

# THE WHAT'S ON REPORT

Weekly business news for executives in foodservice and hospitality

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● **21<sup>st</sup> Annual Pinnacle Awards Celebrate Excellence**

A buzz of excitement permeated the Canadian Room of The Fairmont Royal York Hotel in Toronto on Dec. 3, when close to 500 hospitality industry executives came together to celebrate the 21st edition of the **Pinnacle Awards**. The event was hosted by **Kostuch Publications Ltd.**, sponsored by **Compass Group Canada** and emceed by **Dianne Buckner** of CBC's *Dragons' Den*. In welcoming this year's guests, Editor and Publisher **Rosanna Caira** noted the past year has been one of the industry's most challenging. "When we began 2009, the hospitality industry really had no idea what we were in for. But 12 months later, we can safely say we've seen it all," she said, alluding to the recession, the threat of a pandemic and uncertainty about the new HST. "But let's not forget there was also a great deal to celebrate. For every venture that failed, many others were launched and introduced with hope, railing against the realities of the day."

- While 2009 certainly won't go down as a vintage year, one would never have known it judging by the accomplishments of this year's slate of winners, which included **McDonald's Restaurants of Canada Limited** as *Foodservice and Hospitality's* Company of the Year. With 2009 sales projected to hit \$3 billion, the behemoth is coming off one of its most successful years in recent memory. In addition to being the industry's leading hamburger chain, the company has successfully reinvented itself as more than just a place for burgers and fries. Other *F&H* winners included **Oliver & Bonacini** as Regional Company of the Year; **Nota Bene** as Independent Restaurateurs of the Year; **Keg Restaurants** winning the Franchise Excellence Award and **Ocean Wise** as Supplier of the Year. On the hotel front, *Hotelier* magazine named **Atlific Hotels** as its Company of the Year. Celebrating its 50th anniversary in 2009, Atlific is one of the hotel industry's most respected and trusted management firms. Since opening its doors in 1959 with the first **Holiday Inn** franchise in Canada, the company has grown its portfolio to include 43 properties coast to coast, representing 6,834 rooms across 12 brands. Sales in 2009 are projected to hit \$310 million. **Monte Carlo Inns** was named Regional Company of the Year; **David Munteer** of the **Auberge Saint-Antoine** garnered the Hotelier of the Year award, while **Harry Christakis** of **HCA Architecture** won the Supplier of the Year award.

● **Canadian Recession is Over, Barely – 3rd Quarter GDP Turns Positive**

It is safe to say that the 2008/09 recession in Canada is officially over as strong September **gross domestic product (GDP)** numbers pushed third quarter GDP up to a positive 0.1% growth (0.4% at an annualized rate) for the first time after three consecutive quarters of decline. September GDP was up 4%. A recession is defined as two or more quarters of economic contraction. **Statistics Canada** reported last week that domestic demand was bolstered by a second consecutive quarterly gain in personal expenditures and the first expansion in business capital expenditure since the fourth quarter of 2007. Export and import volumes both increased after many quarters of decline. The GDP growth rate has been weighed down by a strong loonie and weak exports. Gains were made, however, by strong domestic demand and capital expenditures. There's a consensus among economists that the fourth quarter is a positive indicator for Canada. **Douglas Porter**, Managing Director of **BMO Capital Markets**, commented to a *Toronto Star* reporter, "When the economic history books are written on this episode, it will show the recession did end around the middle part of this year. The fallout, when you get only very modest

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growth like this, is that it's not strong enough to bring down the unemployment rate. It's probably not strong enough to halt the rise in consumer bankruptcies."

## ● Canada Added 79,000 New Jobs in November – StatsCan

Encouraging the view that the recession has ended, **Statistics Canada** has reported that Canada gained 79,000 new jobs in November, dropping the unemployment rate by 0.1% to 8.5%. About 39,000 of them were full-time jobs, the third-consecutive full-time-jobs monthly increase. StatsCan also reported that hourly wages rose by 2.3% compared to the same month last year. November's gains were spread evenly across both the public and private sectors. The job gains were concentrated in Ontario (up 27,000), Quebec (up 21,000) and Alberta (up 13,000). The overall job growth represents "an absolute blow-away number," said *Business News Network's* **Michael Kane**, as reported on CTV.ca. "It was across many sectors, many full-time jobs, which are regarded as good-quality jobs because it means steady income and a steady flow of money back into the economy."

