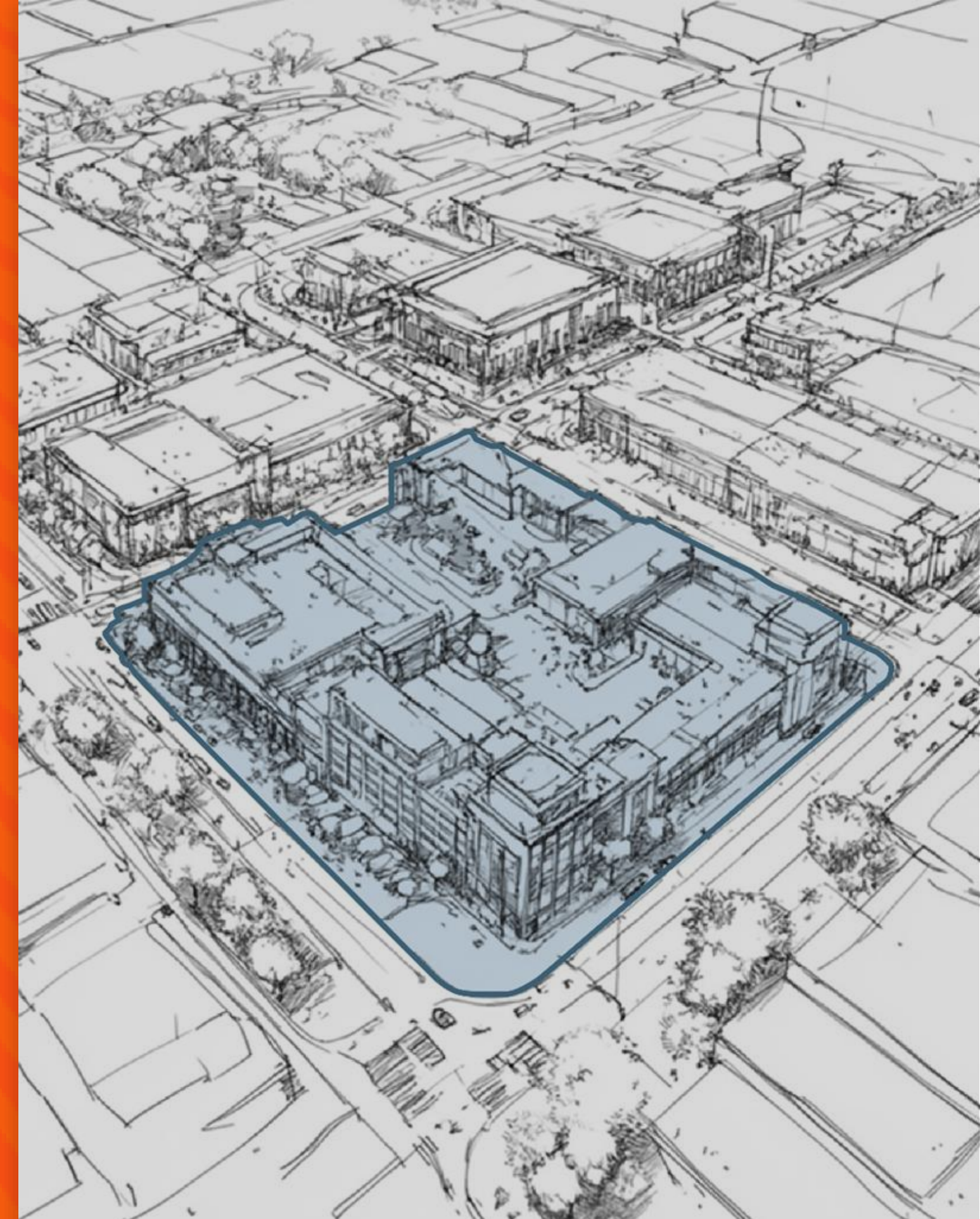




# Trends across the limited- service restaurant industry



**PRESENTED BY**

**Thomas Paulson**  
Head of Market Insights, Advan Research

December 19th, 2025

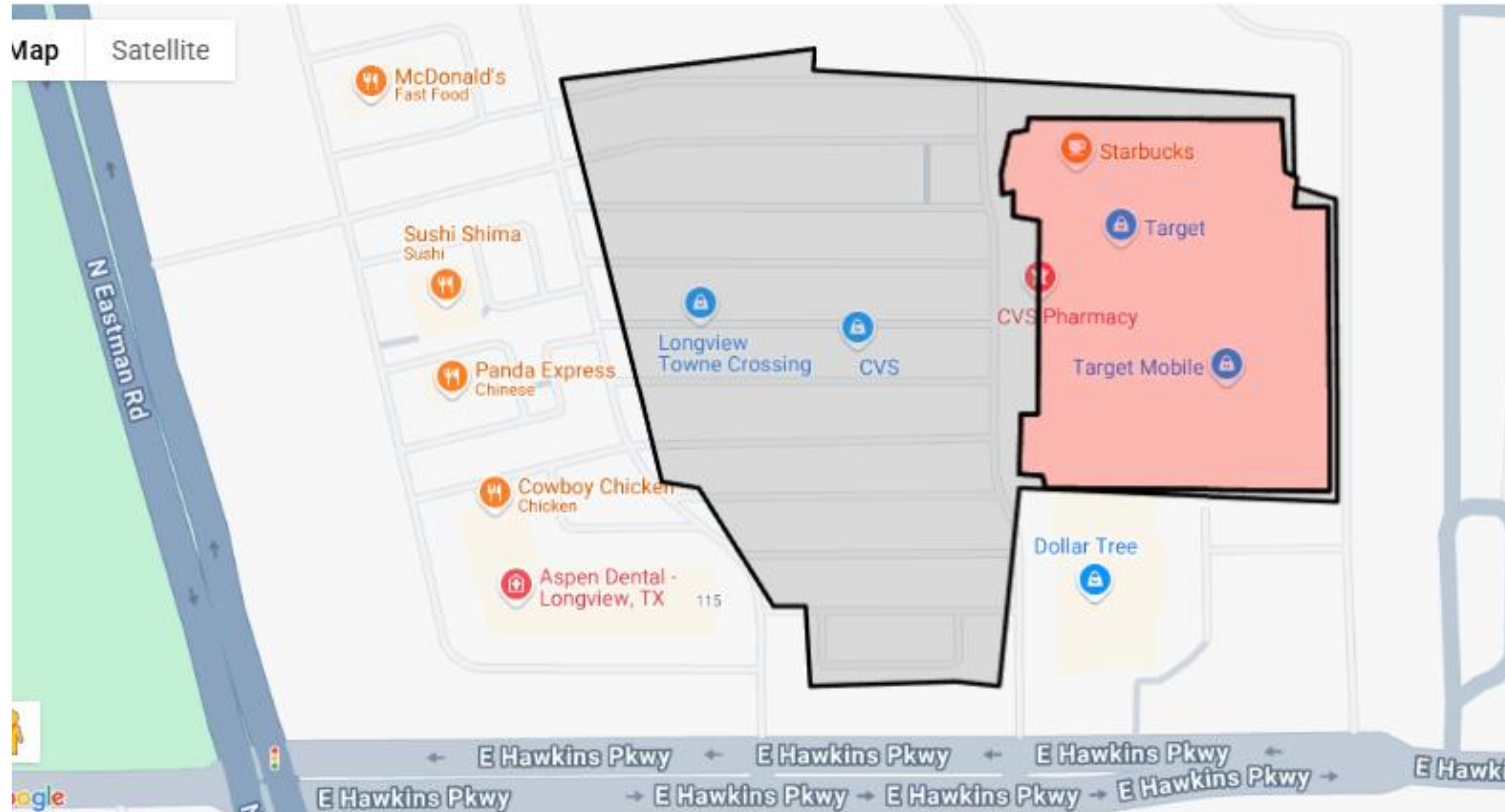


# Conclusions

- ❑ Limited-service traffic and sales are down for:
  - ✓ **A cyclical reason** – inflation and share-of-stomach losses to at-home consumption,
  - ✓ **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
  - ✓ Quasi cyclical / secular reasons: 1) the high unit growth in the LS industry ran above underlying demand growth, and 2) the “**better-for-me**” consumer trend.
- ❑ Recent news on GLPs supports higher estimates for greater adoption in 2026
- ❑ Q3 didn't worsen and **Q4 is stronger too**. FS traffic is leading LS, but both improved QoQ. See DRI's 1-, 2-, and 3-yr comp-sales and traffic increases. However, pricing is easing, despite cost inflation.
- ❑ **LS independents are still leading national bands** – good for SY Y and USFD
- ❑ The 1H'26 outlook for LS demand / margin rate is muddled, but the less-affluent pull-back is now in the base

