



RESEARCH

Restaurant Outlook Survey

Q2 2020



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Executive Summary

- Although 93% of respondents reported lower same-store sales in June 2020 compared to June 2019, more than half of those said the decline was less than in May 2020.
- Of those that were open for on-premise dining, 35% of respondents reported that this had a positive impact on their business. Yet nearly half (49%) of respondents said reopening for on-premise service had a negative impact on their business.
- More than half (52%) of those that were open either for on-premise or takeout and delivery were operating at a loss in June. Another 20% were just breaking even.
- Of those respondents that were operating at a loss, 56% said it would take 12 months or longer to return to profitability.
- Now that foodservice operators are slowly bringing back staff, six in 10 respondents said that employees have refused to return to work in order to remain on CERB.
- Menu prices are forecast to increase by an average of 3.6% over the next 12 months compared to 3.3% in Q1.
- 4% of respondents said they currently operate a ghost kitchen as part of their business model. Another 8% are planning to open a ghost kitchen within the next two years.
- The share of respondents feeling “very pessimistic” about their business over the next 12 months dropped from 51% in Q1 down to 26% in Q2. Conversely, the share of respondents feeling “very” or “somewhat” optimistic about the next 12 months increased from 10% in Q1 to 23% in Q2.

Introduction

Since the release of the Q1 Restaurant Outlook Survey in April 2020, a number of positive developments have taken place in the battle to contain COVID-19. As of early July, the number of new confirmed cases in Canada continues to decline and the number of hospitalizations and critical care cases is also improving. As a result, restaurants across the country are now being allowed to open up the on-premise dining portion of their business, under new restrictions.

Even with these positive developments, foodservice operators continue to struggle on a number of fronts. Most critically, the accumulated debt from being closed partially or temporarily during the second half of March and throughout April and May is a devastating blow. Despite the reopening of their business and cost savings for those that qualify for the 75% wage subsidy, the majority of restaurants were not profitable at the end of June.

Reopening a restaurant also introduces a new set of challenges. Chief among them is getting staff to come back to work. Understandably, health and safety concerns are top of mind for employees, so it will be important for owners to build staff confidence. Another barrier is government programs like CERB, which can create a disincentive for employees to return to the workplace.

Reopening during a pandemic also creates questions about whether restaurants can, or should, accept reusable mugs and containers brought from home.

Even with the daily reduction in the number of confirmed COVID-19 cases, there are growing concerns that a second wave of COVID-19 could hit anytime. Adding to the crisis is an economy that has fallen into its deepest recession in decades. With the foodservice industry mired in uncertainty, operators need to find new ways to pivot their business in this new landscape. The next six months will be critical.

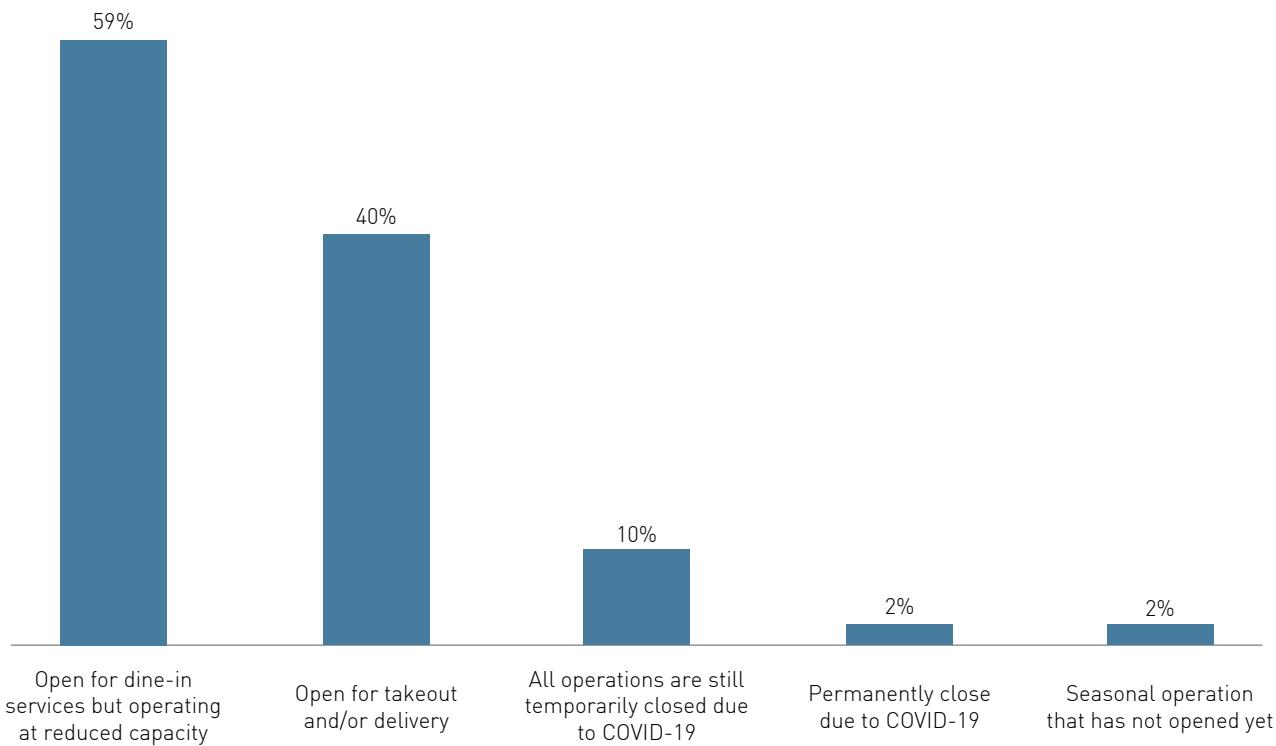
Restaurants Reopen Their Doors

With provinces relaxing some physical distancing measures, foodservice establishments are now allowed to open the dine-in portion of their business at reduced capacity. Rules for on-premise dining vary significantly across jurisdictions. While some provinces allow for 50% of indoor seating capacity, others only allow outdoor or patio seating (see Appendix for rules by province).

By the end of June, 65% of table-service restaurant respondents and 54% of quick-service restaurant respondents had opened up the dine-in portion of their business. Just over half of “all other foodservice” — which includes foodservice from accommodation, drinking places, institutions (e.g. health care, education) and managed service providers — are now open for dine-in service.

This is a sharp improvement compared to April when no on-premise dining was allowed at all. By the end of May, 23% of single-unit operators were offering dine-in services, while 27% of multi-unit operators had some or all of their locations open for on-premise dining.

At the end of June, six in 10 foodservice businesses were open for dine-in services, but operating at reduced capacity.

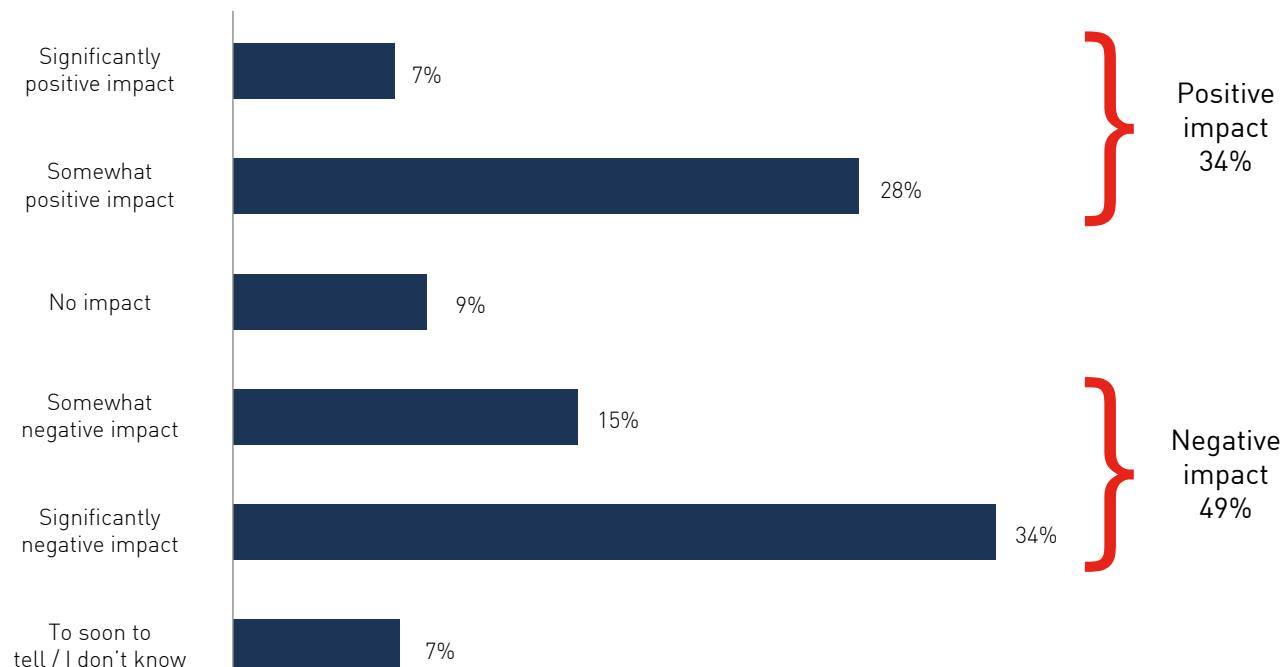


Q: Which of the following best describes your current level of operations? (If you operate more than one location, please select all that apply.)

While many restaurateurs have waited anxiously to reopen the on-premise portion of their business, the results thus far have been mixed, and vary by province and by segment.

Of those that were open for on-premise dining, 35% of respondents reported that this had a positive impact on their business. But nearly half (49%) of respondents said reopening for on-premise service had a negative impact on their business. In fact, 34% said it was a significantly negative impact.

Only 34% of those that were open for dine-in services at a reduced capacity reported this had a positive impact on their business.

