

British Frozen Food Federation

You can be sure it's fresh – it's frozen



RESTAURANT SECTOR FLAT

The latest data kindly supplied by Peter Backman of Horizons for Success has shown that the restaurant sector of the foodservice market has seen frozen food decline in value by 0.4% from 2005 to 2008. However the stats should be used with some caution as the market was in growth until the economic downturn began to affect 2008 and in particular the third quarter.

Quick service restaurants generally held up better than full service restaurants with the frozen quick service restaurant sector being worth just under £1 billion. The full service restaurant sector is less important to frozen food suppliers but showed a decline of 3.6% in value terms.

It may be slightly surprising but the number of outlets actually grew slightly in 2008 compared to 2005 but it must be said that a lot of the investment decisions may have been planned earlier in the economic cycle when the outlook was not as problematic as it is today.

It is no surprise that in terms of the number of meals served that the quick service restaurant sector has held up better with the number of meals growing by 1.8% during the three years and now stand at just over 2 billion meals. In the same period full service restaurant meals were virtually static at 732 million meals.

For more detailed information please contact Peter Backman at peter@horizonsforsuccess.com

BRITISH FROZEN FOOD FEDERATION

FOCUS ON FOODSERVICE 2005 AND 2008 COMPARISON - THE RESTAURANT SECTOR



Source: Horizons FS Ltd.

FOOD PURCHASES

Food Categories	QUICK SERVICE RESTAURANTS (QSR)			FULL SERVICE RESTAURANTS			TOTAL		
	2005 £ millions	2008 £ millions	Percentage Gain/Loss	2005 £ millions	2008 £ millions	Percentage Gain/Loss	2005 £ millions	2008 £ millions	Percentage Gain/Loss
Frozen	974	975	0.1	167	161	-3.6	1,141	1,136	-0.4
Chilled - Long Life	196	196	0.0	246	249	1.2	442	445	0.7
Chilled - Short Life	531	547	3.0	885	908	2.6	1,416	1,455	2.8
Ambient	650	651	0.2	397	401	1.0	1,047	1,052	0.5
Total	2,351	2,369	0.8	1,695	1,719	1.4	4,046	4,088	1.0

GENERAL INFORMATION

Information Categories	QUICK SERVICE RESTAURANTS (QSR)			FULL SERVICE RESTAURANTS			TOTAL		
	2005	2008	Percentage Gain/Loss	2005	2008	Percentage Gain/Loss	2005	2008	Percentage Gain/Loss
No. of Outlets	29,645	30,778	3.8	26,416	27,118	2.7	56,061	57,896	3.3
No. of Meals Served - Millions	2,006	2,042	1.8	734	732	-0.3	2,740	2,774	1.2
Total Food and Drink Sales - £ millions	9,694	9,957	2.7	8,393	8,549	1.9	18,087	18,506	2.3

Source: Horizons FS Ltd. For further information, contact Peter Backman, Horizons FS Ltd. Tel: 020 8349 0162

Web Site: www.horizonsforsuccess.com

FOODSERVICE MARKET
RESTAURANT SECTOR 2005 TO 2008
RESTAURANT SECTOR

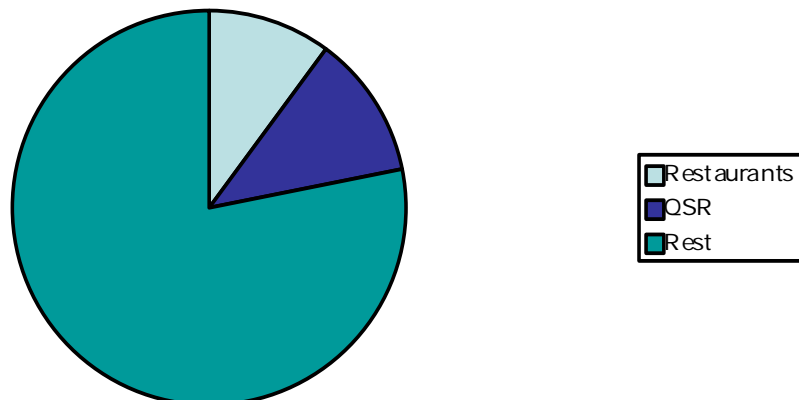
OUTLETS

	2005	2008
Restaurants	26,416	27,118
QSR	29,645	30,778
TOTAL	56,060	57,896

Source: Horizons

- Despite the onset of a notable downturn starting in Q3 of 2008, the numbers of outlets grow slightly as investments, planned in more expansive times, came on-stream
- Restaurants – full service plus quick service – account for 21% of all outlets
- Numbers grew by just over 800 in the three years to 2008
- Most of this increase has come from the quick service sector especially sandwich and coffee shops

