



Insights exchange for the model-driven economy

Sector Spotlight

Restaurant Outlook 2026

Lessons from 2025 That Will Shape Restaurant Strategy in 2026

February 4, 2026

Carbon Arc Data Assets:

Credit Card – US Complete Panel, Credit Card – US Detailed Panel, Menu Data, Digital Advertising, SMB Workforce

Executive Summary

Transaction growth remained negative across QSR, Fast Casual, and Casual Dining in 2025, reflecting sustained consumer pressure rather than recovery. Margin conditions tightened as menu price increases slowed materially versus 2024, advertising intensity rose, and labor cost pressures heightened across regions.

Within this environment, results diverged by execution. Chili's 3-For-Me delivered the strongest and most durable traffic gains, effectively positioning the brand as price-competitive with McDonald's while preserving a full-service experience. McDonald's promotions drove immediate transaction rebounds but showed limited durability absent price relief. In Fast Casual, Chipotle's growth slowed as price sensitivity intensified, with price-led promotions outperforming menu innovation. Health and protein-forward offerings emerged as an incremental growth lever, though outcomes varied sharply by brand, reinforcing brand execution as the primary determinant of impact.

Key Takeaways

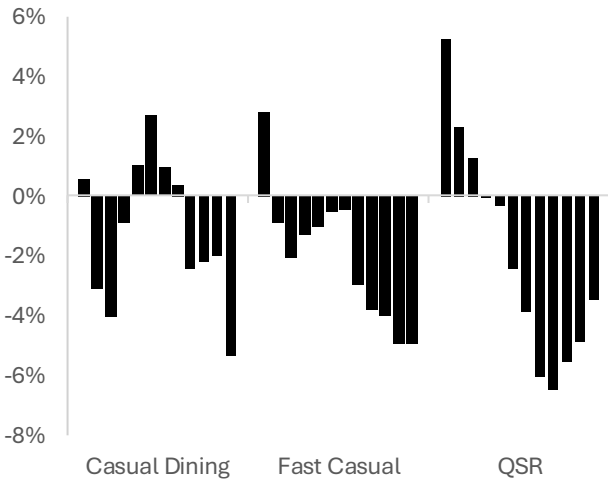
- Restaurant demand remained under pressure in 2025 across QSR, Fast Casual, and Casual Dining in 2025. Transactions trended negative, while spend growth decelerated sharply.
- Operators faced intensifying margin pressure in 2025, with wages rising unevenly across regions, advertising spend increasing, and menu price growth slowing materially versus 2024.
- Chili's 3-For-Me delivered the strongest and most durable traffic gains, sustaining high-single to low-double-digit Y/Y transaction growth across extended periods.
- McDonald's 2025 promotions provided short-term transaction support but did not translate into sustained demand recovery, with spend and average ticket remaining pressured.
- Value sensitivity increased across all income cohorts in 2025, with the strongest response among lower-income consumers. Chili's benefited from sustained price competitiveness, while McDonald's relied on renewed promotions to re-engage value-oriented demand.
- Chipotle's growth decelerated materially in 2025 as price sensitivity intensified. Menu innovation delivered episodic lifts, while value-led promotions drove the most consistent response.
- Protein emerged as an incremental but execution-dependent growth lever. Starbucks' protein beverages drove a more sustained transaction lift than Chipotle's high-protein menu, underscoring execution - not menu innovation alone - as the key differentiator.

Restaurant Outlook – Reviewing Macro Trends in 2025

In 2025, restaurant performance reflects consumer pressure rather than demand recovery. Transaction growth remained negative across QSR, Fast Casual, and Casual Dining, while spend growth decelerated sharply - signaling heightened price sensitivity and constrained discretionary spending. In response, the industry broadly leaned into value-led promotions to defend traffic.¹

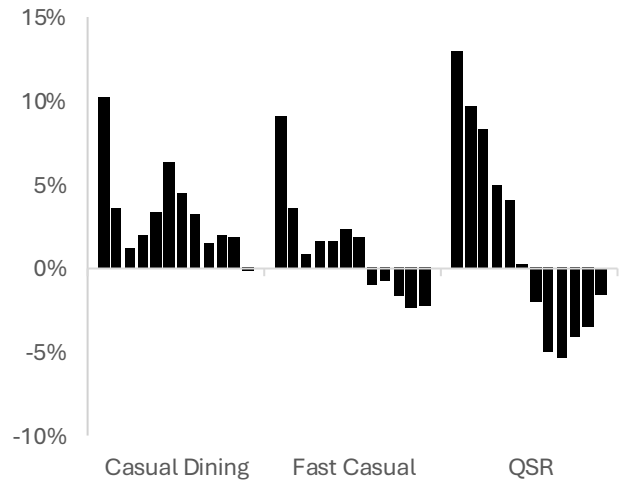
In parallel, several high-profile competitors have begun testing health-focused offerings² - a relatively new strategic push for the category - aimed at sustaining relevance and incremental frequency rather than discount-driven demand. Casual Dining has shown comparatively stronger resilience on both spend and transactions as the value gap versus QSR has narrowed. The sections that follow examine how value and health are shaping competitive dynamics in 2025.

