

The State
of Restaurants
in 2023

New York City Report



Table of Contents

3 Financial Health
& Staffing

13 Respondent
Profile

6 Inventory &
Menu Management

15 Methodology

10 Marketing
& Loyalty

16 About

12 POS &
Payments



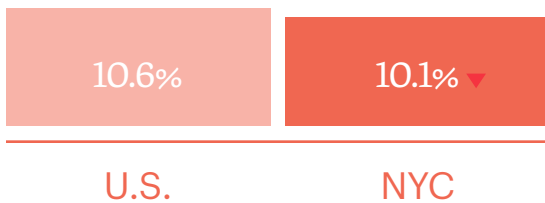
Financial Health & Staffing

Sales Recover But Profit Margins Take a Hit

With dining restrictions behind them, New York City’s restaurateurs saw sales start to climb in 2022. On average, New Yorkers said sales had returned to about 76% of pre-pandemic volume – a figure that’s in line with the national average.

But while sales showed signs of recovery, profit margins took a hit, falling from 11% to 10.1%. This puts New York City slightly behind the national average of 10.6%.

Average Profit Margins



76%

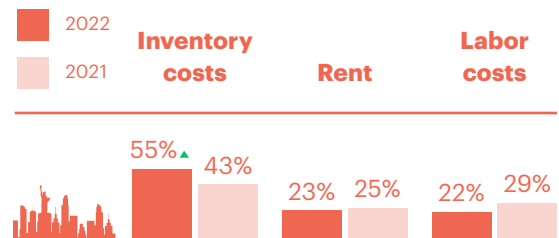
mean degree sales volume has returned to pre-pandemic levels

Food Costs Eat Into Profits

In New York City, part of the reason for smaller profit margins is due to the rising cost of food. In fact, more than half (55%) of New York City restaurateurs now say that inventory is their biggest source of financial strain. This is up significantly from last year when 43% cited inventory as their top concern.

In an effort to reduce exorbitant food costs, 43% of the city’s restaurateurs have sought out new, less expensive suppliers. At the same time, 58% have sought to increase sales by adding more modifications and add-on options for an extra charge.

Greatest Causes of Financial Strain in Past 12 Months



"Some of the staff that are no longer here seemed put out by doing their job. I'd have some staff not wanting to come in or not believing that they needed to be on time. They need to be present and ready, and if they're not, I can't have that."

(Owner, Bar & Grill, New York City)

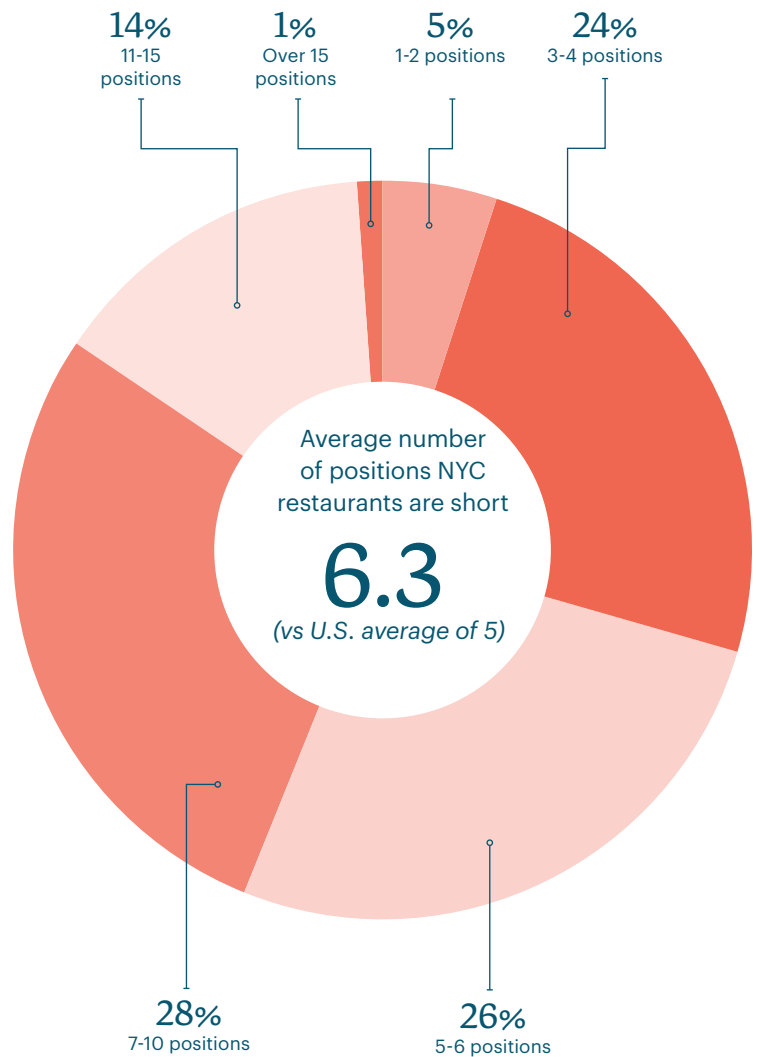


Staffing Challenges Continue

Last year, 94% of restaurant operators in New York City reported being short at least one position. Now, that number has risen all the way up to 99%, with most operators saying they are short about six staff members on average. This is likely due to the city's high turnover rate of 33%.

