

2020 State of Independent Restaurants Report

Insights From Over 750 Independent
Restaurant Owners And Operators

Restaurant
OWNER.com

RESULTS
THRU STRATEGY

Survey Overview

2020 State of Independent Restaurants Report

RestaurantOwner.com and ResultsThruStrategy partnered to survey independent restaurant operators regarding their business operations and the various ways they have adapted their business during the 2020 COVID-19 pandemic.

Over 750 (798) operators responded to the 2020 State of Independent Restaurants Survey conducted in the second quarter of 2020. We carefully screened the responses to provide the most reliable and valid results and summaries.

This report summarizes results of that survey and is intended to provide an overview of the state of the independent restaurant industry amidst the pandemic, including operating status, financial health, personnel reductions, and new service types, menu modifications for off-site dining, or increased social media advertising.

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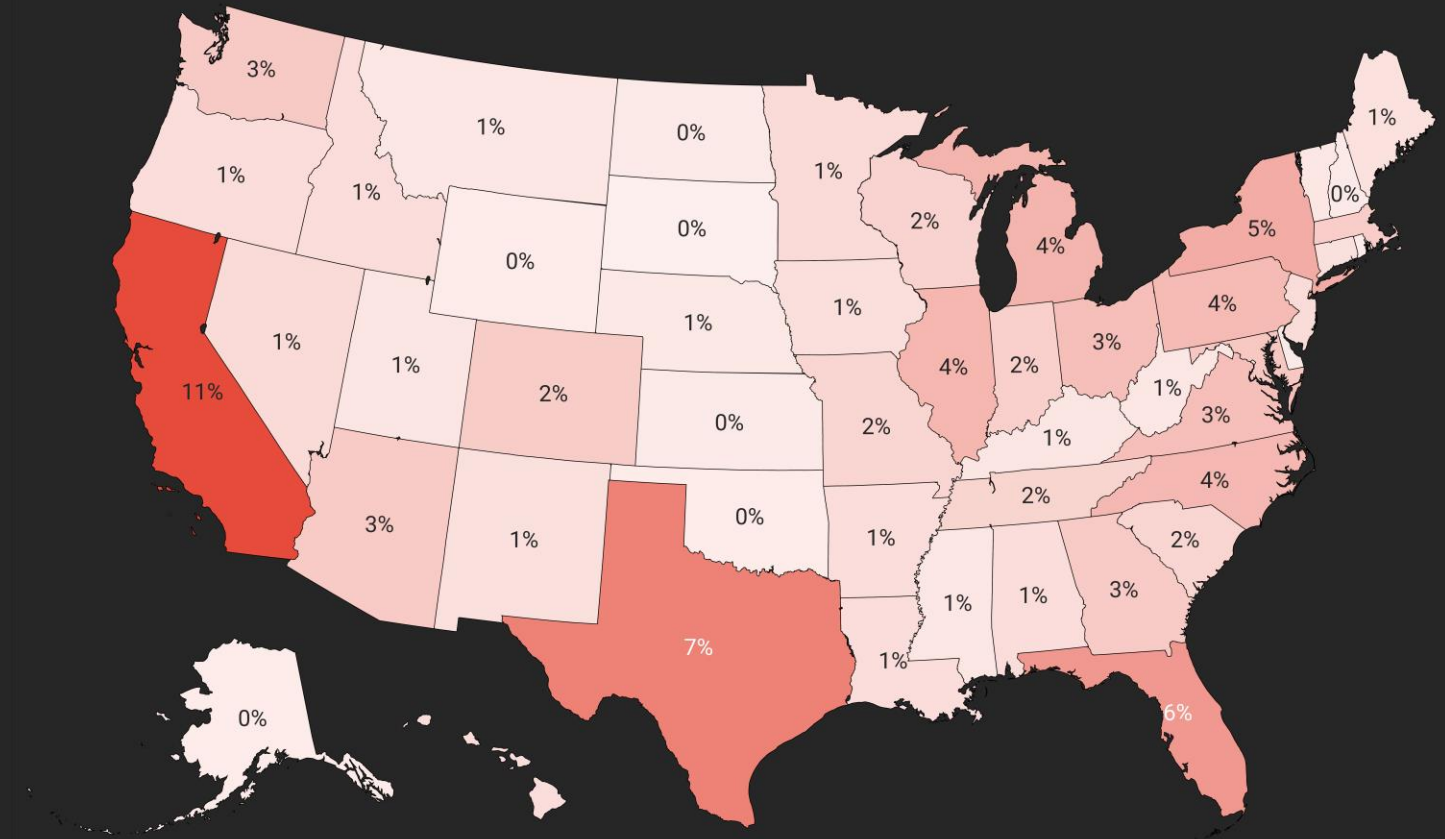
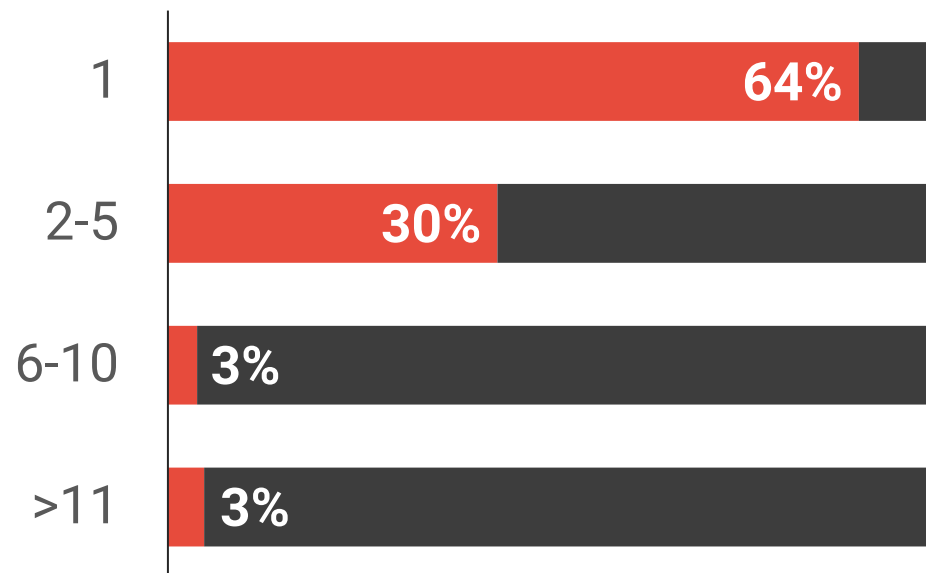
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Demographics

