



**SPECIAL EVENTS ADVISORY
COMMITTEE**

December 14, 2022

Gordon Stewart, Executive Director

Restaurant Association of Nova Scotia (RANS)



DID YOU KNOW?...

That Nova Scotia restaurants serve approximately 92 million meals a year.

WHERE WE ARE TODAY...

Sales

Labour

Debt

Consumer
confidence

Hill to
climb

Recovery

WHERE WE ARE TODAY...

- 50% restaurants are either operating at a loss or just breaking even
- Industry short approximately 5,000 workers (a growing issue for the long term)
- \$12 million in new debt in restaurant sector
- Lowest consumer confidence ever recorded in 2021
- Highest cost increase for food, labour, supplies, fuel, etc.
- Three year + recovery for most operators

DID YOU KNOW...

*That Nova Scotia restaurants
donate approximately \$7
million to charities annually.*



THE TOPICS...

The numbers

Industry shifts & changes

Businesses issues

Labour

The plate

The road ahead

Summary

THE RESTAURANT NUMBERS...

Annual sales\$1.6 Billion

GDP.....4.5%

Employees.....30,100

Share provincial employment.....7%

Youth employees.....11,300

Youth employment.....17.5%

Restaurants, bars & caterers.....3,200

Independently owned.....65%

REVENUE BY REGIONS (%)...

Metro Halifax..... 53.5

Fundy/Valley.....14.5

Cape Breton.....12.3

Northumberland...8.3

South Shore.....8.0

Yarmouth/Acadian...2.2

Eastern Shore.....1.3

TOURISM REVENUE BY SECTOR (\$2.6 BILLION)



FOOD &
LIQUOR
PERMITS BY
REGION...

3194 permits across Nova Scotia

- HRM – 46%
- Bay of Fundy & Annapolis Valley – 19%
- Cape Breton – 16%
- South Shore – 8%
- Northumberland Shore – 7%
- Yarmouth – 3%
- Eastern Shore – 1%

INDUSTRY SHIFTS & CHANGES...

- The COVID pandemic has dramatically shifted the foundation of our industry
- Impact has been wide-spread - restaurant sales, profitability, labour pool, physical restaurant, consumer patterns, job styles, food costs, equipment, supplies, travel habits, and most importantly the future of food & beverage establishments
- Regulatory changes, liquor, delivery + alcohol, fees + many more
- Labour costs could exceed food/beverage costs on the ledger sheet
- Shift in days & hours of operation
- Shift in seasonal operations

Access to
government &
policy
development

More feedback via
surveys & social
media

More immigration,
foreign workers,
landed immigrants,
student visas

More health
conscious

Consumer
expectations
higher

Shift to higher
quality dishes and
better service

More local & more
local

The beginning of
more technology
and robots in
restaurants

**INDUSTRY SHIFTS & CHANGES
CONTINUED..**

BUSINESS ISSUES...

Critical Labour Shortages will refine our restaurants

Need improvement in business skills by operators (owners/managers)

Looking after employees job #1 hiring, retention, benefits etc.

Adjusting the business model

Not all days are created equal

Budgeting & forecasting are not the same

Back-up plans for everything (power failures to closures)

The employee handbook ...an absolute must have

Equity & inclusion & accessibility (not new but higher priority)

BUSINESS ISSUES CONTINUED...

Accessibility will have some significant financial costs

Reasonable insurance will be harder to acquire

Short, medium & long term plan to control energy costs

+ technology wherever you can (especially kitchens)

