



INSIDE THIS ISSUE

- 2 Cost-Cutting Tactics For Increasing Profits (Survey)**
- 3 Ryerson University and its Students' Perspective on the Foodservice and Hospitality Industry**

Welcome Message

Welcome to the second issue of Foodservice Interchange Exchange. This newsletter is designed to keep senior leaders in the food and foodservice industry connected and informed with insights, news, and the latest research from industry experts. In this issue, read about cost-cutting tactics to increase profits in today's economically-unstable environment, and what you can do to attract and retain the best of the newest generation of employees, as recent culinary graduates highlight what they are looking for in their future workplaces.



We're already at work on the next issue of the Foodservice Interchange Exchange due out in October. It will be dedicated to sus-

tainable practices and what you can do to help grow your business, while reducing your organization's environmental footprint. Environmental practices are rapidly influencing consumers' and potential employees' decisions to engage with an organization. With the increased focus on climate change, greenhouse gases and waste diversion, the way your company interacts with the environment now affects how others interact with you.

You'll also see an overview of the program and speaker line-up for FSI 2009 which takes place on January 27, 2009. Mark your calendars - we look forward to seeing you there! ■

Source: FCPC

Please let us know how we are doing. Forward your questions/comments regarding this newsletter to veronicar@fcpc.ca

How do Today's Students Perceive the Foodservice Industry as a Place to Work?

As part of her presentation at this year's Foodservice Interchange, Foodservice and Hospitality editor Rosanna Cairn interviewed a handful of recent culinary grads to find out their perceptions of the foodservice industry. In this installment, students from the top hospitality programs were asked what factors they look at before deciding to work with a company.

Question: *When you think about working for a company in the industry: what do you look for? What are key factors as you make your decision?*

Laura Travers: George Brown College

The first thing I look at is philosophy of the company. I'm a big supporter of the slow food movement, organics, local ingredients and environmental practices. I personally try to seek out opportunities that suit these beliefs. Secondly, I look at the people I will be working with; when you work for/with good people, you look forward to going to work. It can motivate you to be a harder worker.

Continued on page 2

What's Causing a Traffic Slowdown at QSR?

While headlines are trumpeting that the economy may be causing consumers to watch their spending on discretionary purchases like restaurant visits, there's evidence that the current lack of traffic growth at Canada's restaurants may be as a result of demographic shifts.

As demographer Dr. David Foot says, "demographics aren't just important; they can explain two-thirds of everything."

In the US, restaurant traffic is pulling back within the full serve segment as consumers 'dine down' to Quick Serve Restaurants to reduce their spending. However it's a different picture in Canada where there's continued modest growth at Full Serve Restaurants, while QSR traffic is down versus last year.

As consumers age, they tend to cut back on QSR visits, preferring the

ambiance, menu selection and table service offered at FSR.

Compared to last year, the largest declines for QSR restaurant traffic trace to the 45+ age group. As the population ages and with more baby boomers (born 1947 – 1964) hitting the 45+ cohort, we can expect to see this trend away from QSR continue.

How can QSR operators counter this impact? Figure out how to keep attracting the older consumer. For example, Fast Casual chains such as Panera Bread are now starting to enter Canada. With a focus on fresh food and upscale décor teamed with QSR-style fast service, Fast Casual operators in the US keep drawing in older consumers. Mainstream QSR operators can take a page from Fast Casual to increase appeal for baby boomers by adjusting menu offerings and upping the ambiance. ■

Source: Linda Strachan, Sr Account Manager, NPD Group/CREST®

Annual Per Capita Restaurant Visits by Age							
	Under 18	18-24	25-34	35-44	45-54	55-64	65+
QSR	101	126	141	135	117	93	59
FSR	35	55	56	49	48	62	56

Source: NPD CREST®, 12 months ending February 2008



What are Today's Operators Doing to Increase Profits?

In any business there are only two options to grow profits — reduce costs or increase revenue. To better understand what today's foodservice operators are doing to optimize their profits, **CHD-Expert Canada** asked operators a few questions on a recent online survey.

