

FOOD & BEVERAGE

Industry Report 2025

An in-depth look at the industry's pressures and progress

Expert Market

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A cloud-based, all-in-one digital technology platform purpose-built for restaurants

INTRODUCTION

Welcome to the 2025 **Expert Market** Food & Beverage Report, kindly sponsored by **Toast**. This is the second of our deep-dive industry insights – the 2024 edition was so well-received that we just had to repeat the process and share even more insights into this fascinating industry – both where it is right now and how it's changed over the last year

We explored the state of the US industry through a survey of 628 professionals, investigating their sentiments, challenges and priorities, then analysed this year's data and compared it with our previous report.

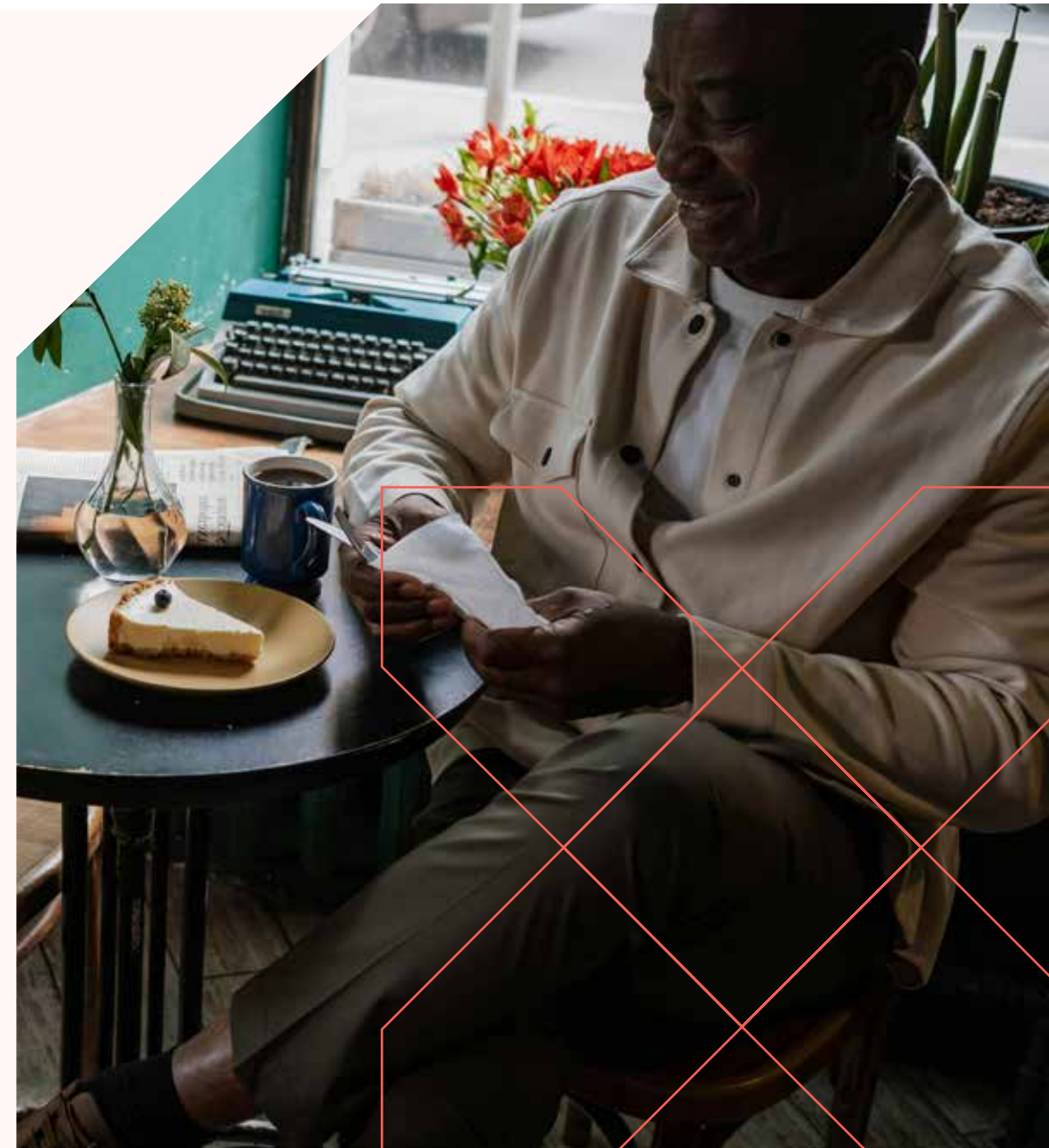
One key takeaway emerges: the industry is, perhaps surprisingly, optimistic. And that is a direct result of its strategic response to many major challenges such as labor shortages and economic uncertainty. There has been a calculated choice to focus on controllable areas, such as customer experience and satisfaction, rather than panic about bigger but less changeable problems such as tariffs, inflation or

the uncertain economic climate. By prioritizing immediate and manageable improvements, businesses feel a sense of progress and achieve tangible short-term financial gains, which in turn fuels their optimism.

It's a fascinating insight into an industry where pleasing the customer is ultimately the most important factor in survival and success.

Yes, there are pressures, but right now keeping the customer satisfied is keeping F&B going.

Chris Maillard
Editor, **Expert Market**



THE BIGGER PICTURE

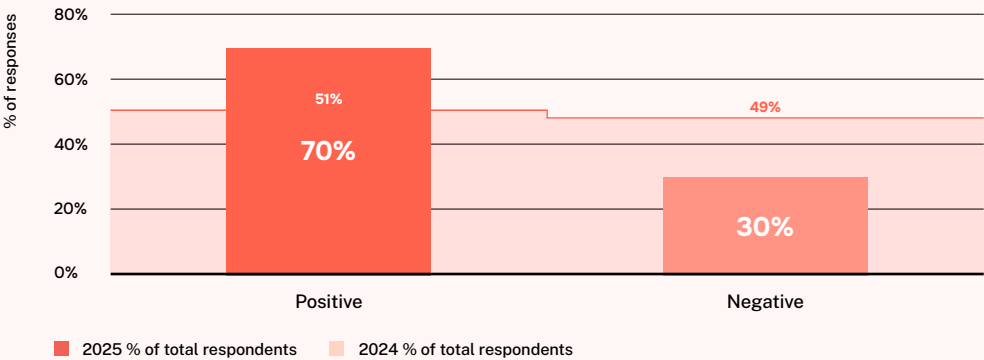


MORE CONTROL, MORE CONFIDENCE

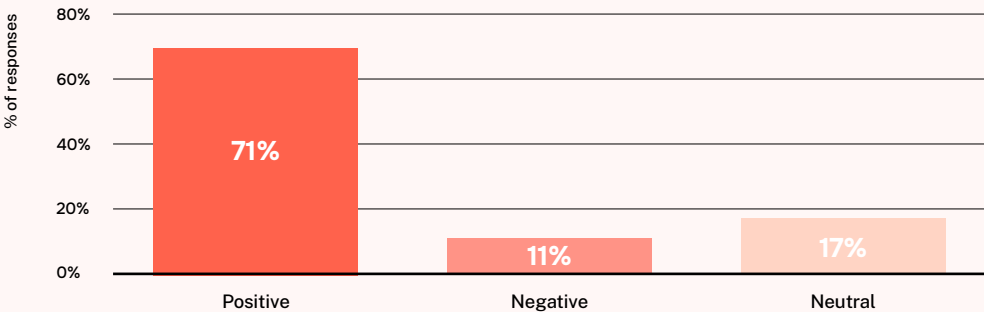
The food and beverage industry finds itself in a period of striking contradiction. On the surface, sentiment is overwhelmingly positive, with nearly 70% of professionals describing the current state of the industry as favorable and 72% holding a positive outlook for their own business

This robust confidence, which has increased by 19 percentage points year-over-year (YoY), is not born from a lack of challenges. Instead, it is a testament to a sector that has made a clear strategic choice: to focus on what it can control.

■ How would you describe the current state of the food & beverage industry in terms of its overall condition?



■ Considering the current economic climate and industry trends, how would you describe your overall business outlook for the next 12 months?



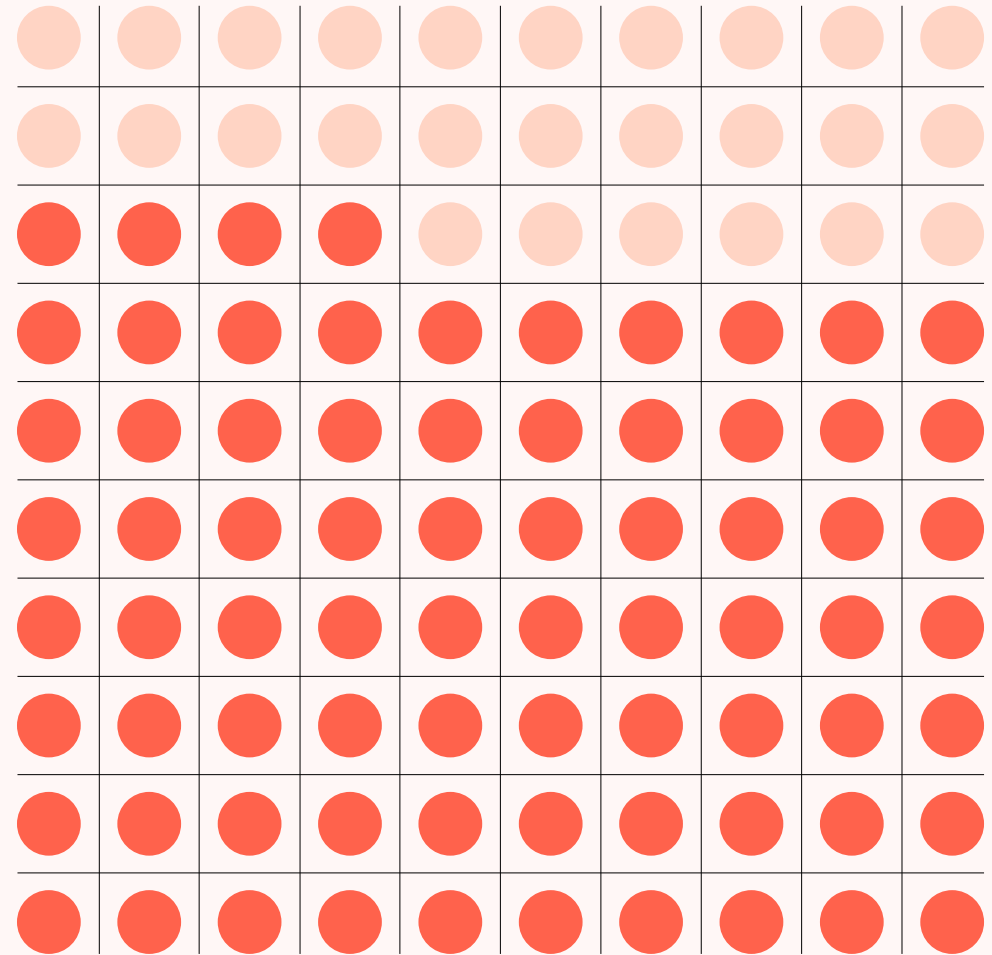
THE GREAT INVESTMENT SQUEEZE

74%

of professionals have had to **reduce investment** into their business due to **rising costs**

