



PIZZA INDUSTRY BOOM

By Dan Thor, BFC

Pizza Industry has always been thought of as recession proof. Pizza provides a delicious family size meal with the most convenient delivery method available. Demand for the product during COVID pandemic soared which led to revitalized interest by conference & event companies, pizza festivals, social media commentators, tech companies, and the largest broadline foodservice distributors. The pizza industry is booming with life... and competition. With foot traffic down in 2022, will the market normalize?

While most of the food service industry took a nosedive during the COVID years, the pizza industry enjoyed its best months ever; with year-over-year sales increases commonly in the 20%-50% range. Suppliers of pizza products, from flour to pepperoni struggled to make products quick enough to satisfy the demand at the consumer level. Most of the pizza consumption was from local independent pizza shops (59% of national consumption, up 10 points from 3 years ago) who could pivot easily while consistently providing high quality product.

Food costs went up an average 14% in 2022 from 2021. Although the pizza industry has been historically reluctant to increase prices, Two-thirds of independent and small/regional chain pizza operations have raised menu prices an average of 2.2 times in the last 2 years (60% in the last 6 months). Price increases along with the continued low discretionary income has led to more consumers expanding their Friday-night dining choices beyond pizza.

Pizza was set up to succeed during COVID because all the right elements were present. The industry was king of delivery, and had online ordering to back it up. But as the world opened up and other food service segments had to adapt to online ordering, pickup, and delivery, the major advantages in pizza became less prevalent. Third-party app ordering skyrocketed during COVID and has maintained its relevance due to ease of use and choice availability but at a significant surcharge versus buying direct. Third-party apps have

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PUT THE "USAGE" IN SAUSAGE

By Peter Thor, BFC

Sausage is the most popular topping for pizzas around the world, behind only pepperoni and cheese. Italian-style sausage is one of the most popular and common types of sausage used in pizzerias today.

Italian sausage products are either cured or uncured and contain at least 85 percent meat, or combination of meat (beef, veal and/or pork) and fat, with the total fat content constituting not more than 35 percent of the finished product. While some Italian-style sausage products use pure pork meat instead of a blend of meats, in some cases textured soy protein

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MARKET UPDATE

Dairy	PRICE	LAST MONTH	DIFF
Cheese Blocks	\$1.633	\$1.396	\$0.237

Cheese blocks and barrels were up 4% to 8% (w/w) and are likely to continue gaining until they return to the \$1.90 to \$2.00 per lb. range. Butter has set new YTD highs for two straight weeks now and has already surpassed its R1 resistance level.

Beef	PRICE	LAST MONTH	DIFF
50% Trimmings	\$1.778	\$1.895	(\$0.117)

Cutout should continue to retreat seasonally into October. 2023 U.S. beef carryout declined marginally (m/m) in July WADE report based on higher expected slaughter in Q3 and Q4.

Poultry	PRICE	LAST MONTH	DIFF
Wings (Jumbo)	\$0.980	\$0.889	\$0.091

If wing prices aren't able to mount a prolonged comeback, the chicken cutout's recent weakness as a whole could accelerate, and it's already down more than 11% (m/m).

As of 7/21/23

PIZZA INDUSTRY BOOM

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impacted the delivery choices from primarily pizza and Chinese to virtually every other food segment.

So what can we do about it? There has been an explosion of pizza related shows and events around the country. The International Pizza Expo in Las Vegas has been a mainstay in the pizza industry for years, but a plethora of new events can be found in every major market. From the Pizza Tomorrow Summit in Orlando, the Pizza & Pasta Northeast show in Atlantic City, and new pizza festivals in almost every major city around the country... the list goes on. Utilizing the venue and 'hype' created by various events/festivals to showcase your location and personality you can make a notable stand in your community as an eating destination of choice.

Another option is to look for cost-saving opportunities. According to a survey done by a leading Mozzarella cheese manufacturer, the main reason consumers are eating less at local pizzerias is the price. One possible solution is to provide your own ordering system to cut the surcharge fees with third party apps. Creating an online ordering platform can be relatively inexpensive, and if advertised appropriately, could provide additional benefits from supplier or distributor promotions and/or endorsements.

Food costs in the food service industry are also normalizing, with CME (Chicago Mercantile Exchange) hitting the lowest weekly average since before COVID. There have been cost reduction in several other major categories from dried pasta to water. Those savings will take time to pass down through distribution to hit the operator level, but working with your distributor partner to find quality product solutions at pricing that works with your value and brand could help bring back some normalization to your pizza menu. So let's take back our #1 spot for Friday-night dining destinations!

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PUT THE “USAGE” IN SAUSAGE

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can be added to reduce the cost and fat content of the sausage.

The unique taste of Italian style sausage is due to the combination of type of meat and spice used in making the sausage. Italian sausages contain salt, black pepper, and either fennel, anise, or a combination of the two. Additional spices such as paprika, onions, garlic, parsley, sugar, or red and green peppers are used to achieve the desired taste. A quick way to determine how an Italian style sausage may taste is by looking at its color. A greenish-gray colored sausage is typically sweet and seasoned with anise and fennel. While a sausage that is slightly browner in color is usually seasoned with predominantly pepper and garlic. A red tinted sausage is likely seasoned with paprika and possibly red pepper, and garlic.

Italian sausage also comes in different forms – bulk, links, and rope. Bulk sausage is a sausage that has not been put into a natural casing or is formed into sausage patties. It provides flexibility to add to pizzas, pastas, and specialty dishes. Link sausage is stuffed in casing shells to produce links about 6 inches long. Pan cook or grill them up to serve on a roll, or crumble into a hearty sauce and serve with your favorite pasta. Italian rope sausage is also versatile. It can be cut into links as an entrée, sliced into smaller pieces for use as a pizza topping, or added as an ingredient to pasta dishes.

Over 50 percent of pizzerias use pre-cooked sausage on their pizzas making it the most common form of sausage topping. In this form the sausage appears to be more expensive per pound than raw but it is safer and easier to store and apply to pizzas before baking. However, after accounting for normal cooking loss, pre-cooked sausage is more economical than one might think. Pre-cooked sausages are both stored and applied in a frozen state. Sausage prices vary depending on its meat and spice blend, fat content, whether it is sold cooked or raw.

With the great variety of flavors and forms of sausage being used today it may be one of the most versatile ingredients in your kitchen and can be used to spice up appetizers in addition to changing the look or taste of pizza. Looking for ways to put the “usage” in your sausage? Contact your local Bellissimo authorized distributor today to learn more.



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