

The State
of Restaurants
in 2023

Chicago Report



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Financial Health & Staffing

Sales and Profit Margins Show Signs of Recovery

After a rocky few years, restaurants in Chicago have begun to show signs of recovery. On average, Chicago restaurants reported that sales returned to 76% of pre-pandemic levels, which is in line with the national average.

But while restaurants in other cities saw their profit margins shrink in the face of rising food costs, operators in Chicago reported some of the healthiest profit margins. The average profit margin for Chicago restaurants is 11.4%, which is well above the national average of 10.6%.

“The cost of peanut oil has gone up and so has the price of cheese. Imported sausage has also gone up [in price] so we’ve started thinking about making our own.”

(General Manager, Family Style, Chicago)

76%

Mean degree sales volume has returned to pre-pandemic levels

Average Profit Margin

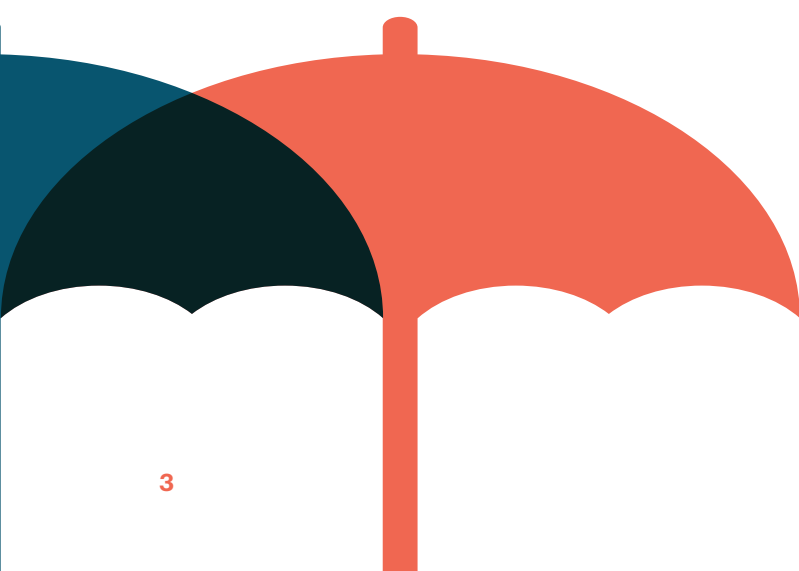
10.6% U.S.



Food Costs Cause Financial Strain

Despite relatively high profit margins, Chicago restaurateurs still faced many significant financial challenges in the past year. Food and inventory costs proved to be the biggest source of financial strain, with 53% of the city’s operators saying it was their top concern.

In an effort to keep expenses under control, 41% of operators in Chicago said they were seeking out new, less expensive suppliers and 33% also said they reduced the number of staff on their team. At the same time, 56% of operators said they were trying to boost sales by adding more modifications and add-on options for an extra charge.

