STATE OF THE RESTAURANT INDUSTRY

2021

NATIONAL RESTAURANT ASSOCIATION

ABOUT THIS REPORT

The National Restaurant Association each year prepares a comprehensive overview of the restaurant industry and provides a look ahead. The Association's research is considered the most authoritative source for restaurant industry sales projections and trends. It is based on analysis of the latest economic data and extensive surveys of restaurant operators and consumers. See p. 51 for methodology and visit Restaurant.org/Research for the latest industry trends and analysis.

The Association's research and analysis have a long-standing reputation for the highest credibility, neutrality, and accuracy inside and outside the industry. The Association is considered a leading authority on restaurant industry statistics, analysis, trends and forecasts.

Hudson Riehle
Senior Vice President, Research and Knowledge Group

Bruce Grindy
Chief Economist and Vice President, Research

Beth Lorenzini
Managing Editor, Enterprise Marketing

Susan Raynor
Senior Art Director

Dani Smith
Director, Creative and Brand Strategy

ISBN
Digital: 978-0-9978029-9-3

National Restaurant Association
2055 L Street, NW
Suite 700
Washington, DC 20036
(800) 424-5156

NATIONAL RESTAURANT ASSOCIATION

RESTAURANT SEGMENT DEFINITIONS

The survey data in this report categorize restaurants into two broad segments: fullservice restaurants (with table service) and limited service restaurants. Within each segment are three categories of concepts:

FULLSERVICE RESTAURANTS

- Family dining
- Casual dining
- Fine dining

LIMITED SERVICE RESTAURANTS

- Quickservice
- Fast casual
- Coffee & snack

When responding to the survey, restaurant operators were asked to self-classify their operation into one of these six categories.

NATIONAL RESTAURANT ASSOCIATION

HIGHLIGHTS

- The restaurant industry ended 2020 with total sales that were **$240 billion below** the National Restaurant Association's pre-pandemic forecast for the year.
- Although restaurant and foodservice sales are expected to post **double-digit growth in 2021**, it won't be nearly enough to make up for the substantial losses experienced in 2020.
- More than **8 million** eating and drinking place employees were laid off or furloughed during the peak of the lockdowns.
- The eating and drinking place sector **finished 2020** nearly **2.5 million jobs below its pre-coronavirus level**.
- By December, **110,000 eating and drinking places** were **closed** long term or for good.
- The majority of permanently closed restaurants were well-established businesses in operation for 16 years; **16% had been open for at least 30 years.**
- **Restaurants survived by shifting to off-premises** foodservice, streamlining menus, setting up outdoor dining, marketing discount deals, bundling and blending meals, and **selling alcohol to go**.
- Operators **adopted contactless** order and payment **technologies** at an accelerated pace; consumers expect to be able to use their smartphones for more aspects of the restaurant experience.
- The vast majority of operators plan to **keep at least some of the changes** they made to their restaurant during the pandemic.
- A source of optimism is that consumers **greatly miss dining at restaurants**; their pent-up demand for restaurant experiences is high.
- Although 2020 was the most **challenging year** in restaurant history, this industry full of **resilient entrepreneurs** will recover.

CONTENTS

PART 1: SALES & ECONOMIC FORECAST

PART 2: OPERATIONAL TRENDS

PART 3: FOOD & MENU TRENDS

PART 4: WORKFORCE TRENDS

NATIONAL RESTAURANT ASSOCIATION

INTRODUCTION

2020 The Most Challenging Year for the Restaurant Industry

The coronavirus pandemic is devastating the restaurant industry. Mandated closings, capacity limits, and a cratered economy are putting the industry through the worst business conditions in its history.

The economic toll has been staggering. From mid-March to the end of 2020, the restaurant and foodservice **industry lost an estimated $240B** in sales.

During the peak of mandated lockdowns in April, an estimated **8M** eating and drinking place **employees** were **laid off or furloughed**. Industry employment is nearly 2.5M jobs below pre-pandemic levels.

Rather than continue to struggle through an extremely uncertain business environment, many restaurant operators decided to close their doors.

The National Restaurant Association estimates that as of December 1, **more than 110,000** eating and drinking places **completely closed for business** temporarily, or for good.

The situation is not lost on consumers. In one Association survey, 92% of adults are concerned that businesses in their community, including restaurants, **may not be able to survive** the economic fallout from the pandemic and **60% are aware of a restaurant** in their community that **permanently closed** during COVID-19.

Recovery is going to take time.

OUTLOOK FOR 2021

The long road to recovery will continue in 2021, both for the economy and the restaurant industry.

While the Association expects the economy to grow at a healthy pace in 2021, it will barely be enough to recover the ground lost during the pandemic. To be sure, the restaurant industry will have a much steeper climb out of the crater that was created by the coronavirus.

Overall, total restaurant and foodservice sales were down $240 billion from expected levels in 2020.

This included the sales shortfall at eating and drinking places, plus a sharp reduction in spending at foodservice operations in sectors such as lodging, arts/entertainment/recreation, education, health care and retail.

Although restaurant and foodservice sales are expected to post double-digit growth in 2021, the business environment for restaurants will likely be a tale of two halves with conditions varying significantly by region.

Sales growth during the first half of the year will continue to be constrained by on-premises capacity restrictions that stem from elevated virus case levels in many parts of the country.

As the vaccine rollout becomes more widespread by mid-year, business conditions will steadily improve. As local economies reopen and restrictions are eased, consumers will be poised to burn off their accumulated pent-up demand for restaurants.

View the Association's most recent economic outlook data HERE

RESTAURANT ECONOMIC INSIGHTS

In September, the National Restaurant Association Research and Knowledge Group launched a member-only research resource, *Restaurant Economic Insights*.

Delivered on the last day of each month, the e-newsletter delivers the **most recent economic indicators** impacting restaurants including:

- Restaurant sales
- Jobs report
- Wholesale food prices
- Menu prices
- Consumer trends

REI provides operators with the intel they need to make key decisions that optimize their restaurant businesses.

REI is one many exclusive member benefits offered by the National Restaurant Association. Explore becoming a member today.

THE 2021 RESTAURANT SALES FORECAST

RESTAURANT AND FOODSERVICE INDUSTRY FOOD AND BEVERAGE SALES[1]: 2019 TO 2021

	2019 SALES (billions)	2020 SALES (billions)	'19-'20 % CHANGE[2]	2021 SALES (billions)	'20-'21 % CHANGE[2]	'20-'21 REAL % CHANGE
EATING AND DRINKING PLACES	$615.9	$497.6	-19.2%	$548.3	10.2%	6.7%
FULLSERVICE SEGMENT[3]	$285.0	$199.5	-30.0%	$220.8	10.7%	7.6%
LIMITED SERVICE SEGMENT[4]	$308.9	$290.4	-6.0%	$313.6	8.0%	4.0%
BARS AND TAVERNS[5]	$22.0	$7.7	-65.0%	$13.9	80.2%	77.6%
ALL OTHER FOODSERVICE ESTABLISHMENTS[6]	$248.4	$161.5	-35.0%	$183.2	13.5%	10.4%
TOTAL	$864.3	$659.0	-23.8%	$731.5	11.0%	7.5%

Source: National Restaurant Association estimates

1. Data are given only for establishments with payroll.
2. Percent change calculations are based on unrounded data, and may not match calculations based on data rounded to one decimal point.
3. Includes family dining, casual dining and fine dining fullservice restaurants. Waiter/waitress service is provided, and the order is taken while the patron is seated. Patrons pay after they eat.
4. Includes quickservice restaurants; fast casual restaurants; cafeterias, grill-buffets and buffets; snack and nonalcoholic beverage bars; social caterers. Patrons generally order at a cash register or select items from a food bar and pay before they eat.
5. Includes bars, taverns, nightclubs, or drinking places primarily engaged in preparing and serving alcoholic beverages for immediate consumption. These establishments may also provide limited food services.
6. Includes the following categories: managed services (also referred to as onsite food-service and food contractors); lodging places; retail-host restaurants (health-and-personal-care-store restaurants, general-merchandise-store restaurants, variety-store restaurants, food-store restaurants and grocery-store restaurants, gasoline-service-station restaurants and miscellaneous retailers); recreation and sports (includes movies, bowling lanes, recreation and sport centers); mobile catering; vending and non-store retailers (includes sales of hot food, sandwiches, pastries, coffee and other hot beverages); business, educational, governmental or institutional organizations that operate their own restaurant services; military restaurant services (continental United States only).

SAYING GOODBYE TO LEGACIES

Of restaurants that closed for good, the majority were well-established businesses, fixtures in their communities

- **They'd been in business, on average, for 16 years, and 16% of them had been open for at least 30 years.**
- **They employed an average of 32 people; 17% employed at least 50 people before they closed.**

... and they're taking their entrepreneurial spirit with them:

- **72% of restaurant owners who closed for good say it's unlikely they'll open another restaurant concept in the months or years ahead.**
- **Only 48% think they'll stay in the restaurant industry in some form in the months or years ahead.**

RIPPLE EFFECT: SUPPLY CHAIN IMPACT

The industry's supply chain businesses that supply goods and services feel the pain. Conditions are far from normal ...

- **85% of supply chain businesses reported lower revenues in 2020 compared with 2019. On average, supply chain business revenues were down 30% in 2020.**
- **70% say they laid off or furloughed employees during the pandemic. A third say staffing levels are down more than 20% from usual.**
- **Profit margins were lower in 2020 compared with 2019 for 71% of supply chain businesses surveyed and 15% say it's unlikely they'll be in business 6 months into 2021 without government relief.**

CONSUMER OUTLOOK

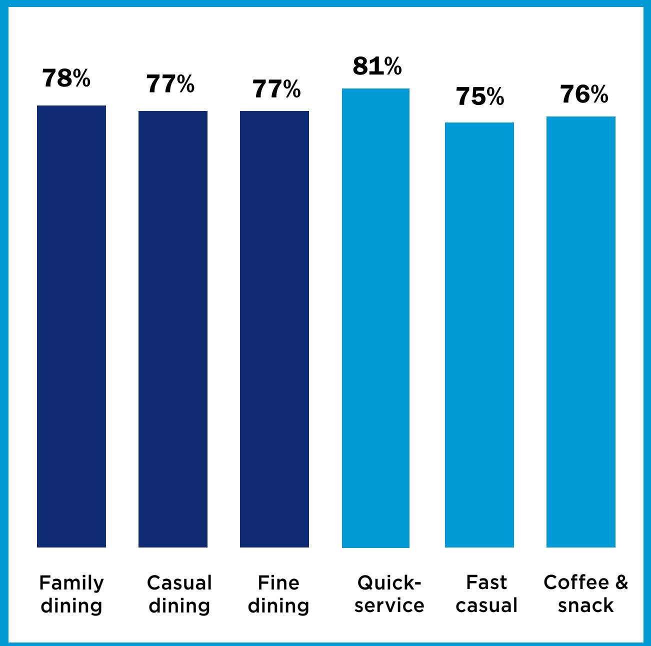
CUSTOMERS MISS DINING AT RESTAURANTS

Customers—and their wants—changed dramatically this year.

Knowing your customers is the key to keeping your competitive edge. Turns out that can be hard to do because customers today are not the same type of people who walked through the door a year ago. In fact, 3 in 4 operators across 6 major restaurant segments say their **customer base has significantly changed** since the onset of COVID-19.

PLEASE ALLOW ME TO INTRODUCE MYSELF...

% of restaurant operators who say their customer base has significantly changed since the beginning of COVID-19



Source: National Restaurant Association, *Restaurant Trends Survey*, December 2020

Best bet for business? Concentrate on customers who are actively using restaurants.

To make it through this crisis period, restaurant operators may want to stop trying to appeal to everybody.

For the 2021 State of the Restaurant Industry report, we break out survey results by **consumers who plan to continue using restaurants** (for on- and/or off-premises visits).

Our aim is to help operators identify the offerings and attributes that will drive *these customers'* foodservice decisions in the coming months.

RESTAURANT FANS, WHAT ARE THEIR PLANS?

Continuing a pandemic-period trend, these consumers plan to maintain their off-premises restaurant use.

77% of adults say they **plan to order restaurant or fast food for takeout, delivery, or through a drive-thru** in the coming months.

Roughly **half of adults** surveyed say they **plan to eat on-premises** at a restaurant or fast-food place during the next few months, if that option is available.

36% of adults intend to sit inside the restaurant; 25% plan to sit at a table outside.

DINING PLANS FOR THE NEXT FEW MONTHS

% of adults who plan to dine off-premises and on-premises

DEMOGRAPHIC	TOTAL OFF-PREMISES	TOTAL ON-PREMISES*	SIT AT A TABLE INSIDE	SIT AT A TABLE OUTSIDE
ALL ADULTS	77%	49%	36%	25%
GENDER				
Male	77%	52%	40%	26%
Female	77%	46%	33%	25%
AGE GROUP				
Gen Z adults (18-23)	66%	53%	31%	30%
Millennials (24-39)	76%	50%	37%	28%
Gen X (40-55)	80%	51%	41%	24%
Baby boomers (56-74)	81%	44%	31%	23%
HOUSEHOLD INCOME				
Less than $50,000	74%	43%	30%	19%
$50,000 to $99,999	80%	53%	44%	28%
$100,000 or more	81%	60%	40%	36%
REGION				
Northeast	73%	50%	39%	24%
Midwest	82%	47%	40%	18%
South	77%	55%	43%	28%
West	78%	40%	20%	27%
SIZE OF COMMUNITY				
Urban	74%	48%	32%	28%
Suburban	79%	51%	37%	27%
Rural	79%	46%	40%	17%

Source: National Restaurant Association, *National Household Survey*, December 2020
*Note: Survey respondents were allowed to select both 'inside' and 'outside' for their on-premises plans.

PENT-UP DEMAND STILL STRONG

The early uptick in off-premises restaurant use during the pandemic tracked with the pent-up demand consumers reported.

In January 2020, 44% of adults said they weren't ordering takeout or delivery as often as they'd like. This rose to 52% in late April and then trended lower in subsequent months. By early December, it settled at 33%.

Customers are used to ordering food to-go.

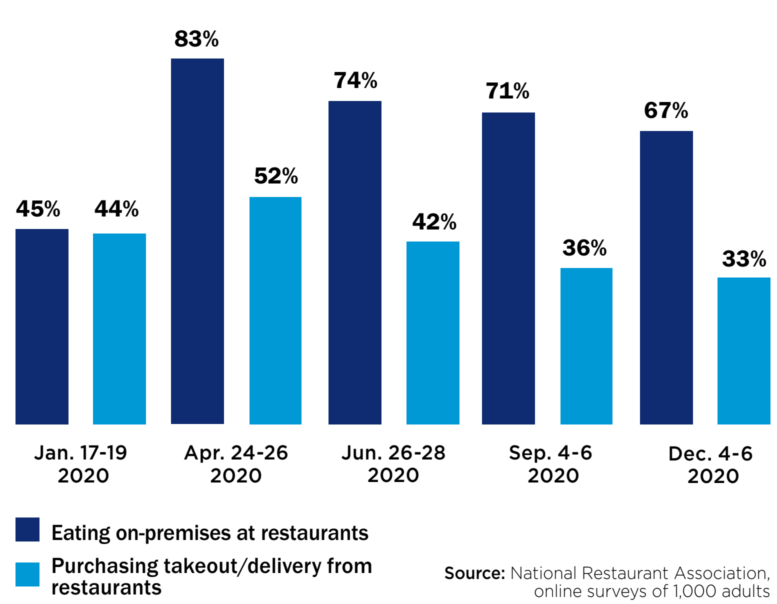
What they really miss is dining on-premises.

In late April, **83% of adults said they were not eating on-premises at restaurants as often as they'd like**, a big jump from the 45% reported in January 2020, and easily the **highest level ever recorded in 20 years of fielding this survey question.**

While the pent-up demand for on-premises visits settled lower at 67% by early December, **there's no doubt consumers are ready to return to restaurants.**

PENT-UP DEMAND FOR ON-PREMISES DINING

% of consumers who say they are not using restaurants as often as they would like



Source: National Restaurant Association, online surveys of 1,000 adults

WHO MISSES RESTAURANT DINING MOST?

Baby boomers really want to return to restaurants, beating out Gen Z adults and millennials when they say they aren't eating on-premises at restaurants as often as they'd like.

Women are more likely than men to say they'd like to eat on-premises and buy food to-go more often.

PENT-UP DEMAND BY DEMOGRAPHIC

% of adults who are not using restaurants as often as they'd like

DEMOGRAPHIC	EATING ON THE PREMISES AT RESTAURANTS AND FAST-FOOD PLACES	PURCHASING TAKEOUT OR DELIVERY
ALL ADULTS	67%	33%
GENDER		
Male	60%	27%
Female	74%	37%
AGE GROUP		
Gen Z adults (18-23)	56%	25%
Millennials (24-39)	60%	26%
Gen X (40-55)	65%	34%
Baby boomers (56-74)	76%	37%
HOUSEHOLD INCOME		
Less than $50,000	74%	41%
$50,000 to $99,999	63%	27%
$100,000 or more	58%	20%
REGION		
Northeast	68%	31%
Midwest	74%	35%
South	61%	31%
West	70%	33%
SIZE OF COMMUNITY		
Urban	59%	31%
Suburban	70%	30%
Rural	74%	41%

Source: National Restaurant Association, National Household Survey, December 2020

A LIGHT AT THE END OF THE TUNNEL

While customers might venture out less in winter, they're not gone for good.

88% of adults enjoy going to restaurants and, no surprise, 85% of them say going out to a restaurant with family or friends is a better way to spend their leisure time than cooking (and cleaning) at home.

Restaurants prepare food customers crave. Nearly 8 in 10 adults say their favorite restaurant foods deliver flavor and taste sensations that just can't be duplicated in the home kitchen.

Restaurants are an integral part of our social fabric; 6 in 10 adults say **restaurants are** an **essential** part of their lifestyle.

These feelings will only grow stronger over the coming months until the coronavirus clouds part.

