

STATE OF THE RESTAURANT INDUSTRY 2023



**ACTIONABLE
INSIGHTS**
FOR THE
RESTAURANT &
FOODSERVICE
INDUSTRY

ABOUT THIS REPORT

Each year the National Restaurant Association prepares a comprehensive overview of the restaurant industry and provides a look ahead.

The Association’s research is considered the authoritative source for restaurant industry sales projections and trends. It is based on analysis of the latest economic data and extensive surveys of restaurant operators and consumers. See the next page for methodology and visit [Restaurant.org/Research](https://www.restaurant.org/Research) for the latest industry trends and analysis.

The Association’s research and analysis have a long-standing reputation for credibility, neutrality, and accuracy inside and outside the industry.

Hudson Riehle
Senior Vice President,
Research & Knowledge Group

Bruce Grindy
Chief Economist & Vice President,
Research & Knowledge Group

Beth Lorenzini
Director, Editorial Content,
Enterprise Marketing & Communications

Helen Jane Hearn
Senior Director, Content Strategy,
Enterprise Marketing & Communications

Daniela Smith
Director, Creative & Brand Strategy,
Enterprise Marketing & Communications

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 **NATIONAL RESTAURANT ASSOCIATION**
2055 L Street NW
Suite 700
Washington, DC 20036
(800) 424-5156
[Restaurant.org](https://www.restaurant.org)



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METHODOLOGY

The 2023 State of the Restaurant Industry report is based on analysis and forecasts by National Restaurant Association economists as well as surveys of restaurant operators and consumers conducted throughout the year.

Restaurant segment definitions:

The survey data in this report categorizes restaurants into 2 broad concepts: tableservice restaurants and limited-service restaurants. Within each segment, there are 3 categories of concepts:

Tableservice restaurants
Family dining, Casual dining and Fine dining

Limited-service restaurants
Quickservice, Fast casual and Coffee & snack

When responding to surveys, restaurant operators were asked to self-classify their operation into one of these 6 categories.

Definition of Generations in this report:

Gen Z Adult (18-26)

Millennial (27 -42)

Gen Xer (43-58)

Baby Boomer (59-77)

OPPORTUNITIES FOR SUCCESS IN A CHALLENGING BUSINESS ENVIRONMENT

The restaurant industry is finally starting to look like it used to in terms of typical business conditions. That doesn't mean it's going to be smooth sailing; familiar challenges will continue to confront the industry in 2023.

Staffing shortages and elevated costs will remain at the forefront, with the vast majority of restaurant operators labeling them a significant challenge for their businesses. Although costs are not expected to rise at the same rate they did in 2021 and 2022, they will likely not decline much either.

As a result, restaurant operators will still need to factor an elevated cost environment into their 2023 business model, and that will continue to squeeze margins.

A likely new addition to the industry's headwinds will be a slowing economy. While the economy was a catalyst for growth in 2021 and most of 2022—with healthy household balance sheets, plentiful jobs and rising wages—it will potentially become an impediment in 2023.

The Federal Reserve's aggressive fight to stamp down inflation sent interest rates rising at their fastest pace in decades. Even coming off historically low rates, it still had the effect of slowing the economy.

At press time, Association economists expect the national economy to weather the storm of rising interest rates and not suffer a significant downturn in 2023.

The Association's forecast of restaurant and foodservice sales is predicated on this outcome.

Fueled by consumers' unwavering desire for the convenience, socialization, and experiences that the restaurant and foodservice industry provide, sales are projected to rise in 2023.

This desire pulled the industry through the pandemic—and will continue to drive growth in the future.

As was the case in 2021 and 2022, **sales growth in 2023 will be driven in large part by higher menu prices**, as restaurant operators are forced to offset elevated costs impacting every aspect of their businesses.

So, while nominal food and beverage sales are projected to surpass pre-pandemic levels in 2023, they won't on an inflation-adjusted basis.

2023 will represent another challenging business environment for restaurants, but the industry will continue to adapt to this new normal.

ECONOMIC CONDITIONS ARE EXPECTED TO SHIFT THROUGHOUT THE YEAR

Bookmark our research website at [Restaurant.org/Research](https://www.restaurant.org/Research) to stay abreast of the Association's latest analysis and projections.

2023 HIGHLIGHTS LOOK FOR CONTINUED GROWTH THIS YEAR

BIG NUMBERS

The foodservice industry is forecast to reach **\$997B in sales** in 2023.

Industry workforce is projected to **grow by 500K jobs**, for total industry employment of **15.5M by the end of 2023**.

70% of operators say business **conditions have settled** into or are on the path to a new normal.

THE NEW NORMAL

60% of fullservice operators say **delivery** represents a **bigger share of sales** than 2019.

More than 9 in 10 operators who set up **outdoor dining** and **9 in 10** who started selling **alcohol-to-go** plan to keep doing so if it's permitted.

47% of operators expect **competition** from other restaurants to be more intense than it was in 2022.

84% of consumers say going out to a restaurant with family and friends is a **better use of their leisure time** than cooking and cleaning up.

Working from home is changing the way consumers use restaurants; **traditional mealtimes are blurring** into all-day dining.

66% of adults say they're **more likely to order food** for takeout than they were before the pandemic.

64% of consumers consider **restaurants essential to their lifestyle**.

TOP CHALLENGES

92% of operators cite higher **food costs** as a significant challenge.

89% of operators cite higher **labor costs** as a significant challenge.

62% of operators report being **understaffed** to meet current customer demand.

90% of operators say **inflation** poses a significant challenge for their restaurant.





STATE
OF THE
RESTAURANT
INDUSTRY
2023



LET'S CHECK
THE LANDSCAPE...
HERE'S OUR 2023



SALES

&

ECONOMIC

FORECAST

Consumers are expected to stay resilient in 2023, even in the face of a slowing economy. Healthy household balance sheets and moderating inflation will give consumers the wherewithal to continue burning off the pent-up demand that accumulated during the pandemic.

The Association expects food and beverage sales to continue rising across all the major segments in 2023 as consumers continue to prioritize restaurants in their daily spending decisions.

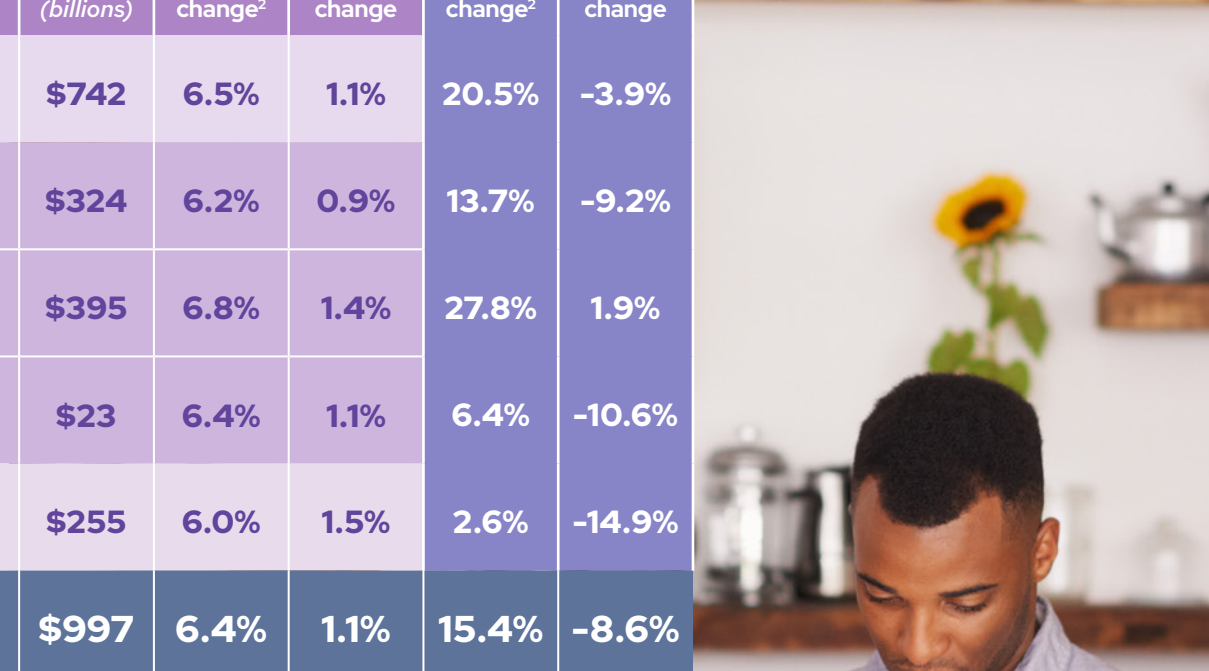
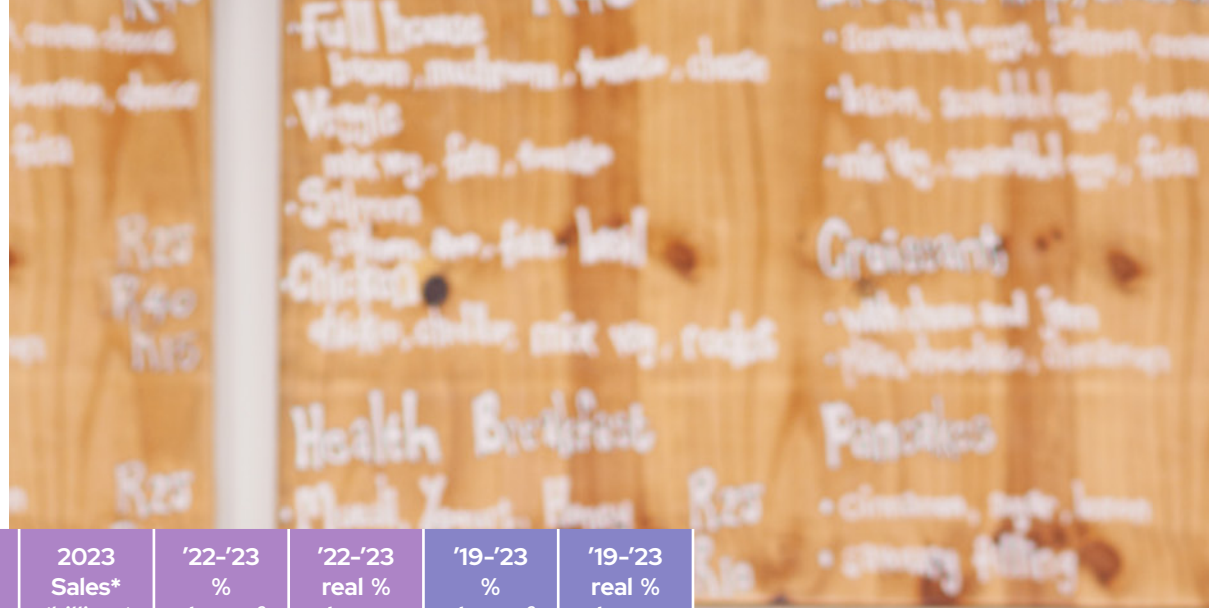


RESTAURANT & FOODSERVICE INDUSTRY FOOD & BEVERAGE SALES¹: 2019 TO 2023

| | 2019 Sales (billions) | 2020 Sales (billions) | 2021 Sales (billions) | 2022 Sales (billions) | 2023 Sales* (billions) | '22-'23 % change ² | '22-'23 real % change | '19-'23 % change ² | '19-'23 real % change |
|---|-----------------------|-----------------------|-----------------------|-----------------------|------------------------|-------------------------------|-----------------------|-------------------------------|-----------------------|
| Eating & drinking places | \$616 | \$509 | \$624 | \$697 | \$742 | 6.5% | 1.1% | 20.5% | -3.9% |
| Fullservice segment ³ | \$285 | \$199 | \$266 | \$305 | \$324 | 6.2% | 0.9% | 13.7% | -9.2% |
| Limited-service segment ⁴ | \$309 | \$297 | \$340 | \$370 | \$395 | 6.8% | 1.4% | 27.8% | 1.9% |
| Bars & taverns ⁵ | \$22 | \$13 | \$18 | \$22 | \$23 | 6.4% | 1.1% | 6.4% | -10.6% |
| All other foodservice establishments⁶ | \$248 | \$169 | \$200 | \$240 | \$255 | 6.0% | 1.5% | 2.6% | -14.9% |
| TOTAL | \$864 | \$678 | \$824 | \$937 | \$997 | 6.4% | 1.1% | 15.4% | -8.6% |

*Projected
Source: National Restaurant Association

1. Data are given only for establishments with payroll.
2. Percent change calculations are based on unrounded data and may not match calculations based on rounded sales data.
3. Includes family dining, casual dining and fine dining fullservice restaurants. Waiter/waitress service is provided, and the order is taken while the patron is seated. Patrons pay after they eat.
4. Includes quickservice restaurants; fast casual restaurants; cafeterias, grill-buffets and buffets; snack and non-alcohol beverage bars; social caterers. Patrons generally order at a cash register or select items from a food bar and pay before they eat.
5. Includes bars, taverns, nightclubs, or drinking places primarily engaged in preparing and serving alcohol beverages for immediate consumption. These establishments may also provide limited foodservices.
6. Includes the following categories: managed services (also referred to as onsite foodservice and food contractors); lodging places; retail-host restaurants (health-and-personal-care-store restaurants, general-merchandise-store restaurants, variety-store restaurants, food-store restaurants and grocery-store restaurants, gasoline-service-station restaurants, miscellaneous retailers); recreation and sports (includes movies, bowling lanes, recreation and sport centers); mobile catering; vending and non-store retailers (includes sales of hot food, sandwiches, pastries, coffee, and other hot beverages); business, educational, governmental, or institutional organizations that operate their own restaurant services; military restaurant services (continental United States only).



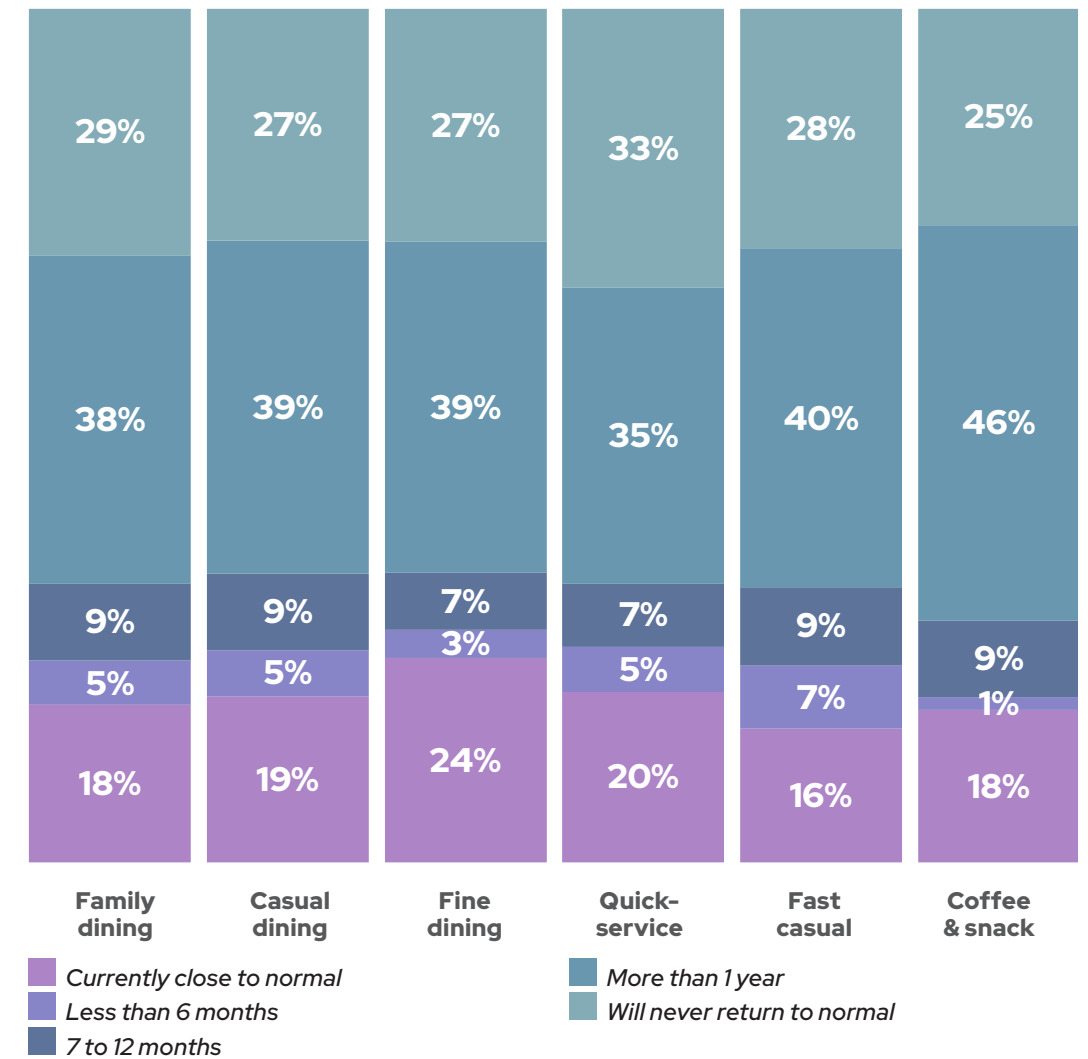
WELCOME TO THE "NEW NORMAL"

Restaurant operators are settling into their own versions of normal, which of course means different things for different restaurants.

For 20% of operators, business conditions are already close to normal. Another 30% of operators say business conditions will never return to normal. The remaining half say they're on the path back.

ASSESSMENT OF BUSINESS CONDITIONS

Restaurant operators report when they think business conditions will return to normal for their restaurant



Source: National Restaurant Association



BROAD-BASED CHALLENGES FACING THE INDUSTRY

This new normal has new challenges.

Topping the list is food costs, which **92%** of operators say is a significant issue for their restaurant

Almost as many operators (90%) say inflation poses a big challenge for their restaurant, and 89% responded similarly about labor costs. A solid majority of operators labeled recruiting and retaining employees, the economy, and energy/utility costs as "significant challenges."



COSTS IMPACTING THE BOTTOM LINE

Most operators spent much more to run their restaurants in 2022 than they did in 2019:

88% say total food and beverage costs were higher

86% say total labor costs were higher

65% say total occupancy costs were higher

80% say total utility costs were higher

94% say their other operating costs (supplies, G&A, etc.) were higher

On average, those total outlays were significantly higher in 2022 than 2019:

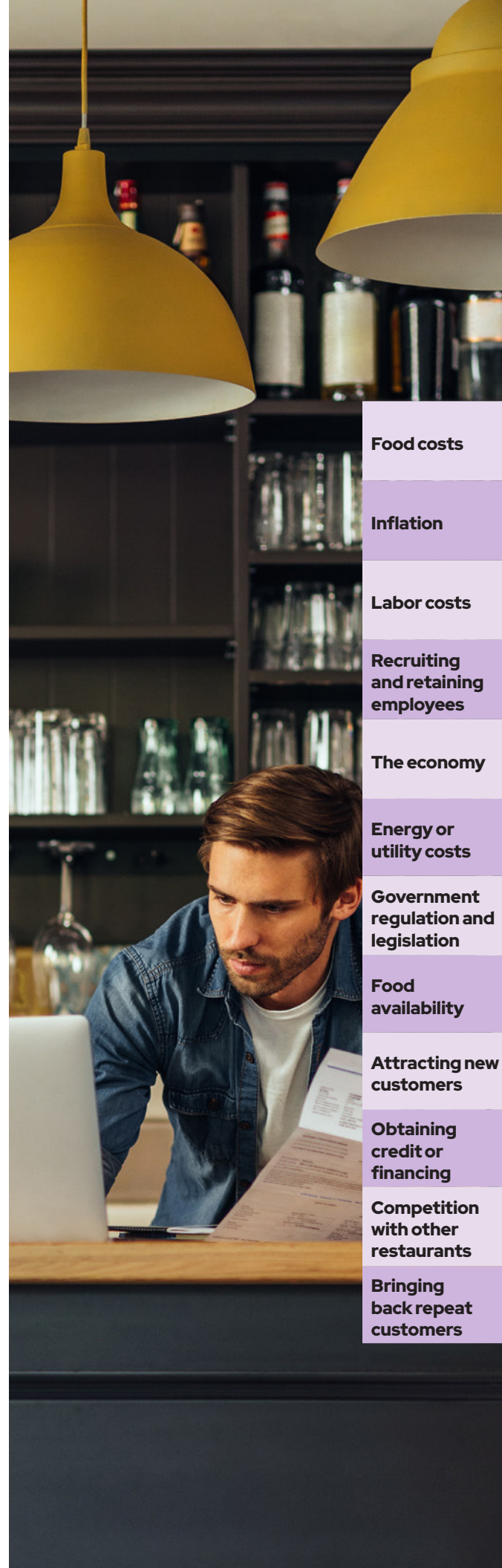
Food and beverage outlays were up **21.8%**

Labor outlays were up **18.3%**

Utility outlays were up **11.8%**

Occupancy outlays were up **8.3%**

Other operating outlays (supplies, G&A, etc.) were up **16.7%**



COSTS, COSTS, AND MORE COSTS

% of restaurant operators who say the following are a significant challenge for their restaurant

| | Family dining | Casual dining | Fine dining | Quick-service | Fast casual | Coffee & snack |
|---------------------------------------|---------------|---------------|-------------|---------------|-------------|----------------|
| Food costs | 93% | 91% | 89% | 95% | 93% | 87% |
| Inflation | 91% | 90% | 83% | 93% | 91% | 85% |
| Labor costs | 92% | 89% | 90% | 92% | 87% | 75% |
| Recruiting and retaining employees | 77% | 76% | 73% | 83% | 79% | 64% |
| The economy | 81% | 74% | 71% | 78% | 78% | 73% |
| Energy or utility costs | 72% | 66% | 63% | 59% | 59% | 54% |
| Government regulation and legislation | 54% | 44% | 44% | 41% | 48% | 39% |
| Food availability | 46% | 32% | 28% | 39% | 46% | 43% |
| Attracting new customers | 30% | 26% | 21% | 34% | 33% | 25% |
| Obtaining credit or financing | 34% | 20% | 14% | 33% | 31% | 33% |
| Competition with other restaurants | 22% | 18% | 19% | 27% | 25% | 27% |
| Bringing back repeat customers | 21% | 12% | 10% | 25% | 20% | 16% |

Source: National Restaurant Association
 Note: Survey respondents were asked if each item poses 'a significant challenge,' 'a moderate challenge' or 'little to no challenge' for their restaurant



BOTTOM-LINE IMPACT OF RISING COSTS

Typical restaurant with annual sales of \$900K

| | 2019 | Change from 2019 to 2022 | 2022 |
|-----------------------------------|------------------|-------------------------------|--------------------|
| INCOME | | | |
| Food and Beverage Sales | \$900,000 | | \$900,000 |
| EXPENSES | | | |
| Food & Beverage Costs | \$297,000 | Food Costs ↑ 21.8% | \$361,746 |
| Labor Costs | \$297,000 | Labor Costs ↑ 18.3% | \$351,351 |
| Utility Costs | \$32,000 | Utility Costs ↑ 11.8% | \$35,776 |
| Occupancy Costs | \$63,000 | Occupancy Costs ↑ 8.3% | \$68,229 |
| Other Costs (Supplies, G&A, etc.) | \$166,000 | Other Costs ↑ 16.7% | \$193,722 |
| Total Expenses | \$855,000 | Total Expenses ↑ 18.2% | \$1,010,824 |
| PRE-TAX INCOME | | | |
| | \$45,000 | Pre-Tax Income ↓ \$155,824 | -\$110,824 |
| % of Total Sales | 5.0% | | -12.3% |

THE IMPACT? HERE'S AN EXAMPLE

If total food and beverage sales for "Restaurant X" in 2022 were equal to its 2019 levels of \$900K, it would suffer a pre-tax loss of \$110,824.

To cover its added costs and break even, this restaurant's total sales would have to increase to \$1,010,824—or 12.3% above 2019's sales volume.

Source: National Restaurant Association



COUNTERING RISING COSTS

Here's how restaurants handled rising costs in 2022:

87% increased menu prices

59% changed the food and beverage items they offered

48% reduced hours of operation

32% closed on days that they would normally be open

38% say they postponed expansion plans

35% say they stopped operating at full capacity

32% cut staffing levels

19% postponed plans for new hiring

21% say they incorporated more technology into their restaurant

13% say they eliminated 3rd-party delivery

HOW RESTAURANTS HANDLE HIGHER COSTS

Actions taken by restaurants *by segment* because of higher costs

| | Family dining | Casual dining | Fine dining | Quick-service | Fast casual | Coffee & snack |
|--|---------------|---------------|-------------|---------------|-------------|----------------|
| Increase menu prices | 87% | 90% | 87% | 86% | 88% | 78% |
| Change menu items | 63% | 74% | 69% | 45% | 49% | 54% |
| Reduce hours of operation on days they're open | 52% | 48% | 49% | 43% | 47% | 52% |
| Postpone plans for expansion | 36% | 35% | 29% | 45% | 40% | 43% |
| Not operate at full capacity | 32% | 37% | 39% | 31% | 37% | 35% |
| Reduce the number of employees | 29% | 30% | 29% | 36% | 34% | 35% |
| Close on days they would normally be open | 34% | 36% | 42% | 26% | 27% | 33% |
| Incorporate more technology | 20% | 24% | 15% | 23% | 22% | 13% |
| Postpone plans for new hiring | 18% | 16% | 21% | 18% | 20% | 37% |
| Eliminate 3rd-party delivery | 15% | 16% | 17% | 7% | 11% | 17% |

Source: National Restaurant Association
Note: Multiple responses were allowed.



COUNTERING RISING COSTS - SURCHARGES

15% of operators say their restaurant currently adds fees or surcharges to customer checks because of higher costs, and it's a practice that spans all segments.

Among restaurant operators that are adding fees or surcharges:

81% believe they'll need to keep it up for more than a year

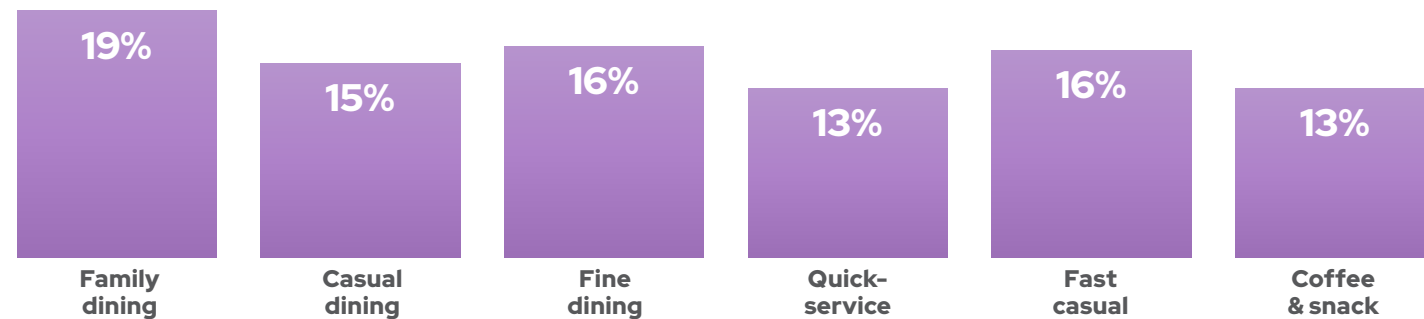
8% think they'll need it for 7 to 12 months

11% expect the practice to end within 6 months

Fullservice operators are likely to continue with fees longer than limited-service operators.

SURCHARGES ARE THE EXCEPTION, NOT THE RULE

% of restaurant operators who say their restaurant is currently adding fees or surcharges to customer checks as a result of higher costs



Source: National Restaurant Association

HOW MUCH LONGER?

