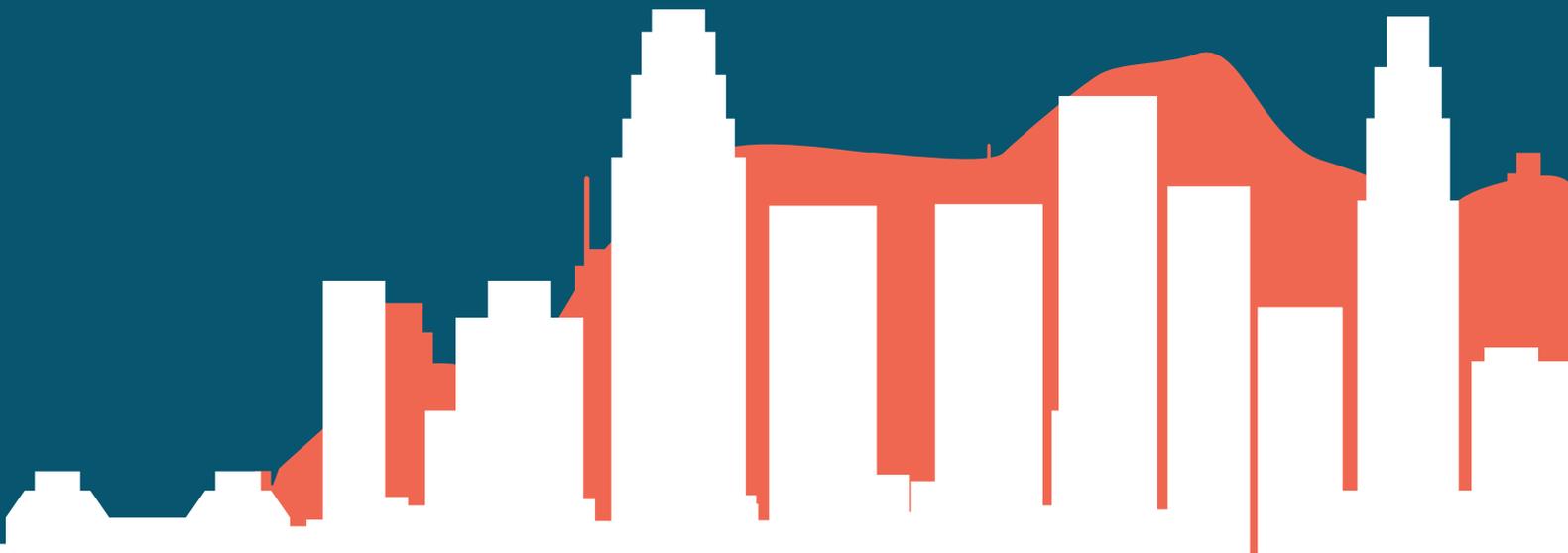


The State  
of Restaurants  
in 2023

# Los Angeles Report



# Table of Contents

3 Financial Health  
& Staffing

13 Respondent  
Profile

6 Menu Management  
& Online Ordering

15 Methodology

10 Marketing  
& Loyalty

16 About

12 POS &  
Payments



# Financial Health & Staffing

## While Sales are Up, Profits are Down

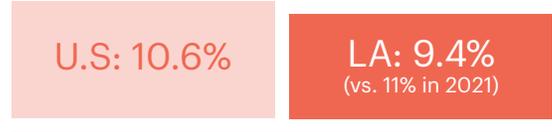
After a tumultuous few years, Los Angeles restaurants are starting to see sales rise. On average, Los Angeles restaurants reported that sales had returned to 77% of pre-pandemic levels.

Unfortunately, higher sales didn't translate into bigger profits. The average profit margin for Los Angeles restaurants dropped to 9.4%, which is below the national average of 10.6%. Much of this drop can be attributed to rising inventory costs, which 55% of Los Angeles restaurant operators said was their number one source of financial strain. In an effort to fight these rising costs, 40% of Los Angeles restaurateurs reported swapping more expensive ingredients for less expensive substitutes.

