

Market Forecast

FOR THE HOSPITALITY AND CATERING INDUSTRY



Lynx Purchasing lynxpurchasing.co.uk

Autumn 2020

RESTRICTIONS ON TRADING ARE THE NEW NORMAL

The impact of new restrictions on hospitality to tackle the continued spread of coronavirus, including 10pm closing and more severe measures in some areas under the new three-tier system, shows how fragile the sector remains. The Eat Out To Help Out scheme which ran in August clearly did its intended job, with almost all operators seeing an uplift in sales, which for many continued into September, helped by continued offers and discounts. The scheme also played a significant part in pushing the inflation rate down to just 0.5% in August, according to the ONS.

However, the latest restrictions are forecast to last at least six months, with the prospect of even stricter measures to follow, if necessary to control the spread of the virus. The run up to Christmas and New Year is the key trading period for the hospitality sector, and restricted hours and limits on the numbers that can meet will have a clear impact.

The supply chain also faces challenges:

People - many businesses had to cut back on staff during the lockdown, and right through the supply chain, producers, growers, manufacturers,



distribution, pickers and packers face staff shortages.

Availability - many suppliers have cut back their range to focus on core products, and bringing back a wider choice isn't as simple as turning on a tap. Some products will continue to be in short supply.

Transport - the cost of moving goods is high, due to factors such as staff shortages and less freight on the move generally, creating uneconomic 'empty leg' journeys.

Brexit - the transition period which followed the UK's exit from the EU ends on December 31st and uncertainty over the ease, or otherwise, of importing and transporting goods remains a key concern.

FACT FILE

-13%

year-on-year fall in inflation rate for meals eaten out of home in August 2020 (ONS)

-71.8%

year-on-year fall in number of hospitality sector job vacancies to August 2020 (ONS)

900,000

number of hospitality jobs at risk without Government employment support (UK Hospitality)

£1 was worth

As of October 1st 2019**

€1.12
\$1.27

As of March 13th 2020**

€1.13
\$1.25

As of October 8th 2020**

€1.10
\$1.29

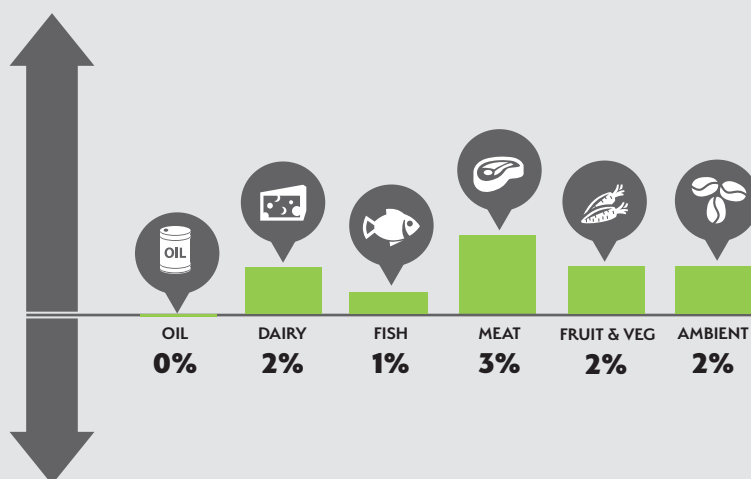
THE LYNXOMETER

Our basket of the most commonly delivered items in autumn 2020 is

UP 2%*

*Compares basket prices from October 2019 with October 2020

**Bank of England spot rates





FISH & SEAFOOD



The winter months are more of a challenge for home-caught fish; boats go out less often reducing choice and availability. In addition, post-Brexit fisheries arrangements have yet to be finalised. While cod and haddock are expected to be in fairly good supply, sustainability concerns mean many customers are looking for alternatives. Demand for farmed stone bass has increased

and this is now a popular choice on menus. Both salmon and prawns are expected to see higher prices as quality issues hit supply.

Work with suppliers to offer catch of the week' and 'market fish' menu options.



STORE CUPBOARD



Commodities that were hard to find during lockdown because of consumer stockpiling continue to be in strong demand as supermarkets prepare for further restrictions. This affects many core store cupboard staples, such as rice, pasta and canned goods, as well as non-food lines such as toilet rolls.

Don't over-order, as this increases supply problems, but place orders for staple products in good time.



DAIRY



There is upward price pressure on eggs, due to high demand for free range eggs and the higher cost of poultry feed caused by a global shortage of grain and increasing demand. The grain issue has also affected the availability of flour; expect prices of pre-made baked goods such as bread, cakes and desserts to rise. With butter also seeing higher prices due to rising demand, maintaining margins on dessert menus in particular could be a challenge in the coming months.

