RCINTEL

Restaurant Outlook Survey

Q4 2022

Executive Summary

- Despite an improvement in guest counts, higher operating costs resulted in 43% of restaurants reporting that 2022 was a worse year for them financially than 2021. In contrast, 40% of respondents said their financial performance improved in 2022, while 18% indicated their financial performance was the same in 2022 compared to 2021.
- 53% of QSRs reported that their financial performance was worse in 2022 compared to 2021. This is a result of a moderation in guest counts combined with soaring operating costs. By comparison, 35% said that their finances were better and 11% reported no change in their financial performance.
- Due to rising operating costs, 44% of table-service restaurant respondents experienced a deterioration in their financial performance in 2022 compared to 37% who saw an improvement.
- Of those that saw an improvement in their financial situation in 2022, the two most significant contributing factors were an increase in guest counts compared to 2021 (76% of respondents) and passing on higher operating costs through an increase in menu prices (62% of respondents).
- Of those whose financial situation worsened in 2022, the most significant challenges were rising food costs (94% of respondents) and rising labour costs (85% of respondents).
- 28% of restaurants are currently operating at a loss, while another 15% are just managing to break even. This is quite a long way from pre-pandemic levels when only 7% of all restaurants were operating at a loss, and 5% were breaking even.
- Broken down by segment, 33% of table-service restaurants are still operating at a loss, as are 25% of 'all other foodservice' operators, compared to 17% of QSRs.
- Across all segments, the top priorities for 2023 are reducing operating costs (79%) and attracting new customers (70%).
- 74% of restaurants currently use single-use plastic cutlery and 58% use single-use plastic cups and lids. Some restaurants that have already made the move to more sustainable options are looking at alternatives to single-use plastics.

Introduction

Why 2022 Was Not the "Return-to-Normal Year" as Hoped for by Many Restaurant Owners

By most measures, Canada's restaurant industry appeared poised for a strong recovery in 2022. Having just experienced two grim years of uncertainty and government-mandated lockdowns in 2020 and 2021, resulting in thousands of permanent restaurant closures, the foodservice industry was geared up for 2022 to be a better year. What they didn't anticipate was the possibility it could be worse.

Nor did anyone else. Business analysts predicted the reopening of the global economy would lead to unprecedented pent-up consumer spending, especially in the hard-hit food and hospitality services sector. In Canada, this spending would be driven, in large part, by more than $300 billion in accumulated consumer savings. It was anticipated that a buoyant economy, robust job market, and rising wages would lead to a dramatic surge in foodservice spending, which was expected to boost restaurant owners' top-line revenues. Those predictions appeared to transpire in the second quarter of 2022, with guests lining up outside restaurants and filling patios to reconnect with loved ones, resulting in the most substantial quarterly sales since the pandemic's start.

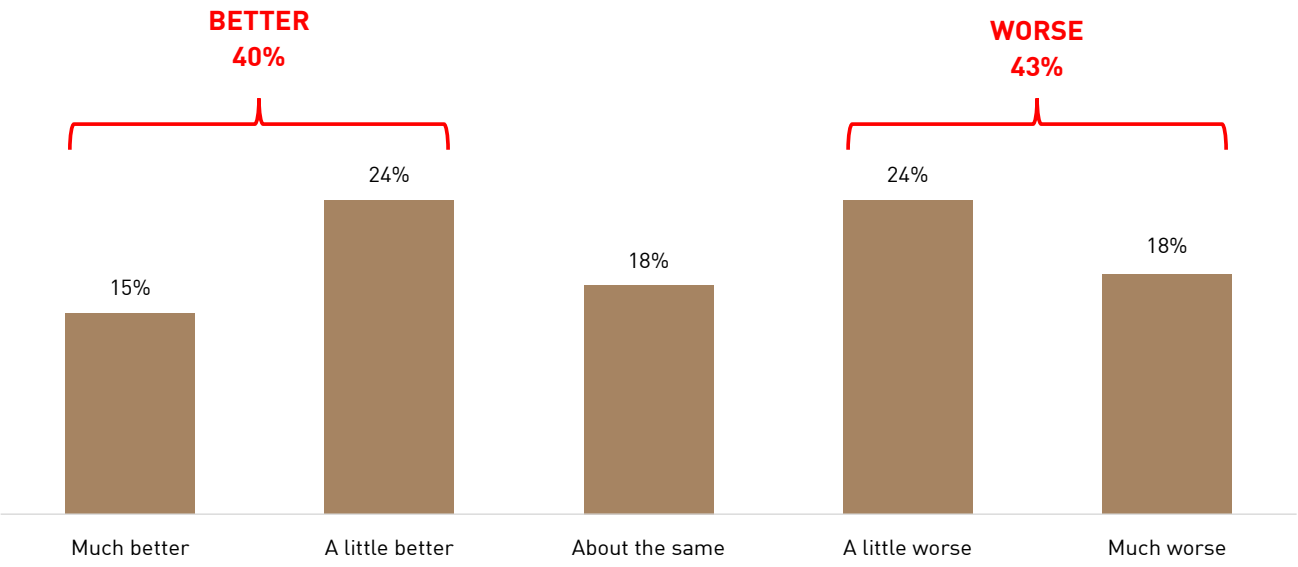
Yet ultimately, 2022 didn't live up to the hype that many restaurant owners were not only expecting but hoping for. Rather than a 'return-to-normal' year, it was another year of uncertainty and hardship. Despite a sharp decline in COVID-19 cases, the reopening of the global economy led to soaring food costs, massive labour shortages, and significant disruptions in the supply of goods and services for restaurant operators. While Canadians returned to the table in solid numbers, traffic didn't return to pre-pandemic levels as people continued to work remotely from their home offices, abandoning their usual routines of purchasing breakfast, snacks, and lunches during the workweek.

This edition of the Restaurant Outlook Survey takes a closer look at how and why 2022 didn't live up to the anticipated hype for foodservice owners and if 2023 will finally bring much-needed relief for the industry.

Overall Financial Performance in 2022 Compared to 2021

Despite a significant increase in restaurant traffic in 2022, more was needed to enable restaurant owners to offset mounting operating costs. Everything from food to labour to equipment and insurance skyrocketed at a pace not seen in decades, all while operators were concerned with paying down the debt they had already accumulated. While guest counts dramatically improved compared to 2020 and 2021, they remained below 2019 levels. Add it all up, and the result is that many restaurant operators (43%) said that 2022 was a worse year for them financially than 2021. 18% indicated their financial performance was the same in 2022 compared to 2021, and 40% of respondents said their financial performance improved in 2022.

A Slightly Greater Share of Foodservice Operators said their Financial Performance was Worse in 2022 Compared to 2021



Q: In 2022, was your financial performance in terms of net income, better, worse, or about the same?

The results vary by type of restaurant business. Despite outperforming other foodservice segments in sales growth during the pandemic, 53% of QSRs (quick-service restaurants) reported that their financial performance was worse in 2022 compared to 2021. This is a result of a moderation in guest counts combined with soaring operating costs. By comparison, 35% said that their finances were better and 11% reported no change in their financial performance.

In contrast, 44% of table-service restaurant respondents experienced a deterioration in their financial performance in 2022 compared to 37% who saw an improvement.

The 'all other foodservice' category, which includes accommodation, drinking places, and institutions, experienced the largest shift in financial performance, with 50% seeing an improvement in their finances in 2022 compared to 2019 versus 30% who saw a worsening of their financial situation. This represents a considerable improvement in their revenue after being the hardest hit segments in 2020 and 2021.

The rest of the 2022 Q4 Restaurant Outlook Survey takes a deep dive into the factors impacting restaurants' financial performance in 2022 and what the top priorities will be for restaurant owners in 2023.

Factors Impacting Financial Performance

Of those whose financial situation worsened in 2022, the most significant challenges were rising food costs (94% of respondents) and rising labour costs (85% of respondents). These results were consistent across all industry segments. These increased costs were not offset by a much hoped-for increase in traffic, only adding to the challenges already facing restaurant owners. As a result, 68% of table-service restaurants and 63% of QSRs attributed the worsening financial performance to a decline in guests. In contrast, a smaller share (48%) of 'all other foodservice" reported fewer customers.

In 2020 and 2021, wage and rent subsidies were a vital lifeline to restaurant owners, preventing tens of thousands of restaurants from permanently shutting down. Unfortunately, 2022 saw a massive reduction in these subsidies, which was much too soon because the foodservice industry had not recovered financially from the previous two years. Of the table-service restaurants that experienced a worsening financial performance in 2022, 65% attributed this to the reduction in government subsidies.

