



# **2018 Productivity Benchmarking Report on Food Services Industry**

A custom report by Blackbox Research





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# INTRODUCTION

The Singapore Productivity Centre (SGPC) was set up in 2013 under the aegis of the Future Economy Council (previously known as National Productivity Council) with the support of Enterprise Singapore and the Singapore Tourism Board.

SGPC is the national competency centre that assists enterprises in the Food Services, Retail, and Hotel sectors to innovate, transform, grow, and be future-ready. Since 2013, SGPC has helped over 1,000 companies to improve their productivity through its services and solutions.

SGPC offers in-depth productivity and business consultancy services and workshops. It has a comprehensive resource centre that provides applied research services, case studies, and benchmarking studies for enterprises.

Through the benchmarking study for the Food Service industry, companies will be able to compare their productivity performance with the industry average and the sector's top performers. Companies can then identify their strengths and areas for improvement and develop a plan to improve productivity to tackle future challenges.

# RESEARCH OBJECTIVES

This report focuses on the 2018 Food Services industry productivity indicators and builds on the key findings collected in past years. Our research objectives include:

1



Identifying the main **challenges** faced by the Food Services industry

2



Analysing the business **outlook** of the industry

3



Understanding current **practices** and **operational needs**



# METHODOLOGY

To understand the productivity performance across the Food Services industry, face-to-face and phone interviews were conducted between March to December 2020. Respondents included employees in 196 Food Services establishments who held managerial positions or higher.



**Face-to-face & Phone Interviews**

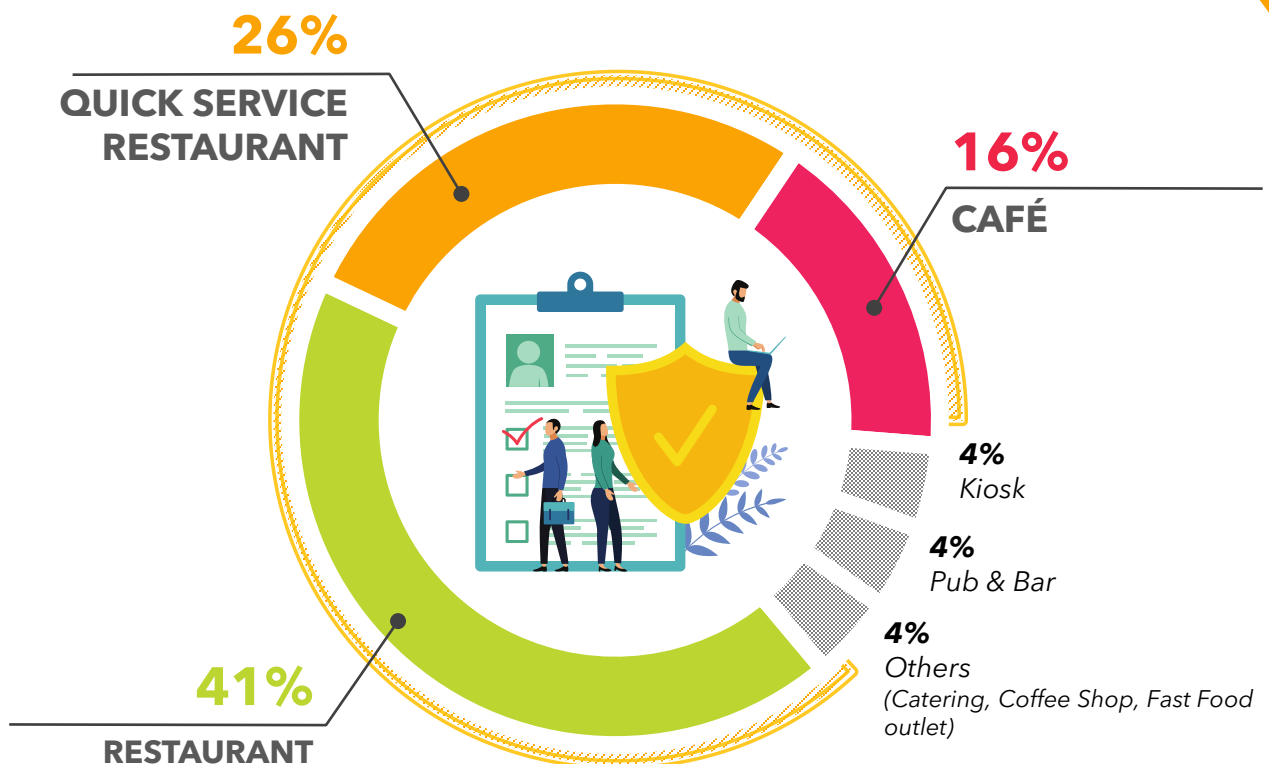


**Length of Interview:**  
~30 minutes



**Target Audience:**  
Respondents in the Food Services industry, who hold managerial positions or higher

## PROFILE OF THE FOOD SERVICES COMPANIES THAT PARTICIPATED IN THE STUDY



This report is based on the participation of 196 companies from the Food Services industry.

# EXECUTIVE SUMMARY

Singapore is a world-renowned food capital. Eating out is not just a pastime but a passion for many Singaporeans. A 2018 study conducted by Nielsen found that 1 in 4 Singaporeans dine out daily, so it is not surprising that the Food Services industry is a vital part of Singapore's economy<sup>1</sup>.

As Singapore's GDP and population size continued to grow over the years, so did the Food Services industry.

	2014	2015	2016	2017	2018
Singapore GDP <sup>2</sup> (in Billions, SGD)	411.16	423.44	437.540	457.32	473.31
Population Size <sup>3</sup>	5,525,626	5,592,152	5,653,634	5,708,041	5,757,499
GDP of F&B industry (in Billions, SGD) <sup>4</sup>	5.03	5.16	5.47	5.53	5.64
No. of F&B establishments <sup>5</sup>	10,147	10,730	11,395	12,213	12,634

Singapore's exciting, multi-cuisine food scene also attracts visitors from all around the world. The tourism industry, another cornerstone of the economy, plays a massive role in the growth of the Food Services industry.

In 2017, the tourism industry generated US\$2 billion in food and beverage (F&B) revenue<sup>6</sup>.



