

# State of the restaurant industry of london



" Examine the current restaurant business in London. Relate the discussion to the economic, investment, social and environmental impact for London. Support the analysis with relevant industry examples"

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**" One of the most wonderful things about life is that we must regularly stop what we are doing and devote our attention to eating."**

**(Johnson S., 2009)**

#### 1. Restaurants in London

The restaurant industry plays an important role London as the city is the place to be for food for the postmodern 21st century consumer. London is considered to be the most multicultural city in the world and this is reflected onto the different cuisines on offer. Its restaurant industry has caught up with the largest player in the restaurant industry, the US. " John Willoughby, Executive Editor of Gourmet, said: " We were hoping to find good food, but we didn't expect to find so much of it. We were blown away and more than one in five of the top restaurants in the world are in London, according to an annual survey of 500 chefs, critics and food writers (London2012. com, 2005). " I'll bet what motivated the British to colonize so much of the world is that they were just looking for a decent meal" (Martha Harrison, 2009). " The variety of cuisines on offer is by far the most exiting aspect of eating out in the capital - according to 82 per cent of respondents" (TimeOut Eating and <https://assignbuster.com/state-of-the-restaurant-industry-of-london/>

Drinking 2009). 42% of visitors come to London for pleasure (Mintel, 12/2008). London depends heavily on these tourists.

## 2. Postmodernism

" Postmodernists believe that truth is myth, and myth, truth. This equation has its roots in pop psychology. The same people also believe that emotions are a form of reality. There used to be another name for this state of mind. It used to be called psychosis."

(Holland B., 2009)

It can be said that London and the shift towards postmodernism allows room for entrepreneurs with bizarre and amusing ideas. These ideas are inspired by fairy tales and history such as Heston's Victorian Feast, art such as the Sketch Bar and technology such as Inamo. Inamo uses touch pads for orders and projectors for mood alteration. People can also play automated board games, order a cab or check out the chefs in the kitchen (Gadget Lab, 2009). Will these ideas remain sustainable in the restaurant business? Probably not, however they are beneficial to the economy as the innovation attracts tourists.

Amusing up to date books on the postmodernist, pleasure-seeking consumer are the ones by Hg2 inspired by influential restaurateurs such as Heston Blumenthal, Alan Yau and Tom Aikens. It includes chapters (trends) like 'Dining Solo', 'Making an impression', 'When someone else is paying' and 'People watching'.

## 3. Marketing, media and consumer influences

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" In Modernism, reality used to validate media. In Postmodernism, the media validate reality. If you don't believe this, just think how many times you've described some real event as being 'just like a movie.'"

(Holland B., 2009a)

Celebrities are increasingly used as a means of marketing and influence our choice of restaurant and food (see Appendix 8a, b). One of these chefs stands out: Heston Blumenthal. He currently ticks all the boxes in our postmodern world (watch Heston's Victorian Feast on Channel4). He creates unusual exciting dishes (â^š) with interesting and beautiful flavours and textures (â^š) for celebrities (â^š). Also he is young (â^š) and displays himself in public as a friendly (â^š) and humorous (â^š) person. Gordon Ramsey in Ramsay's Kitchen Nightmares is another example.

Restaurants with emphasis on one particular ingredient might propose a future trend like Moonstruck (chocolate) currently operating in the US or Teapalace. Local, seasonal and fresh foods are considered to be a valuable marketing tool. The design of the menu as well as the restaurant is an important tool to attract customer (Laduree Cafe, Sketch). Menu design stands in 3rd place when it comes to what influences the consumers' choice of restaurant (refer to Appendix 3).

#### 4. Economic

The global financial crisis has had a big effect on the restaurant industry (see Appendix 9a). Unemployment has risen resulting in more cash poor people. Food inflation is at an all time high (see Appendix 4) and restaurants have to

come up with new and innovative ideas to add extra value and attract customers whilst at the same time not spending too much money. In a poll made by Caterersearch 70% were of the opinion that a VAT cut on restaurant meals would boost the industry (2009). The original intention of coupons, discounts and loyalty cards was to boost the industry (see Appendix 9b). 61% of respondents mentioned that the pressure on cost cutting has affected their levels of service (Caterersearch, 2008).

Not all in the restaurant industry is reported as doom and gloom (see Appendix 9c) and it can be argued that Londoners love to enjoy themselves. 83 per cent of respondents eat out more than three times a month of those 30 per cent eat out more than twice a week (TimeOut E&D, 2009). London is ranked the highest for international arrivals in 2007 (see Appendix 1).

