

FoodService 2010



# THE VISION FOR FOODSERVICE 2010

By Linda Roberts,  
Margaret Deery and  
Anne-Marie Hede





FoodService 2010

# Vision



## THE VISION FOR FOODSERVICE 2010

By Linda Roberts,  
Margaret Deery and  
Anne-Marie Hede

# Contents

|   |           |
|---|-----------|
| PREFACE .....   | iv        |
| EXECUTIVE SUMMARY .....   | vi        |
| <b>1. INTRODUCTION.....</b>   | <b>1</b>  |
| 1.1 Research Aims.....  | 3         |
| 1.2 Market and Competition.....   | 3         |
| 1.3 Professionalism and Industry Image.....                             | 5         |
| 1.3.1 <i>The influence of the media</i> .....                           | 5         |
| 1.3.2 <i>Employment issues in the restaurant industry</i> .....         | 6         |
| 1.3.3 <i>Employment status in the restaurant industry</i> .....         | 6         |
| 1.3.4 <i>Good staff and quality service</i> .....                       | 7         |
| 1.4 Trends in Consumer Demands.....                                     | 8         |
| 1.5 Changing Economic Environment.....                                  | 10        |
| 1.5.1 <i>New government tax legislation</i> .....                       | 10        |
| 1.5.2 <i>Increasing financial costs within the industry</i> .....       | 11        |
| 1.6 Role of Industry Associations.....                                  | 11        |
| <b>2. METHODOLOGY .....</b>   | <b>13</b> |
| 2.1 Data collection method and pilot study.....                         | 13        |
| 2.2 Sampling frame.....   | 14        |
| 2.3 Results .....   | 14        |
| 2.4 Data analysis.....  | 15        |
| <b>3. FINDINGS.....</b>   | <b>17</b> |
| 3.1 Image of the Industry.....  | 17        |
| 3.1.1 <i>Professionalism: a positive image</i> .....                    | 17        |
| 3.1.2 <i>Role of the media and public perceptions: ambivalent</i> ..... | 20        |
| 3.1.3 <i>Lack of government support: image at a “low ebb”</i> .....     | 21        |
| 3.2 An Increasingly Competitive Environment.....                        | 21        |
| 3.2.1 <i>Market saturation and competition</i> .....                    | 21        |
| 3.2.2 <i>New entrants to the industry</i> .....                         | 21        |
| 3.2.3 <i>Competition from alternatives</i> .....                        | 22        |
| 3.3 Professional Outlook .....  | 23        |
| 3.3.1 <i>Ambivalent improvement</i> .....                               | 23        |
| 3.3.2 <i>Attracting and retaining good staff</i> .....                  | 23        |
| 3.4 Snacking and Grazing and the Discerning Customer.....               | 25        |

|  |           |
|--|-----------|
| 3.4.1 Growth of casual dining and lighter meals .....                                | 25        |
| 3.4.2 Prices and value for money .....   | 26        |
| 3.4.3 The demand for variety .....   | 26        |
| 3.4.4 A dichotomy of customers .....   | 27        |
| 3.5 Challenging Economic Environment .....   | 27        |
| 3.5.1 Legislation and taxes .....  | 27        |
| 3.5.2 Increasing cost of overheads, property and labour .....                        | 28        |
| 3.5.3 Lack of government support .....   | 29        |
| 3.5.4 Unfair dismissal .....   | 30        |
| <b>4. DISCUSSION AND RECOMMENDATIONS TO MEET THE CHALLENGES IN THIS DECADE .....</b> | <b>31</b> |
| 4.1 Managing Competition .....   | 31        |
| 4.1.1 The need for management skills .....   | 31        |
| 4.1.2 Diversification .....  | 32        |
| 4.2 Increasing Professionalism .....   | 33        |
| 4.2.1 Increasing professionalism: the path of excellence .....                       | 33        |
| 4.2.2 Quality food .....   | 33        |
| 4.2.3 Quality staff .....  | 33        |
| 4.3 Meeting Customer Demands .....   | 34        |
| 4.3.1 As customers demands change, target markets may also need to change .....      | 34        |
| 4.3.2 Standardisation – limiting creativity .....                                    | 34        |
| 4.4 Achieving Prosperity in a Changing Economic Environment .....                    | 34        |
| 4.4.1 Management skills .....  | 35        |
| 4.4.2 A realistic price for a professional product .....                             | 36        |
| 4.4.3 Achieving compliance .....   | 36        |
| 4.4.4 Supporting the regions .....   | 37        |
| 4.5 Building a stronger industry association .....                                   | 37        |
| <b>5. CONCLUSIONS .....</b>  | <b>39</b> |
| APPENDIX 1 .....   | 43        |
| APPENDIX 2 .....   | 47        |
| Future research questions .....  | 47        |
| LIST OF REFERENCES .....   | 48        |
| AUTHORS .....  | 52        |

# Preface

## **PREFACE**

This report presents the findings from a study commissioned by Australia's peak restaurant and catering association, Restaurant & Catering Australia (RC&A) and funded by the CRC for Sustainable Tourism. Previous research suggests that it is especially important for professional associations to develop a vision for the future of their industry (Wilson, 1997). The RC&A considered it a high priority to prepare a vision for the Australian foodservice industry for 2010. The report is based on previous research into the issues and trends affecting the global foodservice industry, and primary research undertaken throughout Australia. It provides an analysis of the trends and issues affecting the foodservice industry in a contemporary Australian context and recommendations for future development.

Results of the research suggest that the five major challenges for the Australian foodservice industry in the next decade will be to: manage competition; increase professionalism; meet customer demands; achieve prosperity in a changing economic environment; and build a stronger industry association. The report concludes with recommendations as to how these challenges can best be managed so as to ensure a viable and sustainable Australian foodservice industry.



## Acknowledgements

This research was made possible by financial contributions and in-kind assistance from the Cooperative Research Centre for Sustainable Tourism and the R&CA National Branch, as well as in-kind support from the Centre for Hospitality and Tourism Research, Victoria University, the R&CA State branches, and representatives of the Northern Territory's foodservice industry. The research was conducted by Associate Professor Linda Roberts, Dr Margaret Deery and Ms Anne-Marie Hede from the Centre for Hospitality and Tourism Research at Victoria University.

The authors would also like to thank Ms Kristi Chambers for her substantial assistance in bringing this report together.

# Executive Summary

## EXECUTIVE SUMMARY

This report presents a vision for the Australian foodservice industry through to 2010. It was commissioned by Australia's peak restaurant and catering industry association, Restaurant & Catering Australia (R&CA), and has been developed following primary research carried out in the first half of 2001 with representatives of the foodservice industry from each of the States of Australia, and the Northern Territory. The study is based on previous research into the issues and trends affecting the global foodservice industry (R&CA 2000; NRA 1999, 2000, 2001).

### Objectives of the research

The purpose of this study was to develop a vision statement for the foodservice industry to 2010, based on industry representatives views of the: operating conditions; trends and issues; and the future opportunities for the foodservice industry. Factors that were considered included:

- trends in consumer food choice;
- factors affecting food choice, such as demographics (age, income, gender, location), health and fitness, lifestyle, culture, beliefs, sport, cuisine, food products, and foodservice style/outlet style;
- the economic environment;
- labour market trends;
- technology trends; and
- Government legislation.

### Key findings of the research

The findings of the research suggest that the foodservice industry is complex by nature, and that this complexity is compounded by the constantly changing environment in which the industry operates:

- On the one hand, the industry is professional and creative and, on the other, lacking in career opportunities.
- The media has contributed to the profiling of the professionalism of the industry, yet has also contributed to the creation of unrealistic customer expectations in terms of price and value for money.

- The industry is operating in a very competitive environment, with competition coming from the increasing numbers of restaurants and cafés, as well as from alternatives in the forms of takeaways and home meal replacements. Pricing competition, inconsistent standards of service delivered by new entrants, and the high failure rate of new businesses, have all contributed to an industry-wide decline in profit margins.
- Customers are demanding a faster, more casual, style of dining experience.

## Implications for industry

These findings led to the identification of five major challenges, which the foodservice industry must address over the next decade in order to remain profitable and sustainable:

### Managing Competition

Given the competitive nature of the foodservices industry, the effective management of competition will require the consistent production of a professional product within a flexible framework. This will require good management skills, the recruitment and retention of quality staff, and the ability of management to monitor, evaluate and respond to changes in the competitive environment.

### Increasing Professionalism

To develop sustainable levels of profitability, the industry must develop an even greater reputation of professionalism. This is based on: the industry providing and promoting training and career paths for employees, thereby attracting high quality, career driven staff; delivering consistently high quality product; and actively involving operators in the promotion of the industry. Finally, it will be vital that the media becomes engaged in promoting the industry's new levels of professionalism.

### Meeting Customer Demands

To remain viable, operators will need to monitor, and cater for, the changing needs of their target markets. This will best be achieved by operators maintaining high levels of food quality and service, whilst cleverly employing various elements of the marketing mix to provide them with a competitive edge.

# Executive Sum

## Achieving Prosperity in a Changing Economic Environment

A number of factors will need to be addressed to return prosperity to the nationwide foodservice industry. Good management skills, particularly in the areas of finance, will be vital for the survival of food businesses in the face of ever-increasing costs and government legislation. These will best be developed by the industry developing tailored training and education programs. The industry should also move towards greater non-price competition, which can be achieved through product differentiation. This will also take the pressure from operators to keep prices below realistic levels. To ensure the prosperity of the industry nationwide, assistance needs to be given to regional operators, whose problems are similar to those in the larger cities, but include depopulation and smaller/shrinking markets.

## Building a Stronger Industry Association

Much can be gained through collective efforts. This can be achieved by the R&CA encouraging greater member participation and developing alliances with other industry associations to enhance the industry's lobbying ability.

In order to address these challenges a series of recommendations were made for the foodservice industry. Specifically they are that the R&CA:

- foster co-operation between industry associations, education providers and governments to assist small businesses manage the requirements of changing legislation. This could be achieved either through simplification of compliance requirements, or through training programs;
- develop a system of recognition for professional operators;
- develop a licensing system for new operators. This could be operated by local councils and would ensure that new entrants to the foodservice industry have a minimum level of expertise when starting a new business;
- encourage restaurateurs to diversify their product, whilst maintaining their professionalism, in order to accommodate changes in consumer demands and remain viable;

- continue to work and develop co-operative arrangements with suppliers of high quality produce;
- develop a campaign involving promotional visits to schools in order to raise the professional image of the foodservice industry, and encourage students to consider careers in the industry;
- work with education providers and governments to provide training and career paths, particularly for front-of-house staff;
- foster co-operation between industry associations, education providers and governments to develop management training programs for intending new entrants to the industry;
- work with the media to ensure that journalists project a professional image of the industry and disseminate accurate information to the public;
- work with the regional branches of the State restaurant and catering associations to increase member numbers and strengthen the associations; and
- work with the regional tourism organisations to promote the regional foodservice industry, thereby attracting new markets.

