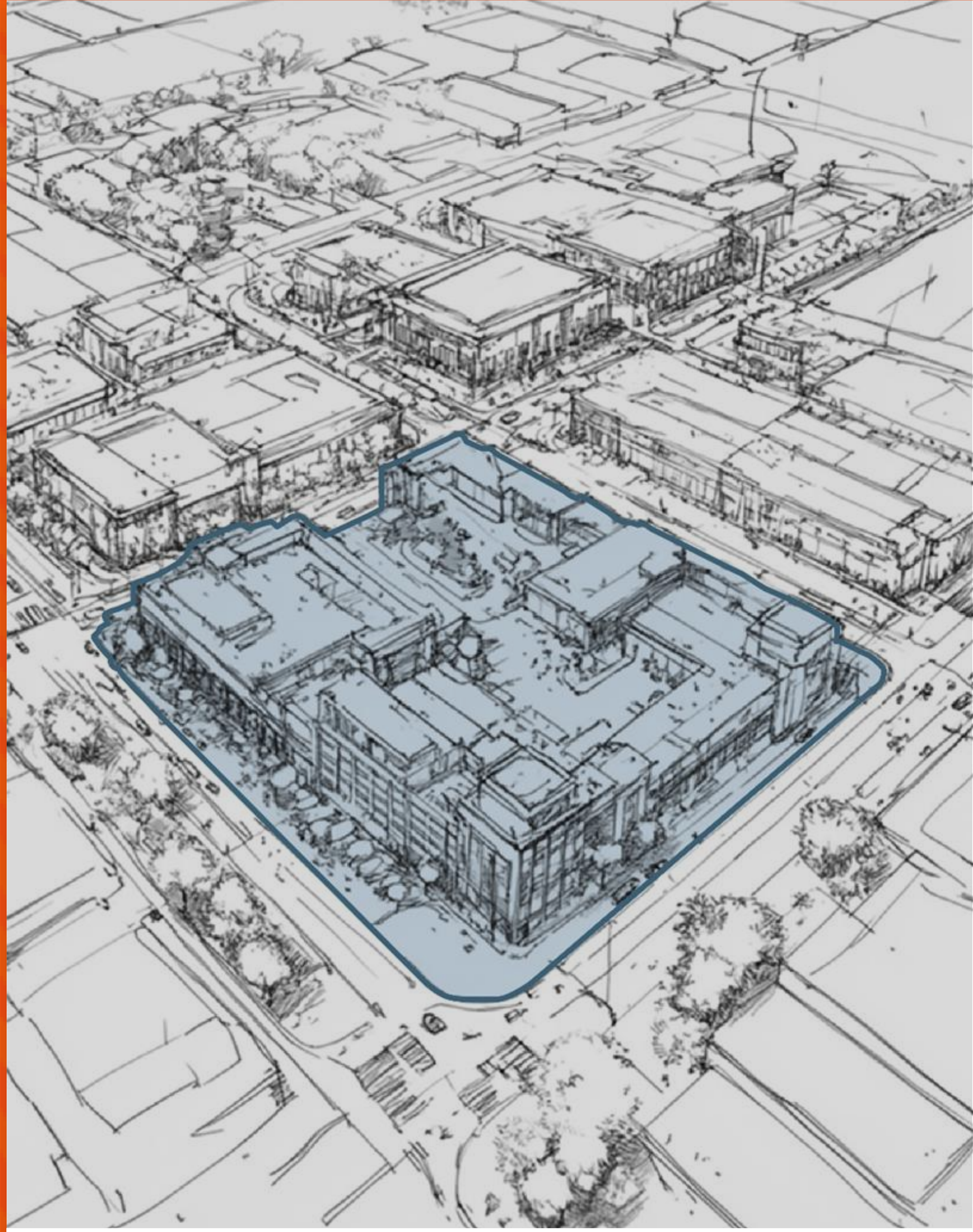
ADVAN
Research through Technology

Trends across the limited service restaurant industry



PRESENTED BY

Thomas Paulson
Head of Market Insights, Advan Research

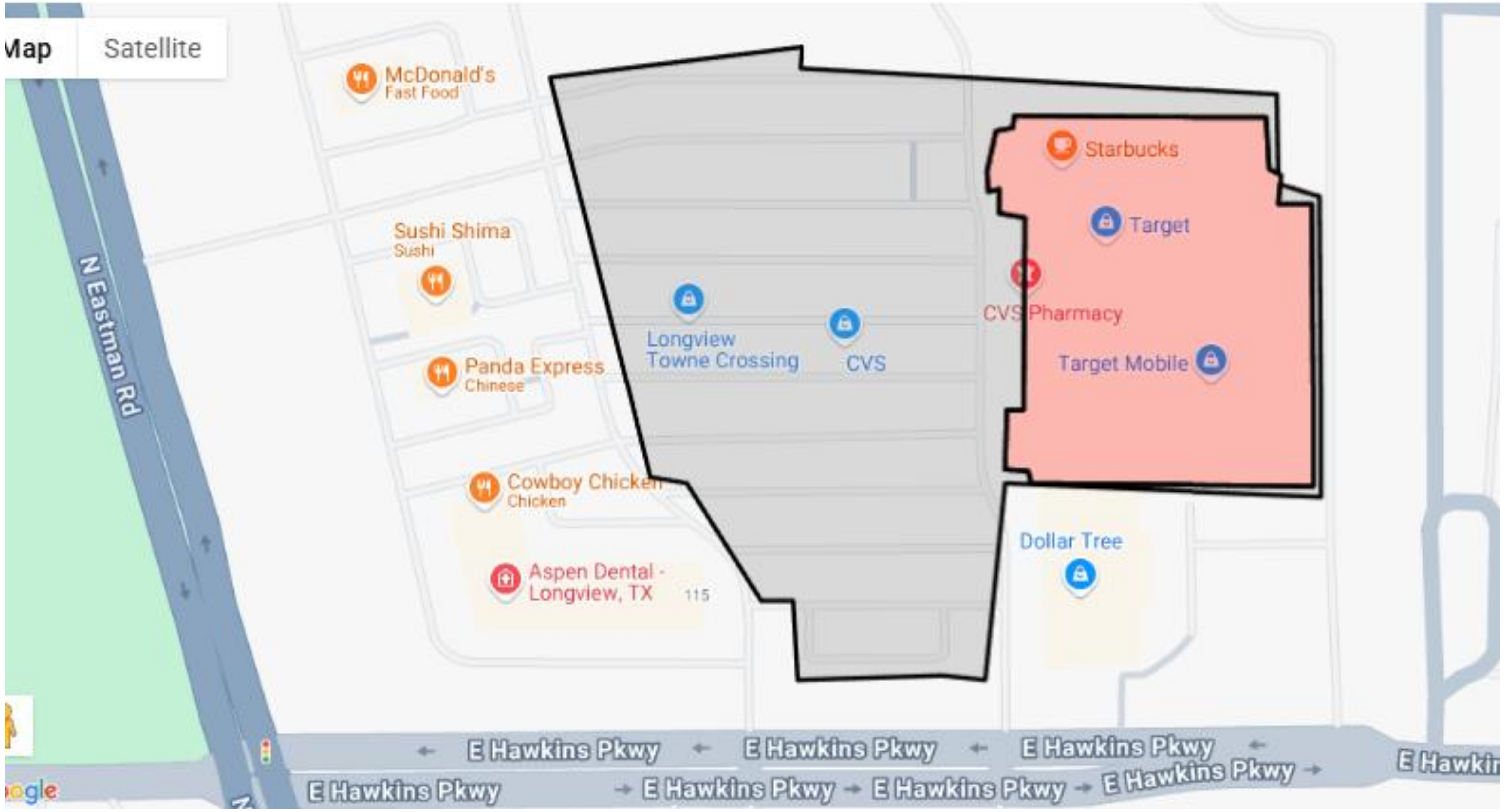
Sept 26nd, 2025

Conclusions

- ❑ Limited-service traffic and sales are down for:
  - ✓ **A cyclical reason** – inflation and share-of-stomach losses to at-home consumption, and
  - ✓ **A secular reason** – less calorie consumption when on (and maybe off) weight-loss drugs (GLP-1), which will worsen from here given more usage and its compound effects, a pill version, and increased insurance coverage. And, the overall **“better-for-me”** consumer trend (to fresh and the perimeter of the store from the center of the store).
- ❑ GLP consumers were “super-eaters,” amplifying the impact of increased GLP usage on volume / calories
- ❑ Recent news on GLPs supports a substantial increase in adoption in 2026
- ❑ The cyclical is also compressing the gross-to-net and undermining pricing power; MCD **is challenging** competitors with Extra Value Meals
- ❑ 1H’s soft trend has persisted through Q3, but it **HAS NOT** worsened.

Advan's Data

Geofenced Target w/ and parking lot in Longview, TX



Advan Data

Estimated contextualized activity at any place in the US

✓ Foot traffic data sourced from 40M mobile phones

✓ Data from 120M debit / credit cards.

