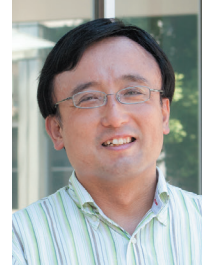


Impact of the Coronavirus Pandemic on the Food Service Industry



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Concerns Over Impact of Prolonged State of Emergency

On March 5, 2021, the Japanese government decided to extend the State of Emergency (SoE) being declared for Tokyo and the three prefectures of Kanagawa, Saitama and Chiba to March 21. As concerns continue over its impact on the Japanese economy around the services industry, the most affected is the food service industry.

In calculating the Indices of Tertiary Industry Activity of the Ministry of Economy, Trade and Industry, “eating and drinking places” and “food take-out and delivery services” make up 4.08% of the total. This article uses two statistics that serve as basic statistics in estimating the “eating and drinking places” and the “food take-out and delivery services” index to identify the impact of the coronavirus pandemic on the food service industry.

The first is the “Monthly Survey on Service Industries” (Statistics Bureau of Japan). The survey, which began from July 2008, is conducted every month to grasp such trends as production and employment for the entire service industry, and aims to improve the accuracy of various economic indicators such as GDP. Trends in sales and the number of employees can be identified for “eating and drinking places” and “food take-out and delivery services”.

Take-Out & Delivery Services Easing Slump

According to the abovementioned report, sales for “eating and drinking places” for 2020 (annual average) was 1.61 trillion yen, a drop of 27.2% compared to the previous year, and sales for “food take-out and delivery services” was 228.9 billion yen, a drop of 11% compared to the previous year (*Chart 1*). Looking at sales volume, “eating and drinking places” is still large, but demand for stay-at-home consumption may have helped to lessen the drop in “food take-out and delivery services”. Looking at the number of workers at the location of establishments, in

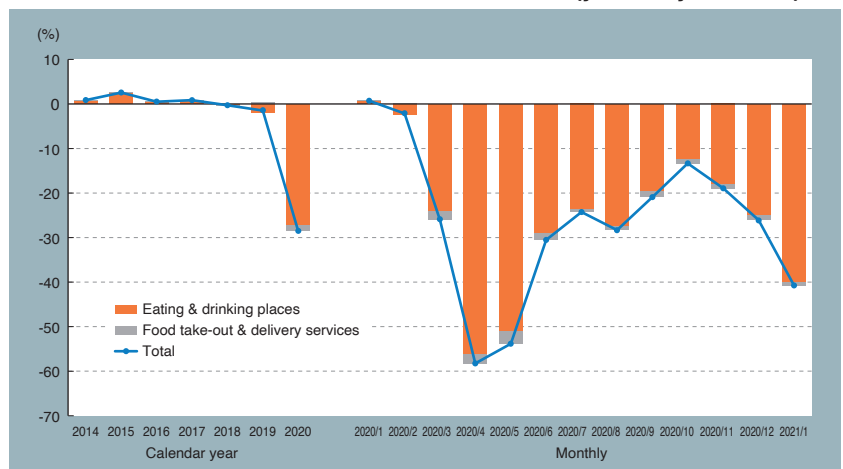
2020 (annual average) it was 4,065,300 workers for “eating and drinking places”, down by 6.4% year-on-year, while the number of workers was up by 2.2% year-on-year at 577,900 workers for “food take-out and delivery services” (*Chart 2*). It can be confirmed that “food take-out and delivery services” is easing the slump of the entire food service industry.

In looking at the trends for each month in 2020, the strong impact of policies to address the coronavirus pandemic such as the SoE declaration can be identified. The SoE which was declared on April 7, 2020 was finally lifted on May 25 across Japan, but sales for overall food services for these two months saw a drop by more than 50% compared to the same period the previous year. This is also tied to the decrease in the number of workers working at the locations of establishments.

