

PRESS RELEASE

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PUBS LEAD THE WAY AT MAINTAINING MARGINS THROUGH MENU ENGINEERING, SAYS HORIZONS

The foodservice sector may not yet be over the worst and operators must plan for 'no improvement' for the coming year. This was the message from Horizons' managing director Peter Backman, speaking at a conference today [8 October 2009] organised by the Campden Food Service Panel, in Chipping Campden, Gloucestershire.

"Operators need to build for a future based on current reality, rather than hope for improvement. Customers are still concerned about factors such as rising unemployment, whether house prices will recover and whether interest rates will rise. But the good news is that they are still eating out, just doing so more frugally," said Backman. "Many operators have already made changes to their menus in order to maintain their margins – this will be crucial going into the second year of downturn."

Horizons' most recent Menurama research, a six-monthly trend analysis of menus from over 100 foodservice operators, highlights some of the ways pub companies have maintained their margins. Weight alterations to key menu staples are the most common. At Ember Inns, for example, a 'char-grilled gammon steak' has become 'half a char-grilled salmon steak'. At Beefeater a '5oz rump steak' has become a '4oz rump steak'. And the menu at Brewers Fayre, which previously featured an '8oz sirloin steak', now has no mention of its weight. Likewise, Harvester has reduced the price of its flame-grilled salmon by 3p, and where previously it was advertised as being 8oz, there is now no mention of its weight.

Operators are also substituting cheaper ingredients. The Edwards pub chain, for example, is selling a black pepper lasagne now made with black pepper beef, rather than Aberdeen Angus, and Spirit no longer mentions the quality of the beef used in its cheese & bacon burger, which once boasted being made from '100% prime beef'. Wetherspoons' rump steak, once advertised on the menu as being from South America, no longer mentions its origin and the price has come down by £1.40.

"Pubs have really grasped the concept of menu engineering and as a result are able to hold on to their margins," adds Backman.

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EDITOR'S NOTE

About Horizons

Peter Backman is the managing director of Horizons, the analyst and specialist information consultant for the foodservice and hospitality sector. Peter is an expert on the structure and dynamics of the foodservice sector, and its supply chain, in the UK and across Europe. He has been involved in foodservice, as an analyst, researcher and consultant, for almost 30 years.

Horizons helps its clients make better business decisions by providing accurate and detailed information about the foodservice market, its trends, 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. The company recently acquired the QuickBite (consumer research) and Menurama (menu tracking) services, adding further depth to its statistical knowledge of the sector.

The company's clients includes Compass and Whitbread, suppliers such as 3663, Brakes, Cadbury, Coca-Cola, Procter & Gamble and Electrolux, investors JP Morgan and Goldman Sachs and trade associations such as the British Hospitality Association and the Food and Drink Federation. Horizons' views have been sought by organisations such as the Bank of England, the Department for Culture Media and Sport and the Department for Environment, Food and Rural Affairs.

Peter Backman is a regular contributor to industry conferences and his views are often sought by the business and trade press, TV and radio.

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