Demographic, economic and competition analysis

of the

Stafford Area

Project: The Old Post Office
Business Sector: Catering & Hospitality

Contents

1. Introduction

2. The venue

3. Regional overview
   a) Stafford county town detail
   b) Regional towns and villages
   c) Local government
   d) Regional businesses
   e) Transport

4. Desk top Analysis
   a) Demographic overview
   b) Social & economic profile
   c) Crime data
   d) Consumer behaviour and spend potential analysis
   e) Street interview data

5. Key Competitors overview
   a) Key Competitors overview
   b) Competitor array
   c) The Taste of Staffordshire Good Food Awards

6. Condensed summary of The Mintel Eating Out Review 2009
   a) Market overview
   b) Key points
   c) Sector overview
   d) Consumer spending priorities
   e) Eating out market segregation
   f) Impact of economic downturn on eating out
   g) Consumer Behaviour
   h) Attitude Towards To Eating Out
   i) Discount Culture
   j) Food Offer & Demographic Profiles
   k) Eating Out Frequency

7. Condensed summary of UK Restaurant Leader Report 2009
   a) Introduction
   b) Key findings
   c) The future outlook
   d) Industry recognition

8. Conclusions

9. Appendices
   a) Stafford shopping and business guide
   b) Street interview questionnaire

1. Introduction

Radford Chancellor Ltd have been instructed by our client to undertake a detailed demographic profile of the area around Stafford that will identify the breakdown by size's, social and economic profiles of the potential customers in a 20-mile radius of the sites location. The report will also provide customer spend potential analysis and consumer behaviour in the Stafford area, with projections for the next 3 years. Radford Chancellor Ltd will provide a snap shot summary of "The Eating Out Report 2009" and competitor profiling for the area. This data is to be used to confirm the objectives identified in the business planning process.

2. The Venue

The site offer profile will consist of a function facility up to 100/120 covers with separate entrance with its own self contained facilities – first floor restaurant 80/100 covers with 3 to 4 meeting rooms with 10 to 24 covers - ground floor facility for all day trading of "brasseries' style" offer this being a chameleon offer as the day progresses – external areas will be covered at the front and rear of the building and will be blended into the complete scheme, in this area will be opportunities for Deli Offer and ad hoc trading opportunities to stimulate further retail opportunities – roof terrace being available for private parties.

3. Regional overview

a) Stafford county town detail

Stafford district is situated in the central part of Staffordshire. It is a mixed district consisting of two significant towns (Stafford and Stone) several villages and significant rural areas to the west and east of the district. The town of Stafford acts not only as the administrative centre of the district but also Staffordshire County as a whole. The town has all attributes to be expected of a County town: a celebrated art gallery, quality shops, and green open spaces. There's plenty of all year round local to national events, exhibitions to festivals celebrating music film, food and flowers. In the heart of Stafford the Gatehouse Theatre, celebrating its Silver Jubilee last year is the venue for a full and exciting programme of entertainment, whilst the Ancient High House and Shire Hall Gallery showcase popular exhibition programmes.

The town provides an excellent environment for companies planning to expand, develop or set down new roots. Combined with the existence of a loyal, skilled workforce and attractive living environment Stafford offers the right combination of elements essential to business success.

b) Regional towns and villages

Stafford is surrounded by thriving market towns like Stone to the north, and Rugeley just 9 miles southeast. With a network of delightful villages and hamlets set in the countryside, the area has stunning natural beauty, tranquil canal-side walks, leafy parks and historic gardens.

c) Local government

Stafford has strong local government, which provides a wealth of high quality information and business support for the region. Stafford's local government can be proud of their publications such as the Stafford shopping and business guide (*appendices a*), which provides local people and visitors with a great overview of what Stafford has to offer. The tourism bureau also provides an "eating out guide" and has initiated the "Taste of Staffordshire Good Food Awards".

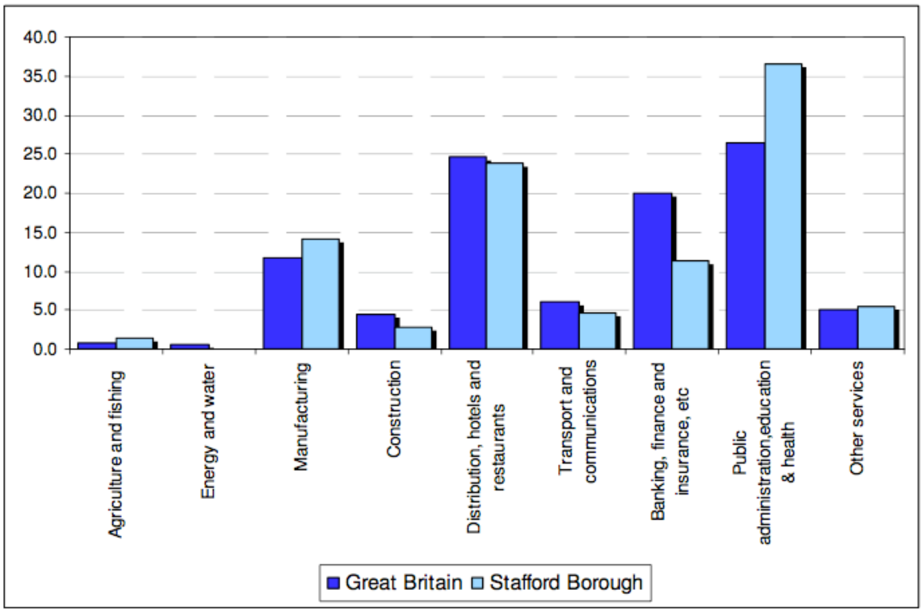
The council takes seriously its duty to promote business and economic growth in the region. A recent Audit Commission Inspection report rated the council's economic regeneration work 'Good with promising prospects for improvement' and was awarded 2 stars out of a possible 3 because the council has a clear vision and sense of purpose for Economic Regeneration work.