The results of the research findings led to the development of the *Vision for Foodservice 2010* (refer Appendix 1), which is to promote:

*“a professional, confident and stable industry, which makes a positive contribution to the social and economic well being of Australia and which, through co-operation with governments, industry partners, suppliers and education providers, seeks to achieve sustainable growth and prosperity for all its members”.*

# Executive Sum

## Communication of findings to industry

In recognition of the value of the foodservice industry to the Australian economy and society, *The Vision for Foodservice 2010* was launched by the Honourable Tony Abbott, Minister for Employment, Workplace Relations and Small Business in Canberra on 21 October 2001 at the R&CA annual conference, *Off the Plate*.

## Recommended research

This report represents the first study carried out over an extended period in Australia on the challenges facing the restaurant and catering industry. It is hoped that it is only the beginning of a concerted collaborative research effort between industry and academe to raise the profile of the foodservice industry in Australia. If this can be achieved, then the industry will continue to be seen as a significant contributor to the economy, will gain in confidence and stability, and achieve sustainable growth and prosperity for its members.



# Summary

# Introduction

## 1. INTRODUCTION

The Australian foodservice industry has traversed a decade of change. A burgeoning industry, worth billions of dollars to the Australian economy, it is nevertheless highly vulnerable to changes in culinary expectations, legislative regulations and social mores. As a result, restaurateurs are now operating in a more competitive and dynamic market than before, and yet this has not deterred many new players from entering the industry.

As a result of the ever-changing economic and social climate in which Australian restaurateurs operate, the R&CA, the peak organisation for the restaurant and catering industry in Australia, has recognised that it requires a better understanding of the contemporary needs of its members. As a result, the R&CA, with support from the Cooperative Research Centre (CRC) for Sustainable Tourism, commissioned this research with the principal aim of developing a vision for the foodservice industry for the next decade to 2010.

Since 1998, the R&CA has been making inroads into understanding the changing nature of its members' business environment. It has initiated benchmarking studies, conducted under the auspices of the CRC for Sustainable Tourism, the first of which was undertaken in 1998. This was followed by a second in December 2000/January 2001. These studies involved surveys of R&CA's members, which, whilst attracting very low response rates, provided snapshots of the state of the Australian restaurant and catering industry (R&CA, 2000). The findings clearly indicated that the industry is facing many problems, not the least of which is falling profit margins. These findings were supported by the ABS figures for the year 1998–1999, which reported profit margins for restaurants and cafés as low as 4.8 per cent (ABS, 2000a). When profit margins slide to levels such as these, the long-term sustainability of any industry must be questioned. As a result, this study was commissioned to provide insight into the future of the foodservice industry, to inform and enable R&CA's members to make the most of the challenges and opportunities, which lie ahead of them.

This report represents the first study carried out in Australia on the challenges facing the restaurant and catering industry over an extended period. It provides recommendations for dealing with these challenges, and presents a vision statement with strategies, actions and monitoring methods to assist the industry plan for the next decade. A background to the restaurant and catering industry is presented in Chapter 1, setting the scene for the current



operating environment and including an outline of market trends and competition. This is followed by a description of the professional status of the industry and the image that the public has of the industry, particularly as portrayed by the media. Trends in customer demands, and the factors which affect these trends, are discussed in this section, as is the changing economic environment and the role of restaurant and catering associations. The methods employed for data collection are detailed in Section 2 and research results are outlined in Section 3, where they are divided into sections by major groups of issues raised by the respondents. The research results are analysed in Section 4, whereby the major challenges for the next decade are identified and recommendations to address these challenges made. *The Vision Statement: Foodservice 2010* is presented in Section 5, together with the objectives and strategic issues that have been identified to realise the vision for the industry. Finally, the study concludes with recommendations for future research.

## 1.1 Research Aims

The purpose of this research was to identify the issues that restaurateurs face in the contemporary Australian context, and to provide recommendations for managing the challenges and opportunities ahead. The research has been guided by previous research findings (R&CA, 2001) together with input from key participants in the restaurant industry.

## 1.2 Market and Competition

In recent years in Australia, there has been a trend towards customers spending more money on food eaten outside the home. By 1999, the proportion of “food dollars” spent in this way had reached 26 per cent (ABS 2000b).

Not surprisingly, at the same time, there was a marked increase in the level of new entrants and competition within the restaurant industry. The Australian Bureau of Statistics (ABS, 2000a) reported that by June 1999 there were 12,845 restaurant and café businesses operating in Australia. The businesses operated in 14,199 locations and had an average of 85 seats per café or restaurant location, 52 per cent percent of the cafés and restaurants were licensed to sell alcohol. Almost 91 per cent of these restaurants and cafés operating were

# Introduction

classified as small businesses and they accounted for 55 per cent of employment and 52 per cent of the income for the sector (ABS, 2000a).

Together these businesses had a combined income of \$7,174 billion dollars for the year 1998-99, yet despite the large turnover, operating profit averaged 4.8 per cent (ABS 2000a) and continue to plague the industry (R&CA, 2001).

The results of these surveys highlighted a number of key trends during the 1998 - 2000 period. They were:

- In 2000 the greatest proportion of expenditure was still attributed to the cost of sales and staffing
- Operating costs were mentioned by fewer respondents as a difficulty in the 2000 survey;
- Staff-related problems were as evident in 2000 (42 per cent) as they were in 1998 (47 per cent); and
- In 2000, high levels of service and food quality were the major factors to which members attributed their success.

These data support previous research findings that there is an oversupply of cafés and restaurants in Australia (Hing, McCabe, Lewis and Leiper, 1998; Collie and Sparks, 1999). This has resulted in a very competitive environment within which restaurateurs have to operate. This problem is further compounded by the competition for the “food dollar” broadening in recent times beyond the traditional restaurant and catering industry members in accordance with changing customer preferences.

Changes in customer preferences have accompanied the trend towards busier lifestyles. As a result, customers are too busy, or do not have the inclination, to spend time dining and are seeking alternative solutions, such as home meal replacements (HMRs), or “restaurant meal replacements” (Spector, 1999, p. 11). This phenomenon has been particularly evident in the United States, where demand for HMRs has been great and where “C”, or convenience stores, often in partnership with Quick Service Restaurant (QSR) brands, has been quick to capitalise on the new opportunities presented by changing customer needs (Silver, 2001, p. 37).



As the Australian foodservice industry usually mirrors changes in the US to some extent, it is important to consider these, and other, trends.

In the USA, there are four key trends and opportunities in HMR. They are: the emergence of cook-chill food options; the increasing number of meal occasions, i.e. snacking and grazing; the increase in emphasis on take-out foods by supermarkets; and the potential for “bundling” meal ingredients next to other items purchased for home entertainment, such as flowers and chocolates, so that customers can pick up all these items in “one convenient place” (Spector, 1999, p. 113).

The challenge for restaurateurs is to find a way to tap into this new demand in a way so as not to compromise their own standards and yet maintain their market share. The concept of “take-out” services is a novel concept for restaurants, particularly those of an upscale nature, and brings with it a new set of problems in relation to packaging and transportability of menu items, as requiring different service skills (Allen, 1999).

As competition continues to be a major challenge for restaurateurs, differentiation of restaurant businesses will become even more important. Caplan (2000) regards service as a means of achieving the competitive edge, whilst the National Restaurant Association in the USA predicts that once service and food quality both meet customer demands, the next point of differentiation will be the restaurants’ physical settings (NRA, 2000). Interpreted in terms of design, décor and atmosphere, this will apply particularly to upscale restaurants.

## 1.3 Professionalism and Industry Image

### 1.3.1 *The influence of the media*

The discussion of food, and its consumption, has become a favourite topic in the international media in recent times. This is evidenced by the proliferation of newspaper columns, television programs, books, novels, and films as well as the rise of the celebrity chef.

This new found media interest has had both positive and negative impacts on the foodservice industry. On one hand, it has “glamourised” the industry, and raised the level of interest in

# Introduction

food amongst the general public. Conversely, it has been criticised by the industry for leading to a lack of realism on the behalf of both chefs and customers as a result of “inaccurate representations of the world of professional catering” (Fattorini 1994, p. 28). In research conducted on behalf of the R&CA Victoria (Scarpato & Daniele, 2000, p.3) the role of the media, specifically food critics, was considered to be substantial. Positive reviews were seen to be able to “translate into temporary higher patronage” whilst negative reviews had the potential to destabilise “many professional lives”.

Hede and Barry O’Mahony’s study (2000) of the impact of media hype in the lead up to New Year’s Eve 2000, identified that hospitality industry management blamed the media for the staff demands for unrealistically high wages. To cover staff demands restaurants had to charge customers excessively high cover charges, resulting in poor demand for the product on offer. Anecdotal evidence suggests that a similar situation occurred in the lead up to the Sydney 2000 Olympics, whereby the media reported that restaurateurs, particularly in Sydney, would experience a massive increase in turnover. In fact, the opposite was experienced, with over 60 per cent of the restaurateurs surveyed by the R&CA reporting a downturn in turnover during the Olympics.

### *1.3.2 Employment issues in the restaurant industry*

Characterised by part-time employment, long hours, low pay, and often inadequate supervision, the UK restaurant industry has traditionally been seen as a poor employer (Kelliher and Perret, 2001). The same could be said of the Australian industry, which is similarly characterised.

A number of key issues for success emerged from the examination of employment practices in the restaurant industry. These included recruitment, training and staff retention, all of which have received attention in previous studies. Research conducted by the R&CA (2001c) found that 42 per cent of respondents indicated that high levels of staff turnover, and the inability to retain good staff, are major problems for their businesses. These results were supported in research by Collie and Sparks (1999) who found that recruiting and maintaining qualified, competent, experienced, quality or merely good staff were seen as difficulties preventing the running of a successful restaurant and catering businesses. This issue is



becoming increasingly pressing in the new era of ‘designer restaurants’, in which the type of employee is integral to the success of the restaurant (Kelliher & Perret, 2001; Doherty et al., 2001).

### ***1.3.3 Employment status in the restaurant industry***

The employment status of restaurant employees, that is, full-time, part-time or casual, appears to have an impact on the quality of service provided by restaurant staff (Royle, 1999). To determine the level of impact of employment status on staff loyalty and performance, Royle (1999) compared the German and English restaurant workforce. The German workforce, who is characterised by more full-time, older employees than the UK workforce, was found to have significantly lower turnover rates.

The Tourism Satellite Account (ABS, 2000c) shows that Australian restaurants and cafés have the third highest percentage of part-time employees in the Australian workforce after the accommodation and the retail trade sectors (defined as including automotive fuel retailing and takeaway food outlets). The R&CA (2001) report noted that approximately half the restaurant labour force is still made up of casual employees, and that restaurants and cafés are also the third highest employers of females aged between 15 – 24 years. This research was supported by studies in the field of “precarious employment” in Australia, which characterised the type of employee found in hospitality organisations as young, female and employed on a casual basis (Timo, 1999; Burgess and Campbell, 1998). The consequence of this type of employment is lack of job security and limited career opportunities, resulting in high employee turnover (Timo, 1999). Part-time employees are also now classified as being engaged in precarious employment and lacking in core staff opportunities such as training and career development (Junor, 1998). This, in turn, has an impact on the quality of the staff, and the service they are able, or willing, to provide.

### ***1.3.4 Good staff and quality service***

Attracting and retaining good staff is therefore considered to be one of the key success factors for restaurateurs.

