

STATE of the RESTAURANT INDUSTRY 2024

SALES & ECONOMIC FORECAST

WORKFORCE TRENDS

OPERATIONAL TRENDS

FOOD & MENU TRENDS



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.

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METHODOLOGY

The 2024 State of the Restaurant Industry report is based on analysis and forecasts by National Restaurant Association economists as well as ongoing surveys of restaurant operators and consumers.

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 (18-27) • Millennial (28-43) • Gen Xer (44-59) • Baby Boomer (60-78)

GREETING THE YEAR WITH CAUTIOUS OPTIMISM

In 2023, the restaurant industry was, in a word, **resilient**. Elevated costs, shallow labor pools and uneven customer traffic levels were the norm for many restaurants – but operators persevered.

The same can be said about the economy last year. The most widely forecasted recession in history never materialized, despite the Fed’s efforts to stamp down decades-high inflation by slowing the economy. Most employers kept hiring right through the volatility, with national payrolls expanding by more than 2.6M jobs.

A lot of the resiliency can be attributed to consumers. A healthy labor market, coupled with excess savings accumulated during the pandemic allowed consumers to continue spending at a robust pace.

Consumers hold the key to 2024 as well. On the upside, the expectation of falling interest rates and moderating inflation will offer households some relief. But disinflation is not *deflation*, and prices will continue to run higher across many of their budget categories, potentially exposing cracks in their household balance sheet, including rising debt and delinquency levels.

While overall restaurant sales are projected to rise in 2024, the higher cost of doing business will continue to constrain margins. Operators expect competition to remain intense, as consumers have an increasing array of foodservice options and a record number of access points at their disposal.

There are many reasons to be optimistic about the restaurant industry, starting with the unwavering loyalty of its customers. 9 in 10 consumers say they enjoy going to restaurants, with a majority also viewing the industry as an essential part of their lifestyle. This will continue to drive sales growth, both in 2024, and beyond.

ECONOMIC CONDITIONS SHIFT THROUGHOUT THE YEAR

Bookmark [Restaurant.org/Research](https://www.restaurant.org/research) to stay abreast of the Association’s latest analysis and projections. Check in each month for an updated *Economic Outlook* and *Consumer Outlook* from the Association’s Chief Economist.



IMPORTANT RESOURCE: BOOKMARK



FUELING THE ECONOMY, DRIVING OPPORTUNITY

SALES & ECONOMIC FORECAST

\$1.1T
Forecast Industry Sales

1M+
Outlets

15.7M
Employees

OPERATIONAL TRENDS

90% of restaurant operators say their customers are more value-conscious than they used to be.

More than 8 in 10 adults would take advantage of discounts for dining on slower days of the week or off-peak times of the day.

76% of operators say technology gives them a competitive edge.

Among consumers not currently enrolled, **81%** say they’d be likely to join a loyalty program if it was offered.

WORKFORCE TRENDS

The industry is forecast to add **200K** jobs in 2024.

88% of operators say they’ll likely hire in 2024 if they can find qualified applicants.

47% of operators think using tech to help with labor challenges will become more common this year.

45% of operators say they need more employees to support customer demand.

FOOD & MENU TRENDS

9 in 10 consumers enjoy going to restaurants and say that’s where they experience dishes & drinks they haven’t tried before.

60% shopped for new suppliers and 53% cut menu items in response to higher food costs.

76% of operators say their average food costs were higher in 2023 than 2022.

7 in 10 operators plan to keep the same number of menu items as last year.



STATE
of the
**RESTAURANT
INDUSTRY**
2024



SALES & ECONOMIC FORECAST

At press time, Association economists are not expecting a significant economic downturn in 2024. They do expect a continuing rise in employment – albeit at a slower pace than 2023. Assuming a stable labor market, consumers will have discretionary funds to spend. The Association expects they'll continue to prioritize restaurants.

Value will continue to motivate consumers in 2024, with loyalty and rewards programs growing in popularity. Restaurant operators will respond to this demand by offering consumers more points of access – many driven by technology.

RESTAURANT & FOODSERVICE INDUSTRY
FOOD & BEVERAGE SALES¹: 2019 TO 2024

	2019 Sales (billions)	2020 Sales (billions)	2021 Sales (billions)	2022 Sales (billions)	2023 Sales (billions)	2024 Sales (billions)	'23-'24 % change ²	'23-'24 real % change
Eating & drinking places	\$616	\$509	\$624	\$713	\$776	\$816	5.2%	1.0%
Fullservice segment ³	\$285	\$199	\$266	\$310	\$334	\$348	4.2%	0.4%
Limited-service segment ⁴	\$309	\$297	\$340	\$380	\$417	\$442	6.0%	1.3%
Bars & taverns ⁵	\$22	\$13	\$18	\$23	\$25	\$26	4.0%	0.1%
All other foodservice establishments⁶	\$248	\$169	\$200	\$253	\$273	\$290	6.2%	2.2%
TOTAL	\$864	\$678	\$824	\$966	\$1,049	\$1,106	5.4%	1.2%

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. Waitstaff provides service 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 counter, kiosk, on-line 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 food services.

6. Includes the following categories: managed services (also referred to as onsite food-service 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 and 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).



IMPORTANT RESOURCE: BOOKMARK



KEY DATA UPDATES EVERY MONTH

Check in each month for an updated *Economic Outlook* and *Consumer Outlook* from the Association's Chief Economist. Bookmark [Restaurant.org/Research](https://www.restaurant.org/Research) for the latest jobs numbers, restaurant sales data, customer traffic, food costs, and menu prices, along with in-depth and up-to-date analysis of the state of the restaurant industry.

BUSINESS CHALLENGES PERSIST

Higher business costs, the need for more staff, supply chain issues and debt repayments are some of the challenges operators face today. According to National Restaurant Association research:

51% of operators report a decline in customer traffic between 2022 and 2023.

45% say they need more employees to support customer demand.

70% say they have job openings that are hard to fill.

Average food costs are up more than **20%** and average wages are up more than **30%** from 2019.

38% of operators say their restaurant was not profitable in 2023.

43% say their restaurant is still carrying debt accumulated in the pandemic.

77% of operators say their restaurant experienced supply delays or shortages of food or beverage items in 2023.

54% reported delays or shortages of equipment or service items.



BUSINESS CHALLENGES IN 2023

% of operators who say the following items were a 'significant' or 'moderate' challenge for their restaurant

Labor costs	98%
Inflation	98%
Food costs	97%
The economy	93%
Recruiting & retaining employees	88%
Energy or utility costs	87%
Attracting new customers	79%
Bringing back repeat customers	56%
Cost of credit or financing	53%
Food availability	48%

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



OUTLOOK FOR 2024

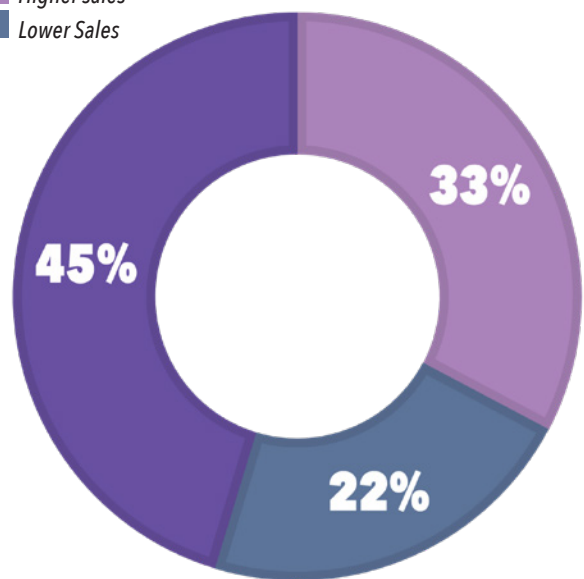
For operators, cautious optimism prevails for the year ahead.

Nearly 8 in 10 operators expect their 2024 sales will be higher (33%) or hold steady (45%) at 2023 levels.

CAUTIOUSLY OPTIMISTIC ABOUT SALES

Operators' sales volume expectation in 2024 compared with 2023

- About the same
- Higher sales
- Lower Sales



Source: National Restaurant Association

In terms of profitability, the outlook is less bullish as costs are still running high in many categories.

Still, 27% of operators expect to be more profitable, and 45% expect to be as profitable in 2024 as they were in 2023. 28% expect to be less profitable.

SURCHARGES

16% of restaurant operators currently add fees or surcharges to customer checks.

Separately, 54% of fullservice operators (including 67% of fine dining operators) say their restaurant sometimes adds a service charge or automatic gratuity to customer checks.

Among this group, 12% add the service charge or automatic gratuity to all checks, while 88% only add it to parties that exceed a specific number of people (typically 6+) or to banquets, private events or catering events.

TOP BUSINESS CHALLENGES

27% of operators say recruiting and retaining employees will be their most significant challenge.



18% anticipate that higher food costs will be their biggest challenge, while 15% said either the economy or labor costs will be their No.1 concern.

HIRING IS STILL HIGH PRIORITY

Operators report the most significant challenge they expect to face in 2024

Recruiting & retaining employees	27%
Food costs	18%
The economy	15%
Labor costs	15%
Building & maintaining sales volume	8%

Source: National Restaurant Association

COMPETITION

2/3 of operators say the number of restaurants in their area is at or above pre-pandemic levels.

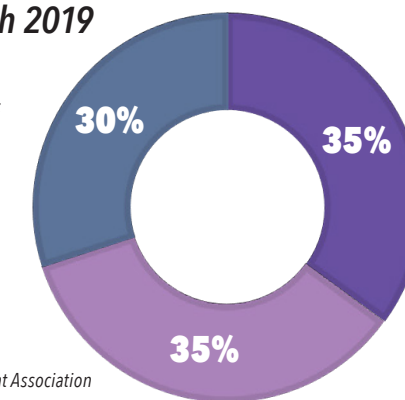
No wonder then that 45% of operators expect competition from other restaurants to be more intense in 2024 than it was in 2023.

Nearly 50% think competition will be the same and only 7% think competitive pressures will ease this year.

COMPETITIVE ASSESSMENT

Operators report the current number of restaurants in their primary market area compared with 2019

- More restaurants
- Fewer restaurants
- About the same

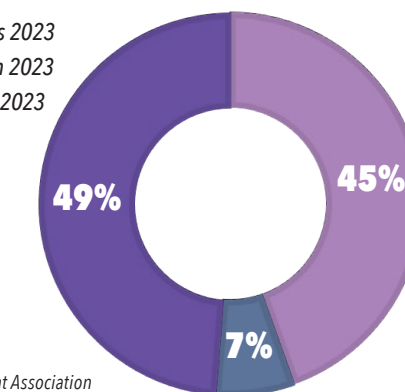


Source: National Restaurant Association

COMPETITION WILL INTENSIFY IN 2024

Restaurant operators' outlook for competition from other restaurant and foodservice businesses in 2024 compared with 2023

- About the same as 2023
- More intense than 2023
- Less intense than 2023



Source: National Restaurant Association

EXPANSION PLANS

The business environment in 2024 will continue to be challenging for restaurants, but some operators plan to use this as an opportunity to expand.

22% of operators say they'll likely open new locations in 2024.

Limited-service operators (29%) are somewhat more likely than fullservice operators (16%) to report plans to add locations this year.

CONSUMER OUTLOOK

Employment growth drives income growth, which in turn drives restaurant spending.

Only 33% of adults give the national economy ratings of excellent or good.

However, **55%** of adults describe the current economic situation - including the availability of jobs - in their local area as either excellent or good.

At 64%, Gen Z adults have the most positive perception of their local economy.

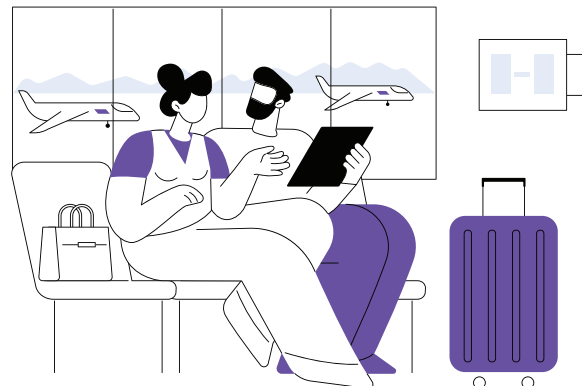
Even though most consumers feel good about their local economy, they're also watching their spending. Only 1 in 5 adults (20%) say they're confident in their personal finances and aren't holding back on spending. Another 48% are taking the wait-and-see approach, holding back somewhat on their spending.

1 in 3 consumers say they're very concerned about their personal finances and are keeping a tight rein on spending.

Operators and other businesses are on the hunt for ways to nudge consumers out of this holding pattern and are finding that a well-presented value proposition (e.g., loyalty programs, discounts for dining on off-peak days or hours) can be effective.

TRAVEL & TOURISM

In a typical year, about **3 in 10 dollars** spent in restaurants come from travelers and visitors.



Fine dining is the most reliant on tourism with an average of 41% of this segment's sales from travelers and visitors. For some, it's a much larger proportion. 1 in 4 fine dining operators say travelers and visitors accounted for at least 60% of their sales before the pandemic.

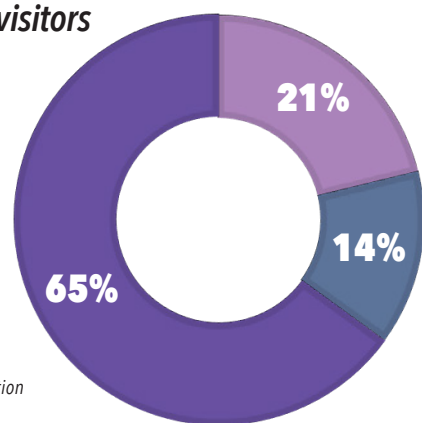
Roughly **6 in 10** operators say their sales from travelers and visitors in 2023 were about what they'd be in a typical year.

14% say their tourism-related sales were higher than normal in 2023; 27% say they were lower than normal. Looking ahead, only 14% of operators expect sales from travelers and visitors in 2024 will be lower than they were in 2023, 21% expect them to be higher. Most (65%) think they will stay about the same.

OUTLOOK FOR TOURISM IN 2024

Restaurant operators' outlook for sales from travelers and visitors in 2024 compared with 2023

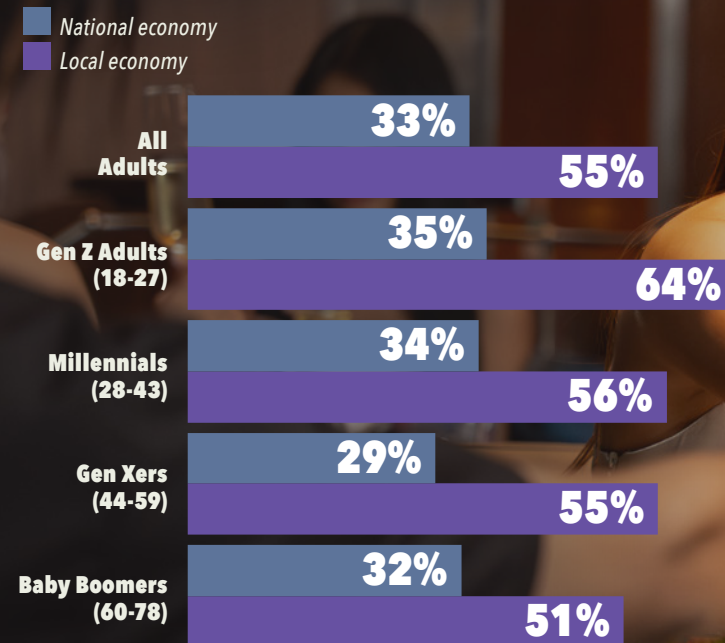
■ About the same
■ Higher than 2023
■ Lower than 2023



Source: National Restaurant Association

CONSUMERS CONFIDENT IN LOCAL ECONOMIES

% of consumers who describe the current economic situation (including the availability of jobs) as 'excellent' or 'good'



Source: National Restaurant Association



Charley's Prime Foods, the Goodbar Management Group's new casual-dining restaurant in the Washington, D.C. area, has the hallmarks of becoming the flagship of a successful restaurant chain, if economic circumstances permit.

Owner Jackie Greenbaum designed Charley's with scalability in mind, but has had to scale back expansion plans while navigating the operating challenges of today's restaurant industry.

Higher food and labor costs and anti-business legislation, including the vote to eliminate D.C.'s tip credit and the end of alcohol-to-go sales in Maryland's Montgomery County, have operators scrambling. The financial pressures have been intense.

People tell us they're happy to have something new and interesting to try.

Charley's, an offshoot of Greenbaum's Bar Charley gastro pub in downtown D.C., opened last year in suburban Gaithersburg, Md., after delays and cost overruns due to supply slowdowns. But, with its steak-centric and

cocktail-laden menu, the restaurant started catching on with neighborhood foodies. She adds that Charley's will attract even more guests to its lakefront patio in warmer months.

"Our patio dining is so different compared with being indoors," she says. "That drove some menu changes. We broadened categories where we thought it made sense, de-emphasized the steaks a bit, and added more casual dishes."

