Dining Trends 2007

The changing UK leisure dining sector

A report for

TRAGUS

by the Peach Factory

Eating out of home is now an everyday part of British life, whether it's a coffee and croissant on the way to work, a bowl of salad for lunch, Sunday lunch at the pub, a pizza with the children instead of cooking at home or a romantic dinner for two.

The British like to eat out. Over 70% of the adult population will take the opportunity at least once every three months. A third of all food and drink expenditure is on meals out of the home.

At the heart of this shift in lifestyle has been the growth in casual dining restaurant chains. Over half of British adults will eat at a restaurant at least once every three months. That percentage rises to 76% in London where casual dining is now the number one choice when eating out.*

Casual dining restaurants are now rivalling the pub as the favourite place to eat out, with younger people, in particular, driving their popularity. The 16-24 age group eats out more than their older counterparts, especially in casual dining restaurants and coffee shops. Older diners, however, spend significantly more when they go out.

Consumers understand this change and in research acknowledge a substantial improvement in the eating-out sector over the past five years. However, they still demand higher standards.

Health is a growing issue, with the availability of healthy items on menus an increasingly important issue for the majority of eaters out.

Women have a pivotal role in the eating-out market, especially on issues such as health. They eat out more frequently than men, particularly in casual dining formats and coffee shops, and crucially are also more likely than men to make the choice of where to eat-out.

Branded chains are now an accepted part of the eating-out landscape – the public recognise them, eat at them and generally enjoy the experience. Wetherspoon pubs, for example, are now more popular as an eating out destination than fast food giants Burger King and KFC.

**Statistical source: Peach Factory, including its Eating Out and the Consumer 2007 Report.*

CAFÉ ROUGE RESTAURANT BAR CAFÉ   STRADA   BELLA ITALIA Caffe • Bar • Ristorante   ORTEGA SPANISH TAPAS BAR CANTINA

Market trends

The UK eating-out market is worth between £24 billion and £38 billion in sales, depending on whose figures you choose. But there is no questioning that it is a substantial market and a major driver for the UK economy.

It also continues to grow. Food sales out-of-home have expanded 84% in the last decade. Most recent Government figures from the Department of Environment, Food and Rural Affairs (Defra) show that out-of-home sales of food were up 5.3% in 2005 on the previous year.

With alcohol sales out-of-home falling, this also reflects a more profound culture shift within the nation's consumers away from traditional pub going towards restaurants and cafes. In volume terms, more alcohol is now consumed in the home. Alcohol now makes up 31% of a person's average expenditure of food and drink out-of-home, down from 35% just three years ago, according to ONS figures.

It is a long-term trend, as Defra's annual Family Food survey shows. Over a four or five year period, the growth trend in spending on food for out-of-home consumption has been steadily upwards, and in 2005 was 10.6% ahead of 2002 levels.

It shouldn't be surprising then that food is becoming an increasingly important part of pubs' sales mix. The pub groups that have ridden the eating-out wave and changed their cultures are the ones now reaping the benefits.

Out-of-home sales account for around 33% of all food and drink expenditure, and with overall household food spending essentially static, thanks in part to cheaper supermarket produce, the ambition of growing the UK eating-out market to US proportions is not out of the question.

Government statistics show that leisure spending overall in pubs, restaurants, fast food stores, hotels and other foodservice venues is now bigger than the nation's in-home grocery bill.

One feature of this growing market has been the expansion of branded foodservice and restaurant chains in the UK.

While international brands such as the Subway sandwich chain have cashed in – it has just opened it's 1,000th UK store and is set to overtake McDonalds in 2008 – the domestic market has also seen the emergence of a raft of home-grown concepts which have been able to develop and prosper.

The "new establishment", as the group of largely entrepreneurial companies and concepts have become known, have grown from fledgling status within the last decade or two to become successful and substantial businesses – some of which have gained stock-market listings, while others have attracted major private equity refinancing along the way.

