The axion™ Report

What to Know for 2026

2026 | Q1

- How consumers define value today
- What operators think about tariffs
- Where menu innovation is headed
- The “ends over middle” dynamic

2026 Foodservice Outlook: Slowing Growth, Sharper Tradeoffs

If 2025 was the year operators felt the industry cooling, **2026 is the year those trends settle into place.** Growth hasn't disappeared, but it's shifting, sharpening, and becoming far more selective.

Traffic remains under pressure, costs remain stubbornly high, and the big story emerging across the industry is unmistakable: the barbell market is here. Value and premium concepts are gaining strength, while the middle continues to soften.

But don't worry, we're here to help you better understand what's happening and how to react.

We'll be breaking down how consumers are defining value today, what operators think about tariffs, where menu innovation is headed, and how Acxion's own data reflects the same "ends over middle" dynamic.

State of the Industry

Growth is slowing, not stopping

Real foodservice growth in 2026 is projected at 1.1%, only slightly higher than 2025's 0.9%, but still below pre-COVID benchmarks.[1]

This shouldn't come as a surprise. After a brief dip in 2024—the first traffic decline since post-pandemic recovery—industry traffic simply returned to the gradual downward trajectory seen in 2018 and 2019.

This recent dip is seen as a return to the modest downward trend – one that's expected to continue.

Different sectors, however, tell different stories

Retail Foodservice

shows the strongest outlook, powered by C-stores and supermarket prepared foods.[1]

Non-commercial

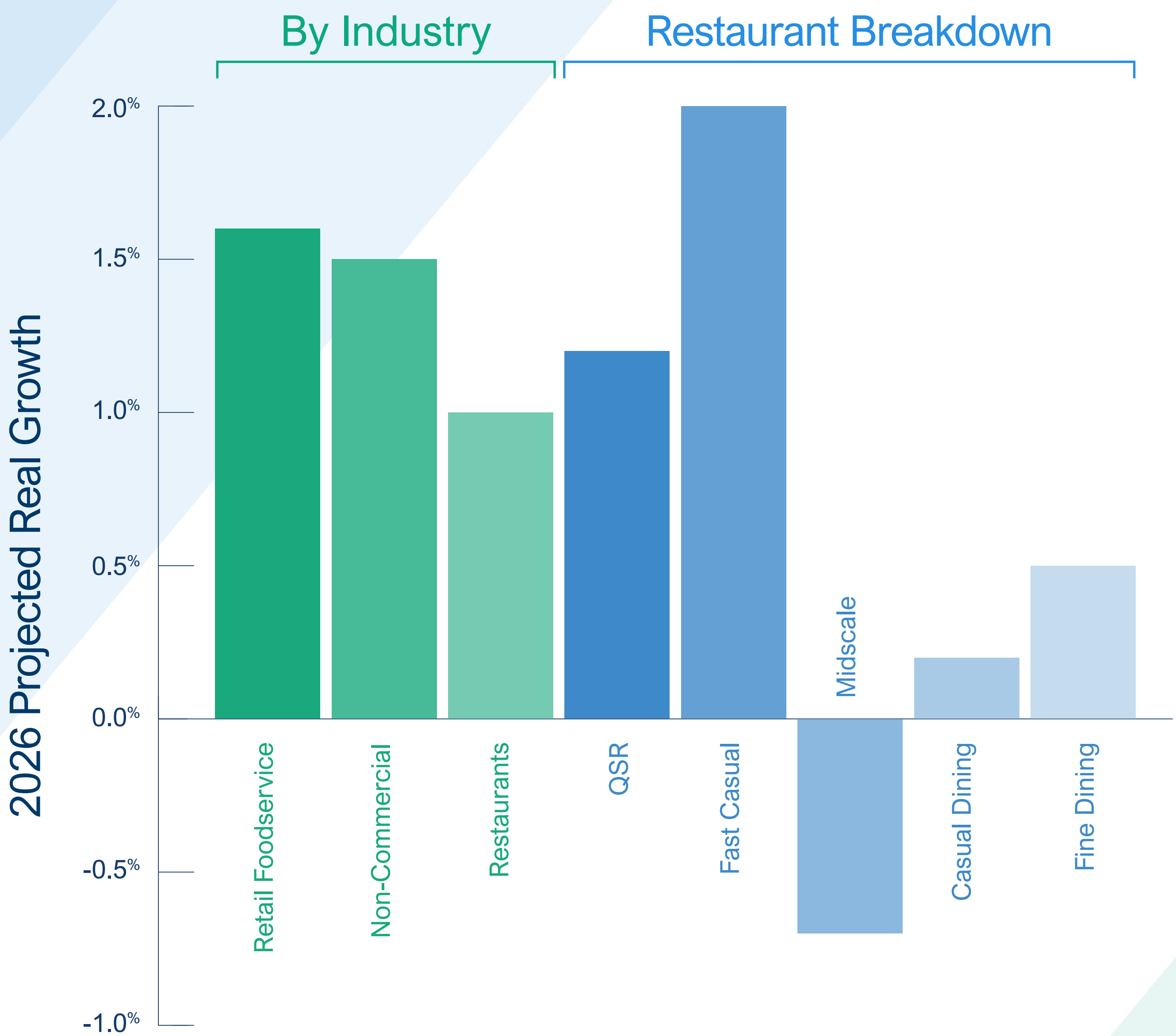
continues its recovery, buoyed by recreation and lodging.[1]

