

The Caterer Operator Survey

February 2025



NIQ

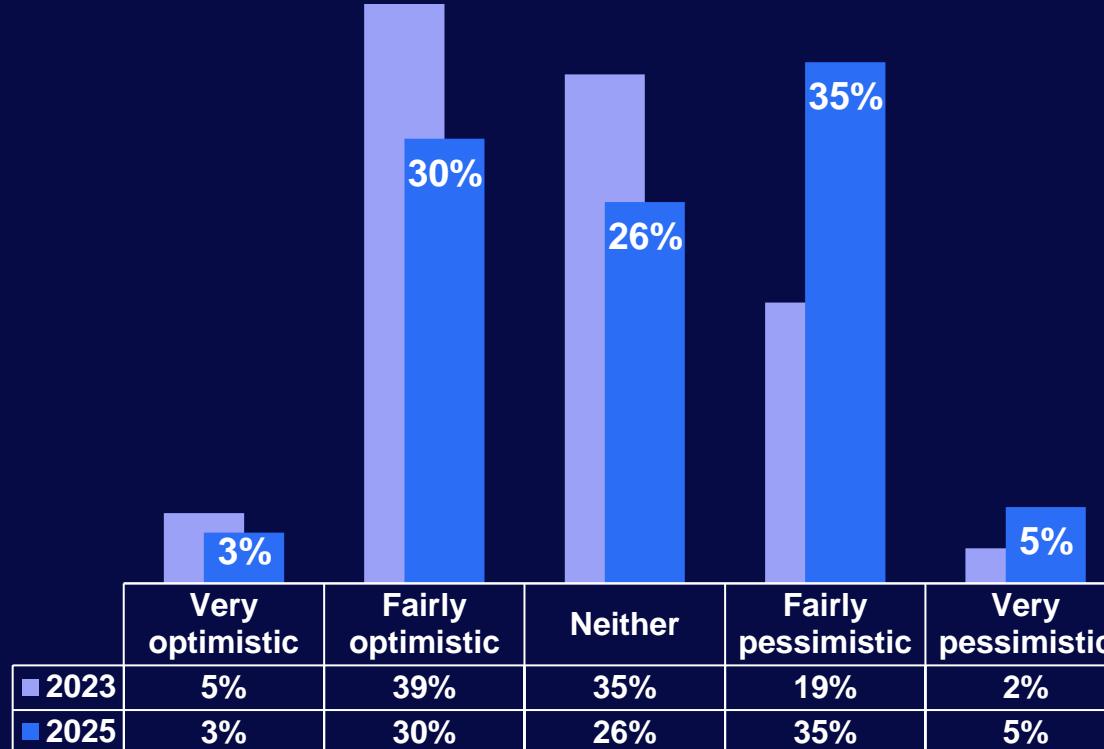
CGA
Powered by NIQ

Optimism and performance

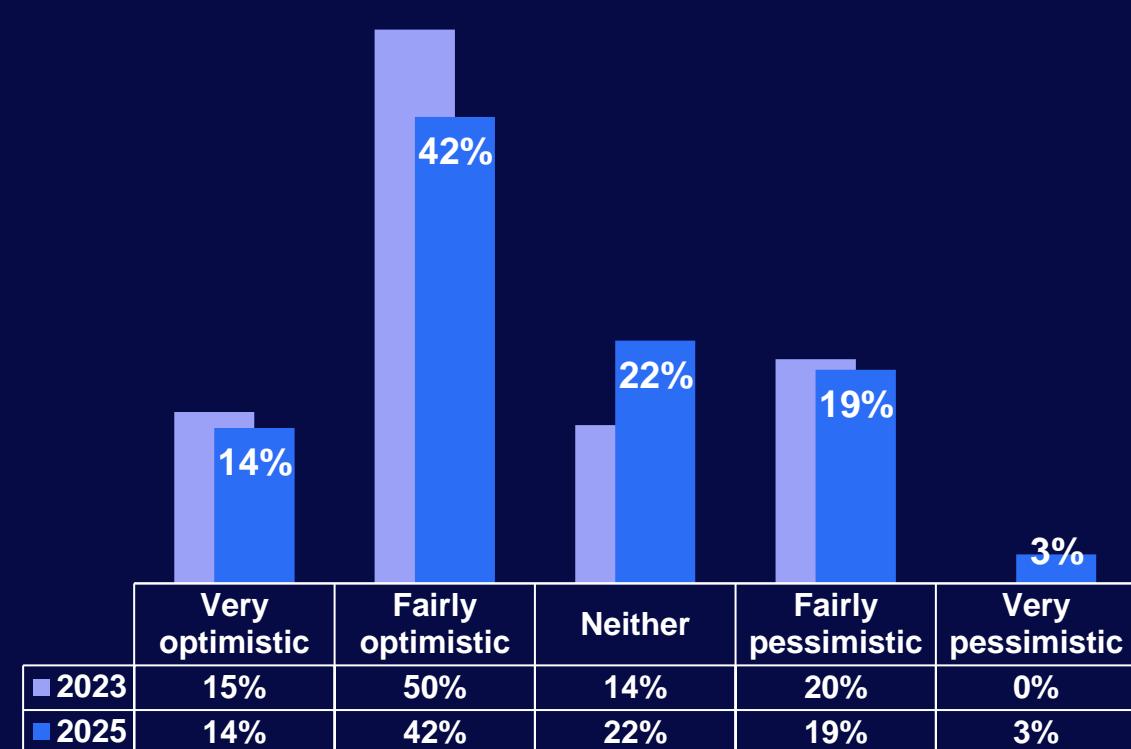
Across the total sample, optimism has fallen by in the market by 10pp, and in respondents' own business by 9pp since the last survey in 2023

Total

*How optimistic are you about the prospects for the **hospitality market** as a whole over the next 12 months?*



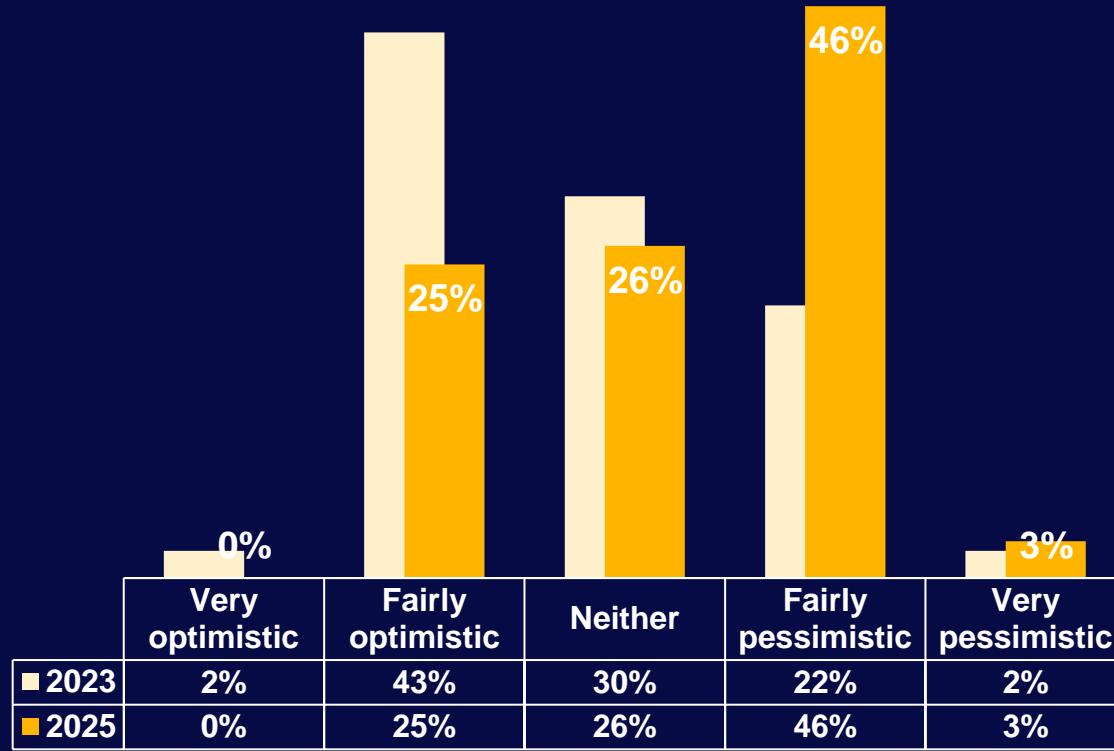
*How optimistic are you about the prospects for **your business** over the next 12 months?*