d) Regional businesses

The Stafford businesses have undergone substantial restructuring in recent years through the closures of manufacturing industry, and development of service sectors. There have been some significant economic development projects in the district such as Stone Business Park and Staffordshire Technology Park.

Although Stafford district has a higher proportion of businesses in manufacturing than nationally, this proportion has declined markedly in the last 20 years. The Public Administration, Education and Health sector is much more important in Stafford than nationally, largely through significant employment in local government and health services. Banking, finance and administration is significantly lower in Stafford than nationally.

% Business by sector



Source: Year Estimates 2009, National Statistics

The district has high levels of business creation as measured by VAT registrations. Stafford district has 37 registrations for VAT per 1000 compared to 35 in Staffordshire County as a whole, and is slightly lower than the national average of 38 VAT registrations per 1000. Economic activity and employment rates in Stafford are higher than national, regional and county averages.

e) Transport

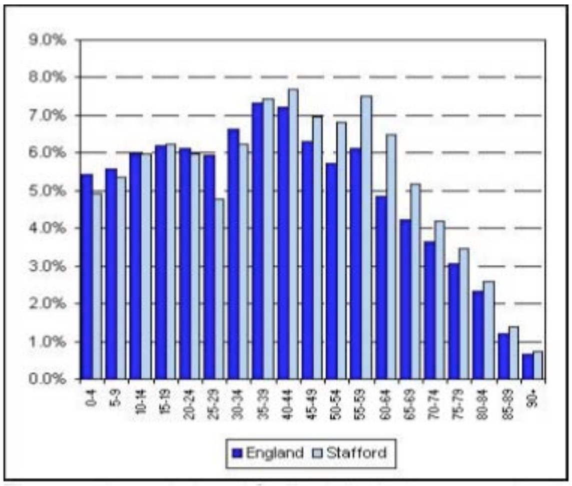
Stafford has superb accessibility to the M6, mainline railway services and the A50 link road to the M1. Four international airports: Manchester, Birmingham, East Midlands and Liverpool are within just over an hour's drive of Stafford. The town lies on the West Coast main line between London, the North West and Scotland. Fast and frequent services run to and from London, Manchester, Birmingham, Liverpool, and Glasgow.

Stafford has good local bus services with excellent information. Staffordshire County Council has been awarded Centre of Excellence status in "Local Transport Delivery".

4. Desk top Analysis

a) Demographic overview

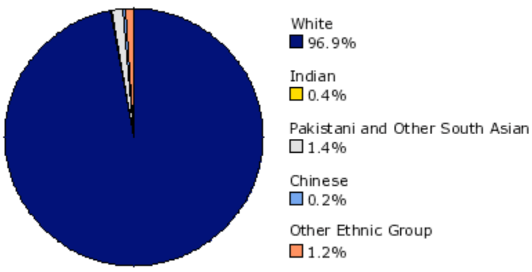
Stafford population by age group %



With a population of just over 800,000 Staffordshire is the seventh largest Shire County in England. Located in the industrial heartland of Britain positioned between Manchester and Birmingham, with Shropshire to the west and Derbyshire to the east, the County consists of 8 districts and several large towns and cities set amongst 260,000 hectares of rural unspoiled countryside.

The resident population of Stafford district is 123,600 people. In general the age structure of the district shows pronouncedly higher proportions of people among middle and older aged groups, and slightly lower proportions of young people and young adults than the national average.

The overall population of Stafford district is expected to rise over the next 15 years by around 5.8% to 131,300 people. The age structure of the population is also expected to change with the older age groups making up a greater proportion of the population, and a subsequent reduction in the proportion of the population from younger age groups.

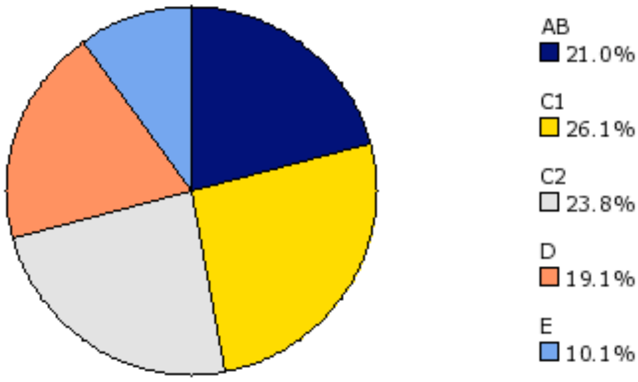


Source: Experian mid year estimates 2009

Around 3.2% of the population (3,955 people) are from a Black or other Minority Ethnic background. The greatest concentrations of BME are in Coton and Forebridge wards.

