

State of the Restaurant Industry: What The Data Says Top Performing Restaurants Are Doing (That Others Aren't)

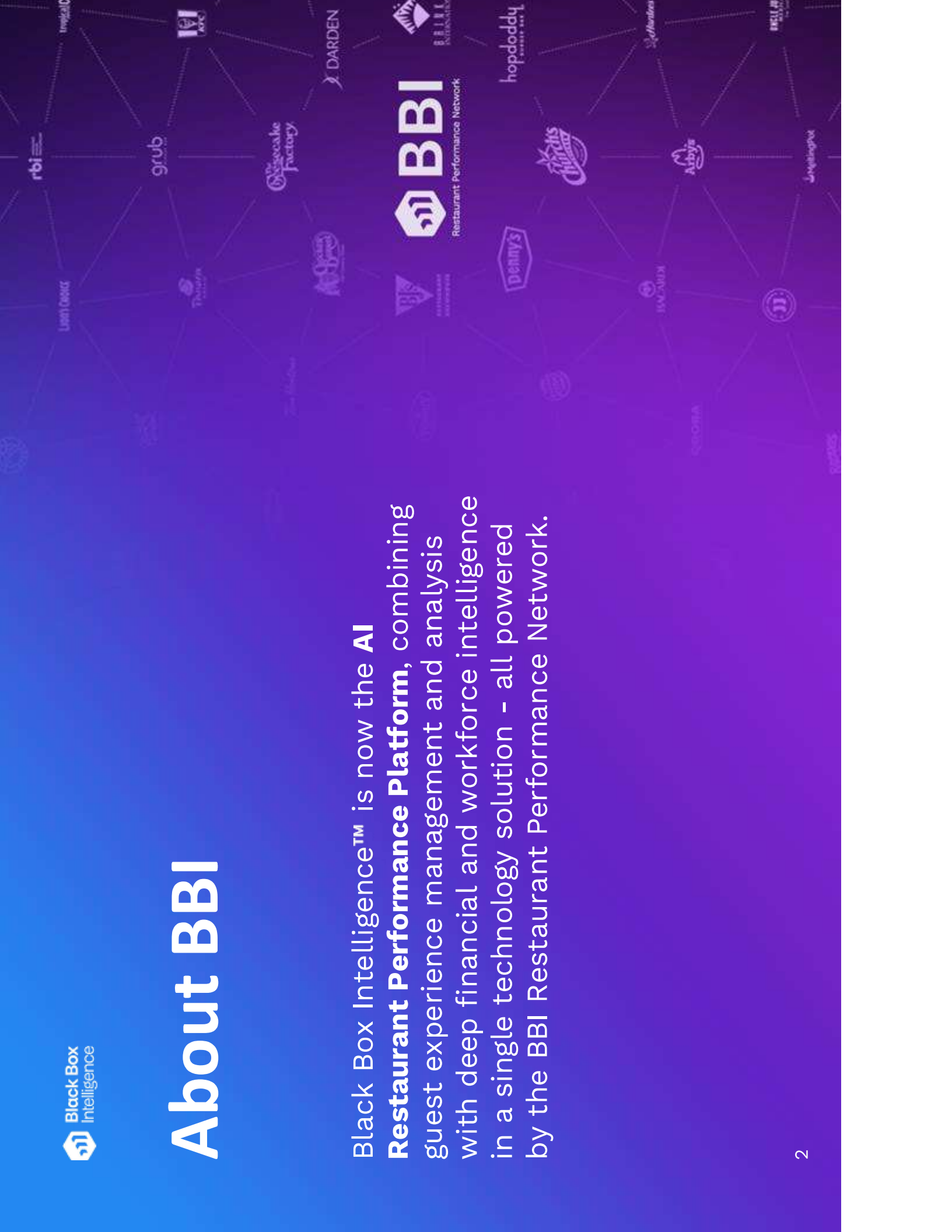
April 2026

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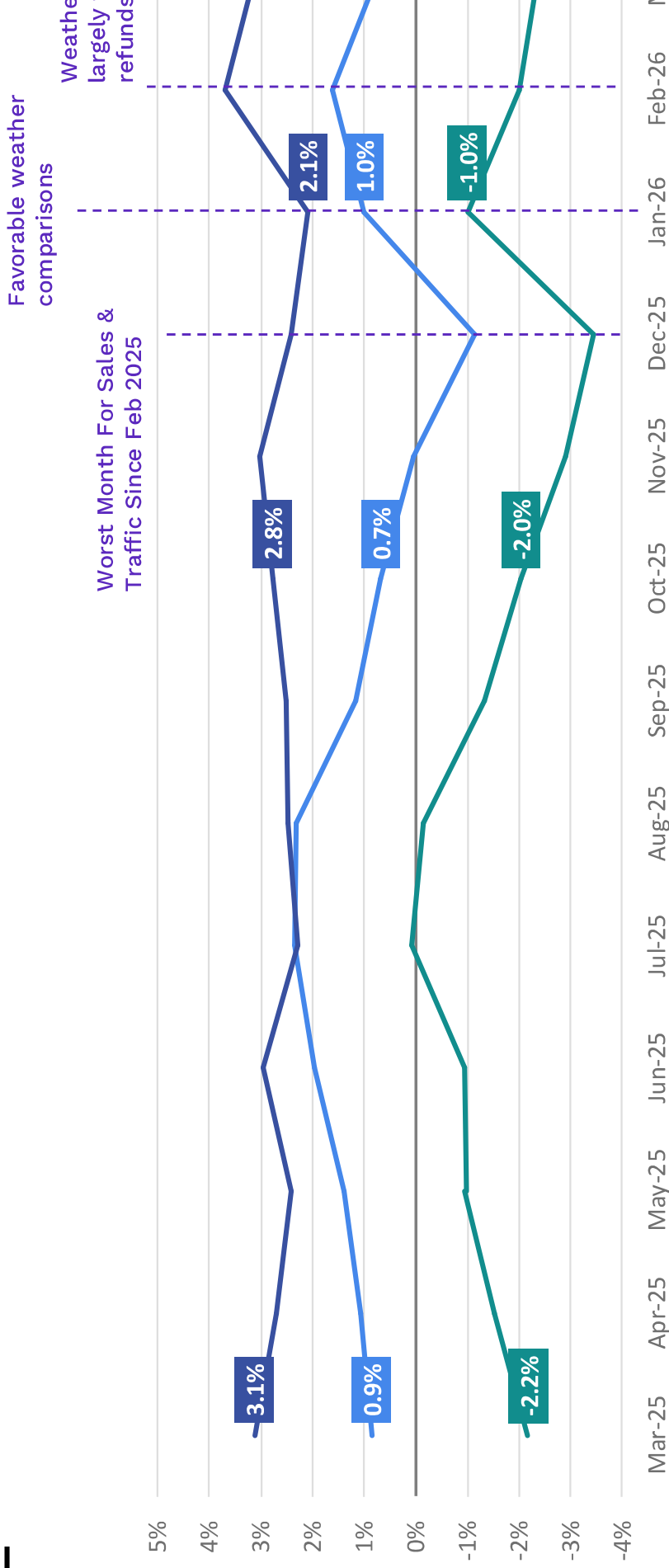
About BBI

Black Box Intelligence™ is now the **AI Restaurant Performance Platform**, combining guest experience management and analysis with deep financial and workforce intelligence in a single technology solution - all powered by the BBI Restaurant Performance Network.



