

STATE OF RESTAURANTS IN 2024

Chicago Report



Table of Contents

4 Financial Health
& Staffing

8 Menu Management
& Online Ordering

13 Marketing &
Loyalty

17 Technology

20 Respondent
Profile

22 Methodology

23 About
TouchBistro



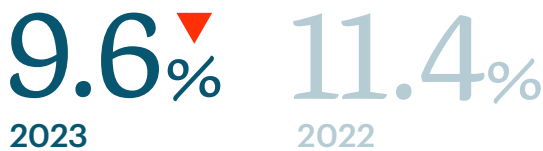
Financial Health & Staffing



In 2023, U.S. restaurants saw profit margins slump to 9.3% on average, primarily due to high inflation and record food costs. While Chicago restaurants did report a higher-than-average profit margin of 9.6%, this was still a major drop from last year’s average of 11.4%.

To try to combat rising food costs and shrinking profits, Chicago restaurants resorted to a number of different strategies. To limit expenses, 48% of Chicago restaurateurs reported finding new, less expensive suppliers. And to try to increase revenue, 52% of operators in Chicago added more off-premise ordering options, while 48% added new technology partners or changed existing partners.

Average Profit Margin for Chicago Restaurants



Food Costs Eat Into Profits

Like their peers across the country, Chicago restaurants continued to feel the weight of inflation and rising food costs throughout the year. In fact, 60% of the city’s operators said it was their number one source of financial strain in the past 12 months.

However, soaring food costs don’t seem to be stopping Chicago’s restaurateurs from making big business moves. 50% said they plan to add catering services in the coming year, while 44% said they planned to add *multiple* new locations. These plans suggest that operators in Chicago are not only optimistic about the next 12 months, but that they also think it’s a smart time for business expansion.

“The cost of doing business has definitely gone up, but we have a lot of full tables so business is good.”

(Area Manager, Bar & Grill, Chicago)

Greatest Causes of Financial Strain in Past 12 Months

Restaurant type	Inventory costs	Rent	Labor costs	Other	None
U.S. Average	58%	17%	20%	1%	4%
Chicago	60%	18%	18%	0%	4%
Los Angeles	49%	18%	25%	0%	7%
New York City	69%	14%	15%	0%	3%
Houston	70%	17%	9%	2%	2%
Miami	65%	15%	18%	0%	1%

Plans for Expansion in the Coming Year

50%
Add catering services



44%
Add multiple new locations



32%
Franchise the business



30%
Add a virtual brand (ghost kitchen)



29%
Add a new location



6%
Not planning on expanding

Chefs in High Demand

Though soaring food costs are still a major concern for Chicago restaurants, one bright spot is that staffing pressures seem to be easing. In 2022, a whopping 94% of restaurants in Chicago reported being short at least one position. But in 2023, that number dropped to 82%, which is certainly a move in the right direction.

Of course, restaurants are still facing shortages for certain, hard-to-fill roles. In Chicago, chefs seem to be in the highest demand. Of restaurants that said they are short on staff, 40% said they were facing a chef shortage.



Chicago Staffing Shortages by Position

19% Dishwashers

24% Servers

40%[▲] Chefs
(vs. 28% U.S. average)

23% Bartenders

27% Line cooks

17% Managers

15% Prep cooks

13% Hosts

Turnover Stays Stubbornly High

In part, the reason for the major chef shortage in Chicago may be due to higher employee turnover. Chicago restaurants reported an average turnover rate of 30%, which is slightly above the national average turnover rate of 28% and well above the turnover rates in cities like Los Angeles and Houston. In response, 57% of Chicago restaurants reported trying to stem this issue and stay competitive with higher wages.

Average Staff Turnover Rate

U.S. Average 28%

Chicago 30%[▲]

Los Angeles 24%

New York City 31%

Houston 21%

Miami 27%

“We can get employees, but it’s sometimes hard to retain them. So we’re constantly training and retraining, and spending a lot of time doing that.”

(General Manager, Bar & Grill, Chicago)



Menu Management & Online Ordering



Food Costs Soar

As mentioned, rising food costs are a top concern for operators in Chicago, with a whopping 70% reporting that *all or most* of their suppliers increased prices in the past year. And, on average, the city's operators report spending 40% more on food costs than the year prior – an increase from last year when they said they were spending 32% more.

