

# [Trends in the irish foodservice](https://assignbuster.com/trends-in-the-irish-foodservice/)

The Irish Foodservice

Market

Executive Summary

The aim of this report is to inform small companies, who specialise in local artisanal products, of the sectors within the foodservice market, the opportunities and trends that exist within the market and to identify suitable distributors that can help them enter the foodservice market.

The research used in this report is secondary, the majority of which is sourced from three Bord Bia Reports

1: Irish Foodservice Channel Insights 2017

2: Irish Foodservice Market Insights 2018

3: Irish Foodservice Market Directory 2017

Findings:

Key trends in the Irish Foodservice Market are: rise in demand for healthier options, rise in demand for grab-and-go options, rise in demand for functional foods, and the incorporation of technology into the service aspect of the business.

Opportunities exist in the chilled products sector, the gluten free market and the gap in the market caused by Brexit.

Recommendations:

1. Invest in Sustainable Production
2. Monitor and Plan for Brexit
3. Embrace Technology

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Section 1: Introduction

Foodservice is the term used to describe all food prepared and consumed outside the home. It includes everything from restaurants and pubs to workplace catering and hospitals (Bord Bia, 2018). Irish foodservice sector has increased from €7. 8 billion (Bord Bia, 2017) to €8. 2 billion in the past year and is expected to grow 4. 4% between now and the end of 2020 (Bord Bia, 2018).

This purpose of this report is to inform small producers of artisanal products. The information in this reported is limited to secondary research, relying heavily on Bord Bia publications. This report will detail the trends that exist in the global and Irish foodservice markets, identify opportunities for artisan producers and provide information on five distributors that can get their product on the market.

Section 2: Consumer Drivers and Global Trends in the Food Service Sector

A growing trend in the food service industry is the popularity of ‘ free-from’ menus. As dietary restrictions become more common, demand for foodservice providers to meet the requirements of restricted diets has increased. For example, the gluten-free market is projected to reach $7. 59 billion (Statista, 2018), and approximately 20% of Irish shoppers are regularly buying gluten free products (Bord Bia, 2017).

A related trend is the growing demand for functional foods. These are foods which deliver additional or enhanced benefits over and above their basic nutritional value. These include foods containing probiotics, plant stanols and foods fortified with vitamins and nutrients (British Nutrition Fondation, 2016). The global market is expected to reach $441. 56 billion in 2022 (Statista, 2017).

Bord Bia identified a consumer demand for transparency in product sourcing, ingredients and nutritional information, which goes hand in hand with demand for farmers and growers to be the ‘ stars at the dining table’ (Bord Bia, 2014). Consumers now are more knowledgeable than ever. They expect to be provided with the full details on where their food is sourced and are attracted to ethical farming and food production.

Bord Bia also identified product trends in the global foodservice market, these included humanely produced, breed specific meats, local and free-range poultry, sustainable seafood, hormone free dairy, and artisan cheeses, breads and coffees (Bord Bia, 2014).

Section 3: The Irish Food Service Sector

3. 1: Sector Characteristics and Constituents

The Irish foodservice sector can be divided into two channels, commercial (Limited Service, Full Service, Cafes, Pubs, and Hotels and Accommodation) and Institutional.

The Limited Service market is made up of quick service restaurants (QSR), fast casual, and food-on-the-go. The total Limited Service segment is€2. 9 billion in consumer spending (Bord Bia, 2018), with a value of €904 million in operator purchases. The QSR market accounts for 78% of total consumer spending in the Limited Service market. These restaurants are categorized by limited menus in large quantities, low price points, low skilled staff, and aggressive marketing strategies(Bord Bia, 2017). This market increased from €1. 5 billion (Bord Bia, 2017) to €1. 6 billion in consumer spending within the republic of Ireland (Bord Bia, 2018).

Full Service restaurants generally focus on serving lunch or dinner. Sub-channels include casual and white-table-cloth restaurants. Menus offer a range of items using fresh ingredients and follow a starter, main course and dessert format. Meals are often accompanied by a wine list. Casual restaurants serve moderately-priced food in a casual atmosphere, typically with table service (except for buffet-style restaurants). Pop-up restaurants are a recent addition to the restaurant channel, these are restaurants that occupy a premise for a limited time period only (Bord Bia, 2018). Consumer spending for 2017 in this market was €653 million within the Island of Ireland (Bord Bia, 2017).

