



FOODSERVICE COVID-19 BULLETIN



**FOOD INDUSTRY
FORESIGHT**
SUCCESS BASED ON SOUND INSIGHT

ISSUE 7

COVID-19 FOODSERVICE BULLETIN ISSUE NO. 7

WELCOME TO OUR SEVENTH ISSUE OF THE COVID-19 FOODSERVICE BULLETIN!

Welcome to our Bulletin no. 7 which this time focuses on our friends across the Tasman Sea, and the research we did in the New Zealand Foodservice market from mid-June to early July.

Hence, as I am writing this Bulletin, life in New Zealand is more or less gone back to normal, back to pre-Covid times, with the only restriction to remain in place being the quarantine requirement for incoming visitors to the country.

As we were conducting our research, restrictions had started to lift gradually for foodservice outlets from around mid-May with Level 2 Lockdown Alert in place. In other words, this Bulletin is first and foremost reporting on how foodservice operators were travelling as lockdown restrictions eased, and therefore, giving an indication on how the New Zealand Foodservice market is likely to come out of this crisis.



In short, it looks like the New Zealand Foodservice market has taken a lesser hit compared with their Australian counterpart, and hence, the recovery curve will be steeper than the one we can expect to see in Australia; hopefully in a couple of months.

Naturally, what comes into play here is the fact that New Zealand has not seen a second wave of infections like Australia and many other countries around the world - yet. Their tourism industry is, of course, just as significantly impacted as in Australia with an almost 100% reduction in international visitor numbers. However, in the absence of a second round of infections, the New Zealand Foodservice market will be in a far better condition to benefit from domestic tourism and travel when it eventuates over the summer holidays at Christmas and New Year.

IMPACT OF LOCKDOWN ON NEW ZEALAND FOODSERVICE OPERATORS

Overall, the New Zealand Foodservice market and its operators have gone through similar trading conditions during the lockdown period and then

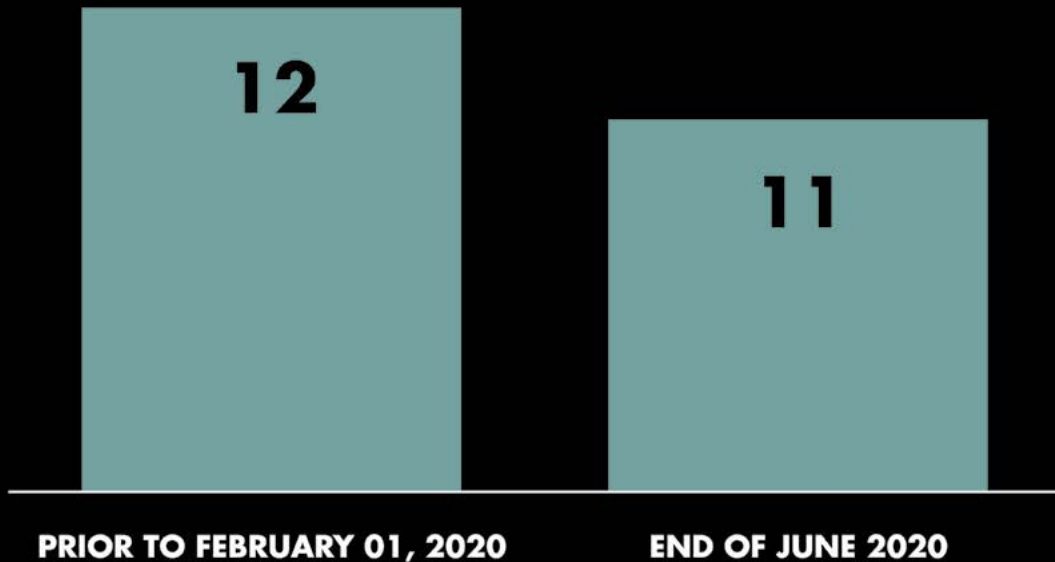


the gradual lifting of restrictions as the Australian market has.

A number of outlets reported they had elected to close the outlet for one or two months as lockdown was introduced, but then re-opened with new meal services in place with the business substantially assisted by New Zealand's Job Keeper scheme.

Hence, among New Zealand Foodservice operators, staff numbers had fallen only marginally by the end of June compared with pre-February numbers.

