

HOW TO BEAT RISING FOOD COSTS



CSG SPECIAL REPORT

WE'RE SEEING THE HIGHEST FOOD COST INFLATION IN 13 YEARS

FOOD COSTS ARE ON THE RISE.

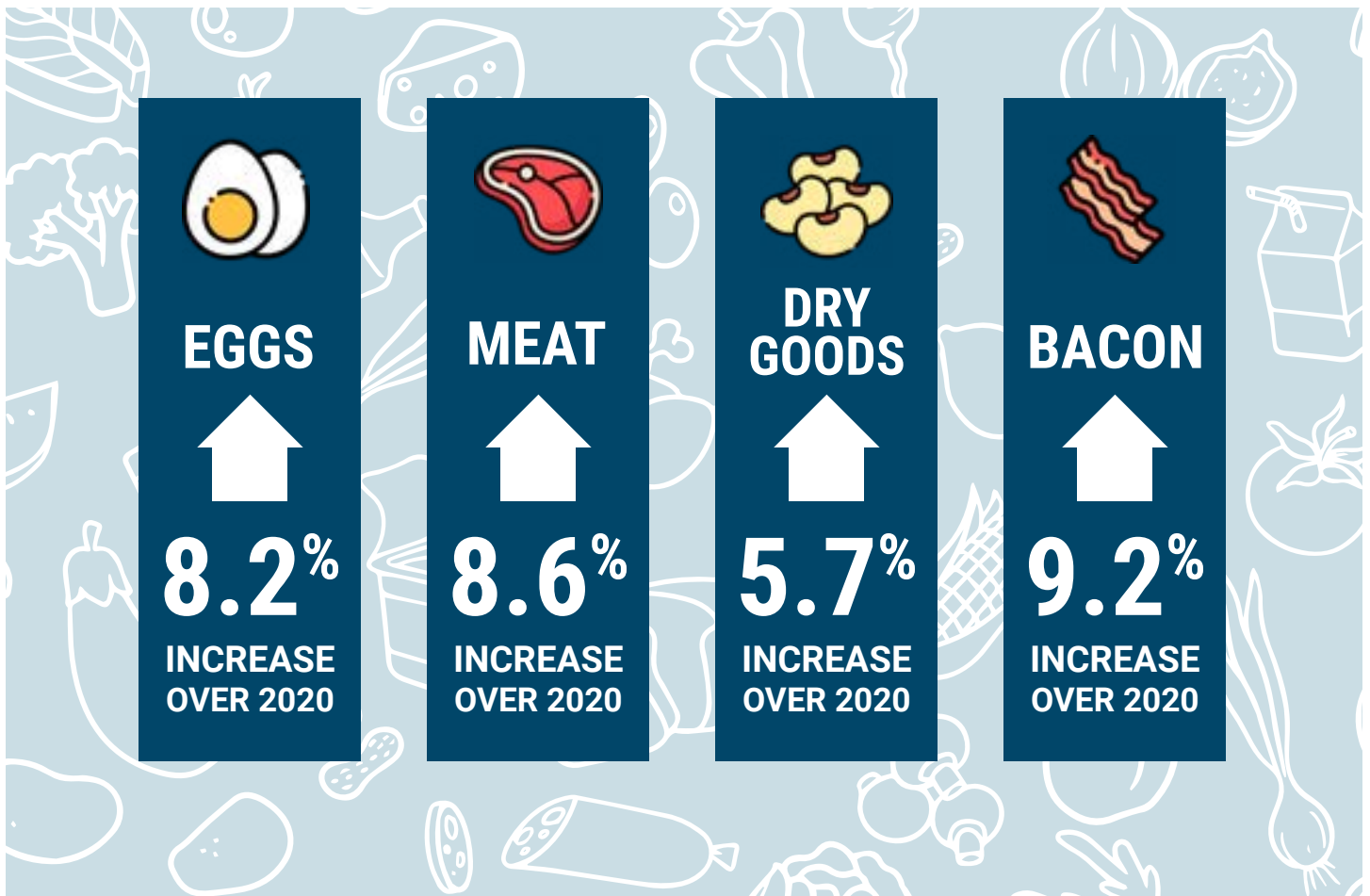
If you manage a senior community or hospital, these rising costs may seem daunting. How will you continue to provide high-quality meals to patients and residents while maintaining your budget?

IS NOW THE RIGHT TIME TO OUTSOURCE?

If you're currently operating as an in-house dining operation it may be time to consider outsourcing. Outsourcing can help you manage your food costs and ensure your supply chain isn't disrupted. Even during uncertain times, you are able to ensure residents and patients continue to receive nutritious, healthy meals.

