

The State
of Restaurants
in 2023

Houston Report

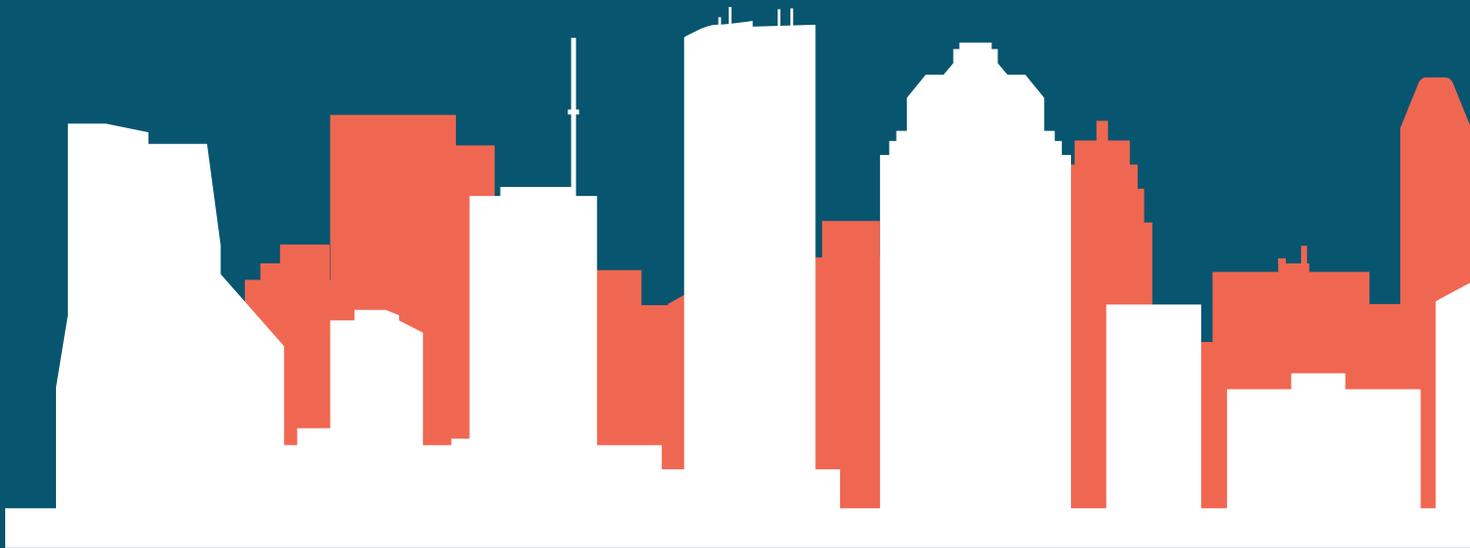


Table of Contents

3 Financial Health
& Staffing

12 Respondent
Profile

6 Menu Management
& Online Ordering

14 Methodology

9 Marketing
& Loyalty

15 About

10 POS &
Payments



Financial Health & Staffing

Slow, But Steady Recovery

Even a few years out from the worst of the pandemic, Houston's restaurateurs are still recovering from the impact of this monumental event. On average, operators in Houston say that sales volume has returned to 65% of pre-pandemic levels, which is about 10% behind the U.S. national average. This suggests that while restaurants in Houston are starting to recover, the process has been a bit slower here than in other cities.

The slower recovery may be partially due to rising food prices, which continue to eat into profits. In fact, more than half (56%) of operators in Houston said that food and inventory costs were their biggest sources of financial strain this past year. In an effort to combat these rising costs, 36% of operators in Houston reported finding new, less expensive suppliers.



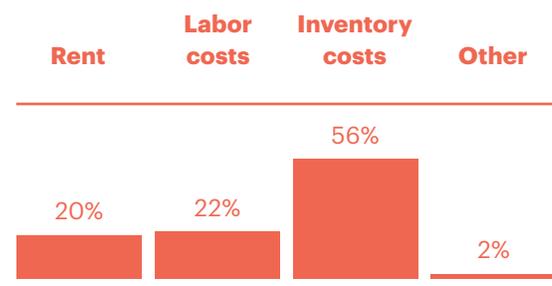
65%

mean degree sales volume has returned to pre-pandemic levels (-10% U.S. average)

“Food costs have been more of a financial strain than anything else. Everything is going up and it’s hard to get a hold of things because of the supply chain issues. Utilities are also a big one because we’re in a very, very hot climate.”

