



**RESEARCH**

# Restaurant Outlook Survey

**Q3 2021**





## Executive Summary

- Nearly half (46%) of respondents said their sales in the third quarter were worse than expected. Many reported lower sales and a significant decline in traffic.
- Roughly three-quarters of respondents said their sales in July and August were lower than the same months in 2019. The situation worsened in September, with 82% of respondents reporting lower sales compared to September 2019.
- While a greater share of foodservice establishments were operating without any capacity restrictions (rising from 20% in July to 26% in October), a sizable 63% of respondents said they were open for on-premise dining at a reduced capacity or restricted to outdoor dining only.
- Nine in 10 respondents said that guests are required to show proof of vaccination for on-premise dining service at their establishments.
- Six in 10 respondents said that these proof of vaccination requirements had a negative impact on their revenue.
- More than seven in 10 respondents were receiving the federal rent and/or wage subsidy when this survey was conducted in early October.
- If these subsidies are not extended, nearly 80% of respondents who still rely on them said they will struggle to keep paying their existing staff, and might have to cut back on their hours, which will require management to put in more time.
- 93% of respondents reported a shortage of workers, with 50% saying that they are struggling with a significant staffing shortage.
- Nearly six in 10 respondents are expecting to raise their menu prices by 4% or more, with 23% expected to raise menu prices by more than 7%.
- 7% of respondents said they currently operate a virtual kitchen and another 8% are planning to open a virtual kitchen within the next five years.

## Introduction

When Statistics Canada released the July commercial foodservice data, the national figures pointed to a promising recovery for Canada's beleaguered foodservice industry. Overall, monthly commercial foodservice sales increased to \$6 billion in July – just 5% below pre-pandemic levels. That was a sharp turnaround compared to May, when sales were nearly 30% below pre-pandemic levels. The reopening of Ontario's foodservice industry, a decline in the number of confirmed COVID-19 cases and pent-up consumer demand led to a much-needed surge in foodservice spending. While the pace of recovery varies by province and by segment, it is a sign that the industry is moving in a positive direction.

Yet revenue is but one measure of the recovery in the foodservice industry. There remain a number of major challenges. The foodservice industry, in many ways, remains a long way off from recovery.

- While sales are steadily improving, most operators continue to see sales below pre-pandemic levels.
- Traffic levels are still noticeably below normal.
- Profitability, which includes more than revenue, is still precarious.
- Vaccination passports are presenting a serious challenge for many operators.
- Chronic labour shortages continue, all across the sector.

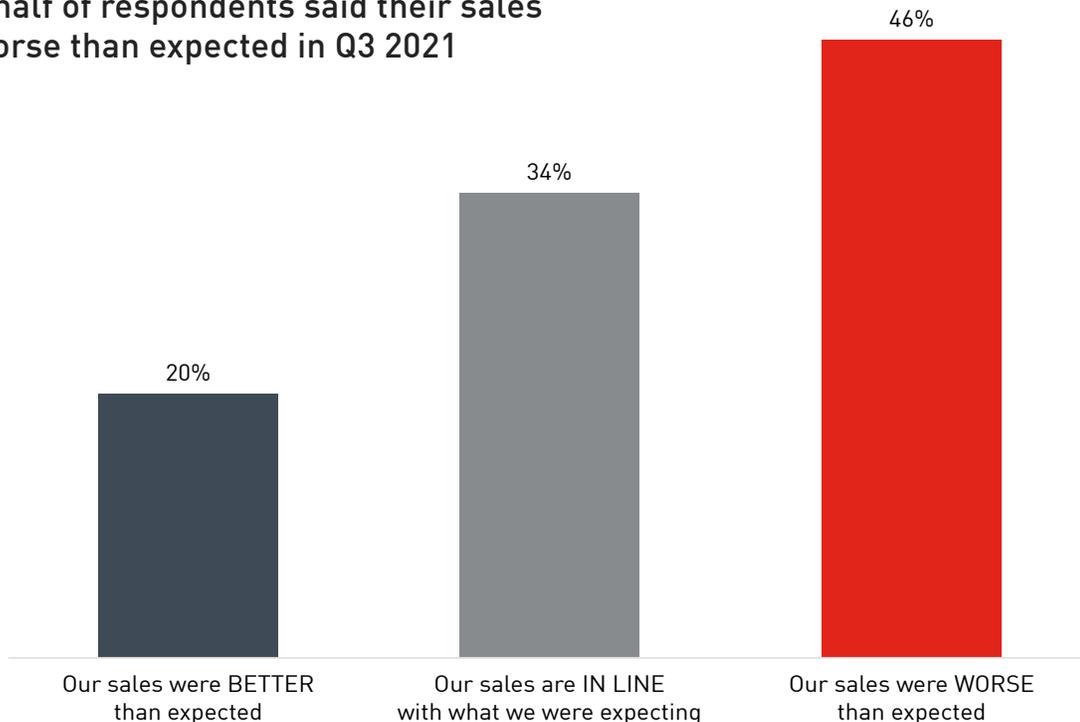
## 2021: A Better Summer, But It Fell Short of Expectations

According to Statistics Canada, seasonally adjusted commercial foodservice sales in Canada rose to \$6 billion in July – just 5% below pre-pandemic levels. Notably, quick-service restaurants had essentially returned to pre-pandemic levels, while full-service restaurants were 5% below pre-pandemic levels. Drinking places (such as bars, taverns and nightclubs) were 16% below pre-pandemic levels in July, compared to 60% below in May. Meanwhile, caterer revenues continued to struggle, with sales 40% below pre-pandemic levels.

Although the August and September foodservice sales data have not yet been released by Statistics Canada at the time of writing, this survey revealed that August was another solid month of sales for many compared to the first half of 2021. The general improvement in the third quarter of 2021 comes on the heels of three consecutive quarters of disappointing sales. So, did the third quarter meet the expectations of foodservice operators?

For many restaurants, the hope for a better third quarter didn't materialize. Nearly half (46%) of respondents said their sales in the third quarter were worse than expected. Many reported lower sales and a significant decline in traffic. This is due to fewer international visitors, a sharp decline in business dining as many Canadians continue to work at home, and the effects of vaccine passports. Only 20% of respondents said their third quarter sales were *better* than expected, while another 34% said sales were *in line* with expectations. The results from this question were consistent across all foodservice segments.

### Nearly half of respondents said their sales were worse than expected in Q3 2021



**Q: Which of the following best describes your foodservice sales between July and September 2021?**

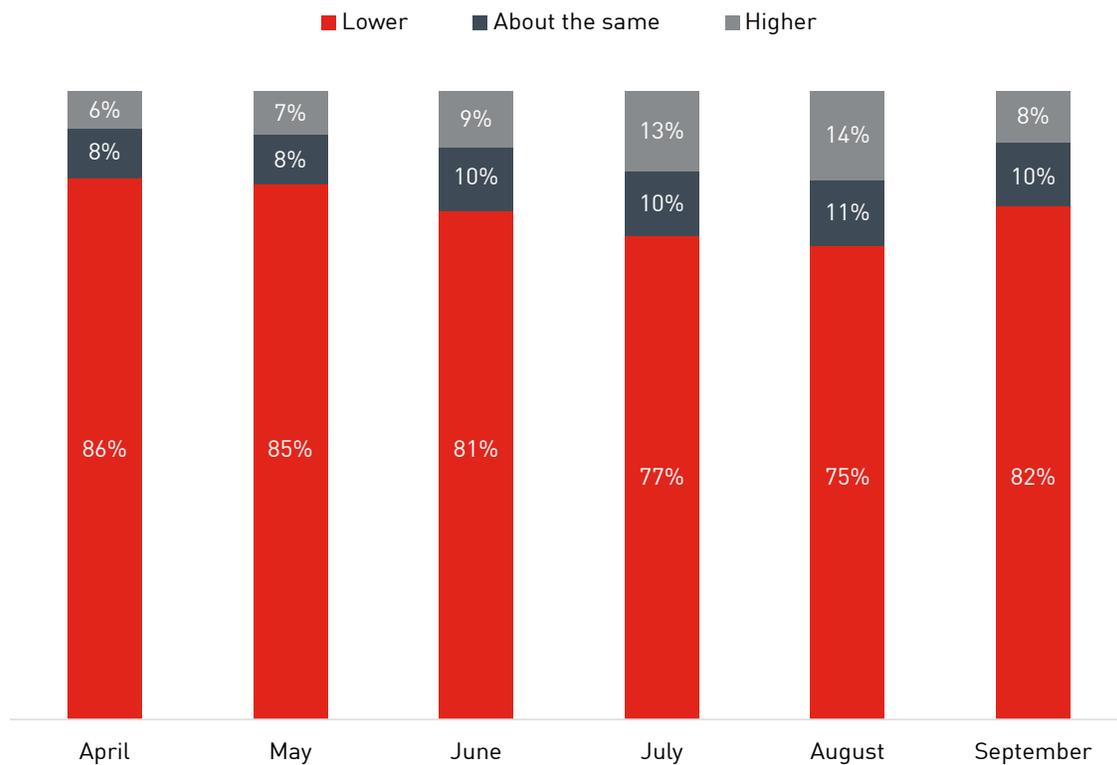
While the arrival of the summer patio season led to an improvement in topline commercial foodservice sales relative to the second quarter, roughly three-quarters of respondents said their sales in July and August were lower than the same months in 2019. Again, these results were generally consistent between quick- and table-service restaurants.

The situation worsened in September, however, with 82% of respondents reporting lower sales compared to September 2019. This was due to a drop-off in patio traffic, the introduction of vaccination passports and rising COVID-19 cases in some parts of the country which resulted in restrictions in on-premise dining.

