# Eating Out in Cornwall 2008
## A Review of the Industry and the Market

Ruth Huxley
Food Industry Analyst
June 2008

This project is part-financed by the European Union
Working with Objective One
The Objective One Partnership for Cornwall and Scilly

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## A Review of the Industry and the Market

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# Acknowledgement

This study could not have taken shape without the considerable input of individuals, businesses and organisations involved in the food and hospitality industry of Cornwall and the Isles of Scilly, who have given freely of their time and provided much valuable information.  All have done so not in their own interest but in that of the whole industry and its continuing successful development.

Thank you all

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# Background

- This is the final piece of work within Taste of the West's current EU/Defra funded market intelligence programme for the food and drink industry within the Objective One area of Cornwall and the Isles of Scilly.
- It revisits the hospitality industry - a part of the industry that is of significant economic value, not least because of the area's popularity as a holiday destination.
- A previous study published in 2004[1] concentrated on examining the food supplies that Cornwall's leisure catering industry uses and the methods by which they are obtained. It was a first step in exploring the potential for the industry to make greater use of local food and drink suppliers. Four years on, there is much anecdotal evidence that a great deal of progress has been made in this direction. It is therefore considered timely to examine the nature of that progress, in order to establish what benefits and outcomes have been achieved.
- It is also considered an opportunity to explore other aspects of eating out in Cornwall that were not part of the previous research. This study therefore takes a more detailed look at the county's hospitality industry: the developments that have occurred in recent years and the issues that still confront it. The impact of tourism is also explored in some detail. The size and nature of Cornwall's eating out market and the extent to which that market is satisfied with what it provides are also examined.

[1] *The Catering Industry in Cornwall and the Isles of Scilly,* 2004 Taste of the West and PFA Research

# Introduction

The study took place from February to May 2008 and included:

- An analysis of published data, to produce an estimate of the size and nature of the market and an overview of eating out trends
- A questionnaire survey of 174 participants to provide an insight into levels of satisfaction with the eating out experience in Cornwall and suggestions for improvement and development
- Group discussions with chefs and proprietors from Cornwall's hospitality industry
- Group discussions with local suppliers to Cornwall's hospitality industry
- One-to-one in-depth interviews with key players from Cornwall's hospitality industry and wholesale suppliers
- Additional telephone interviews with suppliers and chefs.

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# PART ONE
# The Eating Out Market

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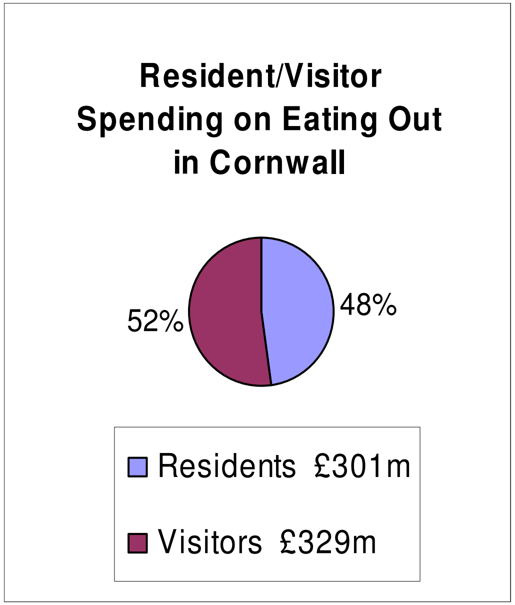
# 1.1 The Size of the Market

- Based on average spending statistics[1] and the latest census data, Cornwall's resident population spends almost £1bn a year on food and drink. Of this, over £301m a year, or nearly £5.8m a week, is spent on food and drink consumed outside the home.
- The visiting population spends almost £422m a year on food and drink[2]. This includes food and drink bought by visitors in shops and supermarkets but it does not include the food and drink that is part of the cost of serviced accommodation. If, say, one third of the total spent on serviced accommodation relates to food and drink, and half the amount visitors spend on food and drink while they are in Cornwall is spent on eating out, the total annual visitor eating out spend would be in the region of £328.6m, or £6.3m a week.
- Therefore, a reasonable estimate of the combined annual household and visitor eating out spend in Cornwall would be around £630m. This equates to over £12m a week, but due to the seasonal nature of tourism, the weekly spend during the height of the season will be much more than this.
- Using these figures, visitors account for 52% of the total spent on eating out in Cornwall, which is perhaps less than many might imagine.