## 5. Social

" As a child my family's menu consisted of two choices: take it or leave it" (Hackett B., 2009)

This idea of eating and drinking has very obviously changed and we tend to make a statement about ourselves based on the foods we consume. What we are eating, how it is prepared, the flavours and textures and what the food contains are all factors. People tend to increasingly prepare their sandwiches at home than buying out and Mintel (March 2009) blame this on changing work patterns, the current economic crisis and the increasingly older population. A survey by market analyst Buckingham Research, which questioned almost 600 consumers across the UK, found that 75% of families with children will be less likely to eat or drink out over the next 12 months"

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(Caterersearch, 2009). The future still looks positive and remains sustainable as many people live by themselves and therefore tend to go out to eat.

The Independent mentions " Workaholic Britain" and that people are time constraint giving them more reason to eat out and relax. A report by Mintel (2008) mentions that convenience to Londoners still matters. Many people are unable to cook. Richard Ehrlich the Glenfiddich award-winning writer mentions Britain to be unknowledgeable when it comes to food and its preparation. He goes on saying: " I'm not talking only about the poor. I'm talking about the affluent, many of whom know nothing and care less about feeding themselves and their children a wholesome, balanced and adventurous diet" (The Independent, 2003). He mentions that the wealthy tend to give their children lunch money which they will in return spend on crisps and chocolate whereas poorer families will take their children to fast food outlets like McDonalds. Alfred E Newman says that we are living in a world today where lemonade is made from artificial flavours and furniture polish is made from real lemons.

## 6. Sex and the City

The soap " Sex and the City" has created a picture of a group of friends gossiping in a restaurant over a bottle of wine. The idea of Sex and the City seems to work very well as Women like to dress up, they like to see and be seen. Eye candy and restaurant design (open space) is important as it gives them more things to talk about. The decrease in family and the increasing spending power of females overall are factors that make the 'illusion' of Sex and the City reality. A picture of Gwenth Paltrow and Madonna illustrates

this. " Out on the town" is a headline in the Evening Standard (Craig, 2009). It article mentions: " Job on the line? Scales just tipped over nine stone? It could be time for a girl date." (See appendix 6). Women like to gossip and chat and as Elliot and Bede say: " One can say everything best over a meal". Women and men enjoy being in group as it gives a feeling of belonging and identity so large tables to share are important (Busaba Eathai). Dr Peacock mentions that " if Hofstede is connected to discussion of 'uncertainty avoidance' then attitudes and groups are a key part of that discussion" (martinpeacock. org, 2009).

## 7. Christaller's central place theory

Christaller concluded that " people gather together in cities to share goods and ideas and that they exist for purely economic reasons" (Geography, 2009). London is considered to be one of the most expensive cities in the world. Restaurants, bars and clubs provide a 'pick up joint' to the wealthy customers. Is also provides a place for money laundering and doing business. The city is a central point for business whose tourism accounted for 31% in 2008 (Mintel, 12/2008, Appendix 2). 42 percent come to London for a holiday and to experience London and what it has to offer including the restaurant scene. The Good Food Guide London mentions that " London's restaurant scene is buzzing and at its best rivals dining in New York, Paris and Tokyo" (DineOnline, 2008).

## 8. Restaurant design and psychology

### **8. 1 Restaurant design**

" It is the female that drives new trends in leisure and hospitality"

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(Dr Martin Peacock, 2009)

Restaurant design is becoming increasingly important in our postmodern world as people seek an experience. As mentioned before it is the female who have a large influence on the way in which trends have evolved.

Restaurant design can have an effect on the mood of the customer and the employee. Lighting, natural and artificial and the way light are one aspect of design (The Sanderson). The use of colours of lighting, fabrics, food and drink are another aspect. The Ivy restaurant uses accessories like candles, flowers and scents to set a comfortable atmosphere and encourage customers to and spend more time and money. McDonalds is an example of an establishment using design that does not encourage customers to linger. A cold environment with uncomfortable seating and bright yellow and orange colours is their design mark. Heston Blumenthal puts great emphasis on the design of his food than his restaurant. " Flashy things like sizzling platters or dessert trays have been proven to entice people to spend" (Chow, 2006) and these are tactics Heston Blumenthal puts into practice at The Fat Duck. Sake no Hana and Cha Cha moon are the runner ups for design (TimeOut Eating and Drinking). Both restaurants are owned and designed by the famous Alan Yau and the restaurants are aimed at a different market.

