

STATE OF RESTAURANTS IN 2024

Los Angeles Report



Table of Contents

3 Financial Health
& Staffing

8 Menu Management
& Online Ordering

13 Marketing &
Loyalty

16 Technology

20 Respondent
Profile

22 Methodology

23 About
TouchBistro



Financial Health & Staffing



Creative Strategies Save Profit Margins

Across the U.S., profit margins slumped in 2023, largely due to inflation and high food costs. However, Los Angeles restaurateurs seem to have been able to ride out the year without sacrificing too much of their bottom line. Overall, the average profit margin in Los Angeles was 9.6%, which is up from 9.4% the year prior and above the national average of 9.3%.

To keep margins healthy, 44% of Los Angeles operators reported finding new, less expensive suppliers to reduce expenses, and nearly half (48%) said that they added more off-premise ordering options to increase revenue – two tactics that appear to be working.

Average Profit Margin for LA Restaurants



Labor Costs a Looming Concern

Much like every other restaurateur across the country, inventory costs were the number one source of financial strain for Los Angeles operators. But while 49% said that high food costs were their biggest concern, labor costs were not all that far behind. A quarter (25%) of operators in Los Angeles said that the cost of labor was their biggest source of financial strain, which was a bigger proportion than in any other city. This is likely due to the fact that California has some of the highest minimum wage rates in the country and West Hollywood actually has the highest minimum wage in the nation at \$19.08.

Additionally, Los Angeles operators reported spending an average of \$3,819 to train each new staff member, which is higher than the national average cost of \$3,646 – another indicator that labor may be a more important financial consideration for restaurants in Los Angeles.

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%
Los Angeles	49%	18%	25%▲	0%	7%
New York City	69%	14%	15%	0%	3%
Chicago	60%	18%	18%	0%	4%
Houston	70%	17%	9%	2%	2%

“There have been a lot of changes when it comes to staff recruitment and retaining staff. These days, inflation has really affected the economy, so you have to increase the wages of your workers or introduce some bonuses just to make them feel that you know their pain.”

(General Manager, Family Style, Los Angeles)



Plans for Expansion in the Coming Year

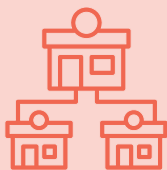
51%
Add a new location

(vs. 43% U.S. average)



46%
Add catering services

42%
Add multiple new locations



35%
Franchise the business

34%
Add a virtual brand (ghost kitchen)



8%
Not planning on expanding

3%
Other



Plenty of Room to Grow

Despite the challenge of keeping inventory and labor costs under control, Los Angeles operators don't seem to be deterred from growing their businesses. In fact, expansion appears to be on the table for many operators with 51% saying they plan to add a new location in the coming year and 42% said they plan on adding *multiple* new locations. 46% also said they plan to add catering services, which is likely fueled by the return of many in-person events and meetings.

Though Cost is a Concern, Finding Staff Isn't

Even with rising minimum wage rates, Los Angeles operators aren't facing the same dire staffing shortages that they did in previous years. In 2023, more than a quarter (27%) of Los Angeles operators said they were not facing any staffing shortages, compared to just 5% who said the same in 2022. Now, the only position that operators seem to have real trouble filling is hosts, with 31% saying they were short on this position.

27% LA restaurants not short on any staff (vs. 5% in 2022)

Turnover Rates Turn in the Right Direction

The good news on the staffing front is also reflected in the employee turnover rate at Los Angeles restaurants. In 2023, turnover fell to 24%, which is down from 27% the year prior and below the national turnover rate of 28%. In part, this may be due to the fact that 58% of Los Angeles operators say they stay competitive by offering professional development opportunities – a higher proportion than in any other city.

Average Staff Turnover Rate

U.S. Average	28%
Los Angeles	24% <small>(vs. 27% in 2022)</small>
New York City	31%
Chicago	30%
Houston	21%
Miami	27%

“We’ve definitely paid more for labor this year. And then when you train someone, they learn everything and then they leave or you have to replace them, it definitely is a strain on us. It’s set us back a little bit, but we also do have a lot of reliable, long standing people here.”

