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The Catering Demand for Fruit and Vegetables

by

A. R. HUNT and Miss R. JAMISON

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The Catering Demand for Fruit and Vegetables

A study of the special requirements of catering establishments and of the best means of meeting these

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A. R. HUNT and Miss R. JAMISON

Copies of this Report may be obtained, price 7s. 6d. post free, from the Secretary, Marketing Department, Wye College, near Ashford, Kent.

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FOREWORD

Some ten per cent of the total national consumption of fruit and vegetables (or rather more of vegetables separately) takes place in hotels, restaurants, canteens, schools and so forth, so that the efficiency of the various systems of procurement by these buyers is of some importance. As compared with the ordinary household trade most catering and institutional buyers buy in large quantities; they have to pay the labour used in handling and cooking; and their choice of varieties and qualities has to be related to a particular kind of service. On the face of things rather different distributive systems should have developed to meet these different needs.

As far as I have been able to discover no systematic account of these systems and their sub-varieties has hitherto appeared. Description must of course be followed by appraisal: do these systems appear to be reasonably well geared to the buyers' various needs; are they themselves satisfied, and if so, ought they to be; and what changes and developments in the trade can be discerned and recommended? In making these appraisals the authors have had the dual objective of considering what systems are best for the caterers and what are best for the growers, especially growers in the United Kingdom.

Owing to the growth in industrial canteens, the larger school population and the higher proportion of employed people taking annual holidays, the total turnover of the catering establishments has greatly increased since before the war. But over the same period the processing of fruit and vegetables, especially the latter, has expanded even faster, with the result that much of the increased institutional demand for fruit and vegetables has been a demand for canned and frozen packs. The distribution of these has not seemed a rewarding field of study; canned food is but one of many branches of the wholesale grocery trade, and the distribution of frozen produce is to a large extent organized as an extension of the freezing process itself. Nevertheless the unquestionable efficiency of the distributive system for processed produce has been a material factor in the enquiry, since it accentuates the effects of any inefficiencies there may be in the distribution of the competing fresh produce.

Nevertheless, the authors do not claim that their work has produced any dramatic conclusions on how the trade in fresh produce for catering establishments can be better organized. The various gaps and inadequacies that have been found are not of a major character and the various new developments that are occurring do not seem capable of transforming the general character of the trade. Rather, their status is that of the interesting and sometimes commercial or technological improvement that occurs from time to time in the ordinary course and which is then exploited by the more able buyers and sellers.

The main contribution that this Study attempts to make is therefore essentially one of bringing to light and assembling, for the first time, much information that has hitherto existed only in the privacy of the caterers' minds or the semi-privacy of their trade press. Much of it will be novel to almost any reader, and some of it may be found surprising; and a fair amount is encouraging.

The work has been grant-aided by the Agricultural Marketing Development Executive Committee. Wye College are extremely appreciative of this help and also of that received from the Horticultural Marketing Research Association. In addition we would like to thank all of the individuals who contributed so much of the information used in this Report.

J.H.K.

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Section 1

THE CATERING INDUSTRY

A brief description of the catering industry and catering institutions, so far as this is relevant to their needs for horticultural supplies, is given in Appendix I. The salient points are:

(a) Some 160,000 establishments in Great Britain have been enumerated and classified, and the total of meals served by these and unenumerated establishments is of the order of 2,000 million a year. Some £600 millions of food is used, equal to about 10 per cent. of total food consumption.

(b) Catering establishments can be classified in various ways. The most useful scheme seems to be

(i) non-profit making (Group I)

(ii) profit-making, entertainment catering (Group II)

(iii) profit-making, service catering (Group III)

These three groups have quite different approaches to the procurement of food in general, and fruit and vegetables in particular.

(c) The primary problems of catering management are the recruitment of a good manager, the recruitment and control of staff, and congested kitchen and storage quarters. The cost, choice and variety of foodstuffs are also important, but not dominant.

(d) A characteristic of the commercial sectors is the large number of small-scale independent businesses: by contrast there have been extensive business amalgamations among the medium and large-scale catering firms.

Section 2

THE USE OF FRUIT AND VEGETABLES BY CATERERS

Caterers in Group II* specialize in providing food as an entertainment and set out to offer items not cooked in the home or a little out of the ordinary, while those in Groups I* and III,* dealing with basic eating requirements, aim to provide both sustenance and some satisfaction without using the more exotic ingredients, which they do by using a slightly higher proportion of the bulkier and often more starchy foods. In both cases there is little to challenge the position held by the fruits and vegetables commonly available. They are a customary part of the diet—nutritious, pleasant tasting and textured, and providing acceptable bulk and roughage for digestive purposes, and in addition some are low in calories and high in vitamin content. Vegetables in particular have considerable strength in that they are cheap when compared with any of the other possible constituents of a main meal.

Total Annual Purchases

The estimates of the scale of operations of the various parts of the catering industry given in Table A (Appendix I) can be used to develop some further estimates of the annual uptake of fruit and vegetables by the catering industry as a whole, and to relate this to the total quantities available for consumption in Great Britain. In order to do this some slightly more detailed information, collected from a few particularly helpful caterers has been used. This information suggests that:

(a) in profit-making enterprises food costs average about 50% of total turnover;

(b) expenditure on fruit and vegetable, in all forms, is about 20% of total expenditure on food;

(c) expenditure on fruit and vegetables in the national school meals service is about 2d. per meal per head.†

(d) expenditure, per meal per head, in other institutions is rather higher than this, averaging perhaps 4d.†

These figures should not be regarded as definitive. In Table 1 a

* Described in Section 1, and in greater detail in Appendix I.
† Cost of purchases from wholesaler or retailer.

TABLE 1

Estimated Expenditure on Fruit and Vegetables in the United Kingdom

(1) *Sale of Meals**	£669,629,000	£
of which food materials are 50% ≏	£334,800,000	
of which fruit and vegetable purchases are 20% ≏		67,000,000
(2) *Numbers of Meals per Annum**		
School Meals 845,000,000 @ 2d.		7,000,000
Others 553,582,000 @ 4d.		9,226,000
(3) *Estimated expenditure by all other caterers including an allowance for consumption in Northern Ireland*		6,124,000
		£89,350,000

* Appendix I (Table A) gives more details.

calculation is made of the likely uptake of fruit and vegetables by all catering establishments in the United Kingdom.

The value at the point of sale from final wholesalers to retailers or to caterers, of all fruit and vegetables available for consumption in the United Kingdom, in both fresh and processed forms was about £620 millions in 1964.† Thus the caterers' uptake would appear to be about 14% of fruit and vegetables on the market—much the same proportion as for all the food they buy.

An alternative and perhaps more hazardous calculation is to subtract from the value of fruit and vegetables available for consumption the value of those being bought for household use, leaving a residue to be accounted for by caterers' purchases and wastage. (It is assumed that the retail shop mark up is 40% above wholesale market prices.)

Supplies (all forms) *available for consumption*†	£
(at "wholesale" value)	620,170,000
add 40% retail mark-up	868,238,000
Deduct retail value of domestic consumption in United Kingdom‡	750,231,000
Residue	118,007,000
Reduce by 40% to get to caterers' prices	84,290,000

† Appendix III (Table E) gives more details.

‡ Calculated from Domestic Food Consumption and Expenditure 1964, H.M.S.O.

The two figures (£89 and £84 millions) are therefore of the same order, but it should be noted that the preceding Table makes no distinction between the wholesale mark-up for fresh produce and that for processed produce.

Table 2 gives an estimated percentage breakdown of this £80–90 millions expenditure as between the various types of caterers. These figures provide a quick guide to the relative scales of operations of the various groups, but too much else should not be read into them—they disguise more important factors, since within each group, particularly within the hotel and restaurant groups, there is a wide range of both quality in the meals provided and of conditions under which they are prepared.

TABLE 2

Total Purchases of Fruit and Vegetables by Caterers.
Percentage uptake by groups of users

Restaurants	34·0	Hotels	7·5
Canteens	16·5	Public Houses	6·0
Universities, Training Colleges; Residential centres and staff; Hospitals and staff; Private schools; Military	10·5	Travel organisations; Private nursing homes; Small boarding houses, etc.	5·0
School Meals Service	8·0	Fish and chips, clubs, outside caterers, etc.	12·5*

* Mostly potatoes to chip friers.

Fresh and Alternative Forms

Until the present century fruit and vegetables were only available as such in their natural season, and out of season if pickled or preserved in some way. These preserving techniques invariably changed the nature of the article both in flavour and in texture. New methods of preservation have been developed over the years which make it possible to reconstitute produce into a form closely resembling that of the cooked, fresh article. This has not only made seasonal consumption of many vegetables a thing of the past but has demanded that new ways be found to grow, handle and sell the produce. Canned fruit and vegetables were the first groups to make an impact, followed by frozen and dried produce; freezing and drying, however, have only been really successfully developed in recent years. All three (canning, drying and freezing) have made considerable inroads into the position previously held by the fresh produce, but in some cases they have also resulted in an increased total consumption of certain items notably peas. In one staff canteen in London an average of 50 per cent. of the lunch-time users take peas as a second vegetable all the year round.

The Caterers' Choice

Just how individual caterers decide in which form they will buy their fruits and vegetables depends on their particular requirements and on their own working environment; each type of fresh or preserved produce has features which commend it or rule it out according to circumstances, and the whole is hedged about with personal prejudices. The primary features in the choice between alternative forms are summarized below:

(a) *Personal Prejudices:* Although clearly very important, these were difficult to investigate. "We always buy the best" is a purely relative statement within the context of the standards and premises of the individual, and when the same person asserts that "We buy fresh produce because it is better" it is difficult to know just what value to place on the claims. During the present Study caterers often assumed, quite wrongly, that the interviewers had some vested interest in the sale of fresh produce and, initially at least, gave the answers which they thought would be popular. Many users are prejudiced in favour of fresh produce or realize that it can give the best results, but fewer have the culinary standards required to realize its potentially high table qualities: fresh produce, indifferently handled will produce mediocre results, and something out of a packet may produce at least as good results in the same circumstances.

(b) *Locality:* Caterers in situations isolated from production areas and from distributors will of necessity use a higher proportion of preserved produce, and only in areas where all forms are freely available will each be able to compete on its merits.

(c) *Trading.* Buying and selling is a very individual and personal activity and the purchase of fresh produce entails frequent transactions. If there is no choice of supplier and the individuals do not "get on" then it may be a potent factor in the selection and use of produce in other forms. Delivery and personal service are the most sought-after characteristics in a supplier, and although there are good and poor traders in all sections, the manufactured articles are given a more standardized service than is the fresh produce.

(d) *Sales Promotion.* Preserved produce is manufactured in large quantities by relatively large firms and in addition to the lively competition between firms on delivery and service, it is sold in a forceful manner using all the available promotion techniques. The very seasonality of fresh produce largely rules out a similar approach but perhaps the nearest attempt has been made in the marketing of imported fresh produce where predictable supplies of comparatively high value produce have been built up.

(e) *Kitchen Use:* The salient features can best be summarized as follows:

Produce should be economically priced in relation to the portion reaching the plate, allowing for preparation time, the mess involved, and for wastage.

The produce should be of a consistent quality, should be storable, taking up as little space as possible, and should be available on delivery as frequently as is necessary.

Preparation and cooking times should be short, as vegatebles are often required to be cooked at short notice to order.

(f) *Table Use:* The flavour, texture and appearance should be acceptable to the usual clientele of the establishment and a sufficient variety of produce available throughout the year to allow varied menus.

A Summary of Experiences Encountered among Individually Run Units

Table 3 shows that there are but few distinct trends in the use of produce in particular forms in each type of establishment. In general hotels and restaurants use about half of their produce in the fresh form and about a third of it in frozen. Not one establishment relied exclusively on fresh produce.