# Introduction

However, the definition of what constitutes good staff appears to have changed over time. Warhurst et al. (2000) suggest that restaurateurs today are less interested in the existing technical skills of potential employees, and are seeking employees with high levels of interpersonal skills, as these should translate to high quality service. As one respondent noted:

*“the physicality of potential and actual employees, and the ways in which these individuals can present themselves through posture, gesture, use of personal space, facial characteristics and eye contact”*

Training is seen as a way in which appropriate staff can be attracted to the restaurant industry, yet there does not appear to be a uniformly appropriate approach to training staff. Recent international research argues that “despite the importance of the human factor in characteristic tourism industries, little attention appears to be given to training and education. This is especially true for small firms, where labour conditions do not invite employers or employees to invest in training and education” (OECD, 2000, p 16).

The issue of training restaurant staff has received attention from a number of researchers (Breiter and Wood, 1997; Haywood, 1992; Lee and Chon, 2000). In addition, Lee and Chon address the issue of multicultural training in the restaurant industry, and suggest that due to the increasingly diversified workforce, multicultural training programs are becoming essential if high levels of customer service are to be achieved.

Currently, training appears to be the domain of the education providers such as TAFE institutions, private providers, or Higher Education. However, there is a discrepancy between what these organisations deliver and what the industry wants. Lefever and Withiam (1998) suggest that hospitality practitioners require education providers to produce graduates who not only have high levels of technical skills, but also have a realistic view of what the industry has to offer them. Lashley (1999) argues that hospitality management degree courses, particularly those in Britain, are under constant criticism from the industry and will always have difficulty in producing graduates that are acceptable by industry practitioners. The issue of training, therefore, is a vexed one in that neither industry nor academe, appear to produce suitably trained industry staff.



## 1.4 Trends in Consumer Demands

Rapid growth in the number of restaurants and cafés has benefited customers who now have a greater choice of cuisines, price ranges and service styles. Caplan (2000) noted that when people eat out now they want something new; they want to socialise and they also want service quality to meet their expectations (Jogaratham et al., 1999; Johns and Howard, 1998; Yuksel and Rimmington, 1998).

Numerous studies have been undertaken measuring consumer satisfaction and important restaurant attributes (Kivela *et al.*, 1999a, 1999b, and 2000). Susskind and Chan (2000) studied restaurant attributes, which raise customer ratings and improve tipping averages. They found that “high average tips were .... associated with favourable ratings on food, décor and service” (Susskind and Chan, 2000, p. 59). Another survey, undertaken by the US based Restaurants and Institutions, found that of the 2876 households surveyed, food quality was considered to be the most important factor considered by customers when choosing a restaurant (Dulen, 1999). In this survey cleanliness ranked second in importance, and service ranked third, indicating that “a lapse in food quality will most likely send customers elsewhere” (Dulen, 1999, p.39).

As previously noted, trends in Australian cuisine appear to follow those set in the United States. For example, Sloan (1999) noted the Americanisation of food in the United States, with restaurants incorporating dishes from dominant ethnic groups in the USA into their menus. Similarly there has been an incorporation of ethnic dishes into Australian cuisine over the past two decades. Another US trend, which is expected to be replicated in Australia, is the move towards restaurants selling almost half of their meals as take-aways, or eat-outs (Sloan, 2001).

Trends in the USA also indicate that traditional meals, are on the decline, as customers are moving towards grazing, and eating at convenient times rather than at set meal periods (Sloan, 2000). Australia also appears to be experiencing this trend. Furthermore, restaurants and cafés in Australia, as in the USA, are also encountering increasing competition from supermarkets and delicatessens offering ready-to-eat meals. As a result, restaurateurs need to be more imaginative in the way they offer their products to the market (Collie and Sparks, 1999). To date restaurants and cafés in Australia have not expanded in this area in a significant

# Introduction

way, with only 6.2 per cent (\$444.6 million) of the total income for the industry in the year 1998-1999 derived from takeaway food (ABS, 2000a).

Sloan (1998, 1999, 2001) comments on the impact of changes in consumer demographics in relation to the restaurant industry. With smaller households and families becoming the norm, and more women working, there is less time devoted to meal preparation. As a result, HMRs, home delivery, mail order and on-line ordering are becoming increasingly important in the battle to save time. With busier lifestyles, the full meal is on the decline, and grazing and snacking is becoming the norm. People are often eating whilst working, and so hand-held food and foods presented in bite-size pieces are becoming more popular. As customers pass through the different stages of the family lifecycle, eating patterns also change. Younger households tend to purchase more fast foods and café meals than older households, and children are having an increasingly strong influence on family food choices (BIS Shrapnel, 1998; Krummert, 2001).

In most western countries, including Australia, the baby boomers, born between 1946 and 1964, comprise the largest group of customers. This group is fast approaching the 'empty nest' stage of the family lifecycle, when children have left home (NRA, 1999; Mintel, 2000; ABS, 2000b). With the accompanying increase in disposable income, this group will become a significant market for restaurants and cafés. Despite the trend to more convenient food, and the demand for faster and simpler foods, this group is seeking natural and organic foods. It is forecast that this market segment, in the USA and other western countries, will become even more dominant over the next 30 years, and will become increasingly focused on food for health (Sloan, 2001).

## 1.5 Changing Economic Environment

### 1.5.1 New government tax legislation

The introduction of the Goods and Services Tax (GST) on July 1st 2000, constituted a major change to the way in which taxes are collected in Australia.

Even prior to its implementation, Elias (2000, p. 4) reported that the restaurant industry was feeling its effect. For example, industry suppliers were beginning to call in their credit and



demand earlier, and in some cases instant payment, in preparation of their first Business Activity Statement in October 2000. This was substantiated by Evans (2001), who reported that restaurateurs experienced the initial impacts of the GST, in both their level of turnover and profit margins, during the first few months of the legislation's operationalisation.

In 2001, the Chief Executive Officer of the R&CA stated that the GST *“was turning customers away, was a burden on tax reporting, and was impacting on the amount of money businesses were spending in restaurants”* (Anon., 2001a). In support of this, restaurateurs report that diners have become more cautious (Dodson, 2001), and are showing increasing interest in special deals.

As 91 per cent of the restaurants and cafés operating in the year 1998-1999 were classified as small businesses, (ABS, 2000a) it is interesting to note the results of an exploratory study which investigated the impacts of the GST on small businesses in Victoria (Anon., 2001b). This study identified that small businesses in general, experienced higher levels of start-up costs as a result of the GST, both from implementation and compliance perspectives. Further to this, the report identified that small businesses were often absorbing the costs of the GST, rather than passing them on to customers in order to remain competitive.

Whilst Pheng and Loi (1994, p. 41) argued that the GST is in effect costless to businesses, if they deal in or purchase exempt goods or services, this concept is perhaps only applicable to business-to-business trade rather than business-to-public trade. This is because the public is not able to claim the costs associated with the GST, and as such, their perception is that their discretionary income is reduced.

### ***1.5.2 Increasing financial costs within the industry***

There are a number of areas in which the restaurant industry is experiencing increasing costs.

Research by the R&CA (2001) identified a number of major indirect costs faced by restaurants in addition to rent, supplies and staffing. For example, ancillary costs associated with employing staff, such as payroll taxes and penalty rates were considered to be major obstacles to running a successful restaurant business. Other employment costs and legislation, such as workers compensation and costs associated with unfair dismissal legislation, were also found

# Introduction

to be part of the changing economic environment that has impacted negatively on restaurants.

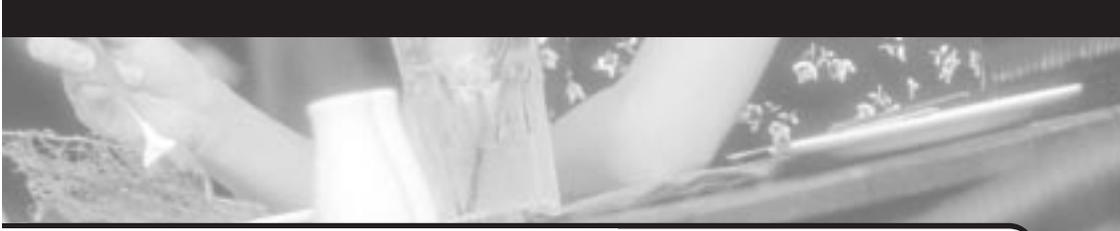
Clements and Josiam (1995) found that the cost of group training over a three-month period was almost \$10,000. Whilst this cost is considered to be high, these authors argue that the return on investment for training is considerable. Few restaurateurs, however, are prepared to spend such amounts on training, and Kelliher and Perret (2000) found that lack of training and personal development was a major reason for high staff turnover in restaurants.

## 1.6 Role of Industry Associations

In the past, professional associations focussed on adding value to their members businesses by: offering both individual and collective services, such as consultations or group purchasing plans; lobbying and representing the interests of their members; and organising social activities.

Professional associations now, however, operate in a more competitive marketplace. Not only do they frequently compete with other associations for the same members, they also compete with other types of organisations, such as consultancies and government agencies that offer similar services. As a result, Wilson (1997) suggests that at the end of the twentieth century, members of professional associations are re-examining the advantages of membership in terms of their costs and benefits. Thus an appropriate vision is critical for professional groups, since their purpose has been eroded by legislation and a vocal and sometimes aggressive, membership and public (Wilson, 1997).

Bennet and Robson (2001) provide an insight into the motives for joining professional associations, as well as the services perceived by members to deliver the greatest value. They concluded that, for most members, the main benefit of membership is the services provided to members such as advice and information (Bennet and Robson, 2001). Of second most importance was the opportunity to develop industry networks. Bennet and Robson also note



that whilst not a motive for the majority, the kudos that membership can bring to a business is of crucial importance to some businesses.

Professional associations today are faced with the challenges of offering the right bundle of services for members, keeping their costs to a minimum, and recruiting and retaining members. Bennet and Robson (2001) note that professional associations are now expected to provide collective and individual services, and also act as self-regulators, whereby they contribute to the branding of their members or perhaps even control the qualifications of those working in the sector. The Australian chapter of the Institutes of Chartered Accountants (ICA), for example, recently developed a portfolio of services based on a study that identified what the majority of their members valued the most from the association. As the ICA found it was "a constant challenge to make members aware of the benefits available to them through their membership" (Wilson, 1997, p. 51), it redeveloped its marketing strategy, clarified its objectives, and developed a vision for the organisation.

# Methodology

## 2. METHODOLOGY

Collaborative research methods were used to gather data for this study. Data were collected from State branches of the R&CA and from representatives of the foodservice industry in the Northern Territory, where there is no foodservice industry association.

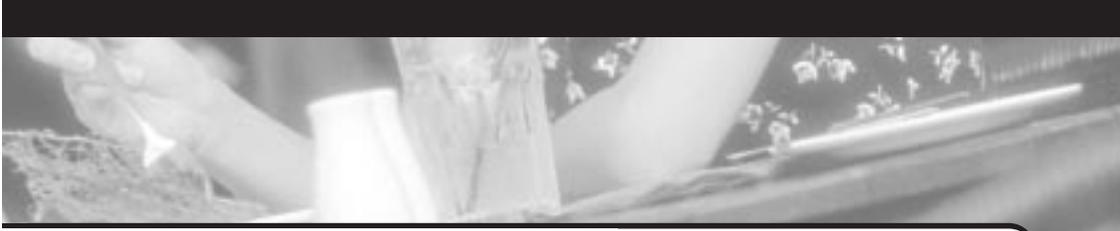
### 2.1 Data collection method and pilot study

Qualitative research methods were used to gather data for this study. Focus groups were initially considered an appropriate data collection method as, according to Zikmund (1997, p. 100) they are relatively brief, quickly analysed, and inexpensive. Questions were developed following a literature review of the topic, and to encourage more in-depth answers, interviewees were made aware that their feedback would be kept confidential.