Later, perhaps with the effect of the Go To Eat Campaign which the Ministry of Agriculture, Forestry, and Fisheries started in July 2020 to support restaurants and workers in these fields during the Covid-19 pandemic, the year-on-year decline shrank to around 10% by October 2020. But with a pause in the campaign due to the re-expansion of infections, the decline began to widen again, and for

CHART 1

Trends in sales of food services (year-on-year basis)



Source: “Monthly Survey on Service Industries”, Statistics Bureau of Japan

January 2021, when the SoE was declared again for Tokyo and the three neighboring prefectures, the decline was 40.7% for the overall food service industry, of which the contribution of “eating and drinking places” was a negative 39.9 points and “food take-out and delivery services” was a negative 0.8 percentage points.

Drop in Fast Food Relatively Small

The other statistic that allows us to grasp the trends in food services is the Monthly Survey of the Food Service Industry compiled by the Japan Food Service Association (JF) (Chart 3). Trends in sales for all stores for each member corporation can be identified by business types. These types consist of fast food, chain restaurants, pubs and *izakayas* (Japanese-style drinking taverns), dinner restaurants, cafés, and others.

Sales for the total food service industry in 2020 were down by 15.1% year-on-year. This shows a gap with the aforementioned Annual Survey on Service Industries, but it is estimated that this is because surveys conducted by the JF center on relatively large-scale food service stores such as chain restaurants. The number of customers saw a larger drop of 17.8%, but unit price per customer spending saw an increase of 3.3%.

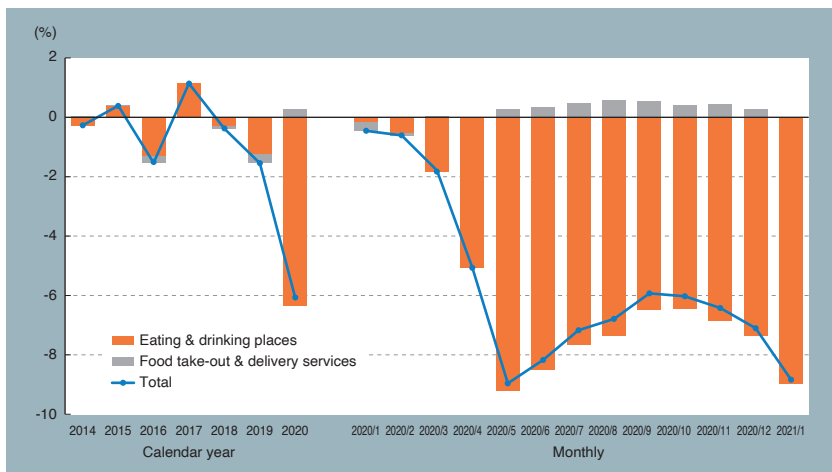
Looking at business type, the slump was least seen in fast food (year-on-year drop of 3.7%). According to published reports from the JF, heightened demand in “food take-out and delivery services” was a supporting factor. As a result, fast food such as “noodles” which is difficult to take out showed a larger year-on-year drop of 21.1%. A drop in sales for business types other than fast food was noticeable as such businesses rely on in-store dining and drinking, and especially for pubs and *izakayas*, sales halved with a year-on-year drop of 49.5%. It is thought that restrictions on operating hours under the SoE is having a big impact.

Decline in Pubs & Izakayas Grave

Looking at the trends for each quarter in 2020, the fall in sales has slowly been shrinking since plummeting in early spring. But with a SoE being re-declared in January 2021, the year-on-year drop of 15.5% in December 2020 has expanded to a year-on-year drop of 21% in January 2021. The figure for February 2021 which was released on March 25 was a negative 22.3%. The fall for pubs and