US Restaurant Sales & Traffic Growth Trends

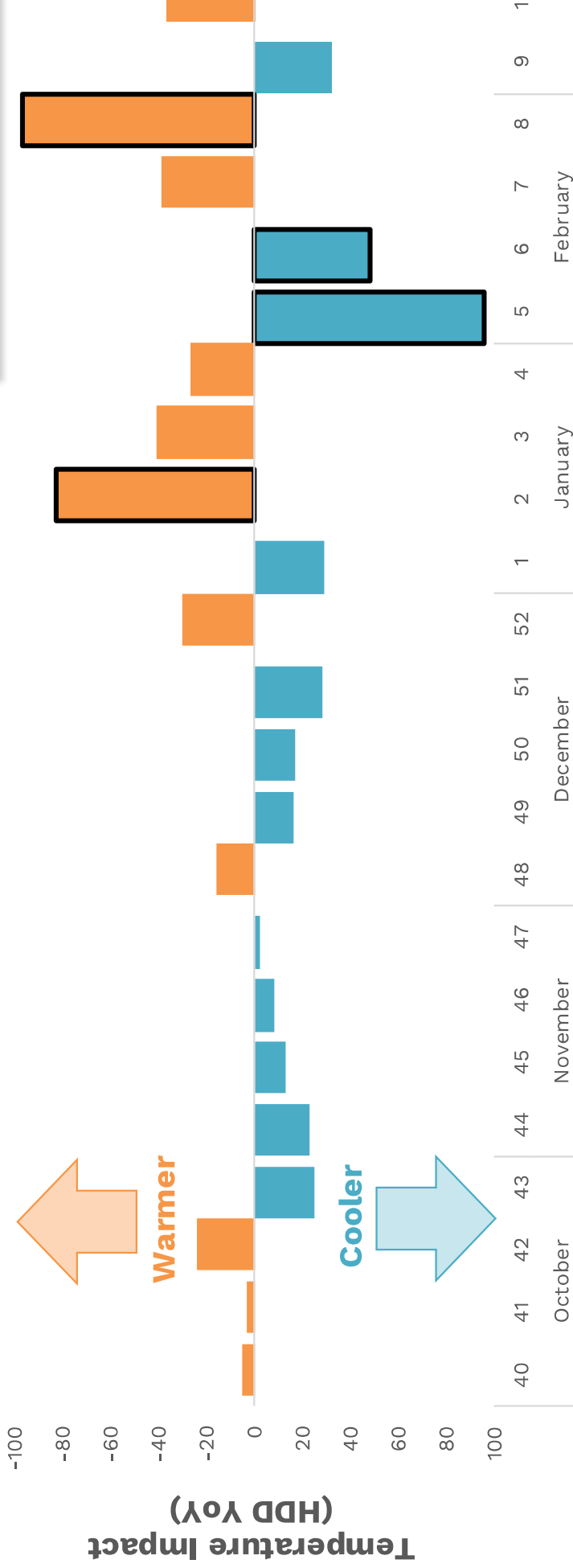
YoY Growth



Winter 25/26: Warmer January Boosted Traffic, Little Net Impact in February & March

U.S. Heating Degree Days By ISO Week, YoY Difference

Divisional Spot
 West benefitted in all
 Northeast adversely in
 February and M

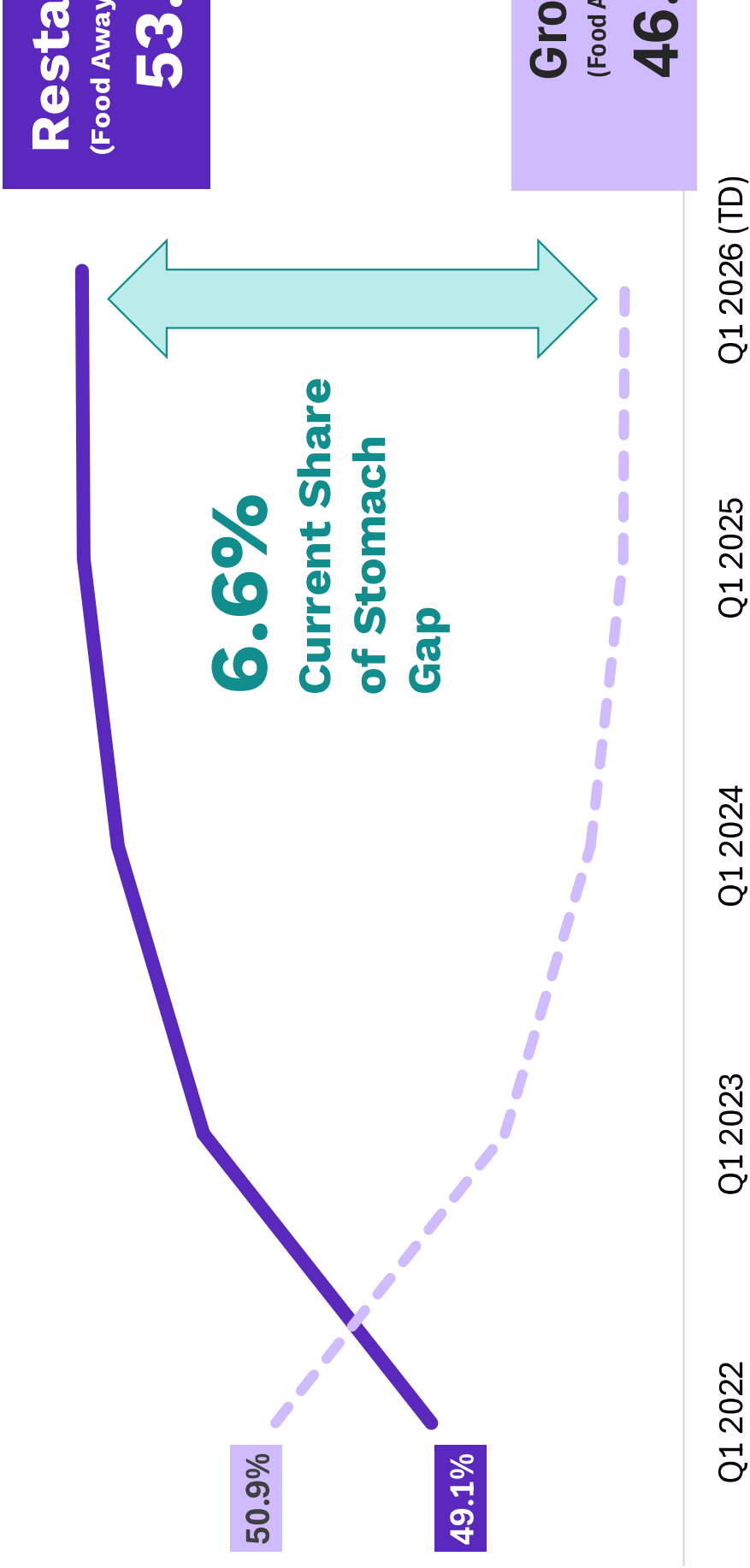


Source: American Gas Association (AGA)
 Note: Week Ends on Saturday (not Sunday)

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Restaurant Share of Stomach: Widens For 4th Consecutive Year