This trend will continue in 2023 as a looming economic slowdown impacts how consumers spend their money in the restaurant sector. As one operator pointed out regarding the weak guest counts:

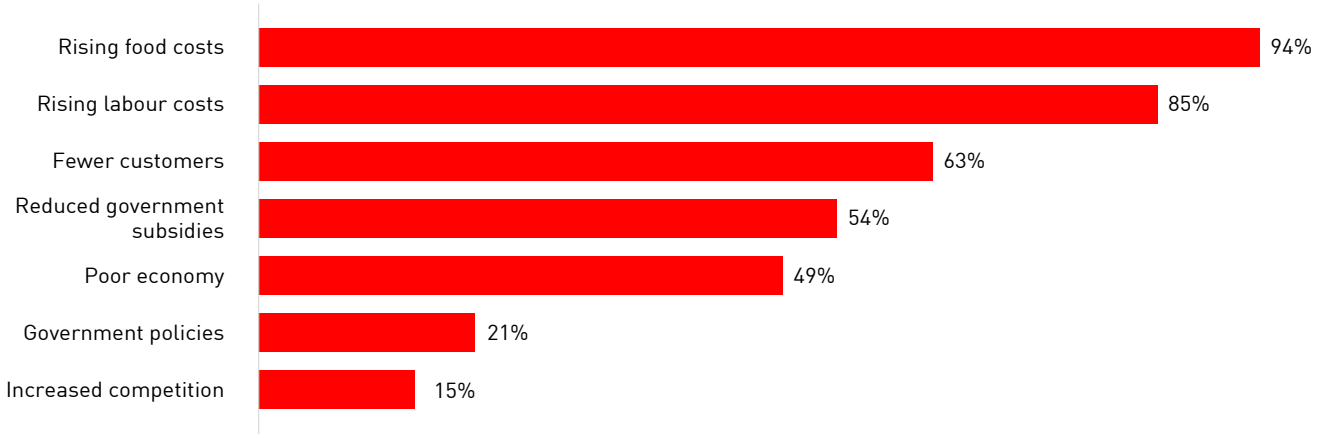
> **"Some people still didn't feel safe going out to eat, and money was a lot tighter for some people due to the rising cost of living."**

Higher worker shortages also affect restaurant owners' ability to earn revenue:

> **"Labour shortages forced our restaurant to reduce operating hours compared to before the pandemic,"**

said another operator.

Rising Food costs and Labour Costs Were the Top Factors that Led to a Decrease in Financial Performance in 2022



Q: Which factors led to a worsening financial performance in 2022?

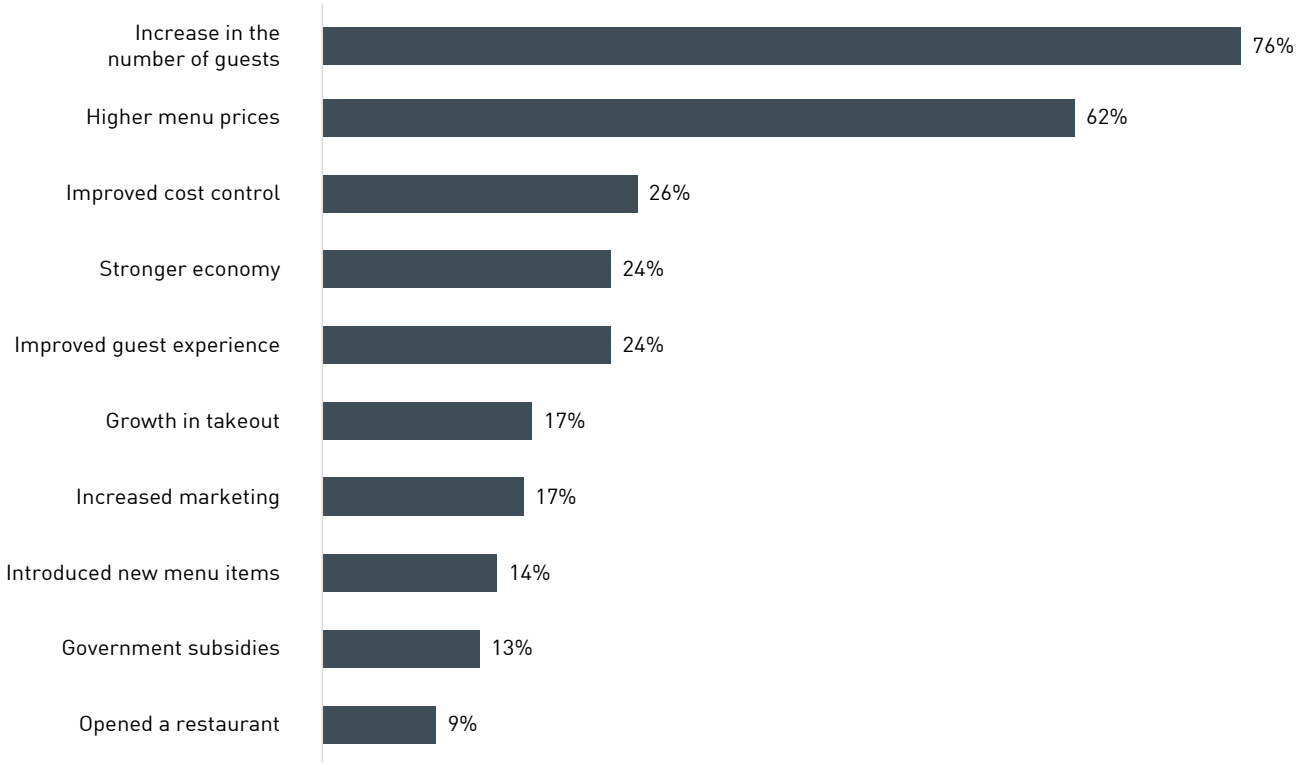
Note: Percentages based on those that experienced a worsening financial performance in 2022.

For the 40% of the industry which saw an improvement in their financial situation in 2022, the two most significant contributing factors were an increase in guest counts compared to 2021 (76% of respondents) and passing on higher operating costs through an increase in menu prices (62% of respondents).

While these responses were consistent across all segments, one-third of table-service restaurants said that improved cost control was a major factor helping their financial performance. As stated by one operator:

> **"We invested in improving efficiencies within our kitchen to save money."**

An Increase in the Number of Guests and Higher Menu Prices Were the Top Factors that Led to Improved Financial Performance in 2022



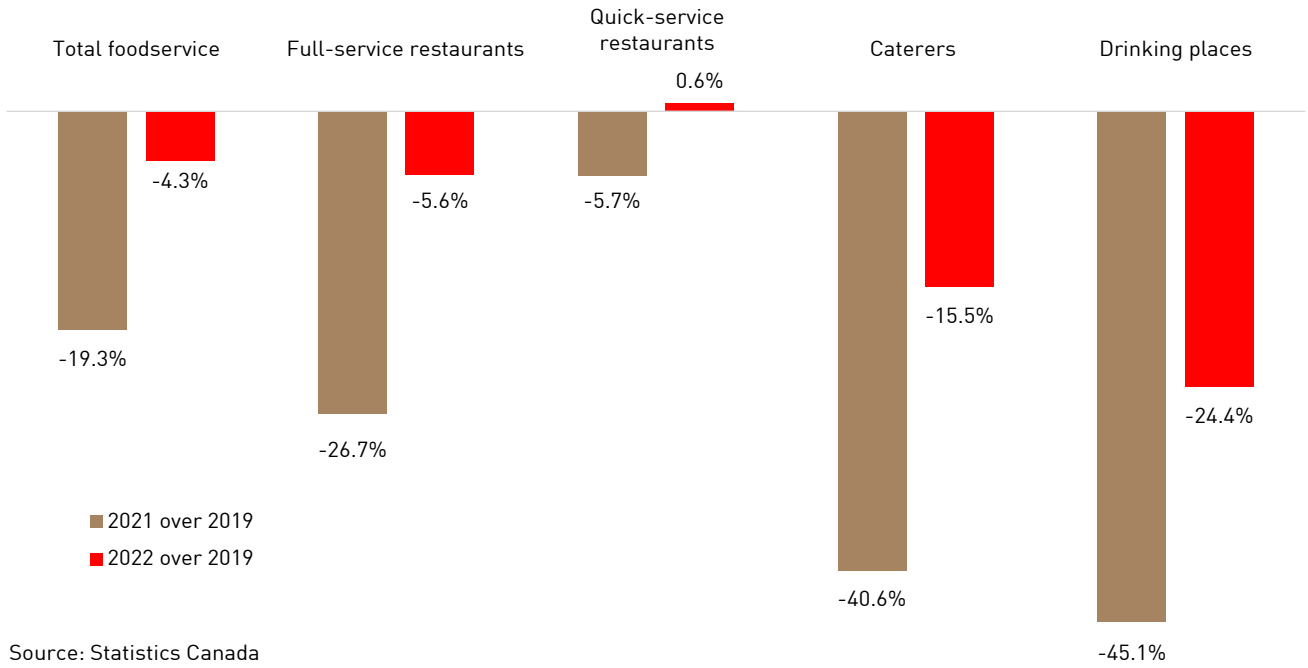
Q: Which factors led to an improved financial performance in 2022?

Note: Percentages based on those that experienced an improved financial performance in 2022.

