

Foodservice FACTS 2024



ANNUAL CANADIAN RESTAURANT MARKET REVIEW & FORECAST



Charting a Path to Prosperity

OPERATIONS

Food Costs | Labour | Profit

CONSUMER

Daypart Trends | Off-Premises Dining

ECONOMY

Economic Forecast



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CHARTING A PATH TO PROSPERITY

The Canadian foodservice industry stands at a pivotal moment: incremental growth is on the horizon, but the path forward remains clouded by ongoing challenges. Economic pressures, changing demographics and consumer behaviours, and the aftershocks of global disruptions continue to create headwinds operators must navigate carefully. While the future holds promise, success will favour those who can adapt and innovate while managing risks in an increasingly complex landscape.



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A message from our President & Chair



The voice of foodservice | La voix des services alimentaires

WE ARE STRONGER WHEN WE ARE UNITED

Foodservice Facts is an indispensable resource for the Canadian foodservice industry, serving as a roadmap and offering valuable guidance on everything from consumer behaviour to market dynamics. It is instrumental in shaping the strategies that drive growth and innovation within our industry.

We would like to extend our heartfelt thanks to our Chief Economist Chris Elliott and the dedicated data partners and team who work tirelessly each year to develop this comprehensive and influential report. The insights and analysis within this 2024 edition reveal we're not merely beginning a new chapter, but embarking on a transformative era that will reshape our industry for decades to come.

Technology will play a key role in our evolution—not as a replacement for the human touch that defines our industry, but as a complement that enhances the employee experience, improves productivity and addresses the ongoing challenges related to needed efficiencies. The opportunity here is immense. The integration of technology into our workplaces is not about looking at automation as a panacea, but rather about leveraging the tools available to us to create more efficient, supportive and sustainable operations. As we navigate this new era, it is crucial that we remain open to innovation and are ready to adapt to the shifting demands of the market.

At the heart of this transformation is the changing demographic landscape. The emergence of Gen Z as a significant contributor to our industry is a testament to the evolving nature of consumer behaviour. Just a few years ago, this generation was spending their allowance money in our establishments. Today, they are a driving force in our labour and revenue streams, with distinct needs and expectations that we must meet to remain competitive and relevant. Similarly, Millennials, who have grown up valuing the experiences that restaurants bring to their daily lives, continue to be a vital segment of our employee and customer base. For these generations, dining out is not just an activity, but a key part of their lifestyle. As discretionary spending becomes more constrained, their expectations have intensified, demanding more value, experience, and innovation from the foodservice industry.

We are uniquely positioned to cater to a broad spectrum of flavours, concepts and cultural experiences and remain a powerful catalyst for innovation, creativity and leadership, with the potential to unlock new markets and forge deeper connections with our customers. We must, however, acknowledge that new ideas and strategies are required. The onus is on us, as entrepreneurs and industry leaders, to chart our course through this uncertainty. It is not enough to “wait it out” or rely on what has worked in the past; we must be willing to reinvent ourselves, seeing the value in the principles that have guided us, and adapting them to look past today's fog to the prosperity that lies beyond.

Restaurants are more than just places to eat; they are cultural pacesetters, shaping and reflecting the values, trends and aspirations of our society. The foodservice industry has always been at the forefront of social and cultural change, and now, more than ever, we have the chance to define what comes next. We must harness our passion, creativity, market sense, and our deep connection to our communities to lead the way into the future.

To capture the full potential of this moment, we need to believe in ourselves and in each other. While some aspects of our path forward may be uncertain, it is full of promise. Together, we have the power to define what comes next for the foodservice industry in Canada, and to build a future that is not just prosperous, but also sustainable, meaningful and impactful.



Kelly Higginson
President & CEO



Jeremy Bonia
*Chair of the Board
of Directors*

A message from our Chief Economist



ON CHARTING A PATH TO PROSPERITY

This 2024 edition of Foodservice Facts marks a noticeable shift in focus from recent volumes. Reflecting on the last four years, the dominant theme in the Foodservice Facts was the staggering impact of the pandemic and how the industry had not yet recovered to pre-pandemic levels. After all, the foodservice industry had just endured the largest and most devastating decline in sales and profitability on record. While the vast majority of industries have recovered, economic activity in the foodservice industry in 2024 still remains below pre-pandemic levels.