Operators were asked which of the list of 8 initiatives they had implemented in their establishments to reduce costs (see questions in table found on page 3). Not surprisingly the top answers were energy savings and operational process changes to save

labour. A full 67% of operators implemented initiatives in these 2 areas, followed closely by 64% who had revised food purchasing procedures and 63% who had changed scheduling procedures to save labour. Operators showed a high degree of loyalty with only 36% of respondents reporting changing food suppliers. They had an even greater loyalty to their customers with a mere 17% saying that they had reduced portion sizes to reduce costs.

What is perhaps most encouraging for the overall health of the industry is that operators reported having imple-

mented an average of 4 cost savings initiatives from the list of 8. Obviously operators are aggressively managing their businesses to stay competitive.

When asked which cost savings created the biggest savings, each initiative's score was compared to the number of respondents who had implemented that initiative to see what percentage of those who reported implementation found it to be the most valuable. The most successful was energy with 38% of implementers reporting that it created the

Continued on page 3

Today's Students...

Continued from page 1

People are a key ingredient to workplace happiness. Lastly, I look at the job responsibility and pay. Past experience has put me into a place where I feel I deserve a certain level of responsibility and pay. I won't look at jobs that don't reflect that.

People are the biggest key to the success of a company. When employees are being heard, they work harder and feel part of the team. This is something that's not addressed enough in bigger companies and they consequently fall apart. A company is only as good as its lowest level of employees. These lower level employees support the entire structure and need to feel appreciated and involved. When employees are happy, they treat others well.

Toni-Ann Sarlo: Humber College

I look for a company with a solid reputation. It's important that the opportunity for upward mobility is available. The key factors that make my decision include a company's position within its marketplace and its growth within recent years. I want to be able to determine if they are maximizing their market share. My foremost concern is how the company treats its employees. What types of benefits are included? Are they loyal to the employees that have served them for so long? I would like to be reassured that

all employees receive equal treatment, and that no one person would ever feel intimidated or unimportant.

Iris Lam: University of Guelph

For me, the key factors to look at are the company's reputation and growth within the industry; the commitment towards providing employees with continuous training and development; and opportunities for advancement and growth within the company. In the short term the concerns would include adequate socialization. In the long term, I would look at corporate social responsibility, employee benefits, empowerment, and growth.

Sara Martins: Humber College

I'm looking for team integrity and good morale in the workplace. When looking for short term employment, I am more concerned about convenience and environment, whereas with long-term employment, there are many other factors I take into consideration. For example, I would look at whether I'm working as part of a strong team. Secondly, it's extremely important to have good job security. And additionally, I'm looking for a fast-paced work environment that is well organized and clean.

Michelle Tham: Ryerson University

The key factor that drives relationship building within a particular company is finding a fit with the culture of the company. It is a concept that boils

down to values — are my individual values and outlook on the industry aligned with the values of the company and what they believe and aim to achieve? If one doesn't identify with these core values and doesn't relate to the philosophy, there truly can't be a fit with the individual in the company. The industry will no longer be driven on the work for money and money for work relationship. The new working relationship where workers look to find a company where they fit and belong is enriched by an exchange of learning where the right fit allows the worker and the company to build a win-win growing exchange to help one another excel.

Noelle Martin: University of Western Ontario

If I were to think about working for a company in the foodservice industry, I would consider the company's culture, mission, values and reputation within the industry. For example, do they offer continuing education and training for their staff? Do they value respect in the workplace and have programs in place to ensure this? Is everyone micromanaged, or are employees properly trained and then empowered to try new ideas and initiatives? Do they support research and are they current with the trends in the industry? ■

Operators' initiatives to increase profits

Continued from page 2

greatest savings. Only 7% of water savers felt it generated their biggest savings. Other initiatives had from 17-36% of operators reporting that it generated the most savings. This has an interesting conclusion. It appears that like many things about the food-service operator segment, the cost structures are also very non-homogeneous, resulting in different relative savings from the same subject of cost savings initiative. In other words, while for some operators, efficient scheduling of labour generates the most savings, for others it is changing food suppliers. Clearly for all areas on the list, there were significant cost saving opportunities to a significant percentage of operators.