Number of outlets: 2008



FOODSERVICE MARKET
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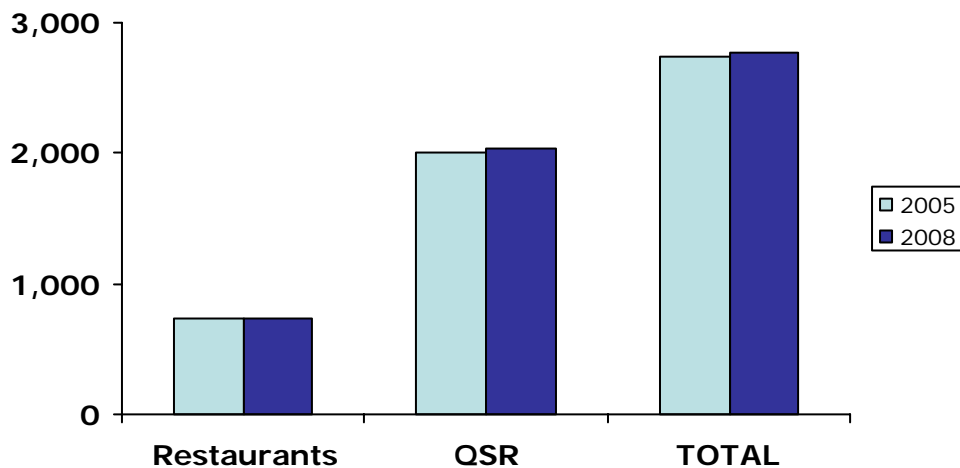
MEALS

	Millions	Millions
	2005	2008
Restaurants	734	732
QSR	2,006	2,042
TOTAL	2,740	2,774

Source: Horizons

- Although numbers grew slightly - by 34 million – 1.2% since 2005, all of this increase was seen in the two years up to 2007; numbers of meals actually declined in 2008
- Quick service outlets, where meals grew by 1.8% in the three years to 2008, fared better than full service restaurants

Meals (Millions): 2005 -2008



FOODSERVICE MARKET
RESTAURANT SECTOR 2005 TO 2008
RESTAURANT SECTOR

FOOD PURCHASES – 2005

£ Millions

	Total	Ambient	Chilled - Long Life	Chilled - Short Life	Frozen
Restaurants	1,695	397	246	885	167
QSR	2,351	650	196	531	974
TOTAL	4,046	1,047	442	1,416	1,142

Source: Horizons

- Frozen food accounted for 28% of all food purchased by restaurants in 2005
- The percentage was 41% in quick service outlets where frozen products, such as fries and burgers, are mainstream volume purchases

FOOD PURCHASES – 2008

£ Millions

	Total	Ambient	Chilled - Long Life	Chilled - Short Life	Frozen
Restaurants	1,719	401	249	908	161
QSR	2,368	651	196	547	975
TOTAL	4,087	1,052	444	1,455	1,136

Source: Horizons

- Inflation adjusted food purchases grew modestly between 2005 and 2008
- But this masked a major downturn in the second part of 2008
- Frozen food sales fell slightly in the wake of this significant adjustment
- Sales of fresh (chilled – short life) food expanded by £39 million while longer life chilled food stayed broadly flat over the three years to 2008

FOODSERVICE MARKET
RESTAURANT SECTOR 2005 TO 2008
RESTAURANT SECTOR

FOOD & DRINK SALES

£ Millions

	2005	2008
Restaurants	8,393	8,549
QSR	9,694	9,957
TOTAL	18,088	18,506

Source: Horizons

- Restaurant sales increased by 2.3% in the three years to 2008 – a marked reduction in growth
- Full service restaurants grew by 1.9% over the period
- Quick service grew by significantly more rapidly due to the growth of major fast food operators such as Subway and McDonald's.
- But it should be noted that expansion in this sector all occurred prior to 2008

For full definitions of these sectors go to Horizons website
www.horizonsforsuccess.com and click on "Detailed definitions"