Duration restaurant operators* expect the fees or surcharges will be necessary

| | All restaurants | Fullservice segment | Limited-service segment |
|--------------------|-----------------|---------------------|-------------------------|
| Less than 3 months | 3% | 2% | 4% |
| 4 to 6 months | 8% | 5% | 12% |
| 7 to 12 months | 8% | 7% | 9% |
| More than 1 year | 81% | 86% | 75% |

Source: National Restaurant Association

*Base: Restaurant operators that are currently adding fees or surcharges to customer checks
Note: Limited-service includes quickservice, fast casual, and coffee & snack concepts.



A KINK IN THE SUPPLY CHAIN

Like many sectors of the economy, restaurants face continued supply chain disruptions.

96% of operators say their restaurant experienced delays or shortages of key food or beverage items during the second half of 2022.

More than 9 in 10 operators across each of the major segments report supply delays or shortages.

8 in 10 operators say they experienced delays or shortages of equipment or service items.



SALES & ECONOMIC FORECAST

COMPETITION IS A CONCERN

17% of operators say there are more restaurants in their primary market area than there were in 2019

45% say there are fewer restaurants now than there were in 2019

38% say there are about the same number of restaurants as 2019

47% expect that competition from other restaurants will be more intense in 2023 than it was in 2022

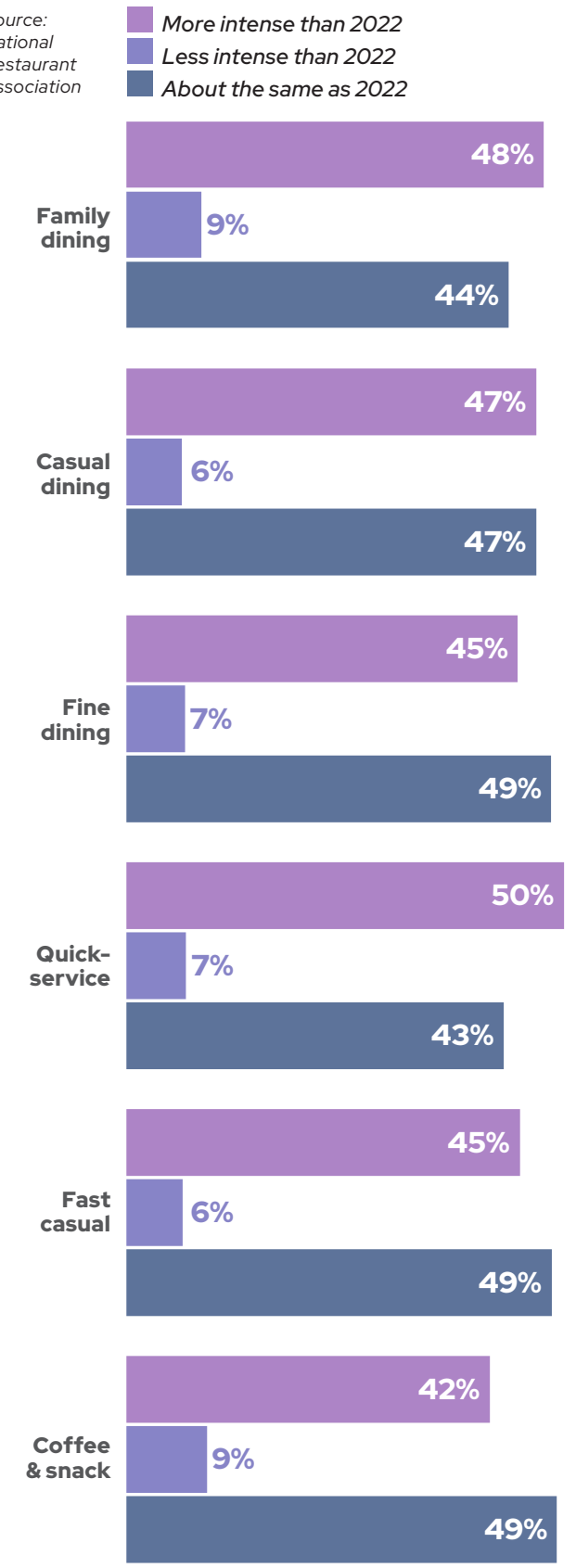
Only **7%** think competition will ease in 2023



COMPETITIVE PRESSURE

Restaurant operators' outlook for competition from other restaurant and foodservice businesses in 2023

Source: National Restaurant Association



Source: National Restaurant Association

BUSINESS HEALTH

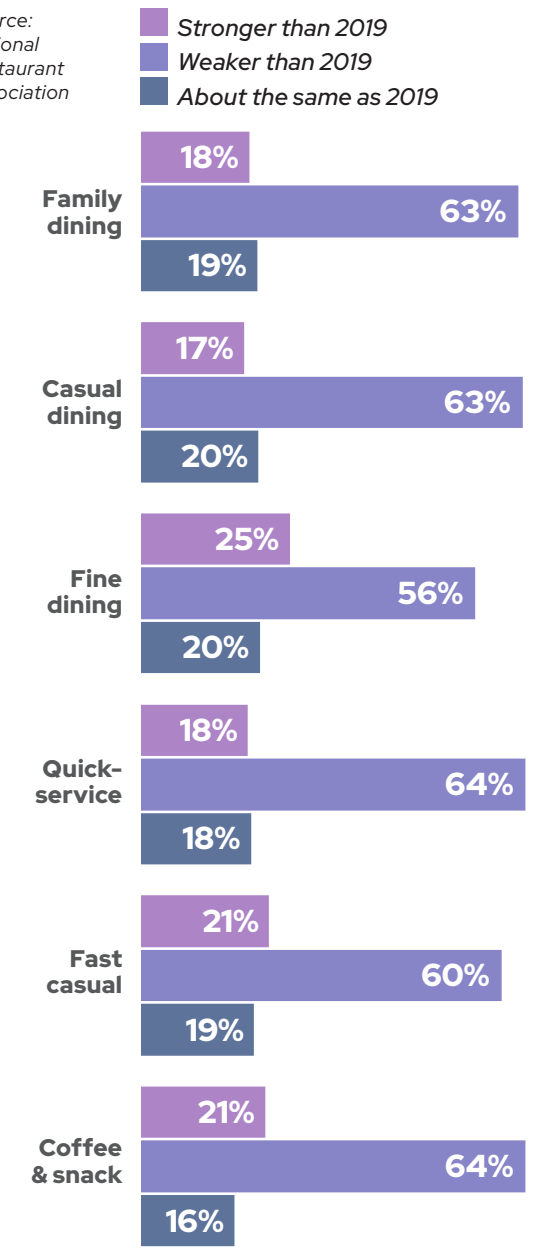
62% of operators say the overall health of their restaurant is weaker than it was in 2019.

Only **1 in 5** operators think their restaurant is healthier now than it was in 2019.

LINGERING EFFECTS

Restaurant operators' assessment of the overall health of their restaurant

Source: National Restaurant Association



Source: National Restaurant Association

OPERATOR OUTLOOK - A FOGGY SALES FORECAST

The uncertainties around the economy are reflected in restaurant operators' 2023 sales outlook.

33% of operators think their restaurant's sales in 2023 will be higher than 2022.

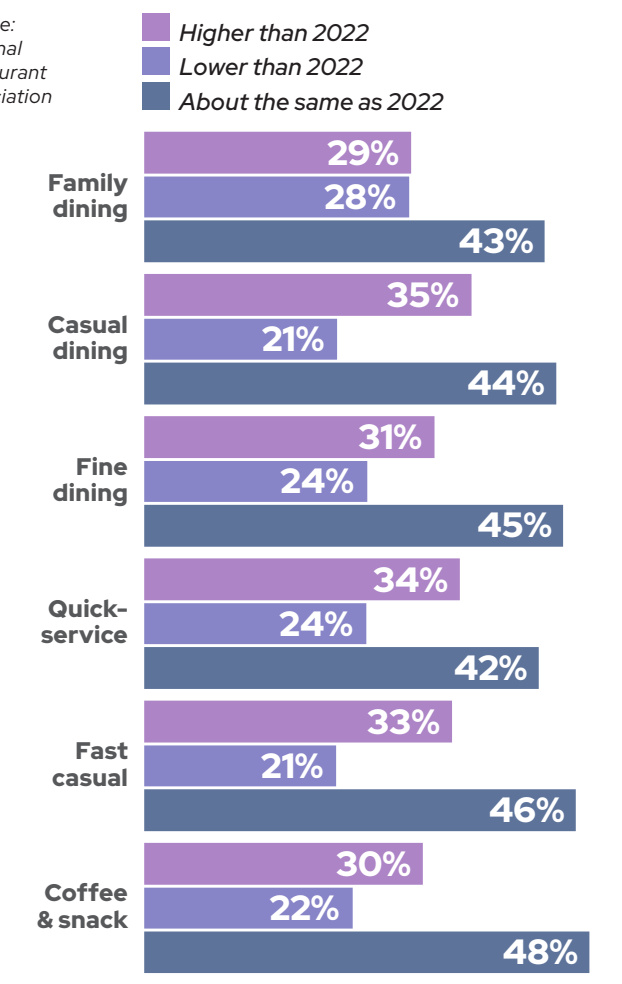
23% are expecting lower sales in 2023.

44% think sales will be like 2022 levels.

CAUTIOUSLY OPTIMISTIC

Restaurant operators' outlook for their sales volume in 2023

Source: National Restaurant Association



Source: National Restaurant Association





OPERATOR OUTLOOK - BOTTOM LINE

Only **16%** of operators think their restaurant will be more profitable in 2023 than it was in 2022.

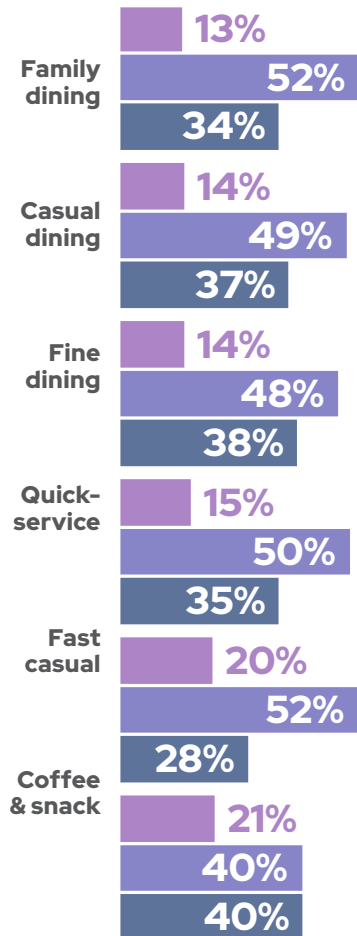
Exactly **50%** think they will be less profitable in 2023.

34% expect their profitability to remain about the same.

THE BOTTOM LINE

Restaurant operators' outlook for profitability in 2023

- More profitable than 2022
- Less profitable than 2022
- About the same as 2022



Source: National Restaurant Association

OPERATOR OUTLOOK - EXPANSION PLANS

Most restaurants aren't thinking about expanding their number of units this year, but some see opportunity.

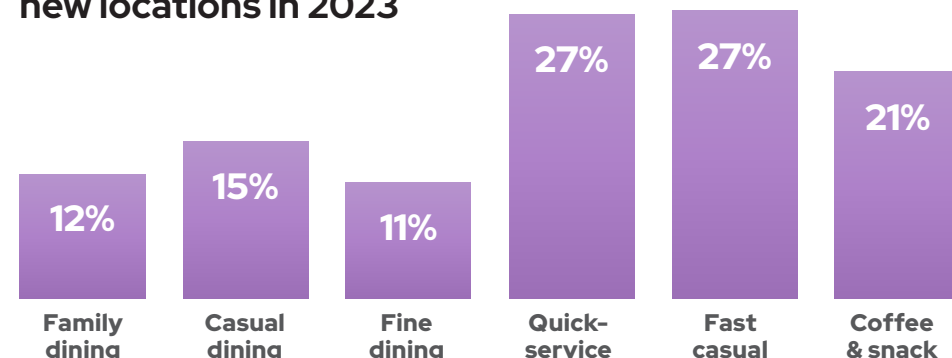
27% of quickservice & fast casual operators say it's likely they'll open new locations in 2023.

21% of operators in the coffee & snack segment agree.

Only about **1 in 8** fullservice operators say they'll explore new restaurant openings in 2023.

GROWING INTEREST

% of restaurant operators who say they'll likely open new locations in 2023



Source: National Restaurant Association

OPERATOR OUTLOOK - TRAVEL AND TOURISM

In a typical year, about 3 in 10 dollars spent in restaurants comes from travelers and visitors, according to Association research.

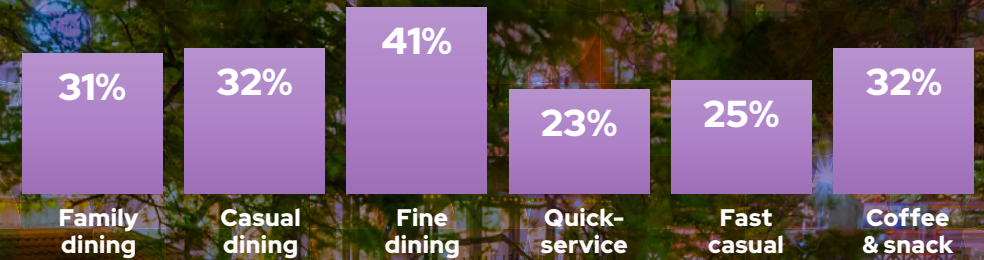
Fine dining restaurants are the most reliant, with an average of **41%** of sales coming from travelers and visitors.

For some fine dining operations, it's a much larger proportion: **1 in 4** fine dining operators say travelers and visitors accounted for at least 60% of their sales prior to COVID-19.



TOURISTS WELCOME

Average % of sales that come from travelers and visitors in typical year before the pandemic



Source: National Restaurant Association

Travel and tourism continued to rebound in 2022, though some restaurants are still feeling the pandemic's impact on travel.

4 in 10 restaurant operators said sales from travelers and visitors in 2022 was lower than what it would normally be in a typical year.

6 in 10 operators said their tourism sales were at or above normal levels in 2022.

There's room for optimism.

In 2023, **more than 8 in 10** operators expect their sales from travelers and visitors will be at or above 2022 levels.

Fewer than 1 in 5 operators think travel-related sales will decline in 2023.



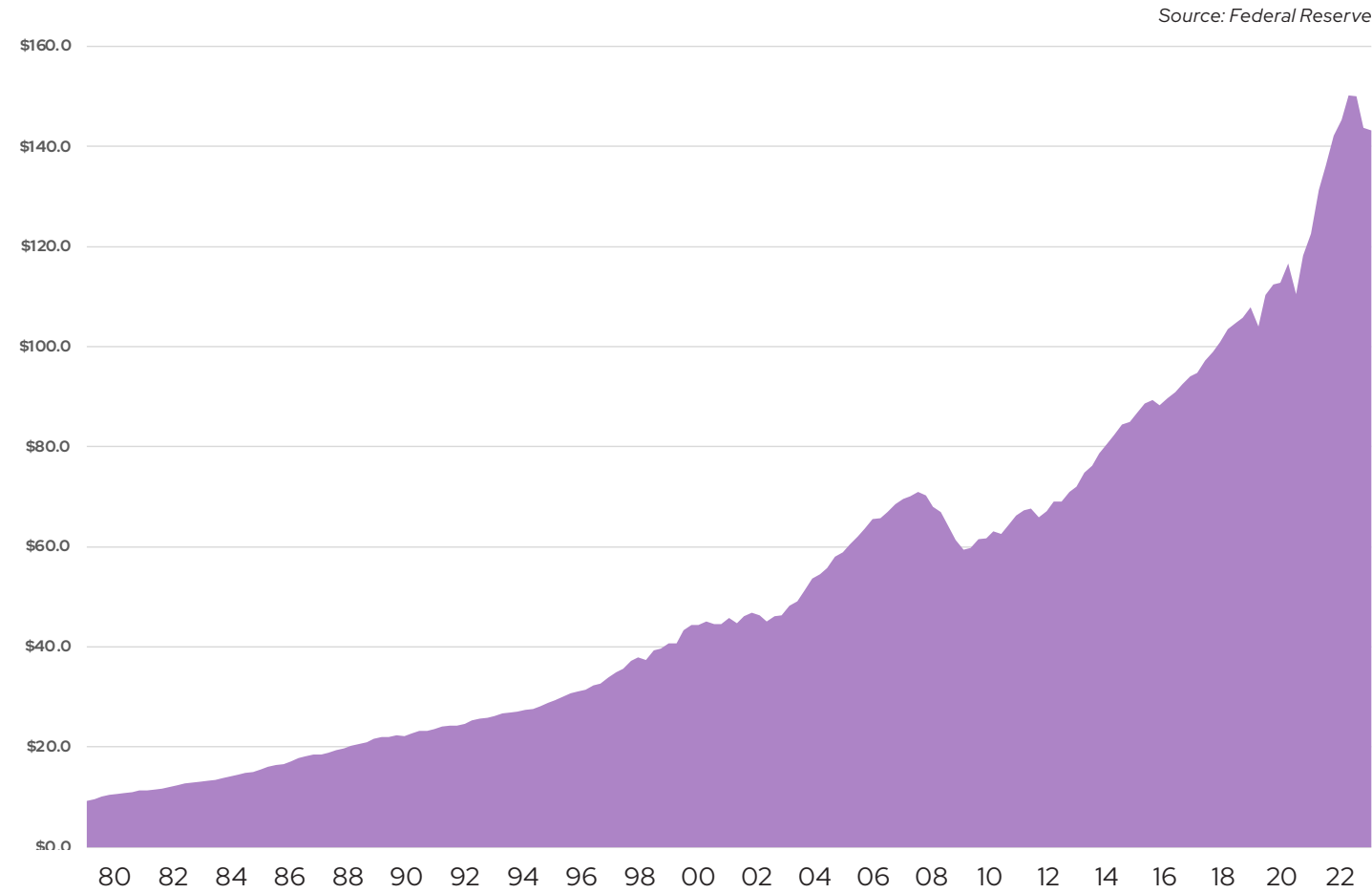


CONSUMER OUTLOOK - THE STATE OF THE U.S. CONSUMER

Household balance sheets remain generally healthy in historical terms, but cracks are beginning to show. Household wealth and savings rates dipped in 2022 as debt levels trended sharply higher. Check out this snapshot of 4 key household indicators.

WEALTH - HOUSEHOLD NET WORTH DECLINED IN 2022

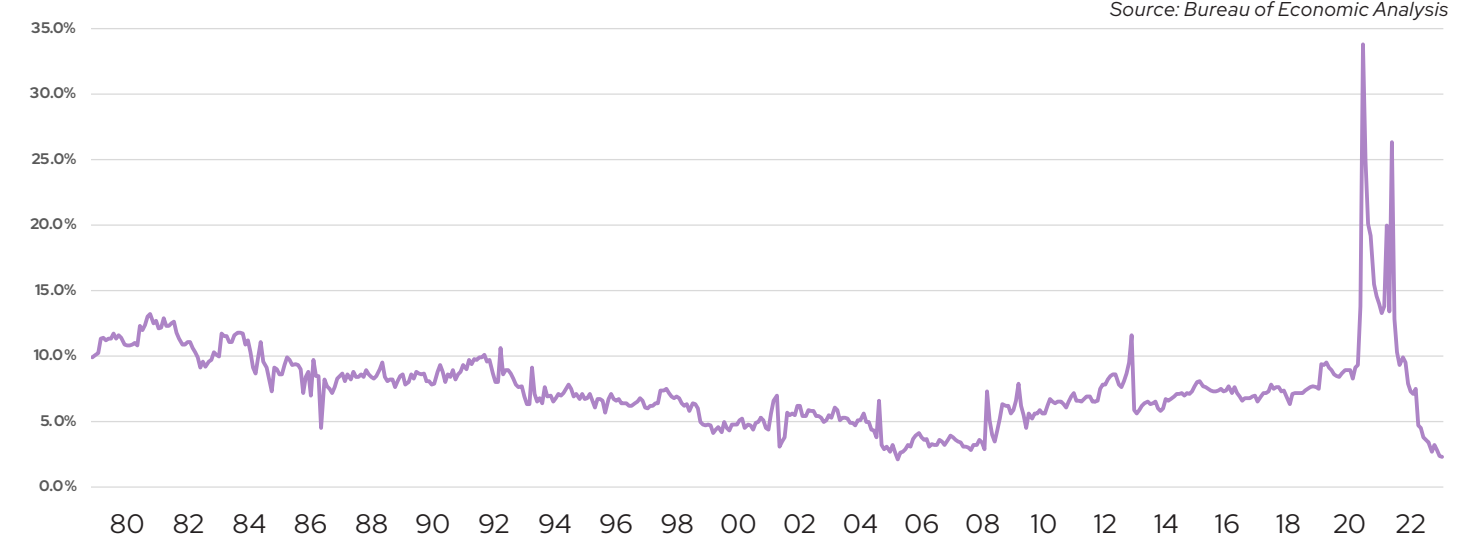
Total household net worth (in trillions)



KEY TAKEAWAYS: Household wealth rose to record highs during the pandemic, driven by a surging stock market and accelerating home values. These 2 important indicators reversed trend in 2022, which resulted in a decline in total household net worth. While household wealth doesn't directly determine the amount that most consumers can spend daily, it has an impact on confidence that influences current and future financial decisions.

SAVINGS - PERSONAL SAVINGS RATE TRENDED SHARPLY LOWER IN 2022

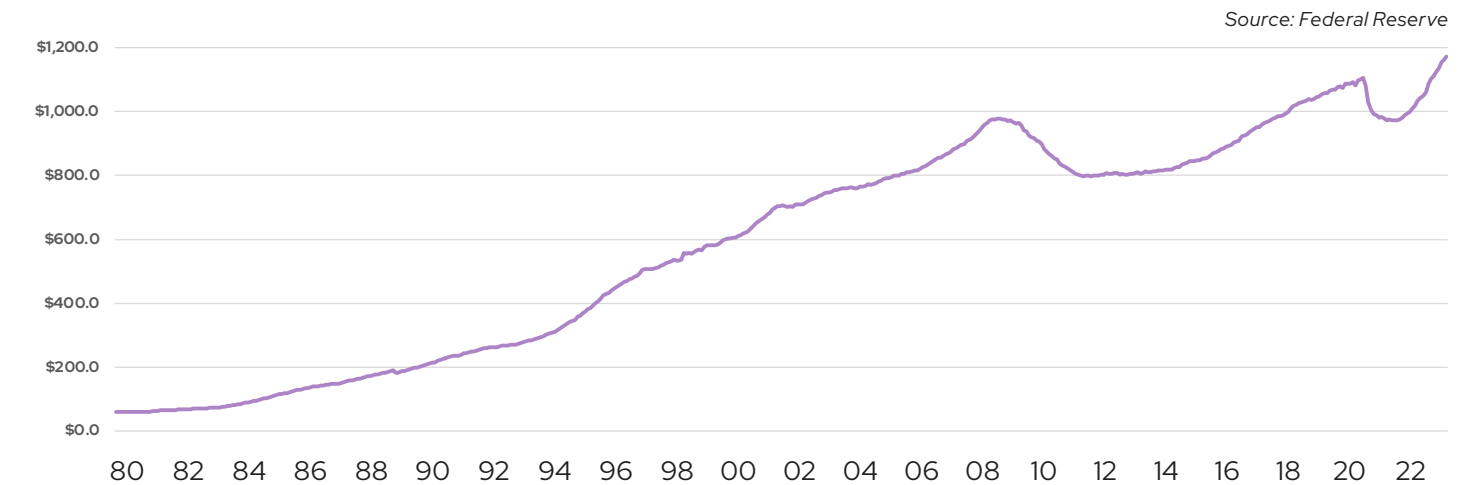
Personal saving as a % of disposable personal income (seasonally adjusted annual rate)



KEY TAKEAWAYS: Household savings soared during the first year-and-a-half of the pandemic, driven primarily by reduced consumer activity and fiscal stimulus packages that boosted incomes. Many households used their excess savings to support elevated spending levels in 2022, which blunted the impact of soaring inflation. Savings rates are now well below pre-pandemic levels, which means households are depleting their financial cushions.

DEBT - REVOLVING CONSUMER CREDIT BALANCES INCREASED SHARPLY

Total revolving consumer credit (in billions)



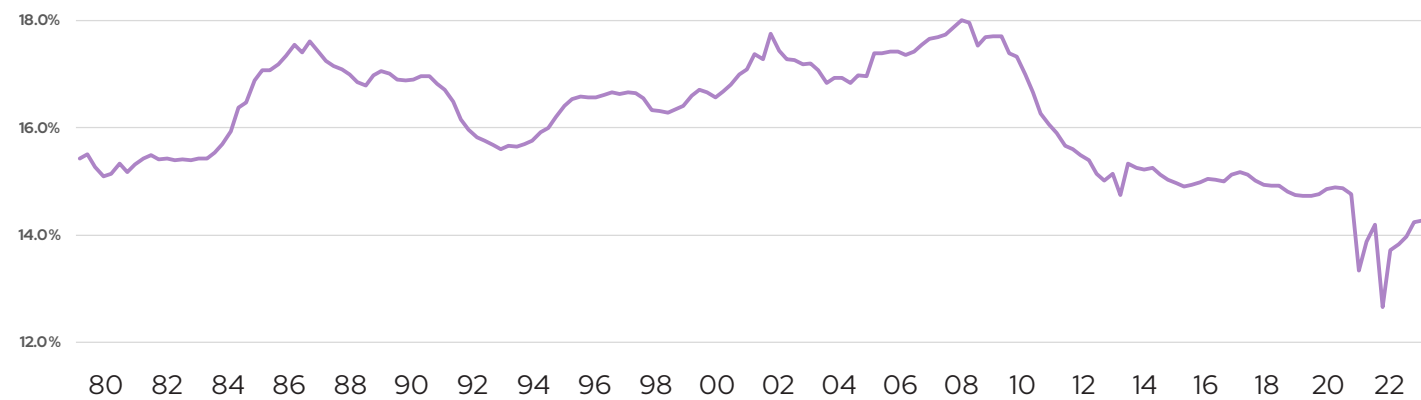
KEY TAKEAWAYS: Consumer credit balances fell to a four-year low during the early months of the pandemic—primarily because households had fewer places to spend their money. That trend quickly reversed as restrictions eased and the economy reopened. Revolving consumer credit rose sharply in 2022, wiping out all the balance reductions posted during the early months of the pandemic. By late 2022, total revolving credit balances were approaching \$1.2T—more than \$66B (or 6%) above their pre-pandemic peak.



FINANCIAL OBLIGATIONS - HOUSEHOLD FINANCIAL OBLIGATIONS REMAIN MANAGEABLE

Financial Obligations Ratio: Ratio of total required household debt payments* to total disposable income

Source: Federal Reserve
*Also includes rent on primary residences, auto lease payments, insurance, and property tax payments



KEY TAKEAWAYS: The Federal Reserve's Financial Obligations Ratio, which is the ratio of total required household debt payments (plus rent on primary residences, auto lease payments, insurance, and property tax payments) to total disposable income, was just over 14% in mid-2022. While this was higher than the lows reached during the first half of 2021, it's below historical averages.

