



Quick Service Restaurants Sector Skills Summary

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Hinonga Kōkiri Head Start Project

The Hinonga Kōkiri / Head Start Project is an initiative from ServicelQ that brings together service sector stakeholders from industry, employers, schools, tertiary education providers, and iwi throughout Aotearoa New Zealand to reflect on the impacts of COVID-19.

The purpose of the project is to hear stakeholder perspectives on:

- ▶ how COVID-19 has reshaped vocational pathways and business, and
- ▶ what people and skills, training, and learning pathways are needed to get a head start to COVID-19 recovery.

The stakeholder consultation began in October 2020 and concluded in January 2021. In total, 321 sector representatives attended 41 focus group sessions in 10 regions throughout New Zealand. Their perspectives shaped the creation of online surveys, resulting in 488 responses that provided further views on how COVID-19 impacted the service sectors, and what support is needed for recovery.

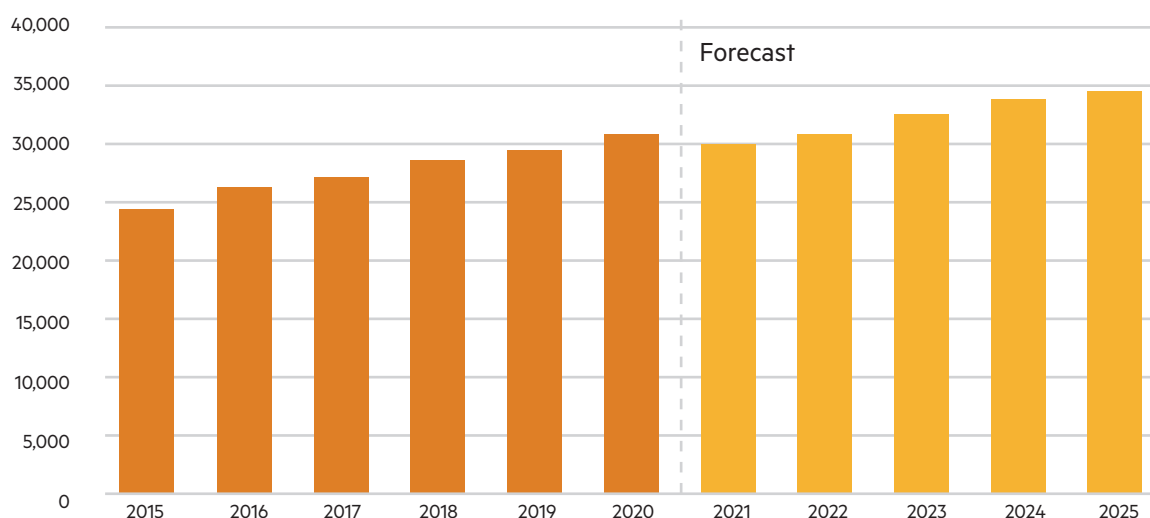
The consultation results have been combined with industry insights, data and forecasting to produce nine sector skills summaries, one for each sector represented by ServicelQ in our capacity as a Transitional Industry Training Organisation for the Services Workforce Development Council. This skills summary is for the quick service restaurants sector. There are eight other summaries for the aviation; accommodation; cafés, bars and restaurants; catering; clubs; retail and retail supply chain; travel; and tourism sectors.

From this research ServicelQ will produce a workforce strategy for the Services Workforce Development Council Interim Establishment Board. The strategy will include industry, employer, schools, provider, and iwi voices. In this way the project gives service sector stakeholders an opportunity to shape vocational education in Aotearoa New Zealand.

The report is structured into five main areas to show what impacts COVID-19 has had on the sector; the sector response to COVID-19; key drivers of future success; skills needed to support sector recovery; and skills initiatives and strategies.

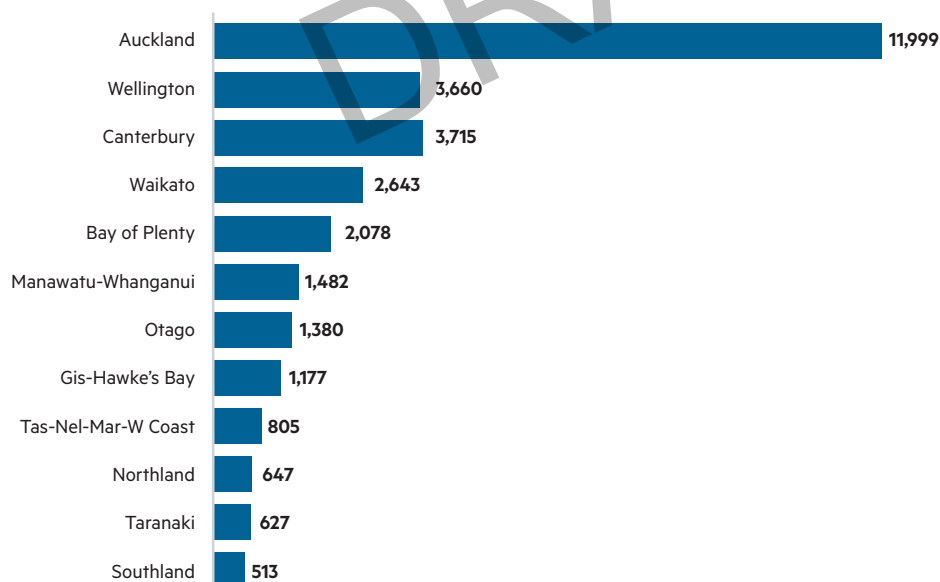
Quick Service Restaurants Sector Snapshot¹

