

# ECONOMIC SURVEYS SERIES

Reference Year 2008

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## Introduction

The Singapore Department of Statistics conducts an annual survey on the services industries to collect a wide range of data for studies and analyses. The first survey on the services industries was conducted in 1968 for the reference year 1967 and subsequently at regular intervals. Since 1984, the inquiry was carried out on an annual basis.

The latest survey was carried out in 2009 for reference year 2008. This year, the reports will focus on several services industries of importance to the Singapore economy. This report on *Food & Beverage Services* is the Department's second issue in the series. A final consolidated report on *The Services Sector* will provide a comprehensive performance review of the services sector.

To date, the two reports which have been released are as follows:

*Health Services*

*Food and Beverage Services*

The remaining reports on the various industries and the consolidated report scheduled for release are as follows:

*Information and Communications Services*

*Retail Trade*

*Transport and Storage Services*

*Wholesale Trade*

*The Services Sector*

# FOOD & BEVERAGE SERVICES

<i>Key Indicators</i>			
		<u>2007</u>	<u>2008</u>
<i>Establishments</i>	↑ 12.4%	5,286	5,939
<i>Employment</i>	↑ 5.4%	78,324	82,551
<i>Operating Receipts</i>	↑ 8.5%	\$5,118 mil	\$5,555 mil
<i>Operating Expenditure</i>	↑ 8.6%	\$4,912 mil	\$5,335 mil
<i>Operating Surplus</i>	↑ 8.2%	\$363 mil	\$393 mil
<i>Value Added</i>	↑ 7.7%	\$1,773 mil	\$1,910 mil

In 2008, the food & beverage (F&B) services industry comprised about 5,900 establishments, an expansion of 12.4 per cent compared with 2007. The industry employed some 82,600 workers, or about 14 workers per establishment on average.

## I. ECONOMIC PERFORMANCE

**Total operating receipts** in the F&B services industry increased by 8.5 per cent to \$5,555 million in 2008. On a per establishment basis, however, operating receipts decreased by 3.4 per cent to \$935,400 in 2008.

**Total operating expenditure** incurred was \$5,335 million in 2008, 8.6 per cent higher compared with the previous year. The F&B services industry incurred \$1,863 million on the purchases of food and beverages for sale,

and \$1,476 million on staff remuneration. The operating expenditure per establishment stood at \$898,300 in 2008.

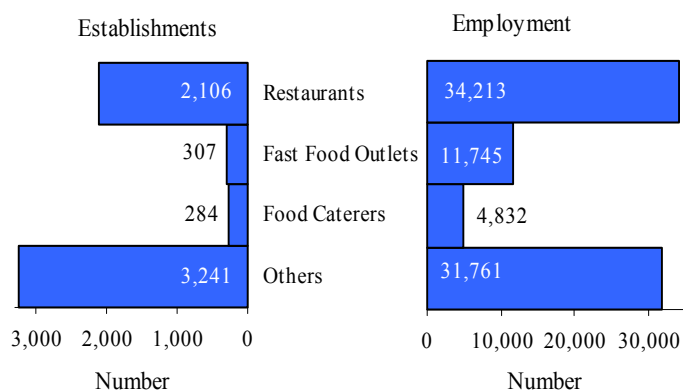
**Total operating surplus** increased from \$363 million in 2007 to \$393 million in 2008, registering a growth of 8.2 per cent. Operating surplus per establishment decreased by 3.6 per cent to \$66,200 in 2008.

**Total value added** recorded by F&B services industry was \$1,910 million in 2008, an increase of 7.7 per cent over 2007. On a per establishment basis, value added decreased by 4.1 per cent to \$321,600 in 2008.

## II. MAIN ACTIVITIES IN FOOD & BEVERAGE SERVICES

Restaurants formed the largest group, accounting for 35.5 per cent of the total establishments in the food & beverage services in 2008. They employed about 34,200 workers or 41.4 per cent of the total F&B workforce (Chart 1).

