2025 State of Restaurants Report

TouchBistro

INTRODUCTION

If there's one phrase that could be used to sum up the state of the independent full service restaurant industry right now, **"out of the ordinary"** would be the perfect fit.

With inflation still high, spending on non-essentials low, and economic uncertainty looming, 2024 was certainly not an ordinary year for independent restaurants. Many operators struggled to keep expenses – particularly food and labor costs – under control, while simultaneously trying to cater to increasingly cost-conscious consumers who have grown weary of continued price hikes.

While all these unusual circumstances sound like a recipe for a bad year for full service operators, the opposite proved to be true. Despite struggles in the back office, FSRs reported seeing an overall increase in traffic and an increase in profit margins from the year prior. Indeed, the FSR category proved to be a bit of a bright spot, while many QSR brands – particularly those that built a reputation on value that they could no longer sustain – struggled. In other words, it appears consumers are prioritizing their visits to venues that can offer them a full service dining experience, even if that comes with a higher price tag.

And as our report reveals, full service operators appear to be making the most of this "out of the ordinary" operating environment by capitalizing on relatively steady sales, while simultaneously working to keep their biggest expenses from swallowing them whole. And luckily, they seem to be making some headway with those efforts, in part, due to an overwhelmingly positive outlook on technology and its ability to fuel more profitable operations. →

Contents

Summary of Key Findings

34% how much more operators are spending on food costs compared to last year, on average

Menu price increases are no longer the antidote for rising food costs ▪ With many restaurants reaching the limits of what consumers will pay, operators are shifting their focus from raising prices to reducing expenses.

99% are spending more on labor costs this year compared to last year

Operators are turning to tech to solve the labor cost crisis ▪ To keep labor costs in check, operators are investing in productivity-boosting tech and time-saving automations.

82% have seen an increase in takeout/delivery sales compared to last year

Improving speed and accuracy helps fuel off-premise sales ▪ Ongoing investment in online ordering efficiencies continues to fuel takeout and delivery sales.

48% now use TikTok to promote their restaurant (up from 26% in 2023)

Operators begin to recognize TikTok's marketing potential ▪ With greater opportunities for diner discovery, restaurateurs are now making TikTok a priority platform.

89% feel positive about the use of AI in restaurants

Operators embrace AI with open arms (though diners might not even notice it) ▪ When used quietly in the background, operators see big benefits from the use of AI-powered solutions.

1

Financial Health

Operators adapt to a new normal of high expenses with some creative, profit-maximizing strategies.

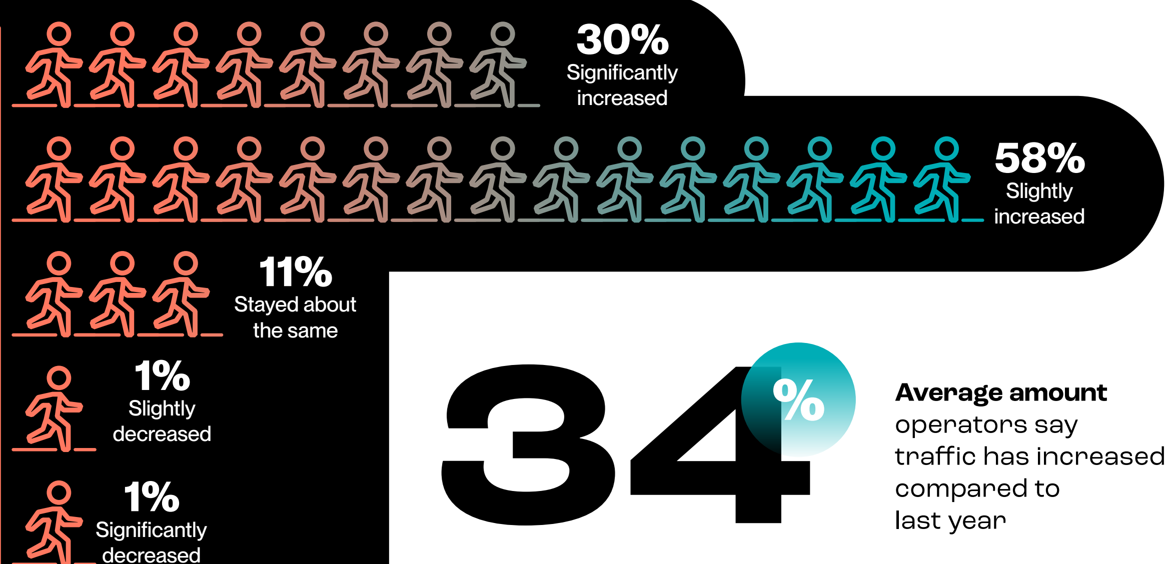
Profit Margins & Traffic Tick Upwards

Despite high inflation and lingering economic uncertainty, the data shows that consumers are still making visits to FSRs a priority. Nearly a third (30%) of operators said they had observed a *significant* increase in traffic from the year prior, while 58% experienced a *slight* increase.

As for when restaurants are seeing the most traffic, Sunday was the most consistently busy day for operators, on average. And while there has been whispers of a new era of earlier dinner times, restaurants still appear to be quite busy during the late supper or "reverse happy hour" time slot (between 8:00 p.m. and 10:00 p.m.) on Saturdays and Sundays, while the earlier diner slot (6:00 p.m. to 8:00 p.m.) proved more popular during the week.

This uptick in traffic, combined with strong takeout and delivery sales, also translated into a bump in profits, with average profit margins rising from 9.3% in 2023 to 9.8% in 2024. Though profit margins are ultimately still down from 2021 and 2022, the latest data suggests that temporarily ceding a portion of profit margins in order to get consumers through the door (whether it's with strategic LTOs or simply a strong value proposition for customers) is working for some restaurants.

Restaurant Traffic This Year Compared to Last Year



34%

Average amount operators say traffic has increased compared to last year

Average Profit Margins by Year

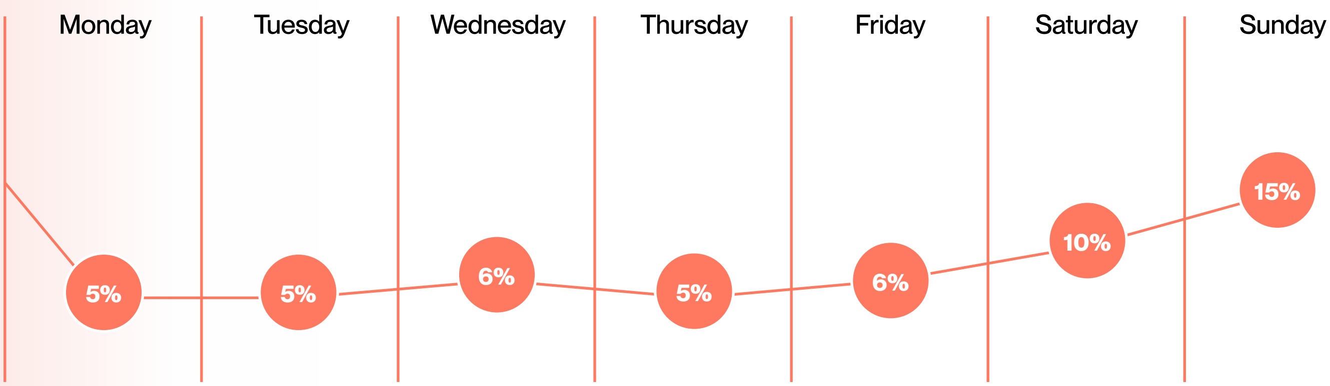
9.8% ▲ 2024

9.3% 2023

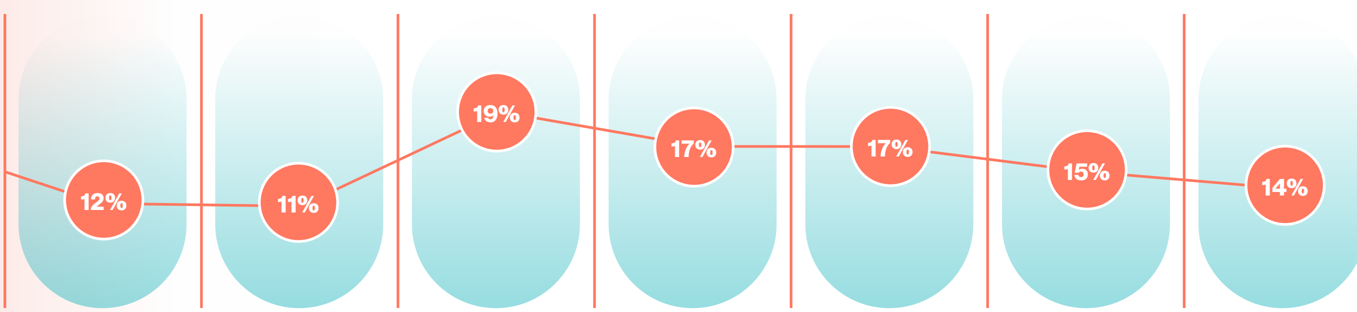
10.6% 2022

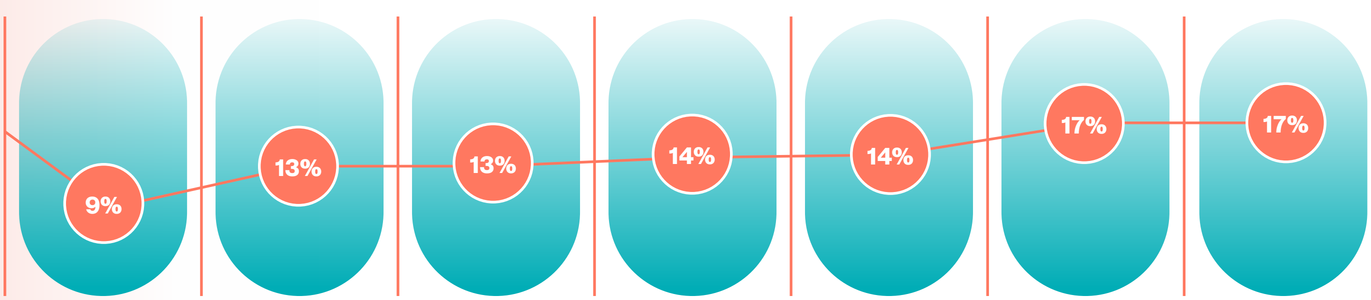
10.2% 2021

Most Consistently Busy Days



Busiest Days During the Early Evening Period - **6:00 p.m. to 7:59 p.m.**





Food Costs Continue to Eat Into Profits

While profits seem to be moving in the right direction, this doesn't mean operators aren't still struggling to keep their costs under control. More than a quarter (26%) said that food costs have been their biggest source of financial strain this year and 18% reported that higher food costs were the number one obstacle to growing their business right now. In an effort to keep food costs under control, 40% said they've sought out new, less expensive suppliers to keep costs down, while 38% have tried to reduce food waste.

And while operators have relied heavily on menu price increases to cover costs in recent years, they seem to understand that most have reached the limits of what consumers are willing to pay. In fact, only 25% reported raising menu prices to increase revenue and 29% implemented service charges. Meanwhile, most operators tried to boost sales by introducing catering, investing in marketing efforts, and changing tech providers.

