Economy

Taste test: Where consumers are dining out

12 February 2026

Key takeaways

- Restaurant spending has increased its share within overall retail sales since 2020, but spending growth moderated in the second half of 2025 as labor-market momentum slowed. Consumers are still dining out, yet higher prices and slower income growth - especially for lower- and middle-income households - are making them more deliberate about where and how often they spend.
- According to Bank of America card data, casual dining and pizza restaurants have seen multi-year share declines within overall restaurant spending as consumers gravitate toward eateries that offer better value, convenience, or novelty. Millennials account for the largest share of spending across all types of restaurants.
- While the appetite for dining out remains relatively healthy, diners have become more selective and are increasingly seeking value and innovation, according to BofA Global Research. Interestingly, independent restaurants have shown sustained strength in spending growth relative to chains throughout the past year, especially among higher-income households.

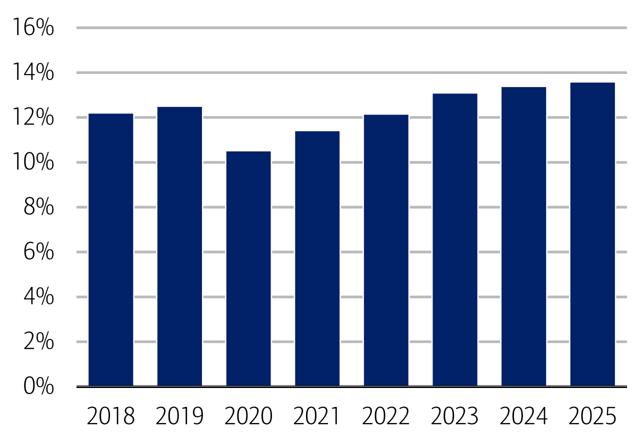
Restaurant spending heating up

Restaurants are an important indicator of economic appetite. Within retail sales, for example, food services are often used as a metric for discretionary spending strength, and, since 2020, the share of spending at food services and drinking establishments has increased (Exhibit 1). In January, such spending per household was up 3.3% year-over-year (YoY), more than the 2.6% YoY overall spending increase, according to Bank of America aggregated credit and debit card data (see more on this in the February Consumer Checkpoint).

However, restaurant spending growth has been mixed in the past year. And while it dropped in January 2026 largely due to weather effects, throughout most of last year restaurants month-over-month (MoM) spending growth was modestly positive (Exhibit 2).

Exhibit 1: The share of food services and drinking establishments in retail sales has increased each year since 2020, although at a slower rate

Share of spending at food services and drinking places within total retail sales (seasonally adjusted, %)



Source: Haver analytics

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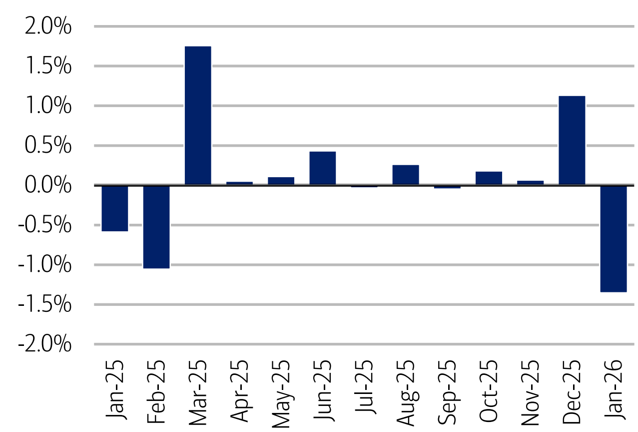
Exhibit 2: Monthly restaurants spending growth was predominantly positive last year

Total monthly credit and debit card spending per household, according to Bank of America card data (MoM, monthly, %, seasonally adjusted)



Source: Bank of America internal data

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Additionally, restaurant spending is tied to the health of the job market, according to BofA Global Research. The moderation in the labor market, especially in the latter half of 2025, likely depressed spending growth in this sector. And although wage growth remains positive, lower-and middle-income consumers haven't seen a robust uptick in earnings, leading to less discretionary spending on activities like going out to eat (read more on this in the January Institute Employment Report).