CHART 2

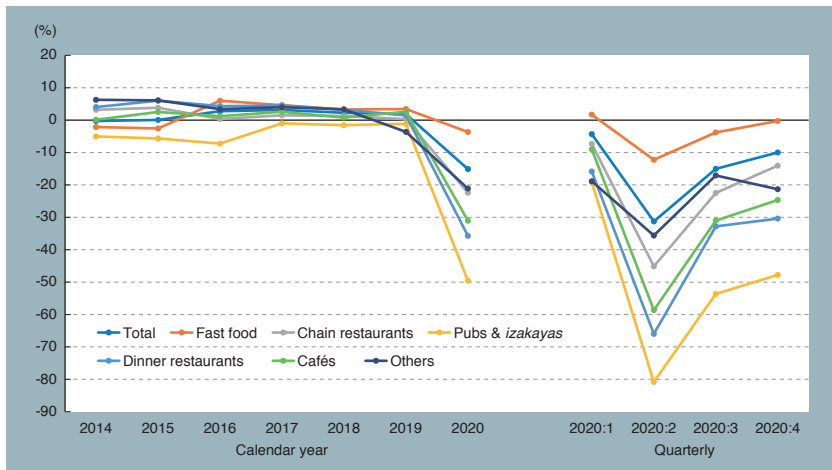
Trends in number of people working at food service establishments (year-on-year basis)



Source: “Monthly Survey on Service Industries”, Statistics Bureau of Japan

CHART 3

Trends in sales of restaurant industry (year-on-year basis)



Source: Monthly Survey on Restaurant Industry”, Japan Food Service Association

izakayas is severe at 60.9% for December 2020, 74.9% for January 2021, and a 70.7% fall for February, nearing the level of decline in the early spring of 2020.

Note: This article was written based on information obtained by March 31, 2021.

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Calendar year, Quarter and Month	Real GDP		Nominal GDP		IIP rate of increase over previous year/term (month) (%)	CPI (All terms, less fresh food) rate of increase over previous year/the same term (month) of the previous year (%)
	Amount (trillion yen)	Rate of increase over previous year/term (%)	Amount (trillion yen)	Rate of increase over previous year/term (%)		
2013	528.2	2.0	508.7	1.6	-0.3	0.4
2014	529.8	0.3	518.8	2.0	2.0	2.6
2015	538.1	1.6	538.0	3.7	-1.2	0.5
2016	542.1	0.8	544.4	1.2	0.0	-0.3
2017	551.2	1.7	553.1	1.6	3.1	0.5
2018	554.3	0.6	556.2	0.6	1.1	0.9
2019	555.8	0.3	561.3	0.9	-3.0	0.6
2020	529.0	-4.8	539.1	-4.0	-10.4	-0.2
2020/1st Qtr.	545.7	-0.6	554.7	-0.5	0.0	0.6
2nd Qtr.	500.4	-8.3	510.7	-7.9	-16.8	-0.1
3rd Qtr.	526.8	5.3	538.6	5.5	9.0	-0.2
4th Qtr.	541.6	2.8	551.1	2.3	5.7	-0.9
2020/July	—	—	—	—	6.9	0.0
Aug.	—	—	—	—	2.0	-0.4
Sept.	—	—	—	—	3.7	-0.3
Oct.	—	—	—	—	2.1	-0.7
Nov.	—	—	—	—	0.7	-0.9
Dec.	—	—	—	—	-0.2	-1.0
2021/Jan.	—	—	—	—	3.1	-0.6
Feb.	—	—	—	—	-1.3	-0.4
Sources	"SNA (National Accounts of Japan)", Cabinet Office				"Indices of Industrial Production", Ministry of Economy, Trade and Industry	"Consumer Price Index", Statistics Bureau, Ministry of Internal Affairs and Communications