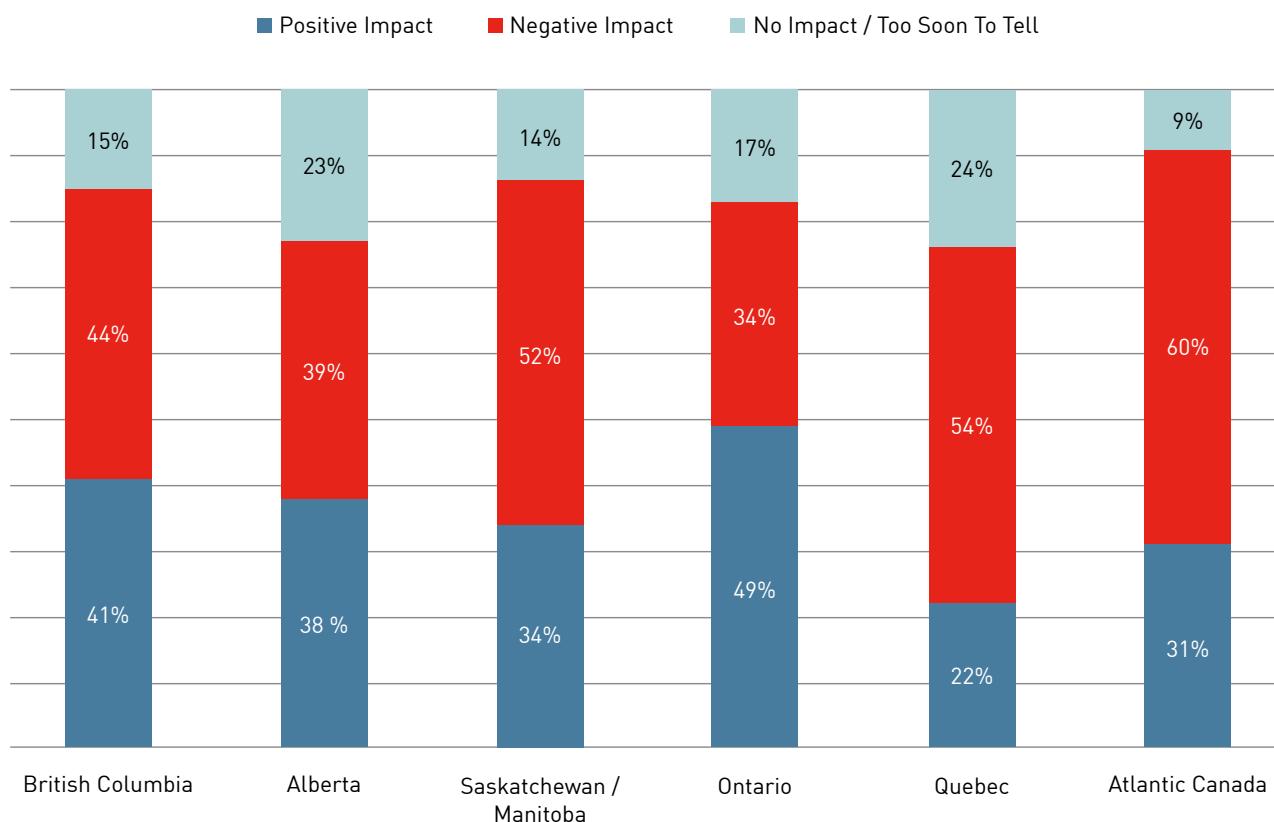


Q: Which best describes the impact that opening your dine-in services at reduced capacity has had on your sales? (Based on those respondents that were open for dine-in services but operating at reduced capacity)

Being open for on-premise dining may have helped minimize the loss in sales for many operators, especially at table-service restaurants. The negative impact on their business stemmed from the lower revenues of reduced capacity combined with the costs of reopening, staffing, personal protective equipment and other operating expenses.

Even though restaurants are able to reopen, many have opted to close down their business for lunch, or on specific days when traffic is lighter. Bad weather, like extreme humidity, also discourages guests from sitting out on patios.

Operators in Ontario were more likely to see a positive impact from opening the on-premise portion of their business compared to other regions.

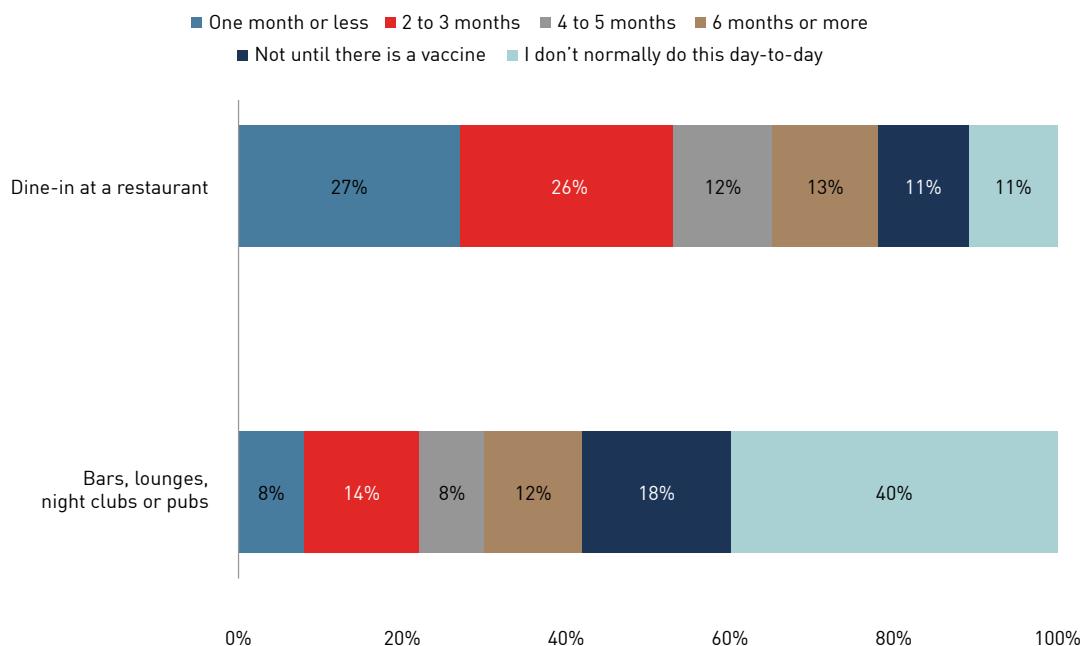


Q: Which best describes the impact that opening your dine-in services at reduced capacity has had on your sales? (Based on those respondents that were open for dine-in services but operating at reduced capacity)

At table-service restaurants, 42% of respondents reported that reopening for dine-in service had a significantly negative impact on their business. It was a similar story for the accommodation and drinking place segments: 44% reported a significantly negative impact from opening up the dine-in portion of their business. In contrast, just 18% of quick-service restaurants reported a significantly negative impact as many of these locations continue to rely more on off-premise visits to drive revenue.

While the reopening of restaurants have led to long lineups and full reservations for some operators, there is a reluctance by many guests to return to restaurants for dine-in service. A Leger survey of Canadians found that it will take time to convince guests to return to dining at restaurants. While more than half of Canadians said they would wait less than a month to attend small gatherings with friends and family after lockdown and physical distancing measures are lifted, they said they would wait notably longer to eat at a restaurant or to go to a bar. Just over one-quarter (27%) of Canadians said they would wait one month or less to return to a restaurant for dine-in services, while another 26% said they may wait two to three months.

How long will you wait to resume your day-to-day activities when lockdown and social distancing measures are lifted?



Source: Leger

While many restaurants are choosing to reopen for on-premise service, four in 10 respondents said their foodservice business was open for takeout and delivery only. Just over half (54%) of quick-service restaurants reported that some or all their locations were open just for takeout and/or delivery. In contrast, 32% of table-service restaurants were open for takeout and/or delivery only, although some of these were also open for on-premise as well.

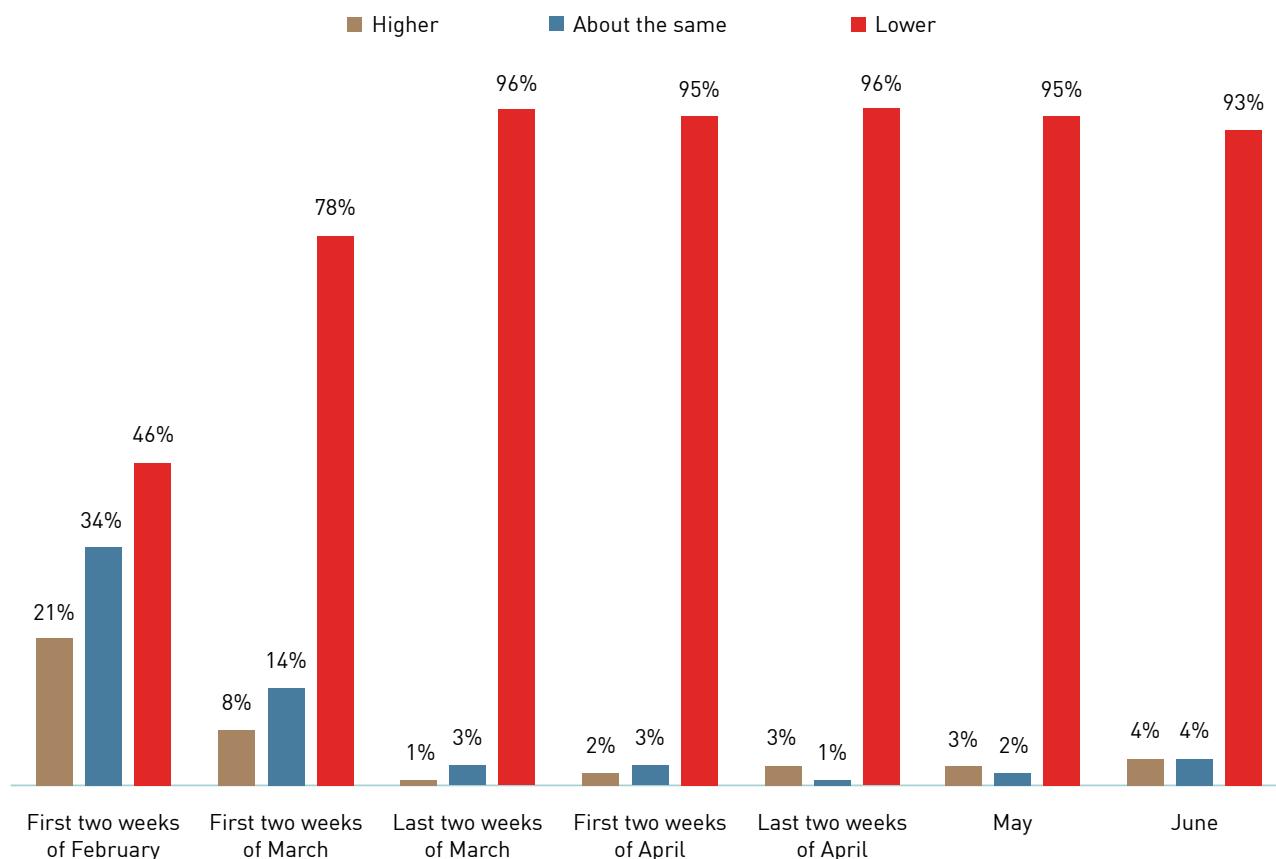
With restaurants allowed to open their on-premise business, only 10% of respondents were still temporarily closed due to COVID-19 by the end of June, compared to a quarter of respondents in late May.



