



ANNUAL RESTAURANT
INDUSTRY REPORT



2023

QSR Operational Index



A note from our CEO.

2023 was a transformative year for the restaurant industry, building upon the digital acceleration witnessed in previous years. In response to evolving consumer demands and market dynamics, operators and brands have continued to innovate, leveraging technology to reimagine the customer experience and optimize their tech stacks, which was most evident in digital channels.

In the 2023 Operational Index, we delve into the latest trends and insights shaping the industry landscape. From sales performance to delivery channel growth, staffing dynamics to customer experience, our report provides a comprehensive overview of key metrics and benchmarks for restaurant operators along with actionable steps to outperform over last year.

Our goal remains unchanged: to equip restaurant operators with the data, tools, and insights needed to drive performance and optimize operations and results. We firmly believe that by embracing a data-driven approach and fostering a culture of transparency and innovation, businesses can thrive in an ever-changing market environment.

As we reflect on the findings of this year's report, I am confident that together, we can continue to build upon our successes and navigate the challenges ahead. Thank you for your continued leadership and partnership as we work towards a future of sustained growth and excellence.

Warm regards,

Jason Tober
CEO, Delaget

In this report

This report is for restaurant people, by restaurant people. You'll discover a wealth of insights drawn from the industry in 2023, covering everything from the state of third-party delivery to state-specific employee data.

Use the index to benchmark your business and make data-backed decisions. You'll also find data-informed strategies and tips along the way to enhance your own performance. In the spirit of hospitality: Enjoy!

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Sales + customer experience

Revenue metrics and key performance indicators *pg. 04-06*

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All things sales-channel and delivery *pg. 07-11*

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Costs, employees + wages

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Loss

Benchmark losses with key loss metrics *pg. 15-16*

01

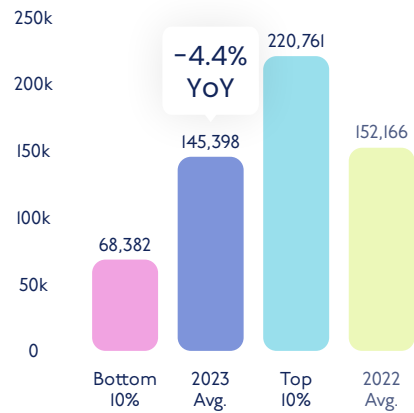
sales + customer
experience



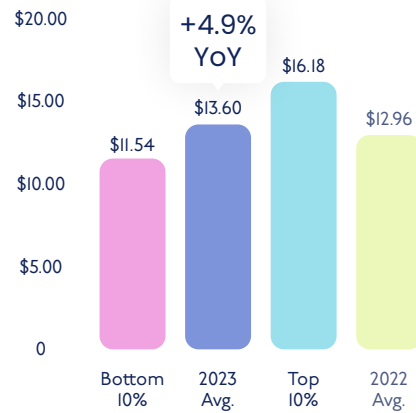
DIG INTO 2023 SALES

Transactions, guest checks, + beverage sales

Transactions per store



Guest check avg. per store



Guest checks up 4.9% YoY

Inflation is likely the culprit of guest checks up 4.9% YoY—According to the USDA, restaurant prices have risen 7.1% YoY.

This is likely due to strategic price shifts to account for inflation, successfully offsetting the impact of inflation and carrying the burden onto the customer.

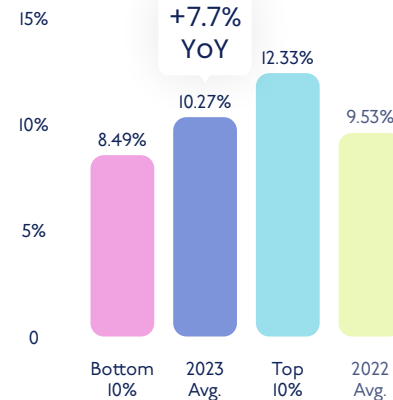
SIPPING SUCCESS

The importance of beverage sales

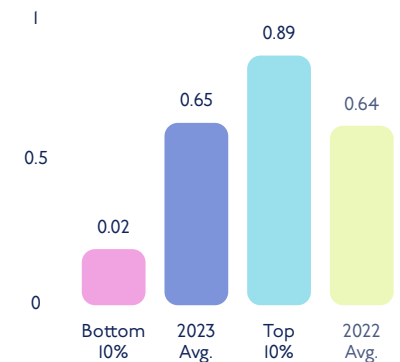
It's no secret that profit margins on beverages far exceed those of food—Operators' biggest opportunities to bolster counter and drive-thru sales during a time when delivery sales climb is beverage sales.

