

Key Findings

To assess the ongoing economic impact of the coronavirus pandemic, the National Restaurant Association Research Group conducted a survey of 4,000 restaurant operators September 7-15, 2021. This report contains the key findings of the survey.

Business conditions remain challenging

- Although restaurant sales improved from the early months of the pandemic, business conditions remain far from normal for many restaurants. Overall, 56% of restaurant operators say their total sales volume in August 2021 was higher than it was in August 2020. Only 23% of operators reported a same-store sales decline between August 2020 and August 2021.
- However, when compared with August 2019 pre-pandemic levels, a majority of operators say their sales were lower in August 2021. 63% of operators say their sales volume in August 2021 was lower than it was in August 2019. Only 24% reported higher sales compared with August 2019.
 - A majority of both fullservice operators (67%) and limited-service operators (60%) say their August 2021 sales were lower than their August 2019 sales.

Restaurant operators' reporting of same-store sales in August 2021 compared to 2019 and 2020 levels

Restaurant segment	Percent of operators reporting higher sales in August 2021	Percent of operators reporting lower sales in August 2021	Percent of operators reporting sales about the same in August 2021
August 2021 vs August 2020			
All Restaurants	56%	23%	21%
Fullservice segment	60%	22%	18%
Limited-service segment	52%	25%	23%
August 2021 vs August 2019			
All Restaurants	24%	63%	13%
Fullservice segment	21%	67%	12%
Limited-service segment	26%	60%	14%

Note: Limited-service includes quickservice, fast casual and coffee/snack concepts.

- Business conditions deteriorated in recent months, according to most restaurant operators. 58% of operators say business conditions for their restaurant are worse now than they were 3 months ago. Only 9% say business conditions improved during the last 3 months.
 - A majority of both fullservice operators (60%) and limited-service operators (55%) say business conditions for their restaurant are worse now than they were 3 months ago.

Many restaurants still not at full capacity

- Business conditions remain challenging for many restaurants because they are not yet operating at full on-premises capacity. Overall, 44% of operators say their restaurant is not currently open at full capacity for indoor on-premises dining.
 - 40% of fullservice operators and 49% of limited-service operators say their restaurant is not currently open at full capacity for indoor on-premises dining.
- Among restaurant operators that are not open at the maximum indoor capacity that is currently allowed in their jurisdiction, 71% say it is because they do not have enough employees to adequately staff the restaurant.
 - A lack of adequate staffing was the most common reason given by both fullservice operators (81%) and limited-service operators (61%) that are not currently open at the maximum capacity allowed in their jurisdiction.

Reasons given why restaurants are not currently open at the maximum indoor capacity allowed

Reason	All restaurants	Fullservice segment	Limited-service segment
Not enough employees to adequately staff the restaurant	71%	81%	61%
Too soon from a public health perspective	29%	24%	34%
Uncertainty about future lockdowns or restrictions	26%	24%	28%
Not enough customers to justify reopening	21%	21%	20%

Base: Restaurant operators that are not open at the maximum indoor capacity that is currently allowed in their jurisdiction.

Notes: Limited-service includes quickservice, fast casual and coffee/snack concepts. Multiple responses were allowed.

Delta variant dampened indoor dining

- The delta variant negatively impacted the restaurant industry in recent weeks, according to most restaurant operators. Overall, 78% of operators say their restaurant experienced a decline in customer demand for indoor on-premises dining in recent weeks, as a result of the increase in coronavirus cases due to the delta variant.
 - A strong majority of both fullservice operators (81%) and limited-service operators (75%) say the delta variant led to a decrease in customer demand for indoor on-premises dining.

Restaurant operators do not expect a rapid improvement

- Restaurant operators are not particularly bullish about improving business conditions in the coming months. Only 16% of operators expect their average sales during the next 3 months (September – November) will be higher than they were in August 2021. 55% think their average sales will be lower during the next 3 months, while 29% expect their sales will be about the same as they were in August 2021.
 - A majority of both fullservice operators (57%) and limited-service operators (53%) think their average sales during the next 3 months will be lower than they were in August 2021.
- Looking further down the road, most restaurant operators do not expect a return to normal business conditions any time soon. 23% of operators think it will be 7-12 months before business

conditions return to normal for their restaurant, while 44% think it will be more than a year. An additional 19% of operators say business conditions will never return to normal for their restaurant.