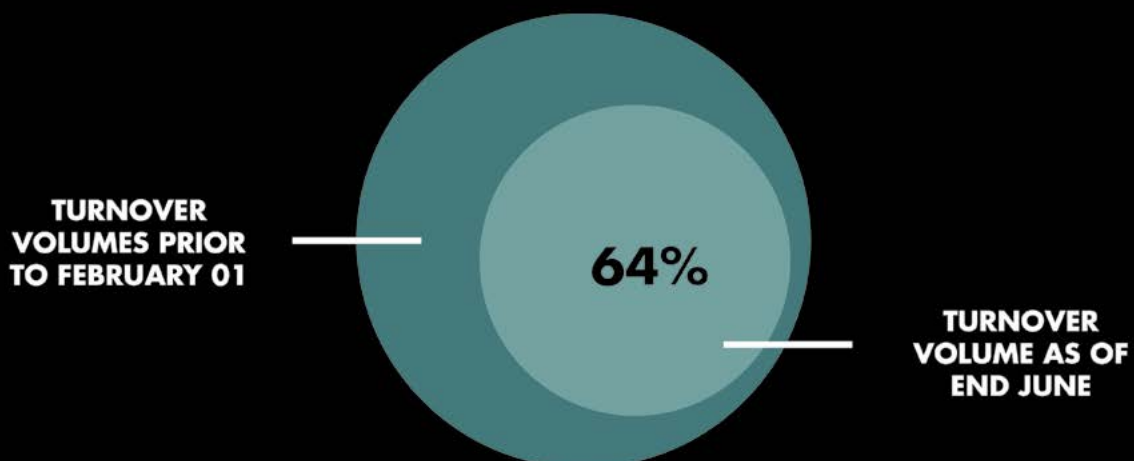
AVERAGE NUMBER OF FULLTIME & CASUAL EMPLOYEES



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By the end of June, New Zealand Foodservice operators' average business volumes were back up to 64% of those achieved prior to Covid-19 restrictions; representing a very strong bounce-back.

CURRENT TURNOVER COMPARED WITH PRE-LOCKDOWN



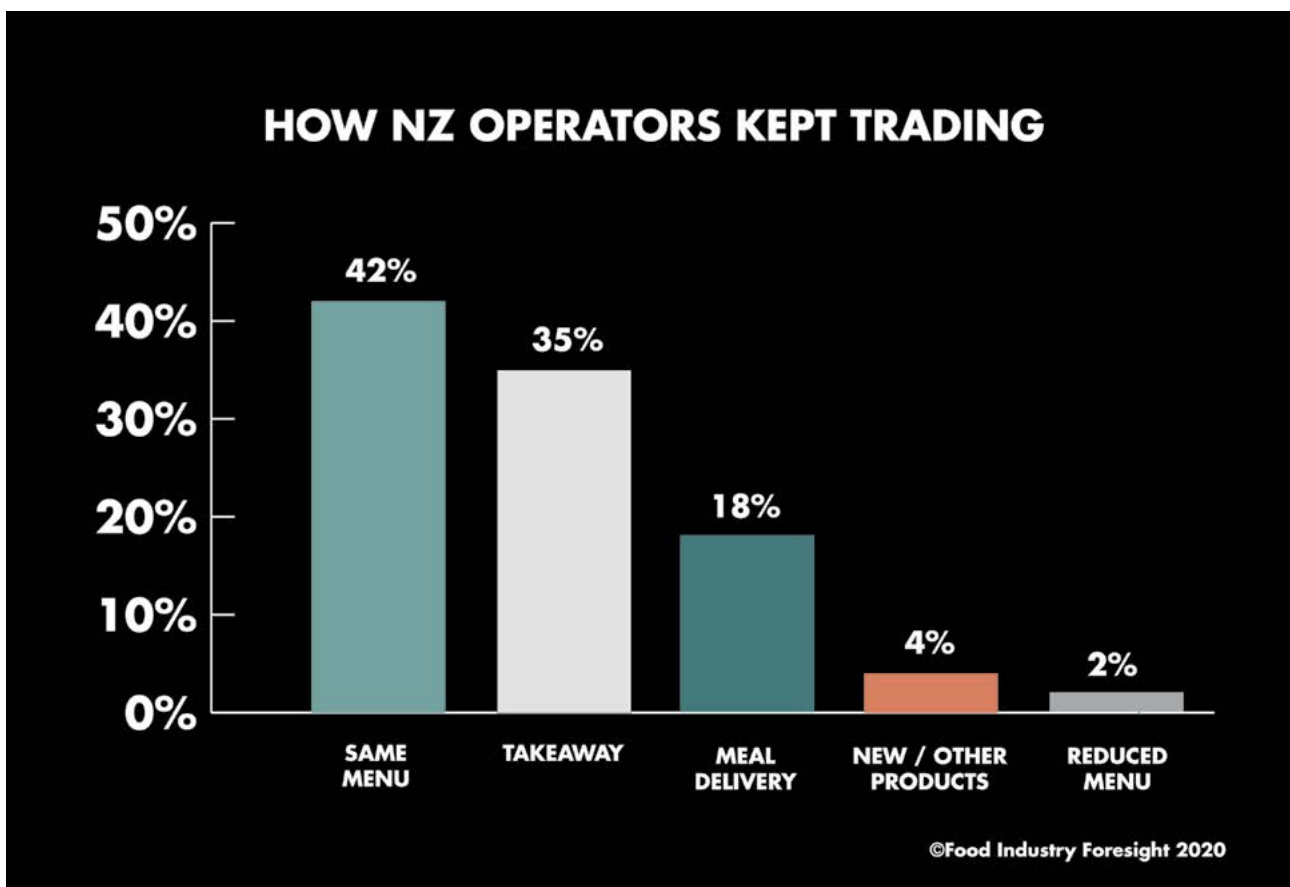
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HOW NEW ZEALAND FOODSERVICE OUTLETS KEPT TRADING

