Pubs and restaurants cut menu items and increase substitutions as costs rise

Pubs are eyeing up food substitutions and removing food items entirely as higher prices hit business.

Mitchells & Butlers, the London-listed company who own more than 1,700 pubs and restaurants including the All Bar One chain, have said they may have to substitute more products than normal or remove food items from menus entirely to limit their exposure to **increased costs**.

“With increasing food costs, we are flexible in the way we procure, and we are constantly looking to limit exposure to the lines that are seeing the highest inflation at any one time. This may mean a higher level of product substitution than we would normally have, or the removal of some food items entirely, until markets settle down,” the company said in their full year results announcement.

Those inflationary pressures bear down on the **hospitality** sector as a whole and worsened during the second half of the year, the company added.

The **cost pressures** presented an increasing challenge for the business as price rises, which had been contained to the areas of energy, wages and food costs, “progressively became evident throughout most of the **supply chain**“.

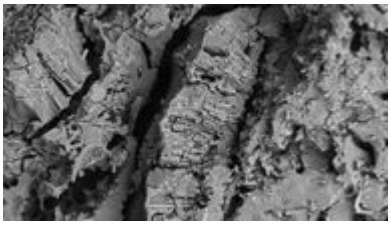
Goods and services became more expensive due to rising energy prices, **COVID-19** lockdown induced supply difficulties and worker shortages. As the war in Ukraine pushed European countries to wean themselves off Russian fossil fuels which they relied on to heat their countries and power the economy, energy prices rose.

As a result, latest figures showed inflation reached a **41-year high** of more than 11% in October.

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Rail strikes were also identified as a hurdle the business grappled with. The company CEO, Phil Urban said there was “no doubt the train strikes are proving super-unhelpful”. He estimated each strike day was costing the company’s city centre pubs £300,000 with an overall cost to the business of £4m to £5m.

However, the company reported a return to profit for the year. It recorded £8m of profit compared to a loss of £42m last year as easing of lockdowns and the World Cup boosted sales.

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Mitchells & Butlers, a constituent company of the FTSE 250 Index, also owns brands such as Toby Carvery and Harvester and Vintage Inns.