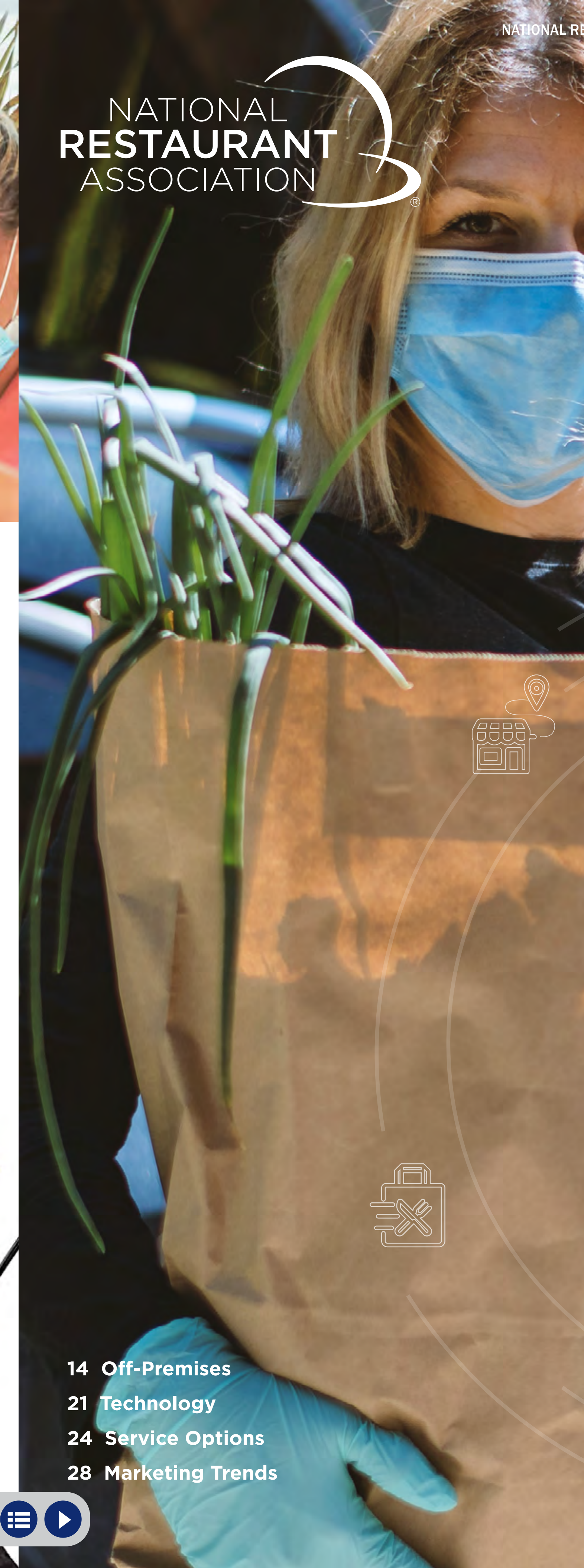
Survive the winter and look forward to better days ahead.

CUSTOMERS TO OPERATORS: "WE'LL BE BACK"

STATEMENT	ALL ADULTS	GEN Z (18-23)	MILLENNIALS (24-39)	GEN-XERS (40-55)	BABY BOOMERS (56-74)
You enjoy going to restaurants	88%	83%	88%	86%	90%
Going out to a restaurant with family and/or friends gives you an opportunity to socialize and is a better way for you to make use of your leisure time rather than cooking and cleaning up	85%	76%	84%	84%	88%
Your favorite restaurant foods provide flavor and taste sensations that you can't easily duplicate in your home kitchen	78%	76%	78%	81%	75%
Restaurants are an essential part of your lifestyle	60%	59%	65%	61%	58%

Source: National Restaurant Association, National Household Survey, December 2020

WHAT CUSTOMERS MISS MOST ABOUT DINING OUT



OPERATIONAL TRENDS

Many restaurants spent much of 2020 in survival mode. Riding a rough sea of ever-changing regulations and operating conditions, restaurant operators tweaked—or completely overhauled—their business model in efforts to stay afloat.

We saw a significant and unbelievably fast shift to off-premises dining. Operators made hefty investments in customer-facing technologies. Outdoor dining expanded into parking lots, sidewalks, and city streets. **These were just some of the significant changes restaurants experienced in 2020.**

This section highlights areas where restaurant operators made big changes and how these changes will influence consumers' restaurant decisions in the coming months.

OFF-PREMISES

OFF-PREMISES PREDOMINATES

With on-premises capacity limited—and sometimes nonexistent—during most of last year, restaurant operators had no choice but to focus on their off-premises business.

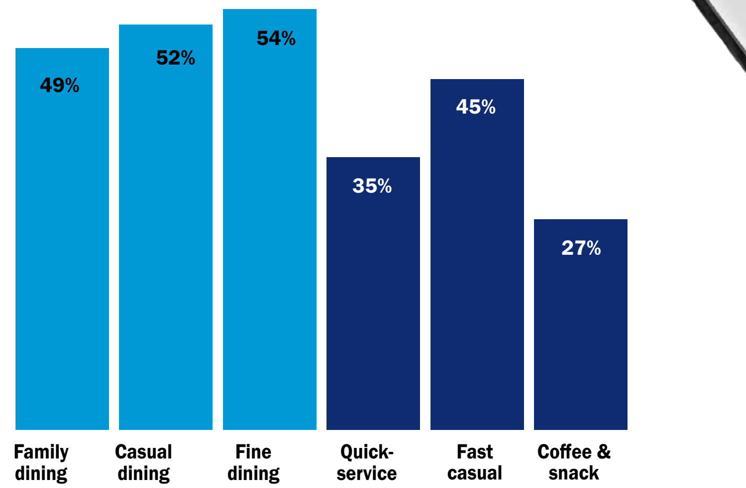
This was particularly true in the fullservice segment, with roughly half of operators saying they devoted more resources to expanding the off-premises side of their business since the beginning of the COVID-19 outbreak in March.

The shift was well-received by consumers, as takeout and delivery were already part of their day-to-day. Now, 53% of adults say **purchasing takeout or delivery food is essential to the way they live**.

Across each of the 6 major segments, off-premises dining represents a larger proportion of sales than it did pre-COVID-19. This was not nearly enough to offset on-premises sales losses for the vast majority of fullservice operators.

MONEY'S ON OFF-PREMISES

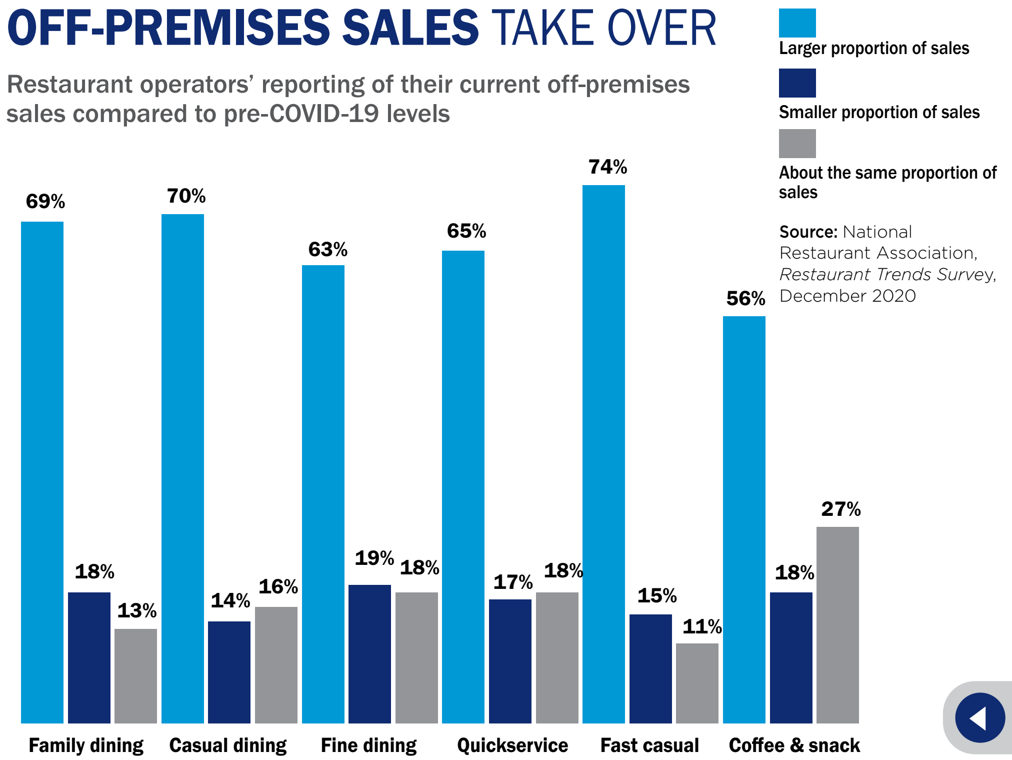
% of restaurant operators who say they devoted more resources to expanding the off-premises side of their business since the beginning of the outbreak in March



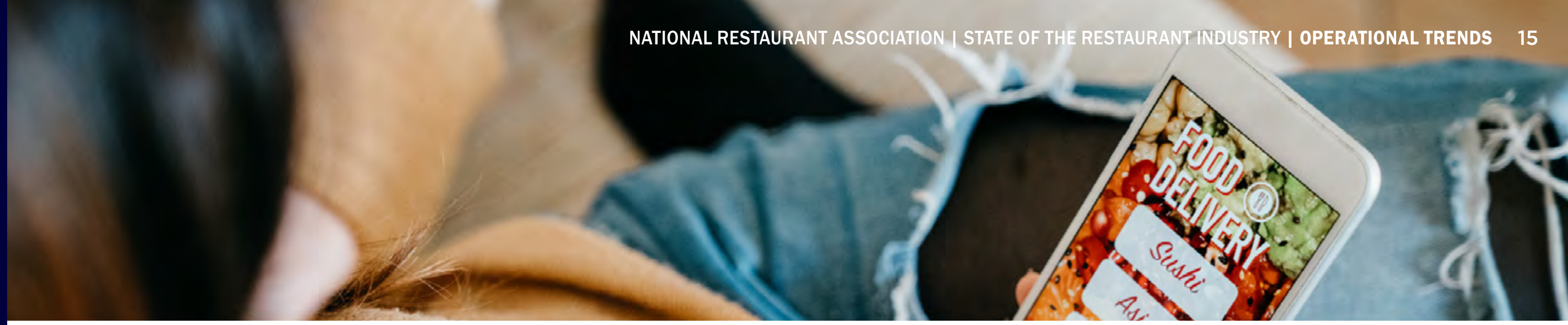
Source: National Restaurant Association, *Restaurant Trends Survey*, December 2020

OFF-PREMISES SALES TAKE OVER

Restaurant operators' reporting of their current off-premises sales compared to pre-COVID-19 levels

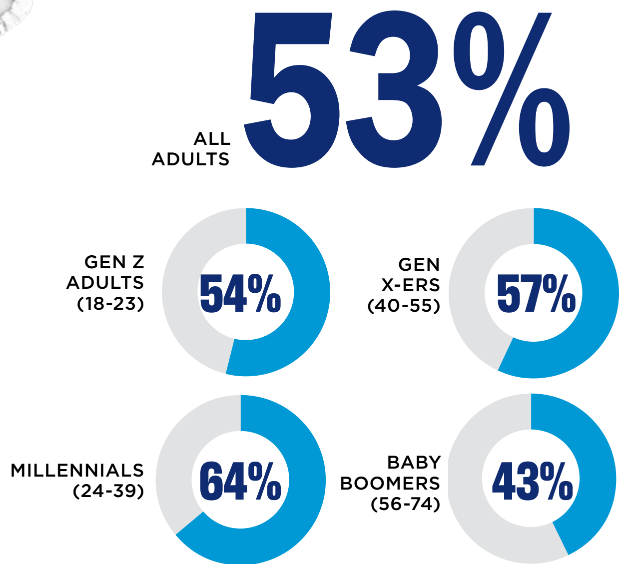


Source: National Restaurant Association, *Restaurant Trends Survey*, December 2020



CONSUMERS RELY ON TAKEOUT AND DELIVERY

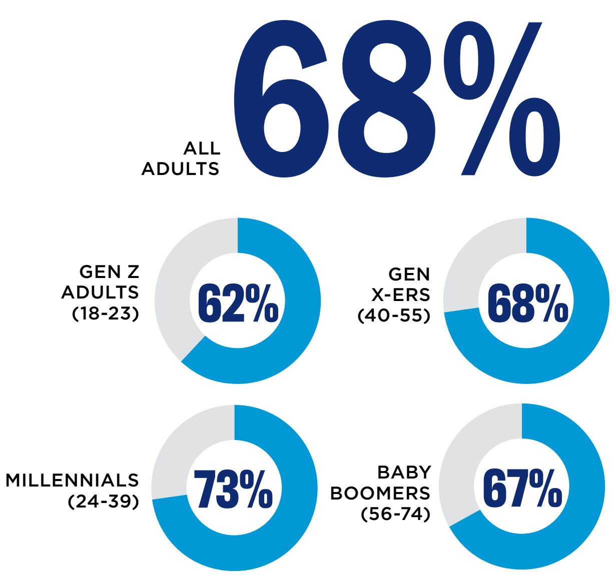
% of consumers who say purchasing takeout or delivery food is essential to the way they live



Source: National Restaurant Association, *National Household Survey*, December 2020

TAKEOUT TAKES OFF

% of consumers who say they're more likely to purchase takeout food from a restaurant than they were before the outbreak



Source: National Restaurant Association, *National Household Survey*, December 2020

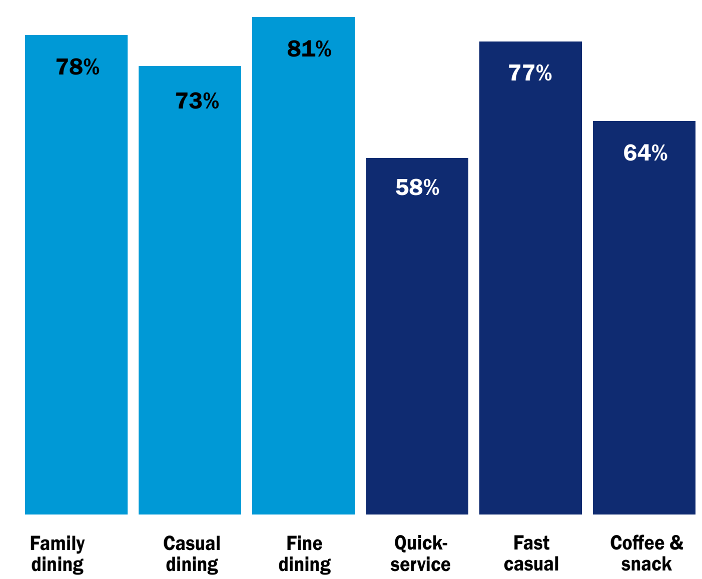
OFF-PREM FOCUS: CURBSIDE TAKEOUT

Curbside takeout was one of the least capital-intensive offerings that restaurants could add during the pandemic.

A majority of operators say they added curbside takeout this year. **8 in 10 fine dining, family dining and fast casual operators added a curbside option.**

MEET YOU OUT FRONT

% of restaurant operators who say they added curbside takeout since the beginning of the outbreak in March



Source: National Restaurant Association, *Restaurant Trends Survey*, December 2020

OFF-PREM FOCUS: DELIVERY

Nearly half of fullservice operators introduced delivery to reach more customers last year, and slightly fewer fast casual and coffee & snack operators reported similarly.

Restaurant operators in every segment were more likely to add 3rd-party delivery rather than set up an in-house delivery service. Some added both.

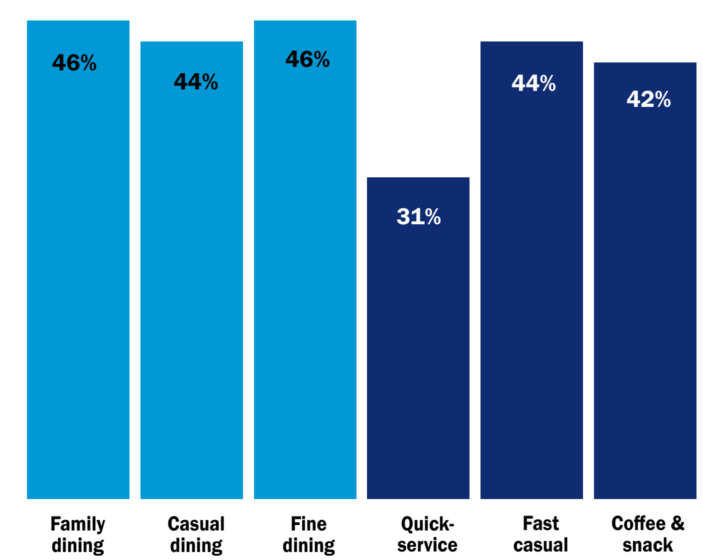
6 in 10 adults say they're more likely to get their food delivered than they were before the outbreak. For millennials, it's 71%.

Nearly **two-thirds** of current delivery customers say they **prefer to order directly from the restaurant**; 18% prefer to order through a 3rd-party service; 18% don't have a preference.

Baby boomers (79%) are the most likely to say they prefer to order directly through the restaurant for delivery.

WE DELIVER!