Is eating out more expensive?

Average monthly spending per household on restaurants and bars in 2025 was $371 – this is up 30% from 2019, according to Bank of America card data. And though people are eating out more than they did in 2019, some of this strength is due to price increases. According to the Bureau of Labor Statistics, food away from home was up 4.1% YoY in December 2025.

While the amount spent per transaction has increased YoY, the number of transactions per household has only grown at half the rate. This underscores the narrative that consumers are being more selective when eating out (read more on this in July's Chowing down on the cheap).

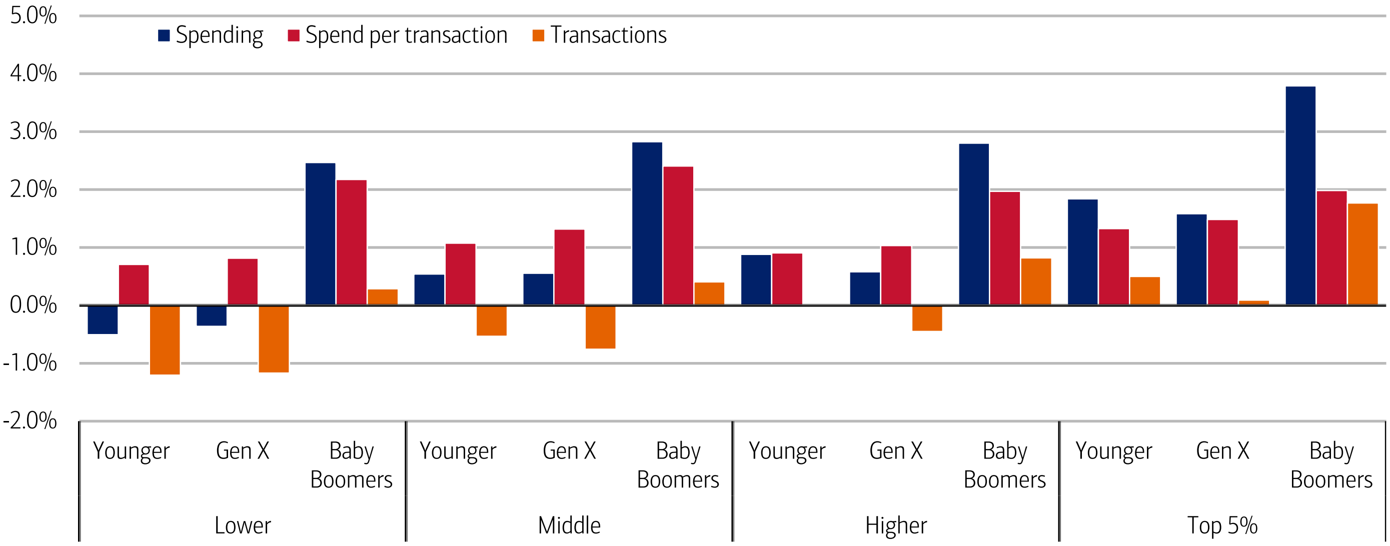
Young, high-earning, and hungry

If there's one notable trend in dining out it's that Baby Boomers were the fastest growing generation of spenders. While spending per transaction growth is up across all generations and income levels, Baby Boomers consistently outpaced all generations (Exhibit 3). Additionally, this cohort exhibited the strongest average spending growth and number of transactions, especially among those with the top 5% of household income.

Still, in actual dollar terms, younger generations spend more overall than their older counterparts. Notably, Gen Z and Millennials at the upper end of the income spectrum are eating out more frequently than Gen Xers.

