

The State of Restaurants
in 2022

Dallas Report



TouchBistro®

Introduction

Back in early 2020, we released our annual State of Full Service Restaurants Report. We surveyed hundreds of restaurateurs and our findings set a benchmark for what was happening at FSRs across the U.S. in terms of financial health, technology, staffing, and more.

Then, the COVID-19 pandemic happened.

Since our 2020 report was released, the pandemic has turned the entire restaurant industry upside down. These changes have been particularly pronounced in cities like Dallas, where supply chain disruptions and an ongoing labor shortage have added another layer of complications.

To find out how these changes have played out across the U.S., we recently surveyed more than 500 restaurant owners, presidents, CEOs, and general managers. We also spoke directly with nearly a dozen restaurateurs to dive deeper into the stories behind the numbers.

In this report, we offer an in-depth look at the state of restaurants in 2022 by examining the city of Dallas, Texas. With this report, you'll be able to see how location-specific factors have impacted Dallas' restaurant industry and its recovery.

Our findings reveal that restaurants in Dallas have struggled more than their counterparts across the U.S. In fact, Dallas operators saw the biggest decrease in sales volume compared to pre-pandemic levels.

But while many restaurants in Dallas may have struggled to stay afloat during the height of the pandemic, there are signs that the city's restaurant industry is well-positioned for recovery in the year ahead. Dallas' employee turnover rate sits at just 18%, which is below the national average of 23%. Dallas restaurants also appear to have been less impacted by supplier pricing increases than their counterparts in Los Angeles and New York City.

Continue reading for a complete look at how full service restaurants in Dallas compare to FSRs elsewhere in the U.S.

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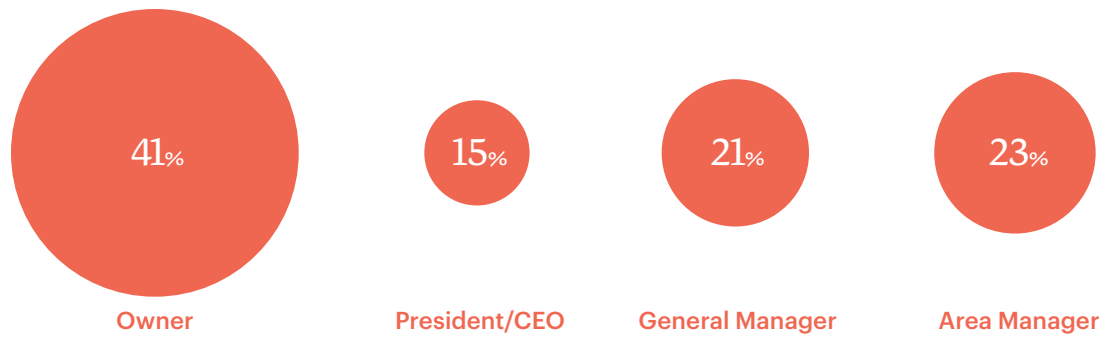
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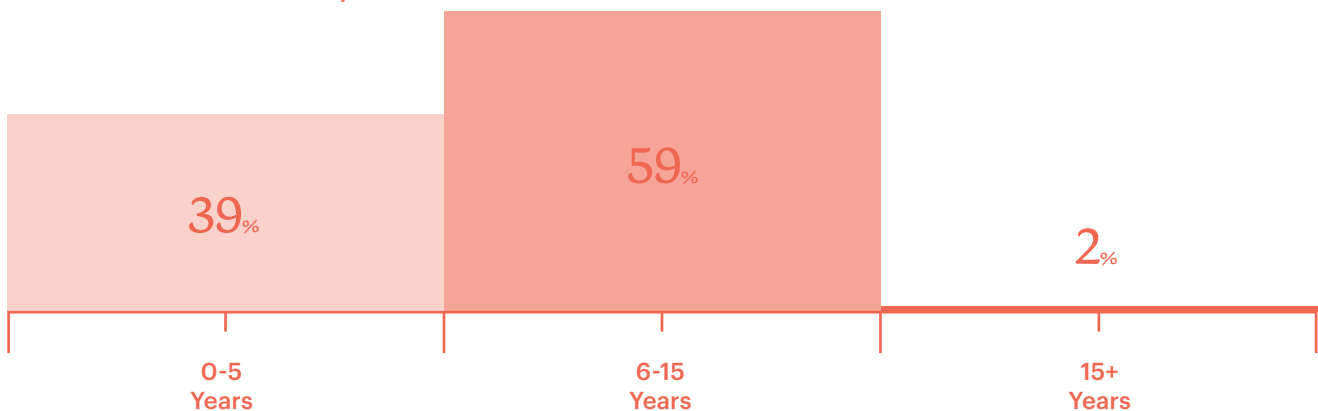


Respondent Profile

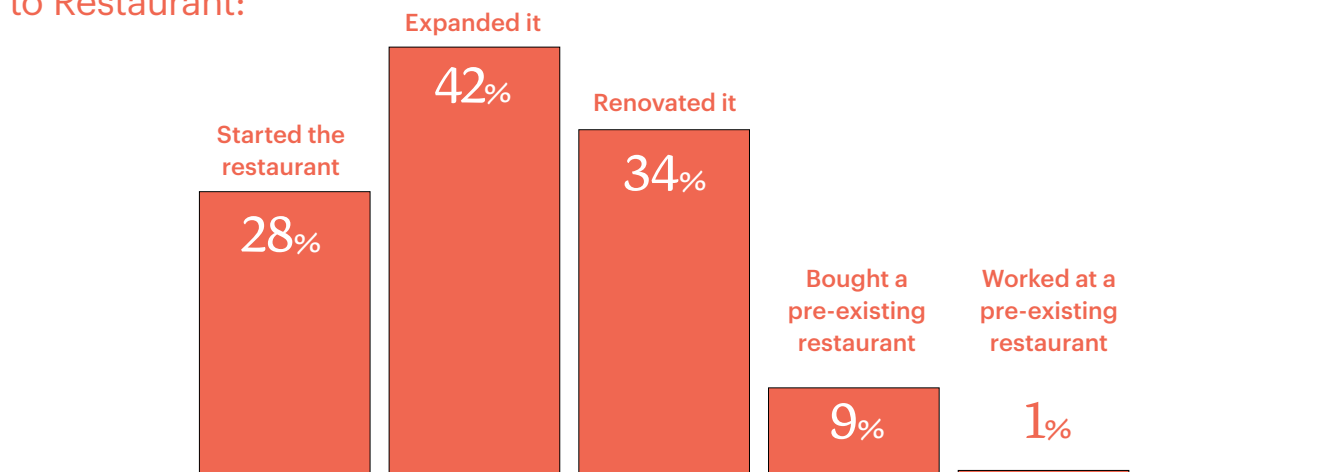
Current Role:



Years in the Industry:

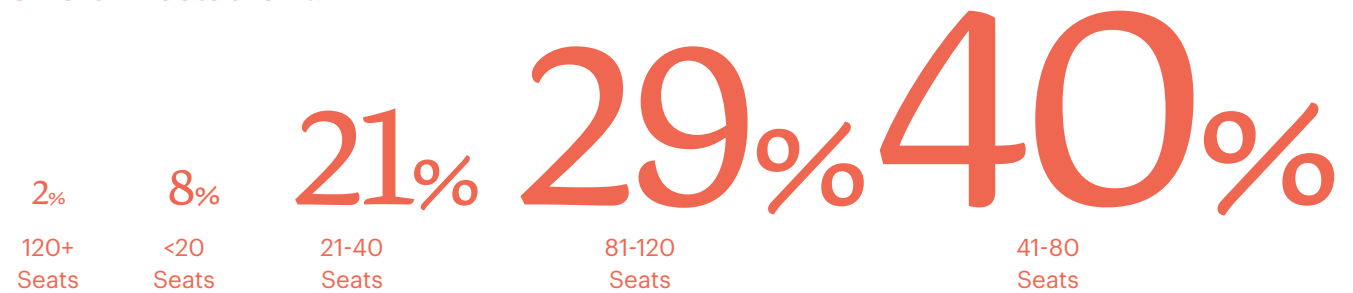


Relationship to Restaurant:

