NATIONAL RESTAURANT ASSOCIATION

# 2020 STATE OF THE RESTAURANT INDUSTRY

THE ESSENTIAL RESOURCE FOR THE RESTAURANT INDUSTRY

# 2020 STATE OF THE RESTAURANT INDUSTRY

**At the start of a new decade, the restaurant and foodservice industry has more opportunities than ever to serve American consumers. The industry continues to grow and innovate in order to meet the changing tastes and preferences of diners across the full spectrum of the restaurant and foodservice landscape.**

## 2020 HIGHLIGHTS

- **2020 will mark the 11th consecutive year of sales growth for the restaurant industry.** Industry sales in 2020 are predicted to reach a record-high $899 billion. The National Restaurant Association expects sales growth rates in 2020 to be moderate, mirroring general economic conditions. The restaurant industry is as diverse as the communities it serves, offering every employee a pathway to success. In 2020, an estimated 15.6 million employees will work in the industry, serving diners who consistently rank the industry among the most well-regarded in the country.

- **The new year isn't without its challenges.** Recruiting, retention and rising labor costs will be continued challenges in a tight labor market. Still, the restaurant industry will add employment opportunities in 2020 as the number of locations continues to rise. And restaurant employment remains a promising ladder for millions of Americans. Sixty-three percent of American adults now report having worked in restaurants, with 48% saying they got their first job experience in a restaurant.

- **The future is off-premises.** A majority of operators expect sales in 2020 to be higher than last year, even in a competitive market. They see opportunity ahead, with more tools at their disposal and a better understanding of how investments in new technology and a modern workforce will carry their businesses through the next decade. Three in four operators say off-premises is their best growth opportunity, and a majority plan to devote more resources to new technology across the board this year, improving current offerings and adding more payment and service options to satisfy an increasingly tech-savvy and younger customer base.

- **Pent-up demand for restaurants remains historically high.** Nearly half of consumers say they aren't dining in restaurants or ordering takeout or delivery as often as they'd like. But as customers manage their restaurant spending in this moderate-growth environment, they have more foodservice choices than ever before. Keeping them coming in the door will mean tweaks to everything from loyalty systems to marketing plans, eco-friendly operations, and healthy menu options.

**By 2030, industry sales are forecast to reach $1.2 trillion. Operators are poised to benefit from continued consumer optimism, growing opportunity and a good understanding of the current state of the restaurant industry.**

# ABOUT THIS REPORT

The National Restaurant Association each year prepares a comprehensive overview of and outlook for the restaurant industry. The Association's research is considered the most 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 page 92 for notes on methodology, and visit Restaurant.org/Research for additional industry trends and analysis.

The Association's research and analysis have a long-standing reputation of the highest credibility, neutrality and accuracy inside and outside the industry. The Association is considered a leading authority on industry statistics, analysis and trends. Proceeds from its research publications are applied to conducting additional industry research.

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## 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
- Fine dining

**LIMITED-SERVICE RESTAURANTS**

- Quickservice
- Fast casual
- Coffee and snack

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

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NATIONAL RESTAURANT ASSOCIATION®

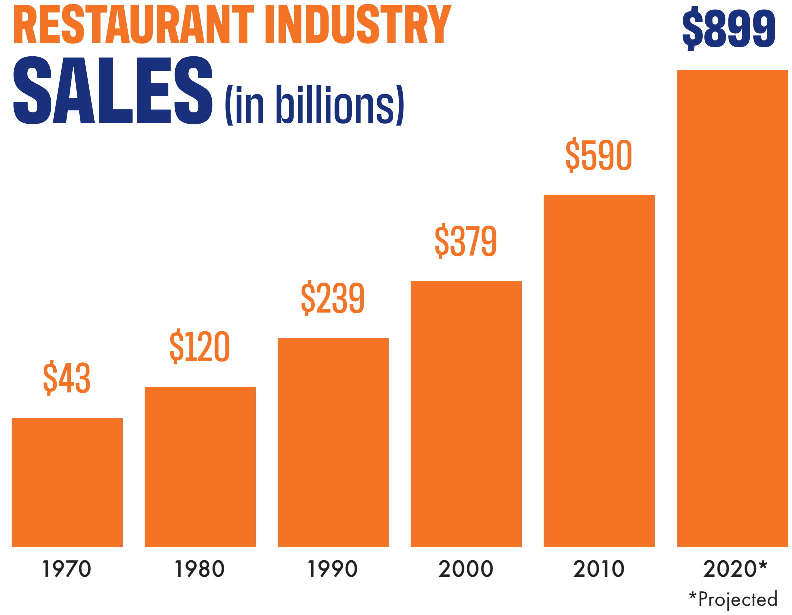
# PART 1 SALES & ECONOMIC FORECAST



## 2020 HIGHLIGHTS

- Restaurant industry sales are projected to rise at a moderate pace in 2020, continuing the trend of recent years. The Association projects **industry sales will reach nearly $899 billion in 2020**, a 4% increase over 2019, or 1.2% when adjusted for inflation. **Fullservice-restaurant sales are expected to grow 3.6%** (1% real growth) and **quickservice sales are projected to grow 4.4%** (1.5% real growth).
- Restaurant sales growth will be driven by an expanding economy and generally positive consumer sentiment, which will **continue to support spending in restaurants.** But the business environment is not without its challenges. Economic growth remains modest and not all consumers are reaping the benefits of the economy.
- Consumers' **pent-up demand for restaurants remains elevated**; 45% of consumers say they aren't using restaurants as often as they'd like.

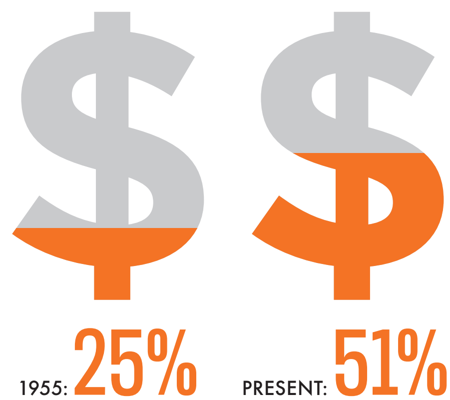
## RESTAURANT INDUSTRY SALES (in billions)




# 1.1 THE 2020 SNAPSHOT OF KEY INDICATORS

Although economic growth is expected to slow somewhat in 2020, consumers remain generally upbeat about their personal finances. This confidence, along with a healthy household balance sheet, should lead to additional consumer spending.

## RESTAURANT INDUSTRY SHARE OF THE FOOD DOLLAR




## RESTAURANT INDUSTRY EMPLOYMENT (in millions)

# SNAPSHOT: WHAT'S HAPPENING NEAR YOU?

Eating-and-drinking-place locations and sales by state, 2019 (estimated)

| | 2019 LOCATIONS | 2019 SALES (BILLIONS) |
|---|---|---|
| ALABAMA | 8,776 | $9.8 |
| ALASKA | 1,482 | $2.0 |
| ARIZONA | 10,876 | $15.6 |
| ARKANSAS | 5,411 | $5.5 |
| **CALIFORNIA** | **81,516** | **$102.8** |
| COLORADO | 12,084 | $15.0 |
| CONNECTICUT | 8,511 | $8.9 |
| DELAWARE | 2,042 | $2.5 |
| DISTRICT OF COLUMBIA | 2,466 | $4.8 |
| **FLORIDA** | **42,275** | **$52.5** |
| **GEORGIA** | **18,933** | **$24.9** |
| HAWAII | 3,779 | $5.7 |
| IDAHO | 3,577 | $3.1 |
| **ILLINOIS** | **25,851** | **$32.1** |
| INDIANA | 12,210 | $14.1 |
| IOWA | 6,381 | $4.9 |
| KANSAS | 5,322 | $5.5 |
| KENTUCKY | 7,628 | $9.2 |
| LOUISIANA | 9,818 | $11.0 |
| MAINE | 3,229 | $2.7 |
| MARYLAND | 11,503 | $14.5 |
| MASSACHUSETTS | 15,727 | $19.5 |
| MICHIGAN | 17,557 | $19.0 |
| MINNESOTA | 10,833 | $11.6 |
| MISSISSIPPI | 4,906 | $5.5 |
| MISSOURI | 11,363 | $12.9 |
| MONTANA | 2,770 | $2.4 |
| NEBRASKA | 4,163 | $3.4 |
| NEVADA | 6,113 | $10.9 |
| NEW HAMPSHIRE | 3,208 | $3.3 |

| | 2019 LOCATIONS | 2019 SALES (BILLIONS) |
|---|---|---|
| **NEW JERSEY** | **19,329** | **$20.2** |
| NEW MEXICO | 3,550 | $4.4 |
| **NEW YORK** | **49,032** | **$54.5** |
| **NORTH CAROLINA** | **19,851** | **$23.5** |
| NORTH DAKOTA | 1,725 | $1.5 |
| **OHIO** | **23,036** | **$25.6** |
| OKLAHOMA | 7,040 | $8.1 |
| OREGON | 10,697 | $10.2 |
| **PENNSYLVANIA** | **26,546** | **$25.7** |
| RHODE ISLAND | 2,991 | $2.8 |
| SOUTH CAROLINA | 9,865 | $11.7 |
| SOUTH DAKOTA | 1,896 | $1.6 |
| TENNESSEE | 12,086 | $15.1 |
| **TEXAS** | **49,666** | **$70.6** |
| UTAH | 5,324 | $6.1 |
| VERMONT | 1,421 | $1.3 |
| VIRGINIA | 15,757 | $19.9 |
| WASHINGTON | 15,764 | $14.8 |
| WEST VIRGINIA | 3,282 | $3.0 |
| WISCONSIN | 13,025 | $10.7 |
| WYOMING | 1,337 | $1.2 |

Sources: Locations: Bureau of Labor Statistics, 2019:Q2 data
Sales: National Restaurant Association estimates; figures represent total revenues at eating-and-drinking-place establishments.

NAMES IN BOLD ARE THE **10 STATES WITH THE MOST RESTAURANT LOCATIONS / HIGHEST RESTAURANT SALES IN 2019** (ESTIMATED).

# 1.2 THE 2020 RESTAURANT SALES FORECAST

## ADDING IT ALL UP: $898.9 BILLION

Projected restaurant industry sales in 2020

## RESTAURANT INDUSTRY FOOD & DRINK SALES PROJECTIONS FOR 2020

| | 2019 SALES (billions) | 2020 SALES (billions) | PERCENT CHANGE[8] | REAL PERCENT CHANGE[8] |
|---|---|---|---|---|
| **COMMERCIAL RESTAURANT SERVICES[1]** | **$796.9** | **$828.8** | **4.0%** | **1.2%** |
| **TOTAL EATING AND DRINKING PLACES** | **$615.9** | **$640.3** | **4.0%** | **1.2%** |
| EATING PLACES | $593.9 | $617.5 | 4.0% | 1.2% |
| • FULLSERVICE RESTAURANTS[2] | $285.0 | $295.3 | 3.6% | 1.0% |
| • LIMITED-SERVICE (QUICKSERVICE) RESTAURANTS[3] | $249.8 | $260.8 | 4.4% | 1.5% |
| • CAFETERIAS, GRILL-BUFFETS & BUFFETS[4] | $6.0 | $5.9 | -1.1% | -4.0% |
| • SNACK & NONALCOHOLIC BEVERAGE BARS | $43.7 | $45.8 | 4.7% | 1.8% |
| • SOCIAL CATERERS | $9.4 | $9.8 | 4.3% | 1.6% |
| BARS & TAVERNS | $22.0 | $22.8 | 3.8% | 2.1% |
| **OTHER[5]** | **$181.0** | **$188.7** | **4.2%** | **1.3%** |
| **NONCOMMERCIAL RESTAURANT SERVICES[6]** | **$64.5** | **$66.9** | **3.7%** | **0.8%** |
| **MILITARY RESTAURANT SERVICES[7]** | **$2.9** | **$3.0** | **3.0%** | **0.6%** |
| **TOTAL** | **$864.3** | **$898.9** | **4.0%** | **1.2%** |

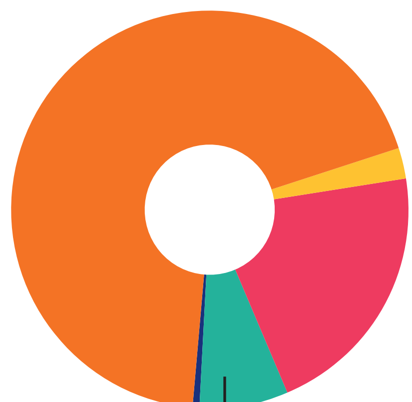
1. Data are given only for establishments with payroll.
2. Waiter/waitress service is provided, and the order is taken while the patron is seated. Patrons pay after they eat.
3. Patrons generally order at a cash register or select items from a food bar and pay before they eat.
4. Formerly commercial cafeterias.
5. Consists of the following categories: managed services, lodging, 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).
6. Business, educational, governmental or institutional organizations that operate their own restaurant services.
7. Continental United States only.
8. Percent change calculations are based on unrounded data, and may not match calculations based on data rounded to one decimal point.

Note: Figures do not sum precisely due to rounding.

**COMMERCIAL RESTAURANT SERVICES**

**$828.8 BILLION**

- Eating places: **$617.5 billion**
- Bars & taverns: **$22.8 billion**
- Other*: **$188.7 billion**



**MILITARY RESTAURANT SERVICES $3 BILLION**

**NONCOMMERCIAL RESTAURANT SERVICES $66.9 BILLION**

Note: Figures do not sum precisely due to rounding.
*Includes managed services, lodging, retail, recreation, mobile and vending services.

RESTAURANT INDUSTRY 2030

ACTIONABLE INSIGHTS FOR THE FUTURE

# RESTAURANT INDUSTRY 2030 ACTIONABLE INSIGHTS FOR THE FUTURE

**The National Restaurant Association's Restaurant Industry 2030 report predicts developments in the restaurant industry over the next decade.**

The National Restaurant Association expects restaurant industry **sales will top $1.2 trillion by 2030** and that restaurants will **employ more than 17 million people.**

## THE LANDSCAPE OVER THE NEXT DECADE

### THE ECONOMY

U.S. economic growth is expected to be more moderate over the next decade, due in large part to slower population and labor-force growth.

**OPPORTUNITY:** Areas of the U.S. with faster-growing economies will likely have more opportunities for restaurant industry expansion.

### THE WORKFORCE

U.S. labor-force growth is projected to slow over the next decade, but this will vary by age group. Older adults are expected to register the largest inflows to the labor force while the number of teenage workers is expected to decline by 2030 to its lowest level in 65 years.

**OPPORTUNITY:** Boost your hiring and retention plans for older employees.

### CONSUMERS

U.S. population growth is projected to remain modest in the next decade, and the U.S. population will grow older and more diverse.

**OPPORTUNITY:** Watch population growth, a key driver of restaurant industry expansion. Any slowdown effectively constrains expansion in the economy, the workforce and the industry's customer base.

# 25 MOST LIKELY DEVELOPMENTS BY 2030

## ACCORDING TO INDUSTRY EXPERTS

**1.** Competition for customers will intensify.

**2.** It will be commonplace for restaurants to accept mobile payments.

**3.** Handheld payment terminals that allow for pay-at-the-table will be commonplace.

**4.** The vast majority of takeout and delivery orders will be placed digitally.

**5.** Packaging designed exclusively for delivery and carryout will be more sophisticated and effective.

**6.** Regardless of the nutritional content of the food, consumers will still want comfort foods.

**7.** Convenience stores and grocery stores will expand their foodservice offerings.

**8.** More restaurant layouts will include areas dedicated to delivery and carryout.

**9.** State and local governments will increase restaurant industry regulation.

**10.** Total employee compensation costs will increase as a percent of sales.

**11.** More training will be provided online and on smartphones.

**12.** The restaurant industry will continue to be a breeding ground for entrepreneurialism.

**13.** Equipment used in restaurants will be more energy-efficient.

**14.** The use of kiosks in limited-service restaurants will be commonplace.

**15.** There will be increased regulation around third-party delivery.

**16.** More employees will be certified in safe food handling through ServSafe products.

**17.** Video menu boards in limited-service restaurants will be commonplace.

**18.** More restaurants will be designed to reduce use of energy and water and minimize waste.

**19.** Turning point-of-sale (POS) data into actionable knowledge for operators will become easier.

**20.** Restaurant operators will be more likely to implement more local, targeted and customized promotions.

**21.** Technology will be more effectively used to control costs and enhance management efficiency.

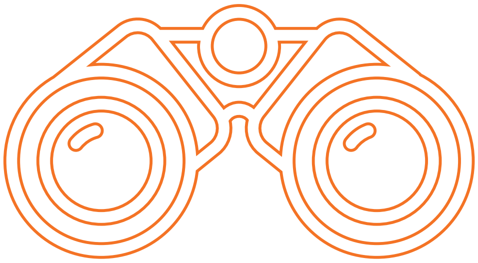
**22.** Women will hold a larger proportion of upper management jobs in the restaurant industry.

**23.** Restaurants will offer more healthy options on their menus.

**24.** Restaurant inspection results will be readily available to the public.

**25.** The federal government will enact more data-privacy rules to regulate how businesses handle customer data.

Source: National Restaurant Association, *Restaurant Industry 2030*, **Restaurant.org/Restaurants2030**



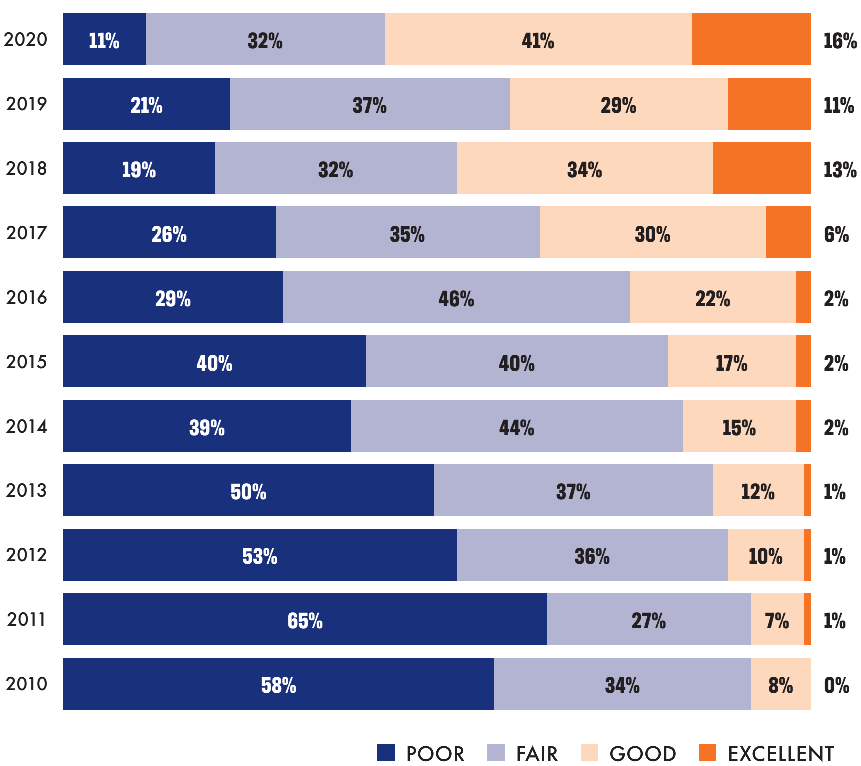
# 1.3 CONSUMER OUTLOOK

**Consumers have mixed assessments of their personal financial situation, but most expect it to improve in 2020.**

**TOP TAKEAWAY:** Over half of adults rated the U.S. economy in 2020 either excellent (16%) or good (41%) — the first time in a decade of National Restaurant Association surveys that a majority of consumers rated the economy positively.

## A DECADE OF GROWING OPTIMISM

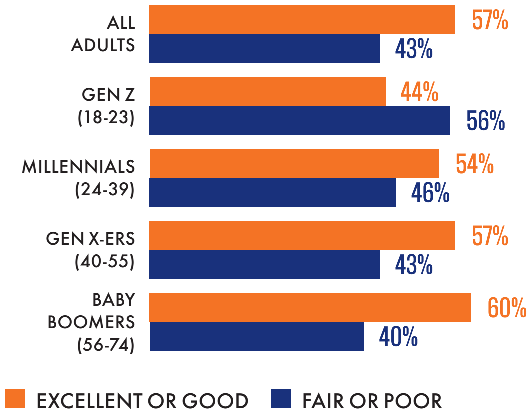
Consumers' assessments of the national economy, 2010 to 2020




Source: National Restaurant Association, *National Household Surveys*, 2010 – 2020

## CONSUMERS' ASSESSMENT OF THE NATIONAL ECONOMY

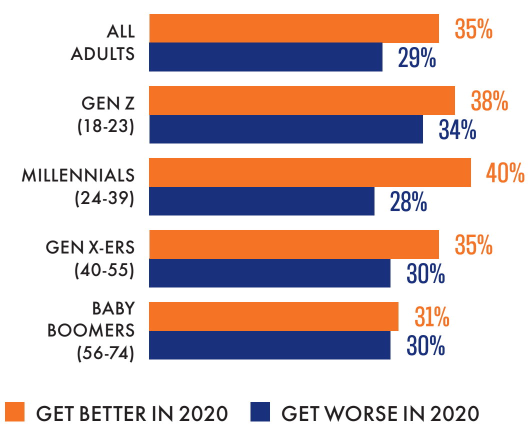
**TOP TAKEAWAY:** 60% of baby boomers describe the economy as either excellent or good, compared to 44% of Gen Z adults.




Source: National Restaurant Association, *National Household Survey*, 2020

## CONSUMERS' OUTLOOK FOR THE NATIONAL ECONOMY IN 2020

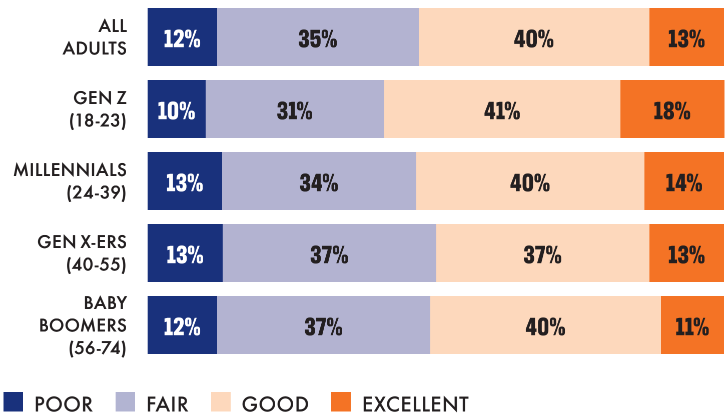
**TOP TAKEAWAY:** Roughly four in 10 millennials and Gen Z adults think the national economy will get better in 2020, compared to 31% of baby boomers.




Source: National Restaurant Association, *National Household Survey*, 2020

## CONSUMERS' ASSESSMENT OF THEIR PERSONAL FINANCES

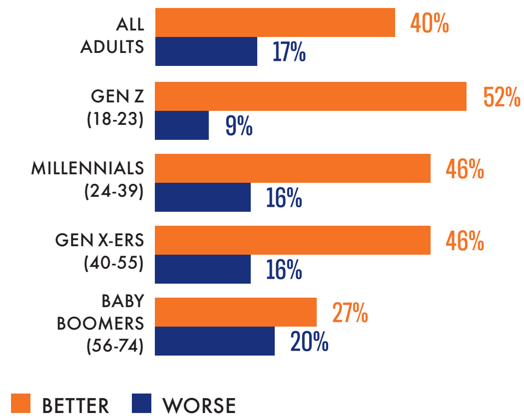
**TOP TAKEAWAY:** Consumers have mixed feelings about their personal finances. Just over half of adults describe their own personal finances as either excellent (13%) or good (40%). A little under half say their finances are in fair (35%) or poor (12%) condition.




Source: National Restaurant Association, *National Household Survey*, 2020

## CONSUMERS' ASSESSMENT OF THEIR PERSONAL FINANCIAL SITUATION COMPARED TO ONE YEAR AGO

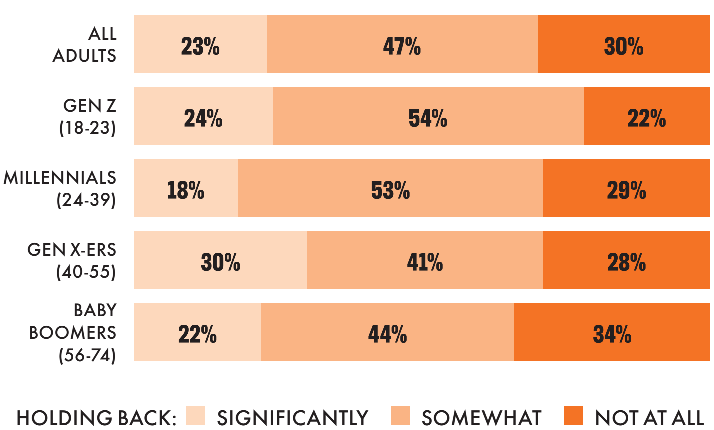
**TOP TAKEAWAY:** Younger consumers are much more likely to say their personal finances improved over the past year. Fifty-two percent of Gen Z adults – but just 27% of baby boomers – say their financial situation is better than it was a year ago.




Source: National Restaurant Association, *National Household Survey*, 2020

## CONSUMERS' ASSESSMENT* OF THEIR PERSONAL SPENDING BEHAVIOR

**TOP TAKEAWAY:** Consumers may be holding back on spending. Just three in 10 adults say they are confident in their financial situation and are not holding back on spending; nearly one in four say they are holding back significantly on spending. Roughly half are somewhere in the middle.



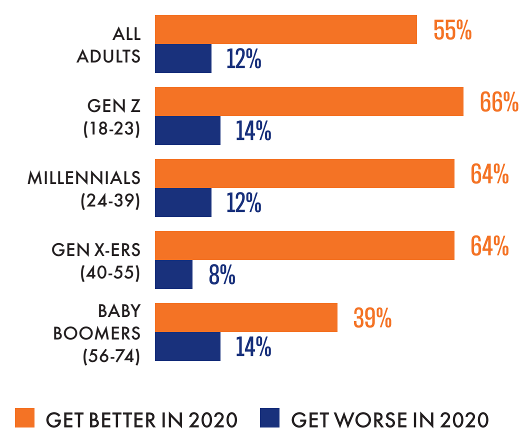

Source: National Restaurant Association, *National Household Survey*, 2020

*Survey respondents were asked to choose which of the three statements best describes their personal spending behavior:

- You are confident in your financial situation and are not holding back on spending.
- You are taking a wait-and-see approach, and holding back somewhat on spending until the economy improves.
- You are very concerned about the economy and are holding back significantly on spending.

## CONSUMERS' OUTLOOK FOR THEIR HOUSEHOLD FINANCIAL SITUATION IN 2020

**TOP TAKEAWAY:** Consumers are generally bullish about their finances in 2020. 55% of adults – and about two-thirds of Gen Z adults, millennials, and Gen X-ers – think their household financial situation will get better in 2020; only 12% expect it will get worse.




Source: National Restaurant Association, *National Household Survey*, 2020

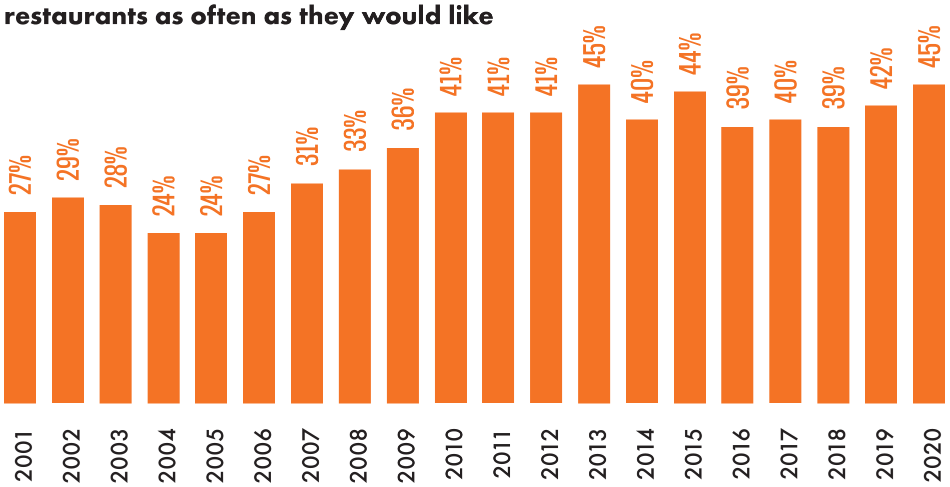
# RESTAURANT FREQUENCY

**Consumers' pent-up demand remains elevated.** Nearly half of all adults say they would like to be using restaurants more frequently.

**TOP TAKEAWAY:** For almost half of all adults, their current restaurant frequency isn't enough – 45% say they are not eating at restaurants as often as they would like, and 44% want to purchase takeout or delivery more frequently.

## NOT FREQUENT ENOUGH

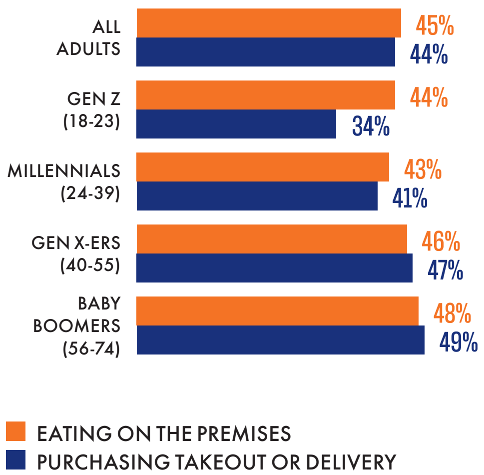
Percent of adults who say they are **not eating at restaurants as often as they would like**




Source: National Restaurant Association, *National Household Surveys*, 2001-2020

## ON- AND OFF-PREMISES SHORTFALL

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




Source: National Restaurant Association, *National Household Survey*, 2020

# FREQUENCY OF RESTAURANT/ FOODSERVICE PURCHASES

**Adults averaged 5.3 restaurant occasions during the week of Jan. 12, 2020.** Add in purchases of freshly prepared food at convenience stores and grocery stores, and this rises to 6.4 occasions during the week.