According to Statistics Canada, the pandemic led to significantly lower real foodservice sales in 2021 compared to 2019. While all foodservice segments saw a dramatic improvement in real sales over the course of 2022, QSRs remain the only segment with higher real sales (+0.6%) versus 2019. Many restaurant owners agree:

> **"2021 was a horrible year, so with the reopening in early 2022, we naturally improved our sales over 2021, but we're still not back to the 2019 levels."**

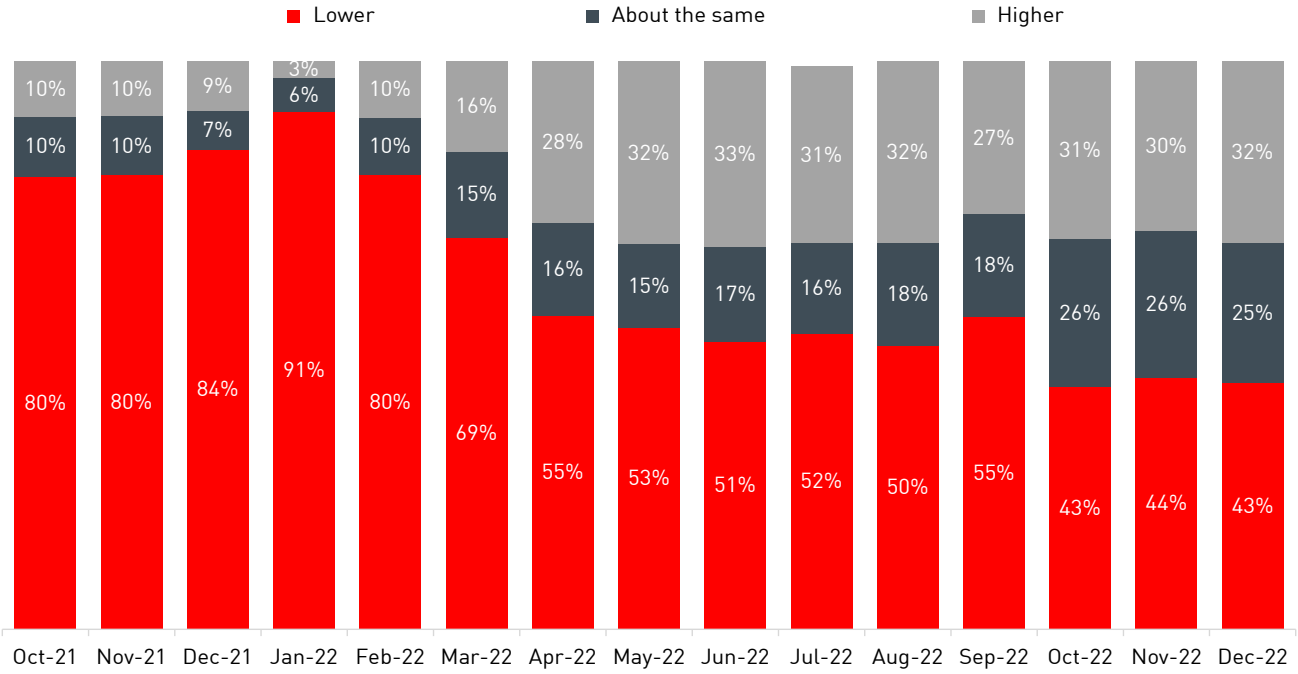
Inflation-Adjusted Commercial Foodservice Sales Compared to 2019



Source: Statistics Canada

While some restaurant operators appear to have weathered the worst of the storm in the past year, nearly half of the table-service restaurants and 40% of QSR operators still had lower sales in Q4 2022 compared to Q4 2019. There was little difference in the sales performance of table-service restaurants and QSRs in November and December 2022, with only 30% of restaurants reporting higher sales while 40% saw lower sales.

Change in 2022 Total Sales Volume Compared to 2019

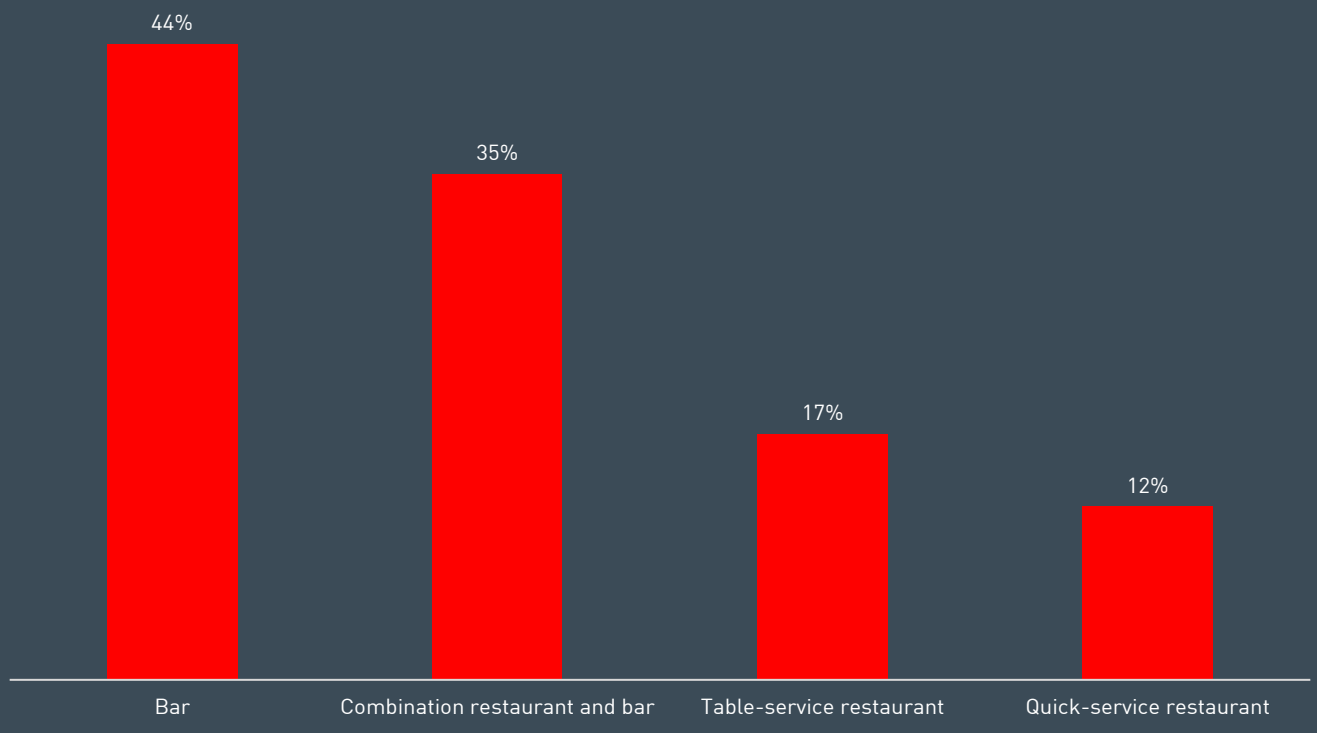


Q: For the following months, was your total sales volume, higher, lower, or about the same as it was compared to the same month in 2019?

The 2022 FIFA World Cup, which ran from November 20 to December 18, 2022, had the greatest impact on bars, where 45% of respondents reported an increase in traffic. By comparison, 35% of restaurant-bars and 17% of table-service restaurants reported an increase in traffic due to the World Cup.

Across the overall foodservice industry, just 2% of restaurant owners reported a significant increase in traffic due to the 2022 FIFA World Cup, while 5% saw a moderate increase.

Share of Foodservice Operators that Experienced an Increase in Traffic Due to the World Cup



Q: Did your foodservice business see any increase in traffic due to the World Cup?

Rising Operating Costs

While 2022 real sales and traffic remain below pre-pandemic levels for many in the foodservice industry, rocketing operating costs continues to be a major challenge for owners. Even during "normal" times, the average pre-tax profit margin in the foodservice industry was a meagre 4%, with the remaining 96% of all revenue generated flowing out of restaurants in the form of food costs, labour costs, rent, and other operating expenses.

Food costs - the largest expense for most restaurant operators - rose dramatically in 2022, with 57% of all survey respondents indicating their food costs increased by 11% or more compared to 2021.

At the same time, chronic labour shortages led to an increase of 6% and 20% in labour costs for 62% of restaurant operators.

> **"Labour shortages are driving up the cost of hiring. For a small, family-run restaurant, it's getting harder to compete with other businesses for labour,"**

said an operator.

