

STATE OF RESTAURANTS IN 2024

New York City Report



Table of Contents

3 Financial Health
& Staffing

7 Menu Management
& Online Ordering

12 Marketing &
Loyalty

15 Technology

19 Respondent
Profile

21 Methodology

22 About
TouchBistro



Financial Health & Staffing

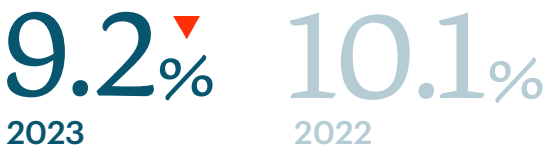


Profit Margins Remain Slim

Though New York City enjoyed a year free of any dining restrictions, other factors contributed to less-than-stellar profit margins. Soaring food costs, empty Manhattan office buildings, and unprecedented weather conditions all caused average New York City profit margins to fall to 9.2% – down from 10.1% the year prior and slightly lower than the national average profit margin of 9.3%.

To limit expenses, 42% of operators said they were limiting promotions and specials. At the same time, 52% reported adding more modifications/add-on options in order to boost revenue.

Average Profit Margin for NYC Restaurants



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%
New York City	69% [▲]	14%	15%	0%	3%
San Francisco	48%	28%	19%	2%	3%
Chicago	60%	18%	18%	0%	4%
Houston	70%	17%	9%	2%	2%

Food Costs Eat Into Profits

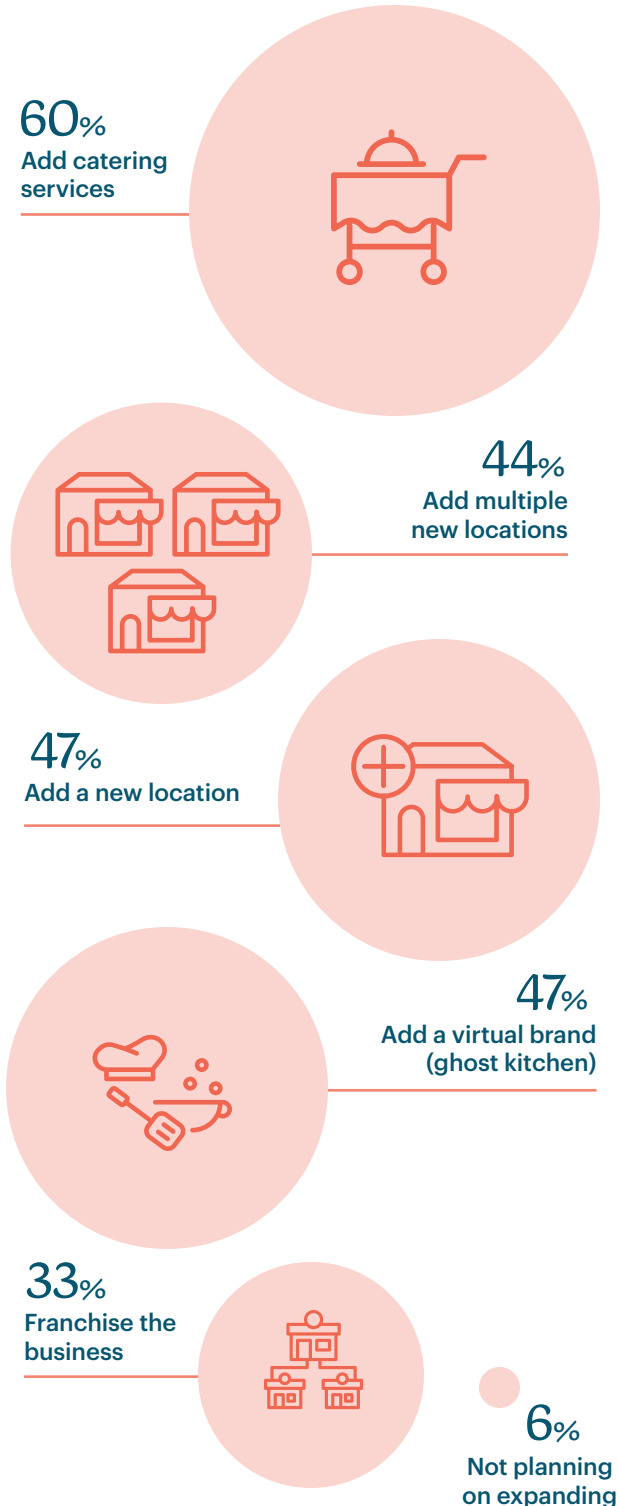
As mentioned, the rising cost of food continues to eat into the profits of New York City restaurants, with 69% saying it was their number one source of financial strain in the past 12 months.

However, soaring food costs don't seem to have impeded anyone's plans for expansion. A whopping 60% of New York City restaurateurs plan to add catering services in the coming year, likely due to the return of so many in-person events. Furthermore, 47% say they plan to add a virtual brand (ghost kitchen), which makes sense given the high rates of food delivery in New York City.

