

Technomic Shifts its Restaurant Industry Forecast Downward

2008-01-23

Citing a larger-than-expected slowdown in discretionary consumer spending, foodservice consultancy Technomic revised its 2008 U.S. foodservice industry nominal growth forecast downward from 5.1% to 3.6%.

Among the two largest segments of the industry, restaurants and bars are still expected to perform slightly better than other 'beyond restaurants' segments, at 3.8% and 3.1%, respectively.

In comments delivered to clients at its Foodservice Planning Program meeting, Technomic indicated that while the industry has enjoyed sustained growth up until now, weaker performance is expected in 2008. Factoring in a 4% rate of inflation, real spending will likely be down this year. 'Because the restaurant industry often serves as a leading economic indicator, our opinion is that the U.S. has most likely entered a recession, or is headed for one,' added Ron Paul, president of Technomic.

U.S. Foodservice Industry Forecast

Revised January 2008

Segment	2007 Retail Sales Equivalent (\$ Billions)	Nominal Growth*	
		2007	2008 (F)
Total Restaurants and Bars	\$426.120	5.9 %	3.8 %
Limited Service	185.401	6.6	5.0
Full Service	193.472	5.2	2.5
Bars and Taverns	47.248	4.0	4.0
Total Beyond Restaurants and Bars	\$205.692	4.3 %	3.1 %
Retail Hosts	46.491	6.4	5.6
Travel and Leisure	54.513	5.7	5.4
Business and Industry	21.673	1.6	(5.0)
Education	27.723	6.0	5.3
Healthcare	20.604	5.2	3.8
All Other	34.689	(0.1)	(0.0)
Total Foodservice	\$631.812	5.3 %	3.6 %

Note: Food and non-alcohol beverages only. Numbers may not add due to rounding.

**Nominal growth assumes inflation rate of 4.0% for both 2007 and 2008.*

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