# Advan's Data

Geofenced Target w/ and parking lot in Longview, TX

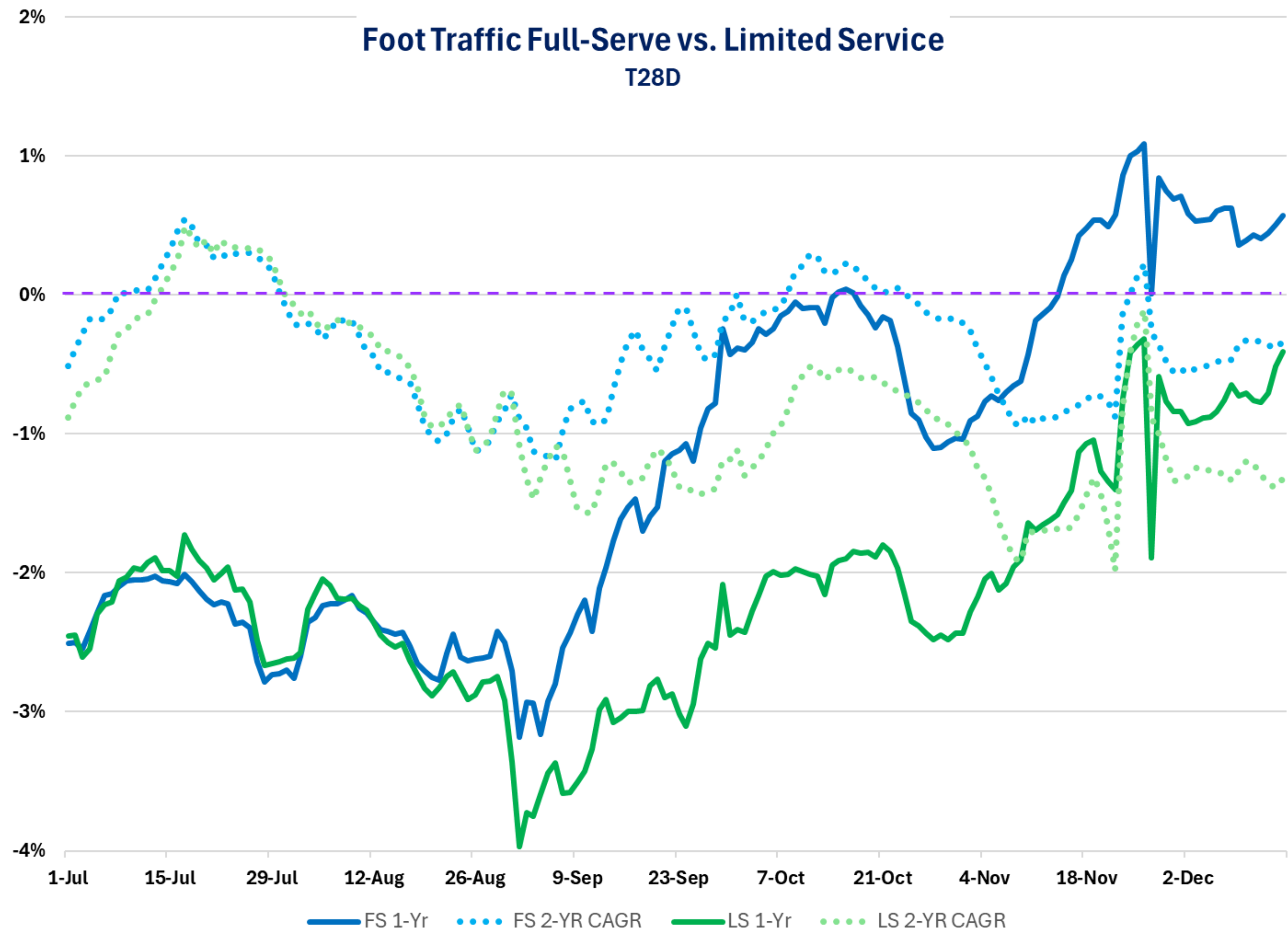


## Advan Data

**Estimated contextualized activity at any place in the US**

- ✓ Foot traffic data sourced from 40M mobile phones
- ✓ Data from 120M debit / credit cards.
- ✓ Overlaid 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.

# Full-Service Outperformance Continues, QoQ better



# Independents Outperforming

## Independents Outperforming National Chains

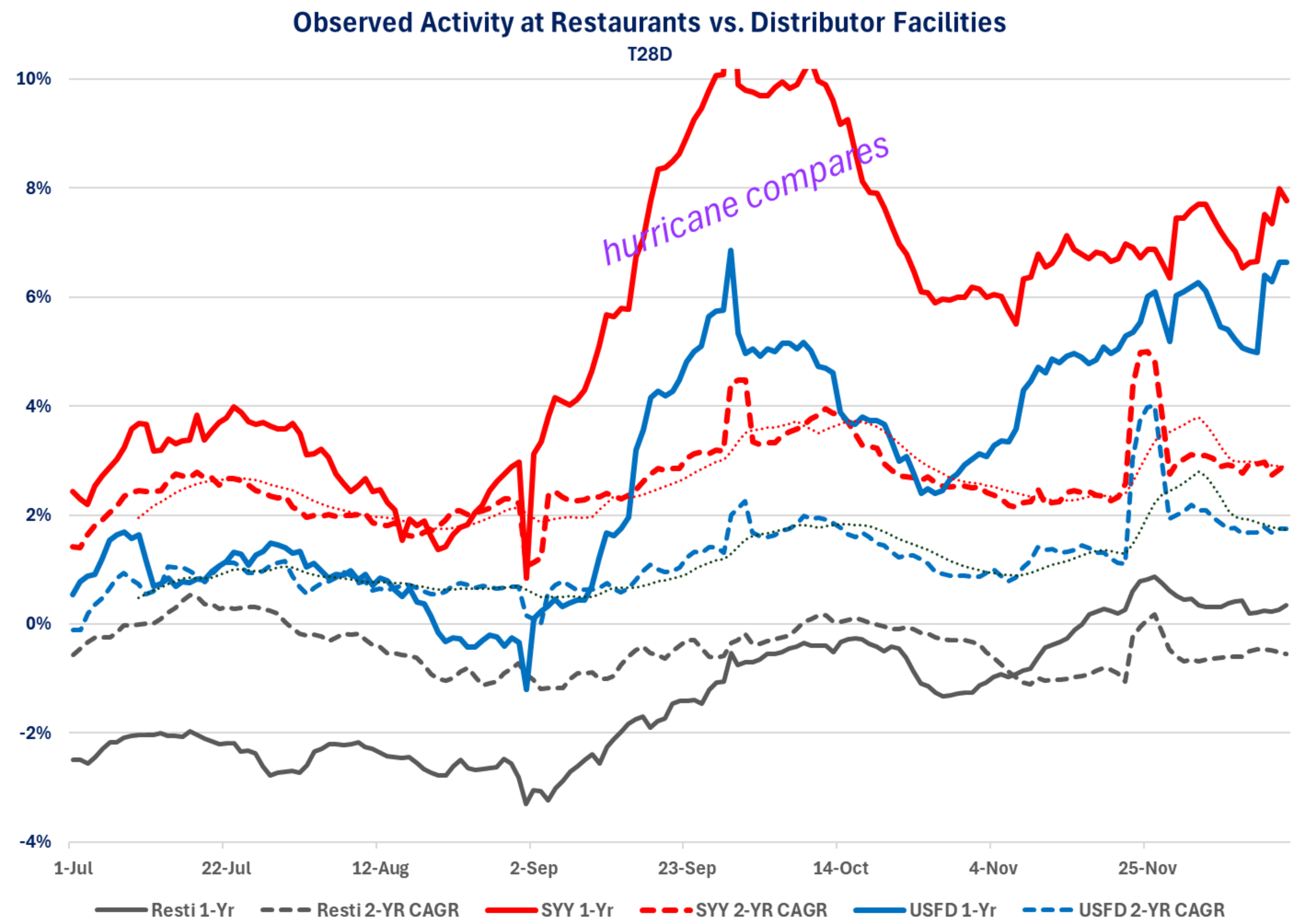
Limited Service Traffic Growth  
by aggregator