“To keep costs down, I go by myself to the market every week. I always go to the market to pick things up because otherwise you have to put another 20%, at least, on top of your costs. Or even more than that if you call the company to bring it to you.”

(David Brugnoli, Owner and Chef, Angeletto, New York City)

Plans for Expansion in the Coming Year



High Turnover, Higher Labor Costs

Inventory isn't the only thing weighing on the minds of New Yorkers. Staffing is also a concern, with New York City restaurants facing an average turnover rate of 31% – a figure that's slightly above the national average turnover rate of 28% and well above the turnover rates in cities like Los Angeles and Houston. In turn, New Yorkers report spending an average of \$4,086 on training each new employee, which is 11% higher than the national average. All this adds up to a major chunk of change for New York City restaurateurs.

Average Staff Turnover Rate

U.S. Average	28%
New York City	31%▲
Los Angeles	24%
Chicago	30%
Houston	21%
Miami	27%

Staffing Shortages Ease Up

Cost issues aside, there is some promising data when it comes to restaurant staffing in New York City. Last year, a whopping 99% of New York City operators reported being short one or more positions. While this year, just 80% said the same, which is still high, but definitely an improvement from the year prior. And on average, New York City restaurateurs say they are short 5.3 positions, which is also a decrease from 6.3 positions the year prior.

This year, the most in-demand positions are dishwashers (37%) and servers (29%), which is a bit of a shift from last year when bartenders and managers were the hardest to find.

80%

Number of NYC restaurants short at least one position (vs. 99% in 2022)

5.3

Average number of positions NYC restaurants are short (vs. 6.3 in 2022)

“It's very tough to find the people and then have them stay. After a week, somebody will say, ‘This doesn't work for me, I'm going to go somewhere else.’ So we have a lot of in and out – big turnover. I've spoken to other people in the industry regarding hiring, it's the same problem. People moving in and out [of the industry].”

(David Brugnoli, Owner and Chef, Angeletto, New York City)



Menu Management & Online Ordering



Food Costs Soar

Much like last year, rising food costs remain a pressing issue for restaurateurs nationwide and New Yorkers are no exception. A whopping, 69% 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 43% more on food costs than the year prior – more than any other city.

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

U.S. Average **41%**



New York City
43%



Los Angeles
38%



Miami
38%



Chicago
40%



Houston
42%

“There's only so much that we can change on a menu for a restaurant that's been operating for almost 20 years now. So we've had to sort of acclimate and change the quality of our food a bit and where we're getting it from. We usually weigh whether we'd rather take this hit financially and just have all organic food, or whether we just pick and choose what we need to have on the menu.”

(General Manager, Family Style, New York City)



Menu Prices Still Climbing

Unsurprisingly, higher food costs have also meant higher menu prices. 62% of New York City restaurateurs reported raising menu prices in the past six months and, on average, they reported raising prices by 15% – higher than the national average of 13%.

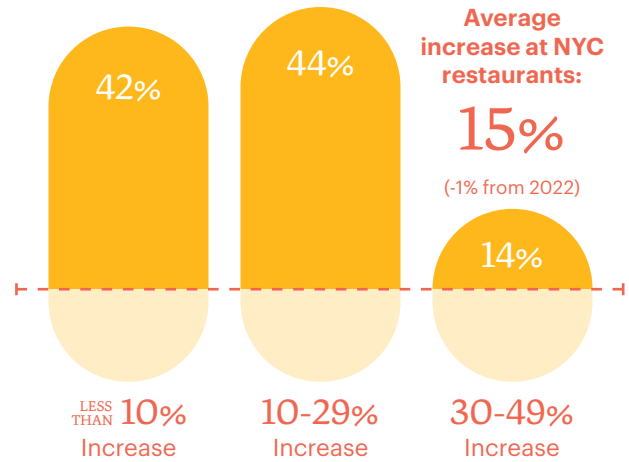
Interestingly, the response to higher menu prices has been slightly different in New York City than in other parts of the country. Across the U.S., operators reported that higher menu prices led to smaller tips for staff. However, in New York City, the biggest impact of higher menu prices appears to be that customers are ordering less alcohol than in the past – a menu item that traditionally produces high profits for restaurateurs.

In light of lower alcohol sales, New York City operators seem to be shifting towards healthier menu options. A whopping 52% of the city's restaurateurs said they planned to add more plant-based/vegan options in the next six months and 30% plan to add more non-alcoholic drink options.

“I knew that there was going to be a need to increase prices because of the changes in the cost of food. And also incorporating DoorDash – that was another expense that we had. But we’ve only raised our menu prices very slightly. It’s so slight that it’s understandable to our customers. I try to put myself into the shoes of my customers. Like I don’t want to go to a restaurant and pay \$25 for an appetizer, then the next time I go, the appetizer is now \$35.”