If your beverage sales are dipping due to an increase in delivery, consider pivoting your team's focus to increasing beverage sales: Train on up-sell techniques and beverage-selling scripts, incentivize your team, and highlight premium beverages (like slushies or milkshakes) on digital menus.

Beverage % of sales



Avg. # of beverages per transaction



FAST AND FRESH

Voice of customer + speed of service

76.88%

average customer
satisfaction %

3m 34s

average
drive-thru time

VOC trend analysis

Looking at 2020 – 2023, VOC scores are slowly declining. But if you zoom out to include 2018 and 2019, it's clear that VOC scores hit a peak in 2020.

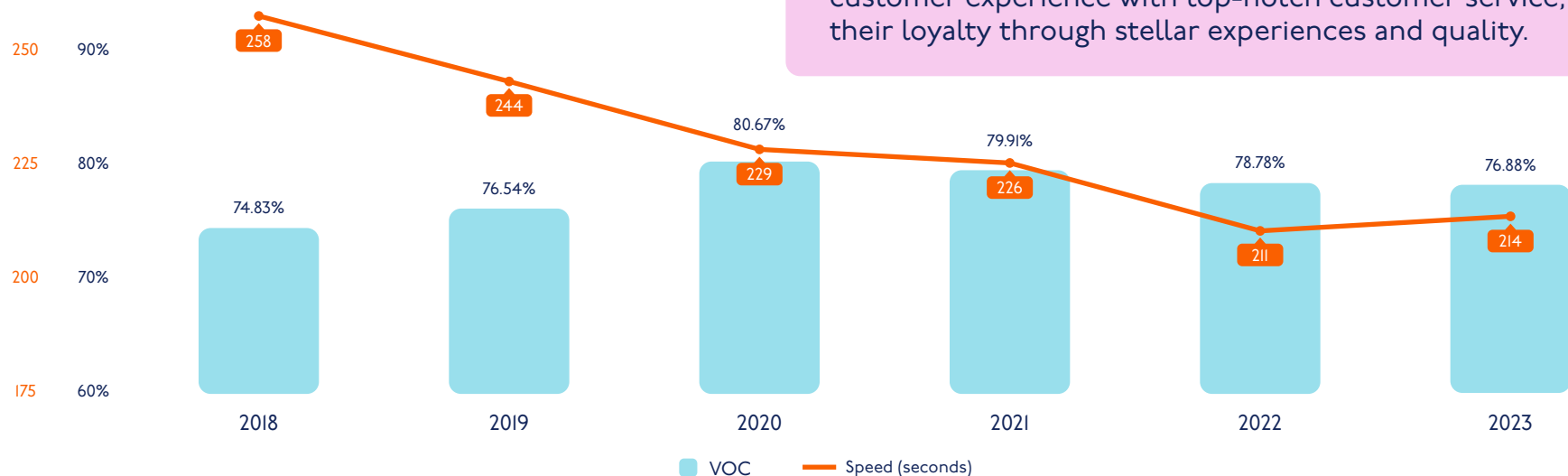
This isn't surprising considering the attitude of customers during this period: Restaurant employees were deemed essential during uncertain and frightening times, earning them hero status and translating into leniency in feedback and criticism from patrons, providing a boost to VOC scores.

Today we see scores leveling out to pre-pandemic normalcy – the average score being 76.88%, marking a passing grade in customer satisfaction.

TIP

VOC is more important in 2024 than ever before; As menu prices rise, consumers become more selective about how and where they spend their hard-earned dough. Focus on improving the customer experience with top-notch customer service, and earn their loyalty through stellar experiences and quality.

6-year trend: VOC + SOS (system averages)



02 delivery

ON-DEMAND DINING

Sales + transactions by channel

Drive-thru downturn

While channels such as kiosks, mobile, and delivery climb, drive-thru dips 8.1% YoY. This is a 6-year low for drive-thru, the channel which hit an all-time high in 2020 when dining rooms closed due to COVID-19.