(Area Manager, Bar & Grill, Houston, Texas)

Greatest Causes of Financial Strain in Past 12 Months



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
Houston	31%	52%	42%	27%	22%	20%
Los Angeles	47%	41%	43%	45%	50%	34%
New York City	58%	39%	46%	43%	39%	29%
Chicago	56%	45%	56%	38%	34%	27%
Miami	38%	46%	32%	25%	31%	37%

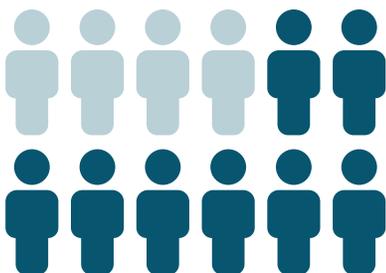
Promotions Take Priority

While operators in Houston focused on finding new suppliers to reduce costs, they took a unique approach to increasing revenue. A whopping 52% of operators in Houston said they had added new promotions or specials (like an extended happy hour) to boost revenue – more than in any other city.

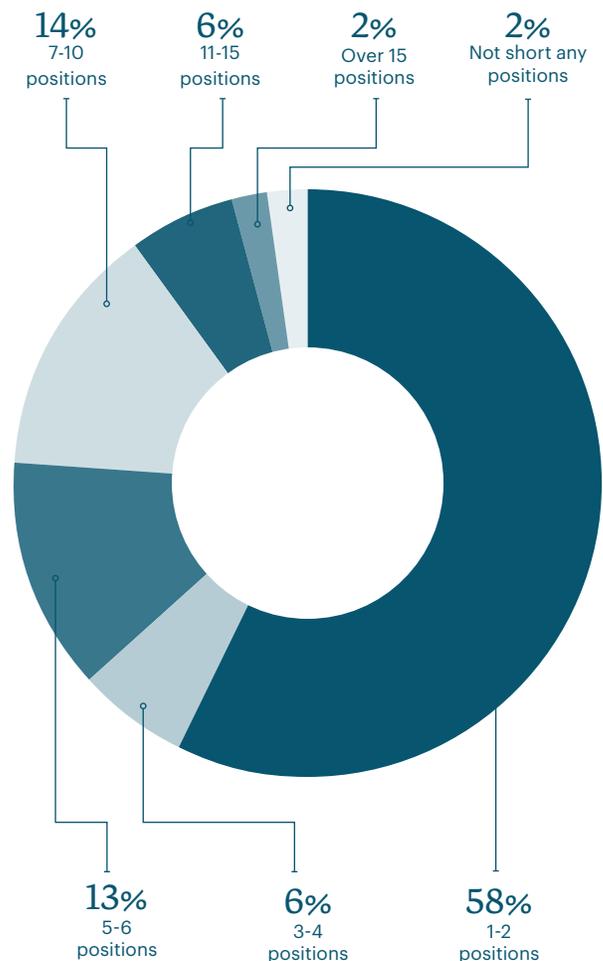
No One Spared from Staffing Shortages

Another major challenge facing operators in Houston is the ongoing staffing shortage. 98% of restaurateurs in the city reported that they were short at least one position. Bartenders appear to be the toughest role to fill, with 41% of operators in Houston saying they are short a bartender.