Quick service restaurants sector jobs



- ▶ Prior to COVID-19 there were 30,726 quick service restaurants sector jobs and the sector was forecast to grow 17.4% between 2020 and 2025. Infometrics now forecasts job losses of 779 or 2.5% of the sector workforce in the year to March 2021, then 2.8% growth (832 jobs) in the year to March 2022 and 5.5% growth (1,689 jobs) the following year. The quick service restaurants sector is expected to reach pre-COVID-19 job numbers in 2022 and grow to 34,502 jobs by 2025.

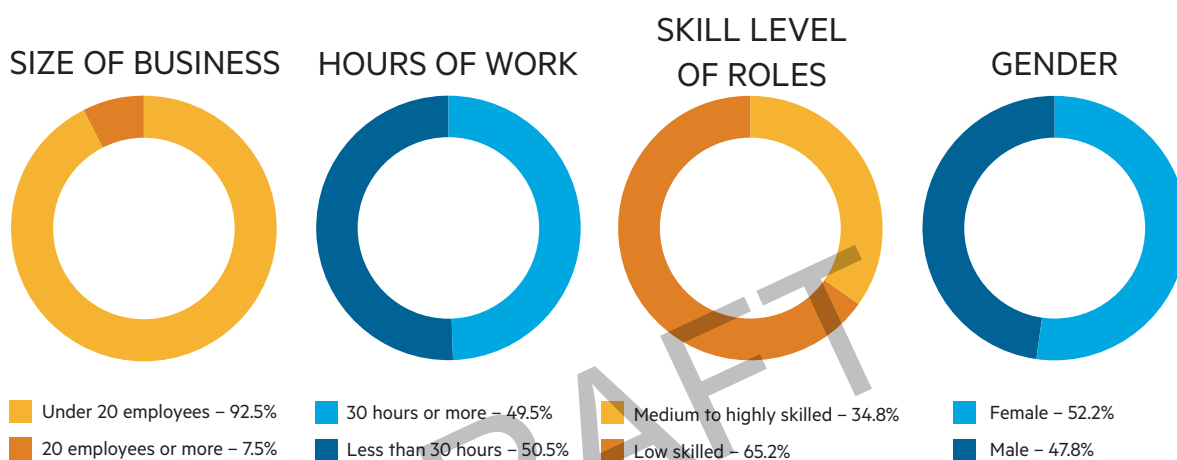
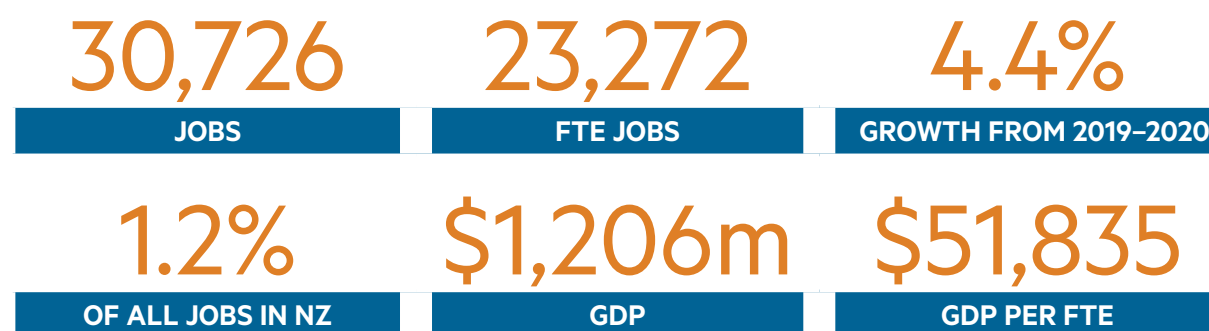
2020 Regional employment



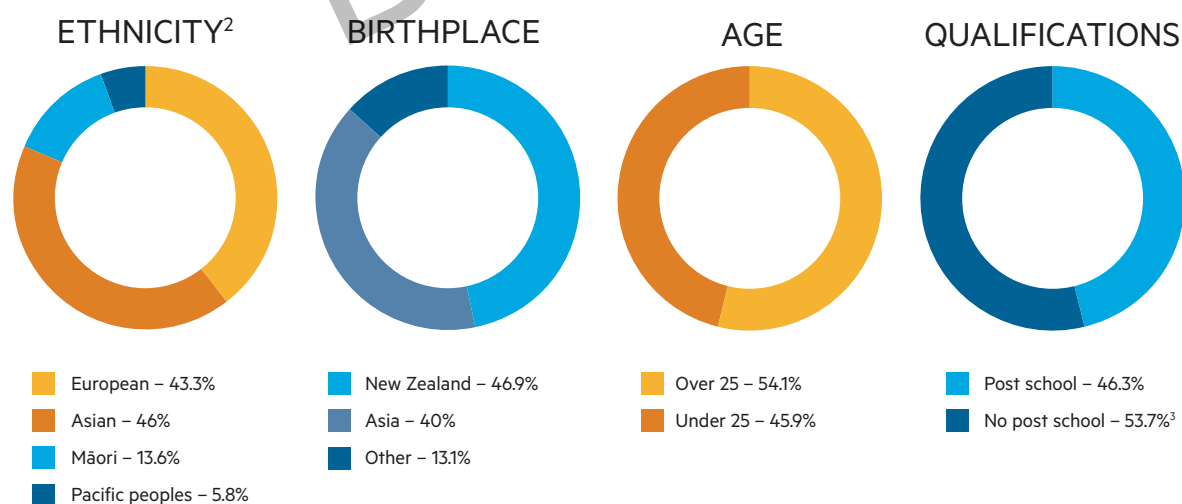
- ▶ There were 3,822 businesses employing one or more people, with an average of 4.7 jobs per business unit.
- ▶ The self-employment rate in the quick service restaurants sector is 18%.
- ▶ Main occupations are sales assistants, kitchenhands, chefs, cooks and managers.

