



Swapping Recipes

2026 State of the Restaurant Industry

Anthony Anton, President & CEO of Washington Hospitality Association



May 27, 2026



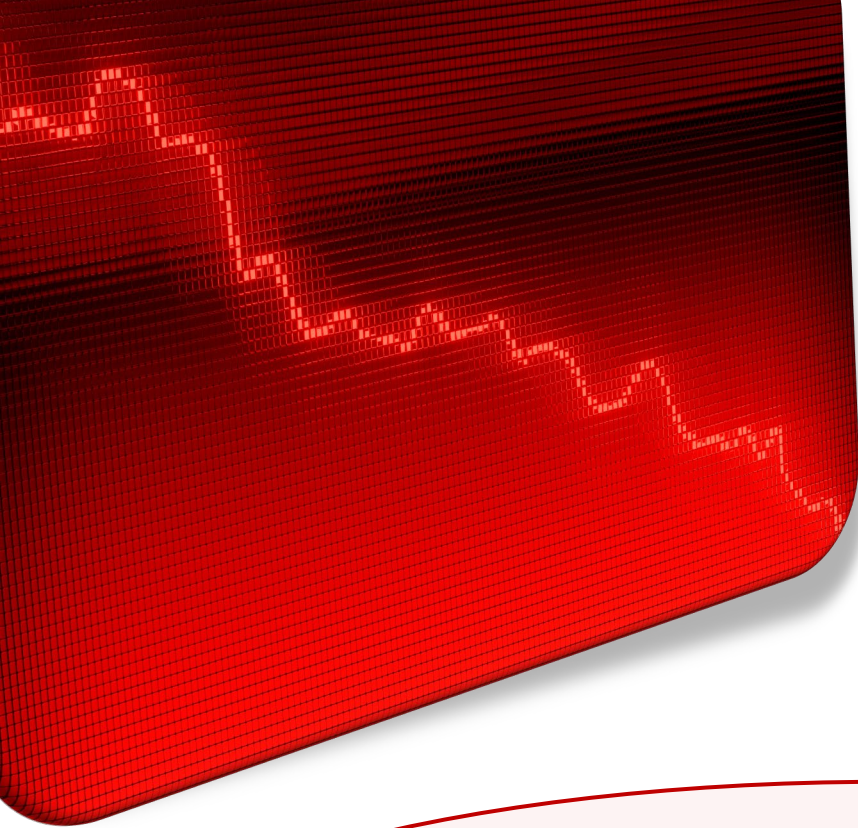
**Washington
Hospitality
Association**



2026 CEO Roundtables

34 Meetings

280 Hospitality Operators



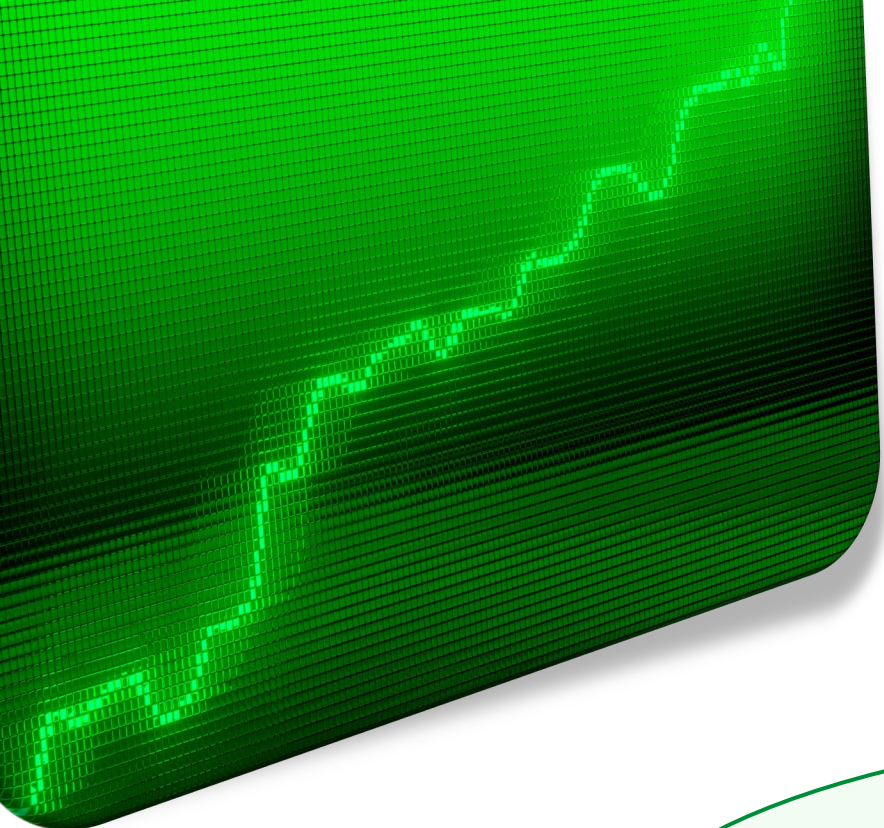
Current State of Hospitality Industry

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



A Recipe for Disaster

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SERVES 8 million

