

Restaurant Industry to Continue to Be Major Driver in Nation's Economy Through Sales, Employment Growth in 2008

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National Restaurant Association's 2008 Restaurant Industry Forecast reveals economic, workforce, consumer and menu trends for the coming year

Restaurant industry sales are expected to reach \$558 billion in 2008—a 4.4 percent increase over 2007— and the industry will employ 13.1 million individuals in 945,000 restaurant-and-foodservice outlets, according to the National Restaurant Association's 2008 Restaurant Industry Forecast. The industry will remain an economic powerhouse representing four percent of the U.S. gross domestic product and employing nine percent of the U.S. workforce. While 2008 will bring some economic challenges, consumers remain hungry for the variety, convenience and socialization restaurants provide.

"The restaurant industry is entering its 17th consecutive year of real sales growth in 2008, and while the overall economy is slowing, the industry will still show respectable growth," said Dawn Sweeney, President and CEO of the Association. "As industry sales continue to increase and its total economic impact exceeds \$1.5 trillion, the workforce is also growing. In 2007, we added 400,000 career and employment opportunities, and we expect to add an additional two million in the next decade. With consumers now spending 48 percent of their food budget in restaurants, our industry is a major part of Americans' lifestyle."

Operational Trends

Sales at fullservice restaurants are projected to reach \$187.4 billion in 2008, an increase of 4.3 percent over 2007. Growth will be driven by expanded menu choices, meeting the demand of today's increasingly sophisticated and value-conscious consumer, and added off-premise options (takeout, delivery and curbside) to meet Americans' desire for convenience. Fullservice restaurant operators will continue to integrate more technology solutions both in dining rooms and kitchens, and increase their focus on environmentally-friendly operations.

Quickservice restaurants are projected to post sales of \$156.8 billion in 2008, a gain of 4.4 percent over 2007, driven by Americans' continued emphasis on value and convenience. Quickservice operators will focus on building their food and drink menus to include a wider variety of options, satisfying consumer interest in health and nutrition, and expanding their use of technology to enhance customer ordering and payment. Like their fullservice counterparts, quickservice operators will also ramp up their environmental efforts.

The eating-and-drinking place segments expected to post the largest sales gains in 2008 are snack-and-nonalcoholic beverage bars at 6.8 percent (\$20.9 billion in sales), and social caterers at 6.6 percent (\$6.4 billion in sales). This growth is largely driven by consumer demand for convenience, eating on the go or elsewhere off-premise, and the trend toward changing meal-occasions and types.

Workforce Trends

Job growth in the restaurant industry outpaced the overall economy in 2007 for the eighth consecutive year, and will continue to increase in 2008 and beyond. By 2018, the industry will add an additional two million positions to its current 13.1 million. Restaurant occupations that will grow considerably in the next decade include management positions, chefs and head cooks, waitstaff, and combined food preparation and service positions.

Restaurant industry job growth will not only outpace that of other industries, but its workforce will actually grow faster than the U.S. population, particularly in the key demographics of teens and young adults. Ranked as the number one challenge for restaurant operators, recruiting and retaining employees will be an industry priority in 2008 and into the future.

State/Regional Outlook

Both sales and job growth are expected for the restaurant industry in all 50 states and the District of Columbia in 2008. Nevada will again post the fastest sales growth at 6.5 percent in 2008 (\$4.3 billion), followed by Arizona at 6.4 percent (\$8.4 billion), Utah at 5.9 percent (\$3.0 billion), Texas at 5.8 percent (\$33.7 billion), and Colorado at 5.7 percent (\$8.5 billion).

Leading job growth in the next decade is Arizona at 26.9 percent, Nevada at 25.8 percent, Texas at 22.9 percent, Alaska at 22.8 percent, and Utah at 22.5 percent.

Consumer and Menu Trends

Small is big on restaurant menus, as bite-size desserts and small plates/tapas/mezze top the list of hot trends when it comes to courses, according to an Association survey of more than 1,000 professional chefs. Other hot food and drink trends include alternative-source ingredients (locally grown produce, organics, sustainable seafood, grass-fed and free-range items, and alternative red meats), ethnic cuisines and flavors, and specialty alcohol.

Today's restaurant customers are more demanding than ever and expect more from their restaurant experiences than great meals. Consumer trends that will help shape the restaurant industry in 2008 include options for more convenience, control, cuisines and flavors, comfort and choices, including more healthful options. Americans currently buy a meal or a snack from

a restaurant 5.8 times per week on average, and annual spending on food away from home is \$1,078 per person.

Other economic trends

The restaurant industry faced several economic challenges in 2007, including the largest spike in wholesale food prices in 27 years, as well as increasing energy and gas prices. While softening somewhat going into 2008, these prices are expected to remain elevated. The cost of food and beverages account for approximately 33 cents of every dollar of restaurant sales and is one of the most critical items on their income statements (along with labor costs, which also represent about one-third of restaurant sales).

For more information about the National Restaurant Association's 2008 Restaurant Industry Forecast, visit www.restaurant.org/forecast.

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