



TouchBistro®

AUSTIN 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.

For the first time ever, we're also giving you an in-depth look at the state of restaurants in some of the country's largest urban areas, like Austin. 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.

Austin has its own way of doing things. Its full service restaurants rely on their communities more so than FSRs elsewhere in the U.S. They turn to friends and family in times of need. Austin's customers are loyal, with more using a restaurant's own website (versus third-party apps) to place online orders than anywhere else in the United States.

Keep reading to uncover exactly what makes Austin's full service restaurant scene so special.

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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02

RESPONDENT PROFILE

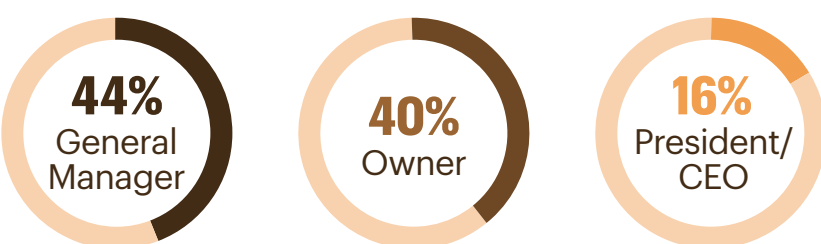
Who took our survey?

Here's an in depth look at the restaurateurs who responded to our survey on the whole.

Gender



Current role within the restaurant

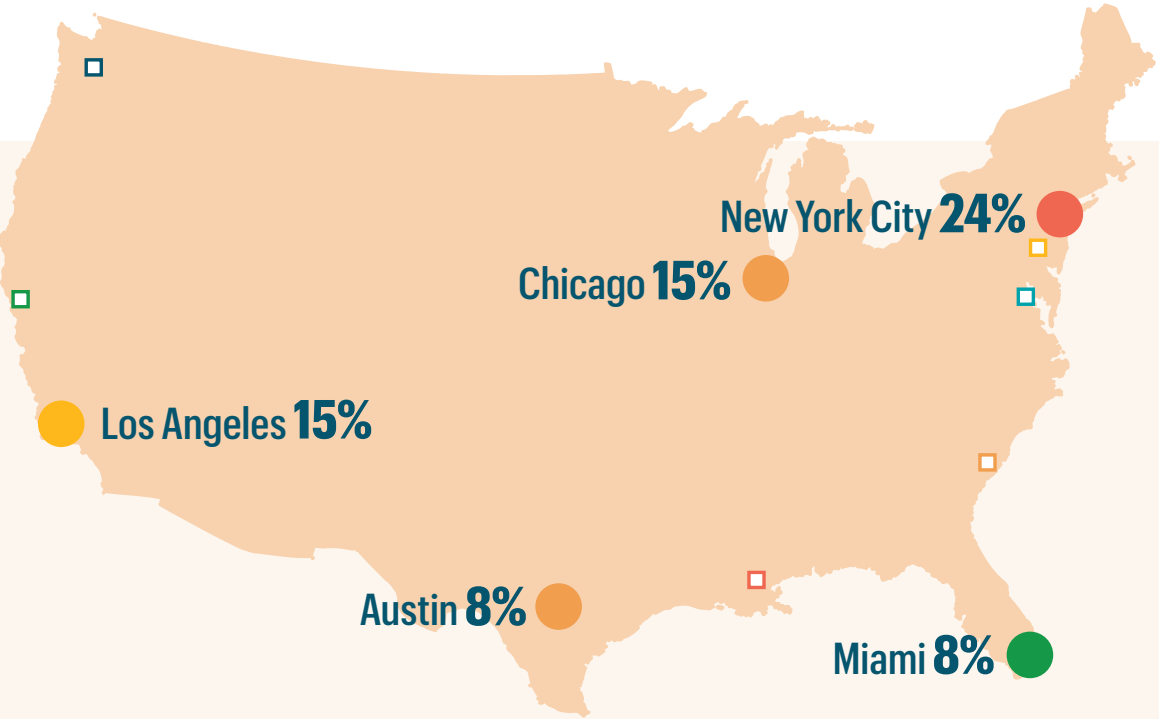


Independent vs. Chain



Location

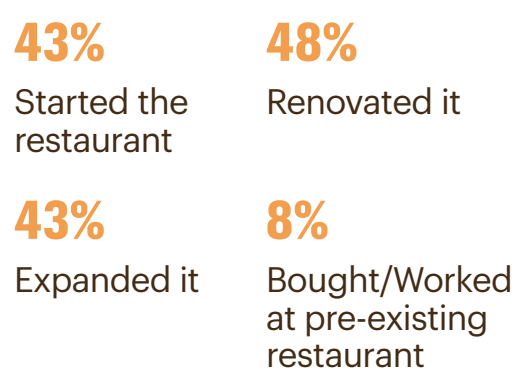
We surveyed restaurateurs in all 50 states with a key focus on these urban areas. (percentage of total respondents)