- Positive news about the economy was also echoed in the U.S., where November statistics showed the American unemployment rate dropped from 10.2% in October to 10.1% last month. When asked about the new employment numbers, U.S. President **Barack Obama** called them "modestly encouraging."

## ● Canada Gets Green Light for Chinese Tourism

Canadian tourism industry members are pleased this week after it was announced that China has granted **Approved Destination Status (ADS)** to the country, allowing Chinese tourists to visit Canada using a tourist visa. National tourism officials have been lobbying the federal government and Chinese counterparts for more than a decade to secure the status, as more than 130 different international destinations garnered ADS. "This agreement represents great potential for the visitor economy and future growth of the industry," **Michele McKenzie**, President and CEO of the **Canadian Tourism Commission**, said in a statement. "The Canadian Tourism Commission will take full advantage of this agreement and begin marketing business and leisure travel opportunities to the Chinese people." Operators from Vancouver to Toronto to Halifax are eagerly anticipating the influx of Chinese travellers likely to visit Canadian soil. British Columbia tourist traffic is estimated to increase by 25% per year during the next few years. In addition, a **Conference Board of Canada** survey revealed that ADS is expected to boost the yearly travel rate to Canada from China by as much as 50% by 2015.

## ● Hotel Le Germain Calgary to Open in January

Quebec-based boutique-hotel owner and operator, **Le Groupe Germain**, will be opening the 143-rooms and suites **Hôtel Le Germain Calgary** in January. The General Manager is Christopher Vachon. To celebrate the opening, and for a limited time only, it is offering superior rooms with a king-size bed at \$199 (per night based on double occupancy plus tax) before reverting to its regular prices, starting at \$279. Located downtown at 899 Centre Street SW, **Hôtel Le Germain Calgary** is located near the Epcor Centre for the Performing Arts, the Glenbow Museum, the Calgary Tower, the Telus Convention Centre, Olympic Plaza and the popular Stephen Avenue pedestrian walk.

## ● Gold Medal Plates Winner is Montreal's Mathieu Cloutier

This year's winners at the annual **Gold Medal Plates Awards** competition held in Vancouver were: **Gold** — chef **Mathieu Cloutier** of **Kitchen Galerie** restaurant in Montreal; **Silver** — chef **David Lee** of **Nota Bene** restaurant in Toronto; and **Bronze** — chef **Matthew Carmichael** of **Restaurant E18hteen** and **Social** in the **ByWard Market** in Ottawa. Gold Medal Plates celebrates

Canadian excellence in cuisine, wine, entertainment and athletic achievement with regional culinary competitions among top chefs in seven cities across Canada, culminating in a two-day grand finale with the winners from each region. Founded in 2003, the goal of Gold Medal Plates, partnered with the **Canadian Olympic** and **Paralympic** committees, is to raise substantial funds for Canada's high-performance athletes, raising \$2.8 million since its inception (not including 2009 results). Montreal's **Mathieu Cloutier** won the regional competitions in Montreal with his long-time co-chef and cooking partner **Jean-Philippe Saint-Denis** at **Kitchen Galerie**, but he went on to win the national award solo. Other regional winners competing were: Vancouver — **Rob Feenie**, Food Concept Architect for the Cactus Club chain; Calgary — **Jan Hrabec**, Executive Chef and owner with her husband and business partner, **Richard**, of **Crazyweed Kitchen**, in Canmore, AB; St. John's — **Ivan Kyutukchiev**, chef and co-owner with wife, **Nadia**, of **Bianca's Restaurant**; Edmonton — **Nathin Bye**, chef **Lazia Restaurant**.

● **Bill Marriott Jr. to Receive IHIF's Lifetime Achievement Award**

Hotelier **J.W. (Bill) Marriott, Jr.**, Chairman and CEO of Bethesda, MD-based **Marriott International**, will be honoured as the recipient of the **Lifetime Achievement Award**, to be presented at the 13th annual **International Hotel Investment Forum (IHIF)**. The event is taking place March 8 to 10, 2010, at the **Hotel InterContinental** in Berlin. The IHIF is the largest annual meeting for the hotel investment community, attracting more than 1,500 people worldwide. A new feature for the 2010 event is **The Investment Den**, an opportunity for developers to present their projects to a group of investors who are willing to "invest" in hotel developments. Each of the investor panel members will be allocated "IHIF's Euro 50M equity" to invest in the presenter's project(s) and the project that raises the most IHIF money wins the competition. Hotel developers looking for financing have until Friday, Feb. 15, to apply to have their projects included. For information: [berlinconference.com](http://berlinconference.com).

