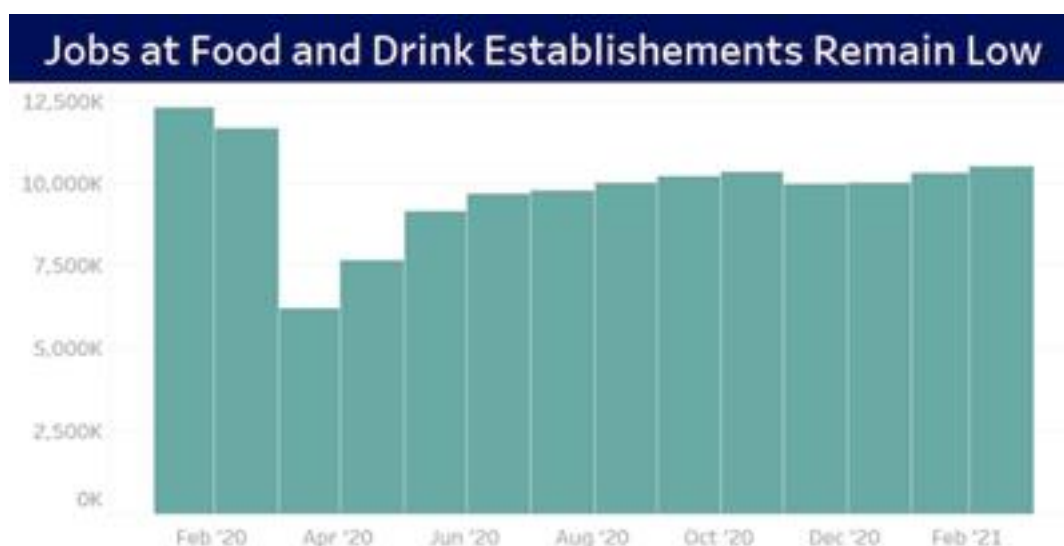


How is the Food and Beverage Industry Faring?

Many have referred to the recovery from the COVID recession as the “K-shaped” recovery because some businesses are doing well (top of the K) while others continue to struggle (bottom of the K). Our CEO Suzanne Clark was one of the first to [popularize the term](#).

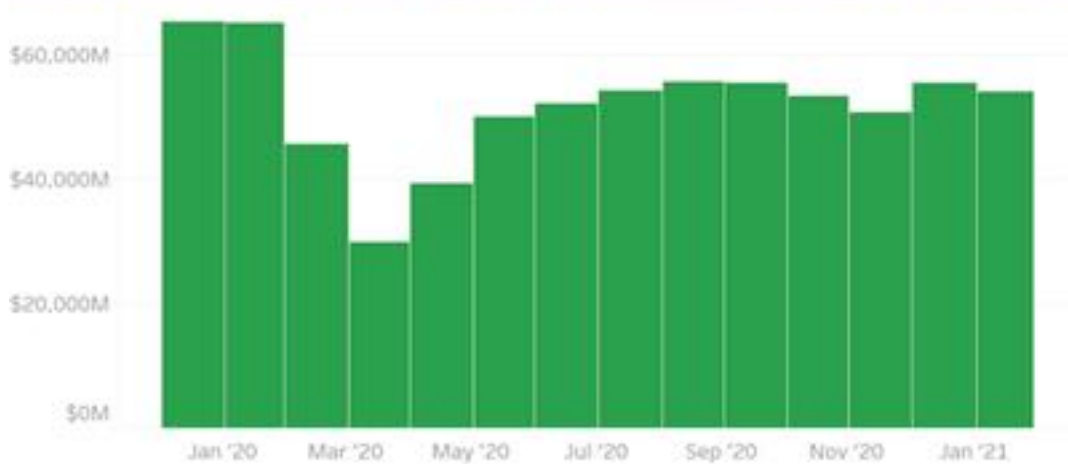
Big picture: The K-shaped recovery continues because the services industries on the bottom of the K, the ones like restaurants and bars, that have been forced to close or operate at reduced capacity, have yet to fully reopen. With increasing vaccinations the end of the pandemic is in sight. Once virus case loads drop more, more services will open their doors. Those reopenings are one of the major factors driving projections for strong growth the remainder of the year.

Given the impending reopenings, we thought this a good time to walk through, one at a time, how various industries are doing right now. Earlier this year, we heard from the chief economists from several [major trade groups about how their industries were faring then](#). We’ll go through the different industries in the report, starting today with the [food and beverage industry](#).



What’s happening? Although things are improving in this important industry, it is still not close to recovered. Prior to the pandemic, it employed more than 12 million workers. By April of 2020 that had dropped more than 6 million. Employment has been climbing since. It was 10.5 million in March, or 1.8 million below pre-pandemic levels. That is the largest gap among all industries and represents a more than 15% reduction of the industry’s workforce.

Sales at Food & Drink Establishments Remain Deflated



Sales for the industry tell a similar story. They are well below their pre-pandemic levels but much improved from their low last April. In February of 2020, Americans spent more than \$65 billion at food and drinking establishments. By April that had fallen by more than half to \$30 billion. In February, the amount had risen to more than \$54 billion.

Bottom line: The fate of restaurant and bars is tied tightly to the virus. The industry will rebound the rest of the year, but as the data shows it has a long way to go and has suffered greatly during the pandemic.

—Curtis Dubay, Senior Economist, U.S. Chamber of Commerce