restaurant association of new zealand

Hospitality Report

4th Quarter 2020 Update

Topline Statistics for New Zealand's Hospitality Industry

PRODUCED BY THE RESTAURANT ASSOCIATION OF NEW ZEALAND

INTRODUCTION

There were many challenges facing hospitality at the end of 2020, including flat pre-Christmas trading, difficulties recruiting for staff and employer concerns about future alert level changes.

$3.3B

Total sales for the industry over the 4th quarter of 2020, representing 0.3 per cent sales growth for Restaurants and Cafes over the same quarter vs 2019.

-27.5%

The Queenstown / Southern Lakes region reported a 27.5 per cent decline in sales revenue over the 4th quarter of 2020 vs 2019.

$1.7B

Dollar value of sales for the Restaurants and Cafes sector over the 4th quarter of 2020. This represents a 51.2 per cent market share overall.

4.7%

Growth in the 4th quarter of 2020 vs 2019 for Takeaway food service sector, This sector represents 25.5 per cent of the overall hospitality market.

16.5%

Regionally, revenue growth in the Gisborne region was highest for the 4th quarter of 2020 vs 2019, at 16.5 per cent.

18.4m

The Waikato region had the highest increase in dollar value sales for the 4th quarter of 2020. This increase of $18.4 million vs 2019 represents a 7.2 per cent increase for the region.

Kia ora koutou.

The Restaurant Association's Hospitality Report is an essential guide to New Zealand's hospitality industry, presenting annual reporting and data over the last 5 years with a sub focus more recently on quarterly trading information. The annual report can be downloaded from www.restaurantnz.co.nz. We are introducing this new mini quarterly report to look specifically at quarterly data for the industry, providing a snapshot of the industry's sales performance.

As 2020 drew to a close, the industry was experiencing slow pre-Christmas trading, without the anticipated rush of functions and group bookings typical for the season that helps to sustain the industry through quieter Winter months. Pre-Christmas 60 per cent of Restaurant Association members indicated that bookings were less than usual. There was a generally subdued approach to work Christmas functions, after a difficult year, and this was reflected in the reduction in bookings at hospitality venues.

By the end of the year it also remained challenging to recruit for skilled staff, particularly as businesses again needed to increase their teams in the 4th quarter for the Summer season. A Restaurant Association survey at that time showed that 78 per cent of hospitality businesses trying to recruit skilled workers were finding it difficult to do so. Our staffing shortages are one of the biggest stressors for operators as it puts pressure on the business' other employees, and the owners, to fill in where there are gaps in the staffing structure and means the venue cannot always operate to full capacity when they need to. Often there is a need to reduce operating hours, and in extreme cases, businesses have had to close due to the lack of staff.

The industry recovered some lost ground, posting sales in the 4th quarter of 2020 that match sales totals for the year previous

Despite the obstacles to profitability presented by Covid-19, sales for the hospitality industry over the period October – December 2020 regained some lost ground. Overall sales for the quarter were $3308.7 million, which matched sales totals for the same period in 2019, when sales were $3309.2 million.

This was an improvement on the July – September 2020 quarter - when the industry posted an overall decline of 3.1 per cent - and a significant improvement in sales performance over the April – June period, when the industry's sales revenue was more than 40 per cent down in comparison to the year previous.

Restaurants and cafes still dominate, posting sales of more than $1.7 billion from October – December 2020

For our research purposes we look at five sectors within the hospitality industry: cafés and restaurants; takeaways; pubs; taverns and bars; catering services; and clubs. The division of sales between the various sectors in the industry remains consistent over the years, with cafés and restaurants typically sitting at around a 50 per cent share of the industry's sales; takeaways around 25 per cent; pubs, taverns and bars around 14 per cent; and catering services around 8 per cent. There was a small adjustment over October – December 2020, with catering services losing some of its market share, evenly picked up by the other sectors in the industry.

A breakdown of the industry indicates that four out of the five sectors achieved sales growth over the period October - December 2020. The exception was the catering services sector which posted a significant decline in sales (-28.6 per cent). This reflects the impact of postponed or cancelled events, as well as a reduction in pre-Christmas functions which are typically held in this period.

Restaurants and cafes, as well as the clubs sector, both achieved small sales growth in comparison to the same quarter in 2019 (0.3 per cent and 1.4 per cent respectively). Restaurants and cafes remain the dominant sector in the hospitality industry, reaching sales of more than $1.7 billion over October – December 2020.