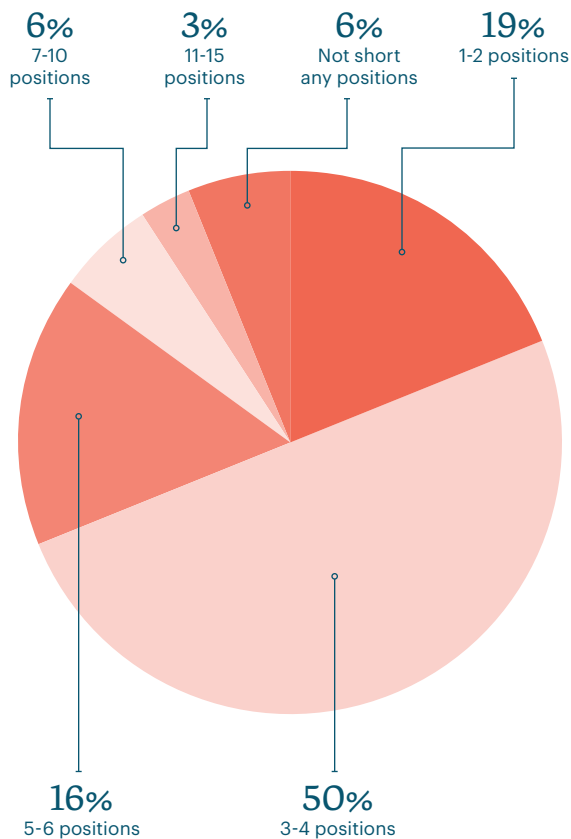


The Staffing Shortage Continues

Just like operators in many other cities across the U.S., Chicago restaurateurs continue to face record staffing shortages. 94% of operators in Chicago said they were short at least one position and, on average, operators reported being short about four positions. Managers are the most in-demand role in Chicago, followed closely by dishwashers and line cooks.

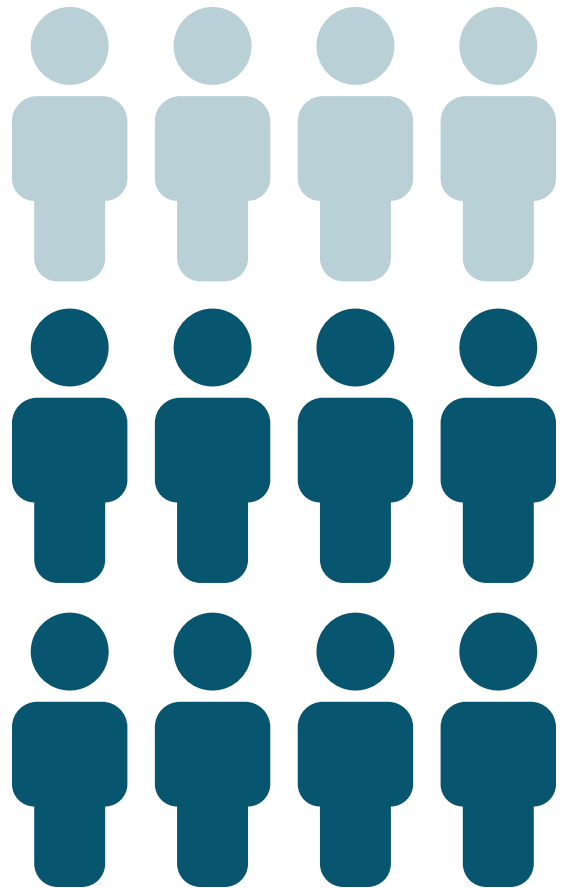


Number of Staff Shortages Chicago Restaurants are Experiencing



Average number of positions Chicago restaurants are short: 4

(vs. U.S. average of 5)



“Our expenses have definitely increased – I’d say by 20-25%. It seems like the price of everything is going up monthly.”

(Genarld Marshall, Owner, 1-11 Coffee Bar, Chicago)