While working on this year's edition, the idea of finding the path to prosperity by moving forward— not trying to retrace our steps—resonated with me. As we compiled our research and analysis, this concept played repeatedly in my mind, ultimately becoming a litmus test for what content would be included in this year's Foodservice Facts. This shift in perspective moved the focus from the challenges of the past to opportunities that lie ahead in the future.

This doesn't mean erasing or forgetting the past—and how could we? The impact of the pandemic is still felt today, but charting a path to prosperity means looking towards the future. After all, the guests of today are noticeably different from the guests of 2019. Today's guests adopted new behaviours and habits over the last four years. Today's guests, and the generations of diners beyond, are more likely to want speed and convenience. They're ordering more for off-premises consumption than before. They are also more likely to work remotely, and are therefore relying less on lunch from a restaurant. Given rising prices, offering value is more important than ever. It's clear: we aren't going back.

What lies ahead, however, is a seismic change in our population. According to Statistics Canada, the population of people from diverse ethnic or cultural groups in Canada is forecast to increase from 10 million to nearly 20 million by 2041. This will have a profound impact on the Canadian landscape as the visible minority share of Canada's population will soar from 26% in 2021 to a projected 41% in 2041. This represents an extraordinary change, but also a great opportunity for the restaurant industry, as people from different racial backgrounds are heavy users of restaurants. These trends are highlighted on pages 46 to 51.

Guests are also looking for loyalty programs—another opportunity to grow and chart a path to prosperity. A survey conducted in June 2024 found that nearly six in 10 Canadians between the ages of 18 and 54 are currently enrolled in a loyalty or rewards program at a restaurant. Of those enrolled in a restaurant loyalty program, the average signed up for 2.6 programs. In the United States, the average American belongs to an average of 3.6 programs. There is room for growth in Canada. These trends are highlighted on pages 53 to 56.

Finally, charting a path to prosperity is only possible if we have a strong economy. After narrowly averting a recession in the fourth quarter of 2023, Canada's economy is forecast to improve in the second half of 2024 and into 2025. This will lead to greater potential for future sales growth. To plan ahead, you can find our long-term forecast on page 61.

The 2024 edition of Foodservice Facts and Restaurants Canada's other research reports are tools to help you chart a path to future prosperity. History shows that changing times favour those who look ahead, so we must change our perspective to prosper.



Chris Elliott
*Chief Economist &
Vice President, Research*



Size and Scope of the Canadian Restaurant Industry

Every day, millions of Canadians dine out, sustaining a dynamic network of foodservice establishments from coast to coast. Beyond just feeding the public, these restaurants are economic powerhouses, driving significant employment and tax revenue. Their investments ripple through the economy, amplifying growth and fostering a robust, interconnected economic landscape. In essence, Canada's restaurant industry is a testament to the power of communal dining in shaping economic vitality.

▶ AN ECONOMIC POWERHOUSE



Canadians make **23 million visits** to restaurants every day.

Investment in the restaurant industry has significant spillover effects on the economy. **For every dollar of output in the restaurant industry, \$1.80 of output is generated in the broader economy**, compared to \$1.56 for all industries. An initial dollar of spending can lead to a more significant overall increase in economic activity, driven by successive rounds of spending.



\$114 billion in annual foodservice sales from coast to coast to coast.



For every million dollars of output, the restaurant industry generates 17.6 new jobs. By comparison, the industrial average is 7.4 jobs per million dollars of output.



The restaurant industry and its employees contribute **\$26 billion** in federal, provincial and municipal taxes.



More than 100,000 foodservice locations across Canada.



▶ CONNECTING COMMUNITIES



36% of 18- to 54-year-olds have dreamed of opening a restaurant. The most popular choice for 18-34-year-olds would be a coffee shop/café, while those **aged 35-54** would prefer to open a family or casual dining restaurant.

80% of Canadians agree that they enjoy going out to restaurants to connect with their friends and family.