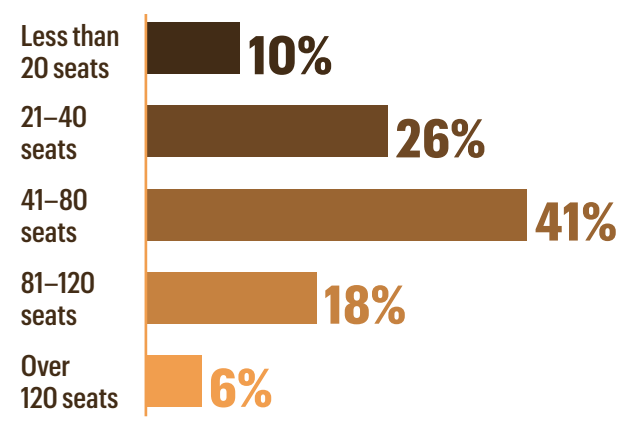
We also paid attention to these growing foodie havens.

- Philadelphia
- Washington, DC
- San Francisco
- New Orleans
- Seattle
- Charleston

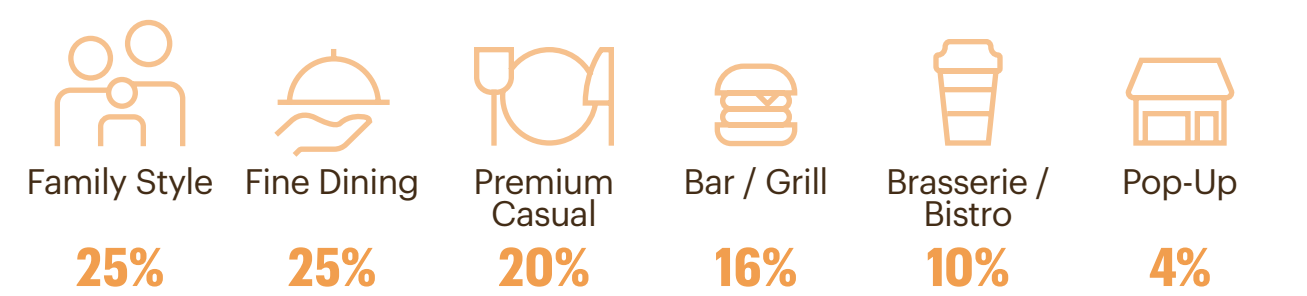
Relationship to restaurant



Size of restaurant



Types of restaurants

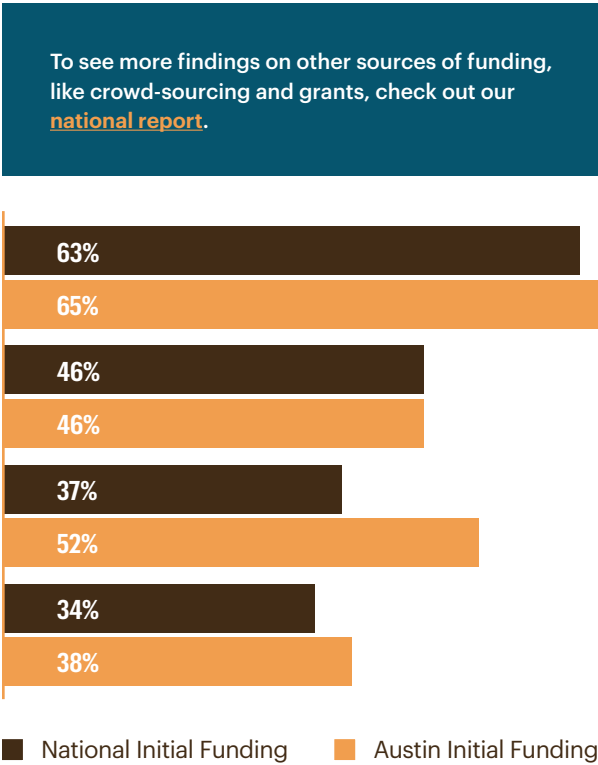


FINANCIAL HEALTH

03

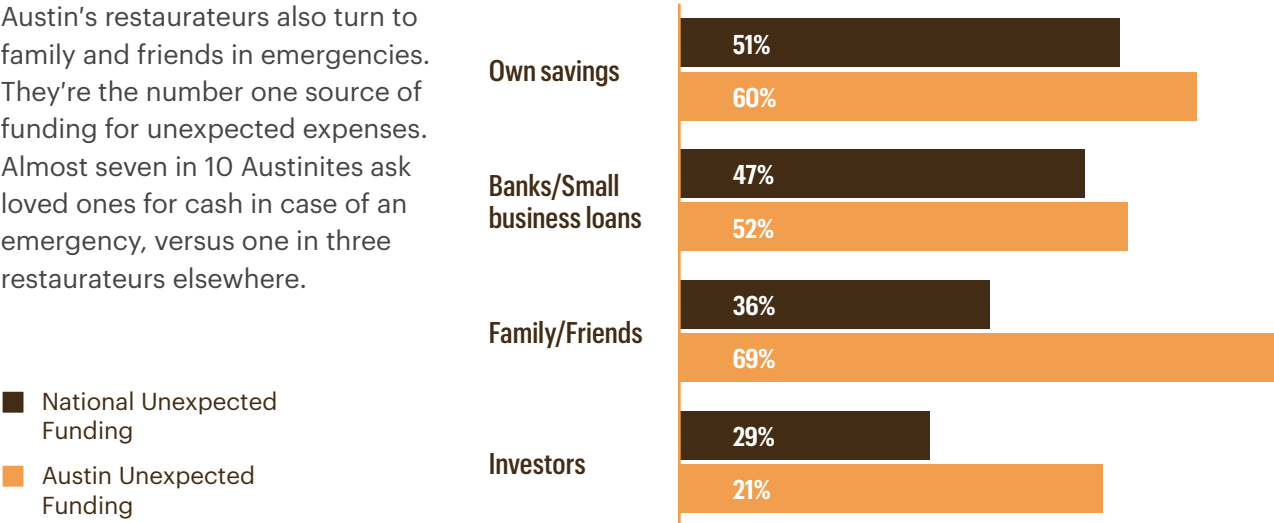
Initial Funding

When entrepreneurs decide to open restaurants, where do they go for funding? In Austin, like in the rest of the country, their first choice is to dip into their own savings. What stands out about Austinites, however, is their reliance on friends