

Horizons urges pub sector to compete with high street restaurant chains

Pub operators need to think beyond traditional pub food and compete head-on with high street restaurant chains in order to secure their survival into the future.

Pubs, under pressure from falling drink sales, are increasingly looking at food as a way of boosting revenues. However, Peter Backman, managing director of foodservice consultancy Horizons, told the audience at a Travel & Leisure Conference, organised by investment bank Numis Securities in London earlier today, that while the pub food market was heading for saturation, there was still growth opportunities in the UK for mid-market, quick service and casual dining restaurants serving cheaper food, more quickly.

‘Brands such as Wagamama and Nando’s are those operating in the casual dining sector. These operators are profitable because of their fast turnover and high footfall, while cash-pressed customers are attracted by their value-conscious, reliable food. This is the market pubs need to emulate, where there is still opportunity for growth,’ he said.

‘The big pub operators, such as Marston’s, Greene King, JD Wetherspoon and Mitchells & Butlers all now report food as over 40% of sales. However, food in pubs has lower margins than drink sales because of the higher cost of producing meals, consequently either pub food businesses need to charge more for their food, or the food model in pubs needs to change.’

Backman told the audience, of foodservice investors and operators, that the pub sector must increase footfall, up-sell more, and improve efficiency by cutting costs.

‘There are areas of the eating out market in the UK that are under-represented ? it’s about rethinking operational style and meeting the requirements of the new budget-conscious consumer. It makes sense for pubs to do the same.’

On the high street, brands such as Giraffe and Pizza Express have continued to see strong sales throughout the recession.

‘The benefit of these brands is that many customers prefer their faster service, cheaper food and familiar menus, and because of this, operators are able to turn their tables more rapidly. I believe this is the market that pubs would be well served to explore,’ Backman said.

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Editor's Note

Peter Backman is the managing director of Horizons, the analyst and specialist information consultant for the foodservice and hospitality sector. Peter is an expert on the structure and dynamics of the foodservice sector, and its supply chain, in the UK and across Europe. He has been involved in foodservice, as an analyst, researcher and consultant, for almost 30 years.

Horizons helps its clients make better business decisions by providing accurate and detailed information about the foodservice market, its trend, and opportunities. The company provides consultancy services, workshops and statistical information based on its model of the sector and database of key accounts across Europe.

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