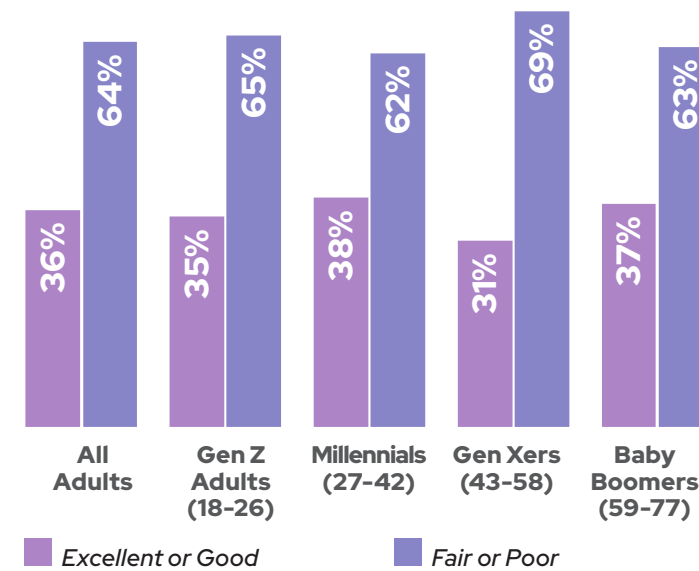
FRAGILE CONSUMER CONFIDENCE

Consumer sentiment paints a less bullish picture than the generally positive aggregate data. Only 36% of adults describe their personal finances as in either excellent or good condition; 64% of adults say their finances are either fair or poor.

This sentiment is generally consistent across age groups.

UNCERTAIN SENTIMENT

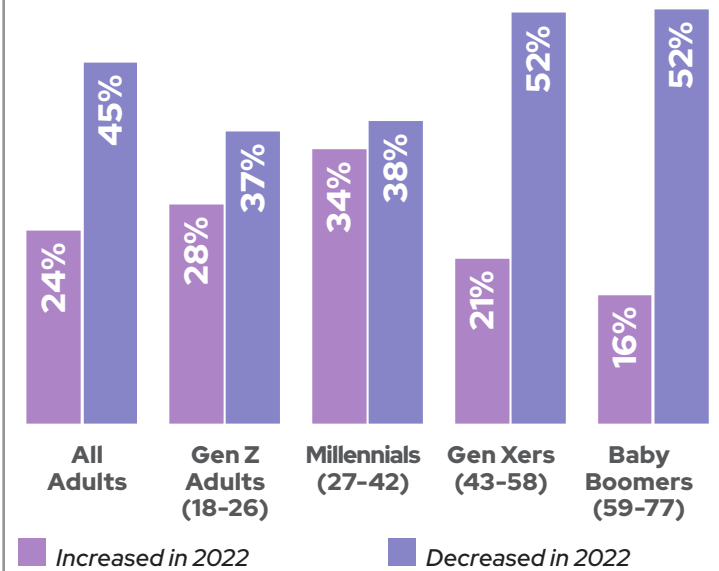
Consumers' assessment of their personal finances



Source: National Restaurant Association

SHRINKING PORTFOLIOS

Consumers* report the total value of their savings and investments (including real estate) in 2022



Source: National Restaurant Association
*Base: Survey respondents who have savings and investments

While the overall economy remained healthy in 2022, dips in home values and in the stock market took their toll on household sentiment.

45% of adults with savings and investments say the value of these assets went down in 2022.

Only **24%** say they increased in value; 31% say they stayed about the same.

Baby boomers and Gen Xers were the most likely to report a decline in their savings and investments in 2022.

IMPACT ON SPENDING BEHAVIOR

Not surprisingly, this has a direct impact on consumers' willingness to spend.

Most consumers are proceeding with some degree of caution.

When asked to describe their personal spending behavior right now, only **16%** of adults say they're confident in their financial situation and aren't holding back on spending.

47% of adults say they're taking a wait-and-see approach and are holding back a bit on spending until the economy improves.

Meanwhile, **37%** of consumers say they're very concerned about the economy and are reining in spending.



CONSUMER OUTLOOK - 2023

Younger adults are feeling hopeful about their financial prospects for 2023.

54% of Gen Z adults and **51%** of millennials expect their personal finances to get better this year.

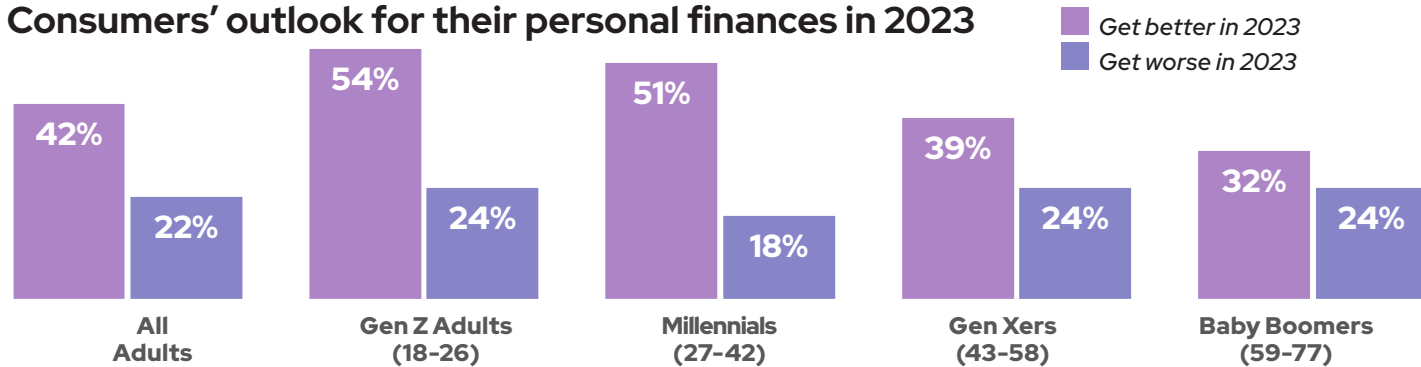
Only **32%** of baby boomers reported similarly.

Overall, **42%** of adults think their personal finances will improve in 2023.

22% think they'll deteriorate.

YOUNGER GENS FEEL OPTIMISTIC

Consumers' outlook for their personal finances in 2023



Source: National Restaurant Association

CONSUMERS ARE THE CONSTANT

The restaurant industry keeps evolving but consumers' unwavering desire for the food and experiences that restaurants offer is constant:

84% say going out to a restaurant with family and friends gives them an opportunity to socialize and is a better way for them to make use of their leisure time.

78% of consumers say their favorite restaurant foods provide flavor and taste sensations that they can't easily duplicate in their own kitchen.

67% of consumers say they would rather spend money on an experience such as a restaurant or other activity, compared with purchasing an item from a store.

64% of adults say restaurants are an essential part of their lifestyle.

CONSUMERS STILL LOVE RESTAURANTS

Consumers may be increasingly cautious, but the Association's measures of pent-up demand indicate continued desire to use restaurants. When asked in January 2023,

44% of adults said they're not eating on premises at restaurants as often as they'd like, which was essentially on par with 2022 surveys.

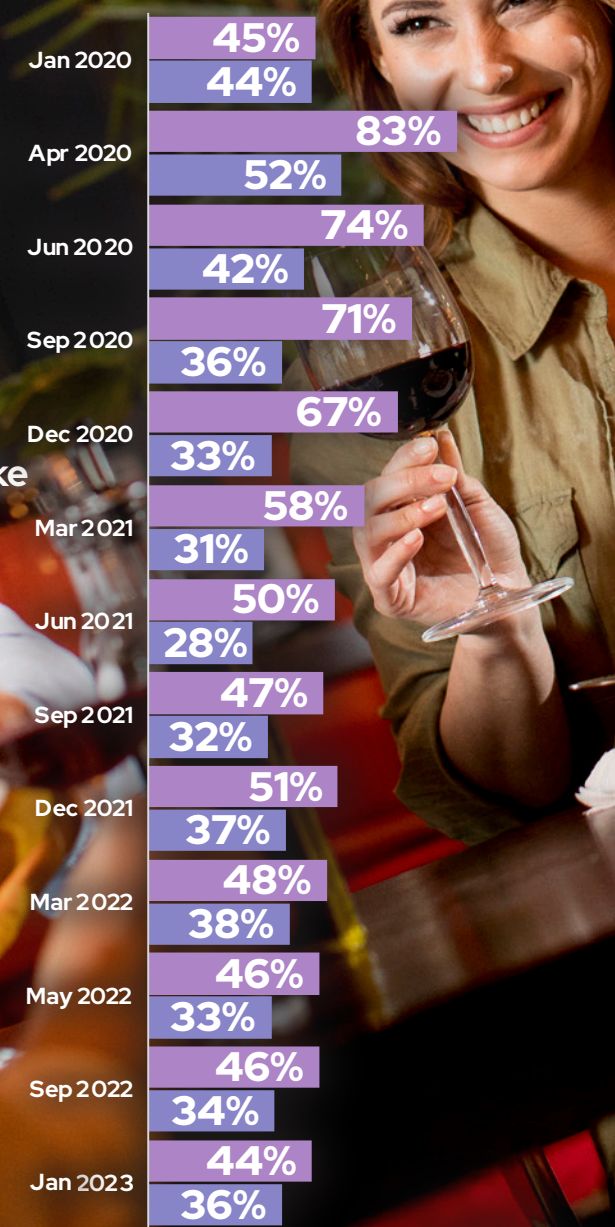
36% said they're not ordering takeout or delivery from restaurants as often as they'd like, also similar to 2022 readings.

PENT-UP DEMAND IS BUILDING

% of adults who say they're not using restaurants as often as they would like

Eating on premises at restaurants
Purchasing takeout/delivery from restaurants

Source: National Restaurant Association



CORNERSTONES OF THEIR COMMUNITIES

Even in the most challenging business conditions in history, the philanthropic spirit of the restaurant industry remains intact.

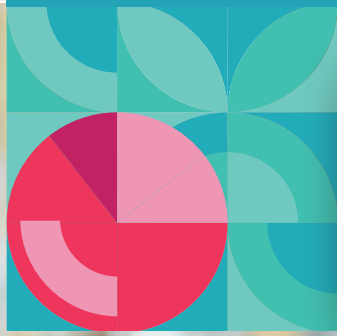
84% of operators say their restaurant business made a charitable contribution (such as cash, food, space, in-kind or volunteering) since the beginning of the pandemic in March 2020.

Among these operators, the vast majority donated food (75%), and/or made cash contributions (66%) or other in-kind contributions (63%).

30% of these operators donated space, while **17%** encouraged staff to volunteer on company time.

Consumers are very aware of these efforts.

72% of adults say they're more likely to visit a restaurant that supports charitable organizations in their community.



STATE
OF THE
RESTAURANT
INDUSTRY
2023

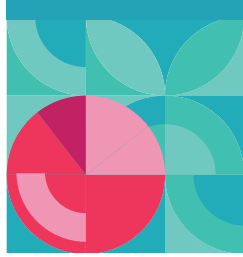


FROM PANDEMIC
TO PERMANENT

PERATIONAL TRENDS

For restaurants driven to “pivot” in the face of COVID-19, changes like expanded delivery, outdoor dining, alcohol-to-go, and technology investments could be permanent.

This section examines the new and expanded practices that have caught on with restaurants and diners alike.



FOCUS ON DELIVERY

Delivery is now baked into the business model for most restaurants that offer it.

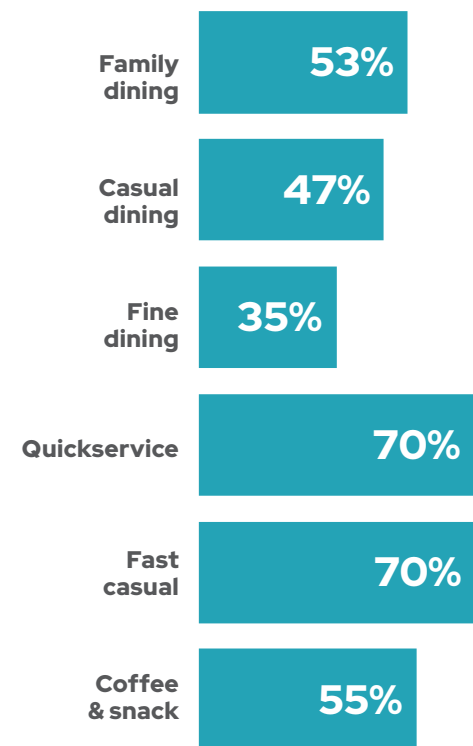
More than 9 in 10 limited-service, casual dining and family dining operators say their restaurant will likely continue offering delivery in the future.

A majority of fullservice restaurants that offered delivery during the pandemic, including **79%** of fine dining restaurants, introduced delivery for the first time due to the pandemic.

8 in 10 of those fine dining operators say they plan to continue.

DELIVERY GROWTH

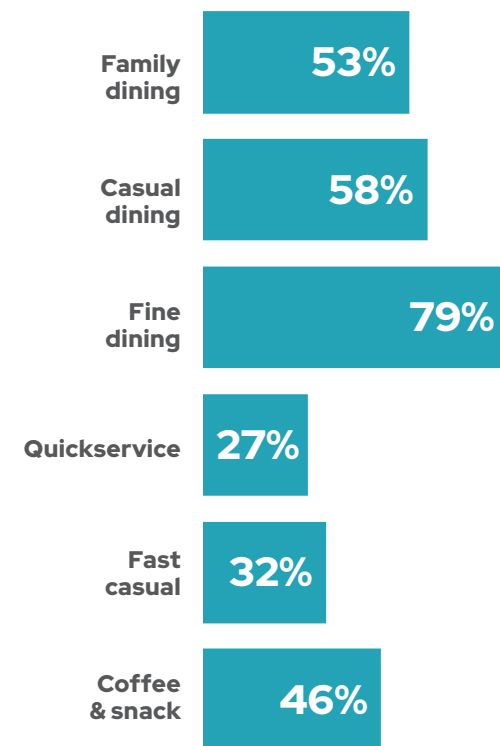
% of operators who say their restaurant offered delivery at some point during the pandemic



Source: National Restaurant Association

HELLO, FIRST-TIMERS!

% of operators* who say the pandemic was their restaurant's first time offering delivery



Source: National Restaurant Association
*Base: Restaurants that offered delivery during the pandemic

THE GREAT OUTDOORS

Outdoor seating looks to be a permanent fixture at restaurants that offer it.

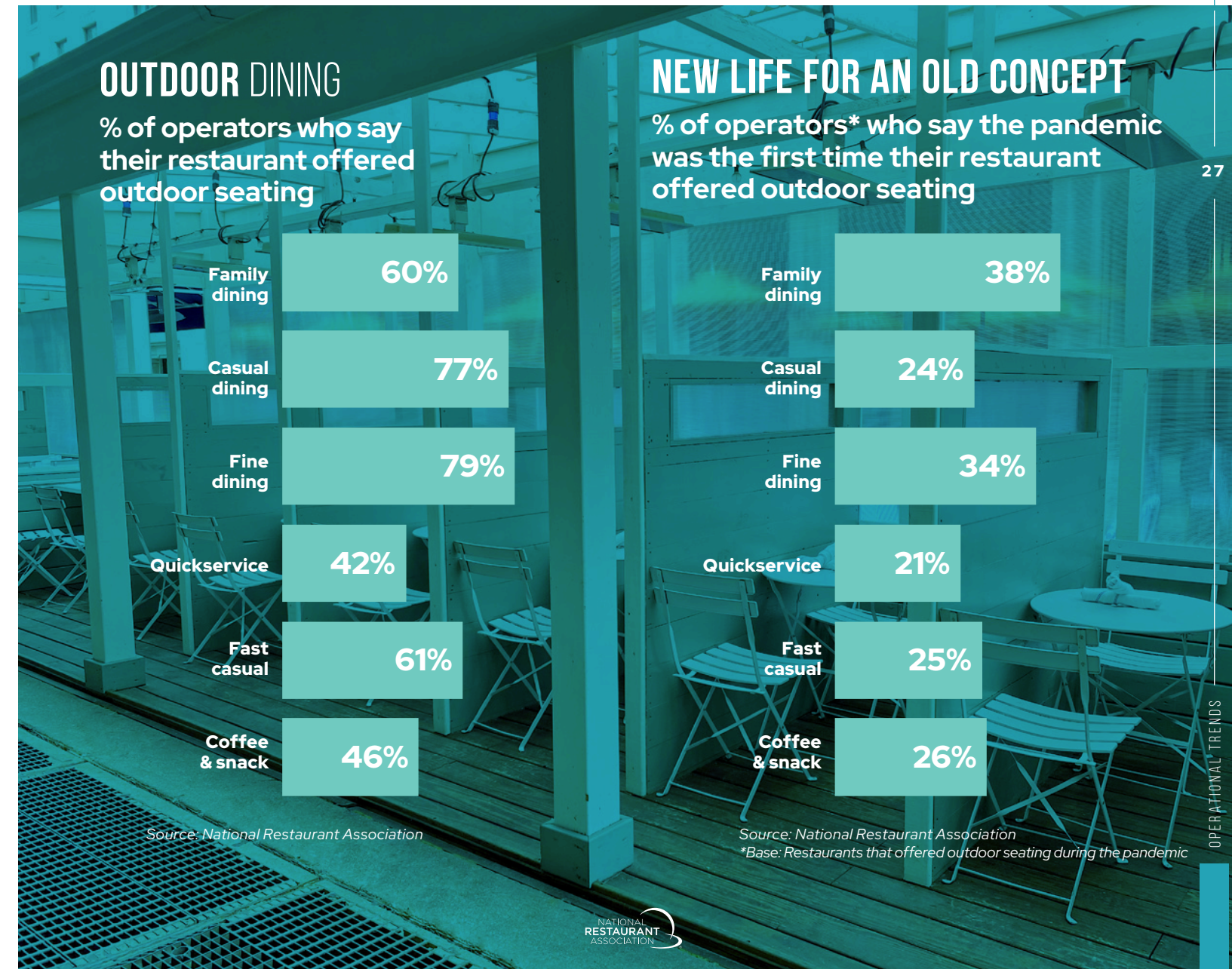
Across each of the 6 major segments, **more than 9 in 10** operators that currently have outdoor seating say they plan to continue offering it in the future.

Most consumers applaud plans for continued outdoor seating:

69% of adults say they like having the option to sit outside on a patio, deck, or sidewalk.

Outdoor dining was particularly important in the fullservice segment, with about

7 in 10 operators reporting their restaurant offered outdoor seating at some point in the last 3 years

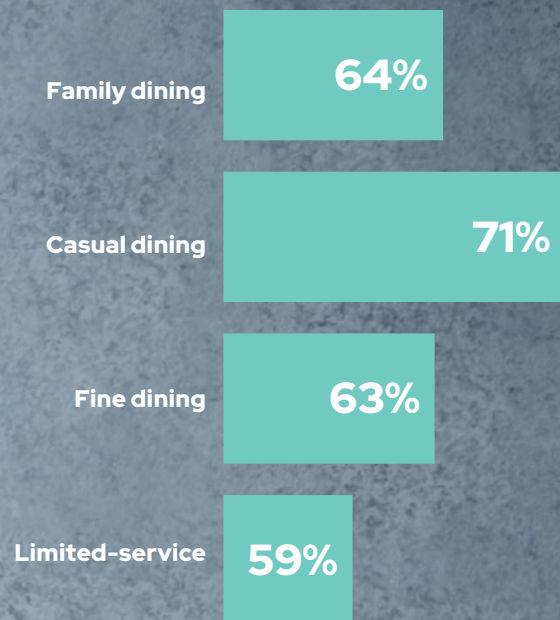




OPERATIONAL TRENDS

ALCOHOL TO-GO

% of operators* who say their restaurant offered the option of including alcohol beverages with takeout or delivery orders



Source: National Restaurant Association
 *Base: Restaurants that offer alcohol beverages
 Note: Limited-service includes quickservice, fast casual and coffee/snack concepts

ALCOHOL TO-GO

New laws and regulations allowing to-go alcohol sales became a lifeline for many operators.

Among restaurants that offer alcohol beverages, a majority of both fullservice and limited-service operators say they gave customers the option to purchase alcohol to-go at some point during the pandemic.

More than 9 in 10 operators say their restaurant will likely continue offering the option in the future if their jurisdiction continues to allow it.



COMING SOON

The National Restaurant Association will publish an alcohol beverage report covering on- and off-premises customers' desires regarding alcohol beverage service, how they view restaurants as a place to learn about alcohol beverages, and what operators are offering in response—particularly off-premises.

TRADING UP TO TECH

Despite the widespread investments in technology—new ordering and payment platforms and labor-saving solutions to shore up staffing—operators across all major segments are more likely to describe their restaurant's technology use as "lagging" rather than "leading." Most operators label their tech "mainstream."

INVESTMENTS IN TECHNOLOGY

% of operators who made investments in the following areas since 2019

| | Family dining | Casual dining | Fine dining | Quick-service | Fast casual | Coffee & snack |
|---|---------------|---------------|-------------|---------------|-------------|----------------|
| Equipment or technology to enhance the customer experience | 60% | 58% | 56% | 65% | 62% | 53% |
| Equipment or technology to make the FOH more productive or efficient | 57% | 64% | 56% | 55% | 59% | 37% |
| Equipment or technology to make the BOH more productive or efficient | 54% | 51% | 51% | 50% | 50% | 31% |

Source: National Restaurant Association
 Note: FOH front of house; BOH back of house

In the year ahead, many operators are hoping to level up.

FUTURE INVESTMENT

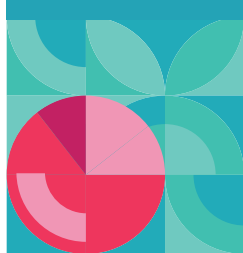
% of operators who plan to devote more resources to these areas in 2023 than they did in 2022

| | Family dining | Casual dining | Fine dining | Quick-service | Fast casual | Coffee & snack |
|---|---------------|---------------|-------------|---------------|-------------|----------------|
| Equipment or technology to enhance the customer experience | 39% | 43% | 37% | 52% | 43% | 39% |
| Equipment or technology to make the FOH more productive or efficient | 39% | 40% | 31% | 42% | 40% | 37% |
| Equipment or technology to make the BOH more productive or efficient | 43% | 46% | 36% | 50% | 42% | 24% |

Source: National Restaurant Association

More than 4 in 10 operators plan to ramp up investments in equipment or technology to increase productivity in both the front and back of the house.





OFF-PREMISES TRENDS

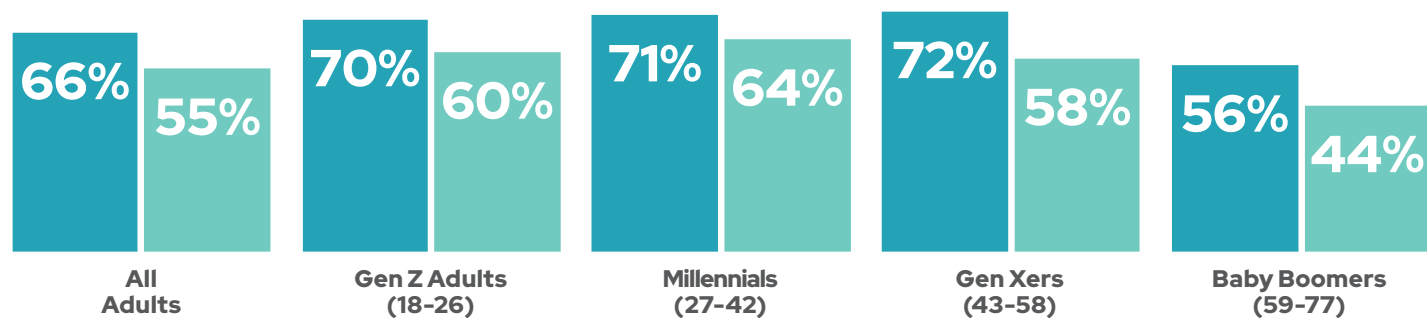
66% of adults say they're more likely to order takeout food from a restaurant than they were before COVID-19 hit.

55% report similarly about food delivery, and the same percentage say purchasing takeout or delivery food is essential to the way they live.

THEY'RE HOOKED

% of consumers who say they are more likely to order takeout or delivery food from a restaurant than before the pandemic

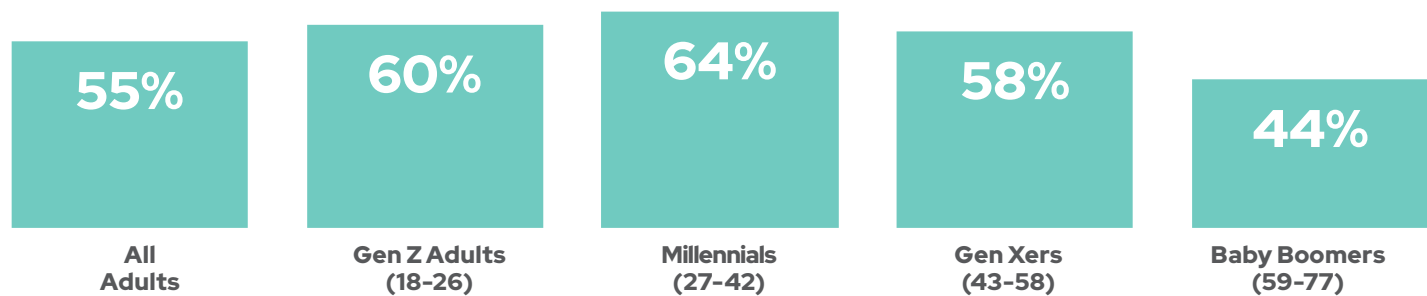
Order takeout food from a restaurant
Order delivery food from a restaurant



Source: National Restaurant Association

.... REALLY HOOKED!

% of consumers who say purchasing takeout or delivery food is essential to the way they live



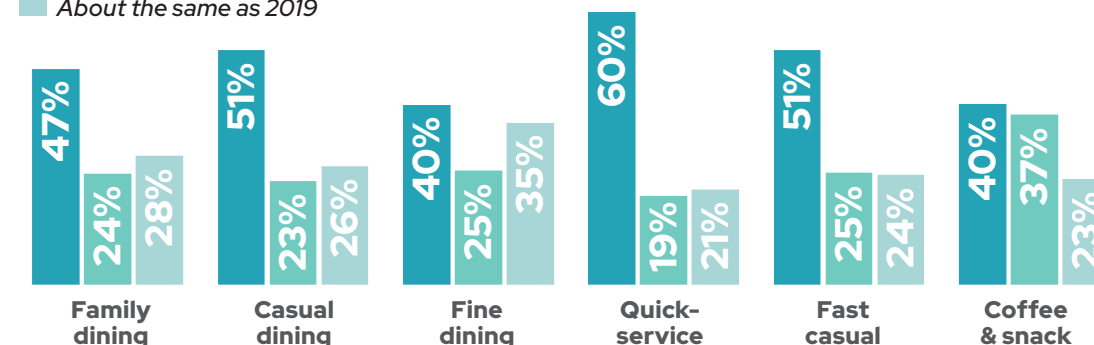
Source: National Restaurant Association

As of November 2022, restaurant operators across all 6 major segments said off-premises sales represented a higher proportion of their average daily sales than it did in 2019.

GROWING IMPORTANCE OF OFF-PREMISES

Restaurant operators report off-premises as a percentage of their total sales compared with 2019 levels

Larger than 2019
Smaller than 2019
About the same as 2019



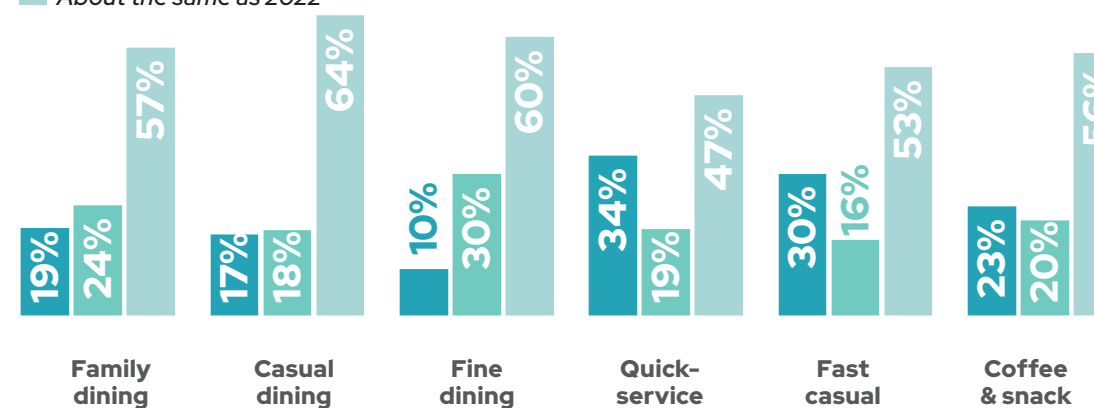
Source: National Restaurant Association

Nearly **6 in 10** operators expect off-premises sales in 2023 to be about the same as they were last year. Quickservice and fast casual operators are most likely to expect an increase in their off-premises business this year.

