



CHICAGO ANNUAL REPORT
**THE STATE OF
FULL SERVICE
RESTAURANTS**

2020





01

INTRODUCTION

What we set out to find

Last year we released our first-ever State of Full Service Restaurants report. Our findings set a benchmark for what is happening at FSRs across the U.S. in terms of financial health, technology, staffing, and more.

This year we are proud to give you an in-depth look at the state of restaurants in some of the country's largest urban areas, like Chicago. With this report, you'll be able to see how your restaurant compares to others in your area and how location-specific factors like rent prices and other trends affect business.

Our findings revealed that Chicago's "Second City" moniker is a misnomer, as this Midwestern metropolis is a bonafide foodie mecca. But the stereotype of Midwesterners being nice has at least some merit, since Chicago's restaurateurs can rely on friends and family when they need emergency funds. Not only are they nice, but Chicago's foodies are also tech savvy. They are some of the most likely diners to make reservations through apps rather than via a phone call.

Here's an in-depth look at how full service restaurants in Chicago compare to FSRs nationwide.

Objective

The goal of this report is to give full service restaurant owners a complete picture of what's happening in their industry across the U.S., so that you can:

1. Understand

Better understand your current challenges

2. Anticipate

Anticipate future issues

3. Consider

Consider new solutions based on the learnings of other FSRs across the country

Methodology

We partnered with research firm [Maru/Blue](#) again this year to survey more than 600 full service restaurant owners, managers, and presidents/CEOs across all 50 states with a key focus on five cities (New York City, Chicago, Los Angeles, Miami, and Austin). Our research was conducted in November of 2019.

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RESPONDENT PROFILE

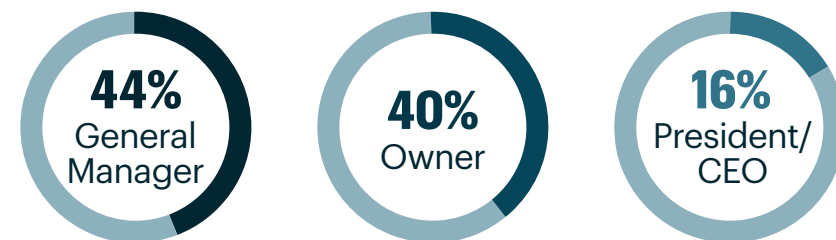
Who took our survey?

Restaurateurs from all over the country with various types of experience informed our reporting.