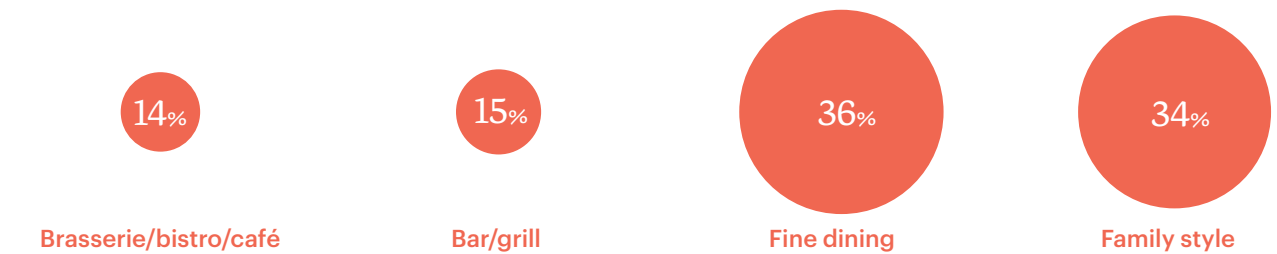


Respondent Profile

Size of Restaurant:



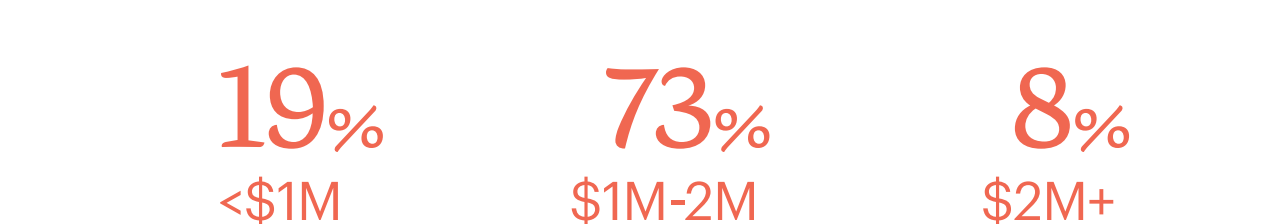
Type of Restaurant:



Independent vs. Chain:



Annual Revenue:



Financial Health

There's no question that restaurants in Dallas have been hit hard by the pandemic. And like the majority of restaurateurs across the U.S., Dallas operators dug deep into their own pockets to make it through.



While there were a number of financial options available to restaurateurs during the pandemic, 58% of Dallas operators relied on their own savings to stay financially afloat. In fact, Dallas restaurants were some of the least likely to rely on government-led assistance with just 10% taking Paycheck Protection Program (PPP) loans and just 13% turning to online lenders and Small Business Administration (SBA) guaranteed loans.

Pandemic Support

58%

My Own Saving

28%

Banks and traditional small business owns

28%

Family and Friends

13%

Online lenders and SBA-Guaranteed Loans

15%

Grants

10%

Crowdfunding

10%

Paycheck Protection Program (PPP) Loans

9%

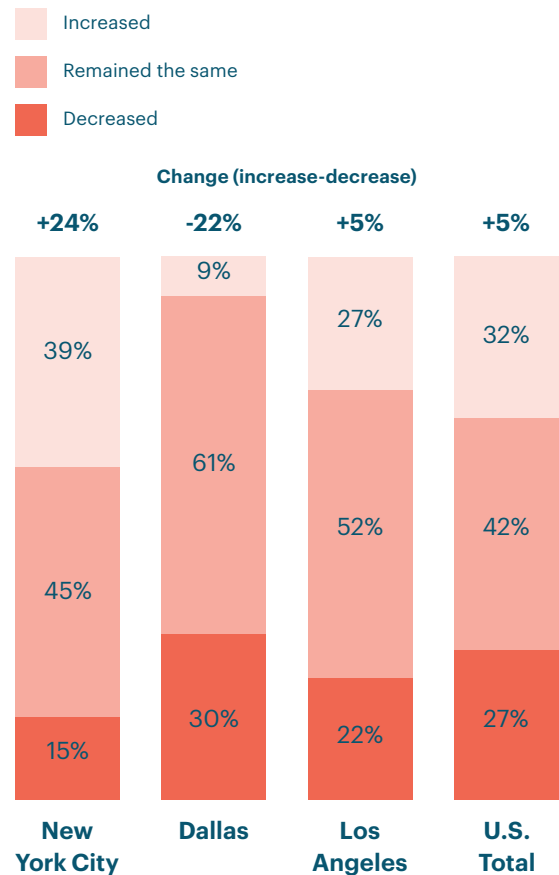
Employee Retention Tax Credit (ERC)

1%

None

While restaurateurs in Dallas may have been able to fund their businesses throughout the pandemic, many are still experiencing significant financial strain. While about a third of full service restaurants across the U.S. actually experienced some growth during the pandemic – largely driven by cafés and bar/grill style restaurants – 30% of venues in Dallas saw a decrease in sales volume compared to pre-pandemic levels. This stands in stark contrast to cities like Los Angeles and New York City, where far fewer restaurateurs experienced a sales decrease.

Change in Sales Volume vs. Pre-Pandemic



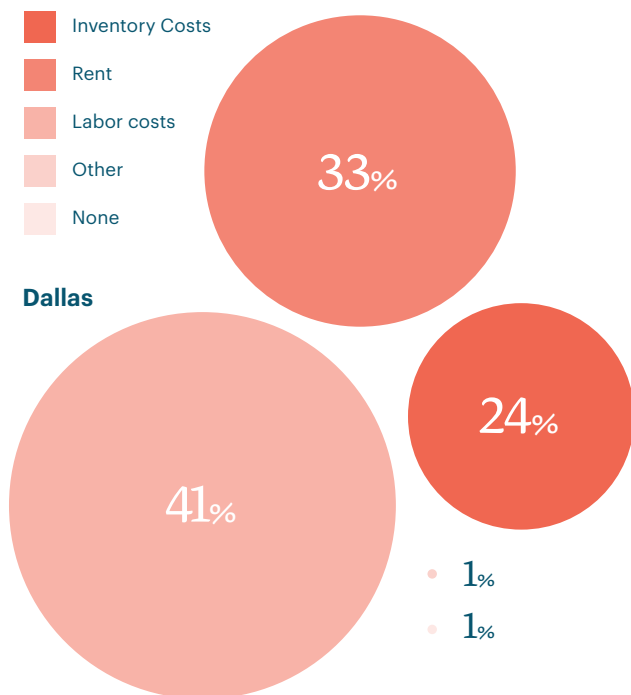
“The loss of revenue that we had in the beginning is still happening because we're not really running kind of at full speed ahead, or like we were pre-COVID – it's been a huge loss.”

(General Manager, Restaurant Group
Family Style, Dallas)



Diving deeper into the data, the biggest cause of this financial strain appears to be increasing operating costs like payroll. In fact, 41% of operators in Dallas said that labor costs were their biggest source of financial strain in the past 12 months.

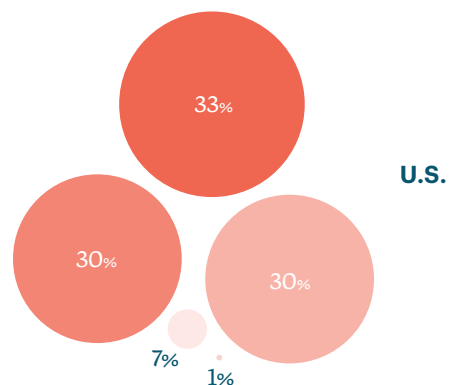
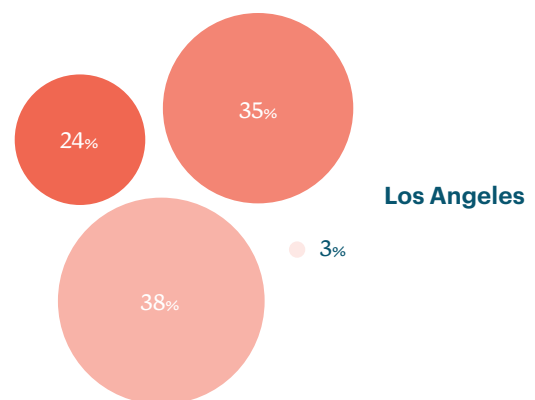
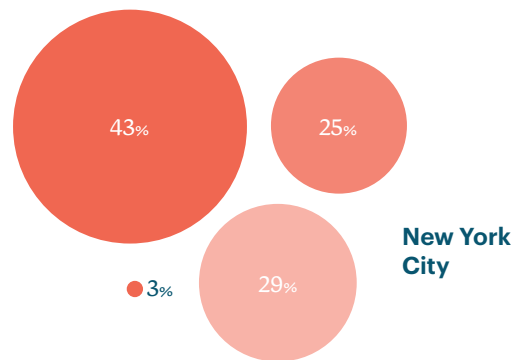
Greatest Causes of Strain in Past 12 Months



“We've had to pivot to operate. The fact that we now have both outdoor dining and indoor dining is a good thing because it has added revenue streams.”