Cafes are quick service restaurants without table service that specialise in coffee and other hot beverages. Usually, there is also a selection of hot and cold foods such as pastries, sandwiches, and breakfast items available. Their distinguishing feature is that they allow customers to relax, work and socialise on the premise, without the pressure to leave after eating (Bord Bia, 2018). Though only 6% of total consumer spending in 2017 was spent in cafes, it increased from €315 million in 2017(Bord Bia, 2017)to €342 million in 2018 (Bord Bia, 2018).

The Institutional channel contains business and industry, healthcare, prisons, and education catering, with business and industry taking the largest portion of consumer spending(Bord Bia, 2017).

3. 2: Sector Trends

One trend clearly visible across all channels of the foodservice market is the rising demand for healthier options on menus and more sustainable, ethical food production. Consumer expect fresh, local ingredients at reasonable prices. In Limited Service outlets, consumers are seeking out ‘ guilt free’ indulgent foods and vegan and vegetarian friendly dining. In Full Service restaurants menus boast local and traceable ingredients.  In Cafes, milk alternatives are growing in popularity. In Intuitional channels, consumers prefer fresh ‘ from scratch’ meals and seek out diet accommodating foods. New regulation mandates calorie counts on school menus(Bord Bia, 2017).

As modern life continues to get more hectic, the demand for high quality grab-and-go options is increasing. In Limited Service restaurants, takeaway is growing considerably, with heavy influence from men ages 25-34 years old. The rise of delivery services like Deliveroo are driving business for Full Service restaurants. Convenience stores and forecourt stations often include a large brand QSR on sight. Hotels have seen increased demand for takeaway food and coffee options (Bord Bia, 2017).

Technology is playing a key role in the way foodservice providers operate today, as consumers increasingly prefer ordering via mobile phones. Apps like Just Eat and Deliveroo, allow consumers to choose from a wide range of restaurants and dine in their own homes. Wetherspoon’s have an app which allows customer to order food and drink from their tables. McDonald’s have installed ordering screens in their restaurants, allowing them to use their workforce more effectively (Bord Bia, 2017).

3. 3: Opportunities for Local Suppliers

Because of the high demand for fresh foods and increasing investment in on-site production and offering grab-and-go items, chilled purchases have expanded at a faster rate than either ambient or frozen products. (Bord Bia, 2017)

There is an unmet consumer need for affordable and high-quality gluten-free products. 1% of the Irish population is coeliac (Bord Bia, 2017), the highest rate in Europe. In their research, Bord Bia found that 33% of gluten-free shoppers listed expense and 17% listed taste as their top reason for not buying. They reported that the fresh food aisle was underdeveloped and there was demand for products that consumers can’t/won’t make themselves, for example: sausage rolls. (Bord Bia, 2017)

With Brexit looming, operators will be seeking Irish substitutes to British products. In 2012, Ireland imported €2. 2 billion worth of food (O’Keeffe, 2014). This leaves a huge gap in the market for Irish producers.

3. 4: Selected Distributors

Artisan Foods Ltd.

Artisan Foods Ltd is a distributor of seasonal produce and artisan ingredients to the caterers throughout Ireland. The company has a range of approximately 600 products including a selection of high-quality world-wide artisan foods, which they provide to mainly hotels and restaurants. The company sees opportunities for producers who produce local, high quality fruit and vegetables, fully traceable meat and poultry, or the high-quality value-added products. They require producers to have a HACCP system in place. (Bord Bia, 2017)

Justification: Artisan Foods Ltd. specialises in providing artisan foods from local producers to the food service market and has a nationwide network of chilled vehicles for distribution. (Bord Bia, 2017)

Horgan’s Delicatessen Suppliers Ltd .