Look after your customers, they have just become more valuable

If you can rent it or lease to buy...don't use your capital

*If you thought covid
was bad
...just watch this issue*

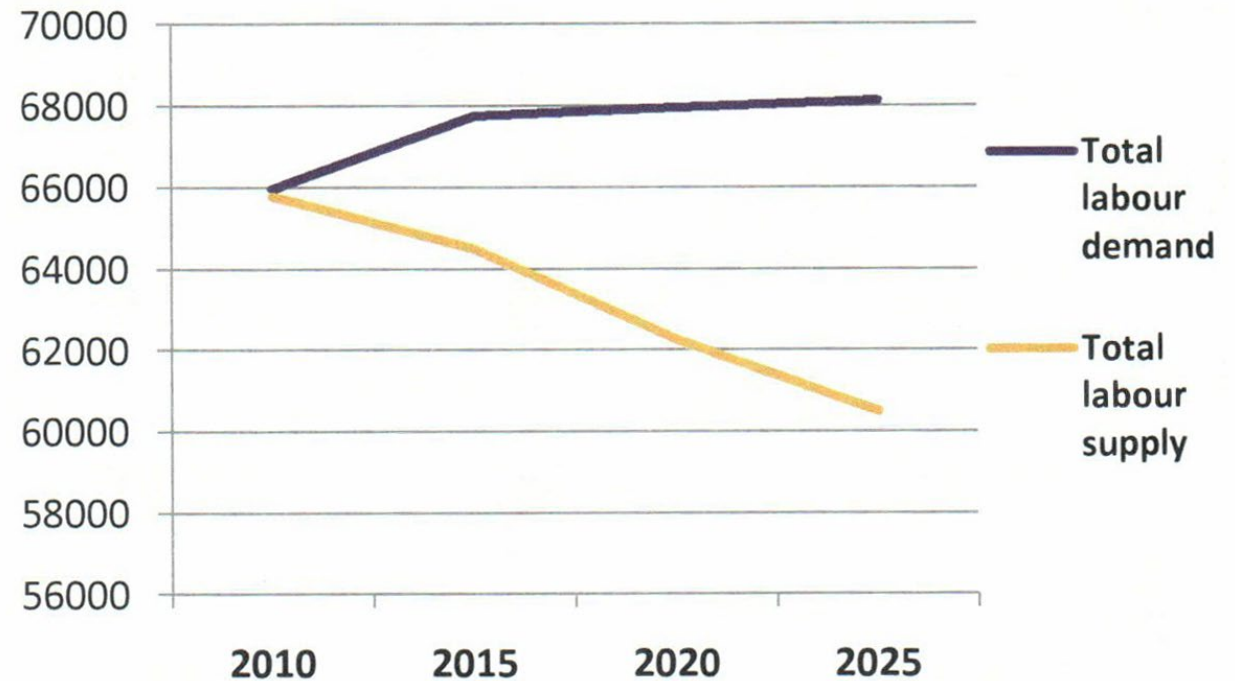
LABOUR...

EMPLOYMENT BY OCCUPATION...

Position	AC	NB	NL	NS	PEI
Managers	11%	10.5%	11.1%	11.8%	9.2%
Supervisors	5.5%	6.0%	5.3%	5.4%	6.0%
Chefs	2.3%	1.6%	1.9%	3.0%	2.9%
Cooks	19.8%	22.9%	19.8%	17.6%	18.8%
Bakers	1.6%	1.5%	1.4%	1.8%	1.8%
Hosts	1.2%	1%	.9%	1.4%	1.8%
Bartenders	5.7%	4.1%	10%	5.5%	2.8%
Servers	21.1%	20.8%	19%	21.3%	25.4%
Counter/Help	31.7%	32.2%	29.8%	32.2%	30.8%

SHORTAGES IN LABOUR FORCE...