This "new establishment" includes the likes of Café Rouge, Wagamama, Nando's, Caffe Nero, Loch Fyne, La Tasca, Strada, Carluccio's, Zizzi and Yo! Sushi – many of which are now household names for consumers.

The good news for the vitality of the sector is that these businesses all continue to expand, supported by continuing investment from both private equity and the public markets. They are also being joined by the next wave of potential market pacesetters – names such as Giraffe, Itsu, Leon, Gourmet Burger Kitchen and Ping Pong - often leading the market with new product ideas and treatments, especially in healthy eating and organic foods. There is no shortage of potential talent.

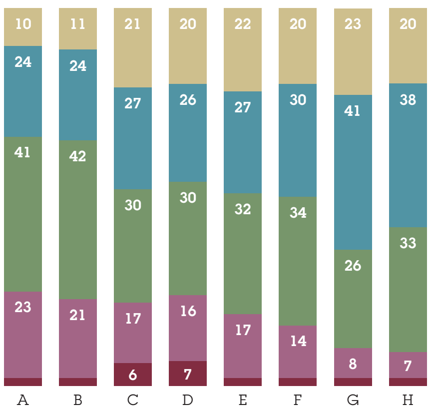
The UK has developed an entrepreneurial culture able to foster and grow new eating-out ideas and ventures. It can be argued that it has the most advanced, and probably most creative, market for chain restaurants in Europe.

The United States has always been seen as having the most sophisticated approach to restaurant and foodservice chains. UK operators would agree that they still have much to learn from American groups in areas such as operational efficiency and service standards. But in concept creativity, even some US opinion-formers now believe the UK and Europe often has the edge.

One of the world's leading chain restaurant experts Professor Chris Muller, from the Rosen College restaurant school at the University

Fig 1: Source: Peach Factory 'Eating-out and the Consumer' survey, March 2007 (sample 2,044 adults)

How often do you eat out? *(Fig 1)*



A Pub restaurant
B Casual dining
C Coffee shop
D Bakery/ sandwich shop
E Fast food restaurant
F Pub/bar meals
G Fine dining
H Self service

- Never
- Rarely (1 x a year)
- Every 1-3 months
- 2-4 x a month
- At least 2 x a week

of Central Florida, observed at the 2006 European Foodservice Summit in Zurich that there were not many new ideas in the US. "Europe is not constrained by its history of chain restaurants," he added. "Its mindset is younger than the US, it's better at niches, and design and creativity are certainly better in Europe."

Research, carried out in July 2007 by the Peach Factory, shows that in London casual dining restaurants are now the number one choice when eating out, with 72% of Londoners visiting a casual dining restaurant at least once every three months and 31% going at least twice a month.

Significantly, it is women and younger people who are more likely to choose casual dining chains – pub restaurants have an older customer profile. The under 24s are most likely to use casual dining restaurants, with 73% visiting at least once every three months. Pub restaurants have a slightly older age profile, with the 25-34 age group being the most frequent diners.

Casual dining also has a more middle class profile and, perhaps, most importantly the casual dining brands sampled in the Peach Factory survey consistently scored higher satisfaction ratings when it comes to the quality of the customer experience than rival pub restaurant brands.

What is this down to: the style of food, table service, family-friendliness, cleanliness even? It is hard to say and probably a combination of all these, plus a few other factors too.

The main challenges for the eating-out market going forward will be about staying in tune with changing consumer tastes and expectations and, most importantly, delivering on those requirements. Evidence suggests that to date casual dining chains have been the most successful in those areas.

Changing consumers

British consumers have never had so much disposable income and, contrary to perceptions, so much time in which to spend it.

They are also moving beyond just purchasing 'things' into what the leading consumer research group The Future Foundation calls the Experience Economy. Spending on 'experiences' already outstrips spending on 'material goods' and the gap is predicted to grow. This desire for new experiences is found across all ages and social groups.

The eating-out market has been a major beneficiary. The Future Foundation points to travel and eating-out, in that order, being the top two leisure-spending activities for the British.