	<u>Sep</u>	<u>Oct</u>	<u>Nov</u>
Advan NAICS #772513	-2.1%	-1.6%	-2.0%
Black Box LSR Traffic	-1.5%	-2.2%	-3.8%

Limited-service (#772513) is 47K regional and independents in the US  
Advan periods are calendar based and not retail periods



# Suppliers also stronger QoQ on a 1-yr and 2-yr basis



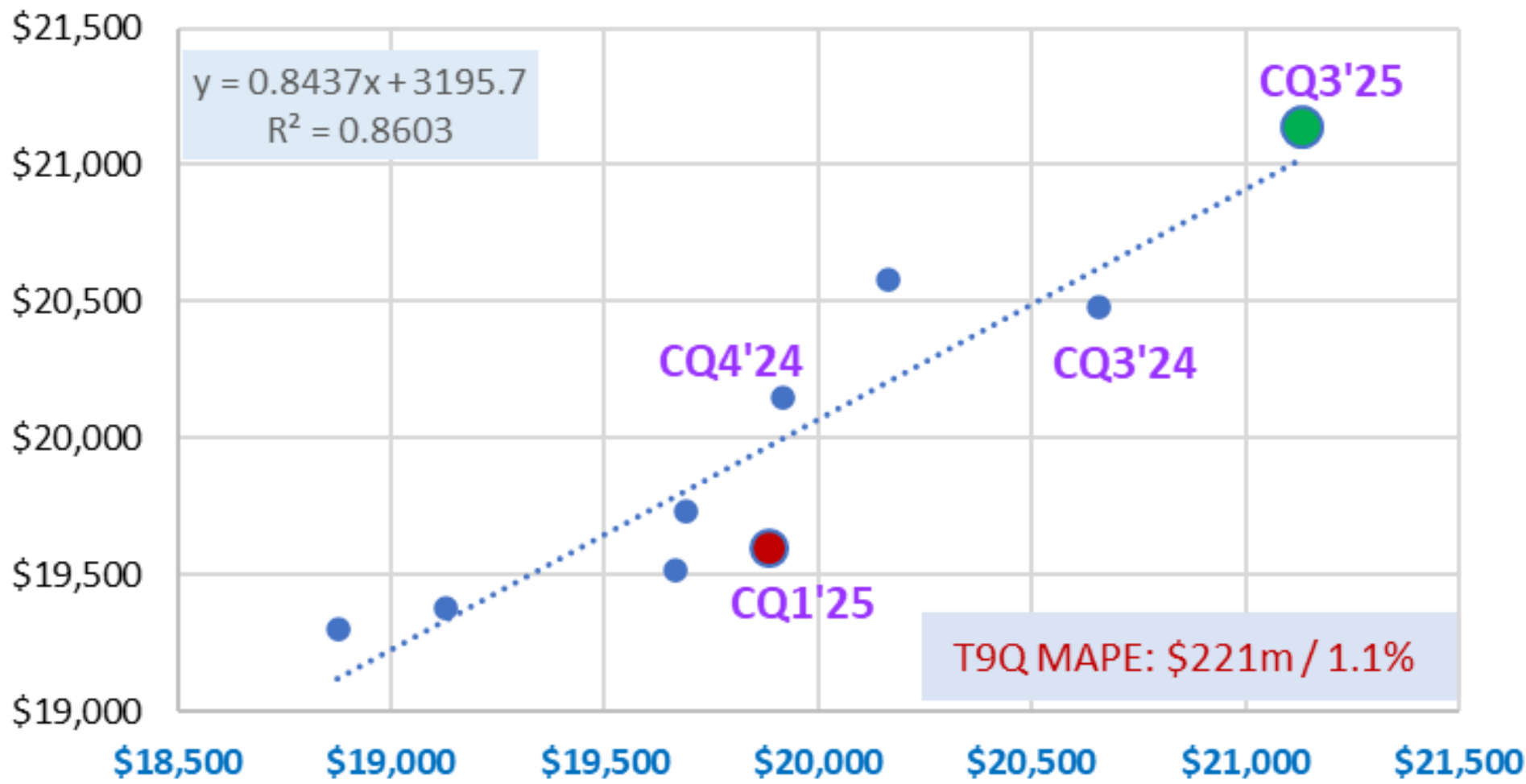
# Suppliers – higher revenue estimates than consensus

US Foodservice only

Monetary values in B USD.

SYN	Q425	3Q25	2Q25	1Q25	4Q24	3Q24	2Q24
		14.78	14.76	13.80	14.04	14.36	14.41
Cons / Actual							
IDEA	14.93	15.33	14.63	14.10	13.96	14.57	14.19

