



Canadian Foodservice Industry Predictions, from Inflation to Occasions



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The Canadian foodservice industry has shown incredible resilience and growth throughout 2022. Despite growing personal finance concerns and broader economy concerns, overall momentum continues and foodservice is still well-positioned to see growth in 2023 and 2024. Technomic’s revised forecast for consumer spending in 2023 shows 7% growth and nearly 5% growth in 2024.

Still, as inflation continues to soar, higher prices are changing behaviour, both for operators and consumers. We’re seeing a greater focus by operators on barbell pricing strategies and ferocious cost reduction efforts. Over 80% of operators remain concerned about their food costs, and 71% remain concerned that their margins are being further squeezed.

For consumers, the 8%+ inflation in foodservice has caused the beginning of trade-down, but grocery inflation is raging as well and overall inflation in that channel remains over 10%.

This has played out on Canadian menus – particularly for beef – in a number of ways. Overall prices for beef main dishes, based on Technomic’s Ignite Menu data, rose over 10%. Operators are clearly passing on higher costs to consumers. For many beef items, overall penetration has reached pre-pandemic levels, and operators appear to place a high degree of value on providing a number of beef options to their patrons.

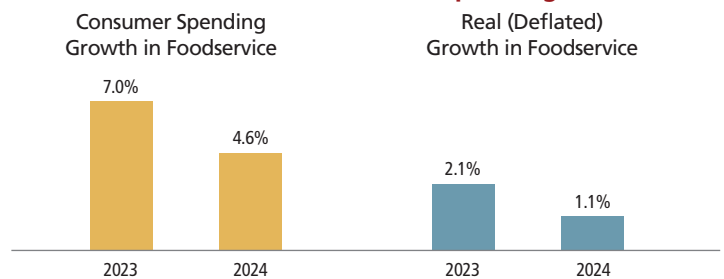
Moving forward, this idea of a “barbell strategy” may actually create opportunities. Value cuts and lower priced beef items will be more in demand, but we’ve seen that per-occasion spend has been fairly resilient as well. What this means is that consumers still want to spend on an experience when they dine out – they want to feel as though the “affordable indulgence” of dining out is money well-spent. As such, the other side of the barbell – the premium side – will still have demand as consumers prioritize their spending in establishments that they feel provide a great value for their money.

After a period of rapid resurgence, Technomic expects the industry growth to plateau. Opportunities still exist but better prioritisation and continued innovation will be required to drive incremental growth for the beef industry.

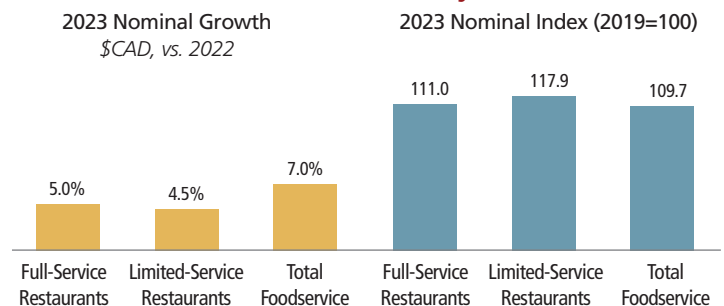


While inflation may impact consumer behaviour, Canadians still want to have an experience while dining out. Canada Beef’s Foodservice Recovery tactics can help you learn ways to keep beef a menu mainstay by leveraging new techniques to satisfy all eating occasions and price points.

Forecasted Consumer Spending



2023 Foodservice Industry Forecast



Limited-service restaurants are forecasted to return to historical rhythms as they benefit from consumers trading down from full-service restaurants.

Varied menu and pizza restaurants are expected to drive full-service growth. Unit decline in the full-service segment will continue, although midscale restaurants are expected to fare better than casual-dining concepts

CANADA BEEF IS TARGETING THE RECOVERY OF BEEF SALES AT FOODSERVICE

It is well-known that the foodservice industry in Canada was hit hard by the COVID-19 pandemic. From mandated restaurant closures to an increased dependency on take-out, foodservice stakeholders faced unprecedented circumstances over the past few years. However, the tenacity of operators to find creative solutions to keep their businesses going is commendable, and brighter days seem to be ahead.

Restaurants Canada has predicted that the foodservice sector's annual sales will hit \$83.3 billion in 2023, marking the industry's return to pre-pandemic levels. While this projection brings much for the foodservice industry to be optimistic about, challenges remain in the form of inflation, rising interest rates, supply chain issues and labour shortages.

Canada Beef has been developing and implementing a Foodservice Recovery Strategy to help restore beef sales, with pandemic recovery and longstanding foodservice sector sustenance in mind. Within this framework, information is being gathered, and tools are being developed to facilitate stakeholders' strategic leveraging of beef to help their businesses rebound more quickly.

Canada Beef's Foodservice Recovery Strategy, which is currently in its first phase, comprises several tactics focusing on research, innovation, and stakeholder education. The latter pillar has been supported through the newly enhanced studio facilities at the Canadian Beef Centre of Excellence (CBCE). Initiatives launching shortly include training and educational tools projected to help foodservice operators, distributors, and other stakeholders maximize the tactical use of beef within their ventures.

Foodservice Video Series

The CBCE has developed videos under three different categories to help keep beef as a desirable and accessible menu item for foodservice operators:



1. Trim Utilization Series

To address and optimize product yields at foodservice, these videos highlight trim products as primary beef ingredients and 'flavour enhancers.' This subject matter is positioned to help operators maximize product utilization while reducing costs and enhancing menu offerings for customers. Videos will explore four key categories of trim: Lean trim, medium trim, bone, and beef fat.

Click [here](#) to see lean trim transformed into beef chips, an innovative sharable for your menu.

More videos to come!

2. Opportunity Cuts Series

Research indicates a growing interest amongst foodservice operators to expand their Canadian beef offerings to reduce costs and deliver exciting new eating experiences to their customers. Videos will focus on communicating the advantages of offerings deemed 'opportunity cuts,' which are Canadian beef cuts that showcase value due to versatility, ease of processing, cost and seasonality.

Click [here](#) to learn how flank steak can bring value and innovation to your menu.

More videos to come!

3. Innovative Portions Series

Increased food costs and shifts in Canadian demographics can present challenges to foodservice operators when cooking and plating beef, especially traditional cuts like grilling steaks. To combat these concerns, videos will showcase how to communicate opportunities to add value to beef purchases. This can be done through smaller format cuts (also known as 'minis') and innovative culinary concepts while continually focusing on providing customers with a satisfying eating experience.

Click [here](#) to discover how to make Roast Beef Sliders with Corn Pickle Relish, which only requires ~100g of beef per serving.

More videos to come!

Online Course: Food Margin on Menus

Canada Beef has produced an online course that explains the importance of understanding and calculating food margins. Food margin, sometimes referred to as contribution margin by the industry, can be defined as food item revenue minus the food item cost.

Foodservice operators understand that keeping food cost percentages low is essential. At the same time, it's important to understand which menu items deliver high food margins. These products maximize revenue generation and create profit opportunities.

Using easy-to-follow, real-world examples, this course demonstrates how Canadian beef menu offerings support higher revenues and profitability for foodservice operations.

You may access this course and other Canada Beef online training materials at www.cdnbeefperforms.ca/training

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Stay tuned to Canada Beef for updates on initiatives to drive Canadian beef sales in the foodservice sector.