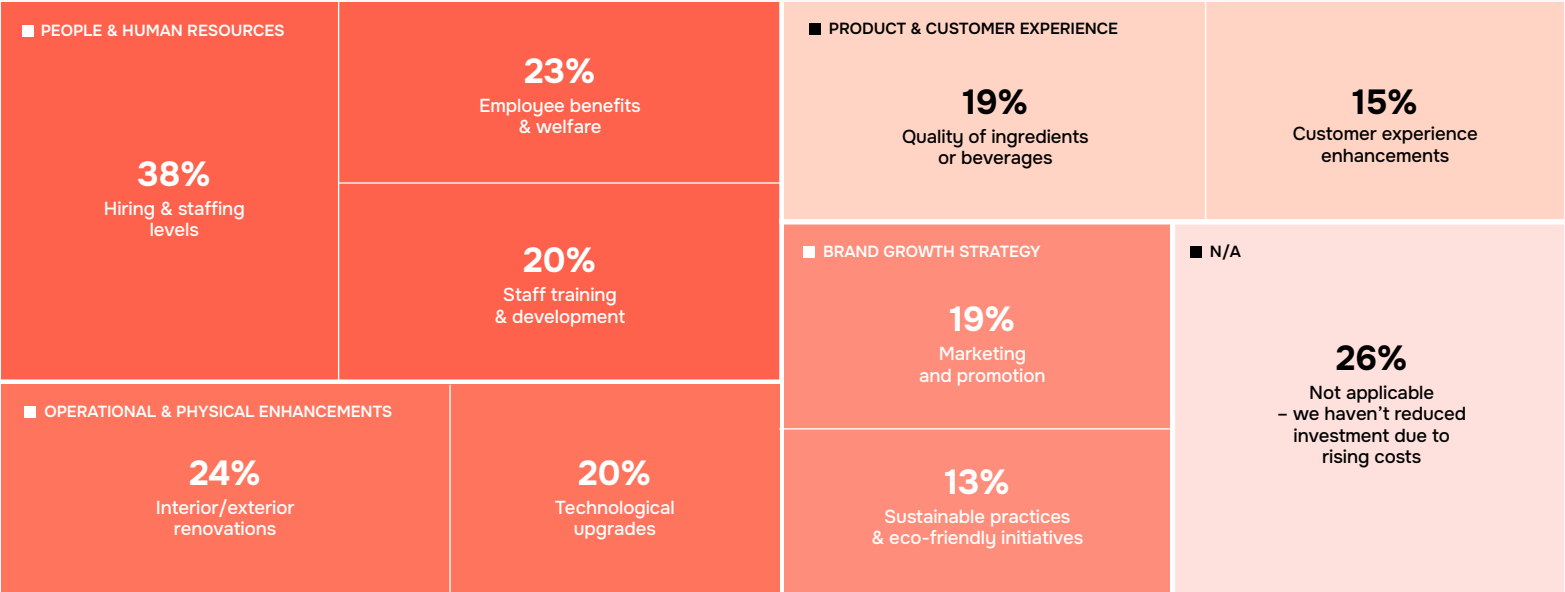
To understand this strategic choice, we must first look at the immense pressures beneath the surface of the top-line optimism. The industry is currently battling a profitability squeeze so intense that 74% of businesses have been forced to reduce investment, creating an environment of profound operational uncertainty

■ % of professionals who have had to reduce investments due to rising costs



PRIORITIZING THE PRODUCT

Faced with this pressure, professionals are making a calculated decision on where to allocate their limited resources



■ The areas in which professionals have had to reduce investment, due to rising costs, divided into subcategories

Our data reveals a distinct prioritization. Investment is reduced the most in areas tackling foundational, industry-wide challenges: people and human resources (53%) and operational and physical enhancements (35%).

Investment is reduced the least in areas that provide direct and immediate returns: product and customer experience (27%).

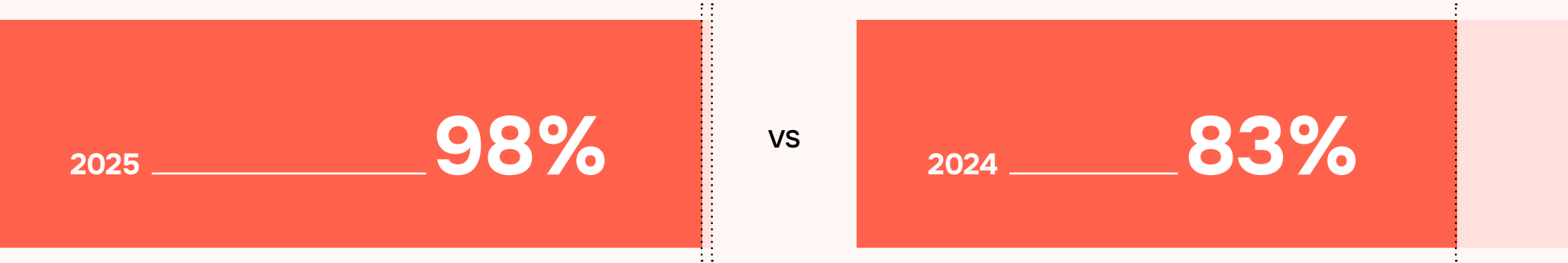
This outlines a clear operational strategy for 2025: businesses are focusing on achievable, tangible efforts that directly impact their revenue, even if it means deferring the long-term battles.

TECH TO THE RESCUE?



TECH’S QUICK WINS

Instead of putting its efforts into long-term investment, the industry is focusing on smaller, more efficient victories. The significant rise in tech adoption YoY demonstrates this, as businesses are investing in tools that offer quick, scalable solutions with minimal effort



98% of professionals have made investment in software or technology in the last 12 months ***(2025)**

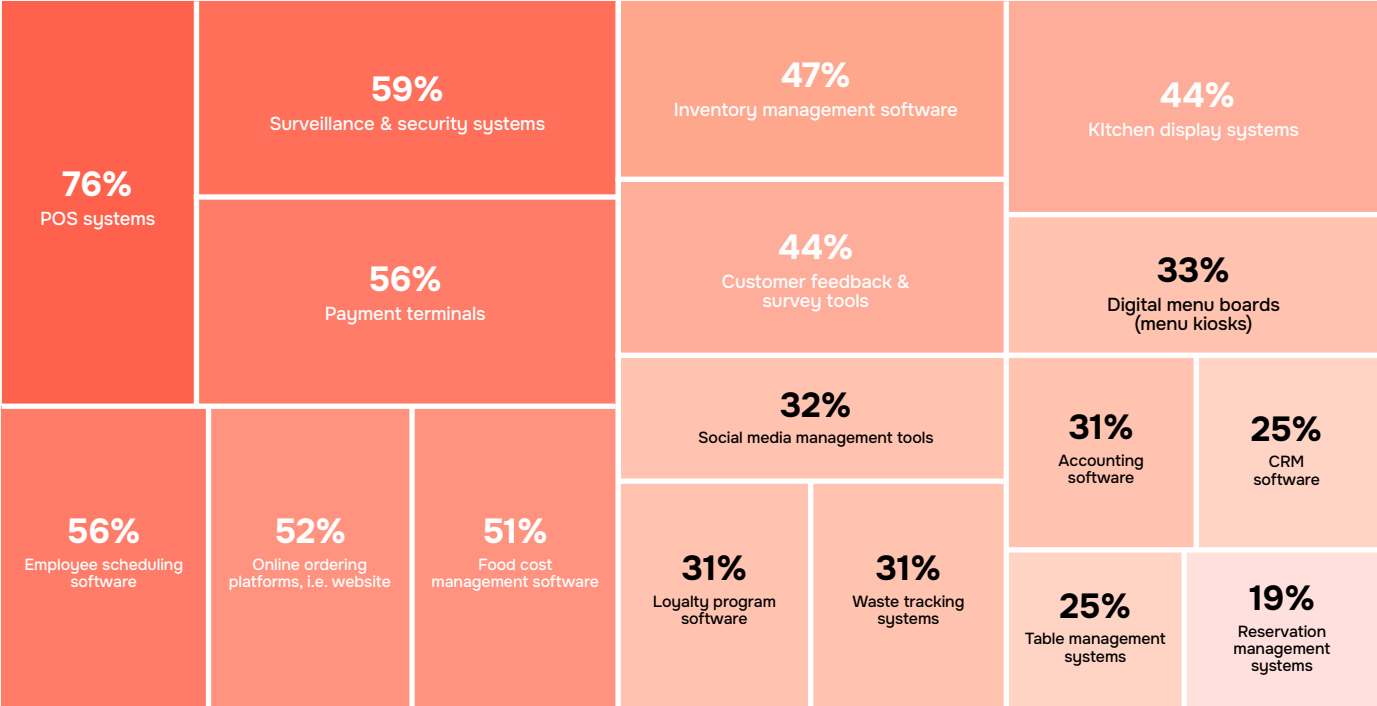
83% of professionals have made investment in software or technology in the last 12 months ***(2024)**

THE ART OF PROBLEM-SOLVING

The high-growth technologies that businesses are actively investing in are not random; they are a direct response to the industry’s most significant challenges. These are the tools that allow operators to bring their biggest problems – labor and operational costs – within their immediate control

Over half of all businesses use employee scheduling software (56%) to precisely manage labor costs and staff allocation. In the kitchen, KDS have seen significant growth (12% YoY), streamlining workflows and directly improving efficiency. The rapid adoption of inventory management software (12% YoY) and food cost management software (11% YoY) provides businesses with the crucial data needed to prevent waste and protect profit margins against rising costs.