40%

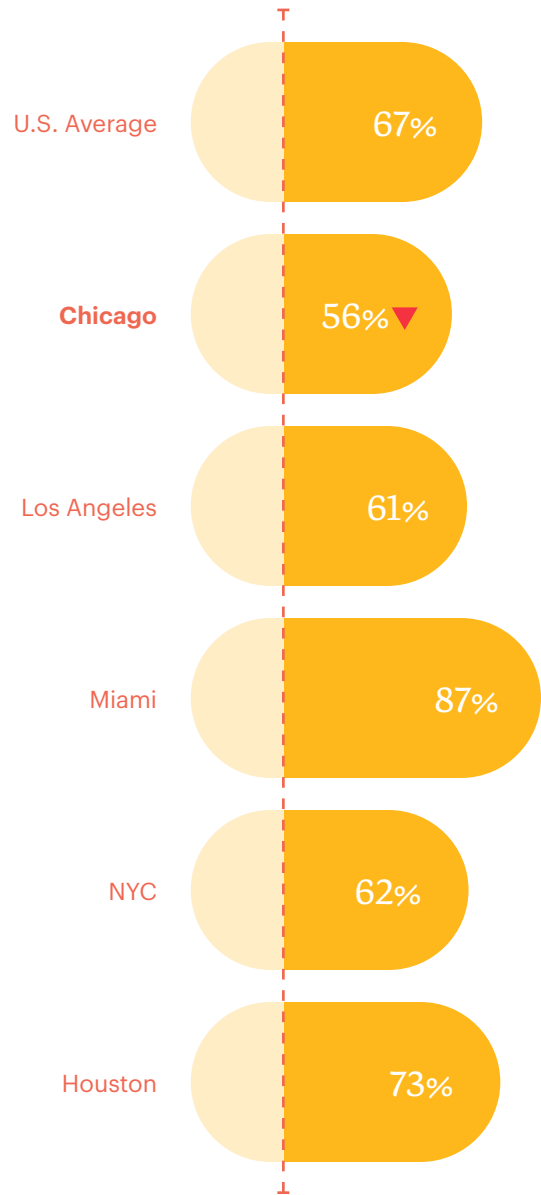
How much more Chicago restaurants are spending on food costs compared to last year

Chicago Operators Cautious about Rising Menu Prices

While raising menu prices is the usual response to rising food costs, Chicago restaurateurs have been more reluctant to do this than some of their peers. Only 56% of operators in Chicago said they raised menu prices in the past six months, which is a smaller proportion than in any other city.

However, operators who *did* raise menu prices raised them at a similar rate as other restaurateurs across the U.S. In Chicago, the average menu price increase was 15%, which is just slightly above the national average increase of 13%. In response to these menu price increases, 39% of Chicago restaurateurs reported that customers have been ordering takeout and delivery less frequently, and 37% said that fewer customers are visiting on the weekend.

Proportion of Operators Who Increased Menu Prices in the Past 6 Months



15%

Average menu price increase at Chicago restaurants

Changes in Customer Behavior Following Menu Price Increases

	Chicago	U.S. Average
Customers are tipping less	37%	34%
Customers are spending less overall	33%	33%
Customers are ordering fewer dishes	33%	30%
Fewer customers are visiting during the week	24%	29%
Customers are ordering less alcohol	22%	28%
Customers are ordering takeout/delivery less frequently	39%▲	28%
Fewer customers are visiting on the weekend	37%▲	25%
No significant change in customer behavior	7%	10%

“We have steaks that go for \$100. So for the people who are already buying a \$100 steak, it doesn’t matter if the price goes to \$110 or \$115. But we still approach price increases with hesitancy because it does eventually affect the choices that people will make.”

(Area Manager, Bar & Grill, Chicago)



Planned Menu Additions in the Next 6 Months



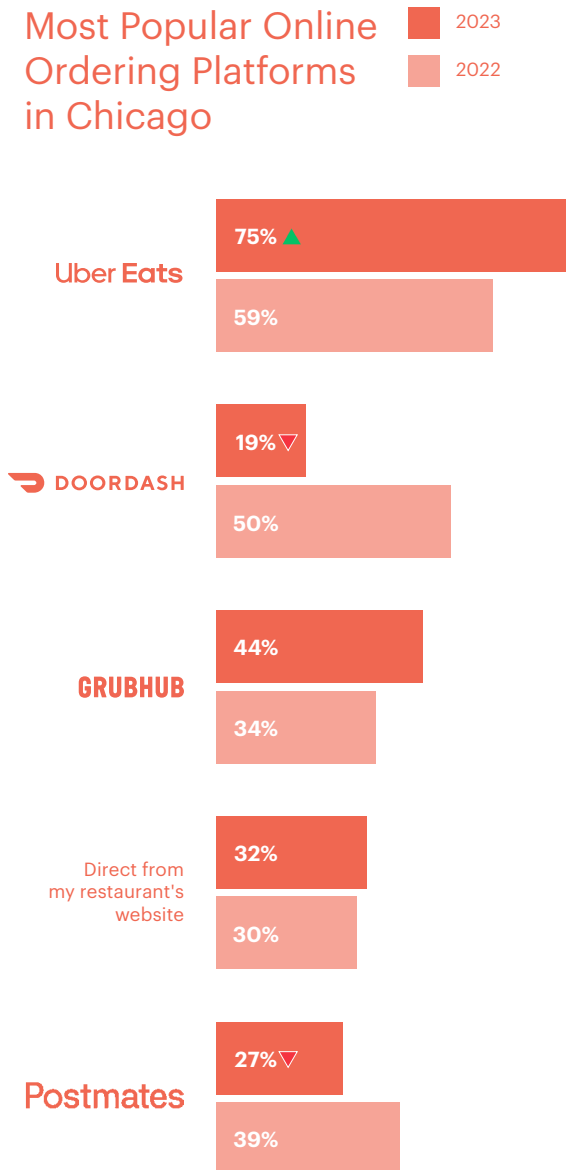
Don't Expect Many More Vegan Options in Chicago

Though Chicago operators appear to be taking a cautious approach to menu price increases, they are not shy about making changes to their menus. Nearly half (44%) of operators in Chicago said they planned to add more locally sourced ingredients in the past six months and more than a third (39%) plan to add more gluten-free options.