Takeaway food services recorded a positive 8.4 per cent sales growth over the 3rd quarter of 2020 – the only sector to record a positive change over this period – and this growth continued in the 4th quarter of 2020, with the sector achieving sales of $845 million (4.7 per cent growth).

The sector that recorded the highest growth over the period October – December 2020 was pubs, taverns and bars, which saw sales growth of 6.2 per cent.

“As 2020 drew to a close, the industry was experiencing slow pre-Christmas trading, without the anticipated rush of functions and group bookings typical for the season that helps to sustain the industry through quieter Winter months”

Gisborne and Northland are leading regional recovery, while Queenstown continues to struggle from the lack of international tourists

Almost all regions across the country recorded sales growth for the 4th quarter (October - December 2020), with the exception of Queenstown / Southern Lakes (down 27.5 per cent), West Coast region (down 16.1 per cent), Taranaki (down 13.9 per cent) and Auckland and Wellington with small declines overall of 1.7 per cent and 1.3 per cent respectively.

Auckland drives the industry, accounting for 40 per cent of sales. Over October – December 2020 the region had sales of almost $1.3 billion, just $29 million less than the same period in 2019. Sales growth continues to favour suburban businesses over the CBD, which is still suffering from the negative effects of working from home trends and continuing infrastructure disruption.

> *Queenstown also continues to be the region most heavily impacted by Covid-19 and the lack of international tourists, with recovery not likely to start until after travel borders reopen.*

Conversely, large percentage sales increases were achieved in Gisborne (up 16.5 per cent over the same quarter in 2019), Northland (up 14.0 per cent in 2020 compared to 2019), Tasman (up 14.1 per cent), and the Hawke’s Bay region (up 12.4 per cent).

While sales performance rebounded in the fourth quarter of 2020, the uncertainty caused by Covid-19 and the possibility of continuing to move between heightened Alert Levels, alongside the minimum wage rise, sick leave entitlements increasing to 10 days per annum and immigration / skill shortage challenges are the main drivers affecting business confidence.

Marisa Bidois
CEO, Restaurant Association of New Zealand

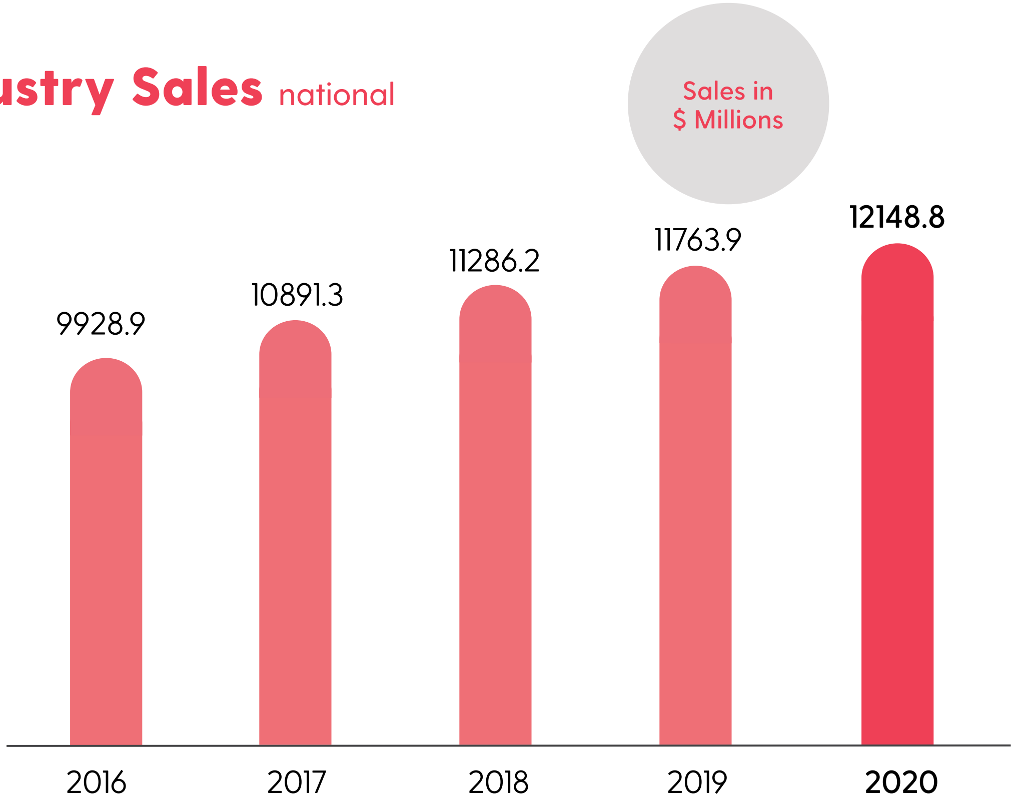
ANNUAL OVERVIEW

Despite the impact of Covid-19 beginning to have an effect from the first quarter of 2020, annual hospitality industry sales continued to rise for 2020

