2026

State of the Restaurant Industry

Mid-year Report

The restaurant industry entered 2026 with cautious optimism, and the first half of the year has tested that optimism in real and measurable ways.

Operators have navigated a familiar but intensifying set of pressures, including rising food and labor costs, uneven guest traffic, and consumers who are increasingly deliberate about where and how often they spend their dining dollars. At the same time, the industry's fundamental strength has not wavered. According to the National Restaurant Association, total restaurant and foodservice sales are projected to reach $1.55 trillion in 2026, a 4.8% increase from 2025. That top-line growth reflects an industry that continues to matter deeply to American consumers, even as economic headwinds make every dollar harder to earn.

The story underneath that headline is more nuanced. Much of the projected sales growth is driven by menu pricing rather than increased traffic, with real inflation-adjusted growth expected to land closer to 1.3%. Consumers remain committed to dining out. The NRA found that more than 7 in 10 adults say they would visit restaurants more often if they had more disposable income, but lingering inflation and a cooling labor market are keeping household budgets tight, particularly for low- and middle-income guests. The result is an industry that is growing on paper while operators on the ground are working harder than ever to protect their margins.

This mid-year report identifies an emerging Restaurant Profitability Gap, a measurable difference in business performance between restaurants that are using AI to turn operational data into intelligent action and those that have yet to make that move. The gap is showing up on the P&L in real and significant ways, and it is widening. As you will see in the data ahead, this is no longer a conversation about potential. It's a conversation about results.

At Restaurant365, we stay closely connected to what operators are actually experiencing. This mid-year report is grounded in survey responses from more than 420 operators representing nearly 10,000 locations spanning quick-service, fast casual, casual dining, fine dining, pizza, and coffee shop concepts. Their insights cover everything from food and labor costs to staffing, technology investments, AI adoption, consumer behavior, and more. We gather this data because the real story of the restaurant industry is not told in projections alone. It is told by the people running the operations every single day.

Here is a closer look at what operators shared, what the numbers reveal, and what the second half of 2026 may hold.

“The biggest challenge facing the restaurant industry in 2026 is the **growing tension between rising labor and food costs and the need to keep menu prices accessible to our guests.** As operators, we’re being squeezed from every direction. The opportunity lies in finding smarter, more creative ways to run lean without sacrificing quality or hospitality.”

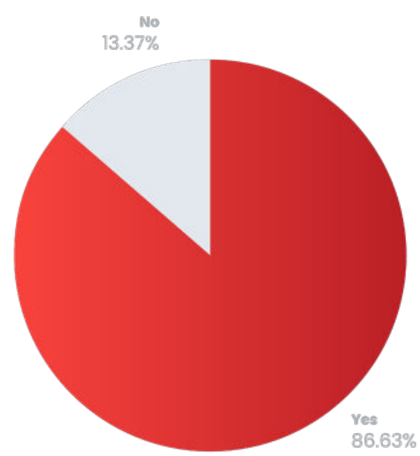
Tara Alam

CORPORATE CONTROLLER & HR DIRECTOR
LAND OCEAN NEW AMERICAN

On Food & Labor Costs

Rising costs remain one of the most persistent challenges facing restaurant operators, and the first half of 2026 has done little to ease that pressure. Food costs continued to climb as tariffs disrupted supply chains and drove up prices across key ingredient categories including proteins, dairy, eggs, and produce. Labor expenses followed a similar trajectory, shaped by competitive hiring conditions and ongoing wage pressures in markets across the country. Together, these two cost drivers are squeezing margins from both sides and forcing operators to make difficult decisions about how they price, staff, and operate.

The numbers from our mid-year survey tell a clear story. **87% of respondents said food costs increased in the first half of 2026.**

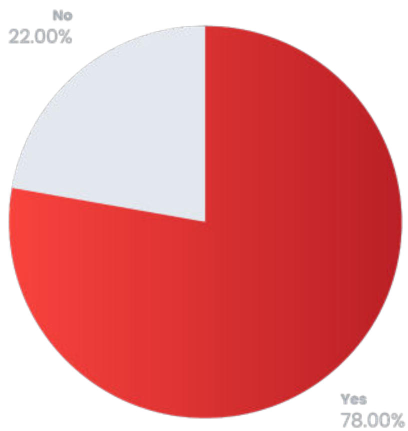


51% reported an increase of 1%-5%

37% said 6%-14%

11% reported more than 15%

Looking to the second half of the year, operators are not expecting much relief. **78% of respondents said they expect food costs to keep rising through the end of 2026**, down from the 88% who anticipated increases at the start of the year, a 10-point drop that suggests operators are feeling cautiously optimistic.



75% said the increase will likely land in the 1% to 5% range

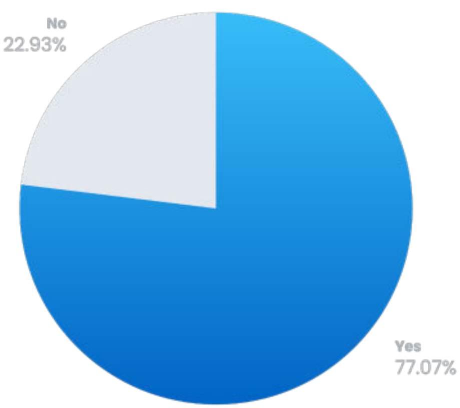
19% expect costs to climb 6% to 14%

5% are bracing for increases greater than 15%

Rising food costs prompted a range of responses from operators across every segment. More than half, 52%, raised menu prices to offset the impact. It's important to put that number in context. In mid-2024, 60% of operators responded to food cost pressure by raising menu prices. That figure climbed to 66% at the start of 2026 before pulling back to 52% today, the lowest point in three years. Operators are clearly getting smarter and more creative about how they absorb cost pressure rather than passing it directly on to guests. Another 22% leaned into more frequent inventory and waste tracking to reduce what was being lost, and 20% made supplier or vendor changes to find better pricing or more reliable sourcing. A smaller share, 6%, opted to simplify their offerings with a smaller or more limited menu.

As food costs continue to rise, operators are taking a more strategic approach to menu planning. Tariffs and supply chain pressures have driven up prices across specific commodity categories, with beef facing particularly tight supply conditions and citrus and other produce feeling the effects of weather and trade disruptions. Many operators are responding by focusing on ingredient optimization, building dishes around items that can appear across multiple menu categories to reduce waste and stabilize margins. Others are leaning on seasonal or limited-time offerings that allow them to pivot quickly when ingredient prices shift. These approaches help restaurants manage cost volatility while giving guests something fresh and relevant to come back for.

As food costs rose, operators were contending with another layer of financial pressure: *labor*. **77% of respondents said labor costs increased in the first half of 2026**, a significant improvement from the 93% who reported increases at the start of the year and one of the most encouraging data points in this entire survey.



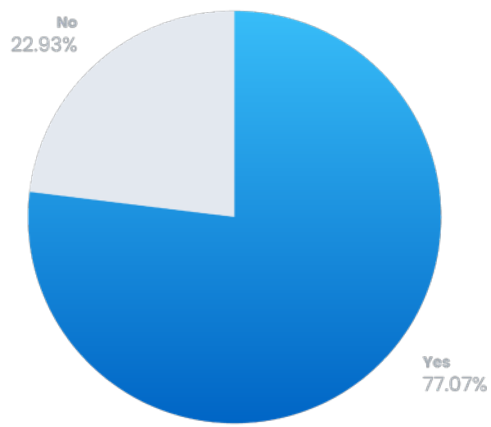
65% reported an increase of 1% to 5%

29% said labor costs rose by 6% to 14%

6% reported increases greater than 15%

The operational impact of these labor challenges is showing up in real and visible ways. When we asked operators how their businesses had been affected, the responses painted a picture of an industry stretching to keep up. 64% said they're operating below full capacity, 17% have limited their operating hours, 12% have moved to a smaller or more limited menu, and 7% have closed on days they would normally be open.

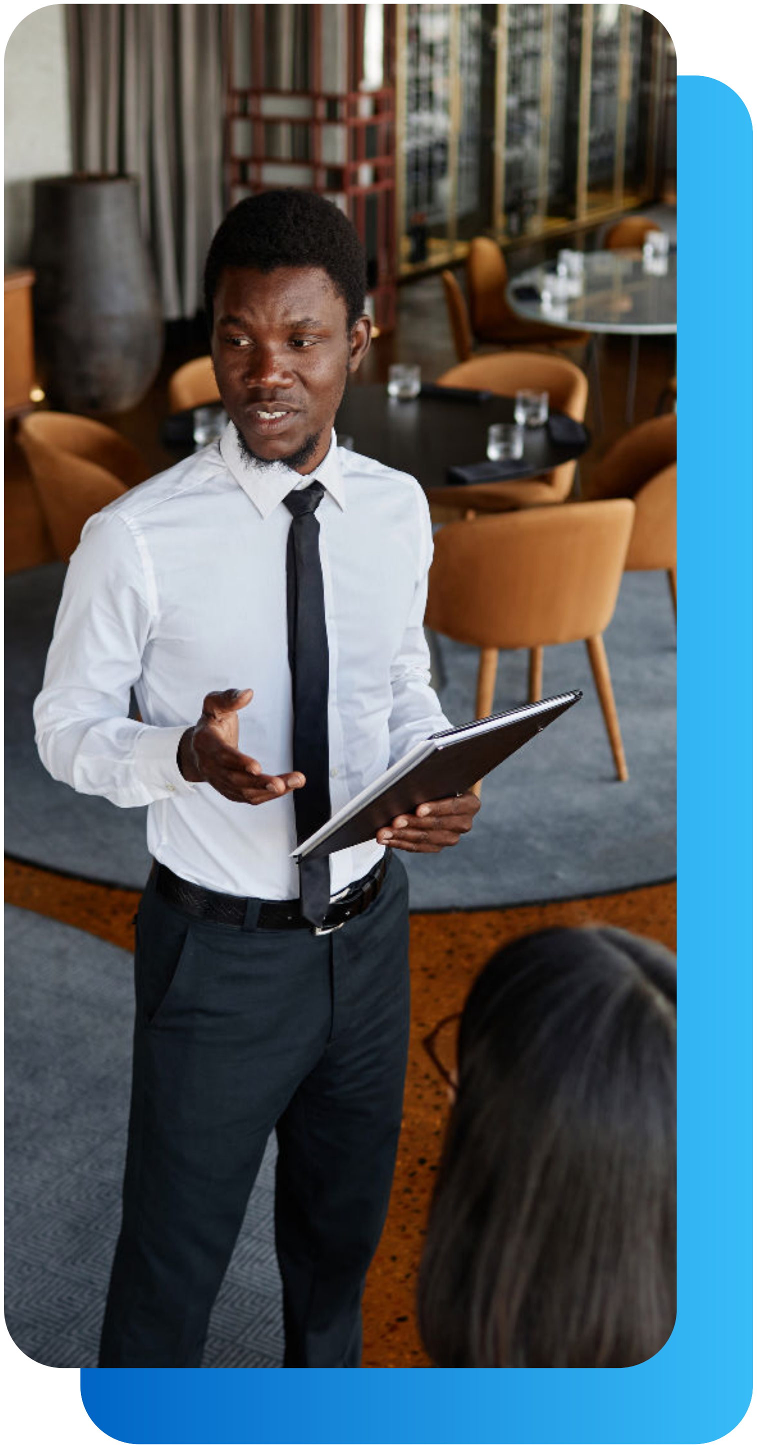
The forward-looking picture on labor is even more encouraging. Sixty-one percent of respondents expect labor costs to continue increasing through the remainder of 2026, well below the 87% who anticipated ongoing increases at the start of the year. That 26-point drop is the single biggest sentiment shift in our entire mid-year survey and suggests that operators are feeling meaningfully more confident about their ability to manage labor costs in the months ahead. That 61% is also the lowest forward-looking labor cost expectation in our entire three-year dataset, which goes back to mid-2024. For context, that number has ranged from a low of 65% to a high of 87% across all six reports. Hitting 61% is a genuine milestone.



77% said the increase will likely be in the 1% to 5% range

17% expect increases of 6% to 14%

6% are expecting increases greater than 15%



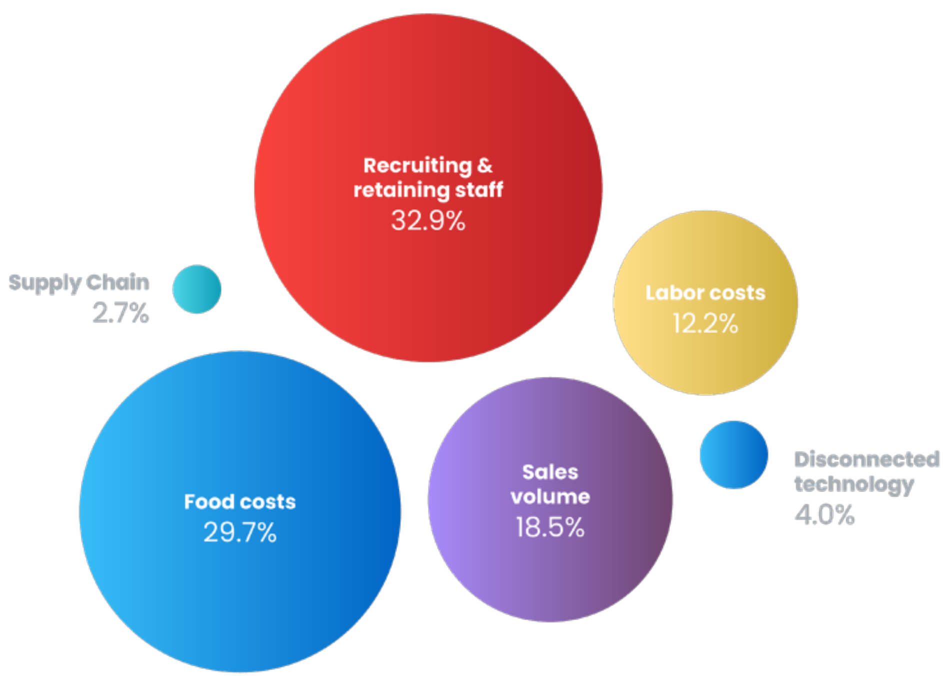
In response to higher labor costs, many operators are rethinking how they staff and support their teams. Forecasting tools that align scheduling with sales patterns have become increasingly valuable, helping restaurants avoid excess labor costs during lower sales periods while maintaining coverage and service standards. Cross-training has also taken on greater importance, giving operators more flexibility to shift team members between roles without adding headcount.