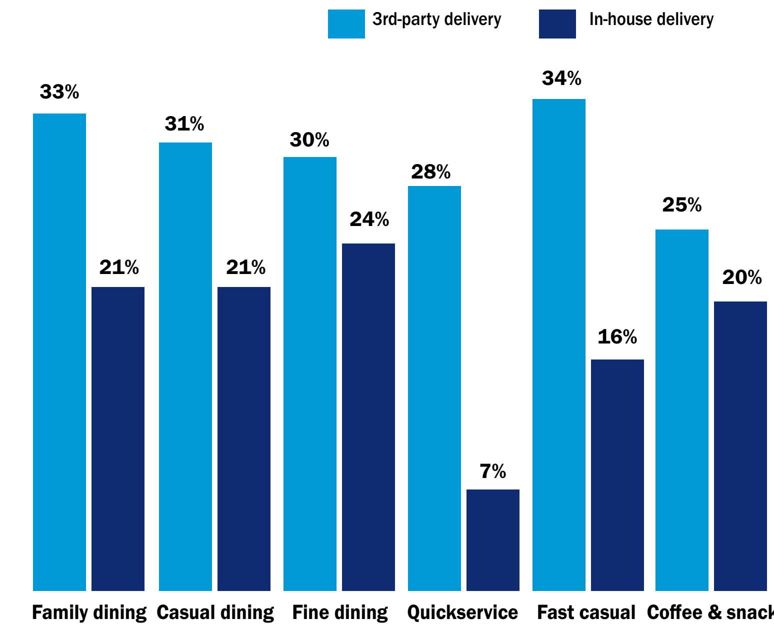
% of restaurant operators who say they added delivery since the beginning of the outbreak in March



Source: National Restaurant Association, *Restaurant Trends Survey*, December 2020

OUTSOURCED DELIVERY MORE COMMON

% of restaurant operators who say they added either 3rd-party or in-house delivery since the beginning of the outbreak in March

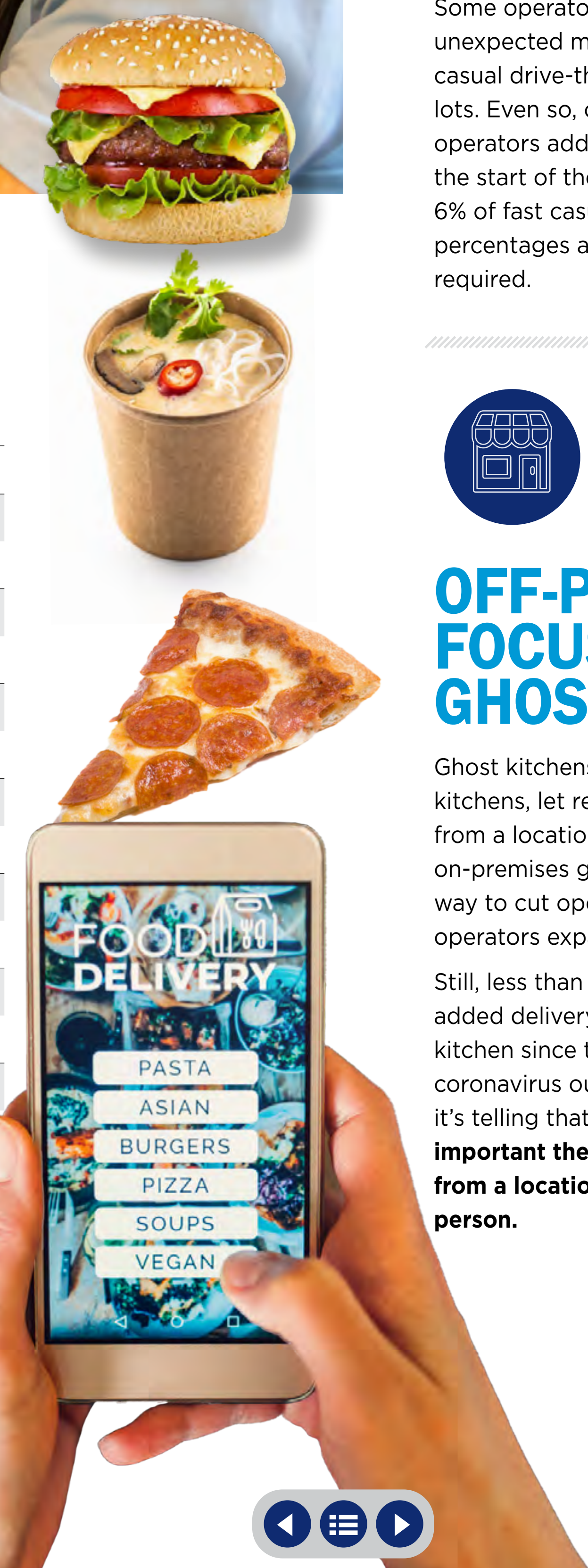


Source: National Restaurant Association, *Restaurant Trends Survey*, December 2020

CONSUMERS* PREFER TO ORDER DIRECT

DEMOGRAPHIC	PREFER TO ORDER DIRECTLY THROUGH THE RESTAURANT FOR DELIVERY	PREFER TO ORDER THROUGH A 3RD-PARTY SERVICE FOR DELIVERY	NO PREFERENCE
ALL ADULTS	64%	18%	18%
GENDER			
Male	64%	23%	13%
Female	64%	14%	22%
AGE GROUP			
Gen Z adults (18-23)	58%	22%	20%
Millennials (24-39)	57%	27%	16%
Gen X (40-55)	65%	17%	18%
Baby boomers (56-74)	79%	3%	18%
REGION			
Northeast	71%	20%	9%
Midwest	72%	15%	14%
South	62%	19%	19%
West	56%	19%	25%
TYPE OF COMMUNITY			
Urban	57%	28%	15%
Suburban	68%	15%	17%
Rural	71%	6%	24%

Source: National Restaurant Association, *National Household Survey*, December 2020
Note: Rows may not sum precisely to 100% due to rounding.
*Adults that ordered food for delivery during the past 9 months



OFF-PREM FOCUS: DRIVE-THRU

Some operators gave the drive-thru an unexpected makeover last year, setting up casual drive-thru lanes in their parking lots. Even so, only between 1% to 3% of operators added drive-thru service since the start of the pandemic. The exception: 6% of fast casual operators. Still, these low percentages are likely due to the capital required.

OFF-PREM FOCUS: GHOST KITCHENS

Ghost kitchens, also called virtual or dark kitchens, let restaurants offer delivery from a location that doesn't serve on-premises guests. They're billed as a way to cut operating costs and can help operators expand their delivery footprints.

Still, less than 5% of operators say they added delivery from a virtual or ghost kitchen since the beginning of the coronavirus outbreak in March. And it's telling that **72% of adults say it's important their delivery orders come from a location that they can visit in person.**

ACTUAL RESTAURANT PREFERRED

When choosing a place to order food for delivery, how important is it to you that the food comes from a restaurant, deli or fast food place that has a physical location accessible to the public?

DEMOGRAPHIC	VERY IMPORTANT OR SOMEWHAT IMPORTANT	NOT VERY IMPORTANT OR NOT AT ALL IMPORTANT
ALL ADULTS	72%	28%
GENDER		
Male	72%	28%
Female	72%	28%
AGE GROUP		
Gen Z adults (18-23)	77%	23%
Millennials (24-39)	76%	24%
Gen X (40-55)	75%	25%
Baby boomers (56-74)	64%	36%
REGION		
Northeast	82%	18%
Midwest	70%	30%
South	73%	27%
West	64%	36%
TYPE OF COMMUNITY		
Urban	74%	26%
Suburban	71%	29%
Rural	71%	29%

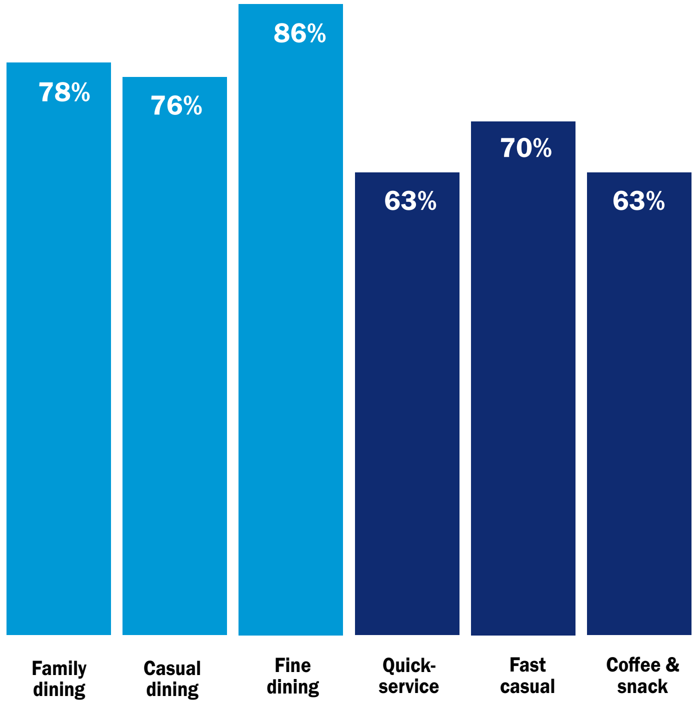
Source: National Restaurant Association, *National Household Survey*, December 2020

OFF-PREM FOCUS: PACKAGING

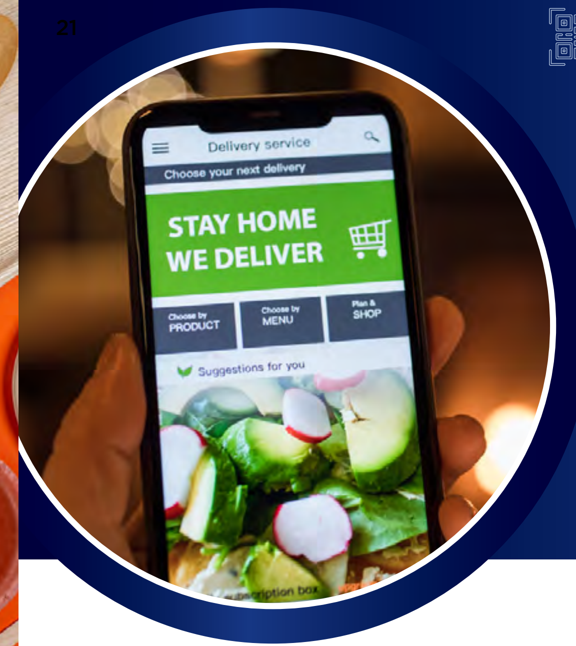
Maintaining food quality in transit became more important than ever for restaurants relying on off-premises service. A solid majority of operators—including 86% of fine dining operators—say they upgraded their takeout and delivery packaging.

QUALITY UPGRADES

% of restaurant operators who say they upgraded their takeout and delivery packaging since the beginning of the outbreak in March



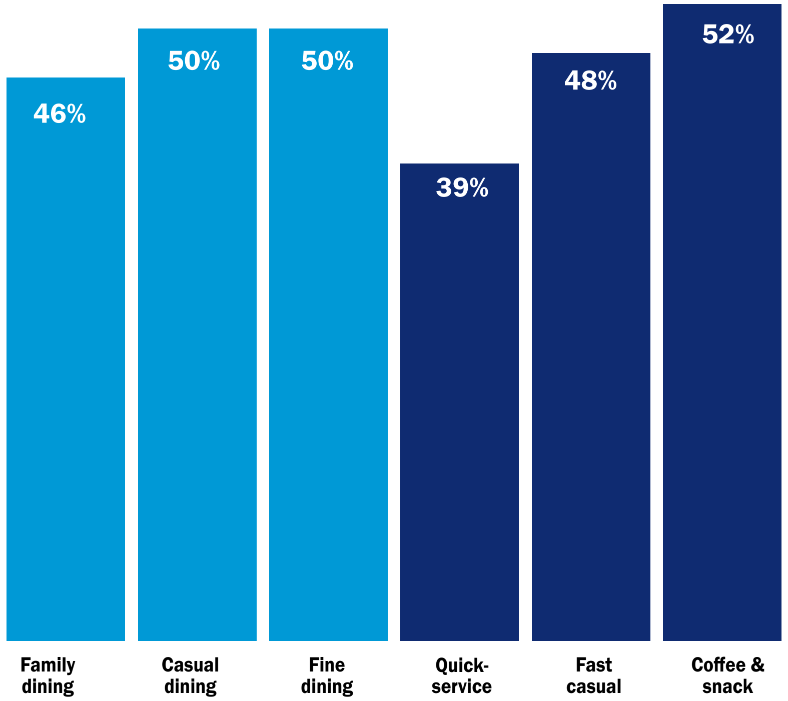
Source: National Restaurant Association, *Restaurant Trends Survey*, December 2020



TECHNOLOGY

RESTAURANT TECH INVESTMENT

% of restaurant operators who say they devoted more resources to customer-facing technology since the beginning of the outbreak in March



Source: National Restaurant Association, *Restaurant Trends Survey*, December 2020

TECHNOLOGY

Roughly half of fullservice, fast casual, and coffee & snack operators say they devoted more resources to tech including online or in-app ordering, mobile payment and delivery management since March.

While the technology itself hasn't changed much since pre-COVID-19 days, **tech *adoption* rates accelerated.** What might have been "nice to have" became "need to have." Operators implemented changes with increasing focus on safety and convenience to help keep the business from going under.

TECH FOCUS: QR CODES

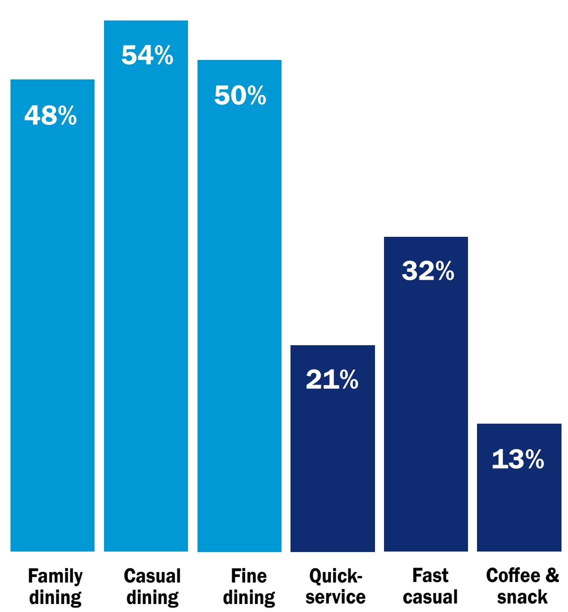
To enhance customer safety and reduce cost and waste associated with disposable menus, some operators turned to a nearly forgotten piece of technology: the QR code. Half of fullservice operators reported adding digital menus accessed by scanning a QR code since March.

Still, just 1 in 5 customers say the option of accessing the menu on their phone through a QR code would make them more likely to choose one restaurant over another during the next few months.

Perhaps codes are more expectation than influencer.

DIGITAL MENUS

% of restaurant operators who added a QR code-accessible menu since the beginning of the outbreak in March



Source: National Restaurant Association, *Restaurant Trends Survey'*, December 2020

TECH FOCUS: CONTACTLESS & MOBILE PAYMENTS

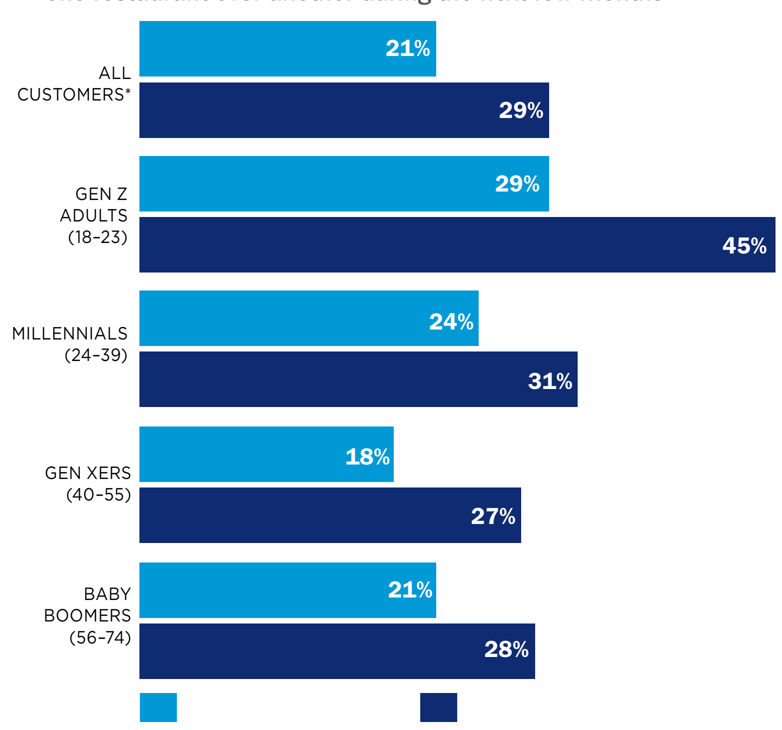
To help avoid person-to-person contact, some **40% of operators** across all 6 segments say they **added a contactless or mobile payment option** since March.

It's particularly valuable for off-premises dining. For those planning to order from a restaurant soon, 29% would choose a business that offered contactless or mobile payments over one that didn't.

21% of guests planning to dine in say this option would factor into their restaurant choice.

GOING CONTACT FREE

% of customers* who say the availability of a contactless or mobile payment option would make them more likely to choose one restaurant over another during the next few months



Source: National Restaurant Association, *National Household Survey*, December 2020
*Consumers that plan to either eat on-premises or order takeout, drive thru or delivery during the next few months.

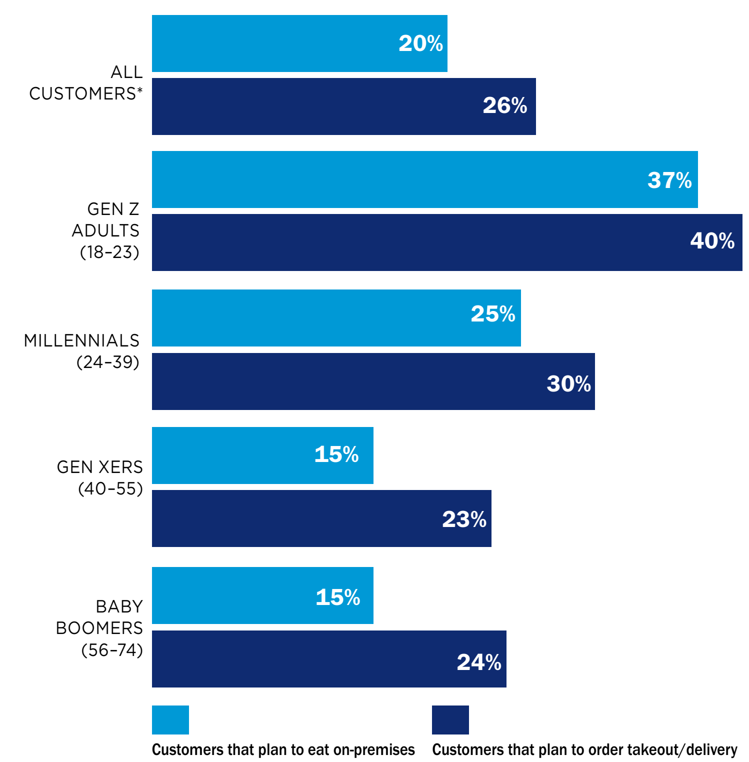
TECH FOCUS: IN-APP ORDERING

Since the beginning of the COVID-19 outbreak in March, roughly **1 in 4 operators** across all segments say they **added tech to let customers order through mobile apps**.

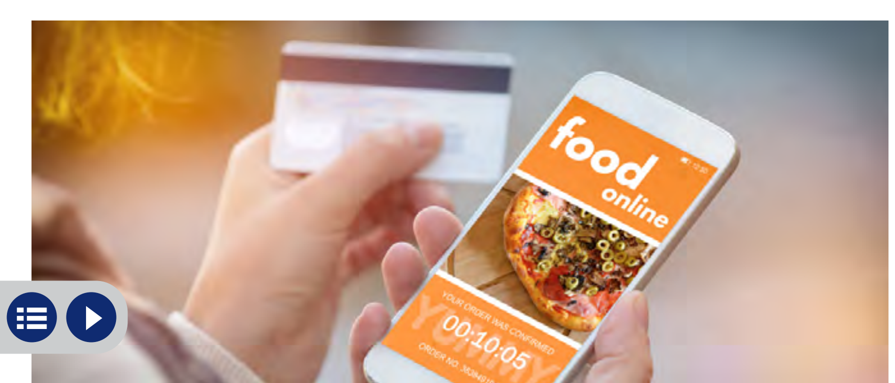
1 in 5 customers who plan to eat at a restaurant and 1 in 4 customers who plan to order food to go say that app-based ordering would influence their choice of one restaurant over another, with Gen Z adults leading that pack.

