

Food services and drinking places, annual, 2020

Released at 8:30 a.m. Eastern time in *The Daily*, Tuesday, April 12, 2022

COVID-19 pandemic takes a bite out of sales of Canadian restaurateurs

In March 2020, several unprecedented government measures related to the COVID-19 pandemic were put in place, including the closure of non-essential businesses, travel restrictions and public health measures directing Canadians to limit their interactions. All provinces restricted access to businesses in the restaurant industry and implemented closures. With many dining rooms across the country closed, the subsector transitioned to take-out, delivery and e-commerce options. Limited-service eating places were best positioned to make this transition and adapted quickest to the new COVID-19 health guidelines.

Food services and drinking places, annual, 2020

Operating revenue in the food services and drinking places subsector fell 25.5% in 2020 to \$58.4 billion because of the COVID-19 pandemic and related restrictions. This was the largest decline since the beginning of the series in 2001.

E-commerce sales rose 124.3% to \$7.4 billion in 2020. The share of firms that reported e-commerce sales increased from 33.7% in 2019 to 44.0% in 2020. The most common forms of e-commerce sales were through mobile apps (67.0%), third-party websites (54.6%) and company websites (42.1%). The share of sales from e-commerce increased from 4.7% in 2019 to 15.1% in 2020 as more restaurants relied on delivery and take-out options.

Operating expenses for the subsector fell by 24.8% to \$56.7 billion in 2020. Consequently, the operating profit margin for the subsector decreased from 3.8% in 2019 to 2.9% in 2020. This was the lowest operating profit margin since the beginning of the series and the largest annual decline in the operating profit margin since 2003.

The largest operating expense for the food services and drinking places subsector was the cost of goods sold, which accounted for 34.8% of total operating expenses in 2020, down from 35.9% in 2019. The next largest operating expense was salaries, wages, commissions and benefits, which decreased from 33.2% in 2019 to 32.3% in 2020.

Among the provinces, Quebec (-32.3%) and Ontario (-27.7%) had the largest declines in operating revenue in 2020, followed by British Columbia (-23.5%). These three provinces also had the largest shares of national operating revenue in 2020, with Ontario (38.6%), Quebec (17.7%) and British Columbia (17.6%) making up close to three-quarters of sales across the country.

Sales of food and non-alcoholic beverages accounted for 87.9% of total sales in the subsector in 2020. The share of sales of alcoholic beverages fell from 11.5% to 8.9% as many dining rooms closed throughout the year. The remainder (3.2%) included sales of merchandise, cover charges, coin machine sales and other sales.

The subsector saw higher menu prices as the [Consumer Price Index](#) for food purchased from restaurants gained 2.2% in 2020, while prices for alcoholic beverages served in licensed establishments increased by 1.4%.

Pandemic limits operating revenues of food service operators

The food services and drinking places subsector is composed of four industries: full-service restaurants, limited-service eating places, special food services (food service contractors, caterers and mobile food services) and drinking places.



Full-service restaurants contributed to the majority of the decline in operating revenue, decreasing 32.3% to \$24.2 billion in 2020. Conversely, e-commerce sales more than tripled at full-service restaurants (+228.6%) to \$3.9 billion, increasing this industry's share of sales from e-commerce from 3.7% in 2019 to 19.9% in 2020. Operating expenses in this industry decreased by 30.4% to \$24.1 billion. This resulted in a 0.3% operating profit margin, down from 3.0% in 2019—the lowest operating profit margin since the beginning of the series.

Limited-service eating places saw a decline of 13.6% in operating revenue to \$28.9 billion in 2020. Operating expenses dropped 14.6% to \$27.3 billion, leading to an increase in the operating profit margin to 5.3%, the highest margin in the subsector. The share of e-commerce sales rose from 6.5% in 2019 to 13.2% in 2020, with total sales from e-commerce increasing 67.4% to \$3.3 billion.

In the special food services industry group, operating revenue decreased 40.9% to \$3.9 billion in 2020 as cafeterias were closed and flights, sporting events and concerts were cancelled. Limits on public gatherings affected caterers' revenues from weddings, funerals and conferences. Operating expenses in the special food services industry group decreased 39.0% to \$3.8 billion, resulting in an operating profit margin of 3.1%, the lowest since 2012.

Drinking places, which include bars and taverns, had the largest decline in operating revenue, down 46.2% to \$1.5 billion in 2020. Operating expenses decreased 42.3% to \$1.5 billion, resulting in a negative operating profit margin in 2020 (-3.1%). Drinking places had a negative operating profit margin in half of the provinces in 2020.

Limited-service eating places saw their market share grow from 42.6% of total sales in 2019 to 49.4% in 2020. Sales at full-service restaurants in 2020 fell to 41.4% of the market. Special food services (-1.7%), which accounted for 6.7% of operating revenue, and drinking places (-1.0%), which accounted for 2.5% of operating revenue, also saw declines in their market share because of the pandemic.

Note to readers

Data for 2019 have been revised.

Data are collected for the 12-month fiscal period that ends from April 1, 2020, to March 31, 2021. For some businesses, this means reporting mostly on pre-pandemic operations. As a result, the effects of the pandemic are not fully reflected in the estimates for this reference year and will extend to the estimates for the 2021 reference year.

These and other data related to business and consumer services can be found at the [Business and consumer services and culture statistics portal](#).

Available tables: [21-10-0171-01](#), [21-10-0172-01](#), [21-10-0213-01](#), [21-10-0232-01](#) and [21-10-0249-01](#).

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

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; infostats@statcan.gc.ca) or Media Relations (statcan.mediahotline-ligneinfomedias.statcan@statcan.gc.ca).