Technology is playing a larger role in these efforts as well. Digital systems for scheduling, time tracking, and payroll help reduce administrative burden and costly errors while giving managers clearer visibility into how labor dollars are being spent. Retention is another lever operators are pulling. **Restaurants that invest in supportive leadership, skill development, and clear paths for advancement tend to see lower turnover, which directly reduces the ongoing costs of hiring and training new staff.**

Key Challenges Facing Restaurants Now and Through the Rest of 2026

The first half of 2026 made one thing clear: Operators are managing more complexity than ever, and the pressures are not letting up. When we asked respondents to rank their biggest challenges so far this year, food costs topped the list, reflecting just how much the current cost environment has shifted operator priorities compared to prior years. Recruiting and retaining staff remained a close second, a reminder that the labor market continues to demand attention even as other concerns have grown louder.

Here is how operators ranked their **single biggest challenge for the first half of 2026:**

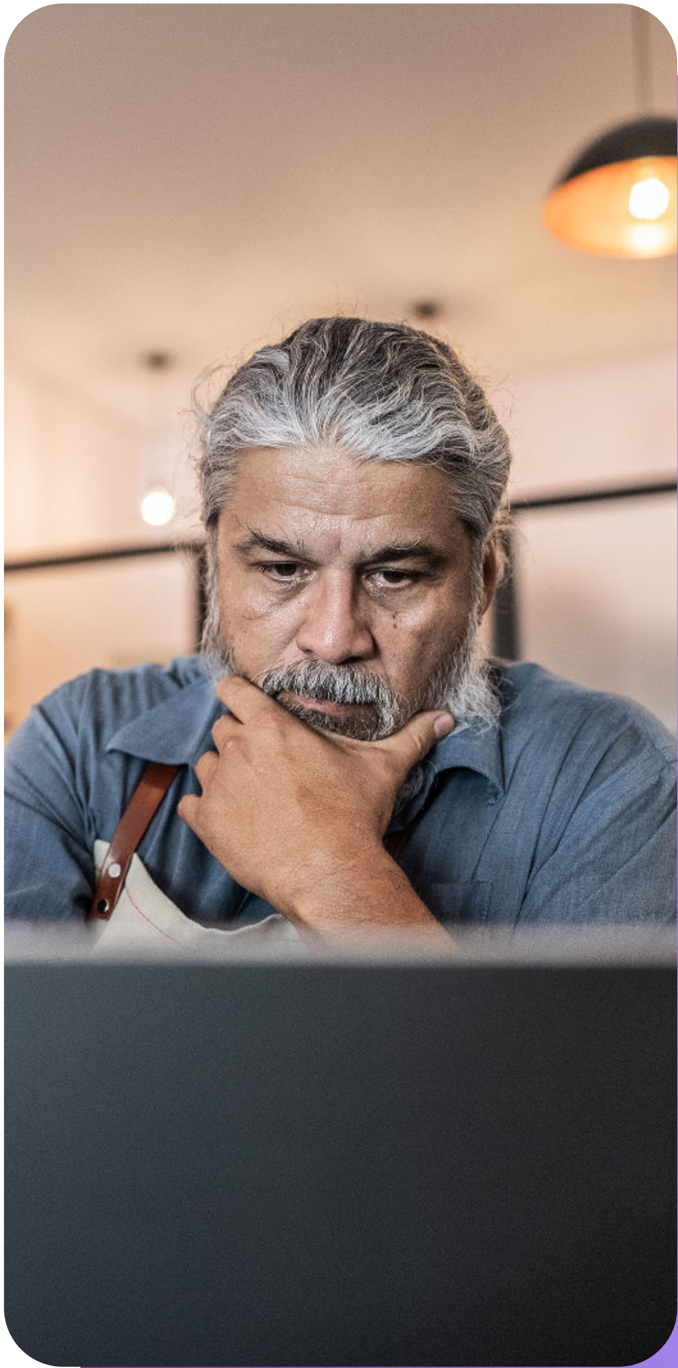


The return of recruiting and retaining staff to the top of the challenge rankings is one of the most striking findings in this mid-year survey. At the beginning of the year, just 18% of operators identified it as their number one concern. By mid-year that number had jumped to 33%, a 15-point swing that signals the staffing challenge is far from resolved and may be intensifying as the year progresses.

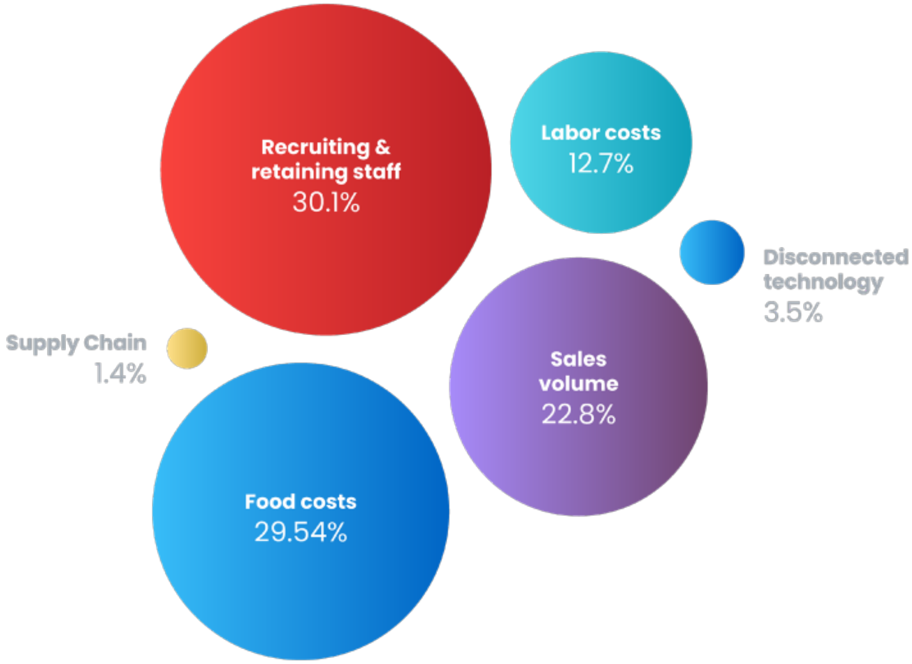
The multi-year picture makes this even more striking. Recruiting and retaining staff has ranked as a top challenge at 32% in mid-2024, dropped to 24% by late 2024, climbed back to 32% at the start of 2025, eased to 27% by mid-2025, then fell sharply to 18% at the start of 2026 before surging back to 33% today. The pattern is clear: staffing pressure never goes away. It just gets temporarily overshadowed by other concerns before roaring back.

To address these combined pressures, operators are leaning on a mix of practical strategies. Many are reassessing their menus and working more closely with suppliers to find pricing stability where they can. On the staffing side, restaurants are doubling down on culture, training, and compensation to hold onto the people they have. The underlying theme across these efforts is the same: do more with what you have and make every decision count.

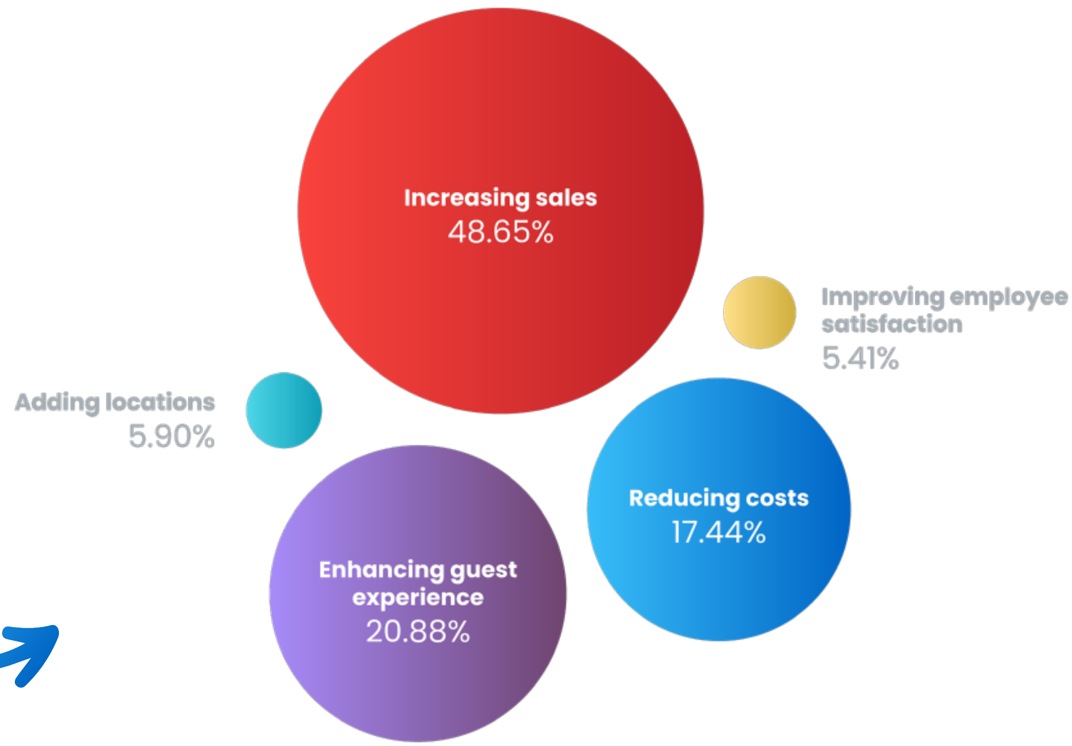
As operators look toward the second half of 2026, their expectations around challenges shift in some notable ways. Sales volume rose as a concern, suggesting that while cost pressures have dominated the conversation so far this year, operators are increasingly focused on what is happening on the revenue side of the equation.

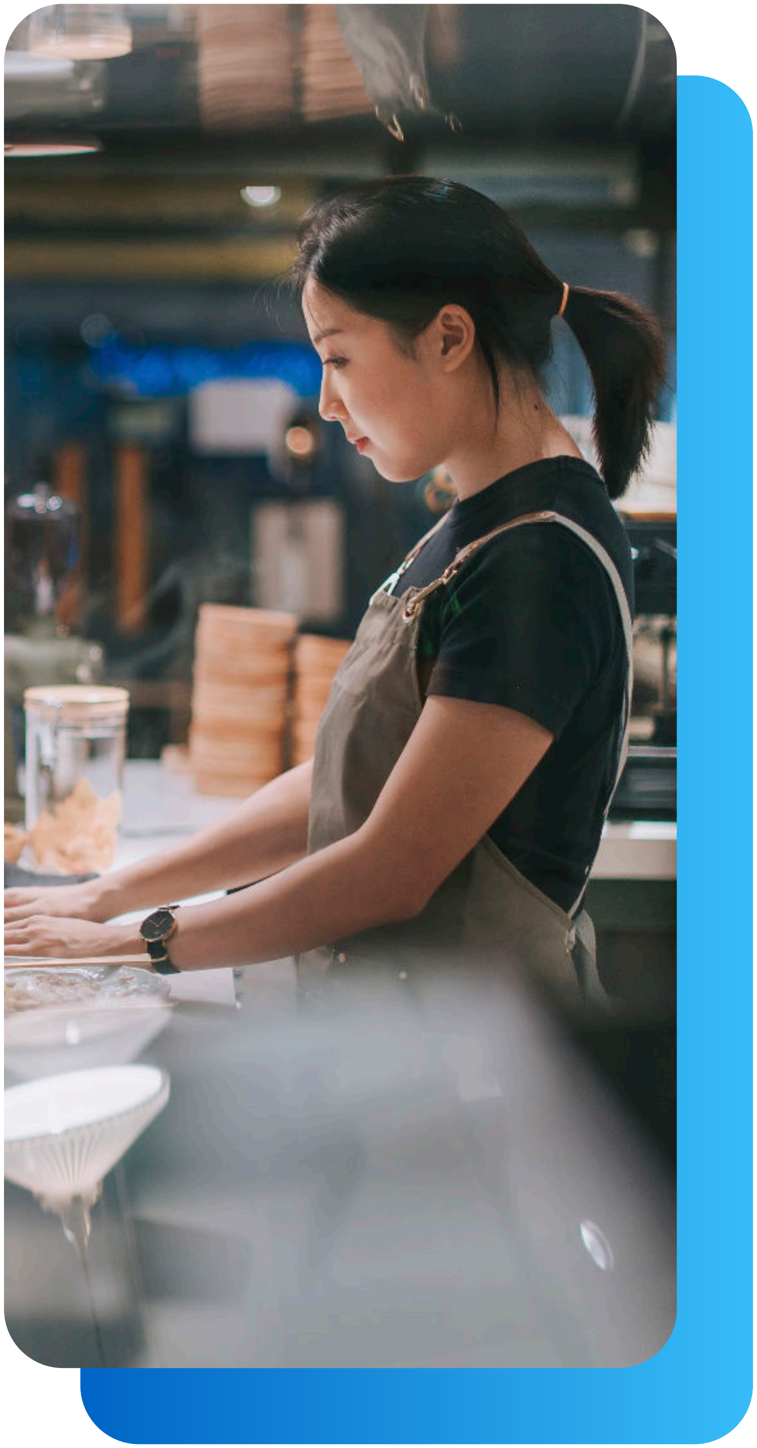


Here is how operators ranked their **single biggest projected challenge for the remainder of 2026:**



When we asked operators about their **single biggest operational priority for the rest of 2026**, increasing sales came out on top by a wide margin.