[1] *Family Food in 2006*, ONS 2007
[2] *The Value of Tourism 2006* South West Tourism

# 1.2 The Nature of the Market:
# UK Eating Out Trends

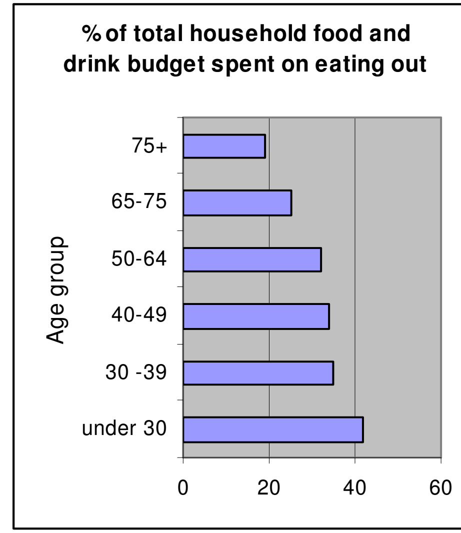
- About one third of total food and drink spending by UK households (and 12% of total calorie consumption) relates to food and drink consumed outside the home.
- Spending has gradually increased since 2003/04, from £11.00 per person per week to around £11.50 per person (or almost £32 per household) per week[1].
- In real terms this represents a decrease of over 3% since 2003/04. Much of the decline in spending relates to a sharp drop of over 15% in the amount of alcoholic drink consumed out of the home. Taking this out of the equation, spending on eating out is relatively stable. It is NOT increasing.

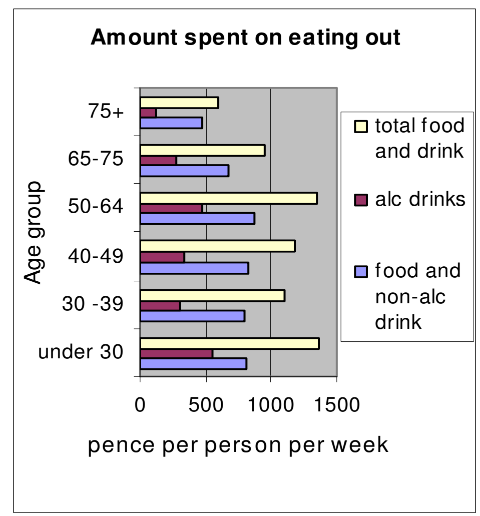
[1]*Family Food in 2006*, and *Family Spending 2007 Edition* ONS 2007

# UK Eating Out Trends, cont'd

The amount people spend on eating out is determined by a variety of factors. Disposable income unsurprisingly plays an important role but age appears to be as important. Typically, the under-30s spend over 40% of their food budget on eating out, while the over-70s spend less than half this amount. Clearly, these are the extremes of age group and their lifestyles are very different, but the 50-64 year olds, commonly referred to as the 'empty nesters' and thought of as being more frequent restaurant-goers than those with families, actually spend less on eating out as a proportion of their overall food budget than the family age groups. The amount they spend per person appears high, but this is only because the 'per person' figures for the younger adult age groups include all family members including children.

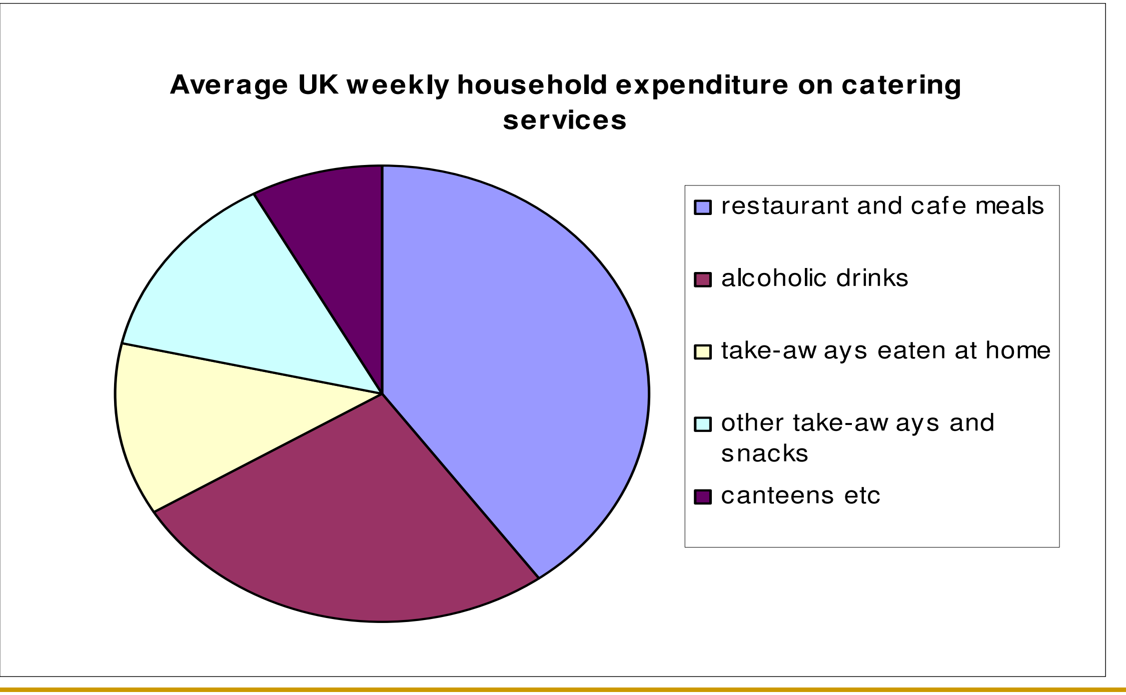
*Charts produced from ONS data*



# UK Eating Out Trends, cont'd

While people tend to think of 'eating out' as restaurant dining, restaurant and café meals account for only 40% of the total eating out spend (but are still the single biggest item). On average, households spend £12.80 per week on café and restaurant meals, £10.70 on other catering services and, despite the decline in this area, still spend £8.40 a week on alcoholic drinks out of the home, i.e. two thirds of the amount spent in restaurants and cafes.