and family. Fifty-two percent of them would ask friends and family to help support start up costs, compared to only 37% elsewhere in the U.S.

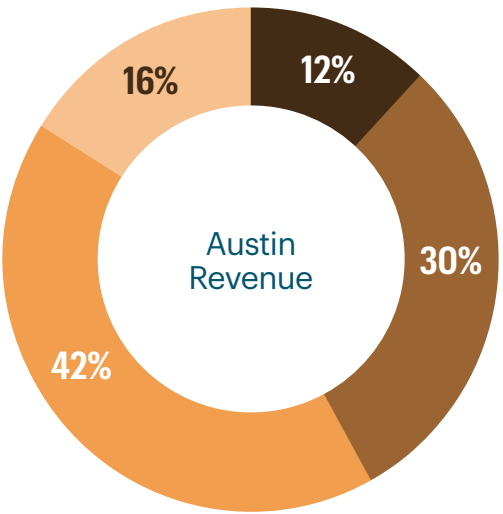


Unexpected Funding

Austin's restaurateurs also turn to family and friends in emergencies. They're the number one source of funding for unexpected expenses. Almost seven in 10 Austinites ask loved ones for cash in case of an emergency, versus one in three restaurateurs elsewhere.



Revenue & Profit Margin



The average profit margin for full service restaurants in the United States is 11%. How does Austin compare? Austin's median profit margin stands slightly lower at 9%.