DIGITAL NATIVES HAVE APPS-PECTATIONS

% of customers* who say the option of ordering and payment through a smartphone app would make them more likely to choose one restaurant over another during the next few months



Source: National Restaurant Association, *National Household Survey*, December 2020
*Consumers that plan to either eat on-premises or order takeout, drive thru or delivery during the next few months.

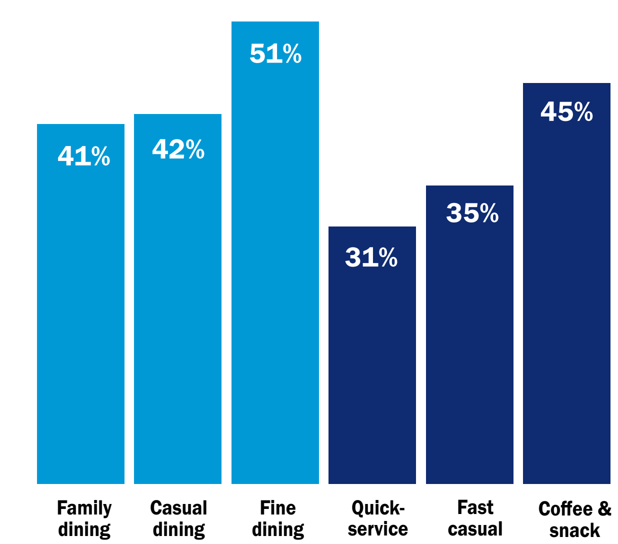


TECH FOCUS: ONLINE ORDERING

Nearly half (48%) of consumers planning to order takeout or delivery say the availability of online ordering would make them choose one restaurant over another, though Gen Xers were the least likely to agree (41%). Many restaurants, including **over half of fine dining operators, added the option in recent months**.

NEW ONLINE ORDERS

% of restaurant operators who say they added online ordering since the beginning of the outbreak in March



Source: National Restaurant Association, *Restaurant Trends Survey*, December 2020

SERVICE OPTIONS

Despite tech's role in convenient, contactless ordering, so critical in today's environment, customers miss personal service. Given the choice of ordering from a server or ordering from their phone or a tablet at the table, most want the server. Only 1 in 10 customers say the option of ordering from a self-service kiosk would influence their choice of restaurant—self-service is not necessarily a huge influencer.

Longing for on-premises dining, many customers are very willing to dine outdoors, on patios, parking lots and even in the street, though they appreciate a tent and may draw the line if temps dip below 60°F.

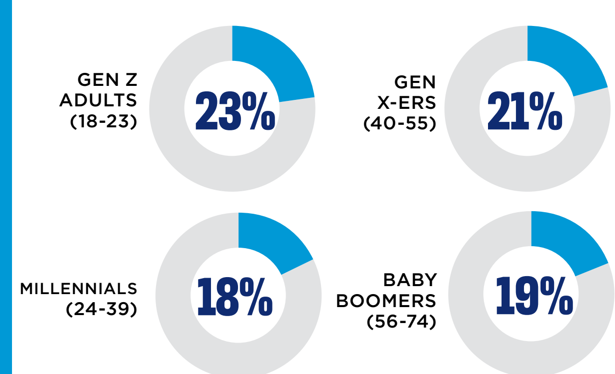
SERVICE FOCUS: CHOOSE YOUR TABLE

About 1 in 5 consumers planning to dine in soon would pick one restaurant over another if they could choose their table from a seating chart while making a reservation. Gen Z adults were the most likely to show interest in this option.

IS THAT BOOTH FREE?

% of on-premises customers* who say the option of picking their exact table from a seating chart on a website when making a reservation would make them more likely to choose one restaurant over another during the next few months

ALL ADULTS **19%**



Source: National Restaurant Association, *National Household Survey*, December 2020
*Consumers that plan to eat on-premises at a restaurant during the next few months.

SERVICE FOCUS: SERVER VS. TABLET

Given a choice, most consumers prefer table service when they're dining in a restaurant; only 1 in 5 say the option of ordering and paying through a tablet or smartphone at the table would influence their restaurant choice.

Among customers that plan to dine in a restaurant or fast food place in the next few months, **64%** say they'd **choose** to sit in the section with **traditional table service**. This preference was strongest with the older set, with nearly 69% of baby boomers and 67% of Gen-Xers saying they'd go for the section with traditional service.

For Gen Z adults, tech was more of a draw; 55% say they would choose to order and pay electronically from their table.

TRADITIONAL SERVICE IS STILL TOPS

How on-premises customers* would prefer to be served at a tableservice restaurant

SEATING OPTION	ALL ON-PREMISES CUSTOMERS	GEN Z ADULTS (18-23)	MILLENNIALS (24-39)	GEN-XERS (40-55)	BABY BOOMERS (56-74)
Traditional table service, where a server takes the order and brings the bill at the end of the meal	64%	45%	57%	67%	69%
Customers order food and beverages and pay the bill using either a computer tablet at the table or an app on their smartphone	36%	55%	43%	33%	31%

Source: National Restaurant Association, *National Household Survey*, December 2020
*Consumers that plan to eat on-premises at a restaurant during the next few months.

SERVICE FOCUS: OUTDOOR DINING

As the pandemic cut indoor dining capacity, operators looked to expand outdoors. 62% of fine dining and 56% of casual dining operators devoted more resources to developing and expanding outdoor dining areas since the beginning of the pandemic.

Seating areas went way past the patio. In many cities, restaurants were allowed to expand onto the sidewalk, into a closed-off section of street, or into an adjacent parking lot.

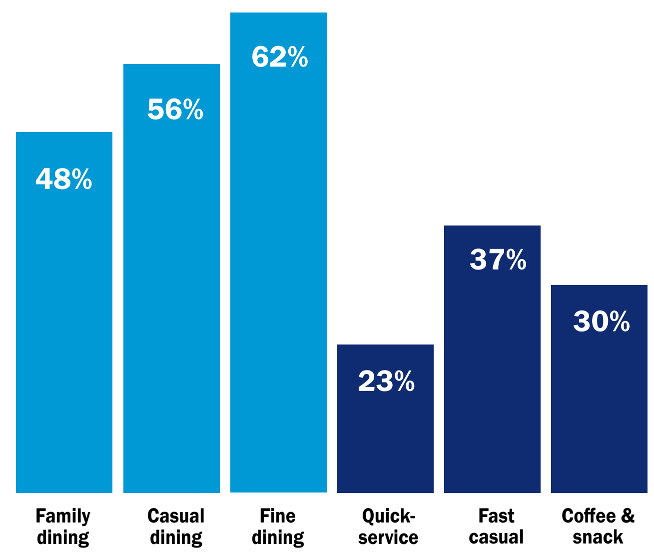
More than **4 in 10 fullservice operators took advantage of these outdoor options**.

The expansion of outdoor seating capacity may have given operators a lifeline during the warmer months, but as temperatures dropped, so did business.

On average, 60.5°F is the lowest temperature diners say they'll tolerate to eat outside (Gen Zs will tolerate 57.3°F; Boomers 63.4°F). But, add a little shelter and 7 in 10 adults would take a table outside in a temperature-controlled, ventilated tent, provided standard social-distancing measures are in place. 85% of those planning to dine on-premises in the coming months say they'd be willing take those tables.

OUTDOOR EXPANSION

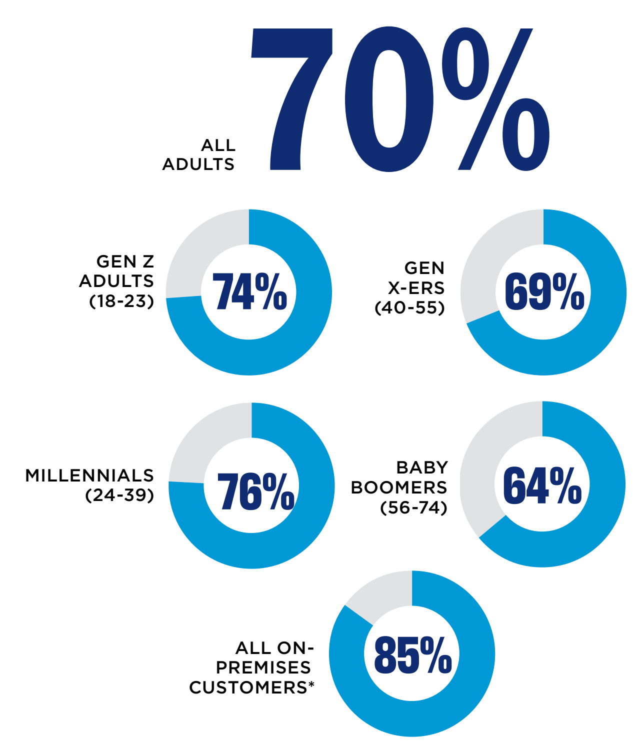
% of restaurant operators who say they devoted more resources to developing or expanding outdoor dining areas since the beginning of the outbreak in March



Source: National Restaurant Association, *Restaurant Trends Survey*, December 2020

INSIDE, BUT OUTDOORS

% of consumers* who say they'd likely go to a restaurant and be seated outside in an enclosed and temperature-controlled ventilated tent, if social-distancing measures are in place

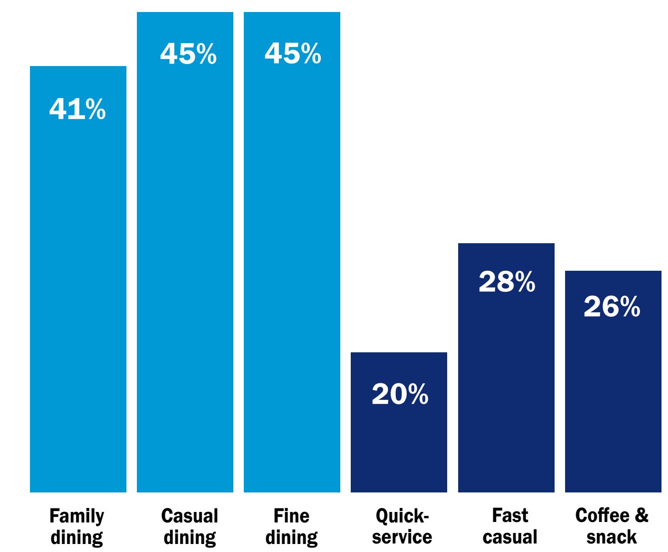


Source: National Restaurant Association, *National Household Survey*, December 2020

*Customers that plan to eat on-premises at a restaurant or fast food place during the next few months

FROM EATERY TO STREETERY

% of restaurant operators who say they added outdoor seating on a sidewalk, parking lot or street since the beginning of the outbreak in March



Source: National Restaurant Association, *Restaurant Trends Survey*, December 2020

MARKETING TRENDS

Throughout the pandemic, restaurant operators in all segments scrambled to maintain sales. In addition to an array of new services and adapted business models, marketing initiatives helped them win customers. Particularly effective were those that rewarded customers with discounts for brand loyalty and a newer approach, meal subscription programs, is emerging (see p. 38).

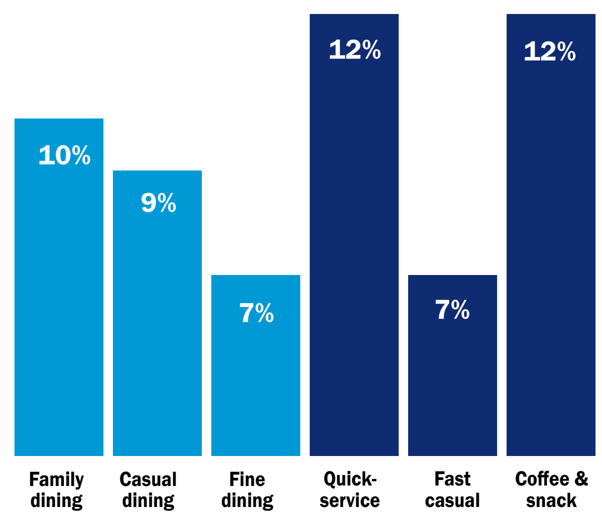
MARKETING FOCUS: LOYALTY PROGRAMS

Loyalty programs were a popular and common industry practice before the pandemic, driving traffic and encouraging repeat visits. Still, some operators added new programs in 2020.

Roughly 1 in 3 on- and off-premises customers say the availability of a customer loyalty and reward program would make them more likely to choose one restaurant over another during the next few months.

NEW LOYALTY PROGRAMS

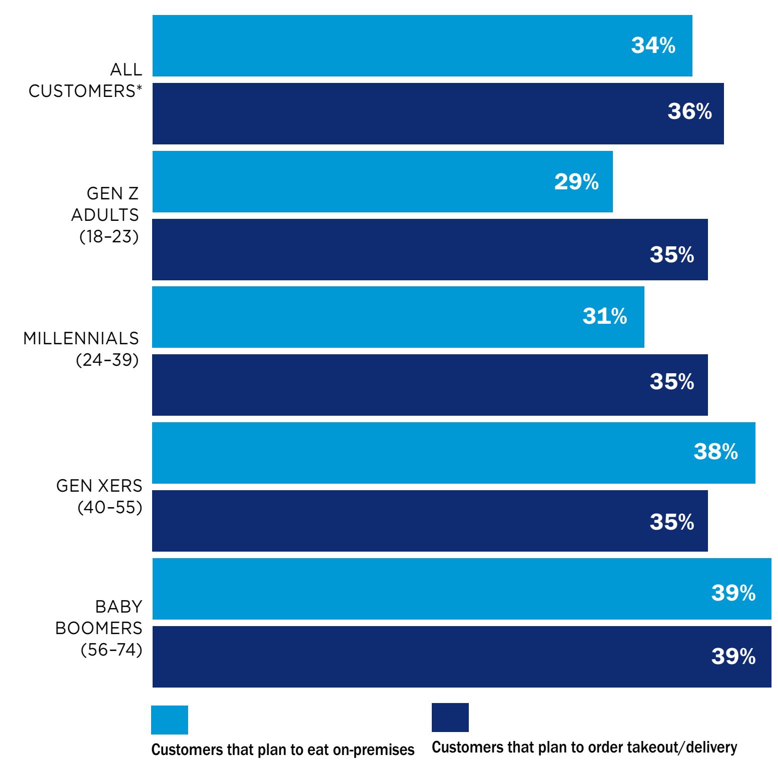
% of restaurant operators who say they added a loyalty or frequent customer program since the beginning of the outbreak in March



Source: National Restaurant Association, *Restaurant Trends Survey*, December 2020

CONSUMERS ♥ LOYALTY PROGRAMS

% of customers* who say the availability of a customer loyalty and reward program would make them more likely to choose one restaurant over another during the next few months



Source: National Restaurant Association, *National Household Survey*, December 2020
*Consumers that plan to either eat on-premises or order takeout, drive thru or delivery during the next few months

MARKETING FOCUS: VALUE PROPOSITIONS

Value has always been a key factor when consumers choose restaurants. In today's challenging economic environment for many households, value is more important than ever.

4 in 10 customers planning to dine out soon would choose a restaurant that offered discounted dining during the less busy days of the week over one that didn't.

3 in 10 on-premises customers would be more likely to **choose a restaurant that offers discounts** for dining at off-peak times of the day or that had an option to order smaller portions for a lower price.

The same value propositions influence the takeout and delivery choices for off-premises customers as well.

CUSTOMERS LIKE A DEAL

Value propositions that would make on-premises and off-premises customers more likely to choose one restaurant over another during the next few months

VALUE PROP	ALL ON-PREMISES CUSTOMERS*	GEN Z ADULTS (18-23)	MILLENNIALS (24-39)	GEN-XERS (40-55)	BABY BOOMERS (56-74)
Discounts for dining on less busy days of the week	**39%**	39%	40%	39%	43%
Discounts for dining at off-peak times of the day	**32%**	29%	26%	33%	37%
Option of smaller-sized portions for a lower price	**29%**	25%	23%	28%	37%

VALUE PROP	ALL OFF-PREMISES CUSTOMERS**	GEN Z ADULTS (18-23)	MILLENNIALS (24-39)	GEN-XERS (40-55)	BABY BOOMERS (56-74)
Discounts for ordering on less busy days of the week	**35%**	54%	34%	30%	35%
Discounts for ordering at off-peak times of the day	**34%**	34%	35%	33%	35%
Option of smaller-sized portions for a lower price	**25%**	33%	23%	21%	29%

Source: National Restaurant Association, *National Household Survey*, December 2020
*Consumers that plan to eat on-premises at a restaurant during the next few months
**Consumers that plan to order takeout, drive thru or delivery during the next few months

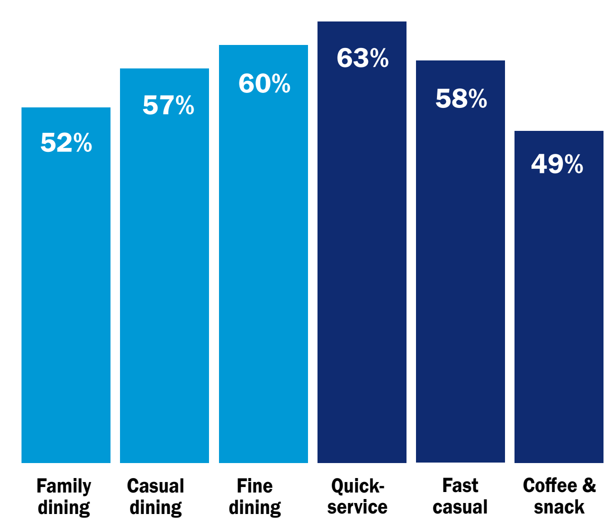
IN THE COMING YEAR

Restaurant operators made significant changes to their operations to weather the pandemic, and many of those changes will stick. Most **operators** across all 6 segments **plan to keep** at least some of the **changes**; fewer than 5% say they won't keep any.

And though many of the changes they made improved efficiency and productivity, those benefits didn't mean more profit this year. Most operators say their restaurant's **profit margin is lower** than it was prior to the COVID-19 outbreak. In all, the industry faces a lot of recovery ahead and savvy operators will figure out how to take the most effective lessons they learned this year to speed that process.

