

Horizons European Database Methodology

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Summary

Our estimates of the foodservice sector are based on almost 30 years' research which has been checked against a multitude of other sources – including other major organisations and our interviews with operators – to provide internally and externally consistent data.

What is Horizons Database?

Horizons European Database consists of interrelated databases comprising:

- A model of the sector - Horizons Statistical Database
- Company information – covering over 3,000 foodservice operator brands across Europe

Many people ask us how the data for our statistical database is derived. The following information is designed to provide the answers.

What is Horizons European Statistical Database?

The statistical database is, in effect, a model of the foodservice sector covering Europe. Inevitably, information on the UK is more detailed but we are working actively to increase the coverage of the European database as well.

The European element of the database provides information from 2003 to 2007 (and is currently being updated to 2008). The UK data is from 1981 to the current year with forecasts 5 years ahead. Information from 1981 to 2000 is comprehensive but not as detailed as the information that we provide for subsequent years.

What is the scope and scale of Horizons Statistical Database?

The database consists of over 300,000 statistics. It covers approximately 100 sectors (such as Restaurants and Health Care) and, in the UK, subsectors (such as sandwich bars and prisons). It provides information on 11 basic metrics (such as numbers of outlets, meals per outlet, food and drink purchases), and the UK data also covers a further 130 metrics (such as purchases – by temperature and distribution channel, average meal price etc etc).

The database is

- **Carefully defined** – many measures of the foodservice sector fail because they are based on unclear or unstated market definitions; our definitions have been refined over a period of 25 years and are available on request or from our website www.horizonsforsuccess.com and go to “Why you can be certain of Horizons”.
Note: Our definitions are now broadly accepted by the industry and by Government
- **Consistent** – in other words, the same measures are used for each sector and each year
- **Integrated** – which means that when any number is changed, all dependent numbers are automatically changed; this has particular implications for the forecasting modules of the database.

What methods are used to construct Horizons Statistical Database?

The critical point to recognise is that the foodservice sector consists of many, different markets – fast food outlets are very different from 5-Star hotels, and homes for the elderly are very different from pizza restaurants.

Consequently, no single methodology will provide the information that is needed across the whole market. Instead we rely on a proven approach which is used whenever it is necessary to compile a complete picture from disparate sources.

Note: Survey methods which attempt to measure the whole foodservice sector (ie projects that aim to sample the market) inevitably ignore parts of it. One of our skills is our ability fill gaps by identifying how much of the market is covered and the size of the market that has been ignored.

In essence, we use a wide variety of sources; some are accurate, others less so or incomplete. But by comparing and contrasting the data from each source and examining the data critically in terms of its coverage, provenance, age etc, we are able to create our model of the market.

How accurate is the result?

Clearly, given the methodology described above, it is not possible to put a precise figure on the accuracy of the data. But we can do many checks on it; for example:

- Critical analysis of our results by our clients. They usually have more detailed knowledge of specific sectors and accordingly can identify how accurate our data are for those sectors and, by implication, for all other sectors too
- Comparison against data from other sources and organisations.

What sources are used?

In the first ten years or so of collecting and analysing universe data, we relied primarily on secondary sources (such as press comment, market research reports etc) plus a variety of primary sources (directories, catalogues, listings etc), many of which were not comprehensive. Nevertheless, we worked to develop an internally consistent view of the foodservice sector expressed statistically and in detail.

This long term preliminary stage came to an end in the early 1990's. Since then, we have developed a more structured approach which involves a number of elements. They key areas are:

- Identifying regularly updated surveys from reliable sources (such as government departments and trade bodies). While these sources may not be comprehensive or accurate, their methodologies are such that errors are consistent and allow us to identify the direction and extent of changes.
- Using the internet to identify company and sector information. We are currently creating a directory of suitable sites; this will allow us to update our information more frequently than has been possible in the past.
- Using “demographics” data from each interview which we carry out every year with foodservice operators. This information allows us to identify the sizes of specific sub-markets and the nature of changes in the market.
- Working with organisations who have a vested interest in accurately establishing the size of the foodservice market (or some of its more significant sub-sectors) and who have the resources and information to check our data against theirs.



These organisations include delivered wholesalers, trade associations and the media. This co-operation has led us to examine critically many of the data points in our universe estimates.

- Continuing to develop our understanding of the market using the sources which we used in the early stages of our research. Such desk research continues to provide insights into the market and its development.

We are always willing to discuss our methodologies openly and if you have any queries, please contact us on:

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