One respondent summarized September this way:

**“Business abruptly changed after Labour Day and we were closed down three weeks earlier than normal.”**

### Change in same-store sales in 2021 compared to 2019



**Q: For the following months, was your total sales volume, higher, lower, or about the same as it was compared to the same month in 2019?**

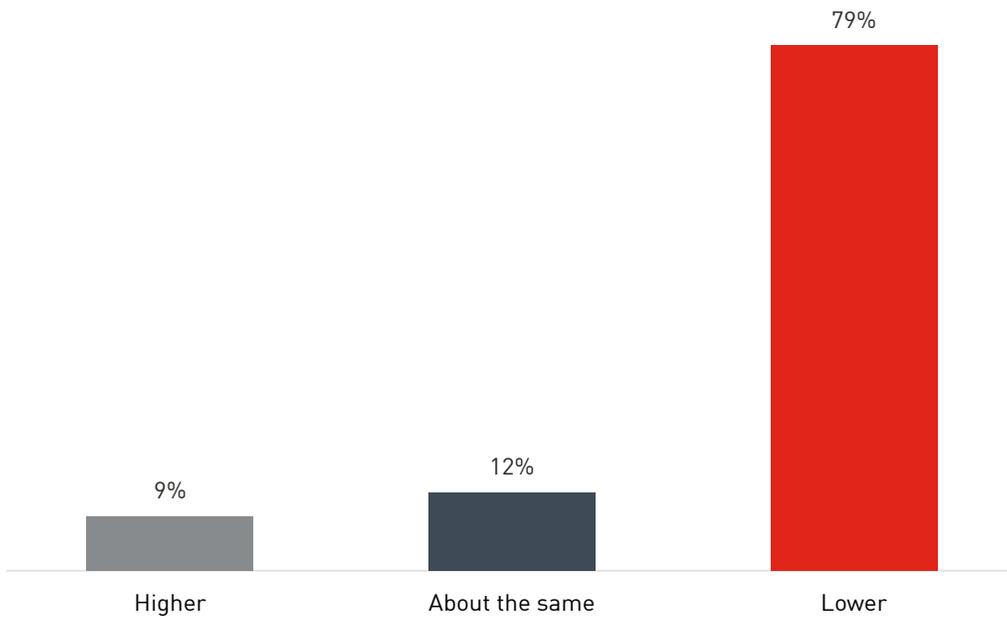
A significant barrier to the recovery in Canada’s foodservice industry is the sharp drop in customer traffic. While sales may have improved in the third quarter compared to the second, a sizeable eight in 10 respondents reported that their guest counts remained down in the third quarter of 2021 compared to the third quarter of 2019. Again, this was generally consistent across all foodservice segments.

Of those reporting lower traffic, the vast majority saw double-digit declines. Quick-service restaurants were hit particularly hard: nearly one quarter of those reporting lower traffic saw a 50% or more drop in traffic. This is in line with the consumer surveys Restaurants Canada has conducted, which found that consumers are significantly more tentative about dining indoors at a quick-service restaurant or in a food court/mall. Only one in 10 respondents said their traffic in the third quarter of 2021 was higher, with half of respondents reporting traffic growth between 1% to 10% compared to the third quarter of 2019.

As one respondent stated:

**“With vaccine passports required to enter, guest count has dropped dramatically in September from July and August.”**

**Eight in 10 respondents reported lower traffic in Q3 2021 compared to Q3 2019**

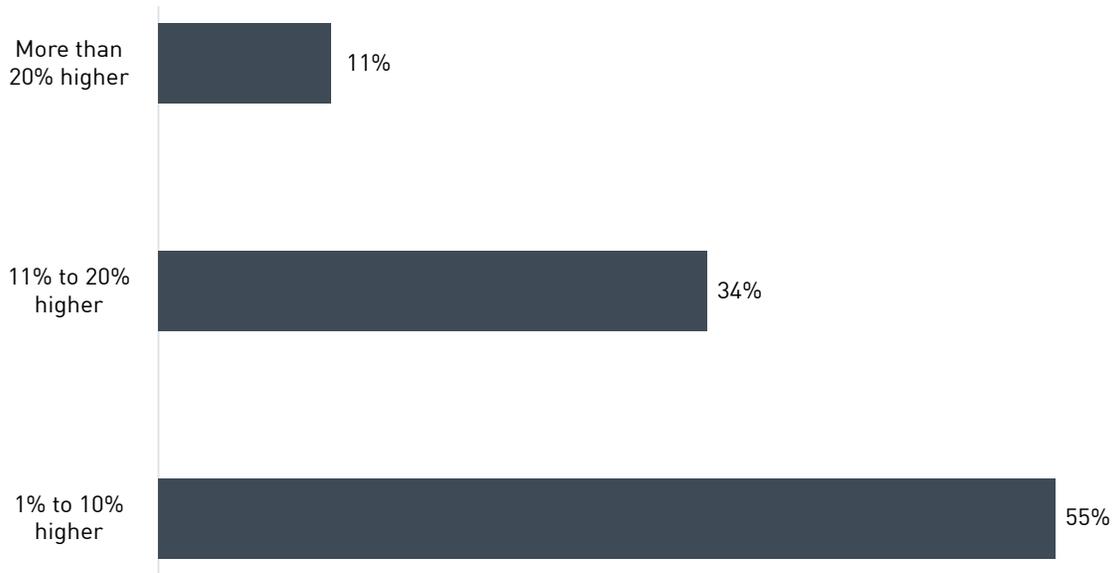


**Q: In the third quarter of 2021, was your restaurant traffic / guest count higher, lower, or about the same as it was in the third quarter of 2019?**



### Percentage increase in traffic in Q3 2021 compared to Q3 2019

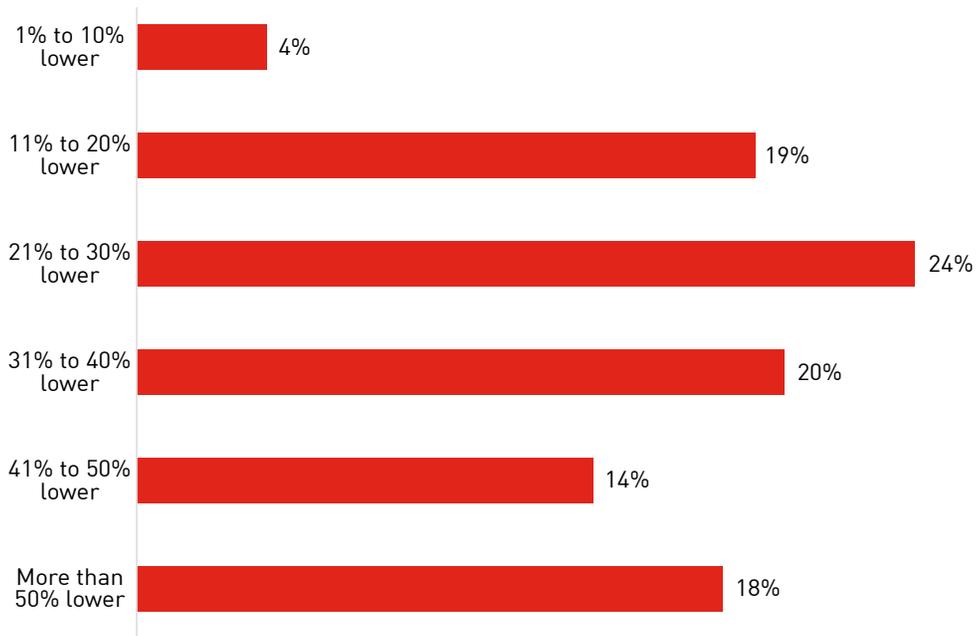
(based on those that had higher traffic in the third quarter of 2021)



**Q:** On a percentage basis, approximately how much HIGHER was your restaurant traffic / guest count in the third quarter of 2021 compared to the third quarter of 2019?

### Percentage decline in traffic in Q3 2021 compared to Q3 2019

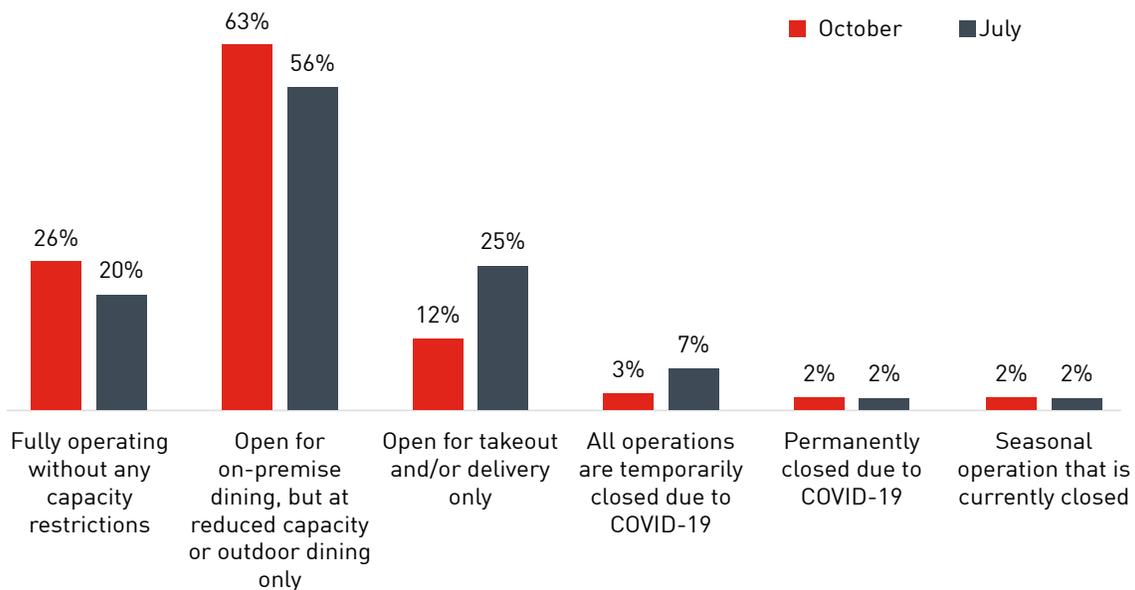
(based on those that had lower traffic in the third quarter of 2021)



**Q:** On a percentage basis, approximately how much LOWER was your restaurant traffic / guest count in the third quarter of 2021 compared to the third quarter of 2019?

