EATING CITY
INTERNATIONAL PLATFORM
2010 - 2030

Transitioning to a sustainable food system and delivering on the SDGs - The potential of school meals

Webinar : 21st March 2.00 – 5.00 pm

2nd Round Table. School meals as a lever to promote food systems' sustainability – the environmental and economic dimension, territorial development and socio-cultural education.

Introduction: Maurizio Mariani

Introduction to Social Food-Services Market

Food Service or catering industry defines those businesses, institutions, and companies responsible for any meal prepared outside home. This sector includes restaurants, school and hospital cafeterias, catering operations, and many other formats.

Modern food system is a complex web of farmers, processors, retailers and consumers, globalization trends have triggered outsourcing of food production to countries with lower labour and energy costs.

This has two direct negative results: rising unemployment in our countries and the increase of greenhouse gas emissions due to greater distances in food transportation.

Our food system has been experiencing a deep transformation with consequences on people's health and the health of the planet. The change in how we produce and consume food has insidiously affected many areas of life – climate change, environment and biodiversity, nutritional quality and human health, labour, water and land use.

Health experts warn that increasing popularity of industrially-made food will lead to negative effects such as obesity and poor health. Shifting from farm-fresh to highly processed food will have direct consequences for health. "Real food" has been mainly replaced by "processed and ultra-processed food".

The foodservice market is split into two distinct groups: Contracted and Self operated; driven by private entities (B&I, Private school, private elderly home….about 30% of the market) or public bodies (mainly schools, hospitals, prisons, military, elderly home…about 70% of the market)

The entire European social foodservice market is estimated at around 81 Billion euro and serves around 85 Million meals per day, thus covering about 17% of the European population.

Food Industry and Food Services in EU

Table 2.1 : Food & beverages - Food service - Key Fact & N°, EU-28 Market - 2016

F&B Sector: in E.U. Year 2016	%	Annual Turnover (000)	%	N° Workers	Turnover/ Workers (000)
Food & Beverage Industry (F&B) *1	**100,00%**	**€ 1.118.622.400,00**	**100,00%**	**4.501.927**	**€ 248,48**
Large Company >250 Workers	51,88%	€ 580.351.800,00	37,72%	1.698.204	€ 341,74
SMEs	48,12%	€ 538.270.600,00	62,28%	2.803.723	€ 191,98
insight SMEs per size:					
0-19 Workers	*10,72%*	*€ 119.885.600,00*	*23,75%*	*1.069.089*	*€ 112,14*
20-49 Workers	*9,64%*	*€ 107.865.300,00*	*11,74%*	*528.396*	*€ 204,14*
50-249 Workers	*27,76%*	*€ 310.519.700,00*	*26,79%*	*1.206.238*	*€ 257,43*
Total Foodservices (Out of Home Cons.)	**100,00%**	**€ 409.019.700,00**	**100,00%**	**8.841.473**	**€ 46,26**
Total Social Foodservices (SFS - EU28) *2		**€ 81.119.601,83**		**2.081.858**	**€ 38,97**
SFS Contracted (Source: Gira Foodservice)	*6,49%*	€ *26.562.254,22*	*7,71%*	*681.695*	€ 38,97
SFS Potential Self Operated (No F&B Market)		*€ 54.557.347,61*		*1.400.163*	€ 38,97
Other Food Consumption out of home *3	93,51%	€ 382.457.445,78	92,29%	8.159.778	€ 46,87

A market with great potential to create jobs if we reshape the supply chain, helping also to reduce GHG emission

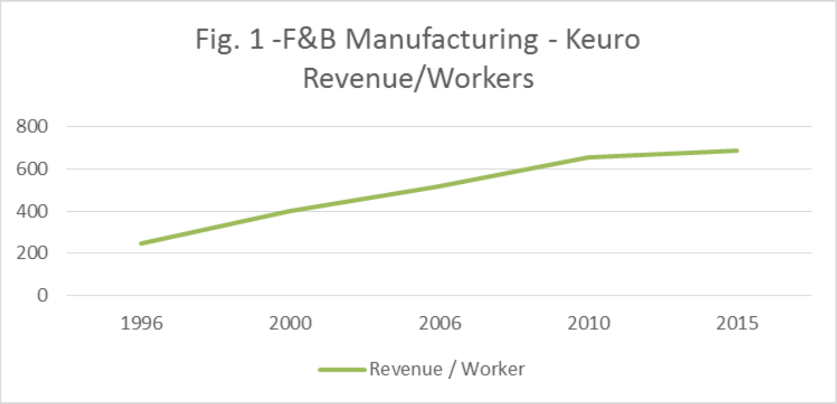
24 Billion euro is the estimated value of food procurement in social food service

