

Bloodwood, Sydney ↘

The Big Shift

The changing landscape
of Aussie hospitality

REPORT

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Introduction

At Deputy, we sit at the heart of the labour market, enabling us to observe and report on the global workforce effectively. In the last two years, we've developed the concept of the "Shift Work Economy," defined as workplaces with paid-by-the-hour employees and scheduled shifts on either an agreed, rotating, or irregular basis.

Our scheduling software collects information on people's scheduled hours and the hours they work. Deputy's shifts/hours scheduled and shifts/hours worked data provide a key index for how industries with a significant shift worker employee base have performed in the past and may perform in the future.

We collect and analyse granular insights on gender, generations, compliance behaviours, shift worker wellbeing, shift fairness, stability, and more.

Deputy powers the rostering for over 220,000 Australian hospitality workers. This allows us to see labour demand before it materialises. Hospitality businesses are overwhelmingly experiencing difficulty in hiring suitable staff. Over half of them are looking but are unable to find suitable employees for their businesses.

Despite news of recession and economic uncertainty, most hospitality businesses are cautiously optimistic.

Using our Deputy work data, this report delves into the health and wellbeing of shift workers to show how the industry's dealing with everything from the impact of inflation and rising costs to how they plan on navigating workforce shortages and the pressure to raise wages and salaries over the next 12 months - which, surprisingly, a massive 42% of them say they are looking to do even in this current climate.



Ashik Ahmed

Co-founder & CEO at Deputy

Data Analysis

The Big Shift: The changing landscape of Aussie hospitality report was produced by the leading scheduling software platform, Deputy, utilising aggregated Deputy customer data. The report features an industry-focused data analysis of Australian shift workers across the hospitality industry.

Independent Labor Economist, Shashi Karu, analysed 14,987,187 shifts and 97,161,264 hours across an average of 31,718 shift workers per month to produce the insights in this report.



Shashi Karu

Consulting Economist

Shashi provides advisory services in policy design and thought leadership on the future of work, cities and tech. Shashi works with governments, tech start-ups and international development organisations.

Industry sample sets will not add up to the overall number of shift workers; this is due to data being analysed from other industries not called out in the report, churn and other events that have occurred between 2020 - 2022. This data has been normalised to account for seasonality and demand of workforce fluctuations throughout the week (e.g. weekday vs. weekends).

Bar Biscotti Sydney



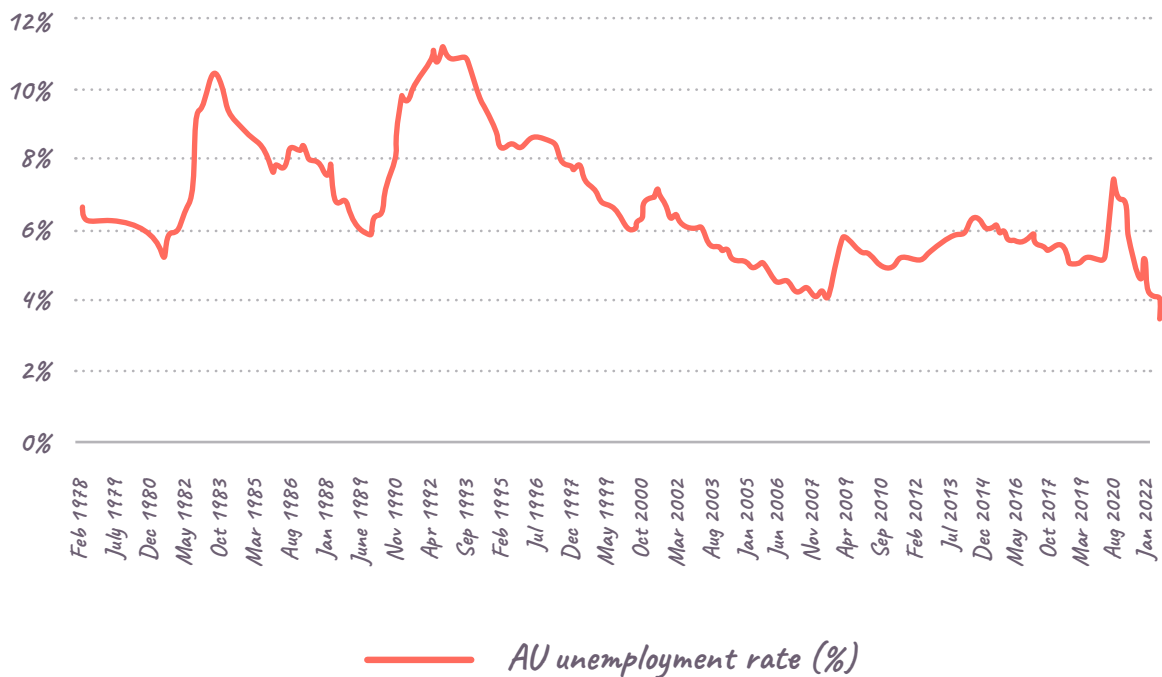
The Big Shift

Executive Summary



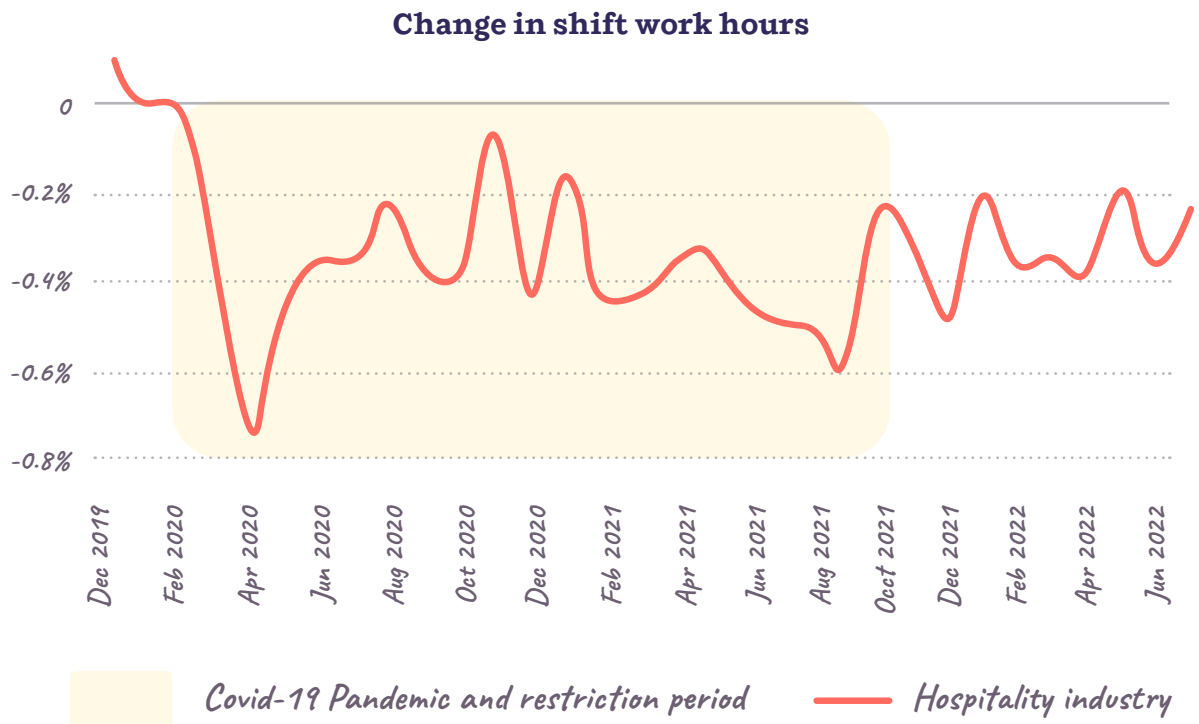
Australia is nearing full employment

Australia's economy is stimulated by household savings, low-interest rates and Covid-19 stimulus packages. We are approaching the full-employment level, with a historical 3.4% unemployment rate - the lowest in over 50 years. Employment is set to grow into 2023, with the capacity to increase participation amongst women, the young and the seniors, who are currently choosing not to work. The ABS estimates over 1.8 million potential workers could enter the workforce or a 12% potential increase in the capacity of our labour market.



Shift work hours dropped 40-80% during the Covid-19 Pandemic.

In 2022, shift work has continued to rise in recovery. However, labour shortages continue to impede hospitality businesses. Operators are employing 20% fewer shift work hours compared to pre-pandemic levels.



Major markets experiencing the brunt of labour shortages. In 2022, VIC and NSW employed 30% less than pre-pandemic levels, where these markets were also more heavily reliant on international students and overseas workers.

Even states that experience the most substantial recoveries are experiencing shortfalls in workers. In WA, arguably the most resilient state during the pandemic, hospitality operators employ 10% fewer shift work hours than at pre-pandemic levels.

51%

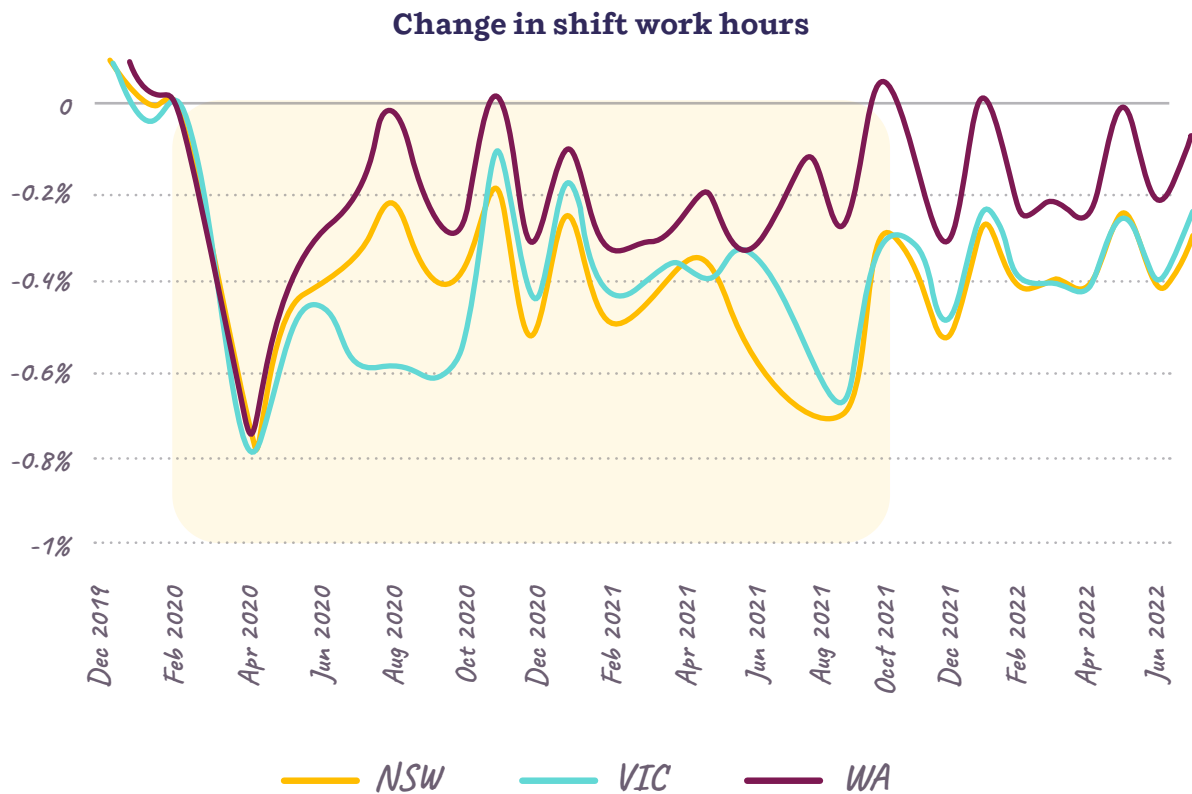
of operators face difficulty hiring suitable staff members in the hospitality sectors

Yet ↘

71%

of hospitality businesses expect revenues to increase or stay the same in the rest of 2022





What hospitality employers are planning

What are hospitality employers planning to do?

42%

plan to increase
wages & salaries

27%

plan to increase
staff hours

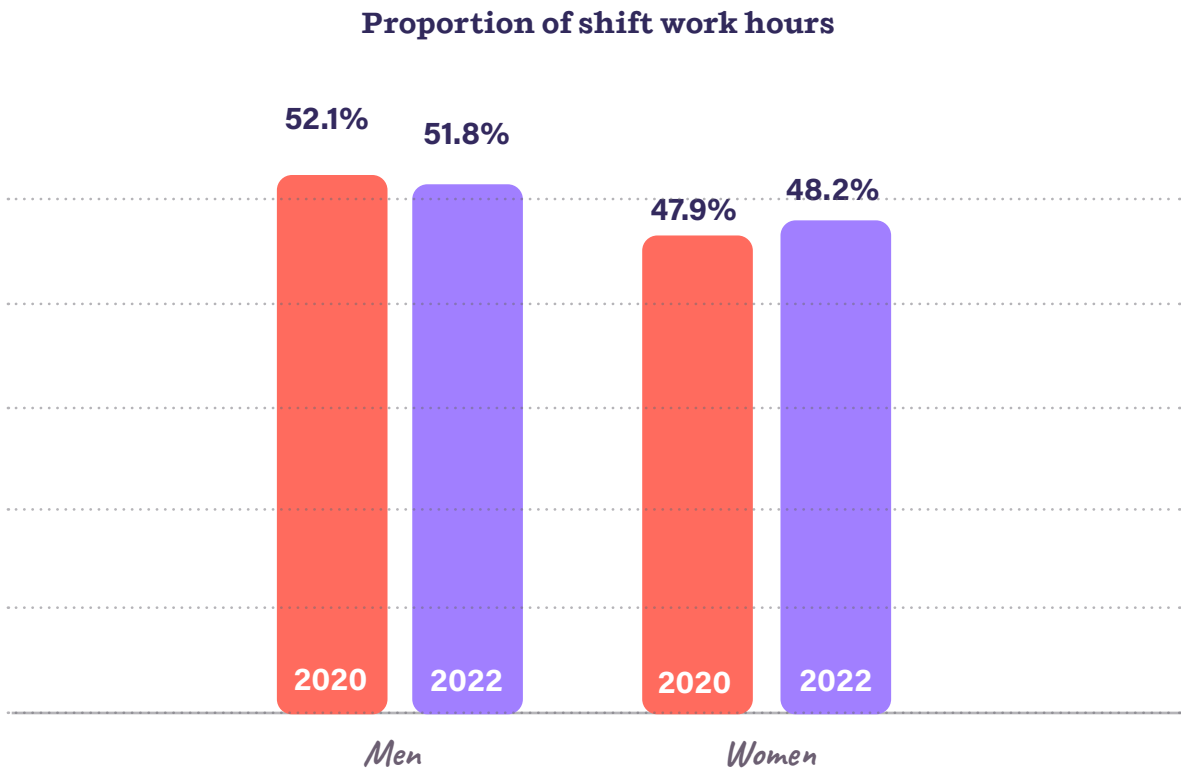
22%

plan to introduce
flexible working
arrangements



In tight labour market conditions, women saw improvements in their share of shift work hours. Hospitality businesses plan to provide more flexibility and certainty of shifts, encouraging more women into the workforce.

The most significant gains were seen for female shift workers in Cafes/Coffee Shops (+4%), where women now make up the majority of shift work hours in the sector.