At Charley's, she is also experimenting with off-premises delivery.

If she opens another restaurant, it will be a Charley's Prime, Greenbaum says.

"We've been very well received," she says. "People tell us they're happy to have something new and interesting to try, and that's extremely gratifying. If we hit the right mark, this concept could have a long lifespan."



Jackie Greenbaum
Owner
Goodbar Management Group
Washington, D.C.



OPERATIONAL TRENDS

Value, convenience and technology are driving forces affecting the way both fullservice and limited-service restaurants operate, and these elements are resonating more with younger consumers than their older counterparts.

Technology is playing a much larger role in restaurants, enhancing the customer experience, automating operations, maximizing marketing and supplementing labor. Gen Z, the first digital natives, are not only comfortable with blending technology into transactions, but likely expect more.

Operators say their customers are more value-conscious than before and they're more flexible about when and where they dine if there's a discount in the offering. Loyalty programs appear to be working, so well that consumers say they'd travel to a restaurant where they can earn loyalty rewards even if another similar restaurant was more convenient.



OPERATIONAL TRENDS

TECHNOLOGY TRENDS

Restaurant operators recognize the value tech brings to an operation.

76% of operators say using technology gives them a competitive edge, but many believe their restaurants could do more to keep up on the tech front.

Only 13% think their restaurant is on the leading edge in terms of how they're using technology compared with their peers; 23% think their operation is lagging.

As a result, many operators are investing in technology.

50% devoted resources to make the dining area more productive and efficient in 2023 and 48% invested to enhance the customer experience.

4 in 10 used technology to enhance their kitchen's productivity.

Even more operators are planning tech-related investments in these areas in 2024. These investments are making a difference for many restaurants:

73% of operators say their restaurant is more efficient and productive than it was before the pandemic.

MORE TECH ON DECK FOR OPERATORS

Restaurant operators' investments in these technology-related areas

	Made investment in 2023	Plan to make investment in 2024
Make the service area more productive or efficient	51%	55%
Enhance the customer experience	48%	60%
Make the kitchen more productive or efficient	41%	52%
Strengthen cyber security	34%	45%

Source: National Restaurant Association

TECH REPORT COMING IN MARCH

In March 2024, watch for a new report on the latest technology trends in today's restaurants.

Included: the specific tech options that consumers would use at fullservice restaurants, limited-service restaurants and when ordering for delivery, as well as the specific tech-related investments operators say they're planning to make in 2024.



IMPORTANT RESOURCE: BOOKMARK

Check in at [Restaurant.org/Research](https://www.restaurant.org/Research) for the report and for restaurant industry research updates.

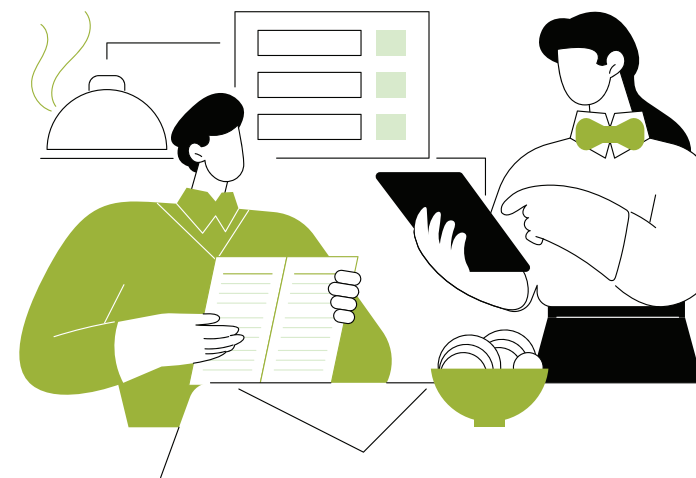


TECH IN THE FULLSERVICE SPACE

Consumers' affinity for technology in restaurants varies by occasion as well as age group and the degree to which a restaurant considers incorporating tech into the experience depends on its customer base.

Fullservice customers are twice as likely overall to say that tech options at fullservice restaurants have a positive impact (46%) on their experience vs. a negative one (23%) but this varies significantly by age group.

Two-thirds of Gen Z adults say tech options have a positive impact while 19% of baby boomers do.



Fullservice customers are split on whether tableservice restaurants should employ more technology:

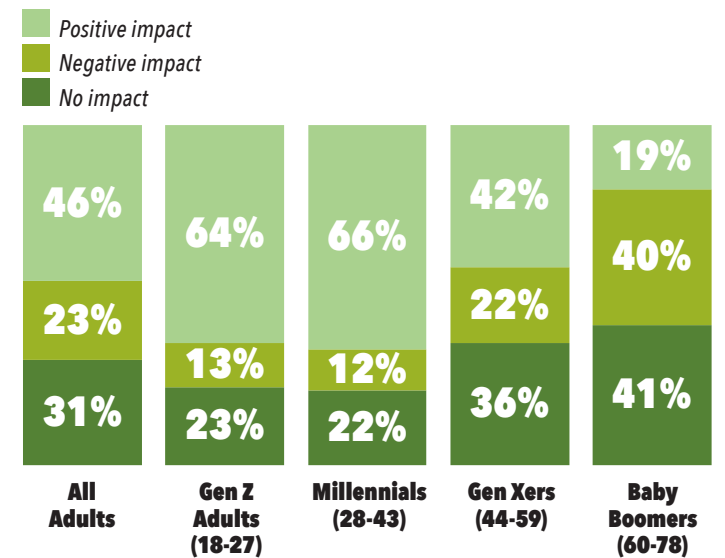
30% think there should be more options and 33% say fewer.

Once again, this differs by age group with younger consumers more likely to say "bring on the tech."

Only 9% of baby boomers think fullservice restaurants should incorporate more tech options; half think there should be fewer.

MILLENNIALS & GEN Z EMBRACE FULLSERVICE TECH

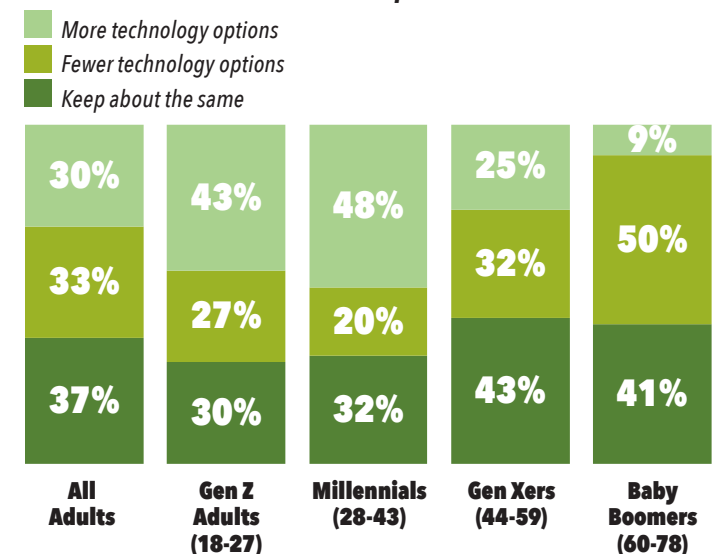
How tech options impact fullservice customers' experience at tableservice restaurants



Source: National Restaurant Association
Base: Consumers who went out to eat at a sit-down tableservice restaurant in the past 6 months

MORE FULLSERVICE TECHNOLOGY? NOT SO FAST

How fullservice customers would like to see tableservice restaurants incorporate tech in the future



Source: National Restaurant Association
Base: Consumers who went out to eat at a sit-down tableservice restaurant in the past 6 months





OPERATIONAL TRENDS

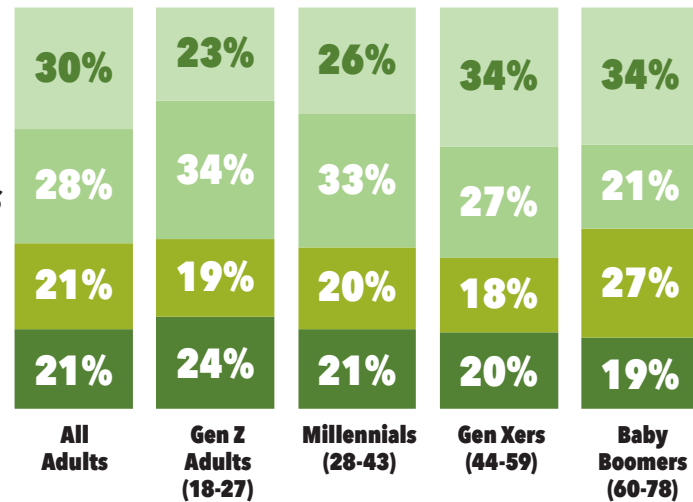
Asked to pick one area where technology would have the most impact on their fullservice dining experience:

28% of consumers cited tech that makes ordering easier & faster and that facilitates payment (30%), actions that expedite the beginning and end of the meal.

WHERE CUSTOMERS THINK FULLSERVICE TECH SHOULD BE APPLIED

One area where technology would impact customers' experience at tableservice restaurants

- Make **paying** easier & faster
- Make **ordering** easier & faster
- Provide more **detailed info about food** (nutrition, calories, allergens, sourcing)
- Provide an accurate time when the food will be delivered to the table



Source: National Restaurant Association
Base: Consumers who went out to eat at a sit-down tableservice restaurant in the past 6 months

Fullservice customers were asked to choose between two similar restaurants, with the difference being the amount of tech used:

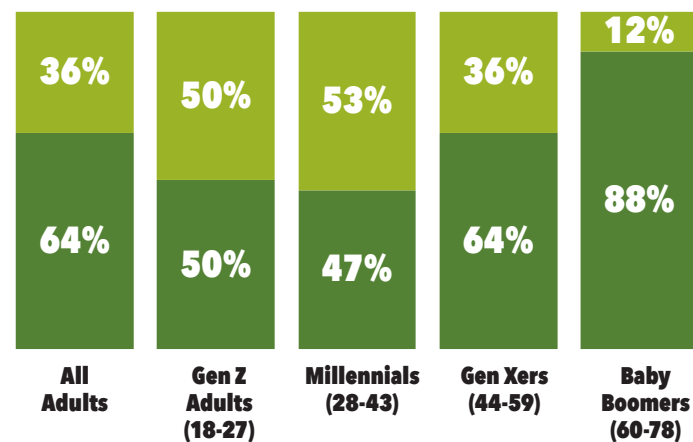
Restaurant 1 offers traditional service from employees who bring customers a menu, take their order, deliver the food and beverages, and bring them a bill.

Restaurant 2 incorporates technology into the experience. Customers view the menu and enter orders on a computer tablet at their table or through a smartphone app. An employee brings them their order and the customers pay the bill using the tablet or app.

TRADITIONAL SERVICE STILL PREFERRED OVER TECH

How fullservice customers would choose between two similar tableservice restaurants based on technology

- Fullservice restaurant that **incorporates technology** into the experience
- Fullservice restaurant that offers **traditional service** from employees



Source: National Restaurant Association
Base: Consumers who went out to eat at a sit-down tableservice restaurant in the past 6 months

64% of fullservice customers say they'd go for the restaurant that offers traditional service.

36% say they'd opt for a restaurant that incorporates technology into the experience.

Baby boomers (88%) and Gen Xers (64%) were much more likely to choose the restaurant that offers traditional service. Millennials and Gen Z adults are roughly split between the two options.

YOUNGER CONSUMERS SUPPORTIVE OF QUICKSERVICE TECH

39% of limited-service customers say tech options have a positive impact on their experience at quickservice restaurants, delis and coffee shops.

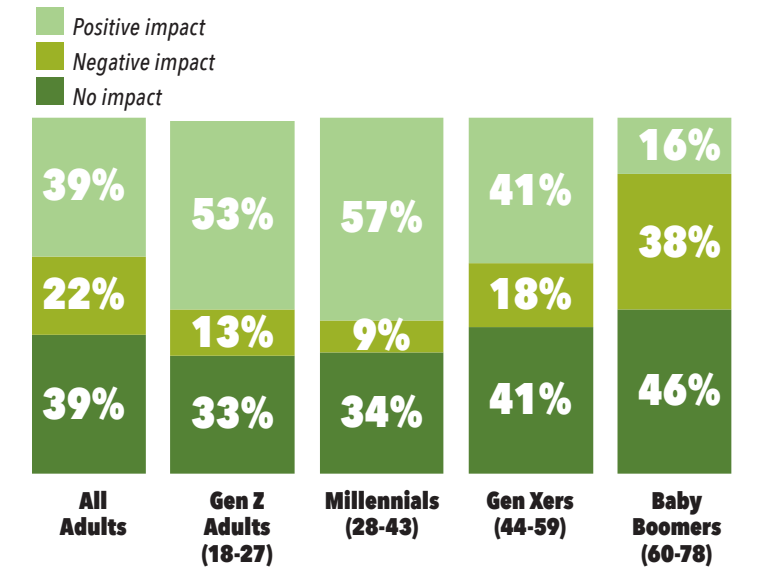
Only **22%** say tech has an adverse effect, but the response differs by age group.

A majority of Gen Z adults and millennials say tech has a positive impact on their experience, while 16% of baby boomers do.



THE IMPACT OF LIMITED-SERVICE TECH

How tech options impact limited-service customers' experience at quickservice restaurants, delis and coffee shops

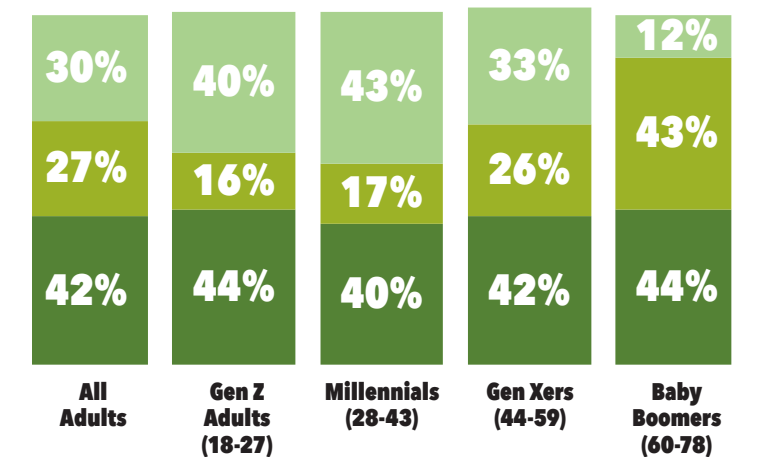


Source: National Restaurant Association
Base: Consumers who went out to eat or picked up food or beverages at a quickservice restaurant, deli or coffee shop in the past 6 months

OPINIONS VARY WHEN IT COMES TO MORE TECH IN QUICKSERVICE

How customers would like to see quickservice venues incorporate tech

- More technology options
- Fewer technology options
- Keep about the same



Source: National Restaurant Association
Base: Consumers who went out to eat or picked up food or beverages at a quickservice restaurant, deli or coffee shop in the past 6 months

Opinions are mixed when it comes to adding more tech options into quickservice experiences.

30% think there should be more options, **27%** vote for fewer.

Baby boomers are likely to prefer fewer tech options (43%) than more (12%).



OPERATIONAL TRENDS

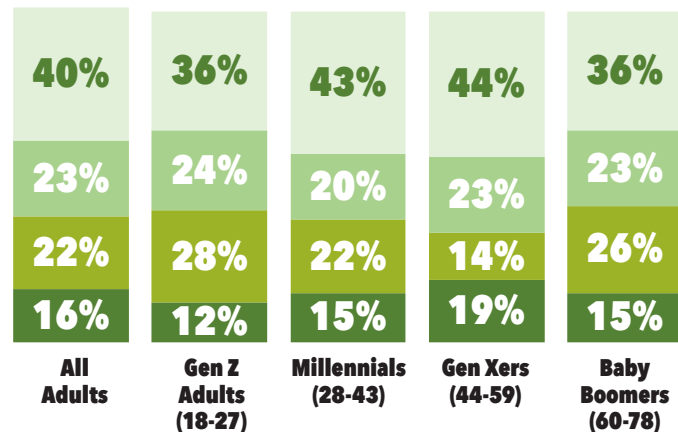
The top area where limited-service customers would like to see quickservice venues incorporate more tech is to make ordering easier and faster and that was true for all age groups.