Exhibit 1: Transactions Y/Y Growth Quarterly (2023-2025)



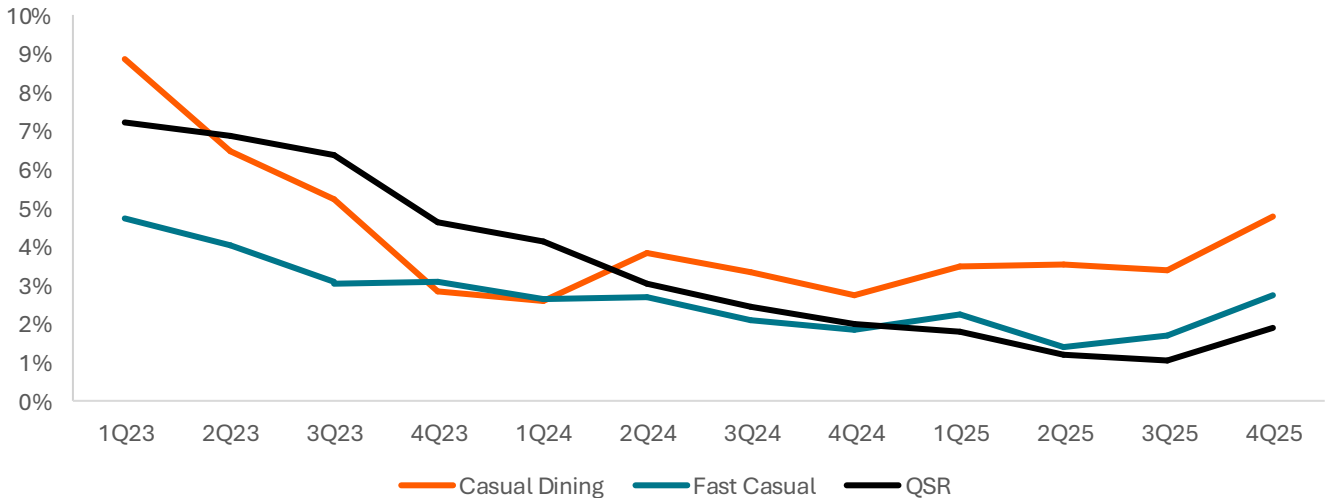
Source: Carbon Arc Credit Card – US Complete Panel – CA0056
Price: 149.22 Tokens

Exhibit 2: Spend Y/Y Growth Quarterly (2023-2025)



Source: Carbon Arc Credit Card – US Complete Panel – CA0056
Price: 149.22 Tokens

Exhibit 3: Avg Ticket Y/Y Growth



Source: Carbon Arc Credit Card – US Complete Panel – CA0056
Price: 149.22 Tokens



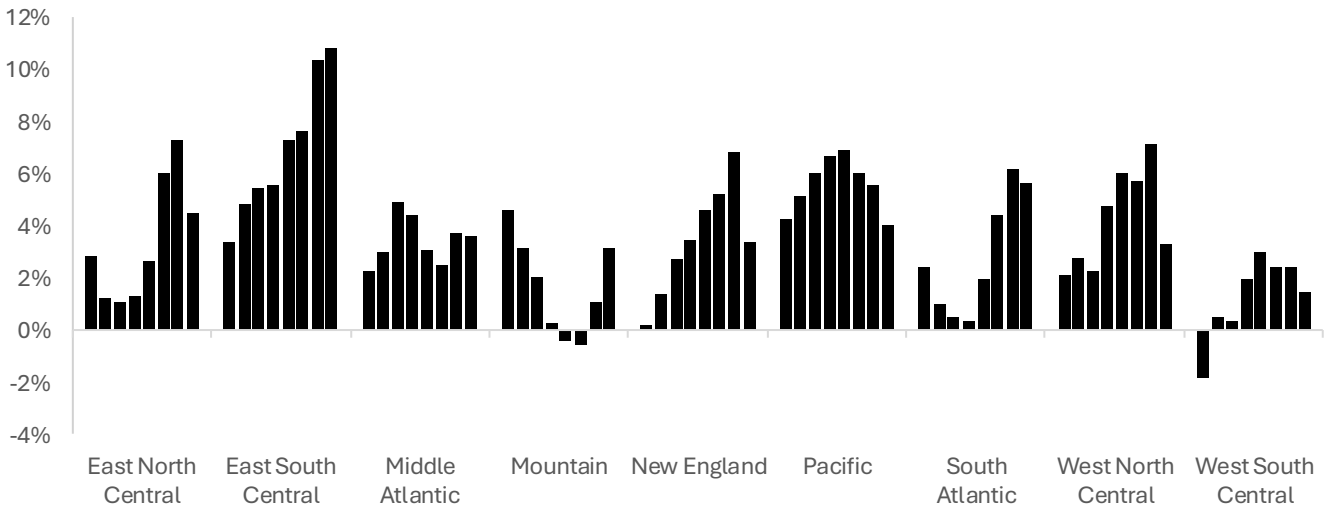
Casual Dining: Applebee's International, Buffalo Wild Wings, Chili's Grill & Bar, Olive Garden, Texas Roadhouse[®]
Fast Casual: Chipotle Mexican Grill, Panda Express, Panera Bread, Raising Cane's, Wingstop[®]
QSR: Chick-fil-A, McDonald's, Starbucks, Taco Bell, Wendy's[®]

Regional Labor Inflation and Demand Defense Shape Margin Dynamics

Labor cost pressures varied by division in 2025, with wage growth accelerating in select markets - most notably the East South Central, West North Central, and South Atlantic - while remaining more muted in others such as the Middle Atlantic and Mountain divisions. At the same time, operators are leaning more aggressively on advertising to promote traffic, particularly in Fast Casual.

