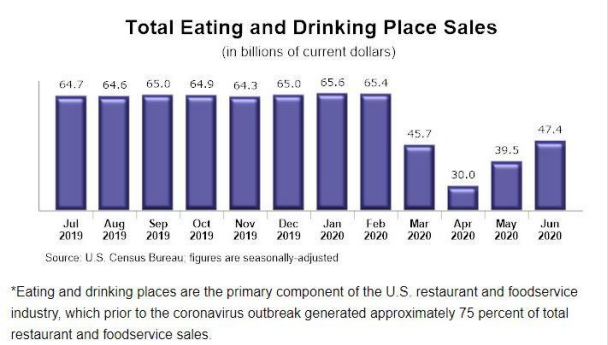
STATE OF THE STATE
RESTAURANT INDUSTRY REPORT

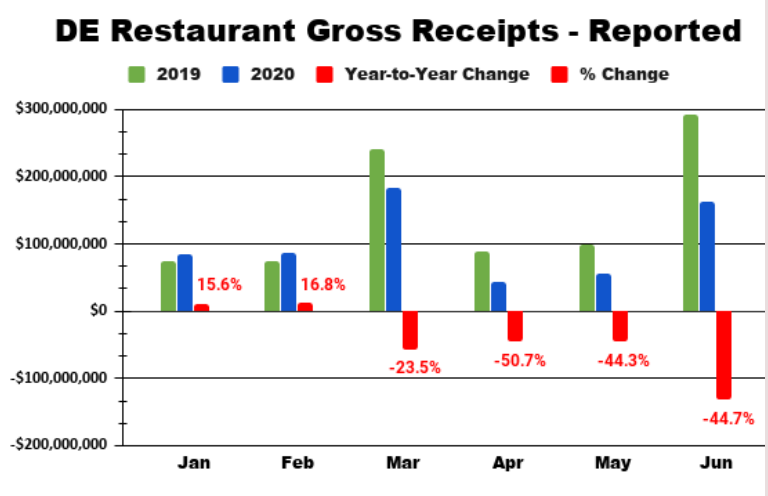
The Official Newsletter of the Delaware Restaurant Association

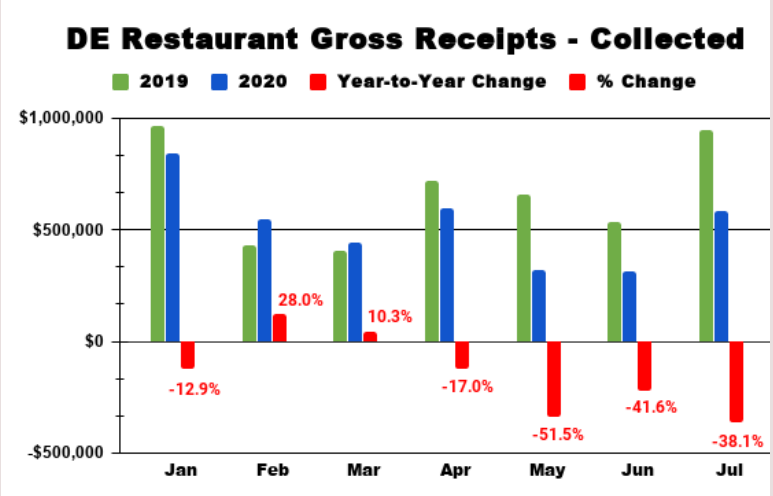
State Loses Tax Revenue From Restaurant Shutdown

Data from the Delaware Department of Revenue shows state revenue from restaurant gross receipts, (both reported and collected) plummeted to less than 50% of 2019 receipts, after showing early gains in January and February of 2020. Wage withholding receipts (see chart on page 2) also dropped dramatically (-47%) in May of 2020 in year-to-year comparisons. Restaurant dining rooms in Delaware were mandated to close from March 16 - June 1st to flatten the curve and help stop the spread of Coronavirus....though state revenue continues to show significant losses despite limited capacity business reopening as of June 1st/Phase 2 in Delaware. National statistics (provided by the National Restaurant Association) show a similar decline in overall sales of restaurant and eating and drinking locations, with April sales dropping 46% from previous month overall sales.



*Eating and drinking places are the primary component of the U.S. restaurant and foodservice industry, which prior to the coronavirus outbreak generated approximately 75 percent of total restaurant and foodservice sales.