¹Sector data and forecasts supplied by Infometrics February 2021. N.B. 2020 sector data is as at end of March 2020

2020 Sector data



Sector demographic data from 2018 Census



- ▶ In Auckland 68% of people working in the quick service restaurants sector were born overseas; 54.4% were born in Asia.

² Employees may identify with more than one ethnicity.

³ In part this is due to the percentage of young people working in the sector, with 26.4% aged 15-19 years.

Sector Consultation Insights



1. The impacts of COVID-19 on the quick service restaurants sector

Customers

All quick service restaurants were closed when New Zealand went into Level 4 lockdown, then at Alert Level 3 restaurants could operate for drive through, pick-up and delivery. Pent up demand meant that this was a busy time, especially for those with a drive through option.

At Alert Level 2 customers can dine in but there are limits on group size and physical distancing. Central city outlets are struggling more than those located in suburbs.

Many central city workers are still working from home at least some of the time, there are fewer international students and minimal international tourists. This is resulting in change of opening hours, changed rosters and some store closures.

There has been a higher uptake of online ordering using convenient contactless technology for drive through, pick-ups and delivery. The increase in deliveries during higher alert levels has continued at Alert Level 1, but the cost of delivery services does affect margins.

Staff

The wage subsidy helped to retain staff, especially when restaurants were closed and when they were operating within alert level restrictions. Where possible online learning was encouraged during lockdown. People needed training to enable them to work at higher skill levels and complete a wider range of tasks.

A reliance on trained staff when restaurants reopened after lockdown (many operating with fewer staff) has continued. Responsive rostering has been needed, with more kitchen staff, and less customer facing staff needed.

The sector has experienced an increase in aggressive customers being more argumentative and impatient. Incidents have included customers throwing food at staff therefore staff safety is an issue, especially for central city locations late at night. These shifts, that have previously been filled by international students are difficult to fill.

There is a stigma to working in the quick service restaurants sector, even at management level, despite managers being responsible for large numbers of staff and revenue. Some displaced workers from other industries are becoming quick service restaurants franchisees and they come with varying business acumen and management experience, therefore need support.

Communication

Good clear communication has been vital between staff and with customers. Increased use of technology has enabled this. Managers and office staff were able to work from home during lockdown, but maintained communication with other staff through Zoom, WebEx and other online options.

Operational / Process

COVID-19 created the need for more robust crisis management plans and emergency response teams were created in quick service restaurant groups.

Changes to operating rules were needed at different alert levels in which business could operate e.g. offering contactless service to customers. The quick service restaurants sector worked collaboratively regarding alert level guidance and this is seen as a positive outcome that can hopefully continue.