FASTER, EASIER ORDERING THROUGH TECH TOPS WISH LIST

Limited-service customers' choice of the one area where technology would impact their experience at quickservice restaurants

- Make **ordering** easier & faster
- Provide more **detailed info about food** (nutrition, calories, allergens, sourcing)
- Time when takeout orders are **ready for pickup**
- Make **orders arrive faster**

Source: National Restaurant Association
Base: Consumers who went out to eat or picked up food or beverages at a quickservice restaurant, deli or coffee shop in the past 6 months



Limited-service customers were asked to choose between two similar quickservice restaurants, delis or coffee shops, with the difference being the amount of technology used:

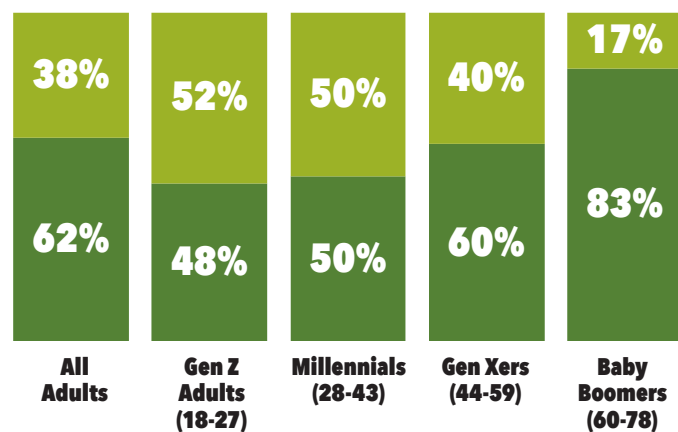
Restaurant 1 offers traditional service from employees. Customers place their order and pay at a counter staffed by a restaurant employee. The employee gives customers the food or beverages when it is ready.

Restaurant 2 incorporates tech into the experience. Customers view the menu, place their order and pay using either a self-service electronic kiosk or a smartphone app. When the order's ready, it is placed on a counter or shelf for customers to pick up.

LIMITED-SERVICE CUSTOMERS PREFER TRADITIONAL SERVICE

How customers would choose between two similar limited-service restaurants based on technology

- Limited-service restaurant that **incorporates technology** into the experience
- Limited-service restaurant that offers **traditional service** from employees



Source: National Restaurant Association
Base: Consumers who went out to eat or picked up food or beverages at a limited-service restaurant, deli or coffee shop in the past 6 months

62% of limited-service customers say they'd go for the quickservice restaurant, deli or coffee shop that offers traditional employee service.

38% say they'd opt for the restaurant that incorporates tech into the experience.

Baby boomers (83%) and Gen Xers (60%) were much more likely to pick the restaurant that offers traditional service. Millennials and Gen Z adults are roughly split between the two options.

TECH-RELATED OPPORTUNITIES FOR OPERATORS

Understanding consumer desires and expectations, operators have some interesting opportunities to entice customers through tech-enabled features, which can enhance service, customer experience and the bottom line.

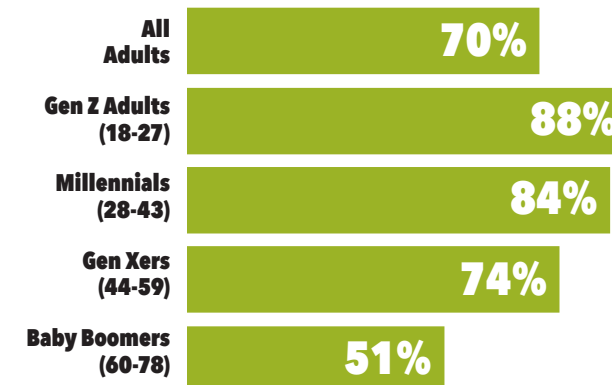
HAVE A SEAT, YOUR ORDER'S UP

Allowing tableservice customers to place their order in advance online, schedule a time to arrive at the restaurant, and get their food shortly after they're seated.

70% of consumers – including **88%** of Gen Z adults and **84%** of millennials – say they'd use this option.

SOUNDS LIKE A PLAN

% consumers who would order ahead at tableservice restaurants



Source: National Restaurant Association

VARIABLE PRICING

Like the happy hour of the past, technology now allows the restaurant to lower or raise prices on days or periods of time that are very slow or very busy. Operators communicate price changes to customers using a smartphone app and social media.

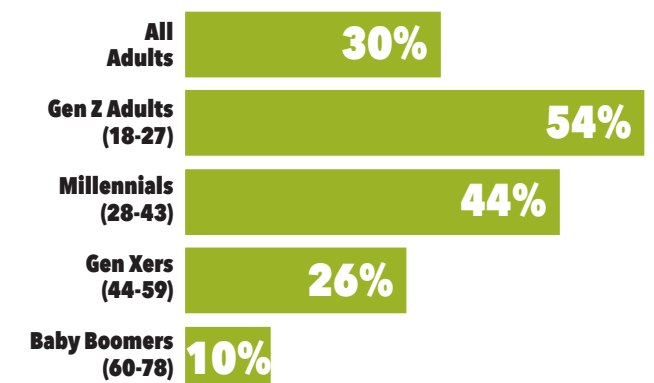
61% of adults are game for variable pricing. This sentiment is strongest among Gen Z adults (71%) and millennials (67%).

RESERVING A SPECIFIC TABLE ONLINE

30% of consumers would pay a fee – such as \$10 – to reserve a specific table from a seating chart on a website. Interest in this option was higher among Gen Z adults (54%) and millennials (44%).

PAYING FOR THE PERFECT TABLE

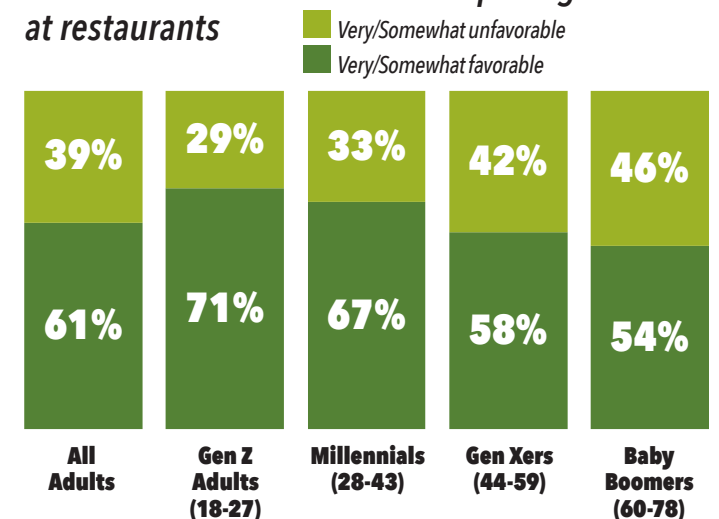
% of consumers who would pay an extra fee to reserve a specific table



Source: National Restaurant Association

VARIABLE PRICING? YOUNGER CONSUMERS SAY YES

Consumers' reaction to variable pricing at restaurants



Source: National Restaurant Association





OPERATIONAL TRENDS

WHAT CONSUMERS WANT: THE TECH EXPERIENCE WHEN ORDERING DELIVERY

Of the three restaurant experiences (fullservice, limited-service and delivery), technology is *most* appreciated for delivery transactions.

47% of customers say tech has a positive impact on their experience.

Only **12%** say it has a negative impact.

Younger consumers are most likely to say tech options are a good thing, while the sentiment among baby boomers is mixed.

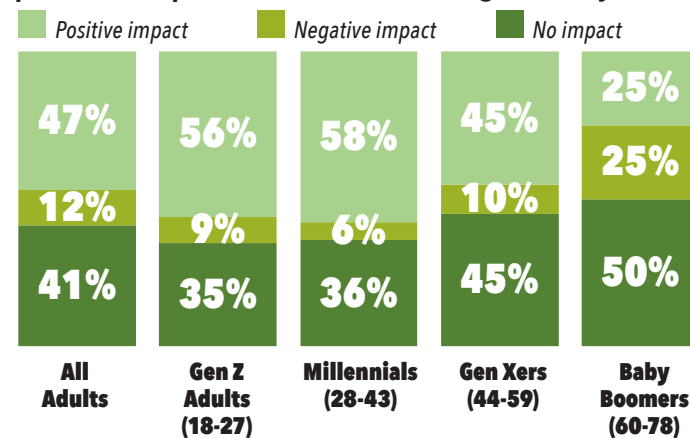
37% of consumers are open to expanded tech options in the delivery space.

Only **18%** think restaurants that offer delivery should use less tech.



WHERE CUSTOMERS STAND ON DELIVERY TECH

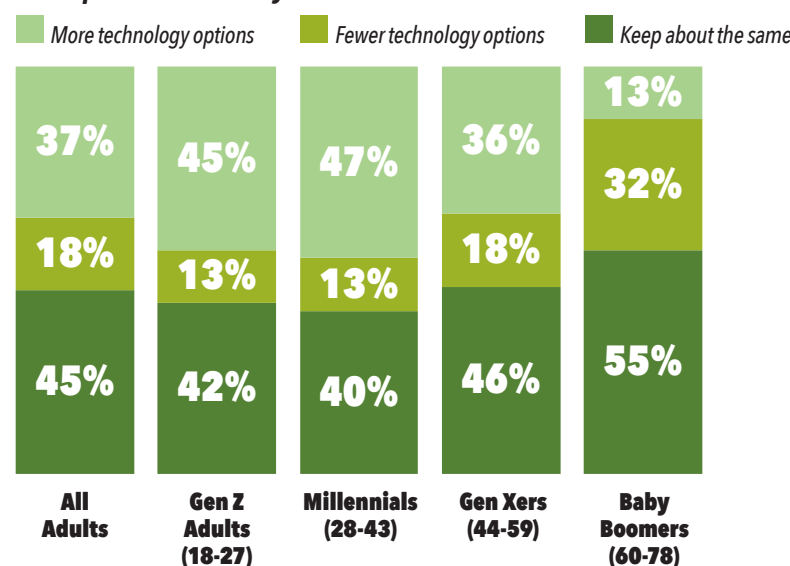
How technology options impact customers' personal experience when ordering delivery



Source: National Restaurant Association
Base: Consumers who ordered food for delivery from a restaurant in the past 6 months

WHO WANTS MORE TECH-ENHANCED DELIVERY?

How customers would like to see restaurants incorporate delivery tech the future



Source: National Restaurant Association
Base: Consumers who ordered food for delivery from a restaurant in the past 6 months

33% of customers would like to see restaurants that deliver add technology to make ordering easier and faster.

1 in 4 would like to know accurately when their orders will be delivered.

HOW CUSTOMERS WOULD USE DELIVERY TECH

Delivery customers cite one area where technology would impact their delivery experience

	All adults	Gen Z adults (18-27)	Millennials (28-43)	Gen Xers (44-59)	Baby Boomers (60-78)
To make ordering easier and faster	33%	32%	34%	31%	33%
To provide an accurate time when orders will be delivered	24%	23%	25%	19%	30%
To make delivery faster	24%	26%	20%	31%	16%
To improve the packaging used for delivery which would allow for a greater variety of food items available	19%	18%	21%	18%	20%

Source: National Restaurant Association • Base: Consumers who ordered food for delivery from a restaurant in the past 6 months

Delivery customers were asked to choose between two similar restaurants for delivery, with the difference being the amount of technology used:

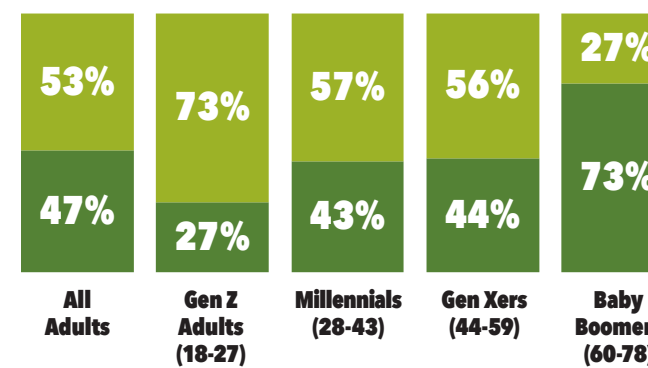
Restaurant 1 offers traditional service from employees. Customers call the restaurant to place their order with a restaurant employee. When the food is ready, a restaurant employee delivers the food.

Restaurant 2 incorporates tech into the experience. Customers view the menu, place their order and pay using the restaurant website or smartphone app, or a third-party service such as DoorDash, Grubhub, Uber Eats or Postmates. When the food's ready, either a restaurant employee or a third-party delivery person delivers the food to them.

AN APPETITE FOR TECH WHEN GETTING FOOD DELIVERED

How customers would choose between two similar delivery restaurants based on technology

Legend:
■ Restaurant that incorporates technology into the delivery experience
■ Restaurant that offers traditional delivery service from employees



Source: National Restaurant Association
Base: Consumers who ordered food for delivery from a restaurant in the past 6 months

53% of delivery customers say they would choose the restaurant that incorporates technology into the experience.

47% say they would choose the restaurant that offers traditional delivery service from employees.

A majority of Gen Z adults (73%), millennials (57%) and Gen Xers (56%) say they would pick the restaurant that uses tech in the delivery process. At 73%, baby boomers were much more likely to pick a restaurant that offers traditional delivery service from employees.



OPERATIONAL TRENDS



VALUE-CRAVING CUSTOMERS LOOK FOR LOYALTY PROGRAMS

90% of restaurant operators say their customers are more value-conscious than they used to be.

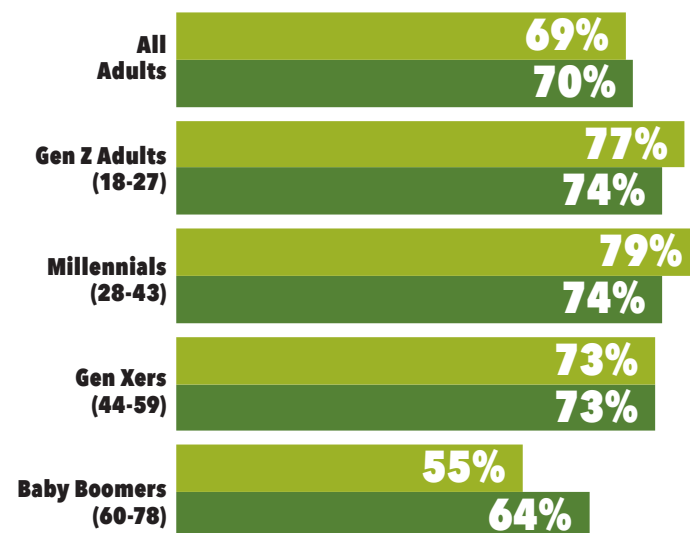
7 in 10 adults say they often look for a daily special or discount when they visit restaurants, whether dining in or ordering to-go.

Younger adults are more likely than older adults to look for deals.

ON THE HUNT FOR RESTAURANT DEALS

% of consumers who say they often look for a daily special or discount

- When ordering take-out or delivery from a restaurant
- When going out to eat at a restaurant



Source: National Restaurant Association

Customers are more flexible about when they dine if there's a deal in the offing.

85% of adults say they'd likely take advantage of discounts for dining on slower days of the week

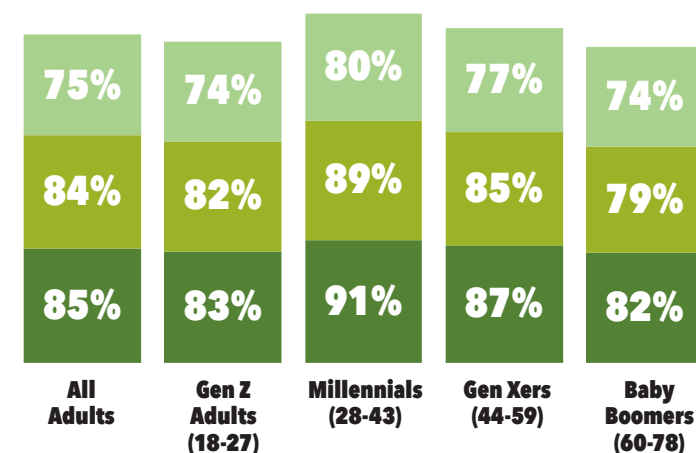
84% would use discounts offered for dining at off-peak times of the day.

3 in 4 adults say they'd opt for a smaller-sized portion for a lower price.

OPPORTUNITIES FOR VALUE

% of consumers who say they'd likely use the following options if they were offered

- Option to order smaller-sized portions for a lower price
- Discounts for dining during less busy times of the day
- Discounts for dining on less busy days of the week



Source: National Restaurant Association

GIVE THEM THE LOYAL TREATMENT

It's easier to get customers to return to your restaurant than to attract new ones and operators find that offering a "frequent flyer" program is a great way to generate repeat business.

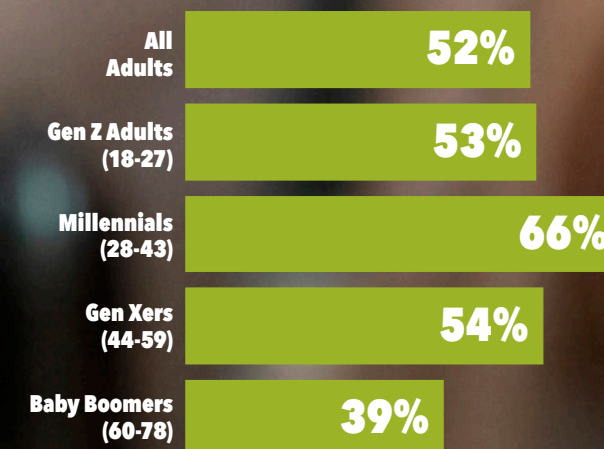
52% of adults say they currently participate in a loyalty or reward program at a restaurant, coffee shop, snack place or deli.

At **66%**, millennials are the most likely to say they're loyalty program fans.