It is worth noting that at the beginning of the year, 60% of operators said increasing sales was their top operational priority. That number has pulled back to 49%, an 11-point drop that reflects a broader shift in operator mindset. Enhancing the guest experience rose from 15% to 21% in the same period, suggesting operators are increasingly focused on the quality of each visit rather than simply chasing volume.

The fact that nearly half of all respondents are still prioritizing sales growth heading into the second half of the year speaks to something important. Cost control has been the dominant conversation for much of 2026, but operators know that cutting alone will not get them where they need to go. Bringing more guests through the door, and giving those guests a reason to come back are what will ultimately determine how the year ends.

“

The remainder of 2026 will be a fight for market share as economic pressures persist. Success will come down to operational execution, value perception, and the ability to consistently win over guests.”

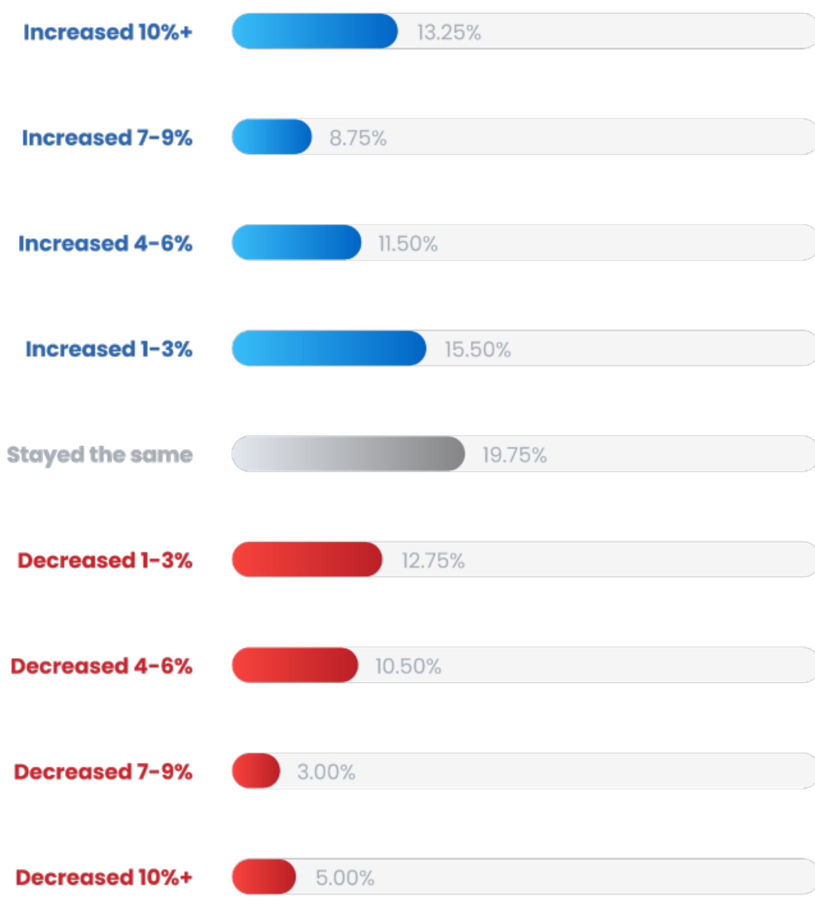
Kevin O’Bold

VP OF FINANCE
ASPEN CREEK GRILL

Traffic Report

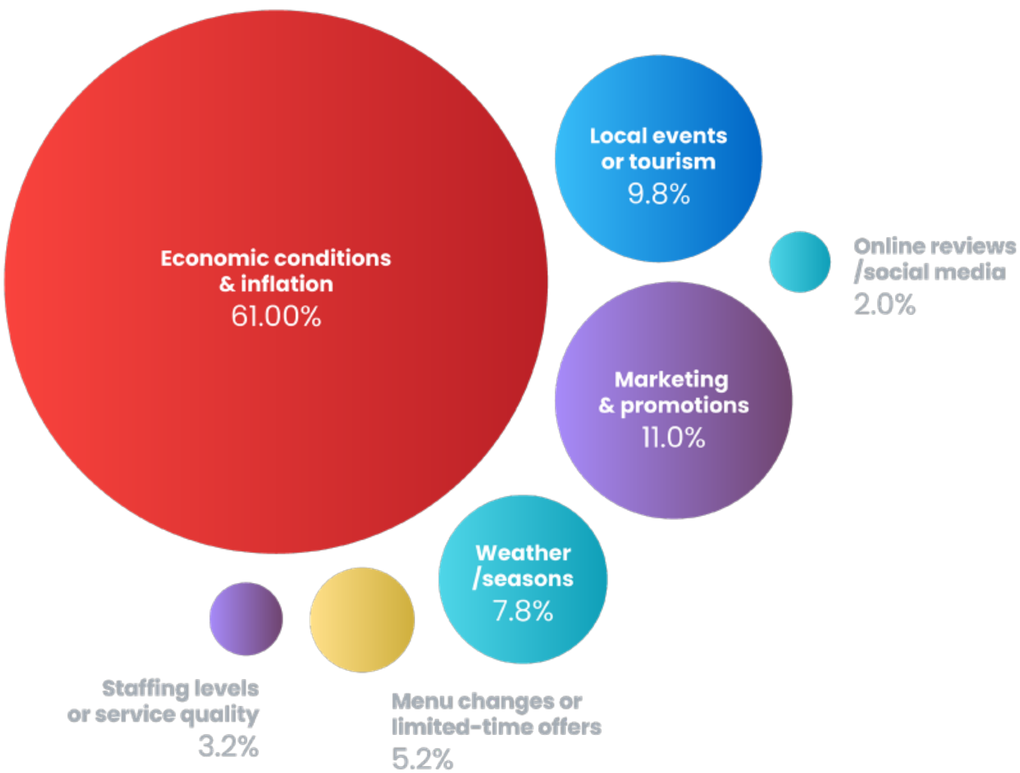
Restaurant traffic told two tales in the first half of 2026. While some operators saw meaningful gains, a significant portion experienced declines, and the divide between the two groups reflects just how uneven the current consumer landscape has become. Economic uncertainty, inflation, and tightening household budgets are all playing a role in shaping when and how often guests choose to dine out, and operators are closely watching these patterns as they plan for the months ahead.

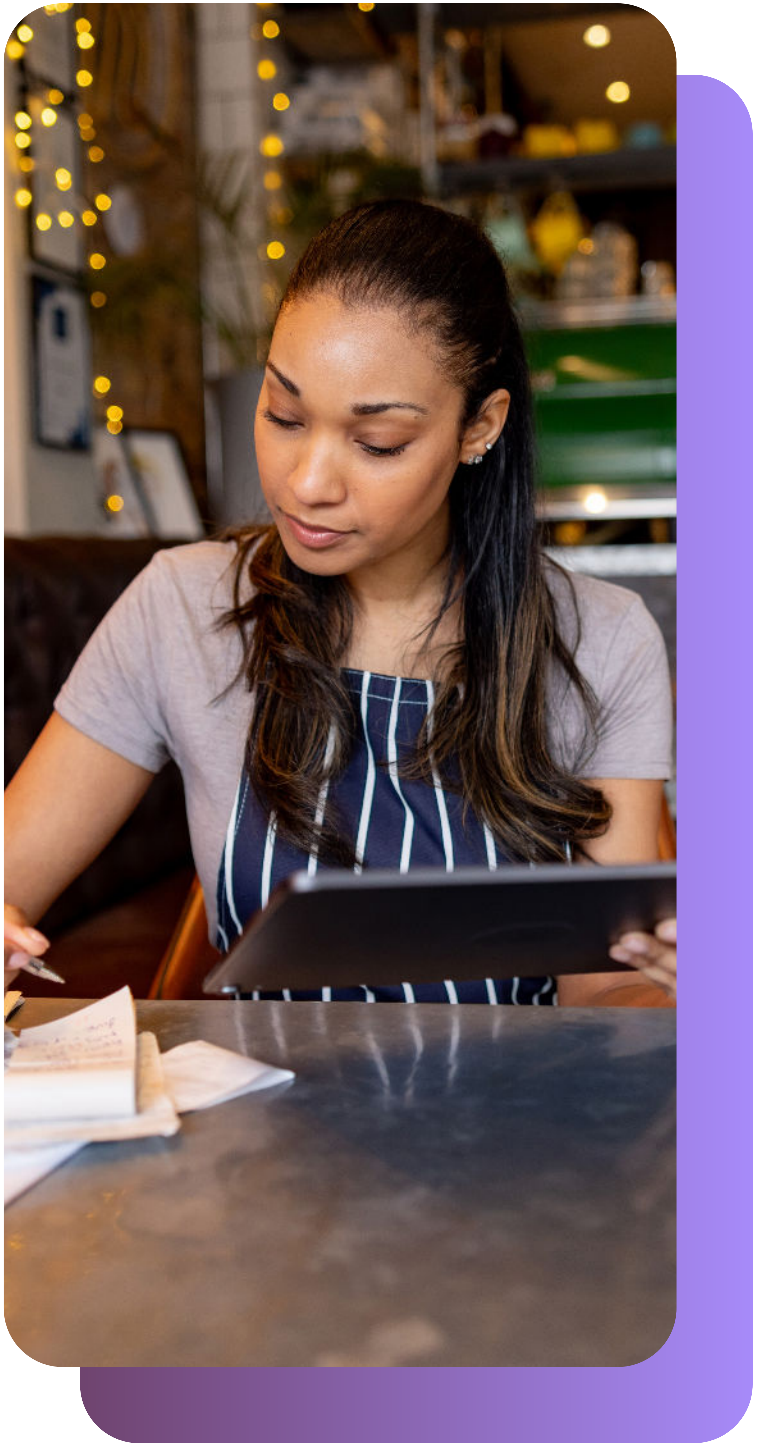
Here is how operators described their
guest traffic during the first half of 2026:



The overall traffic picture has improved dramatically compared to the beginning of the year. At that point, only 28% of operators reported any traffic increase, and 55% said traffic had decreased. By mid-year, those numbers meaningfully flipped, with 49% of operators now reporting traffic gains and just 31% experiencing declines. That's a 21-point swing on the positive side and a 24-point drop on the negative side, and it represents the single most encouraging shift in this entire mid-year survey.

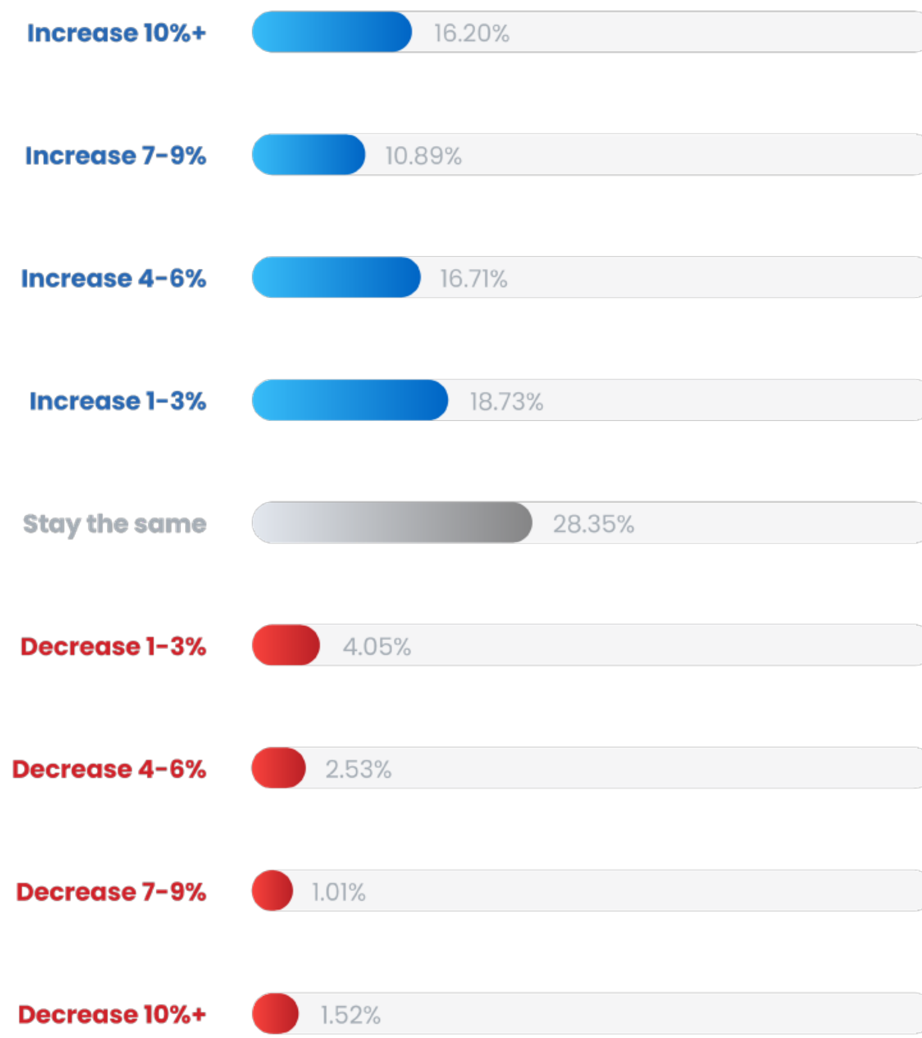
When we asked operators what factors had the greatest influence on their traffic over the past year, the answer was not particularly surprising, but it was emphatic. Economic conditions and inflation ranked as the dominant force by a wide margin, underscoring just how much the broader financial environment is shaping guest behavior right now.