# 77%

mean degree sales volume has returned to pre-pandemic levels

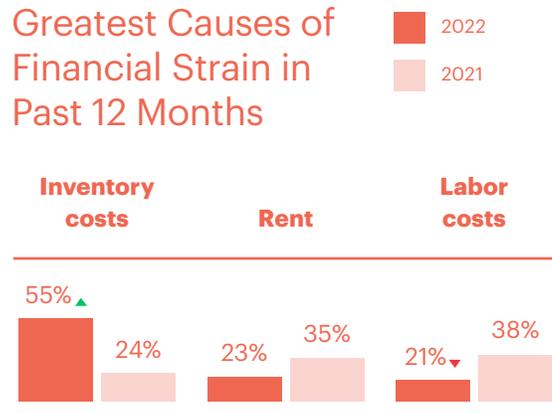
## Average Profit Margins



**“Our expenses have increased considerably in the past year. There's not one expense category that hasn't gone up. Payroll, gas, and the cost of goods sold are our biggest expenses.”**

(John Hensely, Owner, Lark Cake Shop, Los Angeles)

## Greatest Causes of Financial Strain in Past 12 Months



## Patio Potential Unlocked

While Los Angeles' operators focused on finding new suppliers in order to reduce costs, they took a unique approach to increasing revenue. Unlike operators in many other cities, 50% of Los Angeles restaurateurs expanded seating capacity at their venue (i.e. added patio space) to boost revenue. On the other hand, only 34% of operators in Los Angeles said they raised menu prices to achieve the same goal.

## Steps Taken to Increase Revenue

	Added more modifiers/add-ons for an extra charge	Introduced new promotions or specials	Introduced new technology partners	Added more off-premise ordering options	Expanded seating capacity (i.e. added patio space)	Raised menu prices
<b>Los Angeles</b>	47%	41%	43%	45%	<b>50%</b>	34%
<b>New York City</b>	<b>58%</b>	39%	46%	43%	39%	29%
<b>Chicago</b>	<b>56%</b>	45%	<b>56%</b>	38%	34%	27%
<b>Dallas</b>	33%	40%	46%	<b>49%</b>	30%	37%
<b>Miami</b>	38%	<b>46%</b>	32%	25%	31%	37%

### The Staffing Crisis Wears On

Last year, 94% of operators in Los Angeles reported that they were short staffed. This year, 95% said they were short at least one position, with operators reporting being short nearly six positions on average. This may be partly due to the fact that the staff turnover rate has climbed from 24% to 27% in Los Angeles restaurants – a major issue when you consider that it now costs an average of \$4,414 to train a new restaurant employee in the city.

The most in-demand roles are line cooks and prep cooks, which is a bit of a change from last year when front of house staff, like servers and bartenders, were among the hardest roles to fill.

**“I've had to eliminate a position and reduce our hours of operation so we can keep up with the minimum wage increases.”**

(John Hensely, Owner, Lark Cake Shop, Los Angeles)

### Staff Shortages in Los Angeles

<b>2022: 36%▲</b>	Line Cooks
<b>2021: 14%</b>	
<b>2022: 33%▲</b>	Prep Cooks
<b>2021: 10%</b>	
<b>2022: 31%</b>	Bartenders
<b>2021: 24%</b>	
<b>2022: 24%▼</b>	Dishwashers
<b>2021: 42%</b>	
<b>2022: 24%</b>	Managers
<b>2021: 20%</b>	
<b>2022: 21%</b>	Chefs
<b>2021: 25%</b>	
<b>2022: 19%</b>	Hosts
<b>2021: 13%</b>	
<b>2022: 19%▼</b>	Servers
<b>2021: 33%</b>	



**“It’s a challenge finding people to work. I'd like to get some robots so I don't have to worry about hiring people. Like a little bit more automation. It sounds funny, but I'm being serious. If we had a robot that could wash dishes or a robot that could bring out plates, I'd be willing to pay a premium to have a robot go around and do all that work.”**

(Owner, Family Style, Los Angeles)

# Menu Management & Online Ordering



## High Food Costs Break the Bank

Just like operators across the country, Los Angeles restaurateurs reported spending more on food costs this past year – 50% more to be exact. This comes as no surprise given that 65% said that *all or most* of their vendors increased prices in the past year. Additionally, 36% said their biggest inventory challenge of the past year has been rising food costs and inflation.

