

2011 Canadian Institutional Foodservice Market Report

January 2011

SAMPLE VERSION - INCOMPLETE



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INTRODUCTION

About fsSTRATEGY

- fsSTRATEGY is an alliance of senior consultants focusing on business strategy support – research, analysis, design and implementation – for the foodservice industry. Our team has extensive consulting experience in foodservice across Canada. We also offer international experience, having worked in the United States, Australia, South America, Africa, Asia, the Caribbean and Europe. Our team is unique in that we provide service to all foodservice sectors (chain and independent restaurants, attractions, hotels and resorts, gaming establishments and institutions) and all levels of the foodservice supply chain (growers, processors, distributors and operators).
- Our team has extensive experience in institutional foodservices. We have provided advisory services to hospitals, universities, art galleries, museums, attractions, convention and trade facilities, correctional facilities and public and private sector employee dining facilities.
- All of our key consultants are members of the International Society of Hospitality Consultants and, as such, subscribe to the ISHC's stringent code of ethics for consulting services.
- This year's report contains value-added information supplied by The NPD Group/CREST OnSite®. We wish to express our appreciation to NPD for the opportunity to collaborate with them. fsSTRATEGY and NPD source their data in different ways and therefore care should be used in aligning their respective data points.



About this Study

- The Canadian Institutional Foodservice Market Report provides an estimate of the size of the Institutional Foodservice market in Canada.
- Using Statistics Canada (“StatsCan”) definitions, this report defines **Institutional Foodservice** sales as the combination of:
 - sales of **Contract Caterers** (part of Contract and Social Caterers in the Commercial Foodservice sector); and
 - sales of Institutional Foodservice (foodservice sales in institutions where the institutions’ staff members operate the foodservices – also know as **Self-Operated Foodservices**) (part of the Non-Commercial Foodservice sector).
- fsSTRATEGY has been conducting this analysis since 1999. Total Self-Operated Foodservice sales are reported to the Canadian Restaurant & Foodservices Association and included in its estimate of total foodservice sales for Canada.
- We wish to acknowledge the support of the Canadian Restaurant & Foodservices Association and its provision of supporting data for this report.



Canadian Restaurant and
Foodservices Association

Association canadienne
des restaurateurs et des
services alimentaires

Definitions

- **Contract Caterers.** This sector comprises establishments primarily engaged in supplying foodservices under contract for a specific period of time. This includes establishments providing foodservices to airlines, railways and institutions as well as establishments operating food concessions at sports and similar facilities. Contract caterers may provide additional services such as housekeeping, janitorial/laundry and plant operation and maintenance.
- **Social Caterers.** This sector, not tracked in this study, comprises establishments that provide on-site and off-site catering services and includes banquet halls, off-premise caterers and mobile catering trucks.
- **Self-Operated Foodservice.** Foodservices operated by organizations whose primary business is something other than food and beverage service.
- **Healthcare.** Foodservice for patients and residents at retirement homes, long term care facilities (homes for the aged, nursing homes, personal care homes, group homes, etc.) and hospitals.
- **Corrections.** Foodservice for inmates at provincial and federal correctional facilities.
- **Transportation** – Food and beverage service for passengers on trains, ferries and cruise lines.
- **Business & Industry.** Foodservice for private- and public-sector employees in offices and plants.
- **Education.** Foodservices for students and faculty at private schools, high schools, colleges and universities.
- **Remote.** Foodservices for remote camps servicing mining, forestry, oil and gas, fire fighting, hydro, road construction and rail maintenance. This sector also includes recreational summer camps.

Important Notes about the Data

History of the Report:

Up until the 2009 report, this report was prepared by the CRFA based on data researched by *fs*STRATEGY. Commencing in 2011, this report is being researched and prepared by *fs*STRATEGY.

Methodology:

Two sources have been used to compile this report. Data on total Contract Caterer sales are based on StatsCan's Monthly Restaurants, Caterers and Taverns Survey. Sales data on Self-Operated Foodservice sector and the breakdown of sales of Contract Caterers are based on interviews conducted by the *fs*STRATEGY team with over one hundred sources. These sources include self-operated foodservice managers, contract caterers, segment associations, government agencies,

trade publications and segment consultants. The data for Contract Caterers is imputed from the above two sources. Since there is no consistent collection of data by foodservice sub-sector, these sales figures should be considered estimates rather than the actual size of the market.