EFFICIENT BY NECESSITY

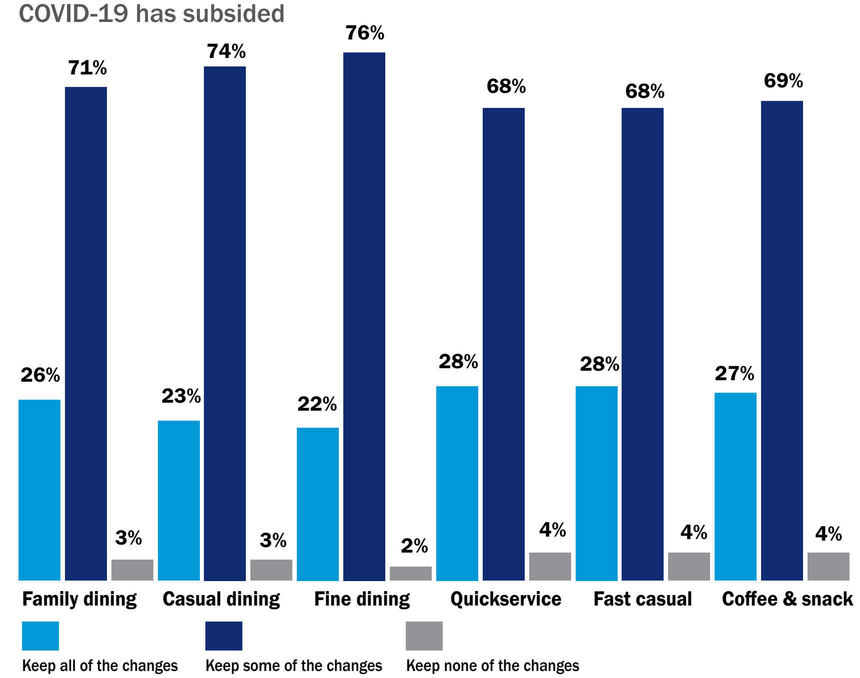
% of restaurant operators who say their operation has become more efficient and productive since the beginning of the outbreak in March



Source: National Restaurant Association, *Restaurant Trends Survey*, December 2020

SOME CHANGES WORTH KEEPING

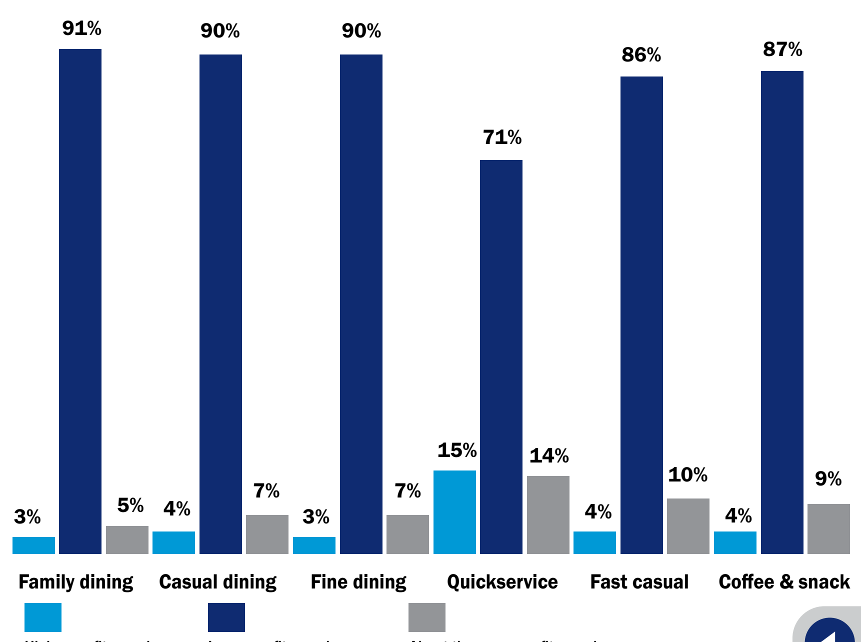
% of operators likely to keep changes made to their restaurant after COVID-19 has subsided



Source: National Restaurant Association, *Restaurant Trends Survey*, December 2020

PROFIT LOSSES

Restaurant operators' reporting of their profit margin compared to pre-COVID-19 levels



Source: National Restaurant Association, *Restaurant Trends Survey*, December 2020

NATIONAL RESTAURANT ASSOCIATION®

FOOD & MENU TRENDS

Operators streamlined menus and pivoted to off-premises business, selling alcohol-to-go, meal kits and groceries to make it through 2020. The year tested the limits of operator innovation, accelerated trends, and raised customer demand for their favorite restaurant meals.

These trends didn't offset the industry's devastation; it's down nearly $240 billion and finished the year with 2.5 million fewer jobs than pre-coronavirus levels. But they do show restaurateurs' resiliency, creativity and commitment.

The following are the top food and menu means by which restaurants survived 2020, from a survey of 6,000 restaurant operators and 1,000 adult consumers. Until virus-related dining restrictions are in the rear-view, many of these food and menu trends are likely to continue.

FOOD & MENU TRENDS

STREAMLINED MENUS

With a slowdown in business and on-premises dining restrictions, many fullservice operations got lean fast, reducing inventories and developing menu items they could make well with a smaller crew in the kitchen.

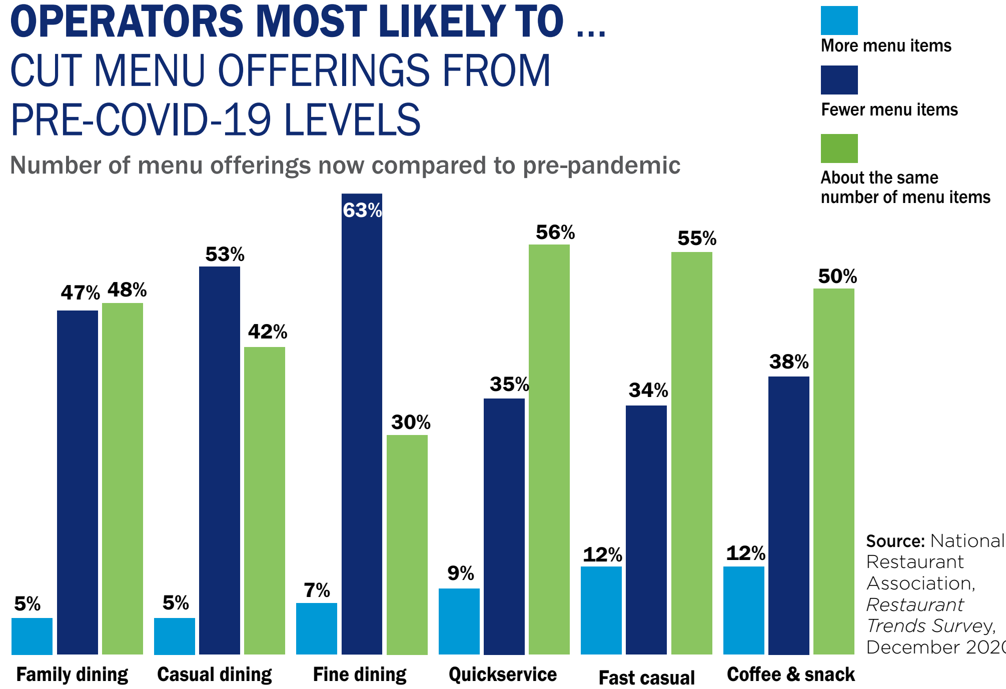
63% of fine dining operators and roughly half of casual and family dining operators say they **have fewer items** on the menu than they did before coronavirus hit.

The trend was less dramatic in limited service where half of operators kept their menus about the same.

More than **60% of operators** surveyed **plan to keep offerings where they are** in the coming months.

OPERATORS MOST LIKELY TO ... CUT MENU OFFERINGS FROM PRE-COVID-19 LEVELS

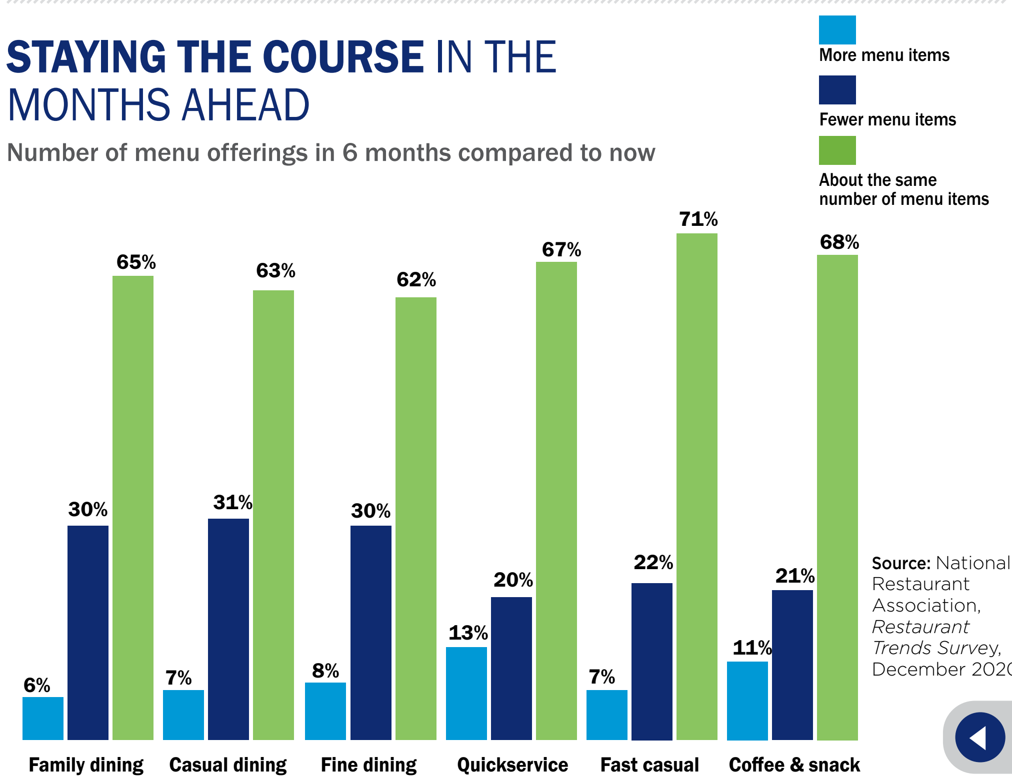
Number of menu offerings now compared to pre-pandemic



Source: National Restaurant Association, *Restaurant Trends Survey*, December 2020

STAYING THE COURSE IN THE MONTHS AHEAD

Number of menu offerings in 6 months compared to now



Source: National Restaurant Association, *Restaurant Trends Survey*, December 2020

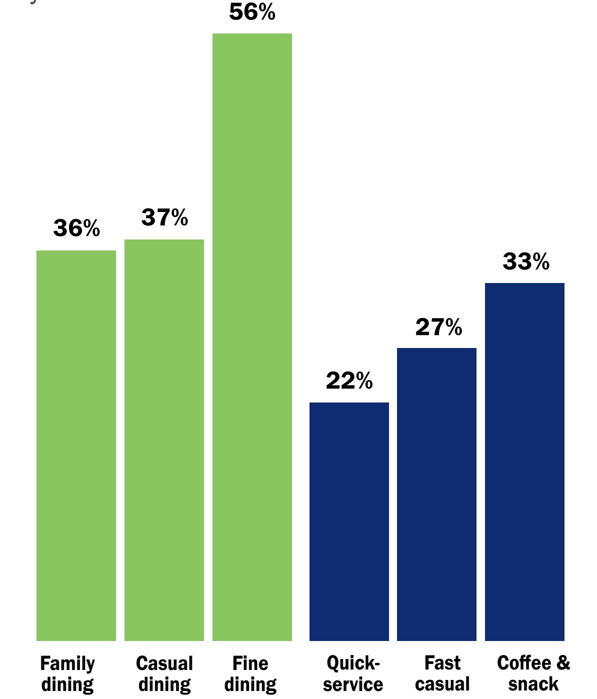
OFF-PREMISES PREDOMINATES

Prior to the pandemic, roughly 80% of fullservice traffic was on-premises, according to NPD/CREST. As on-premises dining restrictions went into effect, off-premises customers made up most of the traffic. Fullservice **operators adapted** operations to meet that demand shift.

56% of fine dining operators say they **added menu items made for takeout or delivery**, as do nearly 4 in 10 family dining and casual dining operators.

FINE DINING PIVOTS MOST TO OFF-PREMISES

% of operators who say their restaurant added menu items that are specifically designed for takeout or delivery*

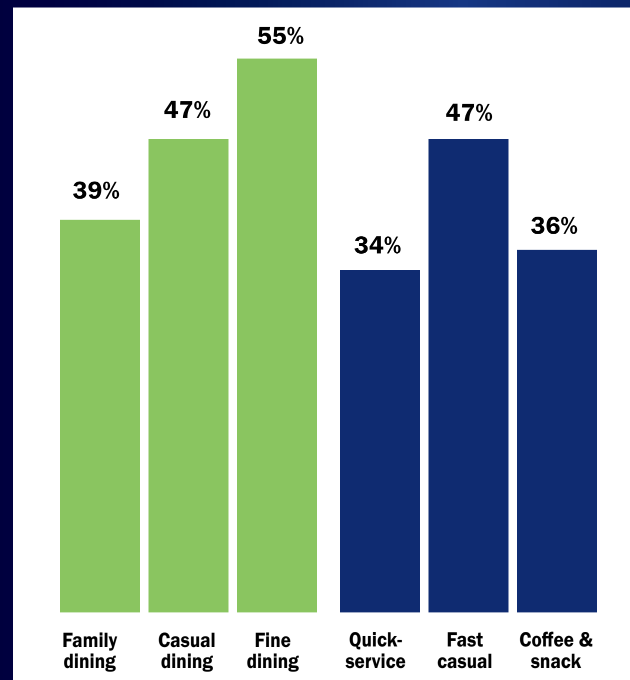


Source: National Restaurant Association, *Restaurant Trends Survey*, December 2020

*since the beginning of the COVID-19 outbreak in March

SHIFTING TO OFF-PREMISES

% of operators who say their menu is more tailored to off-premises than it was before COVID-19



Source: National Restaurant Association, *Restaurant Trends Survey*, December 2020

TOP SELLERS

Most operators surveyed say their current **best-selling** food and beverage **items were already on the menu** before coronavirus hit.

In the fullservice segment, burgers and beer are the most popular food and beverage items; for limited-service operators, sandwiches and soft drinks lead orders.

Fine dining operators (11%) were the most likely to say that their current top-selling menu item was newly added to their menu after the outbreak in March.

CONSUMERS CRAVE HANDHELD FOOD

Restaurant operators' reporting of their most popular food item *right now*

FOOD ITEM	FULLSERVICE OPERATORS	FOOD ITEM	LIMITED-SERVICE OPERATORS
BURGERS	19%	SANDWICHES / SUBS / WRAPS	18%
SEAFOOD ITEMS	13%	PIZZA	14%
PIZZA	11%	BURGERS	12%
STEAK	9%	CHICKEN ITEMS (EXCL. WINGS)	7%
CHICKEN ITEMS (EXCL. WINGS)	8%	ICE CREAM / COOKIES / CAKES	7%
BREAKFAST ITEMS	8%	BAKED GOODS	7%
PASTA	6%	BREAKFAST ITEMS	7%
MEXICAN FOOD	5%	MEXICAN FOOD	5%
SANDWICHES / SUBS / WRAPS	5%	BBQ ITEMS	3%
CHICKEN WINGS	4%	SEAFOOD ITEMS	3%

Source: National Restaurant Association, *Restaurant Trends Survey*, December 2020

WASH IT DOWN WITH SODA AND BEER

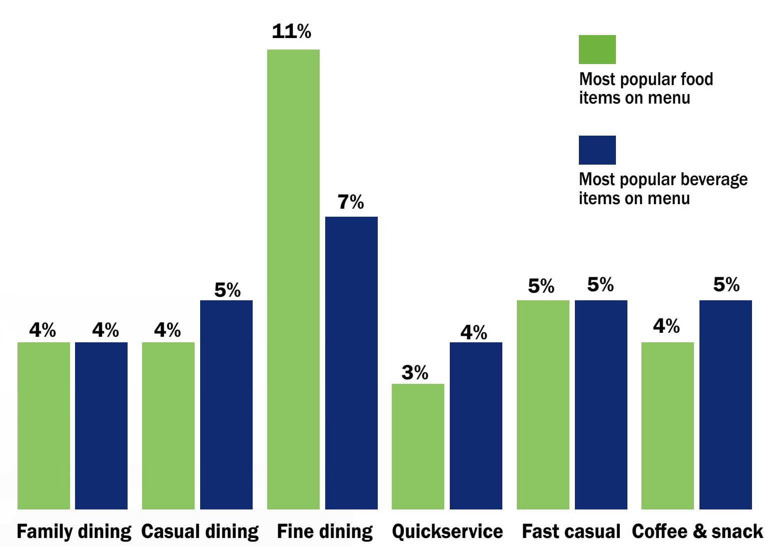
Restaurant operators' reporting of their most popular beverage item *right now*

BEVERAGE ITEM	FULLSERVICE OPERATORS	BEVERAGE ITEM	LIMITED-SERVICE OPERATORS
BEER	29%	SOFT DRINKS	44%
SOFT DRINKS	16%	COFFEE	25%
WINE	15%	BEER	8%
COFFEE	9%	BOTTLED WATER	5%
MARGARITAS	6%	ICED TEA	4%

Source: National Restaurant Association, *Restaurant Trends Survey*, December 2020

TOP SELLERS: MORE TRIED AND TRUE THAN NEW

% of operators who say their restaurant's current top-selling food and beverage items were newly added to the menu after the outbreak in March



Source: National Restaurant Association, *Restaurant Trends Survey*, December 2020

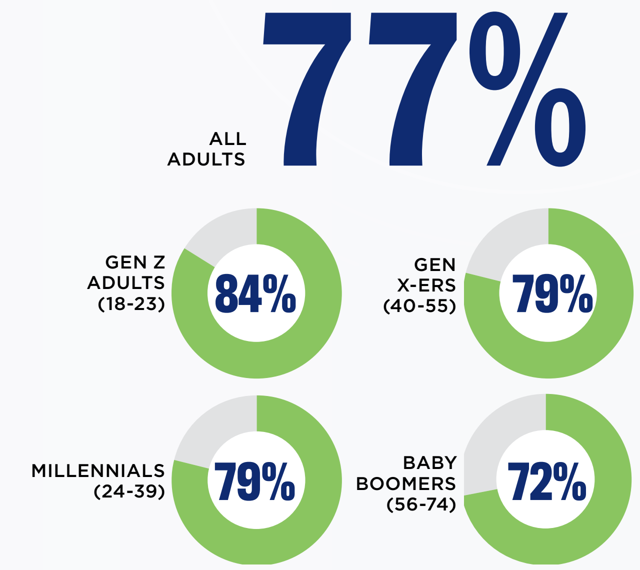
BLENDED MEALS AT HOME

With travel discouraged, **77% of adults** say they're more likely to **stay at home** and watch on-demand TV and videos than they were before COVID-19.

