

RESTAURANT BIO

Wraps, salade, gluten free, soupe take away, végétarien welcome



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UK Restaurant Industry

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By Alex De Angelis | Companiesandmarkets.com – Thu, Oct 31, 2013 00:00 GMT

The UK restaurant industry is worth over £40 billion, and while consumers continue to engage and enjoy the food industry across several channels, and brand power continues to hold its strength at the more expensive end of the market, the casual dining sector still find their target markets to be cost conscious and savvy about pursuing the best value without compromising on quality with competition from the dining packages offered by supermarkets.

The sector is particularly diverse. Restaurants range from top-end fine dining establishments to quick service 'takeaway' outlets. Restaurants can be classified by type (fine dining, casual/branded dining or quick service) and by the type of cuisine they predominantly serve (e.g. Chinese or European).

UK high streets tend to be dominated by chain restaurants. Over recent years there has been a small increase in the number of chains and a decrease in the average size of a chain. Some of the newer chains, for example, Gourmet Burger Kitchens and the Clapham House Group are relatively small. The newer brands tend to be more focused.

London has seen the development of numerous upscale restaurants, some of which evolved around famous chefs such as Jamie Oliver and Gordon Ramsay. Apart from the UK's classics, recent newcomers include The Ivy, Chez Bruce and Hakasan.

The Asian and Oriental restaurant sub-industry is relatively large. The branded coffee shop sub-industry has grown substantially over the last few years. The largest 13 brands now operate approximately 2,500 outlets compared with 1,000 just 3 years ago.

Limited-service restaurants within the UK's Leading 100 tallied £8.1 billion in sales for 2012 -- an increase of 6% over 2011. The full-service segment did even better, growing sales 8.6% to nearly £6.6 billion.

Eating out is the new normal for UK consumers. The ability to eat out at any time of day is leading to a change in day-part frequency as consumer visits at breakfast are growing, while lunch and dinner are under pressure. The slow economic growth is less impactful than feared, though consumers are employing various money saving tactics in order to maintain their eating out habits. The Pub Restaurants channel is the most frequently visited by UK consumers, and JD Wetherspoon's is the nation's favourite restaurant brand for the first time.

Branded/managed pub restaurants are significantly out-performing the wider pub market, driving the increasing branded market share. Independent/Tenanted pubs face more closures, pressure from off-trade and declining consumer engagement with wet-led formats. Branded pubs have increased outlet share by 3.1 percent points to reach 16% by 2013. Value share has increased by 8.8 percent points to 48% since 2007, driven by the significant increase in food sales.

Figures from 2012 suggest that, rather than cutting back on eating out, consumers have reduced spend in other areas in order to make sure they can still regularly dine at restaurants and pubs. According to Allegra's Eating out in the UK report, published in August, consumer confidence remains fragile with 45 per cent of people stating they do not feel confident about their future income levels. But despite this, one in three say they make sure they have enough money every month to eat out.

Healthy eating has become a mainstream dining trend in recent years. But 2013 will see the arrival of the 'stealth health' trend - where chefs replace salt, fat and sugar with healthy, bold flavours without promoting it to consumers. Because consumers now expect healthy options in all restaurant types and segments, chefs need to comply by offering such

without sacrificing flavour. 2013 will bring a surge in stealth-health ingredients, including superfoods like beans, dark-green vegetables, salmon, soya, walnuts, yoghurt, tea and blueberries, as well as standard dishes with a healthier spin.

The Top Ten UK Chain Restaurants 2010 v 2011 Turnover

Rank	Chain	2011 UK Turnover (£MM)	% Turnover Change	% Unit Change
1	McDonald's	1,872	2.3	2.8
2	Wetherspoon	1,038	9.7	8.5
3	Greggs	708	6.9	4.2
4	KFC	614	2.6	4.6
5	Costa Coffee	610	16.8	9.1
6	Starbucks	561	2.3	4.6
7	Pizza Hut	529	0.7	0.0
8	Domino's Pizza Nando's	496	9.5	8.9
9	Subway	473	2.4	1.6
10	Nando's	390	9.1	8.0

In total, the top 10 restaurant chains accounted for almost £7.3 billion, over half (52.3%) of total turnover for the Top 100 U.K. Chains.

Wetherspoon, a traditional pub chain, is the second largest chain in turnover for 2011 behind McDonald's. As the U.K.'s largest pub chain, Wetherspoon reported a 9.7% rise in turnover to approximately £1 billion, as well as an 8.5% rise in unit count to 841. Following Wetherspoon, casual-dining PizzaExpress reported the next highest turnover in the full-service segment at £367.5 million in 2011.

The fastest growing chains in the full-service segment include Busaba Eathai (80.7%), Jamie's Italian (77.3%) and Côte Restaurants (37.8%). Busaba Eathai, interestingly, was new to the 2012 Leading 100 U.K. chains ranking.

Among limited-service restaurants, the largest menu categories in turnover came from burger (£2.3 billion), coffee shops (£1.5 billion) and chicken (£1.1 billion). The ranking was led, as usual, by McDonald's, which generated just below £1.9 billion in turnover in 2011, followed by Wetherspoon (£1 billion) and Greggs (£707.6 million).

As a whole, limited-service restaurants saw a turnover increase of 4.4%. The bakery sub-segment experienced the fastest rate of turnover and unit growth, with an increase in turnover of 14.2% from 2010 and a unit growth rate of 11.6%. Though only two bakery chains are listed in the Leading 100 U.K. chains, both Paul and Le Pain Quotidien experienced significant turnover increases of 17% and 11.3% respectively.

The landscape of the UK restaurant market at the start of next year will be similar in many ways to what it was at the end of 2007, with the majority of the national operators in some shape or form continuing to have the greatest influence and impact on the sector. However, the economic downturn, and with it the slowdown of the expansion plans of many of the established operators, has allowed a number of fledgling groups to emerge and gain, in some cases, a significant foothold in national and regional restaurant markets.

For more information on the UK restaurant industry, see the latest research: [Restaurant Market Research](#)

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