Revenues Still Down, But Improving Compared to May

Even with the on-premise portion of their business now allowed to open, and the recent surge in delivery and takeout orders, the foodservice industry continues to face a steep uphill battle. A staggering 93% of respondents that were open for on-premise dining or takeout/delivery said their sales were lower in June compared to June 2019 — a trend that has continued throughout this crisis. Only 4% of respondents said their sales were higher in June compared to last year.

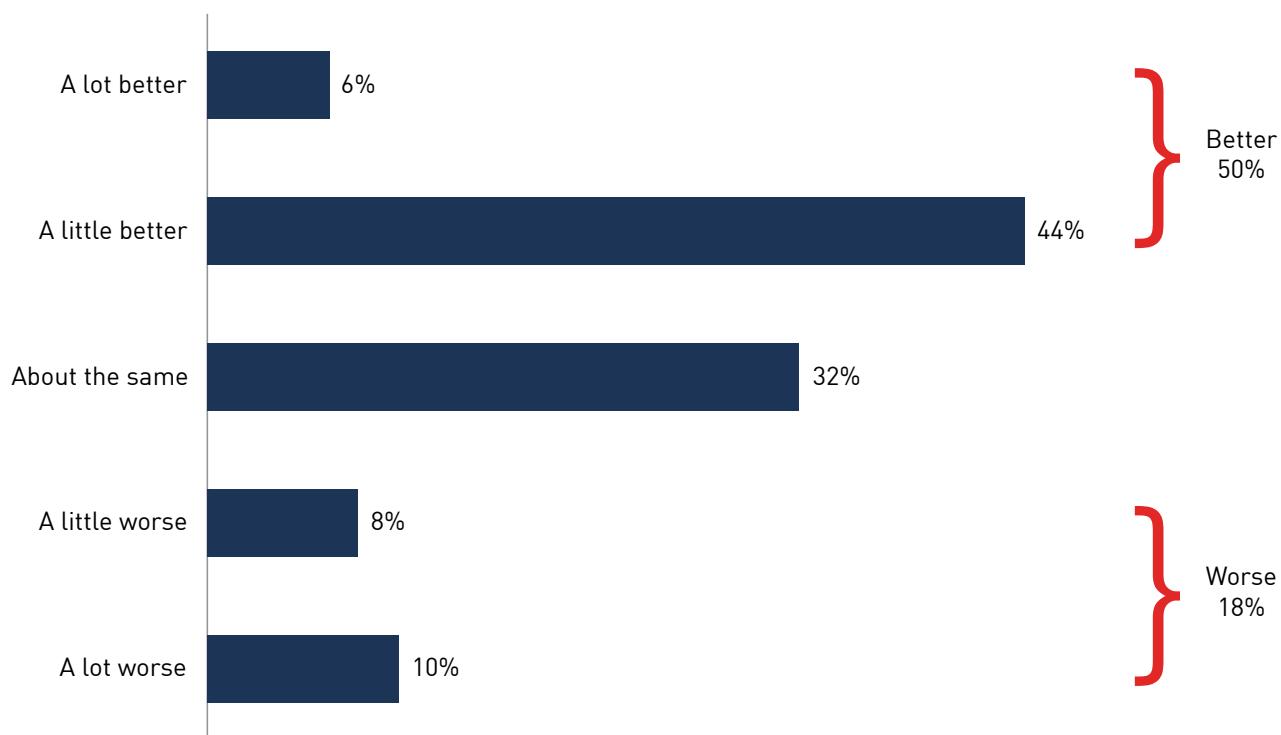
Total sales volume compared to the same period in 2019.



Q: Was your total sales volume, higher, lower, or about the same as it was compared to the same period a year ago?

There is a small glimmer of optimism, however. Of those that reported a decline in sales in June, 50% said that the decline was smaller in relative terms compared to the decline in May. In contrast, 18% of respondents said the decline in sales was greater in June than in May.

For those that reported a decline in sales, half of respondents said the decline in sales was better compared to the decline in sales in May.

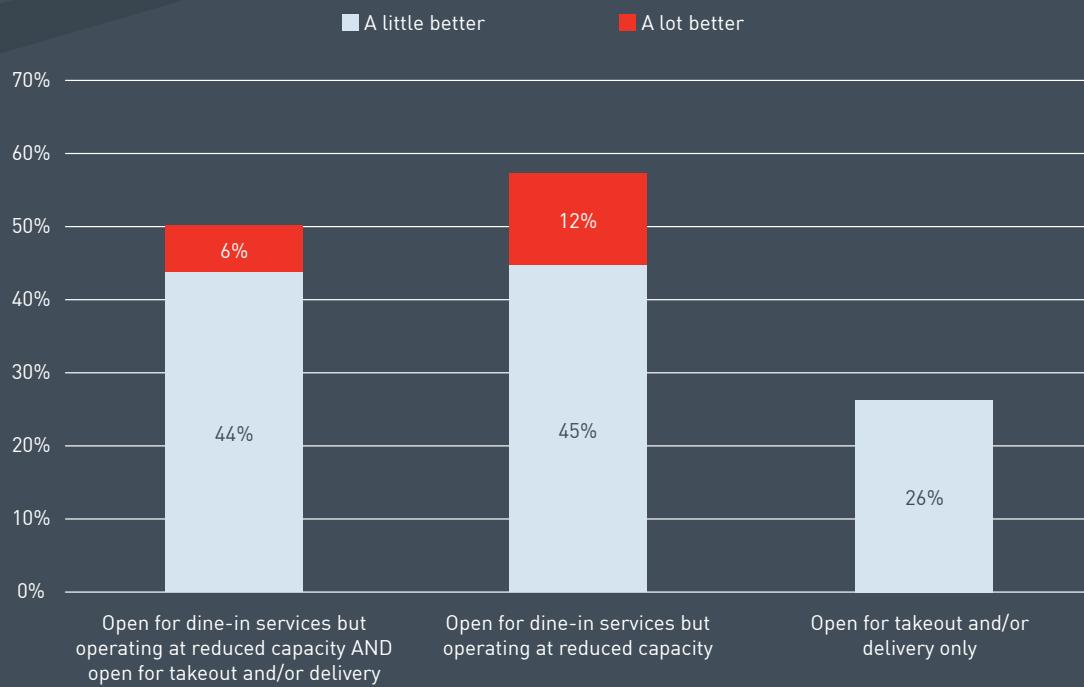


Q: How did your decline in total sales volume in June compare to May?

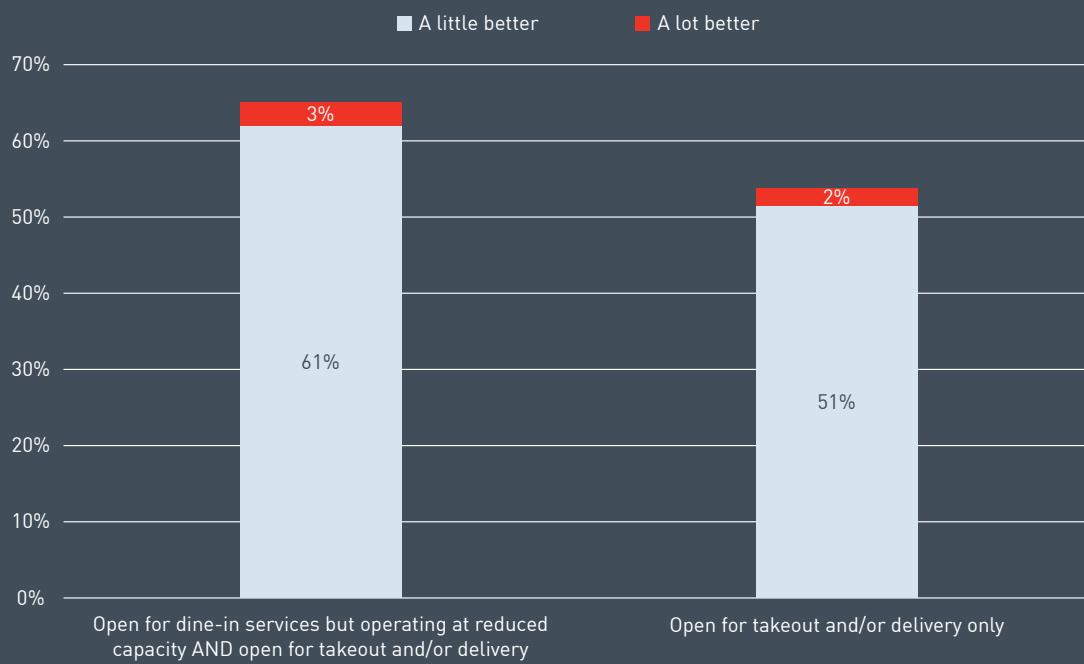
Table-service restaurants continue to be hardest hit with 96% reporting lower sales in June. Of those showing a decline in sales, 48% said the decline was smaller in June compared to May. In contrast, 24% said that the sales decline was worse in June compared to May. By way of comparison, 91% of quick-service restaurants reported lower sales in June compared to 2019, but just 12% said the decline was worse than in May.