Looking to the second half of 2026, operators are feeling more optimistic than the first-half results might suggest. A majority expect traffic to either hold steady or improve, which points to a cautious but genuine sense of confidence heading into the back half of the year.

Here is how operators expect their **guest traffic to shift in the second half of 2026:**



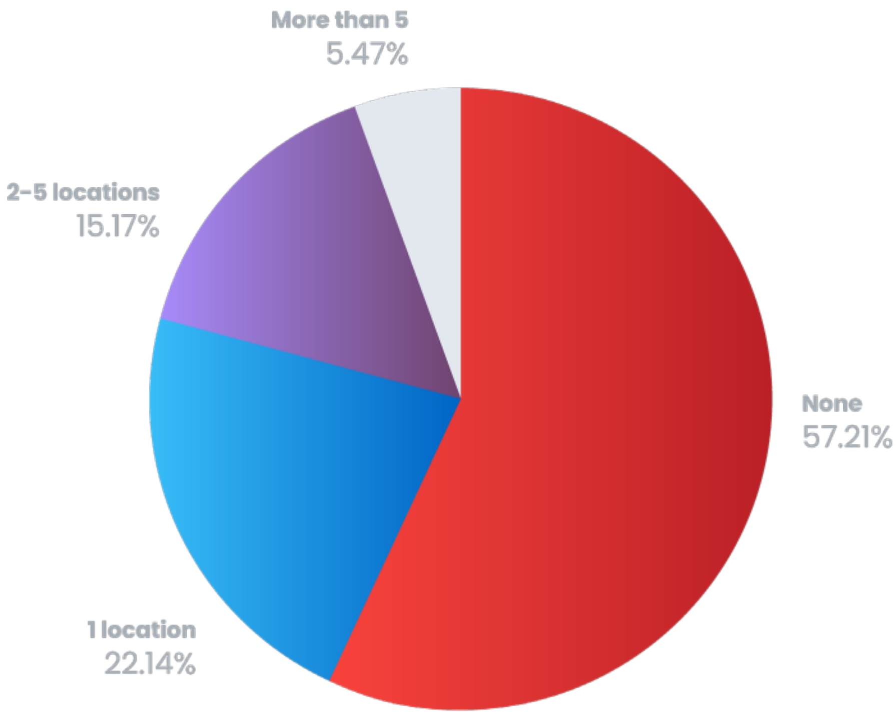
Altogether, 62% of operators expect some level of traffic growth in the second half of 2026 compared to just 9% who anticipate further declines. That sentiment shift is meaningful. It suggests that even in a difficult environment, operators believe the conditions are there for improvement, and many are actively putting plans in place to make it happen.

Expansion and Growth

Even in a challenging cost environment, a meaningful share of operators are moving forward with growth plans for the second half of 2026. The appetite for expansion hasn't disappeared, but it has become more deliberate. Operators are weighing their options carefully, and the data reflects an industry that is balancing ambition with financial reality.

When we asked respondents how many locations they're planning to open in the second half of 2026, more than half, 57%, said they're holding off. That caution makes sense given the cost pressures operators have faced through the first half of the year. But the 43% who are planning to grow represent a confident and committed segment of the industry that sees opportunity even in a difficult market. That 57% is part of a gradual but consistent trend. At the start of 2025, 46% of operators said they had no expansion plans. That number held steady through mid-2025 before climbing to 54% at the start of 2026 and now 57% at mid-year. Operators are becoming incrementally more cautious about growth with each passing survey, reflecting how sustained cost pressures are reshaping long-term planning.

Here is how operators described their
expansion plans in the second half of 2026:

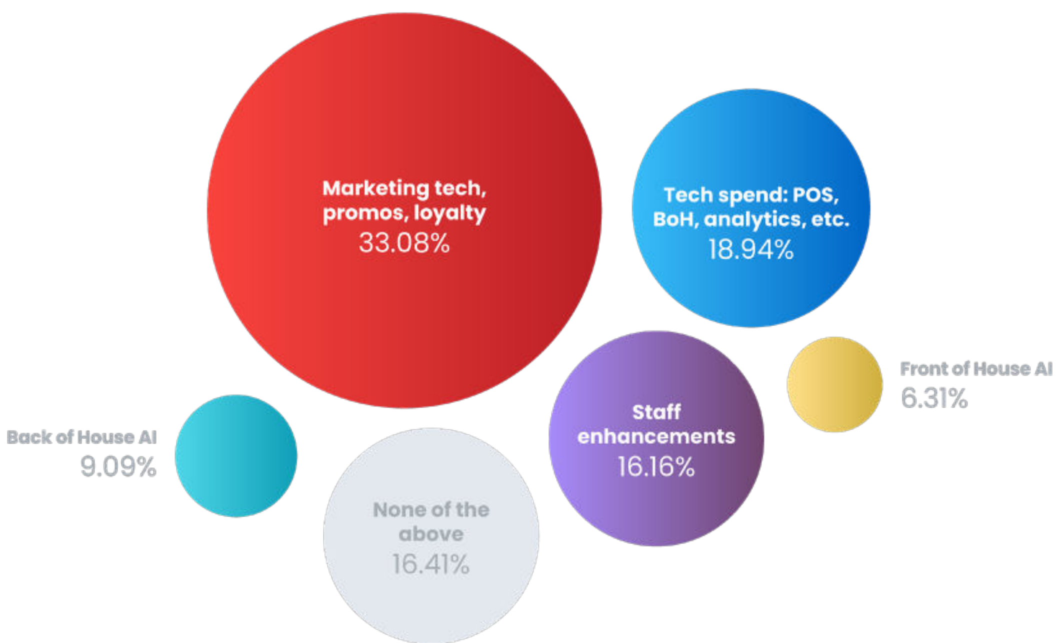


The operators who are growing are doing so with intention. For many, expansion is not just about adding locations but about finding the right markets, the right concepts, and the right timing to set those new restaurants up for long-term success. That kind of thinking reflects a broader shift in how operators are approaching growth right now. It is less about speed and more about sustainability, less about scale and more about making sure each new location is positioned to thrive from day one.

Planning for Future Investments

With cost pressures showing no signs of letting up, operators are being thoughtful and strategic about where they put their dollars in the second half of 2026. The investment priorities that emerged from our survey reflect an industry that is focused on driving revenue, strengthening guest relationships, and building the operational infrastructure needed to compete in a tighter margin environment.

Sales and marketing came out on top by a clear margin, which makes sense given that nearly half of all operators identified increasing sales as their number one operational priority for the rest of the year. Whether that means investing in loyalty programs, promotional campaigns, or the technology that powers them, operators are betting that the path forward runs through the guest relationship.



It is worth noting that sales and marketing was the top investment priority for 43% of operators at the beginning of the year. That number has pulled back to 33% at mid-year, a 10-point drop that suggests operators are spreading their investment dollars more broadly across technology, staff, and AI tools rather than concentrating them in one area.

The multi-year picture on staff investment tells an equally important story. In mid-2024, 35% to 37% of operators said staff enhancements were their top investment priority. That number has fallen almost continuously since then, dropping to 27% at the start of 2025, 17% by mid-2025, and now sitting at 16% today. At a time when recruiting and retaining staff has surged back to become the industry's number one challenge, operators are investing less in their people than at any point in the past three years. That tension is one of the most thought-provoking findings in this entire dataset.

The relatively low investment in front-of-house AI is worth noting. Despite a lot of industry conversation around automation and guest-facing technology, operators appear to be approaching that space with caution, prioritizing the back-of-house applications that have a more direct and measurable impact on cost control and efficiency.

Staff enhancements also remain a meaningful area of investment, which aligns with what operators told us about retention strategies elsewhere in the survey. Paying people better, training them more effectively, and creating environments where they want to stay are still seen as some of the smartest investments an operator can make, even when budgets are tight.

The Restaurant Profitability Gap: Where AI Adoption Stands Today

For the operators who have made that leap, the returns are showing up where it matters most. Survey respondents who are actively using AI reported meaningful results across the two largest expense lines on the restaurant P&L. In a separate Restaurant365 study focused specifically on AI adoption and outcomes, **operators actively using AI reported meaningful results across the two largest expense lines on the restaurant P&L.**

- **61% say AI has reduced their food costs**
- **62% say AI has reduced their labor costs**
- **Roughly 1 in 3 report cost reductions of 6% or more**
- **88% of AI users say the technology saves them time every single week**

Artificial intelligence has become one of the most talked-about topics in the restaurant industry, but talk and action are two different things. Our mid-year survey offers a grounded look at where operators actually are in their AI journey, what they are using it for, and what they hope to get out of it. The results suggest an industry that is genuinely interested in deploying AI, beginning to see meaningful results, but still in the early stages of figuring out how it fits into day-to-day operations. The Restaurant Profitability Gap is not a projection. For the operators already weaving AI into their back-office operations, it's a present-day reality showing up on their P&L every single week.

Across the restaurant industry, **AI adoption in the back office has moved well beyond any single function.** Operators are putting AI to work across reporting and analytics, scheduling, inventory, and more, with reporting and analytics leading adoption at 69% of operators either actively using or piloting it.

That's a drastic increase from our survey at the beginning of the year, when just over 25% of respondents said they had implemented or were planning to implement AI to support back-office operations. The breadth of that footprint signals that AI is no longer a niche tool being tested in one corner of the operation. It has become part of how back-office work gets done across multiple functions simultaneously.

Those cost reductions of 6% or more move the conversation well beyond incremental gains, and the near-universal time savings among AI users points to an operational efficiency lift that compounds across the business. For operators who have moved from curiosity to commitment, AI is already functioning as a margin protection tool, not a future promise but a present reality.

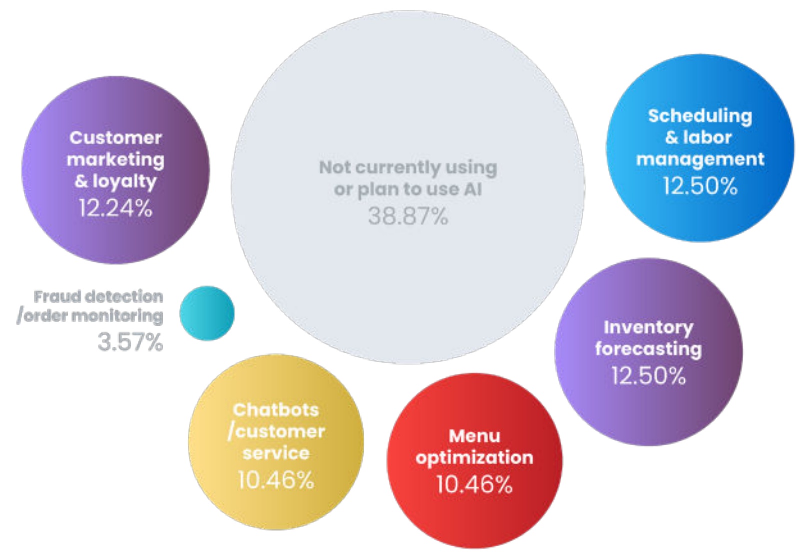
This is the Restaurant Profitability Gap in action, and for the operators on the winning side of it, there is no going back.