Another amazing designer is Philippe Starck who has created breathtaking restaurant designs all over the world ([www. starck. com](http://www.starck.com), see The Sanderson, St Martins Lane). For Phillippe Starck " emptiness is more important than fullness creating spaces which visitors will then inhabit and transform" when designing a restaurant (BBC, 2009). To experience and believe the impact

restaurant design has one must experience it! Sketch is a good start to do so.

## **8. 2 Menu design**

Interesting points on menu design include leaving out the pound sign as it reminds people that they are spending money. As a result the average spend had gone up. They also went mention what they call "staggering prices", placing the price directly after the dish description to avoid people looking for a cheaper dish. "Kevin Moll, CEO of Denver's National Restaurant Consultants, says staggering the prices on a menu leads to a 10% increase in sales" (Primum, 2009). The highest profit items are placed at the top and bottom of the menu as the first and last section is always the easiest to remember. "Those dishes sell 25% better than the ones in the middle of the menu" (Primum, 2009). What also increases sales are bold typed items as well as "elaborate descriptions, particularly those that trigger nostalgia." (Primum, 2009).

## **8. 3 Design psychology**

Design psychology holds our past environments and influences our decisions later in life. Our behaviour, tastes, and choices are affected not only by our psychological histories but our 'environmental histories' as well" (Boston.com, 2004). This is where comfort foods come into play. Particularly in the economic crisis when people seek refuge in food influenced by their mothers cooking.

## **9. Environment and 'Green'**

Food shortages and conspicuous consumption, organic and the environment have been current headlines for over a year. 74 per cent of TimeOut readers said they would 'quite likely' choose a restaurant rated as 'eco friendly' over one that was not rated at all (TimeOut Eating and Drinking 2009). Prince Albert offer local, seasonal and fresh modern British food. The Clerkenwell Kitchen was voted Best Sustainable Restaurant in TimeOut. These restaurants tick all the green boxes.

The idea on 'being green' has had its doubters in the past. Headlines stated "Is recycling really worth all the effort?" (Caterersearch, 2007) and Hotels and restaurants were ignorant on waste legislation. The doubt has grown deeper as they mention that one third of the industry is turning away from green policies and they launch a "Green month" by doing checks on what should be the hospitality industry's environmental commitments. Time Out E&D even has a section on 'Best local food market', 'best sustainable restaurant' and 'best local restaurant'.

## 10. Food Trends

### **10. 1 Foodism**<http://www.kitchencon.com/images/cartoon2.gif>

A foodie is defined as " a person devoted to refined sensuous enjoyment, especially good food and drink" (Thefreedictionary. com, 2009). Food critics such as A. Gill are celebrities in their own right and alongside chefs they influence the way we eat today. Becoming a foodie in a city like London is like taking up a new hobby. Foodie destinations are currently considered to be 'expensive' as these destinations tend to be the Michelin starred ones. If

marketed correctly, Foodism can be implemented as a mainstream hobby. Le Gavroche is the first French restaurant to be awarded 3 Michelin stars. The Fat Duck and El Bulli (Spain) currently ticks all the boxes for the postmodern consumer as it offers an experience (â^š) and unexpected Foodie surprises (â^š) alongside the beautifully designed (â^š), small (â^š) portions (see Appendix 6, Cinnamon Kitchen). The idea of many small portions such as Lebanese cuisine or Dim Sum tends to be favourable towards women as well as Foodies as these foods have different textures and flavours (Ishbilia, Cinnamon Kitchen, YoSushi). Ottolenghi is a restaurant accessible to almost everyone's budget. Employees at Ottolenghi have a passion for food as they " love preparing food as well as indulging in it, gorging on it, chatting about it endlessly" (Ottolenghi. co. uk, 2009).

## **10. 2 Healthy foods**

" What London has that other cities don't right now is high-quality food at all levels (London2012. com, 2009). " Shipping is a terrible thing to do to vegetables. They probably get jet-lagged, just like people" (Berry E., 2009). According to a Mintel report " a third of Britain's eat foods they dislike solely for health benefits" (2009). A reason for this is that people do not know how to prepare these foods which is where restaurants come into play. Restaurants are trying to target the mainstream with the emphasis on local, seasonal and fresh foods at value for money (Ottolenghi, Constam, Acorn House). The UK is catching up with countries like France, Germany and Italy for example. Interestingly, Japan was considered to be one of the healthiest countries (BBC News, 2000).