Average number of positions Houston restaurants are short: **4**



Number of Staff Shortages Houston Restaurants are Experiencing

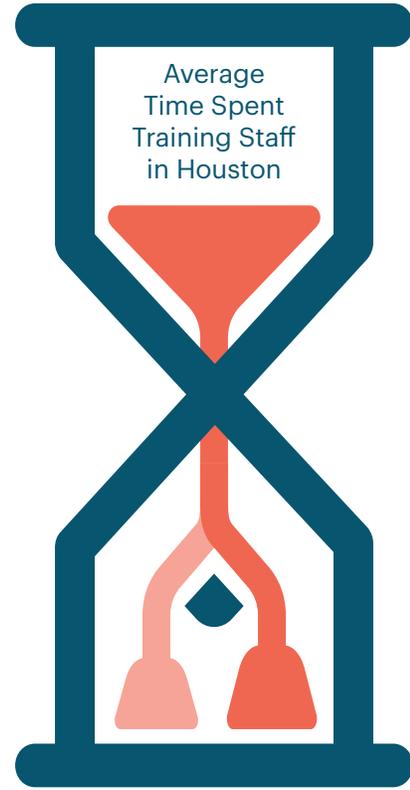


Staff Turnover Under Control

Though staff shortages are common in Houston, more than half (58%) of the city’s restaurateurs say they are only short one to two positions, a much less dire reality than in places like New York City. In part, the minor staffing shortages may be due to Houston’s relatively low staff turnover rate of just 24%, versus cities like Dallas, where the staff turnover rate is 35%.

Part of the reason for Houston’s lower turnover rate may also be due to the fact that 67% of Houston’s restaurateurs say they offer higher wages to stay competitive, which would reduce the appeal of staff moving from one restaurant to another to secure a better wage. It may also be a result of operators in Houston spending significantly more time on staff training than in other cities, which may set staff up better for a longer tenure.

Average Turnover Rate by City



Category	Time Spent	U.S. Average
Back of house	8hrs	vs. 6.9 U.S. average
Front of house	8.4hrs	vs. 7.3 U.S. average



Menu Management & Online Ordering



Food Costs Continue to Climb

Much like operators across the country, Houston's restaurateurs continue to face exorbitant food costs. 66% said their biggest inventory challenge has been rising food costs and inflation and, overall, operators in Houston report spending 41% more on food costs this year than the year prior.

How Much More Operators are Spending on Food on Average

43% U.S.

41% Houston



45% New York City



50% Los Angeles



32% Chicago



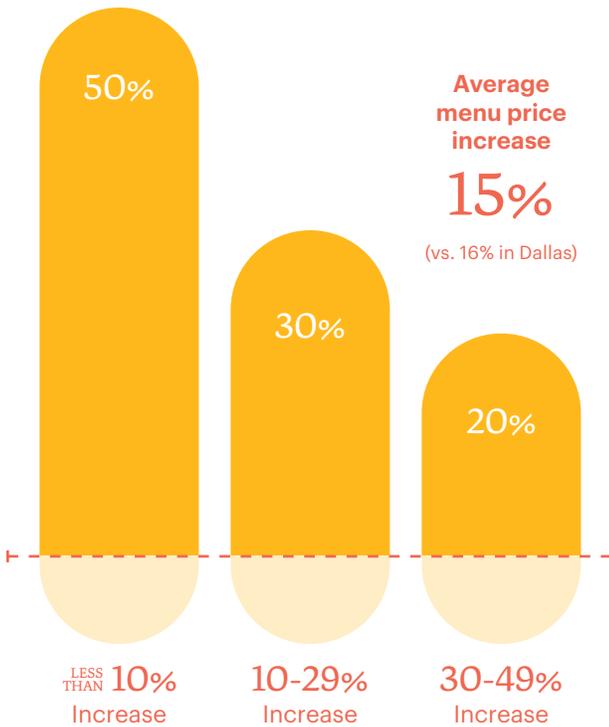
41% Miami



Menu Prices Hold Steady

Despite rapidly rising food costs, Houstonians have largely resisted raising menu prices. In fact, less than a third (31%) of operators in Houston said they raised menu prices in the last six months. In contrast, 53% of operators nationwide *did* increase their menu prices. Among the Houston restaurateurs who did opt to raise prices, 15% was the average menu price increase.

Menu Pricing Increases in Houston in the Past 6 Months



“We've obviously had to raise prices on the menu. We also went in and revamped it – we cut back on certain things and eliminated those that weren't selling.”