And most of these consumers sign up for more than one program – 3.6 on average. Gen Z adults boast the highest rate belonging to an average 4.4 programs (millennials belong to an average 3.6 programs, Gen Xers, 3.9, and boomers, 3).

REAPING REWARDS

% of consumers who say they currently participate in a restaurant loyalty reward program



Source: National Restaurant Association

96% of program participants say it's a good way to get more bang for their buck.

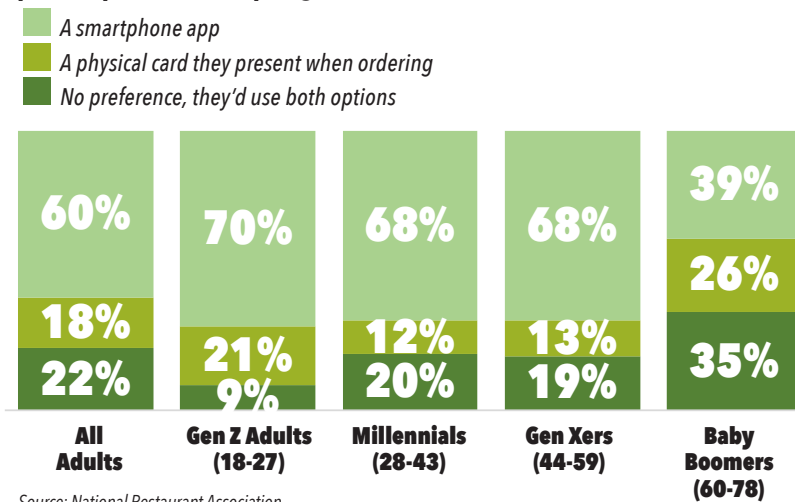




OPERATIONAL TRENDS

MORE TECH, PLEASE

How loyalty program members say they would prefer to participate in the program



Source: National Restaurant Association
Base: Consumers who currently participate in a restaurant loyalty or reward program

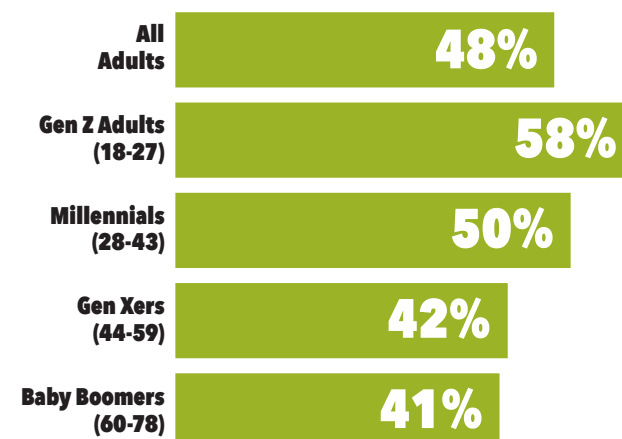
It's important to incentivize new customers to join a restaurant's loyalty program.

48% of loyalty program members say they're less likely to try new restaurants because they prefer to go where they can earn loyalty rewards.

In fact, **78%** say they're more likely to visit a restaurant where they can earn points, even if it isn't as convenient as other places.

SIGN THEM UP RIGHT AWAY

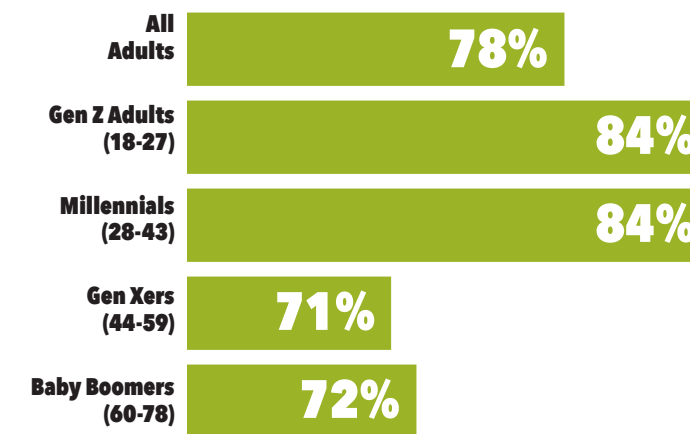
% of loyalty program members who say they're less likely to try a new place because they prefer to go where they're a member of a loyalty program



Source: National Restaurant Association
Base: Consumers who currently participate in a restaurant loyalty or reward program

GOING THE DISTANCE ... FOR POINTS

% of loyalty program members who say they're more likely to go where they can earn points even if it isn't as convenient as other places



Source: National Restaurant Association
Base: Consumers who currently participate in a restaurant loyalty or reward program

Among consumers who are not currently a member of a loyalty program:

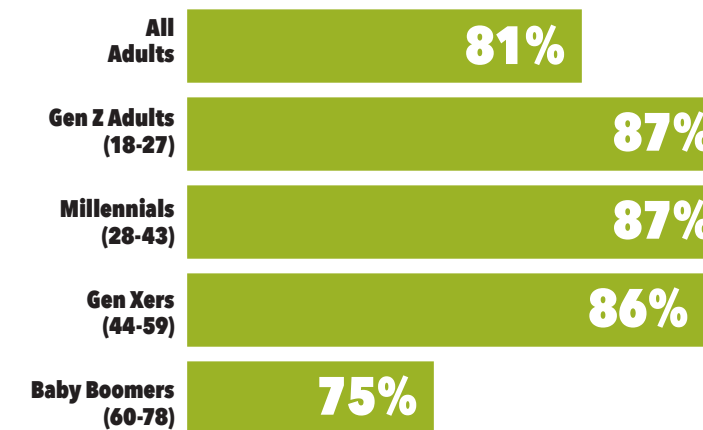
81% say they would be likely to participate in one if it was offered by their favorite restaurant, coffee shop, snack place or deli.

This interest is strong across all age groups.

Clearly, loyalty programs need promoting, and that factors into marketing and staff training.

WAITING TO BE WOOD

% of customers who say they'd likely participate in a loyalty program if it was offered



Source: National Restaurant Association
Base: Consumers who currently do not participate in a restaurant loyalty or reward program.

For prospective loyalty program members (as compared with current members) technology might be a bit of an issue. Given a choice:

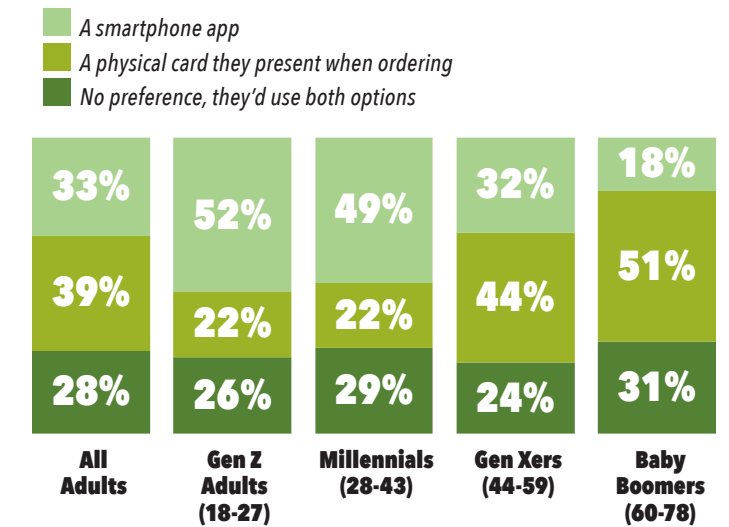
39% of prospective members say they would prefer to have a physical card they present when ordering.

33% say they would prefer to use a smartphone app.

51% of prospective-member baby boomers prefer cards.

PARTICIPATION PREFERENCES

How prospective loyalty program members say they'd prefer to participate



Source: National Restaurant Association
Base: Consumers who currently do not participate in a restaurant loyalty or reward program but would if one was offered by their favorite restaurant, coffee shop, snack place or deli

With an eye on building repeat business, **61%** of limited-service operators and **52%** of fullservice operators say they plan to devote resources to loyalty and rewards systems in 2024.





OPERATIONAL TRENDS

OFF-PREMISES TRENDS

52% of consumers – including **67%** of millennials and **63%** of Gen Z adults – say ordering takeout from a restaurant is an essential part of their lifestyle.

A majority of millennials (57%) and Gen Z adults (55%) feel similarly about delivery.

DELIVERY DELIVERS RESULTS

Operators report delivery sales (as a % of total sales) in 2023 compared with 2019)

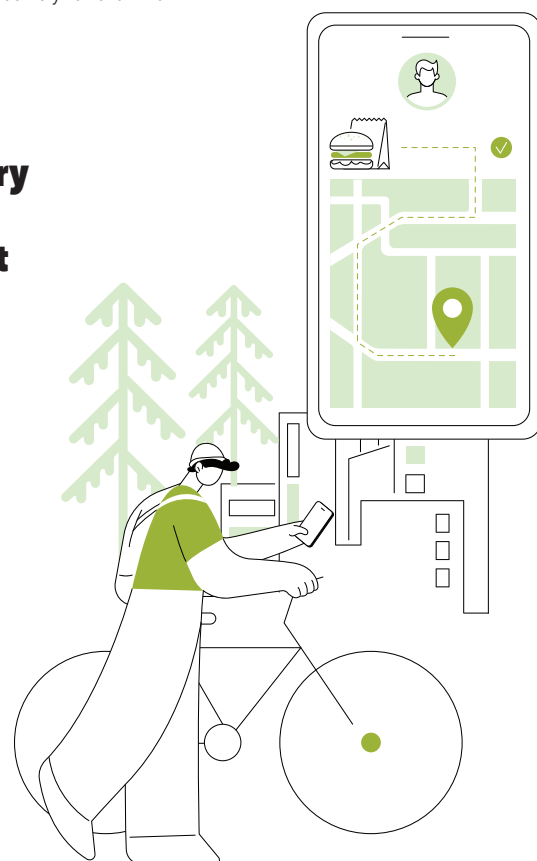
	All restaurants	Fullservice restaurants	Limited-service restaurants
Higher proportion than 2019	65%	58%	72%
Lower proportion than 2019	15%	19%	11%
About the same proportion as 2019	20%	23%	17%

Source: National Restaurant Association • Base: Restaurants that offer delivery now and in 2019

59% of delivery customers say they ordered food for delivery through a third-party service in the past 6 months, but this habit varied greatly by age group.

More than 7 in 10 Gen Z adults used third-party services compared with only **29%** of baby boomers.

70% of operators only use third-party delivery services; **8%** run their own delivery service.



Off-premises business is a critical part of most restaurants' revenue.

49% of all restaurants (**43%** of fullservice and **55%** of limited-service) say off-premises business represented a higher proportion of sales in 2023 than it did in 2019.

Only 22% say it made up a smaller portion of total sales.

31% of operators expect total off-premises sales in 2024 will be higher than 2023; **55%** expect them to hold steady.

Only 14% of operators think their off-premises sales will decline in 2024.

EXPANDING OFF-PREMISES OPTIONS

Off-premises business continues to grow in importance, many restaurants are looking for ways to increase take-away touchpoints for consumers.

Curbside takeout is a popular option among both fullservice and limited-service operators – more than 4 in 10 expect it to become more common in their segment in 2024.

Roughly 1 in 4 operators think restaurant locations that only offer takeout or drive-thru will become more common in their segment – the sentiment held more weight with limited-service operators.

27% of limited-service operators think the addition of drive-thru lanes will be more common within their segment in 2024, only **12%** of fullservice ops think so.

Only 1 in 5 operators think ghost kitchens will become more common in 2024.



Updating the company's mobile app was no mean feat for the marketing team at Lettuce Entertain You Enterprises, Chicago.

As a multi-concept operator with 110 restaurants in multiple states, the existing online app had grown into a mixed bag of legacy platforms in the 9 years since it was first created.

The company's new LettuceEats app, launched in 2023, is a comprehensive single platform for guests to find and interact with all the

company's brands and locations. It streamlines processes like delivery and carry-out orders, handles reservations, manages loyalty points, enables gift card purchases and stores them in a digital wallet, and keeps users informed about the latest events and offerings.

"In the six months since its launch, we've seen an increase across various metrics, including user engagement, interactions, loyalty program participation, and online orders," says Jennifer Bell, Chief Marketing Officer.

The primary enhancement is the revamped user experience, now centered around the guest's

preferences and interactions – their points, reservations, and favorite brands.

We've seen an increase across various metrics, including user engagement, interactions, loyalty program participation, and online orders.

"We've integrated online ordering, simplifying the process for earning points and redeeming gift cards with online purchases," she adds.

Along with recommending that operators invest in a robust app, Bell says it's critical to choose the right app development partners.

"Our teams' collaboration with our mobile app developer was vital. This partnership, even in the face of challenges, has been invaluable."

Today, Lettuce is working on rolling out new features and fine-tuning them once they're live and tested. One key focus: Connecting with younger diners and exploring strategies to engage them even more effectively.



Jennifer Bell
Chief Marketing Officer
Lettuce Entertain You
Chicago, IL



STATE
of the
RESTAURANT
INDUSTRY
2024



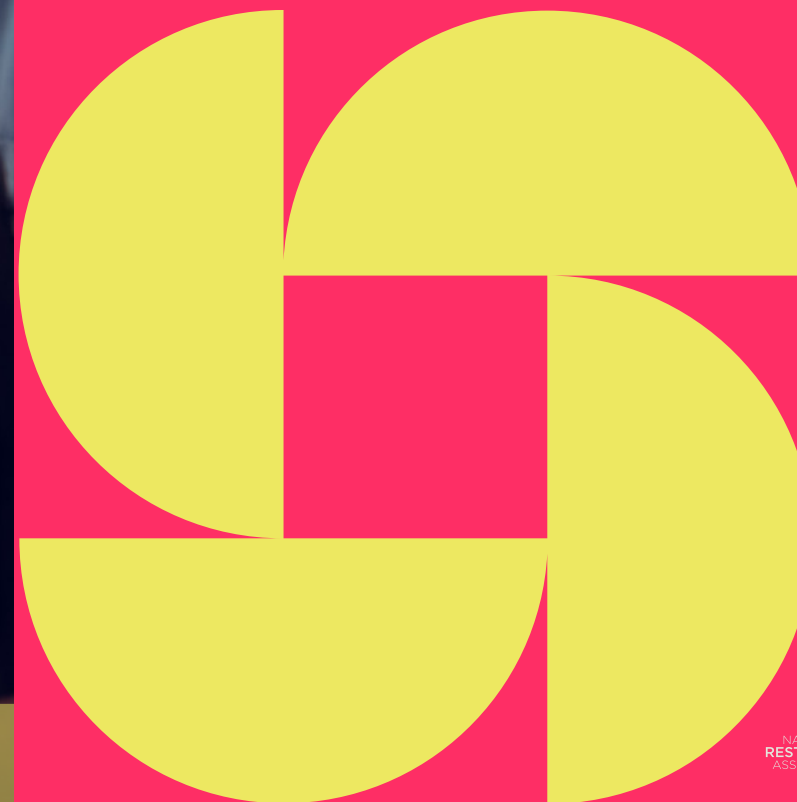
WORKFORCE TRENDS

By the end of 2023, the size of the industry's workforce returned to pre-pandemic levels. Providing 15.5M jobs – 10% of the total U.S. workforce – the industry regained its place as the nation's 2nd largest private sector employer.

12.4M jobs are in eating and drinking places, while another 3.1M employees work foodservice jobs in other sectors such as health care, accommodations, education, food and beverage stores, entertainment and recreation.

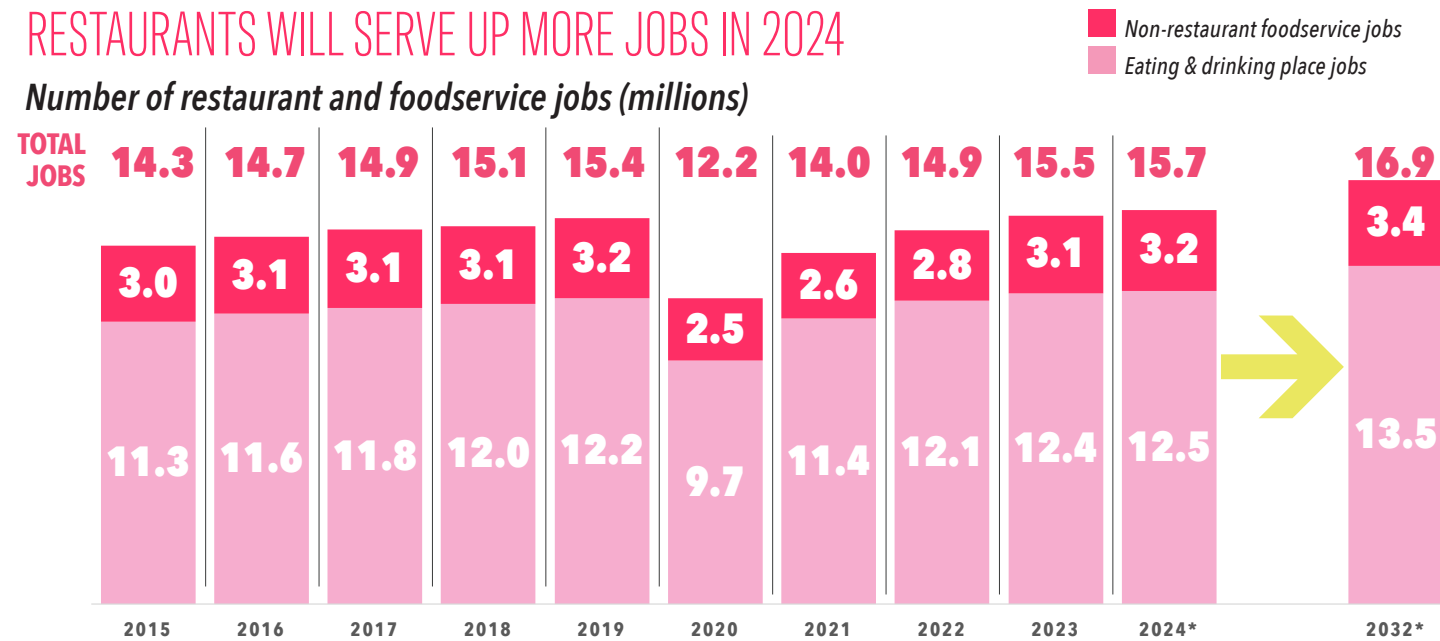
The restaurant and foodservice workforce will grow in 2024, but at a much slower pace than in recent years. The industry is projected to add 200K jobs in 2024, bringing total industry employment to 15.7M.