**Gen Z** adults averaged **8.2 restaurant occasions** during the week (10.1 restaurant and retail foodservice occasions), compared to **3.7 restaurant occasions for baby boomers** (4.2 restaurant and retail foodservice occasions).

## ALL ADULTS AVERAGE RESTAURANT & RETAIL FOODSERVICE OCCASIONS IN THE WEEK: 6.4

**Younger adults used restaurants much more frequently than their older counterparts.**

**RESTAURANT OCCASIONS:**

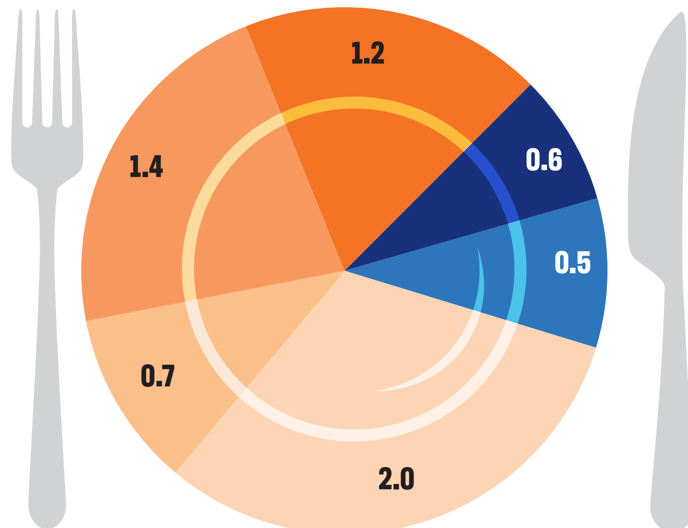
- Breakfast
- Lunch
- Afternoon snack/beverage
- Dinner

**Average restaurant occasions during the week: 5.3**

**CONVENIENCE- OR GROCERY-STORE OCCASIONS:**

- Convenience store foodservice item
- Meal from food bar or salad bar at grocery store

**Average retail foodservice occasions during the week: 1.1**




## YOUNG ADULTS RELY ON RESTAURANTS

**Average number of times** adults purchased a meal, snack or beverage from a **restaurant or foodservice operation** during the week of Jan. 12, 2020

| FOODSERVICE OCCASION | ALL ADULTS | GEN Z (18-23) | MILLEN-NIALS (24-39) | GEN X-ERS (40-55) | BABY BOOMERS (56-74) |
|---|---|---|---|---|---|
| Go out for breakfast at a sit-down fast food place, coffee shop or restaurant | 0.5 | 1.0 | 0.6 | 0.5 | 0.3 |
| Pick up a breakfast meal, snack or beverage in the morning from a fast food place, coffee shop or restaurant | 0.7 | 1.0 | 0.8 | 0.8 | 0.4 |
| **Total restaurant occasions during the week — Breakfast** | **1.2** | **2.0** | **1.4** | **1.3** | **0.7** |
| Go out for lunch at a sit-down fast food place, restaurant or deli | 0.7 | 1.1 | 0.7 | 0.8 | 0.5 |
| Pick up lunch at a fast food place, restaurant or deli, or have it delivered | 0.7 | 1.1 | 0.8 | 0.9 | 0.4 |
| **Total restaurant occasions during the week — Lunch** | **1.4** | **2.2** | **1.5** | **1.7** | **0.9** |
| Pick up a snack or beverage in the afternoon from a fast food place, coffee shop or restaurant | 0.7 | 1.2 | 0.8 | 0.8 | 0.4 |
| **Total restaurant occasions during the week — Afternoon snack** | **0.7** | **1.2** | **0.8** | **0.8** | **0.4** |
| Go out for dinner at a sit-down restaurant or fast food place | 1.0 | 1.4 | 1.1 | 1.0 | 0.9 |
| Pick up takeout food for dinner or have it delivered | 1.0 | 1.4 | 1.2 | 1.1 | 0.8 |
| **Total restaurant occasions during the week — Dinner** | **2.0** | **2.8** | **2.3** | **2.1** | **1.7** |
| **TOTAL RESTAURANT OCCASIONS DURING THE WEEK** | **5.3** | **8.2** | **6.0** | **5.9** | **3.7** |
| | | | | | |
| Pick up a freshly prepared meal, snack or beverage from a **convenience store** | 0.6 | 1.1 | 0.8 | 0.5 | 0.3 |
| Pick up a meal from a food bar or salad bar at a **grocery store** | 0.5 | 0.8 | 0.6 | 0.5 | 0.2 |
| **Total retail foodservice occasions during the week** | **1.1** | **1.9** | **1.4** | **1.0** | **0.5** |
| **TOTAL RESTAURANT + RETAIL FOODSERVICE OCCASIONS DURING THE WEEK** | **6.4** | **10.1** | **7.4** | **6.9** | **4.2** |

Source: National Restaurant Association, *National Household Survey*, 2020

**TOP TAKEAWAY:** Most adults agree that going to a restaurant is a better use of their leisure time than cooking at home, delivers flavors and tastes that are hard to duplicate at home, and provides an experience that's a better use of money than buying an item from a store.

## I ♥ RESTAURANTS

Percent of adults who agree with the following statements

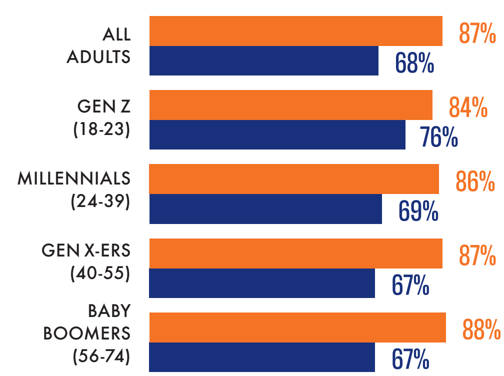
| STATEMENT | ALL ADULTS | GEN Z (18-23) | MILLEN-NIALS (24-39) | GEN X-ERS (40-55) | BABY BOOMERS (56-74) |
|---|---|---|---|---|---|
| Going out to a restaurant with family and/or friends gives you an opportunity to socialize and is a better way for you to make use of your leisure time rather than cooking and cleaning up. | 82% | 79% | 82% | 83% | 83% |
| Your favorite restaurant foods provide flavor and taste sensations that cannot be easily duplicated in your home kitchen. | 78% | 77% | 78% | 79% | 76% |
| You would rather spend money on an experience such as a restaurant or other activity, compared to purchasing an item from a store. | 63% | 74% | 65% | 62% | 55% |
| Restaurants are an essential part of your lifestyle. | 60% | 67% | 64% | 62% | 50% |

Source: National Restaurant Association, *National Household Survey*, 2020

**TOP TAKEAWAY:** Consumers like going to a restaurant more than they like going to a grocery store. 87% of adults say they enjoy going to restaurants, compared to 68% who enjoy grocery shopping.

## PREFER A MENU TO A SHOPPING CART

Percent of adults who agree with the following statements




Source: National Restaurant Association, *National Household Survey*, 2020

# DASHBOARD: HOUSEHOLD FINANCES

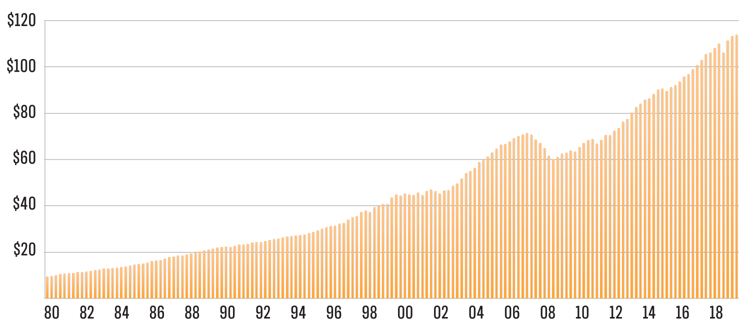
**Household balance sheets remain strong.**

## WEALTH

### HOUSEHOLD NET WORTH **ON THE RISE**

**TOP TAKEAWAY:** After a brief downtick in the 4th quarter of 2018, household net worth continued its steady march higher in 2019. Total household net worth hit $114 trillion in 2019, 60% above its pre-recession peak in 2007. This has a positive impact on consumer spending.

**TOTAL HOUSEHOLD NET WORTH ($ TRILLIONS)**



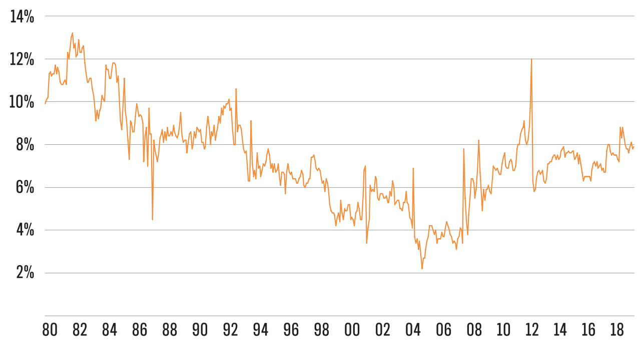

Source: Federal Reserve

## SAVINGS

### PERSONAL SAVINGS RATE **TRENDING HIGHER**

**TOP TAKEAWAY:** Consumers are building up a financial cushion by saving more of their income. Personal savings as a percentage of disposable income averaged 8% during 2019. Aside from a temporary jump in 2012, this represented savings levels not seen on a consistent basis in nearly three decades.

**PERSONAL SAVINGS AS A PERCENTAGE OF DISPOSABLE PERSONAL INCOME (SEASONALLY-ADJUSTED ANNUAL RATE)**



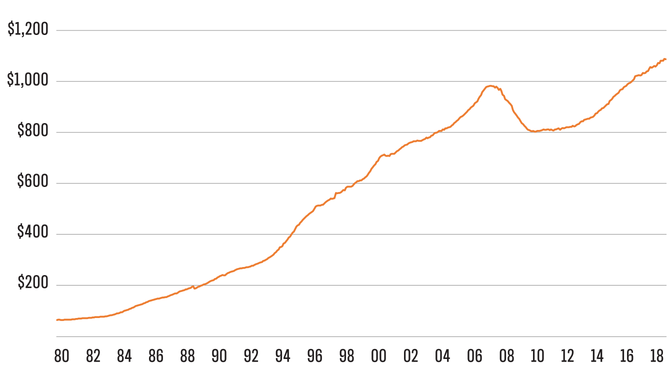

Source: Bureau of Economic Analysis

## DEBT

### CONSUMER CREDIT BALANCES **CONTINUE TO RISE**

**TOP TAKEAWAY:** Households continue to take on higher levels of debt, with total revolving consumer credit balances approaching $1.1 trillion in late 2019. Despite the steady rise, households are more equipped to handle debt than in years past, so the rising debt doesn't appear to be a significant threat to consumer spending at this point.

**TOTAL REVOLVING CONSUMER CREDIT ($ BILLIONS)**



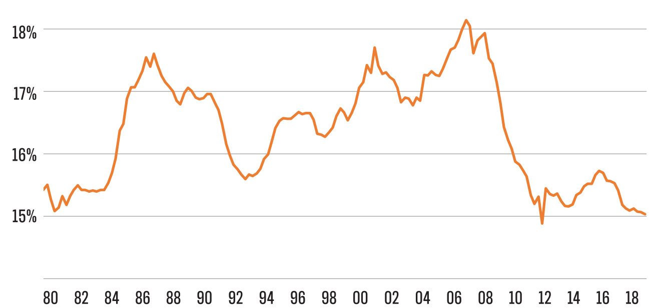

Source: Federal Reserve

## FINANCIAL OBLIGATIONS

### DEBT SERVICE IS NEAR **HISTORIC LOWS**

**TOP TAKEAWAY:** Although household debt is rising, monthly payments are still quite manageable in the aggregate. The Federal Reserve's Financial Obligations Ratio – the ratio of total required household debt payments (plus rent on primary residences, auto lease payments, insurance and property tax payments) to total disposable income – is only about 15%. This is well below levels reached during the buildup to the Great Recession in the mid-2000s.

**FINANCIAL OBLIGATIONS RATIO**




Source: Federal Reserve

# 1.4 ECONOMIC OUTLOOK

## TRENDING: ECONOMIC GROWTH WILL REMAIN MODERATE IN 2020

The longest economic expansion on record will continue in 2020, albeit at a somewhat slower pace.

**Highlights of the 2020 economic outlook:**

- The longest U.S. economic expansion in history is expected to continue in 2020, though at a somewhat slower pace. The economy is projected to add an average of 140,000 jobs each month during 2020, down from an average monthly gain of 175,000 jobs in 2019. Still, that will be sufficient to keep the **national unemployment rate south of 4%** and near a five-decade low.
- Consumers will continue to be the driving force behind the economy. **Consumer confidence remains elevated**, and the healthy labor market will continue to support additional spending. Household balance sheets are also strong, with wealth at a record high and debt burdens at multi-decade lows.
- Restaurant operators are on the front lines of the economy, and most are anticipating a **more-of-the-same business environment** in 2020. When surveyed in January 2020, six in 10 operators said they expect business conditions in six months to be about same as they were in January. 22% thought business conditions would improve, while 16% expected conditions to worsen.
- **External risks and geopolitical uncertainties** remain, headlined by the trade war with China. Though the signing of the Phase One trade deal eased tensions somewhat, any re-escalation risks hurting U.S. consumers and the economy as a whole.

# DASHBOARD: THE AMERICAN ECONOMY

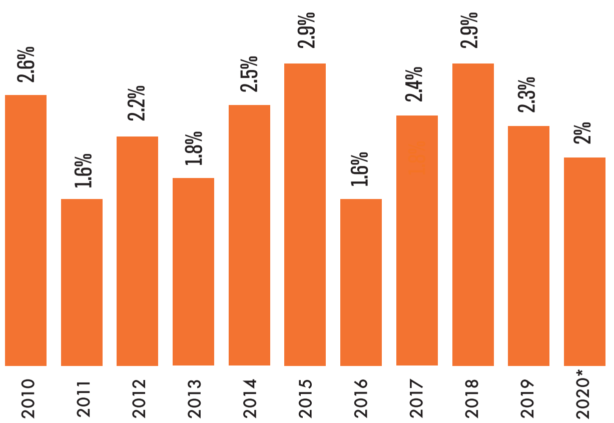
**The record-long economic expansion will continue in 2020.**

## GDP

### ECONOMIC GROWTH WILL REMAIN **MODERATE IN 2020**

**TOP TAKEAWAY:** Growth in the national economy is expected to slow somewhat in 2020. Real Gross Domestic Product (GDP), the value of goods and services produced in the United States, is projected to increase 2% in 2020. While still positive, the projected 2020 gain would represent the 15th consecutive year in which the U.S. economy grew below 3%.

U.S. REAL GROSS DOMESTIC PRODUCT (GDP) — HISTORICAL AND PROJECTED GROWTH RATES



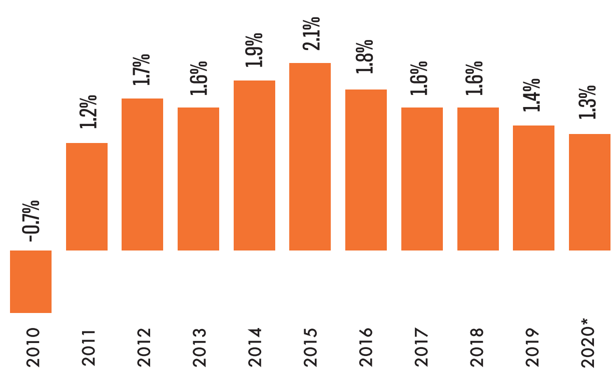

Source: Bureau of Economic Analysis, National Restaurant Association projections
*projected

## JOBS

### JOB GROWTH IS EXPECTED TO **SLOW IN 2020**

**TOP TAKEAWAY:** The national economy is expected to add jobs for the 10th consecutive year in 2020. However, the projected 1.3% increase would represent the slowest gain since the first year of that streak. Still, with a projected average monthly increase of 140,000 jobs during 2020, the growth will be sufficient to absorb new entrants to the labor force.

TOTAL U.S. EMPLOYMENT — HISTORICAL AND PROJECTED GROWTH RATES



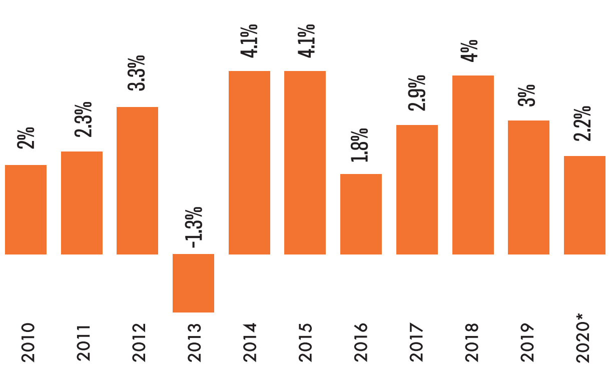

Sources: Bureau of Labor Statistics, National Restaurant Association projections
*projected

## INCOME

### PERSONAL INCOME WILL **INCREASE AT A MODEST PACE**

**TOP TAKEAWAY:** While households will continue to see their incomes rise in 2020, the growth is expected to be down from recent years. Real disposable personal income is projected to increase 2.2% in 2020, which would be the slowest gain since 2016. Still, continued income growth is a key driver of spending on food away from home.

REAL DISPOSABLE PERSONAL INCOME — HISTORICAL AND PROJECTED GROWTH RATES



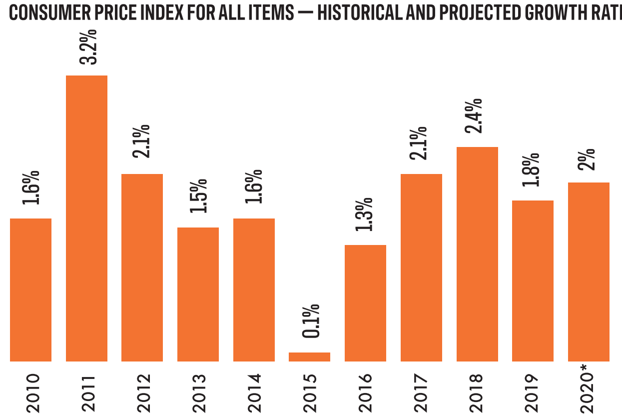

Sources: Bureau of Economic Analysis, National Restaurant Association projections
*projected

## INFLATION

### INFLATION WILL REMAIN **CONTAINED IN 2020**

**TOP TAKEAWAY:** Inflation is projected to remain generally contained in 2020, with average consumer prices rising 2%. Despite the modest uptick from 2019's growth, 2020 is expected to represent the 9th consecutive year with an inflation rate below 2.5%. This hasn't happened since the 1930s.

CONSUMER PRICE INDEX FOR ALL ITEMS — HISTORICAL AND PROJECTED GROWTH RATES




Sources: Bureau of Labor Statistics, National Restaurant Association projections
*projected

# TOURISM

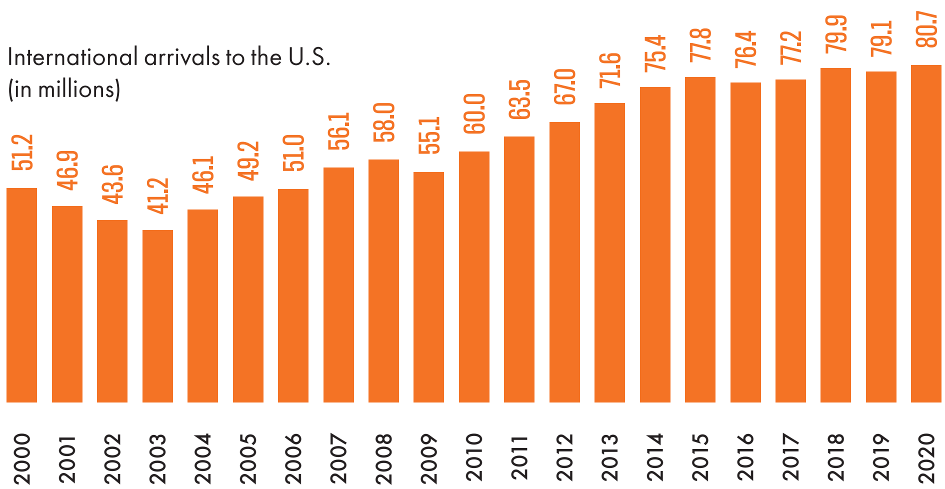
## TRENDING: INTERNATIONAL TOURISM EXPECTED TO INCREASE

International arrivals to the U.S. are projected to rise slightly in 2020, after remaining essentially flat for the last few years.

## ROLLING OUT THE RED CARPET

**TOP TAKEAWAY:** International arrivals to the U.S. are projected to surpass 80 million in 2020, according to the National Travel and Tourism Office, part of the U.S. Department of Commerce. This follows several years in which tourism to the U.S. stayed about the same.

International arrivals to the U.S. (in millions)




Source: U.S. Department of Commerce, National Travel and Tourism Office, October 2019 projections

## CANADA & MEXICO REPRESENT NEARLY HALF OF U.S. VISITORS

**TOP TAKEAWAY:** An estimated 39.4 million visitors will come from Canada and Mexico in 2020, and more than 41.2 million visitors are projected to arrive from overseas. The United Kingdom (4.9 million), Japan (3.7 million) and China (2.9 million) are expected to be the top origin countries for overseas visitors.

Projected 2020 international arrivals to the U.S. by top origin countries (in thousands)


Source: U.S. Department of Commerce, National Travel and Tourism Office, October 2019 projections

NATIONAL RESTAURANT ASSOCIATION

# PART 2 OPERATIONAL TRENDS

## 2020 HIGHLIGHTS

- Restaurant **operators are generally positive** about current business conditions for the industry, and their outlook for 2020 is also mostly optmistic. But they anticipate **ongoing challenges**, particularly with recruiting and retaining employees, building sales volume, competition and labor costs.
- **Value and convenience** are two important ways operators can nudge consumers into additional visits and differentiate themselves from the competition. **Off-premises will be a major driver of business growth** in 2020 and beyond. Although consumers will always seek out the social oasis that restaurants provide, successful operators will win at both on- and off-premises. But it's not a one-size-fits-all business model: Off-premises is an opportunity – not a requirement.
- Most operators agree that the **use of technology** provides a competitive advantage, although most don't think they are on the cutting edge. Many consumers say restaurants use about the right amount of technology, but when asked about ways restaurants could incorporate more technology, consumers primarily mention convenience- and service-enhancing items, rather than people-eliminating items.
- **Food costs trended higher** in 2019, and many operators expect this trend to continue in 2020. Most operators plan to sharpen their focus on food waste to help address higher food costs.

**2.1** BUSINESS CONDITIONS

**2.2** SALES & MARKETING

**2.3** OFF-PREMISES

**2.4** TECHNOLOGY

**2.5** OPERATIONAL COSTS & MENU PRICES

# 2.1 BUSINESS CONDITIONS

## Operators are optimistic

**Restaurant operators are generally positive about the business environment for their restaurants, and most expect conditions to improve in 2020.**

**TOP TAKEAWAY:** Restaurant operators across the six major segments generally agree about the health of the industry. Roughly **eight in 10 operators** give business conditions in the overall restaurant industry ratings of either 'excellent' or 'good.'

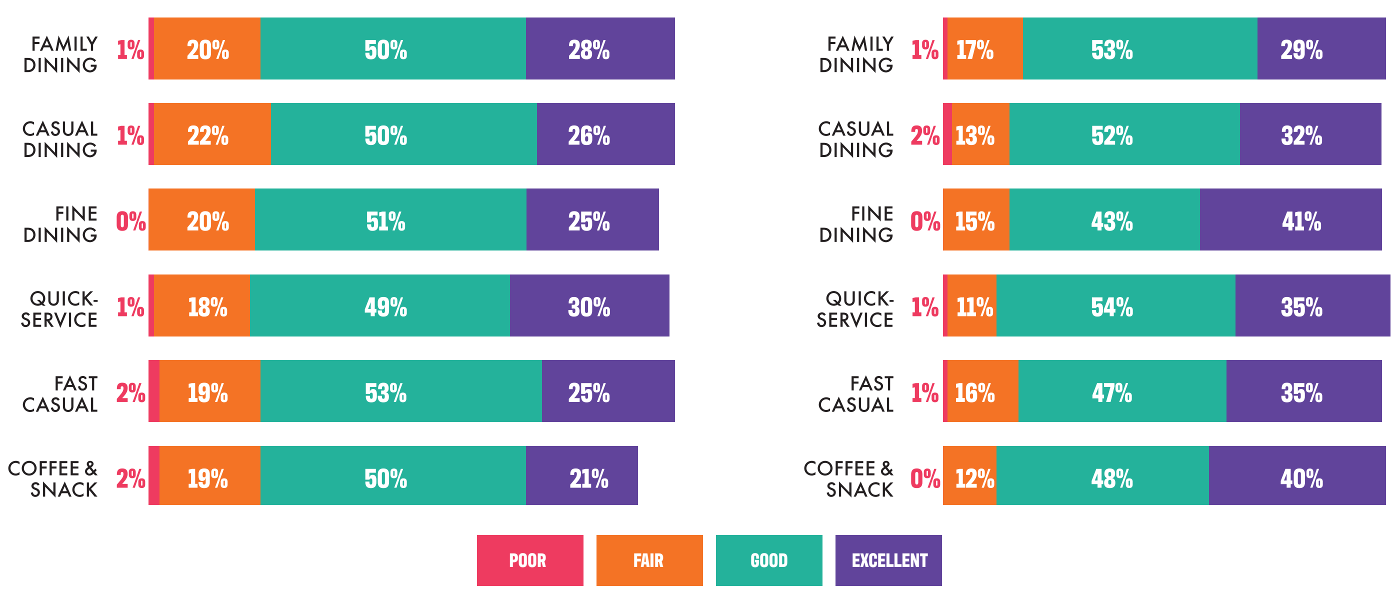
Restaurant operators in each of the six major segments were **more likely to give positive ratings for business conditions for their own restaurant** than for the industry overall.

### THE RESTAURANT INDUSTRY OVERALL **BUSINESS IS GOOD**

Restaurant operators' rating of business conditions in the **overall restaurant industry**

### MY RESTAURANT **BUSINESS IS BETTER**

Restaurant operators' rating of business conditions for **their own restaurant**

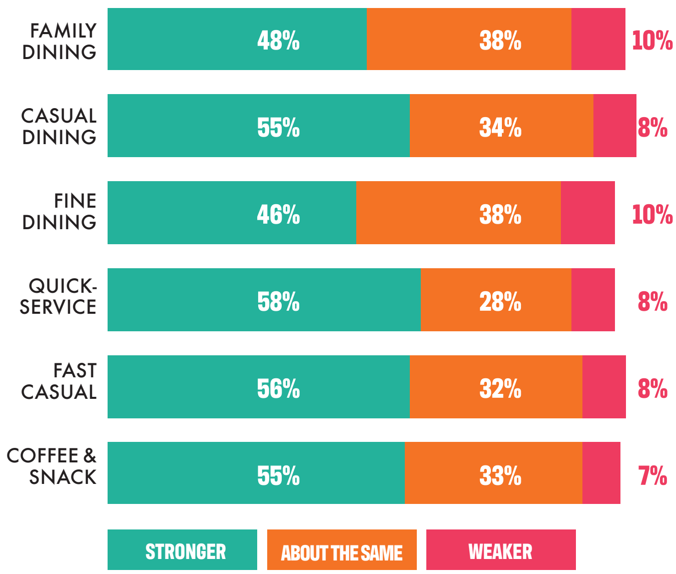



Source: National Restaurant Association, *Restaurant Trends Survey*, 2019

## HISTORICAL ASSESSMENT
## TRENDING IN THE RIGHT DIRECTION

Restaurant operators' assessment of the **overall health of their business** compared to two years ago

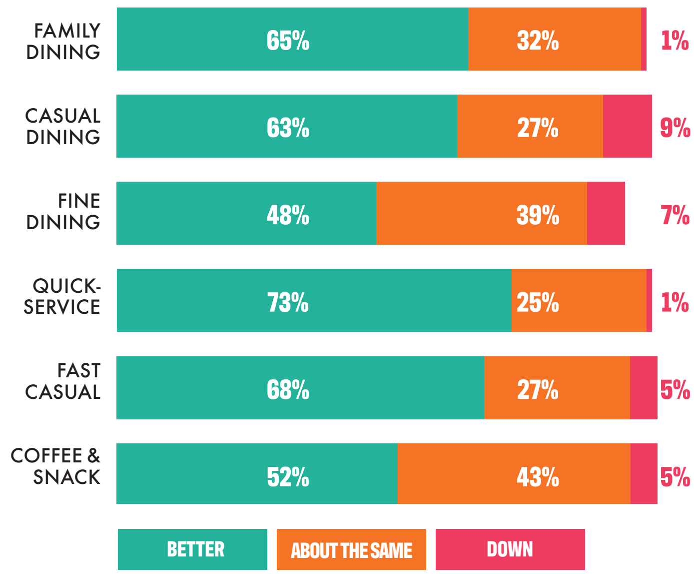
**TOP TAKEAWAY:** Overall, a majority of restaurant operators say their business is healthier than it was two years ago. Operators in each of the three limited-service segments were the most likely to express this sentiment.




