Restaurant owners are optimistic and ready to grow.

Technology and automation tools fuel resilience, enabling owners to focus on what's next.

Owners believe a brighter future is ahead.

Restaurant owners across regions have navigated inflation, worker shortages, and fear of a looming recession over the last year. Despite the magnitude of these challenges, the majority of owners have navigated them with success.

80%

say they feel more optimistic about the future of their business compared to 12 months ago.

Optimism is especially high in fast-food and casual dining restaurants. These businesses benefit from buying bulk ingredients at lower costs, fulfilling higher order volumes at a fast rate, and running with less wait staff, which may explain their resilience. Almost half of fast-food (44%) and casual dining restaurant owners (40%) said they feel much more optimistic compared to last year, followed by cafes or other (38%), and fine-dining restaurant owners (31%).

Ongoing worker shortages start to shrink.

To combat the continued food and beverage worker shortage, restaurant owners have needed to adapt by rethinking their dining hours, scaling back hours of operation, or simply short-staffing their shifts. Owners aren't completely absolved of workforce constraints, but relief is on the horizon. On average, respondents say it's been 18 months since they were last fully staffed, which is a slight improvement since 2022, when respondents cited an average of 20 months since they were last fully staffed.

In some regions, restaurants are in a stronger position than others. Nearly half (44%) of Australian restaurant owners said it's been 1 to 12 months since they were last fully staffed, compared to 38% of respondents in the UK who said they didn't experience a labor shortage at all.

When it comes to staffing, all restaurants rely on technology.

No matter the workforce constraints restaurant owners experience, one thing all restaurants have in common is their use of technology to address staffing challenges. All (100%) owners surveyed said they use technology and automation to help fill critical gaps when they're not fully staffed. Across the board, owners depend on these tools to help with several responsibilities behind the counter and directly with guests.
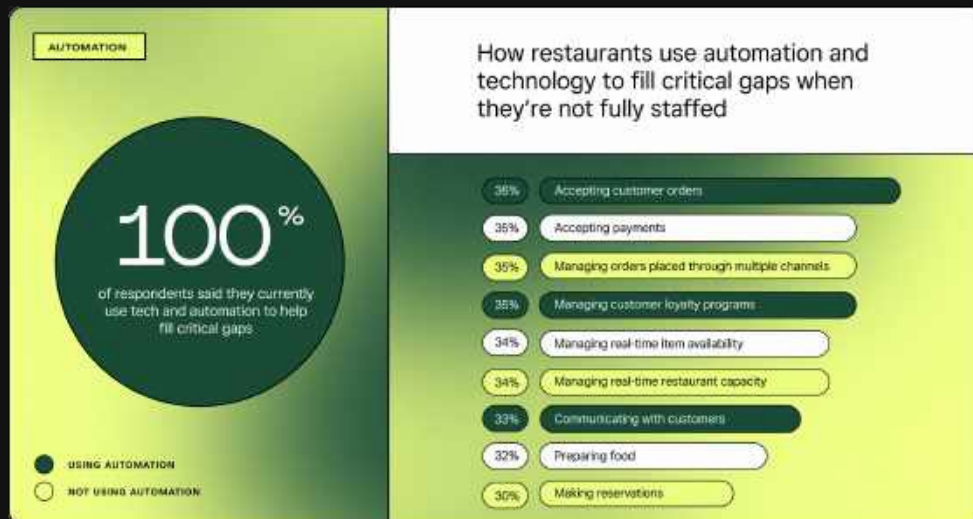
Exploring these use-cases further by restaurant type, cafes and other restaurants (40%) rely on tech tools to accept customer orders the most. Fast-food restaurants use tech to fill staffing gaps the most for tracking item availability in real time (37%). Finally, fine-dining restaurants see the biggest benefits in staffing gaps for managing customer loyalty programs (37%) and managing real-time restaurant capacity (38%).

76%

of customers prefer that restaurants use automation technology in at least one area to help enhance efficiency, including taking payments, making reservations, and tracking item availability.