✓ Overlayed on 158M US POIs

✓ Phones overlaid and tagged with Census data for every census block in the US + other pattern data providing demographic and psychographic profiles of the activity

✓ Organized into ticker-level estimates, cohorts, and NAICS codes.

At-Home – *Gaining share-of-stomach*

Table 2.4.6U. Real Personal Consumption Expenditures by Type of Product, Chained Dollars

[Billons of chained (2017) dollars; quarters and months are seasonally adjusted at annual rates]

	2023				2024				2025				Aug
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	July	Aug	Vs Q2'24
Personal consumption expenditures	**15,510**	**15,549**	**15,647**	**15,781**	**15,857**	**15,967**	**16,113**	**16,273**	**16,346**	**16,446**	**16,530**	**16,587**	**3.9%**
Food	**1,558**	**1,551**	**1,563**	**1,574**	**1,569**	**1,573**	**1,584**	**1,593**	**1,599**	**1,607**	**1,612**	**1,615**	**2.6%**
Food purchased for off-prem	848	847	850	853	855	860	867	871	874	874	881	880	**2.3%**
% of Food	54.42%	54.59%	54.40%	54.20%	54.50%	54.68%	54.75%	54.66%	54.64%	54.40%	54.61%	54.48%	
Meals at other eating places	335	328	331	339	335	334	337	342	347	352	353	354	**6.0%**
% of Food	21.48%	21.12%	21.19%	21.55%	21.35%	21.22%	21.26%	21.50%	21.71%	21.87%	21.88%	21.91%	
Limited-service eating places	375	377	382	382	379	379	380	380	378	381	379	381	**0.5%**

