

Outlook improved for UK foodservice, finds Horizons' briefing

With consumers' average spend on eating out now standing at £13.80 and some 72% of UK adults eating out on a regular basis, the UK's foodservice market is in a strong position from which to emerge from the downturn and to capitalise on the fact customers are starting to have more money in their pockets.

Innovation in the market, in terms of outlets and menus, is partly responsible for the sector's buoyancy, along with the continued growth of coffee shops, managed food-led pubs and casual dining outlets.

This was the conclusion of a Horizons' Breakfast Briefing, held this morning in London's Armourers' Hall, which outlined that the winners in the sector would be those operators who continued to invest in their product, developed a greater understanding of their customers, and opened new outlets.

Horizons' managing director Peter Backman told the audience, made up of leading operators, food and drink analysts and foodservice suppliers, that while food and drink sales through the eating out sector had risen to a value of £42.8bn in 2011, there had been an actual decline when inflation was taken into account.

But there is now some excitement in the market and sales are likely to grow by at least 1% over the next 18 months. By the end of this year they will return to 2006 levels, and by 2013 they will get back to 2008 levels. The signs are that things are beginning to level out. The population is growing, particularly amongst the restaurant-using over-40s, and employment is starting to rise. This is all good news for a sector that has performed better than the retail sector and emerged fairly unscathed from the downturn.

Peter Backman said that the biggest growth area would be seen in the casual dining sector, where average spend was between £10-20. Currently worth some £1.9bn, casual dining is expected to grow by 3% this year. This sector offers what the customer wants, at a price they can afford, and continues to adapt and change its offer to keep customers interested.

Panellist Ian Sarson, group managing director of Compass Group, UK & Ireland, supported the fact the foodservice market was showing recovery. Corporate activity had shown a catastrophic decline in 2009, he said, with people even spending their money but not attending events. We are now seeing a trickle back in terms of big sporting events, he added.

Giving an overview of new eating out concepts, Horizons' director of services Paul Backman identified that the most growth was evident in pub restaurants, healthy eating concepts, coffee shops, gourmet burger chains and Japanese quick service outlets.

There may be little growth in the sector overall, but there is plenty of innovation. The sector is in good shape as operators continue to invest in new concepts, adapt their menus, open new locations and examine their pricing structures with vouchers driving business. Locations are also changing as new start-ups look beyond the high street and find better sites in shopping centres and transport hubs.

The challenge to the industry is to start to understand the consumer better. Who they are, what they want and when they want it. Loyalty cards and voucher schemes offer the opportunity to find out much more about the customer.

Horizons' research has shown that while consumers look for novelty and innovation when they eat out, top of their list of concerns are quality, price and cleanliness, as well as quality of service. Compass's Ian Sarson, rejected the traditional

notion that service levels in the US were better than that of the UK: The service industry in the US is seen as more of a profession in the US than the UK, but our people do service just as well. The reward-related US service sector has created a certain amount of superficiality, but genuine hospitality and genuine warmth is something we are world class at.

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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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