



**LABOR COSTS AND MENU PRICES CONTINUE TO STABILIZE,
 BUT EVEN WITH IMPROVED TRAFFIC, PROFIT MARGINS ARE STRAINED.**

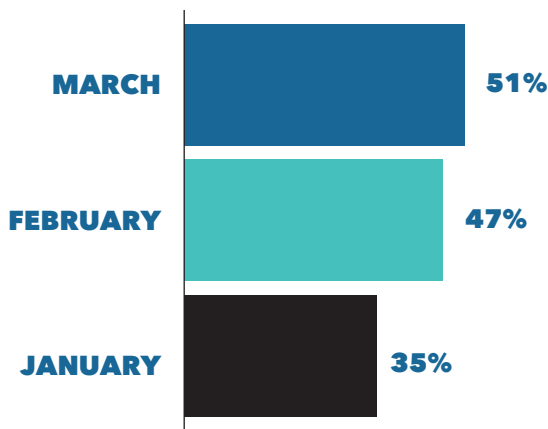


Menu prices
68%
 stayed about
 the same

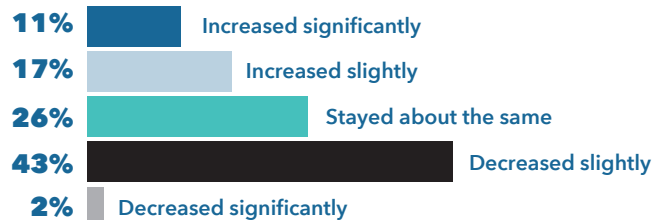


Labor costs
55%
 stayed about
 the same
 an 11 point improvement over February

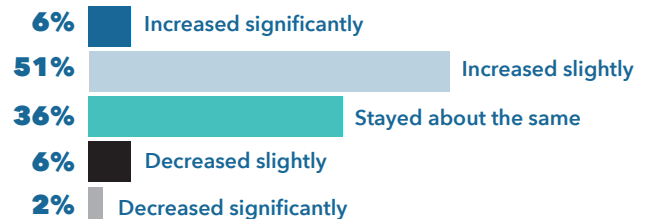
OPERATORS REPORTING TRAFFIC IMPROVEMENTS



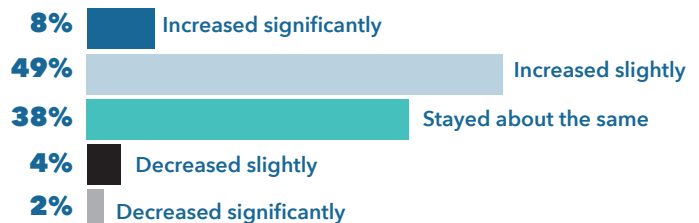
PROFIT MARGINS



FOOD COSTS



OTHER OPERATING COSTS



EMILY'S TAKE

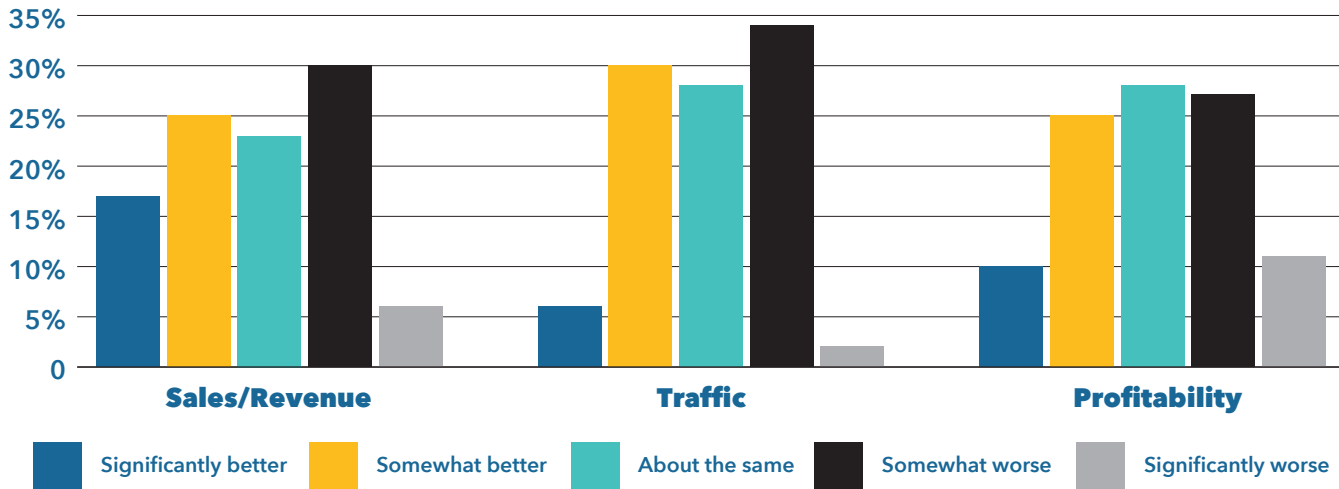
The March data confirms some good and bad news for Texas restaurants. Let's start with the bad news: the geo-political challenges in the Middle East, including attacks against commercial ships in the Red Sea, have triggered the largest diversion of international trade in decades. We're working with our partners to monitor long-term impacts but, unfortunately, it looks unlikely that food and supply costs will come down soon. Some good news: where we can control inputs, we're making gains. For example, operators are reporting that employee turnover feels more like pre-pandemic patterns. That not only decreases the cost of labor, but it also improves guest satisfaction. Also, the TRA just returned from Washington, D.C., where we advocated for credit card competition that would lower swipe fees—a major cost driver for restaurants.

