

Image Source: Shutterfly

Update on Recovery: Irish Foodservice Forecasts and Outlook

June 15th, 2022

Amid two years of unprecedented disruptions, the Irish foodservice industry has faced constant headwinds causing significant declines in market value in 2020 and 2021. In 2022, as Ireland—and the world—begins to reopen, re-engage and recover, new challenges have emerged that continue to create concerns for operators, distributors and suppliers to the industry.

Bord Bia has been at the forefront of providing industry insights and outlooks, having issued twice-annual reports since 2020 providing forecasts and expectations. Our Q4 2021 report outlined a cautiously optimistic forecast, noting that the industry was beginning to return to growth. However, with continued COVID-19 flare-ups in late 2021, some of that optimism has since been dampened.

In June 2022, most COVID-19-related restrictions have been stood down and the industry is seemingly operating in a more “normal” fashion.

Consumers are, for the most part, comfortable returning to foodservice, and the release of pent-up demand has largely been realised—at least through the first five months of 2022.

Most industry participants report significant growth, not only compared to 2021, but in some cases, are seeing even higher turnover compared to pre-pandemic levels. At the same time, the rapid return to normality has fuelled a significant rise in prices, and inflation is a very real problem that is impacting all parties. Labour and supply chain issues remain challenging and there appears to be structural issues that are unlikely to be resolved in the short term.

Given these dynamics, the goal of this whitepaper is to update the foodservice industry in Ireland on the expected trajectory of ongoing growth and recovery. Irish producers, operators, distributors and others serving the industry should view the contents of this whitepaper as inputs that allow for planning and strategic decision-making, both for the remainder of 2022 and into 2023. Bord Bia will continue to monitor developments and will present a more in-depth analysis toward the end of the year.

Technomic®

BORD BIA
IRISH FOOD BOARD

Subdued Growth Anticipated in Europe

Following strong growth in 2021, not only in the Republic of Ireland, but also the U.K. and the broader Eurozone, the European Commission economic outlook indicates a far more subdued growth figure for 2022 and into 2023.

Coming into the year, there was an expectation that economies would see a fairly robust and prolonged growth, but the Russian invasion of Ukraine, coupled with continued supply chain challenges, commodity cost spikes and upward pressure on energy costs, have all caused downward revisions in growth expectations.

Within Ireland, real growth of the economy (as defined by gross domestic product) should grow by 5.4% in 2022 and 4.4% in 2023. This remains higher than the U.K. or the entirety of the Eurozone, but the broader trendline indicates a potentially slowing economy through 2023.

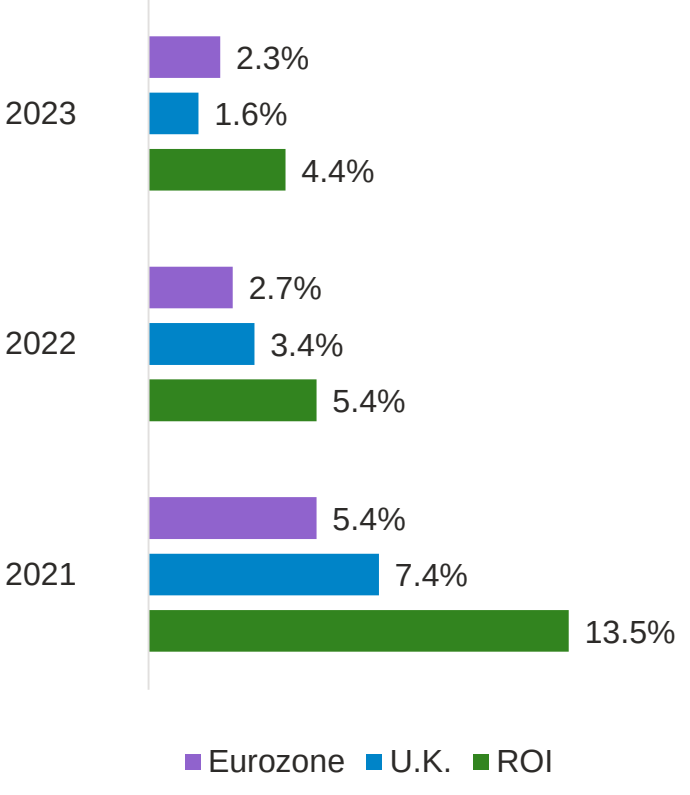
Strong Employment Leads to Labour Challenges

While Ireland's unemployment rate was higher than that of the U.K. in 2021, it has reduced significantly and is forecast to remain below the broader Eurozone throughout 2023.

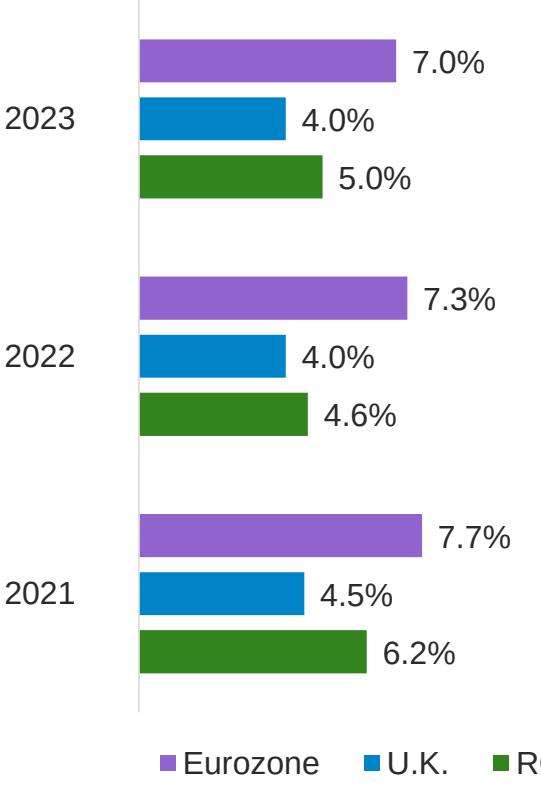
Despite the fact that a tight labour market is generally favourable for economic growth, there are indications that a large number of workers have dropped out of the workforce and, within the confines of the current labour situation, nearly every industry participant is reporting challenges in recruiting and retaining qualified workers. Previously, this had mostly concentrated on workers with specialised skills (such as formally trained chefs), but the labour shortage now extends to all parts of the economy and foodservice industry.