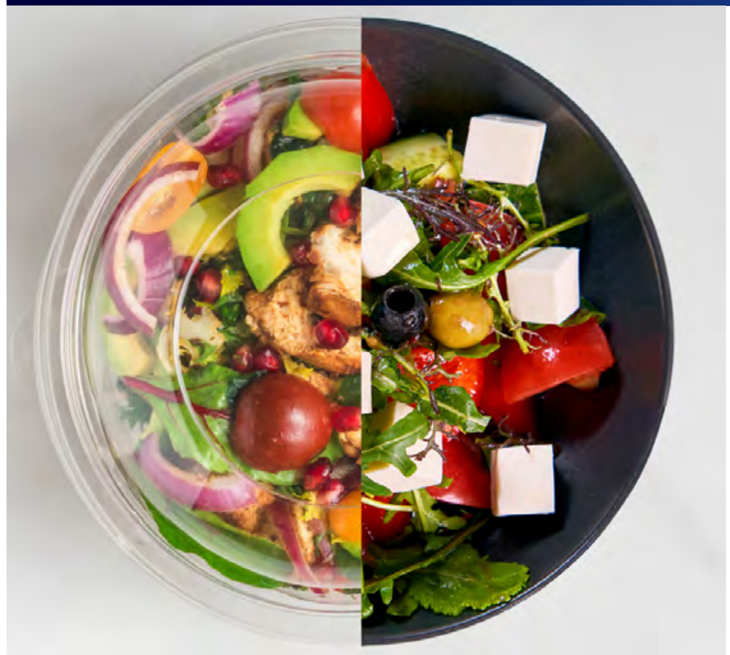
To satisfy restaurant cravings (and maybe relieve cooking duties), 52% of adults (63% of millennials) are more **likely to incorporate restaurant fare**—say a main dish, side or dessert—**into their home-prepared meal**.

SPENDING MORE TIME AT HOME

% of consumers who say they're more likely to stay home and watch on-demand TV and videos than they were before COVID-19

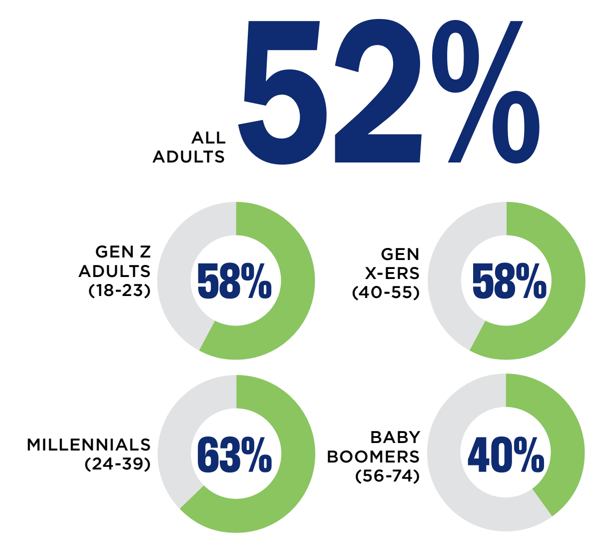


Source: National Restaurant Association, *National Household Survey*, December 2020



BLENDED MEALS ON THE RISE

% of consumers who say they're more likely to mix restaurant items—such as a main dish, side, or dessert—into their home-prepared meals than they were before COVID-19



Source: National Restaurant Association, *National Household Survey*, December 2020

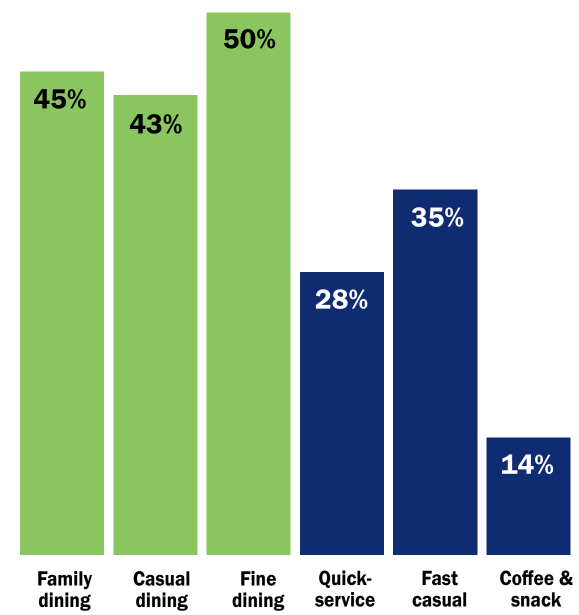
BUNDLED MEALS: CONSIDERED DEALS

The offer of a bundled meal, a deal that might include appetizer, side, entrée and dessert in either family packs or for individual meals, can influence customers' restaurant choice. **Bundling is good business**. 50% of fine dining operators and more than 4 in 10 family dining and casual dining operators say their restaurant added family or bundled meals since the beginning of the pandemic.

Looking ahead, 30% of off-premises customers* say they would be more likely to choose a restaurant that offers meal bundles during the next few months.

FULLSERVICE OPERATORS MOST LIKELY TO ADD BUNDLED OPTIONS

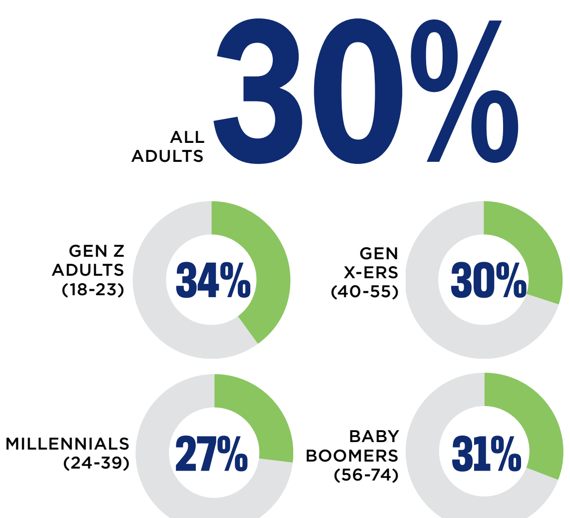
% of operators who say their restaurant added family or bundled meals since the beginning of the COVID-19 outbreak in March



Source: National Restaurant Association, *Restaurant Trends Survey*, December 2020

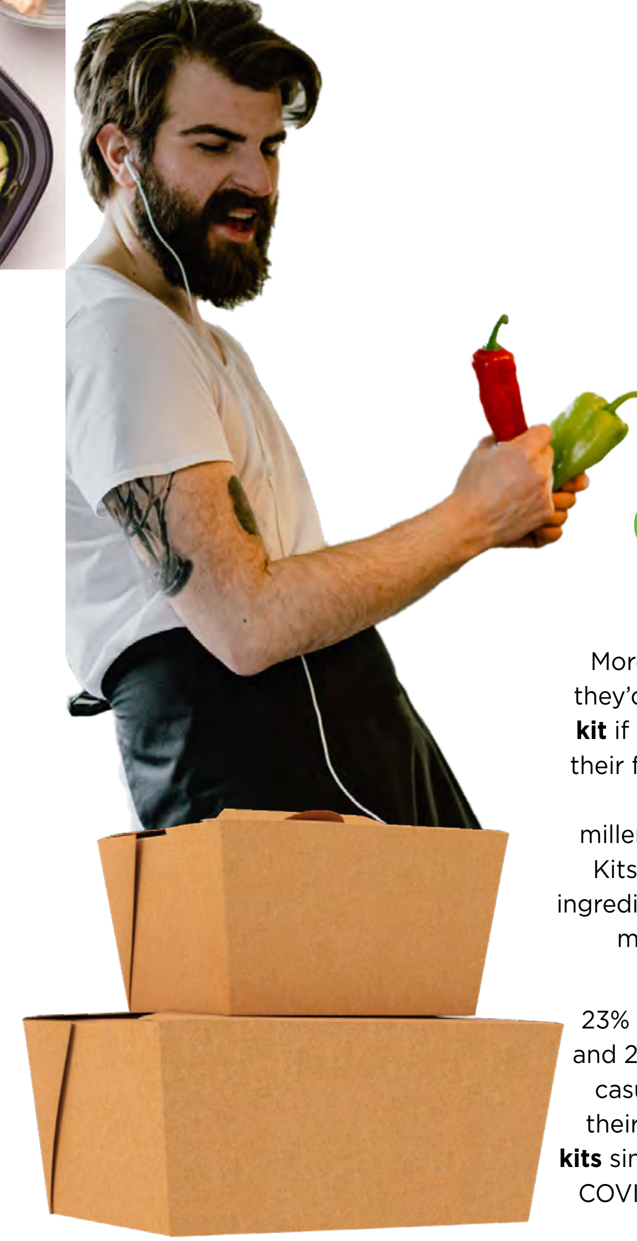
ONE STOP FOR DINNER

% of off-premises customers* who say they're more likely to choose a restaurant that offers multi-course meal bundles, such as an appetizer, entrée and dessert



Source: National Restaurant Association, *National Household Survey*, December 2020

*Consumers that plan to order takeout, drive thru or delivery from a restaurant or fast food place during the next few months.



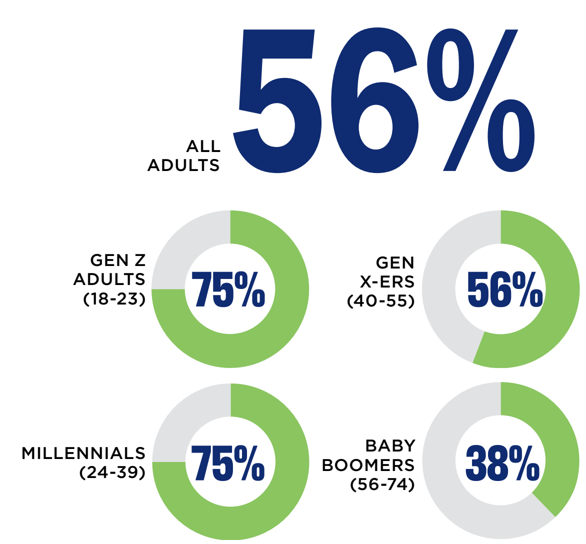
MEAL KITS MAKE COOKING FUN

More than half of adults say they'd likely **purchase a meal kit** if it was offered by one of their favorite restaurants. The number rises to 75% for millennials and Gen Z adults. Kits package pre-measured ingredients and instructions to make the restaurant meal at home.

23% of fine dining **operators** and 20% of family dining and casual dining operators say their restaurant **added meal kits** since the beginning of the COVID-19 outbreak in March.

YOUNGER CONSUMERS LIKE DIY RESTAURANT MEALS MOST

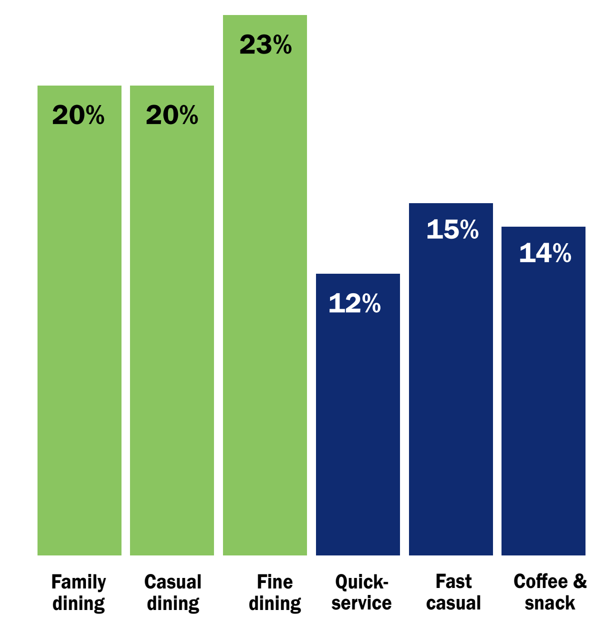
% of consumers who say they'd be likely to buy a meal kit if it was offered by one of their favorite restaurants



Source: National Restaurant Association, *National Household Survey*, December 2020

MOST MEAL KITS COME FROM FULLSERVICE

% of operators who say their restaurant added meal kits since the beginning of the COVID-19 outbreak in March



Source: National Restaurant Association, *Restaurant Trends Survey*, December 2020

SUBSCRIBE AND SAVE

Through restaurant meal subscription programs, customers sign up to receive a set number of meals each month, for pickup or delivery, at a discounted menu price.

While meal subscription programs aren't widespread—only 1% of family dining, quickservice, casual dining and coffee & snack, 2% of fine dining and 3% of fast casual operators added them—they appear to be an attractive option. More than half of consumers surveyed say they'd likely participate in a meal subscription program if it was offered by one of their favorite restaurants; for millennials and Gen Z adults, it's roughly 7 in 10.

SIGN ME UP!

% of consumers who say they would be likely to participate in a meal subscription program if it was offered by one of their favorite restaurants

ALL ADULTS 55%

GEN Z ADULTS (18-23) 67%

GEN X-ERS (40-55) 60%

MILLENNIALS (24-39) 71%

BABY BOOMERS (56-74) 36%

Source: National Restaurant Association, *National Household Survey*, December 2020

GROCERIES SUPPLEMENT SALES

Seems like anything that saves a trip gets a thumbs up. More than half of consumers surveyed—and nearly 70% of millennials—would buy groceries (fresh, uncooked items such as meat, produce, dairy, bread or pasta) if restaurants offered them.

Some restaurants have complied, helping to draw business and boost sales. 14% of fine dining and fast casual operators say their restaurant started selling grocery goods since the virus' onset, as did roughly 1 in 10 casual dining, family dining and coffee & snack operators.

PICKING UP A PIZZA ... AND MILK AND EGGS

% of consumers who say they'd be likely to purchase fresh, uncooked food items such as meat, produce, dairy, bread or pasta, if they were offered by one of their favorite restaurants

ALL ADULTS 52%

GEN Z ADULTS (18-23) 61%

GEN X-ERS (40-55) 54%

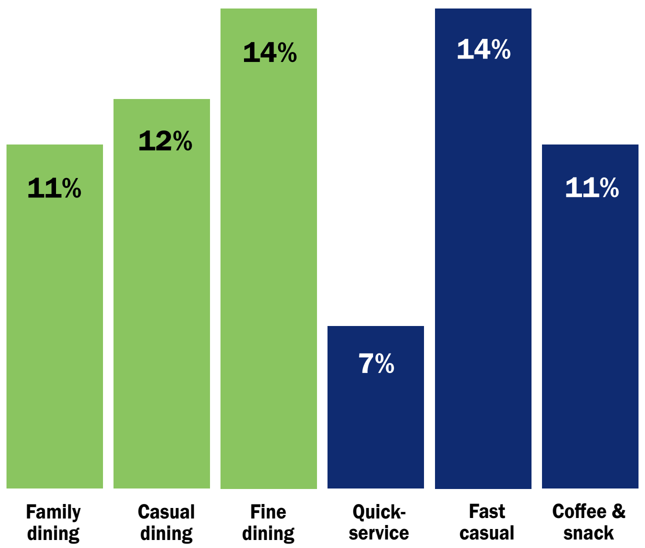
MILLENNIALS (24-39) 69%

BABY BOOMERS (56-74) 35%

Source: National Restaurant Association, *National Household Survey*, December 2020

STOCKING THE SHELVES

% of operators who say their restaurant started offering grocery items for sale since the beginning of the outbreak in March



Source: National Restaurant Association, *Restaurant Trends Survey*, December 2020

ALCOHOL TO GO

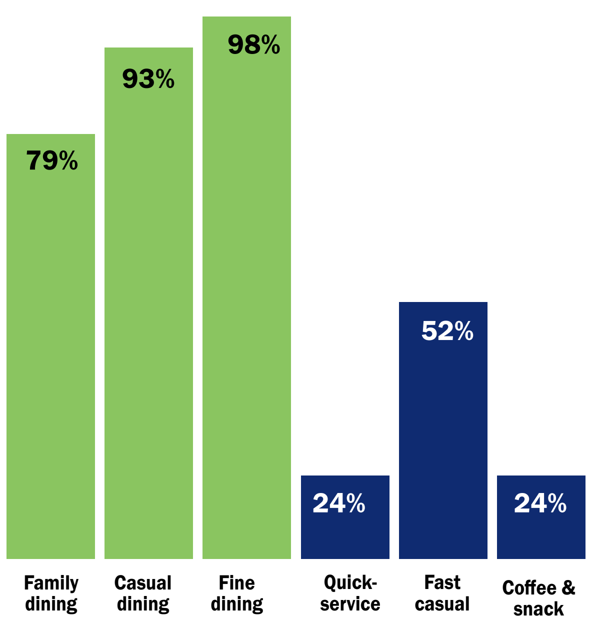
As more and more jurisdictions allowed restaurants to include alcoholic beverages in takeout and delivery orders, beer, wine and cocktails became increasingly important across all restaurant segments.

Roughly 7 in 10 fullservice operators who offer alcoholic beverages say they started selling them with takeout or delivery orders since the beginning of the outbreak in March, as did more than half of quickservice and fast casual operators who serve alcohol.

Alcohol to go might be one of those trends—accelerated by the pandemic—that is here to stay. 35% of off-premises customers age 21+ (53% of millennials) say they'd be more likely to choose a restaurant if they can get an adult beverage with their food order.

