

# 2023 Industry Report



Chefs Look to 2024 with  
Renewed Optimism,  
Despite Fluctuating  
Fortunes in 2023

James Beard  
Foundation

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# The State of Business in 2023

The restaurant industry has made real progress this year:

it's the most stable it's been since 2019; diners are becoming more educated and engaged; and it continues to make great strides in creating more sustainable and equitable conditions for its staff. However, rising costs continue to impact both operations and the public's dining out frequency.

This restaurant landscape reflects the fluctuating fortunes that underscored the results of the 2023 James Beard Foundation Fall Industry Survey. The survey ran between October 23 and November 13, receiving 253 responses from chefs throughout the country. California, New York, and Texas were the states most represented, with responses spanning different restaurant categories, including fine dining, fine casual, casual, fast-casual/to go, breweries, and caterers, among others. Respondents collectively serve more than 14 million covers annually and have more than 3.2 million Instagram followers.



# Fluctuating Fortunes

Sixty-seven percent of respondents called 2023 a “good” or “average” year while 23 percent reported it being a “bad” or “terrible” year.

Fifty-one percent are tracking better or the same in relation to 2019 (pre-pandemic), while 31 percent are tracking worse. Thirty-seven percent stated that they have fewer customers in 2023 than in 2022, while 36 percent have more. Fifty-three percent show lower profits in 2023 compared to the previous year, while a quarter of respondents show higher profits. The disparities showed up among customer counts, too, with 36 percent having more customers in 2023 and 37 percent having fewer customers. But there’s a prevailing notion that distance from the pandemic positively impacted dining out frequency, a trend that one chef is hopeful will continue: “I think that 2023 was the first year without ‘restrictions’ in the industry, so that brought out more guests, especially during events and community gatherings. **I’m hopeful that 2024 brings about more encouragement to support local, small businesses and restaurants again.**”

## Success in 2023

How was 2023?