● **McDonald's Corp. COO Ralph Alvarez to Retire**

**Ralph Alvarez**, President and Chief Operating Officer of **McDonald's Corporation**, Oakbrook, IL, announced on Dec. 1 that he will retire at year-end because of orthopedic health issues. Alvarez is also a company Director. Prior to his present position, Alvarez had served as President of **McDonald's North America** and President of **McDonald's USA**. Many industry analysts had speculated that Alvarez would be the successor to **James A Skinner**, Vice-Chairman and CEO. **Joseph Buckley**, Securities Analyst at **Bank of America Merrill Lynch**, commented in an investment newsletter, "The surprising news is a negative development, but one that CEO Jim Skinner and a strong overall management team can handle." He added that Alvarez had been in obvious pain the last time the two spoke at an investor conference.

● **Ottawa Sets HST Implementation into Motion**

Much to the dismay of many, the process towards constituting a **Harmonized Sales Tax (HST)** in Ontario and British Columbia began in the **House of Commons (HOC)** on Dec. 3. The HOC voted 192-32 in favour of the ways and means motion amending the **Excise Tax Act**, part of the levy implementation process, while the **Canadian Restaurant and Foodservices Association (CRFA)** continued to lobby against the new tax on behalf of its members. In fact, a recent survey commissioned by the B.C. restaurant and foodservice industry indicates that 64% of the province's customers would like to see restaurant food exempted from a new tax. "Consumers' wallets will take a major hit if the federal and provincial governments move forward with implementing an additional seven per cent tax on food served at restaurants, despite the strong opposition by British Columbians," said **Mark von Schellwitz**, Vice-President of Western Canada for

the CRFA. “Everything from morning coffee to lunch at the university or office cafeteria to pizza dinner with the kids will cost consumers more. This survey underscores that it is not just industry that opposes HST, but that consumers agree with much of what we have argued for months.” In Ontario, lobbying has been met with some success as the province’s government has agreed to offer exemptions on certain prepared foods and beverages sold for less than \$4. The implementation process for both provinces is expected to continue this week as the HST bill itself is introduced in Ottawa.

- For a majority of Ontarians and B.C. residents, HST represents the ‘**Hated**’ Sales Tax. According a new online *Toronto Star*-**Angus Reid Public Opinion Survey** in Ontario, 75% oppose the tax and 83% predict it will make goods and services more expensive. Conducted Nov. 23 to 26 and considered accurate to within 2.8% points, the poll found that 70% of the 1,162 Ontario residents who participated said that their opinion of the government has worsened due to the impending 13% combined GST/PST tax. In B.C., 82% of British Columbians oppose the tax, according to an **Ipsos Reid** survey, commissioned by **Canwest News Service** and **Global National**. Some 56% of B.C. participants and 52% in Ontario believe that the HST will hurt their provincial economies.

## ● John Culver Named President of Starbucks Coffee International

**John Culver** has been named President of **Starbucks Coffee International**, with responsibility for operations and business development for all markets outside the U.S. Culver succeeds **Martin Coles** at the Seattle-based company, who resigned on the same day as the Culver announcement “to pursue new opportunities.” Culver will have Starbucks’ five regional leaders reporting to him. Culver had been with Starbucks for seven years, most recently serving as President, Global Consumer Products and Foodservice. Prior to this role, he held a variety of positions including General Manager, Foodservice and President, **Starbucks Coffee Asia Pacific**. Chairman, President and CEO **Howard Schultz** commented in a statement, “With our U.S. business moving in the right direction, now is the time to re-accelerate growth of our international business. I am excited to work closely with John as I expand the focus of my activities to include aggressive pursuit and development of our global business opportunities.”

