

Learn about the **restaurant industry** and find information on **how to start a restaurant business**. Don't forget you can receive free or low-cost training and **free professional business advice**, from [your local Small Business Development Center!](#)

View our related **business reports** here: [Fast Food Restaurant Business](#), [Food Truck Business](#), [Bar Business](#), and [Food Service Industry Research](#).

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## Restaurant COVID-19 Resources

In response to the global COVID-19 pandemic, shelter-in-place orders and physical distancing measures have affected many businesses. Here is a look at the impact to the **restaurant industry**. Government public health restrictions and stay at home orders have devastated restaurants across the country. Many restaurants have shifted to curbside/delivery/pickup only to comply with the orders, while others have shut down. As states begin to reopen, it is crucial for operators to remain aware of patron's apprehension and ease their way back to normal as consumer confidence returns. Here are additional **COVID-19 business resources** specific to this industry:

- [SBDCNet's COVID-19 Small Business Resources](#)
- [SBDCNet's COVID-19 Industry Resources](#)
- [Best Practices for Establishments during the COVID-19 Pandemic](#) - U.S. Food & Drug Administration
- [COVID-19 Resources, including reopening guide](#) - National Restaurant Association
- [Franchise Reopening Blueprint, including Restaurants](#) - International Franchise Association
- [A Playbook for Reopening Your Restaurant](#) - QSR Magazine
- [COVID-19 Resources for Restaurants](#)

## Full-Service Restaurant Business Overview & Trends

**NAICS Code: 722511, SIC Code: 5812**

**Restaurants** are an important segment of the **U.S. food services industry** with a phenomenal impact on the U.S. economy. For 2020, the National Restaurant Association [State of the Industry Report](#) projects \$889 billion in industry sales.

This **restaurant industry summary** is from [First Research](#) which also sells a full version of this report.

- “Companies in this industry operate restaurants and other eating places, including full-service restaurants (FSRs), quick-service restaurants (QSRs), cafeterias and buffets, and snack bars. Major companies include Bloomin’ Brands, Darden Restaurants, McDonald’s, Starbucks, and Yum! Brands (all based in the US), as well as Greggs (the UK), Jollibee Foods (the Philippines), Skylark (Japan), and Restaurant Brands International (Canada).
- The global food service industry, which includes restaurants as well as catering services, generates about \$3 trillion in annual revenue, according to Technomic. Cross-border franchising of restaurants has helped boost growth in recent years. The largest restaurant markets are Asia/Pacific, North America, and Western Europe. Latin America and the Middle East/Africa region are the industry’s fastest-growing markets. The US restaurant industry includes about 660,000 restaurants with combined annual revenue of more than \$550 billion.
- Competitive Landscape: Restaurants are adopting new technologies and services to compete for consumers who increasingly value convenience. Mobile payments, online ordering, and home delivery are becoming more commonplace in both the full-service and limited-service segments of the industry. Pricing is also becoming a more important issue as customers are able to choose from a growing variety of dining options, including pre-packaged meals from outlets such as grocery stores, convenience stores, and coffee shops. Emerging competitors such as providers of subscription meal kits could further disrupt the industry in the future.”

These **restaurant and consumer foodservice business market insights** are derived from [Euromonitor](#) which sells a full version of their report.

- Adaptations and Trends:
  - 2019 was one of major change in the restaurant industry. Consumers became more interested in delivery than ever and have become much more demanding with their expectations. Many brands have reacted by paring down their menus to their most popular items in order to simplify and become more efficient in their processes. With increased consumer awareness of food quality and safety, many operators have also begun to emphasize their food sourcing processes and commitment to being a good corporate citizen. Technological innovation is also expected to be a very important concept going forward as consumer behavior shifts to more digital methods.
- Technology and Delivery:

- With the growth of consumer preference for delivery and online ordering, many restaurants have outsourced these functions to third party tech companies or delivery platforms to avoid the high cost of setting up and maintaining their own systems. Many restaurants have also begun adapting their operations to handle the ever changing customer mix, with “to go” counters, specialized parking for curbside pickup, and separate lines for online delivery orders. Operators will need to consider how much resources they will need to devote to handle these new ordering methods to ensure that digital sales are not lost but at the same time, ensuring their on-premise experience is not impacted.
- Global Economic Factors:
  - Global uncertainty continues to put a damper on growth in the restaurant industry. Full service restaurants with their higher price points and more formal environments tend to be impacted by economic slowdowns more severely than limited service or drive thru businesses, with lower price points and easier access. With large amounts of economic uncertainty in the US, operators will need to be aware of macroeconomic factors that can affect their business and their customer base.