1. Gan, E. (2019) 'Eating every few hours, but never satisfying the hunger'. TODAY. Accessed from: <https://www.todayonline.com/singapore/eating-every-few-hours-never-satisfying-hunger>  
 2. Singstat Table Builder. (2021) 'Gross Domestic Product in Chained (2015) Dollars, By Industry (SSIC 2015 Version 2018)'. Accessed from: <https://tablebuilder.singstat.gov.sg/table/TS/M015231#>  
 3. Macrotrends (2021). 'Singapore Population 1950-2021'. Accessed from: <https://www.macrotrends.net/countries/SGP/singapore/population>  
 4. Statista. (2021) 'Gross domestic product (GDP) of the food and beverages services in Singapore from 2011 to 2020 (in billion Singapore dollars)'. Accessed from: <https://www-statista-com/statistics/1237080/gdp-of-food-beverages-services-singapore/>  
 5. Statista. (2021) 'Number of food and beverage establishments in Singapore from 2010 to 2019'. Accessed from: <https://www-statista-com/statistics/1241463/number-of-food-and-beverages-establishments-in-singapore/>  
 6. Singapore Food Service – Hotel Restaurant Institutional 2018 Annual Accesses from [https://apps.fas.usda.gov/newgainapi/api/report/downloadreportbyfilename?filename=Food%20Service%20-%20Hotel%20Restaurant%20Institutional\\_Singapore\\_Singapore\\_12-10-2018](https://apps.fas.usda.gov/newgainapi/api/report/downloadreportbyfilename?filename=Food%20Service%20-%20Hotel%20Restaurant%20Institutional_Singapore_Singapore_12-10-2018)

## Rise of online food delivery platforms

From upscale restaurants and cafés offering high-quality international cuisines to hawker centres and food courts specialising in local flavours, the Food Services industry always has something new and exciting for diners.

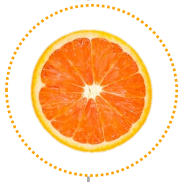
2018 saw the rapid expansion of online food delivery platforms. The battle for the online food delivery market intensified, with key players such as foodpanda and Deliveroo facing off in the increasingly competitive market. Ride-hailing company Grab's food delivery arm, GrabFood also entered the food delivery market in 2018, after Grab bought over Uber's Southeast Asian operations in March 2018.

According to Statista (a Hamburg-based market research firm), revenue for online food delivery platforms in Singapore was US\$164 million in 2018 - 27.9% higher compared to 2017. This number is expected to increase at an annual rate of 17.9% to reach US\$316 million by 2022<sup>7</sup>. Rapid innovation in the online food delivery business will also lead to changes in consumer habits and the Food Services industry.

7. Woo, J. (2018). 'Food fight! The battle for the food delivery market'. The Business Times. Accessed from: <https://www.businesstimes.com.sg/brunch/food-fight-the-battle-for-the-food-delivery-market>

**The trend towards healthy eating**

**79%** actively making dietary choices to help prevent health conditions



**75%** are willing to pay more for foods with health benefits



## Healthier eating, Healthier living

Consumers are buying more food and seeking out newer products. As discerning diners choose healthier food options, demand for natural and more nutritious food products is on the rise.

The Straits Times reported that nearly 8 in 10 Singaporeans choose foods that help them to prevent health problems, while 75% are comfortable paying more for food that helps them to live a healthier life<sup>8</sup>.

Food Services operators have caught on the trend and expanded their menus to offer healthier food choices like gluten-free, organic, or preservative-free food.



8. Huiqin, X. (2018) 'More options for health-conscious diners'. The Straits Times. Accessed from: <https://www.straitstimes.com/lifestyle/food/more-options-for-health-conscious-diners>

## Challenges in the Food Services industry

The Food Services industry operates in a highly competitive landscape but continues to remain profitable.

However, profit margins are likely to be compressed if revenues fail to keep up with the cost of manpower, rentals, and raw materials<sup>9</sup>.

To manage costs, Food Services operators are turning to digital solutions and disruptive technologies, such as Artificial Intelligence and drones.

Innovations like these can help enhance operational efficiency and provide a memorable dining experience for guests.

The proliferation of food delivery platforms has also enabled Food Services operators to adjust their operational capacity in real-time to reduce costs and maximise profits.

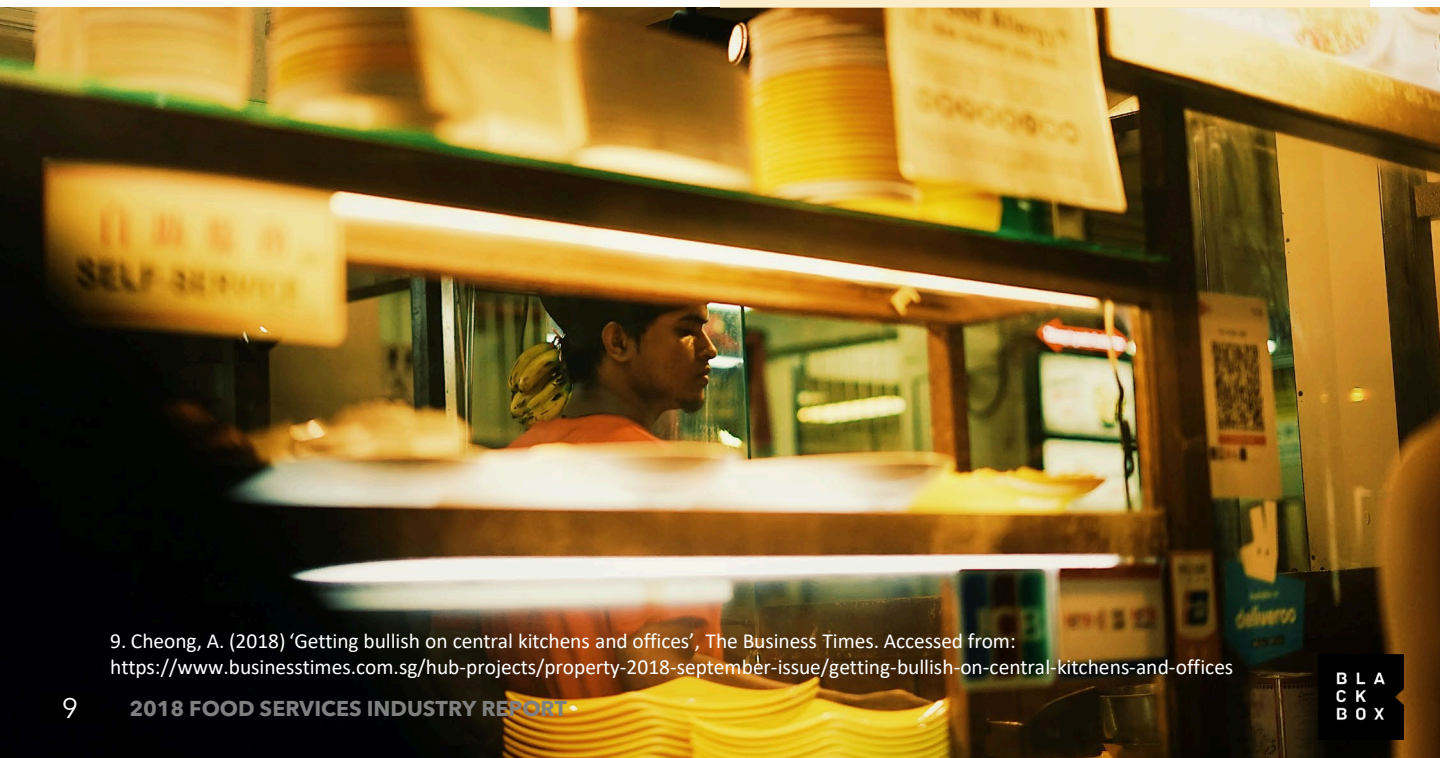
Food Services businesses also benefit from the marketing and promotional efforts, and the efficient online payment systems offered by food delivery platforms.