Not surprisingly, the richest 20% of the population spends significantly more on both eating and drinking out, and especially on eating. By age group, the biggest spenders on eating out are the 50-65s. Conversely, families are not so good for the eating-out market as a whole.

The biggest spenders on eating and drinking out of home are adults in no children households. The more children in a house the less is spent on out-of-home consumption, and the more adults in a household the more the individual spend on eating and drinking out. Children are an 'experience' in themselves.

This general urge for gratification, however, is being tempered by increasing anxiety among the population. The Anxiety Society, as The Future Foundation, which tracks consumer trends both in the UK and globally, dubs it, has manifested itself in a heightened fear of crime, despite generally falling crime figures, and concerns over health, well-being and fitness. As a nation we are healthier than ever and live longer, yet reported illnesses are growing.

In the food market this has been reflected in the increased consumer emphasis on health, freshness, provenance, authenticity and now environmentally-friendly products. Ethical consumption is worth £3.4bn, according to Co-op Bank, and is joining healthy eating as a major market driver. Food-retailing supermarkets have been the first to benefit, but the impact is now undoubtedly filtering over to the out-of-home market as well.

For example, Britons are becoming more aware of the impact of food miles on the environment. According to a study by Mintel published in July 2007, one in five people say they already try to avoid items with high food miles by looking at where they are grown. Over half of Britons want more locally produced food to be made available to them and 53% believe that retailers need to do more to develop and promote UK production.

Not only are people concerned about their own well-being, they are also prepared to prescribe how others should live their lives too. This has manifested itself in the rise of what have been called the New Puritans, the health, environmental and lifestyle zealots, who are increasingly telling us what we should and shouldn't do – from recycling our waste to not driving 4x4s or using patio heaters. The ban on smoking in public places, restrictions on junk food advertising and rules on food additives and labelling can all be seen as part of this.

Enjoyment and indulgence are far from dead, however, just being kept on a tighter rein. Balance is now the key to modern lifestyles.

One cloud hanging over the growth in the nation's prosperity is the increasingly apparent squeeze on the middle classes. Despite higher incomes and relatively low headline inflation, people are paying out more for goods and services that they believe are unavoidable. What were once seen as discretionary spending items are being redefined as partly or barely discretionary.

These extra inflationary pressures include child-care, university tuition fees, private education, private health, financial services, stamp duty, inheritance tax, petrol, dental treatment, rail fares and the congestion charge. Organic food and green goods, interestingly, are also seen in the same category.

People will pay more for what they think is important, but the question for the eating-out market is what is going to be classed as really discretionary and what virtually essential? There is no sign that people will start cooking at home again. They will, however, most

Fig 2: Source: Peach Factory 'Eating-out and the Consumer' survey, March 2007 (sample 2,044 GB adults)

likely want better value, and that may mean better quality or better service, rather than simply less expensive.

Many of these themes have already been reflected in the expansion of casual dining in the UK. It may be no coincidence that women and younger people, who generally care more about health and the environment, for example, are also prime casual dining users. The under 24s are the heaviest users of casual dining restaurants, with 73% visiting at least once every three months. Changing demographics, economic growth, the have-it-all society and the experience economy are all playing their part in shaping the eating-out market.

But underlying this is consumers' constant demand for something better. They are demanding and expect high standards across the board, and despite growing concerns over health issues and healthier food when eating out, traditional issues such as quality of food, service and value still rate higher when it comes to influencing the choice of restaurant.

This is set against a background of an acknowledged rise in standards in the eating-out market over the past five years. Across the country, 62% of adults agree with the statement that quality has improved, with 15% strongly agreeing. Only 12% disagree, according to Peach Factory research.

However, that does not mean consumers are content. They are not; they want more. Overall, 66% of adults surveyed in Peach Factory's Eating-Out and the Consumer report felt that pubs and restaurants should be doing more to improve the eating out experience, with 17% strongly agreeing with the sentiment. A mere 5% disagreed. The feeling was strongest among women, the over 55s and consumers in the South East of England.