Ttl PCE is fine

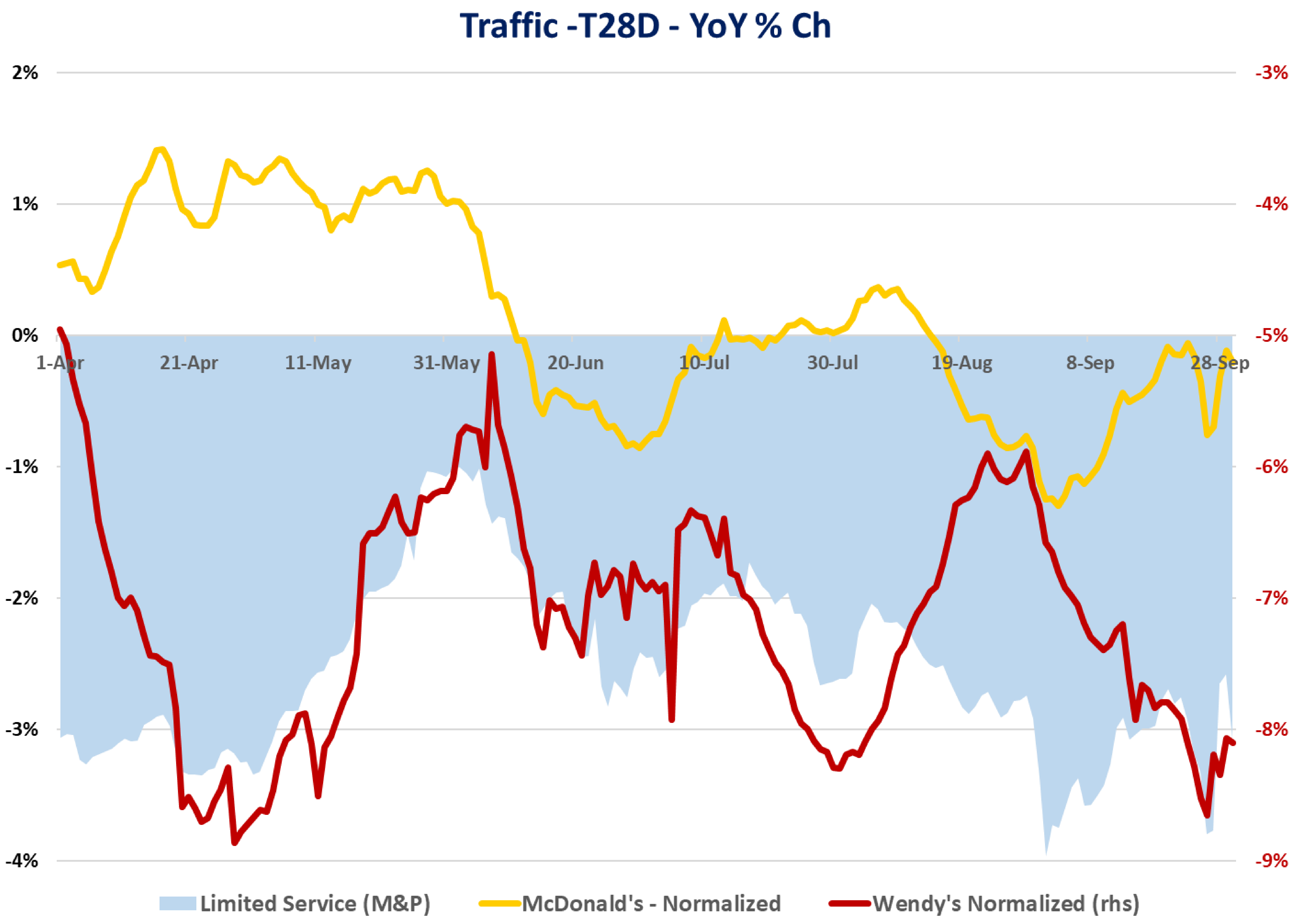
Gaining Share-of-stomach

Interesting. Quantity Index Up +MSD

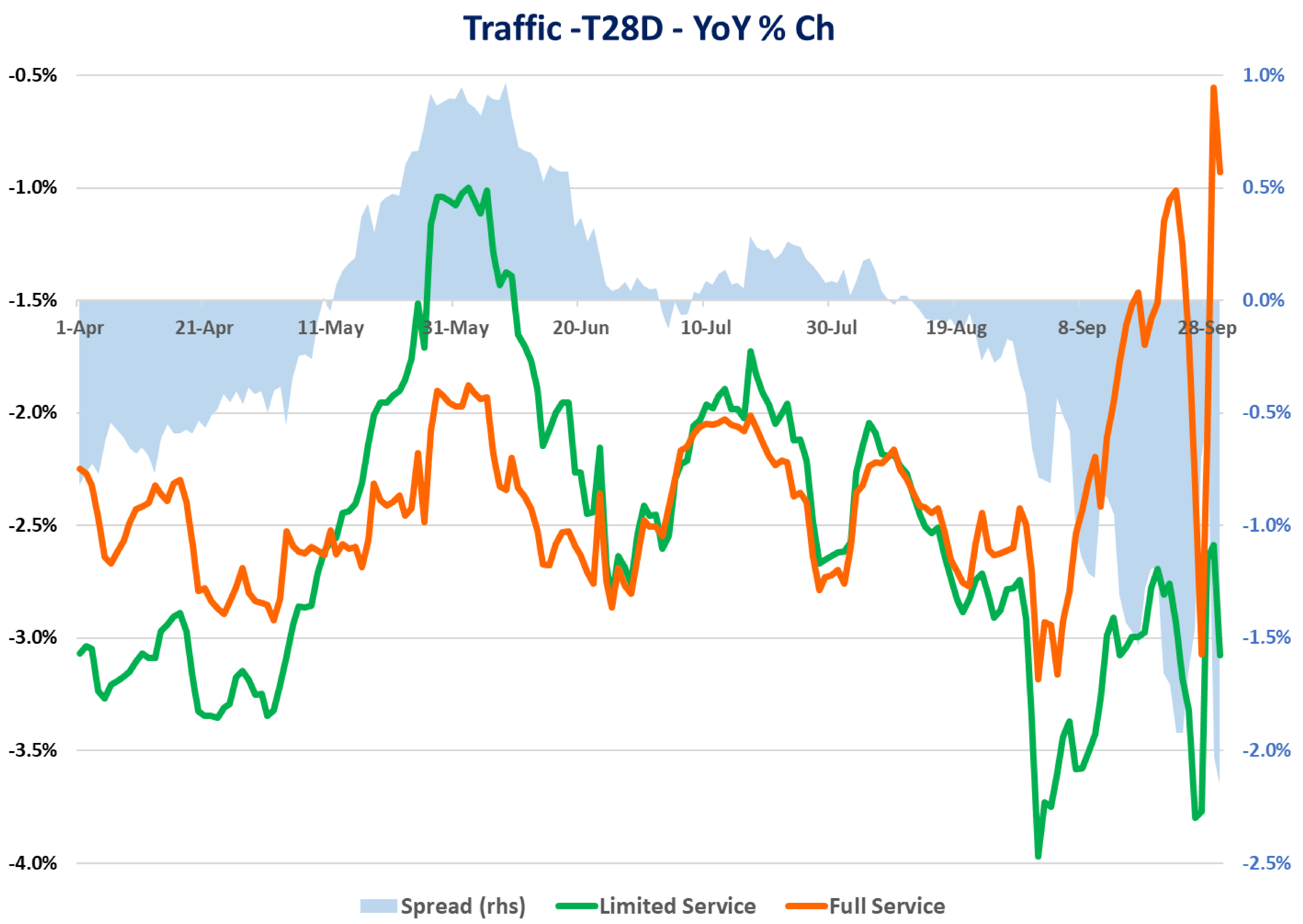
Stuck

Source: Bureau of Economic Analysis, Sept 26th release

