



# Swapping Recipes

## 2026 State of the Restaurant Industry

*Anthony Anton, President & CEO of Washington Hospitality Association*



**May 27, 2026**



**Washington  
Hospitality  
Association**

THANK YOU





# Join the Washington Hospitality Association Today

Make a difference for your business—and our industry.

## **OUR MISSION**

*Champion the hospitality industry and its workforce in  
Washington state*

[wahospitality.org/membership/#why-join](https://wahospitality.org/membership/#why-join)

# Upcoming Webinars

wahospitality.org/events

Later today – 1:30 p.m.  
***State of the Industry***

 WEBINAR

## State of the Lodging Industry: Navigating Change in 2026

 1:30 p.m.

 May 27

Explore key trends, financial realities, and AI-driven strategies shaping the future of lodging—and how your property can stay ahead.

 REGISTER NOW





# Upcoming Webinars

[wahospitality.org/events](http://wahospitality.org/events)

## Tuesday, June 2



WEBINAR

ROCKE | LAW

## Navigating High-Risk Leave Policies

with **ROCKE LAW**

Learn how to reduce legal risk and strengthen your leave policies with practical guidance from experienced attorneys.



**RONALD TANG**  
ATTORNEY | ROCKE LAW

**AARON ROCKE**  
ATTORNEY | ROCKE LAW

# Advisory Network

Industry experts are a phone call away.

[wahospitality.org/advisory-network](http://wahospitality.org/advisory-network)

**\$3,900**  
value

**30-minute complimentary consultations**  
on all our expert advisor topics

- Employment law
- Human resources
- Music licensing
- Menu development
- Lodging operations
- Marketing & advertising
- Tip pooling
- And more!

# Housekeeping

- ✓ We are recording
- ✓ Recording and slide deck will be made available later today
- ✓ Please use the Q&A feature
- ✓ Polling questions