AUTOMATION

100%
of respondents said they currently use tech and automation to help fill critical gaps

● USING AUTOMATION
○ NOT USING AUTOMATION

How restaurants use automation and technology to fill critical gaps when they're not fully staffed

36%	Accepting customer orders
35%	Accepting payments
35%	Managing orders placed through multiple channels
35%	Managing customer loyalty programs
34%	Managing real-time item availability
34%	Managing real-time restaurant capacity
33%	Communicating with customers
32%	Preparing food
30%	Making reservations

Sustainable operations and data-driven marketing are top priorities.

To stay competitive in an increasingly saturated market, restaurant owners are focused on improving all areas of their business, not just staffing. According to owners, improving environmentally sustainable business practices and using their business data to understand what customers want are equally top priorities (39%). This is closely followed by restaurants' need to level up how they engage with their customers through a marketing program (38%).

For different restaurant types, priority levels vary. Fine-dining and casual dining restaurants care about sustainable sourcing and operating more than average. **Nearly half (42%) of fine-dining restaurant owners** say this is a priority, and **40% of casual dining restaurant owners** say the same. Cafes and other restaurants care about using data to know what customers want and engaging customers through a marketing program more than average. **Nearly half (42%) say both are a priority**.

OPERATIONS

How restaurants plan to stay competitive this year

39%	Using more environmentally sustainable sourcing and operations
39%	Using data insights to better understand what customers want
38%	Reaching and engaging customers through a marketing program
37%	Providing quicker ordering options such as kiosks or app-based ordering
37%	Offering contactless payments options such as pay-at-table devices or kiosks
37%	Adding automation to overcome staffing shortages
36%	Hosting events to encourage more in-person connections
32%	Access to additional capital and funding

Restaurants are turning to the right technology.

Despite high technology adoption, owners need more from their tools to make better business decisions and connect with their customers, whose habits and preferences are evolving.

Digital marketing drives customer connection.

Any restaurant owner will agree that having an online presence is key. In fact, all respondents (100%) say they already engage with their customers using digital channels. The vast majority (80%) of restaurant owners say having a web or social presence is vital for survival and growth.

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Social media is definitely key for our business. It's where our marketing comes from, and most of it is organic, we don't do a lot of paid advertising. We hit our first 10,000 [followers] a year and a half after we opened, and our goal is to hit 25K by the end of this year.

— Alex Hernandez, co-owner at Tejas Birria, United States

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While many (35%) owners view their website and social media as a method by which they enhance customer loyalty, it's not the only or even the most popular way.

42%

of restaurants offer a customer rewards program, with U.S. (45%) restaurants leading the trend.

41%

of restaurants build community and engage with customers through messaging apps and offer online promotions or contests.

DID YOU KNOW?
Businesses that use Square Online to create their restaurant websites saw a 97% increase in sales. With Square Online, you can simplify the ordering process for your customers and easily integrate with your social accounts to accept more orders.

Owners crave technology and automation tools that do more for their business.

As restaurants have embraced technology and automation, teams have gained more time and customer interactions have improved. For restaurants that have larger teams, the impact of technology and automation adoption is even greater: 40% of restaurant owners with more than three locations have seen increased profits due to investing in automation. Yet, despite the overwhelming amount of technology and automation adoption within the industry today, almost every restaurant owner (95%) has yet to find a solution that meets all their needs. So, what's missing?

- **46%** lack the ready insights to understand and improve the customer experience.
- **37%** lack integration capabilities with external partners.
- **35%** cite difficulty for employees to use.
- **34%** are missing real-time visibility for understanding the health of the business.
- **32%** lack flexibility as business needs change.
- **28%** cannot connect with internal systems.

Having access to tools that meet all these needs will enable restaurants to make decisions that make sense for their business.

"
There are a minority of people that love [pickled turnip] and a majority that really hate it, and so they would remove it [from the wrap]. It got to the point where I said, 'These are very expensive to make; they require a ton of labour, and [through analytics] Square is telling us that tons of people are asking to take it out.'

–Abdallah El Chami, owner at Superbaba, Canada

Restaurant owners believe in the benefits of AI.