Traffic Declined in Q3 *– 2H of July, August, & September Softer – **paycheck cycle?***

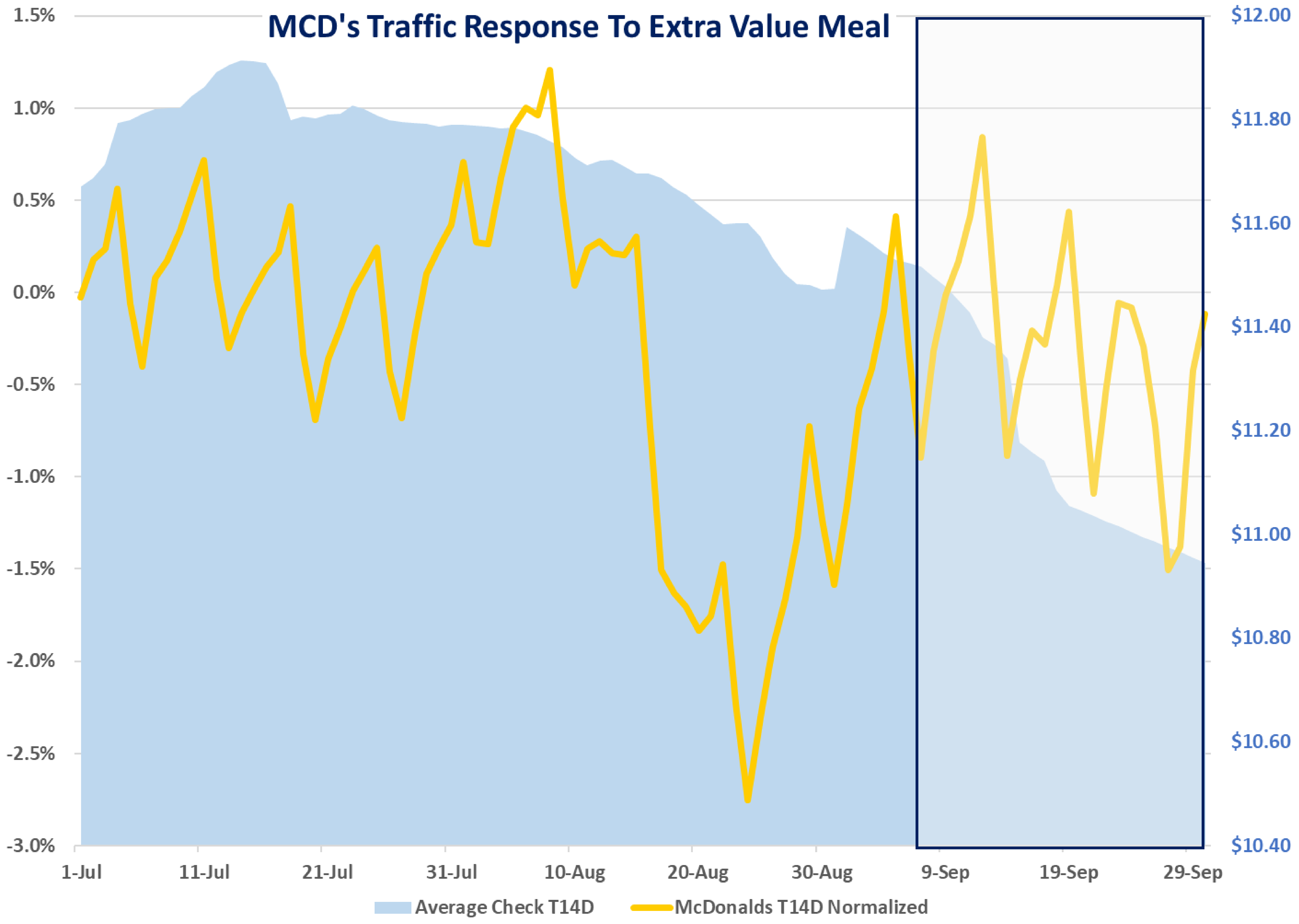


Full Service's Outperformance Narrowed



Limited-Service is 47K regional and independents in the US
Full-Service is 329K regional and independents