b) **Social & Economic Profile**

Stafford has just under half of it population in the top two social grades, and just under a quarter of the people who live in the district are skilled workers. The pie chart below shows a break down in percentage of each social grade;



Source: Experian mid year estimates 2009

Social Grades key:

Code	Social Group	Notes
AB	Upper class / middle class	Higher managerial, Intermediate managerial
C1	Lower middle class	Supervisory or clerical and junior managerial
C2	Skilled working class	Skilled manual workers
D	Working class	Semi and unskilled manual workers
E	Lowest level of subsistence	Lowest grade workers, or on the welfare state

Stafford district has some isolated pockets of multiple deprivation. According to the Index of Multiple Deprivation, there are 2 Super Output Areas (SOAs) that fall into the most deprived 20% of SOAs nationally. Stafford district is ranked 244 out of 354 districts in England based on the average of ward scores (it falls into the 30-40% least deprived districts nationally by this measure). The most deprived parts of Stafford District are found around the areas of Highfields and Western Downs, Penkside, Manor, Holmcroft and Forebridge.

Stafford enjoys a reputation for stable labour relations in comparison with other UK regions and offers competitive labour cost.

The average income per person is £32,100pa which is just below the UK average of £32,400pa, The cost of living is significantly lower than many inner city areas such as Birmingham, Oxford, Bristol; thus providing more disposable income. The Stafford district has sustained higher rates of employment and economic activity compared to the West Midlands and England as a whole.

Economic activity

	Stafford	**West Midlands**	**England**
Economic Activity Rate	83.9%	77.1%	78.6%
Employment Rate	77.1%	67.9%	71.4%
Unemployment Rate	7.1%	10.6%	7.9%
Total claiming benefit *	12%	18%	16%
Average Income (per year)	£32,100	£31,400	£32,400

*The data is derived from benefits data indicators, Unemployment summary statistics & National Statistics All based on information form Nov 2009. * All people of working age claiming a key benefit.*

c) Crime Data

The Stafford district has reasonably low levels of crime when compared to other regions of the West Midlands, however when compared to the data for England the levels are just below average. The violent crime is slightly higher than the country average. The over all crime levels in Stafford have dropped by 3.5% on 2007 to 2008 levels.

Burglaries of dwellings 2008 – 2009

	Offences	Offences per 1000 house-holds
Stafford District	324	6.48
Staffordshire County	2926	8.85

Violent Crime 2008 - 2009

	Offences	Offences per 1000 population
Stafford District	2655	21.56
Staffordshire County	17,160	20.90

Vehicle Crime 2008 - 2009

	Offences	Offences per 1000 population
Stafford District	913	7.41
Staffordshire County	6746	8.22

Source: Staffordshire Police

d) Consumer behaviour and spend potential analysis

The average consumer in the Stafford district will eat out around 2 – 3 times a month (including lunch), a small percentage of consumers (12%) will eat out at least once a week. From the snapshot street survey the most popular food to be eaten when dining out is English Pub food, followed by Italian food and English fine dining voted 3rd most popular. 34% of peoples' group sizes when eating out in Stafford is 1 – 2 people in the group, and 56% of people questioned said their group sizes was 2 – 4 people.

When socialising in Stafford over half the people asked like to socialise in Stafford at least once a week or 2 – 3 times a month. Over 82% of people in the street survey always or sometimes stop for coffee when shopping or visiting Stafford. 16% rarely stop and only 2% never stop for coffee.

Whilst taking into account the demographic information for the Stafford district, the competitions pricing and the data collected from the street survey below are the average spend potential per person (including alcohol):

Spend potential *(per person, per visit)*	2010 Average	2010 Higher*	2011 Average	2011 Higher*	2012 Average	2012 Higher*
Lunch	£10.45	£13.90	£10.75	£14.30	£11.06	£14.71
Tea / coffee visit	£3.90	£5.10	£4.01	£5.24	£4.12	£5.39
Dinner	£19.87	£28.00	£20.44	£28.81	£21.03	£29.64
Day conference	£34.50	£38.00	£35.50	£39.10	£36.52	£40.23
Private Party / Event	£38.50	£46.00	£39.61	£47.33	£40.75	£48.70

** Higher; top 36% of population can spend in the higher category*

e) Street interview data

Below is the data from the street survey (appendix b), conducted in Stafford town centre on Saturday 9th January 2010 between the hours of 11am – 4pm. During the day, the researcher interviewed 50 people form a cross section of the shoppers in Stafford.

