



# Restaurant industry trends for 2024



# Trends in the Restaurant industry



## Context

- KPMG polled 40+ senior restaurant executives regarding the state of the industry
- Survey responses were scrubbed and aggregated to understand recent behavior and executives' priorities going into 2024

## Key trends

### Commercial

- Despite challenging headwinds, nearly all respondent restaurant chains (~90%) experienced positive unit count growth in 2023
- Consumer traffic remains a significant headwind, with more respondents indicating that year-over-year traffic is down than up since 2022
- In response, operators are increasing promotions, shifting to cheaper products, focusing on menu freshness, and increasing adoption of digital sales channels

### Investments

- One back-office function to meet business needs, with at least half of respondents transforming Accounting, FP&A, and HR
- Nearly all respondents (~97%) acknowledged the importance of investing in automation or other tech-related workflow solutions
- Most restaurants (~68%) are still early in their AI journeys, however some are starting to identify opportunities for the future
- Every respondent is actively transforming at least

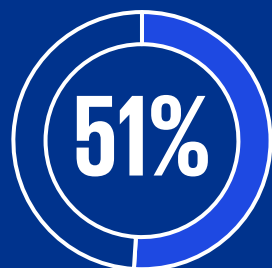


### Operations

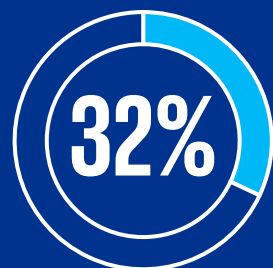
- Every respondent is acting to digitally enable their restaurants, with the most common lever being expanding ordering options
- Despite improvements, labor continues to be a pressure point, with a majority of respondents (~60%) indicating they have consistently experienced churn and wage competition for at least some specific roles over the past three months

# Restaurant count growth and increased item prices are on the rise

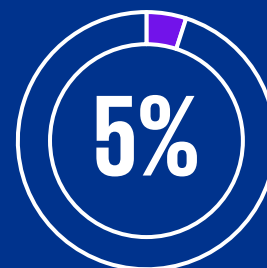
How would you describe your restaurant count growth in 2023?



Grew 0-5%



Grew by 5%-20%



Grew by >20%



Held our restaurant count flat

How have your menu offerings changed this year to last year to reflect consumer trends? (select all that apply)

89%



We've increased item prices

14%



We've shifted mix to higher price products

19%



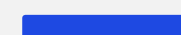
We've shifted mix to lower cost products

