



PUBS, HOTELS AND LEISURE SECTOR CONTINUE TO STRUGGLE

The latest data kindly provided by Horizons for the Pubs, Hotels and Leisure Sector shows that the number of meals served between 2011 and 2008 had declined by a massive 10.8%. This is partly driven by the number of outlets declining which between those years fell by 3.7% whilst food and drink sales also fell by 6.3%.

The value of frozen purchases in 2011 in this sector was just over £650 million with pubs at just over £400 million being by far the most important part.

In terms of the reduction in outlets most of this can be attributed to the fall in the number of pubs although we have also seen a fall in the number of B&B's and guest houses but those falling numbers are being replaced by a growing number of budget hotels. There has been substantial growth in large hotels – especially those with over 200 rooms.

The number of meals served has fallen by over 10% between 2008 and 2011 and one of the key factors behind the decline is the worsening economic climate and its resulting economic impact on disposable income.

Depressing reading but not unexpected as the foodservice sector has been under the cosh ever since the recession began. One can only hope that there is a glimmer of light at the end of the tunnel but for now that seems some way off.

British Frozen Food Federation

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PUBS, HOTELS & LEISURE SECTOR

FOOD PURCHASES

| Food Categories | PUBS | HOTELS | LEISURE | TOTAL |
|----------------------|--------------------|--------------------|--------------------|--------------------|
| | 2011 £ millions | 2011 £ millions | 2011 £ millions | 2011 £ millions |
| Frozen | 416 | 127 | 108 | 651 |
| Chilled - Long Life | 68 | 169 | 68 | 305 |
| Chilled - Short Life | 284 | 402 | 160 | 846 |
| Ambient | 405 | 838 | 380 | 1,623 |
| Total | 1,173 | 1,536 | 716 | 3,425 |

GENERAL INFORMATION

| Information Categories | PUBS | | | HOTELS | | | LEISURE | | | TOTAL | | |
|-----------------------------------|--------|--------|----------------|--------|--------|----------------|---------|--------|----------------|---------|---------|----------------|
| | 2008 | 2011 | % Gain/Loss | 2008 | 2011 | % Gain/Loss | 2008 | 2011 | % Gain/Loss | 2008 | 2011 | % Gain/Loss |
| No. of Outlets | 49,343 | 45,087 | -8.6 | 46,019 | 45,763 | -0.6 | 19,409 | 19,638 | 1.2 | 114,771 | 110,488 | -3.7 |
| No. of Meals Served - Millions | 1,061 | 871 | -17.9 | 648 | 611 | -5.7 | 538 | 523 | -2.8 | 2,247 | 2,005 | -10.8 |
| Food and Drink Sales - £ millions | 6,525 | 5,477 | -16.1 | 8,413 | 8,274 | -1.7 | 3,567 | 3,589 | 0.6 | 18,505 | 17,340 | -6.3 |



Source: Horizons - for further information, contact Peter Backman, Horizons
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Please note that the information in this report is based on initial estimates which require final confirmation.

Quarterly Information for BFFF Website

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Note: Values are quoted at current / nominal prices ie with no adjustment for inflation – in previous releases we have used constant / real prices

Foodservice Sector 2008 to 2011
Pubs, Hotels and Leisure

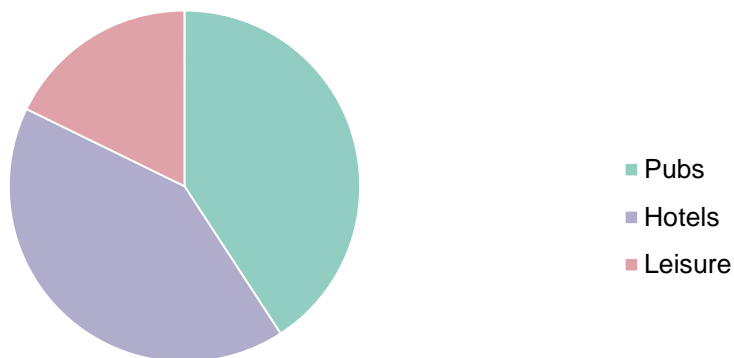
Outlets

| | 2008 | 2011 |
|--------------|----------------|----------------|
| Pubs | 49,343 | 45,087 |
| Hotels | 46,019 | 45,763 |
| Leisure | 19,409 | 19,638 |
| TOTAL | 114,770 | 110,488 |

Source: Horizons

- Most outlets in this category are not destinations so far as eating out is concerned; they rely on other activities such as accommodation or drinking - for the bulk of their business
- The 110,000 or so outlets in this category account for slightly more than two fifths – 42% - of all foodservice outlets, down from 44% three years ago
- Numbers are falling primarily because of the reduction in pub numbers – and a fall in the numbers of B&Bs and guesthouses but these falling numbers are being replaced by a growing number of budget hotels.
- There has been substantial growth in largest hotels – especially those with over 200 rooms.

Number of Outlets 2011



Foodservice Sector 2008 to 2011
Pubs, Hotels and Leisure

Meals

| | Millions | Millions |
|---------|-------------|-------------|
| | 2008 | 2011 |
| Pubs | 1,061 | 871 |
| Hotels | 648 | 611 |
| Leisure | 538 | 523 |
| TOTAL | 2,247 | 2,005 |

Source: Horizons

- Numbers of meals fell by over 10% between 2008 and 2011
- Although the decline was seen in all sectors, the number of meals served in leisure outlets fell the least in both actual and percentage terms
- One of the key factors behind the decline in all sectors was the worsening economic climate and its resulting negative impact on disposable income

Foodservice Sector 2008 to 2011
Pubs, Hotels and Leisure

| Food Purchases | 2008 | 2011 | | | | |
|----------------|------------------|--------------|--------------|---------------------|----------------------|------------|
| | £ Millions Total | Total | Ambient | Chilled - long life | Chilled - short life | Frozen |
| Pubs | 1,437 | 1,173 | 405 | 68 | 284 | 416 |
| Hotels | 1,621 | 1,536 | 838 | 169 | 402 | 127 |
| Leisure | 732 | 716 | 380 | 68 | 160 | 108 |
| TOTAL | 3,789 | 3,424 | 1,623 | 305 | 846 | 651 |

Source:
Horizons

- Food purchases fell by 10% or £365 million in inflation adjusted prices between 2008 and last year
- Ambient food is the most important food category with 47% of purchases
- Frozen food fell slightly to 19% of purchases in this sector last year
- Frozen food accounted for 35% of all food purchased by pubs in 2010
- Hotels, on the other are more reliant on chilled food – both long life and short life/fresh – which accounted for a growing 37% of purchases

Foodservice Sector 2008 to 2011
Pubs, Hotels and Leisure

Food & Drink Sales

£ Millions

| | 2008 | 2011 |
|--------------|---------------|---------------|
| Pubs | 6,525 | 5,477 |
| Hotels | 8,413 | 8,274 |
| Leisure | 3,567 | 3,589 |
| TOTAL | 18,505 | 17,341 |

Source: Horizons

- Over the three years from 2008 to 2011, food and drink sales fell – by over £1 billion
- The reasons were partly due to the effects of the recession but were primarily structural and many managed pubs actually increased their food sales to the point where they are more properly considered restaurants. We have classified them accordingly with the result that the pub sector seems to have declined
- However, this is only part of the reason, since there was a real decline in the tenanted sector over the three years covered here

For full definitions of these sectors go to Horizons website www.hrzns.com, go to “Resources” on the bar at the top and click on “Definitions and Methodology”