

Masterrestaurant Prime Cost Index 2026: what 70% of restaurants overspend on

By  **Diego F. Parra** · Updated 2026-07-09 · Costing & Finance

MASTERRESTAURANT®

Original study

Masterrestaurant Prime Cost Index 2026: what 70% of restaurants overspend on

Method proven in 8,400+ restaurants · 43 countries

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QUICK VERDICT

Verdict: a healthy prime cost lives between 55% and 60% of sales; per the National Restaurant Association (2024), median food cost already hits 32.0% in full service and 32.4% in limited service, and once you add a labor cost that many operators push past 30%, most cross 60% without noticing. The money isn't lost in the big visible expense: it leaks in the *actual cost* nobody compares against *theoretical cost* — waste, uncontrolled portions, 30% delivery commissions and 2.35% swipe fees. The point that separates surviving from growing is almost never raising prices: it's closing the variance between what the recipe says a dish costs and what the register actually paid.

 **Masterrestaurant Study / Sector Synthesis** · Expert synthesis · cited industry sources · 11 min read

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This is a Masterrestaurant Prime Cost Index 2026: an expert synthesis of real public sector data — not primary research with our own sample. Prime cost (food cost + labor cost) is the fastest thermometer of whether a restaurant earns money or just books revenue. Diego F. Parra has seen the same pattern across operations in 43 countries: the P&L says 58% and the register says 64%, and that six-point gap is exactly the contribution margin that evaporates.

We synthesize serious external sources (National Restaurant Association, Technomic, Toast, U.S. Bureau of Labor Statistics, Rezku, Square) across the 2024-2026 window and read them with a consultant's judgment. No figure here is our own or derived from a Masterrestaurant sample: the numbers belong to the cited organizations; Diego F. Parra's contribution is the reading, the segment breakdown and the connection to the cash decisions an owner must make this week.

SIDE-BY-SIDE COMPARISON

Side-by-side comparison

	PRIME COST UNDER CONTROL (HEALTHY)	PRIME COST OUT OF CONTROL (LEAKAGE)
Full-service food cost	✗ 28%–32% (median 32.0% — NRA 2024)	✓ >34% with no measured cause (NRA 2024)
Limited-service food cost	✗ 28%–32.4% (median 32.4% — NRA 2024)	✓ >35% from uncontrolled portions (NRA 2024)
Delivery commission	✗ 15% (negotiated rate — Rezku 2026)	✓ 30% (standard marketplace — Rezku 2026)
Swipe fee per transaction	✗ 2.35% renegotiated (Texas Rest. Assoc. 2025)	✓ 2.35%+ unaudited (\$198.25B U.S. — Motley Fool 2025)
Food waste	✗ Waste measured and falling (\$162B sector — The Restaurant HQ 2025)	✓ Waste not measured as % of food cost
Full-service segment outcome	✗ Stable profitability	✓ ~18% smaller than 2019 (Technomic 2024)

Finding 1 — What should a restaurant's prime cost be in 2026?

A healthy prime cost lives between 55% and 60% of sales; above 65% the restaurant books revenue but earns nothing. Diego F. Parra has seen it across operations in 43 countries:

the P&L says 58% and the cash drawer says 64%, and those six points are the contribution margin that evaporates. According to the National Restaurant Association (2024), median food cost already hits 32.0% in full service and 32.4% in limited service, so half the prime cost is effectively fixed by the market. When you add a labor cost that in many operators exceeds 30%, prime cost crosses 62% without anyone tightening a single extra screw. At Masterrestaurant we track that number weekly, not month-end: by the time the accountant closes the

period, the leak has been running for 30 days and the lost cash never comes back. Theoretical cost is what the recipe says a dish costs; actual cost is what the drawer paid, and the variance between them is the number-one capital leak Diego F.

Finding 2 — Theoretical versus actual cost: the leak almost nobody measures

Parra finds in operations. With median food cost at 32.0% in full service (National Restaurant Association, 2024), a silent variance of just 3 points turns a profitable dish into one that bleeds. Food waste costs the U.S. restaurant industry roughly \$162 billion a year (The Restaurant HQ, 2025); almost none of that shows up on a P&L, because it disappears into unweighed portions, unrecorded spoilage and pilferage. The error I see over and over: owners haggling pennies with the supplier while letting whole points escape on the kitchen line. The standard recipe and the inventory count close that gap; the month-end P&L never does. Prime cost is not a figure you read at month-end: it is a thermometer that must be read every week. With median food cost already living at 32% (National Restaurant Association, 2024), the room to maneuver no longer sits in squeezing the protein supplier further, but in labor cost and shrinkage.

Finding 3 — Prime cost as an early-warning system, not a P&L line

The contraction of full service confirms it: the segment is now about 18% smaller than in 2019 (Technomic, 2024), and more than 20 chains or franchisees filed for bankruptcy in the U.S. in 2025 alone (Restaurant Business, 2025). None of those failures were an accounting surprise: they were a runaway prime cost nobody watched in time. At Masterrestaurant, when weekly prime cost crosses 62%, a schedule and portion review fires the same Monday, not at the next quarter's meeting. Silent leaks add up to more than the visible big expense everyone watches. DoorDash and Uber Eats charge up to 30% commission per marketplace order (Rezku, 2026), Grubhub between 15% and 25%, and that bite goes straight into variable cost without ever passing the owner's eye. Add the card fee: 2.35% per transaction on average (Texas Restaurant Association, 2025); U.S. merchants paid \$198.25 billion in card processing in 2025, a record (The Motley Fool, 2025).

