



# STATE OF THE *Restaurant Industry*

2022



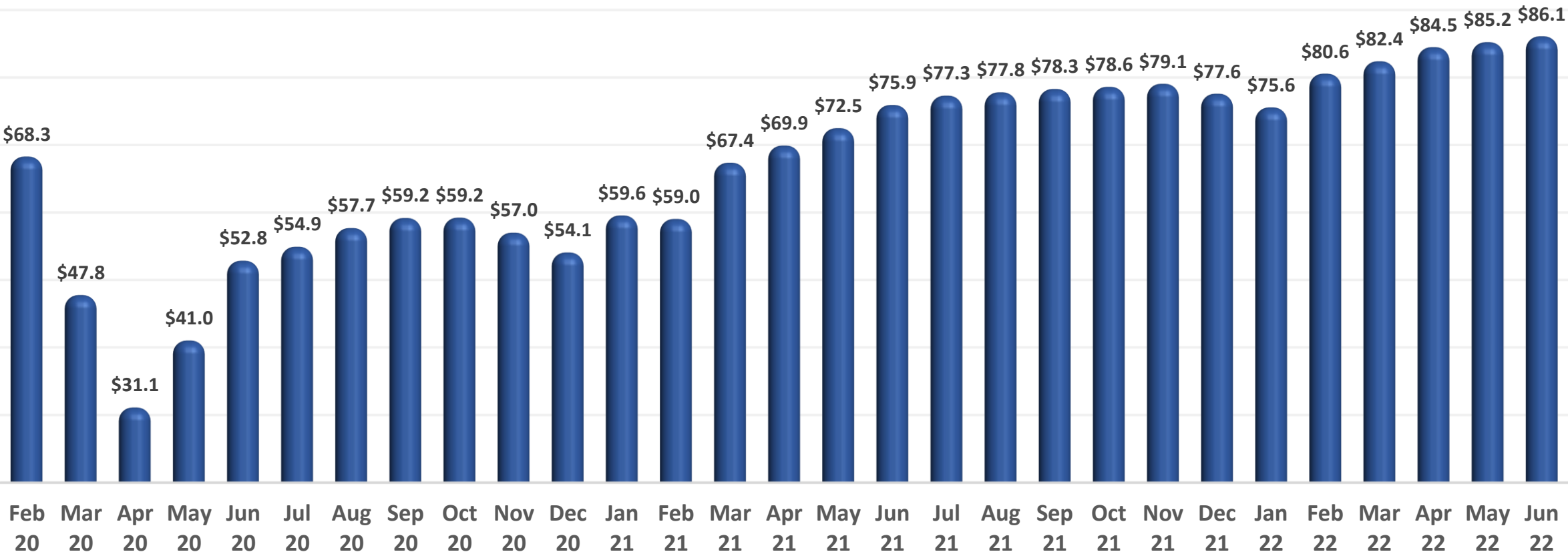
**Hudson Riehle**  
*Senior Vice President  
Research & Knowledge Group*

*Radio Advertising Bureau Webinar*  
August 17, 2022  
Washington, DC



# Restaurant Sales Higher in Recent Months

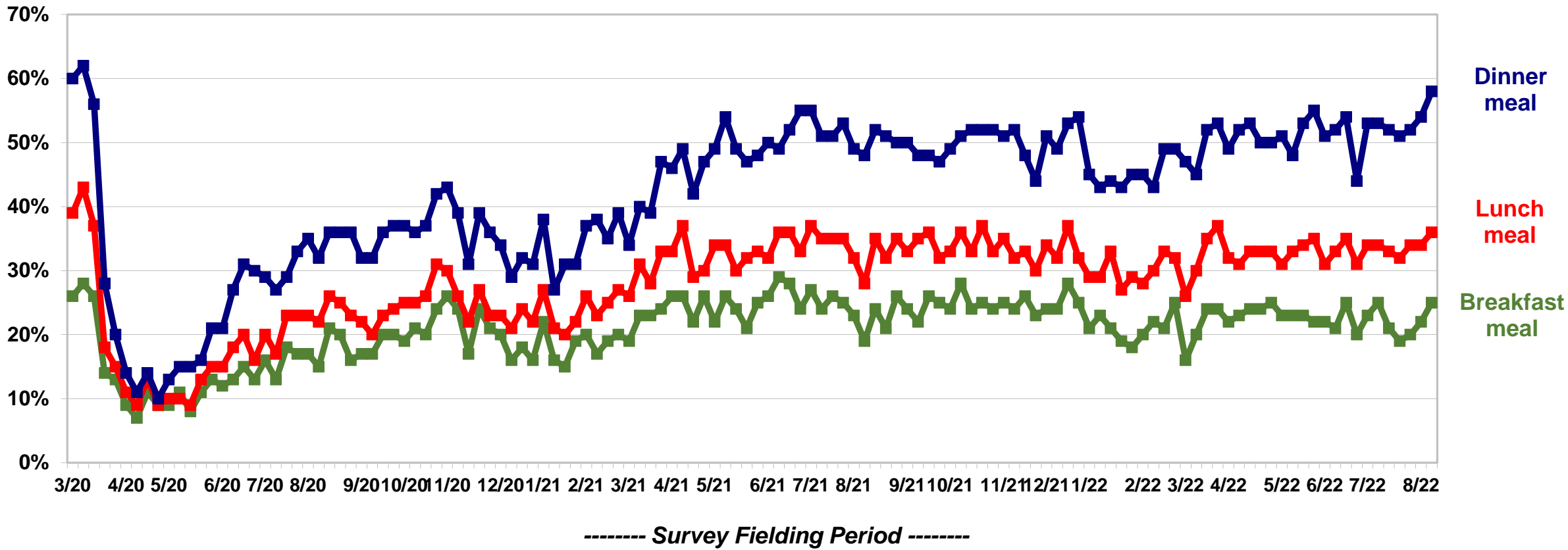
Seasonally-adjusted Monthly Sales at Eating and Drinking Places (in billions)



Source: U.S. Census Bureau; National Restaurant Association



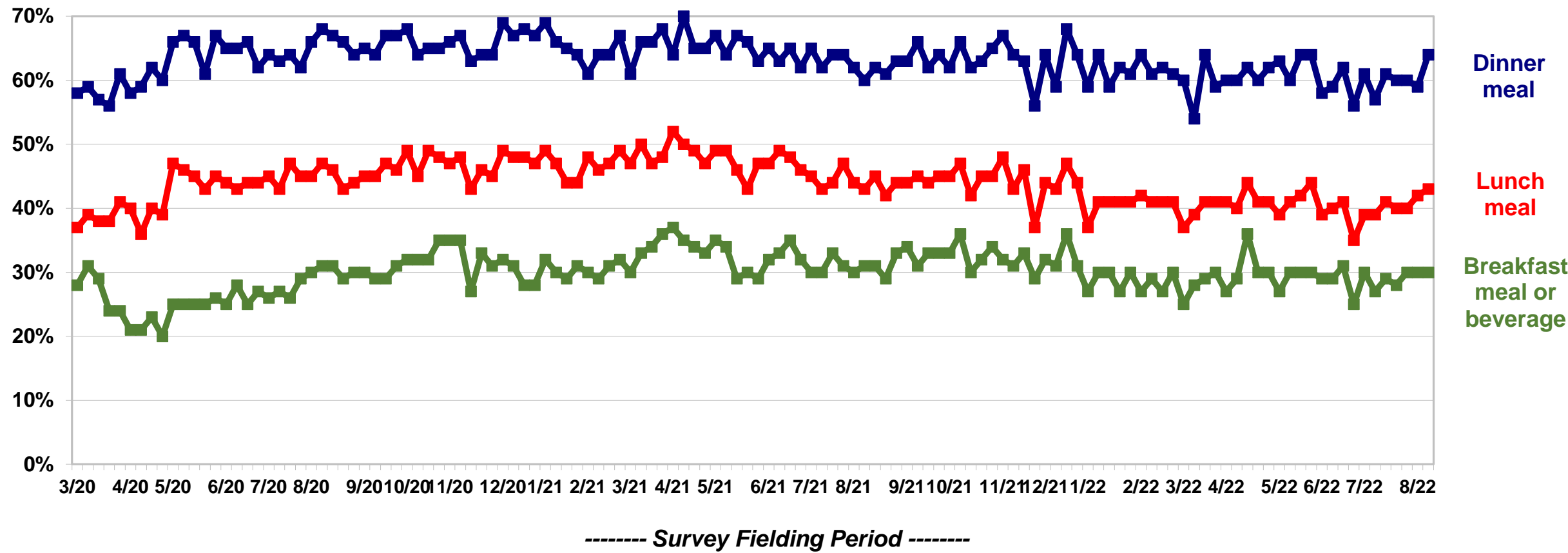
# Percent of adults who used restaurants for these on-premises meal occasions during the previous week