One reason nearly half of foodservice operators were disappointed by their third quarter performance is ongoing government restrictions to on-premise dining. While a greater share of foodservice establishments were operating without any capacity restrictions (rising from 20% in July to 26% in October), a sizable 63% of respondents said they were open for on-premise dining at a reduced capacity or restricted to outdoor dining only. While the share of respondents who were open for takeout/delivery only, or were temporarily closed in October declined compared to July, the foodservice industry has a long way to go before all foodservice establishments are completely open without any restrictions.

**Nine in 10 restaurants were open for on-premise dining in early October, but many are still operating at a reduced capacity**



**Q: Which of the following best describes your current level of operations? (If you operate more than one location, please select all that apply.)**

With the number of confirmed cases of COVID-19 falling in many parts of the country, combined with nearly 82% of the population of 12 and older fully vaccinated, combined with the implementation of vaccination passports, some operators feel the restrictions on indoor dining are outdated. And vaccination passports represent another significant challenge for foodservice operators and their staff.



## Vaccination Passports

Overall, nine in 10 respondents said that guests are required to show proof of vaccination for on-premise dining service at their establishments. The following are comments from survey respondents:

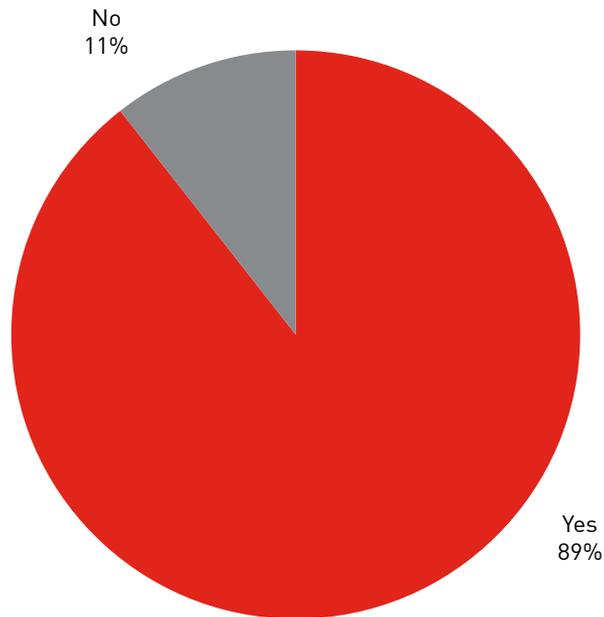
**“With vaccine passports required to enter, guest count has dropped dramatically in September from July and August.”**

**“Since verification of vaccine status has been implemented, we have seen a drop in traffic and we have received many cancellations for group reservations due to one or more of the attendees not being fully vaccinated. Unfortunately, we expect this to adversely affect our holiday season.”**

**“Vaccinated people are not going out as much and unvaccinated people cannot enter the establishment.”**

For instance, nearly 28% of Canadians between the ages of 18 to 29 are not full vaccinated. That can be a significant part of a foodservice operator’s business.

**Nine in 10 respondents said that guests are required to show a vaccine passport/proof of vaccination for on-premise service at their establishment(s)**



**Q: Are your guests currently required to show a vaccine passport/proof of vaccination for on-premise service at any establishments you operate?**

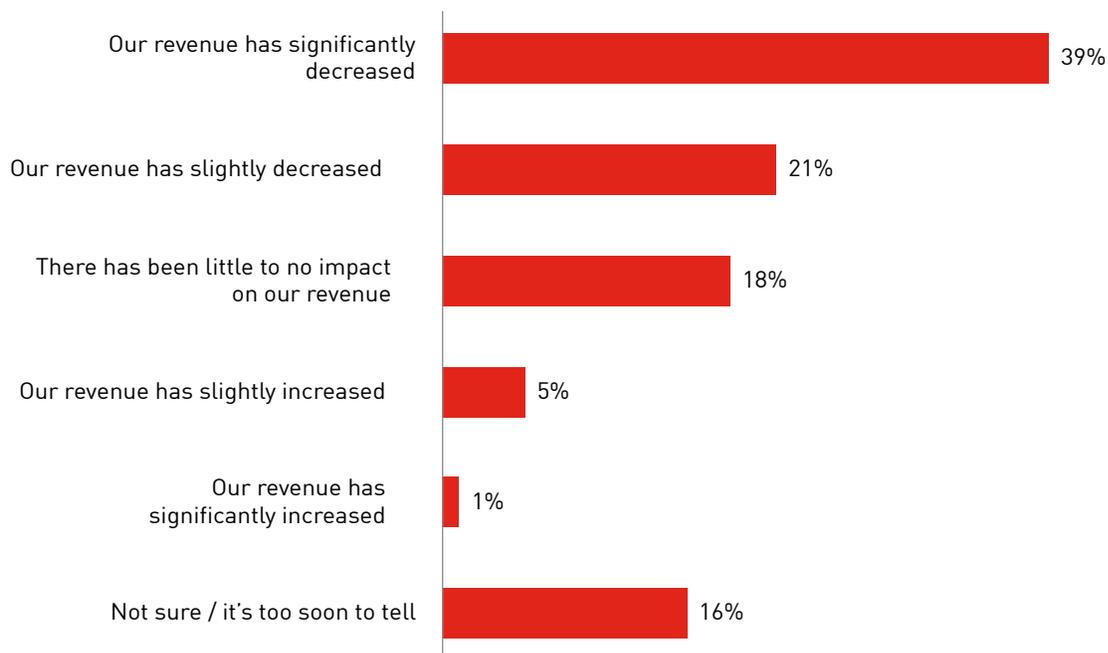
## Percent of people who are fully vaccinated in Canada by age group, October 2, 2021

Age group (years)	Fully vaccinated
12 to 17	75.2%
18 to 29	72.5%
30 to 39	74.4%
40 to 49	80.3%
50 to 59	84.4%
60 to 69	88.6%
70 to 79	91.3%
80 and older	91.2%

Source: <https://health-infobase.canada.ca/covid-19/vaccination-coverage/#a5>

Six in 10 respondents said that these proof of vaccination requirements had a negative impact on their revenue. Table-service restaurants were the hardest hit: 44% of respondents reported that their revenue had significantly decreased. Similarly, 38% of 'all other foodservice' -- which includes accommodation, institutions, bars, taverns and nightclubs -- reported a significant decrease in revenue. In contrast, just 14% of quick-service restaurants reported a significant decline.

## Six in 10 respondents said that proof of vaccination requirements had a negative impact on their revenue?



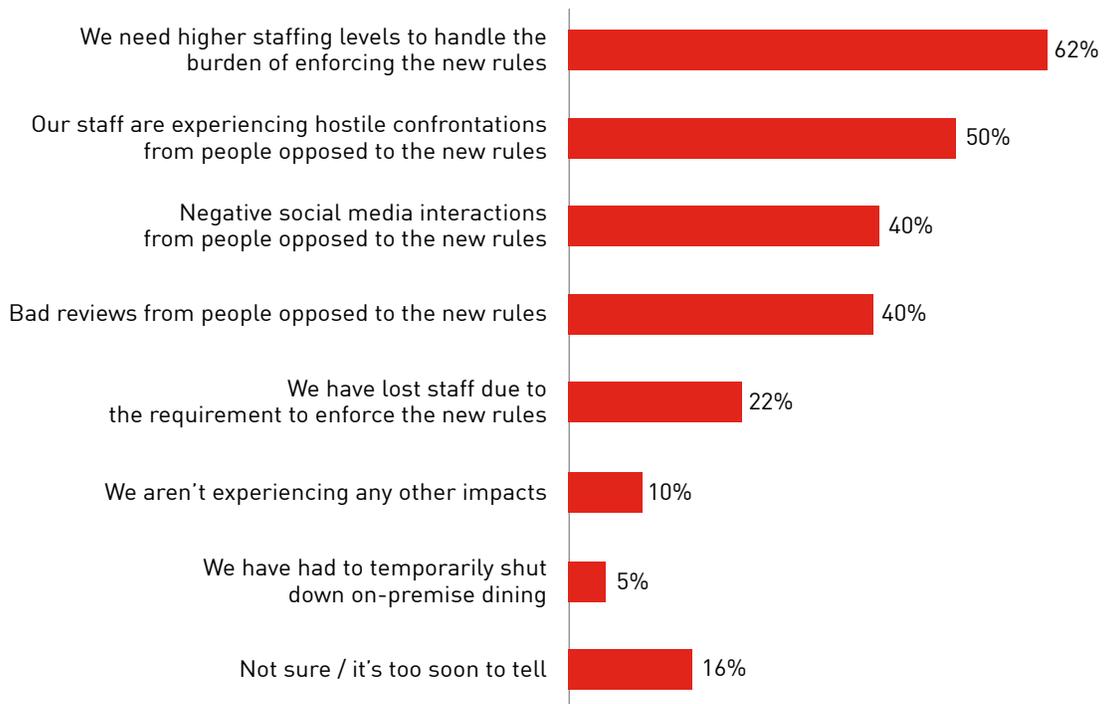
■ Q: How have vaccine passport/proof of vaccination requirements impacted your revenue?

In addition to the decline in revenue, nine out of 10 respondents are experiencing other impacts to their business due to proof of vaccination requirements. First, the additional cost to businesses as a majority of table-service restaurants and 'all other foodservice' needed higher staffing levels to handle the burden of enforcing the new rules. There is stress on staff, as half of all restaurants (regardless of segment) had experienced hostile confrontations from people opposed to the new rules. In addition, roughly four in ten table-service restaurants and 'all other foodservice' were the target of negative social media interactions and bad reviews from people opposed to the new rules.

At a time when labour shortages are a critical challenge for restaurants, one in five respondents have lost staff due to the requirement to enforce the new rules.