Over the next several years, job growth will continue to be moderate in the restaurant and foodservice sector. Between 2024 and 2032, the industry is projected to add 150K jobs a year on average, with total staffing levels reaching 16.9M by 2032.



RESTAURANTS WILL SERVE UP MORE JOBS IN 2024

Number of restaurant and foodservice jobs (millions)



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

COAST TO COAST

The restaurant and foodservice workforce is expected to grow in every state between 2022 and 2032. Setting the pace with projected 20% employment growth rates: Nevada, Utah, North Carolina and Georgia. Texas (255,000), California (241,500) and Florida (186,700) are expected to add the most restaurant jobs in the next decade.

State	2022 Jobs	2032 Jobs	# Change	% Change
Alabama	192,200	217,200	25,000	13.0%
Alaska	28,800	31,400	2,600	9.0%
Arizona	322,200	384,600	62,400	19.4%
Arkansas	122,500	137,500	15,000	12.2%
California	1,782,400	2,023,900	241,500	13.5%
Colorado	296,500	347,800	51,300	17.3%
Connecticut	147,100	158,700	11,600	7.9%
Delaware	45,600	51,800	6,200	13.6%
District of Columbia	61,700	71,900	10,200	16.5%
Florida	1,084,300	1,271,000	186,700	17.2%
Georgia	479,100	573,800	94,700	19.8%
Hawaii	90,400	103,500	13,100	14.5%
Idaho	85,200	98,200	13,000	15.3%
Illinois	565,200	620,000	54,800	9.7%

State	2022 Jobs	2032 Jobs	# Change	% Change
Indiana	306,900	338,600	31,700	10.3%
Iowa	138,100	149,500	11,400	8.3%
Kansas	133,200	143,300	10,100	7.6%
Kentucky	192,800	212,300	19,500	10.1%
Louisiana	199,300	217,900	18,600	9.3%
Maine	55,100	59,000	3,900	7.1%
Maryland	235,500	266,000	30,500	13.0%
Massachusetts	322,600	358,000	35,400	11.0%
Michigan	403,000	439,000	36,000	8.9%
Minnesota	250,500	285,300	34,800	13.9%
Mississippi	126,300	135,600	9,300	7.4%
Missouri	282,000	304,800	22,800	8.1%
Montana	57,400	62,800	5,400	9.4%
Nebraska	95,500	105,700	10,200	10.7%
Nevada	225,300	270,900	45,600	20.2%
New Hampshire	63,600	68,500	4,900	7.7%
New Jersey	339,800	369,900	30,100	8.9%
New Mexico	89,000	102,500	13,500	15.2%
New York	812,300	888,000	75,700	9.3%
North Carolina	484,900	581,300	96,400	19.9%
North Dakota	37,100	40,300	3,200	8.6%
Ohio	536,000	587,200	51,200	9.6%
Oklahoma	183,100	200,600	17,500	9.6%
Oregon	194,000	226,600	32,600	16.8%
Pennsylvania	518,200	562,300	44,100	8.5%
Rhode Island	51,400	55,800	4,400	8.6%
South Carolina	242,800	282,700	39,900	16.4%
South Dakota	46,000	49,500	3,500	7.6%
Tennessee	325,100	372,000	46,900	14.4%
Texas	1,417,000	1,672,000	255,000	18.0%
Utah	147,500	177,000	29,500	20.0%
Vermont	26,800	28,500	1,700	6.3%
Virginia	374,200	425,000	50,800	13.6%
Washington	333,100	389,000	55,900	16.8%
West Virginia	67,000	71,300	4,300	6.4%
Wisconsin	256,100	279,900	23,800	9.3%
Wyoming	28,300	30,100	1,800	6.4%

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 BLS • Note: Figures represent Q4 employment levels



HELP WANTED

Recruiting challenges are a long-term trend for the industry and many operators say they're understaffed.

Overall, **45%** say their restaurant doesn't have enough employees to support existing customer demand.

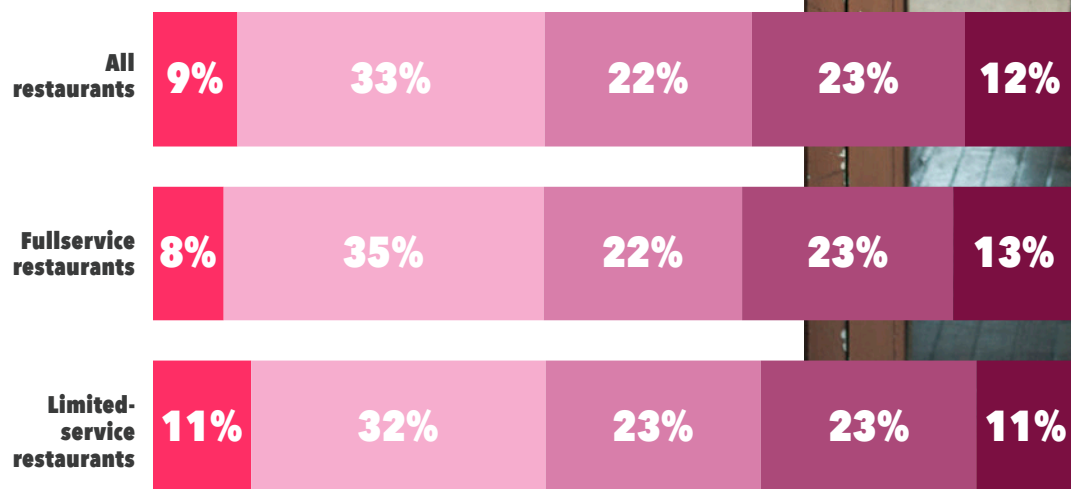
Operators of limited-service restaurants (48%) are more likely to say they are understaffed than their fullservice counterparts (41%).

Among those currently understaffed, **nearly 6 in 10** operators say their staffing level is more than 10% below what they need.

HUNGRY TO FILL POSITIONS

Restaurant operators share how understaffed they are

■ 1 - 5% ■ 6 - 10% ■ 11 - 15% ■ 16 - 20% ■ More than 20%



Source: National Restaurant Association • Base: Restaurants that currently do not have enough employees to support their existing customer demand

STAFFING SHORTAGES IMPACT HOSPITALITY

With too few employees, many understaffed restaurant operators adjusted business operations in 2023.

65% say they reduced hours of operation.

52% say they didn't operate at full capacity.

43% (including 51% of fullservice operators) say they closed on days they'd normally be open.

OPEN LATE OR CLOSE EARLY

Actions taken by restaurants in 2023 due to being understaffed

Actions taken	All restaurants	Fullservice restaurants	Limited-service restaurants
Reduce hours of operation on days that it's open	65%	65%	64%
Not operate at full capacity	52%	56%	49%
Close on days normally open	43%	51%	34%
Reduce number of items on the menu	41%	50%	32%
Postpone plans for expansion	34%	34%	34%
Incorporate more technology or automation	31%	27%	36%



9 in 10 operators say being understaffed has a 'significant' or 'moderate' impact on their restaurant's ability to grow and be successful.

STAFF SHORTAGE CAN LIMIT GROWTH

Operators report impact of understaffing on restaurant's ability to grow/be successful

Impact on ability to grow/be successful	All restaurants	Fullservice restaurants	Limited-service restaurants
Significant	56%	60%	51%
Moderate	34%	30%	38%
Just a little	10%	9%	11%
Not at all	0%	1%	0%

Source: National Restaurant Association • Base: Restaurants that currently do not have enough employees to support their existing customer demand

Really feeling it are understaffed fullservice operators, **60%** of whom say the impact is 'significant.'

APPLY TODAY!

Job openings are listing for longer at most restaurants looking to fill positions.

70% of restaurant operators indicate they have job openings that are hard to fill, including **73%** of fullservice and **66%** of limited-service restaurants.

67% of operators with difficult-to-fill job openings report having trouble finding applicants for kitchen positions and a majority say they have unfilled job openings for service positions, as well.



NOT ENOUGH COOKS IN THE KITCHEN

% of operators who report having difficulties filling open positions

Employee category	All restaurants	Fullservice restaurants	Limited-service restaurants
Service positions	55%	50%	61%
Kitchen positions	67%	80%	53%
Manager positions	44%	43%	45%

Source: National Restaurant Association
Base: Restaurants that currently have job openings that are difficult to fill

TAPPING INTO THE GIG ECONOMY

If they can't find full-time hires, some operators are turning to the gig economy.

25% of operators say using gig workers to fill in staffing will become more common in their segment in 2024.

Limited-service operators (29%) are somewhat more likely than their fullservice counterparts (21%) to see gig work as a viable option.

STAFFING CHALLENGES STILL ON THE MENU IN 2024

Nearly 9 in 10 operators say recruiting and retaining employees is a 'significant' or 'moderate' challenge for their restaurants and most don't see it getting much easier in 2024.

In fact, 31% of operators think recruiting and retaining employees will be even tougher in 2024, while **58%** expect it to be about the same as last year.

Only 1 in 10 operators think recruiting and retaining employees will be easier in 2024.



OPERATORS STEP UP STAFFING IN 2024

88% say they'll likely hire additional employees in the next 6-12 months if they can find qualified applicants.

The percentage varies slightly between 87% of fullservice and 89% of limited-service operators reporting they intend to hire.

But they'll do it with an eye on the economy.

54% of operators 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.

For fullservice, that likelihood is 58%; for limited-service restaurant operators it's 51%.

TECH SOLUTIONS CAN HELP—TO A POINT

Technology can help an operator find efficiencies to free up staff, but it can't solve every need.

47% of operators say that in 2024, the use of technology and automation (to help with the current labor shortage) will become more common within their segment (**44%** fullservice, **49%** limited-service say so).

69% of operators say that technology integration in restaurants will augment rather than replace human labor (by segment, it's **68%** fullservice, **69%** limited-service).

Only **14%** of operators say their restaurant made investments in equipment or technology that actually replaced an employee in 2023.

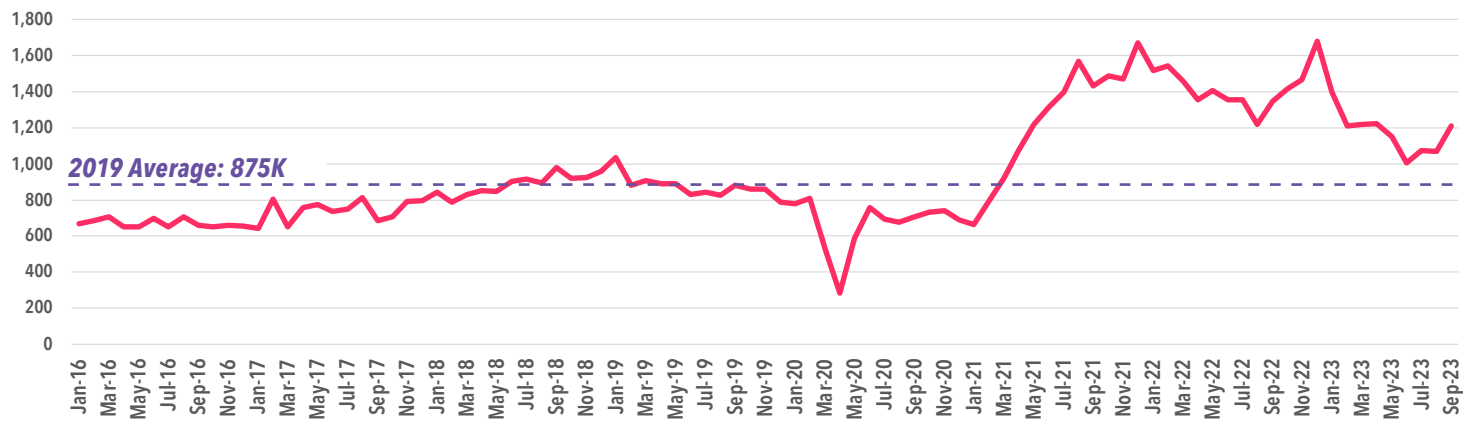


MORE JOBS NEED FILLING

Comparatively high numbers of job openings suggest restaurant workforce expansion has more room to run. September 2023 was the 30th consecutive month in which job openings in the combined restaurants and accommodations sector topped 1M, well above 2019's average of 875K each month.

HOSPITALITY JOB OPENINGS

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

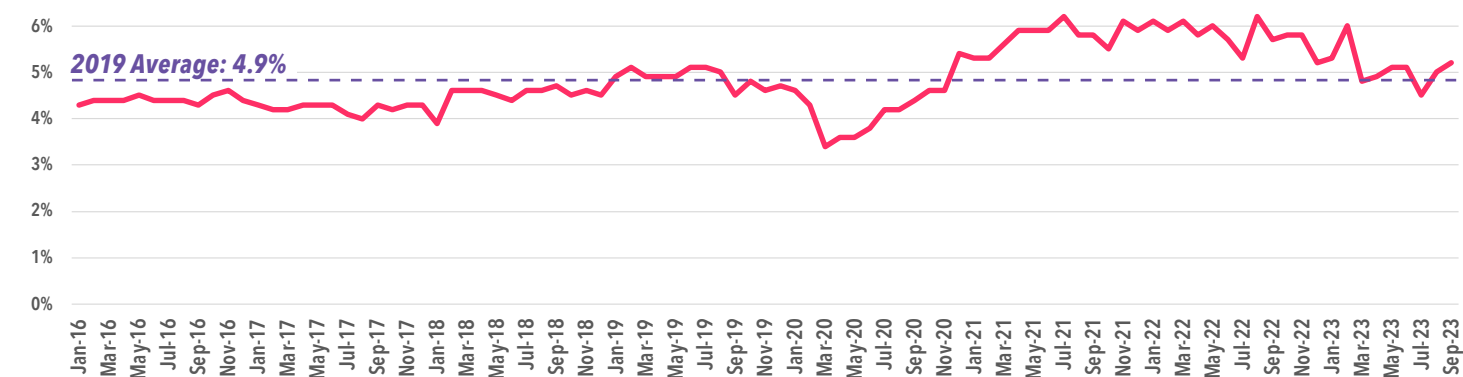


*Job openings represent vacancies on the last business day of the month • Sources: BLS, National Restaurant Association; figures are seasonally adjusted and preliminary

In the 2nd half of 2023, turnover of restaurant employees slowed. 4.9% of hospitality sector employees quit during Q3 of 2023, according to the BLS, that's nearly a full percentage point below the average monthly quit rate of 5.8% in 2021 and 2022.

FEWER PEOPLE LEAVING JOBS

Monthly quit rate in the restaurants and accommodations sector



Sources: BLS, National Restaurant Association; figures are seasonally adjusted and preliminary • Note: The job openings and quits data presented above are for the broadly defined Accommodations and Food Services sector (NAICS 72), because the BLS does not report data for restaurants alone. Eating and drinking places account for nearly 90% of jobs in the combined sector.



THE CHANGING FACE OF LABOR FORCE PARTICIPATION

More than 8M people dropped out of the labor force between February and April of 2020, and the overall U.S. labor force didn't return to pre-pandemic levels until August 2022.

That sharp decline in the labor force contributed to record-high job openings across the economy.

Importantly for restaurants, the labor force made up of teenagers and young adults – cohorts that together make up 40% of the restaurant industry workforce – grew. Young workers were increasingly likely to enter the labor force in recent years largely due to higher wages driven by the tight labor market.

In 2023, 36.9% of 16-19 year olds were in the general labor force, the highest level since 2009 (37.5%), but well below the record level, 1979's 57.9%.

For 20-24 year olds, participation stood at 71.3% in 2023, up significantly from pandemic lows.