As restaurant owners call for more capabilities within their current technology solutions, AI technology is something many are ready to embrace. And that's not just within one area of the business. Across regions and restaurant types, restaurant owners believe AI would benefit their team throughout multiple touch points, between taking and fulfilling guests' orders.

Owners see the most value in AI-based tools and automations that help with food delivery and management

41%

say these types of technologies would benefit their business most.

40%

say food preparation robots would be most beneficial. This is slightly higher (43%) for restaurants that have more than three locations.

Other leading AI and automation technology restaurants are considering AI-driven voice ordering technology (39%), predictive ordering and inventory management, and customer service tools like chatbots (38%).

Consumers embrace restaurant technology at higher rates.

While restaurants have embraced technology to help their team and their business operate, consumers also welcome solutions that make interacting with restaurant businesses faster and easier. From planning their visit, taking their order, and paying for their meals, tech-powered consumer interactions have all gone up over the last twelve months.

49% of consumers prefer contactless payment methods, a **7% increase** from last year.

47% of consumers prefer making reservations online or through a social media app, **a 4% increase** from last year.

42% of customers prefer making reservations online, either through the restaurant's site or through a third-party system, **an 8% increase** from last year.

Mobile wallet apps (17%) like Apple Pay or Cash App rose in popularity this year with a **42% year-over-year increase**, in addition to contactless payment kiosks (15%), which **rose by 15% in popularity**.

DID YOU KNOW?
Accessing real-time sales information is simple with Square. Compare daily, weekly, and yearly gross sales, discover top grossing categories and more in a single dashboard. For Square Restaurants POS users, even more data is available, including the ability to track sales for different areas of your restaurant's floor plan.

Square

Owners prepare for expansion in 2024 and beyond.

The majority of restaurants are focused on growing their business outside their core offerings, which complements consumers' growing interest in offerings like meal kits, premade meals, and wine subscriptions.

Restaurants will launch even more new revenue streams in 2024.

Growth will be a resounding theme for restaurants over the next year. The far majority (90%) of owners across regions and restaurant types plan to start up new revenue streams outside their core offerings, continuing an ongoing trend. In 2023, 43% of respondents said they would expand substantially, compared to only 34% in 2022. Offering new products and services creates an opportunity for significant revenue growth.

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The Fricken Sauce and Satay Sauce are our top sellers, outselling our nearest two commercial items by over 400%. By offering these items as retail products, our customers can enjoy them at home, thus strengthening our brand presence.
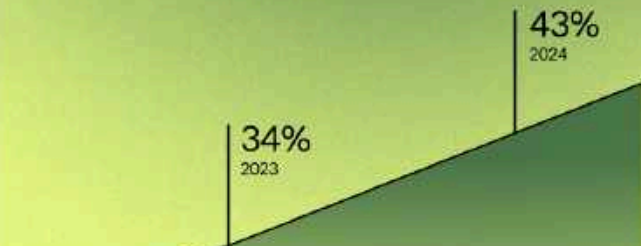
— Mo Saad, co-owner at Fricken, Australia

DIVERSIFYING REVENUE

Restaurants are expanding their revenue streams outside their core offerings at a higher rate this year than last year

PERCENTAGE OF REVENUE COMING FROM REVENUE STREAMS OUTSIDE OF RETAILER'S CORE OFFERINGS

43%
2024

34%
2023

Across regions, casual dining restaurants are focused on expansion the most.

Ninety-one percent plan to expand somewhat or substantially. This is a particular focus for Australian restaurant operators: more than half (52%) said they plan to expand substantially. The majority (98%) experience challenges with this, however.

Across restaurant types and regions, **inventory management (86%)** and **marketing (71%)** are the leading hurdles restaurants experience related to offering products and services outside their core businesses.

When it comes to inventory management, fast-food restaurants struggle the most. Nearly half (46%) say that dealing with new supply chains is the biggest challenge. Under the umbrella of marketing, maintaining consumer interest is the biggest challenge for fine dining restaurants (47%), casual dining restaurants (44%), and cafes or other restaurants (50%).