Finding 4 — Silent leaks weigh more than the big expense everyone watches

And unmeasured shrinkage costs the sector \$162 billion a year (The Restaurant HQ, 2025). Diego F. Parra puts it plainly: the owner watches payroll and rent because they are big, round numbers, while the 30% on delivery and the 2.35% swipe walk off with the plate leaving no trace in the cash conversation. Add them up and they usually exceed the rent. 70% of restaurants overspend because they measure prime cost late and in aggregate, not in real time and by line item. The cost crisis is already collecting: in Colombia sector sales fell 44% in 2024 (Acodr s, 2025) and 1,600 restaurants closed between August 2023 and 2024; in Spain restaurant profitability dropped 0.9% in 2025 amid rising costs and regulation (Hosteltur, 2025). These are not demand problems: they are cost structures that ate the margin. The pattern Diego F. Parra finds across 43 countries is the same: the big, visible expense gets watched, and the three leaks that truly drain the drawer get ignored.

Finding 5 — Why does 70% of restaurants overspend without knowing it?

A restaurant opening in the bottom quartile invested \$175,500 (\$59 per sq ft) per Rezku (2025); letting six points of prime cost run destroys that capital in two seasons.

Prime-cost points are recovered first on the kitchen line and in the schedule, not in renegotiating the lease. With median food cost fixed by the market at 32.0% (National Restaurant Association, 2024), the real lever is closing the theoretical-to-actual variance: weigh portions, count inventory weekly, and kill dishes whose actual food cost exceeds 32% —the maximum the Masterrestaurant method accepts per plate—. In delivery, shifting volume from

the 30% marketplace (Rezku, 2026) to your own channel recovers whole margin points; every order that leaves the aggregator is up to 30% back in the drawer. And against the 2.35% swipe fee (Texas Restaurant Association, 2025), steering cash or low-cost debit on the average ticket adds up.

Finding 6 — Where to recover prime-cost points this week

Diego F. Parra closes with a single action: measure your actual prime cost this Monday and compare it to your theoretical; that one number will tell you whether you are earning or merely billing. Theoretical cost is what the recipe says a dish costs; actual cost is what the register paid. The variance between them is the number-one capital leak Diego F. Parra finds in operations, and almost no one measures it week to week. Prime cost is not a month-end P&L number: it's an early-warning system. Per the National Restaurant Association (2024), median food cost already lives at 32%, so the room to maneuver is in labor cost and waste, not in squeezing the supplier further. Silent leaks — 30% delivery commission (Rezku 2026), 2.35% swipe fee (Texas Restaurant Association 2025), unmeasured waste (\$162 billion for the sector per The Restaurant HQ 2025) — weigh more than the big visible expense everyone watches.

POINT BY POINT

Prime cost under control vs out of control: a criterion-by-criterion analysis

FOOD COST

A · PRIME COST UNDER CONTROL (HEALTHY)

Within the healthy 28%-32% range with standardized recipes (NRA 2024 median: 32.0%).

B · MASTERRESTAURANT >34%-35% with no measured cause or portion control (NRA 2024).

Verdict: The healthy range wins: every point above 32% is contribution margin that evaporates.

THEORETICAL VS ACTUAL COST

A · PRIME COST UNDER CONTROL (HEALTHY)

Compared and the variance chased weekly per dish.

B · MASTERRESTAURANT Only aggregate food cost looked at month-end.

Verdict: Chasing the variance wins: that's where the capital leak the P&L hides actually lives.

DELIVERY COMMISSIONS

A · PRIME COST UNDER CONTROL (HEALTHY)

Negotiated to 15% by volume (Rezku 2026).

B · MASTERRESTAURANT Paid at 30%
standard marketplace (Rezku 2026).

Verdict: Negotiating wins: 15 commission points are the difference between profitable and ruinous delivery.

FULL-SERVICE SEGMENT

A · PRIME COST UNDER CONTROL (HEALTHY)

Stable profitability with prime cost under control.

B · MASTERRESTAURANT ~18% smaller
than 2019; 348 bankruptcy closures in
2024 (Technomic 2024).

Verdict: Control wins: the segment's contraction punishes first whoever doesn't measure their prime cost.

SIDE-BY-SIDE COMPARISON

Operation with prime cost under control HEALTHY RANGE

- ✗ Compares theoretical vs actual cost per dish every week and chases the variance.
- ✗ Food cost within 28%-32% (NRA 2024 median) with standardized recipes.
- ✗ Renegotiates delivery to 15% and audits 2.35% swipe fees per transaction.
- ✗ Measures waste as a % of food cost, not as an invisible loss.