OPTIMISTIC FOR OFF-PREMISES

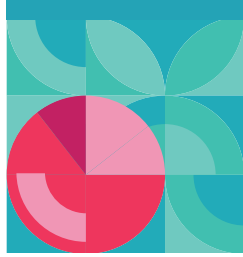
Restaurant operators' expectations of their restaurant's total off-premises sales volume (in dollar terms) in 2023, compared with 2022

Higher than 2022
Lower than 2022
About the same as 2022



Source: National Restaurant Association





DELIVERY TRENDS

Among restaurants that offer delivery, a majority of both fullservice (70%) and limited-service operators (58%) say they exclusively use a 3rd-party provider for their delivery.

11% of fullservice operators run their own delivery service.

19% use both a 3rd-party provider and their own service.

15% of limited-service operators run their own delivery service.

27% use both a 3rd-party provider and their own service.

Operators who have offered delivery for years say delivery sales are up. It's an increasingly important channel for restaurants, even among those that offered it pre-pandemic. Fewer than 1 in 4 say it makes up a smaller proportion of their sales.

Most, including **60%** of fullservice and **55%** of limited-service operators, say delivery sales represent a larger proportion of sales volume than in 2019.

Roughly **1 out of 5** operators (19% of fullservice, 22% of limited-service) say delivery represents the same proportion of sales volume as 2019.

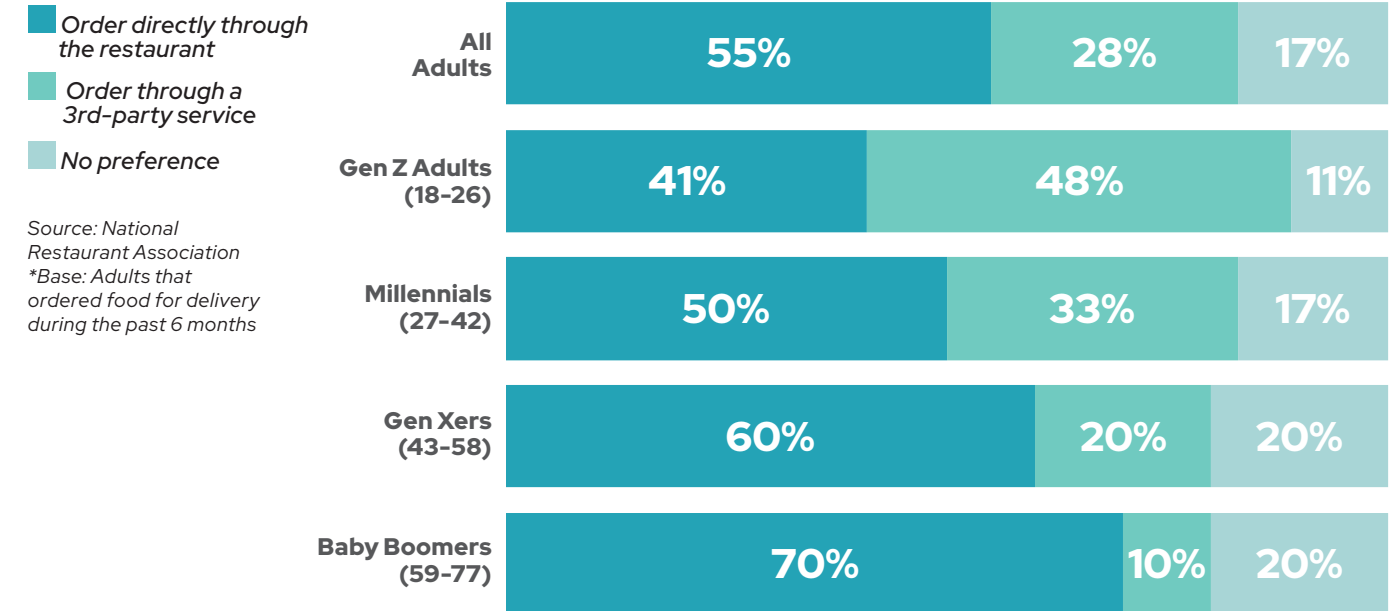
Even though most restaurants use a 3rd-party provider for their delivery, **55%** of delivery customers say they would prefer to order delivery directly from the restaurant.

Baby boomers at **70%** and Gen Xers at **60%** are more likely to prefer ordering directly from the restaurant. Gen Z adults have a slight preference for 3rd-party service.



CONSUMERS WANT TO ORDER DIRECT

How delivery customers* prefer to order restaurant food for delivery

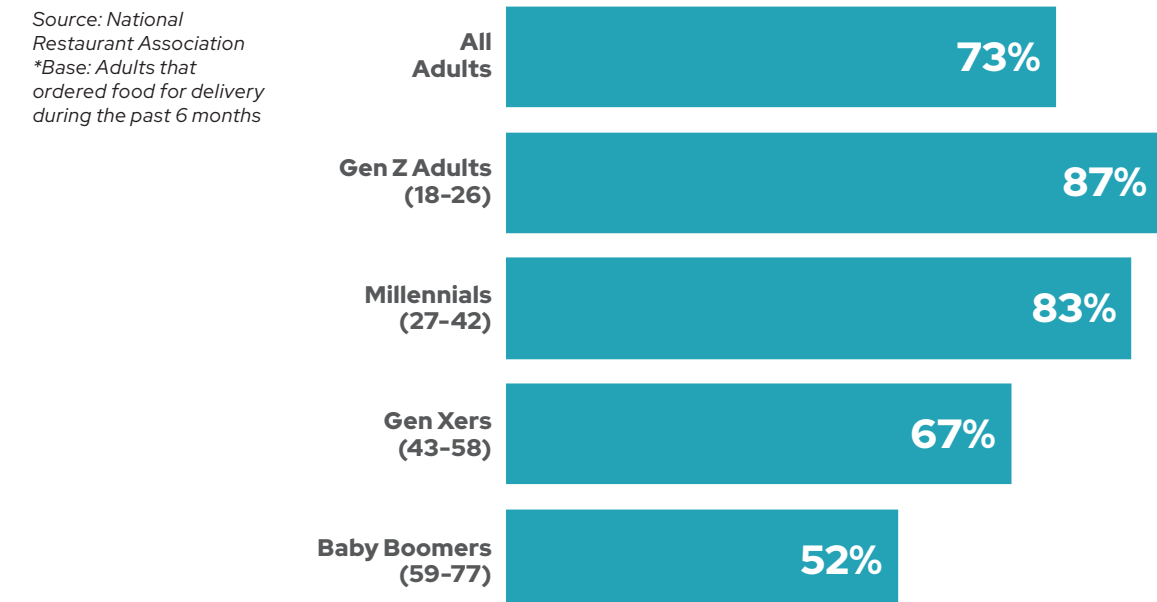


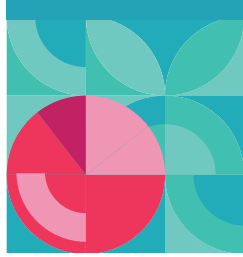
Regardless of their preferences, most customers use 3rd-party providers for delivery orders.

73% of delivery customers—including more than 8 in 10 Gen Z adults and millennials—say they ordered food for delivery through a 3rd-party service during the past 6 months.

3RD-PARTY POPULARITY

% of delivery customers* that ordered food for delivery from a restaurant, deli, or fast food place through a 3rd-party service during the past 6 months





EXPANDING OFF-PREMISES TOUCHPOINTS
5 options for off-premises growth in 2023

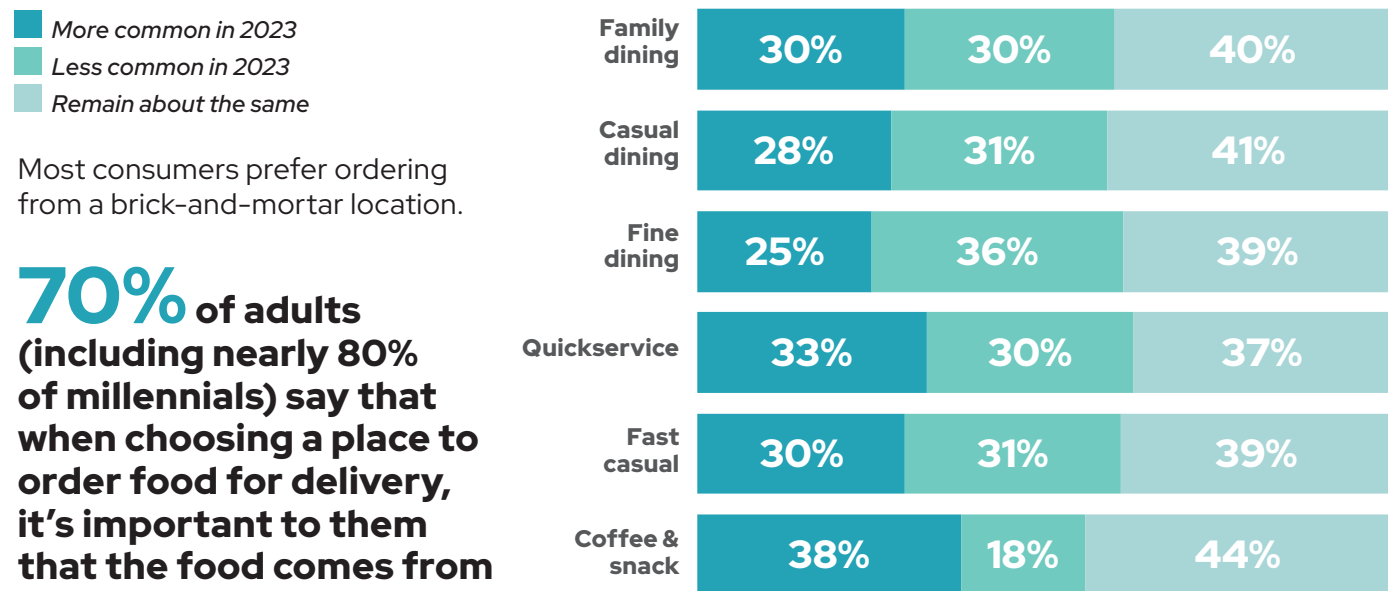
1. GHOST KITCHENS

Ghost kitchens—restaurants for delivery only—are still a relatively small part of the restaurant landscape, and restaurant operators have mixed opinions about their future.

Only **3 in 10** operators think delivery from a virtual or ghost kitchen will become more common in their segment in 2023. A similar proportion thinks it will become less common.

MIXED OPINIONS

Restaurant operators' expectations about delivery from a virtual or ghost kitchen



Source: National Restaurant Association

Most consumers prefer ordering from a brick-and-mortar location.

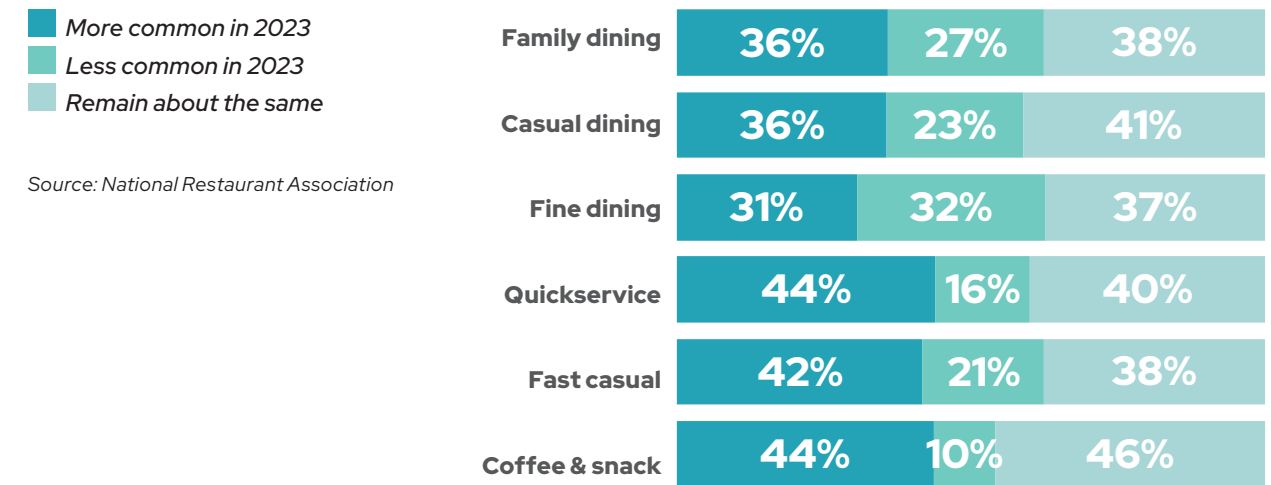
70% of adults (including nearly 80% of millennials) say that when choosing a place to order food for delivery, it's important to them that the food comes from a restaurant that has a physical location that is accessible to the public.

2. OFF-PREMISES-ONLY

Locations that only offer takeout or drive-thru are expected to grow in popularity by more than **4 in 10** operators in each of the **3** limited-service segments.

TAKE IT TO GO

Restaurant operators' expectations about takeout and drive-thru-only locations



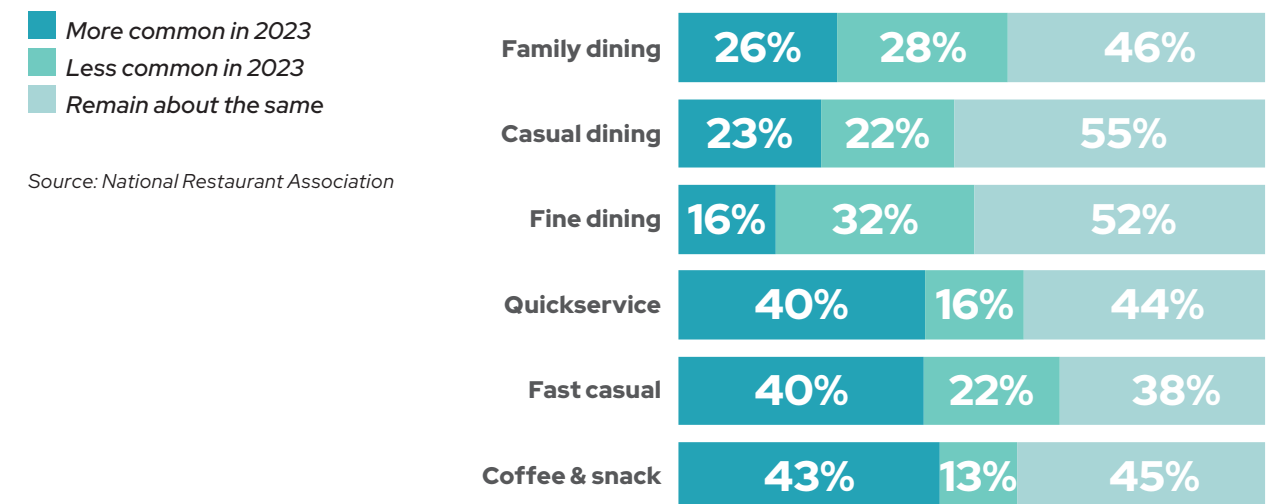
Source: National Restaurant Association

3. DRIVE-THRU PICKS UP

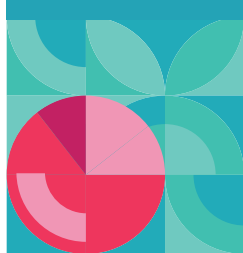
At least **4 in 10** operators in each of the **3** limited-service segments believe the addition of drive-thru lanes will become more common.

MORE ROOM FOR CARS

Restaurant operators' expectations about drive-thru lanes



Source: National Restaurant Association

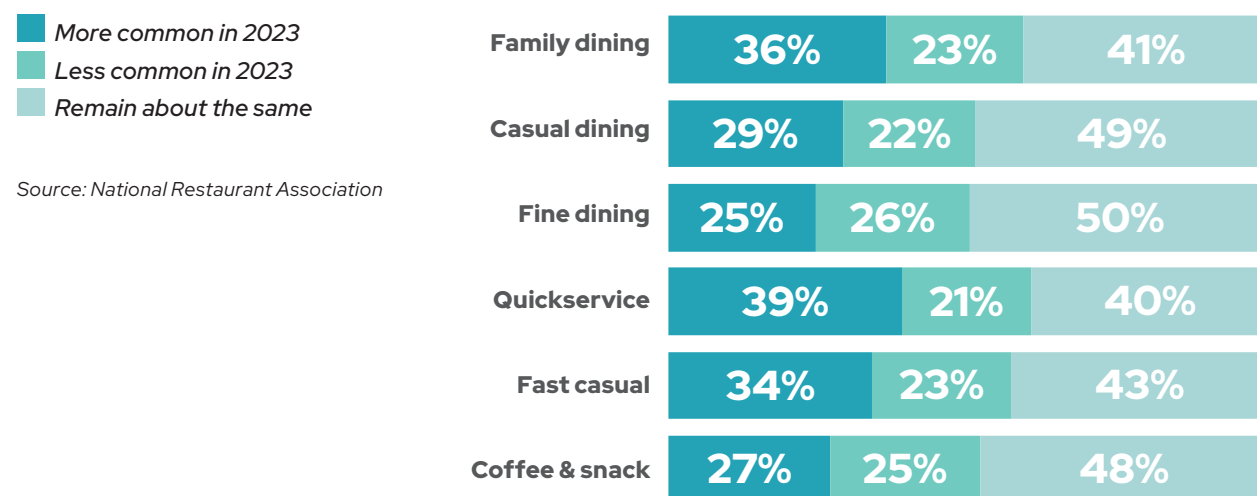


4. CURBSIDE SERVICE

When drive-thru lanes aren't an option, curbside takeout is the next best offer for consumers in cars. Operators have mixed opinions about whether curbside will grow in popularity in their segment.

CURB APPEAL

Restaurant operators' expectations about curbside takeout



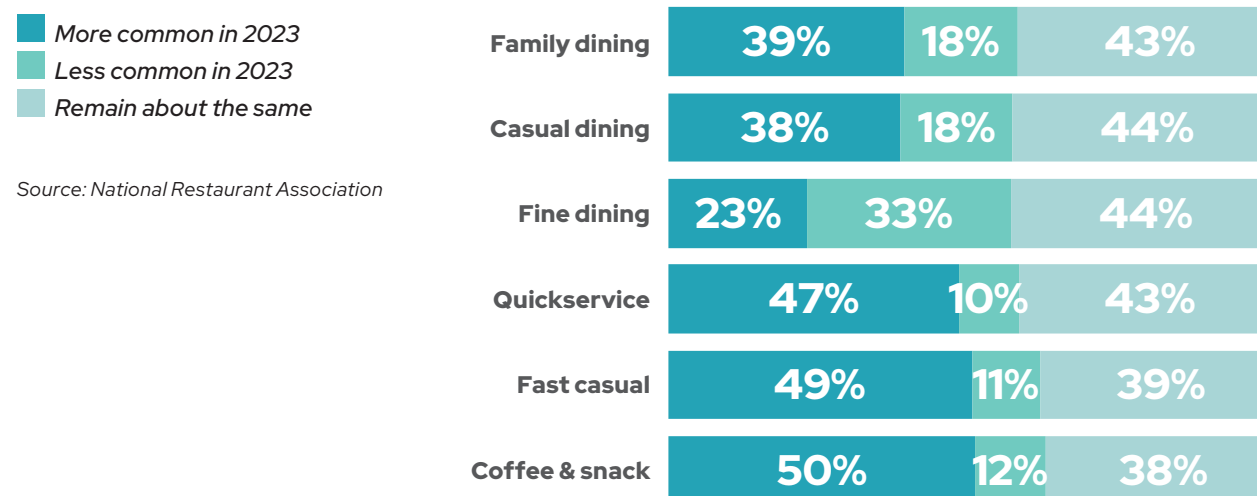
Source: National Restaurant Association

5. TAKEOUT-ONLY COUNTER OR WINDOW

Walk-up locations are a convenient option that many operators expect to become more prevalent.

DEDICATED TAKEOUT AREAS

Restaurant operators' expectations about dedicated takeout counters or windows



Source: National Restaurant Association

VALUE WILL BE KEY IN '23, IF THE PRICE IS RIGHT

Households are expected to face more challenging economic conditions this year, and many consumers will look for bargains to entice their restaurant use.

VALUE OPPORTUNITIES

1. Loyalty & reward program

It's easier to bring back repeat customers than attract new ones. Offering a frequent-customer program is one way to increase loyalty. 8 in 10 consumers say they would likely participate in a loyalty and reward program for frequent customers if it was offered by a restaurant in their area that they patronize.

2. Smaller portions for a lower price

71% of adults say they would likely order smaller-sized portions for a lower price if it was offered.

3. Discounts for dining on less busy days of the week

79% of adults say they would likely take advantage of discounts for dining on off-peak days.

4. Discounts for dining at off-peak times of the day

77% of adults say they would likely take advantage of discounts for dining at off-peak times of the day if they were offered.

5. Items to incorporate into home-cooked meals

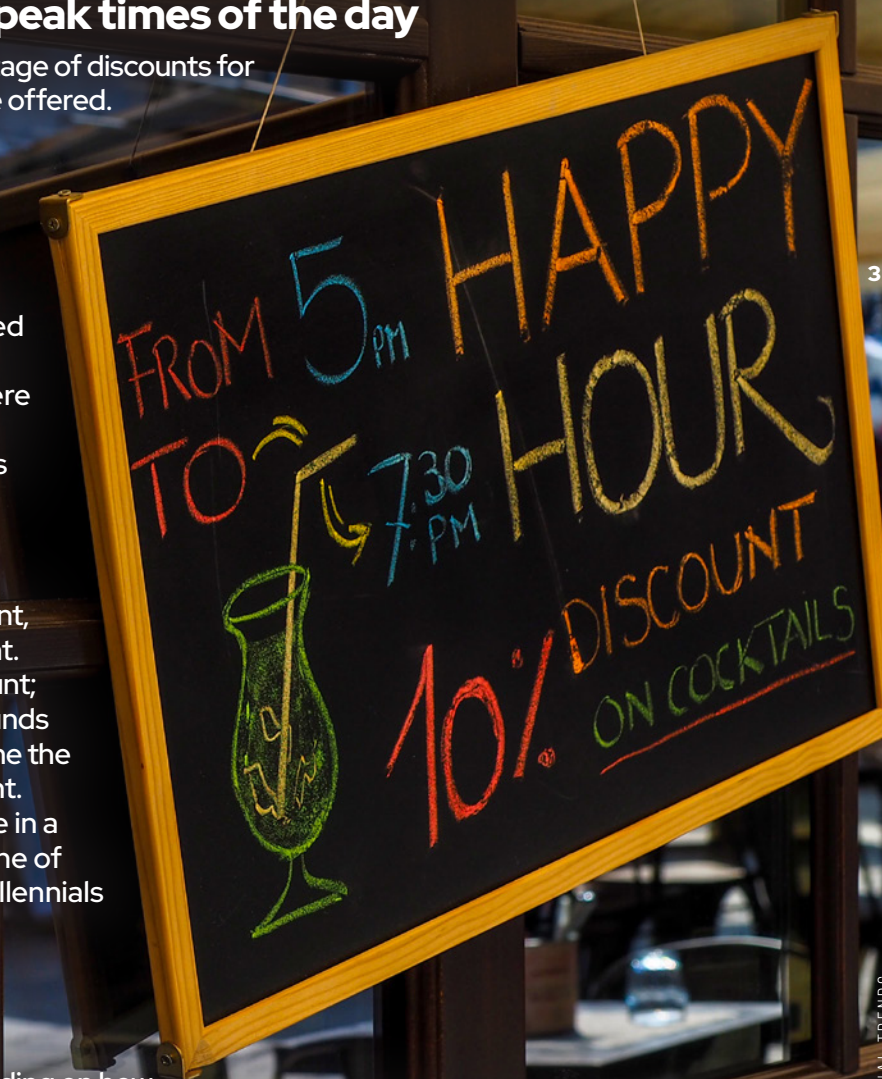
57% of consumers—including 69% of Gen Z adults and 65% of millennials—say they're more likely to incorporate restaurant-prepared items—such as a main dish, side, or dessert—into their home-prepared meals than they were prior to the pandemic. Restaurants can take advantage of this by packaging popular items for easy customer pick-up.

6. House accounts

Customers pre-pay an amount to the restaurant, and get a bonus amount added to their account. For example: Pay \$50 and get \$60 in the account; pay \$100 and get \$125; pay \$300, get \$400. Funds are deducted from the house account each time the customer dines at or orders from the restaurant. 59% of adults say they would likely participate in a house account program if it was offered by one of their favorite restaurants, including 7 in 10 millennials and Gen Z adults.

7. Pop-up specials based on off-peak times

Restaurants offer promotions that vary depending on how busy they are: lower prices or a free appetizer, dessert, or drink on days when the restaurant is not busy. These are flexible changes made daily, best marketed through mobile apps and social media channels. 73% of adults say they would be likely to pay attention to and try to take advantage of pop-up specials if they were offered by a restaurant in their area that they patronize. Among millennials, it rises to 8 in 10.





The degree to which a restaurant should incorporate technology into the dining experience depends on its customer base. In an Association survey, consumers were asked to choose between 2 similar restaurants, with the difference being the amount of technology that's used:

• **This restaurant offers traditional service.**

Employees will bring you a menu, take your order, deliver your food and beverages, and bring you a bill at the end of your meal.

• **This restaurant incorporates technology into the experience.**

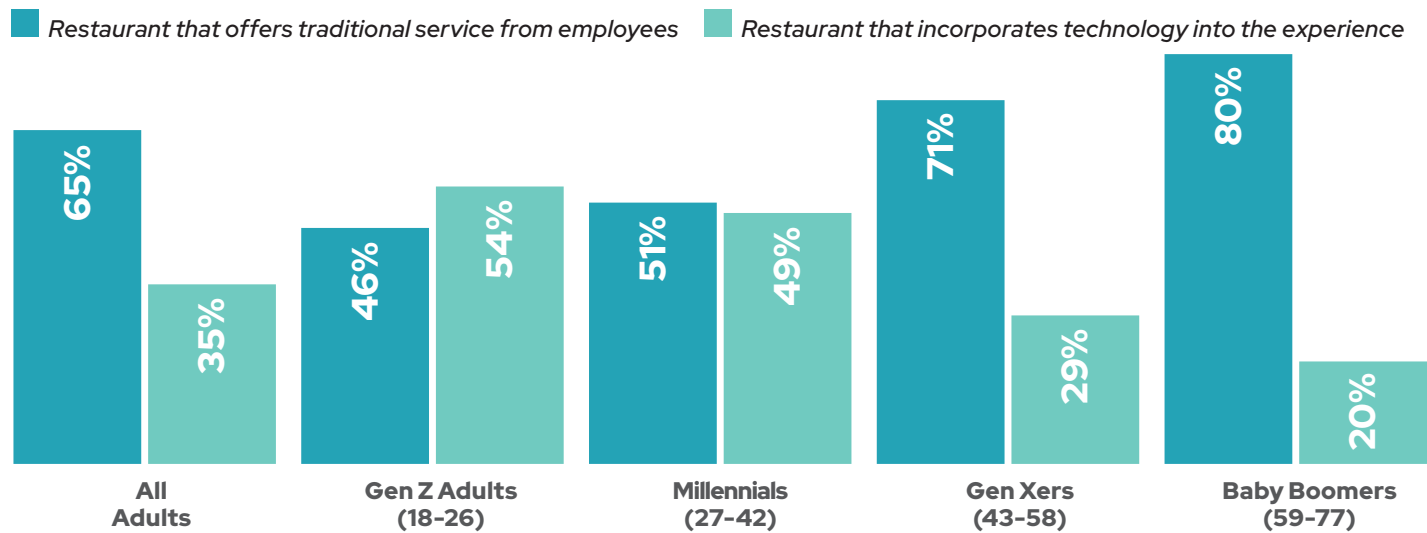
You will view the menu and place your order using either a computer tablet at your table or an app on your smartphone. Your food and beverages will be delivered by a restaurant employee, and you will pay your bill using the same table tablet or smartphone app.