Still, a significant share of the industry has yet to make that move. When we asked the broader operator population in our 2026 State of the Restaurant Industry Midyear Survey, 38% of respondents said they are not currently using AI and have no plans to do so. That's a significant share of the industry, and it reflects the reality that for many operators, the more immediate priorities of managing food costs, staffing challenges, and traffic pressures are taking up most of the bandwidth. Respondents said the factors that are holding operators back from implementing and leveraging AI include:

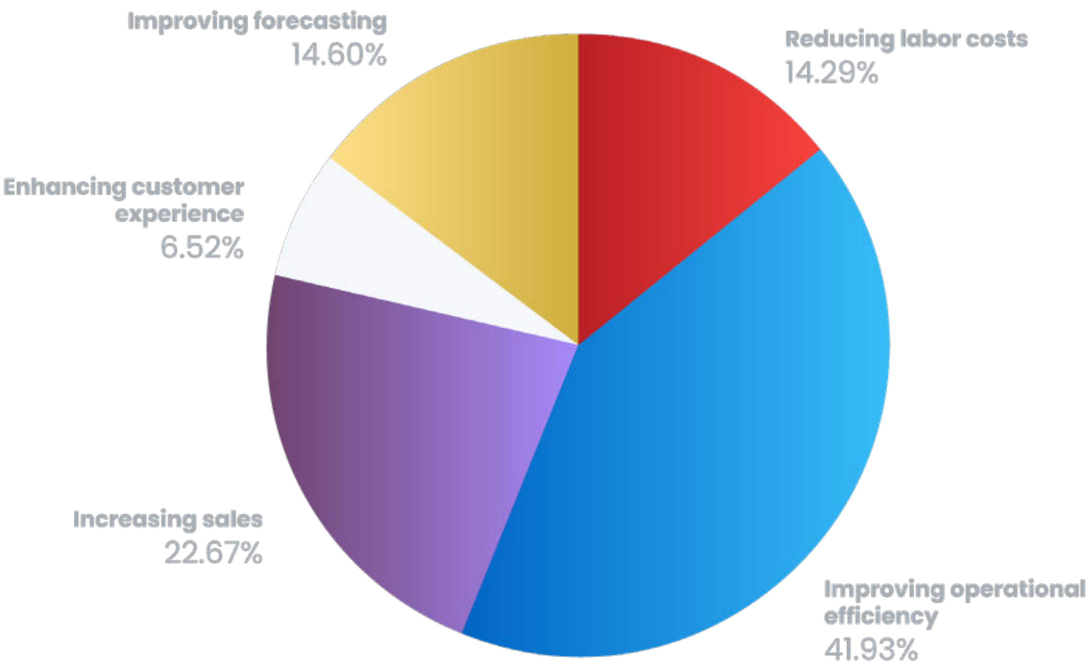
- **37% cited data privacy and security concerns**
- **34% said there were issues around output accuracy**
- **29% pointed to cost as the key hurdle**
- **18% said they didn't know where to start**
- **13% noted they were unable to find a relevant use case**

While all those concerns are valid, it's worth noting the previous outcome that those who are embracing AI are seeing in their businesses' key controllables. Given the constant shifts in food and labor costs, it's more important than ever for operators to be tuned into all the ways that can help them maintain and grow their margins.

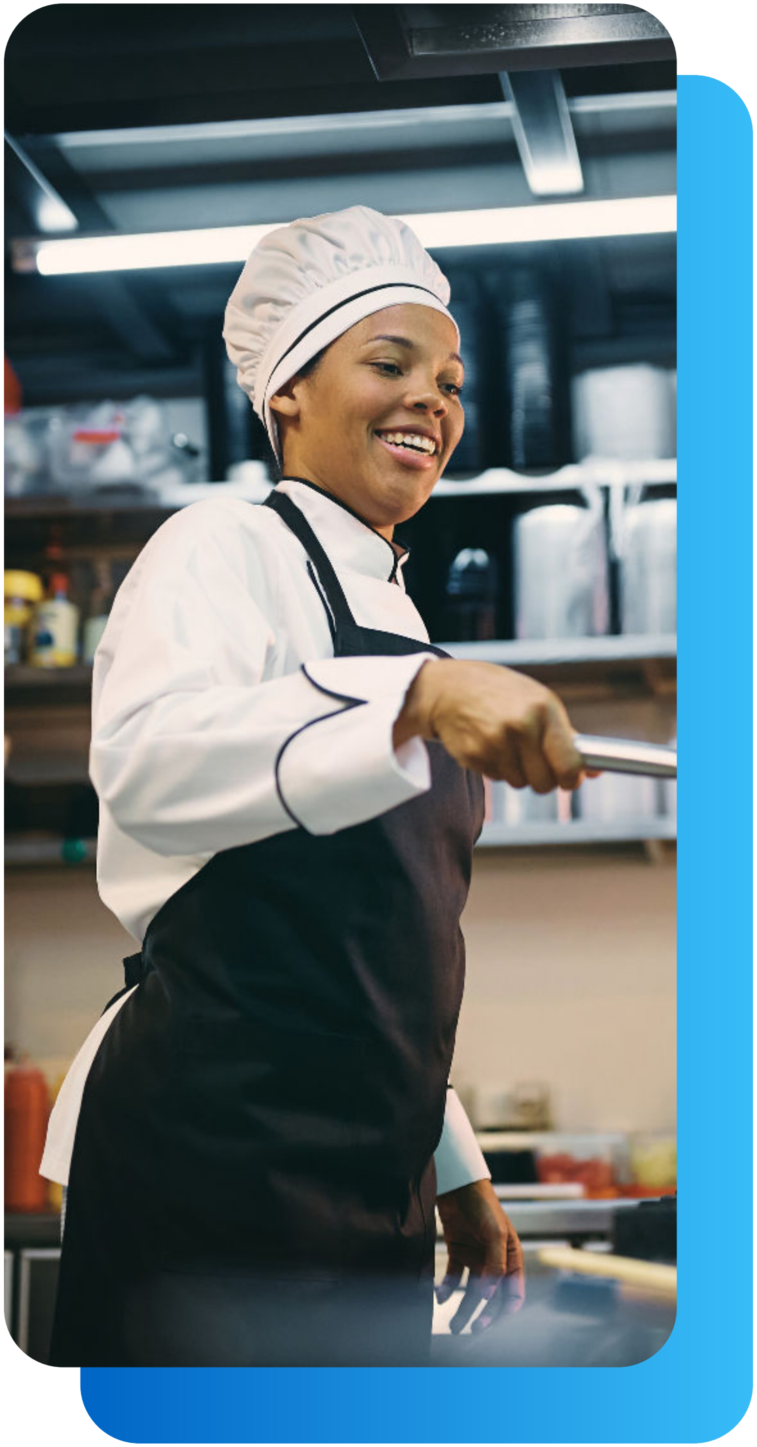
When we asked all respondents how they have implemented or plan to implement AI across their operations, **the applications were split fairly evenly across several areas.**



When we asked operators who are using or planning to use AI what their primary goal is, **improving operational efficiency came out on top by a significant margin.** That finding is consistent with the broader theme running through this year's survey: operators are focused on doing more with less, and AI is increasingly being seen as a tool that can help them get there.



The relatively low priority placed on customer-facing AI goals is interesting when viewed alongside the investment data from the previous section, where front-of-house AI ranked last among investment priorities. Operators are clearly more excited about what AI can do behind the scenes than what it can do in front of the guest, at least for now. As the technology matures and the use cases become clearer, that balance may shift. But for the second half of 2026, the back of house is where the AI conversation is happening, and for the operators already in that conversation, the Restaurant Profitability Gap is only going to widen.



Hiring and Retaining Staff

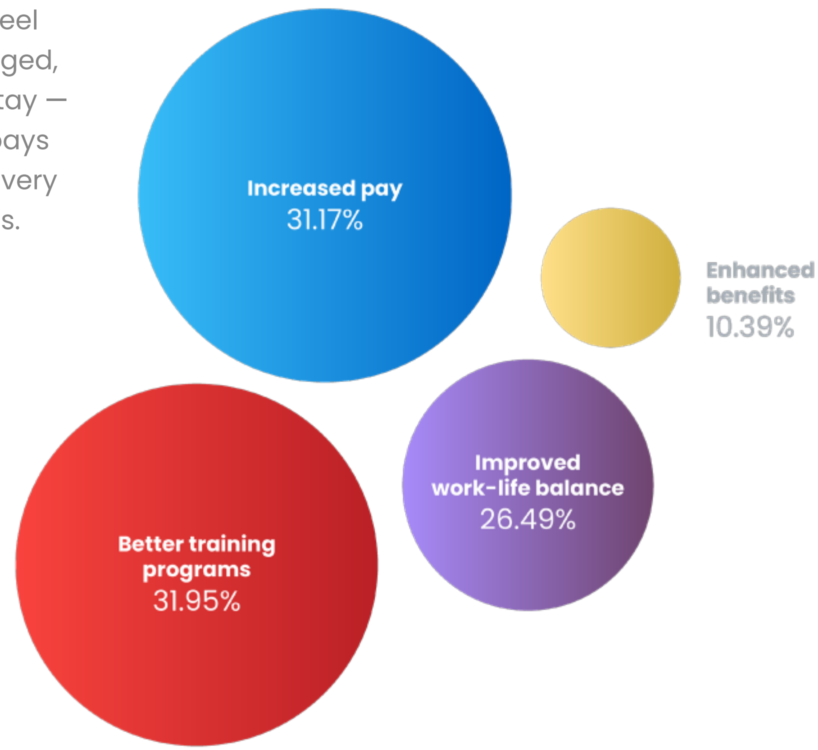
Staffing has been a defining challenge for the restaurant industry for several years now, and the first half of 2026 has done nothing to simplify it. Finding good people, keeping them engaged, and building teams capable of delivering a consistent guest experience in a high-pressure environment remains one of the most operationally and financially consequential challenges operators face — and one of the most expensive when it goes wrong.

The broader industry data reflects just how persistent this challenge is. Bureau of Labor Statistics Job Openings and Labor Turnover Survey data shows the monthly quit rate for accommodation and food services reached 4.3% in March 2026 — the highest of any U.S. industry tracked by the BLS — translating to an annual turnover rate of approximately 74% across the sector. According to Black Box Intelligence, whose monthly workforce tracking represents the restaurant industry's most widely cited labor benchmark, non-management turnover in limited-service restaurants declined seven percentage points year-over-year in Q1 2026, reflecting retention gains driven in part by pandemic-era wage investments that have made restaurant compensation more competitive with alternative hourly employment. Even with that improvement, the restaurant industry's annual turnover rate remains roughly five times the national average, and the cost of each departure — estimated between $2,700 and $5,864 per hourly employee replacement, depending on role and concept — compounds quickly across multi-unit operations.

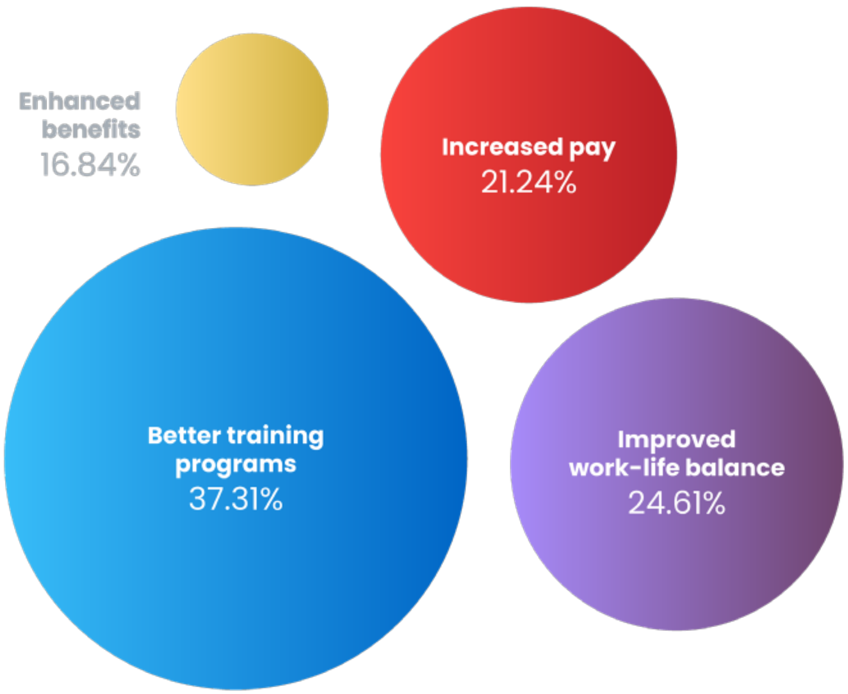
What is changing is how operators are responding. When we asked what strategies they have already put in place to reduce turnover, better training programs came out on top, edging out pay increases for the first time in our research. That shift is meaningful. It suggests operators are recognizing that competitive pay alone is not enough to retain people, and that sustained investment in development, growth, and day-to-day workplace experience plays an equally important role in keeping teams intact.

As operators look ahead to the second half of 2026, their retention plans reflect a continued emphasis on training and development, with improved work-life balance also emerging as a growing priority. The fact that better training programs rank first both in what operators have already done and what they are planning to do next says something important about where the industry is heading. Operators increasingly see training not just as an onboarding requirement but as an ongoing investment in the kind of team culture that keeps people around for the long term.

When employees feel supported, challenged, and valued, they stay — and that stability pays dividends across every part of the business.



