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Introduction

As the American restaurant Industry grows in revenue – and with more restaurants opening than closing – there are plenty of opportunities for existing and aspiring restaurateurs to find success.


We surveyed restaurant professionals across the nation and asked respondents if their restaurant’s profits increased, decreased, or stayed the same in 2017 compared to 2016.

To stand out from the pack of the nation’s one million other restaurants, the findings of the 2018 Restaurant Success Survey suggest restaurants should take a few steps to increase profit and avoid becoming a “no-growth” restaurant, or an establishment where profit stagnated or decreased in 2017 compared to 2016. Here are a few of the key findings:
Focus on Overcoming Internal Challenges First

Successful restaurants were more likely than no-growth restaurants to name optimizing efficiency and understanding metrics as key challenges, while no-growth restaurants were more likely to name attracting and retaining customers and tough competition as the biggest hurdles.

Restaurants can rarely control what their customers or competitors do, so focusing on overcoming these challenges could end up being a waste of time, money, and resources.

However, investing in new technology and developing procedures that improve speed, efficiency, and understanding of key performance metrics can make a restaurant much more successful.

Successful restaurants are more likely than less successful counterparts to utilize new, innovative technology like a text message customer database and a restaurant kiosk.

Although technology has its skeptics in the restaurant industry, finding areas to delight guests outside of the traditionally-perceived notion of hospitality and through the use of technology can be a key differentiator in overall restaurant success.
Adapt to the Changes in 2018’s Social Media and Marketing Landscape

While social media remains a leading choice for restaurant marketing, consumer preferences are shifting away from traditionally successful sites like Facebook and moving towards more visually appealing sites like Instagram.

Both newly-opened restaurants and restaurants that saw profit growth in 2017 are flocking to Instagram more than restaurants where profit dropped or stagnated in 2017.

This shift does not mean that posting on Instagram will automatically equate to profit growth for your restaurant. It does, however, suggest that restaurants that are continuously looking into trends in marketing and social media and promoting their business where their guests are may see higher profit and success.
Better Staffing Starts with You

The strong economy and growing number of restaurants have resulted in a hiring crisis for the hospitality industry. The findings of this report – along with industry experts – suggest that a proactive approach to hiring, a thorough onboarding plan, and consistent employee communication from the start are key to retaining high-performing staff members.

Restaurants that are less likely to offer imperative training materials like a manual, an employee handbook, or a formal check-in are also more likely to see their profit shrink or stay the same.

In addition, these restaurants are more likely to be faced with difficult decisions like scheduling employees for fewer hours each week or even laying team members off for financial reasons.

In the report, we’ll dive into the specifics of each of these findings to determine what makes a restaurant successful. Before we get to the findings, let’s take a closer look at the restaurant industry as it exists in 2018.
An Insider’s Outlook on the Restaurant Industry

Despite a clear increase in industry sales year-over-year, restaurant professionals are becoming less optimistic about industry growth.

In the 2017 Restaurant Success Report, 92% of restaurateurs were optimistic about their business’s sales next year, with 34% being very optimistic.

This year, optimism has dropped to 89%, with only 30% of respondents claiming to be very optimistic.

“Some [restaurants] are going to have a hard time if they continue to try to compete doing the same things they have been doing. Innovation and bringing fresh ideas to the table are key to staying out in front of your market. Having great food and service is not enough in 2018.”

Donald Burns, The Restaurant Coach

Perhaps the uptick in pessimism came from increased competition that resulted in mass closures for some of the world’s largest restaurant chains, making national headlines.

In 2018, Subway – which has the most restaurant locations in the country – will close 500 locations, while up to 80 Applebee’s and 40 IHOPs will also see their final days.

Given the high profile nature of these chains, it’s easy to see how this could be perceived as a warning sign for some restaurants.

However, these restaurants are all suffering fates that independent restaurants are not seeing in equal number. The casual dining chain bubble popped in the middle of the decade, resulting from an influx supply of these restaurant concepts and decreased traffic from fewer mall visits.

