



SELLING TO YOUR CUSTOMERS

By Peter Thor, BFC

Is your restaurant performance good, really good? The best restaurants are always seeking to improve; and an encouraging leadership team seeks “Kaizen” a Japanese term meaning continuous revision (in order) to improve. Let’s face it, the food industry is in uncertain times. Operators must strike a difficult balance between generating traffic and protecting the bottom line. Recent news reports confirm consumers are under pressure and it’s likely to get worse. Inflation is upon us and a recession is looking more likely in 2023.

Independent pizzerias depend almost entirely on a local customer base, so it is critically important to know who your customers are and who you want to attract and keep. A community-based marketing program is important, and success will depend on your ability to foster a genuinely warm, authentic and comfortable experience. Front to back, running a restaurant takes a lot of hard work, and also a plan. Do you remember of a time when you were wowed at a business or restaurant? Something about the experience exceeded your expectations and surprised you. As a restaurant owner or manager you are capable of making all your customers feel that way. To accomplish this, you need to sell your customers what matters to them.

Consumer behavior is multilayered, and in every community, customers can weigh value on different things. A recent research finding by the NPD group has interestingly found that promotional deals are typically not the most important factor in choosing a restaurant, and may be declining in value since ad messaging is so pervasive. Restaurant customers are more focused on food quality, friendly service, taste, and affordability than on “deals”. Speaking of food quality, Bellissimo sources only the finest ingredients, featuring authentic flavors and tastes of Italy. A culture of continuous improvement suggests trying Bellissimo products which offer the best quality/value combination in the industry. Competition is keen in our industry, and chances are that another restaurant sells similar food nearby, so it’s the quality of your food that matters.

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POULTRY OUTLOOK

By Peter Thor, BFC

For two years we’ve experienced the worst combination of product shortages and price increases in the past 20 years. Shortages were so severe that the rapid price increases were of secondary concern. Finally, relief is at hand in both product supply and pricing. Chicken pricing was expected to be the first major category to show both supply and pricing relief, if only for the fact that the product life cycle is relatively short and grain conversion to protein rate is much better than for pork or beef.

During the pandemic, demand for chicken remained strong, in fact surpassed supply, due to the versatile uses for chicken, fitting into both foodservice takeaway and

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MARKET UPDATE

| Dairy | PRICE | LAST MONTH | DIFF |
|---------------|---------|------------|-----------|
| Cheese Blocks | \$1.858 | \$1.963 | (\$0.105) |

The milk, cheese, and butter markets are beginning to experience downward pressure after mixed signals during the first half of January.

| Beef | PRICE | LAST MONTH | DIFF |
|---------------|---------|------------|---------|
| 50% Trimmings | \$1.093 | \$0.966 | \$0.127 |

Year-to-date beef output is running at 1.7 percent smaller than a year ago. Tightening beef production should boost beef prices, but slaughter-ready cattle may last longer than originally forecasted.

| Poultry | PRICE | LAST MONTH | DIFF |
|---------------|---------|------------|---------|
| Wings (Jumbo) | \$1.022 | \$0.913 | \$0.109 |

For the week ending Jan. 28, the weekly number of chickens slaughtered was 5.5 percent more than the prior week and was unchanged from a year ago. The average bird weight was 1.7 percent lighter (y/y).

As of 2/10/23

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But as the NPD group research points out, food quality heads the list but is not all that matters. Friendly service and affordability rank high to your customers whether you are dine-in or quick service take-out. Speaking of first impressions, viewing your menu is almost always the first interaction that customers have with your restaurant. A menu doesn't simply list the kind of food and prices, rather it should convey the atmosphere and tone of your brand. A quality menu should have logic to navigate layout and clear easy to read text, of course surrounded by mouthwatering photos of your food. Finding a way to highlight specials can keep things exciting for loyal customers as well as periodically updating the menu with new items tracking industry trends and customer favorites.

Menu items and pricing are amongst the most strategic decisions one makes in the restaurant. How to strike the difficult balance between higher margin items and more popular but lower margins? An interesting concept has been gaining popularity called "barbell" marketing. Appealing to customers who want premium quality and also customers looking for best value, barbell marketing suggests offering premium pricier items alongside of traffic-driving value deals. Such a strategy enables a restaurant to attract a wider range of customers, and also to enable repeat customers an encouragement to trade up. Offering quality food and menu options are the #1 restaurant sales tool. Moreover, they are the foundation of your brand. Enabling a mobile friendly online menu is also critical in today's networked environment.

Friendly and timely service is the other building block readily visible to your customers. Like food quality and value, providing a comfortable and efficient experience will create an environment in which customers feel welcomed and valued. A superior experience will turn customers into repeat business which is the cornerstone of independent restaurateur success. Look at your business from your customer's perspective, develop menu items appealing to your local community, and sell them an unexpectedly great experience. For coaching or other ideas, please contact your local Bellissimo distributor.



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POULTRY OUTLOOK

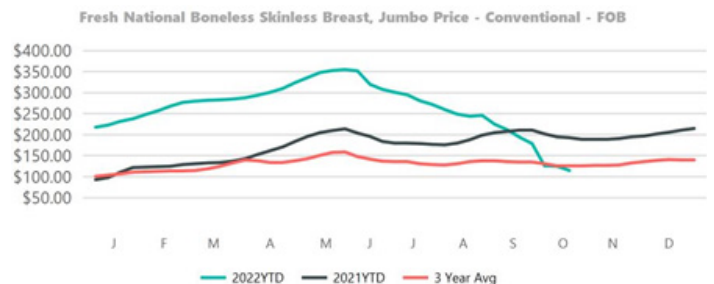
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retail demand growth. Higher prices did little to lessen demand since costs of other protein products also rose. According to the latest report from Rabobank, the outlook for poultry supply in 2023 is strong despite global poultry production issues and recent setbacks in the U.S. due to avian flu. Easing grain feed costs should enable poultry producers to remain profitable even at lower wholesale prices. As the chart below shows, chicken breast prices are now below their 3-year average.

While supply is now about 4% higher than year ago, the weaker economic climate suggests more price driven consumer behavior. Absent a black-swan type of external shock, chicken pricing during the first half of 2023 should remain fairly stable at current levels.

On average, restaurants increased their menu prices by 8% last year. This helped offset rising costs not only for ingredients but also labor and energy. In addition to raising prices, restaurants also tweaked their menus to incorporate less expensive proteins like chicken and less expensive boneless meat. Falling chicken prices now will yield another opportunity with production having increased to 190 million per week compared to about 175 million during the past two years. The differential between chicken and beef pricing is expected to become more acute because beef prices are forecast to rise by 15% in 2023 according to a BTIG report. The report cited the extreme drought in many parts of the country which forced the cattle industry to reduce herd counts.

While the economy is expected to cool and move into recession, chicken supply and pricing are becoming more attractive, enabling menu specials and promotions that would not have been possible since 2019. The pizza industry restaurateurs are well positioned to take advantage of these opportunities. Good luck in the New Year!



Need help with your menu or pricing? Contact your local Bellissimo distributor or visit **Bellissimo.com** to find a distributor near you.

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