Where possible, serve home-made desserts to offset higher costs for pre-made products.



AIR FREIGHT PRODUCE



The economics of fresh produce air-freighted into the UK have been hit by Covid. There are far fewer opportunities to ship produce in the holds of passenger flights, and less commercial freight being shipped, increasing the number of expensive "empty leg" flights. Typical of the products affected at this time of year are sugar

snap peas, fine beans, baby corn and asparagus, which are likely to be even more expensive options than usual.

Switch menus to home-grown seasonal veg to get the best value.



FRUIT & VEG



MEAT



Potatoes, onions, and other root vegetables have all produced good crops this year, so quality, price and availability will make them excellent choices as ingredients in hearty winter menu favourites such as stews and pies, and accompaniments to roast dinners. Imported fruits such as bananas,

pineapples and limes carry with them a warning on the impact of higher shipping costs.

Promote seasonal British vegetables in home-made dishes to maximise value.



Demand for beef boomed during the Eat Out to Help Out campaign as hospitality customers treated themselves, and this is expected to have a knock-on effect through the autumn and winter, pushing up the price of steaks and other premium beef cuts. Across all meat and poultry, availability will vary depending on levels of consumer spending, which is hard to predict.

Work with suppliers and keep menus flexible.

SEASONALITY GUIDE

BEGINNING OF SEASON

- Brussels sprouts
- Chestnuts
- Turkey
- Cranberry
- Sweet potato

IN SEASON

- Game birds
- Potatoes
- Onions
- Apples and pears

END OF SEASON

- Hake
- Mackerel
- Leeks
- Soft fruits

Back in Business And Buying Better

Take a look at our toolkit for hospitality operators on how to improve margins through good housekeeping and cost control. It's free to download.

As rules and regulations for the hospitality continue to change around operating through the pandemic, the only thing you can control is your costs. Our **Back in Business and Buying Better** toolkit is designed to help your business be as profitable as possible over the challenging months ahead by providing you with an easy to follow strategy for maximising margins and getting the most out of any revenue.

The purchasing tips and strategies it contains are based on our team's many years of experience. We guarantee that if your business adopts even one of them, you'll see significant savings - and even some surprising benefits such as better service or better quality - both positives for the business when it needs it most. We know that time is at a premium too for you and our toolkit is designed to save you and your team time as well as money.

There's a bright future ahead for the UK hospitality industry and the long-term trends remain positive. This is our way of helping you get there in the best possible shape.

To download your FREE toolkit, visit lynxpurchasing.co.uk or give us a call on 01325 710143 for more info and insights.



Menu Trends



COVID-19 seems to have made a vegan diet more appealing, as research from Mintel show that 25% of younger consumers, aged 21-30, say that a vegan diet is of more interest since the pandemic started. Overall, 12% of people say a vegan diet is proving more attractive, while 51% believe plants and botanical ingredients can have medicinal benefits, such as boosting the immune system.

Inevitably, the pandemic has also dented consumer confidence, creating uncertainty about going out to eat and drink at Christmas. Research by CGA

found that only one in four consumers say they feel confident about doing so, and just 16% have so far made any plans to go out over the festive period.

However, increased home delivery of meals is set to provide a long term boost to UK hospitality operators, according to a report by Lumina Intelligence. The number of meals ordered to eat at home increased from an average of one a month pre-pandemic to five a month during lockdown, and is now steady at about three a month.

Sustainability Update



Despite the ban on plastic straws and stirrers becoming law, the consumption of single-use plastic in the hospitality industry has grown during the pandemic - reversing a positive downward trend the industry has worked so hard to achieve. For businesses trying their best to be sustainable despite the pandemic, consider food waste recycling.

No matter how efficient you are, food waste is unavoidable. In fact over 600,000 tonnes of food waste is generated by the food sector alone every year - according to WRAP that's 41% of total waste disposed.

Lynx Purchasing supplier partner Olleco offers a sustainable food waste disposal service that turns your food waste into renewable energy and digestate - an environmentally-friendly alternative to chemical fertiliser. Olleco uses specially-designed energy efficient collection vehicles and bin liners to keep food waste free of contaminants and the service complies with environmental regulations.

Olleco provides carbon savings reports for the food waste that it collects and converts. For example, Lynx Purchasing's customers contributed a CO² saving of over 245,000 kg by recycling used cooking oil as part of Olleco's virtuous cycle in 2019.

With ever rising landfill charges, reducing waste volumes can also mean cost savings as well as benefits for the environment. Contact your business manager or call us for more details.



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

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