

PRESTIGE
PURCHASING

WELCOME TO THE CGA PRESTIGE FOODSERVICE PRICE INDEX ANNUAL BRIEFING 2024

CGA PRESTIGE

FPI

FOODSERVICE PRICE INDEX
ANNUAL BRIEFING 2024



EP

Business in Hospitality

UKH
UKHOSPITALITY

CGA
Powered by NIQ

Hospitality market performance and trends

Karl Chessell

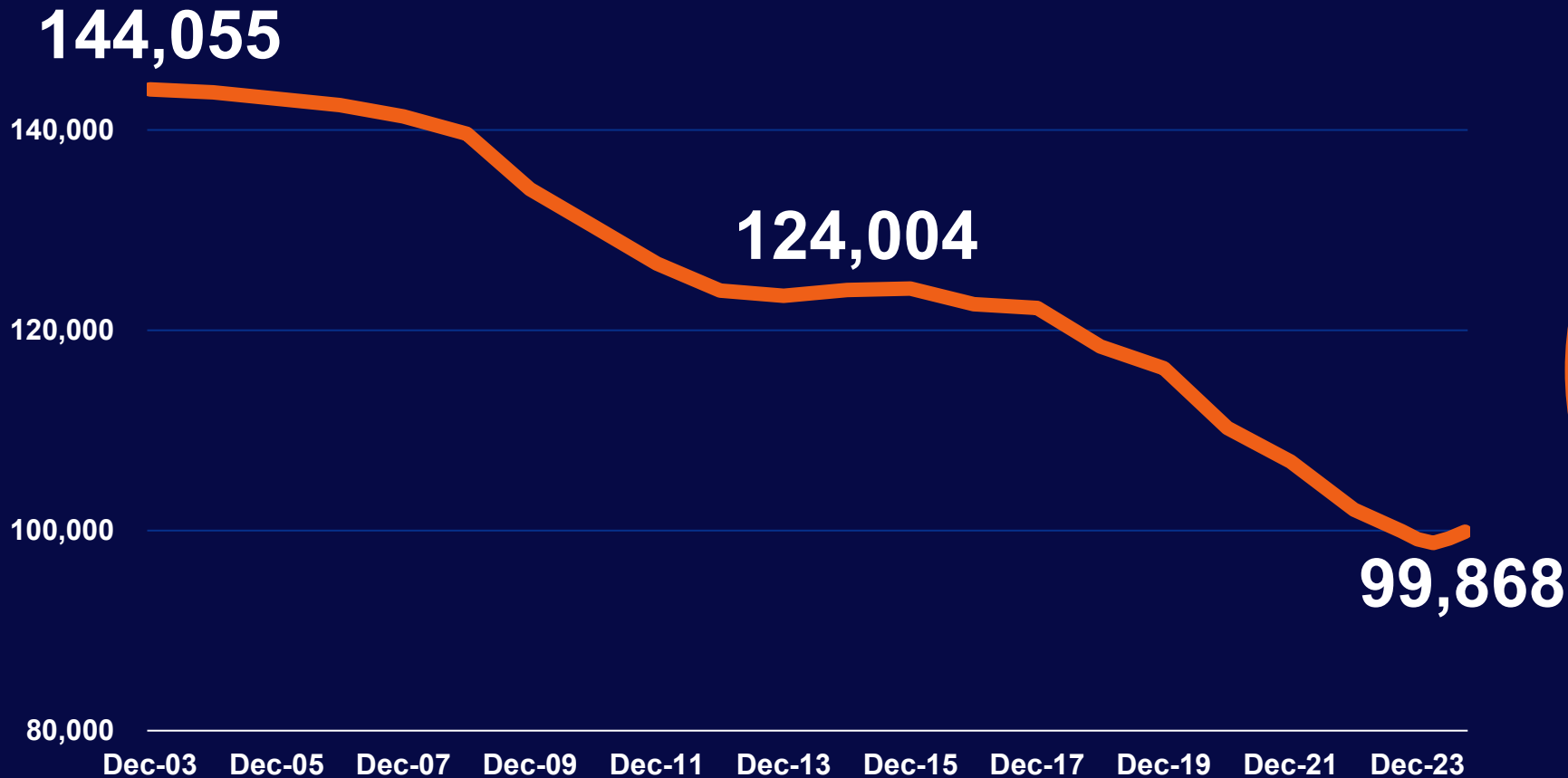


Sites, sales & sentiment



The market has faced significant challenges over the past 20 years, losing many sites after the '08 financial crisis, and the pandemic more recently

Number Of Licensed Premises In Great Britain



There are now
44,187
fewer licenced
premises now than
in 2003

23,154

sites have

CLOSED

since March 2020

7,950

sites have

OPENED

since March 2020

Independents have borne the brunt

Site losses since March-2020

Managed

-2%

Independent

-16%

The significant losses seen throughout pandemic and costs crisis have begun to slow, and food-based segments have even seen recent growth

At the end of September 2024, there were

99,868

licensed sites in Great Britain.

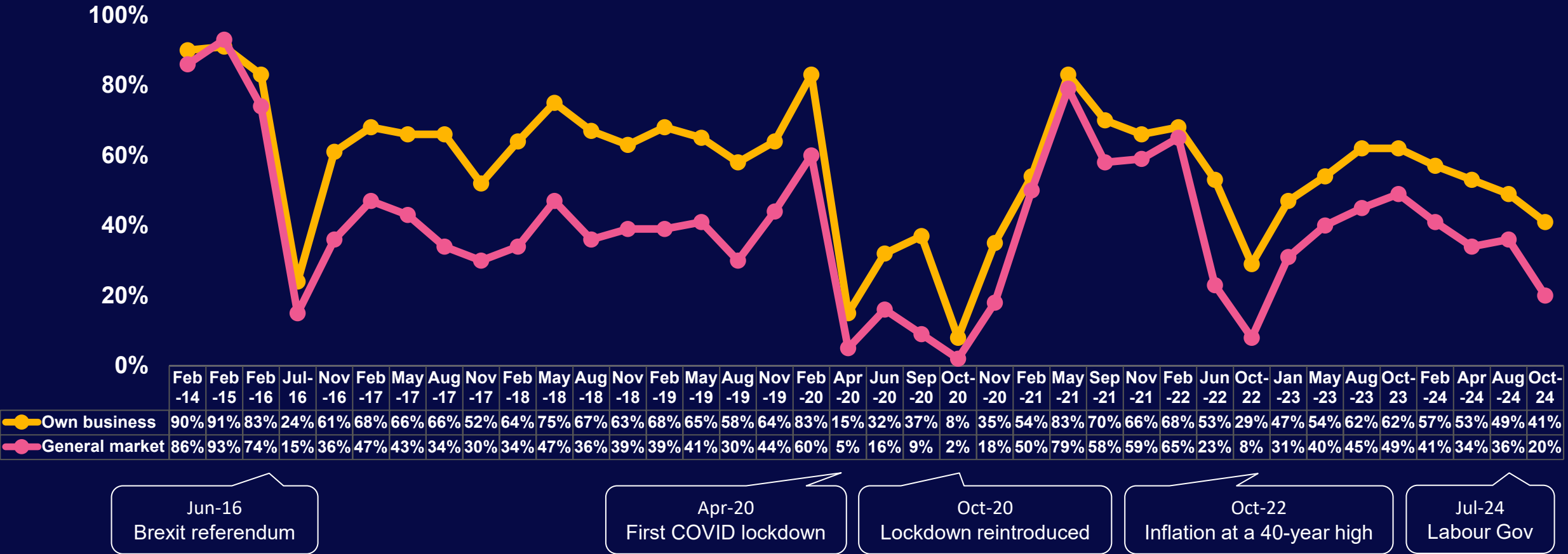
Sites have remained flat since last year, with decline slowing to

-0.0%

Sector	% change vs last year	% change vs last quarter
Bar	+ 5.1%	+ 3.5%
Bar Restaurant	+ 3.2%	+ 1.6%
High Street Pub	+ 1.8%	+ 3.8%
Hotel	+ 1.6%	+ 1.8%
Casual Dining Restaurant	+ 1.4%	+ 0.5%
Restaurant	+ 0.3%	+ 0.6%
Community Pub	- 0.4%	+ 0.4%
Food Pub	- 2.4%	- 1.1%
Nightclub	- 4.0%	+ 6.0%

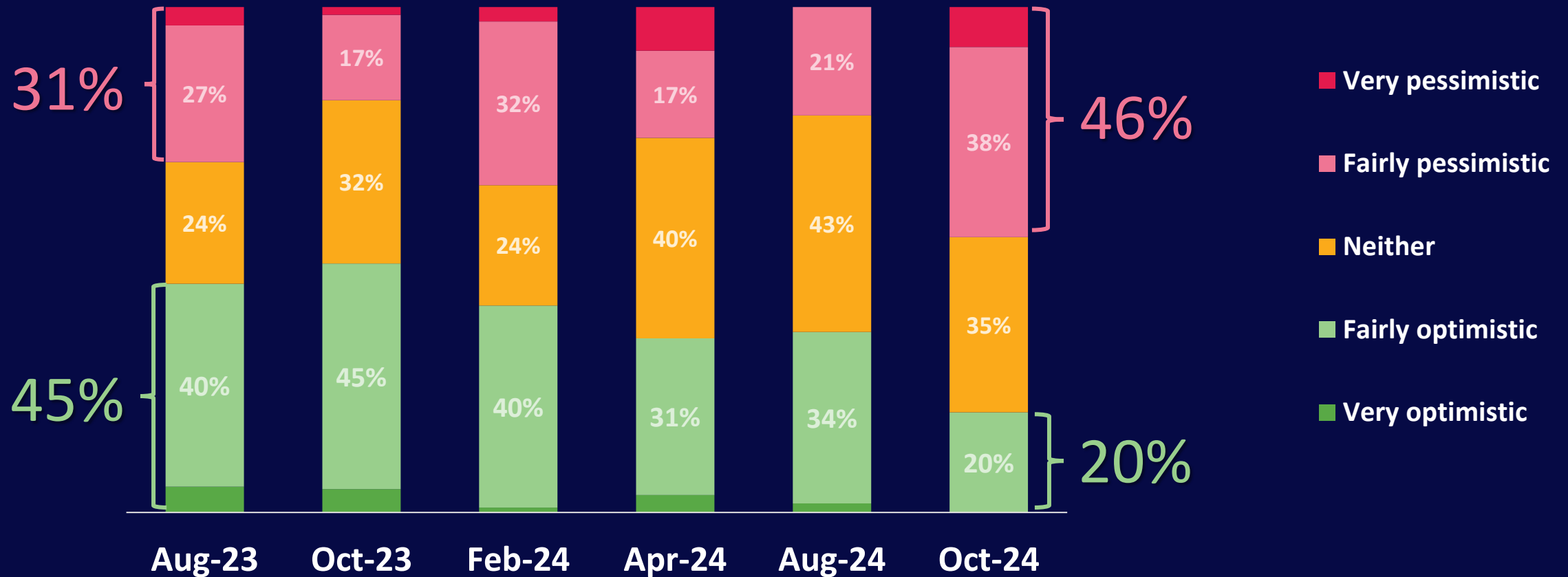
Surveyed prior to the Autumn Budget, Business Confidence – both in the market and operators’ own venues – was at a low not seen since Oct-22’s inflationary peak

Business leader optimism in the **general market** and in **own business** (over the next 12 months)



Reverting to market pessimism

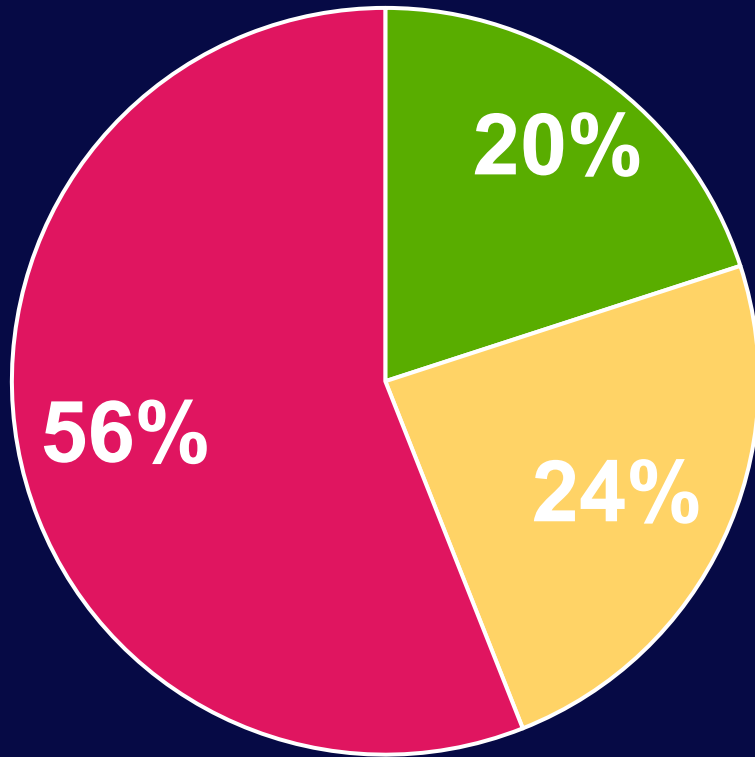
Business leader optimism in the general market



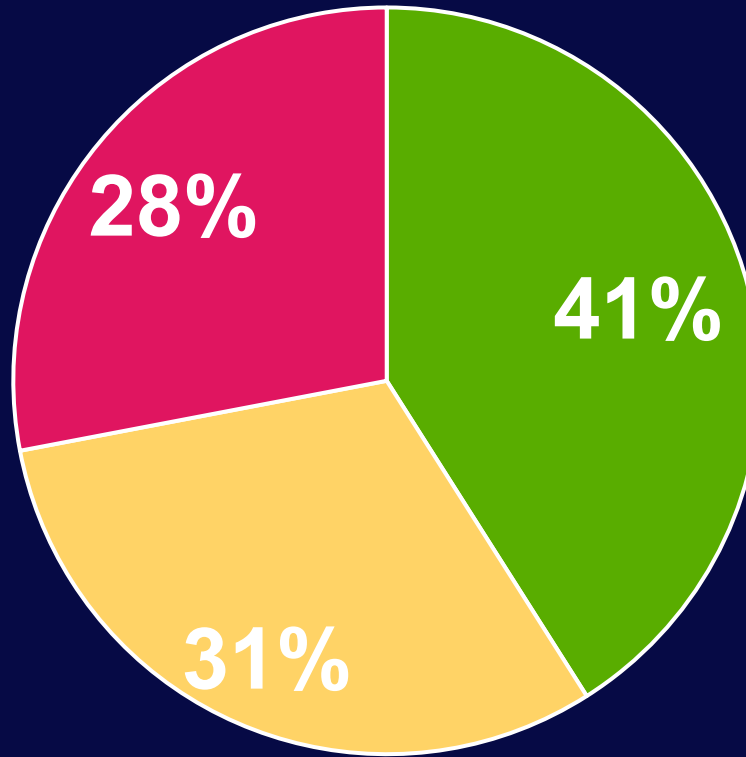
Leaders and independents have opposite expectations of their business' success

Own business confidence over the next 12 months

Independents



Leaders (5+ sites)



Optimistic
Neither
Pessimistic

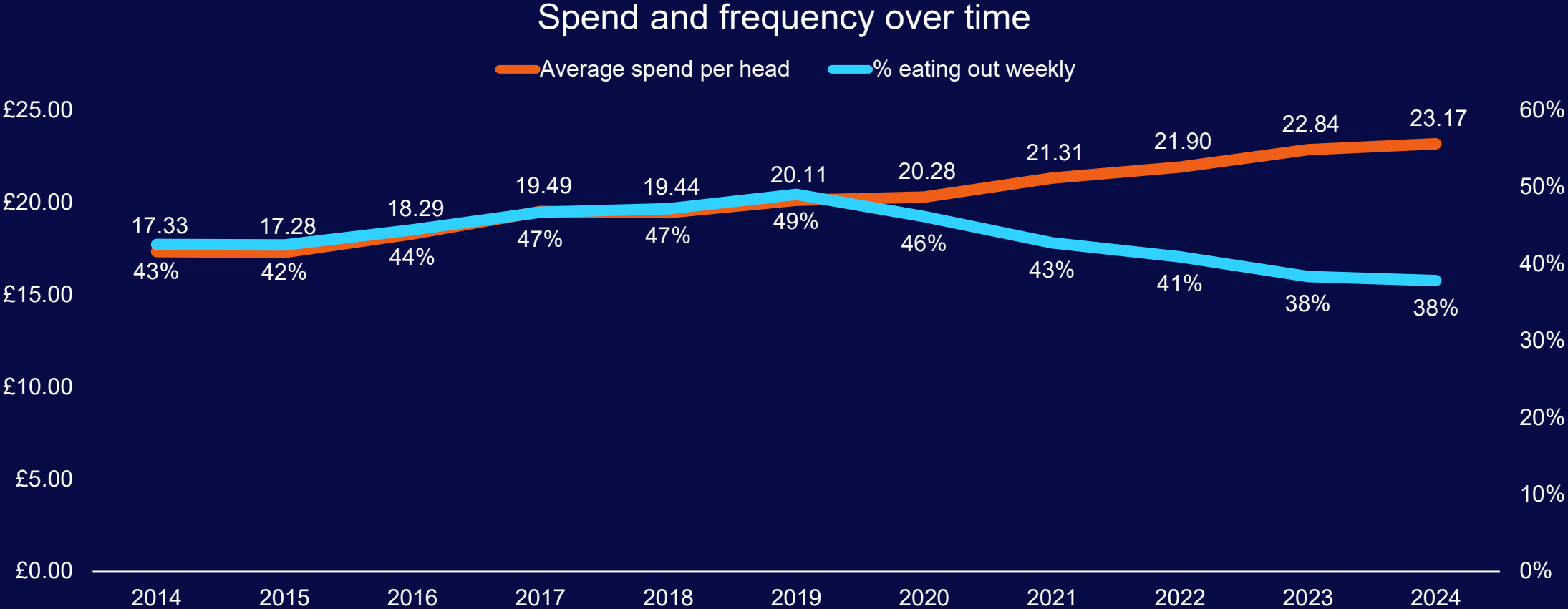


For those going out more frequently, treating oneself is the top factor and has seen growth since last October, highlighting how consumers use the On Premise as a place to indulge

You have said that you are currently going out more frequently than usual, why is this?