So what factors determine where people choose to eat out? Quality of food, type of food, service and value for money are the main factors, but others still have a big influence. An issue such as healthier options on the menu comes further down the list, but shouldn't be ignored. It is rated "important" by the majority of consumers, and will have a lesser but still significant impact on choices. Health options are however significantly more important to women than men.

Health, however, remains something of a conundrum for the eating-out market. Good operators are aware of the issues, but the apparent consumer demand witnessed in the grocery sector is not generally translating to eating out spend.

How important are the following factors in influencing your choice of restaurant? *(Fig 2)* (Average marks out of 5; with 5 'extremely important' and 1 'not important at all').

Quality of food	4.5
Type of food served	4.2
Service	4.1
Value for money	4.1
Location, convenience	3.8
Atmosphere, ambience	3.8
Number of healthy options	3.1
Décor	2.9

When out, other issues are more important for consumers, not least enjoyment. Quality of food tops the list for all age groups, but goes up in importance with the age too, with 71% of over 55s believing it extremely important compared to 56% of 16-24 year olds. Service is also more important to older age groups.

Value for money, perhaps not surprisingly, is relatively more important for both younger and older consumers.

Food, service and value remain the core market drivers most important to the ever demanding consumer.

Who usually makes the decision of whether to stay in or go out?
(by type of destination) % saying "I do" *(Fig 3)*

Fig 3: Source: Peach Factory 'Eating-out and the Consumer' survey, March 2007 (sample 2,044 GB adults)

Pivotal role of women

Women care more than men about what they eat, where they eat and how they are served. Female consumers have been, and will continue to be, pivotal in driving and directing the UK eating-out market.

The changing role of women in society is well documented. Most crucial has been their relationship to work and the home. Research by the Future Foundation reveals that a mere 8% of women see their main role as "family care", compared to 15% just a decade ago.

They spend less time washing, cleaning and cooking. But it is not that men do more; their commitment to domestic chores has remained the same. What it means is that more families buy in those services - cleaners, gardeners and child-care. They also go out more to eat.

Research by Peach Factory shows that women actually eat out more than men, are more critical and more demanding – particularly when it comes to health – and are generally more aware of what's going on in the marketplace.

They are more brand literate than their male counterparts and more likely to use casual dining restaurants and coffee shops, both growing sectors of the market. Men generally prefer pubs, bakery shops and fast food.

The growth in coffee shops, in particular, has been largely female-led. The Eating Out and the Consumer report shows that 27% of adult women will use a coffee shop at least once a month compared to only 18% of men. Women also like the coffee shop experience much more, rating the two national brands in the survey (Starbucks and Costa) almost 20 percentage points higher than men did for "experience".

And then there's health. While having healthy options on the menu is not the most important factor for either men or women when choosing where to eat out, it is significantly more important for women. The figures show that 76% of women think it important, including 41% who rate it 'very' or 'absolutely' important, compared to a mere 56% of men.

Also, 59% of female customers compared to just 33% of male consumers would be 'extremely' or 'very' interested in seeing even more healthy options added to menus. Likewise, 47% of women compared to 26% of men would be interested in more healthy drinks options.

It's the same sort of split on environmental issues, with 39% of women and only 22% of men saying they would be either 'very' or 'extremely' interested in more emphasis being placed by restaurants and pubs on all things "green".

You can pick statistics across the board. Women are much more likely to have enjoyed their eating out experience than men, even at the pub, but they are also more demanding - being more likely to expect standards to improve.

Cleaner restaurants came top of the wish-list of improvements for 2007 for both men and women, but with 77% of women against 64% of men giving the issue the highest priority, for example.

Crucially, women are more likely to make the important decision of where to eat out – unless it is going out for fast food or to the pub. That means their preferences are even more important. That seems to be evidenced in trends such as the increase in sales of rose wines, for instance.

Women have the power and are using it. The picture being painted is of female consumers at the cutting edge of change, leading new tastes and fashions, with male customers slower to alter their ways.

Health v. indulgence out of home

Health and diet have become a national preoccupation, demonstrated by the prominent media coverage given to just about any story linking health and food.

