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## Food delivery offers fresh hope for restaurant sector

The Australian, Australia

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The restaurant sector has been one of the hardest hit during the current economic crisis, with skyrocketing costs and less consumer spending seeing restaurants go bust faster than any other industry in Australia.

Accommodation and food businesses have experienced the fastest-rising insolvency rates in the nation, according to ASIC.

The number of hospitality businesses that collapsed in the last financial year was up 50 per cent on the previous year, with 1668 hospitality establishments going under across the country.

Huge spikes in operational costs and less consumer spending have seen restaurant owners make far less margin than before, with four in 10 reporting they were in a more difficult financial position than a year ago.

But a new report has found fresh optimism in the sector, as food delivery services create an additional revenue stream for restaurant owners struggling to stay afloat.

Almost one in two restaurant owners think they will be in a less difficult financial position in the next 12 months, with online food delivery services helping businesses diversify their revenue streams. According to The Pulse Check: Restaurant Report 2024, 25 per cent of restaurant owners say revenue from food delivery services has helped their business stay open.

The report uses data from the Restaurant and Catering Association, MasterCard and Uber Eats, providing insights into 60,000 small businesses and 300,000 people working in the sector.

Almost all businesses that took

part in the survey say food delivery platforms have increased their revenue in the past 12 months, with 42 per cent saying it increased their revenue between 21 to 40 per cent.

Another 27 per cent of business say online deliveries represent between 41 and 60 per cent of their business. Almost half the restaurants that used food delivery services say they will be less financially stressed in the next year, compared to 35 per cent that do not offer the service.

Spaghetteria owner Stefano Sepe opened his Randwick restaurant in 2021. Over the past 12 months he noticed the impact of rising costs and homed in on operational efficiencies to reduce expenditure.

One way he did this was through online food delivery services, which account for about 40 per cent of his business.

"We've built a strong and loyal following around the love for pasta with many locals who are passionate about our food," he said.

"Their support has been key to our success, so we want to support them too, whether they want to dine in or order their favourite pasta to be delivered midweek."

Uber Eats ANZ general manager Ed Kitchen said the long tail impact of Covid continued to ripple through the economy and now appeared in the form of higher rents, insurance premiums, utility and wage bills, and more expensive ingredients.

"While the main pain-points differ between states and territories, there is one shared thread – cautious optimism," he said.

"This is likely fuelled by the solutions restaurant owners are unearthing to provide additional revenue to offset their increasing operating costs. Pleasingly, one consistently identified growth lever was online food delivery – which is seeing double-digit growth in transaction volume across the country – providing incremental revenue with near zero capital investment."

Restaurant and Catering Association chief executive Suresh Manickam said during the past year, Australia's restaurant, cafe and catering sectors had experienced an unprecedented fusion of a number of factors that created one of the most challenging economic landscapes in recent history.

Mr Manickam said high interest rates, industrial relations pressures, fewer apprentices and high energy prices had made it hard for the sector to operate.

"In contrast there are some beneficial outcomes that have arisen over the past year. Firstly, there has been an uptake in online food delivery," he said.

"Secondly, the catering sector has experienced an uptick in terms of activity, which pleasingly suggests a return to various types of catering. Given the challenges that the sector faces, the Restaurant and Catering Association has been consistent in our request from government."

Mr Manickam said government needed to invest in skills and provide an ongoing sustainable subsidy to offset energy prices.

"Both of these initiatives will continue to assist a sector facing challenging circumstances."



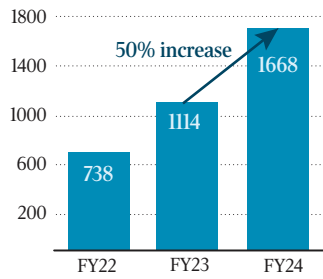
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### Hospitality crisis

Number of food and accommodation business insolvencies



**Restaurant owner Stefano Sepe says food deliveries help a lot**