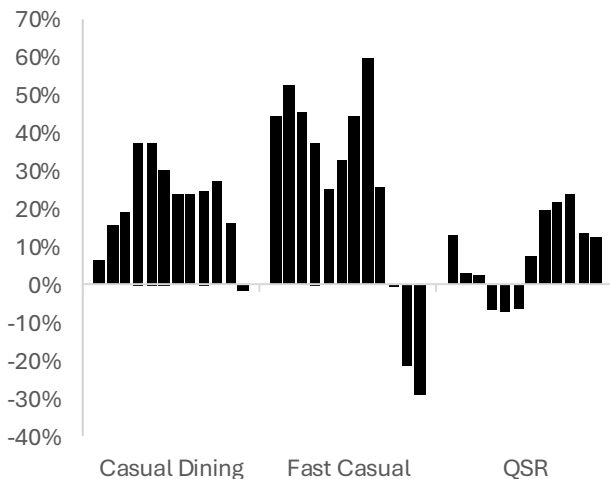
Menu price inflation slowed from 2024 to 2025, with several large operators pulling back meaningfully from prior-year increases amid heightened consumer price sensitivity. These margin dynamics point to a more competitive environment where performance increasingly hinges on promotional effectiveness, marketing efficiency, and product innovation.

Exhibit 4: Quarterly Y/Y Growth in Median Full-Time Wages by Census Division (2024 - 2025)
NAICS 72251 - Restaurants and Other Eating Places



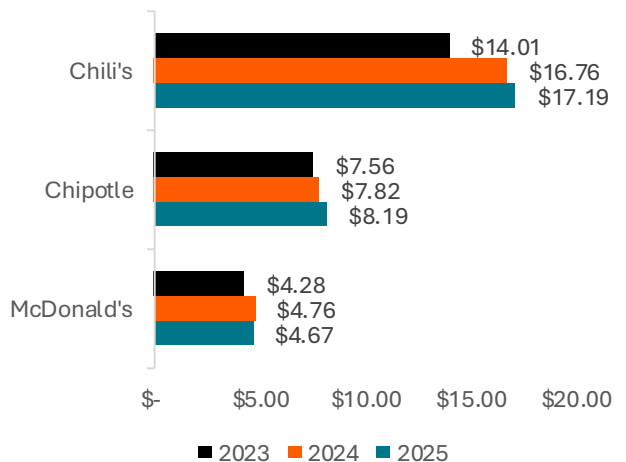
Source: Carbon Arc SMB Workforce – CA0055
Price: requires row-level bulk data access, available on request

Exhibit 5: Rolling 3-month Y/Y Change in Advertising Spend (2025)



Source: Carbon Arc Digital Advertising – CA009
Price: not available through platform or bulk delivery, requires custom build

Exhibit 6: Average Menu Item Price



Source: Carbon Arc Menu Data - CA0057
Price: requires row-level bulk data access, available on request

