

REPORT

Revealing what's really eating restaurant margins

Uncover the costly gaps, traps
and setbacks restaurant operators
are facing — and how to fix them.



Contents

Food and labor costs	4
Visibility gaps	5
Manual processes	6
Integration issues	7
Failed cuts	8
Sluggish tech	9
Lack of insight	10
How the right tech can boost margins	11
Methodology	13



Feeling the squeeze

For most restaurant operators, maintaining margins is a relentless battle. **Less than one-fifth ever creep past 7%**, a sign of limited profitability — and very little room for error.

So we asked 200 small restaurants what's really happening behind the kitchen door. Some answers were to be expected: the constant rise of food costs and wages pose the biggest threat to their bottom line. But the data also reveals how blind spots, manual processes and poor integrations are squeezing what's left — and where faster, clearer visibility could help turn the tables.

Read on to unwrap the issues the industry is facing today and learn key takeaways restaurant operators can use to beef up margins in the future.



Constant spikes in cost

Food and labor are the heaviest burdens on every restaurant's balance sheet (to no one's surprise). But what's concerning to restaurant operators is the volatility of these two expenditures, thanks to inflation and rising labor costs.

We asked: What's causing the most stress for restaurant operators?



Rising and fluctuating food costs



Overtime creeping into schedules



Ongoing employee shortages



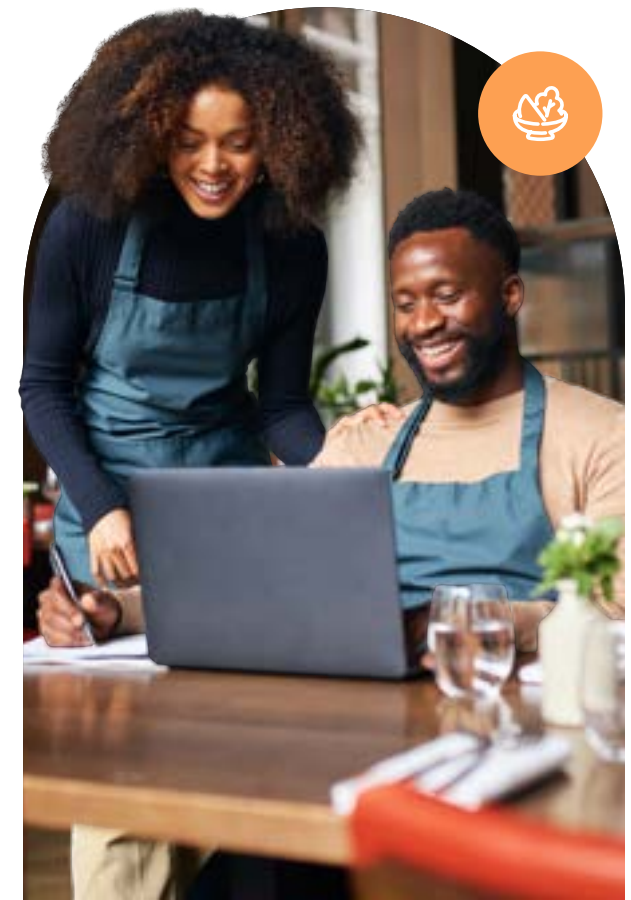
Waste that erodes already thin margins

Key takeaway

Not much can be done about the cost of food and labor, so it's more important than ever for restaurant operators to be smart about spending — and a tech stack with features like waste tracking, inventory management and labor optimization can help.



of operating costs for most restaurants can be traced to food and labor.



Gaps in true visibility

Nearly all operators (97%) say they are confident tracking food costs in real time. Yet most define “real time” as end-of-day or batch reports.

This gap leads to overages discovered post-shift or even post-week — when it is too late to correct.

Key takeaway

Simply asking, “When do we actually look at costs?” can help you start tightening right now. And catching issues mid-shift — ideally through same-shift alerts — could help you act before costs spiral.

Here’s what to keep an eye on:



Sales-to-labor ratio: See if sales are keeping pace with staffing levels so you can adjust when tables slow down



Overtime creep: Spot employees nearing the threshold and redistribute hours before payroll overruns hit



Food costs and waste: Monitor prep levels and waste bins while service is still on — so you can cut back in real time, not after inventory is gone



The manual process trap

Manual work is stealing hours every week — and operators know it. Over half of restaurants still manage labor scheduling and inventory counts manually.

