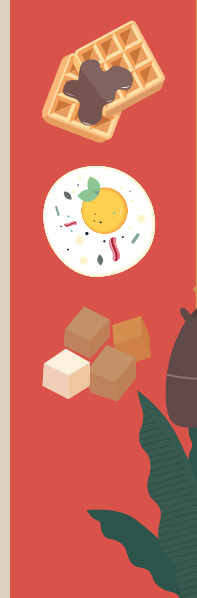
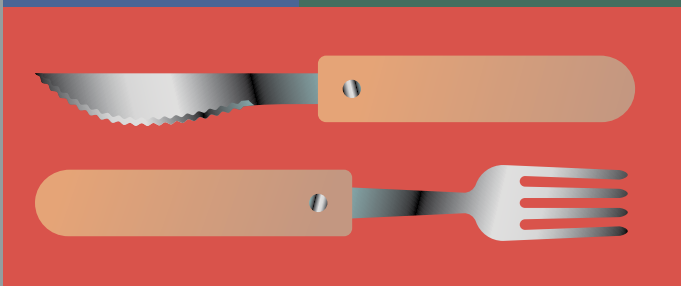
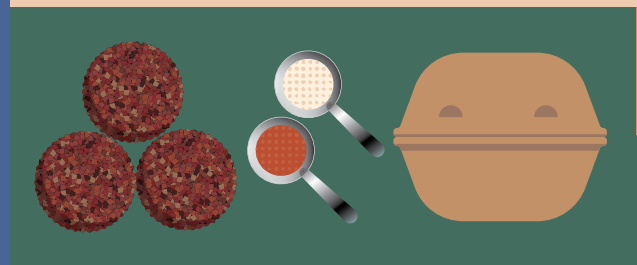
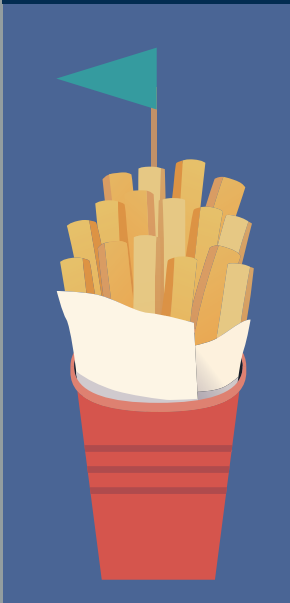




NATIONAL RESTAURANT ASSOCIATION



STATE OF THE Restaurant Industry 2022



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

National Household Survey, 2021:

The National Restaurant Association commissioned Engine to conduct an online survey of 1,000 adults in Dec. 2021, asking questions about their personal finances and interaction with restaurants.

Restaurant Trends Survey, 2021:

The National Restaurant Association conducted an online survey of 3,000 restaurant owners and operators in Nov.-Dec. 2021, asking questions about their business and operating environments.

Restaurant segment definitions:

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

Tableservice restaurants

Family dining, Casual dining and Fine-dining

Limited-service restaurants

Quickservice, Fast casual and Coffee & snack

When responding to the survey, restaurant operators were asked to self-classify their operation into one of these six categories.

Definition of Generations in this report (based on survey fielding dates):

- Gen Z adult (18-25)
- Millennial (26 -41)
- Gen Xer (42-57)
- Baby Boomer (58-76)



2022

As the U.S. enters its third year of the coronavirus outbreak, the restaurant industry continues to face some of the most challenging business conditions in its history.

In addition to the hit on sales, restaurants are facing a host of other challenges, including rising business costs, an extremely shallow labor pool, and supply chain disruptions.

Most recently, the omicron variant is another speed bump on the industry's road to recovery. Most operators across all the major restaurant segments say they've seen a decline in customer demand for indoor on-premises dining in late '21 and early '22.

Operators have adapted by reducing hours of daily operation, closing on some days they'd normally be open, reducing seating capacity, and switching to all off-premises service for a time.

Although total restaurant and foodservice sales increased in '21, it wasn't enough to return

industry sales to pre-pandemic levels. 40% of operators believe it will take more than a year for business to recover.

Much of the sales growth in '21 was driven by higher menu prices, as restaurant operators were forced to offset the sharply rising costs of doing business.

In fact, customer traffic levels were below '19 levels for most restaurants including 7 in 10 fullservice operators and two-thirds of limited-service operators.

The steady hand throughout it all has been consumers, and their elevated pent-up demand for restaurants will continue to aid industry sales growth in the year ahead.

By most measures, household balance sheets have never been stronger. Jobs are plentiful, incomes are rising, and cash and credit are abundant for most consumers.

Driven by a positive economic environment and consumers' unwavering desire for the food, socialization, and experiences that restaurants provide, the National Restaurant Association expects restaurant sales to continue rising.

Restaurant operators' ability to innovate and stay flexible continues to play a key role in creating a new future for the industry in response to rapidly changing consumer needs.

2022 will be a year of transition to a new normal for the restaurant industry, but its overall path to recovery is still a struggle.

INDUSTRY ENTERS A NEW NORMAL

- ✓ **The foodservice industry is forecast to hit \$898B in sales in '22**
- ✓ **Total industry employment is projected to reach 14.9M in '22 adding only about 400K jobs**
- ✓ **Mid '21, the restaurants-and-accommodations sector had 1.7M job openings, the highest number in the 20-year history of the data set**
- ✓ **Roughly half of all operators cite recruitment & retention as the top challenge for '22**
- ✓ **More than half of operators said it will be a year or more before business returns to normal**
- ✓ **40% of operators say they are not open to full capacity for indoor on-premises dining; 7 in 10 report it's due to staffing shortages.**
- ✓ **90% of operators say food costs are higher than they were prior to COVID-19; 8 in 10 say labor costs are higher and costs will likely continue to rise in '22**
- ✓ **96% of operators report supply shortages or delays of key F&B items in recent months and supply chain is not expected to recover in '22**
- ✓ **8 in 10 fullservice operators and 2/3 of limited-service operators adjusted menus due to F&B supply issues.**

ON THE BRIGHT SIDE...

51%

of adults say they **aren't dining at restaurants as often as they'd like**; that's a full 6 percentage points higher than before the pandemic.

Household wealth and savings are well above pre-pandemic levels, and debt levels are lower. This bodes well for continued spending growth.





Entering 2022, the industry's recovery is far from complete.

Sales & Economic

FORECAST

While nominal sales are projected to surpass pre-pandemic levels this coming year, that's not on an inflation-adjusted basis. **Real sales in '22 are projected to remain below '19 levels in all major segments.**

Across the board, costs are up, but so is demand; the 51% of adults who say aren't dining at restaurants as often as they'd like is up a full 6 percentage points from pre-pandemic levels.

The key to this coming year is finding innovative ways to allow consumers to spend they way they'd like, but doing it with fewer employees and smaller budgets.



Sales & Economic FORECAST

RESTAURANT & FOODSERVICE INDUSTRY FOOD & BEVERAGE SALES¹: 2019 TO 2022

	2019 Sales (billions)	2020 Sales (billions)	2021 Sales (billions)	2022 Sales* (billions)	'21-'22 % change ²	'21-'22 real % change	'19-'22 % change ²	'19-'22 real % change
Eating & drinking places	\$616	\$509	\$608	\$665	9.4%	3.6%	8.0%	-7.8%
Fullservice segment ³	\$285	\$199	\$261	\$289	10.9%	5.3%	1.4%	-12.2%
Limited-service segment ⁴	\$309	\$297	\$329	\$355	7.9%	1.9%	14.9%	-3.2%
Bars & taverns ⁵	\$22	\$13	\$18	\$21	16.7%	11.7%	-4.5%	-16.0%
All other foodservice establishments⁶	\$248	\$169	\$191	\$233	22.0%	16.2%	-6.0%	-20.3%
TOTAL	\$864	\$678	\$799	\$898	12.4%	6.6%	3.9%	-11.5%

*Projected
Source: National Restaurant Association

1. Data are given only for establishments with payroll.
2. Percent change calculations are based on unrounded data and may not match calculations based on rounded sales data.
3. Includes family-dining, casual-dining and fine-dining fullservice restaurants. Waiter/waitress service is provided, and the order is taken while the patron is seated. Patrons pay after they eat.
4. Includes quickservice restaurants; fast-casual restaurants; cafeterias, grill-buffets and buffets; snack and nonalcohol beverage bars; social caterers. Patrons generally order at a cash register or select items from a food bar and pay before they eat.
5. Includes bars, taverns, nightclubs, or drinking places primarily engaged in preparing and serving alcohol beverages for immediate consumption. These establishments may also provide limited foodservices.
6. Includes the following categories: managed services (also referred to as onsite foodservice and food contractors); lodging places; retail-host restaurants (health-and-personal-care-store restaurants, general-merchandise-store restaurants, variety-store restaurants, food-store restaurants and grocery-store restaurants, gasoline-service-station restaurants 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 U.S. only).



STILL-CHALLENGING TIMES

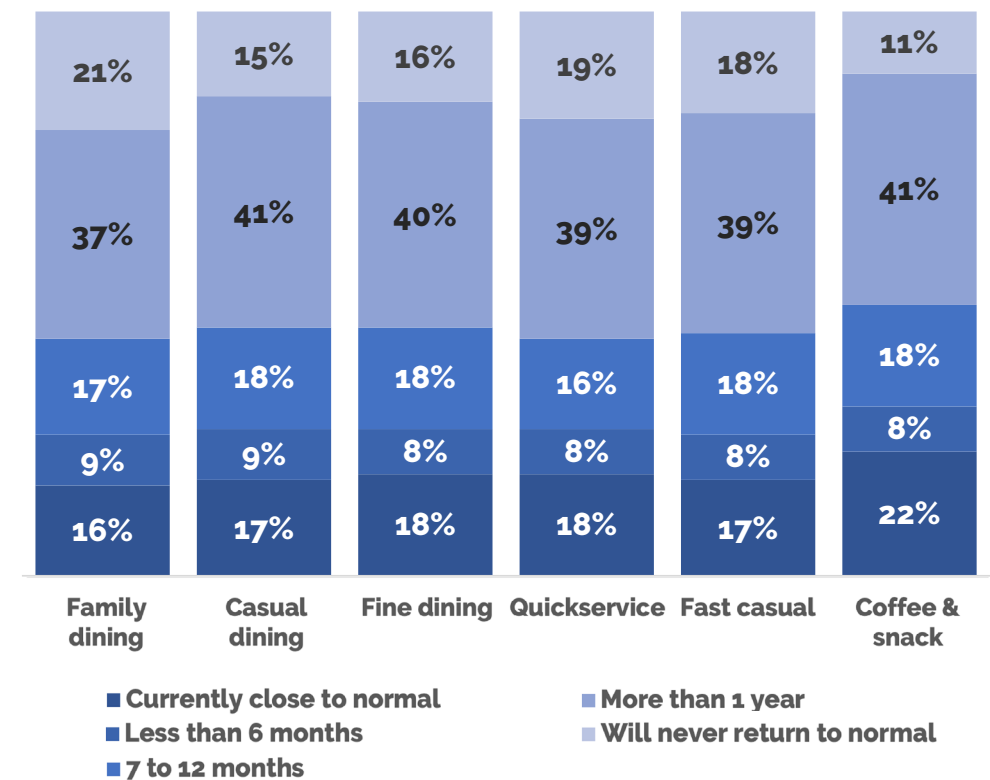
As the pandemic approaches its second full year, the restaurant industry's operating environment remains far from where it was before COVID-19. In the Association's Nov. '21 nationwide survey of over 3,000 operators, **fewer than 1 in 5 said business conditions are close to normal**—meaning pre-pandemic—for their restaurant.

17% of operators expect it will be another 7 to 12 months before conditions return to normal; 40% think it will take more than a year. Still another **17% of operators say business conditions will never return to normal for their restaurant.**

These sentiments are generally consistent across the 6 major restaurant segments.

WHEN'S THE "NEW NORMAL"?

Operators report when they think their restaurant business conditions will return to normal



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



Sales & Economic FORECAST

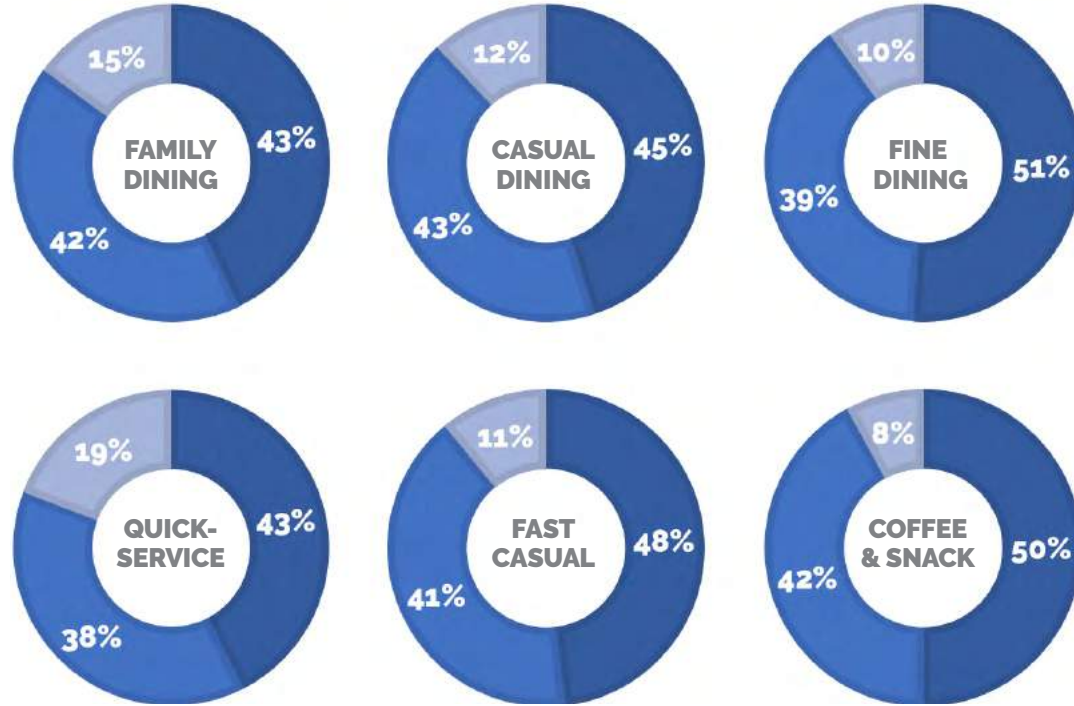
Most restaurant operators expect to maintain or grow sales in '22. Nearly half think their sales volumes will be higher this year than last, while about 4 in 10 expect to post similar sales levels in '22.

However, comparisons aren't as favorable against pre-pandemic readings. While 4 in 10 operators expect '22 sales to surpass '19 levels, another 4 in 10 don't.

CAUTIOUSLY OPTIMISTIC...

Operators' expectation for sales volume in '22 vs. '21

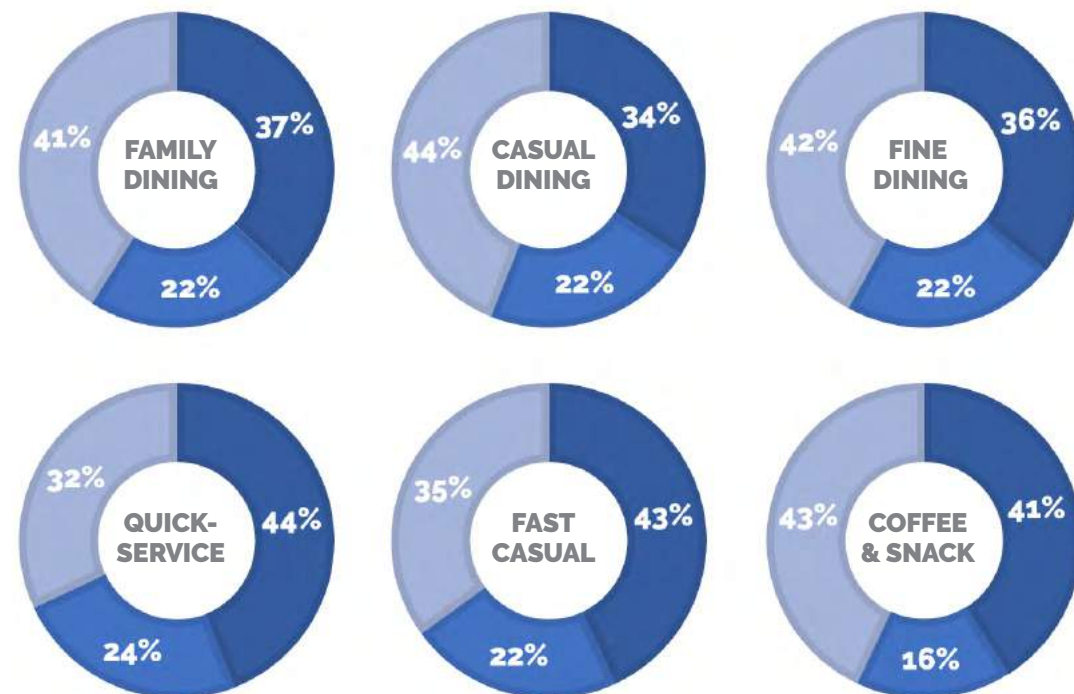
- Higher than '21
- About the same as '21
- Lower than '21



...BUT NOT FOR A FULL RECOVERY

Operators' expectation for sales volume in '22 vs. '19

- Higher than '19
- About the same as '19
- Lower than '19



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

CHALLENGES AHEAD

Roughly half of operators in the fullservice, quickservice, and fast-casual segments expect recruiting and retaining employees will be their top challenge in '22.

In second place? Food costs, across the board.



TOP CHALLENGE EXPECTED IN 2022

	Family dining	Casual dining	Fine dining	Quick-service	Fast casual	Coffee & snack
Recruiting & retaining employees	51%	51%	52%	51%	54%	37%
Food costs	22%	17%	16%	22%	23%	21%
Building & maintaining sales volume	8%	11%	10%	10%	12%	16%
Coronavirus	8%	13%	13%	8%	5%	0%
Labor Costs	2%	2%	3%	2%	1%	3%

Note: These represent the top 5 responses. Source: National Restaurant Association, Restaurant Trends Survey, '21

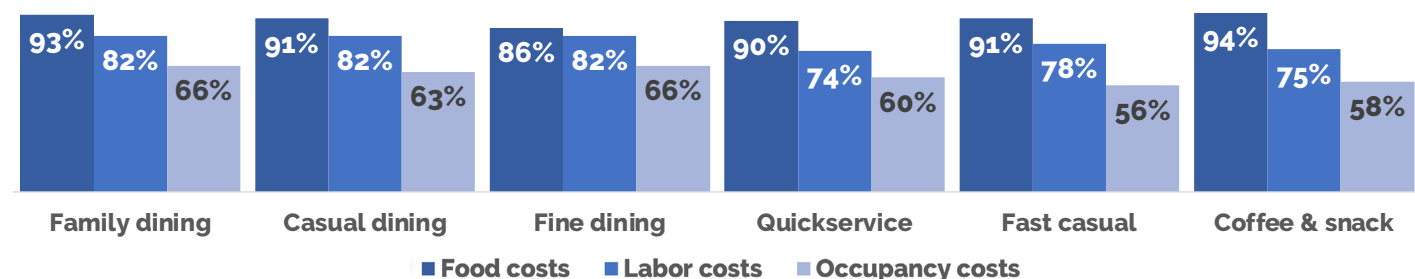
COSTS ARE UP

Food, labor, and occupancy costs are the biggest line items for restaurants—combining to account for roughly 70 cents of every dollar of sales in traditional times. For most operators, these 3 categories are now making up a larger share of sales.

