



Canada's Restaurant Industry Putting jobs and economic growth on the menu

OVERVIEW

Bringing Canadians to the table

On a typical day, Canadians make 17 million restaurant visits.¹ They have a more personal, direct and frequent connection with the restaurant industry than just about any other. They stop for a coffee on their way to work, they go out for dinner to celebrate an anniversary, and they order in to feed a crowd. Some people interact with restaurants on a daily basis, and for others a trip to a restaurant is a special treat. Whatever the occasion, they expect good service, great food and a safe and enjoyable experience.

Kraft Foodservice Canada commissioned an Ipsos public opinion poll of more than 1,000 Canadians to find out what Canadians think about this ubiquitous industry, and how it has affected their lives.

It turns out that Canadians have a very strong relationship with the restaurant industry. It's where they landed that all-

important first job; it's their favourite place to socialize with family and friends; and it's a business they dream of getting into. Here's just a taste of what Canadians have to say:

- 22% report that their first job was in the restaurant industry – ahead of all other industries;
- Close to half of Canadians have either worked in the restaurant industry or know someone in their immediate family that works directly or indirectly in the restaurant industry;
- 34% of Canadians have dreamed of opening their own restaurant or bar;
- A strong majority of Canadians agree that working in a restaurant teaches valuable skills that are transferable to other jobs.

While Canada's restaurants and bars collectively add up to a large industry, with more than \$60 billion in annual sales and more than one million employees, these survey findings demonstrate that they have forged a highly personal, local and valued connection with Canadians.

DETAILED FINDINGS

1. Restaurants are the number one gateway to the workforce

One of the strongest messages from the Ipsos poll is that Canadians rely on and appreciate the job opportunities provided by restaurants. Eight in 10 agree that “foodservice provides many Canadians with their first job” and “provides a vital source of employment.”

In fact, the survey found that **for 22% of Canadians, their first job was in the restaurant industry.** This is ahead of any other industry, including larger ones such as retail and manufacturing. Restaurants are a people business, and the industry is a leading job creator. In fact, the biggest ongoing investment that restaurants make is in people.² (Chart 1)

Canadians recognize that restaurants are a valuable source not only of employment,

but of training in transferable job skills – like customer service, time management, problem-solving and teamwork. Nearly eight in 10 Canadians agree with the statement that “working in restaurants teaches you how to be a part of a team.” More than seven in 10 agree that “working in a restaurant helps young Canadians develop crucial skills.” **Nearly seven in 10 agree that “the restaurant industry is a great training ground for future employment.”** Six in 10 agree that “working in restaurants helps new Canadians develop crucial skills.” (Chart 2)

These findings align well with tracking by Statistics Canada that shows the restaurant industry is the fourth-largest private sector employer in Canada, and an important provider of youth jobs. More than 462,000 young people under the age of 25 – or one in five young workers – rely on the restaurant industry for employment.

The restaurant industry provides first-job experience for 22% of Canadians.

Chart 1

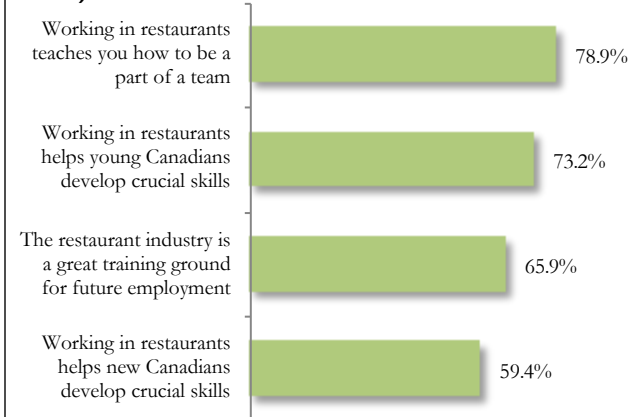
Where Canadians Find their First Jobs

Q: What was the very first industry that you were employed in?
Base: 1,028 respondents.