TABLE 3

Expenditure on Fresh and Processed Fruit and Vegetables by Individually Run Catering Establishments

	Overall	Hotels	Restaur.	Canteens	Schools (Private)	Hospitals
Number ..	(131)	(48)	(37)	(32)	(8)	(6)
	%	%	%	%	%	%
Fresh ..	52	49·0	58·5	59	33·7	64·5
Frozen ..	23	33·0	25·5	10	12·4	9·5
Tinned ..	21	12·5	13·0	27	41·5	23·0
Dried ..	4	5·5	3·0	4	12·4	3·0

(i) *Fresh Produce.* Thirty individuals (mainly restaurant and canteen managers) were asked whether or not they were satisfied with the range, quality, prices and service associated with fresh produce and to enlarge upon the topic. Of the 30, 22 were quite satisfied with it for the uses to which they put it, 7 were only fairly satisfied and one was not at all satisfied. The proportion of satisfied customers seems very high until it is remembered that those who were dissatisfied in the past have presumably done something about it, either by trying a new supplier or using processed produce. Even those respondents who were apparently satisfied with fresh produce found some points to criticize, and the following were mentioned with the frequency indicated:

(I) too much time required for preparation and trimming (13)

(II) many aspects of seasonality including a lack of variety on offer at many times of year, almost a superfluity at others, together with unpredictable day-to-day supplies as a result of weather changes (11)

(III) unsuitable for "à la carte" menus and for meals required at short notice; this results jointly from (I) and from perishability (10)

(IV) variability of produce (8)

(V) too much wastage (1)

(VI) general inconvenience (a mixture of any or all of the above) (5)

Labour for vegetable preparation while uppermost in the minds of many caterers is not in all cases the costly item that it may appear to be. In a few instances it was found that some workers were really needed for only two or three peak hours in the middle of the day but had made it known that unless they could be offered longer hours than these, they would leave. The preparation of cheap fresh vegetables can provide reasonably useful other work for such staff.

The inherent quality and the suitability of produce for consumption were not commonly criticized, but many caterers complained of variability within and between consignments and of a lack of continuity of supply of some items. In other words they complained that identical produce is not available either from day to day, throughout one year or from one year to another: both variability and lack of continuity are the results of unsolved weather, labour and technical problems. There is clearly room for more planning and co-ordination of production between traders and growers but at present it is not clear just what sort of value caterers would put on this greater availability or reliability. It has become conventional to criticize the quality and presentation of horticultural produce without bearing in mind what "improved" produce would cost. Only a few buyers stated categorically that they were prepared to pay a premium for such "better" produce as they required. Few small-scale caterers complained of the standard of grading as such but the chief buyers for large, centrally-controlled organizations looked for more uniform produce and labelling to simplify their accountancy and the supervision of their local managers.

Most of the buyers now using a high proportion of fresh produce felt that they were getting good value for money either in goods alone or in the combination of goods and services provided. Not only have the prices of fresh fruit and vegetables risen less over the past few years than those of most other foods and requisites, but also, the prices of fresh fruit and vegetables are so noticeably less than those of the processed forms that they are rarely questioned. The weekly trade press quotes prices which are slightly out of date, make no reference to quality and cannot be taken literally, but they do provide a reference point for buyers wishing to check their own prices over a period. To shop around for the best prices has some superficial appeal but gives only limited benefits. It is most practicable for the small caterer who buys at retail shops or markets. It is possible to do a little price comparison when buying from distributing wholesalers' lists, but to split a fairly small order between several suppliers will mean that none of them are happy with their share of the order and will probably charge extra for delivery. Buyers who do have orders which will split into several useful parts or who are prepared to change from one supplier to another from time to time claim to get useful savings from keeping the suppliers on their toes: such claims are difficult to substantiate.

Those caterers using fresh produce could generally get it in economical size-units. The occasional exceptions were those caterers with very small or poorly located establishments who often had difficulty in convincing the supplier that their trade (often about the same as for a large household) justified anything special in the way of service (e.g. by selling part-boxes of produce at "trade" prices). It is unrealistic for the customer to demand retail service at wholesale prices but most traders with a number of small customers are willing to compromise by selling half boxes. This problem does not arise in areas where there is a wholesaler who specializes in meeting the requirements of the catering trades.

Establishments required to produce meals at low cost (schools, hospitals and canteens) are probably together the largest buyers of fresh vegetables, and in common with most other caterers are looking for a sound quality rather than attractive appearance. Cabbage, root vegetables such as carrots, turnips and swedes and onions are the most regular purchases, and root vegetables are particularly convenient as they can be prepared by machine. Cauliflowers and Brussels sprouts are examples of produce which is bought only when they are in full season and comparatively cheap. Apart from imported onions and occasionally carrots, most of the produce used by this type of buyer is home-grown. Hotels and restaurants on the other hand are sometimes less limited by costs and can use a wider range of fresh produce than this, including a higher proportion of the slightly more expensive imported produce, to give more selection and variety. Many of the highest class hotels and restaurants make it a feature of their cuisine to use only fresh produce and to take considerable care to prepare and present it in the best way.

For some vegetables, there is no alternative to the fresh article, and this applies particularly to salads, which are to be found on the menus of all classes of establishment. It is not uncommon for catering establishments to serve salads to about 10 per cent. of their customers in winter, rising to 20 per cent. in summer. However, certain fresh vegetables, for example peas and spinach, have almost disappeared from the caterers' purchases and the reasons are largely their uncertain quality and the time needed to prepare them. Potatoes constitute about 50 per cent. by the value of the fresh produce purchased by caterers. Fresh fruit is not bought to any great extent by caterers. Hotels, restaurants and canteens seldom offer fresh fruit as a dessert and few customers take it when it is offered. Soft fruit is normally too expensive and perishable for the low-cost type of establishment. A few caterers buy fresh culinary apples, but tinned and to a lesser extent dried apples, have taken their place in most cases.

(ii) *Prepared Fresh Produce.* Staff shortages, a lack of kitchen space and the high cost of vegetable preparation machines are common problems in catering establishments. A partial solution to these problems has come forward in recent years in the form of vegetables prepared by specialist firms. The decision to make is whether it is cheaper to pay apparently high prices for prepared potatoes or whether to install sufficient equipment in the caterer's own kitchens to do this himself. In fact staff and space may be the major considerations.

The prices of prepared fresh vegetables are comparatively high, but in addition to the saving of labour on an unpleasant chore, there is considerably less wastage and the caterer can estimate his requirements more closely than with unprepared produce. The preparation process provides an opportunity firstly for unsuitable and rotten produce to be discarded and secondly for the removal of all unwanted leaves, stems, cores, skins and blemishes. Often only a quite small percentage even of the purchase weight of sound raw produce actually reaches the pot. Some typical figures are given below:

Broad beans	27%	Spinach	88–90%
Dwarf beans	85%	Brussels sprouts	74%
Runner beans	72%	Apples	74%
Peas	22–37%	*Potatoes	60%

Source: Based on work at Long Ashton—see annual reports 1954–59.

The majority of caterers using vegetables in this form are satisfied not only with their quality but with the reduction in kitchen chores and mess: the real snags are that there is only a very limited range on offer and in fairly limited areas of the country. The most usual reason given for not using prepared vegetables where they are available is that they are too expensive in relation to their perishability. Potatoes presently make up 90–95% of the bulk sold, and other vegetables on offer at various seasons are trimmed cabbages and cauliflowers, carrots, Brussels sprouts, swedes, parsnips and onions.

(iii) *Processed Produce:* The following are, in a sense manufactured foods and as such are more or less prepared for use, with no waste and with a known number of portions in given packages. The conditions for their use can be laid down in precise terms and the quality is generally uniform. These features have great appeal to those in management control since they open the way to more rigid stock control, simpler accounting, and meals of accurately predetermined standards can be served. In addition, most preparation processes are allied to some form of preservation, so that seasonality becomes largely a thing of the past, allowing the substitution of more highly valued vegetables in winter for the limited range of poorer quality.

The standards of well-prepared garden-fresh produce are those by which all three forms of processed produce are ultimately judged but most consumers do not expect that all the best features of the garden-fresh article should be exactly reproduced in the preserved one. This would be inconsistent with the amount of time and money that consumers are normally willing to spend on their meal. All the alternatives have strengths and weaknesses and suit individual situations in different ways. For instance cooked "processed" canned peas† are very unlike cooked fresh peas, but if the former are acceptable to the customers nobody has cause for complaint. Again, tinned tomatoes, peaches, pineapple and cherries are unlike the fresh article but nevertheless acceptable for certain purposes.

* Based on estimates from several sources.

† Peas which have been through a drying process prior to canning.

It is well-known that fruit and vegetables suffer some losses of nutritional value in cooking. Processed produce may suffer an additional loss from preparation and trimming prior to processing. Two forms of loss which have been particularly documented are firstly of vitamin C due to leaching, and secondly of vitamin B by an enzyme action resulting from cell damage. This second type of loss is minimized if the produce is blanched (as in the freezing process) since this kills the enzyme. Very few detailed reports of these losses have been made widely known, but the indications are that the reduced quantities of vitamins are nevertheless still sufficient for bodily needs, and in any event the consumption of processed produce is usually supplemented by the consumption of raw produce.

Finally, a useful factor in the choice between the alternatives might be comparative prices per pound of produce on the customer's plate, taking all aspects of preparation into account. But the costs of labour, rents of kitchen space and capital equipment charges differ in each circumstance and are often notional anyway: thus the best alternative is to assemble some comparative purchase prices of produce in each form (see Table 4) and to leave the reader to draw his own conclusions from these. The prices of fresh produce (and to a lesser extent of fresh prepared produce) are subject to considerable seasonal and quality fluctuations and estimated annual average costs per pound have had to be used. The prices of processed produce are subject to very little seasonal fluctuation.

TABLE 4

Estimated Cost per Pound of Produce in Various Forms

	Fresh*	Fresh Prepared	Frozen	Canned†	Dried‡
Potatoes chipped ..		7d.	1/5d.		
mashed ..					6½d.–7d.
whole ..	2d.–3d.	6d.		1/3d.	
Cabbage	4d.	7d.			11d.
Carrots	4d.	11d.		1/–	1/–
Peas garden			1/9d.	1/2d.	1/9d.
processed ..				8d.	
Cauliflower	1/3d. ea.	11d.	1/10d.		
Runner Beans ..	1/–		2/–		2/1½d.
Brussels Sprouts ..	10d.		1/9d.		
Spinach	10d.		1/9d.		
Apples—Bramley slices	7d.		1/4d.	1/4d.	1/5d.
Onions	4d.	1/2d.			1/3d.

* Weight includes unsound produce and preparation wastage.
† Drained weights.
‡ Weight of reconstituted produce.

(a) *Canned Produce:* Care is needed in the selection of canned goods since samples from the same and from different manufacturers vary considerably. Outside of these limitations canned goods are comparatively cheap, quick and easy to use, and simple to store and there is a considerable range of produce on offer. In the cases of some tropical and sub-tropical fruits, and fruit salad mixtures including these, there is virtually no alternative to the can. The three types of establishment using most canned goods (all in Group I) are private schools, canteens and hospitals; they require comparatively cheap, easily prepared vegetables and demand no high standards of flavour and texture. Canned fruit, peas and carrots are the most popular lines. The smaller quantities of canned produce used by establishments in Groups II and III consist once again of the ubiquitous imported fruit salads (though perhaps of a slightly more expensive kind) and secondarily of small carrots, celery hearts, asparagus, mushrooms and beet—all these latter are used as garnishes or in the preparation of hors d'oeuvres. Canned produce is distributed primarily through wholesale grocers specializing in a complete range of groceries, and less commonly it is bought directly from the importing agencies.