(General Manager, Independent Bar & Grill, Dallas)

As a result of lower sales volume and the strain of rising labor costs, restaurants in Dallas reported an average profit margin of just 9%, just below the national average of 10%



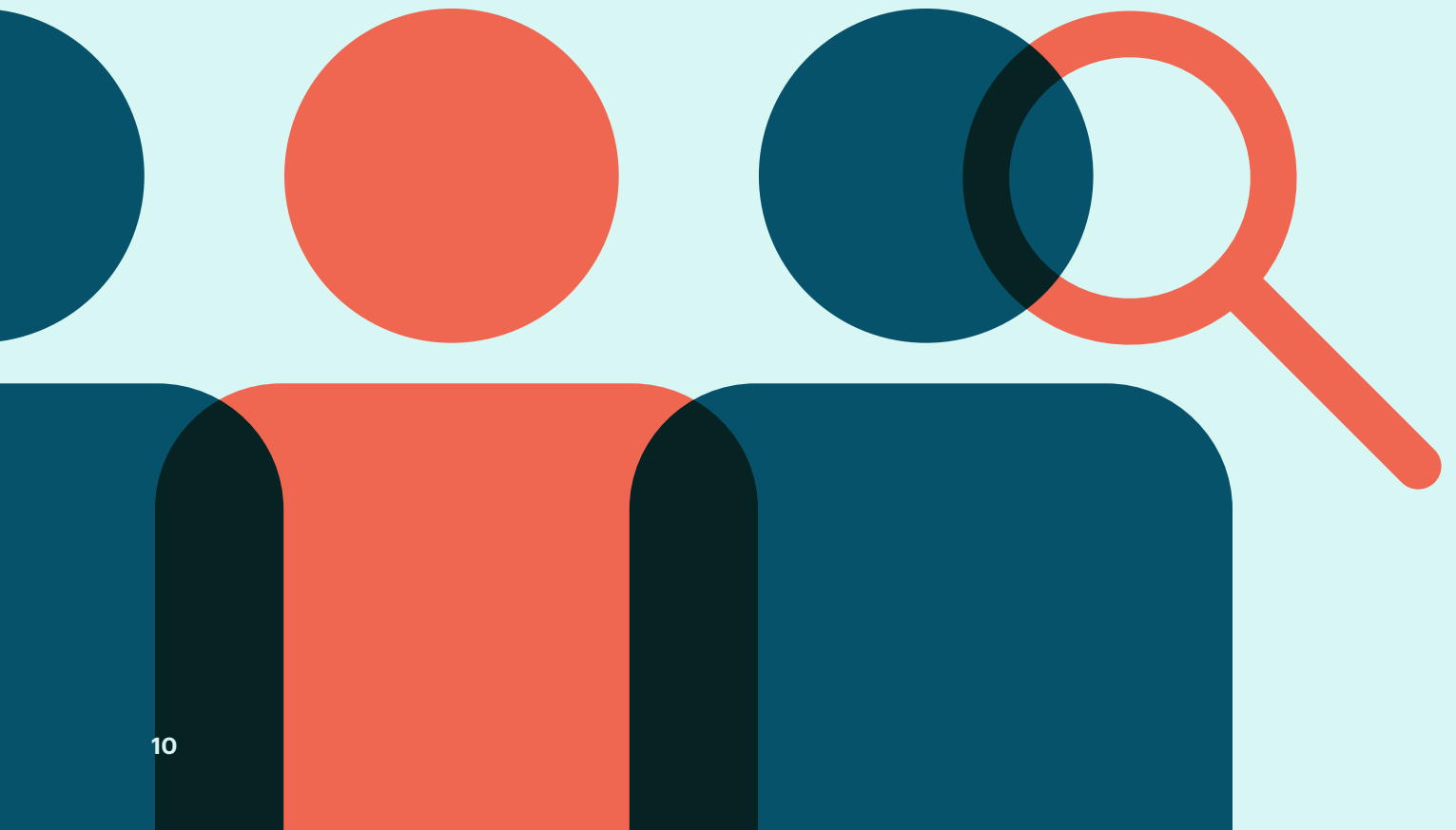
Average
Profit
Margins

10%
U.S.

9%
Dallas

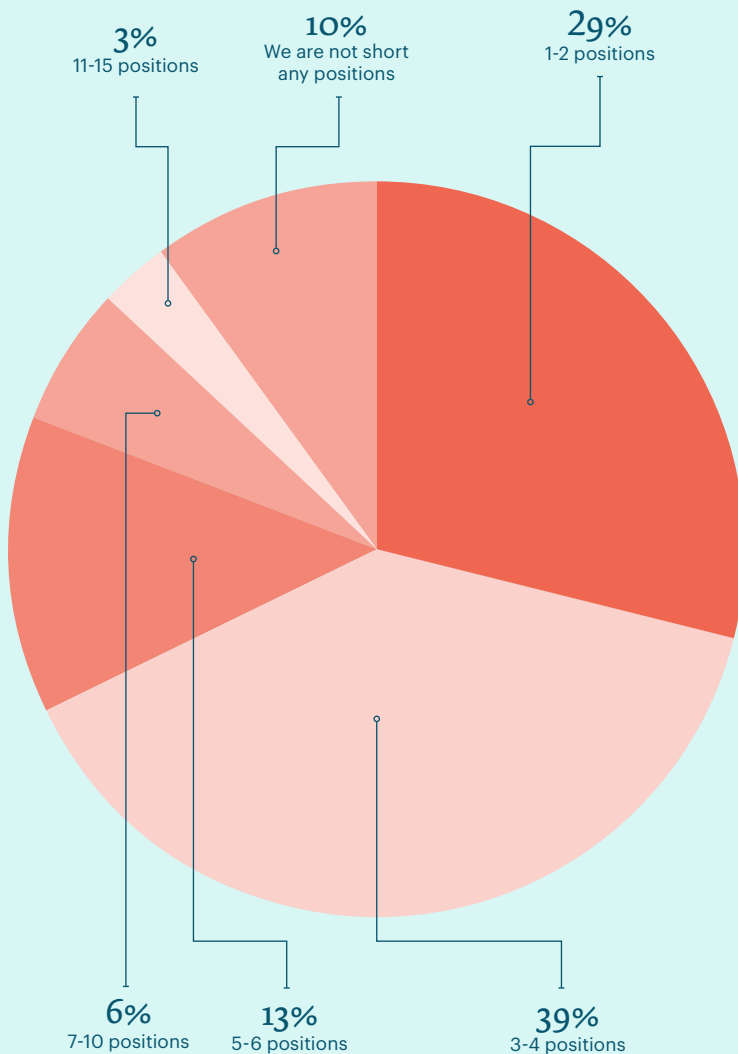
Staffing & Labor

Since the onset of the pandemic, the restaurant industry has experienced a widespread labor shortage that only continues to worsen. Across the U.S., 81% of full service restaurants report being short-staffed and venues in Dallas are no exception.



90% of restaurants in Dallas report that they are currently short at *least* one position, while 39% of operators say they are currently short 3-4 positions.

Number of Staff Shortages Dallas Restaurants are Experiencing



Of these open positions, restaurants in Dallas seem to have the hardest time finding front of house staff such as servers, hosts, and managers. This largely mirrors the national trend of a major wait staff shortage.

Staff Shortages in Dallas vs. Across the U.S.