However, according to the Future Foundation, only 16% of the population can be classed as ultra-healthy, living their lives by a strictly healthy regime. There is another 25% who either don't care about health, often the young, or can't afford to eat healthily. The bulk of people, 59% of the country, are what the Future Foundation calls 'healthy hedonists'.

They are the ones that will detox, take vitamin supplements, go on a diet and stop smoking, but still want to go out for a good night-out, buy the chocolate muffin with their skinny latte or, from time to time, will "veg-out" at home in front of the television with a bottle of wine and a pizza. They do it all, and want it all. That is now the average Briton.

It is reflected perfectly in statistics from another international research company, TNS, which demonstrate how a need to be healthy drives meal decisions at the beginning of the day and also the start of the week, while old fashioned enjoyment is the main driver at the end of the day and particularly at the end of the week.

It is these healthy hedonists who hold the key to not just the healthy eating market, but the out-of-home food market as a whole. The trick is trying to understand how and when they want or need to be healthy or hedonistic.

The shift in the nation's eating habits is nonetheless real. Defra's Family Food survey shows out-of-home sales of confectionery, crisps, nuts and snacks down by 20% plus over a four year period to 2005. Ice cream, cakes and desserts are also seeing a decline. Conversely, salads have seen steady year-on-year sales growth. Indulgence is still alive, but it seems slowly losing out to health guilt.

Consumer concerns over health and diet are more than a fad. These worries are all tied up with a growing demand for freshness, authenticity, provenance and tastier and generally higher quality food. People increasingly want to know where their food comes from, what's in it and how it's prepared - and want a choice too.

The sales growth reported by food retailers such as Tesco, Waitrose and Marks & Spencer are all evidence of a continuing shift in the public's tastes and attitudes to eating and well-being. Sales of organic food topped the £1bn mark for the first time last year.

In the UK, 76% of men are defined overweight by the World Health Organisation, up 11% on a decade ago, while 69% of women are also overweight, up 14% over the same period. At the same time, 51% of people are "very concerned" about cancer, 48% are similarly concerned about heart disease, while 53% agree they should do "a lot more" about it. Importantly diet is seen as part of the solution.

The national press helps this perspective. Consumers are already reacting to high profile claims about broccoli and chillies helping to inhibit cancer, the benefits of omega 3 and omega 6 oils and how B vitamins supposedly improve brain chemistry.

News stories this year have included organic fruit and vegetables being better for you, and especially organic tomatoes in helping to combat heart disease. Then there was the report that pre-packed sandwiches, especially the "all-day breakfast" varieties, might contain as much salt as several bags of crisps.

Health concerns about alcohol, generally, are increasing. Sainsbury has already reacted by launching a range of wines with lower alcohol levels, saying it's in response to customer demand. Sainsbury's wine buyer Julian Dyer said: "Our research shows that customers are put off low alcohol wines due to their perceived poor quality and lack of taste. However, with new winemaking and growing techniques, we are now able to produce fantastic wines from several countries with a lower alcohol level with no compromise."

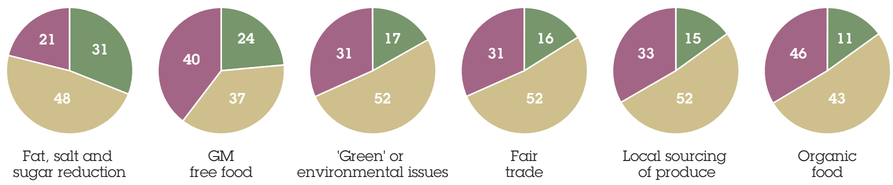
The surge in sales of rosé wines in recent years may also have a health dimension. They are perceived as lighter, but still fun. (See box)

Health and well-being are trends that restaurants and foodservice cannot ignore. The retail food business may be leading the way at the moment; restaurant and foodservice operators must be up to the challenge too.