ALCOHOL SALES KEY FOR FULLSERVICE RESTAURANTS

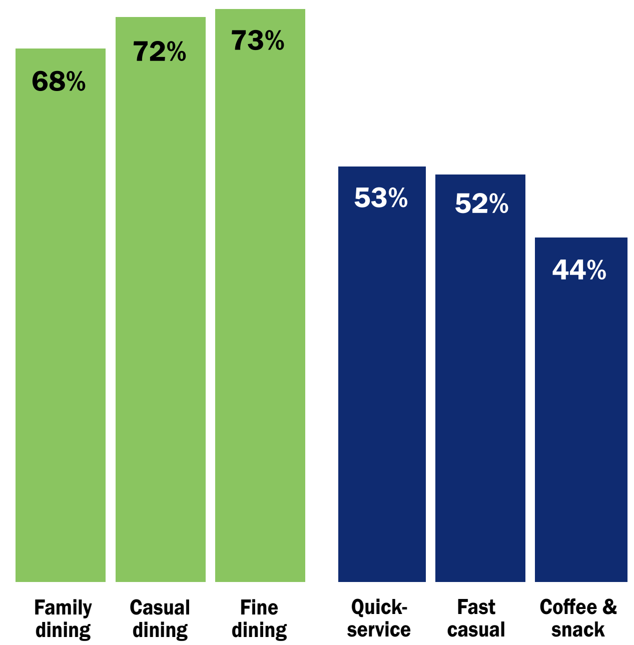
% of operators who say their restaurant serves alcoholic beverages



Source: National Restaurant Association, *Restaurant Trends Survey*, December 2020

ALL SEGMENTS ARE INTO ALCOHOL TO GO

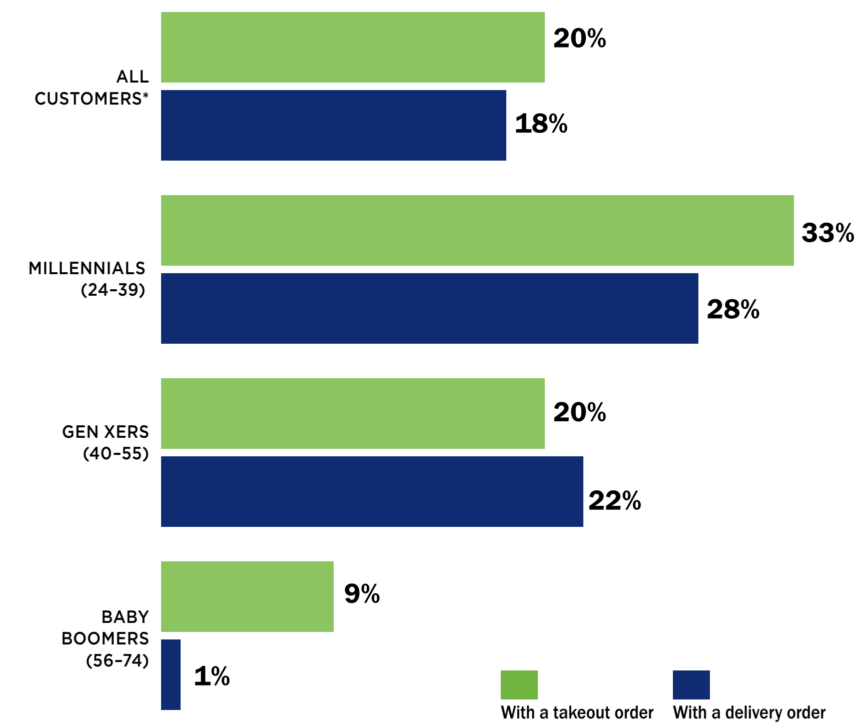
% of operators* who say their restaurant started offering alcoholic beverages for takeout or delivery since the beginning of the outbreak in March



Source: National Restaurant Association, *Restaurant Trends Survey*, December 2020
*Base: Restaurants that currently serve alcoholic beverages

COCKTAILS CLICK MOST WITH MILLENNIALS

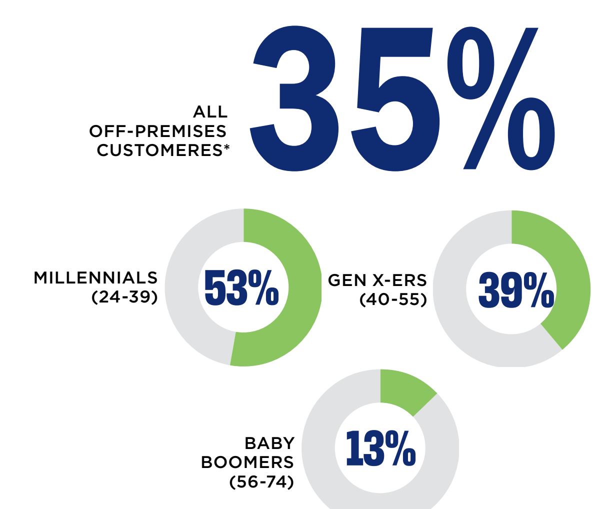
% of off-premises customers* who say they included an alcoholic beverage with a takeout or delivery order from a restaurant since the beginning of the outbreak in March



Source: National Restaurant Association, *National Household Survey*, December 2020
*Consumers age 21+ that ordered takeout/delivery from a restaurant since the beginning of the outbreak in March.

CAN I GET A BEER WITH THAT?

% of off-premises customers* who say they're more likely to choose a restaurant if it offers the option of including alcoholic beverages with the to-go order



Source: National Restaurant Association, *National Household Survey*, December 2020
*Consumers age 21+ that ordered takeout/delivery from a restaurant since the beginning of the outbreak in March.

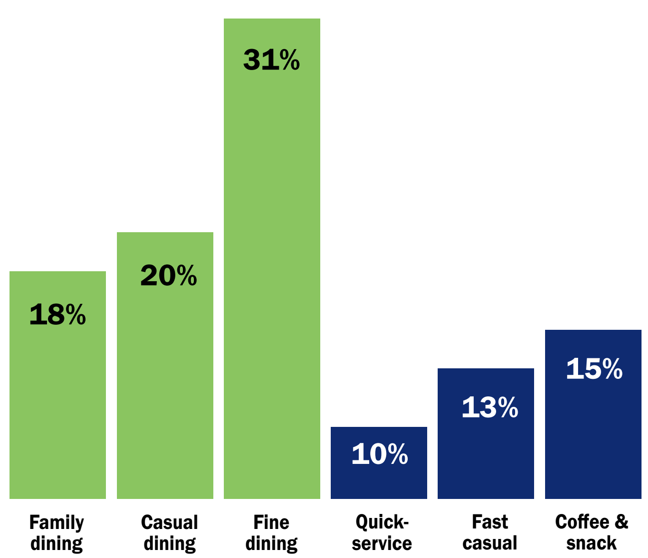
CUSTOMERS CRAVE COMFORT FOODS

Stress and anxiety call for comfort food. Nearly a third of fine dining operators, and 1 in 5 family and casual dining **operators added comfort items to menus** since the onset of the coronavirus.

And comfort is still calling consumers: 38% of on-premises and 33% of off-premises customers say their restaurant choices over the next few months will be influenced by whether the menus include the comfort foods they crave.

ADDING COMFORT TO THE MENU

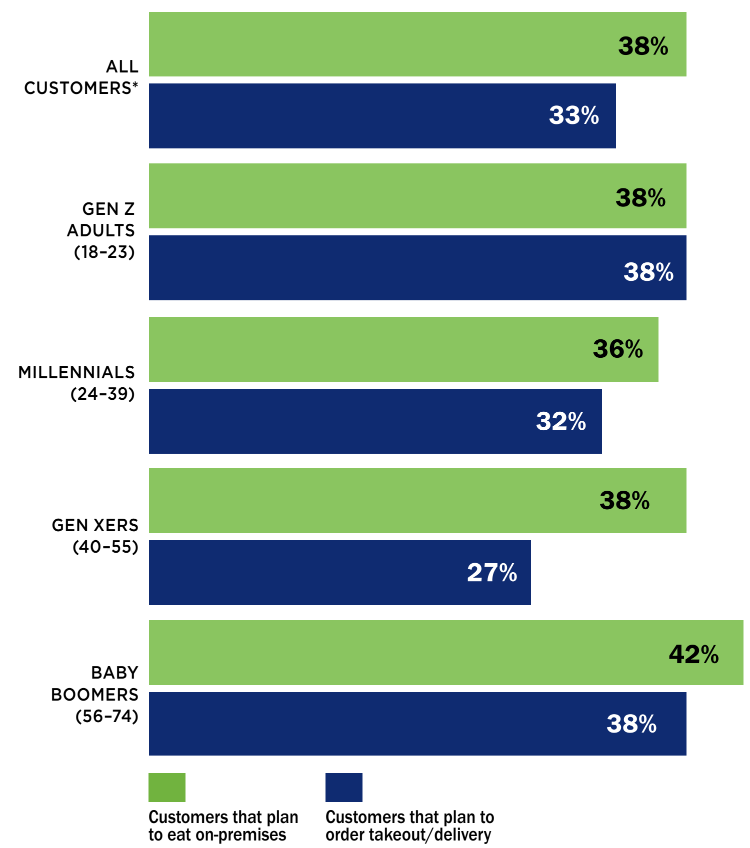
% of operators who say their restaurant added comfort food to the menu since the beginning of the outbreak in March



Source: National Restaurant Association, *Restaurant Trends Survey*, December 2020

COMFORT FOODS ARE CALLING

% of customers* who say the availability of comfort food on the menu would make them more likely to choose one restaurant over another during the next few months



Source: National Restaurant Association, *National Household Survey*, December 2020

*Consumers that plan to either eat on-premises or order takeout, drive thru or delivery during the next few months.

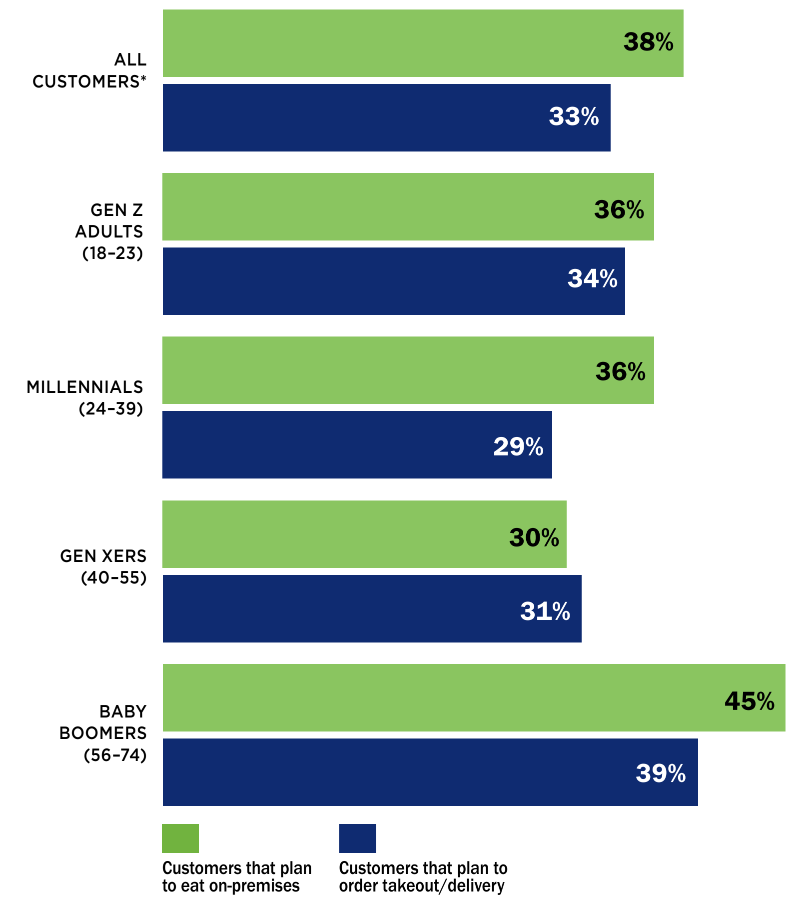
HEALTHY AND DIET-SPECIFIC FOOD

To the same degree the availability of comfort foods influences restaurant choice, so do healthful menu options. Diet-specific items (gluten-free, vegan, etc.) however, are of less importance right now.

Fewer than 1 in 7 customers say the availability of diet-specific food would impact their restaurant choice for either on- or off-premises dining.

BABY BOOMERS MOST LIKELY TO CHOOSE PLACES WITH HEALTHY CHOICES

% of customers* who say the availability of healthy options on the menu would make them more likely to choose one restaurant over another during the next few months

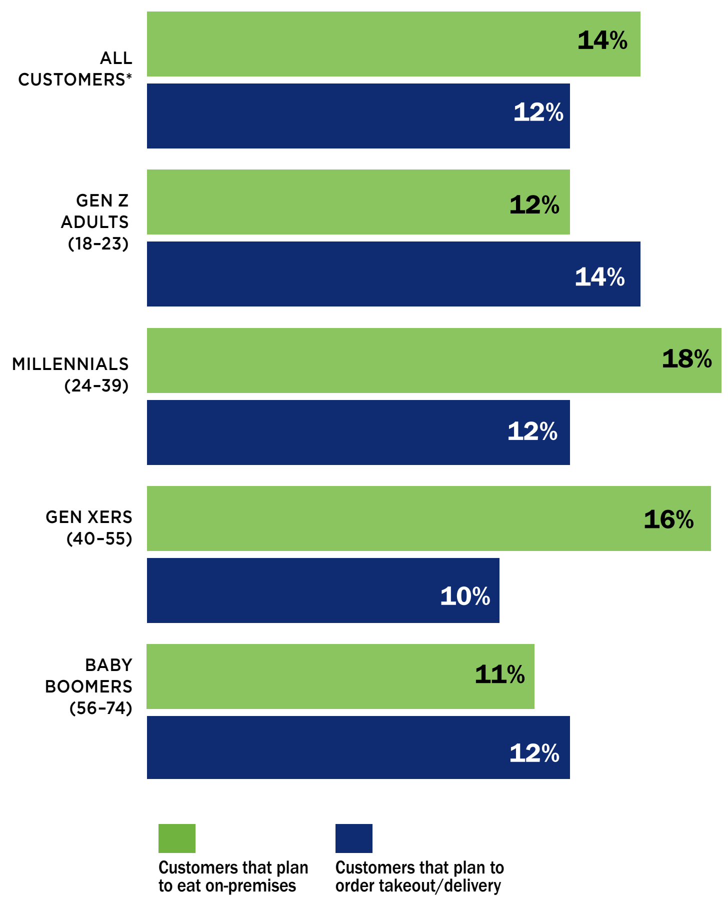


Source: National Restaurant Association, *National Household Survey*, December 2020

*Consumers that plan to either eat on-premises or order takeout, drive thru or delivery during the next few months.

DIETARY NEEDS LESS COMPELLING IN RESTAURANT CHOICE

% of customers* who say the availability of diet-specific food on the menu, like vegetarian or gluten-free, would make them more likely to choose one restaurant over another during the next few months



Source: National Restaurant Association, National Household Survey, December 2020

*Consumers that plan to either eat on-premises or order takeout, drive-thru or delivery during the next few months.

WORKFORCE TRENDS

At the start of 2020, the restaurant and food-service industries were projected to provide 15.6 million jobs and would have represented **10% of all payroll jobs in the economy** making it the second-largest private sector employer in the U.S.

Then COVID-19 hit.

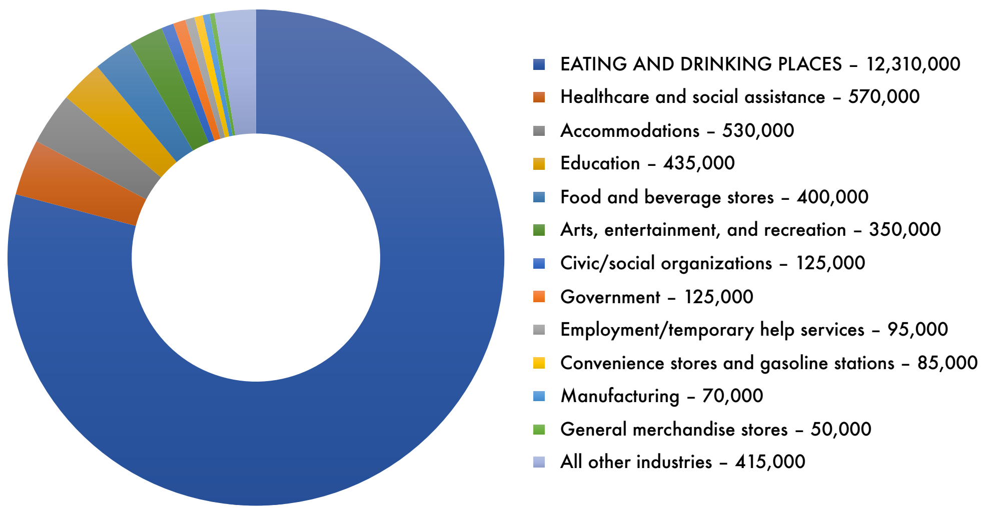
Eating and drinking places are the largest component of the restaurant and foodservice workforce and were projected to provide 12.3 million jobs during 2020. The other 3.3 million foodservice positions were expected to be in sectors such as

- health care
- accommodation
- education
- food and beverage stores

WORKFORCE TRENDS

THE RESTAURANT INDUSTRY WAS PROJECTED TO PROVIDE 15.6 MILLION JOBS IN 2020

Distribution of restaurant and foodservice jobs by industry



Source: National Restaurant Association projections, based on historical data from the Bureau of Labor Statistics
*Note: The projected 15.6 million restaurant and foodservice jobs includes employment in all eating and drinking place occupations, plus employment in foodservice positions that are not located at eating and drinking places.

2020: A TIMELINE

January-February: Eating and drinking place employment completes its 10th consecutive year of growth reaching a record 12.3 million jobs in February.

March-April: The restaurant industry suffers far more job losses than any other sector at the outset of the pandemic, as government-mandated lockdowns leads to some 8 million restaurant and foodservice employees being laid off or furloughed.

May-June: An unprecedented hiring surge follows, with **nearly 3 million restaurant employees returning to payrolls** in May and June. While a 2-month employment bounce of 3 million jobs is impressive, it only marks the beginning of a long road to recovery.

July-October: Although restaurant employment continues to trend higher during summer and early fall, the gains are only enough to put a modest dent in the staffing shortfall. In total, eating and drinking places add a net 1 million jobs over these 4 months.

November: Employment recovery stalled with eating and drinking places payrolls remaining essentially flat. Business conditions deteriorated with less outdoor dining, rising restrictions on indoor dining, and a scale-back on holiday celebrations.

December: The bottom fell out. Plunging sales forced restaurants to cut roughly 400K jobs. The eating and drinking place sector **finished 2020 nearly 2.5 million jobs (or 20%) below its pre-coronavirus level**. That's 3 times larger than the next closest industry: the professional and business services sector at 858,000 jobs below its pre-coronavirus level.

Restaurants have been hit harder than any other industry during the pandemic and have the longest climb back to pre-coronavirus employment levels.

