

## Foodservice operators enjoy confident outlook with less cost cutting as food sales rise

Business confidence continues to grow in the UK's foodservice sector as over two-thirds of operator's report an increase in food sales year-on-year, with 26% reporting a large increase and around half saying they are serving more meals at the weekend than they did this time last year.

According to the latest Eating Out-Look\*, undertaken by Horizons and JRA, fewer operators are taking cost cutting actions in 2014 compared with 2013, and a significant proportion of businesses have increased staff numbers (28%), with fewer having to cut staff hours or freeze wages.

'This is a really encouraging result and one that reassures us that recovery in the hospitality sector is well under way,' said Emma Read, Horizons' director of marketing & business development.

'Our previous operator survey [May 2014] showed that businesses were much more optimistic about future trading, with a third expecting increases in food sales. Six months on their optimism has been proved correct, with the majority of respondents reporting an actual rise in food and drink sales and confidence in the sector even higher.'

The report, which surveys 300 businesses across the market, including hotel, restaurant, pub and quick service operators, also reveals that fewer customers are trading down to lower priced meals, 22% this Autumn compared with 33% last year. At the same time operators report that the number of customers purchasing food using meal deals or promotions has dropped to 34%, compared with 41% a year ago.

In line with this, operators' perception of average spend per head has increased significantly in 2014 with the number of consumers spending £12-16 rising from 12% [Autumn 2013] to 18% [Autumn 2014] and the proportion of customers spending an average of £6-12 dropping from 24% to 21%. Those perceived by operators to spend over £25 has risen three percentage points, from 10% to 13% in the same period.

'While this indicates that fewer meals deals and promotional offers are available, it also reflects the fact that the consumer mindset is starting to change. No longer is price as paramount as it once was - consumer confidence is returning and with that comes a new willingness amongst diners to treat themselves to a meal out without worrying quite so much about the cost,' added Read.

'A decline in mentions of cost reducing actions illustrates operators' new-found confidence, as previous surveys have revealed that menu changes and re-negotiation of supplier contracts have been key ways for operators to keep their costs down.'

Of the operators that took part in the survey, nearly 90% expect food sales to increase further over the next 12 months, with a quarter of those expecting large increases, significantly higher than in 2013. [ends]

\*JRA interviewed 292 foodservice professionals for Eating Out-Look for between 17 Sept-6 Oct 2014. The online survey was conducted with joint/sole decision makers with buying responsibility.

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### Editor's Note

Eating Out-Look is a collaboration between foodservice expert Horizons and JRA Research. Eating Out-Look brings together research from consumers and operators to give a rounded view of the eating out market. By looking at the market from the

perspectives of both consumers and operators, Eating Out-Look provides invaluable insights into what is driving eating out trends.

Eating Out-Look builds on data from what was formerly known as Horizons' QuickBite consumer eating out survey and findings from JRA's panel research of catering professionals. The quarterly report will analyse key eating out trends from both a consumer and operator perspective.

Between them Horizons and JRA Research have more than 50 years' experience in the foodservice sector. Horizons offers an integrated portfolio of services to businesses and other organisations with an interest in foodservice. These services range from Menurama, a twice yearly review of menu trends, to industry-leading market statistics and trends, and Ones to Watch, the survey of the fastest growing eating out brands. [www.hrzns.com](http://www.hrzns.com)

JRA runs a panel for catering professionals with chefs and other professionals throughout the foodservice sector. It has a national field force of 750 interviewers who carry out research covering a wide spectrum of issues, from overall attitudes and behaviour within the sector to new product development, product and brand usage within catering kitchens, testing of new product formulations. [www.jraresearch.com](http://www.jraresearch.com)