These manual processes add hidden payroll costs, for sure. But the human toll is real: Line managers spending hours reconciling data saps energy, adds stress and keeps them off the floor.

Key takeaway

Free yourself from the back-office grind with fast, automated solutions that reduce the chance of human error and get you back to serving your customers.



Nearly
50%

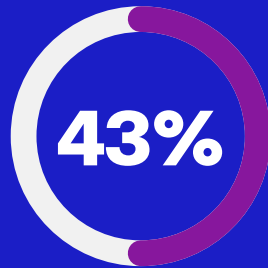
of operators spend 1–3 hours per week manually pulling or reconciling data from separate systems.



Integration friction

Ask any operator about their tech stack, and you'll hear the same story: too many tools, not enough connection.

When asked, nearly half say their systems are only somewhat integrated, often leading to mismatches and errors. And what about advanced integrations like inventory and reservation management? Less than half of those surveyed are taking advantage of these tools.



of operators say their systems are only somewhat integrated

Key takeaway

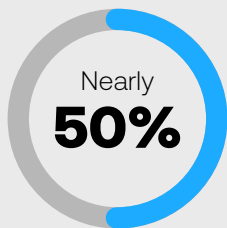
Ditch the disconnected tech. Opt for a POS that can integrate seamlessly with accounting software, payroll solutions and more.



Setbacks from trial and error

Every restaurant has tried to trim fat somewhere, often in staffing, suppliers or the menu. But without the right data or visibility, you're taking a shot in the dark — and usually missing the target entirely.

Common failed cuts included reducing staff hours (leading to turnover), switching to cheaper ingredients (hurting quality), switching vendors (causing inconsistent supply) and reducing portion sizes (damaging the customer experience).



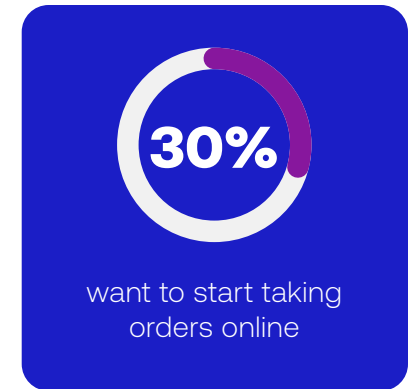
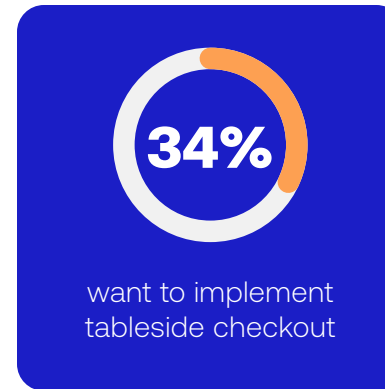
of operators say these moves didn't deliver the savings they hoped for



Sluggish tools and tech

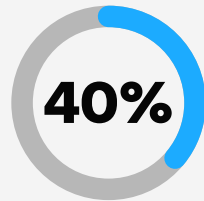
What do operators really want from their tech? The answer is simple: less clicking, more clarity.

Half say real-time labor costs and sales-to-labor ratios would be most useful for decision-making. Many are eyeing new tools this year — but cost, effort and implementation time stand in the way.

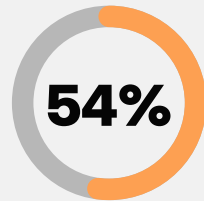


Slow insights that snag progress

Restaurant operators want to act fast in order to stay ahead. But what slows them down is shaky visibility and a lack of trust in their data.