Digital dominance: mobile, kiosk, and delivery up YoY

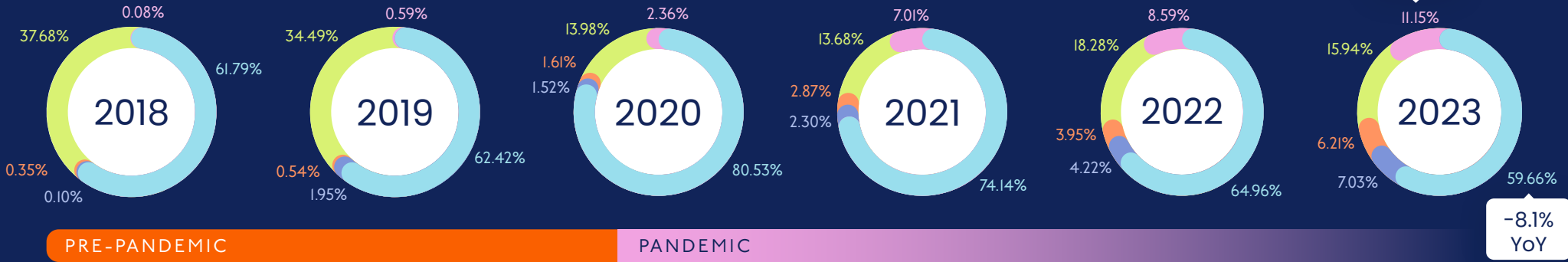
Consumers love convenience; And they've found it in digital channels like mobile, kiosk, and delivery. While leading brands make a push for guests to leverage digital via apps and first-party delivery offerings, these channels continue to grow **FAST**.

Mobile as a channel is up **57.21%** YoY and over **285%** since 2020.

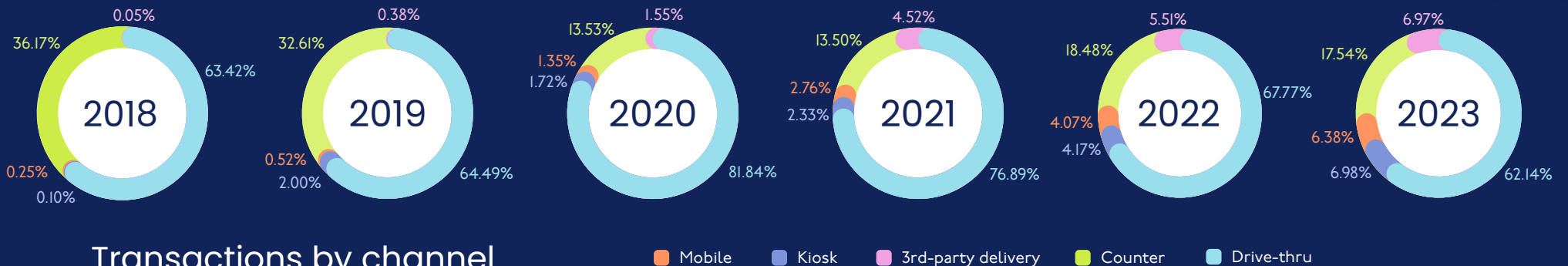
Kiosk channel is up **66.9%** YoY and up **77%** since 2020.

Delivery is up **29.8%** YoY and up **372.45%** since 2020.