Dallas: 20% Servers
U.S.: 30%

Dallas: 21% Bartenders
U.S.: 19%

Dallas: 23% Hosts
U.S.: 17%

Dallas: 17% Chefs
U.S.: 22%

Dallas: 16% Line Cooks
U.S.: 16%

Dallas: 13% Prep Cooks
U.S.: 13%

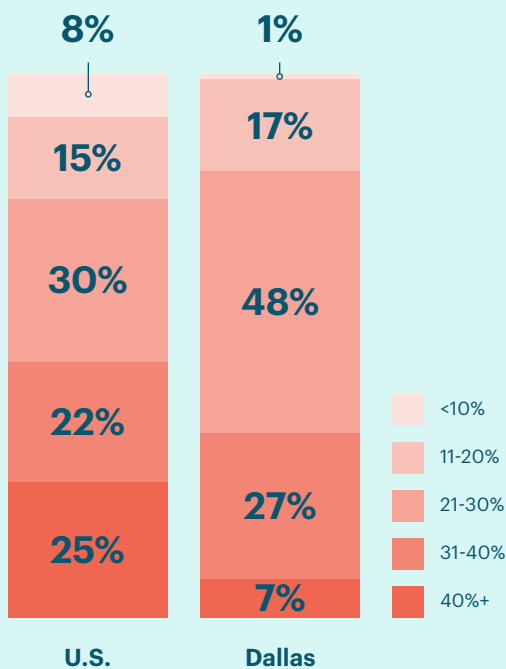
Dallas: 19% Dishwashers
U.S.: 27%

Dallas: 26% Managers
U.S.: 18%

Dallas: 12% I'm not facing regular labor shortages for any positions
U.S.: 23%

But while restaurants in Dallas may be having trouble recruiting and hiring new employees, the one bright spot is that their employee turnover rates are on the lower end. In fact, Dallas restaurant operators reported an average staff turnover rate of 18%, which is below the national average of 23%.

Employee Turnover Rate



The reason for Dallas' lower employee turnover rate may be due to the fact that more operators say they are investing in their company culture. In fact, 44% of restaurants in Dallas say that their company culture keeps their restaurant competitive when it comes to hiring and maintaining staff. In contrast, just 32% of New York City restaurants and just 29% of Los Angeles restaurants said the same.

How Restaurants in Dallas Stay Competitive in Hiring & Maintaining Staff

Benefits

49%

Wages

46%

Professional development opportunities

34%

Culture

44%

vs. Los Angeles

29%

vs. New York City

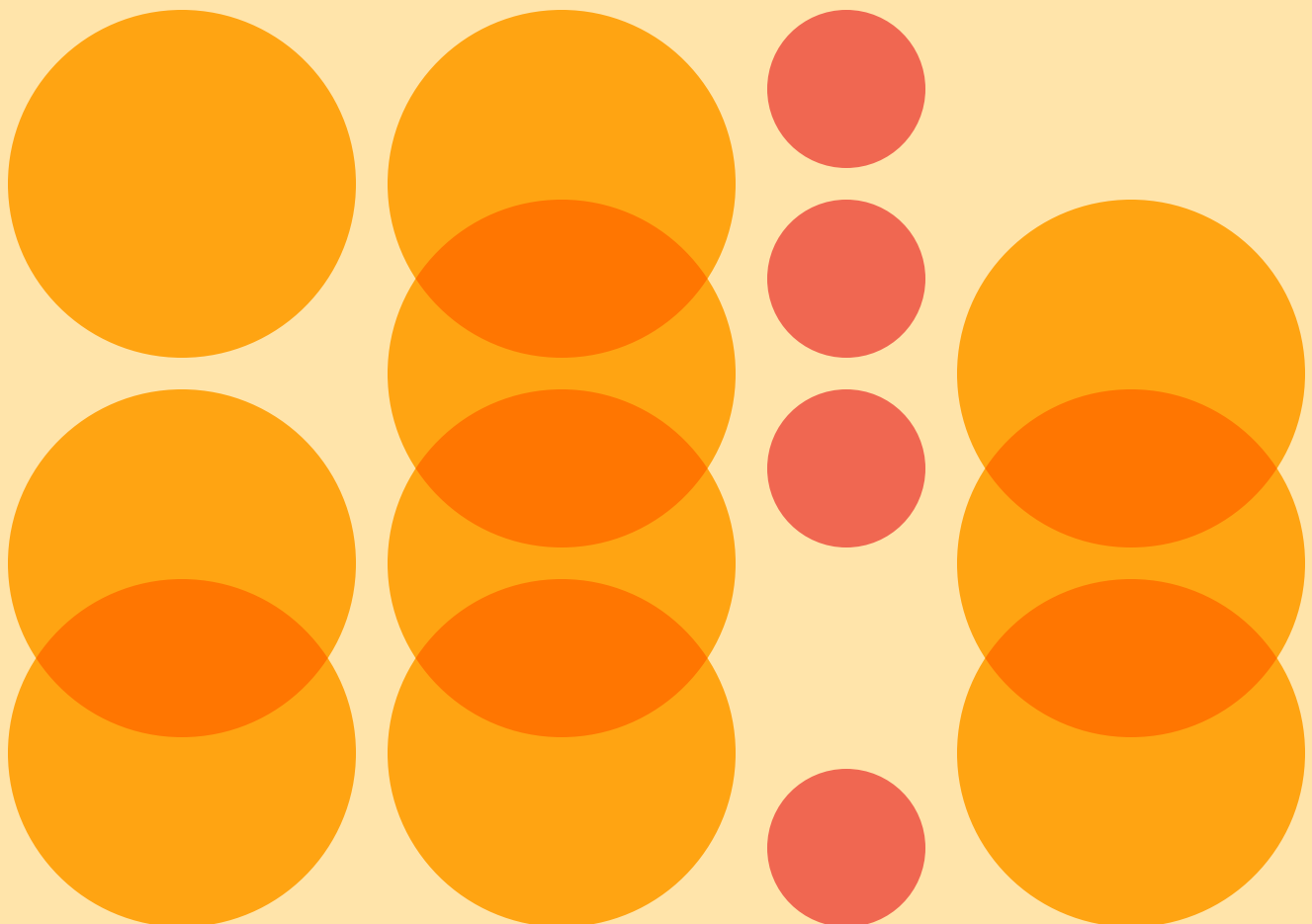
32%

"The biggest challenge first and foremost is keeping order in the court. I've been through this, I've dealt with struggle. But these waitresses, they're kind of new. The worst possible scenario that could happen to you is that a waitress walks out during a shift. You could say, OK, well that settles that, but then you don't have another waitress to cover for her. So then you've got to cover it somehow because otherwise, you're just going to build up a bunch of angry customers."

(General Manager, Independent Family Style Restaurant, Dallas)