According to a recent Delaware Restaurant Association (DRA) survey of its membership, 96% of polled locations show a decline in sales over March - July sales from 2019, and 81% anticipate operating at a financial loss for at least the next six months. The Delaware restaurant and foodservice industry has lost an estimated $700 million dollars during the months of March - July 2020. Without significant support and funding, the future of the industry is uncertain - an estimated 20-30% of Delaware restaurants may close permanently due to the devastating financial losses suffered during the shutdown and limited reopening.

$700 Million

Lost DE restaurant sales revenue (March - July 2020)

81%

of Delaware Restaurant operators estimate they will still be **operating at a loss in 6 months**

The Restaurant Industry is Recovering.... but will it be in time to save local restaurants??

While some local restaurants appear to be making headway on returning to pre-COVID-19 sales, many of Delaware's small business operators continue to struggle financially. According to a recent DRA membership survey, sustainability amidst low sales volume remain a top concern.

96%

of Delaware Restaurants have lower total sales volumes (March - July 2020) with **an average sales loss of -60%**

up to $10,000

73% of Delaware restaurants spent between $1,000 - $10,000 on PPE, disposables, & other COVID-related materials

According to recent James Beard data, over 75% of restaurant owners nationwide have taken on debt of over $50,000 to help sustain their business. Yet they are still met with uncertainty, regarding the possibility of loan forgiveness, a federally-debated 2nd round of PPP funding, or even state grant or loan programs...coupled with ever-changing state guidelines directly affecting their restaurant capacity and ability to serve guests. **Nearly 36% of restaurant owners/operators rank unpredictable guidelines as a top 3 concern regarding reopening.**

"Restaurants are the community connectors and the neighbors we all want to have. They offer valuable entry-level work experience, second chances and build valuable careers and entrepreneurial dreams. Not only is our state's economic strength at risk without successful restaurants, but society risks losing a leading industry whose pride stands on the fact that restaurants are also the training ground for an entire workforce."

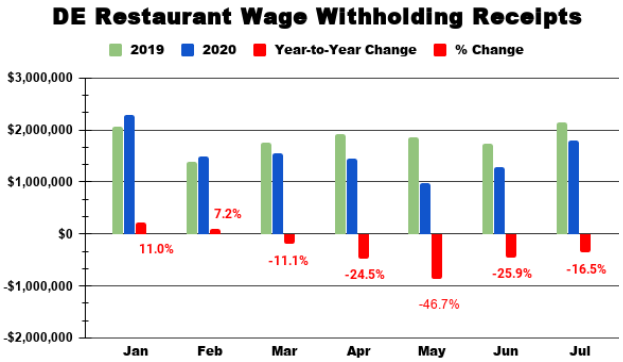
-- Carrie Leishman, President & CEO, Delaware Restaurant Association

Delaware's restaurant industry is one of the hardest hit nationwide. The Bureau of Labor Statistics data reports Delaware lost 66% of its eating and drinking place jobs between February and April.
This ranks 3rd highest in the nation, with job loss only behind Vermont (-72%) and New York (-69%)

Over 23,500 Delaware restaurant workers lost their jobs (that's 2 of every 3 workers!)

Restaurant unemployment nationwide reached a high of **35%**
(BLS Data, Aug 2020)

Data series	Back data	Apr. 2020	May 2020	Jun. 2020	Jul. 2020
Employment (in thousands)					
Employment, all employees (seasonally adjusted)		6,227.1	7,688.3	(P) 9,164.8	(P) 9,666.8
Employment, production and nonsupervisory employees		5,258.3	6,682.9	(P) 8,151.5	
Unemployment					
Unemployment rate		35.4%	32.3%	24.1%	21.8%



Delaware's Unemployment = 12.5%

Delaware's 12.5% unemployement rate remains higher than the **10.2% national unemployment rate**, largely due to the loss of restaurant and hospitality jobs. State revenue from wage withholdings is also down from the period of March - July 2020, due to lost income wage taxes from thousands of Delaware hospitality workers.

The youth unemployment rate is 18.5% as of July 2020 - compared to only 9.1% in July 2019. The loss of restaurant jobs is especially damaging to our youth and entry-level workers, many of whom gain valuable summer first job experience in our seasonal and beach communities.