Percent of Total Food Sales

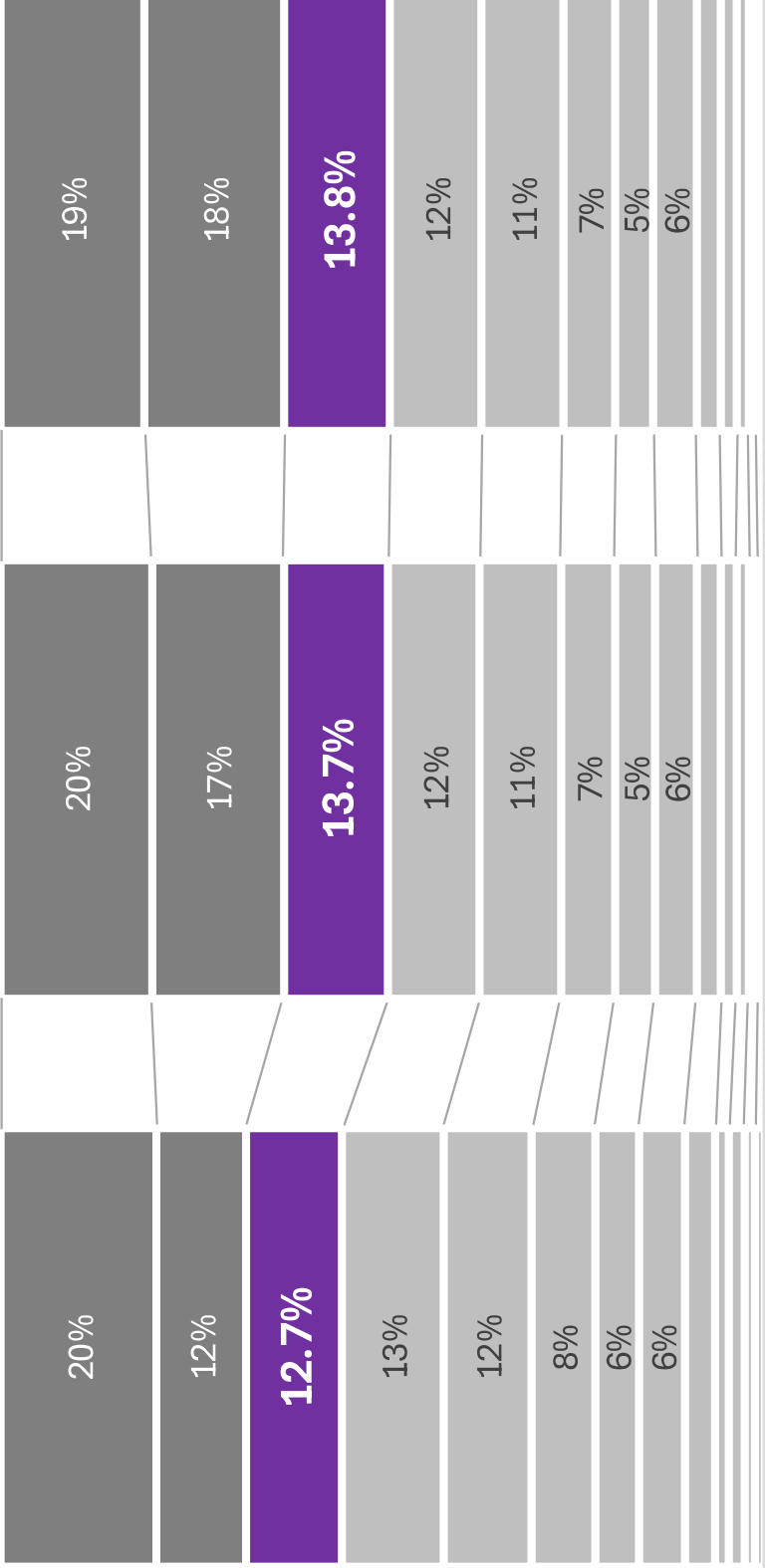


Source: U.S. Census Bureau (Advance Monthly Retail Trade)

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Share of Consumer Retail: Restaurants Outpace Pre-Pandemic & Last Year's Retail

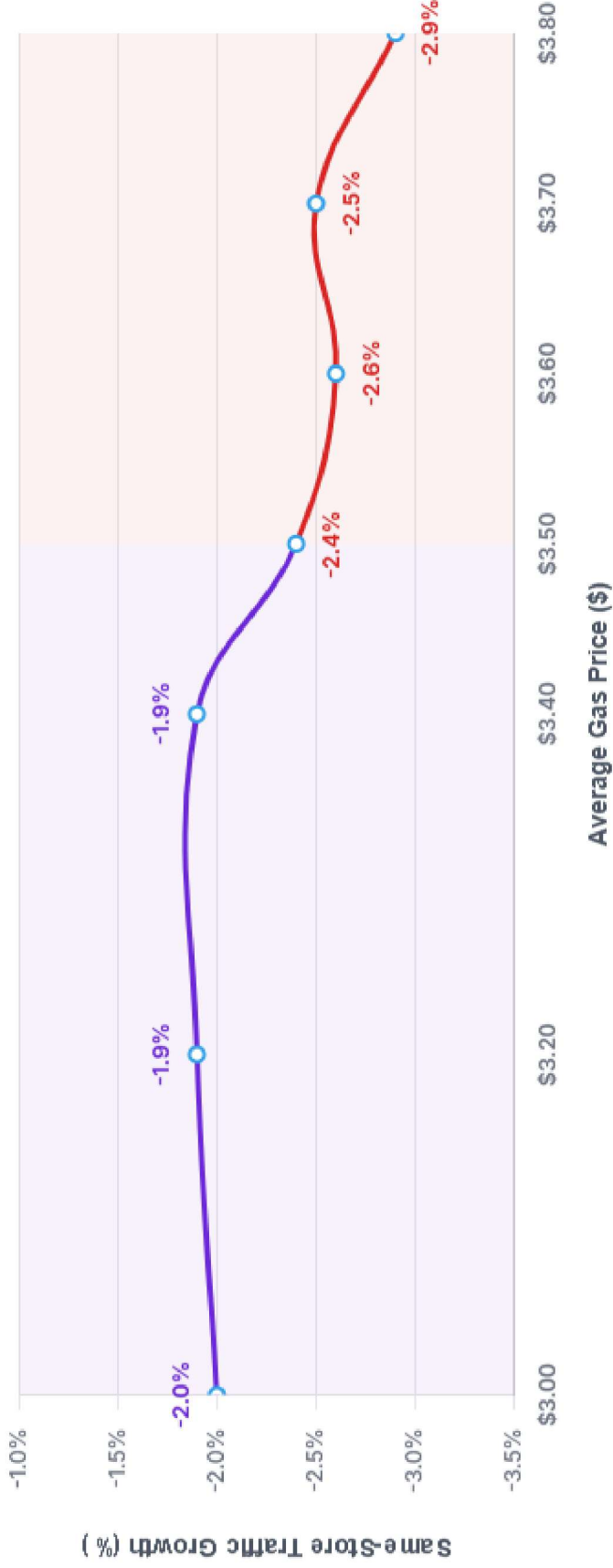
Percent of Total Retail Sales



Source: U.S. Census Bureau (Advance Monthly Retail Trade)
 * As of Q1 2026, includes: Clothing & Access (3%), Misc. Store Retailers (2%), Furniture & Home (1%), Electronics (1%)
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Gas Price Increases: Tend to Help Limited Service, Hurt Full Service & Casual Dining, At Extremes Overall Restaurant Industry Traffic Declines

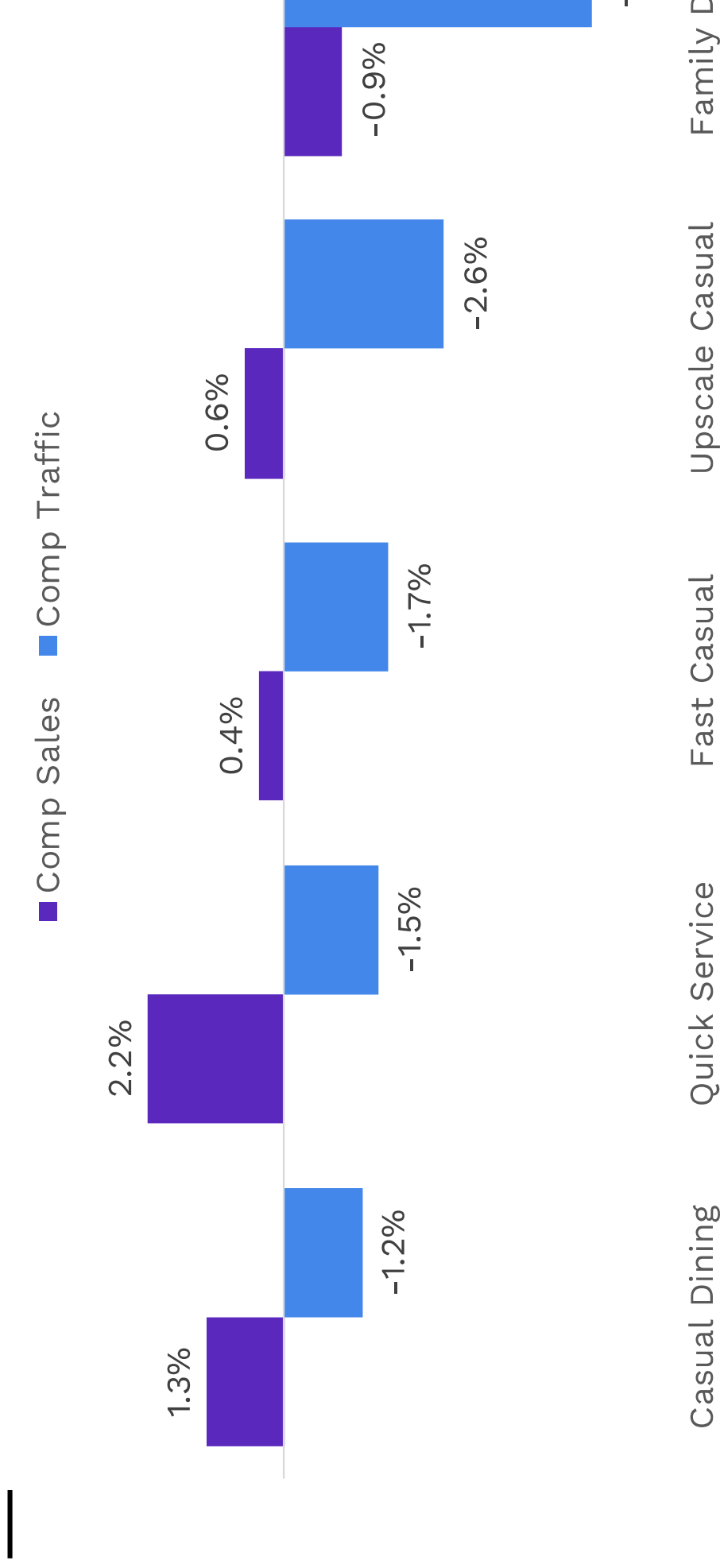
National Average Gas Price vs Restaurant Traffic: 2017-2026
Restaurant traffic growth at stated gas price points (excluding Covid period)



