

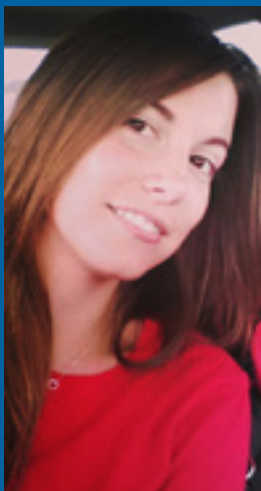


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# Chain Store Guide's Restaurant Brief

*An Insider's Guide to Today's Foodservice Industry*



Loren McCollom joined Chain Store Guide July 2014 as a Market Research Editor. She graduated from the University of South Florida with a Bachelor of Arts in English for Technical Writing with a minor in Mathematics. Loren brings six years of restaurant industry experience to Chain Store Guide. The 2015 NRA Show will be her first!



# Restaurants

As Chain Store Guide (CSG) heads into its 82nd year of providing restaurant insight to the world, the food-service industry continues to grow and evolve. In spite of what some still consider a problematic economic environment, new companies and concepts are emerging in every type of foodservice and every corner of the country. Data compiled by CSG's in-house research team suggests that while total U.S. foodservice sales have increased over the past few years, last year's sales remained relatively flat in comparison.

Chain Store Guide's database of Chain Restaurant Operators also shows the relationship between size and dollar volume. Although 88% of the total companies in the database operate 50 or fewer locations, they account for less than 25% of the total industry sales recorded for 2014. The 93 companies that operate and/or franchise more than 500 restaurants comprised just 1.7% of the total number of companies, but took in more than 70% of total units. The five largest companies' (McDonald's, Yum! Brands, Starbucks, Darden, and Bloomin' Brands) total sales nearly exceeded the combined sales generated by its 50 next largest competitors.

## U.S. Chain Restaurant Operators Ranked by Foodservice Sales



Rank	Company, Headquarters' Location	Latest	Preceding	Prior
1	McDonald's Corporation, OAK BROOK, IL	\$27,441,300,000	\$28,105,700,000	\$27,567,000,000
2	Starbucks Corporation, SEATTLE, WA	\$14,566,172,000	\$13,153,685,000	\$11,744,788,000
3	YUM! Brands Inc., LOUISVILLE, KY	\$13,279,000,000	\$13,084,000,000	\$13,633,000,000
4	Darden Restaurants Inc., ORLANDO, FL	\$8,745,600,000	\$8,551,900,000	\$7,998,700,000
5	Bloomin' Brands Inc., TAMPA, FL	\$4,442,711,000	\$4,129,230,000	\$3,987,795,000