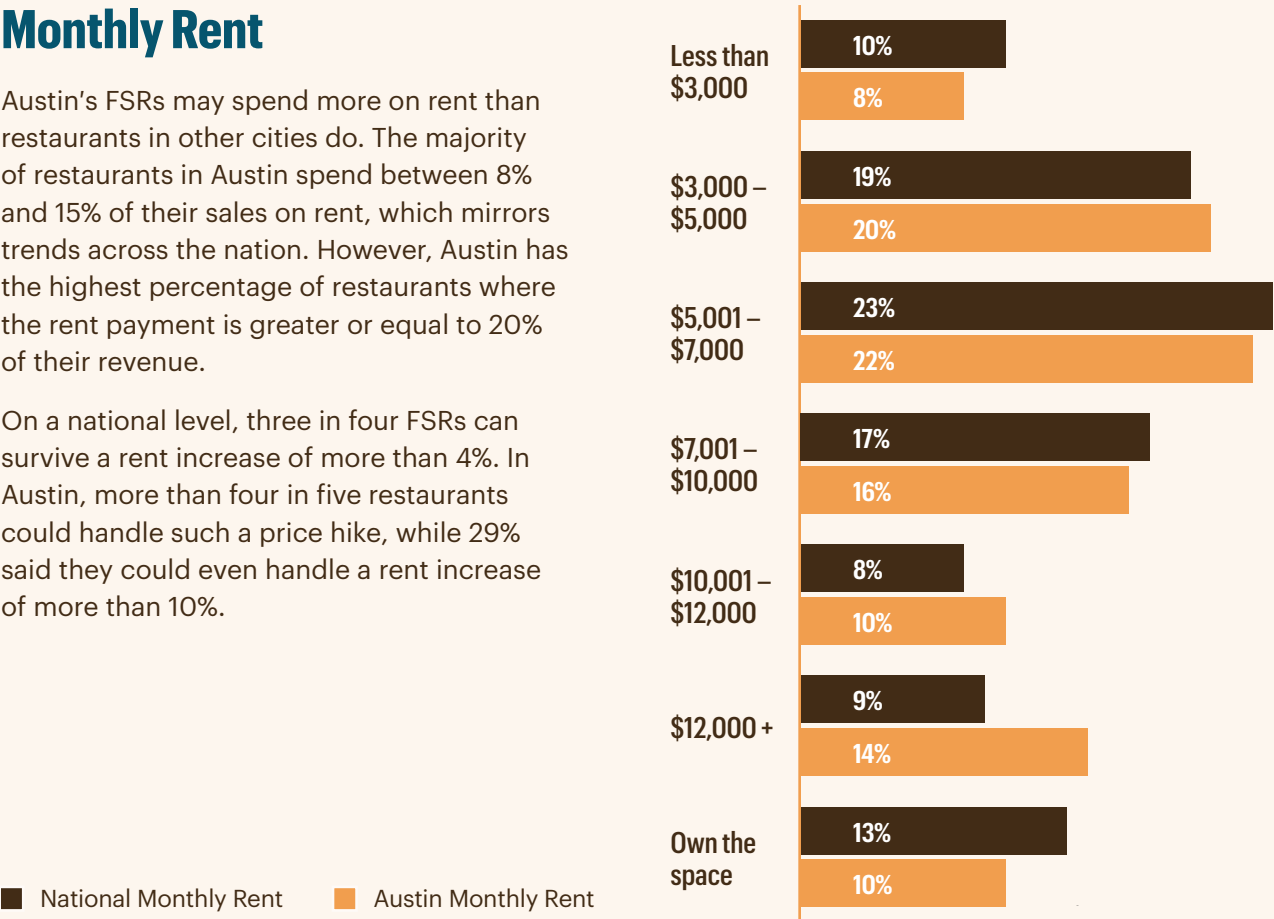
When it comes to revenue, the majority of Austin's restaurants generate more than \$1 million each year.

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

Monthly Rent

Austin's FSRs may spend more on rent than restaurants in other cities do. The majority of restaurants in Austin spend between 8% and 15% of their sales on rent, which mirrors trends across the nation. However, Austin has the highest percentage of restaurants where the rent payment is greater or equal to 20% of their revenue.

On a national level, three in four FSRs can survive a rent increase of more than 4%. In Austin, more than four in five restaurants could handle such a price hike, while 29% said they could even handle a rent increase of more than 10%.





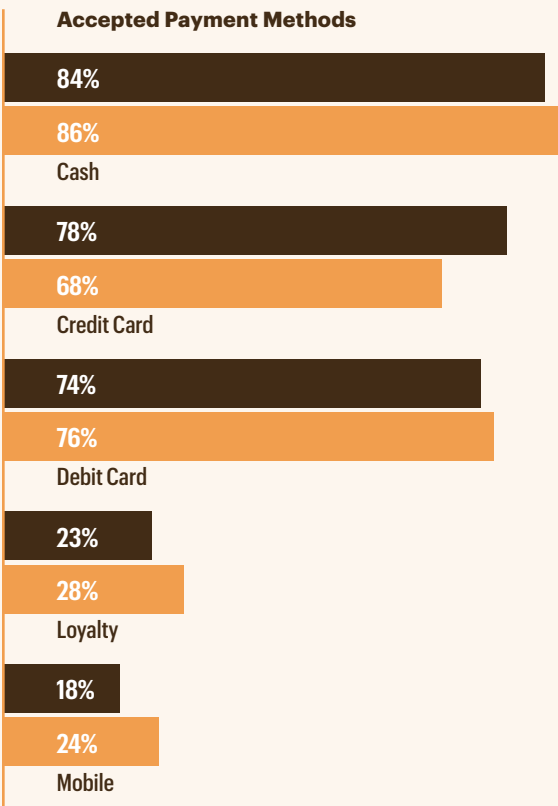
TECHNOLOGY

04

Payment Processing

Cash is king all over the country, including in Austin, where it's the most widely accepted payment method at full service restaurants. Unlike national trends, debit cards are more accepted by Austin restaurants than credit cards.