36%



We've increased the value of our promotional offerings

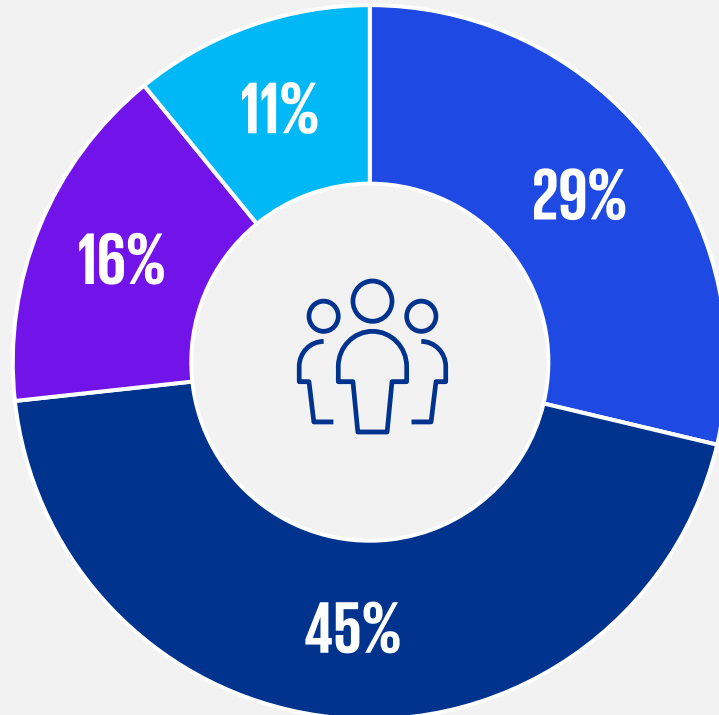
14%



We've focused on menu freshness

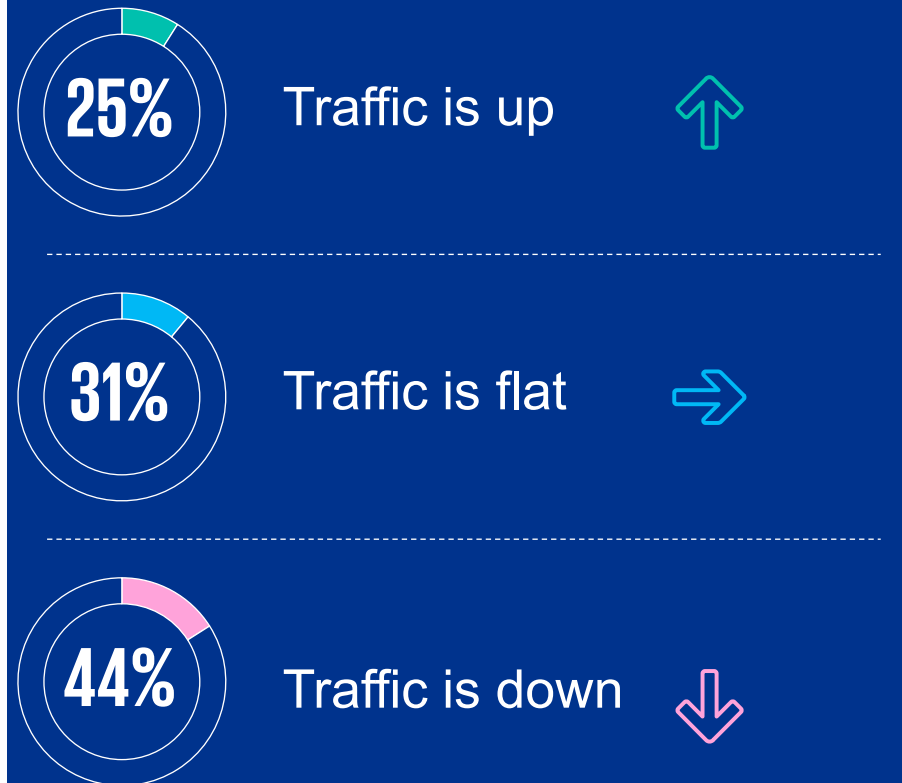
# Labor churn and wage competition very much present and customer traffic is trending down

Which of the following best describe how labor trends are impacting your business over the last three months?



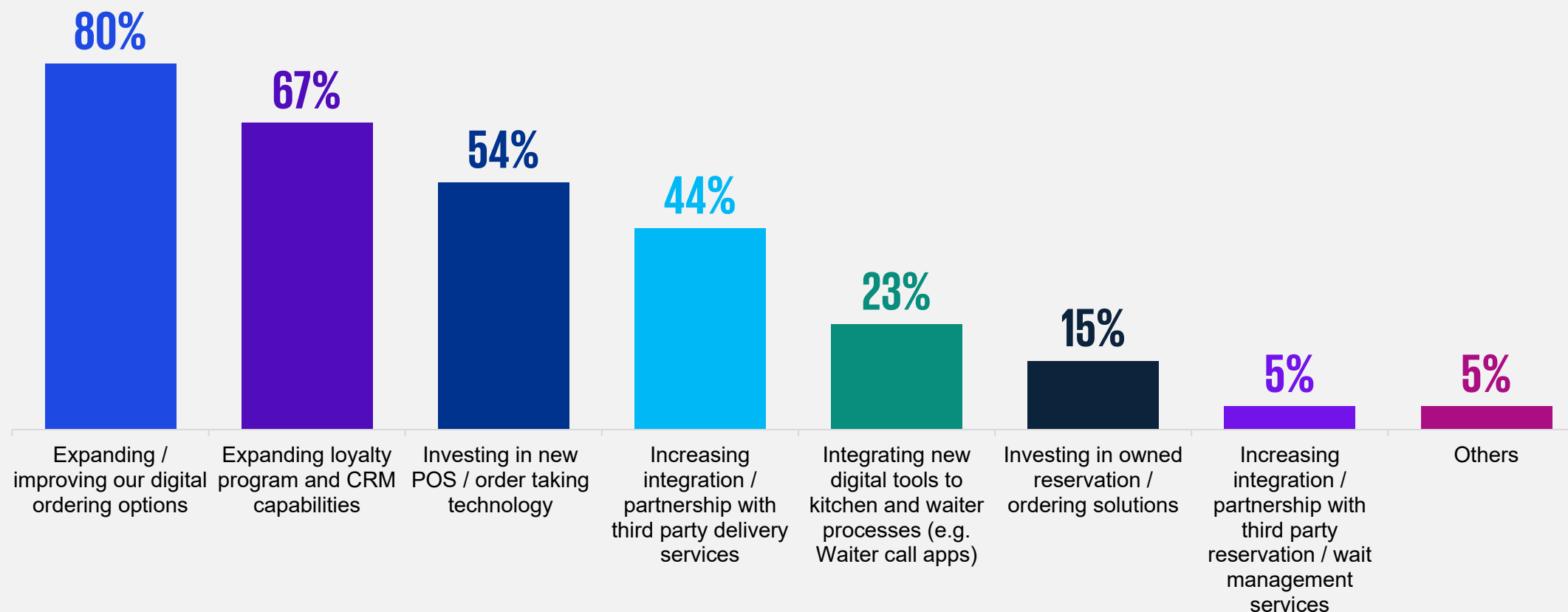
- We have been able to improve retention and have not had to raise wages further
- While generally turnover and wage pressures are less acute, we are still facing a significant amount of churn and wage competition particularly specific roles
- We're still facing significant labor pressure and employee turnover. It is hard to attract and retain talent
- It varies. We have good weeks and bad weeks

How has the change in your menu offerings impacted your customer counts year over year?



