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Gas Prices and Foodservice Sales: Why Soaring Gas Prices Haven't Impacted As Much...Yet

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The recent surge in gas prices above \$4 per gallon has triggered familiar concerns about consumer spending and restaurant traffic. Historically, such spikes have correlated with decelerating foodservice sales as households redirect discretionary income toward essential transportation costs. But how might this time be different?

The restaurant industry's current customer base skews toward those least affected by fuel cost increases

Due to data inadequacies, we can only go back to the mid-2000s to study the impact of gas prices surges and impact on foodservice sales. Since 2005, national average gas prices has exploded to near or above \$4 per gallon only a handful of times, providing limited inputs for predictive analysis. The most notable instances occurred in 2008 during the financial crisis and in 2011-2012 and 2022 following geopolitical disruptions. In each case, foodservice sales growth slowed or turned negative, with quick-service and casual-dining segments experiencing the sharpest traffic declines. However, each one of these occasions were intertwined with other macro-factors, making it difficult to truly understanding the individual high gas component impact on restaurant sales.

However, there is evidence that suggests the current situation differs meaningfully from past episodes and, **from the beginning of March through early May**, incoming data suggests the restaurant industry has proven to be more resilient than historical patterns would predict.

The K-Shaped Economy Effect

Perhaps the most significant difference today is the bifurcated nature of consumer spending. The post-pandemic economy has been characterized by a pronounced K-shaped recovery, where higher-income households have thrived while lower-income groups have struggled with persistent inflation across housing, food and other essentials.

This creates a counterintuitive dynamic: the consumer segment most impacted by gas price increases—lower-income households—already represents a diminished share

of restaurant sales compared to historical norms. A significant share of these consumers reduced visits when menu prices became prohibitive and broader economic challenges.

Conversely, higher-income households that now comprise a larger share of restaurant spending are relatively insulated from gas price fluctuations. For consumers earning six-figure incomes, an additional fuel costs represents an annoyance rather than a budget crisis requiring meaningful spending cuts.

This income stratification means the restaurant industry's current customer base skews toward those least affected by fuel cost increases, potentially buffering aggregate sales from the full impact that would occur if the customer base reflected broader income distribution.





Tax Refund Season Timing

The timing of recent gas price spikes coinciding with tax refund season provides meaningful offset. Americans receive approximately \$300 billion in tax refunds annually, with peak distribution occurring February through April. This year, many taxpayers are receiving larger refunds due to tax cuts implemented in 2025, putting additional cash in consumer pockets precisely when gas prices are rising.

The seasonal cushion won't last indefinitely—once refund season ends in late spring, the full impact of sustained high gas prices may materialize. But the near-term overlap provides temporary insulation that historical comparisons, which often examined gas spikes occurring at different times of year, may not capture.

Diminished Shock Value and Inflation Context

The psychological impact of \$4 gas has fundamentally changed. When prices first breached this threshold in 2008, it represented unprecedented territory that shocked consumers and dominated media coverage, creating a pervasive sense of crisis that suppressed all discretionary spending. The novelty and dramatic nature of the milestone amplified its economic impact beyond the pure mathematical effect on household budgets.

Today, \$4 gas lacks the same shock value. Consumers have seen these levels multiple times within the past 18 years. More importantly, contextual inflation has dramatically altered the real burden. The \$4 gas of 2008 equals approximately \$5.75 in

2026 dollars when adjusted for inflation. In other words, \$4 gas is actually 30% cheaper in real terms than the 2008 spike, representing less purchasing power erosion than the nominal figure suggests.

Furthermore, consumers have experienced dramatic price increases across virtually all categories over the past five years. Groceries are up 25%-30%, housing costs have surged 40%-50% in many markets, and restaurant prices themselves have climbed over 30%. In this environment of generalized inflation, gas price increases feel less like a unique crisis and more like another instance of everything costing more.



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The Path Forward

The restaurant industry's response to current gas price levels will provide valuable data for understanding how structural economic changes have altered traditional relationships between fuel costs and dining behavior. If sales continue to prove more resilient than historical patterns suggest, it confirms that income stratification, inflation context and behavioral changes have fundamentally altered the dynamics.

However, sustained gas prices above \$4 per gallon could still trigger negative impacts as even higher-income consumers adjust behavior and the psychological threshold for concern rises. The industry isn't immune—it most likely is just a function of requiring even higher gas price levels or longer duration to generate significant industry deceleration.

It also should be noted that an extended Middle East conflict also presents itself as a broad-based red flag for the foodservice industry that goes beyond just elevated gas prices. Prolonged higher energy costs would precipitate price increases in many sectors, resulting in consumer purchasing power reduction. This surely would drive back industry traffic and sales momentum gained over the past several months.



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