RESTAURANT BENCHMARKS

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Understanding and knowing current restaurant benchmarks is a great way to measure the success of your restaurant against industry standards. They give you a way to identify areas in which your restaurant is excelling, as well as where extra attention and resources may be needed.

The sheer number of statistics available to monitor can seem intimidating to many restaurateurs. Every restaurant is unique, and trying to recognize which statistics to focus on for your restaurant can be overwhelming. This is where benchmarking comes in quite handy.

WHAT IS RESTAURANT BENCHMARKING?

Benchmarking is defined as a process of evaluating a company's products, services, policies, strategies, etc., against an industry standard. In other words, you can use restaurant benchmarks to compare your restaurant performance against the average industry statistics. This will give you more of a data-driven idea of how well your restaurant is performing, where you shine, and where work is needed.

Comparing your measurements against the current benchmarks can generate new ideas in which to implement along your journey to surpassing your competitors. It also creates an overall mindset of continuous improvement which can be left to management and ownership, or shared among all employees.

NEW RESTAURANT BENCHMARKS FOR 2019

Also, as technology and consumer trends continue to evolve, new benchmarks will soon become mainstream. These will include things like carry-out and delivery data, and customer behavior benchmarks such as the ones found below. Customer behavior data is collected through a restaurant's WiFi access points – even if the customer doesn't log into the WiFi. By monitoring WiFi devices (cell phones, laptops, tablets) that are within range of the access point, several behavior data points can be anonymously collected.

Learn More about WiFi Analytics Here

Be on the lookout for other new benchmarks in the coming months.

RESTAURANT BENCHMARKS FOR 2019

Here are some of the most current restaurant benchmark KPIs, per the 2018 Baker Tilly Restaurant Benchmarks report. Remember that not every restaurant is the same, and some of these KPIs will not relate to some restaurants.

OPERATIONS RESTAURANT BENCHMARKS
Food cost percentage:
Full service – 28.3 / QSR – 30.5
This metric measures the percentage of each sales dollar required to cover the cost of food, beverage, and paper supplies, net of any vendor rebates.
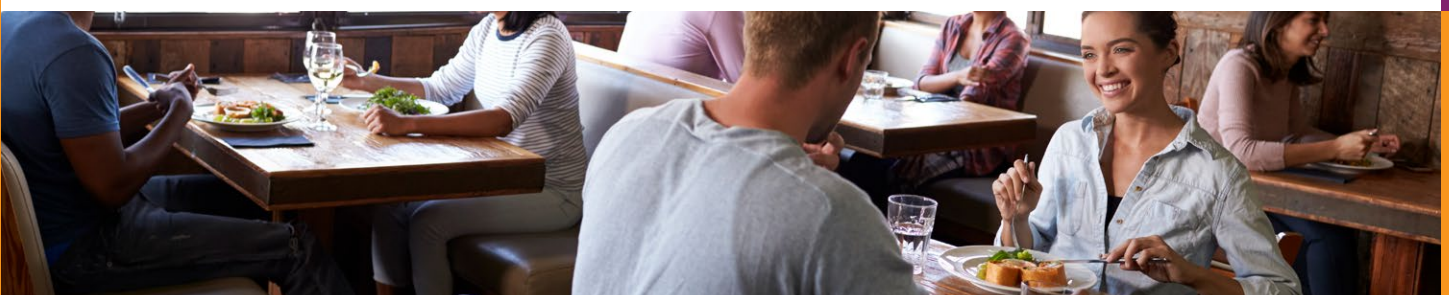
Store labor percentage:
Full service – 29.4 / QSR – 26.9
This metric measures the percentage of each sales dollar required to cover the cost of store labor.

Prime cost percentage:
Full service – 57.7 / QSR – 57.4
This metric combines the food cost and store labor percentages, which are considered the two most significant restaurant costs.