Figure 8 : Potential Labour Demand and Supply in Atlantic Canada, 2010 to 2025



Source: CTHRC, March 2009

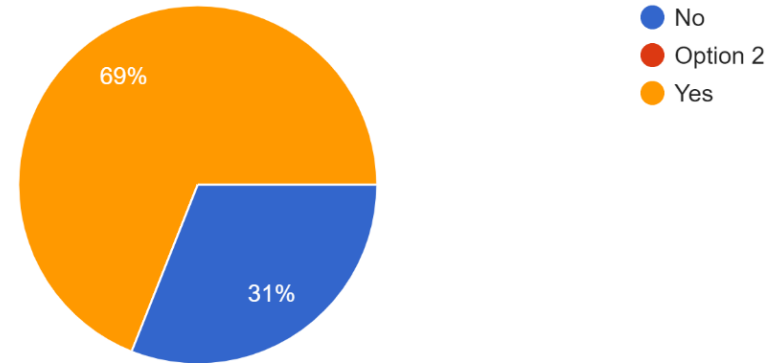
LABOUR, FROM A RANS SURVEY

- Are you having challenges recruiting employees? 94.1%
- Are you having challenges with hiring for part-time positions? 82.4%
- Are you having challenges hiring for full-time positions? 88.2%
- Are you having challenges hiring for your kitchen? 82.4%
- Are you having challenges hiring for front of house? 64.7%
- Are you having challenges retaining already hired employees? 29.4%

LABOUR, WHY PEOPLE LEFT OUR SECTOR...

1. Did you work in the food and beverage industry in the past 5 years and leave to find employment in an alternative industry?

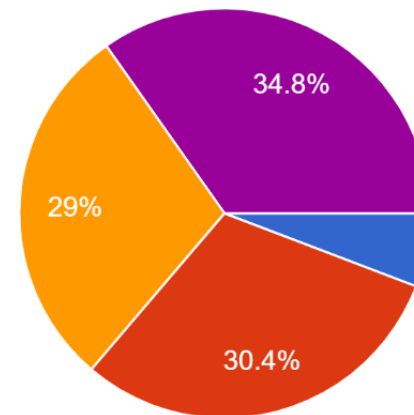
100 responses



SURVEY
CONTINUED...

1. How long were you employed in the industry?

69 responses

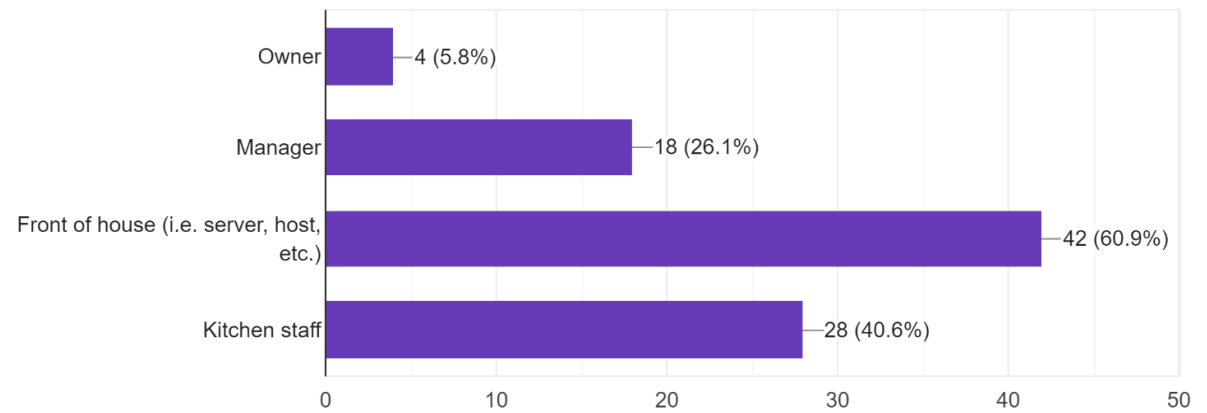


- 1-2 years
- 3-5 years
- 6-10 years
- 10+ years
- over 10 years

SURVEY
CONTINUED...