Source: National Restaurant Association, weekly surveys of 1,000 adults conducted by Engine



# Percent of adults who used restaurants for these off-premises meal occasions during the previous week



Source: National Restaurant Association, weekly surveys of 1,000 adults conducted by Engine





Restaurant Traffic	Feb 2020*	June 2022*	Percentage Point Change
On-Premises	39%	23%	-16
Off-Premises	61%	77%	+16
• Carry-Out	32%	29%	-3
• Drive-Thru	26%	40%	+14
• Delivery	3%	9%	+6

\* Year Ending. May not sum to total due to rounding

Source: NPD Group/CREST; National Restaurant Association



	Restaurant Orders	Feb 2020*	June 2022*	Percentage Point Change
Foodservice	Digital	5%	15%	+10
	Non-Digital	95%	85%	-10
Quickservice	Digital	7%	15%	+8
	Non-Digital	93%	85%	-8
Fullservice	Digital	3%	11%	+8
	Non-Digital	97%	89%	-8

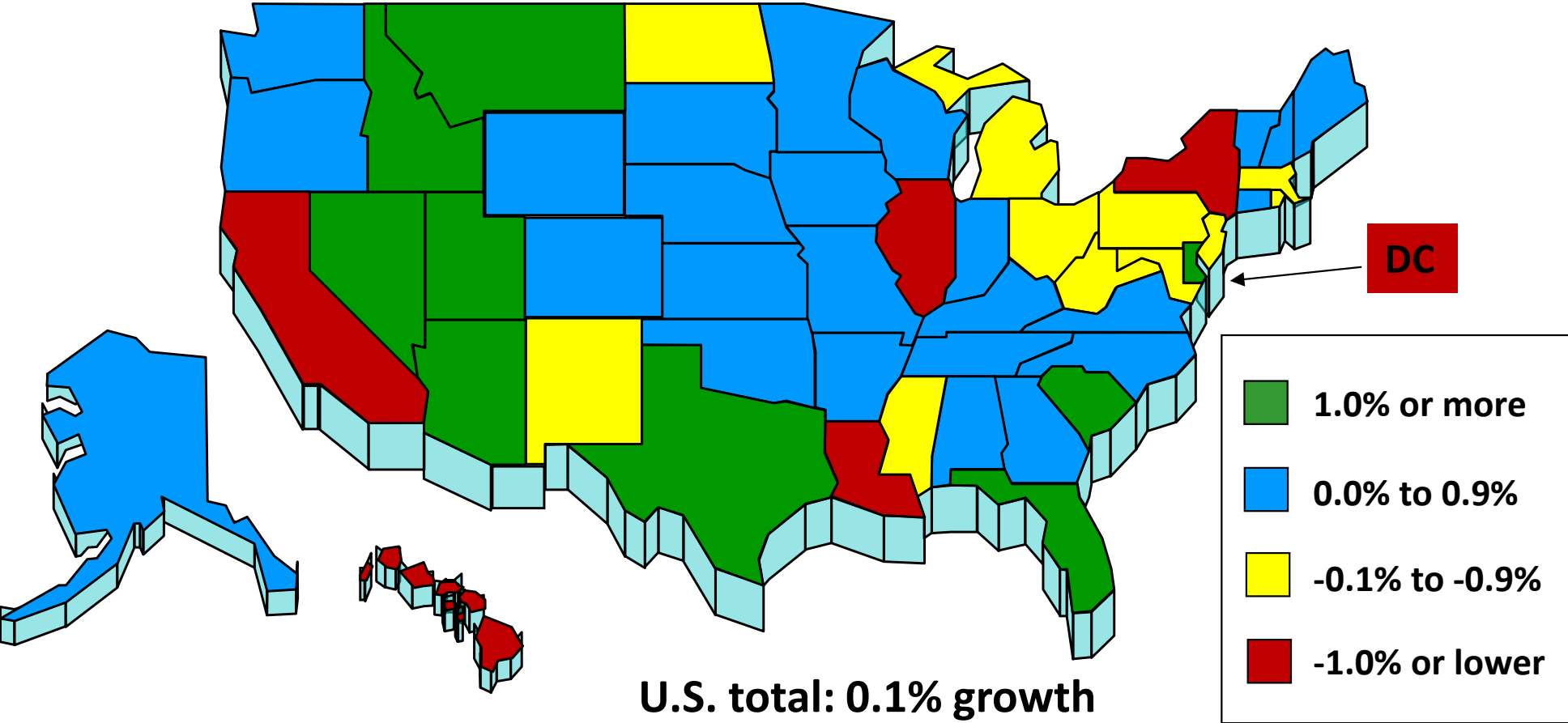
\* Year Ending; May not sum to total due to rounding

Source: NPD Group/CREST; National Restaurant Association



# 16 States and DC Lost Population in 2021

Percent change in total population: 2020 to 2021

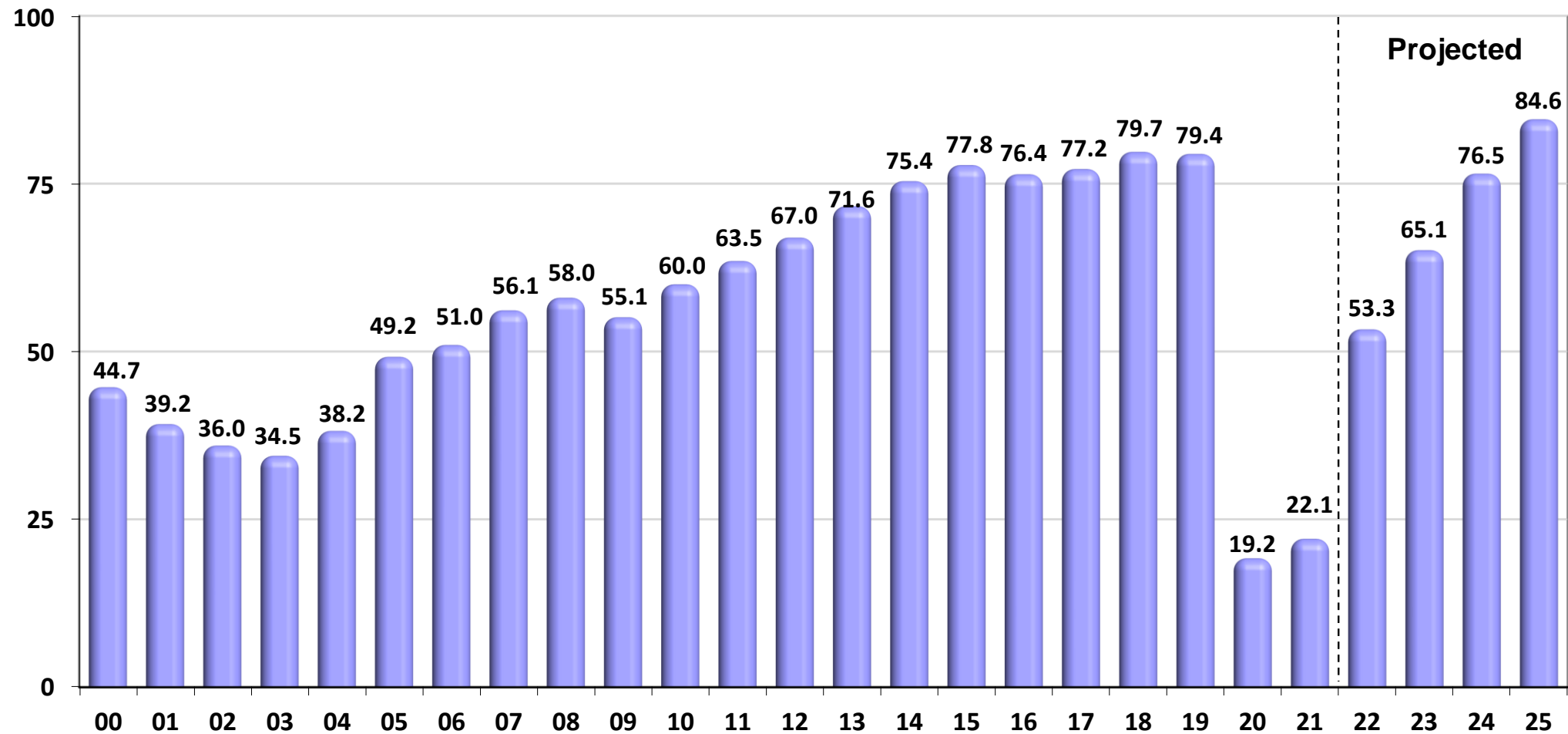


Source: U.S. Census Bureau



# International Visitors Not Expected to Hit Pre-Pandemic Levels Until 2025

Number of International Arrivals to the United States (millions)