### Room for improvement:

From our study, we noticed that Food Services businesses were not optimising their business space, despite rising rental costs. On average, nearly a third of their available space was used for back-of-house operations (*please refer to page 24 for more details*).

By outsourcing some aspects of the food preparation process, Food Services operators can free up space to generate more revenue.

Investing in technology and automation to streamline back-of-house processes can also help businesses build a leaner workforce and improve productivity.



9. Cheong, A. (2018) 'Getting bullish on central kitchens and offices', The Business Times. Accessed from: <https://www.businesstimes.com.sg/hub-projects/property-2018-september-issue/getting-bullish-on-central-kitchens-and-offices>

# SETTING THE TABLE:

## ANNUAL SALES ACROSS THE FOOD SERVICES INDUSTRY

### Overview of the annual performance of the Food Services industry

2018 saw the continued growth of the Food Services industry as it grew from S\$10.1 billion to S\$10.3 billion<sup>10</sup> in sales value. All the sub-sectors within the industry grew, with restaurants, fast food, and caterers experiencing growth rates<sup>11</sup> between 5% and 6%. Year-on-year, the total sales value in the F&B industry increased from S\$886 million in December 2017 to an estimated S\$925 million in December 2018<sup>11</sup>.

While the market is still growing, Food Services operators are facing a new wave of challenges. Emerging trends such as healthy eating, social media engagement, and food aesthetics are shaping consumer demand<sup>11</sup>.

Diners are now more budget-savvy as they hunt for promotions, discounts, and group deals before making any purchase. Influencers and online ratings have become the key indicators of food quality, service and dining experience<sup>12</sup>.

Although the shifting business landscape has led to the closures of renowned brands such as three-star-Michelin restaurant Joel Robuchon<sup>13</sup>, and two-star-Michelin restaurant Andre, it has also presented opportunities for more middle-tier and limited-service restaurants to expand into new market segments.

10. Singstat. (2021) 'Value of Food and Beverage Sales (Based On 2017 = 100 Index = Estimated. Accessed from: <https://www.tablebuilder.singstat.gov.sg/publicfacing/createDataTable.action?refId=15528>

11. Smolokoff, A. (2021, October 6). *Social media impacts consumer eating decisions*. Food and Beverage Insider. <https://www.foodbeverageinsider.com/market-trends-analysis/social-media-impacts-consumer-eating-decisions>

12. Yeo, A. & Tan, D. (2019) 'Singapore Downstream F&B: Mass market F&B set to sizzle', DBS Research Group.

13. Danao, M. (2019) 'RIP Iconic F&B Places In Singapore'. Mustsharenews. Accessed from: <https://mustsharenews.com/food-and-beverage-singapore/>

The study revealed that dine-ins were still the key contributor to overall sales, making up for 66% of annual sales. Food deliveries contributed to 10% of annual sales, with delivery by 3<sup>rd</sup> party service providers and the Food Services operator's own fleet making up 7% and 3% of the sales, respectively.

## Percentage of annual sales by channels

**66%**  
Dine-In



**7%**  
Delivery by 3<sup>rd</sup> Party  
Service Provider



**3%**  
Delivery by Own  
Fleet



**18%**  
Takeaway



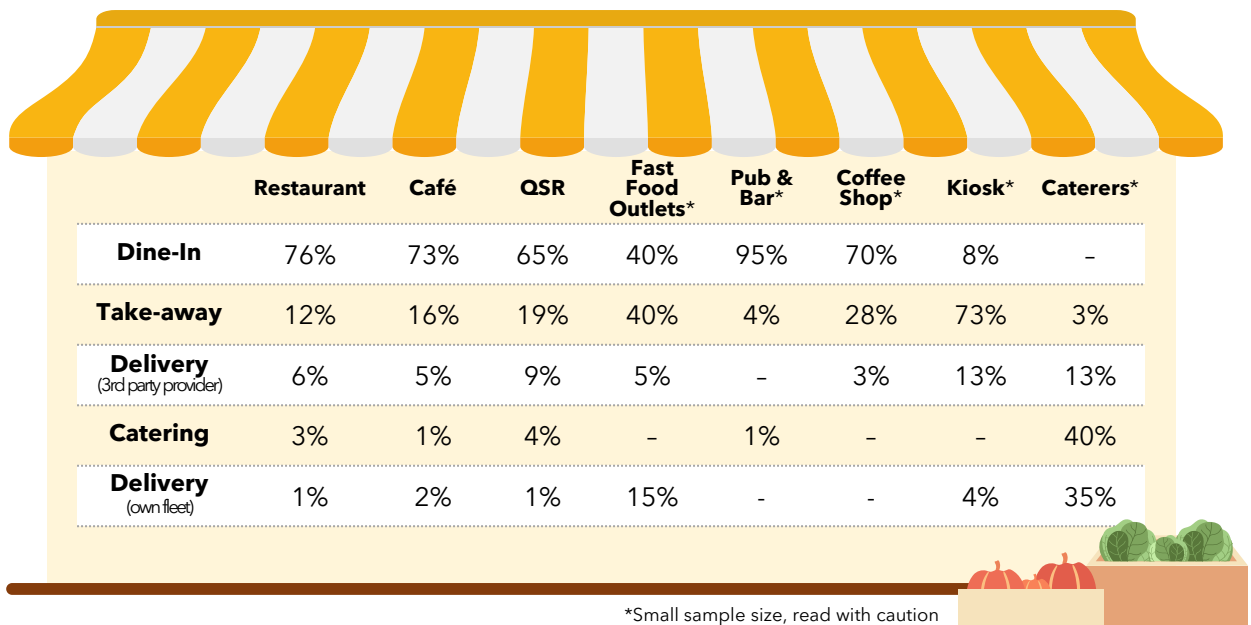
**4%**  
Catering



## Key sales channels by Food Services sub-sectors

Restaurants, cafés, quick-service restaurants, pubs and bars, and coffee shops rely heavily on dine-in revenue, which accounts for more than 60% of their total annual sales.

