



Whitepaper

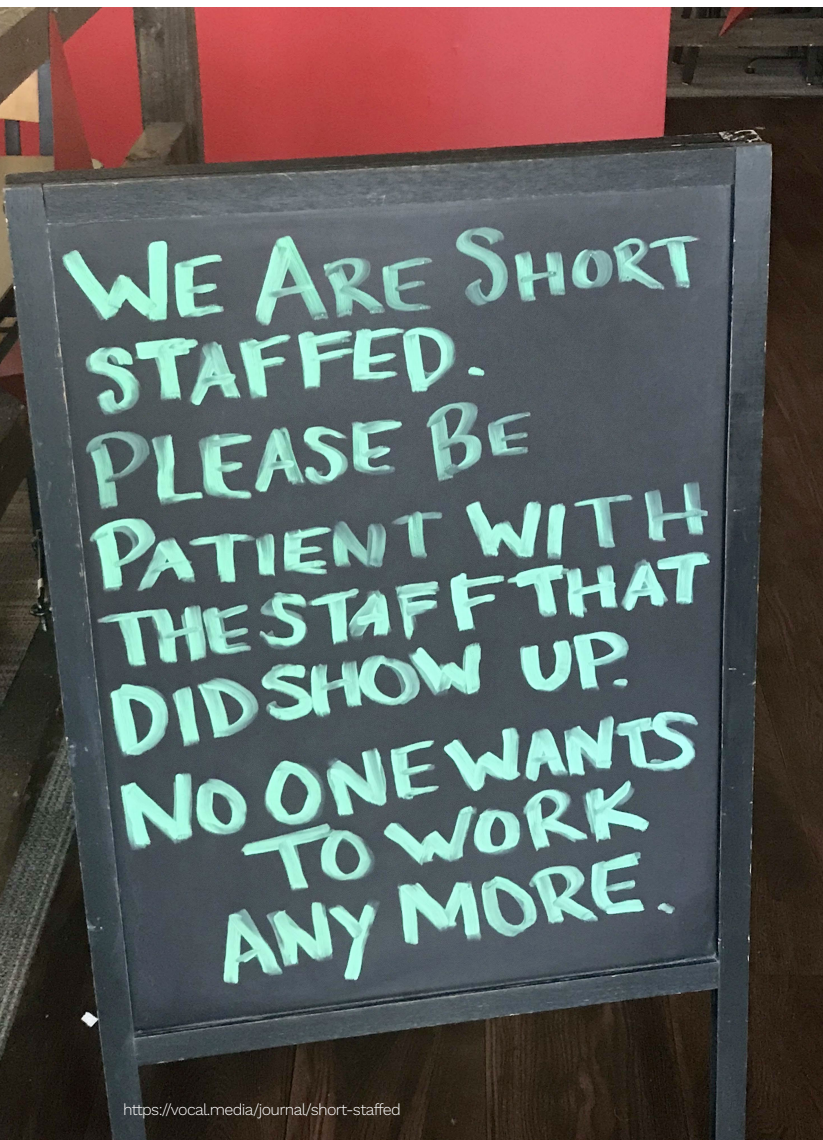
The Restaurant Labor Shortage in 2022: Analysis, Tips, and Trends



Introduction

It seems like every other day there's a new story about the struggles of the restaurant industry, and the labor shortage is always at the forefront. But what is the current state of the restaurant labor shortage? Is it getting better or worse? And what can be done to fix it? These are all questions we're going to try to answer in earnest.

Read on to learn about the current state of the labor shortage and how it's impacting restaurants nationwide. You'll also find some tips for how to attract (and retain) restaurant employees in today's competitive market. Finally, we'll give you a glimpse into the future of restaurant staffing, and the major technology trends to look out for.



Current State of the Labor Shortage

COVID-related risks, mortality rates and policy changes have contributed to an unprecedented shortage in workers across the globe, in nearly every industry.

According to the National Restaurant Association, restaurants in the US have yet to recover from some 650,000 jobs lost.¹ It is estimated that nearly 90,000 of them have gone out of business since the pandemic began.²

Lack of employees and foot traffic put great strain on big restaurant franchises, many of whom had to adapt and update their entire operations practically overnight. Even more pressure fell on the shoulders of local and family-owned eateries. It is estimated that from the span of October 2020 to October 2021 alone, over one million small businesses (or 17.8% of them)³ in the US were forced to shut their doors for good.



17.8% of small businesses in the US were forced to permanently close between October 2020–October 2021.

Today the situation has improved, but unique challenges remain. **The unemployment rate in the US, which peaked at 14.8% in April 2020, tapered back down to 5.9% in June 2021,⁴ and is projected to trend to around 5% in 2022 according to latest estimates.⁵** However, restaurants typically experience higher-than-average turnover, so the real unemployment rate for the restaurant sector sits closer to 7.5% as of this writing.⁶

More recently the Omicron variant has thrown another wrench into the works, and again the hospitality industry is feeling the crunch. The situation has caused enough alarm that in January 2022 the National Restaurant Association asked Congress for more grant money to replenish the COVID Restaurant Revitalization Fund, citing an 88% drop in dine-in interest from an internal survey of operators.⁷

Like many others in the service and hospitality sectors, restaurants are trying to regain their footing amid staffing shortages at the start of 2022. Fortunately, healthy employee engagement tactics in combination with modern restaurant technology can lend a helping hand. Let's examine how in the next sections.

