OUTLOOK

Q4/2023

Workforce returning to pre-pandemic levels

Restaurants are improving employee retention

It’s still early to call it a trend, but national restaurant employment has been heading in the right direction in recent months. The Bureau of Labor Statistics (BLS) recently reported hospitality sector quit rates that are solidly below those of the past few years. The BLS found that only 3.9 percent of employees in the combined restaurants and accommodations sector quit their jobs in July. That’s nearly two full percentage points below the average monthly quit rate of 5.8 percent during 2021 and 2022 and even below 2019’s average monthly quit rate of 4.9 percent.

So what explains the change – or at least the early indications of a positive shift? Technology could be part of it. Many of the back-of-house tools that restaurants have adopted in the past few years – shift management software, kitchen display systems, automated inventory management systems, tech-enabled employee training, omnichannel POS, to name a few – not only help restaurants run more efficiently and put them in a position to generate more traffic and sales. They also happen to make employees’ lives a lot easier. These improvements can

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Agricultural commodities update

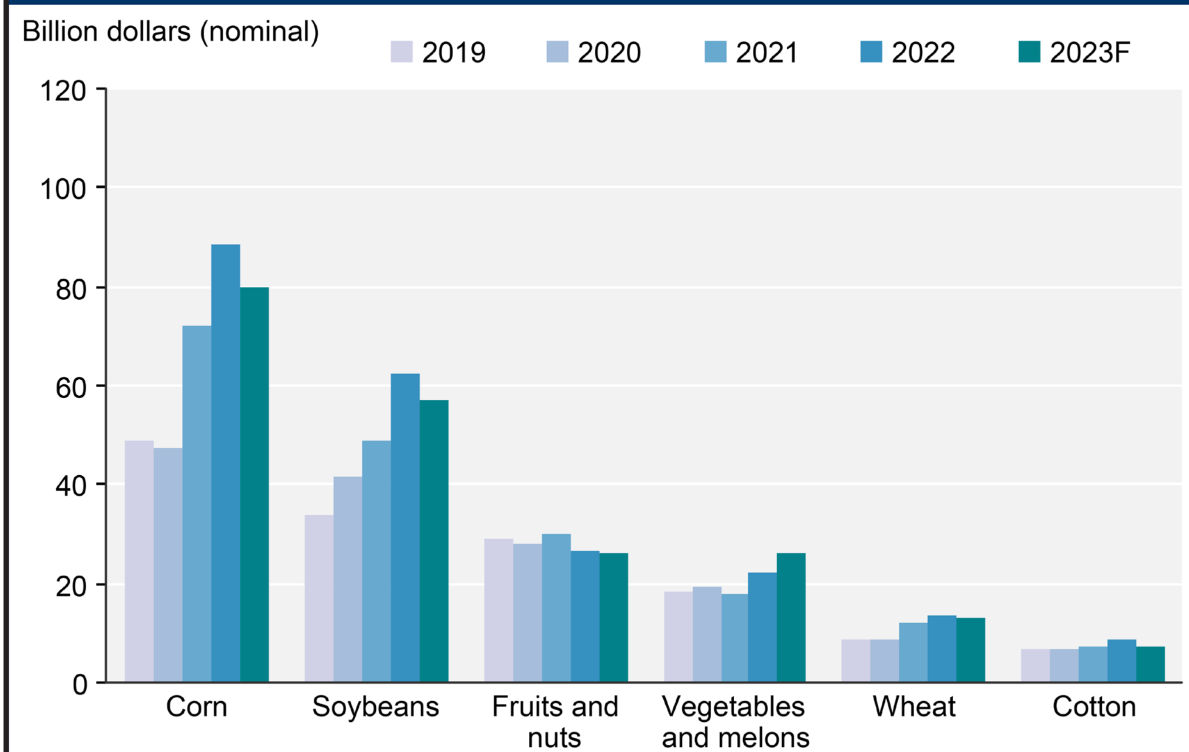
Business landscape marked by extreme weather, inflation and geopolitical challenges

Rising operating costs, the ongoing conflict in Ukraine, and unpredictable weather have all played a role in the performance of key agricultural commodities in recent months. When it comes to weather, extreme conditions – especially droughts and heat waves – will likely shift growing zones in the years ahead, particularly for Corn Belt crops like corn and soy. Researchers behind a new study published in the journal Agricultural Systems from the University of Connecticut's Department of Civil and Environmental Engineering and Center for Environmental Sciences and Engineering found an increasing need for heat-resistant crops and potential benefits to be gained from planting crops earlier in the season.

