



Caterers will have to pass on the price increases, say analysts

Caterer food costs have soared 9.3%

Caterers are paying 9.3% extra for food compared with a year ago, according to a new report. The biggest price hikes are on eggs, up 37% over the past year, butter (32%) and oils and fats (24%).

Wholesalers, many of which run on tight profit margins, would have no choice other than to pass on the increases to customers, said Peter Backman of hospitality analyst Horizons, which compiled the report.

“The foodservice market has a chain with forward contracts, which means price increases are not yet apparent,” he said. “But now a number of contracts are coming up for renewal and prices will really hit the suppliers. They are making savings and efficiencies where they can but they will have to put up their prices.

“We have not seen a lot of evidence of it yet but it will start coming through.”

Like-for-like sales were down in restaurants, pubs and eateries because of the credit crunch, and the situation was unlikely to improve this year, he said.

However, there was some hope on the horizon. “Food commodity prices have grown by 40% over the past year but the good news is that prices have stabilised over the past few months, so some relief is in sight in the longer term,” he said.

Last month The Grocer revealed that rising fuel costs were affecting foodservice wholesalers – Brakes added a 98p fuel surcharge and 3663 put up its prices at varying rates for different customers.