# UK Eating Out Trends, cont'd

- However, eating habits are changing.  As a percentage of the total amount spent on eating out, restaurant and café meals now take a 3% greater share compared with 2003/04, while people spend less on take-aways and are purchasing fewer sweets, chocolate bars and crisps for eating out of the home.  Sandwiches are also steadily declining in popularity, but remain one of the most popular out of home purchases.
- Much of the change is due to the changing nature of what is on offer. Where takeaways and sweet shops have lost out, the ever-increasing number of coffee shops, bistros and informal light-dining eateries have gained.  Increased disposable income will also have contributed to this change.
- Healthy eating messages also appear to be having an impact - the two food types showing strongest growth (albeit from a tiny starting point) in volumes eaten out of the home are breakfast cereals and fresh and processed fruit.  This is also due to increased availability – until recently, these products were considered household foods rather than eating out foods and were not presented for sale as such.

# 1.3 The Nature of the Market: Visitors to Cornwall

- In 2006 Cornwall had the greatest number of overnight staying visitors and the lowest number of day visitors of any county in the SW region[1]. The geographical location therefore encourages overnight stays and discourages day trips.
- However, although Cornwall attracts proportionally fewer day trippers than other parts of the SW, day trippers to Cornwall are increasing in number and played a significant part in bolstering a difficult market in 2006. Day trippers spent nearly £167m, about 40% of their total spending, on food and drink. The day tripper food and drink spend is also 40% of *total* visitor food and drink spending and accounted for over £12m of the £26m increase in visitor food and drink spending in 2006.
- Visitor numbers were down in 2006, although overall visitor spending was up.
- The most significant change in visitor spending in 2006 was the overseas visitor spend. Overseas visitor numbers were up but their expenditure down by a significant 36%, due to a large swing towards camping and caravanning style holidays and away from both serviced and self-catering accommodation. This is likely to be an indication of the comparatively high cost of accommodation in the UK compared to other countries, in part due to unfavourable exchange rates at that time.

[1] *The Value of Tourism 2006* South West Tourism

# The Market: Visitors to Cornwall cont'd

## Cornwall Visitor Profile[1]:

- 53% ABC1; 58% aged over 45; young adults (16 to 34) are under-represented
- 9 out of 10 visits are repeats
- All year round, most people visit in groups of two. Family groups are now only one quarter of all groups in summer, and around 15% at other times of year. A noticeable change since 2004
- Cornwall is regarded increasingly as a destination for short breaks and additional holidays rather than main holidays. Breaks of less than one week are now more than twice as popular as in 2000/01
- 43% of visitors stay in self catering accommodation
- Serviced accommodation is popular for short breaks
- Autumn and winter visitors spend most on food and drink (and also on accommodation and shopping), suggesting a more wealthy visitor at that time of year but also the need for more expensive forms of accommodation and eating at a time of year unsuited to camping, caravanning, picnics on the beach, etc.
- Food and drink are not listed in the top ten things people particularly like about Cornwall. The coastline/scenery and the atmosphere and relaxation are the things people like the most. However, only 2% state that Cornish food and drink/restaurants need to be improved. Nearly 90% of holidaymakers like to consume local produce when on holiday in Cornwall, but only 4% choose food and drink as a particular reason for visiting the county. Food and drink is therefore very much part of the overall package that Cornwall offers rather than a key feature in visitors' minds.

[1] from *Cornwall Visitor Survey 06/07 (and previous years)* Visit Cornwall and South West Tourism and *The Value of Tourism 2006* South West Tourism

# PART TWO Understanding the Market: Findings from the consumer survey

NB: These are the findings of a questionnaire survey of 174 consumers, covering a range of different age groups and lifestyles, but unlikely to include views from every demographic. Young adults, under 25, are probably under-represented. In particular, about two thirds of responses were obtained from visitors to a food and drink fair, which will undoubtedly have created some bias. The findings should therefore be treated with an element of caution – they are intended to display a crude snapshot of broad trends rather than an in-depth, statistically reliable insight into every part of the market.

About 12% of the sample were holidaymakers and a similar number were day visitors. Nearly 70% were residents of Cornwall.