Although these numbers are published for the entire Eurozone and are annual figures, as of May 2022, the CSO reports an unemployment rates of 4.7%, lower than the official annual EU forecast figures would indicate.

Real GDP Growth by Year



Unemployment Rate by Year



Source: European Commission, European Economic Forecast, May 2022

Inflation Forecasts Much Higher for 2022

With economic growth projected to slow and labour remaining tight, another potentially significant shock to the broader economy and the foodservice industry is inflation.

Industry participants report increases across all categories, with commodity food costs, oils, beverages, paper and supplies all increasing, often at double-digit rates. Coupled with wage inflation due to the tighter labour market, the cost environment has made profitability much harder to attain in current conditions.

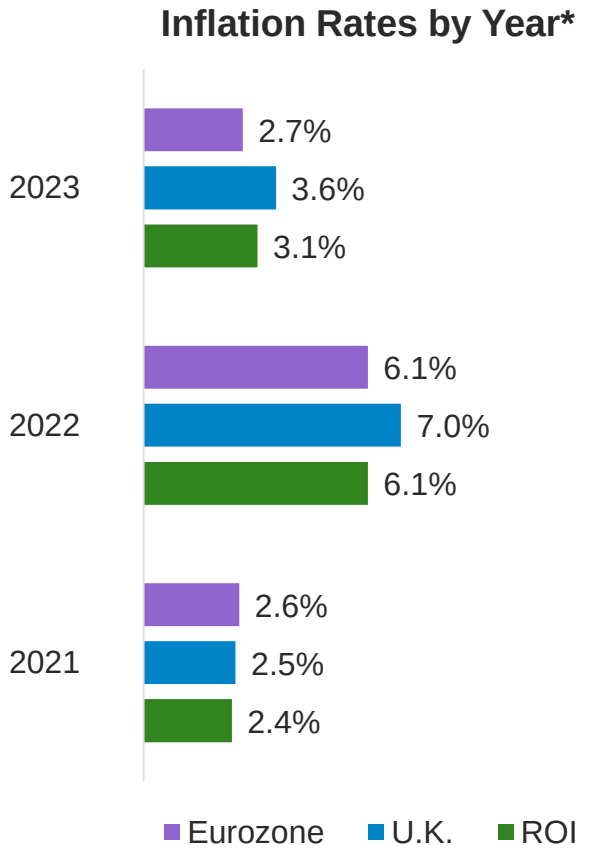
The European Commission's broader figures for inflation are shown below. Ireland's 2022 inflation is forecasted to be significantly higher than 2021 and on par with the broader Eurozone (but lower than what is forecasted for the U.K.). By 2023, Ireland's inflation rate is expected to be slightly higher than the broader Eurozone inflation and higher than in 2021.

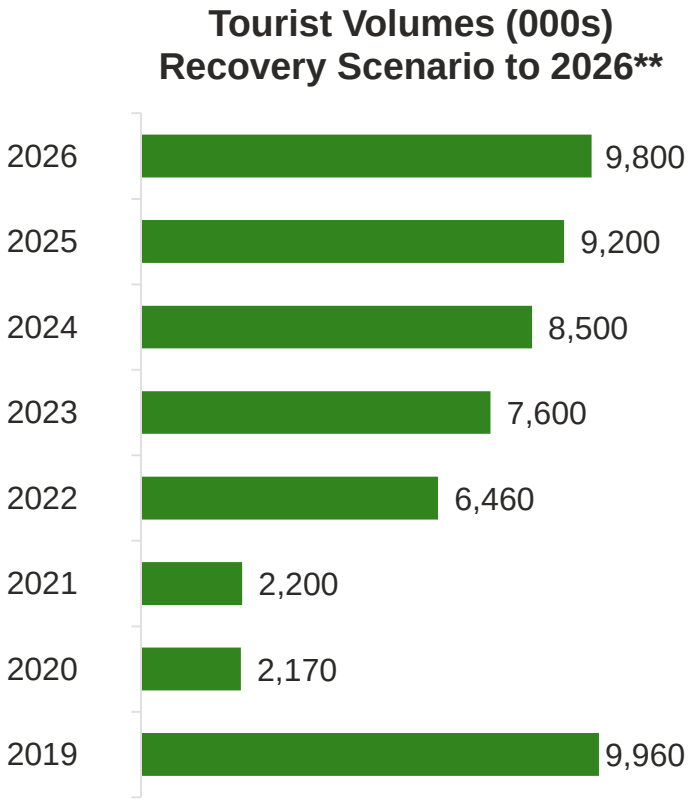
Tourism Expected to Regain Some Momentum in 2022

While the Irish foodservice industry is impacted by economic growth, employment and inflation, another key indicator for potential growth is the outlook for tourism; foodservice and hospitality are net beneficiary industries when tourism is strong.

