



# Sectoral Profile

## Accommodation and food services

NAICS 72

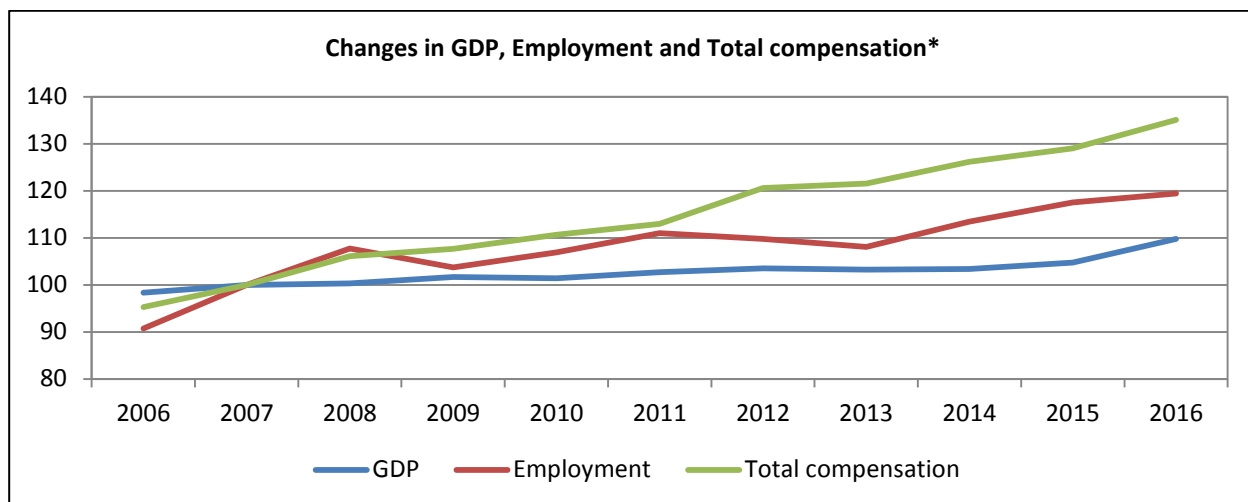
Quebec

2018-2020\*



- Food services account for over 85% of the workforce in this industry; the business(environment) is dominated by small establishments but major chains generate the majority of sales
- A low Canadian dollar encourages Quebec residents to travel within the country, and foreigners to visit
- Tourism associated with business, conventions and conferences is still growing in Quebec and produces significant economic benefits in several regions

Success in accommodation and food services is dependent on favourable economic conditions, both here and elsewhere in the world, that lead people to eat out in restaurants, travel in Quebec and use accommodation services. For Quebec households, an unfavorable exchange rate on the Canadian dollar will make travel abroad more expensive and may encourage them to stay in Canada. Mostly, the decision to travel will depend on income growth, discretionary spending, and debt levels. For out-of-country tourists coming to Canada, an exchange rate that is favorable to them relative to the Canadian dollar and good economic conditions in their country could benefit Quebec tourism.



\* Data available for Food services only, expressed as indices with 2007 = 100

Sources: Statistics Canada, GDP – CANSIM 379-0030, Employment – LFS, Total Compensation – 383-0031

However, success is not a guarantee. According to the *Office of the Superintendent of Bankruptcy Canada*, the accommodation and food services industry accounted for more than 18% of bankruptcies in Quebec in 2017,

\* This document is the result of analyses performed using information available as at April 5, 2018.

although account for only 7% of a businesses. This is not an isolated incident either: the accommodation and food services sector almost always tops the list for the number of businesses filing for bankruptcy.

Besides fluctuating economic conditions, employment is subject to significant seasonal variations. Outside metropolitan or densely populated areas, establishments close at the end of the summer season, because the local market is too small to keep them open. In such circumstances, a few bad decisions can undermine profitability beyond repair.

The number of foreign travellers visiting Quebec has been rising rapidly since 2014, and now exceeds the peak reached in 2002. About 62% of visitors come from the United States, a proportion that has been decreasing over the last few years with the rise of the European and Asian clientele. Tourism reached record highs in Québec in 2017 benefiting, among other things, from the celebrations of the 150<sup>th</sup> anniversary of Canadian Confederation and the 375<sup>th</sup> anniversary of the founding of the city of Montreal.