Among the Restaurants, Cafés, QSR Independents, QSR Chains and Function Caterers we interviewed across the North & South Island, only one reported they had closed their outlet permanently, while another was still closed temporarily.

Hence, 97% of the surveyed outlets were trading and had responded to the crisis with ingenuity and resilience, exactly like in Australia - introducing takeaway, home delivery and other services.



It is interesting to note that only 2% of the respondents had reduced their menu, while another 4% had introduced new services.

This included:

- 1. Expanding their menu from pre-Covid lockdown with new dishes**
- 2. Offering groceries and other household items for sale**
- 3. Offering catering services to nearby institutions such as the local hospital or nursing home**



We also observed:

- As in Australia, QSR Chains saw an enormous surge in takeaway meals served during the first weeks and months of lockdown. Equally, those with drive-thru facilities were busier than ever.
- Many operators reported that their takeaway business was still very strong, and in many cases continue to bring in more money than in-house dining.
- Job Keeper had kept many alive through the crisis.
- Customers are now returning in greater numbers for in-house dining – also for breakfast.

- Hotel restaurants suffered in the same way as here in Australia, their location not conducive to pivoting to takeaway and home delivery. Instead, staff were doing other tasks such as renovations and maintenance of equipment.
- Operators were all reporting how their local community had been supportive throughout the crisis and that customers of all ages are now enjoying to dine-in for breakfast, lunch and dinner.

The only conclusion we can draw from our survey findings in New Zealand and their current state of affairs in the foodservice market, is that IT BODES VERY WELL FOR THE AUSTRALIAN MARKET when we reach the same kind of control of the Covid-19 virus as they currently have!

Naturally, we also expect the Australian economy to take a much harder hit compared to the New Zealand one due to the protracted period of fighting the virus, and its subsequent impact on foodservice expenditure.

However, I have said it from the very

beginning of this crisis, the Australian Foodservice market will come back stronger (yes, more consolidated), **because a crisis like this does not change the fundamentals of a market which rests on the sum total of the psyche of a nation.**

Eating-out is a way of life in Australia among all socio-economic groups – we are just waiting for when we can go back to our normal way of life!

Another reason for why the New Zealand findings are such an important indicator for the Australian market, is that New Zealanders' propensity to eat-out was much lower than that among Australians as we entered into this crisis. In other words, their **Foodservice Dollar** was trailing that of Australia when the Covid-19 virus started to spread across the globe. **However, despite this fact, we are now seeing such a positive response among all New Zealanders to eat-out again, to go back to their normal way of life!**

THE NEW ZEALAND GOVERNMENT'S SUPPORT OF THE FOODSERVICE INDUSTRY

The New Zealand Government receives a STAR RATING OF 4.8 from the foodservice operators in supporting them through the crisis.

This measure was taken using a 5-point scale where 1 = supporting the foodservice industry not very well to 5 = supporting the foodservice industry very well.

As I have already mentioned, in the next Bulletin we have the results of how our own foodservice market is travelling currently.

Until then, stay safe....this, too, shall pass.

Kind regards,



Sissel



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Phone +61 (0)2 854 5440 WWW.FIFORESIGHT.COM info@FIForesight.com