*Chart 1 – Establishments & Employment, 2008*

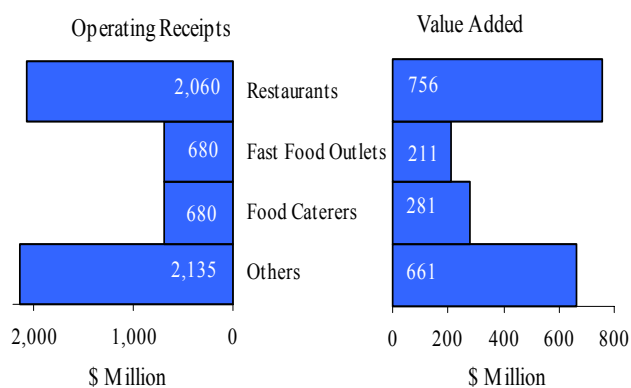


# FOOD & BEVERAGE SERVICES

On a per establishment basis, fast food outlets employed an average of 38 workers and 31 of them were part-time employees. Restaurants and food caterers employed an average of 16 and 17 workers respectively on a per establishment basis.

Total operating receipts and value added of the restaurants stood at \$2,060 million and \$756 million respectively in 2008 (Chart 2). They accounted for 37.1 per cent of operating receipts and 39.6 per cent of value added for the overall F&B services industry. Fast food outlets registered increases of 8.6 per cent in turnover and 11.2 per cent in value added over the previous year. Turnover of food caterers rose by 6.3 per cent to \$680 million in 2008, while value added at \$281 million was comparable to 2007.

**Chart 2 – Operating Receipts & Value Added, 2008**



Purchases of food & beverages and remuneration were the top two business cost items for all F&B services groups in 2008. For the various sectors within the F&B services, these two expenses accounted jointly for 53 per cent to 65 per cent of total operating expenses in the respective sectors (Table 1). Rental payment was the third largest cost item for all F&B services groups except food caterers.

**Table 1 : Main Business Costs, 2008**

F&B Services	Cost Type and % Share				
	1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>	5 <sup>th</sup>
Restaurants	Purchase 33.5	Rem 31.2	Rental 15.3	Utilities 4.2	Dep 3.6
Fast Food Outlets	Purchase 28.6	Rem 24.5	Rental 21.3	Royalties 4.7	Utilities 4.5
Food Caterers	Purchase 34.2	Rem 26.5	Royalties 9.8	Subcontract 4.6	Rental 4.2
Others	Purchase 38.5	Rem 25.6	Rental 16.0	Utilities 4.2	Dep 2.9

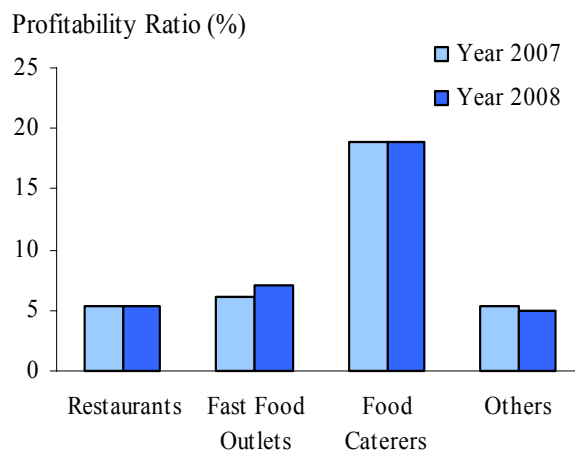
Notations

- Dep : Depreciation
- Purchase : Purchases of food & beverages for sale
- Rem : Remuneration
- Rental : Renting of offices, shops & other premises
- Royalties : Royalties / franchise & management fees
- Subcontract : Subcontract charges / work given out
- Utilities : Utilities charges

### III. KEY PERFORMANCE RATIOS

**Profitability Ratio** for overall F&B services remained at 7.1 per cent in 2008. Food caterers recorded the highest profitability ratio of 18.8 per cent among all sectors in 2008 (Chart 3). The profitability ratios of restaurants and fast food outlets were at 5.3 per cent and 7.1 per cent respectively.

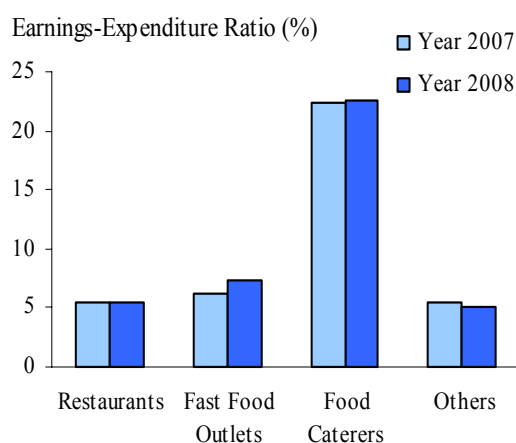
**Chart 3 – Profitability Ratio, 2007 & 2008**



# FOOD & BEVERAGE SERVICES

**Earnings-Expenditure Ratio** for overall F&B services remained at 7.4 per cent in 2008. Among the F&B services industry, food caterers registered the highest earnings-expenditure ratio of 22.4 per cent in 2008 (Chart 4). The ratios ranged from 5.1 per cent to 7.4 per cent for the other sectors.