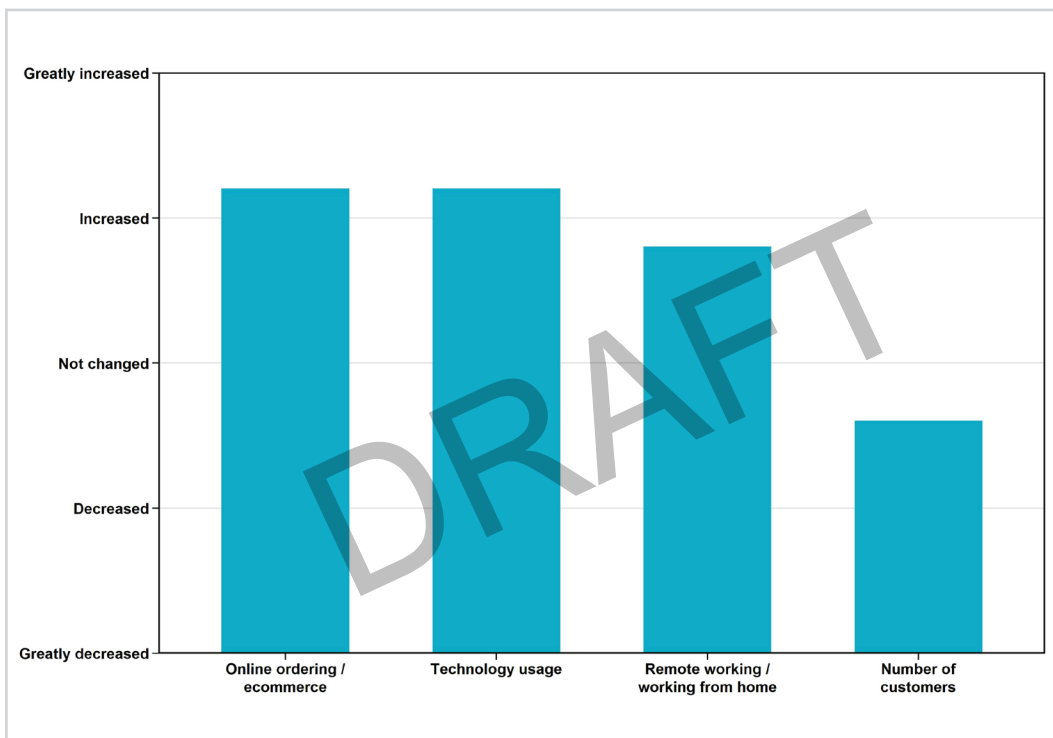


Figure 1. The extent to which COVID-19 influenced behaviour in the QSR sector.*

* Hinonga Kōkiri / Head Start Project COVID-19 Industry Response Survey – Quick Service Restaurants sector respondents

2. The response to date as a result of COVID-19

Customers / Services

Quick service restaurants have offered more contactless payment options and there has been a big increase in usage of instore kiosks, which has required the help of staff to educate customers on how to use kiosks. This technology has increased productivity and has allowed redeployment of staff from customer facing roles into the kitchen where they are needed. There is a balance however as it is still important to find ways for customers to feel valued.

Staff

Quick service restaurant employees are now learning strategies to support them in their roles and staff wellbeing continues to be a focus area. Regular communication with all staff has helped to provide reassurance at a time of uncertainty. Managers are mindful of staff wellbeing and have been supporting staff in managing conflict i.e. difficult customer interactions.

Most staff have been retained. There has been a mix of cross skilling and redeployment within quick service restaurants and in some cases, staff have been relocated to other busier sites.

The need for good succession planning has been recognised. The sector has experienced a loss of key staff on migrant visas. For a skilled migrant visa, a restaurant manager must be able to set pricing so often a quick service restaurant manager does not meet the skill level requirement. Immigration settings at times appear to be inconsistent and are creating uncertainty.

The labour market for the quick service restaurants sector is essentially domestic while there are border restrictions, although currently when jobs are advertised there are not many domestic applicants. Many applicants are on work permits and so it is good to be an accredited employer.

Technology

Working from home has continued where possible (e.g. support office staff) and people are working flexible hours, although there are health and safety considerations. People were able to demonstrate good productivity while working remotely during lockdown, although the office is still seen as good for collaboration.

Some shift managers have changed from five days face to face onsite to having one or two days working remotely. There has been an increase in digitised training and e-learning and staff have needed support for this different mode of learning. Training through Zoom and WebEx has allowed a greater reach, faster turnaround and attendance numbers can be huge.

There is an increase in the use of online and social media channels to connect with customers, provide updates and promote products and services.

Operational / Process

Quick service restaurants developed guidelines for operating at different alert levels, with clear health and safety protocols. Health and hygiene have always been a strong focus for this sector, and this has been heightened since COVID-19. Processes have been tightened and all staff have had to understand and apply strict protocols around health, safety and procedures.

There was a need to set up safe systems for operating. Clear rules/procedures have been developed on how to operate safely to ensure risk is minimised. Screens that were installed at higher alert levels have been maintained and PPE is worn as appropriate.

Both labour and freight costs have increased, so there is greater oversight of costs and operational efficiency.

