

THOUGHT LEADERSHIP FROM THE BDO RESTAURANT PRACTICE

BENCHMARKING UPDATE

SEGMENT AVERAGES FY-2013

	SAME STORE SALES		COMMODITY PRICE INDICES FLUCTUATIONS		
	FY 2013	FY 2012		FY 2013	FY 2012
QUICK SERVE	0.9%	4.1%	BEEF	0.4%	10.0%
FAST CASUAL	2.7%	4.1%	POULTRY	-3.6%	11.2%
CASUAL	0.4%	1.8%	PORK	-3.5%	-4.1%
UPSCALE CASUAL	1.2%	2.5%	CHEESE	-2.2%	1.0%
PIZZA	2.8%	2.8%	WHEAT	0.0%	2.1%
GRAND AVERAGE	1.1%	2.7%	BASKET	-1.4%	3.9%

Source: data.bls.gov

	COST OF SALES					
	FY 2013	FY 2012	(Fav) Unfav	FY 2012	FY 2011	(Fav) Unfav
QUICK SERVE	32.1%	32.5%	-0.4%	32.5%	32.4%	0.1%
FAST CASUAL	29.6%	29.2%	0.4%	29.6%	29.4%	0.2%
CASUAL/UPSCALE CASUAL	28.9%	29.0%	-0.1%	29.0%	28.9%	0.1%
PIZZA	26.1%	25.2%	0.9%	25.2%	26.3%	-1.1%
GRAND AVERAGE	29.5%	29.6%	-0.1%	29.6%	29.6%	0.0%

	LABOR					
	FY 2013	FY 2012	(Fav) Unfav	FY 2012	FY 2011	(Fav) Unfav
QUICK SERVE	30.0%	30.4%	-0.4%	30.2%	29.8%	0.4%
FAST CASUAL	27.9%	27.8%	0.1%	28.0%	28.3%	-0.3%
CASUAL/UPSCALE CASUAL	33.1%	32.8%	0.3%	32.8%	32.8%	0.0%
PIZZA	27.7%	28.0%	-0.3%	28.0%	28.0%	0.0%
GRAND AVERAGE	31.1%	31.0%	0.1%	31.0%	31.0%	0.0%

	PRIME COSTS					
	FY 2013	FY 2012	(Fav) Unfav	FY 2012	FY 2011	(Fav) Unfav
QUICK SERVE	61.9%	62.6%	-0.7%	62.5%	62.0%	0.5%
FAST CASUAL	57.5%	56.9%	0.6%	57.6%	57.7%	-0.1%
CASUAL/UPSCALE CASUAL	61.6%	61.4%	0.2%	61.4%	61.2%	0.2%
PIZZA	53.8%	53.2%	0.6%	53.2%	54.3%	-1.1%
GRAND AVERAGE	60.4%	60.3%	0.1%	60.4%	60.3%	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 1-2 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.

Despite a rise in payroll tax during 2013, each segment held onto the same-store sales increases from 2012 with fast casual and pizza continuing to grab market share as their value proposition strengthens. The fast casual segment increased 2.7 percent largely due to Chipotle, Panera, and Noodles and Company with 5.6 percent, 4.5 percent, and 3.4 percent increases respectively. The upscale casual segment is up more than 1 percent driven by positive same-stores sales of Del Frisco's and Ruth's Chris with increases of 4.4 percent and 5.3 percent, respectively. The pizza segment continued to impress with an increase of 2.8 percent reflecting how the segment has profitably adjusted to the "\$10 pizza." Both quick serve and casual segments had increases of just under 1 percent with Taco Bell and Red Robin leading same-store sales with 3 percent and 4 percent respectively.

Cost of sales was flat as companies have adjusted menu prices to balance overall increases in commodities, and continue to react through less discounting, cost negotiations, menu engineering, and lowering other costs. Commodities continue to fluctuate: poultry, pork, and cheese have decreased 3.6 percent, 3.5 percent, and 2.2 percent, respectively, since 2012. Beef continues to increase but is expected to level off in 2015.

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