



The Restaurant Industry Snapshot

What's Next for the Restaurant Industry?





About this Overview

The restaurant industry is one of the most beloved and volatile around. Now with lean profit margins and the lasting impacts of the pandemic still in the rear-view, restaurateurs and enthusiasts are likely looking for some hard facts and an idea of what the future holds.

That's why we at Push have created this 2022/2023 restaurant industry snapshot. New technologies, such as self-ordering kiosks and ordering through social media channels like Instagram, are being introduced into the market by both countries. These are positive developments; but both countries face challenges that include: pricing wars between restaurants, skyrocketing inflation rates in Canada, and rising wages in the United States.

With all these factors combined, the number one question remains: what's next for the restaurant industry? We hope to answer that question with this 2022/2023 restaurant industry overview.





Table of Contents

Overview

- 4 2022 Top Key Metrics At A Glance
A look at this year's biggest trends and takeaways

Restaurant Industry Growth

- 8 Restaurant Industry Growth
A look at full-service and quick service growth in Canada and the USA

Jobs & Employment

- 14 Restaurant Industry Labor Insights
A snapshot of food-service labor metrics, retention, and industry growth

Trends & Forecasts

- 16 Top Restaurant Trends & Predictions for 2023
What was big in 2022, and what we predict for 2023

Revenue & Insights


- 17 The Top Ways to Drive Revenue for 2023
The top revenue drivers for cannabis dispensaries from 2022 and beyond

Sources


- 20 Sources
- 
- 


2022 Top Key Metrics at a Glance


The following are the top metrics from the 2022 report. In order to predict future trends and challenges for the restaurant industry, it is important to understand what has happened in the past and what could happen in the future.

1% 
Increase in the number of restaurants this year.

.5% 
Decrease in average revenue per customer.

2% 
Increase in food costs this year.

.6% 
Decrease in average cost per customer.

3% 
Increase in cost of goods sold.

8% 
Average decrease in restaurant profit margin.

7% 
Increase in minimum wage.

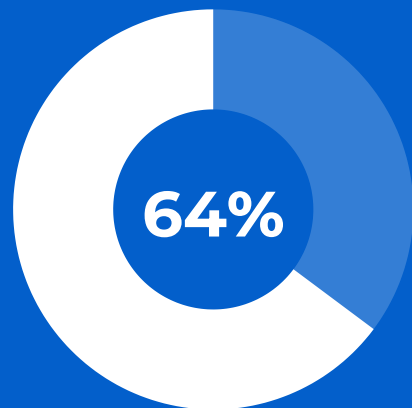
4% 
Decrease in service staff efficiency.

2022 Top Key Metrics at a Glance

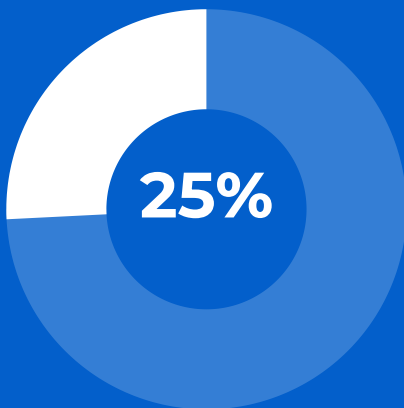
Key Customer Insights

When asked what would **cause them to dine elsewhere**, customers had some strong opinions about why they chose the restaurants they did. Here are the top reasons customers would choose to dine somewhere else.

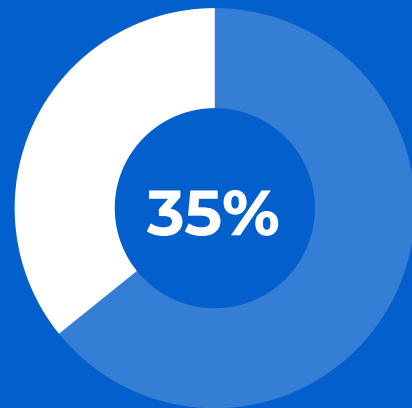
These metrics prove that service quality is a huge factor when it comes to restaurant profits.



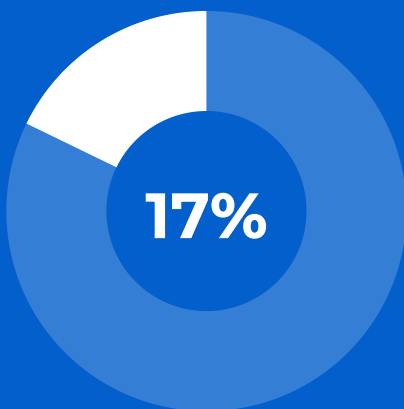
Waiting for service.