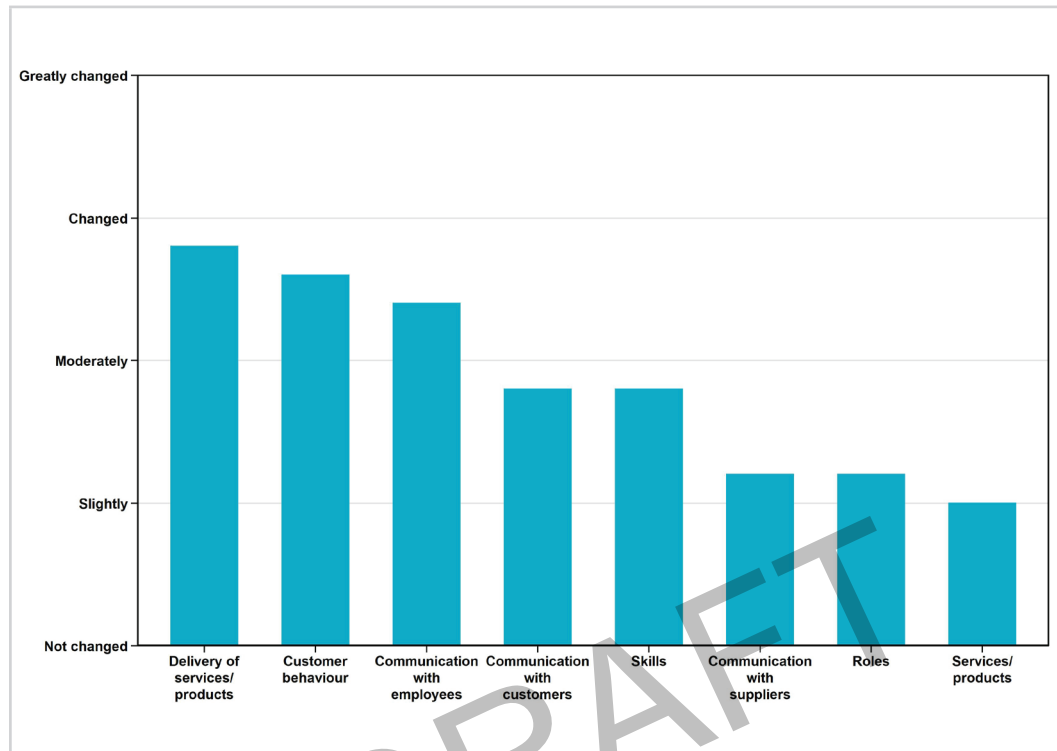


Figure 2. The extent of change the QSR sector has felt since the arrival of COVID-19.*

3. Key drivers of future success for the quick service restaurants sector

Industry

Managing labour supply costs is key to the future success of the quick service restaurants sector. Labour is a large cost for this sector, so it is important to have the right people working in the sector so that the workforce is productive and efficient. Kitchens of the future are likely to be more computerised and need fewer people.

Keeping up with customers' changing behaviours is another key to success. Currently there is demand for convenience and for healthy options. Consumer convenience can be optimised through a digitised experience, so embracing technology and ensuring platforms are simple and easy to use will help quick service restaurants' future success. Big data can be used for targeted marketing through online channels.

Negotiating commercial arrangements with large platforms e.g. Uber Eats, will help to ensure a sustainable business model. Aggressive competition within the quick service restaurants sector will continue to ensure the efficiency of the sector. That is, businesses must perform well to retain customers.

* Hinonga Kōkiri / Head Start Project COVID-19 Industry Response Survey – Quick Service Restaurants sector respondents

Government

The quick service restaurants sector needs to be viewed as an attractive industry and building respect for the industry from the public will help with this. Government support can help the sector achieve greater sector recognition and respect.

Government can also support the sector with better tailored immigration processes to address sector skill shortages.

On-job training

On-job training and career pathways will help quick service restaurants retain staff and build capability from within. Good succession planning needs to ensure there are pathways for the right people, who can progress with a good understanding of the business. Management training and pathways will build the leadership and supervisory skills of the sector.

There is high turnover in this industry, so it is important that on-job training ensures employees are capable and productive as early as possible. Over time, technology will be introduced to simplify processes in the kitchen and bite sized learning will be needed to upskill existing staff and train new staff on how to use the technology.

Schools and Training Providers

Relatively low levels of connection between education providers (schools and tertiary) have continued since COVID-19. Greater collaboration could give the quick service restaurants sector the opportunity to highlight the work opportunities and career pathways that are available. It could also help provide a pipeline of hospitality students to enter the quick service restaurants sector.

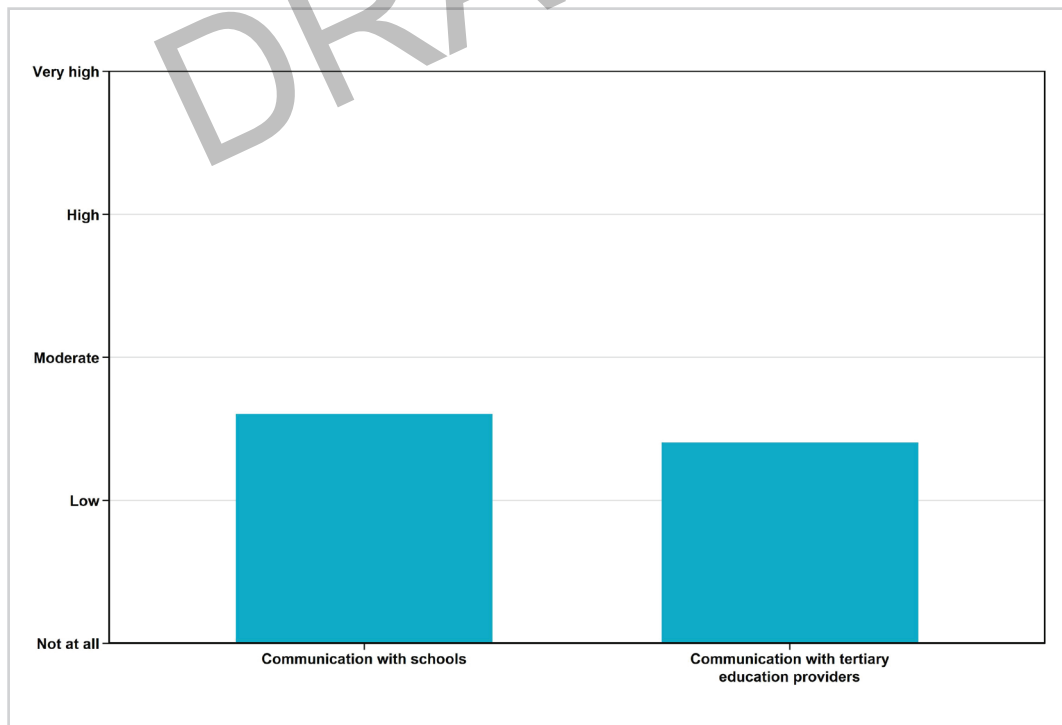


Figure 3. The communication level the QSR sector has with tertiary education providers and schools.*

* Hinonga Kōkiri / Head Start Project COVID-19 Industry Response Survey – Quick Service Restaurants sector respondents

4. Skills needed to support the quick service restaurants sector recovery

Changes in skills and roles

A greater use of technology in interactions, both internally between staff and with customers has required upskilling to effectively utilise new communication technology such as Zoom, Teams and upgraded office tools and equipment, e.g. laptops.