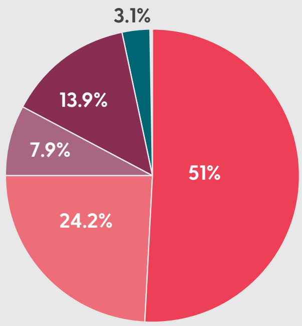
Annual Overview

YEAR END MARCH 2020

Industry Sales national



Industry Sales by Sector



Food and Beverage Services Sectors	$ MILLIONS 2016	2017	2018	2019	2020
Cafés and restaurants	5,061.1	5,531.3	5,670.1	5,960.4	**6,196.0**
Takeaway food services	2,339.8	2,599.4	2,747.6	2,819.8	**2,936.6**
Catering services	735.5	836.5	880.4	920.1	**956.8**
Pubs, taverns and bars	1,446.4	1,553.2	1,617.8	1,697.1	**1,684.2**
Clubs (hospitality)	346.0	371.0	370.4	366.5	**375.1**
Total New Zealand	**9,928.9**	**10,891.3**	**11,286.2**	**11,763.9**	**12,148.8**

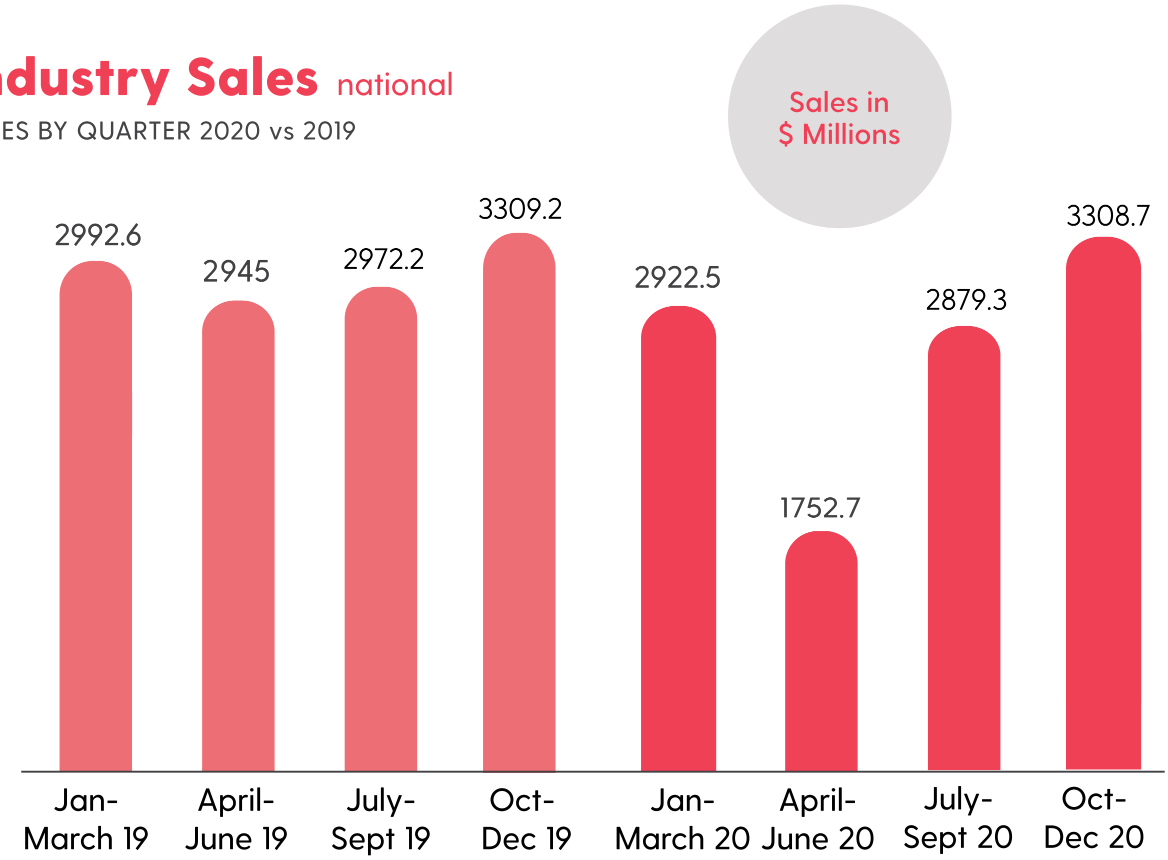
Statistics are subject to random rounding as per Statistics New Zealand standard data treatment. Refer to Appendix Notes.