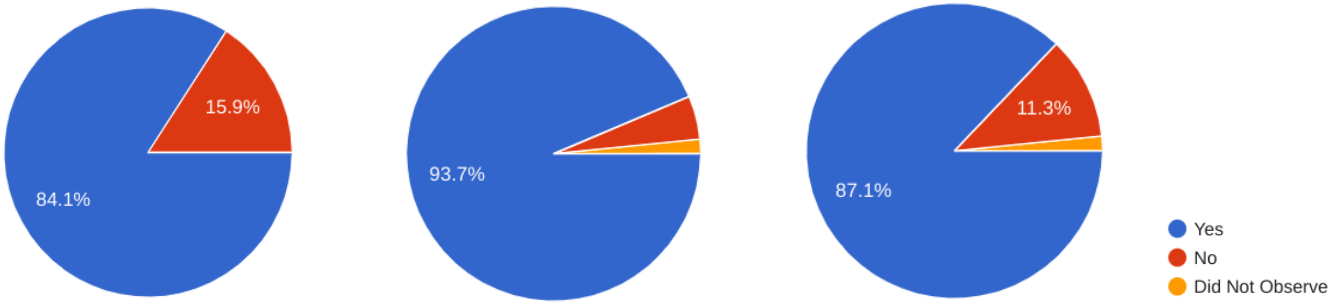
Delaware Restaurants Are Safe... and ready for the return of dining guests!

Research conducted in 75 Delaware restaurants demonstrates overall compliance to COVID guidelines from the Delaware Division of Public Health. The Delaware Restaurant Association consulted with food safety-certified experts to conduct informal restaurant compliance checks during late July and early August, performing the checks at varied restaurants throughout the state.

Most importantly, to assess consumer confidence in the return to restaurant dining spaces, the inspection reporters were asked if they felt establishments were adhering to guidelines, and were asked for their comfort level in returning to dine at the same establishment on a repeat visit.

92% **of inspectors are likely to return to the restaurant** based on their comfort level & the establishment's compliance to COVID-19 safety guidelines

(score reflects a rating of either 4 or 5 on a 1-5 scale of likeliness to return to restaurant)



Guests/Staff wearing face coverings
84% Compliance

Tables spaced at least 6ft apart
94% Compliance

COVID-19 Signs present
87% Compliance

Contact Tracing Data: Restaurants are NOT Super-Spreaders

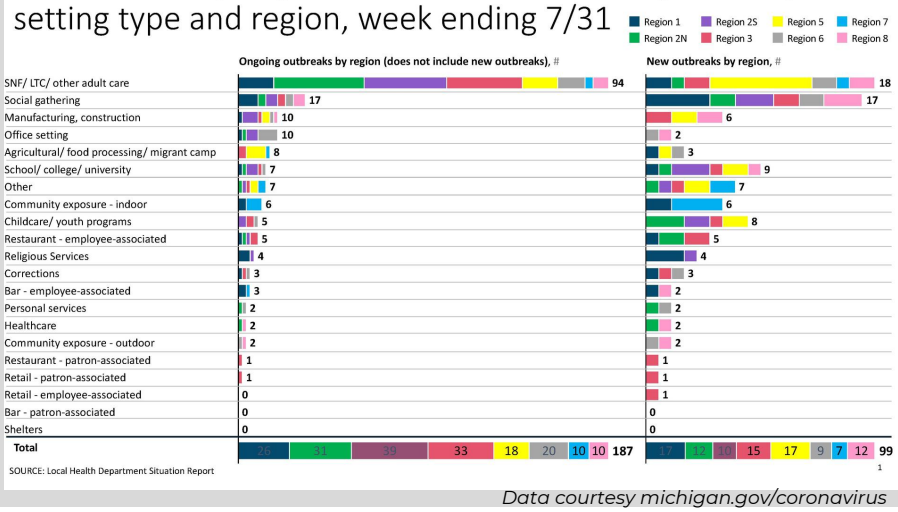
Early data compiled from states with advanced contact tracing reporting reveal that restaurants are not locations proven to be "super-spreaders" where individuals are more likely to contract the Coronavirus. Information from Maryland and Michigan - both states that have compiled results from contact tracing data - demonstrate which locations and professions have shown to be "hotpsots" for transmission of the virus. Neither data set points to restaurants or restaurant workers among top spreaders of the virus.

CONTACT TRACING

- **44% attended a family gathering**
- **23% attended house parties**
- **21% attended outdoor events**

Data courtesy maryland.gov/coronavirus

Number of ongoing and new outbreak investigations by setting type and region, week ending 7/31



Data courtesy michigan.gov/coronavirus

The Delaware Restaurant Association continues to be the source for **education** & **training** for Delaware's restaurant Industry

THE DELAWARE RESTAURANT PROMISE

Learn more at DelawareRestaurant.org

your restaurant logo here!

Our commitment to compliance for the health & safety of our employees & guests!