### What other impacts have vaccine passport/proof of vaccination requirements had on your operations?

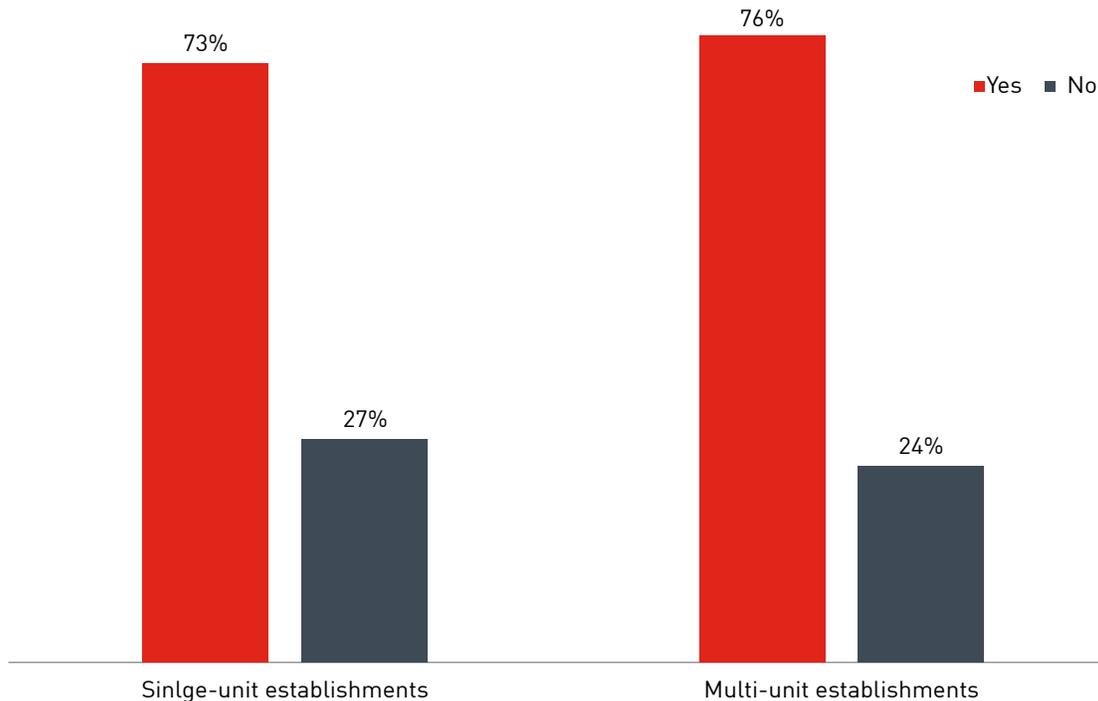
(Respondents could select more than one response.)



## The Wage and Rent Subsidy

Due to continued lower-than-expected sales, more than seven in 10 respondents were receiving the federal rent and/or wage subsidy when this survey was conducted in early October.

### More than seven in 10 respondents are currently receiving the federal rent and/or wage subsidy



#### ■ Q: Is your business currently receiving the federal rent and/or wage subsidy?

These critical sources of support are currently scheduled to come to an end this fall. If these subsidies are not extended, nearly 80% of respondents who still rely on them said they will struggle to keep paying their existing staff, and might have to cut back on their hours, which will require management to put in more time.

Nearly six in 10 respondents said they will struggle to bring back previous employees or hire new staff, which could end up driving even more workers away from our industry. As a whole, the foodservice sector remains more than 180,000 employees below pre-pandemic levels, as precarious conditions over the past 18+ months have made restaurant jobs less reliable and attractive for workers.

**“We are considering reducing our in-house capacity and eliminating all staff so that ownership handles all dine in traffic. We won't have a choice. It's that, or bankruptcy.”**

In order to save costs, nearly half of respondents said they would have to reduce their hours of operation.

Finally, it may come to being forced to permanently close. Overall, one in 10 independent restaurants said they would have to close their business, while one in five multi-unit establishments would permanently close at least one of their locations.

Respondents said:

**“The subsidies need to be continued as long as COVID-19 waves are still around... every time the number of COVID-19 cases goes up, our business goes down.”**

**“We are operating at a loss. Sales are far from pre-pandemic levels!!!! Without subsidies we won't be able to cover operating losses.”**

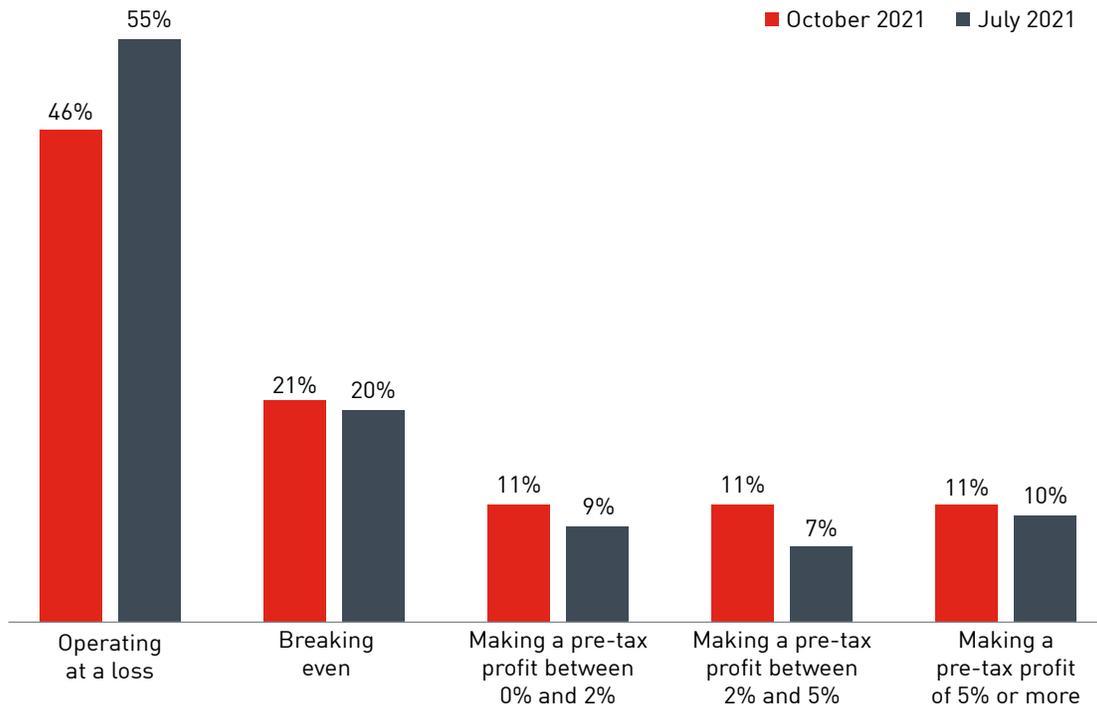
## How will your operations be impacted by these subsidies ending as of Oct. 24?

(Please select all that apply.)

	Single-unit establishments	Multi-unit establishments
Struggle to keep existing staff/have to cut staff hours	76%	78%
Struggle to continue paying suppliers	61%	66%
Struggle with hiring back staff/hiring new staff	55%	61%
Reduce hours of operation	47%	52%
Temporarily close our operations / some of our operations	12%	16%
Permanently close our operations / some of our operations	9%	20%
Go back to takeout/delivery only	8%	14%

Given all of the above, the decline in sales, the drop in traffic, and the decline in the wage and rent subsidy, it's not surprising that 67% of respondents report they were operating at a loss or just breaking even in early October. Another 11% were scraping by with a profit margin of 2% or less. As discussed in the Q2 2021 Restaurant Outlook Survey, eight in 10 restaurants have taken on debt due to the pandemic. With the struggles in the third quarter, combined with an anticipated slowdown in the fourth quarter, many restaurant operators will continue to barely hang on financially.

## Nearly seven in 10 foodservice operators were either operating at a loss or just breaking even in October



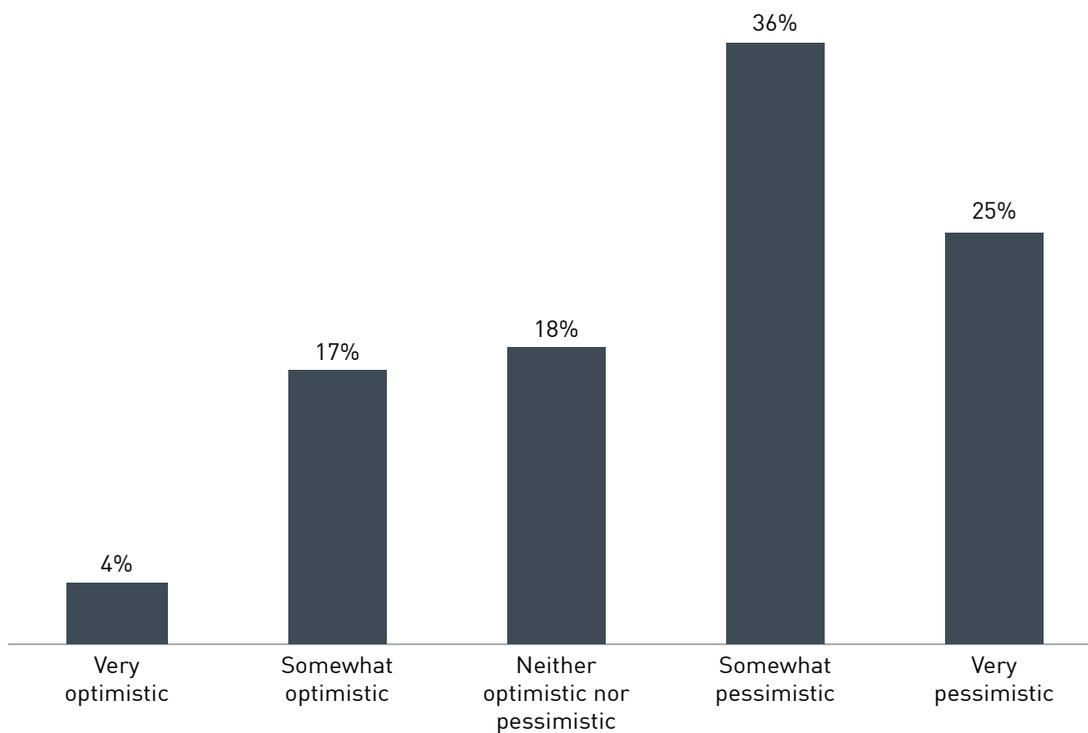
### What best describes the current profitability of your overall operations?