As operators look ahead to the second half of 2026, their retention plans reflect a continued emphasis on training and development, **with work-life balance also emerging as a growing priority.**

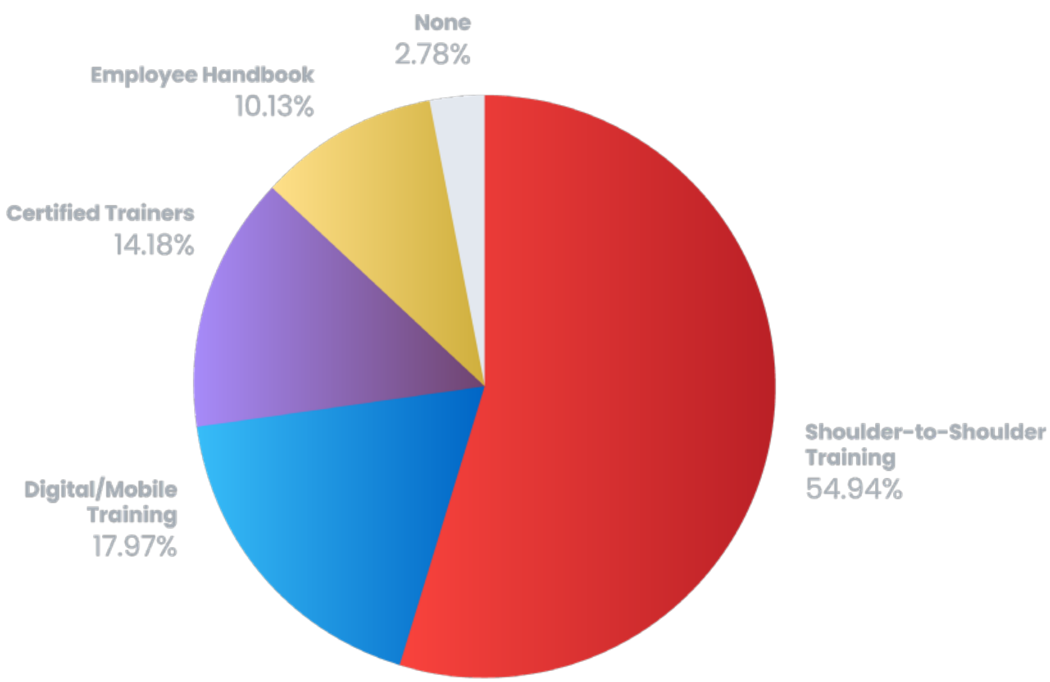


The fact that better training programs rank first both in what operators have already done and what they are planning to do next says a lot about where the industry is heading. Operators increasingly see training not just as an onboarding tool but as an ongoing investment in the kind of team culture that keeps people around for the long term. When employees feel supported, challenged, and valued, they are more likely to stay, and that stability pays dividends across the business.

Employee Training

Strong training programs have always been a cornerstone of good restaurant operations, but they've taken on new urgency in 2026. With turnover still a persistent challenge and labor costs rising, operators cannot afford to lose people to poor onboarding experiences or a lack of development opportunities. Getting training right from day one, and continuing to invest in it over time, is one of the most effective ways to build the kind of stable, capable teams that keep operations running smoothly and guests coming back.

When we asked operators how they are currently delivering training, **shoulder-to-shoulder training remained the dominant approach by a wide margin**, reflecting the hands-on, relationship-driven culture that defines so much of the restaurant industry.



> "Economics of uncertainty is always top of the list, but you have to work with what you can control. **Training and food quality are what we can control to provide the best experience for our guests**, and we're going to continue to work on those items to position us at the top."

Teresa Akkola

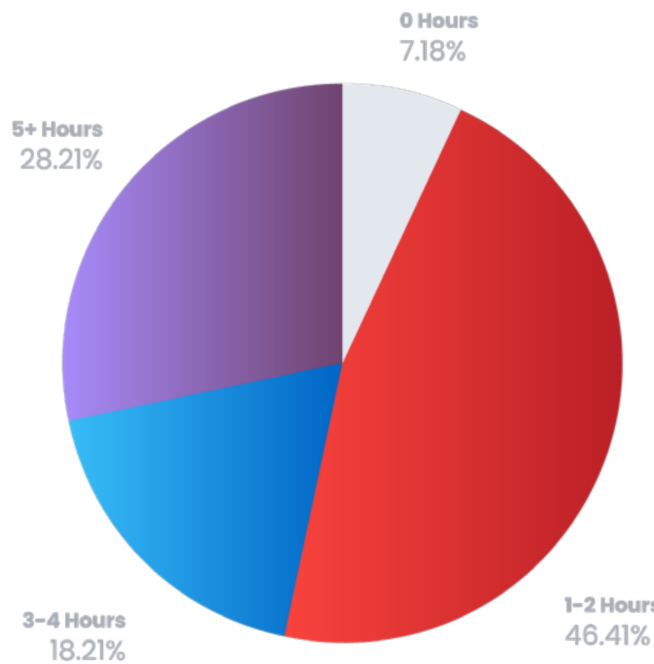
CFO

CASA RIO

The dominance of shoulder-to-shoulder training is not a new phenomenon, but its growth over time is worth noting. In mid-2024, 40% of operators said they relied on this method. That number climbed to 45% at the start of 2025, jumped to 60% at the start of 2026, and now sits at 55% at mid-year. The restaurant industry is doubling down on human connection as its primary training method even as digital tools become more widely available, which says a lot about the kind of culture operators are trying to build.

The reliance on shoulder-to-shoulder training makes sense in an industry built on real-time service and human connection, but it also has limitations. When experienced team members are pulled away from their primary roles to train new hires, it can create its own operational strain. That tension is pushing more operators to explore digital and mobile training tools that allow new employees to build foundational knowledge on their own time before stepping onto the floor.

When we asked **how many hours of training staff receive each week**, the responses revealed a wide range of approaches across the industry.



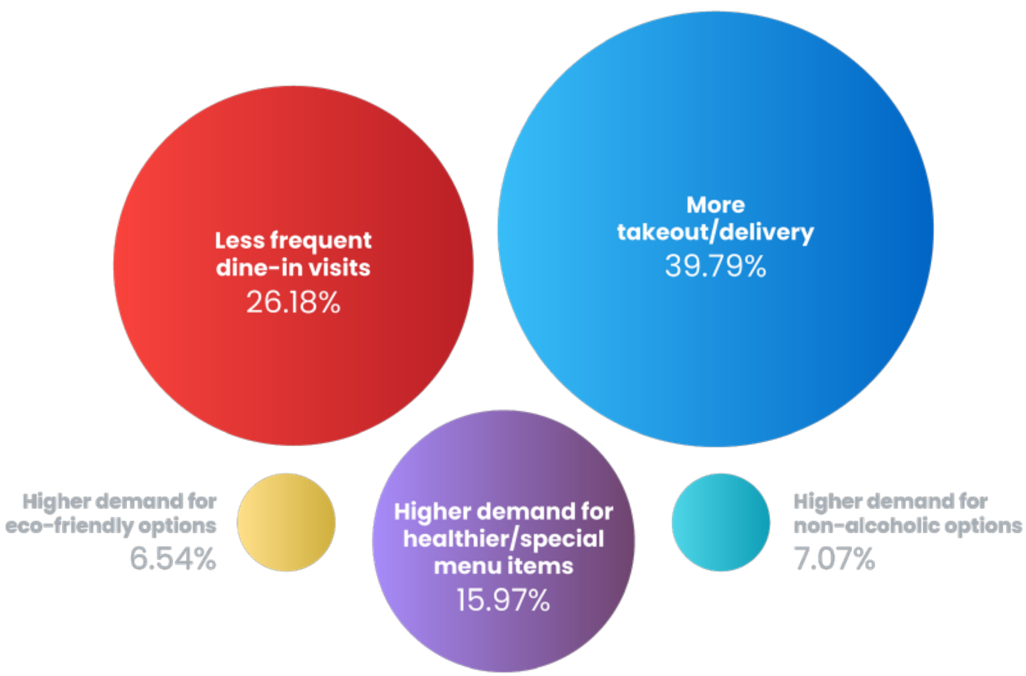
As restaurants work to build stronger and more flexible teams, cross-training has emerged as one of the most practical tools available. Teaching employees to step into multiple roles not only fills gaps more easily during busy periods or unexpected absences, but it also **gives team members a broader sense of purpose and a clearer path for growth within the organization.**

We asked operators what percentage of their staff is currently cross-trained, and the results show that most restaurants still have a long way to go. The largest group, 29%, said only 11% to 25% of their staff are cross-trained, and another 17% said the number is even lower at 0% to 10%. Just 14% of operators have reached the point where 76% or more of their team can work across multiple roles, suggesting that while cross-training is widely recognized as valuable, fully embedding it into the operation remains a work in progress for most.

Consumer Behavior

Consumer behavior has been one of the most closely watched storylines of 2026, and for good reason. As inflation continues to strain household budgets and economic uncertainty keeps many guests thinking twice before dining out, the way people are choosing to engage with restaurants has shifted. Operators have felt these changes firsthand, and their observations offer some of the clearest signals yet about the direction of consumer habits.

When we asked operators how guest preferences and behaviors had changed so far in 2026 compared to prior years, the responses pointed to two dominant trends that are reshaping how restaurants think about their business mix.



"Balancing our need to be more efficient and reduce costs with customer desires is becoming increasingly more challenging. **There is no single thing to focus on; a comprehensive approach must be embraced."**

Robert Snyder

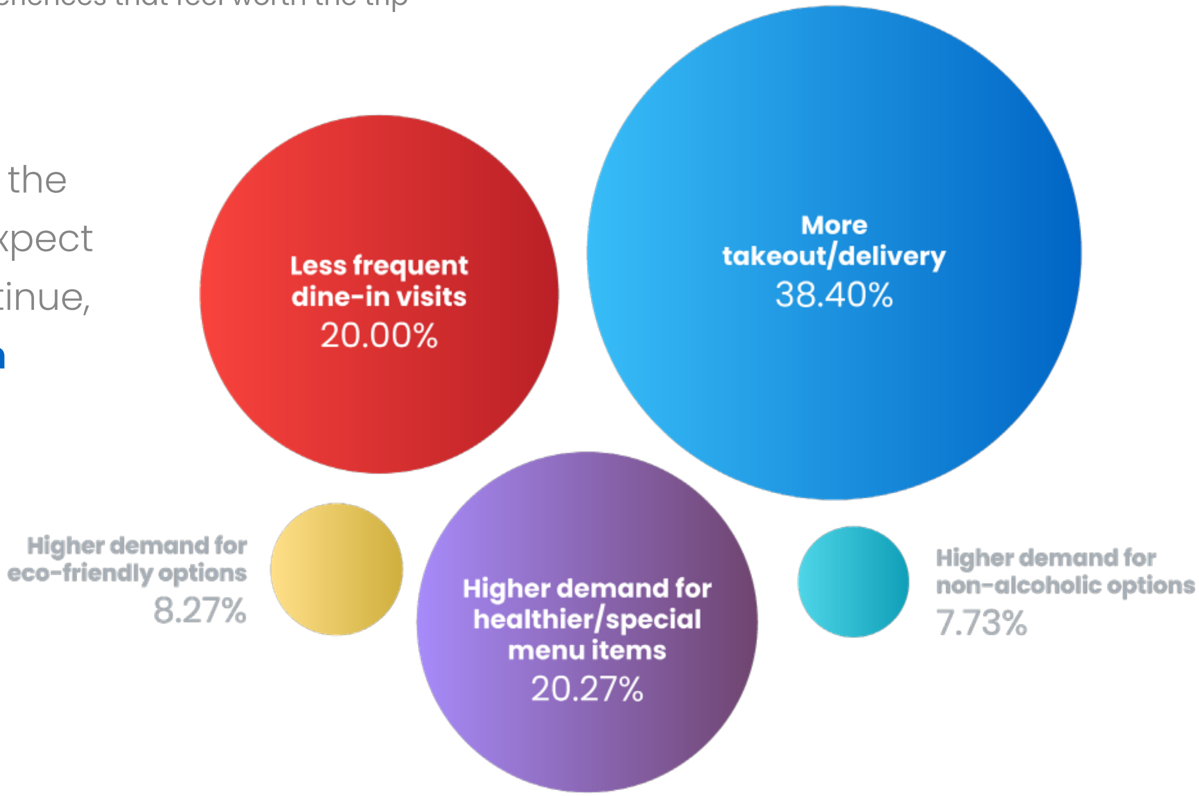
CFO

BIG DOG'S HOSPITALITY GROUP

One of the most encouraging shifts in this entire mid-year survey is the dramatic drop in operators reporting less frequent dine-in visits. At the beginning of the year, 43% of operators said guests were dining in less frequently. By mid-year that number has fallen to 26%, a 17-point improvement that suggests guests are returning to the table more often than many operators expected heading into 2026.

The continued growth of takeout and delivery is not a new story, but the scale of it is still striking. Nearly four in 10 operators are seeing more off-premises orders as a share of their business, which has real implications for kitchen operations, packaging, staffing, and the overall guest experience. At the same time, the decline in dine-in frequency is a signal that guests are making more deliberate choices about when and where they sit down for a meal, often reserving those occasions for experiences that feel worth the trip and the spend.