Greatest Sources of Financial Strain in the Past 12 Months

	Food/inventory costs	Labor costs	Rent	High interest rates	Loans and debts	Chargebacks and other payment processing fees
New York City	34% ▲	19%	6% ▼	11%	17% ▲	6%
Los Angeles	30%	25% ▲	7%	9% ▼	11%	14%
Chicago	28%	15%	25% ▲	19%	4%	9%
Dallas	27%	14%	14%	26% ▲	13%	6%
Las Vegas	25%	22%	8%	23%	3% ▼	16%
Total	**26%**	**18%**	**17%**	**17%**	**10%**	**10%**

“You don’t have that same Monday to Friday lunch crowd or happy hour crowd because not everybody’s going into the office. Monday and Friday are both significantly down for us because most people choose – if they have to go to the office three days a week – to go in Tuesday, Wednesday, and Thursday.”

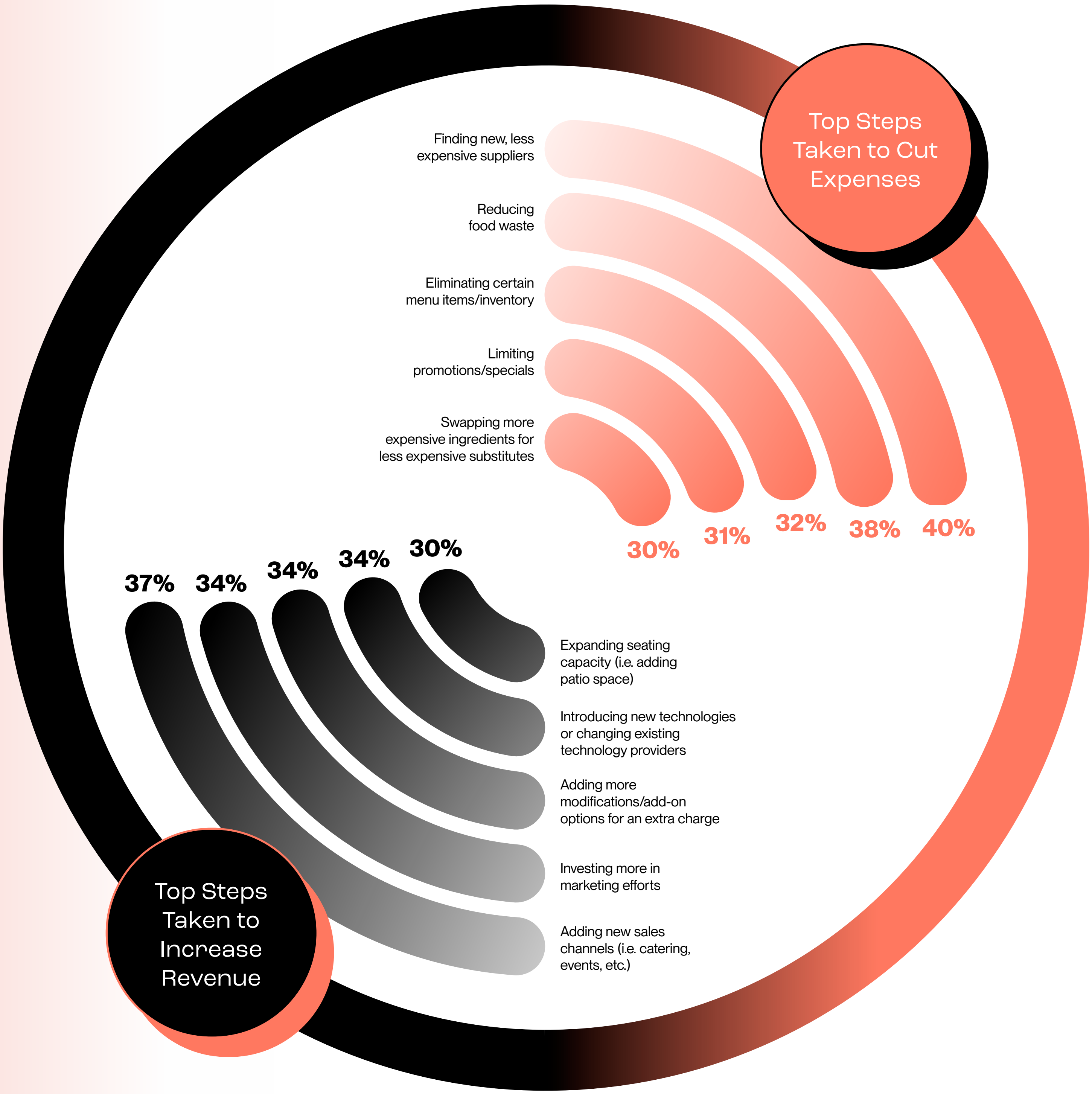
General Manager, Bistro, New York City, NYC

Top 3 Obstacles to Business Growth

1 Food costs

2 Attracting new customers

3 Economic uncertainty



78%
Of FSRs report carrying some debt

$51,040
Average debt carried by FSRs

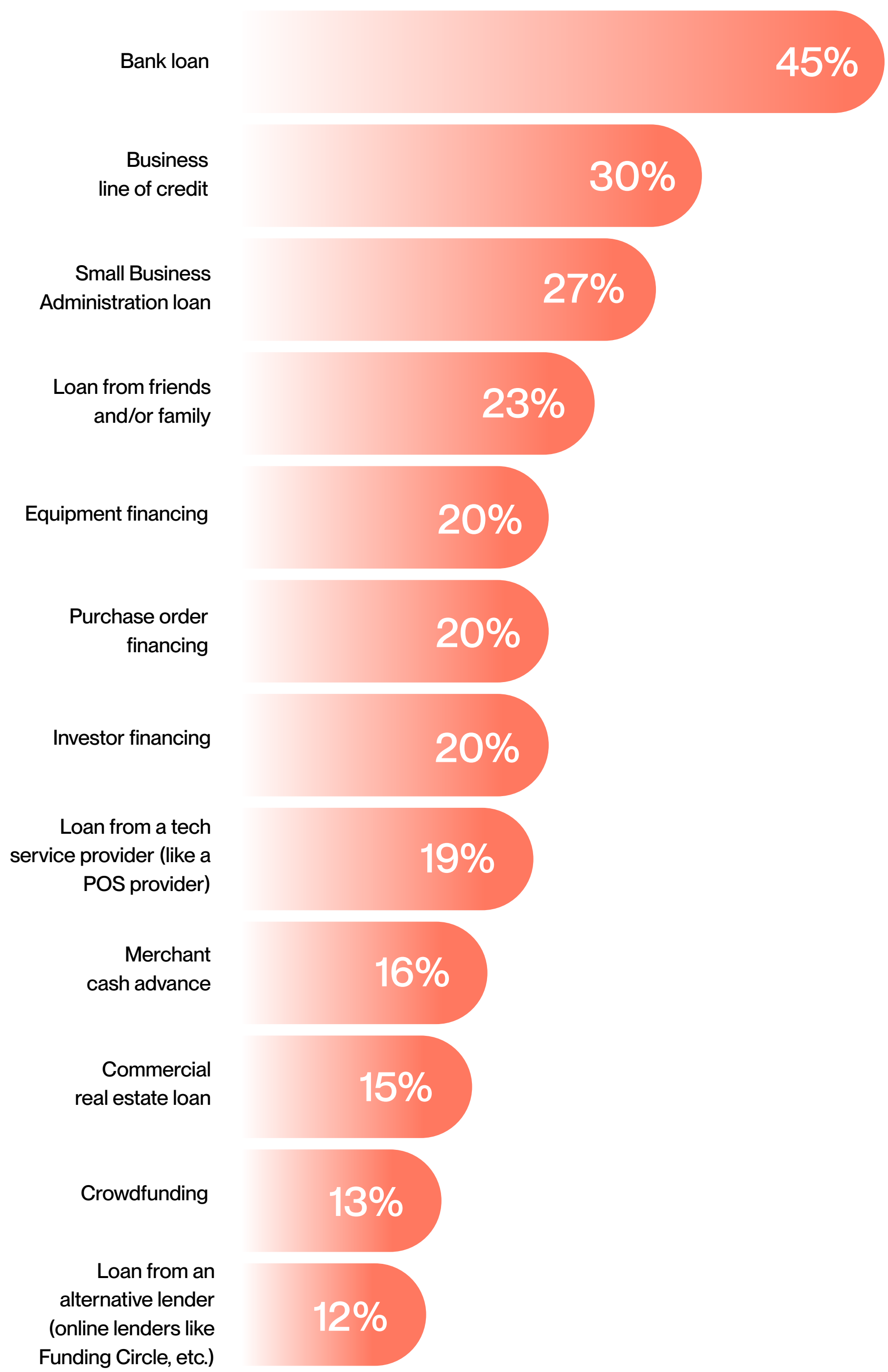
Lending on the Rise

Another way operators have sought to tackle rising expenses is with loans or other types of financing. In fact, a whopping 42% of operators reported taking out loans in the past six months alone. Overall, 78% of operators reported carrying some debt, which is a notable increase from 68% the year prior, and a sign that cash flow may be an issue for many independent FSRs right now.

Bank loans were the most common form of financing (45%), followed by a business line of credit (30%). However, 19% also reported accessing loans from a tech provider (like a POS provider), which suggests operators are fairly comfortable working with less traditional lenders.

And while the average amount of debt FSRs report carrying has stayed relatively unchanged at $51,040 – down a hair from $51,863 in 2023 – it does appear as though the number of operators with $30,000-$70,000 worth of debt is up 11% from last year.

Type of Loan or Financing Taken Out in the Past 6 Months



Optimism Remains High

Despite high expenses and interest rates, optimism remains relatively high among independent full service operators. More than half (52%) said they were *somewhat* optimistic about the future of their business, while 38% said they were *very* optimistic.

This optimistic outlook is also reflected in operators' expansion plans for the year ahead. 49% said they planned to expand their business by adding catering, while 45% plan to add private events – two strategies that suggest an appetite for growth, but primarily through a diversification of revenue streams.

Plans for Expansion in the Coming Year

49%	Add catering services
45%	Add private events
38%	Add a new location
40%	Add multiple new locations
36%	Franchise the business
32%	Add a virtual brand (ghost kitchen)
3%	Not planning on expanding

Optimism About the Future

Very optimistic	Somewhat optimistic	Neutral	Somewhat pessimistic	Very pessimistic
38%	52%	9%	1%	0%

"I just hope we see positive changes from what we're doing with technology and our food. **I'm optimistic and hoping these changes that we're making are for the better because I love my job and what I do. I like seeing people happy."**

(Executive Kitchen Chef/Restaurant Manager, Fine Dining, Dallas, TX)

Operator Spotlight

One Restaurant, Multiple Revenue Streams

Lisa Walker, Owner, diVINE on main,
Peterborough, NH

Though only open for a little over a year, Lisa Walker, Owner of diVINE on main, has spent the better part of the year exploring ways to bring in additional revenue. What started as a cozy wine bar serving delicious small plates has already expanded into private events, takeout, and local and wine-themed merchandise.

"We're in a very tourist driven area and it seemed like this summer, for whatever reason, there weren't as many tourists. I wouldn't say it's overly concerning, but everything is sort of that domino effect, lower sales means less tips for staff, which makes staffing a challenge. **The struggle is having managers and being able to pay them a competitive wage. Right now they make $15/hour and I can't go any higher until we start to drive sales a little more."**

In an effort to drive more consistent revenue, especially during off-peak season, Lisa spotted an opportunity to expand into private events.