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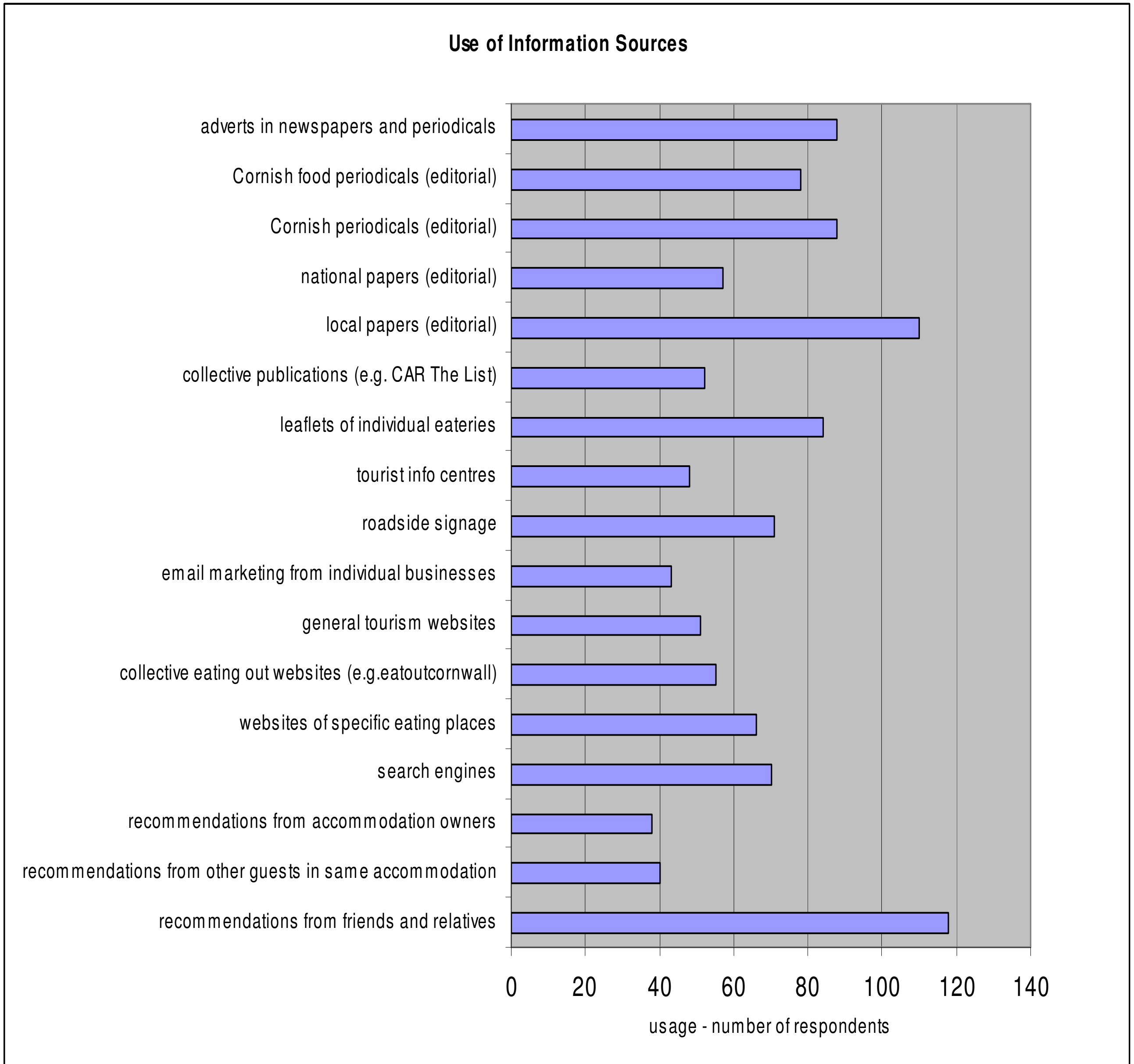
# 2.1 Conveying information to the market