Fig 4: Source: Peach Factory 'Eating-out and the Consumer' survey, March 2007 (sample 2,044 GB adults)

How concerned are you about the following when eating out? *(Fig 4)*

- Extremely or very
- Fairly or somewhat
- Not at all



The rosé rocket

Rosé has been going like a rocket since the hot summer of 2003, says wine journalist Christian Davis of Drinks International magazine.

"Last year, rosé and fizz really boosted the wine sector. Hand-in-hand with the growth, has been an improvement in quality. The growth has made winemakers and producers take it seriously and make it better – much better."

Rosé splits between the New World varieties, which are deeper in colour, sweeter and more likely to be drunk alone, and Old World rosés, including Spanish rosados, which are drier, a bit more acidic and more food-friendly. Davis rates Spanish varieties among the best.

"If they aren't stocking rosé they must have had their head in the sand for the past four years and are missing a huge opportunity", he concludes.

However, the parallels between restaurants and retail are not exact. Balancing the health versus indulgence equation is trickier.

The *Eating Out and the Consumer* survey suggests that restaurant and pub chains may well be under-estimating the public's appetite for healthier food, and underlines the key role that women are playing on this issue.

The Peach Factory poll found that the availability of healthy items on the menu was rated as "important" for the majority of eaters out and for a significant minority a "must have". For casual dining restaurants, 66% of all adults said healthy options were important, including 34% who said it was either "very important" or "absolutely essential". Only 16% of those surveyed thought it not important.

Women are the main drivers in this area, with, for example, 76% thinking healthy choices "important", and 41% "very important" or "absolutely essential" for casual dining menus. Men might not be so concerned, but the majority still believe the issue important.

Although, there are regional variations, the importance of having healthy options is recognised right across Britain.

When it comes to health specifics, the most public concern when eating out centres on fat, salt and sugar reduction, with 21% of all adults being "extremely" or "very" concerned and another 48% "fairly" or "somewhat" concerned.

This is very much a day-to-day issue linked directly to people's everyday diets and supermarket shopping habits rather than any loftier ethical considerations. This is also a much more important issue for the over 55s.

Local sourcing of produce and organic food were rated less important in a restaurant context, with 15% and 11% of people being extremely or very concerned. However, those "not at all concerned" were still in a minority across the board. Even when it came to general "green" and environmental issues, 69% had some concerns when eating out. Only 31% said they weren't bothered. Despite the obvious concerns over health issues and healthier food when eating out, traditional issues such as quality, service and value still rate higher when it comes to influencing the choice of restaurant.

The danger for restaurant operators is to concentrate on the top three or four market drivers and overlook those issues, such as health, that come lower down the list. Balancing healthiness against the enduring desire for a good, not to say indulgent, time is the big challenge.

Regionality

Much is made of the supposed North/South divide in Britain – including its effect on the eating out market.

It is true that people in London are the biggest spenders on eating out, followed by the South East, while those in the North spend the most on going to the pub or club. Government figures from the Office of National Statistics show that Londoners on average spend 60% more on eating out than their counterparts in the North east of England.

London is undoubtedly the engine room of the UK eating-out market, with more adults eating-out at sandwich shops, fast food outlets, fine dining restaurants and casual dining restaurants than any other part of the country - and as likely to eat at a pub restaurant as their counterparts in other parts of Britain.

London also has more choice and is a market where smaller metropolitan-focussed brands can compete on an even footing with larger national names. But this does not mean that people are not going out to eat outside of the capital – they are. Eating-out of home is the norm across the country.

The success of branded casual dining chains such as Pizza Express, Café Rouge, Frankie & Benny's and Bella Italia outside of the South East corner of England reflects this and perhaps suggests that casual dining operators should be moving faster to develop their concepts right across the country.

Consumers outside of London are no less demanding either. In fact, they may be more demanding. While 61% of adults in London think pubs and restaurants should be doing more to improve the eating-out experience, that figure rises to 67% in the North West, 69% in the Midlands and 70% in Wales.

There still remains a suspicion that many London-based chains remain cautious about moving north and west at any pace. It is not that many years ago that a number of concepts had their fingers burnt moving away from their London home ground too early.