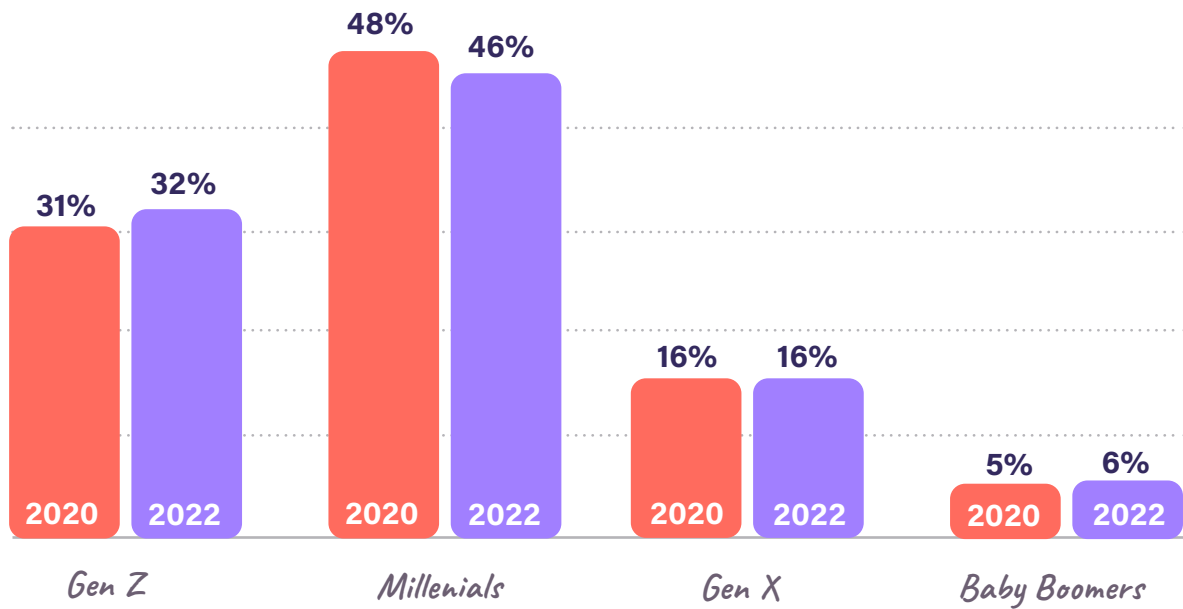
Other generations have entered the workforce

The tight labour market and improving work conditions have encouraged workers from other generations to enter the workforce.

Gen X, Gen Z and Baby Boomers saw an increase in their share of shift work, particularly older workers returning to the workforce.

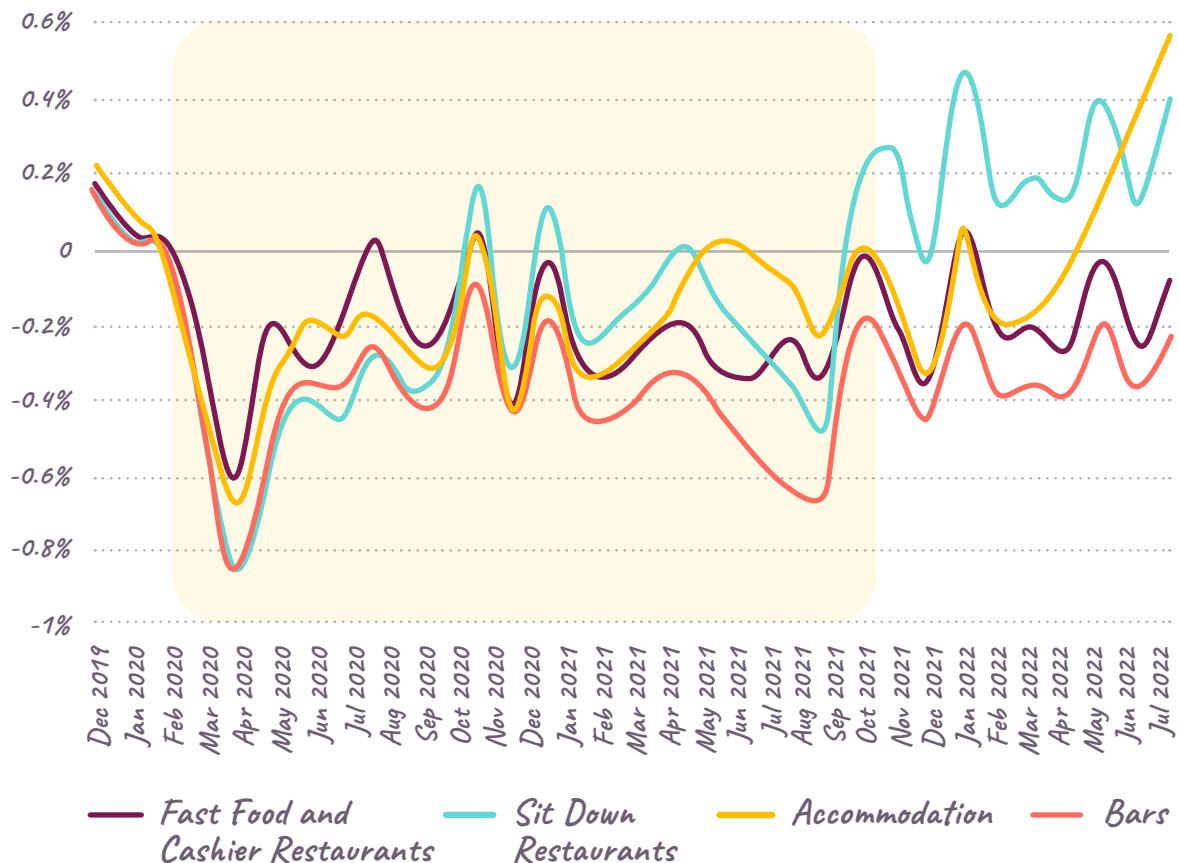
Sit-Down Restaurants saw the most significant generational shift: a -5% decline in Millennials in place of a +5% increase in Gen Z. Sit-Down restaurants have aggressively courted young workers in tight labour market conditions.

Proportion of shift work hours



Accommodation and Sit Down Restaurants saw the most significant employment gains and recoveries into 2022. These are primarily driven by the re-opening of the economy and borders, as well as consumer expenditure to cater to a latent demand for tourism and dining experience – what is termed as ‘the experience deficit’.

Change in shift work hours



Post-pandemic trends and challenges

Bars continue to employ 20% fewer shift work hours than pre-pandemic levels. Within the hospitality industry, the sector faces the following challenges:

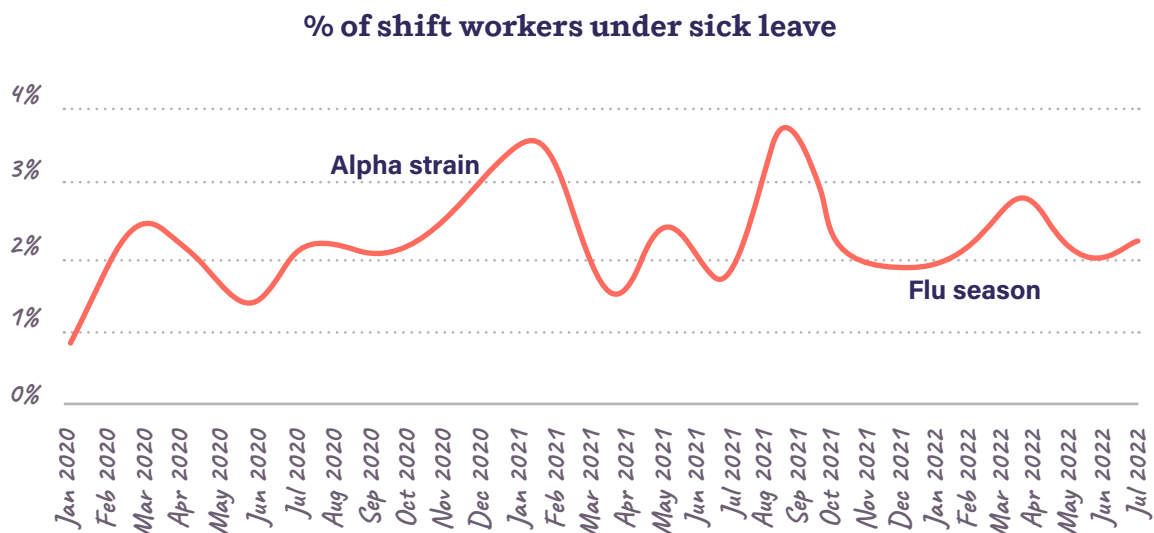
- 1 Operators face increasing price pressure from food and alcoholic supplies (imported alcohol, wheat and hops)
- 2 Changes in how people work in the CBDs mean operators rely on less spending from work commuters.
- 3 The sector has difficulty transitioning to new revenue opportunities in take-away and in-app delivery services.

However, neighbourhood pubs and bars will remain resilient, whose main challenge will be attracting and retaining workers.

The fast-food sector continues to employ fewer total shift work hours. The pandemic accelerated the transition into food delivery models and labour-replacing technology — like automated ordering and payment options. These trends in fast food may represent the future of hospitality, but has this improved customer experience and expectations?

Shift worker health and wellbeing

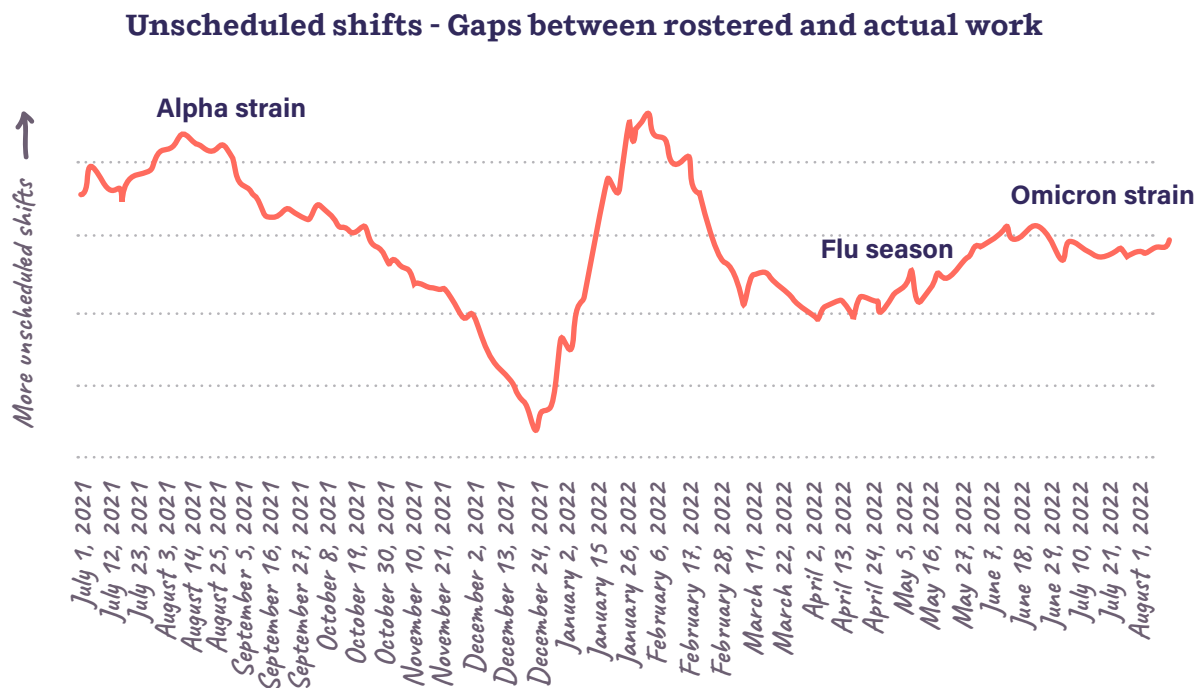
Deputy shift work data shows that sick leaves peaked during the Alpha and Delta variants. While sick leave remained high during the flu season and Omicron variant, these are no longer at elevated levels seen during the previous COVID-19 strains.



Unscheduled shifts (the gaps between rostered and actual shift work hours) peaked during the Delta variant, in line with the rise in sick pay leave taken during the same period.

While the gap has steadily increased over the flu season and Omicron caseloads, these are nowhere near the peaks of previous COVID-19 variants.

Deputy's data identifies that, while hospitality continues to be impacted by sick leave, it's nowhere near the levels of previous Covid-19 strains – suggesting the industry and workforce is increasingly becoming more adaptive to new variants and the flu.



The hospitality industry is realising the burden of widespread employee burn-out, which has been caused by:

- 1 Prolonged and accumulated stress from balancing work-family responsibilities during the pandemic.
- 2 Shortage of workers (esp. in health and hospitality) and working longer hours.
- 3 Prolonged crisis fatigue from exposure to news on bushfires, Covid-19, floods, conflict overseas, etc.

This is resulting in more resignations and less participation in the labour market.

93% of Australian workers say emotional and mental wellbeing is as important as pay



In a tight labour market, employers who emphasise the mental well-being of workers have a significant competitive edge.

Leading with compassion and embracing a culture of well-being will be an increasingly valuable point of differentiation in attraction and retention strategy.

Research identifies employers who place employee wellbeing and resilience as a priority have:*



3x

greater brand and/or
product value

30%

higher
productivity

4.4x

higher profit

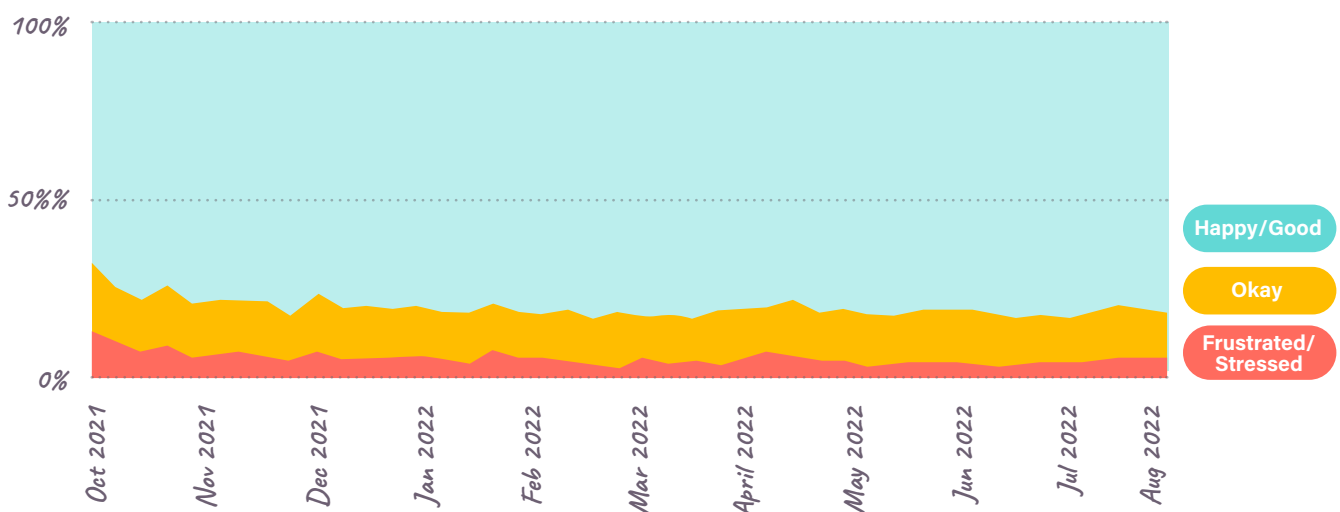
**The Key To A More Resilient Workforce (Robichaux & BetterUp, 2020); and
Employee Experience: How to Build an Ex-Centric Organisation (Kennedy Fitch, 2020)*

Deputy Shift Pulse data identified that recent economic news negatively impacted shift worker sentiment. Following the first interest rate hike in May 2022, Deputy data saw a 3% decline in the share of Hospitality workers who reported feeling “Happy or Okay”.