Exhibit 3: Baby Boomers were the only generation across each income group to exhibit transaction growth in 2025 in food services and drinking establishments

Spending per household, spending per transaction, number of transactions per household on food services and drinking establishments by income and generation (2025 annual average, YoY%)



Source: Bank of America internal data
Note: Younger includes Gen Z and Millennials

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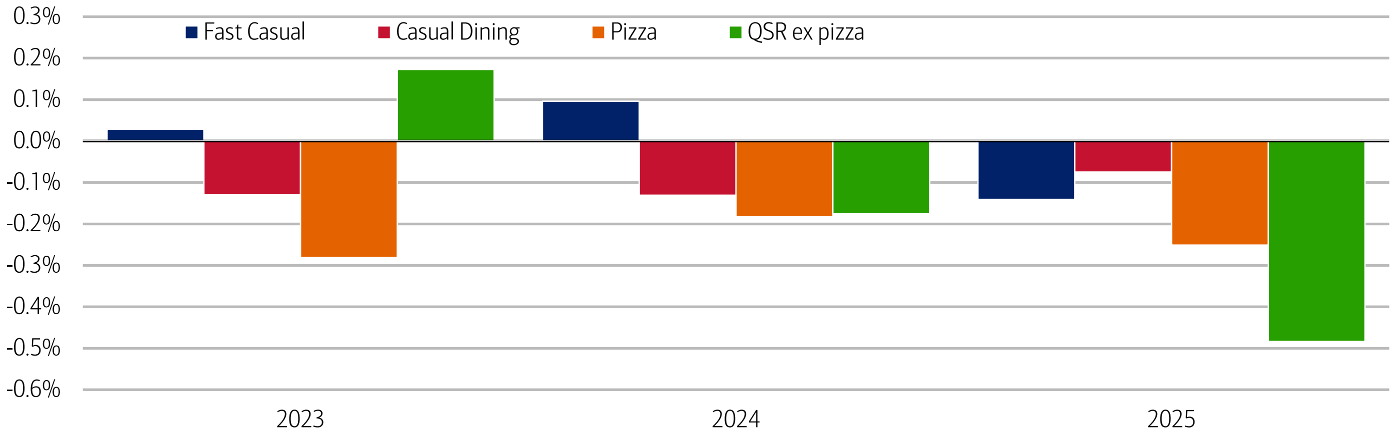
Diners cut back on casual restaurants and pizza parlors

Over the past several years, consumers have become more selective – and their preferences have changed. In doing so, the share of spending at eateries has shifted.

Spending at casual dining spots – think full-service restaurants with a laidback setting – has declined for three consecutive years as has the share of spending at pizza places (Exhibit 4), according to Bank of America card data. The most dramatic drop in 2025 was among quick-service restaurants (i.e. order at the counter or at the drive-through) (QSRs) excluding pizza places.

Pizza's multi-year share loss likely reflects both category saturation and shifting meal-time behavior. The rise of QSR options that don't sell pizza – particularly those with customizable bowls, handheld items, and perceived "healthier" choices – has created more competition in an arena where pizza has dominated weeknight convenience dining.

Exhibit 4: The most dramatic share drop in 2025 was among quick-service restaurants excluding pizza
Change in share of restaurant spending by type (percentage point annual difference)



Source: Bank of America internal data

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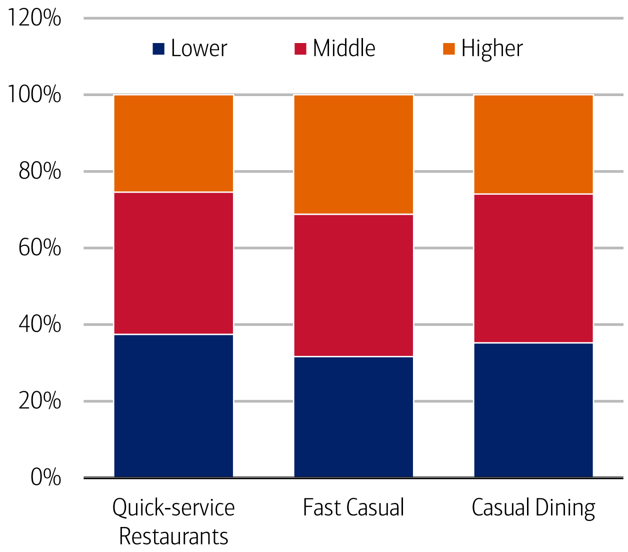
Tastes differ across the board

Quick-service restaurants are being hit in part because lower-income consumers are reining in spending. In 2025, these households comprised the largest share of spending at such restaurants (Exhibit 5), but we are now seeing a slowdown in overall lower-income spending growth (read more on this in the February Consumer Checkpoint).

