



# State of the California Restaurant Industry – Trends, Challenges and Opportunities

April 24, 2025





# CRA - Who We Are

- Full-service trade association offering wide variety of services and advocacy for members
- Represent nearly 22,000 eating establishments statewide
- Working to unite the restaurant community for positive change --- Protect, Educate, Advocate
- CRA Across CA –Our Chapter Network
- GA Mission: Lobbying On All Levels of Government:
  - Capitol, City Hall, Board of Supervisor, Health Departments, Air Pollution Control Districts





# State of the Industry

- Economic Outlook & Restaurant Economy
- California's 2025 Employment Report and 2024 revisions
  - Statewide - Payroll jobs decreased by 92,100, or roughly 0.5%.

|                             | December 2024<br>Original | December<br>2024 Revised | Difference | % Change |
|-----------------------------|---------------------------|--------------------------|------------|----------|
| Full-Service Restaurants    | 616,900                   | 604,000                  | -12,900    | -2.1%    |
| Limited-Service Restaurants | 735,200                   | 713,700                  | -21,500    | -2.9%    |

- Visit CA –California's projected visitor spending was expected to grow by 6.2% over 2024...
- Revised to 2.3%

# State of the Industry

- Nationally:
  - Economy Continues to Add Jobs at a Solid Pace
  - Jobless Rate Continues to Hover Around 4%
  - Restaurant Employment Surpassed Pre-Pandemic Levels
    - Feb 2020 ---Feb 2025
  - The Fed --Monetary Policy Hits Pause on Interest Rates





# State of the Industry: Trends

- On and Off-Premises.....
  - Increasing Technology/ Leverage Analytics
  - Ease of Ordering/Payment
  - Consumers Are More Value Conscience:
    - Daily specials, combo meals, and BOGO
  - Consumers Continue to Favor Loyalty and Reward Programs ---





# State of the Industry: Challenges

Restaurants are challenged more than ever before

- Inflation remains -- After 40-year high
- Ever escalating rents
- Commodity price changes
- Insurance costs and coverage disruptions
- Public safety challenges





# State of the Industry: Survey Data

## CRA Member Survey Results:

- Nearly 40% of restaurants report that their restaurants were NOT profitable in 2024
- Nearly 47% expect restaurant traffic to decrease this year
- Nearly 31% expect to be less profitable

## CRA Member Survey: Top challenges this year:

- Increasing minimum wage (84.3%)
- Staying ahead of changing labor laws (81%)
- Predatory lawsuits (80%)



# State of the Industry: Survey Data

- National Restaurant Association – Survey

## Restaurant Operators Said Labor and the Economy Were the Top Challenges Facing Their Business in March

Top challenges facing restaurant operators

| March 2023              |     | March 2024              |     | March 2025              |     |
|-------------------------|-----|-------------------------|-----|-------------------------|-----|
| Recruiting Employees    | 47% | Recruiting Employees    | 29% | The Economy             | 26% |
| Labor Costs             | 13  | Sales Volume            | 26  | Recruiting Employees    | 20  |
| The Economy             | 11  | The Economy             | 17  | Sales Volume            | 13  |
| Food Costs/Availability | 11  | Labor Costs             | 11  | Labor Costs             | 11  |
| Sales Volume            | 8   | Food Costs/Availability | 9   | Food Costs/Availability | 9   |