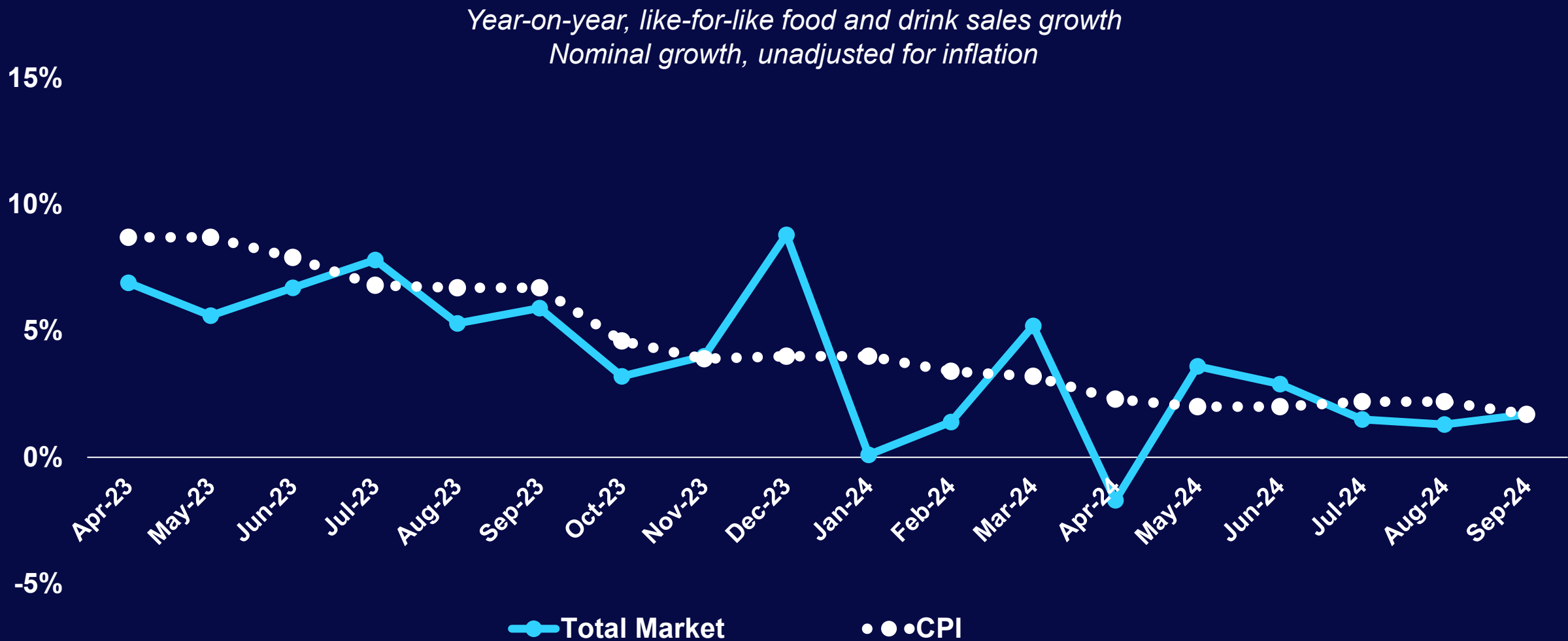


Whilst consumer spend has continued to climb, visit frequencies has continued to fall

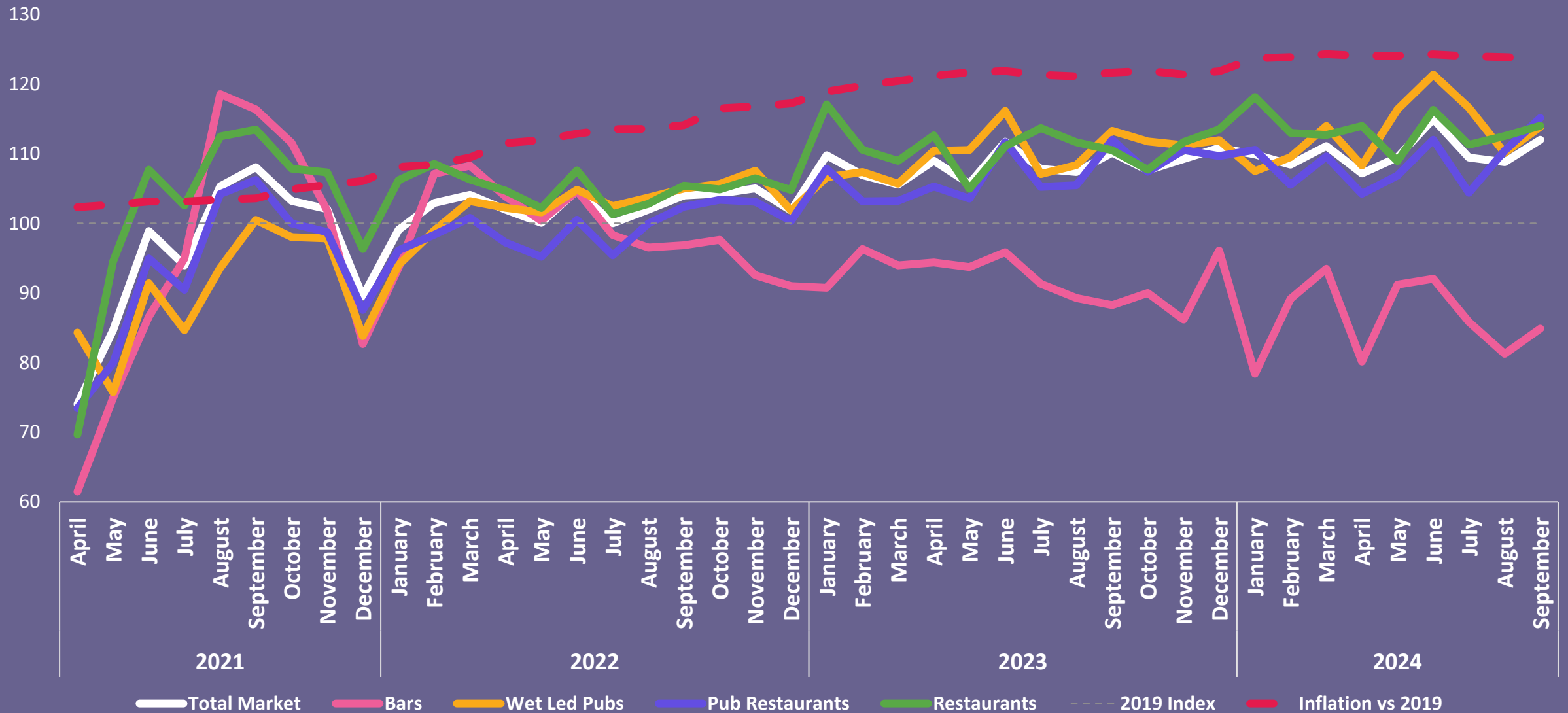


Frequency: “How often, if at all, have you eaten out (for breakfast, lunch, dinner or other occasion) during the past six months? Please consider meals you may have eaten in any type of restaurant, café or other food outlet?”
Spend per head: “When visiting [BRAND] how much did you spend per head on food and drink combined?” (market average)

Even with lower footfall, the managed market has been able to drive sales growth broadly in-line with inflation over the past year

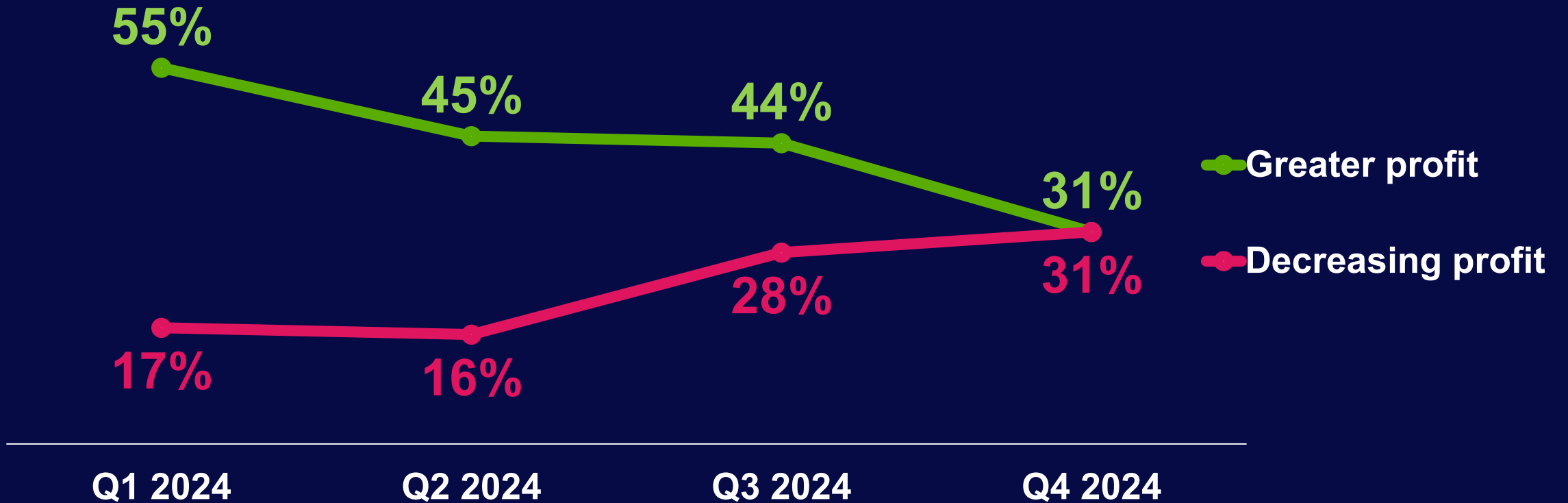


Like-for-like sales benchmarked against 2019 equivalent month: Index = 100



Profit levels are in decline, as the cost of operation continues to rise

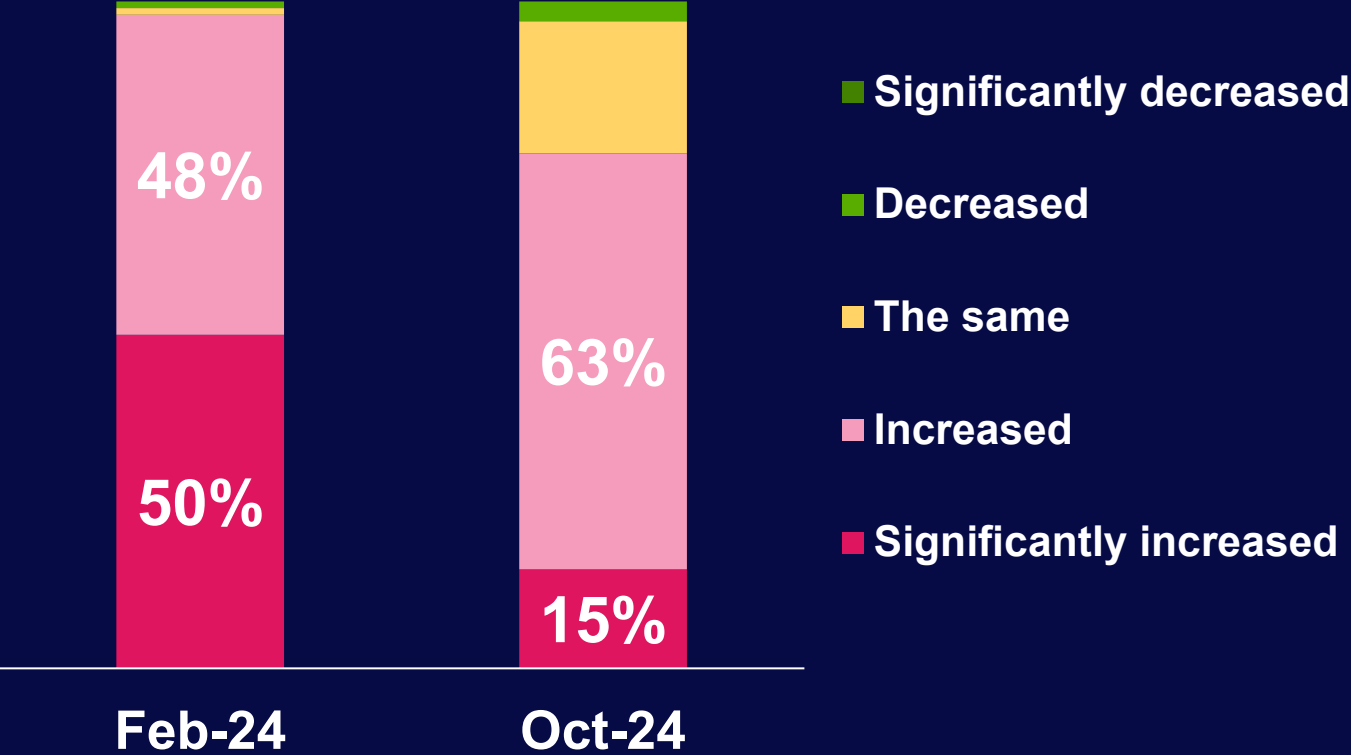
How would you describe your business's **PROFIT** performance over the quarter, compared to the same time last year?



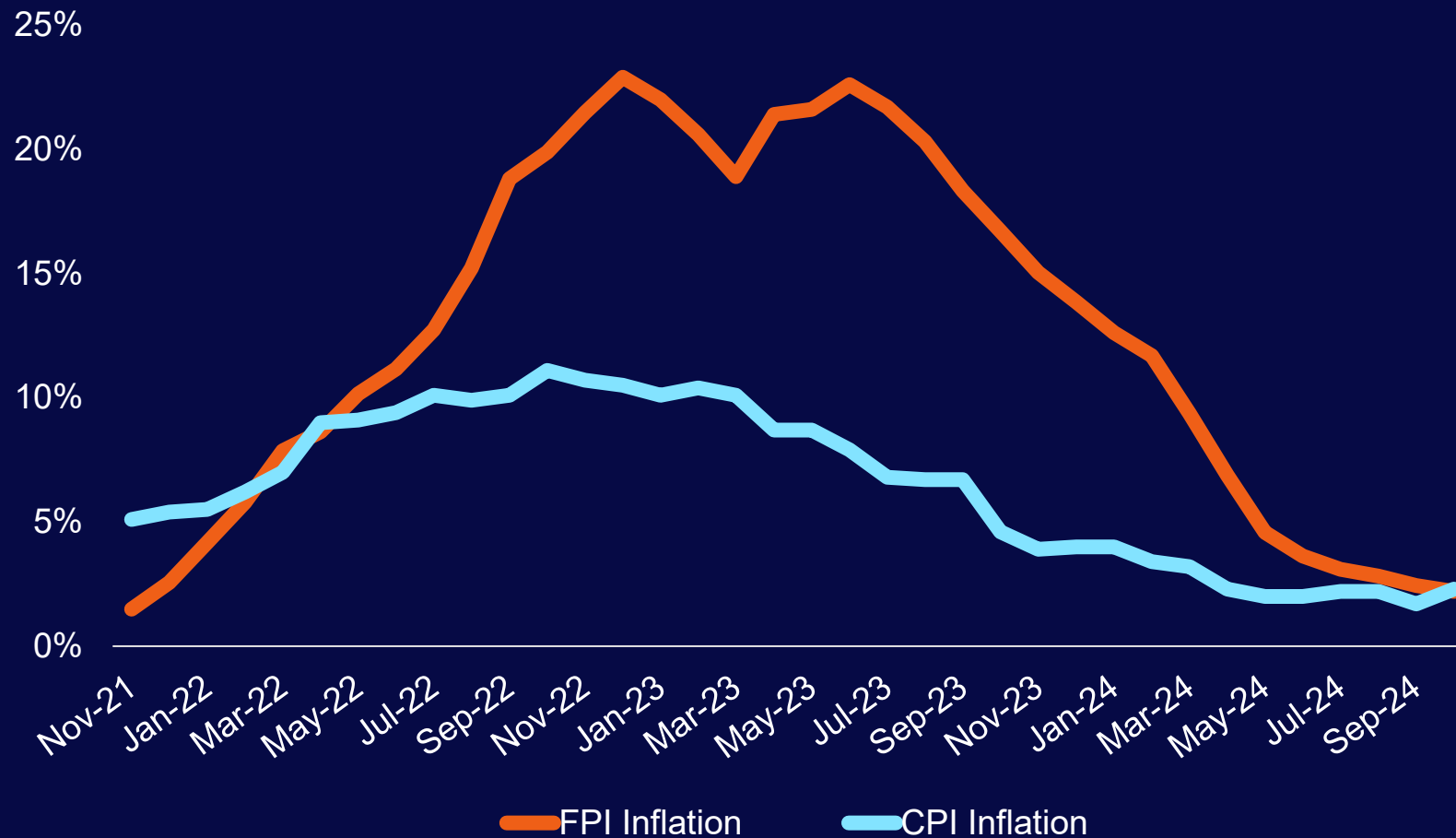


However, the number of Leaders reporting ‘significantly increased’ costs on last year has sharply dropped

Food and drink costs versus last year



Food Price inflation is at more manageable levels

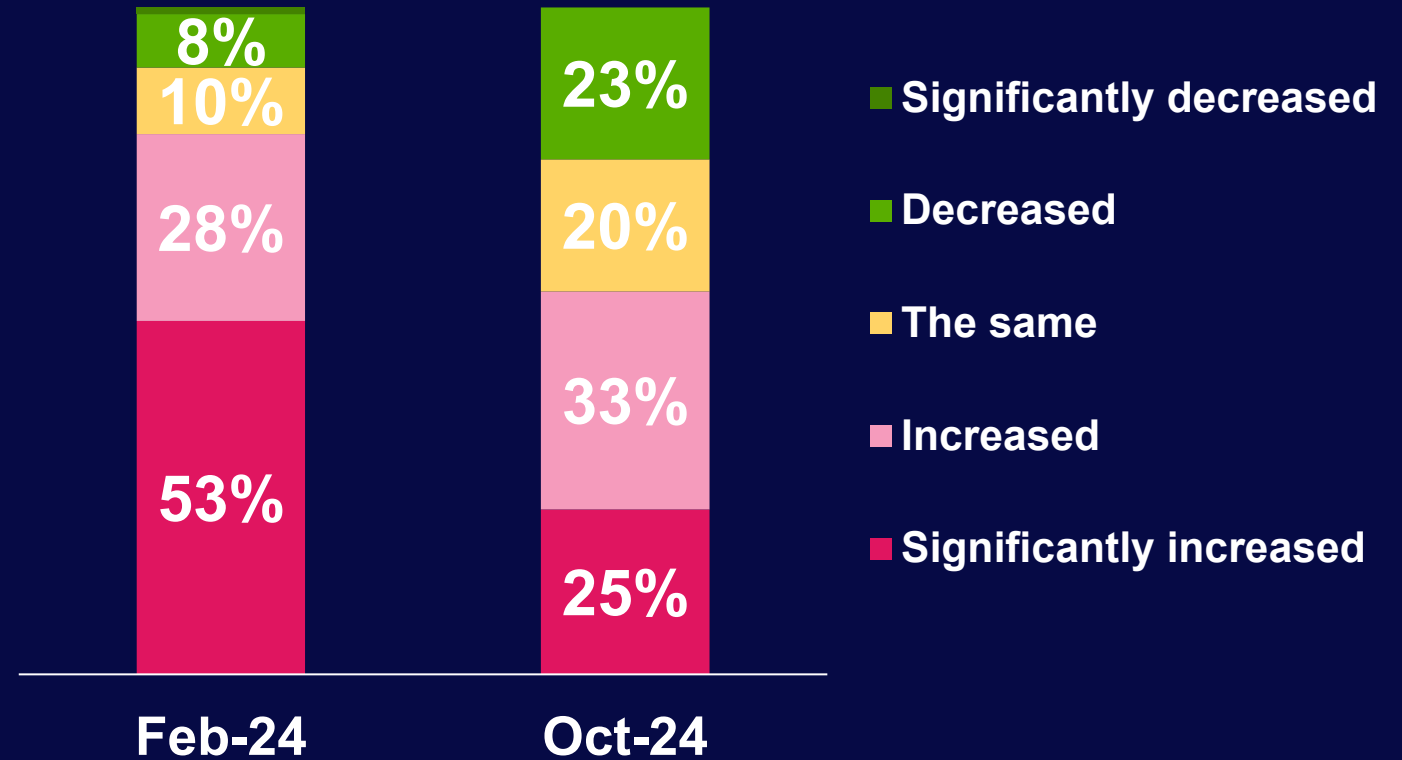


In October,
FPI inflation was
+2.2%
year-on-year



The same is true of energy costs, with almost a quarter now seeing bills decreasing on last year

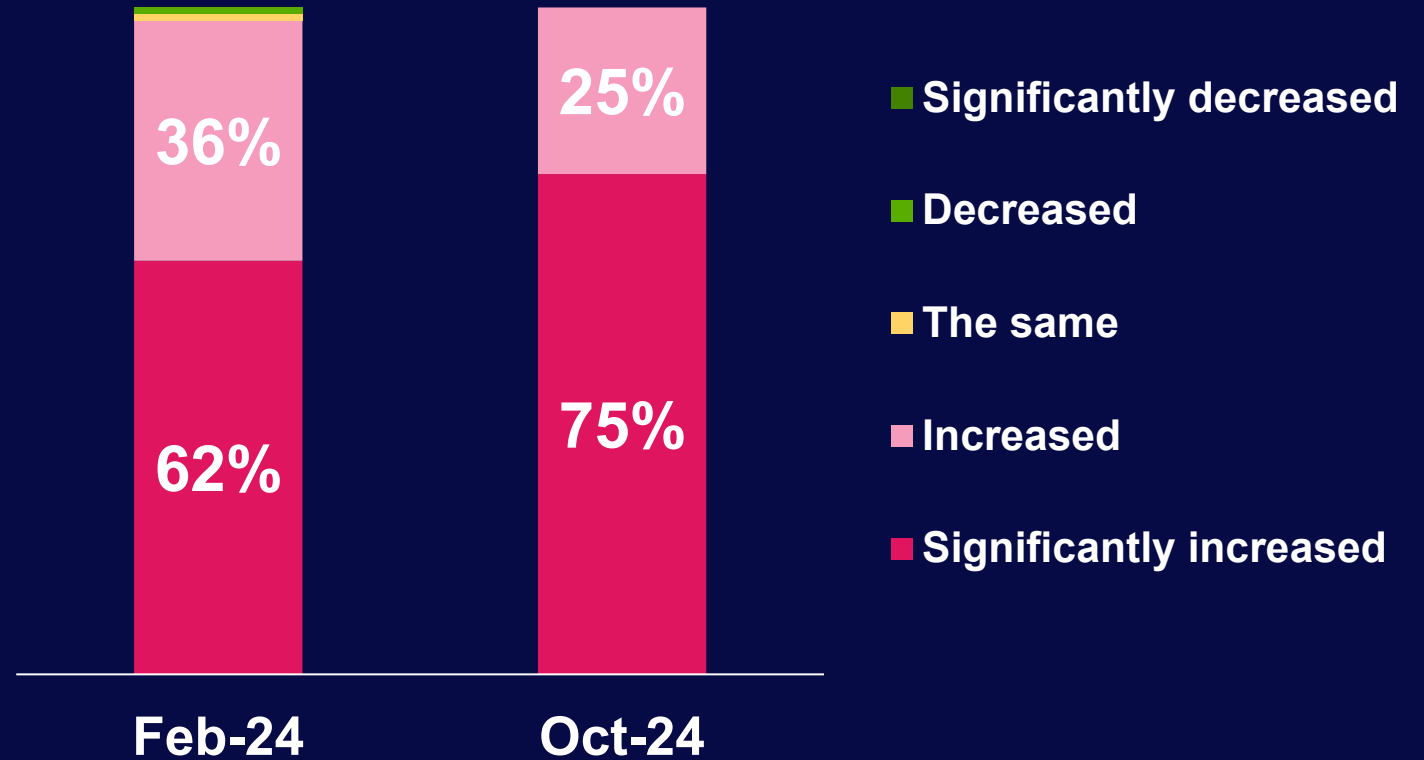
Energy costs versus last year





But with increases to the Minimum Wage, and difficulty hiring, staff costs are rising increasingly quickly....and this was pre-budget!