(Area Manager, Bar & Grill, Los Angeles)

LA Staffing Shortages by Position

2023	2022	2021	
27%	24%	42%	Dishwashers
21%	19%	33%	Servers
27%	21%	25%	Chefs
27% <small>▼</small>	31%	24%	Bartenders
21% <small>▼</small>	36%	14%	Line cooks
27%	24%	10%	Managers
17% <small>▼</small>	33%	10%	Prep cooks
31% <small>▲</small>	19%	13%	Hosts

Menu Management & Online Ordering



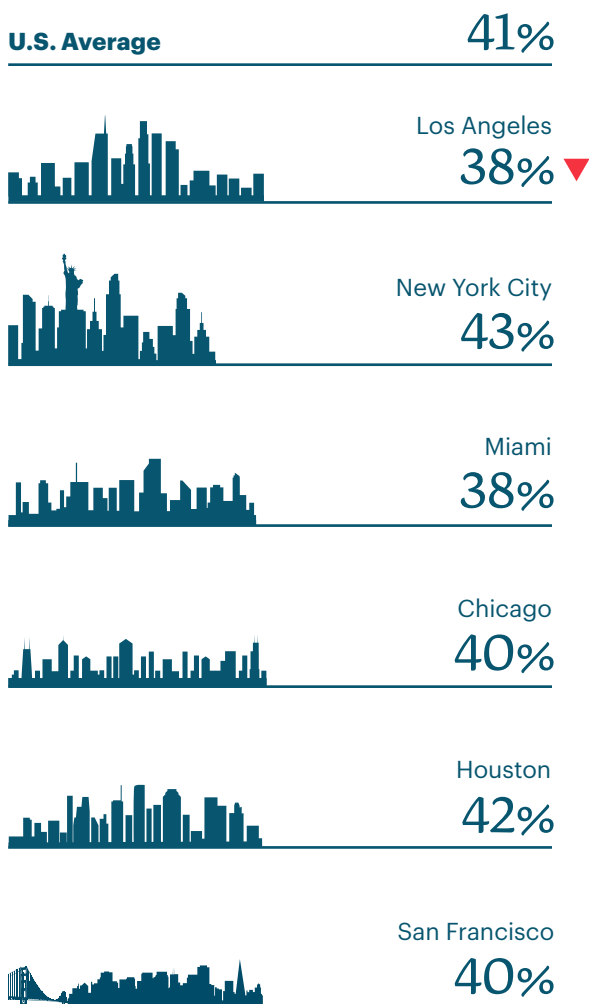
Food Costs Still On the Rise

Much like last year, rising food costs remain a pressing issue for restaurateurs in Los Angeles. Half (50%) of Los Angeles operators say that *all or most* of their suppliers increased prices in the past year and, on average, operators reported spending 38% more on food costs than the year prior. While this is still a significant increase in food cost spending, it's less than the increase that other cities are seeing, with restaurateurs in places like New York City and Houston reportedly spending 43% and 42% more on food costs respectively.

“We've faced a lot of issues because of inflation. We try our best to budget, but we still want to provide the best food and the best possible service for our customers. We don't want them to go to another restaurant.”

(General Manager, Family Style, Los Angeles)

How Much More Restaurants are Spending on Food Costs on Average Compared to Last Year



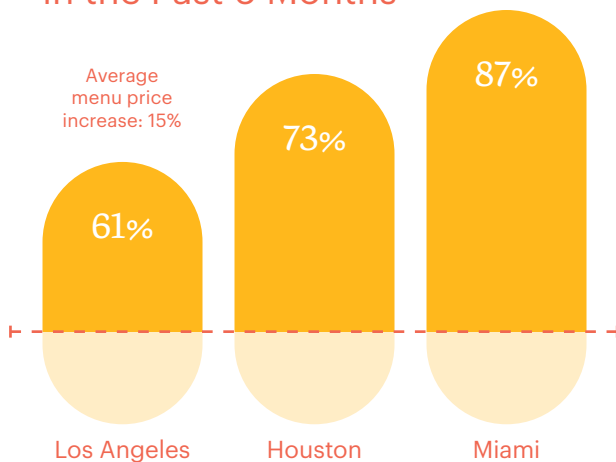
LA Operators Not Quite as Eager to Hike Menu Prices

With operators in Los Angeles faring slightly better than their peers when it comes to rising food costs, it makes sense that fewer operators in the city reported having to raise menu prices. 61% of operators in Los Angeles reported raising menu prices in the past six months, which is far fewer than in cities like Miami and Houston.