The initial response to the first two focus groups was positive, however, almost half of the participants were unable to attend their city's focus group due to prior commitments. Further to this, some of the respondents, who had initially agreed to participate in the focus groups, withdrew at the last minute due to unforeseen business commitments.

The inability to gain sufficient numbers for the focus groups prompted the researchers to re-examine the suitability of the focus group methodology. The issue of reducing the amount of time that restaurateurs were away from their businesses whilst attending the focus group needed to be addressed, as well as the amount of lead-time required to attend the focus group. As a consequence of these considerations, the two focus groups conducted were considered to be suitable pilot tests for the research program, and teleconferencing was considered a more appropriate method of data collection for the final research program.

Advantages of the teleconferencing method for this study were that restaurateurs were able to remain at their business, and could decide whether they would participate in the teleconference up until twenty-four hours prior to the event. Boyd (1999) suggests that this method of data collection offers benefits for the participants and the researchers, including: reducing the overall amount of travel time; reducing the amount of preparation time for the organisers; and reducing the costs associated with data collection.



The process involved two trained facilitators asking a set of scripted questions. This method was chosen to maximise the level of consistency in the data collection process.

## 2.2 Sampling frame

Previous research of the R&CA's members indicated that non-response rates in random sample surveys were very high. As a consequence, very little data was available for analysis and interpretation. Although a random sampling frame was the most desirable for this type of research, after consultation with the national branch of the R&CA it was agreed that a judgement sample would provide the researchers with more information than that which would be derived from a random sample.

The Executive Directors of each of the State R&CA branches provided the researchers with lists of approximately fifteen restaurateurs who, they believed, provided a cross-section of the members in their State. In preparing the lists, the Executive Directors considered restaurant size, style, cuisine and gender of the restaurant owner. Each of the restaurateurs were contacted via telephone and invited to participate in a teleconference of restaurateurs, where their views would be sought on the issues they were currently facing and where they felt the industry was heading over the next decade. As there was no R&CA branch in the Northern Territory, Northern Territory University provided information regarding potential participants for the teleconference.

## 2.3 Results

Seven teleconferences were conducted in the capital cities of Victoria, New South Wales, South Australia, Tasmania, Queensland, Western Australia and the Northern Territory. The maximum number of participants in each of the teleconferences was four, with the minimum being two participants.

In summary, twenty participants took part in the seven teleconferences. They represented four females and sixteen males. Four of the participants had less than five years experience in the industry, ten had between five and fifteen years experience, and six had more than fifteen years industry experience. The participants represented cafes, fish restaurants, catering

# Methodology

businesses, Thai restaurants, mid-scale and possibly upmarket restaurants, and were spread across CBD's, suburbs of capital cities, and regional areas (Tasmania). Three of the participants were international (USA, Canada and Thailand).

Each focus group/teleconference ranged from one hour and ten minutes to one hour and 30 minutes in duration. All the focus groups and teleconferences were recorded and the discussions transcribed. Overall, teleconferences improved the participation rate for the research, and with the permission of participants, the teleconferences were taped and later transcribed.

To ensure that the research findings were representative of the wider Australian foodservice industry, a series of three validation focus groups were held in Sydney, Brisbane and Melbourne with local R&CA members. These validation focus groups confirmed the findings of the research and provided further information.

## 2.4 Data analysis

The researchers analysed the data collected, searching for consistencies in responses, in order to develop the vision statement. Amongst the variables researchers were looking for were:

- Key themes and sub-themes;
- Key words;
- Intensity and emotion;
- Consistency within the responses; and
- Linkages between the themes, sub-themes and key words.



# Findings

## 3. FINDINGS

### 3.1 Image of the Industry

#### *3.1.1 Professionalism: a positive image*

There was a perception by participants that the industry had progressed over the past decade on a number of fronts. The most important development was considered to be the increased professionalism of the industry, not only as portrayed in the celebration of outstanding chefs on television programs and articles in the print media, but also through the development of a cuisine unique to Australia. This cuisine has benefited from the arrival of migrants from across the world bringing with them a diversity of experience and knowledge of food. As a result, there is a perception of Australia having a great, multicultural, creative resource that needs to be encouraged and celebrated. Participants noted that the public is well-served by the foodservices industry, not only in terms of value for money, but also by the quality of service.

However, it was felt that the external forces acting on the foodservice industry have increased in recent years. This has led the industry to a crossroad where creativity and professionalism may be diluted, as together, these forces are seen to be driving the industry to ever-decreasing profit margins.

Respondents in the study noted that profit margins for many businesses are between three and six per cent. This figure is supported by the R&CA's 2001 Restaurant and Catering Operations Report (2001), in which 47 per cent of businesses made less than 7.5 per cent net profit for the year 2000. A further 11 per cent of these businesses reported a loss. Respondents noted that restaurant patrons receive excellent value for money, however, with the current state of the economy, and the steady increase in costs, this situation cannot continue, and it was felt that without an increase in pricing across the board, the industry would not be able to sustain the level of professionalism it has developed over the past decade.

Respondents believed that the greatest challenge for the foodservice industry in the next decade is to maintain its image of a professional and vibrant industry. Key success factors were seen to be: delivering high quality service and food; retaining professional and creative



personalities within the industry; developing appropriate infrastructure for continuing education; and developing a commitment from both operators and staff to this charter. Issues concerning staffing in restaurants received significant attention in the interviews. While there are 'good staff' working in the industry, turnover is high. This is believed to be because young staff do not see work in the industry as leading to a career, but rather as a source of income for the short term whilst searching for long-term careers or undertaking studies at university. There was also an indication that schools and even colleges, where students are likely to obtain career advice, do not portray the hospitality industry as offering a worthwhile career, with the hospitality industry being seen to provide a job of "last resort".

The respondents in this study were very aware that career opportunities within the industry are limited, and this was felt to be a problem, which permeated across all levels of the industry. Many respondents argued that while there were training opportunities for chefs, front-of-house staff also needed to be given opportunities for advancement. As a result it was suggested that the introduction of a more comprehensive apprenticeship scheme be developed, which would assist in developing the image of a career path. Very few waiters, for example were perceived as career waiters and yet this career image was one that the respondents wished to promote.

Much of the concern focussed on the quality of staff, and the following comment summarises a common sense of frustration expressed by the restaurateurs:

*We want a vibrant, enthusiastic workforce who care about the expensive food and the expensive equipment they've got to deal with, and who care about their clients. I don't think were getting that.*

Three key themes dominated the comments with regards to staffing, they were: the appropriateness of the training received from training institutions such as TAFE; the effect of the awards system on staffing; and the retention of quality staff.

# Findings

The comments regarding the first of these issues that the training provided by TAFE institutions and the apprenticeship system do not meet the needs of the industry, varied from state to state. Scepticism was expressed, particularly in one state, about the quality of teaching staff at TAFE institutions, and therefore the quality of graduates. It was suggested that teaching staff do not consider hospitality to be a 'proper' career and that this attitude comes through strongly in the way students are taught. On the whole, it was argued that there is not a culture of training in the industry, and that most restaurants are not professional in the training they provide in-house. The issue of training staff in quality service delivery was seen as a key to improving the industry.

On the other hand, many of the restaurateurs had accessed the apprenticeship system, but were disappointed with the level of skills acquired by staff, especially based on the cost of the scheme. The eventual turnover of skilled staff when they had completed their apprenticeship was also considered problematic. Of those restaurateurs interviewed, only a few continued to employ apprentices based on the apprenticeship system, instead choosing to employ potential chefs and train them themselves.

The second key concern was the impact of the awards system, which is considered to be outdated and unwieldy, on the levels of staffing. Whilst many of the interviewees expressed a desire to hire a full-time, stable workforce, based on the current award system most were unable to do so because of the expense associated with high penalty rates and the inflexibility of working rosters. They also believed that the award system encourages inappropriate work values, as it does not reward good work, nor equally, discourage poor work. Some respondents also argued that the award system promoted a "9-5" mentality, and that this was inappropriate in a twenty-four hour industry. The award system was also criticised for inhibiting the payment of higher salaries to good employees for reward and retention. These comments were particularly forceful from those restaurateurs in smaller states and in regional areas.

Finally, the issue of the ability to attract and retain quality staff was raised by respondents. Many of the respondents suggested that they could realistically only retain good staff for a short amount of time, as there was little prospect of a career for them. The fact that jobs in the restaurant industry are not perceived as leading to a career, unlike in some European



countries, is a major issue for restaurateurs who are keen to improve the image of the industry. Given that many of the interviewees believed the industry had regressed over the last five to ten years, particularly in financial terms, the image of the industry as providing career opportunities has also suffered. However, one of the positive areas in terms of the quality of staff was the fact that Australian restaurant staff offered a unique, friendly style of service, and this was an area which interviewees felt should be promoted.

### ***3.1.2 Role of the media and public perceptions: ambivalent***

There was a mixed response to the role of the media in the restaurant industry. On the one hand, the media was considered to have helped develop a public interest in food, through television cookery programs featuring famous chefs and linking food and wine to travel. On the other hand, it was considered to be responsible for damaging publicity. In one state, the print media had encouraged customers to expect low prices in restaurants and this, in the opinion of some respondents, led customers to expect restaurant food to be of poor quality. Further, in that same state the media appeared confused about the difference between restaurants changing hands and restaurant failures, and this too had led to adverse publicity for the industry. In other states, negative publicity about food safety and occasional food poisoning outbreaks had also had a negative impact on the image of the entire foodservice industry.

In general, it was felt that the media do not understand the significance of their role. A few of the restaurateurs indicated that they saw the value of the media as a tool to motivate people to visit restaurants and cafés. Further to this, one restaurateur felt that the media motivated people to enter the industry. It was believed that the media was able to provide a valuable form of publicity for restaurants, more so, however, for restaurants in popular locations and those with notable chefs. One restaurateur stated that it was hard to take advantage of the media as an effective marketing tool for restaurateurs in general. Another restaurateur suggested that the media could play a more positive role in educating the public of the realities of the industry, and provide them with realistic insights into gastronomy.

# Findings

### ***3.1.3 Lack of government support: image at a “low ebb”***

Despite the industry providing a high level of employment, respondents did not believe that the foodservice industry is taken seriously by Australian governments. This belief was reflected in the comment of one respondent who noted:

*“...governments still don’t look to us as an industry of great importance and standing within the community...the whole image thing of the restaurant industry as far as governmental organisations are concerned is still at a very, very low ebb”.*

## **3.2 An Increasingly Competitive Environment**

### ***3.2.1 Market saturation and competition***

In some states respondents acknowledged that people might be eating out more often, whilst in others there was a perception of a shrinking market. However, across the board, respondents noted an increase in competition, and expressed concern about the number of new entrants into the industry. Respondents indicated that the number of new food businesses increased the total number of available seats to well above the limit with which the market could cope, and in some instances, architects and designers of new buildings were blamed for including restaurants in new buildings without assessing the market demand.