# Swapping Recipes

## 2026 State of the Restaurant Industry

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# 2026 CEO Roundtables

34 Meetings

280 Hospitality Operators

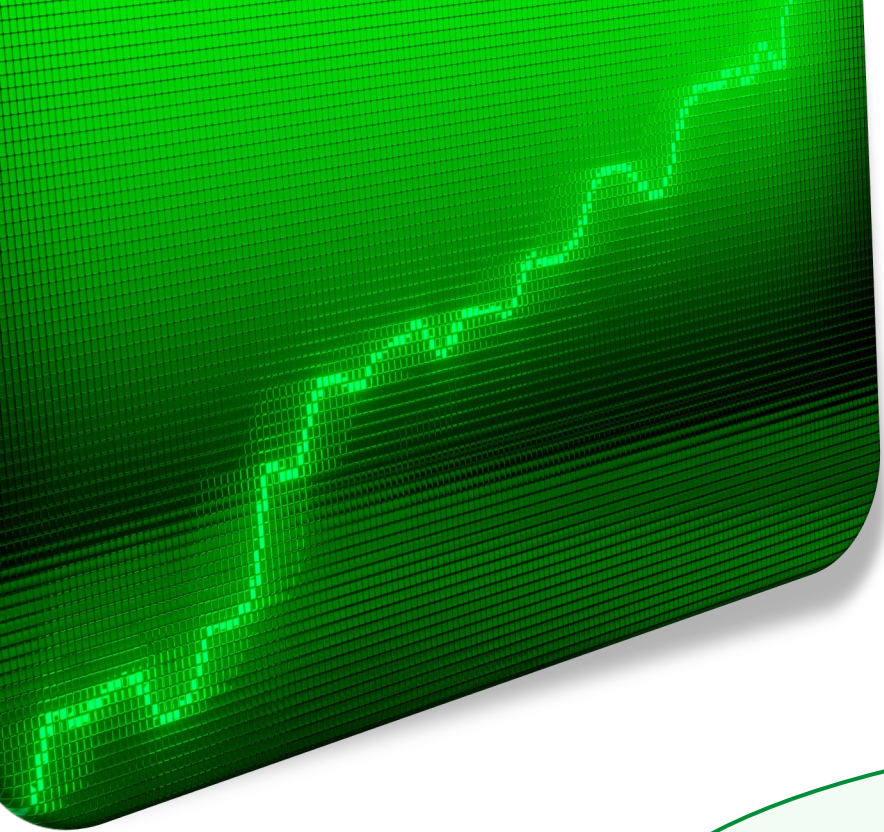


# Current State of Hospitality Industry

70%

*“We will only tread water even when the economy recovers.”*

*“The industry is broken.”*



# Current State of Hospitality Industry

## 2%

*“The industry is doing well.”*

# A Recipe for Disaster

**FROM** Anthony  
**SERVES** 8 million

**PREP TIME** 3 years  
**DIFFICULTY** Hard



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*A Recipe for Disaster*

**FROM** Anthony  
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Nation's lowest margins (1.5%)

*Nation's highest menu prices*  