However, operators who did raise menu prices seemed to raise them at a similar rate as other restaurateurs across the U.S. In Los Angeles, 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, 37% of Los Angeles operators reported that fewer customers are visiting during the week and 37% reported that customers are also spending less overall.

One way to compensate for these changes in spending habits may be to offer in-demand food that customers are willing to pay a premium for, such as vegan dishes. In fact, 37% of operators in Los Angeles said they planned to add more vegan, plant-based options in the next six months and 35% said they planned to add more locally sourced ingredients.

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



Changes in Customer Behavior Following Menu Price Increases

	LA	U.S.
Customers are tipping less	30%	34%
Customers are spending less overall	37%	33%
Customers are ordering fewer dishes	23%	30%
Fewer customers are visiting during the week	37%▲	29%
Customers are ordering less alcohol	33%	28%
Customers are ordering takeout/delivery less frequently	21%▼	28%
Fewer customers are visiting on the weekend	9%▼	25%
No significant change in customer behavior	19%	10%

“We've removed some menu items because there has been no audience for them or because people are not ordering them due to inflation.”

(General Manager, Family Style, Los Angeles)



Planned Menu Additions in the Next 6 Months



35%

More locally
sourced
ingredients



37%

More plant-
based, vegan
options



28%

More gluten-
free options



32%

More non-
alcoholic
drink options



30%

More paleo
options



28%

More keto
options



17%

None of the
above

“When we have raised prices, we try to create awareness [among] our guests – like a brief message on our social media and in our local store. We’ll say something like, ‘We are going to be increasing our prices by at least a certain percentage because of inflation on the price of goods and services, but you guys should just know that we are still committed to providing great service.’”

(General Manager, Family Style, Los Angeles)

Offerings Beyond
the Core Menu

44%

of LA restaurants offer
branded merchandise
(vs. 39% U.S. average)

Uber Eats Takes the #1 Spot at LA Restaurants

While the top food delivery companies have always contended to be the most popular in any given market, Uber Eats easily took home that title in Los Angeles this year. More than half (64%) of Los Angeles restaurants reported using Uber Eats for online ordering. However, other platforms like DoorDash and Postmates did not lose their share of the market, suggesting that many operators are happy to use more than one online ordering platform at a time. This also makes sense given that 48% of operators in Los Angeles said that they added more off-premise ordering options this year as a way to increase revenue.

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, operators say they do more than a quarter (26%) of their business through online ordering platforms and operators report seeing an average sales increase of 18% from the platforms.