In conducting interviews with our sources, we requested information on trends they see in their segments. These are recorded in the sector profiles starting on page 24.



Important Notes about the Data

Changes to the 2011 Institutional Foodservice Market Report:

- The estimated number of beds in Canada's retirement segment was restated for 2007 to 2011 based on new information that was obtained from various sources.
- Foodservices sales for railways (part of Transportation) were restated from 2007 to 2011 based on new information provided this year.
- Military and Coast Guard foodservice sales are estimated and have been included in Other Foodservice sales this year, as reliable data was not available to us for these groups.





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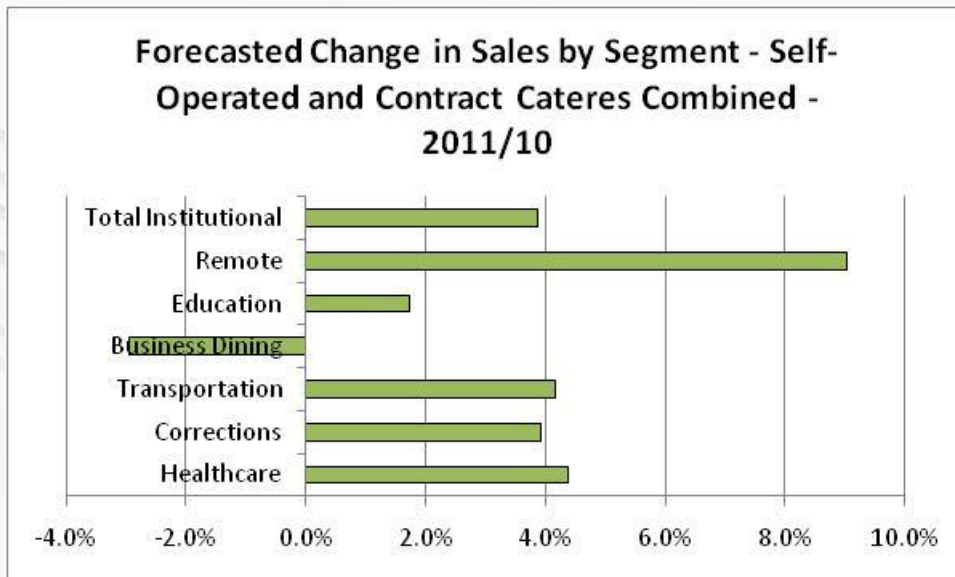
MARKET OVERVIEW

Market Overview


- Revenue from institutional foodservice by Contract Caterers accounts for \$3.1 billion of total contract and social caterer revenue. Institutional Foodservice that is self-operated is reported in non-commercial foodservice (\$3.8 billion).
- The total Institutional Foodservice market is expected to grow to \$6.8 billion in 2011, representing a 3.9% increase over 2010.
- Combined contracted and self-operated institutional foodservice is expected to account for 11% of Canada's \$63-billion foodservice industry in 2011.

| Sales by Segment | 2011 |
|----------------------------------|-------------------|
| Commercial FS | |
| Full-service restaurants | \$21,488.3 |
| Limited-service restaurants | \$22,045.0 |
| Contract caterers | \$3,092.7 |
| Social caterers | \$1,018.4 |
| Drinking Places | \$2,452.0 |
| Sub-total Commercial | \$50,096.4 |
| Non-Commercial FS | |
| Accommodation foodservice | \$5,367.0 |
| Institutional foodservice | \$3,774.9 |
| Retail Foodservice | \$1,295.8 |
| Other Foodservice | \$2,304.4 |
| Sub-total Non-Commercial | \$12,742.0 |
| Total Foodservice | \$62,838.4 |

Source: CRFA; \$ millions



Note: All growth rates are in nominal terms (i.e., include inflation).



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SALES ANALYSIS

Combined Self-Operated and Contract Caterers Estimated Sales

Figures are in \$000s.
% Share = share of total sales
% Chg. = year-over-year change