Horgan’s Delicatessen Suppliers Ltd. are a family owned business specialising in the sale, marketing and distribution of speciality food products. Their range includes over 900 chilled, frozen and ambient products including delicatessen products, ready meals, dairy products, jams, confectionery, soups and juices. They supply the retail and the foodservice industry, including hotels, restaurants, airlines and QSRs. They require all suppliers to have HACCP (Bord Bia, 2017)

Justification: The company delivers across Ireland, seven days a week. They have six multi-temperate chilled and ambient vehicles. They have a strong preference to source local produce and would like to carry as many Irish products as possible. They also provide marketing support to suppliers. Their catalogue is updated annually, and they have sales-rep teams who alert customers of new products. (Bord Bia, 2017)

Musgrave Wholesale Partners

Musgrave Wholesale Partners are a cash-and-carry store and a nation-wide distributor. The company services over 6, 000 customers weekly, which include hotels, restaurants, pubs, nursing homes and cafes. They offer over 7, 000 ambient, chilled and frozen products. Potential suppliers must complete an Approved Vendor Questionnaire and be compliant in terms of barcodes, EDI order, and invoicing and agreed delivery procedures (Bord Bia, 2017).

Justification: Musgrave Wholesale Partners deliver nationally and service a wide variety of foodservice outlets. They work closely with Irish suppliers and are continuously looking for new and innovative ambient and chilled products which they say can provide an opportunity for artisan producers. The company publishes a foodservice brochure which displays their wide range of products to customers, which is supported by monthly promotional flyers that list seasonal offers and showcase any new products that have been added. The telesales team also alert customers to new products between catalogue publishing dates (Bord Bia, 2017).

Simply Wild

Simply Wild supplies natural, organic, and artisan foods to the foodservice and retail sectors. The company carries over 3, 000 food lines, both Irish and imported. It distributes at ambient temperature and does not deal in chilled or frozen foods. Simply Wild has a policy of purchasing local Irish products where the quality and price are suitable. The company requires suppliers to have HACCP in place. (Bord Bia, 2017)

Justification: Simply Wild specialises in artisan foods and delivers nation-wide. The company publishes an illustrated bi-monthly catalogue containing promotional material for a selection of products, in addition to the standard products and prices listing. Irish products are highlighted using a ‘ Product of Ireland’ logo in the catalogue. (Bord Bia, 2017)

Taste the View Ltd

Taste the View Ltd. is a sales and distribution company focusing on Irish artisan food and drink. They source quality products from producers all over Ireland and supplies speciality food shops and select catering outlets nationwide. The company supplies a wide range of ambient and several chilled products. Their customers include speciality food shops, coffee shops and garden centres. (Bord Bia, 2017)

Justification: Taste the View Ltd.’s policy is to deal with Irish artisan foods. They distribute across Ireland including some areas in Northern Ireland. They produce a product and price list that is constantly updated and emailed to customers. Sales information and advice on branding and packaging can be provided (Bord Bia, 2017).

Section 4: Conclusions

The aim of this report was to inform small companies who produce local artisanal productsof the sectors within the foodservice market, the opportunities and trends that exist within the market and to provide information on five distributors who can get their product to suitable foodservice operators. This was achieved through secondary research. As reported, the main trends identified were; demand for ‘ free-from’ and functional foods, demand for healthier menu options, rise in demand for grab-and-go options, and the incorporation of technology into the service aspect of the business. Also identified were the opportunities available in the chilled products and gluten free markets, and the future gap in the market for suppliers after Brexit.

From this report, it can be concluded that the Irish foodservice market continuing to grow. Technology is a foodservice enabler and it has led to strong growth in delivery that has provided new avenues for growth (Bord Bia, 2017). Commercial channels will continue to see the most growth, particularly cafes and QSR.

Section 5: Recommendations

1. Invest in Sustainable Production: This includes sourcing of raw materials, production of the food product and packaging. With global warming causing increasing concern, consumers want to minimise their damage to the environment. Reduce plastic where possible, and use compostable or re-useable materials
2. Monitor and Plan for Brexit: With the uncertainty surrounding the effects of Brexit on the foodservice market, it is important to be prepared to adapt to changing markets.  You should have a plan in place for outcomes such as hard borders, higher costs and declining tourism numbers.
3. Embrace Technology: It is important not to get left behind by the constantly changing technology world. You should ensure that your product is compatible with the foodservice industry’s increasing use of technology, not only in the ordering process, but in consumer relationships as well. You should also consider securing a social media presence, which will increase consumer knowledge of the product and help you understand your customers.

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