Staff costs versus last year





89%

of consumers visited
the On Premise
in October

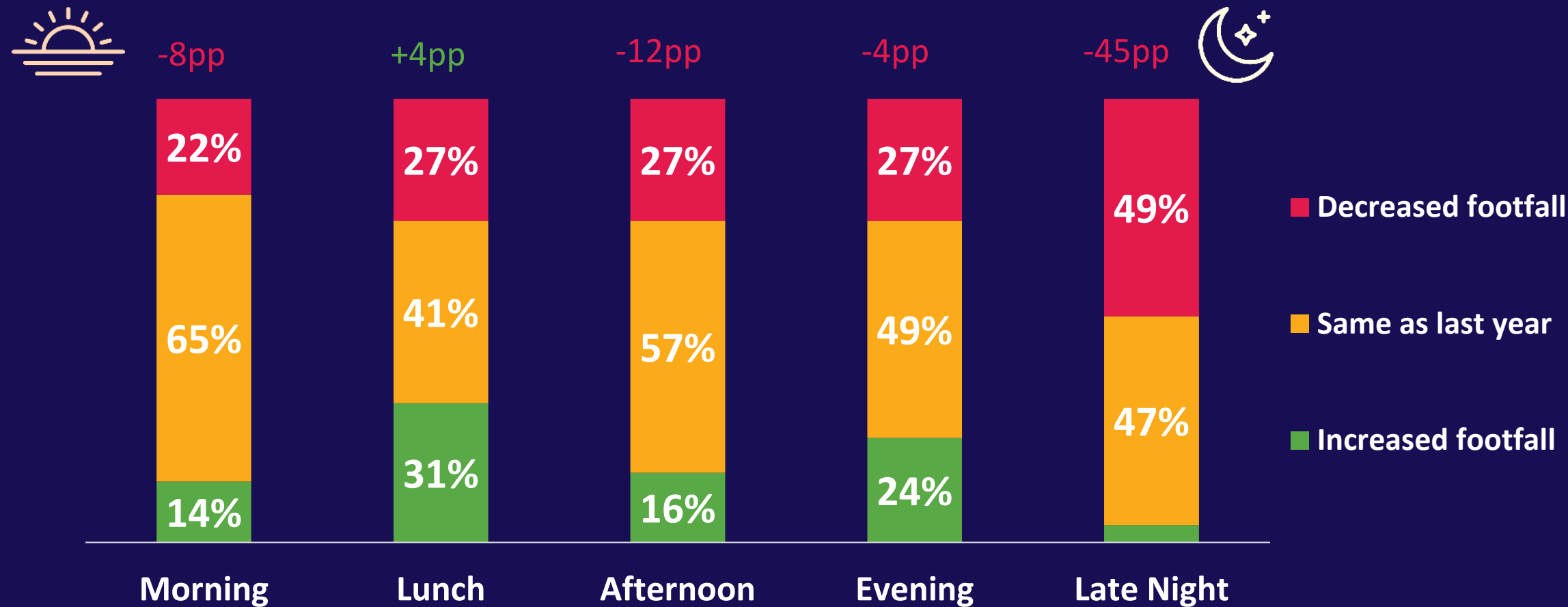
Socialising

NIQ



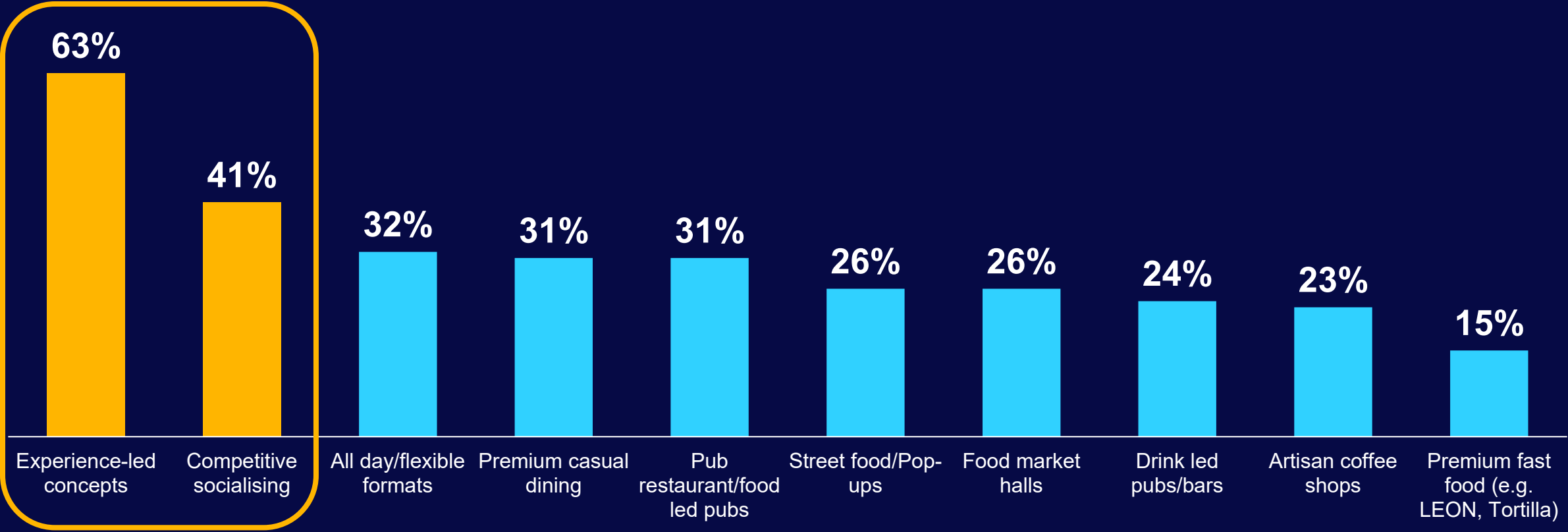
With overall footfall down, late-night has decreased most versus last year, with lunch up and generally consumers are using a wider range of dayparts

In general, how has your footfall changed in these dayparts, compared to last year?



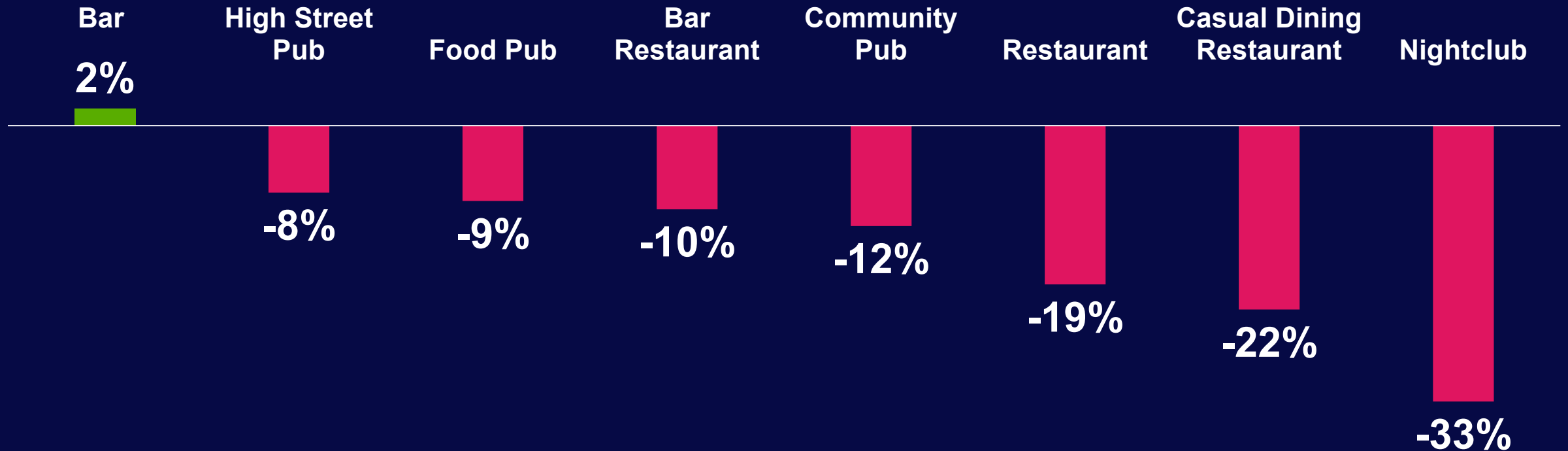
Operators are still able to see the opportunity

Which formats do you believe are well positioned to thrive in the next 12 months? Please choose up to your top five business types.



And they are correct. Since Pre-COVID, Bars have pushed net site growth

Net site growth from March-2020 to Sep-2024



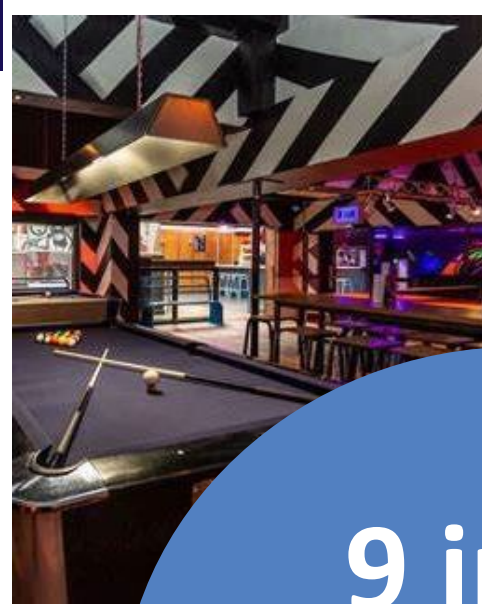
Themed bars
(experiential/activity
bars) have grown by

169%

since March-2020



Roxy Ballroom



Flight Club & Electric Shuffle



9 in 10

Consumers have
food at some point
during their high
tempo visit



D S W



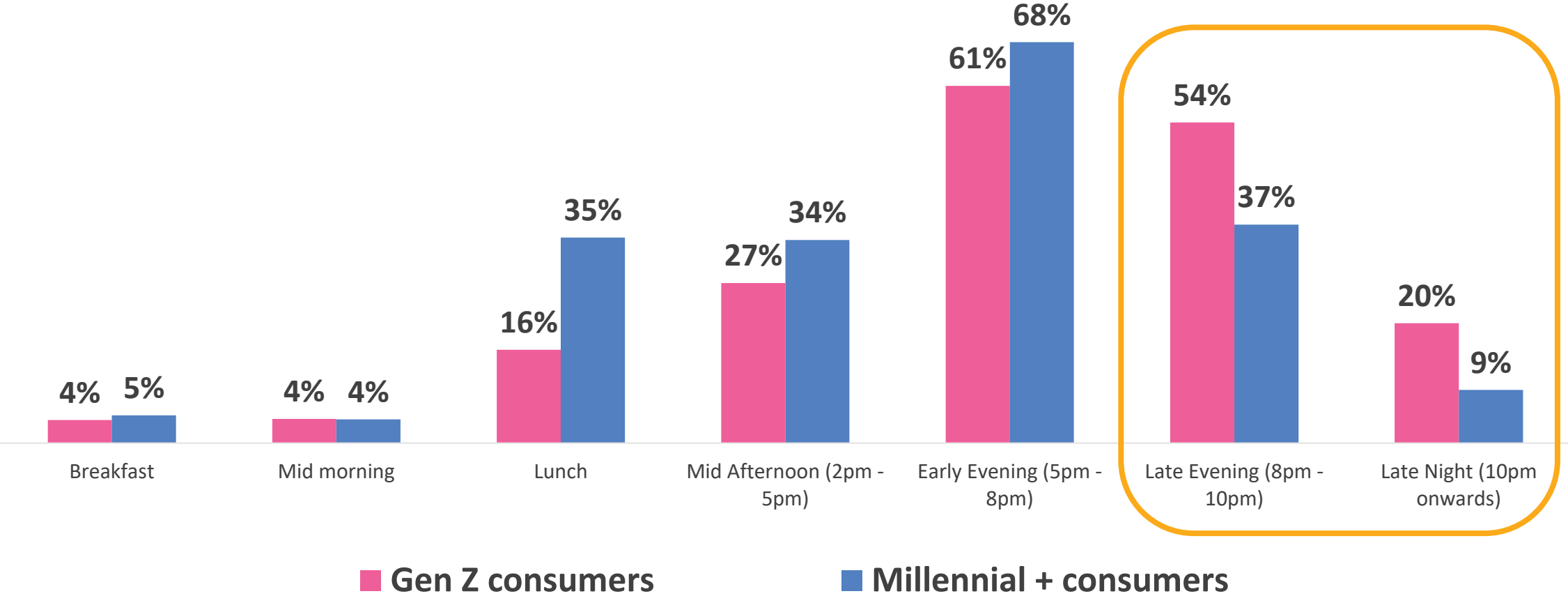
Beyond activity bars, high tempo preferences are shifting towards channels that can more easily cater to the whole day with drinking pub visits increasing among Gen Z for high tempo occasions

Channels typically visited for a high-tempo occasions



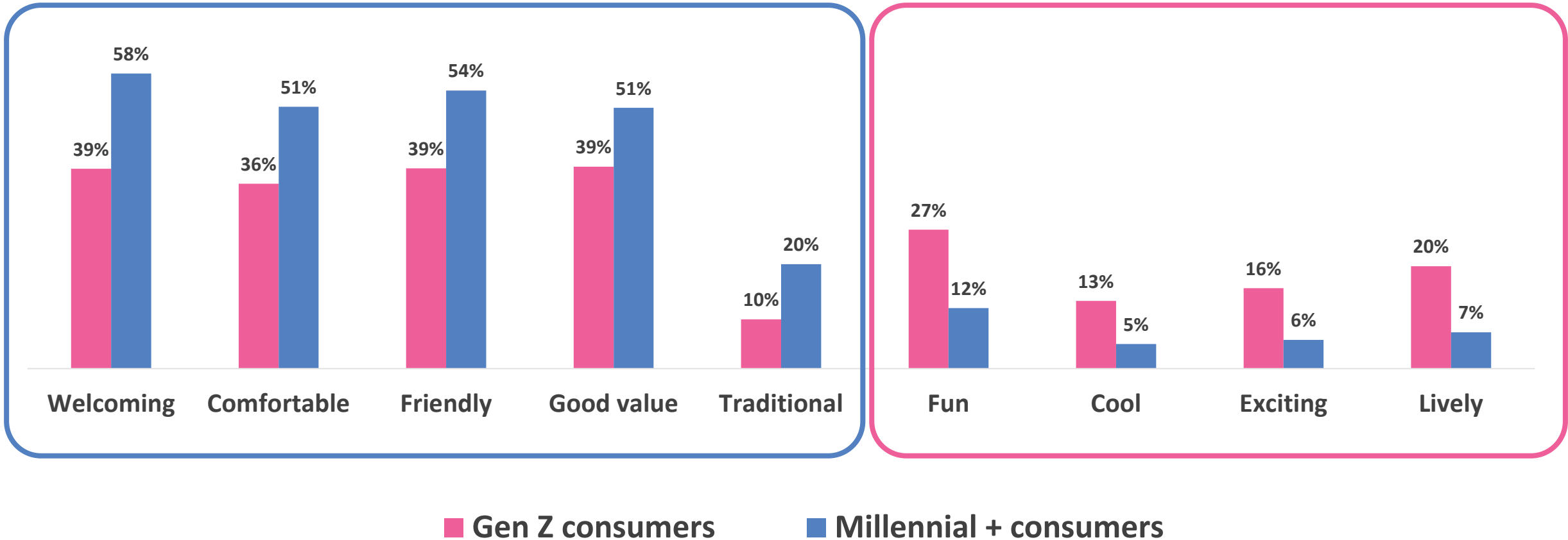
And this shifting engagement leaves Gen Z as key audience in late evening among pubs' clientele, and a significant opportunity to capitalise on

Dayparts typically visited at pubs



While Millennial+ consumers seek a traditional pub offering, Gen Z are placing far more weight on a fun, lively experiences in pubs

When visiting a pub, it is important to me that it is...