Source:

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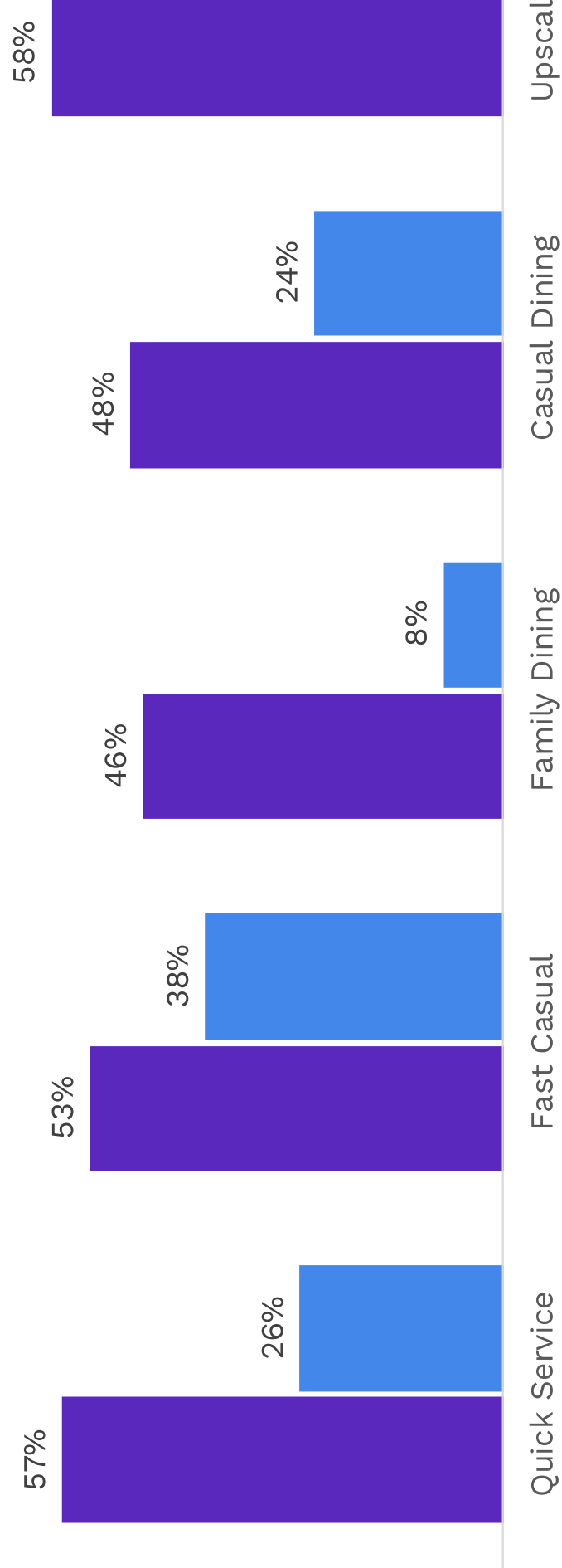
QSR Best Performing Segment Based On Comp Sales; 2nd-Best Based on Comp Traffic (Q1 2026)



Only 28% of Brands Had Positive YoY Traffic in Q1 2026, 53% Had Positive YoY Sales

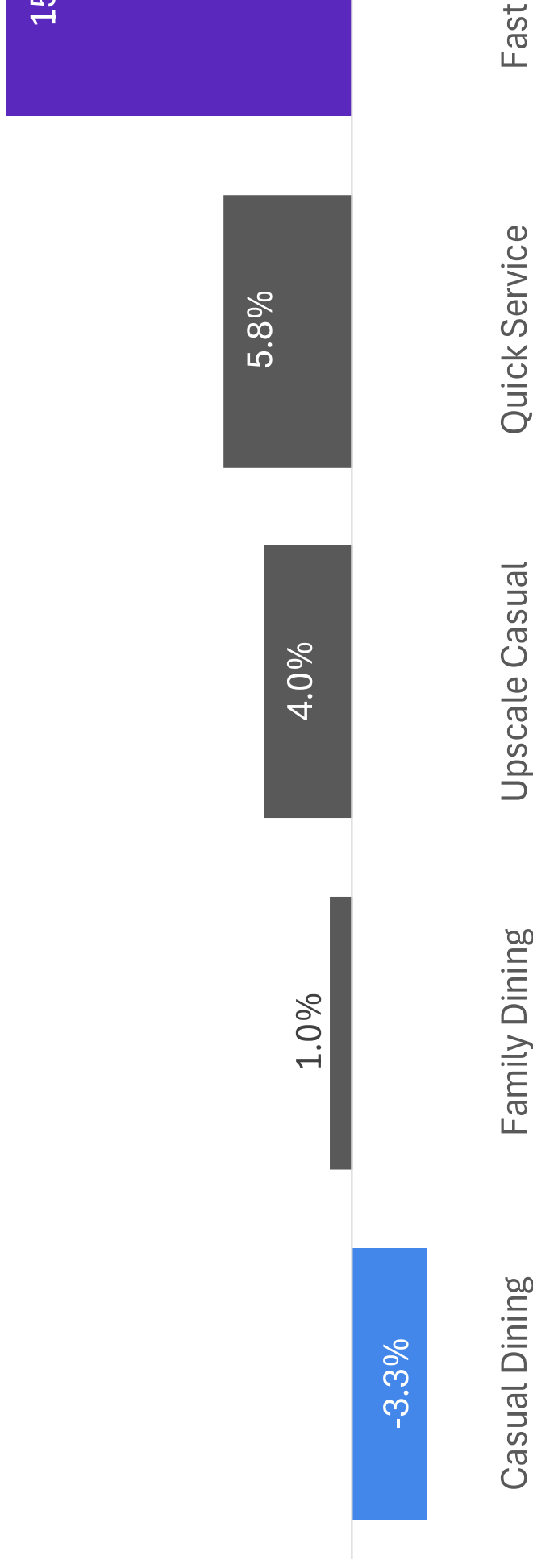
% of Brands With Positive YoY Growth in Q1 2026

■ Comp Sales ■ Comp Traffic



Diverging Unit Footprints: Fast Casual Pushing Forward, Casual Dining Pulling Back

Cumulative Net Unit Growth 2025 over 2022; Unit Weighted Average



Restaurant Prices Continue Growing Faster than Grocery (& Compounding on that Growth)