75% of Canadians agree that restaurants are a great place to have a memorable experience.



PROVIDING OPPORTUNITY FOR ALL CANADIANS



The restaurant industry **employs nearly 1.2 million workers**, representing **6%** of the country's workforce.

Restaurants are the **fourth-largest private employer in Canada**, employing more people than real estate, mining, oil and gas extraction, agriculture, utilities, forestry and fishing combined.



The restaurant industry is the **number one source of first-time jobs** for Canadians.



More than **520,000 youth are employed in the restaurant industry**, representing **one in five youth jobs**.



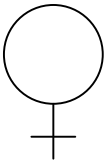
Three in 10 Canadians between the ages of 18 and 54 have worked in the restaurant industry at some point in their lives (23%) or currently work in the restaurant industry (7%).

Strategic Perspective

"I have been running independent, local restaurants for thirty years. As our economic landscapes change and go through various waves, alongside our spending habits and social preferences, we restaurants have to focus on paying attention to our "piggy banks", group together and speak up, and engage with our city council/business improvement councils on the one side. On the other side, we constantly remind ourselves that, in addition to being businesses, we also represent the CULTURE

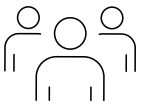
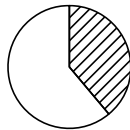
and VIBE of our cities. People (consumers, including myself) care about this. The more a restaurant is part of the cultural fabric of their city, the more customers will pay attention and choose to spend their money there."

Meeru Dhawala,
Independent Restaurant Owner,
Lila Restaurant, Vancouver



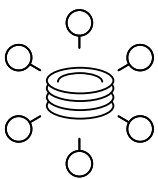
Women represent 57% of the foodservice workforce.

39% of foodservice workers belong to **visible minority groups**.



Across the country, **immigrants make up more than half (53%) of business owners** with paid staff in the foodservice industry.

More than 1 out of every 4 workers in the foodservice industry are **immigrants**.



The foodservice industry **creates more than 287,100 spinoff jobs** in other industries:



EMPLOYMENT IN OTHER INDUSTRIES GENERATED BY THE RESTAURANT INDUSTRY

Agricultural and related services industries	85,100
Food industries	43,000
Transportation industries	12,000
Wholesale trade industries	23,100
Retail trade industries	16,700
Finance and real estate industries	19,200
Business service industries	21,100
Other industries	66,900
Total Indirect Employment	287,100

Source: Statistics Canada and Restaurants Canada

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Market Review and Forecast

Canada's foodservice industry is poised for notable growth, although inflation and economic headwinds temper the optimism. While the sector shows robust spending, the real increase in sales is more restrained after adjusting for rising prices. High household debt and living costs are reshaping consumer habits, yet the allure of dining out persists, particularly among Millennials. Despite these challenges, the industry's recovery is still trailing behind its pre-pandemic performance, reflecting the complex economic landscape.