For independent restaurants and restaurant chains that achieved distinct differentiation from the competition, the future still looks bright as the industry grows in sales – so long as their operators take the proper steps to restaurant success and overcome the inevitable challenges.
The Biggest Challenges in 2018

Key Findings

- **Hiring, training, and retaining staff** remains the top challenge for restaurateurs in 2018.

- **Optimizing speed & efficiency** was the least selected challenge for success in 2017. This year, it is the fourth-biggest challenge.

- The biggest discrepancy between successful restaurants and no-growth restaurants was **attracting and retaining customers**.

- 27% of successful restaurants named it a top challenge

- 40% of no-growth restaurants said the same
From external forces like competition to internal factors like speed & efficiency, we asked restaurateurs for their top three challenges to success in 2018:

**59%** Hiring, Training, & Retaining Staff

**41%** High Operating/ Food Costs

**33%** Attracting & Retaining Customers

**19%** Optimizing Speed & Efficiency

**19%** Tough Competition

**17%** Laws & Government Restrictions

**17%** Understanding Metrics

When we factor restaurant profit into the findings, the split gets more intriguing, highlighting a potential call for fixing what lies within before focusing on fixing what may be out of one’s control.

**BIGGEST CHALLENGES TO RESTAURANT SUCCESS IN 2018**

<table>
<thead>
<tr>
<th>Challenge</th>
<th>Successful</th>
<th>No-Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hiring, Training, &amp; Retaining Staff</td>
<td>59%</td>
<td>63%</td>
</tr>
<tr>
<td>High Operating/ Food Costs</td>
<td>39%</td>
<td>47%</td>
</tr>
<tr>
<td>Attracting &amp; Retaining Customers</td>
<td>27%</td>
<td>40%</td>
</tr>
<tr>
<td>Optimizing Speed &amp; Efficiency</td>
<td>24%</td>
<td>14%</td>
</tr>
<tr>
<td>Tough Competition</td>
<td>17%</td>
<td>24%</td>
</tr>
<tr>
<td>Laws &amp; Government Restrictions</td>
<td>18%</td>
<td>19%</td>
</tr>
<tr>
<td>Understanding Metrics</td>
<td>16%</td>
<td>13%</td>
</tr>
</tbody>
</table>
Even when broken up into separate groups, successful and no-growth restaurants both name Hiring, High Operating Costs, and Customer Attraction/Retention their top three concerns. What’s noteworthy, however, is the discrepancy between the two groups in how frequently these answers were selected.

**TOP CHALLENGE**

**Successful Restaurants**
- Optimizing Speed & Efficiency: 24% vs. 14%
- Understanding Metrics: 16% vs. 13%

**No-Growth Restaurants**
- Attracting & Retaining Customers: 40% vs. 27%
- Tough Competition: 24% vs. 17%

These answers indicate a potential trend in business mentality that could draw the line between successful and no-growth restaurants.

Restaurants that prioritize internal challenges as focus areas were also more likely to report a profit increase than restaurants that identified external challenges as their main barriers.

After all, “challenge” is just another word for “area of opportunity.”

The only way one restaurant can make another restaurant less successful is by attracting more customers to their business. The only way that happens sustainably is by creating a more efficient, delightful experience for guests. Marketing may help bring in a new customer, but if the guest does not enjoy their experience, they probably won’t be back any time soon.

**Restaurants that constantly focus on improving their internal operations – rather than placing their efforts on external challenges – may be more likely to grow their profit on an annual basis.**

The following sections will address these common challenges to restaurant success, identify what owners are doing to overcome them, and explain how you can start to achieve success in your restaurant.
The nation’s unemployment rate at the time of this report’s writing is **sitting at 3.8%** – the lowest it has been since the sixties. Conversely, the number of Bachelor’s degrees issued has **continued to rise** year over year, with anywhere from 1.7 to 1.8 million awarded each year over the past ten years. With more restaurants to work in and fewer people willing or available to work in them, it has become increasingly difficult to source employees for any business, particularly restaurants. The workforce is becoming more educated, specialized, and selective when it comes to their fields. Ultimately, this has led to a shortage of workers willing to take less than full-time work for minimum wage.

