

PRESS RELEASE

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FOODSERVICE OPERATORS HIKE PRICE OF STARTERS AND DESSERTS WHILE COST OF MAIN COURSES REMAINS FLAT

The cost of ordering a three-course meal in the UK's pubs, restaurants and hotels has gone up over the past year, despite main course prices remaining fairly stable.

Horizons' biannual Menurama research reveals that the price of starters and desserts has risen year-on-year, with pubs showing the largest price increases.

The research, based on data from over 400 menus from the UK's top 100 leading chain and independent pubs, restaurants and hotels, shows that the average cost of a three-course meal across all eating-out establishments, excluding drink, has risen from £17.40 to £18.45 over the past year – up 6%. An average starter now costs £5.24 – up from £4.70 last year. A main course costs an average of £8.86 – up from £8.73, while a dessert now costs £4.36, up from £3.97 in 2008.

Paul Backman, Horizons' development executive, said: "The discounts and meal deals currently evident in the market have kept the prices charged for main courses fairly stable - in many cases they are lower than they were last year. But some operators, particularly in the pub sector, have made up for discounting on main courses by increasing the price of other dishes."

The pub sector has increased the cost of starters and desserts the most, with a starter costing 10.6% more this year than in 2008, from £3.68 to £4.07. A pub dessert now costs 6% more, rising from £3.46 to £3.68.

However, a main course in a pub is now cheaper than it was a year ago with the average price falling from £7.19 to £7.17. The research also revealed that pubs dropped their main course prices by a huge 32p from January-July this year in a bid to boost trade.

The average cost of a restaurant main course has also fallen, from £10.06 to £10.01 year-on-year, largely due to promotional activities such as 'two-for-the-price-of-one' and money-off vouchers. Restaurant starters, at £5.48 this year, are 2p more than they were a year ago, although desserts are now cheaper at £4.34, compared with £4.42 in 2008.

Over the same period the price charged for a starter in a hotel rose 9% from £7.42 to £8.09 year-on-year, while main course prices have increased 1.5% from £12.47 to £12.67. The cost of a dessert in a hotel has risen 51p from £6.69 to £7.20.

“Operators can use starters and desserts to improve their margins as they are relatively cheap to produce,” added Paul Backman. “However, customers are very observant when it comes to price increases and could opt for just a main course if the price of starters and desserts rises too high compared to the cost of a main course.

“We would expect these pricing changes to level out if promotional activity lessens as the economy picks up. However, it could take at least 18 months for establishments to phase out price promotions altogether.”

Aggressive price increases for starters have been seen by some of the major high street restaurant brands over the past five years including Hard Rock Café and PizzaExpress. Others, such as ASK, Bella Italia, Café Rouge, Caffè Uno and Nando’s, have show more subdued increases. More gradual price increases on main courses have been observed from operators such as ASK, Bella Italia, PizzaExpress and Wagamama, while the past year has seen some shorter term price cuts from operators such as Caffè Uno and Pizza Hut.

FURTHER FINDINGS FROM MENURAMA

- A three-course pub meal now costs £14.91, up from £14.49 in 2008
- A three-course meal in a hotel has risen from £26.57 in 2008 to £27.91
- But eating out at a restaurant is getting cheaper. A three-course restaurant meal now costs £19.93, down from £19.95 last year.

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EDITOR’S NOTE

About Horizons

Horizons is an analyst and specialist information consultancy for the foodservice and hospitality sector. Its manager director, Peter Backman, 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.

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