While the *population* of the 16-24 age cohort is projected to remain relatively steady over the next decade, the U.S. Bureau of Labor Statistics expects its labor force participation to decline steadily. This would result in a sharp reduction in the number of teenagers and young adults in the labor force.

Fortunately, the last few years provide a clear indication that the teenage and young adult workforce should not be written off – in the right circumstances, they'll come off the sidelines.

In a more optimistic scenario, the labor force participation rates of 16-24 year olds could remain flat during the next decade.

This would translate to an additional 1M teens & 700K young adults in the labor force vs. BLS' declining projections.

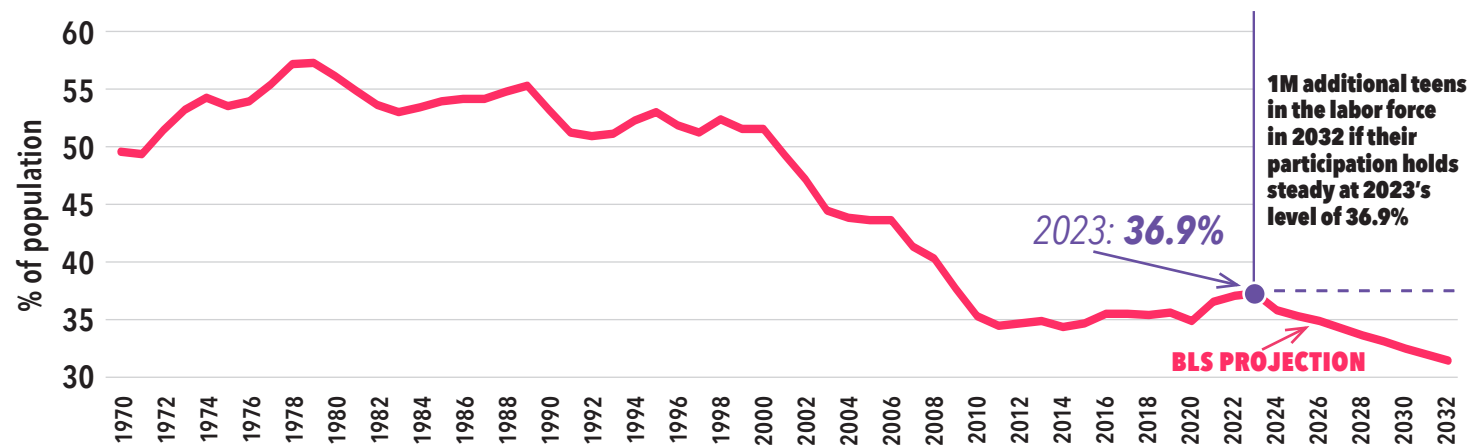
If the current participation rate of younger workers holds in the years ahead, it would go a long way to easing some of the restaurant industry's staffing challenges.





**WITH STEADY PARTICIPATION,
THE LABOR FORCE WOULD ADD 1M TEENS**

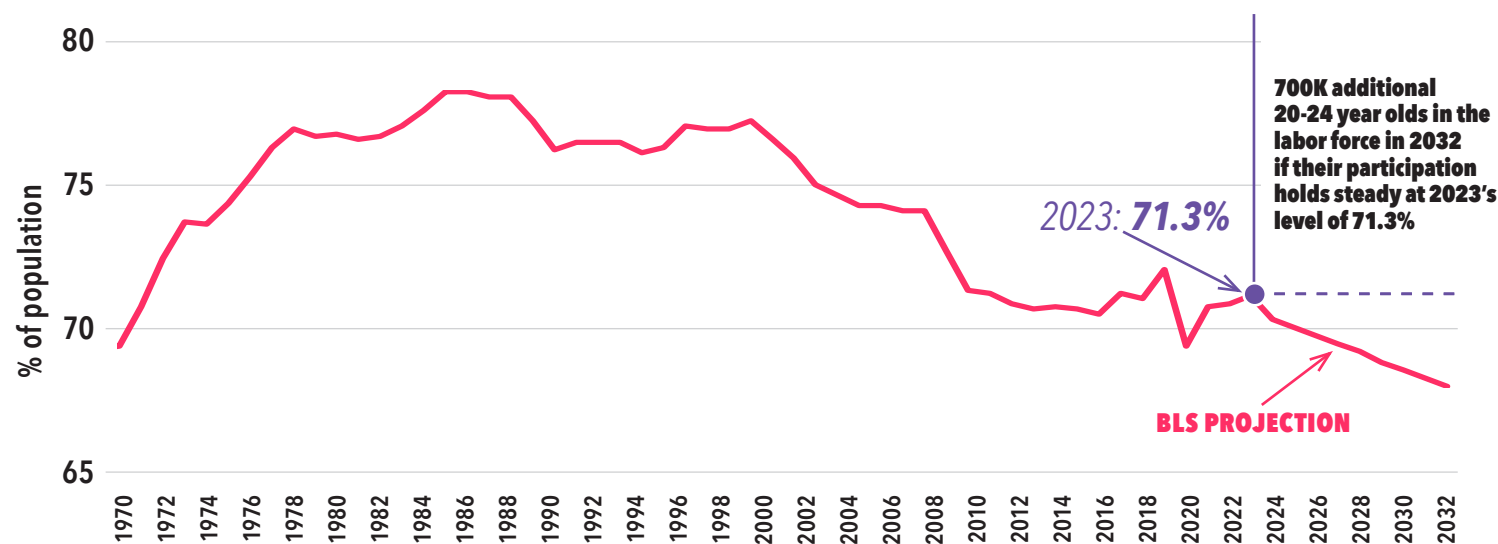
*Labor force participation rate of 16-19 year olds:
historical and projected*



Sources: BLS, National Restaurant Association

WITH STEADY PARTICIPATION, THE LABOR FORCE WOULD ADD 700K YOUNG ADULTS

Labor force participation rate of 20-24 year olds: historical and projected



Sources: BLS, National Restaurant Association

**RESTAURANTS:
FROM FIRST JOB TO CAREER**

In the restaurant industry, there's a job for everyone and careers' worth of advancement opportunities.

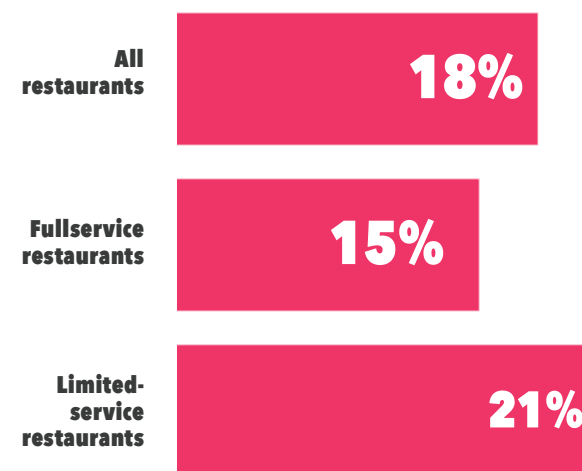
In 2023, restaurant operators reported that 18% of their jobs were filled by people for whom this was the first regular job they ever held.

In addition to providing first job opportunities, many positions are filled by people advancing from other positions within a restaurant. Having received on-the-job training and gaining experience about the operation, they're often ideal candidates for more senior spots.

In 2023, 15% of restaurant job openings were filled by people who were promoted from within.

FIRST RUNG ON THE CAREER LADDER

% of restaurant job openings in 2023 that were filled by people for whom it was their first-ever regular job



Source: National Restaurant Association



Creating opportunities for people with intellectual and developmental disabilities is challenging, but the rewards are great, says Natalie Griffin, owner of Gerry's Café in Arlington Heights, Ill.

Griffin and business partner Amy Philpott opened the bakery-café last year to provide jobs for community members with Down Syndrome, autism, or cerebral palsy, who're typically unemployed or underemployed. The restaurant, which serves breakfast and lunch daily, operates as a 501(c)(3) nonprofit and employs 41 team members. She says they're learning skills to help create opportunities for their future.

Each employee receives six weeks of operational and culinary training and works part-time in accordance with government regulations. Training includes cooking/baking, how to make eye contact, carrying beverages steadily to tables, taking orders on touchpad



Natalie Griffin
Co-Founder & Board President
Gerry's Café
Arlington Heights, IL

technology, and properly cleaning and sanitizing tables. They're also required to complete the [ServSafe Food Safety Program](#).

Working in the restaurant industry is a great way for these individuals to not only feel valued, but also engage with others.

"When I look at each hire, I believe 100% they can do the job," Griffin says. "It's up to us to help them learn, whether it's by breaking things down step-by-step or with visual demonstration and verbal explanation. It's lots of practice and repetition, but they're doing it. They've surpassed all expectations in contributing to our café's success."

She adds that working in the restaurant industry is a great way for these individuals to not only feel valued, but also engage with others and develop ongoing relationships.

Griffin says she hopes Gerry's will get other business owners to see the potential and give folks with disabilities a chance to contribute and thrive.



STATE
of the
**RESTAURANT
INDUSTRY**
2024

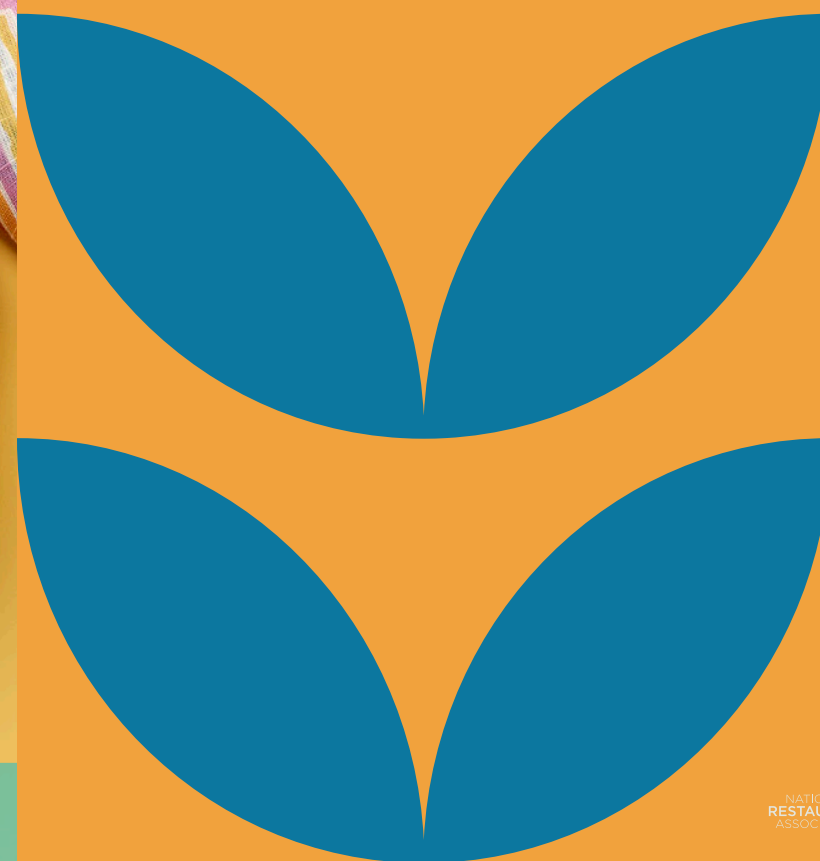


FOOD & MENU TRENDS

There's a balance at play for operators in the coming year between tamping down costs and ramping up interest. Food costs, which hit record highs in 2023, are leveling off or coming down but still remain historically elevated.

In response, operators report they're comparison-shopping suppliers and planning to keep the number of items on menus about the same. Streamlined menus – partially borne of the need to fit menus on mobile apps for growing off-premises business – are here to stay, according to operators.

But consumers are signalling they're ready for more menu options, so operators plan to keep things interesting with LTOs and restaurant experiences including private tastings, cooking classes, chef's dinners, and robust bar programs.





FOOD COSTS, AVAILABILITY STILL IMPACT MENUS

Some commodity food costs leveled off or declined in 2023, but it hasn't made much of a dent in the Cost of Sales line item for most restaurants.

76% of operators say their average food costs were higher in 2023 than they were in 2022.

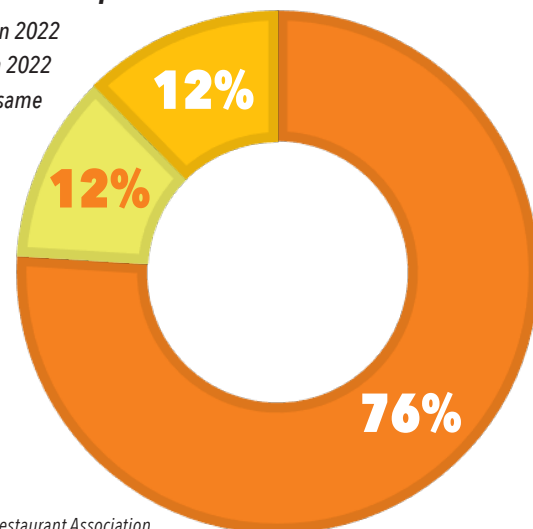
Only **12%** reported a decline.



FOOD COSTS TRENDED HIGHER

Restaurant operators report their average food costs in 2023 compared with 2022

- Higher than 2022
- Lower than 2022
- About the same as 2022



Source: National Restaurant Association

Faced with higher food costs, **60%** of operators shopped around for other suppliers or took items off the menu (53%).

These actions were much more common among fullservice operators than limited-service. Fullservice operators were also more likely than their limited-service counterparts to adjust portion sizes (43%) and substitute lower-cost items on the menu (35%).

CHANGE REACTION

% of restaurant operators that took the following actions in 2023 due to higher food costs

Actions taken	All restaurants	Fullservice restaurants	Limited-service restaurants
Shopped around for other suppliers	60%	64%	55%
Removed items from the menu	53%	62%	43%
Cut costs in other areas of the operation	45%	46%	43%
Adjusted portion sizes	39%	43%	34%
Increased tracking of food waste	37%	35%	38%
Substituted lower-cost items on the menu	29%	35%	23%
Purchased more items from local sources	19%	23%	15%

Source: National Restaurant Association
Base: Restaurant operators that said their average food costs were higher in 2023 than in 2022.

The availability of food items impacted menu composition as well.

77% of operators say their restaurant experienced supply delays or shortages of key food or beverage items in 2023.

As a result of these supply issues, 58% of restaurant operators say they changed their menu offerings.

WHY WE ♥ RESTAURANTS

9 in 10 adults say they enjoy going to restaurants and it's no wonder – the opportunity to relax and connect with friends or family over a good meal is a universal pleasure.

But the restaurant occasion also provides customers the chance to explore something new.

89% of adults say restaurants are a good place to learn about food and beverages that they haven't tried before.

For **82%** of consumers, restaurants allow them to enjoy a favorite meal that has flavor and taste sensations they can't easily replicate at home.





FOOD & MENU TRENDS

STRIKING THE RIGHT BALANCE WITH CUSTOMERS

7 in 10 operators don't expect to increase menu offerings in 2024.

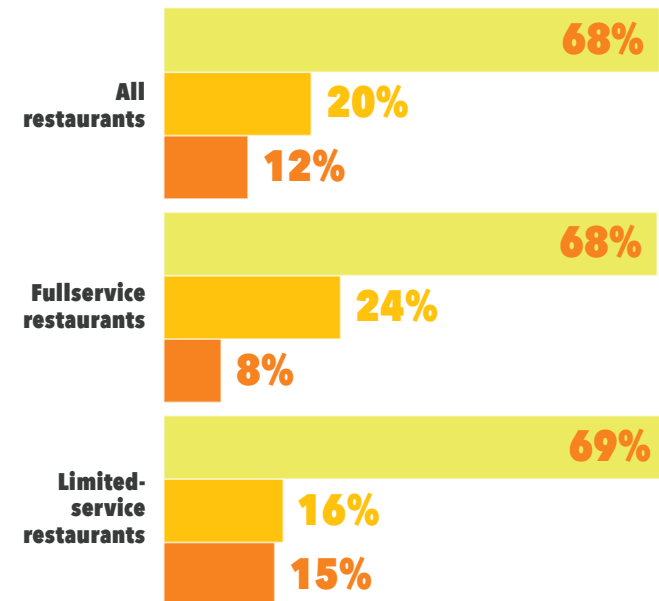
Limited-service restaurant operators (15%) were more likely than fullservice (8%) to say they plan to expand menus in the coming year.

However, with **86%** of adults saying they like lots of choices on restaurant menus, operators are pressed to find a balance between thoughtfully streamlined, food-cost-effective menus and enough variety to satisfy demand.