## How Much More Operators are Spending on Food on Average

43% U.S.

32% Chicago

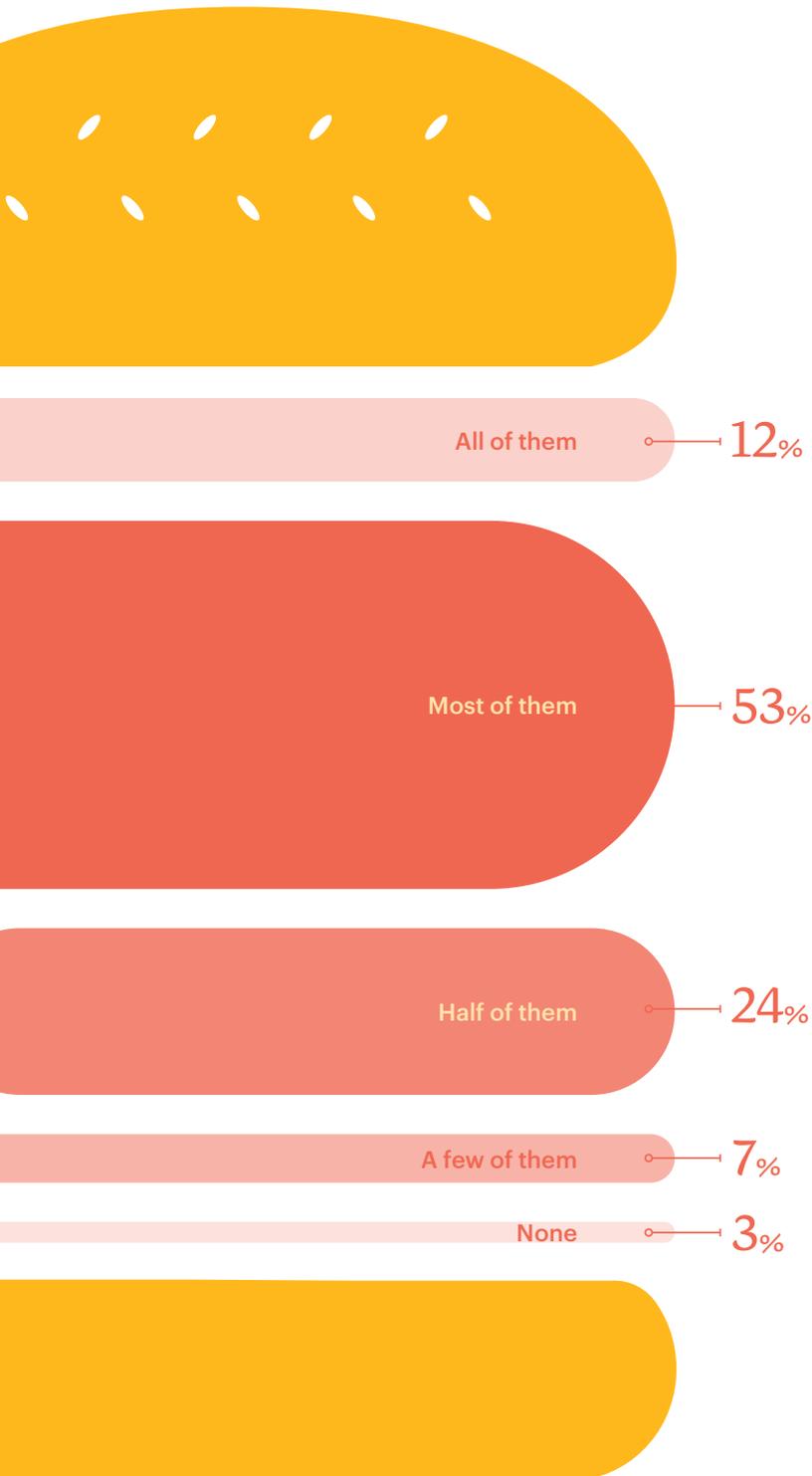
45% New York City

50% Los Angeles

46% Dallas

41% Miami

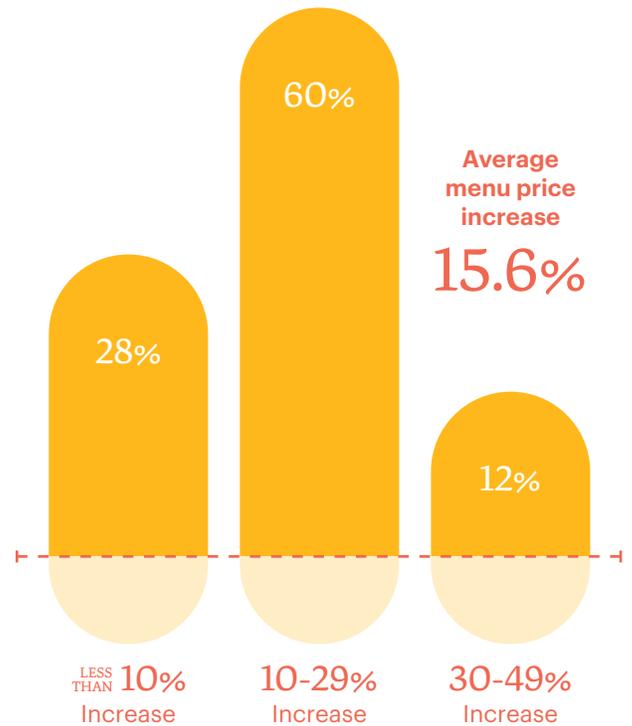
## Incidence of Increase in Supplier Pricing



## Menu Prices Start to Climb

In order to combat higher food costs, 74% of Los Angeles restaurateurs reported raising their menu prices in the past 6 months. On average, the city's operators reported raising prices by 15.6%, which is in line with the national average.

## Menu Pricing Increases in LA in the Past 6 Months



**“Like everyone, we’ve had to increase our prices. We’ve always been really fairly priced for the quality that we make – all our products are made by hand