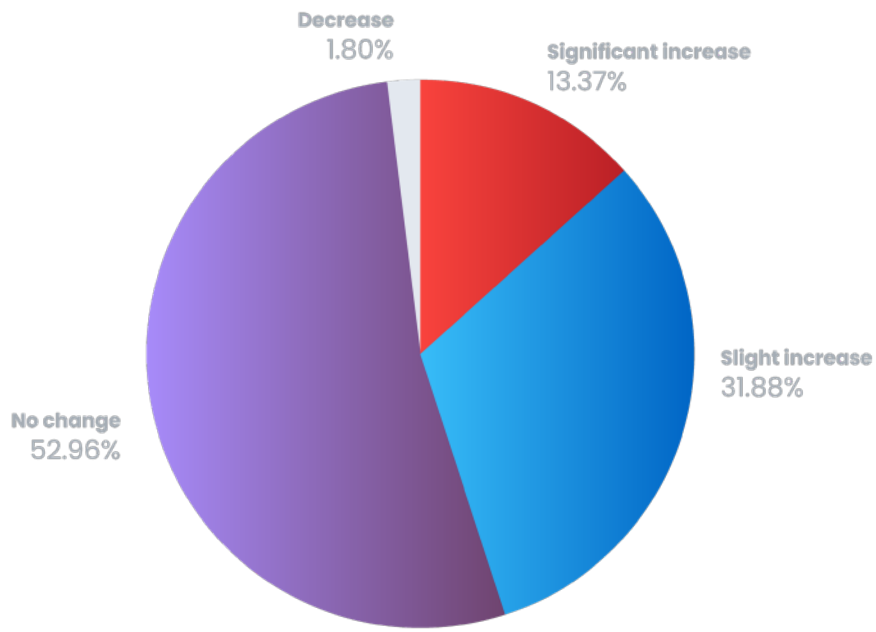
As operators look ahead to the second half of 2026, they expect these trends to largely continue, **with a few notable shifts in emphasis.**



The Rise of Non-Alcoholic Beverages

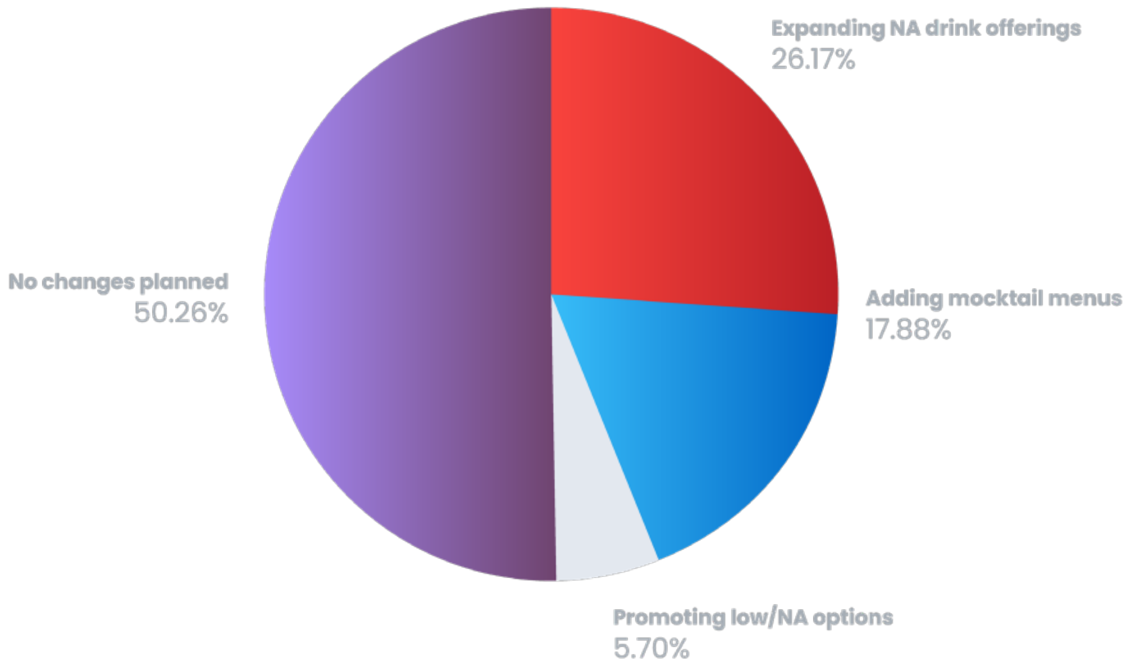
One of the more interesting consumer trends to emerge from our mid-year survey is the growing demand for non-alcoholic beverage options. Driven in large part by a broader cultural shift toward health-conscious choices and the growing sober-curious movement, guests are increasingly looking for compelling drink options that do not include alcohol. For restaurants, this represents both a challenge and a genuine opportunity to expand their beverage programs in ways that resonate with a wider range of guests.

Our survey found that 45% of operators have seen some level of **increased demand for non-alcoholic beverages so far in 2026.**



For nearly half of all operators to be seeing increased interest in non-alcoholic options is a meaningful signal, particularly given how recently this category has gained mainstream traction. Mocktails, craft sodas, botanical drinks, and zero-proof spirits have moved well beyond novelty status and are now a legitimate part of the beverage conversation at restaurants across every segment.

When we asked how operators are responding to this shift, the results revealed that many are still in a wait-and-see mode, **though a growing share are actively building out their offerings.**

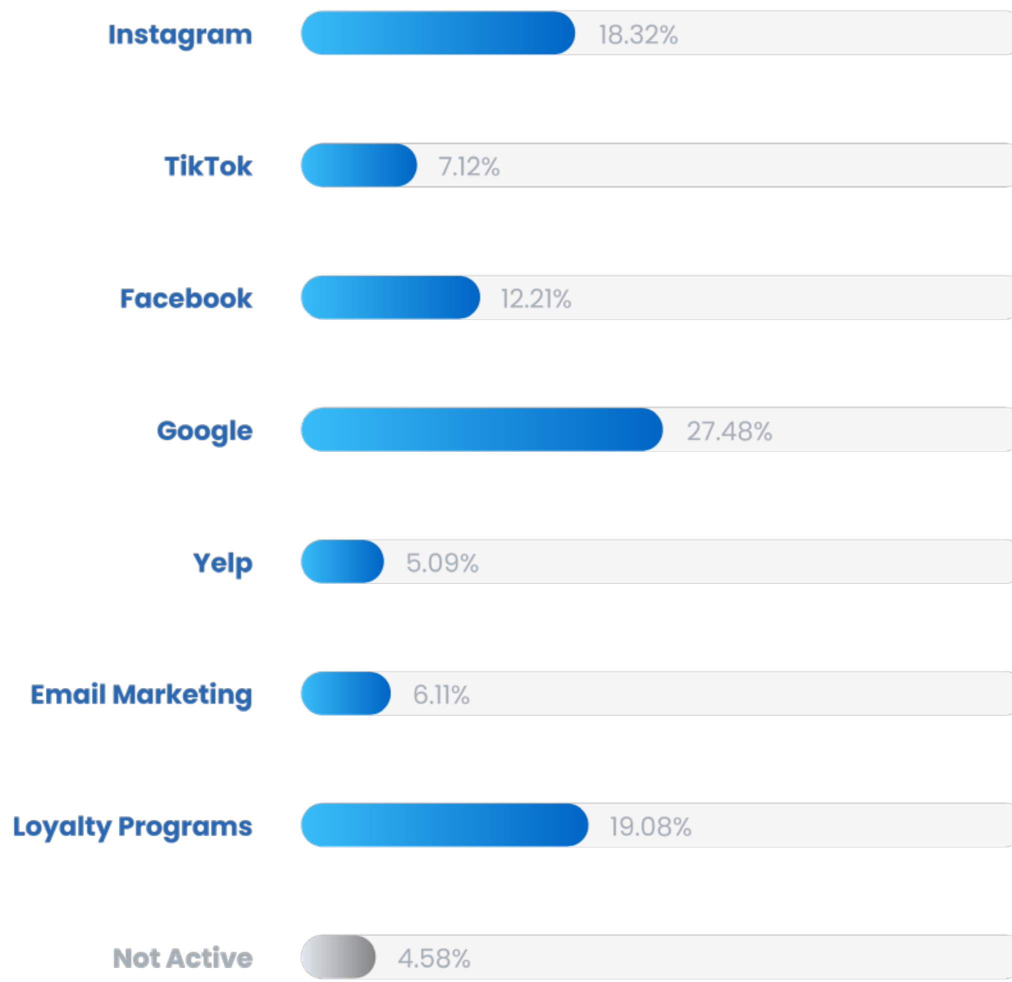


The 50% who have no changes planned represent an opportunity waiting to be captured. As consumer demand for these options continues to grow, restaurants that get ahead of the trend now by developing creative and intentional non-alcoholic beverage programs will have a meaningful advantage over those who wait. It is a relatively low-cost investment that can drive incremental revenue, broaden appeal, and signal to guests that the restaurant is paying attention to what they actually want.

Digital Presence and Social Media

In 2026, a restaurant's digital presence is just as important as its physical one. Guests are discovering restaurants, forming opinions, and making dining decisions based on what they find online long before they ever walk through the door. Operators who are consistently showing up in the right way across the right digital channels are seeing the payoff in traffic and guest loyalty. Those who are not are increasingly at risk of being overlooked in a crowded and competitive market.

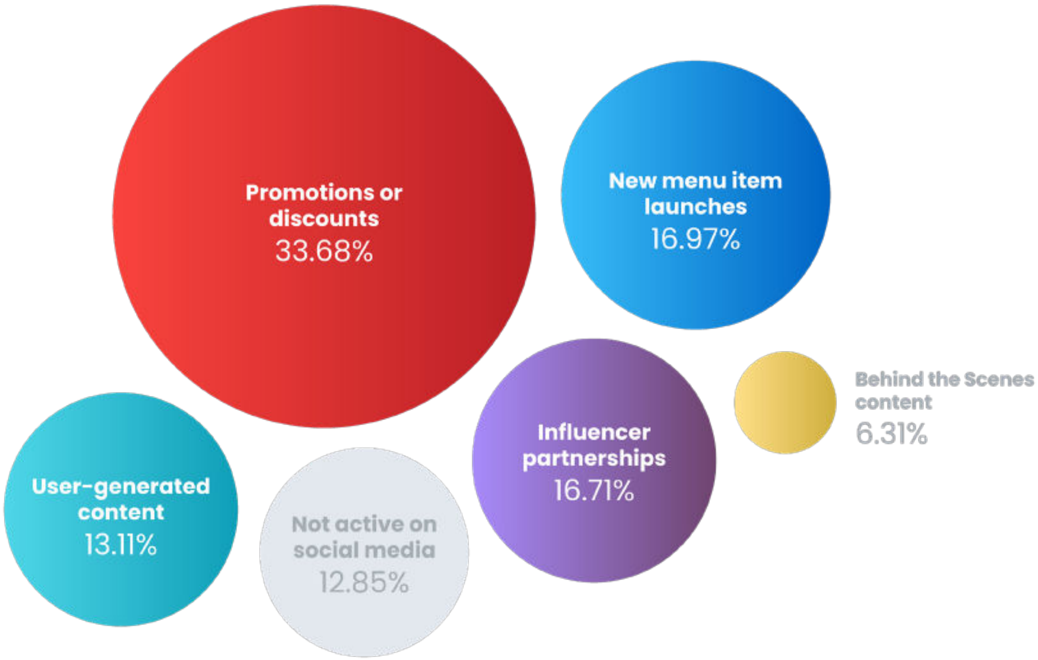
When we asked operators which channels are driving the most customer engagement and traffic for their restaurants, Google Reviews and Search came out on top by a significant margin, reinforcing just how central the search and review experience has become to the guest discovery journey.



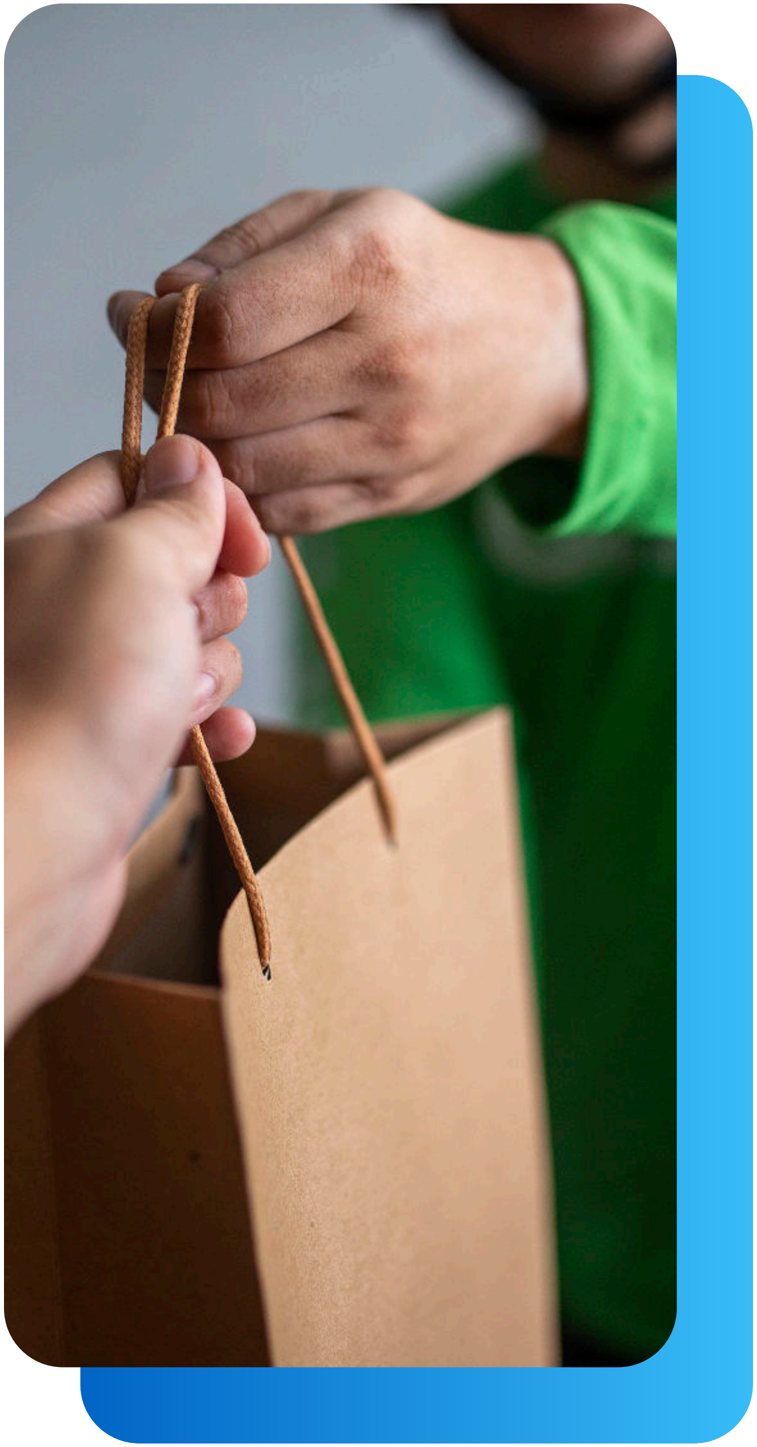
The dominance of Google Reviews and Search is a reminder that reputation management is one of the most important and often underinvested areas of restaurant marketing. Every review left by a guest is a piece of content that shapes how the next potential guest perceives the restaurant, and operators who are actively engaging with their reviews, responding thoughtfully, and encouraging satisfied guests to share their experiences are building a compounding asset that pays off over time.