THE HARRISON PUB, KINGS CROSS PRESENTS

FOR 5 SUNDAYS MONTHLY AT JAMBOREE

THE HARRISON ALL DAY FOLK FESTIVALS

MAY 26TH

JUN 23RD

JUL 28TH

SEPT 29TH

OCT 27TH

ADAM BEATTIE & FIONA BEVAN · ALVORADA · ANNA MCLUCKIE
ARMOURED MAN · CLUB DEBRIS · DUNCAN DISORDERLY · FAITH I BRANKO
HANDS OF THE HERON · HOMEWARD BOUND · JACK HARRIS · JULIE ABBÉ



CROSSWORD LYRIC POETRY

Wednesday 11 Sep 2024

7:00 pm

£6.50

E · KA
CK HART
TAMS
EY MOO
PLACE, KIN

MID-SPEED ENGLISH TUNE SESSION

Jigs, polkas, hornpipes, reels etc played at a comfortable pace

- Slow and steady for beginners
- Medium speed for improvers
- Some tunes brisk but not too fast as a challenge

All levels welcome



1st Saturday of the month Start: 2pm Finish: 4.30-5pm
The Harrison, 28 Harrison St, Kings Cross, London WC1H 8JF
Info: timr6111@gmail.com

MID-SPEED ENGLISH TUNE SESSION

Saturday 07 Sep 2024

2:00 pm - 4:30 pm



COMEDY FREAKS

Saturday 24 Aug 2024

7:30 pm

£4.00



PUB QUIZ KINGS CROSS

Monday 02 Sep 2024

7:00 pm

£2.00

Experimentation



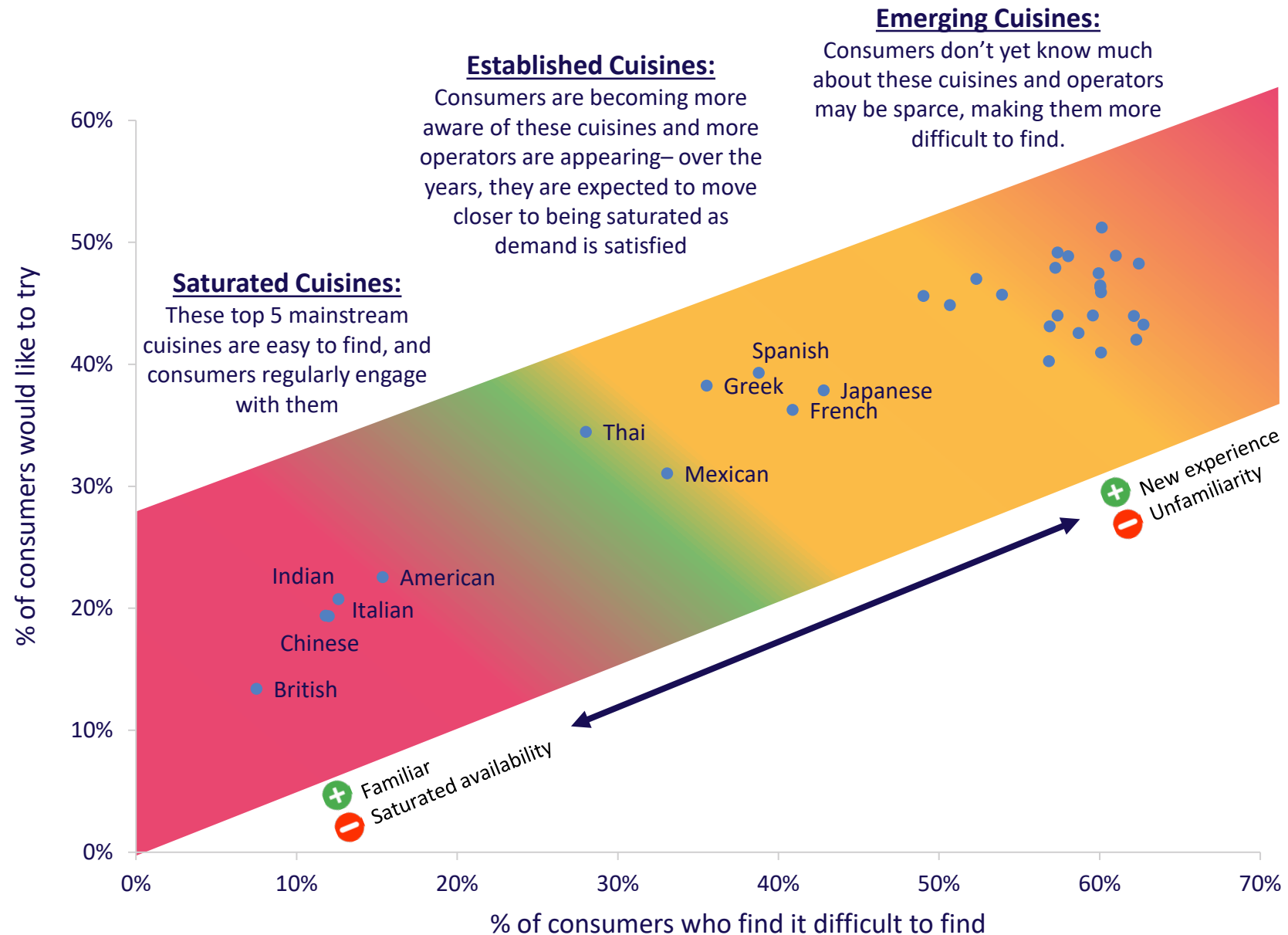
73%

**of consumers
strongly agree (31%)
and agree (43%) that
they like the idea of
trying new food and
drink trends**

56%

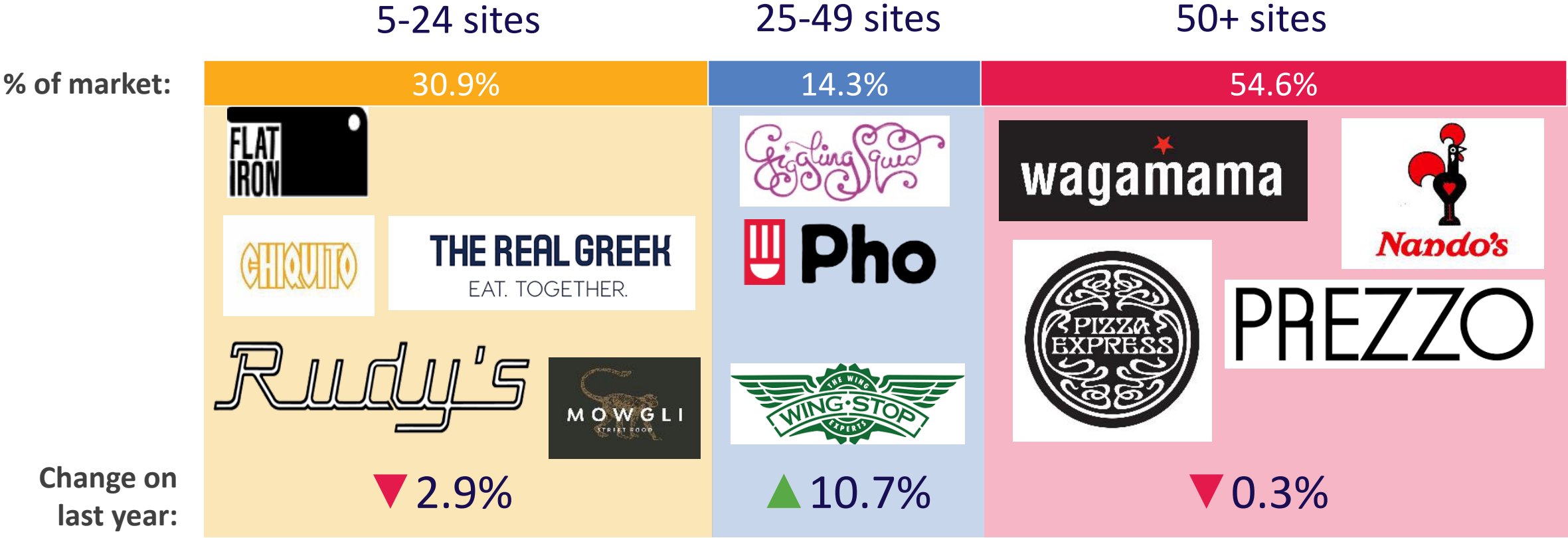
**of consumers
strongly agree (21%)
and agree (35%) that
they actively engage
with new food and
drink trends**

We see a range from saturated cuisines to emerging cuisines as consumers look to experiment



CGA by NIQ, Food Insights Report 2025, Sample Size: 1999

From a restaurant perspective, mid-size operators, of 25-49 sites are seeing significant outlet growth, growing by 11% versus last year, while the other cohorts are more stable, albeit with growth stories of their own





Stephen and Juliette Wall opened Pho after they travelled to Vietnam and fell in love with the food.

40% PLANT BASED MENU

More than 40% of our main menu is plant based. You'll find vegan dishes in every section, from healthy starters and salads to noodle soups, tasty curries and rice bowls.



Pho



All these years later, Pho is a group of restaurants dotted around the country, serving great value, healthy Vietnamese food that's cooked fresh in each kitchen daily.





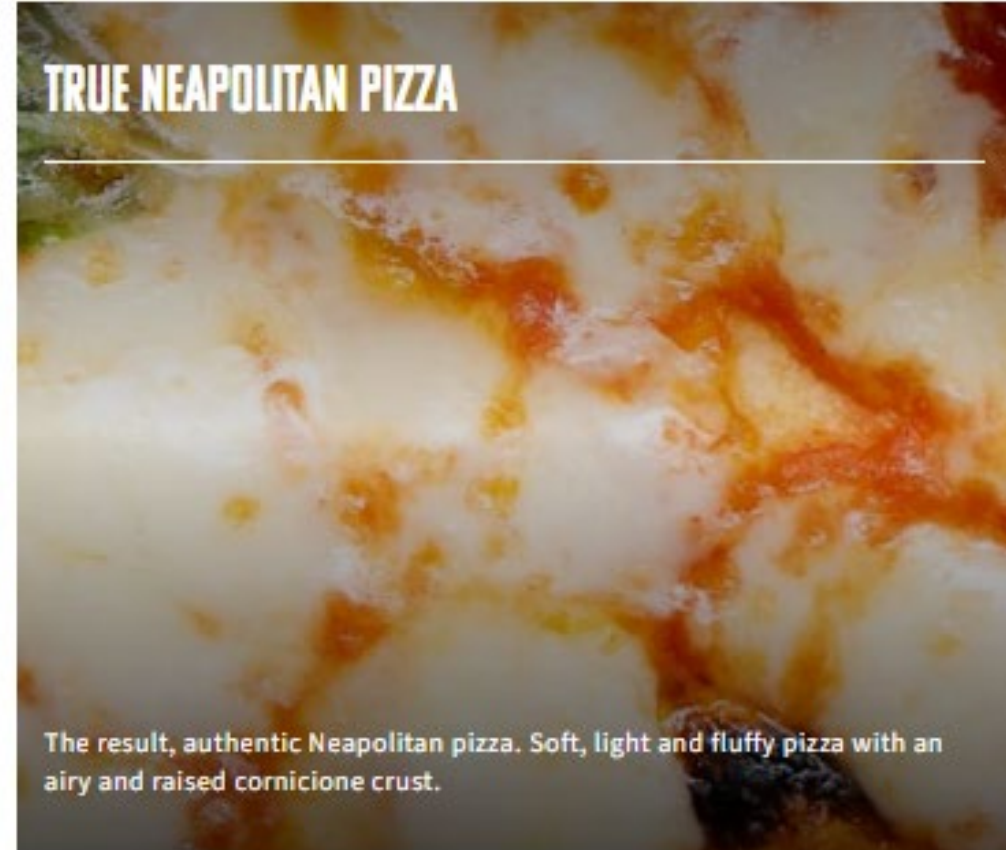
FRESH DOUGH DAILY



AUTHENTIC INGREDIENTS



TRADITIONAL OVENS



TRUE NEAPOLITAN PIZZA

The result, authentic Neapolitan pizza. Soft, light and fluffy pizza with an airy and raised cornicione crust.

MONTHLY PIZZA SPECIALS

Rudy's
PIZZA NAPOLETANA

Created in our Rudy's X Poretti specials competition

CALABRESE CON MELANZANA

13.9



Yellow Vesuvius tomato base, with Grana Padano + fior di latte, topped with roasted aubergine, caramelised red onion + Calabrian 'nduja. Finished with sea salt + fresh basil.

NERANO

13.5



Basil courgette base topped with fior di latte, roasted courgette + sun-dried tomatoes. Finished with fresh mint, toasted pine nuts + coal-smoked Scamorza shavings.

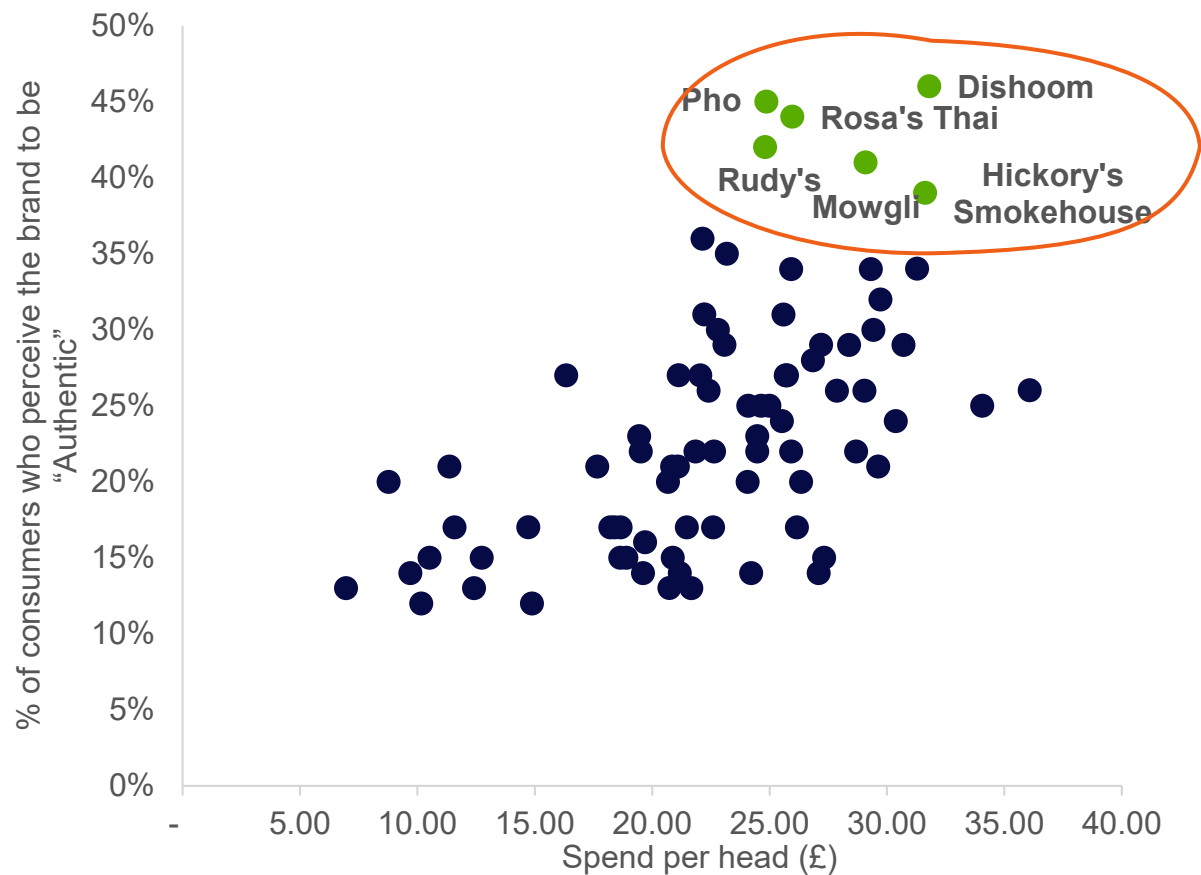


CGA
Powered by NIQ

76%

of consumers think that *authenticity* is very important (26%) and important (50%) when choosing where to eat/drink

Generally, there is a positive correlation between brands that have an authentic message and spend per head, with these venues often demanding a higher price point – therefore food and service quality needs to reflect this



CGA by NIQ, BrandTrack April 2024, Sample Size: 5000



High quality ingredients - genuine to the culture they are from - is essential to creating authenticity

You have said that authenticity is important to you. What elements of authenticity are most important? Please select all that apply.



CGA by NIQ, Food Insights Report 2025, Sample Size: 1515



Mindfulness



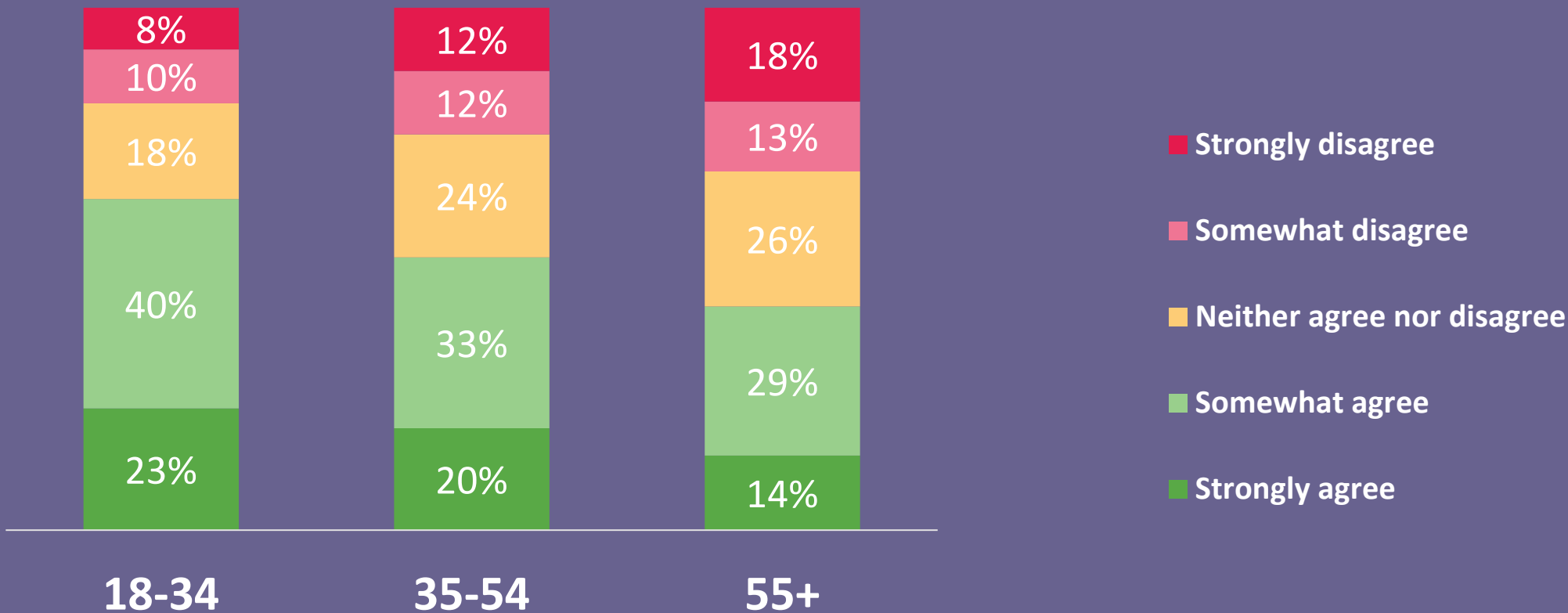
68%

of consumers say
they are trying to lead
an environmentally
friendly lifestyle



Consumers are seeking to reduce their meat and animal product intake

"I would like to reduce me intake of meat and animal products in future"



Operators still feel behind the curve on sustainability

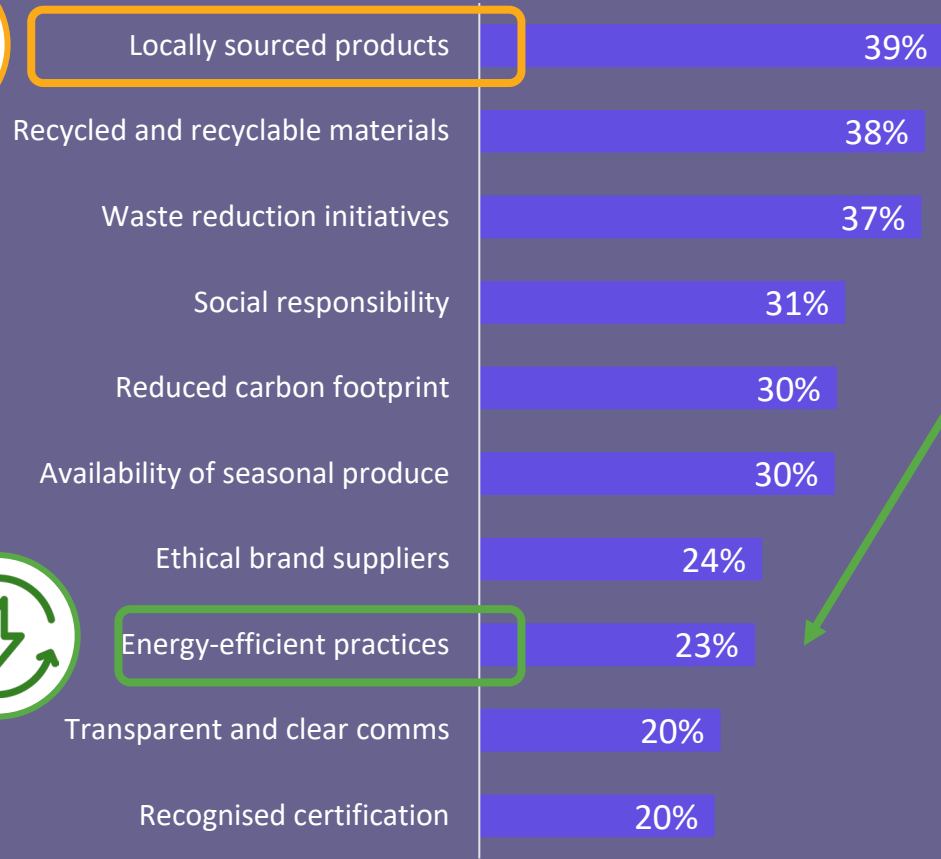
% of Business Leaders that rate themselves as 'behind the market' in the following disciplines



There are incongruities between consumer sustainability desires and business actions

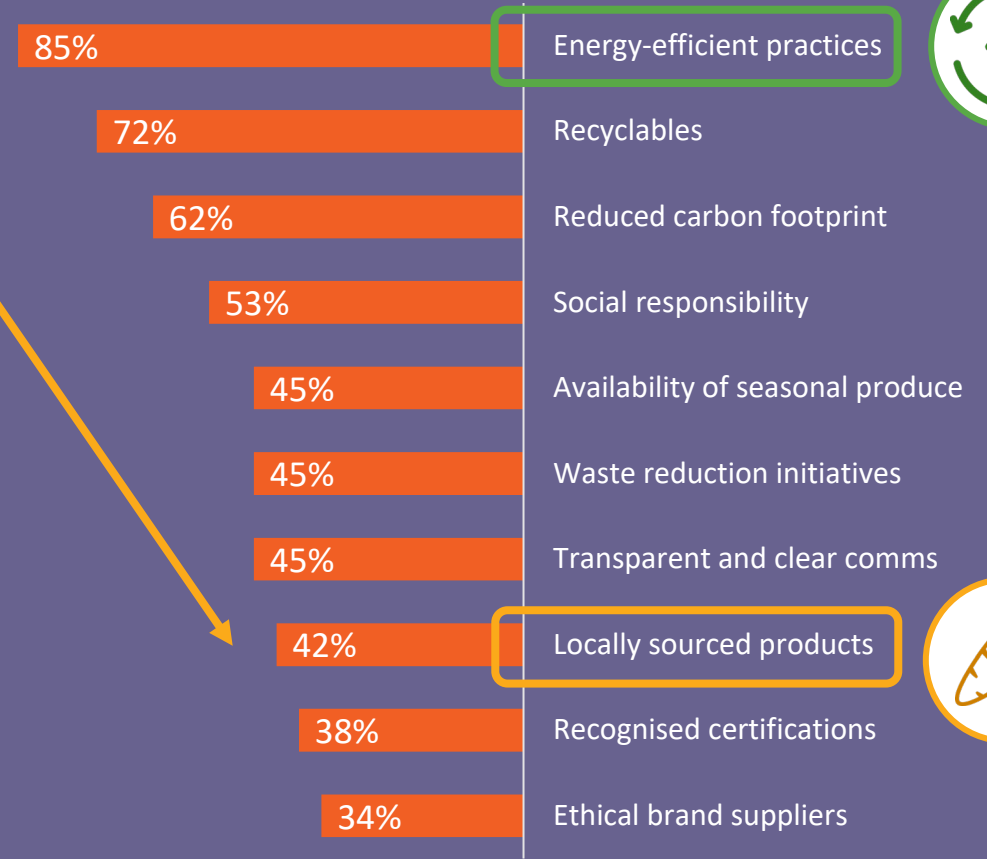
CONSUMERS:

What contributes to a reputation for sustainability?