Nevertheless, since the re-opening of the border and economy in early 2021, shift worker sentiment has primarily been on an upwardly improving trend.

In August 2022, 82% of Hospitality workers reported feeling “Happy or Okay”. In comparison, only 67% of workers reported feeling “Happy or Okay” in November 2021 towards the end of the last COVID-19 restriction period.

Deputy Shift Pulse - % of Shift workers by sentiment



Opportunities for encouraging more workforce participation

Despite low unemployment levels, a considerable number of Australians who could work are choosing not to work.

The challenge of the Hospitality sector is to create work environments that encourage participation from these potential workers.

There is a significant latent workforce amongst female workers, particularly those with young children, who identify difficulty accessing affordable childcare options as a barrier to working.

Seniors are also an opportunity for workers. In a recent 2022 survey of Australian seniors, 16% have re-entered the paid workforce after retiring, and another 20% would consider returning to work. These have identified ageism, carer responsibilities and existing pension requirements as critical barriers to re-entering the workforce.

Research identifies employers who place employee wellbeing and resilience as a priority have:*



1.8m

potential workers
in 2022*

745k

available to work within
4 weeks, but not actively
looking for work*

**1 in 4
Women**

Identified childcare as
the main reason they're
not working*

**1 in 5
Children**

Receive informal care, i.e.
Grandparents*

New Labour Policy

Government policies will be focused on improving the work environment to increase labour participation amongst these potential workers. Fed Gov't will focus more on institutional agreements and legislation to strengthen worker security in an inflationary environment. An easing of pension rules may be considered, too, to release seniors (who want to work) back into the workforce.

Universal Childcare

Accessing affordable childcare is the primary barrier to working for working-aged women. Universal childcare is the centre-piece reform to expand women's labour market participation. There are small benefits to older workers – where Baby Boomers/Gen Z who have existing childcare responsibilities are more likely to return to the workforce.

Shift worker security

Government is anticipated to strengthen the definitions of permanent employees to encourage more women and young people into the hospitality sector, potentially even promoting it as a legitimate career path. Nevertheless, forthcoming improvements to gig-worker contracts may also increase the competitiveness of the labour market.

Family and sick leave reforms

There exists an appetite to execute significant leave reform to support employee wellbeing and curtail mass burnouts. An increasing number of state governments will adopt publicly-funded sick pay leave guarantees to support gig workers and shift workers in the hospitality and health sectors.

There will be an increasing focus on women in work, with forthcoming paid family and domestic violence leave anticipated to improve the working conditions and security of female shift workers.

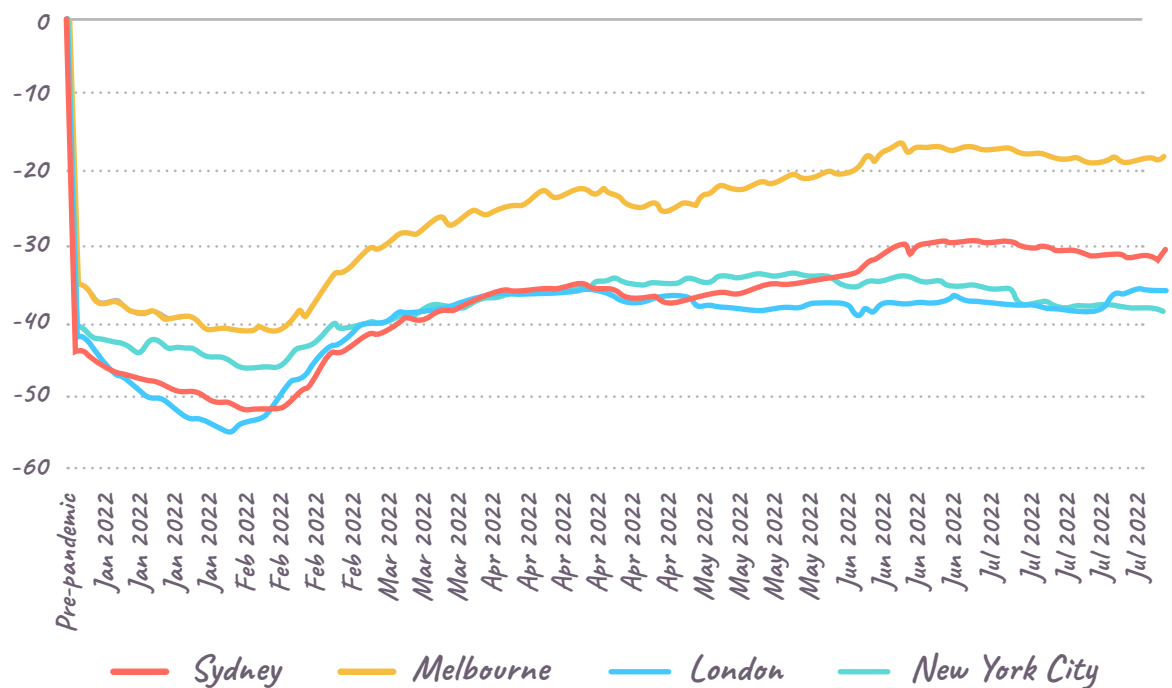
The Future of Global CBDs

There has been a 20% and 30% loss in workplace activity in Melbourne and Sydney respectively, driven by a global trend towards hybrid work arrangements. Workers now work less in Australian cities, with an average of 3.5 days spent per week travelling to their workplace in the CBDs.

However, New York and London experienced a greater fall in economic activity. Why?

Australian CBDs have a greater mix and density of business, entertainment, civic and dining opportunities – that continue to attract economic activity. Economic rejuvenation of the cities will be built on these comparative strengths.

Google Mobility Index - Workplace Activity in CBDs



Expanding Local Experience

CBDs will become less dependent on office workspaces for economic activity – and more around “experiences” to attract travel and consumption into the centres. City governments will encourage more significant civic, cultural and experiential investments into CBDs – with some arguing for a name change to “Central Experience Districts”.

Making the CBD Liveable

There will be a big push to rejuvenate CBDs by attracting younger residents. Forthcoming property tax incentives will be released to encourage residential property development and purchases. There's a big push anticipated to attract young families by expanding childcare, primary and secondary school provision in CBDs.

Higher Education and International Students

Hospitality in the CBD is tied to international students, from whom we have seen slow uptake back into Australian universities. The move to online education and hybrid educational arrangements have impeded increases in numbers. International students are unlikely to see significant growth in the short term, given global economic uncertainty.

Orienting around new markets

Hospitality businesses in the CBD will need to look to new consumer markets to grow into the future: young residents; the climate-conscious looking to reduce travel miles and cost of living; hybrid workers in new co-working spaces; staycation visitors in their own city, looking for accessible rest and affordable substitutes; and lastly catering to the Australian travel experience deficit.

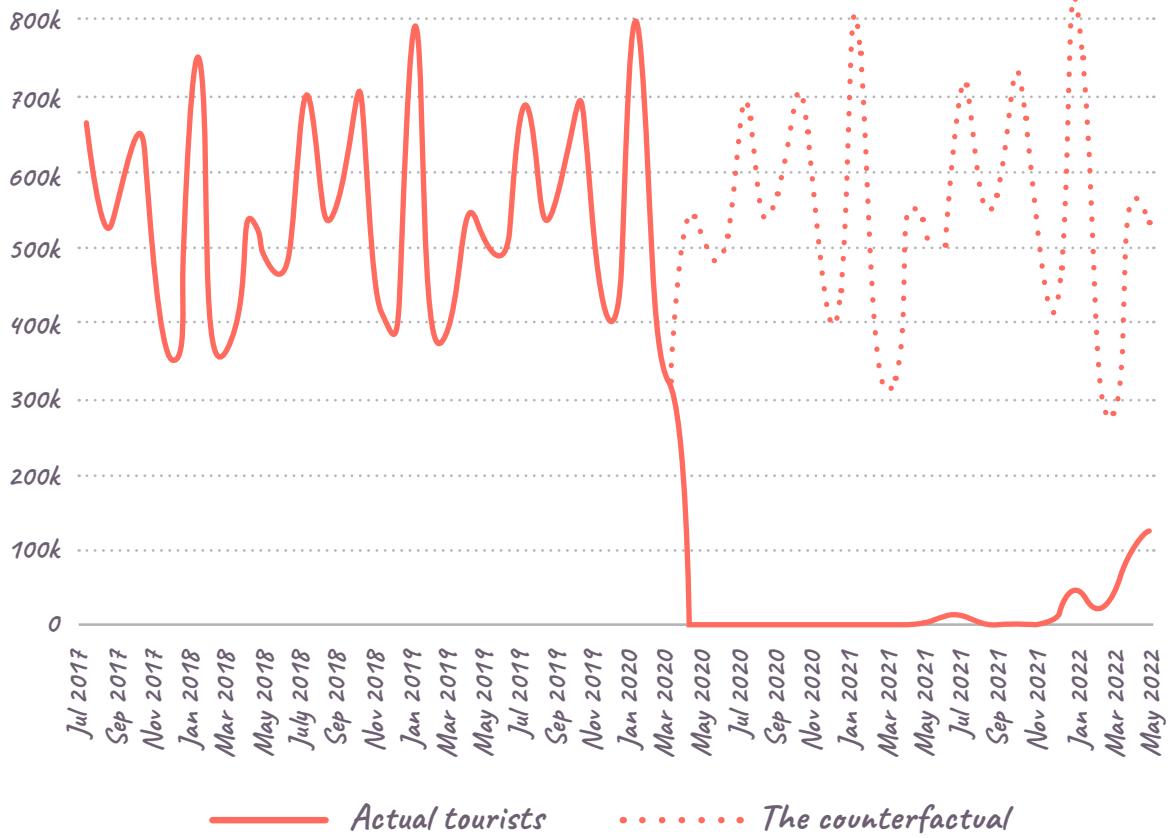
Australia's travel deficit

Re-opening of borders has not resulted in a return to international travel for Australians, with many reluctant to travel abroad. In FY22, there was a \$42 billion gap between actual overseas travel and potential travel that could have happened.

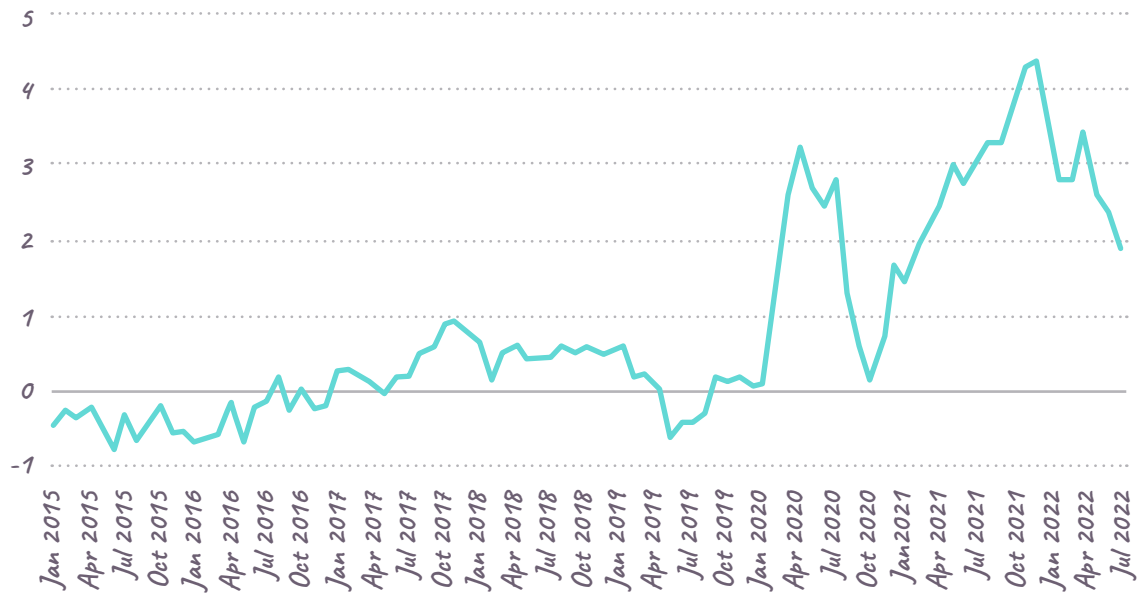
Significant travel experience deficit has transformed consumers into Experience Seekers domestically:

- 1 Looking for more than a night out, consumers are seeking destination dining experiences — combined with other entertainment experiences — to create a sense of novelty and getaway.
- 2 Burn-out and increasing travel costs lead many towards staycations ("Rest and recover") and spending on local entertainment experiences.

Australians traveling overseas



Global Supply Chain Pressure Index



Source: Standard Deviation from the Mean Global Supply Chain Index
(Federal Reserve Bank of New York, 2022)

Easing of the global supply chain

International supply chain pressures are likely to ease into 2023 through expanding shipping capacity, reducing oil/gas costs and lower transport costs.

Climate change risks

Climate change represents the biggest supply chain risk for the hospitality sector. Floods and drought translate into greater difficulty accessing local supplies. Businesses and wholesalers will rely more on a nationally diversified supply chain – and the use of more climate resilient crops and cropping methods.

Slow growing economy

US, UK has effectively entered a recession, with other major economies anticipated to follow. Inflation will likely remain high into the next six months to 1.5 years, ensuring that interest rates pressures are unlikely to decline in the near term.

Resilience in the Australian economy

Continued commodity purchases is anticipated to sustain the Australian economy.

Furthermore, the economy (which is highly linked to China) will benefit from China's stimulus spending and the re-opening of borders in the country.

Australia is seeing slower growth, with export-oriented service industries the most exposed sectors to global economic decline.

Bar Milano, Sydney ↘

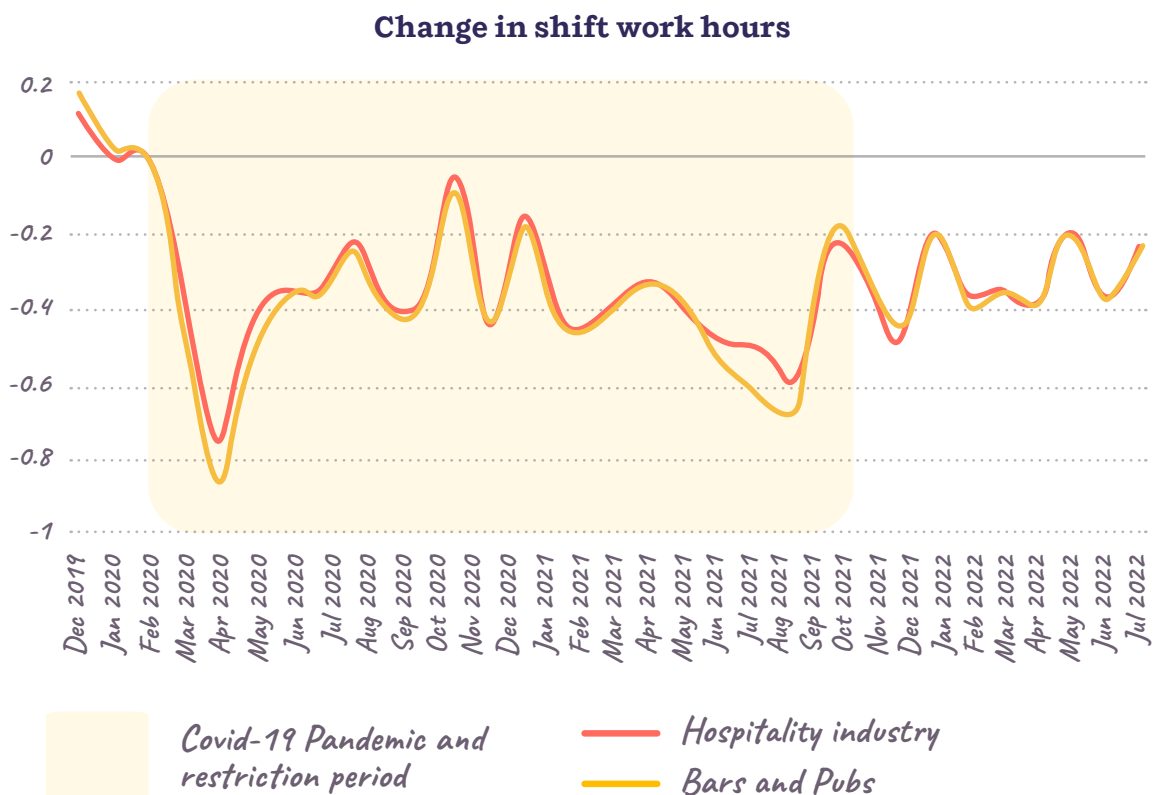
The Big Shift

Bars and Pubs

We have swapped the city pubs for the local

The COVID-19 pandemic saw a 40-80% drop in shift work hours in Bars and Pubs, in line with the rest of the Hospitality industry. Following the economy's re-opening and workers' return to CBDs, shift work employment has risen in 2022.