Gender



Current role within the restaurant

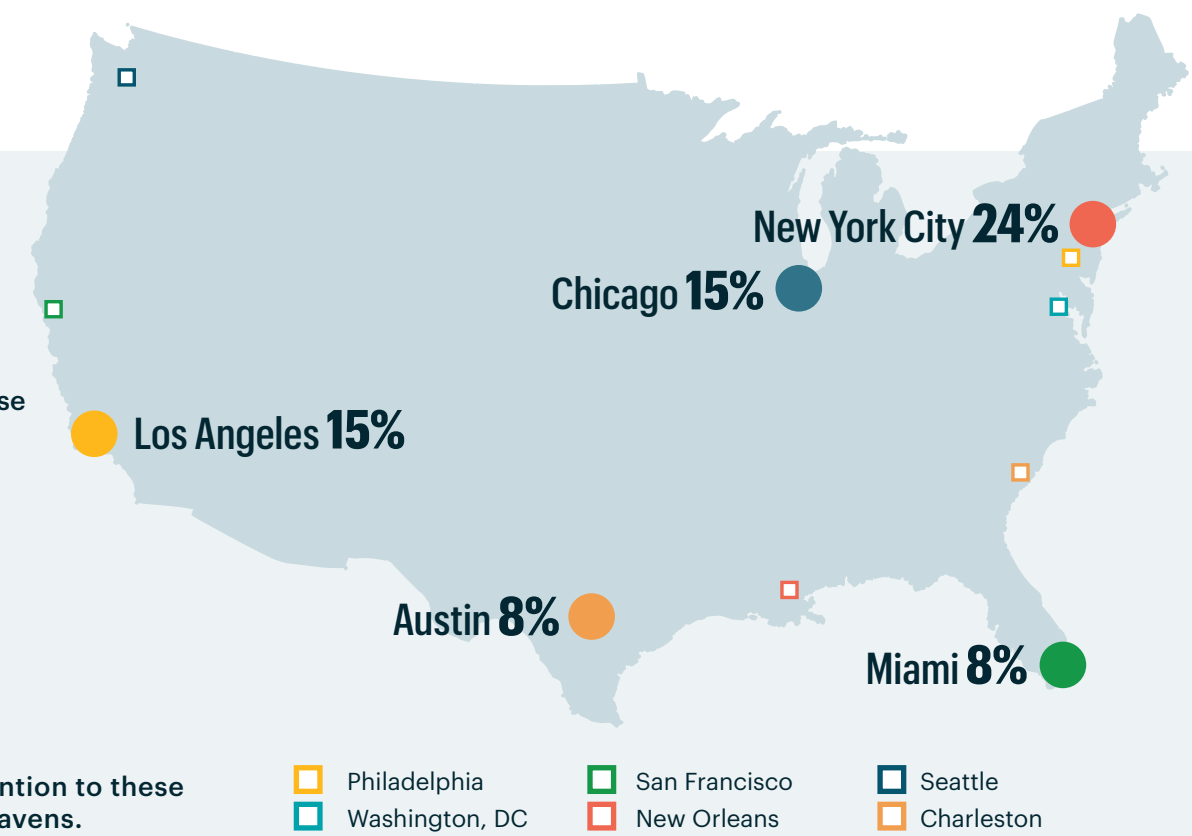


Independent vs. Chain

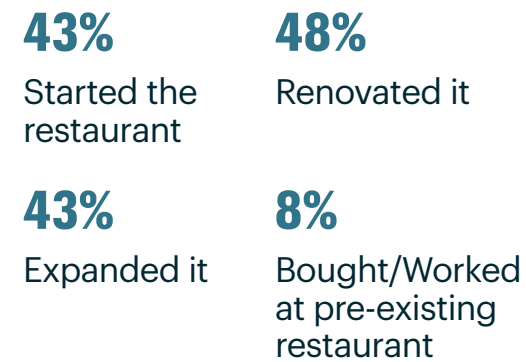


Location

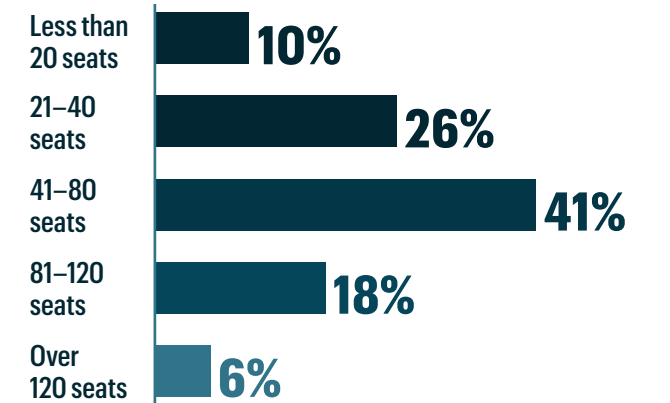
We surveyed restaurateurs in all 50 states with a key focus on these urban areas. (percentage of total respondents)