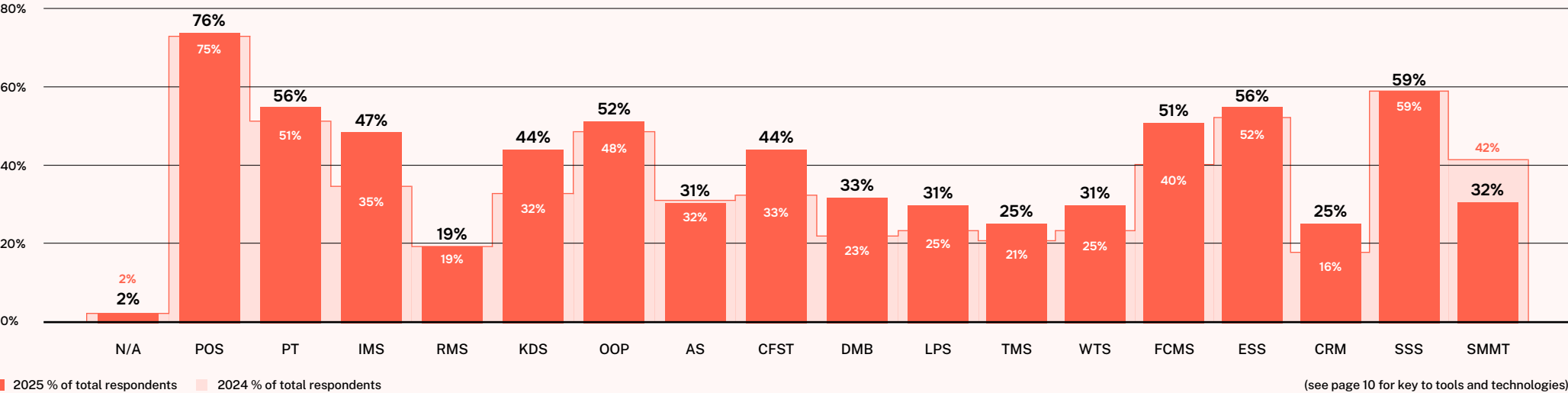
■ % of professionals who have this technology currently implemented



SPECIALIZATION & OPTIMIZATION

While 2024 was defined by a focus on foundational and front-of-house technology, the past year has seen a significant strategic pivot towards operational efficiency and specialized solutions

■ Please select which of the following software or technology options are currently implemented at your restaurant or bar



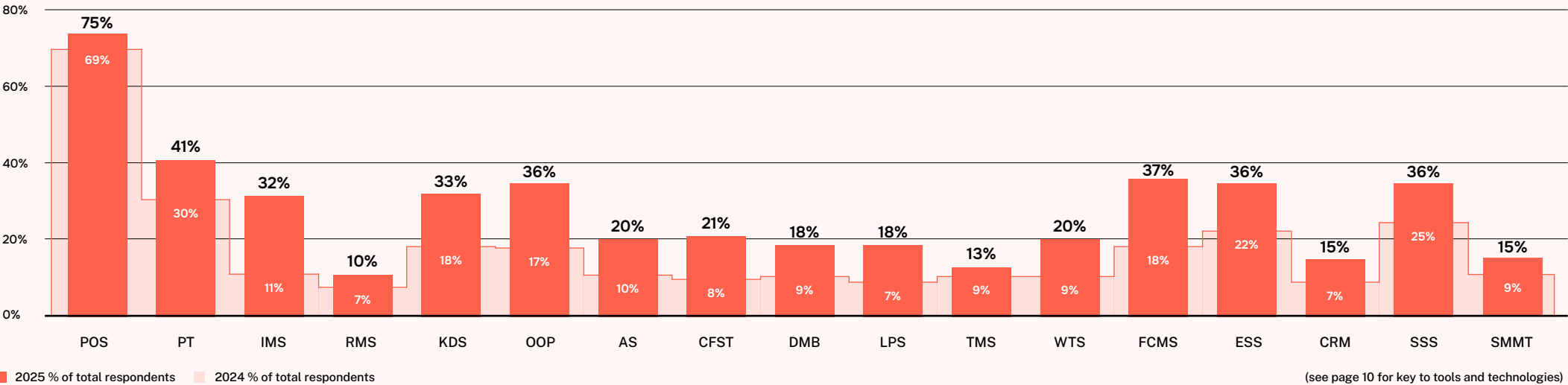
Foundational tools, like point of sale (POS) (76%) and payment terminals (56%), have the highest overall adoption rates but are experiencing little to no growth (1% and 5%, respectively). The highest growth is occurring in technologies that provide direct control over costs and labor.

Inventory management software (IMS) saw a 12% increase in adoption, with kitchen display systems (KDS) and food cost management software (FCMS) also showing robust growth (12% and 11%). These tools are the new frontier for operators looking to optimize their business from the inside out.

THE CORE STACK: TECH ESSENTIALS

These tools were also outlined as being essential to business operations by over 30% of businesses respectively, an increase from 2024

■ % of technology named as essential by business professionals in the F&B industry



(see page 10 for key to tools and technologies)

The “core stack” for a modern F&B business is no longer just a POS system. It is now essential that it includes targeted solutions for efficiency and profitability. The high growth in necessary status for inventory management and food cost software proves that these are moving from “nice-to-have” tools to fundamental components of a resilient business model.

This data shows a maturing industry. It confirms that the strategic shift towards “controlling the controllables” is not a

temporary trend but a settled conviction. Operators have seen the tangible benefits of these tools in managing costs and labor, and now view them as non-negotiable essentials for success in an unpredictable market.

The industry’s optimism is directly linked to this proactive mindset. Professionals are not waiting for problems to solve themselves; they are actively defining and adopting the precise tools they need to secure their financial foundation and build a more resilient business.

PROBLEMS & PRESSURES



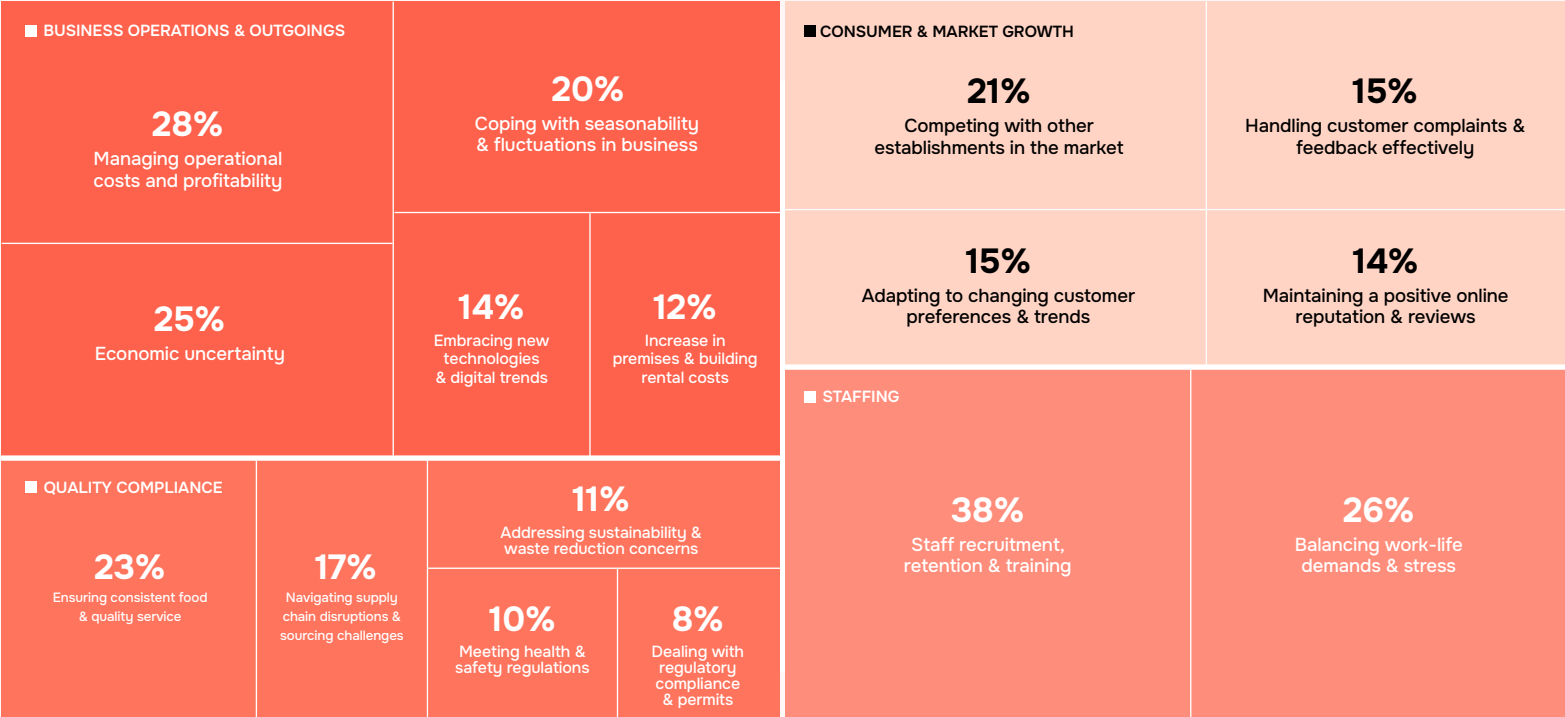
FAMILIAR STRUGGLES

While new challenges arise, the core obstacles for operators remain the same as ever

The challenges the industry faces are not new – our 2024 report flagged many of the same issues. Staff recruitment, retention and training were named the most significant challenge by 38% of professionals, and over 85% stated staffing challenges are currently affecting their business operations.