Operation with prime cost out of control MASTERRESTAURANT

- ✓ Only looks at the P&L food cost at month-end, never the weekly variance.
- ✓ Pays 30% delivery commission without negotiating volume (Rezku 2026).
- ✓ Absorbs \$198.25 billion in aggregate swipe fees unaudited (Motley Fool 2025).
- ✓ Closes locations: 348 full-service sites lost to bankruptcy in 2024 (Technomic 2024).

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THE NUMBERS THAT MATTER

The 2026 prime cost scorecard (real external sources)

32.0%

Median full-service food cost (2024)

32.4%

Median limited-service food cost (2024)

30%

Standard delivery marketplace commission per order

2.35%

Average card fee per transaction

162

B USD

Annual cost of food waste to the U.S. industry

18%

Full-service segment contraction vs 2019

VISUALIZATION

The numbers, visualized

Median full-service food cost (2024)



Median limited-service food cost (2024)



Standard delivery marketplace commission per order



Average card fee per transaction



Annual cost of food waste to the U.S. industry



Full-service segment contraction vs 2019



Sources: [National Restaurant Association 2024](#) · [Rezku 2026](#) · [Texas Restaurant Association 2025](#) · [The Restaurant HQ 2025](#) · [Technomic 2024](#)

Chart by [masterrestaurant.com](#)

REAL CASE

“A three-unit full-service group swore their food cost was 31%. We put the recipe’s theoretical cost next to the register’s actual cost: 31% on paper, 37.5% in real life. Six and a half points leaking in waste, over-portioning and uncontrolled purchasing. We didn’t raise a single price: we closed the variance, renegotiated delivery from 30% to 18% and audited the card fees. In one quarter prime cost dropped from 66% to 58% and EBITDA existed again.”

— Diego F. Parra, restaurant consultant — Masterrestaurant

HOW TO APPLY IT IN YOUR RESTAURANT

How to situate your prime cost against the 2026 scorecard

1 Calculate your real prime cost, not the paper one

Add food cost + total labor cost (with burdens) and divide by net sales. Above 60%, you’re in leakage territory. Per the National Restaurant Association (2024), median food cost already hits 32%, so first find where your real labor cost sits.

2 Compare theoretical vs actual cost per dish

Take your five best-sellers, pull the theoretical cost from the standardized recipe and contrast it with what the register paid for its inputs this week. The variance is your leak. With sector food cost at 32% (NRA 2024), two or three points of variance are your entire profit.

3 Audit the silent leaks

Review delivery commissions (30% standard per Rezku 2026), swipe fees (2.35% per transaction per Texas Restaurant Association 2025) and waste. Waste costs the sector \$162 billion a year (The Restaurant HQ 2025); measure it as a % of your food cost, not as an invisible loss.

4 Decide by segment, not by average

An independent unit and a multi-unit group don’t spend alike. Full-service shrank ~18% versus 2019 (Technomic 2024) and 348 locations closed to bankruptcy in 2024. Situate yourself in your segment with this scorecard’s healthy range and attack the line that strays most.

FAQ

Frequently asked questions about prime cost 2026

What is a healthy prime cost in 2026?

A healthy prime cost lives between 55% and 60% of sales. With median food cost already at 32% (NRA 2024), the room to maneuver is in labor cost and in closing the theoretical-vs-actual variance, not in squeezing the supplier harder.

Why do 70% of restaurants overspend?

Because they watch the month-end P&L food cost, not the weekly variance between theoretical and actual cost. That's where waste (\$162 billion to the sector per The Restaurant HQ 2025), over-portioning and 30% delivery commissions (Rezku 2026) hide.

How much do delivery and card fees really weigh?

Far more than they seem. Delivery charges up to 30% per order (Rezku 2026) and cards 2.35% per transaction (Texas Restaurant Association 2025); U.S. merchants paid \$198.25 billion in swipe fees in 2025 (Motley Fool 2025).

Is prime cost the same for every segment?

No. An independent, a 3-10 unit group and a multi-unit chain have different structures. Full-service shrank ~18% versus 2019 (Technomic 2024); that's why this scorecard breaks the healthy range down by segment instead of a single average.

DATA & SOURCES

Sector data 2026 (official sources)

Verifiable industry benchmarks from official, non-commercial sources (government, industry associations, market research) - not competitors.

Metric	Benchmark 2026	Source
Inversión para abrir un restaurante independiente de servicio completo (EE. UU.)	275.000-425.000 USD (2024)	Square 2024
Apertura de un QSR o food truck (EE. UU.)	Menos de 150.000 USD (2024)	Square 2024
Margen neto de un bar (EE. UU.)	10%-15% (margen bruto 70%-80%)	Toast 2024
Crecimiento de facturación de la restauración en España	+7,1% en 2024 (primeros 9 meses; +2,2% real tras inflación)	Hostelería de España (FEHR) 2024
Caída de rentabilidad de la restauración en España	-0,9% en 2025 (más costes y regulaciones)	Hosteltur 2025

Metric	Benchmark 2026	Source
Facturación de bares y restaurantes en Brasil	R\$455.000 millones en 2024 (US\$83.000 millones)	ABRASEL 2024

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