Opening for dine-in service appeared to be a contributing factor that helped soften the decline in sales. At both table- and quick-service restaurants, those that were open for on-premise dining and takeout/delivery reported improved sales relative to May than those that were offering takeout and delivery only.

Full-service Restaurants: How did your decline in total sales volume in June compare to May? Share of respondents that said “a little better” and “a lot better”.



Quick-service Restaurants: How did your decline in total sales volume in June compare to May? Share of respondents that said “a little better” and “a lot better”.

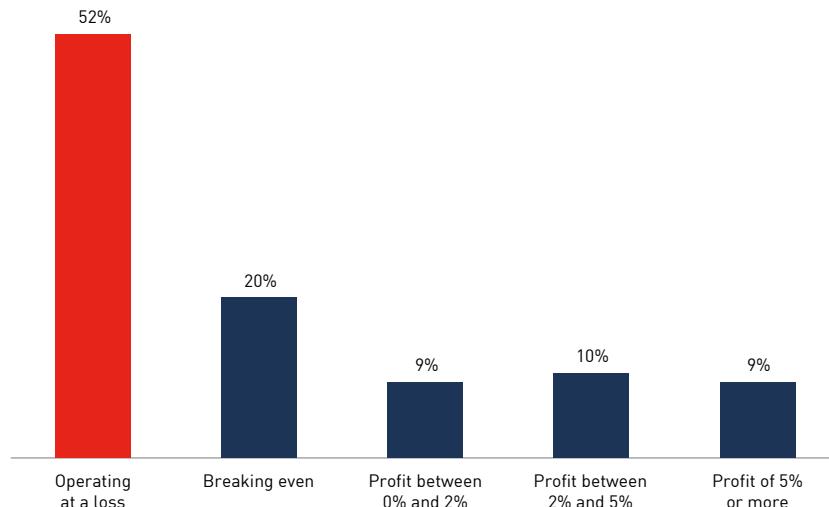


Half of Respondents Were Unprofitable in June

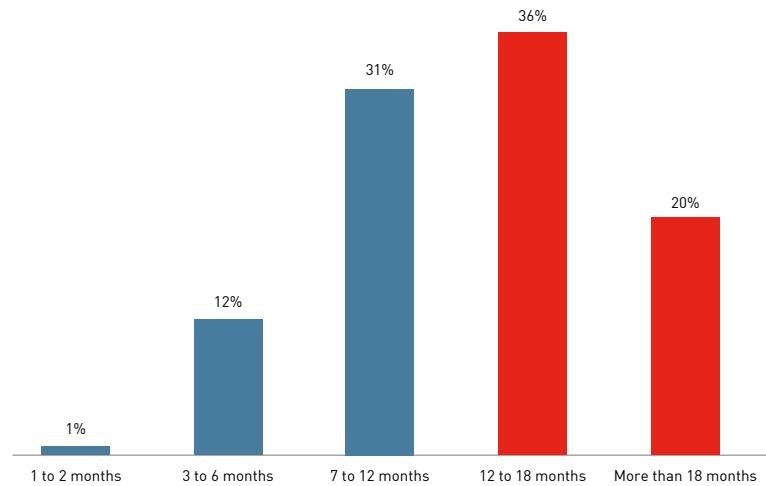
As a result of lower revenues and high operating costs, more than half (52%) of those that were open either for on-premise or takeout and delivery were operating at a loss in June. Another 20% were just breaking even. Only three in 10 respondents made a profit. Even many of those receiving the Canada Emergency Wage Subsidy (CEWS) reported they were operating at a loss.

Results varied by segment, however, as 45% of quick-service restaurant respondents said they were making a profit in June compared to a mere 16% of table-service restaurant respondents.

Of those that were operating at a loss, 56% of respondents said it would take 12 months or longer to return to profitability. Those with table-service were hardest hit. More than six in 10 table-service respondents said it would take 12 months or longer to return to profitability. A slightly higher share, 66%, of respondents from the “all other foodservice” category said they would require 12 months or longer to return to profitability. In contrast, 43% of quick-service restaurant respondents said they could take 12 months or longer to return to profitability.



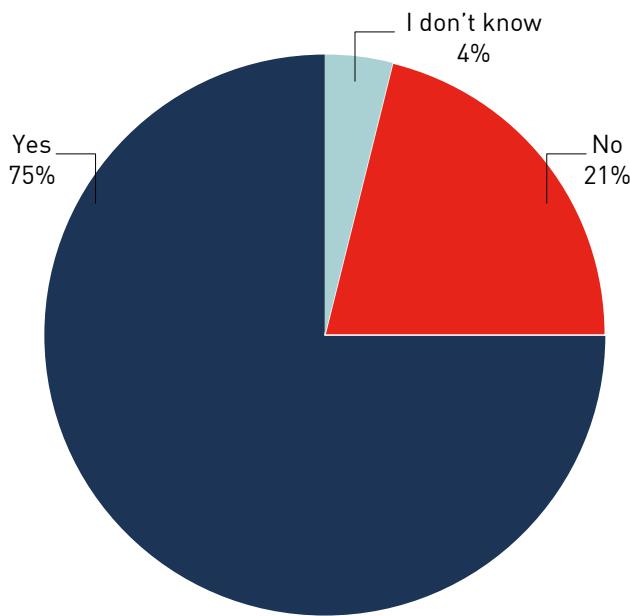
Of those currently operating at a loss, more than half (56%) of respondents said it will take 12 months or longer for their business to return to profitability.



The Canada Emergency Wage Subsidy (CEWS)

Overall, 75% of respondents reported they were receiving the Canada Emergency Wage Subsidy (CEWS). This program has been a vital lifeline for many operators, helping them keep their doors open and bring back workers.

Three-quarters of respondents are currently receiving the Canada Emergency Wage Subsidy (CEWS).



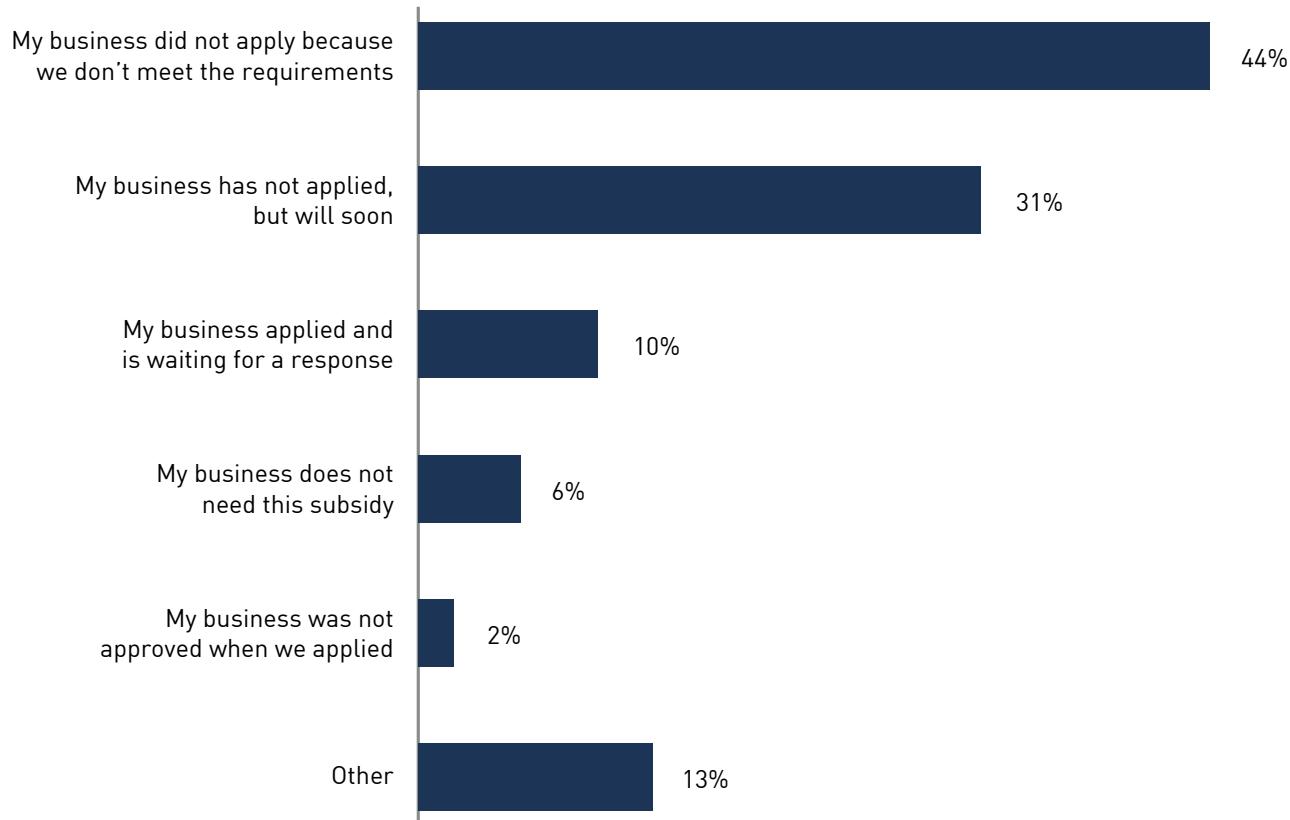
Q: Is your business receiving the Canada Emergency Wage Subsidy (CEWS)?