Managing operational costs and profitability is another key concern, named as the most significant challenge by 28% of professionals.

■ Areas of operation currently presenting the most significant challenges to industry professionals



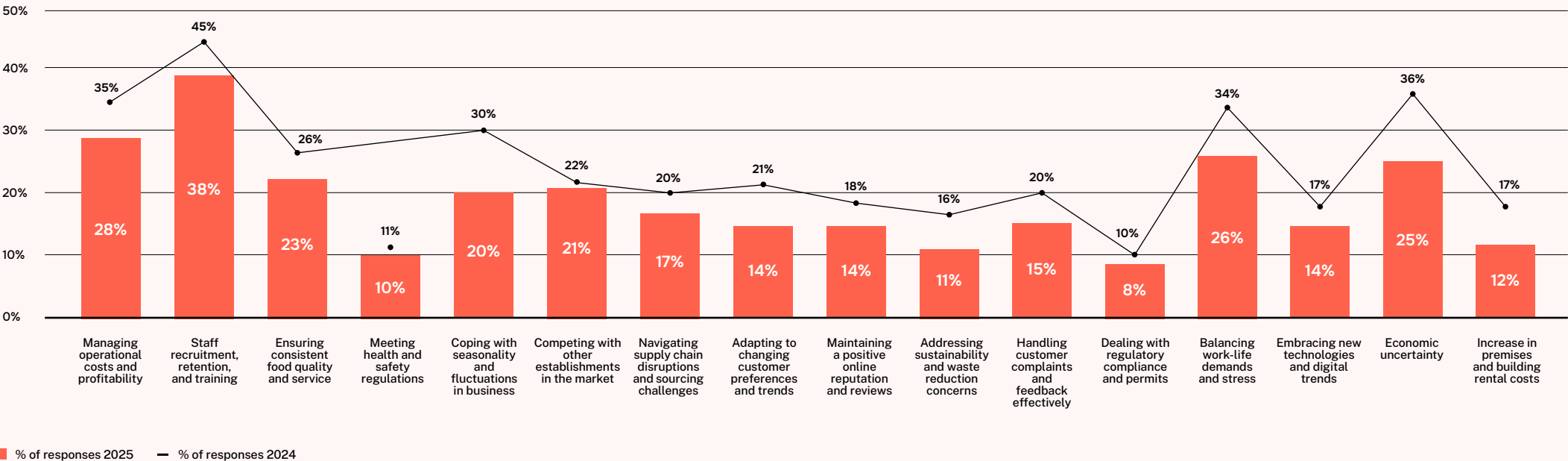
PERSISTENT PROBLEMS

While a pragmatic strategy is helping, significant issues remain a constant burden

These numbers show that while the industry’s strategic choices are helping to alleviate these pressures, the fundamental challenges are persistent.

The industry is not expecting these issues to disappear but is instead focused on building a resilient business model that can effectively manage them.

■ A year-over-year comparison of the challenges the industry is facing



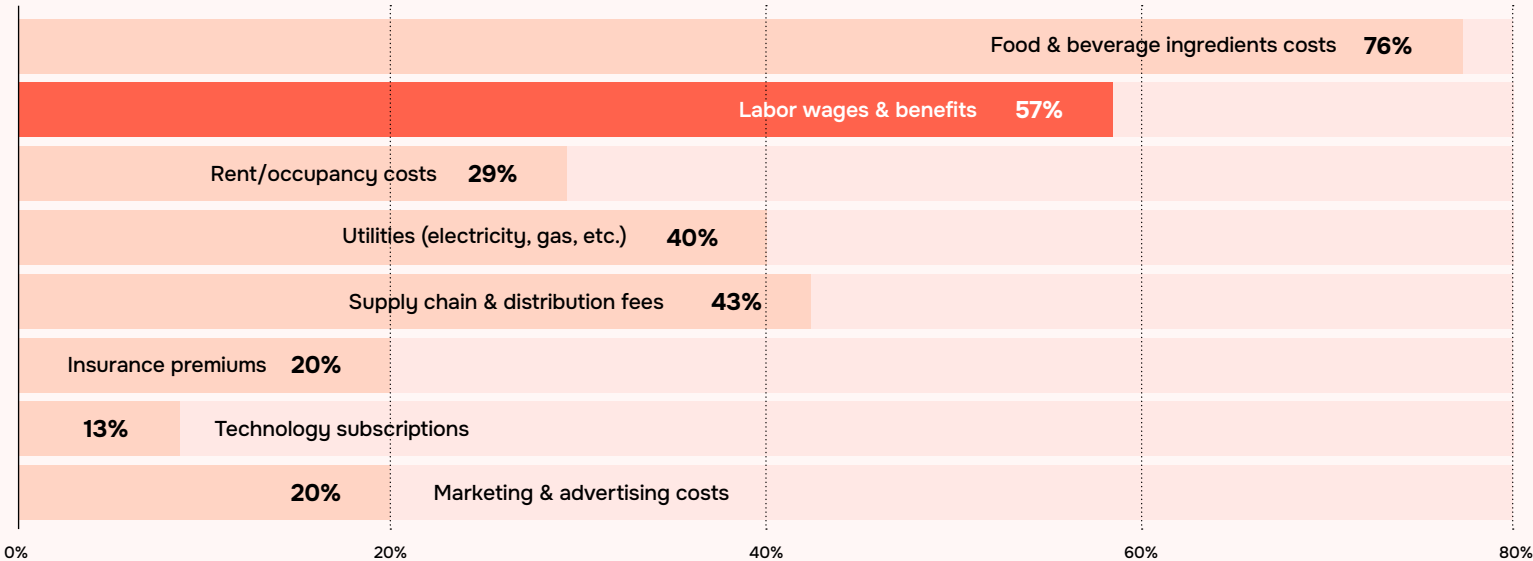
PRESSURE, PEOPLE & PROFITS

Faced with market pressures, businesses have had to make difficult operational decisions

While investing in customer experience provides a direct path to revenue, solving the industry’s persistent labor crisis requires a willingness to invest large amounts of time and money with no guarantee of immediate return. Indeed, labor wages and benefits are the second-highest source of profitability pressure, as cited by 57% of professionals.

This presents a difficult choice between addressing a core operational problem or ensuring immediate revenue streams.

Our research indicates that the industry is choosing the latter as its primary, pragmatic strategy.



■ Which of these rising costs have had the most significant impact on your profitability in the last year?

CUSTOMERS COUNT THEIR CENTS

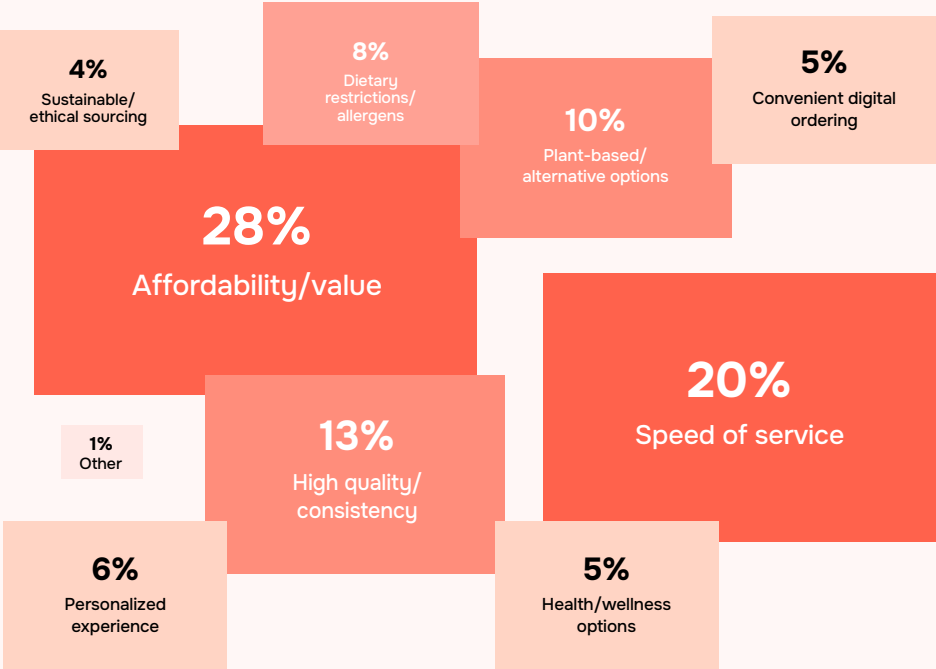
The strategic choices of the food and beverage industry are defined by a core, calculated reality: without customers, businesses cease to exist. Our research indicates that operators are not ignoring the profound challenges they face, but rather confronting them with a clear, revenue-driven focus

Shifting consumer expectations have impacted nearly 80% of businesses, with a central, defining pressure point: affordability. For over a quarter of professionals (28%), this is the single most challenging consumer demand to meet. This is a direct reflection of

broader customer behavior, as our data shows that the most significant behavioral shifts include customers limiting their overall spending (24%) and prioritizing value options (17%). Ultimately, customers are the root of revenue, and they are essential for increasing profitability.