*“It just seems so easy now to open up a café or restaurant and I think we’ve reached saturation point with the population that we have.”*

### ***3.2.2 New entrants to the industry***

A major concern expressed by respondents was that of the apparent lack of experience and qualifications of new entrants to the foodservice industry. It was perceived that many new industry entrants have just received a large superannuation payout, and were attracted to the industry because they have a desire to own their own business. However, without any expertise or knowledge of how to manage a food business, they often set out to offer unrealistically low prices. This, in turn, had led to an increase in the number of failed restaurant businesses.



The main concern for existing businesses is that new businesses attract customers away from existing, successful businesses, if only for a short time, thereby jeopardising the viability of successful businesses. This problem is further compounded when new, failed businesses are sold cheaply, and the cycle of low prices and rapid business turnovers continue.

*“With new businesses ... they open and they close. They come in to the industry without any expertise and in a desperate attempt to stay open they cut their profit margins to a ridiculous level. The public then expects everybody else to match that sort of ridiculous pricing.”*

Another concern regarding new industry entrants was inconsistent service standards, which is considered to discourage customers from eating out altogether.

*“...the local population will, in fact, go out and try them (new entrants) and then, of course, they are disappointed because the professionalism is not there, or the consistency is not there. Its stunning one night and absolutely appalling the next. And the whole industry then suffers.”*

Respondents suggested a solution would be the introduction of an industry accreditation policy. In this way, the quality of new industry entrants could be monitored, benefiting both new and existing operators.

### **3.2.3 Competition from alternatives**

Increasing competition from outside the restaurant and café industry was noted as a key issue for the industry. Hotels opening refurbished or new foodservice operations, which are often heavily subsidised by the revenue from poker machines, were seen as especially problematic, with respondents acknowledging that they could not compete with these hotels on price.

*“..they (hotels) can subsidise meals with their gambling money. And, indeed, they have to if they want to put food on the table at the price they do.”*

# Findings

The trend towards more casual dining experiences, and grazing and snacking, has also led to consumers demanding lighter styles of food, which can be easily provided by multi-national food chains who, benefiting from economies of scale, can provide quick service and convenient meals at moderate to low prices. This trend was seen by a number of respondents as a competitive threat, not only to the creativity of the industry, but also to its professionalism. Fast food, takeaways, and home meal replacements available from supermarkets were also viewed as a threat to the industry. However, less emphasis was placed on these than the opening of new foodservice operations, and in particular cafés.

Further, there were concern that competition for the food dollar, was also coming from other goods and services on which customers spend their discretionary income, such as entertainment.

## 3.3 Professional Outlook

### 3.3.1 *Ambivalent improvement*

Respondents felt that the public, media, and new entrants to the industry, require further education in order to appreciate the industry's professionalism and the quality of the product offered.

The standards of Australia's experienced restaurateurs were considered to be high, as is the wide variety, and quality, of Australian produce now available to the industry. The reliability of suppliers' products was seen as an important factor enabling restaurants to offer a quality product. However, in some of the less populated regions poor levels of supplier reliability did pose problems. These included lack of product availability; the inability to cater for last minute requirements; high prices; and inconsistent quality.

### 3.3.2 *Attracting and retaining good staff*

*"The one I think is a pertinent issue for us...is the difficulty of finding quality staff, particularly front-line staff, that are interested in doing this kind of thing for a career, whereby they will be committed to the industry, they're hardworking and passionate about what they do and they are loyal"*



This type of statement appeared often throughout the study. The lack of a viable career path, coupled with the image of the industry, was perceived as the main causes of difficulty in attracting and retaining good staff.

*“The good ones tend to go on to some other occupation because they find the demands, and particularly the hours that you need to work,.... are not suitable for a family life”*

The role of training in maintaining professionalism was not underestimated and, whilst there was agreement that the industry has some very skilled and motivated staff, a shortage of such staff was acknowledged. As a result, the cost of training and retaining staff was an issue that prompted considerable discussion. In the first instance it was considered to be expensive to train staff. Whilst the apprenticeship scheme is valued by the industry, the cost to the industry of training apprentice chefs is very high. Training front-of-house staff is more difficult because there are no apprenticeship schemes available. As a result, front-of-house staff are most often trained in-house, and because of the large number of casual waiting staff employed, and the high turnover, this is an on-going task.

While it is difficult for some operators to employ all permanent staff, there was wide recognition of the value of permanent staff in providing stability and consistency. Staff who are very skilled, and good at their jobs, need incentives to stay as it was noted that skills learned in the industry are often generic and easily transferable to other industries. These incentives may take the form of above-award wages or bonuses based on performance of the restaurant. However, in the current industrial relations climate, this is often difficult to do. Respondents noted that in some instances, some turnover of staff is desirable, as there is a need for the freshness and vitality of new staff to avoid “getting stale”. Despite this, in the less populated areas, loss of good staff to the larger cities and more populated States is a problem.

# Findings

## 3.4 Snacking and Grazing and the Discerning Customer

### *3.4.1 Growth of casual dining and lighter meals*

While the target markets of restaurants and cafés may differ, there was agreement between respondents about the general trends in customer demands.

Respondents in the different states felt that there is a trend towards a café society, with people wanting smaller meals. This trend is accompanied by an increasing emphasis on coffee and snacks, with the preference for café meals, in which a single course can be purchased with a bottle of wine or cup of high quality coffee. This is despite the fact that course prices may be very similar to those of a restaurant. As a result, this is a problem for restaurants, which often have an image of being more expensive than cafés.

*“Fine dining has lost ground, there are more cafés and probably a more casual style of eating.”*

In areas where there are many tourists, there has been a marked increase in casual dining, and even established restaurants have noted a tendency towards snacking and grazing. In particular, many customers were perceived as seeing food as a fuel, rather than as providing an opportunity for enjoyment, and expected to be served quickly.

*“For me fine dining means good food, good wine in a pleasant ambience, at leisure taking time out, but there is a trend I think for .. not caring about food as an enjoyment but more as fuel and as an expediency.”*

It was noted that some customers like to make eating out a complete evening's entertainment, making it difficult for restaurants to increase seat turnover, whilst other customers consider the meal just one part of a night out,

*“going out to a dinner is part of a night out for a lot of people, its not the entire night out.”*



### **3.4.2 Prices and value for money**

It was agreed that people want value for money, with customers in some states being very price-driven in their food choices. There also seems to have been a backlash experienced after the introduction of the GST, with customers only willing to spend the same amount as before the GST was introduced. This has put even more pressure on restaurants and cafés to keep their prices down, and therefore substantially impacted on industry profitability:

*“In some cases, we had to bring our menus down to absorb the GST ourselves, or at least half of it, because others around the place were not adding it on.”*

In some cases, respondents believed customers had less money, or were inclined to spend less of their discretionary income on food:

*“...people having less cash at their finger tips and I think basically it all comes down to the amount of money that people have got. They are looking for value for money.”*

### **3.4.3 The demand for variety**

The oversupply of eating establishments, coupled with changing customer preferences, has led to a new level of demand for variety in both dining experience, and food desired. With more competition, and an increasing variety of establishments to choose from, fewer bookings are being made in advance, and there it was perceived that customers have an increased freedom to decide where to eat when they arrive at a destination:

*“...not only do people now go to a variety of restaurants but they certainly don't book either. They go to what we call clusters, ...and they make a choice when they get there.”*

Respondents also noted that as a result of customers wishing to 'try' new eating establishments and styles of food, this has led to a reduction in customer loyalty.

Another trend demonstrating customers' demand for variety is the trend towards providing more tastes in a single meal; through sharing courses or sampling different dishes in small portions.

# Findings

#### 3.4.4 A dichotomy of customers

Eating out in Australia was considered to be relatively inexpensive and a high quality experience, especially in comparison with other countries, and in particular Western Europe. However, there seems to be a dichotomy of customers in the marketplace. On the one hand, there are those who seek the best buy, do not discriminate in terms of quality and are largely convenience and price driven, and on the other hand, there are those who are more aware of food quality and are more discerning; yet they too demand excellence at a modest price.

## 3.5 Challenging Economic Environment

#### 3.5.1 Legislation and taxes

The introduction of the GST in July 2000 created significant financial problems for the foodservice industry. The most immediate was the difficulty in raising prices, not just to collect the 10 per cent GST, but also to cover rising costs. The result has been for many operators to absorb a portion, or all, of the GST themselves. Operators have achieved this by reducing their own profit margins and by putting plans for capital improvements on hold. This has been partly exacerbated by the high level of competition within the industry, not the least from new entrants without business skills who have themselves set prices below the levels needed to cover their own costs and collect the GST.

A number of respondents believed that the GST was also indirectly affecting turnover because customers had less money to spend:

*"I think that the GST has cut the amount of cash that people have to spend...I suppose excess cash is probably the best way of putting it, and I guess one of the main things is that if you're a bit short on money that one of the things you cut out first is going to restaurants"*

One restaurateur reported that in the first three to four months of the introduction of the GST, his restaurant experienced a 30 per cent decrease in the level of turnover. This was a common experience described by the restaurateurs interviewed, with respondents noting that the paperwork required to comply with the GST legislation also took time away from the other activities involved in managing a foodservice operation.



Respondents observed that, because of the GST, and the high level of competition, they had not been able to raise their own prices sufficiently, and the resultant decline in profit margins was seen as a threat to the viability of many operators. In addition, there was a feeling amongst respondents that governments were not providing assistance to help industry members cope with the economic difficulties they are facing.

In addition to the GST there has been a steady stream of new legislation with which the industry has had to cope with, including changes to: The State and Territory Food Acts in relation to food safety; and The State and Territory Tobacco Acts.

There is also a constant pressure from unions to upgrade various awards. This, on top of the high number of hours foodservice operators work a week, means that operators have little time to attend meetings and participate in industry debates about these issues, therefore further exacerbating the problems.

### ***3.5.2 Increasing cost of overheads, property and labour***

The increasing prices of rent, labour and food were considered to be putting pressure on operators to raise prices.

Rental costs were seen to be always increasing, and were perceived by a great number to be imposing pressure on restaurateurs. In some States food costs were also considered to be too high, however, this was dependent on local suppliers, with respondents suggesting that this problem was largely because suppliers expect to achieve “export” prices from their domestic customers.

In general, respondents from the less populated States observed that their costs were the same as those of operators in the cities of the more populated States. However, they also noted that they could not charge major city prices.

There was general agreement that, in order to cope with these increasing costs over which operators have little control, businesses are cutting profit margins and delaying capital improvements.

# Findings

Many respondents also stated that the need to pay penalty rates for weekend work increased their costs substantially, and that these costs were difficult to pass on to customers. As a result, many respondents felt the award system was not working for them, as they were 'wearing' the costs rather than passing them on to customers:

*"We need to review the award system, which is still not working for the industry - its still too inflexible. We've still got hideous levels of pay on public holidays and Sundays, which is when we do our business. It's crazy."*

Several respondents noted that they had diversified their businesses, either by changing to a less formal, more casual style or by applying economies of scale via opening other businesses and utilising more prepared foods. At the same time, they were endeavouring to maintain food quality and service.