\$98K AVERAGE RAW FOOD
COST SAVINGS WITH CSG

\$43K AVERAGE NET COST
SAVINGS WITH CSG



RISING RAW FOOD COSTS

Whether you're shopping for your family at your local grocer or placing an order with a food distributor for your community, you've likely noticed everything costs more. We are experiencing the highest rates of inflation for food products in 13 years. In fact, according to consumer data analytics company NielsenIQ, there have been increases in all 52 food categories they track. Every item from baked goods, to seafood, to prepared foods has increased in price.

According to the USDA, grocery store purchase costs are now expected to increase between 2.0 and 3.0 percent in 2021, and restaurant prices are expected to increase between 3.0 and 4.0 percent. This news is coming on the heels of 2020 when overall food costs rose 3.5 percent. Meaning you will likely be paying between 6 to 8 percent more for food purchases that you did in 2019.

Some food categories have been impacted more than others. Over the past year, the price of eggs has increased nationwide by 8.2 percent and fresh meat has increased by 8.6 percent. Dry goods, such as pasta, rice, dry beans, and grains increased by 5.7 percent. Processed meats, such as bacon, increased by 9.2 percent.



DRIVING FORCES

The driving forces behind these cost increases are simple supply and demand. Post pandemic, there is an urgency to return to normal, yet after a year of labor shortages, plant shutdowns, and supply chain disruptions it will take some time for consumer goods costs to stabilize.

One of the primary reasons the US is seeing higher retail costs for food is that it's costing more, much more, to produce food. High feed costs, increased demand, and shifts in the supply chain will continue to drive up costs in 2021. Wholesale beef prices are predicted to increase 10 to 13 percent, wholesale pork prices are predicted to increase 14 to 17 percent, and wholesale poultry prices are predicted to increase 15 to 18 percent.

One major factor for these price increases is the cost of feed. Livestock are often fed a plant-based diet of corn, grain, and soybeans. Prices on feed crops like corn have doubled in the past year and soybean prices are up 80% due to increased demand.

Several major players like Coca-Cola, Nestle, Mondelez International and General Mills have announced price increases to offset rising expenses related to packaging and transportation costs. The cost of aluminum, for instance, is up 17 percent from 2020, affecting canned goods costs. Gasoline costs have increased 74% from spring of 2020 when a gallon of regular gas was \$1.77/gallon. The national average in June of 2021 was \$3.09/gallon.



FEED AND PACKAGING COSTS ARE ALSO ON THE RISE. AS IS THE FUEL TO TRANSPORT GOODS.

**FUEL COSTS ARE UP
74%
FROM LAST YEAR**



OUTSOURCING TO REDUCE INFLATION WOES

If you work at a community or hospital where food cost inflation is threatening your bottom line there is a solution. Outsourcing your food service to Culinary Services Group can mean big savings for your dietary department. Over the last year, our overall food costs have only increased 2.6%.

We work hard to keep our costs low so we can pass on the savings to our clients. Through our partnership with US Foods and Premier Inc., a group purchasing organization, we source the best ingredients at unbeatable prices.

As our client, you benefit from our purchasing volume which allows us to negotiate lower market rates. On average we save nearly a half-million dollars on food costs every quarter thanks to this partnership. That's a cost savings of more than \$2 million dollars in 2020. When you outsource with CSG, we incorporate these savings into your raw food costs.



While other companies have faced late truck deliveries and food shortages, our service level remains consistently high, with 99% of our food orders being received on-time and correct even during the pandemic. This allows us to guarantee menu accuracy, while eliminating menu substitutions. Thanks to US Food's network of local food suppliers, we're able to source the products your community needs from producers and distributors in your backyard, no matter where you are in the United States!

By partnering with CSG you can beat inflated food costs and ensure a stable supply chain. You'll enjoy locally sourced produce, dairy, and meat and support local farmers too. Rising food costs don't need to be a cause for concern with the right food service partner.



PREPARED FOR AN EMERGENCY

We'll always do the right thing!

While no one could have predicted a global pandemic and the economic shifts it caused, our clients remained supported, cared for, and in constant communication.

We saw the potential for disruptions to the food supply chain early on and communicated to our clients an emergency plan that included how we were partnering with US foods to stay ahead of shortages. We also sought out local suppliers who could provide alternative resources if shortages occurred. Finally, our clinical team went to work creating menu substitutions that tasted good and provided an equal level of nutrition for residents just in case we were unable to procure a particular item.

Even when we had to move operations offsite, we continued to provide hot meals to residents. We relocated a kitchen in less than 24 hours! Warm meals were prepared off-site and delivered by van to residents in an affected community.

While we hope that we never experience another pandemic, we're a partner who's ready to weather the storm with you. Why? Because we know our ultimate responsibility is to the patients and residents we serve.



Prepping meals for delivery by van at an off-site kitchen early in the pandemic.



Room Service! Our culinarians delivered beautiful meal to residents using contactless delivery.



CEO Rich Valway getting our off-site kitchen ready for health inspection.

