

Market Forecast

FOR THE HOSPITALITY AND CATERING INDUSTRY



LYNX
PURCHASING

Saving your business time and money every day

Lynx Purchasing lynxpurchasing.co.uk

Summer 2022

SMALL STEPS CAN MAKE A BIG DIFFERENCE



"Don't sweat the small stuff" is usually sound advice, in terms of not worrying about every detail as long as the big picture looks OK. In the current market, however, making relatively small changes to purchasing habits can make a big difference to margin and profits in a hospitality business.

Operators don't need reminding that the big picture continues to be daunting. The war in Ukraine shows no sign of ending in the short-term. This is impacting on supplies of both cooking oil and grain from Ukraine, and disrupting oil and gas supplies due to sanctions imposed on Russia.

Inflation is still one of the biggest contributors to rising costs. The labour shortage is increasing costs for operators both directly through higher wage bills for hospitality staff and indirectly with pressure throughout

the supply chain, raising costs and causing problems with availability.

Consumer confidence is potentially the biggest challenge of all. As household bills rise and disposable income gets squeezed, many people are likely to think twice about going out to eat and drink. While all businesses face this challenge, the experience of previous downturns suggests that mainstream operators will struggle more than those with either a premium or value-for-money proposition.

These big issues are the ones that operators shouldn't bother to sweat about, on the basis that there's not very much they can do to change them. Purchasing is a different matter, though.

By working closely with suppliers, and applying some basic buying discipline, it is possible to manage all costs more effectively, and avoid unexpected bills. Best practice includes planning menus well in advance, and consolidating orders to meet free delivery and minimum value thresholds.

As ever, operators who can keep menus flexible will be in the strongest position to make the most of changing availability. Working closely with suppliers to serve produce when it's at its best in terms of quality, value and availability makes more sense than ever

Inflation

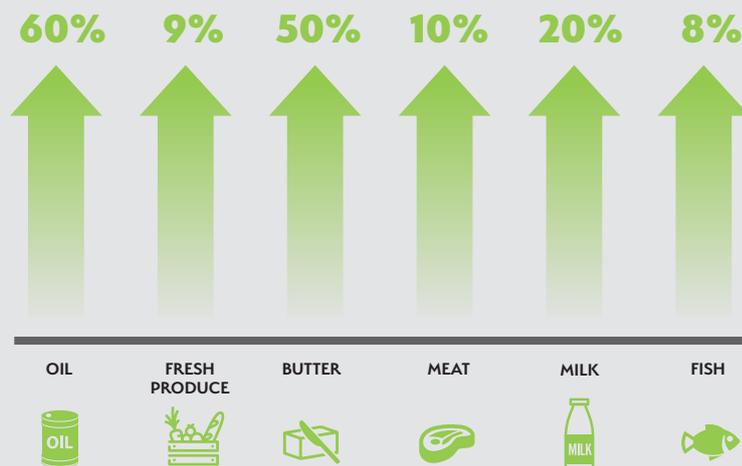
The Bank of England is forecasting a peak inflation rate above 11% later this year with no slowdown in rate of increase until 2023. ONS figures show that the cost of restaurant meals increased by 8.3% year-on-year in May.

THE LYNXOMETER

Our basket of the most commonly delivered items in summer 2022 is

UP 15%*

*Compares basket prices from July 2021 with July 2022





DAIRY



Egg prices saw sharp increases across the spring as the impact of avian flu reduced the number of birds. With fewer birds laying, producers will need to assess higher costs vs market prices when deciding whether to increase flocks. Rising feed costs have also impacted dairy products, including cheese, and cream for butter production. Again, suppliers will want to be sure they will see a return on investment before increasing production.

Spotlight local and artisan cheeses as a premium cheeseboard option.



COFFEE



Brazil, the world's largest producer of coffee, has lowered its estimates for the 2022 coffee crop sharply, after drought and frosts affected plants. This has pushed up prices on the global commodities market.

Talk to your supplier about switching your blend of coffee if necessary.



COOKING OIL



The availability and price of cooking oil is likely to create significant challenges for the rest of the year at least, as Ukrainian sunflower oil makes up a large proportion of total global supply. As well as being a staple frying oil for many businesses, it is also used in the production of a broad range of essential food products both fresh and frozen.

Manage your cooking oil correctly to get maximum life out of it - use filters and clean both the oil and the fryer regularly.



POULTRY



Poultry is traditionally a better value option on menus, but the loss of many birds due to avian flu, combined with high feed costs, means that both chicken and duck have seen sharp price increases this year.

Focus on the provenance of poultry from local suppliers to drive menu appeal.