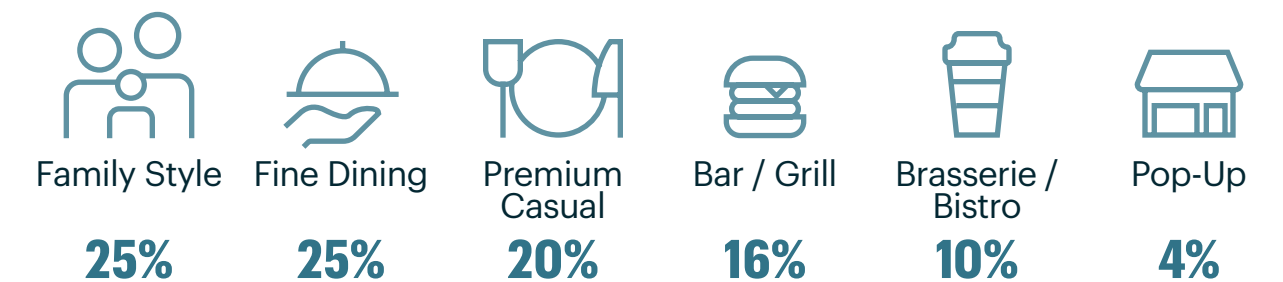
Relationship to restaurant



Size of restaurant



Types of restaurants

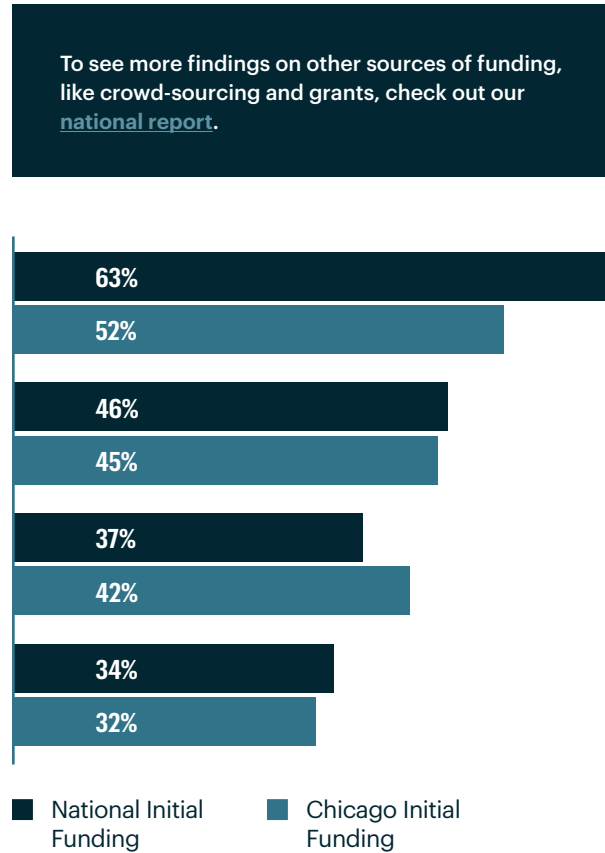


FINANCIAL HEALTH



Initial Funding

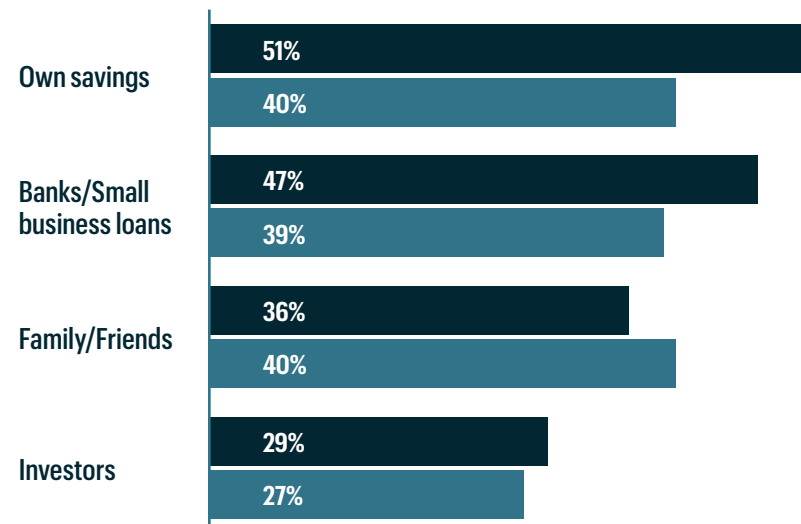
In Chicago, the preferred restaurant funding methods mirror national trends. Chicago restaurant owners turn to their own savings and bank loans before accepting help from family, friends, or investors.



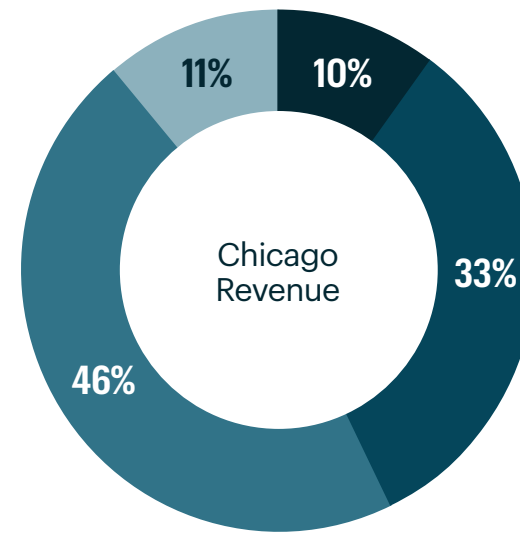
Unexpected Funding

When it comes to paying for unexpected costs, Chicago's FSRs rely on their family and friends just as much as they do their savings accounts. Chicagoans are more reliant on friends and family for financial help than restaurateurs in most other parts of the country, where this funding method takes third place.

■ National Unexpected Funding
■ Chicago Unexpected Funding



Revenue & Profit Margin



The national average profit margin for full service restaurants is 11%. How does Chicago compare? Half of FSRs in the Windy City experience profit margins of more than 9%, while the most common profit margin range falls between 6% and 8%.