**Key Findings**

- **47%** of restaurants have scheduled employees for fewer hours to offset high labor costs.
- **Successful restaurants are consistently more likely to invest in programs for new hires** – such as employee handbooks or a mentorship program – compared to no-growth restaurants.

**RESTAURANT STAFFING**

Combating Restaurant Turnover and Hiring Difficulties

**47%** of restaurants have scheduled employees for fewer hours to offset high labor costs.

Successful restaurants are consistently more likely to invest in programs for new hires – such as employee handbooks or a mentorship program – compared to no-growth restaurants.
TOUGH DECISIONS

How the Economy has Impacted Staffing

For the second year in a row, restaurant professionals named Hiring, Training, and Retaining Staff as their biggest challenge to success. With an industry turnover rate of 73% and an average cost of $5,864 to replace a worker, it’s clear this is not a minor issue for restaurant operators – this is a daily concern that restaurateurs must consistently be proactive about to stay in business.

As a result, restaurants have had to make some tough decisions.

- Raised menu prices to offset costs in the past 12 months: 56%
- Scheduled employees for fewer hours each week: 47%
- Halted their hiring efforts: 17%
- Laid employees off for financial reasons: 11%
- None of these: 25%

More than half of restaurants raised their menu prices to offset costs.

Prime cost – or the combined cost of food and labor – took a double hit at the beginning of 2018, as many parts of the country saw a rise in both minimum wage and food costs.

Average Cost to Replace a Restaurant Worker: $5,864

Industry Turnover Rate: 73%
There’s a distinguishable difference in how restaurants that grew their profit in 2017 handled staffing costs and problems versus those who did not grow.

RESTAURANT BUSINESS DECISIONS MADE IN THE LAST YEAR

<table>
<thead>
<tr>
<th>Decision</th>
<th>Successful</th>
<th>No-Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Raised menu prices to offset costs in the past 12 months</td>
<td>59%</td>
<td>64%</td>
</tr>
<tr>
<td>Scheduled employees for fewer hours each week</td>
<td>42%</td>
<td>58%</td>
</tr>
<tr>
<td>Halted their hiring efforts</td>
<td>16%</td>
<td>22%</td>
</tr>
<tr>
<td>Laid employees off for financial reasons</td>
<td>8%</td>
<td>18%</td>
</tr>
<tr>
<td>None of these</td>
<td>26%</td>
<td>15%</td>
</tr>
</tbody>
</table>

Successful and no-growth restaurants reacted differently to common business challenges.

No-growth restaurants have been more likely to lay off employees, schedule workers for fewer hours, raise menu costs, and halt hiring efforts.

Because the differences are so noticeable, it’s worthwhile to look at the proactive approaches these two groups of restaurants take on the topic of hiring and staffing. Comparatively, unsuccessful restaurants take much fewer proactive measures to onboard, train, and communicate with new hires.
STAFF ONBOARDING

Ensuring Clarity from Day One to Minimize Turnover

More than half of all restaurants offer an employee handbook, a training manual, and a shadow/mentor program to their new hires, while 48% offer formal orientation and safety training. Less popular is a formal check-in after a set period of employment for review, which only 28% of restaurants offer.

Clearly laying out benefits, expectations, advancement opportunities, and best practices can greatly influence a restaurant’s success.

The biggest divides lie outside of documentation and training materials. While there is a minor gap between usage of an employee handbook and a restaurant training manual (4% and 2%, respectively), there is an 8% gap between successful and no-growth restaurants when it comes to formal 30-day check-ins, and a 10% gap in the number of restaurants who offer a shadow or mentorship program. The majority of restaurants that did not report a growth in profit do not offer a mentorship program, while the majority of more successful restaurants do.