## SALES OUTLOOK
## OPTIMISTIC IN 2020

Restaurant operators' outlook for their **sales in 2020** compared to 2019

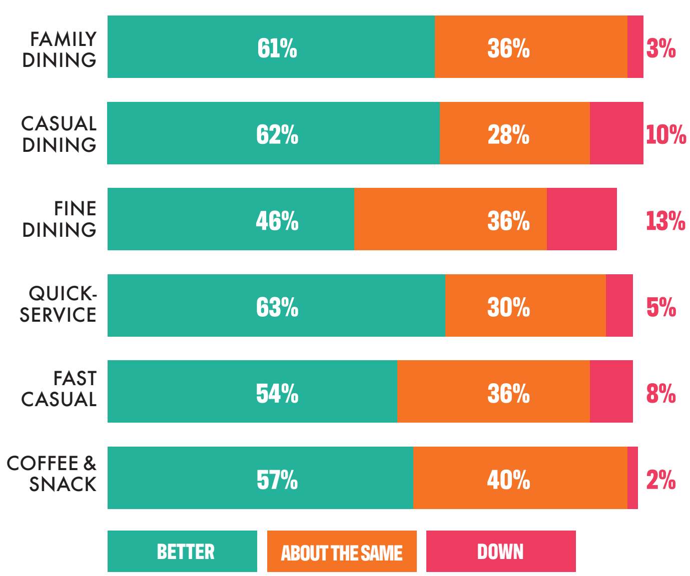
**TOP TAKEAWAY**: A majority of operators in five out of the six major segments expect their sales to be higher in 2020 than they were in 2019. Quickservice and fast-casual operators are the most optimistic about sales growth.




## PROFITABILITY OUTLOOK
## THE BOTTOM LINE

Restaurant operators' outlook for their **profitability in 2020** compared to 2019

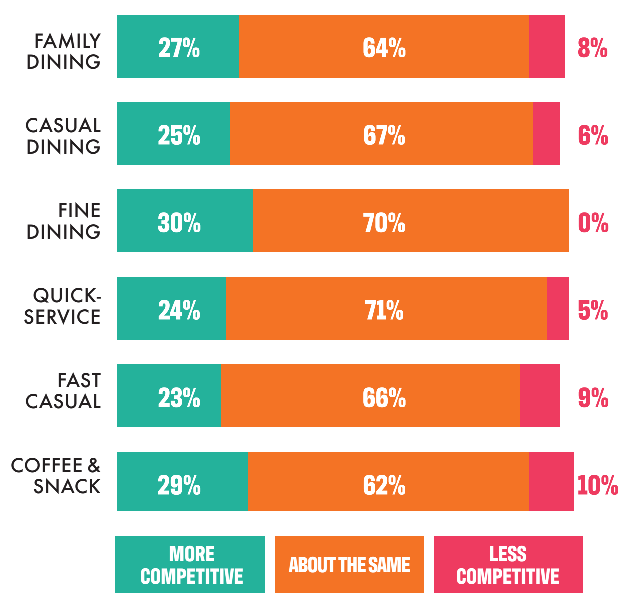
**TOP TAKEAWAY:** Six in 10 operators in the family-dining, casual-dining and quickservice segments expect to be more profitable in 2020 than they were in 2019. Fine-dining operators are somewhat less optimistic about profitability.




## COMPETITIVE OUTLOOK
## COMPETITION IS HERE TO STAY

Restaurant operators' outlook for **competition from other restaurants** in 2020 compared to 2019

**TOP TAKEAWAY:** The vast majority of restaurant operators expect the competition that they face from other restaurant and foodservice businesses in 2020 to be as strong or even stronger than it was in 2019.




Source: National Restaurant Association, *Restaurant Trends Survey*, 2019

### TOP TAKEAWAY:

Continuing the trend of recent years, **recruiting and retaining employees** is the most frequently mentioned challenge that restaurant operators expect to face in 2020.

For the first time, **delivery competition** topped the list of concerns for some operators (ranking fifth overall), reflecting the rapid growth in this side of the industry.

## TOP CHALLENGES EXPECTED HEADWINDS

**No. 1 challenge** that restaurant operators expect to face in 2020

| CHALLENGE | FAMILY DINING | CASUAL DINING | FINE DINING | QUICK-SERVICE | FAST CASUAL | COFFEE & SNACK |
|---|---|---|---|---|---|---|
| RECRUITING AND RETAINING EMPLOYEES | 33% | 25% | 25% | 37% | 35% | 24% |
| BUILDING AND MAINTAINING SALES VOLUME | 19% | 33% | 19% | 26% | 21% | 27% |
| COMPETITION | 9% | 14% | 17% | 12% | 10% | 16% |
| LABOR COSTS / MINIMUM WAGE INCREASE | 12% | 11% | 13% | 6% | 14% | 5% |
| DELIVERY COMPETITION | 4% | 4% | 0% | 4% | 6% | 3% |
| THE ECONOMY | 4% | 3% | 4% | 2% | 4% | 14% |
| FOOD COSTS | 5% | 2% | 6% | 4% | 2% | 5% |

Source: National Restaurant Association, *Restaurant Trends Survey*, 2019

# 2.2 SALES & MARKETING

## Strategies to build business in 2020

**The restaurant business is as competitive as ever, and successful operators are laser-focused on their customers' wants and needs.**

This section provides an overview of the latest consumer trends, as well as strategies that may help bring customers in the door.

**TOP TAKEAWAY:** Good news! Consumers generally give high marks for satisfaction — over nine in 10 adults say they are very or somewhat satisfied with the food quality, cleanliness and service at restaurants.

**TOP TAKEAWAY:** Both consumers and operators see a strong quest for value. Roughly eight in 10 restaurant operators across the six major segments say consumers are more value-conscious than they were two years ago.

### SATISFACTION (ALMOST) GUARANTEED

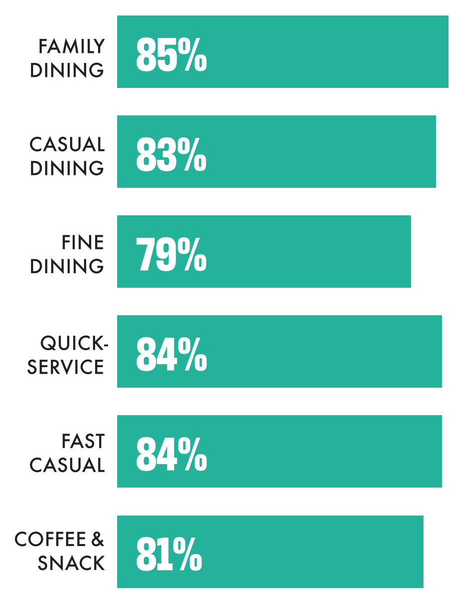
Percent of adults who say they are **very/somewhat satisfied** with the following attributes of restaurants

| ATTRIBUTE | ALL ADULTS | GEN Z (18-23) | MILLEN-NIALS (24-39) | GEN X-ERS (40-55) | BABY BOOMERS (56-74) |
|---|---|---|---|---|---|
| FOOD QUALITY | 94% | 93% | 93% | 94% | 96% |
| CLEANLINESS | 92% | 87% | 89% | 92% | 94% |
| SERVICE | 91% | 88% | 89% | 91% | 92% |
| VALUE RECEIVED FOR THE PRICE PAID | 84% | 86% | 81% | 86% | 84% |

Source: National Restaurant Association, *National Household Survey*, 2020

### CONSUMERS' QUEST FOR VALUE

Percent of restaurant operators who say consumers are **more value-conscious** than they were two years ago




Source: National Restaurant Association, *Restaurant Trends Survey*, 2019

# 5 BUSINESS-BUILDING OPPORTUNITIES TO TRY IN 2020

## 1. MAINTAIN A ROBUST LOYALTY PROGRAM

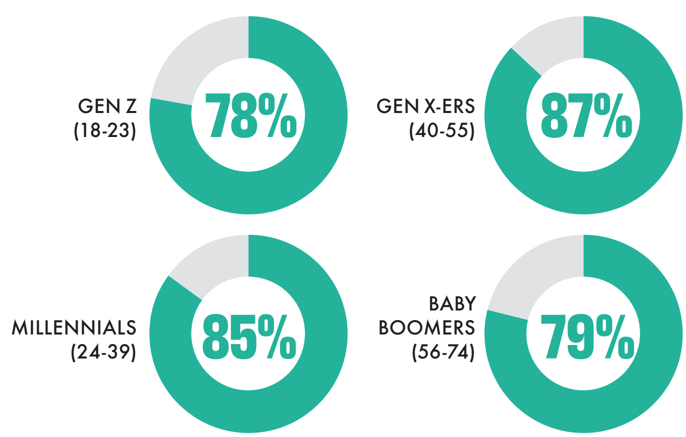
Nearly half of restaurant operators say their customers' loyalty is more difficult to maintain than it was two years ago.

**TOP TAKEAWAY:** Consumers are drawn to loyalty programs. More than eight in 10 say they are more likely to visit a restaurant that offers a customer loyalty and reward program. This sentiment is generally consistent across all age groups.

### YOU HAD ME AT HELLO & THIS FREQUENT DINER PROGRAM

Percent of adults who say they are **more likely to visit a restaurant** that offers a **customer loyalty and reward program**

ALL ADULTS **83%**




Source: National Restaurant Association, *National Household Survey*, 2020

# 2. CREATE A HOUSE ACCOUNT

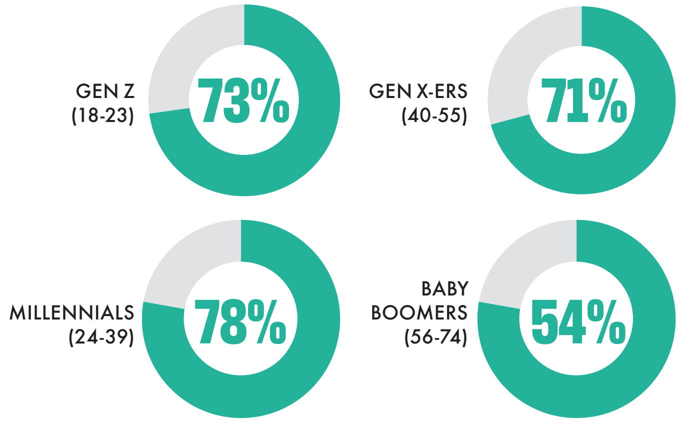
Two-thirds of adults say they would be likely to take advantage of a house account if it was offered by a restaurant that they visit.

**HOW THIS COULD WORK:** Customers pre-pay a certain amount to the restaurant, and they get a bonus amount added to their account. For example: customers who pay $50 get $60 in their account; customers who pay $100 get $125 in their account; and customers who pay $300 get $400 in their account. Funds are deducted from the house account each time the customer patronizes the restaurant.

## PUT IT ON **MY TAB**

Percent of adults who say they would be likely to **take advantage of a house account** if it was offered by a restaurant in their community that they patronize

ALL ADULTS 68%




Source: National Restaurant Association, *National Household Survey*, 2020

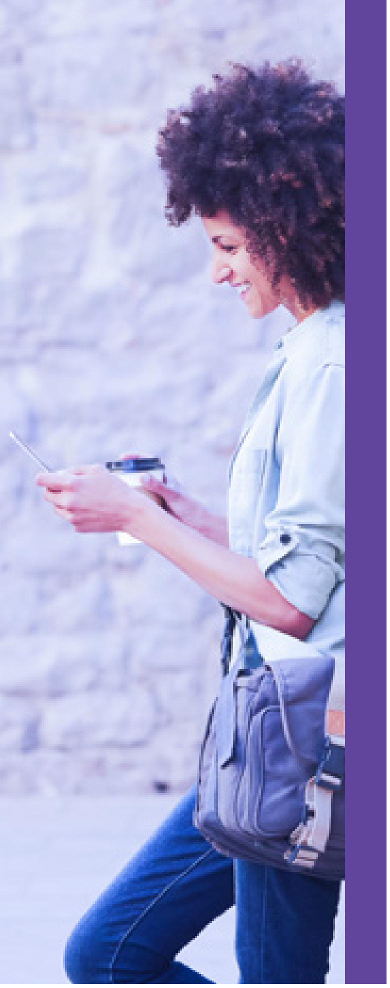
## **ACCOUNTING** FOR ALL OCCASIONS

Percent of adults* who say they would likely **use a house account** for the following meal occasions

| MEAL OCCASION | ALL ADULTS | GEN Z (18-23) | MILLENNIALS (24-39) | GEN X-ERS (40-55) | BABY BOOMERS (56-74) |
|---|---|---|---|---|---|
| Eating a meal at a sit-down restaurant with waiter or waitress service | 90% | 83% | 90% | 91% | 93% |
| Purchasing a dinner meal from a restaurant, carry-out or delivery place and eating it at home | 86% | 84% | 87% | 95% | 79% |
| Purchasing a meal or snack from a fast food restaurant or carry-out place | 85% | 85% | 84% | 92% | 79% |

Source: National Restaurant Association, *National Household Survey*, 2020

*Base: Respondents who say they would be likely to take advantage of a house account



# 3. OFFER REAL-TIME SPECIALS VIA A MOBILE APP

Roughly 9 in 10 consumers say they would pay attention to restaurant specials that are communicated via app.

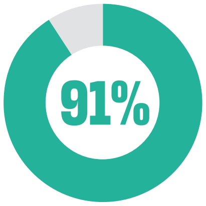
**HOW THIS COULD WORK:** A smartphone app could be used to communicate specials, such as lower prices or a free appetizer, dessert or drink. A manager could make these flexible changes to the menu each day, depending on how busy the restaurant is.

## THERE'S AN APP FOR THAT

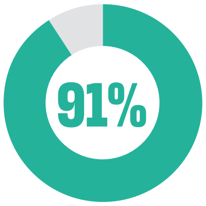
Percent of adults who say they would be likely to pay attention to and try to **take advantage of specials communicated via a smartphone app** if they were offered by a restaurant in their community that they patronize

ALL ADULTS **87%**

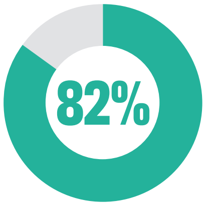
MILLENNIALS (24-39)




GEN X-ERS (40-55)




BABY BOOMERS (56-74)




Source: National Restaurant Association, *Restaurant Marketing Survey*, 2019

## CHECK THE APP BEFORE ORDERING

Percent of adults* who say they would likely pay attention to and try to take advantage of specials communicated via a smartphone app **for the following meal occasions**

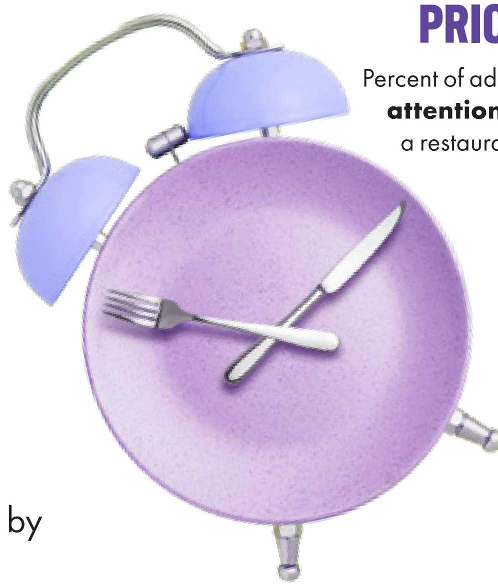
| MEAL OCCASION | ALL ADULTS | MILLEN-NIALS (24-39) | GEN X-ERS (40-55) | BABY BOOMERS (56-74) |
|---|---|---|---|---|
| Eating a meal at a sit-down restaurant with waiter or waitress service | 93% | 92% | 94% | 91% |
| Purchasing a dinner meal from a restaurant, carry-out or delivery place and eating it at home | 89% | 88% | 90% | 91% |
| Purchasing a meal or snack from a fast food restaurant or carry-out place | 88% | 89% | 89% | 87% |

Source: National Restaurant Association, *Restaurant Marketing Survey*, 2019

*Base: Respondents who say they would be likely to take advantage of specials communicated via a smartphone app

# 4. INTRODUCE VARIABLE PRICING

Three in four adults say they would likely pay attention to variable pricing if it was used by a restaurant that they visit.

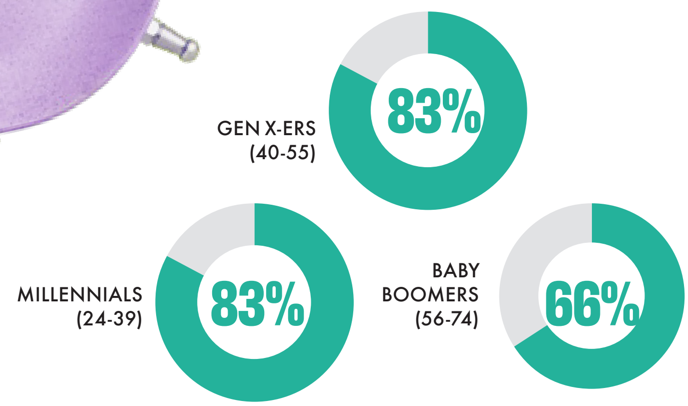


**HOW THIS COULD WORK:** Flexible pricing could be implemented in real time, depending on how busy or slow business is. During days or periods of time that are very busy, prices could be higher and during days or periods of time that are very slow, prices could be lower. Electronic menus on tablets or video boards allow price flexibility. Pricing changes could be communicated to the public using a smartphone app and social media.

## PRICE CHECK ON TABLE TWO

Percent of adults who say they would be likely to **pay attention to variable pricing** if it was used by a restaurant in their community that they patronize

ALL ADULTS 76%




Source: National Restaurant Association, *Restaurant Marketing Survey*, 2019

## MAKE SURE THE PRICE IS RIGHT

Percent of adults* who say they would likely pay attention to variable pricing **for the following meal occasions**

| MEAL OCCASION | ALL ADULTS | MILLENNIALS (24-39) | GEN X-ERS (40-55) | BABY BOOMERS (56-74) |
|---|---|---|---|---|
| Purchasing a dinner meal from a restaurant, carry-out or delivery place and eating it at home | 87% | 87% | 89% | 88% |
| Eating a meal at a sit-down restaurant with waiter or waitress service | 86% | 88% | 88% | 86% |
| Purchasing a meal or snack from a fast food restaurant or carry-out place | 83% | 81% | 86% | 84% |

Source: National Restaurant Association, *Restaurant Marketing Survey*, 2019 *Base: Respondents who say they would be likely to pay attention to variable pricing

## OFF-PEAK PRICING: LOWER PRICES DURING SLOWER PERIODS

Percent of adults who say the **availability of these options** makes them **more likely to choose one restaurant** over another

| OPTION | ALL ADULTS | MILLENNIALS (24-39) | GEN X-ERS (40-55) | BABY BOOMERS (56-74) |
|---|---|---|---|---|
| Restaurant offers lower prices for dining on less busy days of the week | 48% | 49% | 40% | 49% |
| Restaurant offers lower prices for dining at off-peak times of the day | 40% | 39% | 39% | 43% |

Source: National Restaurant Association, *Restaurant Marketing Survey*, 2019

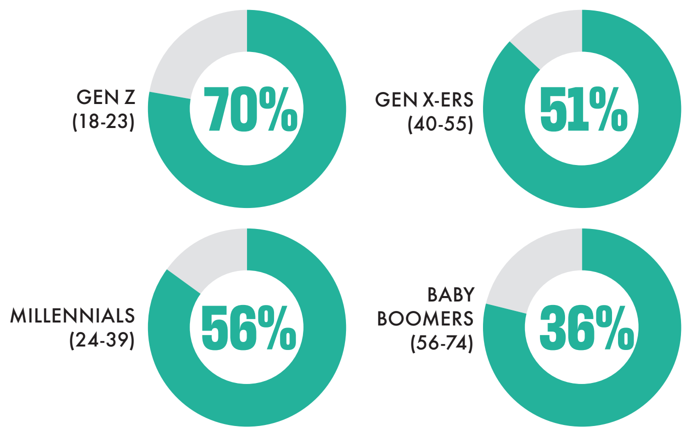
# 5. GET INVOLVED IN YOUR COMMUNITY

Nine in 10 restaurant operators make charitable donations in their communities. Consumers notice — especially the younger ones.

## STEP UP THE PHILANTHROPY

Percent of adults who say they are likely to make a restaurant choice based on **how much a restaurant supports charitable activities** and the local community

ALL ADULTS **49%**




Source: National Restaurant Association, *National Household Survey*, 2020

## TRENDING: SOCIAL MEDIA & ELECTRONIC MARKETING

Restaurant operators are boosting marketing efforts across all channels to reach consumers in a competitive business environment.

### MEET CUSTOMERS WHERE THEY ARE

Percent of restaurant operators who plan to devote more resources to these marketing efforts in 2020

| MARKETING TECHNIQUE | FAMILY DINING | CASUAL DINING | FINE DINING | QUICK-SERVICE | FAST CASUAL | COFFEE & SNACK |
|---|---|---|---|---|---|---|
| SOCIAL MEDIA MARKETING, SUCH AS FACEBOOK ADS OR SPECIAL OFFERS VIA TWITTER AND FOURSQUARE | 76% | 76% | 64% | 73% | 73% | 60% |
| ELECTRONIC MARKETING, SUCH AS EMAIL OR ONLINE ADS | 72% | 71% | 67% | 74% | 74% | 69% |
| TRADITIONAL MARKETING, SUCH AS DIRECT MAIL OR NEWSPAPER ADS | 52% | 42% | 30% | 57% | 47% | 29% |

Source: National Restaurant Association, *Restaurant Trends Survey*, 2019

**TOP TAKEAWAY:** A solid majority of operators in each of the six major segments say they will devote more resources to social media and electronic marketing in 2020.


# TIME-CRUNCHED CONSUMERS

## TRENDING: MORE WORKING MEANS LESS COOKING

Employed adults say they are working and commuting longer than ever, which means less time available to cook meals at home.

**TOP TAKEAWAY:** A longer workday means less time in the kitchen, say a majority of employed adults. Nearly three in four Gen Z adults and 61% of millennials say they have less time available to prepare meals at home than they did two years ago.

### IT'S NO LONGER 9 TO 5

Percent of employed adults who say they are **spending more time working** (including their commute) than they used to

ALL ADULTS **57%**

GEN Z (18-23) 76%

GEN X-ERS (40-55) 54%

MILLENNIALS (24-39) 59%

BABY BOOMERS (56-74) 55%

### POTS & PANS ARE COLLECTING DUST

Percent of employed adults who say they have **less time available to prepare meals at home** than they did two years ago

ALL ADULTS **54%**

GEN Z (18-23) 73%

GEN X-ERS (40-55) 50%

MILLENNIALS (24-39) 61%

BABY BOOMERS (56-74) 36%

Source: National Restaurant Association, *National Household Survey*, 2020

# DAYPARTS
## In Focus

## TRENDING: BREAKFAST & SNACKING TRAFFIC ON THE RISE

The breakfast and PM snack dayparts grew in importance in recent years.

## TRAFFIC PATTERNS

**Daypart distribution of total customer traffic** by segment

| DAYPART | FAMILY DINING | CASUAL DINING | FINE DINING | QUICK-SERVICE | FAST CASUAL | COFFEE & SNACK |
|---|---|---|---|---|---|---|
| BREAKFAST | 31% | 4% | 10% | 16% | 11% | 44% |
| LUNCH | 32% | 33% | 28% | 39% | 45% | 20% |
| DINNER | 30% | 55% | 56% | 32% | 35% | 9% |
| PM SNACK | 8% | 8% | 6% | 13% | 9% | 26% |

Source: The NPD Group CREST®; figures represent customer traffic during the 12 months ending November 2019.
Note: figures may not add precisely to 100% due to rounding.

### TOP TAKEAWAYS:

**LIMITED SERVICE: Breakfast** represents the largest share of traffic in the **coffee and snack segment**, followed by PM snack. For the quickservice and fast-casual segments, a majority of the customer traffic is divided between the lunch and dinner dayparts.

**TABLESERVICE: Dinner** is the most important daypart in the **casual-dining** and **fine-dining segments**, representing more than half of customer traffic, according to data from NPD/CREST. Business is more evenly distributed in the family-dining segment.

# TRENDING: ALL-DAY BREAKFAST IS A THING

The strongest growth in breakfast food servings came outside of the morning meal daypart in recent years.

## TOP TAKEAWAYS:

**LIMITED SERVICE:** 11% percent of all breakfast food servings came outside of the morning meal daypart in 2019, according to data from NPD/CREST. This was up from 7% in 2014.

**TABLESERVICE:** The shift was not as significant in the tableservice segment, with the morning meal period continuing to account for 80% of breakfast food servings.

## THERE'S ALWAYS ROOM FOR **BACON**

Distribution of **breakfast food servings by daypart:** 2014 and 2019

| | TABLESERVICE SEGMENT | | LIMITED-SERVICE SEGMENT | |
|---|---|---|---|---|
| **DAYPART** | 2014 | 2019 | 2014 | 2019 |
| BREAKFAST | 80% | 80% | 93% | 89% |
| LUNCH | 11% | 11% | 4% | 6% |
| DINNER | 8% | 9% | 1% | 2% |
| PM SNACK | 1% | 1% | 2% | 2% |

Source: The NPD Group CREST®; figures represent breakfast food servings during the 12 months ending November 2014 and November 2019.
Note: Figures may not add precisely to 100% due to rounding.

# 4 STRATEGIES FOR 4 DIFFERENT DAYPARTS

## 1. OFFER EASY-ACCESS BREAKFAST ITEMS FOR COMMUTERS

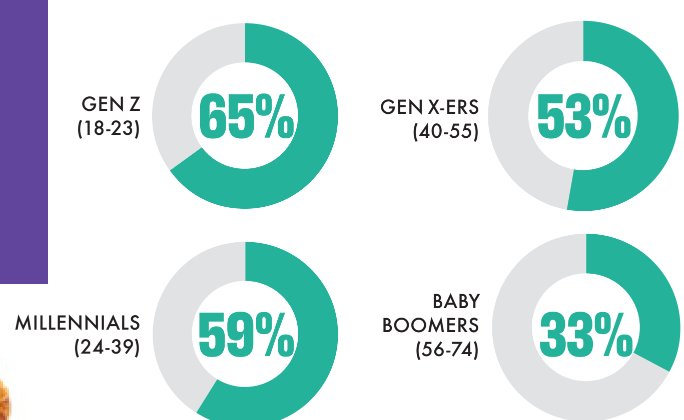
**Restaurant operators can boost morning traffic by offering on-the-go breakfast items.**

Just over half of employed adults say they are more likely to pick up a breakfast meal, snack or beverage on the way into work than they were two years ago. A slightly higher proportion of Gen Z adults and millennials are doing this.

### BREAKFAST ON THE RUN — OR DRIVE

Percent of employed adults who say they are **more likely to pick up a breakfast meal, snack or beverage** from a fast food place, coffee shop or restaurant **on the way into work** than they were two years ago

ALL ADULTS 53%




Source: National Restaurant Association, *National Household Survey*, 2020

# 2.

# SERVE LUNCH TO TIME-CRUNCHED WORKERS

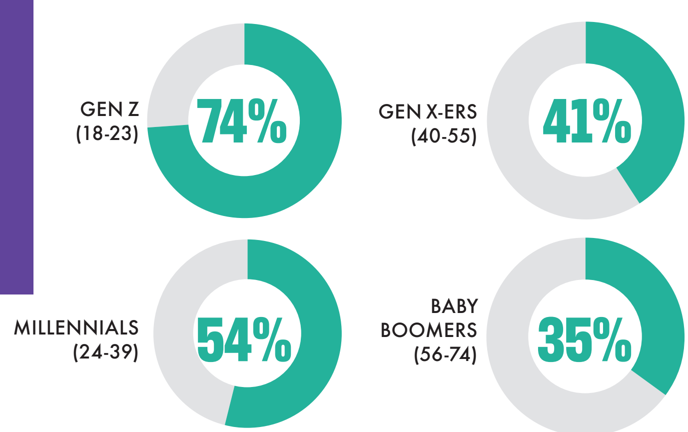
**Half of employed adults are bringing lunch into work less frequently.**

The number is even higher among the youngest adults: Three in four Gen Z adults say they are brown-bagging less frequently.

## BROWN BAGS ARE STAYING HOME

Percent of employed adults who say they are **less likely to bring their lunch made at home** into work than they were two years ago

ALL ADULTS 48%




Source: National Restaurant Association, *National Household Survey*, 2020

# 3. CATER TO THE AFTERNOON CAFFEINE OR SUGAR FIX

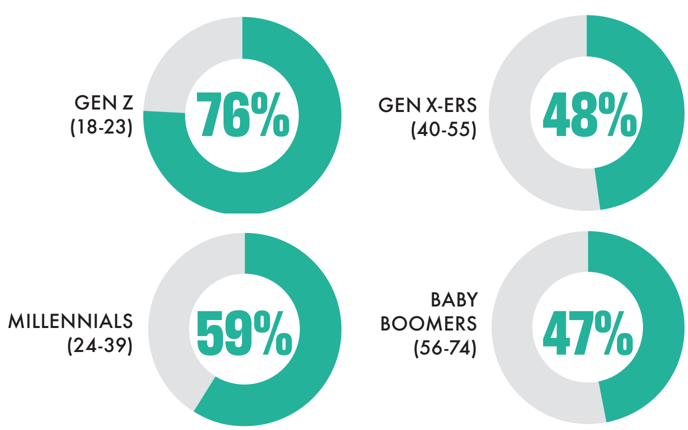
**More employed adults are going out for an afternoon beverage or snack.**

55% of employed adults say they are going out for an afternoon snack or beverage more often than they did two years ago. Three in four Gen Z adults are doing this more frequently.