26%

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

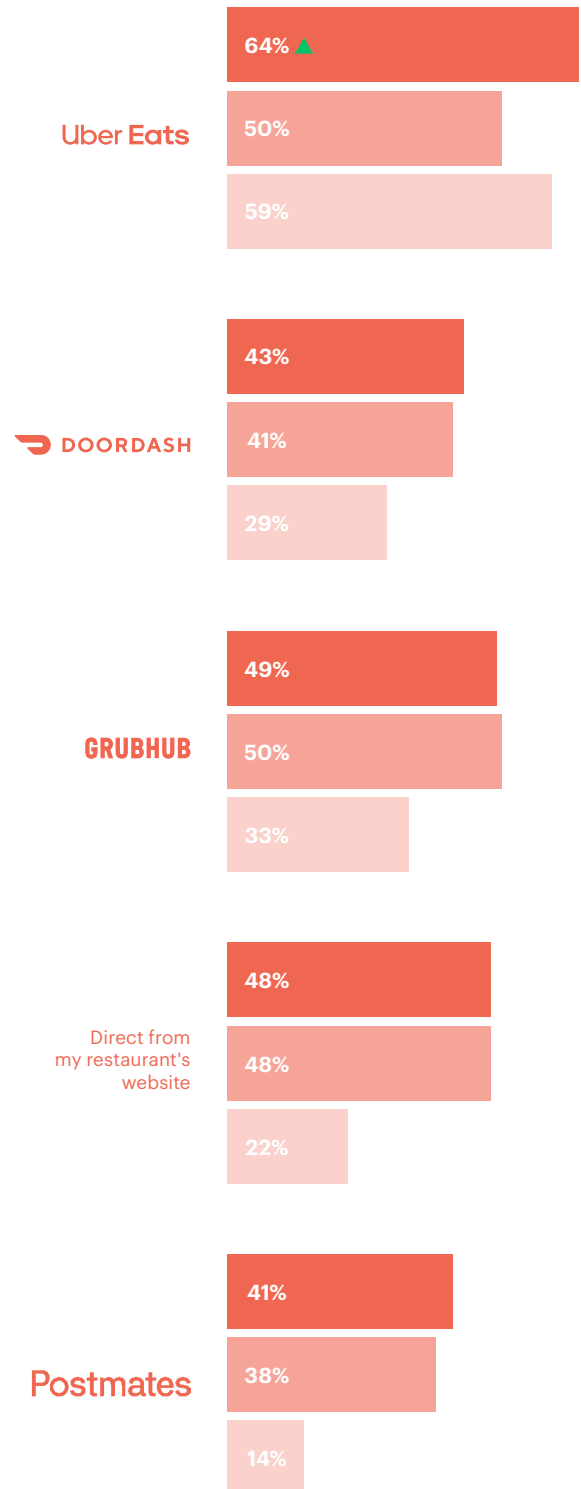
18%

Average increase in sales from online ordering



Most Popular Online Ordering Platforms in LA

2023
2022
2021





Marketing & Loyalty



LA Operators Missing Out on a Lucrative Audience

Last year, a whopping 81% of operators in Los Angeles reported offering a loyalty program, but in 2023, only 49% said the same. In fact, Los Angeles reported some of the lowest rates of loyalty program usage, suggesting that operators may be shifting focus to other areas for the time being.

However, those operators who are taking a break from loyalty programs may be missing out on a very lucrative audience because Los Angeles actually reported some of the highest rates of loyalty program engagement. On average, operators in Los Angeles say that about 54% of their guests engage with their loyalty programs on a regular basis, which is above the national average and well above the average in cities like Miami.

“No loyalty or rewards program right now. We’re trying to introduce it, just not yet.”

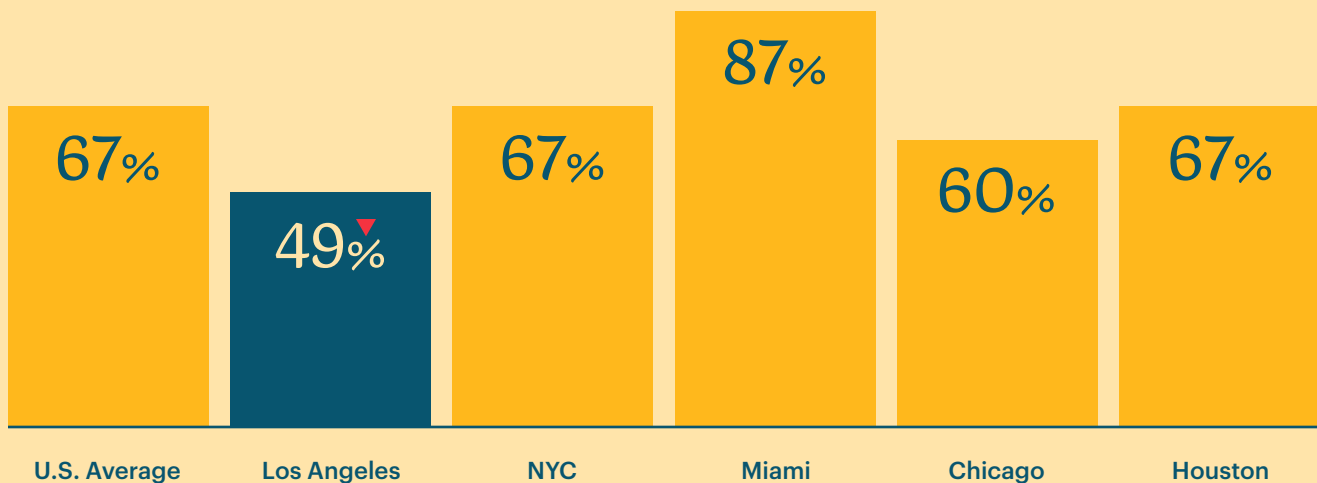
(General Manager, Family Style, Los Angeles)



Websites Prove an Essential Marketing Tool

While only about half of Los Angeles operators reported offering a loyalty program, 70% said they had a website for their restaurant – a figure that’s close to the national average of 72%. And among operators in Los Angeles who do have a website, 100% reported that their site allows customers to view the menu – a huge plus for diners who like to plan ahead.