9 in 10 operators say their total food costs (as a % of sales) are higher than they were prior to the COVID-19 outbreak; **8 in 10 say labor costs (as a % of sales) are higher, as well.**

RISING COSTS

% of operators reporting higher food, labor, and occupancy costs vs. pre-pandemic levels



Note: Survey respondents were asked about food costs and labor costs as a % of sales, and occupancy costs as total outlays. Source: National Restaurant Association, Restaurant Trends Survey, '21

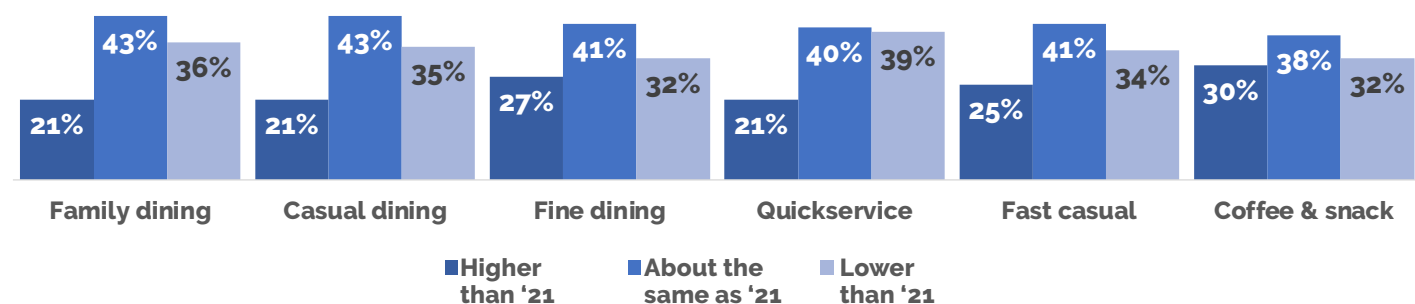
PROFITS ARE DOWN

8 in 10 operators say their profit margin is lower than it was prior to the COVID-19 outbreak; only 1 in 10 say profit margins are higher.

And **most operators don't expect profitability to improve in '22**. Only about 1 in 4 operators think their restaurant will be more profitable this year than last. 1 in 3 expect to be less profitable in '22.

PROFIT PICTURE

Operators' expectation for profitability in '22 vs. '21



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

SUPPLY CHAIN CHALLENGES

Like many industries across the economy, **restaurants are affected by supply chain disruptions.**

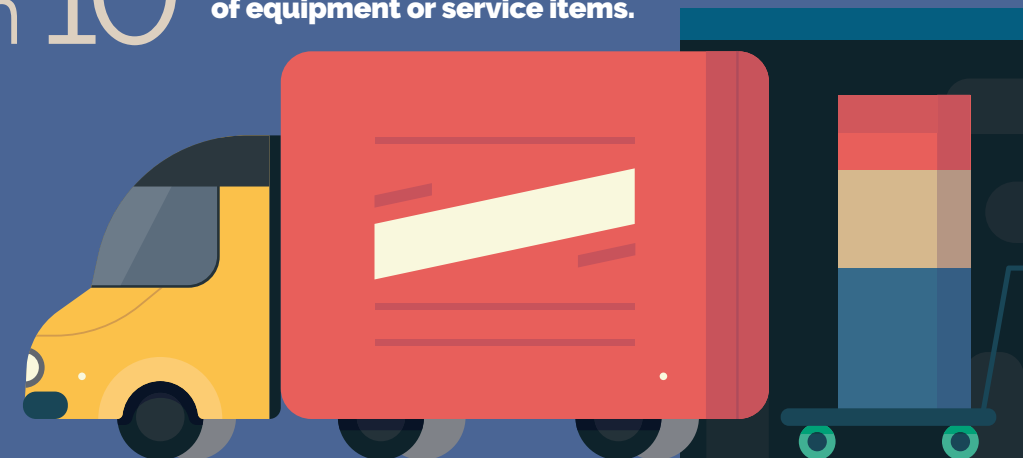
96% of operators said their restaurant **experienced supply delays or shortages** of key food or beverage items in recent months.

NO RESTAURANT WAS IMMUNE

9 in 10 operators across every fullservice and quickservice segment reported **supply delays or shortages in recent months.**

AND IT'S NOT JUST FOOD

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



SUPPLY CHAIN SNAPSHOT

The restaurant industry supply chain, including manufacturers, suppliers, distributors, brokers, and other restaurant service providers, is feeling the negative effect of the pandemic.

REVENUE BLUES

64% of supply chain professionals said their revenue in '21 is lower than it would be in the absence of COVID-19. Only 18% reported higher revenues in '21.

54% said their profit margin in '21 is lower than it was pre-pandemic. Only 20% reported a higher profit margin in '21.

OUTLOOK FOR '22 AND BEYOND

54% of supply chain professionals expect their business's **total revenue in '22 will be higher than it was in '21**. 12% expect to have lower revenues in '22.

43% expect their business's total **revenue in '22 will be higher than it was in '19**.

34% expect '22 **revenues will remain lower.**

44% think it will be **more than a year before business conditions return to normal.**

16% say conditions will **never return to normal.**

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

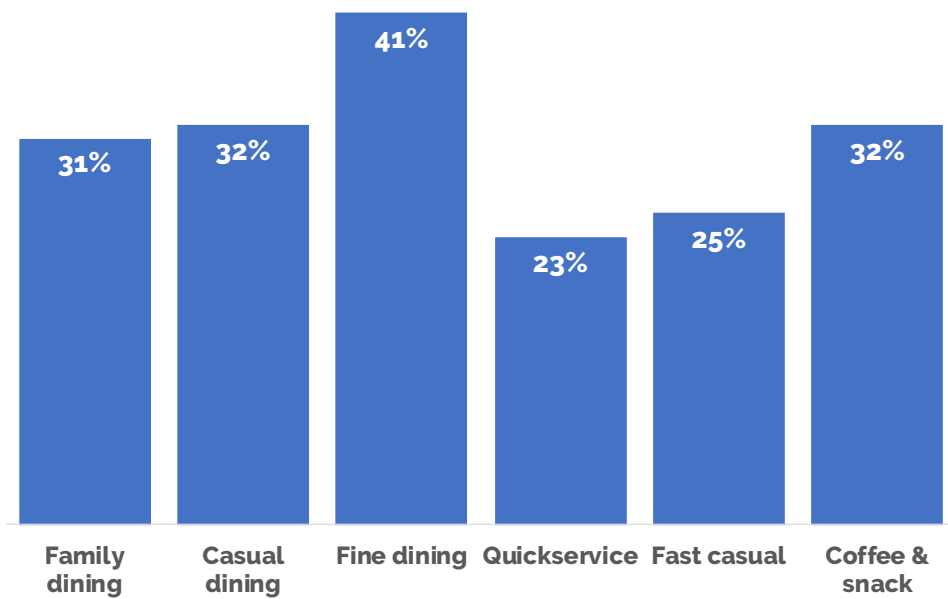
TRAVEL & TOURISM TRENDS

For restaurants that rely on business travelers and tourists, the pandemic is taking a particularly heavy toll. **All segments feel the effects of reduced travel, but fine-dining operators especially feel the hurt.**

In a typical year before the pandemic, an average of 41% of sales in the fine-dining segment came from travelers and visitors to the area, according to National Restaurant Association research. 1 in 4 of them said those customers accounted for at least 60% of their sales pre-COVID-19.

WELCOME, OUT-OF-TOWNERS!

Average % of sales from travelers in a typical year before COVID-19



Source: National Restaurant Association

For most restaurants, the '21 summer travel season fell short of pre-pandemic levels. 62% of fine-dining operators said their sales from travelers and visitors were down June–Aug. '21. Only 13% of them reported sales that surpassed comparable levels. '21 summer results were similar in the family-dining, casual-dining, quickservice, and fast-casual segments: roughly 6 in 10 operators said their tourism-related sales were lower than pre-pandemic levels.

Hopes are high for this year's summer season: a vast majority of operators across all segments say an increase in business and leisure travel would help boost their restaurant's sales in '22, including more than 8 in 10 quickservice operators and more than 9 in 10 fine-dining operators.

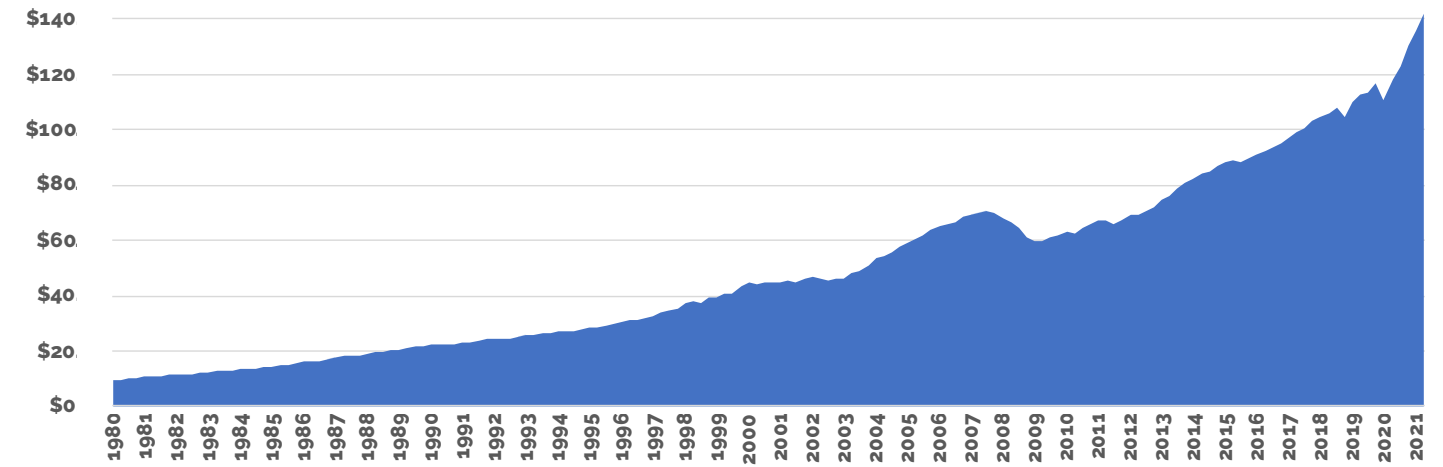
CONSUMER OUTLOOK

In recent historical terms, household balances sheets remain extremely healthy. Household wealth and savings are well above pre-pandemic levels, and debt levels are lower.

CHECK OUT THIS SNAPSHOT OF **4 KEY HOUSEHOLD INDICATORS**

1 WEALTH

Total household net worth (\$ trillions)



Source: Federal Reserve

KEY TAKEAWAYS: At the same time the coronavirus pandemic was doing a number on the U.S. economy, household wealth was trending sharply higher. After falling by more than 5% in Q1 of '20, household net worth rose sharply in each of the next 5 quarters. By Q2 of '21, total household net worth reached a record \$141.7T, up 28%—or \$31.1B—from Q1 of '20. This has a positive impact on consumers' current and future financial decisions.

2 SAVINGS

Personal savings as a % of disposable personal income*



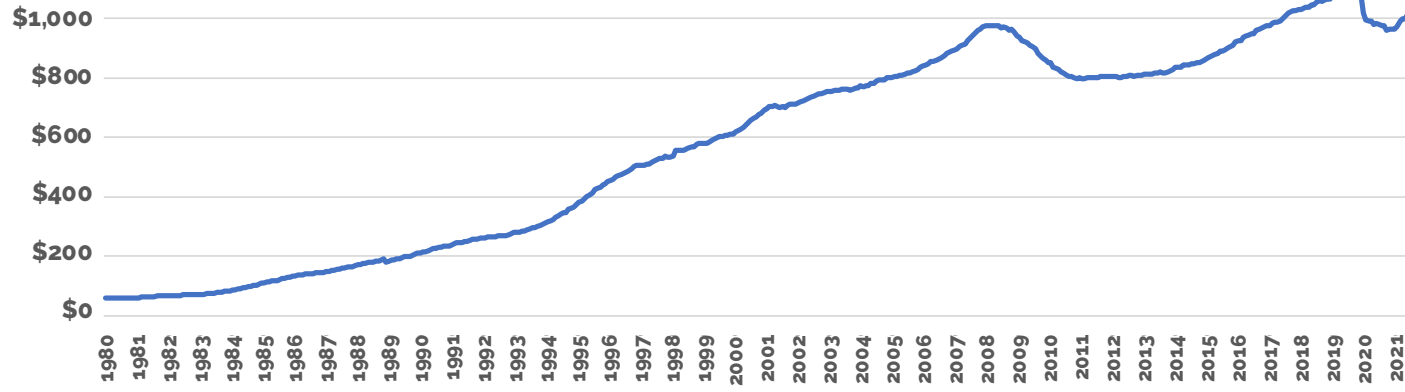
*seasonally-adjusted annual rate • Source: Bureau of Economic Analysis

KEY TAKEAWAYS: Doing (and buying) less and income-supporting fiscal stimulus packages bolstered consumer savings during the pandemic. Although the effects of the stimulus payments largely ran their course by mid-'21, the personal savings rate stayed above pre-pandemic levels allowing many consumers to build up a financial cushion.

CONSUMER OUTLOOK

3 DEBT

Total revolving consumer credit (in billions)

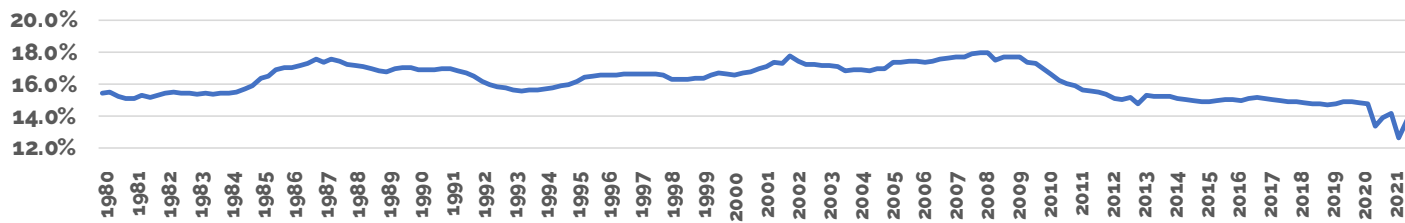


Source: Federal Reserve

KEY TAKEAWAYS: With fewer places to go and spend, consumer credit balances fell sharply in the early months of the pandemic. Having peaked at \$1.1T in Feb. '20, total revolving credit balances fell nearly 13% during the next 11 months, hitting the lowest level in more than 4 years. Although revolving credit balances ticked a bit higher in recent months, they're still below their pre-pandemic peak..

4 FINANCIAL OBLIGATIONS

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



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

KEY TAKEAWAYS: Debt service—aka bills—became more manageable for many households during the pandemic, due largely to lower debt levels and income-supporting stimulus measures. The Federal Reserve's Financial Obligations Ratio, which is the ratio of total required household debt payments* to total disposable income, fell to just 12.7% in Q1 of '21. This was down more than 2 percentage points from pre-pandemic levels and represented the lowest level on record since this data series began in 1980. Although it ticked higher in Q2 of '21, the financial obligations ratio remained well below historic averages.

MIXED HOUSEHOLD SENTIMENT

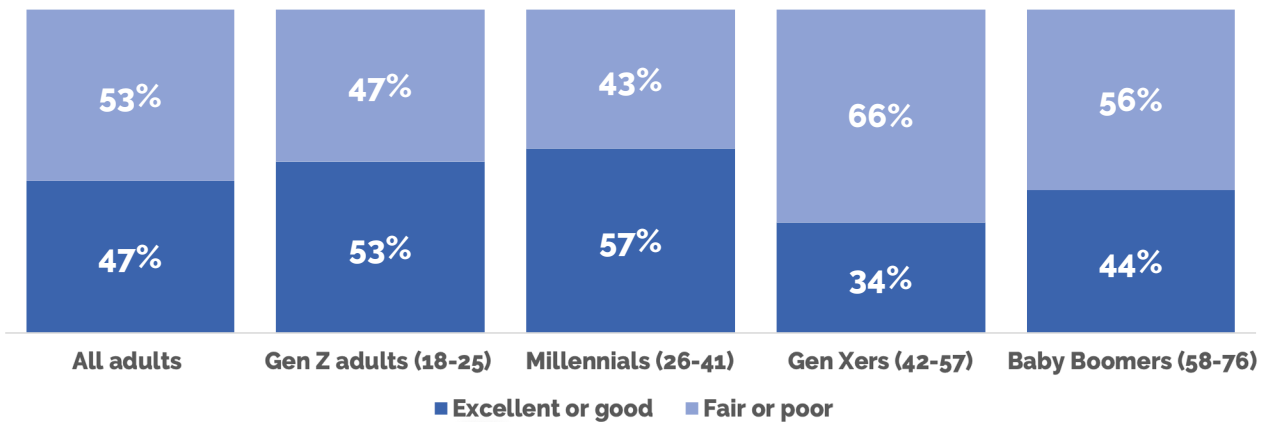
While the aggregate data paints a positive picture of the consumer, **sentiment at the individual household level is mixed:**

53% of adults surveyed in Dec. '21 **described their finances as either fair or poor.**

47% **said their personal finances are in excellent or good condition.** Millennials and Gen Z adults were more likely to describe personal finances as either excellent or good.

CURRENT STATUS

Consumers' assessment of their personal finances



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

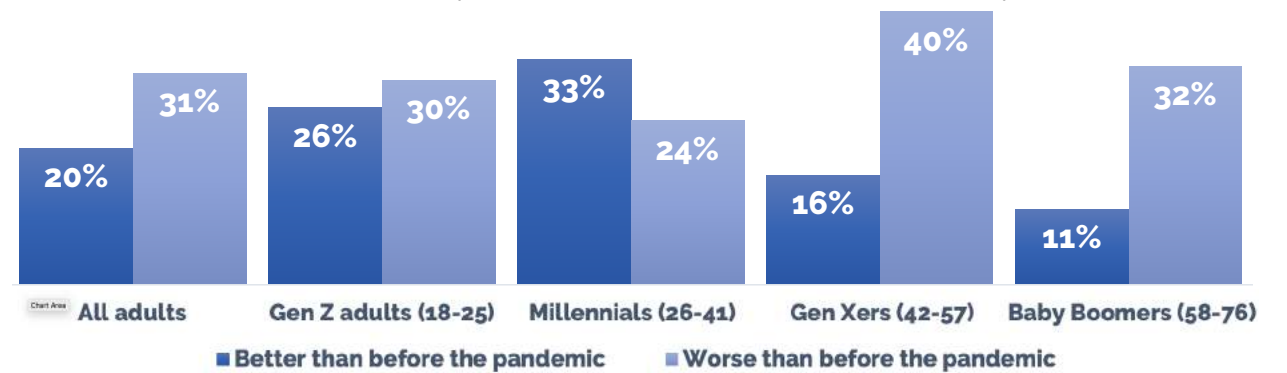
THE PANDEMIC TOOK ITS TOLL ON MANY CONSUMERS' FINANCES

31% of adults say their personal finances are in worse condition now than they were before the pandemic. Only 1 in 5 say they're in better shape.

40% of adults think their personal financial situation will get better in '22, while **23%** think it will get worse. Younger adults are the most optimistic.

PANDEMIC PINCH

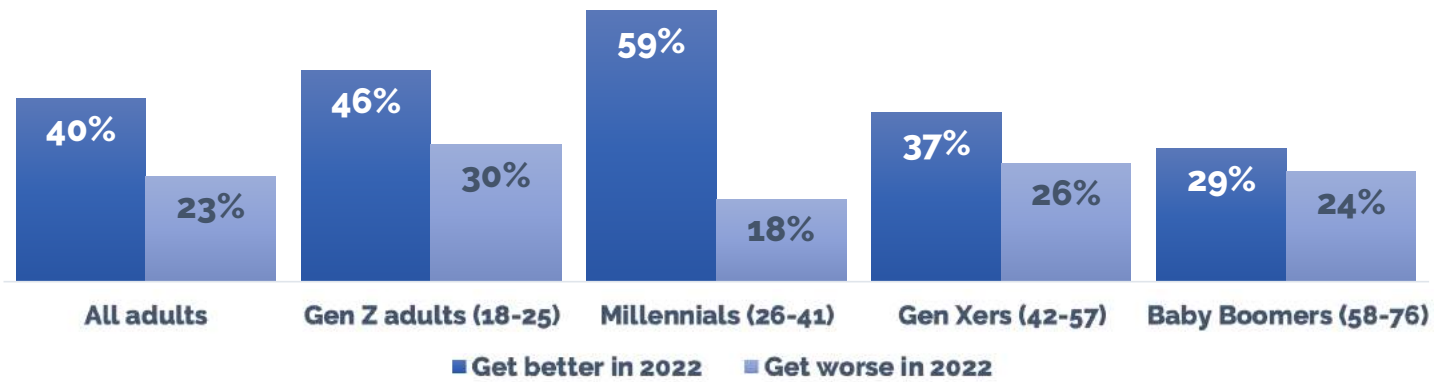
Consumers' view of their current personal financial situation vs. before the pandemic



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

WHAT'S NEXT?