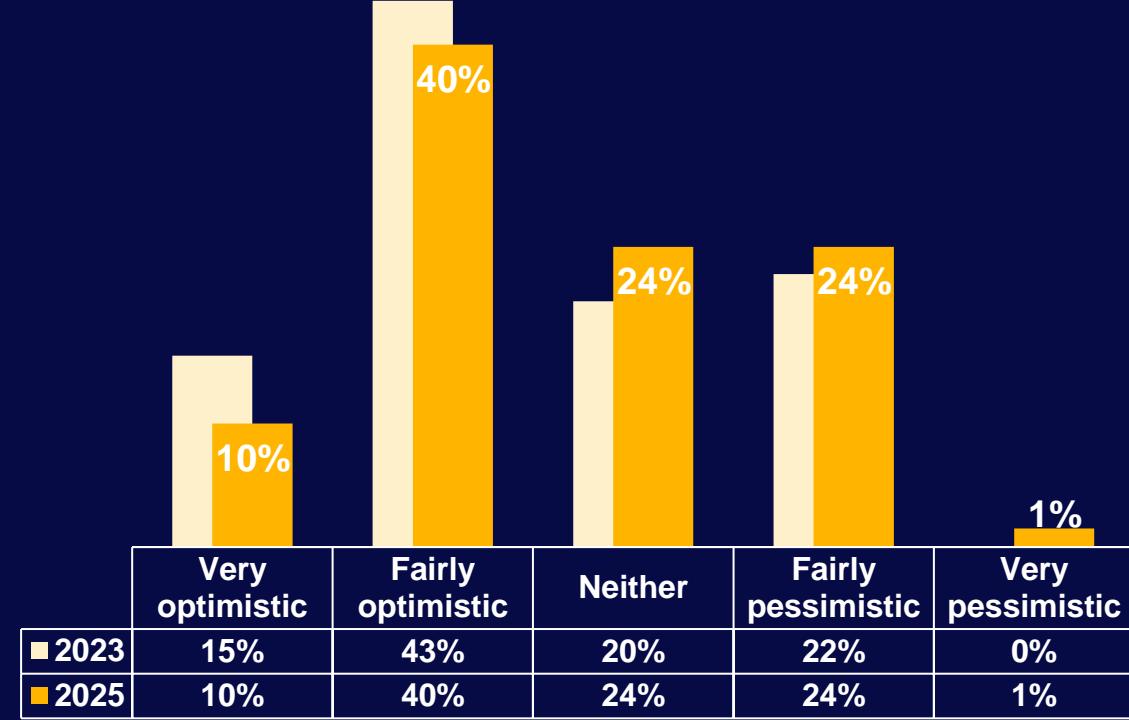
Optimism in the wider market has fallen more significantly among hoteliers, by 21pp, but half still remain confident in their own operations



*How optimistic are you about the prospects for the **hospitality market** as a whole over the next 12 months?*



*How optimistic are you about the prospects for **your business** over the next 12 months?*



The Caterer Business Leaders Survey 2025

Despite these drops in optimism, profitability among respondents has risen from 2023 to 2025, likely due to the easing of 2022's inflationary peaks

Total

Which of the following describes your performance over the whole of 2024, compared to 2023

46%



20%



20%



6%



8%



Greater profit

Profit in-line

Reduced profit

Breaking even

Operating at a loss

**Index vs
2023**

+18pp

-1pp

-18pp

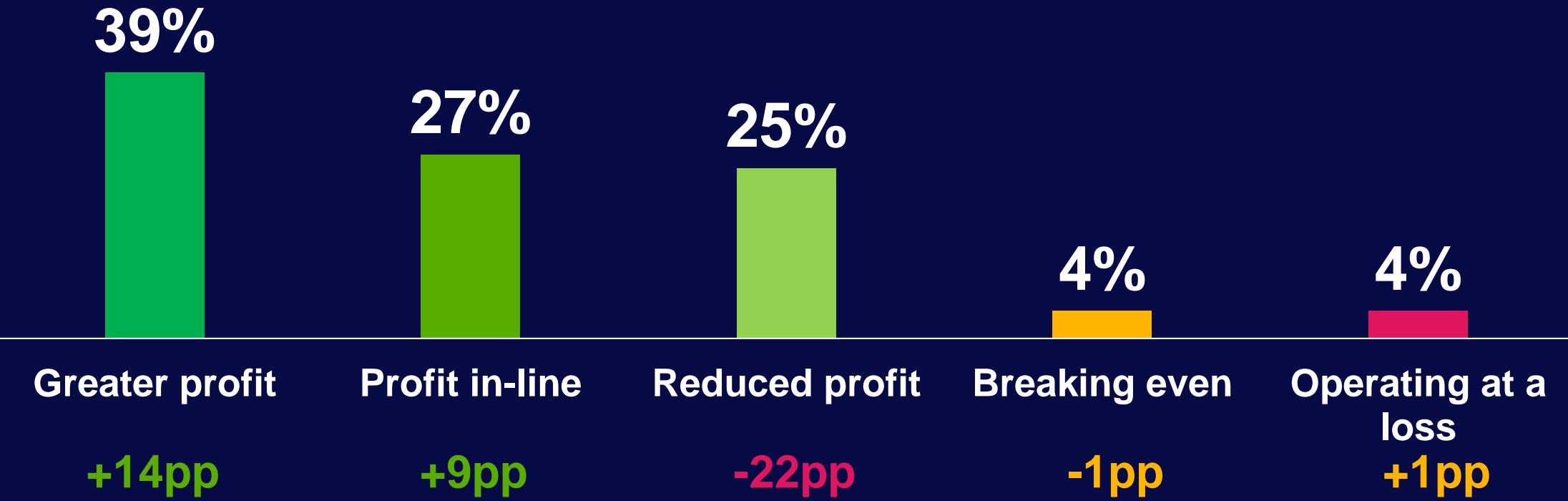
=0pp

=0pp

The same is also true across hotels, which are now significantly more profitable than previously, but a quarter still in profit decline

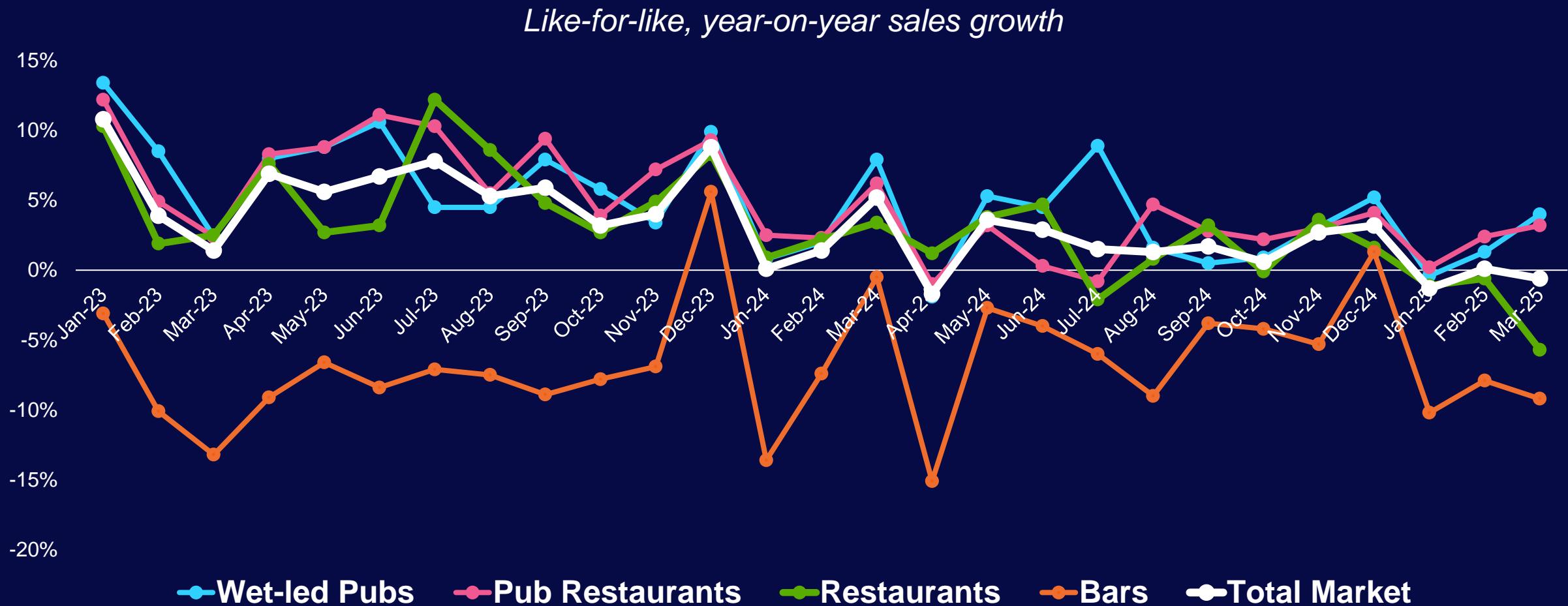


*Which of the following describes your performance over the whole of 2024, compared to 2023
HOTELS ONLY*