2. What was your job role when employed in the industry?

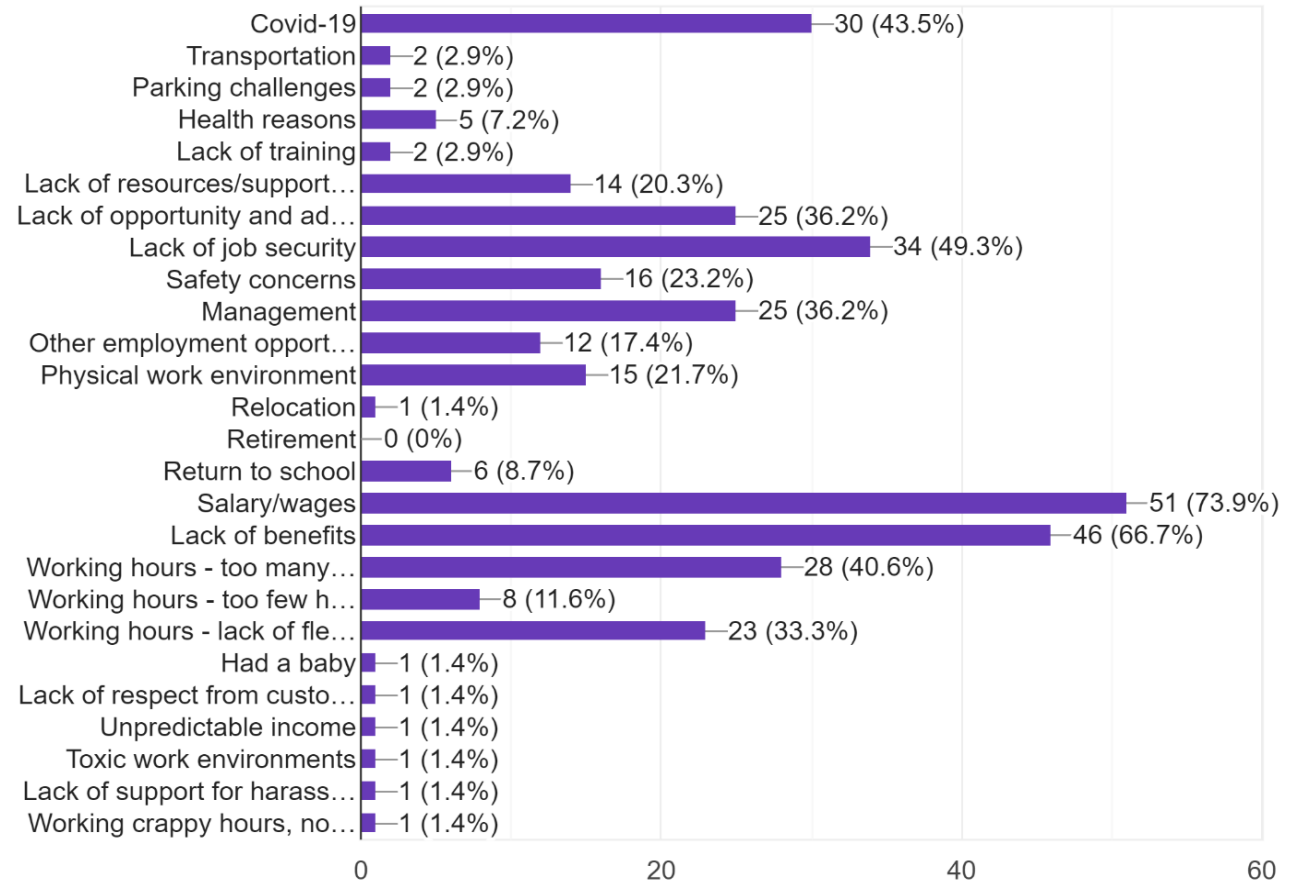
69 responses



SURVEY CONTINUED...

3. Please indicate your primary reason for leaving the industry. Click all that apply.

69 responses



LABOUR THE CHALLENGE...

This is one piece of the restaurant that you need to get right

Total rethink on labour from low level issue to top priority

You can fix & correct a menu item but have little impact on labour

Hire right, competitive & growing benefits, treat them right, access to management, flexibility, regular evaluation, incentives, room to grow, education, exit survey

Share employees & work with other restaurants when required

Explore every avenue, high school, college students, immigrants, foreign worker program, foreign student, accessibility programs, seniors...there is no one solution

RANS has programs for operator and adding more

LABOUR,
A RESOURCE
HIRING GUIDE...