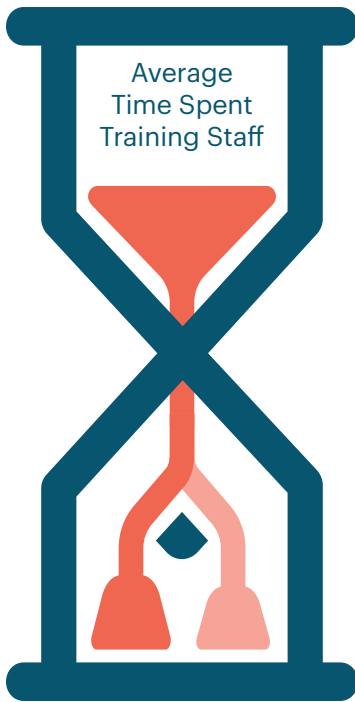
The most in-demand roles are bartenders and managers, which is a bit of a shift from last year when servers and bartenders were the hardest to find.

Number of Staff Shortages NYC Restaurants are Experiencing



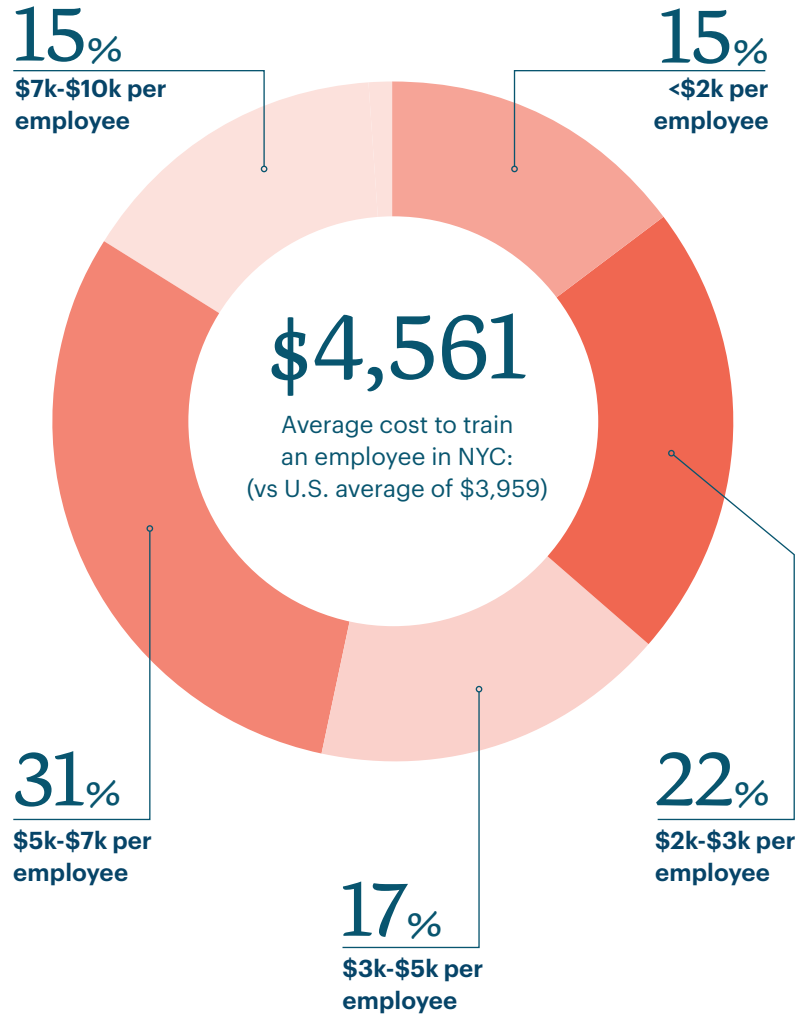
Labor Costs Going Up All Around

In order to attract new staff and fill so many open positions, 55% of operators in New York City are offering higher wages. This is a shift from 2021 when the majority of operators were offering benefits as a way to set themselves apart.



| | |
|---|----------------|
| Average Time Spent Training Staff | |
| Back of house | Front of house |
| 7.2 hrs | 7.7 hrs |