Digital payment methods like Apple Pay, Google Pay, Samsung Pay are growing in popularity in Austin. Almost one quarter of restaurants are set up to accept all three mobile payment types, which is higher than the national average of 18%.

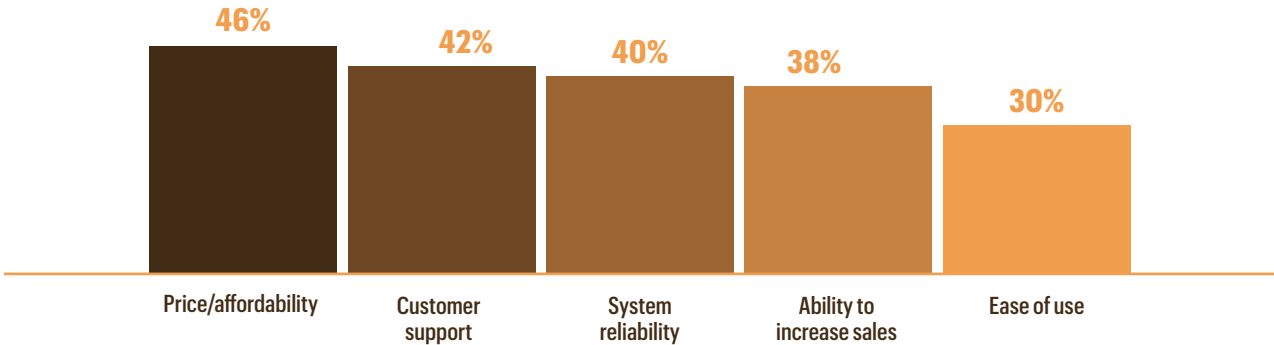


■ National Accepted Payment Methods
■ Austin Accepted Payment Methods

Choosing a POS

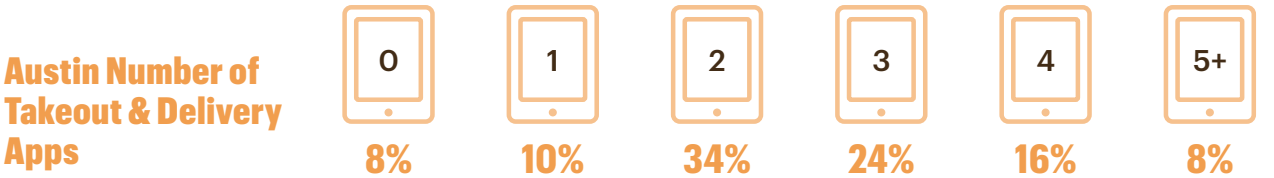
A POS system is a restaurant's command center. How do Austin's restaurateurs decide which one to use? In order of importance, they value affordability, customer support, and system reliability above all else. Ease of use, which is the number one consideration of restaurateurs everywhere else in the country, is only of fifth most importance in Austin.

Austin Top 5 Factors

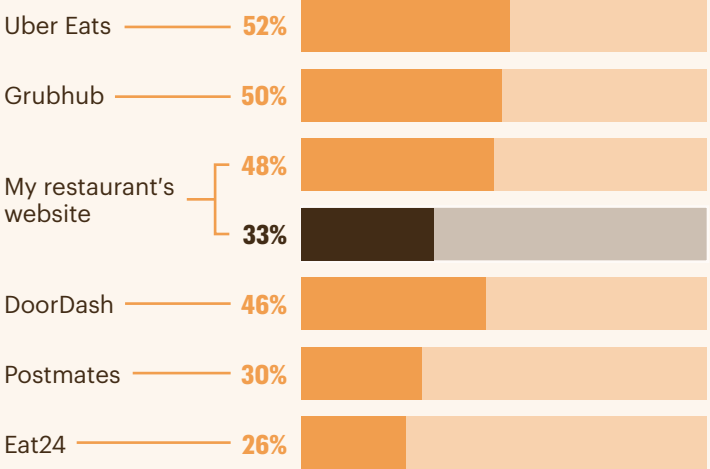


Online Ordering Platforms

Ninety-two percent of Austin's FSRs use online ordering platforms, which is higher than the 85% average. Roughly two thirds of these restaurants use between one and three online ordering platforms, which is on par with national figures.