However, labour shortages continue to impact the ability of Bars and Pubs to hire competitively. Furthermore, Inner City Bars and Pubs are navigating changing markets, where CBDs are seeing falls in commuter worker patrons from new hybrid work arrangements. As a result, the industry employs 20% fewer shift work hours than pre-pandemic levels.

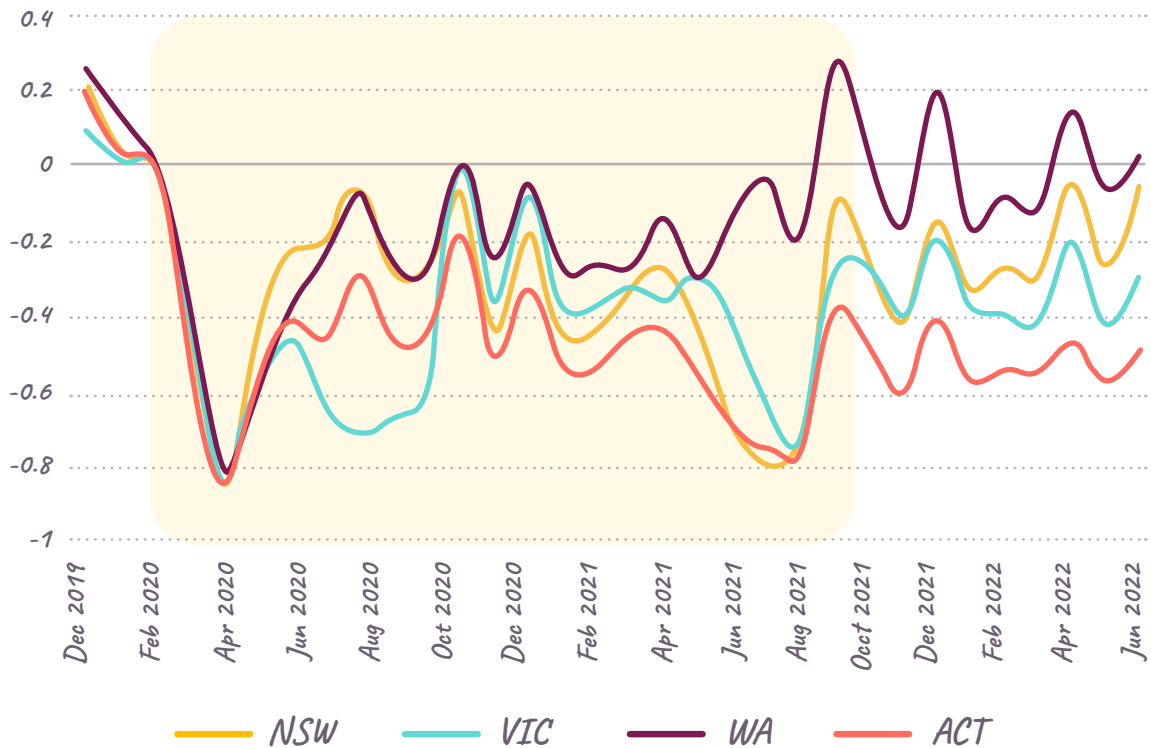


WA leads shift work trends in Bars and Pubs and remains the only State to have experienced employment gains in 2022.

NSW and VIC have seen substantial gains in employment too over 2022. However, these mask a substantial shift away from patronage of Inner City pubs and bars towards venues located in suburbs and neighbourhood activity centres – driven by an increase in day-time patrons from hybrid workers in the rest of the City.

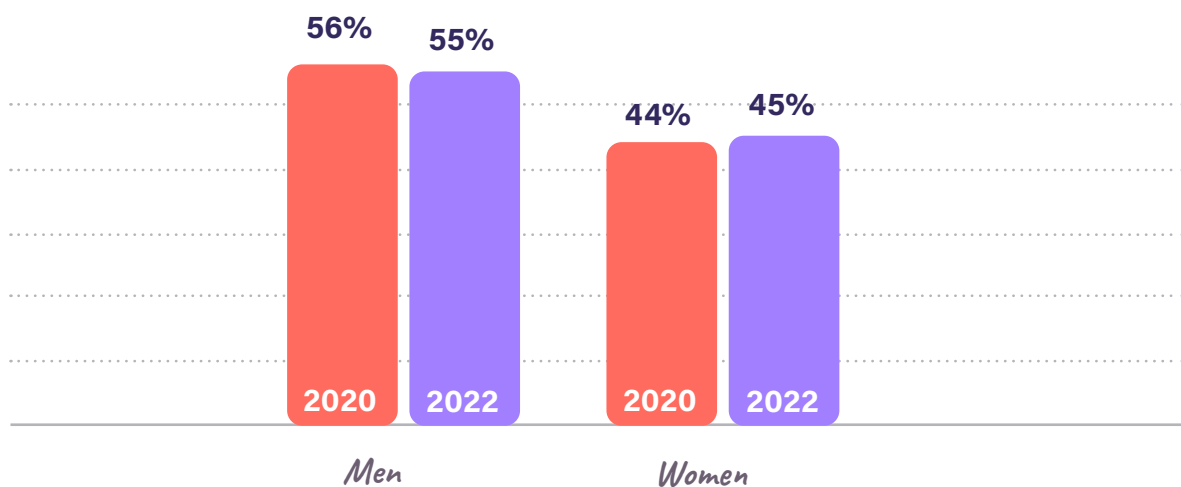
ACT saw the most significant declines, as the city is vulnerable to changes from hybrid work arrangements. Many contractors and workers are opting to work remotely with employers in Canberra (even based in Sydney or Melbourne), instead of spending more time in the City. As a result, the city's hospitality sector has seen substantial declines in its pool of patrons.

Change in shift work hours



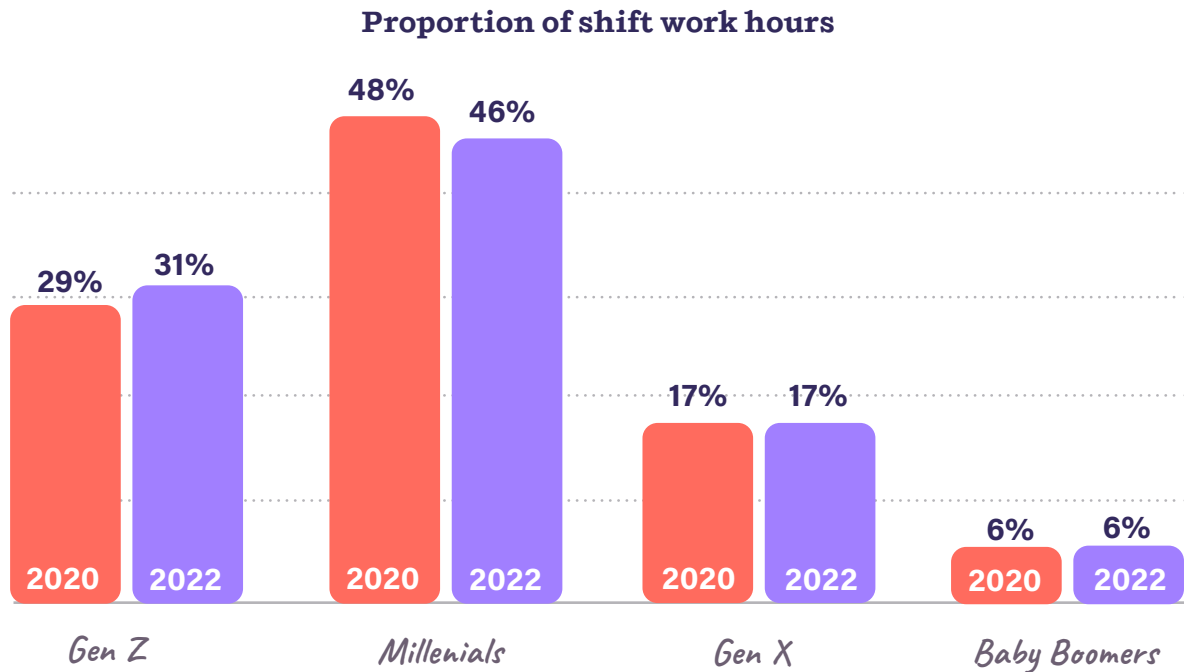
In line with other sectors in the Hospitality industry, tight labour market conditions have incentivised Bars and Pubs to increase employment and shift work hours amongst women. The sector saw a marginal increase in the share of shift work hours amongst female bar and pub shift workers in 2022.

Proportion of shift work hours



There has been a decline in Millennials as a share of shift work hours across all industry sectors, in place of increases in all other generations.

Gen Z saw the most significant increase in the shifting workforce.



Key Trends

Consolidation of Industries

Traditional pubs have faced long-term declines as consumer preferences shift towards niche bars, gastro-pubs and small-bar scenes that provide higher-value alcoholic beverages (e.g. craft beers). This trend has contributed to a long-term consolidation of the industry towards new (and often younger) operators looking to expand into younger and higher yield markets. Consequently, Bars and Pubs will increasingly need to adapt their offerings to capture the higher yield restaurant market by expanding their physical dining sections and providing improved offerings to more quality-conscious consumers.

Supply Chain Pressure

The Russia-Ukraine conflict has impacted the global supply chain for alcoholic beverages, as both countries are significant producers of critical agricultural inputs (barley, maize, oats, wheat, etc.). Consequently, prices of inputs (wheat, hops) will remain high into 2023. Bars and Pubs will face price pressure (perhaps more than any other Hospitality sector), where operators are likely to pass on price increases to consumers.

Inflation Risks

While the easing of global supply chain pressure is anticipated to lower transport costs (and moderate increases in the price of inputs), inflation risks in the Australian economy may affect discretionary spending in Bars and Pubs. With rising rents and mortgage repayments, some households are likely to switch to affordable in-home alcoholic beverage consumption.

Bars and Pubs that offer a combined experience of food, dining and entertainment are more likely to remain resilient through these periods by effectively providing value-add experiences to their drinks offering (limited for in-home consumption).

Reshaping of the CBD

Inner City Bars and Pubs are adjusting to the new CBD paradigms, with more hybrid workers and a lower weekday, day-time patronage level.

The sector will need to cater to new markets, including new residents relocating into the city, workers from new co-working spaces and new operators (taking advantage of lower commercial prices) and, lastly, Metropolitan domestic stay-cationers looking for a more affordable travel experience.

The rise of neighbourhood employment centres

Neighbourhood Bars and Pubs have benefitted from a shift toward hybrid work arrangements, with stay-at-home workers opting to undertake more of their dining options in local Bars, Pubs and Restaurants.

Forthcoming growth in neighbourhood co-working spaces and employment centres will create new customer markets for Bars and Pubs in the suburbs and neighbourhoods. These represent a major growth opportunity for existing Bars and Pubs in suburban centres – and invite the possibility of new competitors into these markets.

A woman with long dark hair, wearing a dark blazer over a light blue collared shirt, is smiling and handing a small white card to a man on the left and a woman on the right. The man is bald and wearing a light blue shirt. The woman on the right has dark hair and glasses, also wearing a light blue shirt. They are in a modern office with large windows and green plants in the background.

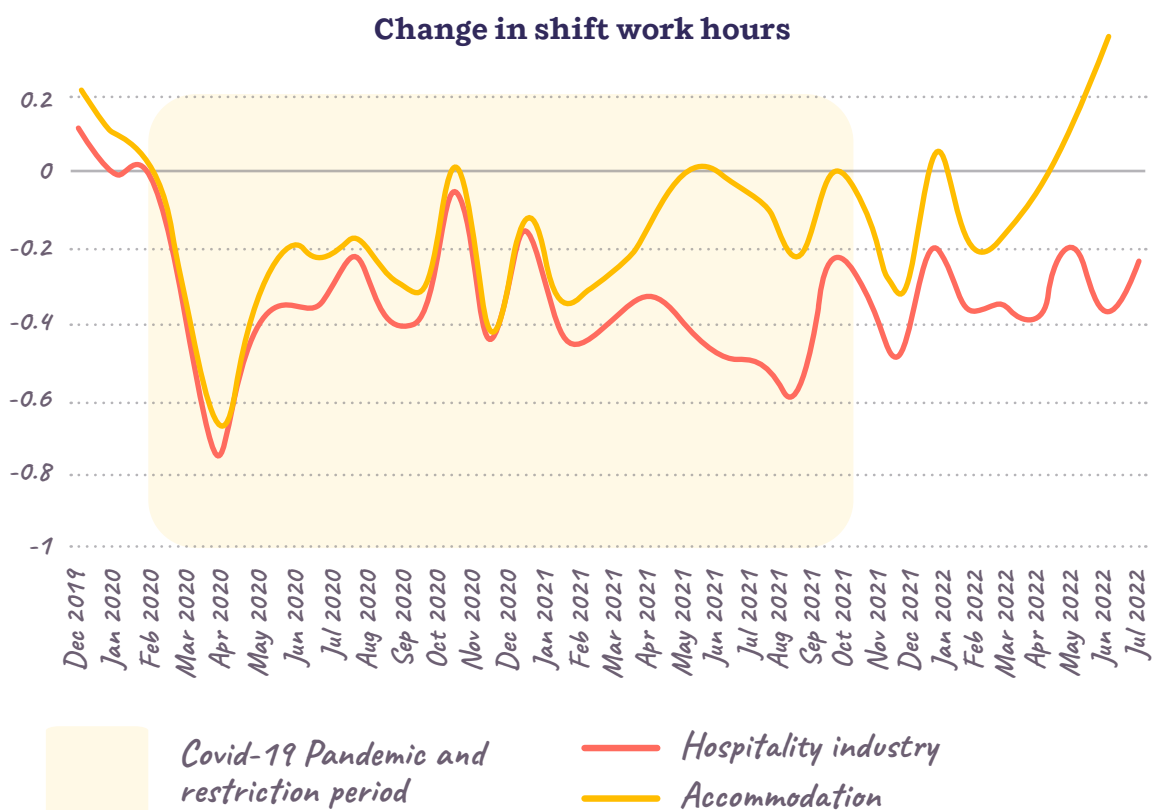
The Big Shift

Accommodation

The most robust performing sector to date

Accommodation represents the most substantial performing sector in Hospitality. The sector has seen a 50% increase in shift worker hours.