Source: U.S. Department of Commerce, National Travel & Tourism Office; U.S. Travel Association; National Restaurant Association





# Restaurant Operators Said **Recruiting and Retaining Employees** Were the **Top Challenges** Facing Their Business in July

Top challenges facing restaurant operators

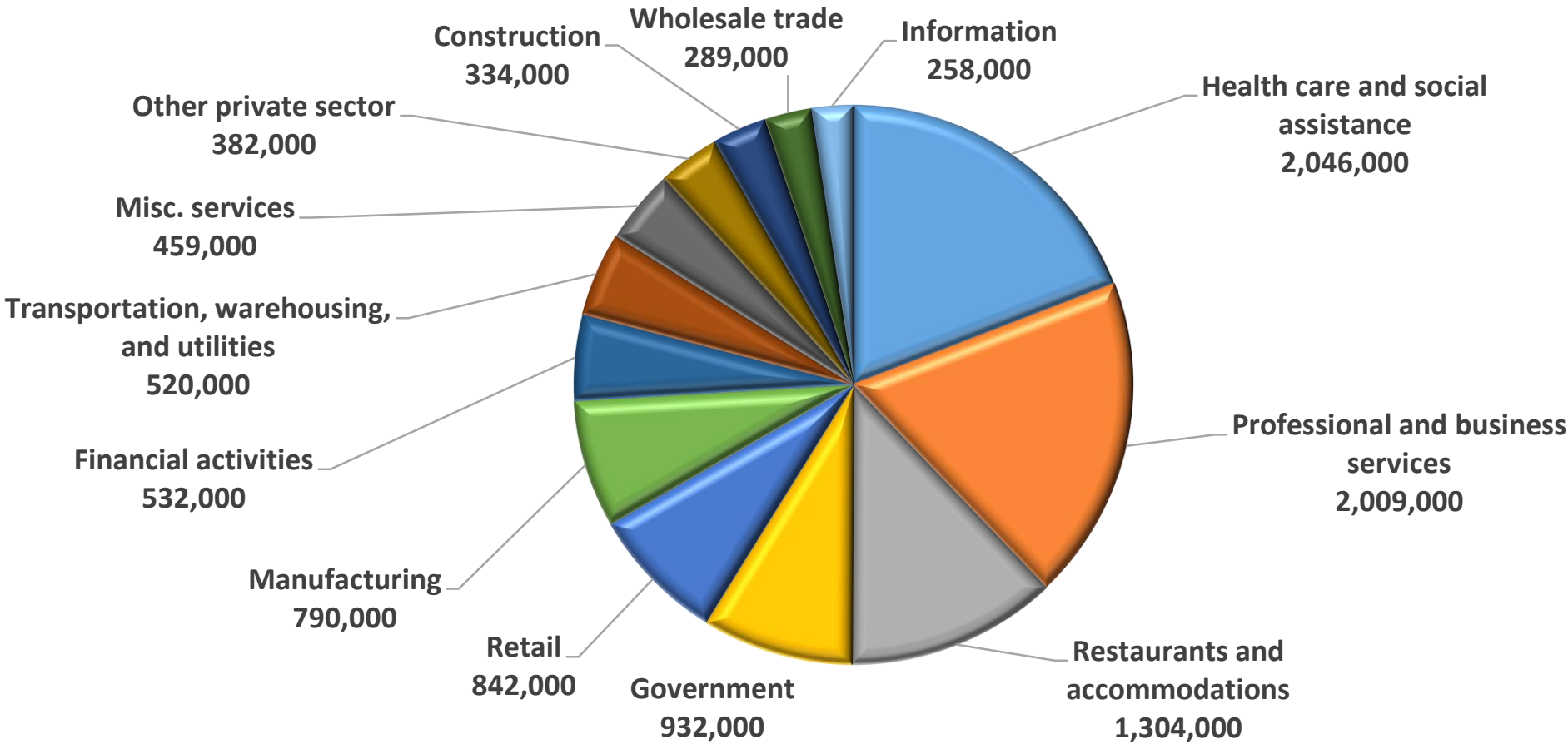
July 2020		July 2021		July 2022	
Coronavirus	69%	Recruiting Employees	75%	Recruiting Employees	50%
Recruiting Employees	11	Food Costs	8	Food Costs/Availability	19
Sales Volume	7	Coronavirus	3	The Economy	13
Government	6	Sales Volume	3	Labor Costs	6
Food Costs	1	Competition	3	Sales Volume	3

Source: National Restaurant Association, Restaurant Industry Tracking Survey



# Three Industries Have More than 1 Million Job Openings

Number of job openings by industry – June 2022

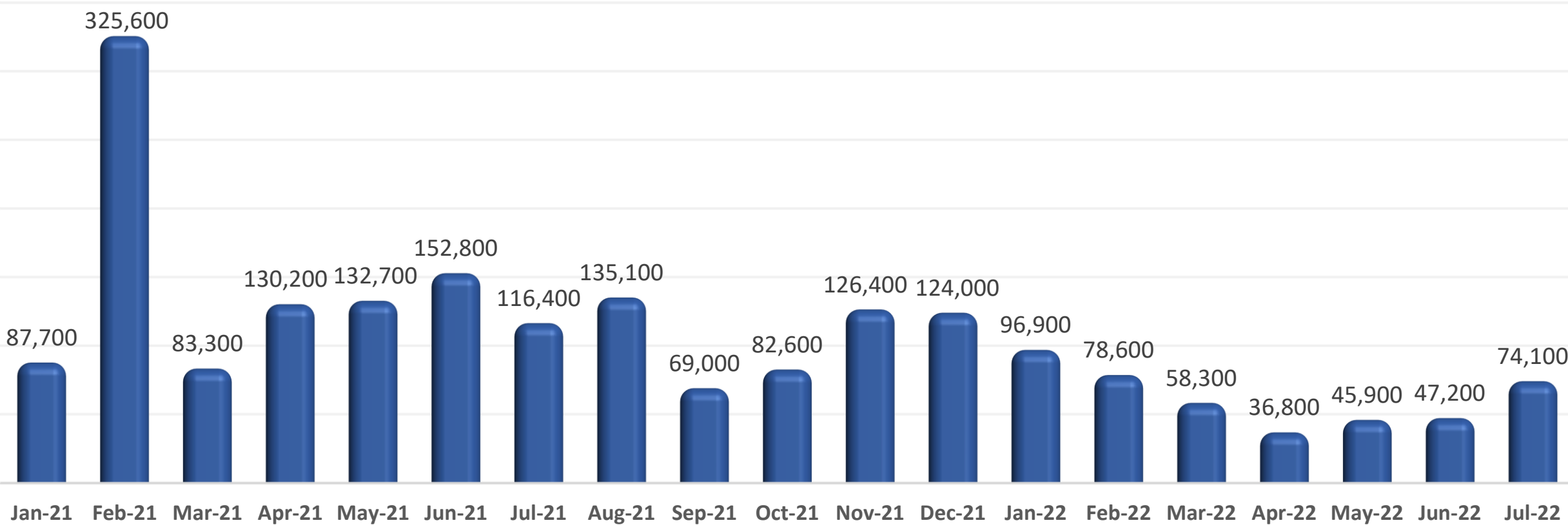


Sources: Bureau of Labor Statistics, National Restaurant Association; figures are seasonally-adjusted



