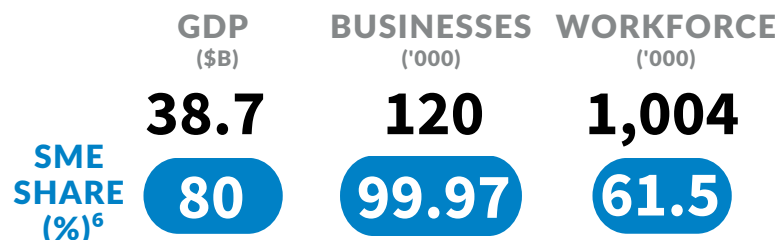


Footprint



The hospitality industry has the highest share of small and mid-sized enterprises (SME) among all sectors (99.97%). SMEs generate 80% of the sector's GDP and employ two-thirds of its workforce.

The pandemic has had a more severe impact on the hospitality industry than on the rest of the economy (Figure 7). The sector is still on the road to recovery and has not yet reached pre-pandemic levels (Figure 8).

The recovery is slow as two-thirds of firms have sales below their normal levels. About 80% of businesses are still carrying pandemic debt which is on average about \$119,000 (Table 4).

The main challenges the industry is facing are high wage costs driven mainly by steep vacancy rates; and high product input costs caused by supply chain issues and high inflation (Figure 9). The main limitations on business growth are labour shortages and weak domestic demand (Figure 10).

Sources:
 (6) Statistics Canada. (a) [Table 36-10-0434-03](#); (b) [Table 33-10-0568-01](#);
 (c) Innovation, Science and Econ. Dev. Canada, [Key Small Business Statistics 2022](#); (d) Labour Force Survey data, custom tabulations.
 (7) Statistics Canada. [Table 36-10-0449-01](#).
 (8) CFIB, Your Voice Survey, Feb. 2023, n=3,023.
 (9) CFIB, Your Business Outlook Survey.

Fitness

Figure 7 - The industry has not yet fully recovered from the pandemic⁷

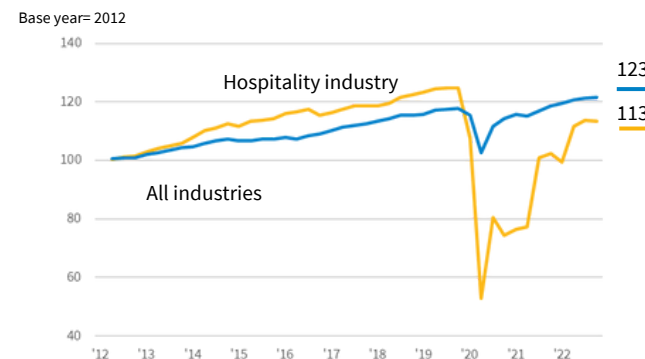
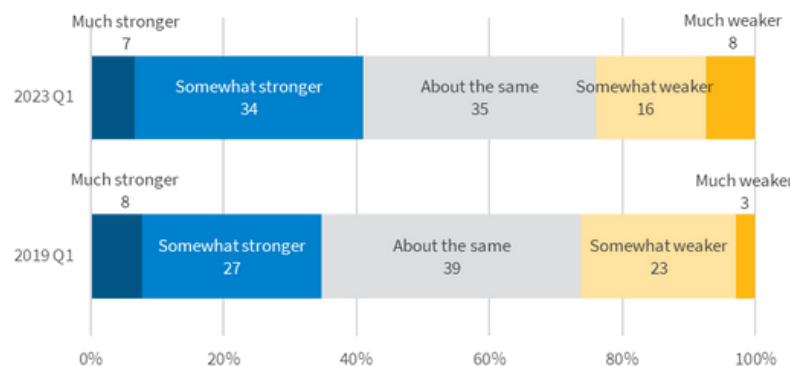


Table 4 - The industry is on a path of slow recovery⁸



Figure 8 - Expectations for the next 12 months are stronger compared to the same time in 2019⁹



Challenges

Figure 9 - Wage costs, product input costs, banking fees and occupancy costs affect the hospitality industry more than other sectors⁹ (% responses)

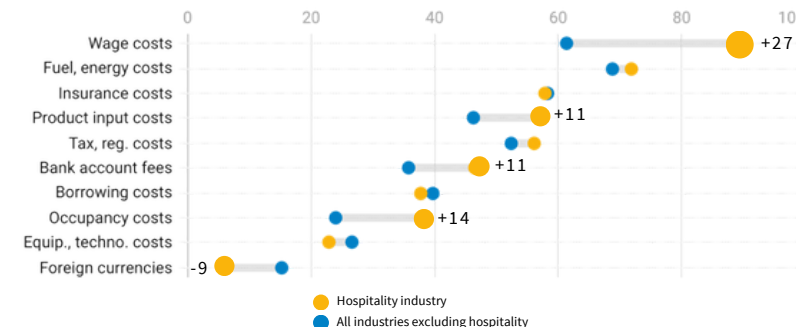


Figure 10 - Labour shortages and insufficient domestic demand are limiting firms' ability to grow, similar to other sectors⁹ (% responses)



The **hospitality industry** includes two subsectors:^{6b}

- food services & drinking places (81% of establishments) such as restaurants, bars and other places serving food or drinks, and
- accommodation services (19% of establishments) such as hotels, motels, bed & breakfast places, campground and RV parks, and boarding houses.