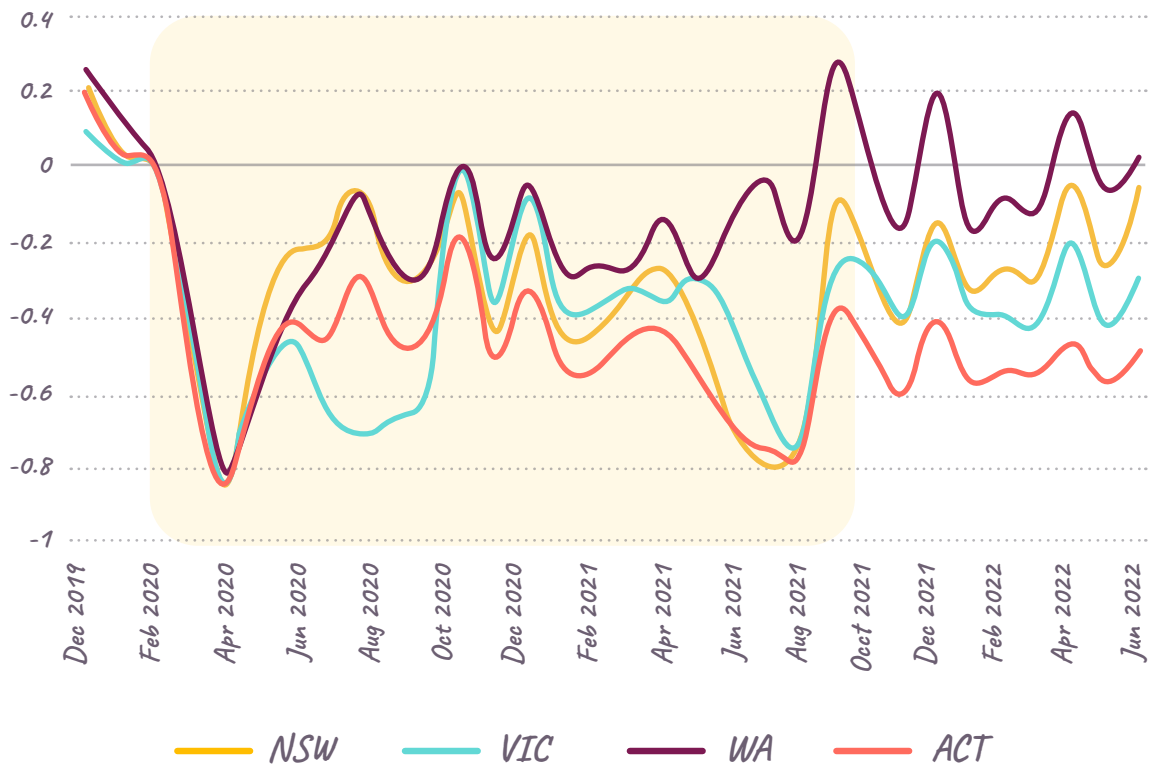
A latent, trained and skilled labour force was underutilised during the pandemic, which was released in 2022 during the re-opening of the border and economy. The sector has significantly benefited from a reluctance of Australians to travel overseas, which has resulted in a surge in domestic tourism (and even within-city stay-cation) spending.



Almost all states saw an increase in Accommodation shift work hours, with Victoria leading — more than doubling the workforce since the re-opening of the borders.

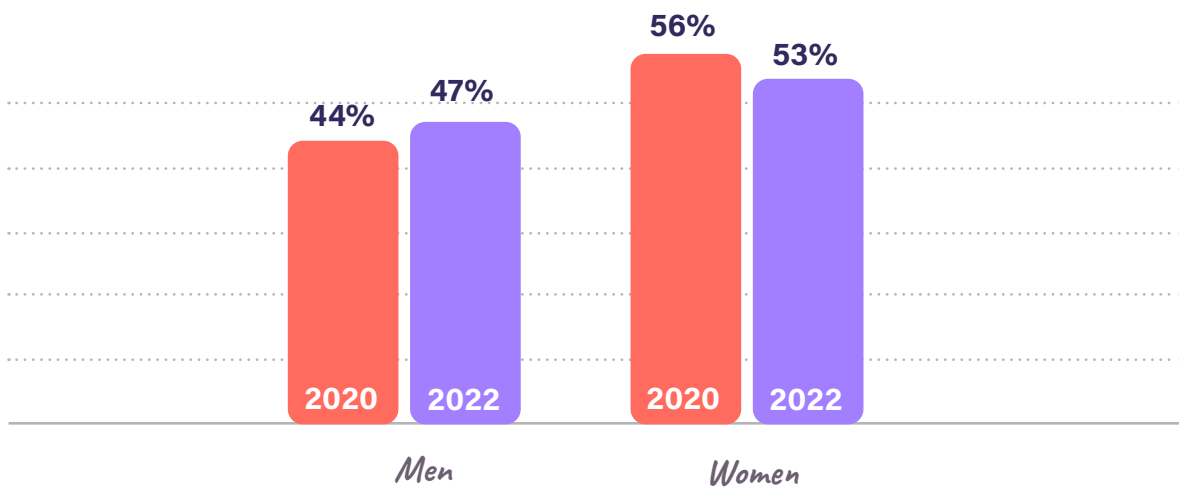
ACT is the only region to experience a decline in shift work hours. The City remains vulnerable to changes from hybrid work arrangements, where many contractors and workers opt to work remotely (with some even permanently basing themselves in Sydney or Melbourne), instead of spending more time in the City. As a result, the city's hospitality sector has seen substantial declines in business visitors and weekday patrons.

Change in shift work hours



Accommodation is the only sector to experience a decline in female shift hours in 2022, from 56% to 53% of shift work hours. While women have a higher share of shift work hours in the sector, tight labour markets in Hospitality have incentivised Accommodation providers to seek out new workers, some of which is a latent male workforce.

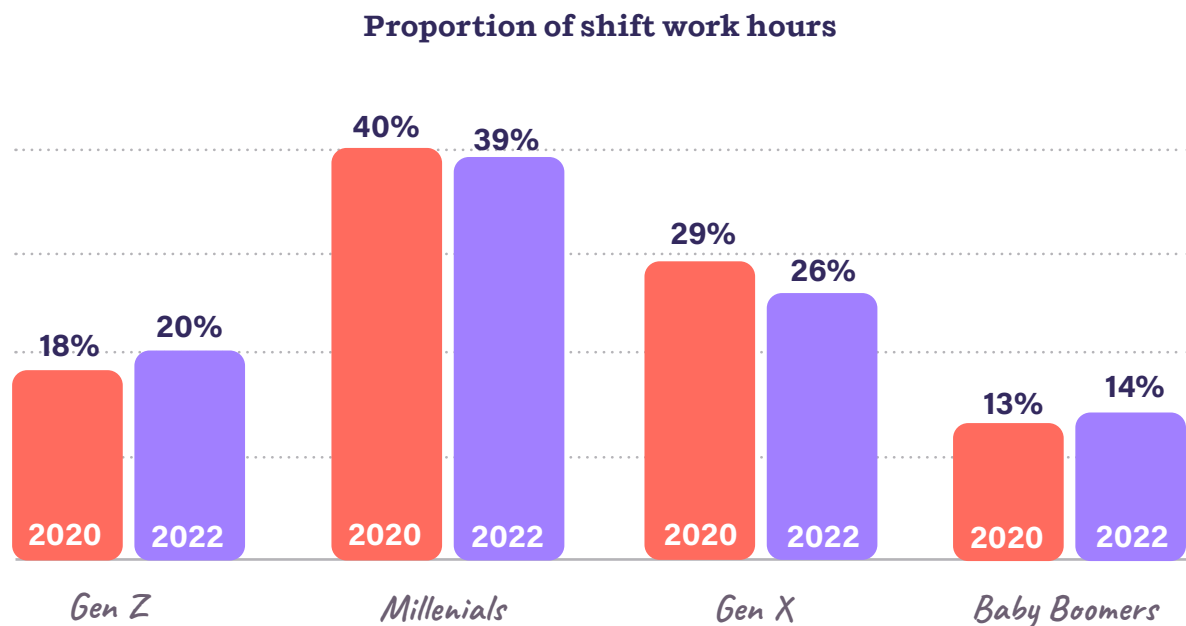
Proportion of shift work hours



Older workers making their way back into the industry

The sector is also experiencing a significant generational shift, with older Millennials and Gen Xs seeing large declines in their share of shift work hours, in place of an increase in younger Gen Z workers.

As with every other sector, Baby Boomers saw a slight increase in the Accommodation shift workforce, as businesses encourage the re-entry of much older workers in a tight labour market.



Key Trends

Global Economic Slowdown

China, US and UK represent the three largest international inbound markets. With all three markets experiencing significant economic slow-downs (and China maintaining border restrictions), revenue from these international markets will remain subdued into the near future.

Australian Travel Deficient

Despite open international borders, Australians have been reluctant to participate in international travel experiences.

In FY22, there was a \$42 billion gap between actual overseas travel and potential travel that could have happened. This experience deficit has transformed Australians into experience seekers looking for affordable and accessible travel experiences locally. The sector is anticipated to benefit from these trends, with new domestic markets developed from within-city staycation visitors.

Business Travel and Conferences

Accommodation will rely less on domestic and international business travellers, where hybrid work models and online video communication have replaced the need for business travel.

Nevertheless, demand for in-person conferences will likely remain resilient into the future, where the sector will continue to benefit from these particular travel markets.

Accommodation providers will also need to look to other markets in domestic tourism, particularly interstate holiday travellers, local staycationers and hybrid workers (looking for a change in place of remote work).

Hybrid workers and coworking spaces

Many hybrid workers have opted to undertake vacations in their cities through stay-cation experiences, with some maintaining remote working arrangements in hotels. As a result, these new markets will expect more services to cater to their hybrid working needs, including the availability of in-house co-working spaces, better internet connections and smart devices with video capabilities.

Technology and Expectations

Stay-at-home lockdowns have changed consumer habits with technology use, where patrons now expect services to align with their in-home experiences (e.g. smart TV devices to connect/cast to their devices and paid streaming platforms).

Furthermore, the increasing prevalence of VR and AR technologies will reshape how consumers plan their holidays. Australian museums now have more digital viewers than physical ones.[†] Consumers are increasingly likely to expect a “pre-experience” of their holidays and visits, through VR/AR technologies. In these instances, the sector will be expected to provide virtual reality hotel and room tours before consumers can commit to accommodation bookings.

Bar Biscotti, Sydney ↘

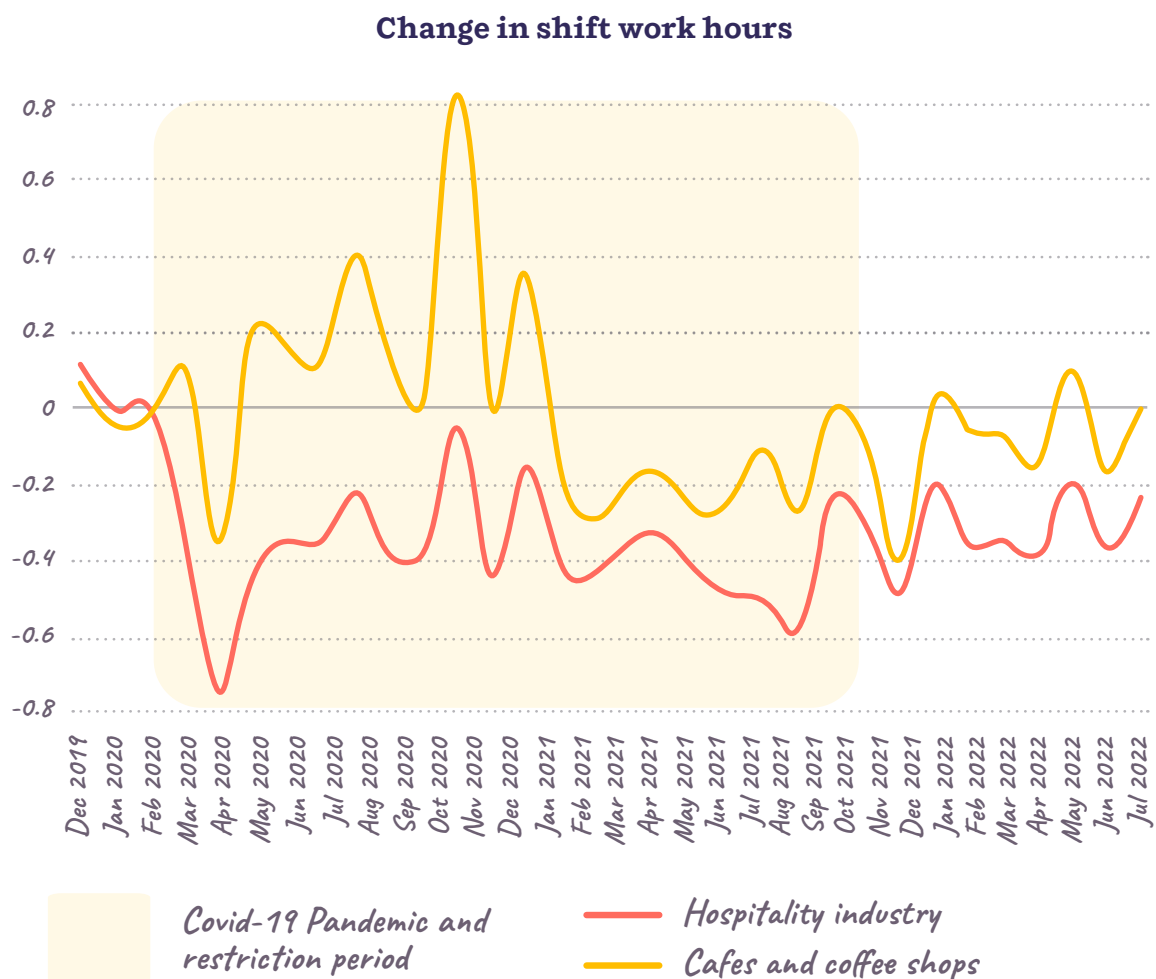
The Big Shift

Cafes and Coffee Shops

Employment has levelled out after a pandemic uptick

Cafe and Coffee Shops were the strongest performing sector throughout the COVID-19 crisis. While lockdown restrictions muted consumer spending generally, stay-at-home requirements led to many Australians spending on their local neighbourhood dining options (particularly Cafes and Coffee Shops).