"Our max capacity is 48 and we've hit that a couple times, but it's always been with special events. It just kind of happened that someone would call and say 'Can I have my birthday party here?' **They started asking what I charge for the room and I realized this idea has legs. So I've been trying to find different events to bring people in – it seems like the path we're going down is to be a destination for people, in addition to the day-to-day business."**

And thanks to some extra marketing efforts, diVINE's events business is already picking up steam.

"Now, if we run a special event, I'll send out the information in our newsletter. We actually have one coming up in October and I'm shocked that it's almost sold out! We have so many loyal, dedicated people who come back all the time so I really try to get the word out."

But events are just one of the many revenue streams Lisa is exploring. She also recently opened an in-house gift shop with swag, local merchandise, and other wine-themed gifts.

"We're always kind of tweaking and changing our business. We rolled out an in-house gift shop and it's been really great. I get to offer some of the local products that we serve on our menu, which people really like."

And with plans for outdoor seating also in the works, Lisa continues to find ways to scale her business (without ever expanding the restaurant's footprint or overhead).

Our Takeaways

After years of menu price hikes, it's time operators shift their focus from simply raising prices to reducing expenses in the first place.

- Tech such as inventory management software can help identify cost-savings in the BOH
- Revenue-boosting strategies should also be implemented – simply raising menu prices won't cut it
- Try diverse revenue streams (like catering, merch, and events) to expand without adding more overhead

2

Staffing & Labor

With labor costs high, addressing overstaffing and unplanned overtime prove essential.

Implementing Automation Leads to More Productive Teams

Like food costs, labor costs have shot up dramatically in recent years. Partially fueled by rising minimum wage rates and the overall expectation of higher salaries, higher labor costs were cited as the number one staffing or labor challenge among operators. In fact, 99% of full service operators reported spending more on labor this year.

Despite the financial strain, reducing headcount was the least common strategy used to reduce labor costs. Instead, operators reported increasing productivity (39%), increasing staff retention (36%), and introducing new technology (35%) as ways to keep labor costs manageable.

Tech that helps free up staff time, like QR code payments or AI-powered voice ordering, have also proven valuable to operators, with 41% reporting more efficient FOH teams and 34% reporting more efficient BOH teams after implementing these kinds of solutions. Just like they navigated higher food costs, operators have nimbly adapted to this new era of sky-high labor costs by looking for digital efficiencies wherever they can.

99%

Report spending more on labor costs compared to last year

Strategies Implemented to Reduce Labor Costs

39%	Increase productivity
36%	Increase staff retention
35%	Introduce new technology
30%	Cross-train/repurpose staff
30%	Use restaurant scheduling software
30%	Create labor targets
29%	Use POS sales data to predict scheduling needs
28%	Reduce hours of operation
24%	Reduce staff headcount

Tech Implemented to Alleviate Staffing/Labor Cost Concerns

49%	Order-ahead or pre-schedule online ordering solutions
48%	QR code payments
46%	QR code menus
42%	AI-powered voice ordering solutions
36%	Self-serve kiosks
30%	Robotics
2%	We have not implemented any tech for this purpose

"Labor control is an issue because we don't want to pay for overtime – it depletes our profits. It's honestly been a battle for us, fighting overtime. Being a fine dining restaurant, we have to maintain a certain image, so the amount of people I [have per shift] doesn't necessarily help profits, but it helps the aesthetic and the customer view of it."

Executive Kitchen Chef/Restaurant Manager, Fine Dining, Dallas, TX

41%

Report more efficient **FOH** teams after introducing automation

34%

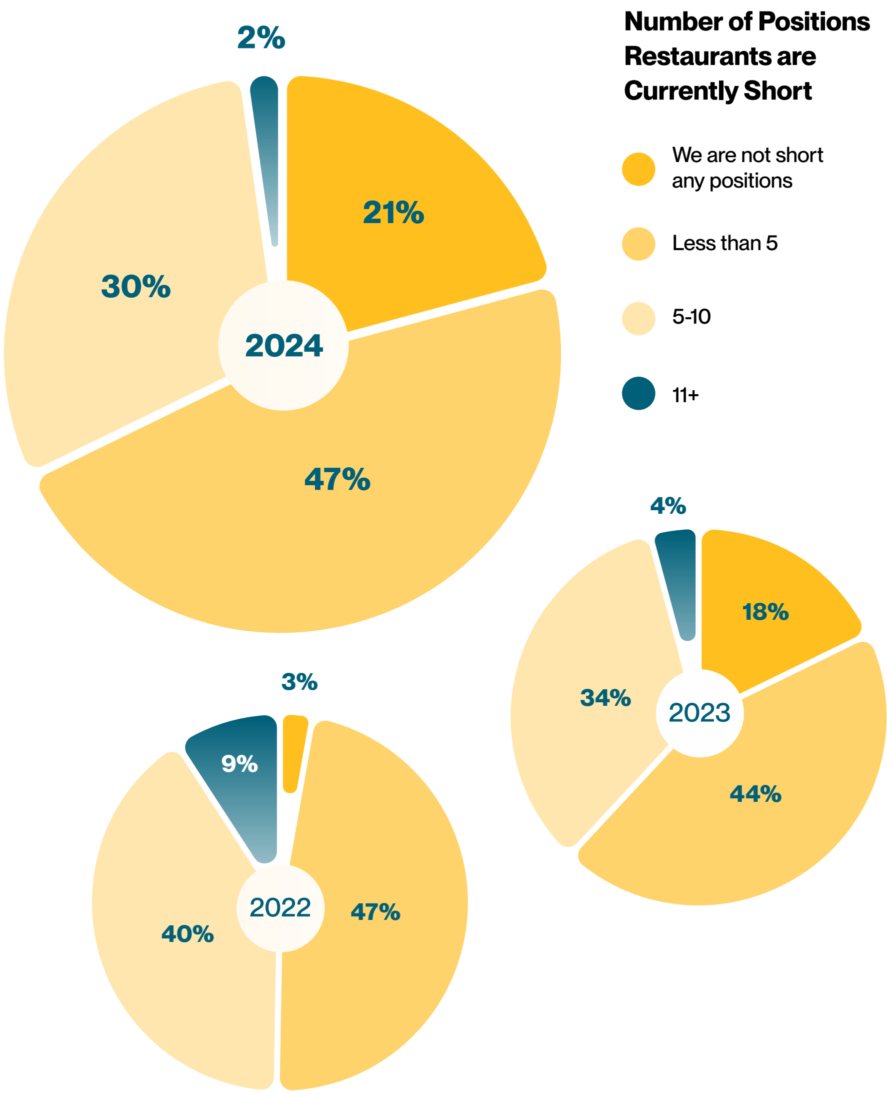
Report more efficient **BOH** teams after introducing automation

Both Staff Shortages and Retention Show Signs of Improvement

While labor costs are indeed a concern, most operators are starting to get a better handle on two other issues that have defined the past few years: staffing shortages and turnover.

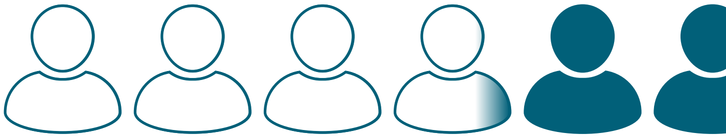
This year, 21% of operators said they were not short even a single staff member – a major improvement from just 3% who said the same in 2022. In total, operators reported being short an average of 3.8 positions, which is also an improvement from 2022 when operators were short an average of 5 positions. As for who operators are missing, bartenders and dishwashers were the most in-demand roles.

Things were a little less rosy on the turnover front. 44% of operators cited staff turnover as their number one labor concern in the past year, with many reporting low morale among their teams. However, the average turnover rate did drop to 26%, down slightly from 28% in 2023.



3.8

Average number of positions operators are currently short



Our Takeaways

With labor costs high, reducing headcount is a tempting solution, but one that can impact quality of service. Instead, operators should turn to tech to solve their biggest labor woes.

- Productivity-boosting tech can help staff move faster and more efficiently
- Scheduling and forecasting tools can eliminate overstaffing issues and costly overtime
- Allow AI lend a helping hand to let staff focus on more pressing matters

3

Inventory & Menu Management

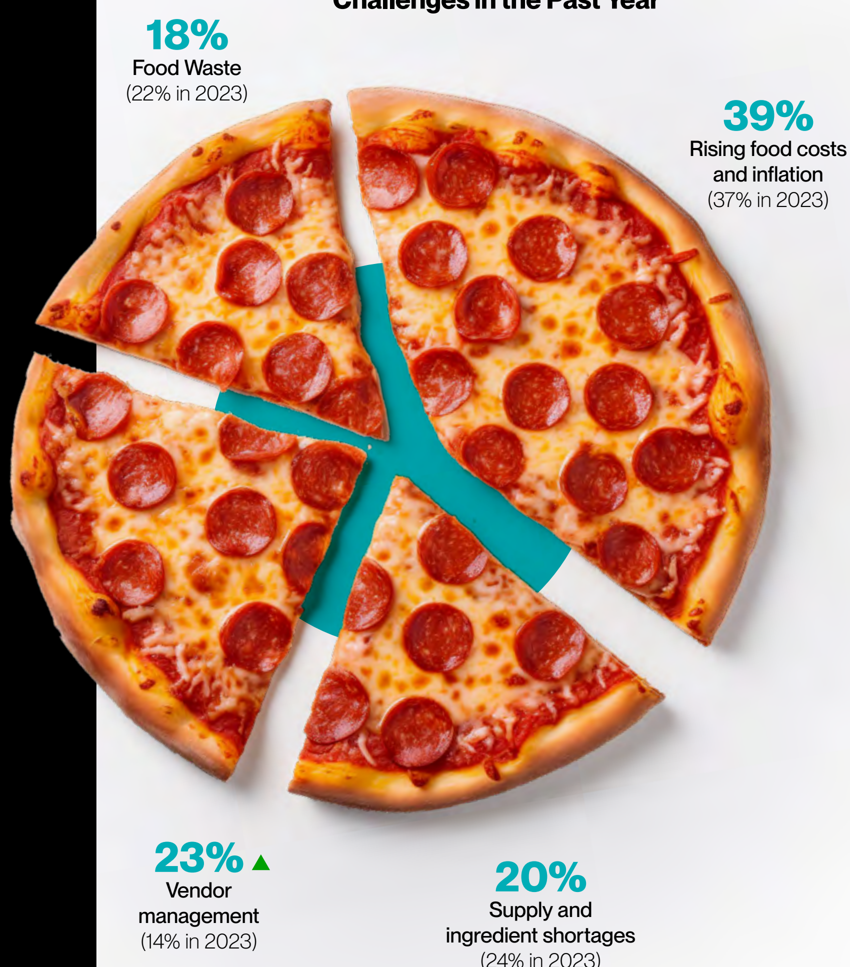
With menu price increases pushing consumers to their limits, operators aim to strike the tricky balance between offering value and covering higher food costs.

Operators Continue to Feel the Impact of Rising Food Costs

Though inflation has begun to decelerate, operators still ranked rising food costs and inflation as their number one inventory challenge. On average, operators report spending 34% more on food costs this year, which is a notable decrease from last year when they reported spending 41% more, but still a major expense.