(General Manager, Family Style, New York City)

Menu Price Increases in the Past 6 Months at NYC Restaurants



Changes in NYC Customer Behavior Following Menu Price Increases



NYC ■
U.S. ■

Customers are tipping less	21% NYC 34% U.S.
Customers are spending less overall	27% NYC 33% U.S.
Customers are ordering fewer dishes	35% NYC 30% U.S.
Fewer customers are visiting during the week	35% NYC 29% U.S.
Customers are ordering less alcohol	39% NYC ▲ 28% U.S.
Customers are ordering takeout/delivery less frequently	32% NYC 28% U.S.
Fewer customers are visiting on the weekend	27% NYC 25% U.S.
No significant change in customer behavior	6% NYC 10% U.S.

Planned Menu Additions in the Next 6 Months at NYC Restaurants



44%

More locally sourced ingredients



52%

More plant-based, vegan options



43%

More gluten-free options



30%

More non-alcoholic drink options



28%

More paleo options



27%

More keto options



6%

None of the above

“I've had some other restaurateurs tell me that we're not alone in raising prices and that they've noticed their customers are no longer ordering appetizers, or they're just ordering the main and splitting it. Or, that they're not ordering as many alcoholic beverages and not having dessert anymore, things that keep the overall price down.”

(General Manager, Family Style, New York City)



Uber Eats Claims NYC

With New York City restaurants using an average of three online ordering platforms (same as last year), there’s always been space for many players. However, this year saw Uber Eats claim the lion’s share of business. A whopping 77% of New York City restaurants report using Uber Eats, while DoorDash was used by just 35% and Postmates was used by just 20% of restaurants. Though it’s worth noting that this may come at a cost, as New York City operators report paying an average of 16.4% in commission fees on each order, which is higher than any other city.

Regardless of the platform, online ordering seems to still be a viable channel for restaurants across the city. 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.

“It’s more of a split now between in-house and DoorDash. But it’s not like we pocket all of that – we have to give a percentage to them as well.”

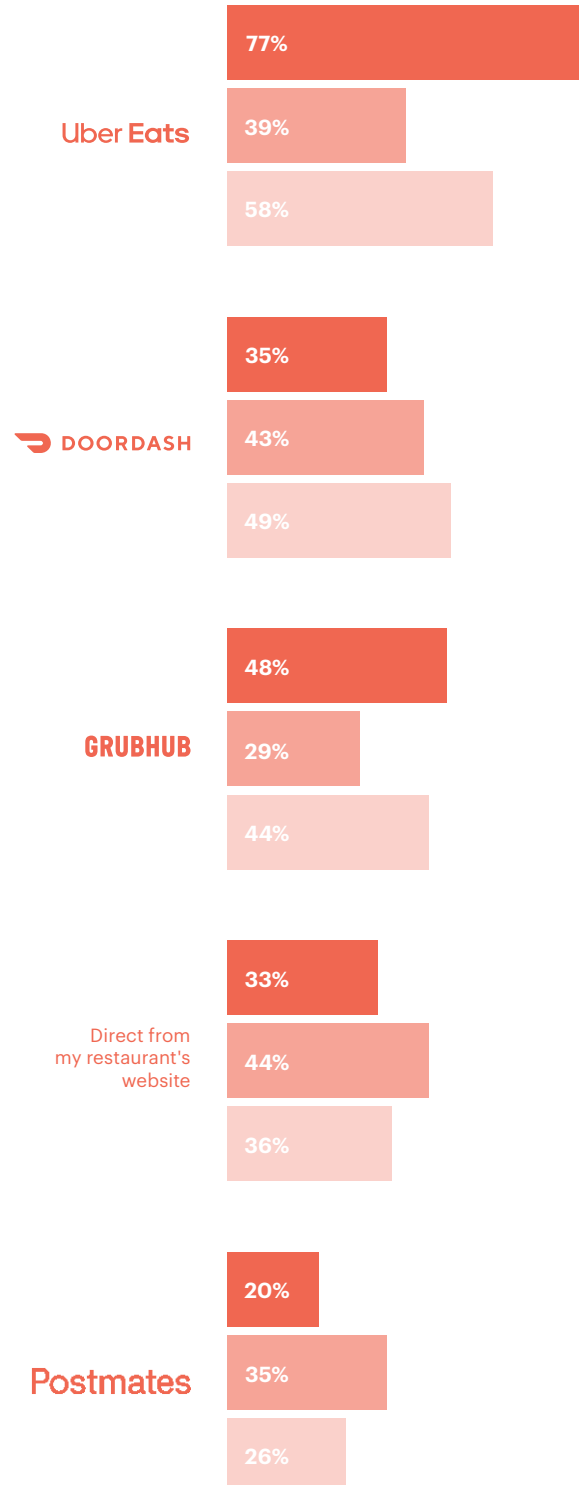
(General Manager, Family Style, New York City)