STICK WITH WHAT'S SELLING

Operators report on their menu offerings in 2024, compared with 2023

- About the same
- Fewer menu items in 2024
- More menu items in 2024



Source: National Restaurant Association



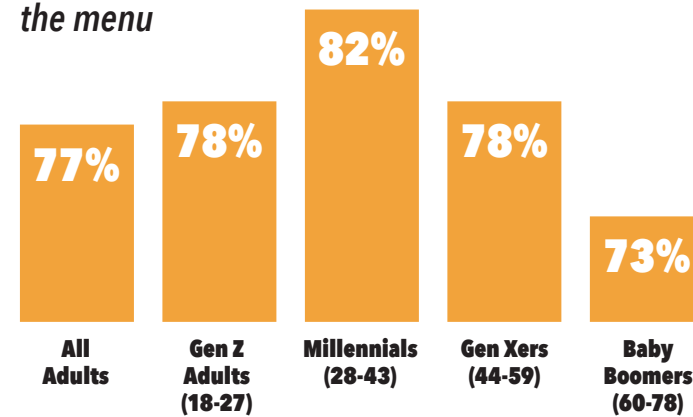
PIQUING CONSUMER INTEREST

Adding menu items isn't the only option for providing choices to satisfy customer demand. Among the opportunities consumers want to consider:

exclusive menu items, healthier options, and supporting the local economy.

DAILY SPECIALS

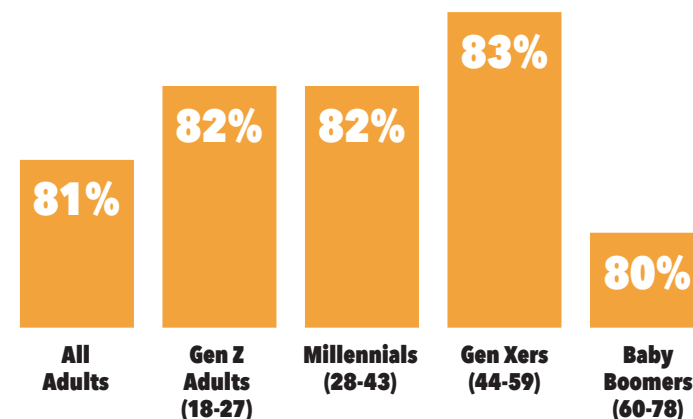
% of consumers who say they want the option to order daily specials that aren't regularly on the menu



Source: National Restaurant Association

LOCALLY SOURCED

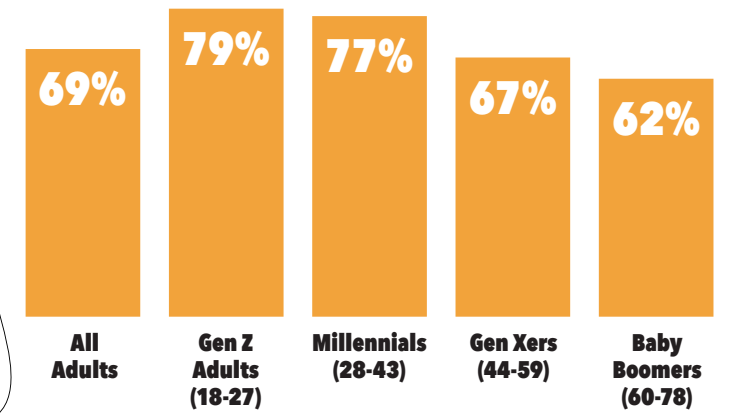
% of consumers who say they'd likely order locally sourced food if it was offered



Source: National Restaurant Association

SUSTAINABLE CHOICES

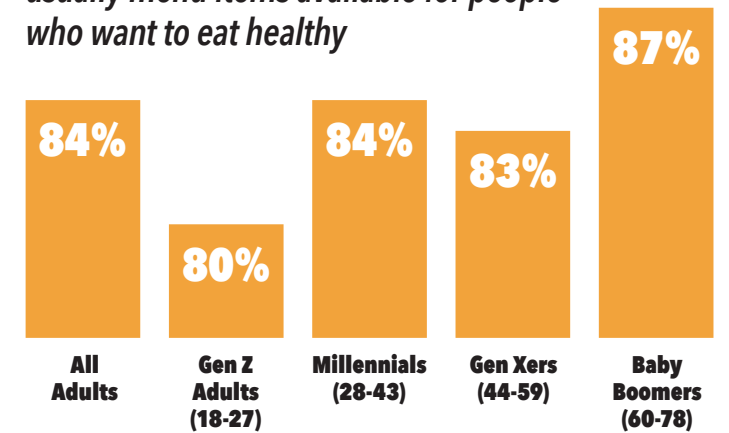
% of consumers who say they'd likely order food that was grown or raised in an organic or environmentally friendly way



Source: National Restaurant Association

HEALTHY OPTIONS

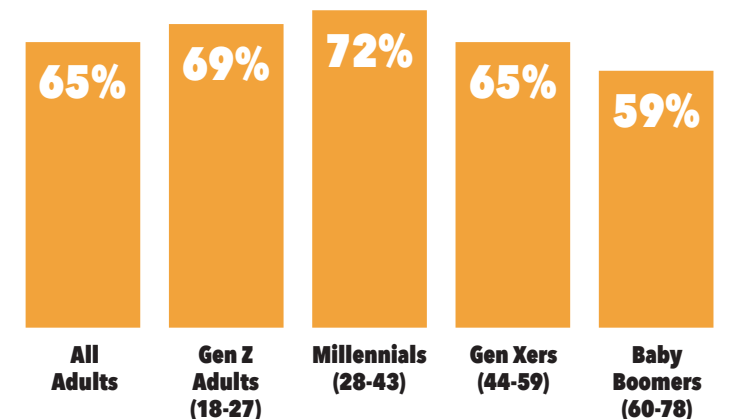
% of consumers who say there are usually menu items available for people who want to eat healthy



Source: National Restaurant Association

PORTION SIZE VARIETY

% of consumers who say there are enough portion options



Source: National Restaurant Association





THEY'LL TOAST TO THAT

There is definitely customer demand for alcohol-focused offerings and tasting events, pairing menus, and "clubs." If done right, beverage alcohol can match – or even exceed – food as a restaurant's point of differentiation among consumers. Traditionally, this was rarely the case.

An effective alcohol program can be a reason for customers to come in the door in the first place, rather than just something additional to sell them along with their meal.

Among adults who imbibe in beer, wine or cocktails, 7 in 10 say the availability of alcohol beverages makes them more likely to choose one restaurant over another.

Many restaurants plan to expand their alcohol beverage offerings in 2024 to meet demand. Among fullservice operators that serve alcohol, 54% plan to add new cocktails, and about half plan to add new offerings in beer (51%) and wine (48%).

Adult beverages that "hold the alcohol" are also becoming more common on restaurant menus.

36% of fullservice operators who serve alcohol plan to add new non-alcohol cocktails and 23% plan to add new non-alcohol beers in 2024.



OFF-PREMISES IN THE SPOTLIGHT

Off-premises traffic is a prime growth opportunity for operators who offer it.

88% of off-premises customers say they're satisfied with the variety of local food options available for takeout and delivery.

That said, an equally strong majority would like more choices beyond the traditional off-premises options if the food quality was similar to on-premises dining.

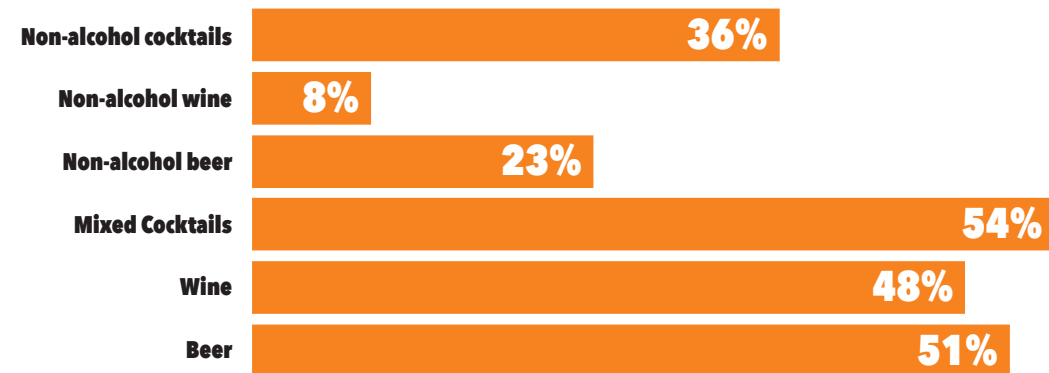
9 in 10 off-premises customers say they'd likely order a wider variety of food items if the restaurant used packaging that helps the food maintain the same taste, temperature and quality as when it's served in the restaurant.

One key to preserving food quality in transit is upgraded packaging and a majority of consumers say the extra cost would be worth it.

62% of off-premises customers (including 7 in 10 millennials) say they'd be willing to pay a little more for to-go orders than they would in the restaurant to cover the cost of upgraded packaging.

RAISING THE BAR ON SELECTION

% of fullservice restaurants that plan to add new offerings in the following categories in 2024



Source: National Restaurant Association
Base: Fullservice restaurants that serve alcohol beverages

59% of Gen Z adults and 50% of millennials say they'd likely order non-alcohol beer, wine or cocktails if they were offered by a restaurant they go to in their area.

Locally sourced beverages are a draw, especially for millennials and Gen Zs.

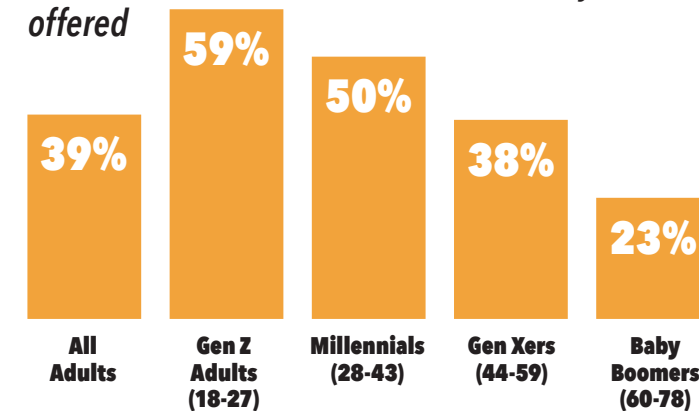
53% of adults aged 21+ say they'd likely order local beer, wine or spirits if they were offered by a restaurant they go to in their area.

That includes:

**66% of millennials
63% of Gen Z adults
51% of Gen Xers and
42% of baby boomers**

YOUNGER ADULTS THIRSTY FOR NON-ALCOHOL OPTIONS

% of consumers who say they'd be likely to order non-alcohol beer, wine or cocktails if they were offered



Source: National Restaurant Association





ADULT BEVS TO-GO: SMART BUSINESS

Among fullservice restaurants that serve alcohol beverages, roughly half say they offer the option of including them with takeout or delivery orders.

It's clearly good for business:

96% say they'll likely continue doing so if their jurisdiction allows it.

Of those that offer alcohol beverages to-go:

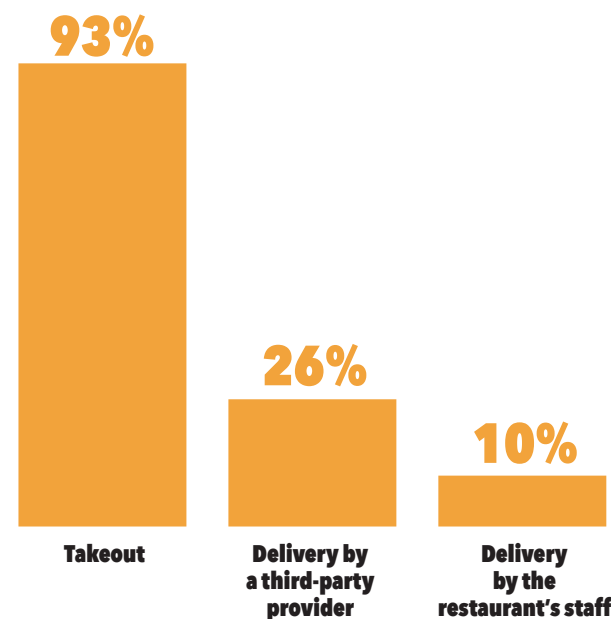
93% offer them with orders customers pick up.

1 in 4 send them via third-party delivery orders.

1 in 10 arrange for their own staff to deliver them.

TAKEOUT IS IN FOR ALCOHOL TO-GO

% of fullservice operators who say their restaurant offers alcohol beverages via the following off-premises channels



Source: National Restaurant Association
Base: Fullservice restaurants that currently offer alcohol beverages with takeout or delivery orders

Of operators who serve alcohol, beer is the most common alcohol beverage offered with takeout or delivery orders.

83% of operators offer beer.

Wine by the bottle is available at **65%** of fullservice restaurants that offer alcohol beverages with takeout or delivery.

Cocktails are available at about **6 in 10** fullservice restaurants **35%** offer wine by the glass to-go.

Response to alcohol to-go has been positive – particularly with younger consumers.

56% of Gen Z adults (age 21+) and **45%** of millennials say they included an alcohol beverage with a takeout or delivery order from a restaurant, deli or fast food place in the past 6 months.

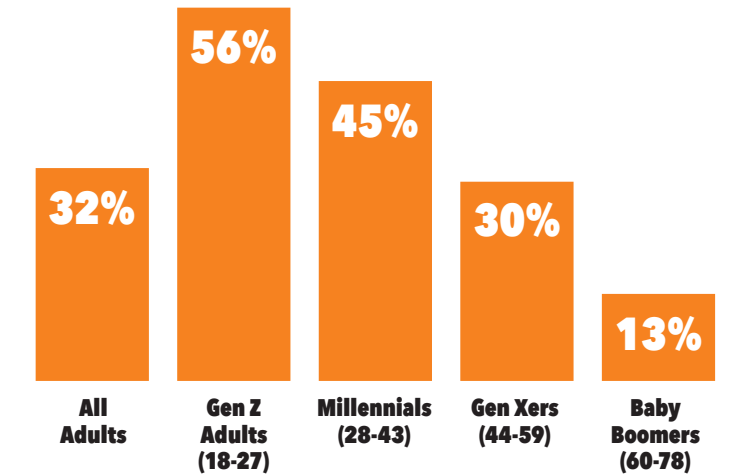


This same group of consumers says the ability to include alcohol beverages in off-premises orders is a point of differentiation for them.

53% of millennials and **47%** of Gen Z adults (age 21+) say the option would make them more likely to choose one restaurant over another.

YOUNGER CONSUMERS TAKE TO ALCOHOL TO-GO THE MOST

% of off-premises customers who included an alcohol beverage with a takeout or delivery order

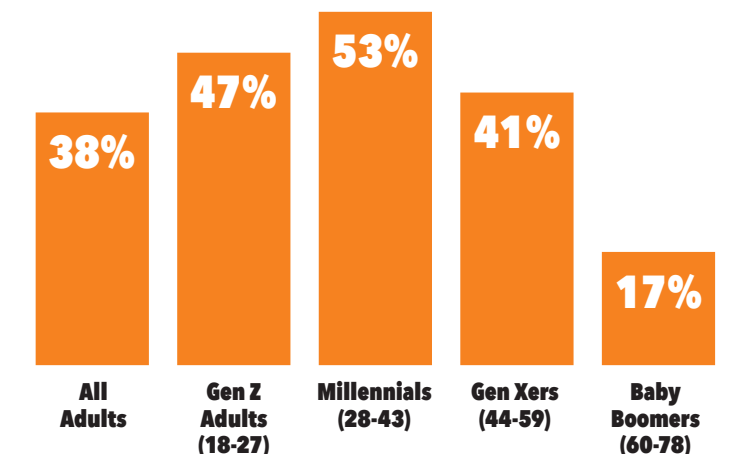


Source: National Restaurant Association
Base: Adults age 21+ who ordered takeout or delivery food from a restaurant, deli or fast food place in the past 6 months



GEN Z TO GEN X, ALCOHOL TO-GO IS A SELLING POINT

% of off-premises customers who say the option of including alcohol beverages with a takeout or delivery order would make them more likely to choose one restaurant over another



Source: National Restaurant Association
Base: Adults age 21+ who ordered takeout or delivery food from a restaurant, deli or fast food place in the past 6 months



OPPORTUNITIES BEYOND THE MENU

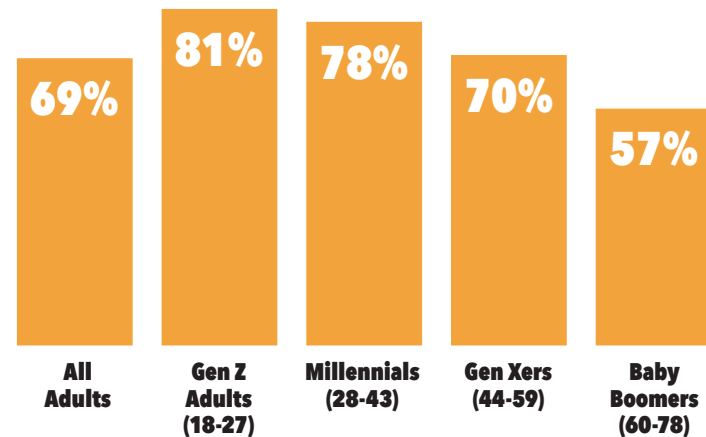
Restaurant operators can also look beyond traditional menu offerings to boost business. On-premises, off-premises and retail opportunities that are popular among many consumers include options covered in the next pages.