Good/average  
67%

Bad/terrible  
23%

2023 vs. 2019



2023 better  
51%

2023 worse  
31%

Profits  
2023 vs. 2019



Higher profits  
25%

Lower profits  
53%

Customers  
2023 vs. 2019



More customers  
36%

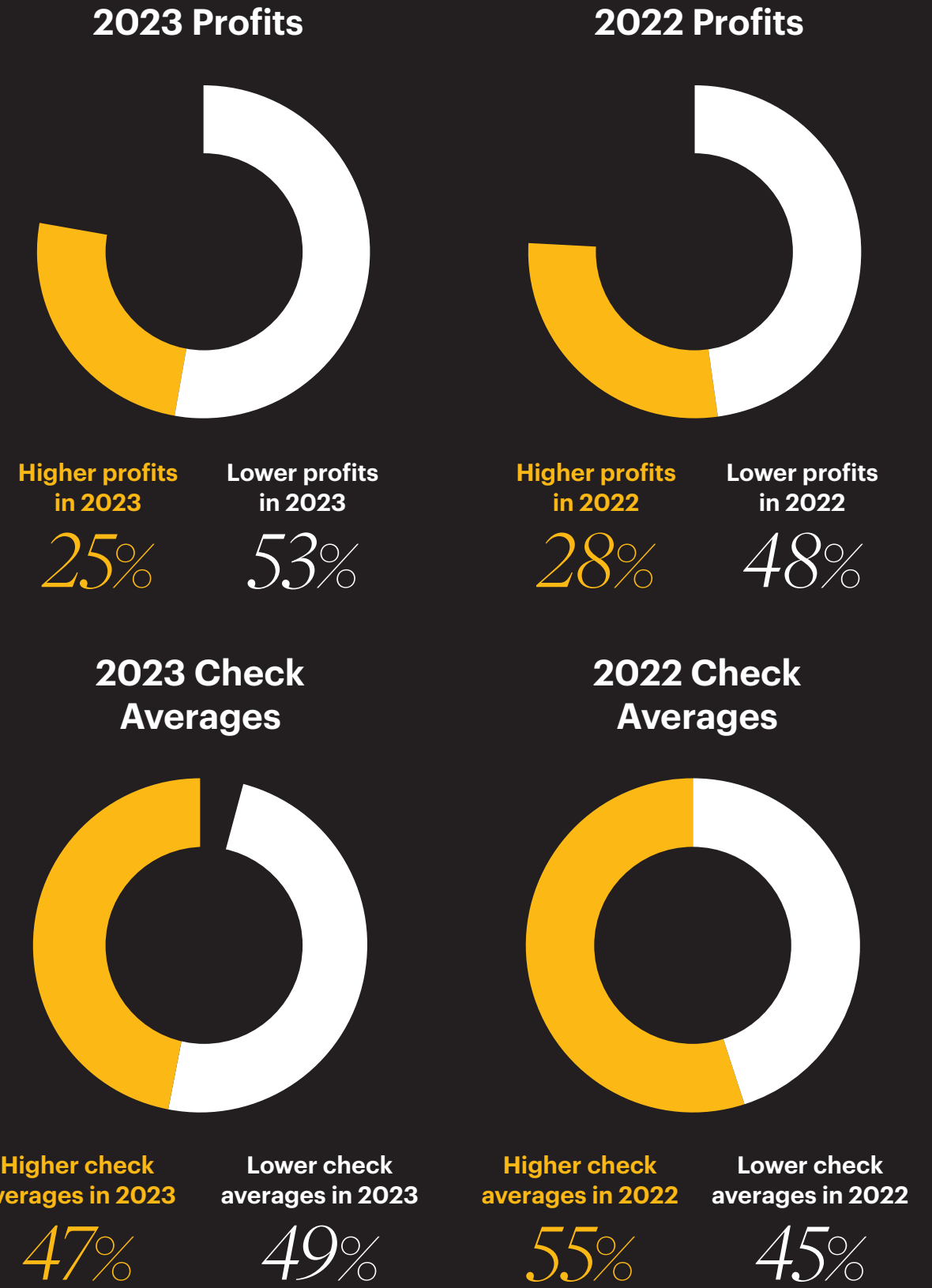
Fewer customers  
37%

# Continued Challenges Around Rising Food and Labor Costs

Although 47 percent of respondents reported higher check averages in 2023, rising food and labor costs indicate that already tight margins are getting tighter and profits are lower compared to 2022.

Even though diners are paying more, chefs are paid less. This has implications for the challenges that chefs anticipate facing in the year ahead, too. As one chef wrote in, this includes **“Retaining staff, dealing with outsider criticism over tipping, and lower cover counts due to inflation and people dining out less as an effort to mitigate their financial burdens.”**

## Rising Costs Impact Profit Margins



# Developing a Renewed Sense of Optimism for 2024

Despite continued staffing challenges and rising costs, many chefs are going into 2024 with a renewed sense of optimism and pride.

There is a prevailing feeling that as we move further away from the era of pandemic-related shutdowns, operational stability will be maintained. Simultaneously, ongoing initiatives in consumer education, aimed at enlightening diners about the realities of the restaurant industry and emphasizing the significance of employee well-being in ensuring overall business sustainability, will positively influence dining values and consumer behavior. With more diners understanding restaurants' cost of doing business and valuing the impact restaurants and its workers have in their community, there is hope that diners will continue to frequent establishments even as prices increase, particularly for those restaurants that are making a concerted effort toward improving staff welfare. One chef shared that persevering throughout 2023's challenges has reinforced their commitment to their restaurant and staff for the year ahead: "There is always a need for people in the food industry to contribute to culture, history, and community."



"There is always a need for people in the food industry to contribute to culture, history, and community."

# Findings



**Finding 1**

# Rising Costs Remains a Top Concern

Rising food costs remain the number-one concern for chefs nationwide as they head into next year, according to 49 percent of survey respondents, up from 44 percent in 2022. Other issues that affect day-to-day operations, including rising labor costs, rising non-food costs (utilities, packaging, furniture, etc.), and an inability to find staff—round out the top four concerns for 2024. Other concerns such as climate change, rising crime, strikes, and global events figured lower on the list, partly due to their episodic nature and variable geographic impact.

**Q:** What do you envision being the biggest challenge for the industry in 2024?

**A:** Higher rent, labor, food costs, and operating costs

## Chefs' Top Concerns Going into Next Year Compared to 2022



**Rising food costs**

49%

(up from 44% in 2022)

**Rising labor costs**

21%

(up from 16% in 2022)

**Can't find staff to hire**

13%

(down from 27% in 2022)

**Rising non-food costs**

8%

(same as 8% in 2022)