## Outlook for the Foodservice Industry for Q4 2021 and 2022

The third quarter of 2021 should have been a turning point given the challenges of the first half of 2021, but this period remained nearly as challenging for Canada’s restaurants, with disappointing summer sales, labour shortages, the closure of patios and vaccination passports. Only 20% of respondents were optimistic about the remainder of 2021, while 62% were pessimistic, consistently across segments. In fact, one in four respondents said they were very pessimistic.

The optimistic few felt positive about their sales, but they also noted that conditions could change quickly, and that there are other challenges such as rising food costs and labour shortages.

### Six in 10 Respondents Are Feeling Pessimistic About the Remainder of 2021



#### ■ Q: How optimistic are you about your foodservice operation over the remainder of 2021?

There were many reasons operators felt pessimistic about how they will navigate the rest of 2021. Several respondents lamented the expected decline in traffic in the coming months:

**“We are situated in a tourist town - no international tourists for the fall/winter.”**

**“I am located downtown, but offices are empty. Usually I have 1,000 people everyday in the office before the pandemic. Now it’s 150 people. We will need guests to survive. Weekends are good but our weekdays are dead.”**

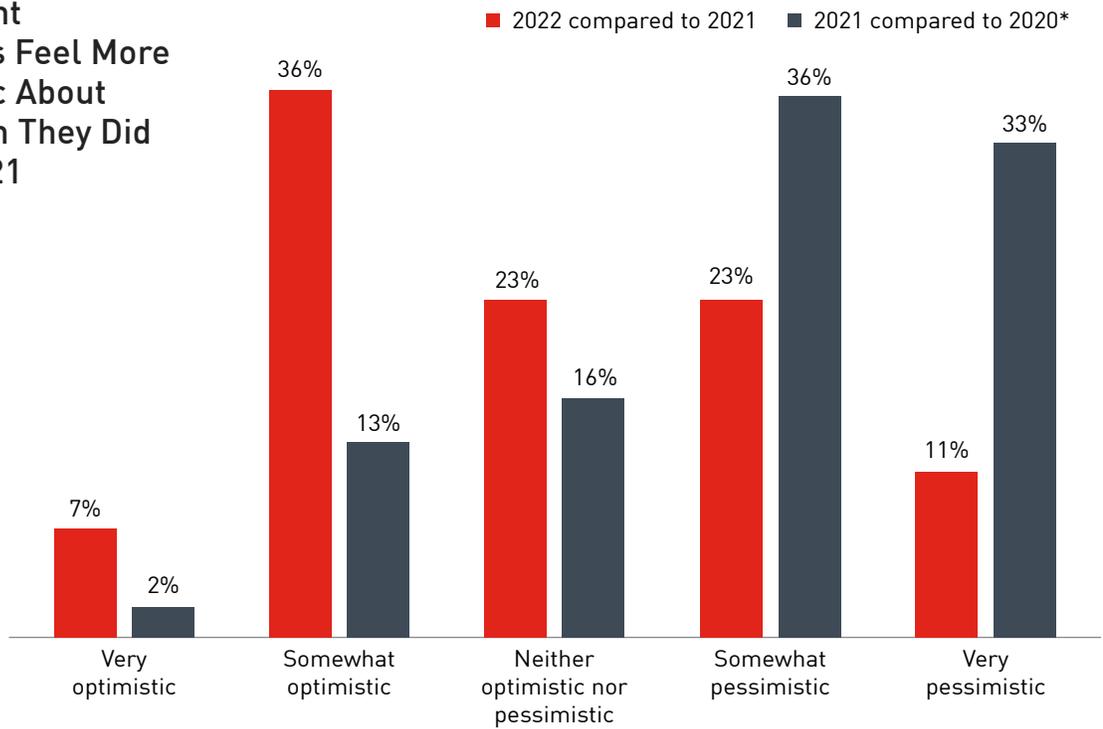
**“If we are not allowed to fully open, it is not looking good. Holiday parties are already cancelling due to COVID.”**

There is also the recent introduction of vaccine passports and the scheduled elimination of the federal wage and rent subsidies. Adding to operator challenges is the impact of severe labour shortages. According to one respondent:

**“We continue to be restricted in number of people that can be seated PLUS we now have to check for vaccines PLUS the wage/rent subsidies are ending!!”**

When we look ahead to 2022, the mood shifts, and there appears to be a glimmer of hope on the horizon. Overall, 44% of respondents are feeling cautiously optimistic about the year ahead compared to 2021, though a sizeable 33% still feel pessimistic. Compared to a year ago, however, there is a dramatic improvement in operator sentiment. At the time there were no vaccines available yet and case counts were still rising.

**Restaurant Operators Feel More Optimistic About 2022 Than They Did About 2021**



\* Percentages are from the Q3 2020 Restaurant Outlook Survey

**Q: How optimistic are you about your foodservice operation in 2022 compared to 2021?**

\* Percentages are from the Q3 2020 Restaurant Outlook Survey



What is driving some of this optimism? Some respondents are hopeful that indoor dining restrictions will be lifted in 2022 so they can see a return in their guest counts, and that people will get used to vaccine passports. Others noted that they have pivoted and diversified the business to generate more revenue (like meal kits and selling groceries, and products such as house-made sauces). Some operators are looking at new innovations with virtual/ghost kitchens as the recovery of on-premise dining may not start until the second half of 2022.

For those feeling pessimistic about 2022, there are a number of major concerns. These range from the shift in consumers preferring takeout and delivery, the rising cost of doing business, the uncertainty over the pandemic, continued labour shortages and the anticipated phase-out of the rent and wage subsidy. We received the following comments about the future:

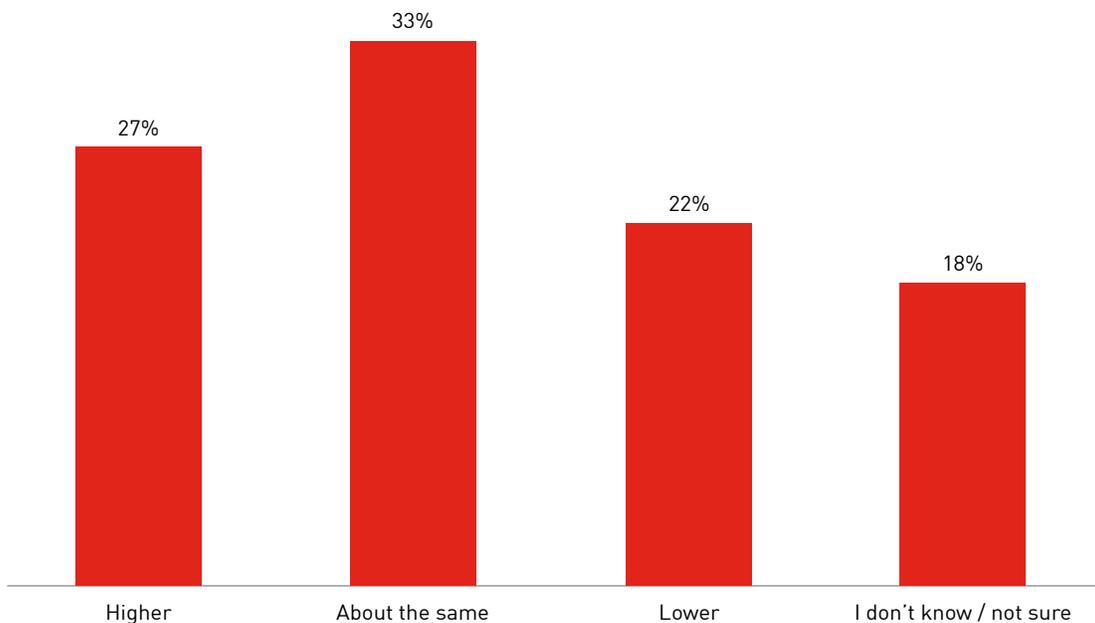
**“We cannot find enough people to work and the subsidy will be gone. The businesses we have open are all understaffed.”**

**“Debt, debt, debt!!! We have had to incur a lot of debt just to stay open.”**

**“People just don’t want to eat out like they did before. It will take a long time after the pandemic is over before we see some return to ‘normal’.”**

Despite all the challenges, 37% of quick-service restaurants and 24% of table-service restaurants and ‘all other foodservice’ are planning to increase their spending on technology and commercial equipment over the next 12 months, compared to the previous 12 months. Approximately one-third of respondents said their spending will remain about the same, while 22% said it would be lower. It is interesting to note only 14% of respondents said they were going to invest in labour-saving technology as a solution to labour shortages.

