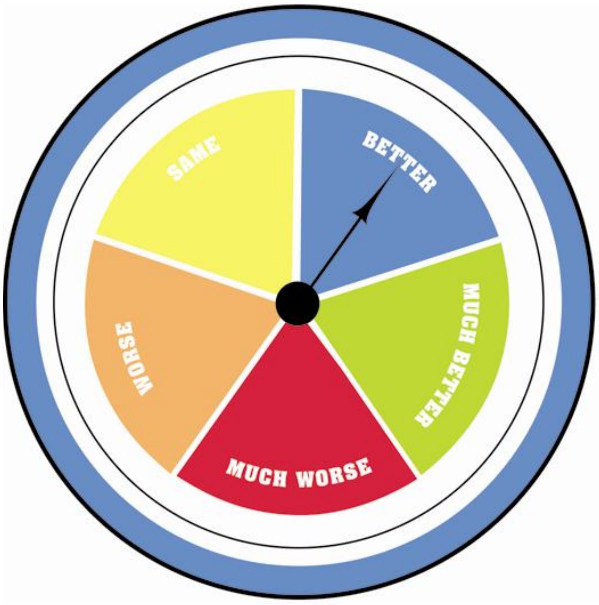
Restaurant BAROMETER

Business Link

November 2009

ALL RESTAURANTS:
November 2009 compared
With October 2009



ALL RESTAURANTS:
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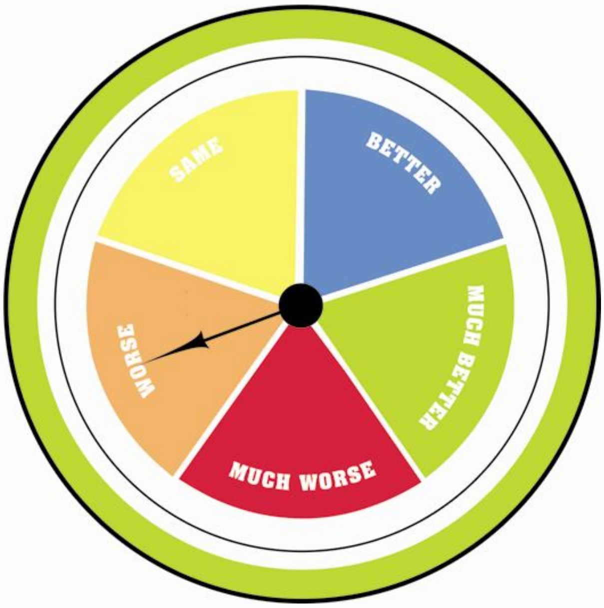


KEY FINDINGS

sample data was smaller than usual in this month's survey

November's month on month performance was good with 58% of our survey reporting increases in takings and number of covers served compared with October 2009. Customer spend wasn't equally as high for most restaurants (33% reported an increase) but the overall reading for November is better than October 2009. November 2009 performed worse than the same month last year with 58% of our survey citing losses in takings, covers and customer spend respectively.

Business Link in London is a free, impartial business advisory service available to anyone starting or running a small or medium size business (SME).

For more information, please contact:
Victoria Wallace
E: victoria.wallace@bllondon.co.uk
W: www.businesslink.gov.uk/london

In a month of mixed fortunes for restaurants trade was boosted by Christmas bookings. A third of our survey said that bookings for Christmas parties and lunches were high, with further thirds saying bookings were average and low respectively.

60% said they were currently profitably in a continuing harsh economic climate and many are struggling to meet all their outgoing costs.

“Margins have been seriously affected in 2009. We’ve been trying to cover all the bills, VAT and taxes on time … We believe 2010 – 11 will be more of the same and the take off will be in 2012 together with the Olympics”

17% of restaurants asked said that they had recently received finance from their bank to help their business, and encouragingly, 50% of restaurants in our survey are planning to expand in the next 6 months. Some have reported difficulty in obtaining finance from the banks however.