The key takeaway here: successful restaurants invest in structure, communication, and resources for their new hires.

RESTAURANT PROGRAMS OFFERED TO NEW HIRES

- **Employee Handbook**: 74% (Successful), 69% (No-Growth)
- **Training Manual**: 58% (Successful), 57% (No-Growth)
- **Shadow/Mentor Program**: 58% (Successful), 48% (No-Growth)
- **Formal Check-in After One Week/30 Days/etc.**: 32% (Successful), 24% (No-Growth)
- **Orientation Class or Session**: 51% (Successful), 44% (No-Growth)
- **Safety Training**: 52% (Successful), 46% (No-Growth)
- **None of These**: 8% (Successful), 7% (No-Growth)
“One of the most important yet critically overlooked aspects of new hire onboarding is continuous engagement. In fact, at 7shifts our own research found that the average tenure of a worker in the hospitality space is only 2 months.”

Jordan Boesh, CEO of employee scheduling software company 7shifts

Employees are the front line of defense in every restaurant. Those who lack the proper training or were hired hastily to fill a void are only contributing to higher turnover and lower profit. Investing in employees proactively can ensure your staff is well-equipped, trained, and educated to delight your guests and help your restaurant thrive.

Restaurant consultant Ryan Gromfin agrees:

“The issue is always going to be hiring. As the economy continues to grow, as jobs get better and better, less people are going to want to work in the restaurant industry.”

“This isn’t going to get better, so you have to get better. With a more efficient hiring, onboarding, and training system, your job is not to hire better than everyone else, but to get an employee from A to Z faster, cheaper, and more efficiently than everybody else.”

At this point, there’s hardly an excuse to not have these protocols set up for new hires, especially when there is a clear correlation between these programs and more likelihood of profit and success.
Three most common paid advertising methods for restaurants in 2018.
1. Social Media Ads
2. Charity/Event Sponsorship
3. Newspaper/Magazine Ads

33% more restaurants name Instagram their social media platform of choice compared to 2017, while Facebook’s popularity continues to decline.

While the majority of successful restaurants do pay for advertisements, they are still less likely than no-growth restaurants to do so.
Restaurant Advertising – While Still Popular – is on the Decline

A restaurant can manage their brand online for virtually no cost in 2018. Social media pages let you share out menu updates and announcements for free, while claiming your Google My Business page and responding to reviews also costs nothing. That said, \textit{88\% of restaurants still engage in paid marketing, advertising, and promotion}. Below are the most popular ways restaurants will pay to get the word out in 2018.

<table>
<thead>
<tr>
<th>Method</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social Media Ads</td>
<td>63%</td>
</tr>
<tr>
<td>Community/Event/Charity</td>
<td>51%</td>
</tr>
<tr>
<td>Newspaper/Magazine Ads</td>
<td>32%</td>
</tr>
<tr>
<td>Google/Search Engine Ads</td>
<td>26%</td>
</tr>
<tr>
<td>Public Relations</td>
<td>21%</td>
</tr>
<tr>
<td>Direct Mail Ads</td>
<td>20%</td>
</tr>
<tr>
<td>None of these</td>
<td>12%</td>
</tr>
<tr>
<td>Television Ads</td>
<td>8%</td>
</tr>
</tbody>
</table>

\textbf{PAID PROMOTION IS ACTUALLY ON THE DECLINE FOR RESTAURANTS.}

Compared to the 2017 Restaurant Success Report, every single answer – with the exception of “none of these” – was selected by fewer respondents, implying that restaurants are no longer inclined to spend as much or in as many places as they once did. In fact, the number of restaurants who answered “none of these” more than doubled to 12\% in 2018, compared to 5.6\% in 2017.

This decline in popularity of paid marketing methods – particularly older ones like magazines, newspapers, and television – seems to be a reflection of shifting generational behaviors.