26% Proportion of business done through online ordering, on average, in NYC

18% Average increase in sales from online ordering

Most Popular Online Ordering Platforms in NYC

2023
2022
2021





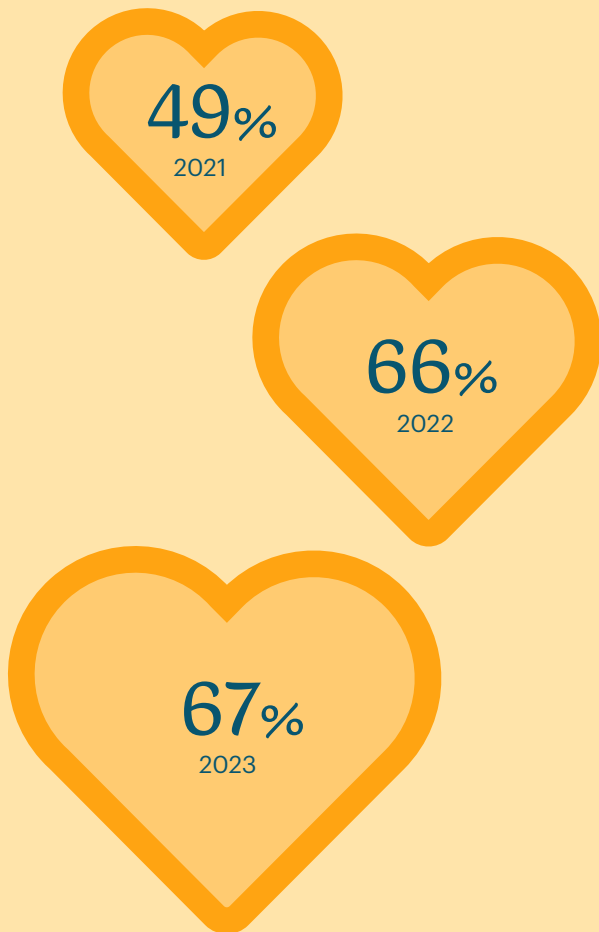
Marketing & Loyalty



Loyalty Programs Still Popular...

Last year, 66% of New York City operators reported offering a loyalty program. This figure remains largely unchanged in 2023, with 67% currently offering a loyalty program. Of these programs, digital programs are the most popular, with 53% offering a digital rewards program over punch cards, apps, and other programs.

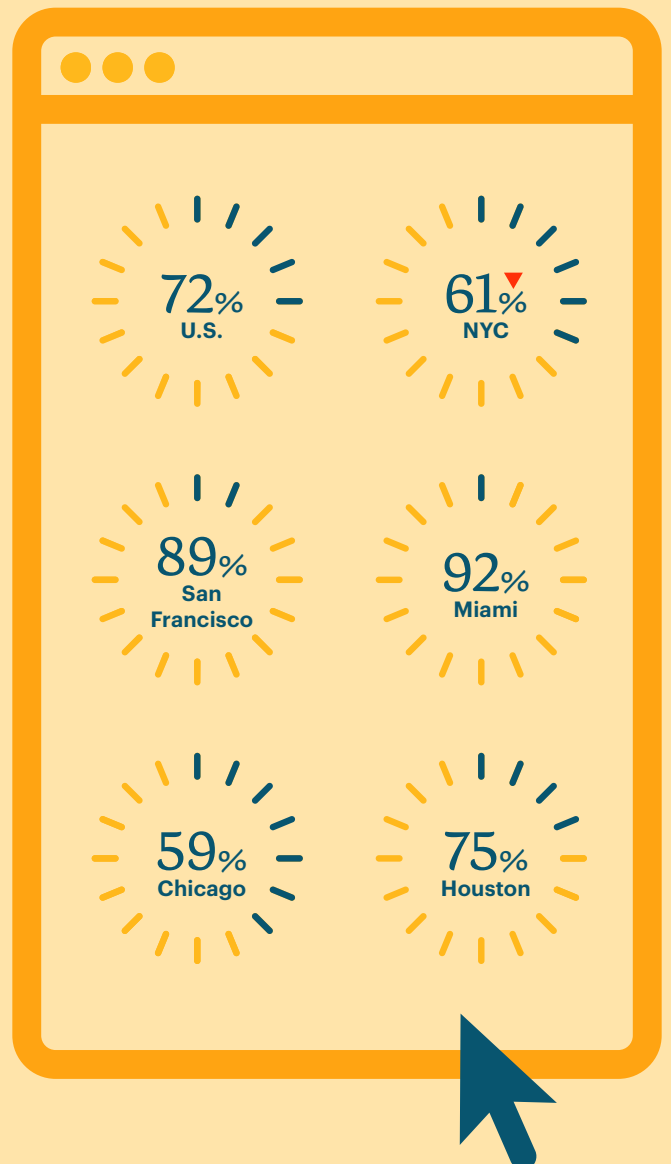
NYC Restaurants that Have a Loyalty Program



...But Websites? Not So Much.