QUARTERLY DATA

Quarterly sales data for the industry shows the roller coaster impact of Covid-19 on trading levels over 2020

Industry Sales national

SALES BY QUARTER 2020 vs 2019

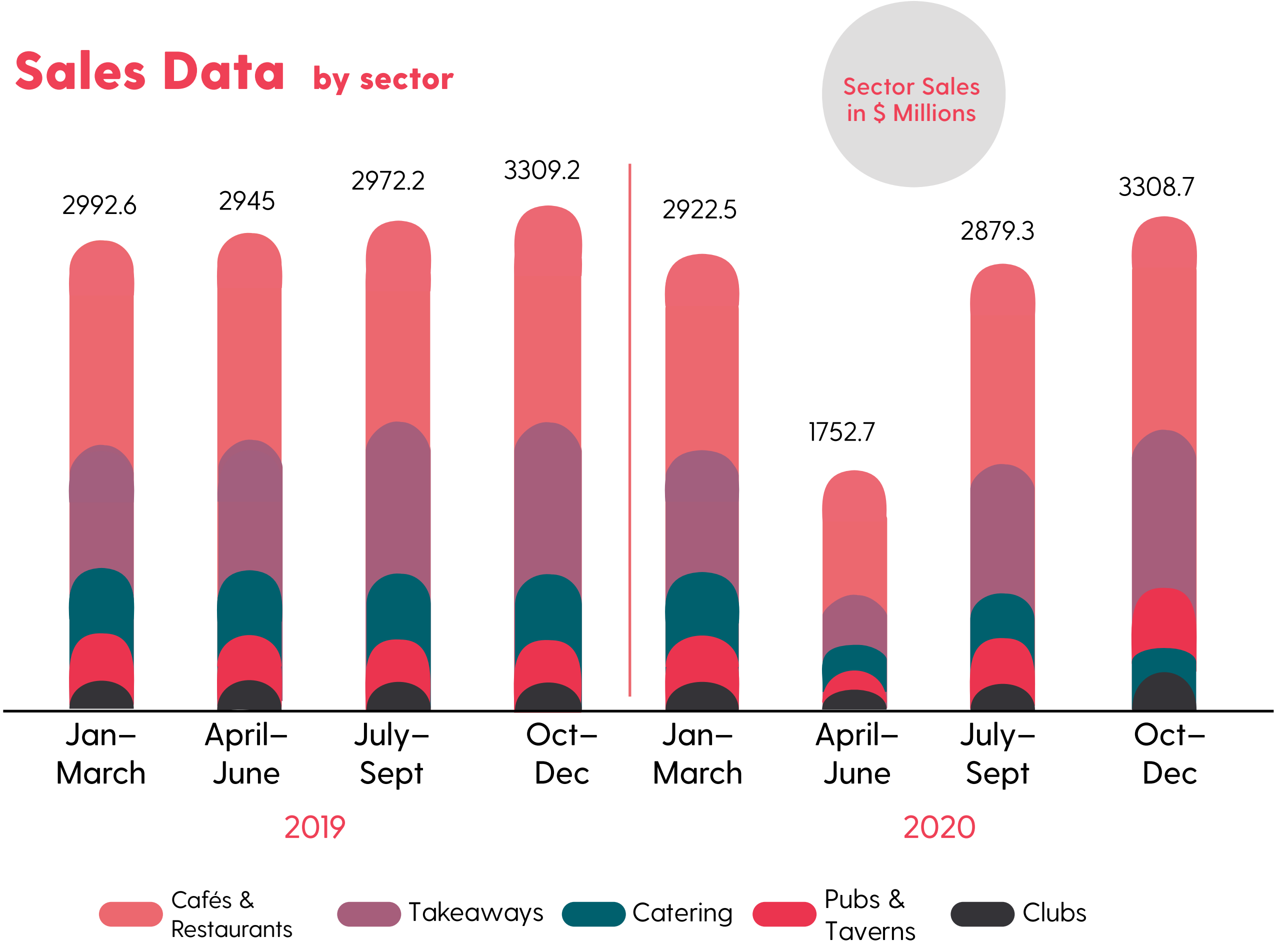


Industry Sales national snapshot

PERCENTAGE CHANGE BY QUARTER 2020 vs 2019

-2.3%	-40.5%	-3.1%	0%
January–March 2020	**April–June 2020**	**July–September 2020**	**October–December 2020**