(b) *Frozen Produce:* This appeals to hotels and restaurants and other establishments in Groups II and III, except those with the very highest standards, as the best alternative to fresh produce for several reasons. If carefully handled, frozen produce closely rivals the fresh article given similar treatment, surpasses it in the variety available at any one time and it is also very quick to use and to cook. On the other hand its all too predictable quality and its widespread use have, ironically, caused some customers to regard frozen (and probably other processed vegetables as well) as dull and monotonous fare.

Frozen produce is distributed by the manufacturers or their closely-associated agents, who have established an enviable reputation for prompt and regular service. Expensive storage facilities are needed for frozen produce; but if the caterer is willing to channel all his orders to one company, deep-freeze cabinets can be obtained on reducing rentals. Nevertheless, frozen produce is widely considered to be very expensive; many managers regard it as a first-class standby. On the other hand a few found the fresh form so comparatively expensive in the long run that it was not used even when in season; one manager reported that he not only used frozen asparagus all the year round but that he used more of it in the season when fresh was available and customers expected to see it on the menu. Fresh spinach is bulky to handle, very perishable, tiresome to prepare and was hitherto rarely used. The advent of frozen spinach, ready for immediate use, has made possible its widespread use, particularly in better-class restaurants and total consumption has increased considerably.

(c) *Dried Produce:* Several production techniques are used for drying but all require that the article must be cut into unusually small pieces before the drying process can be effective. Dried vegetables are also particularly fragile and require an expensive type of packaging to prevent the articles being crushed to a dust while in transit and storage: storage itself is very cheap since only shelving is needed. One particular item which has started to catch the popular imagination recently is dried mashed potato, and there has been some success in wearing down the unfortunate image of war-time mashed potato. Otherwise there is again but a limited range—at present diced and shredded root vegetables and cabbages, and the newer forms of dried peas are in most common use. Most, however, suffer from limitations of quality and flavour.

Dried produce (except mashed potato) has an unusual characteristic in that a good deal of time is needed for preparation (soaking) but otherwise very little effort is required: this makes it more suitable for the institutions and canteens in Group I where there is a predictable demand at a very predictable time. Private schools seem to be most aware of the possibilities of dried produce in its present form, and military establishments keep considerable supplies against unexpected requirements: these are used regularly and in rotation to ensure a turnover of stocks. But again the popular conception of dried produce is that it is a fairly expensive article. Distribution is in the hands of the manufacturers and of wholesale grocery merchants.

A Summary of Experiences Encountered among Centrally Controlled Units

It is particularly difficult to generalize about the use of fruit and vegetables by members of this group who operate anything from bowling-alley snack bars to restaurants of Cordon Bleu standard. Much of what has been said before still holds good. Those catering in Group I for the nation's schools, hospitals and to a lesser extent in private canteens, are looking for a low cost, sound article, and they choose fresh produce in season whenever possible. Those establishments able to venture slightly higher up the price scale choose a somewhat better grade of fresh article. Some of the multiple hotel and restaurant organizations use very little fresh produce; it is regarded as too troublesome to purchase and to use, and both of these activities are unamenable to close supervision by staff at the central office. In fact one organization dealing with motorway catering and one dealing with holiday camps, are both using as fresh, only potatoes and salads. Some catering facilities such as motorway cafés are comparatively isolated and cater for an unpredictable demand, serving meals at very short notice with a minimum of staff: under such conditions fresh produce finds little favour.

The multiple catering organizations have enormous buying power, and from the point of view of a big buyer looking for favourable terms there is much to be said for concentrating on the use of just one type of processed produce, probably frozen. Since the range of frozen produce extends to meats, confectionery, fish, poultry, desserts and dairy produce, it is often sensible to add the fruit and vegetables to this order so as to negotiate for even better trading terms.

Few caterers regardless of their scale of operation have any precise idea of the difference between the costs of using produce in each of the alternative forms. The particular cash costs are a small proportion of the total costs of running a catering establishment and do not justify the time taken in calculation, and in addition so many of the factors are incalculable.

Section 3

SOURCES AND ORGANIZATION OF SUPPLIES OF FRESH FRUIT AND VEGETABLES

The Caterers' Requirements

Section 1 and 2 will have made it clear that the market system must fulfil several criteria.

1. There must be a wide range of types and qualities of produce available to cover the varying needs of users. Low-grade and high-grade samples of one product will appeal to different buyers or to the same buyer for different uses;
2. Produce should be acceptably fresh; the inherent perishability of horticultural produce demands very frequent purchases, often daily;
3. Items must be available in as great a continuity as seasonality and costs of production will allow;
4. Produce should be available in units of a size appropriate to the buyer's needs, particularly bearing in mind the small and frequent purchases made by some buyers.
5. There should be sufficient market information available to buyers and sellers to allow prices to be freely arrived at in the prevailing conditions.

Finally, there must be a well-developed system for transporting produce from the grower to the user and to all points between at regular intervals, in the largest feasible units for the sake of economies of scale.

The Market System

How nearly does the existing market system meet these requirements? Let us consider:

1. Individual growers of home-grown produce and their co-operatives;
2. Country merchants;*
3. The importing agencies;
4. The primary wholesalers at central markets who sell produce on commission or less commonly buy firm for resale: they

* A country merchant is one who organizes the collection of produce from nearby growers, and who then sells through any of the normal channels. He usually buys the growers' produce outright, sometimes from the field.

sell to other wholesalers, retailers and some caterers, and usually do not provide a distribution service;

5. The distributing wholesaler (a species of secondary wholesaler) who takes produce direct from the growers, importers and especially from the primary wholesalers, and who provides a distribution service to retailers or caterers, calling on them periodically with his own lorries or vans.
6. Distributing wholesalers who are specializing in supplying the catering trades;
7. Retail shopkeepers taking produce from any or all of the above (though rarely from (3) or (6).)

Of the above (4) and to a large extent (5) and (7) are organized to handle a full range of horticultural produce in all or most of its varieties and some distributing wholesalers in (6) provide perhaps the most comprehensive range that is available anywhere in the market system. The more specialized sources (1), (2) and (3) can offer only a limited selection.

Primary Sources of Supplies

In general, boarding houses, small hotels and restaurants and small factory, office and shop canteens will deal with the local retailer or attend a retail market; the great majority of the remaining catering units will deal with a distributing wholesaler, who may specialize in supplying catering establishments; and a very few large and localized concerns will operate their own buying department, assembling their own supplies from all sources. Occasionally, well-placed small caterers will buy on their own behalf in the wholesale markets.

(a) *Purchases at Retail.* Of those caterers not belonging to a centrally controlled organization, 37 per cent. used a retailer as their main supplier (see Table 5). In this group the requirements are not dissimilar to those of a large family: instances were found of quite small establishments serving perhaps only a dozen lunches. Here the fresh vegetables (very little fresh fruit is used) are bought in the local retail shop, where a discount may or may not be given and a delivery serivce is often provided. The canteens attached to food shops usually bought produce off the counter and paid the full retail price for it.

Some of the smaller caterers use retail markets where possible because the produce is usually fresher and cheaper than elsewhere. Produce may indeed be fresher because it is probably being sold off the grower's own stall and it should be cheaper because overheads are lower than in a shop and no delivery or credit services are provided.

TABLE 5

Main and Secondary Sources of Supplies of fresh Fruit and Vegetables. Individually Run Establishments

	Main Supplier		Secondary Supplier	
	No.	%	No.	%
Retailer	48	(37)	18	(50)
Retail Market	2	(1)	1	(3)
Wholesaler in Wholesale Market ..	9	(7)	—	—
Distributing Wholesaler	65	(50)	6	(17)
Grower	7	(5)	10	(30)

(b) *Purchases from wholesalers.* As the main supplier of 50 per cent. of the individually operated units the distributing wholesaler is the mainstay of the supply system both in the number of transactions and in the quantity of produce handled. The term distributing wholesaler embraces a group of traders who will provide a wide range of types and qualities of produce, and varying standards of service, and will use slightly different methods of pricing to meet specific requirements.

The normal distributing wholesaler, trading with both retail shops and with caterers, will provide what the caterer wants but the standards of service, level of prices, speed and frequency of delivery depend very much on the locality and on the trader. The normal distributing wholesaler is the most usual supplier in rural areas, but in cities and conurbations, where the amount of catering business is sufficiently large, it is usual for one or more wholesalers to become specialists in this type of trade. These specialist suppliers have a wider range of produce more readily available, they sell the exact quantities of produce required, whether large or small, and provide a high standard of service. In a few urban areas a further specialization was found, with some distributing wholesalers dealing with potatoes and coarse vegetables and some dealing with fruits, salads and the more expensive produce but this was not common. In London, however, a very specialized situation exists. In the Kings Cross area there are dealers specializing in the potato trade, while there are half a dozen traders located in the Covent Garden, Spitalfields, Stratford and Brentford areas specializing not only in supplying the catering trades but also in supplying particular sections of these trades. For example, one specializes in supplying high class produce to expensive hotels, restaurants and shipping lines (often involving the regrading and repacking of produce) while others specialize in supplying vegetables in bulk to hospitals and canteens. But in all areas there are non-specialist distributing wholesalers working on the fringes of this type of trade.

Since there are a number of suppliers, providing a choice of produce and service, it was not surprising to find very few complaints from purchasers in the London area. Such is the strength of the trust and satisfaction between some buyers and sellers, that one of these suppliers makes a weekly delivery of produce up to the Midlands to customers who have moved or opened new premises there. In London, all suppliers are offering a daily delivery and many will deliver at short notice several times a day, although this service is being slightly curtailed now. Competition for trade in the Greater London area is very keen and the service is of a high order, which perhaps suggests that there are rather too many suppliers in that area. By contrast, isolated instances were found in rural areas and the "new towns" of an apparent shortage of suppliers of fresh produce, and it may be presumed that the consumption of processed produce was higher in these areas as a consequence. It is unfortunate that either higher profit margins or a greater number of potential customers in an area are the only long-term solutions to this problem.

Service in the context of supply by a distributing wholesaler is measured mainly in terms of frequency of delivery, a quick appreciation of the customer's standards and needs, and a willingness to replace faulty produce. Frequency of delivery depends to some extent on the produce concerned: for soft fruit and salads a daily delivery is usual while two or three deliveries per week are sufficient to keep a fairly fresh supply of cabbages, cauliflowers, sprouts or root vegetables in the caterer's kitchen. Potatoes are commonly delivered once a week, with a running stock of perhaps a week's supply being held by the caterer. It is an accepted principle of the trade that the supplier is acting as the buyer's agent and takes full responsibility for the goods he has selected. Unsuitable produce is either replaced immediately or a credit note is given to the customer. A cogent reason for dealing with a local supplier, who would not otherwise appear to be especially suitable, can be that he can speedily replace faulty produce. The supplier's profit is in large measure a reward for the risks involved in choosing the correct produce.

Few caterers are interested in the purchase of fruit and vegetables other than to ensure that they get value for money: all are very busy with varied interests and few have a vehicle which can be used to collect produce. Thus is is not surprising that a distributing wholesaler of any type, who is willing to deliver goods and to accept responsibility for their quality, is given the job to do. Certainly few caterers had any serious complaints and fewer still were actively considering any alternative sources of supplies.

Procurement by Centrally Controlled Units

This is not as different from the system outlined for individual units as might be expected. Although the multiple organizations consist of many units, these are most usually scattered through a region, sometimes over the whole country, and each must perforce operate to a large extent as an independent unit. Wherever possible the units in one area will be treated as a whole and the orders bulked up and contracts made with the trader giving the most favourable terms. The centralized ordering and accounting can lead to economies in office work, but regardless of this central ordering system, the seller usually delivers the individual part-orders to each separate unit. The greater part of this trade with multiple organizations goes to distributing wholesalers not only because these firms can provide produce of the most appropriate quality and price but also because they usually have fairly adequate office facilities. A trader being "vetted" by the head office of a large organization is judged on his likely ability to produce an accurate invoice promptly as well as on more obvious qualities. Only rarely are there sufficient units in one locality other than Greater London or the Midlands to make it worth while even to consider setting up a wholesale buying department.