Proportion of Restaurants that Have a Loyalty Program by City



TikTok on the Up and Up

Great branding is essential in Los Angeles and it's clear that the city's restaurateurs understand the importance of building a great social media presence. The vast majority of restaurants in Los Angeles use social media to promote their businesses, with 78% using Facebook and 71% using Instagram.

And while TikTok lagged behind some of the older social media platforms, it seems to be more popular in Los Angeles than it is nationwide, with a third (33%) of Los Angeles restaurateurs now using TikTok to promote their businesses.



Social Media Platforms Used for Restaurant Promotion

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



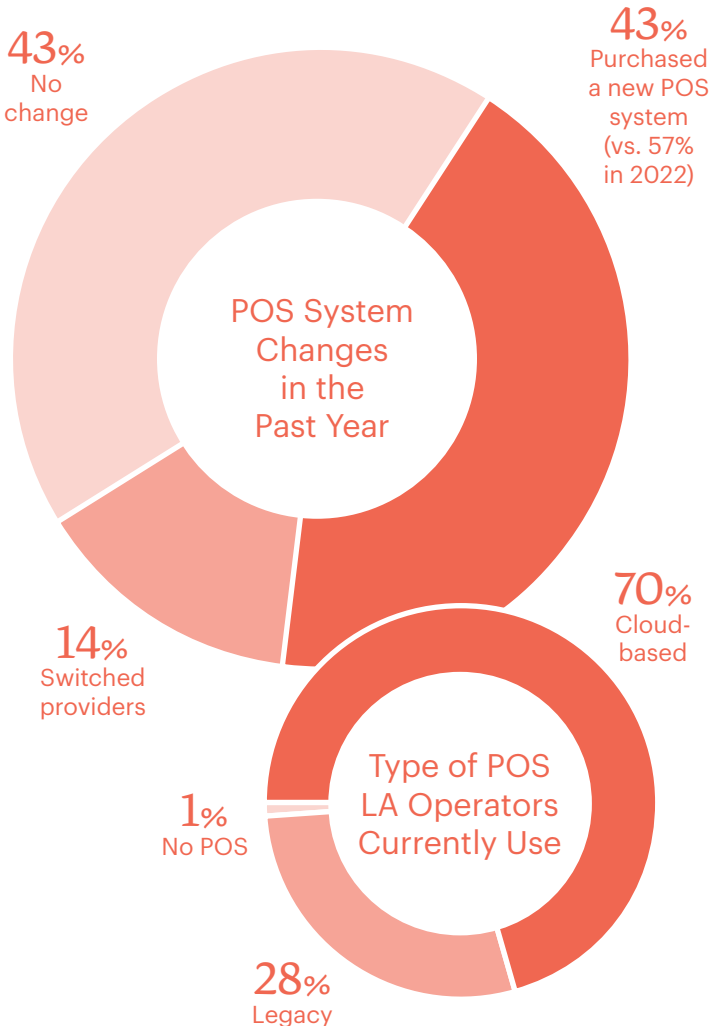
Technology



POS Shopping Slows

After last year's surge in POS sales, operators in Los Angeles seemed more satisfied to stick with their current system. In 2023, only 43% purchased a new system and just 14% switched systems, compared to last year when 57% purchased a new system and 31% switched systems.

The reason for slower POS sales may be due to the fact that the majority of restaurateurs have now upgraded from outdated legacy technology to cloud-based systems – a trend that's played out across the U.S. In fact, 70% of operators in Los Angeles report currently using a cloud-based system.



“Our POS has been working seamlessly and we don't have any interruptions. It's working, so we haven't made any changes.”

(Area Manager, Bar & Grill, Los Angeles)