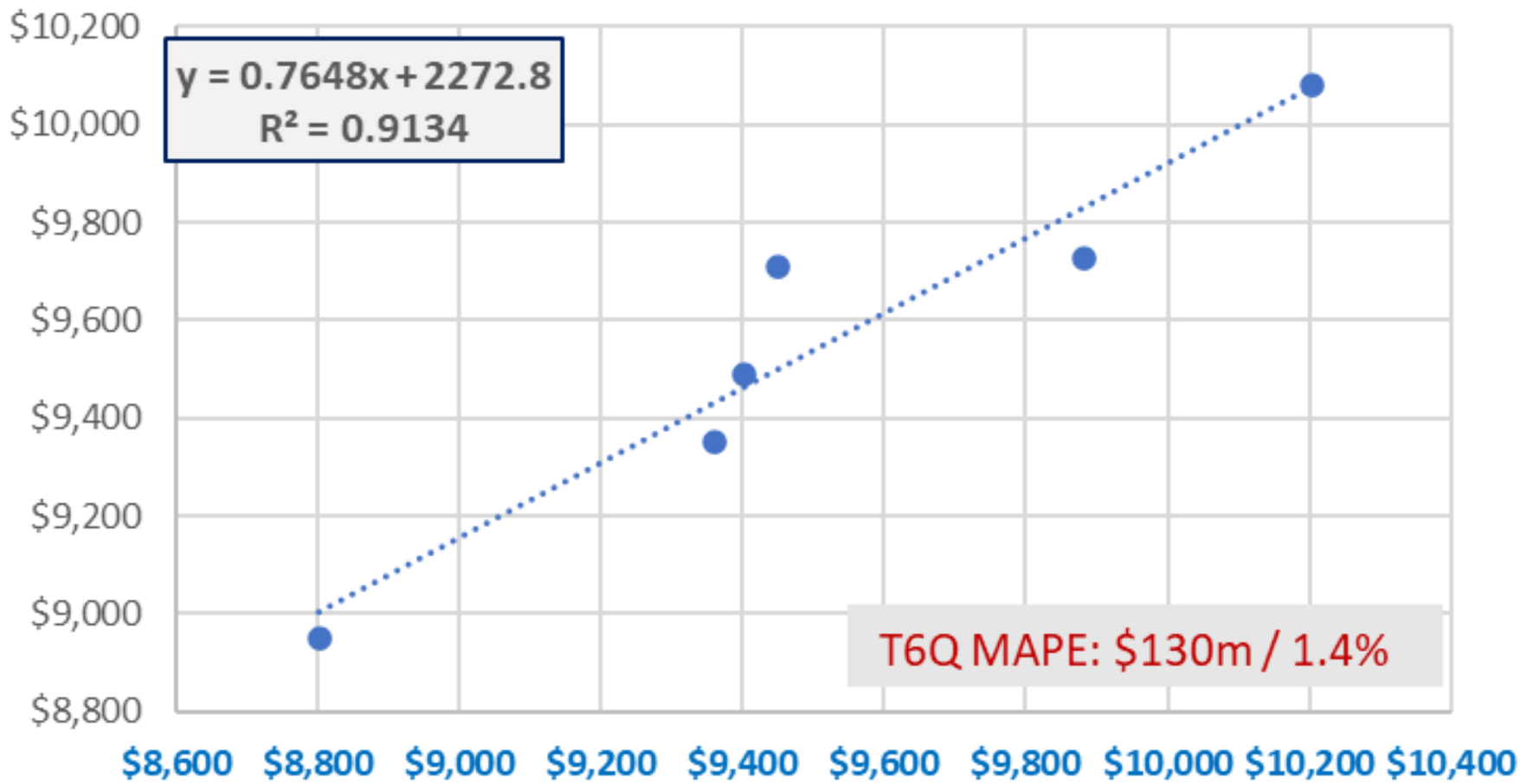
SYN Model Rpt Rev to Model Est



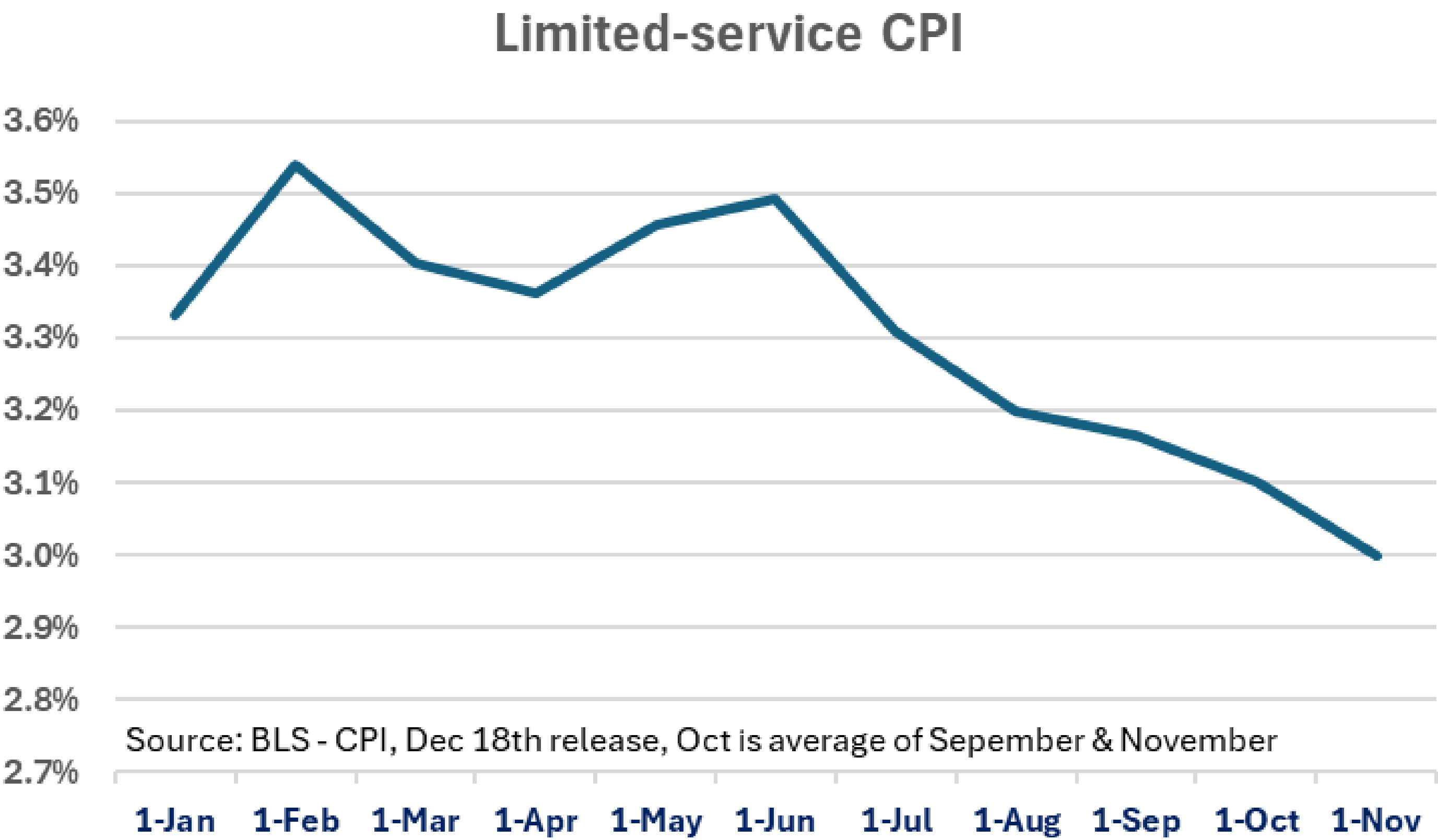
Monetary values in B USD.

USFD	Q425	3Q25	2Q25	1Q25	4Q24	3Q24	2Q24
		10.19	10.08	9.351	9.491	9.728	9.709
Cons / Actual	9.94						
IDEA	10.00	10.24	10.20	9.389	9.403	9.821	9.471

USFD Rpt Rev vs. Model Est



# Pricing Slowing





QSR's Q4- mixed

	Advan Traffic (per venue)								Advan Check					Advan Combined					Reported Comp -Sales			2025 2-Yr Comp CAGR				
	Oct	Nov	Dec*	Q2	Q3	QoQ	Q4*	QoQ	Q2	Q3	QoQ	Q4*	QoQ	Q2	Q3	QoQ	Q4*	QoQ	Q2	Q3	QoQ	Q2	Q3	QoQ	Q4*	QoQ
DPZ	1.7%	-0.1%	1.5%	1.8%	1.2%	-60 bps	1.0%	-17 bps	1.6%	2.3%	70 bps			3.4%	3.5%	10 bps			2.6%	5.2%	260 bps	3.7%	4.1%	40 bps		
MCD	0.7%	1.3%	2.4%	1.2%	0.3%	-90 bps	1.5%	117 bps	2.0%	2.8%	75 bps	3.0%	25 bps	3.2%	3.1%	-15 bps	4.5%	142 bps	2.5%	2.4%	-10 bps	0.9%	1.3%	46 bps	3.0%	166 bps
Burger King	-0.7%	0.3%	0.0%	-1.1%	-0.2%	90 bps	-0.1%	07 bps	3.3%	3.0%	-30 bps	2.3%	-70 bps	2.2%	2.8%	60 bps	2.2%	-63 bps	1.5%	3.1%	160 bps	0.7%	1.2%	49 bps	0.6%	-55 bps
Taco Bell	0.4%	0.8%	1.6%	0.5%	0.4%	-10 bps	0.9%	53 bps	3.0%	4.1%	110 bps	3.6%	-50 bps	3.5%	4.5%	100 bps	4.5%	03 bps	4%	7%	300 bps	4.5%	5.5%	99 bps	9.8%	427 bps
CMG	-4.6%	-5.8%	-4.0%	-5.6%	-4.0%	160 bps	-4.8%	-80 bps	1.1%	1.2%	10 bps	-2.2%	-340 bps	-4.5%	-2.8%	170 bps	-7.0%	-420 bps	-4.0%	-0.3%	370 bps	3.3%	2.8%	-47 bps	-2.0%	-478 bps
Simple Avg	-0.5%	-0.7%	0.3%	-1.8%	-1.6%	15 bps		13 bps			48 bps		-109 bps	0.1%	0.7%	63 bps	0.8%	70 bps	1.2%	3.5%	216 bps	2.4%	2.6%	19 bps		15 bps
Starbucks	-3.6%	-3.8%	-3.0%	-5.7%	-5.0%	67 bps	-3.5%	153 bps	-0.4%	1.1%	150 bps	0.0%	-110 bps	-6.1%	-3.9%	217 bps	-3.5%	43 bps	-2%	0.0%	200 bps	-2.0%	-3.0%	-101 bps		
NAICS 722513 - Advan	-1.6%	-2.0%	0.0%	-2.2%	-2.6%	-40 bps	-1.2%	140 bps																		
Black Box LS Traffic	-2.2%	-3.8%																								
Census MRTS	5.0%																									
CPI - Limited Service																										