Get this resource guide by
Canadian Tourism Human Resource Council
Attract & Retain Workers

<https://nstourismstrong.ca/wp-content/uploads/2021/07/2022-02-24-Now-Hiring.pdf>



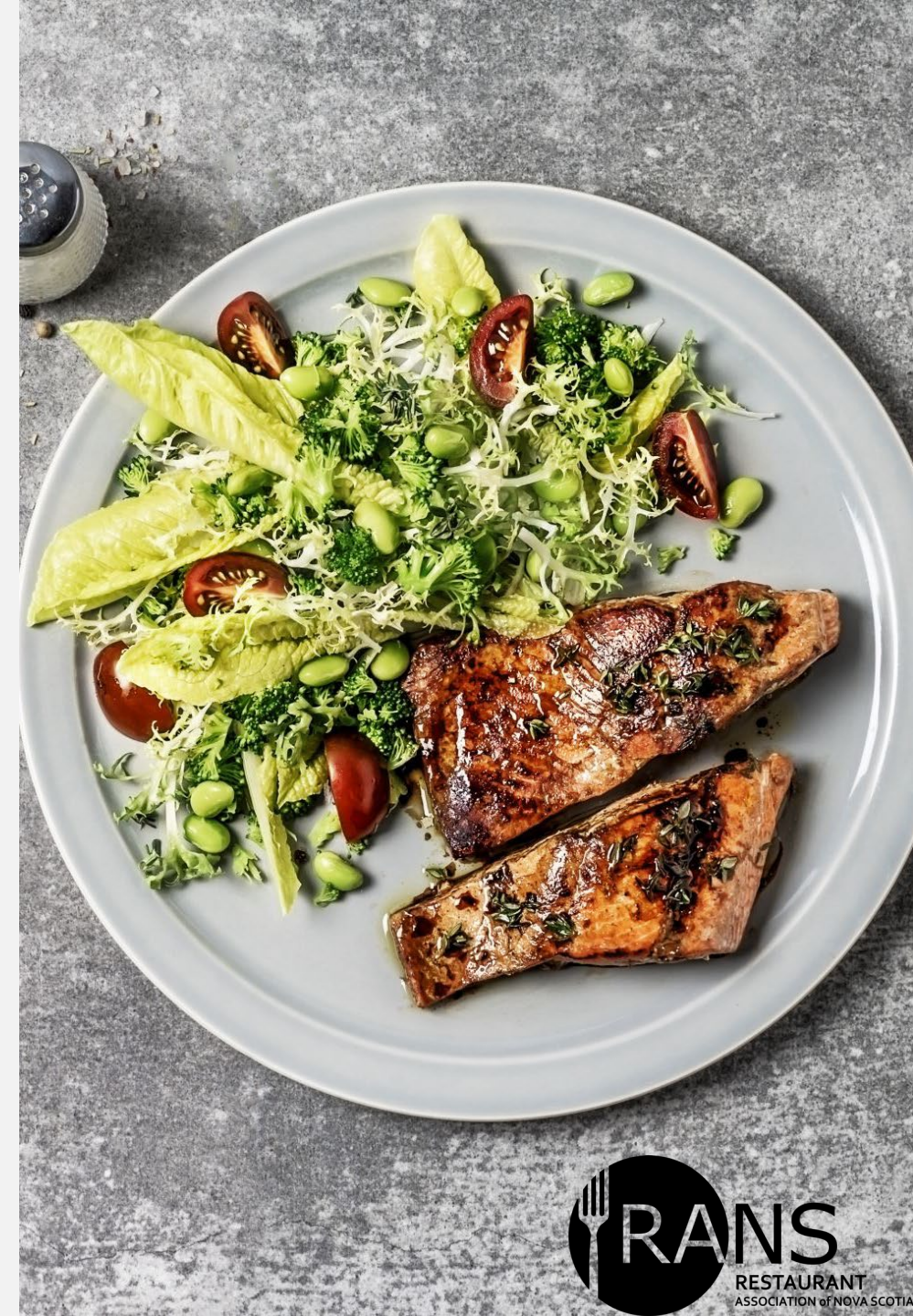


DID YOU KNOW?...

- *That restaurants in Nova scotia purchase \$690 million worth of local goods and supplies each year.*

THE PLATE...