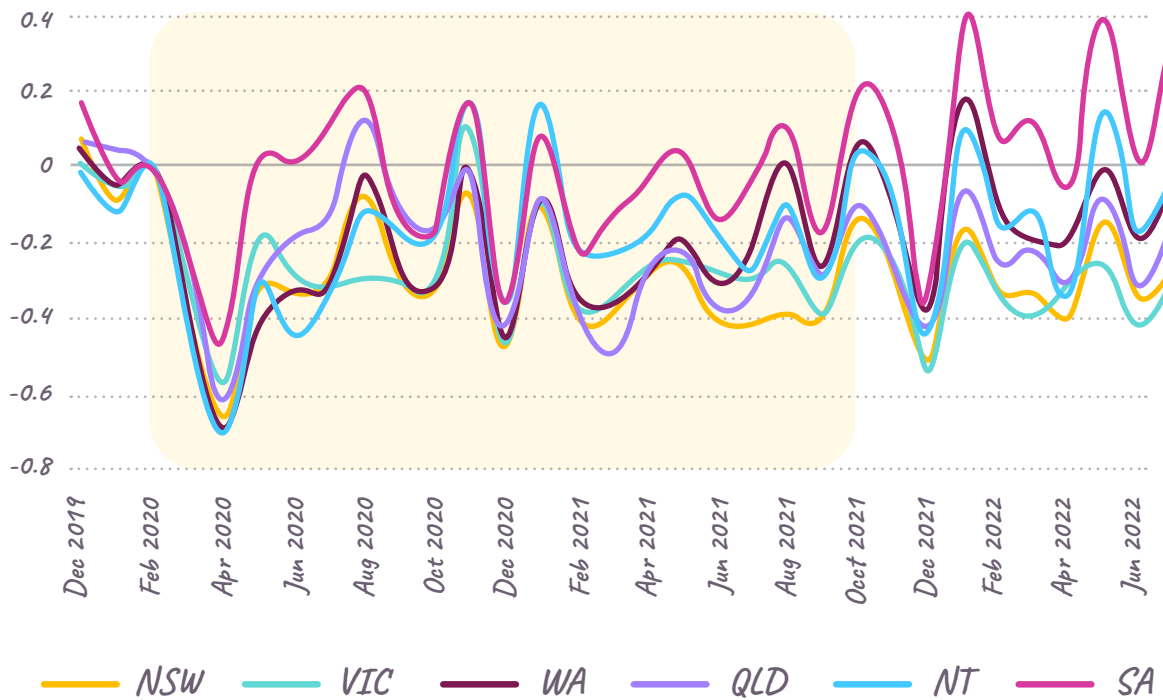
As a result, shift work hours increased during the pandemic, particularly during intense restriction periods. Shift work employment has levelled back to pre-pandemic levels into 2022.



The industry faces tight operating margins and greater levels of competition in attracting workers from other hospitality sectors. This is especially the case for Cafes and Coffee Shops in major states like VIC and NSW, which have suffered from shortfalls in their workforce from fewer international student and travelling overseas workers.

Nevertheless, the remaining states have benefitted from sustained increases in domestic tourism spending, which has supported revenue in the sector and increased in shift work hours.

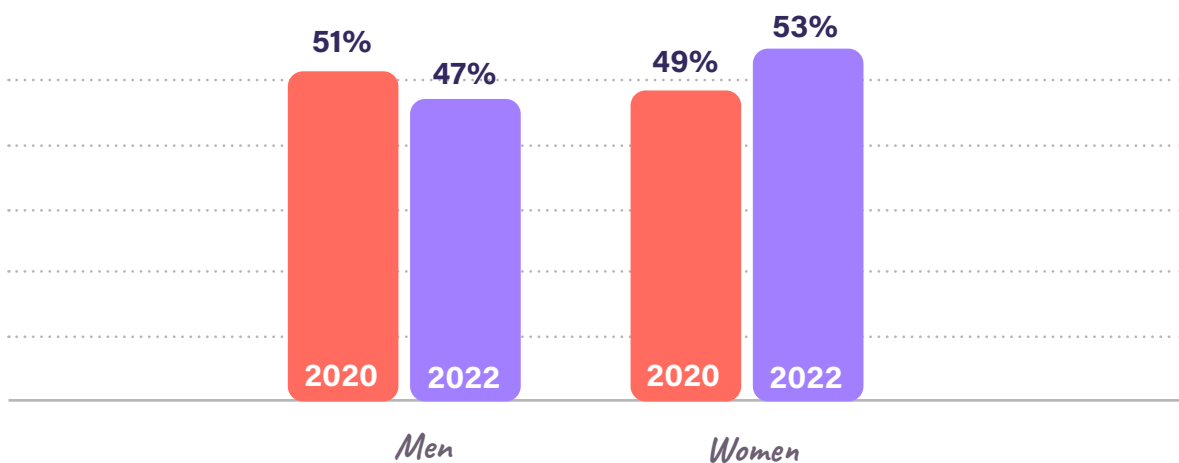
Change in shift work hours



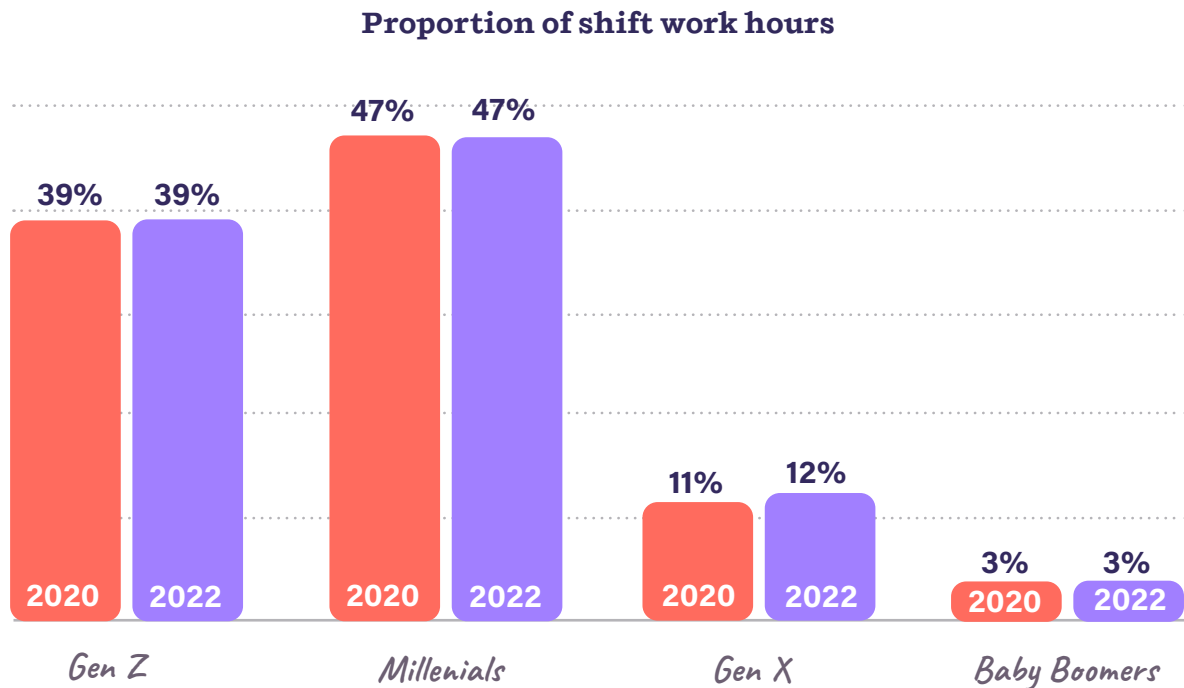
The Cafes and Coffee Shop Sector has experienced the largest change in the gender makeup of the workforce. Where males previously represented the majority of shift work hours, females now make up 53% of the shift worker workforce.

This reflects the competitiveness of the labour market, where the industry's tight operating margins have pushed many operators to expand their employment bases by encouraging the participation of more female workers in the workforce.

Proportion of shift work hours



Shift work hours by generations have largely remained the same, except for a small increase in older workers via Baby Boomers and Gen Xs. This also reflects labour market shortages, where tight margins push Cafes to search for new workers outside the primary labour pool of younger workers amongst Gen Z and Millennials.



Key Trends

Reshaping the CBD

Inner City Cafes and Coffee Shops are adjusting to the new CBD paradigms, with more hybrid workers staying at home, resulting in a lower weekday, day-time patronage level. The sector will need to cater to new markets, including new residents relocating into the city, workers from new co-working spaces and small businesses (taking advantage of lower commercial prices) and Metropolitan domestic staycationers looking for more affordable travel experience options.

Neighbourhood Centres

Neighbourhood Cafes have remained largely resilient through the pandemic. The sector has benefited from a shift toward hybrid work arrangements, with stay-at-home workers opting to undertake more consumption in their local Cafes. Forthcoming growth in neighbourhood co-working spaces and employment centres will create new customer markets for Cafes in the suburbs and neighbourhoods. This represents a growth opportunity for existing Cafes in suburban centres – and invites the potential for new competitors to enter the market.

Reduction in discretionary spending

While the easing of global supply chain pressure is anticipated to alleviate the price of supplies, inflation risks in the Australian economy may affect discretionary spending into Cafes and Coffee Shops.

Some households are likely to switch to affordable in-home consumption options. Cafes that service this market (through the provision of take-away roasted coffee beans or even high-quality, in-home meals), are likely to remain resilient through these periods.

Rise in Ethical Consumption

While the sector faces tight operating margins and price-sensitive consumers, there is a growing demand for ethical sourcing in the sector. Consumers are increasingly attuned to the sustainability of their coffee purchases (e.g. opting for re-usable cups) and are willing to pay higher prices if it tangibly benefits the environment and downstream producers, particular for suppliers who are also vulnerable price-takers like dairy farmers or coffee-beans growers in poorer, developing countries. Demonstrating how their purchases are sustainable and ethical will be a competitive advantage in forthcoming price increases.

Climate Change Risks

Many hybrid workers have opted to undertake vacations in their cities through stay-cation experiences, with some maintaining remote working arrangements in hotels. As a result, these new markets will expect more services to cater to their hybrid working needs, including the availability of in-house co-working spaces, better internet connections and smart devices with video capabilities.



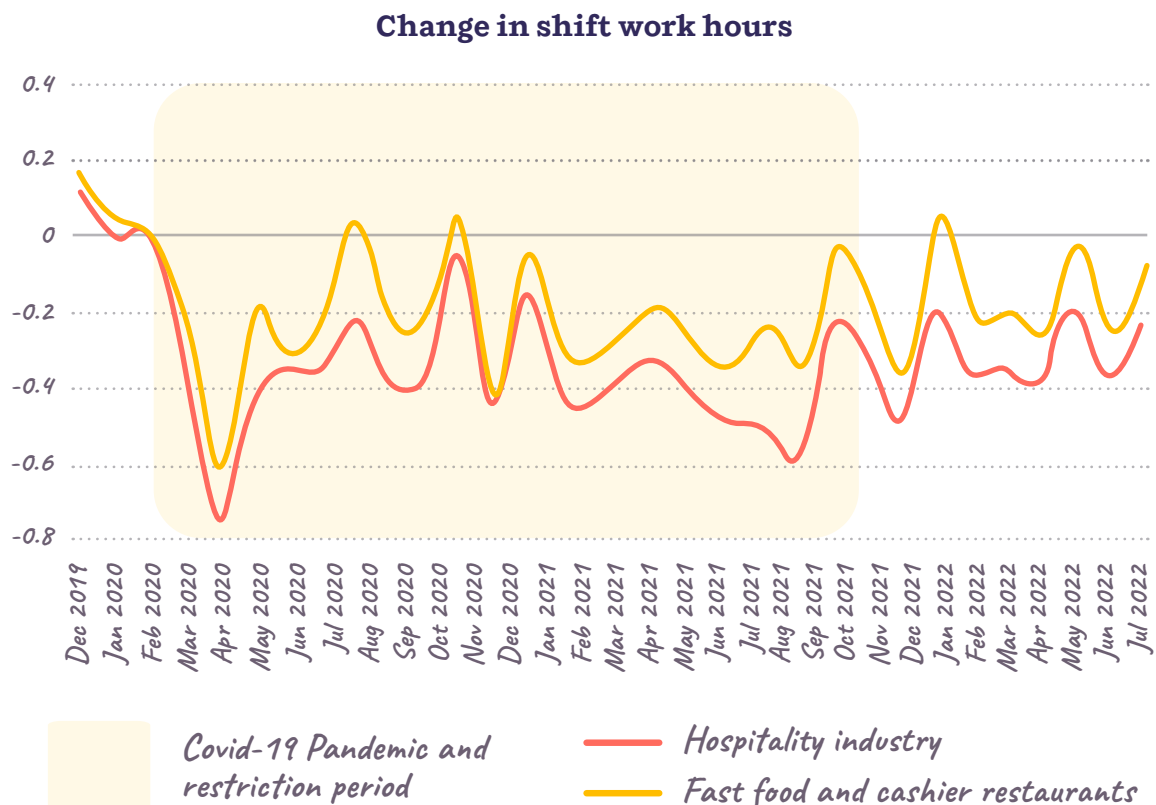
The Big Shift

Fast Food and Cashier restaurants

Fast food shift workers receiving 40% less hours in Victoria

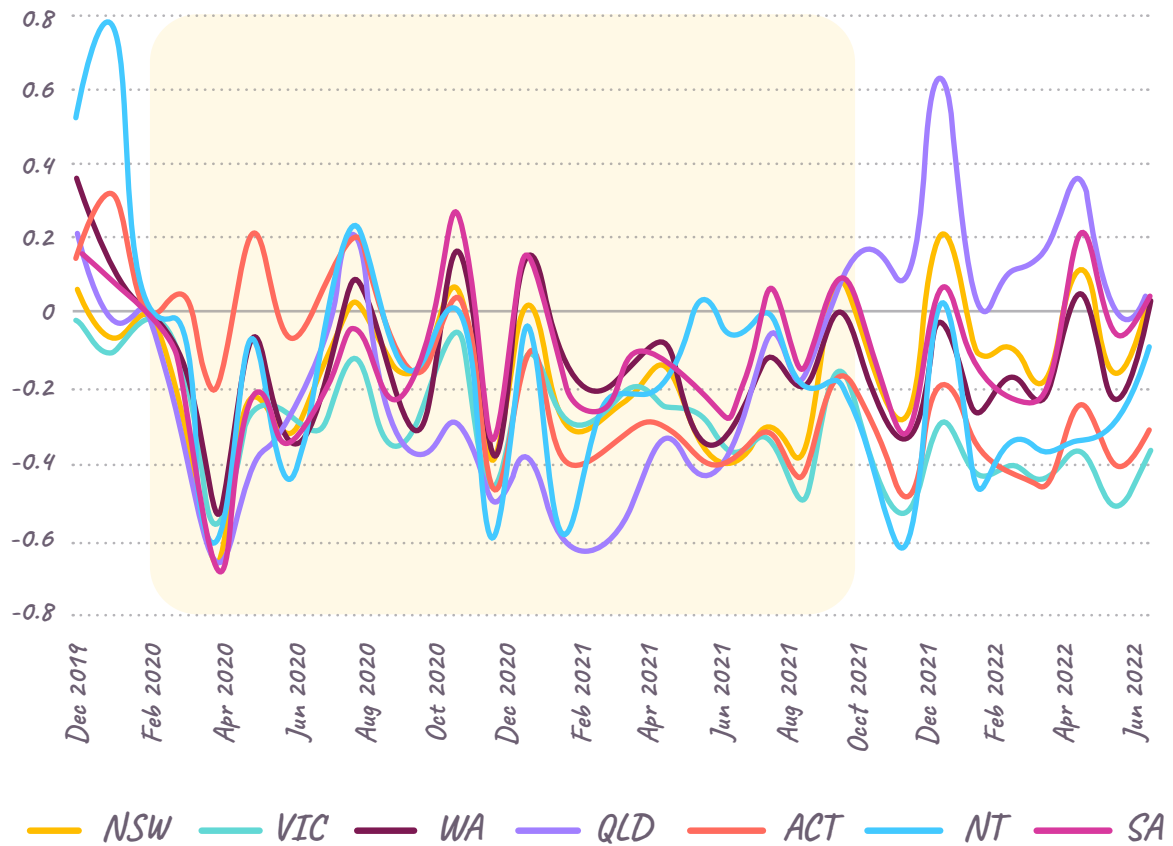
Fast-food and cashier restaurants saw recoveries in shift-workers hours into 2022. However, the sector continues to employ less shift work hours compared to pre-pandemic levels. There has been a significant shift towards labour-replacing technologies, such as automated ordering, payment and checkout systems.