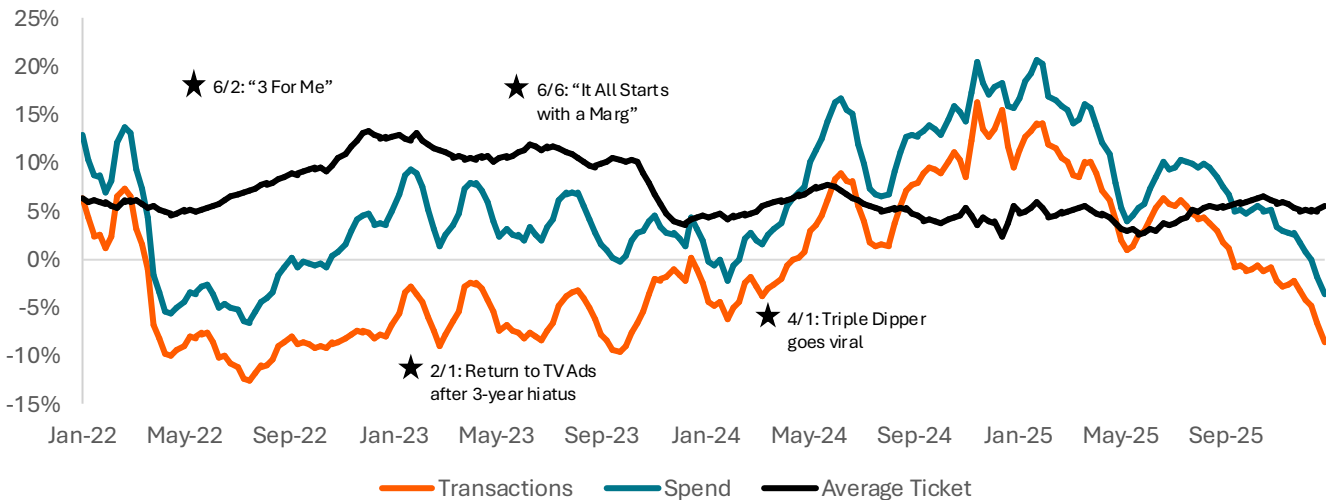


Casual Dining: Chili's

Chili's is having a moment. After years of same-store sales pressure, the brand has executed a sharp reset. As inflation pushed menu prices higher across the industry, Chili's leaned into an aggressive, value-led strategy. Most notably the launch of 3-For-Me in mid-2022 - positioning itself directly against QSR on price while preserving a full-service dining experience.⁶ The result has been sustained momentum, with durable gains in both transactions and spend. Chili's value-led promotions have resonated with different consumer cohorts in distinct ways, underscoring the brand's ability to activate multiple generations through targeted campaigns.

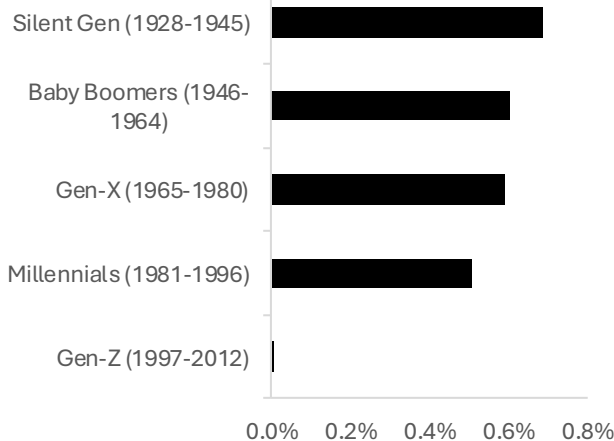
3-For-Me has delivered its strongest and most sustained lift among older cohorts (Silent Gen, Baby Boomers, and Gen X), while the Triple Dipper viral moment skewed younger, with Gen Z and Millennials driving the bulk of incremental transaction growth. Together, these patterns suggest Chili's is deploying distinct value narratives across generations, enabling broader demand capture than typically observed in promotion-heavy QSR strategies.

Exhibit 7: Chili's Y/Y Growth (Rolling 6 Weeks)



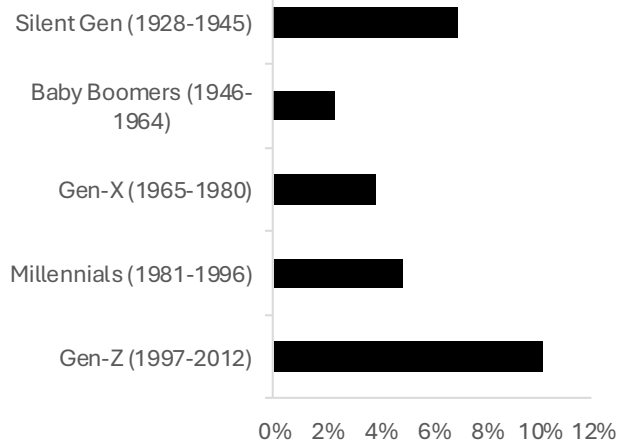
Source: Carbon Arc Credit Card – US Complete Panel – CA0056
Price: 37.05 Tokens

Exhibit 8: 3 For Me- Change in Y/Y Transactions Growth (June '22 → March '24)



Source: Carbon Arc Credit Card – US Complete Panel – CA0056
Price: requires row-level bulk data access, available on request

Exhibit 9: Triple Dipper Goes Viral - Change in Y/Y Transactions Growth (April → June)



Source: Carbon Arc Credit Card – US Complete Panel – CA0056
Price: requires row-level bulk data access, available on request

