

Innovation vital as the rate of sales growth slows for UK foodservice, hears Horizons? Annual Briefing

Achieving on-going growth in a decelerating market was the key theme of this year's **Horizons' Annual Briefing**, held yesterday in the City of London and attended by over 120 industry representatives.

Having heard from Bank of England agent for London Peter Andrews on the economic outlook for the UK, Horizons' managing director Peter Backman told the audience that the forecast for the UK's foodservice market was less confident than it was, with growth likely to end the year at 1.8% compared with last year's 2%.

?There is now some uncertainty in the economy, particularly with the question mark over the UK's relationship with the EU. Some of the big restaurant and pub groups have reported slightly shaky figures for the first quarter with unimpressive like-for-like sales. I suspect this means we will see little growth throughout the rest of the year. At best sales are likely to grow slightly across the sector.?

Backman added that intense competition on the high street means like-for-like growth is difficult to achieve putting pressure on chains to grow sales by expanding their outlet numbers despite the paucity of new sites of sufficient quality, pushing already expensive rents even higher.

Speakers agreed that in such a market it is vital to persuade customers through the doors by keeping the offer fresh and innovative. Backman added that while the UK's top foodservice brands are proving expert at adapting to changing demand, it is the smaller chains that are likely to find innovation, and growth, easier.

?Smaller companies can be more nimble, more adaptable and more able to maintain control ? it is with the fledgling businesses that we are currently seeing the most growth in the UK in terms of new store openings and many are bringing something new and innovative to the market, which means the larger players must too.?

A panel made up of Denton's international franchise partner Babette Marzheuser-Wood, Peter Backman, Alasdair Murdoch, CEO of Gourmet Burger Kitchen (GBK), and Martin Williams, CEO of M Restaurants, discussed the importance of growth and embracing change. Murdoch revealed his company employs someone dedicated to spotting emerging food trends. GBK seeks to constantly trial new dishes, having recently put a veal burger on its menus. He also stressed the fact that quality was key, regardless of price point.

Williams outlined the importance of quality in whatever is being served, whether pizza or burgers.

?Today's customer is much more discerning,? he said, adding that the taste for ?subliminal luxury? was returning amongst consumers. His upscale restaurant in London's West End sought inspiration from the airline sector and now offers customers the opportunity to book the table of their choice through the internet.

Backman urged the larger foodservice operators to innovate like this in order to keep up with newer players. Internet ordering and improved delivery together with payment via apps were also cited as examples of recent changes in the market. However it is important these developments are used where they are appropriate, and that internet orders represent incremental sales.

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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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