Among organizations using larger quantities of fruit and vegetables, where the sums of money involved become considerable, it is common to have a buyer who specializes in the purchases of foodstuffs including fruit and vegetables. He will oversee the trade with the various suppliers and will operate any system of tendering that may be used.

Tenders and Trading Agreements. There are three basic types of trading agreements:

(a) to trade, under a written contract at firm prices, or at discounts off published prices;
(b) to trade under a gentlemen's agreement at ruling market prices for a specified time;
(c) to trade using the brokerage system.

While most independent caterers have simple written or verbal agreements with their suppliers, agreeing to do business together for a period at ruling market prices [i.e. system (b)], public authorities usually find the need for the assurance given by a written contract awarded as a result of public tender [system (a)]. But even among public authorities there is some divergence of opinion as to how much formal detail is necessary. Some have firm tenders based on prices fixed for three months, thereafter subject to review; or based on prices quoted in weekly journals; others have written agreements terminable at short notice to supply at prices which the supplier himself fixes from day-to-day.

The system of tendering at prices published in journals has a spurious respectability: the act of publication gives these prices an authority undeserved in this context, and the frequent use in this way of the prices for the highest quality available is misleading since this is not the quality supplied. These base prices can relate only to a very small proportion of the market throughput and to sales which took place up to seven days previously. On the other hand very large discounts are usually given off these high base prices, and in practice the tender usually goes to the supplier offering the biggest discount. As the accounts of public authorities are open to scrutiny from all quarters and success in managing public affairs is measured by how little has been spent, quality of produce is liable to be of small importance. The vegetables remain in evidence for only a matter of hours, and provided that the cooks do not complain too loudly or that the quality of the meals is not scandalous, nothing further will be heard.

Thus, much of the lower grades of produce finds its way to catering establishments supervised by public authorities, especially schools, hospitals, institutions and some canteens. All the same it would be quite incorrect to suggest that this is necessarily unwholesome rubbish, and since it can be virtually guaranteed to be cooked and eaten on the day of purchase, freshness is of comparatively less importance. Certainly some of the produce is of poor quality, but there is no measure of how much, and opinions vary. Suppliers, whose daily work brings them into contact with the whole quality spectrum, were more disturbed by the low grade of produce delivered by some other suppliers to caterers than were the caterers themselves. Perhaps the latter have become conditioned to low grade products since they see so little else, or perhaps suppliers are using the more conspicuous instances of low quality to make a case against the small competing firms which, they claim, are constantly upsetting the trade. It is indeed common for the drivers and salesmen of established suppliers to wish to start in business on their own account, using their expertise for their own benefit: indeed many of today's established firms started in just this way within the last twenty years. These new entrants to the trade initially charge low prices because they have both low overheads (a second-hand lorry, no paid wages and no office) and are prepared to take low profits in order to attract custom and to secure forward contracts. They consequently tend to attract those customers who are more aware of low prices than of low quality. Once established, of course, these firms gradually begin to charge normal prices and to break into the more discriminating markets.

The system whereby a reputable supplier fixes his own prices according to the current market situation (system b) leaves greater room for flexibility to charge a price bearing some relation to the actual cost of the produce. Prices anticipated to be those ruling in the forthcoming week are sent to caterers as a guide to buying policy: the supplier, however, reserves the right to charge more or less according to the circumstances on the day of purchase. Suppliers operating on this basis seem to work in much closer conjunction with the caterers, and there are frequent exchanges about the buyers' requirements and the sellers' knowledge of what is of good quality and comparatively cheap. Distributing wholesalers believe that through this system they generally reflect their costs in their charges but occasionally if prices are high, the margin they charge is less than usual, and if prices are low the margin will be higher, thus they maintain more even prices to their customers. The system has not become more widely used largely because of features mentioned earlier, i.e. that local authorities are more often interested in low prices than in a good general level of quality and that there are traders who are willing to exploit the position. In addition, specific prices or those quoted in specified journals are used because they are thought to leave less room for abuse by dishonest employees of either the buyer or the seller.

Whether the caterer is buying at firm prices, quoted prices or at ruling market prices he should of course follow prices in general in order to check that good value for money is being obtained from his present supplier and be prepared to change to another supplier if necessary.

An interesting possible development of the use of ruling market prices is the brokerage system [(c)], where the customer is charged the cost of the produce plus an agreed commission to cover transport, administration and profit. A brokerage business is being developed out of the distributing wholesale trade but it has been in operation for less than a year and has not yet reached its planned nation-wide scale. The particular firm involved intends eventually to supervise all buying and quality control from the central office. This system of handling produce has been put forward to the trade as a clear alternative to the distributing wholesalers' method of firm purchase and subsequent resale to caterers and it may prove to be so. It sets out to meet the caterers' requirements more closely, to be more obviously honest and to provide better value for money. But there is only occasional evidence that the distributing wholesalers are not already meeting caterers' requirements as to variety, type, price and quality of produce and in most urban areas there are the specialists providing a tailor-made service.

It happens that caterers using the brokerage system at present are quite enthusiastic about the lower costs of their fruit and vegetables and about the standard of quality control: but this is very much a feature of the particular firm and not an advantage inherent in the system. In one way the broker is going against a trend—many caterers dislike fluctuating prices and wholesalers damp them out to some extent, and one or two are trying to eliminate them altogether, while the broker's prices exactly reflect these variations. There are indications that for customers to whom price is more important than quality, the occasional high prices which are passed on to the caterer under the brokerage system are not acceptable. Conversely, however, if the broker buys well these high prices should be offset by low prices at other times—in other words the customer must take the long view on price levels. Indeed the brokerage system may well have a greater appeal to the more perceptive customers who are already getting good value for money from their present suppliers, rather than to the less well informed customers whose problems it is designed to solve.

One general effect of the institutional caterers' demand, however it is met, is worth special mention. Institutional caterers, looking for considerable quantities of cheap vegetables, are almost by definition limited to using the two or three vegetables in full season at any one time. Without this particular type of outlet there would be considerable changes in the nature of the market. Most seasonal crops start and finish in short or only moderate supply and bulk heavily in the middle of the season. Without a more or less captive consumer (i.e. the institutional eater) for the bulk of the midseason crop, price fluctuations would be wider, and probably average prices and consumption levels would be lower.

Own Buying Departments. This is a comparatively rare solution because it involves the caterer in setting up a sort of fruit and vegetable wholesaling business. It becomes essential to have warehouse space where produce can be assembled from all sources, sorted out into specific orders and delivered to the individual units. A selection of transport is essential for the collection of bulk loads and for the delivery of smaller mixed loads. One or more buyers must be employed to go into the wholesale markets, out to growers, to country merchants and to importing agents to organize supplies on a day to day or longer term basis. Although those involved have surrounded the buying of fruit and vegetables with a great mystique it is nevertheless a skilled job demanding both an amiable disposition and the ability to get up very early in the mornings. Any organization setting up its own wholesaling department is in direct competition with specialist wholesalers for the services of such people. In addition, there must be a staff able to co-ordinate all the individual actions; and this staff must be accommodated and provided with all the necessary office and communications facilities. Further, comparative outsiders are likely to encounter acute snags in the use of congested markets: problems such as getting parking and loading spaces and the use of porters. Finally of course the firm's own buying staff must accept the responsibility for the quality of the produce and be prepared to replace it if it fails to meet the requirement of the individual kitchen staffs.

Few would set up such an organization, competent on all points, purely for the purchase of fruit and vegetables, but some are prepared to use staff, transport and administrative facilities to co-ordinate either all food purchases, or all consumer goods being purchased, which would make more economic sense. One organization set up to perform in this way is the Buying Department of the Greater London Council which employs specialist buyers for meat, fruit and vegetables, fish, other foodstuffs and all of the categories of domestic and office equipment.

Visits to Markets. Small-scale caterers rarely use the local wholesale markets as their main sources of produce. The ones who do so are those who pride themselves on their skill in choosing the freshest and most suitable produce or those who enjoy the market atmosphere, the search for bargains and the friendly banter that goes with trading. On the other hand, market congestion may make for difficulty in loading the buyer's own vehicle and the visit to the market takes valuable time.

Secondary Sources of Supplies

Retailers. Retailers are by far the most common choice of secondary supplier both in London and elsewhere (see Table 5): although they may not charge such keen prices as wholesalers they are more accessible and are turned to for produce needed at short notice, and in some cases for locally-grown produce which would be tedious or unrewarding for the caterer to assemble for himself. Retailers usually have a wide range of produce available, which the caterer can buy at short notice, but retailers do need some notice of orders for very unusual produce.

Growers. The only source of produce not mentioned so far is the grower himself. No caterer obtains all of his produce from a grower because no grower can provide the wide range of produce demanded without becoming a secondary wholesaler. The bulk of directly-supplied produce goes to the large groups of caterers or hotels who are able to arrange contracts with growers for the supply of produce to their own specifications. Future developments of this type of trade will be discussed later, but at this stage it is sufficient to say that all caterers regard direct supply as being the ideal arrangement, particularly because the produce is so much fresher and less damaged than is market-fresh produce—but there is no particular price advantage to the caterer and trading difficulties do arise. The larger users in particular find difficulty in obtaining sufficient quantities of their special requirements and complain that growers are unwilling to put themselves out to make this type of trading successful—some employ country merchants to assemble the correct quality in sufficient quantity for their needs. Crops commonly being sold in this way are the soft fruits: but there are reasons for this choice in that the season is very short, the crops are about the most perishable that the trade has to handle, they are valuable in relation to their bulk and will therefore justify these special arrangements.

General. The Study has shown that by far the commonest reason for a buyer not trading with the most appropriate sector of the market system is that he and the appropriate trader do not work well together. It should not be imagined that buyers and sellers are engaged in constant arguments and skirmishes; mutual trust is the rule rather than the exception: but some traders are prone to deal in inferior produce at inflated prices, a few are less than honest, and there are those traders (and those caterers) who are just plain awkward to deal with. In one seaside resort a certain amount of friction has been caused by the retailers, who have considerable civic influence, "warning off" the wholesalers from dealing with hotels or competing for the municipal and other trade. This naturally gives a sense of aggrievement to both the caterers and to the wholesalers. Nevertheless, in the course of the Study much less criticism was encountered of the individual suppliers or of the market system as a whole than had been expected.

Section 4

TRENDS AND DEVELOPMENTS

The catering industry appears to be going through a period both of moderate expansion and of changing emphasis. Much of this stems from the trend towards eating more meals away from home, for a variety of reasons including the now clearer distinction drawn by consumers between "eating out" as a recreational activity, which has become more popular, and the more familiar "eating out" while travelling or at work. Considerable changes have taken place also in the collective sector of the industry to combat the shortage of skilled management and attract capital to the new developments, all of which are increasingly expensive to set up. The processes by which this has usually happened are by amalgamations of various kinds and the development of new companies to provide catering management services which can be hired. In all cases the tendency has been to specialize, to simplify the tasks of local management and to concentrate the most talented personnel in the central administration of the company. Since the great majority of the meals served away from home must be as cheap as possible there is naturally much emphasis on the bulk-buying of supplies, the mechanization of kitchen tasks and the use of foods in prepared forms. Standardization of menus and running operations among the units of, for example, a multiple restaurant chain reduces the calls on management skills and affords greater flexibility in manning the individual units from the pool of staff available. The objective is to reduce all tasks to a predictable routine and to provide among other things a uniform standard of food and service.