Gender	
Male	46%
Female	54%

Age groups	
16 – 25 years	24%
26 – 35 years	32%
36 – 45 years	18%
46 – 55 years	14%
55 years +	12%

Area in which they lived	
In Stafford	48%
Within 10 miles of Stafford	26%
Within 20 miles of Stafford	10%
Within Staffordshire	10%
Outside Staffordshire	6%

How often they eat out in Stafford	
At least once a week	12%
2 -3 times a month	50%
At least once a month	30%
Once every few months	4%
Never	0%

Type of Cuisine	Male most popular	Female most popular	Over all
English pub food	1st	1st	1st
Italian	2nd (equal score)	2nd	2nd
English fine dining	2nd (equal score)	3rd	3rd
French	4th	4th	4th
Chinese	3rd	5th	5th
American	6th	6th	6th (equal score)
Indian	5th	7th	6th (equal score)

Average spend per person	
Under £5	0%
£5 – £14.99	20%
£15 - £24.99	44%
£25 - £34.99	26%
Over £35	10%

Levels of importance	Male	Female	Over all
Price	4th	3rd	4th
Quality of Food	1st	1st	1st
Menu Choice	3rd	4th	3rd
Healthy eating	6th	5th	5th
Service	2nd	2nd	2nd
Other (Location)	5th	6th	6th

Average group size	
1 – 2	34%
2 – 4	56%
4 - 8	10%
8 +	0%

How often do you go socialising in Stafford	
2 – 3 times a week	4%
At least once a week	34%
2 – 3 times a month	20%
At least once a month	10%
Once every few months	18%
Never	14%

Stop for coffee?	
Always	42%
Sometimes	40%
Rarely	16%
Never	2%

5. Competition Analysis

a) Key Competitors Overview

The area has a number of restaurants, coffee shops and public houses. Below is break down of the “key competitors” in Stafford. Whilst collecting the data on the competition within the Stafford district, Radford Chancellor Ltd have scored each business (see matrix on next page) between 1 and 5 in the following six criteria:

- Location – Ease of travelling to, main street or secondary street
- Venue – Over all appearance of the venue
- Food offer – Quality of menu and food
- Service & Reviews – Quality of service and reviews available
- Value for Money – In relation to the Stafford district
- Marketing – Level of marketing activity

A maximum of 30 points is available for each business. For a business just performing the average score will be 18, any scores over 22 should be considered as a business performing well and is focused on their customers.

Hotels and Conference facilities

Name	Address	Key points	Awards	Score
Weston Hall	Weston Bank Stafford ST18 0BA	*Extensive menu, good food offer *Program of events *Groups / Parties catered for *Accommodation available	None	**24**
The Swan Hotel	46 Greengate Street, Stafford ST16 2JA	*Extensive menu of modern English cuisine *Private function rooms *Busy lunch time trade *Accommodation available *Excellent web site	* 2 awards from the Taste of Staffordshire competition * AA rosette	**25**
The Vine Hotel	Salter Street Stafford ST16 2JU	*A reputation for food / service *Part of Marston’s Pub Chain *Located near town centre *Private function rooms *Accommodation available	None	**20**
Sandon Hall	Sandon, Stafford, ST18 0BZ	*High Quality Venue *Wedding Receptions catered *Corporate events team *Strong portfolio of clients	* Award for Banqueting Venue of the Year	**25**
Hawkesyard Hall	Nr Rugeley, Staffordshire WS15 1PU	*Wedding Receptions catered *Good Conference facilities *10 miles form Stafford *Part of a Golf Club	None	**20**



Restaurants and high quality Coffee Houses

Name	Address	Key points	Opening hours	Score
No 5	5 Gaol Mews Stafford ST16 3AN	*Fine dining in relaxed and comfortable surrounding *Private function room *A reasonable wine list	Wednesday to Saturday 7pm - 11pm	**21**
Pastiche Bistro	1 Mill Street Stafford ST16 2AJ	*A reputation for food / service *Located near town centre *High quality menu offer *Good web site	7 days a week 10am till 11pm	**22**
Apres	25 Gaolgate Stafford ST16 2NT	*Relaxed, informal environment *Fun modern pub menu *Part of a regional chain *Excellent web site	7 days a week 9am – 1am	**18**
The Mill at Worston	Worston Lane, Great Bridgeford ST18 9QA	*A reputation for food / service *Destination eatery *Rustic heritage setting *Contemporary Mediterranean menu	7 days a week 11am till 11pm	**20**
Pizza Express	3 Market Square Stafford ST16 2JH	*Part of a national chain *Pizza & Pasta menu	7 days a week 10am till 11pm	**16**
The Soup Kitchen	2 Church Lane Stafford ST16 2AW	*16th Century eating house *Just open for breakfast, *lunch and teas *Old-fashioned feel / service	Monday – Saturday 9am – 5pm	**16**
The Grove	St Mary's Grove Stafford ST16 2HT	*Close to Market Square *Popular for Coffee, Tea and Lunch	7 days a week 9am – 6pm	**15**
Bella Italia	20 Greengate Street, Stafford, ST16 2HS	*Part of a national chain *Pizza & Pasta menu	7 days a week 10am – 11pm	**16**
Frankie & Benny's	The Hough Retail Park Stafford ST17	*Part of a national chain *American, Italian food *Reasonable priced menu	7 days a week 11am – 11pm	**14**
The Yard	Espleys Yard Stafford ST16 2EZ	*Short walk from Stafford town *Popular younger bar, eatery *Good pub food, and reasonable prices *Part of Smith & Jones Chain	7 days a week 11am – 11pm	**17**



b) Competitor Array

Stafford has quite a few eateries and coffee houses, not many of them are exploiting their market position. Many of the hospitality businesses in Stafford do not have web sites and seem to have poor marketing activity in place.