> **"We can't afford to hire more staff given our current revenues being down and rising food costs."**

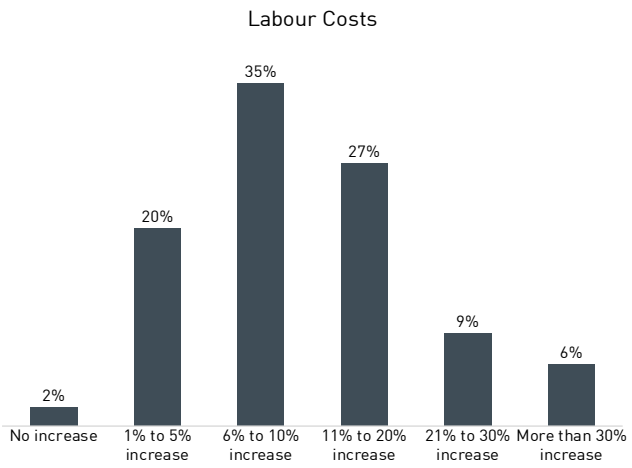
Higher wages and rising payroll taxes were the main contributors to the increase; however, one restaurant owner pointed out:

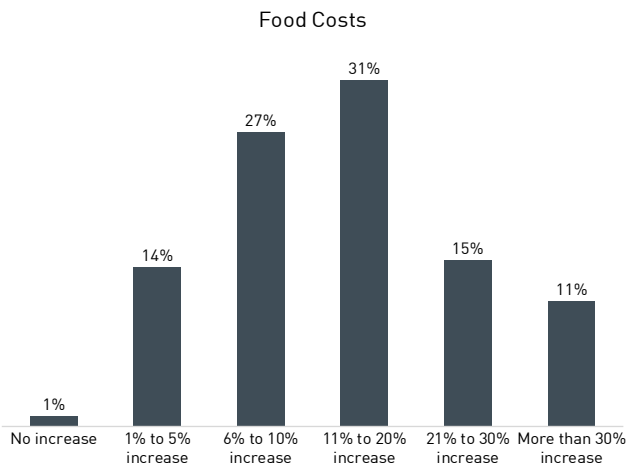
> **"The constant staff turnover meant a loss in time and money spent in training workers."**

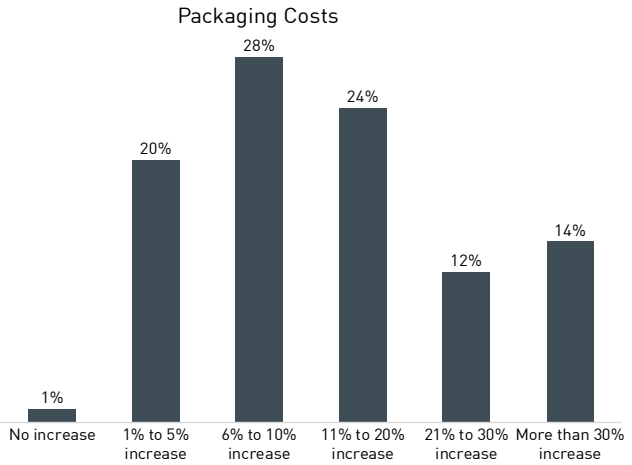
Restaurant operators also paid more for takeout packaging, utilities, equipment, insurance, and rent. Many restaurant operators reported that their insurance costs had more than doubled, citing it was difficult to find companies that would insure restaurants.

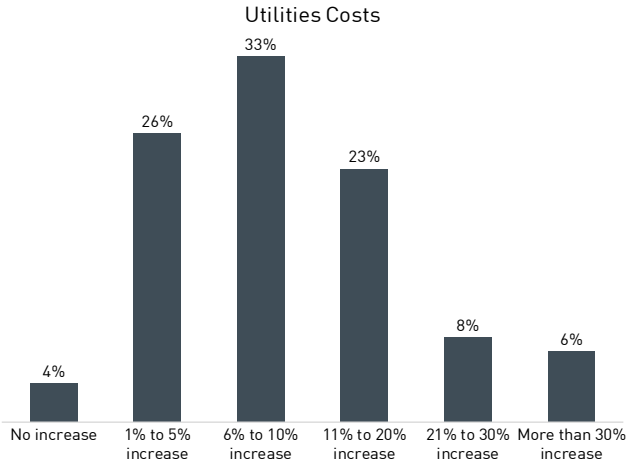
Looking ahead to 2023, 40% of survey respondents expect another year of "significantly higher" food costs, while another 50% anticipate that food costs will be "somewhat higher," which aligns with current expectations: a new report from Dalhousie University predicts grocery bills will rise to 7% in 2023. Sylvain Charlebois, Dalhousie Professor and lead author of the report, says prices will stay high in the first half of the year before easing in the latter half.

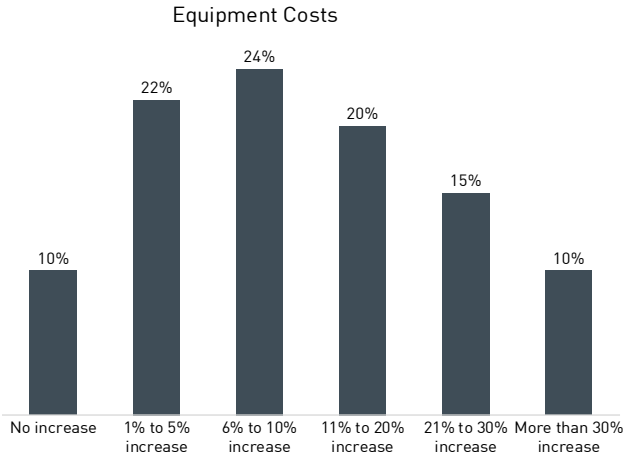
Meanwhile, six in 10 restaurant operators expect "somewhat higher" labour costs, signaling a moderation in the pace of labour cost growth. Another area where restaurant owners predict elevated operating costs is packaging costs, where 33% of respondents expect "significantly higher" expenditures in 2023.

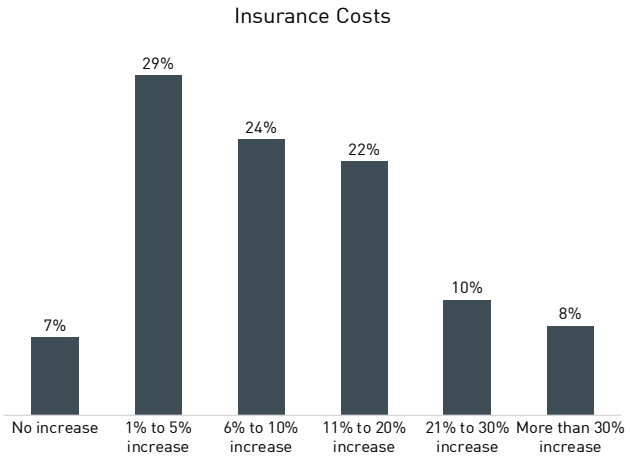






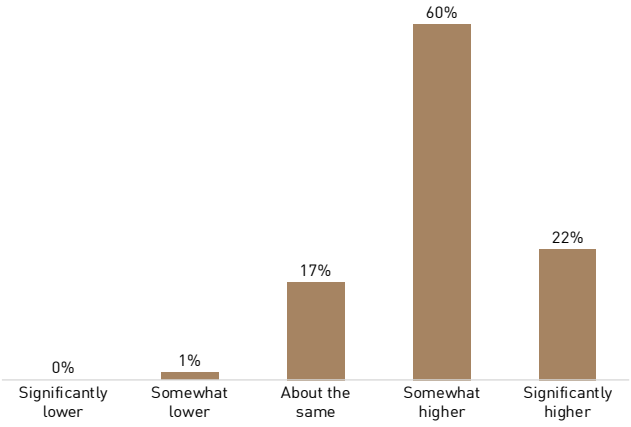




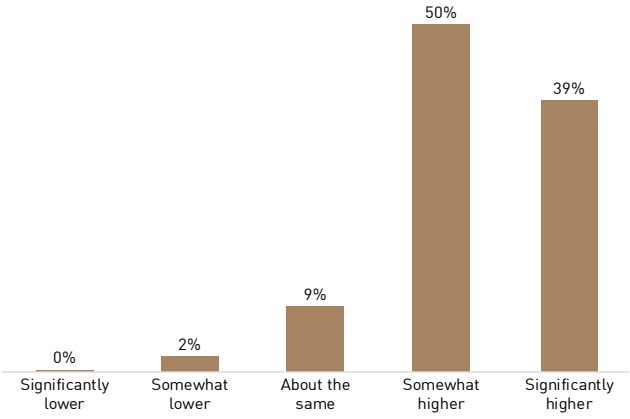


Q: In 2022 compared to 2021, by how much did the following increase:

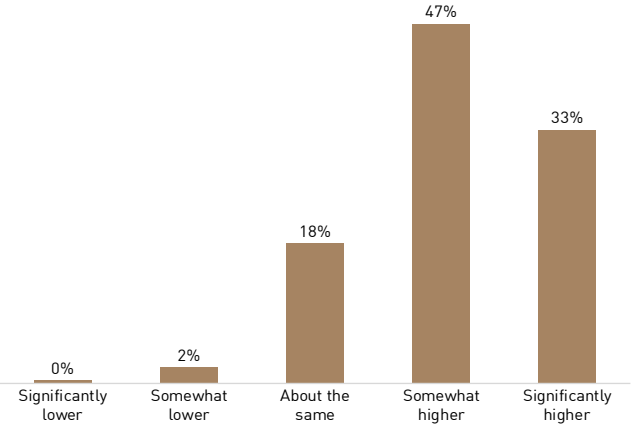
60% of all Restaurant Operators are Expecting "Somewhat Higher" Labour Costs in 2023