1. Restaurant/foodservice	22%
2. Retail	16%
3. Manufacturing	11%
4. Delivering newspapers	8%
5. Agriculture	6%
6. General business	6%
7. Government	5%
8. Construction	5%
9. Banking	3%
10. Education	3%
11. Health care	3%
12. Computer	2%
13. Telemarketing	1%
14. Entrepreneur/self-employed	1%
15. Transportation and shipping	1%
16. Other	9%

Chart 2

Canadian Perceptions of Restaurant Jobs (Percentage of respondents that agree with the following statements)



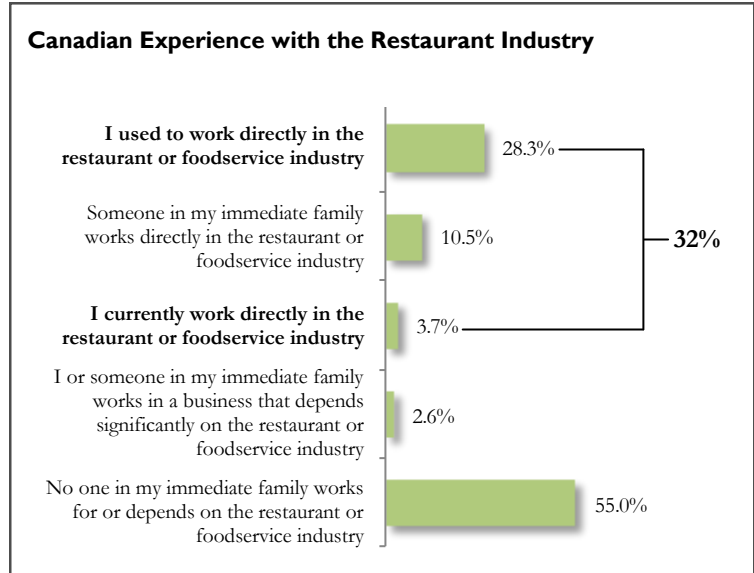
Q: To what extent do you agree or disagree with the following.
Note: the results are based on the top 3 box scores on a 7-point agreement scale.
Base: 1,028 respondents.

But the restaurant industry is about more than entry-level jobs. It provides direct and indirect career opportunities in many different fields – from marketing and procurement to real estate and finance. The Ipsos poll found that **nearly one third of Canadians have worked in the restaurant industry at some point in their lives.** (Chart 3)

Given the local visibility of restaurants and bars, the emergence of celebrity chefs, and the awareness that Canadians have about the restaurant industry – from the perspective of customer, employee, or supplier -- it's not surprising that **just over a third of Canadians (34%) have dreamed of opening up a restaurant or bar.** (Chart 4)

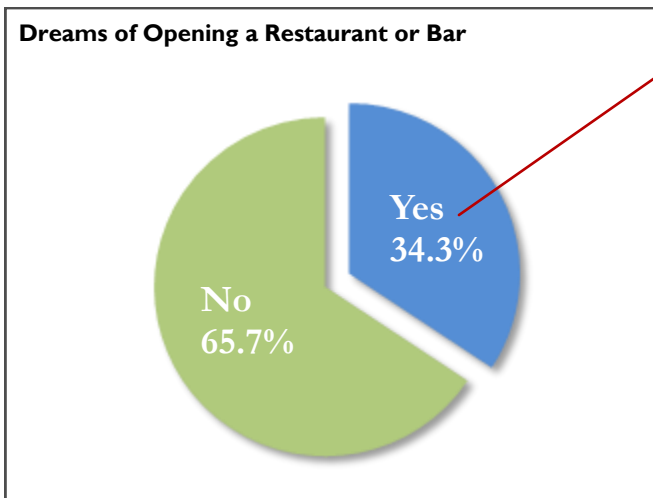
What kind of restaurant or bar would Canadians choose to open? Casual or family style restaurants are most popular. (Chart 5)

Chart 3



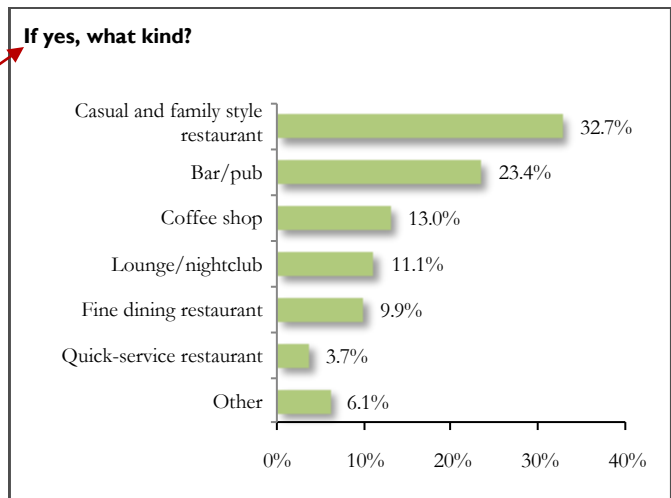
Q: Which of the following statements most applies to you now?
Base: 1,028 respondents.