LA Operators Careful About Implementing Automation

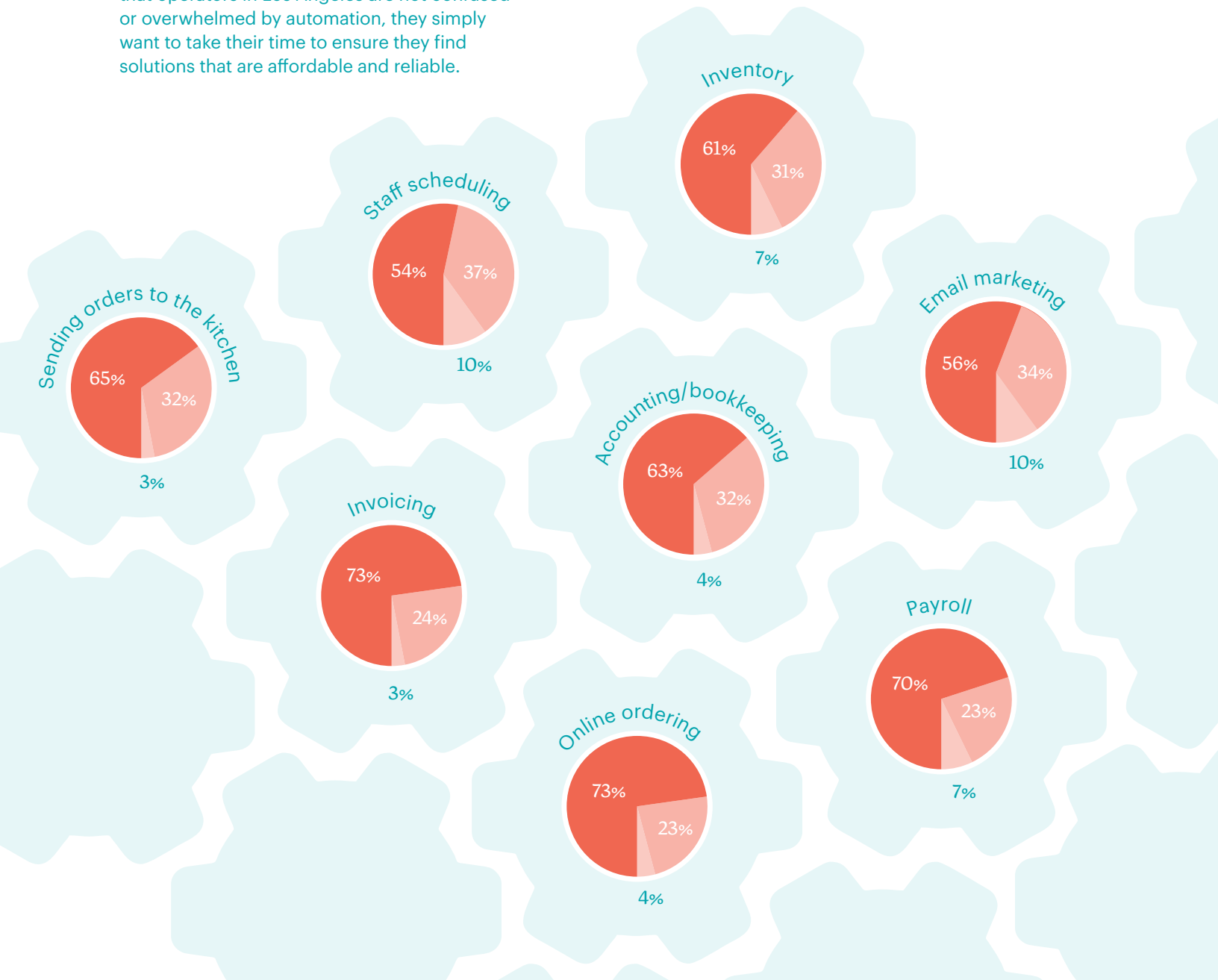
While their POS shopping habits are similar to that of their peers nationwide, operators in Los Angeles differ when it comes to automation. For the most part, operators in Los Angeles have automated many tasks, with invoicing and payroll being the most common ones.

However, overall adoption rates for automation are slightly lower in Los Angeles than in other cities like New York. When asked about barriers to automation, 41% said they were concerned about system reliability and 33% cited high upfront costs. 28% also reported that they simply haven't had the time to research or purchase new technology. All this suggests that operators in Los Angeles are not confused or overwhelmed by automation, they simply want to take their time to ensure they find solutions that are affordable and reliable.



Tasks That LA Restaurateurs Have Automated

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



Cautious Optimism About AI

Like automation, operators in Los Angeles seem to be a little more hesitant than their peers across the U.S. to implement AI. 18% of operators in Los Angeles said they were not using any form of AI in their restaurant, compared to just 7% of operators in New York City and just 3% of operators in Miami who said the same.

However, this does mean that 82% of Los Angeles restaurateurs are using some form of AI in their business. Interestingly, optical character recognition – the digital conversion of typed, handwritten or printed text – proved to be the most popular form of AI at Los Angeles restaurants, with more than a third (38%) using the technology.



