

Restaurant chains ready to raise prices: survey

By [Rita Jane Gabbett](#) on 5/20/2014

The majority of America's chain restaurants held the line on price hikes the first part of the year but plan to start raising them, according to a new survey from SpenDifference, a restaurant supply chain co-op.

Despite being confronted with higher food and labor costs, 51 percent of the surveyed restaurants made no price adjustments during the first quarter. Those that did raised prices an average of less than 1 percent. However, the study found 93 percent of chains plan to raise prices this year an average of 2.1 percent.

After raising prices, the top strategies to control costs are renegotiating contracts (55 percent), promoting items with lower food cost (53 percent), developing limited-time offers with lower food cost (41 percent) and eliminating items (40 percent).

The survey of nearly 60 chain restaurant executives was released today at the annual National Restaurant Association Show. Respondents represented chains in all segments, ranging from 10 to more than 800 units.

"It's not surprising that operators held prices steady in the first quarter, as we were expecting some relief on most commodities," said SpenDifference CEO Maryanne Rose. "But once again, the unpredictable nature of the markets reared its ugly head with record high cheese costs and the onset of PEDV that is significantly impacting pork. I expect many menus are in the process of being changed, with higher prices appearing soon," she said.

Food cost is the top reason chains are raising prices, but 57 percent also cited rising labor costs, including higher minimum wages, as a contributing factor. Costs associated with healthcare and the Affordable Care Act were of less concern, with 31 percent attributing price increases to them.

QSRs more aggressive

A greater percentage of QSR brands raised prices at least 0.5 percent during the first quarter — 62 percent compared to 49 percent for all chains.

Likewise, 53 percent plan increases this year of 2 percent or more, versus 42 percent for all respondents.

Almost a quarter of QSR brands plan to increase the use of third-party purchasing organizations, versus 15 percent for all chains, according to the survey.