Cross-training has taken place so that employees are multiskilled and can work in both customer facing and kitchen roles.

Changes in the importance of skills

Skills that have increased in importance for all staff include:

- ▶ Health and safety skills such as sanitation, hygiene and COVID tracing.
- ▶ Dealing with conflict e.g. aggressive customers.
- ▶ Resilience.
- ▶ Understanding the brand. Becoming brand ambassadors and demonstrating passion helps both the staff member and the business. Brand advocacy is powerful.

Skills that have increased in importance in managers include:

- ▶ Greater awareness of staff wellbeing; understanding the extra stress on staff and providing resilience training.
- ▶ Communication skills e.g. Keeping in touch through regular conversations with staff, either face to face or by phone when working remotely.
- ▶ Strategic thinking skills are needed in the current uncertain business landscape.
- ▶ Financial acumen, especially the ability to maintain closer oversight of costs, is now more important than ever.

Managers who have been promoted do not necessarily have these skills and need support and training to upskill.

New skills needed

Digital skills are needed as more business functions move online. This includes:

- ▶ Contactless online learning/training.
- ▶ Systems.
- ▶ Rosters.
- ▶ Online customer feedback and response tracking.

The move to online requires developers, effective trainers and managers to support changes and new ways of operating and upskilling staff. A high level of internal digital engagement is key. Incentives can help encourage staff to engage in internal training on digital tools. It can help bridge the gap recognised between head office and restaurant staff (customer facing staff, internal)

Collaboration skills are needed, enabling the quick service restaurants sector to work together more, and coming together for advocacy, ideas and solutions.

Skills shortages

The quick service restaurants sector has a shortage of restaurant managers and is struggling to find people with management and supervisory skills.

There is a shortage of staff who prefer weekend and night work or are prepared to take on these shifts (traditionally filled by workers on visas, especially international students). This is especially prevalent in Auckland CBD.

Shortages are reported across all quick service restaurant roles, with examples of no applicants or only unskilled applicants applying for advertised roles. This sector is being impacted by border closures and immigration settings meaning no new migrant workers, including those on working holiday and student visas.

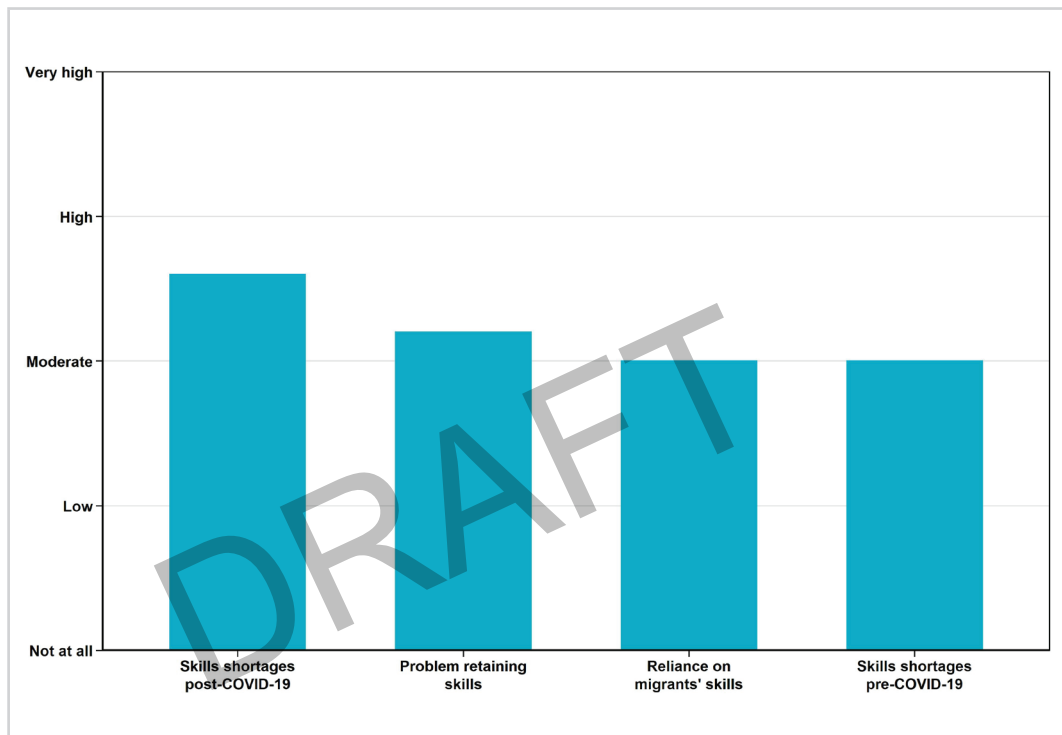


Figure 4. Rating of major skills shortages identified in QSR sector focus groups.*

* Hinonga Kōkiri / Head Start Project COVID-19 Industry Response Survey – Quick Service Restaurants sector respondents