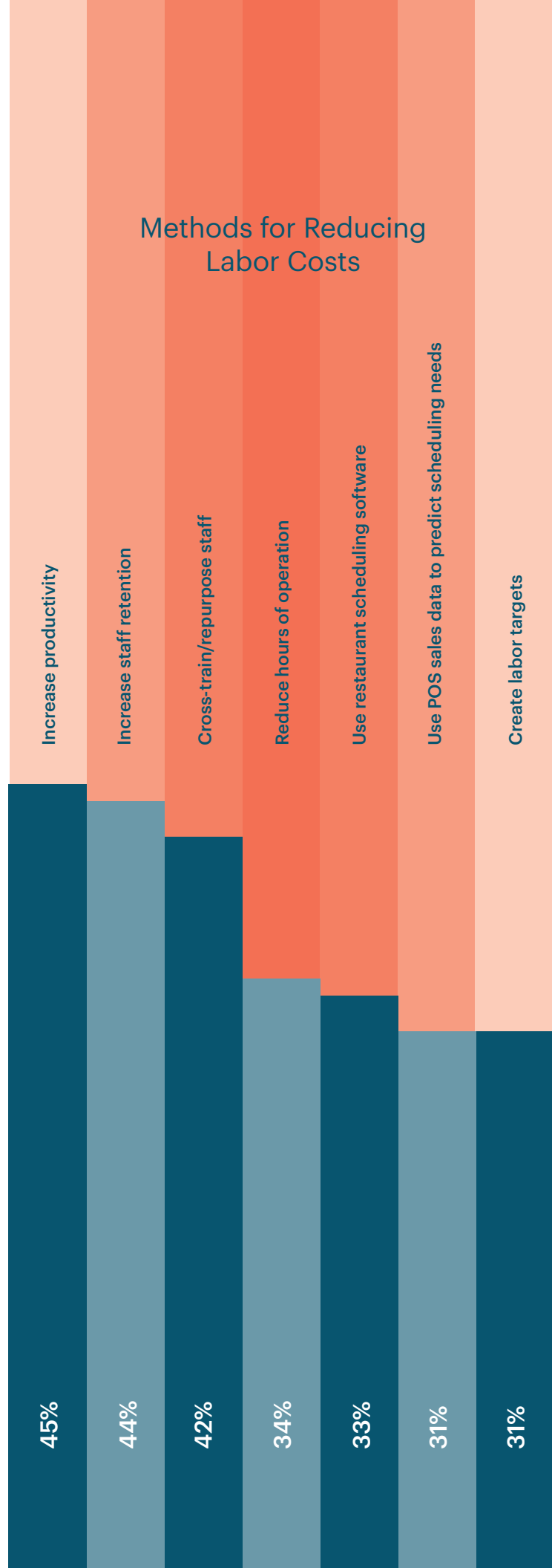
Focusing on Recruitment and Retention

In an effort to stem these shortages, 69% of Chicago restaurateurs report offering higher wages to stay competitive. And to reduce labor costs among existing staff, 45% say they have increased their team’s productivity, while 44% have made a dedicated effort to increase staff retention. And with the average cost of training a new employee in Chicago sitting at \$3,273, the focus on staff retention is definitely a financially savvy move.

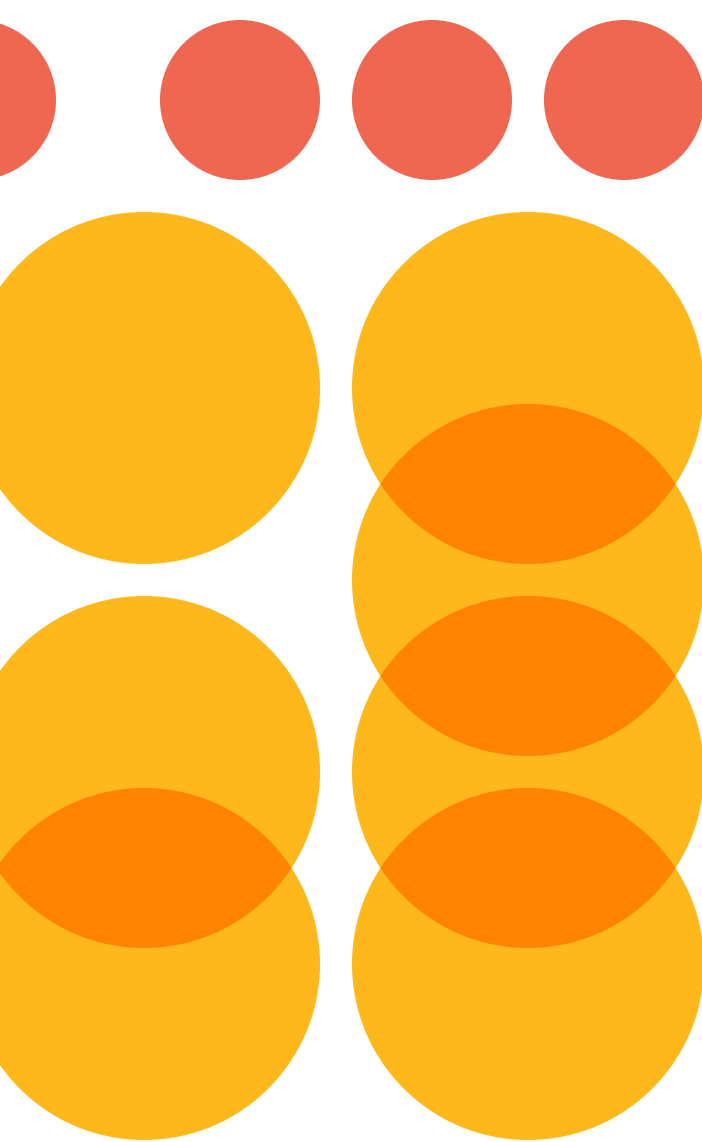
“It's hard to keep good people. In Chicago, the minimum wage is over \$14 per hour now and it's going up every year. But then other, bigger restaurants are willing to pay \$20, \$22 for somebody just to wash dishes. So if a person was working for me and getting the minimum wage, they might decide to go wash dishes for a bigger restaurant so they could get paid substantially more. It makes it really hard to keep people.”