Number of Respondents

798

Units Owned or Operated



Urban

25%



Suburban

35%



Small Town

35%



Rural

5%

Operating Status

Only 7% of restaurants described their operations as “normal.” Most restaurants (91%) reported having modified their operations in some way. Restaurants that reported they were not operating normally varied substantially in what they were doing. Most (64%) reported operating with limitations on indoor seating, while 18% reported operating with no indoor seating. The remaining 9% reported that they have closed.

Normal Operations?

Yes

7%

No

91%

How Different?

64%

Limited operations with limited indoor seating

18%

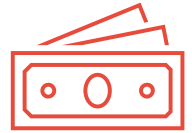
Limited operations with no indoor seating

9%

Closed

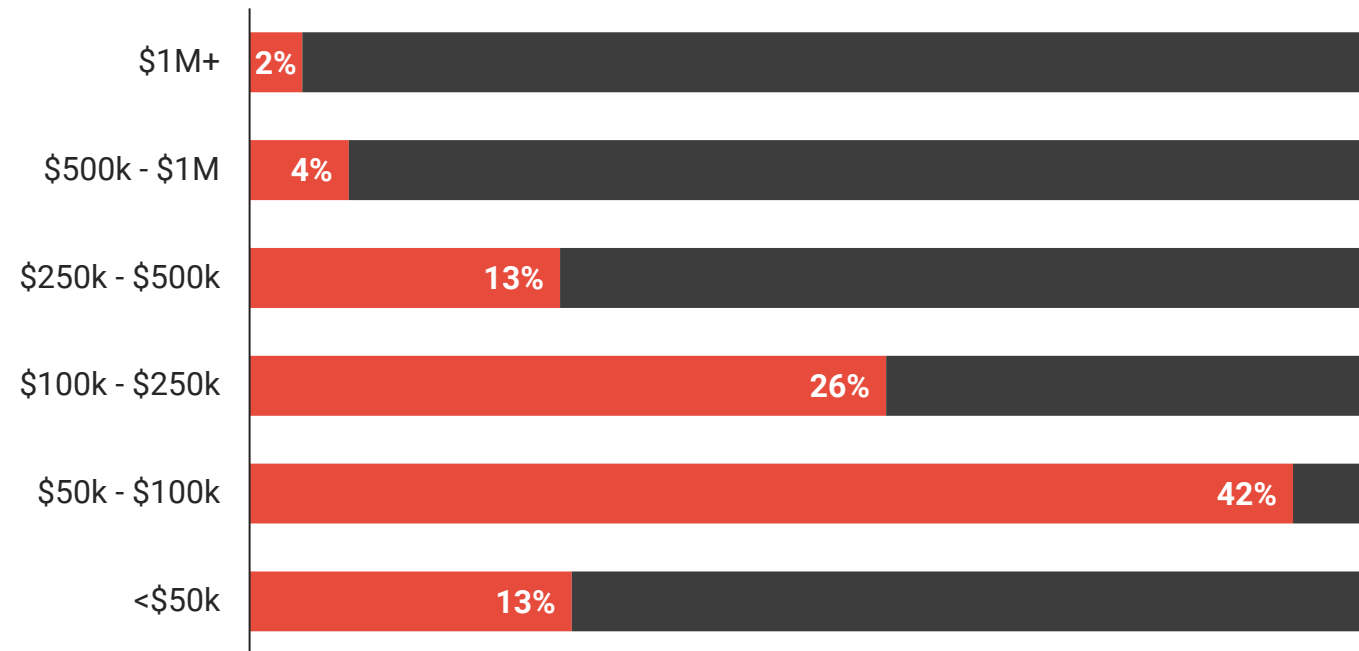
About 2% of respondents did not provide information about their operating status.

