

PRESS RELEASE

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INNOVATIVE PROMOTIONS KEEP AMERICAN CONSUMERS EATING OUT AS ECONOMY HITS ROCK-BOTTOM

Take-out meals for free, courses for the dog, starters served as main course and sharing platters: just some of the promotions that American foodservice operators are running to keep their customers satisfied.

'Two for one' deals whereby consumers eat one meal in the restaurant and take another home, loyalty programmes offering points for food that can then be exchanged for a free meal, and starters served as main courses are just some of the innovative promotions the American foodservice market is adopting to boost flagging sales.

"Like the UK, the American eating-out market is suffering severely. Operators are being very clever with their offers and to keep people eating out. American consumers seem to be choosing more modest meals out in response to the recession, and perhaps also in a bid to eat more healthily," commented Horizons' managing director Peter Backman, who this week visited the giant National Restaurant Association Restaurant, Hotel-Motel Show (NRA) in Chicago.

"Feedback from US restaurant chains demonstrates that, as in the UK, eating out on a whim is no longer happening and the corporate expense account has gone into hibernation. Operators are reporting that some regions, particularly those where the automobile or finance sectors were once major employers, are suffering more acutely than others," said Backman.

"But across the board there seem to be some major changes in the food being eaten in restaurants. For example, operators are moving their appetisers to become main courses, without changing the price, advertising 'pay less for the same great food'. Restaurant chain Applebee's now offers what was an appetiser of three mini-burgers as a starter. The 80-strong Daphne's Greek Café chain has recently reduced the price of a popular soup from \$3.19 to \$1 when ordered with a main course. When the offer was launched sales are said to have jumped 10-fold. Einstein Bros Bagels, which has over 300 units across 30 states, has introduced a 'doggy bagel' for \$1 to attract pet owners!

"Along with clever price promotions, there is also evidence that the type of foods being ordered by American consumers is beginning to change.

Menus are reflecting this trend with descriptions such as 'fried' now being replaced by 'crispy'."

In its own survey, released at the show, the NRA quizzed 1,600 American chefs on 'what's hot in 2009'. One overwhelming trend is that of smaller, sharing portions such as bite-sized mini-desserts, small plates of starters such as tapas, dim sum or mezze, mini-burgers as starters, amuse-bouche being ordered rather than more formal appetisers, plates of combo salads, Asian-style appetisers and more unusual items such as drinkable desserts or savoury desserts.

"These trends show that consumers are responding to the economic downturn and the requirement to eat more healthily by choosing different foods on the menus. There seem to be more sharing plates, more alternatives to three-course meals, and healthier desserts are definitely coming through," said Backman.

"Operators I spoke to report that consumers are remaining loyal to outlets that offer value, and that's not just about lower prices. New technology is also coming to the fore in the foodservice sector with websites such as Yelp.com, where consumers leave their own restaurant reviews. It's likely that similar sites will gain in popularity in the UK too.

For further comment or for the full version of Horizons' US trends report please email press@horizonsforsuccess.com call Linda Pettit on 01883 742955/07973 789853 or contact Peter Backman on:

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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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