

# Food services and drinking places, annual, 2017

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Firms in the food services and drinking places subsector generated \$71.8 billion in operating revenue in 2017, up 5.4% from 2016. The increase in 2017 was driven in part by menu inflation, with the Consumer Price Index reporting that the price of food purchased from restaurants was up 2.6%, while prices for alcoholic beverages served in licensed establishments increased by 1.5%. Operating expenses for the subsector rose to \$68.6 billion in 2017, up 5.2% from 2016. The operating profit margin was 4.3%.

Growth in 2017 was also buoyed in part by rising e-commerce sales in the food services and drinking places subsector, which increased 68.8% to \$2.0 billion. One factor contributing to the growth in e-commerce sales has been the emergence and growing popularity of mobile applications and third-party websites in food services.

Among the provinces, Prince Edward Island had the highest rate of growth, with operating revenue increasing by 8.3% from 2016 to 2017. Factors that have contributed to higher growth of the subsector in Prince Edward Island are increasing consumer spending and robust economic growth. Saskatchewan businesses saw the slowest rate of growth for the second year in a row, with operating revenue increasing by 1.8%.

The four provinces with the largest shares of operating revenue in 2017 were Ontario (38.9%), Quebec (19.3%), British Columbia (17.0%) and Alberta (13.4%).

Sales of food and non-alcoholic beverages accounted for 83.7% of the total sales of goods and services in the subsector in 2017, followed by the sale of alcoholic beverages at 12.4%.

The largest operating expense for the food services and drinking places subsector was the cost of goods sold, which represented 36.4% of operating expenses in 2017. The next largest expense item was salaries, wages, commissions and benefits (32.4%), followed by rental and leasing (8.5%).

## Restaurant sales feed growth

The food services and drinking places subsector is composed of four types of industries: full-service restaurants; limited-service eating places; special food services; and drinking places. In 2017, full-service restaurants were the fastest growing segment of the subsector, with operating revenue increasing 7.0% from 2016 to \$32.3 billion. This was the sixth year in a row that full-service restaurants experienced growth of 5.0% or more. Operating expenses in the industry grew by 6.7% to \$31.1 billion, resulting in a 3.8% operating profit margin.

Limited-service eating places saw an increase of 4.4% in operating revenue to \$30.6 billion in 2017. Operating expenses rose 4.4%, leading to an operating profit margin of 4.3%. At the provincial level, an increase in operating revenue was seen across all of the provinces in this segment for the fifth consecutive year.

In the special food services industry group, operating revenue increased 4.4% from the previous year to \$6.0 billion in 2017. Operating expenses in the special food services industry group rose 4.1% to \$5.6 billion, resulting in an operating profit margin of 7.2%.

Drinking places, which include bars and taverns, were the slowest growing segment of the subsector in terms of operating revenue, up 0.2% to \$2.9 billion in 2017. Operating expenses decreased 0.5% to \$2.7 billion, resulting in a 4.7% operating profit margin in 2017.

Full-service restaurants accounted for 45.1% of the subsector's sales in 2017, followed by limited-service eating places at 42.6%. Special food services, which includes food service contractors, caterers, and mobile food services, accounted for 8.4% of operating revenue, with drinking places accounting for the remaining 4.0%.



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**Note to readers**

*Data for 2016 have been revised.*

**Available tables:** [21-10-0171-01](#), [21-10-0172-01](#), [21-10-0213-01](#) and [21-10-0232-01](#).

**Definitions, data sources and methods:** survey number [4704](#).

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