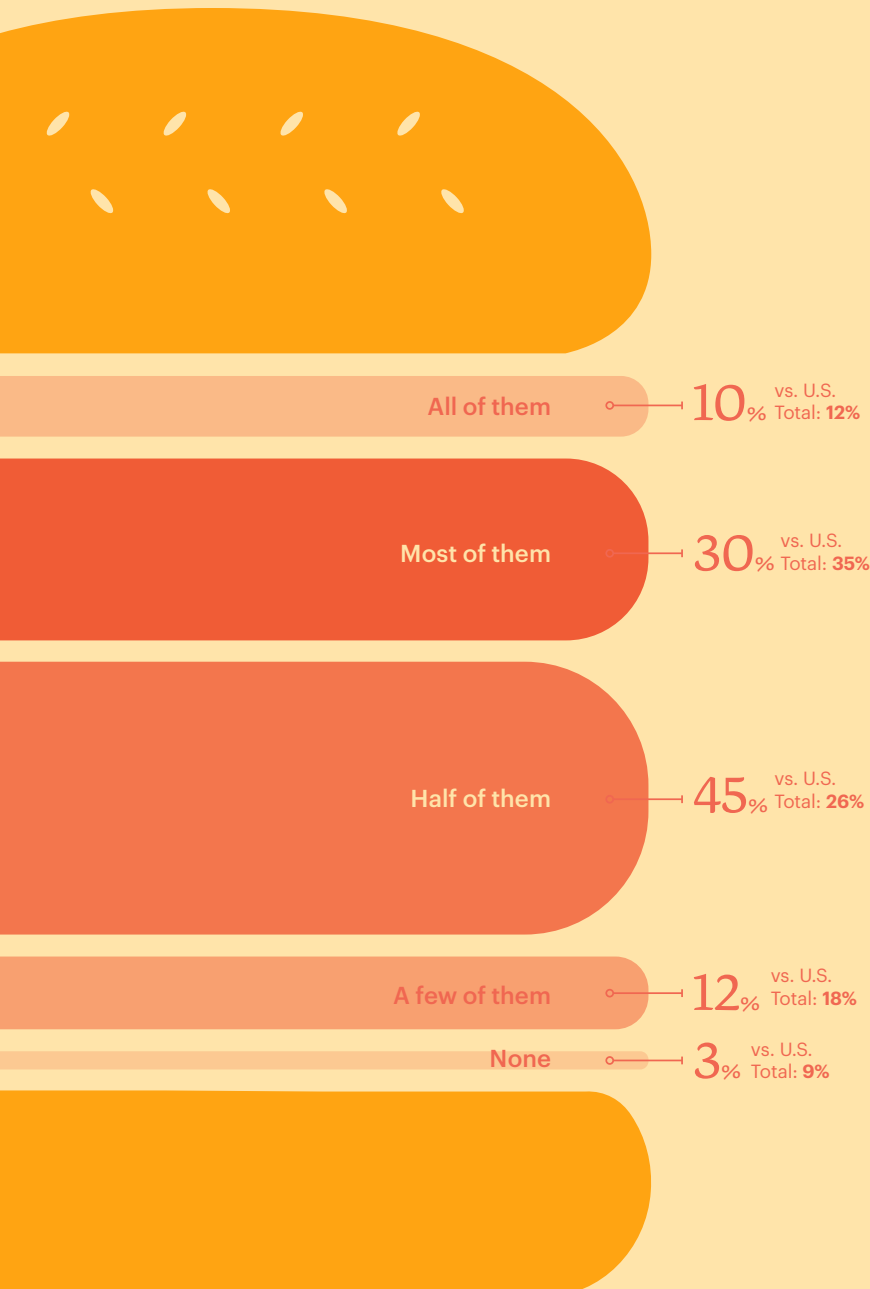
Inventory & Menu Management

While inventory costs may not be the number one concern for Dallas restaurateurs, many still felt the impact of high inflation and supply chain disruptions.



While nearly half (48%) of U.S. restaurants saw all or most of their suppliers increase prices during the pandemic, only about 40% of Dallas operators said the same.

Incidence of Increase Supplier Pricing During the Pandemic

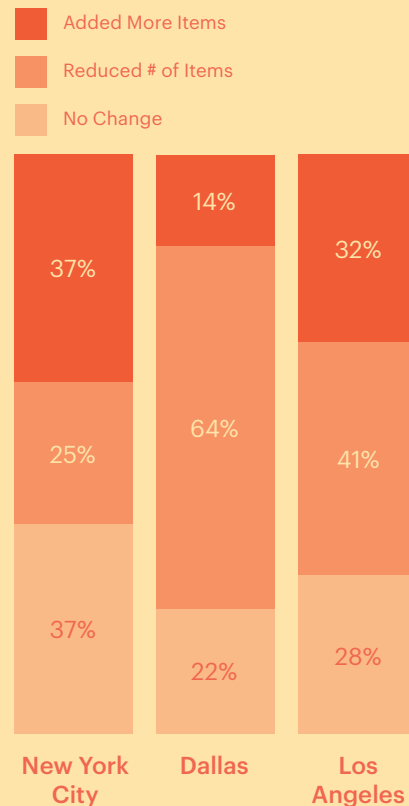


But while Dallas restaurants were less impacted by the rising cost of inventory, they were significantly more likely to reduce the size of their menus during the pandemic. In fact, a whopping 64% of Dallas restaurant operators reported reducing the number of items on their menu.

“We did actually cut down some of the menu items that we were offering and focused more on that, and also on the third-party menus. It wasn't a full third-party menu, so a lot of that changed and we removed some of our core menu items.”

(General Manager, Restaurant Group Family Style, Dallas)

Changes to Menu Size During the Pandemic

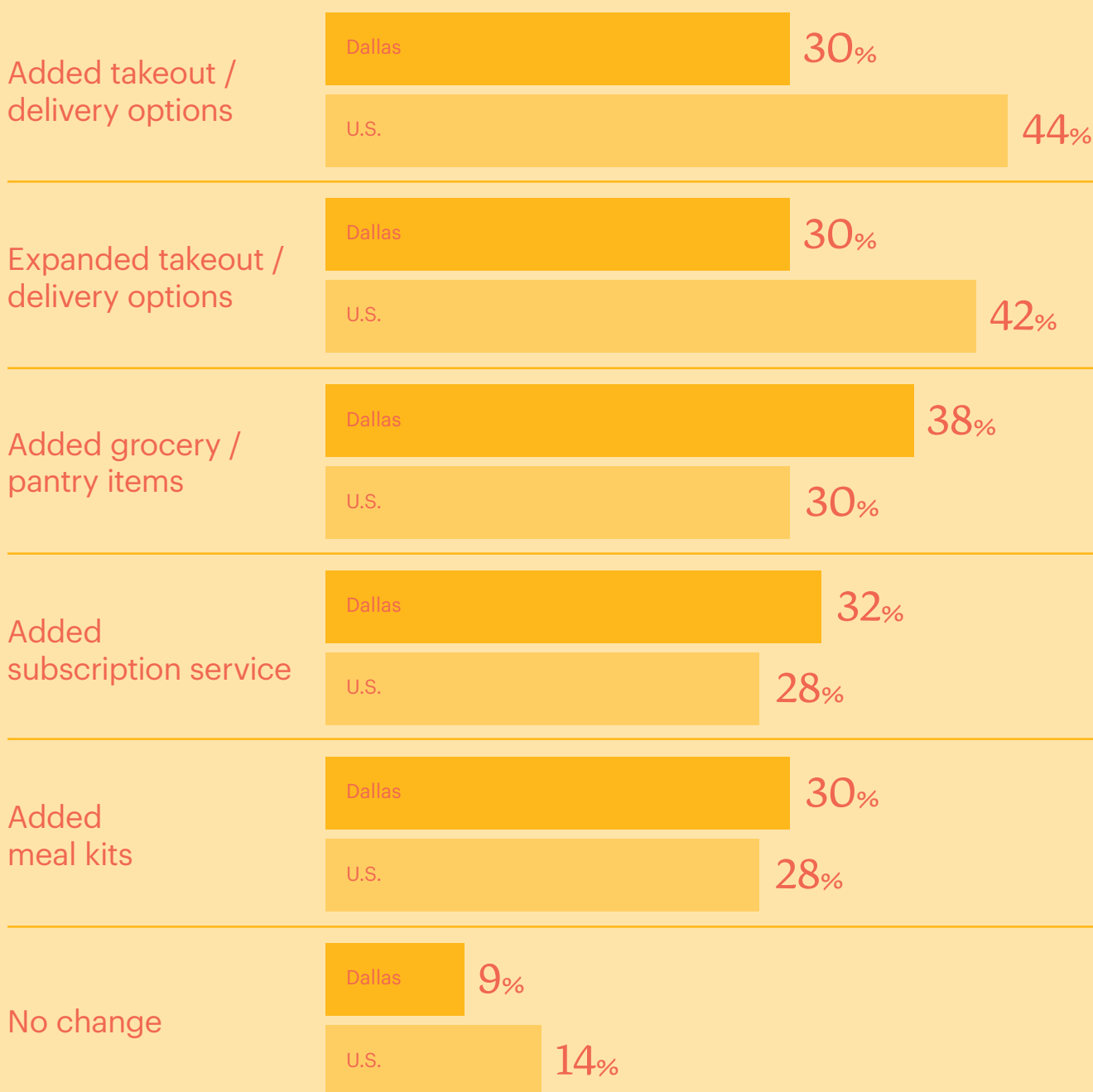


Unlike their counterparts in New York City and Los Angeles, restaurants in Dallas were much less likely to expand their menu size or add new takeout and delivery options. Instead, many Dallas operators began selling meal kits and simple grocery/pantry items as a way to increase revenue.