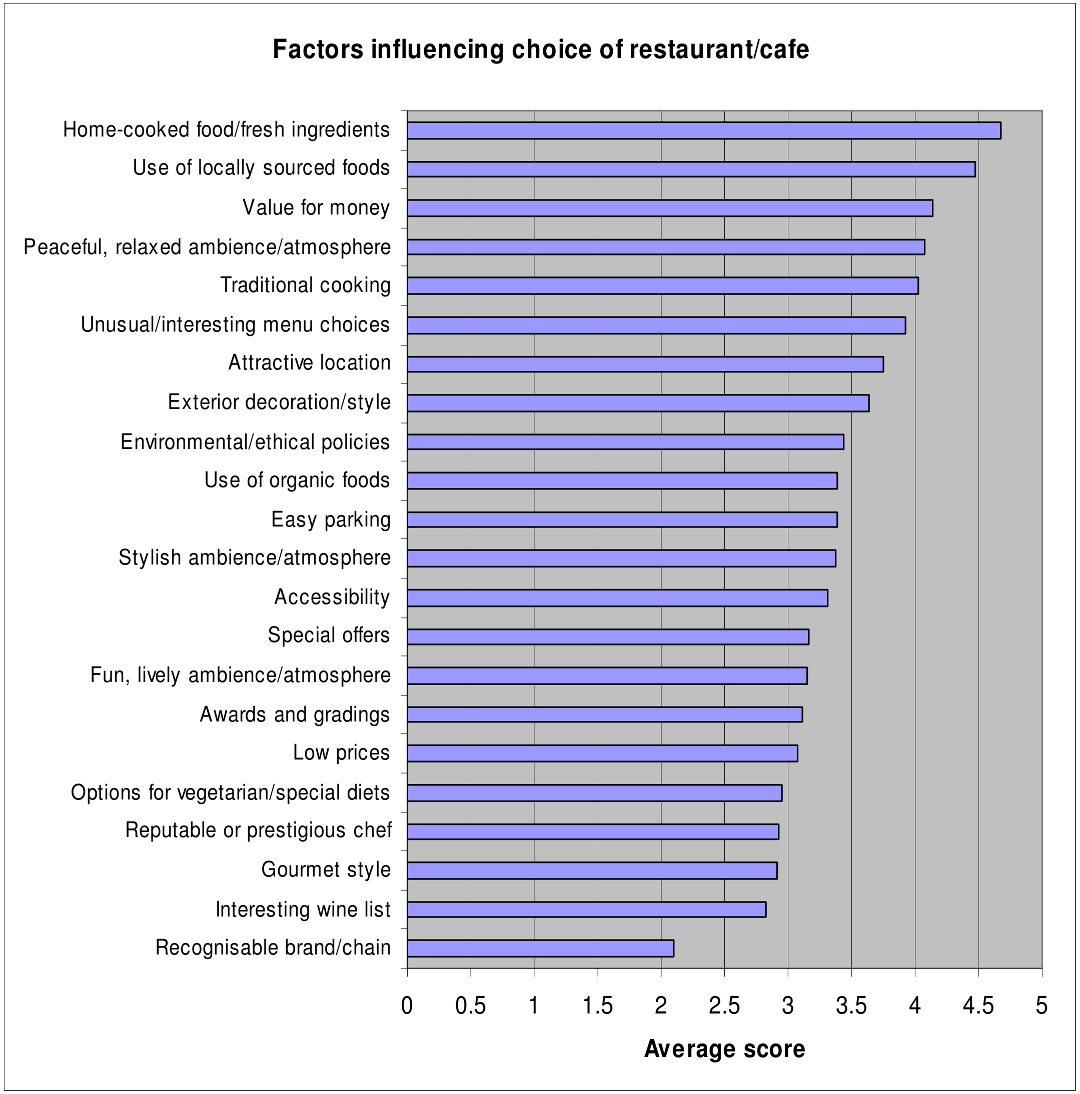
- Participants were asked how they find out about places to eat out (see charts overleaf). Overall, people make the most use of personal recommendations and the local papers. When ranking the usefulness of the various information sources they use, there is a tendency towards those that are considered more objective, e.g. editorial comment, over straight advertising. Scepticism extends to visitors trusting the recommendations of others who have stayed in the same holiday accommodation more than the recommendations of the accommodation owners.
- Interestingly, those who use the websites of individual hospitality businesses rank them highly (more highly than leaflets, reflecting perhaps the ability for a website to convey much more information and to be kept more up-to-date), but email marketing is not popular. One of the problems with email marketing is its potential nuisance factor – people can choose when to look at a website but tend to get bombarded with unsolicited email. Nevertheless, one of the county's top restaurants makes extensive use of email to keep customers aware of news, developments, promotions, etc, and finds it effective. People are therefore likely to be influenced by this type of marketing activity much more than they realise.




| Usefulness of different information sources |
|---|
| **very useful** |
| Recommendations from friends and relatives |
| Recommendations from other guests in same accommodation |
| Websites of specific eating places |
| Collective publications e.g. CAR The List |
| Local papers (editorial) |
| Cornish periodicals (editorial) |
| Cornish food periodicals (editorial) |
| **fairly useful** |
| Recommendations from accommodation owners |
| Search engines |
| Collective eating out websites e.g. eatoutcornwall |
| General tourism websites |
| Roadside signage |
| Tourist info centres |
| Leaflets of individual businesses |
| Adverts in newspapers and periodicals |
| National papers (editorial) |
| **not very useful** |
| Email marketing from individual businesses |

# 2.2 What are customers looking for?

- These findings reflect Cornwall's unpretentious, relaxed style and down-to-earth, pragmatic nature.
- Home cooked foods made with fresh, locally sourced ingredients, served in a relaxed setting, are of much greater importance than gourmet standards, fine wines, and stylishness.
- People want to pay a fair price rather than simply a cheap price.
- Note how highly environmental and ethical policies and organic foods are placed, compared with, say, special offers, indicating how mainstream the interest in these topics has become.
- Awards and gradings, on the other hand, and the kudos of the chef attract little interest.
- The chain and branded restaurants appear to be of least importance to people in Cornwall.
- Some of these findings are perhaps predictable, but others much more surprising, given the likely foodie nature of the majority of the sample.