## COFFEE BREAK

Percent of employed adults who say they are **more likely to pick up a snack or beverage in the afternoon** from a fast food place, coffee shop or restaurant than they were two years ago

ALL ADULTS **55%**




Source: National Restaurant Association, *National Household Survey*, 2020

# 4. OFFER CONVENIENT OPTIONS FOR DINNER AFTER WORK

## Over half of employed adults are picking up dinner or having it delivered after work more frequently.

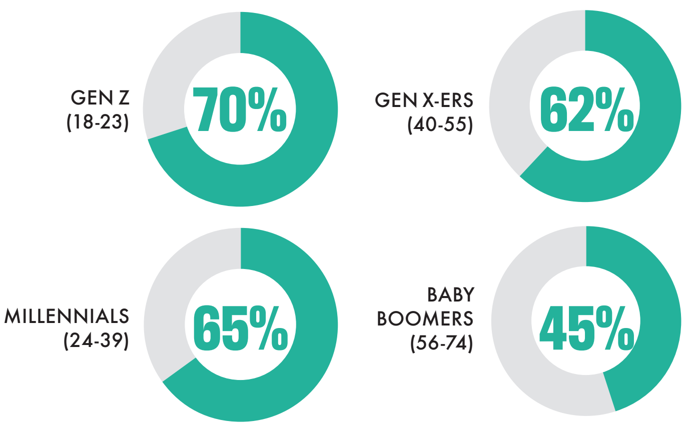
61% of employed adults say they are more likely to pick up takeout food for dinner on the way home from work than they were two years ago. Roughly half of employed adults are having food for dinner delivered more frequently. **Younger adults are much more likely than baby boomers** to say they are doing these things more often.

### DINNER DECISIONS

Percent of employed adults who say they are **more likely to do the following for dinner after work** than they were two years ago

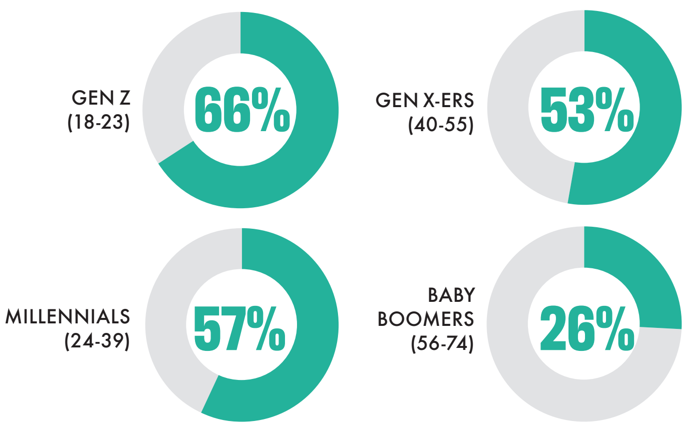
**Pick up TAKEOUT FOOD for dinner** on the way home from work

ALL ADULTS **61%**




**Have food for dinner DELIVERED** after work

ALL ADULTS **51%**




Source: National Restaurant Association, *National Household Survey*, 2020

# 2.3 OFF PREMISES

## Critical in 2020

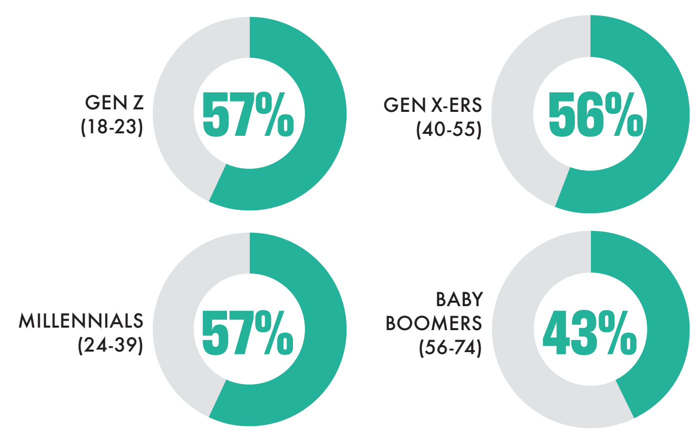

**The off-premises category is made up of delivery, takeout, curbside pickup, drive-thru, food trucks and catering. Now more than ever, consumers rely on off-premises options in their daily lives.**

52% of adults say purchasing takeout or delivery food is essential to the way they live. Ten years ago, only 27% of adults held this sentiment. New technology has fueled this change, giving consumers what they want at a push of a button. This new technology also introduces more fast-paced change to the industry, and restaurant operators must work to keep up. This section provides an overview of the latest off-premises trends, as well as insights into consumers' wants and needs to help give operators a competitive advantage.

### GAME CHANGER

Percent of adults who say **purchasing takeout or delivery food** is essential to the way they live

ALL ADULTS 52%




Source: National Restaurant Association, *National Household Survey*, 2020

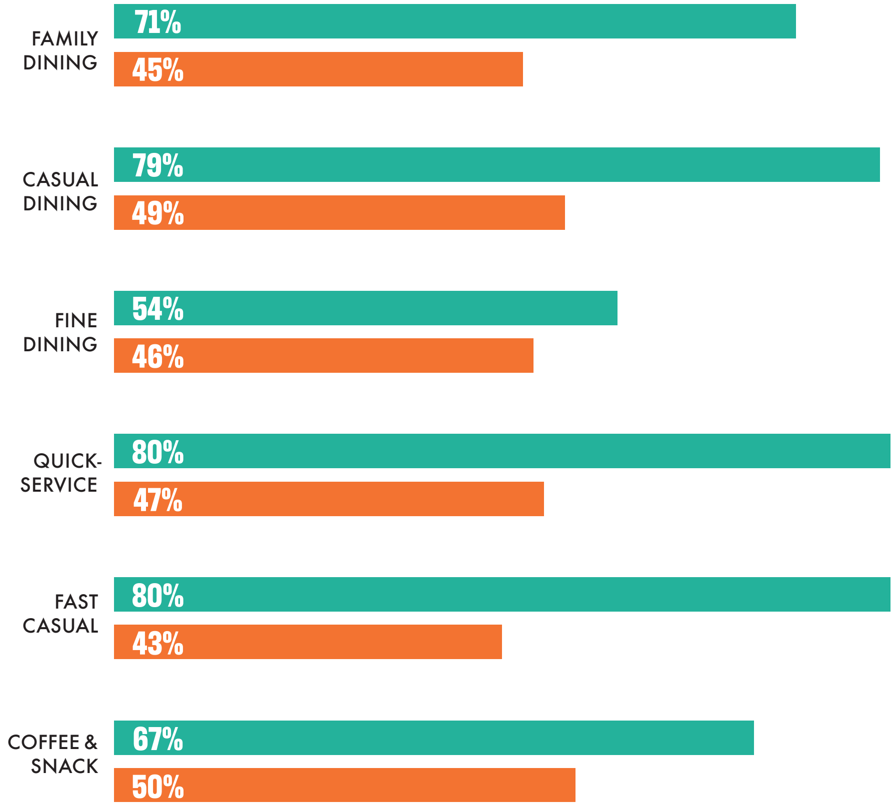
# STRONG OPPORTUNITY FOR GROWTH

**TOP TAKEAWAY:**
Three in four operators say off-premises business is their best opportunity for growth in the years ahead, but only about half of all restaurant operators plan to devote more resources to expanding the off-premises side of their business in 2020.

## DRIVING FUTURE BUSINESS VS. 2020 INVESTMENTS IN OFF-PREMISES

Percent of restaurant operators who say the off-premises side of the business is their **best opportunity for growth** in the years ahead

Percent of restaurant operators **planning to devote more resources** to expanding the off-premises side of their business in 2020




Source: National Restaurant Association, *Restaurant Trends Survey*, 2019

# FACT & FIGURES

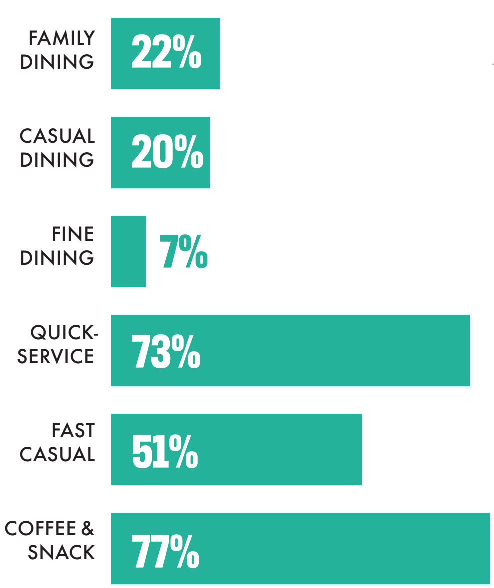
## TRENDING: OFF-PREMISES TRAFFIC DRIVES LIMITED-SERVICE GROWTH

Although off-premises traffic remains a relatively small part of tableservice business, it has grown in recent years.

**TOP TAKEAWAY:** Takeout and delivery have always been important drivers of business in the limited-service segment. More than **70% of customer traffic in the quickservice** and **coffee and snack segments is off-premises**. Off-premises traffic is still a comparatively small proportion of tableservice business, as roughly 8 in 10 customers dine in at family-dining and casual-dining restaurants. Although off-premises traffic represents a small fraction of customers in the fine-dining segment, it increased steadily in recent years, according to NPD/CREST.

### LIMITED-SERVICE SEGMENTS RELY ON OFF-PREMISES BUSINESS

Percent of **customer traffic that is off-premises**




Source: The NPD Group CREST®; figures represent customer traffic during the 12 months ending November 2019.

### WHEN ARE RESTAURANTS SEEING THE MOST OFF-PREMISES CUSTOMER TRAFFIC?

**Daypart distribution of off-premises customer traffic** by segment

| DAYPART | FAMILY DINING | CASUAL DINING | FINE DINING | QUICK-SERVICE | FAST CASUAL | COFFEE & SNACK |
|---|---|---|---|---|---|---|
| BREAKFAST | 24% | 7% | * | 16% | 11% | 47% |
| LUNCH | 30% | 27% | * | 36% | 40% | 19% |
| DINNER | 29% | 53% | * | 35% | 39% | 9% |
| PM SNACK | 17% | 13% | * | 13% | 10% | 25% |

Source: The NPD Group CREST®; figures represent customer traffic during the 12 months ending November 2019.
*Insufficient data

# DELIVERY

## TRENDING: YOUNGER ADULTS' GROWING APPETITE FOR DELIVERY

As consumer demand for delivery options continues to rise, look for more restaurants to enter this line of business in 2020.

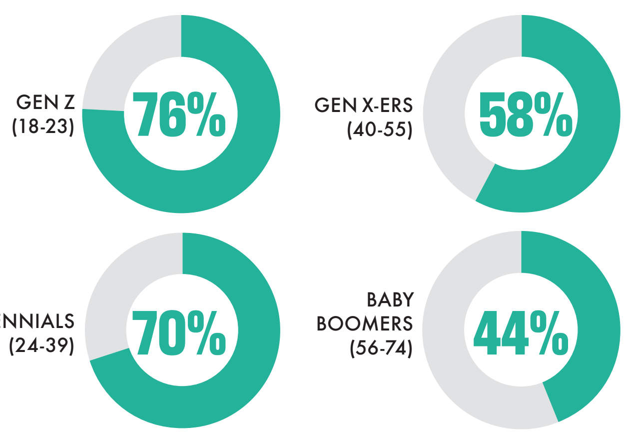
**TOP TAKEAWAY:**

Nearly six in 10 consumers — including **76% of Gen Z adults and 70% of millennials** — say they are more likely to have restaurant food delivered than they were two years ago.

## DELIVERY GROWTH

Percent of adults who say they are **more likely to have restaurant food delivered** than they were two years ago

ALL ADULTS 58%



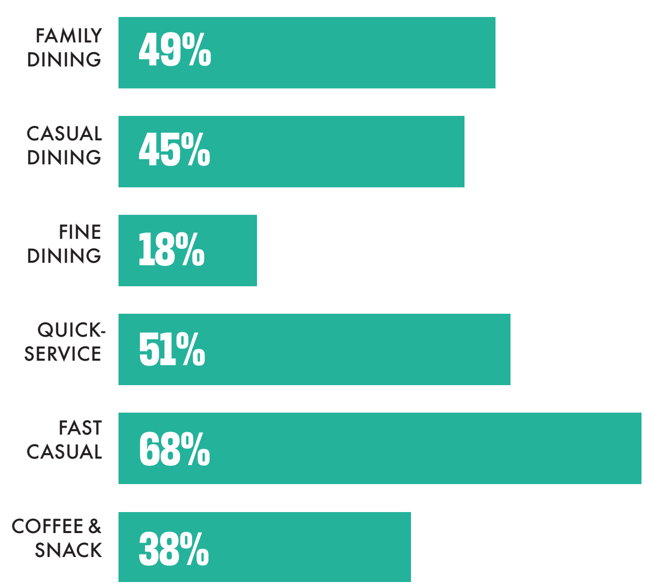

Source: National Restaurant Association, *National Household Survey*, 2020

**TOP TAKEAWAY:**

Despite the consumer demand, only about half of restaurant operators say they offer delivery.

## OPPORTUNITY TO FILL A VOID

Percent of restaurants that **offer delivery**




Source: National Restaurant Association, *Restaurant Trends Survey*, 2019

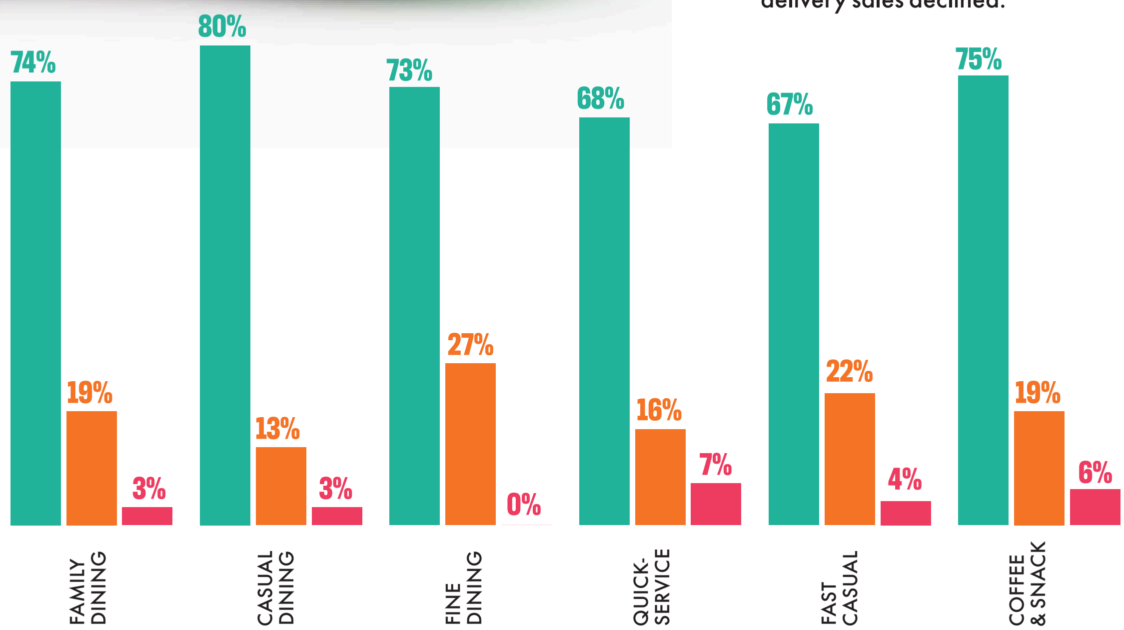
**TOP TAKEAWAY:** Restaurant operators report positive trends in their delivery business. At least two-thirds of operators in each of the six segments say their delivery sales are higher than they were two years ago. Fewer than one in 10 say their delivery sales declined.

# DELIVERY ON THE RISE

Restaurant operators' reporting of their **delivery sales, compared to two years ago***

Source: National Restaurant Association, *Restaurant Trends Survey*, 2019
*Base: Respondents who offer delivery

INCREASED | STAYED ABOUT THE SAME | DECREASED




# IT'S A **THIRD-PARTY PARTY**

**Delivery methods** restaurants use*

| METHOD OF DELIVERY | FAMILY DINING | CASUAL DINING | FINE DINING | QUICK-SERVICE | FAST CASUAL | COFFEE & SNACK |
|---|---|---|---|---|---|---|
| Only use a third-party provider | 53% | 63% | 82% | 59% | 46% | 63% |
| Only run their own delivery service | 20% | 17% | 18% | 28% | 30% | 19% |
| Use both a third-party provider and their own delivery service | 27% | 20% | 0% | 13% | 24% | 13% |

**TOP TAKEAWAY:** A majority of operators that offer delivery say they use a third-party provider to handle delivery service.

Source: National Restaurant Association, *Restaurant Trends Survey*, 2019 *Base: Respondents who offer delivery

# TRENDING: DELIVERY GETS HIGH MARKS

Most consumers are very satisfied with their orders.

## FIVE STARS: WILL ORDER AGAIN

**TOP TAKEAWAY:** Overall, consumers report high levels of satisfaction. When assessing recent deliveries from both tableservice and limited-service restaurants, more than nine in 10 adults say they are very or somewhat satisfied with packaging, food quality, and accuracy of the order. Value received for the price paid ranked lowest among the five attributes, though it still received very/somewhat satisfied ratings from 86% of consumers.

### TABLESERVICE DELIVERY SATISFACTION

Percent of adults* who say they are **very/somewhat satisfied** with the following attributes of their most recent delivery order from a **tableservice** restaurant

| ATTRIBUTE | ALL ADULTS | MILLENNIALS (24-39) | GEN X-ERS (40-55) | BABY BOOMERS (56-74) |
|---|---|---|---|---|
| Packaging that contained the delivered food | 94% | 94% | 94% | 94% |
| Food quality | 94% | 93% | 92% | 97% |
| Accuracy of the order | 91% | 89% | 89% | 98% |
| Amount of time it took to receive the order | 89% | 84% | 94% | 95% |
| Value received for the total price paid (including any delivery fees, taxes and tips) | 86% | 81% | 91% | 92% |

### LIMITED-SERVICE DELIVERY SATISFACTION

Percent of adults* who say they are **very/somewhat satisfied** with the following attributes of their most recent delivery order from a **limited-service** restaurant

| ATTRIBUTE | ALL ADULTS | MILLENNIALS (24-39) | GEN X-ERS (40-55) | BABY BOOMERS (56-74) |
|---|---|---|---|---|
| Packaging that contained the delivered food | 93% | 91% | 96% | 98% |
| Food quality | 93% | 89% | 96% | 94% |
| Accuracy of the order | 92% | 89% | 93% | 97% |
| Amount of time it took to receive the order | 88% | 84% | 93% | 91% |
| Value received for the total price paid (including any delivery fees, taxes and tips) | 86% | 84% | 92% | 87% |

Source: National Restaurant Association, *Restaurant Delivery Survey*, 2019 *Base: Respondents who ordered delivery from a tableservice or limited-service restaurant during the previous six months


# PRICING

## HOW SHOULD DELIVERED FOOD BE PRICED?

Half of consumers think **delivered food should cost the same** as it does in the restaurant, while the other half think it should be priced differently.

**TOP TAKEAWAY:** Roughly half of adults think food that is delivered should cost the same as it does if they are seated at the restaurant. Three in 10 consumers think delivered food should cost less, while the remainder believe it should cost more than it does in the restaurant.

## PRICE PARITY

Consumer sentiment* about the pricing of food that is delivered from a **tableservice** restaurant compared to being seated at the restaurant

| PRICING OF DELIVERED FOOD | ALL ADULTS | MILLENNIALS (24-39) | GEN X-ERS (40-55) | BABY BOOMERS (56-74) |
|---|---|---|---|---|
| SHOULD COST **MORE** | 22% | 22% | 24% | 10% |
| SHOULD COST **LESS** | 29% | 35% | 26% | 24% |
| SHOULD COST THE **SAME** | 49% | 43% | 50% | 67% |

Consumer sentiment* about the pricing of food that is delivered from a **limited-service** restaurant compared to being seated at the restaurant

| PRICING OF DELIVERED FOOD | ALL ADULTS | MILLENNIALS (24-39) | GEN X-ERS (40-55) | BABY BOOMERS (56-74) |
|---|---|---|---|---|
| SHOULD COST **MORE** | 24% | 29% | 23% | 12% |
| SHOULD COST **LESS** | 28% | 30% | 29% | 29% |
| SHOULD COST THE **SAME** | 47% | 41% | 48% | 59% |

Source: National Restaurant Association, *Restaurant Delivery Survey*, 2019
*Base: Respondents who ordered delivery from a tableservice or limited-service restaurant during the previous six months

# ALCOHOL

## OPPORTUNITY: OFFER ALCOHOL WITH DELIVERY ORDERS

A majority of consumers – including eight in 10 millennials – **would order alcoholic beverages with a food delivery order.**

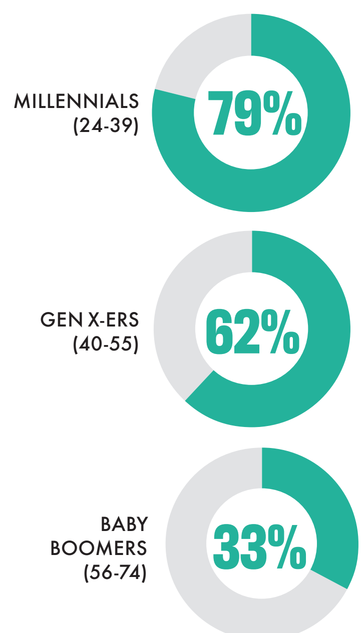
## WOULD YOU LIKE **DRINKS WITH THAT?**

Percent of adults who say they would be **likely to order alcoholic beverages**, if they were offered as part of a food delivery order from a restaurant

### TOP TAKEAWAY:

Although the legality varies by jurisdiction, alcohol delivery is a potential growth opportunity for restaurants. 56% of adults say they would be likely to order alcoholic beverages if they were offered as part of a food delivery order from a restaurant.

ALL ADULTS 56%




Source: National Restaurant Association, *Restaurant Delivery Survey*, 2019

# TAKEOUT

## TRENDING: TAKEOUT SALES ARE RISING

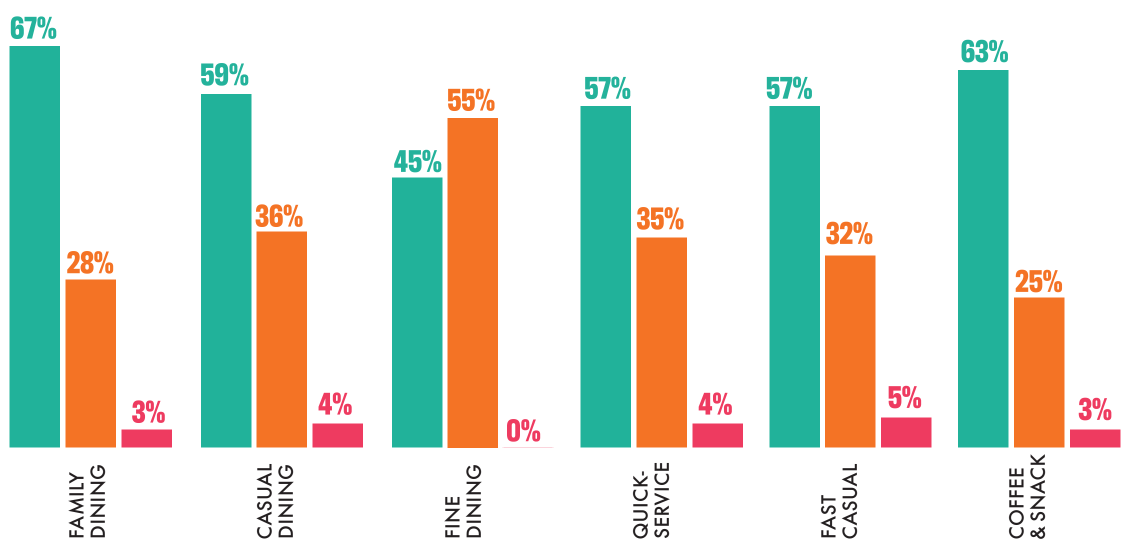
Operators across segments say takeout sales are trending higher, but competition abounds.

**TOP TAKEAWAY:** A majority of family-dining, casual-dining and limited-service operators say their takeout sales are higher than they were two years ago. In the fine-dining segment, the vast majority of customers dine on-premises. However, 45% of fine-dining operators say their takeout sales rose over the last two years, while none reported a decline.

## TAKE IT AWAY, PLEASE

Restaurant operators' reporting of their **takeout sales, compared to two years ago***

INCREASED | STAYED ABOUT THE SAME | DECREASED




Source: National Restaurant Association, *Restaurant Trends Survey*, 2019
*Base: Respondents who offer takeout

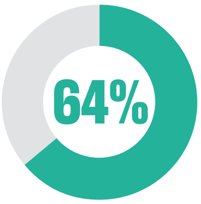
**TOP TAKEAWAY:** Consumers confirm the growing convenience-store competition. 49% of employed adults — including nearly two-thirds of Gen Z adults — say they are more likely to pick up a freshly prepared meal, snack or beverage from a convenience store than they were two years ago.

## CONVENIENT OPTIONS

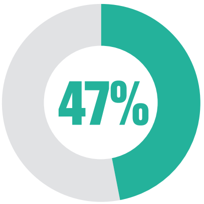
Percent of employed adults who say they are more likely to pick up a freshly prepared meal, snack or beverage **from a convenience store** than they were two years ago

ALL ADULTS **49%**

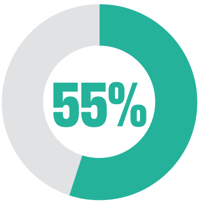
GEN Z (18-23)



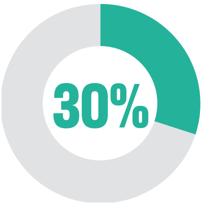

GEN X-ERS (40-55)




MILLENNIALS (24-39)




BABY BOOMERS (56-74)




Source: National Restaurant Association, *National Household Survey*, 2020

## COMPETITION FROM NON-RESTAURANT FOODSERVICE OPERATIONS

Distribution of foodservice customer traffic at retail establishments by daypart

| DAYPART | CONVENIENCE STORES | FOOD STORES | MASS MERCHANDISE STORES | WAREHOUSE CLUB STORES | DRUG STORES |
|---|---|---|---|---|---|
| BREAKFAST | 26% | 17% | 15% | 13% | 15% |
| LUNCH | 25% | 28% | 27% | 36% | 23% |
| DINNER | 15% | 24% | 22% | 23% | 19% |
| PM SNACK | 34% | 31% | 36% | 28% | 43% |

Source: The NPD Group CREST®; figures represent customer traffic during the 12 months ending November 2019.

**TOP TAKEAWAY:**

Restaurant operators looking to grow their off-premises business will likely encounter strengthening competition from **retail store visits where a customer purchases a foodservice item.** Convenience stores, where 60% of foodservice traffic occurs during the breakfast and PM snack dayparts, are among the chief competitors.

# BLENDED MEALS

## OPPORTUNITY: OFFER ADDITIONS TO HOME-PREPARED MEALS

Consumers are more likely to stay at home for movie night, but this presents opportunities for restaurants to supplement their meals.

**TOP TAKEAWAY:** Three in four adults say they are more likely to stay at home and watch on-demand television and videos than they were two years ago. While this can cut down on foot traffic at restaurants, it is also an opportunity to expand consumers' at-home options.

**TOP TAKEAWAY:** A majority of all adults say they're more open to supplementing home meals with restaurant dishes than they were two years ago.

### FIND THE OPPORTUNITY

Percent of adults who say they are **more likely to stay at home and watch on-demand television and videos** than they were two years ago

ALL ADULTS 73%

GEN Z (18-23) 75%

GEN X-ERS (40-55) 77%

MILLENNIALS (24-39) 81%

BABY BOOMERS (56-74) 65%

### BLENDING MEALS

Percent of adults who say they are **more likely to incorporate restaurant-prepared items** — such as a main dish, side or dessert — into their home-prepared meals than they were two years ago

ALL ADULTS 58%

GEN Z (18-23) 69%

GEN X-ERS (40-55) 59%

MILLENNIALS (24-39) 65%

BABY BOOMERS (56-74) 47%

Source: National Restaurant Association, *National Household Survey*, 2020

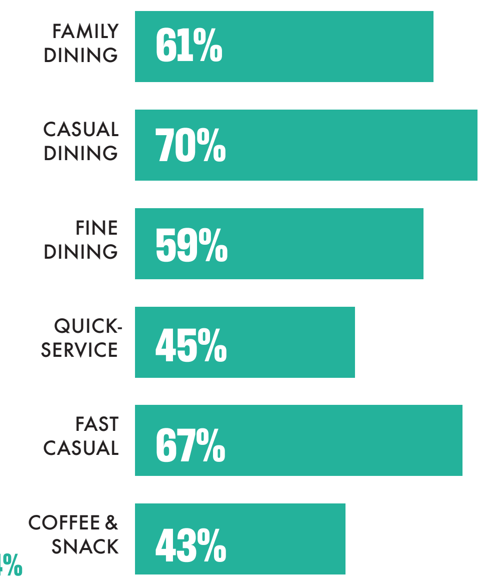
# CATERING

## TRENDING: CATERING ON THE RISE

**TOP TAKEAWAY:** A majority of tableservice operators and two-thirds of fast-casual operators say their restaurant offers catering. Among those that do, 9 in 10 operators say their catering sales either rose or stayed the same during the last two years. Fewer than one in 10 operators reported a decline in their catering sales.