### ***3.5.3 Lack of government support***

In most states, the lack of government support for the industry was noted and considered to be a problem. This was also seen as a puzzle by some respondents, as they could see government support being provided for industries that employ few people, while little assistance was given to the very labour intensive foodservice industry. Many of the respondents' believed that governments needed to assist the foodservice industry by promoting it, through advertising, both within the country and internationally. It was also noted that governments have, in recent years, centralised their own services, and this had taken essential employment away from the regions. Coupled with the closure of some major industries, this had resulted in the depopulation of some regions and reduced discretionary income of potential customers, and had impacted on the viability of the regional foodservice industry.



### ***3.5.4 Unfair dismissal***

Apart from the high cost of labour, other issues in relation to staffing were discussed, including unfair dismissal. This was seen as another difficulty for the management of the industry, making the provision of quality service more problematic:

***“Unfair dismissal laws are an absolute disaster. Yes, people can be unfairly dismissed but it’s almost impossible for an employer to exercise any control over unacceptable behaviour...”***

The key complaint with regard to this legislation was the restaurateurs’ lack of power in the legal process.

# Discussion

## 4. DISCUSSION AND RECOMMENDATIONS TO MEET THE CHALLENGES IN THIS DECADE

This research has led to the development of The Vision for Foodservice 2010. This is for the industry to become:

*“a professional, confident and stable industry, which makes a positive contribution to the social and economic well being of Australia and which, through co-operation with governments, industry partners, suppliers and education providers, seeks to achieve sustainable growth and prosperity for all its members”.*

The research has revealed five major challenges which face the foodservice industry, and which need to be managed in order for The Vision for Foodservice 2010 to be achieved. These challenges are detailed in Sections 4.1 to 4.5.

### 4.1 Managing Competition

#### 4.1.1 The need for management skills

The large increase in competition from new entrants poses the largest challenge for the foodservice industry. The lack of experience and qualifications of many of the new entrants has, and will continue to, cause considerable disruption to the industry's stability as pricing competition and inconsistent quality create an uncertainty that is threatening to damage the viability even of long-established operations.

Respondents offered many suggestions to return the industry to more consistent standards and sustainability. In several States, respondents suggested restricting the number of new entrants via a licensing system for foodservice businesses. In order to obtain a licence, minimum qualifications or experience would be required to ensure that new entrants had the minimum requisite skills. This would assist new operators understand the real costs of running a foodservice business and, in turn, prevent them from setting prices at unrealistically low levels.



Another option raised was a system of recognition for professional operators, with some of the characteristics of a star rating system. This was considered to be more feasible, but would still require considerable resourcing to establish.

For either of these suggestions to be implemented, a considerable culture shift within the industry would be required. In addition, these systems would be expensive to develop and maintain and would take considerable time to establish. A licensing system would also need the support and assistance of governments.

Two recommendations for gradual change towards such systems are:

- **Recommendation 1A:** Establish a system of recognition for professional operators for the industry.
- **Recommendation 1B:** Lobby governments to develop a licensing system whereby new entrants to the foodservice industry must prove they have minimum qualifications for starting a food business.

#### **4.1.2 Diversification**

Competition from 'alternatives' to traditional restaurant and café operations will also pose a challenge to the industry, where alternatives include food sources and other means of spending disposable income, such as entertainment. Fast food operations, particularly multi-national chains, are already well-established and compete very effectively on price and speed, supported by economies of scale both in production and purchasing. The latest developments in take-away foods and HMRs offered by supermarkets are also emerging as competitive alternatives, particularly for busy people who do not want to cook and prefer to eat at home. Respondents who saw HMRs as future competition noted that restaurants could diversify and take up the challenge of takeaway/HMR alongside their regular businesses.

- **Recommendation 2:** Restaurant associations encourage restaurateurs to diversify their products and services in order to accommodate changes in consumer demands.

# Discussion

## 4.2 Increasing Professionalism

### *4.2.1 Increasing professionalism: the path of excellence*

Further development of the positive professional image of the industry is linked to several factors, the most significant of which is industry excellence. This entails maintaining the high quality of food and service that the industry has achieved over the past decade, and is founded on the availability of quality food and skilled staff.

### *4.2.2 Quality food*

The availability of quality food varies from region to region. This is supplier dependent and demands a close working relationship between the foodservice industry and suppliers. Support from the state branches of the R&CA, in terms of negotiated deals, was cited as very helpful, particularly for small businesses that do not have the purchasing power of the larger operations.

- **Recommendation 3:** The R&CA continue to work and develop co-operative arrangements with suppliers.

### *4.2.3 Quality staff*

The availability of quality staff will continue to be a challenge, as the low status image of a career in the industry is of considerable concern and needs to be addressed. Firstly, staff need to be attracted to the industry, secondly they need to be properly trained and thirdly, once trained, they need to be given incentives to remain in the industry for a reasonable period of time. Suggestions were made by members of industry associations to encourage school leavers to embark on careers in foodservice. This may be achieved by visiting schools, and encouraging students to develop an interest in food. At the same time, these visits could serve to promote the industry as an exciting and vibrant one.

Training and apprenticeships need to be encouraged, not only for chefs but also for front-of-house staff. These require government support, as it is increasingly expensive for restaurants to completely fund such training. Finally, there needs to be more permanent positions available and incentive schemes to encourage good staff to remain in the industry.



None of these goals can be achieved without financial support from government and industry. With increased costs and declining profit margins this places too heavy a burden on the industry alone. As a result, recognition of the industry as a significant employer is necessary in order to persuade governments to provide the educational infrastructure and funding required.

- **Recommendation 4:** The R&CA develop a campaign involving promotional visits to schools in order to:
  - raise the professional image of foodservice; and
  - encourage students to consider careers in the industry.
- **Recommendation 5:** The R&CA work with education providers and governments to provide training support and career paths, particularly for front-of-house staff.

## 4.3 Meeting Customer Demands

The challenge for the foodservice industry is to ensure that, whatever the style of restaurant, customers needs and wants are satisfied.

### *4.3.1 As customers demands change, target markets may also need to change*

Product differentiation based solely on pricing is not considered to be the answer to meeting the demands of customers. Instead, it is recommended that operators make full use of all the components of the marketing mix, thereby focussing on the provision of the right product, and promoting to the appropriate target market, and centralise production wherever possible to achieve economies of scale. For some restaurateurs, this has meant diversifying, from only offering a à la carte menu, to including light meals and quality coffee as an additional feature of the establishment.

### *4.3.2 Standardisation – limiting creativity*

The respondents entered into considerable discussion about the risks involved in treading the path of fast and convenient food. They feared that customers would lose the art of dining, that food would be of lower quality and become more bland, and that the industry would

# Discussion

lose much of its creativity. However, research has shown that food quality is the most important factor customers consider when choosing to eat out (Dulen, 1999). This, together with the demand for service quality (Jogarathnam, Tse and Olsen, 1999; Johns and Howard, 1998; Yuksel and Rimmington, 1998), ought to reassure restaurateurs that, despite the trend towards more casual dining, foodservice quality standards need not decline.

- **Recommendation 6** (Linked to Recommendation 2): The restaurant associations encourage restaurateurs to diversify in order to accommodate the changes in consumer demands, while at the same time maintaining the hard-won image of professionalism they have attained.

## 4.4 Achieving Prosperity in a Changing Economic Environment

### 4.4.1 Management skills

The high cost of overheads, property and labour will continue to be a challenge for the industry, prompting some respondents to suggest that there is a need for consolidation of the foodservice industry. This is not occurring at present, since new businesses open as soon as others close, and respondents felt that, if new entrants had to qualify in some way to enter the industry, they would be protected from themselves, and pose less of a threat to the viability of other foodservice businesses.

- **Recommendation 7** (Linked to Recommendation 5): The R&CA work to foster co-operation between the industry associations, education providers and governments to develop training programs, which include management skills, for intending new entrants to the industry.

It was also felt that the Award system should be reviewed, particularly in relation to penalty rates.

While the impact of information technology was recognised, respondents noted that industry members need access to reliable cost-benefit information in order to make informed decisions about whether they will utilise the Internet as a distribution channel.

#### *4.4.2 A realistic price for a professional product*

It is clear that the industry cannot continue as it is with falling profit margins. The current practice of absorbing costs, resulting from fierce price competition, is unsustainable, and prices must rise in line with increasing costs.

With the broad range of value-added food products now available, there are opportunities for restaurateurs to save time and reduce labour costs, whilst still maintaining high standards of quality. By providing suppliers with information about industry needs, and working with them towards the development of new food products, there is the potential for increasing these benefits to the industry.

There was also a perception amongst respondents that the dining public should be educated to recognise quality food and service, so as to understand the value being provided by restaurateurs, and therefore be more prepared to pay for the quality they are receiving. It was felt that this could best be achieved via positive promotion of the industry through the media.

- **Recommendation 8:** The R&CA work with the media to ensure that they project a professional image of the industry and disseminate accurate information to the public

#### *4.4.3 Achieving compliance*

The cost of compliance with legislation has increasingly plagued the industry over the past five years. The GST was seen as the most significant addition to the many demands made by governments on a restaurateurs time, and there is clearly a need for governments to consider how small businesses, in particular, can cope with the increasing administration required to implement their legal and financial obligations.

- **Recommendation 9:** The R&CA work to foster co-operation between the industry associations, education providers and governments in order to assist small businesses cope with the demands of complying with new legislation, either through simplification of compliance requirements, or through training programs.

# Discussion

### *4.4.4 Supporting the regions*

Regional Australia has suffered a great deal from centralisation of business activities and from depopulation in the recent past. These changes, together with heavy job losses in some regional areas, have had a damaging effect on the regional foodservice industry. Further to this, regional Australia has also suffered from similar economic problems as the more populated cities, but in some instances has been affected more severely.

Overheads, labour costs and government legislation have kept costs on a par, but prices have not risen in the same way. In the regions, markets are perceived to be static or shrinking whilst competition is fierce.

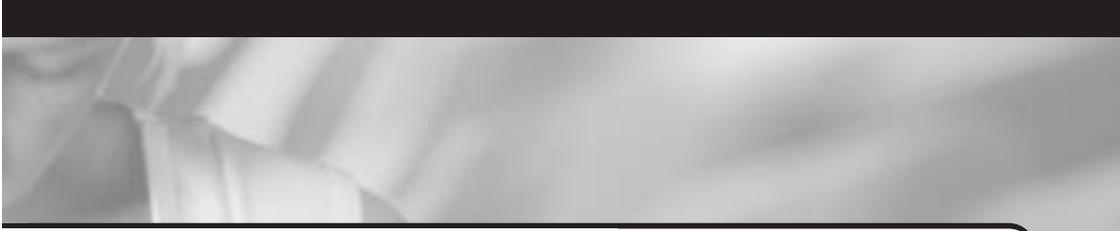
As a result, tourism in general, and particularly the meetings conventions and events markets, is seen as essential for a healthy foodservice industry, and gaining the support of government tourism departments is considered an important component of marketing restaurant and café business in the regions.

In regional areas, industry organisations lack membership, and so cannot provide the support for the industry that is the case in the more populated areas. In some states, the promotion of local food and wine was seen as a very attractive way of capitalising on the synergies between tourism and foodservice. In other states, more creative approaches were seen to be needed to capitalise on these synergies.

