

Market Forecast

FOR THE HOSPITALITY AND CATERING INDUSTRY

LYNX
PURCHASING

Saving your business time and money every day

Lynx Purchasing lynxpurchasing.co.uk

Summer 2023

QUALITY CAN MAKE THE DIFFERENCE



While the Bank of England is forecasting that inflation will ease significantly later this year, the price rises that hospitality and catering operators have seen over the past two years are now bedded in. There may be price improvements on products that have seen the biggest increases, such as dairy and oils, but in general higher food costs are here to stay.

In retail, while supermarkets are not necessarily profiteering, the drive for lower prices often comes at a cost in terms of quality. The choice for foodservice businesses is whether to follow retail in relying on cost-engineered products, with an inevitable impact on quality, or to focus on providing customers with high quality produce that represents good value for money.

There are plenty of examples of produce where poorer quality has become the norm. Think of fruit and veg which look good but have no flavour; chicken that is intensively produced; or potatoes that are small and damaged due to extreme weather.

The danger, as the retail sector continues to cost-engineer products in order to maintain lower price points, is that foodservice becomes complacent and accepts lower quality as the norm. In the current market, trying to compete with the cheapest place in town for eating out is a race to the bottom. Consumers may be going out less often, but many are looking for better quality when they do.

Poor quality produce also contributes to food waste, for example by loss of yield during preparation and cooking, or simply when indifferent-tasting food is returned uneaten on customers' plates.

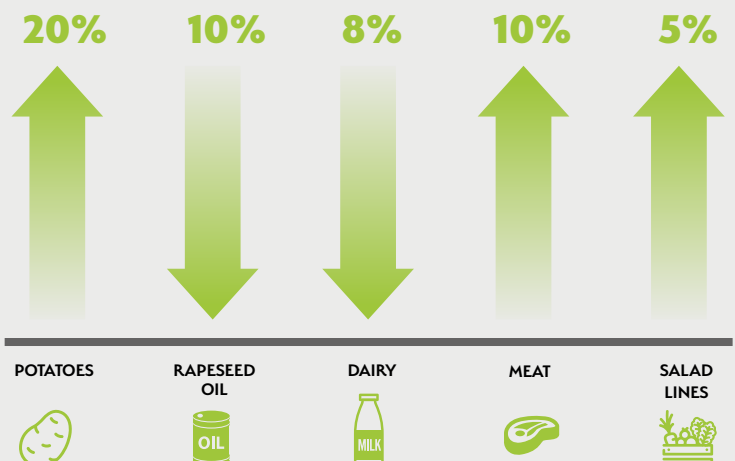
There will undoubtedly continue to be availability issues and price volatility. However, high quality produce is available from suppliers for operators willing to seek it out, and to pay a fair price for a quality product. You won't see quality on your purchasing spreadsheet, but we believe it can make the difference in a market when consumers need to be given good reasons to choose to eat out.

THE LYNXOMETER

Our basket of the most commonly delivered items in summer 2023 is

UP 8%*

*Compares basket prices from June 2022 with June 2023





FRESH PRODUCE



The government has increased the number of migrant agricultural workers visas by a further 10,000 this year, from the current level of 45,000. This should improve the availability of fresh fruit and seasonal produce across the summer.

Use seasonal berries in desserts, smoothies and cocktails to make the most of good availability.



OILS



Prices for rapeseed oil are starting to fall as this year's crop becomes available, making it a cheaper option than sunflower oil, which is still impacted by the Ukraine situation, made worse by the flooding of arable land after the recent dam destruction; and also olive oil, where a drought has affected both price and supply. Higher demand for rapeseed from food manufacturers may mean reductions in the price of processed food take some time to come through.

Use rapeseed oil in sauces and dressings, as well as for cooking.



POTATOES



The yields of larger potatoes such as bakers are extremely low, due to a poor harvest after the very hot weather last summer. Suppliers are waiting for the new crop in July to assess quality. Frozen chips and potato products are now seeing sharp price increases as the quality issue works through into food manufacture.