To reach new heights, restaurants will invest in more tech.

As restaurant owners focus on improving their margins and accomplishing their goals, they will seek out new technology that meets their needs.

54%

of restaurants across regions and restaurant types plan to increase their spending on technology and automation tools over the next 12 months. Those in Canada slightly outpace other regions; 56% say they will spend more.

For the remaining restaurant owners, technology certainly won't be an afterthought. Restaurants will continue to rely on their current tools and systems to help them reach their goals; 34% of restaurants will maintain their investment in their technology tools.

"

A key factor in ensuring your restaurant's success is understanding what your community and guests are looking for — and what will keep them coming back.

With restaurant-focused tech, though, you can keep track of and make adjustments based on what your guests want, like identifying and adding popular specials to the regular menu or having greater visibility into when to staff up on busy days, ensuring you're providing the best experience time and time again.

To keep customers coming back, too, restaurants can use automated marketing and campaign tools to send customized promotions based on preferences and their feedback.

— Ming-Tai Huh, general manager of Square for Restaurants

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Shifting customer patterns require restaurants to do more to attract guests.

Going into 2024, 75% of consumers predict they will scale back on dining in person and ordering through a third-party delivery service or app, requiring restaurants to pay more attention to personal consumer preferences and responding quickly to emerging trends.

There is a growing desire for locally sourced food. Thirty-five percent of baby boomers and 34% of Gen Xers say this would interest them in a new restaurant, compared to millennials (33%) and Gen Zers (31%).

Gen Z, who will soon become the largest consumer cohort, says the following would increase their interest in a new restaurant:

> 33% – cooking classes, trivia night, or karaoke
> 27% – items like meal kits, premade meals, or wine subscriptions
> 25% – options for ordering at a kiosk or using a QR code
> 23% – partnerships with other local businesses

Restaurants that go above and beyond to create entertaining and personalized experiences for their guests will be the ones that ultimately succeed.

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We accidentally opened a bakery (it was only meant to be online) and made it as beautiful as possible in order to gain as much 'instragrammable' exposure as possible.

— Cheran Friedman, owner at Cheran's Bakery, United Kingdom

The bottom line

Already, restaurants have seen substantial benefits from onboarding technology solutions to combat staffing challenges and give consumers more options to order and pay. To continue to grow and stay competitive in today's market, restaurant owners will need solutions that help them understand their guests' behavior and preferences better than ever before.

Businesses that embrace restaurant technology solutions that provide more data about their business will ultimately be better prepared to respond to emerging trends and serve personalized needs.

DID YOU KNOW?
Square helps restaurants power all aspects of their business. With [Square for Restaurants,](#) you can take orders, accept payments, manage inventory, review business data, and understand customer preferences all in one system.

Please note that quotes from Fricken, Cheran's Bakery, and Superbaba have been sourced from interviews for which they received compensation.

Methodology

The Square Future of Commerce Retail and Restaurant Surveys were conducted by Wakefield Research among 2,000 retail owners and managers and 2,000 restaurant owners and managers, with quotas set within each survey for 500 respondents per market in the U.S., Canada, the UK, and Australia, between October 27 and November 8, 2023, using an email invitation and an online survey.

The Square Future of Commerce Consumers Survey was conducted by Wakefield Research among 4,000 nationally representative adults ages 18+ in the U.S., Canada, the UK, and Australia, with quotas set for 1,000 respondents per market, between November 15 and November 28, 2023, using an email invitation and an online survey. Data has been weighted.

Results of any sample are subject to sampling variation. The magnitude of the variation is measurable and is affected by the number of interviews and the level of the percentages expressing the results. For the interviews conducted in this particular study, the chances are 95 in 100 that a survey result does not vary, plus or minus, by more than 2.2 percentage points for the Retail and Restaurant Surveys and by more than 1.6 percentage points for the Consumers Survey from the result that would be obtained if interviews had been conducted with all persons in the universe represented by the sample.

The Future of Restaurants Report: 2024 Edition