

Food services and drinking places hard hit by the pandemic, first quarter 2021

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Canadians enjoyed dining out prior to the pandemic, spending \$2,775 or just over one-quarter of their total food spending at restaurants in 2019.

Sales in the food services and drinking places subsector fell in 2020 in the wake of lockdowns, limited dine-in options during the pandemic and fewer customers. Businesses stemmed part of their losses by laying off of employees, expanding take out service and applying for government assistance programs.

Nevertheless, restaurant and bar owners reported that business conditions and confidence had deteriorated when they were asked about their expectations concerning various business measures over the next three months (see note to readers).

Food services and drinking places harder hit by the pandemic than businesses overall

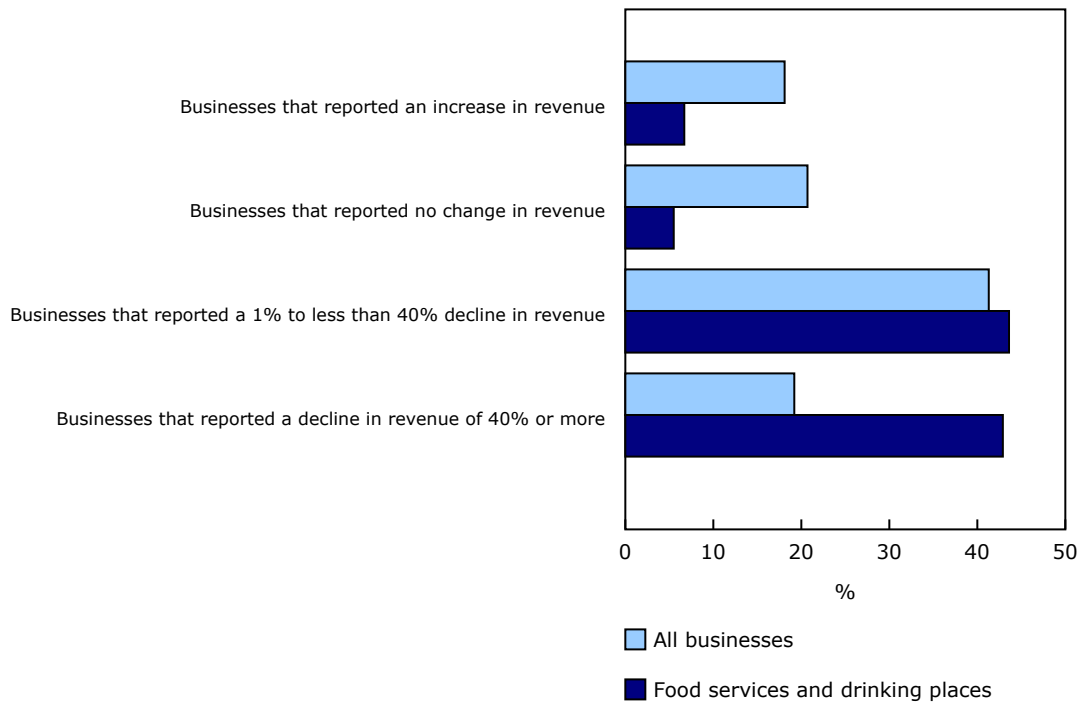
Owners of food services and drinking places were much more likely to report lower revenue in 2020 than businesses overall (86.5% versus 60.5%).

Nationally, over two-fifths (42.9%) of restaurants and bars saw their revenue decline by 40% or more, with those in Quebec (50.9%), Manitoba (47.9%) and Ontario (44.9%) most likely to report revenue declines of 40% or more.

Conversely, just over 1 in 10 food services and drinking places said that their revenue stayed about the same (5.5%) or increased (6.7%) in 2020 compared with 2019.



Chart 1
Business revenue in 2020 compared with 2019



Note(s): Respondents were asked the following question: Compared with 2019, how did the revenues of this business change in 2020?
Source(s): Table 33-10-0317-01.

Over half of food services and drinking places expect losses to continue in the near future

From mid-January to mid-February, businesses were asked about their expectations over the next three months. Over half (56.6%) of food services and drinking places expected their profitability to fall over the next three months, compared with 41.8% of all businesses. Nearly one-third (29.8%) of restaurants and bars expected profitability to remain the same, while 8.5% expected profits to rise.

Approximately half (49.7%) of food services and drinking places expected lower sales over the next three months, compared with nearly one-third (30.6%) of all businesses. Over one-third (35.3%) of food services and drinking places expected sales to stay about the same.