Cost to Train a New Employee in NYC



Training Becomes Increasingly Costly

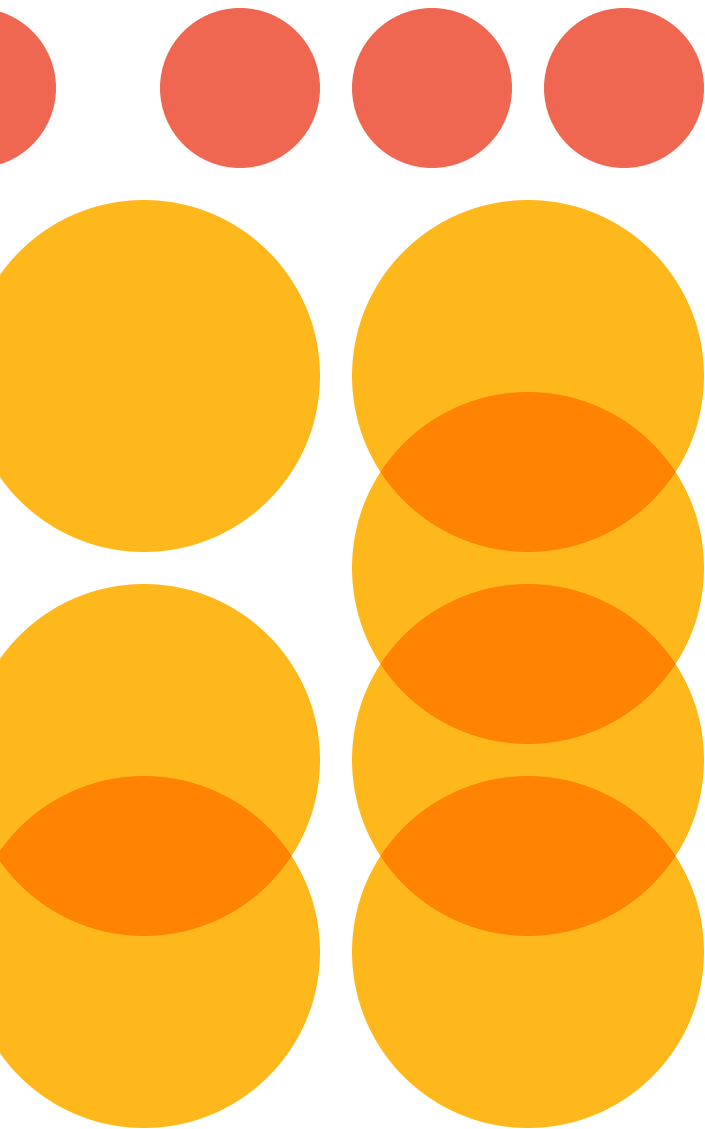
However, offering more competitive wages is just another expense for New York City operators who already spend significantly more on staff training than other restaurants across the U.S. On average, operators in New York City spend \$4,561 training each new employee, which is 15% higher than the national average. This higher spend is likely due to the fact that operators in New York City tend to spend more hours training staff than other restaurants across the U.S.

In an effort to reduce such high labor costs, 38% of operators in New York City say they use their POS sales data to better predict staffing needs and avoid overscheduling staff when possible.

38%

of operators in NYC use POS data to better predict staffing needs

Inventory & Menu Management



Food Costs Soar

Rising food costs is one of the biggest challenges facing restaurateurs right now and operators in New York City are no exception. 52% of New York City operators say that *all or most* of their suppliers increased prices in the past year and, on average, operators report spending 45% more on food costs than the year prior. Fresh fruits and veggies have seen the biggest increase, followed by meat and seafood.

How Much More Operators are Spending on Food on Average

43% U.S.