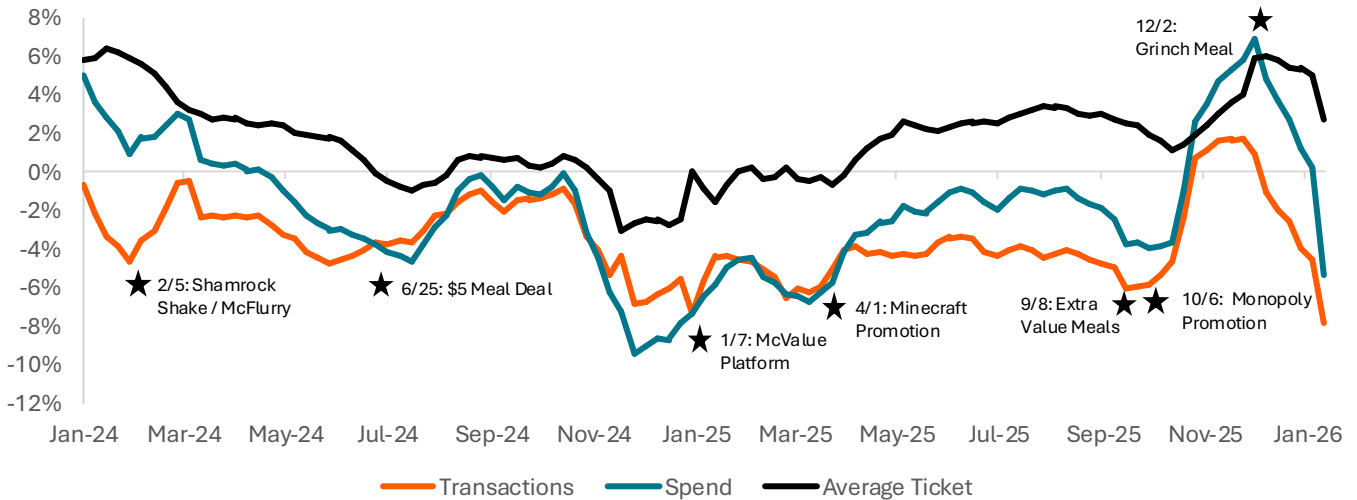


Quick Service Restaurants: McDonald's

Amid intensifying value-led competition across both QSR and Casual Dining, McDonald's leaned into price-driven promotions in 2025 to defend traffic.⁷ While these campaigns delivered short-term transaction lifts around key promotional windows, overall spend and visit growth remained muted, reinforcing a structurally challenged demand backdrop and an increasing reliance on promotional cadence to sustain momentum.

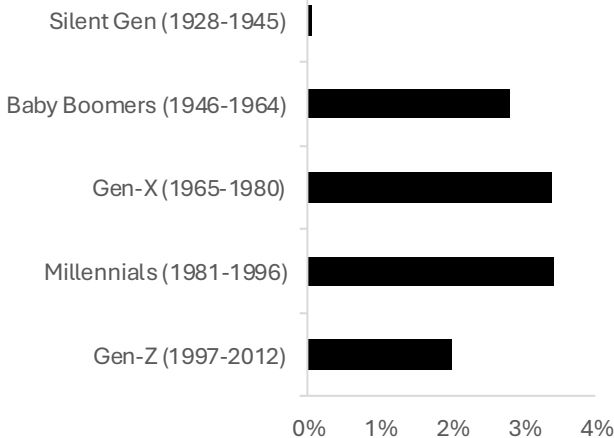
Campaign effectiveness varied by generation. The Minecraft collaboration drove a younger-skewing response, with Gen Z and Millennials accounting for the majority of incremental transaction lift. In contrast, the Monopoly promotion resonated more broadly across age cohorts, delivering more evenly distributed gains across generations. Taken together, the data suggests McDonald's promotional strategy is effective at tactically stabilizing traffic, but recovery remains contingent on continued promotional intensity rather than durable, underlying demand improvement.

Exhibit 10: McDonald's Y/Y Growth (Rolling 6 Weeks)



Source: Carbon Arc Credit Card – US Complete Panel – CA0056
Price: 37.05 Tokens

Exhibit 11: Minecraft Promotion - Change in Y/Y Transactions Growth (Mar → Apr)



Source: Carbon Arc Credit Card – US Complete Panel – CA0056
Price: requires row-level bulk data access, available on request

Exhibit 12: Monopoly Promotion - Change in Y/Y Transactions Growth (Sept → Oct)



Source: Carbon Arc Credit Card – US Complete Panel – CA0056
Price: requires row-level bulk data access, available on request

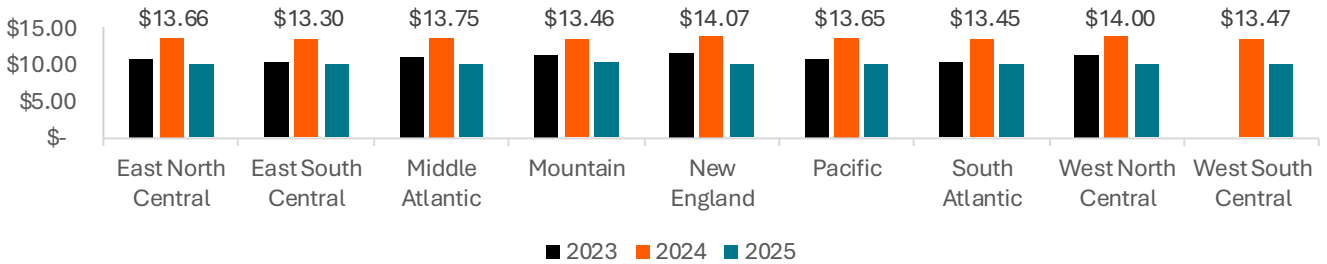


Value Offerings: McDonald's vs Chili's

Chili's value reset - anchored by the launch of the 3 For Me platform - has driven a clear and sustained inflection in traffic, most pronounced among lower-income cohorts. By repositioning itself as a price-competitive alternative to QSR while still offering a full-service experience, Chili's has successfully captured value-seeking consumers trading down amid persistent inflation.⁶ In contrast, McDonald's performance highlights growing elasticity at the low end of the income spectrum.

