

## FOR IMMEDIATE RELEASE

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## Delaware Restaurant Association Releases

### 'State of the Restaurant Industry' Report;

Operations Survey Indicates Incomplete Recovery  
of an Industry Hit Hard by Omicron Variant

Nearly two years into the pandemic, restaurants are still struggling to keep their doors open amid a surge in coronavirus cases, inflation, a labor shortage, and supply chain delays. Alarming, Delaware's restaurant industry remains down 4,300 jobs from pre-pandemic employment levels (*data from [BLS.gov](https://www.bls.gov) shows DE leisure/hospitality jobs at 49,100 in December 2021, down from a high of 53,400 in December 2019*).

Nationally, the industry still hasn't recreated the more than 650,000 jobs lost early in the pandemic, a loss 45% more than the next closest industry. The Delaware Restaurant Association (DRA) has also released new survey data\* highlighting the devastating impact of the omicron variant and the rapid deterioration in business conditions for Delaware restaurants. According to the survey, we know:

- **90% of restaurants experienced a decline in customer demand for indoor on-premises dining** in recent weeks, as a result of the increase in coronavirus cases due to the omicron variant.
- **86% of operators report that business conditions are worse** now than three months ago
- **80% say their restaurant is less profitable now than it was before the pandemic**

Delaware restaurants took a number of actions in recent weeks, as a result of the increase in coronavirus cases due to the omicron variant:

- **70% reduced hours of operation** during days that they are open
- **50% closed on some days** when they would normally be open
- **30% reduced seating capacity**
- **7 in 10 employers say their restaurant currently does not have enough employees to support customer demand**; most operators expect their labor challenges to continue throughout 2022

\* Delaware findings were provided by the National Restaurant Association Research Group, which conducted a COVID-19 Restaurant Impact Survey of 4,200 restaurant operators Jan 16-18, 2022. Read more from the NRA, [here](#).

## **Consumer Confidence Drops as Business Conditions Worsen**

Consumer spending in restaurants trended steadily higher during the first half of 2021, driven by rising vaccination numbers, the easing of capacity restrictions and healthy household balance sheets, according to the [National Restaurant Association](#). However, that positive trajectory stalled during the second half of 2021, with sales dropping back below pre-pandemic levels by December 2021 - the lowest monthly reading since August.

- **[Morning Consult](#) reports that the percentage of U.S. adults who say they feel comfortable dining out has fallen by 9 points since Oct. 30, 2021**
- **51% of adults report that they aren't eating at restaurants as often as they'd like**

To make matters worse, restaurant operators are dealing with a material increase in costs across the board as U.S. inflation hit 7% in December (marking the fastest pace since 1982) - an increase that is tough to swallow for an industry that typically generates, under good conditions, 3-to-5% profit margins. Coupled with the labor inflation necessary to retain enough workers to keep the doors open, we're finding ourselves in the middle of a malevolent storm. Restaurant survey data also reveals:

- **68% of Delaware restaurant operators report lower sales volume in 2021 than in 2019**
- **83% of Delaware restaurant operators say their restaurant costs were higher in December 2021 than December 2020**
- **74% of Delaware restaurant operators report slower customer traffic in 2021 than 2019**
- **96% of national restaurant operators experienced supply delays or shortages of key food or beverage items in 2021**
- **More than half of nationwide restaurant operators say it would be a year or more before business conditions return to normal**

*"It's dangerous to see restaurants open and think that everything is ok and profits have returned. Industry subsidies and relief programs in 2020 helped, but the reality for restaurants is that business conditions are more difficult NOW than a year ago during the height of the pandemic. More support is vital to meet the current challenges our industry is facing. Labor and inflationary pressures, as well as a mask mandate that our neighboring states do not require, have added increasing pressure and tensions to our workforce."*

*-- Carrie Leishman, President & CEO, Delaware Restaurant Association*

## **Sustained Support for Restaurants Is Needed NOW**

While the bipartisan passage of [HB290](#) was a small victory for restaurants in Delaware, more support dedicated to sustaining the industry during this critical climb towards recovery is vital. Recent independent polling within Delaware shows continued strong community support for restaurants, including alcohol to-go:

- **84% of Delaware adults said they favor permanently allowing for takeout of alcoholic beverages with carryout food orders from restaurants**
- **92% of Delaware adults reporting takeout or delivery food purchases from a restaurant during the past 22 months of the coronavirus pandemic**
- **27% report adding an alcoholic beverage to their restaurant carryout order**

Federally, the Restaurant Revitalization Fund (RRF) served as a lifeline for many restaurant owners, but an initial round of funding in May 2021 was quickly depleted and fell short of the industry's needs - leaving roughly two-thirds of applicants approved but never paid.

- Over \$67 million in RRF grants were awarded to Delaware restaurant operators, but this represents only 37% of local applicants
- According to NRA analysis, the first round of RRF funding saved an estimated 2,000+ Delaware jobs and helped 78% of recipients stay in business and helped retain/hire back employees that otherwise would have been temporarily or permanently laid off
- In addition, 13% of restaurant operators that did not receive RRF grants feel it's unlikely that they will stay in business beyond the pandemic without a grant
- **The NRA estimates that future awards granted with replenishment of the RRF would potentially save more than 3,000 jobs in Delaware that are currently at risk**

Delaware restaurant industry recovery is paralyzed and nowhere near complete. As Congress works to provide a further financial lifeline for restaurant operators, the following are actionable items we believe are within the purview of our Delaware state leadership and government officials to help rebuild our industry and workforce:

- **Immediate reinstatement of targeted relief funds to Delaware restaurants**
- **Support an immediate moratorium on restaurant industry gross receipts tax**
- **Support regulatory/licensing fees moratorium for two years**
- **Introduce flexible labor laws for entry-level teen workers**
- **Limit regulatory barriers for re-entry individuals**
- **Subsidize mental health and health benefits for front line workers**
- **Oppose legislation that negatively impacts restaurants and/or threatens the rebuilding of its workforce**
- **Provide a clear timeline on removal of the current Delaware mask mandate**
- **Support pro-entrepreneurial/small business and pro-restaurant legislation**

Continued relief and support throughout 2022 will be vital as Delaware restaurants struggle to inch closer to more normal, and hopefully thriving conditions. Help for restaurants is help for employees and neighborhoods around the state, as we continue to rebuild and strengthen our local economy and communities.



The Delaware Restaurant Association is the state trade association dedicated to promoting, educating, and advocating for Delaware's foodservice industry.

Delaware's 2,000 restaurants employ over 53,000 people with an economic impact of over \$2.5 billion in annual sales (*\*pre-pandemic levels*). Delaware restaurants are the largest small business employer in the state and the largest component of Delaware's tourism industry.

*UPDATE: Delaware's restaurant industry has suffered over \$1.2 billion+ in lost revenue sales during the COVID-19 pandemic, with the industry workforce still at a deficit of over 4,000 jobs compared to previous employment levels.*

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