Business and convention tourism is important and generates significant economic benefits. It extends the tourism season and creates traffic during slower periods. In recent years, the accommodation capacity has improved greatly in a number of regions across Quebec, contributing to the development of accommodation and food services.

After peaking in 2011, capital investments fell slightly. Nevertheless, industry players, tourism businesses and governments are continuing to invest large amounts to promote, support and develop tourism offerings in the regions.

Tourist activity should continue to increase in Quebec, because of the global economic situation. For foreigners, the value of the Canadian dollar should reduce travel costs in Canada and Quebec and encourage Quebecers and other Canadians to visit the province. Some resentment of Canadian-American trade relations could also possibly lead households to reconsider their travel destinations, to spend within Canada (and differently). This could increase the growth forecast for this industry.

### **Food services and drinking places**

This segment accounts for more than 85% of employment in the accommodation and food services industry. Despite the growth in household incomes and in the budget for discretionary spending, the sums allocated for eating out in restaurants is stable/has remained unchanged. This means that the share of eating out in consumer spending has dropped. Due to a very competitive business environment, the profit margin of establishments is currently low, hovering around 4% (2012-2015 average). Reduction of expenditures is not an easy task for restaurant owners: food and wages account for 70% of expenses; the other 30% includes rent, taxes, insurance, publicity, etc.

Turnover is especially high among food services establishments. According to the *Association des restaurateurs du Québec* (ARQ), fewer than 3 out of 10 establishments will still be open after five years in operation, and one out of ten will celebrate their tenth anniversary. Proportionately, there are more restaurant closures in Quebec than elsewhere in Canada. One of the reason may be that there are more individually-owned restaurants here than in other provinces where franchised chains predominate. Job losses are limited by the fact that many locations find new tenants following a closing.

The « ready to cook » concept offered by businesses such as *Goodfood Market*, *Cook it* and *MissFresh*, to name but a few, may have garnered a share of restaurant sales, but since it is difficult to achieve profitability with a model based on the sale of long-term subscriptions, we believe that no permanent damage has been inflicted

on the food services market. In addition, the retention rate is very low after a certain period; as such, in the United States, 7 out of 10 clients discontinue their subscriptions after one year.

Over the coming years, new restaurants are expected to open: some franchises are expanding, new establishments will be added with new hotels being built or recently open, and the search for a new experience will add to the growth of some restaurant segments. Several restaurants have contracted home delivery services such *Foodora*, *À la carte Express*, *Just Eat*, *UberEATS* or *Top Menu* to widen their clientele, leading to a stabilization, even an increase in their workforce.

In short, gains will exceed losses, with the result that the food services and drinking places segment will see modest growth.

### **Accommodation**

According to data published by *Tourisme Québec*, the occupation rate had fallen to 48.4% during the 2008-2009 recession. In 2017, it reached a high of nearly 61%. In August, it was close to 80% in August 2017, another record. As noted earlier, 2017 was an exceptional year for tourism, for both the personal and business categories.

The behaviour of hotel guests has changed significantly over the years. Today, people are more independent and demanding, they are looking for something special and different, something that will make them choose a specific establishment. Bookings are generally made online, and guests are willing to give up some services to get a better price, better location or more luxury accommodation. Younger generations have different consumption-related values, and tourism is no exception. Establishments must adapt their business models to these needs to better take advantage of new consumption trends. They also have to join in the world of social media and mobile technologies, and compete against thousands of private home rentals available on electronic platforms.

The results of a pan-Canadian study by CBRE for the *Hotel Association of Canada* in partnership with the *Association Hôtellerie Québec*, shows that the growth of private rentals is generated by the owners of several units rented out in full. Thus, according to the study, 87% of Airbnb's revenues in Montréal are generated by the rentals of full units. This proportion is 87% for Québec City and 78% for Ottawa-Gatineau. Over the past two years, the revenues generated by the rental of full units held by the same manager have more than doubled in Montréal in in the Ottawa-Gatineau region, while and 70% growth was seen in Québec City.

This is a net loss for hotels, and it will continue to grow over the years.