*Inflating costs - labor, food, operating*  
*Shrinking customer counts*  
*Customers hitting their price limit*  
*Economic headwinds*  
*Generational changes*  
*Dysfunctional relationship with government*

# Full-Service Restaurants



Wages, Salaries, Benefits

Cost of Food & Beverage

All Other Costs (Operating, Interest, etc.)

**Net Margin**

**60% lower**



39.4%

36.5%

28.8%

30.9%

30.3%

28.6%

**1.5%**

**4.0%**


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# Full-Service Restaurants



**\$16,500**

**Average annual profit based on \$1.1 million in sales**

**1.5% margin**

# A Recipe for Disaster

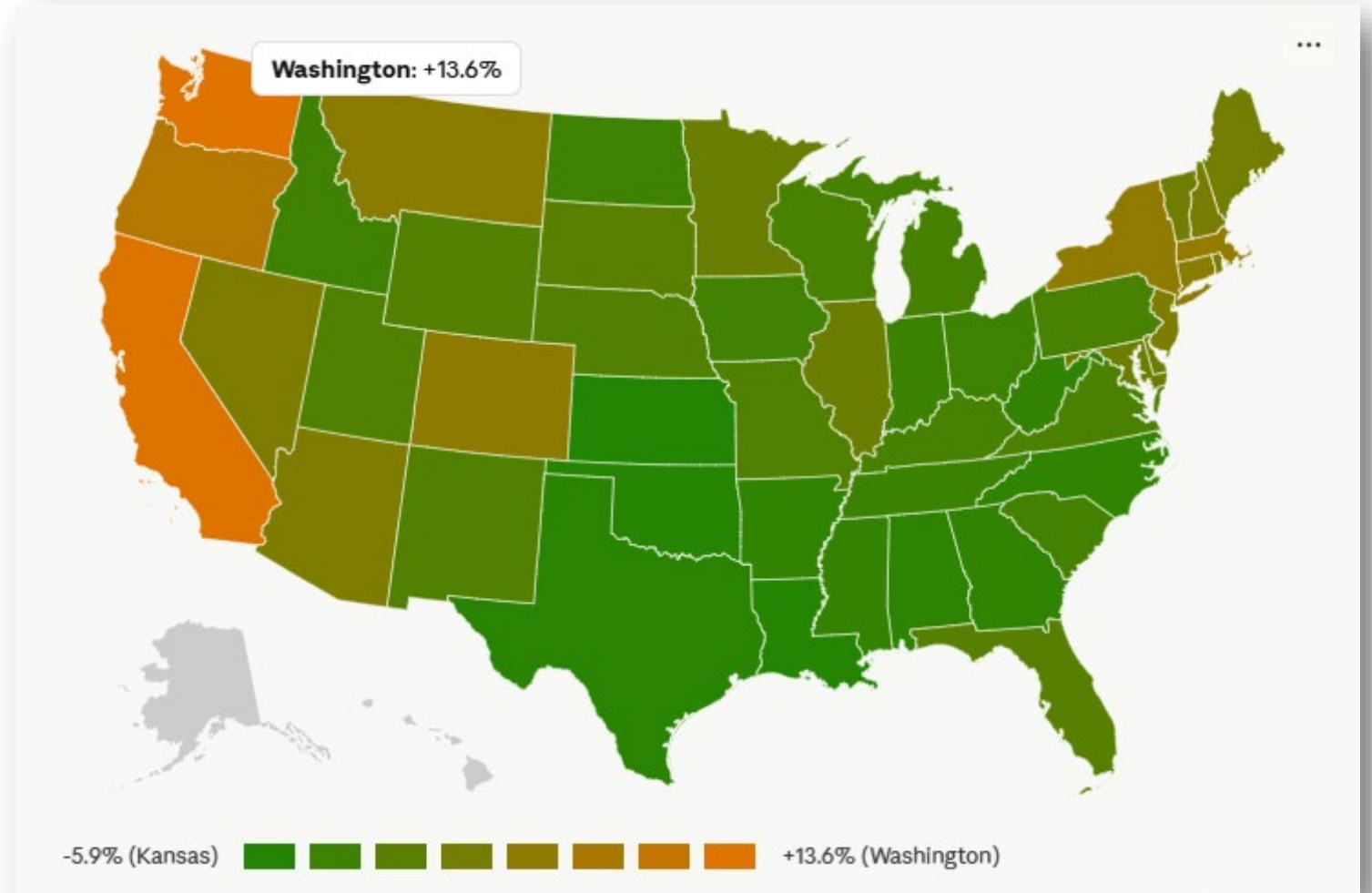
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Nation's highest menu prices