Consumers' outlook for their household financial situation in '22



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

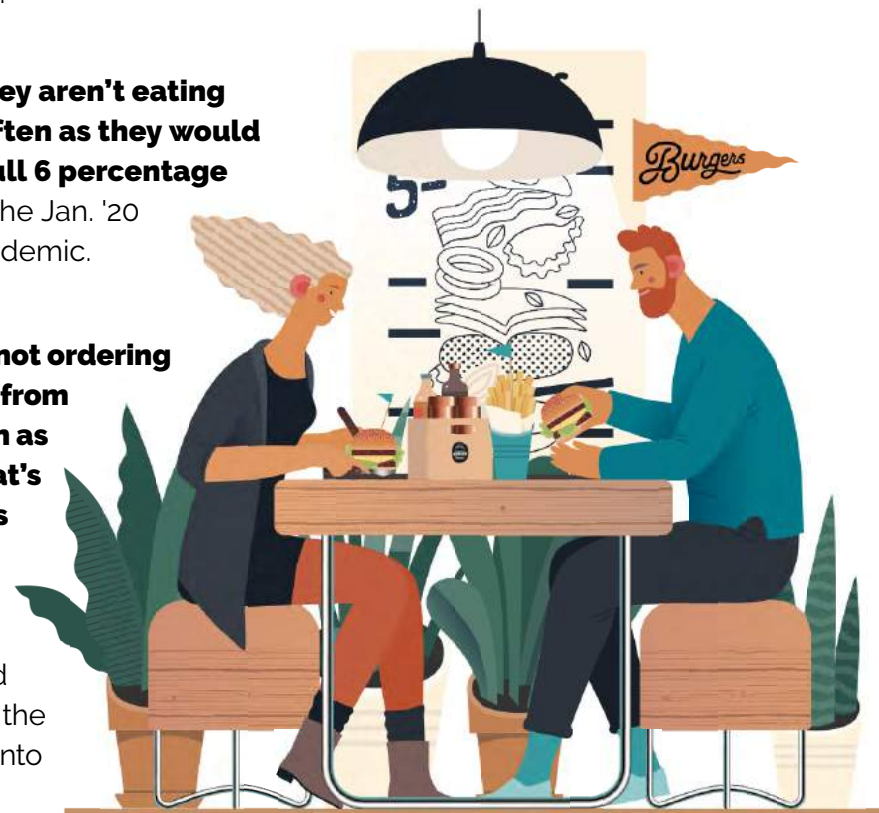
PENT-UP DEMAND IS STRONG

In Jan. '20, 45% of consumers said they weren't using restaurants as often as they would like for either on-premises dining or takeout and delivery. By April, just 4 months later, this pent-up demand shot up to 83% for on-premises dining. Consumers clearly missed what they couldn't have.

As the industry reopened during the first year of the pandemic, the percentage trended steadily lower; ultimately leveling off the last half of '21.

51% of adults who say they aren't eating at restaurants as often as they would like (Dec. '21) is a full 6 percentage points higher than the Jan. '20 level, before the pandemic.

37% of adults say they're not ordering takeout or delivery from restaurants as often as they would like. That's 7 percentage points below the Jan. '20 level, proving that consumers have integrated the myriad off-premises options the industry has offered into their daily lives.



PENT-UP DEMAND VARIES BY HOUSEHOLD INCOME

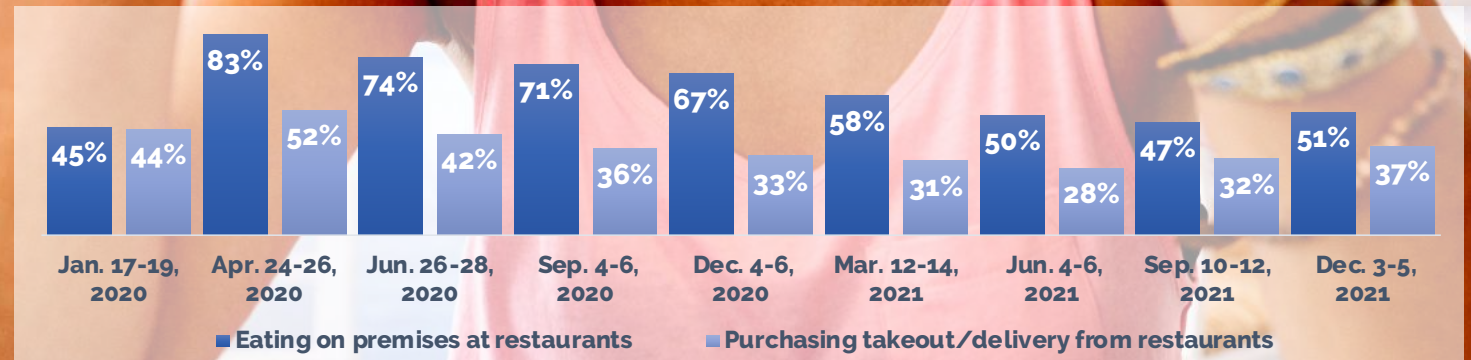
6 in 10 consumers in households with income below \$50K say they would like to be going out to restaurants more often.
 1 in 3 adults living in households with income above \$100K say they aren't eating on-premises at restaurants as often as they'd like.

These higher-income households are responsible for more than 4 in 10 dollars spent in restaurants, so any amount of unfulfilled demand is a positive sign for the industry.



WE WANT RESTAURANTS!

% of adults not using restaurants as often as they would like



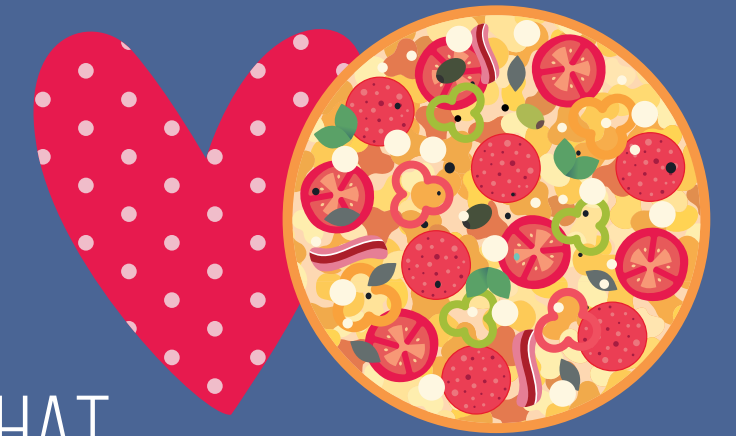
Source: National Restaurant Association, online surveys of 1,000 adults

UNFULFILLED DEMAND

% of adults not using restaurants as often as they'd like

Demographic	Eating on premises at restaurants and fast food places	Purchasing takeout or delivery
All adults	51%	37%
GENDER		
Male	45%	37%
Female	56%	38%
AGE GROUP		
Gen Z adults (18-25)	42%	38%
Millennials (26-41)	41%	26%
Gen X (42-57)	55%	45%
Baby Boomers (58-76)	59%	41%
HOUSEHOLD INCOME		
Less than \$50,000	60%	47%
\$50,000 to \$99,999	48%	32%
\$100,000 or more	32%	20%
REGION		
Northeast	45%	33%
Midwest	53%	39%
South	51%	38%
West	53%	37%
SIZE OF COMMUNITY		
Urban	43%	31%
Suburban	54%	36%
Rural	56%	49%

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



WHAT WE LOVE

Consumers love many things about restaurants, which is why they say they want to use them more often.

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.**



The pandemic accelerated a number of operational adaptations that have helped restaurants survive the past 2 years. They include new transaction technologies, outdoor dining, enhanced off-premises services, alcohol-to-go and more.

Operational

TRENDS

In gauging consumers' acceptance of new operational approaches, the Association is beginning to see a **sharp generational divergence.**

Broadly speaking, **millennials and Gen Zs are often significantly more likely to accept new approaches**, new technologies and new services than their Gen X and boomer counterparts.

This stronger affinity may impact the duration of these trends, taking them **out of the realm of novelty and establishing them as common aspects of restaurant service.**



ON-PREMISES OVERVIEW

Many restaurants still face challenging conditions because they're not operating at full capacity. When surveyed in Nov. '21:

4 in 10 operators said their restaurant was **not currently open at full capacity for indoor on-premises dining.**

7 in 10 of them say it's because they **don't have enough employees** to adequately staff the restaurant.

ROOM FOR MORE

Reasons why restaurants aren't currently open at maximum allowed capacity

	Family dining	Casual dining	Fine dining	Quick-service	Fast casual	Coffee & snack
Not enough employees to adequately staff the restaurant	78%	76%	80%	74%	63%	47%
Too soon from a public health perspective	20%	27%	24%	21%	31%	24%
Not enough customers to justify fully opening	26%	25%	23%	9%	14%	15%
Uncertainty about future lockdowns or restrictions	19%	18%	19%	12%	21%	24%

Base: Restaurant operators that are not open at the maximum indoor capacity currently allowed in their jurisdiction. Note: Multiple responses were allowed. • Source: National Restaurant Association, Restaurant Trends Survey, '21



ON-PREMISES FOCUS: TRADITIONAL SERVICE OR TECHNOLOGY?

Table-service restaurant operators struggling to fill positions may be **tempted to incorporate technology into their customers' dining experience.**

In the Association's National Household Survey, consumers were given the choice to sit in one of two sections at a sit-down restaurant with table service:

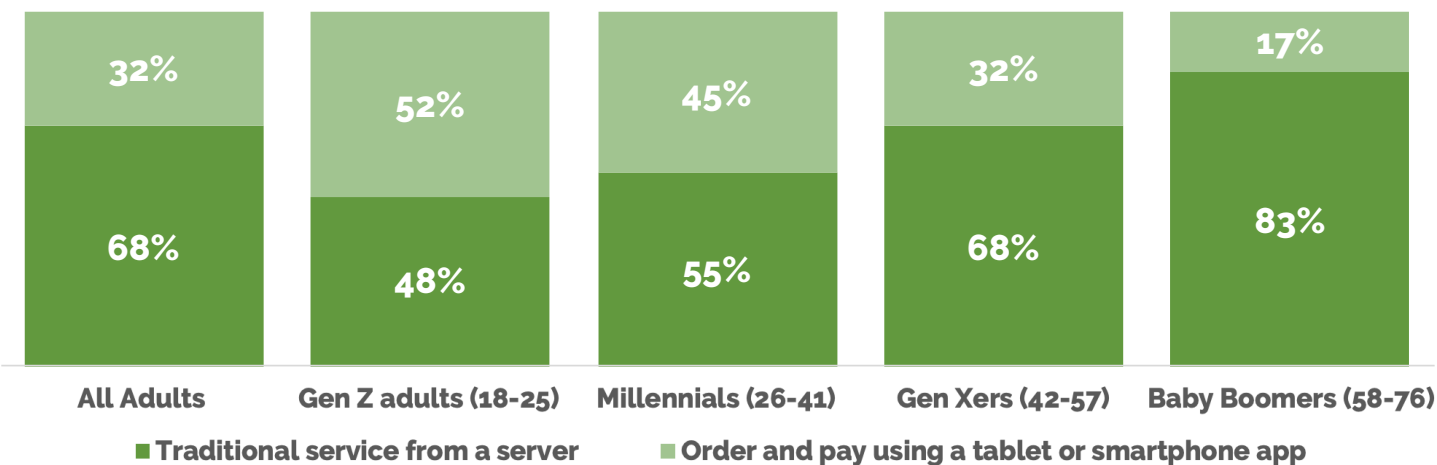
1. You will receive **traditional service from a server.** The server will bring you a menu, take your order, deliver your food and beverages, and bring you your bill at the end of your meal.

OR

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

TRADITIONAL VS. TECH

Tableside service styles customers say they prefer



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



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

32% say they would choose 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. Millennials and Gen Z adults are split almost evenly between the two options.

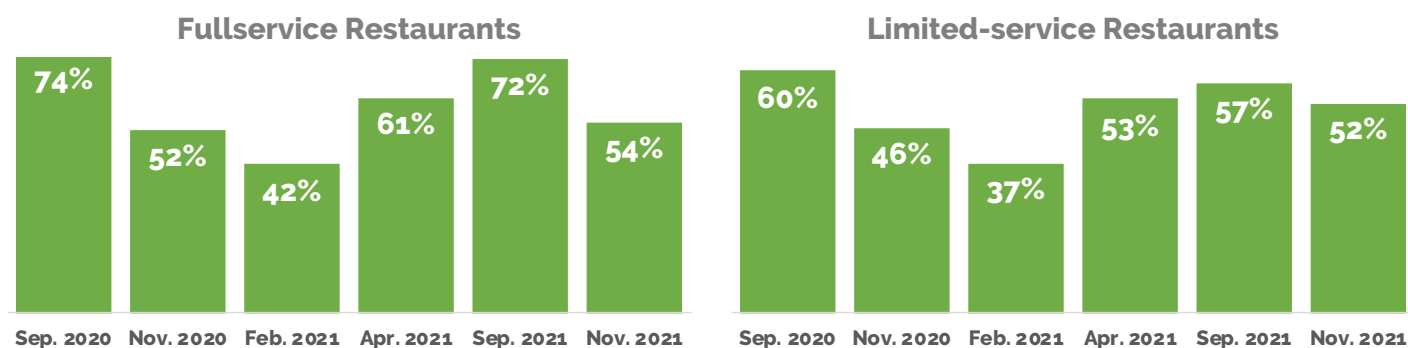
ON-PREMISES FOCUS: OUTDOOR DINING

Outdoor seating has been a lifeline for many restaurants throughout the pandemic. It's still an important option for restaurants to offer even though many indoor dining restrictions have eased—**plenty of consumers still prefer to dine outside.**

3 in 4 adults say they would feel safer sitting at an outside table rather than an inside table at a restaurant, if given the option and the weather is nice. That's likely why nearly **4 in 10 consumers say the availability of outdoor seating would make them more likely to choose one restaurant** over another similar one.

COLD WEATHER, FEWER PATIOS

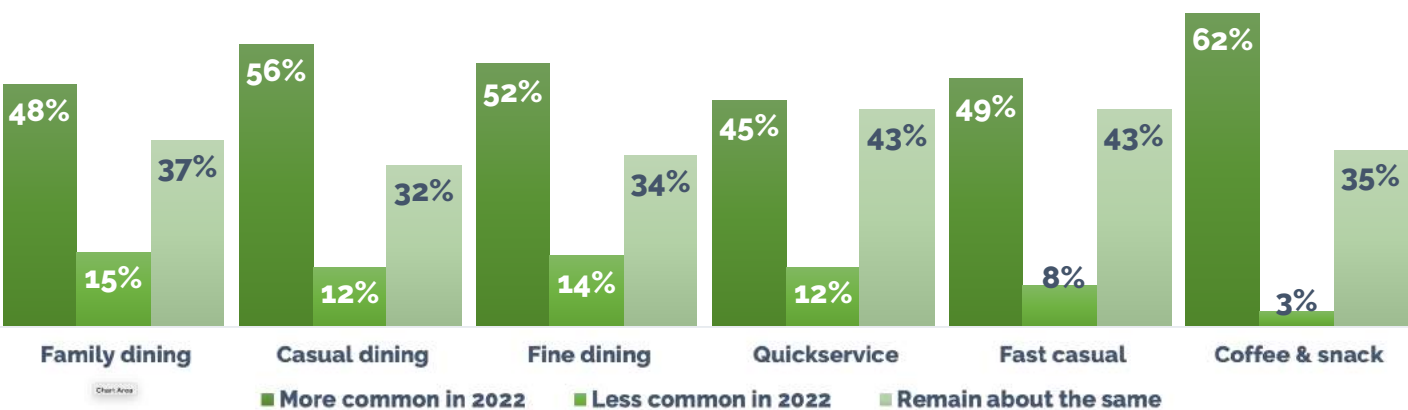
% of operators who say their restaurant currently offers on-premises outdoor dining



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

EXPECT EVEN MORE OUTDOOR SEATING

Operators' expectations of whether outdoor seating on a sidewalk, parking lot or street will become more or less common within their segment in '22



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

The weather, of course, matters. As of Nov. '21, 54% of fullservice restaurants offered on-premises outdoor dining, down from 72% just 2 months before.

Restaurant operators don't expect consumer demand for outdoor dining to wane in '22.

Roughly half think the availability of seating on a sidewalk, parking lot, or street will become more common within their segment this year. Only about 1 in 10 think it will become less common.



WORK-FROM-HOME'S RESTAURANT IMPACT

Remote work has changed how consumers use restaurants.

Employed people who work from home either all or part of the time say they're using restaurants less during the workday compared with before the pandemic.

54% of WFH employees say they go out for dinner after work less frequently now than they did before the pandemic; only 23% do this more often.

Similarly, **47% of WFH employees say they go out to lunch during the**

workday less frequently than they did before the pandemic; a quarter of them go out more frequently.

Restaurant or coffee shop use during the morning meal period—either on- or off-premises—**is also down** for nearly half of WFH employees.

In contrast, **WFH employees reported a slight uptick in off-premises use during lunch:** 38% say they order takeout or delivery for lunch during the workday more frequently now.