65% of adults say they would choose the restaurant that offers traditional service from employees.

However, these decisions vary significantly by age group. Baby boomers (80%) and Gen Xers (71%) were much more likely to pick the restaurant that offers traditional service. Millennials and Gen Z adults are roughly split between the two options.

MOST CONSUMERS PREFER TRADITIONAL SERVICE

How consumers would choose between 2 similar restaurants based on technology



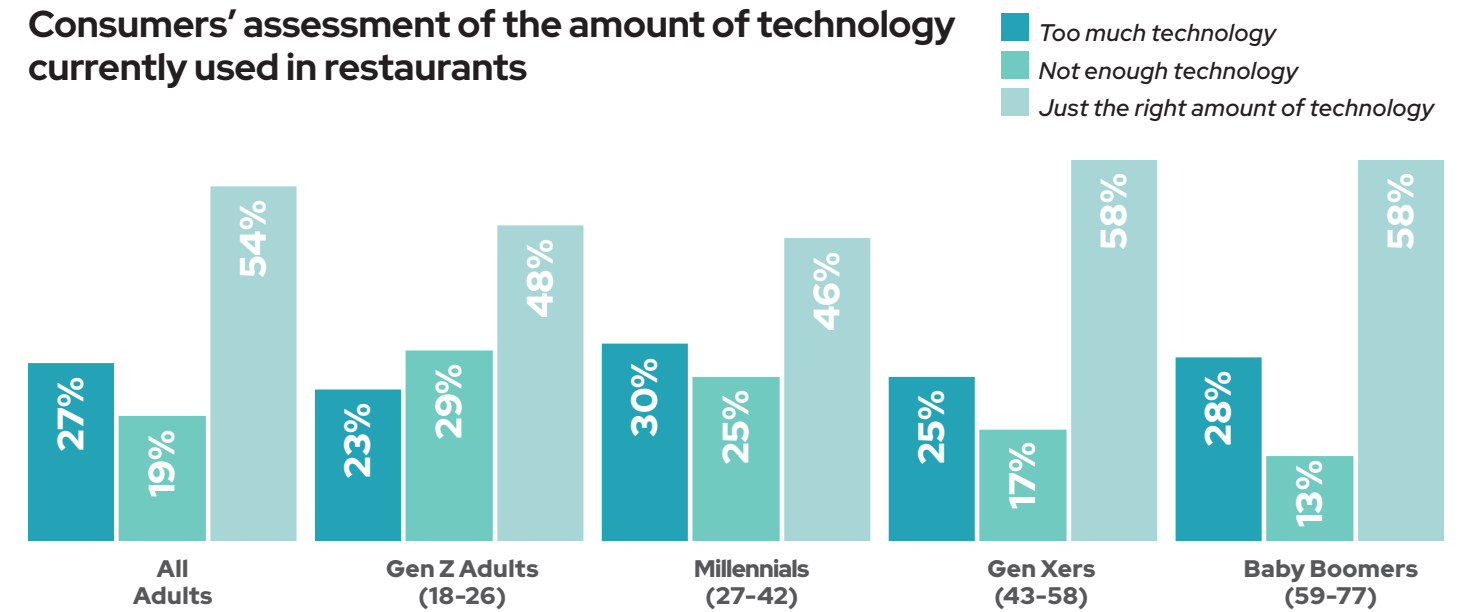
Source: National Restaurant Association

Although older adults wouldn't proactively choose a tech-heavy restaurant, they don't necessarily feel the industry is becoming overloaded with gadgets.

Only about **1 in 4** adults think restaurants currently employ too much technology, while **1 in 5** say they could use more.

GETTING IT RIGHT

Consumers' assessment of the amount of technology currently used in restaurants

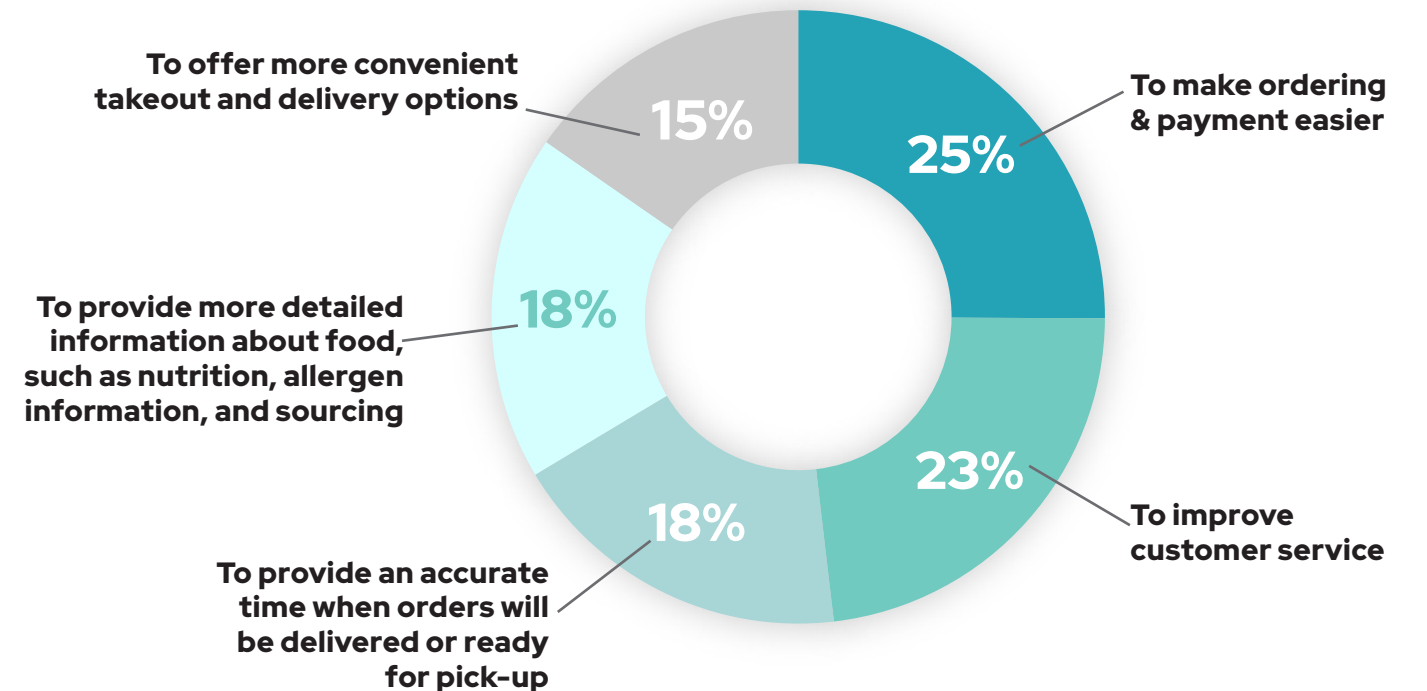


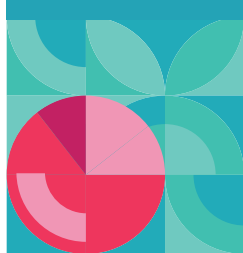
Source: National Restaurant Association

CONSUMERS WOULD WELCOME SERVICE-ENHANCING TECHNOLOGY

Areas in which consumers would most like to see restaurants incorporate more technology in the future

Source: National Restaurant Association





ORDER & PAYMENT OPTIONS CAN PAY DIVIDENDS

When presented with a list of technology-driven options in restaurants, consumers tended to be mostly interested in items that make ordering and payment easier.

7 in 10 adults say they would be likely to order and pay for food or beverages using a restaurant website or using contactless or mobile payment options.

Most consumers would also order and pay using smartphone apps, computer tablets at the table, and self-service electronic kiosks.

Younger consumers are more likely than their older counterparts to say they would use each of these tech options in restaurants—particularly digital wallets.

CONSUMER INTEREST IN NEW TECHNOLOGY

% of consumers who say they would be likely to use the following options if they were offered by a restaurant in their area that they patronize

| | All adults | Gen Z Adults (18-26) | Millennials (27-42) | Gen-Xers (43-58) | Baby Boomers (59-77) |
|---|------------|----------------------|---------------------|------------------|----------------------|
| Pay using contactless or mobile payment options | 72% | 74% | 81% | 81% | 57% |
| Order and pay using a restaurant website | 70% | 72% | 75% | 81% | 59% |
| Order and pay using a smartphone app | 70% | 77% | 85% | 76% | 53% |
| Order and pay using a computer tablet at the table | 67% | 73% | 74% | 74% | 56% |
| Order and pay using a self-service electronic kiosk | 65% | 75% | 78% | 70% | 48% |
| Access the menu on your phone through a QR code | 62% | 73% | 73% | 70% | 46% |
| Pay using a digital wallet such as Apple Pay, Samsung Pay, Google Wallet, or Venmo | 62% | 82% | 75% | 74% | 36% |
| Place a food order for takeout or delivery using a voice-enabled platform such as Amazon Alexa, Google Home, or iPhone's Siri | 51% | 62% | 64% | 58% | 33% |

Source: National Restaurant Association



ROBOTS & DRONES FAVORED BY YOUNGER CONSUMERS

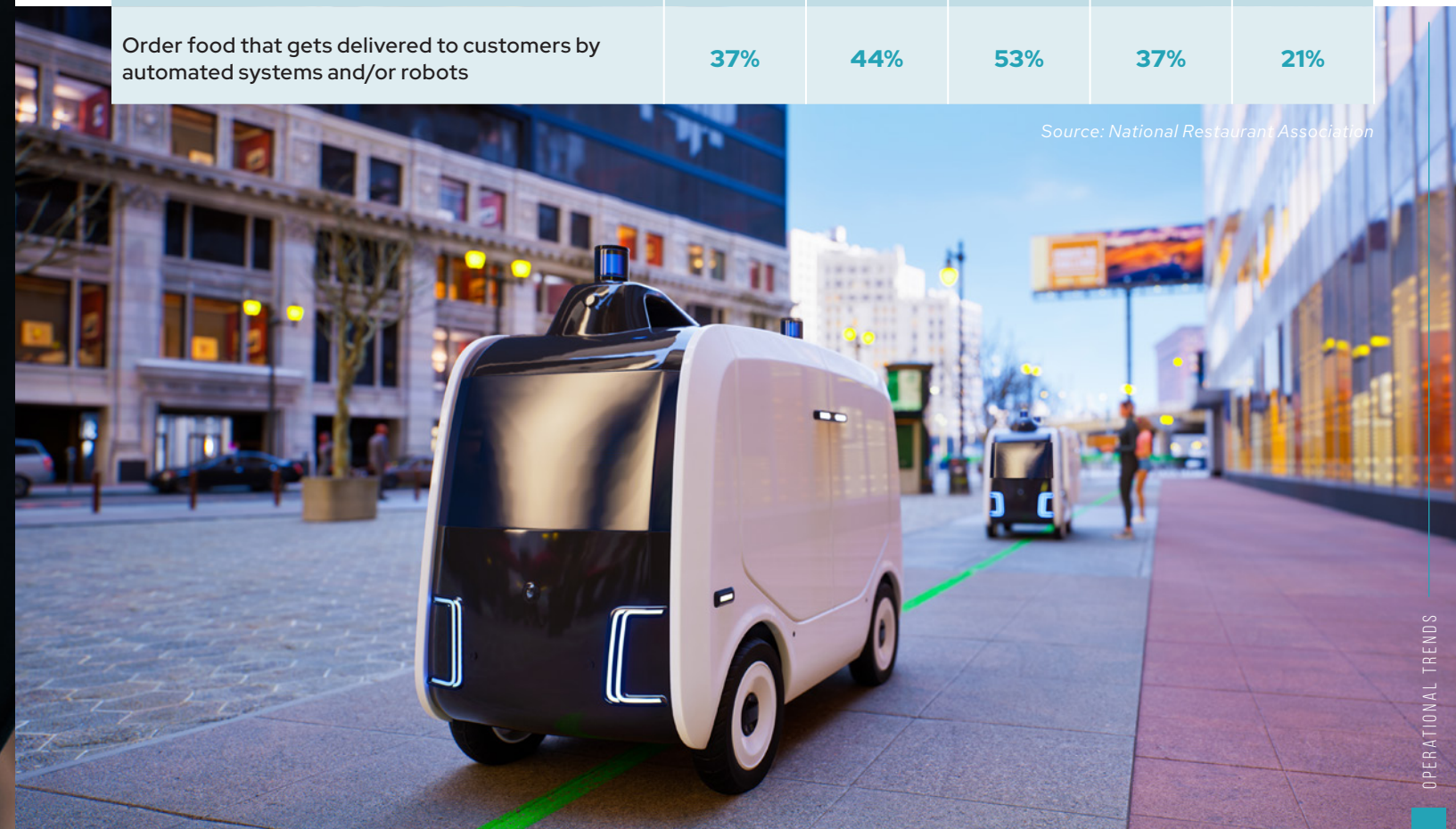
In general, consumers are not particularly interested in automated systems and robots preparing or delivering their food, including delivery by drone or self-driving car. Boomers are especially uninterested, but most millennials and Gen Z adults say they would be likely to try those options if they were offered by a restaurant in their area.

DRONES & ROBOTS

% of consumers who say they would be likely to use the following options if they were offered by a restaurant in their area that they patronize

| | All adults | Gen Z Adults (18-26) | Millennials (27-42) | Gen-Xers (43-58) | Baby Boomers (59-77) |
|--|------------|----------------------|---------------------|------------------|----------------------|
| Order food that gets prepared by automated systems and/or robots | 46% | 59% | 61% | 48% | 26% |
| Order food that gets delivered from a restaurant by a self-driving car | 46% | 62% | 61% | 48% | 27% |
| Order food that gets delivered from a restaurant by an unmanned aerial vehicle, a.k.a. a drone | 41% | 61% | 55% | 46% | 17% |
| Order food that gets delivered to customers by automated systems and/or robots | 37% | 44% | 53% | 37% | 21% |

Source: National Restaurant Association



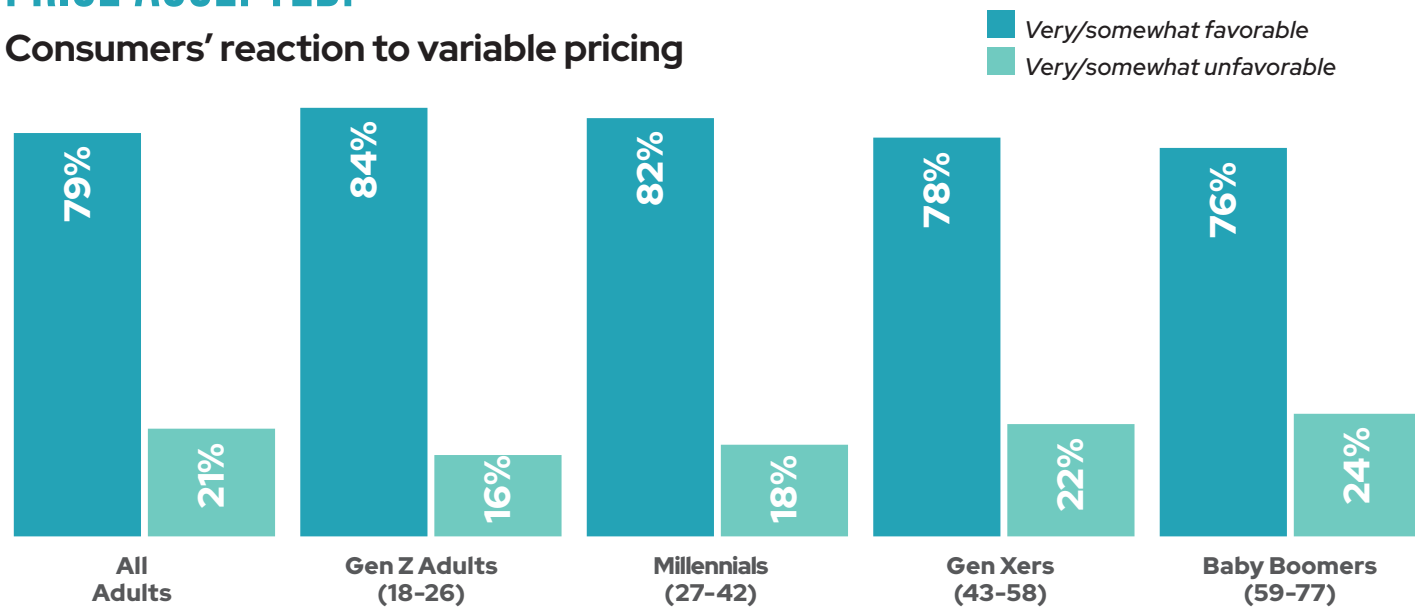


EMERGING TECHNOLOGY - VARIABLE PRICING

Some restaurants adjust prices depending on demand. They charge higher prices during days or periods of time that are very busy, and lower prices when business slows. Price changes can be communicated to customers using mobile apps and social media.

PRICE ACCEPTED!

Consumers' reaction to variable pricing



Source: National Restaurant Association

79% of adults have a favorable reaction to the concept of variable pricing in restaurants. The sentiment is similar across age groups.

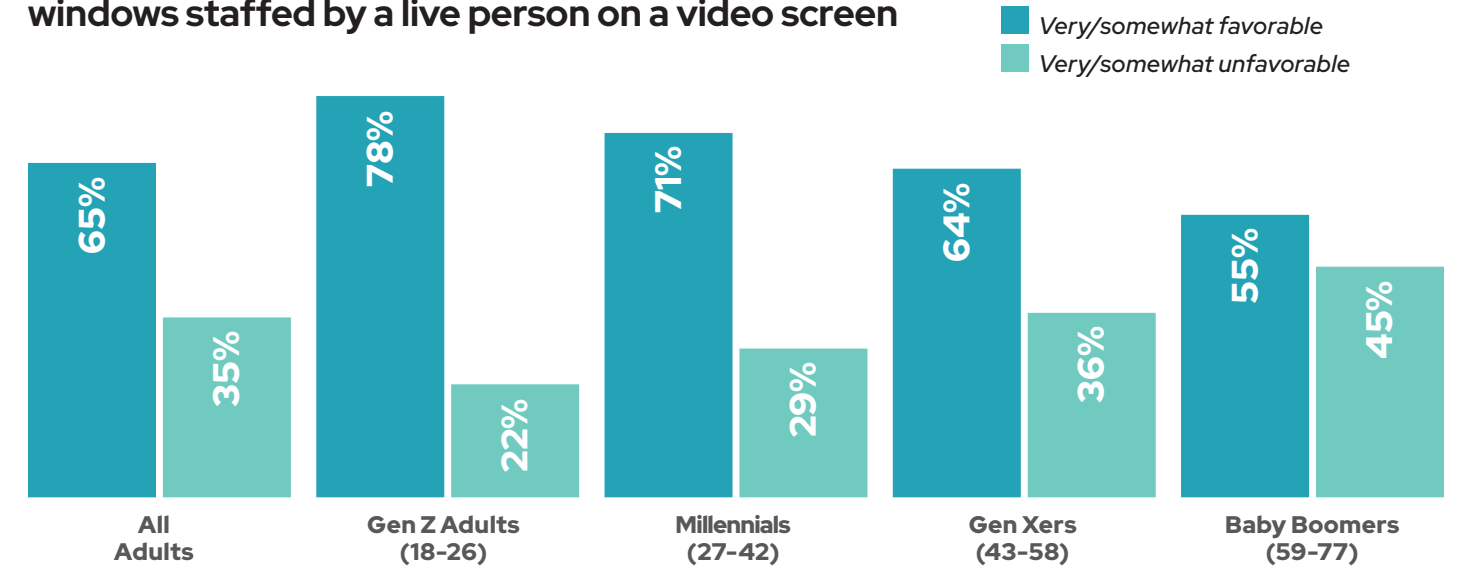


EMERGING TECHNOLOGY - STAFFING WITH REMOTE WORKERS ON VIDEO SCREENS

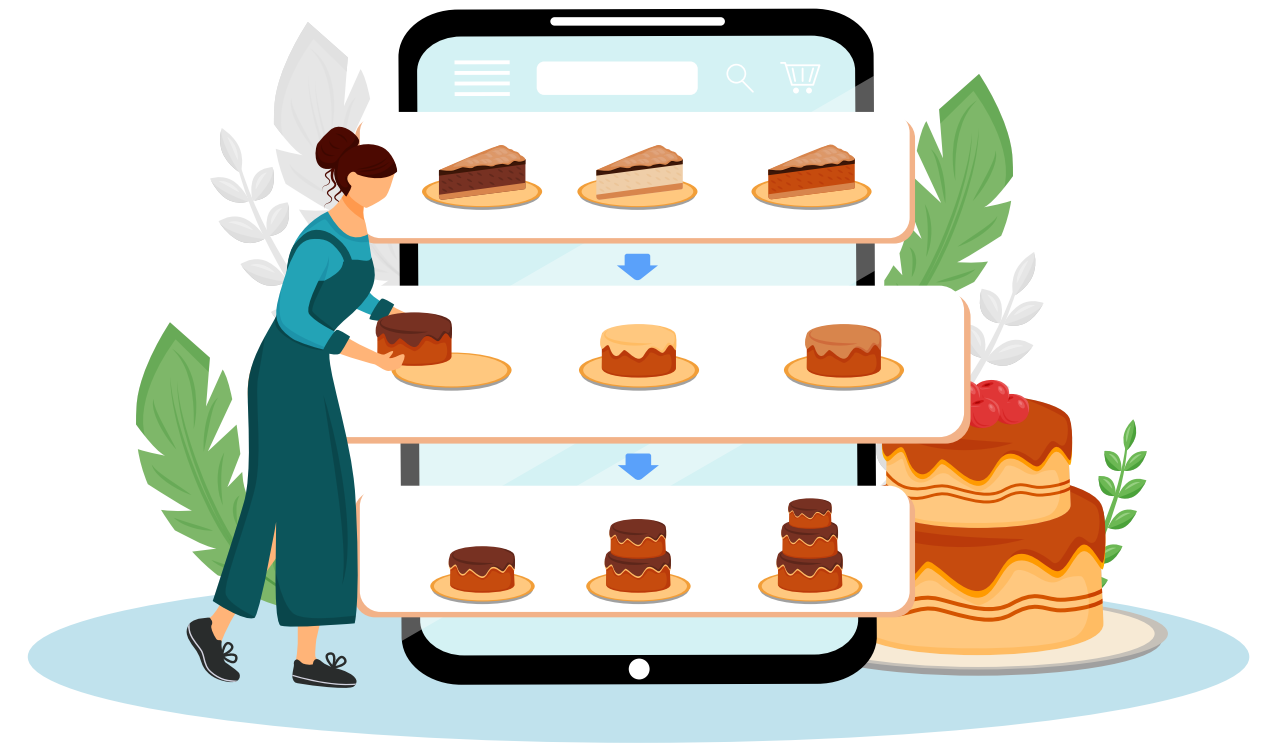
Some restaurants with walk-up counters or drive-thru windows are now taking customer orders via a live person on a video screen. These workers aren't inside the restaurant, but they take customers' orders in the same way an onsite worker would. Customers accept this approach.

TALK TO THE SCREEN

Consumers' reaction to restaurants that have walk-up counters or drive-thru windows staffed by a live person on a video screen



Source: National Restaurant Association





EMERGING TECHNOLOGY - PRE-ORDERING AT TABLESERVICE RESTAURANTS

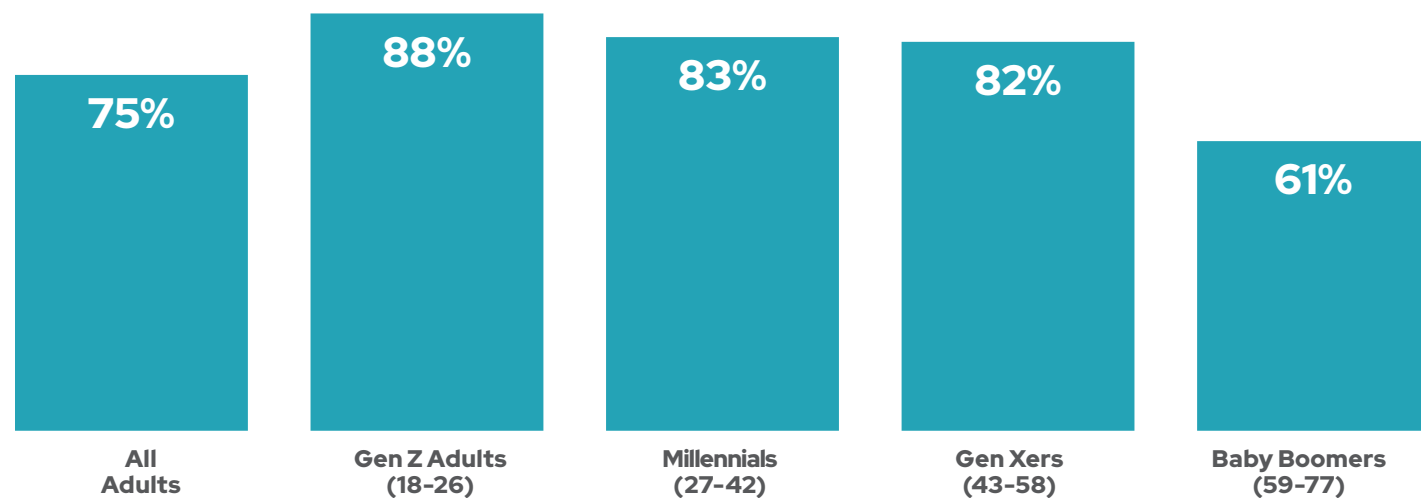
A sit-down tableservice restaurant gives customers the option to place an order online in advance, schedule an arrival time, and have their food served shortly after being seated.

75% of adults say they would likely use this option if it was offered by a sit-down tableservice restaurant. The concept is very popular with younger consumers.

Among adults with children in their household, 85% say they would take advantage of this option.

SCHEDULE SERVICE IN ADVANCE

% of consumers who say they would be likely to use a pre-ordering option if it was offered by a sit-down tableservice restaurant



Source: National Restaurant Association

Work-from-home impact on restaurant use

Among employed adults who work from home most or all of the time (WFH consumers)

44% say they pick up a breakfast meal, snack, or beverage before work less frequently now than they did before the pandemic.

44% of WFH consumers also say they go out for lunch during the workday less often now than they did before.

Among employed adults who go into work most or all the time

33% say they order takeout or delivery for dinner after work more frequently now than they did before the pandemic.

