



Restaurant Economic Impact Survey: January 2022

Results compiled from a Colorado Restaurant Association survey of 174 operators, conducted January 14 – 31, 2022

It's likely that more Colorado restaurants will close in 2022 than did in 2021 due to rising operational costs, a shortage of labor, a lack of federal relief, and the lingering effects of the pandemic.

- The percentage of restaurants considering permanent closure within the next year – 54% – has doubled over the past six months.

Restaurants' Expectation for Permanent Closure Under Current Conditions

Time Period	Within 3 months	Within 6 months	Within 1 year
Percentage of Restaurants	14%	28%	54%

The cost of doing business is skyrocketing, leading to fewer hours of operation, higher menu prices, and job losses.

- More than 99% of restaurants report that the cost of doing business has increased since January 2021.
 - Labor is cited as the cost that has risen the most, followed by food, supplies, and alcohol.
- Nine out of 10 restaurants are increasing menu prices to offset rising costs.
- More than 60% of restaurants are cutting hours of operation.
- More than 68% of restaurants are reducing staffing levels, a 19% increase from six months ago.

Disruptions in the global supply chain are affecting purchases of food, disposables for to-go orders, and equipment.

- More than 98% of restaurants report experiencing supply chain disruptions.
- Almost 90% report that current disruptions are worse than in January 2021.

Items Affected by Supply Chain Issues	Disposables	Beef	Chicken	Equipment	Vegetables
Percentage of Restaurants	75%	64%	64%	55%	53%

Significant hiring and retention challenges continue for local restaurants.

- By the end of December 2021, the Colorado restaurant industry was down approximately 8,400 workers (3.5%) from pre-pandemic levels (*Colorado Department of Labor and Employment*).
- Eight out of 10 restaurants report struggling to hire enough staff right now, down from nine out of 10 in August 2021.
- More than half of restaurants report struggling to retain their current staff members.



Wages are on the rise and benefits are being added to compensation to attract and retain talent.

- More than 92% of restaurants have changed business practices or wage rates to increase hiring and retention, with one in four restaurants offering retention and hiring bonuses.
- Since March 2020, restaurants report increasing wages by an average of 20%.
 - Almost 30% of restaurants have increased wages by 21 to 30%.
 - More than 13% of restaurants have increased wages by 31 to 40%.
- More than 33% of restaurants have added new benefits to their compensation plans, a 10% increase from July 2021.

New Benefits	Paid Vacation	Medical Insurance	Dental Insurance
Percentage of Restaurants	50%	36%	19%

- The percentage of restaurants adding paid vacation to staff benefits has increased 12% since summer 2021.

The spread of the contagious omicron variant severely impacted Colorado restaurants.

- More than 75% of restaurants had to reduce hours of operation or close entirely over the past three months due to omicron-related labor shortages.
 - 60% of those restaurants reduced hours of operation
 - 40% of those restaurants shut down entirely
 - Restaurants forced to close ceased operations for an average of 5 days.

Source: Colorado Restaurant Association survey of 174 operators conducted January 14 – 31, 2022.