Austin Apps Used

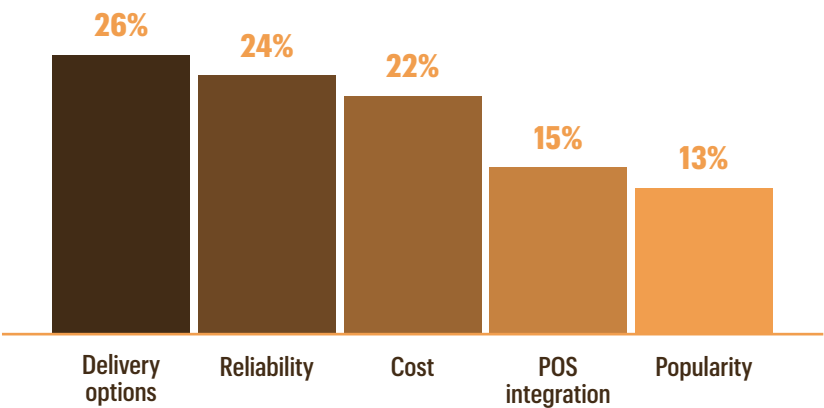


Just like everywhere else in the country, Uber Eats is the most popular online ordering platform in Austin. However, the city's restaurants experience higher order rates through their own websites than restaurants in other parts of the U.S

■ National Average ■ Austin Average

Online Ordering Platforms (cont...)

Austin Reasons for Choosing Platform

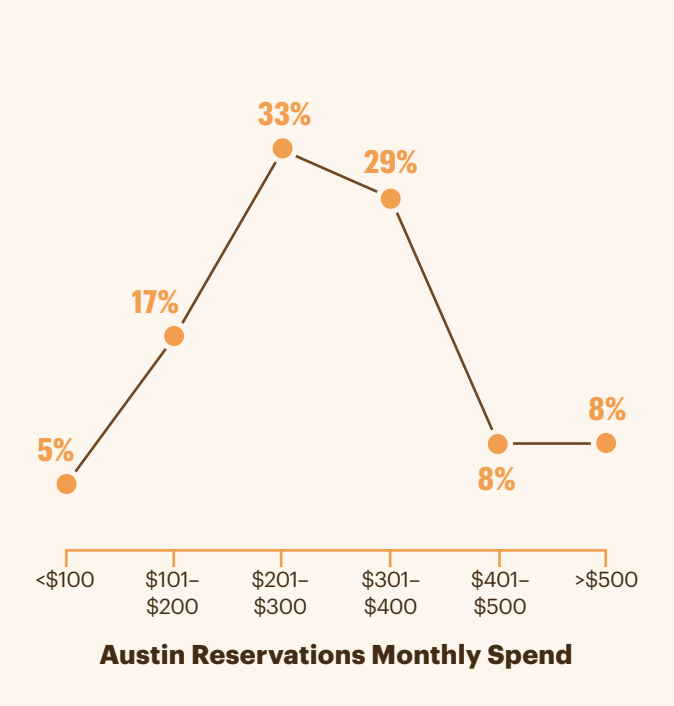
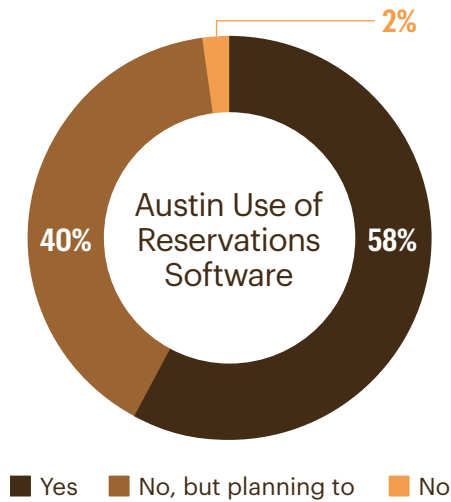


How do Austinites decide which online ordering platforms to use at their restaurants? Restaurateurs here value the delivery options that ordering platforms provide over all other factors. This emphasis on delivery options makes Austin's FSRs unique, since restaurants in other cities value system reliability above all else.

Reservation Management Technology

Austin's restaurants place a heavy emphasis on reservations. Eighty-four percent of them accept bookings, which is higher than the 74% national average.