PREP TIME 3 years
DIFFICULTY Hard

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%

28.8%

30.3%

1.5%

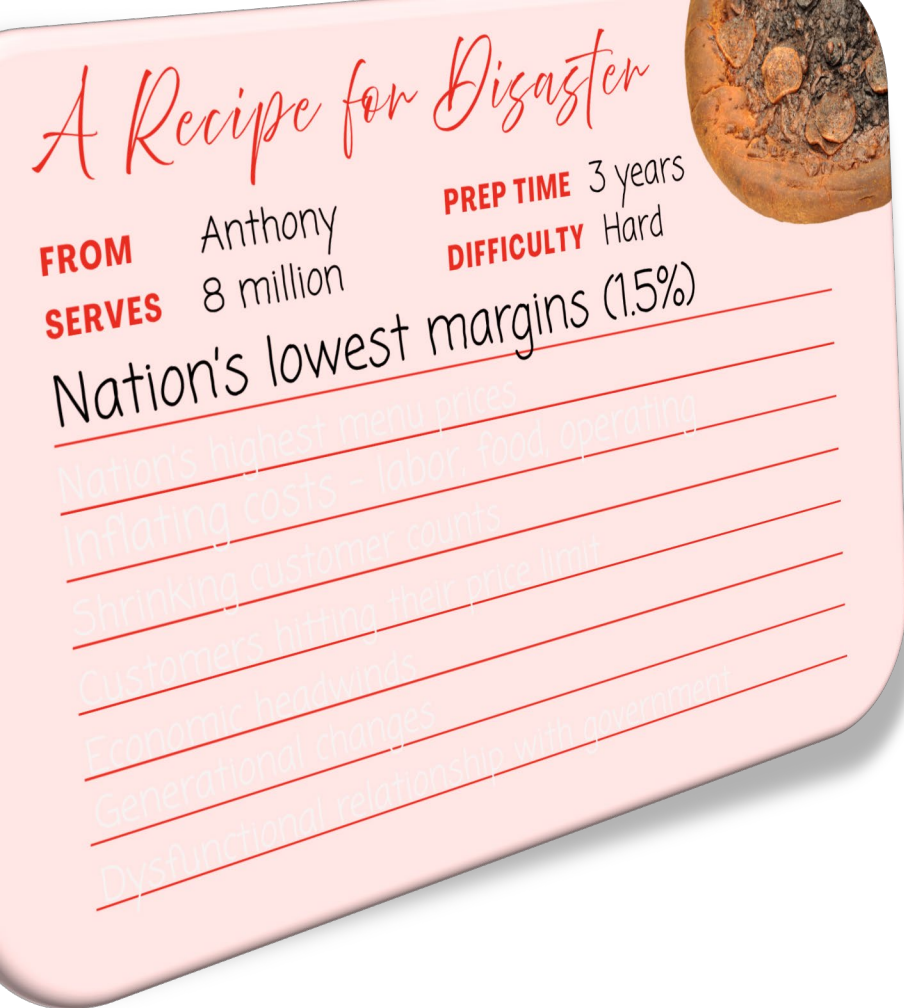


36.5%

30.9%

28.6%

4.0%



Full-Service Restaurants



\$16,500

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

1.5% margin



Washington
Hospitality
Association

Source: 2023 Washington Hospitality Association Restaurant Dollar Report

A Recipe for Disaster

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SERVES