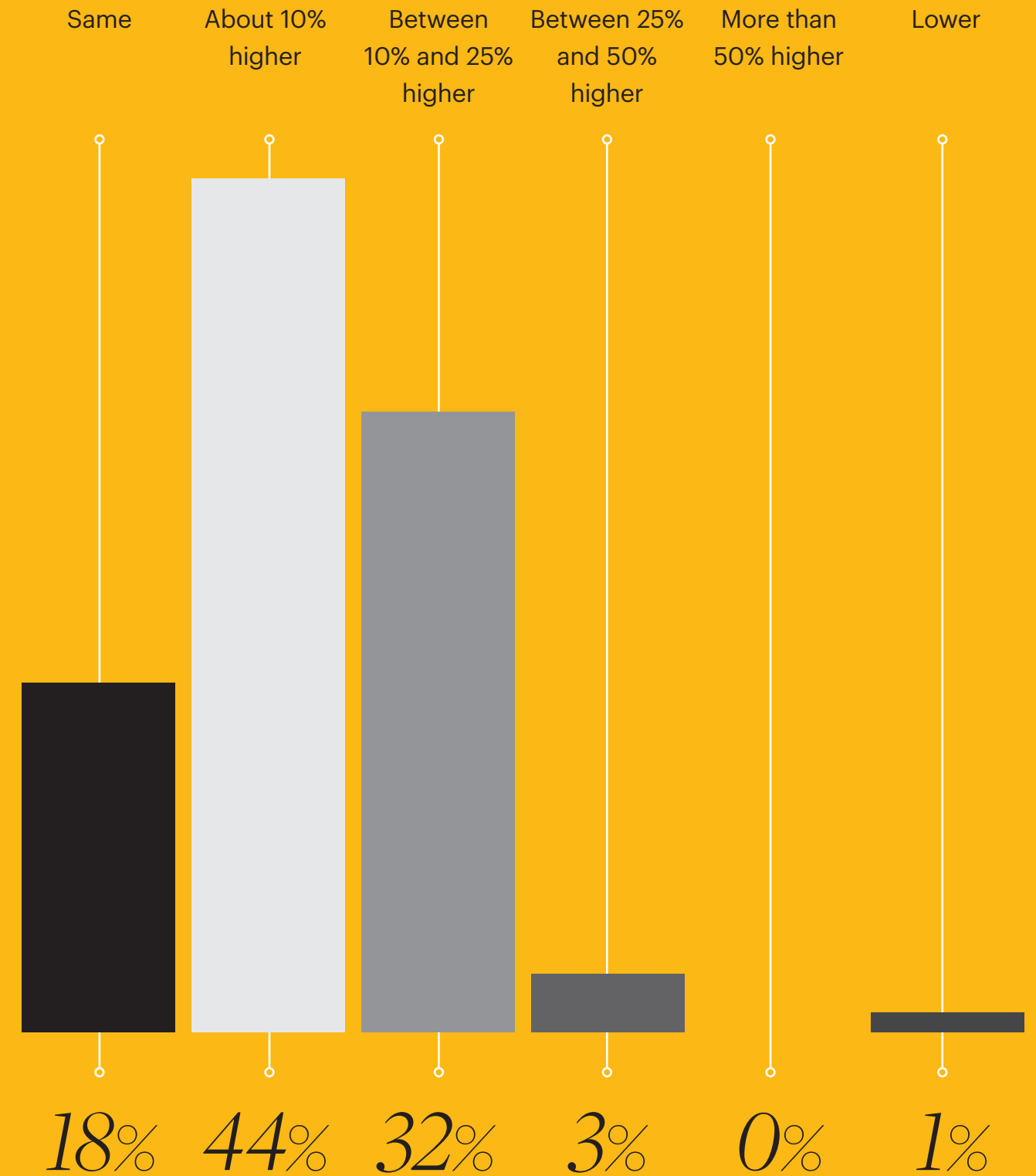


## Finding 2

# Increased Food and Labor Costs Significantly Impacted Menu Content and Pricing

Continued rising food and labor costs affected menu content and pricing for most of the independent restaurant owners surveyed, continuing 2022’s “higher prices, smaller menus” trend. Seventy-six percent of respondents reported menu prices that are, on average, 10 to 25 percent higher than in 2022.