“… looking for funding but banks are not very open”

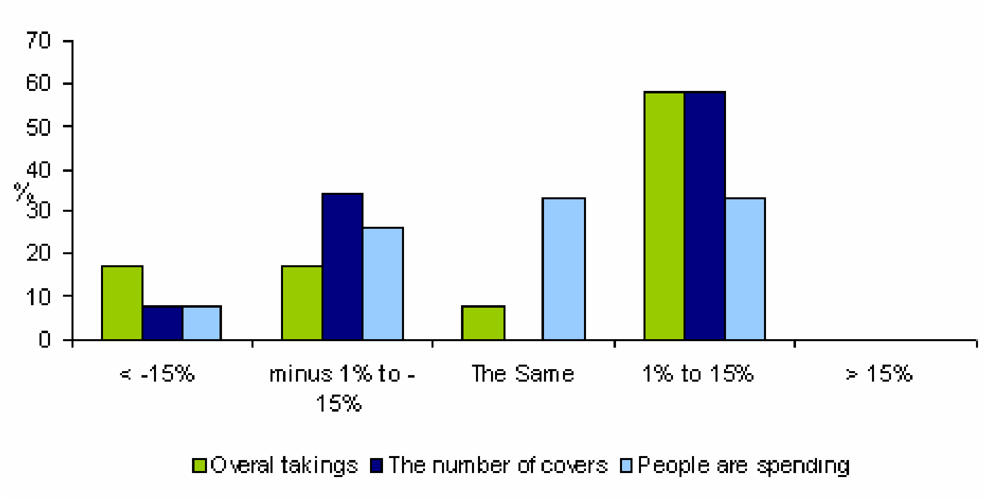
Low levels of customer spend continue to pose a problem for restaurants. Many are caught in a dilemma as to whether they should provide special offers to attract footfall, and by so doing, risk adversely affecting their bottom line. Interestingly, data from our partners Service Science Ltd shows that roughly half of diners consider discounting as a driving force when choosing a restaurant, and half do not make it a deciding factor.

Consumers have been cautious in their spending for all of 2009 and are keen to take up offers. Restaurants will need to combine quality offering and service with savvy marketing (especially online) to continue to ride out the economic storm in 2010.

“Business is unpredictable”

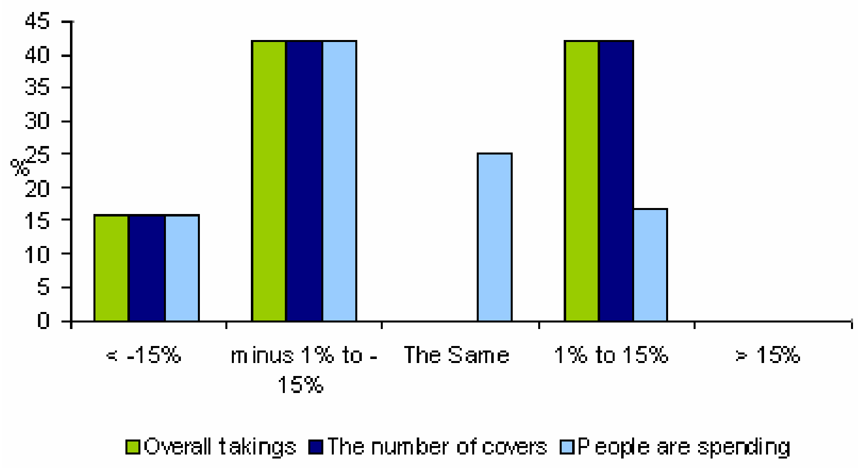
MONTH ON MONTH

58% reported an increase in takings with 8% saying takings remained the same and 34% reporting a loss on October 2009 (17% saying heavily down). Similarly, 58% reported an increase in covers with 42% reporting a loss on the previous month. Customer spend increased for 33% of the survey with a further 33% saying spend remained the same and 34% reporting a decrease on October 2009.



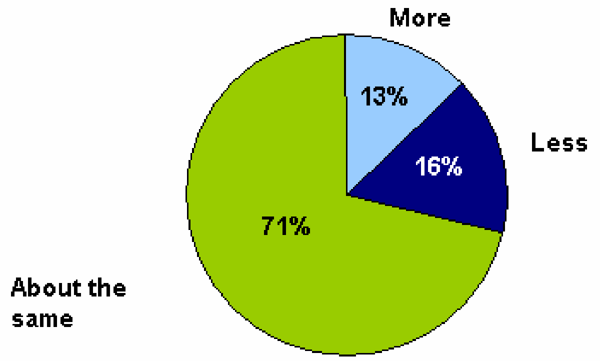
COMPARED TO SAME MONTH LAST YEAR

42% of our survey reported an increase in takings compared with November 2008 with 58% saying takings were down (16% heavily down). Similarly, 42% said that the number of covers was up on the same month last year with 58% saying that their covers were down on last year (16% saying heavily down). 17% of the survey said that customer spend had increased on the same month last year with 25% reporting no change and a further 58% saying spend had decreased compared to November 2008.

