



# CGA Prestige **Foodservice Price Index (FPI)**

## **Snapshot Report - March 2024**

Your source for accurate data, analysis and insights into today's food prices.

# Monthly Snapshot..

## Executive Summary

The CGA Prestige Foodservice Price Index (FPI) has reported a significant milestone, with food inflation rates falling below 10% for the first time in two years. This historic downturn represents the largest month-on-month decline ever recorded, with a substantial decrease of 1.4%.

As FPI food inflation continues to trend downwards, the Consumer Price Index (CPI) for food has this month seen a marginal increase of 0.1%. Despite this, the rate of FPI inflation has now settled below the 10% mark, remaining however, at more than double the retail level, which stands at 4.0% year-on-year. Whilst only one category has decreased in price year-on-year every category within the FPI has experienced a reduction in prices month-on-month, a mark of a fundamental shift in markets.

In further positive developments for inflationary pressures, UK wage costs have shown signs of easing. February witnessed a growth of 4.2% in wages which when adjusted for inflation, falls to 2.9% real-term wage growth. This is expected to help continue the easing in inflation over the months ahead, with the Office for Budget Responsibility (OBR) anticipating CPI inflation to align with or approach the 2% target by the fourth quarter of this year.

### Inflation Ups & Downs against February..



In March 2024, the UN FAO Food Price Index (FFPI) experienced a slight increase, reaching 118.3 points, which is a 1.1 percent rise from the revised February level. This increment was primarily driven by higher prices in the vegetable oils, dairy products, and meat indices, which collectively outweighed the declines in sugar and cereals. Despite this recent uptick, the FFPI was still 7.7 percent lower than the same period last year, continuing a general trend of decline over the past seven months.

The oil market showed a modest relaxation in prices with Brent Crude averaging at £66.25 per barrel in March. However, it's important to note that this figure is part of a five-month upward trend in oil prices. Concurrently, the British pound has been gaining strength, buoyed by positive economic indicators, which is a promising sign for the UK's financial stability.

Elsewhere, the stock market has recently achieved new heights, spurred by the anticipation of interest rate cuts and a brighter outlook for economic growth. This optimism in the financial markets is reflective of the confidence investors have in the economy's trajectory.

While these figures indicate a positive direction for the foodservice industry, vigilance remains crucial. The sector continues to navigate potential challenges such as the implementation of border checks in the UK, which may contribute to additional supply costs.

While the continued decline in inflation rates is undoubtedly positive news, it is crucial for hospitality businesses to exercise acute attention to their purchasing strategies during this period. As price inflation falls, it presents a pivotal opportunity for operators to review and refine their procurement processes, ensuring they capitalise on the changing market conditions to secure the best possible terms and maintain a competitive edge.



Prestige Purchasing are a leading expert in Value Chain. We provide knowledge, insight, and practical support to hospitality and foodservice businesses. We improve profitability by improving the way in which our clients source and manage what they sell.

Our services are tailored to allow us to assist businesses of any scale in the sector. Offering a bespoke consultancy based model we offer services contextualised in the statements below for our clients.

#### Supply Optimisation

For growing businesses that have not yet established a mature supply chain function we provide outsourced services that deliver profit improvement through the application of best in class techniques, using our team of experienced and capable buyers.

David Gillham  
Commercial Director  
T - 07917 303970  
E - david.gillham@prestige-purchasing.com

#### Procurement Transformation

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A portfolio of services to support fully established procurement and supply chain teams in their mission to add value to their organisation. Services include Insight, Training, Analytics and Benchmarking.

Our services are 100% Transparent FIXED fee based and deliver between 2 and 7 times return on investment all backed up with financial guarantees.

We do not aggregate volume with other operators and build each project or service bespoke for each of our clients' needs delivering the maximum benefit to our clients bottom line.

Shaun Allen  
Chief Executive Officer  
T - 01908 324066  
E - shaun.allen@prestige-purchasing.com

Office Address: Aurora House, Deltic Ave, Rooksley Roundabout, Bradwell Common, Milton Keynes MK13 8LW



CGA by NIQ provides definitive On Premise consumer intelligence that reveals new pathways to growth for the world's most successful food and drink brands. With more than 30 years of best-in-class research, data, and analytics, CGA by NIQ provides the Full View™.

James Ashurst  
Client Director  
T - 0787 023 4646  
E - james.ashurst@cgastrategy.com

Office Address: Strawberry Studios, Watson Square,  
Stockport SK1 3AZ

CGA by NIQ works with food and beverage suppliers, consumer brand owners, wholesalers, government entities, pubs, bars, and restaurants to protect and shape the future of the On Premise experience. Using the most complete and clear understanding of measurement and insights, CGA by NIQ provides a competitive edge to guide winning strategies for On Premise businesses.

NIQ was founded in 1923 and is an Advent International portfolio company. For more information, visit [NIQ.com](http://NIQ.com) or [www.cgastrategy.com](http://www.cgastrategy.com).

CGA  
T: 0161 476 8330  
E: [hello@cgastrategy.com](mailto:hello@cgastrategy.com)  
Follow us on Twitter: @CGA\_insights