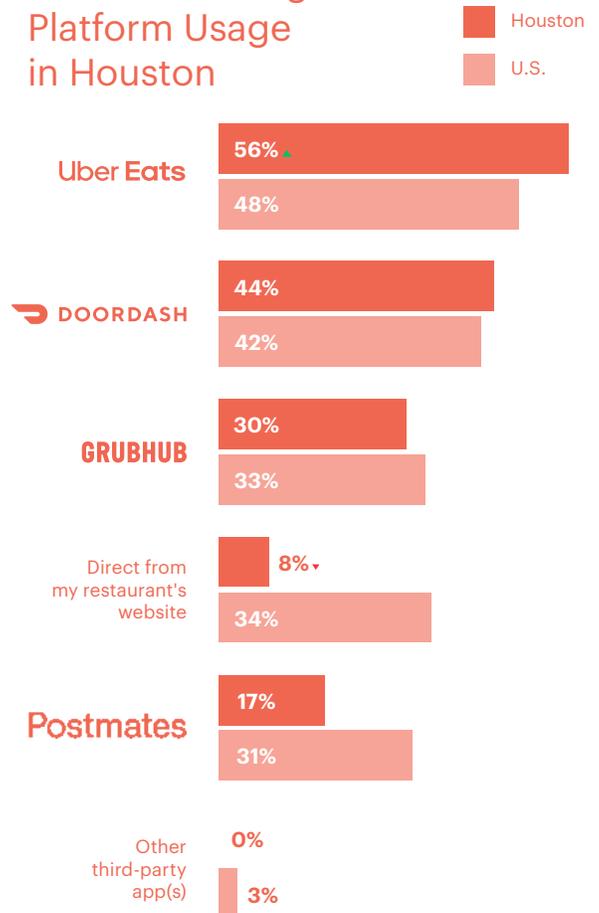
(Area Manager, Bar & Grill, Houston, Texas)

Third-Party Delivery Apps Remain Popular

Just like in other cities, virtually every single operator (98%) in Houston reported using at least one online ordering platform for takeout and delivery. And on average, most operators reported using two platforms. But what sets Houston apart from many other cities is the ongoing popularity of third-party food delivery apps. In cities like New York and Los Angeles, direct online ordering platforms have become the takeout and delivery solution of choice. But in Houston, 56% report using Uber Eats, while just 8% offer direct online ordering from their restaurant's website.

Regardless of which platforms they're using, Houston restaurateurs report doing a significant portion of their business through the platforms. On average, operators in Houston report doing about 20% of their business through online ordering platforms and seeing a 13% increase in sales.

Online Ordering Platform Usage in Houston



“We use pretty much all of the online ordering platforms. Before the pandemic, people would just come in and pick up an order to go – we didn't even do delivery. But now that it's become a huge thing, I'd say almost half of what we're selling is for delivery or to-go.”

(Area Manager, Bar & Grill, Houston, Texas)





Marketing & Loyalty

Loyalty Programs Prove Popular in Texas

Just like their peers in Dallas, 81% of Houston’s restaurateurs report offering a loyalty program. These programs are also popular among diners, with operators reporting that about 50% of their customers regularly engage with their reward programs. Of the loyalty programs offered, digital reward programs are the most popular.

Loyalty Program Usage and Engagement in Houston



Houstonians are Social Media Savvy

Not only is loyalty program usage high in Houston, but so is social media use. Houston restaurateurs report using social media significantly more than their peers across the U.S., with 80% of Houstonians using Twitter, 77% using Facebook, and 59% using Instagram. TikTok usage is also significantly higher in Houston, with 50% of the city’s operators reportedly using the platform, versus just 40% nationwide.

Despite widespread social media use, operators in Houston overwhelmingly said that SMS (texting) was their preferred way to keep in touch with customers.

“We’re on Facebook, Instagram, and Twitter. We had to hire somebody to manage it all.”

(Area Manager, Bar & Grill, Houston, Texas)

Social Media Platforms Used

By region	facebook	twitter	TikTok	Instagram	Snapchat
Houston	77%	80%	50%	59%	31%
Chicago	71%	57%	38%	49%	33%
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%