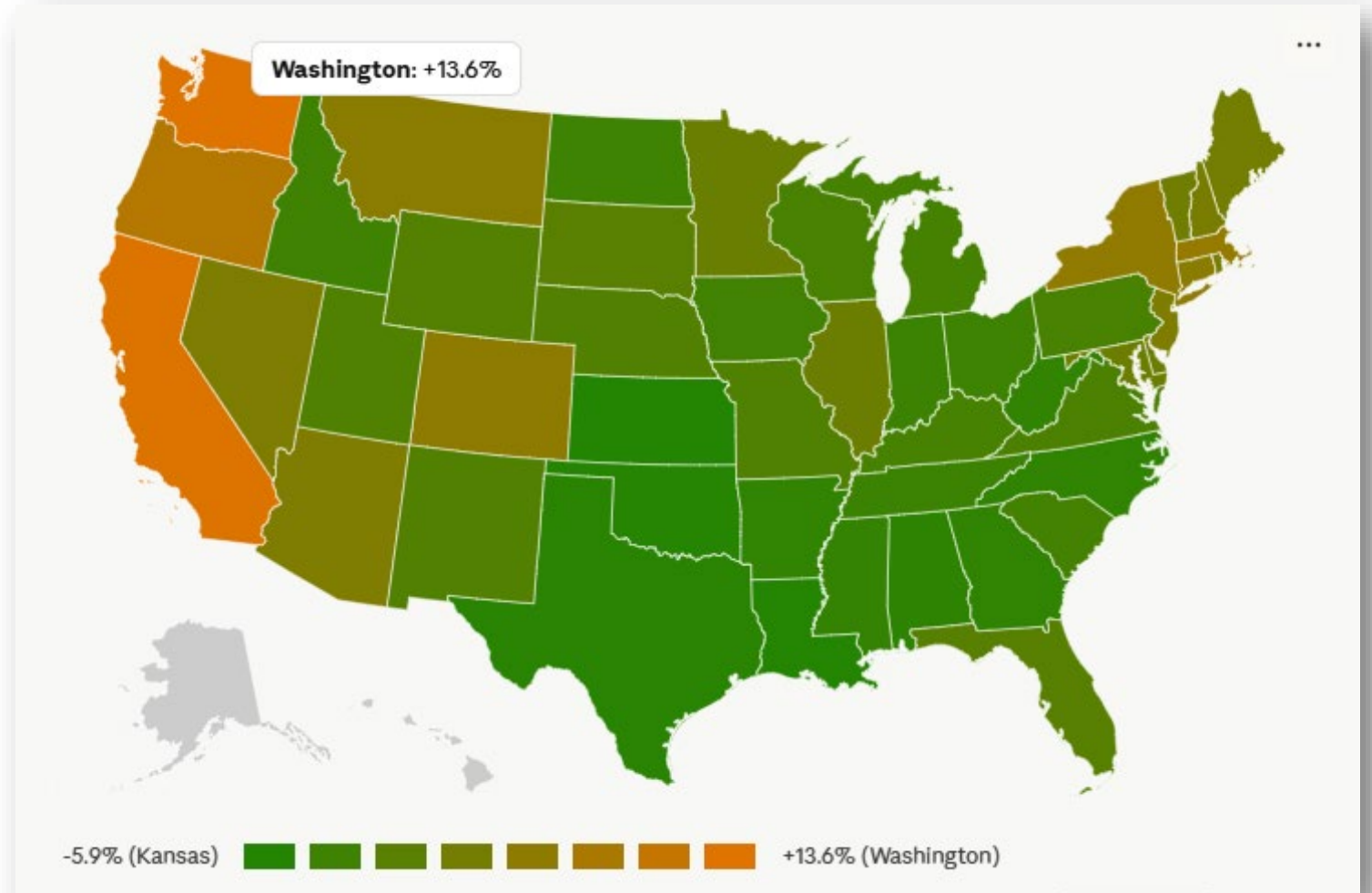
Anthony
8 million

PREP TIME 3 years
DIFFICULTY Hard

Nation's lowest margins (15%)
Inflating costs = labor, food, operating
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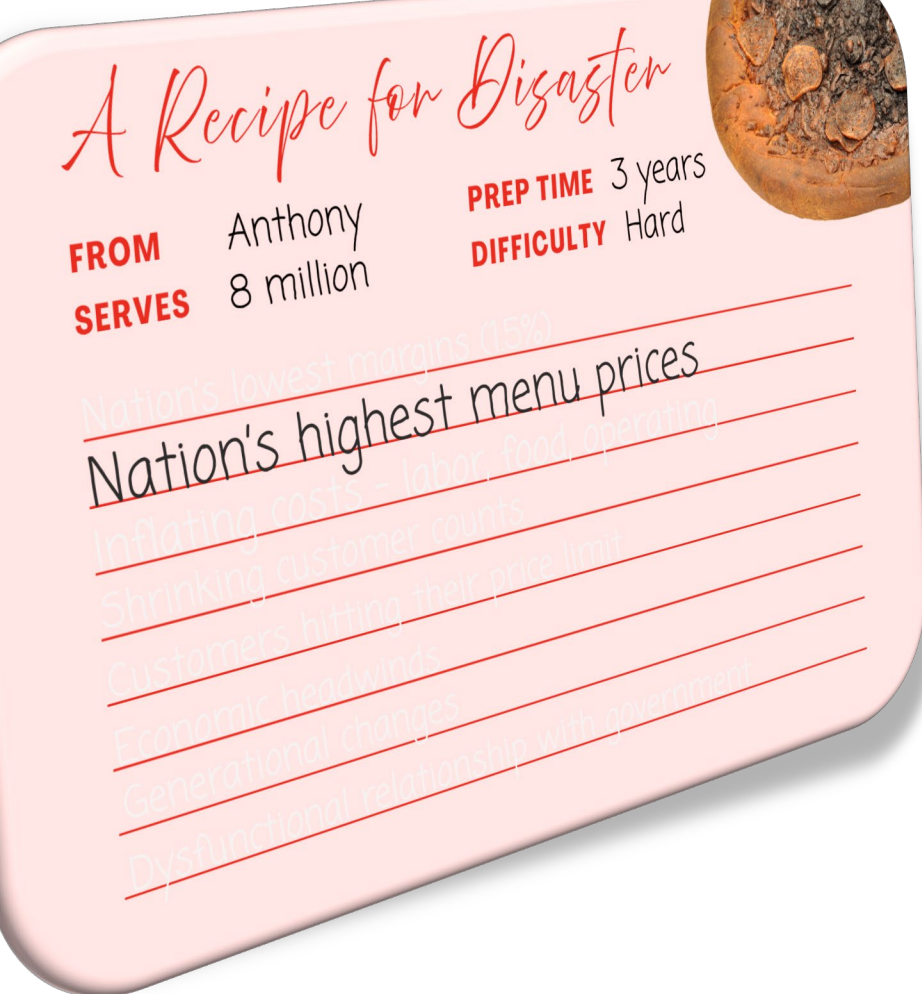
Nation's highest menu prices

Highest Menu Prices



Washington
Hospitality
Association

Source: 2025 Washington Hospitality Association Cost of Dining Report



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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Hard