Additionally, vendor management appears to be a growing concern, particularly for brasseries, bistros, and cafés – an issue that likely stems from higher food costs and operators pushing for better contracts.

Biggest Inventory Challenges in the Past Year



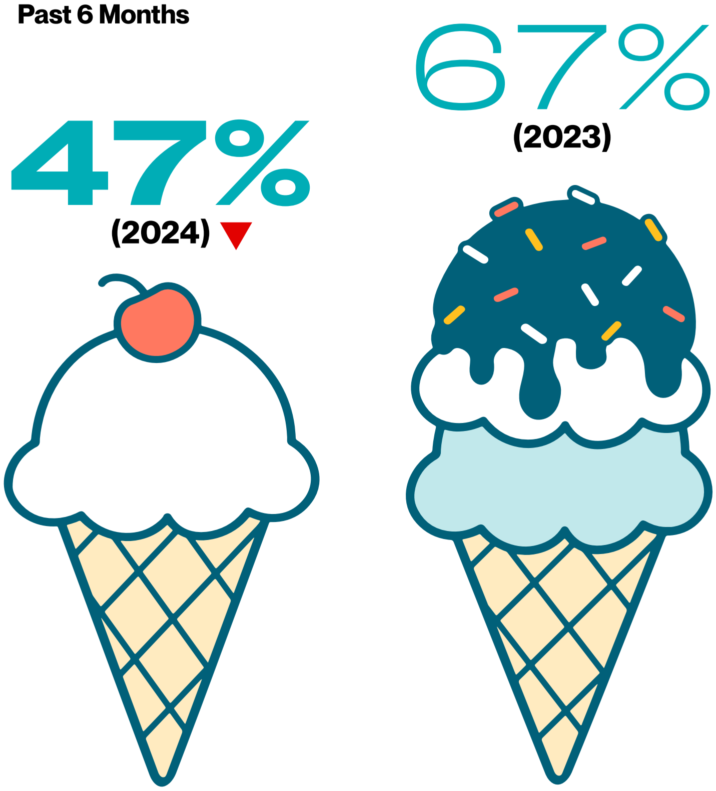
34% **How much more** operators are spending on food costs compared to last year

Operators Attempt to Temper Menu Price Increases

For the past few years, operators have responded to higher food costs by simply raising their menu prices. But in the past year, operators seem to understand they have reached the limits of what their customers can pay and have made efforts to temper further increases. This year, 47% of all operators reported raising prices in the past six months, which is far fewer than the 67% who said the same in 2023.

Among those who did raise prices, they did so by 14% on average, and many reported that this came at a cost to their business. In response to higher prices, more than a third (38%) said they noticed consumers spending less overall. 36% also reported smaller tips, while 33% said customers were ordering less alcohol. More than a quarter (29%) of restaurants with 5-20 locations also reported negative reviews following price increases. While these operators are simply trying to cover their costs, they could be risking traffic, sales, and even their reputation in the process.

Operators Who Reported Raising Prices in the Past 6 Months



Cost-Saving Inventory Tips:

- Maximize margins by using cheaper ingredients when possible
- Repurpose ingredients in multiple dishes to reduce waste
- Remove low-profit or time-consuming dishes

Changes in Consumer Behavior Following Menu Price Increases

- **38%** Customers are spending less overall
- **36%** Customers are tipping less
- **33%** Customers are ordering less alcohol
- **33%** Customers are ordering fewer dishes
- **30%** Customers are ordering takeout/ delivery less frequently
- **26%** Fewer customers are visiting on the weekend
- **25%** Fewer customers are visiting during the week
- **23%** Negative reviews
- **5%** No significant change in customer behavior

"We've definitely seen changes in our customers. We actually used to have a bar at the cafe, which we shut down in January. It was supposed to be for the 25 to 40 crowd, but now that generation is not drinking as much, so there wasn't a demand for that kind of thing anymore. We removed it, even though we were sad to see it go. **That was one big thing we just kind of gave up on. It's not worth chasing it anymore. We were spending money on three extra employees who were doing nothing in the evening."**

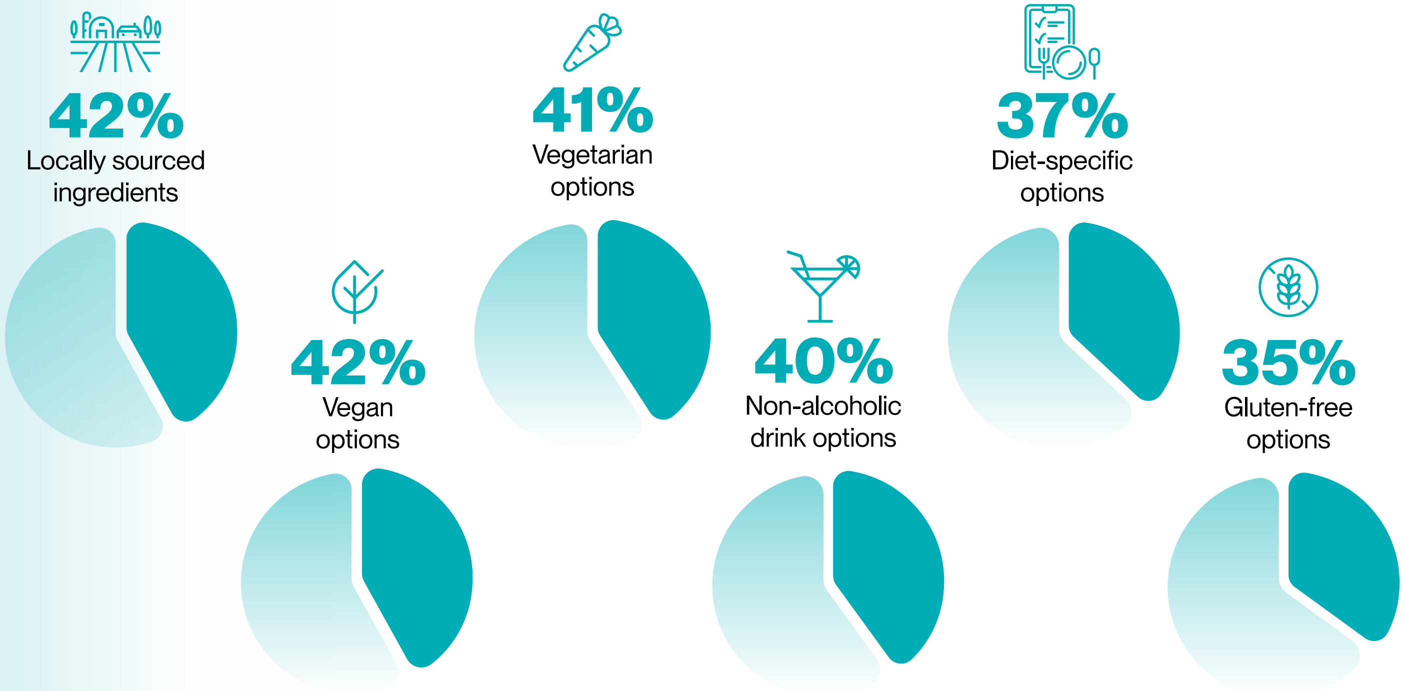
(Owner, Café, Chicago, IL)

Operators Put the Spotlight on Locally Sourced Fare

Similar to last year, both locally sourced ingredients and plant-based dishes were the most popular types of menu changes. In the next six months, a whopping 42% of operators reported planning to add more locally sourced ingredients to their menu. Additionally, 42% intend to add more vegan options and 41% plan to add more vegetarian options.

Non-alcoholic drinks were another popular menu addition, with 40% of operators planning to add them to their menu – a shift that makes sense given that a third (33%) of operators have observed customers ordering less alcohol.

Planned Menu Additions in the Next 6 Months



Operator Spotlight

Cutting Costs Without Cutting Corners

Roy Windham, Owner, Porter Public House,
Hattiesburg, MS

For Roy Windham, Owner of the Porter Public House and The Pullman in Hattiesburg, Mississippi, covering rising food costs without impacting the customer experience has been a delicate balance.

"We're always trying to find ways to make up for the fact that everything costs more. It's difficult because you don't want to make the customer responsible for that cost, but we have to make up for what we're spending on our ingredients so we raised prices. Our average bill used to be around $14 or $15, but now it's around $16 or $17."

Fortunately for Roy, customers have been understanding of the price increases, but that sympathy hasn't necessarily translated into more visits.

"Most people aren't complaining and we haven't seen a huge decrease in tips, but I do think people are visiting less frequently. **Customers are just not coming in as often. I mean, even in my own personal life, our family doesn't go out very much anymore because we can't.** That's just my experience, but I do feel that, in a general sense, things are just tighter and people have less disposable income."

With his customer's financial concerns top of mind, Roy has looked for other ways to make the math work.

"We're trying to give people cheaper options so we created a lunch menu where we're doing half portions of some of the bigger entrees that we were doing for dinner. That has seemed to help because someone can spend $10 on lunch instead of $15 or $20. I think it's about finding ways where we can offer the same quality of product and the same experience, but cut down on how much we're charging the customer."

And those changes haven't been limited to the FOH.

"We've made changes in the back too. We used to hand-cut and hand-batter all of our fries, but we found a product that's very similar to our version so we moved in that direction to save time, labor, and costs. **Whenever there's a product that's costing too much, we try to weed it out or do something different that won't compromise the final results."**

While Roy is optimistic about costs coming down and consumers dining out more in the year ahead, until then, he continues to look for ways to make the math work.

Our Takeaways

Inflation is decelerating, but consumers are still feeling the effects of cost of living increases and their appetite for menu price hikes has evaporated. Now's the time to start shifting the focus from price hikes and service charges, to reducing expenses in the first place.

- Pause menu price increases and focus on finding BOH efficiencies (like reducing waste) to cover higher food costs
- Instead of heavy discounts, look for other ways to offer value (like exciting LTOs) to attract consumers without impacting profits
- Keep tabs on important menu trends (like the growing demand for non-alcoholic drinks) and avoid short-term fads (like keto)

4

Takeout and Delivery

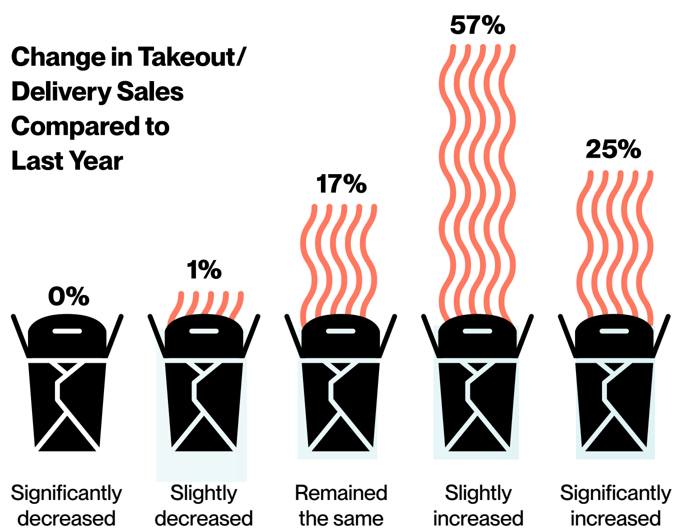
With takeout sales up, maintaining speed and quality is now priority number one.