## CATERING FOR NEW BUSINESS

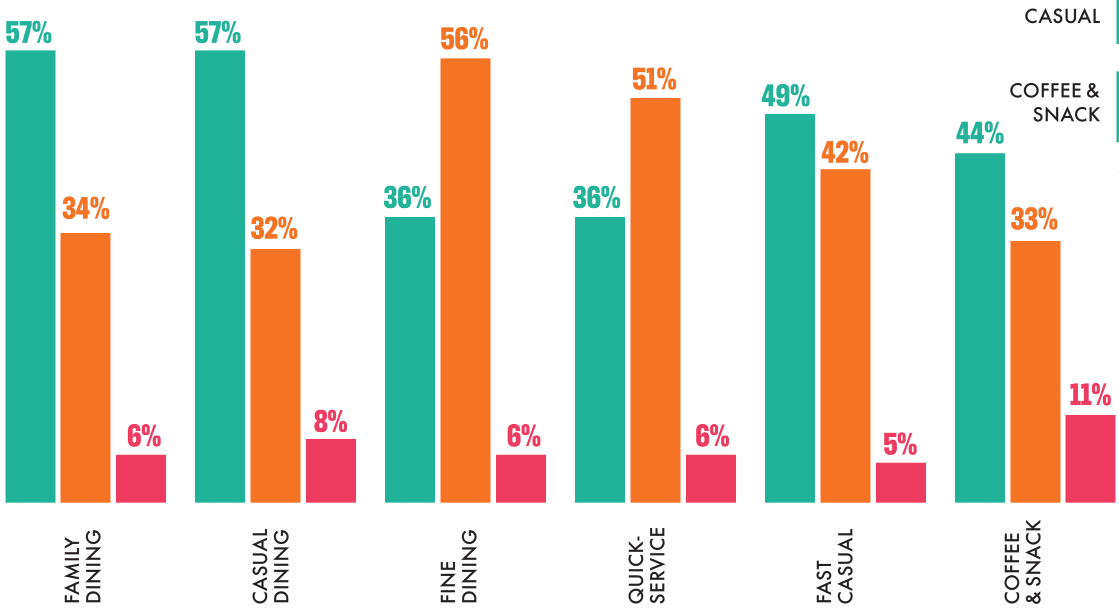
Percent of restaurants that **offer catering**




Source: National Restaurant Association, *Restaurant Trends Survey*, 2019

## FAMILY-DINING & CASUAL-DINING OPERATORS REPORT HIGHER CATERING SALES

Restaurant operators' reporting of their **catering sales**, compared to two years ago*




Source: National Restaurant Association, *Restaurant Trends Survey*, 2019
*Base: Respondents who offer catering

# PACKAGING

## TRENDING: ROOM FOR PACKAGING IMPROVEMENT

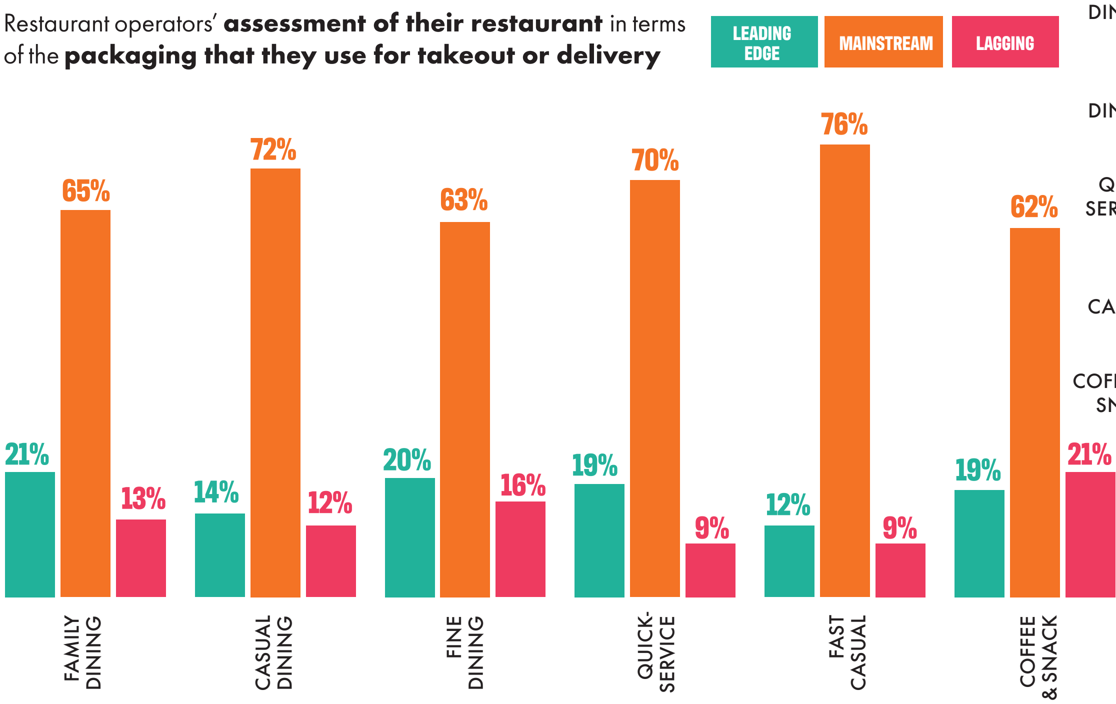
Four in 10 operators say they plan to upgrade their takeout or delivery packaging in 2020.

**TOP TAKEAWAY:**
Few restaurant operators — just about one in five — consider their business leading-edge when it comes to the packaging they use for takeout or delivery.

**TOP TAKEAWAY:**
Restaurant operators know they need good packaging to do off-premises right. Roughly four in 10 operators say they plan to upgrade their takeout or delivery packaging in 2020.

## PACKAGING TRENDS

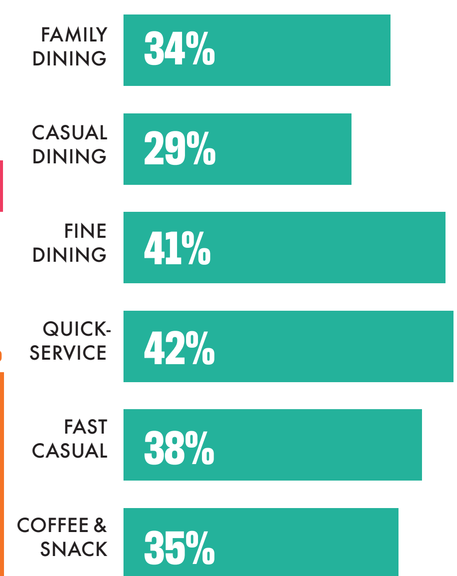
Restaurant operators' **assessment of their restaurant** in terms of the **packaging that they use for takeout or delivery**




Source: National Restaurant Association, *Restaurant Trends Survey*, 2019

## TAKING STEPS TO IMPROVE PACKAGING

Percent of restaurant operators **planning to upgrade** their takeout or delivery packaging in 2020




Source: National Restaurant Association, *Restaurant Trends Survey*, 2019

# 2.4 TECHNOLOGY

## DO MORE WITH TECHNOLOGY

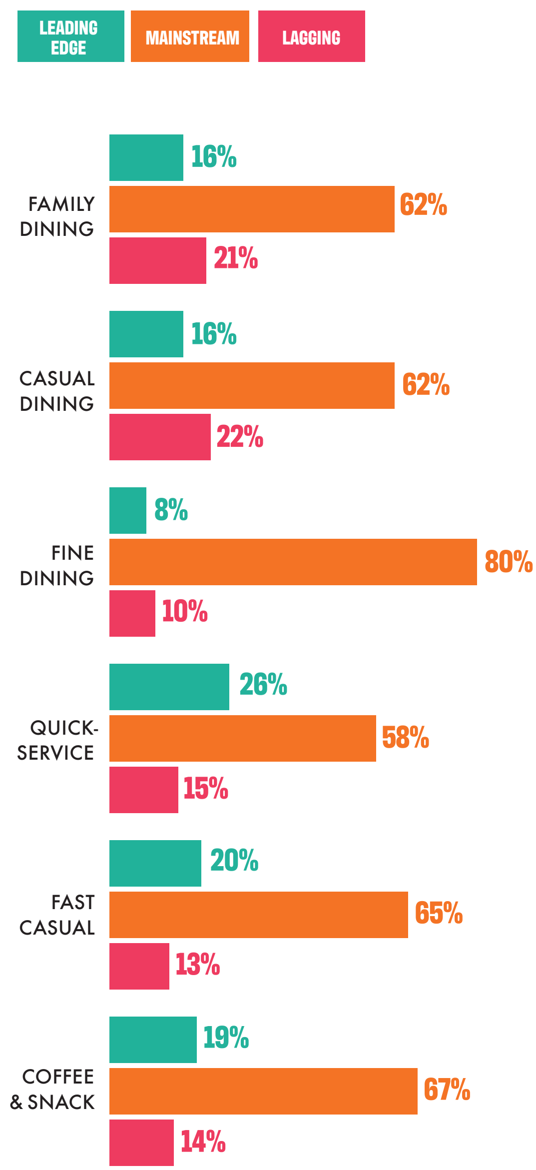
**Operators know that an investment in technology can help propel business forward, and customers are hungry for more.**

Over 80% of restaurant operators say the use of technology in a restaurant provides a competitive advantage. Yet only one in five consider their operation to be leading-edge in its use of technology. An overwhelming majority of operators classify their tech usage as "mainstream" – which may do well to support their business, but also indicates a real opportunity to learn more about emerging technology and how it can best lift business. Fittingly, most restaurant operators say they plan to devote more resources in 2020 to customer-facing technology devices like tablets, tableside ordering systems, or kiosks, and consumers agree that's just what they're looking for.

**TOP TAKEAWAY:**
Quickservice operators (26%) are the most likely to rate their operations as leading-edge in tech use.

## TECHNOLOGICALLY CHALLENGED

Restaurant operators' **assessment** of their restaurant in its **use of technology**




Source: National Restaurant Association, *Restaurant Trends Survey*, 2019

**TOP TAKEAWAY:** Operators in the fine-dining and coffee and snack segments are the most likely to plan more investment in **consumer-facing tech devices and hardware** in 2020.

Overall, tableservice operators are more likely than their limited-service counterparts to spend more on **service-based tech for guests**, such as online or app ordering, likely because of the growth in off-premises traffic.

## PLANNING TO INVEST IN TECH

Percent of operators who plan to **devote more resources to these technologies** in 2020

| TECHNOLOGY | FAMILY DINING | CASUAL DINING | FINE DINING | QUICK-SERVICE | FAST CASUAL | COFFEE & SNACK |
|---|---|---|---|---|---|---|
| Customer-facing technology devices or hardware: tablets, iPads, tableside ordering systems, or ordering kiosks | 53% | 57% | 77% | 44% | 59% | 67% |
| Back-of-the-house technology: point-of-sale, inventory, or table management | 33% | 36% | 54% | 28% | 40% | 33% |
| Customer-facing service-based technology: online or app ordering, reservations, mobile payment, or delivery management | 34% | 35% | 46% | 13% | 23% | 21% |

Source: National Restaurant Association, *Restaurant Trends Survey*, 2019

**TOP TAKEAWAY:** At this point, operators shouldn't worry much about overloading their restaurant with technology. Fewer than one in five adults think restaurants currently employ too much tech; just over a third say they could use more restaurant tech.

## WE WANT MORE

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

| ASSESSMENT | ALL ADULTS | GEN Z (18-23) | MILLENNIALS (24-39) | GEN X-ERS (40-55) | BABY BOOMERS (56-74) |
|---|---|---|---|---|---|
| TOO MUCH | 15% | 11% | 17% | 14% | 15% |
| NOT ENOUGH | 36% | 39% | 43% | 37% | 28% |
| JUST THE RIGHT AMOUNT | 49% | 51% | 40% | 48% | 57% |

Source: National Restaurant Association, *National Household Survey*, 2020

# HOW GUESTS ARE USING RESTAURANT TECHNOLOGY

## OPPORTUNITY: ENGAGE MORE CUSTOMERS

Consumers today are most likely to **use technology to get information about restaurants**, rather than taking actions such as placing orders or paying the bill.

### HIGH-TECH FOODSERVICE

Percent of consumers who, in the past year:

| ACTIVITY | ALL ADULTS | GEN Z (18-23) | MILLEN-NIALS (24-39) | GEN X-ERS (40-55) | BABY BOOMERS (56-74) |
|---|---|---|---|---|---|
| Viewed a restaurant menu online | 65% | 62% | 62% | 66% | 66% |
| Looked up restaurant locations, directions, or hours of operation online | 58% | 51% | 59% | 61% | 59% |
| Read online reviews of a restaurant | 45% | 46% | 49% | 43% | 42% |
| Placed a food order for takeout or delivery using an app or website | 43% | 49% | 54% | 43% | 32% |
| Made a restaurant reservation online | 26% | 33% | 32% | 26% | 20% |
| Ordered food or beverages at a fast food place or coffee shop using a self-service electronic kiosk | 24% | 31% | 32% | 23% | 18% |
| Looked up nutrition information for restaurant food online | 22% | 30% | 26% | 18% | 19% |
| Followed or interacted with a restaurant on a social media platform such as Facebook, Instagram or Twitter | 19% | 22% | 27% | 19% | 11% |
| Ordered food or beverages at a sit-down restaurant using a computer tablet at the table | 18% | 32% | 24% | 14% | 12% |
| Paid for food or beverages at a restaurant, fast food place, or coffee shop using a mobile payments platform such as Apple Pay or Samsung Pay | 17% | 32% | 25% | 16% | 7% |
| Placed a food order for takeout or delivery using a voice-enabled platform such as Amazon Alexa, Google Home or iPhone's Siri | 9% | 15% | 14% | 11% | 3% |
| Looked up allergen information for restaurant food online | 8% | 13% | 12% | 7% | 4% |

Source: National Restaurant Association, *National Household Survey*, 2020


# MOBILE IS SLOW TO GROW

Fewer than one in five consumers paid a restaurant bill **using a mobile payments platform** during the past year.

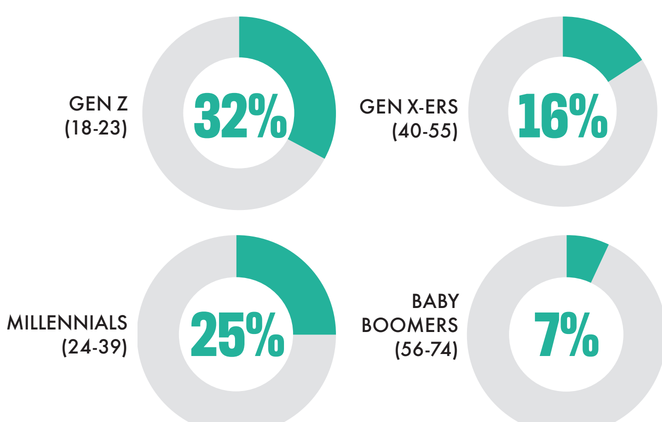
**TOP TAKEAWAY:** Limited-service operators are the most likely to offer mobile or wireless payment options, and are much more likely than their tableservice counterparts to plan to add mobile payment options in 2020 (if they don't already).

**TOP TAKEAWAY:** Younger consumers are more likely to pay with their mobile devices than other adults.

## TEXT ME THE TAB

Percent of consumers who paid for food or beverages at a restaurant, fast food place or coffee shop **using a mobile payments platform** in the past year

ALL ADULTS **17%**

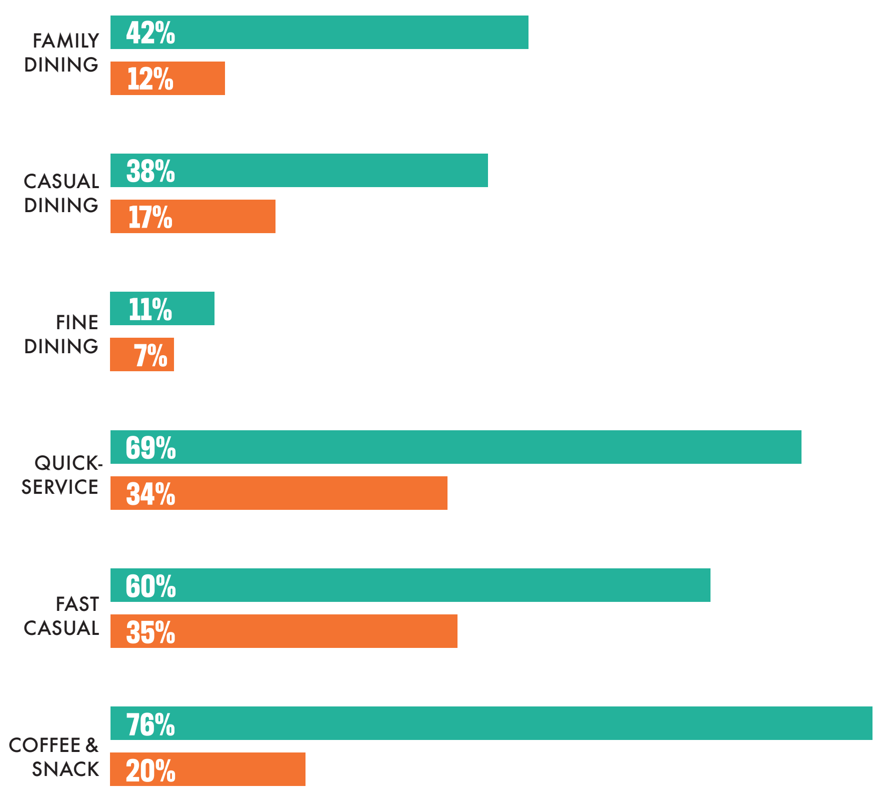



Source: National Restaurant Association, *National Household Survey*, 2020

## MOBILE BILLING VS. LOOKING FORWARD

**MOBILE BILLING:** Percent of restaurant operators that **currently offer mobile or wireless payment options**

**LOOKING FORWARD:** Percent of restaurant operators* that **plan to offer mobile or wireless payment options in 2020**




Source: National Restaurant Association, *Restaurant Trends Survey*, 2019
*Base: Respondents that currently do not offer mobile or wireless payment options

# CUSTOMER WISH LIST

## OPPORTUNITY: MAKE IT BETTER, FASTER, MORE CONVENIENT

Consumers are asking for **reduced friction** across the board.


**TOP TAKEAWAY:** No surprise, younger adults want more convenient takeout and delivery options and easier ordering and payment experiences. All consumers are most hopeful for technology that improves customer service.

## WHAT THEY WANT

Areas in which consumers **would like to see restaurants incorporate more technology***

| TECHNOLOGY-FOCUSED AREA | ALL ADULTS | GEN Z (18-23) | MILLEN-NIALS (24-39) | GEN X-ERS (40-55) | BABY BOOMERS (56-74) |
|---|---|---|---|---|---|
| To improve customer service | 50% | 48% | 54% | 49% | 47% |
| To offer more convenient takeout and delivery options | 46% | 53% | 54% | 44% | 43% |
| To make ordering and payment easier | 45% | 45% | 55% | 48% | 37% |
| To provide more detailed information about food, such as nutrition, allergen information, and sourcing | 42% | 49% | 47% | 40% | 37% |
| To make the overall restaurant experience faster | 41% | 46% | 50% | 43% | 31% |
| To provide more entertainment options for customers | 31% | 34% | 41% | 33% | 23% |

Source: National Restaurant Association, *National Household Survey*, 2020

*Respondents were asked to rate each item on a scale from 0 to 10, where 0 means they would definitely not like to see restaurants incorporate more technology, and 10 means they would definitely like to see restaurants incorporate more technology. Figures in this table represent the percent of consumers who responded 8-10 on the scale from 0 to 10.

# EMERGING TECHNOLOGIES

## THE LATEST & GREATEST

**Consumers are most interested in technologies that focus on ordering, payment and speed of service.**

Good news! The highest-ranked items on the list of technologies that consumers rate as a "good idea" already exist at many restaurants. Scrapping paper receipts and adding wearable technology for servers could be smart moves for a business looking to take the next step. Headline-grabbing technologies like food-prep and delivery robots or autonomous vehicles continue to rank lower with consumers.

## HELLO FROM THE FUTURE

Percent of consumers who say they **consider these emerging restaurant technologies to be a good idea***

| TECHNOLOGY | ALL ADULTS | GEN Z (18-23) | MILLENNIALS (24-39) | GEN X-ERS (40-55) | BABY BOOMERS (56-74) |
|---|---|---|---|---|---|
| Computer tablets at the table at sit-down restaurants, which allow customers to view the menu and order food and beverages | 62% | 60% | 65% | 69% | 57% |
| Self-service electronic kiosks at fast food places or coffee shops, which allow customers to view the menu and order food and beverages | 60% | 69% | 62% | 66% | 51% |
| Restaurants would provide customers with electronic receipts via email or text, instead of printing on paper | 59% | 69% | 64% | 69% | 47% |
| Payment options on a smartphone app, similar to those used for Uber or Lyft, where credit/debit card information is stored securely and transactions are fully handled in the app, without the need to give an employee a credit/debit card or sign a receipt | 56% | 67% | 66% | 63% | 41% |
| Wearable technology, like an Apple Watch, for restaurant servers so they can be alerted when customers are seated, ready to order, or need something at their table | 55% | 63% | 61% | 59% | 46% |
| Adjustable menu prices based on demand, which would mean lower prices during slow times and higher prices during busy times | 54% | 53% | 55% | 58% | 50% |
| Handheld devices that restaurants can use to test foods for gluten, allergens or bacteria | 52% | 58% | 61% | 54% | 39% |
| Ordering suggestions based on a customer's current or previous selections, like how Netflix suggests what to watch next based on what you watched before | 44% | 57% | 58% | 47% | 28% |
| Using voice-ordering devices, such as Amazon Alexa, Google Home, or iPhone's Siri, to order takeout or delivery food from restaurants | 41% | 41% | 45% | 49% | 31% |
| A chatbot, which is a computer application that simulates a human and is able to conduct a conversation and take a customer's order in a restaurant | 27% | 37% | 33% | 35% | 15% |
| Having food delivered from a restaurant by a self-driving car | 24% | 36% | 33% | 27% | 11% |
| Having food delivered from a restaurant by an unmanned aerial vehicle, commonly known as a drone | 24% | 42% | 29% | 30% | 9% |
| Automated systems and/or robots delivering food to customers | 22% | 36% | 31% | 23% | 11% |
| Automated systems and/or robots preparing food | 18% | 24% | 25% | 19% | 9% |

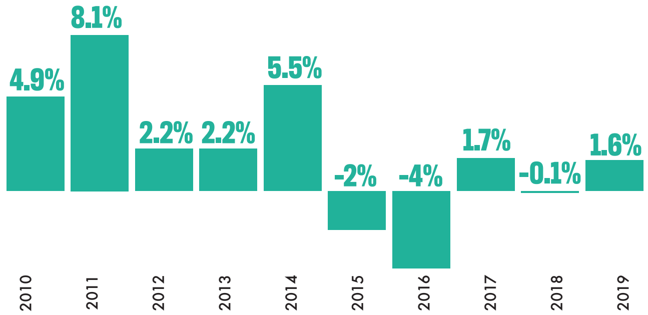
Source: National Restaurant Association, *National Household Survey*, 2020
*Respondents were given a list of some items that are being used or considered for use in restaurants. They were asked to say whether they think each item is a good idea, a bad idea, or if they are unsure at this point.

# 2.5 OPERATIONAL COSTS & MENU PRICES

## FOOD COSTS

### FOOD COSTS TRENDING HIGHER

**Producer Price Index** for all foods – historical growth rates




Source: Bureau of Labor Statistics Note: Figures represent the average change in prices paid to domestic producers for their output

### USDA FORECASTS

**Projected growth rates** in prices received by domestic producers

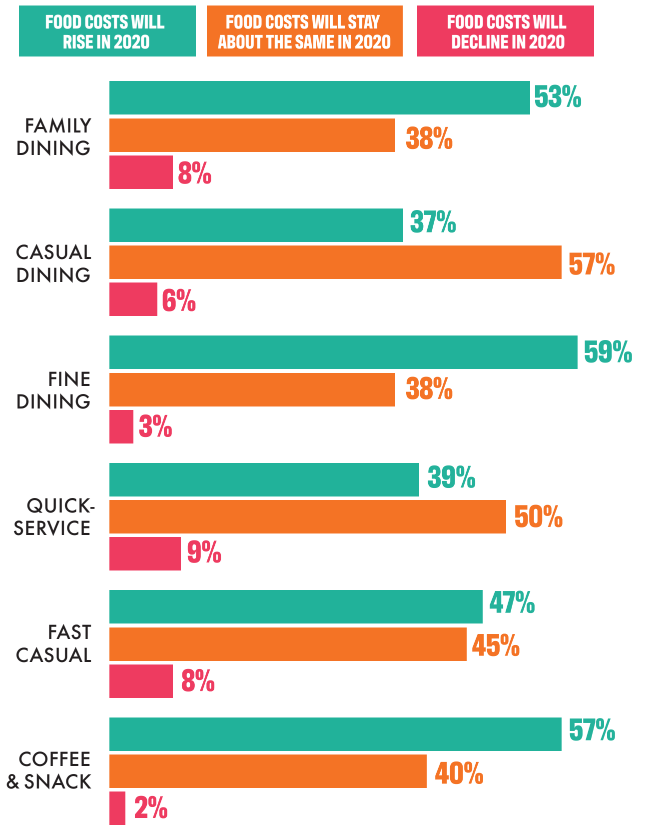
| COMMODITY | 2018 | 2019 | 2020 |
|---|---|---|---|
| BEEF & VEAL | 1.7% | 2.0% | -1.5% to 1.5% |
| PORK | -6.3% | 4.5% | 11.0% to 14.0% |
| POULTRY | -6.8% | 1.2% | 3.0% to 6.0% |
| EGGS | 33.2% | -34.0% | -1.0% to 2.0% |
| DAIRY | -2.3% | 4.6% | 1.0% to 4.0% |
| FRUITS | -1.9% | -6.1% | -3.0% to 0.0% |
| VEGETABLES | -1.7% | 12.9% | -4.0% to -1.0% |
| WHEAT FLOUR | 0.9% | -2.2% | -1.5% to 1.5% |
| FATS & OILS | -2.6% | -4.3% | -1.5% to 1.5% |

Source: U.S. Department of Agriculture, Economic Research Service, December 2019 projections

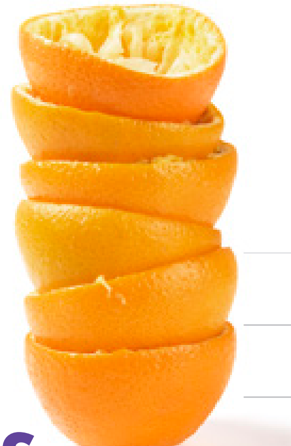
**TOP TAKEAWAYS: Average wholesale food costs rose 1.6% in 2019,** after remaining essentially flat in 2018. Food costs will likely continue to trend higher in 2020, with the U.S. Department of Agriculture projecting sizable gains in pork and poultry prices. Nearly half of operators **expect their average food costs to rise in 2020.**

### OPERATORS ANTICIPATE RISING COSTS

Restaurant operators' outlook for their food costs in 2020




Source: National Restaurant Association, *Restaurant Trends Survey*, 2019



# FOCUS ON FOOD WASTE

To help cut costs and enhance the efficiency of their operations, a solid majority of restaurant operators plan to improve food waste management in 2020.

## MAKING UP THE DIFFERENCE

Actions that restaurant operators plan to take as a result of higher food costs in 2020*

| ACTION PLANNED | FAMILY DINING | CASUAL DINING | FINE DINING | QUICK-SERVICE | FAST CASUAL | COFFEE & SNACK |
|---|---|---|---|---|---|---|
| Increase tracking of food waste | 71% | 79% | 67% | 68% | 67% | 63% |
| Increase menu prices | 72% | 68% | 67% | 74% | 72% | 58% |
| Cut costs in other areas of operation | 66% | 57% | 64% | 61% | 55% | 67% |
| Shop around for other suppliers | 53% | 66% | 72% | 27% | 37% | 63% |
| Purchase more items from local sources | 49% | 57% | 61% | 34% | 27% | 46% |
| Adjust portion sizes | 30% | 43% | 33% | 28% | 14% | 17% |
| Substitute lower-cost items on the menu | 25% | 28% | 19% | 28% | 15% | 25% |

Source: National Restaurant Association, *Restaurant Trends Survey*, 2019
*Base: Restaurant operators that anticipate having higher food costs in 2020

### TOP TAKEAWAY:

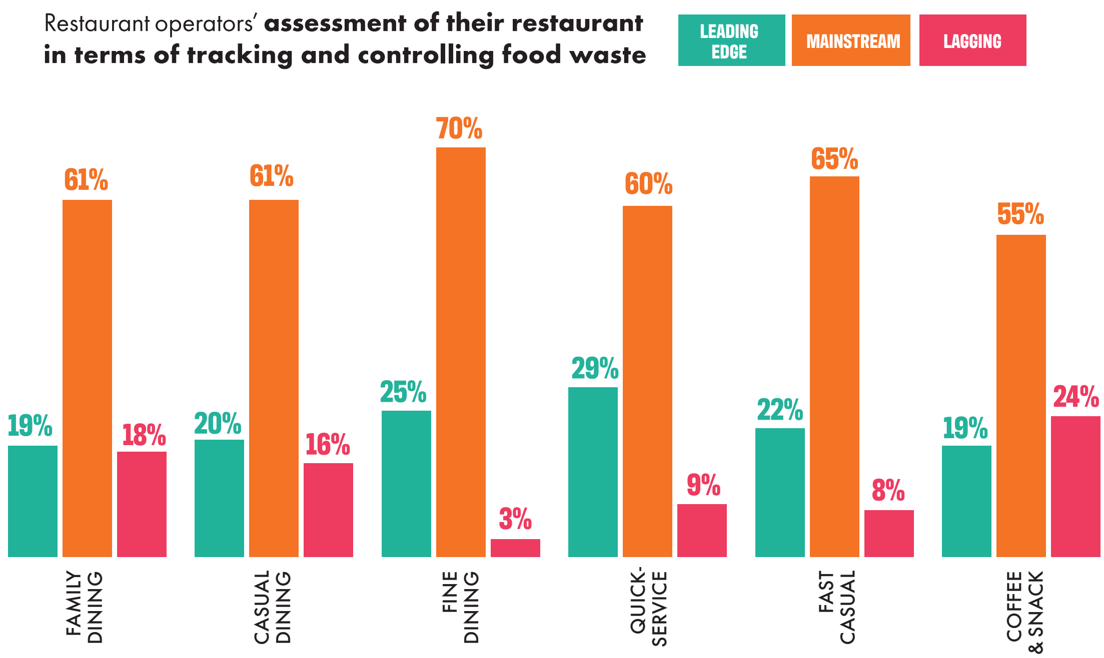
Most operators across each of the six major segments say they plan to take steps to improve the management of food waste in their operation in 2020.

