

Autumn-Winter 2018 Market Forecast

For the hospitality and catering industry



Lynx Purchasing

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Time to 'Brexit-proof' your business



With so much uncertainty still surrounding the details of the UK's exit from the EU, whenever it eventually happens, it's now time for hospitality and foodservice to do everything possible to mitigate the impact.

There are steps that every operator can take to 'Brexit-proof' their business, to an extent at least. At Lynx Purchasing we're already working

with many of our customers to help them put the measures in place needed to help them trade through what will clearly be a challenging market for some time to come. Four areas to focus on are: supply chain, menu development, operational flexibility and market intelligence.

Protect your supply chain and availability, by wherever possible using suppliers who source from either the UK, or from outside

the EU. Where you can't source British products, explore non-European substitutes.

Develop recipes and design menus that don't rely on specific products from a named supplier or a particular destination or country - and can be changed quickly and cost-effectively to reflect what's happening in the market.

Build flexibility into the company mindset, so

you can quickly respond to changes in supply, availability and price.

Stay informed about what's happening. Look behind the 'doom and gloom' headlines to the updates from supply chain specialist and trade associations, and ask your suppliers to give you up-to-date regular market information. Good intelligence will help you maintain margins in the face of all the uncertainty, and keep your business competitive and profitable.

Lynx Purchasing is supporting businesses to plan ahead, by providing up-to-date product and supplier data, support with menu planning, and timely, valuable market information.

UK inflation

The headline CPI inflation rate increased to 2.7% in August 2018, up from 2.5% in July, showing the continued squeeze on consumer spending. The cost of meals eaten out of home increased by 2.8% year-on-year, with restaurant meals up 2.7% and takeaway food up 3.2%.

£1 was worth

As of March 1st 2018**

€1.13
\$1.37

As of May 30th 2018**

€1.14
\$1.33

As of October 1st 2018**

€1.13
\$1.30

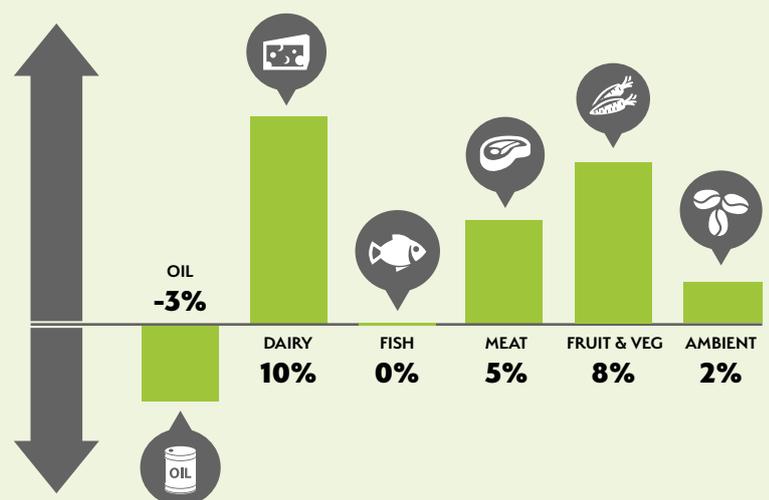
THE LYNXOMETER

Our basket of the most commonly delivered items in Autumn 2018 is

UP 4%*

*Compares basket prices from September 2017 with September 2018

**Bank of England spot rates





Salmon

A festive staple, North Sea salmon has gone down in price from its highest point this year, but still well above 2017 levels. Forecasts for Norwegian salmon this year are relatively low due to very cold water temperatures limiting growth.

Offer alternatives to salmon on pre-booked Christmas menus.



Dairy

Dairy inflation saw UK butter prices increase by 50% in the first half of the year, and while prices have stabilised to an extent, they are still higher than many operators will have budgeted for. Eggs are also expected to continue to increase in price as producers pass on higher food costs.

Use alternatives to butter in recipes and switch to whipping cream from double wherever possible.



Beef

Also popular on festive menus, beef has become steadily more expensive this year after the cold winter followed by the hot, dry summer hit feed prices. Lower demand for forequarter cuts should make them better value than topsides and silversides, as well as steaks.

Work with suppliers to come up with menu ideas that use better value beef cuts.



Vegetables

Root vegetables

such as carrots and parsnips have been affected by this year's extreme winter and summer conditions; yields are down and quality is expected to be lower. The onion harvest will be down and the

availability of large onions will be reduced. Sprouts have also been affected.

Use menu descriptions such as 'served with seasonal veg' to maintain flexibility.



Salads

Like the UK, Europe saw very high summer temperatures which added to the pressure on supply. Spanish growers are still suffering from their own water restrictions, and prices are very likely to remain high for the rest of the year and possibly beyond.

Continually review the use of salad garnishes and switch ingredients accordingly.



Fish

Native wet fish prices have remained fairly stable thanks to continued good landings by the UK fishing fleet. However, export demands for crab and other shellfish from China, Europe and India are pushing prices to new levels. Wild fish likely to be at their best in terms of quality, availability and value include brill, monk, turbot, mullet and pollack, although some species will become scarcer as winter weather reduces the catch.

Spotlight 'catch of the day' fish specials.