## Restaurant Customer Demographics

Major customer segments for **full service restaurants** and **chain restaurants** are reported by IBISWorld, which offers full versions of the reports for purchase [here](#) and [here](#).

- Both the chain restaurant and single location restaurant markets are segmented by age, geography, income, and household characteristics.
- On average, people spend 5.6% of their income eating out, but consumers with large discretionary incomes spend more at restaurants. The richest twenty percent in the US generates the largest amount of revenue for the industry overall, by far; however, they spend less money at chain restaurants than single location.
- Furthermore, age trends tend to be correlated with discretionary income. For this reason, baby boomers and young unmarried adults with no children spend more eating out than other age groups.
- Additionally, work and geographic trends have been increasing the demand for eating out. Time-strapped workers are eating out more to save time and will have meetings at chain restaurants at the expense of their respective companies. Business and government organizations were estimated to have accounted for 9.6% of chain restaurant revenues in 2020.

Additional information on **restaurant customers** can be found in a variety of trade

associations and publications, including:

- [Restaurant Consumer Trends 2020](#)
- [Restaurant Consumer Preferences](#)
- [Toast Consumer Statistics](#)

## Restaurant Business Startup Costs

According to a survey conducted by [RestaurantOwner.com](#), the average **restaurant startup costs** are as follow:

- Without land purchase: \$494,888 - total, \$4,244 - cost per seat, \$159 - cost per sq. ft.
- With land purchase: \$735,326 - total, \$5,452 - cost per seat, \$178 - cost per sq. ft.

Additional **restaurant startup costs** information can be found at:

- [The Startup Cost of Opening Restaurants](#)
- [Restaurant Startup Costs Breakdown](#)
- [How Much Does it Cost to Open a Restaurant](#)

## Restaurant Business Plans

- [Fine Dining Restaurant Business Plan](#)
- [Restaurant Business Plan](#)
- [Restaurant Business Plan](#)
- [Restaurant Business Plan](#)
- [How to Write a Restaurant Business Plan](#)

## Restaurant Business Associations

Trade associations often are excellent sources of information on an industry. Here are some relevant **restaurant industry associations**:

- [National Restaurant Association](#)
- [State Restaurant Associations](#) - select state from drop down
- [Green Restaurant Association](#)
- [National Food Truck Association](#)
- [Council of State Restaurant Associations](#)

## Restaurant Business Regulations

The section is intended to provide a general awareness of **restaurant regulations** and agencies to consider when starting a restaurant business. Check with your state and municipality for rules and regulations that may impact the business in your area.

- [State Retail and Food Service Codes and Regulations by State](#) - U.S. Food & Drug Administration
- [Alcohol Laws by State](#) - Federal Trade Commission

## Restaurant Publications

- [Nation's Restaurant News](#)
- [Restaurant Business](#)
- [Modern Restaurant Management](#)
- [Restaurant Startup & Growth](#)
- [Food Network Magazine](#)
- [Food and Wine Magazine](#)

## Restaurant Business Employment Trends

The [National Restaurant Association Facts at a Glance](#) reports on the size of the restaurant workforce:

- 15.6 million restaurant industry employees.
- 1.6 million new restaurant jobs created by the year 2030.

Labor costs are important factors for full service restaurant owners. Restaurants encompass a variety of jobs, the following are insights from the Bureau of Labor Statistics into the most customer-facing employees in restaurants, [waiters and waitresses](#). A more specific breakdown of other [full-service restaurant occupations is available from the Bureau of Labor Statistics](#).

- **Pay:** The median hourly wage for waiters and waitresses was \$11.00 in May 2019.
- **Work Environment:** Waiters and waitresses are on their feet most of the time and often carry heavy trays of food, dishes, and drinks. The work can be hectic and fast-paced. During busy dining periods, they may be under pressure to serve customers quickly and efficiently. They must be able to work well as a team with kitchen staff to ensure that customers receive prompt service...Many waiters and waitresses work part time.

Many work early mornings, late evenings, weekends, and holidays. This is especially true for those who work in full-service restaurants, which employ the vast majority of waiters and waitresses.

- Job Outlook: Employment of waiters and waitresses is projected to grow 6 percent from 2018 to 2028, about as fast as the average for all occupations. As the population grows and more people dine out, many new restaurants are expected to open. Many establishments, particularly full-service restaurants, will continue to use waiters and waitresses to serve food and beverages and provide customer service.”

## **Additional Resources**

Already in business or thinking about starting your own small business? Check out our various small business resources:

- View more business reports here: [Small Business Snapshots](#)
- View small business help topics here: [Small Business Information Center](#)
- View industry-specific research here: [Market Research Links](#)
- View business plans samples here: [Sample Business Plans](#)

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