daily. Our prices have gone up by less than 15%, yet our cost of goods has gone up by about 50%, shrinking our margins considerably.”**

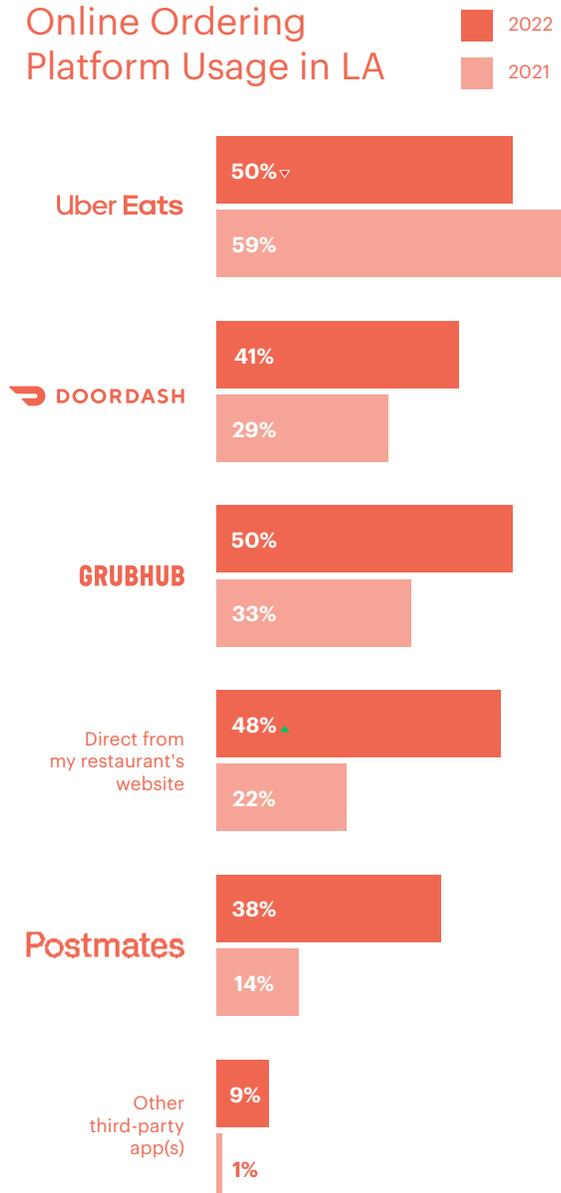
(John Hensely, Owner, Lark Cake Shop, Los Angeles)

### Direct Online Ordering is Preferred

Online ordering is ubiquitous in Los Angeles with 98% of the city’s restaurants reportedly using at least one online ordering platform to support their takeout and delivery business. In fact, most restaurants in the city use an average of three different online ordering platforms. Interestingly, direct online ordering platforms are among the most popular solutions, with 48% of operators using this type of online ordering system – a major increase from just 22% the year prior.