Only **18%** of in-workplace consumers say they do this less frequently now.

| | WORK-FROM-HOME CONSUMERS* | | | GO-TO-WORK CONSUMERS** | | |
|--|---------------------------|-----------------|----------------|------------------------|-----------------|----------------|
| | More frequently | Less frequently | About the same | More frequently | Less frequently | About the same |
| Go out for breakfast at a sit-down fast food place, coffee shop, or restaurant before work | 24% | 36% | 40% | 21% | 30% | 49% |
| Pick up a breakfast meal, snack or beverage from a fast food place, coffee shop, or restaurant before work | 17% | 44% | 40% | 26% | 23% | 51% |
| Go out to a restaurant or fast food place for lunch during the work day | 21% | 44% | 34% | 21% | 29% | 50% |
| Order takeout or delivery from a restaurant or fast food place for lunch during the work day | 23% | 39% | 38% | 23% | 27% | 51% |
| Go out to a restaurant or fast food place for dinner after work | 25% | 34% | 40% | 23% | 28% | 49% |
| Order takeout or delivery from a restaurant or fast food place for dinner after work | 31% | 31% | 38% | 33% | 18% | 49% |

*Employed people who work from home—most or all of the time.
 **Employed people who go into work as normal—most or all of the time.
 Note: Rows for each category may not add precisely to 100% due to rounding.
 Source: National Restaurant Association





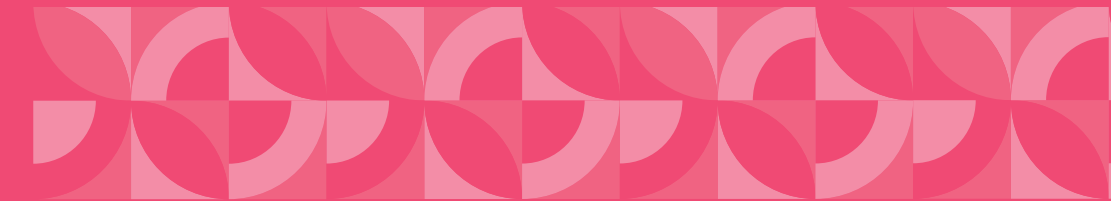
STATE
OF THE
RESTAURANT
INDUSTRY
2023



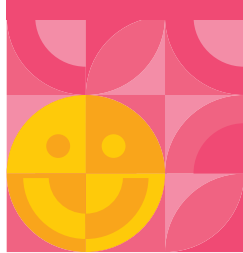
WORKFORCE

WE ARE THE INDUSTRY
OF OPPORTUNITY

ORKFORCE TRENDS



Before the pandemic, the restaurant and foodservice industry was the nation's second-largest private sector employer, providing 15.4M jobs—or 10% of the total U.S. workforce. This included 12.2M jobs at eating and drinking places, and 3.2M foodservice jobs in other sectors such as health care, accommodations, education, food-and-beverage stores, and arts, entertainment, and recreation.



THE INDUSTRY OF OPPORTUNITY

With millions of employment opportunities available in communities across the country, it's not surprising that the restaurant industry plays a role in the career path of most people.

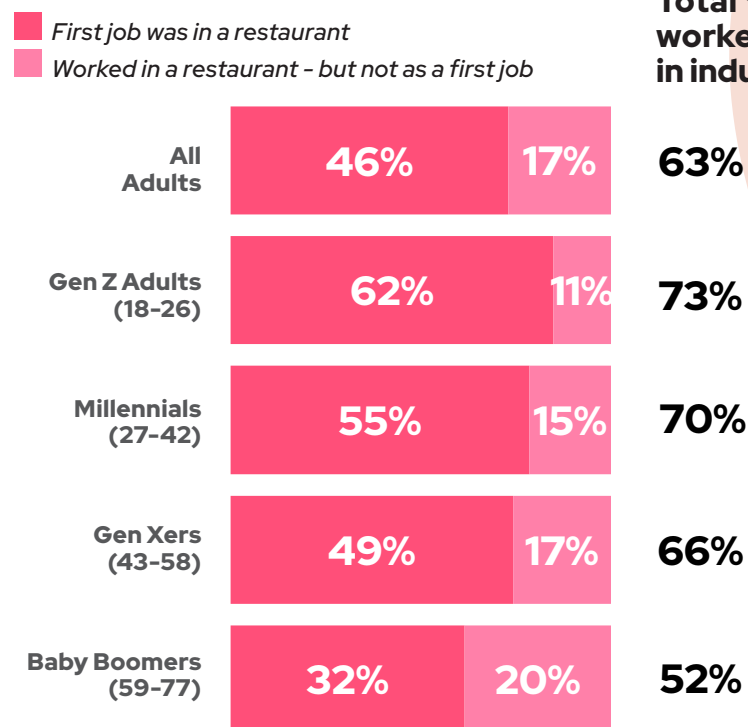
46% of adults say their first regular job was in the restaurant industry.

An additional **17%** of adults say they've worked in the industry but not as a first job.

A striking **63%** of U.S. adults worked in the restaurant and foodservice industry at some point in their lives. Gen Z adults (**73%**) and millennials (**70%**) are the most likely to say they've worked in the restaurant industry.

TIME-TESTED EMPLOYMENT

% of adults who have worked in the restaurant industry



Source: National Restaurant Association



REBUILDING A WORKFORCE

During the early months of COVID-19, millions of restaurant and foodservice employees were laid off or furloughed. Many of these jobs were restored as lockdowns eased and businesses resumed operations, but others were eliminated as thousands of restaurants closed for good.

By the end of 2020, restaurant and foodservice employment totaled just **12.2M**—or 3.2M fewer people than were on payroll at the beginning of that year.

The restaurant and foodservice industry added **2.8M** jobs over the next 24 months—reaching 15M by the end of 2022. Despite these significant gains, the industry remained 400K jobs below pre-pandemic levels.

The industry workforce will continue to grow in 2023, with a complete return to pre-pandemic employment levels expected during the second half of the year.

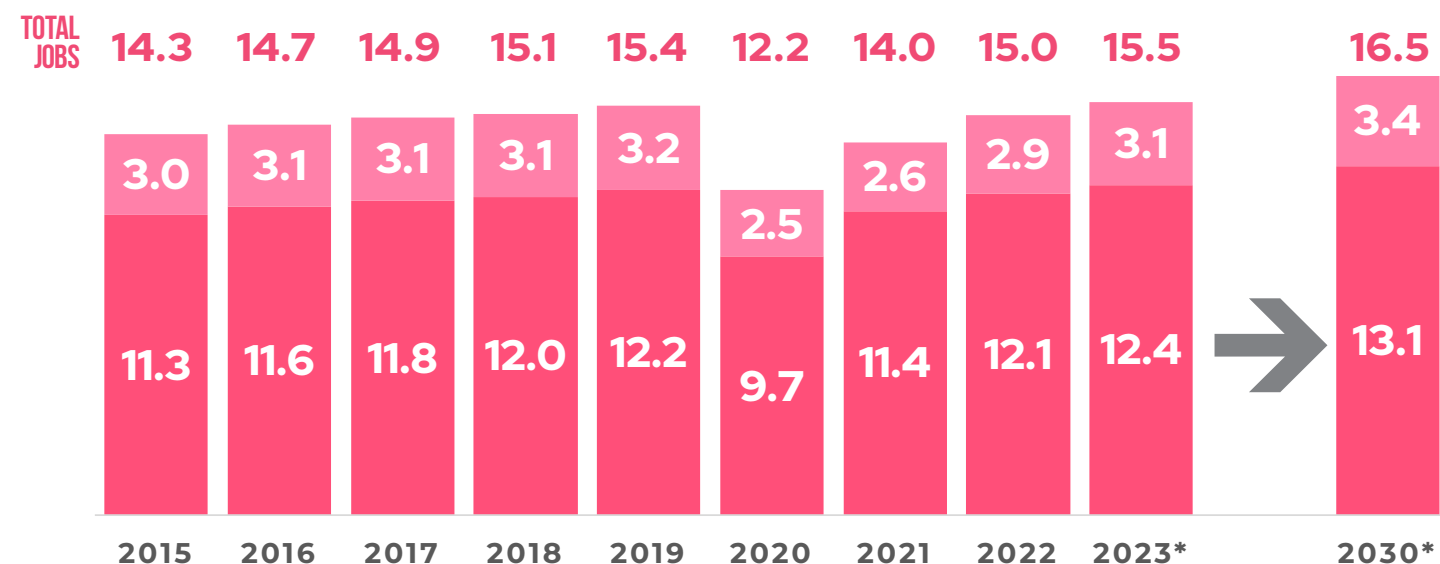
A projected increase of **500K** jobs will bring total restaurant and foodservice industry employment to **15.5M** by the end of 2023.

Over the course of this decade, employment will continue to rise at a moderate rate.

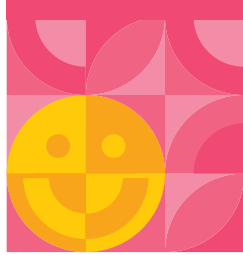
The industry's projected to add an average of **150K** jobs a year, with total staffing levels reaching **16.5M** by 2030.

SLOW & STEADY RECOVERY

Number of restaurant and foodservice jobs (in millions)



Source: National Restaurant Association, based on historical data from the Bureau of Labor Statistics *projected
Note: Figures represent year-end employment levels



STATE EXPECTATIONS

Job growth is expected to continue across all 50 states and the District of Columbia. Some of the highest projected-growth states (Hawaii, D.C., New York, California) are not necessarily those with the fastest-growing restaurant sectors but have the largest shortfalls from pre-pandemic levels, which is factored into the projection.

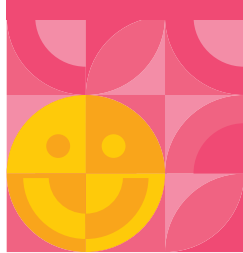
STATE RESTAURANT INDUSTRY EMPLOYMENT: 2021 TO 2030*

Employment Change, 2021 - 2030

| State | 2021 | 2030 | Number of Jobs | % Change |
|----------------------|-----------|-----------|----------------|----------|
| Alabama | 195,100 | 220,300 | 25,200 | 12.9% |
| Alaska | 24,400 | 27,800 | 3,400 | 13.9% |
| Arizona | 300,700 | 355,000 | 54,300 | 18.1% |
| Arkansas | 120,300 | 133,700 | 13,400 | 11.1% |
| California | 1,669,300 | 2,023,600 | 354,300 | 21.2% |
| Colorado | 285,700 | 341,500 | 55,800 | 19.5% |
| Connecticut | 135,200 | 156,400 | 21,200 | 15.7% |
| Delaware | 41,400 | 48,200 | 6,800 | 16.4% |
| District of Columbia | 54,800 | 68,600 | 13,800 | 25.2% |
| Florida | 1,001,700 | 1,215,200 | 213,500 | 21.3% |
| Georgia | 460,600 | 556,700 | 96,100 | 20.9% |
| Hawaii | 72,800 | 94,100 | 21,300 | 29.3% |
| Idaho | 74,100 | 87,900 | 13,800 | 18.6% |
| Illinois | 526,500 | 628,900 | 102,400 | 19.4% |
| Indiana | 290,800 | 330,300 | 39,500 | 13.6% |
| Iowa | 119,900 | 138,100 | 18,200 | 15.2% |
| Kansas | 122,700 | 138,200 | 15,500 | 12.6% |
| Kentucky | 192,800 | 219,300 | 26,500 | 13.7% |
| Louisiana | 197,400 | 229,200 | 31,800 | 16.1% |
| Maine | 50,100 | 58,900 | 8,800 | 17.6% |
| Maryland | 221,100 | 264,000 | 42,900 | 19.4% |
| Massachusetts | 294,900 | 354,000 | 59,100 | 20.0% |

| State | 2021 | 2030 | Number of Jobs | % Change |
|----------------|-----------|-----------|----------------|----------|
| Michigan | 374,600 | 434,900 | 60,300 | 16.1% |
| Minnesota | 217,400 | 260,000 | 42,600 | 19.6% |
| Mississippi | 120,000 | 132,000 | 12,000 | 10.0% |
| Missouri | 268,500 | 299,200 | 30,700 | 11.4% |
| Montana | 51,400 | 58,400 | 7,000 | 13.6% |
| Nebraska | 83,600 | 93,400 | 9,800 | 11.7% |
| Nevada | 170,000 | 210,300 | 40,300 | 23.7% |
| New Hampshire | 60,100 | 68,100 | 8,000 | 13.3% |
| New Jersey | 307,900 | 365,200 | 57,300 | 18.6% |
| New Mexico | 86,500 | 102,000 | 15,500 | 17.9% |
| New York | 731,700 | 899,500 | 167,800 | 22.9% |
| North Carolina | 460,600 | 545,500 | 84,900 | 18.4% |
| North Dakota | 33,700 | 37,200 | 3,500 | 10.4% |
| Ohio | 519,800 | 585,000 | 65,200 | 12.5% |
| Oklahoma | 172,500 | 193,000 | 20,500 | 11.9% |
| Oregon | 181,300 | 224,200 | 42,900 | 23.7% |
| Pennsylvania | 464,100 | 541,500 | 77,400 | 16.7% |
| Rhode Island | 51,400 | 58,800 | 7,400 | 14.4% |
| South Carolina | 232,400 | 273,800 | 41,400 | 17.8% |
| South Dakota | 39,100 | 43,400 | 4,300 | 11.0% |
| Tennessee | 318,000 | 374,300 | 56,300 | 17.7% |
| Texas | 1,375,600 | 1,663,600 | 288,000 | 20.9% |
| Utah | 134,800 | 161,700 | 26,900 | 20.0% |
| Vermont | 22,900 | 27,000 | 4,100 | 17.9% |
| Virginia | 353,000 | 423,100 | 70,100 | 19.9% |
| Washington | 290,400 | 358,500 | 68,100 | 23.5% |
| West Virginia | 64,100 | 71,100 | 7,000 | 10.9% |
| Wisconsin | 239,200 | 276,700 | 37,500 | 15.7% |
| Wyoming | 26,100 | 28,700 | 2,600 | 10.0% |

*Includes employment in all eating and drinking place occupations, plus employment in foodservice positions that are not located at eating and drinking places
Source: National Restaurant Association projections, based on historical data from the Bureau of Labor Statistics
Note: Figures represent Q4 employment levels



FRESH STARTS

The restaurant industry has long been the primary training ground for new entrants to the workforce.

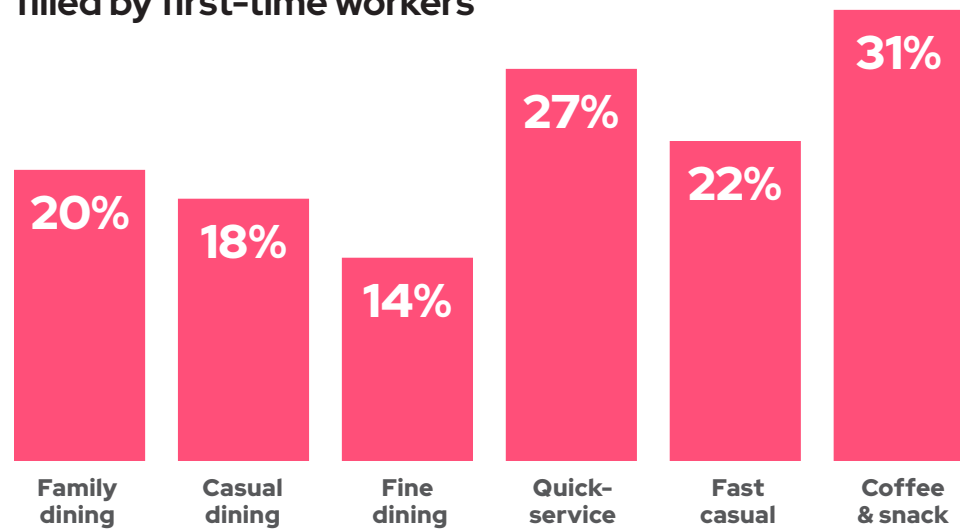
Restaurant operators reported that first-time employees filled **22%** of job openings in 2022.

The limited-service segment was the most likely to hire new workers, with

31% of coffee & snack segment openings and **27%** of quickservice job openings filled by people getting their first work experience.

WELCOME TO THE WORKFORCE

% of restaurant job openings in 2022 filled by first-time workers



Source: National Restaurant Association



MOVING UP

Restaurant and foodservice jobs are filled through internal promotion, as well.

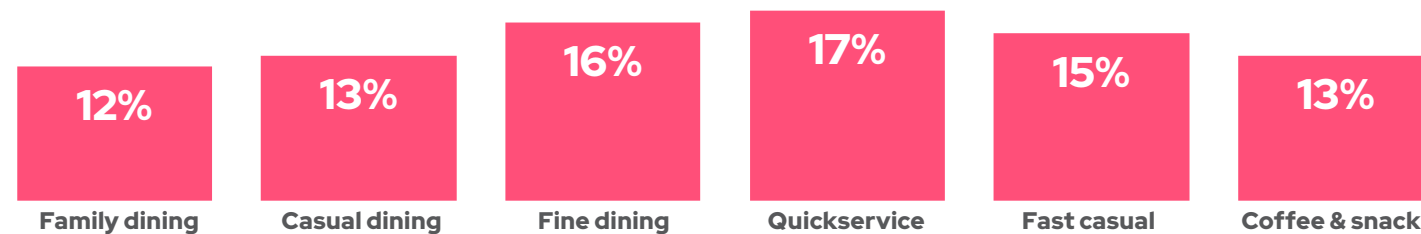
14% of restaurant job openings in 2022 were filled by people who were promoted internally, relatively consistently across the major segments.

4 in 10 limited-service restaurant job openings in 2022 were filled by either new entrants to the workforce or people being promoted from other positions within the same restaurant.

In tableservice restaurants, this number drops to about **3 in 10**.

PROMOTING FROM WITHIN

% of restaurant job openings in 2022 filled through internal promotion



Source: National Restaurant Association

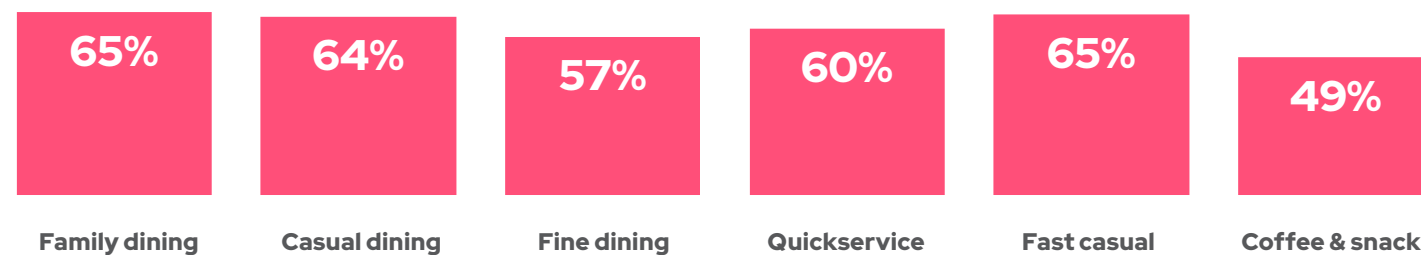
SHORT-STAFFED

Though overall industry job numbers are improving, most restaurants are still understaffed.

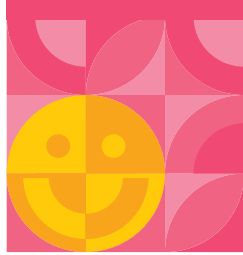
62% of operators say their restaurant can't support customer demand with the number of staffers they currently have on hand.

STILL UNDERSTAFFED

% of restaurant operators who say they don't have enough employees



Source: National Restaurant Association



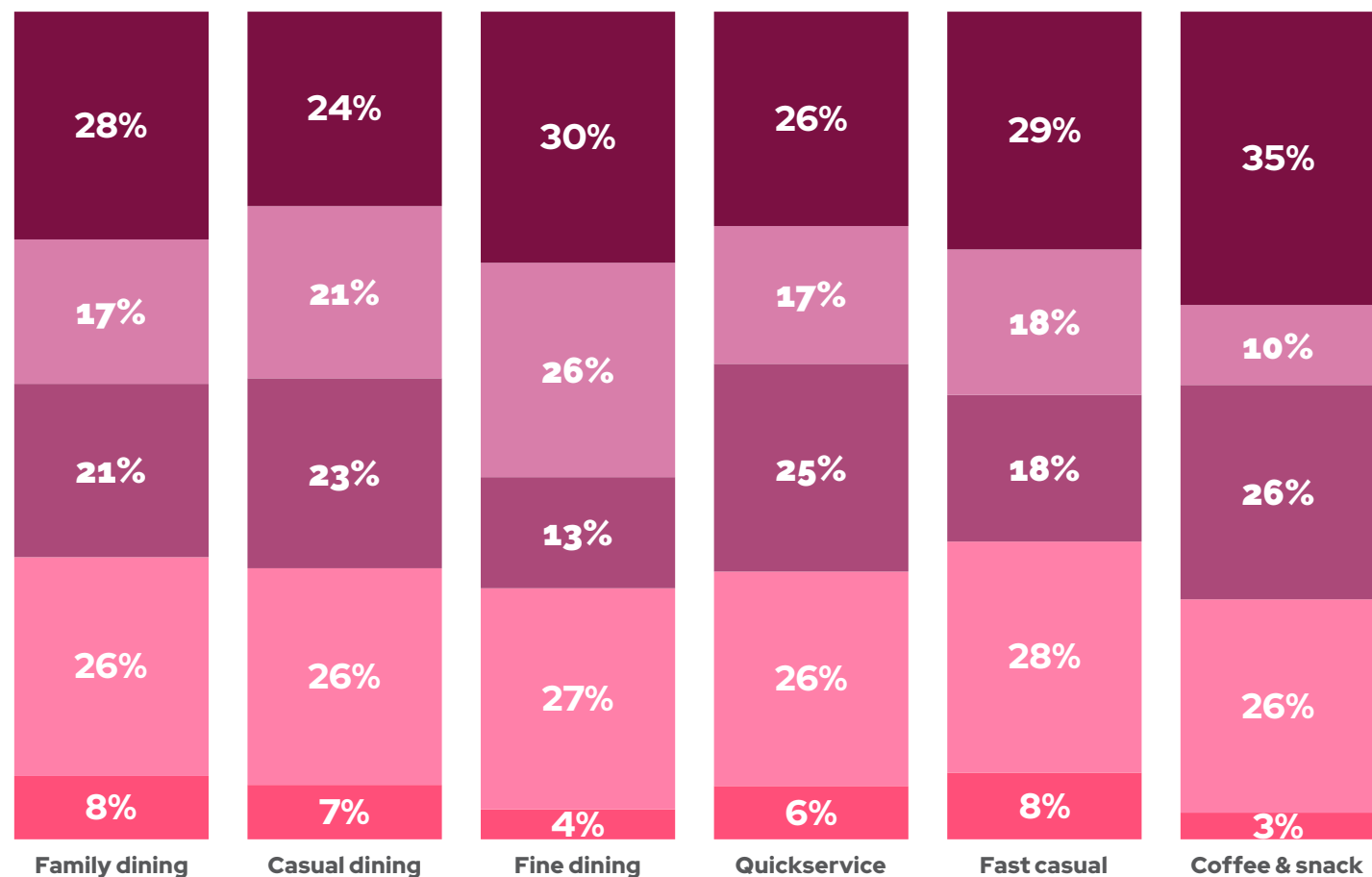
READY TO HIRE

Among restaurants currently understaffed, **67%** of operators say their restaurant is more than 10% below necessary staffing levels; a little over a quarter are currently more than 20% below needed levels.

MULTIPLE OPENINGS

Restaurant operators* report how understaffed their restaurant is

1 to 5% 6 to 10% 11 to 15% 16 to 20% More than 20%



Source: National Restaurant Association

*Base: Restaurants that currently do not have enough employees to support their existing customer demand

A SHALLOW LABOR POOL

Positions are taking longer to fill, too.

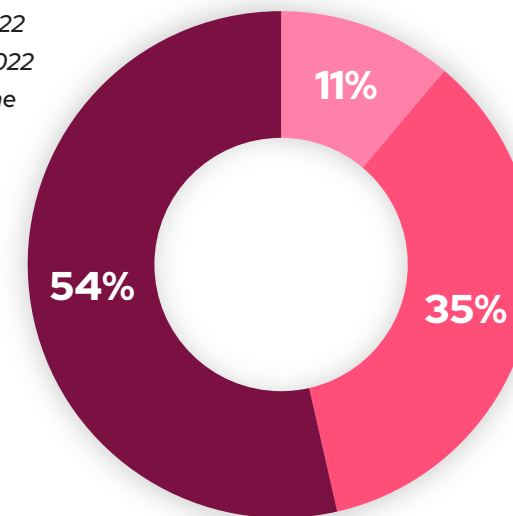
79% of restaurant operators indicate they currently have job openings that are tough to fill, including a strong majority of fullservice, quickservice, and fast casual operators.

STAFFING CHALLENGES EXPECTED TO PERSIST

Restaurant operators' expectations for recruiting and retaining employees in 2023

Easier than 2022
Harder than 2022
About the same as 2022

Source: National Restaurant Association



KITCHEN HELP NEEDED

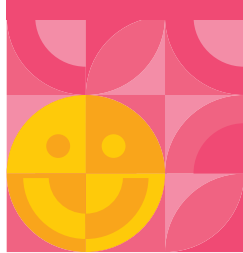
% of restaurant operators* who report they're having a tough time filling specific positions

| Employee category | Family dining | Casual dining | Fine dining | Quickservice | Fast casual | Coffee & snack |
|-------------------|---------------|---------------|-------------|--------------|-------------|----------------|
| FOH positions | 62% | 57% | 60% | 54% | 66% | 61% |
| BOH positions | 83% | 85% | 84% | 72% | 70% | 58% |
| Manager positions | 41% | 42% | 38% | 56% | 55% | 52% |

Source: National Restaurant Association

*Base: Restaurants that currently have job openings that are hard to fill

Note: FOH front of house; BOH back of house



STAFFING CHALLENGES WILL LIKELY CONTINUE IN 2023

Most restaurant operators are not expecting the staffing situation to improve in 2023. Only 1 in 10 operators think recruiting and retaining employees will be easier in 2023 than it was in 2022.

35% of operators think recruiting and retaining employees will be even harder in 2023.

Still, most restaurant operators will be actively looking to boost staffing levels in 2023.

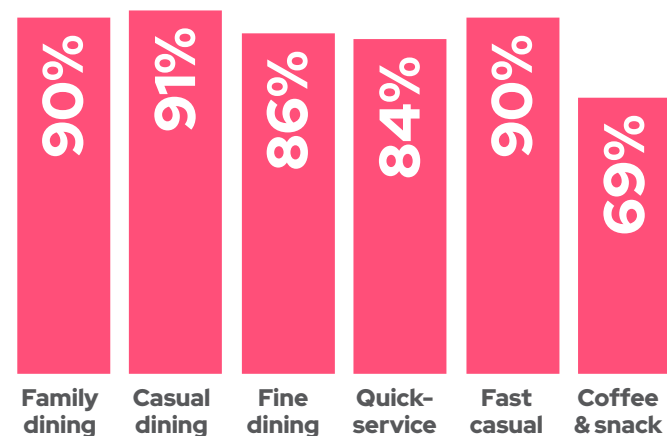
87% of operators say they'll likely hire additional employees during the next 6-12 months if qualified applicants are available.

At the same time, they'll balance staffing needs with business conditions.

57% say they'd be likely to lay off employees during the next 6-12 months if business conditions deteriorate and the U.S. economy goes into recession.

CONTINUED GROWTH...

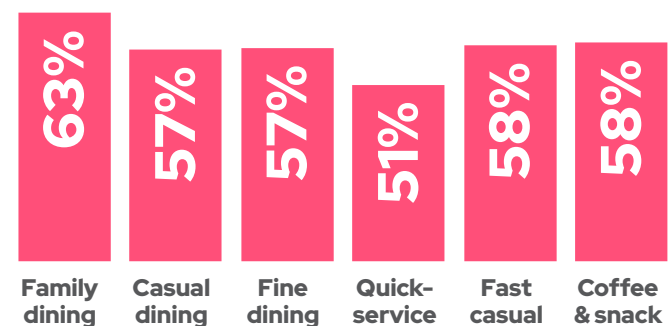
% of operators who say they're likely to hire additional employees during the next 6-12 months



Source: National Restaurant Association

...CONTINGENT ON THE ECONOMY

% of operators who say they're likely to lay off employees during the next 6-12 months if business conditions deteriorate and the U.S. economy enters a recession



Source: National Restaurant Association

ADVANCED SOLUTIONS TO TODAY'S PROBLEMS

Some operators are exploring how technology can help alleviate a challenging labor market.