The table below shows how Radford Chancellor Ltd scores the 'key competition' in the Stafford district.

Score matrix

Business Name	Location	Venue	Food offer	Service & Reviews	Value for Money	Marketing	Total Score
Restaurants and high quality Coffee Houses							
No 5	4	4	4	3	4	2	**21**
Pastiche Bistro	3	4	5	4	3	3	**22**
Apres	3	3	2	3	3	4	**18**
The Mill at Worston	3	4	5	3	3	2	**20**
Pizza Express	4	3	2	2	3	3	**16**
The Soup Kitchen	4	3	2	3	3	1	**16**
The Grove	3	3	3	3	2	1	**15**
Bella Italia	4	3	2	2	3	2	**16**
Frankie & Benny's	2	3	2	2	3	2	**14**
The Yard	2	3	3	3	4	2	**17**
Hotels and Conference facilities							
Weston Hall	5	4	4	4	3	4	**24**
The Swan Hotel	5	4	4	3	4	5	**25**
The Vine Hotel	4	3	4	3	3	3	**20**
Sandon Hall	4	5	4	4	4	4	**25**
Hawkesyard Hall	3	4	3	4	3	3	**20**

To simplify the scoring Radford Chancellor Ltd has not used any weighting formula when scoring the competition.

Rating	Points awarded
Poor	1
Below average	2
Average	3
Above average	4
Excellent	5

Rating	Explanatory wording
Poor	Well below industry standard, no evidence of activity
Below average	Just below industry standard, some evidence of activity
Average	Industry standard, good quality and clear evidence of activity
Above average	Above industry standard, excellent quality & activity
Excellent	Award level standard, outstanding activity

c) The Taste of Staffordshire Good Food Awards

The Taste of Staffordshire Good Food Awards are held each year to celebrate quality and distinctiveness in the food and drink that is produced and served in Staffordshire. The 2009 winners are:-

Restaurant of the Year (European influence)
- 1st Moddershall Oaks Spa - Restaurant, nr Stone
- 2nd Mint Restaurant, Streetly, nr Lichfield
- 3rd Dunsley Hall Hotel, Kinver, South Staffordshire

Restaurant of the Year (Non-European and Asian influence)
- 1st Siam Corner Ma Ma Thai, Lichfield
- 2nd Mango Tree Indian Restaurant, Stonnall
- 3rd Siam Corner Thai Marina, Barton under Needwood

Brasserie of the Year
- 1st The Swan Hotel, Stafford
- 2nd 99 Station Street, Burton upon Trent
- 3rd The Winery, Burton upon Trent

Pub of the Year
- 1st The Holly Bush, Stockton Brook, nr Leek
- 2nd The Holly Bush, Trysull, South Staffordshire
- 3rd The Star Inn, Copmere End, Eccleshall

Tea Room of the Year
- 1st Denstone Hall Farm Shop & Café, near Uttoxeter
- 2nd The Swan Hotel, Stafford
- 3rd Roaches Tea Rooms, Upper Hulme, nr Leek

Visitor Attraction of the Year
- 1st Jenkinsons at Silks Restaurant, Uttoxeter Racecourse
- 2nd The Plant Plot Garden Centre, Lichfield
- 3rd Eden Day Spa, Hoar Cross

Banqueting Venue of the Year
- 1st Packington Moor Farm, nr Lichfield
- 2nd Jenkinsons at The Ashes, Endon, nr Leek
- 3rd Jenkinsons at Sandon Hall, nr Stafford

NFU Award for Best Use of Local Produce

a) 1st Essington Fruit Farm, South Staffordshire
b) 2nd Denstone Hall Farm Shop & Café, nr Uttoxeter
c) 3rd Ramblers' Retreat, Alton

Service Science Personal Award for Outstanding Service

d) Milo Cevar, Izaak Walton Hotel, Dovedale

Best Newcomer

e) Mint Restaurant, Streetly, nr Lichfield

Best Use of Local Beers

f) The Shoulder of Mutton, Lichfield

6. Condensed summary of The Mintel Eating Out Review 2009

a) Market Overview

A contracted market but still showing growth at 2009 > 2014 a 5% growth per annum is predicated

b) Key Points

Underlying demand remains for the eating out market, although, as consumers research for the report shows, the recession has had a major impact on around a quarter of consumers who had to cut back considerable on both frequency of eating out and spend per visit.

Operator's reliance on price led promotions has helped to buoy footfall in the short term, and although these crucial to business structures with high levels of debt, it is expected to have long-term consequences for the overall market. Instead innovation is touted as the key to attracting consumers to continue to eat out during the recession, with an increasing emphasis on menu flexibility both in terms of menu choice and price positioning.

c) Sector Overview

Low cost options have performed particularly well during the recession as have brands generally as cautious consumers turn to tried and trusted venues to guarantee a good eating out experience. In general success or failure in the eating out market during the recession has had more to do with levels of debt and financial structuring than the brands' market positioning.

d) Consumer Spending Priorities

Various consumer intentions surveys have suggested that eating out is one of the first areas for cutback; however Mintel research has found that going out and dining out are the consumers top spending priorities after paying the house hold bills.

