

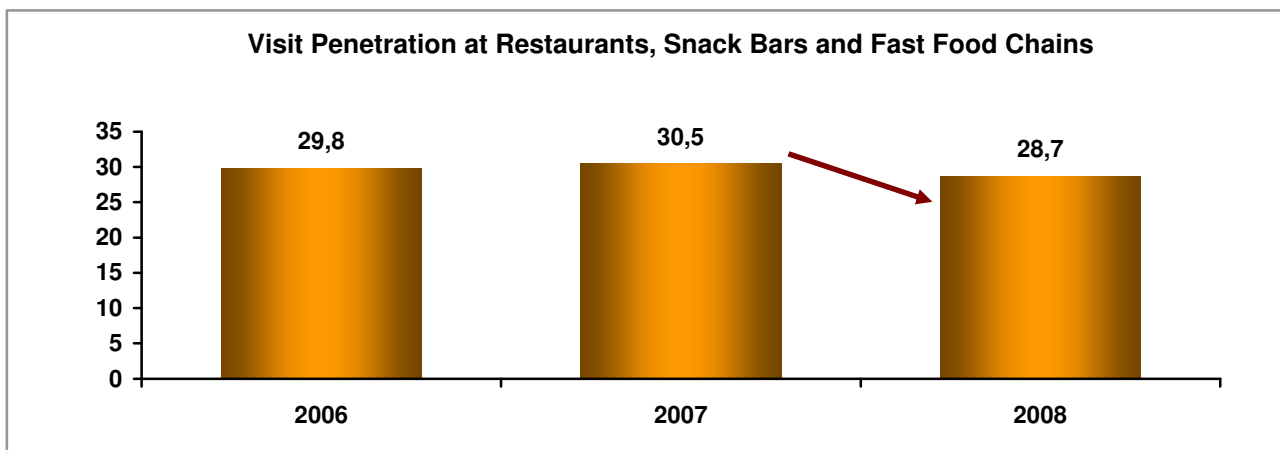
Eating in or out?

In 2008, a record number of 8.500 entrepreneurs in Belgium went out of business. The sector that has been most affected by bankruptcy is the hotel and catering industry. Almost 1 out of 5 failed businesses are hotels, bars or restaurants (traditional and fast food). Looking closer at the restaurants, snack bars and fast food chains, we see that they account for 9,6% of all failed businesses in 2006 and for 10,8% in 2008 (Graydon). In spite of this, there is still growth in the total number of restaurants in Belgium. Especially non-traditional restaurants like snack bars and fast food chains are expanding (Asforcol).

Let's have a closer look to the possible causes of growing bankruptcies in this sector that are related to the out of home consumption behavior of the Belgians. Are people eating less out of home? GfK Panel Services notices some interesting trends.

Restaurant visits

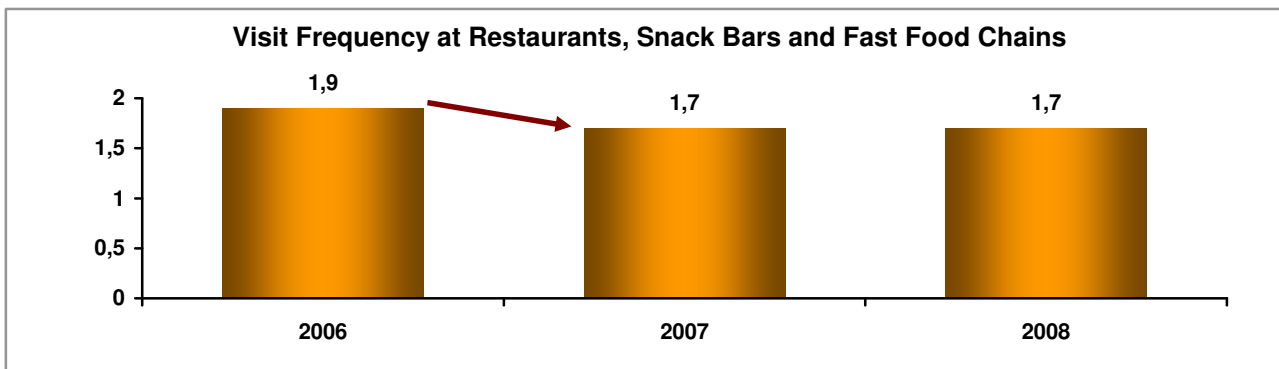
In 2008, there is a visit penetration loss within the sector: compared to the previous years, there are less people who visit a restaurant, snack bar or fast food chain in an average week. An explanation for this could be the loss of purchasing power due to the recent economic crisis, which discourages more people to go out for dinner or a snack.