# Restaurants Remain 635,000 Jobs Below Pre-Pandemic Levels

Eating and drinking place employment – change from previous month



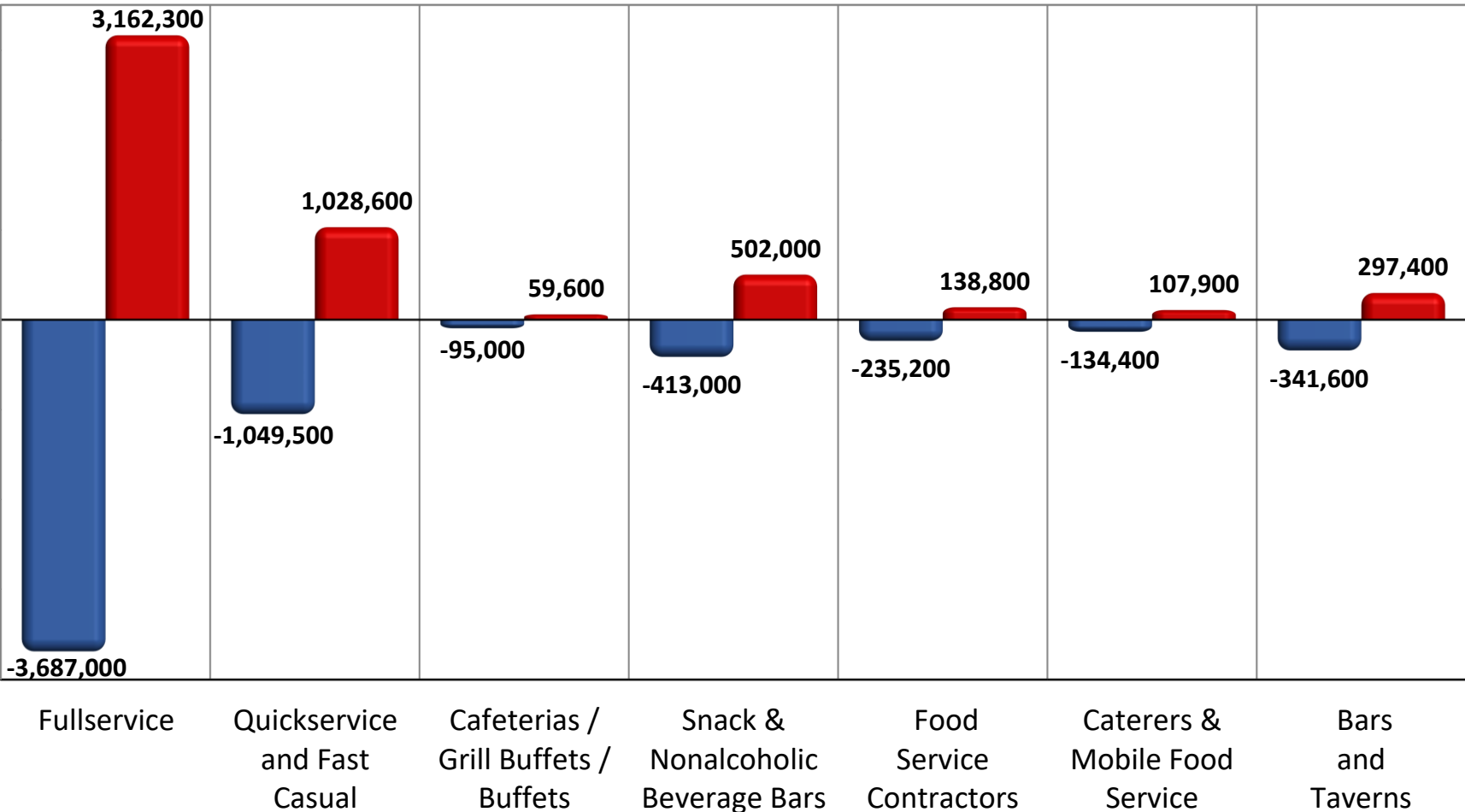
Source: Bureau of Labor Statistics; figures are seasonally adjusted



# Restaurant Employment Dampened Across Most Segments

■ Employment change: February 2020 to April 2020

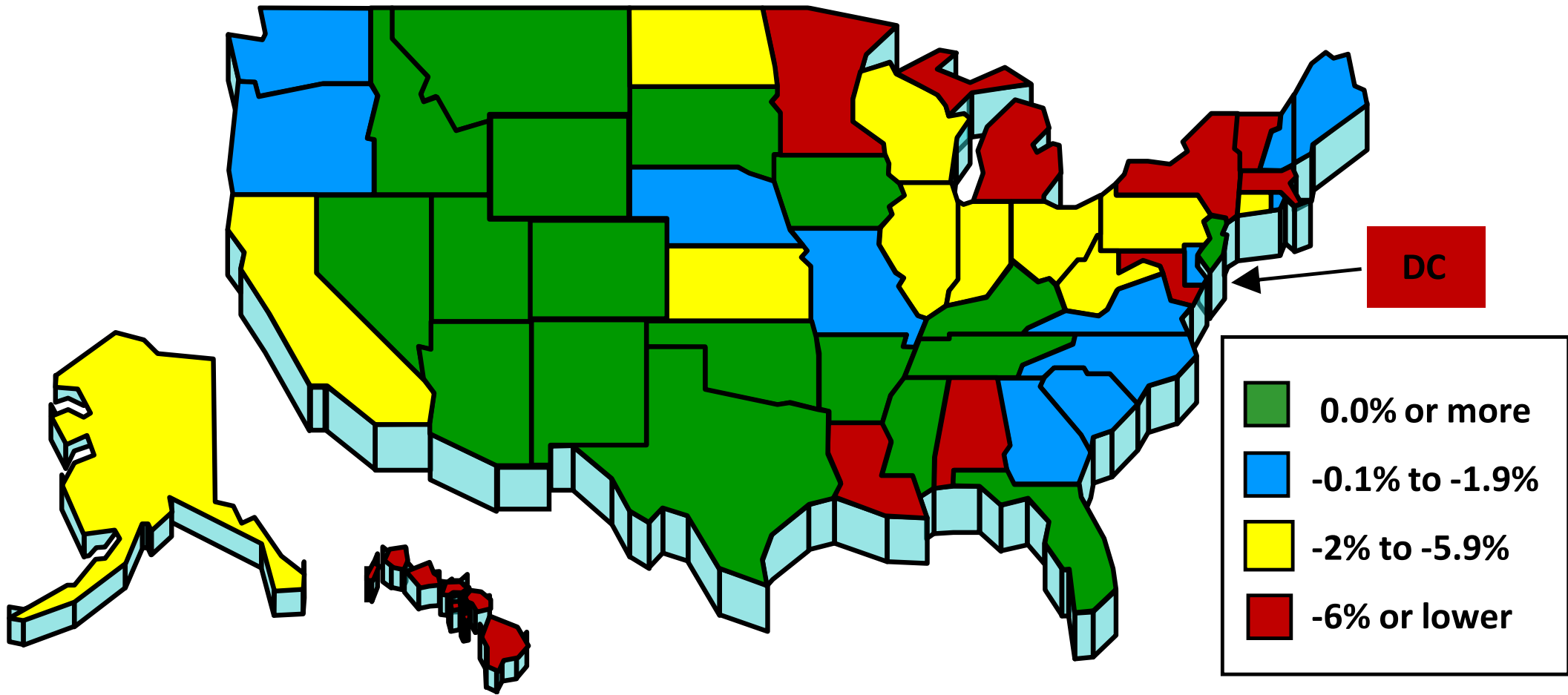
■ Employment change: April 2020 to June 2022



Source: Bureau of Labor Statistics; figures are seasonally adjusted



# June 2022 Restaurant Employment Compared to June 2019 Level



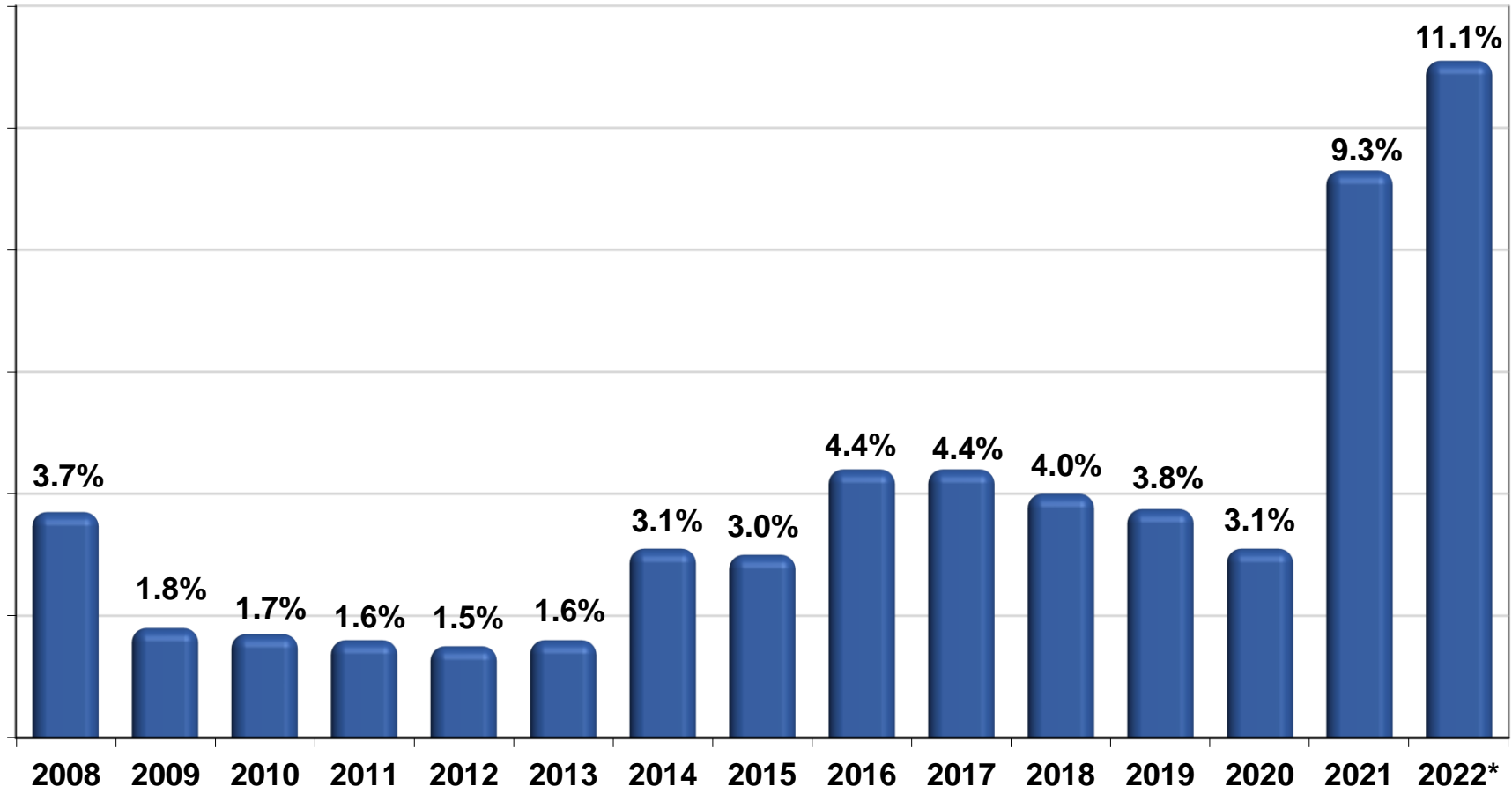
Sources: Bureau of Labor Statistics, National Restaurant Association; figures are not seasonally-adjusted