Where does revenue fit into this equation? Forty-three percent of Chicago's FSRs generate up to \$1 million, while 58% bring in more than \$1 million. Only one in 10 restaurants make less than \$500k in revenue each year.

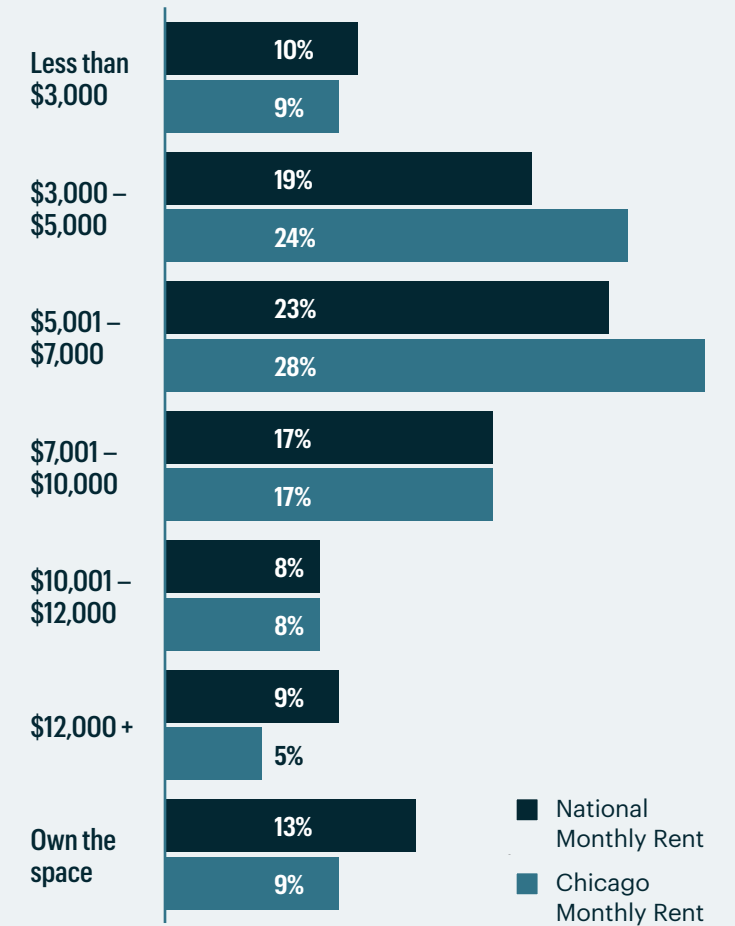
■ Under \$500k ■ \$500k-\$1M ■ \$1M-\$2M ■ \$2M+

Monthly Rent

About one in three Chicago restaurants spend between 8% and 10% of their revenue on rent, while a little more than two in five spend more than 11% of their sales on rent. Commercial rent may have gotten more expensive this year across the United States, as 34% of respondents pay more than \$7k in rent each month, compared to 26% who did so last year.

What do rent prices look like in Chicago? Nine percent of FSRs pay less than \$3,000 on monthly rent, but the majority are paying between \$3,000 and \$7,000 (52%). About one in eight FSR operators own their space.

Windy City restaurants are prepared for rent increases, with four in five telling us they can handle a rent increase of more than 4%, compared to roughly three in four nationwide. Fifteen percent of Chicago's restaurants can handle rent increases of 10% or more.