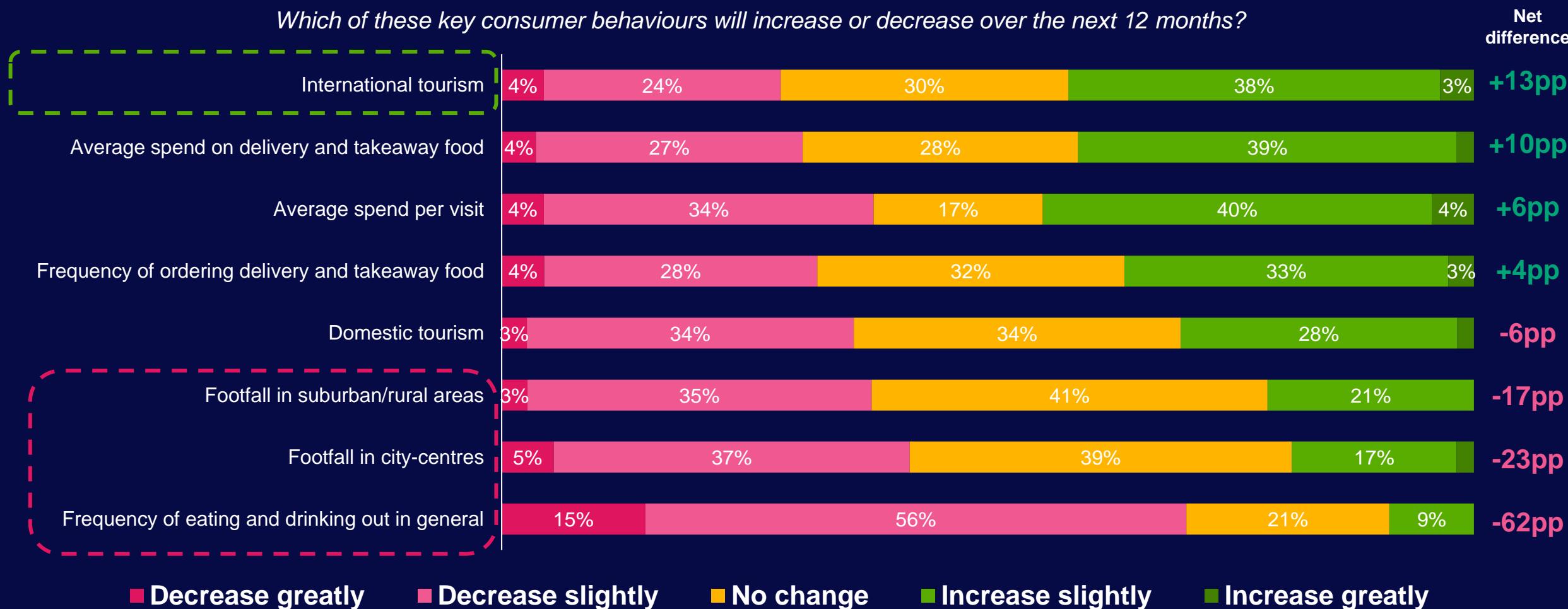
The Caterer Business Leaders Survey 2025

LFL sales performance has flattened off but there is still growth in some segments. After a strong performance for bars in December, that cohort has continued to struggle



Consumer Behaviours

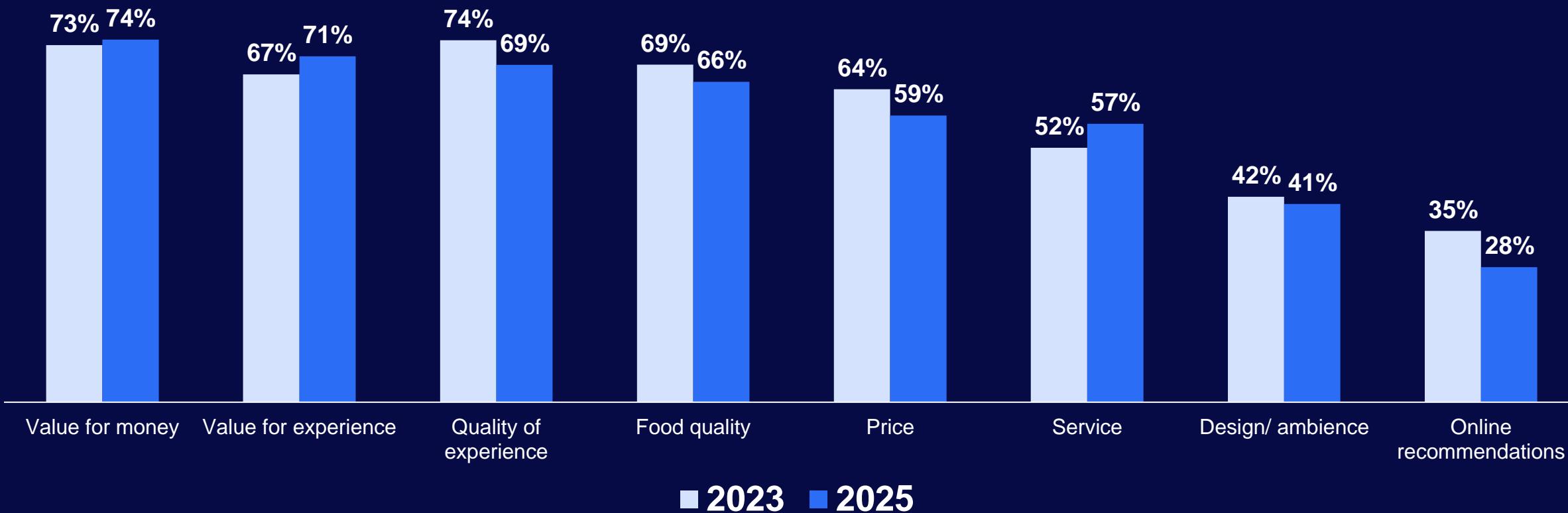
Respondents expect significant cutbacks on visit frequencies, with city footfall decline expected to bear the brunt. Only international tourism and delivered/takeaway food is expected to see noticeable levels of pick-up



While leading drivers of consumer behaviour are broadly unchanged, value is expected to be more important, and quality less so. Service is also seeing focus

Total

Which of the following do you see as key drivers for consumers in choosing where to eat and drink out in 2025?



Hotels place slightly more emphasis on experience as a whole, with service even more important too, with 6-in-10 citing it as a key driver for 2025

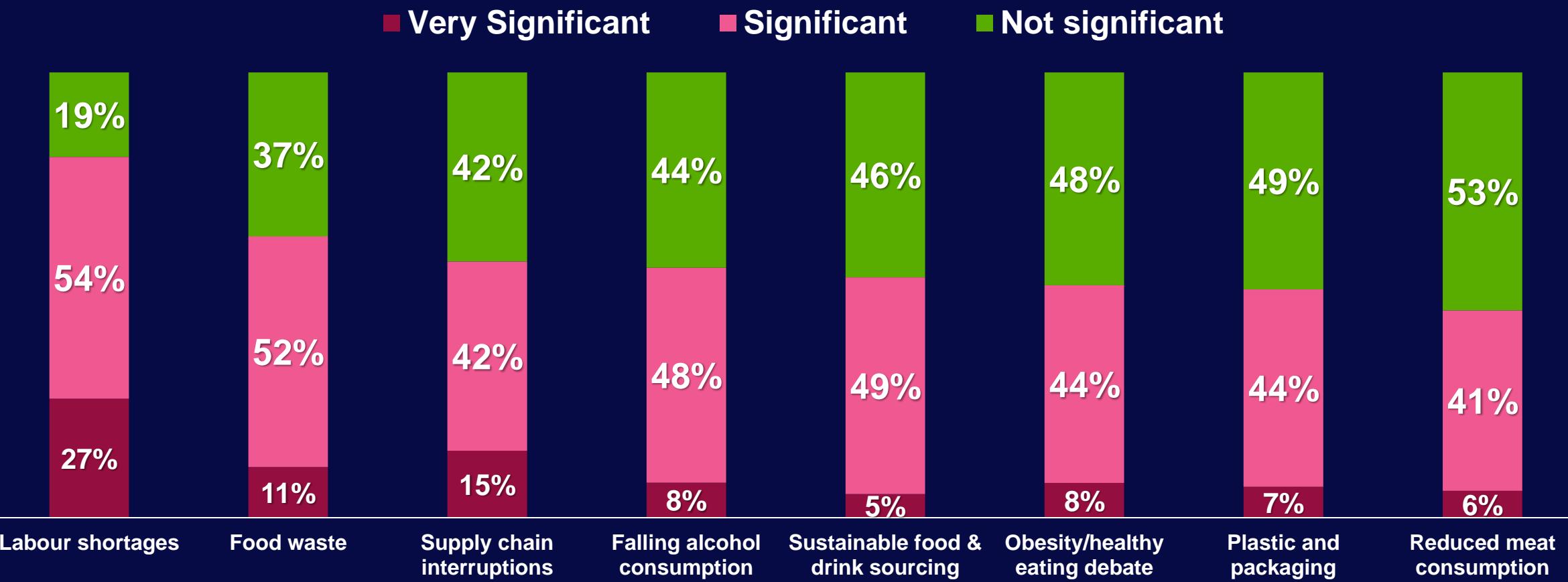
Which of the following do you see as key drivers for consumers in choosing where to eat and drink out in 2025?



Operational challenges

In 2023, 65% said labour shortages would be very significant in the year, greatly reduced to 27% in 2025, though many may be planning to reduce payrolls anyway post-April NIC changes