■ The most challenging consumer expectation to meet, named by F&B professionals

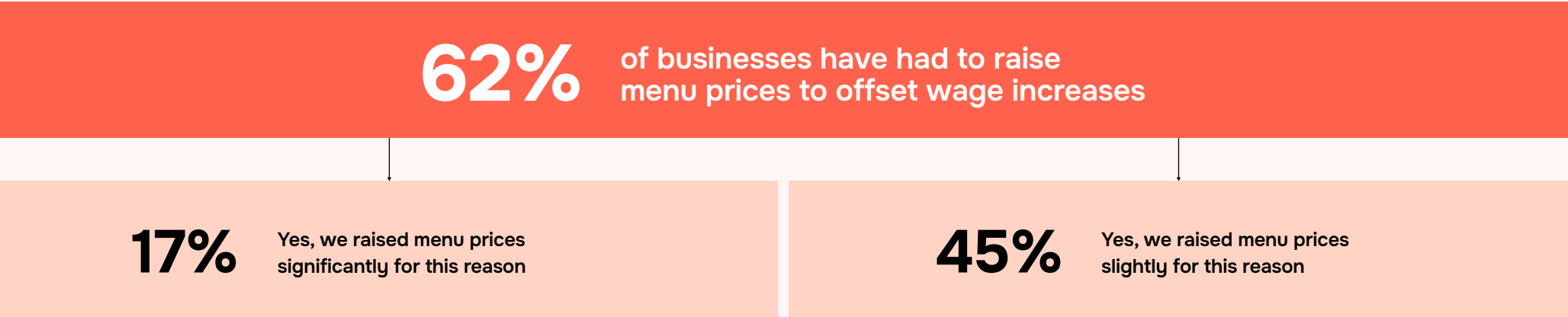


THE PRICE OF PEOPLE

For many businesses, a direct attack on structural problems – such as increasing wages and benefits to solve the labor crisis – can feel prohibitively costly and risky, directly impacting an already tenuous economic position

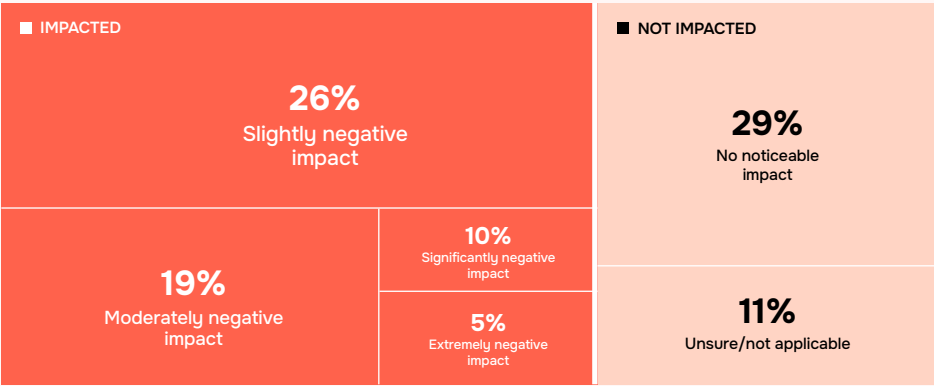
Of businesses surveyed, 62% have acknowledged that they have had to raise menu prices to offset wage increases, which directly damages the customer experience.

■ Have you had to raise menu prices specifically to offset wage increases?

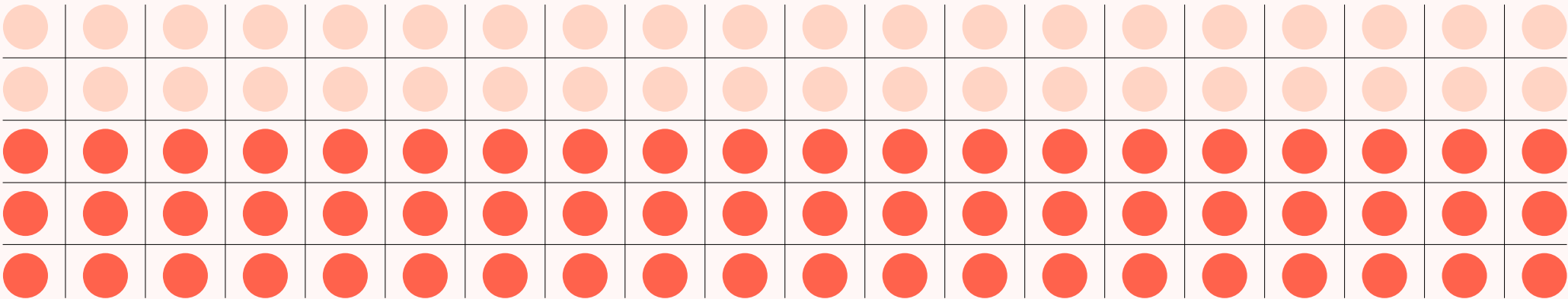


TARIFFS: A NEW OBSTACLE

This strategic choice is further validated by a relentless squeeze from external forces. While only 60% of businesses report being directly affected by tariffs...



■ The impact of tariffs on business operations



■ 60% Impacted | ■ 40% Not Impacted

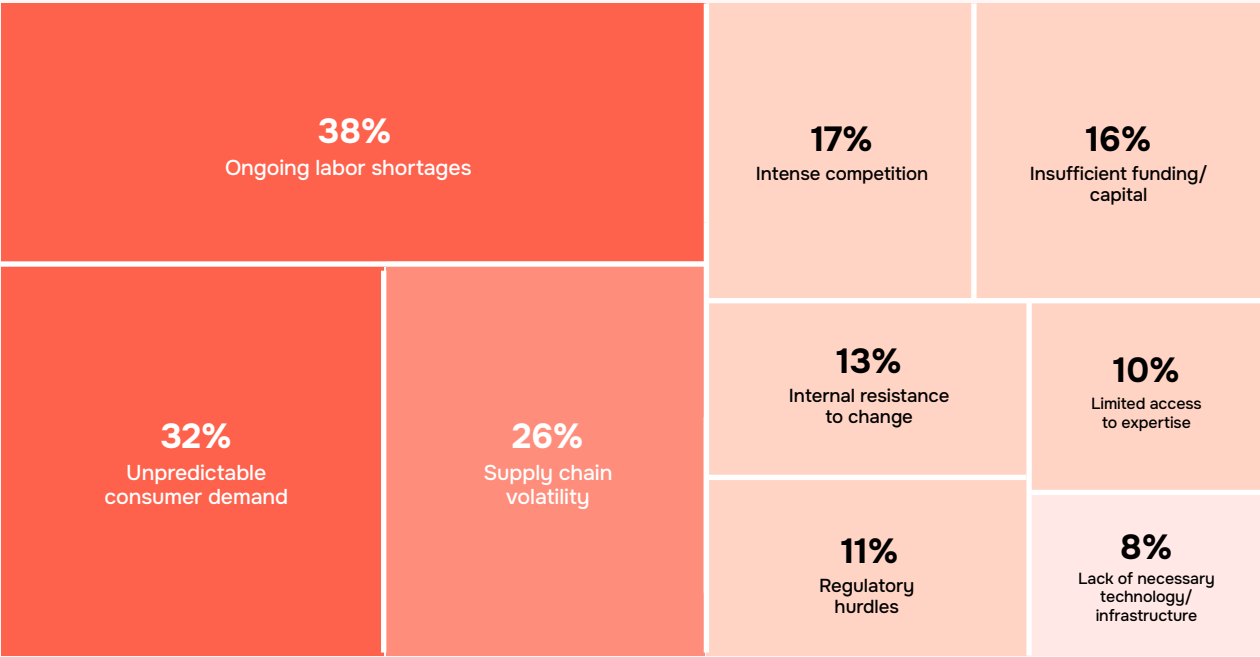
THE INDIRECT IMPACT OF TARIFFS

... a much larger majority (76%) cite rising ingredient costs as having a significant impact on profitability

Furthermore, supply chain volatility was named as an obstacle by over 25% of professionals. This underscores that tariffs are having a significant, if indirect, effect on the industry's bottom line.

In the face of these larger, systemic pressures, prioritizing customer experience offers a tangible and practical way to ensure higher revenue amid this uncertainty.

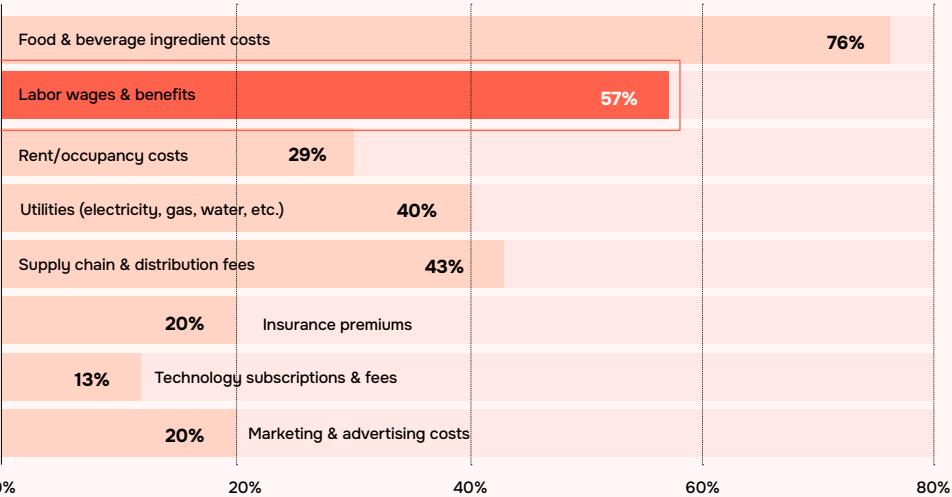
76% of businesses cite rising ingredient costs as having a significant impact on profitability



■ The impact of tariffs on business operations

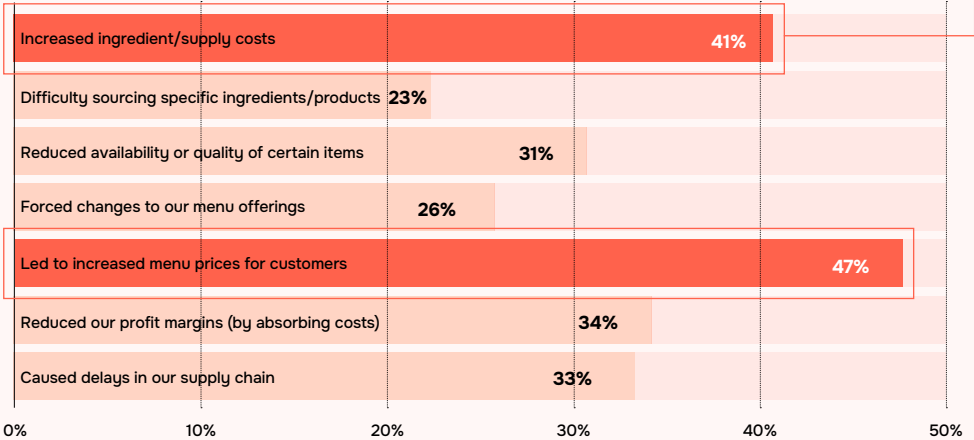
THE DOUBLE-SIDED SQUEEZE

The focus on a better customer experience is not just a proactive strategy, but also a necessary defensive maneuver against market forces, such as **labor costs**, that are out of the control of individual operators



■ Which of these rising costs have had the most significant impact on your profitability in the last year?