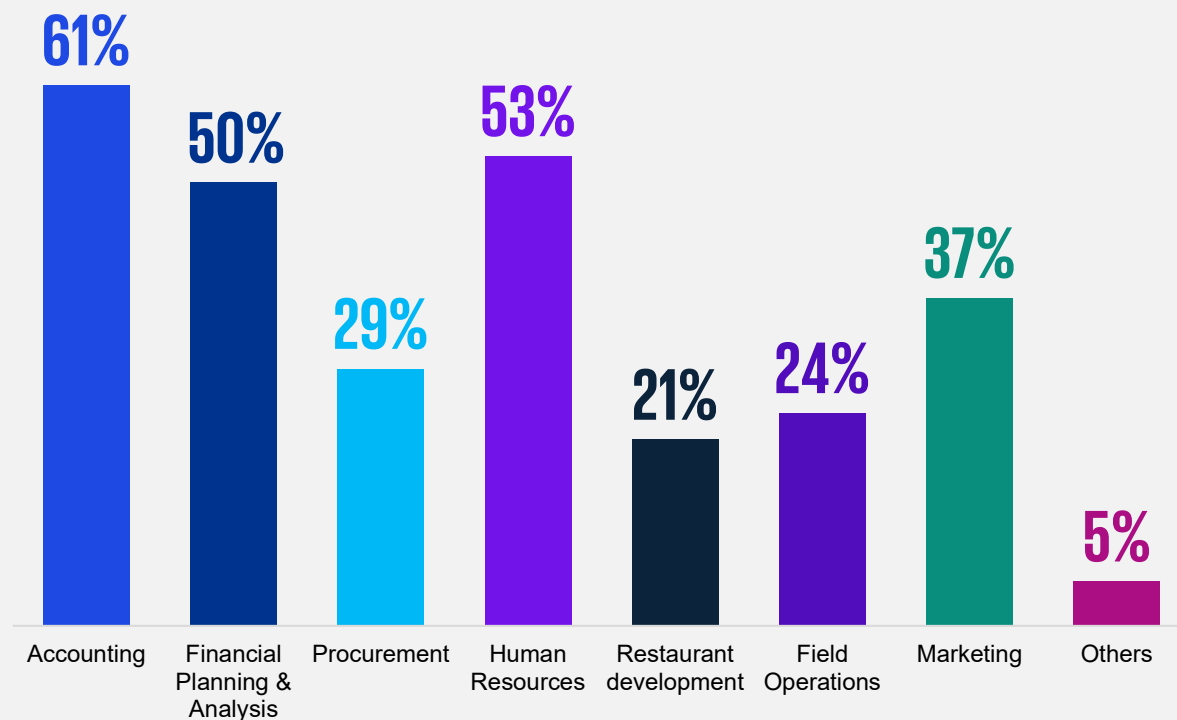
# Executives are focused on expanding digital capabilities

What are you doing around digitally enabling the restaurant? (Select all that apply)



# Restaurants are transforming their business and focused on supply chain planning

What back-office areas are you actively transforming to meet evolving business needs? (Select all that apply)

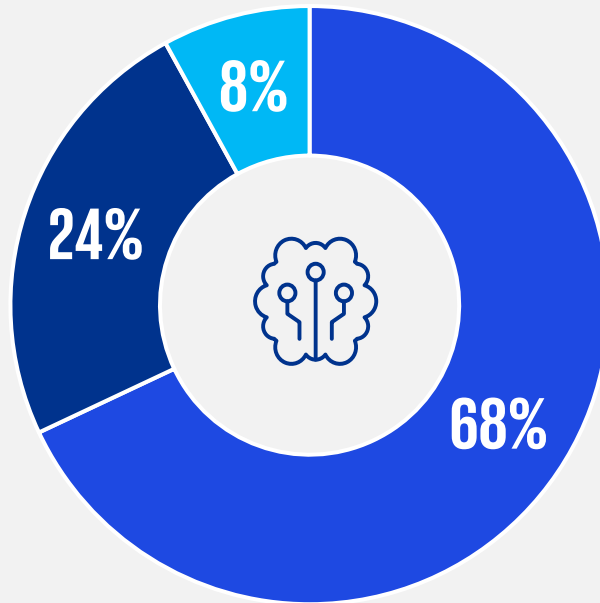


What element are you most focused on to improve supply chain planning?