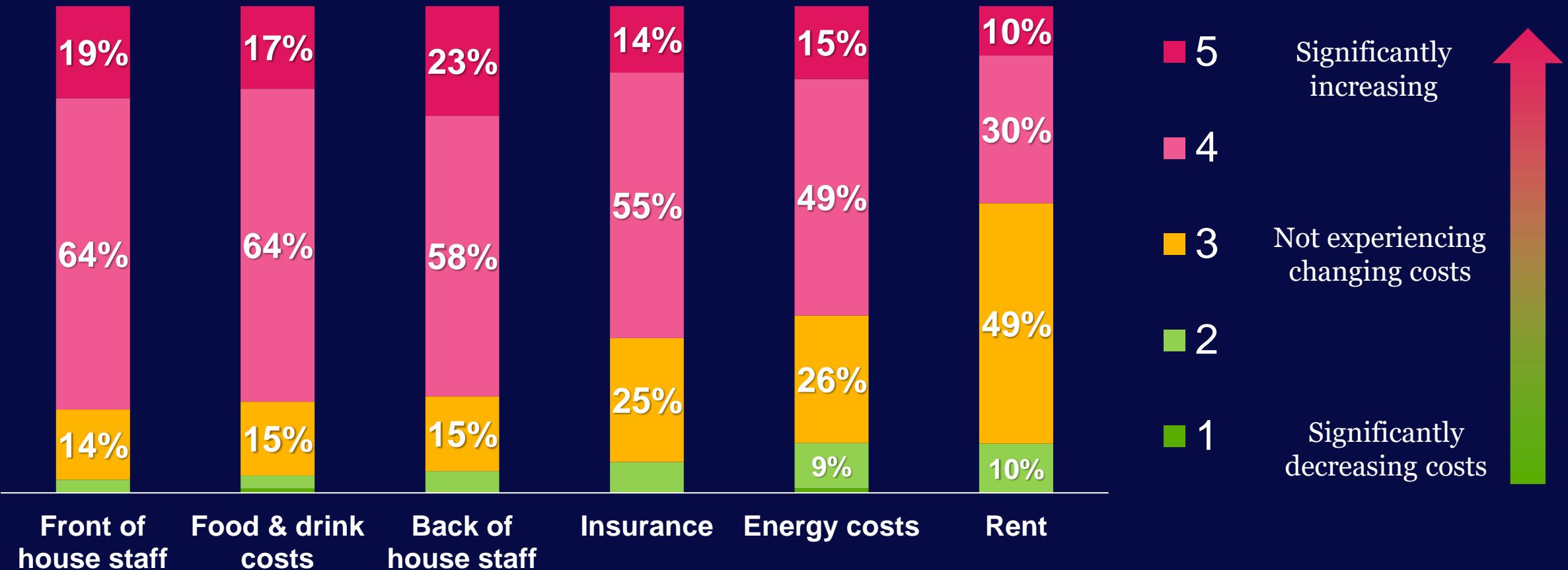
How significant do you think the following social/political issues will be for the sector in 2025?



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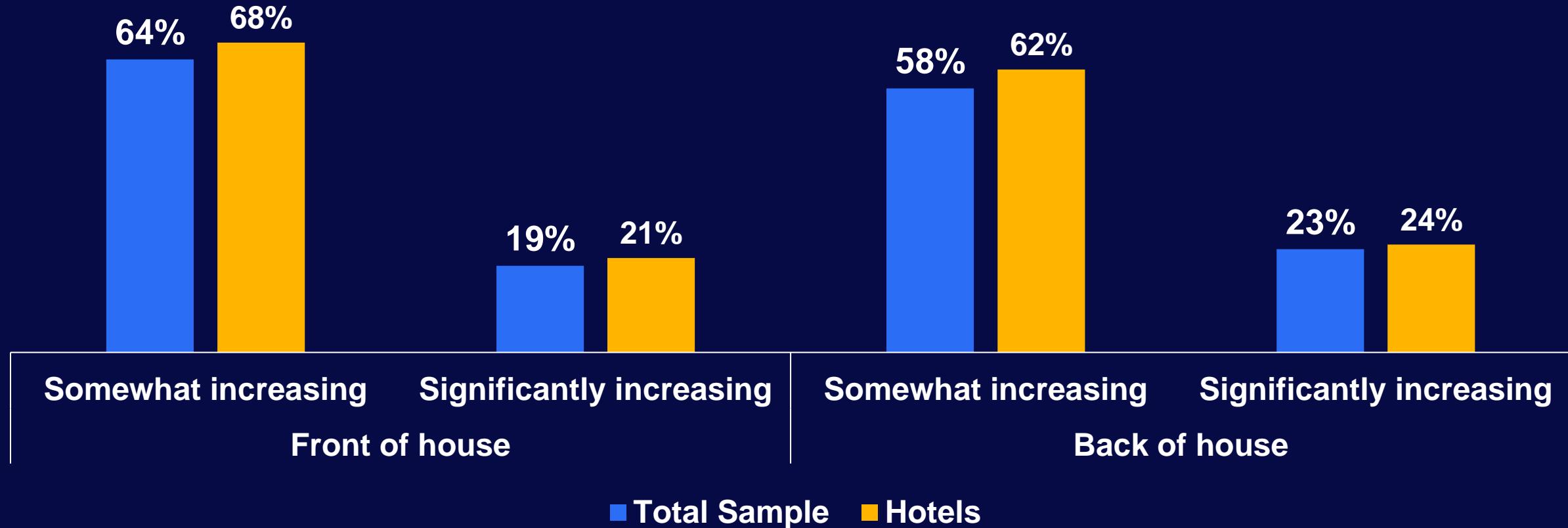
While costs are not increasing as swiftly as they were in 2023, there are still very few who report them decreasing. Staffing costs are the leading concern, now that the number seeing energy costs significantly increasing have dropped by 33pp on 2023

How have your supply chain costs changed in the last 12 months?



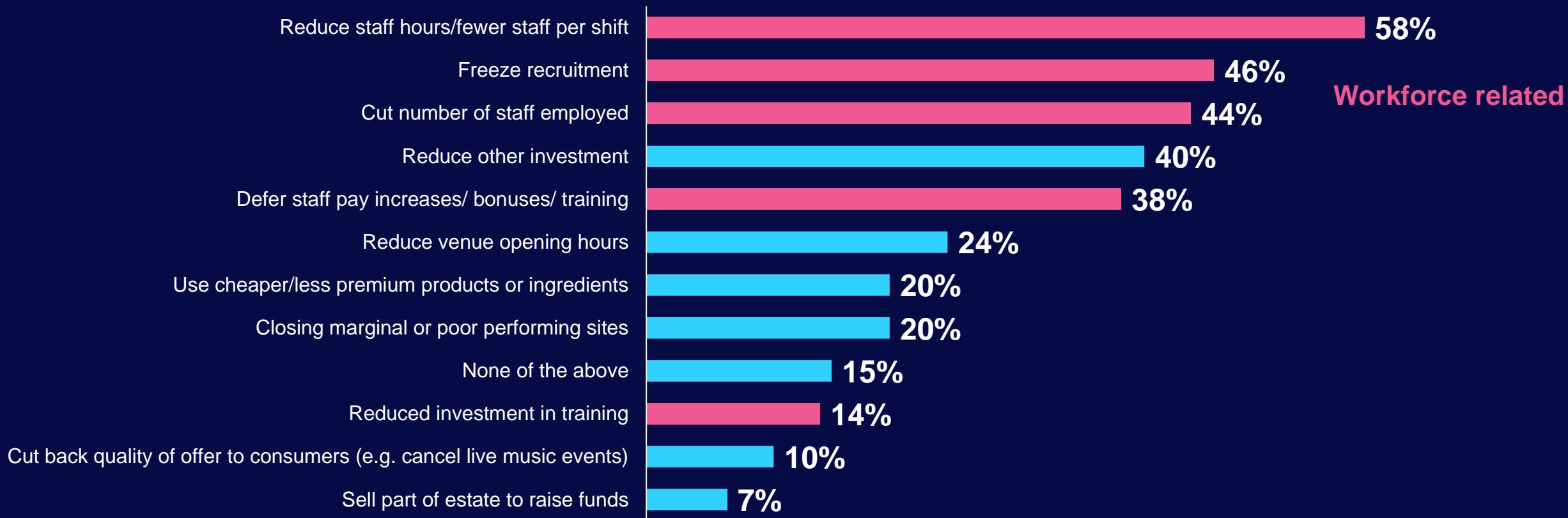
Hotels are somewhat more affected by staffing costs, 5pp more likely to be reporting increasing costs in both front and back of house roles

How have your supply chain costs changed in the last 12 months?



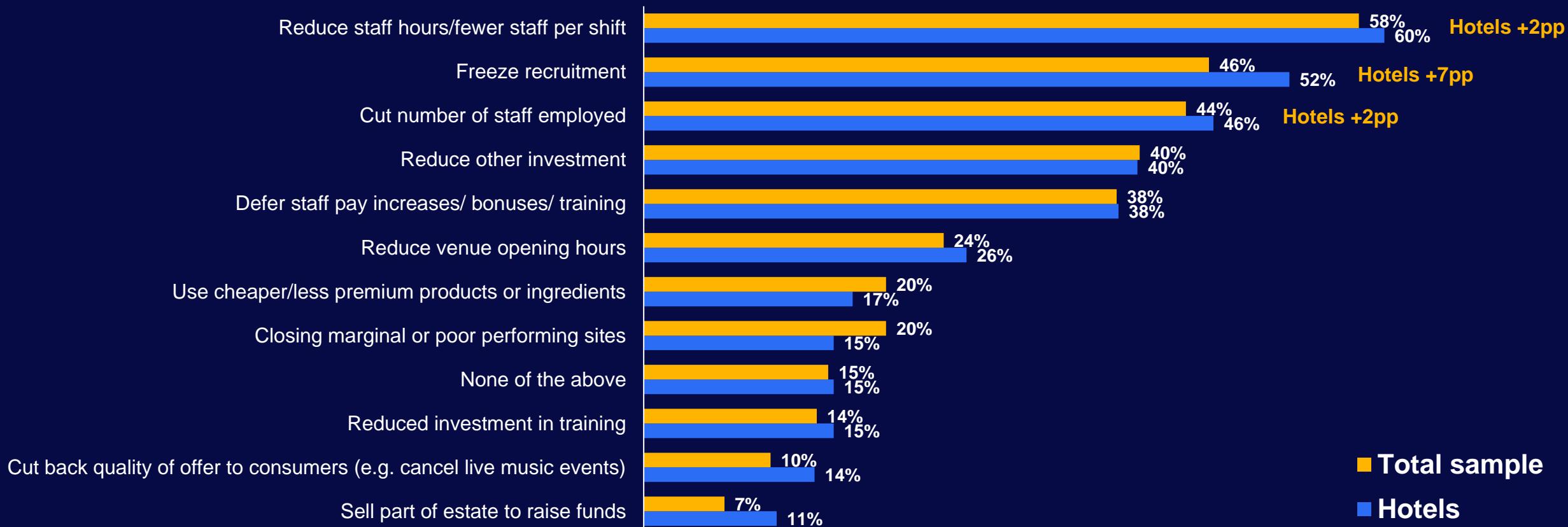
With 95% of respondents reporting costs rising somewhere across their supply chain, cost cutting is high on the agenda – primarily through workforce reductions

You have said you've experienced higher costs in parts of your supply chain. Will you be looking to cut costs in your supply chain in any of the following ways?