Chart 4



Q: Have you ever dreamed about opening your own restaurant or bar?
Base: 1,028 respondents.

Chart 5



Q: And what type of restaurant or bar have you dreamed about opening?
Base: 353 (respondents who dream of opening a restaurant or bar).

Going out to a restaurant or bar is the preferred activity for 35% of Canadians when they go out with family and friends.

While the percentage of Canadians that have dreamed of opening a restaurant or bar remains fairly constant across the country, there are some regional differences in the type of establishment they would open. In Ontario, 41% would open a casual or family style restaurant compared to 22% of respondents in Western Canada. In contrast, 34% of respondents in Western Canada would open a bar or pub compared to 21% in Ontario.

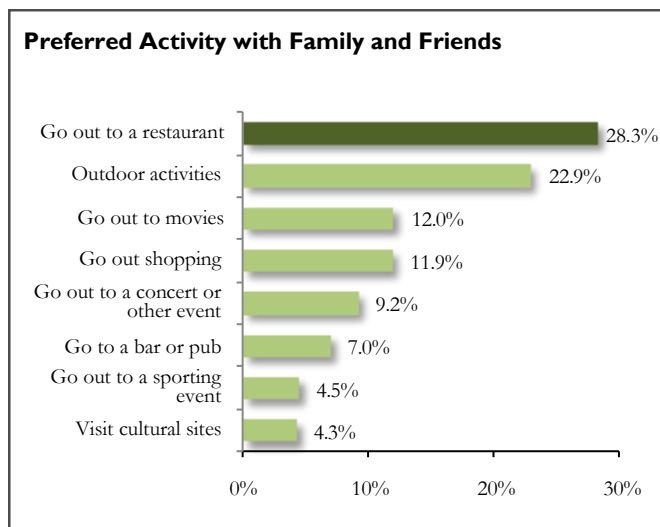
2. Restaurants are the preferred place to socialize with friends and family

Restaurants bring people together. Just over 28% of Canadians choose going out to a restaurant as their preferred way to spend time with friends and family -- ahead of outdoor activities, going to the

movies or shopping. Another 7% would choose to go to a bar or pub. Added together, that's **35% of Canadians who prefer to visit a restaurant or bar when going out with family and friends** – far ahead of the second-favourite option, outdoor activities, selected by 23% of Canadians. (Chart 6)

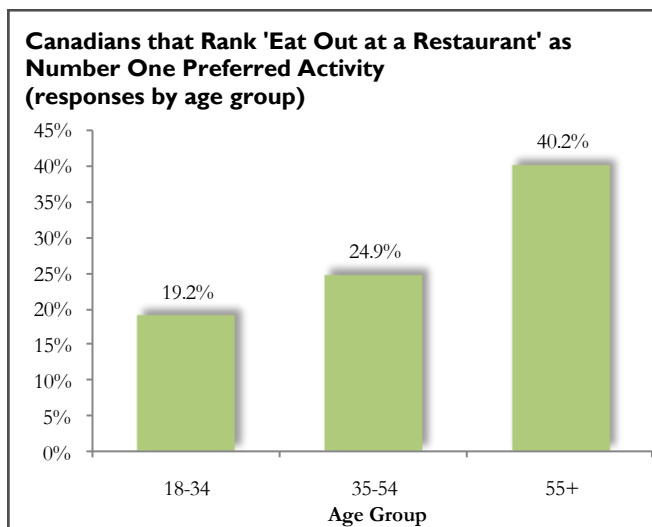
While Canadians aged 55 and older tend to dine out less often than younger age groups (see chart 11, page 7), they are the most likely to prefer going out to a restaurant compared to all the other activities listed. In fact, Canadians who are 55 and older are more than twice as likely as those aged 18 to 34 to rank eating out at a restaurant as their number one choice for spending time with family and friends. (Chart 7)

Chart 6



Q: The following is a list of different activities that you could do when going out with family and friends. Please rank these in order of how much you prefer to participate in each.
 Note: the results are based on the share of respondents that assigned a rank of 'one' to the above activities.
 Base: 1,028 respondents.