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Highest Menu Prices

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Austin, TX	-8.4%
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Inflating costs - labor, food, operating

POLL

Expenses > Inflation

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

Labor



Insurance



Goods



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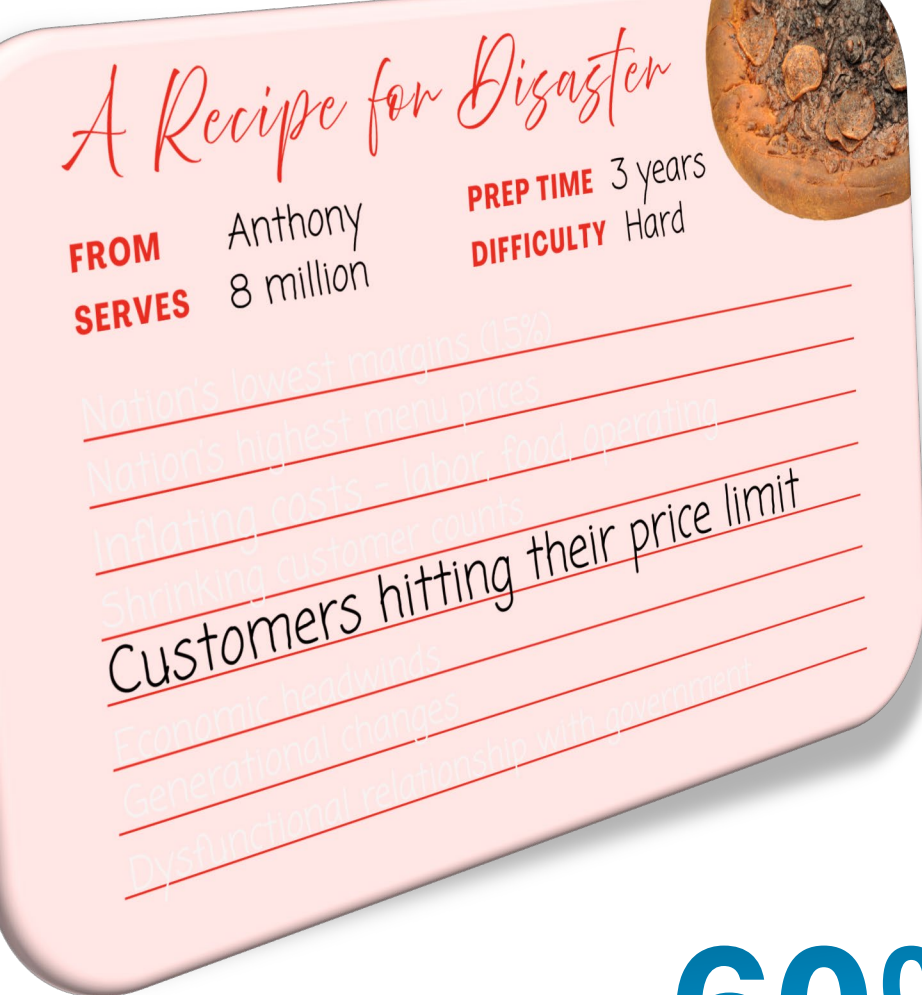
Generational changes