Whilst it is true that a quarter of consumers have been drastically affected by the recession the majority of the population has developed a cautious attitude towards spending as precaution to further downturn, and with low interest rates, many of those with outstanding mortgages actually have more money than they have had in previous years.

It is clear that consumers have cut back on big-ticket purchases, first during the recession, the majority of consumers are reluctant to give up leisure habits or 'experiences' over commodities. As a result, the eating out sector has benefited from ability to be seen as an 'affordable luxury' and the antithesis to the doom and gloom of discussions about the recession.

e) Eating Out Market Segregation

Low cost outlets such as fast food restaurants have been well placed to benefit from the recession both due to their value position and because the wide nature of the menus, which have been well established for a number of years. By targeting the meal occasions, including breakfast, snacking and all-day dining, theses venues have been able to remain flexible and responsive to changing consumer habits. Take aways and home deliveries also continue to post strong results as convenience carries on playing a major role in consumer's decision-making process. Sectors that are dogged by long-term trends, such as ethnic restaurants, which consistently struggle with a skills gap due to immigration.

Coffee shops market is an intriguing one at present: on one hand Coffee Republic has already fallen into administration whilst Starbucks is struggling to maintain sales as well as develop its position in a market which has moved on without it, but the other hand, Costas Coffee continues to gain market share. Despite the fact that the sector as a whole is generally performing well during the recession, this is against a backdrop of consumers cutting back how much they send per visit as well as the frequency of visit.

f) Impact of Economic Downturn On Eating Out

Around a quarter of consumers have been significantly affected by the recession, forcing them to drastically reduce expenditure on going out. In the mid week market restaurants with a focus on children are likely to be the worst affected by this, as their customers tend to be from the family demographic. Younger consumers (16-34 year olds) have felt the effects of the recessions and chosen either to cut down on spend per visit or reduce the frequency of eating out rather than give it up altogether. It is the older consumers who have either felt the effects and found them manageable, or who have not been affected by the economic downturn.

g) Consumer Behaviour

The recession has prompted consumers generally to spend more cautiously, regardless of whether or not it has direct affected their spending power. This has meant an increasing focus on buzz words such as 'buzz@ or 'guarantee'. It has also led to intense scrutiny of what constitutes value for money; whether in the in-home market or out of home, consumers purchasing behaviour during the recessions has shown that value for money does not mean cheaper. For example in the grocery retail - manufacturer brands have performed better than expected in many ways, as consumers opt to choose a known quantity rather than downgrade to a cheaper option. Varying sacrifices consumers are willing to make when it comes to cutting back, for example, whilst one in five order tap water instead of bottled, only one on ten always order the house wine.

h) Attitude Towards To Eating Out

Longer-term social trends are also exerting significant influence on the eating out market at present. The death of the traditional eating timetable has meant that menus have had to be increasingly flexible to the varying meal occasions open to the consumer. Around a quarter of consumers now state that they regularly use money-off vouchers, although these tend to be younger consumers (15-34 years old) implying that older generations are not comfortable with using cost cutting methods. Only one in ten consumers are picking up more in-home meal deals (e.g. M&S Dine in for £10.) instead of eating out, although these are 23-34 year olds who are central to the eating out market, being the most frequent restaurant visitors.

It is 25-34 year olds who are most likely to state they often ask friends over to eat, which also ties in with consumer research for the Mintel report which shows that it is 20- 34 year olds who are most likely to buy in-home meal deals instead of eating out. Clearly this is a worrying trend for the market, however theses are also the consumers who tend to eat out the most frequently. Regular innovation is central to attracting these consumers back from in-house meal deals. Tie-ins with other aspiration brands in the retail market may appeal. Generally speaking, the recession has prompted consumers to become more cautious in their spending habits across the board. In terms of eating out, this has meant purchasing behaviour based upon issues such as trust , reliability, reassurance and guarantees. As a result, brands have generally performed better than independents venues, being both able to draw on consumers demands for 'known quantities' as well as relying on economy of scale in terms of purchasing power.

However, brands themselves are being urged to innovate in order to retain consumers' attention, with it becoming increasing evident to produce an offer which is less comparable with cheaper supermarket alternatives. The same can be said for consumers meal choices during the recession, as they become less adventurous and instead of choosing the 'safe' option, which often means British cuisine. This in itself means that it is increasingly difficult to establish a distinct menu USP, again pointing to the need for regular menu development.

i) Discount Culture

The majority of high street restaurants are now relying on price-led promotions in order to help buoy footfall and in the face of declining PDI (even among brands that previously avoided the tactic such as Pizza Express). However, the reliance on the discount culture is not only damaging margins in the short term but also has the potential to devalue meal prices going forward as consumers becoming increasingly used to paying a reduced price. As a result it is being suggested that operators look more towards value-added incentives rather than just value led promotions. Furthermore this would be a strategy to re-evaluate the overall operation: in some cases heavy reliance on price promotions is thought to mask the fact that the general menu pricing is not meeting the demands of consumers. In an attempt to guard against this potential devaluing through promotions, some operators are following the footsteps of the fast food operators , many of which have long tried to hook consumers with price-focused strategies e.g. JD Weatherspoons value meals from £2.99.