## FOOD WASTE ASSESSMENT

Restaurant operators' **assessment of their restaurant in terms of tracking and controlling food waste**

### TOP TAKEAWAY:

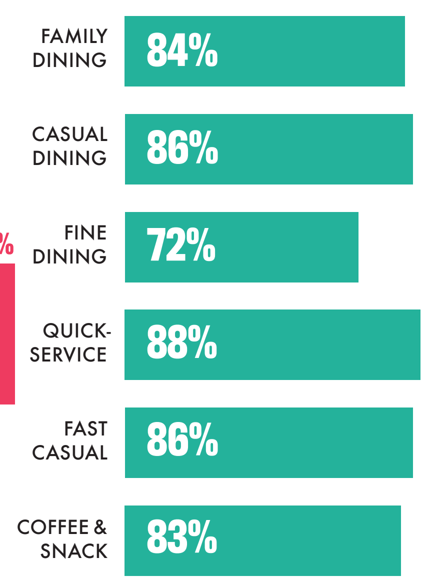
When it comes to tracking and controlling food waste in their operation, only about one in five restaurant operators say their business is leading edge.




Source: National Restaurant Association, *Restaurant Trends Survey*, 2019

## NEXT STEPS

Percent of restaurant operators **planning to improve the management of food waste** in 2020




Source: National Restaurant Association, *Restaurant Trends Survey*, 2019


# LABOR COSTS

**Labor costs will continue to rise in 2020, as the tight labor market and unfilled job openings put upward pressure on wages.**

These three factors will continue to put upward pressure on wages:

- The national unemployment rate is near a five-decade low.
- The rate of job openings in the overall restaurant industry remains well above historical averages.
- Three in 10 restaurant operators say they have job openings that are difficult to fill.

# TRENDING: RESTAURANT WAGE GROWTH OUTPACING OVERALL ECONOMY

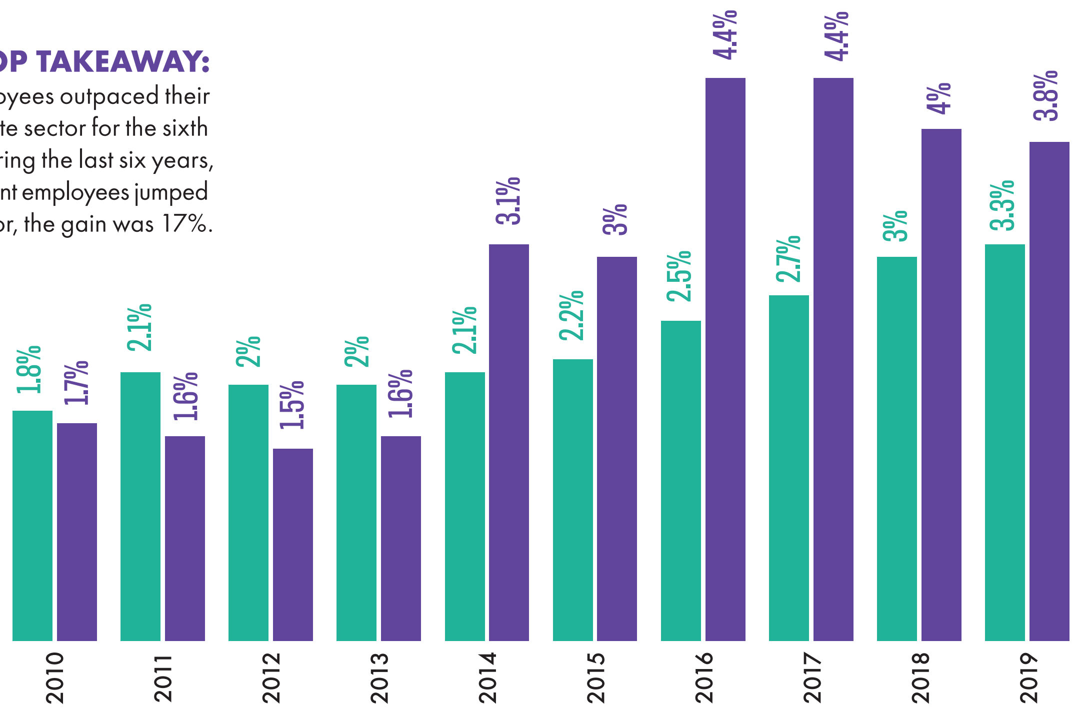
**TOP TAKEAWAY:**
Wage growth of restaurant employees outpaced their counterparts in the overall private sector for the sixth consecutive year in 2019. During the last six years, average hourly earnings of restaurant employees jumped 25%. In the overall private sector, the gain was 17%.

## GROWING WAGES

Growth in **average hourly earnings** for all employees – **total private sector vs. eating and drinking places**

TOTAL PRIVATE SECTOR

EATING & DRINKING PLACES




Source: Bureau of Labor Statistics

## WAGE GROWTH BROAD-BASED IN 2019

Growth in **average hourly earnings** for all employees, by restaurant industry segment

| SEGMENT | 2016 | 2017 | 2018 | 2019 |
|---|---|---|---|---|
| Fullservice restaurants | 5.0% | 4.6% | 3.9% | 3.3% |
| Quickservice and fast-casual restaurants | 4.5% | 4.9% | 4.5% | 4.5% |
| Cafeterias, grill buffets, and buffets | 1.7% | 4.7% | 5.1% | 9.7% |
| Snack and nonalcoholic beverage bars | 1.5% | 4.5% | 4.7% | 5.2% |
| Foodservice contractors | -0.1% | 0.8% | 0.5% | 1.5% |
| Caterers and mobile food services | 4.2% | -1.0% | 3.1% | 7.1% |
| Drinking places | 8.6% | 6.7% | 3.6% | 5.2% |

Source: Bureau of Labor Statistics

**TOP TAKEAWAY:**
Within the major segments, wages of limited-service employees registered the strongest growth in recent years. Average hourly earnings of quickservice and fast-casual employees rose 4.5% in 2019 — the fourth consecutive year with growth above 4%.

# ENERGY COSTS

The national average of electricity and natural gas prices for the commercial sector are **expected to decline slightly in 2020**, according to the U.S. Department of Energy's Energy Information Administration. If realized, this would help ease cost pressures for restaurant operators.

## ELECTRICITY PRICES FOR THE COMMERCIAL SECTOR

Cents per kilowatt hour

| | PRICE LEVEL | | | GROWTH RATES | |
|---|---|---|---|---|---|
| **REGION** | 2018 | 2019 | 2020 | 2018 TO 2019 | 2019 TO 2020 |
| NEW ENGLAND | 16.46 | 16.23 | 15.99 | -1.4% | -1.5% |
| MIDDLE ATLANTIC | 12.43 | 12.16 | 11.81 | -2.2% | -2.9% |
| SOUTH ATLANTIC | 9.30 | 9.35 | 9.19 | 0.5% | -1.7% |
| EAST NORTH CENTRAL | 10.19 | 10.16 | 10.21 | -0.3% | 0.5% |
| EAST SOUTH CENTRAL | 10.52 | 10.68 | 10.97 | 1.5% | 2.7% |
| WEST NORTH CENTRAL | 9.79 | 9.72 | 10.03 | -0.7% | 3.2% |
| WEST SOUTH CENTRAL | 8.21 | 8.14 | 8.02 | -0.9% | -1.5% |
| MOUNTAIN | 9.56 | 9.59 | 9.65 | 0.3% | 0.6% |
| PACIFIC | 14.20 | 14.60 | 14.70 | 2.8% | 0.7% |
| **U.S. AVERAGE** | **10.67** | **10.67** | **10.63** | **0.0%** | **-0.4%** |

Source: U.S. Department of Energy, Energy Information Administration, January 2020 projections

# TRENDING: INVESTMENTS IN SUSTAINABILITY

A majority of limited-service operators and two-thirds of tableservice operators say they plan to **devote more resources to environmental sustainability initiatives** in 2020.

## NATURAL GAS PRICES FOR THE COMMERCIAL SECTOR

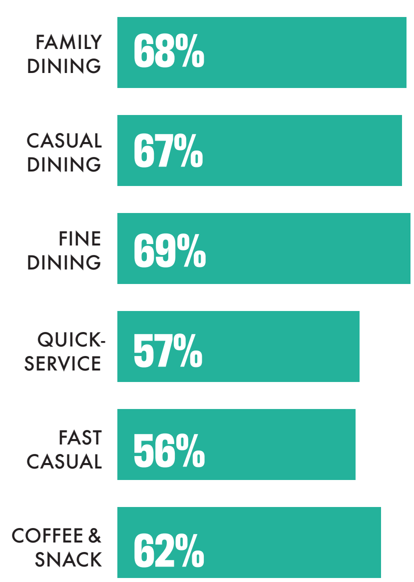
Dollars per thousand cubic feet

| | PRICE LEVEL | | | GROWTH RATES | |
|---|---|---|---|---|---|
| **REGION** | 2018 | 2019 | 2020 | 2018 TO 2019 | 2019 TO 2020 |
| NEW ENGLAND | $11.18 | $10.86 | $8.87 | -2.9% | -18.3% |
| MIDDLE ATLANTIC | $7.86 | $7.88 | $7.26 | 0.3% | -7.9% |
| SOUTH ATLANTIC | $8.79 | $9.06 | $8.87 | 3.1% | -2.1% |
| EAST NORTH CENTRAL | $6.59 | $6.65 | $6.52 | 0.9% | -2.0% |
| EAST SOUTH CENTRAL | $9.02 | $9.00 | $8.32 | -0.2% | -7.6% |
| WEST NORTH CENTRAL | $7.19 | $6.81 | $6.73 | -5.3% | -1.2% |
| WEST SOUTH CENTRAL | $6.95 | $6.57 | $6.84 | -5.5% | 4.1% |
| MOUNTAIN | $6.95 | $6.44 | $6.64 | -7.3% | 3.1% |
| PACIFIC | $8.77 | $8.89 | $8.26 | 1.4% | -7.1% |
| **U.S. AVERAGE** | **$7.77** | **$7.68** | **$7.37** | **-1.2%** | **-4.0%** |

Source: U.S. Department of Energy, Energy Information Administration, January 2020 projections

## THINKING GREEN IN 2020

Percent of restaurant operators planning to devote **more resources to environmental sustainability** initiatives, such as energy and water conservation or recycling, in 2020




Source: National Restaurant Association, *Restaurant Trends Survey*, 2019


# TRENDING: MENU PRICES ROSE AT STRONGEST PACE IN 10 YEARS

Menu prices continue to increase at a faster rate than grocery store prices.

# MENU PRICES

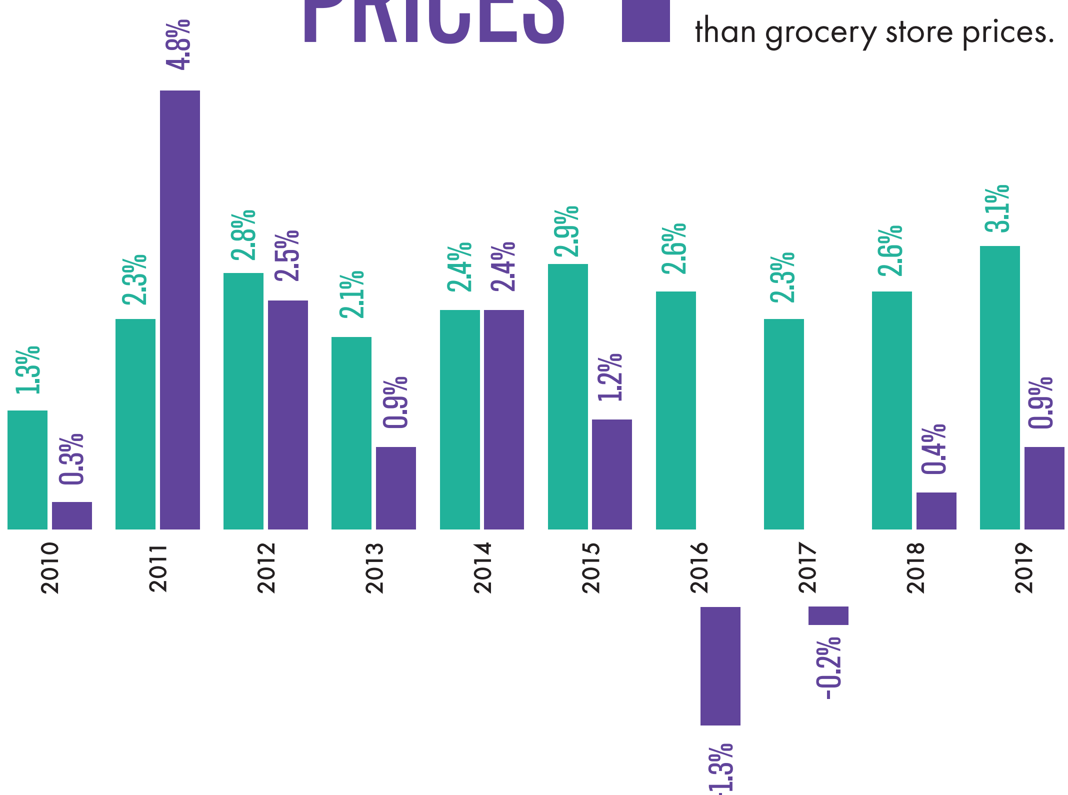
**TOP TAKEAWAY:** Menu prices rose 3.1% in 2019, the strongest annual increase since 2009 (3.5%). The gain was well above the modest 0.9% increase in grocery store prices in 2019, the fourth consecurive year in which grocery store inflation remained below 1%.

## MENU PRICE GROWTH

**Consumer Price Index** for **food away from home** and **food at home** – historical growth rates

Source: Bureau of Labor Statistics

MENU PRICES
GROCERY STORE PRICES



## MENU PRICE GROWTH **BY SEGMENT**

**Consumer Price Index** for **major restaurant industry segments** – historical growth rates

| SEGMENT | 2016 | 2017 | 2018 | 2019 |
|---|---|---|---|---|
| FULLSERVICE RESTAURANTS | 2.3% | 2.4% | 2.3% | 3.2% |
| LIMITED-SERVICE RESTAURANTS* | 2.7% | 2.5% | 2.8% | 3.1% |
| EMPLOYEE SITES & SCHOOLS | 5.1% | 1.2% | 3.5% | 1.7% |
| VENDING MACHINES & MOBILE VENDORS | 3.1% | 2.6% | 3.1% | 4.4% |
| OTHER FOOD AWAY FROM HOME | 1.7% | 1.0% | 4.0% | 2.4% |

Source: Bureau of Labor Statistics *Includes quickservice, fast-casual, cafeteria, and coffee and snack segments

**TOP TAKEAWAY:**
Fullservice-restaurant menu prices increased 3.2% in 2019. That's the segment's strongest annual gain since 2008 (4%). Menu prices at limited-service restaurants rose 3.1% in 2019, which was the first time since 2014 that they increased at a rate below the fullservice segment.

## MENU PRICE GROWTH **BY REGION**

**Consumer Price Index** for **food away from home** and **food at home** – historical growth rates

| REGION | 2016 | 2017 | 2018 | 2019 |
|---|---|---|---|---|
| **NORTHEAST** | | | | |
| MENU PRICES | 2.7% | 2.4% | 2.8% | 2.9% |
| GROCERY STORE PRICES | -1.3% | 0.2% | 1.2% | 0.8% |
| **MIDWEST** | | | | |
| MENU PRICES | 2.6% | 1.7% | 2.4% | 2.7% |
| GROCERY STORE PRICES | -1.3% | -0.4% | 0.0% | 0.5% |
| **SOUTH** | | | | |
| MENU PRICES | 2.0% | 2.0% | 2.1% | 3.1% |
| GROCERY STORE PRICES | -1.4% | -0.2% | 0.3% | 0.7% |
| **WEST** | | | | |
| MENU PRICES | 3.3% | 3.3% | 3.4% | 3.6% |
| GROCERY STORE PRICES | -1.1% | -0.3% | 0.4% | 1.5% |

Source: Bureau of Labor Statistics

**TOP TAKEAWAY:**
In each of the four U.S. regions, menu price growth outpaced grocery stores. The West region saw a 3.6% gain in menu prices, the country's highest.

## MENU PRICE GROWTH **BY CITY**

**Consumer Price Index** for **food away from home** – historical growth rates

| CITY | 2016 | 2017 | 2018 | 2019 |
|---|---|---|---|---|
| BOSTON-CAMBRIDGE-NEWTON, MA-NH | 3.6% | 1.8% | 2.4% | 2.2% |
| NEW YORK-NEWARK-JERSEY CITY, NY-NJ-PA | 3.3% | 2.4% | 3.0% | 2.8% |
| PHILADELPHIA-CAMDEN-WILMINGTON, PA-NJ-DE-MD | 1.6% | 1.9% | 1.6% | 2.7% |
| BALTIMORE-COLUMBIA-TOWSON, MD | 2.2% | 2.2% | 1.6% | 3.4% |
| WASHINGTON-ARLINGTON-ALEXANDRIA, DC-VA-MD-WV | 2.5% | 2.4% | 1.8% | 2.0% |
| MIAMI-FORT LAUDERDALE-WEST PALM BEACH, FL | 2.6% | 2.5% | 1.8% | 1.7% |
| ATLANTA-SANDY SPRINGS-ROSWELL, GA | 1.6% | 2.3% | 2.7% | 2.8% |
| TAMPA-ST. PETERSBURG-CLEARWATER, FL | 1.5% | 0.1% | 3.3% | 3.7% |
| CHICAGO-NAPERVILLE-ELGIN, IL-IN-WI | 3.6% | 1.8% | 3.4% | 3.1% |
| DETROIT-WARREN-DEARBORN, MI | 0.7% | 1.7% | 2.4% | 1.4% |
| MINNEAPOLIS-ST.PAUL-BLOOMINGTON, MN-WI | 3.7% | 2.4% | 3.8% | 2.8% |
| ST. LOUIS, MO-IL | 1.9% | 2.6% | 1.7% | 3.6% |
| DALLAS-FORT WORTH-ARLINGTON, TX | 2.2% | 1.8% | 2.4% | 4.6% |
| HOUSTON-THE WOODLANDS-SUGAR LAND, TX | 1.3% | 1.8% | 3.0% | 2.4% |
| PHOENIX-MESA-SCOTTSDALE, AZ | 4.6% | 4.0% | 2.7% | 3.0% |
| DENVER-AURORA-LAKEWOOD, CO | 0.8% | 4.8% | 3.1% | 3.2% |
| SEATTLE-TACOMA-BELLEVUE, WA | 3.3% | 3.0% | 3.0% | 3.1% |
| LOS ANGELES-LONG BEACH-ANAHEIM, CA | 3.8% | 3.9% | 3.6% | 5.0% |
| **SAN FRANCISCO-OAKLAND-HAYWARD, CA** | 4.3% | 2.8% | 4.7% | **6.6%** |
| SAN DIEGO-CARLSBAD, CA | 3.5% | 0.8% | 3.1% | 2.1% |

Source: Bureau of Labor Statistics


**TOP TAKEAWAY:** Among the 20 cities for which the Bureau of Labor Statistics reports data, San Francisco saw the highest increases in menu prices in 2019, at 6.6%. This represented the city's largest menu-price increase since 1982 (9.4%).

NATIONAL
RESTAURANT
ASSOCIATION®

# PART 3
# WORKFORCE TRENDS

## 2020 HIGHLIGHTS

- The restaurant industry remains **one of the economy's most important employers** – for a year or for a career. 63% of adults have worked in the restaurant industry at some point during their lives; 48% held their first regular job in a restaurant.
- The restaurant industry is projected to provide **15.6 million restaurant and foodservice jobs** in 2020 and **17.2 million jobs** by 2030.
- The industry continues to provide **opportunities for new and advancing employees.** About half of restaurant job openings in 2019 were filled either by new entrants to the workforce or people promoted from other positions in the same restaurant. Restaurants created **middle-class jobs** at a rate much stronger than the overall economy in recent years.
- Like most other industries, restaurants will continue to find it **difficult to recruit and retain employees** in 2020, due largely to the tight labor market.
- Although the restaurant industry is the U.S.'s top employer of teens, **teen labor force participation** is expected to continue to decline. **Older adults are the fastest-growing age cohort** of restaurant employees. The number of workers age 55 or older in the restaurant workforce topped 1 million in 2019 for the first time, and the trend is likely to continue.

# 3.1 WHO WE ARE

**63%**

OF ADULTS HAVE WORKED IN THE RESTAURANT INDUSTRY

## RESTAURANTS FUEL JOBS AND CAREERS

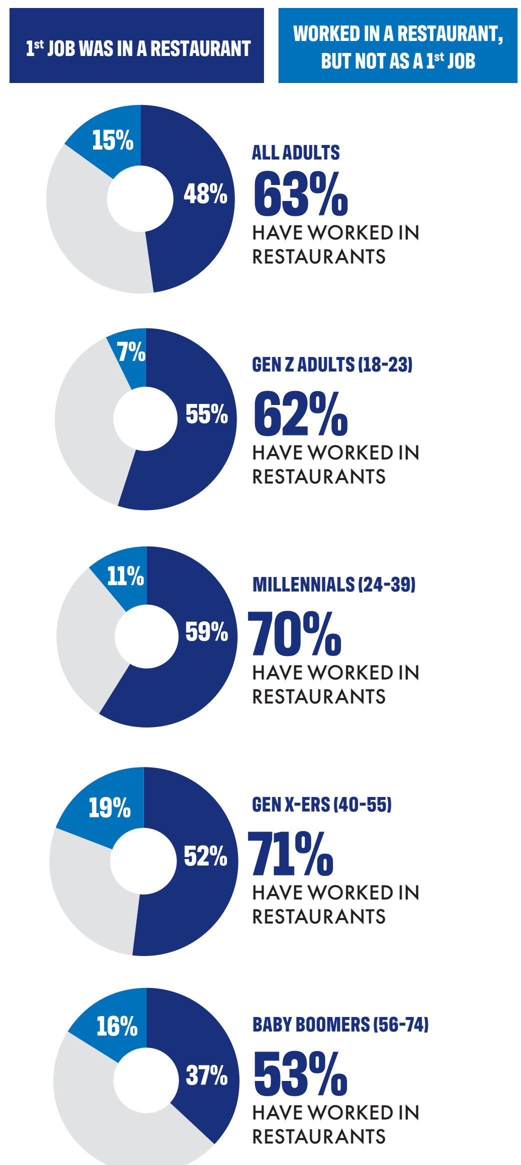
**48% of adults say their first regular job was in the restaurant industry.**

**An additional 15% say they have worked in the industry but not as a first job.**

**7 in 10 millennials and Gen X-ers say they have worked in the restaurant industry.**

## WHO HAS WORKED IN RESTAURANTS?

Percent of adults who **have worked in the restaurant industry**, either as a first job or at some point in their lives




ALL ADULTS
**63%**
HAVE WORKED IN RESTAURANTS

GEN Z ADULTS (18-23)
**62%**
HAVE WORKED IN RESTAURANTS

MILLENNIALS (24-39)
**70%**
HAVE WORKED IN RESTAURANTS

GEN X-ERS (40-55)
**71%**
HAVE WORKED IN RESTAURANTS

BABY BOOMERS (56-74)
**53%**
HAVE WORKED IN RESTAURANTS

Source: National Restaurant Association, *Restaurant Employment Survey*, 2020

## A CAREER FOR EVERYONE

**The restaurant and foodservice industry offers opportunity and a clear road for advancement — whether for teenagers, career builders or career changers.**

Careers are available across an increasingly broad spectrum of restaurant and foodservice businesses.

# WHERE DO PEOPLE WORK?

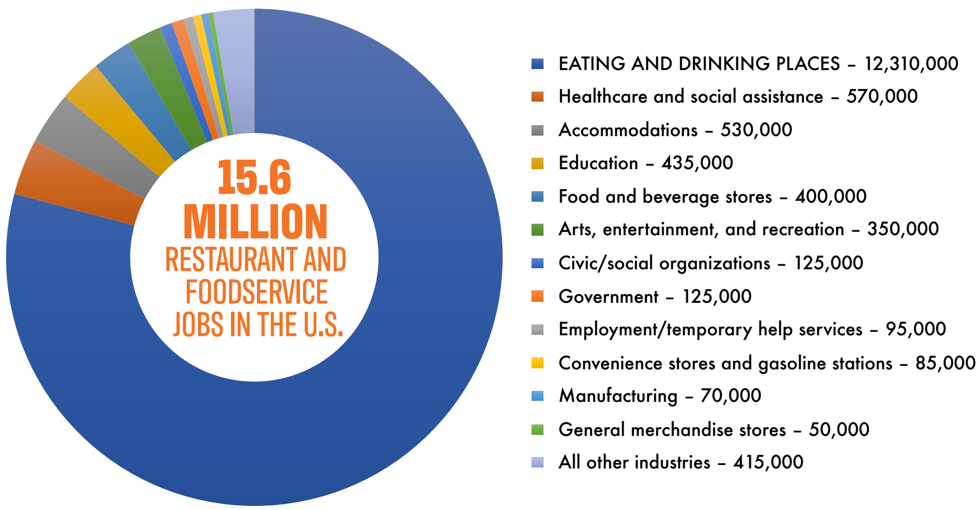
## Of the 15.6 million restaurant and foodservice jobs in 2020…

### Eating and drinking places will be home to 12.3 million of these jobs.

The other 3.3 million foodservice positions are in sectors such as health care (570,000), accommodations (530,000), education (435,000) and food and beverage stores (400,000).

## OVER 3 MILLION FOODSERVICE JOBS ARE IN SECTORS OTHER THAN RESTAURANTS

Distribution of total restaurant and foodservice jobs by industry – 2020 projections




Source: National Restaurant Association projections, based on historical data from the Bureau of Labor Statistics . Note: The projected 15.6 million restaurant and foodservice jobs include employment in all eating-and-drinking-place occupations, plus employment in foodservice positions that are not located at eating and drinking places.

# A DIVERSE WORKFORCE

**Restaurant employees are more likely to be young, single, racially diverse, students, and working part-time than the overall U.S. workforce.**

| SEX | |
|---|---|
| MALE | 48% |
| FEMALE | 52% |

| AGE | |
|---|---|
| 16 – 24 | 40% |
| 25 – 34 | 25% |
| 35 – 44 | 15% |
| 45 – 54 | 11% |
| 55 – 64 | 7% |
| 65 OR OLDER | 2% |

| RACE/ETHNICITY | |
|---|---|
| WHITE | 52% |
| HISPANIC | 25% |
| BLACK | 12% |
| ASIAN | 7% |
| OTHER / 2 OR MORE RACES | 4% |

| MARITAL STATUS | |
|---|---|
| SINGLE | 64% |
| MARRIED | 26% |
| WIDOWED / DIVORCED/ SEPARATED | 10% |

| PLACE OF BIRTH | |
|---|---|
| U.S. | 78% |
| ANOTHER COUNTRY | 22% |

| SCHOOL ENROLLMENT | |
|---|---|
| ENROLLED IN SCHOOL | 28% |
| NOT ENROLLED IN SCHOOL | 72% |

| USUAL WORK SCHEDULE | |
|---|---|
| FULL-TIME / FULL-YEAR | 45% |
| PART-TIME / FULL-YEAR | 25% |
| PART-TIME / PART-YEAR | 23% |
| FULL-TIME / PART-YEAR | 7% |

Source: U.S. Census Bureau, 2018 American Community Survey Notes: Figures may not add precisely to 100% due to rounding.

# 3.2 AN INDUSTRY OF OPPORTUNITY

## PATHWAYS TO OPPORTUNITY

**The National Restaurant Association Educational Foundation is a leading nonprofit dedicated to providing people from all backgrounds the training, education, financial resources and career development they need to build pathways to meaningful jobs and careers in the restaurant and foodservice industry.**

**The Foundation's programs include:**

**RESTAURANT READY:** Putting underserved youth on a path to employment and independence.

**PROSTART:** Empowering the next generation of restaurant leaders.

**APPRENTICESHIP:** Earn while you learn – building a career in restaurant management.

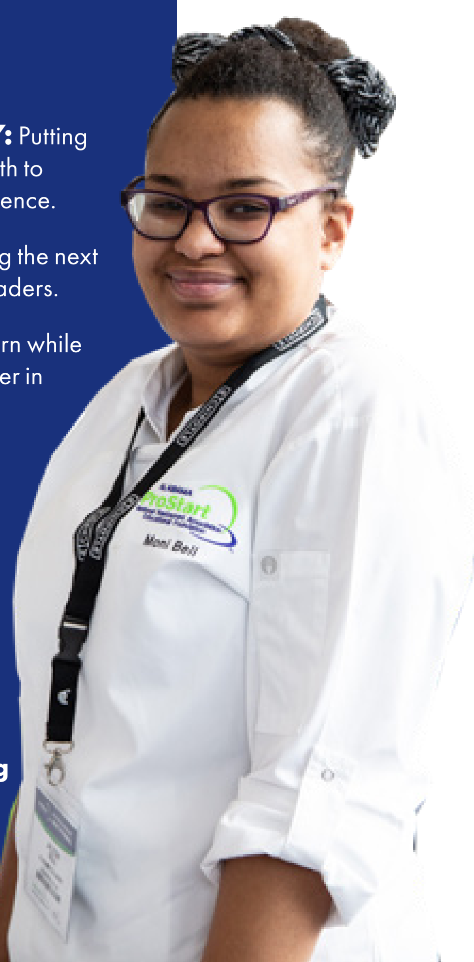
**SCHOLARSHIPS:** Advancement through continued education and training.