53% Dallas
73% Los Angeles
70% New York City

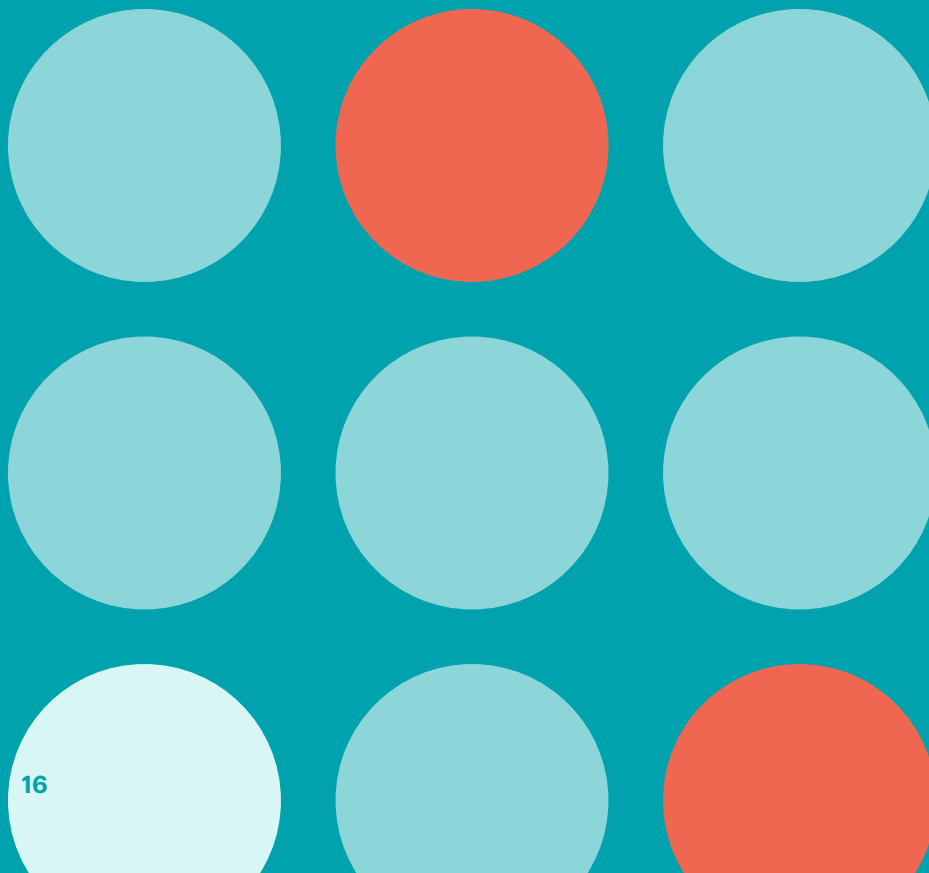
Dallas restaurants were least likely to adjust takeout/delivery options

Changes to Menu Offerings During the Pandemic



POS & Payments

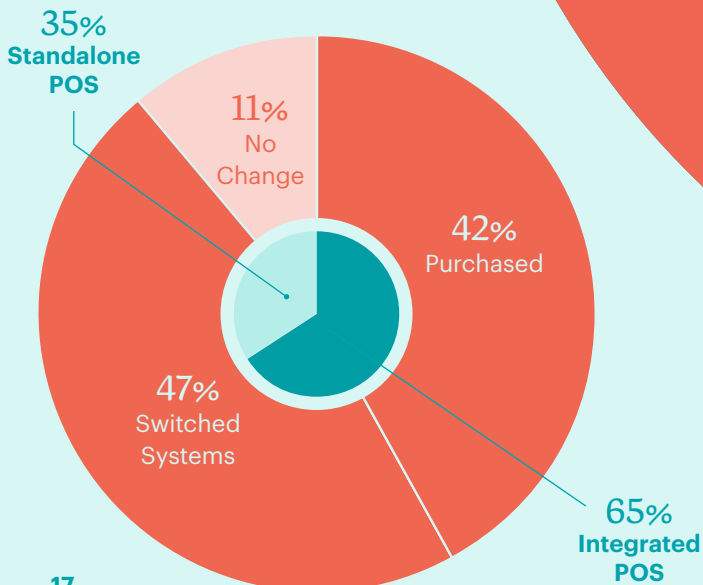
Like many restaurateurs across the U.S., the onset of the pandemic caused restaurants in Dallas to embrace contactless payments with open arms.





Dallas operators were quick to add contactless payment options to their restaurants. As a result, this Texas city saw some of the highest rates of adoption for mobile payments and QR codes. However, tap to pay proved to be less popular, with just 33% of Dallas restaurants introducing this new payment option.

In addition to contactless payments, many restaurants in Dallas also upgraded another important piece of restaurant tech: their POS systems. 42% of Dallas restaurateurs purchased a brand new POS system, while 47% of operators switched from an existing system. With only 11% of operators keeping their current POS system through the pandemic, it's clear that this key piece of restaurant tech was crucial to helping operators in Dallas adapt to the changing industry landscape.

POS Hardware Changes in the Past 12 Months



 **72%**
Mobile Pay

 **81%**
QR Codes

 **33%**
Tap to Pay

None

Contactless Payment Types Implemented During Pandemic

The high number of operators switching their POS systems may also be tied to the rise of contactless payments, with 65% of Dallas operators reporting that they use a POS with integrated payments.

“If it wasn't for technology, we wouldn't have been able to do anything that we did. I think back to when people took your card and swiped it over the little imprint thing – people don't even know what that is anymore. And when the system goes down, it used to close the whole restaurant – [staff] would have no idea what to do. But now we have digital menus and digital payments for things like that.”

(General Manager, Independent Family Style Restaurant, Dallas)

Online Ordering

Though dining room closures in Dallas were not as extensive as those in New York City and Los Angeles, the city still saw a major uptick in the demand for takeout, delivery, and curbside pickup.

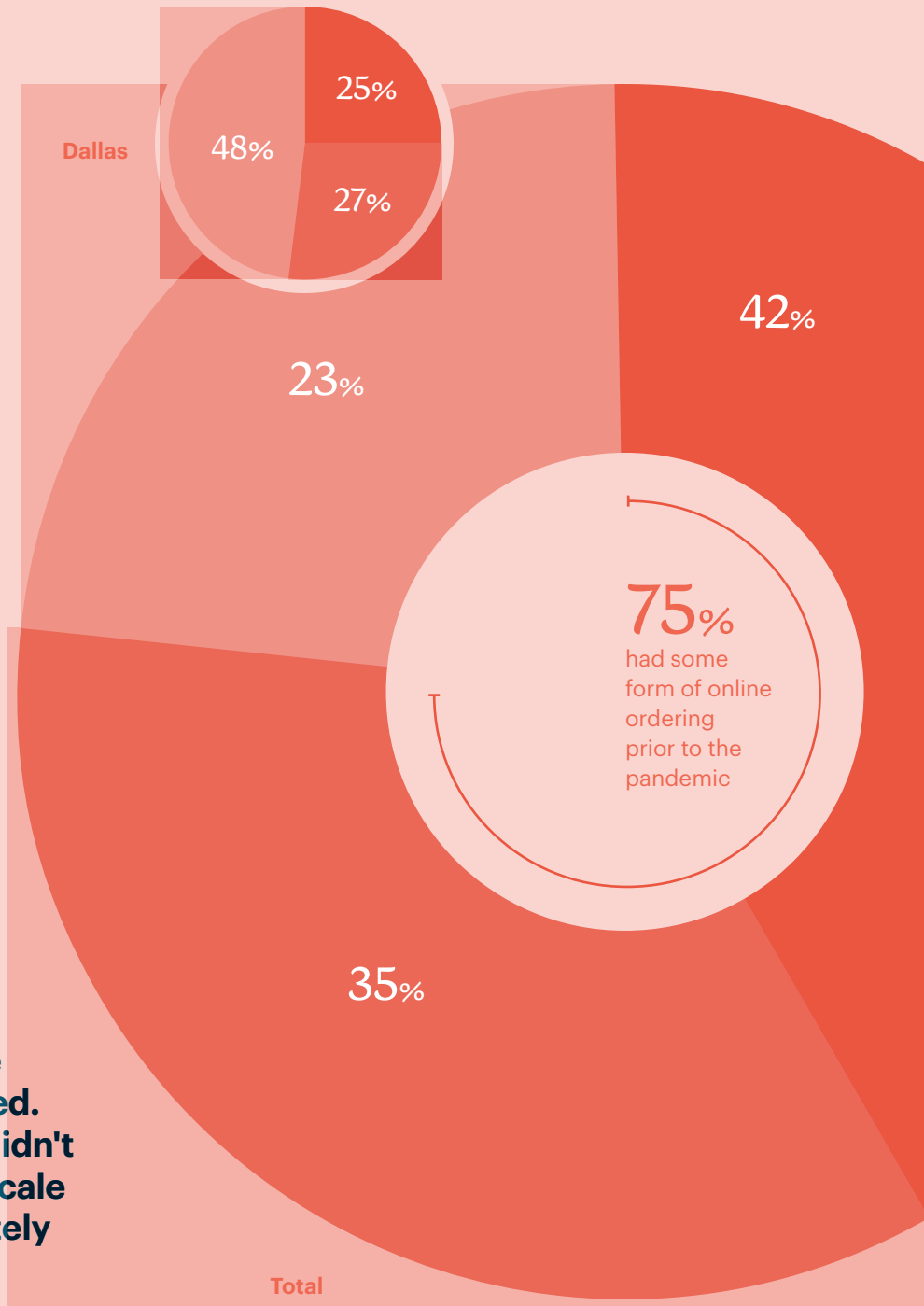


When Online Ordering Platforms Were Implemented

- Implemented all BEFORE the pandemic started
- Used some platforms before, but added new platforms during the pandemic
- Implemented all AFTER the pandemic started