NEW SPACE, NEW HABITS

WFH* employees report restaurant use compared with before the pandemic

MEAL OCCASION	More frequently	Less frequently	About the same
Go out for breakfast at a sit-down fast food place, coffee shop or restaurant BEFORE WORK	29%	42%	29%
Pick up a breakfast meal, snack or beverage from a fast food place, coffee shop or restaurant BEFORE WORK	26%	47%	27%
Go out to a restaurant or fast food place for lunch DURING THE WORKDAY	26%	47%	26%
Order takeout or delivery from a restaurant or fast food place for lunch DURING THE WORKDAY	38%	34%	28%
Go out to a restaurant or fast food place for dinner AFTER WORK	23%	54%	24%
Order takeout or delivery from a restaurant or fast food place for dinner AFTER WORK	36%	39%	26%

*Employed people who work from home all or part of the time. Note: Rows may not add precisely to 100% due to rounding. Source: National Restaurant Association, Restaurant Household Survey, '21

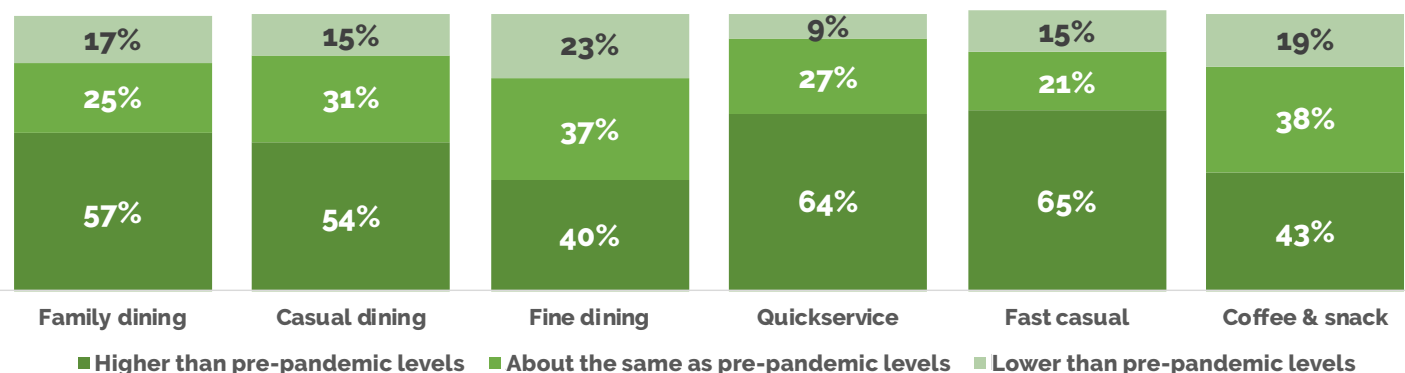


OFF-PREMISES OVERVIEW

Takeout and delivery were key to survival for many restaurants in '20, and for many, this continued into '21. As of Nov. '21, restaurant operators across all 6 major segments said **off-premises dining represented a higher proportion of their average daily sales than it did before the pandemic.**

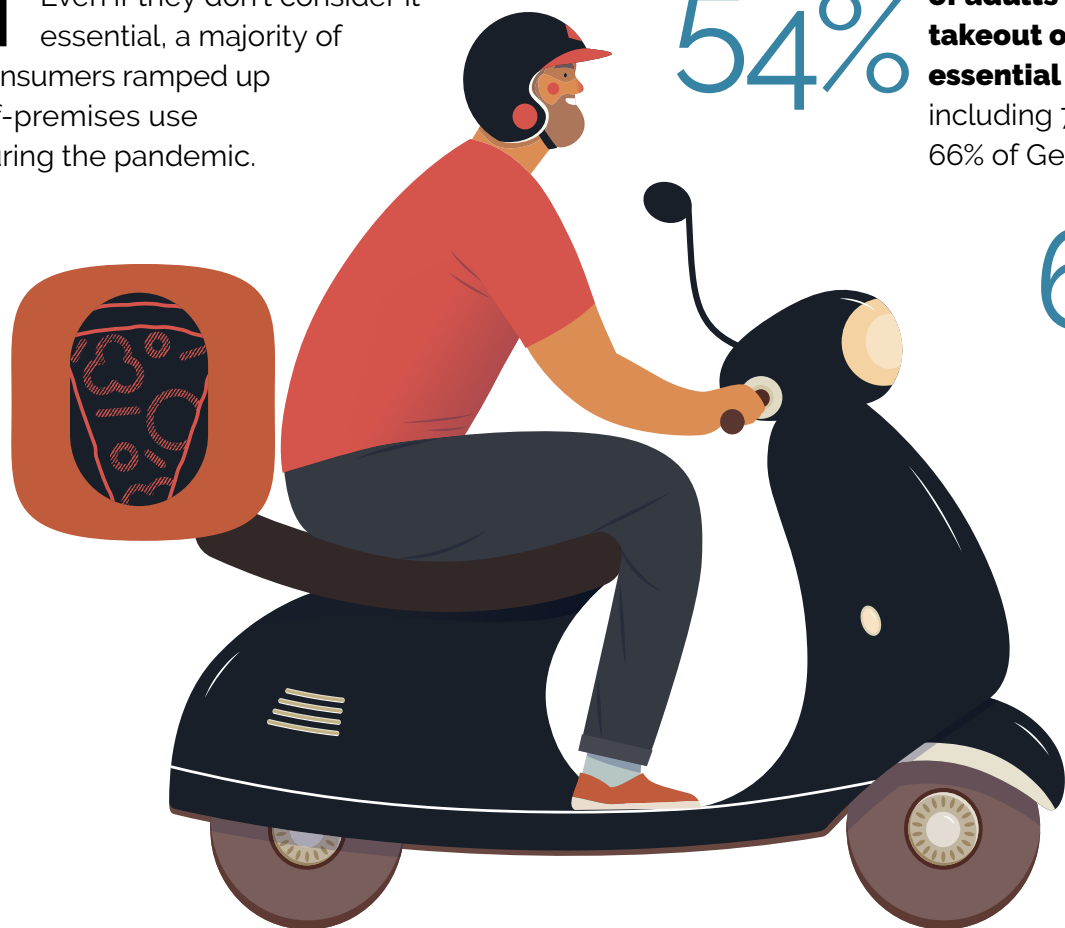
OFF-PREMISES SALES IN '21

Operators report off-premises as a percentage of their total sales compared with pre-pandemic levels



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

Takeout and delivery were critical to consumers too. Even if they don't consider it essential, a majority of consumers ramped up off-premises use during the pandemic.



54%

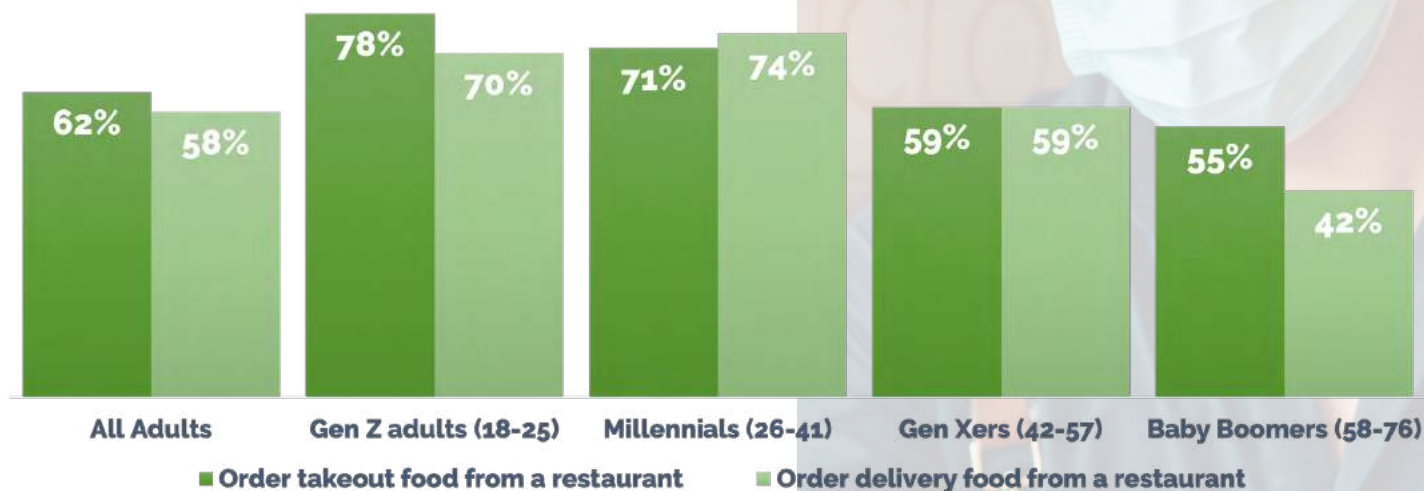
of adults say purchasing takeout or delivery food is essential to the way they live, including 72% of millennials and 66% of Gen Z adults.

6 in 10

adults say they're more likely to order either takeout or delivery food from a restaurant than they were before the coronavirus outbreak, including 7 in 10 millennials and Gen Z adults.

TO-GO, PLEASE!

% of consumers who say they're more likely to order takeout or delivery food from a restaurant than they were before the coronavirus outbreak



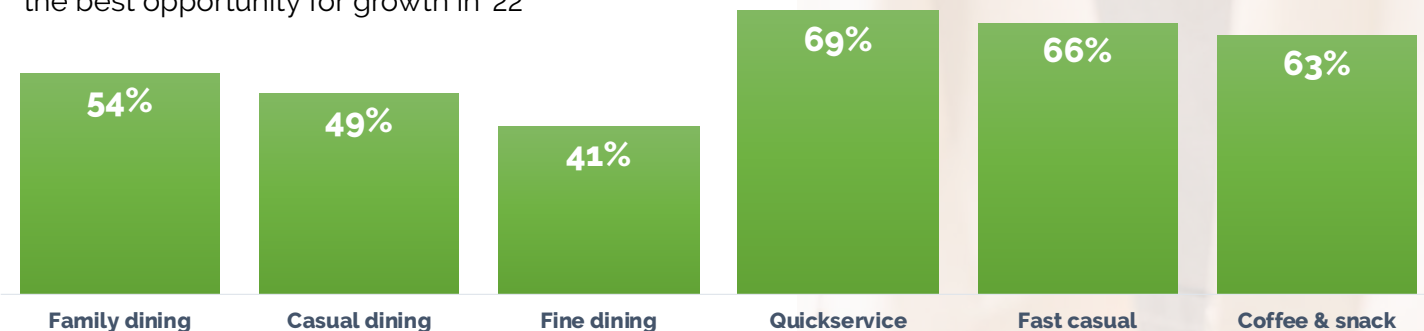
Source: National Restaurant Association, National Household Survey, '21

Looking ahead, a majority of operators in each of the 3 limited-service segments say the **off-premises side of their business will continue to be the best opportunity for growth in '22.**

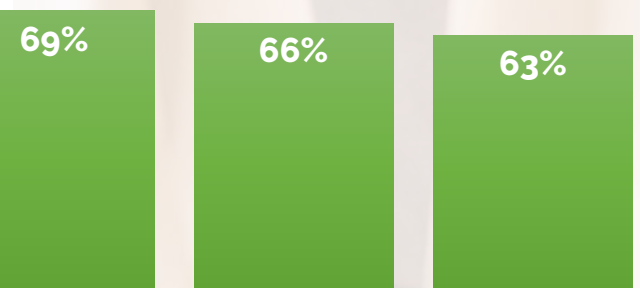
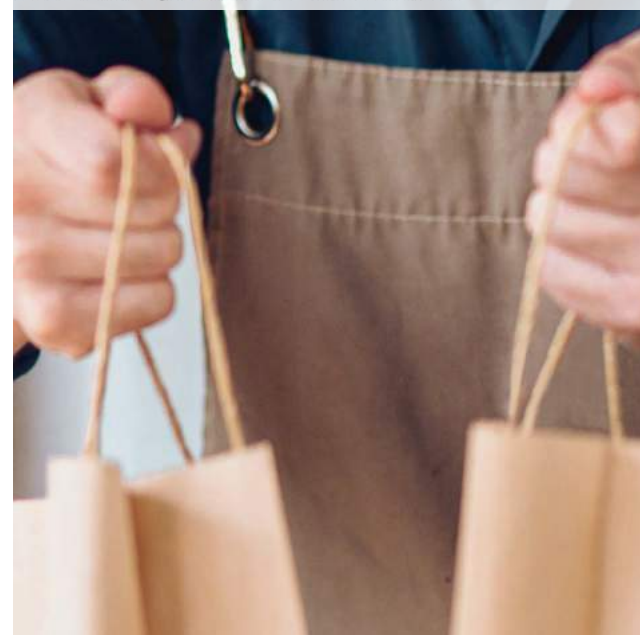
Tableservice operators aren't as likely to agree, but 41% of fine-dining operators and roughly half of family-dining and casual-dining operators say off-premises will be their best chance for sales growth.

SPACE TO GROW

% of operators who say off-premises presents the best opportunity for growth in '22



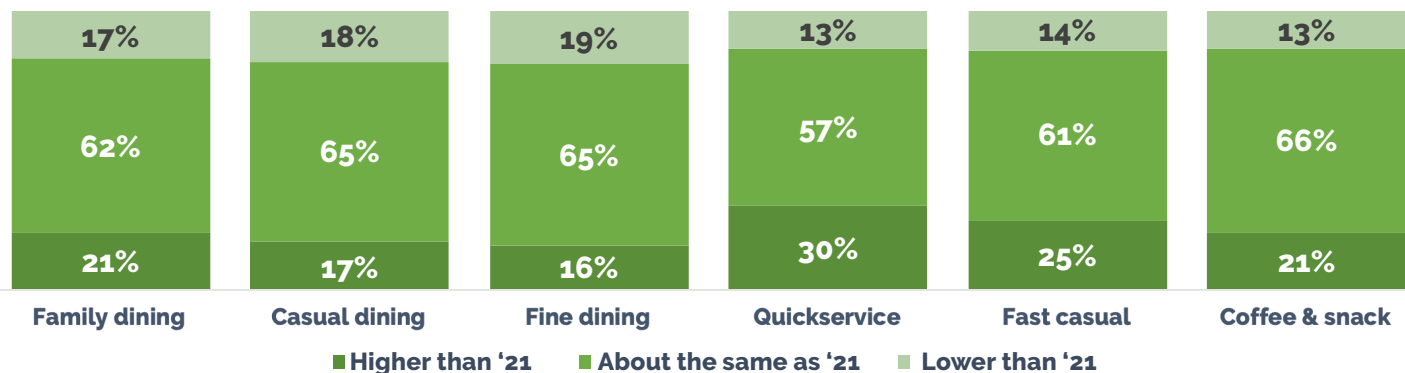
Source: National Restaurant Association, National Trends Survey, '21



Restaurant operators are confident that the off-premises side of their business will hold up in '22. About 6 in 10 operators across each of the 6 major segments expect their total off-premises sales in '22 to be about the same as they were in '21. Quick-service and fast-casual operators are the most likely to expect an increase in their off-premises business in '22.

OFF-PREMISES SALES SHOULD CONTINUE

Operators' expectation for their total off-premises sales volume in '22 compared with '21



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

Despite its promise, fewer operators plan to devote more resources to off-premises growth in '22.

Roughly 1 in 4 limited-service, family-dining and casual-dining operators plan to **devote more resources to expanding the off-premises side of their business in '22.**

1 in 5 fine-dining operators reported similarly.



OFF-PREMISES OPPORTUNITY: CONSUMERS WANT — AND WILL PAY FOR — MORE OFF-PREMISES OPTIONS

CONSUMERS ARE GENERALLY HAPPY WITH THEIR OFF-PREMISES OPTIONS.

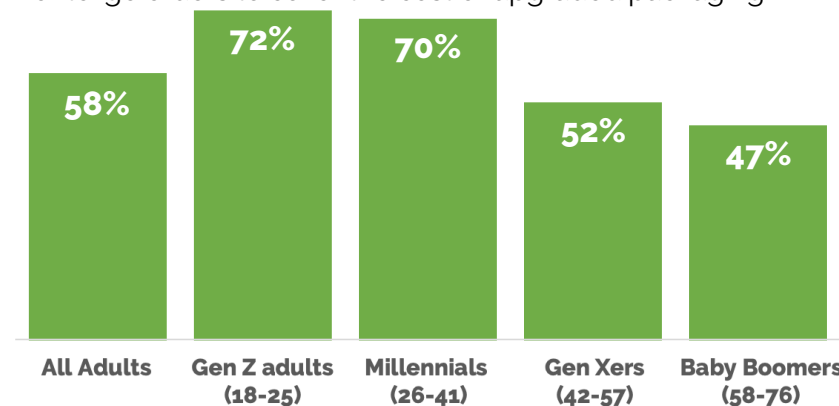
77% of adults say they're satisfied with the variety of food options available for takeout and delivery in their area. **At 88%, Gen Z adults are most satisfied** with their current options.

HOWEVER, IF GIVEN THE CHOICE, AN EVEN STRONGER MAJORITY OF CONSUMERS WANT MORE OPTIONS.

88% of adults (including 94% of millennials) say they would be likely to try ordering an expanded variety of food items for takeout or delivery, if the restaurant used packaging that helps the food maintain the same temperature, taste, and quality as when it's served in the restaurant.

PAYING MORE FOR PACKAGING

% of consumers* who say they'd be willing to pay a little more for to-go orders to cover the cost of upgraded packaging



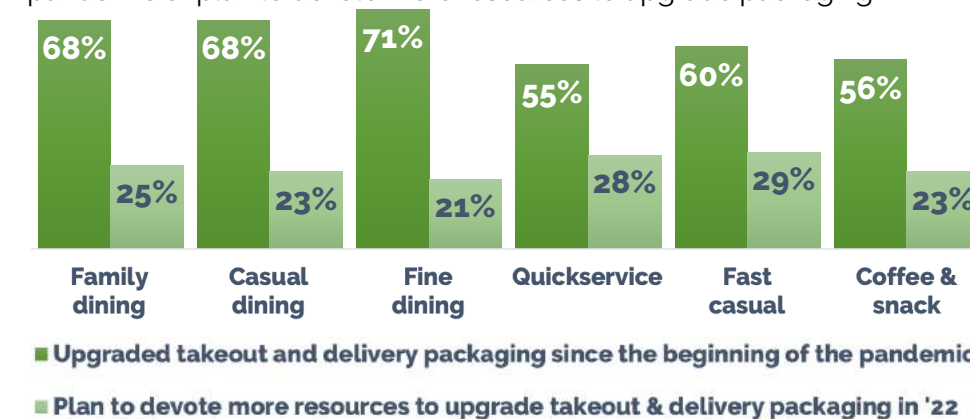
*Base: Consumers who say they'd be likely to try ordering an expanded variety of food items for takeout or delivery, if the restaurant used packaging that helps the food maintain the same temperature, taste and quality as when it is served in the restaurant. Source: National Restaurant Association, National Household Survey, '21



Many restaurant operators are already investing in packaging. **7 in 10 full-service operators and a majority of limited-service operators say they upgraded their takeout and delivery packaging** since the beginning of the pandemic. About 1 in 4 operators plan to devote more resources to upgrading their takeout and delivery packaging in '22.

NOTABLE IMPROVEMENTS

% of operators who upgraded their packaging since the beginning of the pandemic or plan to devote more resources to upgrade packaging in '22



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

Operational Trends

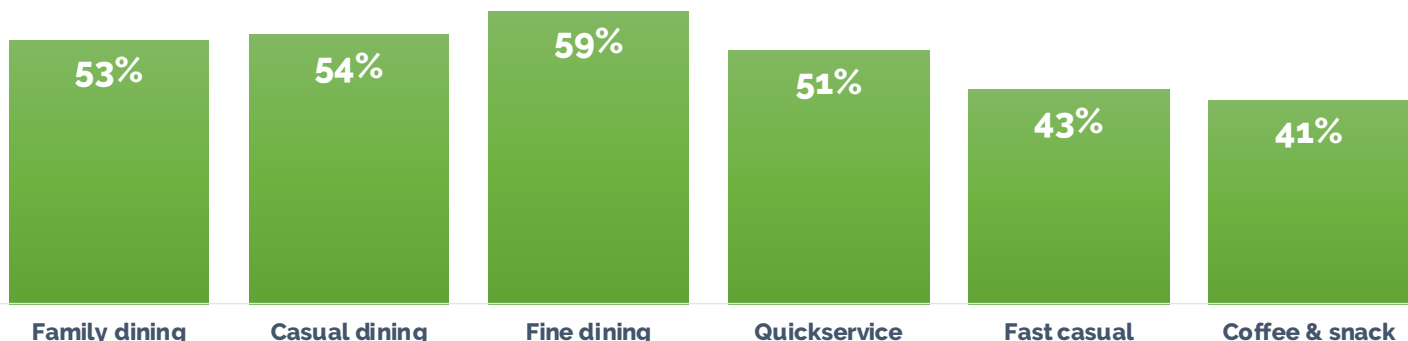
OFF-PREMISES OPPORTUNITY: OFFER ALCOHOL-TO-GO

Many jurisdictions changed rules around sales of to-go alcohol during the pandemic to help restaurants survive. Among restaurants that serve alcohol beverages,

6 in 10 fine-dining operators and roughly half of casual-dining, family-dining and quickservice operators say they **offer the option of including alcohol beverages with takeout or delivery orders.**

CHEERS!

% of operators* who offer alcohol beverages with takeout and delivery orders



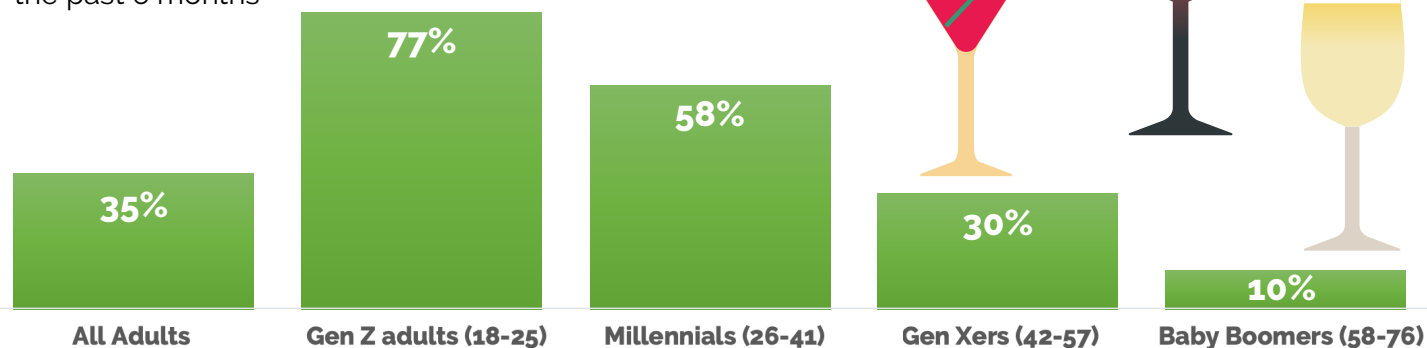
*Base: Restaurants that serve alcohol beverages
Source: National Restaurant Association, Restaurant Trends Survey, '21

The response is positive—particularly among younger consumers. 77% of Gen Z adults (age 21+) and 58% of millennials say they included an alcohol beverage with a takeout or delivery order from a restaurant, deli, or fast food place during the past 6 months.

