Income gap takes toll on dining out

By Lisa M. Keefe on 9/24/2014

The growing disparity between the highest-earning consumers in the U.S. and the lowest-earning is dragging down overall restaurant industry performance, according to new research from NPD Group, the Chicago-based research firm.

Visits to quick service restaurants (QSRs), which have an average check size of about $5, were flat in the year ending June 2014 compared with same period last year.

Because about 80 percent of restaurant visits are at quick service restaurants, that flat performance held back the results for the whole sector, although visits to fine dining restaurants, which have an average check size of $40, were up 3 percent. Because of the QSR results, total restaurant industry traffic was flat for the period, NPD said.

Low-income consumers are the heavier users of QSRs and were most adversely affected by the most recent Great Recession and have less discretionary income to spend on dining out.

Visits to fine-dining restaurants only represent about 1 percent of total dining-out traffic, NPD reported. Restaurant operators need to generate more interest among the shrinking middle class to boost revenue, and that won't be easy.

"However, offering a good product at a fair price is no longer good enough. To attract [middle class diners] will take a deeper understanding of what they want when dining out," said Bonnie Riggs, NPD's restaurant industry analyst.

"Americans still make billions of visits to restaurants each year, but they are more conscious of their spending and want to be certain that the return on their investment in a restaurant meal is a pleasurable dining experience that meets their needs and expectations."