Changes affecting Fruit and Vegetables

Although fruit and vegetables are one of the essential raw materials used in all catering establishments, different establishments place a very different emphasis on their use. Vegetables particularly provide nutritional value, bulk, flavour and colour in a way and at a cost, that nothing else does: in addition the way in which they are used is one of the canons by which a restaurant is judged. On the other hand several modern, high-output chains of lunch restaurants base their menus on cheap grills and chips and place very little emphasis on the conventional lunch time vegetables.

As we have seen, a situation has arisen where many catering establishments could not function and provide their present service at its present cost if prepared and preserved (i.e. processed) produce were not available. Preparation can best be done where specialized machinery and high output techniques can be used and therefore at a lower cost than in individual kitchens. In return for the higher cost of processed vegetables the caterer is getting increased variety, less work, less day to day worry and less uncertainty. Since there is a constant incentive for labour to move away from the catering industry to work offering higher pay and better conditions it is reasonable to expect a continued increase in the use of prepared and preserved vegetables, unless anything happens to increase markedly the competitive power of fresh.

In considering what factors may be tending to increase caterers' acceptance of frozen produce it is obvious that anything that can be done to make it even less liable to mis-handling, together with lower costs, would put frozen produce in a very strong position indeed. However, the biggest potential for development in frozen vegetables for the catering trades probably lies in the technique of preparing complete frozen meals and meal portions, including vegetables, which are cooked in a central commissary in a production line process. The meals are then frozen for distribution and storage and are very simply and quickly prepared, on demand, by heating in a special oven. This technique has only recently been used on any scale, and the meals on offer are still of a fairly limited type. At present the main appeal is to caterers who must provide cheap meals for shift workers and travellers at awkward times of the day or night: a number of factory canteens and some hospitals are either using the system or are interested in it. Meals not prepared in this way will become progressively more expensive to the consumer, in which case the quality must be maintained or improved, widening still further the gulf between the mass-produced and custom-prepared meals.

The quality of some canned and most dried produce seems to leave room for improvement, but at the current prices of canned produce it is unreasonable to expect great change, particularly since there is a decline in interest in some types of canned produce. Dried produce is fairly expensive and there is still some way to go before it makes a real challenge to frozen produce in the "quality" market, but it would be comparatively easy for it to make inroads into the school, canteen and hospital trade if it could be sold more cheaply. These institutions are at present using mainly cheap fresh or canned produce. Large-scale multiple catering enterprises, shipping lines and military authorities are all potential large buyers of dried produce awaiting low-cost solutions to the quality and packaging problems.

While the caterer can watch all the new developments designed to serve his gradually changing needs with equanimity or even enthusiasm, the grower and still more the distributor stand to gain or lose a good deal. The wholesale market system itself would not be dramatically affected by any long-term changeover by caterers to processed vegetables and frozen meals since part of the low-value, bulky produce it would replace is already consigned directly from the grower or country merchant to the catering wholesaler. It is the specialist catering wholesaler who would be more affected than anyone else, and any move toward the use of frozen meals will only serve to reinforce trends already set in motion by the growth in processed foods. Some distributors who formerly dealt mainly in fresh produce are reinsuring themselves by now trading in processed produce of all kinds, including fruit and vegetables, and the provision of a more comprehensive service may be a useful role to which other wholesalers could adapt themselves in the future.

The increased use of processed produce has two aspects which are of particular interest to growers; first, what changes are taking place in the porportions of home-grown and imported produce being used?, and secondly, what are the effects on particular sections of growers? The figures in Table 6 (summarized from Appendix III) suggest that the increased consumption of processed produce has not resulted in a more than proportionate increase in the use of imported produce.

TABLE 6

Available Supplies of Canned and Frozen Vegetables in the United Kingdom

Year	Canned		Frozen	
	% home-grown	% imported	% home-grown	% imported
1956	71·1	28·9	—	—
1957	68·6	31·4	82·2	17·8
1958	70·1	29·9	79·4	20·6
1959	73·8	26·2	75·7	24·3
1960	72·6	27·4	73·7	26·3
1961	71·2	28·8	78·3	21·7
1962	70·8	29·2	76·1	23·9
1963	69·9	30·1	65·7	34·3
1964	71·4	28·6	75·3	24·7
1965	—	—	77·7	22·3

These figures do, however, conceal differences among commodities and among growers. Among frozen vegetables the biggest developments have been in peas, beans, Brussels sprouts and diced root vegetables. Fortunately these are crops in which our growers have an adequate competitive advantage (but we would like to have seen a stronger advantage for peas than appears to have been the case). This advantage would quickly be lost if there is a change in future in public taste and demand towards vegetables which cannot be grown satisfactorily in Britain; the best insurance against the latter is to grow produce for the fresh market and to make it more obviously competitive against processed vegetables of any type.

So far as concerns the grower, processors require large quantities of special varieties of produce grown to strict specifications and to a very precise harvesting timetable. Usually it is the farmers and large-scale growers who are best able to meet these requirements and to whom the processors' prices appear more attractive. Most of this processed produce will be used instead of fresh field vegetables from similar growers, but some will undoubtedly be used instead of fresh vegetables from the smaller growers who usually sell their produce through the market system. The strength of these latter growers is that they generally grow a different type of produce from field scale growers (salad crops and higher quality vegetables)—but in any case they are responsible for only a comparatively small proportion of the total output of vegetables. Any small growers with ambitions in the processing field will have to start safeguarding their position by developing their production techniques so as to satisfy the more stringent requirements of processors, and by marketing co-operatively.

So much for the trends favouring processed produce; are there any that could be developed for promoting the use of fresh? A more forceful selling policy by wholesalers to match those employed by manufacturers of processed foods would seem an obvious one, but from the point of view of this Study, it would be more constructive to attempt to find solutions to some of the drawbacks at present associated with fresh vegetables, and to improve their general standards of freshness and flavour for more confident use as selling points.

Prepared Vegetables

One way of making the use of fresh vegetables more competitive in schools, hospitals and institutions would be a more widespread use of them in the prepared form. Most of these organizations have predictable requirements, and the possibility of reduced wastage, more precise ordering and less kitchen work and mess, should have an immediate appeal. The question arises—why has not the use of prepared vegetables become more widespread? Some of the answers are fairly obvious.

The range of vegetables lending themselves to preparation is at present small and potatoes form the bulk of them. Most potato peeling businesses started on a small scale in cities using second-hand carborundum potato peelers, hand trimming and delivery to local buyers: here the technical problems of production, preservation and storage are kept to a minimum. The initial success of this type of operation led to the purchase of more ambitious, specialist equipment costing several thousands of pounds, and with an economic throughput of several times the size of the first type, but the consequent problems of storage and sales outlets were overcome. Less easy to overcome, unfortunately, are the problems of operating the new chemical peelers without damage to the potatoes, together with the more expensive problems of the short-term preservation needed to handle the larger outputs, to even out the daily supplies and provide weekend and Monday supplies without weekend work. These high output peeling machines inevitably produce large quantities of peelings, trimmings and soil—the problems of disposing of this material either through the sewers or by some other method have not yet been satisfactorily solved. The techniques of using temporary chemical preservatives take time and patience to perfect and the need for cold-stores and insulated vans add further to the capital outlay. Despite the heavy investment in peeling machines, much hand-trimming still needs to be done on all but the best samples of potatoes and root vegetables, and of course leaf vegetables are prepared entirely by hand. This means that all stages are inevitably messy and slow, and fairly good wages must be paid to retain staff. It is necessary to provide caterers with small frequent deliveries, since prepared vegetables are, despite temporary preservation, still rather perishable, and it is essential to have a well-organized distribution network. This usually consists of a network of main depots to which full loads are delivered, and these usually belong to agents who have other produce to distribute to caterers. In other words it is a big step from the usual starting point of using a simple system to the next step using a large scale of operation, expensive equipment and precise techniques. Many firms failed to bridge the gap and went bankrupt: this had the double effect of creating the impression with the caterer that prepared vegetables are a haphazard and unreliable service, and with the trade that the operation is a risky specialist line of business which they should think twice about before entering.

Despite these difficulties and discouragements, a further stage in the development of these businesses has now begun. The firms now producing, or planning to produce prepared vegetables are mainly large-scale growers or groups of growers linked with distributing wholesalers or large retailers: they are fully aware of the pitfalls and of the costs involved and all are proceeding with caution. The premises are usually located in the production areas and the firms are primarily interested in prepacking* the higher grade produce, using "preparation" as an outlet for the lower grades. In most cases the prepacking side of the business has been developed before the preparation side.

From the caterer's point of view the term "prepared vegetables" is so far synonymous chiefly with peeled potatoes. The use of this technique treads a narrow path between useful advantage to the caterer and increased perishability and costs. Prepared fresh produce is subject to similar losses of nutrition and flavour as are processed vegetables. Had peeled potatoes been more widely available for a number of years uptake would have probably become considerable. In addition, even now that peeled potatoes are more widely available there are comparatively few caterers who are either reorganizing their kitchens or experiencing the really acute staff shortages that would cause them to look to prepared vegetables for a partial solution. Consequently no dramatic changeover can be expected to take place, and a period of years will be needed before the effects of any changes can be seen. But undoubtedly they will occur. Currently, frozen chipped potatoes are expensive, dried mashed and tinned whole potatoes not widely accepted, and so it would seem that a real need exists for whole prepared fresh potatoes and for prepared chips. From the point of view of the "preparers" the use of fresh prepared potatoes must be firmly established before the preserved potatoes became so, since whichever is well-established first will be in a very strong position.

As far as other vegetables are concerned the small range so far available at any one time more or less confines their use to those wanting large quantities of cheap vegetables without much variety, or those hotels and restaurants which are putting on one or two fresh items to supplement the preserved vegetables. The developments immediately in sight will admittedly make only a very slight impression and not cause a landslide back to the use of fresh vegetables, but for the reasons given we see considerable potentialities for them.

* Washed and packed in retail size packs for the household trade—e.g. potatoes in plastic bags.

Direct Supply

Anything that supplies the caterer's needs by a shorter system than—grower, market salesman, distributing wholesaler, caterer—would be an improvement since the produce would be fresher, less damaged and cheaper. Nevertheless, price, quality and freshness were not found to be holding back the consumption of fresh produce to a really significant extent: seasonality, perishability and the amount of preparation required were much more noteworthy. All the same, better quality produce at more competitive prices would attach present users more firmly to fresh produce and thus delay the time when the alternative forms come to be seriously considered.

However, whether produce passes directly from the producer to the consumer or by a very roundabout route there are certain of the functions of a market system which must be performed. Produce must be assembled from a variety of sources, and buyers must be fully aware of what produce sellers have on offer and have freedom of choice to select. The competition for specific types of produce and the adequacy of their supply results in the establishment of objectively known prices. Equally important to most buyers is that the produce must be made physically available at some suitable place. The existing market system does in fact perform just these functions and any suggested improvements, including a wider use of direct supply must reconcile economy of selling and distribution with the maintenance of sufficient choice of produce and freedom of pricing.

The two most common forms of direct supply are:

I Grower—caterer

II Grower (or county merchant)—catering wholesaler—caterer.

The grower-caterer link works at two clearly defined stages in the industry but both together do not as yet amount to a significant total. The more common is for a small caterer or hotelier to buy from a local grower, but the quantities are small, transactions infrequent and the prices are usually above what a distributing wholesaler would be charging for the same produce. The biggest snag is that the range of produce available is small and may not be regularly available: the virtues are that produce is fresher and less damaged. For these latter reasons it commends itself to certain types of caterer and is likely to be maintained; for very highly perishable items like soft fruits, the practice may become even more widespread. However, few growers can expect to clear all of their fluctuating supplies in this way and must use wholesale markets and other outlets for the remainder, which reduces its appeal for them. Mushrooms are another particular example where attempts have frequently been made to consign the caterer's daily requirements directly from the grower. Some attempts have been unsuccessful because the small daily consignments, particularly to the London area, tend to get mislaid in transit. The system can undoubtedly work but it demands great attention to detail on the part of the sender. A co-ordinated system of marketing by a number of mushroom growers using their own means of transport could be the answer to this problem.