Financial Situation



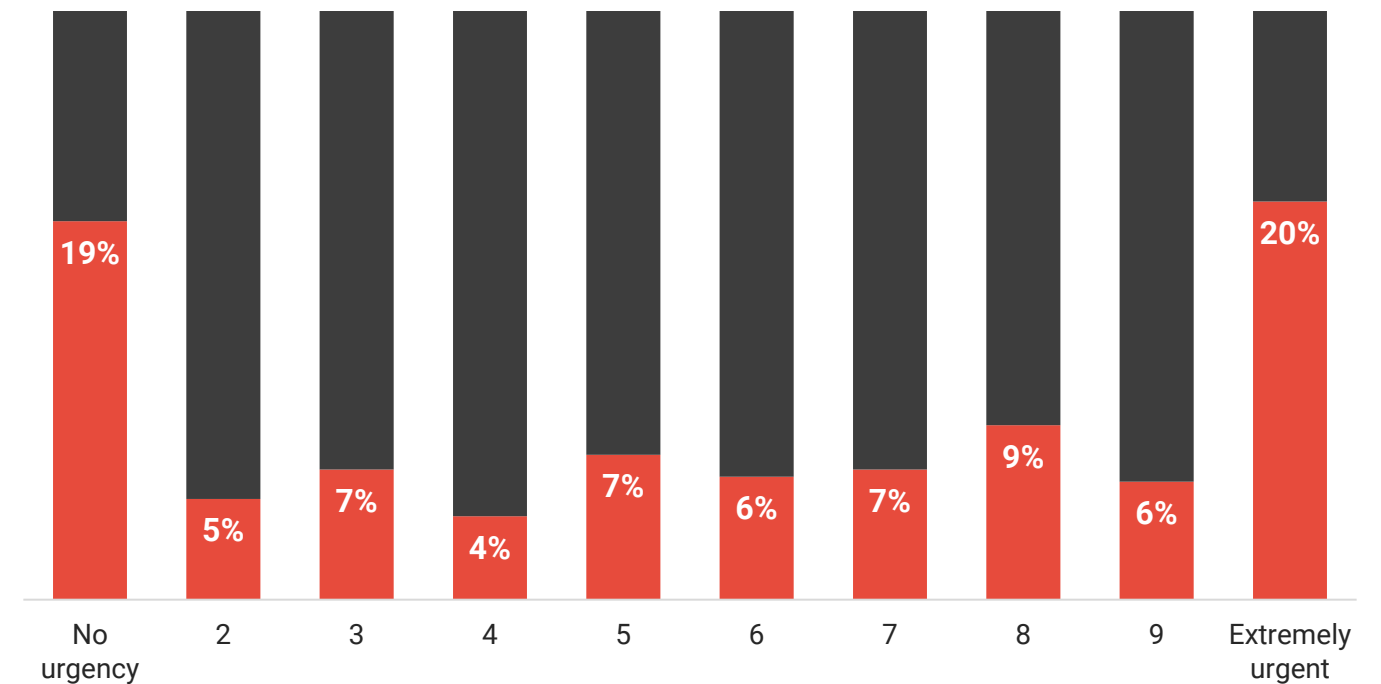
Financial Need

Between \$50k and \$100k was the most reported amount of financial need reported. More than half of respondents (55%) reported a financial need less than \$100k, and only 6% reported a need greater than \$500k.



Urgency of Need

Respondents reported their urgency of financial need on a scale from 1 to 10, where one indicated *no urgent need* and 10 an *extremely urgent need*. About 20% described their need as extremely urgent while another 19% reported no urgent need.

