



FOODSERVICE COVID-19 BULLETIN



FOOD INDUSTRY
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ISSUE 5

COVID-19 FOODSERVICE BULLETIN ISSUE NO. 5

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

As we are bringing you some of our latest survey results, lockdown restrictions in Australia are slowly easing, although, as we all know, at different rates depending on the state you live in.

Our continuous foodservice survey monitoring across the nation will be going on for many more months to come, at least until the end of the year, if not longer. We are far from being in a recovery phase yet – economically and in every other aspect of work and life in general. As during the Spanish Flu a century ago, we are starting to see

that second spike in infections across this country as well as many other countries with lockdown restrictions easing, and of course, some of the hardest hit nations around the globe have not even started to flatten the first curve.

In this Bulletin, we are focusing on one of the commercial foodservice channels that again are one of the winners during an economic crisis, that is the QSR CHAINS or the Fast Food Chains.



Prior to Covid-19 lockdown, the major and minor QSR Chains had since 2019 reduced dramatically in terms of total number of outlets, that is there had been a decline of almost 1,000 outlets to a total of 6,784 across all states and territories as per March 01, 2020.

What the following data will show you, is that they have now seen a dramatic upsurge in their turnover during the Covid-19 lockdown.

The QSR Chains saw the same increase in the years after the Global Financial Crisis, but for different reasons.

Back then, from 2009 to around 2013-14, the QSR Chains were one of the three winners together with the Clubs and the lower end of the restaurant market as Australians had made eating out a way of life and reacted to the economic downturn by trading down in their choice of outlet.

However, this time around, they are the winners because offering takeaway is part of their DNA, and as we have already quoted a manager of a QSR Chain outlet in a previous Bulletin:

“...we have families who will normally come here may be once a week, once a fortnight

for a treat, now they drive-thru two or three times per week for a taste of normality.”

As takeaway is in the DNA of QSR Chains, so it is among the QSR Independents, which still far outnumber the chains in terms of total outlet numbers. Last time, after the GFC, the QSR Independents were one of the commercial foodservice channels that suffered the most for several years; this time around, as we have previously reported, they are busier than ever.