Sales by channel



Transactions by channel



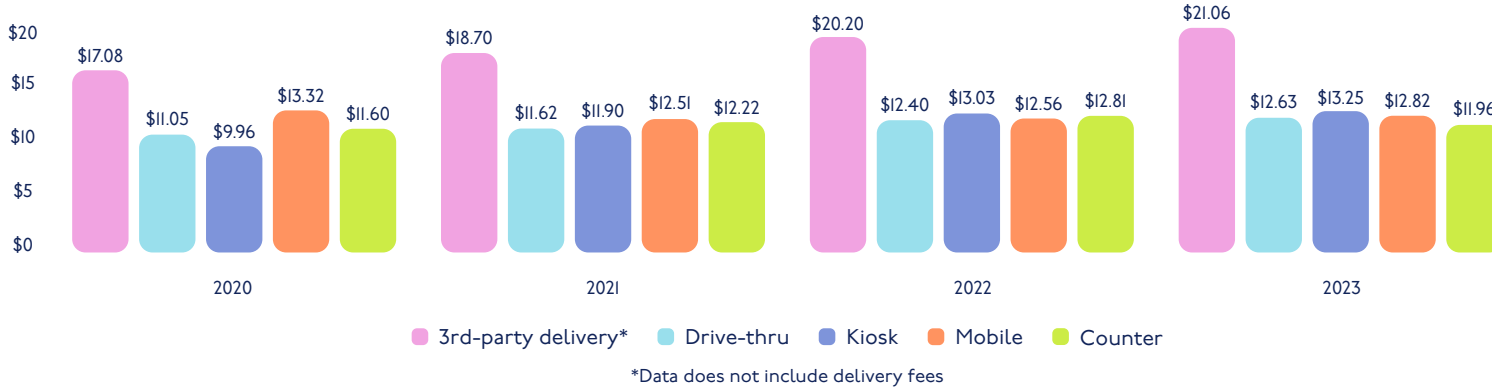
Mobile Kiosk 3rd-party delivery Counter Drive-thru



DELIVERY CHECKS REACH NEW HEIGHTS

Guest checks by channel

Guest checks by channel: YoY



Delivery guest checks in 2023 were...

- 76% higher on average than counter checks
- 64% higher than mobile
- 58% higher than kiosk
- 66% higher than drive-thru

19%

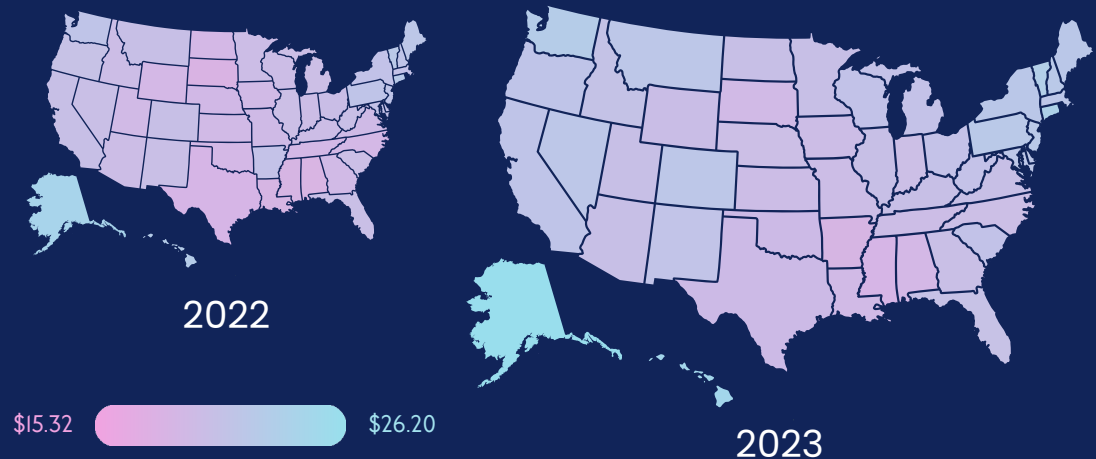
average mark-up of QSR menu items on delivery apps.

Operators are padding their margins to offset the costs associated with delivery. This is up 90% since 2020. Nearly twice the 10% average premium in 2020.

TIP

If you're not increasing menu prices on delivery apps, you're losing money! Spend the time calculating costs to utilize DSPs and increase accordingly.