Nearly 4 in 5 restaurants are understaffed

- Although the industry added back many of the jobs lost during the pandemic, a majority of restaurants remain understaffed. 78% of operators say their restaurant currently does not have enough employees to support its existing customer demand.
 - A solid majority of both fullservice operators (81%) and limited-service operators (75%) say their restaurant does not have enough employees to meet customer demand.
- For most restaurants, staffing is significantly below necessary levels. Among restaurants that are currently understaffed, 83% of operators say their restaurant is more than 10% below necessary staffing levels. 39% of operators are currently more than 20% below necessary staffing levels.
 - 37% of fullservice operators say their restaurant is currently more than 20% below necessary staffing levels.
 - 43% of limited-service operators say their restaurant is more than 20% below required staffing levels.

Operators' reporting of how understaffed their restaurant is

Restaurant segment	1% to 5% below necessary levels	6% to 10% below necessary levels	11% to 15% below necessary levels	16% to 20% below necessary levels	More than 20% below necessary levels
All Restaurants	3%	14%	20%	24%	39%
Fullservice segment	3%	14%	21%	25%	37%
Limited-service segment	2%	14%	19%	23%	43%

Base: Restaurants that currently do not have enough employees to support their existing customer demand.

Note: Limited-service includes quickservice, fast casual and coffee/snack concepts.

- As a result of being understaffed, 68% of operators say their restaurant reduced hours of operation during the last 3 months. 46% of operators cut back on menu items, while 45% closed their restaurant on days that it would normally be open. 44% say they reduced seating capacity as a result of being understaffed. A majority of understaffed fullservice operators took each of these 4 actions during the last 3 months.

Actions taken by restaurants during the last 3 months, as a result of being understaffed

Restaurant segment	Reduce hours of operation on days that it is open	Reduce number of items on the menu	Close on days that it would normally be open	Reduce seating capacity
All Restaurants	68%	46%	45%	44%
Fullservice segment	68%	57%	52%	57%
Limited-service segment	67%	34%	39%	30%

Base: Restaurants that currently do not have enough employees to support their existing customer demand.

Notes: Limited-service includes quickservice, fast casual and coffee/snack concepts. Multiple responses were allowed.

Food supply challenges impacted most restaurants

- 95% of restaurant operators say their restaurant experienced supply delays or shortages of key food or beverage items during the past 3 months.
 - A strong majority of both fullservice operators (96%) and limited-service operators (94%) reported supply delays or shortages during the past 3 months.
- For many restaurants, these supply challenges impacted menu offerings. Among operators that experienced supply delays or shortages during the past 3 months, 75% say they made changes to their menu offerings as a result.
 - 81% of fullservice operators and 69% of limited-service operators say their restaurant changed menu offerings as a result of food supply delays or shortages.

Costs are up

- Food, labor and occupancy costs are the largest line items for restaurants – combining to account for roughly 70 cents of every dollar of sales during normal times. For the vast majority of restaurant operators, these 3 categories are making up a larger share of sales than they did before the pandemic.
 - 91% of operators say their total food costs (as a percent of sales) are higher than they were prior to the COVID-19 outbreak. Only 3% say their food costs make up a smaller proportion of sales.
 - 84% of operators say their total labor costs (as a percent of sales) are higher than they were prior to the COVID-19 outbreak. Only 7% of operators say their labor costs declined as a percent of sales.
 - 63% of operators say their total occupancy costs are higher than they were prior to the COVID-19 outbreak. Only 5% say their total occupancy costs are lower.

Profitability is down

- For a solid majority of restaurant operators, profitability is down from pre-pandemic levels. 85% of operators say their profit margin is lower than it was prior to the COVID-19 outbreak. Only 5% of operators say their profit margin is higher.
- Most operators also reported a deterioration of profitability during the last few months. 65% of operators say their restaurant is less profitable now than it was 3 months ago. Only 6% of operators say their restaurant is more profitable now than it was 3 months ago.