Takeout & Delivery Sales Tick Upwards

In the past few years, takeout and delivery have surged, partially due to the rise of third-party delivery apps and changes in customer behavior spurred by the pandemic. Now, at a time of high inflation, ordering in continues to see a rise in popularity, with many consumers viewing takeout and delivery as a necessity, rather than discretionary.

As a result, a quarter (25%) of operators said their online ordering sales had *significantly* increased in the past year, while 57% said their sales had *slightly* increased. And among those who said they had experienced an increase, operators reported that off-premise sales increased by an impressive 32% on average. Even during a period of high inflation, takeout and delivery has become a habit that consumers simply aren't going to break.

Change in Takeout/ Delivery Sales Compared to Last Year



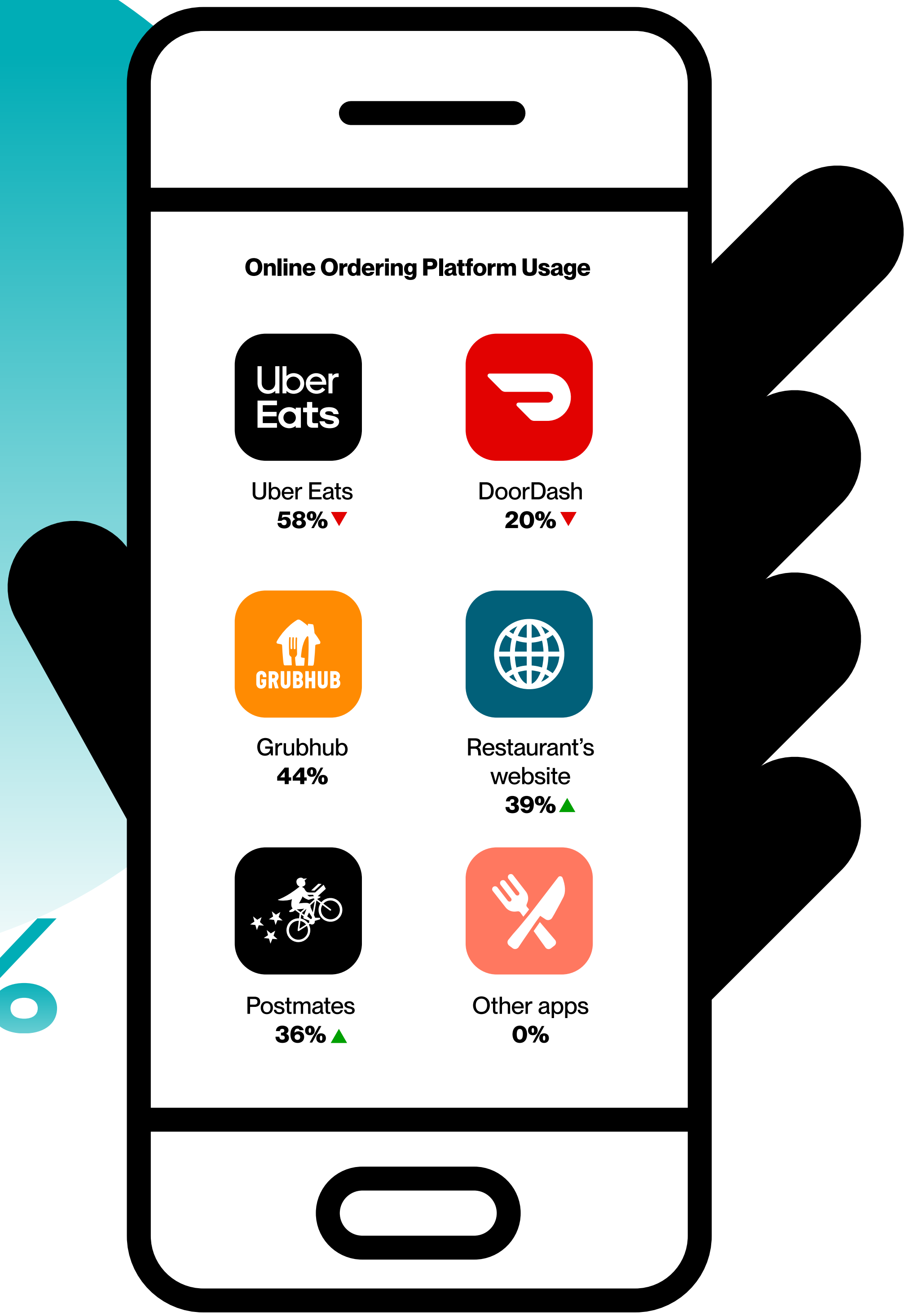
32%

Average amount operators say takeout/ delivery sales have increased in the past year

Operators Continue to Use a Variety of Online Ordering Solutions

While the demand for takeout and delivery may be growing, one thing that has stayed the same is the number of online ordering solutions operators are using. On average, operators report using three online ordering solutions, which is the same as in 2023.

Like last year, Uber Eats was the most widely used platform among independent FSRs surveyed. Meanwhile, direct online ordering platforms continued to gain traction, suggesting operators may be experimenting with which platforms best meet their needs.



99%

Use at least one
online platform

3

Average number
of online ordering solutions used

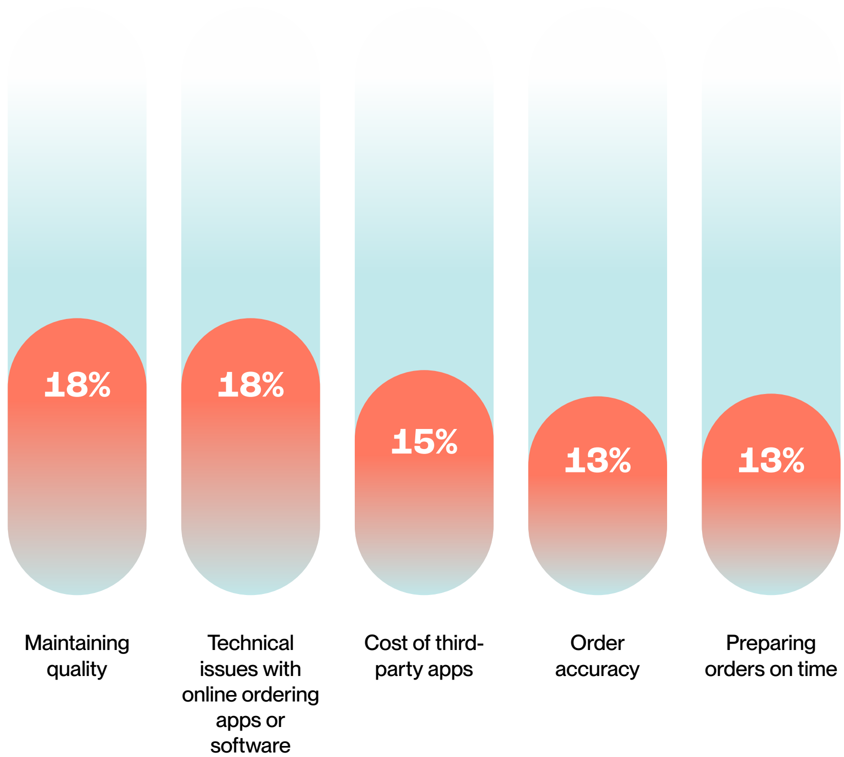
Optimizing the Off-Premise Experience is the New Priority

Changes in the delivery app rankings may be a sign that operators are not just looking for *an* online ordering solution, but one that works for both their needs and their customer's needs.

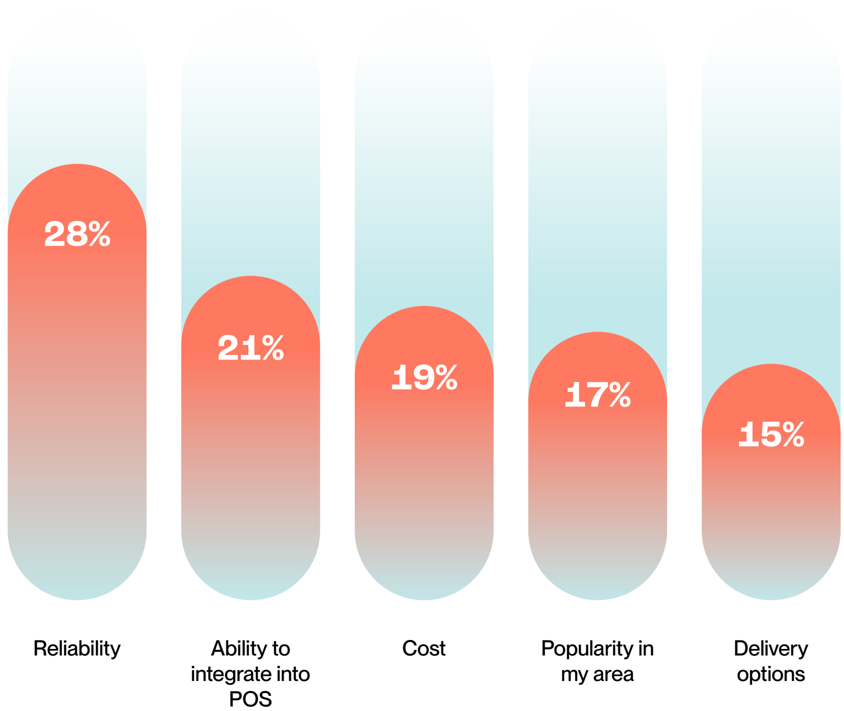
When asked about the biggest online ordering challenge of the past year, maintaining order quality and technical issues with online ordering apps/software topped the list of concerns. On the flip side, reliability was cited as the number one factor operators look for when choosing a new online ordering solution, followed by the ability to integrate into their venue's POS.

All this suggests that restaurateurs are well aware that optimizing the off-premise experience for speed, accuracy, and efficiency can have major benefits for guests and operators alike, even if that means switching tech providers.

Biggest Online Ordering Challenges in the Past Year



Biggest Considerations When Choosing an Online Ordering Solution



Our Takeaways

Consumers are readily ordering takeout and delivery, and restaurants are readily providing it. Now, the main priority is optimizing the online ordering experience by improving speed of service, order accuracy, and operational efficiency.

- ✔ Choose online ordering tech that can scale with your order volume
- ✔ Make speed a priority, without sacrificing quality
- ✔ Keep fees low to protect your profits and guest satisfaction

5

Marketing & Loyalty

Value can come in lots of different forms – not just heavy discounts. Operators are now looking to reframe the meaning of value, so they can bring in more traffic without hurting their bottom line.

69% **Have** a website

31% **Do not have** a website

The Diner Journey Starts Online

The modern diner journey almost always starts online, long before a customer even walks through the door. However, this journey can involve many different touchpoints, which is something today's operators are only just starting to capatalize on.

For instance, the majority of full service operators (69%) reported having a website for their restaurant. Operators with 3-20 locations were even more likely to have a website for their business, with 74% reporting that they have a website.

Even more common is having a social media presence. A whopping 99% of operators reported having at least one social media profile for their business. While Facebook is the most common, TikTok has seen a massive spike in usage, with nearly half of operators (48%) now using the platform, compared to just 26% who said the same in 2023. In part, the shift towards TikTok may be fueled by Gen Z's preference for TikTok as a search engine over other channels like Google, but also the fact that organic content can gain much wider reach thanks to TikTok's 'For You Page' discovery tool.