Extra Value Meals Stabilized Traffic



QSR's Q3*– traffic slightly softer, average check slightly stronger, the combined +4bps QoQ*

	Advan Traffic (per venue)						Advan Check			Advan Combined			Reported Comp -Sales			Rpt Comp-Trans			Rpt Comp-Ticket			24 Comp-Sales		2025 2-Yr Comp CAGR		
	July	Aug	Sep	Q2	Q3	QoQ	Q2	Q3	QoQ	Q2	Q3	QoQ	Q2	Q3-Advan	QoQ	Q2	Q3	QoQ	Q2	Q3	QoQ	Q2	Q3	Q2	Q3	QoQ
DPZ	1.0%	0.4%	1.3%	1.4%	0.9%	-50 bps	1.6%	2.3%	70 bps	3.0%	3.2%	20 bps	2.6%	3.2%	60 bps	ND	ND	NA	ND	ND	NA	4.8%	3.0%	3.7%	3.1%	-59 bps
MCD	1.6%	0.5%	1.2%	1.7%	1.0%	-67 bps	2.1%	1.1%	-100 bps	3.8%	2.1%	-167 bps	2.5%	2.1%	-40 bps	ND	ND	NA	ND	ND	NA	-0.7%	0.3%	0.9%	1.2%	31 bps
Burger King	-1.0%	-1.5%	-0.7%	-1.0%	-1.1%	-07 bps	3.3%	3.5%	20 bps	2.3%	2.4%	13 bps	1.5%	2.4%	93 bps	ND	ND	NA	ND	ND	NA	-0.1%	-0.7%	0.7%	0.9%	16 bps
Wendy's	-7.0%	-5.5%	-7.5%	-6.4%	-6.7%	-30 bps	0.0%	0.5%	50 bps	-6.4%	-6.2%	20 bps	0.6%	-6.2%	-680 bps	ND	ND	NA	ND	ND	NA	1.7%	0.9%	1.1%	-2.7%	-386 bps
Taco Bell	-0.1%	0.5%	1.4%	1.5%	0.6%	-90 bps	3.0%	4.0%	100 bps	4.5%	4.6%	10 bps	4%	4.6%	60 bps	ND	ND	NA	ND	ND	NA	5%	4%	4.5%	4.3%	-20 bps
CMG	-4.1%	-5.4%	-5.2%	-5.0%	-4.9%	10 bps	1.0%	1.3%	30 bps	-4.0%	-3.6%	40 bps	-4.0%	-3.6%	40 bps	-4.9%	-4.9%	00 bps	0.9%	1.3%	40 bps	11.1%	6.0%	3.3%	1.1%	-219 bps
Simple Avg	-1.6%	-1.8%	-1.6%			-39 bps			28 bps	0.5%	0.4%	-11 bps	1.2%	0.4%	-78 bps									2.4%	1.3%	-106 bps
NAICS 722513 - Advan	-2.4%	-3.4%	-2.7%	-2.2%	-2.8%	-60 bps																				
Black Box Limited Service	-1.3%	-0.7%																								
Census MRTS	6.2%	6.5%																								
CPI - Limited Service	3.3%	3.2%																								

772513 is 47K regional and M&P limited service venues
All data is Advan Research

ADVAN

First Acknowledgement To Our Ears – DRI's FQ1 Call

Sara Senatore Analyst
Rick, you alluded to less snacking or munching. I was curious, is that like a GLP-1 reference in terms of like how people are changing their eating patterns? Or it was more people are prepared to give up some of these sort of convenience or impulse occasions and spend behind really good experiences like they get at Olive Garden or LongHorn or your other brands?