Across generations, Millennials comprised the largest share of spending across all select restaurant types (Exhibit 6). Casual dining places saw more incoming dollars from Baby Boomers rather than Gen Z. These trends are likely tied to lifestyle differences (i.e. accrued income, spending priorities, caregiving, etc.), especially for Gen Z, which has increased their share of spending at all types of restaurants over the past several years, according to Bank of America internal card data.

Exhibit 5: Apart from quick-service restaurants, middle-income households comprised the largest share of spending across all restaurant types in 2025
Share of restaurant spend by type by income in 2025 (%)



Source: Bank of America internal data
Note: QSRs include pizza places.

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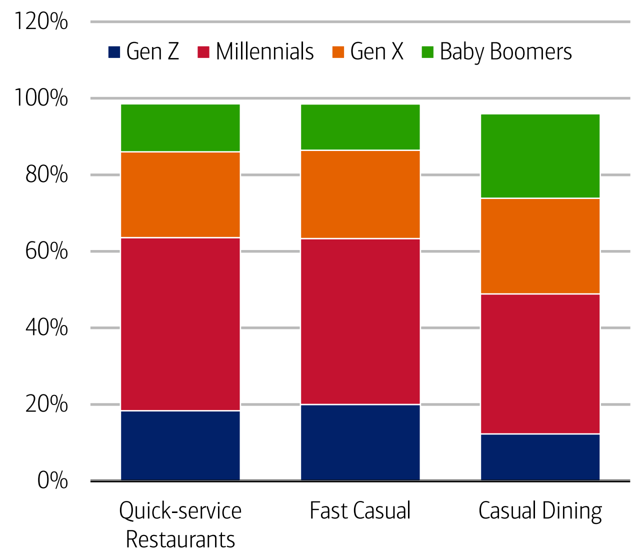
Exhibit 6: Baby Boomers account for double the share of spending in casual dining compared to fast casual
Share of restaurant spend by type by generation in 2025 (%)



Source: Bank of America internal data
Note: QSRs include pizza places.

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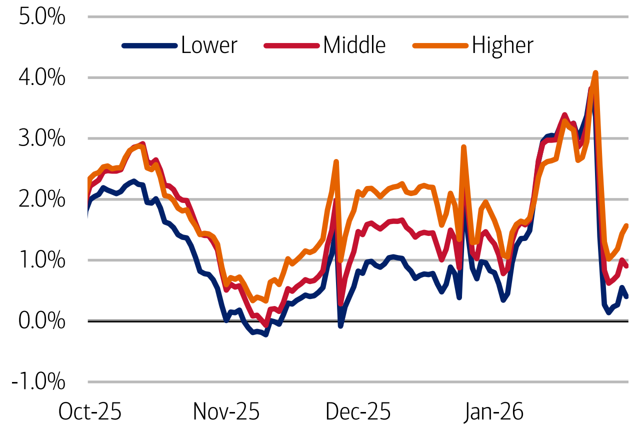
Independent restaurants continue to show strength over chains

These shifts also align with the rise of independent restaurants, which are outperforming chains in spending growth (see Methodology for respective definitions) (Exhibit 7 and Exhibit 8). That dynamic may be pulling discretionary spending away from traditional casual dining chains, which face a tougher path in differentiation.

Higher-income households – which have shown more robust restaurant spending trends in recent months – tend to allocate a larger share of their out-of-home food spend to independents. Because they are less sensitive to price increases than lower-income groups (which are more concentrated in QSR spending), their spending patterns may be disproportionately supporting those restaurants that have single-locations or may be locally owned.