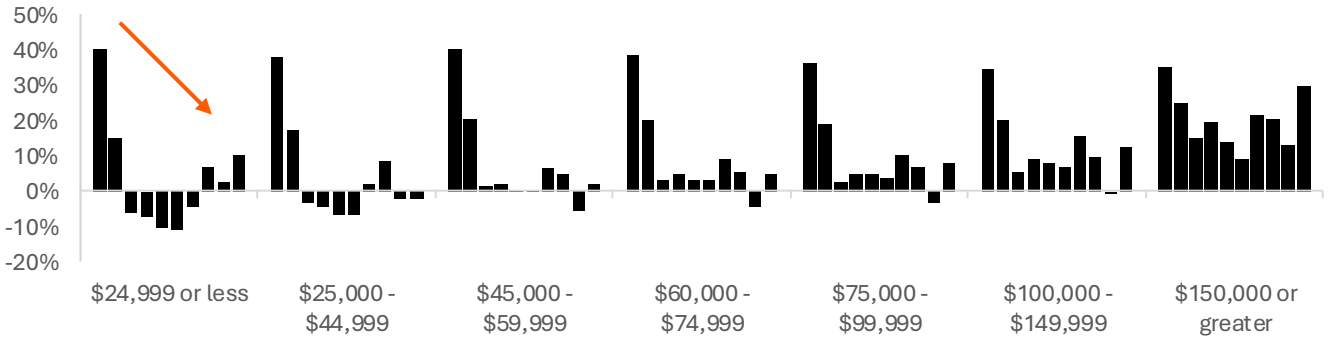
Through 2024, McDonald's steadily pushed pricing upward, testing the upper bounds of value perception among lower-income consumers. As prices reset higher, transaction elasticity became increasingly evident, with traffic softening most acutely at the low end of the income spectrum. In 2025, a moderation in pricing demonstrated signs of stabilization, suggesting partial recovery in value-oriented demand.

Exhibit 13: Average Big Mac Meal Price by Census Division



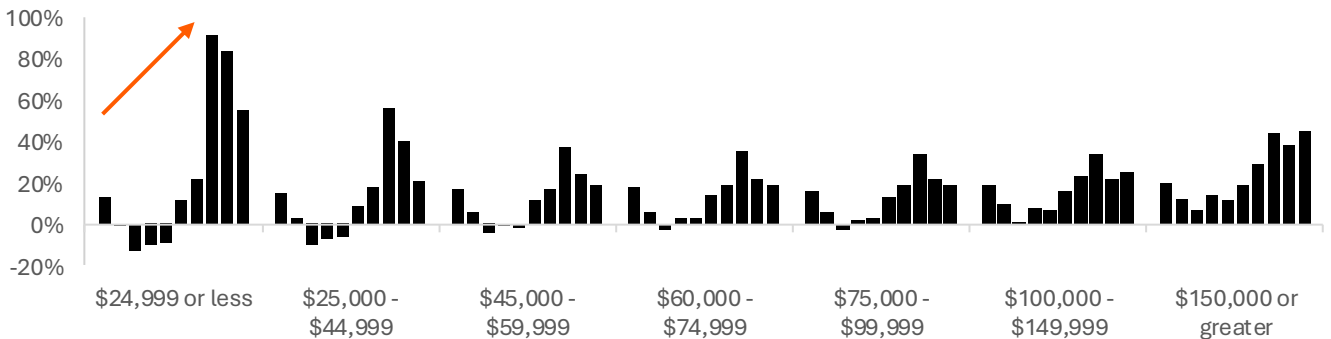
Source: Carbon Arc Menu Data - CA0057
 Price: requires row-level bulk data access, available on request

Exhibit 14: McDonald's Quarterly Transactions Y/Y Growth (2023 - 2Q 2025)



Source: Carbon Arc Credit Card - US Detailed Panel - CA0028
 Price: requires row-level bulk data access, available on request

Exhibit 15: Chili's Quarterly Transactions Y/Y Growth (2023 - 2Q 2025)



Source: Carbon Arc Credit Card - US Detailed Panel - CA0028
 Price: requires row-level bulk data access, available on request