2023 Average Menu Prices Compared to Fall 2022

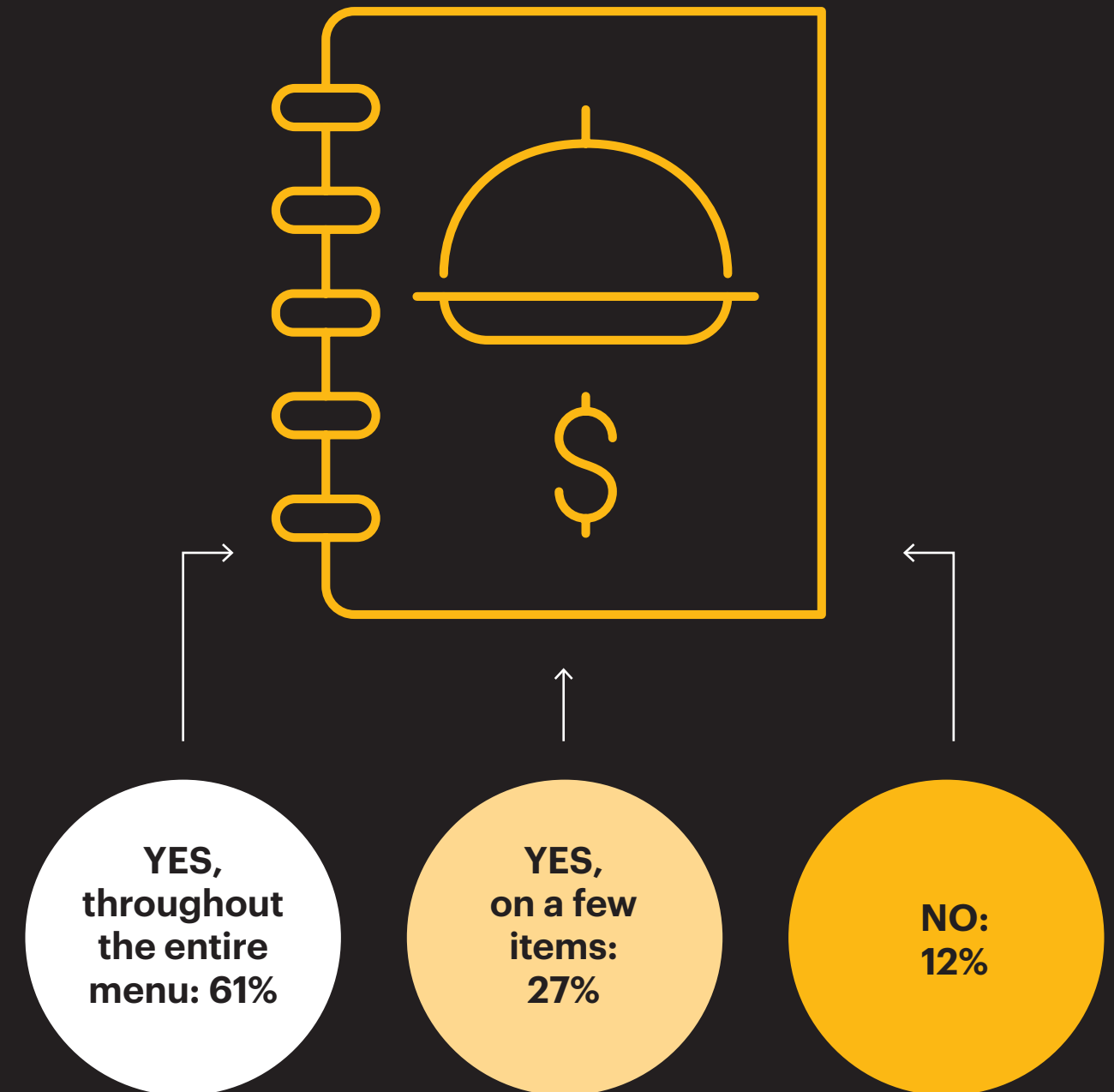


# The Majority of Restaurants Increased Menu Prices

In the last six months, **88 percent of respondents increased prices**, including **61 percent changing pricing throughout the entire menu**. Twenty-seven percent increased prices on a few items.

Although only 12 percent have not raised their prices, 16 percent of those respondents said they would raise prices in three months. The most frequently cited reasons chefs didn't increase prices included being afraid of losing customers (28 percent) or because they rely on volume of diners to make their numbers work (11 percent). One respondent wrote in that they didn't raise prices because "Everyone is having a hard time. I don't want to push that on my clients." Other reasons for not increasing prices were circumstantial. One chef said, "We opened one year ago and haven't needed to raise prices," while another wrote in saying, "We changed from a hospitality-included model to a tipped model and dropped our prices due to that."