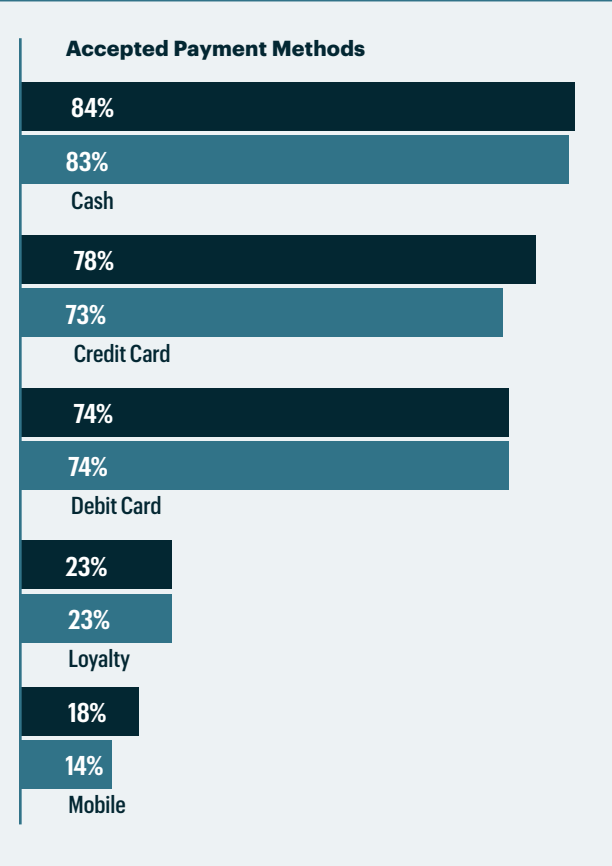




Payment Processing

Full service restaurants in Chicago are on par with national trends when it comes to embracing a variety of payment methods. Cash is king in the Second City, with 83% acceptance at restaurants, compared to 84% countrywide.

Roughly three in four Chicago restaurants take card payments, while only 14% are set up to accept digital payments (Apple Pay, Google Pay, and Samsung Pay). That's 4% lower than the national average of 18% and the lowest of all urban areas we focused on in this report. Google Pay is the preferred digital payment method in cities like Chicago, Miami, and Austin, whereas Apple Pay reigns supreme in New York City and Los Angeles.

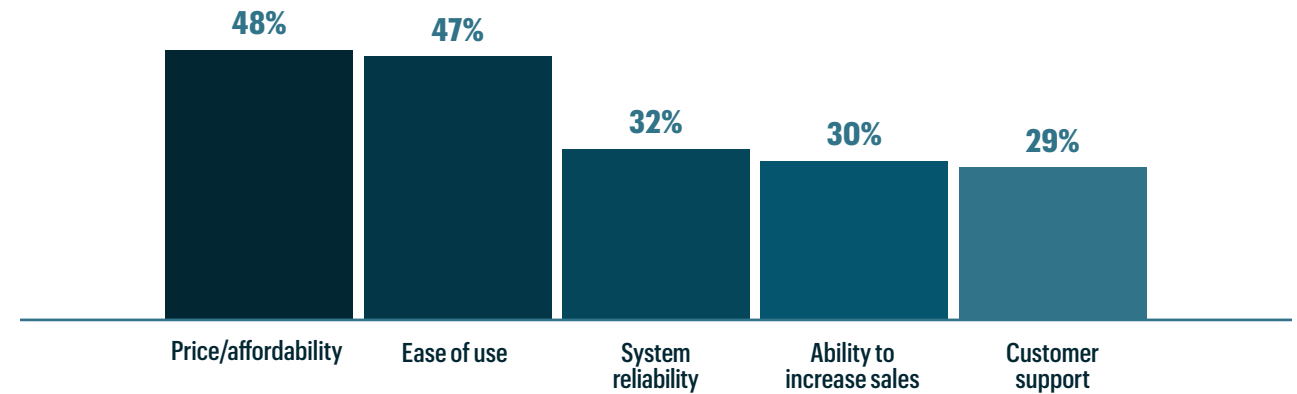


■ National Accepted Payment Methods
■ Chicago Accepted Payment Methods

Choosing a POS

How do Chicago's FSR operators choose their point of sale systems? Affordability is the most important factor in the Windy City, unlike throughout the rest of the country, where ease of use is valued most.