Although this is broadly true, it has greater impact on urban centres like Dublin or Galway, as well as some regional areas that are more tourism-centric.

The Irish Tourism Industry Confederation (ITIC) predicts that 2022 tourism levels will likely reach 60%-65% of pre-pandemic levels. The optimism that had existed earlier in the year has been replaced with some concern, as the war in Ukraine and higher energy costs and inflation could lead to a pullback in consumers' willingness to spend. Full recovery on tourism volume may take until 2025-2026, unless there is stronger than expected recovery.





*Source: European Commission, European Economic Forecast, May 2022
**Source: Irish Tourism Industry Confederation, May 2022

Update on Foodservice Industry Conditions

Optimism was relatively high at the time of the previous Bord Bia and Technomic forecast in October 2021. The Summer season had been strong and while a number of restrictions were still in place, the industry was looking forward to a strong Christmas and a return to some sense of normality. However, with an omicron-fuelled wave of COVID-19 infections in late 2021 and into 2022, the Irish foodservice industry saw large-scale cancellations of Christmas parties and much lower turnover as consumers heeded government advice to stay home, again.

Below summarises some of the current key industry conditions that have impacted the overall thinking on industry forecasts and outlook.

Foodservice Operating Without Restrictions

Restrictions on activities within foodservice (including opening hours, vaccine certification and masking) began to be lifted in January. By Feb. 28, 2022, any final restrictions were removed and operators were allowed to run their businesses in a manner similar to pre-pandemic levels.

Since that time, there has been a huge release of pent-up demand and turnover has increased substantially as consumers returned to restaurants and foodservice. This return has not been particularly smooth, however. Even as the industry reopened, the war in Ukraine, coupled with labour issues and spiking inflation, have made current industry conditions feel anything but normal.

Profitability Issues

As previously noted, labour, supply chain, commodity price spikes and broader inflation are all impacting foodservice companies across the board. In many ways, operators report that conditions are almost as challenging as during the heights of the pandemic in 2020 - at a time when government supports allowed businesses to remain open and solvent. Today, although revenues are surging, government support is no longer available and the industry faces growth in costs that are significantly outpacing the ability to raise prices. Across the board, margins are under pressure.

Lower VAT Rate Extended Into 2023

One positive sign for the industry is the extension of the current VAT rate of 9%. The Irish government had reduced the rate from 13.5% in the 2021 budget, but this was set to expire in Q4 2022, a decision that has since been reversed. Given the level of inflation currently impacting the industry and, to a certain extent, being passed onto consumers, advance notice of retention of the VAT rate at 9% has been broadly welcomed.

Return to Offices Sluggish

A significant impact for restaurants, especially in city centres and certain Institutional sectors such as business and industry, is the slower return to offices. Although there are no COVID-19-related restrictions on office working, many businesses have not implemented a full return and most employees remain on some form of hybrid workplan. This is expected to continue for the foreseeable future, limiting the upside potential for growth for businesses dependent on office workers.

Northern Ireland Conditions

Separate forecasts are made for the Republic of Ireland and Northern Ireland. While similar trajectories exist, Northern Ireland reopened earlier in 2021; however, future growth forecasts have been dampened somewhat in the face of wider instability within the market.

Revised Forecasts

Given all of these variables, industry forecasts which show the value of the industry, will start to look more favourable, even as conditions remain challenging.

However, while the Spring has been strong and most expect a positive Summer, industry and broader economic conditions do suggest some consumer pullback in the Autumn. Prices are expected to remain high and the expectation is that there will be some consumer pullback in late Q3 and early Q4 of 2022.

With this current round of forecasts, Bord Bia and Technomic have revisited their final figures for 2021, relooked at 2022 figures and developed an initial outlook for 2023.

Growth of 2021 Through 2023 Total IOI

The final figures for 2021 have been revised down slightly to reflect poorer industry conditions in the fourth quarter than originally anticipated. Going into this calendar year (2022), most turnover figures were revised upwards - businesses are surging and the return of consumer demand has been exceptionally strong. Coupled with higher prices, the revenue figures for the industry are showing strong results, although there remains certain sectors and regions that are not fully benefiting from the robust growth.

Also, as noted, while the first half of 2022 is looking exceptionally strong, our forecasts expect some slower growth in late Q3 into Q4 of 2022. As a result, the growth is more "front-loaded" than in our October 2021 forecast. For 2023, higher inflation remains the expectation, and much of the growth forecasted will be driven by inflationary pressures.

Overall, the total foodservice industry in Ireland in 2022 should reach a value of €8.1 billion. This is a 58% increase over the value of 2021, which in turn was up 14% over the significantly reduced 2020 figures. In 2023, the industry is expected to grow 13% and will reach a value of €9.2 billion in 2023, which means that foodservice will be fully recovered on a value basis.

In our 2021 whitepaper, we included a recovery index which benchmarks the value of each segment to 2019 pre-pandemic levels. Thus, a value of 100 indicates that earlier value levels have been reached and ultimately "recovered." Anything less than 100 indicates that a full recovery has yet to occur.

When viewed on a comparative level through the recovery index, overall value for the Irish foodservice industry is expected to end calendar year 2022 with an index of 94.7 (revised up from 90.7), indicating that the industry will still be roughly 5% smaller than it was pre-pandemic (although some segments show full recovery and even growth relative to 2019 value levels). The index projected for 2023 is 106.9.