This same group of consumers say the ability to order alcohol drinks is a point of differentiation: 70% of Gen Z adults (age 21+) and 62% of millennials say the option of including alcohol with a takeout or delivery order would make them more likely to choose one restaurant over another similar restaurant. Just 12% of baby boomers agree.

TIPPLES TO GO

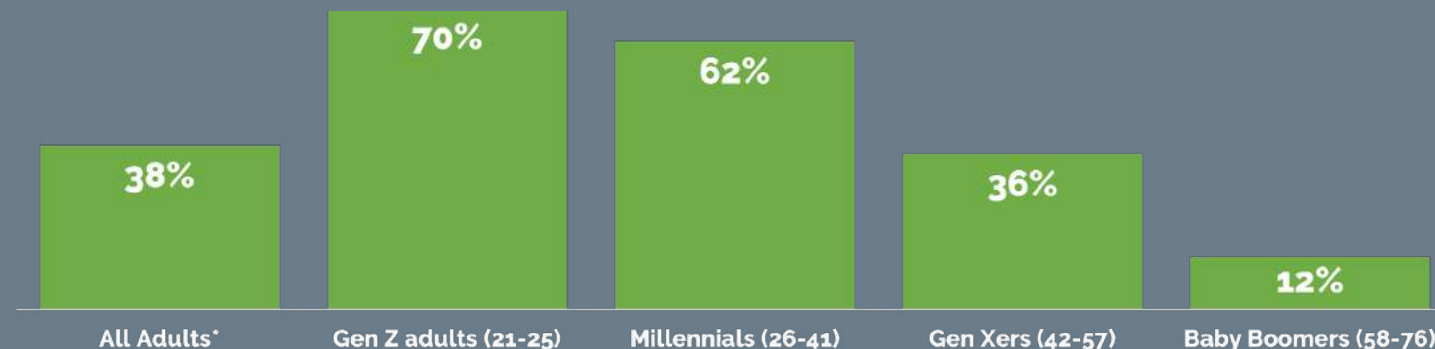
% of off-premises customers* who included an alcohol beverage with a takeout or delivery order from a restaurant, deli, or fast food place during the past 6 months



*Base: Adults 21 years of age or older who ordered takeout or delivery food from a restaurant, deli or fast food place during the past 6 months
Source: National Restaurant Association, National Household Survey, '21

ALCOHOL AS 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 similar restaurant



*Base: Adults 21 years of age or older who ordered takeout or delivery food from a restaurant, deli or fast food place during the past 6 months
Source: National Restaurant Association, National Household Survey, '21

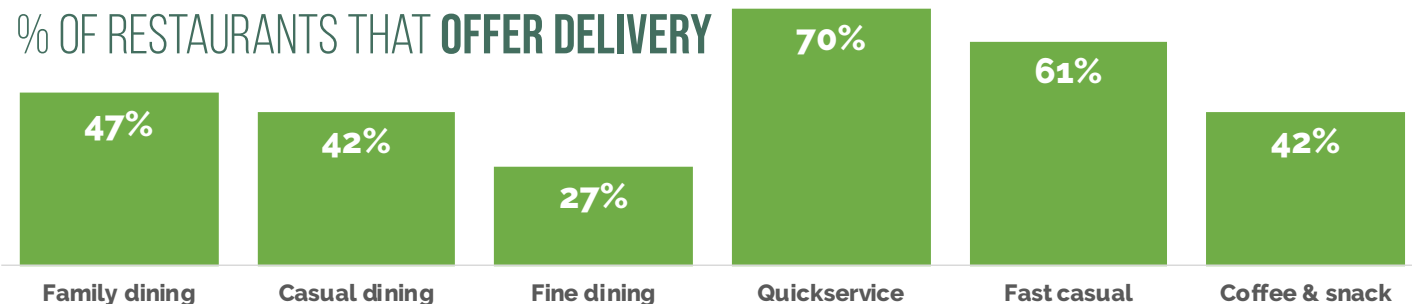


Operational Trends

DELIVERY OVERVIEW

Restaurants across all segments increased delivery services during the pandemic.

% OF RESTAURANTS THAT OFFER DELIVERY

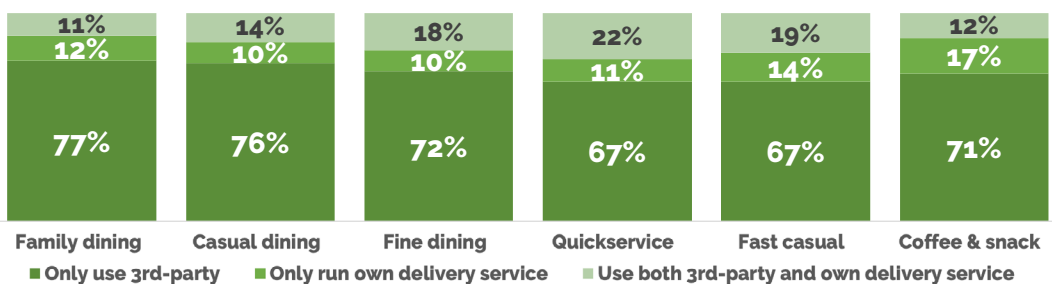


Source: National Restaurant Association, Restaurant Trends Survey, '21

Among restaurants that offer delivery, a majority of operators in each of the 6 major segments say they use a 3rd-party provider for their delivery.

DELIVERY SERVICE USE

Restaurant Operators' Current Delivery Service Use



Base: Restaurants that offer delivery Source: National Restaurant Association, Restaurant Trends Survey, '21

1 in 10

run their own delivery service.

1 in 6

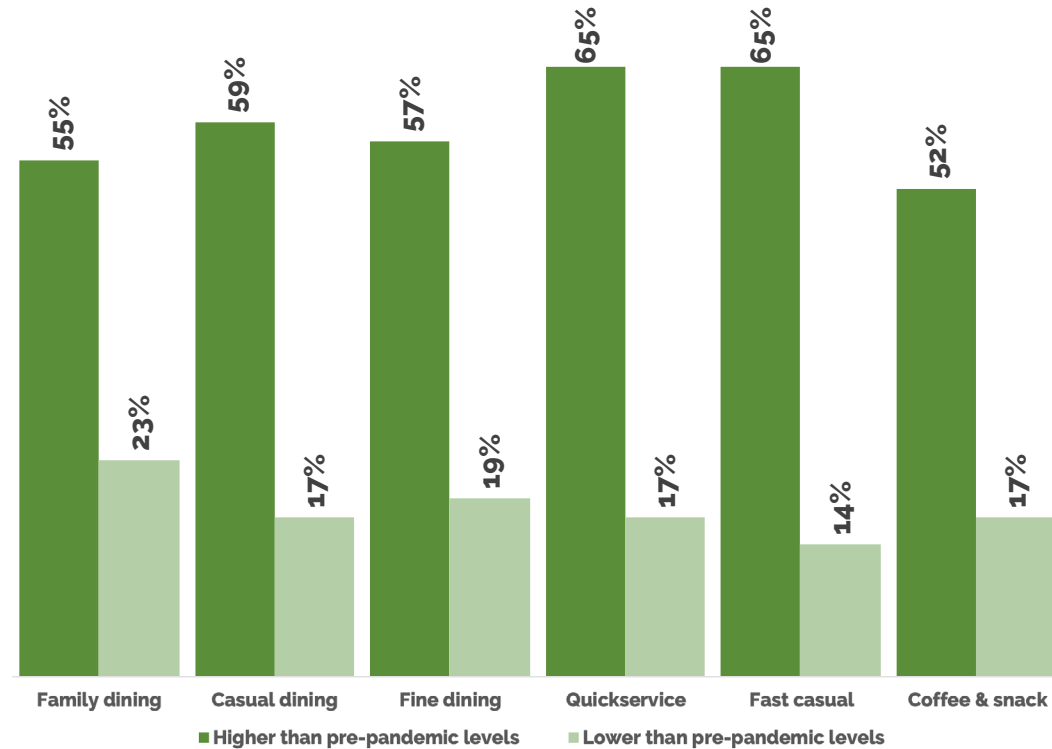
use both their own and a 3rd-party provider.

A majority of operators in each of the 6 major segments say delivery represents a higher percentage of their total sales than it did before the pandemic.



CONTINUED GROWTH

Operators report on delivery as a percentage of their total sales compared with pre-pandemic levels



Base: Restaurants that offered delivery prior to the pandemic. Source: National Restaurant Association, Restaurant Trends Survey, '21

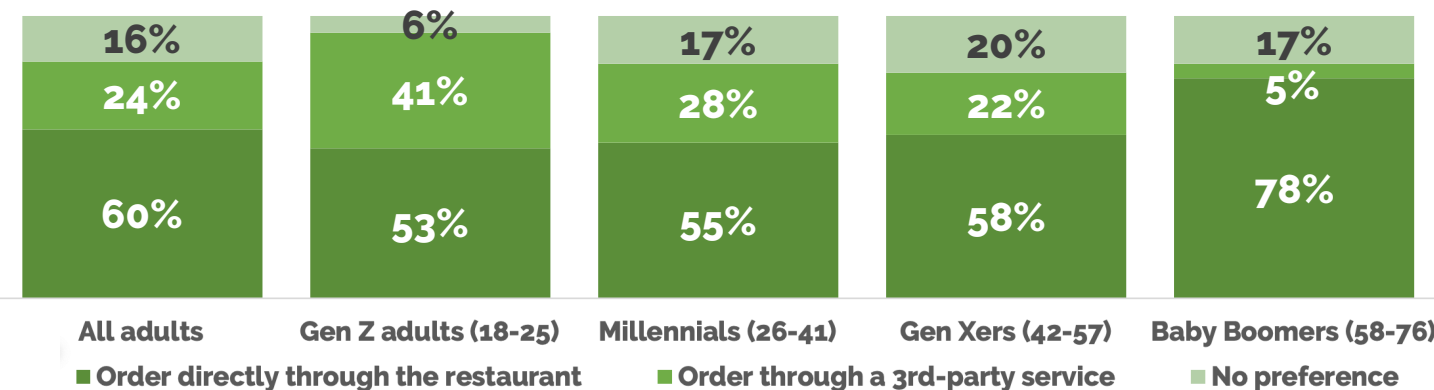
CONSUMERS' DELIVERY PREFERENCES

Even though most restaurants use a 3rd-party delivery provider, **6 in 10 delivery customers say they would prefer to order directly from the restaurant.**

Baby boomers (78%) are the most likely to prefer ordering directly from the restaurant. Only a slight majority of Gen Z adults prefer to direct order.

CUSTOMERS WANT TO ORDER DIRECT

How delivery customers prefer to order restaurant food for delivery



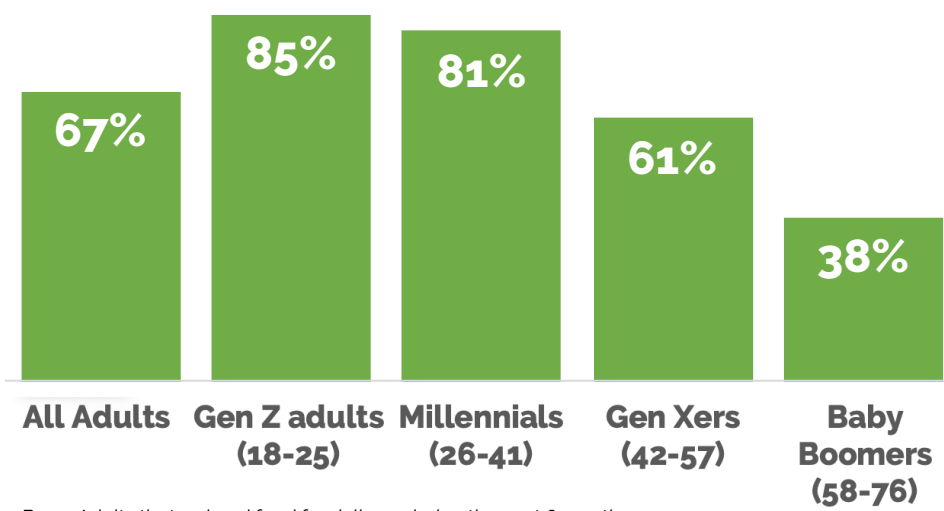
Base: Adults that ordered food for delivery during the past 6 months Source: National Restaurant Association, National Household Survey, December '21

Despite their stated preference,

67% of delivery customers—including more than 8 in 10 Gen Z adults and millennials—say they ordered food for delivery through a 3rd-party service in the past 6 months.

3RD-PARTY DOMINANCE

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



Base: Adults that ordered food for delivery during the past 6 months Source: National Restaurant Association, National Household Survey, December '21



DELIVERY FOCUS: VIRTUAL OR GHOST KITCHENS

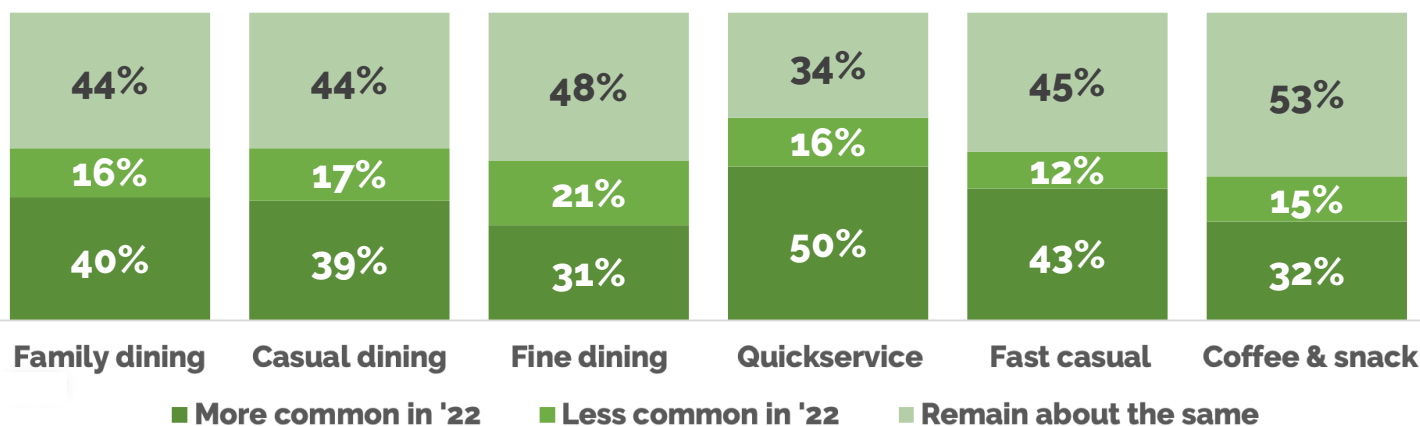


Ghost kitchens—making food for takeout and delivery only—remain a small presence on the restaurant landscape, but **plenty of operators see their promise.**

Roughly **4 in 10 operators—including half of quickservice operators—think delivery from a virtual or ghost kitchen will become more common** within their segment in '22. Only about 1 in 6 think it will become less common.

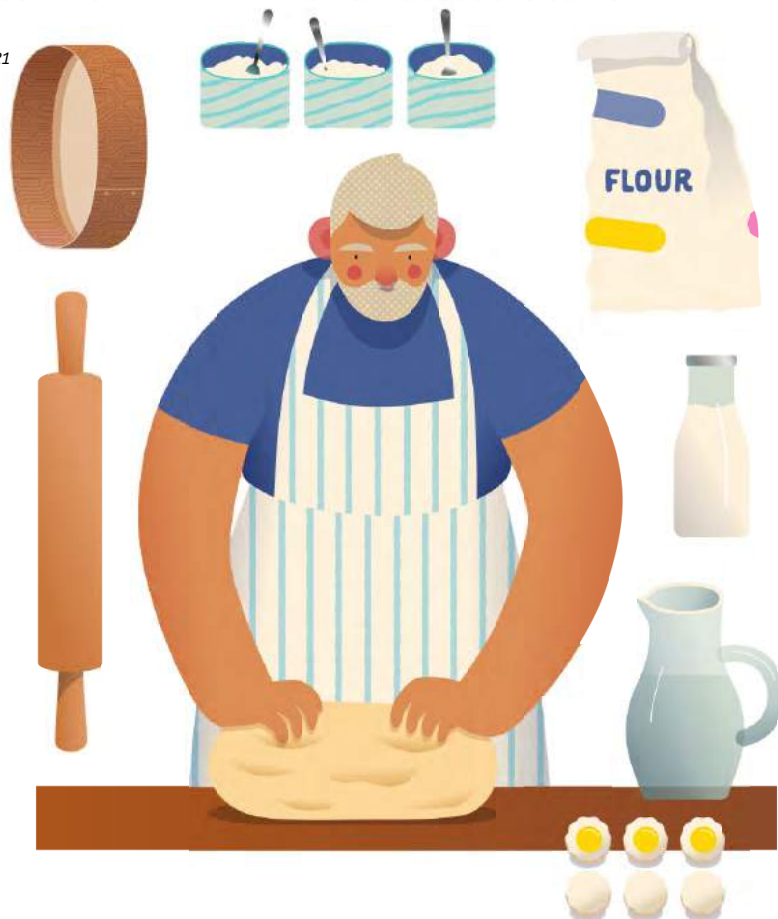
GHOST KITCHENS RISING

Operators' expectations of ghost kitchen delivery popularity within their segment in '22



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

74% of adults (including 81% of millennials) say that when choosing a place to order food for delivery, it's **important to them that the food comes from a restaurant, deli, or fast food place that has a physical location that's accessible to the public.**



7 VALUE OPPORTUNITIES

Many operators across the 6 major restaurant segments say **consumers are more value-conscious—and they're ramping up efforts to give them what they want.**

1. LOYALTY AND REWARDS PROGRAMS

8 in 10 adults (including nearly 9 in 10 Gen Z adults and millennials) say they'd probably join a loyalty and rewards program if it was offered at a favorite local restaurant. 65% of quickservice operators and a majority of coffee & snack and fast-casual operators see loyalty or frequent-customer programs becoming more common within their segment in '22. More than 4 in 10 fullservice operators say the same.

2. SMALLER PORTIONS AT A LOWER PRICE

Adjusted portion sizes offer customers value while managing limited inventory and supply chain challenges. 72% of adults say they would likely order smaller portions for a lower price if they were offered by a restaurant that they patronize. Nearly 8 in 10 millennials and Gen Z adults say they'd take advantage of this offer.

3. DISCOUNTS FOR DINING ON SLOW DAYS AND OFF-PEAK TIMES

A full dining room is always the goal, but some days are just busier than others. Consumers are interested in incentives for visiting restaurants on off-peak

days. Nearly 80% of adults across age groups say they would likely take advantage of discounts for dining on less busy days of the week.

They're also interested in dining deals in between traditional meal periods. 76% of adults say they would likely take advantage of discounts for dining during off-peak times of the day. More than 8 in 10 millennials and Gen Z adults say they would take advantage of this option.

4. MULTI-COURSE MEAL BUNDLES FOR TAKEOUT OR DELIVERY

Operators can take advantage of consumers' increased off-premises use by offering multi-course meals (i.e., appetizer, entrée, dessert) for takeout and delivery. Overall, 68% of adults say they would likely order such multi-course meal bundles if they were offered.

5. ITEMS TO MIX INTO HOME-COOKED MEALS

Restaurant operators can also build their off-premises business by supplementing their customers' meals at home. 54% of adults say they are more likely to incorporate restaurant-prepared items like a main dish, side, or dessert into meals made at home than they were before the pandemic. Among

millennials and Gen Z adults, this rises to more than 70%.

6. HOUSE ACCOUNTS

Younger generations are eager to try this one: in return for pre-paying a certain amount to the restaurant, customers receive a bonus. For example, a customer who pays \$50 gets \$60 added to their account; a customer who pays \$100 gets \$125, and so on. Funds are deducted from the account to cover each visit.

57% of adults say they would be likely to participate in a house account program if it was offered by one of their favorite restaurants. 75% of millennials and Gen Z adults say they would participate in this program, but only 38% of boomers.