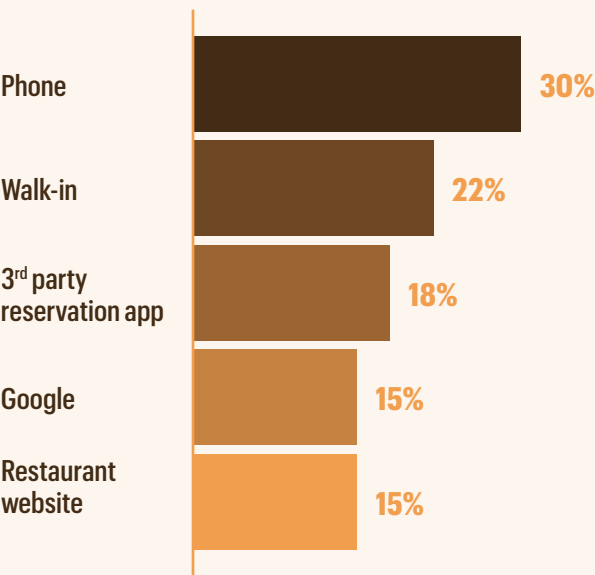
After Miami, Austin is the second-most tech savvy city in the country in terms of restaurant reservation software use. Just like elsewhere in the United States, \$200 to \$300 each month is the most popular price point for this technology in Austin.



How do restaurant guests make reservations in Austin?

Not only are Austin's restaurants some of the most tech savvy in the land, but so are their customers. Phone calls are still the most popular reservation method in Austin and around the U.S. However, diners in Austin are tied with diners in Chicago as the leaders in making reservations via third-party reservation apps.

How Austinites Make Reservations



50% Austin tables are held for reservations



Austin's full service restaurants save exactly half of their tables for reservations, compared with 54% across the U.S. Their no-show rate for reservations matches the national average at 19%.



05

OPERATIONS

Bookkeeping

The majority of Austinites spend between two and three hours on bookkeeping each week. This figure is on par with national trends, as most FSRs dedicate between one and three hours to this administrative task weekly.

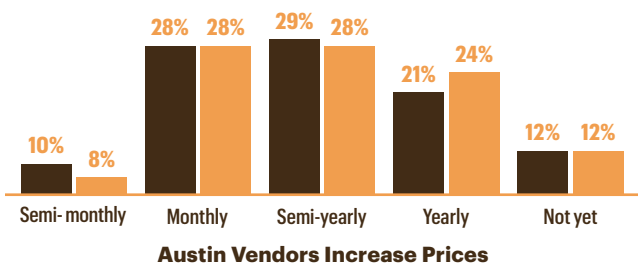


2 to 3 hours
spent on weekly
bookkeeping

Price Increases

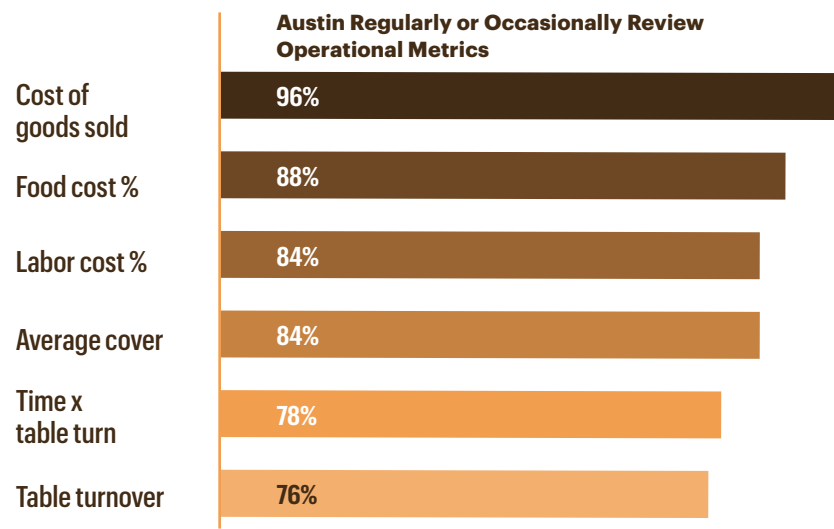
FSRs across the country are susceptible to price increases from vendors. The cost hikes that Austin's restaurants face closely resemble national rates, with 36% of them experiencing increases at least once a month.

