

COVID-19 Restaurant Impact Survey – December 2020

Michigan

Restaurant Business Conditions

- Consumer spending in Michigan restaurants remained well below normal levels in October. Eighty percent of Michigan restaurant operators say their total dollar sales volume in October was lower than it was in October 2019. Overall, sales were down 25% on average.
- Most restaurant operators do not expect business conditions to improve in the coming months. Eighty-nine percent of Michigan operators expect their sales to decrease from current levels during the next 3 months. Only 4% of operators expect their sales will increase from current levels during the next 3 months.
- Even though sales were significantly lower for most restaurants, it doesn't mean their costs also fell proportionally. Fifty-four percent of Michigan operators say their restaurant's total labor costs (as a percent of sales) are higher than they were prior to the COVID-19 outbreak. Only 23% of operators say their labor costs are lower, as a percent of sales.
- With costs rising and sales falling, the result is added damage to the bottom line. Ninety percent of Michigan operators say their restaurant's profit margin is lower than it was prior to the COVID-19 outbreak.
- With business conditions deteriorating, more federal government assistance is critical for the survival of many restaurants. Thirty-three percent of Michigan operators say it is unlikely their restaurant will still be in business six months from now, if there are no additional relief packages from the federal government.
- Absent additional government assistance, one option is to close the restaurant until business conditions improve. Forty-eight percent of Michigan operators say they are considering temporarily closing their restaurant until the COVID-19 pandemic passes.

Restaurant Jobs

- Although many restaurants added back employees after the initial lockdowns, overall staffing levels remain well below normal. Eighty-nine percent of Michigan operators say their current staffing level is lower than what it would normally be in the absence of COVID-19. Sixty-six percent of restaurants are currently more than 20% below normal staffing levels.
- With business conditions deteriorating, many restaurant operators are anticipating additional layoffs in the coming months. Sixty-three percent of Michigan operators expect their staffing levels to decline during the next 3 months. Only 8% of operators expect their staffing levels will rise during the next 3 months.

Source: National Restaurant Association, national survey of 6,000 restaurant operators conducted November 17 – 30, 2020