772513 is 47K regional and M&P limited service venues  
All data is Advan Research + company reported results, Census, or BLS

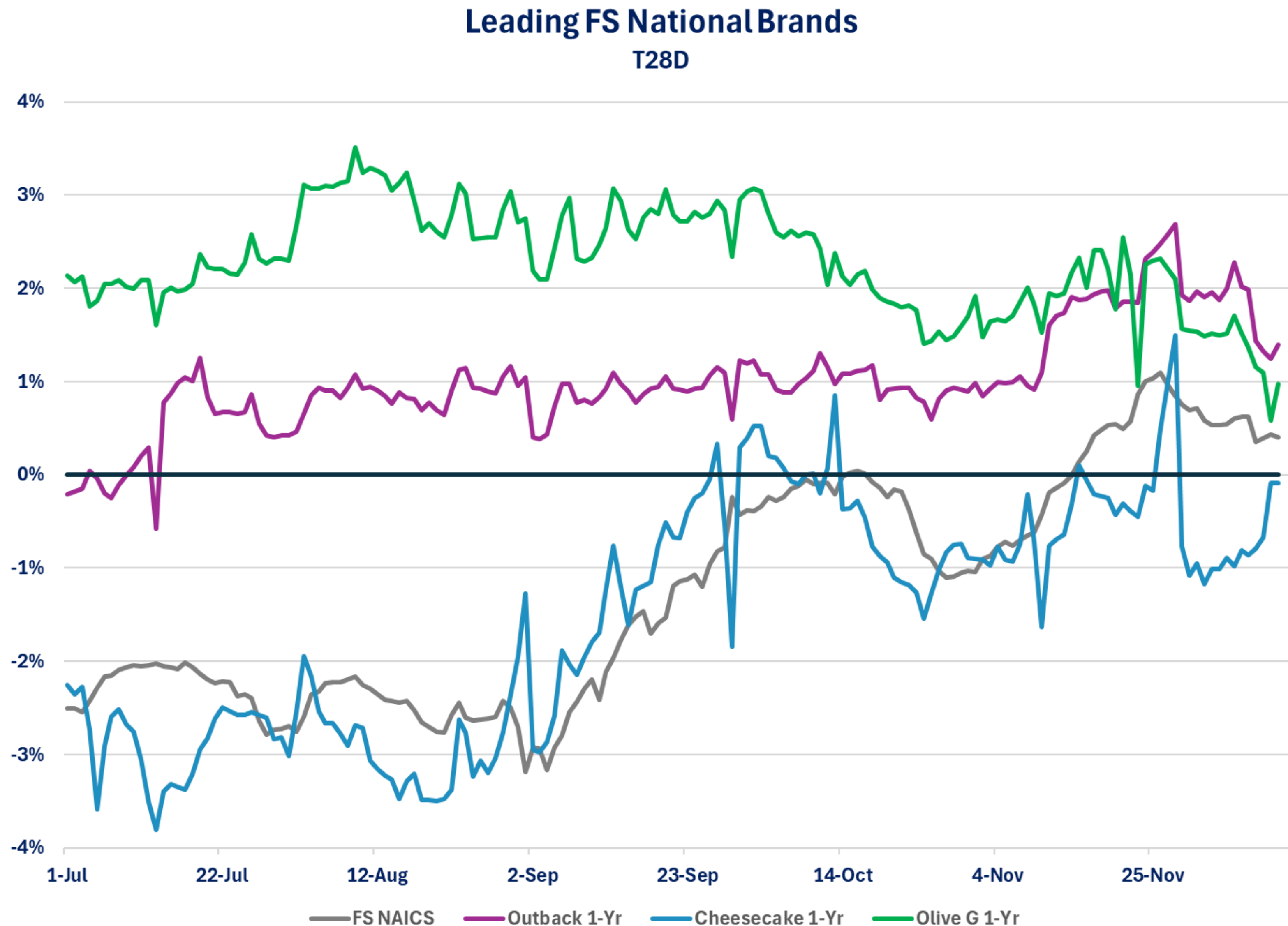
- As stated in our pre-Q3 webinar on Sept 26th, Q3 results did not sequentially deteriorate. Traffic was consistent, check was stronger.
- Consistent also applied to the 2-year CAGR, and that looks to be the case for Q4 as well
- Q4 QTR Foot traffic has sequentially improved.
- Average check looks to have eased due to lower-price menu times, LTOs, loyalty offers, etc. CMG’s is interesting. DPZ’s is complex.
- December traffic is running stronger than Oct + November

# QSR's Q4- *mixed*

	Advan Traffic (per venue)								Advan Check					Advan Combined				
	Oct	Nov	Dec*	Q2	Q3	QoQ	Q4*	QoQ	Q2	Q3	QoQ	Q4*	QoQ	Q2	Q3	QoQ	Q4*	QoQ
DPZ	1.7%	-0.1%	1.5%	1.8%	1.2%	-60 bps	1.0%	-17 bps	1.6%	2.3%	70 bps			3.4%	3.5%	10 bps		
MCD	0.7%	1.3%	2.4%	1.2%	0.3%	-90 bps	1.5%	117 bps	2.0%	2.8%	75 bps	3.0%	25 bps	3.2%	3.1%	-15 bps	4.5%	142 bps
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CMG	-4.6%	-5.8%	-4.0%	-5.6%	-4.0%	160 bps	-4.8%	-80 bps	1.1%	1.2%	10 bps	-2.2%	-340 bps	-4.5%	-2.8%	170 bps	-7.0%	-420 bps
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- ❑ As stated in our pre-Q3 webinar on Sept 26th, Q3 results did not sequentially deteriorate. Traffic was consistent, check was stronger.
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# Olive Garden Strong in Q4