YOY Price Inflation

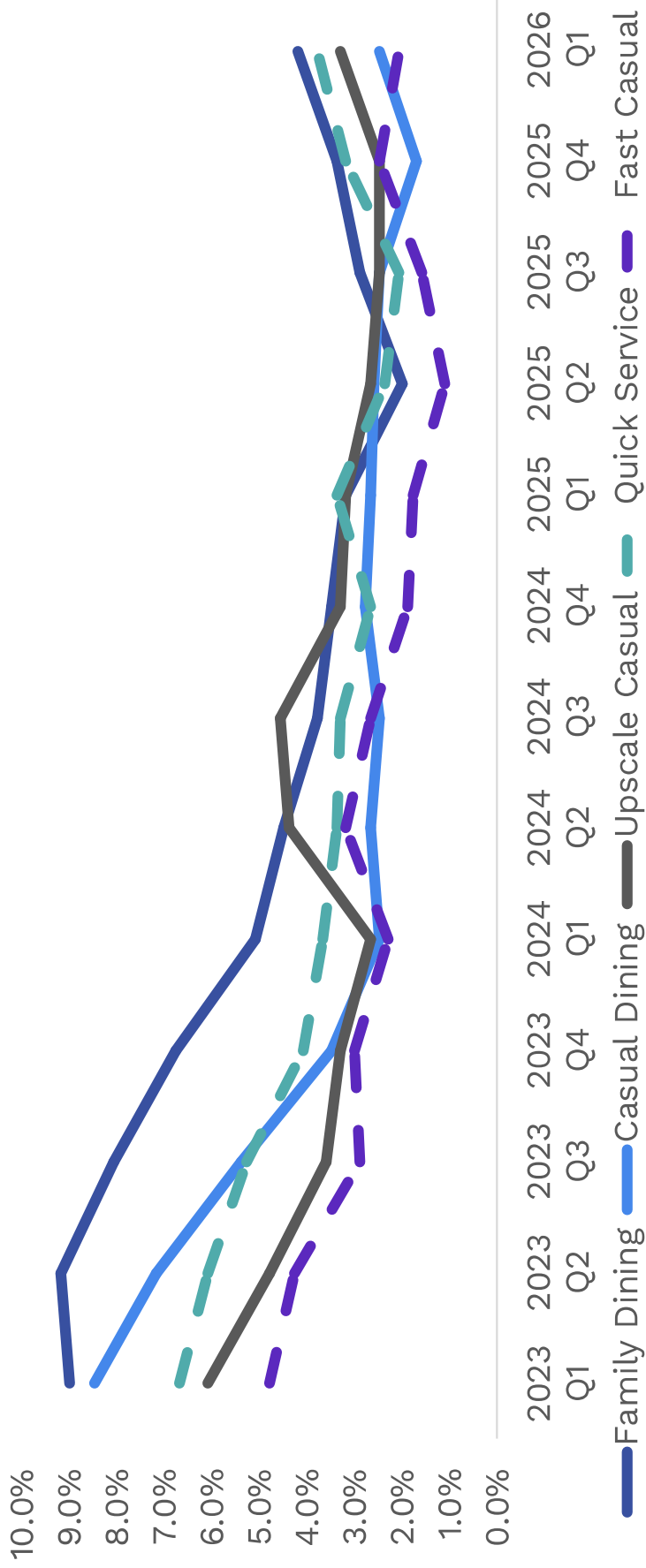
Increase in price
Food away from home
Food at home
Average weekly



Source: Bureau of Labor Statistics
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All Segments Except Fast Casual Saw Higher Check Growth

Check Growth YoY



Source: Black Box Intelligence; Bureau of Labor Statistics
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5 Things the Data Says Top Performers are Doing

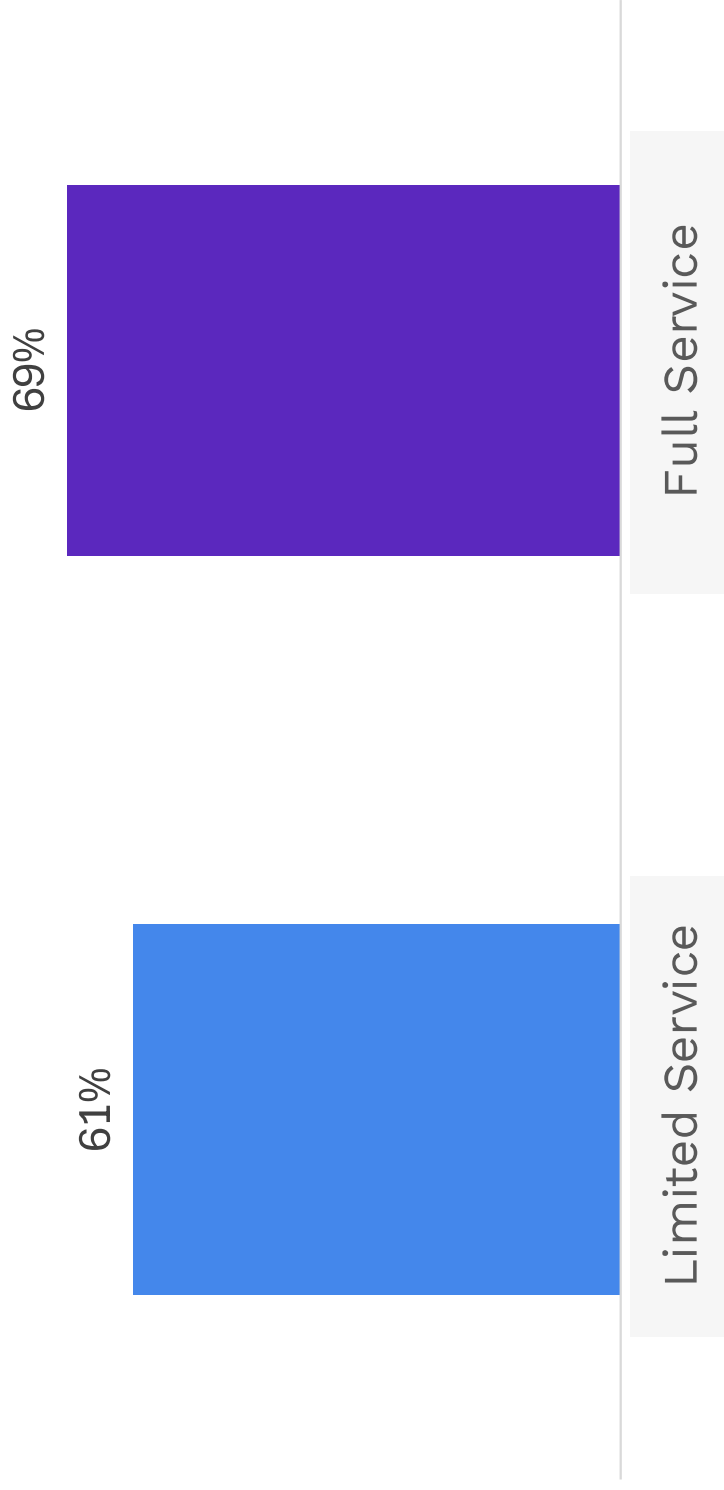


01

Learn From All Feedback... but Focus on the Negative

Two Thirds of Reviews Can Provide Actionable Feedback

Percentage of Online Reviews With Text



Minimizing Complaints Has Become Even More Important Than Driving Positive Reviews

Traffic Growth Gap to Market; Sentiment Normalized for Traffic Volumes

Full Service

	Traffic Gap Based on <u>Compliments</u> / Traffic Volume	Traffic Gap Based on <u>Complaints</u> / Traffic Volume
Top 25% Units*	-1.0%	2.0%
Rest	1.3%	0.3%
Spread	-2.3%	1.7%

Limited Service

	Traffic Gap Based on <u>Compliments</u> / Traffic Volume	Traffic Gap Based on <u>Complaints</u> / Traffic Volume
Top 25% Units*	-2.4%	-2.4%
Rest	-0.4%	-0.4%
Spread	-2.0%	-2.0%

* Represents units with most compliments per traffic count and least complaints per traffic count
 Timeperiod = 2025-03-31 - 2026-03-29
 Only includes Units with at Least 50 weeks of Financial Data
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Pinpointing Q1 2026 Friction Points: Attitude, Speed & Accuracy Most Common Complaints

Percentage of Complaint Reviews

Full Service

 **30% Poor Staff Attitude**


 **25% Slow Speed**

 **19% Inaccuracy**

Guest Sensitivity: Speed, Price, Preparation, Texture, Atmosphere
Retention Risk: 11% of complaints “Will Not Return”