# Highest Menu Prices



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Nation's highest menu prices

# Highest Menu Prices

San Francisco, CA	+17.5%
Seattle, WA	+17.1%
New York City, NY	+16.1%
San Jose, CA	+15.2%
Los Angeles, CA	+12.6%
San Diego, CA	+9.0%
Denver, CO	+2.7%
Chicago, IL	+1.4%
Phoenix, AZ	-1.1%
Philadelphia, PA	-2.6%
Jacksonville, FL	-3.6%
Dallas, TX	-5.3%
Columbus, OH	-5.9%
San Antonio, TX	-6.8%
Houston, TX	-7.6%
Indianapolis, IN	-8.0%
Oklahoma City, OK	-8.3%
Austin, TX	-8.4%
Fort Worth, TX	-9.1%
Charlotte, NC	-9.1%

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## Expenses > Inflation

*“Crisis levels”*  
*“No near-term relief in sight”*  
*“Across the board”*



### Labor



### Insurance



### Goods



# A Recipe for Disaster

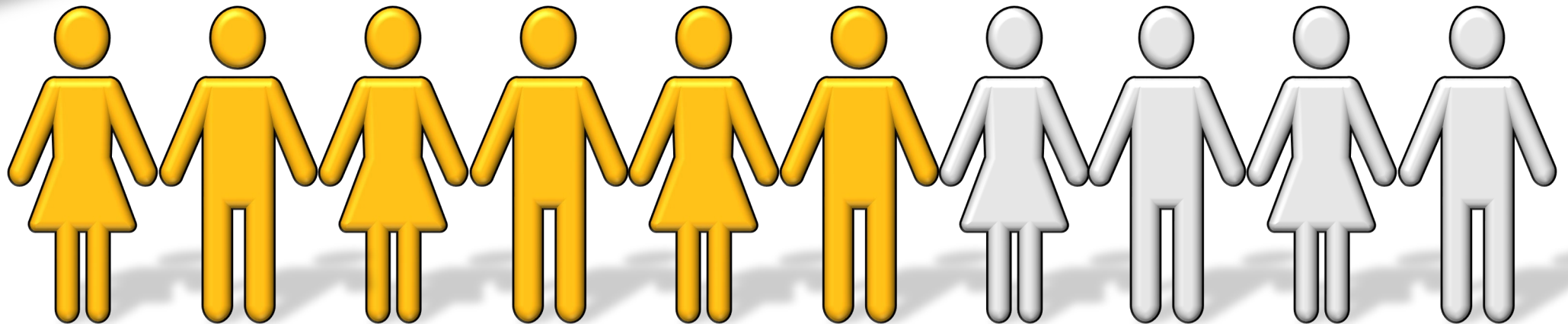
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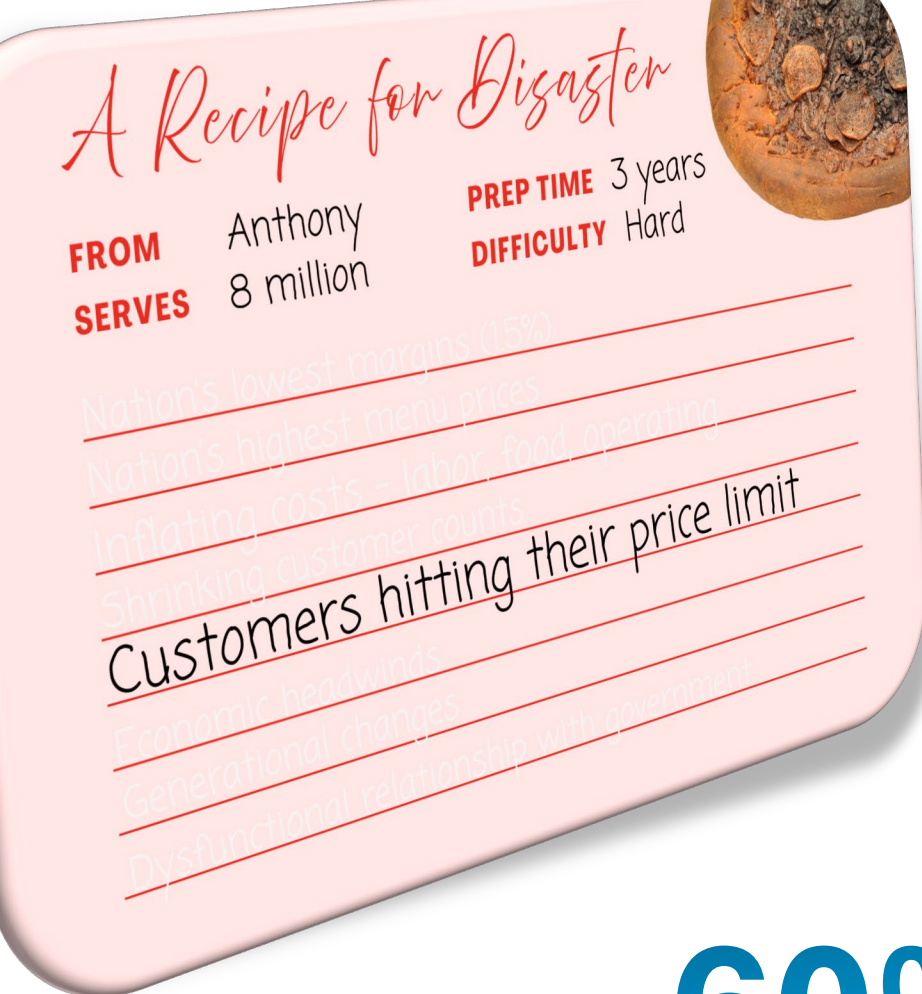
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# 6 in 10

## Operators reporting fewer guests in 2025





# Consumer Spending

**72%** say restaurants are too expensive.

**60%** are trading down to less expensive.

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# Foreign Tourism Decline

**Are Canadians returning to Whatcom County? Latest numbers offer little solace**

By Alyse Smith

Updated November 20, 2025 9:33 AM



**THE BELLINGHAM HERALD**

Canadian tourism ↓ 26%

International visits ↓ 16.5%

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Generational changes

# Younger Guests

**MONEY**

Generation Z

## Gen Z is ghosting alcohol and changing what a 'night out' looks like



**Betty Lin-Fisher**  
USA TODAY

March 4, 2026 | Updated March 6, 2026, 2:21 p.m. ET



## Gen Z, millennials are majority of customers for meal delivery services



Author: wthr.com  
Published: 4:51 PM EDT September 9, 2025  
Updated: 4:51 PM EDT September 9, 2025

