CHEF'STORE INDUSTRY REPORT:

Food Cost Strategies for Restaurant Profitability

Running a profitable restaurant is every owner's goal. While U.S. restaurant and foodservice sales are projected to reach **$1.55 trillion this year**[1], rising food, labor, and operating expenses continue to put pressure on margins. In fact, **82 percent of restaurant operators**[2] report experiencing higher food costs than the previous year.

The good news? You don't have to rely solely on raising prices to protect your bottom line. By making strategic changes to your menu, inventory, and operations, you can reduce costs while continuing to deliver great value to your guests.

82%

OF RESTAURANT OPERATORS REPORT HIGHER FOOD COSTS THAN THE PREVIOUS YEAR

UNDERSTANDING EFFECTIVE MENU PRICING STRATEGY

Over 90 percent of restaurant owners[3] **consider operational costs a challenge to positive profit margins.** However, if you start by understanding where your money goes, managing profit and loss becomes easier. Food and labor are often the largest expenses, so even small improvements can make a noticeable difference. Review food costs regularly, monitor inventory, and look for opportunities to improve efficiency throughout your operation.

Restaurant Profit Menu Guide: Design a More Profitable Menu

Menu engineering helps you understand which menu items are the most profitable. Look beyond your best-selling dishes and calculate the true cost of each item[4], including ingredients and preparation time.

If a popular menu item has a low profit margin, consider adjusting the recipe, changing portion sizes, or substituting a more cost-effective ingredient. Using the same ingredients across multiple dishes can also reduce waste, simplify inventory, and make bulk purchasing more effective.

How to Reduce Food Costs in a Restaurant

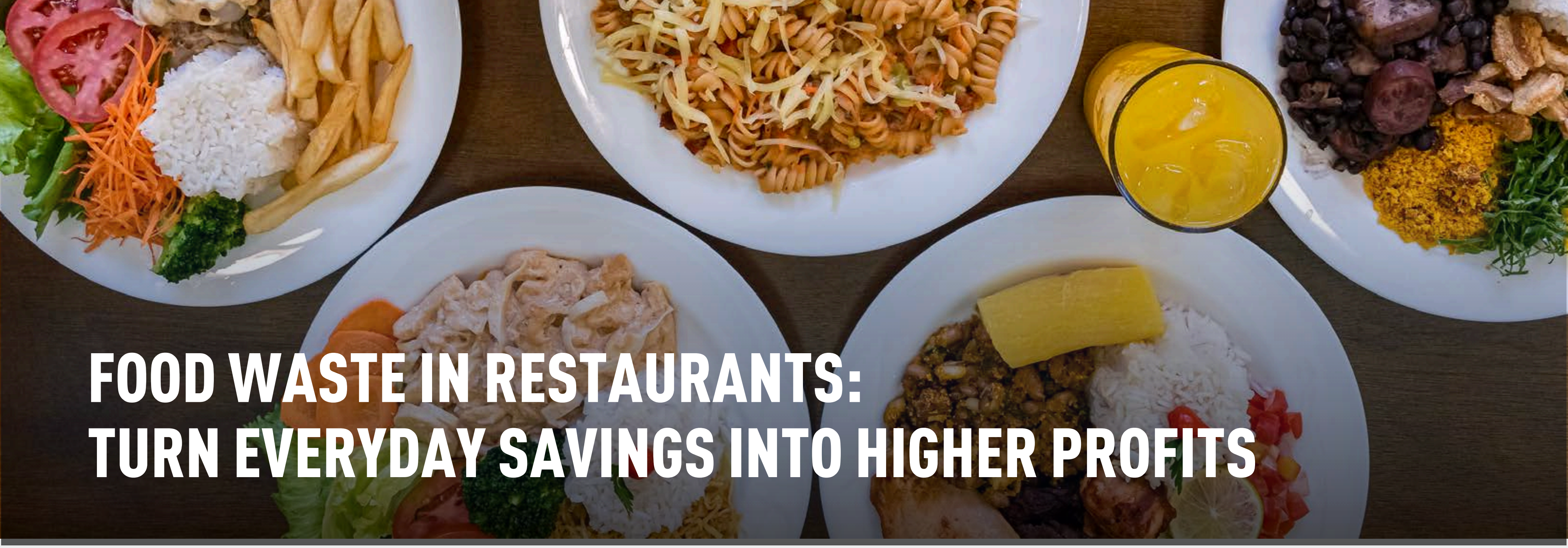
Consistent portion control helps ensure every guest receives the same experience while keeping food costs predictable.