**MILITARY:** Transitioning military service members into restaurant careers.

**Learn more at ChooseRestaurants.org**

## RESTAURANT EMPLOYMENT EXPECTED TO GROW IN 2020

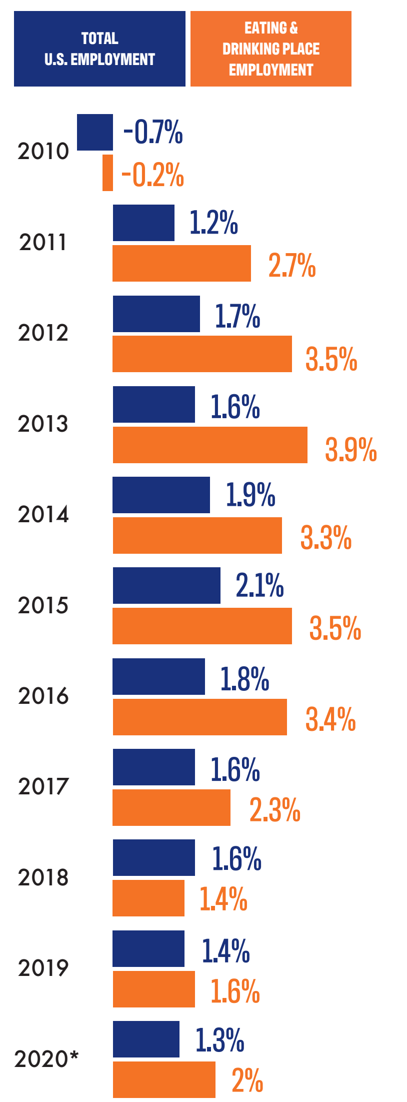
Job growth in the restaurant industry is projected to remain moderate in 2020 – but is likely to outpace job growth in the overall economy.




**TOP TAKEAWAY:** Employment at eating and drinking places is **projected to increase 2% in 2020.** This will represent the strongest growth since 2017 but would be well **below the 3.5% average annual gains** registered during the 2012–2016 period.

## A GROWING INDUSTRY

**Annual job growth:** Eating and drinking places versus total U.S. employment




Source: Bureau of Labor Statistics, National Restaurant Association projections
*Projected

# RESTAURANTS PROVIDE FIRST JOBS AND A CAREER PATH

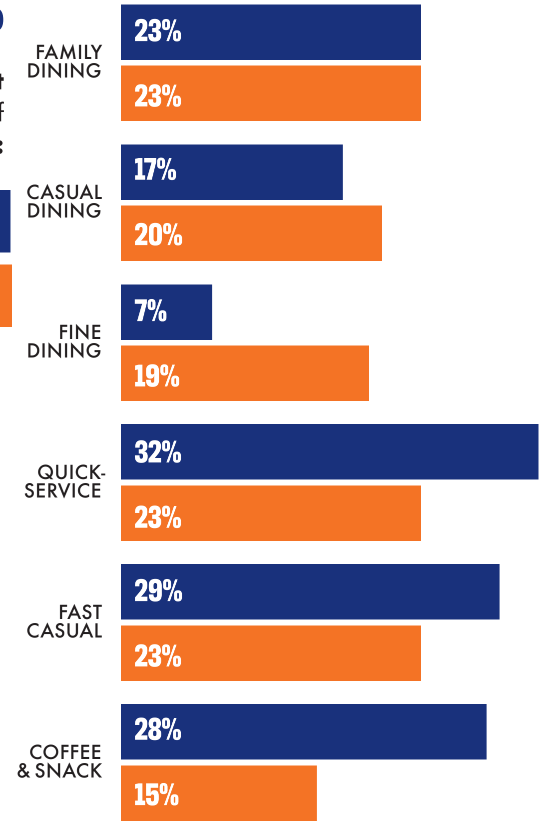
Nearly half of restaurant job openings in 2019 were filled by either **new entrants to the workforce** or **people promoted from other positions** in the same restaurant.

## A LADDER UP

Percent of **2019 restaurant job openings**, by type of operation, that were **filled by:**

People for whom it was the first regular job that they have ever had

People who were promoted from other jobs within the same restaurant business




**TOP TAKEAWAY:**
Roughly one in four restaurant job openings in 2019 were filled by people for whom it was the **first regular job they have ever had.** Just over one in five restaurant job openings were filled by people who were **promoted from other jobs within the same restaurant business.** The practice of promoting from within was relatively consistent across the major segments in 2019.

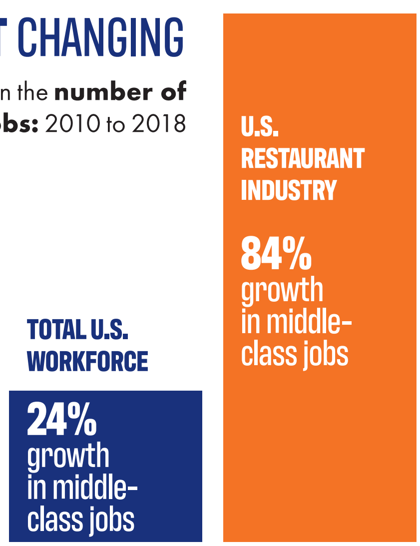
Source: National Restaurant Association, *Restaurant Trends Survey*, 2019

## MIDDLE-CLASS JOBS ARE GROWING RAPIDLY IN RESTAURANTS

The number of restaurant jobs paying between $45,000 and $75,000 a year **grew 84% between 2010 and 2018** – more than three times faster than middle-class jobs in the overall economy.

### FAST CHANGING

Percent growth in the **number of middle-class jobs:** 2010 to 2018



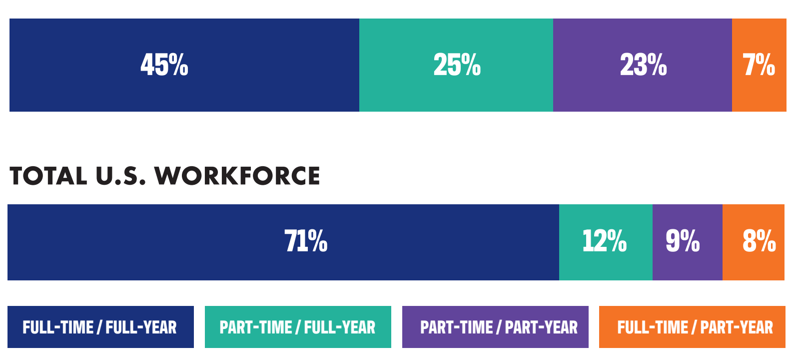

Source: National Restaurant Association analysis of data from the U.S. Census Bureau's American Community Survey
*For the purposes of this analysis, middle-class jobs are defined as those with annual income between $45,000 and $74,999.

## A MAJORITY OF RESTAURANT EMPLOYEES WORK PART-TIME OR PART-YEAR SCHEDULES

The industry's middle-class job growth is particularly impressive because only 45% of restaurant jobs are full-time/full-year positions – compared to 71% in the overall economy.

### SCHEDULING

Distribution of **employees by usual work schedule**




Source: National Restaurant Association analysis of data from the U.S. Census Bureau's American Community Survey Notes: Full-time is defined as 35 or more hours per week. Full-year is defined as 50 or more weeks per year. Figures do not add exactly to 100% due to rounding.

# RESTAURANTS HAVE A POSITIVE IMAGE AS EMPLOYERS

The restaurant industry is highly regarded by both current and former restaurant employees.

**TOP TAKEAWAY:** Restaurant jobs have **made a decidedly positive impression** on the six in 10 adults who say they have worked in the restaurant industry at some point in their lives. More than nine in 10 agree that the restaurant industry is a good place to get a first job and **learn fundamental working skills.** Eight in 10 would recommend that a family member or friend get their first work experience in a restaurant.

## POSITIVE REVIEWS FROM EMPLOYEES

Percent of current and former restaurant employees who **agree with the following statements**

| STATEMENT | ALL ADULTS | GEN Z (18-23) | MILLEN-NIALS (24-39) | GEN X-ERS (40-55) | BABY BOOMERS (56-74) |
|---|---|---|---|---|---|
| The restaurant industry is a good place to get a first job and learn fundamental working skills. | 93% | 87% | 93% | 95% | 94% |
| The restaurant industry is a place where people of all backgrounds and experience can own their own business. | 86% | 81% | 88% | 85% | 85% |
| You would recommend that a family member or friend get their first work experience in a restaurant. | 80% | 75% | 84% | 83% | 74% |
| The restaurant industry provides an opportunity for people who want to succeed in life based on their own hard work, talents and efforts. | 79% | 69% | 77% | 82% | 82% |
| If you had it to do all over again, you would still want to have worked in a restaurant. | 72% | 63% | 76% | 74% | 67% |
| The restaurant industry provides good long-term career opportunities for individuals. | 66% | 66% | 68% | 68% | 64% |

Source: National Restaurant Association, *Restaurant Employment Survey*, 2020

## DEVELOPING CAREERS

**The National Restaurant Association's ServSuccess offering, launched in 2019, provides the restaurant industry with training and certifications to help operators recruit and maintain talent as well as help employees accelerate their careers.**

The program helps build a management pipeline for operators via online courses tied to each career level. The innovative online courses can serve as or enhance your supervisor/management training programs.

In addition, the program includes three new credentials – Certified Restaurant Professional, Certified Restaurant Supervisor, and Certified Restaurant Manager – as well as an array of interactive study guides focused on restaurant operations and management practices, both front- and back-of-house, for employee career development.

**Learn more at ServSuccess.com**

ServSuccess
National Restaurant Association

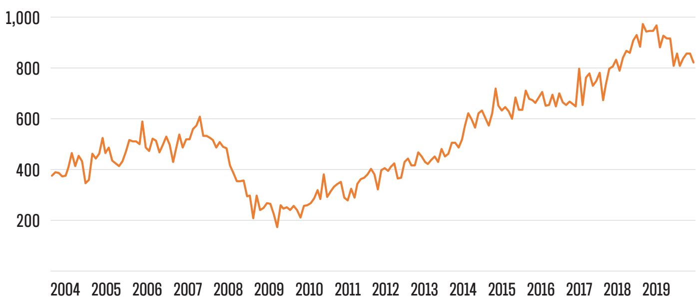
# 3.3 R&R: RECRUITMENT & RETENTION

## RESTAURANT JOB OPENINGS STILL HIGH

Restaurant operators across the major segments report challenges filling open positions.

### HOSPITALITY-SECTOR JOB OPENINGS TOPPED 800,000 THROUGHOUT 2019

**Monthly job openings** in the restaurants-and-accommodations sector* (in thousands)




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

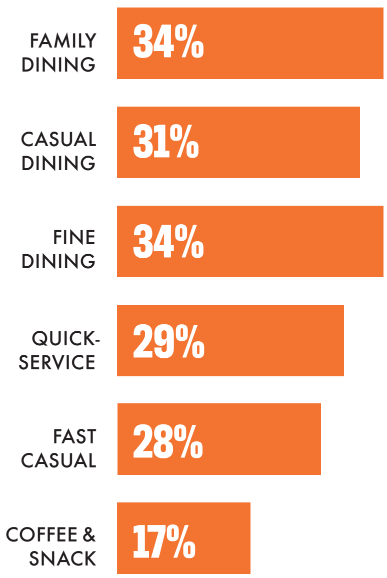
**TOP TAKEAWAY:** Hospitality-sector job openings are down from 2018 record highs but remain elevated by historical standards. There were **more than 800,000 job openings** in the combined restaurants-and-accommodations sector each month during 2019.

# HELP WANTED

**Roughly 3 in 10 restaurant operators say they have job openings that are difficult to fill.** Tableservice operators are the most likely to report difficulties filling back-of-the-house positions. Limited-service operators say manager positions can be the hardest to fill.

## FILLING JOB OPENINGS

Percent of restaurant operators who say they have **job openings that are difficult to fill**



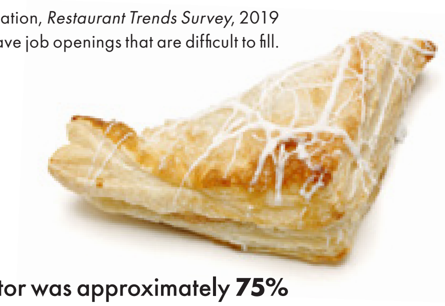

Source: National Restaurant Association, *Restaurant Trends Survey*, 2019

## WHERE'S THE CHALLENGE?

Percent of restaurant operators* who report they are having **difficulties filling open positions in the following areas**

| EMPLOYEE CATEGORY | FAMILY DINING | CASUAL DINING | FINE DINING | QUICK-SERVICE | FAST CASUAL | COFFEE & SNACK |
|---|---|---|---|---|---|---|
| Front-of-the-house positions | 50% | 55% | 76% | 57% | 46% | 71% |
| Back-of-the-house positions | 79% | 77% | 71% | 55% | 63% | 57% |
| Manager positions | 64% | 45% | 24% | 71% | 67% | 71% |

Source: National Restaurant Association, *Restaurant Trends Survey*, 2019
*Figures are based on restaurant operators who say they have job openings that are difficult to fill.

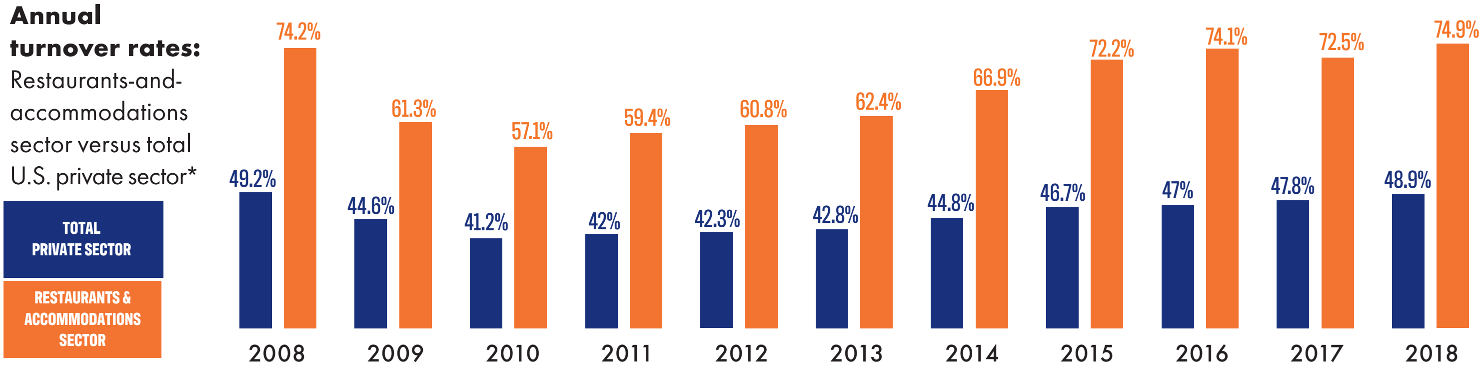


# EMPLOYEE TURNOVER EDGING HIGHER

Employee turnover in the hospitality sector is at its highest level since 2007.

**TOP TAKEAWAY:** Employee turnover in the combined restaurants-and-accommodations sector was approximately **75% in 2018 — the highest level since 2007** (80.3%). It still remains below the 2001–2007 period, during which it averaged 81.2%. Much of this natural churn in restaurant employees is due to the **composition of the industry workforce,** which includes higher proportions of **teenagers, students and seasonal employees** than the overall U.S. workforce. Individuals in these groups are **often not full-year employees**, which adds to the turnover numbers.

**Annual turnover rates:** Restaurants-and-accommodations sector versus total U.S. private sector*




Source: Bureau of Labor Statistics *Notes: Turnover figures presented 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. Annual turnover rate is the number of total separations during the entire year as a percent of average annual employment.

## EMPOWERING THE NEXT GENERATION OF LEADERS

**Young adults are a key audience for the National Restaurant Association Educational Foundation, which serves them through ProStart and Restaurant Ready.**

- **PROSTART** Is a nationwide program for high school students focused on culinary arts and restaurant management. Students participate in a two-year curriculum, take two national exams and complete a minimum of 400 hours of industry work experience and demonstrate mastery in employability skills. Graduates receive the National ProStart Certificate of Achievement, a post-secondary and industry-recognized certification.
- **RESTAURANT READY** provides young adults not currently working and not in school with job-readiness skills to pursue their own path to independence. The program provides training in six work-ready competency areas defined by the restaurant industry, to help participants acquire the skills, discipline and confidence to start a job and stay employed. The program directly links to local employers and has a positive impact on the social and economic well-being of the community.

**Learn more:**

**ChooseRestaurants.org/ProStart**

**ChooseRestaurants.org/RestaurantReady**

# 3.4 THE TRENDLINES

## FEWER TEEN EMPLOYEES, MORE OLDER WORKERS

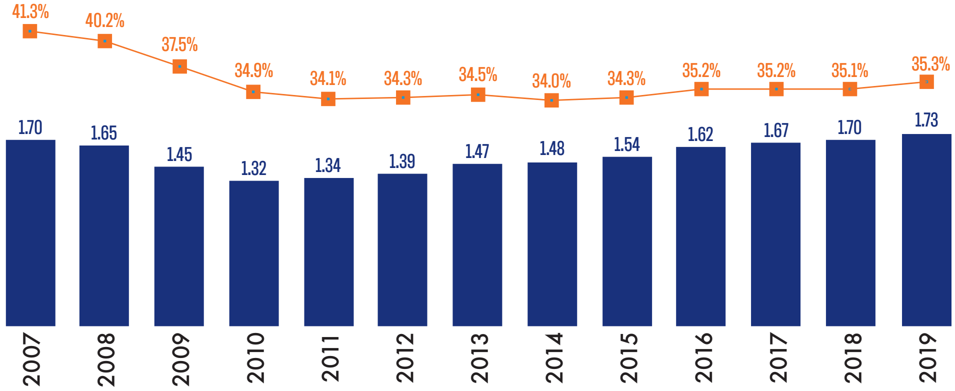
## TEEN EMPLOYMENT IN RESTAURANTS IS RISING

The number of teenagers working in restaurants is gradually trending higher, even though their overall numbers in the labor force remains dampened.

**TOP TAKEAWAY:** More than 1.7 million teenagers worked in the restaurant industry in 2019, up 400,000 from the recent low of 1.3 million in 2010 — even as teen participation in the overall labor force remains dampened by historical standards. **Restaurants currently employ 34% of all working teens**, more than any other industry. In 2007, this proportion was 29%.

### RESTAURANTS ARE THE TOP EMPLOYER OF TEENS

Number of **restaurant employees** and **labor force participation rate:** age 16 to 19 years




Number of restaurant employees: Age 16 to 19 (millions)

Labor force participation rate: Age 16 to 19

Source: Bureau of Labor Statistics

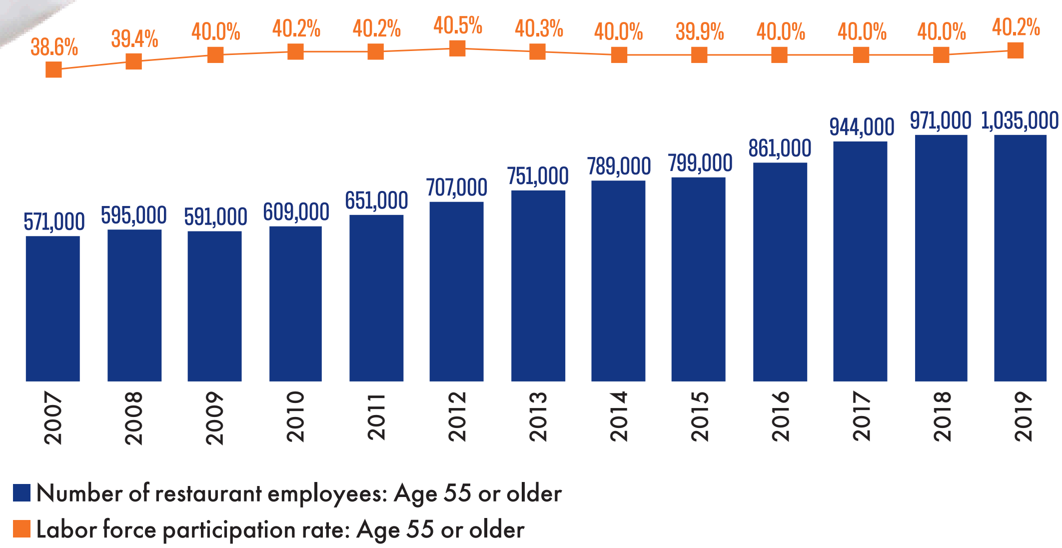
# MORE OLDER ADULTS ARE WORKING IN RESTAURANTS

The number of adults aged 55 or older in restaurant jobs surpassed 1 million in 2019 — **a record high.**

**TOP TAKEAWAY: More than 1 million adults age 55 and older worked in the restaurant industry in 2019 — the highest number on record.** This was the fastest-growing age group of restaurant employees in recent years, **jumping 81% since 2007.** About 40% of Americans 55 and older participate in the labor force; their total numbers in the workforce have risen steadily as more adults age into this demographic.

## OLDER ADULTS ARE CHOOSING RESTAURANT JOBS

Number of **restaurant employees** and **labor force participation rate:** age 55 and over




Source: Bureau of Labor Statistics

# OLDER ADULTS ARE STAYING IN THE LABOR FORCE LONGER

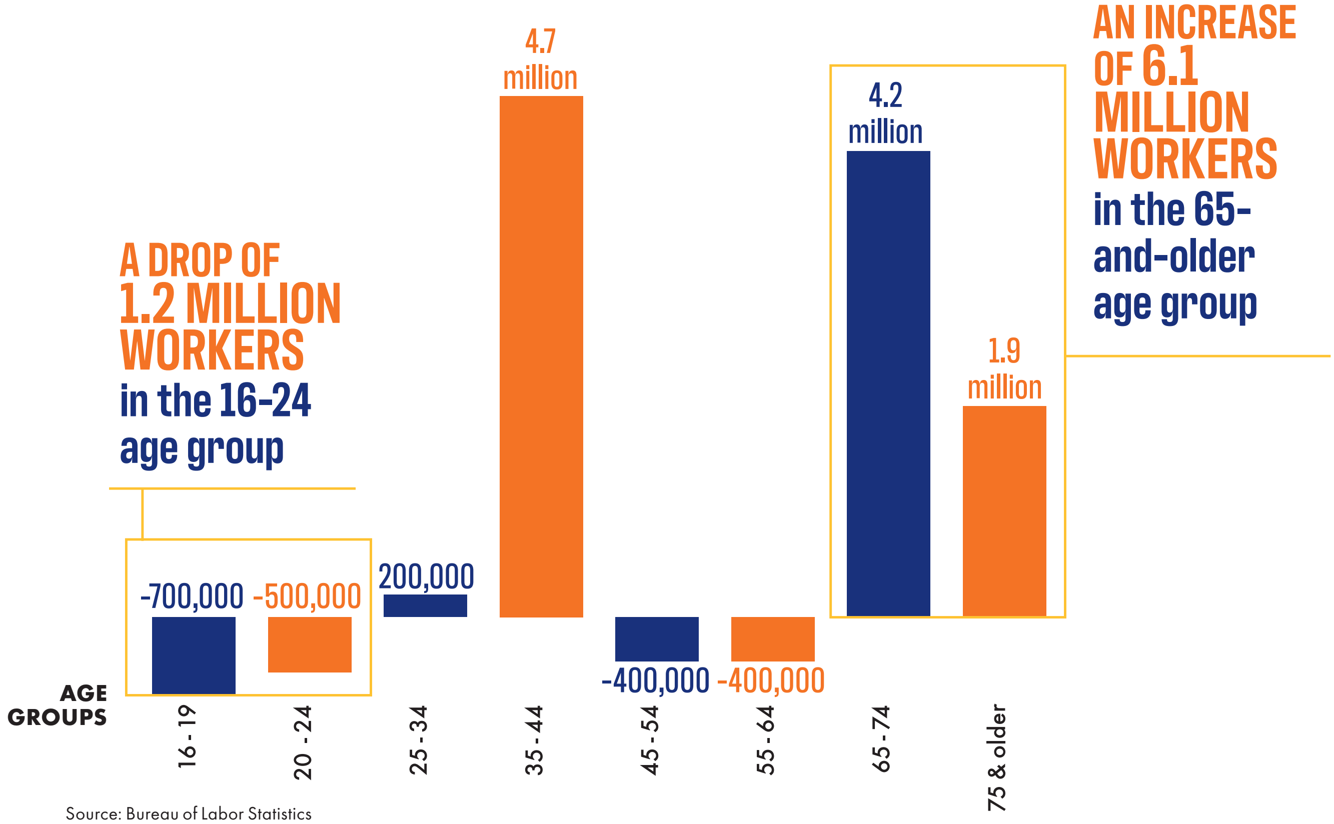
**Older adults** will represent a **much larger proportion of the overall U.S. labor force** in the years ahead, while the number of teens available for work will continue to shrink.

### TOP TAKEAWAY:

The recent trend of rising teen employment in restaurants will be difficult to maintain in the years ahead, as the number of teenagers in the overall U.S. labor force is projected to decline. Older adults' representation in the restaurant workforce will continue to grow, as their numbers in the labor force are expected to rise sharply.

## BETWEEN **2018 AND 2028...**

**Projected growth** in the overall U.S. labor force **by age group** (in millions): 2018 to 2028




Source: Bureau of Labor Statistics

# 3.5 THE NEXT DECADE

## 5 WAYS THE INDUSTRY'S WORKFORCE COULD CHANGE BY 2030

**A panel of restaurant industry experts surveyed for the National Restaurant Association's *Restaurant Industry 2030* report rated these as the five most likely workforce developments over the next decade:**

- Women will hold a larger proportion of upper-management jobs in the restaurant industry.
- Minorities will hold a larger proportion of upper-management jobs in the restaurant industry.
- The average number of employees per restaurant location will decline.
- The restaurant industry workforce will become more diverse.
- The restaurant industry will remain very labor-intensive despite technological developments.

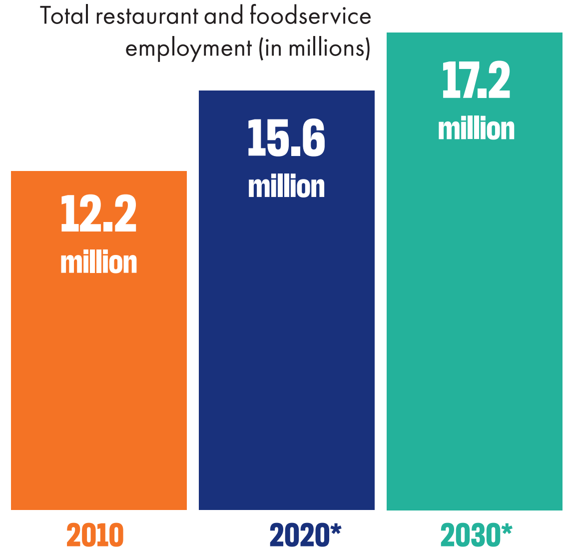
Source: National Restaurant Association, *Restaurant Industry 2030*, Restaurant.org/Restaurants2030.

## 1.6 MILLION NEW JOBS BY 2030

The restaurant and foodservice industry added 3.4 million jobs during the last decade. Although job growth will slow somewhat in the years ahead, the industry will still add another 1.6 million jobs by 2030.