As the discount culture is not thought to be sustainable in the long term, there are increasing incidences of operators 'spinning value' instead. This involves appealing to the consumer's sense of value not just in terms of price but also in regards to customer service, innovation, theatre etc. As a result this value-added strategy offers further opportunity for engagement with consumers a key buzzword in the industry at present. Other ideas are based around the idea of 'mini' versions of food example, The Hertford House Hotel in Hertfordshire offers mini desserts at £1.50 which allows for flexibility; these should therefore appeal to consumers who do not want just one dessert and prefer to mix and match, as well as providing an affordable option for consumers who would otherwise be cutting down on the number of courses they choose in order to save money.

Spinning value can also be seen less obliquely in menu development such as All Bar One's skewer range. The dish is ordered in two parts, with consumers first able to pick from a choice of meat and vegetarian skewers and then choosing the accompanying base e.g. salad, noodles or vegetables. In this way All Bar One is also building on flexibility of its menu and tapping into the trend for customisations, another big trend in the eating out market at present.

j) Food Offer & Demographic Profiles

Most operators would agree that despite the healthy eating trends in the past decade or so , few consumers actually tend to choose these options when they eat out. This is mostly attributable to the fact that eating out is essentially a leisure activity and the thought of as a treat, meaning that consumers are less likely to count calories in restaurants than they are at home.

- **Pub Restaurant /Bar**
  Universally popular but peaks amongst the 55+ year olds, ABs and those with no children in the household.

- **Cafe/Coffee Shop**
  Women have a strong preference for theses venues. They are also popular with 16-19 year olds and those aged 55+, people in inner and greater London and ABs.

- **Pizza/pasta restaurants**
  Young, single consumers are the most prominent users of these restaurants, as are those living in inner and Greater London, people in full-time education, and ABC1s.

- **Fish and chip shop/restaurant**
  Male dominated sector, popular with 16-19-year-olds. North/Yorkshire and Humberside, C2s, single household size 5+.

- **Burger/fried chicken bar**
  Most popular with men, 16-19-year-olds, inner and Greater London, C2s, single household size 5+.

- **Chinese restaurant**
  Men have a strong preference for these venues, as do 16-19s and single consumers

- **Indian restaurant**
  Male dominated sector which is also popular with 25-34-year-olds, inner and Greater London, and ABs.

- **In-store restaurant/café**
  ABs and woman have a strong preference for these venues

- **British restaurant**
  Familiarity with the cuisine underlines the popularity of these venues amongst 16-19-year-olds and those aged 55+.

- **Hotel restaurant**
  These venues tend to be frequented by consumers aged 55+, retired, ABs, married, no children in the household.

k) Eating Out Frequency

There are now fewer consumers eating out as frequently as twice a week or more, however those that do tend to be young, single consumers with few, if any, financial or family commitments. In contrast, families eat out once a month or less frequently. It is the mid-market which has suffered the most in recent years as families have curbed their eating out expenditure following the onset of the recession. One fear is that even after the recession eases, this family demographic will not return to the pre-recessionary levels of eating out frequency.

Mintel has created five distinct target groups based on their eating out habits.

Regular Treaters (17% respondents)
Spending priorities: Their affluence means that they can afford to spend on a wide range of areas, however they are one of the strongest groups to prioritise going out and eating out

and one of the least likely to want to make extra payments off a debt/mortgage etc.
Venues visited: Again their affluence means that they visit a wide range of venues, although it is worth noting that they are the group most likely to frequent venues such as pizza/pasta restaurants and in-store cafes.
Frequency of eating out: As expected, Regular Treaters eat out on a consistent basis and are also one of the groups most likely to eat out at least twice a week.
Impact of the economic downturn on eating out: The recession has had a varied impact on these consumers, with as many stating that they have cut back on frequency as those who say that they haven't, but have cut down on spend per visit instead.
This group is also more likely than average not to have been affected by the recession at all.
Attitudes towards eating out: All of these consumers are motivated to eat out by the idea of it being a regular treat.
Detailed demographics: AB, gross annual household income £50,000+, M&S shoppers.
Marketing message: Even though these consumers appear to still be able to afford to eat out regularly, operators have found that the general trend amongst business clients, for example, is against ostentatious choices. As a result, menus should seek to cater for those looking for understated luxury.

In-home Meal Dealers (22% of respondents)
Spending priorities: These consumers have limited financial resources beyond paying regular household bills.
Venues visited: Below-average responses for many venues, although show preference for pubs.
Frequency for eating out: At least once a month.
Impact of the economic downturn on eating out: The recession has had a varied impact on these consumers.
Attitudes towards eating out: These consumers tend to order food they are familiar with and often eat out on the spur of the moment. They are the group most likely to be picking up in-home dining meal deals (eg M&S Dine in for £10) rather than eat out.
Detailed demographics: D, aged 20-24, inner and Greater London, part time work, retired.
Marketing message: Price-led promotions such as two-for-one, set menus or bundles will appeal to these consumers, as will set price deal that includes a drink/drinks.