Chart 7



Q: The following is a list of different activities that you could do when going out with family and friends. Please rank these in order of how much you prefer to participate in each.
 Note: the results are based on the share of respondents in each age group that ranked 'go out to a restaurant' as number one.
 Base: 1,028 respondents.

3. Restaurants make a strong contribution to the economy

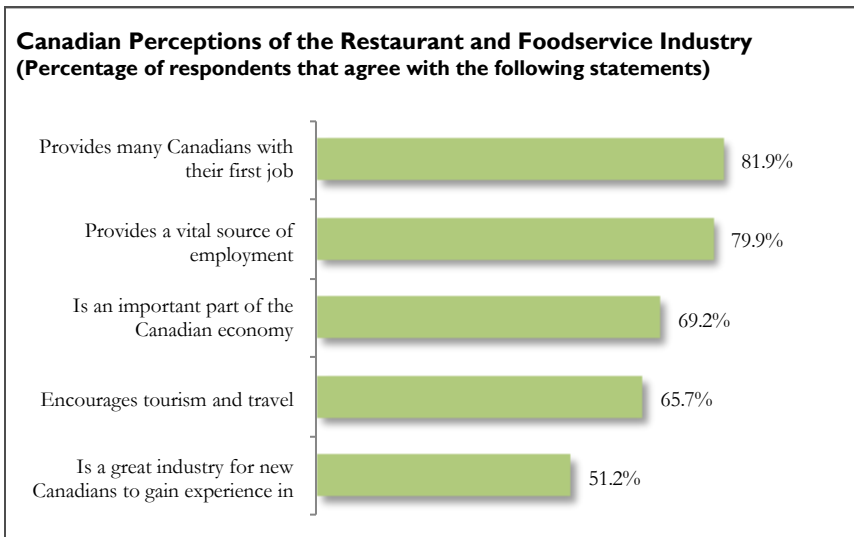
Based on data from Statistics Canada and additional sources that track sales at restaurants, bars, caterers and other foodservice operations, the CRFA estimates that the restaurant industry will generate more than \$60 billion in sales in 2010. This amounts to just under 38% of total spending on food in Canada by consumers, tourists, government, business and industry. With 81,000 locations, the industry employs more than one million people in communities across the country.

When asked about the economic contribution of the restaurant industry,

80% of Canadians recognize its importance as a vital source of employment and a valuable source of first jobs. In addition, seven in 10 Canadians believe the restaurant industry is “an important part of the Canadian economy.” Canadians also understand the role that restaurants play in attracting tourists, as 66% agree that “restaurants encourage tourism and travel.” This is especially true in Atlantic Canada and Quebec where 81% and 75% respectively agree with this statement. A majority of Canadians (51%) agree that “foodservice is a great industry for new Canadians to gain experience in.”
(Chart 8)

Most Canadians (80%) recognize that restaurants are a vital source of employment and a valuable source of first jobs.

Chart 8



Q: Please indicate the extent to which you agree or disagree with each statement.
Note: the results are based on the top 3 box scores on a 7-point agreement scale.
Base: 1,028 respondents.

4. Eating out is a luxury for most Canadians

Despite the proliferation of convenient, innovative and quality meals and snacks at restaurants, **the majority (63%) of Canadians still regard eating at a restaurant as a luxury.** Only 16% of respondents said that eating out is part of their everyday life. (Chart 9)

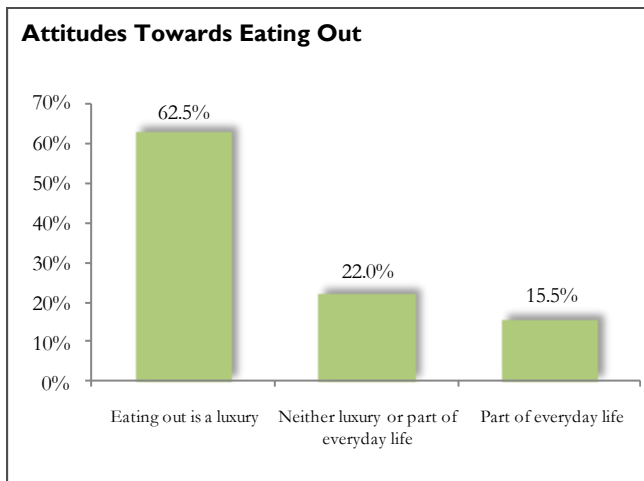
This lines up with other studies indicating that Canadians source an average of one in 10 meals from a restaurant³ and that Canadian households spend just 24% of

