



FOODSERVICE COVID-19 BULLETIN



FOOD INDUSTRY
FORESIGHT
SUCCESS BASED ON SOUND INSIGHT

ISSUE 3

COVID-19 FOODSERVICE BULLETIN ISSUE NO. 3

WELCOME TO FOOD INDUSTRY FORESIGHT'S THIRD COVID-19 FOODSERVICE BULLETIN!

Welcome to Issue No. 3 of our Covid-19 Foodservice Bulletin where we are bringing you continuous up-dates on the Australian Foodservice market during the current crisis - from survey findings to market and channel insights. As we are seeing restrictions starting to lift across States and Territories, many foodservice operators have already adapted to the new normal along with most Australians. The initial shock has passed, albeit the pain lingers.

Not surprisingly, the entire market, media, suppliers as well as us at Food Industry Foresight have been much focused on two commercial foodservice channels, that is all the Restaurants

and Cafés, during this crisis. Although, the Restaurant and Café channels account for almost exactly half of all commercial foodservice outlets, there are several other channel operators out there experiencing the same, yet different market conditions.

These are the QSR Chains, QSR Independents, Clubs, Pubs, Hotels, Motels and Function Caterers.

Hence, in this issue we will put focus on some of these channels.



THE QSR INDEPENDENTS

This is the time for the QSR Independents to shine during a market crisis!

Back in 2009 to 2013, four long years, in the aftermath of the Global Financial Crisis, the QSR Independents were among the foodservice operators who suffered the most as consumers stopped frequenting their outlets for breakfast and lunch and instead were bringing their own breakfast and lunch from home every day. Of course, we have not been going out for breakfast, lunch and dinner for a couple of months now, but takeaway is the domain of the independent fast food outlets! As other operators, they have also taken up home delivery in different formats.

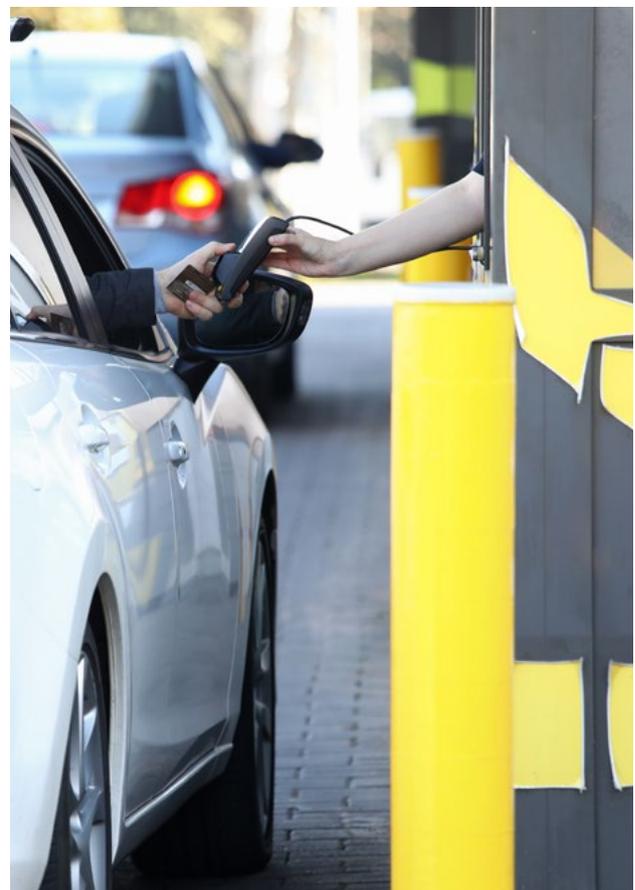
We estimate that around 90 to 95% of all QSR Independent outlets across the country have stayed open during the lockdown period which equates to around 8,500 outlets, and most of them being busier than ever!

Yes, many have also adjusted in terms of, for example, staff and opening hours; like job sharing among staff, operating with two shifts per day, four hours per shift and staff themselves deciding on a rotation scheme. There is one exception from this rosy picture and that is QSR Independents located in CBD areas. They have, naturally, lost their office patrons,

although local people living in the city are supportive, it still means a revenue loss of up to 80-90%.

THE QSR CHAINS

Again, the QSR Chains are one of the winners in a desperate market situation. QSR Chains were one of the winners in the years after the GFC. This time for very different reasons. Most Chain outlets have stayed open and many outlets report increased turnover, particularly at the beginning of the crisis. QSR Chain outlets have found it easy to pivot their business towards takeaway. It is in their nature, their business model. Hence, their menus have not changed. However, many have added new dinner boxes and larger meal deals to accommodate families.





Among the major QSR Chains, McDonald's and KFC are dominating with their already established drive-thru business. All they had to do were to put full focus on this part of their business and piggy backing on that, adding the possibility for customers to also purchase milk, bread and toilet paper.

Families that normally will frequent a QSR Chain outlet once per week, now drive thru two or three times per week for '...a taste of normality' as one operator expressed it. The QSR Chain operators have also been looking after elderly in their local vicinity, organising delivery of not only meals, but also free bread and milk donated to them by various suppliers.

Of course, QSR Chain outlets located in food courts in CBD areas, are suffering in the same way as their QSR Independent counterparts.

THE HOTELS & MOTELS

Among the Hotels and Motels remaining open for guests and essential service personnel, the foodservice part of their business is, in the vast majority of cases, closed down. However, just in the last week, more and more of them are talking about opening up their kitchens again with chefs and kitchen personnel returning to their normal stations from being painters and maintenance workers while waiting out the lockdown period.



THE PUBS/TAVERNS

In terms of Pubs/Taverns, the picture is much bleaker out there. We estimate close to two thirds of them have closed temporarily, missing the boat in the beginning to do takeaway and home delivery. Some are now jumping on board again.

A definite trend among Pubs/Taverns that are doing takeaway and home delivery, is that they all seem to have changed their menu, adjusting to dishes that travel well.



A new phenomenon when it comes to pub menus these days is 'Our Best Pub Dishes' – home to you! What are they? As we always see in any foodservice market around the world during a time of crisis and uncertainty, foodservice consumers are turning to comfort foods from their original cuisine.

So the three most popular dishes on Our Best Pub Dishes are:

- i. **Chicken Parmigiana**
- ii. **Pizza**
- iii. **Burgers**

THE CLUBS

The majority of Clubs have closed temporarily during the lockdown for obvious reasons. It is only the Chinese and Asian restaurants within a Club that might stay open for takeaway and/or home delivery and also some of their cafés producing burgers and pizza.

Some Clubs have created a drive-thru pick-up facility in their carpark, adhering to social distancing rules with no need for patrons to enter the actual club, but still providing the club an income from takeaway meals.

Most Clubs will not open again until restrictions are lifted further or a hundred percent.



We are currently conducting a new survey across all commercial foodservice channels finding out how they are reacting to the new Government guidelines and stage one of restrictions being lifted.

We also explore how operators, who have stayed open for takeaway and home delivery, have experienced problems and changes in terms of the supply of food and beverage to their outlet.

So far, in what we see in the findings, some results will surprise you! All this will be brought to you in our next Bulletin along with our economic and foodservice market forecasts.

Until then, take care - this, too, shall pass.

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