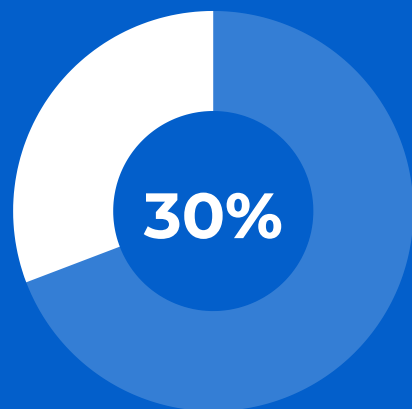
Limited menu options.



Food was too expensive.



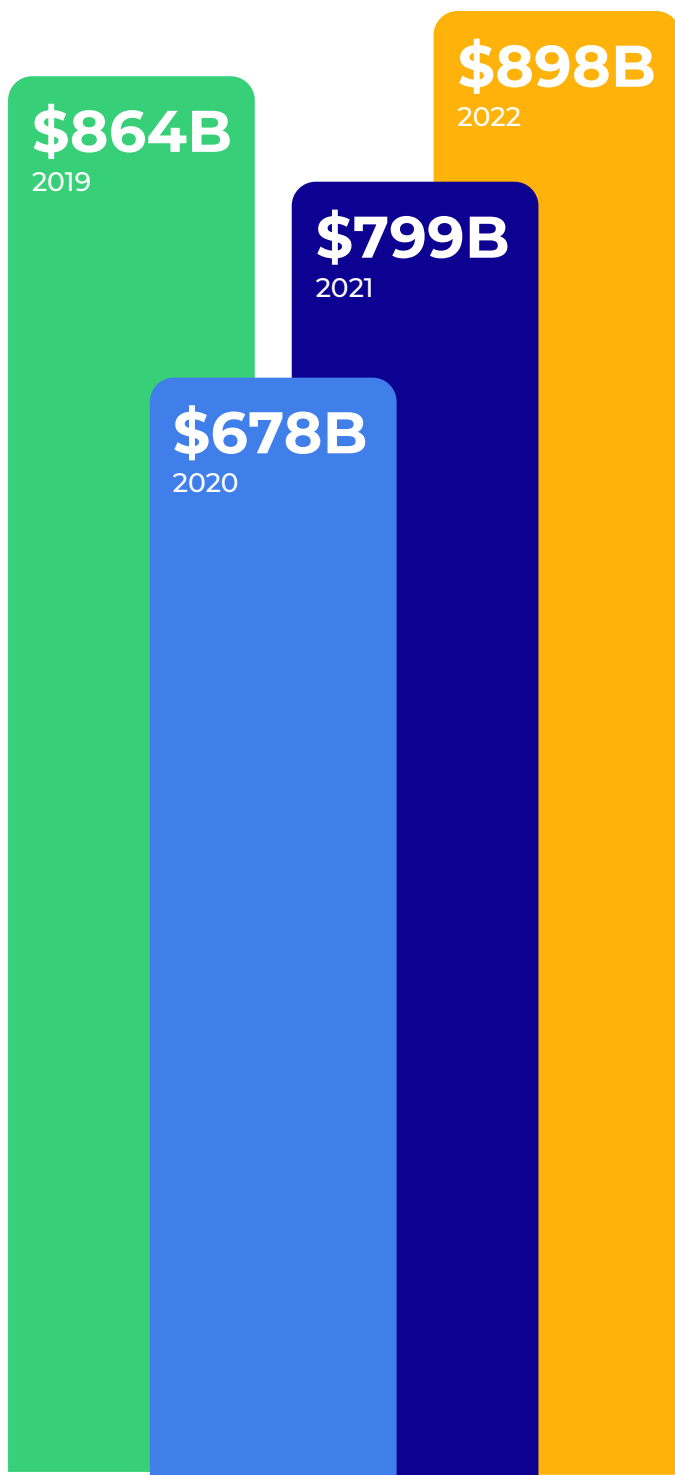
Poor quality of taste.



Service wasn't good enough.

2022 Top Key Metrics at a Glance

Sales



Operations

8 in 10

operators say using technology in the restaurant provides a competitive edge; many plan to increase tech investment.