- Recommendation 10A: The regional branches of the R&CA are strengthened by the recruitment of more members.
- Recommendation 10B: The State and Territory branches of the R&CA work with regional tourism organisations to attract new markets and promote the foodservice industry.

## 4.5 Building a stronger industry association

To maximise the benefits the R&CA can bring to its members and the broader foodservice industry, it needs to develop a stronger membership base, and collaborate with other foodservice associations. This will give the association a stronger lobbying voice when dealing with governments and provide it with a greater resource base to enable further industry development and research.



# Conclusions

## 5. CONCLUSIONS

While there has been a perception of growth in many areas of the Australian foodservice industry in recent years, economic and demographic changes have resulted in a decline in demand particularly in regional areas. Further, greater pressure has been placed upon the foodservice industry by increasing competition, not only from other foodservice operations, but also from alternatives including takeaways, HMRs and other forms of entertainment.

- A primary focus of the foodservice industry will be to monitor and encourage appropriate levels of industry growth in Australia

Pricing competition, inconsistent standards of service delivered by new entrants to the foodservice industry, and the high failure rate of new businesses have all contributed to a decline in profit margins.

- The challenge is to lift profit margins in order to rebuild business confidence and stabilise the industry

The industry has achieved higher levels of professionalism than in the past, however, this is jeopardised by the lack of qualifications and experience of many of the new entrants to the industry.

- The challenge is to sustain and continue to build the professional image of the industry

There is a shift in consumer demand towards a faster, more casual, style of dining experience.

- The challenge for the industry is to accommodate this change while, at the same time, retain professional standards of food quality and service.



Overall, the data indicate that the GST, although an important issue, was just one of a myriad of challenges restaurateurs are currently facing. Consequently, it did not feature as predominantly as the literature would have suggested. The major implication of the GST for restaurateurs was that turnover, and subsequently, profitability was lower than in the past. Further to this, there appeared to be a general consensus that the levels of financial turnover experienced in the past would be difficult to achieve again in the future. This was not only attributed to the introduction of the GST, but largely to an increase in the number of competitors in the industry, the improvement in home replacement meals, and the trend towards snacking and grazing. It is recommended that rather than focussing upon the implications of the GST, and how, for example, the legislation can be changed or modified, restaurant associations should develop strategies which encourage Federal, State and Territory governments to pay more attention to the ways in which small businesses can cope with new legislation. By providing restaurateurs with the assistance they need to administer the GST; curtailing the opening of new restaurants or cafés in saturated markets; and promoting communication between existing restaurateurs in regions, the industry will return to a sustainable level.

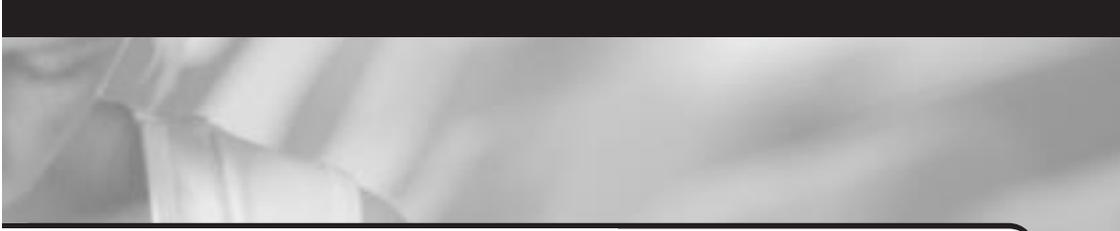
Restrictions to avoid market saturation may involve the issuing of licences by local Councils requiring each new entrant to prove that he/she has a minimum qualification for starting a new business. The latter may be attendance at a short course for the management of small businesses or alternative TAFE or Higher Education qualifications.

Although there was a positive response in relation to the publicity that can be obtained from the media, it was acknowledged that not all restaurants are able to take advantage of this publicity due to a number of reasons, such as a restaurant's location or a chef's profile. As a result, restaurant associations need to work closely with the media to capitalise upon the positive benefits of media exposure in the areas of portraying the industry as realistically as possible, and educating the public in restaurant etiquette and gastronomy. It is thought that this approach may alleviate the tensions between customers and restaurateurs, result in more satisfied customers and increase customer expenditure.

# Conclusions

Finally, it is recommended that there be a concerted effort from government, industry practitioners and education providers, to improve the standards of employment within the industry. An increase in permanent positions and fewer casual jobs would enable this. There also needs to be greater coordination between industry and education providers so that the industry is perceived as providing appropriate career opportunities, perhaps in line with the view of the industry in European countries. In so doing, however, it would be important to retain the unique style of Australian restaurant service, which is perceived as friendly and non-intrusive.

In summary, these early findings indicate that with increasing saturation of markets, and ever-decreasing profit margins, attention needs to be paid to the introduction of restrictions on the opening of new restaurants and cafés. Further, new entrants to the industry need to understand how to manage a foodservice business, and the professional standards required, which will lead to improved career opportunities within the industry, increased customer satisfaction and industry sustainability.



# Appendix 1

## APPENDIX 1 The Vision of Foodservices 2010

The Vision for Foodservice 2010 is for:

*“a professional, confident and stable industry, which makes a positive contribution to the social and economic well being of Australia and which, through co-operation with governments, industry partners, suppliers and education providers, seeks to achieve sustainable growth and prosperity for all its members”.*

### Background

The Australian Restaurant and Catering Industry has traversed a decade of change. Changes in culinary expectations, legislative regulations and social mores have impacted significantly on the industry. It is a burgeoning industry, worth billions of dollars to the Australian economy, yet highly deregulated and volatile.

The Australian Bureau of Statistics reported that by June 1999 there were almost 13,000 restaurant and café businesses operating in Australia (ABS, 2000a), which is a considerable increase from previous analysis. Almost 91 per cent of these restaurants and cafés are classified as small businesses (ABS, 2000c).

The Australian economic climate has changed, as has much of the legislation that specifically relates to this industry. The introduction of the Goods and Services Tax (GST) brought about a significant change to the way tax is administered and collected in Australia. Recent research commissioned by Restaurant and Catering Australia (R&CA, 2001) suggests that there has been an overall reduction of 8.3 per cent in restaurant trade since the introduction of the GST.

Other factors have impacted on the restaurant industry. For example, the labour market is changing, with the aging of the population, and changes in attitudes to work patterns. It would seem that, with this evolution of the Australian restaurant industry, operators face more complex issues than they have done in the past. Understanding the changing workforce has become important for operators.



## Key research findings

The focus for the Foodservice Industry through to 2010 will be to maintain and encourage industry growth, while at the same time addressing the challenge of increasing competition.

To be successful the industry will need to:

- lift profit margins in order to rebuild business confidence and stabilise the industry
- sustain and continue to build the professional image of the industry while, at the same time, striving to achieve a skill base for all industry members, and
- accommodate the above change while, at the same time, retaining professional standards of food quality and service.

# Appendix 1

## Challenges for the next decade to 2010

| STRATEGY   | ACTIONS   | MONITORING METHODS   |
|--|---|--|
| <b>Managing competition</b>  |   |  |
| Management skills are developed  | <p>The foodservices industry establishes a system of recognition for professional operators for the industry.</p> <p>The foodservices industry lobbies governments to develop a licensing system operated by local councils whereby new entrants to the foodservice industry must prove they have a minimum qualification for starting a new business.</p>    | Market saturation is prevented by local Councils issuing licences requiring each new entrant to prove that he/she has a minimum qualification for starting a new business, eg. a short course for the management of small businesses or alternative TAFE or Higher Education qualification.  |
| Members of the industry diversify their businesses                           | The restaurant associations encourage restaurateurs to diversify in order to accommodate changes in consumer demands.   |  |
| <b>Increasing Professionalism</b>  |   |  |
| Quality food   | The R&CA continues to work and develop co-operative arrangements with suppliers.  |  |
| Quality staff  | <p>The R&amp;CA develops a campaign involving promotional visits to schools in order to: raise the professional image of food service; and encourage students to consider careers in the industry.</p> <p>The R&amp;CA works with education providers and governments to provide training support and career paths, particularly for front of house staff</p> | <p>There is a concerted effort from government, industry practitioners and education providers, to improve the image of employment within the industry, reflected in an increase in permanent positions and fewer casual jobs.</p> <p>There is also greater coordination between industry and education providers so that the industry is perceived as an appropriate career, perhaps in line with the view of the industry in European countries. In so doing, it would be retains the unique "flavour" of Australian restaurant service that is perceived as friendly and non-intrusive.</p> |
| <b>Coping with changing consumer demands</b>                                 |   |  |
| Meeting consumer demands and coping with standardisation limiting creativity | The restaurant associations encourage restaurateurs to diversify in order to accommodate changes in consumer demands, while at the same time maintaining the hard-won professionalism.  |  |



| STRATEGY                                      | ACTIONS  | MONITORING METHODS  |
|---|--|---|
| Prosperity in a changing economic environment |  |   |
| Management skills                             | The R & CA works to foster co-operation between the industry associations, education providers and governments to develop training programs, which include management skills for intending new entrants to the industry.   |   |
| A realistic price for a professional product  | The R&CA works with the media to ensure that accurate information is disseminated to the public and also to project a professional image of the industry.  | <p>The media portrays a realistic picture of the industry and plays an important role in educating the public in restaurant etiquette. This approach assists in alleviating the tensions between customers and restaurateurs, creates a more satisfied customer base and leads to an increase in the restaurant industry's share of consumer expenditure.</p> <p>Restaurant associations work closely with the media to capitalise upon the positive benefits of media exposure for the industry.</p> |
| Achieving compliance                          | The R&CA works to foster co-operation between the industry associations, education providers and governments in order to encourage governments to assist small businesses in coping with the legislation either through simplification of compliance requirements, or through training programs.             |   |
| Supporting the regions                        | <p>The regional branches of the restaurant and catering associations are strengthened by the recruitment of more members.</p> <p>The state and territory restaurant and catering associations work with the regional tourism organisations to attract new markets and promote the food service industry.</p> |   |

# Appendix 2

## APPENDIX 2 FUTURE RESEARCH QUESTIONS

In order to help the foodservice industry achieve its Vision for 2010, research into the following issues is recommended:

- What role should the R&CA play in assisting the foodservice industry to achieve the Vision for 2010?
- What training and support can be provided for restaurant operators, and in particular for small businesses, which will provide them with appropriate skills to manage their businesses in an increasingly competitive environment?
- How can better career paths for good staff be created within the foodservice industry?
- How can the media be used in a more positive way to present an accurate image of the foodservice industry?
- What role do celebrity chefs and the media have on the consumers desire to eat out in Australia?
- Will the consumer demand for faster, more convenient food increase the market share of Quick Service Restaurants (QSRs) or will small restaurant and café businesses retain their market share, continue to demonstrate their creativity, and offer a variety of cuisines and products? Have QSRs reached maturity in their lifecycle?
- What is the role of training in helping achieve the vision for the industry?
- How can co-operative links with food suppliers be used to help restaurateurs achieve the desired food quality, and save on labour costs, without diminishing their professional product/image?
- How significant are the large contract caterers as competitors for small restaurant businesses? Are they the category killers of the foodservice marketplace? Does this also apply to the large chain operators, whether QSR or family restaurant?
- What strategies can be employed for the development of regional foodservice markets?