The strong showing for loyalty programs is also noteworthy. Nearly one in five operators identified loyalty as their top engagement channel, which speaks to the power of building direct relationships with guests rather than relying solely on third-party platforms to drive traffic. In an environment where every guest visit is harder to earn, keeping the guests you already have coming back is one of the smartest investments a restaurant can make.

When we asked operators how they are currently using social media to drive traffic, promotions and discounts came out on top, followed closely by new menu item launches and influencer partnerships.



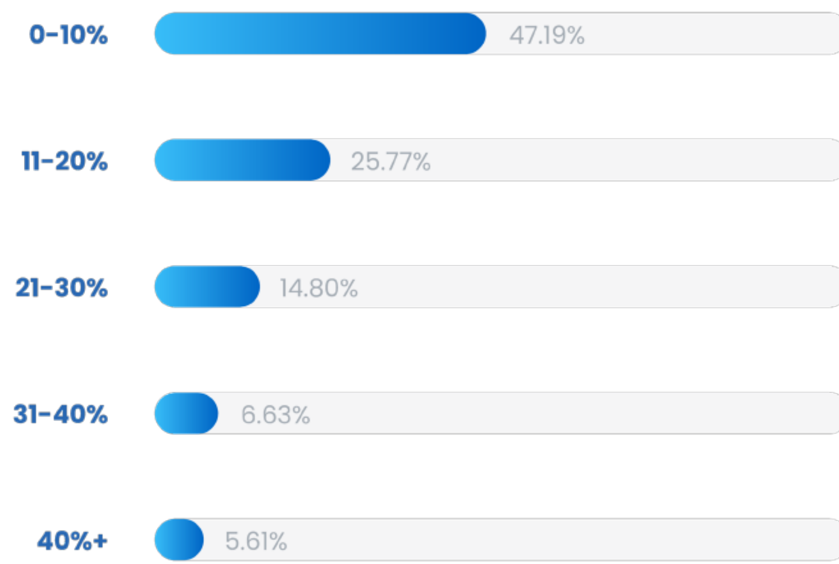
The 13% of operators who are not yet active on social media represent a significant missed opportunity. For restaurants that are not yet investing in their social presence, even a modest and consistent effort across one or two platforms can have a meaningful impact on visibility, guest engagement, and ultimately traffic. **The barrier to entry has never been lower, and the potential return has never been higher.**



Delivery Dynamics

As demand for takeout and delivery continues to grow, third-party delivery platforms have become a permanent part of the restaurant landscape. DoorDash, Uber Eats, and their competitors have given restaurants access to a broader pool of potential guests, but they have also introduced a set of tradeoffs that operators are still working through. Fees, margin pressure, and the challenge of delivering a consistent guest experience through a third party are all ongoing concerns, and how operators manage these dynamics will play a meaningful role in shaping their financial performance through the rest of 2026.

When we asked operators **how much of their revenue currently comes from third-party delivery services**, the results showed that for most restaurants, these platforms are a meaningful but not dominant part of the business mix.



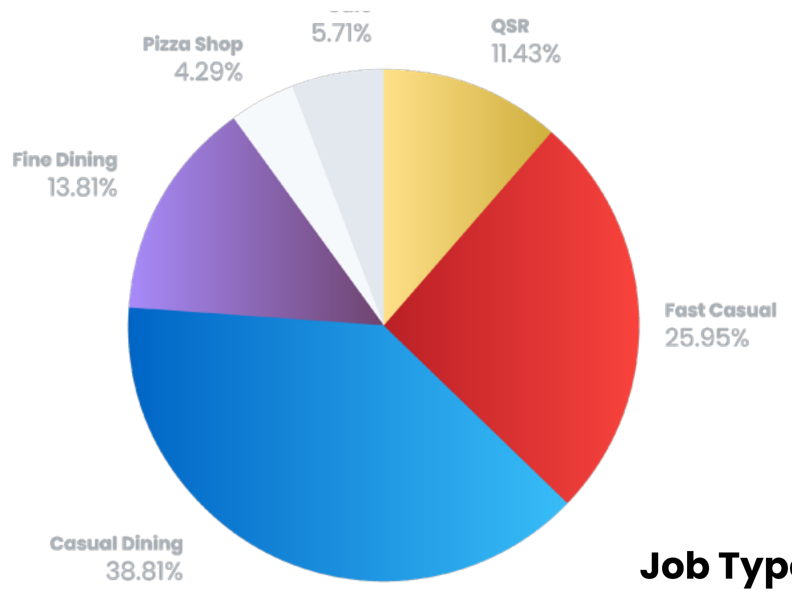
Those numbers look meaningfully different from where things stood at the beginning of the year, when 62% of operators said third-party delivery accounted for 0% to 10% of their revenue. That 15-point drop and related increase in revenue across other brackets tells an important story. More operators are now generating a larger share of their revenue through third-party platforms, which means the fee structures, margin pressures, and guest experience tradeoffs that come with those platforms are becoming a bigger part of the financial conversation for a growing portion of the industry.

For the operators where third-party delivery represents a larger share of revenue, the economics require careful attention. Platform fees can erode margins quickly, and the lack of direct guest data makes it harder to build the kind of loyalty that drives repeat visits. Many operators are responding by investing in direct ordering capabilities and loyalty programs that give guests a reason to come back through their own channels rather than through a third-party app.

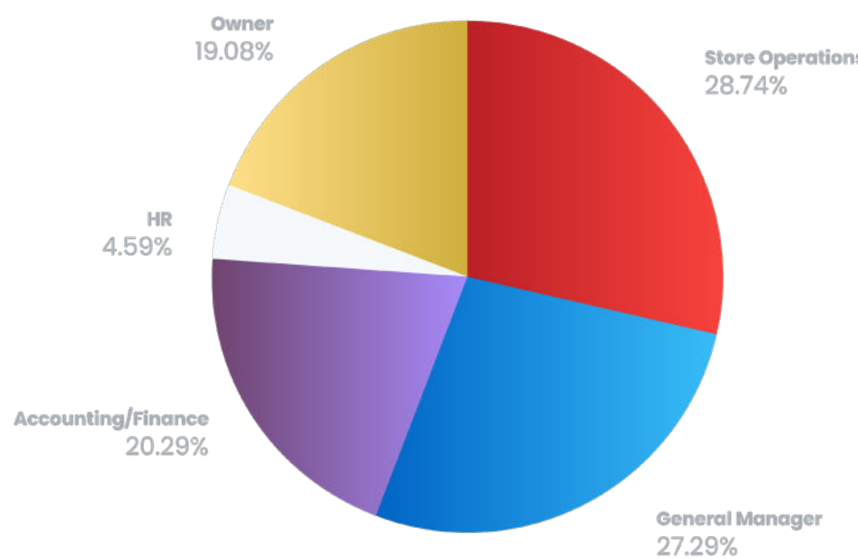
The delivery channel is not going away, and for many restaurants it represents a genuine growth opportunity. **The operators who will win in this space are the ones who treat it as one part of a broader revenue strategy rather than a primary driver**, and who invest in the tools and relationships that keep guests coming back on their own terms.

Demographics

Restaurant Type



Job Type

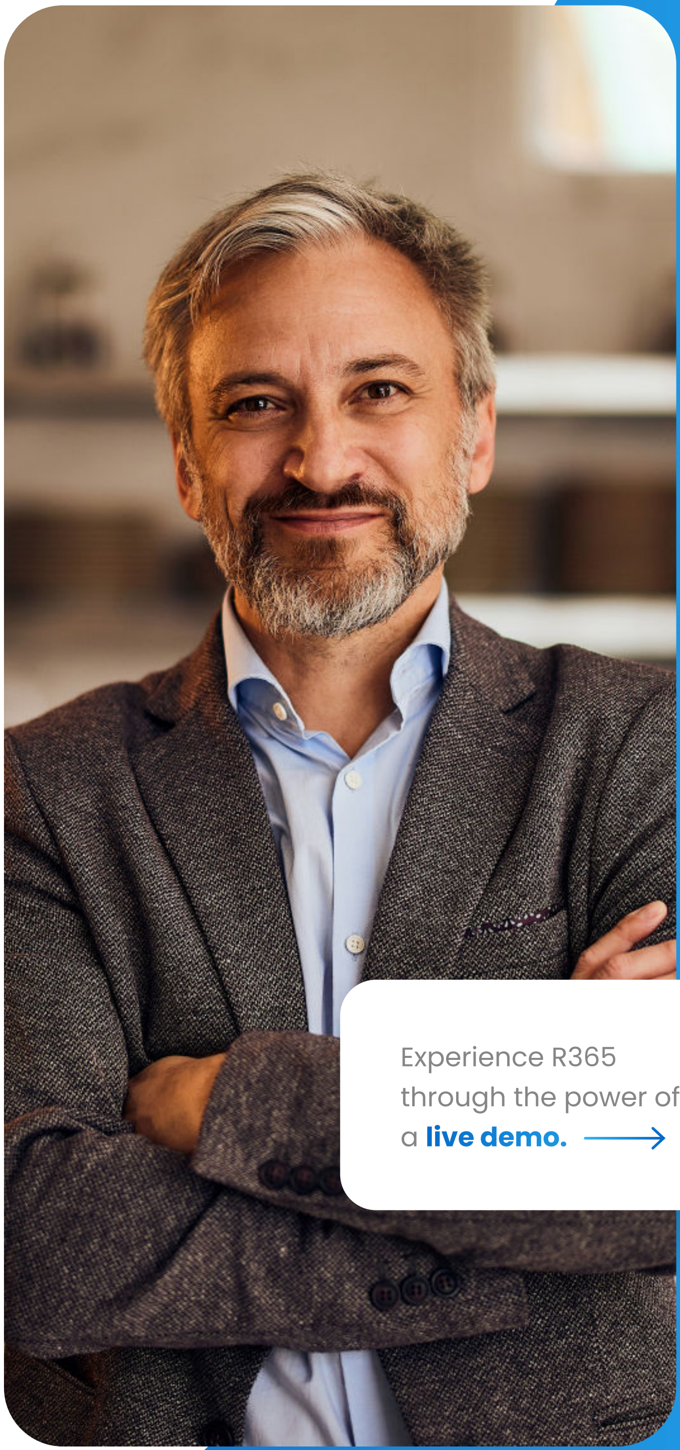


Conclusion

The restaurant industry is at a critical inflection point as it moves into the second half of 2026. The challenges that defined the first half of the year, including rising food and labor costs, uneven guest traffic, and increasingly deliberate consumer spending, have not gone away. But the operators who responded to our survey are not sitting still. They are investing in their teams, refining their menus, embracing new technology, and finding creative ways to grow revenue in an environment that demands more effort for every dollar earned.

A few themes stand out as we look at everything operators shared with us. Cost control remains the dominant operational challenge, but the conversation is shifting. Nearly half of all respondents said increasing sales is their top priority for the second half of the year, which signals a growing recognition that the path to profitability runs through revenue growth as much as it does through expense management. Traffic optimism is also on the rise, with 62% of operators expecting some level of guest count improvement in the months ahead, a meaningful step up from the mixed results of the first half. The Restaurant Profitability Gap is already here. The operators who have moved from curiosity to commitment on AI are seeing it on their P&L every single week. The ones who have not are still navigating the same cost pressures with the same tools. That gap is only going to widen in the months ahead.

The emergence of new topics in this year's survey, including AI adoption, non-alcoholic beverage demand, and digital engagement, also tells an important story. **The restaurant industry is evolving, and the operators who are paying attention to these shifts now are the ones who will be best positioned to take advantage of them as they become mainstream.** Whether it is building out a mocktail menu, investing in back-of-house AI tools, or simply showing up more consistently on Google Reviews, the opportunities to differentiate and grow are there for operators who are willing to lean in.



Experience R365 through the power of a **live demo.** →