### Online Ordering Platform Usage in LA



### Online Ordering Still a Revenue Driver

While the pandemic-induced takeout boom may have subsided, online ordering is still an essential revenue driver for many restaurants in Los Angeles. On average, operators in Los Angeles say they do nearly a quarter (24%) of their business through online ordering and they report seeing a 17% average increase in sales from these channels.

**“I remember back 12 or 13 years ago, our phones were going off the hook. So once the tablets and online ordering started coming about, it did make it a lot easier because you're not spending like 5-10 minutes on the phone anymore.”**

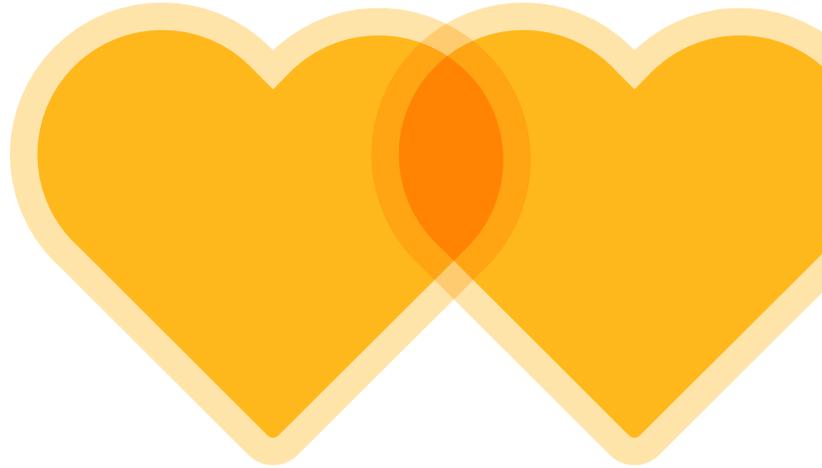
(Owner, Family Style, Los Angeles)



“We’re working on a ghost kitchen right now. There’s no storefront, but you can put it on different apps like DoorDash and Uber Eats. It’s a different way of increasing sales because you still have the same food, but you’re selling it on a different platform.”

(Owner, Family Style, Los Angeles)

# Marketing & Loyalty



## Loyalty Programs Continue to Grow

Last year, a whopping 70% of Los Angeles restaurants reported offering a loyalty program. Now, that number has ballooned to 81%. And engagement with these programs is also high, with operators reporting that about 59% of their customers regularly engage with their loyalty program.

**81%** of LA restaurants have a loyalty program (up from 70% in 2021)

## The Untapped Potential of Gift Cards

Not only are operators in Los Angeles much more likely to offer a loyalty program than restaurants nationwide, but they are also more likely to offer gift cards. More than half (57%) of Los Angeles' restaurateurs report selling gift cards, with an average value of \$62.

## Twitter Comes Out On Top

While Facebook is the most popular social media platform for restaurateurs nationwide, the number one platform in Los Angeles is Twitter, with 65% of the city's operators using it to promote their venue. Instagram is also more popular in Los Angeles than it is nationwide, with nearly half (47%) of the city's operators using the platform, versus just 40% across the U.S.

As for how Los Angeles restaurateurs are keeping in touch with their customers, in-app messages are the preferred communication channel, which makes sense given that 43% report offering a loyalty app.