7. POP-UP SPECIALS BASED ON DAILY TRAFFIC

Lower prices, a free appetizer or drink, or special menu items feel exciting when they're off-the-cuff and unexpected. These flexible additions and changes can be communicated via mobile apps and social media. 71% of adults say they would be likely to pay attention to and try to take advantage of pop-up specials if they were offered by a restaurant in their area that they patronize. Among millennials and Gen Z adults, this rises to 8 in 10.

Operational TRENDS

RESTAURANT TECHNOLOGY

More than 8 in 10 operators say the use of technology in a restaurant provides a competitive advantage. It's likely why a good proportion of operators are ramping up investments in technology in '22.

The most common plans are for service-based technology such as online or app ordering, reservations, mobile payment, or delivery management. Many operators also plan to devote more resources to back-of-the-house technology, such as point-of-sale, inventory, or table management.

Some restaurant operators also plan to devote more resources to customer-facing technology like tablets, tableside ordering systems, or kiosks.

OPERATORS' UPCOMING TECH INVESTMENTS

% of restaurant operators who plan to devote more resources to the following items in '22

	Family dining	Casual dining	Fine dining	Quick-service	Fast casual	Coffee & snack
Customer-facing service-based technology, such as online or app ordering, reservations, mobile payment, or delivery management	33%	31%	25%	38%	35%	28%
Back-of-the-house technology, such as point-of-sale, inventory, or table management	30%	28%	28%	29%	26%	27%
Customer-facing technology devices or hardware, such as tablets, iPads, tableside ordering systems, or ordering kiosks	25%	22%	17%	32%	27%	15%

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

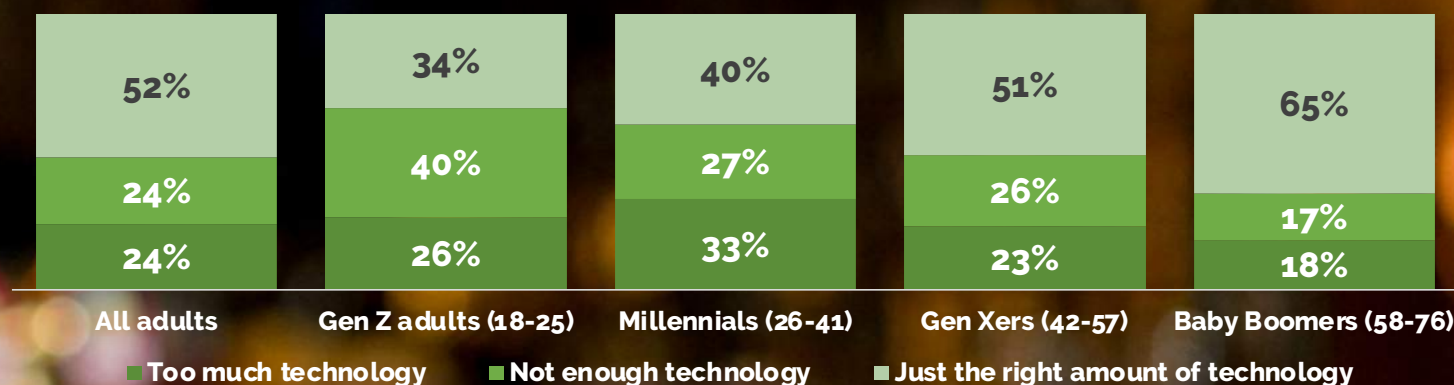
RESTAURANT TECHNOLOGY: THE CONSUMER PERSPECTIVE

At this point, operators shouldn't worry too much about overloading their restaurant with technology. Only about 1 in 4 adults think restaurants currently employ too much technology, while the same proportion say they could use some more tech.

Consumers are open to more tech across restaurant operations: customer service, ordering and payments, food information, and a faster experience were most popular.

THE RIGHT MIX

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

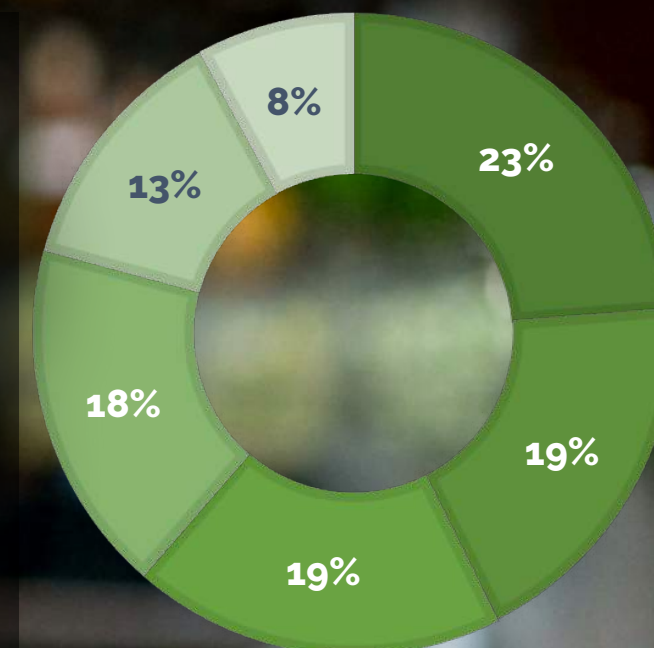


Source: National Restaurant Association, National Household Survey, '21

CONSUMERS ARE OPEN TO NEW TECH

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

- To improve customer service
- To make ordering and payment easier
- To provide more detailed information about food, such as nutrition, allergen information, and sourcing
- To make the overall restaurant experience faster
- To offer more convenient takeout and delivery options
- To provide more entertainment options for customers



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

RESTAURANT TECHNOLOGY: ORDERING AND PAYMENT OPTIONS ARE POPULAR

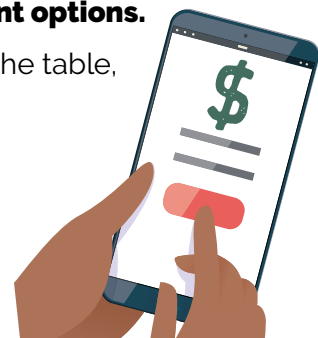
Tech adoption is here—the most popular tech options among consumers are already in use at plenty of restaurants. **7 in 10 adults say they would be likely to order and pay for food or beverages using a restaurant website or pay using contactless or mobile payment options.**

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

Tech options are most popular among younger consumers.

RESTAURANT TECH EXCITEMENT

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



	All adults	Gen Z adults (18-25)	Millennials (26-41)	Gen-Xers (42-57)	Baby Boomers (58-76)
Order and pay for food or beverages using a restaurant website	71%	74%	82%	75%	61%
Pay using contactless or mobile payment options	68%	74%	81%	70%	57%
Order and pay for food or beverages using a computer tablet at the table	67%	82%	79%	68%	53%
Order and pay for food or beverages using a smartphone app	64%	70%	82%	67%	50%
Order and pay for food or beverages using a self-service electronic kiosk	61%	69%	78%	62%	50%
Access the menu on phone through a QR code	58%	65%	78%	58%	43%
Pay using a mobile payments platform such as Apple Pay or Samsung Pay	56%	74%	79%	58%	32%
Place a food order for takeout or delivery using a voice-enabled platform such as Amazon Alexa, Google Home or iPhone's Siri	46%	69%	64%	48%	26%

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

Contactless payment will likely become more widespread in '22, according to restaurant operators. Overall, **roughly 7 in 10 operators think contactless payment options will become more common** within their segment in '22. Fewer than 1 in 10 expect it will become less common.

RESTAURANT TECHNOLOGY: ROBOTS AND DRONES ARE MORE FAVORABLE AMONG YOUNGER CONSUMERS

Younger consumers are open to tech-forward options like food prepared by robots or delivery via driverless cars—a majority of millennials and Gen Z adults are likely to try them. Older adults are less interested.

AUTOMATED SERVICE

% of consumers who say they would be likely to use the following options if they were offered by a local restaurant

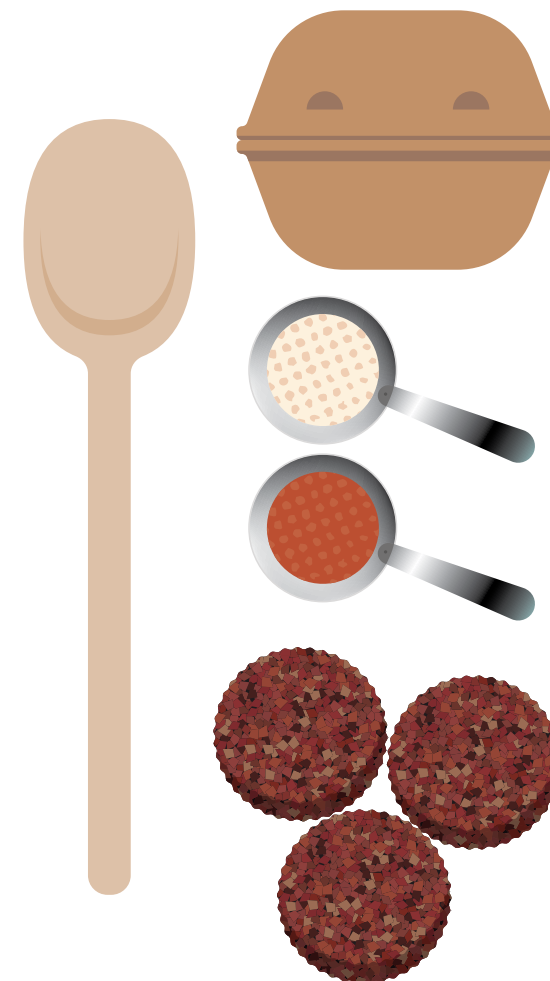
	All adults	Gen Z adults (18-25)	Millennials (26-41)	Gen-Xers (42-57)	Baby Boomers (58-76)
Order food that gets delivered from a restaurant by a self-driving car	47%	65%	66%	42%	33%
Order food that gets delivered to customers by automated systems and/or robots	44%	62%	65%	42%	27%
Order food that gets delivered from a restaurant by an unmanned aerial vehicle (drone)	42%	64%	61%	40%	21%
Order food that gets prepared by automated systems and/or robots	38%	60%	59%	32%	20%

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



Consumers balance the comfort foods they've craved during the pandemic with other health-conscious options.

Food & Menu TRENDS



Unsurprisingly, **health is top-of-mind—on restaurant menus, that is.**

Chefs ranked foods believed to boost immunity and plant-based sandwiches highly in a list of Top Trends for '22, as **consumers balance the comfort foods they've craved during the pandemic with other health-conscious options.**

Foods like **tomatoes, seeds, berries, olive oil, and even dark chocolate are said to boost immune systems.** Plant-based proteins provide menu alternatives in the face of animal protein supply shortages while imparting a sense of eco-friendliness.

The plant-based market continues to grow—plant-based proteins in sandwiches, breakfast sandwiches, and burgers all rank as hot trends for '22.

Still, traditional proteins aren't going anywhere. But **supply issues, rising food costs, culinary exploration—or maybe all of these things combined—could cause menus to change.** This year chefs indicate the less-expensive cuts—thighs instead of wings; chuck instead of loin—will show up more frequently.

Off the menu, the [What's Hot](#) ranking underscores **the power of off-premises business.**

In this year's survey, chefs ranked **sustainable, quality- and temperature-retaining packaging as the "hottest" overall trends.** As restaurants' use of packaging has evolved during the coronavirus pandemic, operators are still working to provide the best possible experience for customers.

WHAT'S HOT

TOP 10 TRENDS FOR 2022

1. **Packaging: Sustainable (reusable/recyclable)**
2. **Packaging: Food quality (travels intact)**
3. **Packaging: Retains temperature**
4. **Zero waste/sustainability**
5. **Immunity-boosting snacks**
6. **Menu streamlining (fewer menu items, cutting SKUs)**
7. **Immunity-boosting/functional ingredients**
8. **Plant-based sandwiches**
9. **Packaging: Food security (tamper-proof)**
10. **Alternative sweeteners (maple sugar, coconut sugar)**



For the What's Hot 2022 Culinary Forecast, the Association partnered with the professional chefs of the American Culinary Federation, whose members were invited to review and rank (as Hot, Not Hot and Perennial Favorite) more than 100 food items and culinary concepts in 12 categories—from dayparts to beverages to global flavors—identified by the Association and Technomic's Menu Research & Insights Division. [Download the full report.](#)

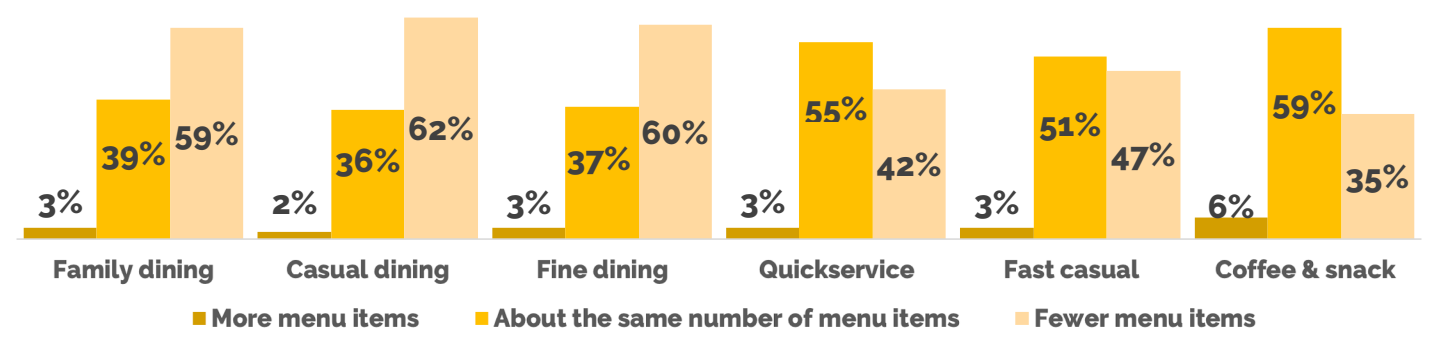
MENUS STILL STREAMLINED

Restaurant menu offerings remain scaled back compared with pre-pandemic levels.

6 in 10 fullservice operators say their menu contains fewer offerings now than it did before COVID-19. Fewer than 1 in 20 fullservice operators say they offer more food and beverage items now.

REDUCED OFFERINGS

Operators report their current number of menu items compared with before the pandemic



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

While a majority of limited-service operators kept their number of offerings unchanged from pre-pandemic levels, **nearly half of fast-casual and quickservice operators say they cut items from their menus.**

The trendline may be pointing toward **even more streamlined menus in '22, particularly in the fullservice segment.**

More than two-thirds of operators in each of the 6 segments (and up to 77% of quickservice ops) **expect to keep the same number of menu offerings in '22.**

1 in 5 family-dining and casual-dining operators expect to offer even fewer items in '22 and only 1 in 10 of them think they will expand their menus.



SUPPLY CHAIN TRENDS

IMPACT ON MENUS

Supply delays or shortages of food and beverage items, which were reported by 96% of restaurant operators, had a big impact on restaurant menus in recent months.

Roughly

8 in 10 fullservice operators and two-thirds of limited-service operators say they **changed their menu offerings as a result of these delays or shortages.**

FOOD COST IMPACT ON MENUS

Elevated food costs are also a contributing factor in menu composition for many restaurants.

9 in 10 operators say their restaurant's total food costs (as a percent of sales) are higher than they were prior to the COVID-19 outbreak.

The most common action taken by operators within this group was to shop around for other suppliers.

COUNTERACTING RISING FOOD COSTS

% of operators that took the following actions due to higher costs

	Family dining	Casual dining	Fine dining	Quick-service	Fast casual	Coffee & snack
Shop around for other suppliers	66%	69%	71%	43%	63%	76%
Cut costs in other areas of the operation	55%	56%	56%	51%	49%	58%
Increase tracking of food waste	36%	32%	38%	37%	31%	39%
Adjust portion sizes	34%	42%	41%	26%	26%	34%
Substitute lower-cost items on the menu	36%	38%	40%	22%	26%	28%
Purchase more items from local sources	25%	26%	30%	17%	26%	39%

Base: Restaurant operators that said their food costs (as a percent of sales) are higher than they were prior to the COVID-19 outbreak • Source: National Restaurant Association, Restaurant Trends Survey, '21



MENU PREFERENCES

Despite the tech advances spurred by COVID-19, **66% of adults still prefer a traditional paper menu at a table service restaurant** if given the choice.

21% prefer to view the menu on their phone using a QR code, while 13% don't have a preference between the 2 options.

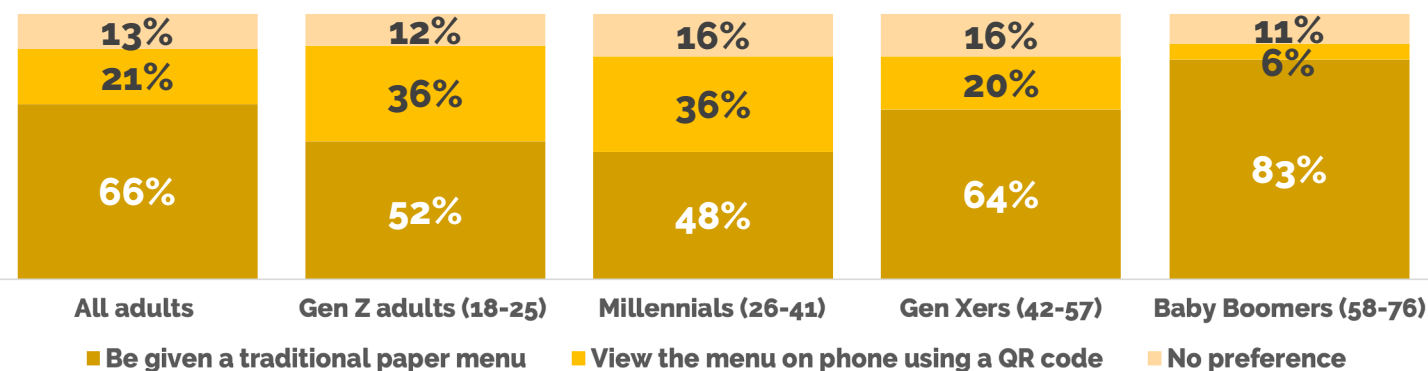
The vast majority of baby boomers prefer a paper menu (83%) over a QR code (6%). 36% of both millennials and Gen Z adults prefer viewing

menus on their phones—the largest proportion among the age groups, but still fewer than those who prefer a traditional paper menu.

Restaurant operators expect digital menus accessed via QR codes to stick. In each of the 6 segments, restaurant operators were more likely to say QR codes will become more common in '22, or at least remain about the same. (Yes, even in fine dining! Only 22% said they'd become less common in '22.)

PREFERENCE FOR PAPER

Consumers' menu preference when dining at a restaurant with table service



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



Menu sourcing can be a point of differentiation for some consumers.

38% of adults say the **availability of locally sourced food** would make them more likely to choose one restaurant over another.

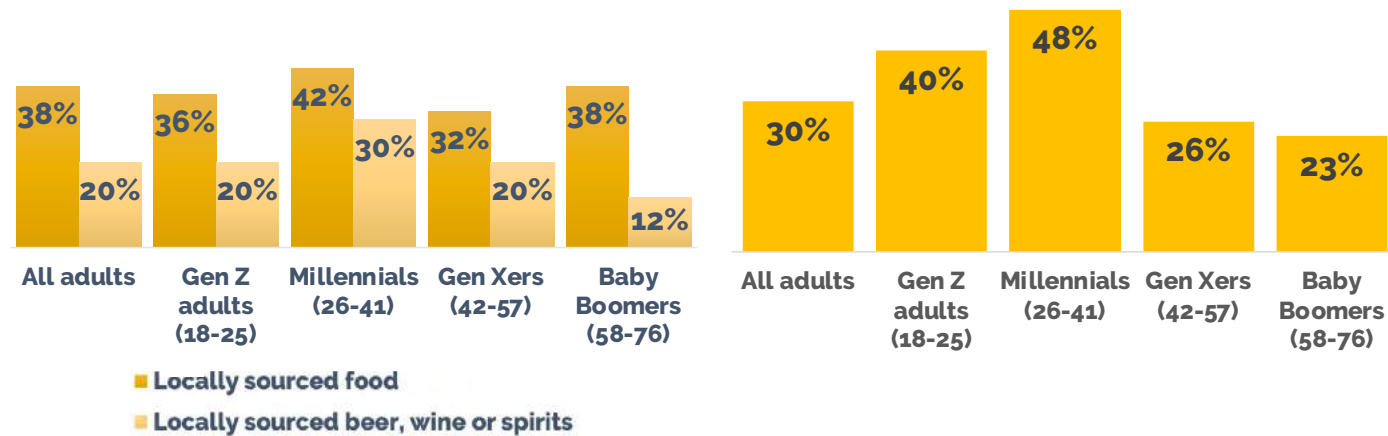
20% of adults **responded similarly about locally sourced beer, wine, and spirits.**

When it comes to availability of food that was **grown or raised organically** or in an environmentally friendly way, **30% of adults say that would make them more likely to choose one restaurant over another similar restaurant.**

This sentiment was more common among millennials (48%) and Gen Z adults (40%). Only 23% of baby boomers answered similarly.