Forecast Outlook—IOI
(Nominal Change in Consumer Spending)

	2021 Final	2022 Current	2023 Projected
Limited Service	16%	32%	10%
Full Service	22%	72%	19%
Pubs	3%	154%	12%
Coffee Shops	20%	22%	10%
Hotel (F&B)	14%	77%	19%
Other Commercial	40%	121%	13%
All Commercial	**16%**	**59%**	**13%**
Business & Industry	-18%	120%	17%
Healthcare	2%	8%	4%
Education	26%	84%	9%
Other Institutional	5%	4%	3%
All Institutional	**0%**	**47%**	**9%**
Total Industry	**14%**	**58%**	**13%**
Total Change in Value Each Year (M)	**+€631**	**+€2,985**	**+€1,044**

Recovery Index—IOI
Value of Segment Indexed to 2019 Values
2019 Baseline=100

	2021 Final	2022 Current	2023 Projected
Limited Service	77.4	102.4	112.6
Full Service	53.8	92.5	109.8
Pubs	36.3	92.4	103.7
Coffee Shops	81.7	99.4	109.4
Hotel (F&B)	48.5	86.0	102.3
Other Commercial	43.0	95.2	107.3
All Commercial	**59.9**	**95.5**	**108.2**
Business & Industry	30.8	67.6	78.8
Healthcare	91.9	99.7	103.4
Education	53.3	97.9	106.2
Other Institutional	100.4	103.9	107.0
All Institutional	**58.5**	**85.8**	**93.6**
Total Industry	**59.8**	**94.7**	**106.9**

Note: All figures rounded; Values and indices include Northern Ireland turnover converted from Sterling to Euro;
Revisions as of June 2022

Recovery Index

The recovery index provides an alternative lens by which to view the health and outlook for the industry. To prepare the annual figures, more granular expectations are modelled and in doing so, it is possible to view the forecast on a quarterly basis. The chart below tracks the broader recovery in IOI based on the value of the industry in Euro from the start of the pandemic all the way through the end of the current forecast in 2023.

In reviewing these figures, full recovery is briefly reached in Q3 2022 with some deceleration Q4, and continued growth throughout all of 2023.

The growth figures overall in 2023 will be more modest once the industry has reached recovery levels.

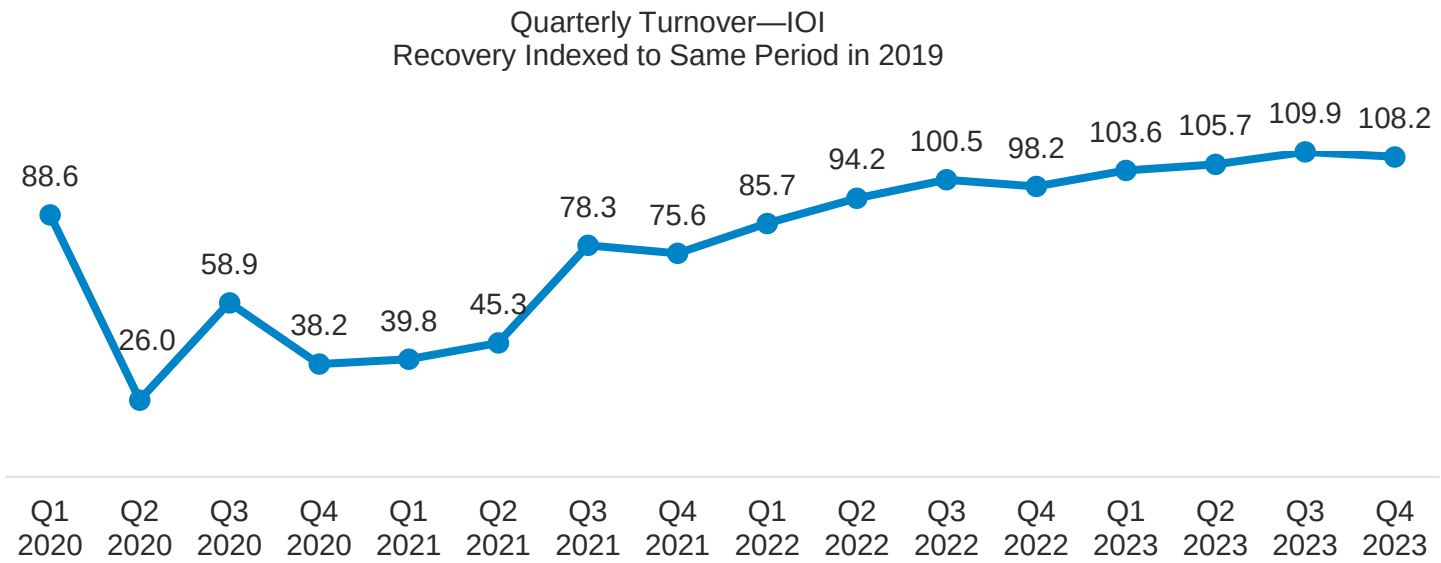




Image Source: Shutterstock

The Impact of Inflation on Growth Forecasts

As noted throughout this whitepaper, inflationary pressures are significantly higher today than they have been in the past. While the CSO does not issue a foodservice or restaurant-specific menu price inflation rate, industry observers interviewed for this research suggest that menu price increases have ranged anywhere from 10%-15% to upwards of 20%.

There is also an increasing spread between the cost charged from producer to distributor, from distributor to operator and from operator to consumer, with each tier finding it more and more difficult to fully pass on price increases to their customers.