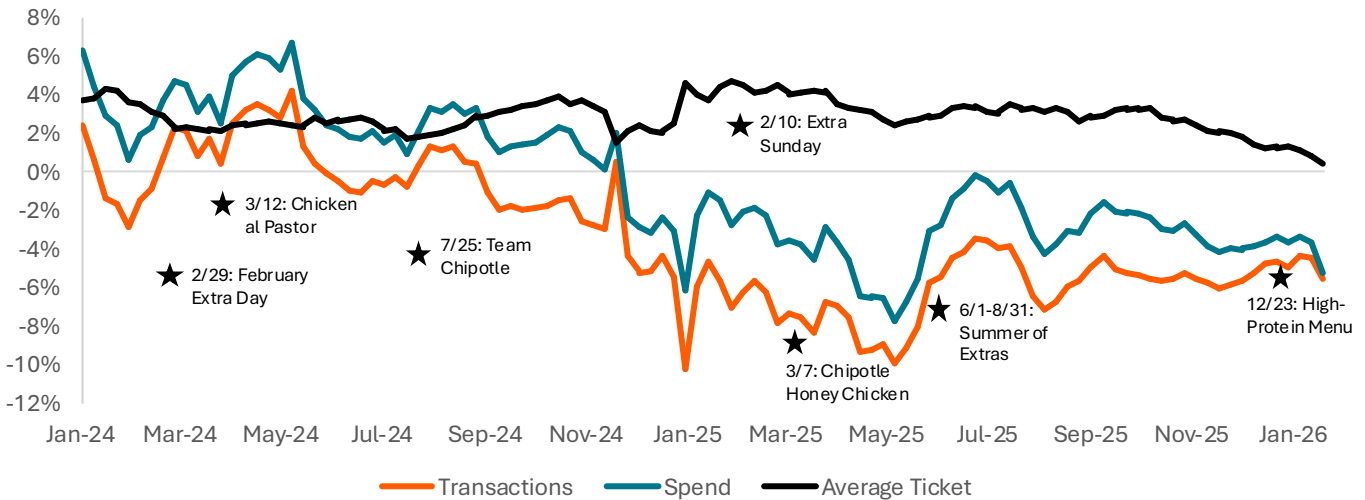


Fast Casual: Chipotle

As a long-standing Fast Casual leader, Chipotle has historically differentiated on food quality, value, and speed. Over the past 12+ months⁸, however, growth has turned largely negative as price sensitivity has intensified among economically pressured consumers. While select product launches delivered short-term lifts, the most consistent behavioral response in 2025 came from value-led promotions rather than menu innovation. The Summer of Extras campaign drove the strongest transaction lift of the year, disproportionately resonating with more income-conscious cohorts.

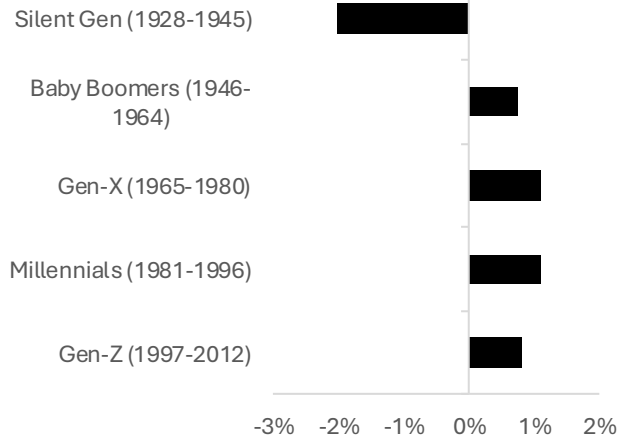
In parallel, Chipotle sought to capitalize on rising health and wellness demand in 2025 as consumers increasingly prioritize “better-for-you” dining options. Early performance from the High Protein Menu suggests outsized engagement among Silent Generation and Baby Boomer consumers. While not a scalable growth segment, Silent Generation response helps validate how functional menu attributes resonate when food is framed around utility rather than indulgence - providing a forward-looking lens into how aging Gen-X demand may evolve over time.

Exhibit 16: Chipotle Y/Y Growth (Rolling 6 Weeks)



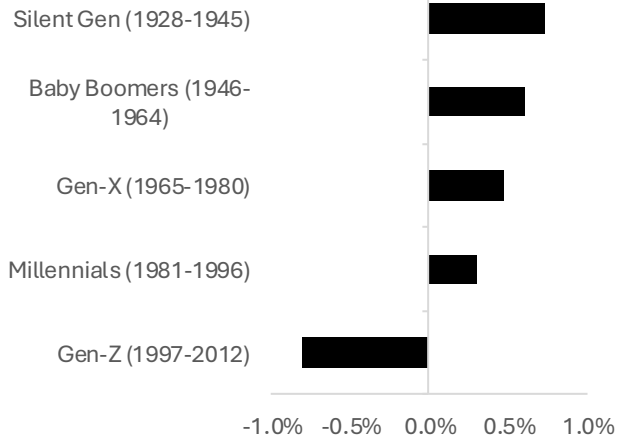
Source: Carbon Arc Credit Card – US Complete Panel – CA0056
Price: 37.05 Tokens

Exhibit 17: Summer of Extras- Change in Y/Y Transactions Growth (Weeks of 5/5/25 → 6/9/25)



Source: Carbon Arc Credit Card – US Complete Panel – CA0056
Price: requires row-level bulk data access, available on request

Exhibit 18: High Protein Menu Launch - Change in Y/Y Transactions Growth (Weeks of 12/22/25 → 1/12/26)



Source: Carbon Arc Credit Card – US Complete Panel – CA0056
Price: requires row-level bulk data access, available on request

