

Chain-giants gain ground in the battle for UK eating-out

Contributed by Euromonitor International
Monday, 04 December 2006

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The battle for market share in the UK consumer foodservice industry is being won by global chained operators according to a new report from Euromonitor International, *Consumer Foodservice in the UK*.

According to Euromonitor's new report, chained units are growing faster than independents, accounting for 31% of total consumer foodservice market sales in 2005, up from 29% in 1999. They are becoming particularly important in fast food, caf  s/bars and self-service cafeteria sectors in the UK.

Where does their success lie? Global chains are growing their market share in the UK faster than independents for several key reasons, according to Euromonitor's *Consumer Foodservice in the UK* report. Firstly, they have established, global business formats and are often backed by powerful, financial institutions with "deep pockets". These resources put them in a strong position to face up to market challenges, such as the intensifying competition to secure custom and prime locations.

Secondly, thanks to their strong financial resources, global chains are well equipped to adapt to the changing needs of consumers and are able to respond quickly to developing trends. For example, large chains have introduced new, exotic menu items; including Japanese, Thai and Latin American food, in response to the growing demand for international cuisine, which many well-travelled UK consumers now desire.

Lastly, large global chains also offer the reassuring features of quality and safety. Consumers are attracted to the familiarity offered by global brands as they can rely on their convenience and stable prices. According to Nicola Becker, Industry Analyst at Euromonitor International, "UK consumers often choose brands as they like to know what they are getting, not only in terms of the menu offering, but also in the format of the outlet."

Independents struggle to compete Whilst independent operators are still growing, with their value sales increasing by 20.3% from 2000 to 2005, they are now lagging significantly behind chained operators, whose value sales grew by 34.9% over the same period. The key reason independent operators are losing market share is because their resources are proving to be inadequate in the battle against global brands, according to Euromonitor's *Consumer Foodservice in the UK* report. For example, they often have limited finances to invest in marketing activities to raise awareness of their operations, something which is now fundamental in the increasingly competitive UK foodservice environment.

HACCP will be another hurdle for independent outlets Small restaurants and foodservice outlets are likely to be further disadvantaged by the high expenditure involved in adhering to the recently introduced HACCP (Hazard Analysis Critical Control Points). The new legislation, to which all foodservice operators must conform by 2007, will involve a high level of investment in new equipment, thorough staff training and health and safety certification. Chained operators will be impacted by HACCP compliance but will be well resourced to cope with it; however Euromonitor International predicts that many independent outlets will be hit hard by the high level of cost it will involve.

Euromonitor's Nicola Becker comments, "The introduction of the HACCP is a huge obstacle for independent operators, many of whom may be forced to close if they cannot comply with the regulations."

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