\textbf{The places where restaurants would once advertise do not necessarily remain the most effective.}

- A report featured on Modern Restaurant Management highlights that for Generation Z respondents, \textit{“only eight percent...find out about new menu items from TV advertising.”}
- \textit{Daily newspaper circulation dropped} from 52 million in 2006 to 35 million in 2016.
- Quarterly \textit{magazine retail sales} has consistently dropped quarter-over-quarter since before 2014.

It’s clear that audience sizes are diminishing for older channels as people continue to migrate to the digital world.
SOCIAL MEDIA SHIFTS

Facebook Drops, Instagram Rises, and What it Means for Success

The dominance of digital marketing has led consumers and restaurants to flock towards social media, and while the vast majority of American adults are on these sites, it appears the social hike in popularity has peaked. The platform that took a big hit? Facebook. Usage declined from 67% to 62%, and “Among 12 to 34 year-olds, Facebook usage declined a staggering 15 percent in one year,” according to Convince & Convert.

For the restaurant industry, we’ve observed a similar decline in Facebook usage. When asked which social media site they use most often to market their restaurant, 69% of restaurants said Facebook, while 24% said Instagram. This marks a shift from 2017’s results, where 74% of restaurants named Facebook their social site of choice and just 18% said the same of Instagram.

When factoring in profits, no-growth restaurants were more likely to use Twitter (44% vs. 39%), whereas more successful restaurants were more likely to use Instagram (69% vs. 64%). Convince & Convert found that consumer usage of Instagram continues to rise, while Twitter usage is on the decline, so successful restaurants appear to be putting their social time in the right place.

In addition, restaurants that opened in 2017 or later are gravitating towards newer social media platforms – 78% of newly-opened restaurants are on Instagram, compared to 68% of all restaurants. New entrants are focusing more heavily on the photo-based site, likely to bring in younger visitors.

“As younger people age into the most desirable demographic groups, we believe restaurants would be wise to focus more on platforms like Instagram and Snapchat because younger people do not rely as heavily on Facebook as their older peers.”

Dan Donato, CEO & Founder of OctoCog Marketing & Design

MOST POPULAR SOCIAL MEDIA PLATFORM FOR RESTAURANTS

<table>
<thead>
<tr>
<th>Year</th>
<th>Facebook</th>
<th>Instagram</th>
<th>Twitter</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>73%</td>
<td>18%</td>
<td>4%</td>
</tr>
<tr>
<td>2018</td>
<td>68%</td>
<td>24%</td>
<td>2%</td>
</tr>
</tbody>
</table>
Successful Restaurants Are Less Likely to Pay for Marketing

With the exception of partnering with a PR agency and television ads, no-growth restaurants are as or more likely to pay for every type of restaurant advertising. **Overall, no-growth restaurants are more likely to pay for advertising in general than successful restaurants** – the key gaps being in newspaper/magazine ads (36% vs 29%, respectively), direct mail ads (25% vs. 18%), and Google/search engine ads (27% vs. 23%).

This is not to say successful restaurants don’t pay to advertise – 87% of them do. However, successful restaurants seem to be more likely to de-prioritize marketing and instead focus on other challenges within the restaurant. According to our data, successful restaurants are more likely to partner with a public relations agency than restaurants that did not see profit growth in 2017 (22% vs. 20%, respectively). Since PR agencies take care of marketing strategy, that frees up successful restaurateurs to focus on creating an exceptional guest experience and building a profitable restaurant business instead.

Marketing costs money, but the spend is justified if it leads to more customers. If a customer visits once and is unimpressed with their experience, it simply lowers the **customer lifetime value** and diminishes the return on investment restaurants would have with their advertisements, resulting in restaurants spending more money on ads (thus diminishing profit) and losing repeat customers (also draining profit).