Furthermore, changing consumer spending patterns towards drive-through and in-app delivery purchases has led to less reliance on shift workers (at least, those that are front-counter facing).



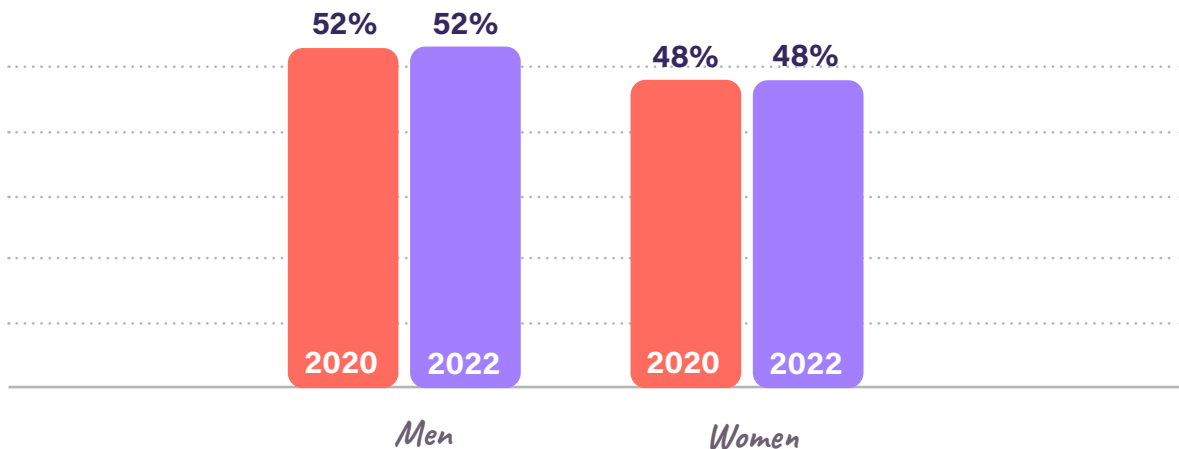
VIC saw the largest decline in shift workers, employing 40% less hours compared to before the pandemic. The state experienced the longest exposure to stay-at-home restrictions, where consumers spending patterns in drive-through and in-app delivery purchases have now become sustained habits.

Change in shift work hours



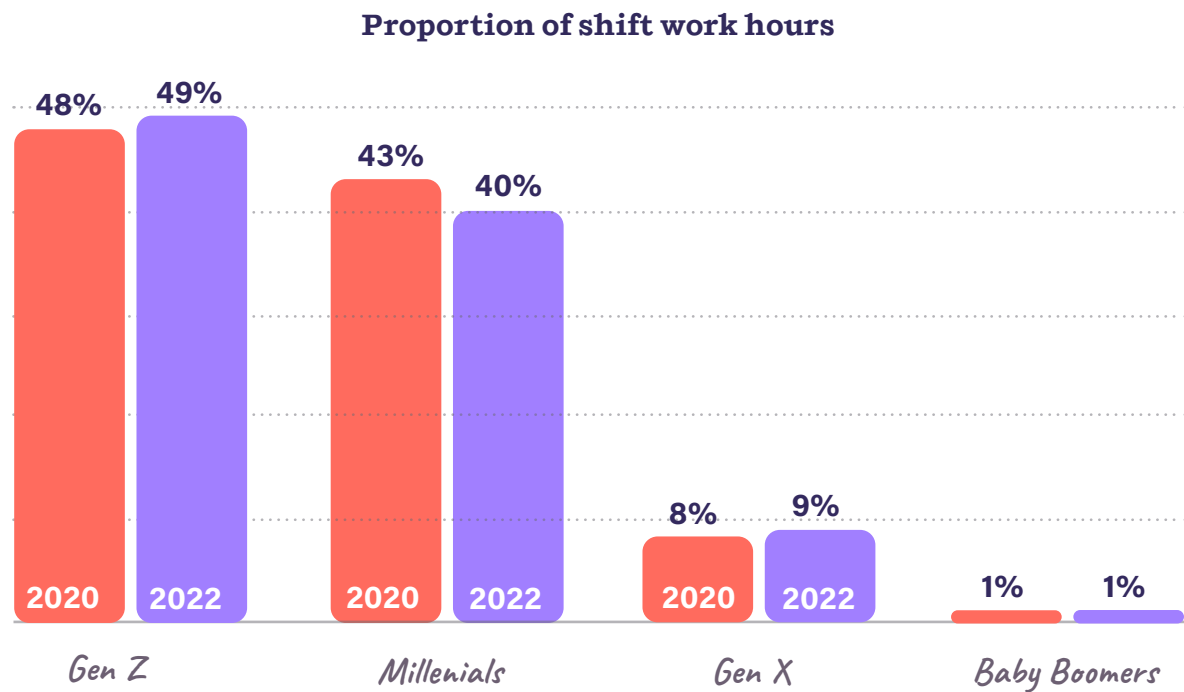
Deputy data suggests no substantial changes in shift work hours by gender. Fast Food and Cashier Restaurants continue to be the most equitable sector, in terms of providing even shift work hours for female and male workers. Furthermore, the data suggest that the increasing prevalence of labour-replacing technology is not having a gendered effect on shift work patterns.

Proportion of shift work hours



Gen Z makes up the largest workforce in the sector. The cohort was able to see an increase in the share of shift work hours, in place of continued declines amongst the Millennial workforce.

The sector's workforce continues to grow younger and is experiencing the strongest generation shift in the hospitality sector.



Key Trends

Reduction of Discretionary Spending

While the easing of global supply chain pressure is anticipated to alleviate the price of supplies, inflation risks in the Australian economy may affect discretionary spending in Fast Food and Coffee Shops.

Nevertheless, the sector is historically resilient in times of economic downturn and recession, given its adaptability to change the menu towards price-conscious seasons (e.g. savings bundles, price discounts).

Rise in Ethical Consumption

While the sector may face price-sensitive consumers, there is a growing demand for sustainable sourcing. Consumers are increasingly attuned to the sustainability of their food consumption practices and are willing to pay for higher prices if it tangibly benefits the downstream producers, for example, local vegetable growers and meat sourced from farmers. The sector can remain resilient through price increases if it can demonstrate that these benefit downstream suppliers and the environment.

Climate Change Risks

Climate change represents the largest supply chain risk for the sector, where the industry is exposed to sourcing difficulties from climate disruptions (e.g. floods and droughts).

Nevertheless, Fast Food and Cashier Restaurants will lead the way in adopting climate-resilient supply chains: the sector already relies on a nationally-diversified pool of suppliers (which makes them less exposed to local climate shocks). Increasing purchases of climate-resilient food and vegetable products will continue to strengthen their supply chain.

Consumer preferences and technology

The sector has adapted to changes in consumer behaviour and technology by diversifying its revenue to drive-through takeaways and in-app delivery purchases. Furthermore, consumers are increasingly relying on smartphones to order takeaways in person, a trend which is forecast to intensify into the future. The increasing use of labour-replacing technologies has meant less dependency on shift workers. However, reliance on external app partners has also restricted profit margins, as these platforms charge commissions up to 35% of the order value.

Increased Competition

The sector will face increased competition from Cafes, Restaurants and even Supermarkets, who will increasingly cater to convenience-focused and health-conscious consumers through healthier takeaway menu items.

Furthermore, the industry is expected to see increases in the number of new entrants, as Australian consumers (with a large experience deficit) have significant and latent demand for new fast-food experiences. This will likely result in an increasing number of foreign entrants (particularly established American brands and global ethnic food operators).

Sit-down restaurants are amongst the strongest performing sectors to date. While the sector saw significant declines during the pandemic, it is currently experiencing a 30% increase in shift work hours compared to pre-pandemic levels.

The industry has benefited from tailwinds in the Australian travel deficit, with many households opting to spend on local food and dining experiences.

Nomad, Sydney ↘

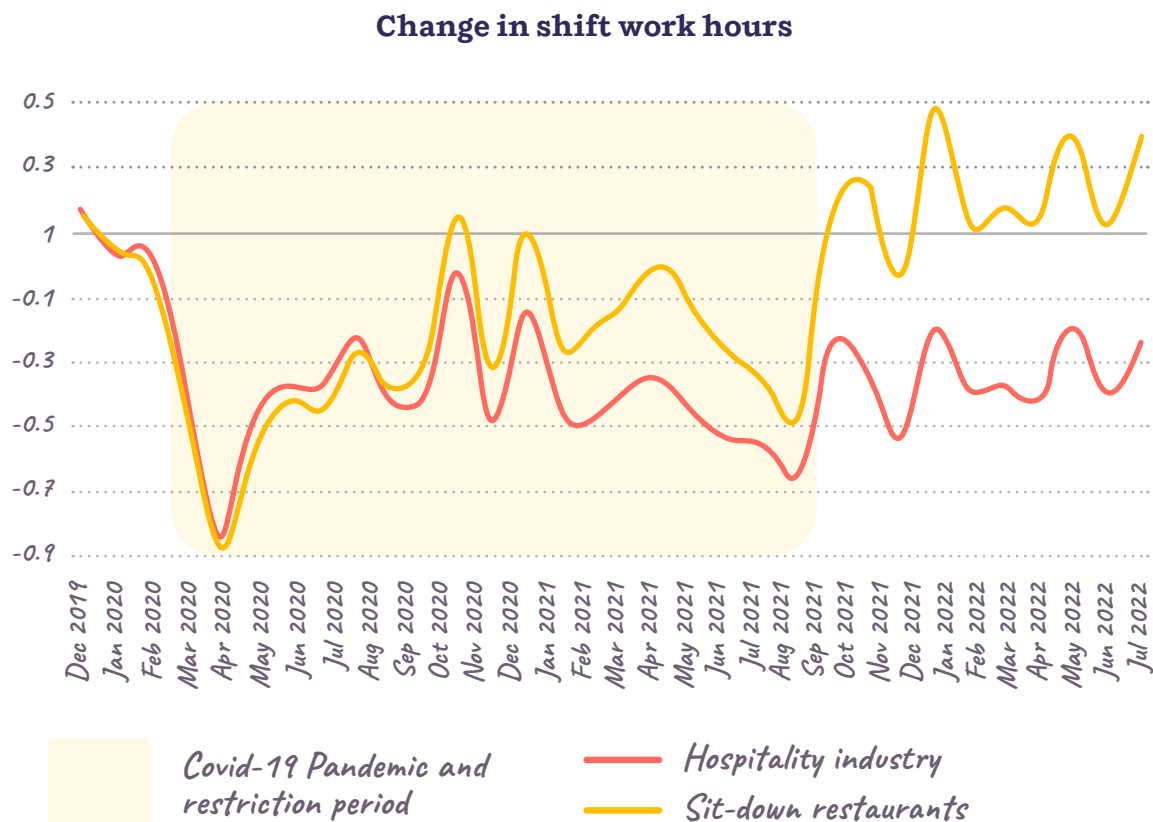
The Big Shift

Sit-Down restaurants

An incredible bounce back after a significant decline

Sit-down restaurants are amongst the strongest performing sectors to date. While the sector saw significant declines during the pandemic, it is currently experiencing a 30% increase in shift work hours compared to pre-pandemic levels.

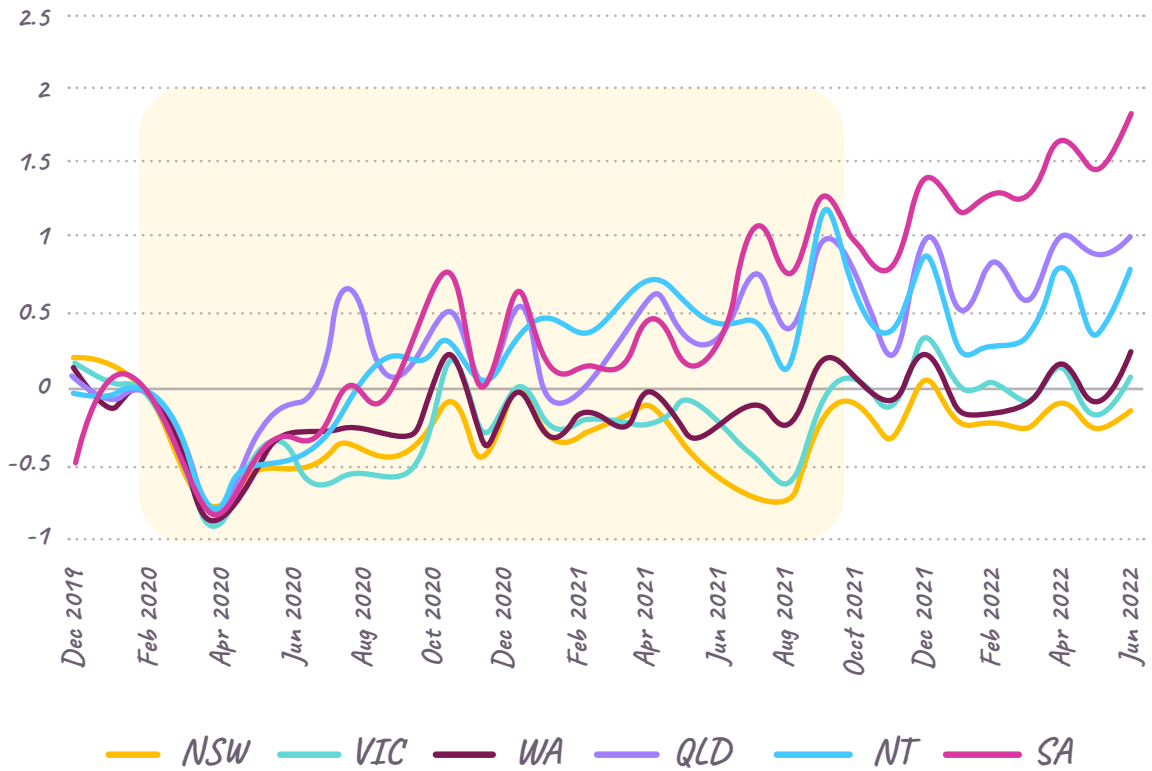
The industry has benefited from tailwinds in the Australian travel deficit, with many households opting to spend on local food and dining experiences.



All markets saw increases in the shift workforce, with the non-major states seeing the largest increase off the back of domestic tourism spending.

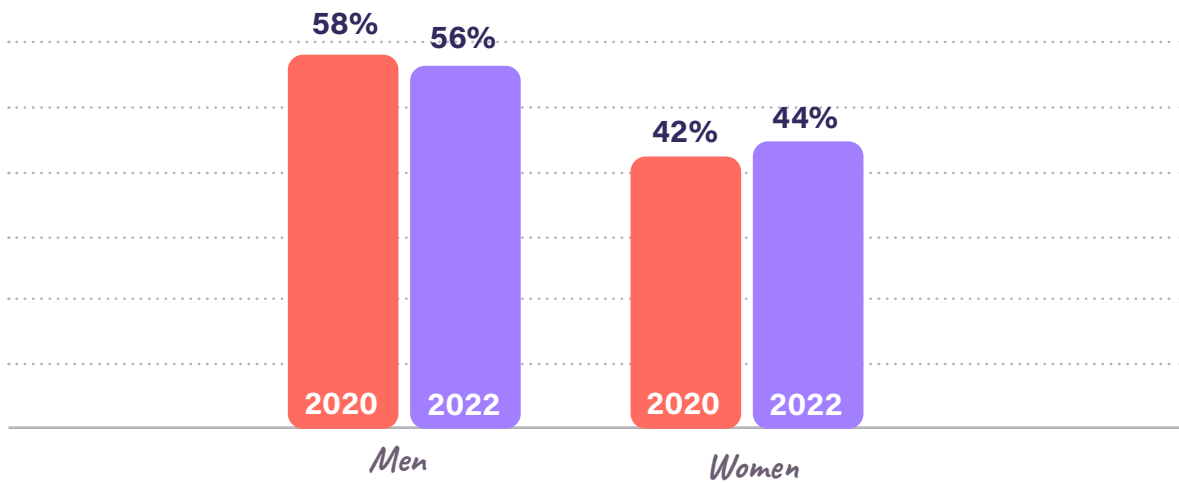
NSW was the only state to experience a small decline in shift work hours – potentially reflecting both the tight labour market conditions and the greater share of CBD-based businesses.