## Olive Garden leaning on value

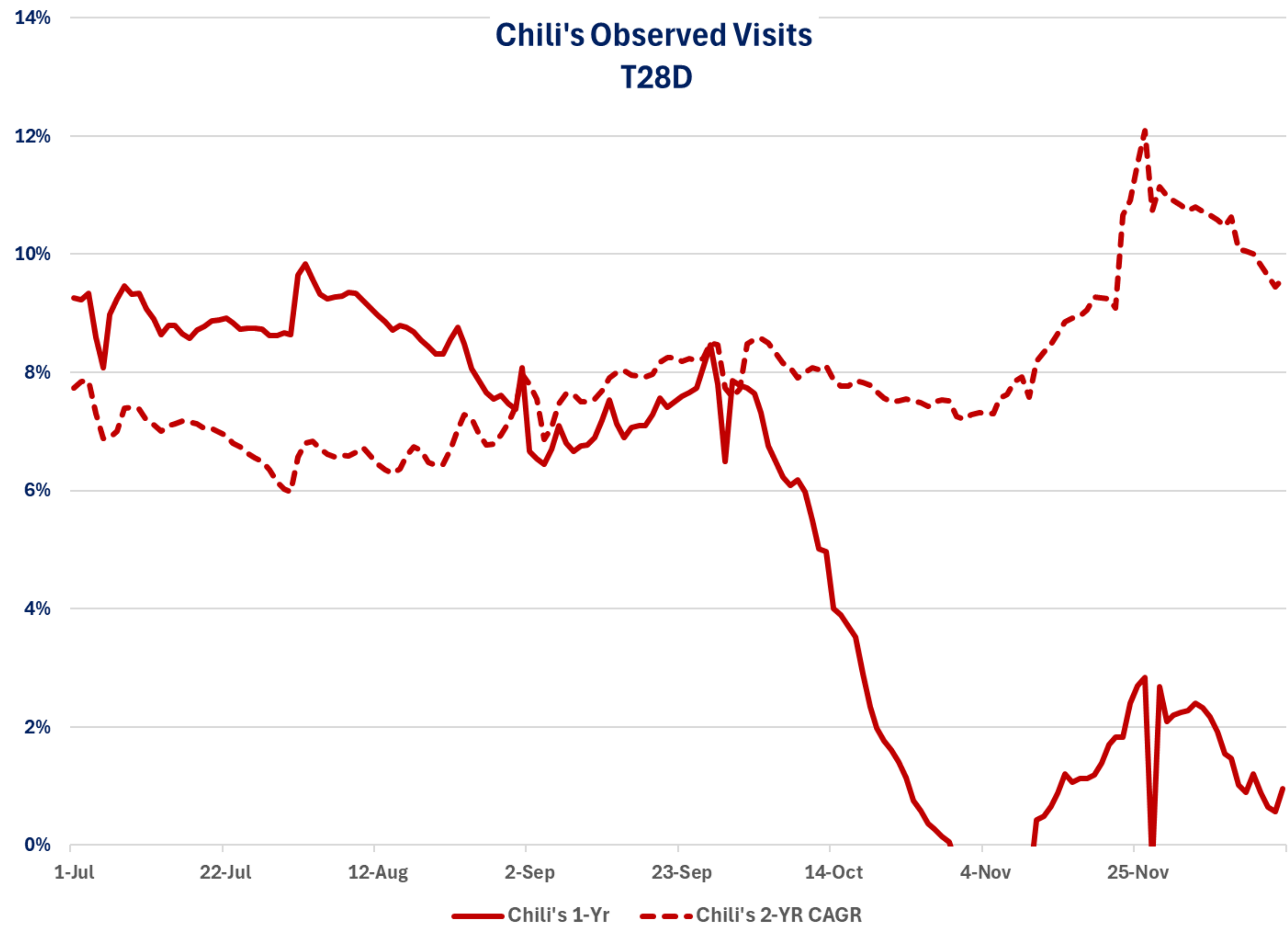
- ✓ +4.7% comps for Nov 23<sup>rd</sup> ended quarter
- ✓ Pricing added +260bps & delivery / catering helped. Comp traffic was +1.7%.
- ✓ Lighter portions -20-30bps hit to comp
- ✓ CFO “Both our same-restaurant sales and same-restaurant guest counts were in the top decile of the industry again this quarter. Same-restaurant sales exceeded the industry benchmark by 300 basis points and the positive gap widened throughout the quarter.”

## CEO Rick Cardenas:

At Olive Garden, the success... is helping fund investments such as the addition of the lighter portion section on our menu, which features 7 existing dishes with a smaller portion and a lower price. This section is designed to give guests more choices and is offered in addition to the Olive Garden regular portion sizes. Olive Garden has seen a double-digit increase in affordability perceptions from guests who order from the lighter portions menu and an increase in frequency among these guests, which should help build traffic over time. 40% of restaurants offered this menu during the quarter, and they added another 20% of locations early in the third quarter. **Olive Garden plans to complete the rollout system-wide in January.**



# Chili's Comping the Comp



# GLP-1 Acknowledgement – Again Only Darden (see CPB, GIS, etc. comments)

## **Analyst Christopher O'Cull**

Based on the company's research on GLP-1 usage, do you see a need to make any additional changes beyond the smaller portions to kind of accommodate these consumers?

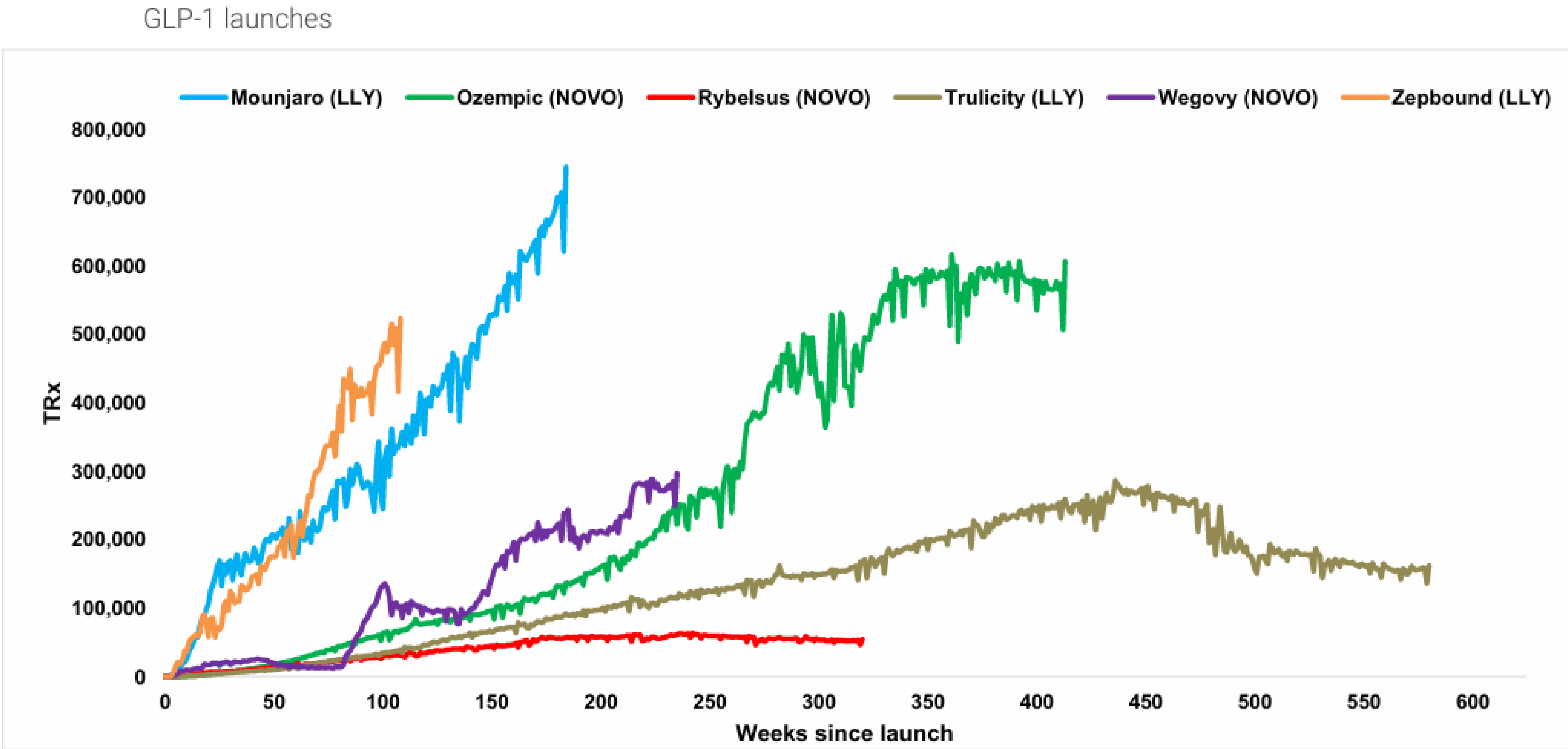
## **Rick Cardenas**

We're continuing to monitor the usage and the impact on eating and drinking. It's impacting drinking more than it's impacting eating, especially in our kind of brands. The data that we see is they're basically pulling back on some restaurant visits, but more so limited service. That said, the lighter portion section is helpful for that. But we aren't doing the lighter portion just for GLP-1. We're doing it to give all of our guests more options. It just so happens to benefit the consumers that might want smaller portions that are on GLP-1 medications. And we have a lot of options like that in all of our menu

## **Ricardo Cardenas**

I would say the only real big change in mix that we're seeing is in alcohol sales, and we've been seeing that for a little while. And you can see that more in the Fine Dining brands and the Other brands. We're not seeing a dramatic -- we are seeing a little bit of mix in appetizers and desserts, probably from some folks that are on GLP-1 drugs. Because I think when people get on GLP-1s, they also want to try to change their lifestyle and they want to eat a little less fried food. And if you think about most restaurants, appetizers are fried. So that could be part of it... We believe we have great brands that have a lot of protein, which is something that GLP-1 users want.

