

7 Restaurant and Bar Trends to Watch Out For in 2023

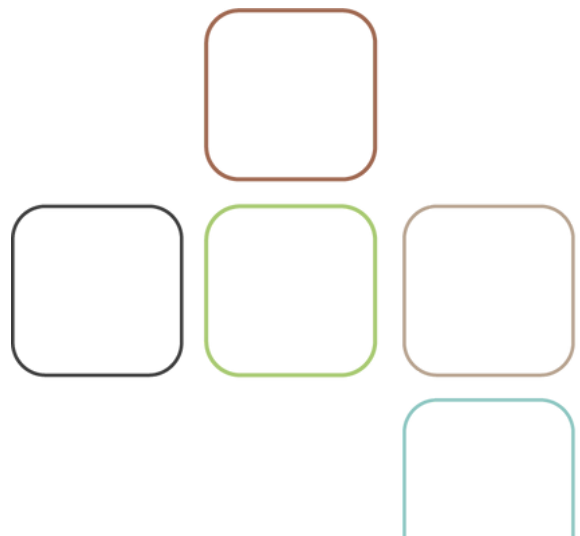
Face economic challenges with a strategic plan. Check out the top trends, challenges and opportunities that will impact your business over the course of the year.



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INTRODUCTION

Rising wages, skyrocketing food prices, staffing shortages and inflation have made it more difficult for restaurant and bar owners to run a profitable business.

Not only that, but many experts are predicting the economy will move into a recession in 2023. In fact, the latest IBD/TIPP Economic Optimism Index released at the end of 2022 found more than half of Americans believe the country is already in a recession.

Restaurants spend some 20 to 40 percent of their operating costs on food, so inflation can have a huge impact on how profitable their business is. Combined with a potential recession and customers tightening their purse strings, the coming year has the potential to be a difficult one for business owners.

For many restaurant and bar owners, this means raising their prices. But menu price increases are often a last resort for many restaurant and bar owners. So what can businesses in the hospitality industry do to mitigate the impact of the current economic climate and continue to improve their profit margins?

That's why we've created this guide, where we look at the top seven trends restaurants and bar owners can expect to see as we move through 2023.

1

A FOCUS ON MITIGATING THE IMPACT OF HIGH INFLATION



With a potential recession on the horizon, inflation rose steadily through 2021 and 2022, and looks increasingly likely to continue that trend as we move through 2023.

In the US alone, inflation rose 7 percent in 2021. That's the fastest acceleration since 1982, with shelter, used vehicles, food costs and energy prices all key drivers of rising costs. Meanwhile, in the UK, inflation jumped 5.4 percent in 2021 to a 30-year high

To make this worse, inflation also continued to increase in 2022, and is expected to continue that trajectory in 2023 as well.

And not only is the general price of business going up for restaurants and bars, but food prices are being massively impacted by inflation right now. In fact, according to the US Department of Agriculture, food prices are increasing at the fastest rate in 40 years.

So, what can restaurants and bars do to mitigate the impact of high inflation? Here are just a few key ways in which businesses can lower the impact of inflation in 2023:



Increase Menu Prices

While this is a last resort for many restaurants, many business owners are increasing their menu prices to counteract inflation. According to an article from Forbes, restaurant menu prices at limited-service concepts are up about 8 percent over 2020, while full-service restaurants are charging about 6 percent more.



Gain visibility of restaurant inventory

To manage costs effectively, and to gain insights into your business that result in better profit margins, it's crucial that restaurant owners have an effective beverage and food inventory management process in place. Inventory management can help to reduce food waste, improve ordering processes and better serve customers. We will discuss why this is such a critical focus in 2023 in the next section of this guide.



Make creative ingredient substitutions

With inflation having a serious impact on food costs, it's only natural that some ingredients are going to cut into your bottom line. Great selling dishes with ingredients that are suddenly incredibly expensive can take a severe toll on your profit margins. This can be counteracted by creatively swapping expensive ingredients in a dish for something less expensive.



Review menu performance

By integrating both your POS system and your inventory management software, your restaurant will be able to gain unique insights into the cost of dishes, how much you are bringing in through sales and, ultimately, the profit of each dish. These insights give you the data you need to optimize your menu for improved profitability.





2

INVENTORY IS AN INVESTMENT INTO PROFITABILITY

The restaurant and bar of old was loaded with products that are never used in recipes and never sold. Businesses can no longer afford to do this if they are to survive the inflation, labor shortage and rising prices the entire industry is facing today.

When inventory is left unused on your shelves, it's eating into the profitability of your business. You essentially have liquid cash sitting there that cannot be used or sold.

That's why in 2023, restaurants and bars will put renewed importance on inventory management. In fact, many will start to see inventory as a precious investment into the profitability of their business.

Carrying the right amount of inventory is critical

UNDERSTOCKING

The main problem with understocking is that you risk not having a product when a customer orders. This could lead to missed sales, reduce customer satisfaction and poor reviews. It also means you may be missing out on cost efficiencies gained by meeting minimum orders, and puts you at risk of not being able to restock if there is ever a shortage.

