

Consumer Spending Highlights – Restaurant Spending

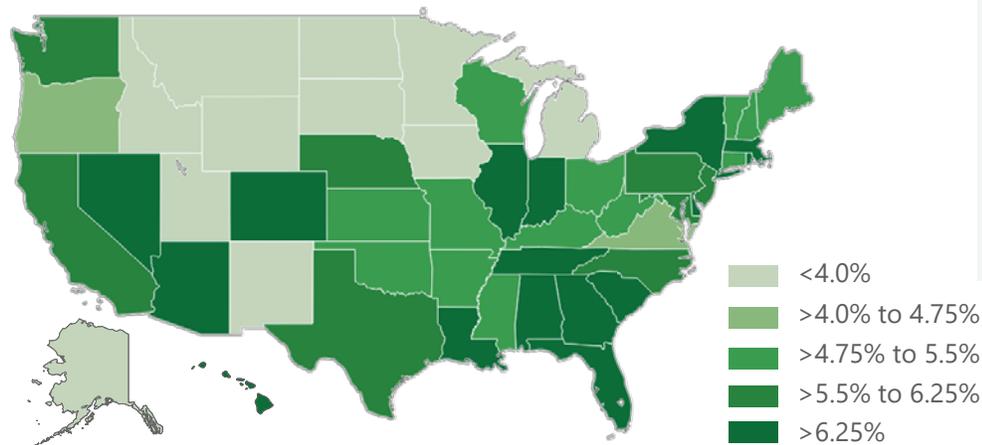
July 2017



Restaurant spend growth is strong nationwide

Restaurant spend has grown 5.4 percent YoY over the first half of 2017, with the month of June showing exceptional growth of 6.1 percent unadjusted YoY. States with the highest growth include Hawaii (9.9 percent), Nevada (9.6 percent), and Arizona (9.3 percent). Examining the states with the highest share of the consumer food budget (grocery and restaurants combined) going toward restaurant spending, seven out of ten states also surpass the national average. With employment growing steadily (1.6 percent last quarter, YoY), this is not surprising. Wage growth—and subsequent consumer spending—tend to accompany employment growth.

June 2017 unadjusted restaurant sales on all forms of payment
(year-over-year growth by state)



Key Points:

Nationwide restaurant spend showed strong growth in June

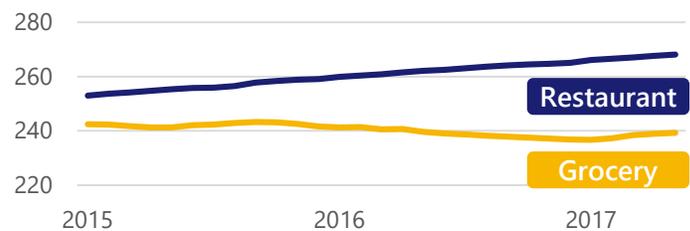
Urban consumers are dining out more frequently than the average consumer

Rising employment, job wages, and restaurant food price inflation contribute to growing restaurant spend

Price inflation contributes to growing restaurant spend

Rising employment rates and wages contribute to consumers' ability to dine out frequently. However, frequency alone does not account for increased restaurant nominal spending. Restaurant food price inflation has steadily increased; by contrast, grocery food price inflation—though having increased over the course of 2017—is more volatile, and still falls short of restaurant food price inflation.

Price inflation by food type
(NSA, 1982-84 = 100)

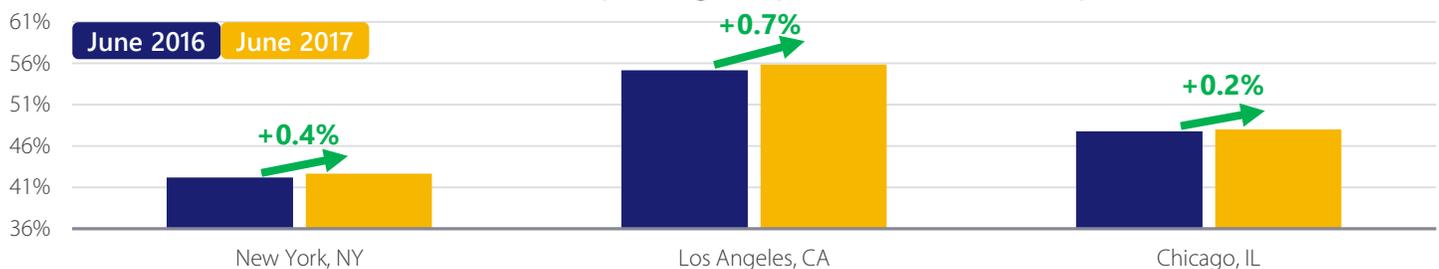


Sources: Haver, Bureau of Labor Statistics

Urban restaurant spend grows at the cost of grocery store spend

Of consumers who are making fewer trips to the grocery store, 19 percent reported that the reason for this was they were dining out more often. By contrast, 28 percent of urban consumers who are visiting grocery stores less frequently are dining out more. In just one year, the largest metropolitan areas (by population) saw an increase in share of restaurant spend.

Percent of restaurant spending compared to overall food spend



Source: Visa Retail Spending Monitor (Visa Retail Spending Monitor reports spending on all forms of payment); Visa Business and Economic Insights; Prosper Consumer Survey (April 2017)

Disclaimer

Monthly retail spending highlights are based on Visa's Retail Spending Monitor, which measures estimated historical performance of certain segments of the U.S. economy across payment types. Retail sales (sales by establishments engaged in retailing merchandise) in the context of Retail Spending Monitor is a set of industry segments defined by the U.S. Department of Commerce. The Retail Spending Monitor analyzes data in a manner consistent with this definition for industry segments that are not auto related. The Retail Spending Monitor is based on a sample of aggregated, depersonalized Visa transaction data analyzed utilizing a proprietary economic and statistical model and is not reflective of Visa operational and/or financial performance. The Retail Spending Monitor is provided on an "as is" basis without any warranties of any kind, express or implied, including, without limitation, as to the accuracy of the data or the implied warranties of merchantability, fitness for a particular purpose, and/or non-infringement. The Retail Spending Monitor is intended for informational purposes only and should not be relied upon for marketing, legal, technical, tax, financial or other advice. Visa is not responsible for your use of the information contained herein, including errors of any kind, or any assumptions or conclusions you might draw from its use. Each Retail Spending Monitor report is as of the publication date, and Visa has no obligation to update the data contained therein.

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