Third-party delivery guest check average

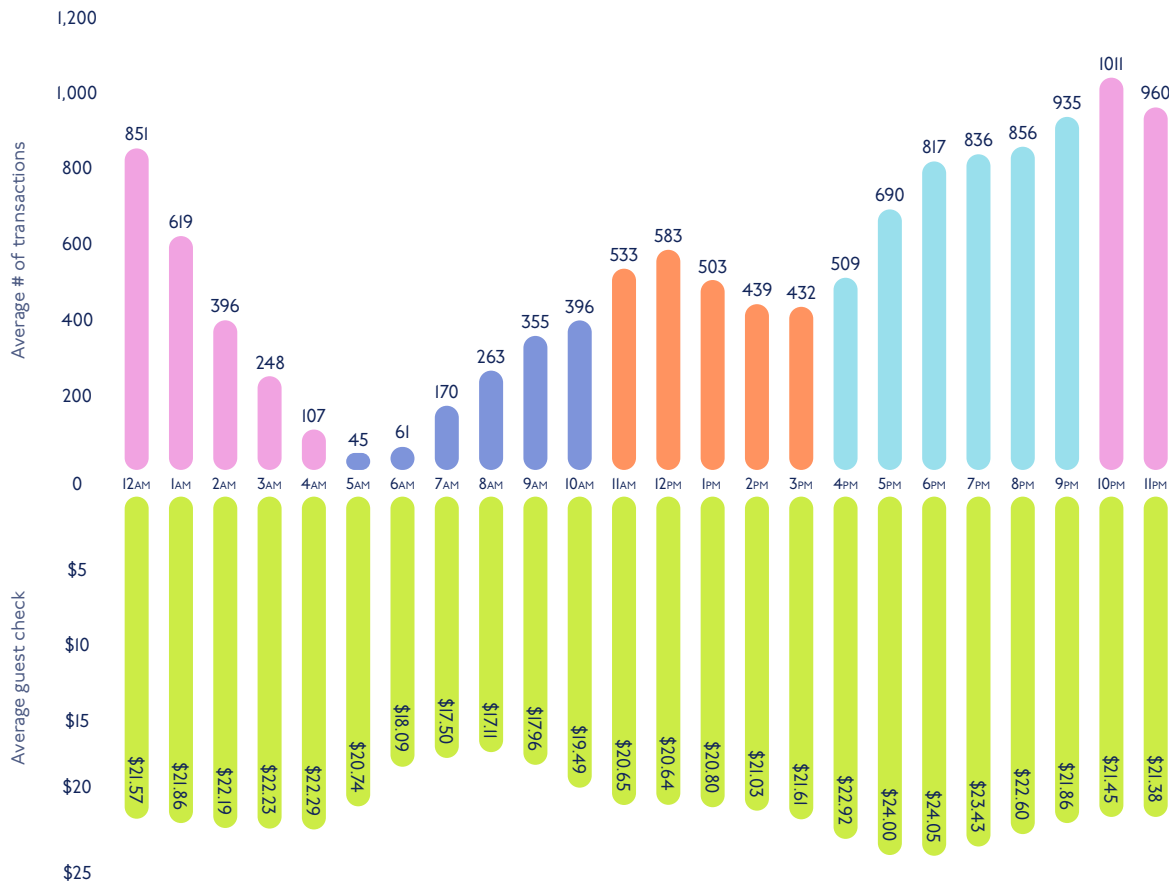


DAYPART DELIVERY DOLLARS

Guest checks and delivery transactions by daypart

Daypart	Avg. delivery transactions/hr	Avg. delivery guest check
Breakfast	215	\$18.47
Lunch	498	\$20.95
Dinner	774	\$23.15
Late Night	599	\$21.85

Delivery transactions and guest checks by daypart



Delivery: It's what's for dinner

Restaurants see more action from the dinner-rush than any other daypart, with 55.3% more transactions than lunch and 29.2% more transactions than late-night.

TIPS

Staff appropriately for dayparts that see higher traffic—And take into account delivery sales, which require even more attention than the average dine-in and drive-thru transactions.

Maximize the dinner rush by training your team to upsell and add-on beverages, even when there's a line out the door and the pressure is on.

SIZZLING SUCCESS

Delivery sales by state + delivery loss data

2.5%

of delivery sales
are cancels and
adjustments

QUICK MATH

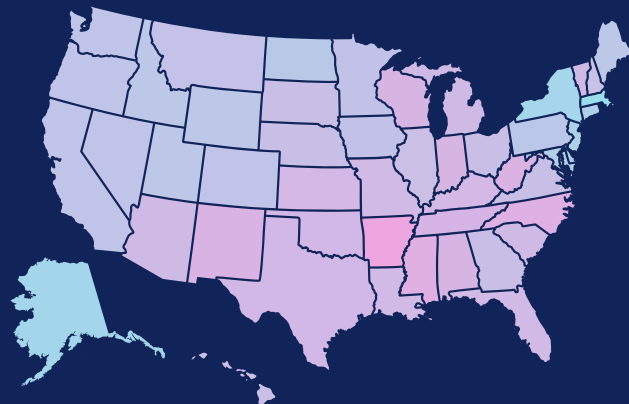
Let's say your average store's AUV is \$2M, and 10% of your sales are through delivery.