**Over the next 12 months, is your restaurant’s investment spending on technology and commercial foodservice equipment expected to become higher, lower, or about the same as over the past 12 months?**

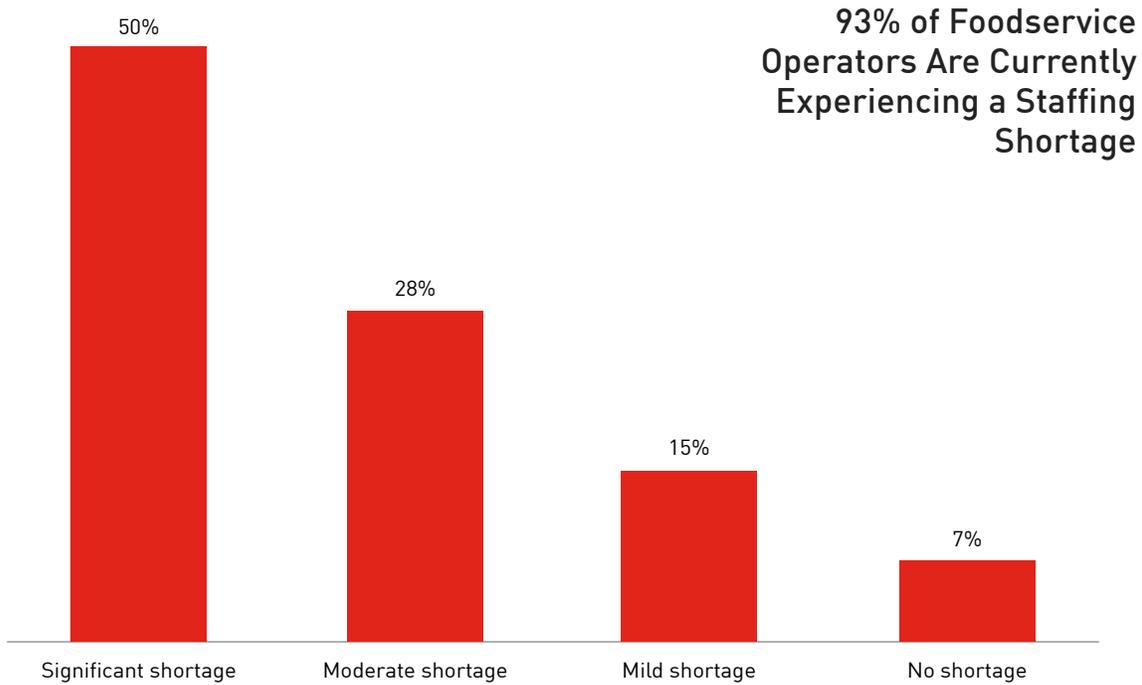


**Q: Over the next 12 months, is your restaurant’s investment spending on technology and commercial foodservice equipment expected to become higher, lower, or about the same as over the past 12 months?**

## Labour Shortages

In July, the number of foodservice job vacancies hit a record high of 132,800, compared to 33,015 at the start of the year and nearly 60,000 before the pandemic started. Overall, 93% of respondents reported a shortage of workers, with 50% saying that they are struggling with a significant staffing shortage.

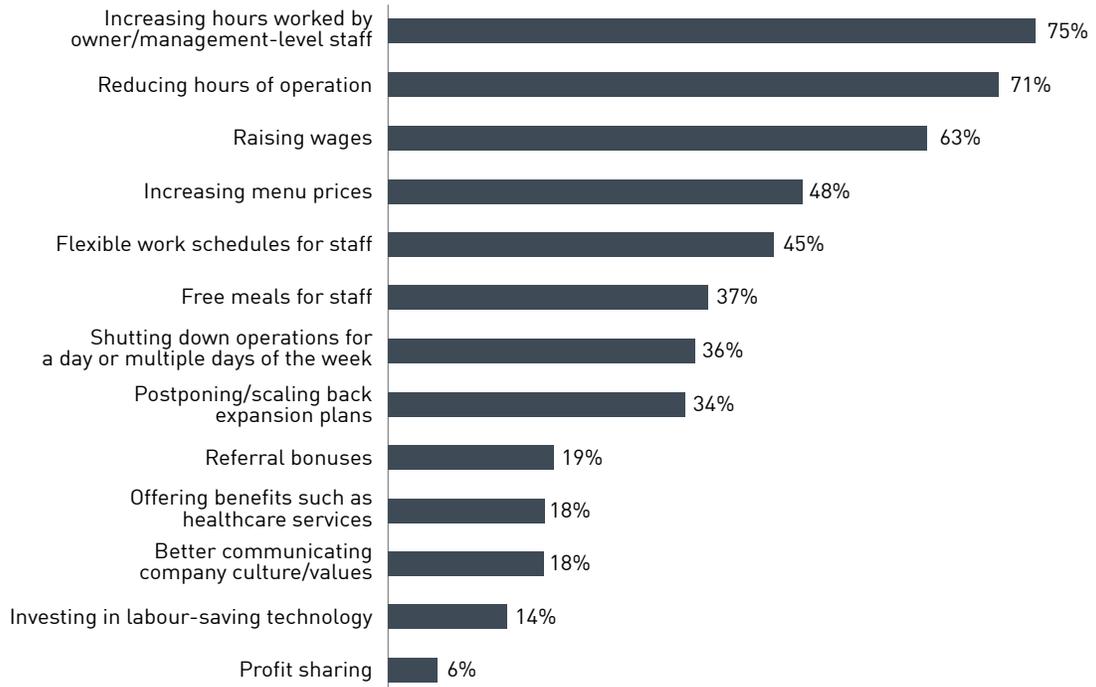
Three-quarters of respondents said the labour shortage has put more pressure on owners and management-level staff to work more hours. Seven out of 10 respondents said they are reducing their hours of operation. Where they can afford to, 63% said they are raising wages to entice staff to work for them. While 19% of quick-service restaurants are looking to invest in labour-saving technology, only 12% of table-service restaurants are considering this.



■ Q: To what extent are you currently experiencing a staffing shortage?



## How Foodservice Operators Are Responding to the Labour Shortage



**Q:** How are you responding to the labour shortage? (Please select all that apply.)

Given Canada’s aging population and young people postponing their entry into the workforce, labour shortages will likely remain a long-term challenge for most restaurants.

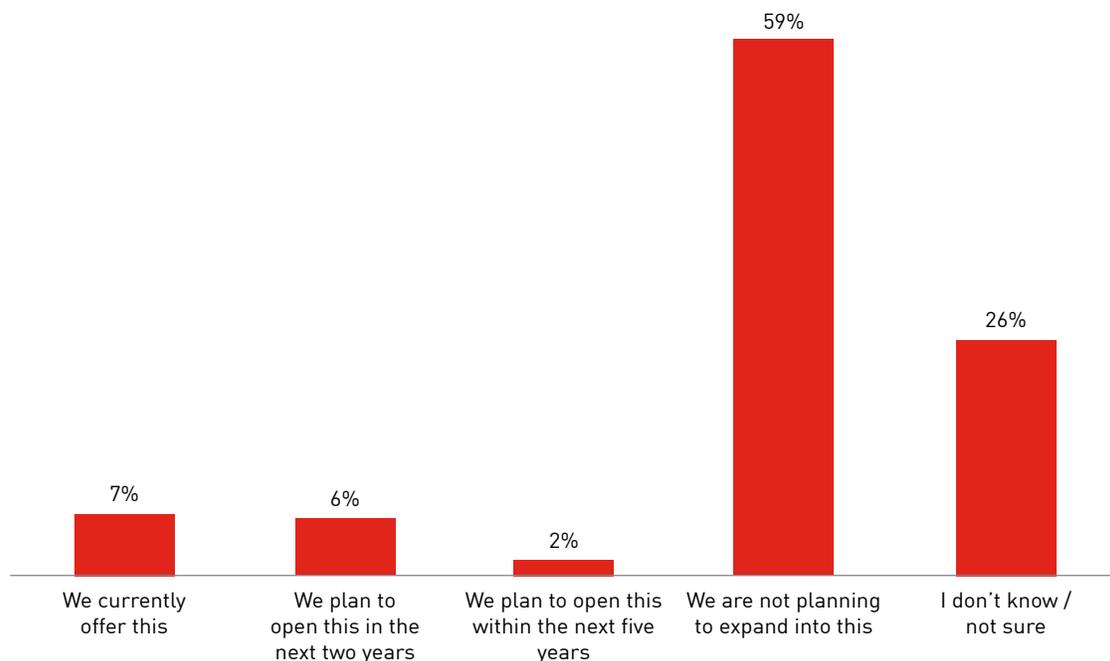


## Virtual / Ghost Kitchens

As some operators noted, consumer behaviour has changed due to the pandemic. More people are choosing takeout and delivery. According to Ipsos Foodservice Monitor, in the 12 months ending April 2021, off-premise occasions generated 91% of all dollars spent at a quick-service restaurants. For table-service restaurants, 55% of revenue was generated through off-premise channels.

Prior to the pandemic, roughly 4% of respondents operated a virtual kitchen. Based on our most recent survey, 7% operate a virtual kitchen and another 8% are planning to open a virtual kitchen within the next five years. Interestingly, one in four respondents are not sure whether they will, suggesting that a significant number of restaurants are, at the very least, not ruling out virtual kitchens as an option.