Times have changed, and national expansion is now back on the cards. It all points to a major opportunity for mid-market brands to exploit.

Weekly out-of-home expenditure by region (£, average over 2002 to 2005) (Fig 5)

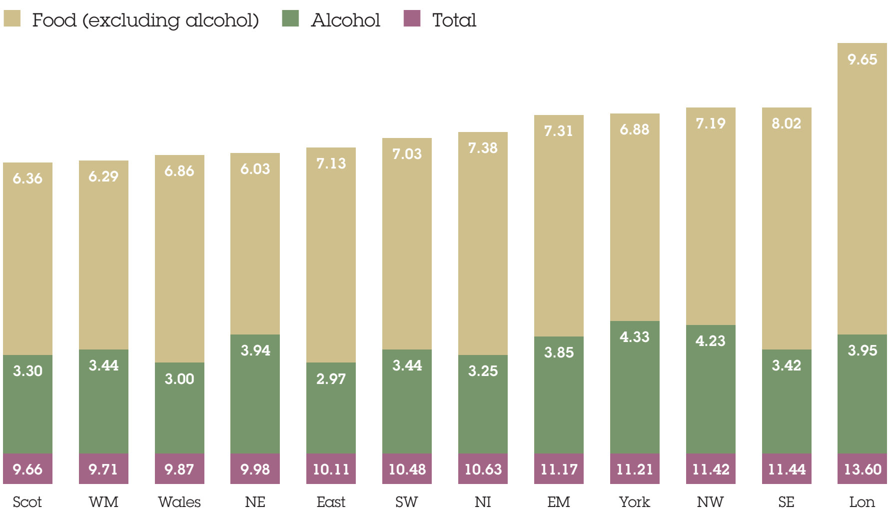


Fig 5: Source: ONS, Defra Family Food

Attitudes to brands

The news that JD Wetherspoon pubs are more popular as an eating-out destination than fast food giants Burger King and KFC was a shock for many in the eating-out market.

But the finding simply demonstrates how much eating-out has changed in Britain and how brand literate the public has become. The result came from Peach Factory's Eating Out and the Consumer survey, which revealed that 38% of adults had eaten at a Wetherspoon pub in the past year, compared to 36% who said they had visited KFC, 35% a Pizza Hut and 34% Burger King. Half the adult population had been to a McDonalds.

It could be that fast food chains are losing their popularity or that the public is rediscovering its intrinsic fondness for pubs. The truth is that Wetherspoon has worked hard on its food offering, particularly on the efficiency of its service. People know what a Wetherspoon pub is and understand what it offers.

The result confirms that Wetherspoon has become a real brand, with a high level of recognition with the public. Not only have over a third of adults been to a Wetherspoon's pub, but 90% said they recognised the name, the same as for Starbucks.

The survey asked consumers three questions about a list of leading eating out concepts: had they heard of them; had they eaten at them in the past year; and how did they rate the experience.

Generally, a higher proportion of women than men were aware of the casual dining concepts in the survey.

When it came to the experience, the five casual dining concepts among the survey's sample of 20 chains topped the ratings. Wagamama was first with 83% rating their experience either 'good' or 'excellent'. Lowest marks went to McDonalds, with just 29% of its customers giving it a 'good' or 'excellent'.

The survey results demonstrate that branded eating-out chains are now a part of British day-to-day life, and that the public are as likely to see them as delivering a quality experience as simply being "cheap and cheerful". Not only do the public recognise and use brands, they like them too.

The Peach Factory brand research was repeated this July among a different sample of 1,800 consumers and a list of 22 different brands.

It again confirmed the public's widespread awareness of eating-out brands, with over 40% of all adults and 50% of mainstream eaters-out, for example, recognising Bella Italia and Café Rouge, respectively. Only 10% of adults had not heard of any of the brands in the survey. Mainstream eaters-out are defined as the 68% of adults who eat out at least once every three months, but less than once a week.

Recognition levels increased significantly within London, with 72% of adults having heard of Caffe Nero, 65% Café Rouge, 60% Yo! Sushi, 57% Bella Italia and 30% Strada, for example. See *Fig 6*.