their food budget at restaurants.⁴ The perception of restaurant meals as a luxury is likely due to sluggish growth in disposable income in Canada, and the relatively higher cost of eating out due in part to the fact that restaurant purchases are subject to the HST or GST, while most grocery purchases are tax-free.

The majority of Canadians (60%) purchase a meal or snack at a restaurant once a week or more. **But a restaurant visit is a daily occurrence for just one in 15 Canadians,** according to the Ipsos poll. (Chart 10)

Most Canadians (63%) regard eating at a restaurant as a luxury.

Chart 9

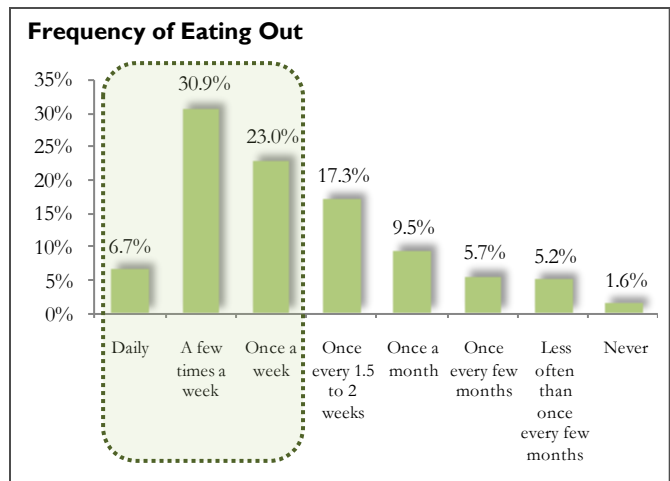


Q: Thinking about eating out at restaurants, takeout, or telephone delivery eating, please tell us the extent you feel this is 'always a luxury' or 'part of everyday life' on a 7-point scale.

Note: the results are based on the top 3, mid box and bottom 3 box scores on a 7-point scale.

Base: 1,028 respondents.

Chart 10



Q: How often, if at all, have you purchased and consumed meals and/or snacks from a restaurant?

Base: 1,028 respondents.

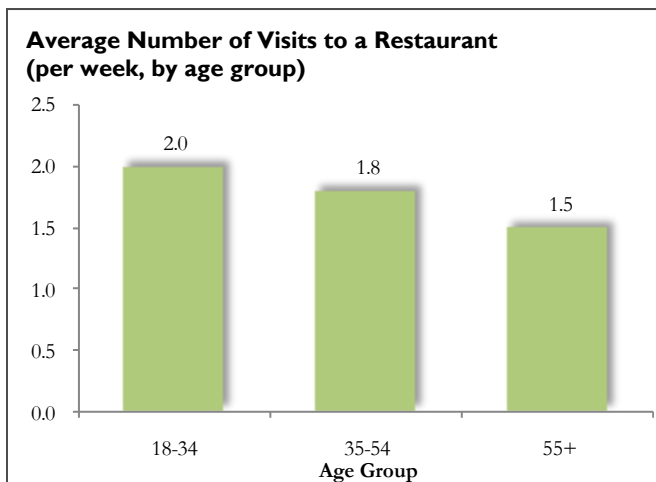
On average, **Canadians purchase a meal or snack from a restaurant just 1.7 times a week.** Due to a slightly higher rate of snacking, young people between the ages of 18 and 34 frequent restaurants for meals and snacks most often,⁵ with an average of two visits a week. (Chart 11)

Due to a higher rate of snacking,⁶ consumers in Ontario and Atlantic Canada visit a restaurant an average of twice a week compared to 1.6 times in

Western Canada and 1.4 times in Quebec. The perception that foodservice is a luxury may also be a reflection of the current economic climate. Many Canadians are worried about their financial stability and their jobs.⁷ The Ipsos poll reinforces the strong correlation between income and eating out; as household incomes increase, the more likely it is that Canadians perceive restaurants to be a part of their everyday lifestyle. (Chart 12)