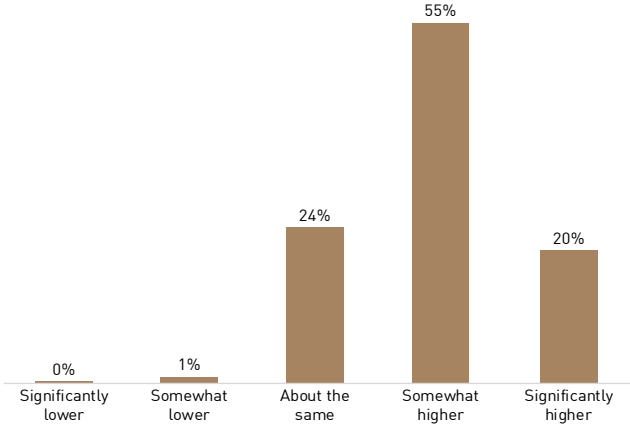
40% of Restaurant Owners Anticipate "Significantly Higher" Food Costs in 2023



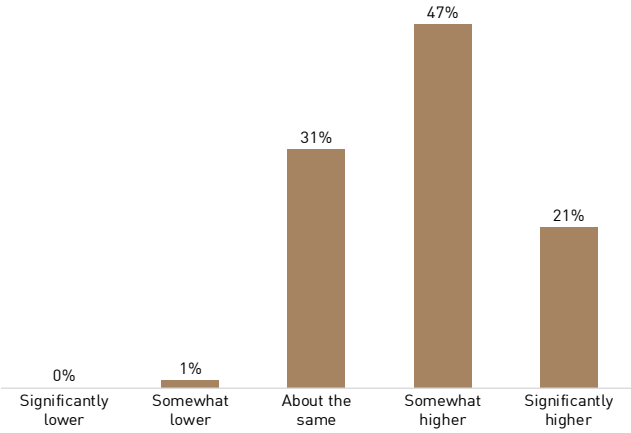
Almost 80% of All Restaurant Owners Expect an Increase in Packaging Costs in 2023



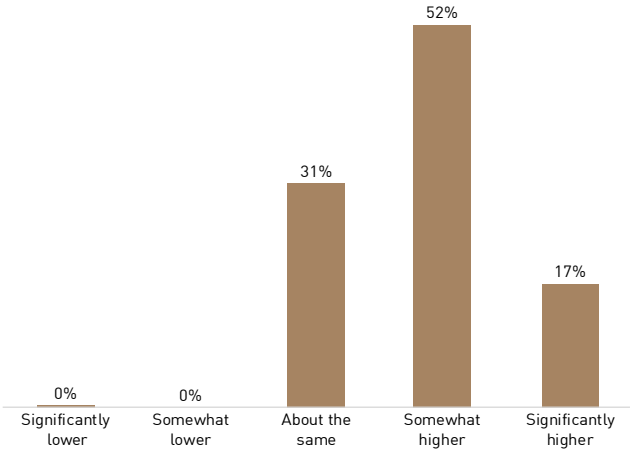
Over One in Seven Restaurant Owners Anticipate an Increase in Utility Costs in 2023



Almost 50% of all Restaurant Owners Expect a "Somewhat Higher" Increase in Equipement Costs in 2023



Almost 70% of all Restaurant Owners Anticipate an Increase in Insurance Costs in 2023



Q: Looking ahead to 2023, do you expect the following expenses to be higher, lower or about the same as 2022?

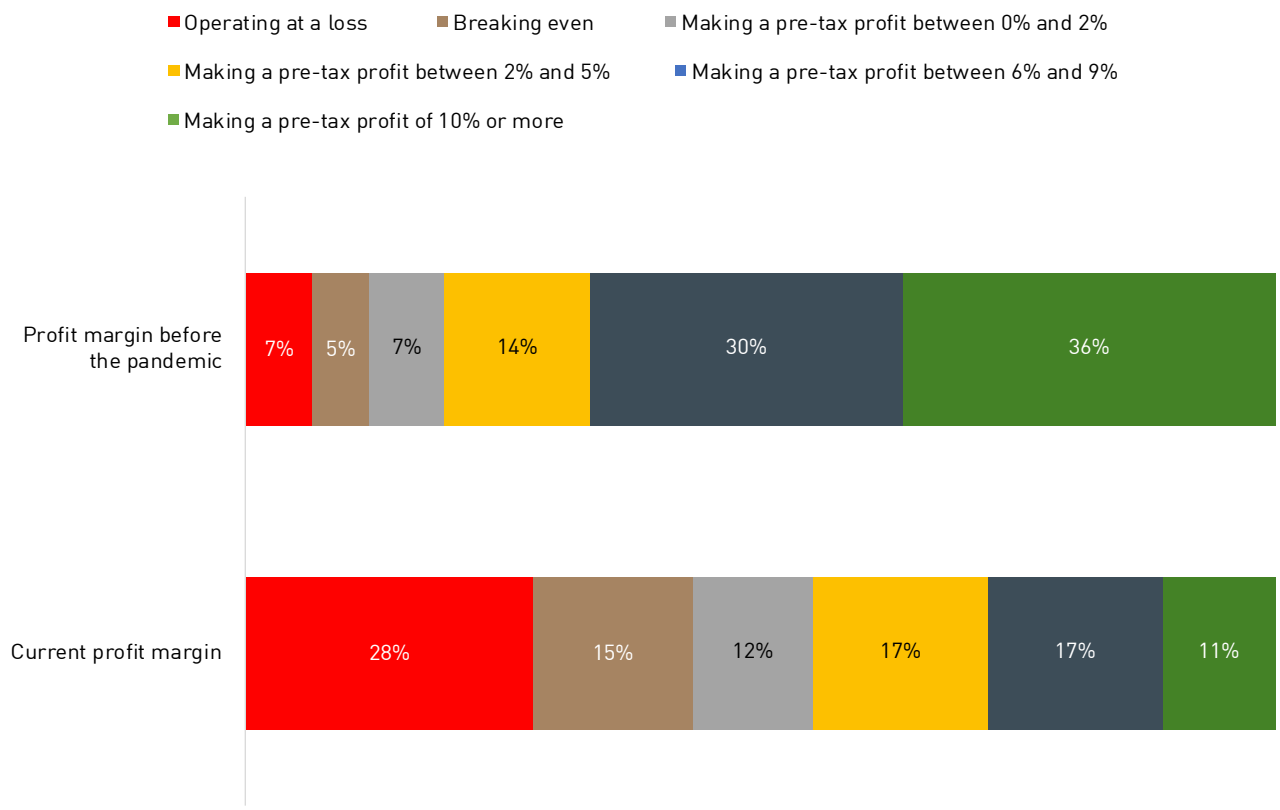
Profitability at Restaurants

When we look at the combined impact of lower guest counts and increasing operating costs, 28% of respondents are currently operating at a loss, while another 15% are just managing to break even. This is quite a long way from pre-pandemic levels when only 7% of all restaurants were operating at a loss, and 5% were breaking even. Broken down by segment, 33% of table-service restaurants are still operating at a loss, as are 25% of 'all other foodservice' operators, compared to 17% of QSRs.

With such a significant share of restaurant owners still operating at a loss, many are struggling to repay loans. As summarized by one restaurant owner:

> **"We are still dealing with arrears and debt from operating losses that accumulated during the pandemic and in the past six months (in this case, due to lower guest counts, lower sales, increased labour costs, inflation, and limitations on operating hours and shifts due to labour shortages). The situation is still DIRE for many restaurants! Cash flows and profits from the operations of the coming months and year will not be sufficient to cover past arrears!!! Restaurants need help!"**

Foodservice Profitability



- Q: What best describes the current profitability of your overall operations?
- Q: What best describes the profitability of your overall operations prior to the pandemic?

Top Priorities for 2023

Given all the challenges they are facing, foodservice operators are looking at several survival strategies throughout 2023. Across all segments, the top priorities are reducing operating costs (79%) and attracting new customers (70%).

The importance of reducing operating costs cannot be stressed enough. Based on the data collected around rising labour and food costs, restaurant operators that could contain these costs were significantly more likely to have a higher profit margin than those that were unable to. For example, 35% of restaurant operators with a pre-tax profit of 10% or more could hold their labour cost increase to under 5%, compared to 19% of those operating at a loss.

Similarly, 25% of restaurant operators with a pre-tax profit of 10% or more could hold their food cost increase to under 5%, compared to 11% of those operating at a loss. Some restaurants noted that they would look to new suppliers to minimize labour costs.

