



2023 Price Increases

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The past few years have been disrupted by COVID and a wide range of supply chain issues worldwide. As we move into 2023, prices continue to increase due to a combination of issues for many suppliers based on the product material and location of manufacturing, on-going issues include:

- **RAW MATERIALS**
- **PACKAGING**
- **FREIGHT**
- **LABOR**
- **ENERGY**
- **GLOBAL INFLATION**

Below is an overview of estimated price increases in product categories that will be affected in 2023:

- **PACKAGING AND PAPER: 2-18%**
 - Paper increase driven by overall supply issues
 - Some plastic costs are decreasing, but counteracted by freight and labor costs
- **KITCHEN SMALLWARES: 3-5%**
 - Driven by availability of raw materials and overall supply chain issues
- **TABLETOP & BUFFET: 3-15%**
 - Increases for product manufactured in Europe are partially driven by the energy crises resulting from the war in Ukraine; general category increases driven by the overall supply chain issues
- **SANITATION & MAINTENANCE: 2-11%**
 - Driven by the overall supply chain issues
- **EQUIPMENT: 2-12%, AS HIGH AS 20%**
 - Increase driven by availability of raw materials and component sourcing complexities
- **FURNITURE: 3-7%**
 - Driven by the overall supply chain issues



CHECK OUT WHAT THE INDUSTRY EXPERTS HAVE TO SAY

The foodservice industry continues to move on from its COVID-19 ways, but a variety of macroeconomic influences continue to slow that progress.

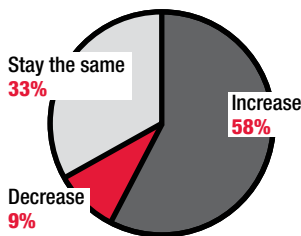
Total foodservice industry sales will hit \$855 billion in 2023, per Datassential, a Chicago-based market research firm. That represents a decline of 0.1% in real growth compared to 2022. *“The forecast can look relatively rosy in terms of year-over-year dollar growth, but that’s mostly attributed to inflation,”* says Ann Golladay, associate director with Datassential.

Looking ahead, Datassential's outlook for 2024 foodservice industry sales is essentially flat. In other words, expect more of the same for the next year or more.

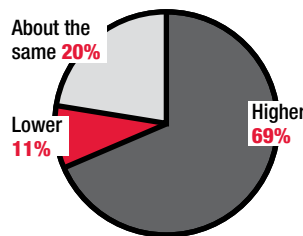
Source: Joseph M. Carbonara, Editor in Chief - Foodservice Equipment & Supplies Magazine: November 01, 2022

OPERATORS

OPERATORS' EQUIPMENT AND SUPPLIES BUDGETS FOR 2023



OPERATORS' EQUIPMENT AND SUPPLIES BUDGETS COMPARED TO 2019



OPERATORS' PLANS FOR 2023

- Kitchen equipment replacements... 67%**
- Kitchen renovation 24%**
- New construction..... 20%**
- Dining room renovation 15%**
- Dining room replacements..... 15%**
- None of these 22%**

Foodservice Equipment & Supplies Forecast 2023



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Three macroeconomic challenges had a profound impact on overall restaurant industry performance in 2022:

- LABOR**
- SUPPLY CHAIN**
- INFLATION**

In fact, operators were pretty split when trying to decide which of those factors represented the biggest challenge:

- 33%: labor shortages**
- 30%: supply chain issues**
- 37%: inflation**

Source: Datassential

ROAD TO RECOVERY

Despite the challenges, the foodservice industry made progress on its road to recovery. Some of the pandemic's hardest-hit segments grew substantially in the past year, even when adjusted for inflation—13% projected real growth for travel and leisure; and 11% each for fine dining and for business and industry, according to Datassential.

With so many people telecommuting, B&I is still below pre-pandemic numbers. *"Unfortunately, it's never going to be the segment it was pre-COVID,"* says Ann Golladay, Datassential's senior director of content.



"It's likely our industry will continue to experience some form of supply chain disruptions throughout 2023. This is an ideal time to evaluate every link in the chain and identify new backup suppliers. Without redundancies, operators put their businesses at risk."

Source: Charlie Souhrada, CFSP, vice president of regulatory and technical affairs, NAFEM

BY THE NUMBERS

Some of the pandemic's hardest-hit segments grew substantially in the past year, even when adjusted for inflation. Projected real growth came in at:

13%

FOR TRAVEL AND LEISURE

11%

FOR FINE DINING

11%

FOR BUSINESS AND INDUSTRY

Source: Datassential