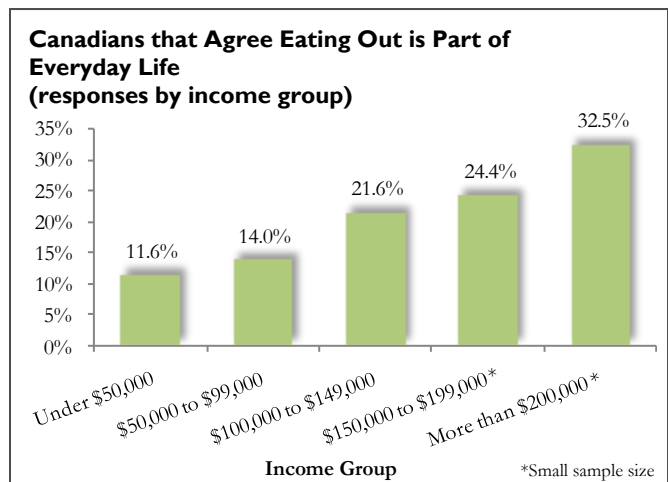
The average Canadian visits a restaurant just once or twice a week.

Chart 11



Q: How often, if at all, have you purchased and consumed meals and/or snacks from a restaurant?
 Note: Results are based on the average response for each age group.
 Base: 1,028 respondents.

Chart 12



Q: Thinking about eating out at restaurants, takeout, or telephone delivery eating, please tell us the extent you feel this is 'part of everyday life' or 'always a luxury' on a 7-point scale.
 Note: the results are based on those who responded 'part of everyday life' and represents the bottom 3 box score on a 7-point scale.
 Base: 1,028 respondents.

For 43% of Canadians, the top reason they go to a restaurant is for an indulgence or treat.

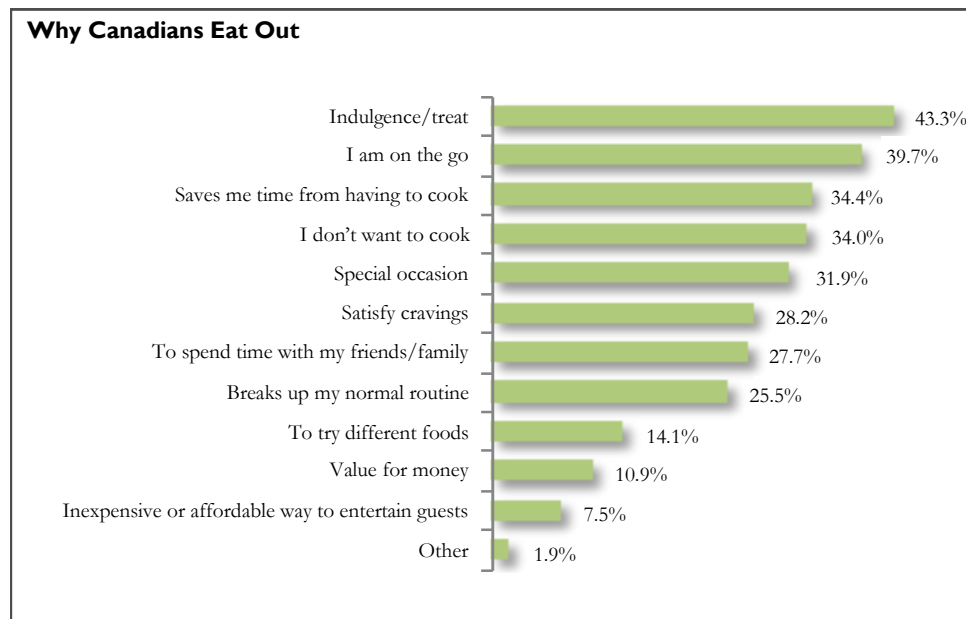
When asked what motivates them to visit a restaurant, Canadians are split between indulgence and convenience. **Forty-three percent of Canadians say the top reason they go to a restaurant is because it is an indulgence or treat.**

But Canadians are also driven by convenience. **An almost equal number -- 40% -- choose to eat out because they are “on the go,” while 34% agree that it either “saves time from having to cook” or they “don’t want to cook.”** Among 18- to 34-year-olds, the top reason to eat out is because they are ‘on

the go.’ For those age 35 and older, ‘indulgence or treat’ is the most popular reason for eating out.