To ensure the safety of our communities as we welcome the public back into our dining spaces, we ask that restaurants and guests promise to abide by the following state public health & safety guidelines. Safety and superior hospitality are the top priorities in our restaurant - please join us in making the following commitments to protect each other and our communities from the spread of COVID-19:

Our RESTAURANT PROMISE To Our Guests

- We will continue to be a leader in safe sanitation practices - encouraging team members to become certified in safe food handling, and maintaining that a certified food protection manager is present on every shift.
- We will continue to protect both employees & guests by asking any staff that is sick or experiencing any COVID-19 related symptoms to remain at home.
- All indoor and outdoor seating options will comply with state guidelines for appropriate physical distancing, including proper distancing between parties/households.
- Hand sanitizer and/or hand washing stations will be available at all times for both employees and guests, and all common areas and surfaces will be cleaned and sanitized frequently.
- Restaurant staff agree to wear proper face coverings for the safety of guests and coworkers.
- Place settings, utensils, menus, and condiments will be single-use or cleaned and sanitized after every use.

Your PROMISE As Guests

- If you have recently been exposed to COVID-19, are sick or experiencing symptoms, or have underlying health conditions, please consider using our contactless delivery or carryout options - we are happy to help make these accommodations for the health & safety of our other guests, coworkers and communities.
- All guests agree to abide by all physical distancing guidelines; keeping distance between those not of your party/household.
- Guests agree to wear face coverings at all times when in the restaurant (aside from eating/drinking) - including entering/exiting the restaurant, and walking to the restroom.
- If you have any questions about the Delaware Restaurant Promise, please ask to speak to a manager to address your concerns, or consider calling in advance of your reservation.

HELP KEEP OUR COMMUNITIES SAFE!

More information, guidelines and testing information at delaware.gov/coronavirus

The Delaware Restaurant Association (DRA) has developed

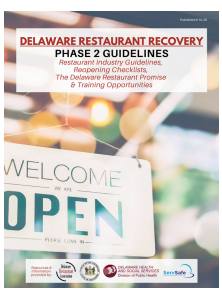
- The DE Restaurant industry Promise
- Restaurant Industry Reopening Toolkit
- Industry White Papers
- Social Media Messaging
- Compliance Tools
- Webinars & Conferences
- Restaurant Signage
- Industry Infographics

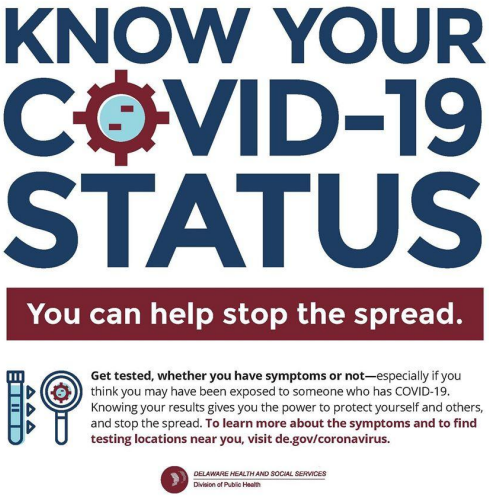
and continues to promote industry education, guidelines and toolkits for compliance to all state regulations, plus advocacy campaigns for the return to safe dining in our restaurants throughout the state.

#DErestaurants

#ServingSafely

#WelcomeBack





The Delaware Division of Public Health identified a cluster of cases of COVID-19 positives resulting from senior week at the Delaware beaches in June. In response to this outbreak, the DRA partnered with Beebe Healthcare and the state to offer multiple testing events to identify positive cases and stop the spread of the virus throughout our beach communities. Over 3,000 industry workers were tested immediately following the outbreak and guidance was provided for those that tested positive. Similar industry-specific testing events were held in New Castle County in July.

The collaboration received local and national press, with Beebe Healthcare President Dr. David Tam and DRA President Carrie Leishman featured on local and national news stations and in multiple articles. Dr. Tam appeared on a DRA webinar to further advise the industry on prevention methods and industry testing protocols.