However, given the opening of new establishments in the province during the forecast period and the continuous traffic increase in tourism, the employment outlook is good for accommodation services in the medium term.

## Sectoral Dynamics for the Regions

Québec 2018-2020	In the Economic Regions	AAGR
Annual average growth: 0.4%  Gain of approx.: 3,225 positions  Yearly dynamics: 2018: ↗ 2019: ↗ 2020: ↗	Laurentides	0.9%
	Lanaudière	0.9%
	Montréal CMA	0.6%
	Montréal	0.6%
	Gaspésie–Les-Îles	0.6%
	Côte-Nord / Nord-du-Québec	0.5%
	Bas-Saint-Laurent	0.5%
	Capitale-Nationale	0.5%
	<b>QUÉBEC</b>	0.4%
	Abitibi-Témiscamingue	0.4%
	Estrie	0.3%
	Chaudière-Appalaches	0.3%
	Saguenay–Lac-Saint-Jean	0.3%
	Mauricie	0.2%
	Centre-du-Québec	0.2%
Outaouais	0.2%	

n/a: not applicable

Source: 2018–2020 Sectoral Outlook annual exercise

Labour Market Analysis Directorate, Service Canada – Quebec Region, April 5, 2018.

The following occupations of the accommodation and food services workforce are likely to be affected by the dynamics of the labour market (according to the occupation by industry matrix):

**Accommodation**

- 6731 Light duty cleaners
- 6525 Hotel front desk clerks
- 6513 Food and beverage servers
- 0632 Accommodation service managers
- 6322 Cooks
- 6711 Food counter attendants, kitchen helpers and related support occupations
- 6733 Janitors, caretakers and building superintendents
- 6321 Chefs
- 6512 Bartenders
- 5254 Program leaders and instructors in recreation, sport and fitness
- 6511 Maîtres d'hôtel and hosts/hostesses
- 0631 Restaurant and food service managers
- 6741 Dry cleaning, laundry and related occupations
- 6721 Support occupations in accommodation, travel and facilities set-up services
- 6313 Accommodation, travel, tourism and related services supervisors

**Food services**

- 6711 Food counter attendants, kitchen helpers and related support occupations
- 6513 Food and beverage servers

- 6322 Cooks
- 0631 Restaurant and food service managers
- 6611 Cashiers
- 6512 Bartenders
- 6321 Chefs
- 6311 Food service supervisors
- 6511 Maîtres d'hôtel and hosts/hostesses.

## SIZE AND DISTRIBUTION OF AND CHANGES IN EMPLOYMENT IN THE INDUSTRY IN QUEBEC

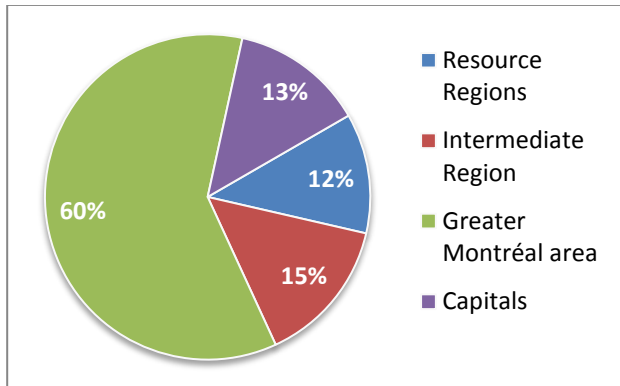
	Employment 2015–2017 Average			10-year Change in Employment	
	Employment In thousands	Provincial distribution	Regional employment share	In thousands	as a %
<b>All of Quebec</b>	<b>278.6</b>	<b>100.0%</b>	<b>6.7%</b>	<b>55.4</b>	<b>24.8%</b>
<b>Resource Regions</b>					
Abitibi-Témiscamingue	4.5	1.6%	6.1%	0.3	8.1%
Bas-Saint-Laurent	6.0	2.2%	7.0%	-1.2	-17.1%
Côte-Nord / Nord-du-Québec	3.9	1.4%	7.3%	-0.3	-6.5%
Gaspésie–Îles-de-la-Madeleine	2.4	0.9%	6.7%	0.1	4.3%
Saguenay–Lac-Saint-Jean	8.7	3.1%	6.8%	0.6	6.9%
<b>Intermediate Regions</b>					
Centre-du-Québec	7.0	2.5%	5.9%	0.7	10.5%
Chaudière-Appalaches	11.8	4.2%	5.5%	1.6	15.7%
Estrie	10.3	3.7%	6.6%	2.4	30.5%
Mauricie	8.0	2.9%	6.7%	-0.5	-6.3%
<b>Greater Montréal area</b>					
Lanaudière	13.8	4.9%	5.4%	4.1	42.4%
Laurentides	21.1	7.6%	6.8%	3.4	19.0%
Laval	15.8	5.7%	7.4%	6.7	73.9%
Montréal	78.3	28.1%	7.8%	19.9	34.2%
<b>Capitals</b>					
Capitale-Nationale	29.3	10.5%	7.3%	4.2	16.6%
Outaouais	11.9	4.3%	6.0%	1.0	9.5%