The importance of food delivery services could be observed in certain sub-sectors of Food Services operators, such as food kiosks and caterers.



	Restaurant	Café	QSR	Fast Food Outlets*	Pub & Bar*	Coffee Shop*	Kiosk*	Caterers*
<b>Dine-In</b>	76%	73%	65%	40%	95%	70%	8%	-
<b>Take-away</b>	12%	16%	19%	40%	4%	28%	73%	3%
<b>Delivery</b> (3rd party provider)	6%	5%	9%	5%	-	3%	13%	13%
<b>Catering</b>	3%	1%	4%	-	1%	-	-	40%
<b>Delivery</b> (own fleet)	1%	2%	1%	15%	-	-	4%	35%

\*Small sample size, read with caution

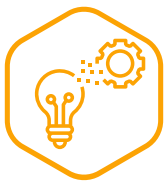
Consumers' dining habits have changed. Today, consumers can order food with a few taps on their smartphones and enjoy their meals without leaving the comfort of their homes.

In 2018, Frost & Sullivan estimated that the global food delivery market was worth US\$82 billion. In the same year, food delivery companies received more than US\$9.6 billion in funding, with close to 60% of the investment going to Asia. Regional heavyweights like Alibaba, Tiger Capital, and SoftBank Group are leading the investments into the food delivery market and optimistic about its growth potential.

The online food delivery industry continues to grow within an evolving landscape. To succeed, players would have to tackle multiple challenges. These include changing consumer habits, competition for real estate, operational efficiency, product offerings and branding, as well as potential regulatory obligations such as drivers' compensations.

The Covid-19 pandemic has dealt a hefty blow to the F&B industry. Based on SingStat's 2021 report, sales of restaurants and cafes, food courts & other eating places declined 33% and 17% respectively in 2020 as compared to 2019, with year-on-year declines of 69% and 43% respectively during the circuit breaker (CB) period when dining-in was not allowed<sup>14</sup>. Despite acute pressure, Food Services players remained resilient.

Here are the two key trends that have helped operators to emerge stronger:



### Digitalisation: Indispensable for survival

While Food Services operators understood the importance of going digital, many had not jumped on board. The pandemic made operators realise that digitalisation, innovation, and technology are critical to staying afloat in a crisis.



### Diversification: New ventures despite the challenges

To tide through the pandemic, several food service operators revamped their business model by venturing into other means of revenue. Operators adapted to the pandemic by presenting unique marketing tactics and online services, which would be beneficial even after the crisis tides over.



14. SingStat. (2021). Impact of COVID-19 on the Retail and Food & Beverage Services Sectors. Accessed from: <https://www.singstat.gov.sg/-/media/files/publications/industry/ssn121-pg1-5.pdf>

# DOLLARS AND CENTS:

## TAKING STOCK OF THE COST OF OPERATIONS

### Overview of the industry

Operating costs continued to be a major challenge for the Food Services industry. According to SingStat, labour and rent made up around 78% of the annual costs for Food Services providers in 2017<sup>15</sup>.

In 2018, many international brands, such as Costa Coffee, Joel Robuchon, and Wendy's exited Singapore, citing high rental and other operating costs as the key reasons<sup>13</sup>.

To tackle the challenges, Food Services operators need to embrace technology. In the years ahead, we are likely to see more operators adopting innovative technologies and digital solutions. AI-powered technologies, for example, would be able to streamline processes such as ordering, rostering, and stocking, in addition to increasing sales and elevating customer experiences<sup>16</sup>.

The Singapore government launched the Food Services Industry Transformation Map in 2016. With more government support, we can expect the Food Services industry to become more hi-tech and agile.

The success of Food Services operators depends on how well they can integrate technologies, digitalisation tools, and trends like sustainability to meet evolving market needs. By using an integrated approach, Food Services operators will be able to create more value and better products to stand out from the competition.

15. Singstat. (2018). 'Business Cost Structure Dashboard 2018'. Accessed from: [www.singstat.gov.sg/find-data/search-by-theme/industry/services/visualising-data/business-cost-structure-dashboard](http://www.singstat.gov.sg/find-data/search-by-theme/industry/services/visualising-data/business-cost-structure-dashboard)

16. Santos, K. (2018). 'Artificial Intelligence can help grow restaurant revenues "up to 30%", TabSquare says'. QSR Media. Accessed from: <https://qsrmedia.com.au/executive-insights/news/artificial-intelligence-can-help-grow-restaurant-revenues-30-tabsquare-says>

## Cost of operations across the Food Services industry

Based on the study, the top three components of operational costs - cost of goods sold (COGS), labour, and rent - comprised about 71% of the total cost of operations for Food Services companies<sup>17</sup>.

The cost of goods sold was a key cost factor, especially among cafés, pubs, and bars. Caterers and quick service restaurants reported the highest proportion of labour cost as a percentage of total sales.

### Operational costs as a percentage of total sales

Average percentage of costs as a proportion of total sales:

**29%**  
COGS

**24%**  
LABOUR

**18%**  
RENTAL

**29%**  
OTHERS



17. Ministry of Trade and Industry Singapore (MTIS). 'Economic Survey of Singapore 2017', MTIS. February 2018.

# A PERSONAL TOUCH:

## MAPPING THE WORKFORCE PROFILE

### Employee turnover rate in Singapore

Singapore companies often find it hard to retain their employees. According to a report by IDC and Workday, about 46% of employees in Singapore are likely to leave their jobs within a year<sup>18</sup>. This may be why some employers are reluctant to invest in their staff.

There can be significant repercussions if employers do not fulfil the training and development needs of employees. A LinkedIn survey found that more than 40% of employees in Singapore left their jobs because their employers did not provide enough learning and development opportunities<sup>19</sup>.

Employees are a company's most vital assets, so retaining them is fundamental to a business' success. The cost of employee turnover goes beyond dollars and cents. It also results in a loss of training time and productivity, which in turn leads to reduced efficiency and low employee morale<sup>20</sup>.

On the other hand, motivated employees and low turnover rates will further translate into better service quality and delivery. Singapore businesses, including Food Services operators, must thus strive for a high rate of employee retention.