In contrast, only 26% of operators said they would be adding more vegan options in the coming months, which is far less than the 38% who said the same nationwide. There also appeared to be little appetite for more extensive non-alcoholic drink options, which makes sense given that alcohol sales in Chicago don't seem to be as affected by menu price increases as they have been in places like New York City.



Most Popular Online Ordering Platforms in Chicago



Uber Eats Takes Chicago

Last year, Uber Eats barely nudged out DoorDash for the title of top food delivery app in Chicago. However this year, that lead widened quite considerably. Three quarters (75%) of Chicago restaurants now report using Uber Eats for online ordering, while DoorDash and Postmates seemed to lose some of their share of the local market. Despite this third-party ordering shake up, direct online ordering systems proved to be just as popular as last year, with nearly a third (32%) of restaurants in Chicago opting for commission-free online ordering solutions.

But regardless of which platform they're using, operators appear to be reaping the benefits of takeout and delivery – even long after the peak pandemic years. On average, Chicago operators say they do more than a quarter (27%) of their business through online ordering platforms and they report seeing an average sales increase of 18% from the platforms.

27%

Proportion of business done through online ordering, on average, in Chicago

18%

Average increase in sales from online ordering



“We have Uber Eats and DoorDash. You know, there's a fee that goes along with using that stuff, but if you don't appear on those [apps], especially the major ones like Uber Eats, many times people will think you're closed or that you're out of business.”

(Area Manager, Bar & Grill, Chicago)



Marketing & Loyalty

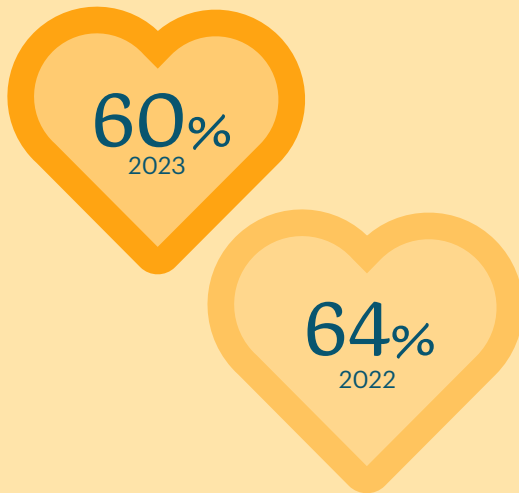


Loyalty Usage Slips

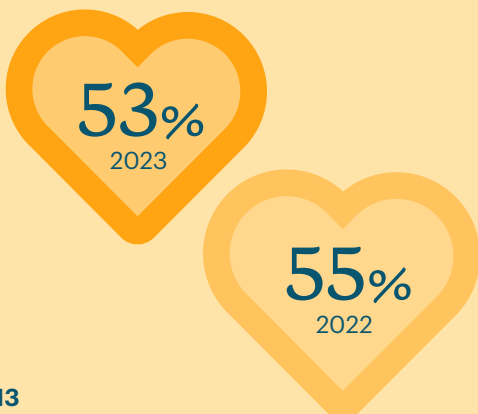
Last year, 64% of operators in Chicago reported offering a restaurant loyalty program, but in 2023, only 60% said the same. This mirrors a larger, nationwide dip in loyalty program usage from the year prior.

While the use of loyalty programs in Chicago may be slightly down, engagement has stayed relatively steady. On average, operators in Chicago say that about 53% of customers engage with their loyalty program on a regular basis, which is similar to last year (55%). This suggests that many Chicago restaurants have already developed an audience of loyal customers who have shown a willingness to return again. For operators, putting even a small amount of time and energy into engaging this built-in audience could result in major revenue gains.

Loyalty Program Usage



Loyalty Program Engagement



Facebook Reigns Supreme in Chicago

One thing most Chicago restaurateurs do seem to agree on is the importance of social media. A whopping 88% of restaurants in Chicago report using Facebook to promote their restaurants, which is more than in any other city. TikTok also appears to be more popular in Chicago than in most other cities, with a third (33%) of restaurants using the app.

Interestingly, Instagram and Snapchat appear to be less popular in Chicago than in other cities, with just 53% of restaurants using Instagram and just 18% using Snapchat.

“We’ve found success with Facebook because that’s the one that most people are on. Some of the other ones are geared more towards younger people and those diners are not the ones spending the most money at restaurants – like TikTok, Instagram, and Snapchat. So we mostly focus on Facebook and that neighborhood app Nextdoor.”