ON-PREMISES OPPORTUNITIES

TASTING EVENTS, A DELICIOUS IDEA

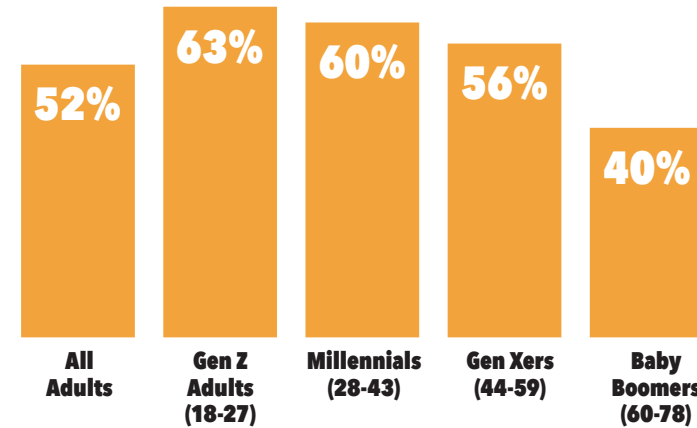
% of consumers who say they'd likely participate in a restaurant tasting event that offers a selection of food items to sample



Source: National Restaurant Association

PRIVATE DINNER WITH THE CHEF

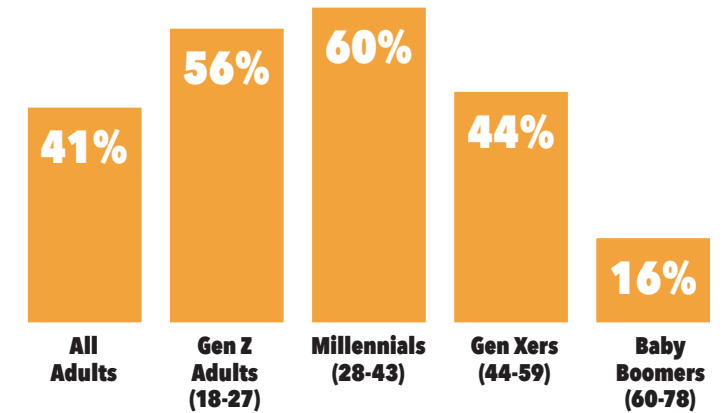
% of consumers who say they'd likely participate in private dinner events at a restaurant with the chef or an expert on a type of cuisine



Source: National Restaurant Association

A FAMILY AFFAIR

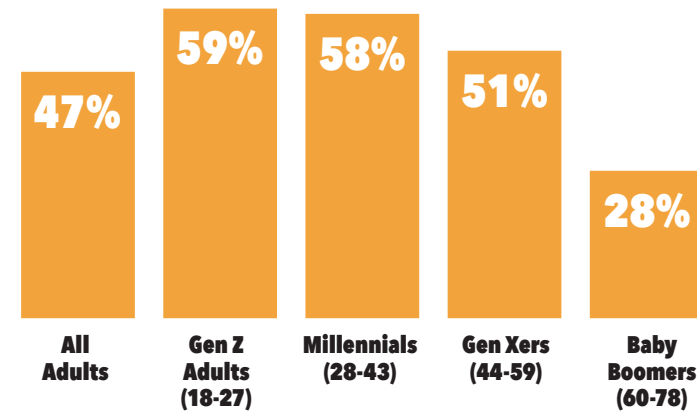
% of consumers who say they'd likely participate in interactive cooking demonstrations for kids if they were offered



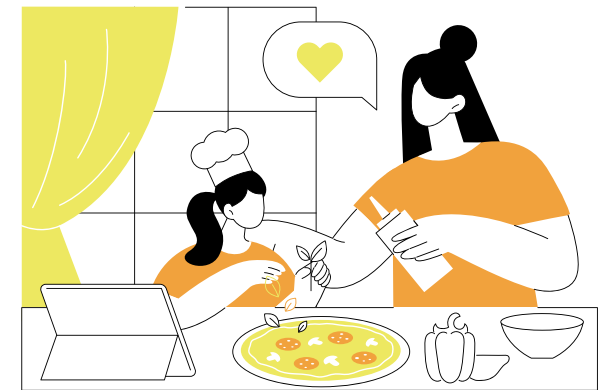
Source: National Restaurant Association

CLASS IS IN SESSION

% of consumers who say they'd likely participate in cooking classes at a restaurant



Source: National Restaurant Association



No surprise, this family-friendly offering would be much more popular with parents.

75% of adults with children at home say they'd likely participate in restaurant-hosted cooking demos for kids vs. **26%** of adults with no kids in the house.

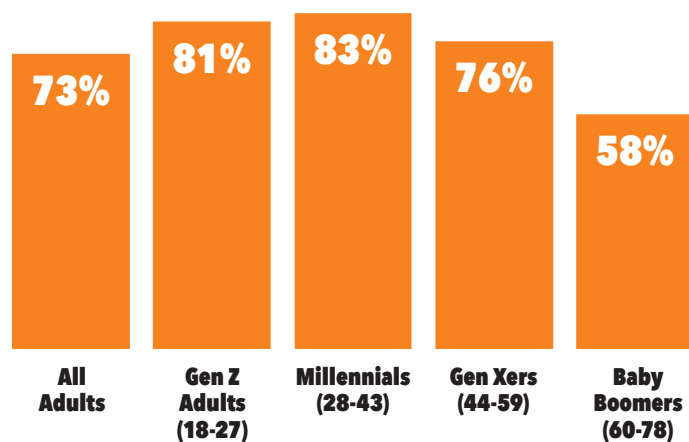




OFF-PREMISES OPPORTUNITIES

MULTI-COURSE MEAL BUNDLE

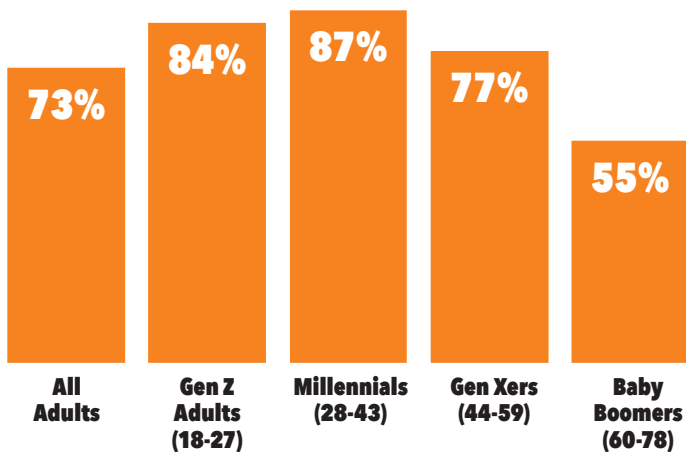
% of consumers who say they'd likely order multi-course meal bundles (such as an appetizer, entrée and dessert) for takeout or delivery if they were offered



Source: National Restaurant Association

MEAL KITS HIT THE SPOT

% of consumers who say they'd likely purchase a meal kit that contained pre-measured, raw ingredients and instructions to prepare a full meal at home if it was offered by a restaurant



Source: National Restaurant Association

Consumers are interested in subscriptions that offer a specified number of meals each month.

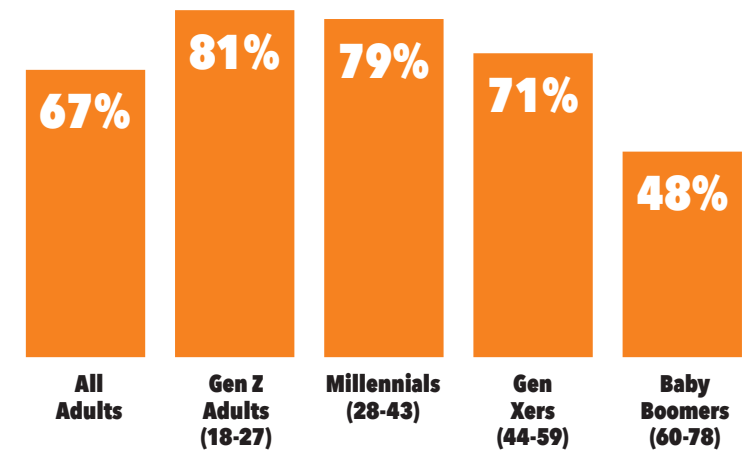
These fully-prepared meals would be available for pickup or delivery on the customer's chosen days, and offered at a discount from the regular menu price.

More than half of consumers say they're more likely than they used to be to supplement home cooked meals with restaurant-prepared items – such as a main dish, side, or dessert.

It's a good incentive for operators to offer some of their popular items in formats customers can easily order or grab and go.

MEAL SUBSCRIPTIONS

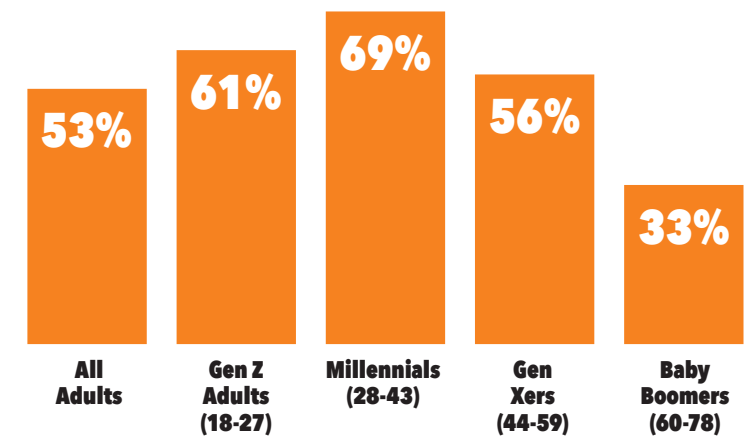
% of consumers who say they'd likely participate in a meal subscription program if it was offered



Source: National Restaurant Association

BLENDING RESTAURANT & HOME-COOKED MEALS

% of consumers who say they're more likely than they used to be to incorporate restaurant-prepared items into their home-prepared meals



Source: National Restaurant Association

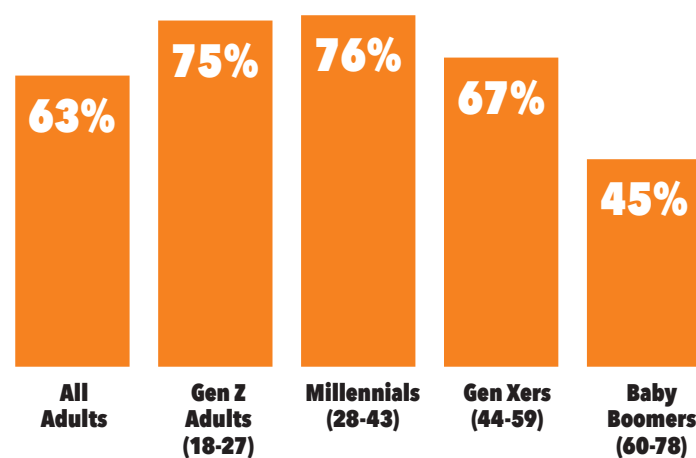


RETAIL OPPORTUNITIES



INGREDIENTS FROM THE RESTAURANT KITCHEN

% of consumers who say they'd likely buy fresh, uncooked food items such as meat, produce, dairy, bread or pasta, if they were offered by one of their favorite restaurants



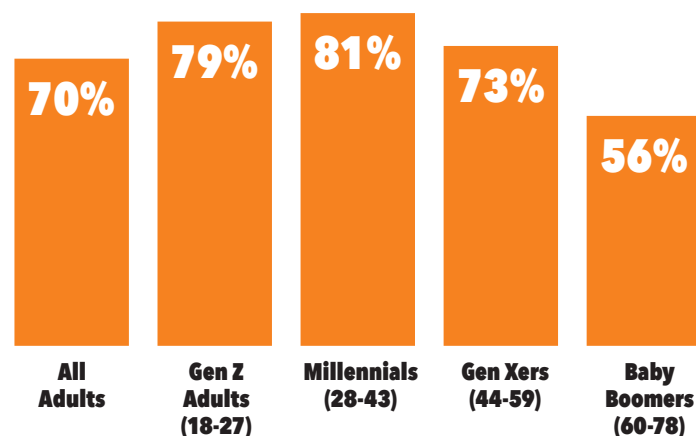
Source: National Restaurant Association

Restaurant operators appear willing to fulfill their customers' demand for SWAG.

53% of operators (60% of fullservice and 47% of limited-service operators) say offering apparel such as sweatshirts or caps featuring the restaurant's name and logo will become more popular within their segment in 2024.

PACKAGED FOR HOME PREP

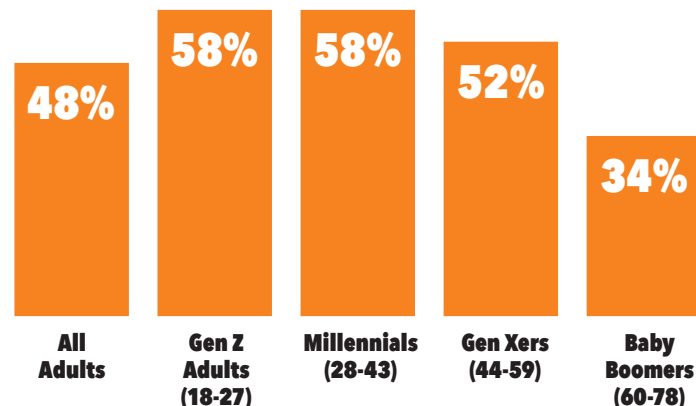
% of consumers who say they'd likely buy packaged food and beverage items (such as sauces or frozen items) from the menu if they were offered by one of their favorite restaurants



Source: National Restaurant Association

IN SEARCH OF MERCH

% of consumers who say they'd likely buy apparel (such as sweatshirts or caps) with the restaurant's name and logo if it was offered by one of their favorite restaurants



Source: National Restaurant Association

WHAT'S Hot 2024

The top "Macro Trend" in the 2024 What's Hot Culinary Forecast is incorporating social media trends into restaurant menus and marketing.

Making use of platforms like TikTok is top of mind for operators and very much a two-way street when it comes to influence. Viewers help restaurant fare go viral and restaurants turn out creative versions of online food fads, parlaying them into innovative menu additions or LTOs.

In the food categories – dishes, ingredients, flavors and condiments – comfort and community dominate. Soups and stews, stuffed vegetables, and grilled cheese dishes are classic comfort foods and are a safe way for

consumers to sample unique ingredients and flavors from other regions, both domestic and international. Social media sharing quickly heightens awareness of regional food discoveries.

In beverages, energy and health are the keynotes. In the non-alcohol category, beverages that boost energy are in demand, but consumers are increasingly looking for ingredients that boost health, too. Botanicals infusing the cocktail market also carry a health-forward vibe, with easy-to-recognize herbs, berries, flowers and leaves enhancing the flavor and presentation. Low-alcohol beverages, both the commercial brands restaurants sell and the cocktails they create, have a health hook that's trending well with adults today, especially younger adults.

TOP 10 TRENDS

- 1. World Stage Soups & Stews**
(Birria, Chicken Tom Kha, Laksa, Salmorejo, Upscale Ramen)
- 2. Global Chicken Wings**
- 3. International BBQ**
- 4. Incorporating Social Media Trends**
(TikTok)
- 5. Grilled/Cooked Cheeses**
(Provoleta, Queso Fundido, Raclette, Halloumi, Juustoleipa)
- 6. Wagyu Beef**
- 7. Stuffed Vegetables**
(Chiles en Nogada, Stuffed Peppers, Stuffed Cabbage Rolls)
- 8. Regional Menus**
- 9. Streamlined Menus**
- 10. Hot Honey Breakfast Sandwiches**



NATIONAL RESTAURANT ASSOCIATION



**OPERATOR
PERSPECTIVE**

When Michigan shut down restaurants in 2020, multi-concept Downtown Restaurant Investments pivoted to off-premises and landed on newly permitted alcohol to-go as a way for the restaurants to bring in new revenue.

“Our alcohol to-go program was initially a form of survival,” says Dave Dittenber, president. “We had to adjust our business models to keep our employees and provide services to customers because they couldn’t dine on-site with us.”

We’re all looking for more revenue streams; alcohol to-go is an easy way to do it.

As time went on, the restaurants got more creative, developing experiences around their alcohol to-go programs. “We promoted a virtual happy hour where we would deliver food and drinks to people’s homes so they could connect and share a meal online.”

Today, DRI continues to evolve its alcohol to-go program developing more ideas for parties, bachelorettes, birthdays and holidays. Craft cocktail kits, unusual cocktail flights, and themed events such as margaritas for Cinco de Mayo all prove popular. The company promotes hard-to-get liquors and limited-edition cocktails for to-go-only specials, as well.

“For packaging, we worked closely with local suppliers who already had the best practices in place, and package prices and reliability have improved over the years. We tamperproof using stickers and cocktails are labeled, dated and sealed per state law. It’s very important to be responsible for safety, just as you do with traditional restaurant service,” he says.

Dittenber’s local insurance provider guided the company through the legalities and liabilities to consider when setting up an alcohol to-go program. While all states are different, he says it’s important to check with your provider and local liquor enforcement to make sure you’re compliant.



Dave Dittenber

**President
Downtown Restaurant Investments
Midland, MI**



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