# Growth in Labor Costs Accelerating

Annual Growth in Average Hourly Earnings of Eating and Drinking Place Employees



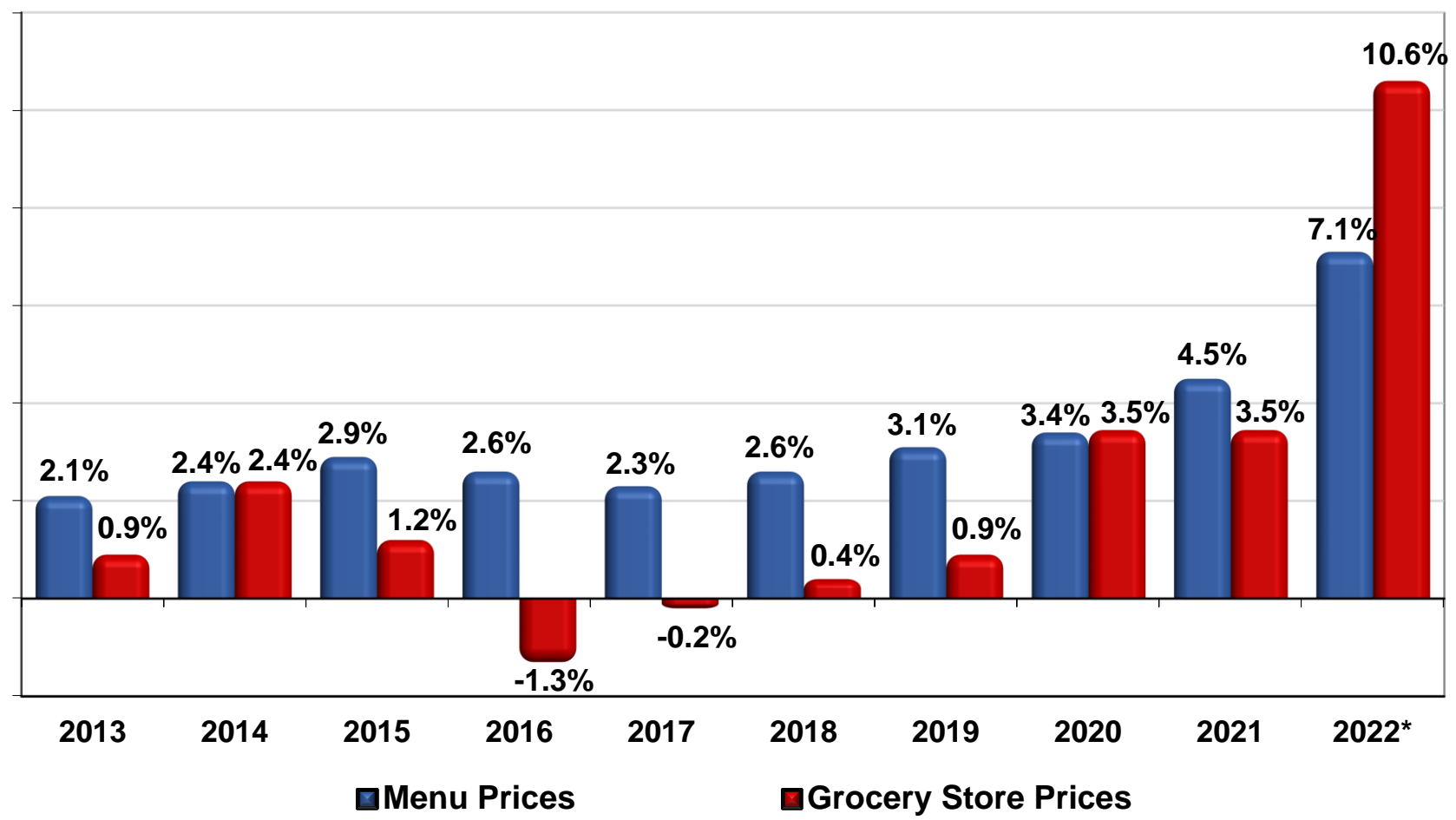
Source: Bureau of Labor Statistics

\*Year-to-date change through June 2022



# Growth in Menu Versus Grocery Prices

Annual Growth in Consumer Price Index – Food Away From Home vs. Food At Home



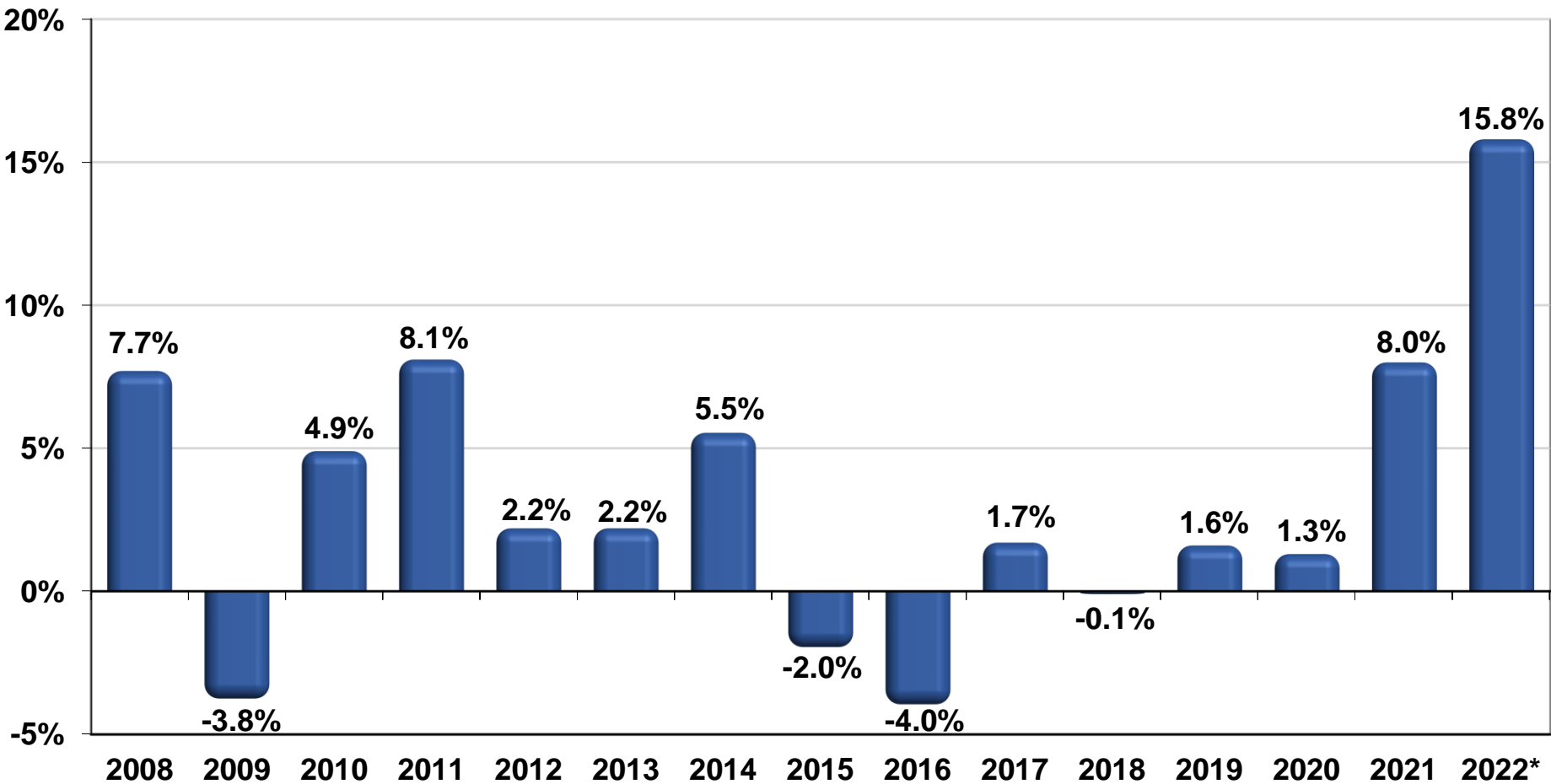
Source: Bureau of Labor Statistics

\*Year to date through July 2022