### FUTURE JOB GROWTH

Total restaurant and foodservice employment (in millions)




Source: National Restaurant Association
* Projected

**TOP TAKEAWAY:** Employment in the restaurant and foodservice industry is projected to reach **15.6 million in 2020**, up from 12.2 million a decade earlier. By 2030, total employment in the industry will reach **17.2 million.**

# TEXAS & NEVADA WILL LEAD THE NATION IN RESTAURANT JOB GROWTH


**TOP TAKEAWAY:**
The restaurant and foodservice workforce is expected to grow in every state between 2020 and 2030. Texas (16.9%) and Nevada (16.4%) are projected to set the pace with growth above 16%. Texas (228,100), California (169,800) and Florida (153,400) are expected to add the most restaurant jobs during the next decade.

| STATE | 2020 | 2030 | EMPLOYMENT CHANGE 2020-2030 NUMBER OF JOBS | EMPLOYMENT CHANGE 2020-2030 TOTAL % CHANGE |
|---|---|---|---|---|
| ALABAMA | 211,800 | 235,100 | 23,300 | 11.0% |
| ALASKA | 32,100 | 33,700 | 1,600 | 5.0% |
| ARIZONA | 308,700 | 355,800 | 47,100 | 15.3% |
| ARKANSAS | 128,100 | 140,200 | 12,100 | 9.4% |
| CALIFORNIA | 1,860,500 | 2,030,300 | 169,800 | 9.1% |
| COLORADO | 294,100 | 330,400 | 36,300 | 12.3% |
| CONNECTICUT | 160,500 | 170,400 | 9,900 | 6.2% |
| DELAWARE | 50,800 | 55,300 | 4,500 | 8.9% |
| DC | 69,800 | 74,800 | 5,000 | 7.2% |
| FLORIDA | 1,090,800 | 1,244,200 | 153,400 | 14.1% |
| GEORGIA | 500,000 | 570,800 | 70,800 | 14.2% |
| HAWAII | 100,000 | 105,500 | 5,500 | 5.5% |
| IDAHO | 73,200 | 84,800 | 11,600 | 15.8% |
| ILLINOIS | 594,900 | 635,900 | 41,000 | 6.9% |
| INDIANA | 322,300 | 356,900 | 34,600 | 10.7% |
| IOWA | 150,900 | 167,400 | 16,500 | 10.9% |
| KANSAS | 143,300 | 157,400 | 14,100 | 9.8% |
| KENTUCKY | 205,100 | 228,000 | 22,900 | 11.2% |
| LOUISIANA | 216,900 | 232,700 | 15,800 | 7.3% |
| MAINE | 65,800 | 70,800 | 5,000 | 7.6% |
| MARYLAND | 260,400 | 281,900 | 21,500 | 8.3% |
| MASSACHUSETTS | 348,700 | 376,200 | 27,500 | 7.9% |
| MICHIGAN | 454,600 | 488,900 | 34,300 | 7.5% |
| MINNESOTA | 285,800 | 311,000 | 25,200 | 8.8% |
| MISSISSIPPI | 122,100 | 134,500 | 12,400 | 10.2% |
| MISSOURI | 310,100 | 340,100 | 30,000 | 9.7% |
| MONTANA | 57,600 | 62,500 | 4,900 | 8.5% |
| NEBRASKA | 94,900 | 102,700 | 7,800 | 8.2% |
| NEVADA | 223,500 | 260,100 | 36,600 | 16.4% |
| NEW HAMPSHIRE | 68,300 | 75,400 | 7,100 | 10.4% |
| NEW JERSEY | 359,500 | 386,200 | 26,700 | 7.4% |
| NEW MEXICO | 98,500 | 106,900 | 8,400 | 8.5% |
| NEW YORK | 881,400 | 928,500 | 47,100 | 5.3% |
| NORTH CAROLINA | 496,800 | 563,900 | 67,100 | 13.5% |
| NORTH DAKOTA | 39,300 | 42,500 | 3,200 | 8.1% |
| OHIO | 585,000 | 628,500 | 43,500 | 7.4% |
| OKLAHOMA | 182,800 | 196,600 | 13,800 | 7.5% |
| OREGON | 212,500 | 244,900 | 32,400 | 15.2% |
| PENNSYLVANIA | 582,200 | 618,100 | 35,900 | 6.2% |
| RHODE ISLAND | 55,900 | 60,500 | 4,600 | 8.2% |
| SOUTH CAROLINA | 244,900 | 282,900 | 38,000 | 15.5% |
| SOUTH DAKOTA | 48,500 | 53,300 | 4,800 | 9.9% |
| TENNESSEE | 336,200 | 372,900 | 36,700 | 10.9% |
| TEXAS | 1,349,500 | 1,577,600 | 228,100 | 16.9% |
| UTAH | 129,400 | 147,100 | 17,700 | 13.7% |
| VERMONT | 32,500 | 34,700 | 2,200 | 6.8% |
| VIRGINIA | 391,900 | 431,300 | 39,400 | 10.1% |
| WASHINGTON | 344,100 | 387,900 | 43,800 | 12.7% |
| WEST VIRGINIA | 73,000 | 78,200 | 5,200 | 7.1% |
| WISCONSIN | 280,800 | 311,200 | 30,400 | 10.8% |
| WYOMING | 29,700 | 32,600 | 2,900 | 9.8% |

*Includes employment in all eating-and-drinking-place occupations, plus employment in foodservice positions that are not located at eating and drinking places
Source: National Restaurant Association projections, based on historical data from the Bureau of Labor Statistics

# RESTAURANT WORKFORCE PROJECTED TO REACH 17.2 MILLION IN 2030

**TOP TAKEAWAY:**
Positions that combine **food preparation and service** are projected to increase nearly 15%, a gain of 576,000 jobs. The restaurant industry is also expected to add **283,000 server positions and 180,000 restaurant cook positions** in the next decade.

| OCCUPATION | 2020 | 2030 | EMPLOYMENT CHANGE 2020-2030 NUMBER OF JOBS | EMPLOYMENT CHANGE 2020-2030 TOTAL % CHANGE |
|---|---|---|---|---|
| **TOTAL RESTAURANT INDUSTRY EMPLOYMENT** | **15,560,000** | **17,200,000** | **1,640,000** | **10.5%** |
| **FOODSERVICE MANAGERS** | 365,000 | 405,000 | 40,000 | 11.0% |
| **FOOD PREPARATION AND SERVING-RELATED OCCUPATIONS** | 14,110,000 | 15,650,000 | 1,540,000 | 10.9% |
| **Supervisors, food preparation and serving workers** | 1,169,000 | 1,304,000 | 135,000 | 11.5% |
| Chefs and head cooks | 144,000 | 161,000 | 17,000 | 11.8% |
| First-line supervisors/managers of food preparation and serving workers | 1,025,000 | 1,143,000 | 118,000 | 11.5% |
| **Cooks and food preparation workers** | 3,458,000 | 3,777,000 | 319,000 | 9.2% |
| Cooks | 2,588,000 | 2,827,000 | 239,000 | 9.2% |
| Cooks, fast food | 492,000 | 500,000 | 8,000 | 1.6% |
| Cooks, institution and cafeteria | 425,000 | 470,000 | 45,000 | 10.6% |
| Cooks, private household | 38,000 | 39,000 | 1,000 | 2.6% |
| Cooks, restaurant | 1,450,000 | 1,630,000 | 180,000 | 12.4% |
| Cooks, short order | 160,000 | 163,000 | 3,000 | 1.9% |
| Cooks, all other | 23,000 | 25,000 | 2,000 | 8.7% |
| Food preparation workers | 870,000 | 950,000 | 80,000 | 9.2% |
| **Food and beverage serving workers** | 7,996,000 | 8,979,000 | 983,000 | 12.3% |
| Bartenders | 658,000 | 718,000 | 60,000 | 9.1% |
| Fast food and counter workers | 4,364,000 | 4,970,000 | 606,000 | 13.9% |
| Combined food preparation and serving workers, including fast food | 3,874,000 | 4,450,000 | 576,000 | 14.9% |
| Counter attendants, cafeteria, food concession, and coffee shop | 490,000 | 520,000 | 30,000 | 6.1% |
| Waiters and waitresses | 2,694,000 | 2,977,000 | 283,000 | 10.5% |
| Food servers, non-restaurant | 280,000 | 314,000 | 34,000 | 12.1% |
| **Other food preparation and serving related workers** | 1,487,000 | 1,590,000 | 103,000 | 6.9% |
| Dining room and cafeteria attendants and bartender helpers | 475,000 | 515,000 | 40,000 | 8.4% |
| Dishwashers | 520,000 | 542,000 | 22,000 | 4.2% |
| Hosts and hostesses, restaurant, lounge, and coffee shop | 434,000 | 470,000 | 36,000 | 8.3% |
| All other food preparation and serving related workers | 58,000 | 63,000 | 5,000 | 8.6% |
| **OTHER EATING-AND-DRINKING-PLACE OCCUPATIONS*** | 1,085,000 | 1,145,000 | 60,000 | 5.5% |

*Includes operational, business, financial, entertainment, sales, administrative and transportation occupations
Source: National Restaurant Association projections, based on historical data from the Bureau of Labor Statistics

NATIONAL RESTAURANT ASSOCIATION®

# PART 4 FOOD & MENU TRENDS



## 2020 HIGHLIGHTS

- Chefs predict that some of the hottest food offerings in 2020 will include **plant-based proteins,** healthy bowls, and specialty burger blends. Consumers craving unique dining and taste experiences will look for **bold flavors and new alternatives for proteins.**

- Most tableservice operators say they plan to add **new alcoholic beverage items** in 2020. Among the items growing more popular are revamped classic cocktails and locally sourced alcoholic beverages.

- Consumers have more food choices than ever. Keeping them coming in the door may mean tweaks to everything from **locally sourced** food items to an expanded range of **healthy menu options** and more food grown or raised in an organic or **environmentally friendly** way.

# 4.1 TABLESERVICE RESTAURANTS

**The National Restaurant Association's annual What's Hot Culinary Forecast looked at the hottest food trends in restaurants for 2020. For the first time, chefs also rated the top trends in the off-premises category.**

As restaurants and third-party delivery services respond to the rising consumer preference for delivery, chefs rated **eco-friendly packaging** as the top trend in the survey's off-premises category. This reflects the increased importance restaurant operators are putting on sustainability practices. Other top off-premises trends for 2020 include creativity with catering, delivery-friendly menu items, packaging upgrades, and restaurant meal plans and kits.

**Get the full report at Restaurant.org/FoodTrends.**

what's hot
2020 CULINARY FORECAST

The National Restaurant Association again teamed up with the American Culinary Federation to field a nationwide survey of 602 professional chefs to determine top food and menu trends for the year ahead.

The What's Hot in 2020 survey asked professional chefs to rate a list of 133 food and beverage items and concepts. They labeled each item using the following scale:

**SIZZLING HOT:** A 2020 top trend
**STEAMING:** Popular on many menus
**SIMMERING:** Sitting on the back burner
**ROOM TEMPERATURE:** Boxed up with the leftovers

**Looking specifically at the food items** that chefs rated highest, **plant-based proteins** are top of mind for chefs in 2020, as are healthy bowls, specialty burger blends, and unique beef and pork cuts. **Here are the top 25 food trends.**

# TOP 25 FOOD TRENDS IN 2020

- Plant-based proteins
- Healthy bowls
- Specialty burger blends (mushroom-beef burgers, etc.)
- Unique beef and pork cuts
- CBD snacks/sweets
- Mushrooms
- Boozy treats
- Vegetable noodles/rice
- Asian islands (Indonesian, Malaysian, Filipino, Singaporean, etc.)
- Sweet heat
- New chili peppers
- Functional mushrooms
- Healthy kids meals
- South American
- Zero-waste dishes (repurposing scraps and trim)
- Japanese umami (natto, tamari, tare, etc.)
- Pulses (chickpeas, lentils, etc.)
- Pan-Asian pork
- Regional American (including Native American)
- Regional Chinese
- Indian
- Dairy-free ice cream
- New rabes beyond broccoli rabe (turnip rabe, collard rabe, arugula rabe, etc.)
- Caulilini (baby cauliflower)
- Artisan hummus

Source: National Restaurant Association, *What's Hot in 2020* chef survey

# TOP 5 MENU TRENDS IN 2020 BY CATEGORY

## NEW MENU ITEMS

- **Healthy bowls**
- Plant-based proteins (e.g., plant-based alternatives to burgers, chicken, seafood, eggs)
- Healthy kids meals
- Zero-waste dishes (repurposing scraps and trim)
- Ethnic breakfast dishes (Turkish menemen, North African shakshuka, etc.)

## FLAVORS

- **Sweet heat**
- New chili peppers
- Functional mushrooms
- Japanese umami (natto, tamari, tare, etc.)
- Pulses (chickpeas, lentils, etc.)

## GRAINS/PASTA/SUBSTITUTES

- **Vegetable noodles/rice**
- Edamame noodles
- Lentils
- Farro
- Soba

## PRODUCE

- **Mushrooms**
- New rabes beyond broccoli rabe (turnip rabe, collard rabe, arugula rabe, etc.)
- Caulilini (baby cauliflower)
- New shoots/sprouts (hop shoots, corn shoots, etc.)
- Kale hybrids (kalettes, lollipop kale, etc.)

## PROTEIN

- **Plant-based proteins**
- Specialty burger blends (mushroom-beef burgers, etc.)
- Unique beef and pork cuts
- Pan-Asian pork
- Artisan hummus

## CONDIMENTS

- **Japanese tamari**
- Harissa
- Chinese chili crisp
- Za'atar
- Indian raita

## DESSERTS/SWEETS

- **CBD snacks/sweets**
- Boozy treats
- Dairy-free ice cream
- Drinkable desserts
- Herb-based sweets

## GLOBAL/ETHNIC CUISINES

- **Asian islands** (Indonesian, Malaysian, Filipino, Singaporean, etc.)
- South American
- Regional American (including Native American)
- Regional Chinese
- Indian

## NON-ALCOHOLIC BEVERAGES

- **Kombucha**
- Agua frescas
- Fruit and vegetable milks
- Oat milk
- Boba and bubble teas

## CULINARY INNOVATIONS

- **Scratchmade**
- Stress relievers (ingredients that promote relaxation/relieve stress)
- CBD-infused (dishes, beverages)
- Lifestyle diets (keto, paleo, flexitarian, etc.)
- Instagrammable fare

## OFF-PREMISES

- **Eco-friendly packaging**
- Creativity with catering
- Delivery-friendly menu items
- Packaging upgrades
- Restaurant meal plans/kits

Source: National Restaurant Association, *What's Hot in 2020* chef survey

# 4.2 LIMITED-SERVICE RESTAURANTS

Faithful favorites will stay put on limited-service menus as operators expand offerings — including alcoholic beverages — to grow their customer base.

# HOT TICKETS

Percent of **limited-service operators** who believe the following **items will become more popular** within their segment in 2020

| FOOD OR BEVERAGE ITEM | QUICK-SERVICE | FAST CASUAL |
|---|---|---|
| Iced tea | 51% | 59% |
| Chicken sandwiches | 60% | 47% |
| Natural ingredients, or minimally processed food | 50% | 57% |
| Gluten-free items | 46% | 60% |
| Vegetarian items | 47% | 58% |
| Build-your-own items | 48% | 54% |
| Value meals | 60% | 40% |
| Snack-sized items | 53% | 43% |
| Mini-desserts or dessert bites | 46% | 50% |
| Fruit or vegetable sides in kids' meals | 45% | 44% |
| Healthful kids' meals | 43% | 44% |
| Vegan items | 37% | 44% |
| House-made items | 30% | 52% |
| Locally sourced produce | 32% | 45% |
| Organic items | 33% | 41% |
| Eco-friendly food items | 33% | 36% |
| Plant-based proteins | 31% | 36% |
| Ethnic condiments or toppings, such as sriracha or kimchi | 29% | 32% |
| Free-range meat or eggs | 29% | 31% |
| All-day breakfast | 33% | 25% |
| Specialty coffees | 31% | 23% |
| Grass-fed beef | 25% | 27% |
| Extra hot peppers, such as ghost or habanero | 18% | 25% |
| Locally-sourced meat or seafood | 17% | 25% |
| CBD-infused food or beverage items | 17% | 19% |
| Grain bowls, such as quinoa, farro or brown rice | 12% | 19% |
| Alcoholic beverages | 7% | 22% |
| Ethnic spices, such as curry or harissa | 8% | 17% |
| Street food-inspired items, such as tempura, kabobs, or dumplings | 8% | 13% |
| Asian soups, such as ramen, pho, miso, or hot and sour | 7% | 13% |

Source: National Restaurant Association, *Restaurant Trends Survey*, 2019.

**OPPORTUNITY:**

Alcoholic beverages have yet to make inroads on many limited-service menus, but it's not completely off the table. 22% of fast-casual operators believe alcoholic beverages will become more popular within their segment in 2020. Only 7% of their quickservice counterparts feel the same.

# TOP GROWING

## FOOD & BEVERAGE ITEMS IN THE LIMITED-SERVICE SEGMENTS: 2018 TO 2019*

Based on **incremental change in total number of servings**

### QUICKSERVICE SEGMENT

**TOP TAKEAWAY:** Chicken items were among the top-growing food items in the quickservice segment over the past year, according to data from the NPD/CREST. Quickservice operators expect this trend to continue in 2020, with value meals and snack-sized items also gaining in popularity (see page 84).

#### FOOD ITEM

1. **Chicken nuggets**
2. Burritos
3. Breaded chicken sandwich
4. French fries (specialty)
5. Hash browns/home fries

#### BEVERAGE ITEM

1. **Water** (excludes tap)
2. Lemonade
3. Diet cola
4. Regular coffee
5. Smoothies

### FAST-CASUAL SEGMENT

**TOP TAKEAWAY:** Burrito bowls and Chinese/Asian/Indian food — both fast-casual mainstays — were the fastest-growing food items in 2019. In 2020, fast-casual operators expect to add more gluten-free items, vegetarian items, natural ingredients (minimally processed food), and iced tea to their menus (see page 84).

#### FOOD ITEM

1. **Burrito bowl**
2. Chinese/Asian/Indian
3. Chicken strips
4. Grilled cheese
5. French fries (traditional)

#### BEVERAGE ITEM

1. **Water** (excludes tap)
2. Regular cola
3. Diet cola
4. Lemonade
5. Iced coffee

### COFFEE & SNACK SEGMENT

**TOP TAKEAWAY:** Iced coffee continues to be the top-growing beverage item in the coffee and snack segment. Among food offerings, bagels, croissants, and hash browns / home fries topped the list of gainers in 2019.

#### FOOD ITEM

1. **Bagel with cream cheese**
2. Croissants
3. Hash browns/home fries
4. Other breakfast sandwich
5. Muffin

#### BEVERAGE ITEM

1. **Iced coffee**
2. Espresso
3. Regular coffee
4. Frozen/slushy coffee
5. Hot tea

Source: The NPD Group CREST®.
*Figures represent increase in orders between the 12-month periods ending in November 2018 and November 2019.

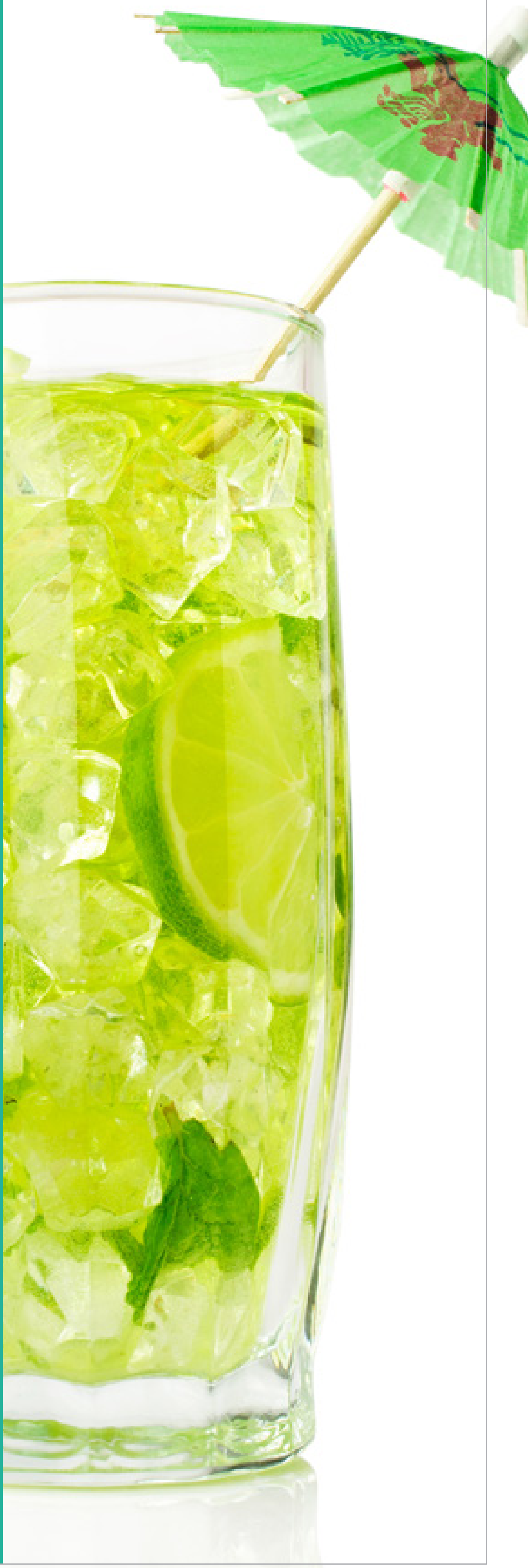
## OPPORTUNITY:

Quickservice and fast-casual operators don't see exactly eye-to-eye, but they agree on a few trends: chicken sandwiches, natural ingredients, and diet-specific items should be top performers this year.

# 4.3 ALCOHOL

## More Alcoholic Beverage Options in 2020

**Restaurant operators plan to freshen their list of beverage offerings to keep up with the changing tastes and preferences of their customers.**



**TOP TAKEAWAY:** Three in four fine-dining operators plan to add new alcoholic beverage items in 2020. Although a smaller proportion of casual-dining and family-dining orders include alcohol, roughly two-thirds of operators that serve alcoholic beverages in those segments plan to add new drinks to their menus in 2020.

## MORE CHOICE

Percent of restaurant operators* who plan to **add new alcoholic beverage items** in 2020

| | |
|---|---|
| FAMILY DINING | 65% |
| CASUAL DINING | 66% |
| FINE DINING | 73% |
| LIMITED-SERVICE** | 40% |

Source: National Restaurant Association, *Restaurant Trends Survey*, 2019
*Figures are based on restaurant operators who currently serve alcoholic beverages
**Includes quickservice, fast casual, and coffee and snack segments

**TOP TAKEAWAY:** Tried-and-true classics never go out of style, but chefs indicate interest in lower-proof options, too. Alcoholic seltzers and spritzers make timely menu additions this year.

## BRING BACK THE CLASSICS

Percent of chefs who believe the following alcoholic beverages will be a **hot trend** in 2020

| ALCOHOLIC BEVERAGE | CHEFS* |
|---|---|
| Revamped classic cocktails | 81% |
| Alcoholic seltzers | 70% |
| Aperol spritz/other spritzes | 58% |
| Mezcal varieties (sotol, raicilla, etc.) | 58% |
| Asian spirits (baijiu, soju, shochu, etc.) | 55% |
| Low-alcohol beers and cocktails | 53% |
| Veg-centric cocktails | 51% |
| Bitter aperitifs | 42% |
| Orange wine | 38% |
| Seaweed cocktails | 27% |

Source: National Restaurant Association, *What's Hot in 2020* chef survey
*Percent of respondents who identified item as 'sizzling hot' or 'steaming' on restaurant menus in 2020

## ORDER UP

Percent of restaurant orders that **include alcoholic beverages**

| BEVERAGE | FAMILY DINING | CASUAL DINING | FINE DINING | LIMITED-SERVICE* |
|---|---|---|---|---|
| ALL ALCOHOLIC BEVERAGES | 7.3% | 28.6% | 64.5% | 1.5% |
| BEER | 4.1% | 14.6% | 13.7% | 1.0% |
| COCKTAILS | 1.4% | 7.7% | 20.3% | 0.2% |
| WINE | 1.2% | 4.4% | 26.1% | 0.2% |
| OTHER | 0.6% | 1.8% | 4.4% | 0.1% |

Source: The NPD Group CREST®; figures represent orders during the 12 months ending November 2019.
*Includes quickservice, fast casual, and coffee and snack segments

**TOP TAKEAWAY:** Beverage alcohol is a key driver of sales in the fine-dining segment, with nearly two-thirds of orders including alcoholic beverages, according to NPD/CREST. But fine dining isn't the only segment that sees promise in adding more options. In all but one category, most operators who offer alcoholic beverages plan to offer more in 2020.

# 4.4 LOCAL SOURCING, HEALTHY OFFERINGS & SUSTAINABILITY

**Local sourcing, healthy options and environmental concerns are important considerations for many restaurant guests. Many consumers indicate they are seeking out restaurants and foods that fit with their personal philosophies, whether that's the health of the planet, the health of local businesses, or their own health.**

More than three-quarters of consumers say they are more likely to visit a restaurant that features locally sourced items or healthy menu options. About six in 10 say they're more likely to opt for a restaurant that offers food grown or raised in an environmentally friendly way.

# OPPORTUNITY: SOURCE LOCALLY

**TOP TAKEAWAY:** Three-fourths of adults say they are more likely to visit a restaurant that offers locally sourced food. Younger consumers are also more likely than their older counterparts to make decisions based on the drink menu. 65% of millennials say they are more likely to go to restaurants that offer locally sourced alcoholic beverages. 38% of baby boomers responded similarly.

CONSUMERS SAY

## EAT & DRINK **LOCAL**

Percent of adults who say they are **more likely to visit a restaurant that offers locally sourced items**

| | ALL ADULTS | GEN Z (18-23) | MILLEN-NIALS (24-39) | GEN X-ERS (40-55) | BABY BOOMERS (56-74) |
|---|---|---|---|---|---|
| Locally sourced food | 76% | 73% | 77% | 77% | 75% |
| Locally sourced alcoholic beverages | 52% | 54% | 65% | 58% | 38% |

Source: National Restaurant Association, *National Household Survey*, 2020

**7 in 10 restaurant operators say consumers are more interested in locally sourced menu items than they were two years ago.**

**TOP TAKEAWAY:** To keep up with consumer demand and support the local business community, nearly half of fine-dining and casual-dining operators plan to add new locally sourced food items in 2020. Three in 10 quickservice and fast-casual operators say the same.

OPERATORS DELIVER

## **EXPECT** MORE

Percent of restaurant operators who plan to **add new locally sourced food items** in 2020

| | |
|---|---|
| FAMILY DINING | 43% |
| CASUAL DINING | 47% |
| FINE DINING | 49% |
| QUICK-SERVICE | 31% |
| FAST CASUAL | 32% |
| COFFEE & SNACK | 38% |

Source: National Restaurant Association, *Restaurant Trends Survey*, 2019

# OPPORTUNITY: HEALTH-CONSCIOUS CONSUMERS

**TOP TAKEAWAY:** 79% of adults say they are more likely to visit a restaurant that offers healthy menu options. Baby boomers are most likely to have this sentiment.

CONSUMERS SAY

## HEALTHY OPTIONS FACTOR INTO RESTAURANT CHOICES

Percent of adults who say they are **more likely to visit** a restaurant that **offers healthy menu options**

ALL ADULTS 79%

GEN Z (18-23) 73%

MILLENNIALS (24-39) 75%

GEN X-ERS (40-55) 79%

BABY BOOMERS (56-74) 83%

Source: National Restaurant Association, *National Household Survey*, 2020

**65% of adults say they order more healthful options at restaurants than they did two years ago.**

85% of restaurant operators say their customers are paying more attention to the nutrition content of their food than they did two years ago, and most adults say they've changed their restaurant ordering habits accordingly.

**TOP TAKEAWAY:** A majority of operators across all segments are planning to add new items specifically identified as healthy or nutritious. Many operators are also planning to add new vegetarian or gluten-free items and healthy kids' options in 2020.

OPERATORS DELIVER

## MORE HEALTHY OFFERINGS WILL APPEAR ON RESTAURANT MENUS IN 2020

Percent of restaurant operators who plan to **offer new items** in the following areas in 2020

| | FAMILY DINING | CASUAL DINING | FINE DINING | QUICK-SERVICE | FAST CASUAL | COFFEE & SNACK |
|---|---|---|---|---|---|---|
| Items that are specifically identified as healthy or nutritious options | 60% | 56% | 52% | 51% | 51% | 57% |
| Vegetarian or gluten-free items | 45% | 50% | 67% | 30% | 44% | 50% |
| Healthful food and beverage items for children | 44% | 37% | 31% | 37% | 34% | 45% |

Source: National Restaurant Association, *Restaurant Trends Survey*, 2019

# OPPORTUNITY: STAND OUT WITH SUSTAINABLE FARE

**TOP TAKEAWAY:** Many consumers are increasingly focused on the origin and handling of food throughout the supply chain. Roughly two-thirds of millennials and Gen Z adults say they are more likely to visit a restaurant that offers food that was grown or raised in an organic or environmentally friendly way.

CONSUMERS SAY

## PLANET-FRIENDLY FOOD

Percent of adults who say they are **more likely to visit** a restaurant that offers food that was **grown or raised in an organic or environmentally friendly way**

ALL ADULTS **58%**

| | | | |
|---|---|---|---|
| GEN Z (18-23) | 66% | GEN X-ERS (40-55) | 59% |
| MILLENNIALS (24-39) | 64% | BABY BOOMERS (56-74) | 49% |

Source: National Restaurant Association, *National Household Survey*, 2020

**TOP TAKEAWAY:** Many restaurant operators are expanding their offerings to meet this growing demand. A majority of fine-dining operators say they plan to add new food items that were grown or raised in an organic or environmentally friendly way in 2020.

OPERATORS DELIVER

## NEW ITEMS PLANNED

Percent of restaurant operators who plan to **add new food items** that were grown or raised in an organic or environmentally friendly way in 2020

| | | | |
|---|---|---|---|
| FAMILY DINING | 28% | QUICK-SERVICE | 27% |
| CASUAL DINING | 34% | FAST CASUAL | 31% |
| FINE DINING | 54% | COFFEE & SNACK | 45% |

Source: National Restaurant Association, *Restaurant Trends Survey*, 2019

# METHODOLOGY

## SALES DATA

The National Restaurant Association's 2020 State of the Restaurant Industry projects nominal and real sales growth rates for major sectors of the restaurant industry. Real growth is calculated separately for each segment. To calculate real sales growth at eating and drinking places, the projected increase in menu prices (including projected price increases for alcoholic beverages served) is subtracted from the percent increase in sales.

For other industry sectors where food costs are the biggest determinant of expenses – such as noncommercial foodservice – a modification of the Producer Price Index (PPI) for food (which measures changes in wholesale food prices) is used to calculate the sector's real growth.
The national eating-and-drinking-places sales figures in this report were prepared in consultation with the research firm Malcolm M. Knapp Inc.

## SURVEYS

**RESTAURANT TRENDS SURVEY, 2019:** The National Restaurant Association commissioned Dynata to conduct a telephone survey of 800 restaurant owners and operators in December 2019, asking questions about their business and operating environments.

**NATIONAL HOUSEHOLD SURVEY, 2020:** The National Restaurant Association commissioned Engine to conduct an online survey of 1,000 adults in January 2020, asking questions about their personal finances and interaction with restaurants.

**RESTAURANT EMPLOYMENT SURVEY, 2020:** The National Restaurant Association commissioned Engine to conduct an online survey of 2,000 adults in January 2020, asking questions about their employment history and perceptions of restaurants.

**RESTAURANT MARKETING SURVEY, 2019:** The National Restaurant Association commissioned Engine to conduct an online survey of 1,000 adults in October 2019, asking questions about their interaction with restaurants.

**RESTAURANT DELIVERY SURVEY, 2019:** The National Restaurant Association commissioned Engine to conduct an online survey of 1,000 adults in May 2019, asking questions about their interaction with restaurants.

**WHAT'S HOT IN 2020:** The National Restaurant Association conducted an online survey of 602 members of the American Culinary Federation in November-December 2019. The chefs were given a list of 133 items and were asked to rate how 'hot' each item and concept will be in 2020, using the following scale:
**Sizzling hot:** A 2020 top trend
**Steaming:** Popular on many menus
**Simmering:** Sitting on the back burner
**Room temperature:** Boxed up with the leftovers

**DEFINITION OF GENERATIONS IN THIS REPORT:**
**Generation Z adult:** age 18-23
**Millennial:** age 24-39
**Generation X:** age 40-55
**Baby boomer:** age 56-74

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