#### Replacement Cost

Almost 33% of a new employee's salary spent to replace the worker<sup>20</sup>



#### Productivity Cost

Building team synergy with new recruits takes time<sup>20</sup>

#### Training Cost

Training new recruits can be costly, especially if external training courses are involved



COSTS OF EMPLOYEE TURNOVER

18. Workday. (2021) 'IDC Report: The Drive for the Digitally-Enable Workforce'. Accessed from: <https://www.workday.com/en-hk/pages/ig-idc-drive-for-digitally-enabled-workforce.html>  
19. Lim, J. (2019) 'More than 40% of Singapore workers quit job due to lack of skills training: Survey'. TODAY. Accessed from: <https://www.todayonline.com/singapore/more-40-singapore-workers-quit-job-due-lack-skills-training-survey>  
20. Sears, L. (2017) '2017 Retention Report: Trends, Reasons & Recommendations', Work Institute. Accessed from: <https://cdn2.hubspot.net/hubfs/478187/2017%20Retention%20Report%20Campaign/Work%20Institute%202017%20-%20Retention%20Report.pdf>

## Yearly staff turnover rate across Food Services providers

### Yearly Turnover:

**65%** ● Up to 10%

**31%** ● >10% to 30%

**5%** ● More than 30%



The Food Services industry is a labour-intensive one that relies on the human touch of employees. The tough demands of the industry contribute to the high employee turnover rates and persistent manpower shortage. Under these circumstances, it can be challenging to maintain consistently high standards of service and food quality.

Long working hours and shift work arrangements are common in the industry. According to the Ministry of Manpower, almost 70% of workers in the industry work more than 35 hours a week<sup>21</sup>.

The study found that 65% of Food Services operators experienced annual staff turnover rates of up to 10%. About one-third (31%) saw turnover rates ranging from more than 10% to 30%. A small proportion (5%) of operators, however, saw high turnover rates of more than 30%.

Across the different types of Food Services providers, restaurants, quick service restaurants, and cafes reported similar staff turnover rates. More than half of them reported a yearly staff turnover rate of up to 10% while 30-45% saw a staff turnover rate of more than 10%.

	Restaurant	Café	QSR	Fast Food Outlets*	Pub & Bar*	Coffee Shop*	Kiosk*	Caterers*
<b>Up to 10%</b>	65%	58%	64%	50%	57%	80%	75%	50%
<b>&gt;10% to 30%</b>	31%	35%	36%	50%	43%	20%	25%	50%
<b>&gt; 30%</b>	5%	8%	-	-	-	-	-	-

\*Small sample size, read with caution

21. Ministry of Manpower (MoM). (2020) 'Labour Force in Singapore 2020'. Accessed from: [https://stats.mom.gov.sg/iMAS\\_PdfLibrary/mrsd\\_2020LabourForce.pdf](https://stats.mom.gov.sg/iMAS_PdfLibrary/mrsd_2020LabourForce.pdf)

## Overview of the workforce profile in the Food Services industry

The increase in the number of Food Services establishments in 2018<sup>5</sup> has led to greater demand for manpower within the Food Services industry. One way Food Services operators can circumvent manpower shortage is to include more part-time employees in their teams. Employers may think that part-time workers are not as committed as full-time ones, but part-timers are not necessarily bad news for productivity. They enable Food Services operators to adjust their manpower allocation to cater to peak and lull periods.

To motivate and engage their part-time employees, Food Services operators can implement several strategies to make them feel more valued:

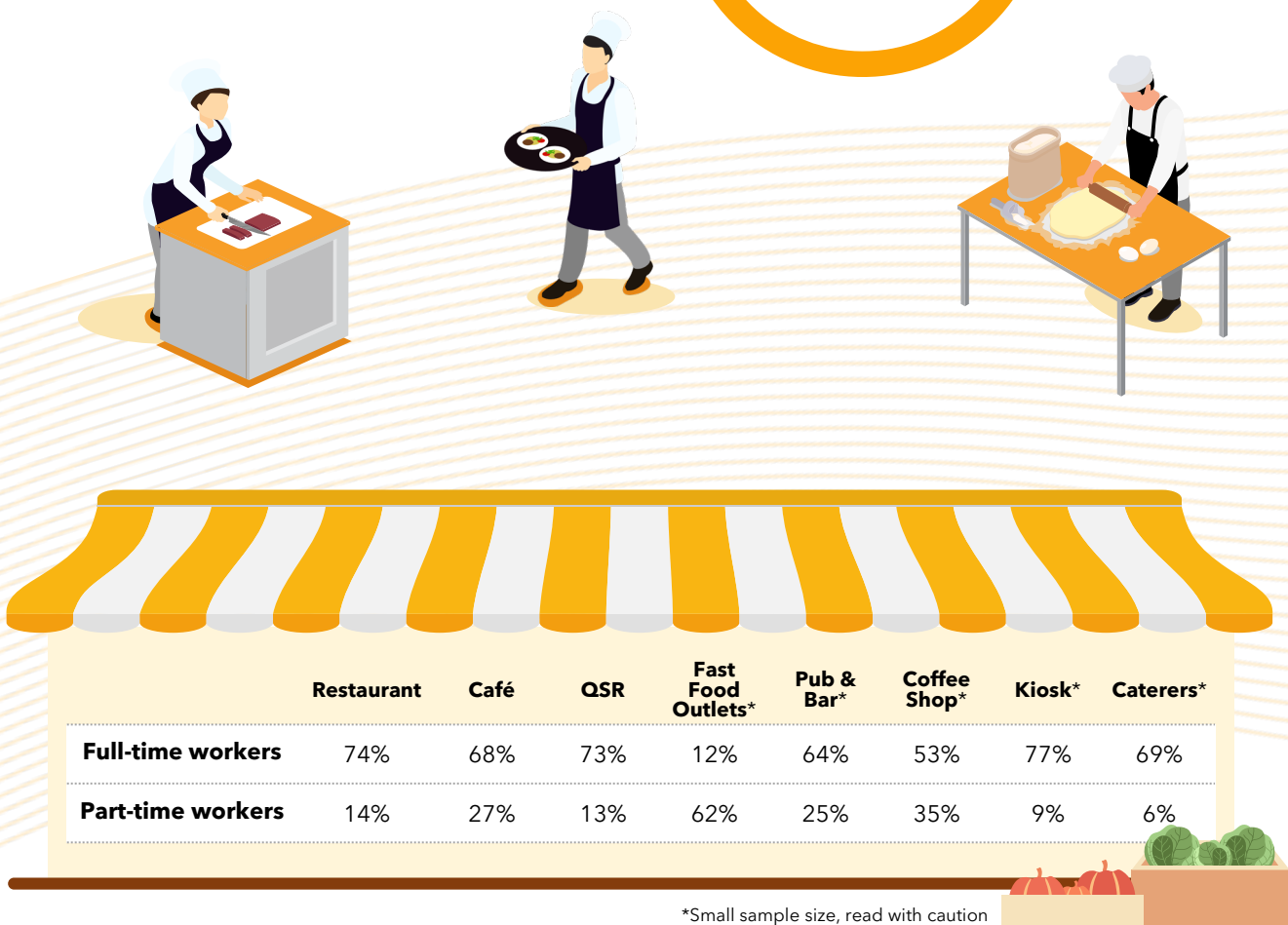
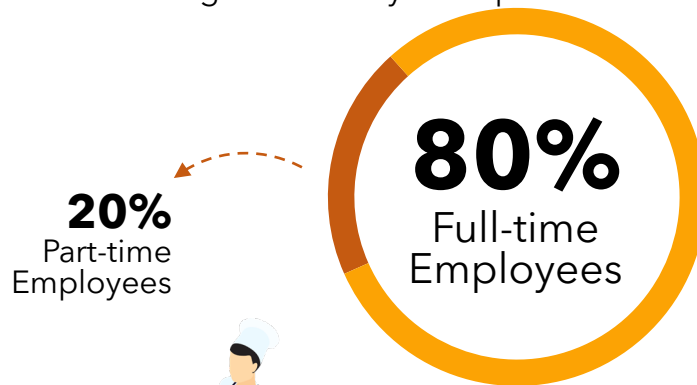