(General Manager, Bar & Grill, Chicago)



Social Media Platforms Used for Restaurant Promotion

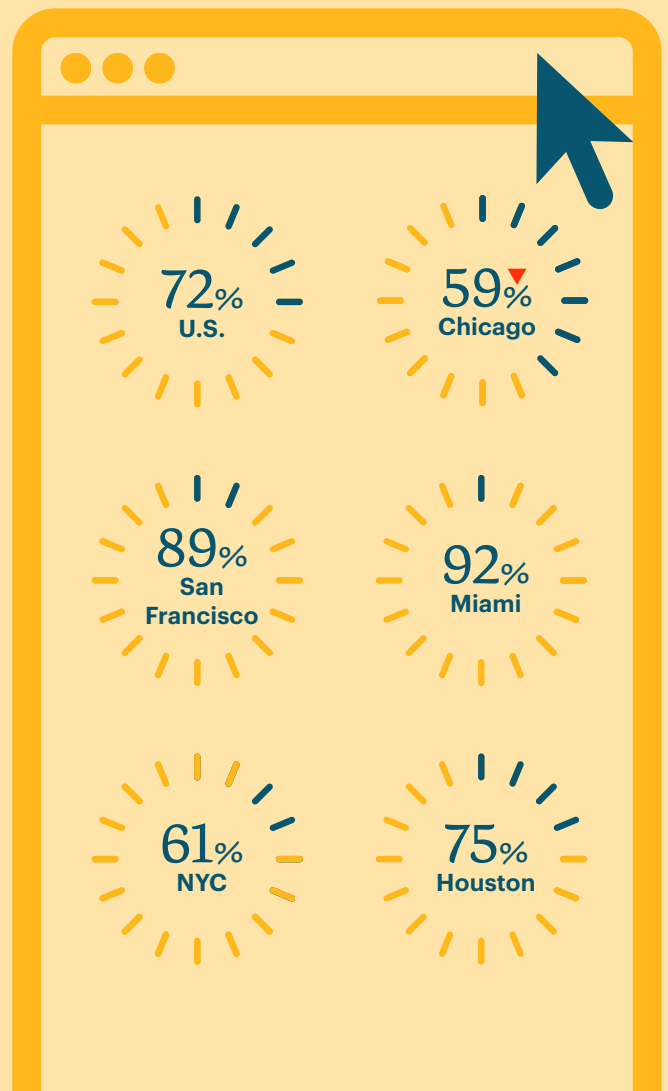
	facebook	Instagram	TikTok	twitter	Snapchat
U.S.	81%	74%	26%	56%	31%
Chicago	88%	53% ▼	33%	68% ▲	18% ▼
Los Angeles	78%	71%	33%	55%	36%
New York City	80%	80%	31%	57%	41%
Miami	82%	89%	18%	55%	31%
Houston	81%	81%	16%	43%	31%

Websites Low on the Priority List

With so many restaurants in Chicago active on social media, it seems that many do not feel the need to also maintain a dedicated website. Just 59% of operators in Chicago reported having a website for their business, which is well below the national average of 72%.

However, those who *do* have a website seem to be making an effort to ensure consumers can find what they need. Of the Chicago restaurateurs who said they do have a website, 92% of them said customers can view their menus online.

Proportion of Restaurants That Have a Website by City





“If you go to our website, you're going to be able to look at the whole menu and really figure out what you want to order. So that helps because [when] people come into the restaurant, they don't have to spend a whole lot of time looking at the menu and deciding what they want. They already know because they looked at the menu on their phone or on the computer, and they already have a good idea of what they want. It's really tightened up our timing because people are ready to order right away.”

(Area Manager, Bar & Grill, Chicago)