(Genarld Marshall, Owner, 1-11 Coffee Bar, Chicago)

Methods for Reducing Labor Costs



Menu Management & Online Ordering



Food Costs Climb

More than half (52%) of Chicago restaurateurs said that their top inventory challenge this year has been rising food costs and inflation. In fact, 48% of Chicago restaurateurs said that *all or most* of their suppliers have increased costs in the past year, contributing to higher costs overall.

However, these increases appear to have been milder in Chicago, with operators reporting that they are only spending about 32% more on food costs – significantly less than in places like Los Angeles, where operators reported spending a whopping 50% more on food this past year.

How Much More Operators are Spending on Food on Average

43% U.S.

32% Chicago



45% New York City



50% Los Angeles



46% Dallas



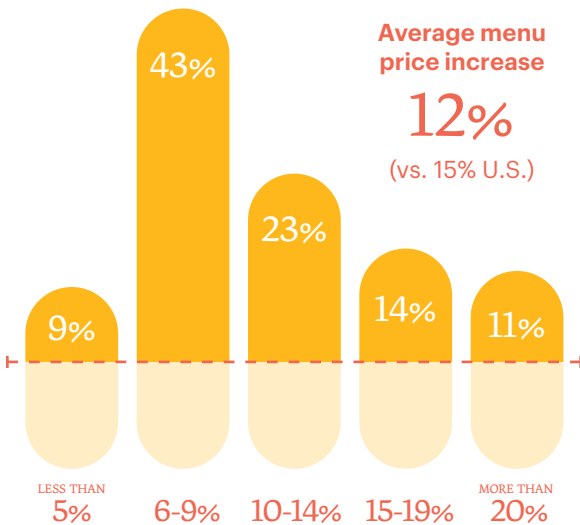
41% Miami



Menu Prices See a Modest Increase

In an effort to combat rising food costs, 55% of Chicago restaurant operators said they had raised menu prices in the past six months. However, these raises were more modest than those seen in other cities. Across the U.S., operators raised prices by 15% on average, whereas Chicago restaurateurs only raised prices by an average of 12%.

Increases to Menu Pricing in Chicago in the Past 6 Months



“We're not on any of those [apps]. We're not on Uber Eats or Grubhub. We have our own delivery service so you can place an online order and it's very simple. You can customize whatever you're ordering and it gets [sent to] our system immediately.”

