

Food services and drinking places, annual, 2021

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The COVID-19 pandemic continues to affect Canadian restaurateurs

In 2021, businesses in the food services and drinking places subsector continued to be directly affected by COVID-19-related government interventions and consumer behaviour. As the pandemic entered a second year, food service businesses adapted to a new reality.

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Operating revenue in the food services and drinking places subsector increased 14.3% in 2021 to \$67.5 billion, yet this level was 14.0% lower than that attained in 2019.

E-commerce sales fell 8.6% in 2021 to \$6.8 billion, from \$7.5 billion in 2020. Despite this decline, the level of sales was still more than double (+106.6%) that observed in 2019. The share of firms that reported e-commerce sales increased from 33.7% in 2019 to 44.2% in 2020 and was relatively unchanged (44.3%) in 2021. The most common forms of e-commerce sales shifted in 2021 as third-party websites (61.9%) became the primary source of e-commerce sales, followed by mobile apps (56.8%). As restaurants began to reopen with limited capacity, the share of sales from e-commerce decreased to 11.8% in 2021 from 15.0% in 2020.

Following a large decline in 2020, operating expenses rose 13.5% to \$65.0 billion in 2021, while the operating profit margin for the subsector grew to 3.7%.

The cost of goods sold remained the largest operating expense for the food services and drinking places subsector, accounting for 35.3% of total operating expenses in 2021 (up 0.3 percentage points from 2020). The next largest operating expense was salaries, wages, commissions and benefits, at 32.0% in 2021 (down 0.2 percentage points from 2020).

Among the provinces, Ontario (+13.4%), Quebec (+17.7%) and British Columbia (+16.8%) had the largest sales increases in dollar terms in 2021 and made up three-quarters of sales across the country.

Sales of food and non-alcoholic beverages accounted for 89.9% of total sales in the subsector in 2021, up from 88.8% in 2020. The share of sales of alcoholic beverages fell from 8.5% in 2020 to 6.9% in 2021. The remainder (3.2%) included sales of merchandise, cover charges, coin machine sales and other sales. These other sales could also include grocery and other retail goods that restaurants started to sell during the pandemic to help increase revenue.

The subsector saw higher menu prices as the [Consumer Price Index](#) for food purchased from restaurants gained 3.1% in 2021, while prices for alcoholic beverages served in licensed establishments increased 0.5%.

Pandemic limits operating revenue of food service operators

Since the onset of the pandemic, full-service restaurants have contributed to the majority of the decline in operating revenue in the food services and drinking places subsector. In 2021, sales bounced back 18.0% to \$28.2 billion, but were one-fifth (-21.0%) lower than sales in 2019. Operating expenses in this industry increased 18.0% to \$28.1 billion. This resulted in a 0.5% operating profit margin, unchanged from 2020.

Limited-service eating places saw the smallest relative decline in operating revenue (-9.7%) in 2020, to \$30.2 billion. In 2021, operating revenue increased 11.4% to \$33.6 billion, exceeding the 2019 value of \$33.4 billion. In 2021, operating expenses rose 9.5% to \$31.3 billion, leading to an increase in the operating profit margin to 6.9%, the highest margin in the subsector.

In 2020, operating revenue at special food services declined by almost half (-46.9%) to \$3.5 billion as cafeterias were closed and flights, sporting events and concerts were cancelled. Limits on public gatherings affected caterers' revenue from weddings, funerals and conferences. Despite an increase of 16.9% to \$4.1 billion in 2021, sales were 37.9% below the 2019 level. Operating expenses in the special food services industry group increased 18.0% to \$4.1 billion in 2021, resulting in an operating profit margin of -0.2%.

Operating revenue at drinking places, which include bars and taverns, rose 7.9% to \$1.6 billion, yet sales were still 42.5% lower than in 2019. Operating expenses increased 6.3% to \$1.5 billion, resulting in an operating profit margin of 2.6%.

Note to readers

Data for 2020 have been revised.

These and other data related to business and consumer services can be found on 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](#).

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