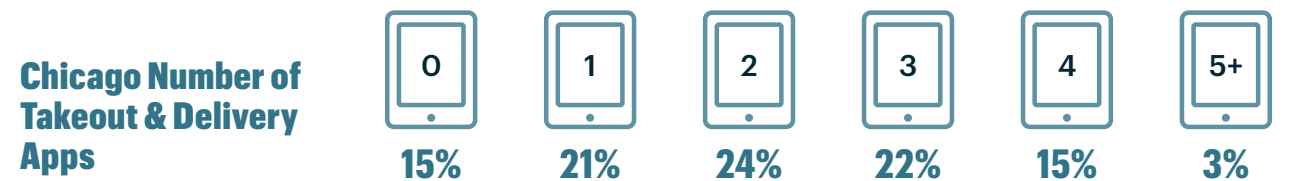
Chicago Top 5 Factors



Online Ordering Platforms

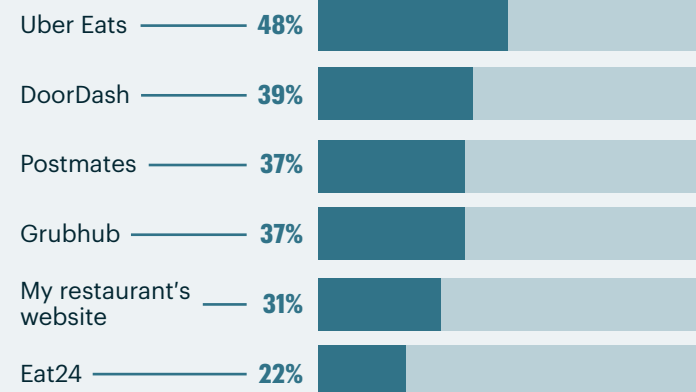
Eighty-five percent of Chicago restaurants can be found on online ordering platforms, which mirrors figures across the U.S.

How many platforms do restaurants use? The majority of FSRs in Chicago and around the United States rely on between one and three online ordering platforms.



Chicago Number of Takeout & Delivery Apps

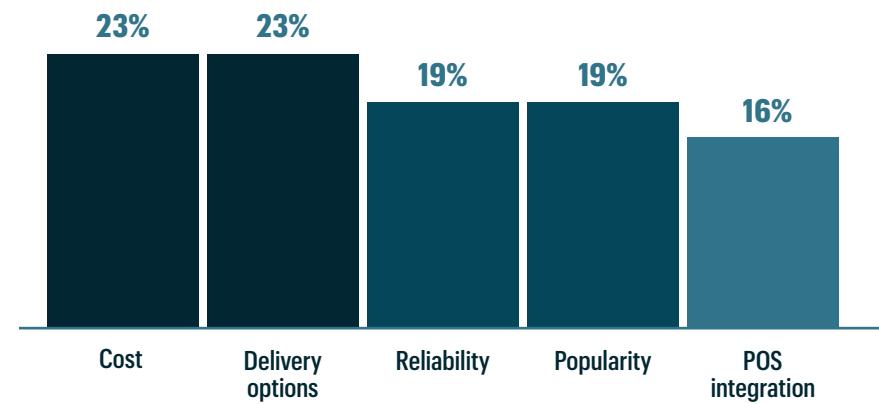
Chicago Apps Used



Despite being headquartered in Chicago, Grubhub is only the third-most popular online ordering platform in the city and shares this spot with Postmates. Uber Eats is the favorite both in Chicago and throughout the rest of the U.S.

Online Ordering Platforms (cont...)

Chicago Reasons for Choosing Platform

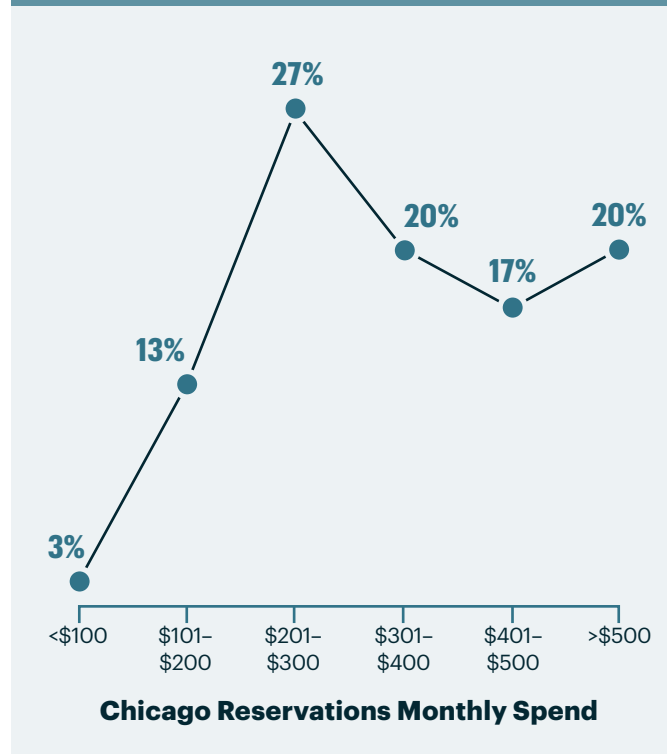
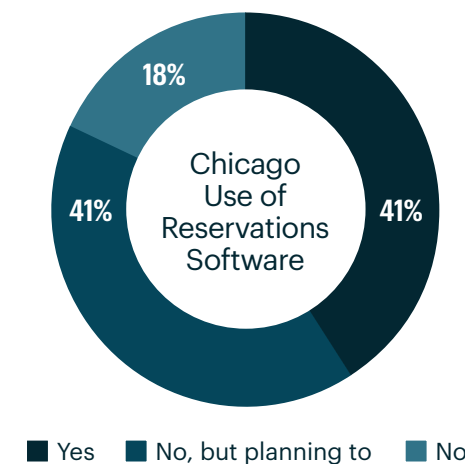


Chicago restaurateurs say that cost and delivery options are the most important factors in choosing an online ordering platform partner. Delivery options are within the two top factors only in Chicago and Austin, while other cities value system reliability above all else.