### Currently, 7% of respondents currently operate a ghost kitchen/virtual kitchen

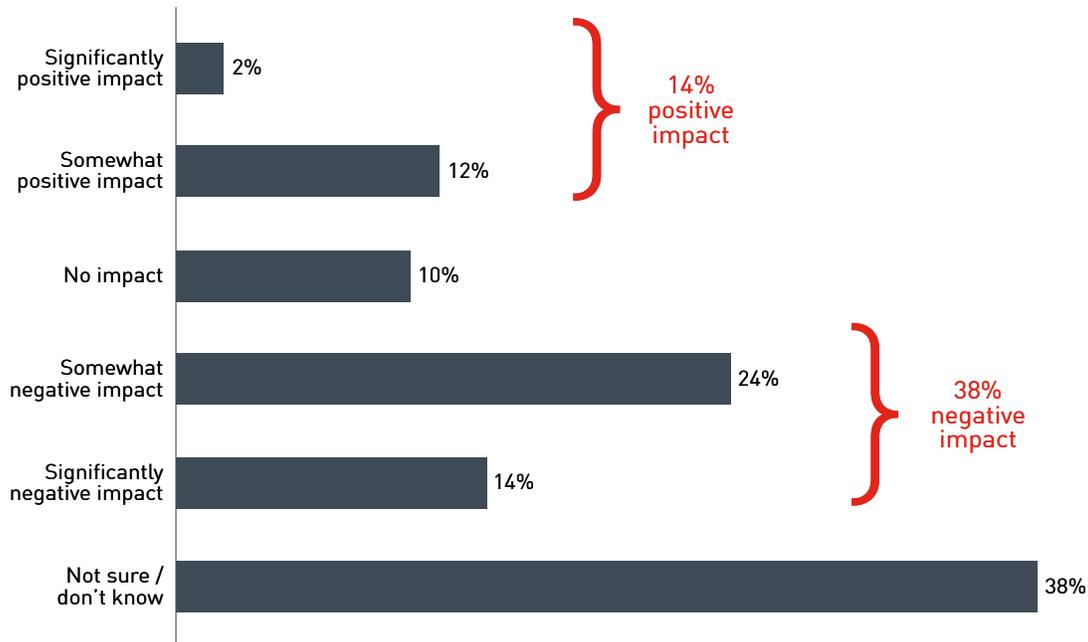


### ■ Q: Are you considering opening a ghost kitchen/virtual kitchen?

In terms of how ghost kitchens will impact the overall industry, 38% are not sure. Only 14% said ghost kitchens will have a positive impact on the foodservice industry, while 38% believe it will have a negative impact. Even those who currently operate a ghost kitchen are equally divided about the impact to the overall industry, with 31% saying it will have a positive impact, 25% saying it will have a negative impact and 34% saying it would have no impact. The remaining 9% were unsure what kind of impact ghost kitchens will have.

For those considering opening a virtual kitchen within the next five years, the majority see ghost kitchens as having a positive impact on the industry. Given rising operating expenses, ghost kitchens offer an alternative to cut down overhead and improve economies of scale. Time will tell whether we see a significant increase in virtual kitchens as a result of the pandemic.

## Only 14% of respondents said that the expansion of ghost kitchens will have a positive impact on the overall foodservice industry



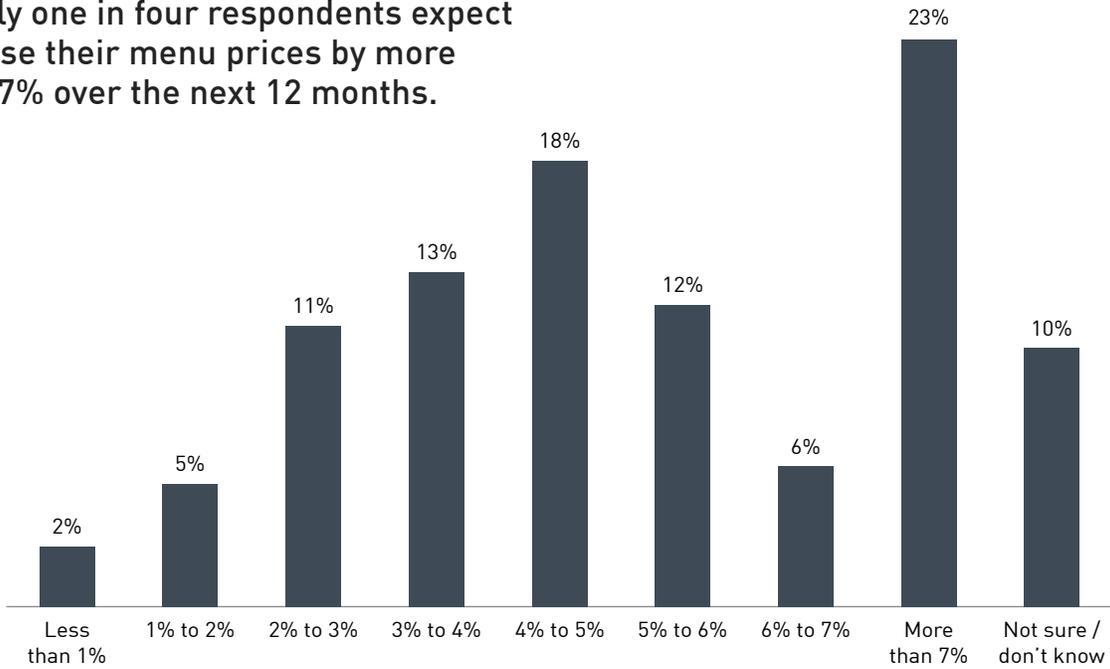
**Q: What type of impact do you feel the expansion of ghost kitchens/virtual kitchens will have on the overall foodservice industry?**

### Menu inflation

In order to combat their numerous cost increases, restaurant operators are being forced to raise menu prices. While this is never an ideal solution, the majority of respondents from our Q2 Restaurant Outlook Survey said they were both partially absorbing higher operating costs and raising menu prices, rather than exclusively doing one or the other. At that time, nearly half (47%) of respondents were expecting to raise their menu prices by 4% or more, with 15% saying they would increase their menu prices by more than 7%. Three months later, nearly six in 10 respondents are expecting to raise their menu prices by 4% or more, with 23% expected to raise menu prices by more than 7% - a level unheard of since Restaurants Canada began conducting the Restaurant Outlook Survey in 2011.

At the segment level, 66% of 'all other foodservice' are expecting to raise their menu prices by 4% or more, compared to 58% for table-service restaurants and 52% for quick-service restaurants.

Nearly one in four respondents expect to raise their menu prices by more than 7% over the next 12 months.



 Q: Over the next 12 months, by how much do you expect you will raise your menu prices?





## Summary

Despite an improvement in foodservice sales in the third quarter of 2021 compared to the second, the summer months didn't live up to expectations for many foodservice operators. Many of the challenges in the third quarter of 2021 -- rising expenses, labour shortages, vaccine passports, declines in guest traffic, the expected expiration of the wage and rent subsidies -- are causing anxiety going into the fourth quarter.

Labour shortages will remain a long-term challenge: the pandemic has led to seismic changes across the entire labour market in Canada. The last time a major shift like this happened was following World War II, with women joining the workforce, the standardization of the work week and improved employee standards. Today, more employees are choosing to work from home. They want to work for employers who share their values. Restaurant operators will need to continue to pivot, not just with their customers but also with their employees if they want to make foodservice the employer of choice.

At the same time, there is hope among those who responded to this survey that 2022 will be better. That the industry will return to some 'new normal' with the decline in COVID-19 cases. In the meantime, restaurants will continue to find new ways to innovate and pivot, and there are some exciting possibilities when it comes to ghost kitchens as a promising new frontier for the foodservice industry.

Which of the following best describes your current level of operations? (If you operate more than one location, please select all that apply.)

	Total Foodservice	Quick-service Restaurants	Table-service Restaurants*	All Other Foodservice**
Fully operating without any capacity restrictions	26%	21%	26%	29%
Open for on-premise dining, but at reduced capacity or outdoor dining only	63%	53%	70%	56%
Open for takeout and/or delivery only	12%	34%	5%	15%
All operations are temporarily closed due to COVID-19	3%	3%	3%	3%
Permanently closed due to COVID-19	2%	3%	2%	2%
Seasonal operation that is currently closed	2%	3%	1%	3%

For the following months, was your total sales volume, higher, lower, or about the same as it was compared to the same month in 2019?

#### July 2021 vs July 2019

	Total Foodservice	Quick-service Restaurants	Table-service Restaurants*	All Other Foodservice**
Higher	13%	10%	12%	16%
About the same	10%	8%	11%	10%
Lower	77%	82%	76%	75%

#### August 2021 vs August 2019

	Total Foodservice	Quick-service Restaurants	Table-service Restaurants*	All Other Foodservice**
Higher	14%	11%	13%	19%
About the same	11%	12%	11%	10%
Lower	75%	77%	76%	72%

#### September 2021 vs September 2019

	Total Foodservice	Quick-service Restaurants	Table-service Restaurants*	All Other Foodservice**
Higher	8%	11%	6%	11%
About the same	10%	13%	9%	11%
Lower	82%	76%	85%	78%

Which of the following best describes your foodservice sales between July and September 2021?

	Total Foodservice	Quick-service Restaurants	Table-service Restaurants*	All Other Foodservice**
Our sales were BETTER than expected	20%	16%	20%	23%
Our sales were WORSE than expected	46%	52%	45%	45%
Our sales are IN LINE with what we were expecting	34%	33%	36%	32%

In the third quarter of 2021, was your restaurant traffic / guest count higher, lower, or about the same as it was in the third quarter of 2019?

	Total Foodservice	Quick-service Restaurants	Table-service Restaurants*	All Other Foodservice**
Higher	9%	9%	8%	12%
About the same	12%	7%	14%	9%
Lower	79%	84%	78%	79%

On a percentage basis, approximately how much HIGHER was your restaurant traffic / guest count in the third quarter of 2021 compared to the third quarter of 2019?

**(based on those that had higher traffic in the third quarter of 2021)**

	Total Foodservice	Quick-service Restaurants	Table-service Restaurants*	All Other Foodservice**
1% to 10% higher	55%	50%	55%	60%
11% to 20% higher	34%	30%	35%	33%
More than 20% higher	11%	20%	10%	7%

On a percentage basis, approximately how much LOWER was your restaurant traffic / guest count in the third quarter of 2021 compared to the third quarter of 2019?

**(based on those that had lower traffic in the third quarter of 2021)**

	Total Foodservice	Quick-service Restaurants	Table-service Restaurants*	All Other Foodservice**
1% to 10% lower	4%	7%	4%	2%
11% to 20% lower	19%	22%	20%	12%
21% to 30% lower	24%	20%	26%	21%
31% to 40% lower	20%	14%	20%	26%
41% to 50% lower	14%	12%	16%	11%
More than 50% lower	18%	23%	13%	29%

What best describes the current profitability of your overall operations?