Graph 1: Penetration at Restaurants, Snack Bars and Fast Food Chains in an average week in 2006, 2007 and 2008

In the long run, we will have to take into consideration the changing characteristics of the Belgian population. The younger generation, also referred to as 'Generation Y' seems to be less inclined to eat out. They are the so-called 'Internet Generation', who loves spending time at home, watching television or working at the computer. It is very probable that this group of the Belgian population will be less drawn to out of home consumption in general.

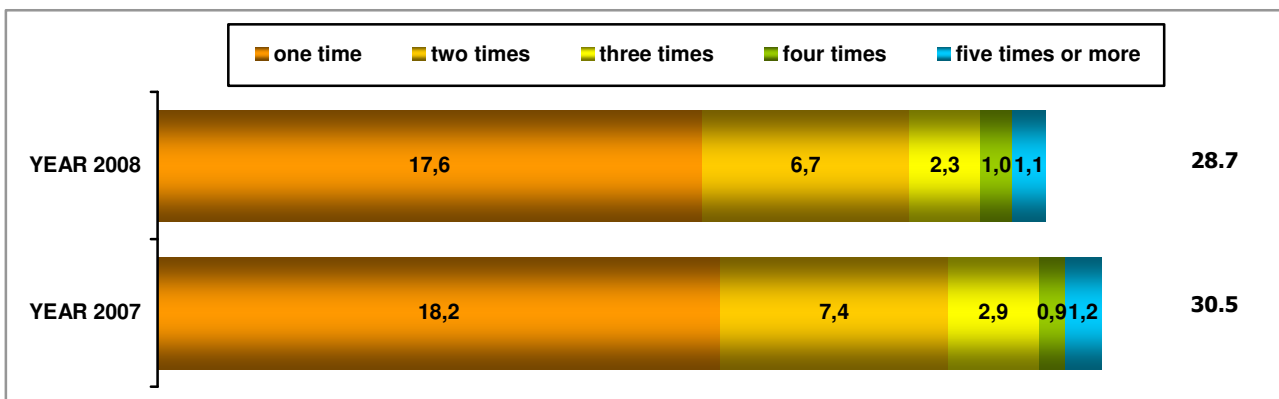
Besides the number of visitors, the visit frequency will affect the success of the sector. In 2007, we notice a decrease in weekly visit frequency of the restaurant sector. The smoking ban that was introduced at that time is a factor that probably played a part in this decline.



Graph 2: Visit Frequency at Restaurants, Snack Bars and Fast Food Chains in an average week in 2006, 2007 and 2008

In 2008, visit frequency remains stable. In an average week in 2008 fewer individuals went to a restaurant, snack bar or fast food chain, but those who do, are visiting just as many times on average. Interesting to know is which visitors are lost: those who visit rather frequently or the more occasional visitors. The graph below shows the (traditional and non-traditional) restaurant visitors, subdivided into 5 categories, according to the number of times they visit some kind of restaurant per week.

With a penetration loss but a constant visit frequency for an average week in 2008, we want to have a look at the visitor group whose penetration is becoming smaller. Doing so, we see that the loss is situated within the groups that visit one to three times a week, with the biggest relative loss in the group of 3 times a week visitors.