At the other end of the spectrum, just 11% of respondents eat out at restaurants because it provides “value for money,” and only 7% say that it is an “inexpensive/affordable way to entertain guests and family.” (Chart 13) These responses tie into the earlier finding that eating out is perceived as a luxury by most Canadians.

Chart 13



Q: What are your top three reasons for visiting a restaurant?

Note: data are based on share of overall responses.

Base: 1,011 (data include only the respondents who purchased and consumed meals at restaurants).

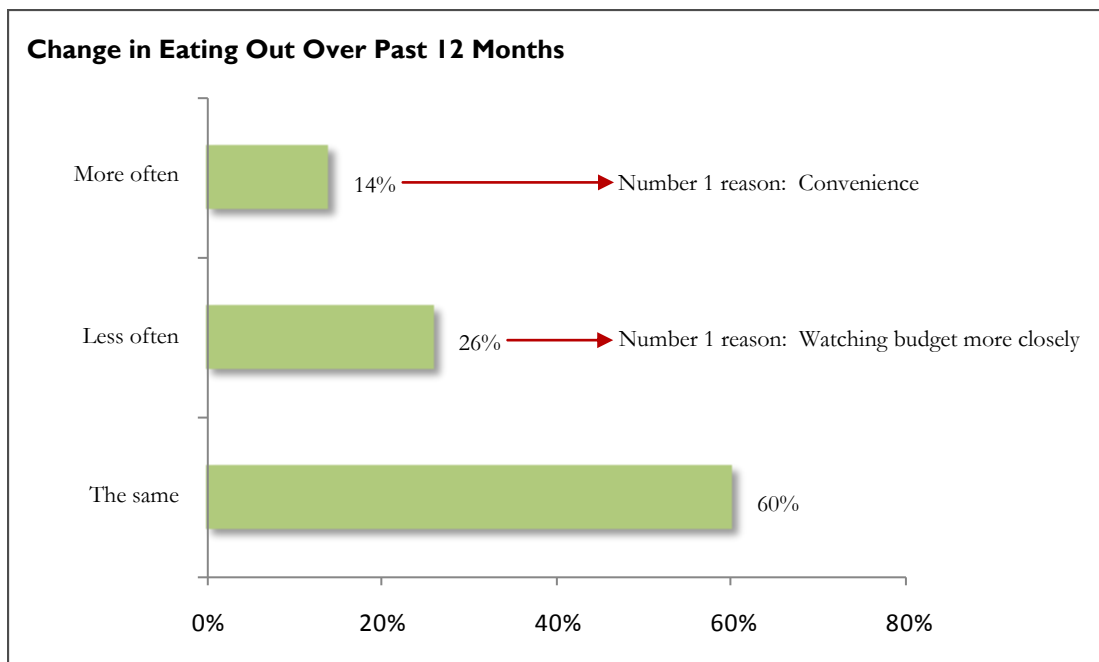
Despite the weak economic conditions, **most Canadians (60%) have not cut back on the frequency of restaurant visits in the past 12 months.** In fact, 14% of respondents say they are eating out more often. One quarter of Canadians, however, are eating out less often.

Of those eating out more often, **convenience is the top reason, cited by 54% of respondents.**

In contrast, a quarter of Canadians are eating out less often, primarily due to budget concerns. Three quarters of those who are eating less often say it's because they are "watching their budget more closely." (Chart 14)

Most Canadians (60%) have not cut back on the frequency of restaurant visits in the past 12 months.

Chart 14



Q: Thinking now about the previous twelve months, how has your frequency of visiting restaurants changed, if at all?
Base: 1,011 respondents (data include only the respondents who purchased and consumed meals at restaurants).