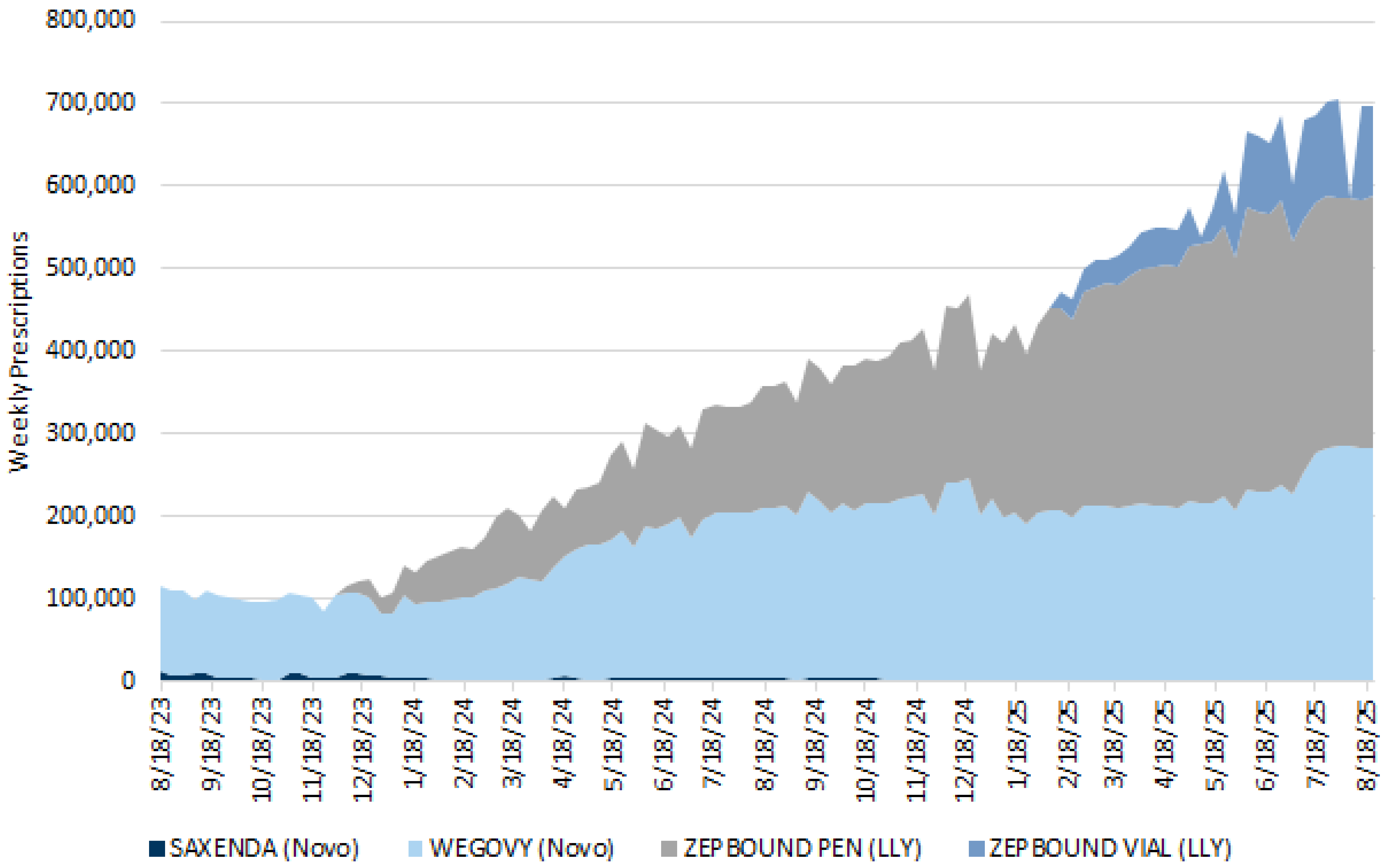
CEO Ricardo Cardenas
Yes, I think it's a little bit of both. There are some people on **GLP-1s** that when you do the research on them, **they eat smaller portions or they eat out a little less**, but when they eat out, they actually eat out more in casual dining. And so there is a little bit of that. But I think it's maybe even a consumer that says, "**I'm just trying to be healthier** or eat a little less." And so maybe there is a little less snacking.

Dennis Geiger Analyst
Just wanted to ask if anything to note -- else to note on sort of behaviors that Olive Garden, LongHorn or broadly across the portfolio as it relates to performance across daypart or even kind of within the menu, sides, desserts, alcohol, anything to call out there?

CFO Rajesh Vennam
Yes. Look, I think we are seeing -- I mentioned a little bit about **alcohol**. **There is less** -- we're seeing some lower preference on alcohol across most of our brands. *(Industry-wide BevAlc is also experiencing a significant hit from GLP usage and better-for-you behavior.)*

Weekly prescriptions imply ~ 2.8mn patients on branded anti-obesity therapy (US)

70M TAM



GLP-1 Developments

- Novo's oral formulation had **compelling trial results** data (30% of participants lost up to 20% of their weight) and is expected to win approval this year. Novo is planning for "ample" capacity. LLY to have its version in the 1H'26.
- Pill format expected to be in the $400/mo range (vs. $650 for the injectable)
- 2.8M currently, expected to increase by a third next year and +1.5M annually w/ the oral, new formulations, increased payer coverage, lower prices, more influencer endorsements, etc.