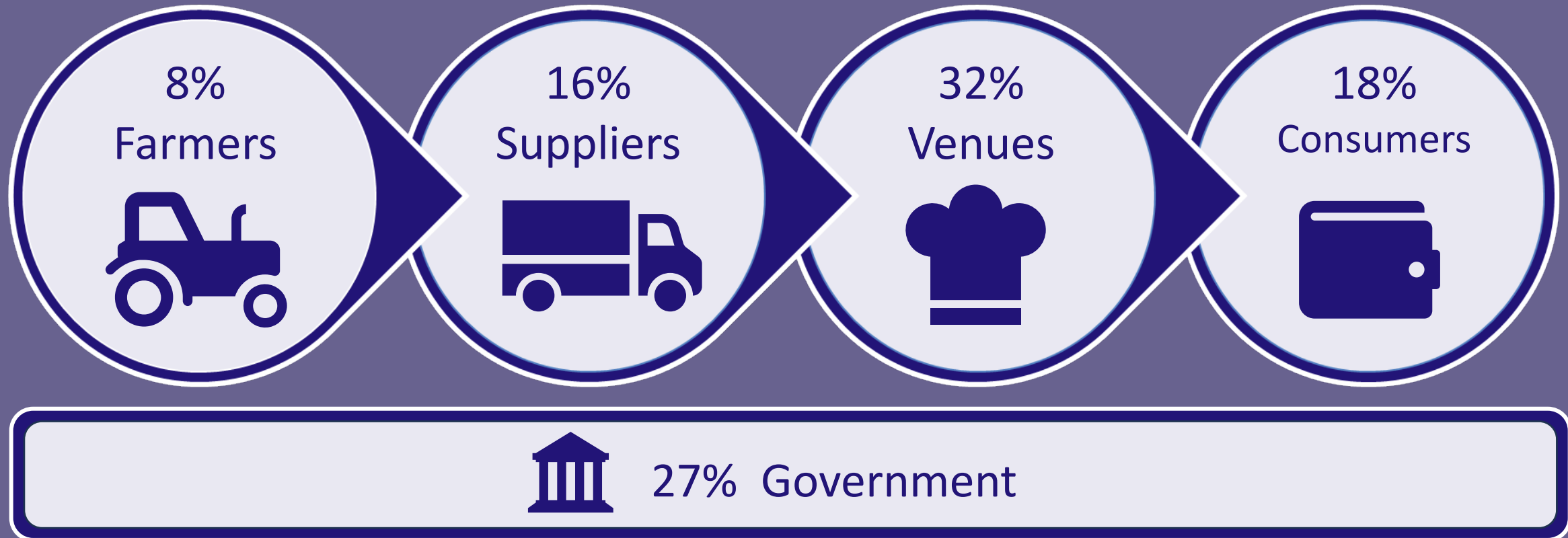
BUSINESS LEADERS:

How are you becoming more sustainable?



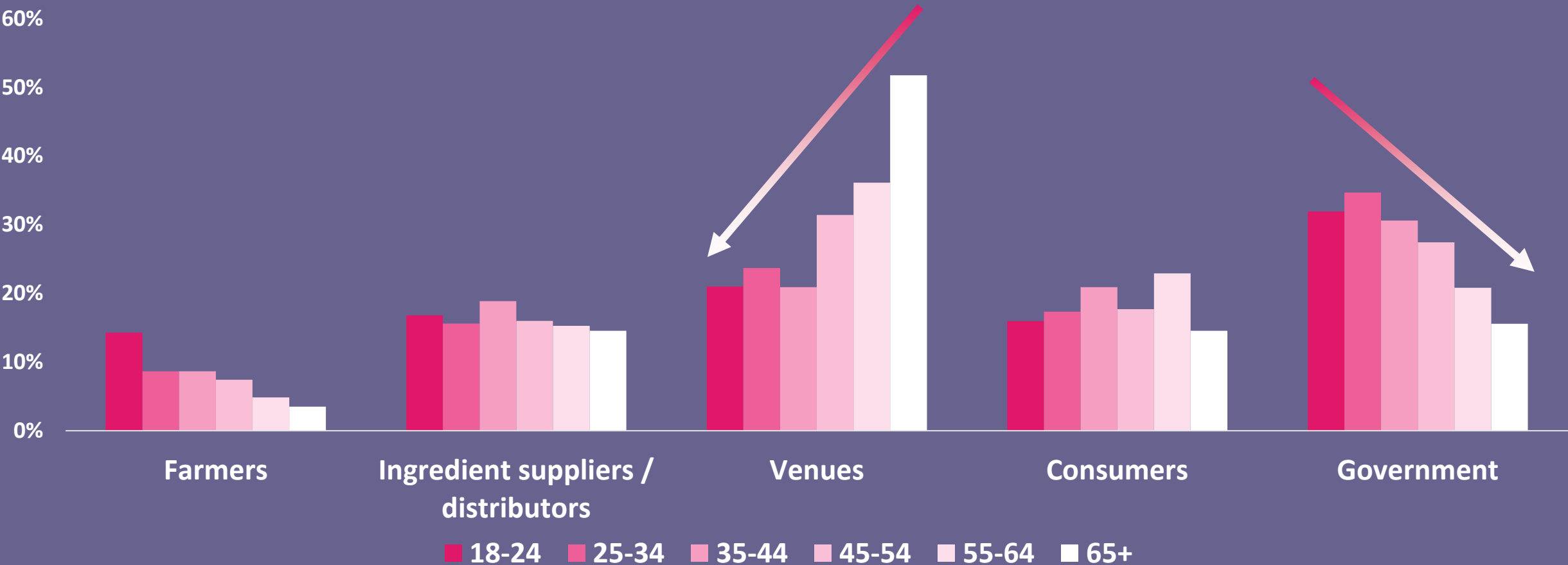
Consumers attribute most responsibility to venues, while farmers and suppliers up the chain are shielded

Who do you think is most responsible for ensuring that eating and drinking out of home is sustainable?



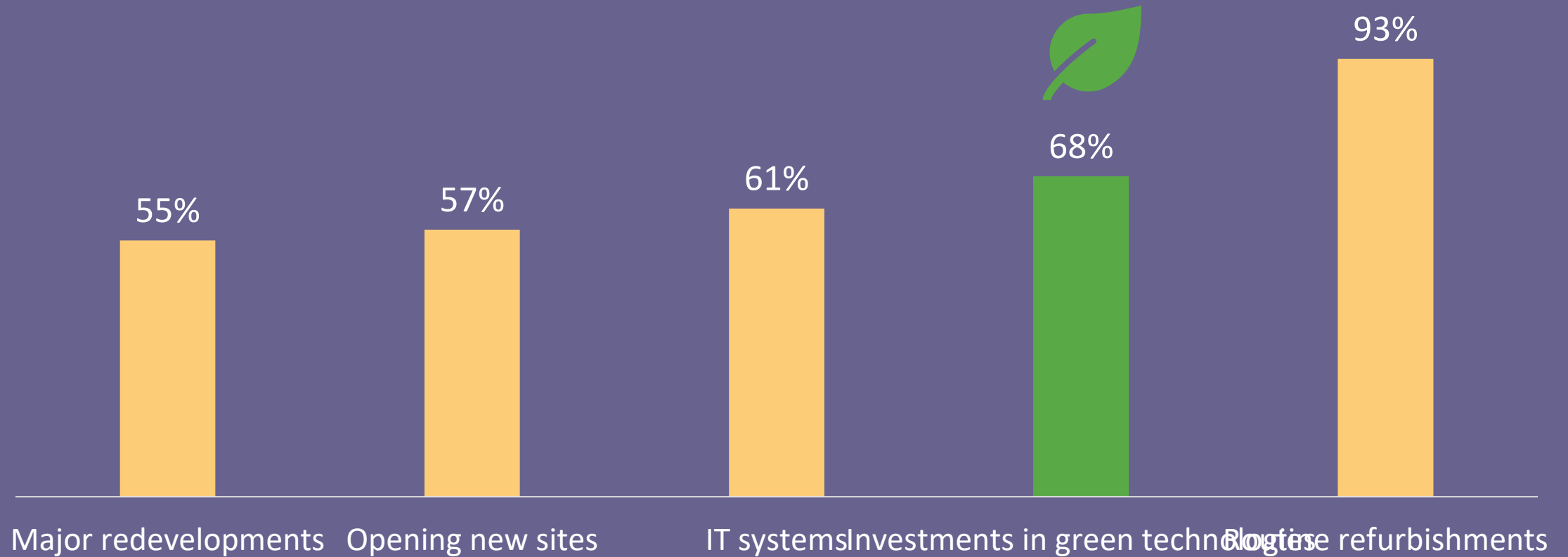
This may change in future, as younger consumers put pressure on the government to oversee sectoral efforts

Who do you think is most responsible for ensuring that eating and drinking out of home is sustainable?

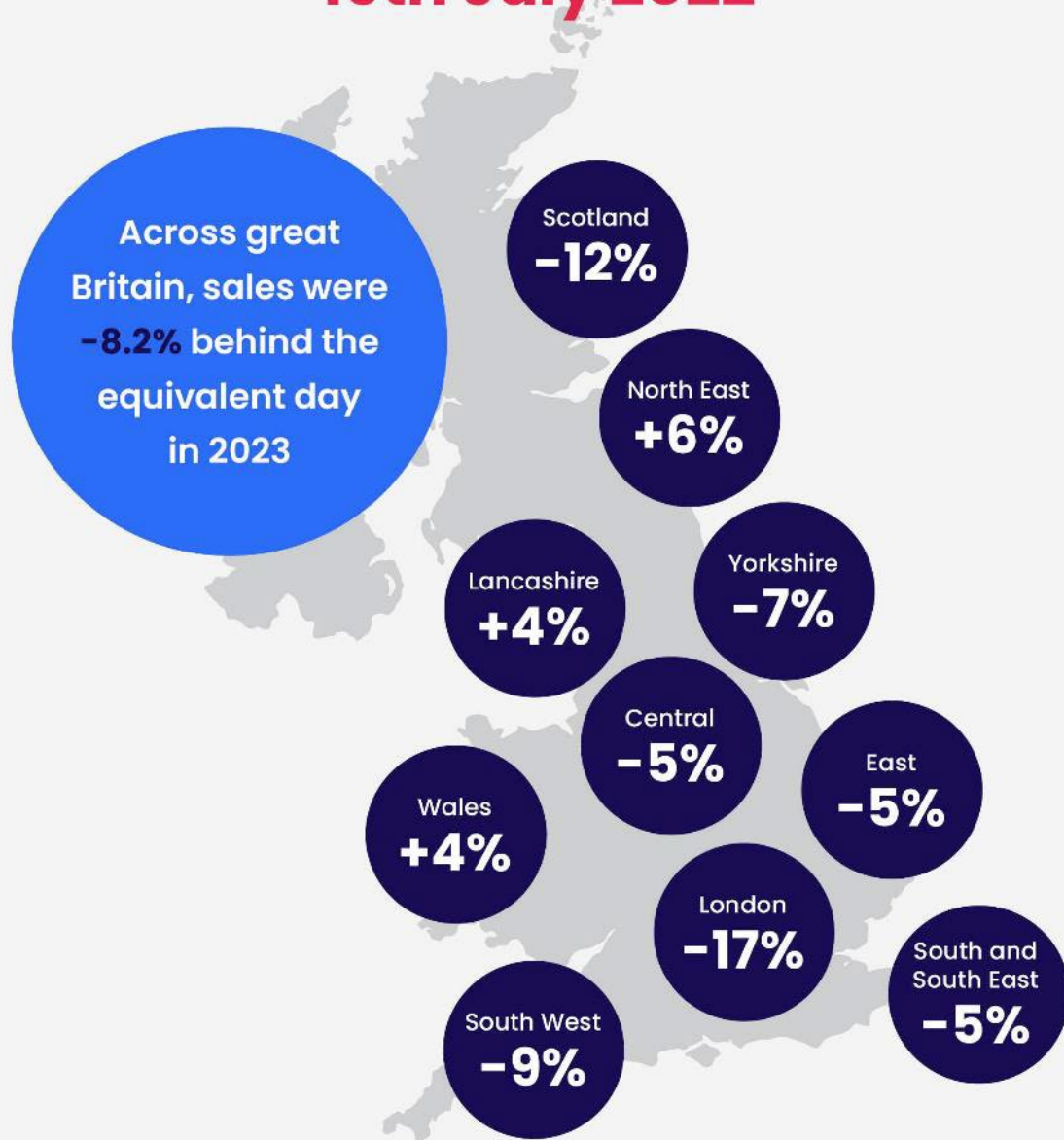


Green tech is a future investment priority

What types of investment are you planning in your business over the next 3 years?



Record 40°C temperatures 19th July 2022

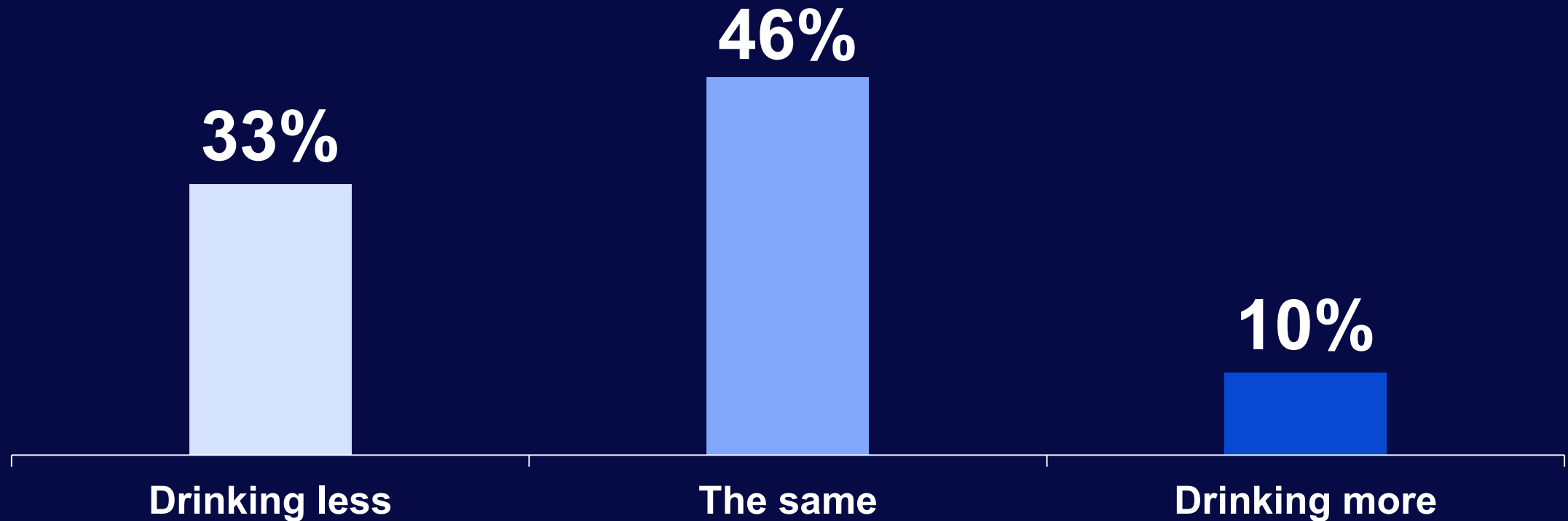


Storm Eunice 18th Feb 2022



Changes to the way consumers use the market come alongside a shift in attitudes towards drinking

Thinking about your typical alcohol consumption when out, compared to one year ago, which of the following statements best applies to you?



9-in-10 of the youngest consumers restrict, or are mindful of their drinking

Which of the following applies to you in terms of your alcohol consumption?

■ 18-34

■ 35-54

■ 55+

10%

19%

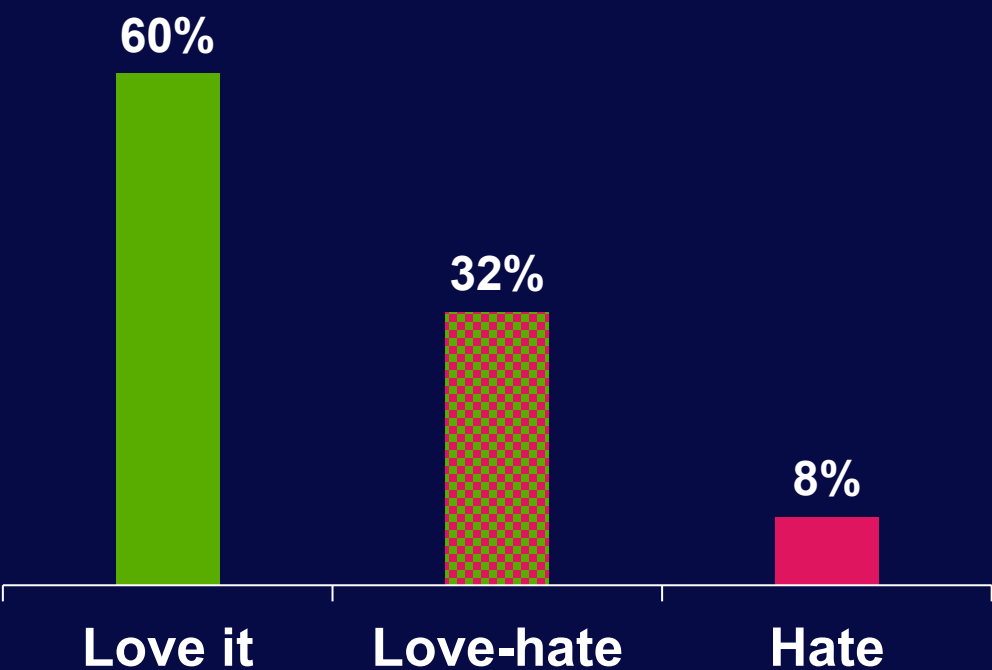
33%

I drink alcohol casually with no specific restrictions

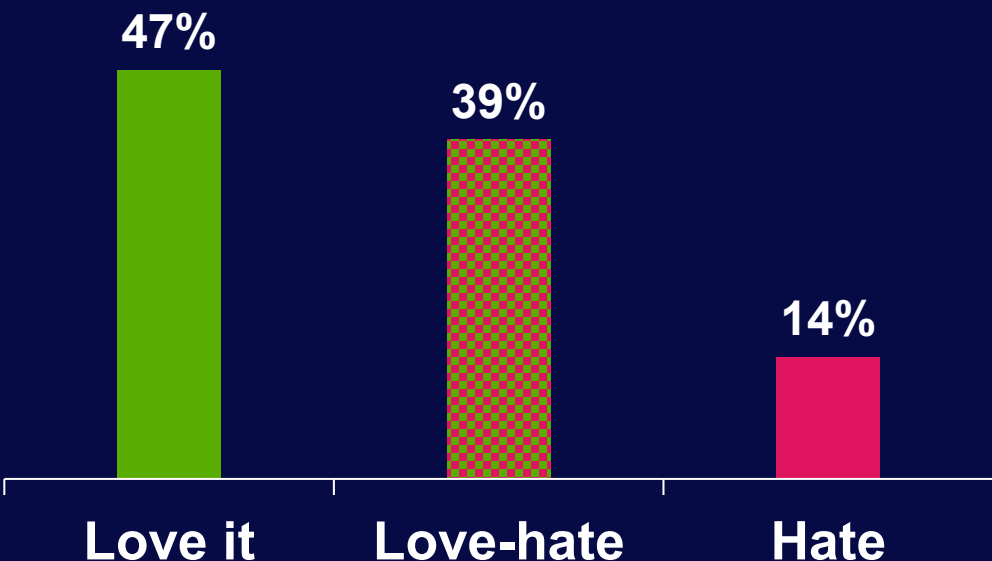
Aside from a small minority, consumers share a love of socialising, and enjoy seeking new experiences in the sector

How would you describe your relationship with the following things?

