

EMBARGOED UNTIL 1 MARCH 2010

**STERLING WEAKNESS COULD HELP HOSPITALITY UK
SEE MODEST SIGNS OF RECOVERY, SAYS HORIZONS**

The year ahead is likely to be just as tough as 2009, although the UK catering sector is beginning to show some signs of life, said Horizons' managing director Peter Backman.

Speaking at Hotelympia at London's ExCel today [1 March 2010], Backman said that the UK leisure market was likely to be boosted this year by the weak pound against the US dollar and Euro, giving tourists more money in their pockets. The fact some travel operators have reported a slight upturn in business travel also indicated that confidence may be beginning to return.

"Any improvements are likely to be slight," added Backman, "perhaps flat earnings are the best we can expect, but indications are that the slump has bottomed out. Success is still in the hands of each operator – we all need to be realistic and to find a way of maintaining profitability in a market that is likely to continue to be dampened into 2011. Operators must be committed for the long haul, be creative, be single-minded and have a clear plan of action.

"Bad weather resulted in a poor start to New Year trading, but the next few weeks could see modest growth," predicted Backman, adding that economic uncertainty, the two forthcoming budgets, a general election and rising unemployment were likely to keep consumer spending fairly cautious.

Backman told visitors to Horizons' Key Club at Hotelympia, that last year was the second year of real decline for the hospitality sector, although some sectors had done better than others. Pubs, business & industry and travel-related catering bore the brunt of the decline, while institutional catering and popular high street restaurants held up better than expected.

Horizons' latest QuickBite survey of over 1,000 consumers conducted in December 2009, showed that while people continued to eat out they were spending less, partly due to the availability of meal deals and money-off discounts. Discounting was also putting a tight squeeze on operators' margins.

The survey revealed that consumers increased the frequency with which they ate out in the run-up to Christmas 2009 – dining out 1.64 times a week in December, compared with 1.58 times a week in September.

Spend per head also showed an increase through December – up from £10.80 in September 2009 to £11.69 (including drinks). Year-on-year, however,

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spend per head showed a decline. Annual spend per head in 2009 was £11.69, compared with £12.64 in 2008.

On a positive note, QuickBite revealed price was becoming less of an influencing factor on eating out and that consumers were becoming less pessimistic about how often they thought they would eat out in the future. Some 5% of respondents predicted they would eat out more often in 2010 than they had in 2009, while 73% felt they would eat out just as often in the coming year.

A third of respondents said they were saving money by ordering starters and desserts less often when they ate out, choosing sharing dishes from the menu and spending less on alcohol. Price was still a concern for over half of respondents, as they sought to reduce their overall meal spend.

For further comment or to interview Peter Backman please contact Linda Pettit at Tilburstow Media Partners on 01737 823721/07973 789853 or email press@horizonsforsuccess.com.

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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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