Operators are caught in a relentless ‘double squeeze’ from both internal labor pressures (with wages being the highest cost impact for 57% of businesses) and external forces (the biggest impact of tariffs being identified as increased menu and **ingredient prices**)



■ How have import tariffs impacted your business?



DIRECTIONS & SOLUTIONS

THE ANSWER IS THE CUSTOMER

One possible solution is leveraging a superior customer experience to justify the inevitable price increases. When faced with rising menu prices – a direct result of increasing costs and tariffs – businesses are actively improving loyalty programs, enhancing online ordering and refining services. The goal is not just to drive revenue, but to reframe the value proposition for the customer



of businesses have had to raise menu prices to offset wage increases



of businesses report being directly affected by tariffs



of businesses cite customer experience as the most important strategic priority to ensure long-term success

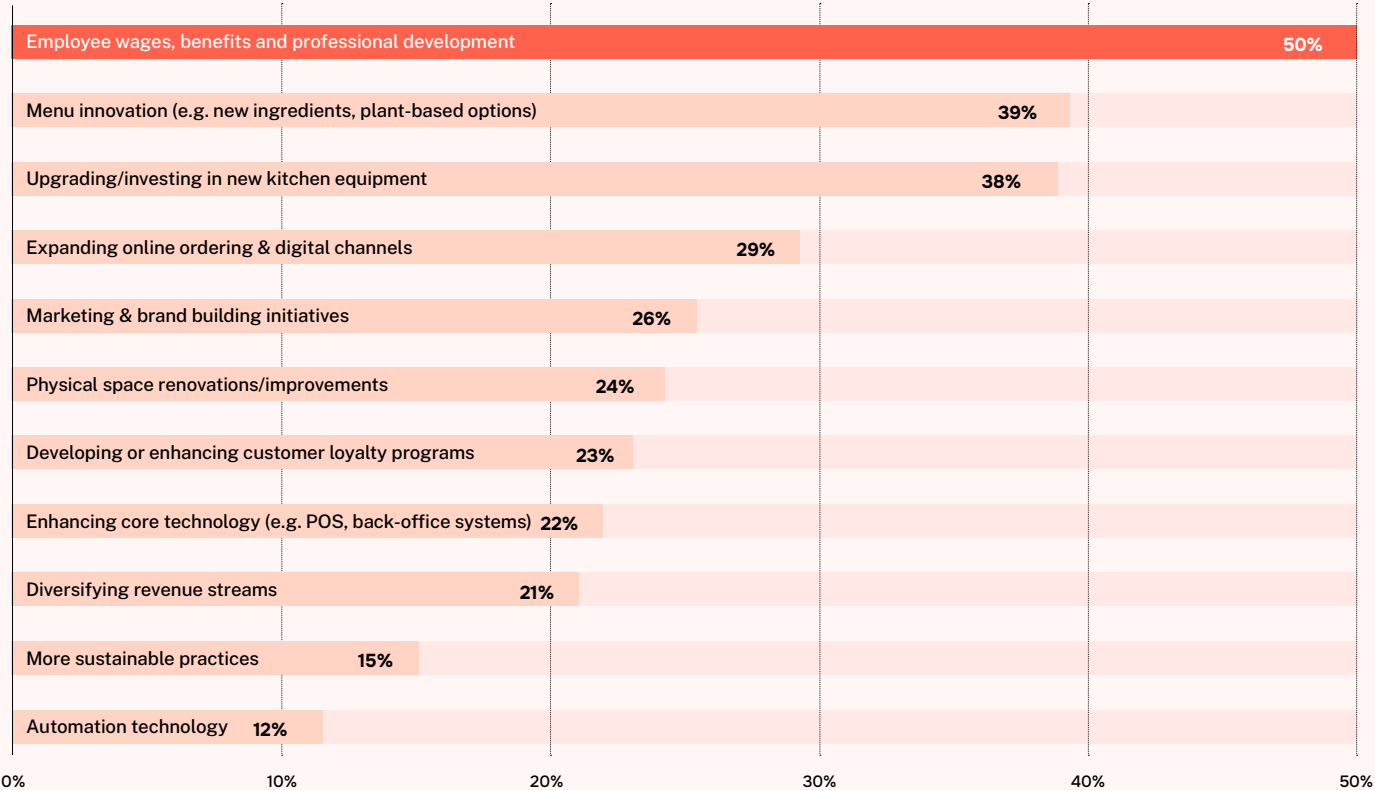
PEOPLE ARE STILL A PRIORITY

The commitment to the customer is mirrored by an equally strong investment in its people

Employee wages, benefits and professional development were named a top investment priority for half of businesses.

This indicates that operators are not ignoring the labor crisis; they are simply addressing it with a specific focus on compensation and professional growth. The narrative is not one of sacrifice but a deliberate and calculated balancing act between investing in their people and investing in growth strategies.

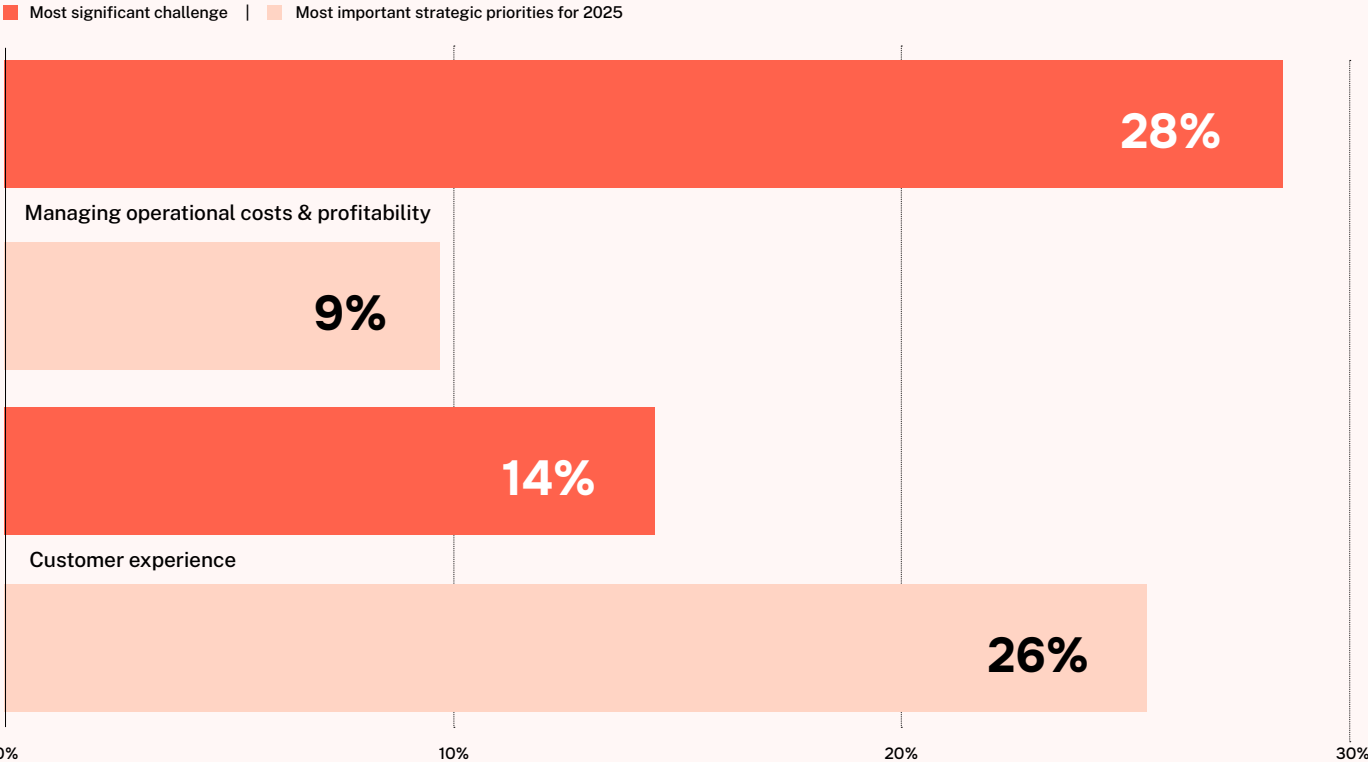
■ Areas of priority for F&B professionals in the next 12-18 months



PRIORITIES VERSUS PROBLEMS

The data also reveals a fascinating disconnect between what businesses identify as their biggest problem and what they prioritize as a solution

While managing operational costs and profitability is a top challenge, it falls significantly lower on the list of strategic priorities. This suggests that operators view it as a persistent, difficult hurdle, but not as the single strategic lever they can pull to ensure future success. Instead, they are placing their bets on more proactive, customer-centric strategies that directly drive revenue.



