



## Price explosion in the out-of-home market?

Dear reader,

there has long been speculation about how much prices in the out-of-home market will rise following the end of the VAT concession in January - now the first results from the Consumer Panel Services GfK Out-of-Home Panel are available.

Overall, price increases at the turn of the year were more moderate than previously feared. In many cases, the average prices for popular products and dishes rose only slightly in January 2024 compared to December 2023 - in some cases, consumers even shopped at slightly lower prices in January. However, price increases for potato side dishes as well as bowls and salads were noticeably

high in restaurants. Potato side dishes cost an average of 7% more per portion in January 2024 compared to December 2023 - compared to the same month last year, the price increase was as high as +11%.

There are various possible explanations for this largely moderate price trend. Either restaurateurs have already used previous price increases to compensate for the lost tax advantage, or there is a shift of the stronger price increase to February or March when the focus on the topic has already somewhat subsided. However, one thing becomes clear when looking at the prices in January 2024: restaurateurs are acting extremely cautiously concerning price increases out of caution for possible buyer losses.

This restraint on the part of restaurateurs didn't help much, as the out-of-home market had fewer buyers at the start of the year than at any time since May 2021. Empty household budgets after the past Christmas period, rising prices and a high propensity to save meant that many people cut out eating out completely.

The restraint is particularly noticeable in full-service restaurants, where, in addition to the -3% loss of customers, there is also a -2% drop in purchase frequency, which adds up to a -5% decline in occasions compared to the same month last year. With an average receipt of around 41 euros per visit, this channel lost out on revenue totalling almost a hundred million euros.

*Change rates in Full-Service-Restaurants | January 2024 vs. the previous month.*



**Conclusion:** The discussions about price increases will not die down any time soon, as the signs for a successful business in 2024 are currently not good. Many consumers are currently thinking very carefully about visiting a higher-priced full-service restaurant. They are increasingly deciding not to



visit a restaurant, which made January even quieter on average than it already was. The hope is that the trend will reverse when the weather improves, but even then, price-conscious shoppers and people with a low household income in particular may decide against eating out.

**Recommendation: You will receive our brand new Out-of-Home VAT Report at the beginning of April. It will provide you with all the necessary information on market development as well as our three exclusive buyer segments, which are made up of expanding, intensifying and constant buyers. This enables you to understand buyer behaviour after the end of the VAT concession in the best possible way. A deeper understanding of further explanatory approaches such as service or product quality, flavour or a lack of vegetarian/vegan products can be obtained through a survey in our supplementary VAT study concept\*.**

> [PLEASE GET IN TOUCH WITH US](#)

With kind regards

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\*The survey is carried out after a sufficient number of orders have been placed in advance.