

HORIZONS MARKET MODELLER

Horizons Market Modeller establishes the size of the foodservice market for any specific product whether it is food, cleaning materials, equipment, utensils, or any of the products used by operators.

The service works as 3 step process by developing market sizes with both bottom-up and top-down processes:

Step 1: Spreadsheet Model

A typical spreadsheet – using hypothetical data - is set out below.

The figures in blue are entered by Horizons and are based on our previous knowledge and experience.

2005	Outlets Actual	Meals TOTAL	Food Purc £ Millions	Based on meals	Jams	Topping sa	Pie Fillings	Jams	Topping sa	Pie Fillings
NOTE: Sample data only; Only enter data				% of meals				No of meals Millions		
Restaurants	26,416	734.0	1,537.3	5.0%	5.0%	0.4%	36.7	269.1	19.4	
QSR	29,645	2,006.3	2,129.7	2.0%	1.0%	0.1%	40.1	6.5	6.5	
Pubs	51,046	1,103.5	1,242.8	2.0%	1.5%	0.2%	22.1	248.8	28.2	
Hotels	47,009	643.8	1,323.8	7.5%	0.5%	0.9%	48.3	24.2	31.2	
Leisure	19,121	532.9	595.0	8.0%	0.5%	0.0%	42.6	13.8	0.0	
Staff Catering	20,625	1,063.2	977.8	15.0%	0.0%	0.5%	159.5	0.0	30.1	
Health Care	31,384	1,046.5	646.6	7.0%	0.0%	0.1%	73.3	0.0	9.7	
Education	34,663	1,245.7	651.6	3.0%	0.0%	0.0%	37.4	0.0	0.0	
Services	3,073	244.1	171.8	1.0%	0.0%	0.0%	2.4	0.0	0.0	
TOTAL	262,982	8,620.0	9,276.5				462.4	562.5	125.2	
				g per meal			Tonnes			
Restaurants				28.0	9.0	45.0	1,027.6	2,422.3	871.9	
QSR				17.0	10.0	42.0	682.1	65.3	272.5	
Pubs				14.0	11.0	36.0	309.0	2,736.8	1,072.9	
Hotels				25.0	8.0	17.0	1,207.2	193.5	531.1	
Leisure				19.0	7.0	41.0	810.0	96.8	0.0	
Staff Catering				10.0	9.0	40.0	1,594.7	0.0	1,204.7	
Health Care				8.0	2.0	18.0	586.1	0.0	174.6	
Education				12.0	5.0	16.0	448.4	0.0	0.0	
Services				8.0	5.0	12.0	19.5	0.0	0.0	
TOTAL							6,684.7	5,514.7	4,127.7	
				£ per Tonne at:			£ Million			
				Distributors buying prices/Sell in prices						
Restaurants				£1,356	£1,100	£1,450	£1,393	£2,665	£1,264	
QSR				£1,356	£1,100	£1,250	£925	£72	£341	
Pubs				£1,356	£1,100	£1,000	£419	£3,010	£1,073	
Hotels				£1,356	£1,000	£1,400	£1,637	£194	£744	
Leisure				£1,356	£1,000	£1,100	£1,098	£97	£0	
Staff Catering				£1,150	£900	£1,000	£1,834	£0	£1,205	
Health Care				£1,150	£800	£1,000	£674	£0	£175	
Education				£1,150	£800	£980	£516	£0	£0	
Services				£1,100	£780	£900	£21	£0	£0	
TOTAL							£8,518	£6,037	£4,801	

The model calculates the relevant market sizes in the right hand columns.

During the Hands On discussion process with the client, the blue figures are questioned and amended in the light of additional information generated by the discussion.

Please note that it is not necessary, or even a prime requirement, for the client to provide the figures in blue – that is our job, although input from the client is often helpful.

Step 2: Market Size Data

This stage requires the involvement of the client and is based on the assumption that, usually without realising it, the client has relevant and helpful information about the market.

Typically this information includes the following which the client is asked to bring to the Hands On discussion:

- A clear definition of the market that is to be assessed; this includes defining products, sectors and distribution channels
 - Note:** Typical questions include:
 - Are we talking about frozen or chilled or both?
 - Are we talking about catering packs only or retail as well?
 - What sectors are we including – restaurants, quick service, pubs, hotels, leisure, staff catering, health care, education, public services?
 - What specific subsectors are to be included – or excluded?
 - Are we talking about groups and independents or only one of these?
 - Are C-stores and petrol forecourts included?
 - Are industrial sales included?
 - Are all distribution channels – delivered wholesale, cash and carries, contract distribution, other channels – included?
 - If not which?
- Overall estimates of the size of the market based on hunch and experience; people especially with a sales background often have a feel for the size of the market even if they are unable to state the precise grounds for their belief
- Old data – perhaps a survey carried out 5 years ago. We are able to bring these up to date swiftly and make adjustments for products, sectors etc that may not be included but which are of current interest to the client
- Information about purchases and or sales by customers/potential customers – even if out of date. This information may be less than “perfect”. For example it can be “hard” or “soft” i.e. actual figures or merely very good estimates. Or the information can relate to a specific category or wider range of products; it might relate to some specific sectors but not others; and so on
- Any thoughts on the correct value of the figures shown in blue in the spreadsheet model shown above.

This is not a complete list since we find that each client has its own data sources; we are always happy to advise whether a source is likely to be useful.

Horizons will also extract any relevant information from its own internal sources, but these vary from product to product in terms of depth and accuracy.

Some clients find that they have what they believe is very inaccurate, incomplete or not very relevant data. We believe that most information has some value and use in this process.

We realise that client may feel that this information is confidential – we are always prepared to sign an appropriate confidentiality agreement.

Clients may also feel that it may be best to withhold some information until they begin to see how the process works. For example, the client may suspect that they have a pretty accurate understanding of the market, even at the outset, but are reluctant to reveal it for fear of biasing the outcome. We understand this and all we ask is that the client tells us, at the start, about the general nature of the information they wish to withhold – and we hope that at some stage in the process the client feels emboldened to reveal the information.

Step 3: Hands On discussion

The information indicated above is tabled at the meeting and Horizons will enable a debate about the information.

Horizons will also amend the initial model as required and justified by the ensuing discussion

At the end of the meeting, the client has a copy of the spreadsheet and a statement of assumption that have been made in arriving at the final figures.

For further discussion please contact:

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