Dysfunctional relationship with government

6 in 10

Operators reporting fewer guests in 2025





Consumer Spending

72% say restaurants
are too expensive.

60% are trading down to
less expensive.



Foreign Tourism Decline

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

By Alyse Smith

Updated November 20, 2025 9:33 AM



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](https://www.wthr.com)
Published: 4:51 PM EDT September 9, 2025
Updated: 4:51 PM EDT September 9, 2025

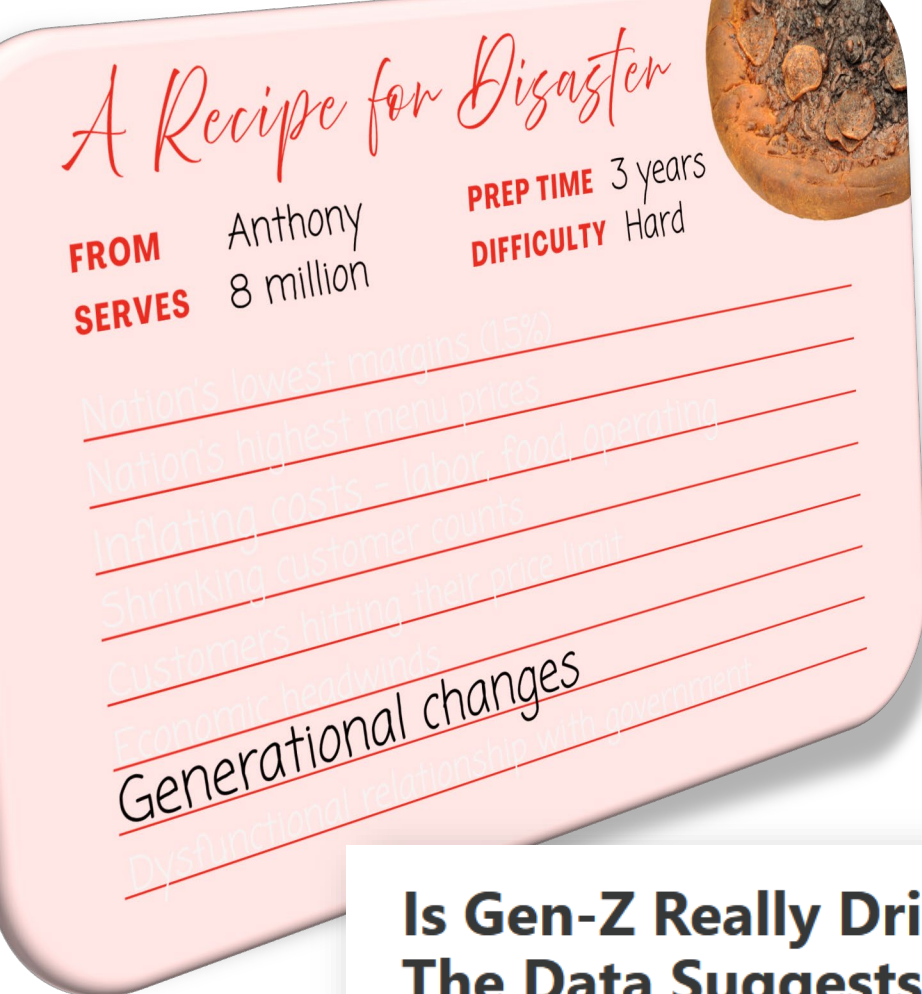
[Home](#) > Foodservice

Gen Z Eats Differently – What This Means for Restaurants

GEORGE HAJJAR | JANUARY 21, 2026

The Food Institute

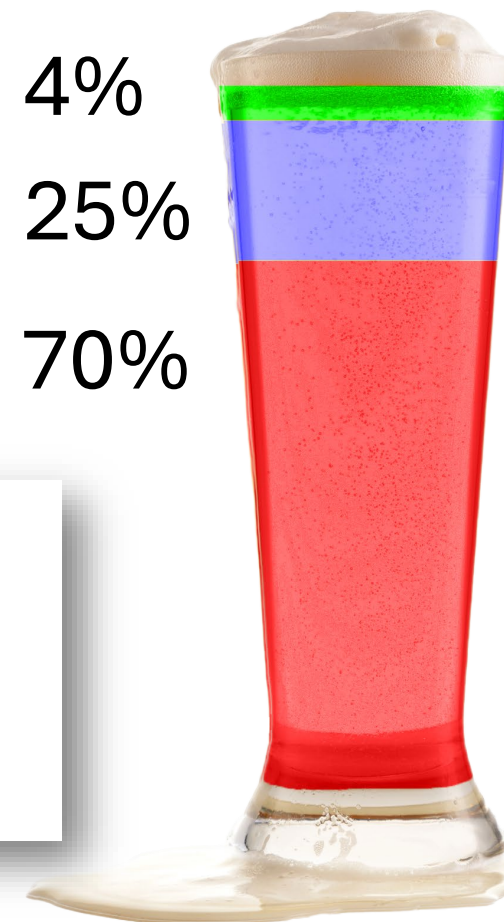




Younger Guests

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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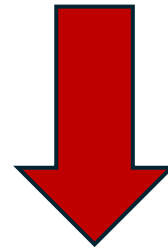
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Restaurants are Essential to my Lifestyle

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

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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

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.*



A Recipe for Success

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COOK TIME

1 year

DIFFICULTY

Hard

Rethink the labor model



\$44.72

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

-20%

Number of servers