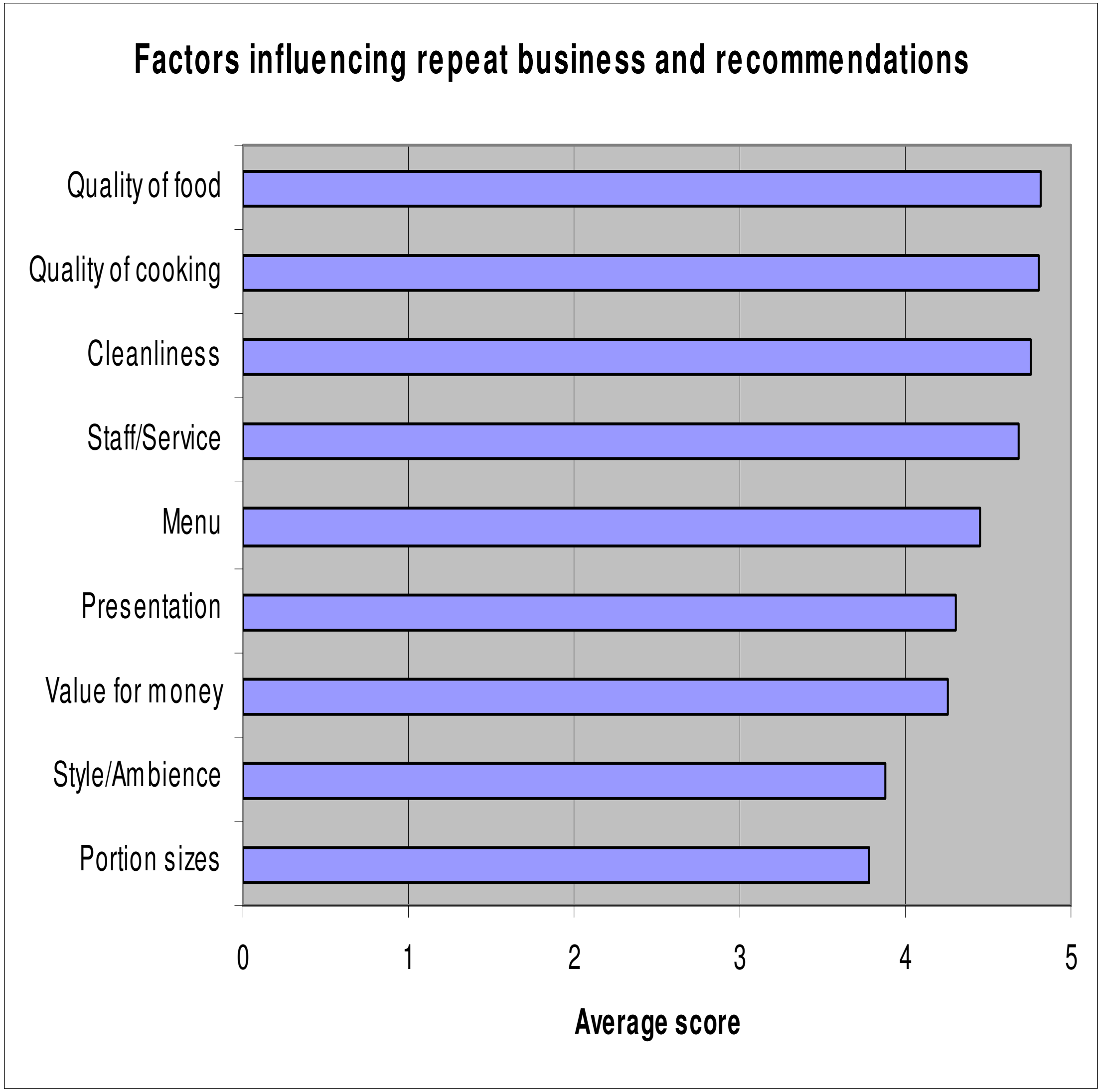
# What are customers looking for, cont'd?

- There are anomalies in these findings. Two years ago there were few chain outlets in Cornwall but there has been a recent influx of pub, coffee shop and pizza chains, most of which regularly appear to be well patronised. Those who use these outlets may have been excluded from the survey, but it is also possible that people may have interpreted the term 'eating out' as referring to restaurant meals rather than all types of eating out of the home, including the lighter or 'everyday' meals that the chain outlets might typically cater for.
- People also tend to be unrealistically positive about their own behaviour when they answer surveys. This may also account for why people rate the 'use of locally sourced ingredients' as the second most important factor in choosing where to eat out, when none of the chefs interviewed felt that this happens in reality (although the sample selection will also have a bearing on this result).
- Despite an acknowledgement that local sourcing of ingredients has recently become more important to diners, chefs feel that it is only a part of the overall package people are looking for and that only a tiny proportion of their customers, if any, actually place such a high priority on this in practice when deciding where to eat out. It could also mean, of course, that chefs are under-estimating the real level of interest in local foods.

