

RETAIL AND FOODSERVICE

A joint project between IGD and Horizons

August 2005

Many people active within the foodservice sector, especially on the supply-side, find it useful to benchmark the foodservice market against the retail sector in terms of their respective share of the food and drink £ - the amount that consumers spend in total on food.

This has been a surprisingly tricky concept to measure, with the result that many commentators were quoting a wide range of figures to the exasperation of their clients.

In early 2005, Horizons and the IGD got together to produce the definitive statement of the size of the combined foodservice plus retail market. Each organisation took responsibility for the sector where its main competence lies – Horizons in foodservice and the IGD in the retail sector.

IGD have explained that they are very happy to work with Horizons on this project since they recognise the unique contribution that Horizons makes to the collection of trusted foodservice information.

The first step was to produce definitions that were consistent and comprehensive.

Once this was achieved, areas of overlap were identified and, as far as possible, eliminated. In practice examples were remarkably few and very small.

Each organisation produced the size of its market according to the agreed definitions from within its own resources.

The final step was to combine the two sets of data – and check them for sense.

The results show that the total food and drink market – on the widest definition – was worth £112.5 billion in 2004 – of which £78.0 was accounted for by the retail sector and £34.5 billion by foodservice.

The results were announced in a press release which received very wide attention from the national and trade press.

A copy of the press release is set out below.

A key element of the project was that the methods used should be repeatable and both parties intend to repeat this exercise annually.

In the meantime, Horizons would like to thank the IGD for being asked to cooperate in this project.

For further discussion of the involvement of Horizons in this project, please contact:

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PRESS RELEASE

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Every man, woman and child in Britain spends nearly £50 a month eating out

Brits spent an incredible £34.5 billion last year eating out, a figure worth just under a third of the total UK food and drink industry, or £47.57 a month for every man, woman and child in the country. The average family of five could spend as much as £2,854 a year on food and non-alcoholic drink outside the home.

Food and grocery think-tank IGD has joined forces with foodservice research organisation, Horizons, to produce a definitive figure for the value of the food and drink industry in the UK. An accurate figure for the proportion of the market taken up by people eating outside the home is available to industry analysts for the first time.

“Eating out in Britain is becoming more accessible and more affordable all the time,” said James Walton, Senior Economic Analyst at IGD. “The British consumer has more choice than ever before in terms of where they go and what they eat. From the traditional fish and chip shops and burger chains, to a London restaurant selling locust and cricket salad and crocodile fillet, the average British citizen has an incredibly wide variety of venues and cuisine from which to choose.”

Altogether there are 55,700 restaurants and takeaways in the UK. Together with outlets like hospitals, workplace canteens and schools, the foodservice sector represents 31 percent of the £112.5 billion UK food and drink industry.

“Foodservice as a whole presents a wealth of opportunities for food producers and manufacturers across the country,” continued James Walton. “It is important that we have first-class research and information on the foodservice sector and a credible and definitive figure as to what the sector is worth to the British economy.

“If you don’t know the value of something, you can’t track improvements or otherwise in the sector.”

Horizons is a research organisation and consultancy specialising in foodservice. IGD worked with the company to research the foodservice sector.

“By combining our research efforts, we have been able to come up with a final and definitive figure to show foodservice as a proportion of the industry for the first time,” said Peter Backman, Managing Director of Horizons. “The value of the sector is at its highest level ever, and is very important to the UK economy as a whole. Whilst its value has been growing steadily over the last five years, the number of people eating out has increased even more rapidly with one in five meals now eaten out of the home.”

Ends

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Notes to Editors

- **Peter Backman from Horizons can be contacted on 020 8349 0162 or email peter@horizonsforsuccess.com**
- **Foodservice is defined as the sector of the food and drink industry that involved a consumer eating food and drink that has been prepared outside the home. It can include prisons, hospitals, schools and meals-on-wheels as well as restaurants and takeaways.**
- **In 2004 the British foodservice sector (excluding alcohol sales) was worth £34.5billion or 31% of the total food and drink industry (£112.5billion).**
- **According to the latest available population figures, there are 60,441,457 people living in Britain. £34.5billion shared out amongst the population gives a figure of £570.80 per person per year, or £47.57 per month.**
- **www.viewlondon.co.uk lists amongst its unusual restaurants Archipelago, on Whitfield Street, London. According to the site, customers can sample such exotic delights as cricket and locust salad, crocodile fillet in vine leaves, followed by chocolate-covered scorpion. Bruce Alexander is the owner of Archipelago and can be contacted on 0207 383 3346**

IGD is a food and grocery think-tank providing insight and thought-provoking reports, and running market-leading events. With a membership of over 500 companies including farmers, manufacturers, retailers and caterers, IGD provides research and training opportunities right across the food chain.