Exhibit 7: Higher-income households continue to increase their spending on independent restaurants compared to other groups
Independent restaurant spending per household by income through Jan 31 (daily, 28-day moving average, YoY%)



Source: Bank of America internal data

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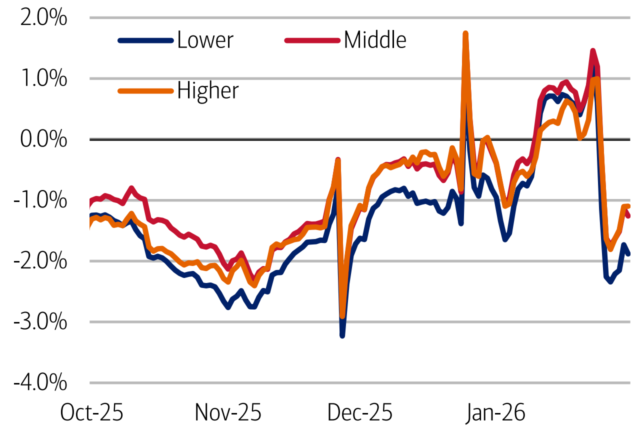
Exhibit 8: Higher- and middle-income households spending growth at chain restaurants has largely mirrored each other since the end of November
Chain restaurant spending per household by income through Jan 31 (daily, 28-day moving average, YoY%)



Source: Bank of America internal data

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What's on the menu for 2026?

Although independents have shown strength, BofA Global Research expects chains to gain back share this upcoming year. And while the appetite for dining out remains healthy, restaurant consumers are more selective than ever, and competition is fiercer, especially as takeout and food delivery becomes more accessible.

Standing out in a crowded marketplace demands delivering unique value and appeal as well as having the flexibility to consistently and continually adapt. According to the 2025 Bank of America State of the Restaurant Industry report, to thrive, operators should consider adding new menu items, offering limited promotions or discounts, and improving the customer experience through strong service culture and better ambience.

Methodology

Selected Bank of America transaction data is used to inform the macroeconomic views expressed in this report and should be considered in the context of other economic indicators and publicly available information. In certain instances, the data may provide directional and/or predictive value. The data used is not comprehensive; it is based on **aggregated and anonymized** selections of Bank of America data and may reflect a degree of selection bias and limitations on the data available.

Bank of America credit/debit card spending per household includes spending from active US households only. Only consumer card holders making a minimum of five transactions a month are included in the dataset. Spending from corporate cards are excluded. Data regarding merchants who receive payments are identified and classified by the Merchant Categorization Code (MCC) defined by financial services companies. The data are mapped using proprietary methods from the MCCs to the North American Industry Classification System (NAICS), which is also used by the Census Bureau, in order to classify spending data by subsector. Spending data may also be classified by other proprietary methods not using MCCs.

Lower, middle and higher household income cuts in Bank of America credit and debit card spending per household, and consumer deposit account data are based on quantitative estimates of each households' income. These quantitative estimates are bucketed according to terciles, with a third of households placed in each tercile periodically. The lowest tercile represents 'lower income', the middle tercile represents 'middle income' and the highest tercile 'higher income'. The income thresholds between these terciles will move over time, reflecting any number of factors that impact income, including general wage inflation, changes in social security payments and individual households' income. The income and tercile in which a household is categorised are periodically re-assessed.

Chain restaurants are derived by merchant name. Independent restaurants are those excluded from the chain compilation.

Unless otherwise stated, data is not adjusted for seasonality, processing days or portfolio changes, and may be subject to periodic revisions.

We calculate the %y/y growth rate by matching calendar days (Jan 1, 2026 matched to Jan 1, 2025). The % change is calculated based on the 28-day moving average of spending levels.

Generations, if discussed, are defined as follows:

1. Gen Z, born after 1995
2. Younger Millennials: born between 1989-1995
3. Older Millennials: born between 1978-1988
4. Gen Xers: born between 1965-1977
5. Baby Boomer: 1946-1964
6. Traditionalists: pre-1946

Additional information about the methodology used to aggregate the data is available upon request.

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Sources

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Disclosures