What is increasingly clear however, is that the growth in the value of the industry - which is measured in consumer spending - is being accelerated by inflation.

Thus, while industry figures are looking healthier, it masks underlying challenges with the health of all industry participants that are experiencing tighter margins and increasingly difficult operating conditions.

More than one interviewee noted that current industry conditions feel “artificial” and “unstable”, and while most are doing what they can to take advantage of higher prices and a consumer willingness to spend, there seems to be a general acknowledgement that there may be a short time period for consumers to continue to spend on foodservice at a time where costs continue to increase at double-digit growth rates.

As it pertains to the current forecasts, removing inflation from growth rates shown suggests that “real” growth -that is, case volume or traffic - is still up, but is not growing to nearly the same extent that overall turnover or menu value is. If, as is anticipated, inflation remains at elevated levels into 2023, it is likely to result in little to no incremental growth in case volume or consumer traffic next year.

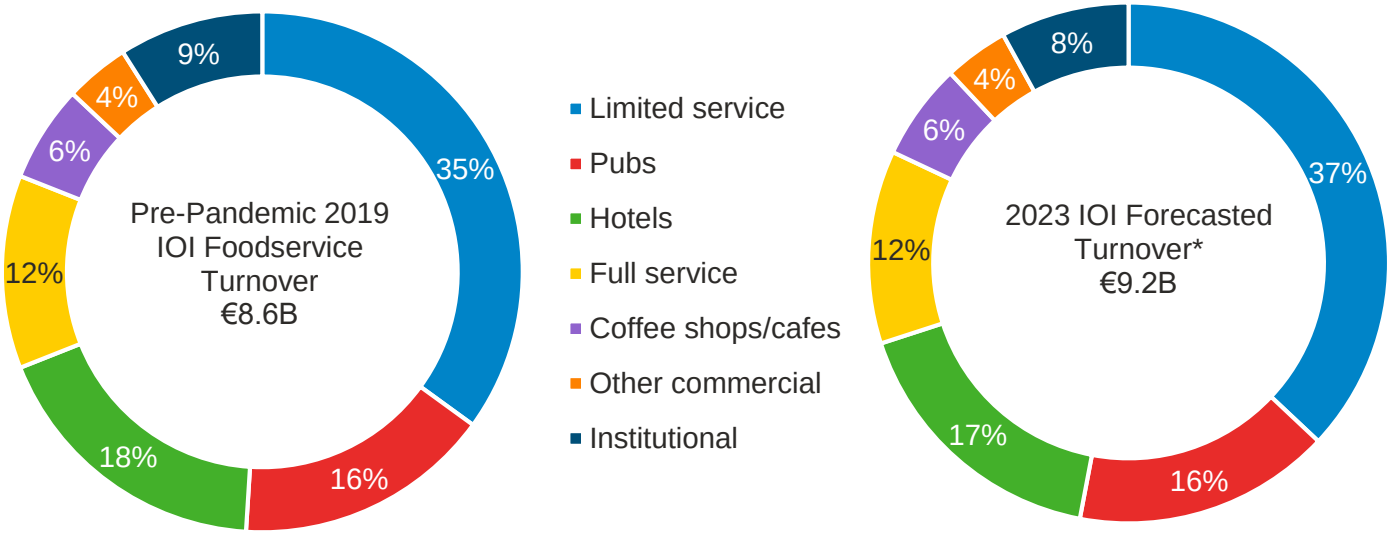
Industry Segmentation

As the industry sees continued growth and recovery, the outlines of the overall segmentation are starting to return to pre-pandemic levels.

Based on projections for 2022 into 2023, industry segmentation will continue to shift.

Overall, limited-service restaurants - which gained several share points during 2020 and 2021 - will revert slightly, but still will remain at 37% of the total industry.

Segments that lost share are regaining ground, with strong growth forecast. This includes pubs, full-service restaurants and hotels. The institutional sectors will remain at 8% of the total industry, which is a smaller share than it was pre-pandemic.



*Note: Initial estimates subject to revision

Differences in Outlook for ROI and NI

In line with previous reports, Bord Bia and Technomic evaluate the Republic of Ireland and Northern Ireland markets separately. While much of this whitepaper shows figures that combine the performance of both ROI and NI into one IOI overall performance update, there are some overall differences in sales and forecasting by market. These differences are driven by the economic, demographic and governmental backdrops, and the roll-ups also include a conversion back from sterling to euro (which often changes growth figures depending on the strength of the euro relative to sterling).

During the course of the pandemic, the U.K. (and Northern Ireland) had differing policies and restrictions relative to the Republic of Ireland. Going forward however, the expectation is that restrictions will remain lifted in both markets.

The recovery index was higher in the North in 2020-2021, But with a stronger recovery and a return to tourism in the Republic in 2022 and 2023, recovery should accelerate faster in ROI going forward.

More details on the segment-specific figures and growth rates within both ROI and NI can be found in the appendix.