THE LURE OF LOCAL

% of consumers who say they'd be more likely to choose a restaurant with locally sourced food or alcohol beverages over another

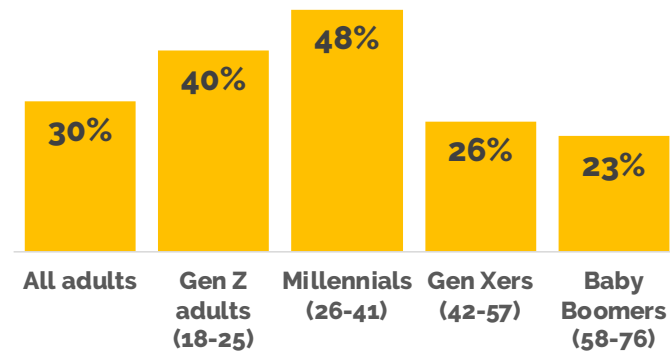


Source: National Restaurant Association, National Household Survey, December '21



ORGANIC AND ENVIRONMENTAL PULL

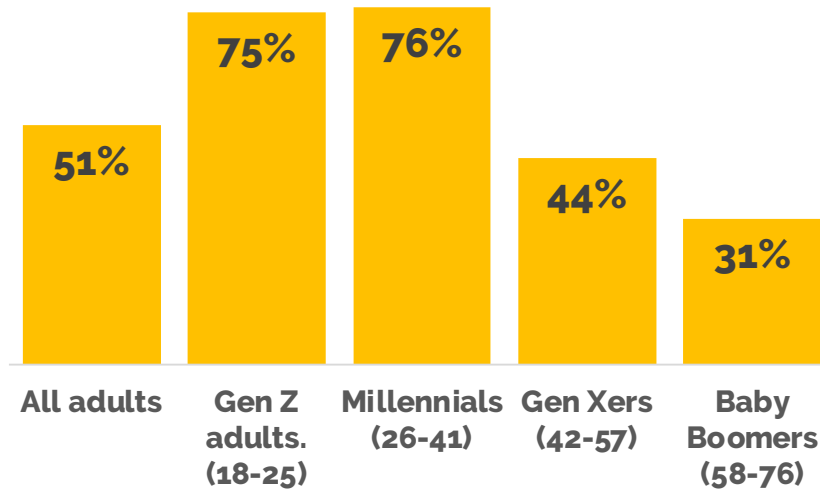
% of consumers who say they're more likely to choose a restaurant serving food that was grown or raised in an organic or environmentally friendly way over another



OPPORTUNITY: OFFER FRESH OR PACKAGED FOOD ITEMS FOR SALE ON-SITE

NEW TO-GO OPTIONS

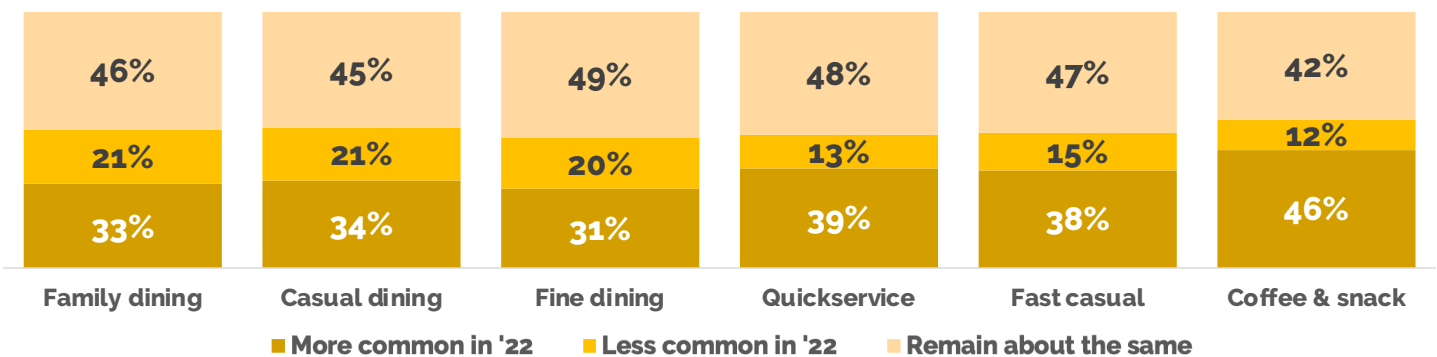
% of consumers who say they'd be likely to purchase fresh, uncooked food items if they were offered by one of their favorite restaurants



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

MORE RETAIL TO COME?

Operators' expectations of whether offering fresh or packaged food items for retail sale on-premises will become more or less common within their segment in '22



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

Many diners are interested in taking more quality food home from a restaurant.

51% of adults say they'd be **likely to purchase fresh, uncooked**

food items such as meat, produce, dairy, bread, or pasta, if they were offered by one of their favorite restaurants. 3 in 4 millennials and Gen Z adults say they would use this option.

1 in 3 fullservice operators and

4 in 10

quick-service and fast-casual operators say **offering fresh or packaged food items for retail sale on-premises will become more popular** within their segment in '22. So do 46% of operators in the coffee and snack segment—which already commonly offers retail products for sale.

TRENDS

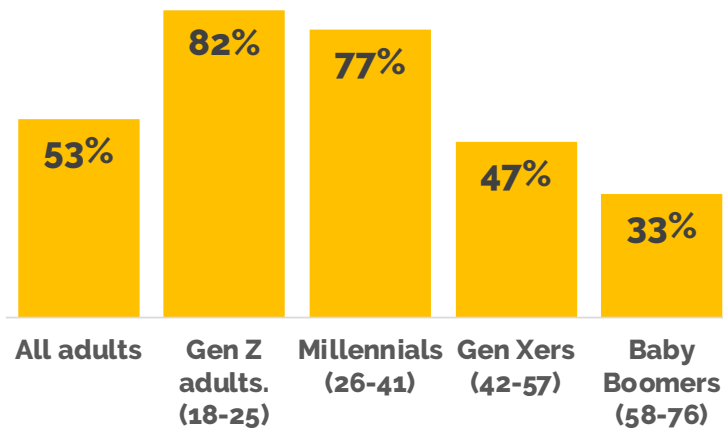
OPPORTUNITY:
OFFER DIY KITS TO PREPARE
A FULL MEAL AT HOME

In addition to individual food items, **many consumers would like to bring home fixings for an entire meal.**

Operator sentiment about meal kits in '22 is mixed. Among fullservice operators, 1 in 4 think it will become more common in '22, while 1 in 4 think it will become less common in their segment.

HOME-COOKED RESTAURANT MEALS

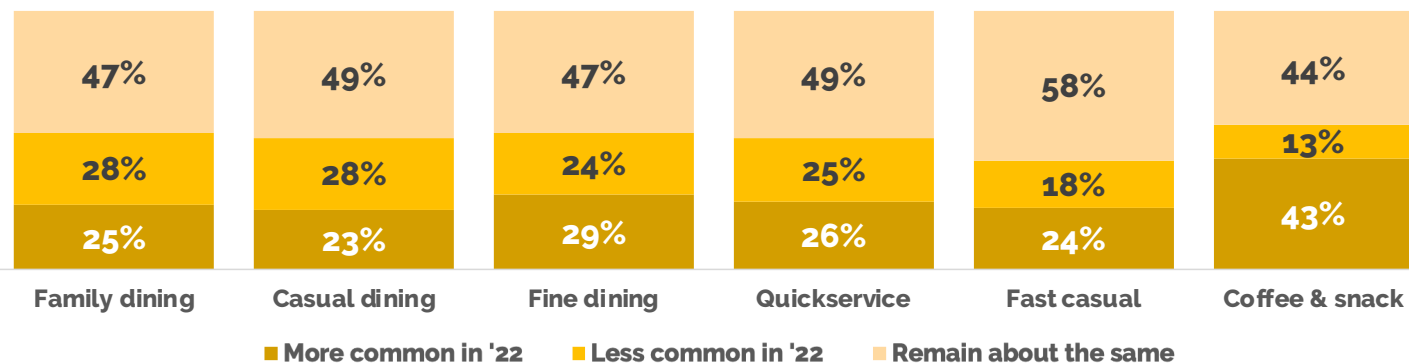
% of consumers who say they'd be likely to purchase a meal kit if it was offered by one of their favorite restaurants



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

OPERATORS ARE MIXED ABOUT MEAL KITS

Operators' expectations of whether offering meal kits will become more or less common within their segment in '22



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

53% of adults say they would be likely to purchase a meal kit that contained a package of pre-measured, raw ingredients for a complete meal, along with instructions on how to cook it at home, if it was offered by one of their favorite restaurants. 8 in 10 millennials and Gen Z adults say they would use this option.



OPPORTUNITY:
OFFER MEAL SUBSCRIPTION PROGRAMS

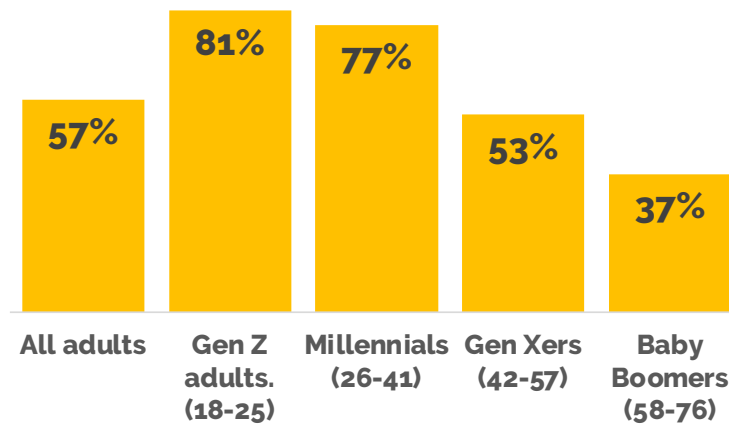
Consumers are showing interest in programs that allow them to sign up to receive a specified number of meals during the month.

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

Even though consumer interest is there, **only about 1 in 5 fullservice operators think meal subscription programs will become more common** in their segment in '22.

MAJORITY OF CONSUMERS WOULD
SUBSCRIBE TO RESTAURANT MEALS

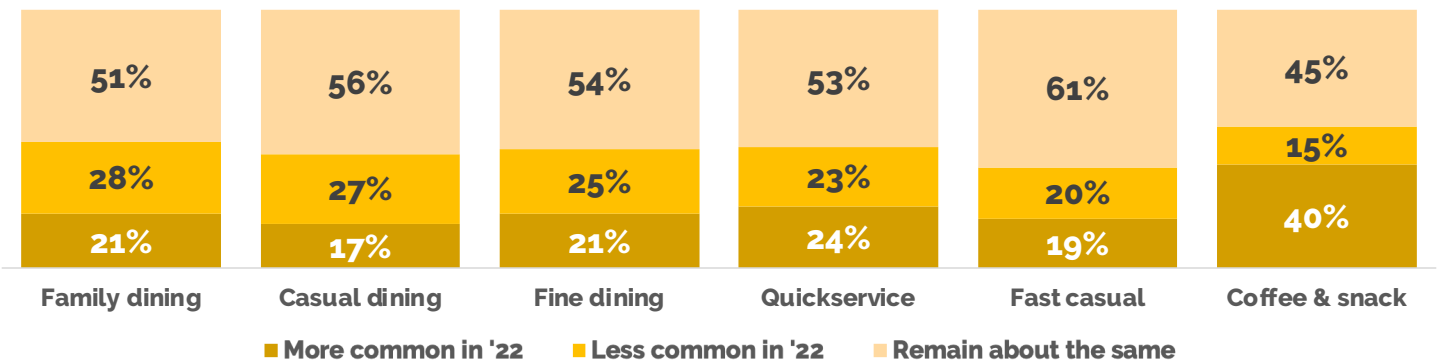
% of consumers who say they'd be likely to participate in a meal subscription program.



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

OPERATORS DON'T EXPECT AN INCREASE IN MEAL SUBSCRIPTION PROGRAMS

Operators' expectations of whether offering meal subscription programs will become more or less common within their segment in '22



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

57% of adults say they would be likely to participate in this type of meal subscription program if it was offered by one of their favorite restaurants. 8 in 10 millennials and Gen Z adults say they would use this option.





Before COVID-19, the restaurant and foodservice industry was the nation's second-largest private sector employer, providing 15.4M jobs—10% of the total U.S. workforce.

Workforce TRENDS

The 15.4M jobs the industry had going into the pandemic included 12.2M jobs at eating and drinking places plus 3.2M foodservice jobs in other industries like health care, accommodations, education, food-and-beverage stores, and arts, entertainment and recreation.

In March '20, **millions of restaurant and foodservice employees were laid off or furloughed.** Many of these jobs were restored as lockdowns eased and business began to resume but others were eliminated for good when thousands of restaurants failed to reopen.

2020 ended with 2.6M fewer people on foodservice payrolls; restaurant and foodservice employment totaled just 12.8M.

In '21, business returned to somewhat-normal conditions thanks to the effectiveness of COVID-19 vaccines, and the industry continued to rebuild.

The restaurant and foodservice industry added 1.7M jobs during the year, for an end-of-year total of 14.5M employees.



THIS IS STILL NEARLY 1M JOBS BELOW PRE-PANDEMIC LEVELS. A FULL RETURN IS NOT EXPECTED IN '22.

Although the workforce is projected to grow by 400K jobs, total industry **employment will reach 14.9M people by the end of this year, that's still a half-million jobs below early '20 levels.**

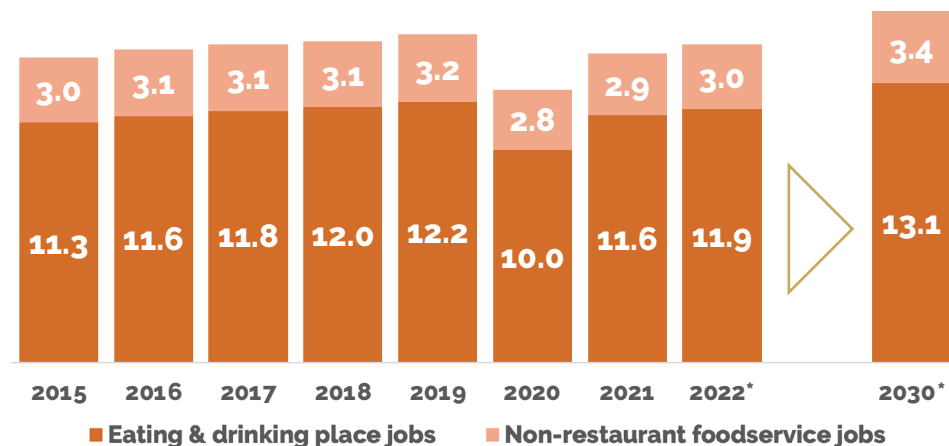
And while industry employment will continue to grow, its rate has slowed.

Between '10 and '19, the restaurant and foodservice industry added an average of more than 300K jobs each year.

Between '23 and '30, the industry is projected to add an average of 200K jobs each year, with **total staffing levels reaching 16.5M by 2030.**

JOB GROWTH IN YEARS AHEAD

Number of restaurant & foodservice jobs (millions)



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

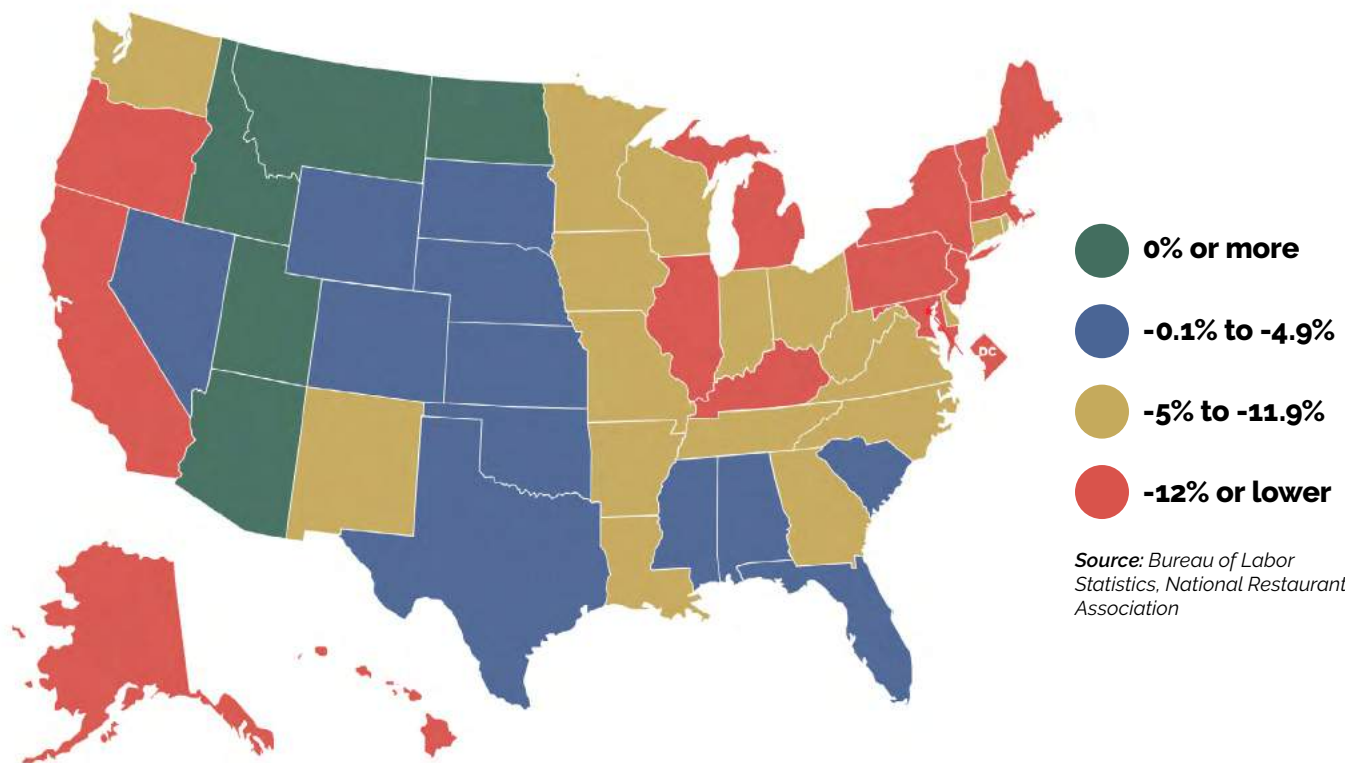
STAFFING STATE BY STATE

Restaurant employment registered broad-based gains across the country in recent months, but **just 5 states had as many jobs in Oct. '21 as they did 2 years before.**

Washington, D.C. fared worst, with 23% fewer eating and drinking place jobs in Oct. '21 than it did in Oct. '19. Other states with large drops in employment levels include VT (-22%), HI (-22%), AK (-20%), and NY (-20%).