x: confidential data, fewer than 1,500 people employed in this region

Source: Historical estimates based on Statistics Canada's Labour Force Survey

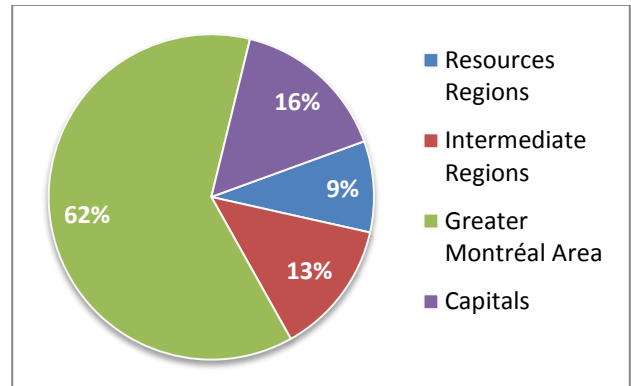
**SOME CHARACTERISTICS OF THE INDUSTRY IN QUÉBEC**

**Establishment distribution by Region**



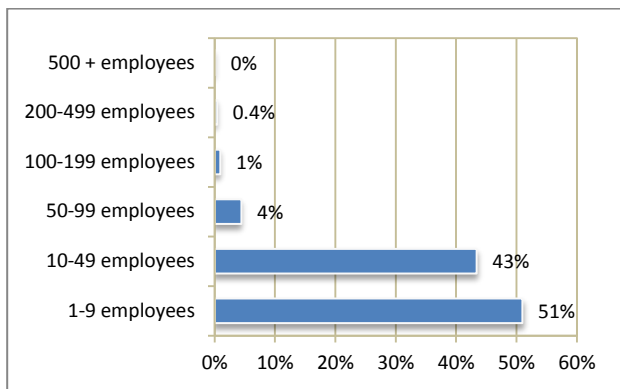
Source: Statistics Canada, Establishment Counts by Economic Region, industry, and Employee Size Ranges, December 2015

**Employment distribution by Region**



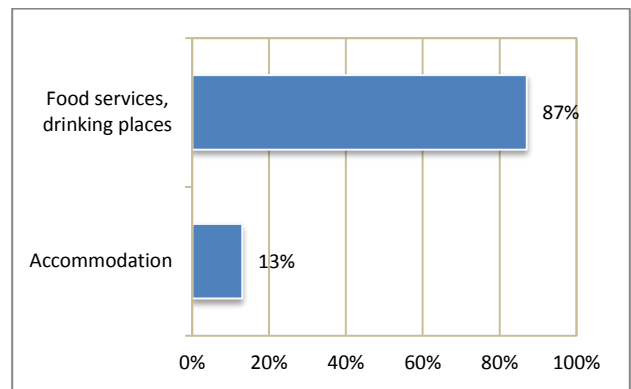
Source: Statistics Canada, Labour Force Survey; based on average employment in 2014-2016

