

# Spring 2018 Market Forecast

For the hospitality and catering industry



Lynx Purchasing

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## Tackle a tough market with effective buying habits



The trading challenges recently reported by a number of high profile casual dining operators are being reflected across the industry. Hospitality and catering operators will need to significantly improve their buying habits in order to deal with continued consumer caution over the months ahead.

It's very clear that consumers are cutting back on discretionary spending such as eating out. The January Coffe Peach Business Tracker showed restaurant sales were flat year on year, while a consumer survey by RSM found that 23% of

consumers actively plan to cut back on eating out this year, and only 12% expect to spend more than last year.

This goes beyond the usual new year lull. Since the start of 2018, we've seen a number of well-known restaurant brands announce branch closures, renegotiate with their landlords, and cut back on expansion plans.

Behind those headlines, every operator is dealing with similar challenges. These include higher costs driven by food and drink prices, staff costs and business rates; and increased competition in terms

of both the number of outlets and the latest wave of targeted discount deals and special offers from casual dining brands.

While there are many factors beyond operators' control, Lynx Purchasing is emphasising the importance of cost control and good buying habits to all our customers.

Our new **FREE** insight guide, *The Seven Habits of Highly Effective Purchasing Teams*, details seven proven ways that operators can make simple improvements to their purchasing to generate substantial savings - savings that can mean the difference between staying profitable or going under in this challenging market. For more details, see page four.

### UK inflation

The Office for National Statistics reported that the rate of inflation seen in the Consumer Price Index (CPI) was 2.7% in January 2018, unchanged from December 2017. The largest downward contribution came from motor fuel prices which rose by less than a year ago. The more detailed Retail Price Index showed restaurant meals increased by 3.1% year-on-year.

**£1** was worth

As of February 20th 2017\*\*

€1.18  
\$1.245

As of October 4th 2017\*\*

€1.13  
\$1.33

As of March 1st 2018\*\*

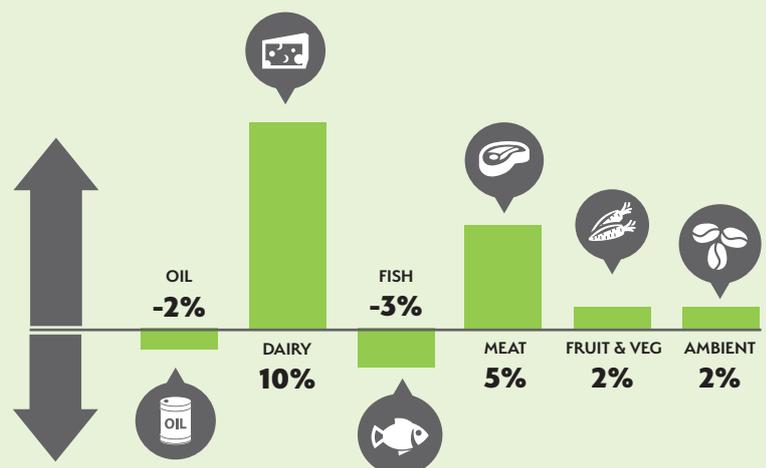
€1.13  
\$1.37

## THE LYNXOMETER

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

**UP 3%\***

\*Compares basket prices from March 2017 with March 2018  
\*\*Bank of England spot rates





## Fish and shellfish

The Marine Conservation Society has been calling on restaurants to remove wild-caught sea bass from menus due to overfishing. To support this, new regulations have been put in place that aim to significantly reduce catches and so help boost regeneration of stocks. Chefs should consider using certified farmed sea bass, which is high quality, as an alternative. Native flat fish such as brill, dab, Dover sole, megrim and witch will also be good value and quality during spring.

Fresh crab meat prices have recently increased by 10-15%, mainly due to increased demand from China. Native king scallops, popular as a starter across a range of menus, are holding their value as demand outstrips supply, but the imported variety are readily available and good value.

**Experiment with different fish and make your daily or weekly fish specials a talking point.**



## Beef and lamb

As well as strong export demand pushing up prices, the high profile investigation by the Food Standards Agency into a number of leading suppliers is also causing challenges. Suppliers are more cautious about using the trimmings from primal cuts of beef, which

increases not only the price caterers pay for steaks and joints, but also for beef mince. April sees the arrival of new season spring lamb, a popular choice for seasonal menus, and prices can be expected to stay firm for around four to six weeks.

**Ask your butcher for advice and for more options to help you stretch your budget.**



## Salads

There are concerns about the Spanish salad crop, which has been affected by low water levels. Availability and price of leafy salads including little gem, cos and iceberg, as well as hard

salads including peppers, speciality tomatoes and cucumbers, may be affected before the UK and Dutch seasons get under way in late April and May.

**Vary the mix of salad and vegetables served according to seasonality, to get the best quality and value.**



## Dairy

Dairy prices have generally eased from the very high prices seen in 2017. However, the price of butter has softened but is still much higher than a year ago. This has

an impact on a range of products which use butter as an ingredient, and is likely to mean unpredictable prices for caterers into the spring and summer.

