

## **Hospitality Business Conditions Survey – August 2022**

### Alaska

#### **Hospitality business operators expect business conditions to remain challenging**

- Business conditions deteriorated in recent months, according to many hospitality business operators. 41% of Alaska operators say business conditions for their business are worse now than they were three months ago. Only 24% say business conditions improved during the last three months.
- Looking forward, most Alaska hospitality business operators do not expect a return to normal business conditions any time soon. 3% of operators think it will be 7-12 months before their business conditions return to normal, while 43% think it will be more than a year. An additional 20% of operators say their business conditions will never return to normal.

#### **Soaring costs across all parts of the business are creating challenges for hospitality operators**

- A majority of Alaska operators say their costs are higher now than they were before the pandemic:
  - 97% of operators say their total food and beverages costs are higher than 2019
  - 90% of operators say their total labor costs are higher than 2019
  - 62% of operators say their total occupancy costs are higher than 2019
  - 79% of operators say their total utility costs are higher than 2019
  - 93% of operators say their other operating costs (supplies, G&A, etc.) are higher than 2019
- Alaska hospitality businesses took a number of actions in recent months as a result of higher costs:
  - 97% of establishments increased menu prices, while 76% changed the food and beverage items that they offered on the menu
  - 62% of establishments reduced hours of operation on days that it is open, while 59% closed on days that they would normally be open
  - 45% of operators say they postponed plans for expansion
  - 48% of operators say they stopped operating at full capacity
  - 31% of establishments cut staffing levels, while 17% postponed plans for new hiring
  - 17% of operators say they incorporated more technology into their establishment
  - 14% of operators say they eliminated third-party delivery

**Profitability is down from pre-pandemic levels.**

- Despite the wide variety of mitigating actions taken to address higher costs, the vast majority of Alaska establishments are less profitable now than they were before the pandemic.
  - 76% of Alaska operators say their establishment is less profitable now than it was in 2019 before the pandemic. Only 7% of operators say their establishment is more profitable, while 17% say their profitability has remained about the same.

### **Majority of Alaska hospitality businesses are understaffed and actively seeking to fill positions**

- Although the industry added back many of the jobs lost during the pandemic, a majority of Alaska establishments remain understaffed. 76% of operators say their establishment currently does not have enough employees to support its existing customer demand.
- For most Alaska hospitality businesses, staffing is significantly below necessary levels. Among establishments that are currently understaffed, 64% of operators say their establishment is more than 10% below necessary staffing levels. 23% of operators are currently more than 20% below necessary staffing levels.
- 90% of Alaska operators say their establishment currently has job openings that are difficult to fill.
- 76% of Alaska hospitality business operators say they will likely hire additional employees during the next 6 months if there are qualified applicants available.

Source: National Restaurant Association, national survey of 4,200 restaurant operators conducted between July 14 and August 5, 2022