At the other end of the scale are a few of the very large-scale caterers who operate in a more positive way, deciding what their precise requirements of type and quantity are and then trying to obtain this produce as cheaply and in as fresh a condition as possible. The amount of trade in this category is again quite small because there are a few caterers who have sufficiently large requirements in any one part of the country to justify the trouble involved. These caterers have precise requirements, are very demanding and pay keen prices. Despite propaganda to the contrary, most growers are satisfied with their present marketing opportunities and in practice will look twice at any alternative which appears to involve them in more effort for similar returns. Consequently only limited headway is being made in this sector, however desirable and tidy the system may look to the outsider. It has the drawback of being wasteful for all but the largest operators, in that specialist buyers must be employed to travel widely to locate supplies.

The more common and increasingly used link is that made between the grower (or country merchant) and the distributing wholesaler (who in turn supplies the caterer). Here the distributing wholesaler makes it his business to be aware of potential sources of supplies. Certain vegetables such as carrots, cauliflowers, cabbages and sprouts and salad crops are used in sufficiently large quantities and sufficiently regularly to lend themselves to these direct contacts with the grower, especially since the quantities are often sufficient to make up a full lorry load, without which the system is uneconomic. A useful advantage has been that producers have become more aware of the specific needs of the customers of particular wholesalers, and a little initiative on either side rapidly leads to the buyer's needs being more closely met. Eventually the wholesaler may take the positive step of organizing specific supplies to meet these known requirements by planning production schemes with a number of growers. This more positive role involves the wholesaler somewhat more in the risks of production, for which he will inevitably be looking for a greater reward than at present. The grower's risks are somewhat reduced and he may be willing to accept a reduced profit margin. But these gains are at the cost of the loss of variety and flexibility which the market usually offers. The market still has to be used when the direct supply breaks down for some reason, and more regularly for imported items and others not needed in sufficient quantity for direct supply to be worth while. There is limit to the throughput of each wholesaler and to the amount of stockpiling that it is economic to do, and so there is a limit to the number of wholesalers who can cope with full lorry loads of particular vegetables at any one time. Perhaps this argues a case for larger wholesale businesses dealing over larger areas and able to absorb more complete loads of produce direct from production areas.

In spite of the difficulties and limitations of direct supply, we see some possibilities for an increased use of this system where it can be developed in the form of links between large-scale caterers and consortia of growers. These consortia can be organized either by country merchants or by the growers' own co-operatives. Although as we have seen, country merchants are already in this business, many do not seem to be in it in a purposeful way. In the main it is the buyers (i.e. the caterers) who have sought out a source of supply at or near farm. But it is really the business of suppliers to seek their markets, and if growers are usually too small or insufficiently organized to do this themselves, country merchants (amongst others) should be doing it for them. Whether or not the distributing wholesaler acts as an intermediary is of no special importance: the main point is to achieve the assembly of a sufficient amount of produce from several growers, all at the same high level of freshness. Country merchants are accustomed to take the initiative in arranging this assembly and delivery for the ordinary wholesale trade, and it is not clear why they seem to have been generally less enterprising in doing the same for the catering trade. Certainly they would seem to be better placed than the catering buyers, who are usually in urban areas, to know at any given time what produce is available in the countryside and where it can be had.

A similar role can be envisaged for producers' co-operatives. Presumably these are willing to supply caterers on request, or distributing wholesalers for resale to caterers, but so far as we have been able to discover they do not look on sales to catering establishments as a normal and regular part of their business. It is indeed not likely to become one where the co-operative is a specialist concern, dealing solely with (say) apples or cauliflowers, but some of the more prominent horticultural co-operatives handle a wide range of supplies, which as a matter of course they seek to route to the large primary or secondary markets. That being the case, they would seem to be neglecting an outlet which should be particularly valuable to them because of the unquestionable freshness of the produce they have to offer.

Other Possibilities

Importation by Air. In recent years the lower costs and increased speed of air freight have made possible the use of a wider range of fresh produce imported from other latitudes. This produce, such as asparagus, beans, celery, strawberries and peaches is so far used mainly in the high class hotel restaurant and banqueting trade, but the rate of technical advance in air travel suggests that such produce may soon be more widely available, cheaper and in use in a wider range of establishments. Fortunately for the British grower, it will be some time before either the quantity available or the price bring it within easy reach of the school meals services or of factory canteens and hospitals.

Collective Organization of Caterers. The comparative success of many farmers in organizing themselves for the collective purchase of farm requisites prompts the question whether the independent caterers in any locality (not branches of the same concern) could not organize their purchases collectively. Branches of multiples already do this wherever possible. On the face of things buying groups could be organized either with a centralized ordering and accounting system with deliveries to individual units, or simply as an agreement for all the individual members to place their orders with one firm. But both schemes seem to have little appeal, mainly since the use of fresh fruit and vegetables is not being hampered mainly by high prices. In addition, the relatively small concessions obtainable on bulk orders do not fire the imagination, and most caterers realize that keen prices can often mean that quality suffers. It is also difficult for many caterers to order sufficiently far ahead to make group ordering possible. Another very practical reason is that suppliers who give price concessions usually demand prompt payment and not all caterers are either willing or able to comply. No central buying groups were encountered and none were being considered by any of the caterers visited during this study.

Section 5

SUMMARY AND CONCLUSIONS

This Study has taken one very diversified group of users of fruit and vegetables and enquired into their particular requirements and the means by which these requirements are met. At least 10 per cent. of all fruit and vegetables available annually are consumed in some type of catering establishment; and the proportion is higher than this in the cases of much of the cheaper produce and also of a few of the very expensive lines. Despite the spread of hamburger bars and the like, the large scale use of fruit and vegetables by caterers would seem to be assured for the foreseeable future since custom, nutritional requirements and relative cheapness will ensure that they appear as a part of the cheaper meals; and the fact that, skilfully handled, they can be a delectable part of a meal will ensure their place in "haute cuisine". They are a comparatively small part of the budget in most catering establishments (between 5–10 per cent. of all outgoings) but they are second only to staff management in their demands for constant and detailed supervision.

Roughly half the catering demand is for processed fruit and vegetables. The manufacture of practically all processed foods is undertaken by companies with considerable research, technical production and promotional facilities. It speaks highly of the resilience of the various appeals of fresh produce that despite this competition it still claims the other half of the market. Nevertheless, on the balance of the various trends that have been discussed, the proportion of processed food seems likely to go on increasing. Within the sector of fresh fruit and vegetables, the bulk of the demand is associated with the market for mass produced meals, and although the gastronomic standards are often not high, they usually give good value for money. This bulk demand is of course for the more staple lines of fruit and vegetables, of moderate quality. Although several branches of the institutional catering sector are undergoing administrative and technical reorganization, no major overall growth in the future can be foreseen: the big expansion in this field came during and shortly after the war. The expanding fields in the catering trades, though only a small fraction of the whole, are the high quality restaurant, and the snack bar which seldom serves fruit, and few vegetables.

There is, however, one potentially expanding sector within the field of fresh produce. This is the case of salads, for which there is currently no processed alternative. Public taste is becoming more appreciative of tomatoes, cucumbers, watercress, radish, celery and so on; and the consumption of these both at home and outside is likely to respond to future increases in income and living standards. The need for these salads to be extremely fresh despite the unpredictable changes in demand, often in response to changes in the weather, has created among both large and small scale caterers a preference for buying this produce direct from the growers.

The continuing increase in the share of processed fruit and vegetables in the catering trades has not so far had a very large effect on growers beyond adding to the pressures on them to produce crops to their buyers' specification and at a negotiated price. The relative importance of home produced and imported ingredients in processed foods is not such as to have favoured imports at the expense of home production. Nevertheless the specifications demanded by the processor can be met much more easily by large growers, many of whom are also farmers, than by the traditional market gardener. Any further growth in the processed sector, unless slight and gradual, is bound to be to the detriment of the latter. As has been suggested, his best way of strengthening his position *vis-à-vis* the larger grower is to make the most of his ability to supply small batches of produce of unquestionable freshness by direct links with individual buyers, or to submit to being organized for this purpose by a country merchant or by his own co-operative.

Turning now to the interests of the caterers, this Study has shown that most of them feel able to profess reasonable satisfaction with the kinds and qualities of produce they obtain, with the prices, delivery and other terms. The prices of fresh fruit and vegetables have risen less than the generality of other materials used in catering establishments, and as we have noted, they form only a small part of the total budget. The criticism that caterers have most frequently made is that of variation in quality, and allied with this, of discontinuity of supplies. It is not easy to decide the justice of these criticisms. Some caterers were clearly aware that such is the nature of horticultural production that consistency and continuity can only be guaranteed at a stiff extra price to the buyer, but others seemed to be expecting too much for the money they were prepared to spend. Nevertheless it is all to the good that caterers have found something to criticize, even though they have singled out something that is particularly difficult and costly to remedy. A feeling of dissatisfaction leads to a search for new methods and new routines, and it is from this search, although not yet a very active or questing one, that some of the various changes and developments are arising.

Before coming on to these, a digression may be worth while on one change which cannot be said to have been initiated by caterers but which has worked out to the substantial advantage of a good many of them. This is the growing use of non-returnable containers. For instance the Greater London Council were able to dismiss two men and to put a large container store to a more useful purpose when non-returnables became available in sufficient volume. Several shipping lines have expressed pleasure at no longer having to account for empties or carry them around the world. Credit was also given to the non-returnables for some improvement in consistency of produce since the use of open, light non-returnable boxes makes "top dressing" more difficult.

One commercial improvement initiated by caterers which has already been mentioned in another context is the steps that have been taken in appropriate cases, especially where freshness is all-important, to establish direct links with growers. Despite the difficulties and limitations that have been noted, it is to be hoped that this trend will gain momentum and that growers will individually or collectively respond to caterers' enquiries. In another instance, the use of brokerage selling was initiated in the trade as an alternative to the several other methods of procurement and pricing, in an attempt to raise the general standard of produce sold to the catering industry, but this system has not yet had time to prove itself.

Another type of development that was initiated by caterers, and which seems to have promise within its limited field, is the collective arrangement for procurement where a single catering organization has many branches. The leading cases are, of course, the chains of hotels, restaurants, cafés, etc.—we do not suggest that valid opportunities for collective procurement have often been missed in the cases of public institutions under the same control. "Valid" is of course a key word here since many superficially attractive plans for collective action quickly evaporate when one begins to consider the dispersal of the separate units and the small sizes and many varieties of their individual requirements.

Nevertheless, there do seem to be some unexhausted opportunities for joint procurement, and we see these as arising in their most promising form where procurement can be combined with preparation and perhaps even cooking in whole or part. The end-point here is the setting up of a central commissary in which meals nearly ready to eat can be assembled, prepared and partially cooked, ready for delivery to the meal places and requiring no more than a little further cooking or perhaps only re-heating. If meals prepared in this fashion sound unattractive, let it be remembered that over a large sector of the trade standards are not high and do not need to be, and that the central commissary may well be able to buy in greater variety and to more consistent standards than individual caterers do. At all events there can be no doubt of the substantial saving of cost that is possible, especially when all stages of the handling of all the constituents of a meal are handled as virtually one operation.

We turn now to the interesting and potentially important developments associated with the preparation of vegetables at or near point of origin. These have been initiated by a fairly small number of men with technical and commercial expertise, operating in country districts and maintaining close links with growers, and in some cases associated with the similar business of prepackaging vegetables for domestic sale at retail. This preparation has the effect of transferring the chores of trimming, peeling and the discarding of bruised, wilted and diseased material from the usually congested kitchens of the caterers, where most of the work would have to be done by hand, to factories operating fairly sophisticated equipment. The reader will be aware from personal experience how much time can be taken up by preparing vegetables by hand for a single meal. The main advantage in having the work done in a factory is of course the saving of overall cost and releasing of kitchen space.