Going out to socialise with friends and family



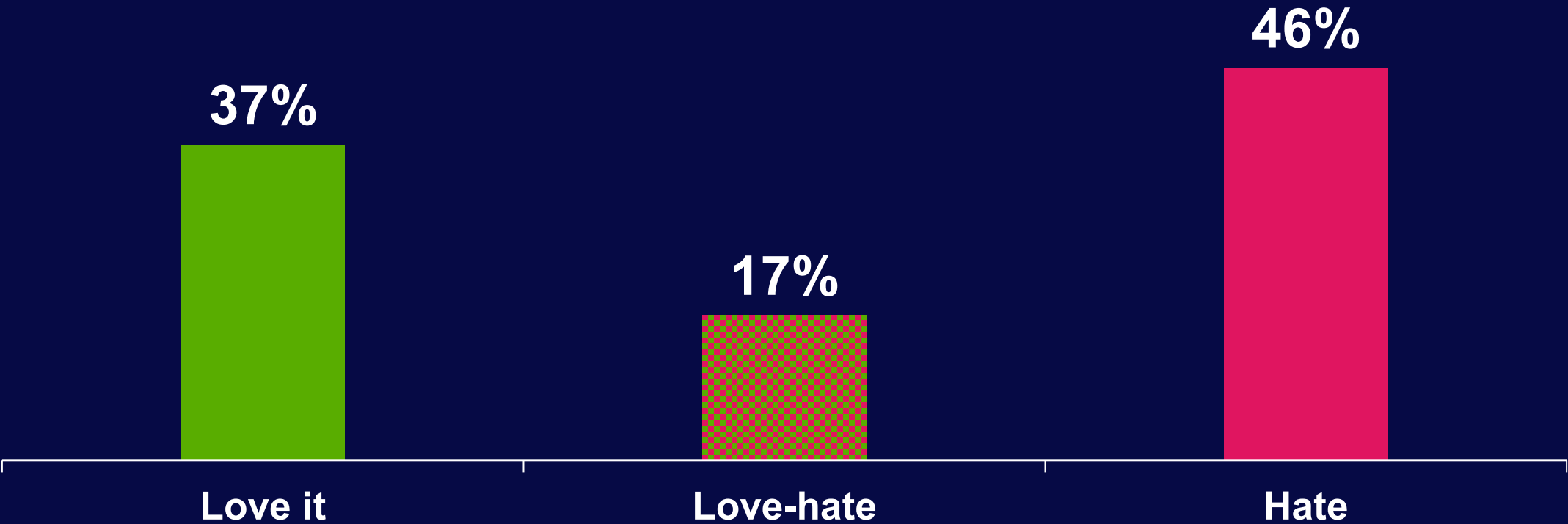
Having new experiences in hospitality venues



However, consumer’s relationships with alcohol are far more challenging. While moderation may pose a future threat, it also present opportunity in enhanced food offerings and experiences

How would you describe your relationship with the following things?

Drinking alcohol



Socialising, experimentation & mindfulness

- + Despite challenges the industry has faced, cost increases are slowing, and site closures have stemmed.
- + The budget has heightened concerns around people costs, so leader confidence is fragile
- + Footfall is down and whilst sales are up in value terms, they are dragging in real terms
- + Consumers are going out earlier and looking for fun high tempo experiences through the day and younger people in particular are looking to pubs
- + Hospitality is where consumers looking to try new flavours. This can be emerging cuisines or variations on more saturated cuisines
- + Authenticity is a key driver and quality if non negotiable
- + We are seeing a more mindful consumer, aware of their impact on the environment and the impact of what they eat and drink on their own bodies
- + Operators feel they are behind on sustainable issues but there are economic as well as environmental benefits from being greener



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ALAN CLARKE

CGA PRESTIGE



FOODSERVICE PRICE INDEX
ANNUAL BRIEFING 2024



**FOOD & DRINK
INFLATION
2024 PERFORMANCE
& OUTLOOK FOR
2025**

SHAUN ALLEN
CEO



Food Price Inflation 2024



FOOD PRICE INFLATION 2024



2024 SUMMARY

FPI & CPI YOY INFLATION

FPI

19.4%
2023 YoY AVERAGE

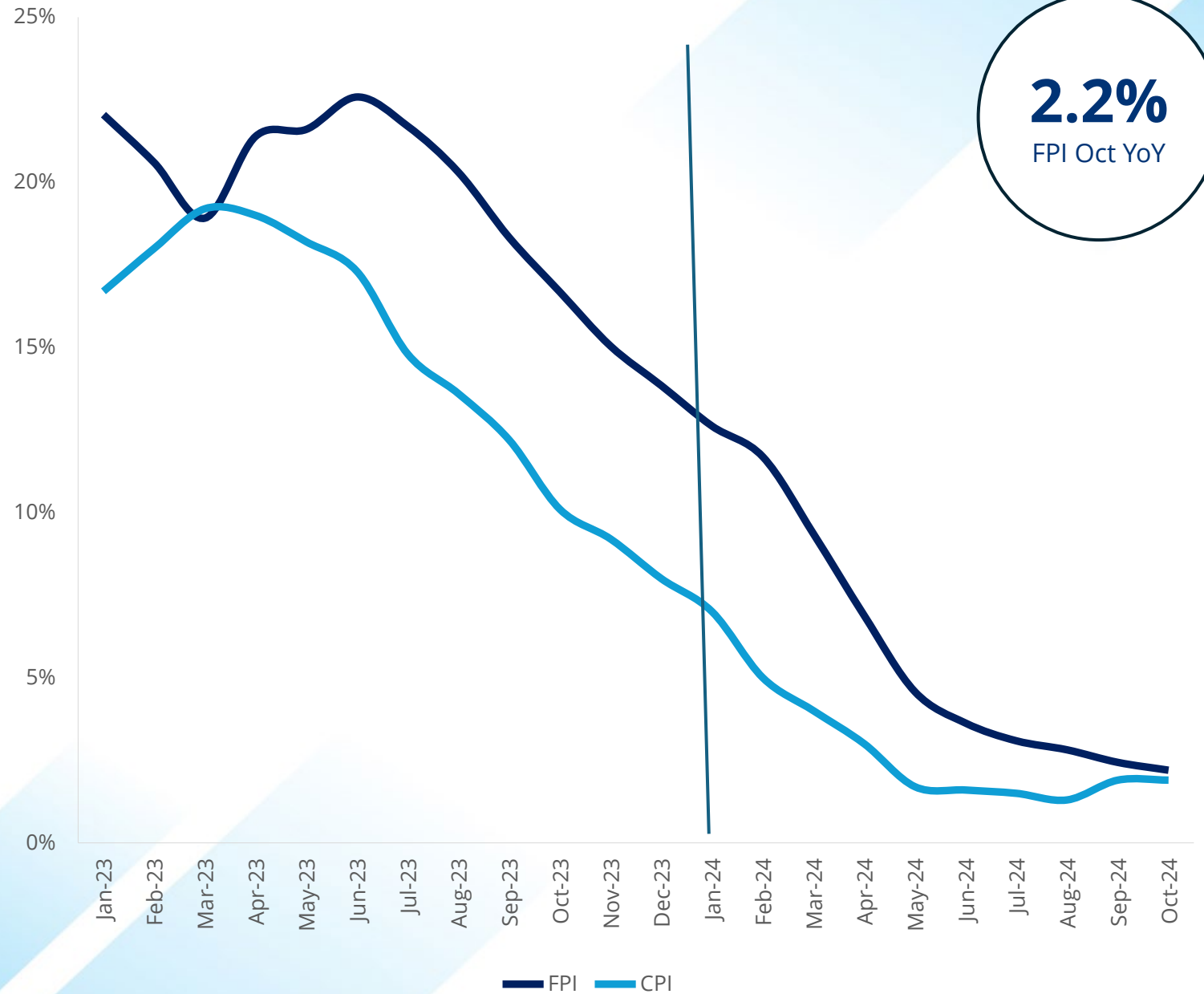
5.9%
2024* YoY AVERAGE



CPI

14.7%
2023 YoY AVERAGE

2.9%
2024* YoY AVERAGE



2024 SUMMARY

FPI & CPI PRICE INDEX

FPI

137.3
2023 AVERAGE

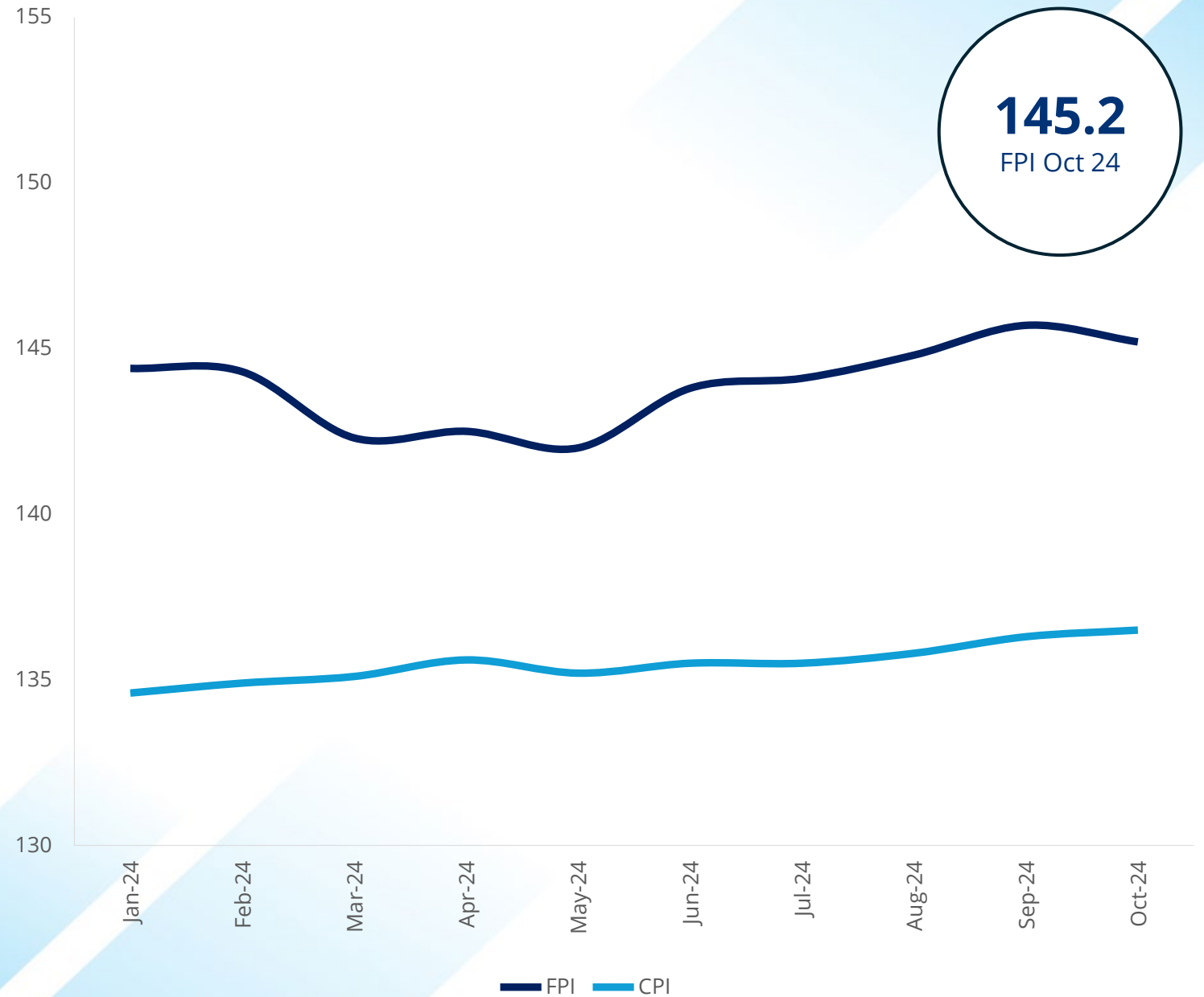
143.8
2024 AVERAGE



CPI

132.3
2023 AVERAGE

135.3
2024 AVERAGE



145.2
FPI Oct 24

PRICE INFLATION | KEY DRIVERS

There are 4 primary cost factors impacting food prices to varying degrees:

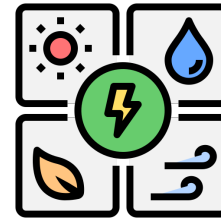
COMMODITY INFLATION



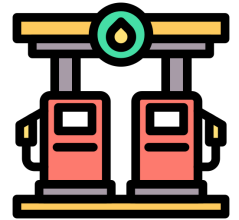
WAGE INFLATION



ENERGY INFLATION



FUEL INFLATION



COMMODITIES



KEY COMMODITY MOVEMENTS

WHEAT

2023

£192

FULL YEAR
AVERAGE



2024

£178

JAN - OCT AVERAGE

7.5%



KEY COMMODITY MOVEMENTS

RAPSEED OIL

2023

£835

FULL YEAR
AVERAGE



2024

£811

JAN - OCT AVERAGE

2.8%



£1,000

£950

£900

£850

£800

£750

£700

Jan-23

Feb-23

Mar-23

Apr-23

May-23

Jun-23

Jul-23

Aug-23

Sep-23

Oct-23

Nov-23

Dec-23

Jan-24

Feb-24

Mar-24

Apr-24

May-24

Jun-24

Jul-24

Aug-24

Sep-24

Oct-24

— £ Price per Metric Ton

KEY COMMODITY MOVEMENTS

BEEF

2023

£4.76

FULL YEAR
AVERAGE

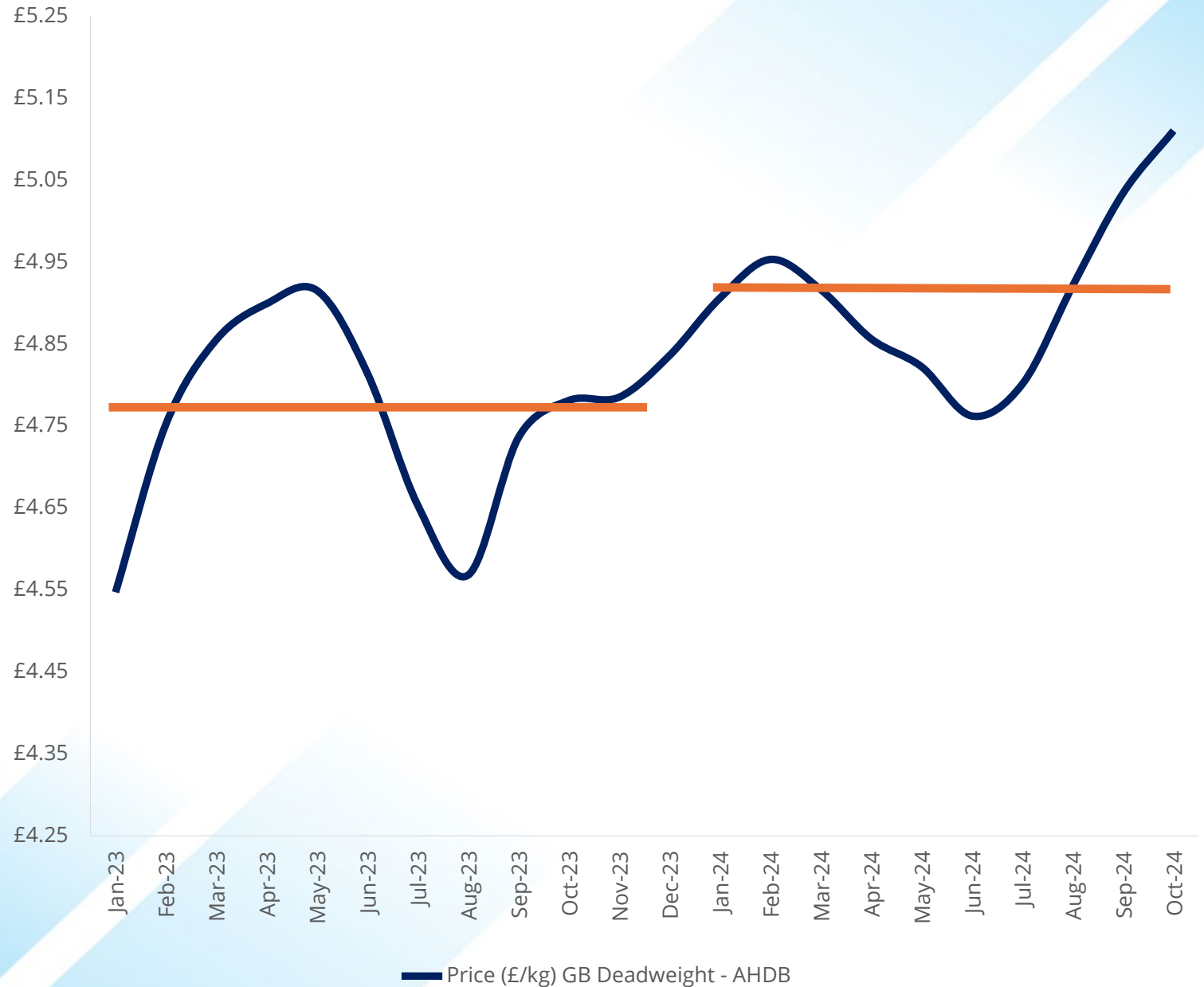


2024

£4.91

JAN - OCT AVERAGE

3.1%



KEY COMMODITY MOVEMENTS

DAIRY

2023

£4,041

BUTTER UNSALTED
FULL YEAR
AVERAGE

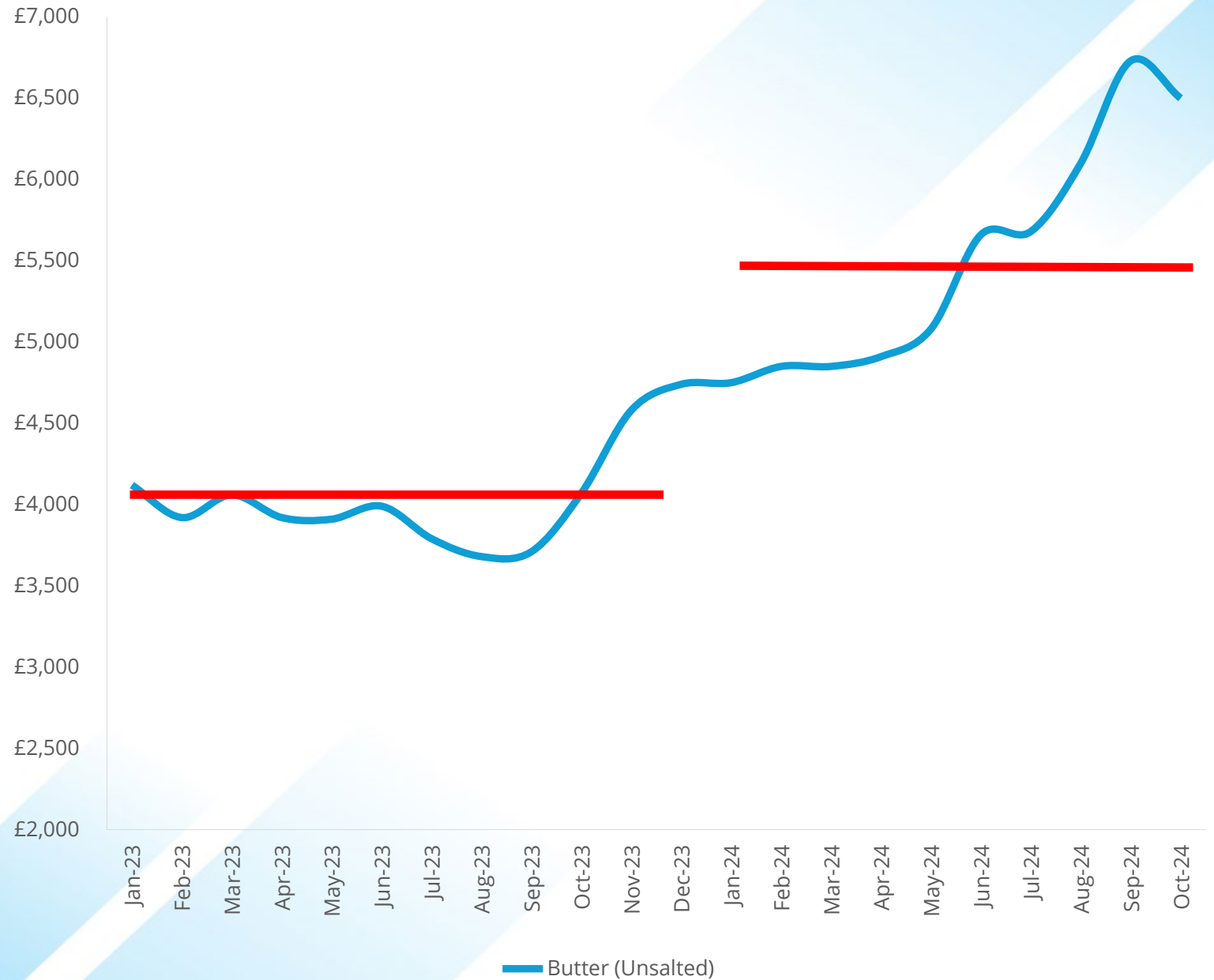


2024

£5,511

BUTTER UNSALTED
JAN - OCT AVERAGE

36.4%



KEY COMMODITY MOVEMENTS

DAIRY

2023

£3,539

MILD CHEDDAR
FULL YEAR
AVERAGE



2024

£3,738

MILD CHEDDAR
JAN - OCT AVERAGE

5.6%



£6,500

£6,000

£5,500

£5,000

£4,500

£4,000

£3,500

£3,000

£2,500

£2,000

Jan-23

Feb-23

Mar-23

Apr-23

May-23

Jun-23

Jul-23

Aug-23

Sep-23

Oct-23

Nov-23

Dec-23

Jan-24

Feb-24

Mar-24

Apr-24

May-24

Jun-24

Jul-24

Aug-24

Sep-24

Oct-24

— Mild Cheddar

KEY COMMODITY MOVEMENTS

POTATOES

2023

142.8

FPI FULL YEAR
AVERAGE

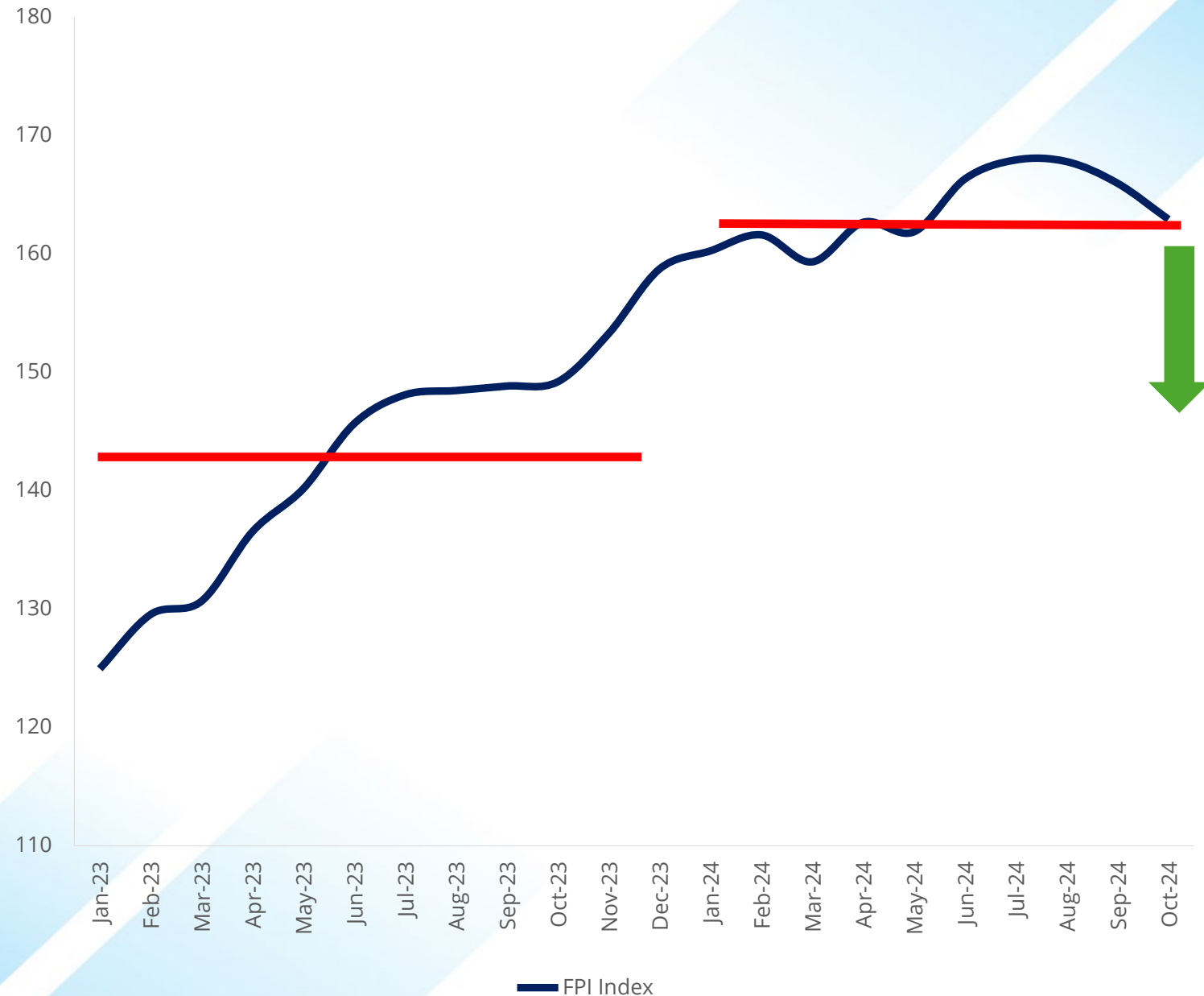


2024

163.7

FPI JAN - OCT
AVERAGE

14.6% ▲



KEY COMMODITY MOVEMENTS

SUGAR

2023

146.4

FPI FULL YEAR
AVERAGE

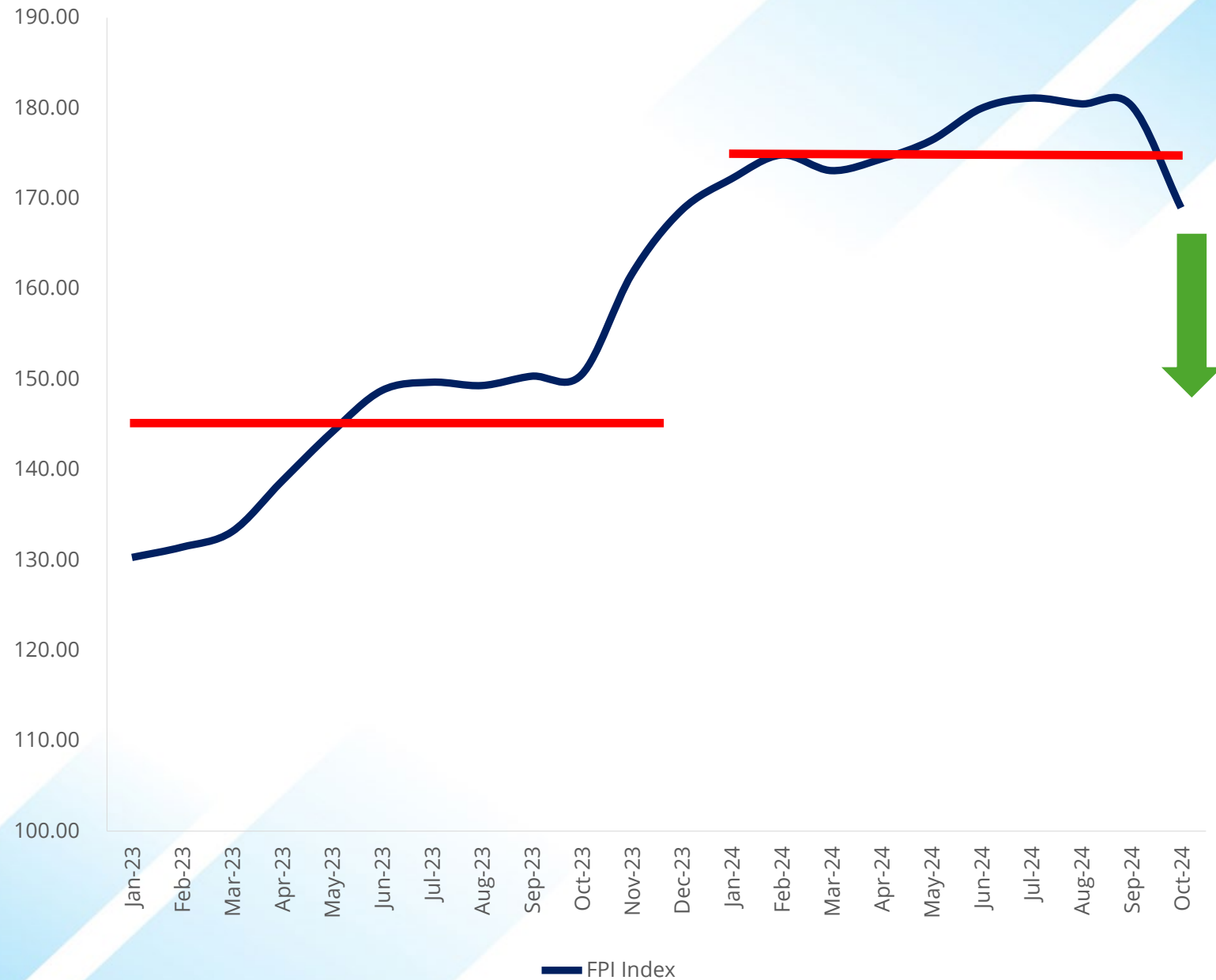
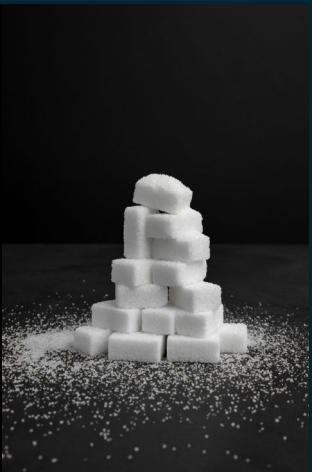


2024

176.2

FPI JAN - OCT
AVERAGE

20.4% ▲



KEY COMMODITY MOVEMENTS

ALUMINIUM

2023

£1,867

FULL YEAR
AVERAGE

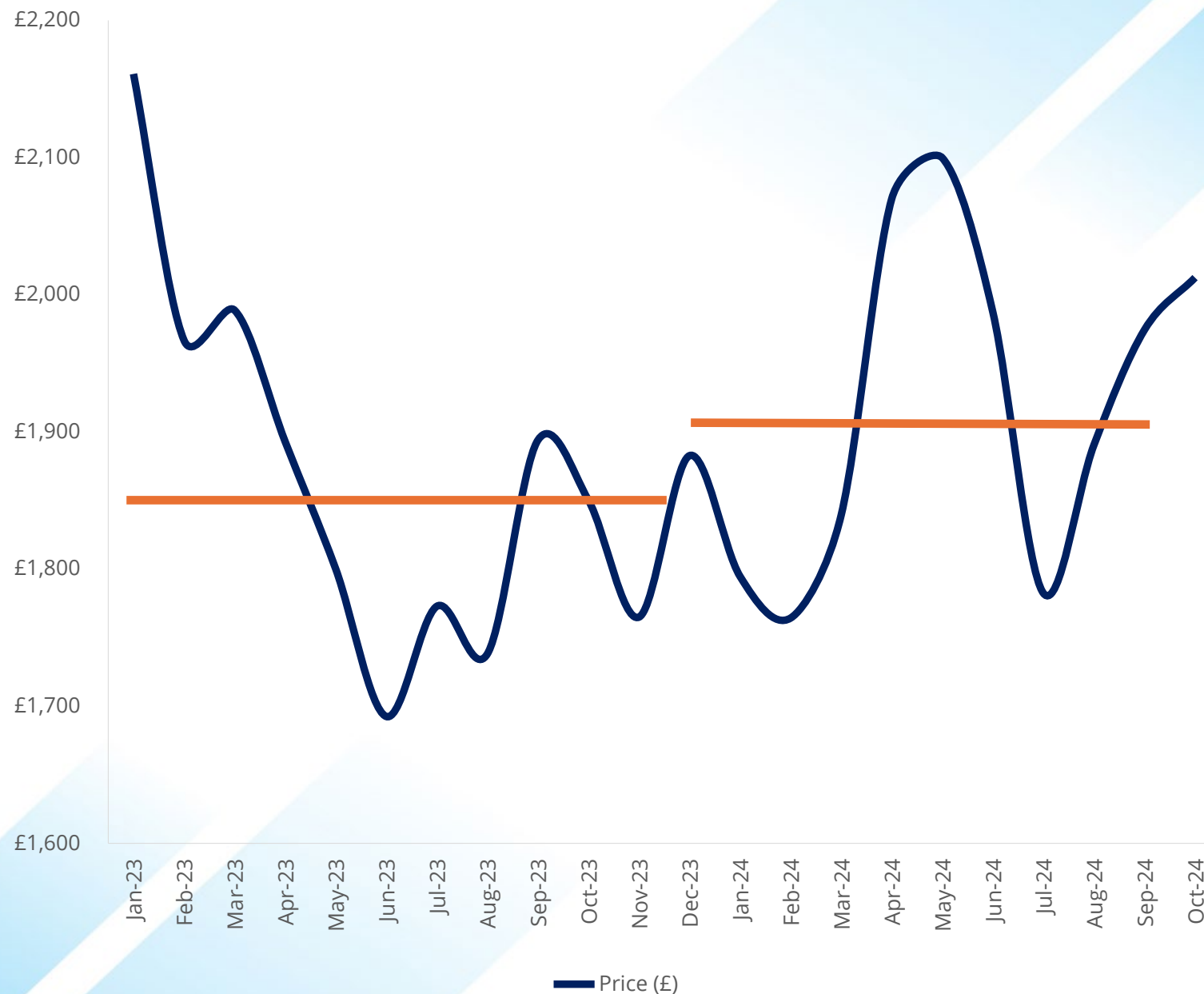


2024

£1,921

JAN - OCT AVERAGE

2.9%



LABOUR



LABOUR COSTS

LABOUR

2022
FULL YEAR AVERAGE

£2,112

2023
FULL YEAR AVERAGE

£2,262 (+7.1%)