The sources for the idea of their

most valuable initiative was somewhat surprising, and certainly disappointing when measuring the impact suppliers had as a source of cost savings ideas. A full 50% of respondents reported their source as "other". Trade magazines were the source for 20% followed by "a friend in the industry" at 11%. Only 4% came from a supplier during a sales call and 3% from a supplier at a trade show. Consultants at 8% had a greater level of influence that suppliers did!

The second subject was the question about what strategies operators used to increase the frequency of visits from current customers and to attract new customers. They were asked to check which of 10 strategies on a list they had used (see chart). The most popular strategy was a website with 50% of operators reporting

having a website. This is almost identical to the results that CHD-Expert has found in previous annual FACTS™ surveys. The other strategies ranged in usage from a high of 30% for advertising in local newspapers to a low of 15% who reported collecting business cards to use to create an email database for emailing promotional specials.

What is again encouraging for the industry is that operators reported using an average of 2.6 strategies on the list. Clearly Canadian operators are not following the strategy of "build it and they will come", but are actively promoting their establishments through a variety of ways.

For full details of the survey please contact Bob Van Driel, Director of Research for CHD-Expert Canada at 416-447-2609. ■

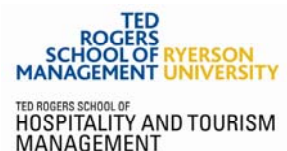


Perspective on the Foodservice and Hospitality Industry

The Foodservice and Hospitality Industry is now facing its greatest challenge that will forever shape the future of industry and will change school curriculum and the students' choice of employer. The challenge is complex that of "sustainable business" - the need for a continuum of environmental progress from pollution prevention, to product stewardship to clean technology and finally to the stage where a business is making positive enhancements of the environment – and the labour shortage that the industry is now facing.

These are complex issues and as future managers, students need to thoroughly debate, reflect on and evaluate these two issues. The learning outcomes of the curriculum must ensure the student can be critical, objective, well informed and analytical about what is good practice. Educators generally must begin to pay much greater attention to developing strong and meaningful links with industry and industry must do the same with educators in an endeavour to develop curriculum and future leaders that will meet these challenges head on.

Educators are only one part of any coordinated solution. The curriculum will not be the only influence on students' perceptions of environmental and labour issues. Students will have been exposed to the influence of the media, political debate, and peer pressure. With this knowledge students will be seeking employers that have made corporate social responsibility the guiding principle of their strategic plans. They will be looking for employers that are making a difference taking the steps to form partnerships with educators and other associations to find solutions, to ensure robust sector growth and the ability to meet the future demands of the customer, who has expectations of unquestionable service and quality that is socially responsible. ■



QUESTION 1

Part 1. Over the last 12 months, in which of the following areas did you implement cost saving initiatives to your business?:

1. Energy savings in my establishment
2. Water savings in my establishment
3. Labour saving operational process changes
4. Labour saving labour scheduling procedures
5. Increased use of part time help
6. Revised food purchasing procedures
7. Changed food suppliers
8. Reduced portion sizes

Part 2. Which cost savings initiative created the biggest savings for your business? (write number from previous question)

Part 3. Where did you get the idea that led to this most valuable cost savings program?(circle only 1):

1. From a supplier during a sales call
2. From a supplier during a trade show
3. From your distributor
4. Read about it in a trade magazine
5. Read about it in a newspaper
6. Heard about it from a friend in the industry
7. A consultant suggested it
8. Other: please specify _____

QUESTION 2

Which of the following strategies do you use to increase the frequency of visits from current customers and to attract new customers?(circle all that you currently use):

1. Advertising in local newspapers
2. Customer loyalty programs (ie. Buy 10 get one free)
3. Participation in "The Entertainment Book" with special offers
4. Local advertising with special offers
5. Advertising in the Yellow Pages
6. Advertising in tourism directories
7. A website to promote establishment
8. Collect customer business cards to create email database to use for emailing promotional specials
9. Sponsoring local sports teams or cultural events
10. Other

Note: the most frequent answers are identified in red.