# Average Wholesale Food Prices Have Risen Sharply

Annual Growth in Producer Price Index – All Foods



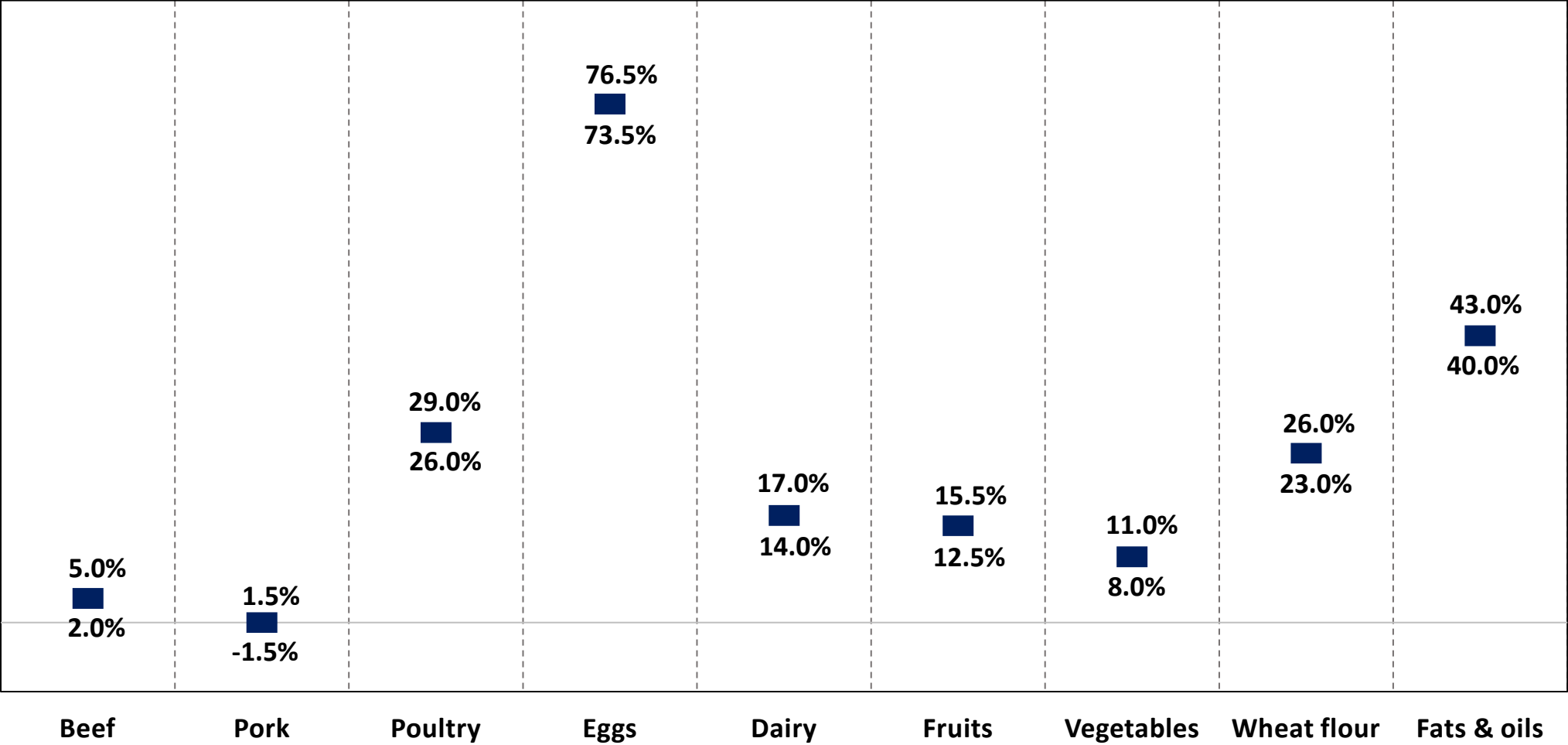
Source: Bureau of Labor Statistics

\*Year-to-date change through July 2022



# Food Prices are Expected to Remain Elevated in 2022

Projected 2022 Growth Rates in Prices Received by Domestic Producers



Source: U.S. Department of Agriculture, July 2022

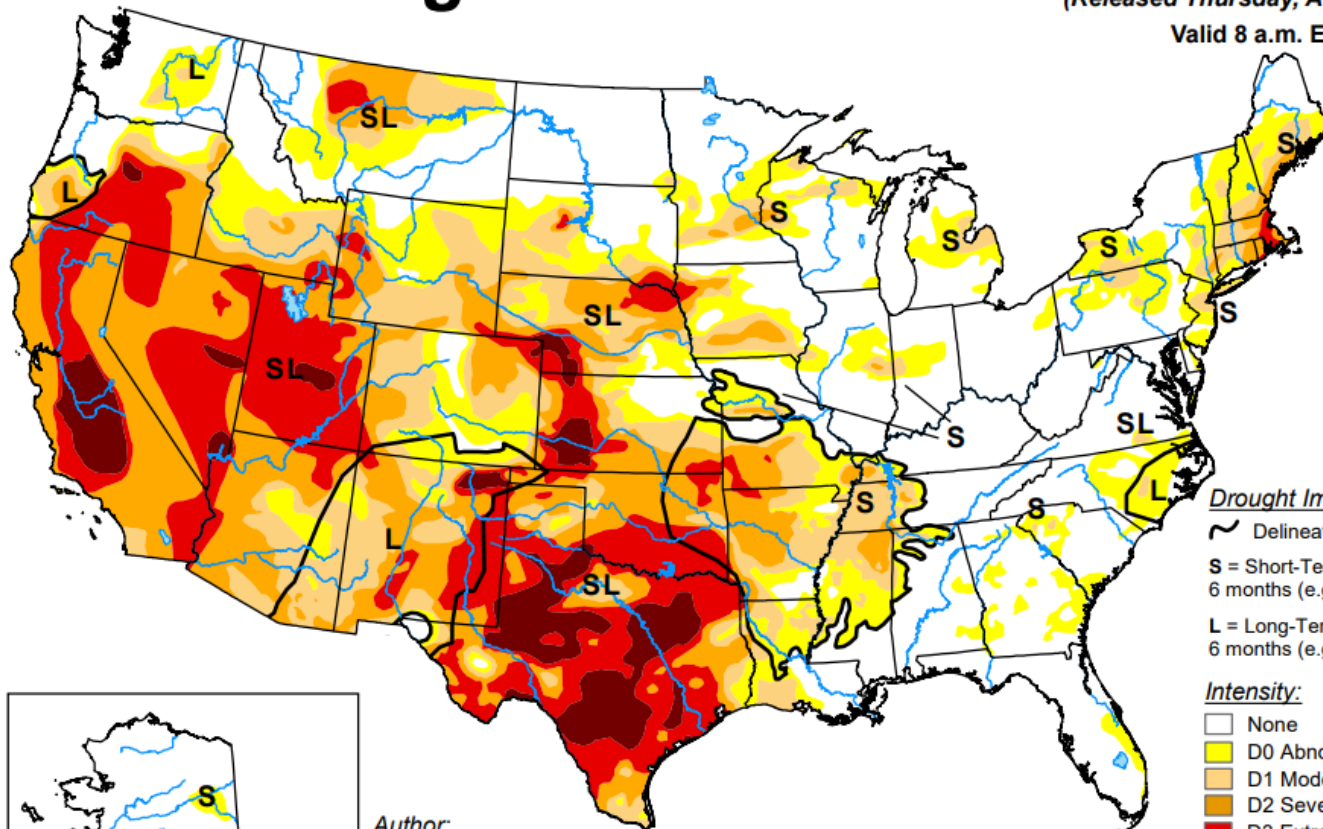


# U.S. Drought Monitor

August 9, 2022

(Released Thursday, Aug. 11, 2022)