Top 3 Barriers to Automation for LA Restaurants

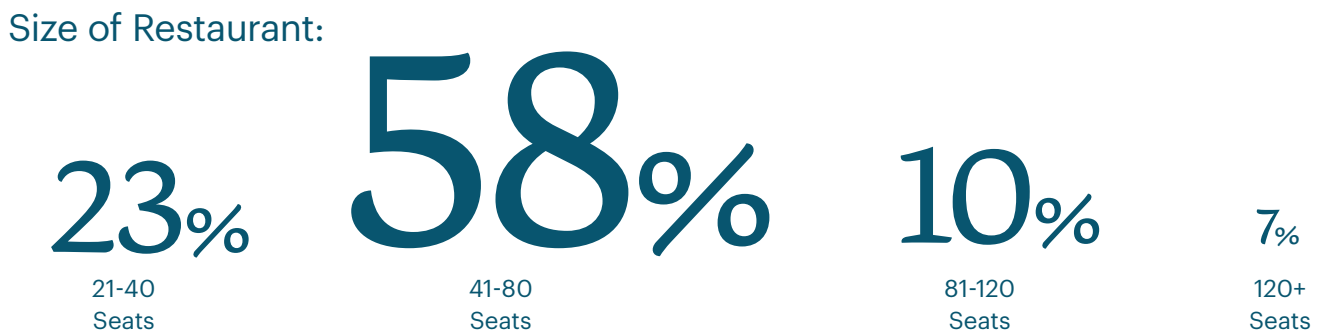
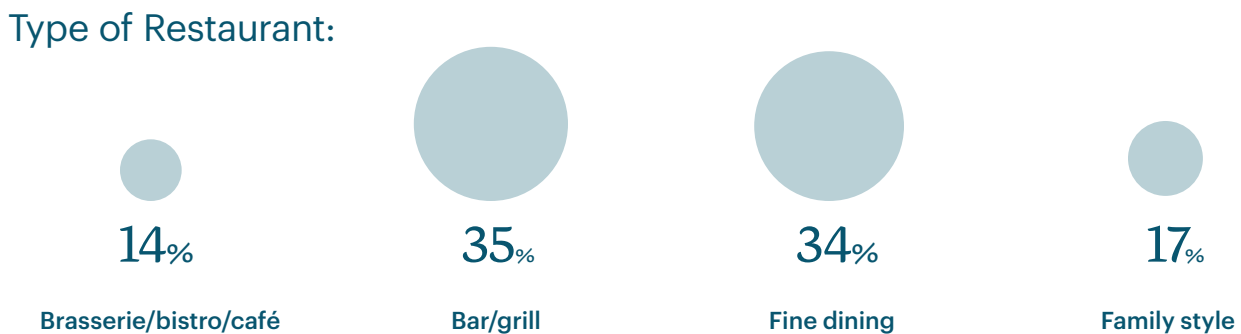
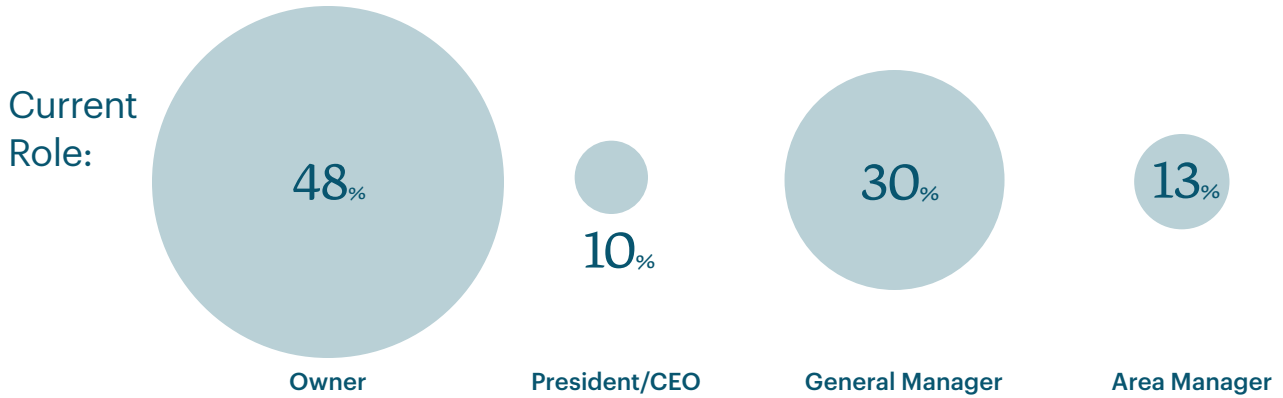
- 1 System reliability concerns
- 2 High upfront cost
- 3 Lack of time to research/purchase