*Chart 4 – Earnings-Expenditure Ratio, 2007 & 2008*



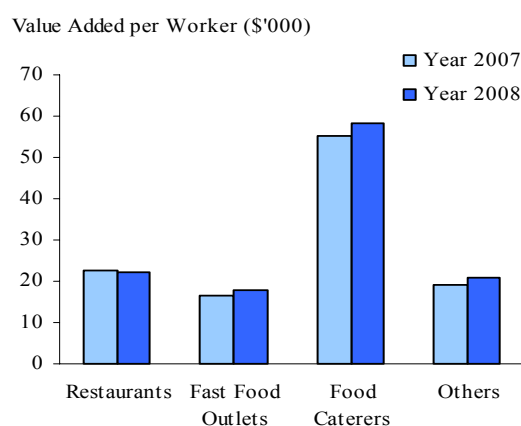
**Average Annual Remuneration per Employee** was \$18,200 for the F&B services industry in 2008. The average annual remuneration per employee was the highest for food caterers at \$31,700 in 2008 (Table 2). In contrast, fast food outlets which employed a large number of part-timers, had an average remuneration of \$13,700.

*Table 2 : Average Annual Remuneration per Employee, 2007 & 2008*

F&B Services	2007 (\$'000)	2008 (\$'000)	Change (%)
Restaurants	19.4	18.7	-3.6
Fast Food Outlets	13.2	13.7	3.8
Food Caterers	31.7	31.7	0.0
Others	15.9	17.3	8.8

**Value Added per Worker** was \$23,100 for overall F&B services in 2008. Within the industry, food caterers generated the highest average value added per worker of \$58,100 (Chart 5) in 2008, an increase of 5.4 per cent compared to 2007. The other three groups recorded value added per worker of \$18,000 to \$22,100.

*Chart 5 – Value Added per Worker, 2007 & 2008*



## IV. PERFORMANCE BY FIRM SIZE

99.3 per cent of F&B establishments were small and medium firms with employment size less than 100 workers in 2008 (Table 3). These small and medium firms contributed 82.7 per cent and 79.6 per cent of operating receipts and value added of the industry respectively.

*Table 3 : Establishments, Operating Receipts & Value Added by Firm Size, 2008*

Employment Size	Establishments (Number)	Operating Receipts (\$ Million)	Value Added (\$ Million)
Less than 10	3,458	1,336	352
10 – 99	2,440	3,261	1,169
100 & above	40	958	389

*The publication on “Food & Beverage Services” containing more detailed statistical tables will be released in 4<sup>th</sup> Quarter 2009.*

# FOOD & BEVERAGE SERVICES

## Summary Tables

### Key Indicators of Food & Beverage Services, 2006-2008

F&B Services	Establishments (Number)			Employment (Number)			Operating Receipts (\$ Million)		
	2006	2007	2008	2006	2007	2008	2006	2007	2008
Total F&B Services	4,927	5,286	5,939	75,000	78,324	82,551	4,646	5,118	5,555
Restaurants	1,506	1,779	2,106	31,630	32,913	34,213	1,835	1,927	2,060
Fast Food Outlets	311	316	307	11,216	11,338	11,745	577	626	680
Food Caterers	227	255	284	5,156	5,091	4,832	607	640	680
Others	2,883	2,936	3,241	26,999	28,982	31,761	1,627	1,926	2,135

F&B Services	Operating Expenditure (\$ Million)			Operating Surplus (\$ Million)			Value Added (\$ Million)		
	2006	2007	2008	2006	2007	2008	2006	2007	2008
Total F&B Services	4,464	4,912	5,335	323	363	393	1,601	1,773	1,910
Restaurants	1,784	1,876	2,022	95	103	110	691	749	756
Fast Food Outlets	569	611	655	31	38	48	164	190	211
Food Caterers	525	537	568	103	120	128	262	281	281
Others	1,586	1,888	2,090	94	102	107	484	554	661

### Key Indicators of Food & Beverage Services by Employment Size of Firm, 2008

Employment Size	Establishments (Number)	Employment (Number)	Operating Receipts (\$ Million)
All Categories	5,939	82,551	5,555
Less than 10 persons	3,458	17,741	1,336
10 to 99 persons	2,440	55,123	3,261
100 persons & above	40	9,687	958