5. Statista. (2021) 'Number of food and beverage establishments in Singapore from 2010 to 2019'. Accessed from: <https://www-statista-com/statistics/1241463/number-of-food-and-beverages-establishments-in-singapore/>

## Proportion of full-time & part-time workforce

According to the survey, around 20% of workers in the Food Services industry were part-time workers. The proportion of part-time workers was highest in fast food outlets and coffee shops. Amid rising wages and manpower shortage, hiring part-time workers is a way to manage costs and supplement the workforce.

At the same time, part-timers enable Food Services operators to plan manpower around fluctuations in footfall throughout the day and optimise resources.



## Changing workforce demographics

Singapore faces an ageing population as life expectancy continues to rise. It is projected that by 2030, 900,000 Singaporeans will be 65 years old and older, representing a quarter of all Singaporeans<sup>22</sup>.

Singapore's workforce is also becoming older. By 2030, the nation will see a 55% increase in workers aged 50 and above. These older workers are expected to make up 40% of the workforce<sup>23</sup>.

Thus, there is a pressing need for Food Services operators to streamline their work processes and redesign job roles to attract and retain mature workers who will make up the bulk of Singapore's future workforce.

## Ageing workforce in Singapore

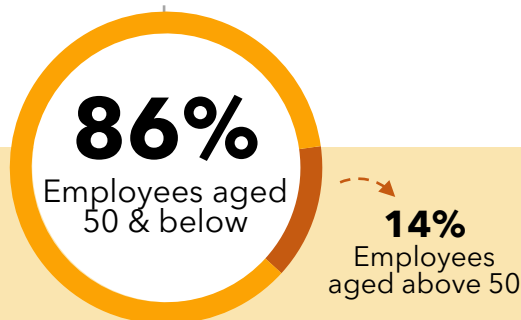
By **2030** • **25%** of Singaporeans will be **65 years old** and older



• **55%** increase in workers **over 50 years old**



• **40%** of the workforce will consist of workers **over 50 years old**



Across Food Services industry:

	Aged 50 & below	Aged above 50
<b>Restaurant</b>	89%	11%
<b>Café</b>	96%	4%
<b>QSR</b>	86%	14%
<b>Fast Food Outlet*</b>	75%	25%
<b>Pub &amp; Bar*</b>	90%	10%
<b>Coffee Shop*</b>	88%	12%
<b>Kiosk*</b>	87%	13%
<b>Caterer*</b>	76%	24%

\*Small sample size, read with caution

## Proportion of older workers

The survey found that in 2018, 14% of the workers in the Food Services industry were above the age of 50. Fast food outlets and caterers reported a higher proportion of workers over 50 years old. As the proportion of older workers continues to grow in the future, the Food Services industry will need to explore ways to enhance the productivity of its workforce through the use of technology and automation.

22. Vaithianathan, R & Hoskins, S. (2017) 'Retirement Adequacy of Mature Workers in Singapore', *Research Collection School Of Economics*, pp.1-19.  
 23. Tan, J., Yulianti, & Viet, P.H. (2017) 'Aging Workforce: Cost and Productivity Challenges of Ill Health in Singapore', *Marsh & McLennan Companies: Asia Pacific Risk Center*.

## Average sales per employee

### Average annual sales per employee

<b>Industry Average</b>	<b>\$86,407</b>
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The Food Services industry plays a vital role in Singapore's economy, serving the local population as well as visitors to the island state. Our study found that in 2018, the average annual sales per employee across the Food Services industry was \$86,407.

A shortage of foreign labour, an ageing workforce, and fierce competition for younger workers have resulted in a chronic manpower crunch in the Food Services industry.

Hence, the Food Services industry must look into making the most of its existing workforce. Besides using digital solutions to reduce manpower, Food Services providers should also redesign job roles to cater to the needs of older workers, and attract younger staff to join and stay in the industry.



### Businesses can refer to the following Easy 4-Steps Guide to redesign job roles:

**Discover** the company's business needs and review existing processes to uncover gaps and opportunities.

**Define** the job roles to redesign.

**Develop** solutions and apply appropriate job redesign methods to the job roles.

**Deliver** on your goals by communicating your plans to your staff and develop training plans to fill gaps in skills and competencies.



# GETTING PRACTICAL:

## OPTIMISATION OF SPACE AND PROCESSES

### Overview of usage of space in the Food Services industry

Singapore is a melting pot of diverse cultures and cuisines. Against the backdrop of a rich culinary landscape, various cuisines and Food Services concepts have gained acceptance in Singapore.

The growing food culture has unlocked opportunities for Food Services providers to offer unique and high-quality food.

With the ever-growing demand for Food Services, operators are streamlining their work processes, adopting technology and automation, or redesigning back-of-house job roles.

Streamlined operations help businesses to improve efficiency and productivity.