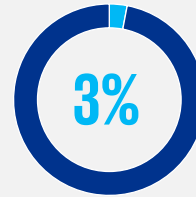
# Automation and other tech-enabled solutions are on the rise

## Where are you on your AI journey?



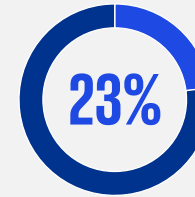
- We are still exploring
- We are piloting and adopting
- We have identified opportunities but haven't allocated dollars

## Similarly, labor related pressures have added an emphasis to expanding automation or other tech enabled workflow solutions. How would you describe your organization's maturity across these topics?



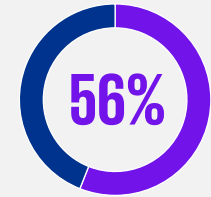
### Very mature

We've deployed new tools to help reduce labor costs and automate processes



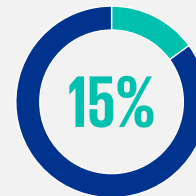
### Getting there

We're still investing but we have executed some of the key elements of our vision



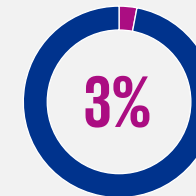
### A work in progress

We're in the middle of our journey to deploying more automation or tech enablement



### Still developing a strategy

We recognize the importance of these tools, but we're still working to define the value for us and the right investments to make

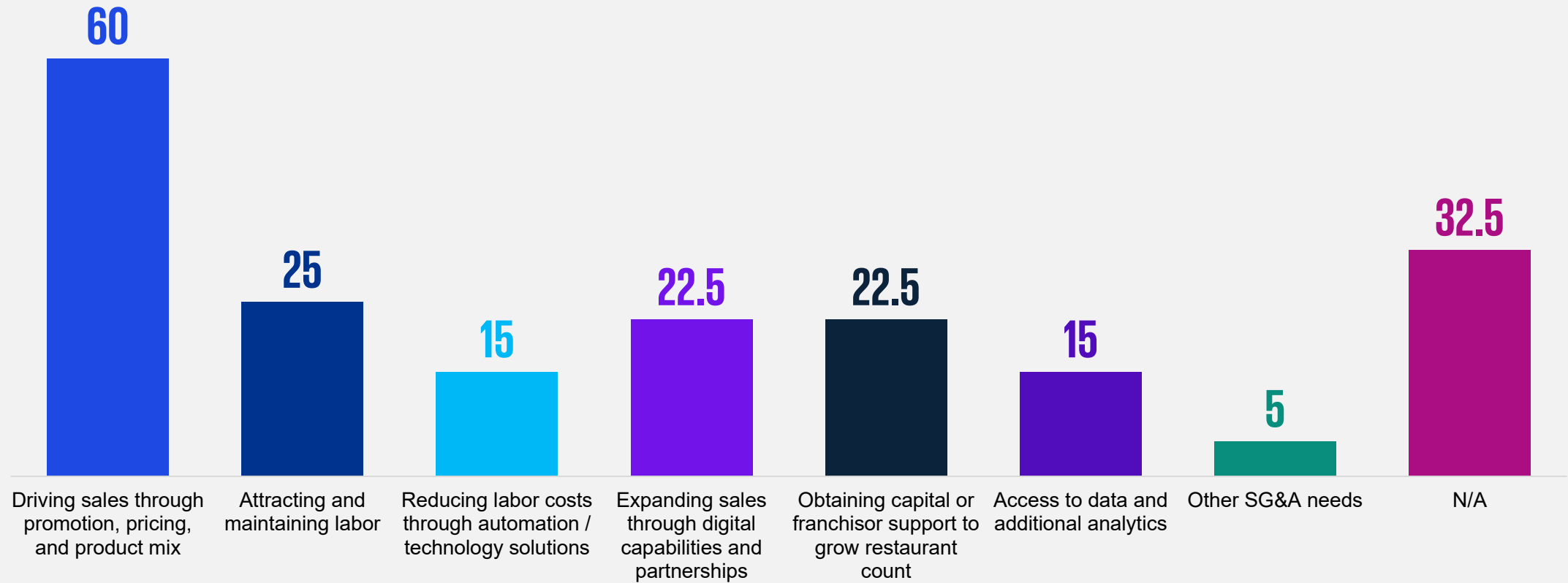


### Not a priority

We don't view automation and tech enablement investments as economical or needed now

# Looking ahead...franchisees are predominantly concerned with driving sales

What concerns are currently most common from franchisees? (select all that apply)







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