# 2.3 Customer satisfaction

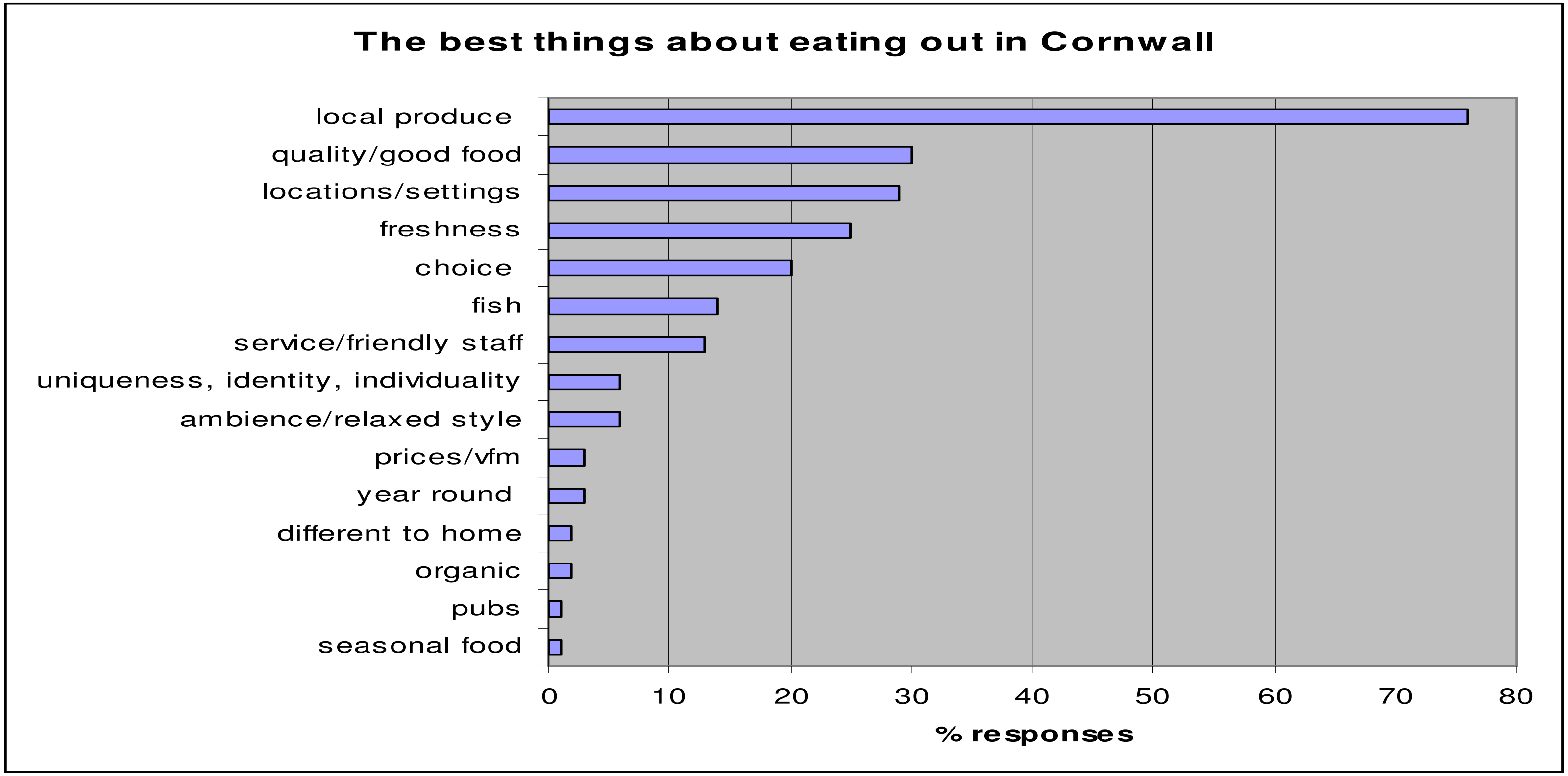
One of the ways of assessing what makes an eating out experience satisfactory is measuring what would make diners recommend an eating place to other people or make a return visit themselves.

The survey found that participants had high expectations on all counts, but the basic requirements of good food, cooked and served well in a clean environment are more important than the size of the bill or the manner in which the food is presented or the ambience of the surroundings.  Large portions are the least important of the options presented to respondents.