Sales Data by sector



Quarterly Sector Sales 2019 vs 2020

Food and Beverage Services Sectors	$ MILLIONS											
	Jan-March 19	Jan-March 20	% change	April-June 19	April-June 20	% change	July-Sept 19	July-Sept 20	% change	Oct-Dec 19	Oct-Dec 20	% change
Cafés and restaurants	1,539.6	1,483.4	-3.7	1,507.2	858.2	-43.1	1,517.0	1,474.5	-2.8	1,688.4	1694.0	0.3
Takeaway food services	693.0	699.6	1.0	709.0	554.4	-21.8	720.9	781.5	8.4	807.1	845.0	4.7
Catering services	241.0	224.7	-6.8	242.9	124.4	-48.8	231.7	147.1	-36.5	257.4	183.8	-28.6
Pubs, taverns and bars	431.7	430.9	-0.2	391.1	179.5	-54.1	406.9	394.4	-3.1	455.4	483.8	6.2
Clubs (hospitality)	87.2	83.8	-3.9	94.8	36.2	-61.8	95.6	81.8	-14.4	100.8	102.2	1.4
Total New Zealand	**2,992.6**	**2,922.5**	-2.3	**2,945.0**	**1,752.7**	-40.5	**2,972.2**	**2,879.3**	-3.1	**3,309.2**	**3,308.7**	0.0

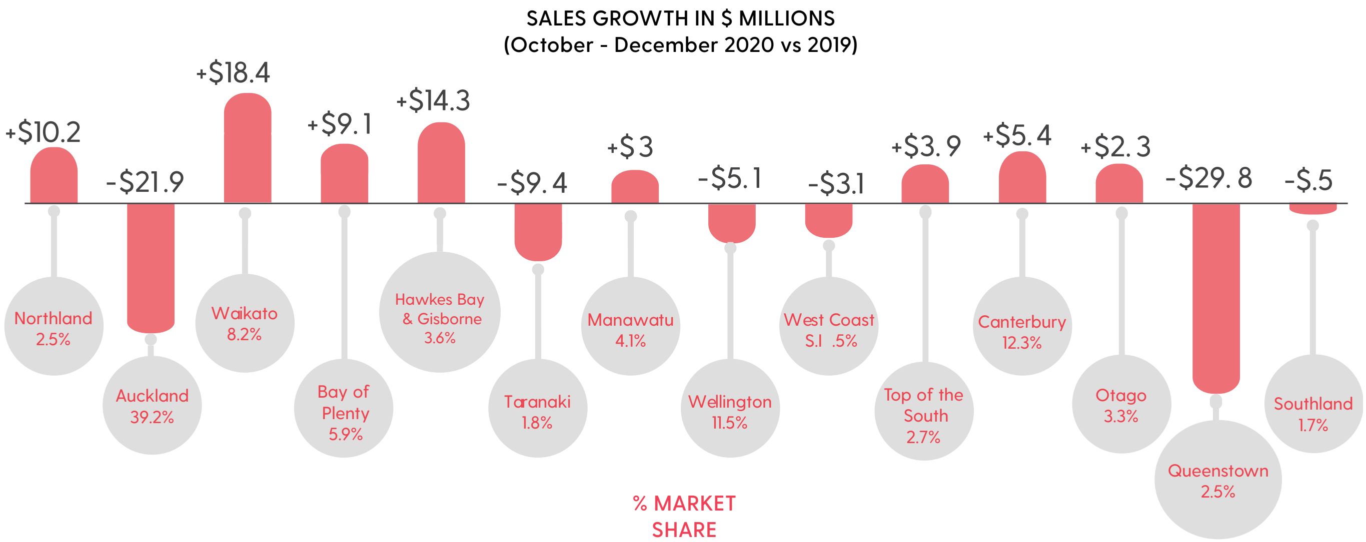
Statistics are subject to random rounding as per Statistics New Zealand standard data treatment. Refer to Appendix Notes.