Technology

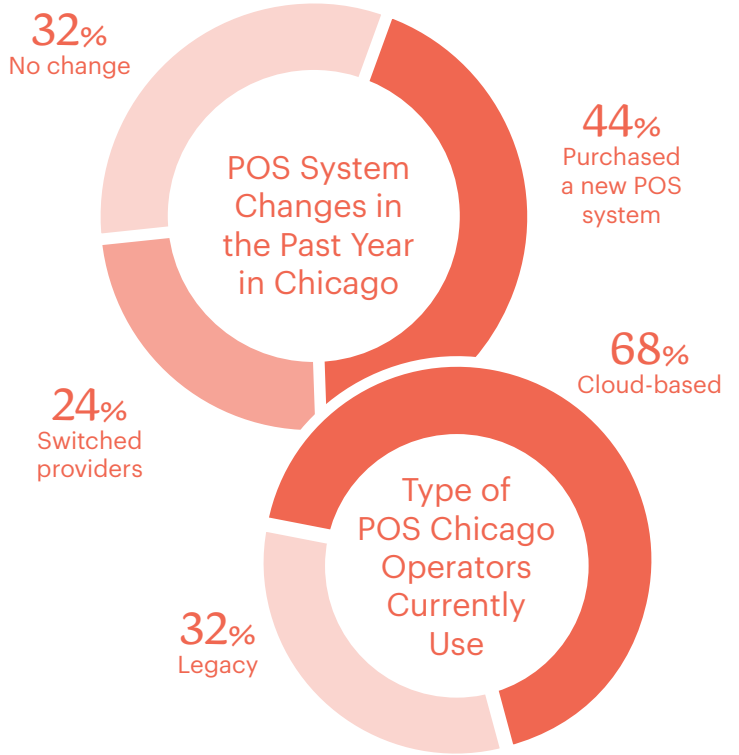


Chicago Operators Look for New POS Systems

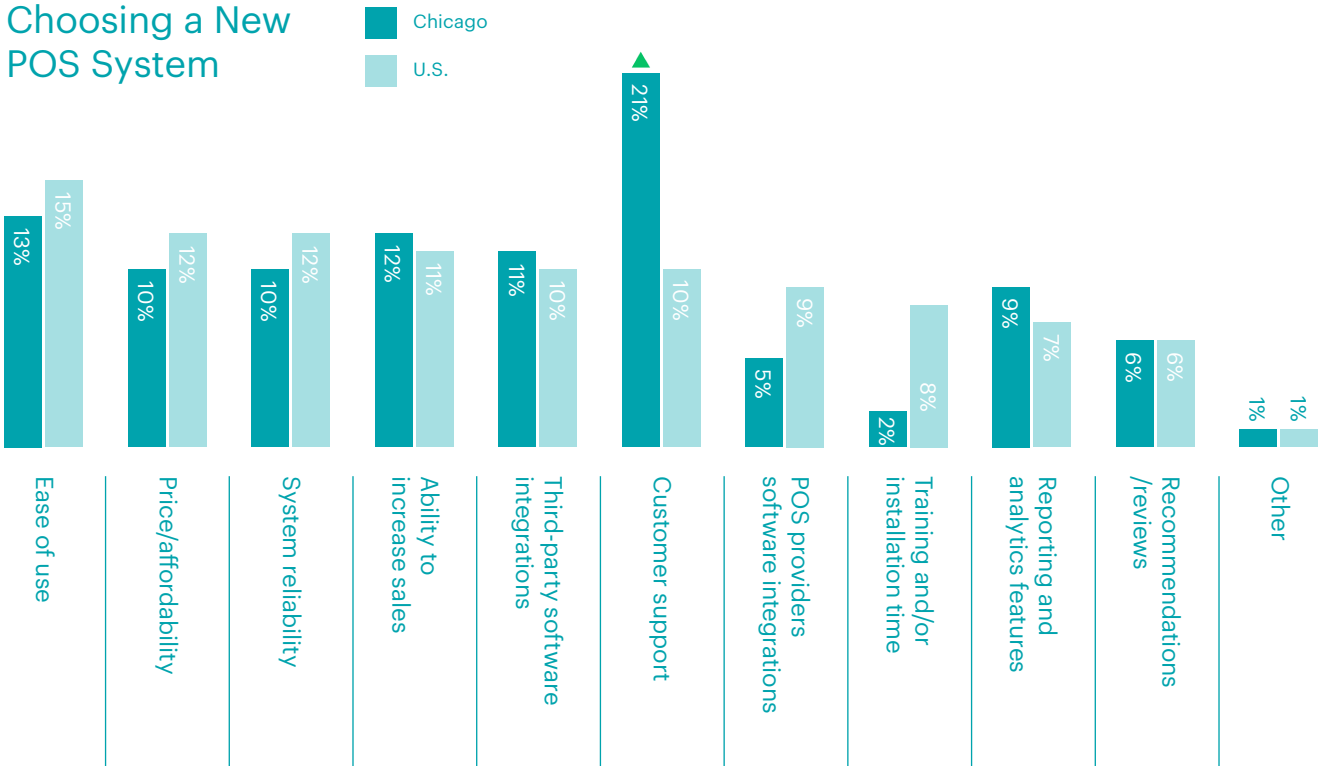
Across the U.S., POS shopping seems to have slowed a bit, with only 36% purchasing a new system in 2023. However, the situation was a little bit different in Chicago, with 44% of the city’s operators purchasing a new POS system in the past year and a further 24% switching systems.

This change may be driven by the fact that a significant portion of restaurants (32%) in Chicago are still using older, legacy POS systems. In fact, just 68% of Chicago operators reported currently using a cloud-based POS system, compared to 76% nationwide.

Higher rates of POS shopping and switching in Chicago may also be a result of poor customer support. More than one-in-five (21%) Chicago operators reported that customer support was the number one factor they looked for when shopping for a new POS system – a figure that’s far greater than in any other city.