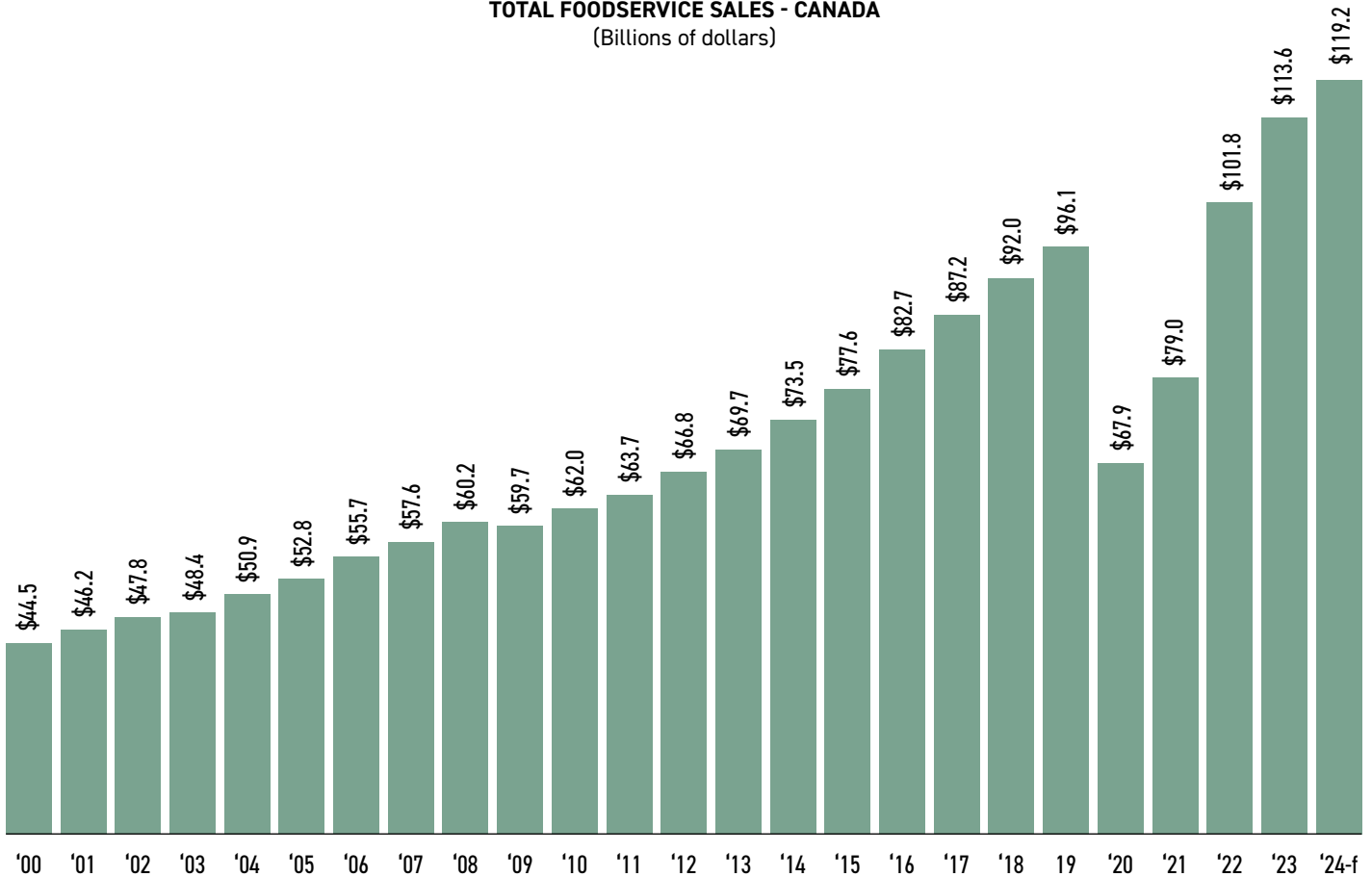
Canada's foodservice industry is projected to grow to nearly \$120 billion in 2024, up 4.9% over 2023. Adjusted for menu inflation of 4.2%, real foodservice sales are only expected to grow by 0.7%. The moderation in consumer spending reflects weaker economic growth, high household debt and the rising cost of living.

Although sales are slowing, Canadians enjoy going out to restaurants. Overall, 45% of Canadians make a purchase from a restaurant once a week or more. Millennials are the biggest users of restaurants, with nearly half making a purchase from a restaurant once a week or more.

Despite higher revenues in recent years, the restaurant industry remains 9% below 2019 levels in terms of economic output. Real GDP by industry measures the output by the industry minus the value of intermediate inputs that were purchased from other industries and allows for a comparison with other industries.