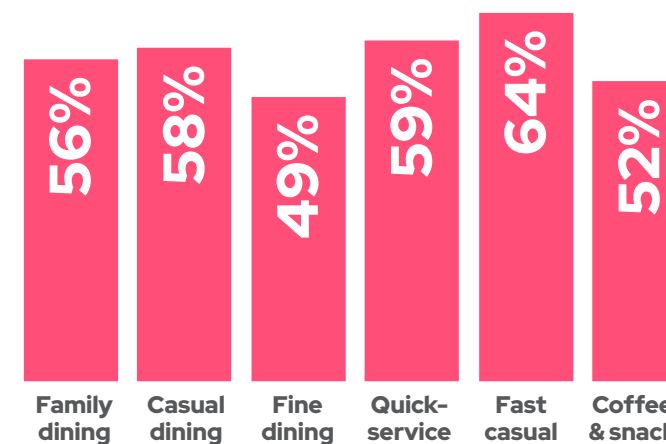
58% of operators say using tech and automation will become more common in their segment in 2023.

Tech is used primarily to enhance rather than replace human labor.

Only **17%** of operators say their restaurant made investments in equipment or technology that resulted in the permanent elimination of any positions during the pandemic.

RESTAURANTS ARE OPEN TO NEW TECH

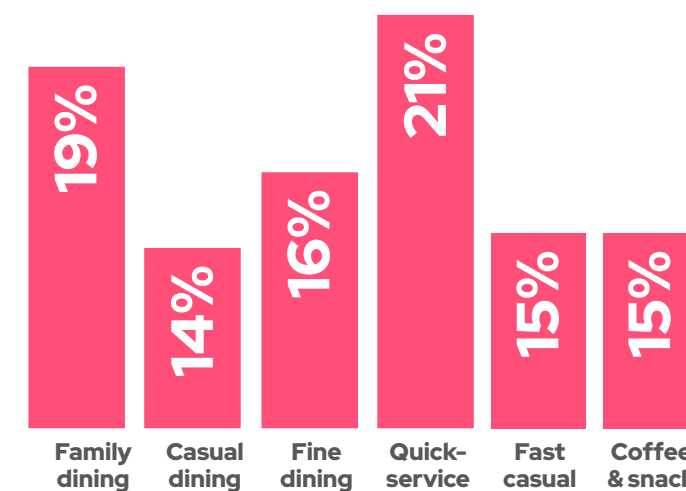
% of operators who say the use of technology and automation to help with the current labor shortage will become more common in their segment in 2023



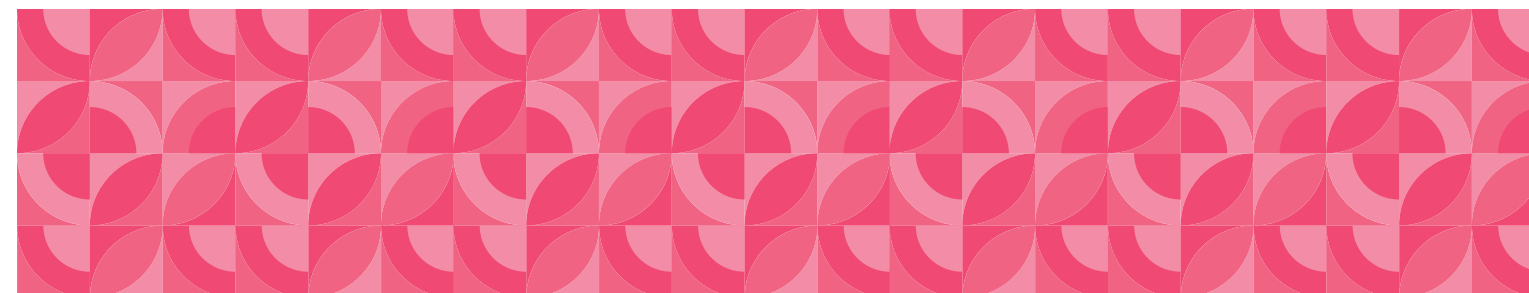
Source: National Restaurant Association

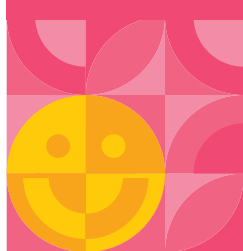
TECH ISN'T REPLACING HUMANS

% of operators who say their restaurant invested in equipment or technology that resulted in the permanent elimination of any positions during the pandemic



Source: National Restaurant Association





COMPETING FOR EMPLOYEES

In historical terms, job openings remain extremely elevated. December 2022 represented the 21st consecutive month with more than 1M unfilled job openings in the restaurants and accommodations sector, according to data from the Bureau of Labor Statistics (BLS). Prior to this 21-month streak, hospitality-sector job openings had only surpassed 1M once in the entire 22-year history of the Job Openings and Labor Turnover Survey (JOLTS) data series.

HELP WANTED

Number of job openings* in the restaurants and accommodations sector (in thousands)



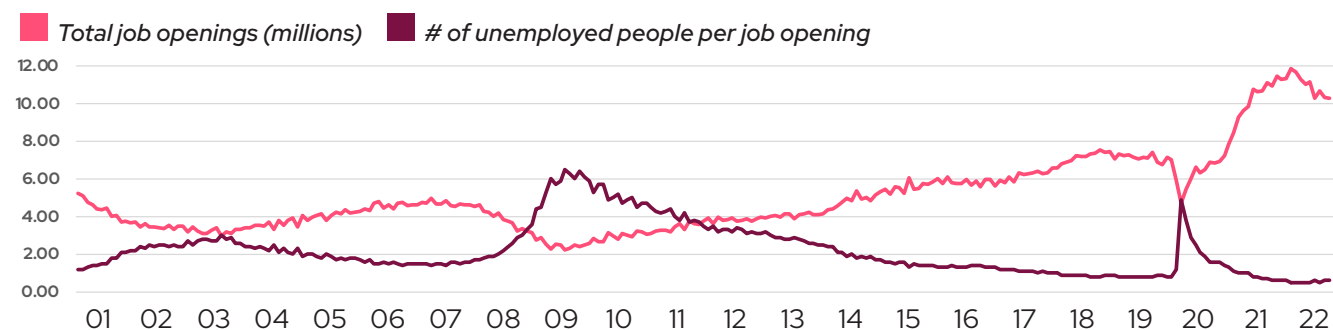
Sources: Bureau of Labor Statistics, National Restaurant Association; figures are seasonally adjusted and preliminary
*Job openings represent vacancies on the last business day of the month

It's not just restaurants that are struggling to boost staffing levels; unfilled job openings in the overall economy topped 10M throughout 2022. At the same time, the number of unemployed people available to fill these positions is still historically low. During much of 2022, there were only 0.5 unemployed people per job opening—the lowest level on record.

Put another way; there were 2 job openings for every person officially categorized as unemployed (defined as individuals who are currently not working and are actively looking for a job). Compare this to the peak of the Great Recession in 2009, when there were more than 6 unemployed people for every job opening in the U.S.

MOST SECTORS ARE HIRING

Total U.S. job openings (in millions) vs. number of unemployed people per job opening*



Sources: Bureau of Labor Statistics, National Restaurant Association; figures are seasonally adjusted and preliminary
*Job openings represent vacancies on the last business day of the month

Leveling up

In the years ahead, older adults are expected to be the fastest-growing component of the U.S. labor force. BLS predicts that an additional 4.9M adults aged 65 or older will enter the labor force between 2021 and 2031.

This trend will be driven both by the population growth of this age group as well as an increase in their labor force participation rate. BLS predicts that nearly 22% of the 65-plus cohort will be in the labor force by 2031, up from the current level of 19% and the highest participation rate since the 1950s.

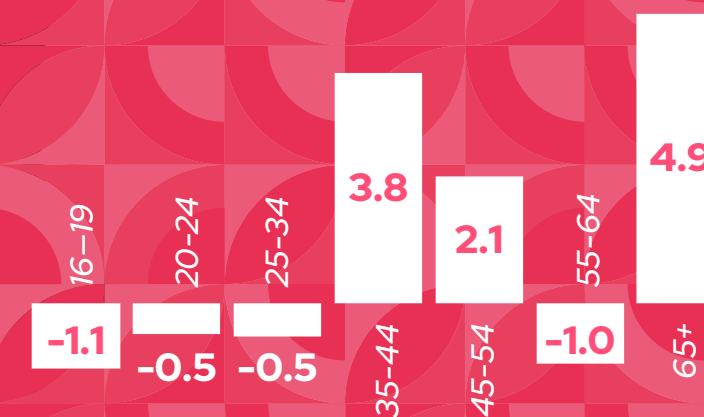
In contrast, younger workers are expected to represent a smaller proportion of the labor force in the years ahead. BLS predicts that the number of teens in the labor force will decline by 1.1M between 2021 and 2031, while their counterparts in the 20-24 year old age group will fall by 500K.

Although the population of 16-24 year olds is expected to remain relatively steady during the next decade, BLS is projecting a sharp decline in this cohort's labor force participation rate. Only 30% of 16-19 year olds are expected to be in the labor force in 2031, down from 37% currently and the lowest level on record.

BLS also projects that 68% of 20-24 year olds will be in the labor force in 2031. That's down from a current level of 71% and would represent the lowest participation rate since 1968.

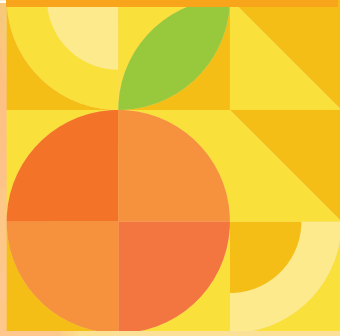
OLDER ADULTS WILL BE THE FASTEST-GROWING AGE COHORT IN THE LABOR FORCE

Projected growth in the U.S. labor force by age group: 2021 to 2031 (in millions)



Source: Bureau of Labor Statistics





STATE
OF THE
RESTAURANT
INDUSTRY
2023



FRESH OUT OF
THE KITCHEN:
HERE'S WHAT'S HOT!

FOOD & MENU TRENDS

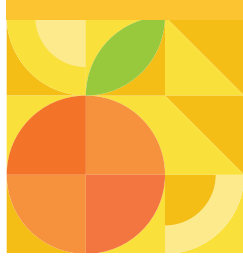
According to the What's Hot 2023 Culinary Forecast, the demand for restaurant experiences is strong, even with the impact of inflation on discretionary funds. Customers are hungry to connect over shared meals.

Also trending: all-hours dining. The rise of remote work is disrupting traditional meal times. Customers can access virtually any meal, snack, or beverage around-the-clock through delivery, pick-up, and drive-thrus.

This blurring of dayparts presents myriad opportunities for operators to entice customers throughout the day.

Top alcohol trends include spritzes, espresso martinis and spicy cocktails.

The National Restaurant Association partnered with the American Culinary Federation and Technomic to conduct its annual What's Hot survey. More than 500 professional chefs weighed in to tell us what they see as the leading menu trends for 2023.



TOP 10 HOT TRENDS FOR 2023

1. Experiences/local culture and community
2. Fried chicken sandwiches & Chicken sandwiches 3.0 (i.e., spicy and sweet-heat fusion flavors on chicken, etc.)
3. Charcuterie boards
4. Comfort fare
5. Flatbread sandwiches/healthier wraps
6. Menu streamlining
7. Sriracha variations
8. Globally inspired salads
9. Zero waste/sustainability/upcycled foods
10. Southeast Asian cuisines (Vietnamese, Singaporean, Philippine, etc.)

TOP TRENDS BY CATEGORY

BREAKFAST: Value meals

LUNCH: Chicken sandwiches 3.0 (spicy and sweet-heat fusion flavors, etc.)

DINNER: Less-expensive meat cuts (chicken thighs, beef chuck, pork shoulder, etc.)

DESSERTS: Alternative sweeteners (maple sugar, coconut sugar, etc.)

SNACKS: Elevated bar snacks

APPETIZERS & SIDES: Charcuterie boards

BEVERAGE NON-ALCOHOL: Oat, nut or seed milks

BEVERAGE ALCOHOL: Spritzes

CONDIMENTS, SAUCES, SPICES & SEASONINGS: Sriracha variations

GLOBAL TRENDS: Southeast Asian (Vietnamese, Singaporean, Philippine, etc.)



STREAMLINING STILL MAKES SENSE

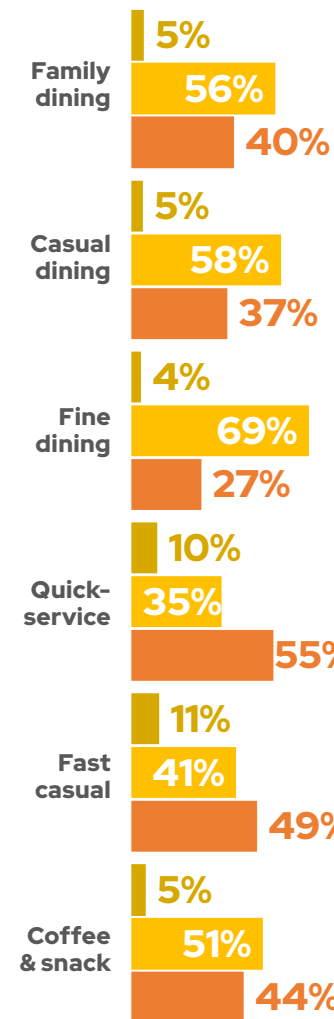
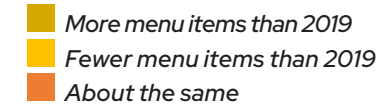
Menus have gotten shorter in recent years, and they're staying streamlined for now.

A majority of operators in each of the 3 fullservice segments say they have fewer menu items now than they did in 2019.

SHORTER MENUS

Current number of menu offerings compared with 2019

Source: National Restaurant Association

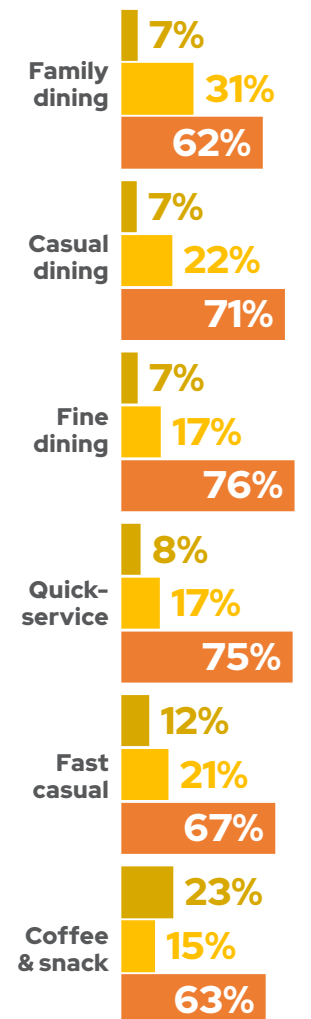
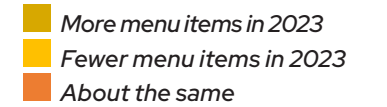


Source: National Restaurant Association

THE TRIMMED TREND CONTINUES

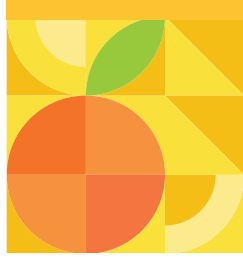
Expected number of menu offerings in 2023, compared with late 2022

Source: National Restaurant Association



Source: National Restaurant Association





FOOD COST IMPACT

Elevated food costs are a top concern for many restaurants—and for some this has an impact on menu composition.

93% of operators say their restaurant's total food costs (as a % of sales) are higher than they were in 2019.

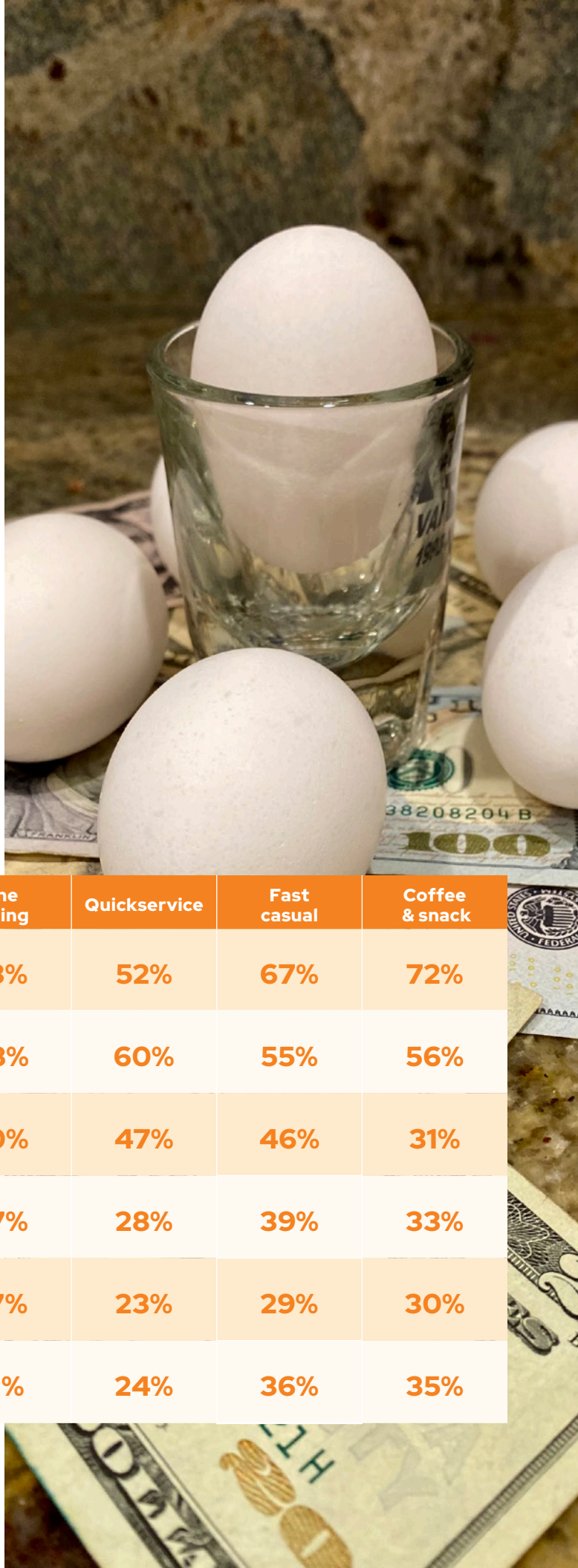
To address higher food costs, most operators say they shopped around for suppliers and took other significant measures.

ADJUSTING TO HIGH FOOD COSTS

% of restaurant operators* that took the following actions due to higher food costs in recent months

| Action taken | Family dining | Casual dining | Fine dining | Quickservice | Fast casual | Coffee & snack |
|---|---------------|---------------|-------------|--------------|-------------|----------------|
| Shop around for other suppliers | 72% | 74% | 73% | 52% | 67% | 72% |
| Cut costs in other areas of the operation | 56% | 55% | 48% | 60% | 55% | 56% |
| Increase tracking of food waste | 41% | 39% | 30% | 47% | 46% | 31% |
| Adjust portion sizes | 40% | 52% | 47% | 28% | 39% | 33% |
| Substitute lower-cost items on the menu | 35% | 45% | 37% | 23% | 29% | 30% |
| Purchase more items from local sources | 28% | 27% | 31% | 24% | 36% | 35% |

Source: National Restaurant Association
 *Base: Restaurant operators that said their food costs (as a % of sales) are higher than they were in 2019



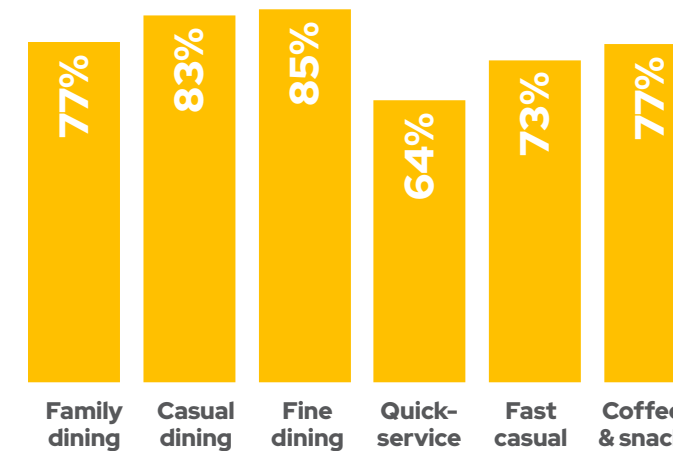
ADAPTING MENUS TO WHAT'S AVAILABLE

Delays or shortages of food and beverage supplies, reported by **96%** of restaurant operators, impacted restaurant menus in recent months.

76% of restaurant operators say they changed their menu offerings because of these food or beverage delays or shortages, with fine dining (85%) and casual dining (83%) operators the most likely to report changes.

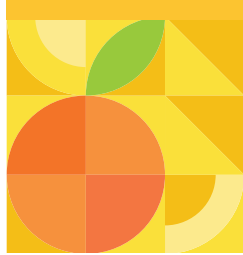
SUPPLY CHAIN CHALLENGES

% of restaurants that changed menu offerings due to food or beverage supply delays or shortages



Source: National Restaurant Association



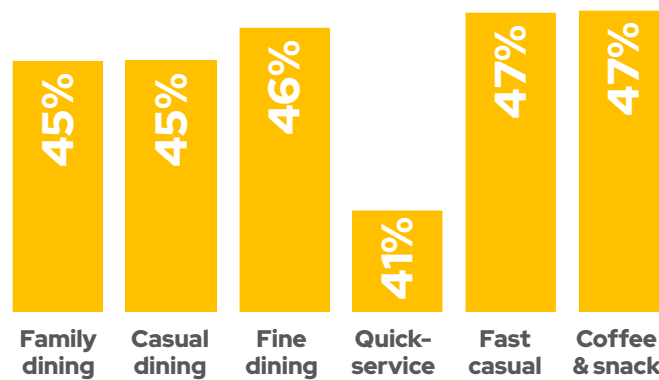


WHAT'S NEW ON MENUS?

Menus may be streamlined in 2023, but they won't be stale. In fact, many restaurant operators plan to add new items to their offerings in 2023. The charts below show the percentage of operators by segment considering the addition of menu items, including options specifically called out as healthy and nutritious for adults and kids, environmentally friendly items, and dishes tailored to takeout.

HEALTHY FARE

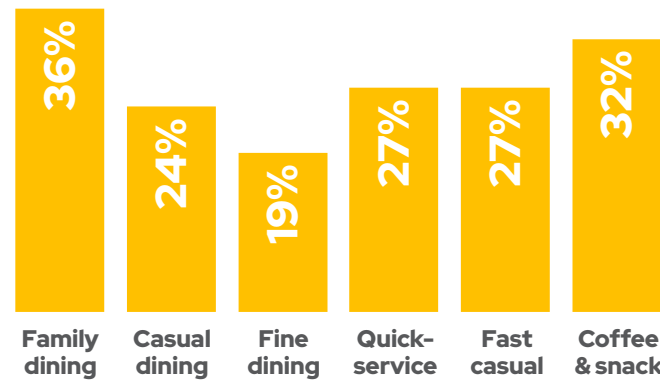
% of restaurants that plan to add NEW menu items identified as healthy or nutritious



Source: National Restaurant Association

HEALTHY KIDS' FARE

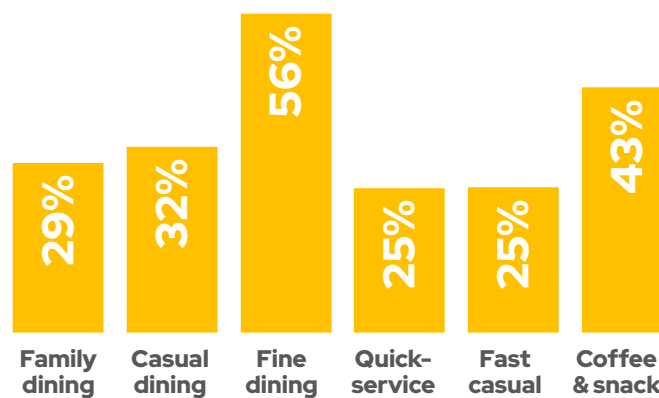
% of restaurants that plan to add NEW healthful food and beverage items for children



Source: National Restaurant Association

ECO-FRIENDLY FOOD ITEMS

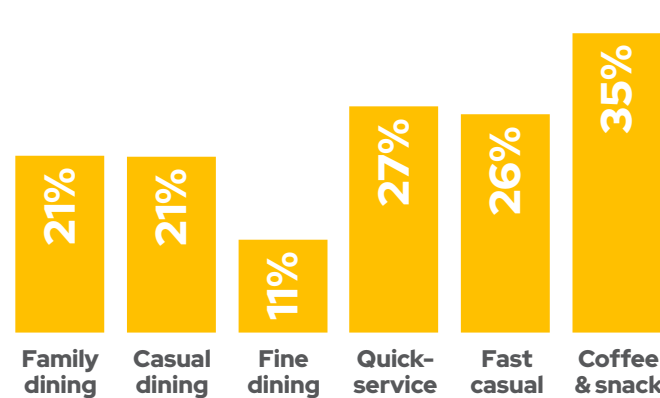
% of restaurants that plan to add NEW food items grown or raised in an organic or environmentally friendly way



Source: National Restaurant Association

TAKEOUT READY

% of restaurants that plan to add NEW menu items specifically designed for takeout or delivery



Source: National Restaurant Association



ON-PREMISES OPPORTUNITIES BEYOND THE MENU

Restaurant operators are looking beyond traditional menu offerings to boost business, as well.

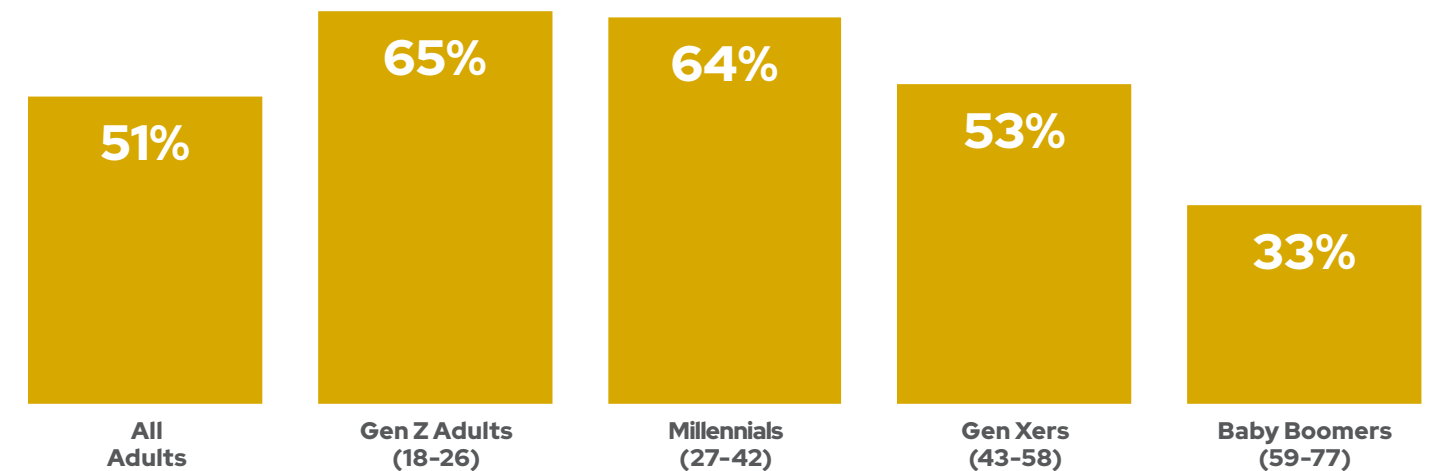
Below is a sampling of on-premises, off-premises, and retail opportunities that are popular among many consumers. Gen Z adults and millennials are particularly game for these types of offerings.