Calendar year, Quarter and Month	Foreign Trade Statistics									
	Exports amount (trillion yen)	Exports rate of increase over previous year/ the same term (month) of the previous year (%)	Imports amount (trillion yen)	Imports rate of increase over previous year/ the same term (month) of the previous year (%)	Exports amount to US (trillion yen)	Exports to US rate of increase over previous year/ the same term (month) of the previous year (%)	Imports amount from US (trillion yen)	Imports from US rate of increase over previous year/ the same term (month) of the previous year (%)	Exports amount to EU (trillion yen)	Exports to EU rate of increase over previous year/ the same term (month) of the previous year (%)
2013	69.8	9.5	81.2	14.9	12.9	15.6	6.8	12.0	5.9	8.8
2014	73.1	4.8	85.9	5.7	13.6	5.6	7.5	10.7	6.4	8.2
2015	75.6	3.4	78.4	-8.7	15.2	11.5	8.1	6.9	6.7	4.4
2016	70.0	-7.4	66.0	-15.8	14.1	-7.1	7.3	-9.2	6.5	-2.8
2017	78.3	11.8	75.4	14.1	15.1	6.9	8.1	10.5	7.1	9.5
2018	81.5	4.1	82.7	9.7	15.5	2.4	9.0	11.4	7.7	7.8
2019	76.9	-5.6	78.6	-5.0	15.3	-1.4	8.6	-4.2	7.4	-3.0
2020	68.4	-11.1	67.7	-13.8	12.6	-17.3	7.4	-14.0	6.3	-15.1
2020/1st Qtr.	18.1	-5.5	18.3	-7.3	3.5	-9.2	2.1	-5.8	1.8	-8.6
2nd Qtr.	14.3	-25.3	16.3	-15.8	2.2	-44.7	1.9	-13.5	1.3	-29.9
3rd Qtr.	16.7	-13.0	15.8	-19.9	3.2	-13.7	1.7	-19.5	1.5	-20.2
4th Qtr.	19.4	-0.7	17.4	-11.8	3.7	-0.2	1.8	-17.1	1.8	-2.3
2020/July	5.4	-19.2	5.4	-22.0	1.1	-19.5	0.6	-25.1	0.4	-30.7
Aug.	5.2	-14.8	5.0	-20.4	0.9	-21.3	0.6	-21.5	0.5	-19.2
Sept.	6.1	-4.9	5.4	-17.1	1.2	0.6	0.6	-10.3	0.6	-10.6
Oct.	6.6	-0.2	5.7	-13.1	1.3	2.5	0.6	-15.4	0.6	-2.7
Nov.	6.1	-4.2	5.8	-11.0	1.2	-2.5	0.6	-13.8	0.6	-2.6
Dec.	6.7	2.0	6.0	-11.5	1.2	-0.7	0.6	-21.8	0.6	-1.6
2021/Jan.	5.8	6.4	6.1	-9.5	1.0	-4.8	0.6	-14.1	0.5	-1.6
Feb.	6.0	-4.5	5.8	11.8	1.1	-14.0	0.6	-3.7	0.6	-3.3
Sources	"Trade Statistics of Japan", Ministry of Finance									

Calendar year, Quarter and Month	Cash salary amount rate of increase over previous year/the same term (month) of the previous year (%)	Active job openings-to-applicants ratio (time(s))	Unemployment rate (%)	M2 rate of increase over previous year/ the same term (month) of the previous year (%)	Balance of payments		Yen/\$ rate (averaged during the term)
					Trade balance (trillion yen)	Current balance (trillion yen)	
2013	-0.2	0.93	4.0	3.6	-8.8	4.5	97.6
2014	0.5	1.09	3.6	3.4	-10.5	3.9	105.8
2015	0.1	1.20	3.4	3.6	-0.9	16.5	121.0
2016	0.6	1.36	3.1	3.4	5.5	21.4	108.8
2017	0.4	1.50	2.8	4.0	4.9	22.8	112.2
2018	1.4	1.61	2.4	2.9	1.1	19.5	110.4
2019	-0.4	1.60	2.4	2.4	0.2	19.3	109.0
2020	-1.2	1.18	2.8	6.5	3.0	17.5	106.8
2020/1st Qtr.	0.7	1.45	2.4	3.0	0.5	5.5	108.9
2nd Qtr.	-1.7	1.20	2.7	5.3	-1.5	1.4	107.6
3rd Qtr.	-1.2	1.06	3.0	8.5	1.5	5.3	106.1
4th Qtr.	-2.1	1.04	3.1	9.1	2.5	5.3	104.5
2020/July	-1.5	1.09	2.9	7.9	0.2	1.5	106.8
Aug.	-1.3	1.05	3.0	8.6	0.4	2.1	106.0
Sept.	-0.9	1.04	3.0	9.0	0.9	1.7	105.7
Oct.	-0.7	1.04	3.1	9.0	1.0	2.1	105.2
Nov.	-1.8	1.05	3.0	9.1	0.6	1.9	104.4
Dec.	-3.0	1.05	3.0	9.1	1.0	1.3	103.8
2021/Jan.	-1.3	1.10	2.9	9.4	-0.1	0.6	103.7
Feb.	-0.2	1.09	2.9	9.6	0.5	2.9	105.4
Sources	"Monthly Labour Survey", Ministry of Health, Labour and Welfare	"Employment Referrals for General Workers", Ministry of Health, Labour and Welfare	"Labour Force Survey", Statistics Bureau, Ministry of Internal Affairs and Communications	"Money Stock", Bank of Japan	"Balance of Payments", Ministry of Finance		Bank of Japan