| COMBINED | 2007 | | 2008 | | 2009 | | 2010 p | | 2011 f | |
|------------------------|---------|--------|---------|--------|---------|--------|---------|--------|---------|--------|
| | % Share | % Chg. | % Share | % Chg. | % Share | % Chg. | % Share | % Chg. | % Share | % Chg. |
| Healthcare | | | | | | | | | | |
| Retirement Homes | | | | | | | | | | |
| Long Term Care | | | | | | | | | | |
| Hospitals | | | | | | | | | | |
| Total Healthcare | | | | | | | | | | |
| Corrections | | | | | | | | | | |
| Total Corrections | | | | | | | | | | |
| Transportation | | | | | | | | | | |
| Total Transportation | | | | | | | | | | |
| Business Dining | | | | | | | | | | |
| Total Business Dining | | | | | | | | | | |
| Education | | | | | | | | | | |
| Private Schools | | | | | | | | | | |
| High Schools | | | | | | | | | | |
| Colleges | | | | | | | | | | |
| Universities | | | | | | | | | | |
| Total Education | | | | | | | | | | |
| Remote | | | | | | | | | | |
| Total Remote | | | | | | | | | | |
| Other | | | | | | | | | | |
| Total Other (1) | | | | | | | | | | |
| Total Combined | | | | | | | | | | |

Estimate prepared by fsSTRATEGY

Notes:

(1) Includes sales estimates for subsectors for which data was not consistently available (e.g., Military and Coast Guard). Also includes the variance between our estimates and StatsCan's total Contract Caterer figures. Methodologies vary; therefore totals may vary. Figures are intended only to enable an overall market estimate.

P = preliminary; F = Forecast

Forecasts based on interviewee forecasts and fsSTRATEGY estimates.

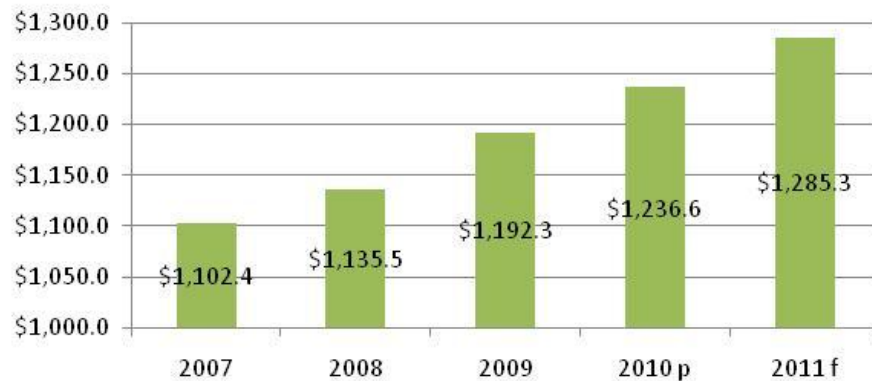


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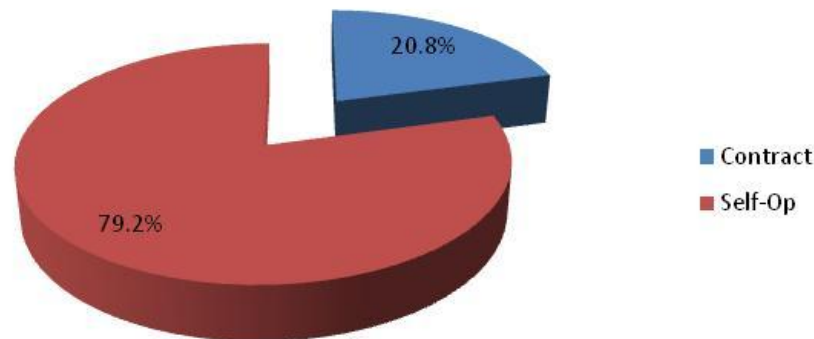
SECTOR PROFILES

Healthcare – Hospital Foodservices

**Hospitals - Total Market
(in millions)**



Hospitals - 2011 Market Share



Segment trends highlighted by participants:

- Green initiatives
 - Recyclable flatware and dishes
 - Reusable mugs
 - Cost has not been an issue
 - Decreased water usage
- Healthy choices
- Increase of requests by patients for food made from scratch
- Outsource food products still critical in order to improve efficiencies and reduce labour demands
- Cost reductions
- Increase ethnic and alternative food offerings in urban centres:
 - Halal
 - Vegetarian
 - Asian
- Increased technology for bedside order entry for special diets (Wifi/lpads/tablets)
- Flexible meal times
- More choices at point of service
- Purchased meals for employees to take home or for visitors/care givers

fsSTRATEGY is an alliance of senior consultants focusing on business strategy support-research, analysis, design and implementation-for the foodservice industry.

The NPD Group has more than 25 years of experience providing reliable and comprehensive consumer-based market information to leaders in the foodservice industry.

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