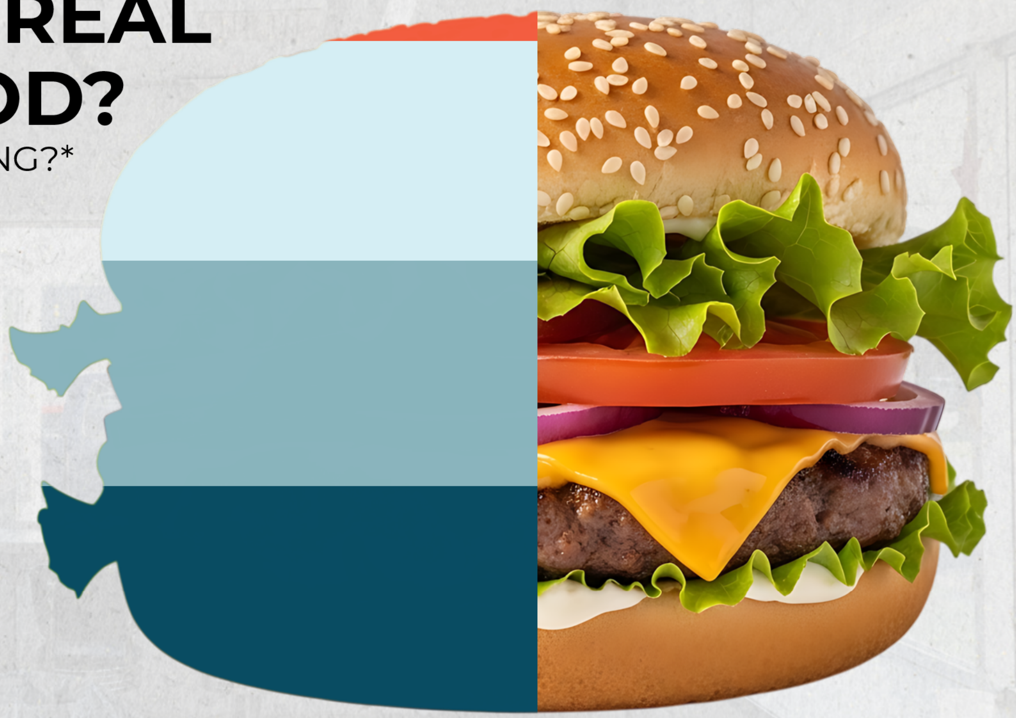
THE LODGING, RESTAURANT, RESORT AND CAMPGROUND ASSOCIATION

WHAT'S THE REAL COST OF FOOD?

WHAT ALL GOES INTO PRICING?*

- Overhead (35%)
- Labor (25-35%)
- Ingredients (28-35%)
- Net Profit (3-5%)



**US Restaurant Averages - Forbes*

Restaurant finances are complex and not model-fitted. As factors change, so do pricing models. With some of the narrowest margins, restaurant finances are volatile and at the mercy of economic, labor, and public policy factors.

Many of these factors are beginning to compound. In the summer of 2025:

- **84%** of Minnesota hospitality businesses have had their wholesale prices charged to them increase by 3% or more
- **58%** are being negatively impacted by tariffs
- **56%** state that rising wages are a challenge to their operating capacity
- **61%** have had to increase prices to customers by 3% of more
- **43%** are seeing negative financial health.

Food prices are forced to increase to keep net profits within a healthy margin. When profit declines, businesses are forced for make the hard call of continuing operations or closing.

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