

In May 2025, TUCO & Litmus held a webinar to discuss the findings of the 2025 Business Models in HE Catering Report. This is a compilation of the questions asked on the webinar, and the answers submitted by Litmus. TUCO Members can download the report, and re-watch the webinar, on the TUCO website.

WHAT ARE THE MAIN CHANGES YOU CAN SEE SINCE COVID AND UK LEAVING EU?

Brexit happened at the end of January in 2020 with Covid-19 shortly after, in that time we have experienced so much change, as highlighted in the report, but the top three highest impact items I would suggest are:

- Changes in student demographics
- Working from home
- Food delivery becoming so normalised

Tech advances and the invasion of Ukraine, cost of living crisis, rampant food and labour inflation could be argued to stand slightly apart from Brexit.

COULD YOU GIVE US AN OVERVIEW OF THE CURRENT USE OF AI IN THE HE CATERING SECTOR AND HOW IT WILL EVOLVE IN THE NEAR FUTURE.

The webinar will provide a more detailed answer but AI is advancing on a daily basis and we are still understanding how it can help. It is a case of getting on board with its potential, as I don't think we fully know where it can take us just yet but projecting trading levels, adjusting labour schedules, identifying menu trends feel like some areas that are ripe for development.

WHAT ARE THE MOST IMPORTANT POINTS TO FOCUS ON WHEN CONSIDERING A RENEWED CATERING OFFER?

Three angles as follows:

1. Customer perspective/student experience – who wants it, why do they want it, what do they want, how and when will they be using the facility?
2. Operational – how can your staff supply and operate the unit most efficiently?
3. Financial - will it be profitable (short term and long term), if not, what can you do to make it profitable or identify a sponsor who will cover any gap?

DO YOU SEE A RECOMMENDED MODEL FROM YOUR RESEARCH?

It is difficult to recommend a specific model when each university is unique but a move towards a more mixed economy model appears to meet several of the trends and tensions that are impacting on catering currently.

WHAT MODEL OR MODELS DELIVER THE BEST ROI AND PROFIT?

If you attract a third-party operator in, who brings capex, then that is clearly the best ROI with rent being profit. After that, as per the research, cafes and coffee offers provide great GP opportunities providing you don't go wild on the investment. More simple ideas can be putting in additional or external seating for busy units or including more tech such as kiosks that provide more revenue and can reduce labour requirements.

HOW CAN YOU MOVE FROM A £250K SUBSIDISED SERVICE TO BREAK EVEN WITH DECLINING STUDENT NUMBERS WHILST IN A COST OF LIVING CRISIS?

Speaking generally and assuming that this is a pure subsidy rather than including any occupancy costs, then it is tricky to find a golden bullet to address such a sum. It is likely to be an amalgamation of different aspects including offer, service, merchandising, marketing, pricing, wastage, management, staffing and looking for any customer feedback to identify unmet needs. Moving the dial a little on each of these could be enough to make a significant impact on that figure.

WHAT ADVICE WOULD YOU GIVE TO INSTITUTIONS RE-EVALUATING THEIR CATERING STRATEGY IN 2025?

I would want to fully explore the customer wants and needs as well as the university expectation around catering. From those points, you can then understand how to meet your objectives. Hopefully, the customer and university needs will complement each other.

WHAT OPERATIONALLY SHOULD INSTITUTIONS PRIORITISE TO REMAIN COMPETITIVE AND FINANCIALLY SUSTAINABLE IN THE NEXT 3-5 YEARS?

The definitions of being competitive and financial sustainability may be different for each of us and I think we covered this in the presentation, but I would highlight the following trends as the most important.

- As caterers we must keep our focus on providing great products at value for money prices remembering that value can happen at multiple price points.
- Provide your services in an environment, and style, that customers want to be involved with, think about ambiance and experience.
- Use of technology for all the reasons detailed in the presentation deck.

UNDERSTANDING OF CURRENT TRENDS IN TERMS OF INSOURCING VERSUS OUTSOURCING AND IN RELATION TO THE LATTER, THE DIFFERENT OPTIONS?

A simplistic version is that outsource partners recognise that the sector is under financial pressure and, if they can make inroads by offering capex and take away liabilities, then they will do so. At present, there does not appear to be a significant change in market share. The alternatives include the mixed economy model which we are familiar with. I do feel though there is more opportunity to tactically use specialist offers to provide additional authenticity, as a potential source of capex and to create interest to attract and retain customers.

IN LIGHT OF FINANCIAL PRESSURES ON HE, HOW CAN CATERING DEPARTMENTS DEMONSTRATE THEIR VALUE BEYOND FOOD SERVICE?

As discussed in the webinar, value should be associated with all that catering departments bring to the student experience such as creating and maintaining social spaces, improving the daily lives of students, providing a hub to a building and the provision of food and hydration that allows students to work and learn.

BEING A CITY CENTRE COLLEGE, WHAT'S THE BEST WAY TO COMPETE WITH THE HIGH STREET AND DELIVEROO/ JUSTEAT ETC?

Competition always makes life a little harder but the report does reference how the market is moving and what you can do to meet student needs. The high street will not provide the social spaces for example that inhouse facilities can do. If we take Greggs, McDonalds and the local chicken shop, it is primarily a low value transaction and is based around a limited menu range. What can you do that is different without going toe to toe – give your customers a reason to stay on site.

ARE MOST HE INSTITUTIONS PROVIDING CATERING IN HOUSE?

Yes – this has been the clear majority in both editions of the report to date.

WHAT CHALLENGES DO YOU SEE THE SECTOR FACING IN ADAPTING TO THE NEW BUSINESS MODELS?

I think that this question is possibly broader in that catering should not be measured purely on its P&L but on the total value that catering brings to university life. We talked on the webinar about social value but there is also the support to local suppliers, UK farming, local employment, student welfare and student experience.

HOW CAN UNIVERSITIES CREATE A SUCCESSFUL RETAIL BUSINESS SINCE MOVING TO A PREDOMINANTLY TUES-THURS SALES BUT FIVE DAYS OF COSTS?

The workplace and the high street have had this experience as well and if we look at their reaction there has been an explosion in tech, unmanned checkouts/kiosks, online ordering, reduced displays, adjusted opening hours and more focus on forecast demand levels, then these are the lessons and learnings we should apply.

HOW DO WE WITH PROTECT OURSELVES AND DEFEND FROM BEING OUTSOURCED?

To summarise the long version in the discussion - be strong and shout about all that catering brings to university life, to highlight the unnoticed tasks that catering does that someone else may not do so that any comparisons can be made on a like for like basis.

WE ARE INTRODUCING CATERED HALLS FROM SEPT 2026, ARE THERE ANY RISKS OR PITFALLS TO LOOK OUT FOR?

I am not sure I can do this question justice, but I would be looking carefully at the offer, opening hours and days, food and labour costs, likely uptake and how quieter service times can be addressed.

[CLICK HERE TO ACCESS THE REPORT AND RECORDING](#)

IF YOU HAVE ANY QUESTIONS ABOUT THE REPORT OR ITS FINDINGS, PLEASE EMAIL INFO@TUCO.AC.UK.

IF YOU HAVE SUGGESTIONS FOR FUTURE TUCO RESEARCH, PLEASE EMAIL MIKE.HASLIN@TUCO.AC.UK.