**To be more successful, restaurants should focus less on bringing new customers in and more on giving their current guests a better overall experience.** After all, one of the most effective forms of marketing is **word of mouth**, where existing guests spread the word on your behalf. Word of mouth marketing tends to be directly tied to the overall experience, so to get guests talking about how efficient, delicious, and delightful the experience was, restaurants will need to create that experience for them. Otherwise, restaurant marketing – whether from social media, television, or word of mouth – will not be a sustainable path to restaurant success.
Successful restaurants are more likely to name Optimizing Efficiency and Calculating Metrics as one of their top challenges for 2018. Antiquated technology makes it difficult to track metrics and streamline operations compared to more modern restaurant management software, which gives restaurant operators complete control over analytics and visibility into both performance metrics and key financial information.

As successful restaurants more eagerly embrace new and innovative technology to help streamline efficiency and clarify performance metrics, it’s evident that a lack of sufficient technology makes it difficult to thrive – or even survive – in the restaurant industry. Despite a skeptical view of restaurant technology in prior years’ reports, opinions are shifting. In 2015, 27% of restaurant operators had no desire to upgrade their technology, while in 2017, that number fell to 22%.

But with so many options for technology – ranging from hardware, to software, to feature integrations – it can be difficult to filter through which tech impedes, which tech improves, and which tech is essential.

Key Findings

Restaurants named credit card processing, accounting, and inventory management as the three most important POS features to their restaurant’s success.

The three most common marketing technology features restaurants use are a website, a gift card program, and an email database.

Successful restaurants are more likely to use newer technologies than unsuccessful restaurants, like handheld tablets and text message marketing.
Successful Restaurants Are Powered by a Restaurant Technology Platform

Point of sale (POS) technology is the heart of every restaurant. A restaurant technology platform built to improve speed of sale is a key factor for optimizing efficiency for today’s “need it now” consumer, while back-end data combining reports on sales, profit, and inventory can give insights into important metrics like cost of goods sold, labor cost, and food cost. Here’s how restaurateurs ranked which POS features were most critical for success:

<table>
<thead>
<tr>
<th>Feature</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Credit Card Processing</td>
<td>63%</td>
</tr>
<tr>
<td>Accounting</td>
<td>31%</td>
</tr>
<tr>
<td>Inventory</td>
<td>30%</td>
</tr>
<tr>
<td>Payroll</td>
<td>28%</td>
</tr>
<tr>
<td>Loyalty</td>
<td>22%</td>
</tr>
<tr>
<td>Gift Card Management</td>
<td>21%</td>
</tr>
<tr>
<td>Online Ordering</td>
<td>21%</td>
</tr>
<tr>
<td>Scheduling</td>
<td>16%</td>
</tr>
<tr>
<td>Reservations</td>
<td>11%</td>
</tr>
<tr>
<td>Delivery</td>
<td>10%</td>
</tr>
</tbody>
</table>
The Popular Features

_integral credit card processing_ through a POS provider means processing fees are reinvested into building a stronger POS system instead of paying a bank – essentially making every credit card transaction an investment into the future of your restaurant.

The next three most important POS features are:

- accounting
- inventory
- payroll

These features all serve to give owners and managers visibility into their metrics and business performance, and this seems to take precedence over features that increase immediate efficiency (online ordering, kiosks, reservations, etc.).

Integrated inventory can cut a restaurant’s food variance **in half**, and given the **rise of food costs** and the saved profit from inventory management software, this is not a surprising result at all. From a beverage perspective, **39%** of bars named inventory a top feature – more than any other restaurant concept. Here, we see liquor inventory solutions like **BevSpot** penetrating the market to serve this need.

The Not-So Popular Features

**Ranking low in their declared importance are integrations:**

- online ordering
- scheduling
- reservations
- delivery

Only one in five restaurateurs name online ordering as a top priority for POS integration, but **71%** of diners say online ordering is very important or somewhat important to their restaurant experience, suggesting a disconnect between restaurant and their guests. However, when diving into the data by restaurant type, integrated online ordering shines with quick-service restaurants (QSRs) – **41%** of which named it a top POS integration for their business. Other concepts understandably ranked this feature as less important, like bars and fine dining FSRs (full-service restaurants), where the numbers came in at **8%** and **11%**, respectively.