**Keep in regular contact with your supplier regarding pricing - and explore using vegetable oil in baking.**

# THE LYNXOMETER



Meat  
5%



Fruit & Veg  
2%





## Eggs

The Fipronil-contamination issue in Holland has seen more than 10 million birds removed from European egg production. This has had a significant impact on prices due to demand from the continent for UK Lion quality eggs.

**Emphasise the quality and provenance of eggs in menu descriptions.**



## Wine

The 2017 European grape harvest was the smallest since 1981, which means old world wines will be good quality, but limited supplies will mean higher prices. With southern hemisphere harvests also hit by unpredictable weather, operators will need to take a flexible approach.

**Vary your wine list to make the most of supplier offers and availability.**

## Oil

For caterers who sell their used cooking oil for biodiesel production, an influx of biodiesel from Argentina and Indonesia into the UK and EU market has driven the value sharply downwards since the start of the year.

**Talk to your oil supplier for the latest information.**



## Sugar

The sugar tax on soft drinks, which comes into force on 6 April, will hopefully not come as a surprise at this stage, but the full impact on prices is not clear, as some brands may implement a price increase over and above the tax itself to offset higher production costs.

**Switch to low and no-sugar soft drinks to beat the price rises.**



## Spring menu trends

More consumers than ever are 'part time' vegans and vegetarians. According to research by Kantar, 29% of evening meals in 2017 were meat-free. The 2018 CGA Business Leaders survey found that 69% of casual dining operators expect demand for vegan options to be a growing menu trend this year.

Consumers are opting for lighter and healthier choices when ordering breakfast out-of-home, according to the MCA Eating Out Panel. Younger customers

in particular are passing up the traditional Full English in favour of dishes such as granola and avocado on toast.

Traders at New Covent Garden Market predict that black will be the new purple in 2018. Following a rise in popularity of purple vegetables from cauliflower to sprouts in 2017, this year chefs will be serving up delights such as black radishes, black corn and Shetland Black Potatoes.



## Spotlight on... The Seven Habits of Highly Effective Purchasing Teams

TAKE A  
CLOSER  
LOOK

The Lynx Purchasing team is opening the book on our decades of negotiating experience with the launch of a new insight guide – *The Seven Habits of Highly Effective Purchasing Teams*.

We've seen these seven habits work in practice many times. However, there are plenty of chefs and GMs out there who haven't experienced a market as tough as this in their careers so far, so we've brought the information together in a simple-to-use guide. The seven habits of highly effective purchasing teams identified by Lynx are:

### **Beware The Sacred Cows:**

When it comes to purchasing, no product, ingredient, service or supplier should be sacred. Compare prices and look around for other options.

### **Keep It Strictly Business:**

Having strong relationships with suppliers doesn't mean getting too close and cosy. Compare prices and know which other suppliers are out there.

**The Devil's In The Detail:** Have systems in place to make sure you are getting exactly what you pay for as well as buying what's best for the business, such as checking price lists against invoices, and checking and weighing deliveries.

### **All Budgets Are Equal:**

Necessities - from cleaning products to pest control, lighting and office stationery - often escape buying scrutiny. Making a change could be an easy win with no customer impact.

### **Provenance Isn't Always King:**

Local is a great story for the

menu but businesses can lose sight of the true costs - and the real value - of buying from local suppliers.

**Test Traditions:** Just like habits, there are good traditions and bad ones - "this is the way it's done because we have always done it this way" isn't a good enough reason in itself.

### **Always Review Renewals:**

It's easy to let contracts roll over, especially if you are happy with the service. Never automatically renew a contract; call for competitive quotes on everything from utilities to waste management.

The 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 [lynxpurchasing.co.uk](http://lynxpurchasing.co.uk)

Save your business money every day, call  
Lynx Purchasing on 01325 377845.

## Meet the team Jo Hunt



**Job:** Financial director, Lynx Purchasing

**Role:** Managing the administration, accounting and financial functions at Lynx.

**Expertise:** My interest and experience is in developing sustainable financial models and strategically planning for the future.

**Biggest challenge for 2018:** Lynx is growing and our challenge is to ensure that this growth is balanced

and well managed so that our service to customers remains excellent.

**Best moment at Lynx:** Working with all the Business Managers at Lynx and our suppliers to help compile quotes and presentation documents for new customers. It's a great feeling when we win the business because as well as knowing we are going to save that customer money, the customer has recognised that we can add value and expertise.

**Hobbies/Ambition:** I enjoy spending time walking my dog and riding my horses. My ambition is to continue to make sure that Lynx is better at what it does than any competitor, and continue creating a team spirit between Lynx, our suppliers and customers.

**My tip:** Operators should strive to have the healthiest bottom line they can and the rest should follow.



LYNX  
PURCHASING

Lynx Purchasing works with more than 2,200 customers 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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