32% Chicago

45% New York City

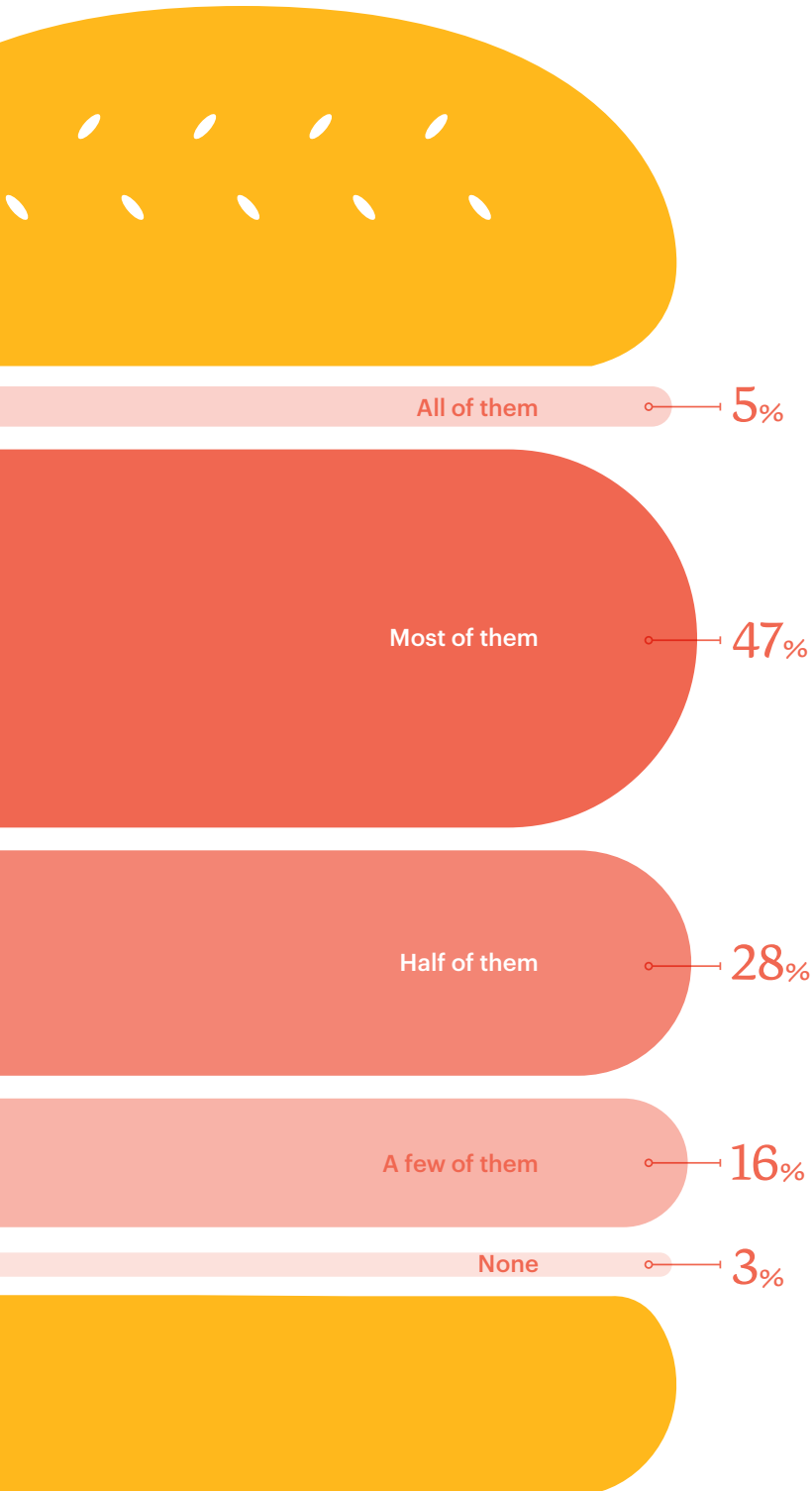
50% Los Angeles

46% Dallas

41% Miami



Incidence of Increase in Supplier Pricing



Menus Swell

Despite soaring food costs and widespread ingredient shortages, 69% of New York City operators said they added more menu items, while just 24% reduced their menu size. The addition of more menu items is likely due to restaurants now charging for “extras” that were previously included as part of a dish – a strategy that the majority of New York City operators say they’ve undertaken in order to manage rising costs.

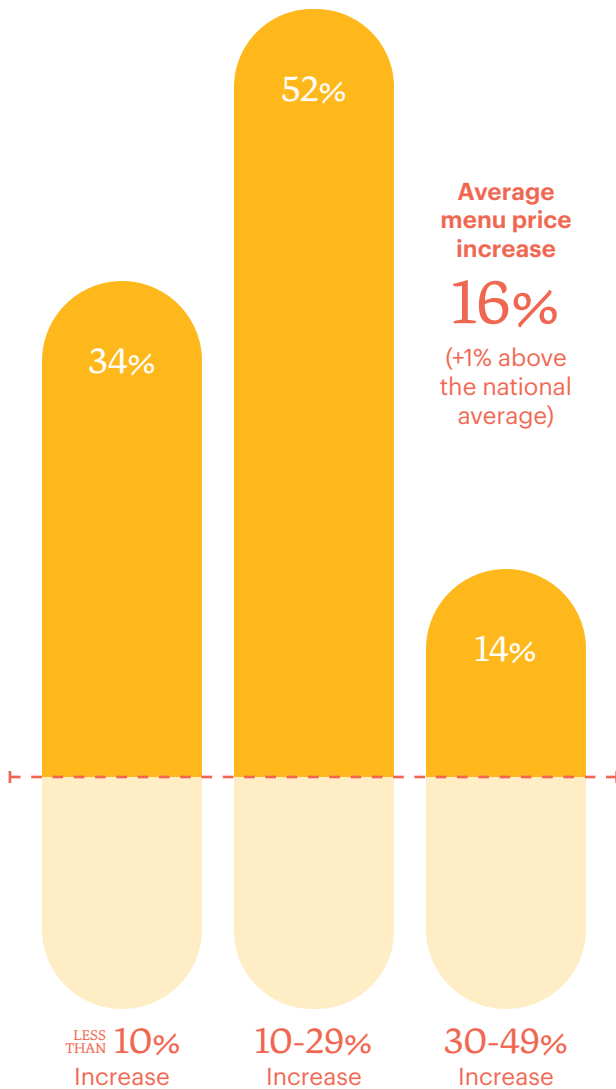
“When we first opened, we had a whole collection of dinnerware that we decided not to use. But now we’re using them because they’re slightly smaller plates so the meals look bigger. It’s all [about] perception. You just take an inch or 3/4 of an inch off that dinner plate and no one notices because it looks to be the same plate. We’ve also restructured prices, expanded our wine selection, and extended our happy hour by an hour. That all seemed to help.”