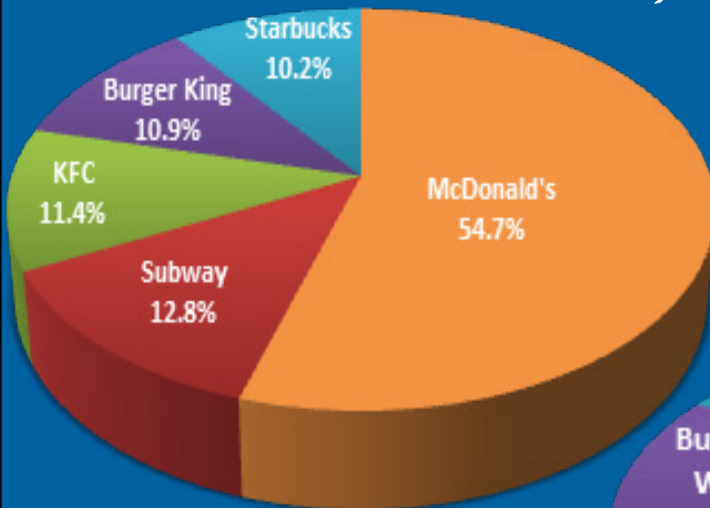


## U.S. Chain Restaurant Operators Ranked by Total Units

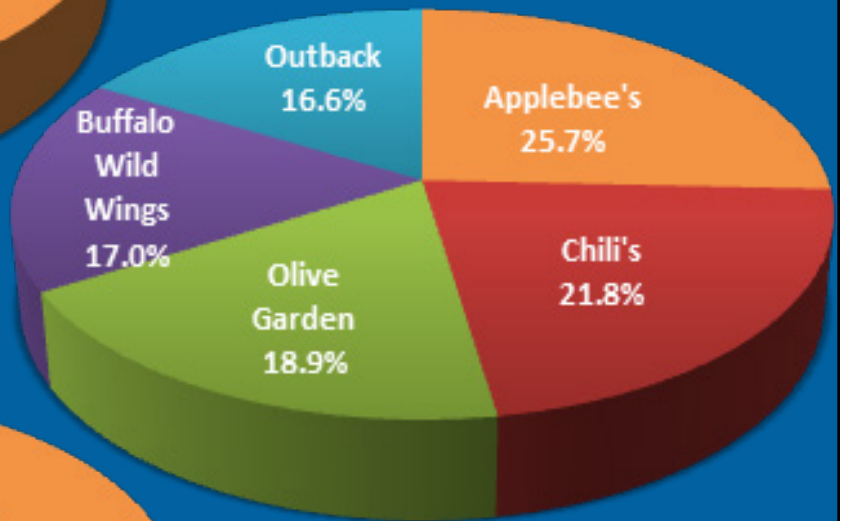
Rank	Company, Headquarters' Location	Latest	Preceding	Prior
1	Doctor's Associates Inc., MILFORD, CT	43,696	41,151	38,563
2	YUM! Brands Inc., LOUISVILLE, KY	41,546	40,311	39,014
3	McDonald's Corporation, OAK BROOK, IL	36,258	35,429	34,480
4	Starbucks Corporation, SEATTLE, WA	21,878	19,767	18,278
5	Dunkin' Brands Group Inc., CANTON, MA	18,862	18,158	17,459