**57%** of restaurants in LA sell gift cards (vs. 33% U.S.)

## Social Media

### Platforms

### Used

**twitter**    
 **facebook**    
 **TikTok**    
 **Instagram**    
 **Snapchat**

### Los Angeles

65%     60%     37%     47%     19%

### U.S.

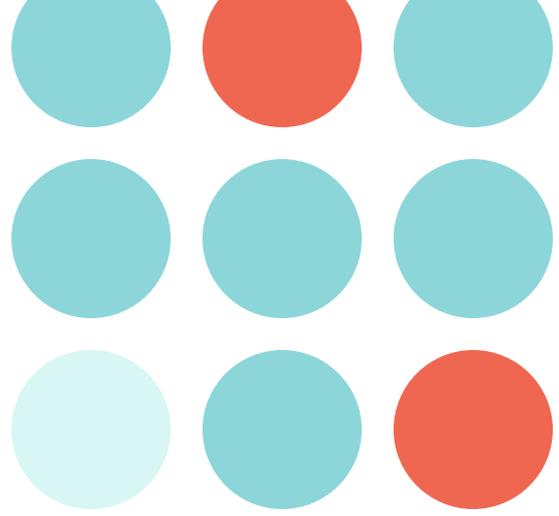
59%     62%     40%     40%     25%



**“We have a great email list of thousands of people who have opted in. And we have our Instagram account with more than 14,000 followers as well. So, we typically will promote our products that way. ”**

(John Hensely, Owner, Lark Cake Shop, Los Angeles)

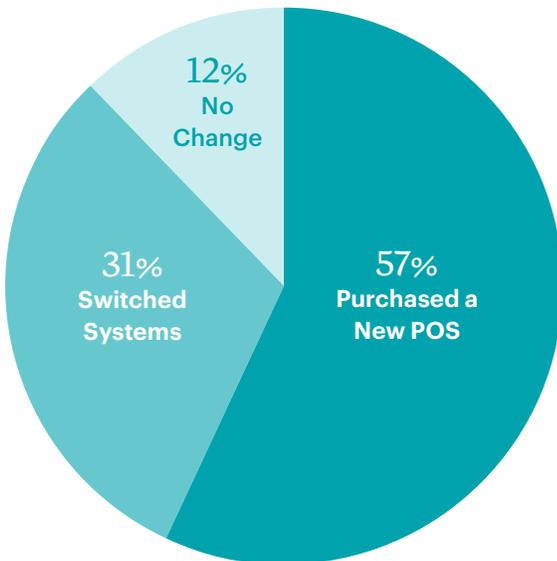
# POS & Payments



### Out With the Old, In With the New

While many operators changed their POS system in the past year, this trend was amplified in Los Angeles where 88% reported changing their restaurant management system. 57% reported purchasing a brand-new POS system, while 31% switched systems. When choosing a new POS system, Los Angeles operators cited the ability to increase sales as the most important factor, followed by the availability of third-party software integrations and ease of use.

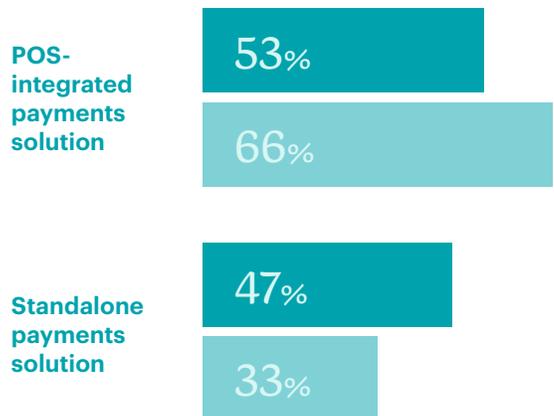
POS System Change in the Past Year



### Integrated Payments Not as Popular

Across the U.S., the majority of operators (66%) reported using a payments system that is fully integrated with their POS. However, in Los Angeles, just 53% say they use an integrated system, while 47% still use a standalone payment processor. Perhaps unsurprisingly, high prices and having to manually enter transactions into terminals were the top two frustrations with payment processors in Los Angeles.

Integrated Payment Solutions vs. Unintegrated



### Mobile Payments in High Demand

While adoption of integrated payments solutions may be lower in Los Angeles, the city's operators have readily added new payment types. In the past year, 76% of operators in Los Angeles added mobile pay and 62% added tap to pay. 55% even added QR code payments, which saw much lower adoption nationwide.