Employment Size	Operating Expenditure (\$ Million)	Operating Surplus (\$ Million)	Value Added (\$ Million)
All Categories	5,335	393	1,910
Less than 10 persons	1,353	14	352
10 to 99 persons	3,089	260	1,169
100 persons & above	893	119	389

## FOOD & BEVERAGE SERVICES

### Key Indicators of Food & Beverage Services by Size of Operating Receipts of Firm, 2008

Size of Operating Receipts	Establishments (Number)	Employment (Number)	Operating Receipts (\$ Million)
All Categories	5,939	82,551	5,555
Less than \$200,000	1,520	4,182	202
\$200,000 to \$999,999	3,385	37,710	2,023
\$1,000,000 to \$1,999,999	556	12,476	808
\$2,000,000 to \$4,999,999	392	16,597	1,186
\$5,000,000 & above	85	11,587	1,335

Size of Operating Receipts	Operating Expenditure (\$ Million)	Operating Surplus (\$ Million)	Value Added (\$ Million)
All Categories	5,335	393	1,910
Less than \$200,000	241	-36	13
\$200,000 to \$999,999	2,010	70	680
\$1,000,000 to \$1,999,999	779	50	261
\$2,000,000 to \$4,999,999	1,105	113	414
\$5,000,000 & above	1,200	197	542

Note:

1. Data for 2008 are preliminary.
2. Industries are classified according to the Singapore Standard Industrial Classification (SSIC) 2005.
3. Figures may not add up to the total due to rounding.

# FOOD & BEVERAGE SERVICES

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## *Explanatory Note*

The food & beverage services industry, though small, forms an integral part of Singapore's economy. Besides catering to local consumption, it is also a vital component of the tourism industry.

Food & beverage services comprise establishments engaged in the sale of prepared food and drinks for immediate consumption. The various types of food and beverages services are:

### **Restaurants**

#### **Fast food restaurants**

#### **Food caterers**

#### **Others**

Cafes, coffee houses and snack bars (including lunch counters and refreshment stands); foodcourts, coffee shops and eating houses (with mainly food & beverage income)

Canteens

Pubs (including bars)

Restaurants, bars and canteens nec<sup>1</sup>

<sup>1</sup> Not elsewhere classified

Hawkers and stall-holders which are not registered with the Accounting & Corporate Regulatory Authority (ACRA) are excluded. Also excluded from the group are eating and drinking places which operate in connection with the provision of lodging.

The data presented in this report were compiled from the results of the *Catering Survey 2008*. The objective of the survey is to gather information on Singapore's food & beverage services to enable in-depth analyses and understanding of the performance, structure and profile of this industry. The data and analytical findings are used extensively for the compilation of national accounts, input-output tables and other related studies. In addition, the results are frequently used by policy makers, economic planners and academicians, the business community and researchers in their work.

# FOOD & BEVERAGE SERVICES

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## *Definition of Terms*

Establishment	Defined as a business or organisation unit engaged in one activity and operating in a single location.
Employment	Refers to paid employees, working directors, working proprietors/partners and unpaid family workers. It includes those temporarily away on medical or casual leave.
Employees	Employment excluding working proprietors and partners.
Operating Receipts	Includes those arising from services rendered, commission charges, sale of goods, rental of premises, machinery and equipment and head office remittance for current expenses.
Operating Expenditure	Refers to all current expenses (except capital expenditure) connected to the business operations such as purchases of goods and services and remuneration. It includes depreciation and adjustment for changes in stocks.
Operating Surplus	Refers to the amount of operating receipts less operating expenditure plus depreciation of fixed assets.
Value Added (At Basic Price)	Comprises the value of operating surplus, remuneration and indirect taxes. The impact of taxes including Goods & Services Tax (and subsidies) on products is removed.
Remuneration	Comprises wages and salaries, employers' contribution to Central Provident Fund/pension funds and other benefits of all employees as well as fees paid to non-working directors.
Depreciation	The value, at current replacement cost, of reproducible fixed assets such as buildings, plants and machinery used during a period of time as a result of normal wear and tear, foreseen obsolescence and the normal rate of accidental damage.
Profitability Ratio	Defined as the ratio of operating surplus to operating receipts. It shows the proportion of operating receipts that is converted to profits.
Earnings-Expenditure Ratio	Defined as the ratio of operating surplus to operating expenditure.