Top Factors Considered When Choosing a New POS System



Chicago Restaurants Put Automation Into Overdrive

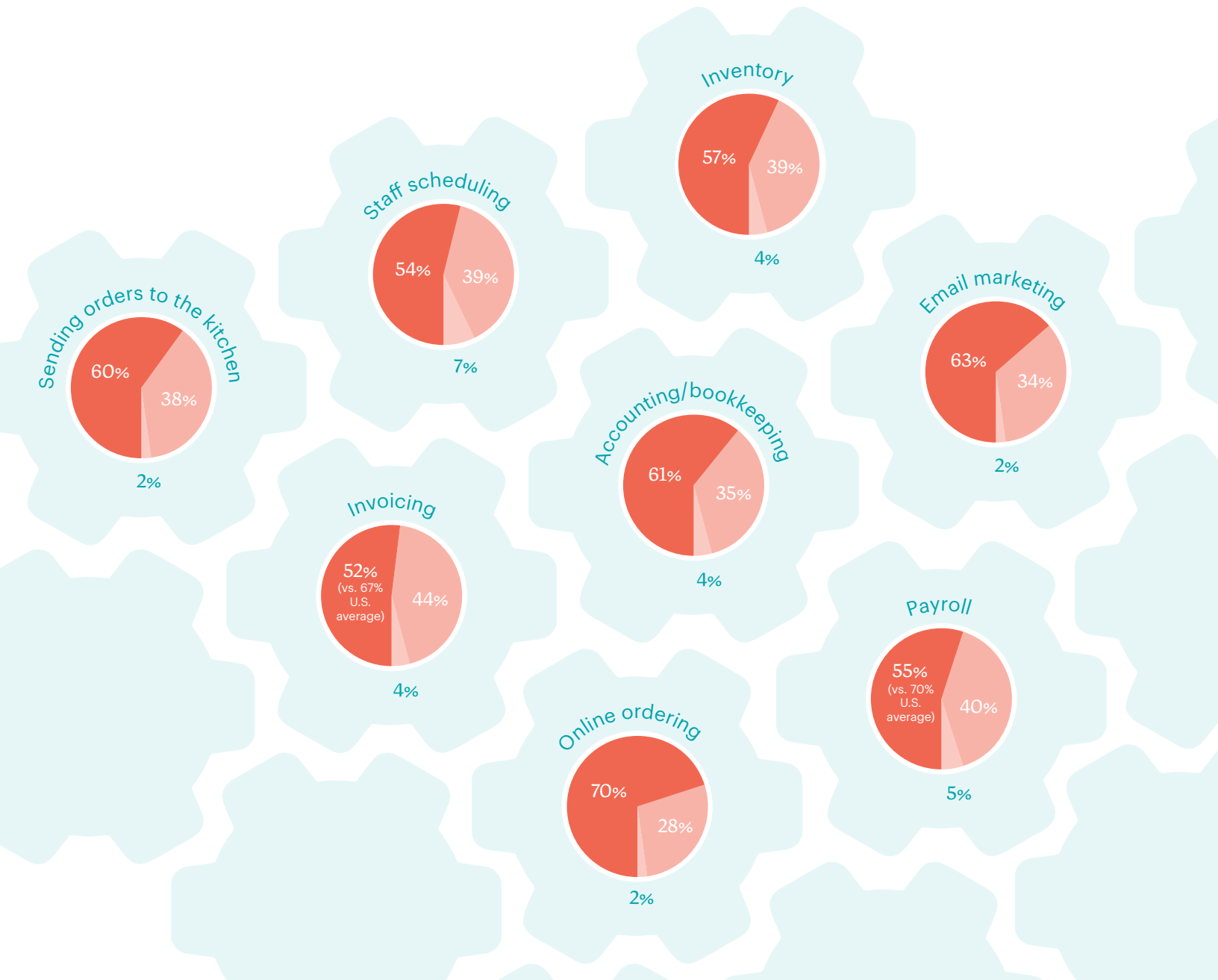
Not only are Chicago's restaurateurs a little bit behind their peers when it comes to adopting cloud-based POS systems, but they also reported slightly lower rates of using automation. For instance, just 55% of operators in Chicago reported automating payroll versus 70% nationwide. Similarly, only 52% of operators in Chicago had automated the invoicing process versus 67% nationwide.

On the other hand, many operators in Chicago *have* expressed an interest in automating these types of tasks. When asked about the biggest barriers to adoption, operators cited concerns with the cost and reliability of the technology.



Tasks That Chicago Restaurateurs Have Automated

- Have automated
- Haven't automated, but want to
- Haven't automated and DON'T want to



AI Goes Mainstream at Chicago Restaurants

Despite slightly slower rates of automation, there is one area where Chicago is ahead of its peers and that is the use of AI. A whopping 93% of operators in Chicago report using some form of AI in their restaurant right now. AI chatbots like ChatGPT and digital voice assistants like Alexa proved to be the most popular forms of AI used, but other tools like predictive analytics were also being used by nearly a third (30%) of Chicago restaurants.

“Our use of AI is still pretty minimal at this point, but we do use it for more of the predictive things. We set our reports so we can look back and see what happened and then predict for the future.”

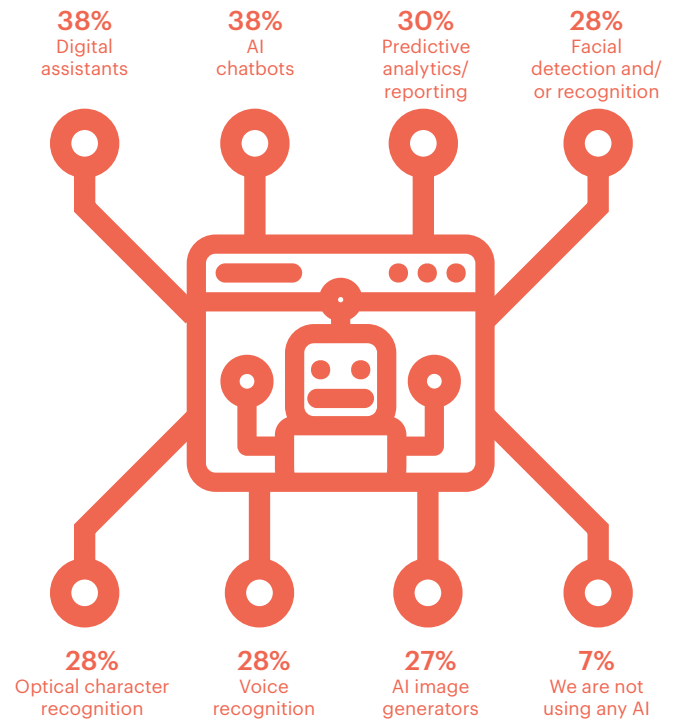
(General Manager, Bar & Grill, Chicago)