Conclusions

- ❑ Limited-service traffic and sales are down for:
  - ✓ **A cyclical reason** – inflation and share-of-stomach losses to at-home consumption, and
  - ✓ **A secular reason** – less calorie consumption when on (and maybe off) weight-loss drugs (GLP-1), which will worsen from here given more usage and its compound effects, a pill version, and increased insurance coverage. And, the overall **"better-for-me**" consumer trend (to fresh / perimeter from the center).
- ❑ The GLP-1 impact on CPG is becoming **more broadly acknowledged** by company executives.
  - ✓ Dana M. McNabb, Group President, North America Retail and North America Pet, General Mills – "We know 12% of adult consumers are on GLP-1s. We do think that will have an impact on food."
- ❑ GLP consumers were "super-eaters," amplifying the impact of increased GLP usage on volume / calories
- ❑ Recent news on GLPs supports a substantial increase in adoption in 2026
- ❑ The cyclical is also compressing the gross-to-net and undermining pricing power; MCD is challenging competitors with **Extra Value Meals**
- ❑ 1H's soft trend has persisted through Q3, but it <u>**HAS NOT**</u> worsened
- ❑ The 2H with inflation rising and broader GLP usage will be interesting

Advan’s Insights

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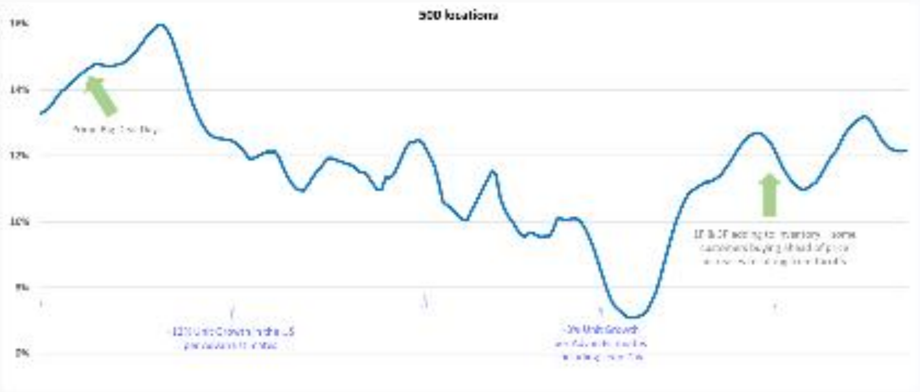
Featured Insights

Target’s Traffic – Better than reported in the news media

May 21, 2025 4 minutes

In contrast to the frequent press articles that Target’s foot traffic and sales were down mid-to-high single-digits due to consumer backlash over Target’s DEI policy changes, comp-transactions / traffic was down only -2.4%. Comp-sales for the stores were down -5.7%, which was partially offset by a +4.7% in digital sales (which is mainly store-delivery and curbside). As shown in the table below, February was the softest month per Advan traffic, and the period’s reported traffic* was largely in line with the Advan estimate.

Thomas Paulson



Amazon’s Q1 – Whole Foods outperformed its market, Amazon.com didn’t

May 2, 2025 3 minutes

By Thomas Paulson, Head of Market Insights Amazon’s Q1 results and guidance for Q2 reflect what we are broadly witnessing – relatively stable demand for goods, some pull-forward effects ahead of tariffs, and a lot of uncertainty. Including Leap Year, the North American retail business slowed about -400 bps QoQ to around +8% unit growth and +6% $-volume growth, per our estimate. Average ticket fell -200 bps as: (1) Amazon and its third-party sellers have been highlighting savings and lower prices, and (2) consumables (which are generally lower-priced items) grew at +12%, which is twice the rate of general merchandise (our estimate).

Thomas Paulson

[Link to Insights page]

Reach out to your CSM to book time with Thomas

Thomas Paulson
Head of Market Insights, Advan Research

Thomas has been Head of Market Insights since January 2025. Previously, he served as Director of Research and Business Development at Placer.ai, where he was instrumental in providing actionable insights derived from location analytics and the path for expansion into new verticals. His extensive background also includes two decades as a buyside analyst and portfolio manager AllianceBernstein, Cornerstone, and others. Prior to that tenure he worked as an economist. Thomas also currently serves as the Co-Chair of the National Association for Business Economics Retail / Consumer Roundtable.

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