	Total Foodservice	Quick-service Restaurants	Table-service Restaurants*	All Other Foodservice**
Making a pre-tax profit of 5% or more	11%	20%	10%	7%
Making a pre-tax profit between 2% and 5%	11%	13%	11%	9%
Making a pre-tax profit between 0% and 2%	11%	11%	11%	9%
Breaking even	21%	15%	22%	22%
Operating at a loss	46%	41%	46%	53%

### How optimistic are you about your foodservice operation over the remainder of 2021?

	Total Foodservice	Quick-service Restaurants	Table-service Restaurants*	All Other Foodservice**
Very optimistic	4%	5%	3%	3%
Somewhat optimistic	17%	19%	16%	17%
Neither optimistic nor pessimistic	18%	15%	20%	15%
Somewhat pessimistic	36%	37%	36%	37%
Very pessimistic	25%	24%	25%	28%

### How optimistic are you about your foodservice operation in 2022 compared to 2021?

	Total Foodservice	Quick-service Restaurants	Table-service Restaurants*	All Other Foodservice**
Very optimistic	7%	7%	7%	9%
Somewhat optimistic	36%	36%	37%	36%
Neither optimistic nor pessimistic	23%	18%	23%	25%
Somewhat pessimistic	23%	24%	22%	23%
Very pessimistic	11%	15%	11%	6%

### To what extent are you currently experiencing a staffing shortage?

	Total Foodservice	Quick-service Restaurants	Table-service Restaurants*	All Other Foodservice**
Significant shortage	50%	55%	51%	42%
Moderate shortage	28%	22%	29%	32%
Mild shortage	15%	16%	14%	16%
No shortage	7%	7%	6%	10%



How are you responding to the labour shortage? (Please select all that apply.)  
 (based on those that are currently experiencing a shortage of workers)

	Total Foodservice	Quick-service Restaurants	Table-service Restaurants*	All Other Foodservice**
Increasing hours worked by owner/management-level staff	75%	81%	75%	69%
Reducing hours of operation	71%	70%	74%	60%
Raising wages	63%	62%	65%	56%
Increasing menu prices	48%	38%	55%	30%
Flexible work schedules for staff	45%	50%	45%	39%
Free meals for staff	37%	46%	35%	35%
Shutting down operations for a day or multiple days of the week	36%	25%	41%	25%
Postponing/scaling back expansion plans	34%	34%	35%	30%
Referral bonuses	19%	30%	19%	10%
Offering benefits such as healthcare services	18%	24%	17%	17%
Better communicating company culture/values	18%	19%	18%	15%
Investing in labour-saving technology	14%	19%	12%	18%
Profit sharing	6%	11%	5%	2%

Over the next 12 months, is your restaurant's investment spending on technology and commercial foodservice equipment expected to become higher, lower, or about the same as over the past 12 months?

	Total Foodservice	Quick-service Restaurants	Table-service Restaurants*	All Other Foodservice**
Higher	27%	37%	24%	24%
About the same	33%	29%	34%	34%
Lower	22%	17%	22%	26%
I don't know / not sure	18%	16%	19%	16%

Are you considering opening a ghost kitchen/virtual kitchen?

	Total Foodservice	Quick-service Restaurants	Table-service Restaurants*	All Other Foodservice**
We currently offer this	7%	7%	7%	7%
We plan to open this in the next two years	6%	3%	8%	2%
We plan to open this within the next five years	2%	2%	2%	2%
We are not planning to expand into this	59%	61%	57%	67%
I don't know / not sure	26%	27%	27%	22%

What type of impact do you feel the expansion of ghost kitchens/virtual kitchens will have on the overall foodservice industry?

	Total Foodservice	Quick-service Restaurants	Table-service Restaurants*	All Other Foodservice**
Significantly positive impact	2%	3%	2%	2%
Somewhat positive impact	12%	11%	11%	13%
No impact	10%	9%	11%	10%
Somewhat negative impact	24%	16%	27%	22%
Significantly negative impact	14%	18%	12%	14%
Not sure / don't know	38%	44%	36%	40%

Over the next 12 months, by how much do you expect you will raise your menu prices?

	Total Foodservice	Quick-service Restaurants	Table-service Restaurants*	All Other Foodservice**
Less than 1%	2%	5%	1%	5%
1% to 2%	5%	7%	5%	3%
2% to 3%	11%	9%	12%	9%
3% to 4%	13%	15%	14%	11%
4% to 5%	18%	15%	18%	20%
5% to 6%	12%	9%	12%	15%
6% to 7%	6%	5%	6%	3%
More than 7%	23%	23%	21%	28%
Not sure / don't know	10%	13%	10%	7%

How many foodservice establishments do you operate?

	Total Foodservice	Quick-service Restaurants	Table-service Restaurants*	All Other Foodservice**
A single, independent establishment	52%	31%	55%	64%
A single location with a multi-unit business or franchise	14%	18%	13%	13%
More than one establishment	34%	51%	32%	23%

Is your business currently receiving the federal rent and/or wage subsidy?

**-SINGLE UNIT ESTABLISHMENTS**

	Total Foodservice	Quick-service Restaurants	Table-service Restaurants*	All Other Foodservice**
Yes	73%	72%	75%	64%
No	27%	28%	25%	36%

How will your operations be impacted by these subsidies ending as of Oct. 24? (Please select all that apply.)

**- SINGLE UNIT ESTABLISHMENTS**

	Total Foodservice	Quick-service Restaurants	Table-service Restaurants*	All Other Foodservice**
We will struggle to keep existing staff/have to cut staff hours	76%	71%	80%	67%
We will struggle to continue paying suppliers	61%	61%	64%	51%
We will struggle with hiring back staff/hiring new staff	55%	59%	55%	53%
We will have to reduce our hours of operation	47%	27%	49%	51%
We will have to temporarily close our operations	12%	10%	12%	10%
We will have to permanently close our operations	9%	12%	8%	12%
We will have to go back to takeout/delivery only	8%	5%	10%	2%

Is your business currently receiving the federal rent and/or wage subsidy?

**- MULTI-UNIT ESTABLISHMENTS**

	Total Foodservice	Quick-service Restaurants	Table-service Restaurants*	All Other Foodservice**
Yes	76%	73%	79%	65%
No	24%	27%	21%	35%

How will your operations be impacted by these subsidies ending as of Oct. 24? (Please select all that apply.)

**- MULTI-UNIT ESTABLISHMENTS**

	Total Foodservice	Quick-service Restaurants	Table-service Restaurants*	All Other Foodservice**
We will struggle to keep existing staff/have to cut staff hours	78%	73%	79%	92%
We will struggle to continue paying suppliers	66%	50%	73%	69%
We will struggle with hiring back staff/hiring new staff	61%	48%	64%	77%
We will have to reduce our hours of operation for at least one of our locations	52%	50%	54%	46%
We will have to permanently close at least one of our locations	20%	18%	20%	23%
We will have to temporarily close at least one of our locations	16%	15%	17%	15%
We will have to go back to takeout/delivery only for at least one of our locations	14%	23%	11%	8%

Are your guests currently required to show a vaccine passport/proof of vaccination for on-premise service at any establishments you operate?

	Total Foodservice	Quick-service Restaurants	Table-service Restaurants*	All Other Foodservice**
Yes	89%	69%	96%	85%
No	11%	31%	4%	15%

**How have vaccine passport/proof of vaccination requirements impacted your revenue?**  
**(based on those respondents where a vaccine passport/proof of vaccination is required)**

	Total Foodservice	Quick-service Restaurants	Table-service Restaurants*	All Other Foodservice**
Our revenue has significantly increased	1%	0%	1%	1%
Our revenue has slightly increased	5%	7%	5%	5%
There has been little to no impact on our revenue	18%	26%	16%	23%
Our revenue has slightly decreased	21%	22%	23%	14%
Our revenue has significantly decreased	39%	14%	44%	38%
Not sure / it's too soon to tell	16%	31%	12%	19%

**What other impacts have vaccine passport/proof of vaccination requirements had on your operations?**  
**(Please select all that apply.)**

**(based on those respondents where a vaccine passport/proof of vaccination is required)**

	Total Foodservice	Quick-service Restaurants	Table-service Restaurants*	All Other Foodservice**
We need higher staffing levels to handle the burden of enforcing the new rules	62%	49%	65%	59%
Our staff are experiencing hostile confrontations from people opposed to the new rules	50%	48%	51%	48%
Negative social media interactions from people opposed to the new rules	40%	29%	43%	38%
Bad reviews from people opposed to the new rules	40%	23%	44%	35%
We have lost staff due to the requirement to enforce the new rules	22%	21%	22%	27%
We have had to temporarily shut down on-premise dining	5%	10%	4%	4%
We aren't experiencing any other impacts	10%	10%	8%	16%
Not sure / it's too soon to tell	16%	23%	15%	14%

**How many units do you own and/or operate?**

	Total Foodservice	Quick-service Restaurants	Table-service Restaurants*	All Other Foodservice**
Number of Responses	747	119	426	202
Number of Units	5,926	2,313	3,239	374

\* Includes table-service restaurant and combination table-service restaurant and bar

\*\* Includes accommodation, drinking places, institutions (e.g. health care, education) and managed service providers.

## About the Restaurant Outlook Survey

The results for the third quarter are compiled from responses to an email to foodservice operators inviting them to take an online survey. The survey was conducted in October 2021.

Restaurants Canada encourages foodservice operators to participate in the Restaurant Outlook Survey to ensure results continue to be representative of our industry. Contact Chris Elliott at [celliot@restaurantscanada.org](mailto:celliot@restaurantscanada.org) to participate in the survey.

## About Restaurants Canada

Restaurants Canada is a growing community of 30,000 foodservice businesses, including restaurants, bars, caterers, institutions, and suppliers. We connect our members from coast to coast through services, research, and advocacy for a strong and vibrant restaurant community.

Before the start of the COVID-19 pandemic, Canada's foodservice sector was a \$95 billion industry, directly employing 1.2 million people, providing Canada's number one source of first jobs and serving 22 million customers across the country every day.



**Restaurants  
Canada**

The voice of foodservice | La voix des services alimentaires

## For further information

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