[Home](#) > Foodservice

## Gen Z Eats Differently – What This Means for Restaurants

GEORGE HAJJAR | JANUARY 21, 2026

# The Food Institute



Source: National Restaurant Association, State of the Restaurant Industry 2026



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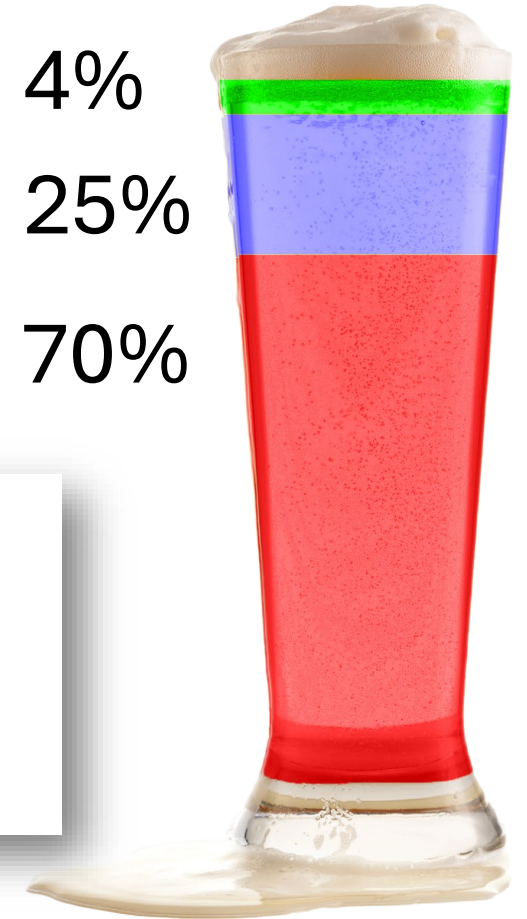
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# Younger Guests

## U.S. alcohol sales 2025

Gen Z (21+)	4%
Millennials	25%
Gen X & Boomers	70%



## Is Gen-Z Really Drinking Less ? - This is What The Data Suggests..

What Morgan Stanley and IWSR Reveal About Gen Z's Changing Drinking Habits



THE SPIRITS JOURNAL  
JUL 18, 2025

Gen Z drinks 30% less than Millennials did at the same age.

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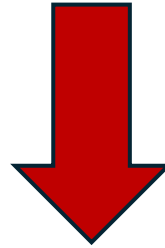
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# Restaurants are Essential to my Lifestyle

66%

MILLENNIALS



GENERATION Z

62%



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## Lawsuits



## Regulations



## Crime & safety



## New Labor Laws

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If we do nothing...

~1,475

restaurants close.

That's 9%.

Then redistributed guests can support the survivors.

...Or...



To avoid this, we  
need to....

Cut costs per million by

**\$35,000**

OR

Increase sales per unit by

**\$75,000**



**Hopeful**



**Desperate**

# A Recipe for Success

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# A Recipe for Success

**FROM** Anthony  
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**COOK TIME** 1 year  
**DIFFICULTY** Hard



Rethink the labor model

Meet the changing customer  
Embrace AI and technology  
Overhaul your marketing  
Diversify revenue streams  
Build community engagement & understanding  
Turn government from an antagonist into a partner

# Washington vs National *Labor Costs are the Difference*

## Many have tried...

- Service charges
- Reduced operating days
- End late night service

## Many still exploring...

- QR codes
- Hybrid quick-service
- Leaner staffing

## Anthony's Key Ingredient

*Washington will always be a high-wage state.  
Successful operators will find ways to lower the impact  
of wage increases on their business model.*



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# The Future of Servers and Tipping

# \$44.72

Average server/bartender hourly income  
(2025 State minimum wage + tips)

# -20%

Number of servers since 2019



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## Anthony's Key Ingredient

*Younger generations want different hospitality experiences. Plug in to what those demands are in your community and adapt.*

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Meet the changing customer

## Anthony's Key Ingredient

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## BUSINESS INSIDER

FOOD

### Gen Z is bringing back one of the most divisive dining trends of the 2010s

By Katherine Tangalakis-Lippert + Follow

Nov 16, 2025, 4:27 AM PT

According to new data from the online reservation service company Resy, 90% of Gen Z diners say they enjoy communal tables, compared to just 60% of boomers, highlighting a generational revival of one of the



# 73%

## Wants more creative drink choices including non-alcohol

# GENERATION Z

LIFESTYLE

### Gen Z still drinks, just earlier as the 'daycap' trend begins upending nightlife



Younger adults prefer brunch, beach days and backyard hangouts over late-night bar crawls, experts say