While many restaurants offer online ordering in some capacity, not all have it integrated into their point of sale software.

After integrating their online ordering through their POS, restaurants using Toast POS and online ordering saw an average increase of **16%** in takeout and delivery sales.

Not only does this feature save time and ensure accuracy (orders are automatically sent straight to the kitchen with integrated online ordering), it gives restaurants more control over their online ordering webpage compared to services like UberEats or Eat24. Restaurants can manually control their hours and adjust wait times, which isn’t possible with all third-party online ordering programs. As frustration with external online ordering and **food delivery services** grows, these numbers may shift in future surveys.
Many Restaurants Have Insufficient Guest-Facing Technology

The findings show that many types of guest-facing restaurant technology have yet to see wide adoption, which is contrary to guests’ demand for more technology and convenience. Toast’s Restaurant Technology in 2017 Report found that 73% of diners agree that restaurant technology improves their guest experience.

Ten of these technology solutions are being utilized by less than half of all restaurants in the United States. Among them are a loyalty program and online reservations. Given the upward trend in both importance and guest adoption of these technologies, the data suggests restaurants are not seizing the opportunity to grow check sizes and increase revenue. Consider the statistics below, compiled from a collection of restaurants using Toast’s restaurant technology.

- Restaurants using Toast’s loyalty software see 34% higher average total check sizes and 83% higher average number of visits when comparing guests who are loyalty members to non-loyalty members.
- 83% of diners say online reservations are “very important” or “somewhat important.”
- Using handhelds, restaurants like Via 313 have seen a 50% decrease in table turn times during busiest hours, while restaurants like Odd Duck reported a $500,000 annual increase in sales with custom-built tablet Toast Go™.
- Kiosks can generate ticket sizes 5-10% higher on average compared to counter orders.

### MOST POPULAR GUEST-FACING RESTAURANT TECHNOLOGY

<table>
<thead>
<tr>
<th>Technology</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Website</td>
<td>79%</td>
</tr>
<tr>
<td>Gift Cards</td>
<td>73%</td>
</tr>
<tr>
<td>Email Database</td>
<td>49%</td>
</tr>
<tr>
<td>Loyalty/Rewards</td>
<td>38%</td>
</tr>
<tr>
<td>Online Ordering</td>
<td>38%</td>
</tr>
<tr>
<td>Online Reservations</td>
<td>29%</td>
</tr>
<tr>
<td>Server Handheld Tablets</td>
<td>23%</td>
</tr>
<tr>
<td>Text Message/SMS</td>
<td>20%</td>
</tr>
<tr>
<td>Mobile Payment</td>
<td>18%</td>
</tr>
<tr>
<td>A Restaurant App</td>
<td>16%</td>
</tr>
<tr>
<td>Tabletop Tablets</td>
<td>8%</td>
</tr>
<tr>
<td>None of These</td>
<td>5%</td>
</tr>
<tr>
<td>Self-Order Kiosks</td>
<td>4%</td>
</tr>
</tbody>
</table>
With proven ROI, ease of adoption, and a growing desire among the dining population, these technologies are better to be adopted sooner rather than later for a restaurant looking to grow profits and sales.

“Restaurants substantially underestimate the financial benefits of having their own online ordering system. Almost 80% of the operators believe having a website is important, but we have passed that stage where their consumers visit their websites for information purposes only. If they like what they see, they will order directly.”

Vishal Agarwal, Founder & CEO of Checkmate

Furthermore, experts say having a website just isn’t enough for restaurants to check all the boxes off their restaurant technology list in 2018.

Guest-Facing Technology in Restaurant Concepts

**Quick-service restaurants** are the most likely concept to have online ordering (56%), loyalty programs (49%), a restaurant app (27%), and self-order kiosks (6%).

**Fine dining full-service restaurants** are the most likely concept to have gift cards (81%), online reservations (72%), a website (83%), an email database (67%), and a text message/SMS database (25%) – the most features of any concept surveyed.