While loyalty program usage in New York City is pretty on par with the rest of the country, New Yorkers lag well behind their peers when it comes to building an online presence. Only 61% of New York City operators report having a website for their restaurant, which is below the national average of 72%, and far behind cities like Miami and San Francisco.

Proportion of Restaurants That Have a Website by City



Keeping It Social

While some New York City’s restaurateurs may not see the value of creating a website, they certainly understand the importance of building a social media presence. Both Instagram and Facebook were tied as the most popular platforms of choice, with 80% reportedly using each platform. And while TikTok lagged behind some of the older social media platforms, it seems to be more popular in New York City than it is nationwide, with nearly a third (31%) of New York City restaurateurs using TikTok to promote their businesses.

“I've had new customers come in and say, ‘Hey, we saw your page on Instagram and we thought we would try this out.’ So I think social media has definitely helped, especially with the society we now live in.”

(General Manager, Family Style, New York)



Social Media Platforms Used for Restaurant Promotion

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

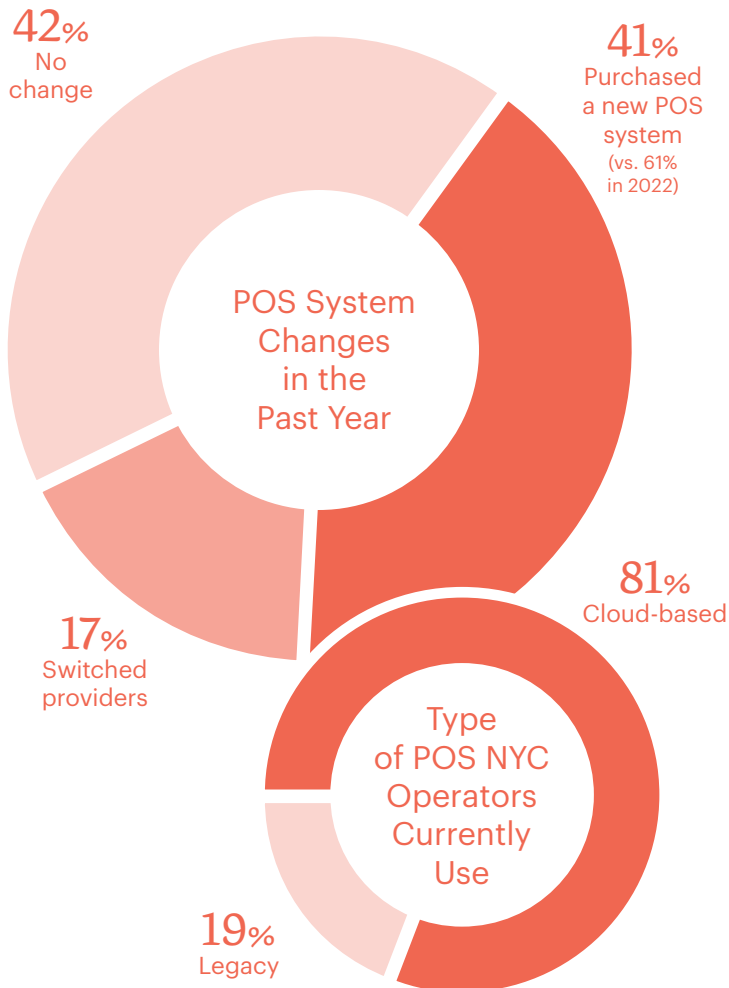
Technology



POS Shopping Slows

After a banner year for POS sales in 2022, New York City operators seemed more satisfied to stick with their current systems. In 2023, 41% purchased a new system and only 17% switched systems, compared to last year when 61% purchased a new system and 24% switched systems.

The reason for slower sales may be due to the fact that the majority of operators have now upgraded from outdated legacy technology to cloud-based systems. In fact, 81% of New York City operators report currently using a cloud-based system, which is even higher than the national average of 76%.



“I don't really have any major complaints about our POS. The employees seem to like it and it helps us manage reservations as well.”

(General Manager, Family Style, New York)