STAFFING LEVELS: DOWN ACROSS ALL SEGMENTS

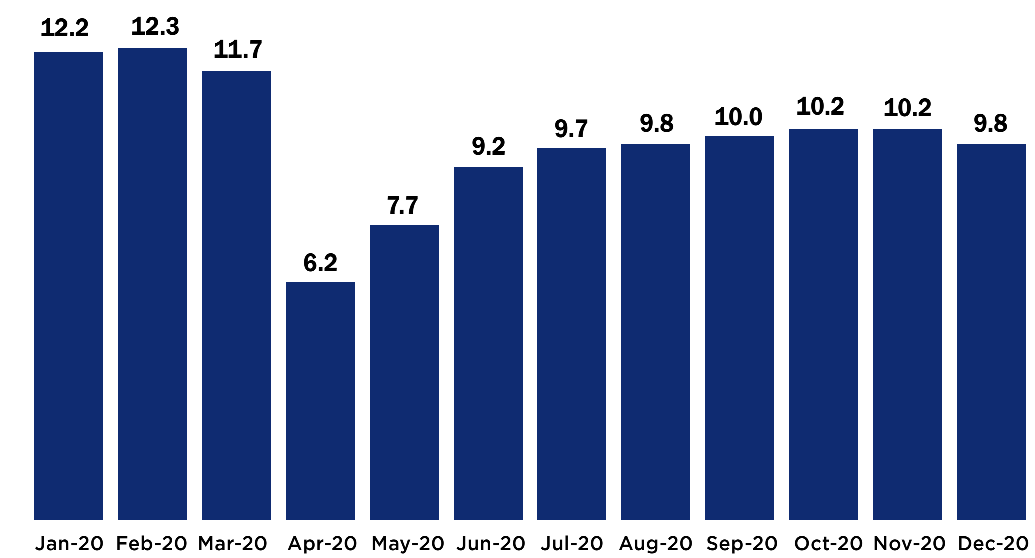
9 in 10 fullservice operators report staffing levels that are lower than what they would be were it not for COVID-19.

62% percent of fine dining operators and 54% of both family dining and casual dining operators say **staffing levels are more than 20% below normal**.

In the limited-service segment, job losses are a little less severe. More than 1 in 4 operators report staffing that's at or above normal levels. Still, **a majority of limited-service operators report staffing levels below normal.**

EMPLOYMENT RECOVERY STALLED IN NOVEMBER

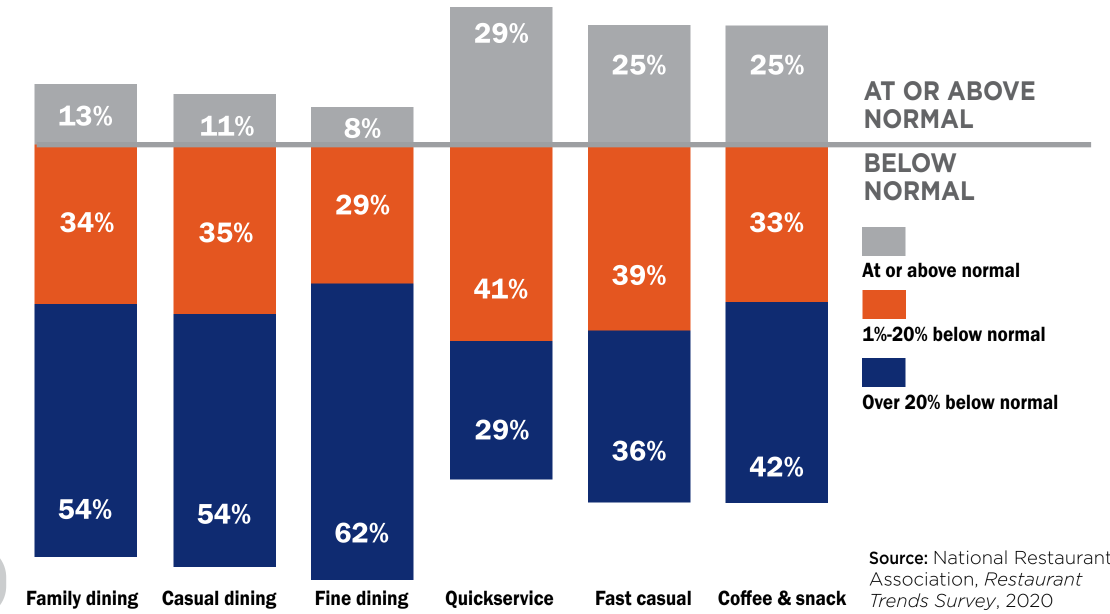
Number of jobs* at eating and drinking places (millions)



Sources: Bureau of Labor Statistics, National Restaurant Association
**Note: The BLS monthly employment reports count jobs during the payroll period that includes the 12th of each month. Changes in restaurant staffing levels—both negative and positive—have occurred rapidly during the pandemic, as restaurants quickly adjust their operating status in response to evolving regulatory and economic conditions. As a result, significant changes likely occur during the weeks between each measurement period, and the monthly data likely did not fully capture the total job losses experienced during the coronavirus lockdowns. Based on surveys of restaurant operators, the National Restaurant Association estimates that more than 8 million eating and drinking place employees were laid off or furloughed during the peak of the lockdowns.*

STAFFING LEVELS ARE BELOW NORMAL

Restaurant operators' reporting of current staffing compared to normal levels



Source: National Restaurant Association, *Restaurant Trends Survey*, 2020

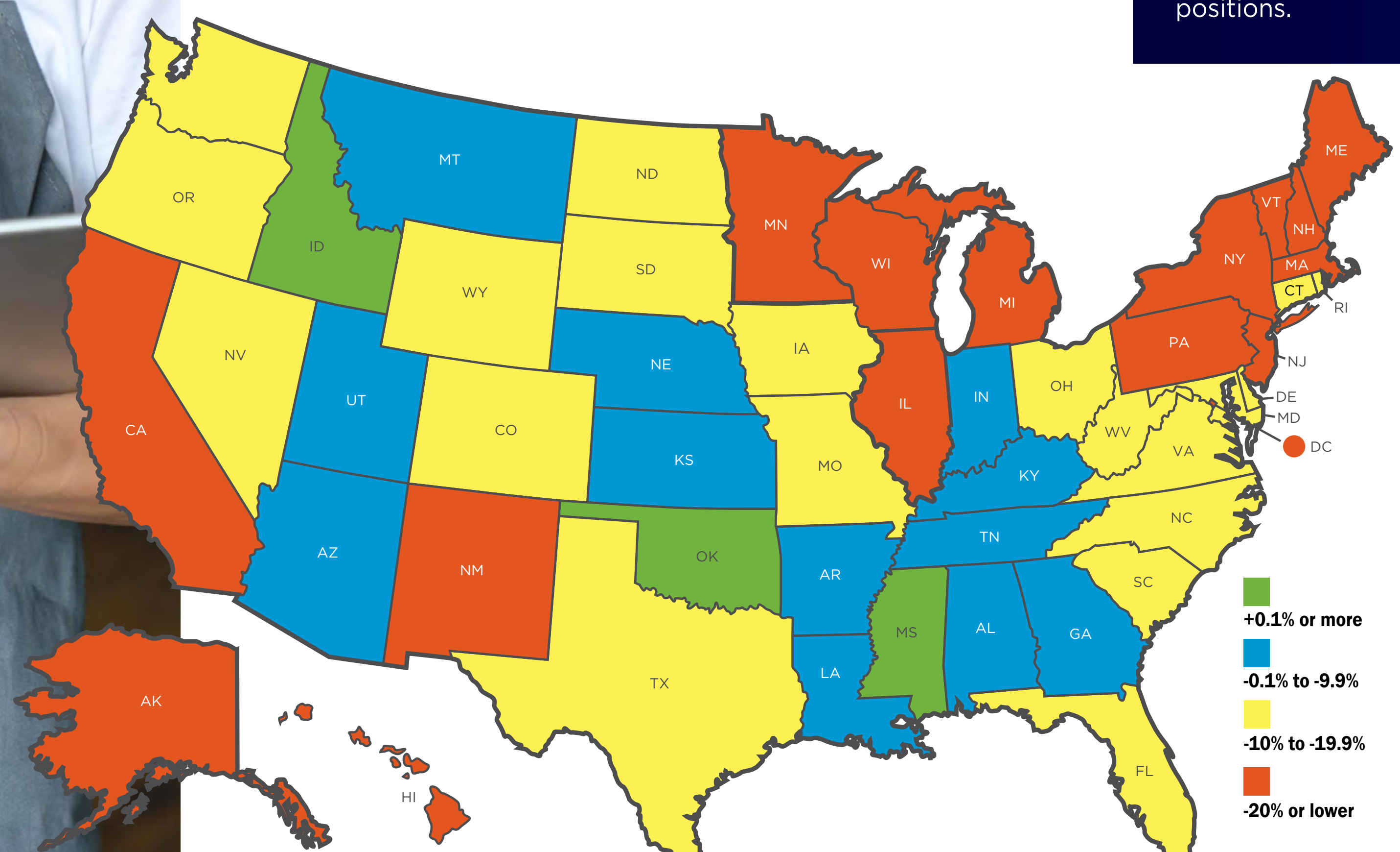
SPEED OF RECOVERY VARIES BY STATE

Most states remain well below their pre-pandemic restaurant employment levels. As of November 2020, restaurant employment in 47 states and the District of Columbia was below February's reading. Vermont (-40%), Hawaii (-35%) and the District of Columbia (-30%) had the largest deficits from their pre-coronavirus staffing levels.

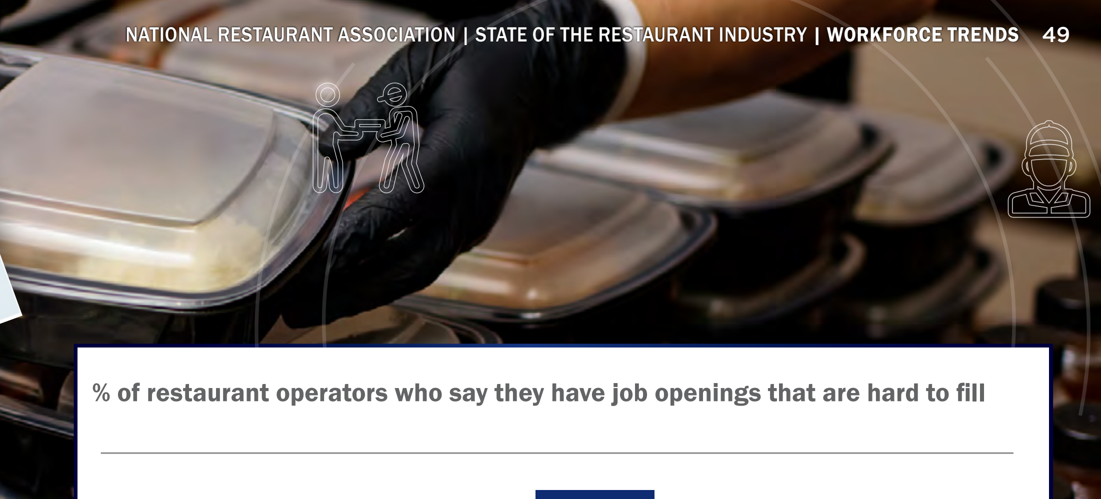
Only three states—Oklahoma, Mississippi and Idaho—had more eating and drinking place jobs in November than they did in February.

EMPLOYMENT REMAINS BELOW PRE-CORONAVIRUS LEVELS IN 47 STATES AND D.C.

November 2020 restaurant employment compared to February 2020



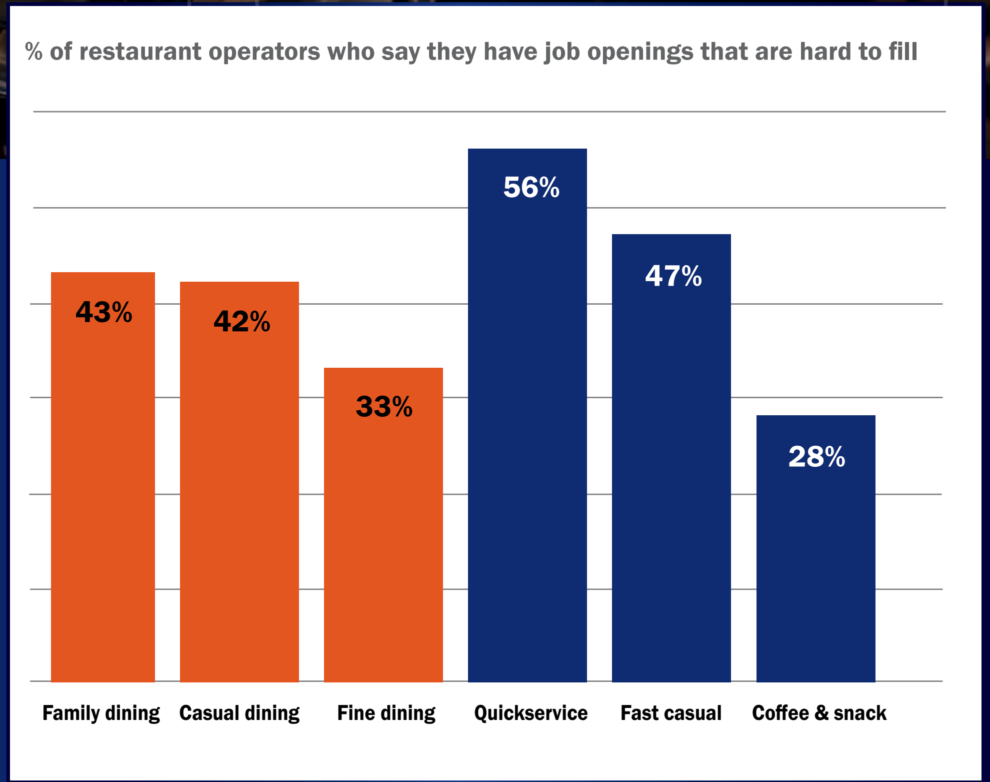
Source: Bureau of Labor Statistics, National Restaurant Association; figures are seasonally adjusted



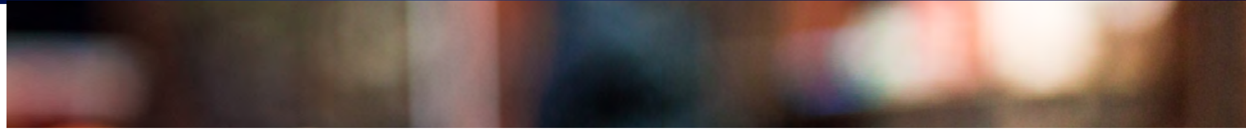
HELP (STILL) WANTED

Despite dampened employment conditions, opportunities are available. A majority of quickservice operators and more than 4 in 10 fast casual, family dining and casual dining operators say they have job openings they're finding hard to fill.

The majority of operators across all segments say their unfilled job openings are for front-of-house positions. Fullservice operators with hard-to-fill openings say they're having the most trouble finding applicants for back-of-house positions.



Source: National Restaurant Association, *Restaurant Trends Survey*, 2020



KITCHEN HELP NEEDED

% of restaurant operators* who report they're having difficulty filling open positions in the following areas

EMPLOYEE CATEGORY	FAMILY DINING	CASUAL DINING	FINE DINING	QUICK-SERVICE	FAST CASUAL	COFFEE & SNACK
FRONT-OF-HOUSE	65%	62%	65%	70%	62%	67%
BACK-OF-HOUSE	82%	81%	81%	78%	73%	51%
MANAGER POSITIONS	28%	24%	29%	54%	41%	37%

Source: National Restaurant Association, *Restaurant Trends Survey*, 2020
Figures are based on restaurant operators who say they have job openings that are difficult to fill.

PART OF THE PROBLEM: A SHALLOWER LABOR POOL

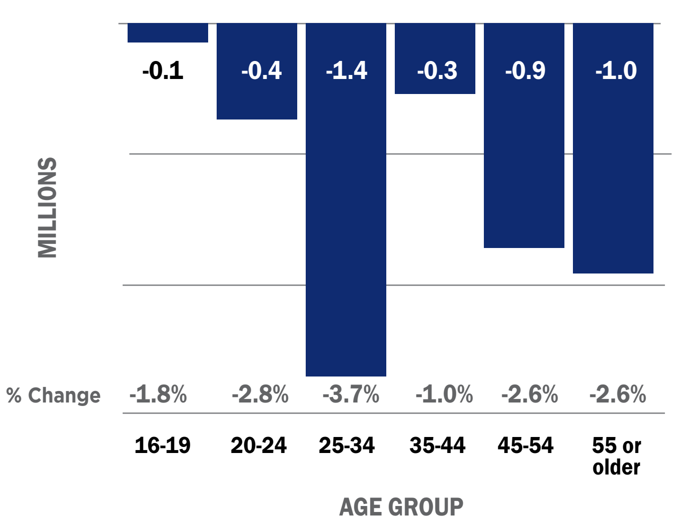
Between February and November 2020, the number of people in the U.S. labor force plunged by 4.1 million, according to data from the Bureau of Labor Statistics.

This represented a 2.5% decline during the 9-month period.

The labor force shrunk among all age groups. There are **nearly 2 million fewer 16-to-34-year-olds in the labor force**. That's a problem; this age cohort makes up nearly two-thirds of the restaurant industry workforce.

4.1 MILLION FEWER PEOPLE IN THE LABOR FORCE

Change in the U.S. labor force between February and November 2020



Source: Bureau of Labor Statistics, National Restaurant Association; figures are seasonally adjusted

A LOOK AHEAD

Each year in this report, the Association provides projections of restaurant employment by occupation.

Like so many things, this year is different. Given the volatility in restaurant employment throughout 2020, **there simply isn't a stable data set on which to base projections for the coming year**.

Until a vaccine is widely available and distributed, restaurant job growth will likely be uneven due to the uncertainty associated with spiking COVID-19 case levels along with the potential for state and local authorities to impose renewed dining restrictions in many parts of the country.

The restaurant industry's return to pre-coronavirus employment levels will likely be measured in years, not months.

To regularly follow the latest trends in restaurant employment, click here.

METHODOLOGY

SURVEYS

National Household Survey, 2020: The National Restaurant Association commissioned Engine to conduct an online survey of 1,000 adults in December 2020, asking questions about their personal finances and interaction with restaurants.

Restaurant Trends Survey, 2020: The National Restaurant Association conducted an online survey of 6,000 restaurant owners and operators in November-December 2020, asking questions about their business and operating environments.

Definition of Generations in this report (based on survey fielding dates):

Gen Z adult (18-23)

Millennial (24-39)

Gen Xer (40-55)

Baby boomer (56-74)