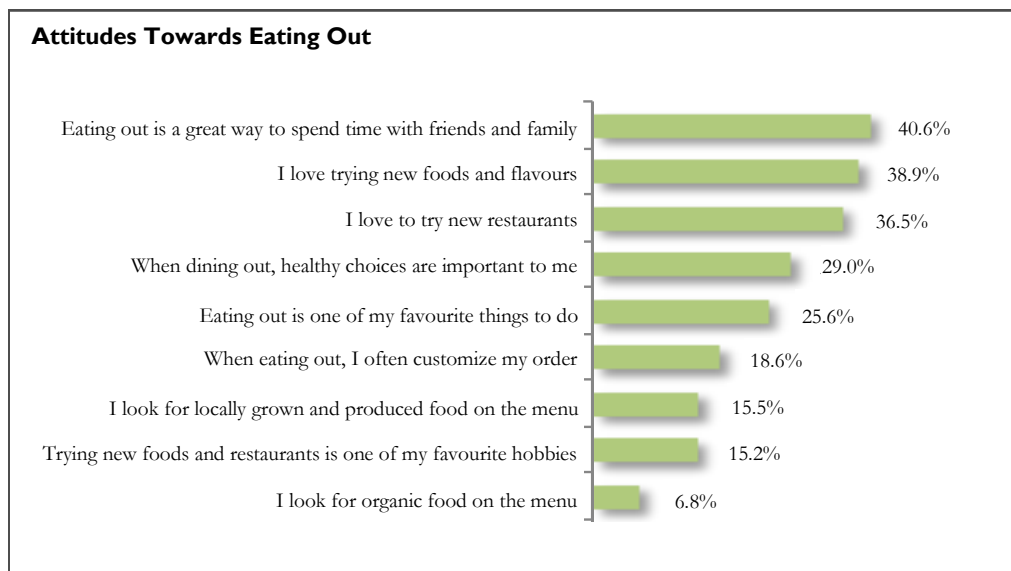
Well over a third of Canadians could be described as “foodies”: 39% say they love to try new foods and flavours and 37% say they love to try new restaurants.

Well over a third of Canadians could be described as “foodies”: **39% say they love to try new foods and flavours and 37% say they love to try new restaurants.** This is especially true for Canadians between the ages of 18 and 24.

One quarter (26%) of all respondents say that eating out is one of their favourite things to do, and nearly one in six Canadians are “hobby diners,” – trying new foods and restaurants is one of their favourite hobbies. (Chart 15)

In recent years, there has been a growing awareness around eating healthy. As a result, **29% of Canadians say that healthy choices are important to them when dining out.** But new trends such as the ‘locavore’ movement and the growing popularity of organics do not rank very high for the average restaurant goer. In fact, **only 16% of Canadians look for locally grown and produced food on the menu and just 7% look for organic food on the menu.**

Chart 15



Q: What follows are a series of statements Canadians have made that relate to eating out at restaurants. Please indicate the extent to which you agree or disagree with each of the following.

Note: the results are based on the top 2 box scores on a 7-point agreement scale.

Base: 1,028 respondents.

CONCLUSION

The tastes and motivations of Canadian restaurant goers are as diverse as the restaurant industry itself. Canadians are largely united, however, in the belief that restaurants play an important role when it comes to jobs, tourism and economic prosperity. A solid majority agree that restaurants make a valuable contribution to the local and national economy, are an important source of employment, and

help young Canadians develop crucial, transferable job skills. Policy makers must begin to recognize what the average Canadian already knows: a strong and vibrant restaurant industry contributes to a strong and vibrant economy and job market. That's good policy, and good politics.

Methodology

The results are based on the findings of an Ipsos /Kraft Canada Inc. survey conducted between August 25 and August 31, 2010. The purpose was to understand the Canadian perspective of the restaurant industry and the importance of the industry to economic activity and employment. The survey was conducted online, in English and French, and included Canadians 18 years of age and older. The data have been weighted to reflect the Canadian population. Results are considered accurate within +/- 3.1 percentage points 19 times out of 20. This margin of error will be larger within sub-groupings of the survey population.

In the survey, it was noted that restaurants include:

- Casual and family style restaurants
- Bars or pubs
- Quick-service restaurants and coffee shops
- Cafeterias

Endnotes

1. CREST, NPD Group Inc.
2. The average restaurant expenditure on salaries/wages/benefits is 34.8% of operating revenue, according to Statistics Canada
3. NET Canada, NPD Group, 2009
4. Survey of Household Spending, Statistics Canada
5. CREST, NPD Group Inc.
6. CREST, NPD Group Inc.
7. Consumer Confidence Index, Conference Board of Canada



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Thank you to Kraft Foodservice Canada for commissioning this survey.

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