Valid 8 a.m. EDT



## Drought Impact Types:

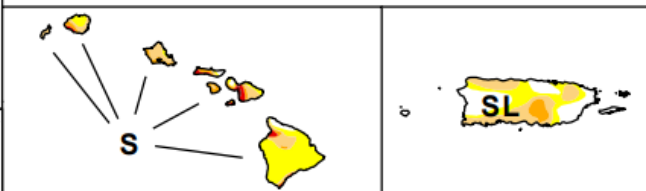
- ~ Delineates dominant impacts
- S = Short-Term, typically less than 6 months (e.g. agriculture, grasslands)
- L = Long-Term, typically greater than 6 months (e.g. hydrology, ecology)

## Intensity:

- None
- D0 Abnormally Dry
- D1 Moderate Drought
- D2 Severe Drought
- D3 Extreme Drought
- D4 Exceptional Drought



Author:  
Richard Tinker  
CPC/NOAA/NWS/NCEP



The Drought Monitor focuses on broad-scale conditions. Local conditions may vary. For more information on the Drought Monitor, go to <https://droughtmonitor.unl.edu/About.aspx>



[droughtmonitor.unl.edu](https://droughtmonitor.unl.edu)





# Consumers Likely Use of These Options at Restaurants

OPTION	All Adults
Look up restaurant location, directions or hours of operation online	81%
View the menu online before a visit to see the restaurant's specials	80%
Read online reviews of a restaurant	67%
Order and pay for food or beverages using a restaurant website	61%
Pay using contactless or mobile payment options	60%
Order and pay for food or beverages using a smartphone app	58%
Order and pay for food or beverages using a computer tablet at the table	57%



## Restaurant Operator Technology Investments Since COVID

Rank	Technology Investment	Percent of Operators
1	Ordering / delivery <b>apps</b>	<b>60%</b>
2	<b>QR</b> menu codes	<b>46%</b>
3	<b>Contactless</b> payments	<b>45%</b>
4-5	<b>Payroll</b> software	<b>15%</b>
4-5	Table <b>reservation</b> systems	<b>15%</b>

Source: National Restaurant Association; Sage Intacct, 2021



# Off-Premises Restaurant Customers Who Placed Orders Using the Following Methods During the Past Month

ORDERING METHOD	All Adults	Gen Z Adults (18-25)	Millennials (26-41)	Gen Xers (42-57)	Baby Boomers (58-76)
Order using a <b>smartphone app</b>	<b>56%</b>	72%	74%	48%	30%
Order through a <b>website</b>	<b>44%</b>	46%	49%	47%	34%
Order by <b>text message</b>	<b>9%</b>	18%	11%	9%	2%

Base: Adults who ordered takeout or delivery during the past month  
 Source: National Restaurant Association, May 2022



# Traditional Service vs Tech

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**68%** of adults say prefer to sit in the section where they receive **traditional service from a server.**

**32%** prefer the section where they **order and pay using a tablet or smartphone app.**



**SECTION CHOICES  
VARY SIGNIFICANTLY  
BY AGE GROUP**  
**Baby boomers (83%) and Gen  
Xers (68%) were much more  
likely to prefer traditional  
service..**





# Drone Anyone?

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% of consumers likely to use if offered by a local restaurant

	All adults	Gen Z adults (18-25)	Millennials (26-41)	Gen-Xers (42-57)	Baby Boomers (58-76)
Order food that gets delivered from a restaurant by an unmanned aerial vehicle (drone)	42%	64%	61%	40%	20%



Source: National Restaurant Association, National Household Survey, '21



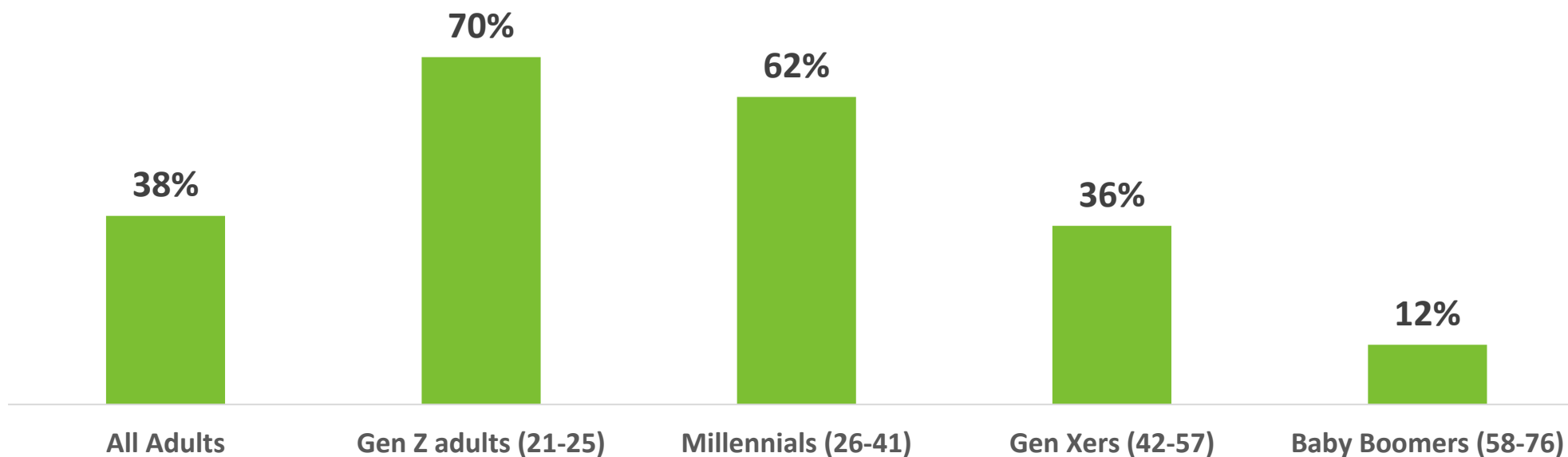


# Alcohol As A Selling Point

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% of off-premise 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** similar restaurant



*\*Base: Adults 21 years of age or older who order takeout or delivery food from a restaurant, deli or fast food place during the past 6 months.*

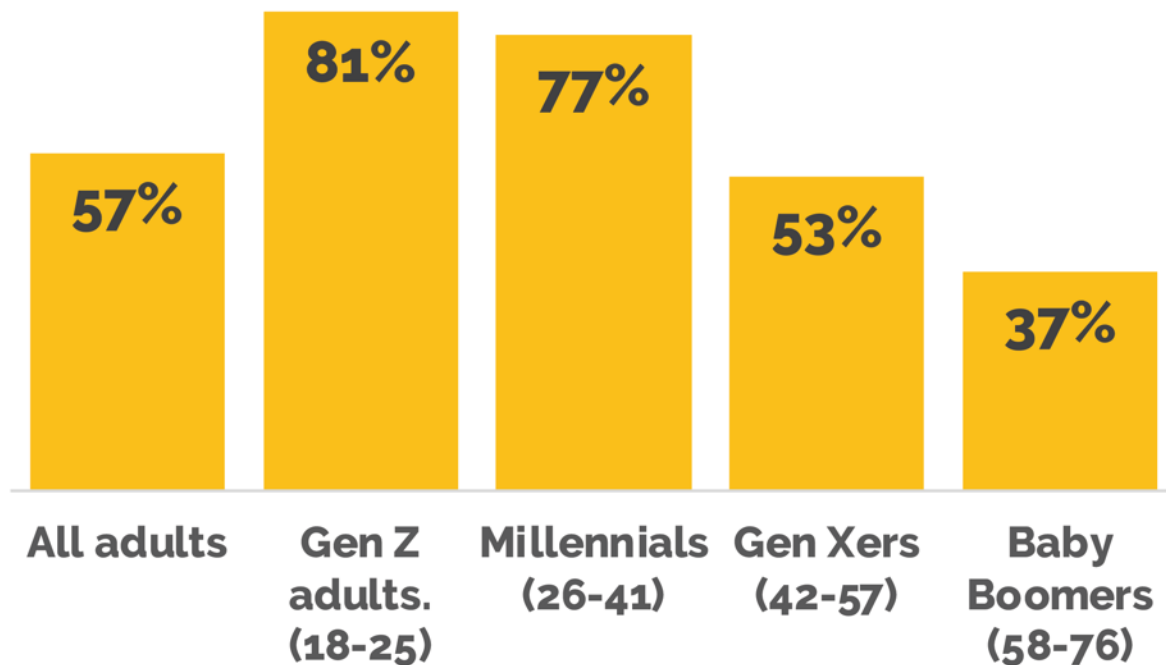
*Source: National Restaurant Association, Restaurant Trends Survey, '21*



# Consumers Open to Subscribing to Restaurant Meals

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**% of consumers who say they'd be likely to participate in a meal subscription program.**



Source: National Restaurant Association, National Household Survey, December '21



# WRAP-UP







# What We Love About Restaurants

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2022

## ALL ABOUT THE FOOD

**75%** say their favorite restaurant foods provide flavor and taste sensations that just can't be easily replicated at home.