Reservation Management Technology

Roughly three in four Chicago FSRs accept reservations, which is on par with national averages.

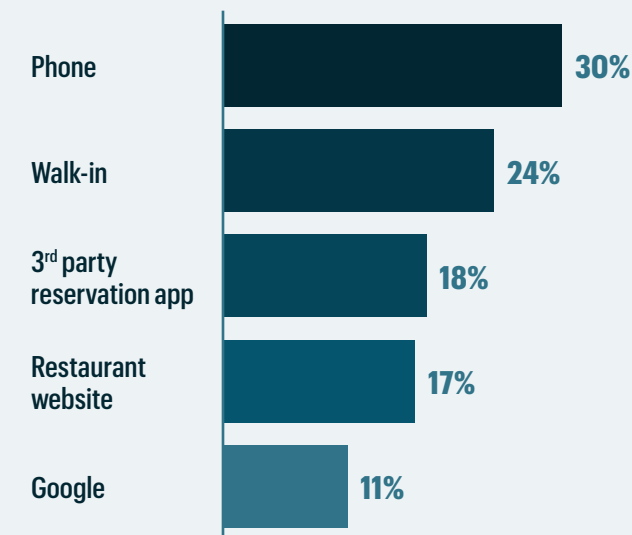
While less than half of restaurants in the Windy City currently use restaurant reservation software to handle bookings, an additional two in five have expressed a desire to use one in the future. The majority of restaurants in Chicago and elsewhere around the country spend between \$200 and \$300 each month on this software.



How do FSRs in the Second City get their reservations?

Despite the rise of restaurant reservation software, low-tech methods like phone calls and walk-ins are still the most prevalent methods here and around the country. However, Chicago and Austin receive more reservations through third-party reservation apps than the other cities we examined.

How Chicagoans Make Reservations



55% Chicago tables are held for reservations



Full service restaurants in Chicago hold 55% of their tables for reservations, which is comparable to national figures. The reservation no-show rate in Chicago (18%) is slightly lower than it is in other major U.S. cities (19%).



05 OPERATIONS

Bookkeeping

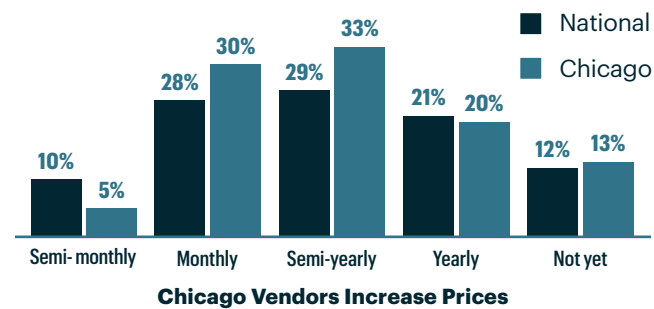
Across the country, the majority of FSRs spend between one and three hours on bookkeeping each week. Chicago is no exception, with two thirds of its restaurateurs spending that much time on admin work.