50%

of operators (roughly) expect outdoor dining will become more common in their segment this year.

54%

of adults say purchasing takeout or delivery food is essential to how they live, including 72% of millennials.

1 in 4

limited-service, family dining, and fast casual operators plan to devote more resources to expanding their off-premises business.

Source: MJBizDaily.com - <https://restaurant.org/>

2022 Top Key Metrics at a Glance

Food & Menu

- **96% of operators** report supply chain delays or shortages in recent months.
- **8 in 10** full-service and 2/3 of limited-service operators changed menu offerings because of supply chain delays and shortages.
- **9 in 10** report food costs as a % of sales are higher than before COVID-19.
- Menu opportunities proving popular with consumers include:
 - Offering fresh or packaged foods retail-style for sales on-site.
 - DIY restaurant meal kits.
 - Meal subscription programs.
- Sustainable, quality-retaining packaging tops menu trends in '22.

Marketing



90% of guests check out a restaurant online before dining.



33% of people read other guests' reviews before selecting a restaurant.



Facebook and Instagram are the dominant social media platforms for restaurants.



Yelp reviews can boost profits by **9%**.



Restaurant Industry Growth



The restaurant industry has been facing changes for the last few years due to the economy and other outside factors. Despite that, there were 660,936 restaurants in the United States, as of 2021. In the same year, the US restaurant industry generated revenues of \$731.5B, down \$132.8B from 2019. This loss of revenue was caused by from the Covid-19 pandemic which forced the closure of over 110,000 locations either temporarily or permanently.

However, it looks like things may finally be looking up again as we head into 2022/23, with more growth in restaurants than at any point since 2017 and the lowest failure rates since 2009/10. The food service industry is forecast to reach \$898B in sales in 2022.

This Industry Snapshot takes a look at these trends and what they might mean for restaurant owners and managers in Canada and the United States, from how to attract customers with affordable promotions to how to help them get back on their feet if they have financial problems.



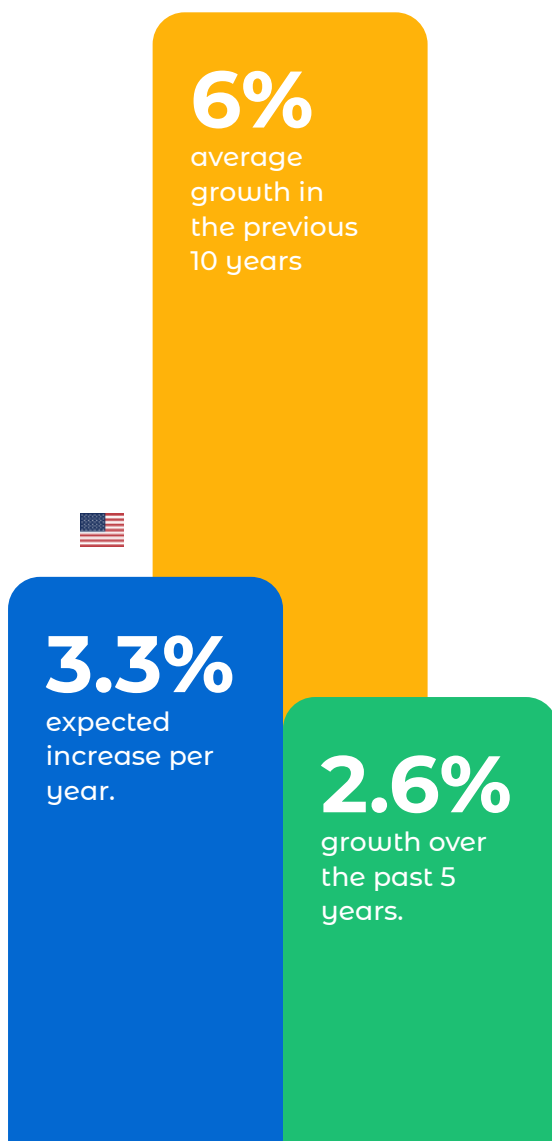
Restaurant Industry Growth

Full-Service Restaurants

Over the next five years, the growth rate for full-service restaurants is expected to increase by 3.3% per year in the United States. This is a significant jump from the 2.6% growth over the past five years. However, it's lower than the 6% average growth that was seen in the previous ten years.