Automation and AI Go Mainstream

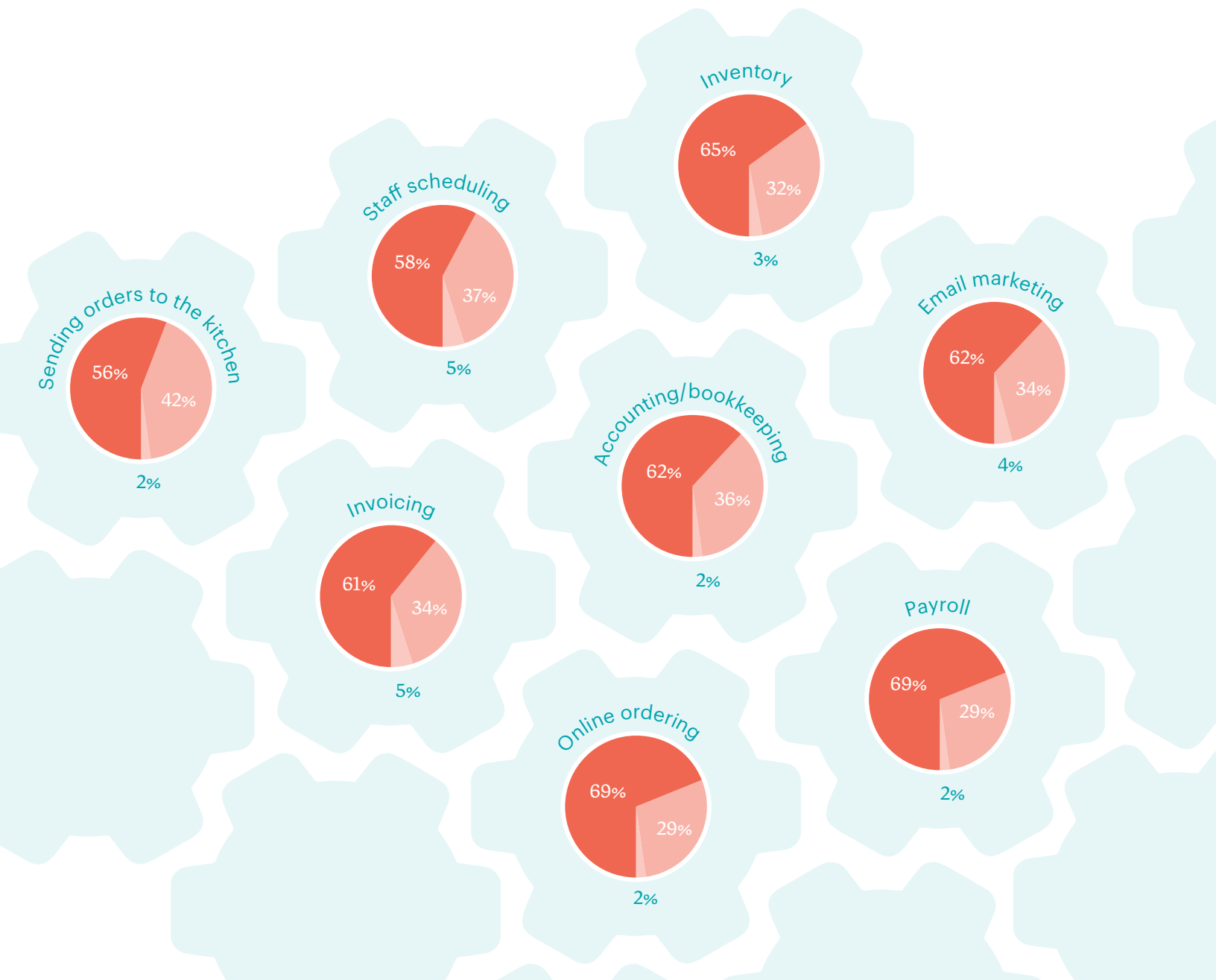
While POS shopping may have slowed a bit since last year, one thing that hasn't slowed down is the shift towards automation. Much like restaurateurs across the country, New York City operators have readily embraced automation, with online ordering and payroll being the most popular tasks to automate.

AI has also taken New York City restaurants by storm. Interestingly, optical character recognition – the digital conversion of typed, handwritten or printed text – proved to be the most popular form of AI at New York City restaurants with more than a third (36%) using the technology.



Tasks That NYC Restaurateurs Have Automated

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



New Yorkers Weigh the Cost of Automation

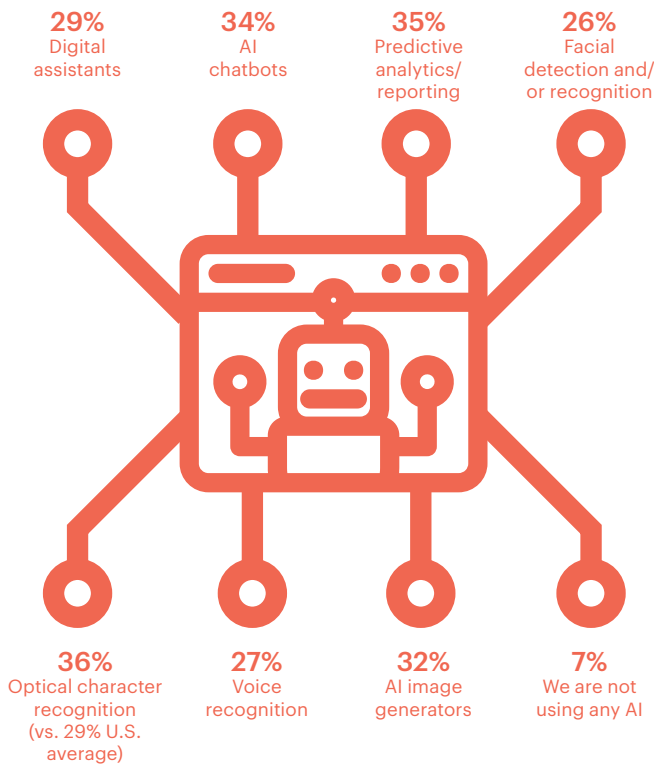
Among those who expressed an interest in automating certain tasks but had not yet done so, the biggest barrier seems to be the price tag. High upfront costs and the ongoing expense were cited as the top two reasons why New York City restaurateurs had yet to automate certain tasks.