One of the most striking differences between those that were more profitable and those that were not is in insurance costs. Nearly six in 10 restaurant operators with a pre-tax profit of 10% or more could hold their insurance cost increase to under 5%, compared to 27% of those operating at a loss.

Tackling the labour shortage crisis will also be among the top priorities for foodservice operators in 2023, with 61% of respondents focusing on labour retention and 53% looking to attract or hire new staff.

To attract new guests, restaurant operators are looking to improve their guest experience, mainly through menu innovation and improved staff training. We will continue to see increased marketing use through social media (38% of respondents) relative to traditional marketing channels (30%). While takeout and delivery remain popular, many operators are exploring strategies to convert takeout and delivery customers into dine-in restaurant customers.

While one in five QSRs are looking to open a new location in 2023, only 7% of table-service restaurants are considering this move. At the same time, 15% of QSRs are also evaluating underperforming locations, which could lead to more permanent closures.

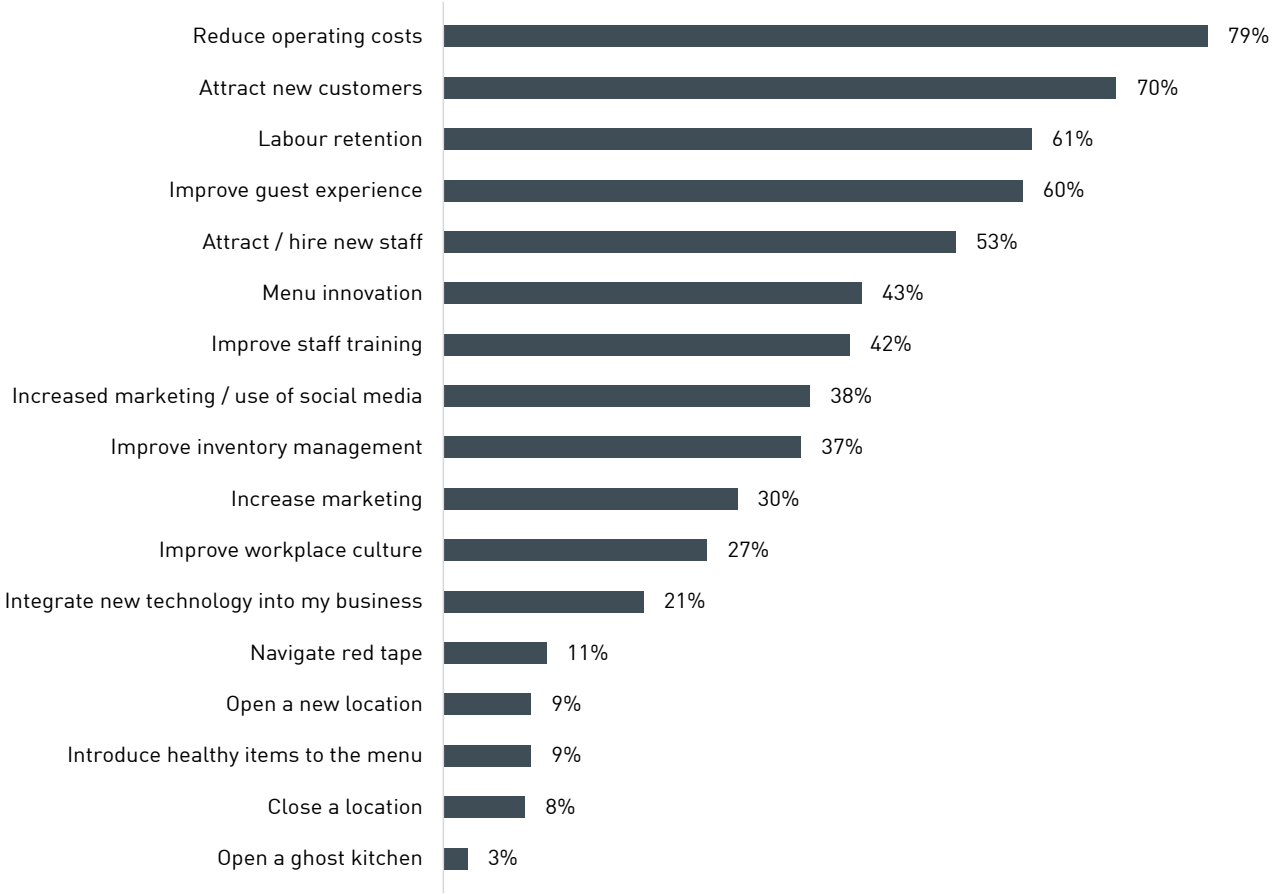
Regardless of all the plans restaurant owners are adopting to improve their financial performance in 2023, it remains an uphill battle due to crippling debt. As stated by one owner:

> **" The top priority for us is to find ways to refinance arrears and debt accumulated in the two years of the pandemic due to shutdowns and restrictions on dining out."**

For some, however, it may be too late. Said one operator,

> **"We will most likely not survive the next six months due to increased operational costs."**

Top Priorities for Foodservice Owners in 2023



Which of the following will be your top priorities for your business over the next 12 months? (Please select all that apply)

Single-Use Packaging

As of December 20, 2022, the Canadian government banned the manufacturing and importing of single-use plastics. To give businesses time to deplete their existing stock, the sale of single-use plastics will not be prohibited until 2023.

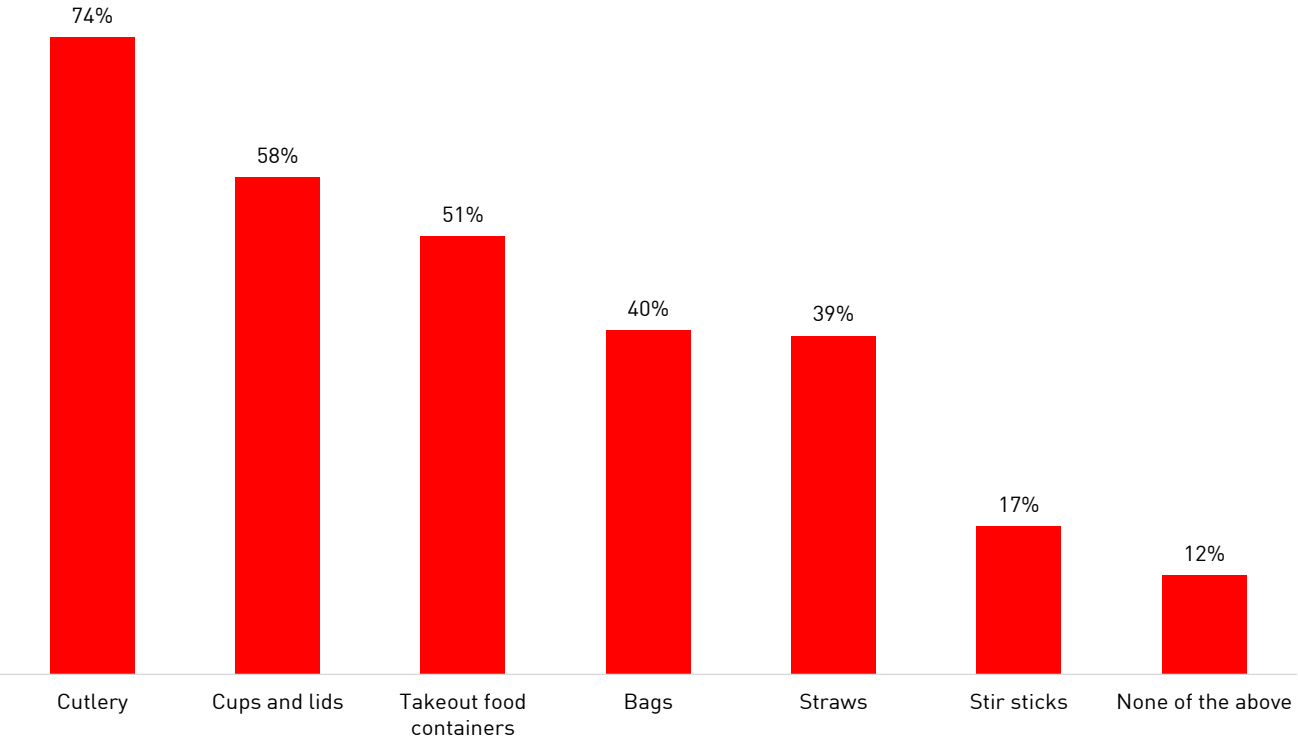
Plastic cutlery, cups/lids and takeout food containers are the most common forms of single-use plastic used at restaurants. 74% of restaurants currently use single-use plastic cutlery and 58% use single-use plastic cups and lids. Some restaurants that have already made the move to more sustainable options are looking at alternatives to single-use plastics. As some have commented:

> **"We eliminated all plastic six to seven years ago. We also started a recycling program with the local community garden, which has been very successful."**