OVERSTOCKING

When you overstock your inventory you are tying up capital that could be used for other money making opportunities or investments. In addition, it increases storage costs associated with keeping the inventory on site. Not only that, but if you order too much stock and that product stops being popular, you will be forced to either sell at a lower price or throw it out - wasting profit margins.

SUCCESS



Successful inventory starts with visibility and control

Restaurant and bar inventory is your company's biggest asset. Everything your team does - from their pour habits, how they maintain stocked goods and how much they serve on a plate - will impact how profitable your business is.

To truly maximize profits and get your entire team on board with inventory management, it's critical to gain visibility and control over your inventory. If you're using more inventory than you're selling, then your profit margins are getting slimmer. Knowing how much you are using and where it's being used is the only way to mitigate that waste.

To gain visibility and control, restaurants and bars must conduct regular and accurate inventory counts to record their inventory usage - connecting their inventory management system with their POS for detailed reports.

The use of KPIs and metrics, period automatic replenishment (PAR level), food cost and wastage, will give restaurants and bars the insights into their inventory levels needed to ensure they are maximizing their profit margins.

3

FURTHER INVESTMENT INTO MODERN TECHNOLOGIES

While many restaurants and bars will be cutting costs and reducing spending in an attempt to remain profitable during more difficult economic times, we also anticipate that many owners will increase their investment into modern technologies over the coming year to reap the benefits that come with improved efficiencies and more insightful data.

New technologies can help restaurants and bars find new efficiencies in their back-of-house processes, minimize the strain that comes with staff shortages, enhance their inventory management results, better meet customer expectations and optimize day-to-day operations.

Some of the most beneficial technologies we can see in the hospitality industry over the coming year include:



1 - Food and beverage inventory management systems

Many restaurants and bars are managing their inventory with manual processes such as spreadsheets. These are not only time-consuming, but they typically lead to inaccurate counts which leaves the data with no real meaning. With the current state of the economy and a renewed focus on the importance of inventory as a measure of profitability, restaurants and bars will invest in inventory management systems to gain complete visibility and control of their inventory in a bid to improve their profit margins.

2 - Handheld point of sale systems

Point of sale systems have evolved significantly in recent years. POS systems now come with touchscreen terminals and most recently, handheld functionalities. Handheld point of sale systems can dramatically speed up your processes, helping you to turn tables around faster with fewer servers on your payroll - ultimately providing a more seamless experience for your guests.



3 - Contactless payment

Cash is a dying commodity. Consumers now prefer contactless payment options, such as contactless debit and credit cards, smartwatches and smartphones. To offer a superior guest experience in 2023, it's important to offer a seamless contactless payment experience by facilitating popular contactless payment methods such as Apple Pay, Google Pay and contactless debit and credit cards.

4 - Digital kitchen displays

With the ability to connect directly to your POS, digital kitchen display screens improve the accuracy and efficiency in which orders can be seen by your kitchen team. These screens provide the benefits of printed tickets or handwritten displays, but in a far more seamless experience for your team.



5 - QR codes

Restaurants and bars are turning to QR codes for a wide range of uses, particularly when it comes to displaying their menus. Customers can seamlessly access the restaurant's menu by scanning the QR code on the table, which directs them to a page on the restaurant website. On this page customers can place their food order, and even pay their bill. This can help speed up the processes of your entire team.

4

IN ADDITION TO TECH, BUSINESSES WILL SEEK EXPERT ADVICE

Despite the importance of investing in technology, this is often not enough when it comes to improving profit margins and staying lean during difficult economic times.

In fact, a common mistake that we see here at Sculpture Hospitality is that all too often restaurants and bars invest their budget in technology without the expert help needed to implement it properly and optimize its use for optimum ROI.

Restaurants and bars need the advice of people who have been there and done it before, and have helped countless other businesses to navigate tough financial climates successfully.



Sculpture Hospitality is Here to Help Your Business Thrive!

Here at Sculpture Hospitality we stand out in the industry. That's because not only have we developed an innovative inventory management system for restaurants and bars, but we have a team of local industry experts around the world to help you implement and operate it successfully. Our team of experts make sure your inventory technology is set up to empower your growth!



That's why, in 2023, we expect to see more business owners than ever before seeking expert advice from third-parties that are profoundly experienced when it comes to boosting restaurant and bar profit margins.

Businesses are able to truly optimize their technology investments when they partner with specialist firms who have the expertise and understanding to make the software work for their specific requirements. Most importantly, having feet on the ground gives businesses access to trusted experts who can come into their business and help them when required.

5

DINER EXPECTATIONS WILL BE DIFFERENT IN 2023



The past few years have seen major shifts in diner behaviors and preferences. From the meteoric rise of takeout and delivery apps to the outdoor dining renaissance, there's no question that diners today do not look the same as they did in 2019.

That's according to a new report from TouchBistro, looking at today's top diner trends. So what will diners expect from restaurants and bars in 2023? We've summarized just a few of the key findings:

Dine in is back

After takeout and delivery sales peaking during the pandemic across the US and Canada, the report found that dining in is back. In fact, 44 percent of diners reported that they are currently dining out at least once a week or more, and 78 percent saying they dine out at least once a month or more. In contrast, just 27 percent are getting takeout or delivery at least once a week.