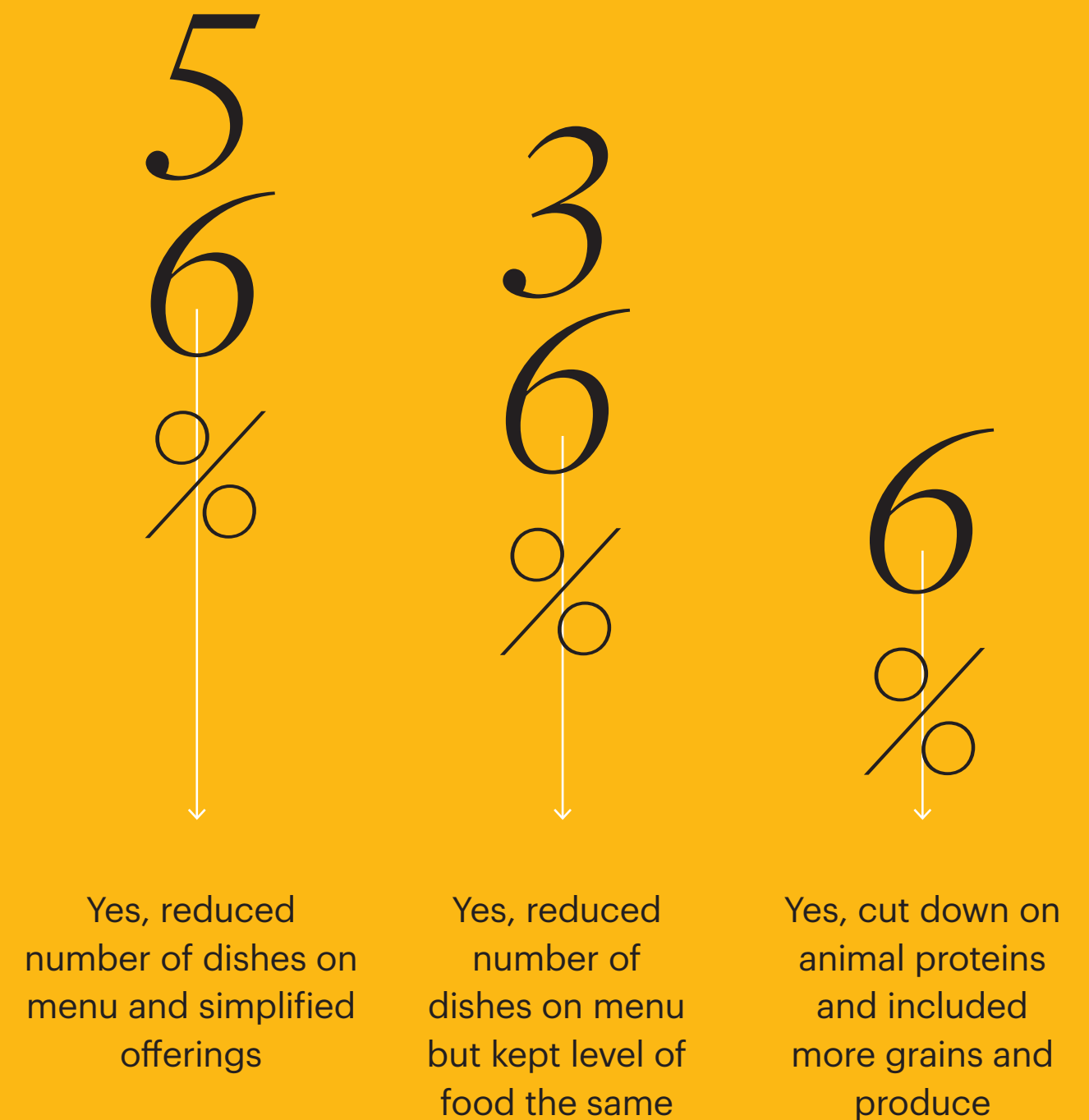
Have You Increased Your Prices  
In the Last Six Months?



# Menus Got Smaller Overall

**Seventy-seven percent of respondents made some type of change to their menus;** more than half reduced the number of dishes and simplified offerings, and more than one-third reduced the number of dishes but kept the level of food the same. Six percent cut down on animal proteins and included more grains and produce.