> **"I no longer offer single-use plastic cutlery-to-go, but I haven't seen new options for lids. We have always tried to be green and use less plastic whenever possible, but we need the right alternatives."**

> **"We want to make a change to eliminate single-use plastics, but it's tough because of the cost of alternatives product that we have to purchase to replace those items."**

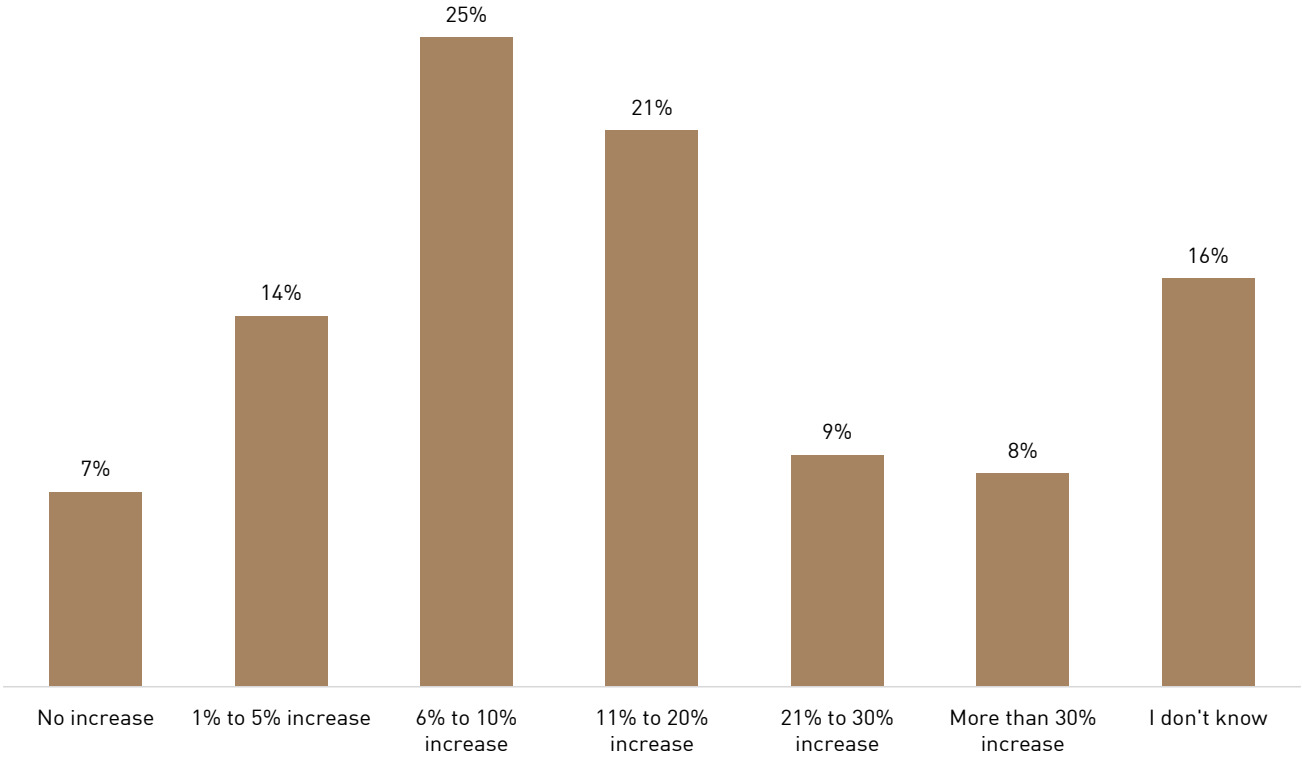
74% of Restaurants Currently use Single-use Plastic Cutlery and 58% use Single-use Plastic Cups and Lids



Which of the following single-use plastics are you currently using at your foodservice business operation? (Please select all that apply)

Indeed, one of the most significant barriers to switching to single-use plastic is the cost increase. Based on the survey responses, restaurants are expecting, on average, a 13% increase in purchasing alternatives to single-use plastics. Many are still determining how much it will truly cost to make the switch.

Foodservice Operators Are Expecting To Pay An Average of 13% More for Single-Use Plastic Alternatives Over the Next 12 Months



Over the next 12 months, how much more, in total, do you expect your company will spend purchasing single-use plastic alternatives?

From our respondents:

"I have not seen a good, affordable alternative."

"Biodegradable portion cups are three times more expensive. We will have to find other alternatives."

"Would like to eliminate the use of these products but think the government should somehow financially support the transition."

Single-use items pose a unique challenge for foodservice operators, as Canadians are increasingly turning to delivery and takeout. Off-premise dining still accounts for most foodservice sales nationwide and is growing. Foodservice operators acknowledge that consumers want their dining experiences to be as environmentally sustainable as possible, but also want convenience. Clearly, foodservice operators must juggle providing a memorable customer experience, embedding sustainability in their business, all while maintaining profitability.

Reducing plastics by replacing them with non-plastic equivalents may be an option for certain essential products. In the case of single-use plastic cutlery, stir sticks and straws, options exist that are made from a range of non-plastic materials, such as wood, paper and moulded pulp fibre. Single-use plastic foodservice ware made from problematic plastics could be replaced by more recyclable alternatives, such as containers made from polyethylene terephthalate (PET) or polypropylene. Single-use plastic checkout bags, cutlery and straws have reusable substitutes also made of plastic that are not subject to the Regulations. Performance criteria differentiate between single-use and reusable items for these product categories. Tests to determine whether a product meets the criteria for single-use must be conducted by an accredited laboratory. There are countless examples of operators successfully transitioning to green alternatives, however the long-term, plentiful supply of alternatives remains a concern.

Appendix

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?

October 2022 vs October 2019

	Total Foodservice	Quick-service Restaurants	Table-service Restaurants*	All Other Foodservice**
Higher	31%	35%	30%	33%
About the same	26%	30%	23%	29%
Lower	43%	35%	47%	38%

November 2022 vs November 2019

	Total Foodservice	Quick-service Restaurants	Table-service Restaurants*	All Other Foodservice**
Higher	30%	29%	29%	34%
About the same	26%	29%	25%	26%
Lower	44%	43%	46%	40%

December 2022 vs December 2019

	Total Foodservice	Quick-service Restaurants	Table-service Restaurants*	All Other Foodservice**
Higher	32%	31%	30%	36%
About the same	25%	29%	24%	24%
Lower	43%	40%	46%	40%

Did your foodservice business see any increase in traffic due to the World Cup?

	Total Foodservice	Quick-service Restaurants	Table-service Restaurants*	All Other Foodservice**
Significant increase	2%	0%	1%	5%
Moderate increase	5%	4%	5%	6%
Minor increase	14%	8%	14%	20%
No increase	79%	87%	80%	70%

In 2022, was your financial performance in terms of net income, better, worse, or about the same as in 2021?

	Total Foodservice	Quick-service Restaurants	Table-service Restaurants*	All Other Foodservice**
Much better	15%	14%	14%	21%
A little better	24%	21%	23%	29%
About the same	18%	11%	19%	21%
A little worse	24%	28%	24%	22%
Much worse	18%	25%	20%	8%

Which factors led to a worsening financial performance in 2022?

	Total Foodservice	Quick-service Restaurants	Table-service Restaurants*	All Other Foodservice**
Rising food costs	94%	100%	96%	80%
Rising labour costs	85%	92%	84%	76%
Fewer customers	63%	63%	68%	48%
Reduced government subsidies	54%	39%	65%	40%
Poor economy	49%	53%	51%	40%
Government policies	21%	16%	22%	24%
Increased competition	15%	13%	15%	16%

Which factors led to an improved financial performance in 2022?

	Total Foodservice	Quick-service Restaurants	Table-service Restaurants*	All Other Foodservice**
Increase in the number of guests	76%	68%	78%	75%
Higher menu prices	62%	64%	69%	44%
Improved cost control	26%	12%	33%	19%
Improved guest experience	24%	24%	23%	25%
Stronger economy	24%	36%	19%	25%
Growth in takeout	17%	16%	18%	17%
Increased marketing	17%	16%	17%	17%
Introduced new menu items	14%	4%	15%	19%
Government subsidies	13%	24%	12%	8%
Opened a restaurant	9%	28%	6%	3%

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 10% or more	11%	10%	10%	16%
Making a pre-tax profit between 6% and 9%	17%	24%	15%	14%
Making a pre-tax profit between 2% and 5%	17%	20%	17%	14%
Making a pre-tax profit between 0% and 2%	12%	13%	11%	11%
Breaking even	15%	17%	14%	20%
Operating at a loss	28%	17%	33%	25%

What best describes the profitability of your overall operations prior to the pandemic?