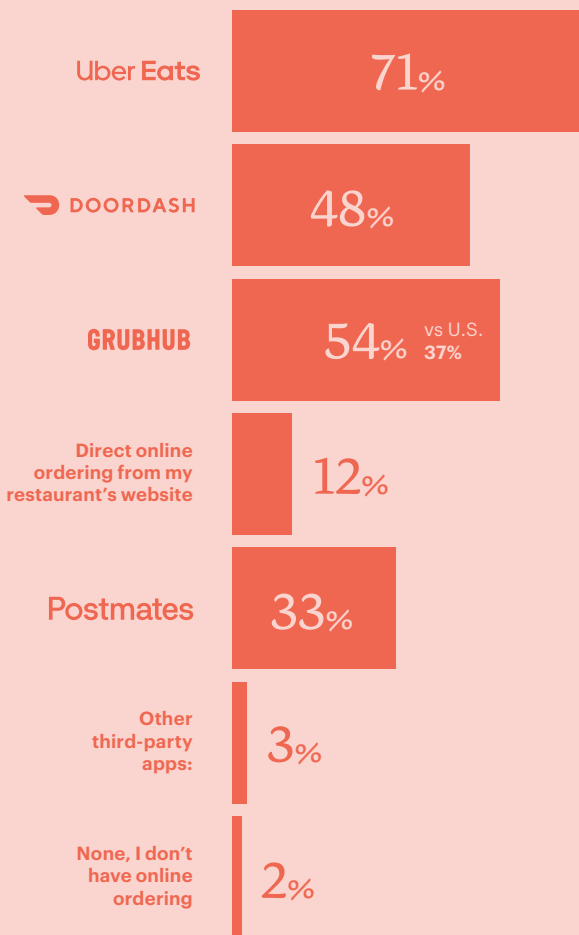
“It’s not that we didn’t know how to do takeout, delivery or curbside, but those were really a small portion of our business. The majority of our customers came in and sat down... had a drink or came in with their families. And then there was absolutely none of that. So we had to shift the technology from indoor dining, order taking, and checking out, to focusing more on how to do deliveries. Calls were exponentially greater than what we’d ever done before and takeout orders increased. So again, [it’s] not that we didn’t know how to do it, but the scale that it increased was definitely a challenge.”

(General Manager, Restaurant Group Family Style Restaurant, Dallas)



Of these online ordering platforms, Uber Eats is now the top choice for restaurants in Dallas with 71% using the third-party service. Grubhub also has a major share of the market in Dallas, with 54% of operators using the platform – significantly more than the national average.

Use of Online Ordering Platforms

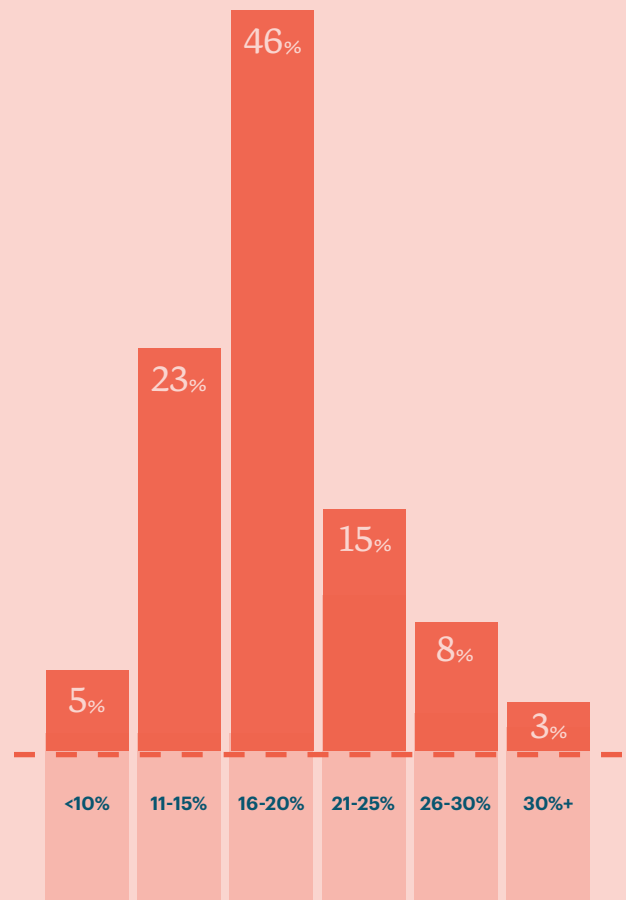


While third-party apps appear to dominate the Dallas restaurant space, a small number of operators have begun implementing direct online ordering solutions. The shift to direct online ordering may be partially due to the fact that operators in Dallas cited reliability – rather than popularity – as the number one feature they look for in an online ordering platform.

#1 thing Dallas operators look for in an online ordering platform: Reliability

Regardless of what platform they are using, restaurateurs in Dallas are beginning to see some success with online ordering. Nearly half (46%) of Dallas operators reported that they've seen a 16-20% increase in sales since they implemented online ordering. Moreover, a third (33%) of operators say that 21-30% of their business is now being done through these online ordering platforms.

Increase in Sales Since Implementing Online Ordering



“I would say that through our direct website, pre-COVID, we would probably do maybe 25%. And then after COVID, it shifted a little bit... it really shifted more towards the third-party – the DoorDashes, the Uber Eats. And then as time progressed, we ended up doing a lot more directly through our website, so it kind of flip-flopped. I think people for some reason got more comfortable actually ordering through our direct website. So it’s more of an equal split now.”

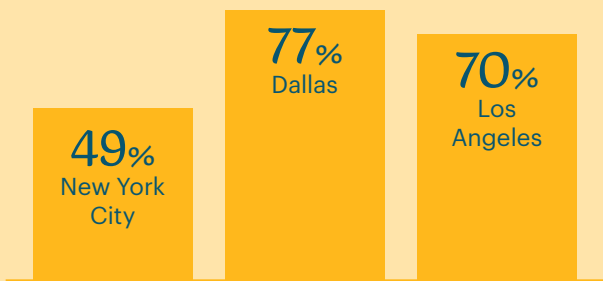
(General Manager, Restaurant Group
Family Style, Dallas)

Loyalty

While restaurants in Dallas may have been slower to adopt online ordering, this Texas city was ahead of the game when it came to loyalty programs.

An impressive 77% of restaurants in Dallas currently offer a loyalty program – more than in New York City and Los Angeles respectively. This figure is also well above the national average of 57%.

Use of Loyalty Programs Among Full Service Restaurants



And of the restaurants in Dallas that do offer a loyalty program, 60% of them have been using it for 3-4 years – well before the pandemic began. Another 31% implemented their loyalty program in the last 1-2 years.



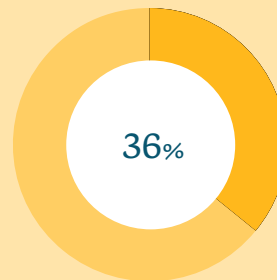
60% of restaurants in Dallas report having used a loyalty program for the last 3-4 years (vs. 41% in NY and 31% in LA)

“During the pandemic we kept [our] loyalty program up. I think that it was a lot of the connection between some of our long term customers. Of course, we're always trying to get new customers, but we do have a pretty decent amount of regular customers and they love it.”