EBITDAR percentage:
Full service – 11.0 / QSR – 12.8
EBITDAR stands for Earnings Before Interest, Taxes, Depreciation, Amortization, and Rent. It represents the amount of cash available to cover fixed charges – rent and debt service.

OTHER INDUSTRY STANDARDS
Alcoholic Beverage Costs
- Liquor: 18% - 20% of liquor sales
- Bar consumables: 4% - 5% of liquor sales
- Bottled beer: 24% - 28% of bottle beer sales
- Draft beer: 15% - 18% of draft beer sales
- Wine: 35% - 45% of wine sales

Non-alcoholic Beverage Costs
- Soft drinks: 10% - 15% of soft drink sales
- Coffee: 15% - 20% of coffee sales
- Iced Tea: 5% - 10% of iced tea sales

Paper Cost
- Full service: 1% - 2% of total sales
- Limited-service: 3% - 4% of total sales

Payroll Cost
- Full service: 30% - 35% of total sales
- Limited-service: 25% - 30% of total sales
- Management salaries: 10% or less of total sales

Employee Benefits
- 5% - 6% of total sales
- 20% - 23% of gross payroll

Rent and Occupancy
- Rent: 6% or less of total sales
- Occupancy: 10% or less of total sales

SALES PER SQUARE FOOT
To calculate sales per square foot, divide annual sales by the total interior square footage including kitchen, dining, storage, rest rooms, etc. This is usually equal to the net rentable square feet in a leased space.

Full-service
- Under $150/square foot = little chance of generating profit
- $150 - $250/square foot = break-even up to 5% of sales
- $250 - $325/square foot = 5% - 10% of sales

Limited-service
- Under $200/square foot = little chance of avoiding a loss
- $200 - $300/square foot = break-even up to 5% of sales
- $300 - $400/square foot = 5% - 10% of sales before income taxes

FINANCIAL RESTAURANT BENCHMARKS

Debt to EBITDA:

Full service – 3.1 / QSR – 3.9
This metric measures the ability to repay debt, from banks or other sources, over the long term.

Funded Debt to EBITDAR:

Full service – 5.2 / QSR – 5.7
This metric measures the ability to cover fixed charges (debt service and rent) over the long term.

Debt Service Coverage:

Full service – 1.8 / QSR – 1.1
This metric measures the ability to pay off debt in the short term.

Fixed Charge Coverage:

Full service – 1.3 / QSR – 1.1
This metric measures the ability to cover fixed charges (debt service and rent) in the near term.

Effective Interest Rate:

Full service – 4.1 / QSR – 4.8
This metric measures the cost of borrowing.

NBV as % of Cost:

Full service – 44.2 / QSR – 51.3
Net Book Value as a % of Cost measures the relative age of building, equipment and furnishings.

Sales to Investment Ratio:

Full service – 1.0 / QSR – 1.0
This metric measures sales against investment in real estate and equipment.

The following benchmarks are taken directly from data collected by Bloom Intelligence for the previous 12 months, as of May 16, 2019.

RESTAURANT CUSTOMER BEHAVIOR BENCHMARKS

Average Customer Dwell Time:

64.7 minutes
This metric represents customers' average visit time in minutes.

First-Time Visitors (average daily):

120 visitors
This metric measures the average daily number of first-time customers at a single location.

First-Time Visitor Return Rate:

28.8%
This is the number of first-time customers within the past 12 months who returned again at least once. The rate is given as the percentage of all customers within the last 12 months.

Average Monthly Customer Repeat Rate:

1.83 repeat visits
The average frequency a customer visits a location in a month.

Average Customer Churn (Attrition) Rate:

11.4%
The percentage of customers who failed to return to the location during the past 12 months.

Learn More about WiFi Analytics Here

Remember that every restaurant is unique, and the metrics above will not apply to all of them. Therefore, they should be used as a guideline, not as your ultimate standard. Ideally, restaurant owners should develop the habit of recording these metrics about their restaurant on a regular basis. This will help not only identify problem areas, but to spot dangerous trends before it's too late to reverse them.

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