

THOUGHT LEADERSHIP FROM THE BDO RESTAURANT PRACTICE

BENCHMARKING UPDATE

SEGMENT AVERAGES Q1-14

	SAME STORE SALES		COMMODITY PRICE INDICES FLUCTUATIONS		
	Thru Q1-14	FY 2013	Thru Q1-14	FY 2013	
QUICK SERVE	0.0%	0.8%	BEEF	9.8%	0.4%
FAST CASUAL	4.2%	2.7%	POULTRY	-2.8%	-3.6%
CASUAL	0.1%	0.3%	PORK	9.2%	-3.5%
UPSCALE CASUAL	-0.9%	1.2%	CHEESE	9.0%	-2.2%
PIZZA	3.6%	2.8%	WHEAT	8.0%	0.0%
GRAND AVERAGE	0.5%	1.0%	BASKET	2.1%	-1.4%

Source: data.bls.gov

	COST OF SALES					
	Thru Q1-14	Thru Q1-13	(Fav) Unfav	FY 2013	FY 2012	(Fav) Unfav
QUICK SERVE	30.9%	31.9%	-1.0%	31.9%	32.3%	-0.4%
FAST CASUAL	29.7%	29.4%	0.3%	29.6%	29.2%	0.4%
CASUAL/UPSCALE CASUAL	29.0%	29.5%	-0.5%	29.2%	29.4%	-0.2%
PIZZA	26.8%	25.6%	1.2%	26.1%	25.2%	0.9%
GRAND AVERAGE	29.3%	29.7%	-0.4%	29.6%	29.6%	0.0%

	LABOR					
	Thru Q1-14	Thru Q1-13	(Fav) Unfav	FY 2013	FY 2012	(Fav) Unfav
QUICK SERVE	30.8%	31.1%	-0.3%	30.0%	30.4%	-0.4%
FAST CASUAL	28.2%	28.5%	-0.3%	27.9%	27.8%	0.1%
CASUAL/UPSCALE CASUAL	33.3%	32.5%	0.8%	32.9%	32.4%	0.5%
PIZZA	27.3%	27.8%	-0.5%	27.7%	28.0%	-0.3%
GRAND AVERAGE	31.4%	31.2%	0.2%	31.0%	30.8%	0.2%

	PRIME COSTS					
	Thru Q1-14	Thru Q1-13	(Fav) Unfav	FY 2013	FY 2012	(Fav) Unfav
QUICK SERVE	61.7%	63.0%	-1.3%	61.9%	62.6%	-0.7%
FAST CASUAL	57.9%	57.8%	0.1%	57.4%	56.9%	0.5%
CASUAL/UPSCALE CASUAL	61.9%	61.6%	0.3%	61.8%	61.4%	0.4%
PIZZA	54.1%	53.4%	0.7%	53.8%	53.2%	0.6%
GRAND AVERAGE	60.6%	60.7%	-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.

With most of the country experiencing unfriendly weather this winter, overall same-store sales were mixed during Q1; fast casual and pizza had strong results but other segments had minimal or a decline in growth. The pizza segment continued to succeed with a 3.6 percent increase, primarily due to its ability to provide delivery even in wintery conditions and strong growth by Papa John's of 11.4 percent. The fast casual segment increased 4.2 percent largely due to growth by Chipotle and Q'doba of 13.4 percent and 7.2 percent, respectively.

The pizza segment experienced cost of sales increases largely as a result of a rise in the cost of cheese and wheat. Cost of sales for other segments stayed consistent or decreased as companies continued to adjust menu prices to offset increases in commodities and react through less discounting, cost negotiations, menu engineering, and/or lowering other costs. Commodities continue to fluctuate. Since 2013, poultry has decreased 2.8 percent; pork has increased 9.2 percent; beef has increased 9.8 percent; cheese has increased 9 percent; and wheat has increased 8 percent.

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