**Size of establishment**



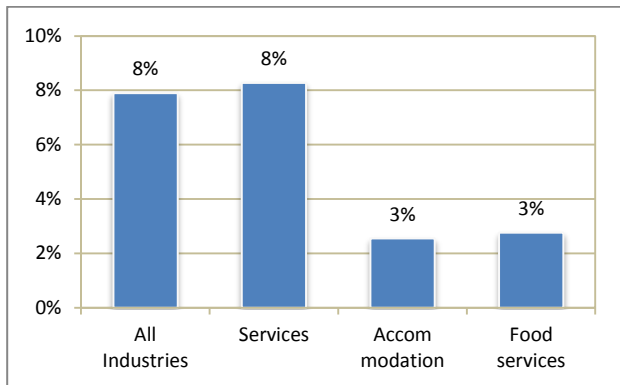
Source: Statistics Canada, Establishment Counts by Economic Region, industry, and Employee Size Ranges, December 2015

**Employment by industry segment**



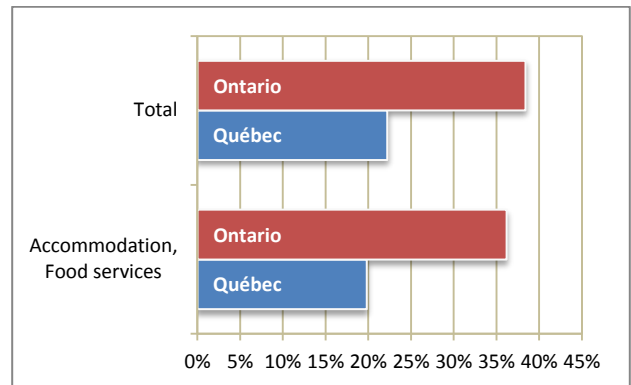
Source: Statistics Canada, Survey of Employment, Payrolls and Hours; based on average employment in 2014-2016

**Self-employed jobs compared to Total employment**



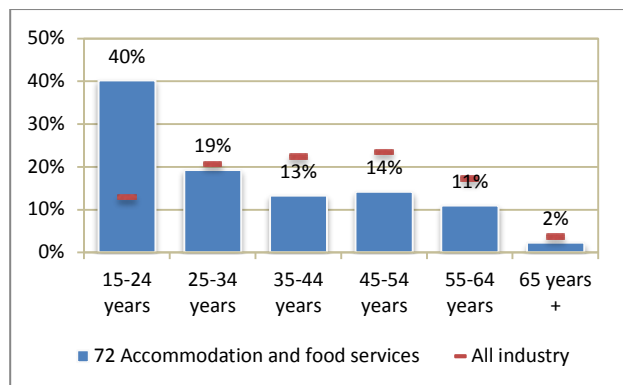
Source: Statistics Canada, CANSIM 383-0031 Labour statistics, based on average employment in 2014-2016

**Share of total employment and industry in Canada**



Source: Statistics Canada, Survey of Employment, Payrolls and Hours; based on average employment in 2014-2016

## Employed Labour Force Aged 15 Years and Over



Source: Statistics Canada, 2016 Census, special tabulation for ESDC

## Employment distribution by skill type

National Occupational Classification	
0. Management	12%
1. Business, finance and administration	3%
2. Natural and applied sciences and related	0%
3. Health	0%
4. Education, law and social, community and government services	0%
5. Art, culture, recreation and sport	0%
6. Sales and service	82%
7. Trades, transport and equipment operators	2%
8. Natural resources, agriculture and related production	0%
9. Manufacturing and utilities	0%

Source: Statistics Canada, 2016 Census, special tabulation for ESDC

## FOR MORE INFORMATION

- Job Bank (Canada) – [Job Market Trends and News](#): Information on job, skills and local labour market trends is important for making career decisions. In addition, information on wages, labour supply, labour demand and other factors helps employers recruit, train and retain workers and make business and investment decisions.
- North American Industry Classification System (NAICS) Canada 2012: Accommodation and food services [NAICS 72](#)

**Note:** In preparing this document, the authors have taken care to provide clients with labour market information that is timely and accurate at the time of publication. Since labour market conditions are dynamic, some of the information presented here may have changed since this document was published. Users are encouraged to also refer to other sources for additional information on the local economy and labour market. Information contained in this document does not necessarily reflect official policies of Employment and Social Development Canada.

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**For further information,** please contact the LMI team at:

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