Change in shift work hours



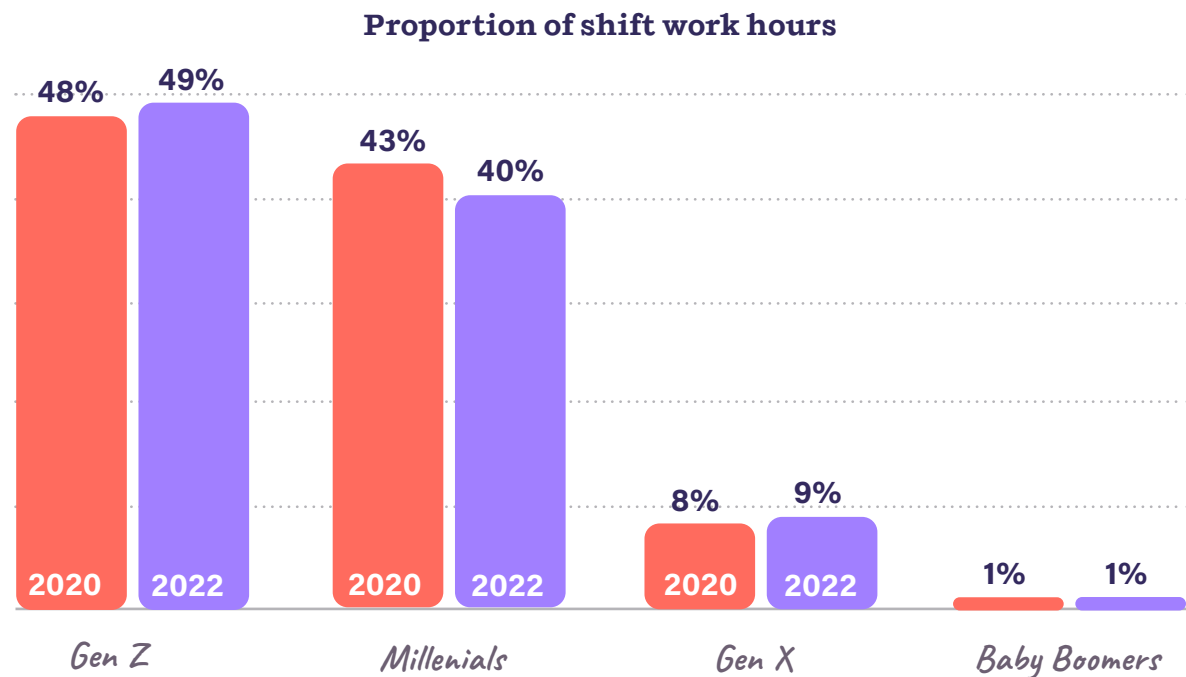
Tight labour markets resulted in gains in female employment, where 44% of shift work hours are from female shift workers in 2022 (up from 42% in 2020).

Proportion of shift work hours



The sector also saw the greatest generation shift amongst the hospitality sectors, with Gen Z increasing by 5% in the share of shift work hours. In place, Millennial workers saw a 5% decline in shift work hours.

The trend reflects tight labour market conditions, where the sit-down restaurant sector is increasingly relying on less-experienced, younger workers, opting to train them into the workforce.



Key Trends

Neighbourhood locales

Neighbourhood Sit-Down Restaurants have benefitted from a shift toward hybrid work arrangements, with stay-at-home workers opting to undertake more of their dining options in local suburbs. Forthcoming growth in neighbourhood co-working spaces and employment centres may present new opportunities for Sit-Down Restaurants.

The CBD and destination dining

Inner City Sit-Down Restaurants are adjusting to the new CBD paradigms, with more hybrid workers resulting in lower weekday and day-time patronage levels.

Nevertheless, a large experience deficit amongst Australians has created a latent demand for high-valued dining experiences, particularly those bundled with entertainment, cultural and accommodation packages. Restaurants who pivot and cater towards experiences are likely to remain resilient into the future, continuing to draw patrons despite distances from their residential suburbs. The sector can also benefit from new markets in new residents and staycationers in the city.

Reduction in discretionary spending

While the easing of global supply chain pressure is anticipated to alleviate the price of supplies, inflation risks in the Australian economy may affect discretionary spending in Sit-Down Restaurants.

Some households are likely to switch to affordable in-home consumption options. Restaurants that service this market (through the provision of high-quality, in-home meals), are likely to remain resilient through these periods.

Technology opportunities

The sector has adapted to changes in consumer behaviour and technology by diversifying its revenue to in-app delivery options.

Furthermore, consumers are increasingly relying on smartphones to order takeaways in person, a trend that is forecast to intensify into the future. The increasing use of technology may present new revenue streams for restaurants. However, reliance on external app partners has also restricted profit margins, as these platforms charge commissions up to 35% of the order value.

Consumer preferences and technology

The sector has adapted to changes in consumer behaviour and technology by diversifying its revenue to drive-through takeaways and in-app delivery purchases. Furthermore, consumers are increasingly relying on smartphones to order takeaways in person, a trend which is forecast to intensify into the future. The increasing use of labour-replacing technologies has meant less dependency on shift workers. However, reliance on external app partners has also restricted profit margins, as these platforms charge commissions up to 35% of the order value.

Human interaction and technology

Human connection can't be easily automated, where customers will continue to pay a premium for in-person, quality customer service. While other sectors (like Fast Food and Cafes) may be exposed to automation risks, these technologies are more likely to complement hospitality workers in the Sit Down Restaurant sector, freeing up the worker to improve customer experiences.

Climate change risks

While global supply chain pressure has led to sourcing difficulties, domestic climate change represents the most significant supply chain risk to the sector. Many operators rely on local suppliers for their food and vegetable produce. The increasing prevalence of floods and droughts will expose sourcing difficulties to these supply chains. Operators will need to rely more on a nationally-diversified pool of suppliers and source a greater amount of climate-resilient food and vegetable products.

Bloodwood, Sydney ↘

The Big Shift

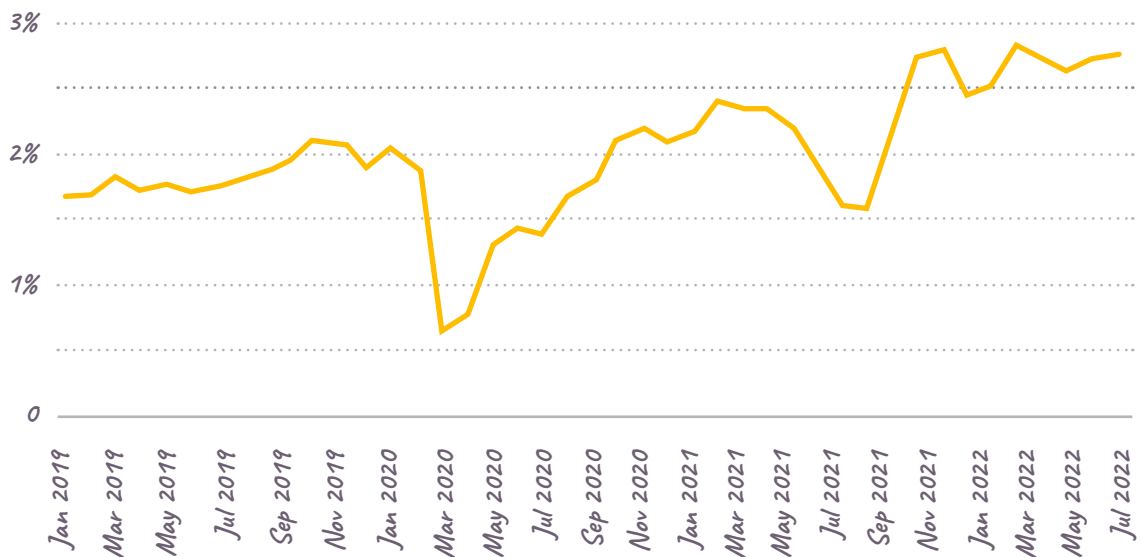
Multiple-job holder trends

Shift workers with multiple jobs using Deputy's platform

The share of hospitality shift workers with multiple jobs within the Deputy platform peaked in July 2022, at nearly 3% of shift workers.

It's important to note that this is likely to be an underestimate of the actual share of multiple job-holders in Hospitality, as shift workers may be employed by other employers that do not use Deputy or are engaged in gig-economy work.

Share of hospitality workers with 2 or more jobs in Deputy



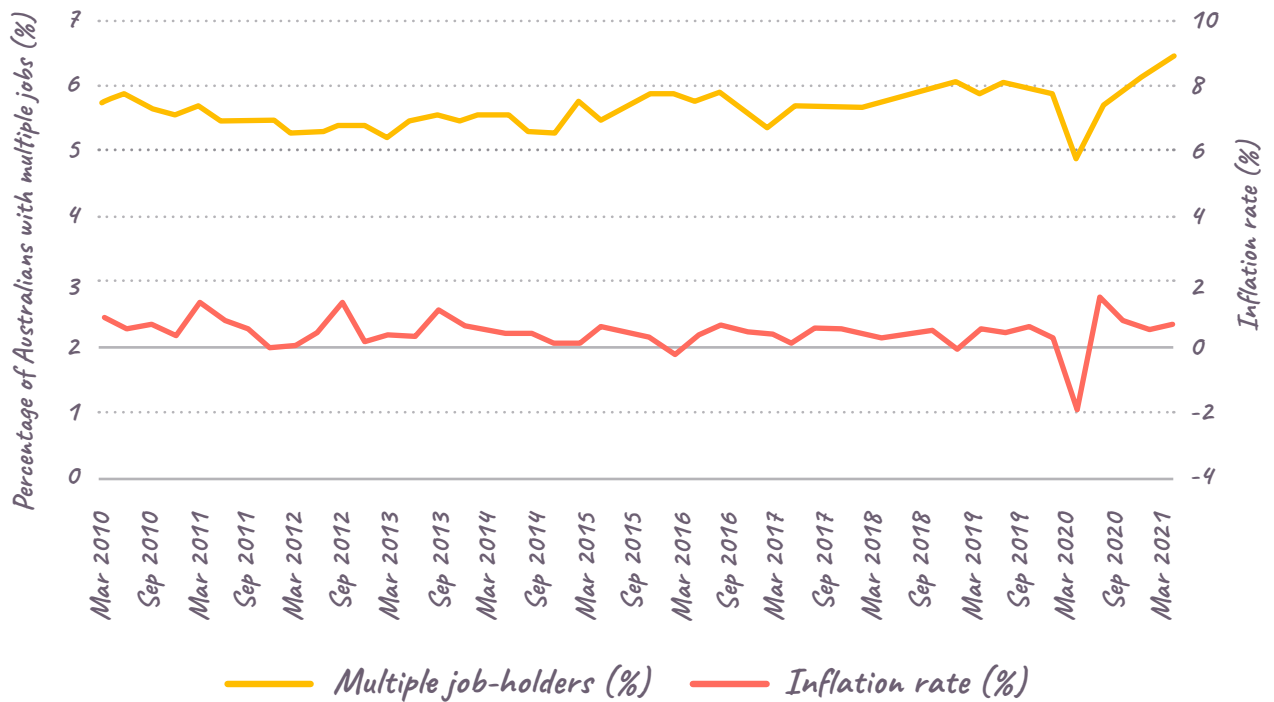
Nevertheless, the Deputy data reflects a rising trend toward multi-job holders.

Australians holding 2 or more jobs are at all-time 30-year historical highs. In July 2022 alone, multiple jobholders represented 6.5% of the Australian workforce.

While the casualisation of work and opportunities of the gig economy has led to a rising trend in multiple job holders, ABS data suggests that rising costs of living pressure is the main contributor to these historical highs.

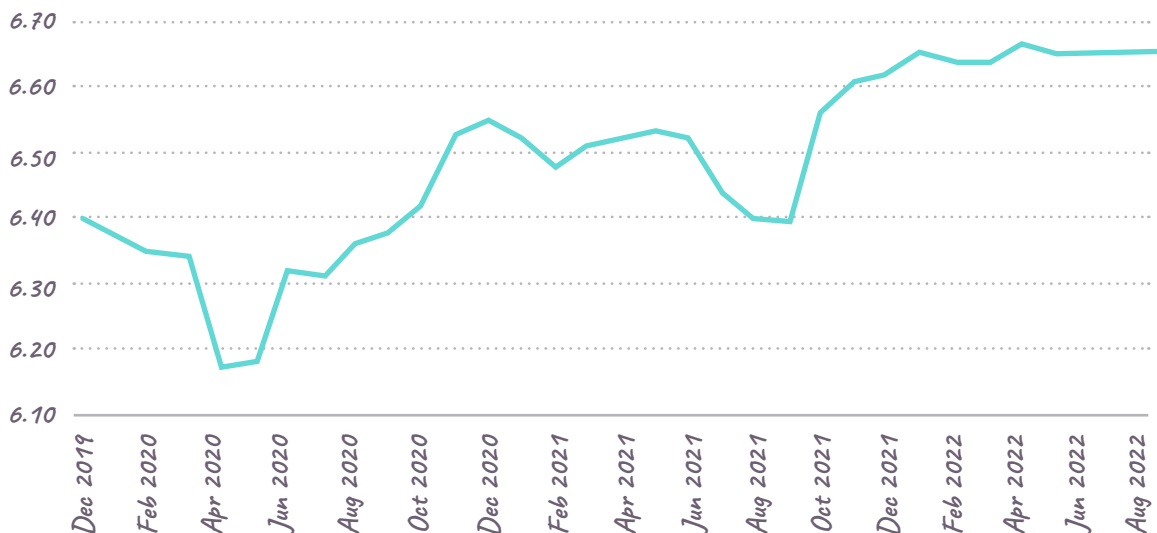
As wage increases frequently lag behind inflation and interest rate rises, shift workers tend to mitigate these rising costs by taking on multiple jobs.

Inflation and share of Australian workers with 2 or more jobs in Deputy



This is also reflected in trends in the length of shift work hours. Shift workers are working longer hours, even compared to their average shift work hours before the pandemic or during peak shopping and festive seasons (e.g. Christmas) when shift work hours tend to seasonally peak.

Average length of a scheduled shift in hospitality



It's also clear that the casualisation of work and the availability of gig-work opportunities have not contributed to a reduction in shift work hours length.

Deputy data suggests that Hospitality shift workers are indeed attempting to meet the cost of living pressures by taking on more hours, more jobs, or both simultaneously.

Thank you to the contributors



Data analysis & insights

Consulting Economist: Shashi Karu

Data Audit & Compliance Analyst: Carina Murray

Data Analytics Manager: Sara Young

Director, Data: Huss Afzal

Content creation, design & distribution

PR & Communications Director: Mat Beeche

Creative Lead: Nina Troeger

Lead Content Marketing Manager & Editor: Julian Webster

Director Marketing: Sophie Pank

Senior Marketing Manager: Mel Lawlor

Social Media Manager: Marina Plume

CEO & Co-founder: Ashik Ahmed

VP, Legal: Frank Chila



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