

FOOD & BEVERAGE SERVICES

OVERVIEW

The food & beverage services sector shrank by 1.5 per cent year-on-year in the fourth quarter of 2021, extending the 4.1 per cent contraction in the previous quarter.

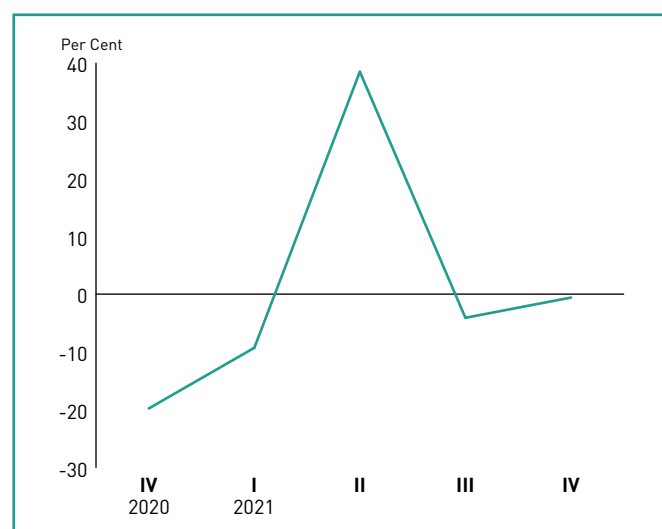
For the whole of 2021, the sector grew by 3.0 per cent, a turnaround from the 28.6 per cent contraction in 2020.

FOOD & BEVERAGE SALES

Overall food & beverage sales volume fell by 0.6 per cent year-on-year in the fourth quarter, easing from the 4.1 per cent decline in the preceding quarter (Exhibit 6.17). The decline in sales volume came on the back of tighter restrictions under the Stabilisation Phase, compared to restrictions under Phase 2 of the re-opening of the economy in the fourth quarter of 2020⁷, to contain the spread of COVID-19. This resulted in a decline in the sales volume of restaurants (-6.4 per cent). On the other hand, segments such as fast food outlets (1.1 per cent) and cafes, food courts & other eating places (2.8 per cent) saw modest increases in sales volumes. The food caterers segment (41.5 per cent) saw strong growth due to low base effects and a nascent recovery in weddings and MICE events. Relative to the same period in 2019, the sale volume in the food caterers segment remained 64.9 per cent lower.

For the whole of 2021, the food & beverage services index grew by 2.5 per cent. This was a reversal of the 26.1 per cent decline recorded in 2020. However, the food & beverage sales volume continued to be weighed down by weak demand caused by the COVID-19 pandemic and attendant public health measures implemented to contain the pandemic (e.g., border restrictions, Phase 2 (Heightened Alert), safe distancing measures and capacity constraints). As such, compared to 2019, overall food & beverage sales volumes remained 24.3 per cent lower in 2021. At the segment level, the sales volumes of restaurants (-0.2 per cent) and food caterers (-33.3 per cent) declined, while that of fast food outlets (8.4 per cent) and cafes, food courts & other eating places (9.0 per cent) rose in 2021.

Exhibit 6.17: Changes in Food and Beverage Services Index in Chained Volume Terms



⁷ For instance, from 1 October to 9 November 2021, dine-in group sizes were restricted to no more than two vaccinated persons. By contrast, during Phase 2 of the re-opening of the economy in 2020, dine-in group sizes were restricted to no more than five people, regardless of vaccination status.