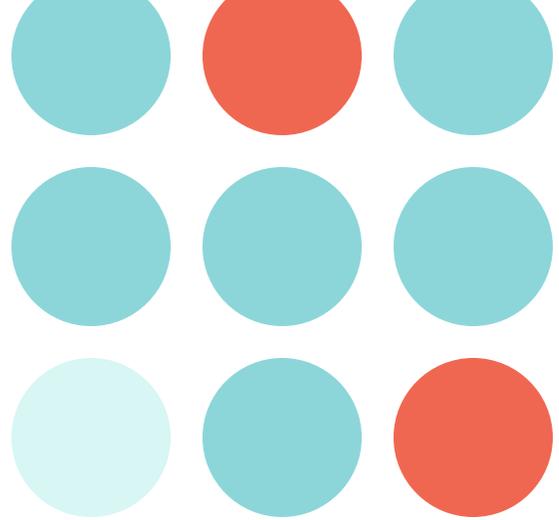
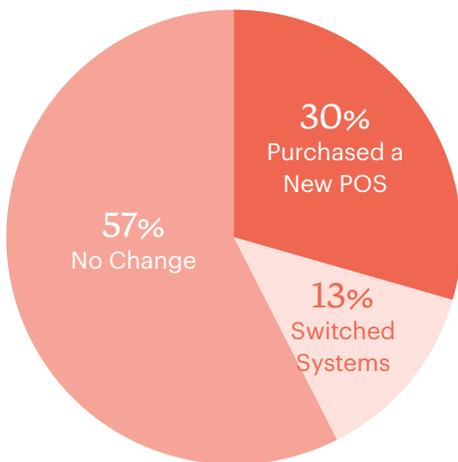
POS & Payments

Current POS Systems Stay Put

For restaurateurs across the U.S., “out with the old, in with the new” was the theme of 2022, with a whopping 76% reportedly changing their POS system. However, this was not the case in Houston. In Houston, just 43% of operators reported changing their POS system in the past year. Of those who made a change, 30% reported purchasing a new POS system, and 13% switched systems.

While not everyone was in a rush to implement a new POS, those who were in the market for a new system said that third-party software integrations, training/installation time, and reporting/analytics were the top three factors that influenced their decision.

POS System Change in the Past Year



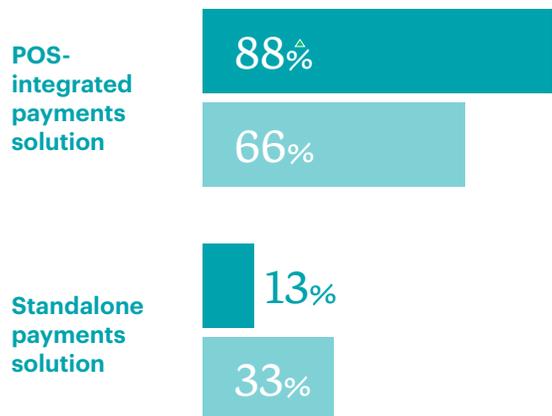
Integrated Payments are Preferred

Though a relatively small number of Houston restaurateurs purchased a new POS system this past year, many of them did add new payment processing solutions. In the past year, 92% added mobile pay and 84% added tap to pay. One payment processing solution that didn't prove quite as popular? QR code payments. Just 17% of operators in Houston reported implementing QR code payments.

Regardless of which payment type operators in Houston offer, one thing they all seem to agree on is a preference for POS-integrated payments. 88% reported using POS-integrated payments, versus just 12% who opt for a standalone payments solution.

Integrated Payment Solutions vs. Standalone

■ Houston
■ U.S.



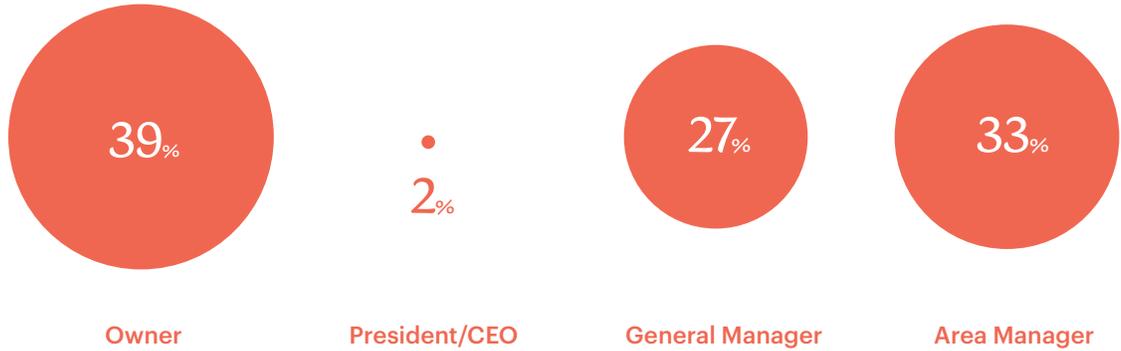
“We're doing a lot more contactless payments because of the pandemic. A lot of people like to use that and we get asked about it a lot when people call in. Sometimes, when people go to pay, they're reluctant for the wait staff to physically take their card and leave with it because there's a chance of fraud. With contactless payments, [the customer is] using their phone or holding the card themselves so it never leaves them. I think a lot of people are happy with that and it feels a little bit more secure.”