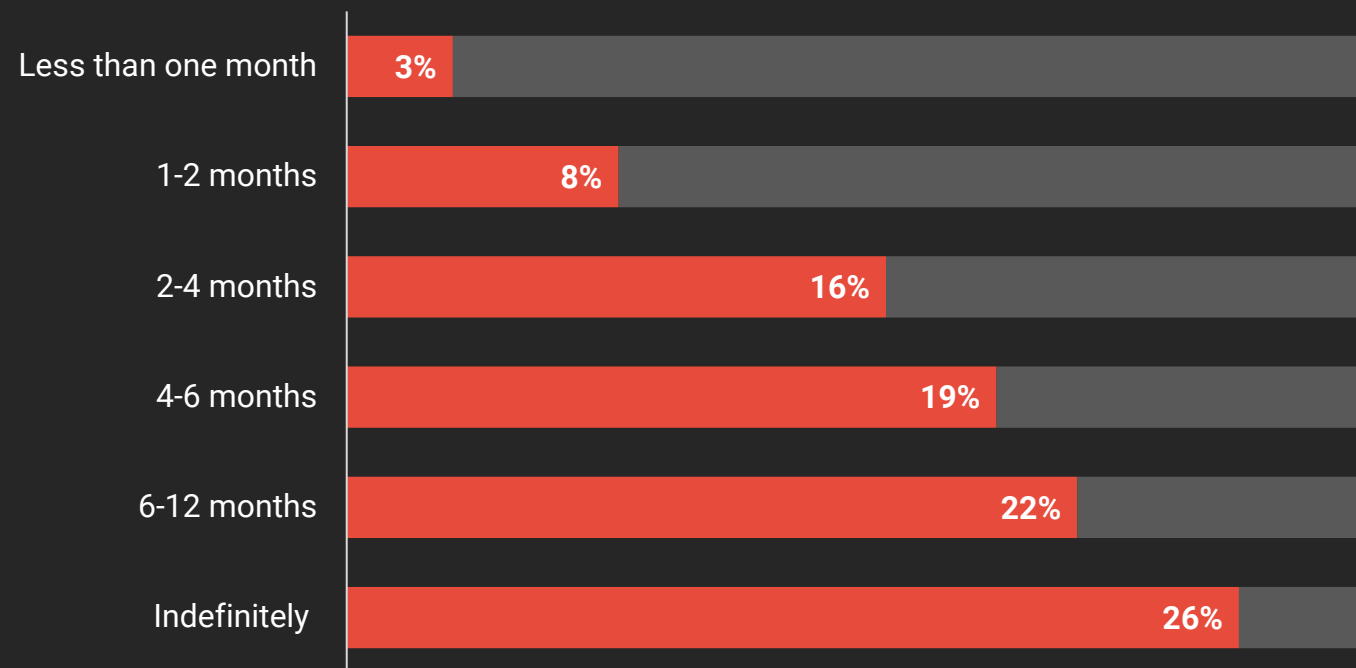


About 10% of respondents did not provide information about the urgency of their need.

Financial Assistance

Time to Remain Solvent

Respondents shared how long they could remain solvent and continue operating without financial assistance given the current operating business environment. Over 46% reported they could remain solvent for 6 months or less without further financial assistance.



About 6% of respondents did not provide information about their operating status.

Apply for Govt. Assistance

At the time of the survey, 77% of respondents had applied and received government assistance (mostly via a Payroll Protection Program loan), yet 20% of respondents reported their financial need as extremely urgent. About 7% reported planning to apply or were in the process of applying.

Yes

No

84%

7%

About 9% of respondents did not provide information about applying for govt. assistance.

Sales

Only 10% of restaurants reported sales equal to or better than last year. Over 82% of restaurants reported sales down, and alarmingly, more than 35% reported a decline in sales greater than 50%.

Sales Compared to Last Year

10% Up

83% Down

About 7% of respondents did not provide information about their sales.

Up from or equal to last year

10%

Down 1-10%

6%

Down 11-20%

9%

Down 21-50%

33%

Down 51-80%

22%

Down 81% or more

13%

Personnel

Many factors influenced the decision to lay off personnel, including legal restrictions, the unknown length of restrictions, PPP loan forgiveness requirements, and others. Ultimately, many of these factors affect sales. If sales are significantly reduced, payroll expenses must be significantly reduced. Fewer than 17% of restaurants reported no layoffs or furloughs since March 2020. Nearly 30% of restaurants reported having furloughed 61% or more of their employees due to COVID-19.

Lay Offs or Furloughs?