5. Skills initiatives and solutions to support the sector over the next two years

How to get the skills

- ▶ Cross skilling and upskilling of existing staff.
- ▶ Flexible qualifications are needed to meet each organisation’s needs. They need to be fit for industry, with appropriate wording and mode of delivery.
- ▶ Short on-job training programmes can be used to ensure staff can demonstrate understanding and application of strict protocols around health, safety and procedures. e.g. Hospitality Savvy.
- ▶ Online training or software to develop pre-employment quick service skills.
- ▶ More opportunities for school and tertiary students to gain work experience within industry using the skills they are learning or shadowing someone working in the career the learner aspires to.
- ▶ Development of strategies to ensure a pipeline of labour supply including schools, 18 to 25-year-olds, migrant labour and MSD supplying candidates with the skills and qualities needed. These include:
 - ▶ Food hygiene.
 - ▶ Customer service principles.
 - ▶ Work readiness skills.
- ▶ Ways to demonstrate these skills to employers could include:
 - ▶ A pre-employment passport system (practical and theory).
 - ▶ Paid/subsidised work experience, especially to develop communication skills.
 - ▶ HospoSafe which is an easy way to short list job applicants, knowing they have health and safety fundamentals.

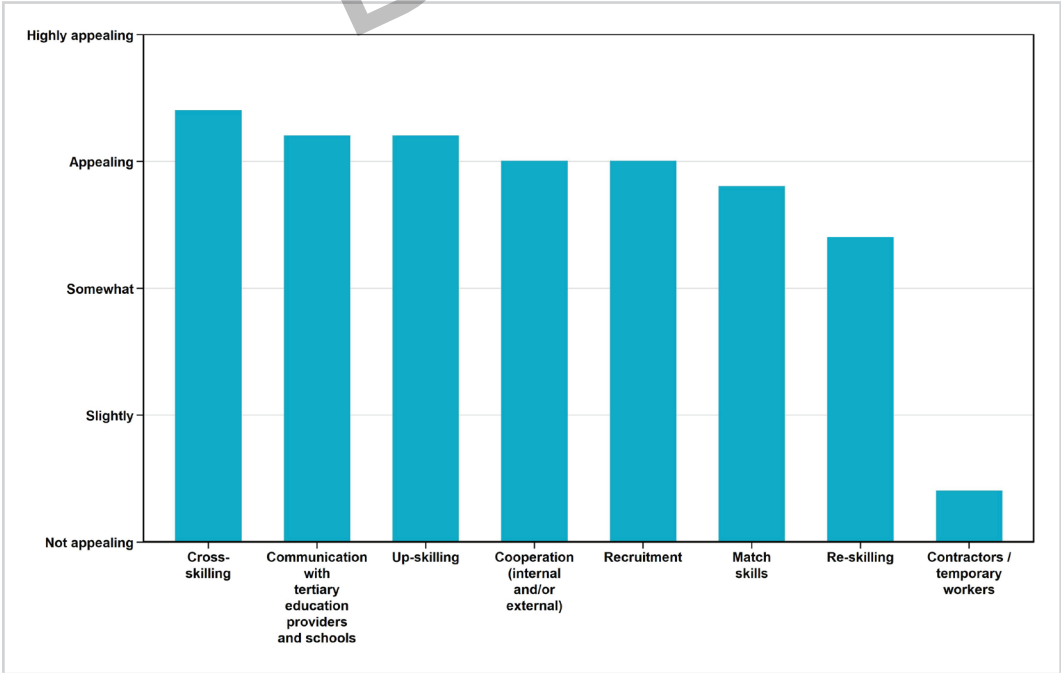


Figure 5.1. COVID-19 recovery strategies that will be considered by the QSR sector.*

* Hinonga Kōkiri / Head Start Project COVID-19 Industry Response Survey – Quick Service Restaurants sector respondents

Support needed

With new migrants unable to enter New Zealand and visas expiring, the composition of the workforce is likely to change. New employees entering this sector are likely to need on-job support and training to develop the skill requirements of their role.

The sector would also like support for migrant workers to develop their leadership and communication skills. This would enhance their capability to perform their roles within the quick service restaurants sector.

Industry and education providers working closely together to support more in-work learning will help develop work readiness in future employees.

Training needs

Tight, short sharp training is needed so people are skilled and productive as soon as possible. The quick service restaurants sector would like assistance to deliver training that is tailored, clever and efficient. It should include:

- ▶ Customer service.
- ▶ Health and safety.
- ▶ Punctuality.
- ▶ Understanding rights and responsibilities.

Soft skills development is needed as these skills have become more important since COVID-19 but the sector is finding current job applicants often lack these skills.

Specific skill development needs include:

- ▶ Management and supervisory skills training.
- ▶ Training in dealing with conflict.
- ▶ Digital skills training.

Learning pathways

A long-term strategy is needed for retention of staff and clear learning and career pathways will help support this.

Promoting the quick service restaurant sector as a career option and highlighting the breadth of roles will help to attract people into the sector. This could include a campaign for managers, promoting management in quick service restaurants.

Hospitality management apprenticeships supported by government funding would encourage people to consider quick service restaurant careers.