There were a variety of reasons operators did not receive the subsidy. For quick-service restaurants, six in 10 respondents said their business did not apply because they wouldn't meet the requirements, such as showing a 30% decline in sales. As one operator stated: "As of now with all the rules we don't qualify. We are just under the 30% so can't apply." This was true for many respondents, where they missed the target by a few percentage points.

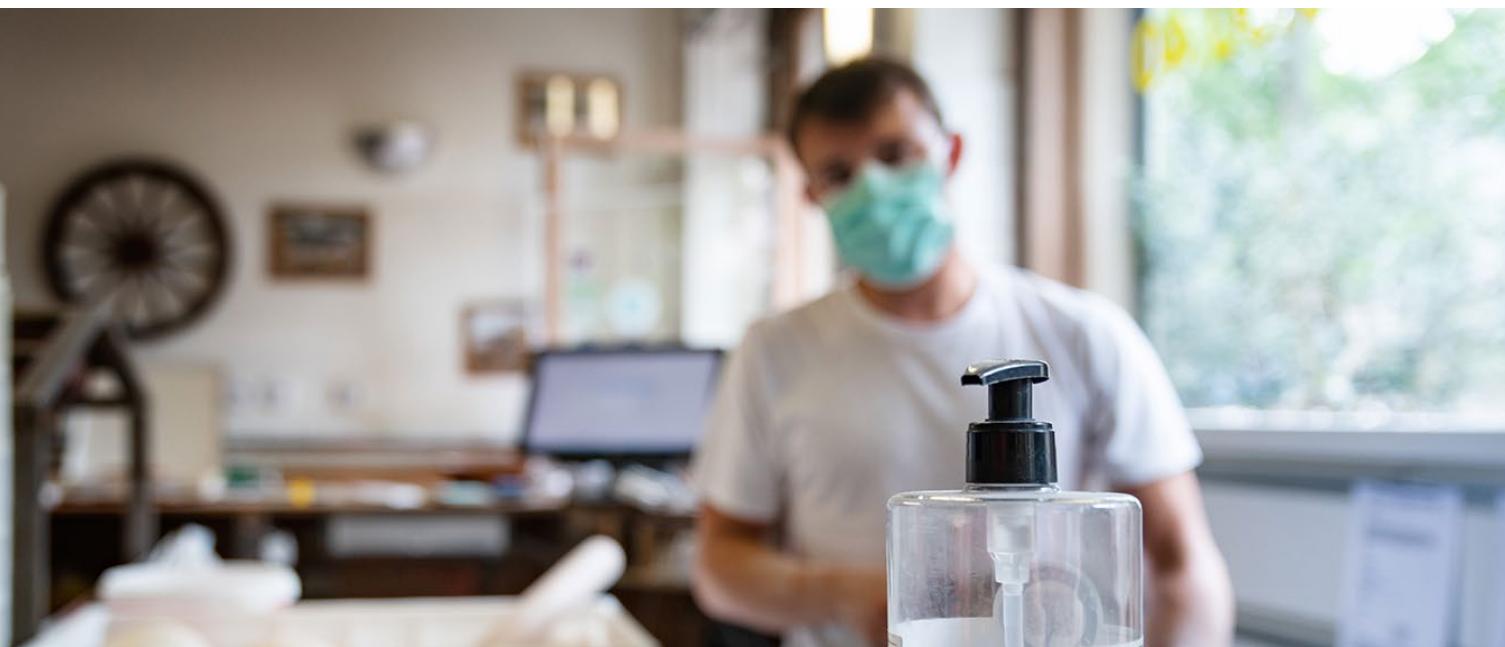
At table-service restaurants, 45% of respondents said they have not applied yet, but will soon now that they are reopening their doors and bringing back staff.

Many others did not apply even though they would meet all the criteria because with the steep drop in sales they could not afford to bring their employees back, even with the 75% wage subsidy.

Just over four in 10 respondents said they are not receiving the Canada Emergency Wage Subsidy because their business did not meet the requirements.



Q: Why isn't your business receiving the Canada Emergency Wage Subsidy (CEWS)? (If you operate more than one location, please select all that apply.)



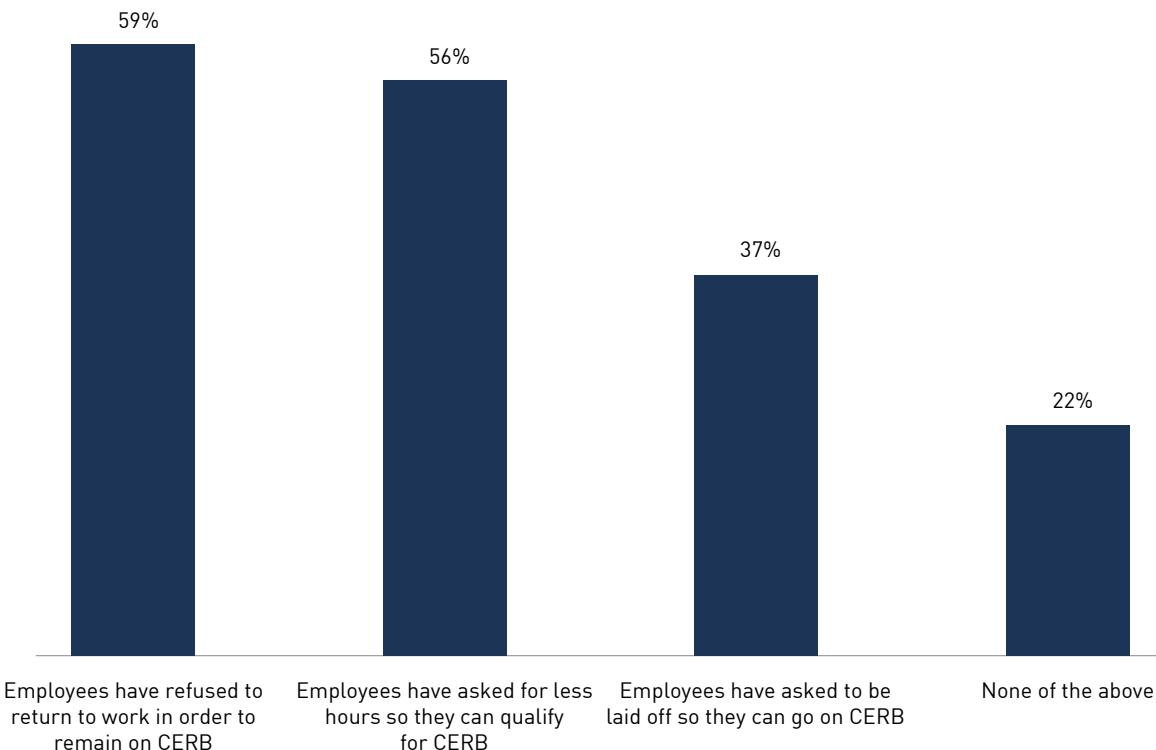
CERB Challenges

With millions of Canadians out of work, the federal government quickly introduced the Canada Emergency Response Benefit (CERB) to provide financial support for Canadians who were laid off, had their hours cut due to the pandemic or had other reasons they could not work due to COVID-19. Now that foodservice operators are slowly bringing back staff, six in 10 respondents said that employees have refused to return to work in order to remain on CERB. This figure climbs to 70% of respondents at quick-service restaurants.

Under the CERB program, employees must return to work when employers call. Despite this, some would rather receive CERB than return to work — because they lose the entire \$2000/month benefit if they earn more than \$1,000 a month. 56% of respondents also said that employees have asked for fewer hours so they can remain on CERB.

For quick-service restaurants, more than half (55%) of respondents said that employees have asked to be laid off so they can qualify for CERB.

Six in 10 restaurant operators reported that employees have refused to return to work in order to remain on CERB.



Q: Has the Canada Emergency Response Benefit (CERB) program led to any of the following issues for your foodservice business? (Please select all that apply.)

Other Labour Challenges

With so many foodservice businesses closed down or experiencing significantly reduced demand, more than 800,000 restaurant workers were either laid off or not working any hours in April. As foodservice businesses begin to open up for on-premise dining or takeout/delivery, there has been a steady increase in the number of foodservice workers. In June, an additional 163,700 previously laid off employees came back to work in the foodservice industry. Another 409,400 still remained laid off.

For quick-service restaurants, six in 10 respondents said employees are concerned about their health and safety working with the public, while one-third said employees are concerned about working with coworkers. Communication and transparency with staff will be vital to help build confidence in everyone's health and safety.

For table-service restaurants, more than six in 10 respondents said that it was not feasible to bring back some of their employees due to low revenues. As the number of confirmed cases continues to decline, hopefully sales will quickly improve so they can bring back workers and return to a happier, more profitable position.

Implementing Safety Precautions for Restaurant Employees

COVID-19 restrictions continue to evolve and restaurants can now serve customers on their patios, and even indoors under new rules in many jurisdictions. Restaurant employees may have concerns about returning to work. It's important for restaurant owners to not only address those concerns, but also create a safe environment for employees and customers.