With their payroll costs higher, hotels are more even more likely to be looking to cut and freeze their staff costs

You have said you've experienced higher costs in parts of your supply chain. Will you be looking to cut costs in your supply chain in any of the following ways?



84%

of respondents are planning
to pass on their increased
costs to consumers

Most costs will be passed on through higher food prices, though slightly more hoteliers will be raising their drinks prices too

You have said you've experienced higher costs in parts of your supply chain. Will you pass this onto customers with higher prices?

*Index vs
Hotels*

+1pp

+4pp

+1pp

75%

65%

65%

12%

16%

Yes, through higher food
prices

Yes, through higher drinks
prices

Yes, through higher room
prices (HOTELS ONLY)

Yes, through higher
entry/ticket prices

No, I will not pass on higher
costs to customers

These sharp increases to labour costs may see similarly sharp price increases passed onto consumers, with respondents estimating increases of over 10%, and hotels even further

How much on average are you raising prices of....?

Drink prices



Total sample

10.9%

11.1%

Food prices



9.9%

10.8%

Room prices

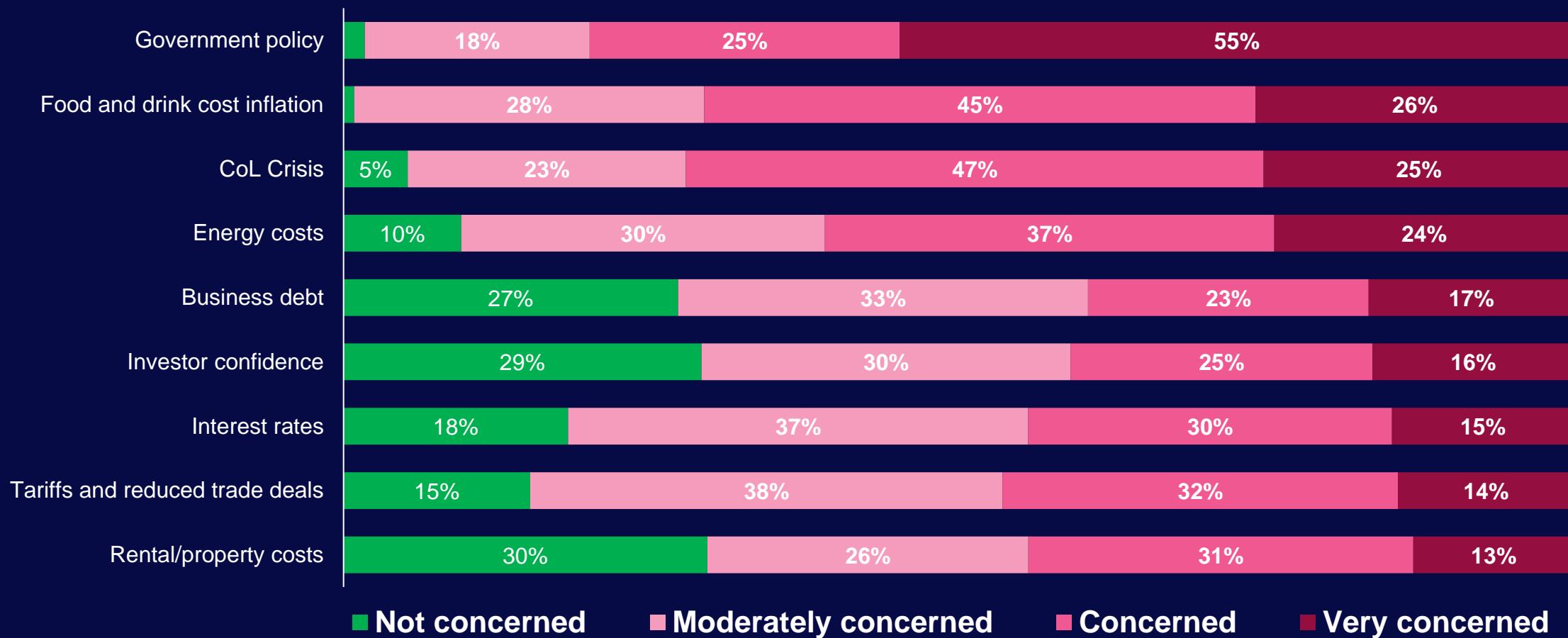


10.3%

12.8%

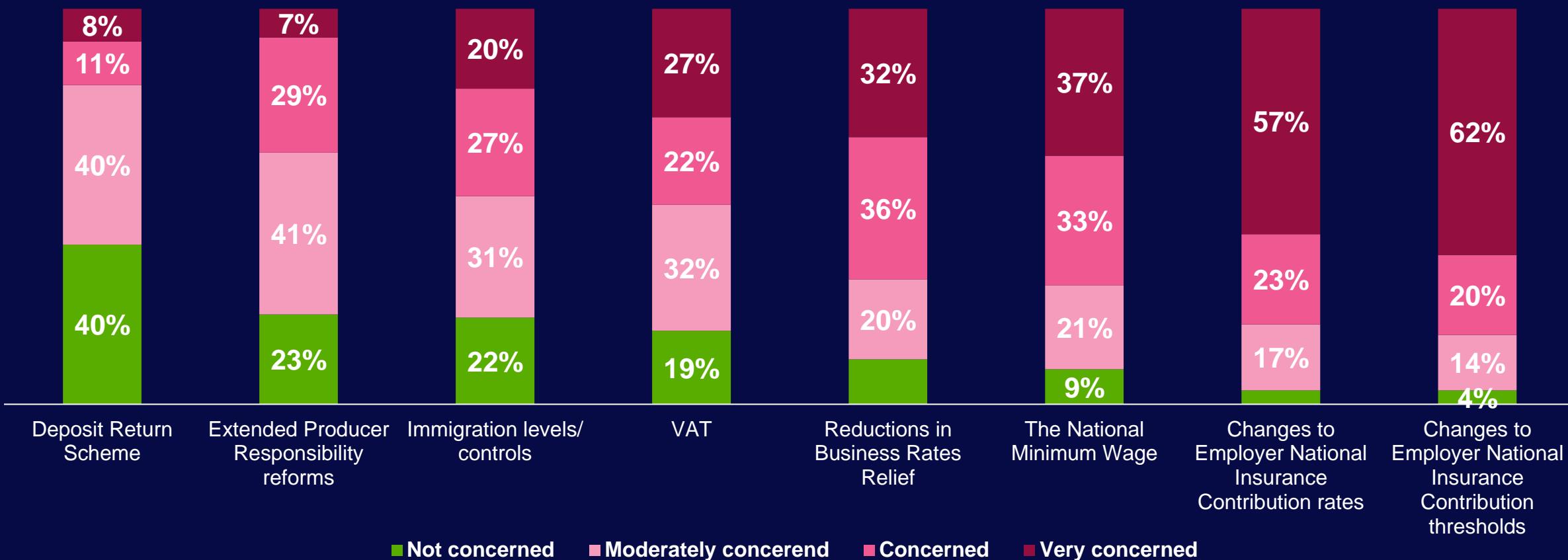
The number very concerned by energy cost has fallen by 11pp, but food and drink inflation and the COL crisis remain persistent. All are outweighed by the new challenge of incoming government policy though

How concerned are you by the following financial and economic challenges to your business in the next 12 months ?



Among the Government policy, changes to employer NIC rates are the standout concerns

