



3rd Quarter Hospitality Dashboard

Quarterly Dashboard 2023

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State of Hospitality

Sales statistics source: Stats NZ, Business confidence source: RA member survey

Industry at a glance...

\$15.2B	Annual sales revenue to year end June 2023 22.9% YoY change
\$3.8B	Q2 2023 sales revenue +0.3% QoQ change +9.8% YoY change
\$1.5B	Auckland Q2 2023 sales revenue +2.4% QoQ change +10.2% YoY change
\$397M	Regional sales insight Q2 2023 Wellington \$397 million Waikato \$323 million
30%	Business confidence Q3 2023 30% believe business conditions will have improved in 12 months.

Overview of: 3rd quarter 2023

Since the second quarter of 2023, and through the third quarter, our members have consistently highlighted the challenging business environment. While sales growth appears promising, it is crucial to note that menu prices have also increased comparably during this period. This growth is measured against the unique context of 2022 when Aotearoa remained under the Red traffic light setting until mid-April, followed by Orange restrictions in April, May, and June, which had a substantial impact on operations.

Other key factors currently shaping our industry include:

- Costs and Profitability:** Escalating labour costs, now averaging 38%, coupled with surging food prices, pose significant profitability challenges despite the sales growth.
- Customer Behaviour Changes:** The rising cost of living is affecting both our members' expenses and customer spending habits. Patrons are sharing dishes, opting for lower-cost menu items, and reducing their overall spending on both average transactions and foot traffic.
- Safety and Security:** Alarming increases in crime levels, especially in city centers over the past six months, have raised concerns. The pandemic's ongoing stress, combined with the high cost of living, is impacting customer behaviour and causing significant challenges.

Looking ahead, as we approach Summer, the return of international travelers and growing tourist numbers by year-end offer a positive outlook. The return of international workers also holds the potential to alleviate staffing challenges as we prepare for the summer season. However, it remains essential to address some of the issues to enable operators to navigate these challenges effectively.

Most regular feedback



Customer downturn

Operators currently rate their primary challenge navigating a significant customer downturn, which has a profound impact on revenue and sustainability.



Decreasing margins

Managing margin squeeze is challenging, especially with minimum wage hikes. Balancing pricing and margins creatively becomes vital amidst the downturn.



Election 2023

With the upcoming election looming, uncertainty surrounds the policy direction of the incoming government, which is also putting customers in a state of limbo.



Health & Wellbeing

Nationwide, 54% of owners indicate their health & wellbeing is currently impacted (Sept 2023).

Recruitment spotlight

Restaurant Association member survey (September 2023)

At a glance...

55%	Percentage of respondents that say they are not fully staffed (up from 52% in June 2023)
56%	Number of operators who have been recruiting for senior roles over past two months.
84%	Percentage of employers saying it is Difficult or Extremely Difficult to recruit for senior roles (up from 82% in June 2023)
34%	Percentage of employers saying it is Difficult or Extremely Difficult to recruit for junior roles (down from 58% in June 2023)
51%	Percentage of employers saying that they are confident, or somewhat confident of being able to fully staff for the upcoming summer season.

Member commentary

"We are struggling to find and keep staff in a small town. The cost of employing people with no skills is high and often they find the work difficult and don't last long. We look after our team and spend a lot of time and energy coaching and training people. We are becoming unwell ourselves, both mentally and physically, as we have no support."

"There are at least short term casual workers on working holiday visas available, but generally not highly skilled. It's very difficult to find reliable, skilled staff locally."

"Margin squeeze is tough and the impact of minimum wage increases only makes it harder. With the downturn, it's a tough balance between pricing and margins so I've been getting creative with our offer."

"Salary expectations are becoming extreme, even for staff with minimal experience."

"I'm a naturally positive person who always reframes everything that happens to how it can be a good thing. Right now though it is hard. The uncertainty of the FPA is causing unnecessary stress. I'm looking forward to the election being over and everything stops being in so much limbo."

Most regular feedback



Summer recruitment needs

The industry is starting to gear up for pre-Christmas / Summer trading, however half of the industry are not confident they will be able to fully staff for the busy season.



Working Holiday Visa holders

International workers on working holiday visas are helping to supplement staffing shortages, noting, however, that these workers offer short-term relief, and generally of a lower-skill level.



Managing wage costs

Many operators comment on the challenge of seeing wage costs climb close to 40 percent. Managing wages costs is identified as the 2nd key challenge currently.