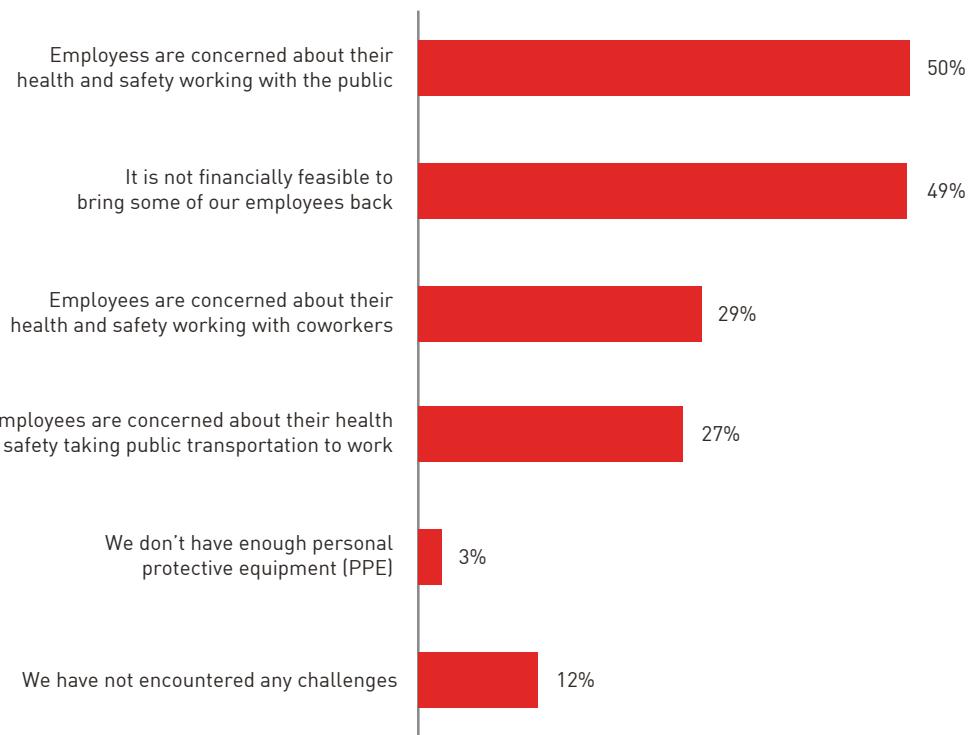
Restaurant owners will need to implement disciplined health and safety policies including:

- Increased sanitation practices
- Physical distancing
- Managing workflows
- Personal protective equipment for staff
- Tracking and reporting workforce illnesses

Creating a policy to address employee concerns will allow for consistent practices and a safe environment. Restaurant owners may have to adjust these policies as the situation evolves and the inside of restaurants can open for business. Following best practices will help your restaurant thrive and retain key talent.

Source: BDO

Employees' concern about health and safety is the top challenge in bringing employees back to work.



Q: What other challenges have you encountered, if any, bringing your employees back to work? (Please select all that apply.)



Looking Ahead

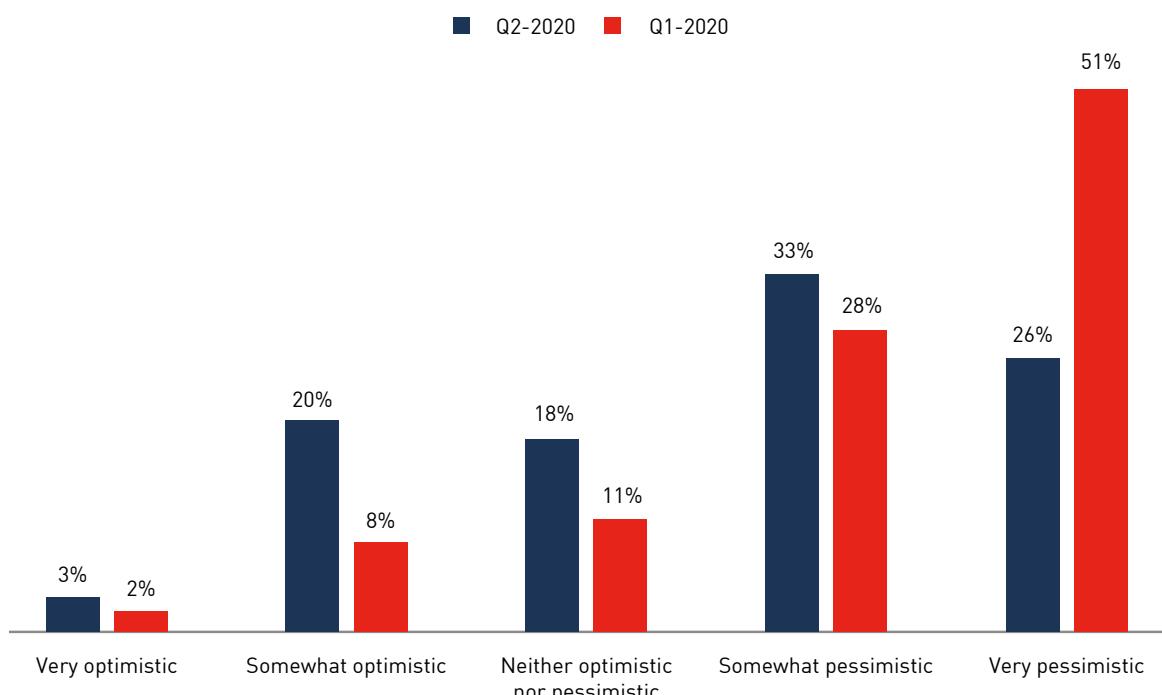
Although for many restaurants the sales decline in June was smaller in relative terms than the decline in May, there remains a great deal of foreboding about the future, even with the partial reopening of on-premise dining. Serious worries abound: justified concerns about a possible second wave of COVID-19 in the fall; apprehension about the impact of a steep recession; uncertainty about which subsidy programs will still be in place to help businesses; anxiety surrounding the accumulated debt garnered by foodservice owners throughout this crisis.

It's not surprising that nearly six in 10 respondents are feeling pessimistic about the next 12 months. An increasing share of respondents, however, are feeling a bit more optimistic compared to Q1.

The most significant development is the sharp decline in those feeling "very pessimistic" about the next 12 months, which dropped from 51% of respondents in Q1 down to 26% in Q2. Conversely, the share of respondents feeling "very" or "somewhat" optimistic about the next 12 months rose from 10% in Q1 up to 23% in Q2.

By segment, 29% of quick-service restaurant respondents are feeling "very" or "somewhat" optimistic about the next 12 months compared to 18% of table-service restaurant respondents and 22% of 'all other foodservice' respondents. The more positive outlook for quick-service restaurants reflects improved sales in recent months relative to March and April.

The share of respondents that are feeling "very pessimistic" about the next 12 months fell from 51% in Q1 2020 to 26% in Q2 2020.



Q: How optimistic are you about your foodservice operation over the next 12 months compared to the previous 12 months?

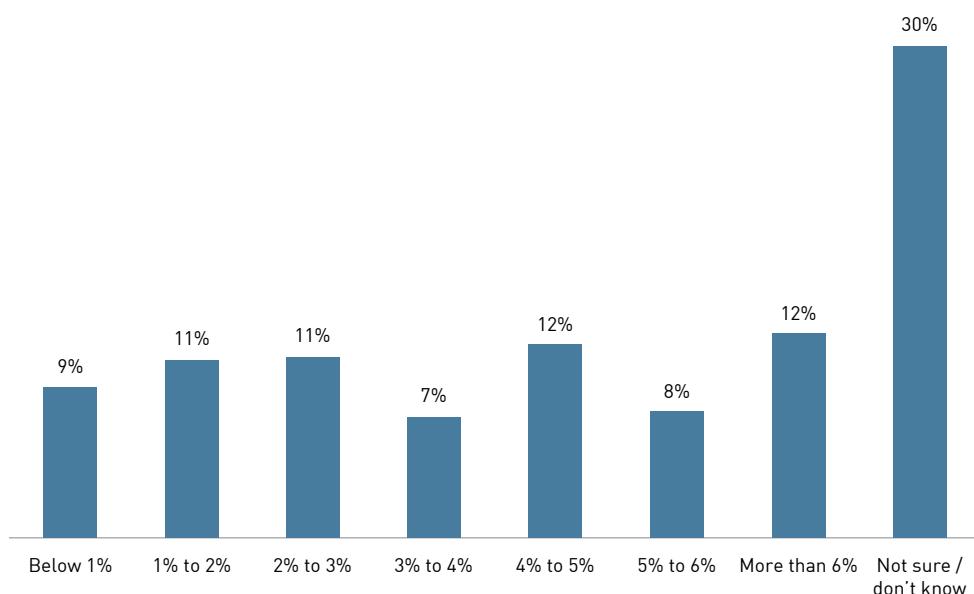
Menu Inflation

Given the incredible amount of uncertainty, three in 10 respondents are unsure how much they will raise menu prices over the next 12 months. This is up slightly from 26% of respondents in Q1.

Based on responses from those who could predict the change, menu prices are forecast to increase by an average of 3.6% over the next 12 months compared to 3.3% in Q1.

The average quick-service restaurant is expected to increase its menu prices by 2.9% over the next 12 months. This figure is unchanged from Q1. In contrast, table-service restaurants expect to raise menu prices by 3.9% over the next 12 months compared to 3.1% in Q1. The “all other foodservice” category is expected to raise menu prices by an average of 3.9%.

Foodservice operators are expecting to raise their menu prices by an average of 3.6% over the next 12 months.



