

New Research Helps Restaurant Operators Plan Ahead to Weather Economic Challenges

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2007/2008 Restaurant Industry Operations Report contains detailed data on typical operating costs and line items

The National Restaurant Association and Deloitte LLP today released the 2007/2008 Restaurant Industry Operations Report, new research that can help restaurateurs plan ahead and adjust to changing economic conditions. Understanding how to modify budget items, how costs of food/beverages, utilities, labor costs and other items are allocated, and monitoring profit margins in similar operations can give operators and managers an edge when it comes to adapting to a challenging economy.

"As the cost of doing business increases over time and fluctuates over periods, America's restaurants are implementing a number of innovative strategies to adjust to their economic environment," said Hudson Riehle, senior vice president of research and information services for the National Restaurant Association. "By monitoring and adjusting their budgets, restaurant operators can effectively respond to new challenges. For example, under current conditions, operators may want to allocate more to marketing efforts to drive traffic."

Consumers are keeping the restaurant industry in a sustained growth mode, even as overall economic conditions experience a downturn, as dining out is an essential part of Americans' lifestyle. Set for its 17th consecutive year of growth this year, the \$558 billion industry is feeling the squeeze of elevated energy and wholesale food prices but is weathering these challenges.

"Elevated gas prices, higher food costs (wholesale and menu), and other factors likely will cause consumers to become more discriminating in their spending," said Steven Steinhauser, Director, Restaurant Industry Practice, Deloitte & Touche LLP. "Nevertheless, consumers continue to demand the variety, convenience, and socialization restaurants provide. The ability of dining establishments to provide customers with an assortment of food and beverage options will be essential to competitive differentiation in the upcoming year."

The Restaurant Industry Operations Report analyzes restaurant-operator income statements based on information collected from more than 700 restaurants nationwide. It includes data on sales, gross profits, operating expenses, seat turnover, employees per seat, pre-tax income and much more. The results are expressed as amounts per seat and as ratios to total sales, the most common bases used in the industry, as well as by location, menu theme, affiliation and sales volume. Individuals who purchase the national report will also receive regional and/or state operations reports, which allows for geographical differences to be taken into account.

The data processing was performed by Deloitte & Touche LLP, and the report was published in conjunction with the National Restaurant Association. More than 700 questionnaires were received from restaurant operators, which form the basis of this report. This unique study of the operating results of restaurants principally in 2006 includes specific financial information on full service restaurants segregated by average check of less than \$15 per person, average check per person \$15 to \$24.99, average check equal to or greater than \$25 per person, and limited service restaurants.

To order the 2007/2008 Restaurant Industry Operations Report, visit the Association's online store at www.restaurant.org/store, or call (800) 482-9122. The report is available to National Restaurant Association members for \$60 and to non-members for \$125, plus shipping and handling.

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