Another piece of good news is that major holidays are on the horizon. Whether it's for Mother's Day, prom, graduation, or the start of summer, now is a good time to evaluate your value proposition. If you're on the higher end, make sure the experience is memorable, and if you're in quick service or family dining, lean into limited time offers, bundles, and other marketing strategies focused on communicating value. Customers will continue to frequent your restaurant when they see the return on investment for their time and money.

Source: Texas Restaurant Association, survey of 50+ Texas restaurant operators conducted from 4/17/24-4/19/24. Percentages may not equal 100 due to rounding.

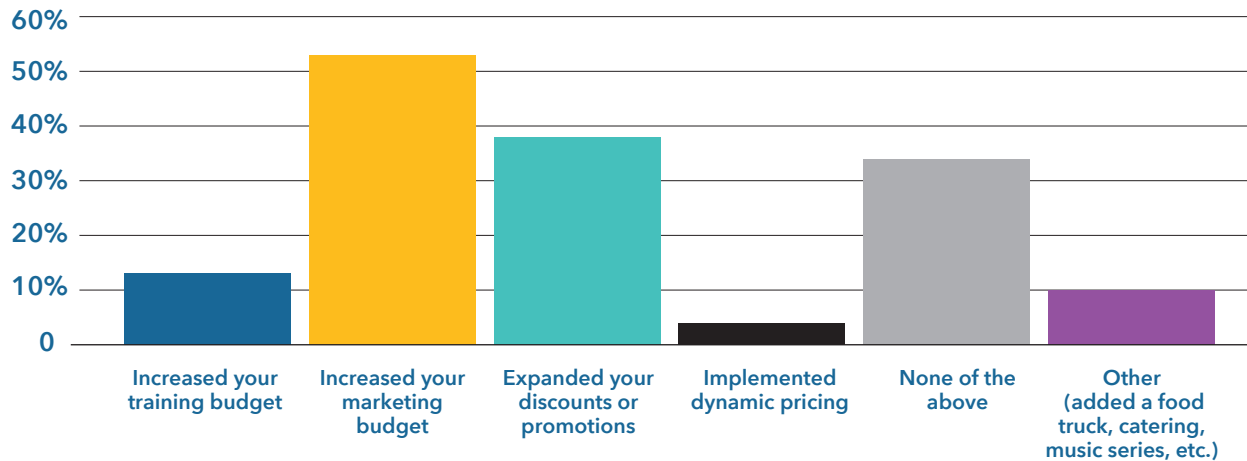


**COMPARED TO Q1 OF 2023,
 HOW DID YOUR RESTAURANT(S) PERFORM IN Q1 OF 2024?**



66% of Texas restaurants implemented at least one change to increase revenue

**IN THE PAST 6 MONTHS,
 HAVE YOU IMPLEMENTED ANY OF THESE CHANGES TO INCREASE REVENUE?**



ADDITIONAL INSIGHTS FROM TEXAS RESTAURANTS

- Tax Day impacts spending this time of year.
- Revenue is directly tied to restaurants' ability to find and retain employees.
- Competition is increasing with restaurant openings outpacing closures.
- Supply costs are hurting, particularly for chicken and paper items.