

Growth in small chains as entrepreneurs seize their moment

As the UK's foodservice market looks forward to growth in 2014 entrepreneurial operators are seizing the opportunity to rollout new eating out concepts at a faster rate than the sector has seen for several years.

Horizons' latest **Ones To Watch** report, which tracks the rate of expansion of emerging eating out brands, lists 35 concepts that now qualify for inclusion, with a distinct trend towards niche operators such as those selling crepes, burritos, juices, gourmet burgers and pies.

To qualify for inclusion in Ones To Watch a restaurant or quick service concept must have between five and 25 outlets and a growth in outlet numbers of at least 20% over the past three years combined. For the third consecutive Ones To Watch report the number of brands meeting the criteria for inclusion has increased, with 115 brands qualifying in April 2014 compared with 105 in October 2013.

Now the economic climate is in recovery, and consumers are starting to spend again, we are seeing the emergence and growth of some exciting new eating out concepts as well as those that are now starting to grow their estates. Names such as Pieminster, Tiger Bills and Burger & Lobster are for the first time making an appearance in Ones To Watch as they reach five or more outlets, commented report author Nicola Knight, Horizons' director of services.

Overall, the survey reveals that the sectors seeing the most growth are healthy quick service, Italian casual dining and sandwich bar quick service. Brands seeing the biggest growth by site openings include The Restaurant Group's (TRG) American casual dining concept Coast to Coast, which has expanded from just one outlet in 2011 to 11 in 2014. TRG has plans to open between four and six further sites this year with the brand in some locations sitting comfortably alongside its Frankie and Benny's and Chiquito outlets.

Mexican burrito specialist El Mexicana has grown from one outlet in 2011 at Sheffield's Meadowhall shopping centre to nine in 2014. The concept has been successfully rolled-out by targeting motorway services and shopping centres with its take on authentic Mexican street food.

Bristol-based Chinese takeaway chain Hotcha is another seeing rapid growth. It now has nine outlets, with a 10th opening in May. The Southwest-born business, led by entrepreneur James Liang, plans to open a further 150 outlets across the UK over the next five years and currently has a turnover in excess of £1.5m.

American diner brand Ed's Easy Diner continues its fast expansion rate, topping the fastest growing by new outlets chart. The company, which currently has 24 outlets, up from seven in 2011, is planning a further 12 new openings with the aim of reaching 100 sites by September 2018.

Juice bars Fuel and Boost come just behind Ed's Easy Diner in the fastest growing by new site openings chart. Both have found their niche in shopping malls where they can occupy small kiosks in otherwise unused areas away from food courts. King's Park Capital-backed Fuel has the larger estate, however, both brands have opened 11 new sites over the past three years, while Boost Juice Bars, currently with 17 outlets, aims to expand to 50 over the next four years.

The main area for growth for Bubbling Under brands, those with under five outlets which have yet to qualify for Ones To Watch, are Italian casual dining, Spanish casual dining and Japanese/sushi casual dining outlets. Names such as Italian casual dining operator Obika, Argentinian outlet Cau, and pasta quick service brand Coco di Mama look set to see a future appearance in Ones To Watch. Overall the survey reported 124 of these fledgling brands in April 2014, compared with 88 in October 2013.

Ones To Watch reveals that social media presence amongst new and growing brands has grown considerably over the last six months as operators look to market themselves, learn from and interact with their customers and build a loyal following. Facebook, which was overtaken by Twitter as the dominant social media channel in February 2013, has now regained its lead.

Some 92% of the survey's smaller Bubbling Under brands have a Facebook page, compared with 86% with a Twitter presence. The visual capabilities of Facebook brand pages and the sophisticated advertising tools available may explain this. Across all Ones To Watch and Bubbling Under brands the use of Facebook has grown 10% and Twitter 6% since October 2013, and by 55% and 61% respectively since August 2011.

?Our survey indicates that for new brands looking to create a loyal following and establish themselves in the market with a limited marketing budget, social media is an essential tool, particularly for those targeting a young audience,? added Nicola Knight.

?Amongst the more established Ones To Watch brands Twitter is still the most widely used social network with 89% of operators having a Twitter account, and 87% having a Facebook page.?

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Editor's Note

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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