If we will be able to shift procurement into 100% local and from small producers we should contribute to create some of 200.000 jobs in Eu and even more if we will create logistics hub for small farmers

Evolution of italian social foodservices market 1996 to 2015 segment :Food processor

Table 4.1 : Food & beverages Manufacturing - a small sample of manufacturers working with SFS companies, Italian Market -1996 2016

Analysis of the income statement (P&L) F&B Manufacturers data in Euros/1000	1996	%	2000	%	2006	%	2010	%	2015	%
Revenue	459.876		1.381.124		1.769.808		2.512.852		2.993.167	
Products costs	284.220	61,80%	969.946	70,23%	1.198.487	67,72%	1.716.202	68,30%	2.129.024	71,13%
Labour Costs	55.332	12,03%	109.328	7,92%	136.990	7,74%	182.698	7,27%	192.966	6,45%
Amm & Depreciation	13.978	3,04%	31.589	2,29%	48.989	2,77%	54.826	2,18%	52.652	1,76%
EBITDA	31.682	6,89%	47.133	3,41%	56.294	3,18%	75.477	3,00%	106.744	3,57%
EBIT (Food Manufacturers)	30.224	6,57%	43.242	3,13%	29.437	1,66%	47.083	1,87%	54.092	1,81%
Net Profit	13.173	2,86%	17.957	1,30%	12.274	0,69%	5.841	0,23%	14.837	0,50%
Indicators:										
N° of workers (Hdc)	1.864		3.433		3.430		3.847		4.363	
Average Worker Cost	30		32		40		47		44	
Revenue / Worker	247		402		516		653		686	



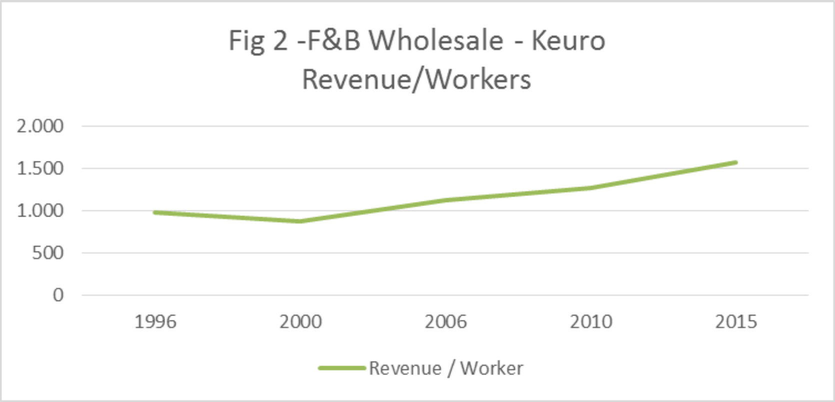
Observing these data we can understand the industrialization process. The «contribution on sales» for each workers has shift from **247** Keuro to **686** K euro; despite this process the profit has shift (EBIT = from 6,57% to 1,81%)

The major issue is related to products costs. (from 61,8 % to 71,13%) not only due to increased costs but to also in reducing sales price to be more competitive in face of new buyers…(The middle man)

Evolution of italian social foodservices market 1996 to 2015 segment : Food Distributor (wholesales and logistic platform)

Table 4.2 : F&B Wholesales - a small sample of suppliers working with SFS companies, Italian Market -1996 2016

Analysis of the income statement (P&L) F&B Wholesale Distributors data in Euros/1000	1996	%	2000	%	2006	%	2010	%	2015	%
Revenue	128.960		691.660		1.221.148		1.424.547		1.766.597	
Products costs	110.961	86,04%	551.031	79,67%	962.635	78,83%	1.120.679	78,67%	1.400.616	79,28%
Labour Costs	5.394	4,18%	31.191	4,51%	41.328	3,38%	48.202	3,38%	48.001	2,72%
Amm & Depreciation	1.434	1,11%	10.264	1,48%	10.140	0,83%	19.823	1,39%	21.812	1,23%
EBITDA	4.645	3,60%	35.260	5,10%	61.692	5,05%	67.601	4,75%	126.721	7,17%
EBIT (Wholesale)	3.145	2,44%	30.662	4,43%	68.331	5,60%	73.902	5,19%	104.909	5,94%
Net Profit	897	0,70%	7.293	1,05%	33.662	2,76%	40.892	2,87%	70.350	3,98%
Indicators:										
N° of workers (Hdc)	131		786		1.089		1.123		1.118	
Average Worker Cost	41		40		38		43		43	
Revenue / Worker	984		880		1.121		1.269		1.581	