Of those who responded yes to “Have you made changes to your menu because of higher food and/or labor costs?”, this is 2023 breakdown:



# The Supply Chain Stabilized

Despite rising costs and continued supply chain issues, **chefs have not drastically changed their sourcing practices in 2023 and figures are in line with 2022's survey results.** Thirty-one percent of respondents continue to buy from a mix of local and national purveyors. Twenty-three percent of respondents switched to buying more from local sources, while 28 percent continue to buy mostly from local sources.

2023 Sourcing Practices Were Largely in Line with 2022's



**31%** continue to buy from a mix of local and national purveyors vs **35%** in 2022

**23%** switched to buying more from local sources in 2023 vs. **25%** in 2022

**28%** continue to buy mostly from local sources vs. **24%** in 2022

### Finding 3

# Staff and Impact on Business

Alongside rising labor costs, restaurant owners' need to attract or retain employees remained a dominant trend in 2023, impacting decisions around raising wages but not necessarily affecting operating hours.

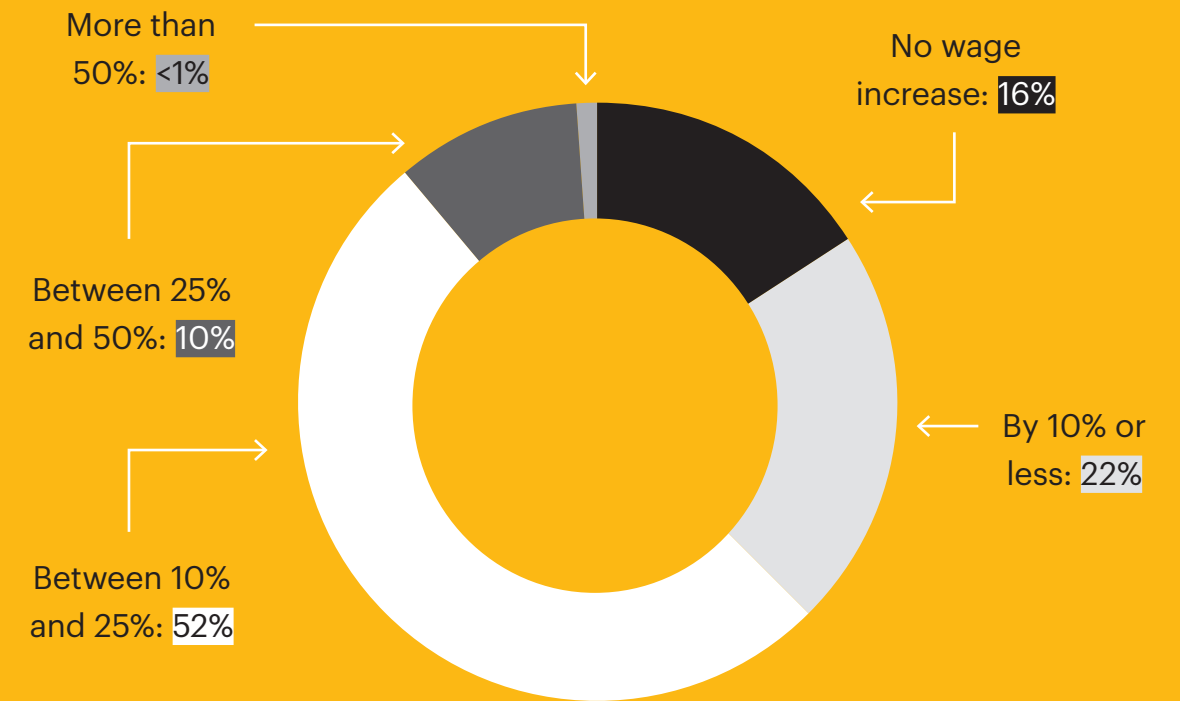


# A Strong Need to Increase Employee Wages

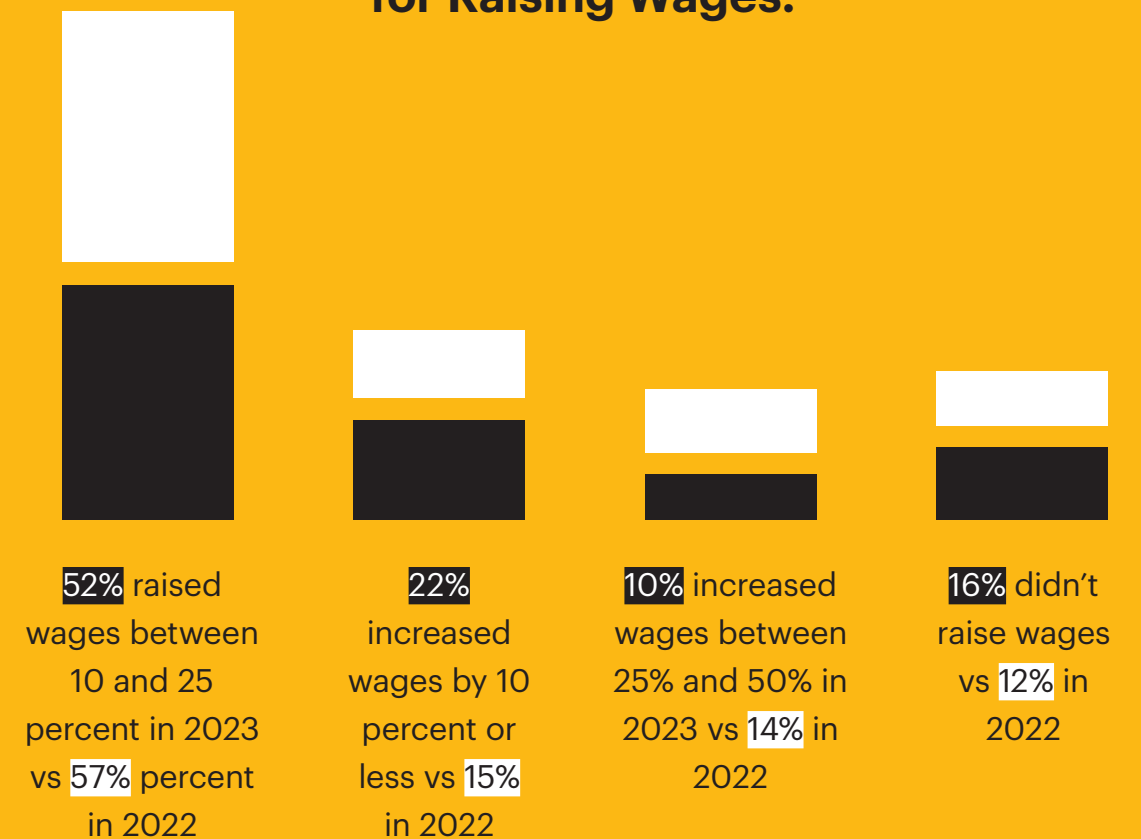
Besides “fighting over labor in a small labor pool,” as one chef put it, **the majority of respondents reported raising wages between 10 and 25 percent to attract or retain employees,** down slightly from 57 percent in 2022.

Twenty-two percent increased wages by 10 percent or less, up from 15 percent in 2022. Fewer operators reported increasing wages between 25 percent and 50 percent: 10 percent in 2023 as compared to 14 percent in 2022. Only 16 percent didn't have to raise wages, compared to 12 percent in 2022. When asked about what chefs envision being the biggest challenge for the industry in 2024, responses such as “being able to pay competitive wages and finding talented staff” was a common refrain.

