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their menus, adjusting portion sizes or substituting lower cost items all in response to elevated food prices.

Isaac M. O'Bannon • Feb. 16, 2024



Restaurants sales are forecast to exceed \$1.1 trillion in sales this year, marking a new milestone for the industry that will employ over 15.7 million people in the United States by the end of 2024. This is all according to the [National Restaurant Association 2024 State of the Restaurant Industry Report](#).

Key findings from this year's report include:

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restaurant operators report needing more employees to meet customer demand and a majority (70 percent) have job openings that are hard to fill.

- **Profitability remains challenged:** Operators are slightly less optimistic about profitability, with only 27 percent of operators expecting to be more profitable this year. Average food costs have increased more than 20 percent and average wages more than 30 percent from 2019—both impacting profitability.
- **Jobs drive consumer spending:** All restaurant sales are local, and consumers are generally upbeat about their community. Fifty-five percent of adults describe their local economy, including the availability of jobs, as excellent or good.

“With more than \$1 trillion in sales expected this year, the state of the restaurant industry is strong thanks to the agility of its operators and employees,” said Michelle Korsmo, President & CEO of the National Restaurant Association. “As our report shows, restaurants are finding ways to adapt to the challenges of increased food costs and supply chain disruption. Restaurants have responded well to customers’ desire to have more opportunities to enjoy restaurant meals, which continues to grow sales, create employment opportunities, and foster a strong sense of community.”

### **Operators and Consumers Alike See Value in Technology and Special Deals and Promotions**

Consumers’ affinity for technology in restaurants varies and as a result, operators are strategically deciding how to incorporate technology into the experience. For full-service restaurants, nearly half (46 percent) of adults think technology has a positive impact, and this number weighs heavily towards younger consumers (64 percent of Gen Z and 66 percent of Millennials). Similarly, this group is more likely to want more technology options according to the research.

These preferences can help operators make informed decisions on where and how to

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comes with a deal and 84 percent said they'd take advantage of deals offered for dining at off-peak times. Further, 75 percent of adults would opt for smaller-sized portions for a lower price—a trend that can help restaurants curb food waste and improve profits.

To further fuel customer retention, the data suggests focusing on loyalty and rewards programs. Customers prefer to see this type of program on a smartphone app, further enforcing the need for technological innovation and creating additional touchpoints between customers and restaurants.

### **Restaurant Employment to Reach 15.7 Million in 2024**

The restaurant and foodservice industry is projected to add 200,000 jobs in 2024, bringing total industry employment to 15.7 million. Between 2024 and 2032, the industry is projected to add 150,000 jobs per year on average, with total staffing levels reaching 16.9 million by 2032.

Despite this expansion, 45 percent of operators say their restaurant doesn't have enough employees to support existing customer demand. Operators looking for the necessary support are turning to the gig economy and technology. One in four operators say using gig workers to fill in staffing will become more common in their segment in 2024 and nearly half (47 percent) of operators say the use of technology and automation to help with the current labor shortage will become more common.

### **Food Cost and Availability Influence Menus the Most**

If consumers notice menu changes on a more frequent basis, it's often the result of increased food costs. In the past year, operators report needing to find new suppliers, removing items from their menus, adjusting portion sizes or substituting lower cost items all in response to elevated food prices. The availability of food items impacted

menu composition as well, with more than three quarters (77 percent) of operators

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trends.

For those offering it, off-premises remains a key area of opportunity, and customers agree, with a vast majority (88 percent) reporting being satisfied with the variety of local food options for takeout and delivery. Customers are viewing take-out in new ways, with two thirds (67 percent) of adults saying they'd be interested in subscriptions that offer a specified number of meals each month and half (53 percent) saying they're open to supplementing home-cooked meals with restaurant-prepared items.

“This is a historic and exciting year for the restaurant industry,” added Hudson Riehle, Senior Vice President of the Research and Knowledge Group for the National Restaurant Association. “While challenges remain—including inflation, recruitment, higher operating costs and profitability—restaurant operators will continue to innovate and evolve to meet customer demands.”

Small Business

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