■ National ■ Austin



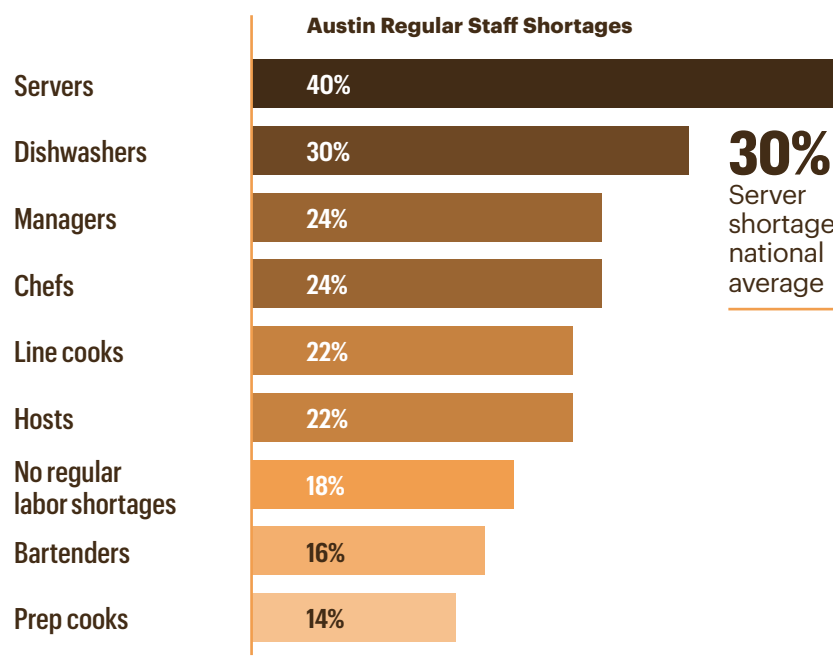
Operational Metrics

Much like restaurateurs elsewhere, Austin's are most interested in learning about their business' cost of goods sold through their reporting tools. They are also curious about table turnover, time per table turnover, and average cover.

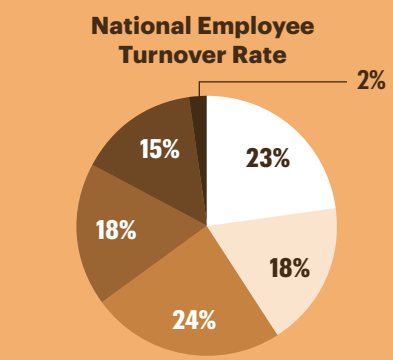
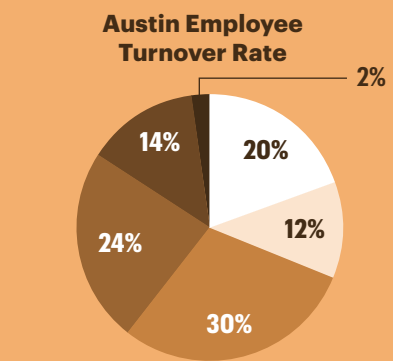
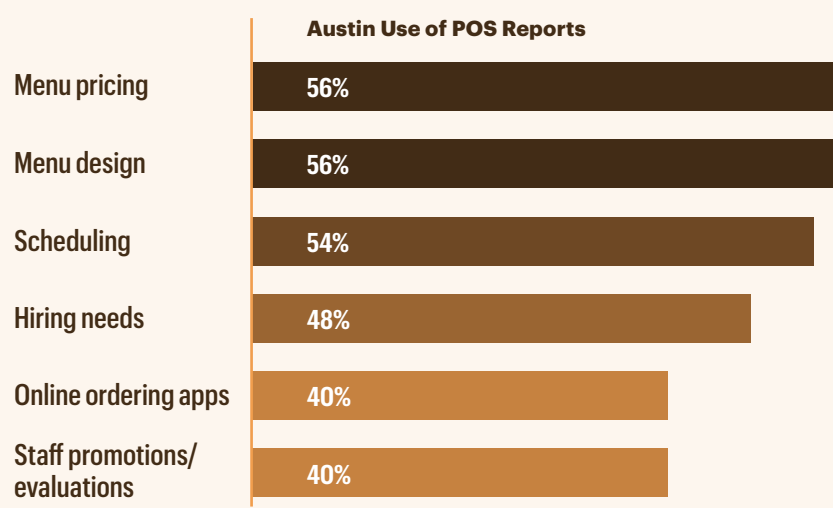


The Labor Shortage

Staff shortages make it difficult for full service restaurants around the country to hire and retain experienced talent. It looks like Austin feels the effects of the labor shortage even more than elsewhere in the U.S. – especially when it comes to servers.



Making Decisions with POS Reports



■ <10% ■ 11-20% ■ 21-30% ■ 31-40% ■ 40%+ ■ unsure

Austin's FSRs feel employee turnover more severely than restaurants in other parts of the United States as well. While almost 57% of restaurants are affected by turnover rates of more than 20% nationwide, this level of turnover plagues 68% of Austin's restaurants.

Loyalty is the currency that makes Austin's FSRs successful. With devoted customers and friends and family for support, Austin's restaurants have a successful future ahead of them.



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.



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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