Brand awareness in London
Which of the following pub and restaurant brands have you heard of?
(All adults in London) *(Fig 6)*

TGI Fridays	80%
Garfunkels	78%
Caffe Nero	72%
Slug & Lettuce	66%
Caffe Uno	65%
Café Rouge	65%
Yo Sushi	60%
Bella Italia	57%
Krispy Kreme	52%
ASK	46%
Chiquitos	43%
Carluccio's	41%
Zizzi	40%
Eat	34%
Gourmet Burger Kitchen	34%
Old Orleans	33%
Chez Gerard	32%
Strada	30%
Giraffe	28%
Loch Fyne	16%
Prezzo	16%
Las Iguanas	5%
None of these	4%

Fig 6: Source: Peach Factory, July 2007

Almost half of the adult population had eaten in at least one of our sample concepts in the last year, rising to 55% of mainstream eaters. In London the usage was significantly higher, with 70% having eaten at one or more.

There still remains a mistrust of brands among many eating-out operators. Despite the fact that we live in an overtly branded world, a large number of operators remain nervous of "brand roll-outs" or even admitting their concepts might actually be brands. There is a widely held belief that customers don't like brands. What they don't like is bad, poorly performing brands. There is also a belief that standards can't be maintained if chains become big. But, look outside the sector at the retail market. Is the Marks & Spencer brand any less powerful because it has 400 stores across the country? Are people saying that's too many? Has River Island lost its fashion cache because it operates over 200 shops? Even trendy clothes chain Zara is up to 50 stores, coincidentally the same number as Wagamama restaurants in Britain. In the food market, Waitrose manages to retain its quality, upmarket image with a 200-strong chain.

The truth is that brands are now an integral part of the eating out scenery - and if the public has anything to do with it will remain so too.

The future

The public acknowledges that the eating out experience in the UK has substantially improved in recent times, but consumers still want higher standards.

They are not yet satisfied. Three quarters of adults agree that pubs and restaurants should be doing more to improve the eating-out experience. The figure is higher among women. To be specific, consumers say they most want (in order) cleaner restaurants, more efficient service, lower prices and friendlier service. But that's not to say other issues are not important.

Almost half the population (47%) say they are extremely or very interested in more healthy options, with another 41% either somewhat or fairly interested. Only 12% are not interested. Another 34% are interested in more healthy drink choices, according to the Peach Factory figures.

Cleaner restaurants are again a higher priority for women than men and for the over 55s than the under 24s. Younger diners are more interested in lower prices. The over 55s are generally more demanding, certainly when wanting better service.

Doing the basics better comes top of the list, but the high levels of interest in issues such as more healthy food options and even more emphasis on environment issues (31%) indicate that they cannot be ignored. They may not yet be vital, but they are certainly important for a large minority of consumers.

Understanding what consumers really want, and then delivering it, is probably the biggest challenge for the UK eating-out market.

With the market set to continue in growth, the future looks rosy for the UK eating-out market and in particular for casual dining restaurants playing to the mid-market. Significantly, the public understands and generally likes branded chains.

The market will continue to evolve and the imperative for operators to continue to do better will remain. While staying in tune with developing trends such as healthy eating and environmental issues will be important, delivering on the fundamentals, such as quality of food, service and even cleanliness, will be vital.

How interested would you be in seeing the following implemented in 2007? % answering 'extremely interested' or 'very interested' *(Fig 7)*

A Cleaner restaurants
B More efficient service
C Lower prices
D Friendlier service
E Improved order accuracy
F More healthy food options
G Seasonal menus
H Local sourcing of products
I More healthy drinks
J More emphasis on environmental issues
K Special offers sent by email

Fig 7: Source: Peach Factory 'Eating-out and the Consumer' survey, March 2007 (sample 2,044 GB adults)

TRAGUS

Tragus Ltd is one of the largest independent restaurant chain operators in the UK, with over 240 sites across the country serving over 16 million meals every year.

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