## GETTING TOGETHER

**80%** say going out with family and friends gives them the chance to enjoy time together and is a much better use of leisure time—no cooking or clean-up required.

## SOAKING UP THE EXPERIENCE

**68%** say they'd rather spend money on an experience like a restaurant or other activity vs. buying something from a store.

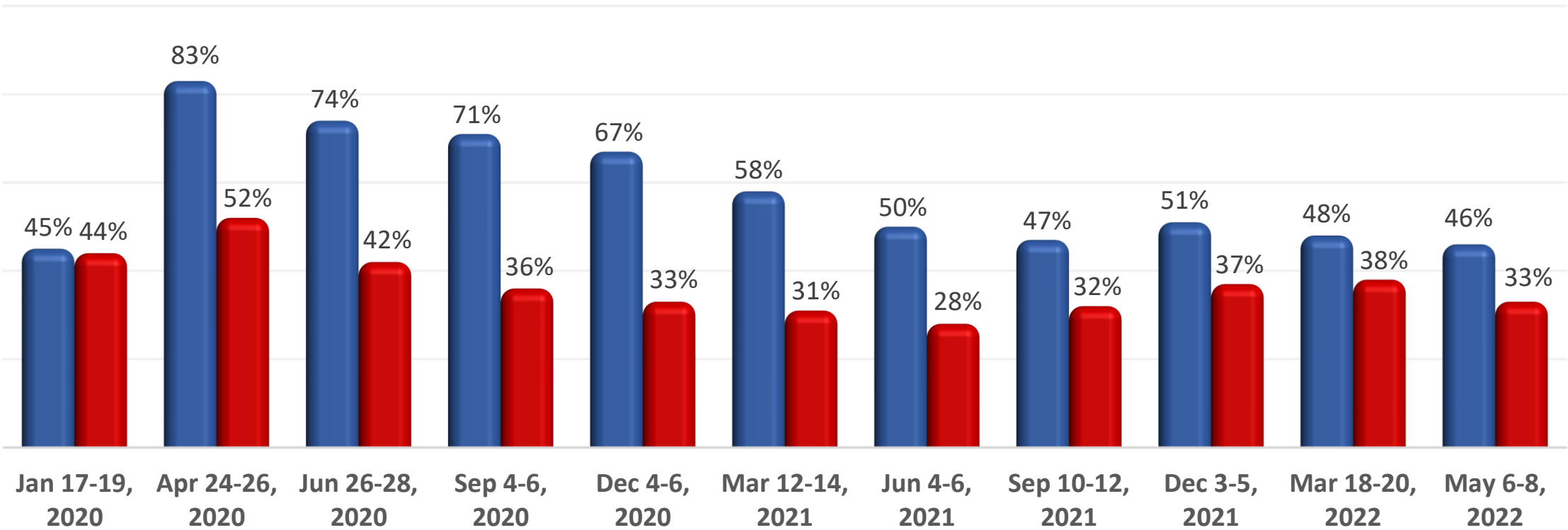
## OVERALL

**63%** of adults—including 75% of millennials and 70% of Gen Z adults—say restaurants are an essential part of their lifestyle.



# Nearly One-Half of Adults Would Like to Eat Out More Often

Percent of adults who say they are not using restaurants as often as they would like



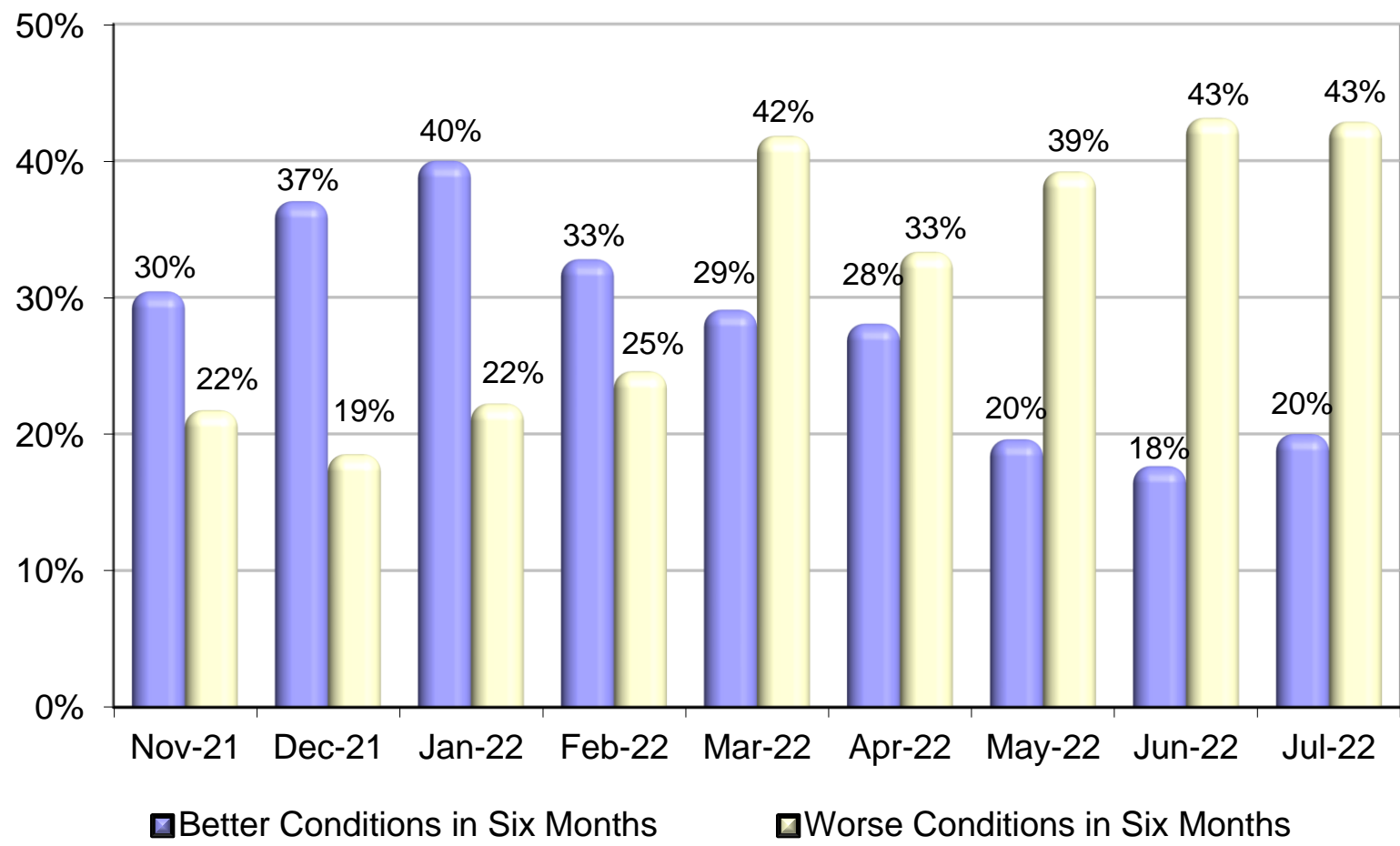
----- Survey Fielding Period -----

■ Eating on premises at restaurants ■ Purchasing takeout/delivery from restaurants





# Restaurant Operators' Outlook for General Economic Conditions in Six Months



Source: National Restaurant Association



# U.S. Economic Outlook

INDICATOR	2020	2021	2022
Real Gross Domestic Product	-3.4%	5.7%	+1.5 to 2.0%
Real Disposable Personal Income	6.2%	2.2%	-4.5 to -5.0%
Consumer Price Index	1.2%	4.7%	+7.5 to 8.0%
Total U.S. Employment	-5.8%	2.8%	+3.5 to 4.0%

Source: National Restaurant Association projections, August 2022



**2022 + 2023 =**  
industry  
remains  
in transition.  
**Strong**  
**geographic**  
**variations**  
**exist, with**  
**overall sales**  
**continuing to**  
**advance.**

**2022 economic**  
**growth is**  
**moderating yet**  
**positive.**  
Inflation  
remains a  
serious issue,  
but industry  
has resiliency.

**2023 economic**  
**growth to be**  
**even more**  
**moderate,** with  
inflation  
decelerating.

Greater  
emphasis  
on: **delivery,**  
**carry-out,**  
**drive-thru,**  
**alcohol, new**  
**business**  
**models, cost**  
**management,**  
**value-added**  
**products and**  
**digital.**

Consumers  
managing their  
total restaurant  
spend and  
need nudging;  
**technology**  
**offers distinct**  
**competitive**  
**advantages**  
with patrons'  
acceptance  
growing.



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*Senior Vice President  
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