

December 07, 2020

Restaurant Industry in Free Fall; 10,000 Close in Three Months

Washington, D.C. – Today, the [National Restaurant Association](#) sent a letter to Congressional leadership, sharing new survey findings that illustrate continued business deterioration across the restaurant industry and offering support for the moderate compromise proposal as a ‘down payment’ toward a larger relief package in early 2021.

“What these findings make clear is that more than 500,000 restaurants of every business type—franchise, chain, and independent—are in an economic free fall,” said Sean Kennedy, executive vice president for Public Affairs in the letter. “And for every month that passes without a solution from Congress, thousands more restaurants will close their doors for good.”

The National Restaurant Association Research Group conducted [the survey](#) of 6,000 restaurant operators and 250 supply chain businesses Nov. 17-30, 2020, and the findings were stark:

- Eighty-seven percent of fullservice restaurants (independent, chain, and franchise) report an average 36% drop in sales revenue. For an industry with an average profit margin of 5%-6%, this is simply unsustainable. Eighty-three percent of fullservice operators expect sales to be even worse over the next three months.
- Although sales are significantly lower for most independent and franchise owners, their costs have not fallen by a proportional level. Fifty-nine percent of operators say their total labor costs (as a percentage of sales) are higher than they were pre-

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- As of today, 17% of restaurants—more than 110,000 establishments—are closed permanently or long-term.
- The vast majority of permanently closed restaurants were well-established businesses, and fixtures in their communities. On average these restaurants had been in business for 16 years, and 16% had been open for at least 30 years.
- Only 48% of these former restaurant owners say it is likely they will remain in the industry in any form in the months or years ahead. Our nation is losing a generation of industry talent, knowledge and entrepreneurial spirit.

“In short, the restaurant industry simply cannot wait for relief any longer,” said Kennedy. “We appreciate the efforts of a group of moderate members of the House and Senate to advance a true compromise between the competing proposals from Democratic and Republican leaders. If this moderate plan represents a ‘down payment’ for a larger relief package in early 2021, it will provide restaurants with immediate relief to hold on through the most dangerous point in our business year.”

In addition to support of the compromise proposal, the Association provided [a plan](#) for how a proposed second draw from the Paycheck Protection Program (PPP) could be strengthened to reflect the unique business model of the restaurant industry and highlighted other important measures in the proposal that would support restaurants in the short-term.

Read the full letter [here](#) and review the Association’s full Blueprint for Restaurant Revival that includes the long-term recovery needs of the industry [here](#).

About the National Restaurant Association

Founded in 1919, the National Restaurant Association is the leading business association for the restaurant industry, which comprises more than 1 million restaurant and foodservice outlets and a workforce of 15.7 million employees. Together with 52 State Associations, we are a network of professional organizations dedicated to serving every restaurant through advocacy, education, and food safety. We sponsor the industry's largest trade show

([National Restaurant Association Show](#)); leading food safety training and certification program ([ServSafe](#)), unique career-building high school program ([the NRAEF's ProStart](#)). We process your personal information to measure and improve our sites and service, to assist our marketing campaigns, and to provide personalized content and advertising. You can exercise your privacy rights using the buttons to the right or using the "Privacy Preference Center" link in the footer. Any use of this website is subject to the Terms of Use linked in the footer below, and by using our site, you consent to those Terms of Use. For more information see

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