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# Navigating Ingredient Supply Chain

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We spoke to hundreds of operators across North America to hear how they're tackling ingredient supply chain challenges with solutions that address inflation and labor shortage.





**It's 2023 and operators have learned to adapt to the three-headed supply chain monster, but there's still a long road ahead.**

A tight labor market, chaotic supply chain and runaway inflation ruled many businesses in 2022. **Although the three-headed monster is still present in 2023, following an effective plan can make the light at the end of the tunnel much more feasible.** We spoke to hundreds of operators across North America to hear how their organizations have adapted to and are addressing these evolving supply chain challenges.

**ISSUE 1**

**Tight Labor Market**

**32%**

of operators report that their level of **culinary skill is LOWER today** than it was a year ago

**ISSUE 2**

**Chaotic Supply Chain**



3 in 4 of operators are experiencing more **out-of-stock ingredients** this year than ever before

**ISSUE 3**

**Runaway Inflation**

**29%**

average price inflation reported by operators for **fresh fruit & vegetables** this year

**EXPERT INSIGHT**

Before activating any supply chain projects, take a step back and define what is most important your business. With the limited bandwidth of many operations, it's vital to focus on the initiatives that will make the biggest impact on your operation.



A smiling man with glasses, wearing a blue apron over a light blue shirt and tan pants, stands in a cafe setting. He is holding a white coffee cup. The background shows a blurred outdoor cafe area with blue and yellow seating. The text '5 Supply Chain Solutions' is overlaid in large white font.

# 5 Supply Chain Solutions

HOW OPERATORS ARE TACKLING  
INGREDIENT SUPPLY CHAIN IN 2023



# 1. Find the right mix of fresh & frozen produce.

With 75 percent of operators experiencing more out-of-stocks than ever before, identifying frozen alternatives for certain agricultural products—either as a replacement or secondary source—can provide flexibility between growing seasons and help to buffer the volatile pricing of fresh.

**Given recent extreme weather events that reduce crop yield and drive-up prices—frozen options are now more important than ever.**



*SupHerb Farms Frozen IQF Vegetables*

## OPPORTUNITY

Transportation crises are often out of farmer and distributor control, making the sourcing and delivery of in-season, fresh offerings difficult. Utilizing a mix of fresh and frozen produce can help to lessen these risks, as on-site operators are doing (see below data dive).



## ADVANTAGES OF FROZEN VS. FRESH PRODUCE



Available Year-Round



Defense from Unpredictable Climate Events\*



Buffer from Variable Pricing

\*In theory, with a long shelf-life you can store more frozen produce at any given time.

## DATA DIVE: Current fresh vs. frozen operator purchases

	TOTAL	LSR	FSR	ON-SITE
Fresh Vegetables	84%	73%	<b>88%</b>	85%
<u>Frozen Vegetables</u>	67%	39%	62%	<b>80%</b>
Fresh Herbs	53%	32%	<b>68%</b>	50%
<u>Frozen Herbs</u>	8%	8%	9%	8%

## OPPORTUNITY

There is a big opportunity for operators to use frozen herbs across the board – not only to limit supply issues but for longer shelf life, consistent pricing, waste-reduction and labor-savings.



Source: Datassential 2022

## 2. Reduce waste with more efficient prep.

### OPPORTUNITY

Consider [pre-made vegetable purées](#) and [vegetable-herb blends](#) to reduce your operation's waste and increase prep efficiency.

**Inflation and the cost of food waste continue to challenge operators and grocery retailers**, forcing many foodservice businesses to increase their prices in 2023 (see below foodservice data dive). By prioritizing efficient back-of-house prep, many operators are addressing rising food costs *and* waste-reduction at the same time.<sup>1</sup>

**40%**

of diners say it is important that the restaurants they visit take actions to reduce waste<sup>2</sup>



1 in 4 U.S. diners are more likely to visit a restaurant that makes an effort to be sustainable<sup>2</sup>

When following a recipe, once ingredients are prepped and weighed, most back-of-house staff either: a) *use* the extra left-over ingredients—throwing off recipe consistency or, b) *waste* the extra left-over ingredients by tossing out or attempting to unsuccessfully store.

Psst...a one-inch piece of ginger can be challenging to find in a large walk-in cooler & often spoils before locating.

**Sourcing pre-made vegetable purées, pre-chopped vegetables and vegetable-herb blends offer important waste-saving advantages for operators**, in turn reducing food costs with the added bonus of more recipe consistency.

