

## **Restaurant Business Conditions Survey – August 2022**

### North Carolina

#### **Restaurant operators expect business conditions to remain challenging**

- Business conditions deteriorated in recent months, according to many restaurant operators. 37% of North Carolina operators say business conditions for their restaurant are worse now than they were 3 months ago. Only 20% say business conditions improved during the last 3 months.
- Looking forward, most North Carolina restaurant operators do not expect a return to normal business conditions any time soon. 18% of operators think it will be 7-12 months before business conditions return to normal for their restaurant, while 46% think it will be more than a year. An additional 24% of operators say business conditions will never return to normal for their restaurant.

#### **Soaring costs across all parts of the business are creating challenges for restaurant operators**

- A majority of North Carolina operators say their costs are higher now than they were before the pandemic:
  - 82% of operators say their total food and beverages costs are higher than 2019
  - 89% of operators say their total labor costs are higher than 2019
  - 71% of operators say their total occupancy costs are higher than 2019
  - 73% of operators say their total utility costs are higher than 2019
  - 96% of operators say their other operating costs (supplies, G&A, etc.) are higher than 2019
- North Carolina restaurants took a number of actions in recent months as a result of higher costs:
  - 92% of restaurants increased menu prices, while 73% changed the food and beverage items that it offered on the menu
  - 59% of restaurants reduced hours of operation on days that it is open, while 41% closed on days that it would normally be open
  - 49% of operators say they postponed plans for expansion
  - 51% of operators say they stopped operating at full capacity
  - 29% of restaurants cut staffing levels, while 16% postponed plans for new hiring
  - 31% of operators say they incorporated more technology into their restaurant
  - 18% of operators say they eliminated third-party delivery

#### **Profitability is down from pre-pandemic levels**

- Despite the wide variety of mitigating actions taken to address higher costs, the vast majority of North Carolina restaurants are less profitable now than they were before the pandemic.

- 92% of North Carolina operators say their restaurant is less profitable now than it was in 2019 before the pandemic. Only 6% of operators say their restaurant is more profitable, while 2% say their profitability has remained about the same.

### **Majority of North Carolina restaurants are understaffed and actively seeking to fill positions**

- Although the industry added back many of the jobs lost during the pandemic, a majority of North Carolina restaurants remain understaffed. 80% of operators say their restaurant currently does not have enough employees to support its existing customer demand.
- For most North Carolina restaurants, staffing is significantly below necessary levels. Among restaurants that are currently understaffed, 66% of operators say their restaurant is more than 10% below necessary staffing levels. 15% of operators are currently more than 20% below necessary staffing levels.
- 94% of North Carolina operators say their restaurant currently has job openings that are difficult to fill.
- 90% of North Carolina restaurant operators say they will likely hire additional employees during the next 6 months if there are qualified applicants available.

Source: National Restaurant Association, national survey of 4,200 restaurant operators conducted between July 14 and August 5, 2022