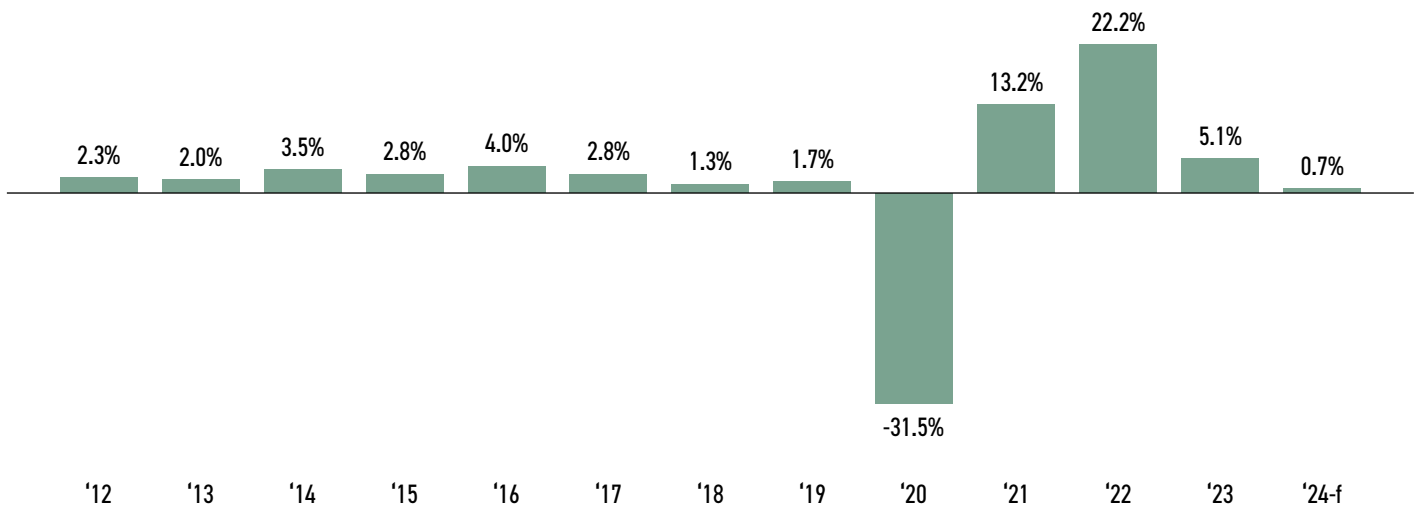
As economic activity has not fully recovered, neither has the number of restaurants. In 2023, there were 26,773 independent restaurants in Canada, representing 3,000 fewer establishments compared to 2019. While the number of chain restaurants increased by 1,054 locations during this time, the total number of restaurants in Canada today is lower than it was in 2019.

TOTAL FOODSERVICE SALES - CANADA
(Billions of dollars)



Source: Restaurants Canada, Statistics Canada, fsSTRATEGY Inc. and CBRE Hotels

TOTAL FOODSERVICE SALES
(Canada year-over-year real change)



Source: Restaurants Canada, Statistics Canada, fsSTRATEGY Inc. and CBRE Hotels

FOODSERVICE SALES
(Canada)

	2022	% Change '22/'21	2023	% Change '23/'22	2024	% Change '24/'23
	(Millions of Dollars)		(Millions of Dollars)		(Millions of Dollars)	
Quick-service restaurants	\$38,186.5	13.7%	\$42,423.0	11.1%	\$44,686.5	5.3%
Full-service restaurants	\$36,419.6	37.0%	\$40,712.8	11.8%	\$42,503.1	4.4%
Caterers	\$5,936.9	50.3%	\$7,178.7	20.9%	\$7,696.3	7.2%
Drinking places	\$2,359.9	50.0%	\$2,512.4	6.5%	\$2,481.3	-1.2%
TOTAL COMMERCIAL	\$82,902.9	26.2%	\$92,827.0	12.0%	\$97,367.2	4.9%
Accommodation foodservice	\$6,980.0	136.6%	\$7,982.0	14.4%	\$8,349.0	4.6%
Institutional foodservice	\$5,920.0	9.3%	\$6,422.0	8.5%	\$6,819.9	6.1%
Other foodservice	\$6,022.2	21.5%	\$6,386.8	6.1%	\$6,714.2	5.1%
TOTAL NON-COMMERCIAL	\$18,922.2	42.0%	\$20,790.8	9.9%	\$21,874.1	5.2%
TOTAL FOODSERVICE	\$101,825.1	28.9%	\$113,617.8	11.6%	\$119,241.3	4.9%
Menu inflation		6.7%		6.5%		4.2%
REAL GROWTH		22.2%		5.1%		0.7%

Source: Restaurants Canada, Statistics Canada, fsSTRATEGY Inc. and CBRE Hotels