(Owner, Bar & Grill, New York City)

Menu Prices Start to Climb

Another way of combating rising food costs is raising menu prices. More than half (54%) of New York City operators say they've increased menu prices in the past six months. The average increase has been 16%, which is just slightly above the national average of a 15% menu price increase.

Increases to Menu Pricing in the Past 6 Months



“We raised prices twice. We did it mid-summer and then towards the end of summer, figuring that a lot of people may be out in the Hamptons or somewhere else and it would go unnoticed. We knew that we were going to have to do it and we knew we were probably going to have to do it twice, so we did it in two small increments so it wasn’t one big jump.”

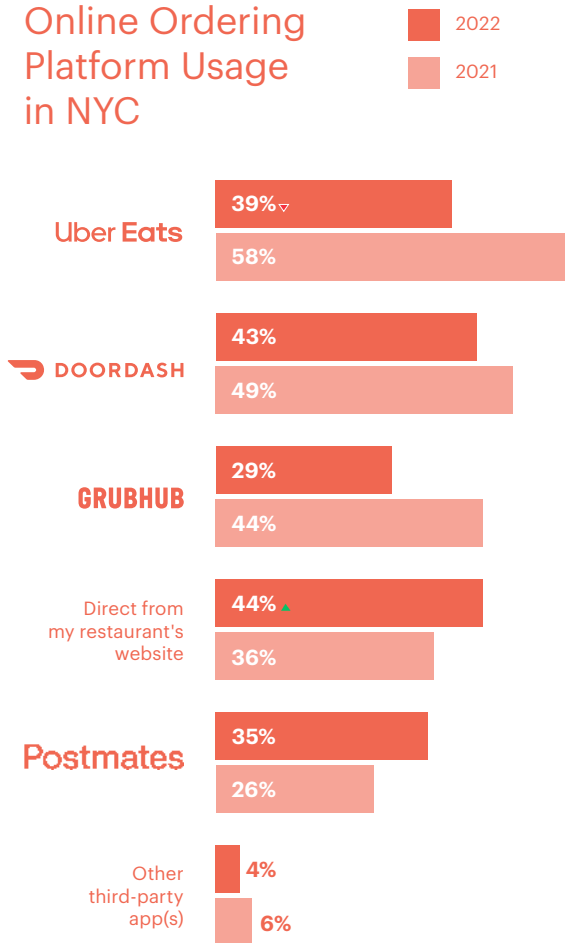
(Owner, Bar & Grill, New York City)



Third-Party Apps Lose Favor

While the pandemic-induced takeout boom may have subsided, 98% of restaurants in New York City still report using at least one online ordering platform to support their takeout and delivery business. In fact, most restaurants in the city use an average of three different online ordering platforms. Interestingly, direct online ordering platforms are the most popular choice, with 44% of operators using these systems – more than any third-party app.

Online Ordering Platform Usage in NYC



3 average number of online ordering solutions used by NYC restaurants

Takeout and Delivery Sales Stay Healthy

On the whole, online ordering platforms have been crucial to business in the past year, with New York City operators saying they do 28% of their business through these platforms on average. Venues in the city also report seeing a 19% increase in sales from online ordering platforms, which is slightly more than the nationwide average of a 17% increase.

28%

proportion of business done through online ordering, on average (+3% U.S. average)

19%

average increase in sales from online ordering (+2% U.S. average)

“There was a huge influx in online ordering during the pandemic. Now things have switched and it's going a bit back in the other direction – people want to be inside.”

(Owner, Bar & Grill, New York City)

Marketing & Loyalty

Loyalty Programs Prove Popular

While restaurants are investing heavily in attracting new customers, they're also looking for ways to keep their regulars coming back. And right now, 66% of New York City operators are driving repeat visits with a restaurant loyalty program – an increase from just 49% who offered a loyalty program last year.