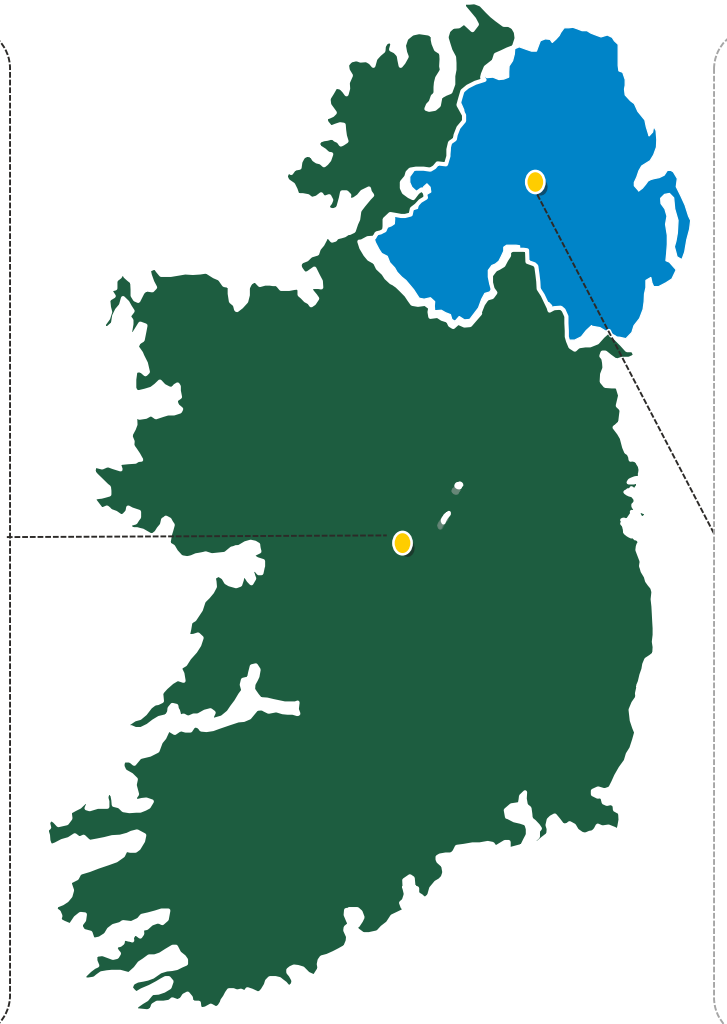
Republic of Ireland

2020 Turnover
€3.3 billion
-47.9% change
52.1 index

2021 Turnover
€3.7 billion
12.6% change
58.7 index

2022 Turnover
€6.0 billion
59.4% change
94.5 index

2023 Turnover
€6.7 billion
12.5% change
106.4 index



Northern Ireland*

2020 Turnover
£1.1 billion
-46.5% change
53.5 index

2021 Turnover
£1.2 billion
15.4% change
61.7 index

2022 Turnover
£1.8 billion
47.2% change
90.9 index

2023 Turnover
£2.0 billion
13.9% change
103.5 index

*Note: Value on the map is shown in sterling. These figures are converted to euros for Island of Ireland summary figures show in other parts of this whitepaper
Note: 2022 and 2023 forecasts are current estimates subject to revision

Segment-Specific Expectations

Beyond the broad trends previously outlined, the forecasts take into account other segment-specific issues as described below.

SEGMENT	CONSIDERATIONS FOR OUTLOOK IN 2022/2023 AND BEYOND
Limited-Service Restaurants	• The model for LSR remains strongly aligned with continued elevated consumer demand for takeaway and delivery. Drive-thrus are likely to be a major focus, both for QSR and even some fast casuals looking to generate incremental revenues. • Investment in technology will continue to mitigate labour issues and accelerate frictionless ordering and payment.
Full-Service Restaurants	• Labour challenges are hitting this sector hard, not only for qualified culinary staff, but all types of back-of-house and front-of-house positions. • There is some concern about survival of smaller independent operators, particularly with profitability issues following the removal of government support. Debt restructuring may become a critical issue for restaurants in the next six to twelve months.
Coffee Shops	• Coffee shops are adjusting business models, particularly for city centre locations (that have not fully recovered). In some areas, food offers have been altered significantly as daypart shifts occur (i.e., fewer hot sandwiches or soup offers, more grab-and-go, etc.).
Pubs	• A notably strong return of the pub guest has made most off-premise initiatives redundant. • There have been few pub closures in city centres, and those that remain are seeing high revenue spends and increased demand for investment. Rural pubs, conversely, still struggle more and may see additional “right-sizing” to adjust for demand.
Hotels	• Ukrainian refugees have taken up approximately 5% of the bedroom stock, which in turn has had an impact on the broader recovery of food and beverage sales in certain hotels. • Event revenue (including weddings and corporate functions) is likely to remain strong as many postponed events are rescheduled for 2022. These events are less price-sensitive and should lead to continued strong growth through Q4 of 2022. • There is a broader concern about the state of tourism and how long it will take for Ireland to regain the tourist numbers lost during the pandemic.
Forecourt/ Convenience	• Motorways continue to drive growth and recovery. City centre locations are still often delayed in their overall recovery until such time as office workers and significant tourist numbers return. • Similar to LSR, operators in this area are investing in technology (i.e., self-ordering kiosks, online ordering, etc.) and loyalty programs to drive customer engagement.
Other Commercial	• Sporting and music events have seen a surge, although most other commercial operators are operating as normal. Many of these are tourist dependent, so full recovery is still sometime in the future.
Business & Industry	• Blue-collar (industry) contracts continue to show exceptional strength. White-collar (business) accounts are slow to return, and many companies are using food as one of the “carrots” to encourage a return to the office. Many new contracts are being negotiated much more on price than in previous years.
College & University	• Universities are generally open with few/no restrictions. While some international students have already returned, there is an expectation that more will be back on campus by Q4 2022.
Health	• Visitor feeding and hospital cafeterias are generally open and operating as normal, although staffing issues often prohibit full capacity. The nursing home sector has remained relatively unaffected, given that most foodservice is aimed toward residents.
Other Non-Commercial	• This generally includes other institutional sectors like prisons and defence. With rising input costs, these sectors - which have always been cost-focused - will continue to evaluate ways of saving on food and labour. • Overall declines were minimal and likewise, overall growth expectations are relatively small given the nature of the business.