Top 3 Barriers to Automation for Chicago Restaurants

- 1 System reliability concerns
- 2 High upfront costs
- 3 Ongoing expense

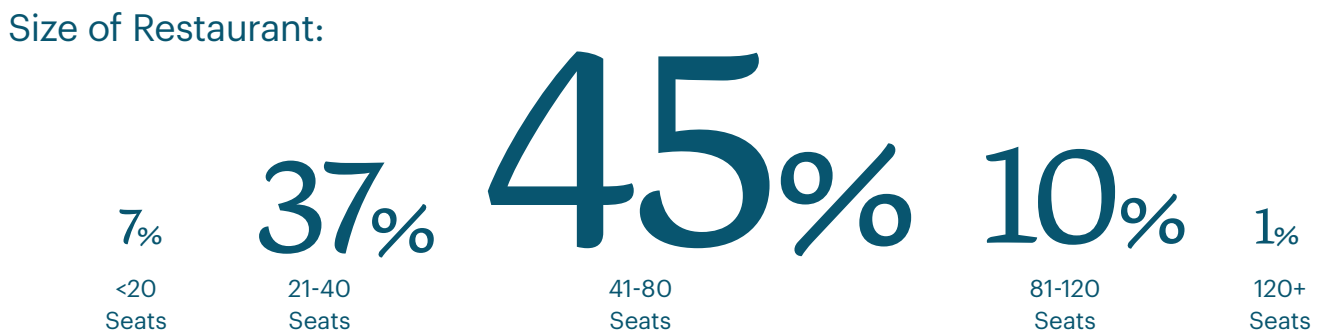
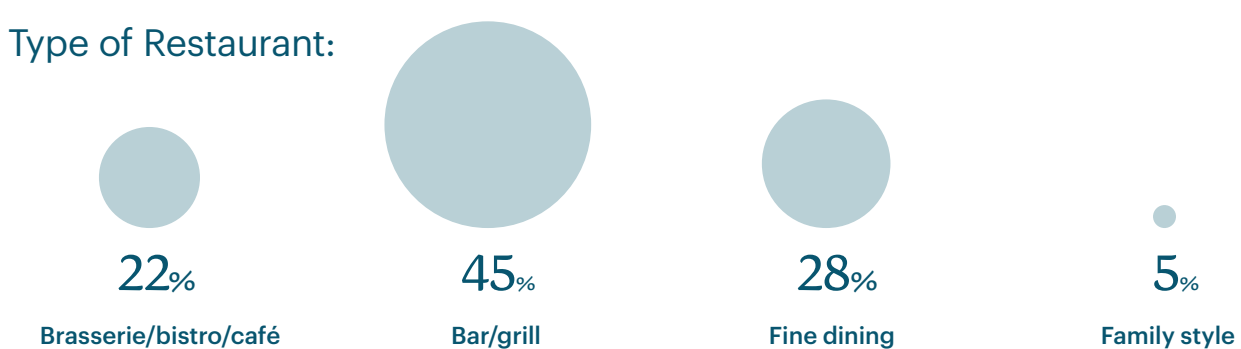
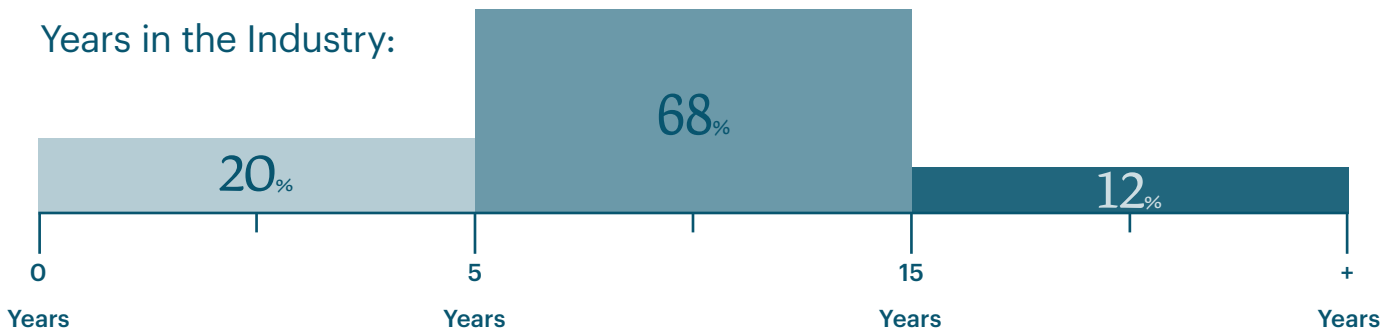
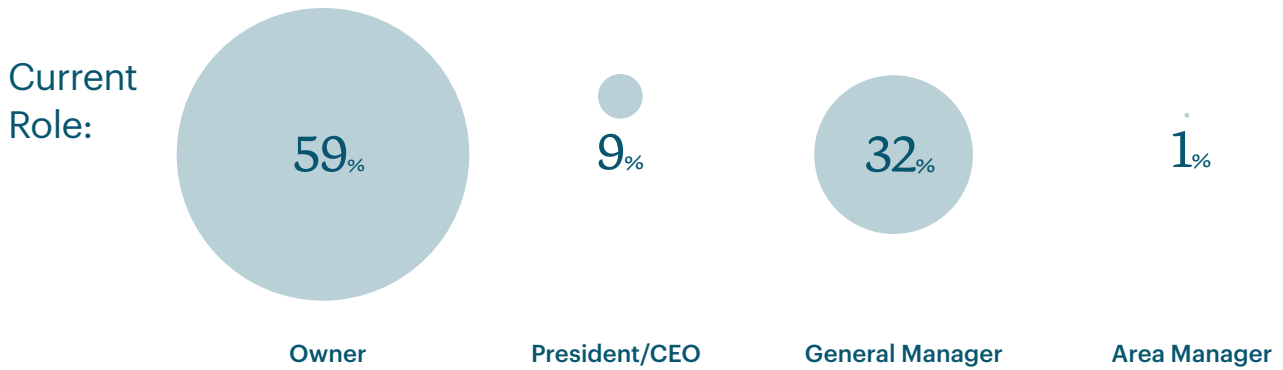
Types of AI Used by Chicago Restaurants