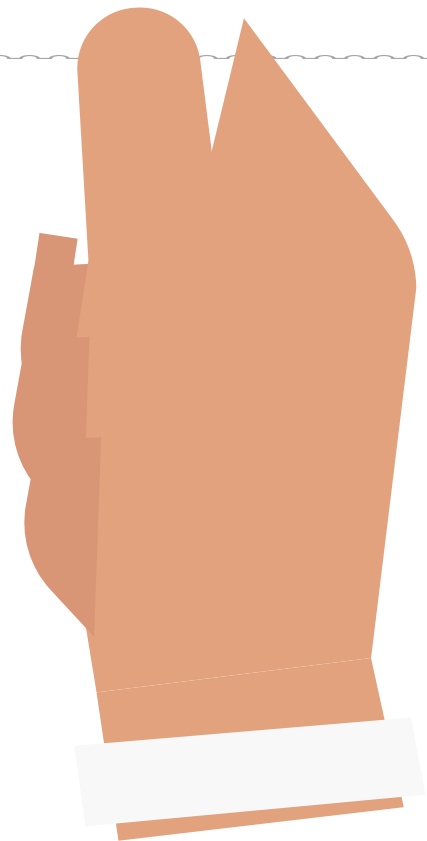
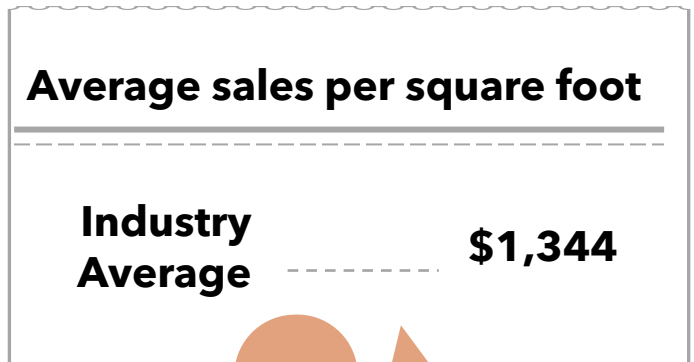
## Usage of space

Food Services operators need to run an efficient restaurant while providing guests with a memorable service experience. Given the high rental costs and the labour crunch faced by the Food Services industry, it is essential for Food Services providers to optimise the use of available business space and utilise front- and back-of-house spaces more efficiently.

This can be done by adjusting the space distribution between the front- and back-of-house sections within Food Services establishments, and by reducing kitchen processes.

Our study found that in 2018, Food Services providers used nearly a third of their available space for back-of-house purposes.

The study showed that in 2018, the average sales per square foot of business space across the Food Services industry was \$1,344 per square foot. Pubs and bars reported the highest average sales per square foot at \$3,412 while coffee shops have the lowest average sales at \$114 per square foot.



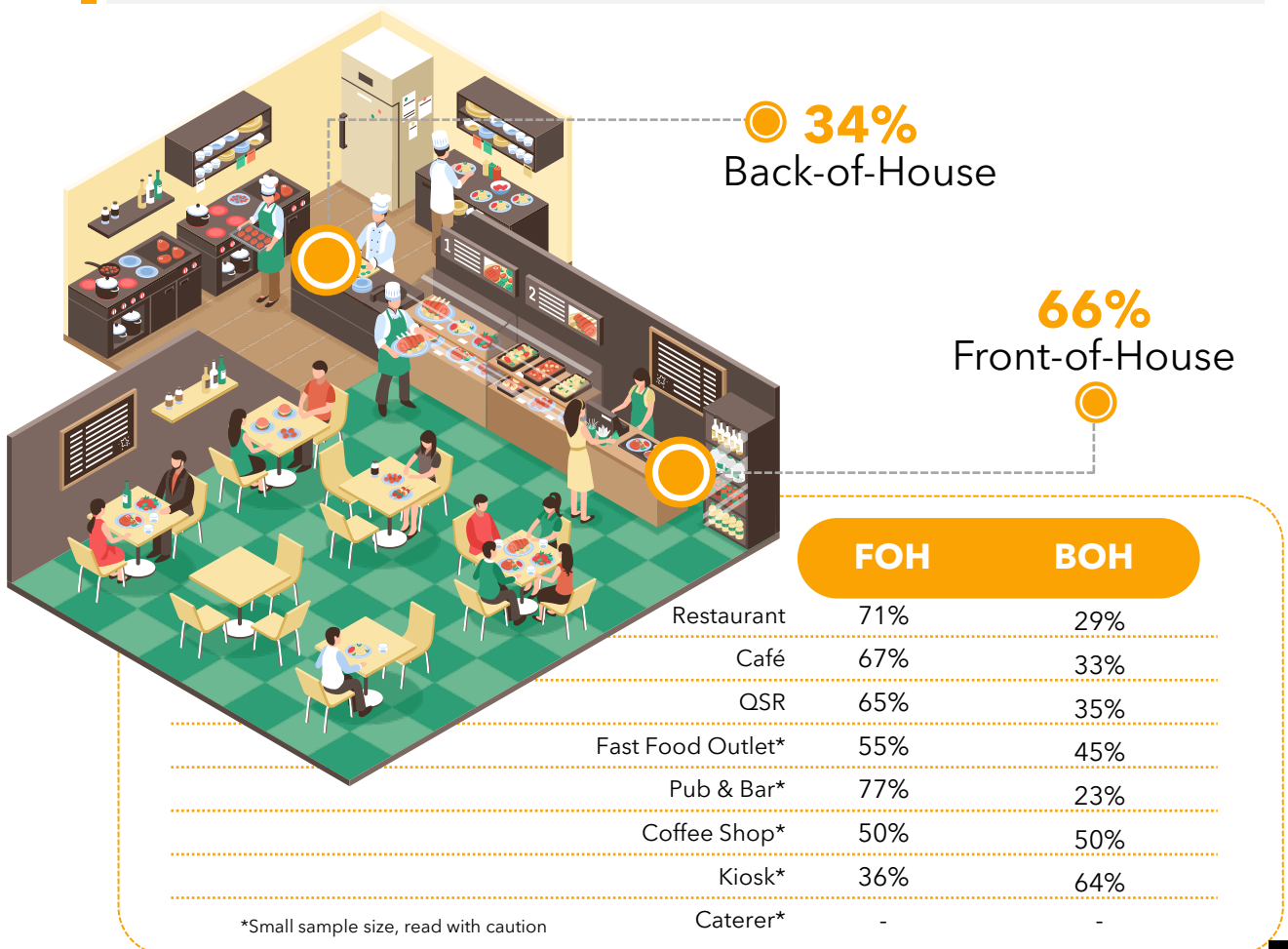
## Space optimisation for Front-of-House

The Covid-19 pandemic has disrupted the Food Services industry and alerted businesses to the need for digital transformation. For many operators, improving front-of-house efficiency and customer experience are now top of mind. Restaurant technology can help operators stand out from the competition and run their operations more efficiently. Some technology solutions include:

- online ordering systems and delivery apps
- contactless payment systems
- online reservation systems
- automated inventory management systems
- QR codes for customers to access menus, ordering, and payment systems online

With the help of restaurant technology to optimise daily operations, Food Services providers will have more time and energy to focus on enhancing customer experience; be it delighting guests with delicious food or winning them over with memorable face-to-face or online service experiences.