## 2023 Survey Results: Changes to Wages



## 2023 vs. 2022 Comparison for Raising Wages:



# Hours of Operation Largely Unaffected

**The majority of respondents didn't cut down on hours of operations as a result of labor costs or staffing constraints**, which was in line with 2022's survey findings (58 percent in 2023 compared to 59 percent in 2022). In 2023, 20 percent closed an additional day, down from 25 percent closing in an extra day in 2022.

Thirteen percent selected "other" as their response to the question "Have you cut down on opening hours because of labor costs or staffing constraints?" This elicited open-ended responses that captured additional nuance around restaurants' hours of operation, such as "trimmed open and close hours" and "closing an hour earlier on Sun/Mon."



# 2024 Trend Forecasting

Despite ongoing challenges around rising food and labor costs, restaurant owners are largely going into 2024 with renewed optimism. Top reasons shared among the survey's open-ended responses include more distance from the pandemic shutdown, an increase in consumer education, a drive to create better working conditions and benefits for industry employees, and advocacy efforts.

On the flip side, restaurant operators' optimism is tempered by industry challenges, most notably surrounding increasing food and labor costs and economic inflation. This can lead to greater customer frustrations with menu prices and adversely impact their spending habits and dining out frequency, which has repercussions for restaurants' profits and employee wages.





# Making the Case for Optimism



# More Distance from the Pandemic Shutdown

Chefs noted considerable optimism around distance from the peak pandemic years, which has slowly but surely had a positive impact on operations.