Limited Service

 **32% Poor Staff Attitude**

 **25% Inaccuracy**

 **22% Slow Speed**

Next Tier Focus: Price, Cleanliness & T
Advocacy Risk: 9% of complaints “n
recommend”

Mining The Positives for Insights:

Top Negative Themes Among Positive Experiences

Percentage represents complaint mix among 4 & 5-star reviews that included a negative

Full Service

Slow Service	15.6%
Careless Staff	9.4%
Expensive Experience	7.9%
Incomplete Order	5.9%
Product Served Too Cold	5.4%
Not Well-Prepared Product	5.2%

Limited Service

Slow Service	15.6%
Expensive Experience	7.9%
Incomplete Order	5.9%
Wrong Order	5.4%
Dirty Restaurant	5.2%

Speed

Price

Accuracy

Staff Attitude

Food Execution

Units That Replied to Reviews More Often Had Better Traffic Performance in 2025 & 2026

Comp Traffic Gap vs. Local Market Benchmark

	2025	YTD
Replied The Most to Reviews	-0.4%	-
Replied the Least to Reviews	-0.9%	-
Relative Traffic Growth Difference	0.5%	0

Note: Units That Replied the Most are units that replied to reviews at a higher percentage than Units that replied the least are units that Replied to reviews at a lower percentage than their

The Power of Responding to Your Guests: Units That Replied to Online Reviews More Often Had Better Traffic Performance

Restaurants That Replied to Online Reviews Most Outperformed on Average by:

Additional

0.5%

Comp traffic

2005

Additional

0.6%

Comp tra

Q1 2020

Note: Units That Replied the Most are units that replied to reviews at a higher percentage than Units that replied the least are units that Replied to reviews at a lower percentage than their

02

Quickly Identify & Adapt to Market Guests' Shifting Needs

2025: Full Service & Limited Service with Best Traffic Spread to Market Had Better Value Net Sentiment

Average Net Sentiment By U

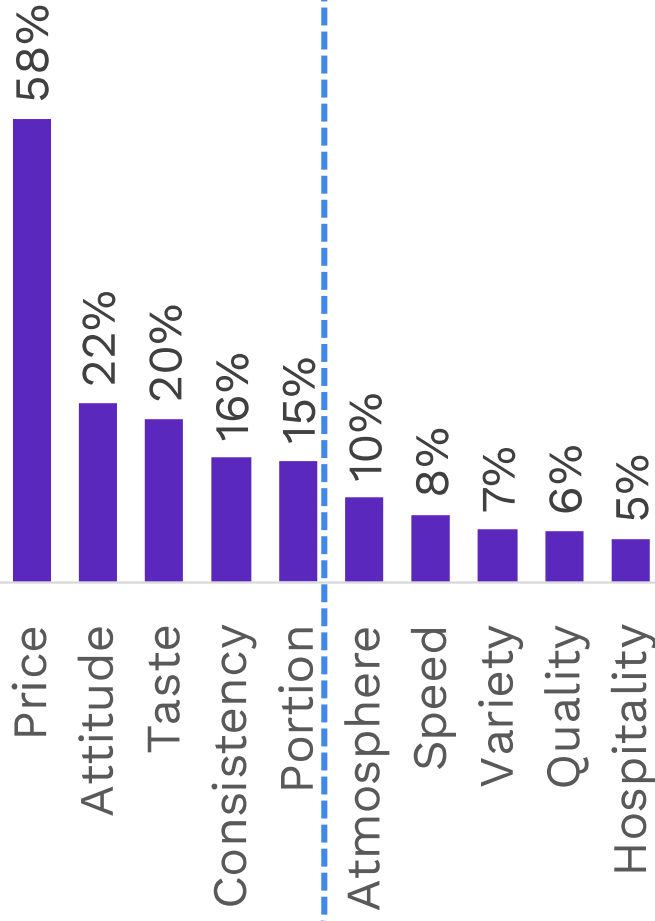
Full Service		Average Net Sentiment By U	
Net Sentiment	"The Best" Traffic Gap to DMA	"The Rest" Traffic Gap to DMA	
FOOD	42%	43%	
SERVICE	48%	49%	
VALUE	20%	13%	
Limited Service		Average Net Sentiment By U	
Net Sentiment	"The Best" Traffic Gap to DMA	"The Rest" Traffic Gap to DMA	
FOOD	20%	18%	
SERVICE	24%	21%	
VALUE	-11%	-19%	

Note: "The Best" represents the top 25% of units based on YoY Traffic growth relative to the unit's market, while "The Rest" represents the remaining 75%.

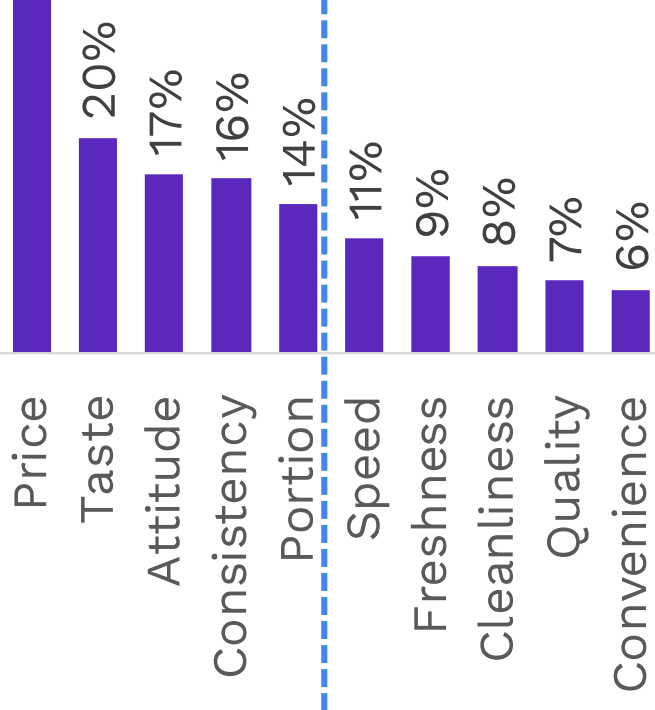
What Made the Experience “Worth It” in Q1 & Q2 2025

Top 10 Positive Aspects Mentioned Most Often By Guests

Full Service



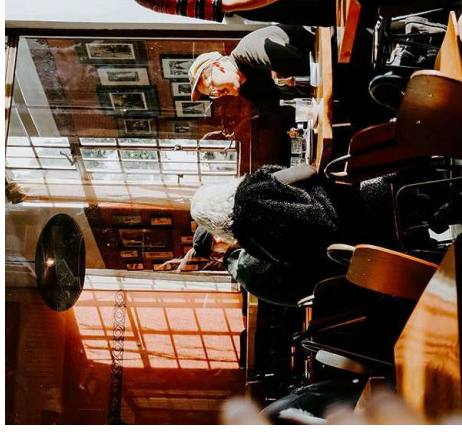
Limited Service



2025: Brands with the Best Traffic Had Lower Check Growth

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Full Service	
Traffic Gap vs DMA	PPA/PTA Growth
THE BEST	2.2%
THE REST	2.6%
DIFFERENCE	-0.4%