	Total Foodservice	Quick-service Restaurants	Table-service Restaurants*	All Other Foodservice**
Making a pre-tax profit of 10% or more	36%	46%	31%	41%
Making a pre-tax profit between 6% and 9%	30%	30%	32%	25%
Making a pre-tax profit between 2% and 5%	14%	11%	16%	11%
Making a pre-tax profit between 0% and 2%	7%	7%	7%	9%
Breaking even	5%	3%	6%	5%
Operating at a loss	7%	3%	7%	9%

In 2022 compared to 2021, by how much did the following increase:

Labour costs

	Total Foodservice	Quick-service Restaurants	Table-service Restaurants*	All Other Foodservice**
No increase	2%	1%	1%	5%
1% to 5% increase	20%	17%	23%	13%
6% to 10% increase	35%	44%	33%	33%
11% to 20% increase	27%	27%	26%	33%
21% to 30% increase	9%	7%	10%	13%
More than 30% increase	6%	4%	7%	5%

Food costs

	Total Foodservice	Quick-service Restaurants	Table-service Restaurants*	All Other Foodservice**
No increase	1%	0%	1%	0%
1% to 5% increase	14%	17%	16%	3%
6% to 10% increase	27%	24%	27%	28%
11% to 20% increase	31%	30%	31%	38%
21% to 30% increase	15%	19%	13%	18%
More than 30% increase	11%	10%	11%	15%

Packaging costs

	Total Foodservice	Quick-service Restaurants	Table-service Restaurants*	All Other Foodservice**
No increase	1%	1%	1%	0%
1% to 5% increase	20%	19%	21%	19%
6% to 10% increase	28%	29%	27%	36%
11% to 20% increase	24%	23%	25%	22%
21% to 30% increase	12%	13%	11%	11%
More than 30% increase	14%	14%	14%	11%

Utilities

	Total Foodservice	Quick-service Restaurants	Table-service Restaurants*	All Other Foodservice**
No increase	4%	6%	3%	3%
1% to 5% increase	26%	17%	29%	24%
6% to 10% increase	33%	43%	30%	32%
11% to 20% increase	23%	22%	23%	27%
21% to 30% increase	8%	6%	8%	8%
More than 30% increase	6%	6%	7%	5%

Equipment

	Total Foodservice	Quick-service Restaurants	Table-service Restaurants*	All Other Foodservice**
No increase	10%	9%	10%	9%
1% to 5% increase	22%	20%	22%	21%
6% to 10% increase	24%	23%	23%	26%
11% to 20% increase	20%	20%	19%	24%
21% to 30% increase	15%	17%	16%	9%
More than 30% increase	10%	12%	9%	12%

Insurance

	Total Foodservice	Quick-service Restaurants	Table-service Restaurants*	All Other Foodservice**
No increase	7%	4%	7%	8%
1% to 5% increase	29%	29%	31%	22%
6% to 10% increase	24%	33%	23%	14%
11% to 20% increase	22%	23%	22%	22%
21% to 30% increase	10%	6%	9%	25%
More than 30% increase	8%	4%	9%	8%

Rent

	Total Foodservice	Quick-service Restaurants	Table-service Restaurants*	All Other Foodservice**
No increase	39%	29%	43%	36%
1% to 5% increase	31%	33%	31%	27%
6% to 10% increase	18%	24%	16%	18%
11% to 20% increase	7%	8%	7%	5%
21% to 30% increase	3%	3%	3%	5%
More than 30% increase	2%	3%	1%	9%

Looking ahead to 2023, do you expect the following expenses to be higher, lower or about the same as 2022?

Labour costs

	Total Foodservice	Quick-service Restaurants	Table-service Restaurants*	All Other Foodservice**
Significantly higher	22%	20%	21%	32%
Somewhat higher	60%	52%	65%	51%
About the same	17%	28%	12%	17%
Somewhat lower	1%	0%	2%	0%
Significantly lower	0%	0%	0%	0%

Food costs

	Total Foodservice	Quick-service Restaurants	Table-service Restaurants*	All Other Foodservice**
Significantly higher	39%	33%	40%	44%
Somewhat higher	50%	54%	50%	39%
About the same	9%	9%	9%	15%
Somewhat lower	2%	3%	2%	2%
Significantly lower	0%	1%	0%	0%

Packaging costs

	Total Foodservice	Quick-service Restaurants	Table-service Restaurants*	All Other Foodservice**
Significantly higher	33%	29%	35%	29%
Somewhat higher	47%	53%	46%	39%
About the same	18%	12%	18%	32%
Somewhat lower	2%	4%	2%	0%
Significantly lower	0%	1%	0%	0%

Utilities

	Total Foodservice	Quick-service Restaurants	Table-service Restaurants*	All Other Foodservice**
Significantly higher	20%	20%	20%	24%
Somewhat higher	55%	46%	59%	47%
About the same	24%	31%	21%	26%
Somewhat lower	1%	3%	0%	0%
Significantly lower	0%	0%	0%	3%

Equipment

	Total Foodservice	Quick-service Restaurants	Table-service Restaurants*	All Other Foodservice**
Significantly higher	21%	22%	21%	18%
Somewhat higher	47%	42%	49%	49%
About the same	31%	34%	30%	31%
Somewhat lower	1%	1%	1%	3%
Significantly lower	0%	0%	0%	0%

Insurance

	Total Foodservice	Quick-service Restaurants	Table-service Restaurants*	All Other Foodservice**
Significantly higher	17%	11%	17%	27%
Somewhat higher	52%	57%	53%	38%
About the same	31%	31%	30%	32%
Somewhat lower	0%	0%	0%	0%
Significantly lower	0%	0%	0%	3%

Rent

	Total Foodservice	Quick-service Restaurants	Table-service Restaurants*	All Other Foodservice**
Significantly higher	11%	14%	10%	13%
Somewhat higher	43%	45%	43%	38%
About the same	45%	41%	46%	46%
Somewhat lower	1%	0%	1%	4%
Significantly lower	0%	0%	0%	0%

Which of the following will be your top priorities for your business over the next 12 months? (Please select all that apply)

	Total Foodservice	Quick-service Restaurants	Table-service Restaurants*	All Other Foodservice**
Reduce operating costs	79%	83%	79%	72%
Attract new customers	70%	77%	68%	64%
Labour retention	61%	68%	59%	59%
Improve guest experience	60%	58%	61%	56%
Attract / hire new staff	53%	46%	54%	62%
Menu innovation	43%	39%	44%	46%
Improve staff training	42%	42%	42%	44%
Increased marketing / use of social media	38%	37%	38%	41%
Improve inventory management	37%	35%	37%	38%
Increase marketing	30%	28%	31%	31%
Improve workplace culture	27%	27%	29%	18%
Integrate new technology into my business	21%	23%	20%	23%
Navigate red tape	11%	7%	11%	15%
Introduce healthy items to the menu	9%	7%	9%	13%
Open a new location	9%	20%	7%	0%
Close a location	8%	15%	8%	0%
Open a ghost kitchen	3%	3%	3%	0%

Does your businesses currently offer nutritious food items on your menus, such as those low in saturated fat and/or sugars and/or sodium?

	Total Foodservice	Quick-service Restaurants	Table-service Restaurants*	All Other Foodservice**
Yes	67%	67%	68%	65%
No	33%	33%	32%	35%

The Canadian government is banning the manufacturing and importing of single-use plastics as of December 20, 2022. In order to give businesses time to deplete their existing stock, the sale of single-use plastics will be prohibited as of December 2023. Which of the following single-use plastics are you currently using at your foodservice business operation? (Please select all that apply)

	Total Foodservice	Quick-service Restaurants	Table-service Restaurants*	All Other Foodservice**
Cutlery	74%	79%	74%	68%
Cups and lids	58%	73%	53%	55%
Takeout food containers	51%	35%	56%	53%
Bags	40%	32%	44%	35%
Straws	39%	25%	42%	50%
Stir sticks	17%	20%	15%	25%
None of the above	12%	7%	13%	13%

Has your distributor informed you that there will be supply issues with single-use plastic alternatives for the above?

	Total Foodservice	Quick-service Restaurants	Table-service Restaurants*	All Other Foodservice**
Yes	47%	45%	49%	38%
No	34%	35%	32%	47%
I don't know	18%	20%	18%	16%

Over the next 12 months, how much more, in total, do you expect your company will spend purchasing single-use plastic alternatives?

	Total Foodservice	Quick-service Restaurants	Table-service Restaurants*	All Other Foodservice**
No increase	7%	5%	9%	3%
1% to 5% increase	14%	14%	14%	18%
6% to 10% increase	25%	26%	23%	33%
11% to 20% increase	21%	17%	23%	18%
21% to 30% increase	9%	18%	7%	3%
More than 30% increase	8%	5%	9%	9%
I don't know	16%	17%	15%	15%

How many units do you own and/or operate?

	Total Foodservice	Quick-service Restaurants	Table-service Restaurants*	All Other Foodservice**
Number of Responses	368	71	210	87
Number of Units	8,555	5,387	1,980	1,188

* 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 fourth quarter are compiled from responses to an email to foodservice operators inviting them to take an online survey. The survey was conducted in January 2023.

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 **celliott@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

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