82% Portion of LA restaurants currently using some form of AI

Types of AI Used in Restaurants by City

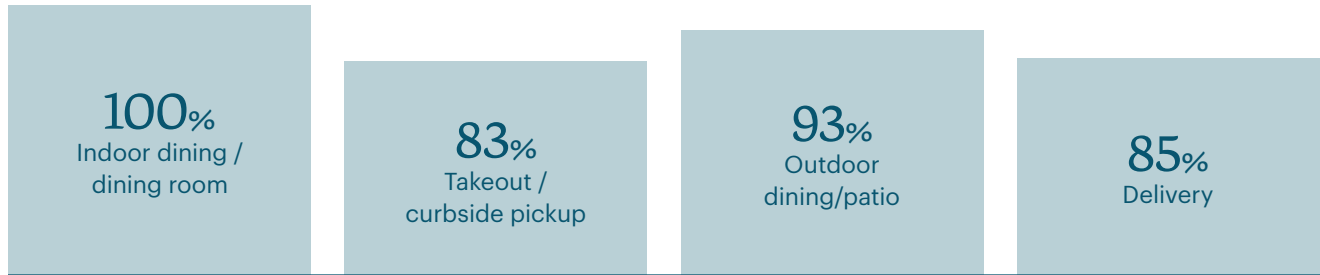
	Digital assistants	AI chatbots	Predictive analytics/reporting	Facial detection and/or recognition	Optical character recognition	Voice recognition	AI image generators	We are not using any AI
Los Angeles	30%	32%	23% ▼	35%	38% ▲	30%	20%	18% ▲
U.S.	35%	34%	31%	30%	29%	29%	27%	11%
New York City	29%	34%	35%	26%	36%	27%	32%	7%
Chicago	38%	38%	30%	28%	28%	28%	27%	7%
Miami	44%	44%	37%	25%	24%	51%	25%	3%
Houston	36%	22%	38%	34%	25%	13%	25%	13%

Respondent Profile



Respondent Profile

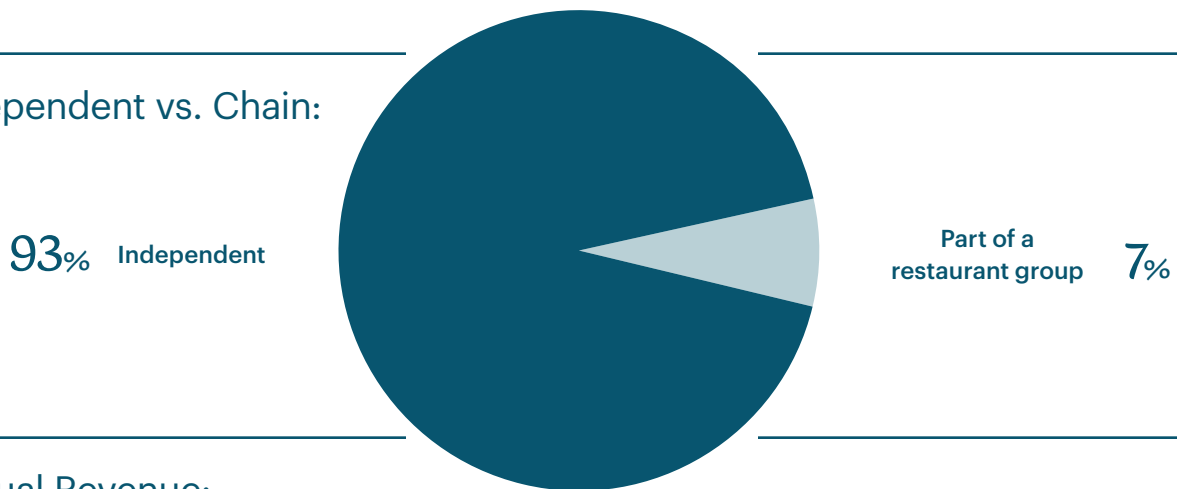
Dining Options Offered:



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.