With 2.5% of delivery sales being cancels and adjustments, you could be losing \$5K/store annually.

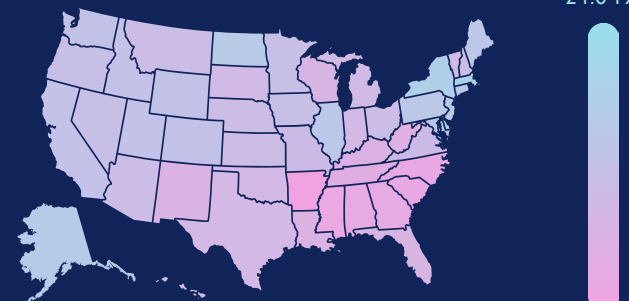
If you own 50 stores, that's \$250,000 a year in losses!

Visit delaget.com/recovery to get a custom ROI to learn how much you could be recovering using +Recovery.

3rd-party delivery sales (%)



2023



2022

24.04%

0.12%

- Are you recovering delivery losses?

If no, great—That's low-hanging fruit to help you improve your delivery margins, ASAP. If yes, ask yourself: Are you recovering as much as possible by leveraging technology to do so effectively and efficiently?

- Are you using delivery data to reduce delivery losses over time?

Use the data to find trends and drive operational changes—At what time of the day are losses occurring? Are there certain items that are frequently missing or inaccurate?

Your overall delivery health is key to success in the delivery channel: Dispute your losses to reclaim your money, ensure visibility into what's happening in these channels, and continually work to improve based on these data points to minimize overall losses over time. You've got this!



03

costs, employees,
and wages

FROM PENNIES TO PATTIES

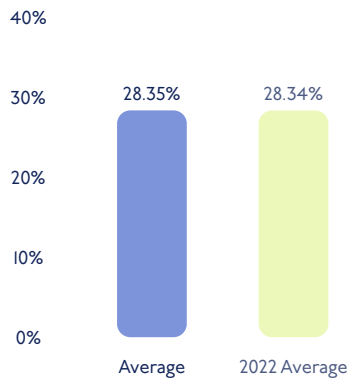
Labor + food costs



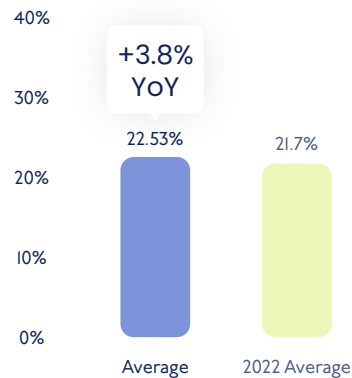
Food cost % flat YoY despite prices of commodities rising

Food costs haven't increased much YoY—With the average being 28.35% in 2023 and 28.34% in 2022, they've decreased just ever-so-slightly. This is due to restaurant prices increasing by 7.1% on average in 2023, taking the burden off the operators, and instead placing it onto consumers.

