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Struggling to Survive, One Year Later; Delaware Restaurant Industry Still Reeling From Pandemic

Newark, DE – Delaware restaurants may be on the path to recovery, but it's proving to be a long, tough road. Approaching the one year mark from the original restaurant and business shutdowns in mid-March 2020, Delaware hospitality employment remains down -22% (a recovery of over 10,000 jobs are still needed to reach full 50,000+ industry employment levels per *BLS.gov*). With gross receipts data still showing a deficit of nearly 30% as of the close of 2020, the Delaware Restaurant Association (DRA) estimates the DE restaurants have lost over \$1.2 billion in annual sales revenues since March 2020.

"It's dangerous to see open restaurants, and think 'oh they're fine, they're open and profitable again' -- when the reality is, that couldn't be farther from the truth. Restaurants are existing on subsidies right now, and those programs will eventually end, the money spent. We need to continue to support our vital small businesses at every level, including the push for vaccination of our essential workers. Relief efforts cannot end when we are still only at 50% operating capacity with thousands of workers in Delaware still waiting to come back to work." -- Carrie Leishman, President & CEO, Delaware Restaurant Association

Continued business restrictions, capacity limitations, and slow-to-recover consumer confidence have taken a toll not only on Delaware's 1,900+ restaurant locations, but on the 1 million+ restaurant locations nationwide. The National Restaurant Association Research Group recently released survey results from over 3,000 restaurant operators - drawing from restaurants of every type and in every community (full survey report [here](#)). The results demonstrate a continued vulnerability for the nation's second-largest private sector employer, and one that warrants continued relief efforts from both state and national agencies:

- Nationally, the restaurant industry ended 2020 with total sales that were \$240 billion below the National Restaurant's Association's pre-pandemic forecast for the year... and as of February 1, at least **17% of all eating and drinking places – or more than 110,000 establishments – are completely closed and not open for business in any capacity.**
- Consumer spending in restaurants remained well below pre-pandemic levels in January 2021. **Overall, 77% of restaurant operators say their total dollar sales volume in January was lower than it was in January 2020.**
- **80% of operators say their current staffing level is lower than what it would normally be in the absence of COVID-19.** The data continue to show that restaurants remain the hardest hit sector of the pandemic – and the gap is wide. The current employment shortfall of 2 million restaurant jobs nationwide is nearly 3x larger than the

next closest private industry - arts and entertainment. Moreover, the restaurant industry's employment gap is nearly as large as the next three closest industries combined. **There are nearly 2 million fewer 16-34 year olds in the labor force, the most prominent age group employed by the restaurant industry workforce.** While the overall U.S. economy is projected to register healthy growth in 2021, the pace of the recovery will continue to vary significantly by industry (full report details [here](#)).

- Looking ahead, most restaurant operators do not expect a return to normal business conditions any time soon. **61% of operators think it will be more than 7 months before business conditions return to normal for their restaurant.** An additional 10% of operators say business conditions will never return to normal for their restaurant.
- Even in the midst of the most challenging business conditions in history, the philanthropic spirit of the restaurant industry remained intact. **75% of operators say their restaurant business made a charitable contribution** (such as cash, food, space, in-kind or volunteering) since the COVID-19 outbreak in March 2020.

Industry relief efforts, like the DE Relief Grants, the federal Paycheck Protection Program (PPP), and proposed \$28.6 Billion Restaurant Revitalization Fund in the American Rescue Plan (still awaiting passage in the US Congress) offered a lifeline to struggling businesses, with additional funding provided for the hardest-hit and most devastated restaurant industry. The DE Relief Grants program distributed nearly \$200 million to over 3,000 businesses in Delaware, granting initial funds to restaurants plus 3 rounds of bonuses over the course of 2020.

Increased carryout/curbside to go sales represent a larger proportion of sales than pre-COVID, however for the vast majority of operators, the increase wasn't nearly enough to offset their on-premises sales losses. In the family dining and casual dining segments, just over one-half of operators say their additional off-premises sales made up less than 20% of their lost on-premises business (more from the NRA [here](#)).

Delaware's [HB1](#) proposes an extension of the ruling allowing restaurants to offer cocktails/beer/wine with carryout orders, and continues the expansion of outdoor premises for outdoor dining. Data from Open Table shows that outdoor dining in the U.S. has gone from less than 1% of all seated parties from August to November 2019 to over 12% for the same months in 2020, and 35% of off-premises customers age 21+(53% of millennials) say they'd be more likely to choose a restaurant if they can get alcohol to-go with their food order.

While many other industries have moved into a recovery phase, the restaurant industry remains in transition. Continued relief efforts and support throughout 2021 will be vital as Delaware restaurants struggle to survive and inch closer to normal business 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.

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The Delaware Restaurant Association is the state trade association dedicated to supporting, educating, and advocating for Delaware's foodservice industry. Delaware's 1,900+ restaurants employ over 49,000 people with an economic impact of over \$2.5 billion in annual sales. 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 employment levels still at a 22% deficit over 2020 numbers.