Limited Service

Traffic Gap vs DMA
THE BEST
THE REST
DIFFERENCE

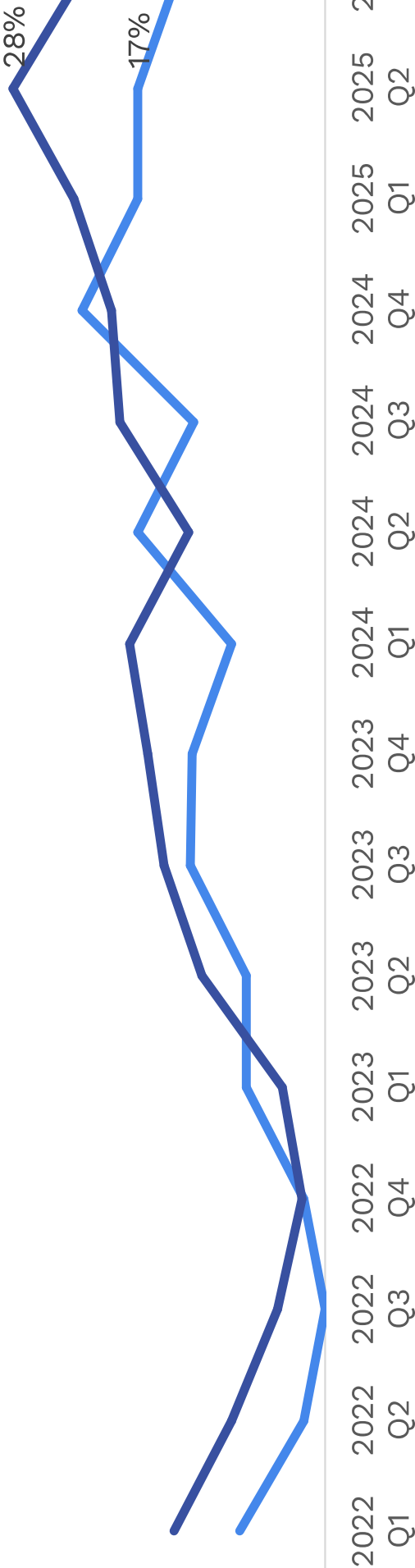


Note: "The Best" represents the top 25% of brands based on traffic growth, while "The Rest" represents the remaining 75%.

Percentage of Brands with Negative Check Growth over by Quarter

% of Brands With Positive YoY Growth

% Of Brands With Negative Check Growth



— Limited Service — Full Service

03

Build Strong Leaders Within Their Restaurants

2025 Units with No GM Turnover Had Better Traffic & Hourly Turnover

Full Service		Limited Service	
	Sales Growth	Sales Growth	Traffic Growth
NO GM TURNOVER	1.4%	-1.0%	-2.4%
HAD GM TURNOVER	0.0%	-0.8%	-3.3%
DIFFERENCE	1.5%	-0.2%	0.9%

Note: Turnover is Based on Rolling 12 Months

Higher Target Bonuses Help Reduce GM Turnover

2025 Median Target Bonus

Full Service: 20%

Limited Service: 15%

Source: Black Box Intelligence

Companies Offering Above Median Target
to Their GMs Had*:

12%

Lower GM
turnover

Full Service

49%

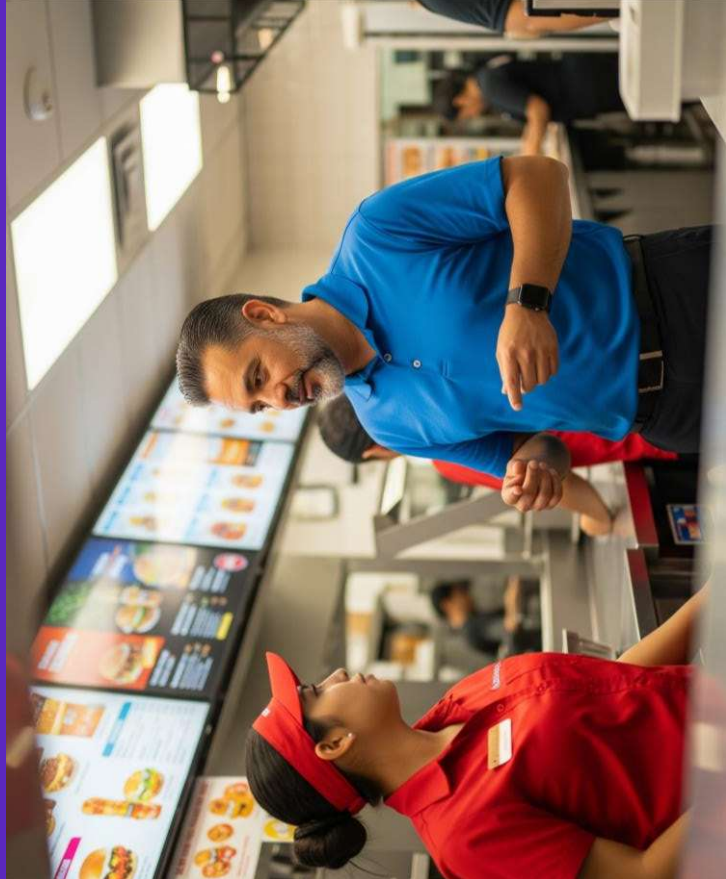
Lower
turnover

Limited Service

*Data shown as difference relative to industry segment

* All turnover data is based on Rolling 12 Months

What You Bonus Your GMs On Matters



Bonus criteria most correlated to
higher traffic growth

Full Service

- Guest Feedback
- Quality Metrics

Limited Service


- Unit Revenue
- Unit Profit

*Data shown as difference relative to company's industry segment


Source: Black Box Intelligence

Taking Care of your GM's Wellbeing Helps Retention



Companies paying
over 70% of a
GM's health
benefits: 

-7
Bette
Turno

Companies
offering wellness 
programs:

-7
Bette
Turno

*Data shown as difference relative to company's industry segment
Source: Black Box Intelligence

04

Set Up Their People For Success

Most Effective Methods to Reduce Turnover

Hourly, Non-Management

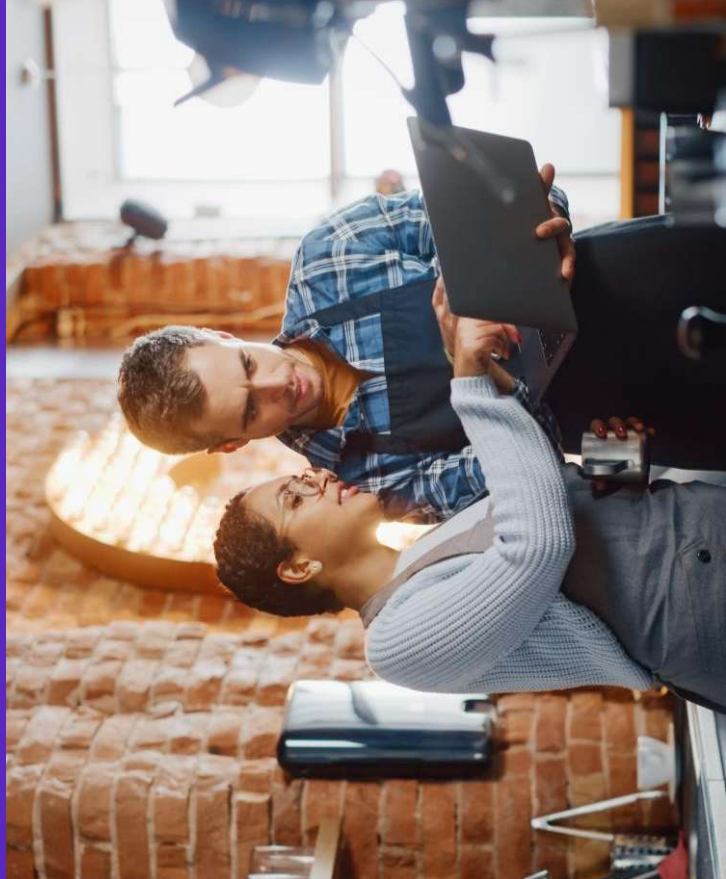
1. More flexibility in scheduling
2. More frequent pay adjustments
3. More predictability in scheduling
4. Larger pay adjustments
5. More/improved training


Restaurant Management

1. Larger pay adjustments
2. Professional development
3. Reduced hours or more attractive schedules
4. More frequent pay adjustments
5. PTO changes*


*More time off or greater flexibility

Full Service:
More Hours of Ongoing
Incumbent Employee
Training Correlated to
Better Turnover



Over 12 hours of
training for BOH
employees: 

-8
Better
Management
Turnover

Over 13 hours of
training for FOH
employees: 

-11
Better
Management
Turnover

*Data shown as difference relative to company's industry segment
Source: Black Box Intelligence

Restaurant Industry: The First 90 Days



80%
of employees
that make it
past 1 month
will stay for a
2nd month

Focus on the 90 Day

Restaurant Industry

Likelihood of Staying After the 2

UNTIL 3rd MONTH

63%

UNTIL 4th MONTH

57%

UNTIL 5th MONTH

53%

Opportunities For Employee Engagement Start on Day



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Companies Offering More
3 Hours of New Hire
Orientation*:

13%

Lower Non-
Management
Turnover

*Based on sample of Full Service companies. Turnover difference relative to company's industry segment

05

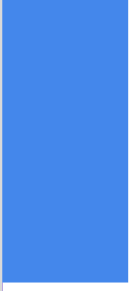
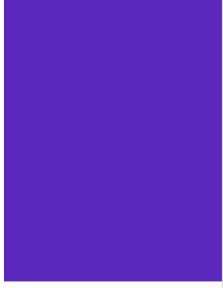
**Will Eat Your Lunch
(often outside Their 4 walls)**

Full Service: Best Performers* Tended to Drive Their Lunch Sales

Comp Sales Growth by Daypart

■ The Best ■ The Rest

2.4%



-1.4%

Lunch



-3.3%

Dinner

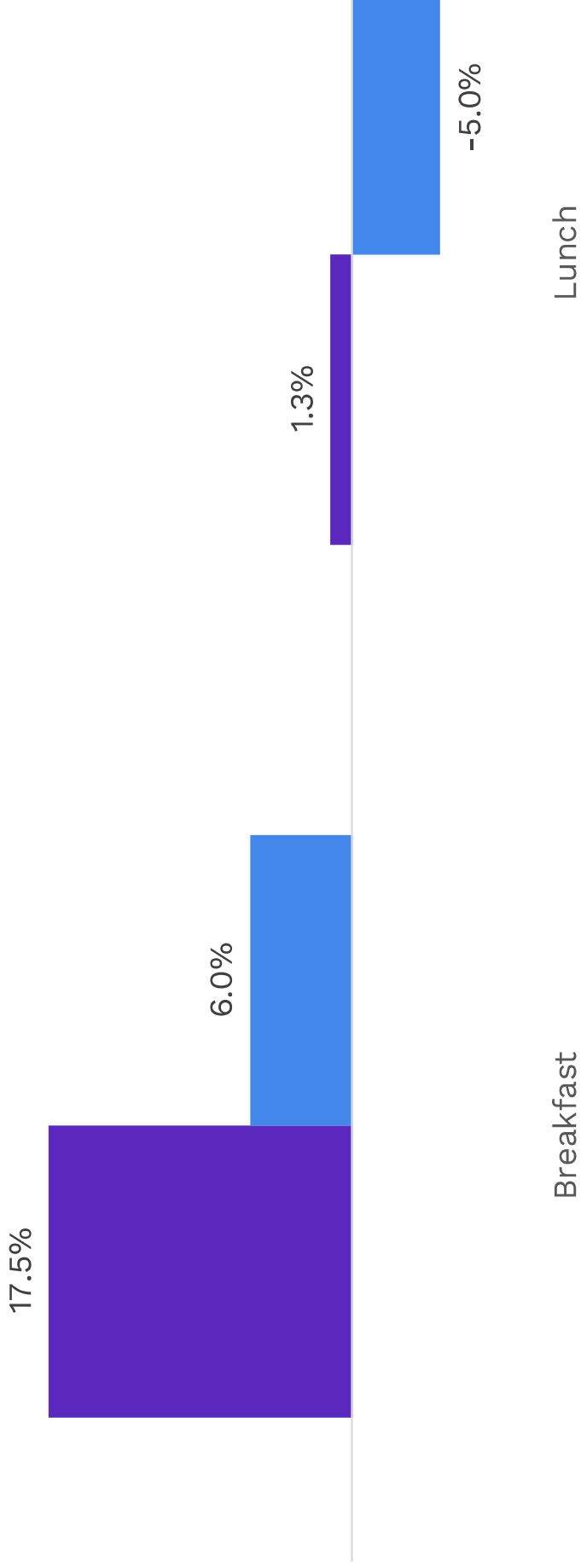
*"The Best" represents the top 25% of companies based on 2025 comp traffic growth

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Limited Service: Best Performers* Had Success Driving Breakfast and Lunch Sales

Comp Sales Growth by Daypart

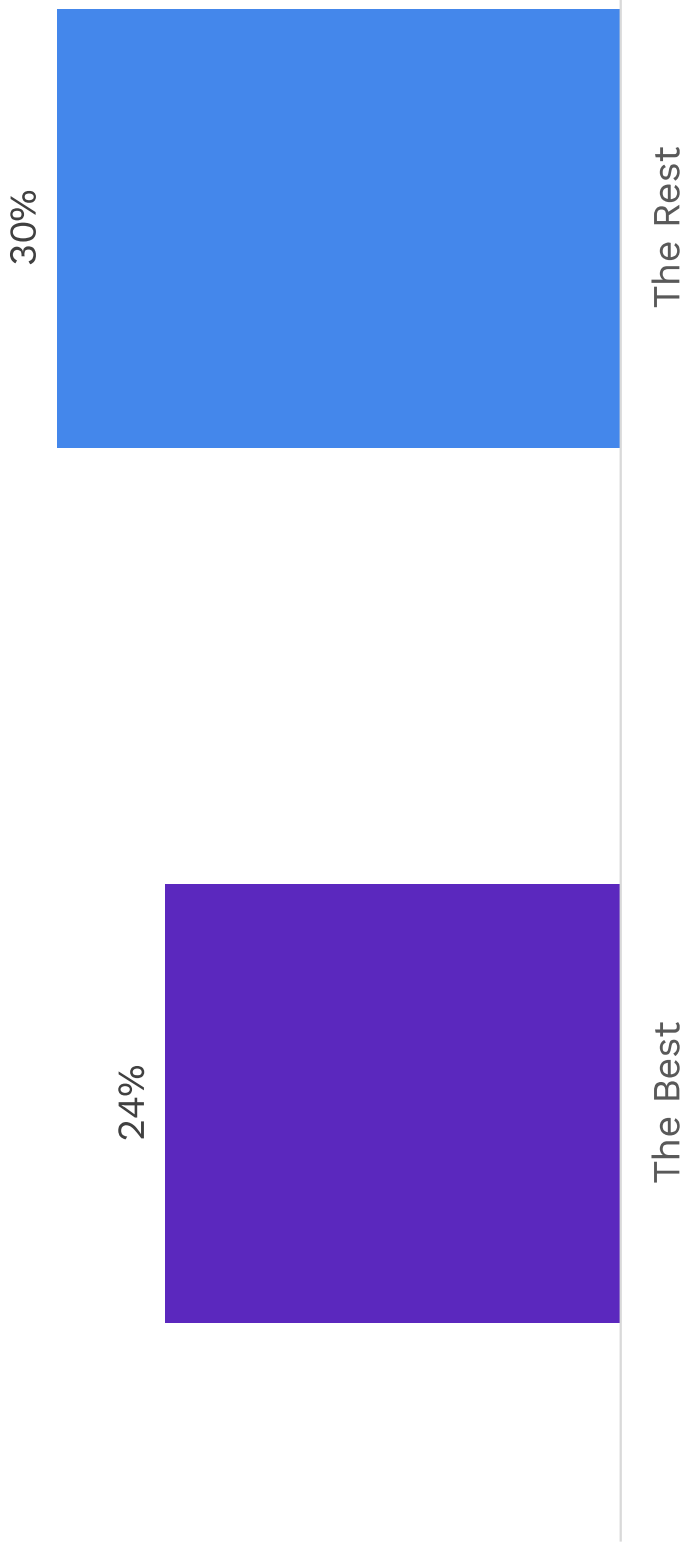
■ The Best ■ The Rest



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Limited Service: Best Performers* Rely More on Off-Pre Sales (Their Dine-In Sales Were Lower)

Dine-In Sales as Percentage of Total



*"The Best" represents the top 25% of companies based on 2025 comp traffic growth
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DECODING THE BLACK BOX

What The Data Says Top Performing Restaurants Are

High performing restaurant companies:

1. Learn from all feedback, but focus on the negative
2. Quickly identify & adapt to meet guests' shifting needs
3. Build strong leaders within their restaurants
4. Set up their people for success
5. Will Eat Your Lunch (often outside their 4 walls)



THANK YOU!

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