Trends and Issues to Monitor

This whitepaper described some of the key issues and challenges facing operators, including labour and inflationary issues. Going forward, additional areas to monitor that will likely have an impact on the foodservice include:

Supply Chain Uncertainty

The war in Ukraine, in addition to driving costs higher, is exacerbating an already challenging situation with product availability. Operators and distributors report challenges in obtaining products of all types. This has also been hampered by production issues (often driven by labour shortages) and ongoing challenges related to Brexit.

Fuel Price Increases

Other inflationary pressures that should be noted are the price of fuel and broader energy costs. This has had an impact on operator and distributor profitability—from the cost of transport to energy bills. These costs are also affecting consumers and may cause some pullback should they remain elevated into the Winter of 2022-2023.

The Return to Sustainability

Consumer demand for environmentally friendly, "green" solutions is intensifying. This continues to be manifested most often in packaging, but many operators and distributors are investing in initiatives around energy and water consumption, in addition to food waste. Menus are increasingly calling out local solutions -both as a response to an increase in demand for Irish products, but also as a way to promote lower "food miles" and sustainability credentials associated with Irish producers.

Outdoor Seating to Remain...For Now

A recent decision to extend the operation of outdoor seating areas for pubs and restaurants was broadly welcomed as the hospitality industry enters the Summer season. This six-month extension allows the sale of alcohol in outdoor seating through the end of November. The legislation applies where outdoor seating has been approved by local authorities and should provide opportunities for restaurants and pubs to generate incremental revenues during the summer months.

Shifts in Consumption Patterns

Beyond the challenge in getting people back to work, foodservice is also faced with dynamics that shift the busy times of the day and week. With hybrid/remote working remaining popular, city centres are seeing much more evening trade during the week than previously. At the same time, suburban locations are seeing more breakfast and lunch trade than pre-COVID-19.

Shifts to Value and/or Premium But Away From the "Middle"

As prices rise, consumers are more frequently gravitating toward one extreme or the other. Higher-end consumers remain focused on the experience and are less price-sensitive, but other consumers feel the need to find value offerings as they dine out. This dynamic suggests that there will be less future demand for offerings in the "middle."

A Need to Return to Innovation

Most industry observers note that innovation has been curtailed. With recovery happening so fast and supply, labour and inflationary issues persistent, there is an acknowledgement that new product and service innovation hasn't happened with the same speed it used to. Operators have less of an appetite for new items and suppliers are reluctant to innovate when they are having trouble delivering their existing portfolio of products. However, most note that as things return to "normal" there is a renewed need to focus on innovation as a growth driver.

Shortening Menus

Finally, with supply chain and cost increases hammering operators, many have continued to shorten their menus. This includes not only fewer menu items - and those that generate the highest margin - but also reducing portion and serving sizes as well.

Outlook and Recommendations

The foodservice industry in Ireland has survived massive disruption, changing consumer needs and governmental restrictions, and is currently experiencing rapid growth as the Irish consumer desires to return to “normal.” At the same time however, tremendous new pressures have created a perfect storm of challenges that has made the recovery feel more tenuous than many would have expected even six months ago.

Despite this, Bord Bia and Technomic remain bullish on the longer-term outlook for the industry. The release of pent-up demand shows how important consumers consider hospitality and foodservice, and they will continue to visit even as many of these economic and geopolitical issues remain.

There are key considerations for all players serving the industry to bear in mind in order to maintain the momentum that this recovery has offered.

- With cost increases so prevalent, **value creation is paramount.** Many operators are less worried about food cost percentages and just trying to maintain actual cash margins. Promoting higher-yield items and products that have wide applicability across the menu should be a focus as well as emphasising the actual margin earned, rather than just focusing on the food cost.
- Labour remains a primary need for nearly every company serving foodservice. **Labour-savings solutions remain critical;** this includes ways to reduce back-of-house prep, but it may also include ways to ease front-of-house labour as well (i.e., technology solutions).
- **Continue to tout “local” as much and often as possible**. Irish products are likely to gain even more popularity, not only due to sustainability demands, but also as a result of supply and transport issues.
- **Anticipate some deceleration in Q3 and Q4 of 2022**. While the recent past has seen significant revenue surges, this is likely to slow as elevated prices on restaurant meals, fuel, groceries and other items start to impact consumer behaviour. Plan accordingly for slower growth and some “reset” of demand. Note that this does not mean the industry will decline, but indicators show slower growth ahead.