There has been an increased focus on food quality and environmental sustainability as reasons why people are choosing to dine out less often. The shift to casual dining and fast food also contributed to this trend. In response, many restaurant chains have revamped their menus with more fresh produce, grains, and proteins sourced from sustainable farms; they are providing more environmentally friendly packaging; recycling or composting used materials; switching energy sources; and cutting down on waste. As a result of these changes, consumers appear to be eating out more often again.

In Canada, the Full-Service Restaurant market size, measured by revenue, is estimated to be \$41.7B in 2022. This represents a 37% growth in the industry from 2021 indicating a rebound from the pandemic is underway. The industry is expected to grow by an additional 2.4% in 2023.



37%

growth in the industry in 2022.

2.4%

expected growth in the industry in 2023.

Restaurant Industry Growth QSR



Quick Service Restaurants

Top Five QSR Chains



As of the end of 2017, quick service restaurants (QSR) accounted for 18% of all food service industry sales. This share is expected to grow to 22% by 2025, driven primarily by the continued success of fast-casual chains. These brands have grown an average of 14% annually over the past five years and are projected to post double-digit growth in 2018, supported by a general trend towards eating on the go.

 **QSR Market Size**
(in billion U.S dollars)

Year	Sales
2012	\$230.25B
2013	\$233.7B
2014	\$241.43B
2015	\$260.79B
2016	\$275.99B
2017	\$288.38B
2018	\$299.16B
2019	\$310.21B
2020	\$301.49B
2021	\$322.05B
2022	\$331.41B

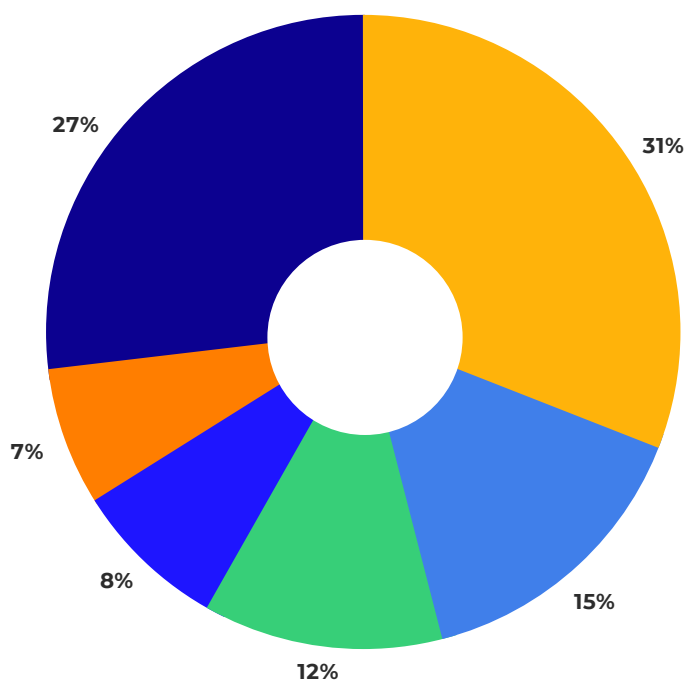
Source: statista.com - US QSR Market Size

- 1
- 2
- 3
- 4
- 5



Source: npd.com - The 2022 Definitive U.S. Restaurant Ranking

Restaurant Industry Growth QSR



US Fast Food Segments by Market Share

- Hamburger-Focused
- Chicken-Focused
- Pizza Parlours
- Mexican Cuisine
- Sandwich Shops
- Other

- The expected CAGR (compound annual growth rate) of the US fast food industry is 5.1% from 2020-2027.
- The United States has 197,653 fast food restaurant businesses as of 2021.
- 37% or 50 million Americans consume fast food every day.

Source: zippia.com - 20 Fascinating US Fast Food Industry Statistics, 2022



Restaurant Industry Growth QSR



QSR Sales (in billions)

Year	Sales
2019	\$33.7B
2020	\$28.9B
2021	\$33.4B
2022 (p)	\$35.9B
2023 (f)	\$40.3B
2024 (f)	\$41.9B
2025 (6)	\$43.3B

Top Five QSR Chains

- 1 
- 2 
- 3 
- 4 
- 5 

- Fast food restaurants in Canada experienced an **8.2% market growth in 2022**.
- The market size of Canadian fast-food restaurants reached **\$29.8 billion in 2022**.
- There are **31,577** fast food locations in Canada.
- In terms of market size, the fast food restaurant industry ranks **2nd in Canada**, and it is the **36th largest industry in the country**.