of operators require a few days to adjust staffing or menu items



would cut food and waste costs if they had better data



would take more immediate action with better visibility



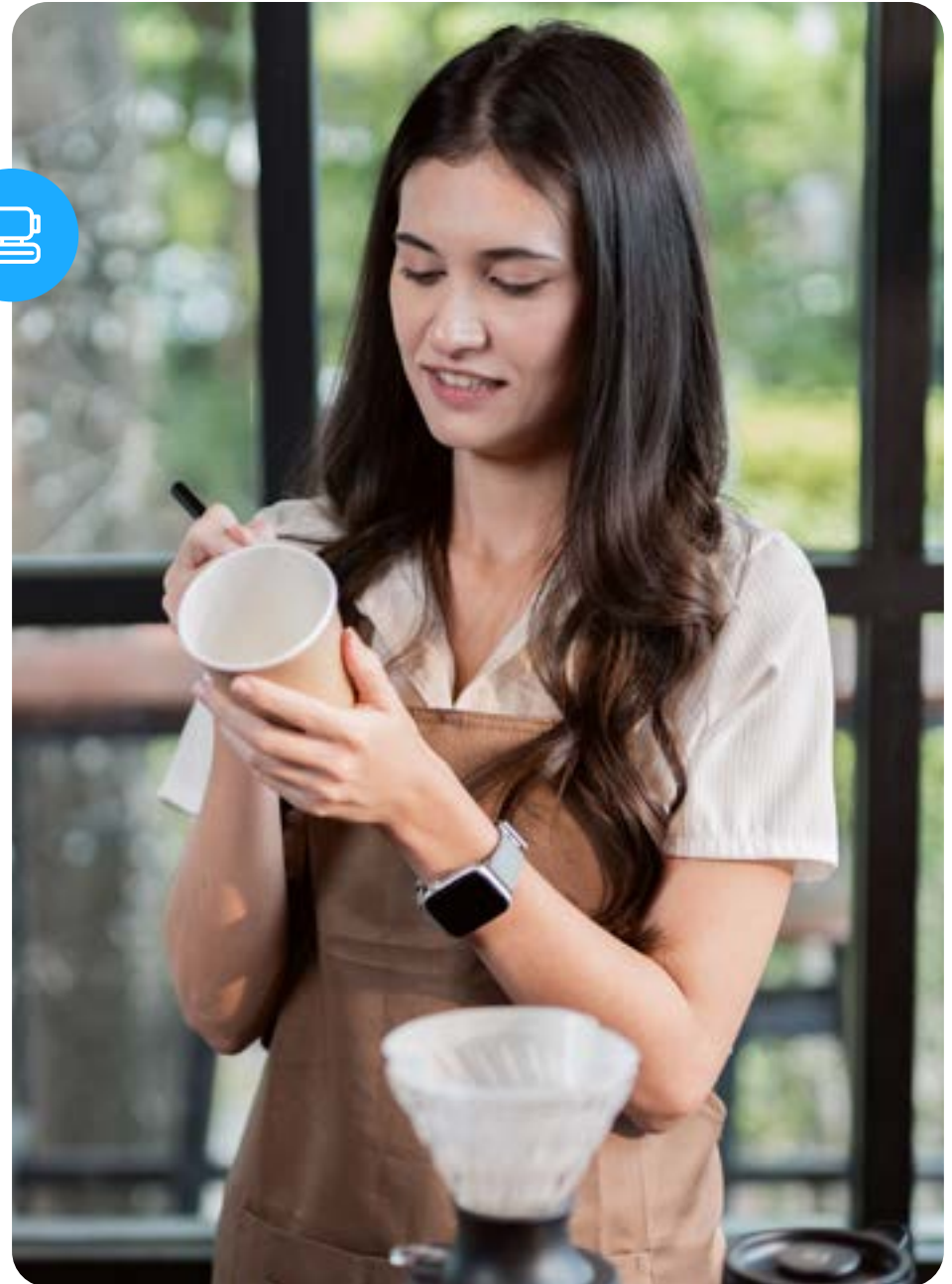
The right POS can make all the difference

The survey makes one thing clear: when the clock is ticking and costs are climbing, timing is everything.

Margins slip away when “real time” really means end-of-day or end-of-week. Slow tech and shallow insights make it impossible to pivot on a dime. And when you’re spending hours every week on manual processes, you’re leaving money on the table.

Key takeaway

Moving to a new system can feel daunting — risky even. But the truth is that making the switch is now faster and smoother than with systems of the past. And trying to save money by avoiding change? That will only ensure you pay the price in the future.





Better tools, beefier margins. **That's Genius.**

Want a POS built for the way restaurants want to run — today *and* tomorrow?

Check out Genius: one cloud-managed platform where you can start with the core tools you need — payments, loyalty, inventory — and add on seamlessly as your confidence grows.

If your current POS isn't giving you profits or clarity, explore Genius and see how it reduces the pain of switching, gives better visibility, and helps you start making profit-friendly decisions now.

Get started



Methodology

This research is based on a quantitative survey of 200 US-based small and medium-sized restaurant business owners and decision makers, conducted in August 2025 by Global Payments Consumer Insights. Respondents represented a mix of revenue levels, restaurant types and location counts.





Learn more at
globalpayments.com/point-of-sale/restaurant



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