# Restaurants

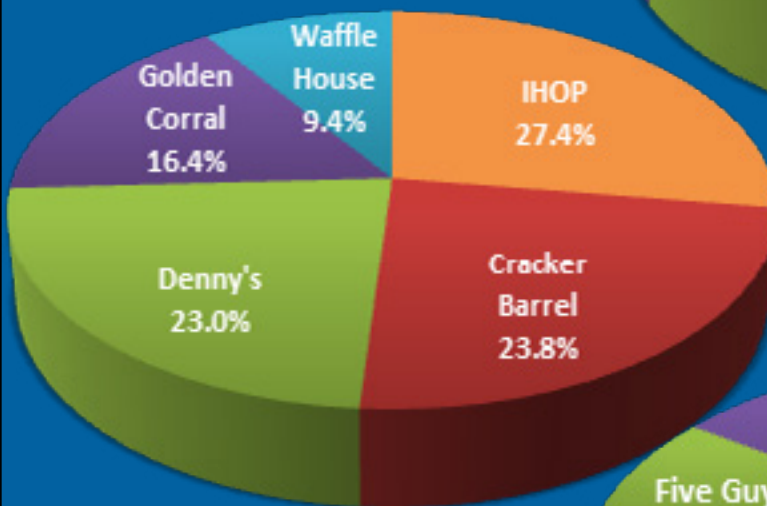
Market Share by Restaurant Segment\*



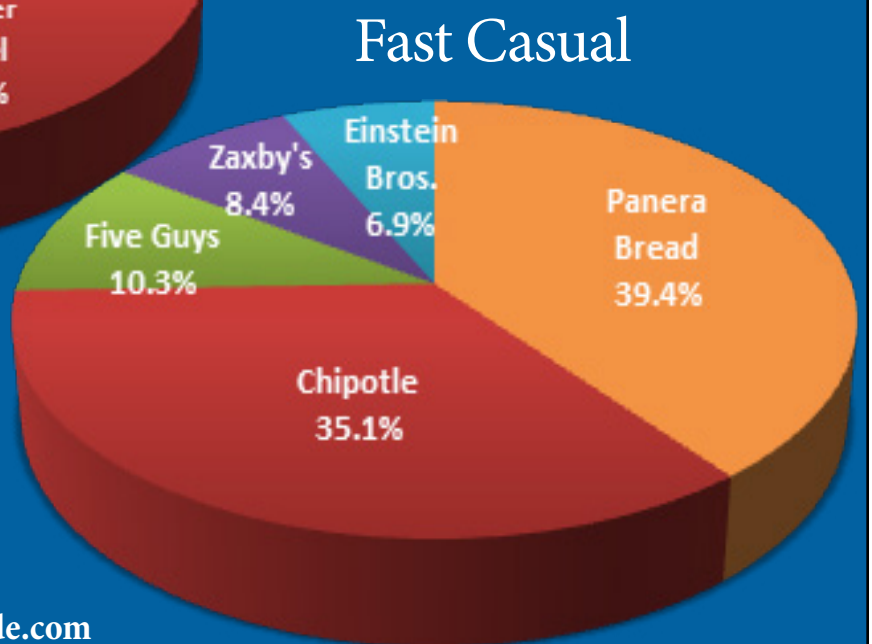
Quick Serve



Casual Dining



Family Dining



Fast Casual

\* Data Based on Systemwide Sales

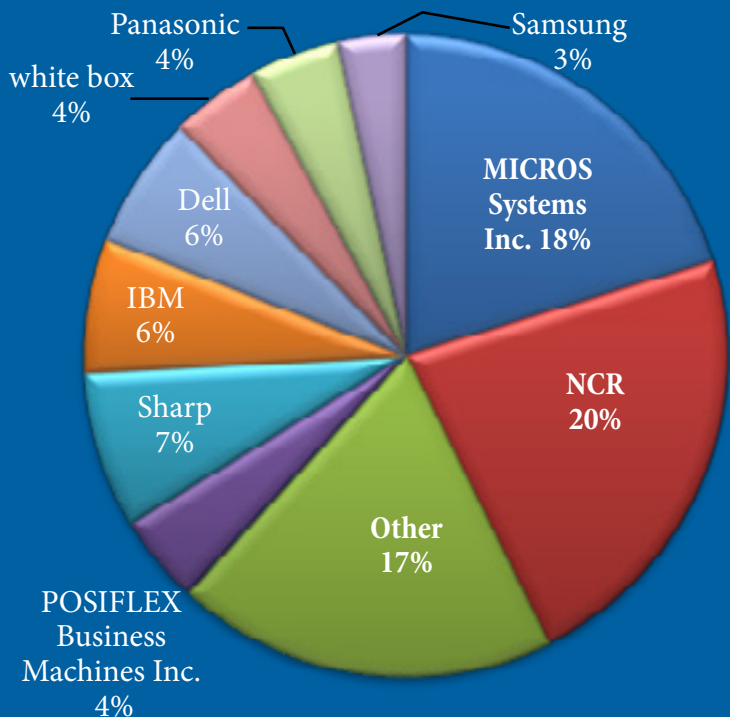
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# Technology

Technological advancements are driving growth for both retailers and foodservice chains. Today's combined generations of consumers are as tech-savvy as ever, with the Millennial generation poised to become the largest and possibly most influential consumer group of all time. A number of trends that have emerged over the past few years continued to gain steam in 2014, while some big players in the industry took major steps to contend in today's extremely competitive environment.

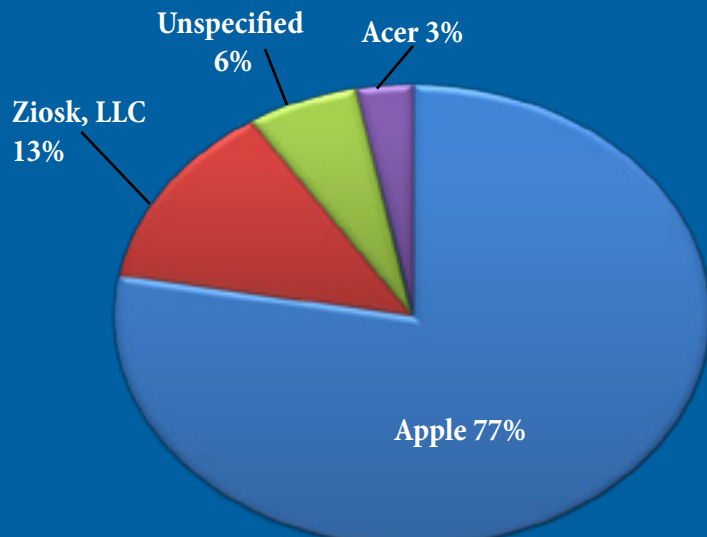
Chain Store Guide has been capturing data on tablet devices over the past few years. In 2014, CSG researched specific tabletop devices found inside restaurants. This year, **Applebee's** and **Chili's** were two large chains rolling out this technology. Most tablets strive to enhance the overall dining experience through incorporating ordering capability, games, and check payment while not completely eliminating the human interaction from a server.

## POS Hardware



Nearly 950 unique companies included.