Attracting and Retaining Employees

When profit margins are razor thin and every work hour counts, having an up-to-date strategy for attracting and retaining restaurant staff is essential to charting a stable course through the final waves of the pandemic. Here are some ways to give yourself an extra advantage:

1 Offer competitive wages

The Bureau of Labor Statistics saw wages for restaurant and hospitality workers increase by 13.4% in 2021,⁸ more than any other industry. Pay expectations for restaurant staff have changed radically amid the pandemic. Competitive wages are always essential in a labor crunch, but COVID has accelerated this trend in many ways.

2 Create a positive work environment that is fun and supportive

It goes without saying that nobody wants to show up to a workplace that is not stimulating, active, and supportive. Positive work cultures that generate genuine employee satisfaction are consistently cited as a top driver of employee engagement and guest loyalty.⁹

3 Promote employee recognition and reward good work

Recognizing good work, calling out excellent achievements in front of peers, and rewarding positive actions where appropriate are the common human threads we can all relate to in any work environment. Many CEOs and HR leaders also agree it's critical to productivity and happiness.¹⁰

4 Invest in training, tech, and safety

Restaurants are high-risk work environments during the COVID pandemic, and as such companywide health protocols, availability of masks and other PPE, and updated technology to make contactless ordering and alternative delivery concepts as easy as possible are all priorities.



The Future of Restaurant Staffing

The future of restaurant staffing is still uncertain, but there is no doubt that mobile, scalable, and cloud-based technology will play an important role, just as it has since the pandemic began. Here are the major trends to keep an eye on in 2022 and beyond:

1 Next-generation management and POS systems

2021 was a big year for restaurant POS innovation, and systems continue to become more integrated, consolidated, and efficient. With a cloud-based POS and data management system, operators can handle all aspects of inventory, kitchen, scheduling, and staffing from any device and even generate ad-hoc reports to help increase the value of every labor hour.

2 Automated ordering and digital menus

One of the biggest labor-saving boons to operators during the pandemic was the ability to reduce waitstaff hours with advanced automated ordering and digital menu systems. Back-end processing of restaurant data became much more sophisticated over the last two years, enabling even more efficient kitchen operations with omnichannel ordering and invoicing.

3 Advanced kitchen robotics

It may sound like science fiction, but significant progress has been made in automation and robot chefs and drone deliveries are on the verge of becoming the next big industry disruptions. 2022 saw the first real-world implementation of Tel Aviv-Based Kitchen Robotics' "Beastro", a cloud-compatible robot capable of cooking up to 45 dishes an hour¹¹ in a variety of cuisines (with the help of one human operator), and it even cleans up after itself.

4 Virtual, dark, or "ghost" kitchens

Many restaurants have further reduced the need for staffing by doing away with the dine-in experience entirely and running cloud-based virtual kitchens, sometimes referred to as "ghost kitchens", instead. With minimal start-up and staffing requirements, virtual restaurants saw runaway growth during the pandemic. Statista predicts that ghost kitchens will have a 50% share of the drive-thru and takeaway markets by 2030.¹²

V. Conclusion

Although permanent restaurant closures from the pandemic ended up being far below early estimates,¹³ the restaurant industry is still feeling the effects of the labor shortage in 2022 in every way. Attracting and retaining employees, creating a safe and healthy workplace, and providing advanced POS and management tools are the surest ways to get the most efficiency out of every hour spent in the kitchen or on the floor.

Comprehensive cloud-based restaurant data management platforms like PAR Technology's Data Central, Brink POS, and Punchh Loyalty give owners, franchisees, employees, managers, and operators of any sized concept big levers to effectively move the needle on all the topics covered above.

If you would like to learn more about how PAR can help, click below and one of our program experts will be in touch with you.

Be sure your restaurant is prepared so that you can
focus on what's important -
serving great food and delighting guests!

PARTECH.COM

Sources

- 1 National Restaurant Association asks Congress for aid amid omicron (cnbc.com). Jan 2022. Accessed Jan 2022.
- 2 Looking Back on 2021: The Role of Restaurant Technology in a Year of Gains, Setbacks and Continued Uncertainties | (restauranttechnologynews.com) Dec 2021. Accessed Jan 2022.
- 3 The State of Small Business in 2022 | Business.org. Jan 2022. Accessed Jan 2022.
- 4 Global labor shortage | Deloitte Insights. Aug 2021. Accessed Jan 2022.
- 5 United States Unemployment Rate | 2022 Data | 2023 Forecast | 1948-2021 Historical (tradingeconomics.com). Jan 2022. Accessed Jan 2022.
- 6 Restaurant industry employment growth remains stagnant in September (nrm.com). Oct 2021. Accessed Jan 2022.
- 7 National Restaurant Association asks Congress for aid amid omicron (cnbc.com). Jan 2022. Accessed Jan 2022.
- 8 US workers with the highest wage gains in 2021 — Quartz (qz.com). Dec 2021. Accessed Jan 2022.
- 9 How Employee Satisfaction Affects Customer Satisfaction (forbes.com). May 2019. Accessed Jan 2022.
- 10 11 Benefits of Employee Recognition (told by CEO's and HR Leaders) (nectarhr.com). Accessed Jan 2022.
- 11 Beastro is a Robot for Ghost Kitchens (thespoon.tech) Aug 2020. Accessed Jan 2022.
- 12 Ghost kitchen's forecast global foodservices market share | Statista July 2020. Accessed Jan 2022.
- 13 Coronavirus Could Close Millions Of Restaurants Worldwide (therealdeal.com) June 2020. Accessed Jan 2022.