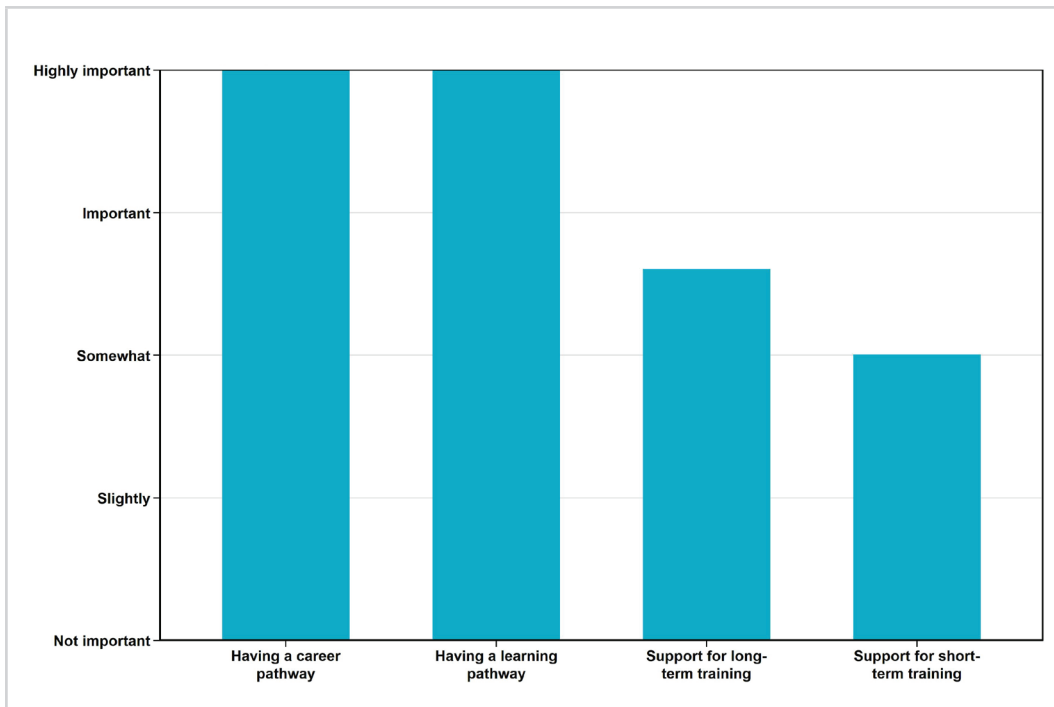


Figure 5.2. The importance of training and pathways.*

Post COVID-19

The quick service restaurants sector feels ready to reach full operational capacity in a short time post-COVID-19 and is intending to keep around 70% of the changes they have made since the arrival of COVID-19.

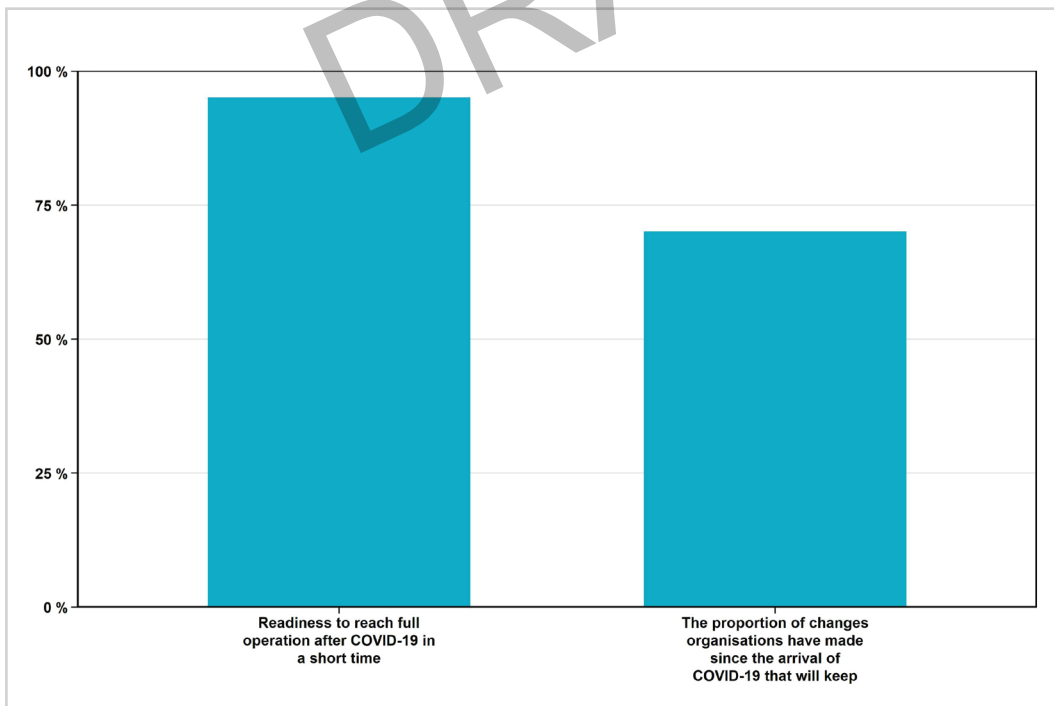


Figure 5.3. Operational stability and agility of the QSR sector when COVID-19 border restrictions end*.

* Hinonga Kōkiri / Head Start Project COVID-19 Industry Response Survey – Quick Service Restaurants sector respondents

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