Restaurants

remain the slowest-growing— though limited-service is still expected to outperform full-service in 2026.[1]

2026 Projected Growth at a Glance[1]

2026 foodservice growth remains positive at **1.1% real and 4.1% nominal,** with varied segment performance.

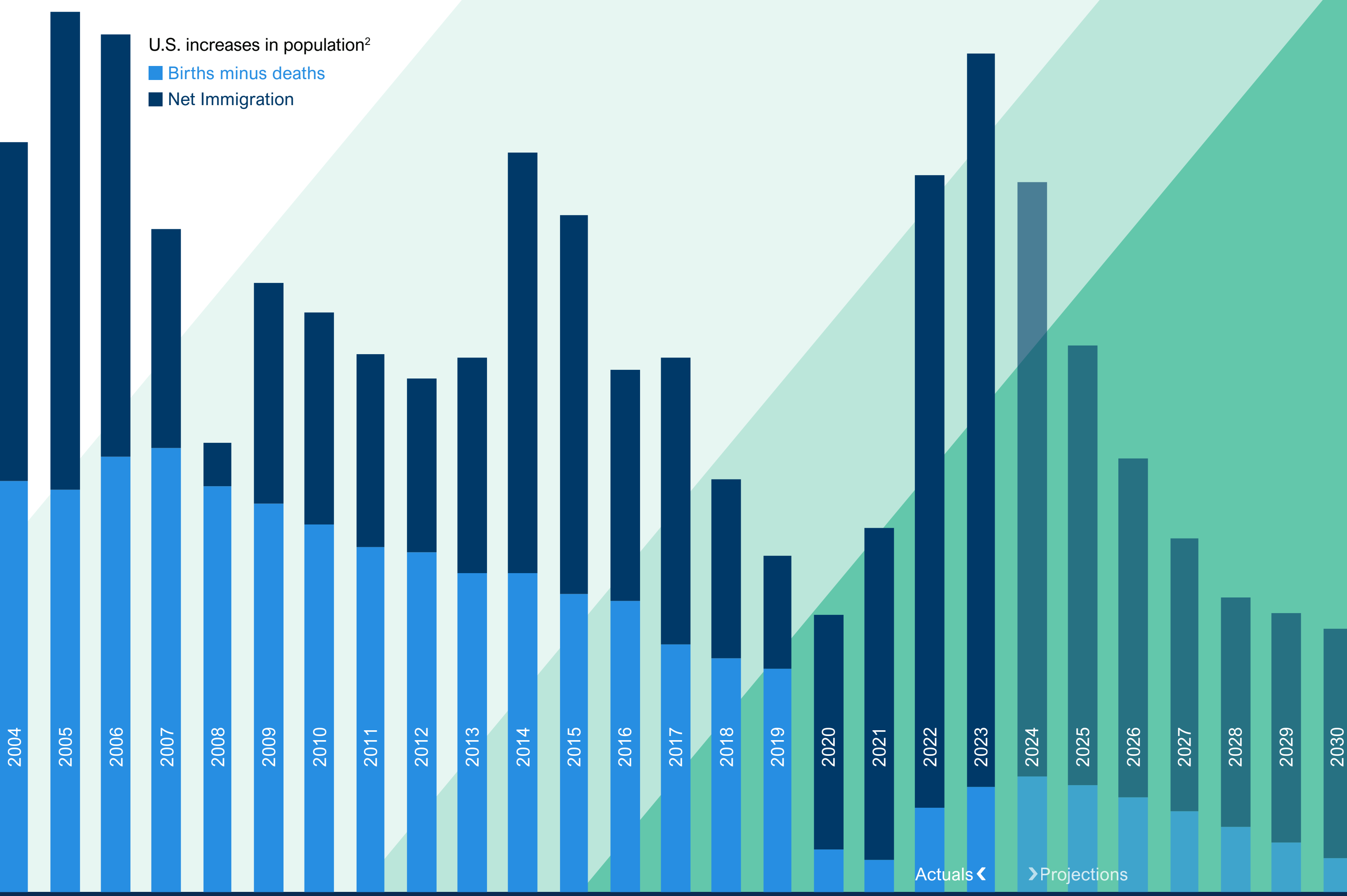


Industry Headwinds

Why Growth Is Slowing: Oversupply Meets Slowing Population

One of the most structural pressures on growth today is simple: oversaturation. U.S. population growth continues to cool due to long-term fertility declines and tighter immigration policies.[2] Meanwhile, major chains have leaned on unit growth. The Top 500 grew its footprint by 1.6% in 2024[3]—and even in 2025, openings outpaced closings.[1]

A slower-growing population plus continued unit expansion equals a marketplace where competition intensifies, and incremental demand is harder to find.



Restaurant Segment Spotlight

Fast Casual's Boom Hits the Brakes

After doubling in size over the last decade, the fast casual engine is easing out of its hypergrowth era.[4] Traffic softened in 2025, and guest satisfaction levels are converging with both QSR and casual dining. Forecasts early in 2025 still called fast casual the "sweet spot" for trade-down behavior,[5] but updated late-2025 data shows clear cooling.[6]

Even standout brands like Chipotle and Wingstop have reported slower same-store sales.[6]