THE LYNXOMETER



Meat
5%



Fruit & Veg
8%





Cooking oil

Despite a year-on-year fall, oil prices are rising due to the increased demand from China for soya oil and reduced yield of rapeseed crops in Europe. Demand for rapeseed for bio diesel production also increases over the winter months.

Be ready to switch supplier contracts to get the best prices on cooking oil.



Alcohol

The hot summer across Europe was good news for grape producers, raising expectations that wine will generally be in good supply and high quality this year. For the same reason, a good crop of apples will benefit cider-makers. In contrast, high wheat prices will push up wholesale prices for beer.

Keep drinks menus flexible to make the most of promotions.



Poultry

As caterers plan Christmas menus, turkey prices are expected to be volatile this year, reflecting the wider poultry market. Problems in Brazil, a major supplier to the global poultry trade,

expected increases in feed costs and trade arrangements, and high demand in Europe, will all have an impact on poultry prices in the run-up to the festive period.

Secure turkey order for Christmas menus with suppliers as soon as possible.



Potatoes

Potato planting was delayed by the spring freeze, and hopes that the crop would recover were given another knock as the long, hot dry summer continued. Both potatoes and potato products are likely to see higher prices this autumn and winter. Large potatoes such as baking

potatoes will be very expensive and also the potato skin appearance maybe affected. This will also affect the chip market.

Work with your supplier to look at options such as the smaller Mids variety.

Autumn menu trends

The government is to launch a public consultation on whether calorie labelling should be required for food and drink menus in restaurants and takeaways. The plans could see the number of calories listed alongside meal descriptions, initially in England, with other UK regions to make their own plans.

Around 50% of diners say they consider whether a healthy option will be available when choosing

where to dine out, according to the McCain Foodservice Casual Dining Report. However, customers also want food that tastes as good as it is good for them, prompting a "healthy indulgence" menu trend.

IGD forecasts that the food-to-go sector will grow by 6% this year, to reach £17.8bn which is twice the growth rate of food retail overall. The forecast is around 5% a year going forward, to a £22.8bn value by 2023.


Oil
-3%




Dairy
10%




Fish
0%




Ambient
2%



Spotlight on...



Always Review Renewals - Lynx Purchasing's seventh and final habit - and the lowest hanging fruit of all.

Automatic renewals of annual contracts are designed to make life easy for business owners often dealing with dozens of contracts in several departments. And they do, but as with all things convenient, you can guarantee you'll be paying extra for it. That's why the seventh - and final habit - in our series The Seven Habits of Highly Effective Purchasing Teams is Always Review Renewals.

It's a bad business habit to let contracts automatically roll over, and being happy with the product or service is no excuse.

Stop this practice and make it a new habit to automatically call for competitive quotes on everything from utilities to insurance, waste management and all service contracts. Doing this will achieve two things - you will get the best value contract AND ensure better service either from your current supplier who has to remain keen and competitive or from a new supplier who knows you practise annual reviews.

Start by creating a comprehensive annual contracts list and diary with scheduled review dates and processes to follow. Calling for competitive quotes keeps suppliers on their toes - and your business on top of its game. For example, one hotel customer asked us to look at its waste management contract which had been rolling on without any scrutiny for several years. We called for competitive quotes including the incumbent. Keen to keep the business, it came up with the best quote. The new contract reduced annual spend from £50,000 to £40,000. We've now set up a schedule to annually review all of the hotel's service contracts.

Our Seven Habits are: Beware The Sacred Cows, Keep It Strictly Business, The Devil's In The Detail, All Budgets Are Equal, Provenance Isn't Always King, Test Traditions and Always Review Renewals.

The Seven Habits insight guide focuses on each habit in detail, and illustrates them with real examples of savings generated by Lynx Purchasing customers. A copy of The Seven Habits of Highly Effective Purchasing Teams can be downloaded **FREE** from the Lynx Purchasing website at www.lynxpurchasing.co.uk

Save your business money every day, call Lynx Purchasing on 01274 852171.

Meet the team Matt Thompkins



Job: Director of Business Development

Role: Supporting Key Accounts with their purchasing

needs and introducing new customers to Lynx's services.

Expertise: 25 years in hospitality as either an operator, or a provider to the industry. I pride myself in thinking like the client, and seeing things from their perspective.

Biggest challenge for 2019:

The uncertainty surrounding the upcoming withdrawal from the European Union is creating an extremely challenging and dynamic landscape within food purchasing. More than ever it is imperative that hospitality businesses are focused on their cost base and bottom line.

Best moment at Lynx: Sitting in front of the operations manager of a small restaurant group and showing them how to save over £60,000 per year with just a few simple changes and no compromise in quality.

Hobbies/ambitions: I am passionate about sports and in particular youth development. I coach under 7s for rugby and under 9s in cricket. My ambition is to become my customers' first thought when they are about to make a purchasing decision. We aim to build trust over time so that our customers see us as an essential part of their business.

My tip: It's really important to test traditions. You may have used a supplier for a long time and you may think it's a great deal, but you have to test the market regularly. Left unchecked, prices creep up over time and what was once a good deal can soon become expensive.



LYNX
PURCHASING

Lynx Purchasing manages more than 2,000 business 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.

As purchasing professionals, Lynx works with leading suppliers in the hospitality and catering industry. These include a full range of food and drink suppliers, catering equipment, housekeeping supplies and cleaning materials, and specialist service providers such as utilities, waste management and pest control.

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