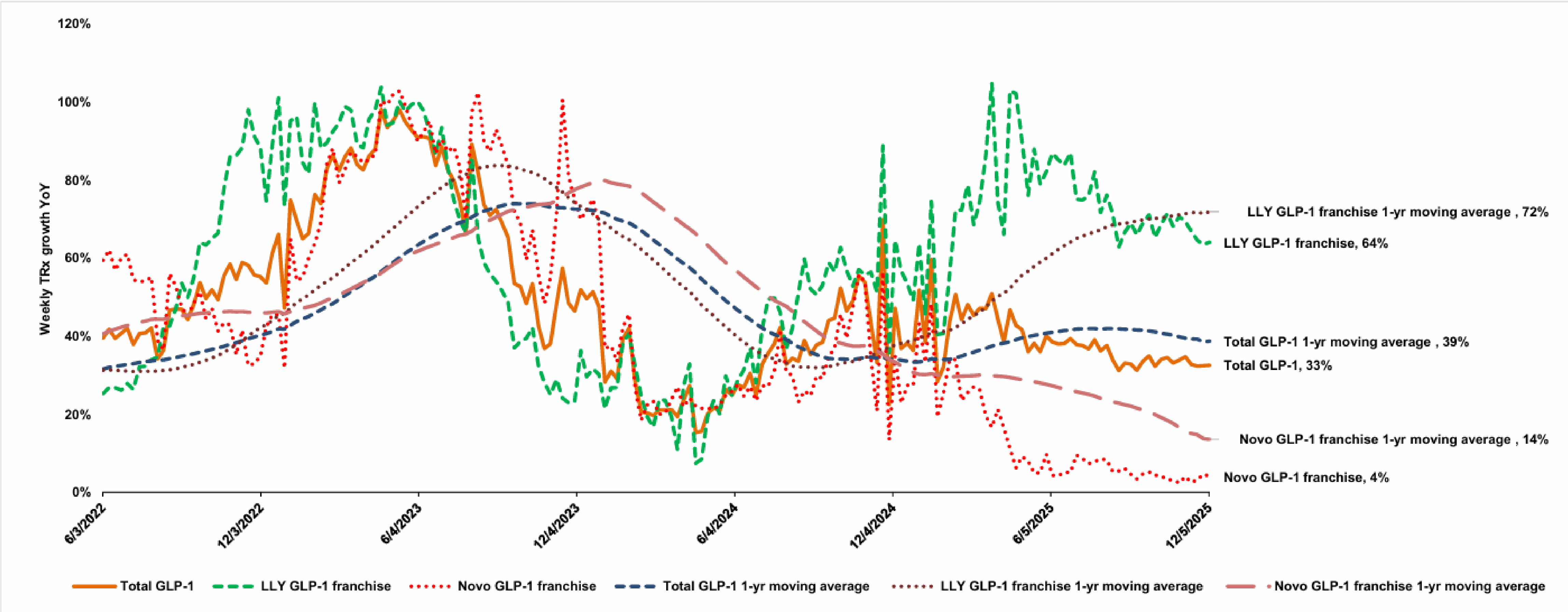
# No Attenuation in Growth





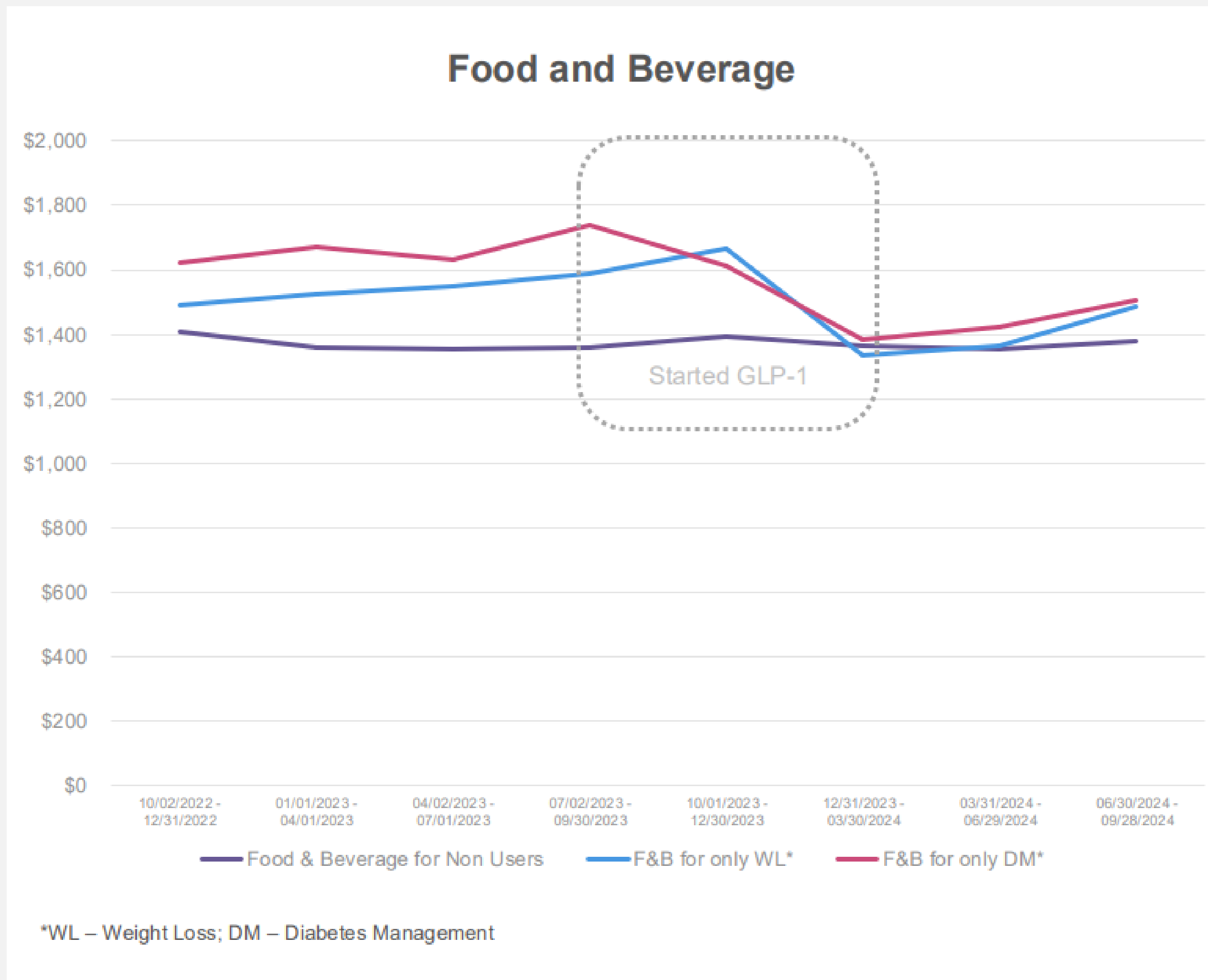
# Weekly prescriptions +40% YoY

Weekly GLP-1 **TRx Growth YoY** (and rolling one-year averages for Total GLP-1, LLY and Novo)



## GLP Weight Loss Users Where Super-Eaters – *thus, there is a compounding impact from their adoption*

- **Dietary Shifts:** Decreased appetite is altering grocery and supplement purchases.
- **Category Growth:** Increased interest in high-protein, nutrient-dense, and gut-friendly foods.
- **Retail Adaptation:** Brands must tailor offerings to align with changing health and wellness priorities.



