

THOUGHT LEADERSHIP FROM THE BDO RESTAURANT PRACTICE

BENCHMARKING UPDATE

SEGMENT AVERAGES Q1-15

	SAME STORE SALES		COMMODITY PRICE INDICES FLUCTUATIONS		
	Thru Q1-15	FY 2014	Thru Q1-15	FY 2014	
QUICK SERVE	5.0%	2.5%	BEEF	0.2%	23.6%
FAST CASUAL	6.6%	4.7%	POULTRY	-1.9%	8.5%
CASUAL	3.5%	1.7%	PORK	-1.6%	-10.4%
UPSCALE CASUAL	3.0%	0.6%	CHEESE	-13.7%	4.6%
PIZZA	8.0%	4.5%	WHEAT	-7.6%	5.5%
GRAND AVERAGE	4.3%	2.2%	BASKET	-2.7%	3.7%

Source: data.bls.gov

	COST OF SALES					
	Thru Q1-15	Thru Q1-14	Inc. (Dec.)	FY 2014	FY 2013	Inc. (Dec.)
QUICK SERVE	31.2%	31.1%	0.1%	31.7%	31.8%	-0.1%
FAST CASUAL	30.1%	29.6%	0.5%	30.3%	29.6%	0.7%
CASUAL/UPSCALE CASUAL	28.6%	28.6%	0.0%	28.8%	28.6%	0.2%
PIZZA	25.3%	26.8%	-1.5%	26.7%	26.1%	0.6%
GRAND AVERAGE	29.0%	29.0%	0.0%	29.3%	29.1%	0.2%

	LABOR					
	Thru Q1-15	Thru Q1-14	Inc. (Dec.)	FY 2014	FY 2013	Inc. (Dec.)
QUICK SERVE	29.8%	30.1%	-0.3%	29.1%	29.3%	-0.2%
FAST CASUAL	29.7%	29.8%	-0.1%	27.8%	29.0%	-1.2%
CASUAL/UPSCALE CASUAL	33.1%	33.5%	-0.4%	33.5%	33.5%	0.0%
PIZZA	28.1%	27.3%	0.8%	27.4%	27.7%	-0.3%
GRAND AVERAGE	31.8%	32.0%	-0.2%	31.4%	31.7%	-0.3%

	PRIME COSTS					
	Thru Q1-15	Thru Q1-14	Inc. (Dec.)	FY 2014	FY 2013	Inc. (Dec.)
QUICK SERVE	61.0%	61.2%	-0.2%	60.8%	61.1%	-0.3%
FAST CASUAL	59.8%	59.4%	0.4%	58.1%	58.6%	-0.5%
CASUAL/UPSCALE CASUAL	61.6%	61.8%	-0.2%	62.0%	61.8%	0.2%
PIZZA	53.3%	54.1%	-0.8%	54.1%	53.8%	0.3%
GRAND AVERAGE	60.8%	60.9%	-0.1%	60.6%	60.7%	-0.1%

HOW DO YOU COMPARE TO YOUR COMPETITION?

We compiled the operating results of publicly traded restaurant companies to provide you with timely benchmarking information. Our past benchmarking surveys of medium-sized private companies indicated, on average, their prime costs were higher than public companies by 1 percent to 2 percent. However, high-quartile participants (best performing) in our surveys had prime costs 3 percent lower than the average public company.

Cost of sales includes food and beverage for all segments. Quick serve and fast casual segments also include packaging costs. Labor costs include restaurant level wages, payroll taxes, and benefits.

Same-store sales increased across all segments during the first quarter of 2015. Markedly better weather, compared to first quarter 2014, and overall macro-economic improvements, such as higher employment, were contributing factors. Of all segments, the pizza and fast casual segments experienced the most significant growth: 8 percent and 6.6 percent, respectively. Domino's led the pizza segment with a 15.9 percent increase, resulting from extensive advertising through various media channels and the continued use of technological innovations to fuel take-out and delivery orders. Habit Burger saw a 12.6 percent increase in same-store sales, as its initial public offering last year helped improve brand awareness.

In the first quarter of 2015, cost of sales remained consistent across most segments even as commodities started to stabilize. However, the pizza segment saw a dip in cost of sales as it benefited from a decrease in cheese and wheat prices. Restaurants continued to adjust menu prices and their menu mix to better manage cost of sales. As sales continue to grow in the restaurant industry, labor costs as a percentage of sales are decreasing across most segments despite minimum wage increases in several U.S. states.

**Prior results have been restated to conform to current-year data availability.*