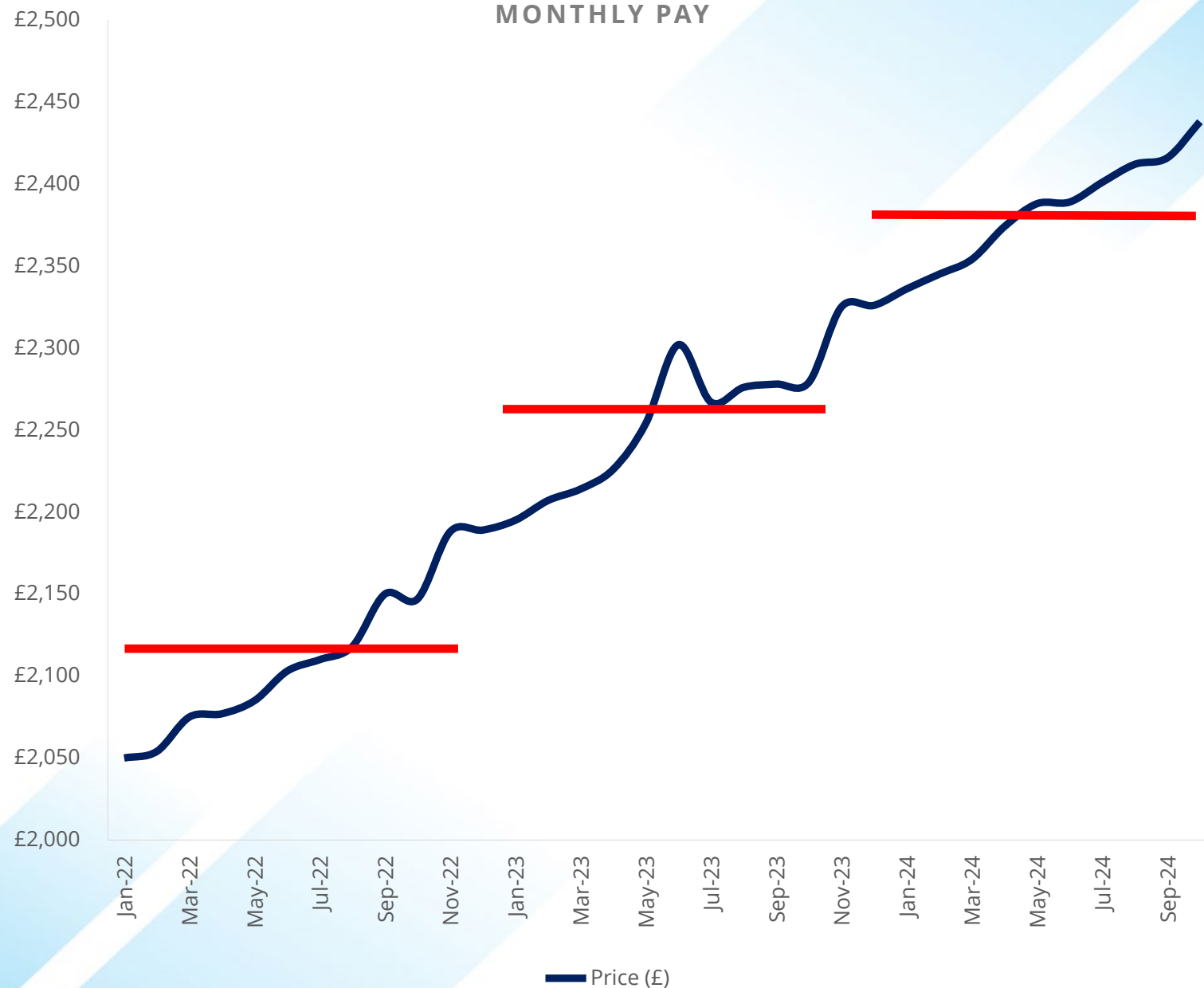
2024
JAN TO OCT AVERAGE

£2,385

5.4%
YoY



MONTHLY PAY



LABOUR COSTS

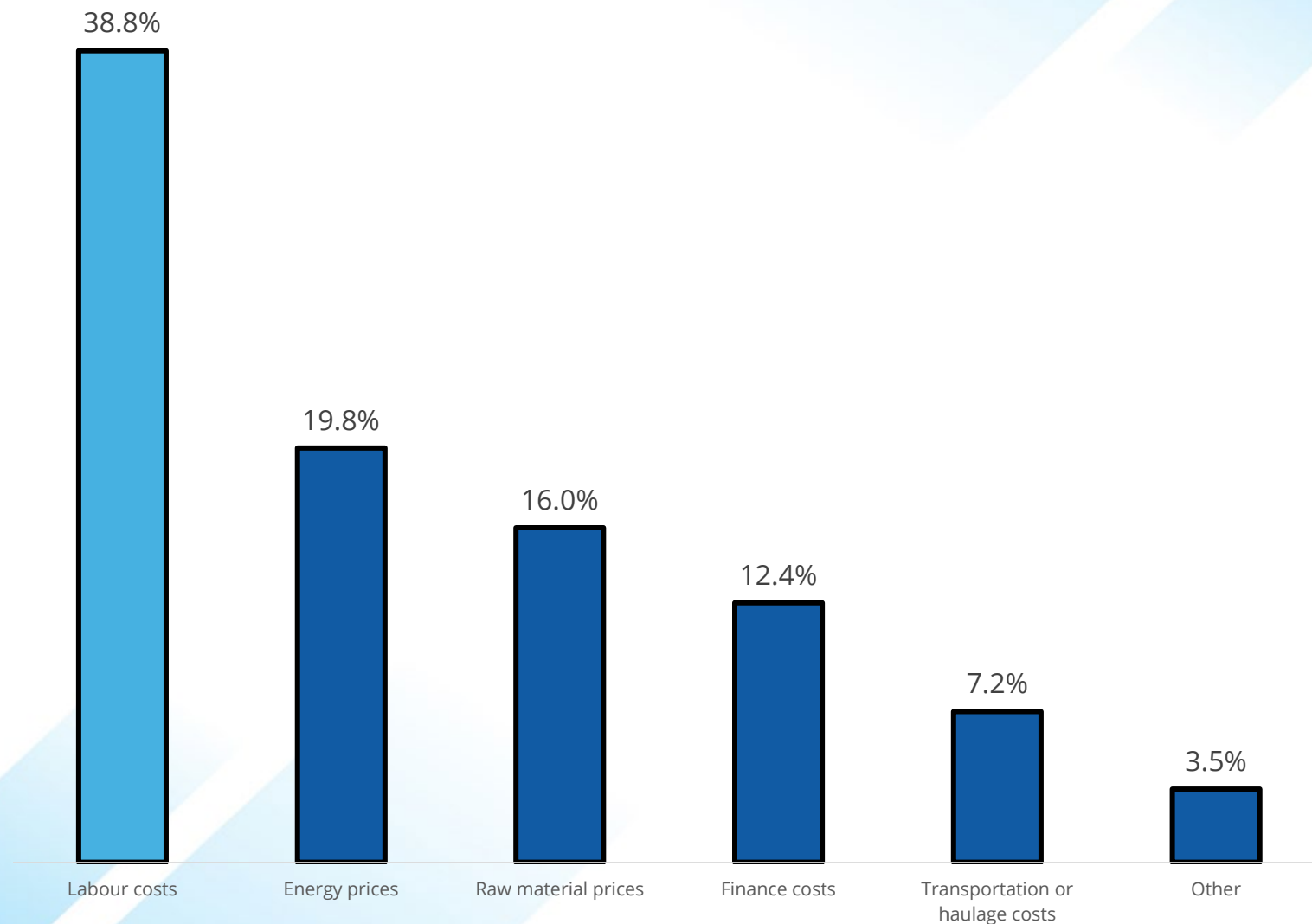
LABOUR

Nearly 2 in 5 (39%) trading businesses with 10 or more employees reported that labour costs were causing them to consider raising prices in December 2024.

Source: ONS



COSTS DRIVING PRICE INCREASES



ENERGY COSTS



ENERGY PRICES

ELECTRICITY

2022
FULL YEAR AVERAGE PER MONTH

£263

2023
FULL YEAR AVERAGE PER MONTH

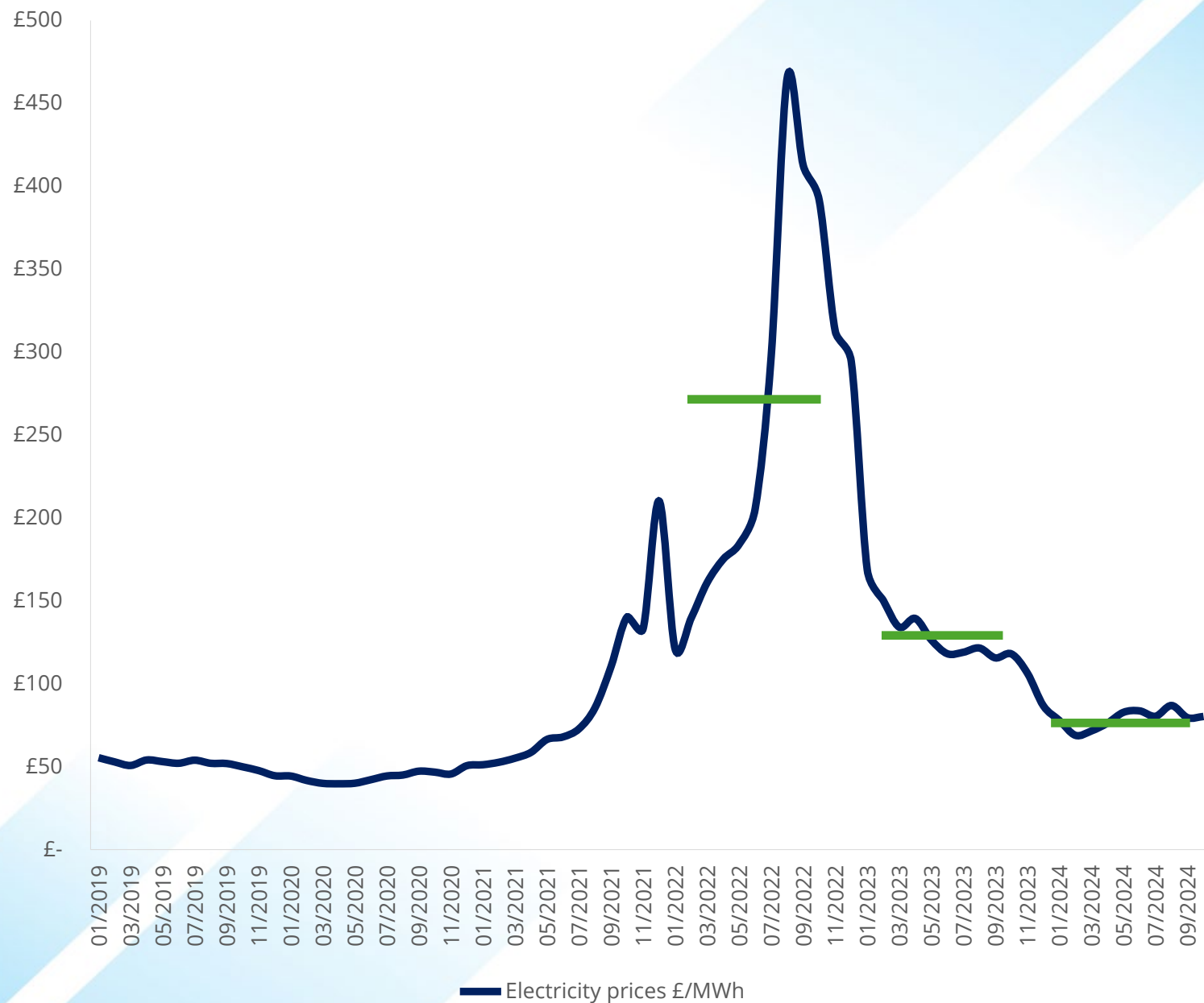
£125



2024
JAN TO OCT AVERAGE

£79

▼
37%
YoY



FUEL COSTS



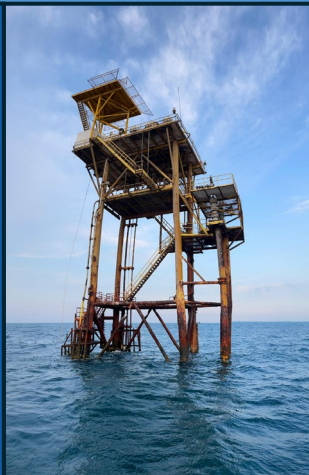
FUEL COSTS

CRUDE OIL & DIESEL

2023

£1.58

DIESEL AT PUMP
FULL YEAR
AVERAGE



2024

£1.50

DIESEL AT PUMP
JAN - OCT AVERAGE

4.3%



£1.80

£1.70

£1.60

£1.50

£1.40

£1.30

£1.20

£1.10

£1.00

Jan-23

Feb-23

Mar-23

Apr-23

May-23

Jun-23

Jul-23

Aug-23

Sep-23

Oct-23

Nov-23

Dec-23

Jan-24

Feb-24

Mar-24

Apr-24

May-24

Jun-24

Jul-24

Aug-24

Sep-24

Oct-24

— Diesel at Pump (PPL)

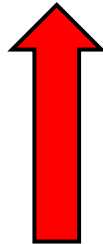
PRICE INFLATION | KEY DRIVERS

There are 4 primary cost factors impacting food prices to varying degrees:

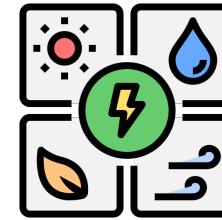
COMMODITY INFLATION



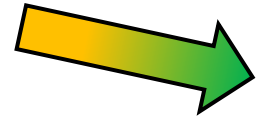
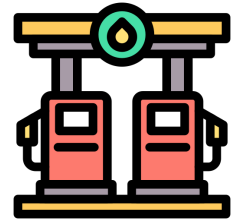
WAGE INFLATION



ENERGY INFLATION



FUEL INFLATION



Each one of these drivers can be impactful on their own depending on the product.

CURRENT LANDSCAPE

COST OF LIVING



FOOTFALL DOWN



PREMIUMISATION UP





PREMIUMISATION FOOD

PIZZA PILGRIMS

AZZURRIGROUP

HONEST

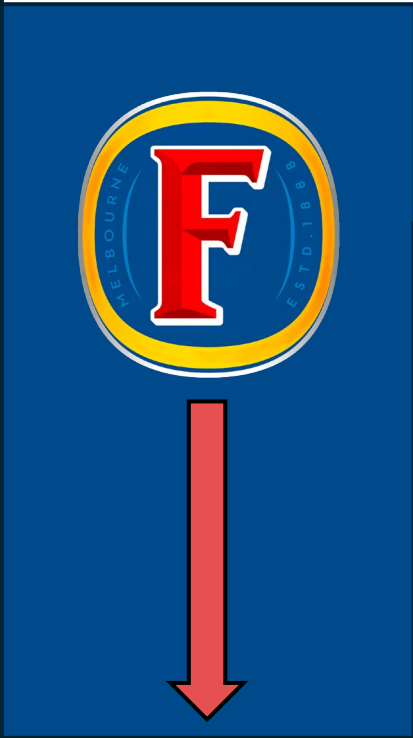
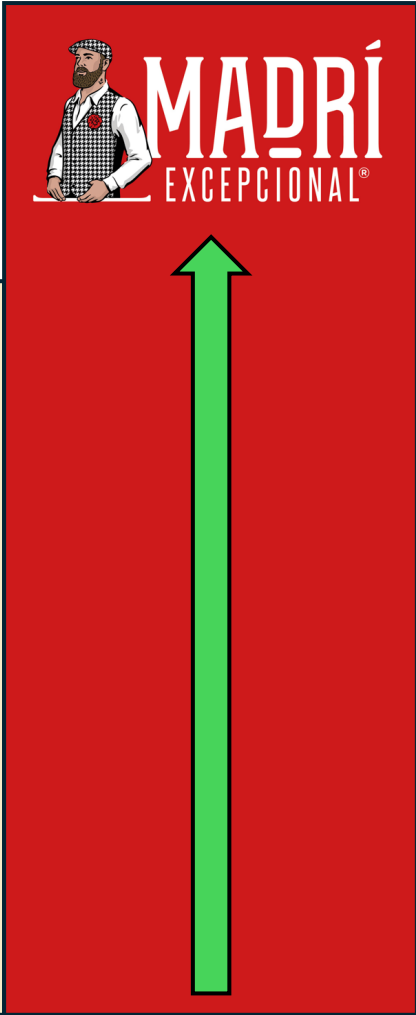
MILLER & CARTER
- STEAKHOUSE -



PREMIUMISATION DRINK



No / Low



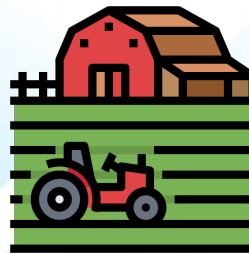
BUDGET IMPACT



**RISE IN NATIONAL MINIMUM
WAGE**



**NATIONAL INSURANCE
CONTRIBUTION ADJUSTMENTS**



**INHERITANCE TAX ON
FARMERS**

FARMERS INHERITANCE TAX



60%

CURRENTLY HOMEGROWN



??%

FUTURE HOMEGROWN

WHAT WILL BRITISH FARMING NEED TO
SUCCEED AND FLOURISH?

WHAT DO WE EXPECT TO SEE IN 2025?



WHAT DO WE EXPECT TO SEE IN 2025?

INFLATION

2024

5.9%

JAN TO OCT 24 AVERAGE



2025

4.0%

FORECAST AVERAGE



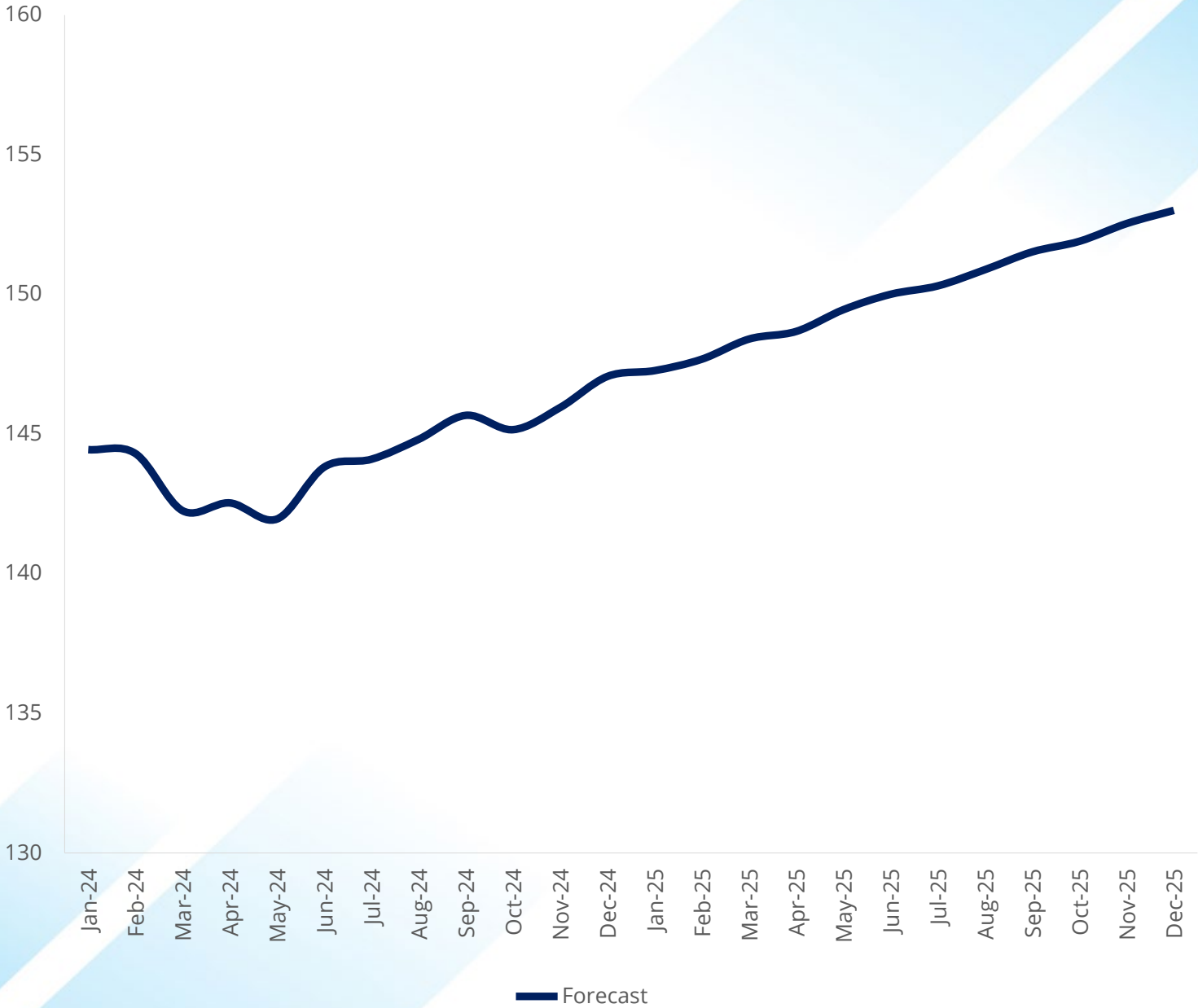
WHAT DO WE EXPECT TO SEE IN 2025?

INDEX

FPI

143.9
JAN TO OCT 24 AVERAGE

150.1
2025 FORECASTED AVERAGE



WHAT DO WE EXPECT TO SEE IN 2025?

BUDGET IMPACTED FORECAST

+2.3%

POTENTIAL FULL YEAR IMPACT
ON INFLATION FROM THE
BUDGET ALONE



If suppliers fully pass through cost increases, FPI could rise sharply in 2025, compounding the cost-of-living crisis.

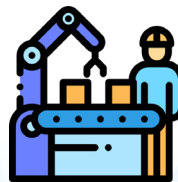
The Budget is expected to increase food inflation substantially in 2025, with FPI rising by an estimated 5.6% in year due to both underlying inflationary trends and Budget-specific impacts.

14.00%
12.00%
10.00%
8.00%
6.00%
4.00%
2.00%
0.00%

Jan-24 Feb-24 Mar-24 Apr-24 May-24 Jun-24 Jul-24 Aug-24 Sep-24 Oct-24 Nov-24 Dec-24 Jan-25 Feb-25 Mar-25 Apr-25 May-25 Jun-25 Jul-25 Aug-25 Sep-25 Oct-25

HIGH FORECAST
BUDGET IMPACT

Current FC Budget FC



NATIONAL
MINIMUM WAGE
INCREASES



NATIONAL INSURANCE
CONTRIBUTION
ADJUSTMENTS

5.6%

2025 FORECAST
AVERAGE
WITH FULL BUDGET
IMPACT

ROOM FOR OPTIMISATION IN 2025



Don't always have to always **compromise** or **value engineer** to mitigate cost increases



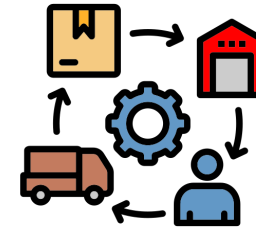
Internal efficiency and value add opportunities

- Fit for purpose specifications
- Outsourcing
- Premiumisation



Competitive supply base

Low growth means suppliers will need to rely more on retaining and winning new business to grow



Efficiencies in the supply chain

Suppliers need to innovate and improve costs not just pass them all on in full to operators



Strategic Procurement initiatives

has seen our clients deliver on average improvement of **10.7%**

PRESTIGE

PURCHASING

FIND OUT MORE ABOUT
OUR FARM STUDY TOUR
HERE



**FOUNDER AND CHAIRMAN
DAVID READ**

WHY DOES FARMING MATTER?

CGA PRESTIGE



FOODSERVICE PRICE INDEX
ANNUAL BRIEFING 2024



PETER LORD
FARM MANAGER
DYSON FARMING



SHEREEN RITCHIE
CHIEF EXECUTIVE
OFFICER
BUNS FROM HOME



PHILIP RAYNER
MANAGING DIRECTOR
GLEBE FARM FOODS



SEAMUS O'DONNELL
CULINARY DIRECTOR
THE ALCHEMIST BAR &
RESTAURANT

KATE NICHOLLS CEO OF UKHOSPITALITY INTERVIEW

WITH PRESTIGE PURCHASING
FOUNDER AND CHAIRMAN
DAVID READ



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