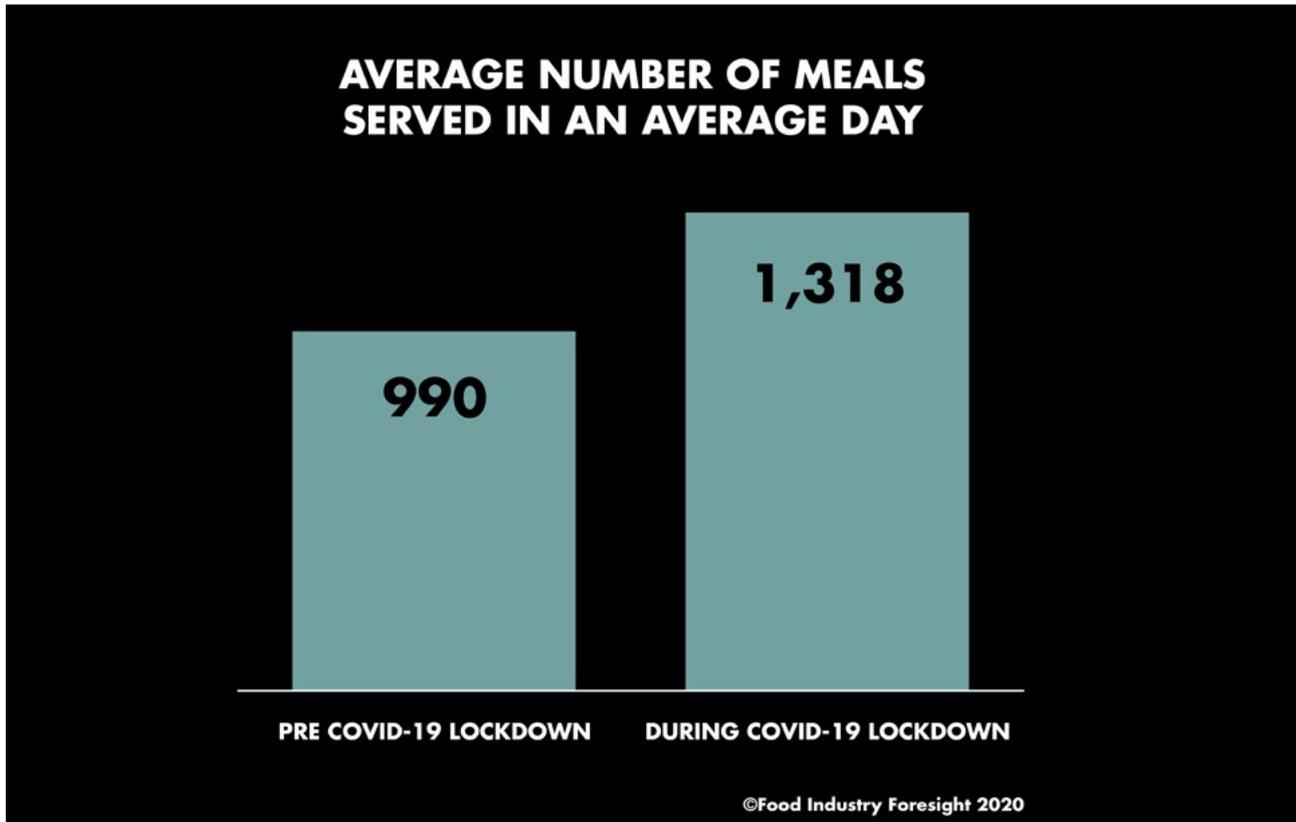




We do not expect the upsurge for the QSR Chains to last for years, as we saw back in 2009, once we get through this crisis and return to a time when more normal foodservice conditions prevail.

But for now, both the major and minor QSR Chains are killing it!

DURING LOCKDOWN, THE AVERAGE NUMBER OF MEALS SERVED BY A QSR CHAIN OUTLET IN AN AVERAGE DAY HAS INCREASED BY 33%.



AS LOCKDOWN STARTED, TWO-THIRDS OF QSR CHAIN OUTLETS HAD ALREADY ENGAGED A THIRD-PARTY DELIVERY SERVICE, SUCH AS UBER EATS OR DELIVEROO.

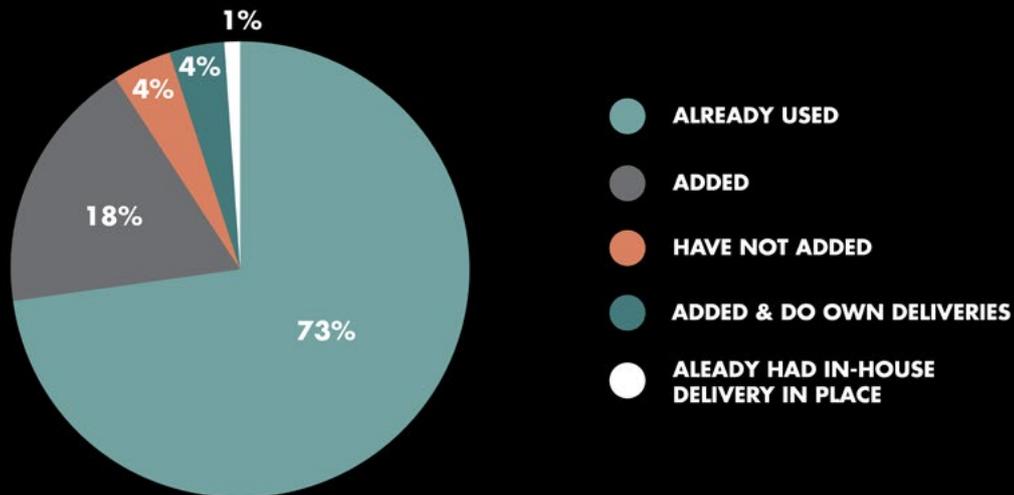
Since lockdown, another 18% of respondents have engaged a third-party delivery service.