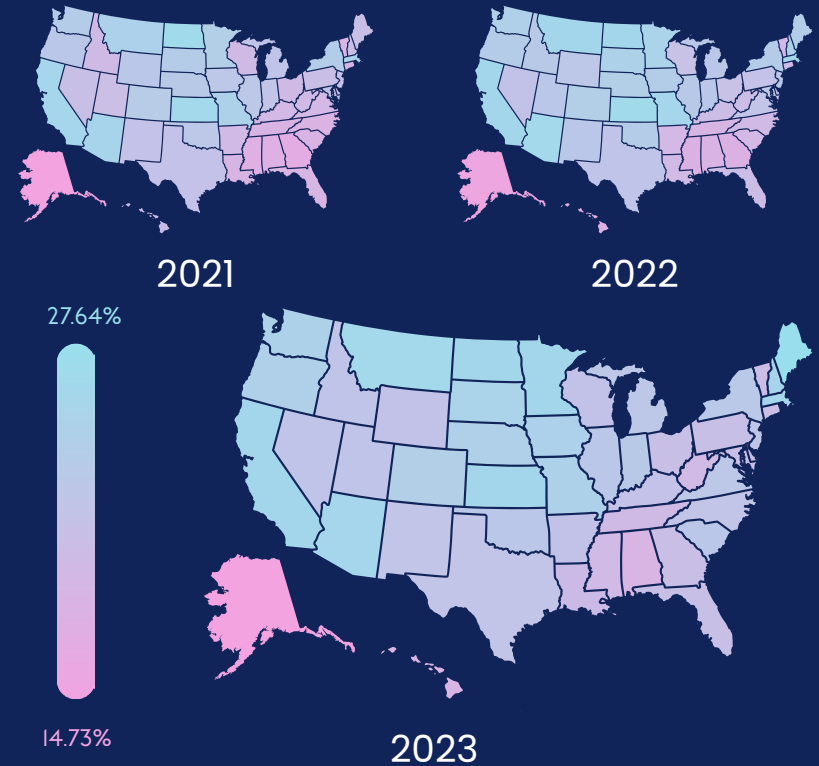
Food cost % of sales



Labor cost % of sales



Costs



Labor costs climbing

Delaget's data revealed a 3.8% increase in labor costs, just shy of the average US labor costs' rise YoY of 4.2% (Reuters)—This follows a trend of increased wages, with 26 states having implemented a higher minimum wage in 2023, and 25 states planning to increase minimum wage in 2024.



Employees: turnover, overtime + wages

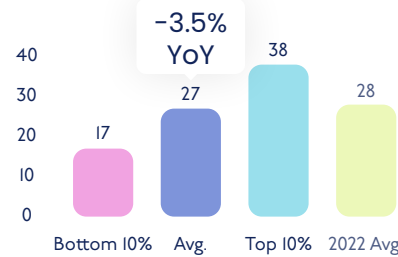
Turnover rate down YoY

Turnover rates are down from an average of 164% in 2022 to an average of 139% in 2023—But this may be an indication of less employees being hired. This further encourages offering benefits such as earned wage access (EWA), which encourage retention.

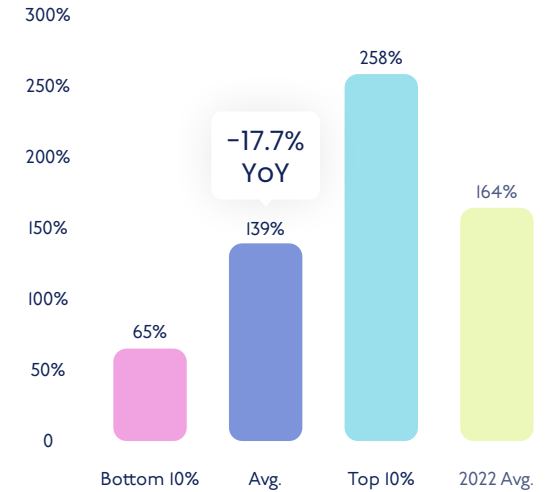
78% of restaurant owners say they currently do not have enough staff to properly run their business.