Offer alternatives to potatoes as an accompaniment, such as rice.



DAIRY



Prices for milk, butter and cheese have started to come down in foodservice, following an increase in global milk production. In due course, this will also help to reduce the price of the many manufactured products which use cream.

Offer a local and specialty cheese board option on menus and specials boards.



POULTRY

Continued concerns about the spread of avian flu mean restrictions on poultry have been introduced in many countries, and the supply situation can change quickly. Prices for chicken, as well as turkey and duck, continue to be high as demand for fresh, frozen and pre-made products continues.

Work with suppliers to get the best value as availability changes.





FISH

Warmer weather and calmer seas mean the UK fishing fleet is landing a broader range of fish and seafood during the summer months. For menus and specials boards, flat fish including plaice and Cornish sole are expected to be good value, while species such as brill and turbot are in more demand from chefs and fetching high auction prices. For white fish, coley and hake are good choices in terms of sustainability.

Offer 'catch of the day' menu options to make the most of fresh fish.



BEEF & PORK



The higher costs of cattle rearing are keeping beef prices high. As the BBQ season moves into high gear, increased demand for all popular cuts, including mince for making burgers, is pushing up prices further. Pork prices are also at very high levels with strong global demand.

With meat prices at a premium, speak to suppliers about the best available cuts in terms of value and quality.



EGGS



With egg production also severely hit by avian flu, prices for both fresh and liquid eggs have seen substantial increases. Suppliers expect egg production to take some time to return to normal levels.

Adapt recipes where practical to use less egg.



COFFEE



After record high prices in 2022, the global outlook for coffee production has improved for 2023. As always, unpredictable weather can change the supply forecast quickly, so current pricing may make this a good time to lock in any supply deals on offer.

Talk to coffee suppliers about the best value blend for your business.



WINE



High inflation and higher energy costs have driven significant increases in wine prices over the past year, according to the International Organisation for Vine and Wine. This has led to a slight decrease in overall consumption globally, which may benefit hospitality.

Keep wine lists flexible to make the most of supplier offers.



SALADS



Falling energy prices are making UK production of salad produce more economic, but after the supply problems experienced earlier in the year, it will take UK growers some time to fully gear up to meet demand for produce such as tomatoes, lettuce and cucumber.

Check plates coming back and adjust garnishes and side salads where needed.

Inflation

The overall rate of inflation in the UK fell to 8.7% in the year to April from 10.1% the previous month, although concerns about rising food costs remain. The ONS estimates that the cost of restaurant meals has risen by 9.6% in the last year, with take-aways up by 12.1%.

Menu Watch



- Despite more people returning to office-based work, the food-to-go sector's recovery has been slower than expected, according to figures from Lumina. Pressure on household spending power is part of the picture, and there should be an improvement in the second half of the year as energy prices fall.
- Hot Honey is a trend from the US that is being picked up by UK chefs looking to add new flavours to familiar food. Infused with chilli, it can be added to menu favourites such as pizza, burgers and fried chicken to give a new sweet/spicy flavour twist.
- Chefs and restaurants should consider the opportunity to tap into the expanding market for delivered home meal kits. With around 3.2 million users currently, analyst Statista expects the UK market for kits to grow by around 10% by 2027.
- Despite the economic downturn, caviar is making a comeback in a range of London restaurants, as operators work harder to premiumise the customer experience. Examples of dishes include blinis topped with wagyu and caviar, caviar gnocchi, a caviar cheese toastie, and even a caviar-themed members' club in Mayfair.

Seasonality Guide

BEGINNING OF SEASON

- Grouse
- Apples
- Skate

IN SEASON

- Mackerel
- New potatoes
- Strawberries

END OF SEASON

- Asparagus
- Rhubarb
- Lamb



LYNX PURCHASING
Saving your business time and money every day

Lynx Purchasing works with more than 2,200 accounts in the hospitality and catering sector, on a no membership and no contract basis that offers better value products and services than operators could obtain by negotiating alone.

01325 710143 hello@lynxpurchasing.co.uk

lynxpurchasing.co.uk