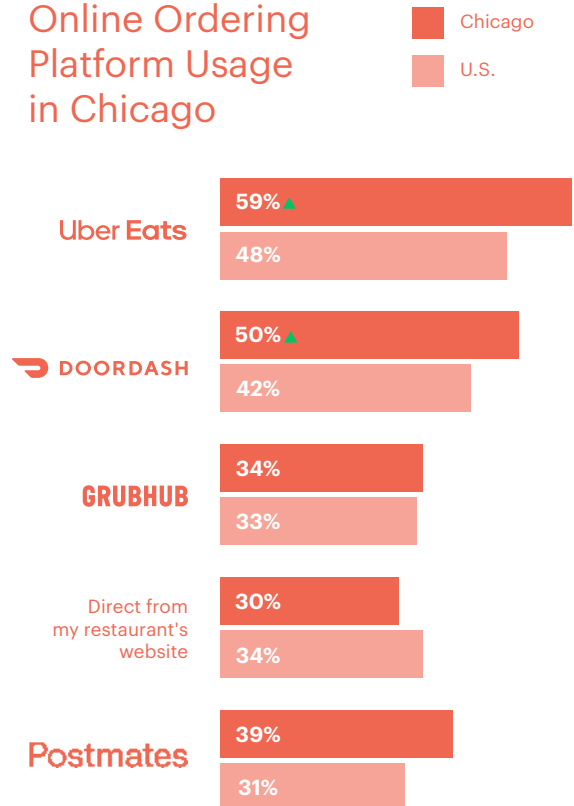
(General Manager, Family Style, Chicago)

Online Ordering is Essential

Like many other cities, virtually every single operator in Chicago reported using at least one online ordering platform for takeout and delivery. And on average, most operators reported using two platforms. Of those platforms used, Uber Eats and DoorDash proved to be the most popular.

And while the pandemic-induced takeout boom may have subsided, it's clear that online ordering is still an essential revenue driver for many restaurants in Chicago. On average, operators in Chicago say they do 29% of their business through online ordering platforms, which is more than in other major restaurant hubs like Los Angeles and New York City. Operators in Chicago also report that customers spend 16% more on online orders compared to dine-in, though it's worth noting that some of this increase may simply offset the high cost of using third-party apps.

Online Ordering Platform Usage in Chicago



29% proportion of business done through online ordering in Chicago (+4% U.S. average)

“We’ve raised prices a little bit here and there. For certain menu items, we’ve raised [prices] by about a dollar. We raised pasta prices the most just because it takes a lot to make the pasta. We make fresh pasta so a lot of that increase has to do with the cost of using our machine – sometimes the machine breaks down and you can't get a part because of whatever is going on overseas. But we try not to raise [prices] too much because we’ve had the same customers for so long.”

(General Manager, Family Style, Chicago)



Marketing & Loyalty

Loyalty Programs in Demand

Loyalty programs are proving increasingly popular at Chicago restaurants, with 64% of the city's operators reportedly offering reward programs, the majority of which (66%) are digital programs. And customer engagement with these platforms is also relatively high. On average, operators in Chicago say about 55% of their customers regularly engage with their loyalty programs.

Loyalty Program Usage and Engagement in Chicago

64% of restaurants have a loyalty program

55% of customers engage with these programs regularly

“We just have a punch card for our slices. So every 10 slices, you get one free. I think it does help sell slices more.”

(General Manager, Family Style, Chicago)



Gift Cards Underutilized

While loyalty programs are on the rise, gift cards haven't seen the same uptick in popularity. Only 8% of Chicago restaurateurs said they offered gift cards – fewer than in any other city. And with an average gift card value of \$54, that's a lot of potential cash left sitting on the table.



8% of Chicago restaurants sell gift cards (vs. 33% U.S.)



“We’re on Facebook and sometimes we post specials on there for dine-in or carry-out only. We also use Instagram and we have a Snapchat page that we use to post our sandwiches. We post stuff that makes people’s mouths water in the hopes of making them come into the restaurant.”

(General Manager, Family Style, Chicago)

Facebook Still Preferred

While operators across the country are beginning to explore newer social media platforms like TikTok, operators in Chicago still prefer the more established platforms. 71% of the city’s operators said Facebook was their social media platform of choice, while just 38% reported using TikTok to promote their restaurant.

As for how restaurateurs in Chicago are keeping in touch with their customers, SMS (texting) was the preferred communication channel over email.