2 to 3 hours
spent on weekly bookkeeping

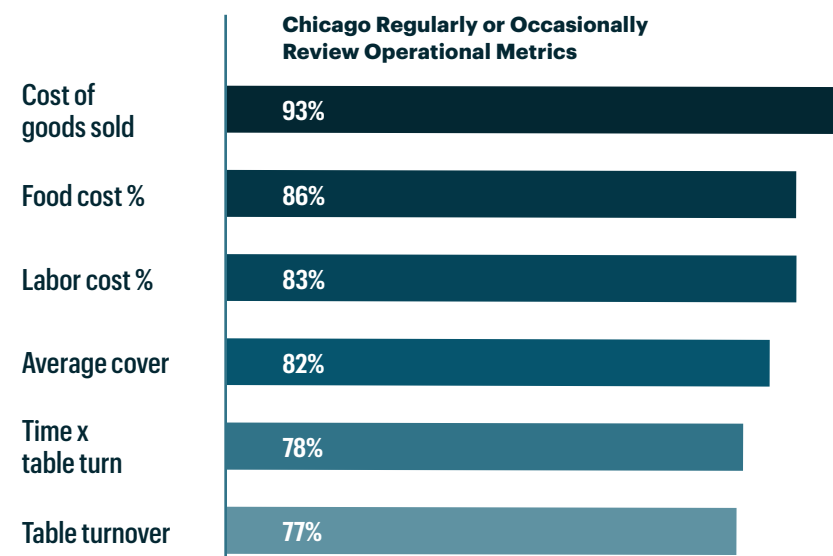
Price Increases

While FSRs across the United States are falling victim to more frequent price increases from vendors than they were last year, Chicago restaurants are the least affected by these changes. Thirty-five percent of FSRs in the Windy City experience price increases monthly or more frequently, compared to 50% of FSRs in Los Angeles.



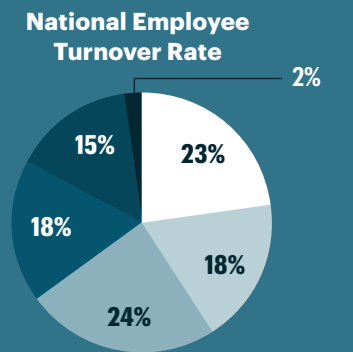
Operational Metrics

Just like their counterparts in other parts of the country, Chicago restaurant operators are most curious about cost of goods sold and food cost percentage at their restaurants when they review operational metrics.



The Labor Shortage

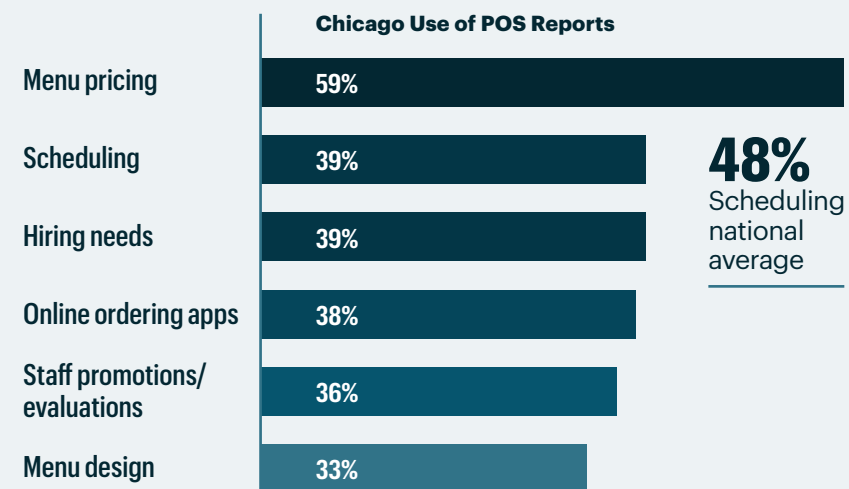
Industry-wide staff shortages are making it difficult for full service restaurants to hire and retain experienced talent. In fact, three in four FSRs nationwide experience labor shortages. Just like their counterparts around the United States, Chicago restaurants struggle most to retain and replace servers and dishwashers.



Legend for turnover rates:
 <10% (white), 11-20% (light blue), 21-30% (medium blue), 31-40% (dark blue), 40%+ (darkest blue), unsure (black).

Employee turnover rates in Chicago closely resemble those found in the rest of the country, with three in five FSRs experiencing turnover at rates higher than 20%.

Making Decisions with POS Reports



What do restaurateurs in Chicago do with their POS reports? Most use them to inform decisions about menu pricing, which is on par with our national findings. While using reports to make decisions about hiring is the second least popular application elsewhere in the country, in Chicago it's tied for second place with informing staff scheduling needs.

Chicago's full service restaurateurs have found the formula to success. With healthy profit margins, a penchant for innovation, and strong sense of community, the Chicago restaurant scene will continue to thrive for years to come.

TouchBistro®

Designed to help restaurateurs run a better and more successful business, TouchBistro enables restaurants to make more money, deliver a great guest experience, and take the guesswork out of making business decisions.

TouchBistro offers in-depth training and free 24/7 technical support provided by POS specialists who have also worked in the restaurant industry as former managers, servers, and chefs.

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Maru/Blue is a premium quality data services firm that provides reliable global data connections for agencies, brands, healthcare and market research. We create value for our clients by connecting them with expertly profiled known respondents. The result? Reliable, reproducible insights. We deliver instant access to the general population, specific markets, and your or your competitor's customers.



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