Not only are more operators offering loyalty programs, but engagement is relatively high, with New York City operators reporting that, on average, 58% of their customers regularly engage with their loyalty programs.

66%

of NYC restaurants have a loyalty program

(up from 49% in 2021)

Sell Gift Cards



The Untapped Potential of Gift Cards

While loyalty programs are widely used, gift cards are less common. Just 41% of restaurant operators in New York City said they sold gift cards. And with the average value loaded on these cards sitting at \$73, that's a lot of potential cash left sitting on the table.



(+\$5 more than the U.S. average)

“We offer physical gift cards. We started doing that last year as we approached the holiday season. We noticed people [were saying] ‘Hey, I just came in and I really liked the place,’ or ‘So and so is coming in for the weekend and we want to give them dinner here.’ Whatever they want, they can put on that gift card.”

(Owner, Bar & Grill, New York City)

“Honestly, I think that people are kind of over Instagramming restaurants right now. That was really, really hot for like a minute in 2019. But now it's all about TikTok and BeReal.”

(Area Manager, Fine Dining, New York City)

Instagram Losing Influence in NYC

In addition to loyalty programs, social media continues to be an essential tool for engaging with customers. In New York City, Twitter is the most widely used platform, with 59% of operators reporting that they use the app. Interestingly, many operators seem to now prefer TikTok over Instagram, with 40% reporting they use TikTok and just 29% using Instagram.

As for how restaurateurs in New York City are keeping in touch with their customers, SMS (texting) was the preferred communication channel over email.



Social Media Platforms Used

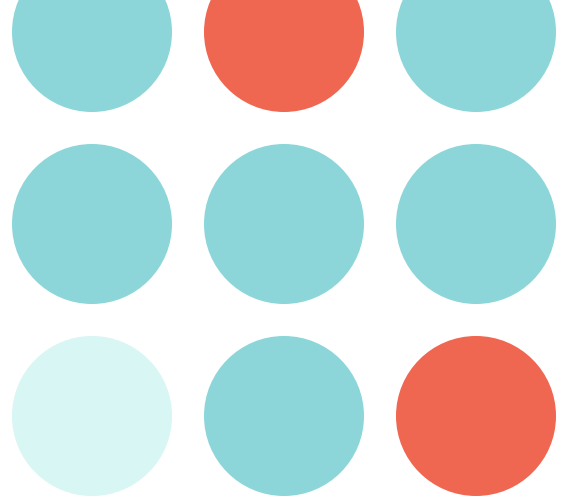
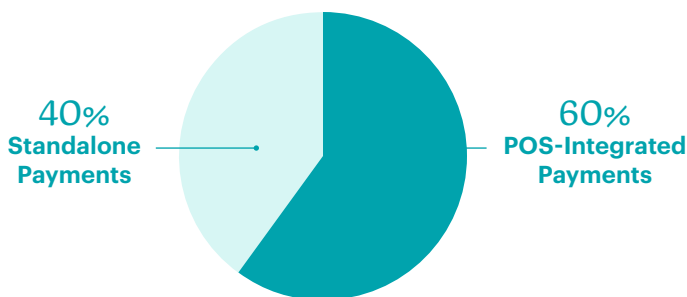
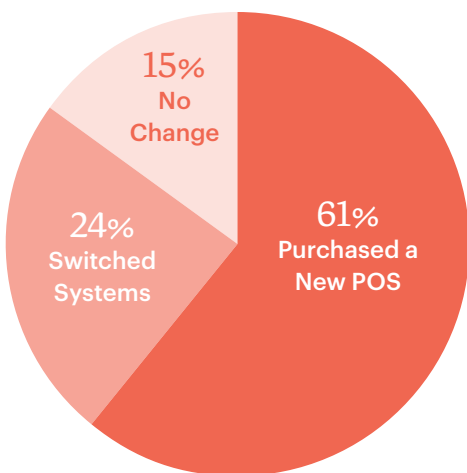
| By region | facebook | twitter | TikTok | Instagram | Snapchat |
|----------------------|------------|------------|--------|-----------|----------|
| New York City | 57% | 59% | 40% | 29% | 23% |
| Dallas | 64% | 53% | 33% | 40% | 16% |
| Los Angeles | 60% | 65% | 37% | 47% | 19% |
| Miami | 56% | 52% | 43% | 39% | 30% |
| Chicago | 71% | 57% | 38% | 49% | 33% |
| U.S. | 62% | 59% | 40% | 40% | 25% |

