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## Restaurants Mark Strongest Net Positive Sales Since 2007

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Driven by positive same-store sales and an increasingly optimistic outlook among restaurant operators, the [National Restaurant Association's](http://www.restaurant.org/) Restaurant Performance Index (RPI) rose to its highest level in five months.

The RPI, a monthly composite index that tracks the health of and outlook for the U.S. restaurant industry, stood at 100.6 in November, up 0.6 percent from October. In addition, November represented the second time in the last three months that the RPI stood above 100, which signifies expansion of key industry indicators.

"The November increase in the Restaurant Performance Index was fueled by broad-based gains in both the current situation and forward-looking indicators," says Hudson Riehle, senior vice president of the Research and Knowledge Group for the Association.

"Restaurant operators reported their strongest net positive same-store sales results in more than four years, while customer traffic levels also grew in November. Among the forward-looking indicators, restaurant operators' outlook for both sales growth and the overall economy rose to their highest levels in seven months."

The RPI is constructed so that the health of the restaurant industry is measured in relation to a steady-state level of 100. Index values above 100 indicate that key industry indicators are in a period of expansion, and index values below 100 represent a period of contraction for key industry indicators.

The RPI consists of two components, the Current Situation Index and the Expectations Index.

**The Current Situation Index**, which measures current trends in four industry indicators (same-store sales, traffic, labor, and capital expenditures), stood at 100.2 in November, up 0.8 percent from October's level of 99.5.

November marked the second time in the last three months that the Current Situation Index stood above 100, which signifies expansion in the current situation indicators.

Restaurant operators reported positive same-store sales for the sixth consecutive month in November. Fifty percent of restaurant operators reported a same-store sales gain

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, between November 2010 and November 2011, while just 28  
**Consumer Trends** (~~/operations/consumer-trends~~) reported a same-store sales decline.

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This marked the strongest net positive sales performance since August 2007, when 54 percent of operators reported a sales gain and 29 percent reported lower sales.

Restaurant operators also reported stronger customer traffic levels in November. Forty-one percent of restaurant operators reported higher customer traffic levels between November 2010 and November 2011, while 32 percent of operators reported a traffic decline. In October, 37 percent of operators reported higher customer traffic, while 39 percent reported a traffic decline.

Capital spending activity among restaurant operators trended upward in recent months. Forty-six percent of operators said they made a capital expenditure for equipment, expansion, or remodeling during the last three months, the highest level in five months.

**The Expectations Index**, which measures restaurant operators' six-month outlook for four industry indicators (same-store sales, employees, capital expenditures, and business conditions), stood at 100.9 in November, up 0.4 percent from October and the third consecutive monthly gain.

November also marked the third consecutive month the Expectations Index stood above 100, which represents a positive outlook among restaurant operators for business conditions in the months ahead.

Restaurant operators are more optimistic about sales growth in the months ahead. Forty-one percent of restaurant operators expect to have higher sales in six months (compared to the same period in the previous year), up from 35 percent who reported similarly last month.

In comparison, just 12 percent of restaurant operators expect their sales volume in six months to be lower than it was during the same period in the previous year, down from 15 percent last month.

Restaurant operators are also somewhat more bullish about the overall economy in the coming months. Twenty-seven percent of restaurant operators said they expect economic conditions to improve in six months, up slightly from 26 percent who reported similarly last month.

In comparison, 16 percent of operators said they expect economic conditions to worsen in the next six months, down from 22 percent who reported similarly last month.

Restaurant operators' outlook for capital spending remains positive. Forty-seven percent of restaurant operators plan to make a capital expenditure for equipment, expansion, or remodeling in the next six months, essentially unchanged from the levels reported in the previous two months.

The RPI is based on the responses to the National Restaurant Association's Restaurant Industry Tracking Survey, which is fielded monthly among restaurant operators nationwide on a variety of indicators including sales, traffic, labor, and capital expenditures. The [full report is available online](http://www.restaurant.org/pdfs/research/index/201111.pdf) (<http://www.restaurant.org/pdfs/research/index/201111.pdf>).

The RPI is released on the last business day of each month, and more detailed data and analysis can be found on Restaurant TrendMapper ([www.restaurant.org/trendmapper](http://www.restaurant.org/trendmapper)) (<http://www.restaurant.org/trendmapper>), the Association's subscription-based service that provides detailed analysis of restaurant industry trends.

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