That's the s.c. «Middle man» is the winner of this «game» of industrialization….
Products cost % has been reduced from 86% to 79%
And profit (EBIT from 2,44% to 5,94%)
This Business it is quite recent (laste 2 decade) and it is growing till today since social foodservices is reducing value of meal cost despite quaility, labor and environmental impact.
Large central kitchens versus small kitchens in consumption places

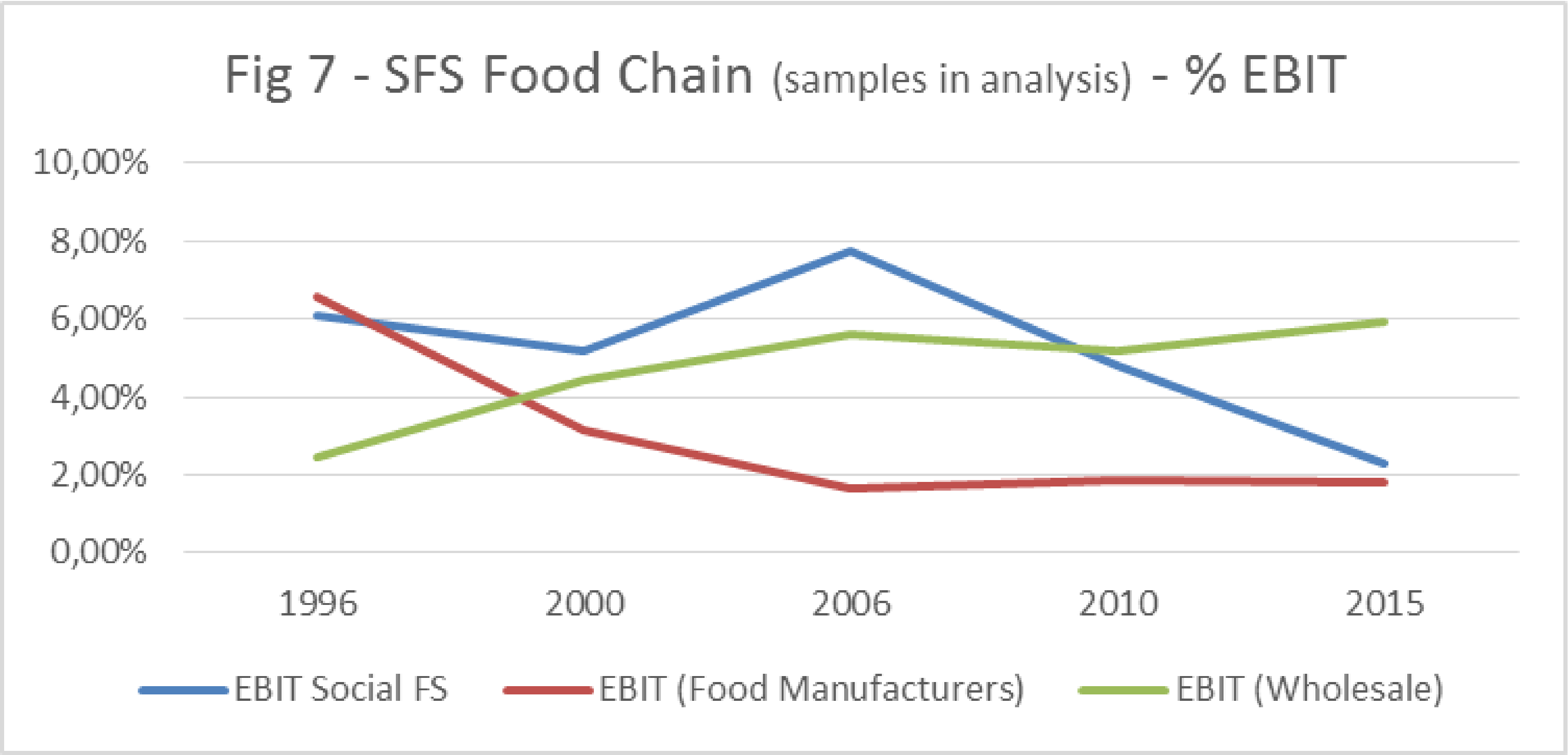
Evolution of italian social foodservices market 1996 to 2015 segment : Foodservices operator

Table 4.4 : Social Food Service providers - a medium sample of companies working at 100% into SFS in the Italian Market -1996 2016