# US' Largest Grocer: Growth in RX Sales = Growth in Grocery Sales

Fiscal Year	2Q24	3Q24	4Q24	2024	1Q25	2Q25	3Q25
Walmart U.S.:							
Walmart U.S. Sales	\$115,347	\$114,875	\$123,523	\$462,415	\$112,163	\$120,911	\$120,678
y/y change	4.1%	5.0%	5.0%	4.7%	3.2%	4.8%	5.1%
Grocery		\$69,344					\$71,713
YoY \$-Ch							\$2,369
General Merchandise		\$26,621					\$27,366
YoY \$-Ch							\$745
Health & Wellness		\$16,360					\$18,379
YoY \$-Ch							\$2,019
Other		\$2,550					\$3,220
YoY \$-Ch							\$670



# Packaged food companies are moving

## Conagra example

### **Slide 11: Snacks Performance Strong and Outperforming Broader Category**

Moving to snacks on slide 11. Once again, our snacks business delivered strong performance in Q2, significantly outperforming the snacking categories in which we compete in both volume and dollars. In fact, this represented the fourth consecutive quarter of dollar sales growth in our snacking categories.

We have exactly the right snacks business for today's consumers. Our portfolio of protein-centric, high-fiber foods is in demand and on-trend. In an environment where some of our competitors are struggling with snack portfolios weighted toward salty and sugary carb-heavy products, our snacks are resonating strongly with consumers. This is a strategic advantage that positions us well for sustained growth.

### **Slide 12: Strong Performance in Protein Snacks**

This is highlighted by our protein-centric snacks on slide 12. Our meat snacks business, including Slim Jim, Duke's and FATTY, posted 5% volume growth and 4%-dollar growth in the quarter. In fact, FATTY, our most recent acquisition, is on track to double in size in fiscal 26. Our seeds business, including David and BIGS, posted 4% volume growth and 4%-dollar growth. Protein is exactly what consumers are seeking, and we're delivering.

# GLP-1 Developments

- ❑ Following Novo's oral formulation had **compelling trial results** data, Lilly released its own Phase-3 data on Thursday showing excellent results for its oral (study met all primary and secondary endpoints), both in participants keeping their pounds down and overall tolerability. CNC story [here](#). LLY [here](#).
- ❑ Lilly's oral is to be \$149-\$399 (depending on dosage) for self-pay, <\$50 for Medicare (\$245/mo to LLY /Novo), and \$149 - \$346 on TrumpRX.
- ❑ Medicaid, 13 states offer full coverage now; more in 2016.
- ❑ In the US, 2.8M are currently on the R/X, now expected to increase by over 2.5M annually (up from 1.5M) w/ the oral, new formulations, increased public / private payer coverage, more delivery ecosystems (TrumpRX, etc), lower prices, more marketing, more influencer endorsements, etc.
- ❑ Circana [study](#), "Show that households using these medications, which currently account for 23% of all U.S. households, are projected to represent 35% of all food and beverage units sold by 2030, signaling a critical need for retailers and manufacturers to adapt."

# Census' MRTS Report - *New clothes needed for the slimer figures*

## Census Monthly Retail Sales Report

	YoY % Ch		
	<u>Aug</u>	<u>Sept</u>	<u>Oct</u>
Retail and food services sales	3.5%	5.6%	3.8%
<b>ex. Auto, gas, and food</b>	<b>3.5%</b>	<b>4.9%</b>	<b>4.5%</b>
Electronics and appliance stores	1.5%	7.7%	5.4%
Grocery stores	3.1%	2.7%	3.2%
Clothing and clothing access. stores	7.4%	7.3%	6.3%
Sporting goods, hobby, musical ins.	4.4%	3.1%	5.7%
Warehouse clubs and supercenters	2.6%	1.0%	3.1%
Used merchandise stores	17.9%	12.9%	NR
Nonstore retailers	7.2%	9.4%	8.8%
Food services and drinking places	6.7%	5.9%	5.0%
<b>Limited service eating places</b>	<b>4.1%</b>	<b>4.7%</b>	<b>NR</b>

Source: US Census MRTS, non-adjusted figures, 12.16.25 release



# Conclusions

- ❑ Limited-service traffic and sales are down for:
  - ✓ **A cyclical reason** – inflation and share-of-stomach losses to at-home consumption,
  - ✓ **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
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- ❑ The 1H'26 outlook for LS demand / margin rate is muddled, but the less-affluent pull-back is now in the base

# Prior Presentations

# PRESENTATIONS TO OTHER GROUPS

Thumbnail image for the 2025 NABE Annual Meeting presentation. It features the ADVAN logo, the title 'Consumer Spending during Inflation 2.0', and a list of speakers: Thomas Paulson, David H. H. H., and David H. H. H.

**2025 NABE Annual Meeting - Consumer Spending during Inflation 2.0**

Oct 14, 2025 One minute

[Download deck](#)

Thomas Paulson

Thumbnail image for the UBS presentation. It features the ADVAN logo, the title 'Trends Across the Limited Service Restaurant Industry', and a list of speakers: Thomas Paulson, David H. H. H., and David H. H. H.

**UBS - Insights into Foot Traffic across Limited-Service Restaurants**

Sep 26, 2025 One minute

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Thomas Paulson

Thumbnail image for the UBS presentation. It features the ADVAN logo, the title 'Trends Across the Limited Service Restaurant Industry', and a list of speakers: Thomas Paulson, David H. H. H., and David H. H. H.

**UBS - Trends Across the Limited Service Restaurant Industry**

Jul 22, 2025 One minute

[Download the deck](#)

Thomas Paulson

Thumbnail image for the UBS presentation. It features the ADVAN logo, the title 'Trends Across the Limited Service Restaurant Industry', and a list of speakers: Thomas Paulson, David H. H. H., and David H. H. H.

**UBS - Insights into Foot Traffic across Limited-Service Restaurants**


Jun 6, 2025 One minute

[Download the deck](#)

Thomas Paulson



# RETAIL & CONSUMER




**Holiday season-to-date foot traffic and spend:**

Dec 17, 2025 3 minutes

The positive trend in foot traffic has held since Black Friday Weekend. Amazon, Walmart, Five Below, ...

Thomas Paulson




**The Latest from the Grocery Aisle - Not More of the Same: Results from Kroger, Costco, and ...**

Dec 16, 2025 8 minutes

The grocery industry is becoming more dynamic with lots of announcements of new partnerships with ...

Thomas Paulson




**The Dollar Stores – Raking in more after going back to the basics**

Dec 5, 2025 7 minutes

Dollar store results for the 2H are coming in strong despite pressure on the lower-end consumer. The ...

Thomas Paulson




**Black Friday Weekend Traffic**

Dec 2, 2025 2 minutes

Black Friday Weekend traffic was softer YoY due to adverse weather, a softer weekend box office, ...

Thomas Paulson


# CPG



**Target – Updated views on Target's performance, any good news?**

Nov 4, 2025 3 minutes


# INDUSTRIALS



**Tesla – Still making desirable vehicles with a pick up expected ahead**

Oct 24, 2025 3 minutes


# LEISURE AND ENTERTAINMENT



**Casino Gaming and Theme Parks – What's happening in Vegas, isn't staying in Vegas**

Nov 10, 2025 4 minutes

# HEALTHCARE



**Medtronic – Management commits to faster organic sales growth, will they deliver?**

Aug 20, 2025 2 minutes



## 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 buy-side analyst and portfolio manager at 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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