Top 3 Barriers to Automation for NYC Restaurants

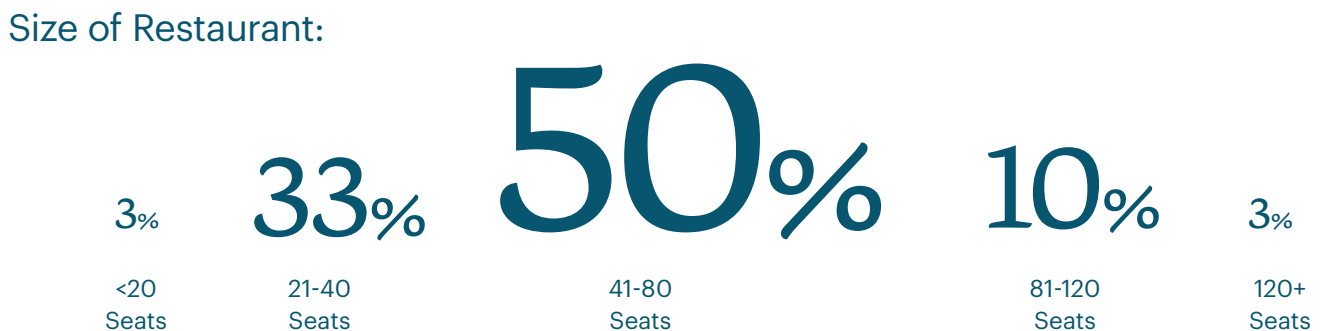
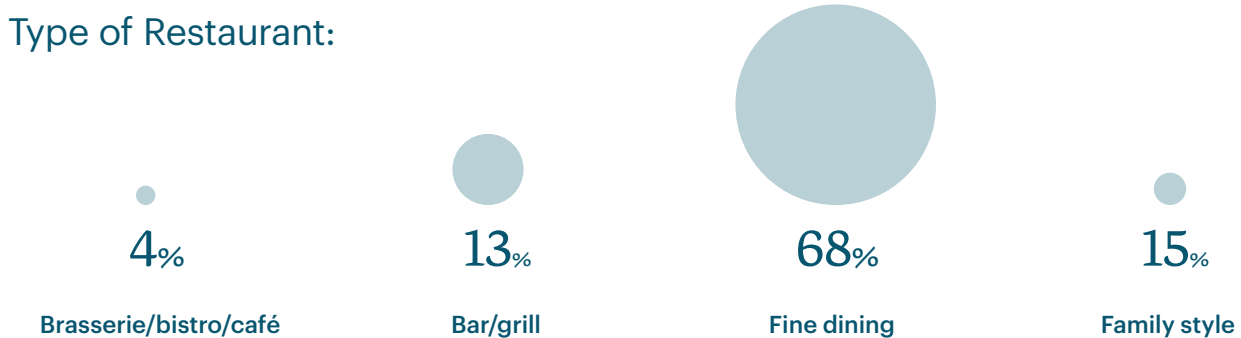
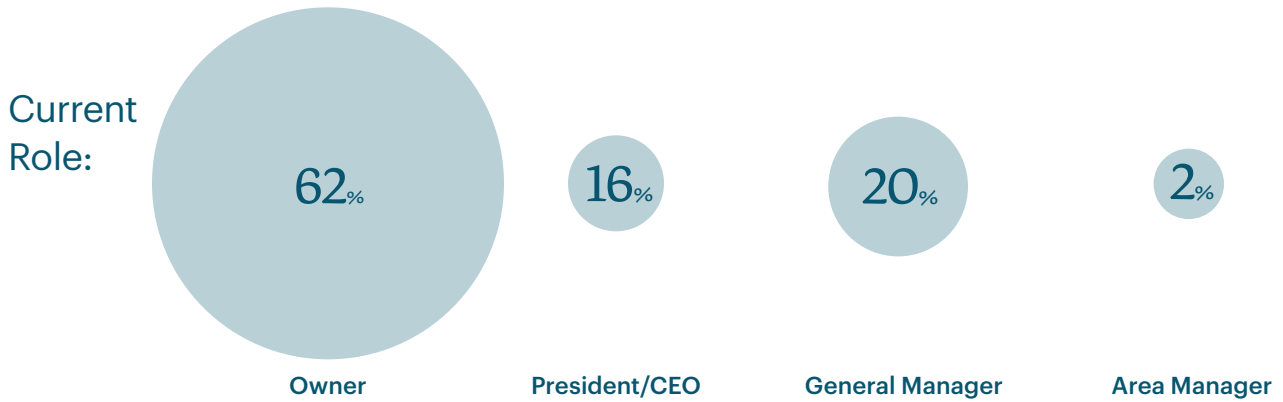
- 1 High upfront cost
- 2 Ongoing expense
- 3 System reliability concerns