Analysis of the income statement (P&L) SAMPLE 2										
Social Food Service (SFS) Private Contractors (With 100% of turnover on SFS market) - Sample of 20% of the total italian market										
data in Euros/1000	**1996**	**%**	**2000**	**%**	**2006**	**%**	**2010**	**%**	**2015**	**%**
Revenue on FS	230.209		384.328		653.006		749.180		880.259	
Products costs for FS	85.638	**37,44%**	141.113	**36,20%**	237.720	**35,55%**	261.456	**34,36%**	300.080	**33,33%**
Labour Costs	99.282	43,41%	157.166	40,32%	269.363	40,28%	316.608	41,61%	383.716	42,62%
Amm & Depreciation	8.510	3,72%	18.758	4,81%	24.328	3,64%	29.344	3,86%	27.292	3,03%
Added Value	140.528	61,44%	192.374	49,35%	319.913	47,84%	366.906	48,22%	431.853	47,97%
EBITDA	17.445	7,63%	33.931	8,70%	48.588	7,27%	55.734	7,32%	48.137	5,35%
EBIT Social FS	13.964	6,11%	20.141	5,17%	51.931	7,77%	36.378	4,78%	20.845	2,32%
Net Profit	4.240	1,85%	8.536	2,19%	29.241	4,37%	14.950	1,96%	13.231	1,47%
Indicators:										
N° of workers actual	5.489		9.410		14.033		15.846		19.181	
Average Worker Cost	18		17		19		20		20	
Revenue / Worker	42		41		48		48		47	
Workers Equiv -Base 1996	5.489		9.356		16.048		18.261		21.607	
Job Lost (on this sample)	**0**		**-54**		**2.015**		**2.415**		**2.426**	

Results: Food cost from 37,44 % to 33,33% - lost of workers -2426 only in this sample and more then 10.000 in Italian social foodservices - EBIT from 6,11 % to 2,32%

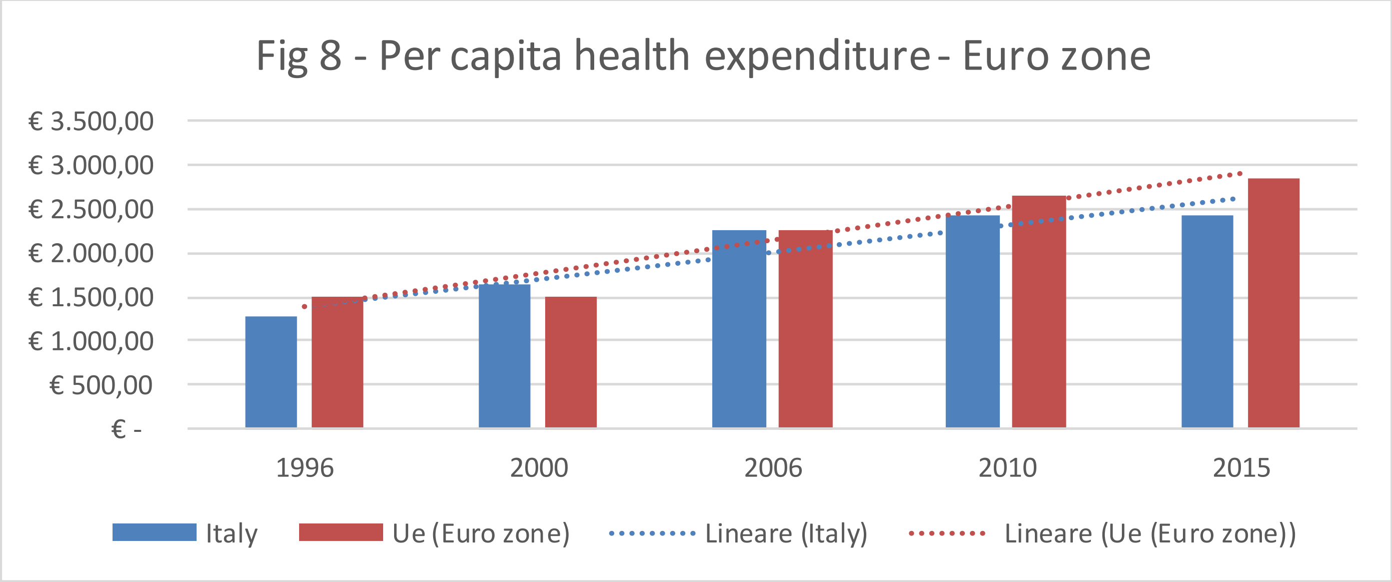
Evolution of italian social foodservices market 1996 to 2015 segment :Foodservices operator



Expenditure on health – per capita 1996 -2015

Table 5.1 : Current "per capita" all expenditure on health - Euro zone -source OECD

Country/Year	1996	2000	2006	2010	2015
Italy	€ 1.277,47	€ 1.649,76	€ 2.252,96	€ 2.423,55	€ 2.437,47
Ue (Euro zone)	€ 1.502,21	€ 1.514,52	€ 2.251,33	€ 2.649,79	€ 2.847,59



Thanks

Maurizio Mariani
CEO Eating City Platform

m.mariani@eatingcity.org