MOST STATES STILL BELOW PRE-PANDEMIC EMPLOYMENT LEVELS

Oct. '21 eating and drinking place employment compared to Oct. '19



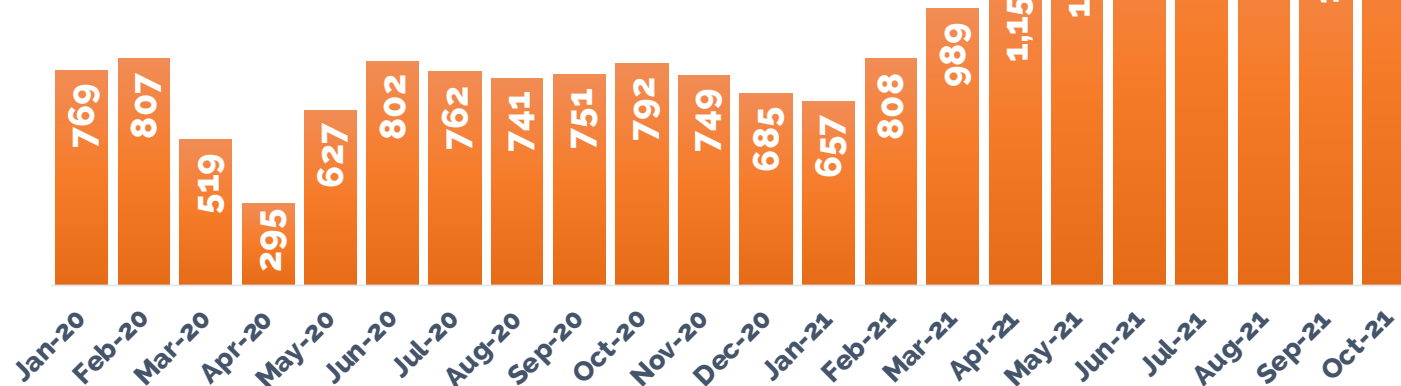
LABOR DEMAND OUTPACES SUPPLY

Employment may be slow to rebound, but it's not because the jobs aren't there. Job openings in hospitality soared to record levels during the summer of '21.

The restaurants-and-accommodations sector had **nearly 1.7M job openings at the end of July**, according to Job Openings and Labor Turnover (JOLTS) data from the Bureau of Labor Statistics (BLS), a sharp uptick from the beginning of the year and representing the highest monthly reading since the JOLTS data series began over 20 years ago.

RECORD JOB OPENINGS '21

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



*Job openings represent vacancies on the last business day of the month
Source: Bureau of Labor Statistics; figures are seasonally adjusted • Note: The job openings data presented above are for the broadly defined Accommodations and Food Services sector (NAICS 72), because the Bureau of Labor Statistics does not report data for restaurants alone.

HELP (STILL) WANTED

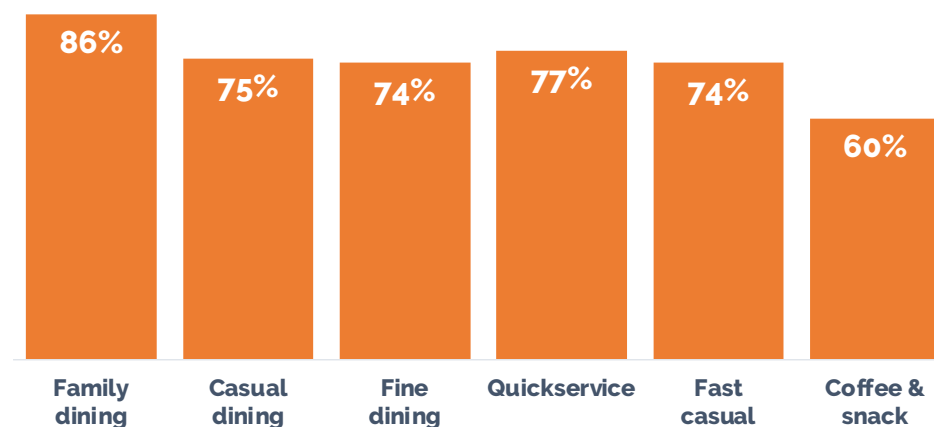
The industry added back many jobs lost during the pandemic, but most restaurants are still understaffed.

Overall, **78% of operators** across all major segments **say their restaurant currently does not have enough employees to support customer demand.**



STAFFING WOES

% of operators who say they currently do not have enough employees to support existing customer demand

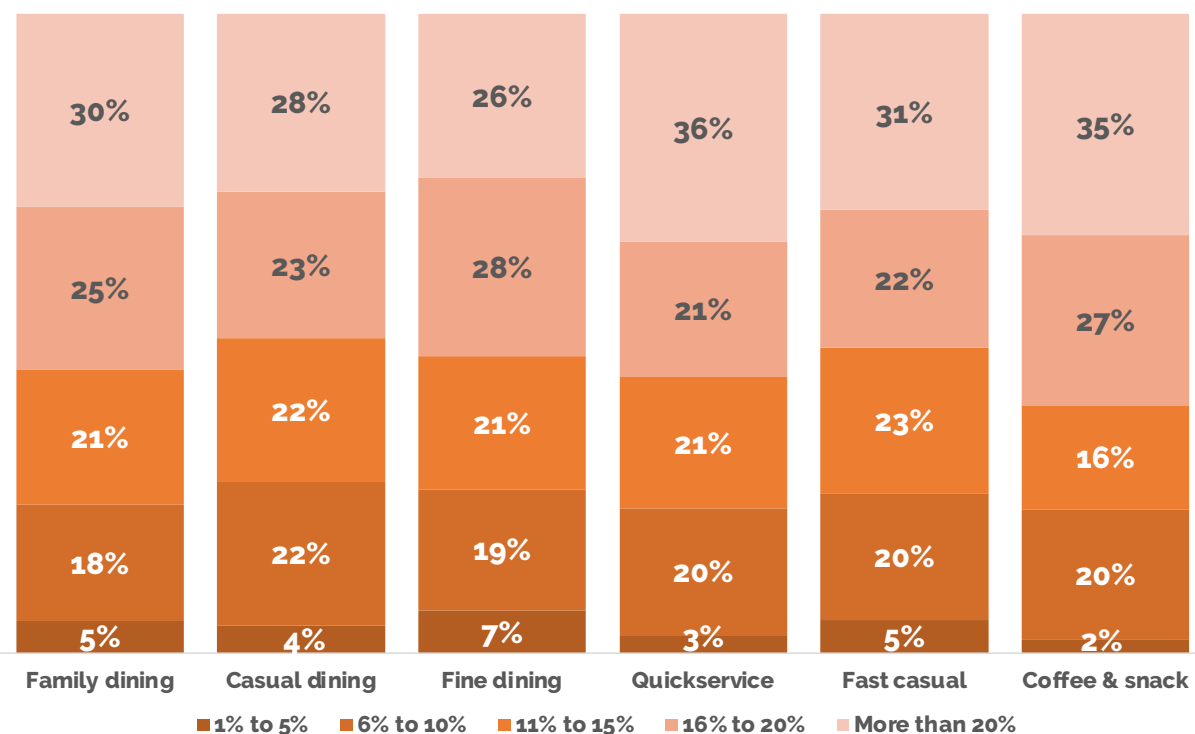


Source: National Restaurant Association, Restaurant Trends Survey, '21

Staffing is way below necessary levels at most restaurants. Among restaurants that are currently understaffed, **75% of operators say their restaurant is more than 10% below necessary staffing levels;** and 31% of them are more than 20% below.

OPENINGS ABOUND

Operators report how understaffed their restaurant is



Base: Restaurants that currently do not have enough employees to support their existing customer demand
Source: National Restaurant Association, Restaurant Trends Survey, '21

SORRY, WE'RE CLOSED TODAY

Actions taken by restaurants in recent months due to understaffing

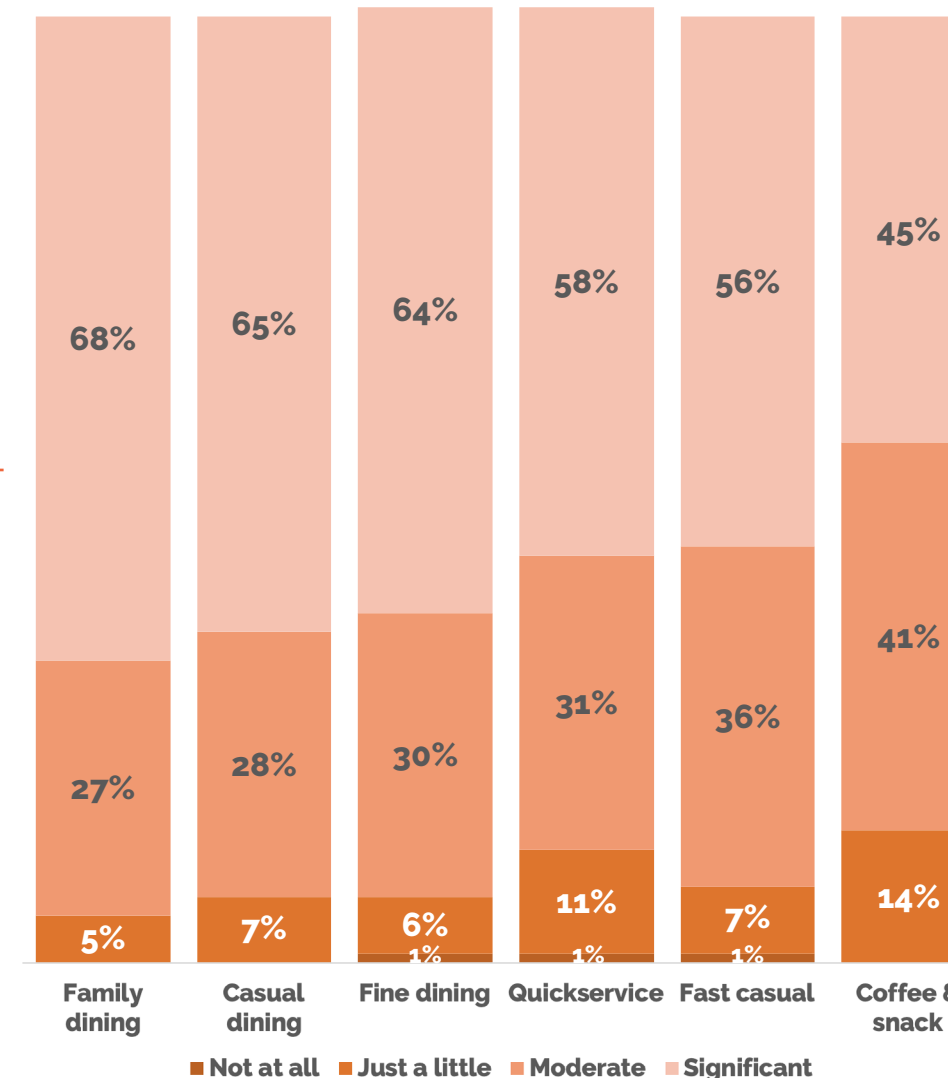
RESTAURANT SEGMENT	Reduce hours on days it's open	Reduce number of items on menu	Close on days that it would normally be open	Reduce seating capacity
Family dining	66%	51%	47%	49%
Casual dining	64%	55%	52%	50%
Fine dining	57%	53%	53%	62%
Quickservice	71%	33%	34%	25%
Fast casual	62%	35%	39%	29%
Coffee & snack	73%	43%	43%	33%

LABOR SHORTAGE DAMPENS GROWTH

Extent to which operators report being under-staffed impacts restaurant's success

9 in 10 operators say being understaffed is having a **significant or moderate impact on their restaurant's ability to grow and succeed.**

2/3 of understaffed fullservice operators say it's having a **significant impact on their business.**



Base: Restaurants that currently do not have enough employees to support their existing customer demand
Source: National Restaurant Association, Restaurant Trends Survey, '21

A STAFFING CRUNCH

A majority of understaffed fullservice operators said they **reduced the number of items on their menus**, while roughly half said they **closed their restaurant on days they would normally be open.**

65% of operators had to reduce business hours during the last 3 months due to staffing shortages.

Operators in coffee & snack (73%) and quickservice (71%) segments were most affected.

62% of understaffed fine-dining operators say they reduced seating capacity.

Workforce TRENDS

Operators who have hired new employees are split—almost evenly—on the best place to find workers right now.

One third of operators said they were most likely to attract employees from other restaurants, while a third had their best luck among people who previously worked in the industry. The final third found the most success hiring people who have never worked in restaurants.

Fine-dining operators were the most likely to report that they are having the most success attracting people who currently work in the industry.

Coffee & snack and quickservice segments say they have better luck focusing their recruiting efforts on people without any restaurant experience.

CASTING IN A SHALLOW LABOR POOL

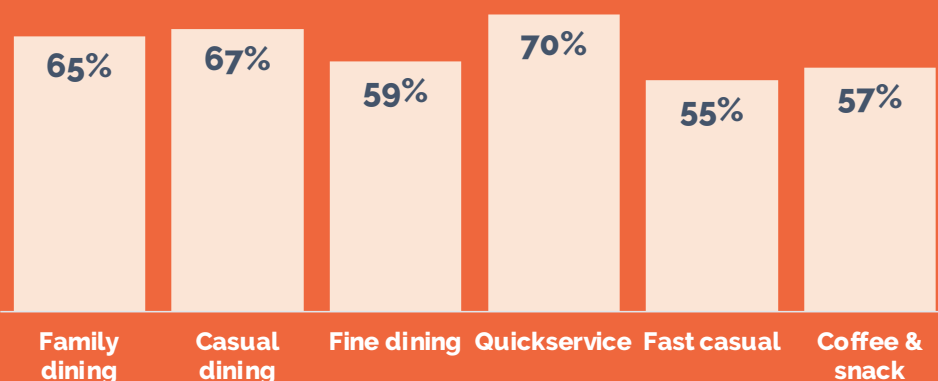
OPERATORS EXPECT SHORTAGES TO CONTINUE

Most restaurant operators expect their labor challenges to continue in '22, a sentiment most common among quickservice (70%) and casual dining (67%) operators.

75% said they plan to devote more resources to recruiting and retaining employees. Even then, most aren't expecting a rapid return to normal.

ANOTHER SHORT-STAFFED YEAR

% of understaffed operators who don't expect their restaurant to return to full staffing levels in '22



*Base: Restaurants that currently do not have enough employees to support their existing customer demand
Source: National Restaurant Association, Restaurant Trends Survey, '21*

HI-TECH HELP



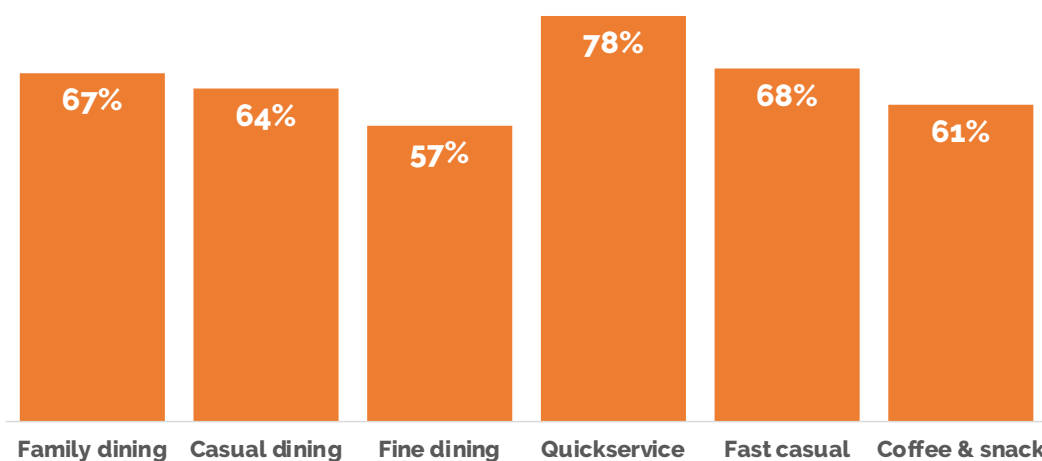
Some operators are turning to technology to ease staffing challenges. **Roughly two-thirds say the use of technology and automation to help with the current labor shortage will become more common** in their segment in '22.

78%

of quickservice operators say they'll make greater use of tech and automation in '22.

AUTOMATION IN THE KITCHEN

% of operators who say technology & automation use to help with current labor shortage will become more common in '22



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

LIMITED STAFFING REQUIRES MORE CREATIVITY FROM OPERATORS

A solid **majority of operators across all segments say their restaurant is more efficient and productive than it was before the COVID-19 outbreak.**

COMPETING FOR TALENT

Restaurants aren't alone in the battle to find staff. **Unfilled job openings** in the overall economy topped 11M in July '21—the **highest level on record**, according to data from the BLS. After some fluctuation, they settled above 11M again in Oct.

Openings were extremely high across several industries; 5 sectors had more than 1M job openings in Oct. '21, led by the health care and social assistance sectors and professional and business services, both at 1.8M.

The restaurants and accommodations sector had nearly 1.6M unfilled job openings at the end of Oct. Retailers reported over 1M job openings.

HURTING FOR HIRES

Number of job openings* by major industry—Oct. '21

Health care & social assistance	1,823,000
Professional & business services	1,819,000
Restaurants & accommodations	1,598,000
Retail	1,055,000
Manufacturing	1,009,000
Government	914,000
Transportation, warehousing & utilities	611,000
Financial activities	446,000
Misc. services	442,000
Construction	410,000
Other private sector	396,000
Wholesale trade	330,000
Information	180,000

*Job openings represent vacancies on the last business day of the month
Source: Bureau of Labor Statistics; figures are seasonally-adjusted

WHERE HAVE ALL THE EMPLOYEES GONE?

One big challenge to job growth: a **lack of potential employees**. Some 8M people dropped out of the labor force during the first 2 months of the pandemic—a decline of nearly 5%.

Although 5.6M people returned to the labor force by Nov. '21, 2.4M didn't.

Older age cohorts make up the bulk of the shortfall:

There were nearly 1.7M fewer adults aged 45-and-older in the labor force in Nov. '21 than there were in Feb. '20.

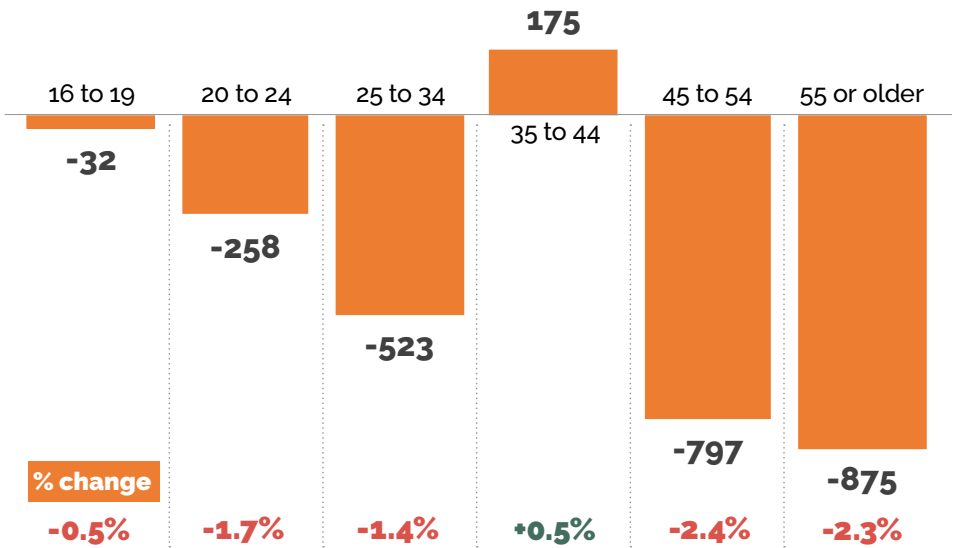
Additionally, there are 800K fewer 16- to 34-year-olds in the labor force than before the pandemic. This group is the prime restaurant industry workforce, representing over 60% of the industry pre-pandemic.

This won't work itself out in weeks or months. There are still a lot of reasons potential employees stay on the sidelines and don't return to the workforce. **It's likely to be more than another year before the labor force returns to pre-pandemic levels.**

Competition for employees will remain intense in '22— both inside and outside the restaurant industry.

LABOR FORCE RECOVERY VARIES BY AGE GROUP

Change in the U.S. labor force between Feb. '20 and Nov. '21 (thousands)



Source: Bureau of Labor Statistics; figures are seasonally adjusted





STATE OF THE
Restaurant Industry
2022



JOIN THE CONVERSATION

#SOI2022

