The State of the Canadian Restaurant Industry

FCPC Interchange Conference
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Presentation by:
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President and CEO
Overview

- The restaurant industry
- Restaurant Outlook Survey
- Restaurant owner’s concerns
About Canada’s Restaurant Industry

- $65 billion in sales
- 18 million visits to restaurants every day
- 81,000 commercial establishments

Number of Commercial Foodservice Establishments

- Full-service Restaurants 37,000
- Quick-service restaurants 32,000
- Caterers 7,000
- Drinking Places 5,000

SOURCE: Statistics Canada, NPD Group and CRFA
One of the country’s largest employers

- 1.1 million jobs
- 6.4% of Canada’s workforce

2012 Private Sector Employment by Industry
Canada

- Retail trade: 2,031,900
- Manufacturing: 1,785,500
- Construction: 1,267,500
- Restaurants: 1,126,200
- Transportation and warehousing: 849,400
- Finance and insurance: 783,200
- Wholesale trade: 611,900
- Real estate and leasing: 309,900
- Agriculture: 309,200
- Mining and oil and gas extraction: 298,800
- Utilities: 140,700
- Forestry and logging: 51,800
- Fishing, hunting, and trapping: 18,400

Source: Labour Force Survey, Statistics Canada
Annual household spending at restaurants

- Alberta: $2,453
- British Columbia: $2,378
- Ontario: $2,308
- Saskatchewan: $2,227
- Canada: $2,207
- Manitoba: $2,096
- Quebec: $1,979
- Prince Edward Island: $1,926
- Nova Scotia: $1,873
- Newfoundland and Labrador: $1,815
- New Brunswick: $1,774

Source: 2011 Survey of Household Spending, Statistics Canada
2012 Commercial Foodservice Sales

Canada 5.3%

Source: Statistics Canada
Nominal Change in Foodservice Sales – Canada

Average: 3.8%

Source: Statistics Canada
Restaurant share of total food dollar

Note: Total food dollar includes spending by consumers, tourists, businesses, institutions and government at foodservice operations, grocery and convenience stores.

SOURCE: CRFA and National Restaurant Association
Growth in Traffic by Daypart in Canada (2008 to 2012)

- Total Traffic: 3.6%
- Breakfast/Brunch: 9.5%
- AM Snack: 15.2%
- Lunch: 0.7%
- Afternoon Snack: 11.1%
- Supper: -3.6%
- Evening Snack: 0.4%

SOURCE: The NPD Group Inc.

Foodservice CREST® Canada YE November
Total Commercial Sales by Segment - Canada

2012 Sales (in billions)

- Quick-service Restaurants: $23.2
- Full-service restaurants: $22.7
- Caterers: $4.4
- Drinking Places: $2.4

Source: Statistics Canada
Note: Data are preliminary
Cumulative Per Capita Sales Growth Since 2002

Canada

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Source: Statistics Canada
Note: Data are preliminary
Operating Expense Ratios - Canada

(as a share of operating revenue)

- Cost of Sales: 36.0%
- Salaries and wages: 33.9%
- Rental and leasing: 7.6%
- Other: 6.7%
- Depreciation: 3.1%
- Advertising and promotion: 2.8%
- Utilities: 2.8%
- Repair and maintenance: 2.6%
- Pre-tax profit: 4.5%

Source: Statistics Canada
Average Food Costs in 2012

Source: CRFA’s Restaurant Outlook Survey, Q4 2012
A majority of operators (54%) plan to keep their menu prices "about the same" over the next six months.

Source: CRFA’s Restaurant Outlook Survey, Q4 2012
The share of respondents that expect their same-store sales will grow at a *greater* rate over the next six months held steady in Q4.

- Greater rate: 24%
- About the same: 55%
- Lesser rate: 21%

Source: CRFA’s Restaurant Outlook Survey, Q4 2012
2013 Employment Plans

- 78% Same or higher
- 22% Lower

Source: CRFA’s Restaurant Outlook Survey, Q4 2012
Rising food costs and weak economy are the biggest issues having a negative impact on the restaurant industry.

- Rising food costs: 64%
- Weak economy: 58%
- Rising labour costs: 50%
- Shortage of skilled labour: 28%
- Rising gasoline prices: 27%
- Weak customer demand: 26%
- Bad weather: 23%
- Rising liquor costs: 18%
- Sales taxes: 18%
- NHL Lockout: 17%
- Shortage of unskilled labour: 15%
- No factors: 5%

Source: CRFA’s Restaurant Outlook Survey, Q4 2012
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