Use standardized recipes, portion scoops, scales, and serving guides to prevent over-portioning. Offering multiple portion sizes, such as half portions or lunch specials, can also reduce waste while giving guests more options.

Menu Pricing Strategy: How to Price Menu Items for Maximum Profitability

Pricing your menu should be an ongoing process, not a once-a-year task. Review menu prices regularly[5] as ingredients and labor costs change. When deciding how to price menu items, calculate all associated costs, including ingredients, labor, packaging, and waste. Then compare those costs with your target food cost percentage to ensure each dish contributes to your overall profitability.

Your menu layout matters, too. Highlighting high-margin items, writing clear descriptions, and featuring seasonal specials can encourage guests to choose more profitable dishes while improving the dining experience.



FOOD WASTE IN RESTAURANTS: TURN EVERYDAY SAVINGS INTO HIGHER PROFITS

Food waste directly impacts profits. Reducing waste starts with a scheduled plan and inventory management[6].

Ways to reduce food waste include:

- Rotate inventory using the first-in, first-out (FIFO) method.
- Track spoilage to identify recurring issues.
- Create daily specials that use excess ingredients.
- Purchase products based on sales trends instead of estimates.

Small changes can add up to significant savings over time.

LOOKING FORWARD: SMART PURCHASING AND OPERATIONAL TIPS

Reducing food costs starts with building consistent habits. Train employees to follow standardized recipes, minimize preparation waste, and use ingredients efficiently.

Strong supplier relationships can also help control costs. To combat rising costs, 63 percent of full-service establishments[7] switched up their suppliers. Buying frequently used products in bulk and partnering with a trusted wholesale supplier like CHEF'STORE can help you manage inventory, reduce costs, and keep your kitchen running smoothly.

Every restaurant faces rising costs, but the most successful operators focus on the things they can control. By improving menu engineering, reducing food waste, practicing portion control, and regularly reviewing your menu pricing strategy, you can strengthen your restaurant's profitability and build a more resilient business for the future.

SUPPORT YOUR RESTAURANT'S BOTTOM LINE WITH US FOODS CHEF'STORE

Managing food costs starts with having the right products at the right price. **CHEF'STORE offers restaurant-quality ingredients**, fresh produce, frozen foods, beverages, disposables and kitchen essentials to help you keep costs in check while delivering a great customer experience. With no membership required and convenient nearby locations, it's easy to stock up on the supplies your business depends on.

Visit your local CHEF'STORE to find the products you need to keep your kitchen running smoothly and your business moving forward.

Sources

[1] https://restaurant.org/research-and-media/media/press-releases/persistent-cost-increases-and-enduring-demand-will-shape-the-restaurant-industry-in-2026/

[2] https://restaurant.org/education-and-resources/resource-library/rising-food-costs-tight-supplies-more-challenges-for-industry/

[3] https://restaurant.org/research-and-media/research/restaurant-economic-insights/analysis-commentary/bottom-line-impact-of-rising-costs-for-restaurants/

[4] https://www.chefstore.com/about/blog/finance-metrics-every-restaurant-should-track-daily/

[5] https://www.chefstore.com/about/blog/how-restaurants-reset-food-costs-each-year/

[6] https://www.chefstore.com/about/blog/mid-q1-restaurant-inventory-audit-how-to-find-fix-cost-leaks/

[7] https://restaurant.org/education-and-resources/resource-library/rising-food-costs-tight-supplies-more-challenges-for-industry/