Half of food services and drinking places do not know how long they can continue to operate before considering closure or bankruptcy

At their current level of revenue and expenditures, over half (51.2%) of food services and drinking places do not know how long they can continue to operate before considering closure or bankruptcy. Over one-quarter (26.2%) reported that they can continue to operate for less than 12 months before considering closure or bankruptcy, compared with one-tenth (10.3%) of all businesses.

Nearly half (47.6%) of food services and drinking places do not know how long they can continue to operate at their current level of revenue and expenditures before considering laying off staff, similar to the proportion of all businesses (46.4%).

In the short term, 29.9% of food services and drinking places expected their number of employees to decrease over the next three months, up from 20.3% in the fall.

More food services and drinking places report that they cannot take on more debt

When asked early in the first quarter, over half (54.0%) of food services and drinking places reported that they could not take on more debt, up 7.9 percentage points from last fall.

Overall, 43.0% of food services and drinking places reported that maintaining sufficient cash flow or managing debt is expected to be an obstacle over the following three months, compared with 24.2% of businesses overall.

Food services and drinking places more likely to have received government funding than businesses overall

In response to the challenges experienced by businesses due to the pandemic, various government programs provided funding or credit to support businesses (see note to readers). The vast majority (92.1%) of food services and drinking places reported that they had been approved for, or had received, some form of funding or credit because of the COVID-19 pandemic, compared with 73.3% of all businesses.

Almost four-fifths (78.5%) of food services and drinking places were approved for, or had received, the Canada Emergency Business Account early in the first quarter, compared with over half (54.3%) of all businesses.

Approximately three-fifths (60.5%) of food services and drinking places were approved for, or had received, the Canada Emergency Wage Subsidy, compared with about one-third (34.6%) of all businesses.

Food services and drinking places (29.3%) were also more likely to have been approved for, or to have received, the Temporary 10% Wage Subsidy for Employers, compared with 20.4% of businesses overall.

Businesses continue to adapt by shifting sales online

Many restaurateurs have adapted to the unique conditions imposed by the pandemic by shifting to contactless delivery and take-out service, with almost one-fifth (19.4%) making 30% or more of their sales online in 2020, more than double the rate in 2019 (9.1%). Half (50.7%) of these businesses said that they were likely or very likely to permanently adopt contactless delivery or pickup options going forward.

Note to readers

This article is based on results from the Canadian Survey on Business Conditions. Businesses across Canada were invited to take part in an online questionnaire about how COVID-19 was affecting their business and business expectations moving forward. The most recent survey was conducted from January 11 to February 11, 2021, and respondents were asked what their expectations would be over the next three-month period. As a result, those three months could range from January 11 to May 11, 2021, depending on when the business responded.

The Canadian Survey on Business Conditions used a stratified random sample of businesses with employees classified by geography, industry sector and size. Results for this release were based on responses from 15,431 businesses, 795 of which were food services and drinking places.

*The **food services and drinking places subsector** comprises establishments primarily engaged in preparing meals, snacks and beverages, to customer order, for immediate consumption on and off the premises. This subsector does not include food service activities that occur within establishments such as hotels, civic and social associations, amusement and recreation parks, and theatres. However, leased food-service locations in facilities such as hotels, shopping malls, airports and department stores are included.*

*The **Canada Emergency Business Account** provides eligible small businesses and non-profit organizations with a loan of up to \$40,000 and is designed to help cover operating costs.*

*The **Canada Emergency Wage Subsidy** is a subsidy of 75% of employee wages for eligible businesses to re-hire staff that they had laid off previously as a result of COVID-19 and to prevent further job losses.*

The **Temporary 10% Wage Subsidy for Employers** is a three-month measure allowing eligible employers to reduce the amount of payroll deductions required to be remitted to the Canada Revenue Agency.

Definitions, data sources and methods: survey number 5318.

The full article, "[Impact of COVID-19 on food services and drinking places, first quarter of 2021](#)," is now available as part of the series *StatCan COVID-19: Data to Insights for a Better Canada* ([45280001](#)).

For more information, or to enquire about the concepts, methods or data quality of this release, contact us (toll-free 1-800-263-1136; 514-283-8300; STATCAN.infostats-infostats.STATCAN@canada.ca) or Media Relations (613-951-4636; STATCAN.mediahotline-ligneinfomedias.STATCAN@canada.ca).