Redundant Diners (23% of respondents)
Spending priorities: Never have any extra money
Venues visited: Most likely group to state that they have been to none of these.
Frequency for eating out: Most likely group to state that they never eat out.
Impact of the economic downturn on eating out: The recession has had a major impact on these consumers and their eating habits.
Attitudes towards eating out: Due to their low socio-economic status, these consumers only eat out for a special occasion, if at all.
Detailed demographic: C2DE, not working, gross annual household income of up to £25,000, children in household aged 5-9 and 10-15.
Marketing message: Whether these consumers have been unemployed on a long term basis or have been recently made redundant due to the recession is unclear. Either way, they are likely to be a cold target group at present, with the only likely way to interact with these consumers on a regular basis being through restaurant-branded retails products.

Adventurous (15% of respondents)
Spending priorities: Their affluence means that they can afford to spend on a wide range of areas, with particularly strong interest in going out and eating out, savings, long holidays and small 'extras' for the family.

Venues visited: Again, their affluence means that these consumers can eat out at a wide range of restaurants. This is also the group which shows the highest preference for eating out in pubs, coffee shops and, in particular, Indian restaurants.
Frequency for eating out: Along with Regular Treaters, this group shows the higher-than average response for eating out at least twice a week, although the majority eat out anywhere from about once a week to once a month.
Impact of the economic downturn on eating out: These consumers are the most likely to state either that they've felt the effects of the recession but have found it manageable, or that they have cut back on how often they eat out but not how much they spend on each occasion. Attitudes towards eating out: All of this group tend to order new or different dishes, whilst they also show higher-than-average responses for tending to eat out on a regular treat, often buying extras and eating out on the spur of the moment.
They are also the group most likely to state that they have cut back on eating out during the week but not at the weekends.

Detailed demographics: ABC1, gross annual household income of £50,000+, married, M&S and Waitrose shoppers, North West/Scotland.
Marketing message: Regular menu innovation will be the key to commanding the attention of these diners. Marketing the concept of eating out for a single course, just for a dessert for example, should also appeal to these consumers.

Immature Diners (23% of respondents)
Spending priorities: Although important to these consumers, dining out is not their top spending priority. Instead, items such as small 'extras'. Books/DVDs/CDs, savings, and in-home food and drink rank higher in their spending considerations.
Venues visited: Variety of venues, no higher than average responses.
Frequency of eating out: At least once a month/every three months.
Impact of the economic downturn on eating out: This is the group most likely to state that the recession has had a major impact on them.
Attitudes towards eating out: All of these consumers eat out primarily for a special occasion. These consumers also show high response rates regarding never really eating three courses, ordering tap water and house wine, and picking up more in-home deals.
Detailed demographics: Female, aged 16-19, in full-time education, Co-op shoppers, South East/East Anglia.
Marketing message: Age dictates many of these consumers' spending habits but the fact that they are relatively inexperienced diners will also have an impact. Set menus or bundled offers should not only help attract these consumers in terms of price but also by making choice more clear for them.

MINTEL

7. Condensed summary of UK Restaurant Leader Report 2009

a) Introduction

Following on from the report commissioned by McDonald's, 'Eating Out in the UK 2009' published in July, Allegra Strategies has surveyed close to 150 restaurant industry leaders for the 'UK Restaurant Leader Report 2009'. The report has revealed that although trading conditions remain difficult for many restaurant operators, there are signs that the economy is beginning to improve. This has been reflected in diminishing concern over the economic climate.

b) Key findings

The economy is beginning to show signs of improvement and restaurant operators will now begin to plan for recovery**.** Trading conditions remain difficult for the UK restaurant market with nearly 60% of restaurant operators reporting negative like-for-like performance in the quarter to June 2009.
However, level of concern with the economy is diminishing - significantly fewer industry executives reported strong concern compared with results in 2008. Operators with average turnover of £10 per head or less have been less affected. Brands such as Whitbread Group, McDonald's and Subway are well positioned as a result. The recession, combined with empowered consumers, has increased competition and substantial discounting will leave a considerable legacy; 85% of restaurant leaders agree that customer value expectations have risen as a result of the recession. Increasingly knowledgeable consumers, greater choice in the market and the desire for value, have made customers more selective and less loyal to previously favoured restaurants. A key challenge for restaurant operators is to find ways to offer customers enhanced value.

c) The future outlook

63% of industry leaders agree that consumers will be eating out of the home more regularly in five years' time. 64% of leaders believe Fast Casual dining is the business model set to grow the fastest in the next three to five years as consumers become more mobile and lead more informal lifestyles. Healthy eating concepts, British cuisine and South East Asian food are the cuisine types set to grow the most in the next three to five years.

d) Industry recognition

PizzaExpress has been voted the most admired brand by industry peers. Admired emerging brands include: Byron, Leon, Wahaca and Jamie Oliver has been recognised as the most admired individual within the restaurant industry.

10. Conclusions

When taking into account the demographic and the current social economic profile of Stafford, the offer / style of business proposed by the client is well suited.

The day to business should focus on good quality English (pub / barsserie) food with a European influence.

These concepts should include; daily variations and USPS such as spinning the menu, and maximising the use of local produce.

In a nutshell, great quality food with excellent customer service at reasonable prices.

For the conference activity traditional quality menus underpinned with exceptional service.

With regards to the competition, there is no real major player in Stafford; there is a real need for a venue like “The Old Post Office” in Stafford.

Strong Marketing will be a key asset to the business, and the business should quickly aim to be winner of at last one “Taste of Staffordshire Good Food Award”.