## Tabletop Tablets



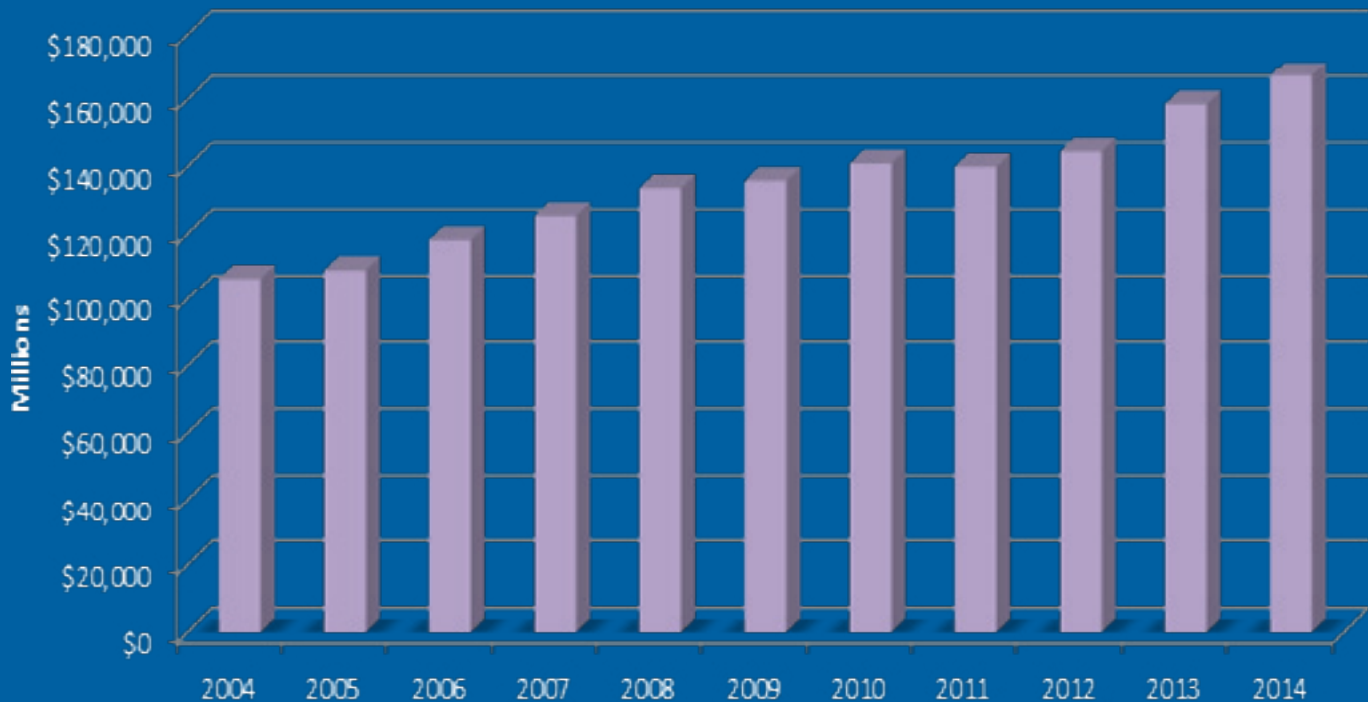
This past fall season when Apple released its new iPhone 6 and iPhone 6 Plus, it also equipped each device with Apple Pay. The new mobile payment application (available on the Apple Watch as well) will work with retailers that set up partnerships directly with Apple. So far, **McDonald's**, **Starbucks**, and **Panera Bread** have signed on. The Apple Pay technology will reportedly use Near-field communication (NFC) and has been equipped with a two-part hardware security system – Touch ID finger – print (identification) sensor and a chip in the Apple device that encrypts all data. Apple is attempting to create one of the safest forms of mobile payment technology to date, and put it in the hands of millions of iPhone customers.

29 unique companies included. Some companies may use more than one manufacturer's products. Note: Total percentages may or may not equal exactly 100% due to standard rounding.

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# Distributors

## Historical Sales of Top 100 US Distributors



In our annual survey of Foodservice Distributors, Chain Store Guide noted a 5% decrease in industry sales in the most recent fiscal year for all U.S. distributors. The top 100 U.S. distributors increased nearly 5% in distribution sales, rising from \$159 billion to nearly \$167 billion, and representing 82% of the total industry sales reported by all 2,069 headquarters and subsidiary offices in the database.



Unlike the restaurant industry, most of the wholesale mergers and acquisitions involved having one distributor take over another. For instance, **Veritiv Corporation** was created after buying **Unisource Worldwide Inc.**, **The Boelter Companies Inc.** acquired **Robert Gill & Company** and **Direct South Inc.**, and **Y. Hata & Co. Ltd.** purchased **Koa Trading Co.**

To the few who might be surprised, the biggest deal of this decade on the wholesale side hasn't even happened yet. The agreement and planned merger of #1 distributor **Sysco Corporation** and #2 distributor **US Foods Inc.** was announced on December 8, 2013, and is still making its way through all the "customary conditions." The homepage [BestofBothinFood.com](http://BestofBothinFood.com) was created to provide information and updates for interested parties last year and continues to do so into 2015.

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