93%

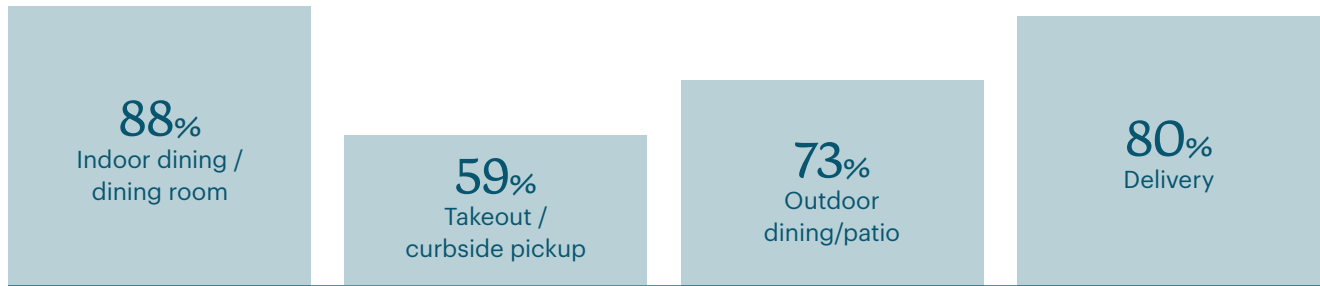
Portion of Chicago restaurants currently using some form of AI

Respondent Profile



Respondent Profile

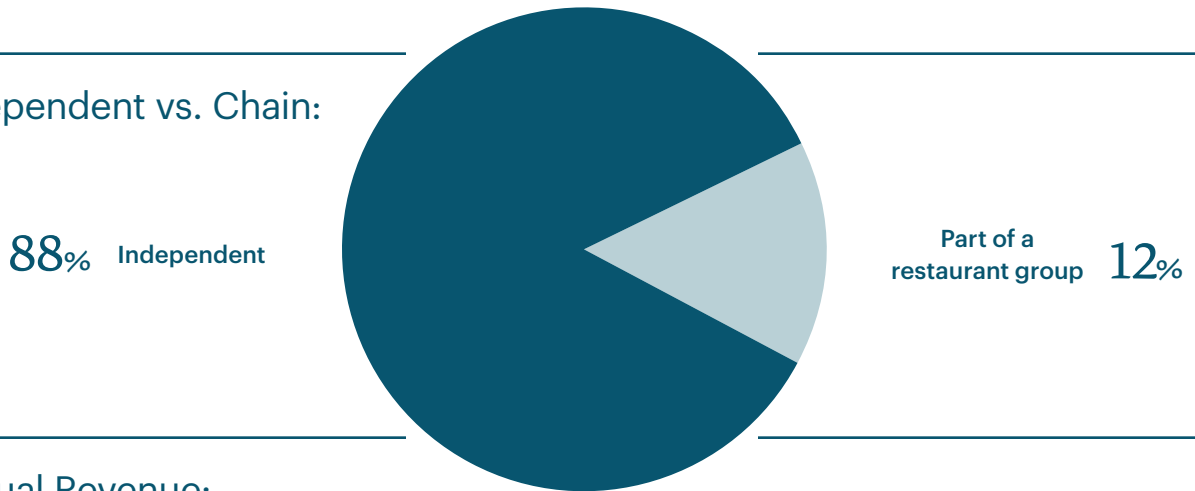
Dining Options Offered:



Number of Locations:



Independent vs. Chain:



Annual Revenue:



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, San Francisco, Chicago, Houston, and Miami. Our research was conducted from June 15 to June 22, 2023.



[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.

[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.