- The heart and soul of every good restaurant is its food
- This is where the restaurant rethink starts....the plate
- Does not matter whether it's fish & chips or superbly grilled steak it's the center of your place
- This decides your reputation, your profitability, your social chatter, your repeat customers, your supply line, food costs, your style
- Price it right, a lot of restaurants don't understand food costing
- Your protein center (beef, chicken, pork, fish or other product) should be of high quality, and perfect cooking to bring out the best in the product



THE PLATE CONTINUED...

- Think local, fair pricing, convenient shipping, stable supply line, less of a carbon footprint, growing consumer & visitor choice
- Local also means support the economy
- 95 cents of every dollar spent goes back into the community
- Think fresh as possible
- Recreate the plate with changing offerings for side dishes
- Recreate the plate with cultural influences, i.e. local indigenous, Asian
- Make sure you are asking your customer

THE ROAD AHEAD...

It will be BuMpY.

The restaurant sector has been hit with a perfect storm.

- Add it up + + +
- Covid 2+ years
- Critical short fall in the labour pool
- Shortage in kitchens
- Consumer confidence
- Supply line issues
- Increased menu prices from 5.5 -10%

THE ROAD AHEAD CONTINUED

...

- Food increases i.e. (meat average +10%) prime rib +27.5%, bacon +20%, dairy +8.4% +butter, cheese, yogurt +15%, eggs +7.2%, OJ +7.1%, canola oil +80%, corn oil +35%, coffee (Arabica beans) +50%
- Energy (gas) +41.7%, transportation cost + 10.1%
- Then the inflation rate with Nova Scotia the 3rd highest in Canada
- New heavy debt load
- slow-paced recovery for the food & beverage sector (3 years)
- Oh Yeah! what else could make this storm any worse...

THE ROAD
AHEAD
CONTINUED...



The Oh Yeah!



There is no guidebook or
timeline for the end of the
pandemic...

DID YOU KNOW?...

That there is approximately \$80 million worth of tips left on the table each year in restaurants in Nova Scotia.



THE SUMMARY...

While there are many road bumps...we know what & where they are

Our sector survived thus far & we are full of entrepreneurs

Improved regulatory environment in which to operate

Reasonable terms on debt repayment

Consumer confidence is on the rebound and quicker than predicted

We have the capacity and ability to resize if needed

Building a lot of new educational programs for operators

Enhance benefits for employers to offer to employees

THE SUMMARY CONTINUED...

New accreditations for career opportunities in the sector

Cruise ship industry forecast to rebound

Airline travel have upped their forecast for travel bookings

Meetings and convention business is rebounding

Motor coach is seeing some activity on recovery

Some areas already have strong performance: cabins, rural resorts, campgrounds, custom private tours

FORECAST FOR 2023

- A nagging labour shortage as we continue to try and adjust schedules, hours & days open to balance revenue against staffing shortages.
- Profitability will be challenging if not imposable to maintain, putting more pressure on restaurant management
- Food prices will continue to rise in 2023 (5-7%) and unpredictable weather patterns and interruptions will impact food production
- Cost of wages & benefits will continue to rise albeit food/beverage have some large increases in this area in 2022
- Menu pricing will be challenging

2023

- Approximately over 70% of full-service restaurant are still in debt for the recent Covid pandemic by end of 2022.
- Restaurant sales are predicted to level off in 2023 and depending how consumers react could even fall
- 1st quarter in 2023 over 2002 is expected to be up slightly
- 2nd quarter in 2023 over 2002 is expected to be down slightly
- 3rd quarter in 2023 over 2002 is expected to be about on par
- 4th quarter in 2023 over 2002 is expected to be about on par

2023

- The pre-pandemic numbers are reachable but not the profitability side of the equation (we could slip 1-2 points) given all the impacts facing the sector.
- It's estimated that 50 % of restaurants are breaking even or losing money (Cdn. national stat)

IT'S OUR
FUTURE...

To create, reform & rebuild

Tough times end & the tough
people keep going!

Thank-you

Questions?