# Respondent Profile

Current Role:



Owner



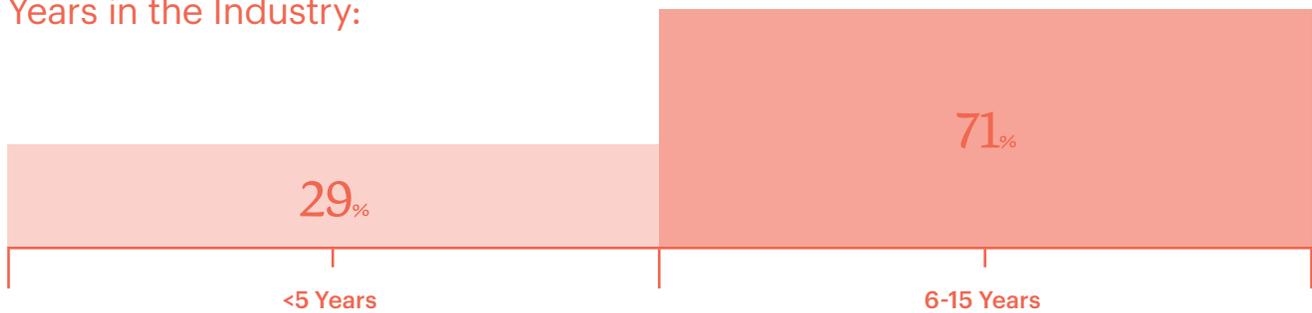
16%

President/CEO



General Manager

Years in the Industry:



Type of Restaurant:



Brasserie/bistro/café



10%

Bar/grill



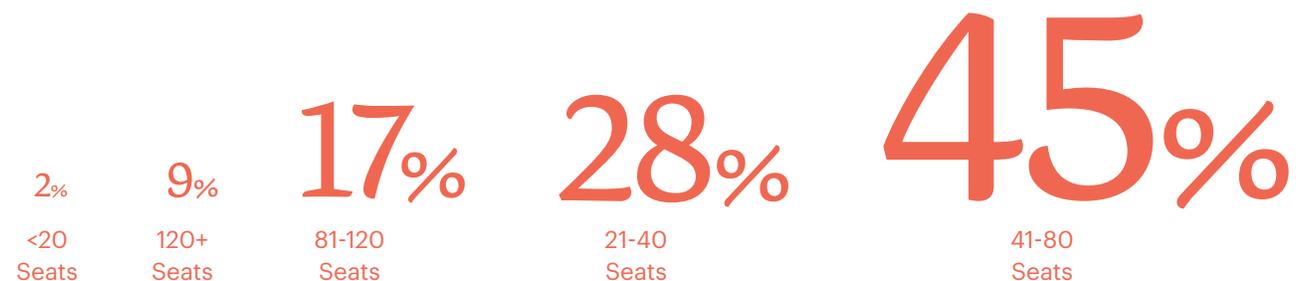
Fine dining



7%

Family style

Size of Restaurant:



# Respondent Profile

## Dining Options Offered:



Indoor dining/  
dining room:  
**97%**



Takeout/curbside  
pickup:  
**90%**



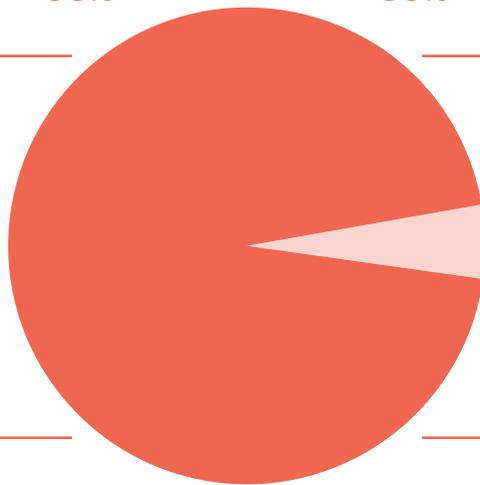
Outdoor  
dining/patio:  
**90%**



Delivery:  
**78%**

## Independent vs. Chain:

**95%** Independent



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

## Number of Locations:



2-3 locations



4-5 locations

## Annual Revenue:

**26%**  
<\$1M

**48%**  
\$1M-2M

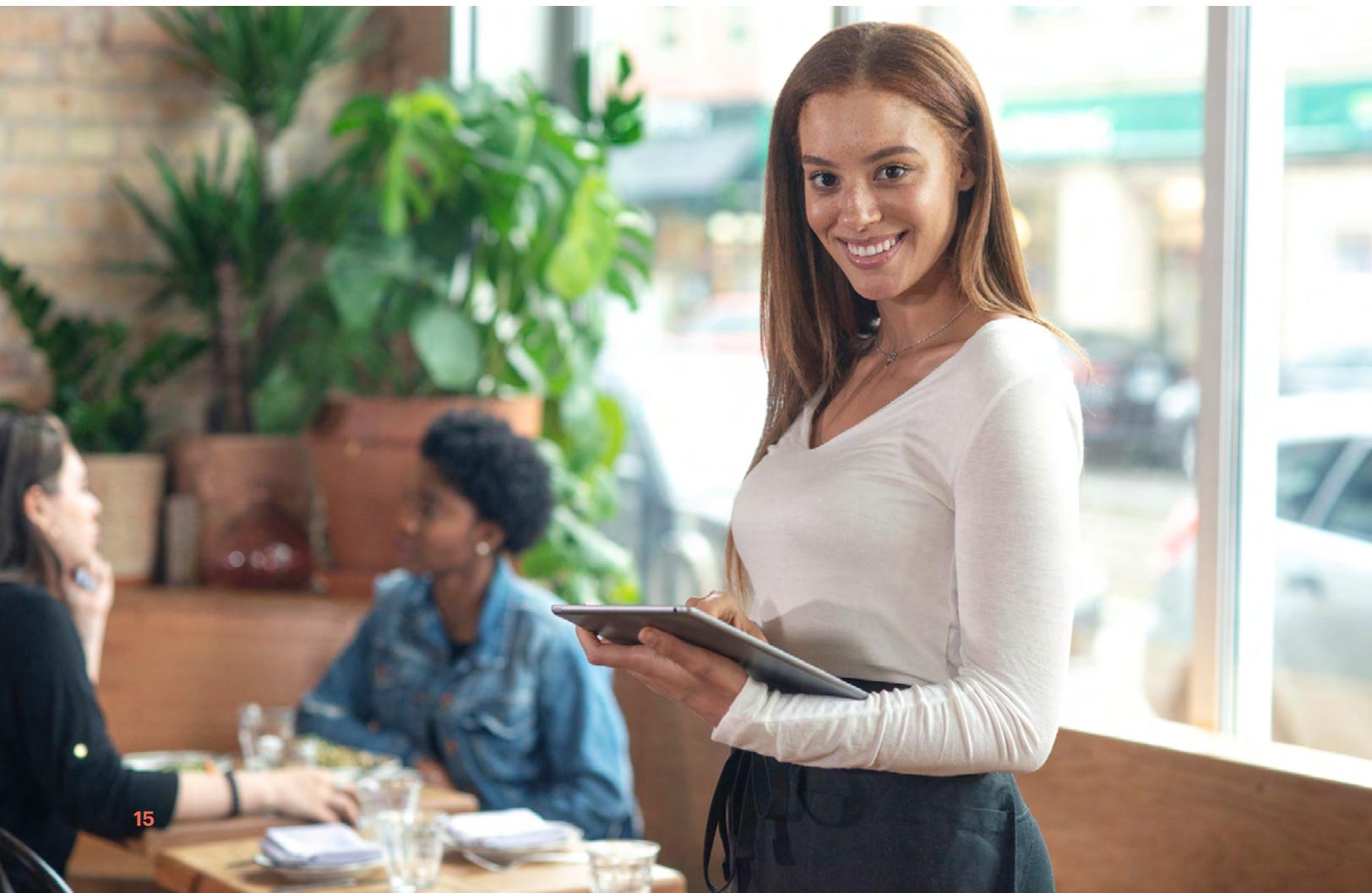
**26%**  
\$2M+

# 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.

[Learn More](#)



Maru/Matchbox is our group of highly skilled research practitioners with deep advisory expertise. As part of the Maru Group, we are a different breed of global insight partner, built on proprietary software that enables our experts to connect with the people that matter most to our clients.