By Deirdre Bardolf · Fox News

Published April 3, 2026 8:00am EDT



*More guests value speed, convenience, and frictionless experiences.*

Digital ordering \* QR codes \* Third-party delivery

# A Recipe for Success

FROM  
SERVES

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8 million

COOK TIME 1 year  
DIFFICULTY Hard



Embrace AI and technology

# 74%

Restaurant operators  
are using AI tools

# Use Cases

1. P&L Analysis
2. Strategic Planning
3. Guest Reservations
4. Labor Needs Forecasting
5. Dynamic Menu Engineering
6. Take-Out Order Automation
7. Marketing & Content Creation
8. Inventory & Food Waste Reduction
9. Online Review Monitoring & Response
10. Streamline information from multiple data sources



*“If it saves you five hours a week, it matters.”*

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**STAY TUNED!**



## Anthony's Key Ingredient

*When used correctly, AI can be an extremely powerful tool to implement efficiencies, brainstorm ideas, and improve your bottom line.*

More to come from the association...

# A Recipe for Success

FROM  
SERVES

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COOK TIME 1 year  
DIFFICULTY Hard



Overhaul your marketing

## Anthony's Key Ingredient

*As AI continues to change how we search, personal and local recommendations will become even more important to our industry. Ramp up social marketing.*

Hyper-local storytelling  
AI-assisted content creation  
Social-first marketing

Community-driven engagement  
Authentic operator visibility  
Short-form video



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## Anthony's Key Ingredient

*Brick and mortar-only operations may continue to struggle. Successful restaurants will find opportunities to expand their hospitality services into the community.*

Event creation as marketing

Catering & private events

Meal kits

Branded retail products

Community partnerships

Pop-ups and collaborations



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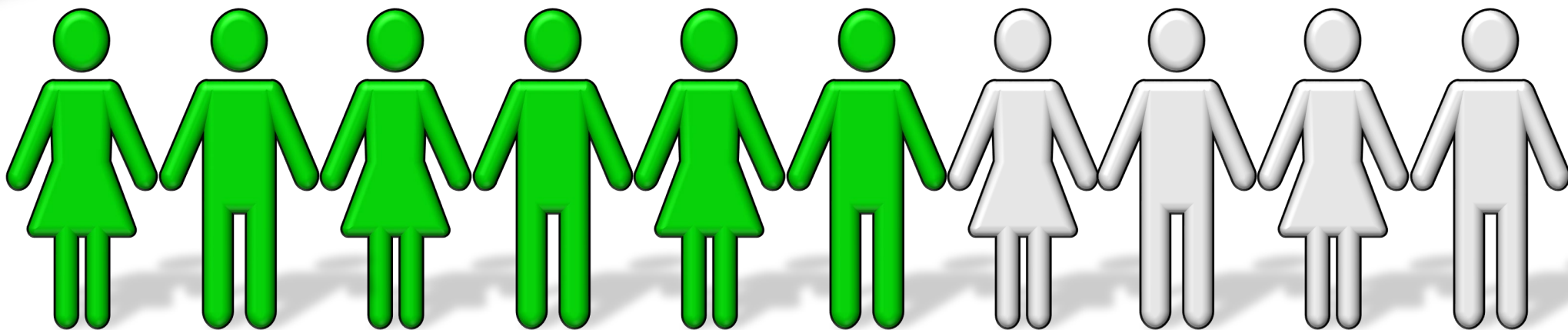


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More than **6 in 10** restaurant customers say that restaurants are an **essential part of their lives.**

## Anthony's Key Ingredient

*Strong communities are built on thriving restaurant scenes. Get engaged, connect with other operators, and lend your voice to strengthen your community.*



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**84%**

Operators who said they want stronger local hospitality communities

**80%**

Are willing to personally invest time to help build stronger local hospitality communities

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# Government and Hospitality

## -We Need a Table for Two



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## WHAT ELSE??

**POLL**

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## Advisory Network

Industry experts are a phone call away.

Technology

PR & Marketing

Restaurant Efficiencies

Menu Pricing & Strategy

Artificial Intelligence

*Contact your Territory Manager today!*

[wahospitality.org/membership/#team](http://wahospitality.org/membership/#team)

And more!

HELP!

# Questions?

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