Up to the present this system has really only gained ground in the case of potatoes, but it is also applicable to carrots, turnips, swedes, parsnips, beans, sprouts, celery, broccoli and cauliflower. So far as we have been able to discover, the reasons that have militated against its extension to a wider range of vegetables are not so much technological as commercial. The minimum economic scale of operation is a large one and potatoes are so far the only vegetable which most factories can expect to sell, for certain, in substantial weekly quantities.

The main outlets for prepared vegetables at the present time appear to be factory canteens, especially those operated by contractors. But one would assume that the system is also eminently suitable for schools, hospitals, camps and substantial sections of the hotel and restaurant trade. The basic requirements to justify the system are that the buyer needs vegetables of this kind, that his scale of requirement will justify three to four deliveries a week, and that he has the opportunity for dispensing with some kitchen labour so that he can more than recoup the higher purchase price. This is not an uncommon combination of circumstances. But apparently we have a hen and egg situation. Many large caterers, especially of the institutional type, do not use this system because they do not know of it, have not costed it, or have no contacts, and yet it would pay them well. On the other hand some of the firms preparing vegetables are stuck because they cannot risk a substantial investment in buildings and plant without the assurance of larger sales.

It is difficult to see what can be done immediately to release this blockage. But we feel that it is bound gradually to clear itself since there does not seem to be any shortage of enterprise and ingenuity on the side of the suppliers. We can therefore reasonably expect to see a gradual extension of the system, with the prospect of direct advantage to the caterers, and we would suppose, indirect advantages to the growers, by the setting up of another viable alternative to the processed article.

One unnecessary component of the blockage is the practice of the financial controllers of many local authorities and other public institutions in compartmentalizing the budgets of meals services, and assigning a ceiling to each separate compartment. This is intended to save money but is self-defeating, because it deprives the catering managers of opportunities to switch expenditure between materials, labour, plant, etc. so as to take advantages of market opportunities and technical change. In particular this system of financial control is directly detrimental to the substitution of prepared for raw produce, since savings in labour cannot be offset against the higher of costs materials.

The fact that the various trends and developments that have been reviewed and commended here are relatively few, diverse, and capable of application to only parts of the trade, is in one sense discouraging. It would have been more interesting to be able to point to the imminence of some major technological or commerical breakthrough. But we feel bound to ascribe the comparative paucity of new developments to the basically satisfactory organization of the trade as it now exists, and to believe that any observer of its detailed ramifications and requirements would be likely to come to the same conclusion. The main theme of any summing up must, therefore, be that changes and developments will undoubtedly occur; in the ordinary course of events firms and individuals will find new and better ways of doing things they now do, and some that they have not yet done; that these will make for greater efficiency and productivity, or soon be dropped; and that in the main these will continue to be changes brought about by the initiatives and enterprise of individuals, imitated from the one by the next, rather than a broad-based revolution that carries all before it. All the changes that we have particularly commented on should directly or indirectly benefit horticultural growers, or major sections of them, but neither for the grower nor anyone else is there any general panacea.

Appendix I

A BRIEF DESCRIPTION OF THE CATERING INDUSTRY AND CATERING INSTITUTIONS

As may be seen from Table A the catering trades, etc., cover a wide variety of types of establishment. Whether they form a separate industry is perhaps arguable, partly because of their diversity and partly because the catering activities are in many cases an adjunct to other business efforts. Nevertheless, the provision of food for consumption outside of the home is, in total, a significant part of the nation's activities, and it is so great and absorbing a skill that those involved feel themselves to be part of an industry in its own right. For convenience the concept of an "industry" has been used throughout this report, even though the institutional side of it is in the main, not run for profit.

Size of the Catering Industry (Table A)

As the information from any one source is incomplete, a picture of the sizes of the many groups of catering organizations has had to be built up from various sources.

(a) Some organizations are covered by the Board of Trade Census Division as an *incidental* part of their continuing study of Stocks and Capital Expenditure. These figures have to be adjusted for certain groups which are only partially covered by the Board of Trade census.

(b) Numbers of meals served are known for certain services—but very little else is known about them.

(c) Finally, there are those groups or types of trade for which no figures are available but where helpful individuals have enabled us to make estimates of the number of establishments or of the number of meals for the whole of that particular type of trade or groups of caterers.

If estimates are made of the number of establishments involved in the last column, a total of somewhere between 200–250,000 is arrived at. This is clearly a large enough number of establishments to call for considerable precision and regularity in the arrangements for the day to day supply of all types of commodities. We can make a very tentative effort to relate these figures to the size of the national

TABLE A

The Catering Trades and Institutions in Great Britain: Estimated Scale of Operations

Type of business or service	Number of establishments	Sales of meals or refreshments per annum	Number of meals per annum
	Number	£'000	Number
Hotels and holiday camps *	8,946	65,935	—
Public Houses .. ..*	68,905	57,210	—
Restaurants, cafés, snackbars .. ..*	32,523	311,565	—
Fish and Chip shops ..*	17,234	94,852	—
Outside catering contractors .. ..*	105	4,733	—
Licensed Clubs .. ..*	2,045	14,334	—
Canteens .. .. ..†	30,000	151,000	—
School Meals Services ..‡ ‖	—	—	845,000,000
Universities, training colleges, residential centres .. .. ..‡ ‖	—	—	13,717,000
Hospitals and Prisons ..‡ ‖	—	—	319,365,000
Private Schools .. ..§ ‖	—	—	127,000,000
Military .. .. ..†	—	—	93,500,000
Rail, sea, air travel ..	—	—	—
Private Nursing Homes, small boarding houses, etc.	—	—	—
Total of known items:	159,758	699,629	1,397,582,000

* Source: Board of Trade Journal, 13th May 1966, p. 1006–1070.
† Estimated.
‡ Source: based on Annual Abstract of Statistics.
§ Source: based on Whitaker's Almanack.
‖ Also includes estimate for staff meals.

outlay on foodstuffs. The last column of the Table suggests that when allowance is made for travel and nursing homes, etc., and also for inevitable omissions, the total of meals served in the establishments listed in that column must be of the order of 2,000 millions a year. If we assume the average value of meals to be 2/6d., the aggregate value becomes £250 millions; and this added to the total of Column 2 gives a combined aggregate value of £950 millions. Of this we ascribe £600 millions to the food itself and £350 millions to cooking and service. £600 millions for food represents roughly 10 per cent. of the total value of food consumption (domestic and catering) in Great Britain.

Functions of the Catering Industry

These fall into three broad groups:

I. Institutions having an obligation to provide their inmates with all, or a part of their food requirements on a break-even or on a subsidized cost basis;

II. Establishments providing food as a form of entertainment in anticipation of a profit;

III. Establishments providing low-cost meals on a profit-making basis for people going about their daily business, or travelling, and requiring food for its sustenance rather than as a primarily pleasurable activity. This group combines something of the "service" nature of group I and the requirement to make a profit found in group II.

The various catering organizations are grouped in this way in Table B together with some indications about the prevailing attitudes to costs and selling prices in the particular groups.

Non-profit-making

Group I. The motive here is economy—in the cases of schools, hospitals and homes because only limited public funds are allocated, and in the case of factory canteens because employers are willing to subsidize the facilities only up to a certain level. Consequently, the food provided is usually of a simple nature and with little choice at any one meal—in other words much as most families expect to find in their own homes. Nevertheless, budgets vary and some establishments are able to offer quite high standards of quality and choice. In the 30,000 or so factory and office canteens in Great Britain attempts are made to provide a good and slightly varied menu because well-run catering facilities and appetizing food can have a disproportionate effect in raising morals. These meals are a disguised form of payment: workers are unwilling to make more than a modest contribution to the true costs, and the employers make up the difference. The morale factor is also treated very seriously by the military authorities and great efforts are made to provide varied menus of high quality. Even where these efforts are less conspicuous (schools, hospitals, etc.) the catering arrangements have an important place in the life of the institution, and are often the first target for any discontent.

While the numbers of inmates to be provided for in homes, private schools, colleges and hospitals have risen steadily over the years, particularly marked increases have occurred in the provision of school meals and industrial catering facilities during and since the 1939–45 war. Following are the figures for national schools.

TABLE B

	Non-profit Making		Profit-making	
	Service Catering I		Entertainment Catering II	Service Catering III
VERY LOW COST	National schools National hospitals (public wards) Local Authority homes Local Authority training centres Factory/Office canteens Private Schools	VERY LOW SELLING PRICE		Cafés Fish and chip shops
FAIRLY LOW COST	Local Authority homes Local Authority training centres Private Schools Factory/Office Canteens	FAIRLY LOW SELLING PRICE	Bowling Alley Restaurants Cinema Restaurants	Cafés Restaurants Hotels Motorway restaurants Airlines
FAIRLY HIGH COST	Staff dining rooms Military establishments Directors' dining rooms	FAIRLY HIGH SELLING PRICE	Restaurants Hotels Ships Airlines	Ships/Ferries Railways
VERY HIGH COST		VERY HIGH SELLING PRICE	First Class Hotels Restaurants Ships	

Table C

School Meals Service

Numbers of meals served on a day in autumn term: England and Wales.*					
1941	1945	1950	1955	1960	1964
417,000	1,782,000	2,745,000	3,018,000	3,408,000	4,089,000

* Source: Annual Abstract of Statistics.

Profit-making

Group II. The strength of this group is found in the comparative willingness of its consumers to pay well for well-presented food. This group includes hotels, high-class restaurants, and more recently the eating arrangements attached to cinemas and bowling alleys. Catering provided by these organizations has nothing to do with subsistence feeding or the workaday world: food is regarded as an end in itself and as an adjunct to some pleasurable activity, and consequently the consumers' attitude to the cost is more generous. However, there is keen competition for the customer's favour, and this is reflected both in the frequent changes in decor and in the production of new and revived specialities to capture the imagination.

Group III. In this group there has been a considerable growth in the numbers of restaurants providing fairly low-cost meals, catering at mid-day especially for workers who are not provided with or choose not to patronize their own works canteen. This also applies to people travelling on railways, ferries, motorways and even to airlines in some instances. A basic feeding service is provided along the lines described in the first group but with the object of making a profit for the restaurant owner as described in the second group. It is logical to expect business groupings of many of the small individual restaurants and cafés for the purposes of overall management, accounting control and the enhanced bargaining power which comes from the bulking of orders. Such amalgamations have become a part of the business scene and have given rise to some very large organizations: often these are very diversified with interests ranging from manufacturing industries, hotels and motels, to cinemas, bowling alleys and dance halls. In practically all cases the catering activities are secondary but not unimportant interests.

Scale of Operations (by type of Establishment)

Only in the cases of those groups covered by the Board of Trade Survey does the detail available give any indication of the scales of operations in different groups. Table D shows that independentlyoperated hotels and restaurants both have by far the biggest total turnover, for meals, in their respective groups: while those belonging to multiple organizations have the bigger average turnover on sales of meals in the individual establishments. The sales of meals in public houses is a predictably small figure and the figures for canteens are misleading since the sales of meals are invariably subsidized, often heavily so.