In the meantime, here is how key agricultural commodities have been faring in recent months and what analysts expect in the near term.

Wheat: The latest wheat outlook from the USDA projected a 52-year low for wheat exports as shipments from Russia and the European Union remain competitive internationally. Reuters reported recently that Ukraine will ship grain through Croatian seaports on the Danube River and Adriatic Sea to circumvent Black Sea port blockades. Domestically, the USDA's most recent Crop Production report forecast U.S. wheat production for the 2023/24 marketing year to be down from the previous forecast, but still 5 percent higher than last year.

U.S. cash receipts for selected crops, 2019–23F



Note: F = forecast.
Source: USDA, Economic Research Service, Farm Income and Wealth Statistics.
Data as of August 31, 2023.

Commodities
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Corn: While the USDA's corn forecast was due shortly after this writing, analysts have been predicting smaller corn crops (and soybeans too) than were forecast in August. This is due to declining yield prospects after the hot, dry weeks we experienced toward the end of the summer – conditions that could spell a quick end to the harvest and a decline in grain quality and yields. The USDA's most recent market outlook for corn production was lowered 209 million bushels on a 2.4 bushel-per-acre yield.

Soybeans: Ahead of the official September update, analysts have largely been expecting the USDA to reduce their production and yield estimates shared in August. The USDA's most recent production forecast for marketing year 2023/24 is reduced by 95 million bushels to 4.2 billion bushels. Exports for 2023/24 are lowered by 25 million bushels to 1.8 billion bushels.

Beef and pork: According to the latest USDA market outlook available as of this writing, beef production for the second half of the year has been expected to drop 180 million pounds from the previous report on a slower pace of fed cattle marketings. High expected cow slaughter is likely to only partially offset that forecast.

Domestic conditions for pork have been challenging as well, due to hog values that, while improving, haven't been able to keep pace with steeply climbing costs of feed, labor and other expenses, according to research from CoBank's Knowledge Exchange cited in a recent Pork Business report.

The USDA has noted a wide range of increases and reductions in export volumes across different animal products – an 11 percent decrease for beef and veal, a 10 percent increase for pork, and a 9 percent decrease for lamb and mutton, for example. It said beef and veal shipments have been lower due to lower production and higher domestic prices – drought conditions in the major U.S. cattle production regions have negatively impacted the cattle supply since late 2020. Shipments of pork have been higher as a result of modest increases in domestic production, more competitive pork prices, and reduced production in the European Union.

OUTLOOK

Team Four Foodservice

Q4/2023

Be a trend setter

How to spot menu trends and capitalize on them

Wouldn't it be nice if you could peer into a crystal ball and predict which taste experiences would stick with consumers – and which were merely passing fads? Your restaurant technology – particularly the data you collect and analyze – is your superpower here. Technomic suggests operators follow these steps to navigate the landscape and make decisions:

1. Determine the trend's origin: Trends follow a life cycle from birth through maturity. They usually – though not always – start in the Introduction phase, where a small portion of independent restaurants and smaller fine-dining chains place the item on their menu.

2. Verify where the trend has been: Tracing a trend's movement can help you determine if it has staying power.

3. Understand why the trend exists: Study consumer behavior and preferences, the cost and availability of supplies, current events or cultural movements, and related menu trends that may branch off into items with related flavor profiles.

4. Identify how the trend is applied: How is the item appearing on the menu and what descriptive language about the item is connecting with consumers?

5. Predict where the trend is going: This is where data analytics are key. Predictive models can analyze historical menu trends, incorporate social listening tools and track consumer sentiment to forecast how ingredients, flavors or dishes will rise or fall out of favor in the coming years.

Source: Technomic

Quit rate

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help restaurant staff make fewer order errors, manage fewer distractions on the job, get clearer instructions about what tasks to complete when, and gain more time to interact with guests. To be sure, the tools are in the early stages of their life cycle and have room to improve, but they have still been able to enhance the work experience of restaurant staff.

It's something to consider as you approach the time of the year when you will be looking to boost traffic and generate interest in end-of-year holiday celebrations. Where is there room to make incremental improvements with the help of technology? If you have already made changes, track if and how this has affected your employee turnover – and where there might be room to improve.