Credit: DailyPay

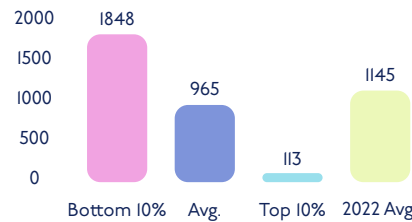
of employees



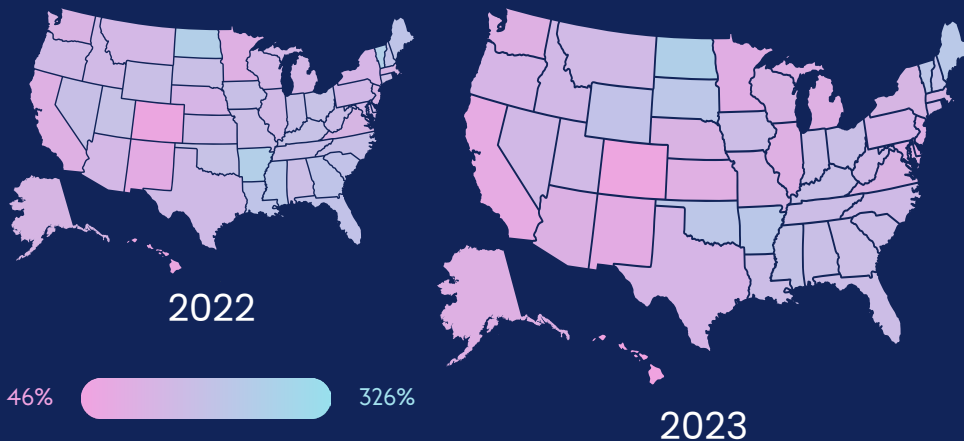
Turnover rate



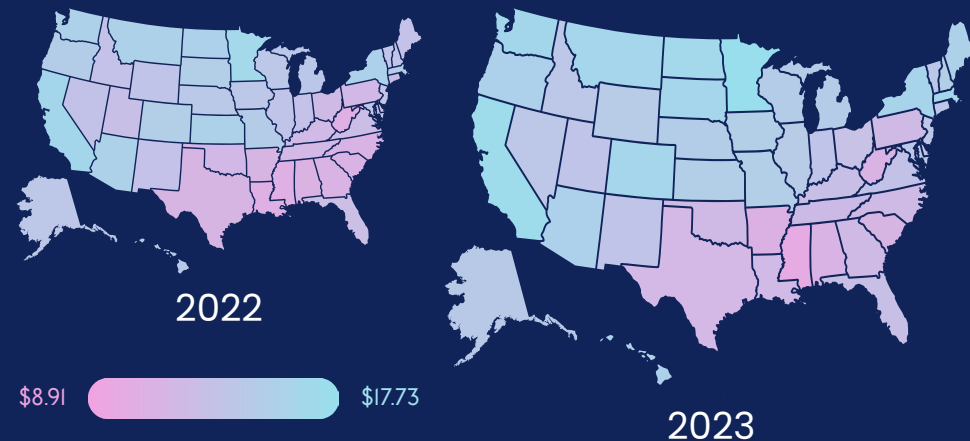
Overtime hours per store



Turnover by state



Average wage by state

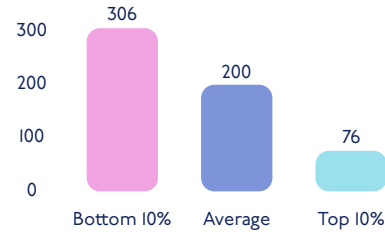


04 Loss

EATING AWAY AT EARNINGS

Key loss indicator metrics

Refunded transactions



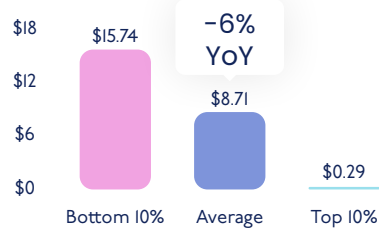
Prioritize loss prevention in 2024

Labor costs are on the rise, and loss is the greatest – and easiest – place to start when looking to improve those margins.

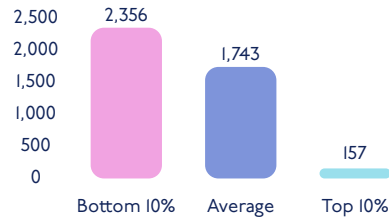
TIP

Use automated outlier reporting to get alerted to find losses quickly and nip any nefarious behavior in the bud, fast.

Cash shortage



Cancelled transactions



2023 loss metrics

	Daily cash shortage	Avg. refunded transactions (#)	Avg. refunded transactions (\$)	Avg. cancelled transactions (#)	Discount % of sales	Employee meals
Top 10%	\$0.29	76	\$1,065.03	157	0.81%	0.00%
Average	\$8.71	200	\$3,153.02	1,743	2.52%	1.41%
Bottom 10%	\$15.74	306	\$5,276.74	2,356	4.30%	2.40%
2022 average	\$9.27	197	\$2,523.90	2,561	2.21%	1.00%





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(2023 Franchise Times Top 200)

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