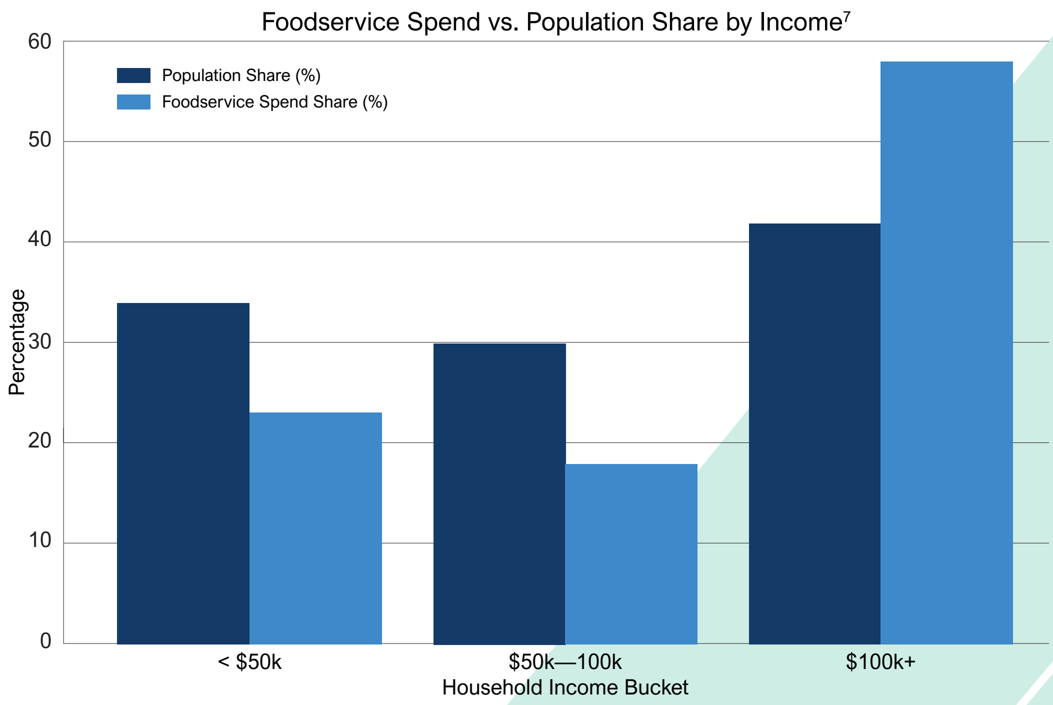
Consumer Spending Spotlight

High & Low Spend Hold Up, the Middle Pulls Back

The barbell effect is visible in consumer wallets:

- Households earning >$100k generate 58% of total restaurant spending; households under $50k contribute ~20%.[7]
- **Spending growth is now accelerating at both ends**, high-income (> $125k) and low-income (< $50k), while middle incomes slow.[8]
- High-income diners visit less often but trade up when they do.
- Lower-income diners buy down into QSR, deals, and home-prepared options, but they don't exit the category.[1]
- Premium steakhouses keep raising prices with little pushback from affluent diners, while midpriced chains see pullbacks as value-focused guests hit spending limits.[9]

The Takeaway: Strategies that clearly serve both value seekers and premium spenders will win.



Across Acxion's ecosystem,

we see this barbell pattern reinforced in real time

- A majority of clients progressively outperformed their YTD trends through summer, peaking at nearly 70% in September before declining to less than half by year-end.[10]
- Brands with strong **value or budget positioning are benefiting** from increased low-income activity.[10]
- Operators anchored in **traditional mid-tier menus** (midscale and casual dining) **are seeing flatter or declining shipments.**[10]

Broader indicators echo this: while broadliner sales show modest YOY growth overall, performance varies widely within commercial foodservice.[11]

Menu-level data from Toast adds another layer: even though casual dining sales are negative YOY, premium categories like steak and dessert remain bright spots, while budget-friendly staples stay stable.[12]

Being able to look at these three things together—shipments, broadline trends, menu mix—gives Acxion a uniquely clear signal:

the middle is weakening, and **demand is concentrating at the ends.**

Market Movements

M&A and Restructurings Expose a Squeezed Middle

The deal sheet is telling the same story as consumer spend:

- **Denny's is being taken private** for $620M, with ~150 underperforming units expected to close.[13]
- Hooters of America[14], Bar Louie[15], and Bertucci's[16] are **navigating bankruptcies or restructurings**.

These mid-market, broad-appeal models are under pressure as customers either seek better value or more premium experiences.

