

American-style restaurants poised for UK expansion

American-themed barbecue pits, smokehouses, burger bars, and diners could be about to replace Mexican outlets as the biggest growth area on the UK's eating out scene over the next few years, according to Horizons' latest Ones To Watch research.

The biannual Ones To Watch report, which tracks the growth of new and emerging brands with between five and 25 outlets and which have shown over 20% growth over the past three years, lists a number of US-themed outlets in its list of the top10 fastest growing brands, either by number of new outlets or percentage growth, and an even larger number of US-themed fledgling 'Bubbling Under' brands.

While Dunkin' Donuts tops the latest chart of the fastest growing brands by percentage growth rate (2013-2016), US themed Red's True Barbecue comes in jointly at number six alongside Grillstock Smokehouse while Coast To Coast, the Restaurant Group-owned American-themed outlet, now has 21 sites with another four planned to open this year.

'We have seen a significant rise in the numbers of Ones To Watch and Bubbling Under brands (those that have yet to reach five outlets) offering US-style dining including barbecue pits, smokehouses, burgers bars and classic American diners,' commented Horizons' analyst Nicola Knight.

'They are opening across the UK on high streets in affluent market towns and secondary cities, many in converted pub premises, which offer the size, location and parking facilities that suit these all-day diners.'

American casual dining outlets, whether home-spun or US-based, have also been attracting the attention of investors as well as larger operators, largely because of their rollout potential and scalability.

Red's True Barbecue, at number 6 in the Ones To Watch rankings, has recently secured £9m-worth of investment, while Fulham Shore, owner of the Real Greek and Franco Manca chains, has agreed a franchise agreement with charcoal grill specialist Bukowski Grill. Roll-out Restaurants is planning to grow its Dirty Burger concept, while pub operator Young's is about to open its first standalone Burger Shack & Bar, with plans for at least 20 by 2018. US-owned Smashburger is due to open its first UK outlet, while Fatburger and Shake Shack have both announced their intention to seek UK expansion.

'American casual dining certainly isn't new to the UK but we are seeing a steady resurgence in its popularity as operators have modernized and upgraded the concept,' said Knight.

'They appeal to a broad range of consumers, whether dining as a couple, a family or a group of friends. Not only that but they are good value, often offer a broad range of dishes of various cuisines, with friendly service and sophisticated marketing.'

While Mexican burrito bars and restaurants were the growth story of the past few years the market now seems to have reached a point of consolidation whereby the main players continue to expand but fewer new operators are emerging.

Horizons' latest list of Bubbling Under brands, those currently with less than five outlets but with plans to expand, shows nearly 70 concepts offering an American-style dining or burger experience.

'This means there will be a lot of competition amongst these players, particularly when it comes to sites. Typically only three or four will emerge as true high street brands with the staying power to survive and there's likely to be mergers, and even closures, while others fail to expand as intended,' added Knight.

Operator straw poll

A straw poll of 35 Ones to Watch entrepreneurs recorded a more upbeat mood than in previous straw polls with all respondents planning for growth, the majority of whom were planning over five new outlets.

Major cities, excluding London, as well as shopping centres continue to be the most targeted locations for expansion over the next 12 months, with some mentioning event space, residential areas, tourist locations and international locations.

Property availability remains the biggest challenge to fledgling operators, although less of a challenge than in previous straw polls (October 2015). Staffing was mentioned by 29% as a challenge (up from 12% previously), and property costs were mentioned by 23%, up from 16%. (ends)

Fastest growing Ones to Watch brands by new site openings

1. Red Kiosk Company (0 to 20 outlets*)

2. Dunkin' Donuts (1 to 20)

3. = Kaspas (2 to 18)

= Franco Manca (6 to 20)

4 = Caffe Nero (3 to 17)

= Coffee Link (0 to 14)

7. = Chatime (0 to 13)

= Steakhouse Bar & Grill (0 to 13)

9. = Coast To Coast (9 to 21)

= Joe and the Juice (5 to 17)

= Chosen Noodle (4 to 16)

** Number of outlets in 2013 compared with 2016*

Fastest growing Ones to Watch brands by percentage growth

1. Dunkin' Donuts (1 to 20 outlets*)

2. Bob and Berts (1 to 10)

3. Kaspas (2 to 18)

4. Pita Pit (1 to 8)

= Chicken Shop (1 to 8)

6. Red's True Barbeque (1 to 7)

7. Grillstock Smokehouse (1 to 6)

= Toro's Steakhouse (1 to 6)

= Palm Sugar (1 to 6)

= Grind & Co (1 to 6)

** Number of outlets in 2013 compared with 2016*

** 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. Brands with fewer than five sites, but the potential to expand rapidly are listed in the survey as Bubbling Under brands. All statistics correct at the time the survey was collated.*

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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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