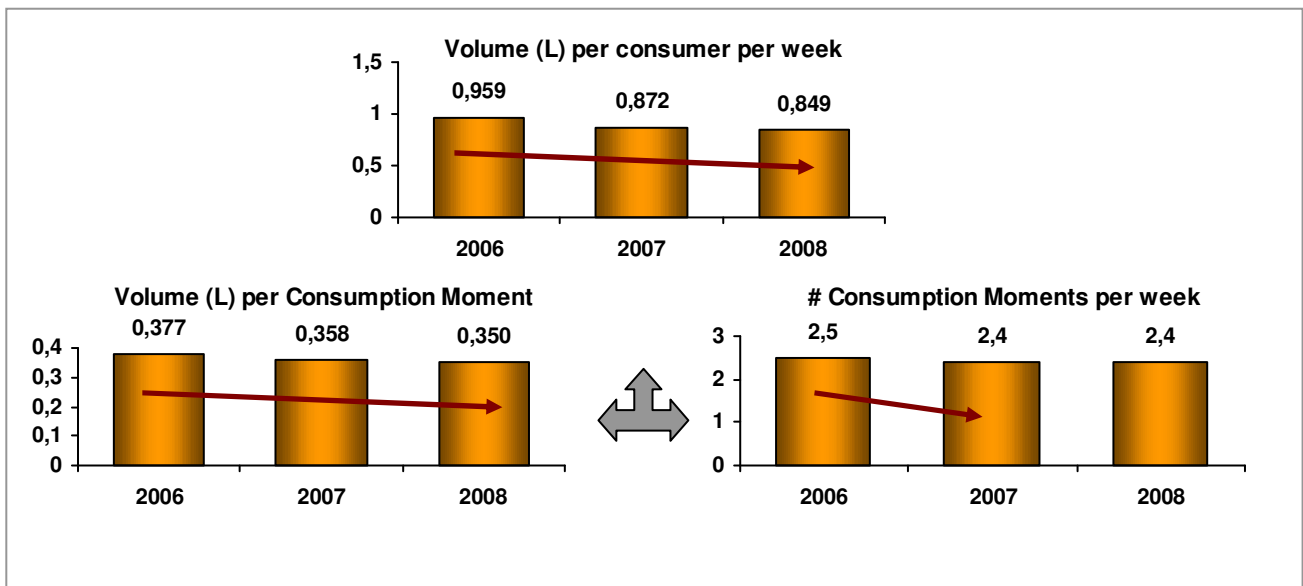
Graph 3: Visitors of Restaurants, Snack Bars and Fast Food Chains, divided into visit frequency categories in an average week in 2006, 2007 and 2008

Consumption of beverages

We know now that there were less restaurant visits in 2008 compared to the previous years, but what about consumption of beverages during those visits?

The picture below shows a GfK consumption measure tree of the channels we've discussed before. Over the last three years we see a decline in the weekly consumed volume of beverages per consumer in restaurants, snack bars and fast food chains.

In 2007 this decreasing volume is due to both a lower volume per consumption moment and less consumption moments per week, which is in line with the decreasing visit frequency of restaurants. A consumption moment is each moment that people take the decision to consume a drink. In 2008 the loss in volume per consumer is almost only due to a smaller volume per consumption moment (e.g. instead of ordering a bottle of wine, people order a carafe or a glass), not compensated by the number of moments.



Graph 4: GfK consumption measure tree for restaurants, snack bars and fast food chains in an average week in 2006, 2007 and 2008

It is clear that the consumption of beverages is liable to changes. Less people seem to visit a restaurant, snack bar or fast food chain in an average week, and we notice that those who do, order smaller quantities of drinks per consumption moment, not compensated by an increase of consumption moments per week. Of course there are other channels that evolve in a different, more positive way. To learn more about the GfK Out of Home Beverage Monitor and its possibilities, contact your regular GfK contact person.

Sources:

Recordaantal faillissementen in 2008, De Tijd, 31/12/2008
 De Horecasector in enkele cijfers, Distributie Vandaag, December 2008, p. 32
 Graydon – www.graydon.be
 Asforcol – www.asforcol.be
 © GfK Out of Home Beverage Monitor 2006-2007-2008