NO

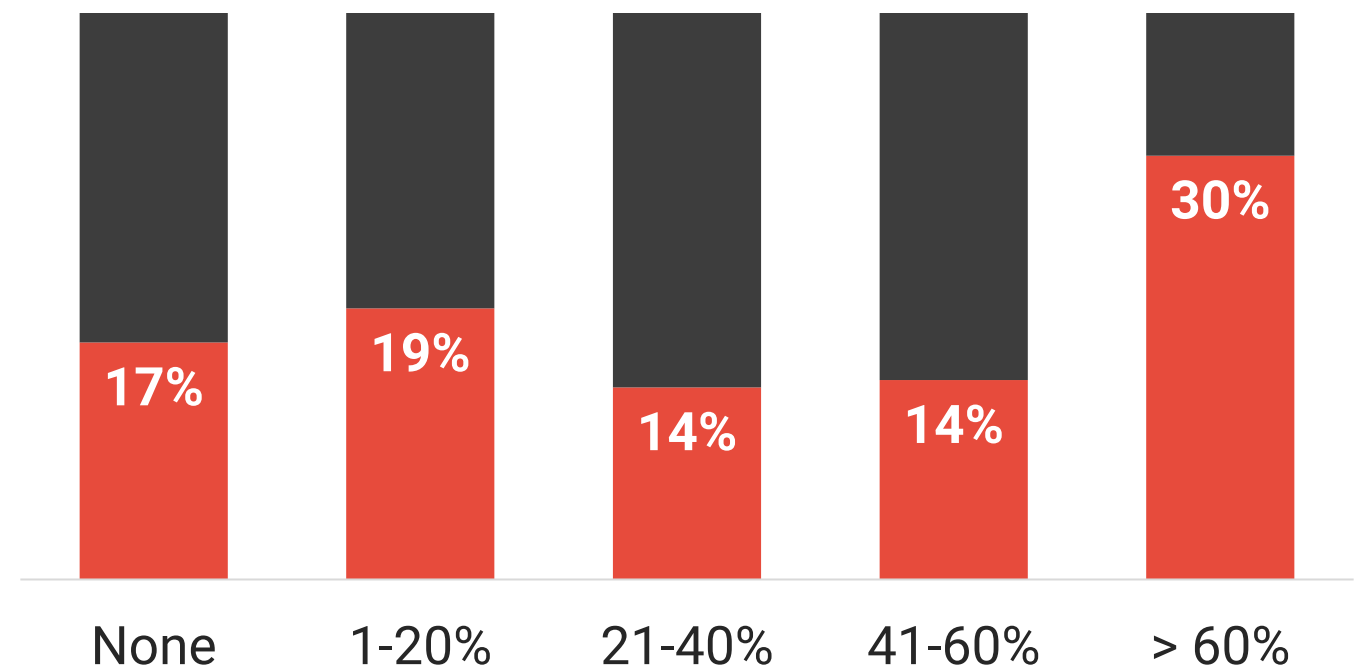
17%

Yes

77%

About 6% of respondents did not provide information about layoff or furloughs.

How many employees have you laid off or furloughed since March 1, 2020?



Restaurant Pivots

It is often said that businesses don't fail because of **changes** in the environment, they fail because they don't **adapt** to the environment.

There are many reasons why some restaurants will weather the COVID-19 pandemic better than others, but those that adapt will have the greatest chance of success.

Over 60% of restaurants had launched curbside programs and nearly 40% had launched or increased delivery. Despite these changes in service, only about 30% increased social ads for delivery or tailored their menus for off-site service.



Launched Curbside Service

62% Launched curbside ordering or pickup

38% Have NOT launched curbside ordering or pickup



Launched or Increased Delivery

37% Launched or significantly increased delivery

63% No significant change in delivery



Increased Social Ads for Delivery

31% Increased ads for delivery on social media

69% Have NOT increased social ads



Reduced Menu for Off-site

29% Created reduced menu for off-site

71% Unchanged menu

Curbside by Concept

Bar & Grill



Casual Dining



Fast Casual



Fine Dining



Polished Casual



QSR





Delivery by Concept

Bar & Grill



Casual Dining



Fast Casual



Fine Dining



Polished Casual



QSR



Reduced Menu by Concept

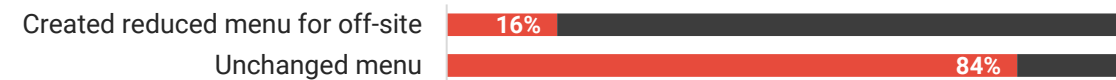
Bar & Grill



Casual Dining



Fast Casual



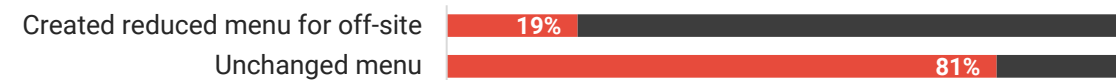
Fine Dining



Polished Casual



QSR



About Us

RestaurantOwner.com

RestaurantOwner.com is an online community that provides independent restaurant operators with insights, tools, and training resources to build a successful restaurant business.

With more than 61,000 members since 1998, RestaurantOwner.com serves a worldwide member base that operates in more than 176 countries.

ResultsThruStrategy

The ResultsThruStrategy team is a group of hospitality specialists, each with 25 to 45 years of real-world experience running businesses – in the trenches. We are CEOs, CPAs, CTOs, CCOs, analysts, chefs, strategists, planners, organizers, communicators, researchers, branders, trainers, marketers, and leadership builders.

It's not our job to make suggestions and wish you luck. We join your team, involve you in assessing your business and uncovering paths to improvement. From what we learn together, we help you devise and execute tactics to optimize every facet of your organization.



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