

Methods of Food Purchasing (Buying methods)

There are nine buying methods that may be used for purchasing foods. The particular method chosen often depends on the location of establishment, the type and size of the business, its purchasing power and the type of food being purchased.

1. Purchasing by Contract
2. Purchasing by Daily Market Quotations List
3. Purchasing by Weekly/Fortnightly Quotation lists.
4. Purchasing by Cash & Carry
5. Purchasing by Paid Reserve
6. Total Supply
7. Centralized Purchasing
8. Periodical Purchase
9. Standing Order Purchase

Purchasing by Contract

Two common types of contract used:

- The Specific Period Contract.
- The Quantity Contract.

The Specific Period Contract:

- Aims at determining the source of supply and the price of goods for a stated period often of three or six months.
- This reduces the time and labour of negotiating and ordering to a minimum.
- When the prices of items are fixed for a period of time, items with a fairly stable price such as milk, cream, bread, etc. can be contracted in this way.

The Quantity Contract:

- Aims at ensuring continuity of supply of a given quantity of an essential item at an agreed price over a particular trading period.
- Examples are frozen fish, frozen vegetables etc.
- The advantages of this method are the safeguarding of continuity of supply, and that a known and stable price has been agreed upon which accurate pricing of menus can be made.
- Although large quantities are involved, then caterer would not be required to take delivery of the total

amount contracted at one time, but depending on the wording of the contract, would take delivery every week or two weeks, or any period of time of a proportion of the contracted quantity.

Purchasing by Daily Market Quotations List

This method is used when purchasing perishable foods on a daily basis and when it is possible to have two or more approved suppliers.

- A senior member of the staff or the chef would take a quick stocktake of the foods left after each lunch service, pass this information to the head chef who would complete the 'daily market list', by entering the quantities of all items he/she requires to be purchased for the next day's business in the 'wanted column'.
- The list would then be processed by a member of staff in the purchasing office. Every approved supplier would be phoned and asked to quote a price for each of the items required. The price quoted would be based on the quantity of the items required.

Purchasing by Weekly/Fortnightly Quotation lists

- This method is used to purchase grocery items where a delivery of once a week or fortnightly is adequate.
- This method is similar to that described when purchasing perishable foods by daily market list.

In this case quotations are sought from various suppliers and on receipt of quotations these would be entered on to a Master Quotation List and decision then made about where in orders for each item are to be placed

It should be noted here that the specifications for items will usually be just by brand name of the product together with the size, weight, count e.g. Heinz Tomato Ketchup, Spices like MDH, catch, BMC etc.

Purchasing by Cash & Carry

This method is of particular interest to the medium and small establishments whose orders are often not large enough to be able to get regular deliveries from wholesalers and food manufacturers.

Cash and carry food ware houses are situated in all towns and resemble in layout and operation that of very large food markets.

Advantages:

1. The warehouses are situated near to most catering establishments and their hours of business are usually longer than those of most food wholesalers.
2. Small or large quantities may be purchased at competitive prices.
3. Customers are able to see what they are buying, as against buying just from a pricelist or catalogue.
4. Customers may use the warehouse as often as they like and in doing so keep the level of stocks held low.

Disadvantages:

1. Caterers have to provide their own staff and transport to collect the items from the warehouse.
2. Caterers have to pay cash for the items they purchase.

Purchasing by Paid Reserve

- This method is used when it is necessary to ensure the continuity of supply of an item for the menu which is of particular importance to a restaurant.
- Caterers are buying in advance a large quantity of a commodity to cover the needs for several months ahead. E.g. frozen jumbo size prawns, and frozen fillets of beef.

Total Supply

- This method is relatively new.
- It is a method offered only by a few suppliers who are able to offer a full supply service of all commodities.

Advantages:

1. Negotiation with one supplier only.
2. Reduced volume of paper work.
3. There will be a fewer deliveries with the result less wastage of time and less staff required to receive the items.

The main disadvantage is that of being tied to one major supplier, whose prices may not be as competitive as when using several suppliers and whose range of certain commodities may be limited.

Centralized Purchasing

- A chain of hotels may prefer to have a centralised-purchasing system for non-perishable items.
- All requisitions/requirements for the entire year or for a specific period are sending to head office.
- The purchase department places order for all the hotels and dispatch to various hotels.
- The advantage of centralized purchasing is that it reduces the purchase department's overheads and due to large quantity of supply ordered, more competitive rates can be settled for all commodities.
- Sometimes the suppliers are directed to supply the requisite quantity to the respective hotels and the hassle of supplying is also eliminated.

Advantages of Centralized Purchasing

- Foods and beverages are purchased at a lower price because of volume purchasing.
- It provides a better opportunity to obtain desired quality because purchaser has a greater choice of markets.
- Goods can be purchased to the purchaser's exact specifications.
- Larger inventories can be maintained assuring a more constant supply to individual units.
- Greater control over dishonesty of individual unit food purchasers can be maintained.

Disadvantages

- Units must accept the standard item in stock and has little freedom to purchase for own peculiar needs.
- Units cannot take advantage of local "specials" at reduced prices.
- Menus usually must be more standardized, thus limiting the individual unit's manager's freedom to change a menu.

Finally, it should be noted that decisions about whether or not to become involved in centralized purchasing systems are normally made by top management, not by food controllers.

However, there are times when food controllers may be called upon for advice and opinions, and they should understand what is involved in centralized purchasing.

Periodical Purchase

- Aims at purchasing the commodities procured periodically.
- The procedure adopted for their purchase is usually quotations, cash and carry or contract purchasing.
- Usually either the non-perishable items are purchased through periodical purchase system or those items which may not be required on regular basis.

Standing Order Purchase

- In this method buyers commonly make arrangements with certain purveyors for the delivery of goods without specific orders.
- This arrangement takes one or two forms.
- One arrangement calls for the delivery of specific no. of certain items each day; e.g. twelve loaves of bread, one

packet of butter etc. The number will remain constant unless specifically changed by the buyer.

- The second arrangement usually calls for the replenishing of stock each day up to a certain predetermined number. For instance, the steward might arrange with a dairy supplier to leave sufficient quantities of bulk milk each morning to bring the total supply up to a predetermined figure, such as twenty gallons.
- While these arrangements are convenient, they do present a number of possibilities for both waste & excessive cost to develop.

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