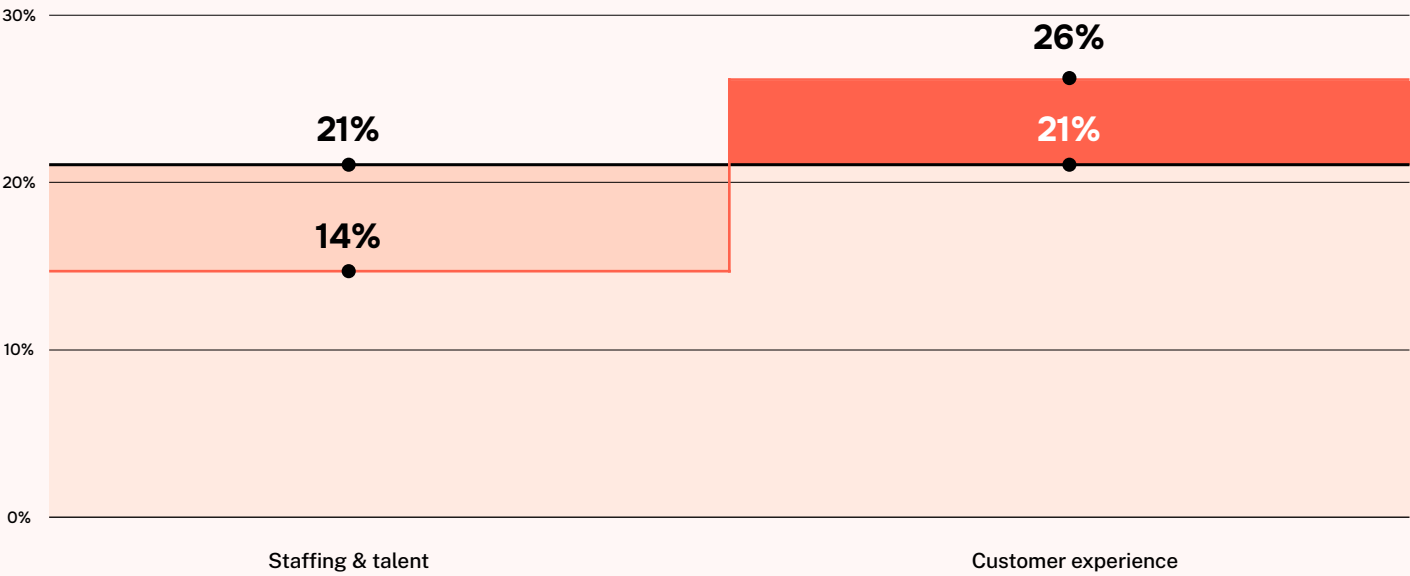
■ Comparing businesses priorities against their most significant challenges

THE RIGHT PRIORITIES PRODUCE POSITIVITY

The food & beverage sector’s positive outlook is not an act of blind optimism but the result of a deliberate, strategic choice

Our research reveals that this strategic imperative is a direct response to the two-front battle outlined in our conflict section. Faced with these costly issues, that are often beyond their immediate control, the industry is wisely choosing to focus its resources strategically, demonstrating its resilience.

This approach represents a pragmatic pivot from fighting every battle to prioritizing the ones that offer a direct, efficient path to success.



■ Positive | ■ Negative

■ Comparing strategic priorities and business outlook for F&B professionals, focusing on staffing & talent and customer experience as priorities

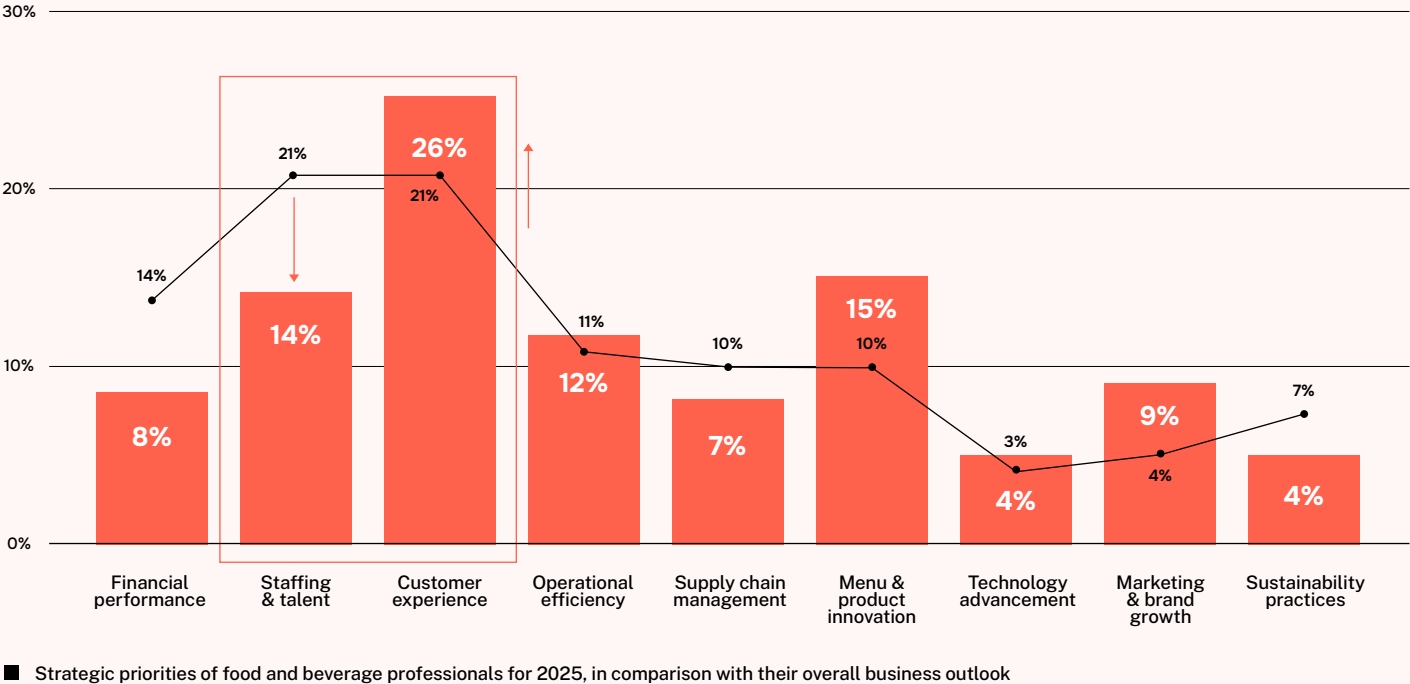
STRATEGY BUILDS CONFIDENCE

A focused approach is not just a strategy to drive revenue – it is a direct line to confidence

Our data outlines a clear correlation: professionals who have a “very positive” business outlook are more likely to name customer experience as their single most important strategic priority.

In stark contrast, those who describe their business outlook as “very challenging” are more likely to be focused on staffing and talent, indicating that, for many, battling the labor crisis is a difficult and disheartening effort. The industry is tackling what it can control to demonstrate resilience and, by all accounts, it’s working.

Positive | Negative

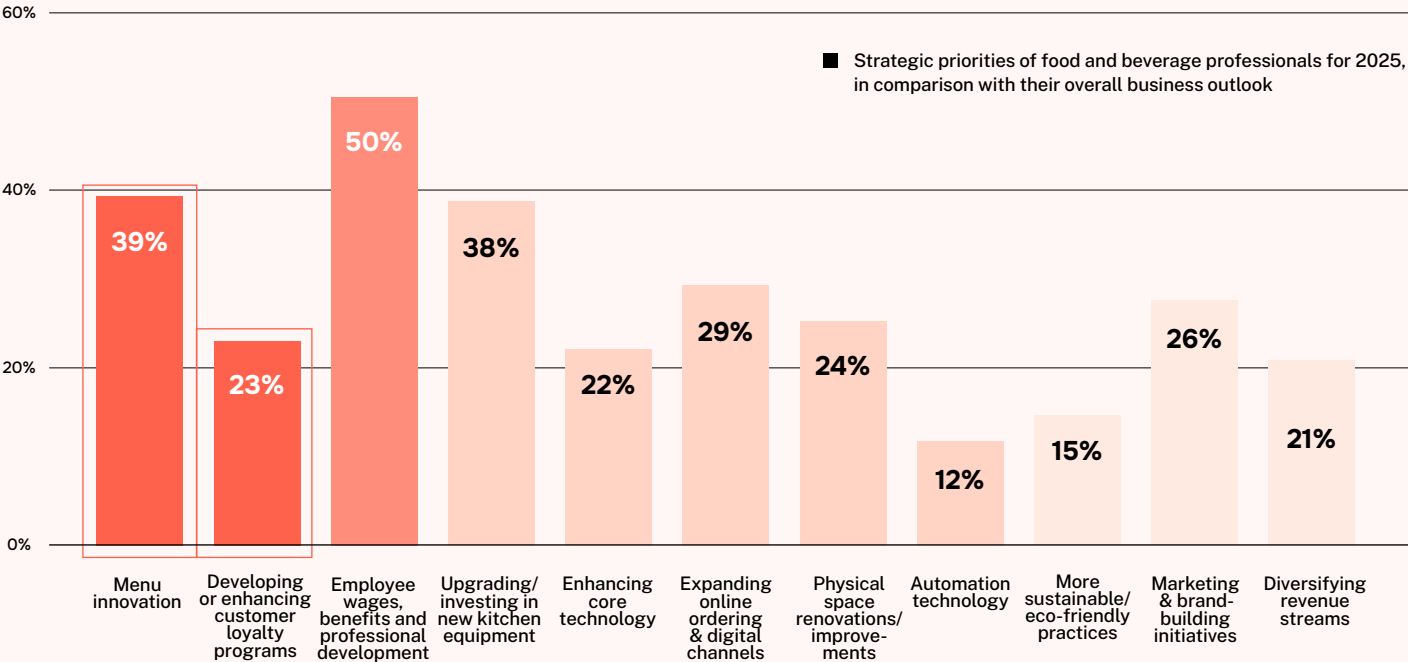


CUSTOMERS COME FIRST

This data further indicates that this strategic choice is led by a clear commitment to product and customer experience over the next 12-18 months

This area is named a top investment priority for a remarkable 57% of businesses, outranking foundational areas like staffing and operations.

This is not a random choice — it is a strategic pivot towards what drives immediate, tangible revenue. This focus is a direct response to a market defined by fluctuating consumer demand and an intense focus on affordability.



Product & customer
experience 57%

Staffing 50%

Operational & physical
enhancements 54%

Brand growth &
strategy 39%

LABOR IS SHORT, BUT CUSTOMERS ARE KING

Labor shortages do not just cause higher costs – they directly undermine a business’s ability to serve customers, which in turn impacts demand and revenue. A short-staffed kitchen leads to longer wait times, a front-of-house team with too many tables leads to slower service and both can lead to a decline in overall quality and customer satisfaction

This directly impacts a business’s reputation and can cause customers to seek out other establishments, creating a self-reinforcing cycle of negative reviews and lost revenue.