Social Media Platforms Used

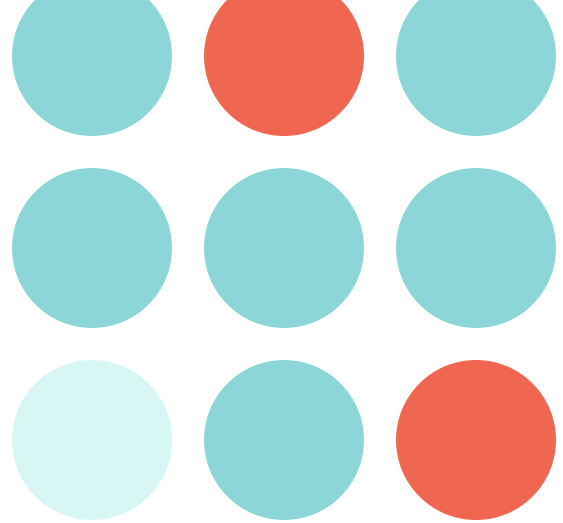
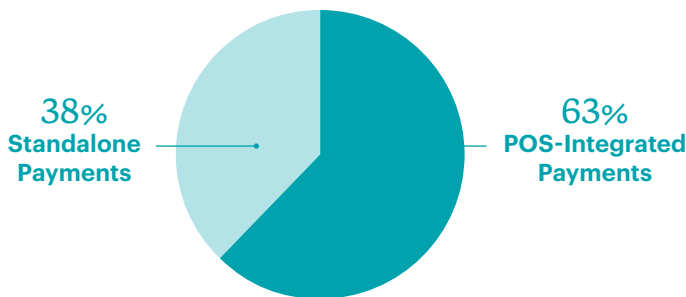
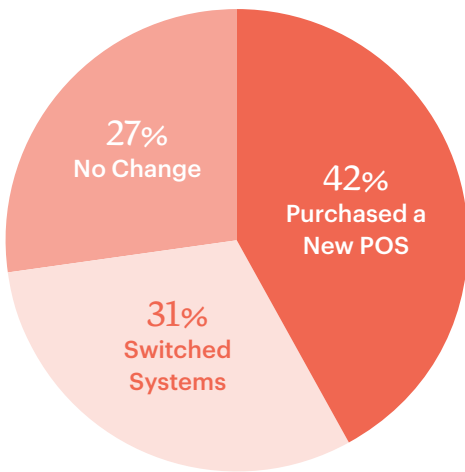
By region	facebook	twitter	TikTok	Instagram	Snapchat
Chicago	71%	57%	38%	49%	33%
Dallas	64%	53%	33%	40%	16%
Los Angeles	60%	65%	37%	47%	19%
Miami	56%	52%	43%	39%	30%
New York City	57%	59%	40%	29%	23%
U.S.	62%	59%	40%	40%	25%

POS & Payments

POS Shopping Accelerates

A significant number of operators changed their POS systems in the past year and those in Chicago were no exception. 73% reported purchasing a brand-new POS system, while 31% switched systems. When choosing a new POS system, operators in Chicago cited the ability to increase sales as the most important factor, followed by ease of use and pricing/affordability.

POS System Change in the Past Year



Contactless Payment Types Implemented in the Past Year



Mobile Pay

84% (vs. 76% U.S.)



Tap to Pay

77%



QR Codes

52%

Mobile Payments in High Demand

In addition to changing their POS system, many operators in Chicago also introduced new payment types this past year. A whopping 84% of Chicago restaurateurs reported adding mobile payments like Apple Pay (more than in any other city), while 77% said they added tap to pay.