since 2019



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Meet the changing customer



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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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

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

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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

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8 million

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.

Community-driven engagement
Authentic operator visibility
Short-form video

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



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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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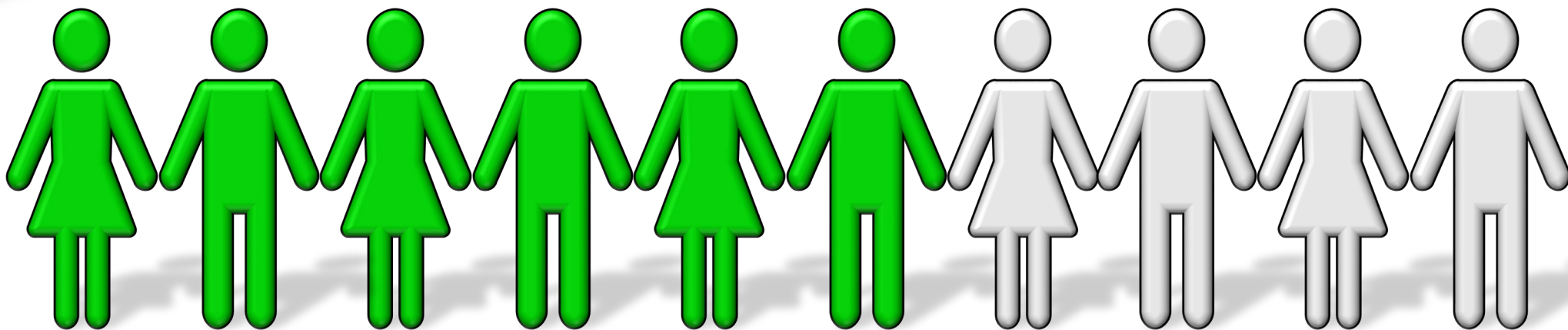


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More than **6 in 10** restaurant customers say
that restaurants are an
essential part of their lives.

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??



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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

And more!

HELP!

Questions?

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Anthony Anton, President & CEO of Washington Hospitality Association

May 27, 2026



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