93% Portion of NYC restaurants currently using some form of AI

Types of AI Used in NYC Restaurants

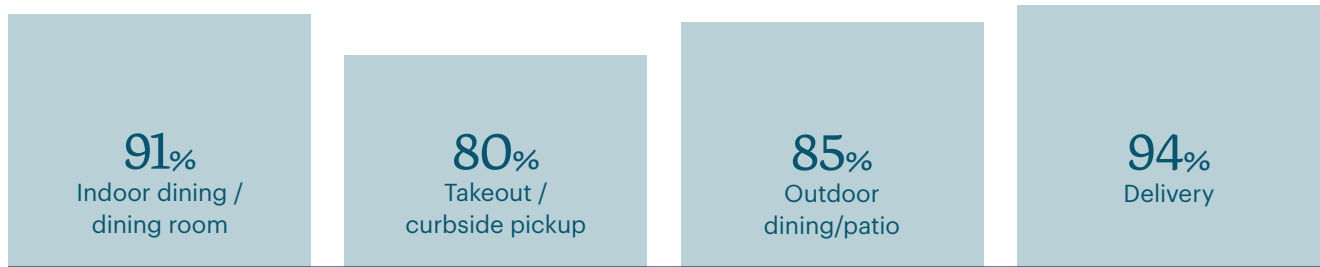


Respondent Profile

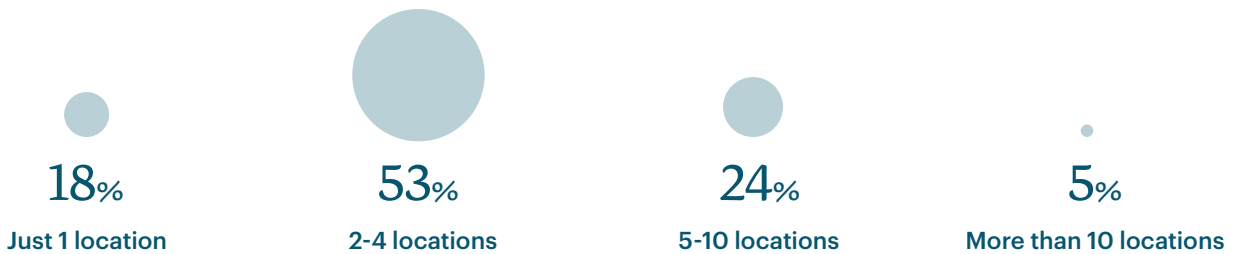


Respondent Profile

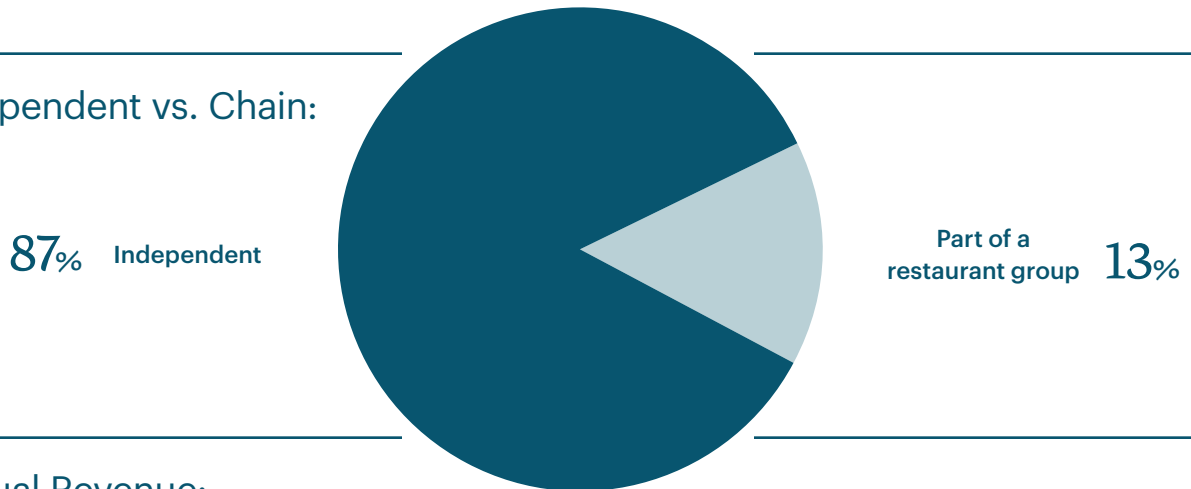
Dining Options Offered:



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.