As one chef put it, “Operating is slowly getting back to a pre-pandemic vibe. I’m enthused to focus on training and quality for 2024.” Another wrote in saying, “I think by 2024 we will have a second winter behind us post-pandemic. This will provide a more accurate consumer behavior pattern to forecast.” As restaurants exit the survival mode mentality that defined the peak pandemic years and operators are aiming to build back better, there’s a palpable sense of what one chef described as “rejuvenation of the culinary scene.”



# Consumer Education Will Continue to Shape Dining Values

Restaurant operators are optimistic that diners will continue to deepen their education and recognize the part they play in creating a more sustainable industry for restaurant workers.

One respondent expressed their hope for the year ahead, writing in that “more educated clientele will adapt to new and better changes to the dining experience.” If the dining public has a foundational understanding of the investment required to execute a meal service in a landscape with ever-rising costs, which includes labor costs, then the hope is that they are more likely to continue supporting independent restaurants who invest in their employees and are focused on creating sustainable and equitable workplaces. Another chef wrote in saying that “people are still really excited to be eating out—and seem to understand that prices have to increase.” Restaurants are a core part of consumer culture and chefs are hopeful that diners will continue to support independent restaurants and value the people who make their dining experiences possible.



“I see lots of positive change around customers willing to pay more for dining out. There has been more press and education around the expense and processes involved in what it takes to get food on a plate.”

# Renewed Intention to Focus on Employee Wages and Welfare

Great strides were made throughout the year toward more sustainable and equitable workplaces, leading to chefs to share observations such as “the values of the industry [are] shifting towards care and inclusivity” and “taking care of your employees is the expectation instead of the exception.”

After the pandemic brought to light many of the systemic issues facing the restaurant industry—mental health, employee welfare, equitable wages, and sustainable hours among them—many chefs feel reinvigorated to address these issues as they gain distance from the pandemic and hopefully exit survival mode in the year ahead. As one chef wrote in, “The conversation about changing our industry to more human-centric is happening so much more than it was just a year or two ago, especially in Dallas.” Figuring out how to create sustainable and equitable workplaces with an employee-centric approach seems to be top-of-mind for the chef community. “The realization from owners/management that the workers are and should be the top priority. I’m optimistic that continued wage increases will lead to more benefits for workers,” said one chef.



# Advocacy Work Remains Critical

Chefs' sense of optimism going into 2024 is buoyed in part by advocacy work, including "Advocacy help from organizations such as JBF," as one respondent wrote.

With economic recession and inflation still top concerns, advocacy work remains a critical focus in the year ahead. "The biggest challenge I envision is the new legislation that is coming out for small businesses that raises their operating costs. It pushes businesses to have to either accrue more debt with loans or consider closing," one chef said.

The James Beard Foundation is committed to its policy and advocacy agenda, which seeks to address critical issues in our food system—the escalating consequences of climate change, widening economic and racial disparities, unsustainable work environments, and more. This work is supported by investing in programs such as the Chef Bootcamp for Policy and Change, which celebrated its tenth anniversary in 2023 and remains dedicated to empowering culinary professionals to use their voices and expertise beyond their kitchens, as well as robust engagement opportunities for chefs around the country to advocate for issues reflected in the JBF Policy Agenda going forward.



**Q:** What makes you most optimistic for the industry in 2024?

**A:** Changemakers in the hospitality space that are fiercely advocating and promoting the needed changes in our industry.

# Expected Challenges



# Menus Got Smaller Overall

When asked what they anticipate being the biggest challenge for 2024, respondents spoke most frequently about continued **rising food and labor costs, staffing, inflation, and competition.**

One respondent wrote that “balancing food/labor costs against consumer expectations” would be their biggest challenge next year. Others echoed that sentiment with open-ended responses including “educating customers on why/how pricing works” and “the economy, rising costs and people not willing to pay for them.”

Without consumers’ willingness to support restaurants by paying prices that more accurately reflect rising operational costs, it makes it incredibly difficult for restaurant operators to make good on their desire to pay employees a living wage and offer benefits. One respondent shared that their biggest challenge for 2024 is “Being able to pay for rising health care premiums for our coworkers. **Already slim profit margins are becoming even smaller, which may put us in the financial position of not being able to properly take care of our coworkers.**”

## Biggest Challenges for 2024



Rising Food and Labor Costs



Staffing



Inflation



Competition

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**JBF Programs**

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