At the same time, capital is gravitating toward:

Premium, better-for-you concepts

e.g. Pura Vida Miami[17]

Scaled value players

e.g. El Pollo Loco, Firehouse Subs, Shipley Do-Nuts[18]

Distributor Market Activity

US Foods and Performance Food Group ended merger talks that would have created the nation's largest broadline distributor, preserving the industry status quo.[19]

The Value Equation: Consumer Lens

With Value, the Impact of Price is Nuanced

Throughout 2025, consumers consistently told us value wasn't just about being cheap. Taste and quality ranked higher—especially as the year played out following the 2024 "value wars," when multiple $5 meal deals failed to deliver meaningful traffic gains.[20]

But with away-from-home inflation still outpacing at-home inflation, the narrative is shifting. **Consumers say they care about value beyond price** (74% feel a meal doesn't have to be cheap to be a good value), **but their behavior often contradicts this.**[21]

Nearly one-third now cite saving money as their top dining-out priority and **lower prices and deals remain the most reliable motivators** for both dine-in and off-premise occasions.[21]

Value by Consumer Segment[21]

64% want a good deal **but not at the expense of quality or experience** (highest among Boomers at 72%).

21% want a great meal/experience **even if they pay more** (highest among men at 23% and Millennials at 24%).

15% want the cheapest possible option (highest among Gen Z at 19%).

The Value Equation: Operator Lens

Operators Are Prioritizing Value, But Execution is Harder Than Ever

Almost every operator agrees that delivering strong value is essential. But the math has gotten tougher.

- Costs continue to rise across food, labor, and packaging.[22]
- 68% say consumers are maxed out on price increases.[21]
- 83% say value doesn't mean the lowest price—it means consistent quality, great taste, service, and environment.[21]
- **Nearly three-quarters have launched or revived value strategies in the last six months**—daily specials, bundles, loyalty rewards, and more.[21]

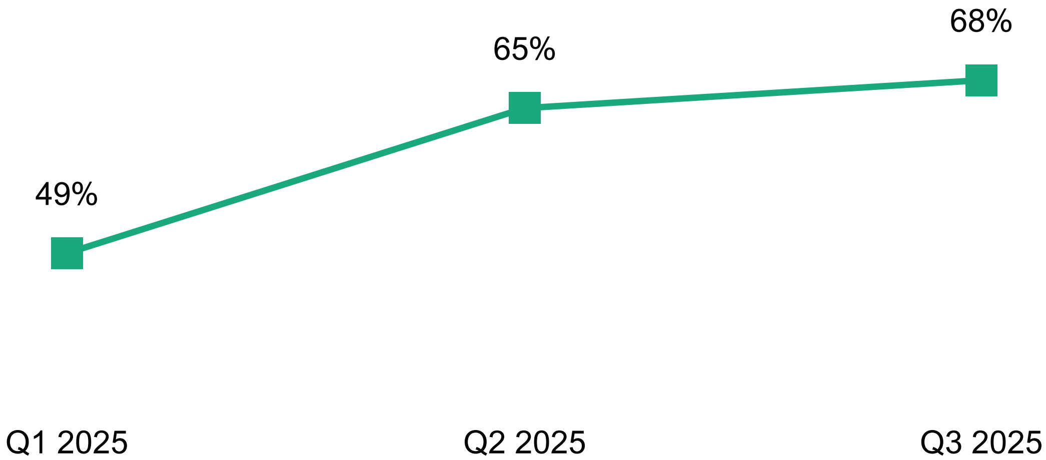
Execution Matters

Clear pricing, operational simplicity, and ingredient cross-utilization drive success.

Operator Reality Check

The Toll of Tariffs

Level of Operator Concern Toward Tariffs[22]
% concerned/very concerned



Tariff pressures mounted throughout 2025 and impacted operators' businesses:

- **69% of operators report tariff-related cost increases**, especially in food ingredients (+9 pts) and equipment (+7 pts).[22]
- More than three-fourths of operators have taken action— **but confidence in those actions is declining**.[22]
- 54% of operators receiving no external help **want suppliers to step in**.[22]

Three Menu Trends to Watch in 2026

Sauces & Sides as a Flavor Sandbox

The lowest-risk place to innovate in 2026 isn't the center of the plate—it's the sauce, the condiment, and the side.