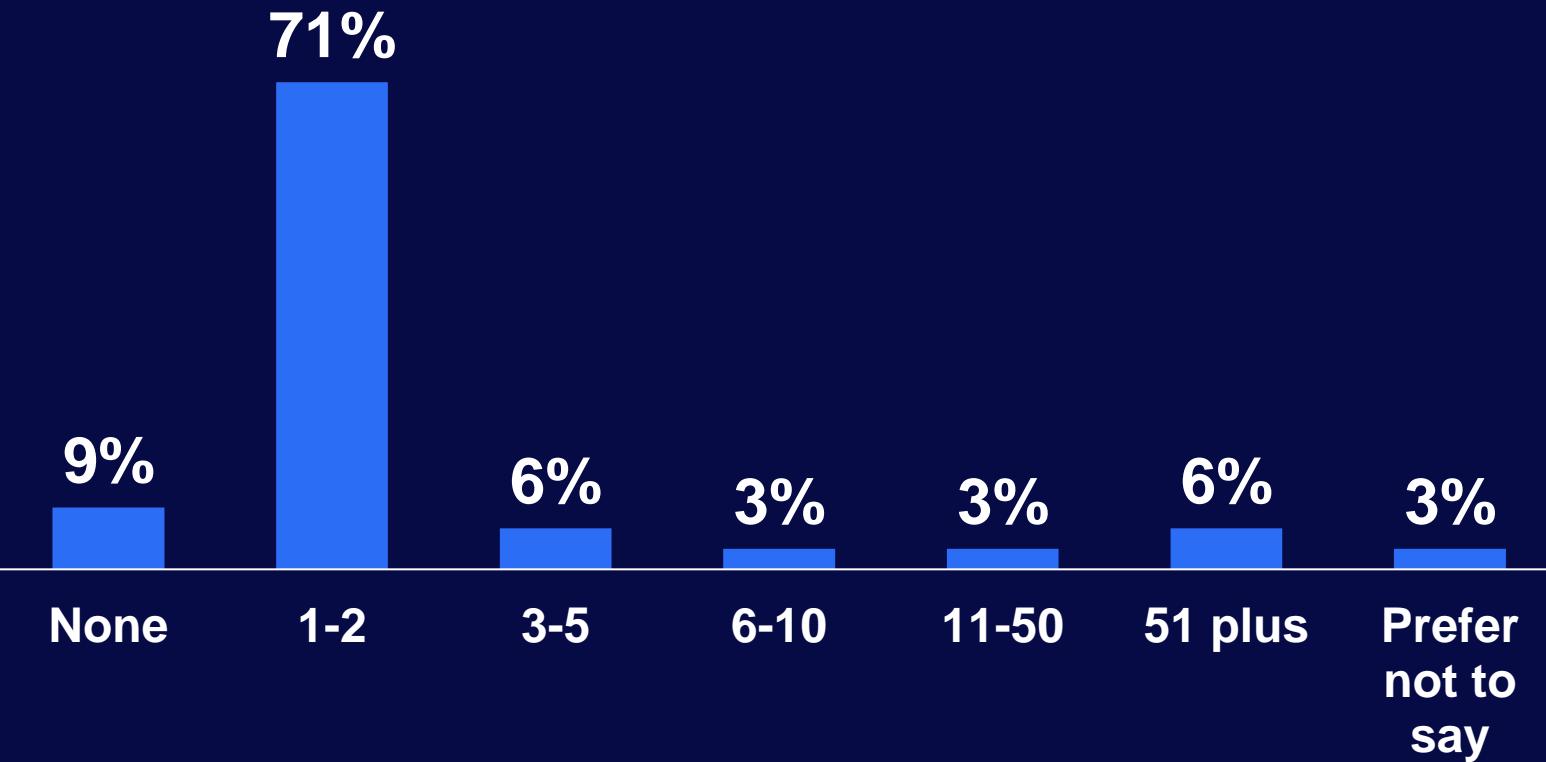
How concerned are you by the following Government policy in the next 12 months?



Market development

89% are planning to open sites in 2025. While on average there will be 5.6 openings per respondent, this is split between most openings 1-2, and a minority opening a much larger number of sites.

How many new sites are you looking to open in 2025?



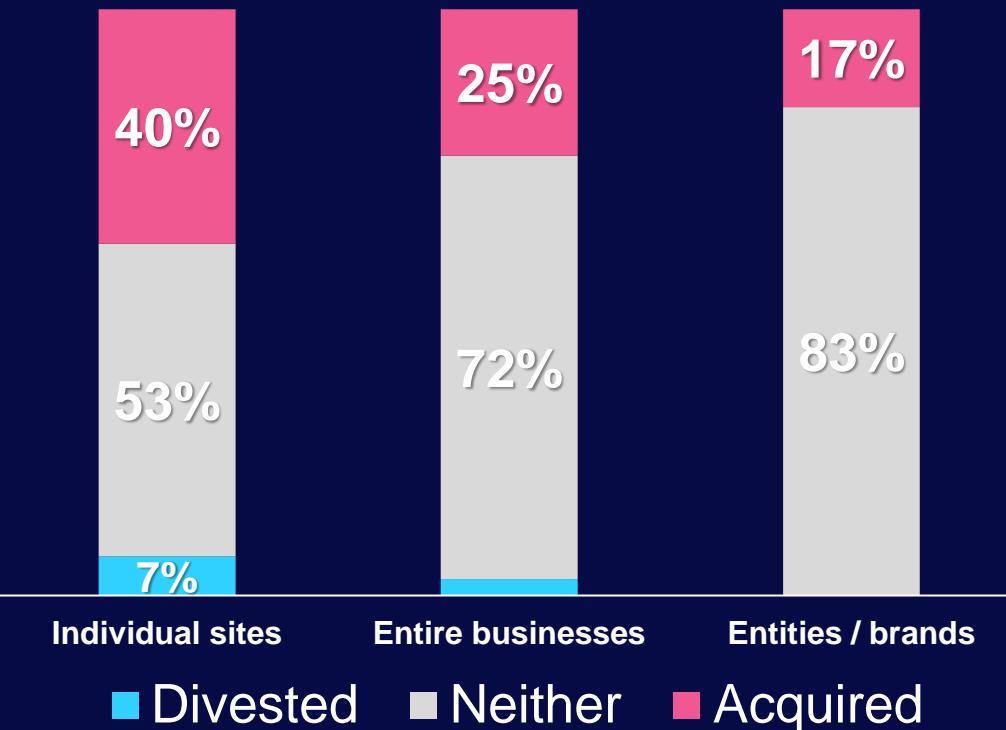
On average, respondents are planning to open

5.6

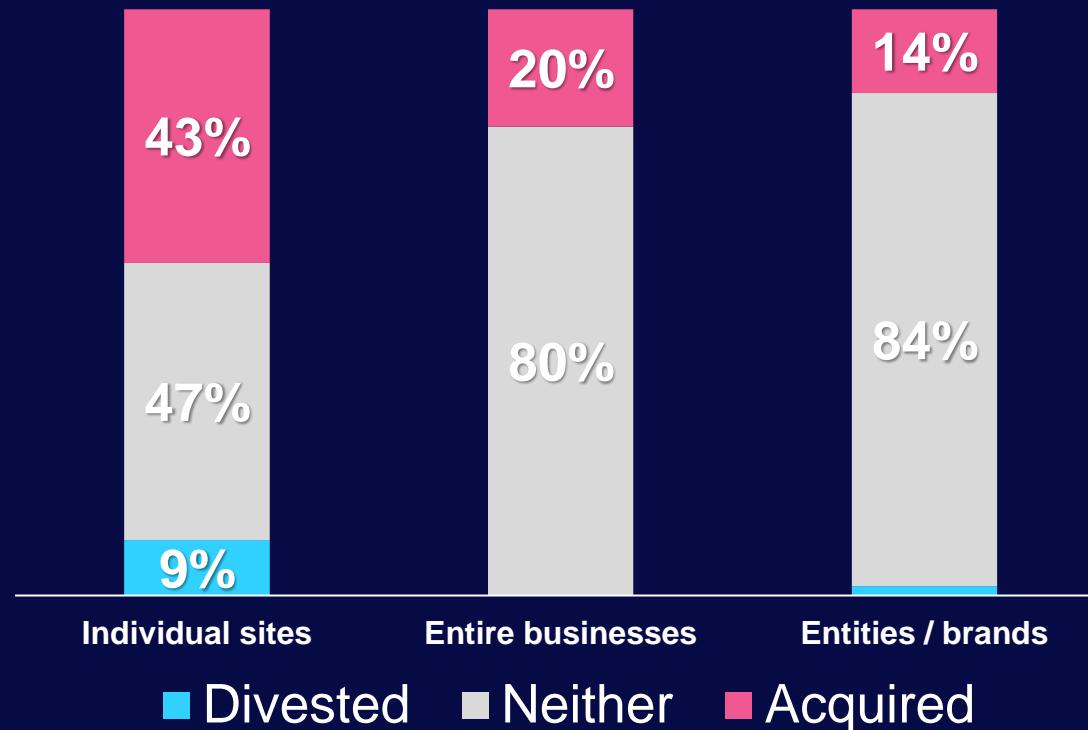
sites

Of those who said, 43% of respondents made some sort of acquisition within the past 24 months, with 47% planning one over the next year

Over the past 24 months has your business **expanded or divested**, any of the following? (Excluding don't know/ prefer not to say)