Source: Ibis World

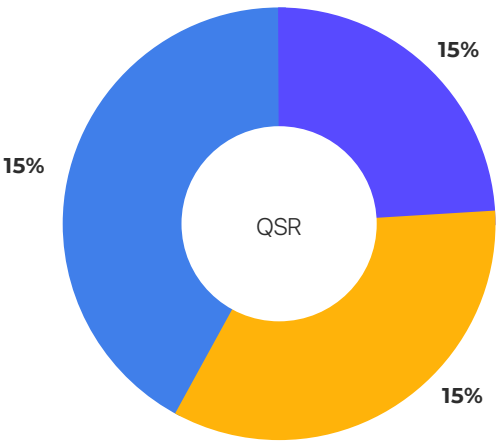
Source: npd.com - The 2022 Definitive U.S. Restaurant Ranking

Restaurant Industry Growth QSR

76% of QSR revenue comes from takeout and home delivery compared to 61% of fast-casual restaurants.

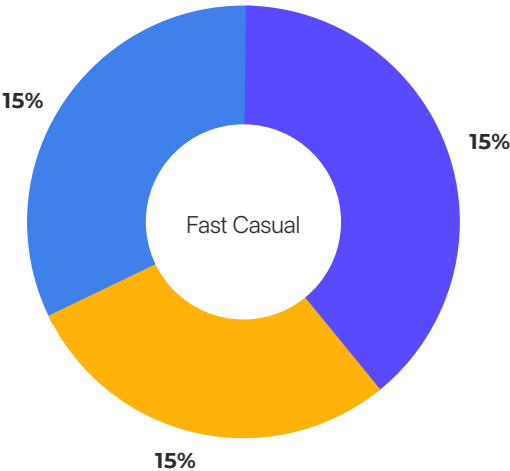
Sales Contribution of Limited Service Restaurants

- Home Delivery
- Takeout
- On-Premise Dining



34%

of restaurants have seen an increase in the contribution of off-premise revenue since 2019.



40%

of restaurants have dedicated the bulk of their resources to expand their off-premise business.

Source: IRI/NSI - Restaurant Industry 2022

Restaurant Industry Labor Insights

14

More than **9 out of 10** restaurants have fewer than 50 employees.

51% of restaurant operators name staffing as a top challenge to success, and **35%** say training staff is a top challenge.

There are currently **14.9 million employees** in the restaurant industry.

Restaurants employ more **women and minority managers** than any other industry.

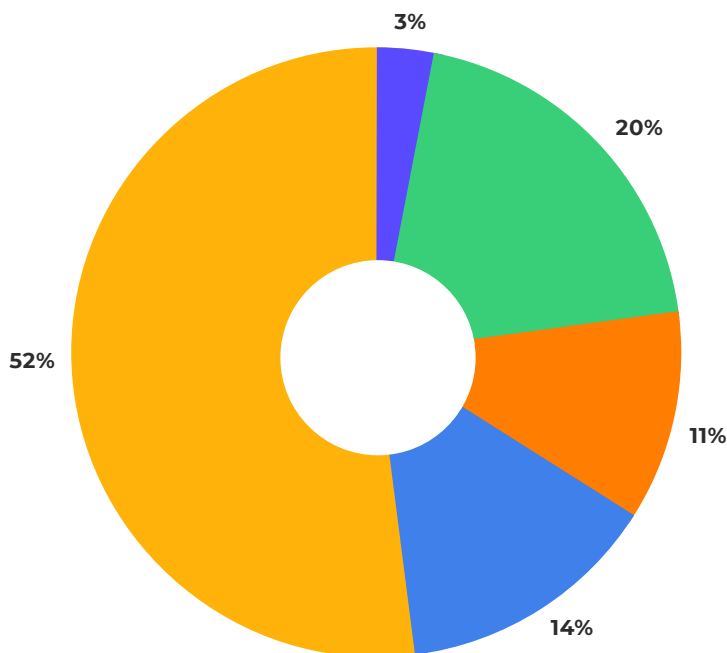
There will be **16.5 million jobs** in the restaurant industry by **2029**.

Turnover in the restaurant industry is at an all-time high, at **75%**.

The cost of replacing a single frontline restaurant employee is approximately **\$5,864**, according to the Center for Hospitality Research at Cornell.

It can cost **up to \$15,000** for a new manager – so it's no wonder restaurant operators are so concerned about turnover.