- Nearly half of consumers are more open to trying unfamiliar flavors in sauces/sides than mains.[23]
- In QSR, **interest in customizable sauces has climbed +7%** in two years.[23]

Meat Is Back, Plant-Based Resets

After years of slow-down, plant-based meat has stalled.[12] Consumers—especially Millennials—are returning to conventional meat.[24]

- **Animal meat incidence grew +2% YOY**
- **Plant-based meat incidence fell –3%**[24]

The **2026** protein conversation isn't about replacement—**it's about making both meat and vegetables worth the splurge**.

More Protein, More Fiber

Protein still commands the spotlight—but fiber is catching up fast:

- 51% say boosting fiber intake is important to their health, close to the 52% who prioritize protein.[24]
- GLP-1 prevalence and gut health awareness are driving interest.
- 79% of consumers are more likely to visit operators offering high-protein options.[24]
- 60% of Gen Z are interested in high-fiber foods and beverages.[24]

Yet only 22% of operators say they offer or promote high-fiber menu items today.[24]

Your Partner in a More Selective Market

The year ahead may feel more complex, but it's also **full of opportunity** for operators who know where to look.

Consumers are still dining out, but they're more intentional. Growth is still happening, but it's more selective. And menus are evolving, but with a clearer sense of what truly resonates.

Across every signal we track including shipments, spending patterns, menu mix, and operator sentiment, the story is aligned. The middle is tightening. Value and premium are gaining ground. Innovation is shifting to sauces, protein, and fiber. And operational discipline matters more than ever. This is a year for smart choices, not broad bets.

Wherever your brand sits—value-driven, premium-leaning, or somewhere in between—acxion™ is here to help you navigate

the noise and act with confidence. With our data, insights, and partnership at your side, you don't have to respond to the market, you can stay ahead of it.

Montina Filice
Director, Strategic Planning

Montina is a food and beverage strategist with 12+ years of experience across culinary innovation, consumer insights, marketing, and restaurant operations.

[1]Datassential 2026 Industry Forecast September 2025
[2]Datassential Extended Outlook September 2025, citing Congressional Budget Office, September 2025 report The Demographic Outlook: 2025 to 2055
[3]Technomic 2025 Top 500 Chain Restaurant Report, April 2025
[4]Technomic 2026 U.S. Foodservice Trends Forecast
[5]Technomic Foodservice Industry Forecasts: 2025 - June 2025 Edition
[6]Technomic Foodservice Industry Forecasts: 2025 - September 2025 Edition
[7]Datassential Extended Outlook September 2025, citing Consumer Expenditure Series, 2025 annual release of 2023 data, Bureau of Labor Statistics
[8]Bank of America Global Research Restaurants Industry: Monthly Restaurant Spending (November 2025)
[9]New York Times, As the Price of Beef Soars, Restaurants Are in 'Code Red' Mode, December 2025
[10]Food IQ Customer Shipment Data YE October 2025
[11]Broadline Shipment Data YE October 2025: Case Volume Estimates Only
[12]Toast Menu Data: Casual Dining Item Sales vs PY
[13]RestaurantNews.Com, Denny's Corporation to be Acquired by TriArtisan Capital Advisors, Treville Capital Group and Yadav Enterprises in $620 Million Transaction, November 2025
[14]Restaurant Dive, Hooters of America sells itself, files Chapter 11, April 2025
[15]Restaurant Business, Bar Louie files for bankruptcy for a second time, March 2025
[16]Restaurant Business, Bertucci's files for bankruptcy for the third time, April 2025
[17]TSG Consumer, Pura Vida Miami Announces Strategic Growth Investment from TSG Consumer, November 2025
[18]Technomic Foodservice Digest November 2025
[19]Performance Food Group, Performance Food Group and US Foods Terminate Information Sharing Process, November 2025
[20]Technomic Consumer & Operator Outlook Report Q1 2025
[21]Datassential Hotshot Report: The Value Equation (November 2025)
[22]Technomic Consumer & Operator Outlook Report Q3 2025
[23]Technomic Consumer Food Trends August 2025
[24]Datassential 2026 Trends Report (October 2025)

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