TABLE D

Average Turnover on Sales of Meals in Various Types of Establishments. Great Britain 1964

Type	Number of Establishments	Sales of Meals and Refreshments	Average per Establishment
Hotels:		£	£
Multiple hotels	367	12,803,000	34,855
Other licensed hotels ..	8,456	51,662,000	6,109
Holiday camps	123	1,470,000	11,951
Public Houses:			
Managed for brewery companies	14,835	27,538,000	1,856
Brewery owned houses run by tenants	51,009	21,097,000	413
"Free" houses	3,061	8,575,000	2,801
Restaurants:			
Multiple organizations ..	2,304	49,311,000	21,402
Independents	30,219	262,254,000	8,678
Fish and Chip shops ..	17,234	94,852,000	5,503
Canteens:			
Run by catering contractors	3,021	23,110,000	7,650
Other canteens	18,081	83,267,000	4,605

Source: Board of Trade Journal, 13th May 1966, p. 1067.

Catering Contractors

To run a catering establishment successfully demands personal qualities in the manager of a type and in such degree as would ensure success in many other fields. The prime requirements are the abilities to co-ordinate small individual purchases of many goods and services, to organize a staff of people who are none too well paid and likely to be disgruntled, all with the idea of providing a satisfactory and cheerful service to customers at a minimum of expense. Competition for souls with such virtues is keen, and naturally some institutional employers are unlucky—from whence it is but a short step to general discontent in a factory or institution. Not surprisingly, enterprising individuals have conceived of ways to relieve employers of the risks and worries and turn the situation to their own profit. The main feature of these services which have grown along with the general growth of canteens since the war, is that the contractors undertake either to run the canteen at their own risk within the parent firm's premises or to operate as its agent in return for a fee.

Another solution often open to factory and office management presupposes that profit-making eating establishments are available in the vicinity of the factory or office: vouchers having a given face value and acceptable in a wide range of restaurants are given to employees to spend and to supplement as they wish. The operating company again charges a service fee for the administration of the scheme and for profit.

General Problems

Among the problems regularly confronting caterers the purchase and use of fruits and vegetables is not outstanding. The recruitment and organization of staff is the job uppermost in the minds of most managers. Many of the chores are still done by hand in not particularly congenial surroundings. Overall, managers have been only partially successful in the competition for good workers and the picture is the familiar one of an industry running on the efforts of a nucleus of skilled and dedicated people assisted by an unskilled and not particularly enthusiastic work force. A second almost universal problem is the shortage of kitchen space, especially in commercial organizations. Most catering facilities are located in areas of dense population, and city rents are high: the result is that the kitchen and storage space is always kept to a minimum, particularly in new buildings.

Appendix II

Method of Approach to the Present Study

The ideal approach to this study would have been to draw a statistically valid sample of caterers, from whose experience inferences could be made about the whole industry. This was not possible because the necessary information about the population—numbers, types and locations of the various branches of the industry—is not available. But a certain amount of information was available from the Board of Trade, the Ministry of Labour, professional bodies and local authorities and although incomplete it has had to serve as a basis. As it happens, an ambitious, privately sponsored survey was launched concurrently with this Study, to document the catering industry for the benefit of the manufacturers of caterers' requisites. We understand that the same lack of basic information was found, but here the scale of operations and finance enabled sample areas all over the country to be investigated on foot by a team of field-workers.

One full-time and one part-time fieldworker were available to carry out this Study. Because of this limitation and because of limited finance the Study was based mainly on experience in the south-east of England, primarily in Kent, Surrey, Sussex, central and south-east London areas. In this way travelling was kept to a minimum. A selection of towns was made to cover seaside, country, light industrial, suburban and city areas. Public authorities and professional bodies in these areas were asked to provide lists of all catering establishments and local fieldwork was based on this information, though it was supplemented wherever possible. In an attempt to reduce the risk of having missed out some types of caterer by this method, three areas of London were selected at random and covered entirely on foot, so that all catering establishments were approached for information. However, this supplementary method revealed nothing new.

Although a questionnaire was designed to assist in the systematic collection of data, the layout had to be altered so frequently to fit in with the increasing knowledge of conditions in the industry that it eventually became a prompt sheet with a good deal of blank space for making notes. Further, it was sometimes necessary to return to co-operators who had previously been interviewed in order to clear up points that had been missed but which subsequently proved to be of importance.

Thirty-six centrally controlled organizations were contacted and the visits to their headquarters provided a distillation of the experiences in about 4,000 catering establishments. Forty organizations were actually approached and the the high response rate (90%) was due largely to the fact that total purchases of fruit and vegetables were of a sufficient size in these cases to justify it being a large part of one person's duties. These individuals were anxious to meet anyone with similar interests and were generally willing to exchange information.

Eighty-nine individually-operated units were visited out of the 154 who were approached (58% response). This lower response rate is explained in part by those caterers who were not sufficiently interested to want to spend the time, those who professed interest but who were so elusive or busy as to make an appointment impossible, and those who failed to keep a previously arranged appointment. The response rate was higher during the early stages of the study, which coincided with the winter, off-season period. As the busy summer-season approached it became more difficult to arrange visits to hotels and restaurants, and in industrial establishments staff holidays made the appropriate people either unavailable or much busier than usual. Each visit was of about an hour's duration and they were the source of most of the really useful information collected in this study.

The situation in the south-east of England is undoubtedly influenced by the availability of locally grown produce and by the congested but otherwise excellent markets in London which provide a reservoir of a wide variety of types and qualities of produce. A postal survey was used to test the position in other parts of the country and this was followed up by two short visits to the north-west and north-east of England. The response to the postal questionnaire was, however, no more than 43 out of 347.

The concurrent fieldwork concerning sources of supplies consisted primarily of following up names and addresses of suppliers given by caterers during the course of previous visits. In addition, visits were made to suppliers whose names appeared, for various reasons, in the trade press and who were likely to have something worthwhile to say. In all 19 wholesalers of various types were visited, 7 growers with close links with either these wholesalers or with caterers, 5 retailers, and 6 specialists in prepared vegetables. In addition, our colleagues conducting a simultaneous study of the household distribution system provided a good deal of supplementary information about procurement of supplies and the problems of supplying caterers' requirements.

CATERING INVESTIGATION
BUYING OF FRUIT AND VEGETABLES

1. Name and Address:
2. Type of Establishment:
   Location: Grade:
3. Number of Complete Meals Served:
   Seasonal Variations:
4. Present Buying Pattern:

Crop (state fresh, etc.)	Percentage by value	Supplier	Reason

5. Fresh versus Prepared:
   (*a*) Reasons for present buying pattern.
   (*b*) Reasons for not using different proportions of fresh, prepared, processed.
   (*c*) Any changes in proportions of types used.
   (*d*) Views on use of fresh and prepared vegetables.

6. Ordering Routines:
   (*a*) With whom is order placed?
   (*b*) How far ahead is fruit and vegetable menu planned?
   (*c*) How is choice of fruit and vegetables made? Price, saleman's suggestion, etc.
   (*d*) How long before delivery is order placed?
   (*e*) Failure in supply—what alternatives are used?
   (*f*) Reasons for decisions between suppliers when several are used?
   (*g*) Use of forward buying—long term or short term.

7. Price:
   (*a*) Who decides price?
   (*b*) Are other suppliers'/market prices followed?

8. Service (Incl. Delivery):
   (*a*) Is produce readily available in forms required? i.e. Fresh, prepared, quality, variety.
   (*b*) Is delivery at convenient times and frequent enough?
   (*c*) How important is service when choosing between suppliers?

9. Inspection:
   (*a*) Who inspects?
   (*b*) How often?
   (*c*) How decisive in purchasing?

10. Contracts:
    (*a*) With which suppliers?
    (*b*) For what types of produce?
    (*c*) For what period?
    (*d*) Are prices quoted?

POSTAL ENQUIRY

CONFIDENTIAL

Code: / /66

BUYING OF FRUIT AND VEGETABLES

1. Do you employ a specialist catering firm to run your canteen for you? ....
   IF NOT, WOULD YOU PLEASE HELP US BY GIVING THE FOLLOWING INFORMATION

2. How many meals do you serve daily?

	in winter	in summer
lunches	....	....
dinners	....	....

3. What is the usual price that you charge for a two-course meal? ....
   three-course meal? ....

4. What percentage by value of the fruit and vegetables used in your kitchen are:
   fresh .... %
   frozen .... %
   tinned .... %
   dried .... %

5. Who is your supplier of fresh fruit and vegetables?
   (*a*) retailer ....
   (*b*) wholesaler IN municipal market ....
   (*c*) wholesaler NOT IN municipal market ....
   (*d*) grower ....
   (*e*) any other source (please state) ....

6. Can you suggest any improvements which would help you with your particular arrangements?

APPENDIX III

Quantities of Produce Available for Consumption in United Kingdom

TABLE E

Fruit and Vegetables available for consumption in all forms, 1965

Item		tons	£*
Fresh fruit‡	home produced† ..	658,170	52,653,000
	imported	1,267,000	158,375,000
Fresh vegetables‡	home produced ..	2,000,000	120,000,000
	imported	515,000	51,500,000
	potatoes§	4,700,000	84,600,000
Frozen Produce	.. ..	128,700	18,992,000
Canned Produce†	.. .. ..	1,050,184	129,757,000
Dried Produce	.. ..	6,900	4,140,000
			620,017,000

* Value estimated at point of sale from final wholesaler to retailer or to caterer.
† Net of exports.
‡ Net of those destined for processing.
§ For human consumption.

TABLE F

Canned Vegetables : Quantities available for Consumption*

	Home produced	Imported	Total	% imported
1956	316,700	128,800	445,500	28·9
1957	285,100	131,100	416,200	31·4
1958	308,100	132,000	440,100	29·9
1959	351,200	125,100	476,300	26·2
1960	361,100	136,400	497,500	27·4
1961	329,000	133,300	462,300	28·8
1962	359,400	148,800	508,200	29·2
1963	392,600	169,100	561,700	30·1
1964	397,200	159,200	556,400	28·6

* Excluding Beans in tomato sauce and Macaroni and Spaghetti in tomato sauce.

Table G

Frozen Vegetables: quantities available for consumption

	1960 Tons	%	1961 Tons	%	1962 Tons	%	1963 Tons	%	1964 Tons	%	1965 Tons	%
Beans U.K. prod.	10,000	85·6	7,400	76·7	10,200	65·7	14,300	56·9	15,600	76·1	14,600	84·5
Imported	1,689	14·4	2,252	23·3	5,319	34·3	10,821	43·1	4,890	23·9	2,672	15·5
Total	11,689		9,652		15,519		25,121		20,490		17,272	
Br. Sprouts												
U.K. prod.	3,500	59·5	3,200	54·3	4,500	63·3	7,100	70·6	6,200	67·9	5,300	73·9
Imported	2,383	40·5	2,694	45·7	2,604	36·7	2,960	29·4	2,933	32·1	1,869	26·1
Total	5,883		5,894		7,104		10,060		9,133		7,169	
Garden Peas												
U.K. prod.	39,300	73·3	50,800	81·7	56,400	83·7	47,500	74·0	54,900	79·2	56,300	81·5
Imported	14,342	26·7	11,415	18·3	10,959	16·3	16,707	26·0	14,383	20·8	12,788	18·5
Total	53,642		62,215		67,359		64,207		69,283		69,088	
Others U.K. prod.	4,800	68·9	6,600	72·5	8,700	58·5	10,800	49·3	9,100	60·4	11,400	59·4
Imported	2,167	31·1	2,503	27·5	6,168	41·5	11,117	50·7	5,974	39·6	7,785	40·6
Total	6,967		9,103		14,868		21,917		15,074		19,185	
Total U.K. prod.	57,600	73·7	68,000	78·3	79,800	76·1	79,700	65·7	85,800	75·3	87,600	77·7
Imported	20,581	26·3	18,864	21·7	25,050	23·9	41,605	34·3	28,180	24·7	25,114	22·3
	78,181		86,864		104,850		121,305		113,980		112,714	

Source of material for Tables E, F, G: Ministry of Agriculture, Fisheries and Food, and Fruit Intelligence.

Appendix IV

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In addition to those already mentioned in footnotes:

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