# References

## LIST OF REFERENCES

Allen, R. L. (1999) Customer Satisfaction:

HRM/Takeout, Nations Restaurant News, 33(37), pp. 96,100.

Anon. (2001a) Restaurants losing profit, The Daily Telegraph, pp. 4.

Anon. (2001b) Goods and Services Tax (GST) Implementation and Victorian Small Businesses. Melbourne: Victoria University.

Australian Bureau of Statistics, (2000) Australian national accounts: Tourism Satellite Account 1997-1998, (Cat no.5249.0) Aboriginals, Canberra.

Australian Bureau of Statistics (2000a) Cafés and restaurants industry, Australia, (Cat no.8655.0), Canberra.

Australian Bureau of Statistics (2000b) Household Expenditure Survey, Australia. Canberra.

BIS Shrapnel (2000) The Australian Foodservice Market 1998 - 2000, BIS Shrapnel Pty. Ltd. Sydney.

Boyd, K. (1999) Virtual event, real results: B-T-B marketing via teleconference seminars, Direct Marketing, 61(9), pp.48 - 49.

Breiter, D. and Woods, R.H. (1997) An analysis of training budgets and training needs assessments in mid-sized hotels in the United States, Journal of Hospitality and Tourism Research, 21 (2).

Burgess, J. and Campbell, I. (1998) The nature and dimensions of precarious employment in Australia, Labour & Industry, 8 (3), pp.5-21.

Caplan, B. (2000) Dining out in the 21st century: a consumer perspective Hobart, Australia: Restaurant and Catering Australia.

Clements, C.J. and Josiam, B.M. (1995) Training: quantifying the financial benefits, International Journal of Contemporary Hospitality Management, 7 (1), pp. 10-15.

Collie, T. and Sparks, B. A. (1999) Perceptions of key success factors and key success inhibitors in Australian restaurant and catering business operations, Australian Journal of Hospitality Management, 6 (2), pp.23-33.

Dodson, L. and Annabel, C. (2001) Restaurants urge easier BAS system, Australasian Business Intelligence, pp.9.

Doherty, L. Guerrier, Y. Jameson, S. Lashley, C. and Lockwood, A. (2001) The impact of a higher education qualification on career progression in the hospitality industry, Research for the Higher Education Funding Council for England, Council for Hospitality Management Education, London.

# References

- Dulen, J. (1999) Quality control, restaurants and institutions *International Journal Of Hospitality Management* 109 (5), pp.38 - 52.
- Elias, D. (2000) Will tax eat café society? *The Age*, pp. 4.
- Evans, S. (2001) GST eats at McDonalds profits, *Australian Financial Review*, pp.6.
- Fattorini, J. (1994) Food Journalism; A medium for conflict?, *British Food Journal*, 96(10), pp.24-28.
- Haywood, K.M. (1992) *Effective Training: Towards a Strategic Approach*, pp. 43-52.
- Hede, A.-M. and Barry O'Mahony, G. (2000) Service delivery strategies for New Years Eve 2000: the impact of media hype, *Australian Journal of Hospitality Management*, 7(2), pp.1-9.
- Hing, N. Nerilee, McCabe, V. Lewis, P. and Leiper, N. (1998) Hospitality trends in the Asia-Pacific: a discussion of five key sectors, *International Journal of Contemporary Hospitality Management*, 10 (7), pp.264-271.
- Jogaratham, G., Tse, E. C. and Olsen, M. D. (1999) Matching performance strategy, *Cornell Hotel and Restaurant Administration Quarterly*, 40 (3), pp.91-95.
- Johns, Nick and Howard, Anthony (1998), Customer expectations versus perceptions of service performance in the foodservice industry, *International Journal of Service Industry Management*, 9 (3), pp.248-65.
- Junor, A. (1998) Permanent part-time work: new family-friendly standard or high intensity cheap skills?, *Labour and Industry*, 8 (3), pp. 77-95.
- Kelliher, C. and Perrett, G. (2001) Business strategy and approaches to HRM. A case study of new developments in the United Kingdom restaurant industry, *Personnel Review*, 30 (4), pp.421-437.
- Kivela, J., Inbakaran, R. and Reece, J. (1999a) Consumer research in the restaurant environment, Part 1: A conceptual model of dining satisfaction and return patronage, *International Journal of Contemporary Hospitality Management*, 11(5), pp.205 -222.
- Kivela, J. Inbakaran, R. and Reece, J. (1999b) Consumer research in the restaurant environment, Part 2: Research design and analytical methods, *International Journal of Contemporary Hospitality Management*, 12 (1), pp.13-30.
- Kivela, J. Inbakaran, R. and Reece, J. (2000) Consumer research in the restaurant environment, Part 3: Analysis, findings and conclusions", *International Journal of Contemporary Hospitality Management*, 12 (1), pp. 13 - 30.
- Krummert, B. (1999) Portal to profits, *Restaurant Hospitality*, 83 (5), pp.118 - 120.

- Lashley, C. (1999) Cutting across the grain: educating reflective practitioners for hospitality management, *The Hospitality Review*, 1 (1), pp.35-41.
- Lee, C. and Chon, K. (2000) An investigation of multicultural training practices in the restaurant industry: the training cycle approach, *International Journal of Contemporary Hospitality Management*, 12 (2), pp. 126-134.
- Lefever, M. and Withiam, G. (1998) Curriculum review: how industry views hospitality education, *The Cornell Hotel and Restaurant Administration Quarterly*, August, pp.70-78.
- Mintel (2000) *The Australian Foodservice Industry Research Programme 1999/2000*, Mintel Australia Pty. Ltd., Melbourne.
- NRA (1999) *Restaurant Industry 2010: The Road Ahead*, National Restaurant Association, Washington, pp. 36.
- NRA (2000), 2000 Restaurant Industry Forecast.  
<<http://www.restaurant.org>> [Internet], National Restaurant Association.  
Available from :[2001, November 8]
- NRA (2001), 2001 Restaurant Industry Forecast,  
<<http://www.restaurant.org/research/indglance.cfm>> [Internet], National Restaurant Association. [2001, November 8]
- OECD (2000) *OECD manual on tourism satellite accounts: Employment module*, OECD, Paris.
- Pheng, L. S. and Loi, C. P. W. (1994) Implementation of the goods and services tax (GST) in the Singapore construction industry, *Journal of Property Finance*, 5(3), pp.41-58.
- Restaurant and Catering Australia (2000) *Restaurant and catering operations report 2nd edition: restaurant and catering industry statistics project part II*, Sydney: Restaurant and Catering Australia
- Restaurant and Catering Australia (2001) *R&CA 2001 Restaurant and Catering Operations Report*
- Royle, T. (1999) Recruiting the acquiescent workforce. A comparative analysis of McDonalds in Germany and the UK, *Employee Relations*, 21 (6), pp.540-555.
- Scarpato, R., & Daniele, R. (2000) *Effects of media review on restaurants: the perception of the industry*, Melbourne: Royal Melbourne Institute of Technology.
- Silver, D. (2001) Convenience stores become powerful opponents in the battle for

# References

- foodservice dollars, *Restaurants and Institutions*, 111(20), pp.36 - 42.
- Sloan, A. E. (1998) Food industry forecast: consumer trends to 2020 and beyond, *Food Technology*, 52(1), pp.37-44.
- Sloan, A. E. (1999) Top ten trends to watch and work on for the millennium, *Food Technology*, 53(8), pp.40-60.
- Sloan, A. E. (2000) Bigger, balanced, and very little bites, *Food Technology*, 54(11), pp.28.
- Sloan, A. E. (2001) Top 10 trends to watch and work on, *Food Technology*, 55(4), pp.38-58.
- Spector, A. (1999) Grocers at HMR confab plot ways to nip bigger bite of dining dollar  
*Nations Restaurant News*, 33(32), pp.11, 113.
- Susskind, A.M. and Chan, E.K. (2000) How restaurant features affect check averages,  
*Cornell Hotel and Restaurant Administration Quarterly*, 40(4), pp.56 - 63.
- Timo, N. (1999) Contingent and retentive employment in the Australian hotel industry:  
Reformulating the core-periphery model, *Australian Journal of Labour Economics*, 3 (1),  
pp.47-64.
- Warhurst, C. Nickson, D. Witz, A. and Cullen, A. (2000) Aesthetic labour in interactive  
service work: Some case study evidence from the new Glasgow, *The Services Industries  
Journal*, 20 (3), pp.1-18.
- Wilson, A. (1997) Marketing professional associations, *Management Decisions*, 35(1),  
pp.49-52.
- Yuksel, A. and Rimmington, M. (1998) Customer-satisfaction measurement,  
*Cornell Hotel and Restaurant Administration Quarterly*, 39(6), pp.60-71.
- Zikmund, W. G. (1997) *Business Research Methods*, New York: The Dryden Press.

# Authors

## AUTHORS

### **A/Prof Linda Roberts**

Associate Professor Linda Roberts is a senior member of staff in the School of Hospitality, Tourism and Marketing, Victoria University. Her PhD focussed on new product development and innovation in food products. Associate Professor Roberts's research areas include new product development, new product adoption, factors effecting decision making in the adoption and purchase of new products and developer/adopter relationship in business-to-business marketing. Email: [linda.roberts@vu.edu.au](mailto:linda.roberts@vu.edu.au)

### **Dr Margaret Deery**

Dr Margaret Deery is the Director in the Centre for Hospitality and Tourism Research and Senior Lecturer in the School of Hospitality, Tourism and Marketing, Victoria University. Her PhD examined employee turnover in the hospitality industry and the incidence of turnover culture. She is currently researching a number of areas that include volunteer management in tourism organisations, convention delegate behaviour and the development of a model for special events. Email: [Margaret.deery@vu.edu.au](mailto:Margaret.deery@vu.edu.au)

### **Anne-Marie Hede**

Ms Hede, is the Research Co-ordinator in the Centre for Hospitality and Tourism Research. She is currently studying for her Ph.D and investigating the role of special event attributes and personal values in relation to the satisfaction responses of special event consumers. Her other research interests are issues in the hospitality industry including service quality, organisational culture and empowerment. Email: [Anne-Marie.Hede@vu.edu.au](mailto:Anne-Marie.Hede@vu.edu.au)

# THE VISION FOR FOODSERVICE 2010



The growth of the Australian restaurant industry over the past decade has been significant. The industry is a strong contributor to the Australian economy and its role is such that Australian restaurants provide a major drawcard for both domestic and international visitors.

However, this growth has occurred within the boundaries of increasing government legislation, changing workplace requirements and ever increasing customer service demands.

This report details the state of the restaurant industry around Australia and includes findings from regional and metropolitan restaurants.

The participants have provided their perceptions of the difficulties faced in the past and the challenges for future growth. The outcomes of the research form the basis of the recommendations for the Vision Statement 2010 and the way forward for the Restaurant Industry.

For more information contact:

Margaret Deery, Victoria University of Technology

Ph: +61 3 9688 4626

CRC for Sustainable Tourism Pty Ltd

Griffith University PMB 50

GOLD COAST MC QLD 9726

Ph: +61 7 5552 8116

Fax: +61 7 5552 8171

Visit: [www.crctourism.com.au](http://www.crctourism.com.au)