### **10. 3 Fast Food and obesity**

" There's a pizza place near where I live that sells only slices. In the back you can see a guy tossing a triangle in the air"

(Stephen Wright)

No expense on marketing and branding is spared on fast food chains and they try to attract every consumer. One example: KFC chicken is " is delivered and prepared fresh in every store, every day" (kfc. co. uk, 2009). As mentioned before the UK seems to closely follow the US in terms of their lifestyles and is presently considered to be a fast-food nation. Domino's said it planned to open a further 50 stores this year and McDonalds business is booming. Their success is apparently enforced by the credit crunch and people's lower disposable incomes (see Appendix 7).

The majority (40%) blame food for their obesity (Appendix 5). A Scottish doctor has called for chocolate to be taxed in a similar way to cigarettes and alcohol in a bid to help reduce obesity (BBC News, 2009a). A headline in the Evening standard (2009, p. 14) states that: " Jamie's (Oliver) got such faith in us" as he is urging people to cook well for themselves and eat in which seems appropriate in the financially instable climate. Despite the urge to promote healthy living people will eat what they want to eat and as Jerome K said: " What the eye does not see, the stomach does not get upset over" (McDonalds, Burger King, KFC).

### 11. The future

The next year might propose more people eating at home and teaching themselves to cook. Restaurants are currently offering discounts and the restaurant industry is 'over discounting'. Ashley de Safrin, tourism and hospitality specialist at Business Link says that these offers are " driving footfall and turnover but not necessarily profitability" (Caterersearch, 2009). The number of Foodies might increase as the trend becomes main stream. Restaurants specializing in a certain ingredient like Umami (see Appendix 6b) are a future trend. Many present trends were past trends so a shift from complicated Heston Blumenthal foods to simple foods. Comfort foods, can they be categorized as a trend? Probably not as they people tend to love their home foods anyway (Pellicci's Cafe). This will prove particularly profitable in a time of recession although it is interesting to know that the classic British Caffe are dying out.

## 12. Conclusion

More restaurants were opened in 2007 in London than in any other city but at the same time the number of restaurants closing was up by a third, with 89 closures in 2007 according to the Independent UK (2007). 70% of respondents in a poll made by Caterersearch are concerned about their jobs (2009). Although the credit crunch is affecting restaurants heavily at present, Mintel predicts that the industry will remain strong and " grow by 18% over the next five years to be worth £7. 8b by 2013" (Caterersearch, 2008). In 2007 researchers predicted that in the next few years Britons will be spending a third of their household budget on eating out.

Hunger: One of the few cravings that cannot be appeased with another solution.

(Van Grove, 2009)

## **Words: 3000**

Appendices

Appendix 1

Top Ten City Destinations - Europe - December 2008 - London

Figure 5: Leading cities for international arrivals, 2007

City

Foreign arrivals (m)

London

15.3

Hong Kong\*

12.7

Macao\*

12.1

Bangkok

11.6

Singapore

10. 2

Paris\*\*

9. 7

New York

7. 6

Note: \*excludes visits from mainland China; \*\*2006 figures

Source: European Cities Tourism

Appendix 2



**Holiday**

**Business**

**VFR\***

**Study**

**Other**

**Total**

**%**

**%**

**%**

**%**

**%**

**%**

42

31

16

4

7

100

Source: Mintel (December 2008) Top Ten City Destinations - Europe -  
December 2008

Appendix 3

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Promotion and Advertising Strategies of the Eating Out Market - UK - January 2009 - Factors Influencing Restaurant Choice

Marketing

Figure 24: Factors influencing restaurant choice, October-November 2008

All

%

Location/convenience

59

Price

40

Menu range

35

Recommended by friends/family

34

Customer service

21

Ambience

15

Parking

13

Well-known name

11

Had a money-off voucher for the venue

9

Recommended by food critics/guides/media reviews

7

Offers discounts (eg children/students/OAPs)

6

Local advertising (eg leaflet through the door)

6

Drinks/alcohol on offer

5

Décor

5

Use of ethical products (eg fair-trade, organic, locally sourced)

3

Never choose where to eat out/order a takeaway from myself

2

National advertising (eg TV ad)

1

None of these

8

Recommendation

37

Advertising

5

Promotions

12

In-restaurant

30

Base: 2, 056 adults aged 15+

Recommendation = recommended by friends and family or food critics etc.

Advertising = local or national advertising Promotions = had a money off

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voucher or offers discounts In-restaurant - décor, or customer service or  
ambience

Source: Ipsos MORI/Mintel, 2009

Appendix 4 Food inflation graph. jpg

Source: Mintel, March 2009

Appendix 5

## **OBESITY: WHAT PEOPLE BLAME**

Food - 40%

Lack of exercise - 18%

Individual - 13%

Genetics - 11%

Source: BBC, 2008

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