### DATA DIVE: Operator plans for price increases in 2023<sup>1</sup>

	TOTAL	LSR	FSR	ON-SITE
Across the menu	50%	<b>60%</b>	55%	43%
Only dishes that have had cost increases	32%	29%	<b>40%</b>	26%
I don't plan to increase prices in 2023	18%	11%	5%	<b>30%</b>

<sup>1</sup>SupHerb Farms Operator Research Conducted by Datassential, Dec 2022

<sup>2</sup>Technomic Ethnic Report 2022



### 3. Optimize storage and shelf-life.

With ingredient costs soaring and the average restaurant profit margin dropping eight percentage points post-COVID, creating defensibility from volatile produce usage is more important now than ever. **Finding ingredient solutions that allow for more flexibility can help ease inventory risks by increasing safety stock.**



**21%**  
pre-COVID average restaurant profit margin

↓ **13%**  
current average restaurant profit margin

That’s not to say that foodservice operators are looking to stock up on ingredients in mass quantities. Many successful operators and grocery retailers are looking for an inventory “sweet spot” to help make managing storage, transportation and freshness leaner and more seamless.

**OPPORTUNITY**

One in four operators plan to purchase more frozen ingredients with extended shelf-life to help reduce sourcing headaches, reduce waste and reach that inventory sweet spot in 2023.



**33%**

of operators find frozen products to be **more appealing** in today’s environment

**DID YOU KNOW?**

Sixty-seven percent of operators are already purchasing [frozen vegetables](#) with 25 percent also sourcing [frozen pre-made pastes](#) and 12 percent purchasing [frozen purées](#).

## 4. Seek out multi-purpose ingredients.

Operators have discovered that versatile ingredients used across numerous menu items can help to ease sourcing headaches while also offering the benefit of price breaks (additional usage of a single SKU means more volume). What's more, by reducing the number of ingredients on which your staff needs to be trained, operators are seeing an upturn in overall efficiency.

# 84%

of operators are looking for **versatile products** that can be leveraged in a variety of dishes.



*Creamy Ginger Pepper Ready-To-Use Sauce* used in a globally-inspired hummus



*Creamy Ginger Pepper Ready-To-Use Sauce* used in a bisque with a twist



*Creamy Ginger Pepper Ready-To-Use Sauce* used in an upscale scallop dish

### ARE VERSATILE INGREDIENTS THE KEY TO NEW LAUNCHES?

There are higher expectations of and risk for launching new menu items in 2023. Customers expect more exciting LTOs and, financially, foodservice and grocery businesses are less forgiving of the new launches that aren't winners.

Given all of this, plus a serious shortage in skilled labor, there is a considerable need for prep simplicity and greater efficiency in how restaurants, non-comm and grocery retailers use pantry items. **Operators are looking to multi-purpose, easy-to-use ingredients as a part of the solution.**

#### OPPORTUNITY

Consider looking for versatile ingredients that *also* offer speed-scratch advantages to significantly increase back-of-house efficiency and save on ingredient and labor costs.







# 5. Identify speed-scratch opportunities for time-consuming dishes.

# 24%

of operators had to make **cuts to staff training** in 2022<sup>1</sup>

Foodservice across the U.S. is experiencing consecutive employment growth for 24 months, but the industry is still roughly 450,000 jobs below pre-pandemic levels<sup>2</sup>. Turnover is steep and the staff that food businesses *do* retain are demanding more money than ever—with **75 percent of operators noting an increase in labor costs**<sup>1</sup>.

Restaurant operators and grocery retailers say it is vital to maximize the labor they do have. **Speed-scratch ingredients and products are one supply chain solution making waves.** They drastically reduce the costly prep time of labor-intensive dishes. With the time saved on back-of-house prep, restaurants are redistributing labor to other key areas of their operations.



*SupHerb Farms Culinary Blends*

## EXPERT INSIGHT

Foodservice and grocery employees are looking for a career, not a job. The operations that prioritize employee retention above all will come out on top.

<sup>1</sup>Source: Datassential 2022

<sup>2</sup>Source: National Restaurant Association, U.S. Restaurant Industry Dec 2022





# Opportunities

**1 Reduce waste and increase efficiency with pre-made vegetable purées and vegetable-herb blends.**

Decreasing ingredient waste can also help get your organization on a more sustainable path.

**2 Reach a storage and inventory sweet spot with a mix of fresh/frozen ingredients**

plus the advantage of extended shelf-life for frozen herbs, vegetables and fruits.



*SupHerb Farms Frozen IQF Culinary Herbs*

**3 Consider looking to versatile ingredients** to help improve how your operation uses pantry items and launches new menu items.

**4 Speed-scratch solutions can significantly enhance back-of-house efficiency** as a major time-saving solution to labor shortage.

**DID YOU KNOW?**

When back-of-house speed-scratch solutions are in the form of pre-prepped products (such as vegetable-herb blends), they can take a knife out of unskilled workers' hands and improve safety.



*Mango Chili Coconut Shrimp made with SupHerb Farms Mango Salsa Blend*








## Globally-Inspired Flavor Solutions™

SupHerb Farms® supplies frozen Culinary Herbs, IQF Specialty Vegetables, Purées and globally-inspired Culinary Blends, Pastes & Ready-To-Use Sauces to restaurant chains, grocery retailers and best-in-class food brands who are passionate about sourcing farm fresh flavor.



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