**Casual full-service restaurants** are the most likely concept to have server handheld tablets (29%).

**Bars** are the most likely concept to have tabletop tablets (11%) in the establishment.

Given the fast nature of quick-serve and fast casual restaurants, the utilization of online ordering and self-order kiosks to shorten the line makes total sense. Fine dining FSRs capitalize on holidays and special events, so offering patrons the opportunity to plan ahead and through a website and online reservations is more fitting for that type of concept in their search for restaurant success.
Successful Restaurants Embrace New, Innovative Technology

While successful restaurants and their no-growth counterparts were more or less aligned on their technology use, there are a few key differences worth noting – primarily in the area of innovative technology use and syncing these technologies through a restaurant technology platform.

Some restaurant software companies have expanded to offering restaurant hardware as well. In 2018, restaurant technology provider Toast released Toast Go™, a custom-built handheld POS tablet that combines hardware, software, and payments in one device built to withstand the rigors of the restaurant industry.

Additionally, three-fifths of restaurant-goers agree that handhelds improve their dining experience, according to Toast’s Restaurant Technology Report released in October.

All of these technologies – handheld POS tablets and restaurant apps – can sync with an all-in-one restaurant POS system, building on the desire for added efficiency in restaurants and save time with order entry.

For a clearer distinction between successful restaurants’ and no-growth restaurants’ use of technology: look no further than right here – no-growth restaurants were more likely than successful restaurants to have an email database for their customers, while successful restaurants were 71% more likely to have an SMS customer database.

These statistics suggest that successful restaurants are more willing and eager to embrace and utilize innovative technology instead of fearing it. The proof is in the numbers, and restaurants that utilize more modern features are also more likely to see a growth in profit.

“In 2018, one out of three new Toast restaurant customers opt for a handheld device”
Lucy Wang, Senior Hardware Product Manager at Toast

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As restaurant businesses aim to increase their profits, the findings of this report suggest restaurateurs focus on prioritizing tasks that optimize speed, efficiency, and an understanding of business metrics.

Additionally, restaurant operators should research new tactics regarding staff management, marketing, and technology. The talent pool, economy, social media landscape, and availability of restaurant technology are all different than they were even a year ago.

Thus, restaurateurs should consistently stay up-to-date on staff needs to stay employed, where their potential customers can be reached effectively and affordably, and what technology exists to solve the most pressing issues in restaurants today. Only then can restaurant professionals make informed decisions about what to change in their business in order to see higher profit and more delighted guests.

Modern restaurant point of sale technology can shave minutes off of wait times at QSRs and increase sales up to 20% at FSRs, maximizing your restaurant’s efficiency. Custom restaurant reporting gives operators the opportunity to dig in to their performance metrics, and when the technology is cloud-based, these numbers can be accessed on a restaurateur’s phone, laptop, or tablet, so there’s no need to waste away at a back-office computer.
Report Methodology

844 restaurant owners, managers, and leaders completed the 2018 Restaurant Success Survey in March and April of 2018. 54% of respondents were from casual FSRs, while 21% represented a QSR, 14% represented a fine dining FSR, 7% represented a bakery, and 4% represented a bar or nightclub.

For the sake of this report, those who disclosed that profits increased were measured as successful restaurants. Restaurants whose profits stayed the same or decreased were not determined successful and are referred to as “no-growth restaurants.” Responses from restaurants that were not open in 2016 were not included in either of these categories, but were considered in the overall findings for the industry. The numbers broke down as follows:

Net Profits Increased: 54%
Net Profits Decreased or Stayed the Same: 33%
Restaurants that Opened after 2018: 13%

The responses from restaurants that opened after 2018 were not included in the comparison of successful versus no-growth restaurants. However, their responses were included in overall numbers and when comparing restaurants by concept.

54% of respondents owned one location
33% owned 2-9 locations
9% owned 10-99 locations
4% owned 100+ locations.

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What will new technology enable you to do in your restaurant?

Learn more about Toast, a restaurant technology platform built exclusively for the restaurant industry.

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