CNBC.COM

Turning restaurants into testing centers as Delaware Covid cases spike

Over 3,000

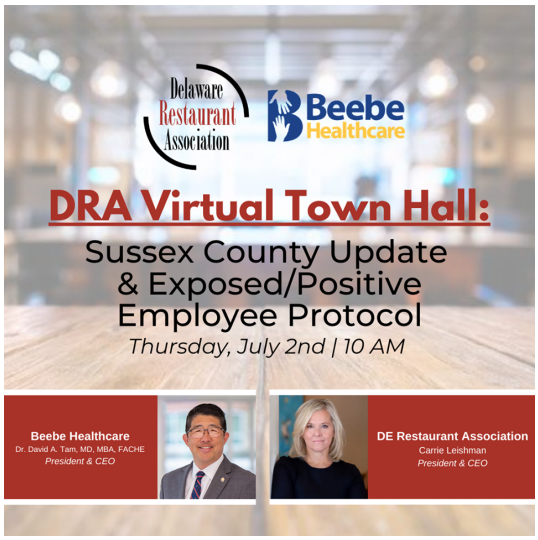
DE restaurant industry workers tested during June testing events

Testing Protocols

developed for restaurant industr in partnership wtth Beebe Healthcare

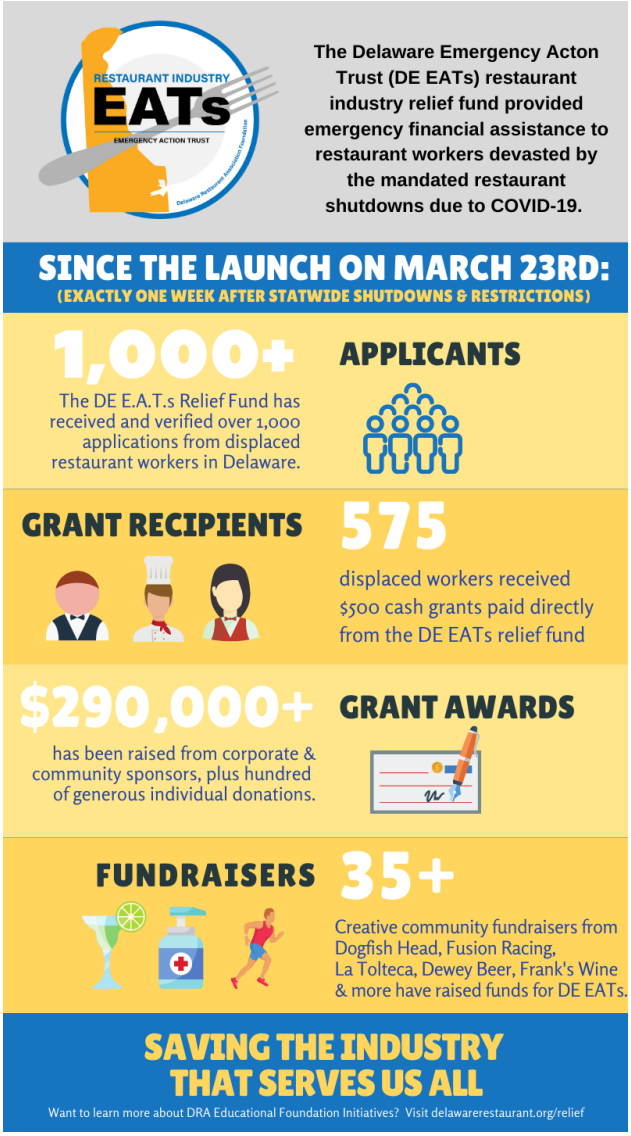
Industry-Specific Testing Events

in Sussex and New Castle Counties



DE Emergency Action Trust (DE EATs)

In this time of great need, we saw our community come together in outreach to an industry and workers that are such a part of our daily lives....helping save the industry that serves us all. The DRA Educational Foundation formed the DE EATs industry relief fund, and with donations from private donors, local businesses, and more than 35 individual fundraisers, we were able to distribute emergency relief funds to 575 industry workers.



Feeding the Frontlines

Delaware restaurants, many still closed during mandated shutdowns, rushed to provide donated meals to local healthcare workers, first responders and essential employees during the COVID-19 pandemic. Gift card sales, GoFundMe campaigns, and new community organizations partnered with local restaurants around the state to support frontline workers with donated meals, gift cards, and open tabs at local restaurants.

Delaware

RESTAURANT INDUSTRY AT A GLANCE

Restaurants are a driving force in Delaware's economy. They provide jobs and build careers for thousands of people, and play a vital role in local communities throughout the state.

2020 Pre-COVID Job Forecast

HOW DOES THE RESTAURANT INDUSTRY IMPACT THE DELAWARE ECONOMY?

Every dollar spent in the tableservice segment contributes $1.65 to the state economy.

Every dollar spent in the limited-service segment contributes $1.47 to the state economy.

NATIONAL RESTAURANT ASSOCIATION | Delaware Restaurant Association

FOR MORE INFORMATION: Restaurant.org • DelawareRestaurant.org

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