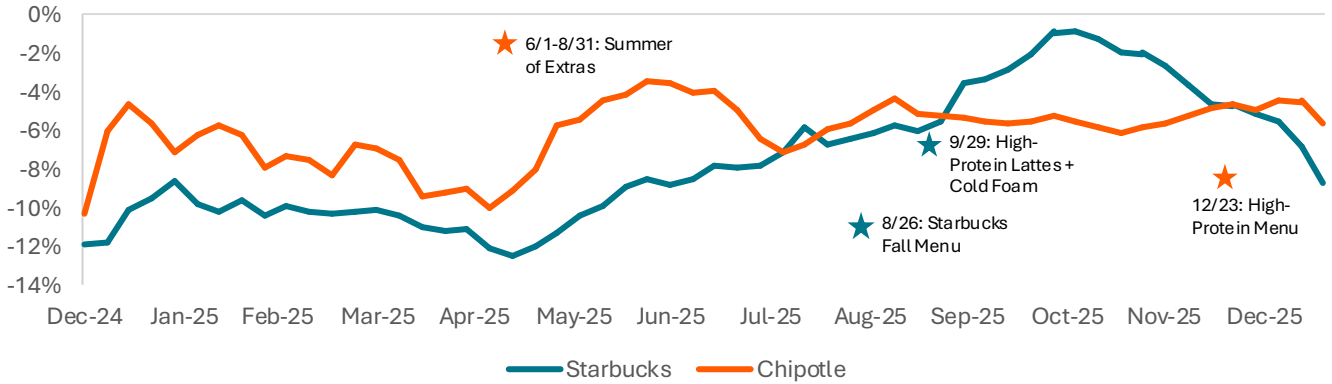


Protein Offerings: Chipotle vs Starbucks

Protein has emerged as a key menu lever across QSR and Fast Casual,⁹ with brands increasingly targeting health- and GLP-1-conscious consumers. Among recent high-profile launches, Starbucks' protein beverages drove a more pronounced and sustained transaction lift than Chipotle's high-protein menu.

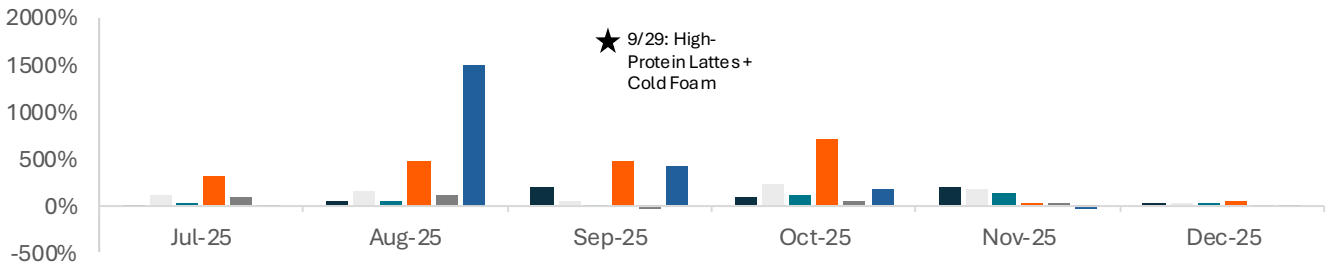
While both brands saw post-launch normalization, the paths diverged: Starbucks paired its rollout with heavy OTT and YouTube investment, whereas Chipotle relied more narrowly on YouTube.

Exhibit 19: Transactions Y/Y Growth (Rolling 6 Weeks)



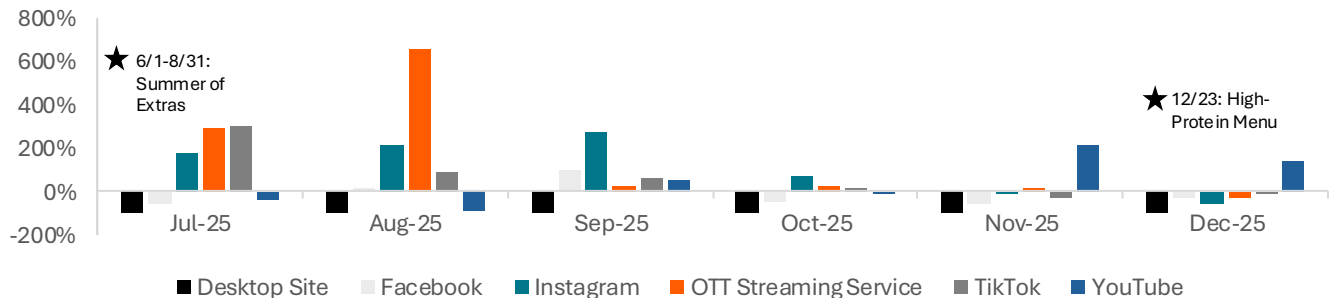
Source: Carbon Arc Credit Card – US Complete Panel – CA0056
Price: 37.05 Tokens

Exhibit 20: Starbucks Advertising Spend Y/Y Growth



Source: Carbon Arc Digital Advertising – CA009
Price: 9.24 Tokens

Exhibit 21: Chipotle Advertising Spend Y/Y Growth



Source: Carbon Arc Digital Advertising – CA009
Price: 9.47 Tokens

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