Q: Over the next 12 months, do you expect your menu price increase on a year-over-year basis to be:



Ghost Kitchens

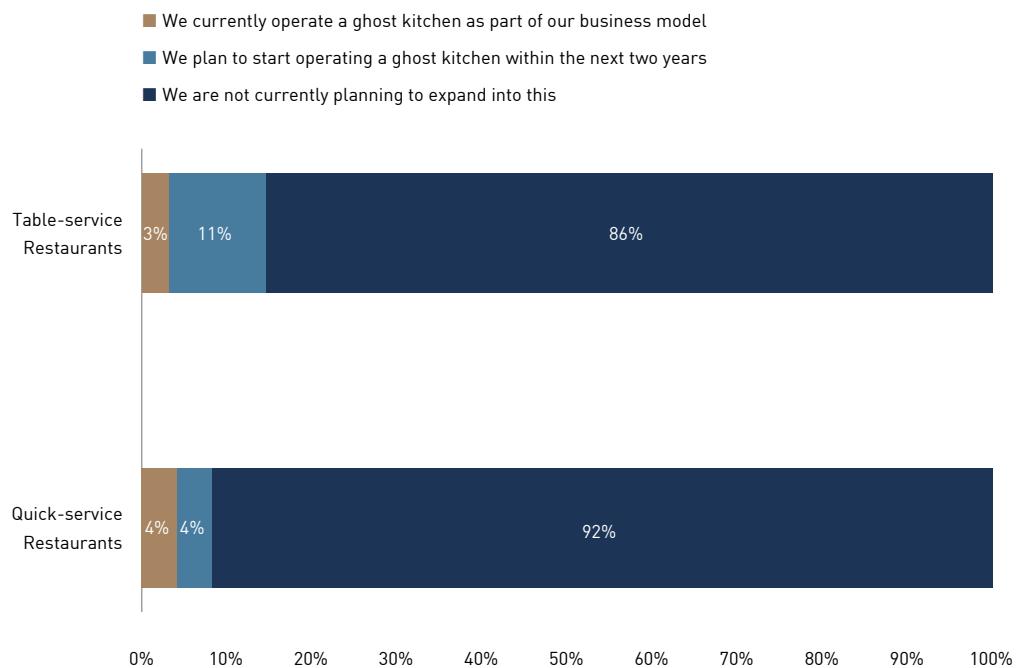
One factor which could radically change the business model of the foodservice industry in the future is growth in ghost kitchens (also called dark kitchens). These are kitchens that operate with no storefront and focus entirely on delivery through digital sales platforms. While this is seen as an emerging channel for foodservice operators to expand into, especially given the explosive growth in delivery during this crisis, just 4% of respondents said they currently operate a ghost kitchen as part of their business model. Another 8% said they are planning to open a ghost kitchen within the next two years. The vast majority (88%), however, have said they do not plan to expand into this area.

Some chain companies are creating a virtual food hall where customers can purchase items from several different brands all through a single digital order.

Apart from the growth in delivery, ghost kitchens are also seen as being cost-effective since they don't require expensive brick-and-mortar restaurants or paying high rents in high traffic areas. While we are not seeing a seismic shift toward ghost kitchens right now, a number of foodservice companies are pivoting towards this channel to grow beyond business as usual.



The vast majority of respondents have no current plans to operate a ghost kitchen.



Q: Are you considering expanding your business by operating a “ghost kitchen” (a virtual kitchen with no store front that gets food to customers via delivery services only)?

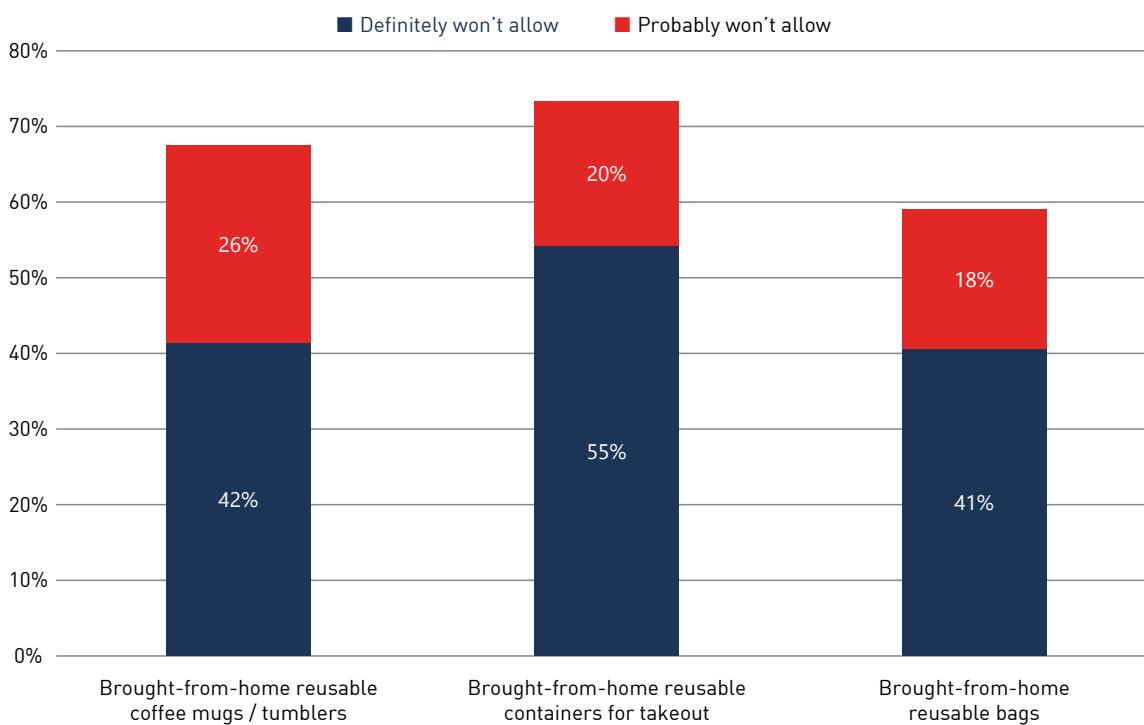
Reusable Items at Restaurants

Since the onset of the COVID-19 pandemic, a number of restaurants have temporarily stopped allowing guests to bring in reusable mugs, tumblers and other containers from home as a health and safety precaution. Looking ahead over the next six months, this trend is likely to continue across all foodservice segments.

According to our survey:

- 68% of respondents “probably won’t allow” or “definitely won’t allow” brought-from-home reusable coffee mugs / tumblers
- 75% of respondents “probably won’t allow” or “definitely won’t allow” brought-from-home reusable containers for takeout
- 59% of respondents “probably won’t allow” or “definitely won’t allow” brought-from-home reusable bags

Share of respondents that will not allow guests to use the following items:



Q: In the next 6 months, how likely is your foodservice business to allow guests to use the following items?

Foodservice establishments are listening to their employees and guests regarding reusable containers and mugs, a sensible precaution given the ongoing pandemic. While this change has led to some concerns about environment sustainability, a number of operators have responded that this is a prudent, temporary measure given the potential loss of life from COVID-19.

Appendix



Dine-In Reopening Guidelines for Foodservice Establishments

(last updated July 17, 2020)

| | |
|---------------------------|---|
| British Columbia | <ul style="list-style-type: none"> Capacity may be limited to accommodate physical distancing. If a restaurant, cafe or pub holds an event, no more than 50 people can attend. Guests can dine in groups, up to six people. |
| Alberta | <ul style="list-style-type: none"> There is no cap on capacity for restaurants, cafes, pubs and bars, as long as there is a two metre distance or appropriate barriers between dining parties. |
| Saskatchewan | <ul style="list-style-type: none"> Restaurants, bars/nightclubs, lounges, food courts, cafeterias, cafes, bistros and similar facilities are allowed to re-open in Phase 3 at up to 50 per cent of regular seating capacity. The reduced seating capacity is intended to limit the size of gatherings and promote physical distancing. |
| Manitoba | <ul style="list-style-type: none"> Restaurants must implement measures to ensure that members of the public when not seated are reasonably able to maintain a separation of at least two metres from others, except for brief exchanges. |
| Ontario | <ul style="list-style-type: none"> At this time, dine-in is not permitted in ON other than on patios. |
| Quebec | <ul style="list-style-type: none"> Restaurants must implement measures to ensure that members of the public when not seated are reasonably able to maintain a separation of at least two metres from others, except for brief exchanges. |
| Newfoundland and Labrador | <ul style="list-style-type: none"> Restaurants must implement measures to ensure that members of the public when not seated are reasonably able to maintain a separation of at least two metres from others, except for brief exchanges. |
| New Brunswick | <ul style="list-style-type: none"> Restaurants must implement measures to ensure that members of the public when not seated are reasonably able to maintain a separation of at least two metres from others, except for brief exchanges. |
| Nova Scotia | <ul style="list-style-type: none"> Restaurants must implement measures to ensure that members of the public when not seated are reasonably able to maintain a separation of at least two metres from others, except for brief exchanges. |
| Prince Edward Island | <ul style="list-style-type: none"> The maximum indoor seating capacity for all food premises is up to 50 patrons. Having the maximum capacity set at 50 will help with ensuring the ability of the Chief Public Health Office to perform the required contract tracing in the event that a case identifies in connection to a food premises. Currently, there is no set seating capacity for outdoor dining areas. |

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** |
|---|-------------------|---------------------------|----------------------------|-------------------------|
| Open for dine-in services but operating at reduced capacity | 59% | 54% | 65% | 53% |
| Open for takeout and/or delivery | 40% | 54% | 32% | 30% |
| All operations are still temporarily closed due to COVID-19 | 10% | 6% | 10% | 16% |
| Permanently closed due to COVID-19 | 2% | 1% | 2% | 3% |
| Seasonal operation that has not opened yet | 2% | 1% | 2% | 4% |

Which best describes the impact that opening your dine-in services at reduced capacity has had on your sales? (for those respondents that were open for dine-in services but operating at reduced capacity)

| | Total Foodservice | Quick-service Restaurants | Table-service Restaurants* | All Other Foodservice** |
|---------------------------------|-------------------|---------------------------|----------------------------|-------------------------|
| Significantly positive impact | 7% | 3% | 10% | 8% |
| Somewhat positive impact | 28% | 36% | 25% | 19% |
| No impact | 9% | 19% | 2% | 6% |
| Somewhat negative impact | 15% | 15% | 15% | 15% |
| Significantly negative impact | 34% | 18% | 42% | 44% |
| Too soon to tell / I don't know | 7% | 8% | 7% | 8% |