"We have someone doing our Facebook ads and Google ads. Then I do all our Facebook and Instagram posts, as well as email. I'm really trying to make it a habit – just constantly reminding people of who we are, what we do, and what we offer."

(Maria Koulouris, The Iron Rail, New Milford, CT)

63%

Of FSRs currently offer a loyalty program (vs. 67% in 2023)

70%

Of FSRs with 3-20 locations offer a loyalty program

Social Media Platforms Used by Restaurants

- **73%** Facebook
- **57%** Twitter (X)
- **59%** Instagram
- **31%** Snapchat
- **48%** TikTok (vs. **26%** in 2023)

Operators Attempt to Revamp Loyalty Programs with Personalization

Of course, getting customers through the door is only half the battle. Operators also need to bring those customers back and that's where loyalty can be of use (but only when it matches what customers are craving).

63% of FSR operators surveyed reported offering a loyalty program, down slightly from 67% who said the same last year. This decline may be attributed to the changing role of loyalty programs and the need to make these programs more profitable for restaurants.

As operator interviews revealed, many restaurant loyalty programs no longer match what today's cost-conscious consumers want out of a loyalty program. Of course, the challenge for operators is that running a very discount-oriented reward program can quickly eat into already thin profit margins.

In order to make these programs work for both their business and their guests, operators appear to be experimenting with their loyalty programs and trying to *reframe* the idea of value. One way they're doing this is with personalized offers, with 56% reporting that they send personalized offers based on diner data (like a guest's dietary preferences) and 51% sending offers based on personal details (like the guest's birthday).

88%

Of FSRs with a loyalty program send personalized offers

Types of Personalized Offers Restaurants Send

48% Offers based on past order history

56% Offers based on selected preferences

46% Offers based on current location

51% Offers based on personal details

45% Offers from related partners/brands

Our Takeaways

At a time when cost-conscious consumers are on the hunt for value, loyalty programs are more popular than ever. Operators can start reaping the full potential of these programs by leveraging the data loyalty programs collect to market to customers more directly with better, more personalized offers.

- Build an online presence across multiple platforms for wider reach and discovery
- Reframe the idea of “value” to include exclusive and flexible perks, not just discounts
- Leverage your CRM data to make loyalty offers more relevant, personal, and timely

6

Technology

Though the restaurant industry has a reputation for taking a more cautious approach to new technology, today's operators are eager to embrace AI and automation.

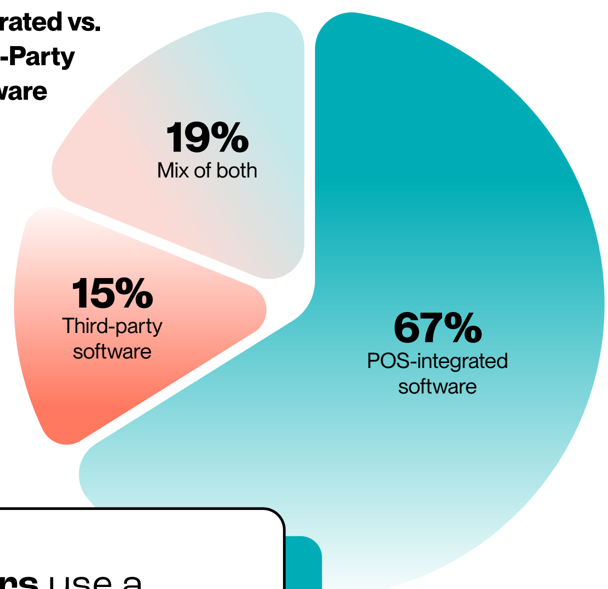
Today's Operators Look for POS Systems that Can Do It All

With 97% of full service operators reporting that they use a point of sale (POS) system in their venue, it's clear that this technology is fuelling nearly all restaurant operations. But what has begun to shift is what operators now look for in a POS.

About two-thirds (67%) of operators report that most of the software they use is available through their POS provider, rather than third-party integrations. Additionally, 63% of independent restaurant operators and 80% of restaurant group operators report using a payments solution that is integrated with their POS.

With all this in mind, it's unsurprising that the solution's comprehensiveness was the number one factor operators reported looking for in a new POS system. And considering that 86% of operators report using the same POS at all their locations, it's clearly a priority for today's operators to find all-in-one POS system that can support their business as it scales.

Use of POS-Integrated vs. Third-Party Software



97% **Of full service operators** use a POS system in their restaurant

66% **Of full service operators** use a POS-integrated payments solution

Automation Improves Staff Productivity & Increases Sales

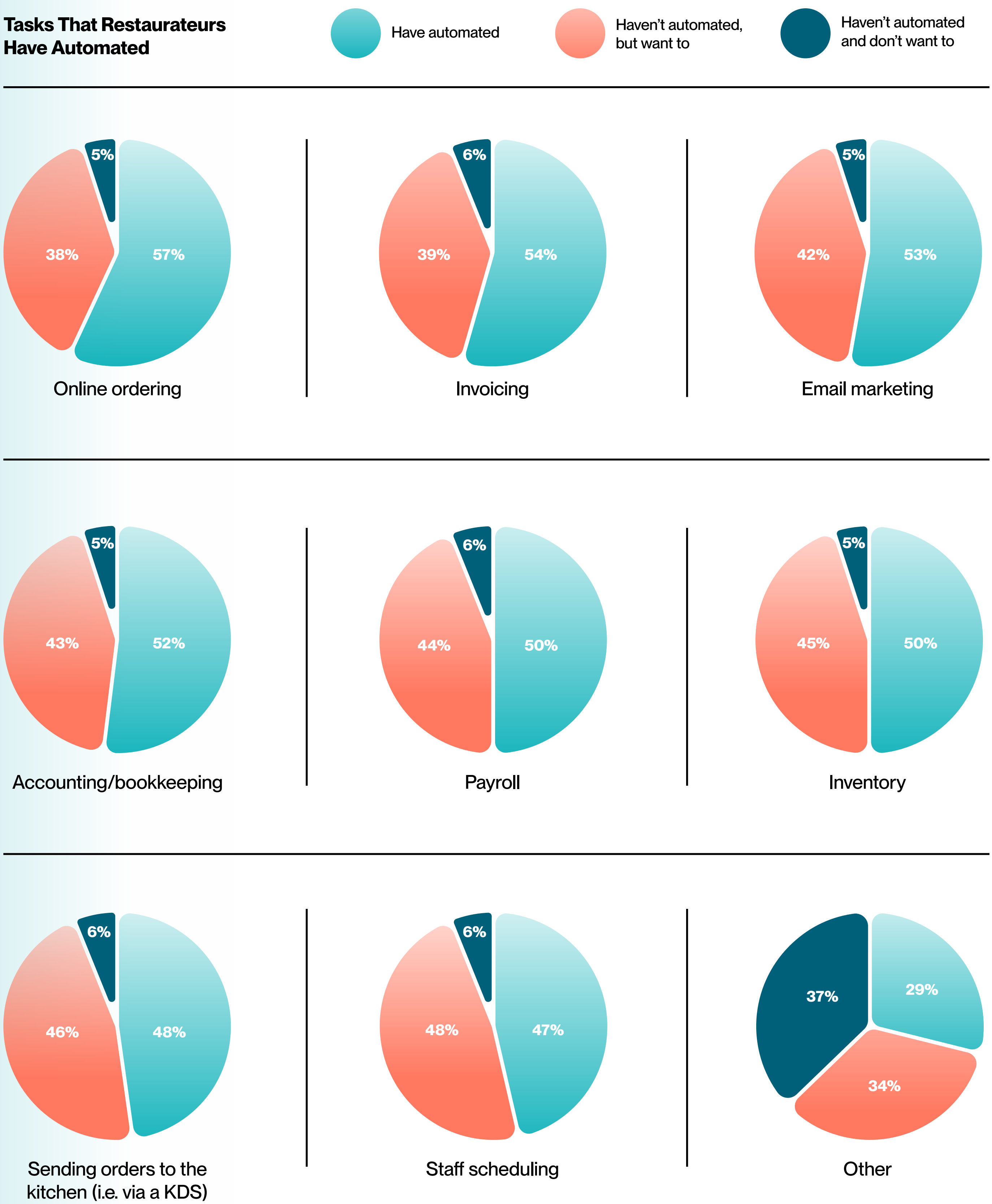
While POS technology is now ubiquitous, automation – technology that carries out repetitive tasks based on predefined rules – has started to gain steam. Among full service operators, about half reported automating everyday business operations, with online ordering being the most common automation, followed by invoicing and email marketing. Virtually all operators reported seeing some benefits from automation, including more efficient teams, more productive staff, and even an increase in sales.

Even among those who have not automated operations, there was a strong interest in doing so. When asked about barriers to implementing automation, the most common responses were concerns with system reliability (29%) and concerns with POS integration (28%). Cost was also a factor, with more than a quarter (28%) saying they were concerned about upfront costs. Interestingly, fewer operators reported feeling overwhelmed or confused by the technology, suggesting that today's operators are much more savvy and willing to embrace technology if they know they can rely on it.