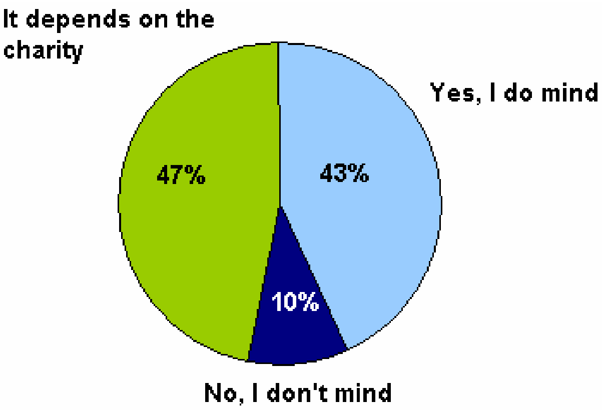


Our partners at guest service measurement specialists Service Science Ltd (www.servsci.co.uk) have put your questions to their panel of regular diners on the London eating out scene.

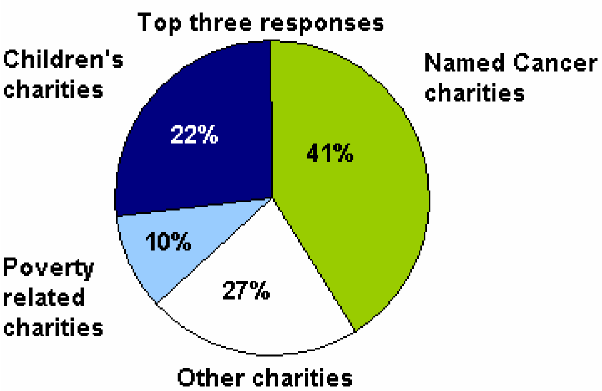
Q.1 In the period January – March 2010, are you likely to be eating out more or less than during the same period in 2009?



Q.2 Do you mind if you are asked to add £1 for charity to your bill?

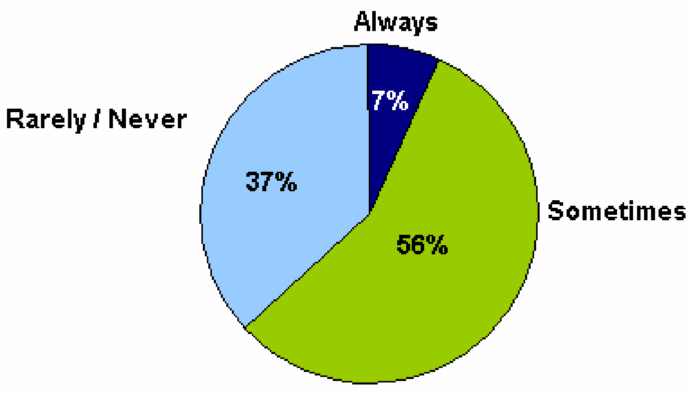


Q.3 You answered "It depends on the charity" in question 2, which one charity would be your most favoured choice?

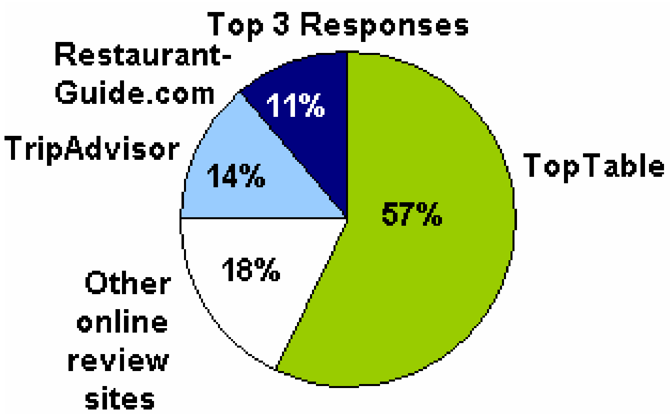


Thank you for all your questions. If yours wasn't selected, please don't let it stop you putting it forward again next month.

Q.4 When selecting a restaurant where you've not eaten before, how often would you consult an online review site?



Q. 5 You answered "Always" or "Sometimes", which one online review site would be your most favoured choice?



Q.6 Is discounting a driving force when choosing a restaurant?