In June, was your total sales volume, higher, lower, or about the same as it was compared to June 2019?

| | Total Foodservice | Quick-service Restaurants | Table-service Restaurants* | All Other Foodservice** |
|----------------|-------------------|---------------------------|----------------------------|-------------------------|
| Higher | 4% | 5% | 2% | 4% |
| Lower | 93% | 91% | 96% | 90% |
| About the same | 4% | 4% | 2% | 6% |

How did your decline in total sales volume in June compare to May?

| | Total Foodservice | Quick-service Restaurants | Table-service Restaurants* | All Other Foodservice** |
|-----------------|-------------------|---------------------------|----------------------------|-------------------------|
| A lot worse | 10% | 5% | 14% | 15% |
| A little worse | 8% | 7% | 10% | 7% |
| About the same | 32% | 32% | 29% | 39% |
| A little better | 44% | 52% | 40% | 33% |
| A lot better | 6% | 4% | 8% | 6% |

Which 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 | 9% | 16% | 4% | 5% |
| Making a pre-tax profit between 2% and 5% | 10% | 17% | 5% | 8% |
| Making a pre-tax profit between 0% and 2% | 9% | 12% | 8% | 7% |
| Breaking even | 20% | 17% | 22% | 19% |
| Operating at a loss | 52% | 38% | 62% | 62% |

For those that are operating at a loss, how many months do you expect it will take for your business to return to profitability?

| | Total Foodservice | Quick-service Restaurants | Table-service Restaurants* | All Other Foodservice** |
|---------------------|-------------------|---------------------------|----------------------------|-------------------------|
| 1 to 2 months | 1% | 2% | 0% | 2% |
| 3 to 6 months | 12% | 17% | 7% | 16% |
| 7 to 12 months | 31% | 38% | 31% | 16% |
| 12 to 18 months | 36% | 29% | 41% | 36% |
| More than 18 months | 20% | 14% | 21% | 30% |

Has the Canada Emergency Response Benefit (CERB) program led to any of the following issues for your foodservice business? (Please select all that apply.)

| | Total Foodservice | Quick-service Restaurants | Table-service Restaurants* | All Other Foodservice** |
|---|-------------------|---------------------------|----------------------------|-------------------------|
| Employees have refused to return to work in order to remain on CERB | 59% | 70% | 53% | 43% |
| Employees have asked for less hours so they can qualify for CERB | 56% | 57% | 57% | 45% |
| Employees have asked to be laid off so they can go on CERB | 37% | 55% | 23% | 22% |
| None of the above | 22% | 15% | 26% | 36% |

What other challenges have you encountered, if any, bringing your employees back to work? (Please select all that apply.)

| | Total Foodservice | Quick-service Restaurants | Table-service Restaurants* | All Other Foodservice** |
|--|-------------------|---------------------------|----------------------------|-------------------------|
| Employees are concerned about their health and safety working with the public | 50% | 59% | 42% | 44% |
| It is not financially feasible to bring some of our employees back | 49% | 34% | 62% | 56% |
| Employees are concerned about their health and safety working with coworkers | 29% | 33% | 26% | 23% |
| Employees are concerned about their health and safety taking public transportation to work | 27% | 33% | 23% | 19% |
| We don't have enough personal protective equipment (PPE) | 3% | 0% | 4% | 4% |
| We have not encountered any challenges | 12% | 11% | 12% | 16% |

Is your business receiving the Canada Emergency Wage Subsidy (CEWS)?

| | Total Foodservice | Quick-service Restaurants | Table-service Restaurants* | All Other Foodservice** |
|--------------|-------------------|---------------------------|----------------------------|-------------------------|
| Yes | 75% | 79% | 73% | 66% |
| No | 21% | 19% | 21% | 25% |
| I don't know | 4% | 2% | 6% | 9% |

Why isn't your business receiving the Canada Emergency Wage Subsidy (CEWS)? (If you operate more than one location, please select all that apply.)

| | Total Foodservice | Quick-service Restaurants | Table-service Restaurants* | All Other Foodservice** |
|--|-------------------|---------------------------|----------------------------|-------------------------|
| My business did not apply because we don't meet the requirements | 44% | 59% | 28% | 55% |
| My business has not applied, but will soon | 31% | 16% | 45% | 30% |
| My business applied and is waiting for a response | 10% | 9% | 13% | 0% |
| My business does not need this subsidy | 6% | 6% | 5% | 5% |
| My business was not approved when we applied | 2% | 1% | 1% | 5% |
| Other | 13% | 19% | 9% | 5% |

How optimistic are you about your foodservice operation over the next 12 months compared to the previous 12 months?

| | Total Foodservice | Quick-service Restaurants | Table-service Restaurants* | All Other Foodservice** |
|------------------------------------|-------------------|---------------------------|----------------------------|-------------------------|
| Very optimistic | 3% | 4% | 3% | 3% |
| Somewhat optimistic | 20% | 25% | 15% | 19% |
| Neither optimistic nor pessimistic | 18% | 21% | 14% | 23% |
| Somewhat pessimistic | 33% | 33% | 34% | 31% |
| Very pessimistic | 26% | 16% | 34% | 23% |

Over the next 12 months, do you expect your menu price increase on a year-over-year basis to be:

| | Total Foodservice | Quick-service Restaurants | Table-service Restaurants* | All Other Foodservice** |
|-----------------------|-------------------|---------------------------|----------------------------|-------------------------|
| Below 1% | 9% | 10% | 8% | 8% |
| 1% to 2% | 11% | 12% | 10% | 9% |
| 2% to 3% | 11% | 12% | 10% | 11% |
| 3% to 4% | 7% | 7% | 8% | 8% |
| 4% to 5% | 12% | 9% | 14% | 11% |
| 5% to 6% | 8% | 5% | 10% | 8% |
| More than 6% | 12% | 5% | 18% | 17% |
| Not sure / don't know | 30% | 40% | 22% | 27% |

Are you considering expanding your business by operating a “ghost kitchen” (a virtual kitchen with no store front that gets food to customers via delivery services only)?

| | Total Foodservice | Quick-service Restaurants | Table-service Restaurants* | All Other Foodservice** |
|--|-------------------|---------------------------|----------------------------|-------------------------|
| We currently operate a ghost kitchen as part of our business model | 4% | 4% | 3% | 9% |
| We plan to start operating a ghost kitchen this year | 4% | 2% | 6% | 6% |
| We plan to operate a ghost kitchen in the next two years | 4% | 3% | 6% | 2% |
| We are not currently planning to expand into this | 88% | 92% | 86% | 82% |

Prior to COVID-19, did your foodservice business allow guests to use any of the following items? (Please select all that apply.)

| | Total Foodservice | Quick-service Restaurants | Table-service Restaurants* | All Other Foodservice** |
|---|-------------------|---------------------------|----------------------------|-------------------------|
| Dine-in dishware, provided and cleaned by the establishment | 73% | 76% | 73% | 60% |
| Brought-from-home reusable coffee mugs / tumblers | 38% | 71% | 12% | 23% |
| Brought-from-home reusable bags | 12% | 15% | 10% | 14% |
| Brought-from-home reusable containers for takeout | 11% | 14% | 8% | 13% |
| None of the above | 22% | 16% | 24% | 30% |

In the next 6 months, how likely is your foodservice business to allow guests to use the following items?

| | Total Foodservice | Quick-service Restaurants | Table-service Restaurants* | All Other Foodservice** |
|--|-------------------|---------------------------|----------------------------|-------------------------|
| Dine-in dishware, provided and cleaned by the establishment | | | | |
| Definitely will allow | 39% | 7% | 65% | 48% |
| Probably will allow | 8% | 8% | 8% | 9% |
| Might allow | 13% | 21% | 6% | 7% |
| Probably won't allow | 20% | 36% | 8% | 14% |
| Definitely won't allow | 20% | 27% | 13% | 22% |
| Brought-from-home reusable coffee mugs / tumblers | | | | |
| Definitely will allow | 6% | 4% | 8% | 6% |
| Probably will allow | 9% | 8% | 11% | 5% |
| Might allow | 17% | 21% | 14% | 13% |
| Probably won't allow | 26% | 36% | 17% | 26% |
| Definitely won't allow | 42% | 30% | 51% | 49% |
| Brought-from-home reusable containers for takeout | | | | |
| Definitely will allow | 8% | 4% | 11% | 6% |
| Probably will allow | 6% | 3% | 8% | 7% |
| Might allow | 12% | 7% | 16% | 10% |
| Probably won't allow | 20% | 20% | 19% | 21% |
| Definitely won't allow | 55% | 66% | 45% | 55% |
| Brought-from-home reusable bags | | | | |
| Definitely will allow | 10% | 6% | 14% | 12% |
| Probably will allow | 11% | 7% | 15% | 7% |
| Might allow | 19% | 16% | 21% | 23% |
| Probably won't allow | 18% | 23% | 16% | 13% |
| Definitely won't allow | 41% | 48% | 35% | 45% |

How many units do you own and/or operate?

| | Total Foodservice | Quick-service Restaurants | Table-service Restaurants* | All Other Foodservice** |
|---------------------|-------------------|---------------------------|----------------------------|-------------------------|
| Number of Responses | 947 | 360 | 411 | 176 |
| Number of Units | 11,623 | 7,728 | 2,718 | 1,177 |

* 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 second quarter are compiled from responses to an email to foodservice operators inviting them to take an online survey. These surveys were conducted between June 25 and July 3, 2020. In total, 947 completed surveys were submitted, representing 11,623 establishments.

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 (previously CRFA) 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 \$93 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. The industry lost more than 800,000 jobs by April and is on track to lose as much as \$44.8 billion in annual sales compared to 2019 due to the impacts of COVID-19.



The voice of foodservice | La voix des services alimentaires

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