Top Factors Considered When Choosing a New POS

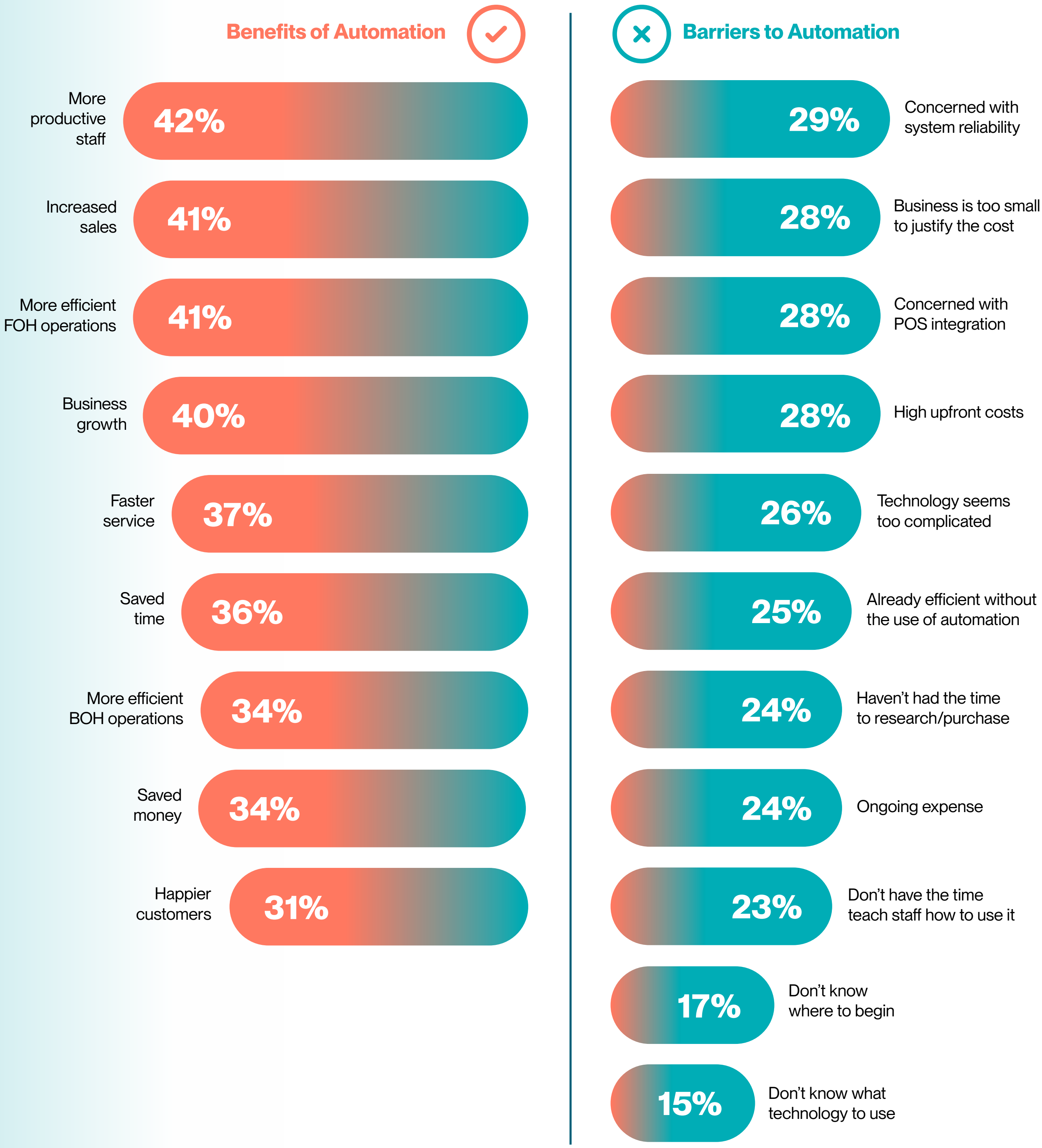
- Comprehensiveness of the solution **35%**
- Multi-location management capabilities **34%**
- Ease of use **30%**
- System reliability **28%**
- Ability to increase sales **26%**
- Customer support **26%**
- Third-party software integrations **25%**
- Reporting and analytics features **25%**
- Price/affordability **24%**
- Training and/or installation time **23%**
- Recommendations/reviews **23%**

Tasks That Restaurateurs Have Automated



"My staff isn't very tech-friendly, so I worry that I'd need to oversee [the technology] to make sure everything runs smoothly. Also, if our systems were to go down for whatever reason, I wouldn't have confidence that anybody would be able to put it back together if I wasn't around at the moment."

(General Manager, Café, Los Angeles, CA)



Operators Largely Embrace AI Behind the Scenes

While automation helps operators put repetitive tasks on autopilot, artificial intelligence (AI) opens up entirely new opportunities for efficiency. Designed to mimic humans, AI technology works by observing patterns and past outcomes to learn how to perform tasks.

And, for the most part, independent FSR operators seem generally enthusiastic about AI, especially when it's used behind the scenes where there is little impact on the guest experience. In fact, 95% of those surveyed reported using some form of AI in their restaurant, with the most common being BOH solutions like AI-assisted inventory management (35%) and AI menu optimization (35%). AI appears to be less commonly used for tasks like answering the phone, suggesting that restaurateurs are still trying to preserve the human touch in their operations.

Even those who aren't using AI yet expressed a desire to do so, with a whopping 89% feeling *extremely* positive or *somewhat* positive about the use of AI in restaurants.

Many operators have very real concerns about the reliability of AI and adding operational complexity to their businesses, but, as a whole, this industry-wide openness to new technology is indicative of a broader shift towards tech-led operations that was initially set in motion by the pandemic. Operators saw what tech could do for them then, and now, at a time of historic increases in the cost of labor, food, and rent, they're keenly aware that they cannot afford to miss out on the latest advancements, even if it comes with a bit of a learning curve.

Current Use of AI Solutions

35%	AI inventory management
35%	AI menu optimization
32%	AI reservations/booking
31%	AI menu creation
30%	AI content creation for marketing purposes
30%	AI voice ordering
29%	AI phone answering
29%	AI sales forecasting
27%	AI staff scheduling
5%	We are not using any forms of AI

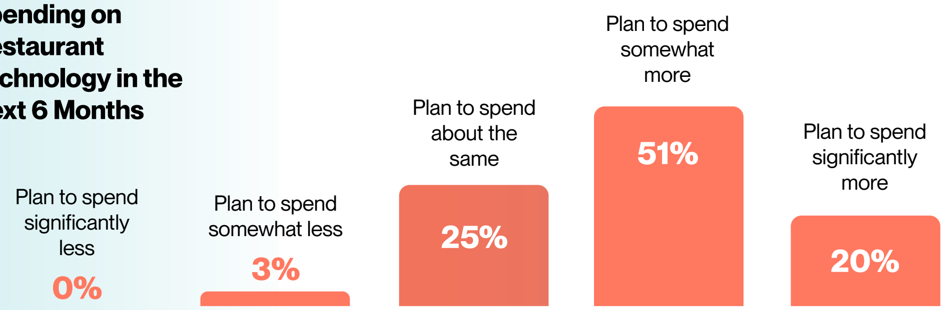
Optimism About AI

Extremely positive	Positive	Neutral	Negative	Very negative
41%	**48%**	**9%**	**1%**	**1%**

"We've automated sending our orders to the kitchen. So now a server walks up to [a table] and can input the order through a device that almost looks like a phone. If someone says, 'I don't want onions,' the server can just adjust it on the spot instead of running back to the kitchen and asking, 'Can we do that?' and then running back to the customer, to tell them 'Yes, we can.' It's so simple now, and it saves time and money."

Executive Kitchen Chef/Restaurant Manager, Fine Dining, Dallas, TX

Spending on Restaurant Technology in the Next 6 Months

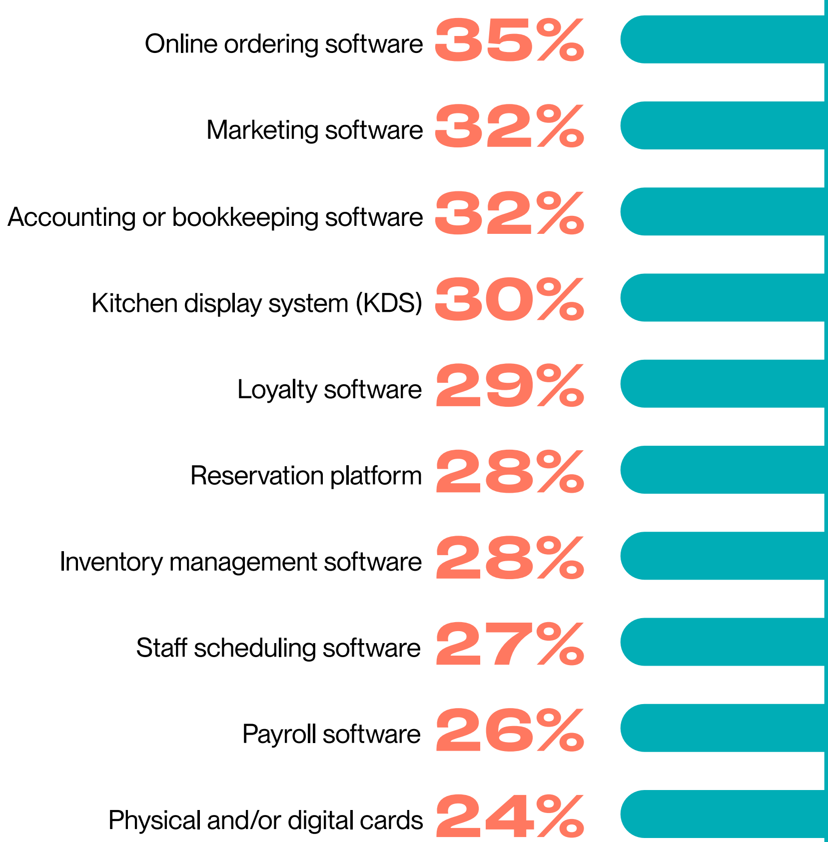


Spending on Tech Continues to Increase

While operators seem more excited about restaurant tech than ever, this comes at a cost. An impressive 71% of operators reported that they plan to spend more on technology in the next six months, with 20% saying they plan to spend *significantly* more. Only 3% of operators reported that they plan to spend less, suggesting that the majority of operators have accepted that tech is a necessary expense they can't afford to do without.

Among those who say they do plan to increase their spend on software and other technology, 35% say they plan to invest in online ordering software, 32% in marketing software, and 32% in accounting/ bookkeeping software.

Planned Investments Among Those Who Intend to Spend More on Technology



Operator Spotlight

Putting Restaurant Tech to Work

Christopher Pittsley, Chef & Owner, Salsa Salsa Smithtown, Smithtown, NY

For Christopher Pittsley of the California Tex Mex restaurant, Salsa Salsa Smithtown, automation has been a saving grace when it comes to navigating higher labor costs and reducing time spent on manual tasks.

"Our biggest source of financial strain has been a combination of labor and food costs, which forced us to rely heavily on automation. **I currently use the Deliverect integration through TouchBistro to aggregate all my third-party delivery apps into my POS. It has helped us save a huge amount on labor because we don't need to pay someone to manually enter those orders anymore. There's also no order errors anymore because the customer puts their order in and it goes straight to the POS."**

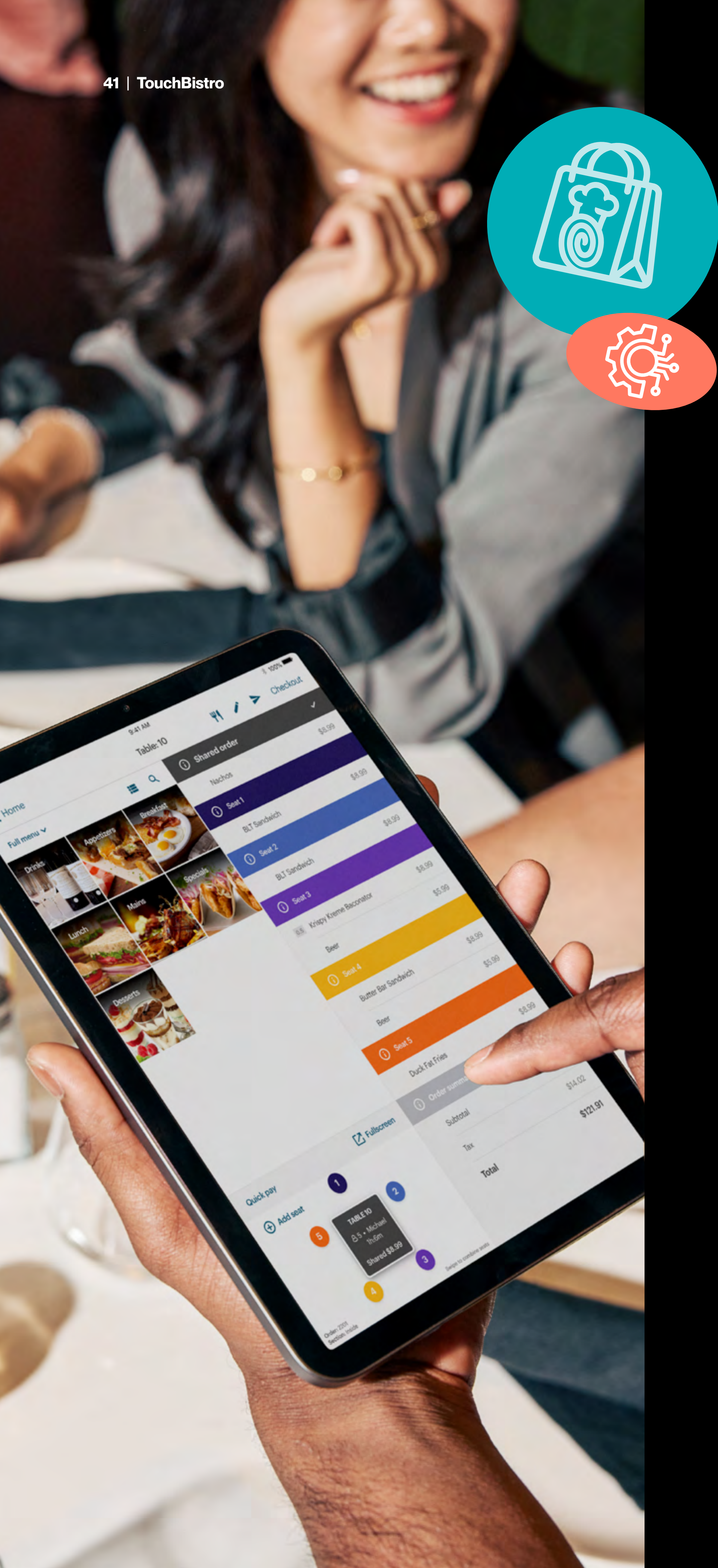
For Christopher, this type of automation has been a game-changer.