Another 4% have added a third-party delivery service but are also doing their own deliveries.

1% of outlets already had in-house delivery set up prior to Covid-19 lockdown.

Only 4% of respondents do no home deliveries at all.

THIRD PARTY DELIVERY SERVICE



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DRIVE-THRU VOLUMES DOUBLED

Prior to Covid-19 lockdown, QSR Chain outlets with Drive Thru facilities (61% of respondents) reported that on average 31% of their total turnover came from drive-thru.

With the exception of 1%, they all reported that after Covid-19 lockdown their **average drive-thru turnover has increased by a staggering 99.8%**.



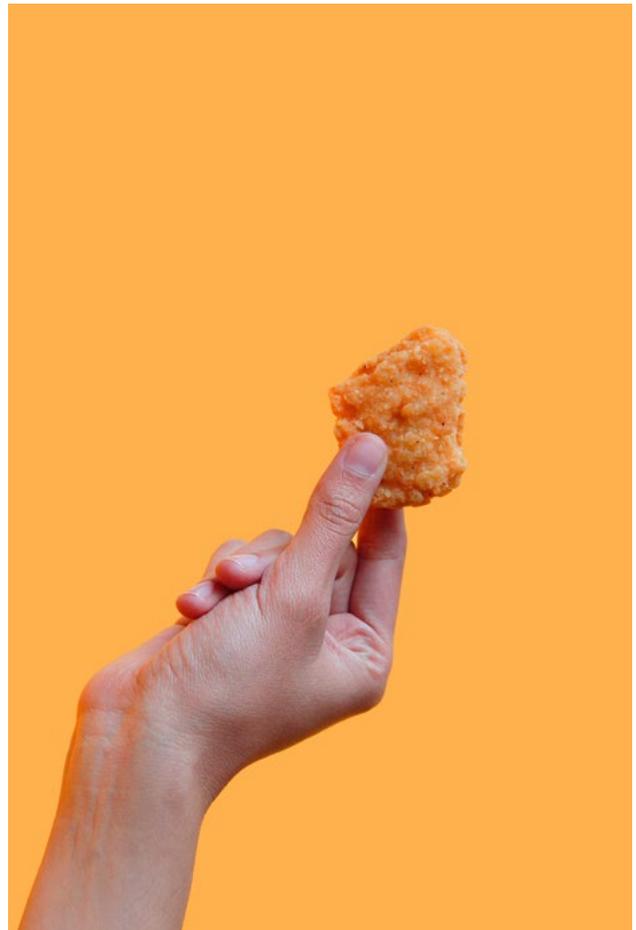
In other words, their drive-thru volumes have doubled during this crisis.

It is significant, but understandable, as most, if not all, QSR Chain outlets across the country have stayed open during this lockdown period for takeaway ordered at the counter and also offering home delivery.

THE QSR CHAIN OPERATORS ALSO REPORTED AROUND MID-JUNE:

- Many had opened for 10 and 20 dine-in customers
- Some were waiting until 50 are allowed to sit down before opening to in-house dining, particularly those located in food courts and shopping centres

- Some outlets that are part of the major QSR Chains are awaiting to get the go-ahead from Head Office before opening to in-house dining and were not expecting this to happen before 50 sit-down customers are allowed
- Some QSR Chain operators due to their location will not open to in-house dining before they see the return of travellers and tourists
- Many outlets have seen staff numbers being reduced by up to 60 to 70%
- With restrictions slowly easing, many store managers reported that they **once again noticed the competition from surrounding cafés**



In our next Covid-19 Foodservice Bulletin we will bring you our survey findings relating to our neighbours across the Tasman.

As we know, Australasia together with Norway, Denmark, Greece, the Czech Republic, Singapore, Austria and Israel belong to an elite group of countries called the **“First Movers COVID Group” – countries that have all managed to contain the spread with few deaths.**

Hence, we will report on how New Zealand commercial foodservice operators have reacted to the crisis and what they expect will happen over the next couple of months.

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

Kind regards,

Sissel



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