franchisor corporate level) for 35 \$1B+ chains spanning the last 5 years. **This product represents a huge labor/cost savings for clients** who are able to leverage RR's extensive work in gathering this important and hard-to-get unit level economic data (including AUV, COGs, labor margin and EBITDAR). For more information on how to order complete Unit Economic Database, please contact us at (203) 405-1901 or [info@ChainRestaurantData.com](mailto:info@ChainRestaurantData.com).

### **RR Clients**

Includes major lenders, investors, major US restaurant chains, operators and industry consultants. Please check [www.ChainRestaurantData.com](http://www.ChainRestaurantData.com) for a partial client list and customer testimonials.

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Restaurant Research LLC leverages an extensive network of industry players as part of its annual Concept Benchmark Analysis due diligence process for 22 large US restaurant chains. Also, RR tracks store level data for all major chains with system-wide sales in excess of \$1B across all major restaurant segments in order to produce 11 key Industry Data Topic reports.

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