

Foodservice Operators Tenacious in Tackling Labor, Inflation Challenges

This year has continued to bring unprecedented challenges for the foodservice industry.

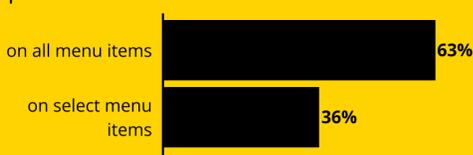
We talked to commercial and noncommercial foodservice operators to discover the top challenges they are facing and how they are overcoming them.

RAISING PRICES TO MITIGATE RISING FOOD & BEVERAGE COST

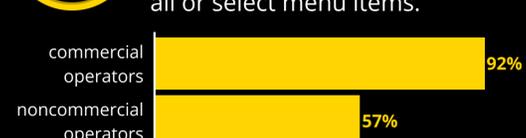
Overall, operators are making multiple changes in their operation to combat increased food & beverage costs and supply chain issues.



99% of restaurants have increased their prices on select or all menu items.



93% of operators are raising prices on all or select menu items.



Additional strategies include:

Changing menu options based on cost of goods:

38%

43% noncommercial vs. 32% commercial

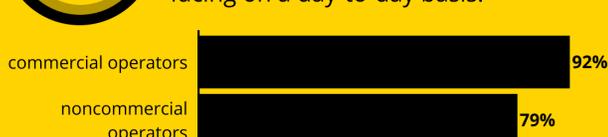
Reducing menu sizes: 33%

HOW OPERATORS ARE HANDLING LABOR PAINS

Operators are feeling the strain of labor and staffing more than ever.

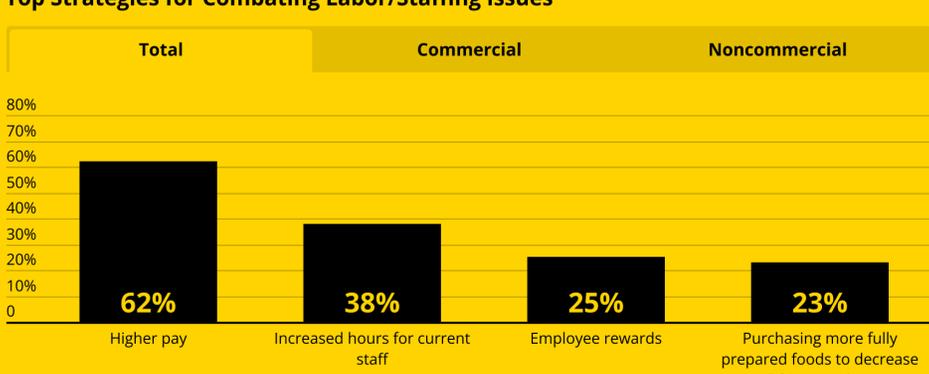


of operators indicated that labor/staffing — outside of food costs and supply chain issues — is the top challenge they are facing on a day-to-day basis.



Higher pay is the strategy most operators are using to combat these challenges, followed by increasing hours and offering employee rewards. Otherwise, top tactics vary between commercial and noncommercial operations.

Top Strategies for Combating Labor/Staffing Issues



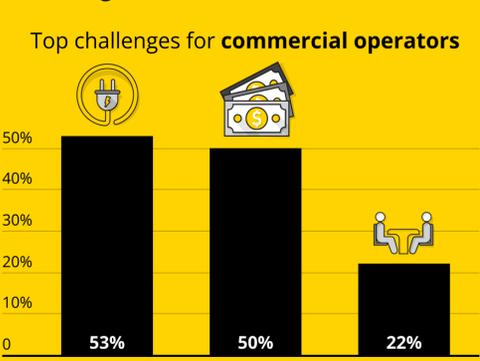
“A combination of lack of staff and increased food service wages. It’s an interesting dilemma because many foodservice workers deserve a higher wage based on responsibility and skills needed, but many food service operators cannot afford to pay more.”

—Education (K-12) Foodservice Operator

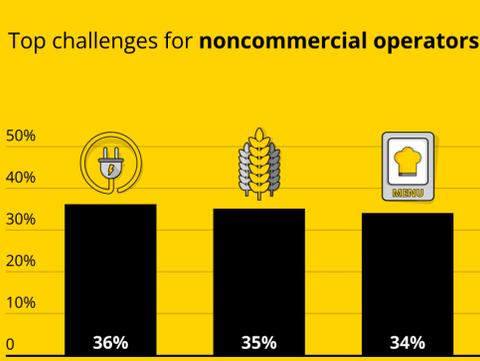
THE HEADACHES CONTINUE

But it goes beyond the usual suspects. It’s more than just labor, costs and supply chain. Because 97% of the operators we talked to tell us they’re facing new challenges in all areas of their business.

Top challenges for commercial operators



Top challenges for noncommercial operators



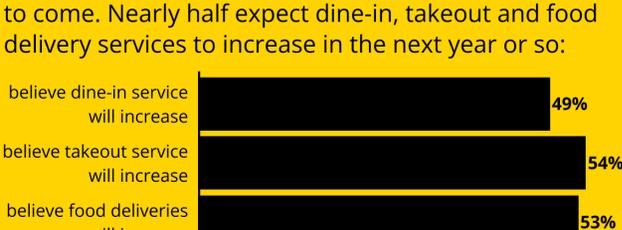
“The pandemic, the war in Ukraine, global warming and inflation have all been challenging for the food service business. Price and availability of goods, quality of produce and meats, astronomical increases in the price of seafood — I do not see it changing back to the way it was. The industry must pay people more in order to retain employees so they can maintain a decent living”

—Fine Dining Restaurant Operator

GREAT EXPECTATIONS FOR TRAFFIC AHEAD



Despite all of the challenges restaurant operators faced in the past year, they are optimistic about what’s to come. Nearly half expect dine-in, takeout and food delivery services to increase in the next year or so:



“We have not changed anything else to combat high food prices except menu price adjustment. We lost half our staff when COVID hit 2 years ago and the major changes that we have made are in labor cost savings and reduced seating in the restaurant. The labor savings with all associated costs have reduced our labor cost by approximately \$200,000.00, which has allowed us to beef up our payroll, meaning we pay more by the hour than we have ever had to do before (or could do). We are currently doing close to pre-COVID sales and are now open 5 days a week 4 hours a day. The morale and additional teamwork has been amazing.”

—Midscale/Casual Restaurant Operator with one location.

KEY INSIGHTS FOR MANUFACTURERS

Given these circumstances, operators need expanded support from supplier partners. A thorough understanding of the various market related tensions and top challenges operators face can help manufacturers uniquely position themselves as a strategic partner with resources and solutions that resonate.

Keep these opportunities in mind:

- 1 Innovate around the “new normal” conditions (e.g., touchless, packaging, off-premise, etc.) and translate trends into incremental sales opportunities for your customers.
- 2 Be a true partner in reaching consumers and supporting mutually beneficial business with co-marketing and branded promotions.
- 3 Guide menu planning to address unmet customer needs such as labor-saving solutions, operational performance, versatile ingredients, value-oriented options and higher-margin items.
- 4 Arm your sales team with the right resources and train them with expanded expertise — this will pay dividends in how they can connect to their customer’s new realities and ultimately in closing the sale.

The Food Group provides key insights and informed recommendations to our food and beverage manufacturer clients based on industry research and over 50 years of experience in the foodservice industry.

Want to become the go-to solution for the different challenges operators are facing? [Contact us](#) today to get started.