Restaurant Industry Labor Insights



Cost of Replacing a Restaurant Employee

- Pre-Departure
- Recruiting
- Selection
- Orientation & Training
- Productivity Loss

7 in 10

restaurants are single-unit operations.

8 in 10

restaurant owners started their industry careers in entry-level positions.

9 in 10

restaurant managers started in entry-level positions.

Restaurants employ more

minority managers

than any other industry.

Total Restaurant & Foodservice Jobs

Year	Sales
2019	\$15.4M
2020	\$12.8M
2021	\$14.5M
2022	\$14.9M*
2030	\$16.5M*

Top Restaurant Trends & Predictions for 2023

The restaurant industry is always evolving. With new trends and innovations coming up every day, it's hard to stay ahead of the game. It's even harder to predict where the industry will go in the future. Some predictions pretty good though.



One

Restaurants will turn away from mass production and start focusing on smaller batch sizes with more innovative dishes.



Two

More diverse ingredients like kale and quinoa will become staples in restaurants all over the world.



Three

Organic food will continue to grow in popularity as awareness about its benefits spreads (healthy, sustainable).



Four

Food prices will increase due to higher demand for organic produce and increased inflation rates around the world.



Five

Chefs will be taking more risks with their menus, incorporating the newest innovative cooking techniques into their recipes.



Six

People will turn to dining out less frequently but dine at high-end restaurants more often instead.



Seven

A variety of ethnic cuisines — such as Indian, Japanese, and African — will rise in popularity.



Eight

Fewer people than ever before will get their food delivered at home thanks to the increasing costs of eating out themselves.

The Top Ways to Drive Revenue for 2023

Involve millennials in the decision-making process

Millennials account for 25% of the workforce in Canada and 23% in the United States. They are more likely to be vegan, gluten-free, and have dietary restrictions than any other age group. They are also less likely to drink alcohol.

Restaurants that cater for these dietary restrictions on their menus can save themselves time and money by having a lower risk of food allergies, complaints, and unhappy customers. They are also more likely to attract the millennial demographic who regularly eat out and rarely eat alone.

Make your restaurant family-friendly

One of the biggest revenue generators for restaurants is families eating out. It makes up a large percentage of their customer base, and many restaurants have been forced to close due to a lack of children in their locality.

Make your restaurant family-friendly so that you can stay afloat in the tough economy. Offer highchairs, crayons, kids' menus (even if they're not strictly necessary), and toys. Consider a photo booth with props too, and don't forget to offer drinks in sippy cups or bottles too!



Offer a variety of vegetarian, vegan, and gluten-free options

The restaurant industry is facing a lot of change. Consumers are more interested in health and environmental factors when selecting what to eat, leading to increased demand for vegetarian and vegan options.

And with the rise of gluten sensitivities, many restaurants are switching up their menus to offer gluten-free items. This shift has led to significant changes in the way restaurants operate, from purchasing different ingredients to rethinking their business model entirely.



Increase your online presence

51% of Americans now use delivery services to purchase meals from restaurants and 34% of customers ordering online spend about \$50 on average. With the cost savings of going digital, restaurants are able to save time and money which would otherwise have been spent on maintaining an in-house staff for deliveries.

However, some research has shown that wait times for orders taken through a call center or website can be longer than in-person or mobile app orders. Restaurants need to monitor their wait times, as they could cause customers frustration when they've committed time to waiting at home for food that never arrives or is late in arriving.

Embrace technology and adapt to changing consumer needs

With technology being an integral part of our lives, restaurants need to adapt in order to remain competitive and stay relevant. Investing in self-serve kiosks is a great way for restaurants to embrace technology as it reduces waiting time, frees up servers from menial tasks, and provides a better customer experience.

Furthermore, by investing in digital ordering systems restaurant owners can make their wait times shorter by taking orders through the app which will reduce the number of calls coming into the restaurant.


Consider moving into different markets

As the restaurant industry continues to grow, restaurants are starting to explore new markets. In the past decade, restaurants have started selling their goods in hospital cafeterias and university dining halls. Restaurants are also starting to take a stab at catering for airline companies and stadiums.


Airports have become one of the most popular places for restaurants because of the high foot traffic and lack of competition. Stadiums are now being approached as another potential source of business because fans often spend time waiting around before games or concerts start. Universities are also an option because they provide an ideal environment with lots of people looking to eat near to campus.



