

**AUTHOR:**

**Steve Crichlow**

Founder & CEO

(251) 370-7011

[steve@compassrcr.com](mailto:steve@compassrcr.com)

[www.compassrcr.com](http://www.compassrcr.com)

[info@compassrcr.com](mailto:info@compassrcr.com)

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**COMPANIES MENTIONED IN THIS REPORT:**

**CORE COVERAGE**

COMPANY	TICKER	PAGE
<b>QSR</b>		
McDonald's	MCD	6
Sonic	SONC	7
Burger King	BKW	8
Wendy's	WEN	9
Jack in the Box	JACK	10
Bojangles'	BOJA	11
Popeye's	PLKI	12
KFC	YUM	13
Del Taco	TACO	14
Taco Bell	YUM	15
Pizza Hut	YUM	16
Domino's	DPZ	17

**FAST CASUAL**

Chipotle	CMG	18
Starbucks	SBUX	19
Wingstop	WING	20

**CASUAL**

Applebee's	DIN	21
IHOP	DIN	22
Chili's	EAT	23
Chuy's	CHUY	24
Longhorn	DRI	25
Olive Garden	DRI	26
Red Robin	RRGB	27

**INDUSTRY BUSINESS CONDITIONS:**

**SAME STORE SALES (SSS) & TRAFFIC (Compass RCR Coverage):**

- Same store sales were up over last year 1.8%.
- Traffic declined over last year <0.8%>.

SSS	Traffic
Industry = 1.8%	Industry = <0.8%>

**CONSUMERS AND OPERATORS PROVIDE THEIR TAKE:**

- **OPERATORS:** Confidence rises based on tax and regulations reprieve.
- **CONSUMERS:** Confidence highest level since 2004 – Blue-Collar demographic is driving this.

**MARGINS:**

- From our contacts, 18% reported increases in food costs in March – mostly generated from new product launches.

**PROMOTIONS/ADVERTISING:**

- Publicly traded restaurant chains utilize multiple platforms for brand messaging:
  - **Fine Dining** – Primary focus: 60% general menu. Secondary focus: 70% mailing list (loyalty program); 30% mobile apps; 30% special occasions; 15% happy hour.
  - **Casual Dining** – Primary focus: 70% LTO's. Secondary focus: 35% pricepoint; 50% off premise dining; 60% app; 30% loyalty program.
  - **Fast Casual** – Primary focus: 60% menu offerings. Secondary focus: 50% loyalty program; 30% online ordering; 20% new app; 40% new technology.
  - **QSR** – Primary focus: 70% price point. Secondary focus: 60% new products; 45% LTOs; 35% app; 30% loyalty program.

**HEADLINE NEWS (see pg. 5 for details):**

- **Joint Employer Update** – White House indicates plans to intervene in definition/fix.
- **Labor Costs** – Higher labor costs impacted restaurant industry by \$250M in 2017.
- **Technology** – Mobile Pay increased by 50% in 2017.

**APRIL OUTLOOK/TRENDS**

- **Brands that will perform well:**
  - Applebee's
  - Burger King
  - Jack in the Box
  - McDonald's
  - Taco Bell
  - Red Robin
- **Brands that will perform poorly**
  - Bojangles'
  - Popeye's
  - Sonic Drive-In

▪ "Mean" Source on Charts on pages 6-25 – Company Filings