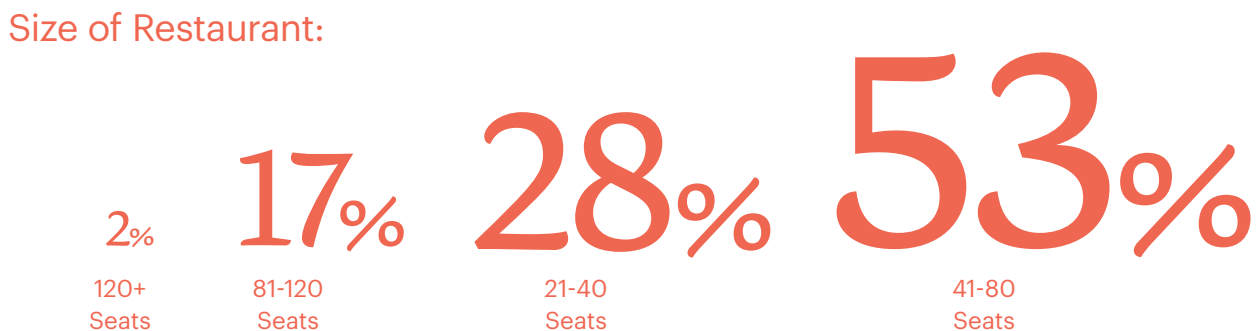
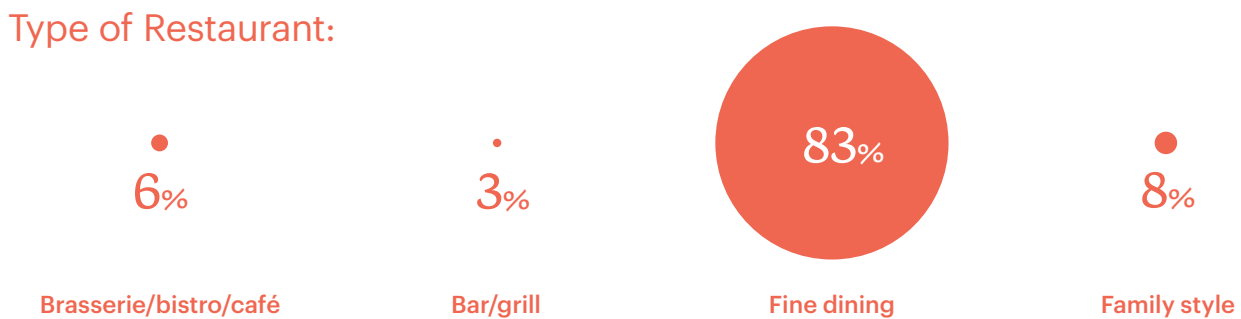
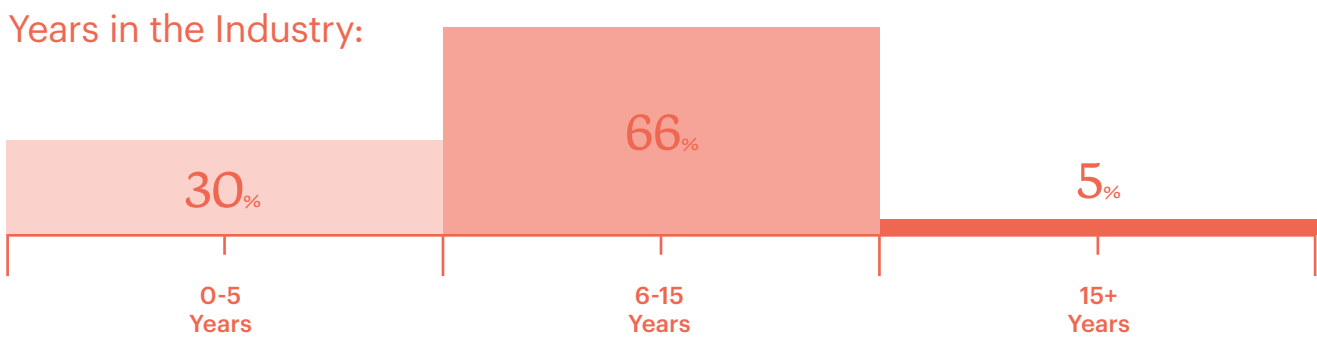
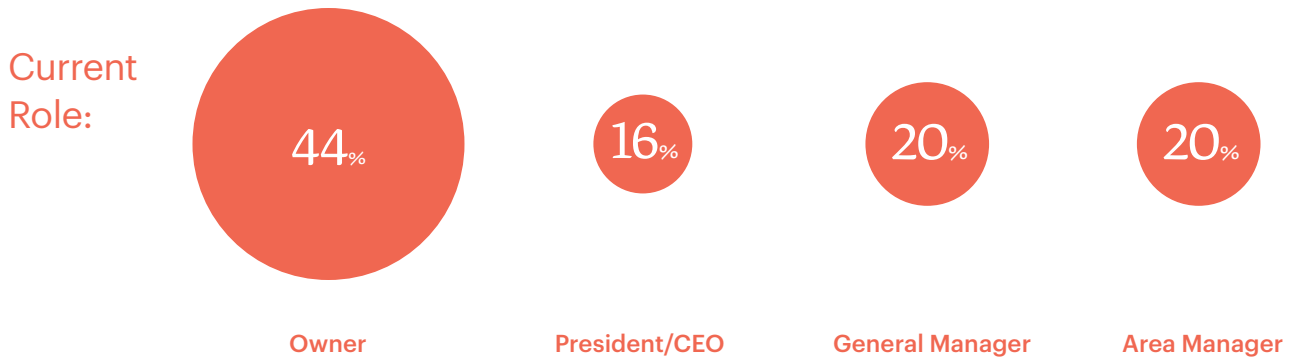
And while most operators in Chicago (63%) reported using POS systems with integrated payments, having to manually enter transactions in payment terminals was still cited as the number one frustration with payment processors.