## ● Sustainability, Local Sourcing, Top Menu Trends for U.S. Chefs

Sustainability and locally grown and sourced ingredients are the leading menu trends for chefs in 2010, according to a survey of **American Culinary Federation (ACF)** members by the **National Restaurant Association (NRA)**. The NRA survey of 1,854 ACF chefs in October asked them to rate 214 food and beverage items, preparation methods and culinary themes as a “hot trend, yesterday’s news or a perennial favorite.” Half of the top 10 trends fell into the sustainable, eco-friendly or organic categories. “The top trends this year — local sourcing, sustainability and nutrition — reflect wider societal trends and consumers growing interest in these issues,” said NRA President **Dawn Sweeney**. “Many restaurants are sourcing some of their ingredients locally, and you often see chefs shopping at farmer’s markets to create a host of better-for-you options that today’s diners want,” she added.

- The **Top 10 Menu Trends for 2010** include: locally grown produce; locally sourced meats and seafood; sustainability; bite-size/mini desserts; locally produced wine and beer; nutritionally balanced children’s dishes; half-portions/smaller portion for a smaller price; farm/estate-branded ingredients; gluten-free/food allergy conscious; and sustainable seafood. For additional trends, and analysis of all of the trends by category, go [torestaurant.org/pdfs/research/whats\\_hot\\_2010.pdf](http://torestaurant.org/pdfs/research/whats_hot_2010.pdf).

● **Penny-per-Calorie Pricing Introduced by KFC in U.S.**

**KFC Corporation**, Louisville, KY, has introduced a special meal promotion priced at a penny per calorie. Asking Americans to “unthink that meals from KFC can’t be delicious and contain fewer than 400 calories,” it is offering the 395-calorie Kentucky Grilled Chicken meal, which includes a Kentucky Grilled Chicken drumstick and thigh, green beans, mashed potatoes and gravy for US\$3.95 plus tax. **Javier Benito**, Executive Vice-President of Marketing and Food Innovation, commented, “Whether [the consumer is] counting calories or pinching pennies, this Kentucky Grilled Chicken meal can help them watch both.”

● **Kraft Develops Mobile Meal Planner**

**Kraft Canada** has announced a new smartphone application to help users cook and entertain with ease. The **iFood Assistant** gives access to recipes and offers the option to create shopping lists and source entertaining tips through PDAs. “People’s lives are becoming increasingly complex and one of their biggest challenges is mealtime,” said **Ed Kaczmarek**, director of Innovation, Consumer Experiences at Kraft Foods. “Now, they can use their iPhone, iPod touch or BlackBerry to make cooking convenient, delicious and more enjoyable.” More than 5,000 Kraft kitchen-tested recipes will be featured along with instructional cooking videos. In addition, the application will host a recipe box that consumers can customize with their mealtime favourites. For those looking to get a head start on their holiday party planning, iFood Assistant also contains seasonal meal ideas. The application is currently being sold through the **iTunes App Store**. A Lite version for **BlackBerry**, one that is free but has limited content, will be available to download in mid-December.

● **Sustainability Council Established at Mohawk Industries**

**Mohawk Industries**, Alton, GA, has appointed **Bill Kilbride**, President of commercial carpet manufacturer **The Mohawk Group**, to the additional duty as Chief Sustainability Officer. He will head a **Sustainability Council** which includes the Presidents of the company’s three business units. Its purpose is to support total efforts in environmental compliance, conservation, reuse and recycling to reach its sustainability goals and the marketing of Mohawk’s **GreenWorksT** initiatives.

● **Smart Serve Ontario Launches New Website**

**Smart Serve Ontario** launched a new website recently, which aims to assist hospitality workers improve public safety in an evolving and more regulated alcohol service environment. “The focus of this free-access site (*SmartServeManager.com*) is to provide information and tips, discussion and informal learning opportunities,” said **Verity Dimock**, Smart Serve’s Executive Director. “It is designed to help managers and owners of licensed establishments maintain and even grow sales, while also respecting the realities of responsible alcohol service.” With managers’ needs constantly changing, the hope is that the new site will penetrate the vibrant online community with new and practical tools on responsible service. Visitors can test their Blood Alcohol Concentration IQ, participate in monthly polls and watch videos with experienced managers explaining how to stay on top of alcohol service issues while still growing business. The site also includes a monthly article, as well as other interactive features on subjects like managing your environment, training and orientation.



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