



nerej

The ying and the yang of our dining habits: Owners positive enthusiasm vs. rising operating costs and lack of help - by Dennis Serpone

September 27, 2024 - Spotlights



Dennis Serpone

Restaurant Business reports that Americans view of restaurants has tumbled this year. Americans opinion on restaurants hit the lowest point since 2008, according to an annual Gallup survey of their perspective on different industries.

The restaurant business has lost some of its shine this year, at least based on one survey.

Fifty-two percent of Americans had a positive view of restaurants overall. That was down nine percentage points from 2023, when 61% of Americans had a positive view of the industry. The decline was the largest of any, and just ahead of the eight-point decline in positive views of the grocery business.

At the same time, 16% of Americans had a negative view of restaurants, up four percentage points from 2023 and at a historic high, according to the survey. The percentage of people with a neutral view of restaurants increased five points to 31%.

The survey could provide some insight into declining traffic, particularly at fast-food chains. Consumers have expressed frustration with rising prices, both in surveys and on social media. Nearly 80% of consumers said that fast-food restaurants were a “luxury.”

But the results also show just how popular the industry is. Restaurants last year had the highest percentage of positive ratings, for instance. Even after the nine-point decline this year, it is the second most popular industry in the U.S., following only farming and agriculture.

Restaurants, computers and farming are the only three industries in which a majority of Americans have a positive viewpoint.

And restaurants scored far higher than grocers, about which only 33% of Americans had a positive view. That was down from 41% last year. Consumers may not like restaurants as much as they did last year, but they still like them far more than grocery stores.

The fact remains that eating is a necessity and the only choice is whether eating ‘in’ is more cost effective than paying to have someone else cook for you. But the issue is much more complicated than just that simple decision of staying home and cooking or visiting one of your favorite eating out spots. Ignoring the effort and cost of preparing a dinner at home, eating at your favorite bistro, socializing at your local pub, or bringing the family to a fast food emporium can have enough incentive for you to swallow the steadily increasing cost of eating out.

It becomes more palliative in swallowing the cost of eating, whether singular or with the family when you understand that the government’s fingerprints on the cost of energy, food, and wages is putting such pressure on restaurant operations that many opt to take the least appealing way out...sell or go bankrupt.

As in the stock market, when you're sure that the best thing you can do is dump a stock that you feel is a bad investment, conversely a buyer is happy to buy that stock because he feels that it's a good buy. In the same way, the National Restaurant Exchange has been selling their inventory of food and beverage operations almost as soon as they become available. With a stable of very financially qualified buyers, every business that becomes available and makes sense finds that ready, willing, and able buyer. Even though we're 'national' in scope, most of our business is focused in New England.

As you drive through Boston, head up I-93 pass the ring road of I-95/Rte. 128 to I-495, the sky is dotted with these huge cranes hauling steel into the sky, building apartments by the thousands. In some cases, you'll find some new office buildings with hopeful leasing now signs.

All this construction bodes well for the restaurant industry. Whether it's the simple coffee and bagel shop, or the various operators of breakfast and lunch facilities, sub and pizza places, the full service dinner houses, or the local watering hole the owners are ramping up to do what they do best...satisfy the customer.

Along with the YING of positive enthusiasm of owners, comes the YANG of rising costs, and lack of help. Along with the increasing costs, restaurant owners are seeing a shift in consumer activity. It is becoming routine to see many restaurant not open at the beginning of the week and opening later in the day. The days of restaurants being busy, or even open, after 9:00 pm is becoming rare.

Until the cost of energy, food, staff, rent, and taxes, and all the other incidentals affected by inflation are brought under control with a new administration, the restaurant industry will continue to be the dim light at the top of the hill, but soon to become bright again.

Dennis Serpone is the founder of The National Restaurant Exchange, The Hotel Exchange, and Cannabis Business Brokers, Wakefield, Mass.

New England Real Estate Journal - 17 Accord Park Drive #207, Norwell MA 02061 - (781) 878-4540