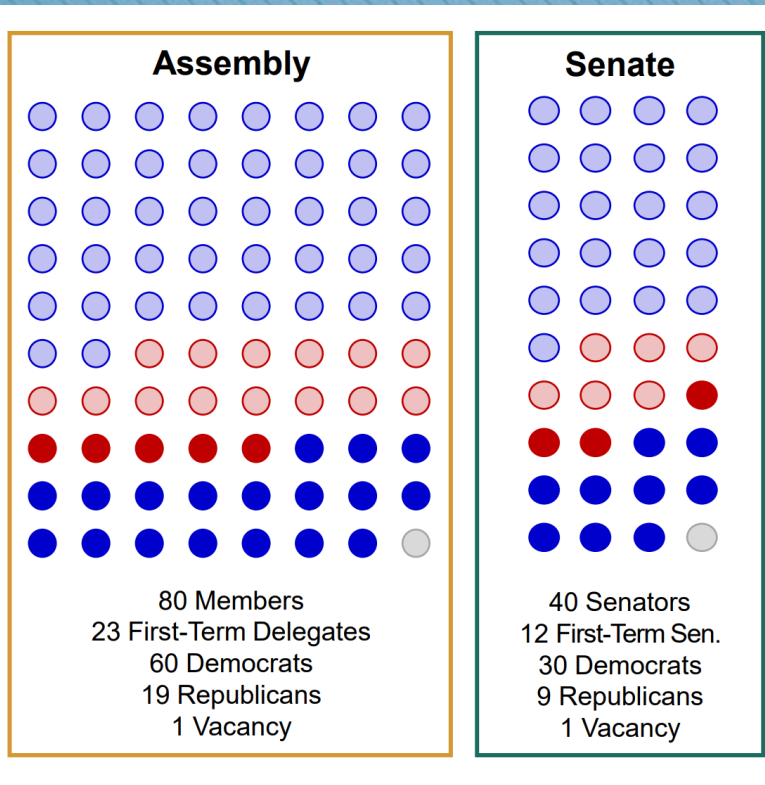
Source: National Restaurant Association



# Opportunities: Addressing Restaurant Affordability Crisis In CA

CA State Legislature By the Numbers –

- 2,500 Bills Introduced
- 20 Bills Tacked By CRA





# Opportunities: Addressing Restaurant Affordability Crisis In CA

- Hot Bills....
- AB 1065 --Swipe Fees
- AB 1245 --Restaurant Reservation Anti-Piracy Act
- AB 592 -- Al Fresco Dining - Alcohol Permits
- AB 671 -- Accelerated Restaurant Plan Approvals
- SB 17 -- Excludes Tips as Taxable Income





# Local Legislative Issues

- Localized Tourism Wage Initiatives:
  - Los Angeles
  - San Diego
- Local Restaurant Development Permitting Reform
- Los Angeles Plastics Initiative:
  - Stakeholder Outreach – Completed
  - Public Outreach – April
  - LA Sanitation Dept Report to Committee - May/June





# What's Hot! Culinary Trends



## TOP TRENDS

1. Sustainability and Local Sourcing
2. Cold Brew
3. Korean Cuisine
4. Hot Honey
5. Vietnamese Cuisine
6. Hyper-Local Beer & Wine
7. Fermented/Pickled Foods
8. Wellness Drinks
9. Creative Spritzes
10. Value Deals



# What's Hot! Culinary Trends



## TOP INGREDIENTS

**Honey and seeds and hot honey top both the ingredients and flavors/condiment categories.**

1. **Hot Honey**
2. **Fermented/Pickled Foods**
3. **Matcha**
4. **Miso**
5. **Spicy Maple**



# What's Hot! Culinary Trends



## MACRO TRENDS

1. **Sustainability and Local Sourcing**
2. **Value Deals/Propositions**
3. **Smaller or Streamlined Menus**
4. **Healthy Kids' Menus**
5. **Pop-Up Restaurants**
6. **Hyperlocal**
7. **Convenience Proteins (Sous Vide, Individual Serving Packs, Shelf Stable, Plant Based)**
8. **Limited-Time-Only Menus**
9. **Flights**
10. **Artificial Intelligence (AI) Integration**



# What's Hot! Beverages

## Good, & Possibly Good For You

**TOP BEVERAGES**

1. Cold Brew
2. Wellness Drinks (with vitamins, supplements, or fiber)
3. Boba
4. Kombucha/Fermented Drinks
5. Energy Drinks

Wellness-conscious consumers of all ages are driving the growing interest in beverages that boost energy levels, lower stress, enhance digestive health and sharpen cognition. They're seeking beverages that not only taste good but that potentially improve immunity and increase general well-being. Both wellness drinks infused with vitamin-rich supplements, and fermented drinks, like kombucha (said to improve gut health), are examples.

Customers also expect their beverages to deliver on the flavor front—like how smooth cold brew eliminates hot brew's bitterness—and are gravitating to drinks with unique mouth feel and more complex tastes. Texture adds a multisensorial experience. Pearls, or popping "boba," for example, gel-encased spheres that burst with flavors like vanilla, coffee, cocoa, mango, pomegranate, and more, are elevating beverages, cocktails, and even desserts.

**BLUEBERRY PROTEIN SMOOTHIE**

**MOCHA MILK TEA BOBA**

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## Flights Take Off

**TOP BEVERAGE ALCOHOL**

1. Hyper-Local Beer & Wine
2. Creative Spritzes
3. Flights
4. Innovative Old Fashioneds
5. '90s Martinis (espresso, apple martinis)

With sustainability topping the overall 2025 What's Hot list, it's no wonder that hyper-local beer and wine are predicted to be beverage menu must-haves in the coming year. Locally crafted beers and wines connect customers to the community, allowing them to support local business and eco-friendly processing. When it comes to cocktails, many customers are nostalgic; smooth cocktails like espresso martinis and innovative old-fashioned are examples.

Look for these and other alcohol beverages—martinis, mimosas, bloody marys—to be served in flights of three or four tasting-size glasses, allowing guests to sample different flavors and varieties in a presentation that indulges experimentation and can deliver a strong perceived value. Keep an eye out for no- and low-alcohol options for cocktails, beers, and wine—often offered not in a separate menu section, but simply as a choice of 'with or without' alcohol.

**ESPRESSO MARTINI**

**GOLD ALE BEER**

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Thank you  
Questions?  
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