ON-PREMISES OPPORTUNITIES WE'RE WITH CHEF

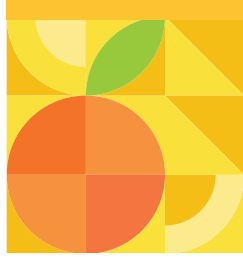
One-half of consumers—including two-thirds of Gen Z adults and millennials—say they'd be likely to participate in chef's table dinners and private menu tasting events if they were offered by a restaurant they patronize.

SPECIAL EVENTS

% of consumers who say they'd be likely to participate in chef's table dinners and private tasting events



Source: National Restaurant Association

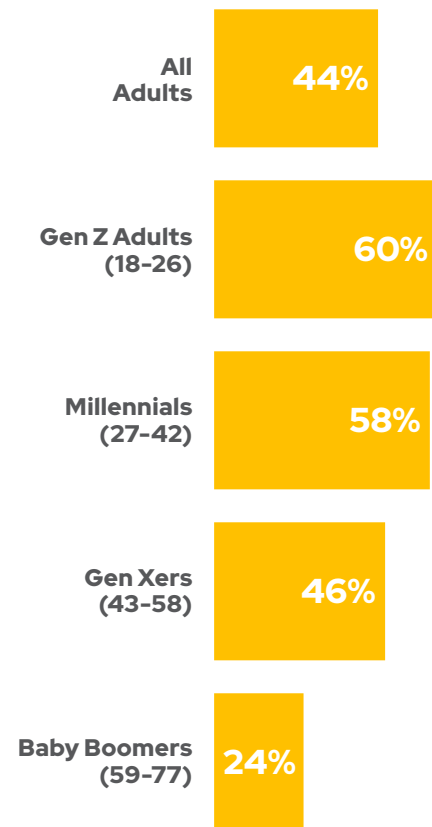


ON-PREMISES OPPORTUNITIES IN THE KITCHEN WITH CHEF

6 in 10 Gen Z adults and millennials say they would be likely to participate in cooking classes.

COOKING CLASSES

% of consumers who say they'd be likely to participate in cooking classes



ON-PREMISES OPPORTUNITIES KIDS LOVE TO COOK

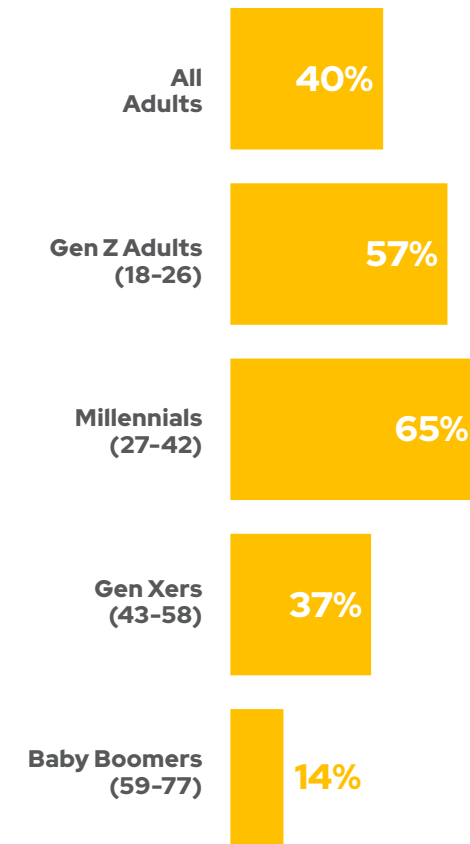
40% of consumers say they'd be likely to participate in interactive cooking demonstrations for kids if they were offered by a restaurant in their area they patronize.

Of course, this offering would be much more popular among parents:

71% of adults with children checked yes. Even 27% of adults in households without children reported similarly.

COOKING DEMOS FOR KIDS

% of consumers who say they'd be likely to participate in interactive cooking demonstrations for kids



Source: National Restaurant Association

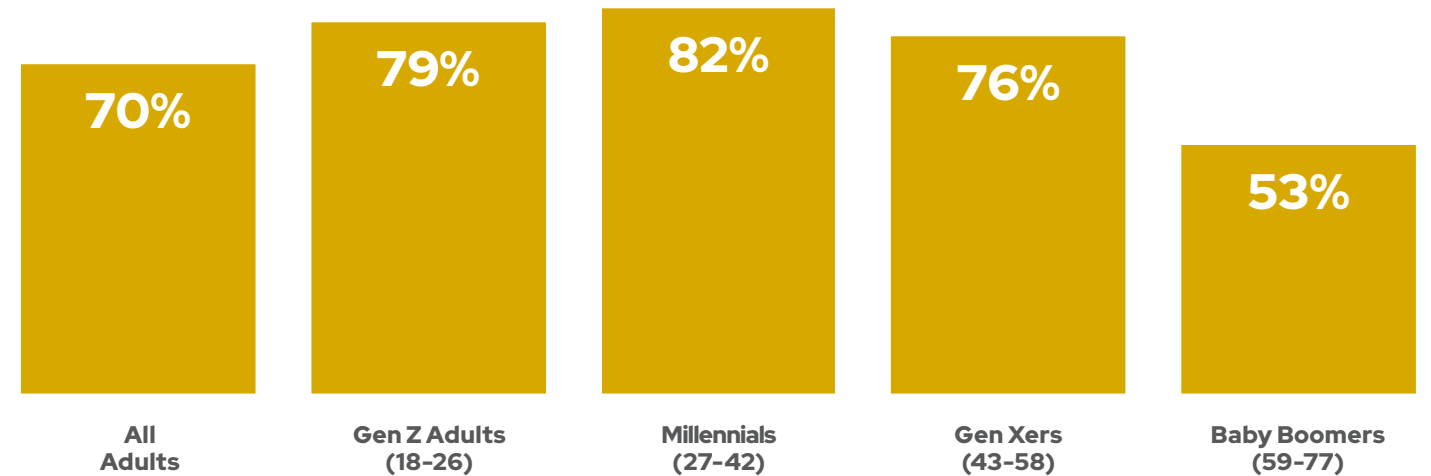


OFF-PREMISES OPPORTUNITIES BEYOND THE MENU

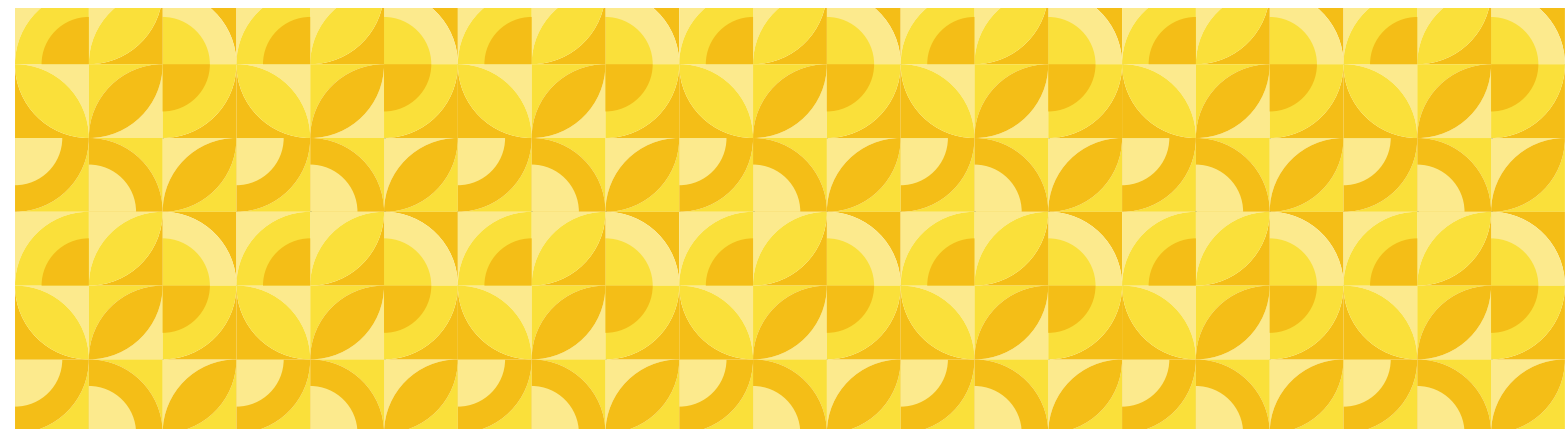
OFF-PREMISES OPPORTUNITIES MULTI-COURSE MEAL BUNDLES

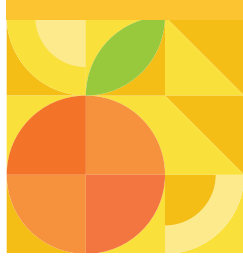
MEAL BUNDLES

% of consumers who say they'd be likely to order a multi-course meal such as an appetizer, entrée and dessert for takeout or delivery



Source: National Restaurant Association



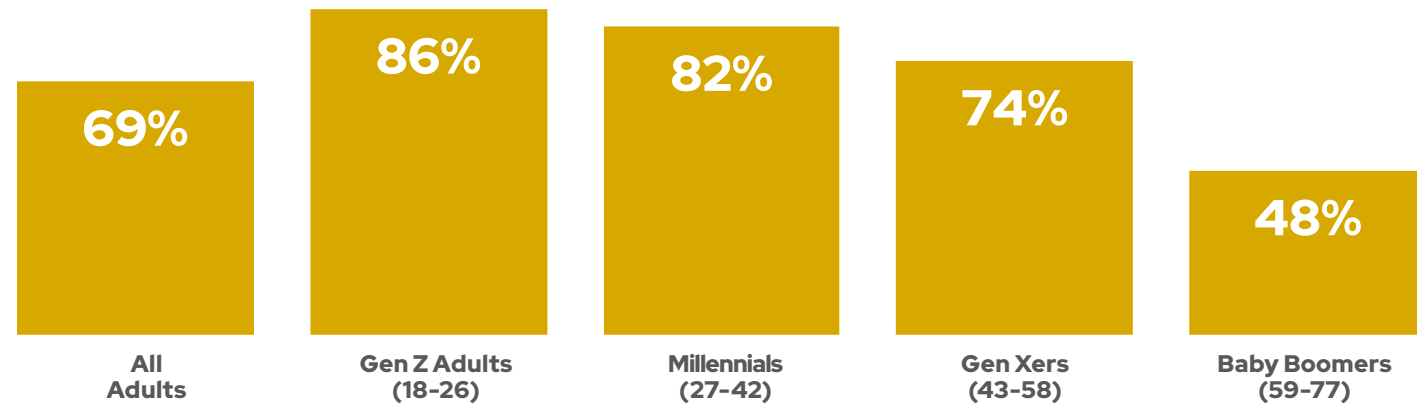


OFF-PREMISES OPPORTUNITIES MEAL KITS

69% of consumers would be likely to make their meals at home with measured ingredients and cooking instructions from the restaurant.

MEAL KITS

% of consumers who say they'd likely purchase a meal kit



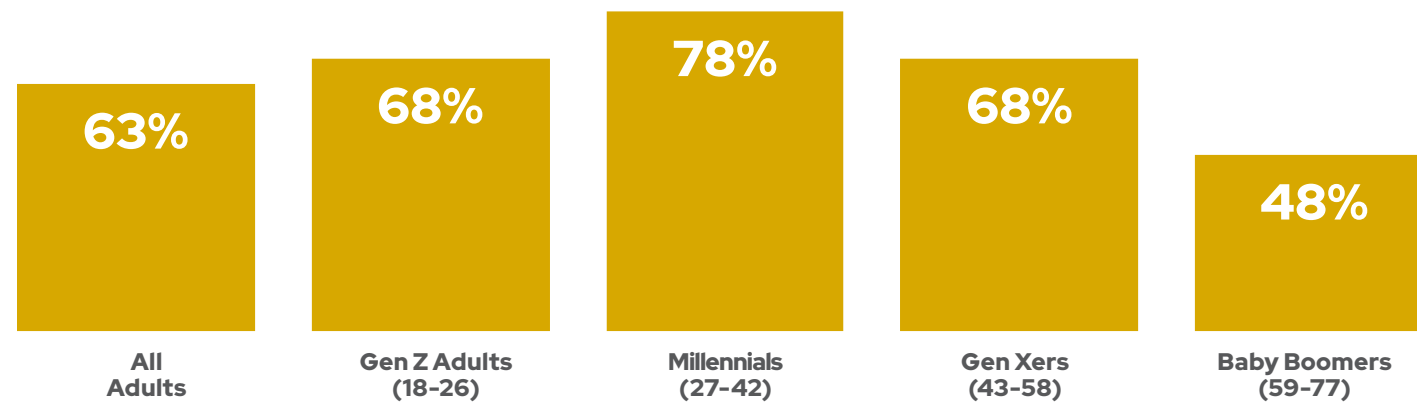
Source: National Restaurant Association

OFF-PREMISES OPPORTUNITIES MEAL SUBSCRIPTION PROGRAMS

Consumers sign up to receive a specified number of meals during the month. These fully prepared meals would be available for pick-up or delivery on the customer's chosen days, and discounted from standard menu prices.

MEAL SUBSCRIPTION PROGRAMS

% of consumers who say they'd likely participate in a meal subscription program



Source: National Restaurant Association



OPPORTUNITIES BEYOND THE MENU

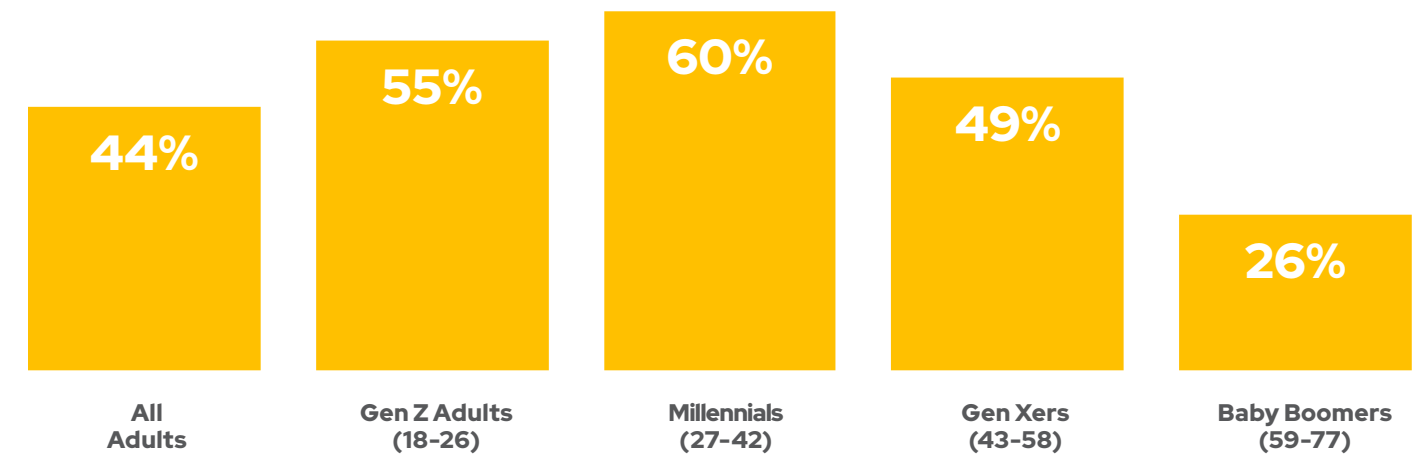
RETAIL OPPORTUNITIES APPAREL FOR SALE

Restaurants can boost revenues by offering non-food items for sale.

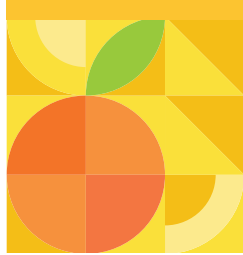
44% of adults—including 60% of millennials and 55% of Gen Z adults—say they would be likely to purchase apparel (such as sweatshirts or caps) featuring the name and logo of a favorite restaurant if they were offered.

RESTAURANT SWAG

% of consumers who say they'd be likely to purchase apparel



Source: National Restaurant Association



RETAIL OPPORTUNITIES FRESH OR PACKAGED FOOD ITEMS FOR SALE ON SITE

In addition to ordering their favorite meals when dining out, many consumers would like to have restaurant-quality ingredients at home.

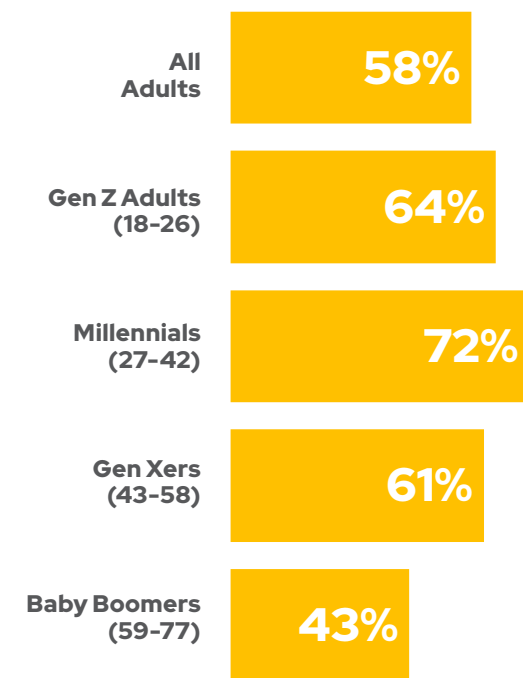
58% of adults—including 72% of millennials—say they would be likely to purchase fresh, uncooked food items such as meat, produce, dairy, bread and pasta, if one of their favorite restaurants offered them.

Consumers are even more interested in taking home packaged items from a restaurant’s menu.

69% of adults—including 8 in 10 Gen Z adults and millennials—say they’d be likely to buy packaged menu offerings (such as sauces or frozen items) if their favorite restaurants offered them.

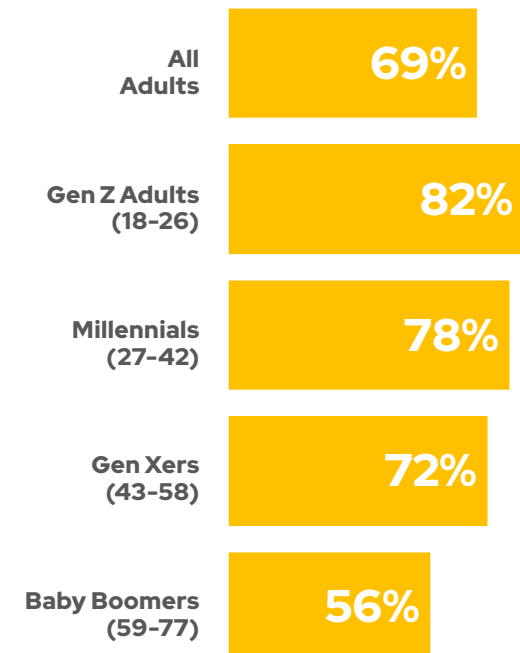
PRODUCE & PANTRY STAPLES

% of consumers who say they’d be likely to purchase fresh, uncooked food items



PACKAGED GOODS EVEN MORE POPULAR

% of consumers who say they’d be likely to purchase packaged food and beverage items from the restaurant’s menu



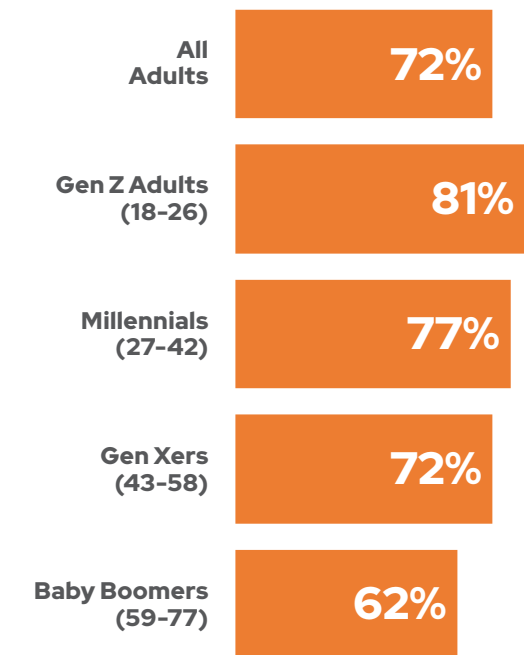
Source: National Restaurant Association

THINKING GREEN

Consumers, especially younger ones, support environmentally friendly business decisions. For restaurants, this includes menu offerings as well as the way the business operates.

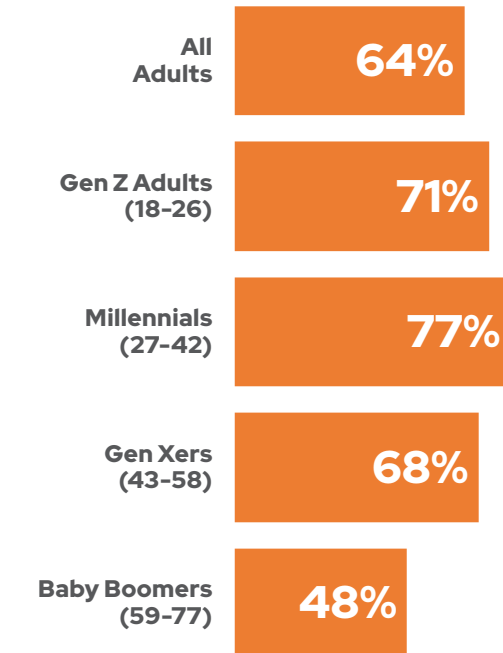
ECO-FRIENDLY BUSINESS PRACTICES

% of consumers who say they’re more likely to visit a restaurant that uses sustainable and environmentally friendly business practices



ECO-FRIENDLY MENU ITEMS

% of consumers who say they’d be likely to order food that was grown or raised in an organic or environmentally friendly way



Source: National Restaurant Association

LOCAL SOURCING

74% of adults say they’d be likely to order locally sourced food (commonly considered from within a 100-mile radius), and over half of adults say they’d order local beer, wine, or spirits.





ALCOHOL BEVERAGE TRENDS

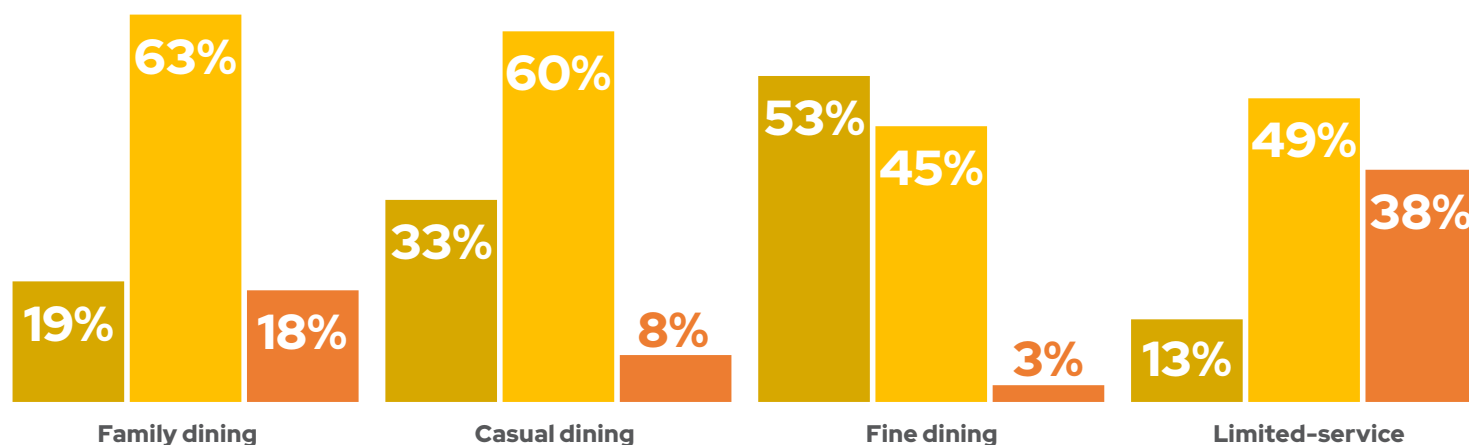
Most operators don't view their alcohol beverage offerings as trendsetting—except in the fine dining segment, where just over half deem their beverage menus “leading edge.”

Among limited-service operators that serve alcohol, **38%** describe their offerings as “lagging.”

ALCOHOL TRENDS

Restaurant operators' assessment of their alcohol beverage offerings*

■ Leading edge
■ Mainstream
■ Lagging



Source: National Restaurant Association
 *Base: Restaurants that serve alcohol beverages
 Note: Limited-service includes quickservice, fast casual and coffee/snack concepts

BOOSTING BEVERAGE ALCOHOL BUSINESS

The Association asked wine, beer and cocktail drinkers what offerings and promotions they would most like to see at restaurants in their area. Local sourcing, tasting events, and food pairings were popular with all 3 consumer groups. See the next page for the top offerings within each group.



WOO WINE DRINKERS

Give them an opportunity to go local

83% say they'd like the option of ordering wine that was made by a local winery.

Suggest something new

82% say they'd like to be able to order a glass of wine that is typically only offered by the bottle.

81% say they'd participate in tasting events at the restaurant.

79% say they'd like the option to order smaller tasting-sized glasses of wine from the menu.

Don't forget the food

81% say they'd attend a wine dinner event with food and wine pairings.

78% say they'd like to order wine selected by a restaurant to pair with its food items.

Lean into value

8 in 10 say they'd take advantage of wine discounts during times when a restaurant isn't busy.

Build an off-premises strategy

64% say they'd join a restaurant's wine club, which included bottles of wine selected by a restaurant's staff.

64% say they'd like the option to include wine by the bottle with a takeout or delivery order.

60% say they'd like the option to include wine by the glass with a takeout or delivery order.

TAP INTO BEER DRINKERS

Offer local craft options

81% say they want the option to order beer that was made by a local brewery.

Offer tastings

79% say they'd participate in tasting events at a restaurant that offered a selection of beer for customers to taste.

74% say they'd order smaller tasting-sized glasses of beer from the menu.

Embrace the happy hour

78% say they'd like discounted beer when a restaurant is less busy.

Offer great food

76% say they would participate in a beer dinner event hosted by the restaurant with a special menu of food and beer pairings.

74% say they'd order beer selected by a restaurant to pair with food items on the menu.

Take the beer home

63% say they'd join a restaurant's beer club, which includes bottles/cans of beer selected by the restaurant's staff.

61% say they'd like the option to include beer with a takeout or delivery order.

STIR UP COCKTAIL DRINKERS

Add deals in off-peak hours

More than 8 in 10 cocktail drinkers say they'd like discounted drinks during less busy days or times at a restaurant.

Offer local spirits

80% say they'd like to order drinks made with locally produced distilled spirits.

Promote new things

80% say they'd participate in events at a restaurant that offers a selection of cocktails or mixed drinks for customers to taste.

77% say they'd like the option to order smaller, tasting-sized cocktails or mixed drinks from the menu.

Add food pairings

76% say they'd go to cocktail dinner events with a special menu of food and cocktail pairings.

74% say they'd order cocktails or mixed drinks selected by the restaurant to pair with food items on the menu.

Send the bar home with customers

67% say they'd like the option to include pre-made cocktails or mixed drinks with a takeout or delivery order.

65% say they'd like the option to include a cocktail kit, which contains the ingredients to make a batch of cocktails at home, with a takeout or delivery order.



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