Our Key Takeaways



In conclusion, the restaurant industry is a great choice for anyone looking to start a new business. There are many opportunities for growth and expansion, and it's not easy to over-saturate the market with too many restaurants in one area. If you're considering opening your own restaurant, we hope this report has helped answer any questions you might have had about getting started.



For more resources about business operations, ***book a demo*** today!

BOOK A DEMO

The State of Restaurants in 2022 (Touch Bistro)

https://www.touchbistro.com/wp-content/uploads/2022/01/SORR_2022_Final-2.pdf

2022 State of the Restaurant Industry

<https://restaurant.org/research-and-media/research/research-reports/state-of-the-industry/#:~:text=The%20foodservice%20industry%20is%20forecast,business%20conditions%20return%20to%20normal>

34 Restaurant Industry Statistics and Trends in 2022

<https://orders.co/blog/34-restaurant-industry-statistics-and-trends-in-2022/>

45+ Must-Know US Restaurant Industry Statistics [2022]: How Many Restaurants are in the US

<https://www.zippia.com/advice/restaurant-industry-statistics/>

Trends Affecting The Restaurant Industry In 2022

<https://www.forbes.com/sites/garyocchiogrosso/2022/03/16/trends-affecting-the-restaurant-industry-in-2022/?sh=217a1c51e2>

60 Restaurant Industry Statistics and Trends for 2022

<https://pos.toasttab.com/blog/on-the-line/restaurant-management-statistics>

Build your brand and get butts in the seats

<https://pos.toasttab.com/resources/restaurant-marketing-plan>

Full-Service Restaurants in Canada - Market Size 2005–2028

<https://www.ibisworld.com/canada/market-size/full-service-restaurants/#:~:text=The%20market%20size%20measured%20by,to%20increase%2037.4%25%20in%202022>

Fast Food Restaurants in Canada - Employment Statistics 2005–2028

<https://www.ibisworld.com/canada/industry-statistics/employment/fast-food-restaurants/>

PYMNTS Digital Economy Payments, March 2022 US Edition

<https://securecdn.pymnts.com/wp-content/uploads/2022/03/PYMNTS-Digital-Economy-Payments-March-2022-US-Edition.pdf>

Menu prices

<https://restaurant.org/research-and-media/research/economists-notebook/economic-indicators/menu-prices/>

Quick service eating place sales in the United States from 1992 to 2021

<https://www.statista.com/statistics/239427/us-limited-service-eating-place-sales/>

The Restaurant of the Future Arrives Ahead of Schedule

<https://www2.deloitte.com/content/dam/Deloitte/us/Documents/consumer-business/us-cb-the-restaurant-of-the-future-arrives-ahead-of-schedule.pdf>

Stats are on the menu! Canada's restaurant industry

<https://www150.statcan.gc.ca/n1/pub/11-627-m/11-627-m2021025-eng.htm>

16 Delicious Canadian Restaurant Industry Statistics for 2021

<https://reviewlution.ca/resources/canadian-restaurant-industry-statistics/>

Businesses - Canadian Industry Statistics

<https://www.ic.gc.ca/app/scr/app/cis/businesses-entreprises/7225>

Restaurant, bar sales rose 3% in May to \$7.4B, Statistics Canada says

<https://globalnews.ca/news/9016698/food-service-sales-statistics-canada/>

National Restaurant Association

<https://restaurant.org/>

The 2022 Definitive U.S. Restaurant Ranking

<https://www.npd.com/wp-content/uploads/2022/03/Definitive-U.S.-Restaurant-Ranking-FINAL.pdf>

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<https://www.statista.com/>

20 Fascinating US Fast Food Industry Statistics [2022]: Revenue, Trends, and Predictions

<https://www.zippia.com/advice/us-fast-food-industry-statistics/>

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<https://www.ibisworld.com/>

INCISIV - Restaurant Industry 2022

https://www.incisiv.com/hubfs/Benchmark%20Reports/Restaurant%20BM%202022/Restaurant%20Industry%202022.pdf?utm_medium=email&_hsni=213966275&_hsenc=p2ANqtz--zsp8Ba5b7Ry1CuyJO7Nn/sxg4dl2KU6LgWub1K5T-ZZxeG6gq9eKvMtsIvnotH6ZemFqLBhwQ8gAMkSLHMi8DszcFA&utm_content=213966275&utm_source=hs_automation

Toast - Restaurant Success Report

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