POS & Payments

New POS Systems in High Demand

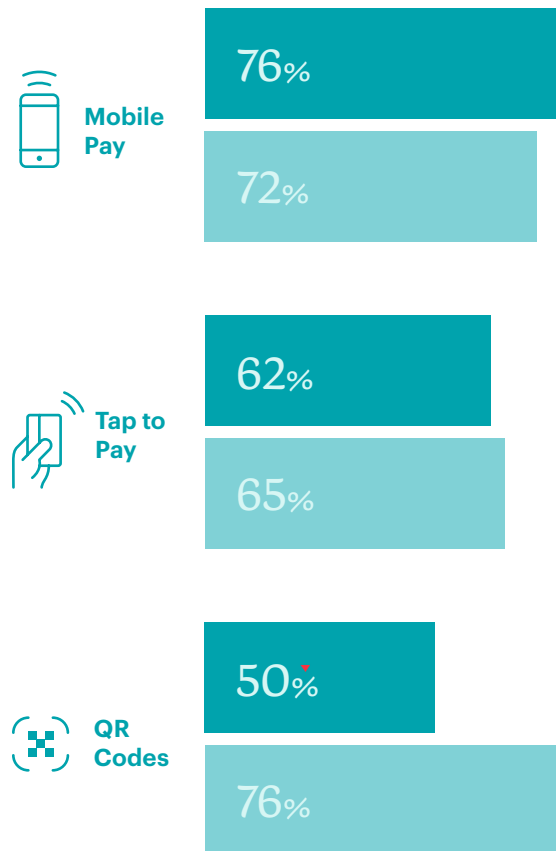
With a whole new set of challenges on the horizon, many operators in New York City have begun re-evaluating the technology they use and how it can help set them up for future success. One of the biggest technology changes they made in the past year was implementing a new POS system, with 61% saying they purchased a brand-new system and 24% saying they switched POS systems. When purchasing a POS system, ease of use, customer support, and reliability were cited as the top three most important factors by New York City operators.

POS System Change in the Past Year



Contactless Payment Types Implemented Past Year

2022
2021

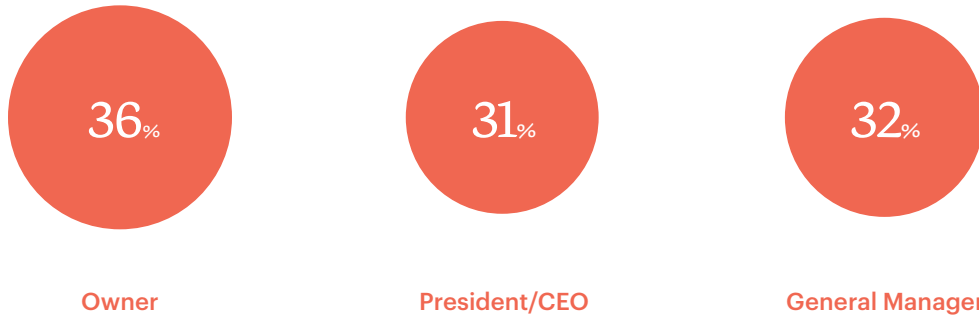


QR Codes are Out, Mobile Pay is In

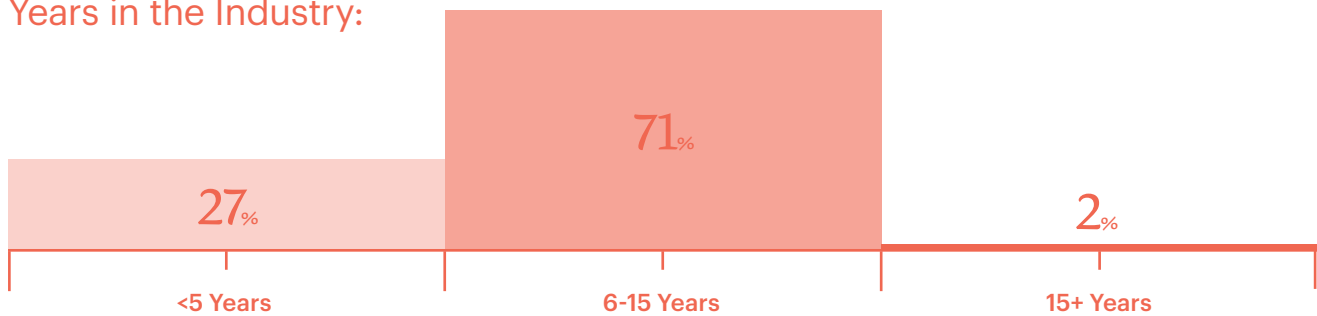
In addition to changing their POS system, most New York City restaurateurs also implemented new payments technology. 76% of the city's restaurant operators added mobile pay in the past year, while 62% added tap to pay. One payment system that didn't prove as popular? QR code payments, which saw a major decrease from the year prior.