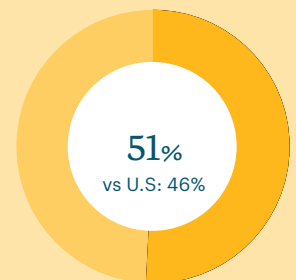
(General Manager, Restaurant Group Family Style, Dallas)

Dallas restaurateurs are also ahead of their peers when it comes to the use of loyalty apps. More than half (51%) of restaurants in Dallas with a loyalty program offer a mobile app option. In contrast, just 46% of restaurants across the U.S. report using mobile loyalty apps.

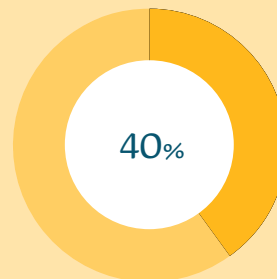
Types of Loyalty Programs Used



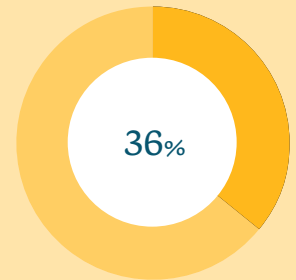
Subscription program



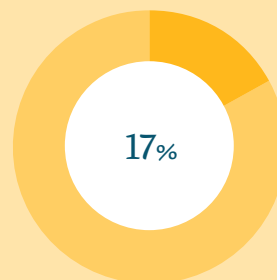
Loyalty apps
vs U.S: 46%



Digital loyalty program



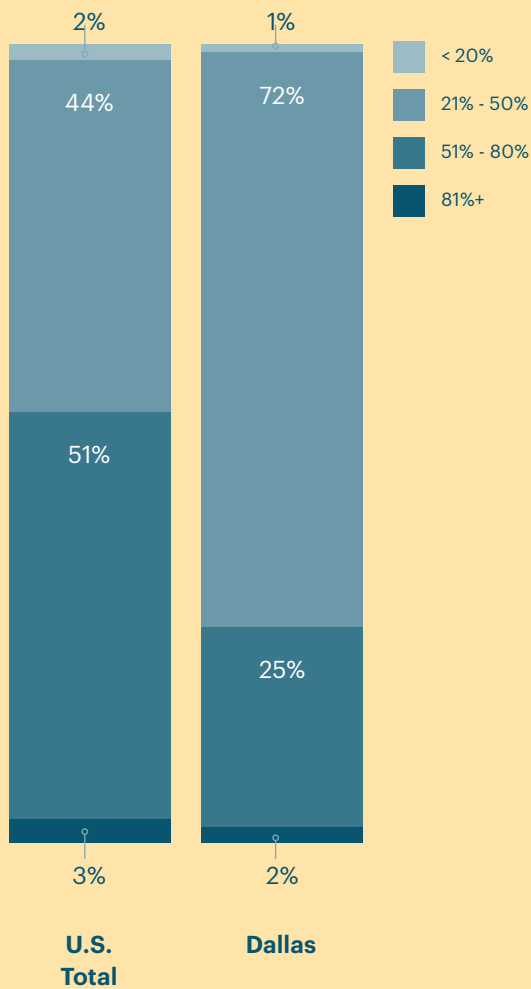
Physical loyalty cards



Punch cards

Despite the widespread use of loyalty programs in Dallas, engagement is somewhat mixed. On average, about 43% of Dallas restaurants report that their customers regularly engage with their loyalty program – below the national average of 51%. Nonetheless, restaurateurs in Dallas cite more frequent visits and larger orders are the biggest benefits of their loyalty programs.

Loyalty Program Engagement



Reservations

Mirroring a trend seen across the U.S., more traditional means of booking a reservation – including by phone or walk-in – remain the most popular way of booking a table in Dallas.

Across the U.S., the proportion of reservations made by phone and walk-in jumped from 57% in 2019 to 62% in 2021. In Dallas, this number is even higher, with 70% of reservations made by phone or walk-in.

Proportion of Reservations Made by Channel

Dallas: 51%	Phone
U.S.: 41%	

Dallas: 19%	Walk-in
U.S.: 21%	

Dallas: 12%	Google
U.S.: 13%	

Dallas: 12%	Restaurant website
U.S.: 14%	

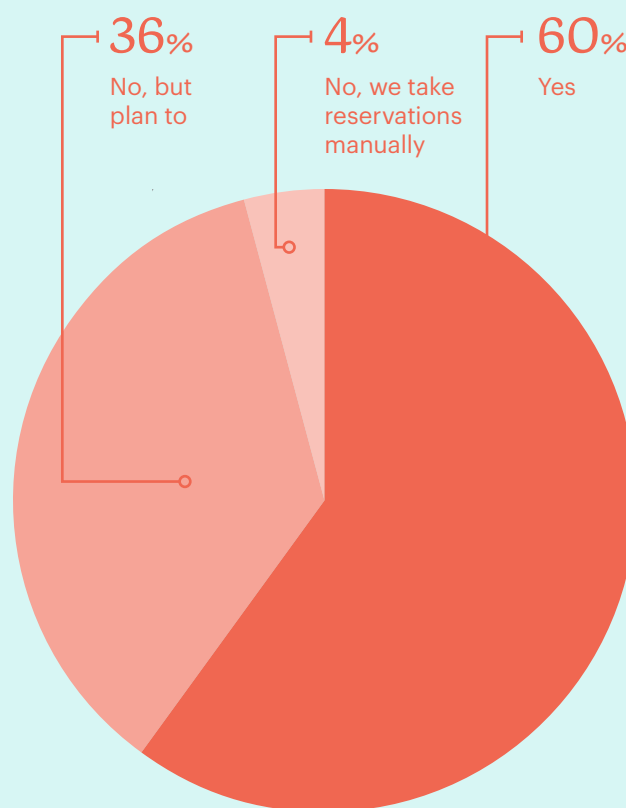
Dallas: 6%	Third-party platform
U.S.: 11%	

“They can do reservations right through our website, but reservations are not a huge part of our business. Mostly we get reservations for bigger bookings, bigger parties, or something like that, and they can definitely do that right through our system.”

(General Manager, Independent Family Style Restaurant, Dallas)

While diners in Dallas appear to be more comfortable using the phone to make reservations, it seems that operators do see the benefits of using a digital reservations platform. Of the restaurants in Dallas that do take reservations, 60% said they use a reservations platform and a further 36% said they planned to in the near future.

Use of Reservation Management Platforms



For operators in Dallas, the biggest benefit of reservations technology may be the ability to better manage last-minute bookings. In this Texas city, more than half (52%) of reservations are made less than three hours in advance – well above the national average of 39%.

52% Restaurants in Dallas are more likely to receive reservation bookings <3 hours ahead.

Conclusion

Based on our findings, it's clear that restaurants in Dallas have faced significant financial strain throughout the course of the pandemic. Unlike their counterparts in L.A. and NYC, significantly more restaurants in Dallas experienced a decrease in sales volume compared to pre-pandemic levels. This has clearly made a dent in profit margins with Dallas restaurants reporting an average profit margin of just 9%, trailing slightly behind the national average of 10%.

"I would say the loss of revenue and the loss of employees has been the most difficult because both were really hard hit... a lot of the people that we worked with had been with us for years. And you know, that's a hard situation personally. But from a business standpoint, there's also a loss of business overall."

(General Manager, Restaurant Group Family Style, Dallas)

While Dallas restaurant operators have taken a financial hit during the pandemic, efforts to cultivate customer loyalty may position them well for recovery. Not to mention, the recent wave of investment in online ordering platforms may help to recoup lost revenue from the past year with a significant percentage of Dallas restaurants already seeing a 16-20% uptick in online ordering sales volume.

It seems that embracing these sales and marketing channels has already begun to pay off, with 39% of Dallas operators reporting an increase in sales volume compared to pre-pandemic levels – a figure that suggests many Dallas restaurants are well-positioned for recovery in the year ahead.



“We learned that you can do great takeout; you can do great delivery. You can change and still do good. It can still work, but you have to be willing to accept that you have to be working through those trials and changes. There's always down before there are ups, and so we've learned that and we're getting back on track.”

(General Manager, Restaurant Group Family Style, Dallas)



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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