Regional Sales by Quarter 2019 vs 2020

Region	Jan–March 19 ($ MILLIONS)	Jan–March 20	% change	April–June 19	April–June 20	% change	July–Sept 19	July–Sept 20	% change	Oct-Dec 19	Oct-Dec 20	% change
Northland Region	70.6	72.0	2.0	67.5	42.0	-37.8	63.5	74.8	17.8	73.1	83.3	14.0
Auckland Region	1,164.1	1,135.6	-2.4	1,168.8	737.9	-36.9	1,211.7	1,037.5	-14.4	1317.8	1295.9	-1.7
Waikato Region	234.7	232.4	-1.0	232.6	140.5	-39.6	226.9	244.5	7.8	254.2	272.6	7.2
Bay of Plenty Region	164.9	165.6	0.4	161.6	97.9	-39.4	161.5	177.0	9.6	184.9	194	4.9
Gisborne Region	19.0	19.5	2.6	18.9	11.4	-39.7	18.4	20.0	8.7	21.2	24.7	16.5
Hawke's Bay Region	83.9	82.4	-1.8	81.3	48.1	-40.8	76.8	88.9	15.8	86.8	97.6	12.4
Taranaki Region	57.0	45.7	-19.8	62.2	28.8	-53.7	59.1	51.8	-12.4	67.4	58	-13.9
Manawatū-Whanganui	115.1	112.7	-2.1	120.4	73.9	-38.6	124.3	127.8	2.8	131.8	134.8	2.3
Wellington Region	321.8	325.8	1.2	326.7	188.7	-42.2	321.8	346.7	7.7	387	381.9	-1.3
West Coast Region	21.5	19.7	-8.4	16.7	8.6	-48.5	14.4	14.2	-1.4	19.3	16.2	-16.1
Tasman Region	26.9	27.5	2.2	22.8	13.8	-39.5	18.8	24.3	29.3	24.9	28.4	14.1
Nelson Region	39.3	35.8	-8.9	36.1	22.5	-37.7	36.6	37.8	3.3	38.9	39	0.3
Marlborough Region	27.9	29.5	5.7	26.0	16.6	-36.2	23.6	27.9	18.2	28	31	10.7
Kaikōura	5.3	5.5	3.8	4.2	1.4	-66.7	3.1	3.7	19.4	5.1	5.1	0.0
Canterbury excl Kaikōura	361.8	346.4	-4.3	355.3	208.3	-41.4	355.9	372.7	4.7	394.6	400	1.4
Otago excl Queenstown	105.8	102.8	-2.8	105.5	54.5	-48.3	99.7	104.6	4.9	107.6	109.9	2.1
Queenstown-Lakes	115.1	110.1	-4.3	84.5	27.2	-67.8	107.5	76.9	-28.5	108.2	78.4	-27.5
Southland Region	57.9	53.3	-7.9	53.8	30.6	-43.1	48.5	48.4	-0.2	58.4	57.9	-0.9
Total New Zealand	2,992.6	2,922.5	-2.3	2,945.0	1,752.7	-40.5	2,972.2	2,879.3	-3.1	3309.2	3308.7	0.0

Sales Growth and Market Share

by region, 4th Quarter



Statistics are subject to random rounding as per Statistics New Zealand standard data treatment. Refer to Appendix Notes.

We're your advocate to the Government

We offer advice and advocate to the Government on your behalf on immigration, targeted support and wage issues.

We help you drive traffic to your doors.

Our online restaurant guide Dinefind.co.nz and our gift voucher and gift card programmes help drive traffic to your doors.

We'll boost your bottom line.

We save you money. We partnered with great businesses to bring you exclusive discounts – from banking to EFTPOS terminals and payroll services.

We'll be your cheerleader.

We celebrate your success. Our hospitality awards recognise success and promote your business to the public.

We are your link between good food and good business.

0800 737 827

restaurant association of new zealand

restaurantnz.co.nz

APPENDIX NOTES:

1. Sales data: Regional (and lower level area) sales and detailed industry sales prior to June 2017 were created independently to the published industry data, and do not sum to the total New Zealand figure.
2. Sales data: Figures are exclusive of GST.
3. Due to rounding, figures may not sum to the stated totals.

The Hospitality Report 4th Quarter 2020 Update was compiled by the Restaurant Association of New Zealand. If you have any questions, please contact us here:

Restaurant Association of New Zealand
45 Normanby Road
Mt Eden, Auckland 1024

info@restaurantnz.co.nz
0800 737 827

www.restaurantnz.co.nz

restaurant association of new zealand