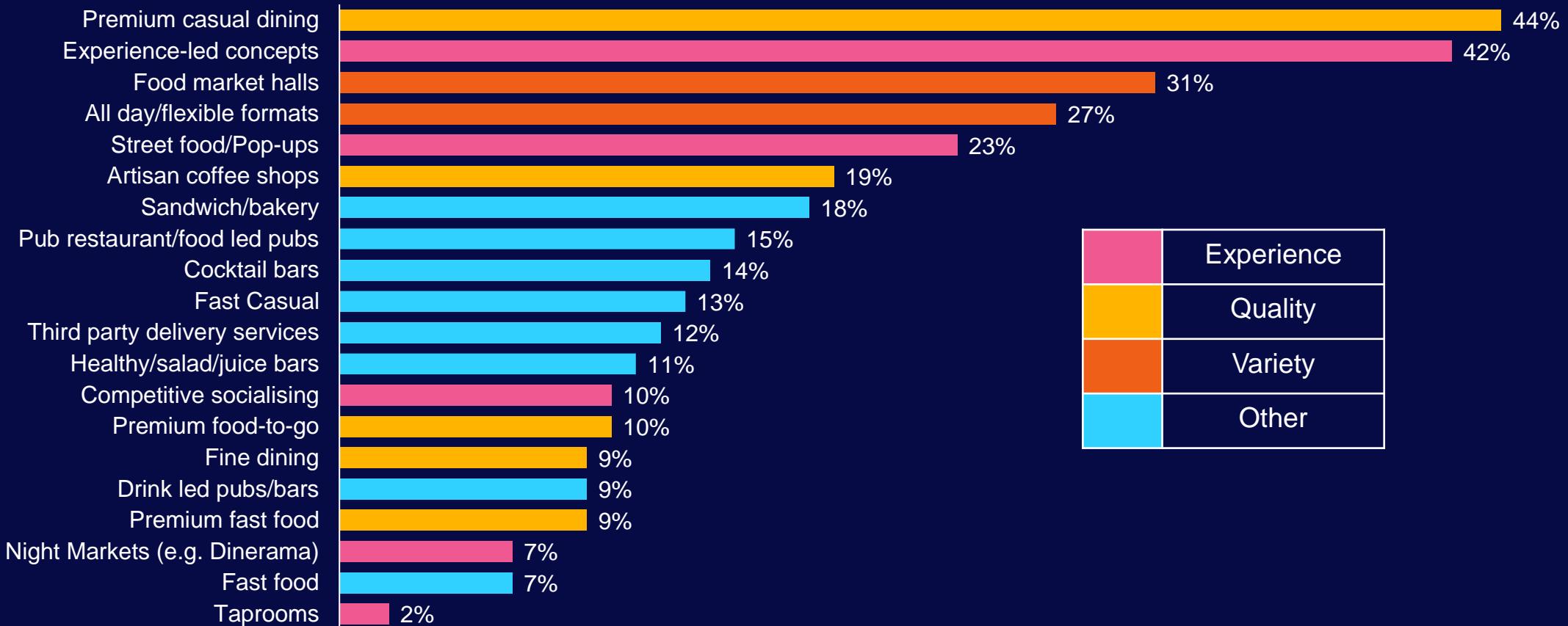


Over the next 12 months are you planning any business **expansions or divestments**? (Excluding don't know/ prefer not to say)



Experience, quality and variety – beyond basic food and drink offerings – are most expected to thrive in 2025, but competitive socialising has dropped from the spot at 42% in 2023 to 10% in 2025 as the rapid expansion may have led to saturation

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



Incorporating food, drink into the experiential offer will be a key strategy for operators in 2025. Entrusting some control to kitchen and brand takeovers collabs may also drive success

Which of the following in-outlet experiential mechanics, if any, are you considering implementing in 2025?

Please select all that apply (top 5 responses, excluding 'none of the above' at 20%)

#1

Tasting activities

(27%)

#2

Live music

(20%)

#3

Meet the brewer.
Distillery tastings

(16%)

#4

Kitchen pop-up/
takeovers

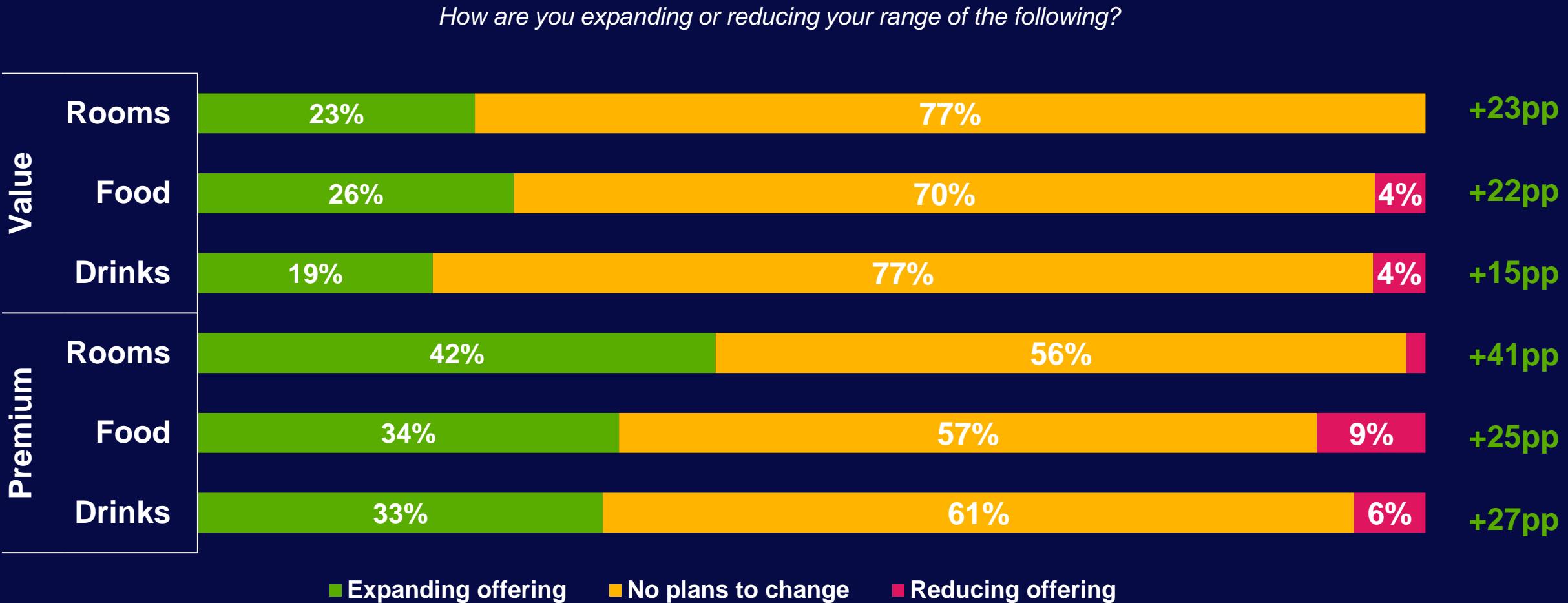
(14%)

#5

Brand takeovers

(13%)

Respondents are planning to increase their ranging across the board, but premium offerings are seeing a greater degree of expansion, particularly premium rooms among those who offer accommodation



Respondents are most confident in the connection points between their staff and their customers

How do you rate your business in comparison with the market across these key areas?

(5 where most see themselves as “market leading”)

Indexed “market leading” vs last year



But the same confidence does not exist across respondents' innovative capabilities and sustainability efforts

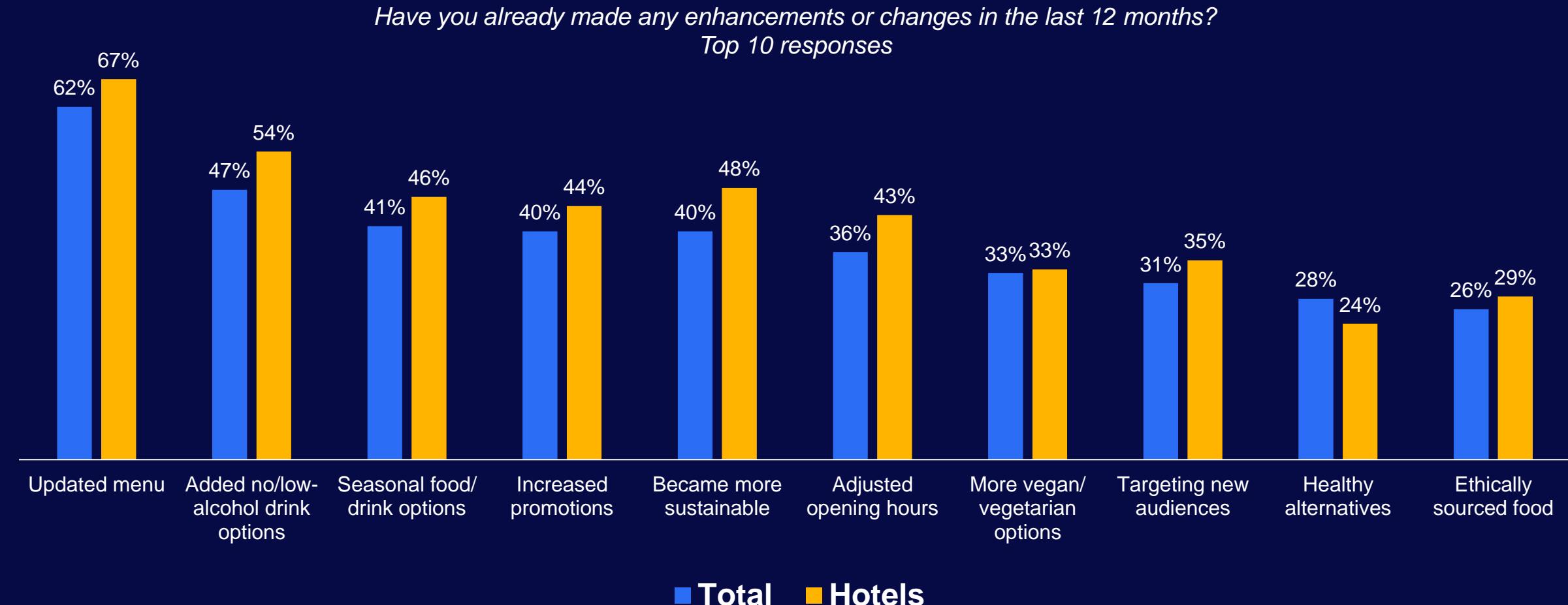
How do you rate your business in comparison with the market across these key areas?