Pickup is the preferred takeout option

For those that do prefer takeout, pickup is the preferred option due to high delivery fees. 31 percent of American diners and 41 percent of Canadian diners said that pickup was their preferred way to enjoy takeout.

84 PERCENT OF DINERS CHECKOUT A RESTAURANT'S MENU ONLINE



Diners are “somewhat” sensitive to price hikes

With inflation impacting both businesses and consumers alike, the report found that diners are “somewhat” sensitive to price hikes. While only one-in-five diners said their dining decisions would be significantly impacted by menu price increases, the majority of diners (46 percent) said menu price increases would somewhat influence their dining decisions.

Online menus are important

In addition, the report found that online menus are critical to landing new customers. Before deciding on a new restaurant, 84 percent of diners reported checking a restaurant’s menu online and 79 percent said they look at the restaurant’s website.



NEW METHODS TO BETTER NAVIGATE SUPPLY CHAIN SHORTAGES



The hospitality industry has been severely impacted by supply chain shortages over the past couple of years, and there's no signs that this will slow down as we move through 2023.

From chicken wings, alcoholic beverages, lettuce and cherries, there has been a huge shortage and delay in the supply chain of food and drink stock. In addition, non-food items like takeout containers, walk-in freezers and glass bottles have also been impacted by supply chain disruptions.

To mitigate the challenges that come with this disruption, restaurants and bars have learned to embrace flexibility. Here are a few of the key ways in which businesses are minimizing the disruption caused by supply chain challenges.



Increased flexibility to make menu substitutions

Pulling an entire dish from your menu can be hugely damaging, but if you don't have the ingredients to make it then sometimes it's the only thing you can do. Another strategy, however, is to find substitute ingredients that you can use instead. With supply chains causing increased disruption, many restaurant owners are learning how important it can be to improve their flexibility with ingredients.



Find backup suppliers

Being proactive can significantly help restaurant owners to mitigate the impacts of supply chain issues. By working with a wider number of suppliers, your business will be more likely to be able to fulfill its inventory requirements. In addition, building strong relationships with your vendors could potentially help you beat your competitors to ingredients if the vendor would rather sell to you.



Communicate with customers

If customers don't get what they expect from your restaurant or bar, they'll probably leave satisfied. If, however, you communicate with them before they arrive (or before they order) that you are missing some items due to supply chain issues, then you'll find that your customers are probably a lot more sympathetic to your business than you thought they would be. The simple act of communicating with your customers on missing menu items or changes to your business is far more likely to help you retain existing customers.





LABOUR SHORTAGES CONTINUE TO BE AN ISSUE

The combination of the COVID-19 pandemic and what has been dubbed as 'The Great Resignation' pushed the shortage in hospitality workers to a crisis level over the past few years.

This led restaurants and bars to dramatically scale back their operating hours in a bid to offset staffing challenges. In many cases, restaurants were shutting their doors on certain days of the week, every week, simply because they couldn't be staffed, while others simplified their menus to make back-end operations easier to navigate. Unfortunately, 2023 shows no sign of that trend slowing down.

In April 2022, the quit rate in the accommodation and food services sector was at 9.1 percent, according to data released by the US Bureau of Labor Statistics. Meanwhile, CNN found that only five states in the US reported having the same number of employees as they did before the pandemic, and a majority of restaurant operators are expecting the labor shortage to continue well into 2023.

To address this, restaurants and bars will look at implementing new initiatives and processes in 2023 to mitigate the impact of staffing shortages. These include:

- Unlimited vacation requests
- More flexible work hours for team members
- Improved team benefits
- The use of technology, and automation, to improve efficiencies
- Speeding up the application process to beat competitors

When restaurants and bars implement changes to how they hire new employees and their internal processes, they are able to make changes that improve talent acquisition and increase staff retention.

While the labour shortage still exists, these changes can go a long way in mitigating the impact it has on your business.





CONCLUSION

The economy may throw some challenges our way over the course of 2023, but it's nothing that restaurants and bars haven't dealt with before. After all, we're in what is most likely the most resilient industry in the world.

With modern technologies improving your internal efficiencies, inventory management KPIs increasing your profit margins and industry experts lending you a helping hand when needed, there truly is no challenge too big to overcome.

While 2023 may feel like a year of cost cutting and consolidating what we already have, the restaurants and bars that focus on delighting their customers, maintaining profit margins and employee loyalty will be able to continue to grow and thrive.





CONTACT SCULPTURE HOSPITALITY

Through a mutual passion for the hospitality industry, Sculpture Hospitality was founded in 1987 as the pioneering company to develop bar and restaurant inventory management solutions. Sculpture's innovative solutions have revolutionized inventory processes, helping bars and restaurants across the hospitality sector to become more efficient and profitable.

Since the company was first founded, Sculpture Hospitality has expanded worldwide with more than 370 successful global franchisees who love providing expert inventory management solutions to businesses in the hospitality sector. To learn more, visit Sculpture Hospitality at:

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