WINE & BEER

Supply chain disruption, along with higher manufacturing and transport costs, affect packaging as well as food, and the drinks industry is struggling with shortages of aluminium cans and glass bottles.

Keep craft beer menus and wine lists flexible to make the most of changing availability from different suppliers.





VEG & SALAD



The arrival of new season UK crops such as spring onions and peas, along with salad lines including tomatoes, cucumbers and peppers, will reduce reliance on imported crops, which have become more expensive due to transport costs and bureaucracy. However, UK growers have their own higher costs to factor in.

Use 'served with fresh, seasonal veg' as a menu description to make the most of availability.



MEAT



The cost of feed accounts for 50% or more of the total cost of meat, and rising prices not only increase costs, which producers need to pass on, they also mean that some animals are sent to market early, reducing the yield. As the barbecue season shifts into high gear, prices are high for prime beef and pork cuts in particular.

Talk to your butcher to get best advice on cuts and products.



SEAFOOD

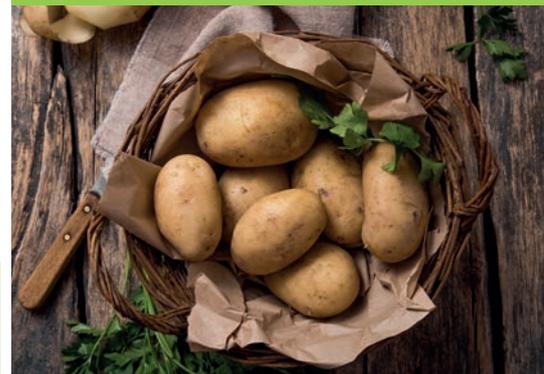


The latest Marine Conservation Society Good Fish Guide update has flagged up concerns about the status of some fish and seafood varieties that were previously thought to be in reasonable supply, notably Scottish monkfish and the Scottish crab fishery. In contrast, UK-caught sardines and Isle of Man scallops have moved up the rankings.

Work closely with suppliers to understand changing ratings, and serve fresh, sustainable fish and seafood.



POTATOES



The UK's 2022 potato crop is expected to be high quality, with good availability, but farmers will inevitably want to pass on increased fuel fertiliser, and labour costs. This will have a knock-on impact on the price of frozen and prepared potato products.

Make a feature of fresh, high quality new potatoes as an option for a side dish served alongside a main course.



FRUIT



The quality of berries is expected to be high. Picking UK soft fruits is labour-intensive, with growers arguing that they need the UK government to make more migrant worker visas available this summer, which is likely to affect price.

Spotlight fruit salads and summer berries on menus.

Keeping control of your GP



Menu Trends



After the pandemic-hit past few years, a return to profitability is what the hospitality industry has been hoping and waiting for. Keeping your GP under control is critical.

Here are the Lynx Purchasing team's tips for protecting your GP.

Tips for protecting your GP

- Download the free Lynx Purchasing GP Calculator App for easy management.
- Are you buying the right product from the right supplier?
- Make sure you are buying the most cost-effective pack size whether that be a box, case, or tin.
- Are you buying your commodity items such as butter, milk, cream and oil from the cheapest supplier?
- Avoid "lazy" purchasing because you forget to buy it from the correct supplier.
- Credits – make sure you get them. Any incorrect or damaged goods should always be reported to the supplier.
- Specials – always haggle, if you don't ask, you won't get!
- Ask if your supplier can supply class 2 produce such as mushrooms, carrots, peppers etc. – these are great for soups and sauces.
- Avoid delivery charges and make sure you meet minimum order amounts.
- Be organised; plan ahead and look at your ordering patterns.
- Keep in close communication with all your suppliers – the more you talk to them, the more they can help you.

The cost of living crunch is starting to affect hospitality spending, with a YouGov poll showing that 39% of people say they've had to cut back on eating out, and 38% no longer able to spend as much on takeaways. 27% say they have had to spend less on alcohol over the past six months.

Breakfast is a growing opportunity for foodservice businesses post-pandemic according to research by Harris Interactive. Consumers who might have previously skipped breakfast now like to start the day properly, and more flexible working hours are helping to drive the trend.

Almost half (48%) of consumers use social media to find new places to eat and drink, a GO Tech report shows. 80% of consumers use at least one social media platform, and 31% of them use Facebook, Twitter and Instagram to book tables or order takeaways.

Seasonality Guide

BEGINNING OF SEASON

- Raspberries
- Beetroot
- Peaches

IN SEASON

- Courgette
- Crab
- Peas

END OF SEASON

- Asparagus
- Parsnips
- Mussels



**LYNX
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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 like-for-like products at lower prices and often better quality than operators could obtain by negotiating alone.

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