Respondent Profile

Current Role:



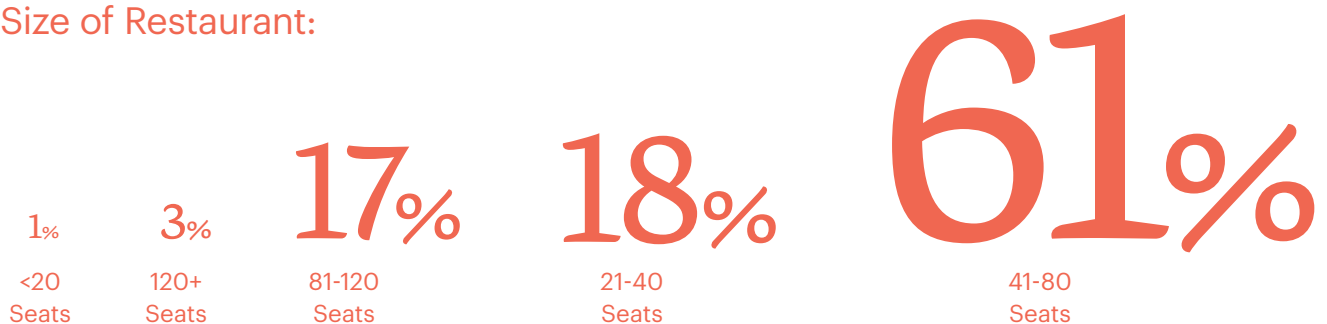
Years in the Industry:



Type of Restaurant:



Size of Restaurant:



Respondent Profile

Dining Options Offered:



Indoor dining/
dining room:
92%



Takeout/curbside
pickup:
81%



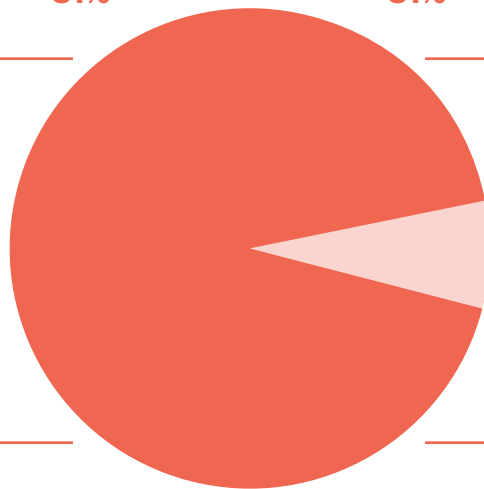
Outdoor
dining/patio:
81%



Delivery:
73%

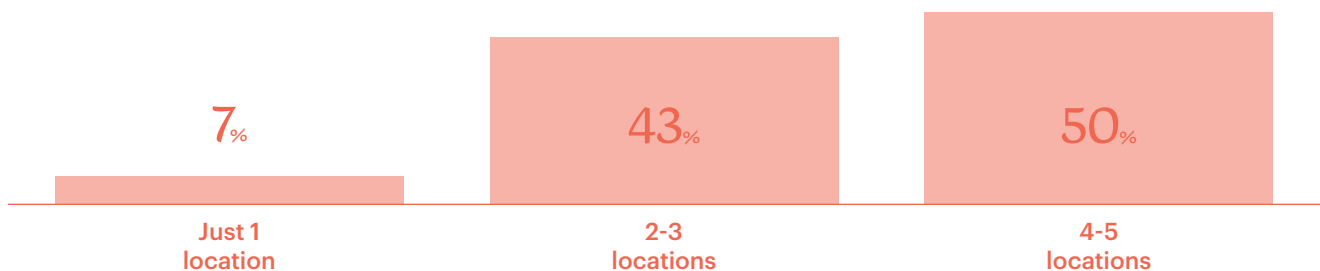
Independent vs. Chain:

93% Independent



Part of a restaurant
group/chain **7%**

Number of Locations:



Annual Revenue:

9%
<\$1M

75%
\$1M-2M

15%
\$2M+

Methodology

We partnered with research firm [Maru/Matchbox](#) again this year to survey more than 600 full service restaurant owners, presidents, and area/general managers across all 50 states with an added focus on six key cities: New York City, Los Angeles, Chicago, Dallas, Houston, and Miami. Our research was conducted from September 12 to 20, 2022.



[Read the Full Report](#)





TouchBistro is an all-in-one POS and restaurant management system that makes running a restaurant easier. Providing the most essential front of house, back of house and customer engagement solutions on one easy-to-use platform, TouchBistro helps restaurateurs streamline and simplify their operations, increase sales, and deliver a great guest experience.

To find out if TouchBistro is the right fit for your restaurant, get in touch today.

[Learn More](#)



Maru/Matchbox is our group of highly skilled research practitioners with deep advisory expertise. As part of the Maru Group, we are a different breed of global insight partner, built on proprietary software that enables our experts to connect with the people that matter most to our clients.