Calendar year, Quarter and Month	Foreign Trade Statistics									
	Imports amount from EU (trillion yen)	Imports from EU rate of increase over previous year/ the same term (month) of the previous year (%)	Exports amount to Asia (excluding China) (trillion yen)	Exports to Asia (excluding China) rate of increase over previous year/ the same term (month) of the previous year (%)	Imports amount from Asia (excluding China) (trillion yen)	Imports from Asia (excluding China) rate of increase over previous year/ the same term (month) of the previous year (%)	Exports amount to China (trillion yen)	Exports to China rate of increase over previous year/ the same term (month) of the previous year (%)	Imports amount from China (trillion yen)	Imports from China rate of increase over previous year/ the same term (month) of the previous year (%)
2013	7.0	15.6	25.2	8.1	18.3	12.6	12.6	9.7	17.7	17.4
2014	7.5	6.9	26.1	3.5	19.4	6.2	13.4	6.0	19.2	8.6
2015	7.8	4.6	27.1	3.7	18.9	-2.6	13.2	-1.2	19.4	1.3
2016	7.4	-5.0	24.7	-8.7	16.2	-14.5	12.4	-6.5	17.0	-12.4
2017	8.0	7.0	28.0	13.3	18.6	14.8	14.9	20.5	18.5	8.5
2018	8.8	10.6	28.8	2.9	20.0	7.8	15.9	6.8	19.2	4.0
2019	8.8	0.3	26.6	-7.6	19.0	-5.3	14.7	-7.6	18.5	-3.9
2020	7.7	-12.6	24.1	-9.4	17.1	-9.6	15.1	2.7	17.5	-5.3
2020/1st Qtr.	2.0	-6.7	6.4	-3.3	4.7	-2.5	3.2	-5.3	3.8	-16.6
2nd Qtr.	1.9	-15.9	5.3	-18.9	4.0	-13.6	3.6	-2.1	4.6	3.7
3rd Qtr.	1.9	-16.6	5.7	-14.2	4.0	-15.0	3.9	9.1	4.2	-9.5
4th Qtr.	2.0	-11.0	6.7	-1.5	4.4	-7.5	4.4	8.1	4.8	1.8
2020/July	0.7	-14.3	1.8	-17.3	1.4	-16.8	1.3	8.2	1.5	-9.7
Aug.	0.6	-21.9	1.8	-15.0	1.3	-14.8	1.3	5.1	1.3	-6.9
Sept.	0.7	-14.0	2.0	-10.3	1.4	-13.1	1.3	14.0	1.4	-11.7
Oct.	0.6	-11.4	2.2	1.0	1.5	-9.8	1.5	10.2	1.5	-3.4
Nov.	0.6	-17.2	2.1	-9.0	1.5	-5.7	1.4	3.8	1.7	7.0
Dec.	0.7	-4.0	2.4	3.6	1.5	-6.7	1.6	10.2	1.6	1.8
2021/Jan.	0.7	-2.3	2.1	10.9	1.5	-8.2	1.2	37.5	1.7	-1.0
Feb.	0.6	0.4	2.2	-2.9	1.5	1.4	1.2	3.4	1.4	114.6
Sources	"Trade Statistics of Japan", Ministry of Finance									