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Price-led growth will push Ireland’s foodservice market to a record €10.8 billion in 2026

Bord Bia said labor, energy and pension costs are squeezing margins, leaving mid-market hospitality operators under the most pressure

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Ireland’s foodservice market is expected to reach a record €10.8 billion in 2026, but most of that growth is being driven by prices rather than a broad improvement in trading conditions, a shift that is increasing pressure on restaurants, cafes, pubs, hotels and other hospitality operators.

Bord Bia, the Irish food board, said on Tuesday, November 17 that its 2026 Irish Foodservice Market Insights Report forecast annual growth of 4.4% across the Republic of Ireland and Northern Ireland. The figures cover food and drink consumed out of home, including restaurants, pubs, hotels, coffee shops, workplace catering, hospitals, education and vending, but exclude alcohol sales.

The report, produced in partnership with industry researcher Technomic, said the sector is set to post its highest value since Bord Bia began tracking it 15 years ago. But it also said the business environment has changed. Pressure that had been centered on food inflation has broadened into what Bord Bia described as structural cost challenges, with labor, energy and other operating costs taking a more sustained toll on margins even as raw ingredient inflation has eased from earlier peaks.

That shift matters for hospitality businesses because it means higher sales values do not necessarily translate into easier trading. According to Bord Bia, operators are increasingly reassessing how they source, prepare and serve food, with more attention on productivity, efficiency and labor-saving measures. The report said growth is becoming more price-led at a time when consumers are also making more deliberate choices about where they spend, with value, health, convenience and quality playing a larger role.

Labor costs were identified as the sector’s main structural challenge. Bord Bia said changes linked to the minimum wage, employer PRSI and pension auto-enrollment measures are expected to add about 6% to the employment cost of a minimum wage worker. Skills shortages are also adding strain, particularly for businesses that rely on labor-intensive formats or longer opening hours.

The report said operators are responding in several ways. Some are changing staffing models, including greater use of casual worker apps and mobile workforce teams. Others are redesigning menus and operations by outsourcing categories that take more labor or by moving production off-site. Bord Bia also pointed to more use of digital ordering systems, artificial intelligence and cost-benchmarking tools, alongside efforts to create new revenue streams through retail expansion, delivery and alternative formats such as motorway food courts.

At the same time, Bord Bia said some businesses are trying to defend margins through more premium offers tied to wellness, experience and clearer nutritional information. The report suggested the sector is not simply absorbing cost increases, but redesigning how it operates in response to them.

Bord Bia also said the market is becoming more divided. Value- and convenience-led businesses, including quick-service restaurants and food-to-go outlets, are continuing to outperform the wider sector, while premium, experience-led venues have remained relatively resilient. Mid-market operators are under greater pressure as consumers become more selective with spending, and Bord Bia said it expects that pressure to deepen over the following 12 to 24 months.

As an example of how business models are changing, the report said operators are relying more on specialist supplier partnerships instead of producing everything in-house. Bord Bia said that creates opportunities for Irish producers that can offer value-added products or services that help foodservice customers improve consistency, efficiency and productivity. That observation was presented as a market trend rather than as a measure of overall sector growth.

The findings were presented in Dublin on Tuesday, November 17, and are due to be discussed further at Bord Bia’s annual Foodservice Seminar in Enfield, where the theme includes how companies can respond to labor pressures, changing consumer behavior and new growth opportunities. Bord Bia said it expects the foodservice market to grow by a further 4.6% in 2027.