

Adapt to changing needs of customers, hears Horizons' Thought Leadership Forum

Improving profitability by responding to changing customer needs and spotting the next consumer trend that's relevant to your business were some of the key themes tackled by speakers at Horizons' latest Thought Leadership Forum*, held last week at London's Royal Institute of Chartered Surveyors.

Emma Read, Horizons' director of marketing & business development, kicked off the thought-provoking session by reminding the audience of operators, suppliers and analysts, that while eating out penetration and frequency were up this year, average spend per visit was still below pre-downturn levels.

'This is a very changing marketplace,' she said. 'Horizons' research shows there are huge opportunities in areas such as snacking and breakfast while smaller business units are being developed for locations such as transport hubs and shopping malls. The challenge is to stay in touch with customer needs and be able to adapt to the way the sector is moving,' she said.

Consumer insight was one of the main themes of key speaker Paul Pomroy, SVP and CFO for McDonald's UK. He gave a revealing account of the changes the company has made to its UK business over the past decade centered on a culture of continuous improvement. McDonald's has broadened its menu, extended its opening hours to 24/7 in some outlets and given restaurants a fresh look to fit in with what customers demanded.

'You have to keep changing. Competition entering the market keeps us on our toes and the business sees this as a good thing. We remain market leading in the informal eating out sector and that is down to our desire to evolve, whilst meeting the demands from our customers,' said Pomroy.

An internal customer insight team now ensures McDonald's is delivering what its customers want, while insight specialist RMS Revenue Management helps the company understand the relationship between pricing and customer behaviour.

Max Luthy of global trend watching company Trendwatching.com tackled the issue of identifying trends and how to choose which ones to use in your own business model. He outlined brands that have been taken into new, sometimes surprising directions such as Moët & Chandon's champagne vending machine and Airbnb, which has found success by appealing to consumer's desire to save money, be comfortable and meet new people.

True trends, he said, raise and change consumer expectation. 'Deliver more than goods,' he urged, 'service is still key. The last touch point you have with your customer is in the delivery. Truly customer-centric brands understand that delivery is just the start.'

Kate Ringham from the Oxford School of Hospitality Management addressed the audience on using revenue management to drive turnover, raising the issue of price differentiation. 'The important thing is to deliver the right product to the right customer at the right price through the right distribution channel,' she said.

A lively Q&A session debated the issue of price differentiation, whereby customers are charged different prices according to time of day or location. Luthy and Ringham envisaged its growth in foodservice, particularly as consumers are used to it with hotel rooms, airlines, railway tickets and voucher schemes, while Paul Pomroy stressed how McDonald's had deliberately kept its core pricing the same, offering value to its customers.

John Oakes, COO of RMS Revenue Management Solutions said what was important was knowing what your customer wants and the impact of pricing on their behaviour. 'There is a strong link between pricing strategy and the customer's attitude towards your brand. It's important to understand this and the relationship between pricing and service. Consumers today may tolerate higher prices if they are receiving good value, but it is unlikely they will tolerate lesser service,' he added.

*Thought Leadership Forum is a regular Horizons event, providing a platform that allows industry leaders to shape and influence the future of foodservice. The forums take place over a morning, with an expert on an issue opening the discussion.

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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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