(Area Manager, Bar & Grill, Houston, Texas)



Respondent Profile

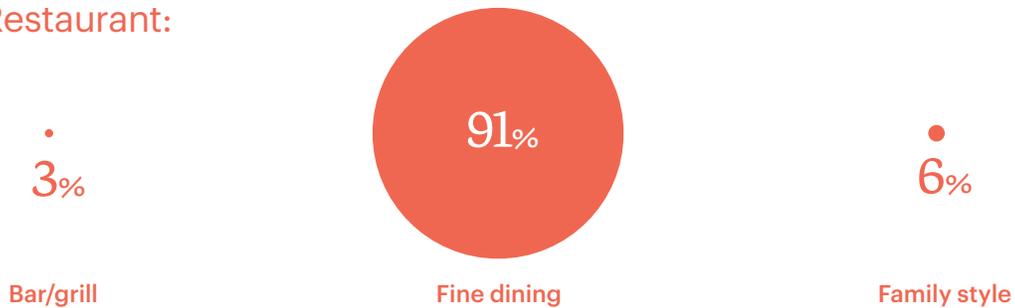
Current Role:



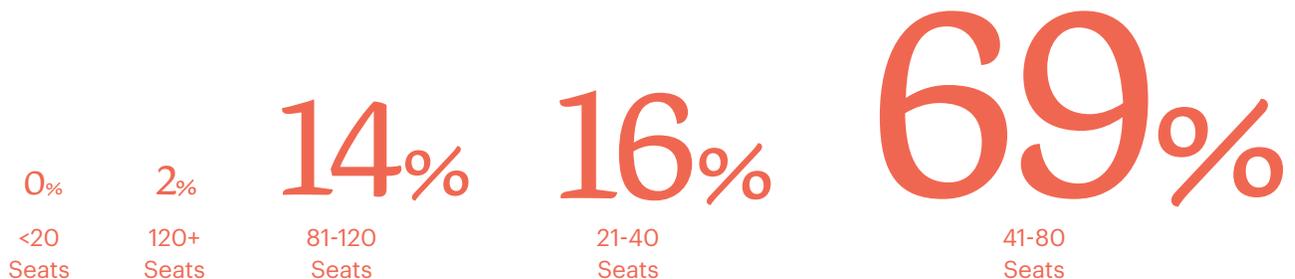
Years in the Industry:



Type of Restaurant:



Size of Restaurant:



Respondent Profile

Dining Options Offered:



Indoor dining/
dining room:
100%



Takeout/curbside
pickup:
98%



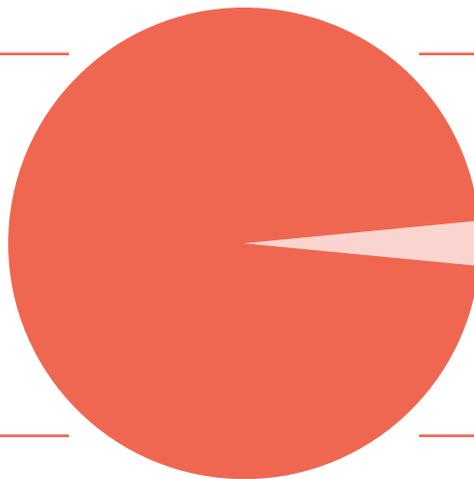
Outdoor
dining/patio:
98%



Delivery:
44%

Independent vs. Chain:

97% Independent



Part of a restaurant
group/chain **3%**

Number of Locations:

50%

2-3 locations

50%

4-5 locations

Annual Revenue:

58%

<\$1M

36%

\$1M-2M

6%

\$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.