“We accept Apple Pay now. We never used to accept Apple Pay, but we [started using it] during the pandemic because we had a setup out front that was cash-free – it was strictly card or mobile pay. Now we’re glad we have it because sometimes that makes or breaks our sales. Like, if you don’t accept a certain payment [at your restaurant], the customer might not be able to pay for it at all. We’ve got a lot of good feedback on using Apple Pay so we’ve kept it.”

(General Manager, Family Style, Chicago)



Respondent Profile



Respondent Profile

Dining Options Offered:



Indoor dining/
dining room:
98%



Takeout/curbside
pickup:
97%



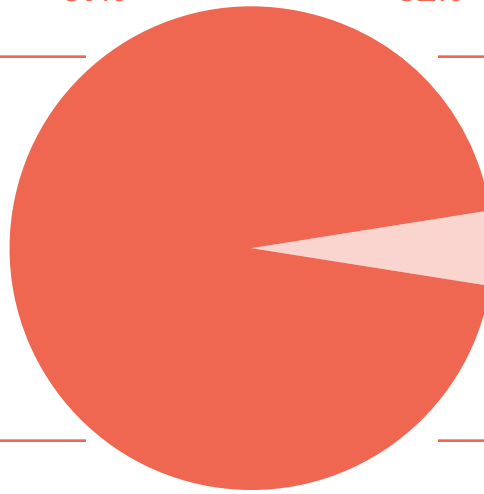
Outdoor
dining/patio:
92%



Delivery:
72%

Independent vs. Chain:

95% Independent



Part of a restaurant
group/chain **5%**

Number of Locations:

33%

Just 1
location

0%

2-3
locations

67%

4-5
locations

Annual Revenue:

42%
<\$1M

28%
\$1M-2M

30%
\$2M+

Methodology

We partnered with research firm Maru/Matchbox again this year to survey more than 600 full service restaurant owners, presidents, and area/general managers across all 50 states with an added focus on six key cities: New York City, Los Angeles, Chicago, Dallas, Houston, and Miami. Our research was conducted from September 12 to 20, 2022.



[Read the Full Report](#)





TouchBistro is an all-in-one POS and restaurant management system that makes running a restaurant easier. Providing the most essential front of house, back of house and customer engagement solutions on one easy-to-use platform, TouchBistro helps restaurateurs streamline and simplify their operations, increase sales, and deliver a great guest experience.

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

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