Image source: Shutterstock

Bord Bia Irish Foodservice Industry Supports

- Sign up to monthly Irish Foodservice Newsletters at: www.bordbia.ie/industry/news/foodservice-newsletter/
- Contact Maureen Gahan, Foodservice Specialist maureen.gahan@bordbia.ie

Appendix:
Total ROI Growth and Indexing

	2020 Final	2021 Final	2022 Revised Forecast	2023 Forecast (New)	2022 Index vs. 2019	2023 Index vs. 2019
Limited Service	**-32.9%**	**14.4%**	**33.0%**	**10.0%**	**102.1**	**112.3**
Quick Service	*-33.5%*	*15.4%*	*33.8%*	*10.3%*	*102.7*	*113.2*
Fast Casual	*-48.0%*	*12.2%*	*65.8%*	*11.0%*	*96.7*	*107.3*
Food to Go	*-25.2%*	*11.0%*	*22.1%*	*8.4%*	*101.4*	*110.0*
Full Service	**-56.9%**	**21.4%**	**75.8%**	**18.7%**	**92.0**	**109.1**
Pubs	**-66.3%**	**0.4%**	**176.2%**	**10.9%**	**93.6**	**103.8**
Coffee Shops	**-32.2%**	**18.7%**	**23.2%**	**10.2%**	**99.2**	**109.2**
Hotels	**-57.5%**	**12.1%**	**78.9%**	**17.9%**	**85.2**	**100.4**
Other Commercial	**-69.4%**	**35.4%**	**130.6%**	**12.3%**	**95.6**	**107.5**
Total Commercial	**-48.4%**	**14.0%**	**62.1%**	**12.7%**	**95.4**	**107.6**
Business & Industry	**-61.8%**	**-19.3%**	**121.0%**	**14.4%**	**68.2**	**78.1**
Healthcare	**-9.9%**	**1.5%**	**7.7%**	**6.0%**	**98.5**	**104.4**
Education	**-57.2%**	**22.9%**	**81.0%**	**10.7%**	**95.2**	**105.4**
Other Institutional	**-4.2%**	**5.3%**	**2.7%**	**3.0%**	**103.5**	**106.6**
All Institutional	**-42.1%**	**-1.5%**	**48.8%**	9.9%	**84.3**	**92.7**
Total All ROI	**-47.9%**	**12.6%**	**61.0%**	**12.5%**	**94.5**	**106.4**

Appendix:
Total NI Growth and Indexing*

	2020 Final	2021 Final	2022 Revised Forecast	2023 Forecast (New)	2022 Index vs. 2019	2023 Index vs. 2019
Limited Service	**-33.9%**	**18.3%**	**26.4%**	**10.0%**	**98.9**	**108.7**
Quick Service	*-34.0%*	*18.4%*	*26.7%*	*10.1%*	*99.0*	*109.1*
Fast Casual	*-46.4%*	*22.1%*	*42.4%*	*10.2%*	*93.3*	*102.8*
Food to Go	*-25.3%*	*16.1%*	*16.5%*	*8.4%*	*101.0*	*109.5*
Full Service	**-53.6%**	**21.2%**	**59.3%**	**18.8%**	**89.6**	**106.4**
Pubs	**-59.8%**	**5.4%**	**101.2%**	**16.3%**	**85.2**	**99.1**
Coffee Shops	**-31.1%**	**21.8%**	**14.4%**	**9.5%**	**96.0**	**105.0**
Hotels	**-56.3%**	**15.1%**	**68.4%**	**22.0%**	**84.7**	**103.2**
Other Commercial	**-69.0%**	**53.6%**	**88.0%**	**14.3%**	**89.4**	**102.2**
Total Commercial	**-47.3%**	**17.4%**	**48.0%**	**14.6%**	**91.6**	**105.0**
Business & Industry	**-64.7%**	**-15.4%**	**111.1%**	**22.4%**	**63.1**	**77.3**
Healthcare	**-9.5%**	**0.6%**	**6.7%**	**0.0%**	**97.2**	**97.2**
Education	**-58.8%**	**29.4%**	**83.8%**	**5.0%**	**98.0**	**102.9**
Other Institutional	**-3.5%**	**0.6%**	**3.7%**	**3.0%**	**100.6**	**103.6**
All Institutional	**-40.8%**	**1.7%**	**41.2%**	**7.5%**	**85.0**	**91.4**
Total All NI	**-46.5%**	**15.4%**	**47.2%**	**13.9%**	**90.9**	**103.5**

*Note: Figures shown reflect NI performance in local currency (sterling)

Forecasting Methodology

- This paper was drafted during May and early June 2022, with assumptions built on an ongoing month-by-month evaluation of the impact of COVID-19 against the baseline 2019 monthly revenue numbers.
- Input from the industry was gathered during April and May 2022.
- The modelling accounts for the varying levels of sales from month to month based on broader industry tracking and estimates developed jointly by Bord Bia and Technomic.
- The forecast for 2022 and 2023 includes and incorporates the historic impact of seasonality and other historical peaks and troughs of sales for each segment.
- Inputs represent the “most likely” scenario, but should in all cases be considered a middle-case scenario. While some stability has returned, the levels of volatility are still higher than pre-pandemic, and there is a possibility of significant revisions to current forecasts.
- Various historical and forecast inputs are employed in the Irish foodservice model and are drawn from a number of sources including primary interviews conducted over the past 30 days and our broader evaluation of restaurant and foodservice data in Ireland, the U.K. and other global foodservice markets. Sources also include Technomic’s 55-plus years of industry modelling and forecasting, and other inputs from secondary sources such as consumer and industry research/ publications and other publicly available data.
- Assumptions for the forecast for each year are national in scope, but we assume that not every area of the Republic of Ireland and Northern Ireland will have the exact same experience or results.
- Using all of the above, Bord Bia and Technomic have evaluated the outputs of the model for reasonability and where necessary, have revised the modeling and weighting of different inputs based on unique macro situations.
- As the situation progresses and more “actual” information and results become evident for 2022, models will be updated to reflect sales data in each segment. Further revisions and updated forecasts will be provided in Q4 2022.

June 15th, 2022

BORD BIA
IRISH FOOD BOARD