However, businesses are prioritising customer experience, despite there being labor worries. This is something that they can directly control.

26%

Over a quarter of business are looking to customer experience as their single most important priority for long-term success in 2025

206%

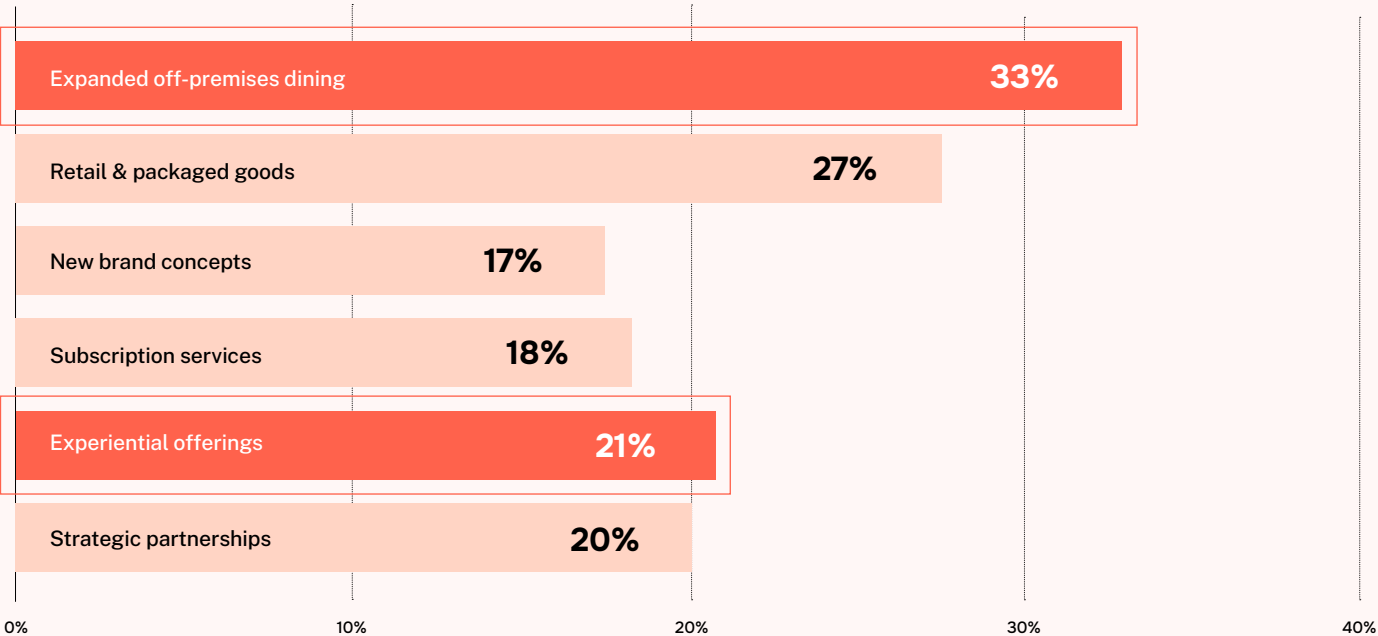
The priority placed on customer experience is 206% higher than that of financial performance

-38%

The priority given to staffing and talent is 38% lower than the priority given to customer experience

THINKING OUTSIDE THE KITCHEN

We know that a strong customer focus is directly linked to a positive business outlook. Businesses are bringing this focus to life through a variety of practical strategies, such as implementing initiatives to boost revenue by enhancing the consumer experience. For example, 33% of businesses are expanding off-premise dining, and 21% are increasing experiential offerings



■ What new strategies or initiatives has your business adopted to generate revenue beyond your primary, day-to-day food and beverage service?

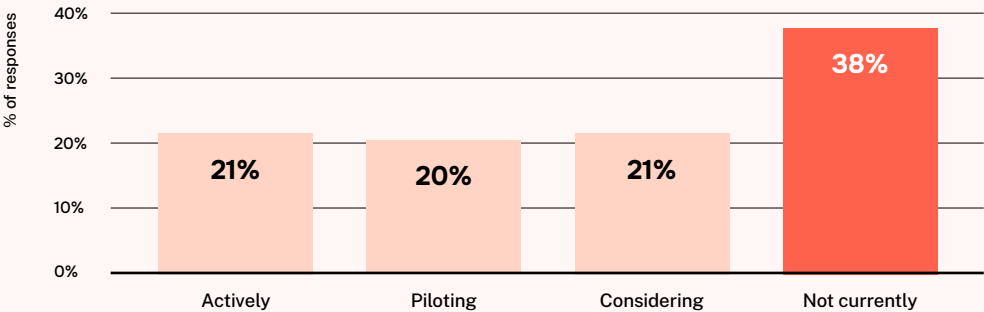
THE FUTURE TECH REVOLUTION

The growing adoption of technology that improves the customer experience, such as customer feedback tools, highlights how businesses are strategically investing to provide value to customers, even in the current turbulent economic climate

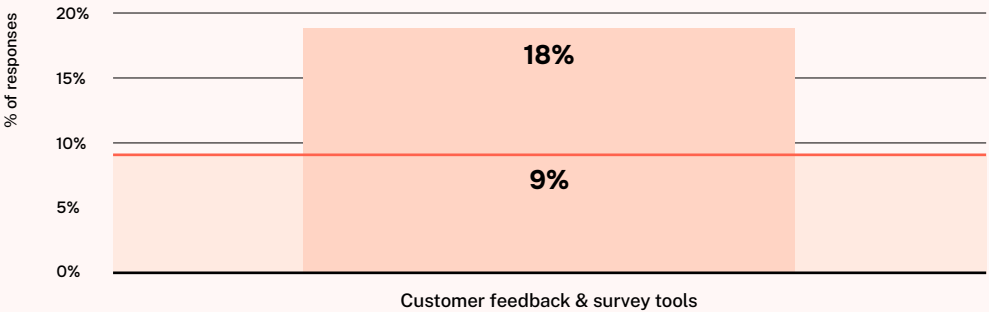
This is likely to increase further in the future, alongside the growth of automation technology, which 38% of businesses are yet to explore. These initiatives and technologies could be invaluable to positive business

sentiment and for reframing the customer's idea of value. Businesses are prioritising customer experience despite there being labor worries. This is a factor that they can directly control.

■ What is the current status of automation technology adoption in your business?



■ In the last 12 months, what technology options or software has the restaurant/bar you work at or own decided to invest in?



■ % of responses 2025 ■ % of responses 2024



RECOMMENDATIONS

CONTROL THE CONTROLLABLE

In the face of relentless economic uncertainty and ever more demanding customers, what can the food and beverage industry do? Our report shows that the winning tactic is to make a clear strategic choice. Rather than fighting every battle on every front, businesses are pragmatically focusing on the areas they can directly control to support their bottom line

A strong customer focus is directly linked to a positive outlook, and businesses are making this happen through a variety of practical and innovative strategies.

By doubling down on the customer experience, leveraging technology to drive efficiency and focusing on direct revenue sources, businesses are actively creating their own sense of control and stability. And in future, the ongoing

development of tech automation could present a significant opportunity for the industry.

Focusing on the customer experience is not just about what is within a business's control; it's also about justifying price increases caused by both internal and external factors. With customers directly impacted by tariffs and labor shortages, businesses are enhancing customer satisfaction to provide a superior experience

that helps offset those price rises and generate return business.

The fact that business outlook and industry sentiment are up year-on-year is a direct result of professionals securing their financial foundation through decisive, data-backed choices — a testament to a tough and flexible industry that is winning the fight for its future by controlling the controllable.



THE INDUSTRY IN NUMBERS

TOP LEVEL INDUSTRY STATISTICS

Target audience

US restaurant and food service
total workforce population

9.3 million

■ *96% of food service managers employed into restaurants

Food service managers/
restaurant managers

915,000

■ Business Size *(employee totals)

1-4 employees:

209,000 establishments

5-9 employees:

127,000 establishments

10-19 employees:

160,000 establishments

Number of quick service restaurants

204,893

20-49 employees:

168,00 establishments

50-99 employees:

42,000 establishments

100-249 employees:

8,000 establishments

Number of full-service restaurants

250,186

250+ employees:

573 establishments



METHODOLOGY

METHODOLOGY

The Expert Market/Toast Food & Beverage 2025 report is based on the results of its proprietary Food and Beverage 2025 Survey. This study aimed to develop a deeper understanding of US F&B business leaders’ attitudes towards the dual forces shaping the sector: intense pressure from rising costs, staffing issues and shifting consumer expectations, versus real progress through tech, innovation and resilience

A total of 628 qualified responses were collected via an online survey distributed to professionals actively working in the US food and beverage industry.

Respondents included bar, restaurant, food, and service and operations managers, bar and restaurant owners, chefs, and general managers, providing a direct insight into the opinions and priorities of those tasked

with navigating the industry’s most pressing operational challenges.

Participants were recruited via a third-party research panel provider in August 2025 to ensure a broad, impartial and unbiased sample across regions. Data cleaning and quality controls were applied to eliminate incomplete or inconsistent responses and to ensure the validity of the dataset.



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If you’re interested in an up-to-the minute weekly bulletin on the food and beverage industry, we’d like to recommend our sister newsletter, **The Prep**. It has all the insights, interviews and information that busy restaurant professionals could want. [Subscribe here](#) to find out more

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Toast is a cloud-based, all-in-one digital technology platform purpose-built for the entire restaurant community.

Toast provides a comprehensive platform of software as a service (SaaS) products and financial technology solutions that give restaurants everything they need to run their business across point of sale, payments, operations, digital ordering and delivery, marketing and loyalty, and team management.

We serve as the restaurant operating system, connecting front of house and back of house operations across service models including dine-in, takeout, delivery, catering, and retail.

Toast helps restaurants streamline operations, increase revenue, and deliver amazing guest experiences. For more information, visit www.toasttab.com