"Before, if we were entering the order ourselves and if we got it wrong, we'd have to credit the customer back. Now, we don't have that issue because the order goes straight into the system. **It's saving me approximately three to five hours of labor, daily, which saves me money on staffing."**

After finding major time-savings with automation, Christopher has also found ways to make AI work for his business as well.

"We're also saving time by using ChatOn AI for social media. Because I handle all of our social media, AI has saved me an innumerable amount of time. I feed it a picture, I tell it to craft me a post, and it does everything else. The only frustration is that there's a learning curve. It needs to learn your style – you have to go in and teach it what you really want from it."

While customers may not realize it, Salsa Salsa Smithtown has managed to navigate a particularly tricky year by leaning into technology behind the scenes.



Our Takeaways

The pandemic may have spurred restaurants to make years' worth of technology advancements in a matter of weeks, but the results show how fruitful that acceleration was. Now, operators understand that tech is not just a nice-to-have, but a necessity for efficient and profitable operations.

- Choose a POS system that will not just support today's needs, but one that can grow with you
- Leverage automation to put repetitive tasks on autopilot and save staff precious time
- Maintain an open attitude when it comes to AI, especially BOH solutions that won't disrupt the guest experience

5 Top Five Takeaways

In the wake of an out of the ordinary year, 2025 will be defined by some interesting opportunities and some not-so-surprising challenges.

1 **Accelerating BOH Automation** ▪ Inventory and labor costs have never been higher or a bigger source of financial strain. But unfortunately for operators, tried and tested solutions like raising menu prices or reducing headcount are no longer viable strategies. In 2025, operators should turn their attention to the BOH, where cost-saving automations can make a major difference, without ever impacting the customer experience.

2 **Optimizing for Off-Premise** ▪ With takeout and delivery sales continuously climbing, it's clear that even in a time of high inflation, consumers largely see takeout and delivery as a necessity, rather than a luxury. Where opportunity lies is in addressing current pain points to make the online ordering experience more efficient and cost effective, even if that means moving away from pricey and sometimes unreliable software.

3 **Reframing Restaurant Loyalty** ▪ With profit margins still incredibly slim, discount-based loyalty programs are no longer a sustainable option for operators. In 2025, operators need to rethink their rewards programs and develop more flexible, personalized, and engaging programs that will shift the guest perception of loyalty from a channel for discounts to one of value.

4 **Enhancing the Online Guest Experience** ▪ Attracting new customers was cited as one of the most common obstacles to business growth, and in order to address this, operators need to be thinking way beyond the physical venue. Diner discovery increasingly happens online first and operators need to cultivate a presence on digital platforms, like TikTok, in order to expand their reach.

5 **Choosing Future-Proof Technology** ▪ Restaurant operations are becoming increasingly complex, especially with many operators saying they plan to expand into catering, events, and even new locations. With these goals in mind, operators will need to implement technology, including AI, that will support them not just today, but tomorrow and well into the future.

CONCLUSION

2024 was certainly an out of the ordinary year for restaurants. While an increase in traffic and off-premise sales proved promising, the twin pressures of higher food and labor costs made it difficult for operators to find steady financial footing.

With food and labor costs unlikely to ease significantly in the coming year, 2025 will likely be defined by a similar battle to keep expenses low. The good news is that operators appear much better equipped to tackle these issues than ever before. Not only are operators starting to move away from strategies that no longer serve them (like raising menu prices), they are also embracing tech-driven solutions with unexpected gusto. Not to mention, they're also making efforts to diversify revenue streams and to either optimize already successful channels (like online ordering) or rethink potentially successful channels (like loyalty programs).

With 90% of full service operators reporting that they are optimistic about the future of their industry, it's clear that restaurateurs are ready for whatever 2025 may bring.

TouchBistro

Tackle 2025 & Beyond with TouchBistro

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.

Exclusively Designed for Restaurants

TouchBistro was born out of a mission to make running arestaurant easier and continues to provide solutions exclusively for restaurant businesses.

Easy to Learn, Easy to Use

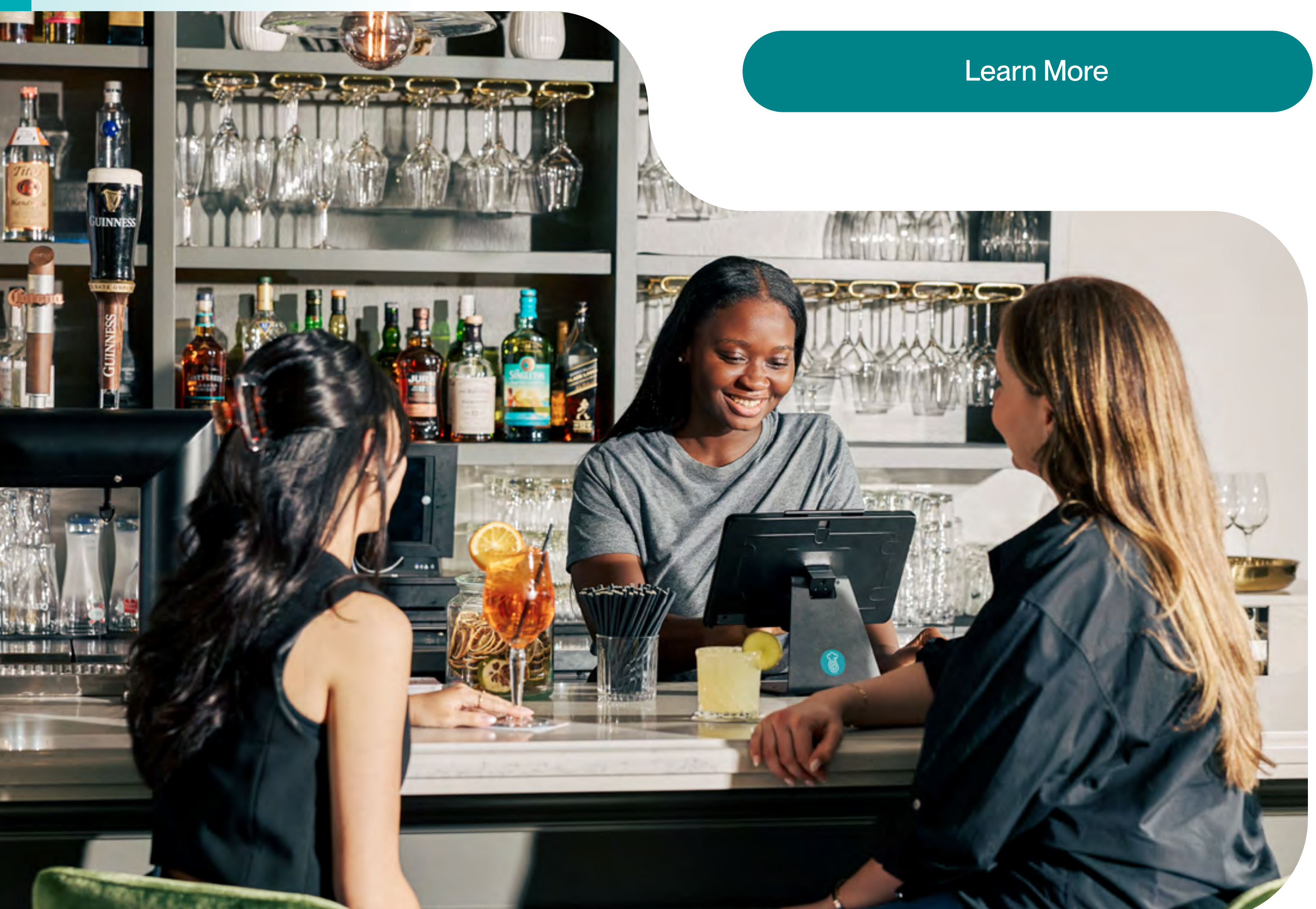
Intuitive software makes TouchBistro easy to learn and even easier to use.

Round-the-Clock Support

Get up and running quickly with TouchBistro's one-box POS solution and enjoy the peace of mind of 24/7 support, available 365 days of the year.

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

Learn More



Respondent Profile

Location

New York City	9%
Los Angeles	9%
San Francisco	4%
Chicago	9%
Dallas	18%
Houston	9%
Austin	16%
Las Vegas	11%
Denver	9%
Miami	4%
Other	1%

Years in the Industry
1-5 years: **17%**
6-10 years: **49%**
11-15 years: **25%**
Over 15 years: **10%**

Type of Restaurant
Brasserie, bistro, or café: **21%**
Bar and grill: **29%**
Fine dining: **29%**
Family style: **21%**

Number of Locations
Just 1 location: **32%**
2-4 locations: **55%**
5-10 locations: **11%**
More than 10 locations: **2%**

Ownership
Independent: **81%**
Part of a restaurant group: **19%**

Size of Restaurant
<20 seats: **1%**
21-40 seats: **34%**
41-80 seats: **48%**
81-120 seats: **12%**
120+ seats: **4%**

Dining Options Offered
Indoor dining/dining room: **95%**
Patio/outdoor dining: **89%**
Delivery: **81%**
Takeout/curbside pickup: **78%**

Annual Revenue
<$1M: **16%**
$1M-2M: **60%**
$2M+: **24%**

Current Role
Owner: **21%**
President/CEO: **19%**
General Manager: **37%**
Area Manager: **22%**

Methodology

We partnered with research firm Maru/Matchbox again this year to survey more than 600 independent full service restaurant owners, presidents, and area/general managers across all 50 states, with an added focus on eight key cities: New York City, Los Angeles, Chicago, Dallas, Houston, Austin, Denver, and Las Vegas. Our research was conducted from June 27 to July 15, 2024.

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.

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