Association Activity

At a glance...

3	Submissions made over the quarter <ul style="list-style-type: none"> • Sale and Supply of Alcohol (Cellar Door Tasting) Amendment Bill • Employment Relations (Restraint of Trade) Amendment Bill • Draft Tourism Environment Action Plan
24	Fair Pay Industry Advisory Group The RA has brought together a diverse group of 24 industry experts from all sectors of hospitality to guide our approach as FPA bargaining party members.
9	FPA employer bargaining parties Nine organisations, including the RA, have been approved as employer bargaining parties for the hospitality Fair Pay Agreement.
120	South Island States of Emergency More than 120 members were affected by the September States of Emergency in Queenstown and Southland.
34%	Customer Downturn More than a third of the industry rank Customer Downturn as their number 1 challenge currently. Managing wage costs is rated the 2nd highest challenge.

Association activity snapshot

Advocacy www.restaurantnz.co.nz/advocacy

The Association consulted with industry and made submissions on:

- Sale and Supply of Alcohol (Cellar Door Tasting) Amendment Bill
- Employment Relations (Restraint of Trade) Amendment Bill.
- Submission on the draft Tourism Environment Action Plan

Police Meeting

Members and Police came together to discuss increasing crime and police shared tips and talked members through the crowded places strategy - an important process for members to have in place in their businesses.

Fair Pay Agreement (FPA) Activity

www.restaurantnz.co.nz/fairpayagreements/

The FPA Advisory group have met once a month since August when the first meeting was held. This group will likely be disbanded now as a result of the election. Members of the group will be asked to be involved in other advisory groups.

Regional Briefings

Regional Member Briefings were held in the following areas:
Rotorua | Taranaki | Wellington | Hawke's Bay | Blenheim | Nelson
Canterbury | Dunedin

Regional Hospitality Awards

The following regions held regional awards:
Rotorua | Wellington | Waikato

Google Reviews Cyber Security

Communicated with Google regarding a number of member complaints about fake reviews.

Rangatahi project & youth council

The Association is developing a platform to engage with our rangatahi to help us to shape and guide strategy around what best serves this demographic.

On the radar for Q4



Incoming Government

Following the 2023 Election, the Association will actively engage with the incoming government, offering briefings to newly appointed ministers in portfolios that have the most significant impact on the hospitality industry.



Hospitality Fair Pay Agreement

The progress of the Hospitality FPA is underway, but the uncertainty surrounding the election outcome presents various scenarios for the fate of this legislation.



Q4 / Q1 trading

The year has posed challenges for many operators, marked by a reported decline in trade and escalating costs. A robust summer trade will be imperative to help the industry regain its footing.

On the Frontline

Member spotlight



Sid Saluja

Owner
Atticus Finch, Rotorua

For Rotorua locals, Atticus Finch has firmly established itself as the best pours and plates in town – so it’s no surprise that the speakeasy meets metropolitan bistro took home three wins at the 2023 Rotorua Hospitality Awards, including OneMusic Outstanding Ambience & Design.

Owner Sidak (Sid) Saluja, who hails from India and has been in the hospitality industry for 10 years, purchased Atticus Finch three years ago after moving to New Zealand in 2013. With a background in business management, Sid initially worked as a manager at Atticus Finch from 2016 until 2018 before he officially took over the reins. Working in the tourist town of Rotorua meant he quickly learnt the importance of time management skills and working under pressure, particularly in the busier summer months.

Sid credits setting the bar high, and upholding high standards, for why Atticus Finch consistently achieves and maintains its award-winning level. The team turn dining experiences into more than just a meal – a destination to linger over lively conversation, playful plates and thoughtful concoctions.

“From the time someone comes in until the time they leave, we try to set an experience. When it comes to standards, what we do here really is on a different scale to other restaurants. It’s all about ambience and the quality of service that we provide to our customers. I’ve learnt to provide that standard where people come in once and just want to come back, whether they’re from town or out of town.”

Situated in the middle of “Eat Street” in Rotorua, the menu at Atticus Finch is designed to share. A combination of carefully selected ingredients that allow a series of tastes to be passed around and enjoyed together. The food is fresh, innovative, flavoursome and made from scratch. The beverage menu showcases inspired selections of local craft beer, wine by the glass and seasonally crafted cocktails made with Atticus Finch’s very own syrups, fresh fruit and herbs.

Check out [Atticus Finch](#), 1106 Tutanekai Street, Rotorua.