### Distribution of space in Front-of-House (FOH) and Back-of-House (BOH)



## Use of central kitchen across Food Services industry

**10%**  
of Food Services operators  
utilised central  
kitchens

- 10% Restaurant
- 12% QSR
- 3% Café
- 0% Fast Food Outlet\*
- 14% Pub & Bar\*
- 0% Coffee Shop\*
- 0% Kiosk\*
- 75% Caterer\*

\*Small sample size, read with caution

The study shows that only 10% of the Food Services operators had a central kitchen in 2018.

The use of central kitchen was mainly observed among caterers, pubs and bars, restaurants, and QSR outlets. Larger companies, such as Select Group, Tunglok, and BreadTalk have invested in central kitchens to drive growth and maximise their operational capacities.

We anticipate the rise of cloud kitchens to be another promising trend for the Food Services industry, boosted by the increase in demand for new food concepts and the support of food delivery platforms.

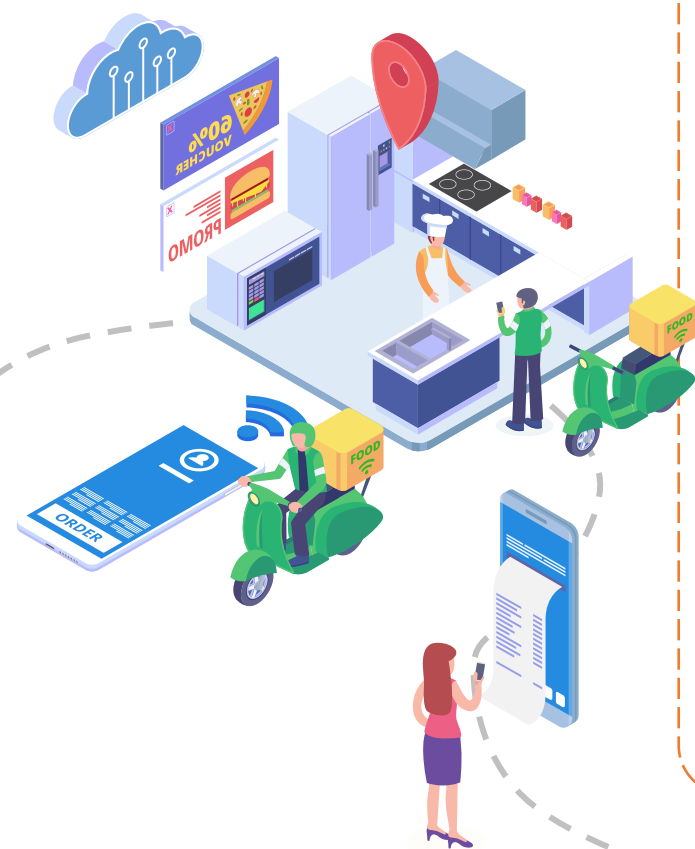
Cloud kitchens can help businesses reduce costs, boost efficiency, and cut down on labour requirements.

### Cloud kitchens

The rise of cloud kitchens allow Food Services providers to utilise shared infrastructure without the need for high capital or manpower investment.

Cloud kitchens offer a way for Food Services operators, particularly smaller players, to expand their reach without the cost of maintaining a store.

Thanks to the low start-up costs and manpower requirement, cloud kitchens are likely to become more popular with new Food Services providers. With cloud kitchens, F&B startups can test their concepts and access a wider pool of consumers more easily.



# CONCLUSION:

## THE WAY FORWARD

### Sectoral changes in Food Services industry

The Food Services industry is shifting towards concepts that focus on convenience and self-service in response to increasing labour and rental costs and technological developments.

Technological integration and the emergence of more online delivery platforms have made ordering food more convenient for consumers.

The volatile market conditions and high operating costs have also led to the exit of several high-end Michelin-starred restaurants from Singapore. To reduce their dependence on manpower, more Food Services businesses will make technology a central tenet of their operations. Although the Food Services sector is a costly space to operate in, new brands, products, and concepts continue to enter the market.

Larger Food Services enterprises can manage manpower costs with technological and productivity initiatives; while SMEs can utilise their business space more efficiently through the use of central kitchens along with technological integration. Despite the myriad of operational costs, food service enterprises can remain in the green and profitable with the right products, good food quality and cost structure.

### Technology and tools for business optimisation



**Adopt** online ordering systems & delivery platforms



**Build** contactless payment systems



**Automate** processes, i.e. adoption of inventory management tools

# CONCLUSION:

## THE WAY FORWARD

### Workforce changes in Food Services industry

Our study found that the average value-add per employee for the Food Services industry was \$37,248 in 2018, while the national average for all industries in Singapore was \$150,021. Food Services providers need to boost their competitiveness and enhance the agility of their workforce in the long run.

A key approach to doing so is job redesign. Job redesign aims to create job roles with an optimal mix of tasks to enhance efficiency and productivity.

Job redesign takes mainly two forms:

- enhancing existing job roles
- creating new job roles

While job redesign is a familiar concept, using a structured way to redesign jobs is relatively new. Businesses can structure their job redesign process more effectively by examining four interdependent factors:

- **organisational strategy and structure**
- **processes and tasks**
- **technology**
- **people**

### Average value-add per employee

<b>Industry Average</b>	-----	<b>\$37,248</b>
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The Singapore Productivity Centre (SGPC) is a one-stop competency and resource centre supported by Enterprise Singapore (formerly SPRING Singapore) and is a wholly owned subsidiary of Singapore Productivity Association (SGPA).

With a focus on the retail, food services and hotel sectors, SGPC's vision is to be the go-to experts for enterprise excellence, playing leading roles to guide small and medium-sized enterprises (SMEs) in creating a roadmap for growth.

SGPC provides a comprehensive range of services and programmes including in-depth productivity consultancy, workshops, study missions, benchmarking for best practices and industry insights.

Through its expertise and services, SGPC helps enterprises to be future-ready in and beyond Singapore by creating value through innovation, productivity improvement and capability building.

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