(5 where most see themselves as "Behind market")

Indexed "behind market" vs last year

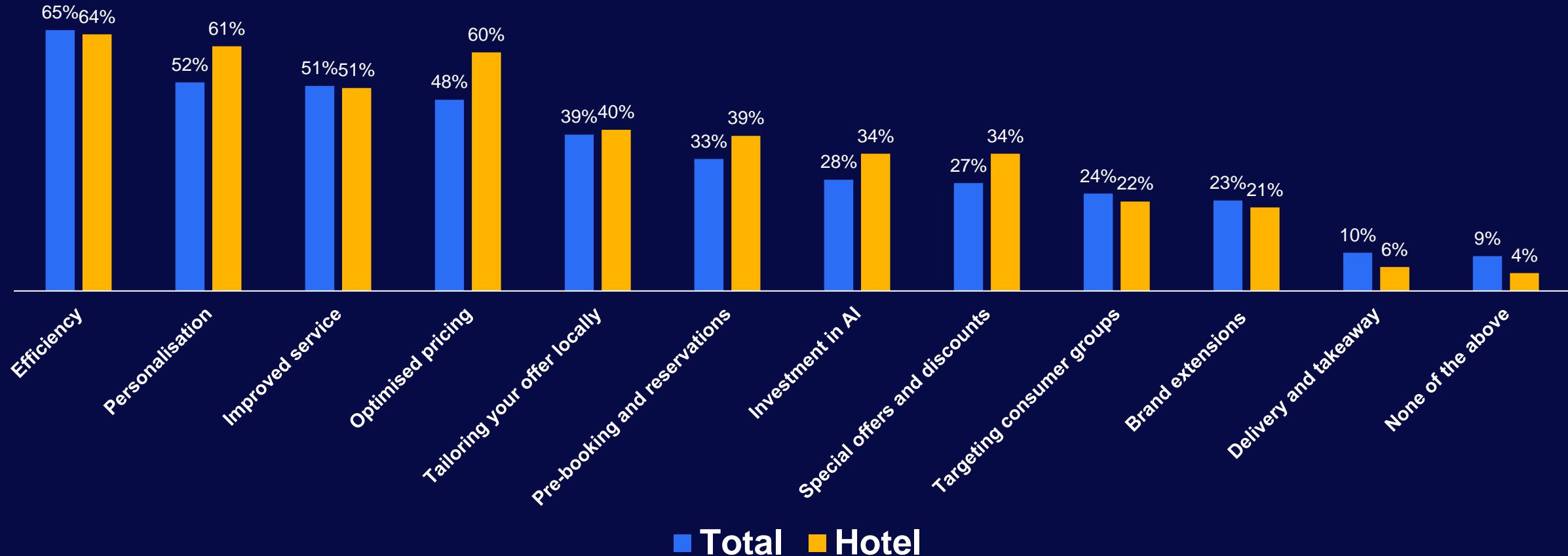


With only 17% feeling their no-low alcohol range is market leading, it has already received investment from many, alongside general menu updates and other new drinks options. Hotels are more likely to have invested across most areas



Efficiencies are a key growth target – reducing existing costs without compromising on quality. Hotels are more likely to invest in personalisation and optimising price points, with the aid of special offers and discounts

Which of the following are you currently prioritising as growth opportunities for your business in 2025?



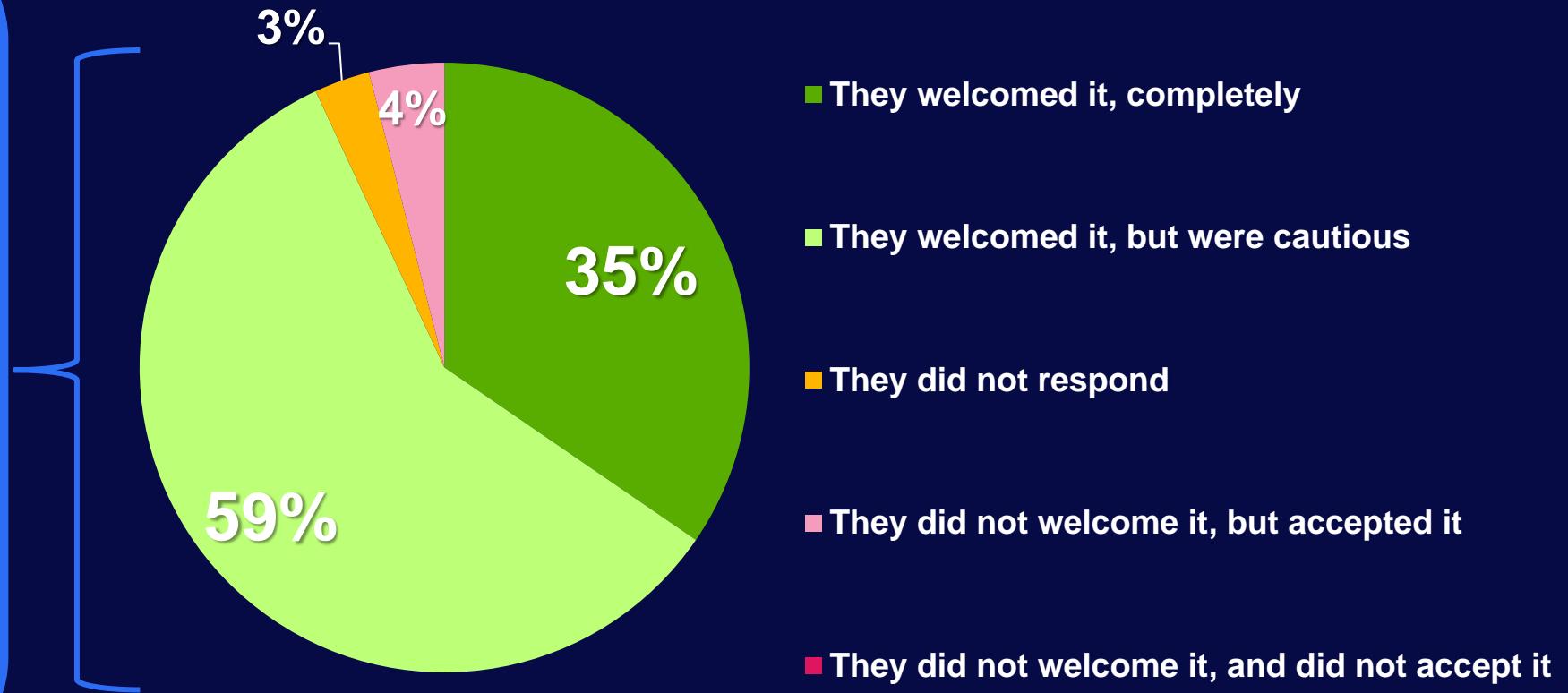
AI and technology

Over two thirds of respondents have already introduced technological solutions that have affected their staff, to a mainly warm, or at least understanding reception

70%

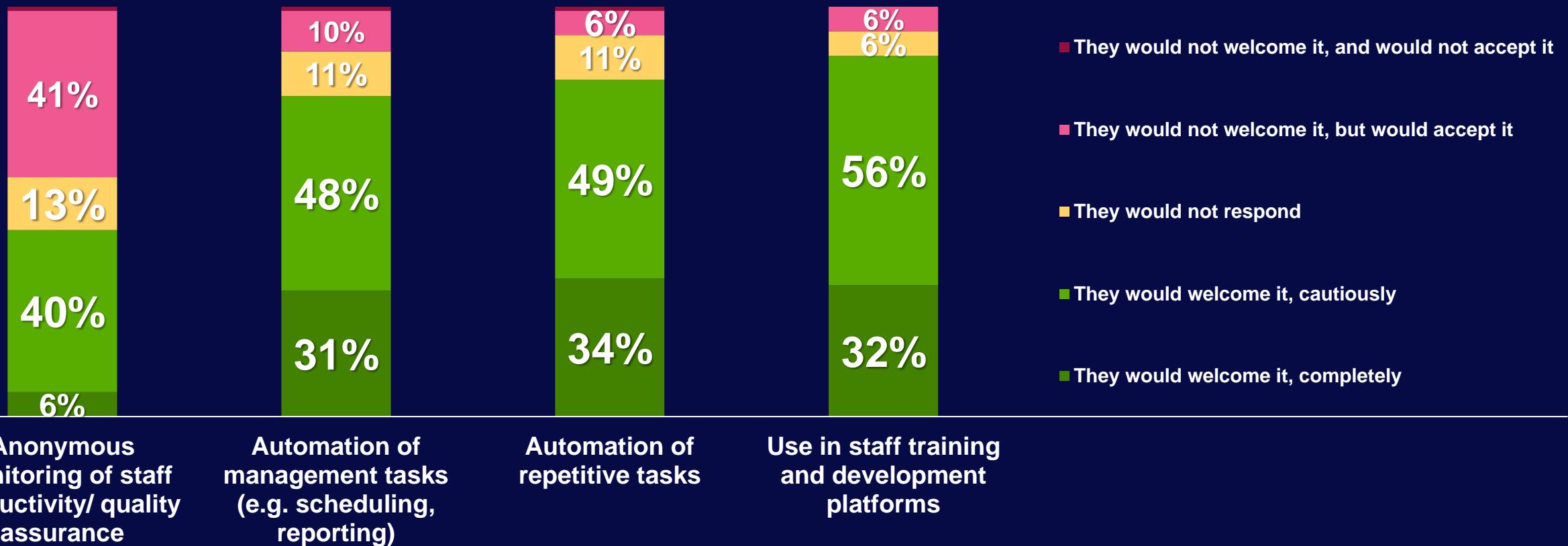
of respondents have
introduced technological solutions
that have had an impact on their
staff's ways of working

(70% of Hotels)



Respondents expect AI implementation would be welcome in automation of job roles, but when staff monitoring is concerned there is much more resistance anticipated

How do you think your staff would react to the following types of AI implementation in your business?



Office based AI sees the most interest, easing administrative burdens. Hotels are looking to implement AI in more areas, pricing a high priority, linking to their focus on pricing optimisation and investment in premium rooms

What uses of AI are you looking to implement? (Top 10)