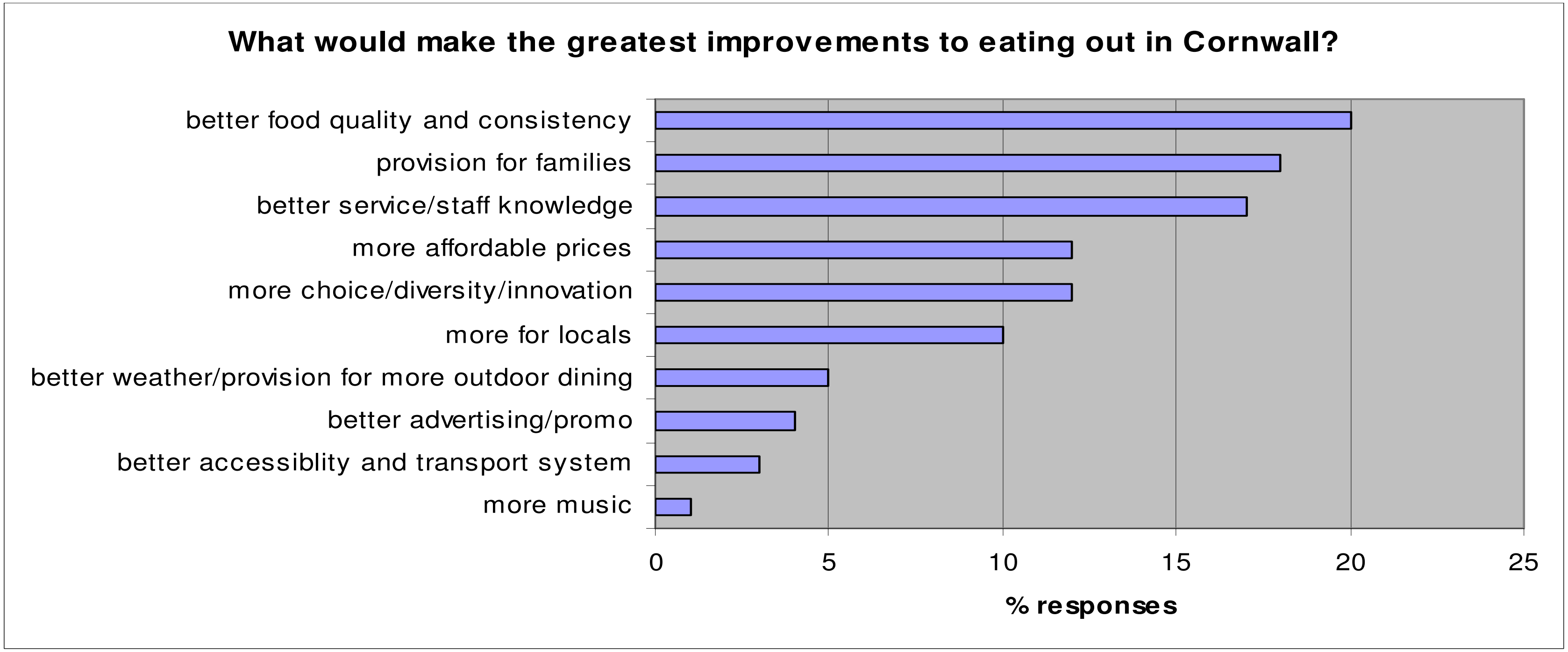
# Customer satisfaction, cont'd

- Participants were asked to provide their own unprompted views on eating out in Cornwall. Support for local produce is again evident and way outstrips any other single factor, although this finding should be used with caution due to possible bias in the sample.
- 30% of those who responded to this question cited the quality of the food as the best thing about eating out in Cornwall.



# Customer satisfaction, cont'd

- However, when asked what aspects of eating out in the county could be improved, 20% of responses related to the need for better quality and greater consistency in the quality of the food.
- Families also consider they are not well provided for and service and price levels also give cause for concern.
- There is also some resentment towards tourism and the effect it has on the quality, availability and cost of eating out for locals. This was expressed by 10% of all those who responded to this question.



# Customer satisfaction, cont'd

**Selected specific comments on food quality and consistency:**

*"You go somewhere and have a good pasty one day and a dreadful one the next"*
*"Some recommended restaurants fall below expectations"*
*"Less microwave food at tourist hotspots"*
*"Less deep-fried. Home-cooked puddings rather than frozen"*
*"Better quality food in mid-priced pubs/cafes"*
*"Good home-cooked food has been replaced by wannabe gourmet-style restaurants"*
*"Many standards drop after two or three years"*
*"I dread eating out in summer because standards drop"*

**And on provision for families:**

*"As a family, being able to find good food for us <u>and</u> children, with a play area for all weathers"*
*"Better kids' menus. Small portions of adult menu rather than simply chips"*
*"More welcoming attitude and facilities for young children"*

**And on service and price levels:**

*"Great food/places can be ruined by bad service/rudeness"*
*"Staff should be more pleasant"*
*"Staff that are knowledgeable about the food they are serving"*
*"Failing in the small ways often makes the overall experience disappointing. When you pay good money you expect things to be right"*
*"Keep prices down so more of us can eat out more often"*
*"Moderate prices for locals"*
*"Stop price increases for peak season"*

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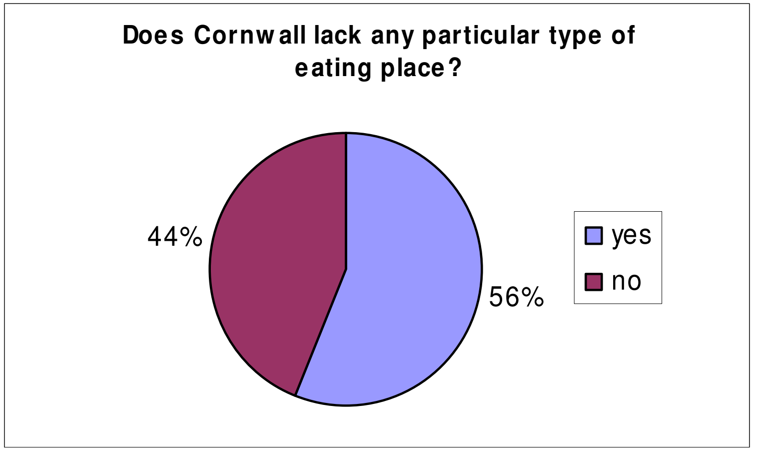
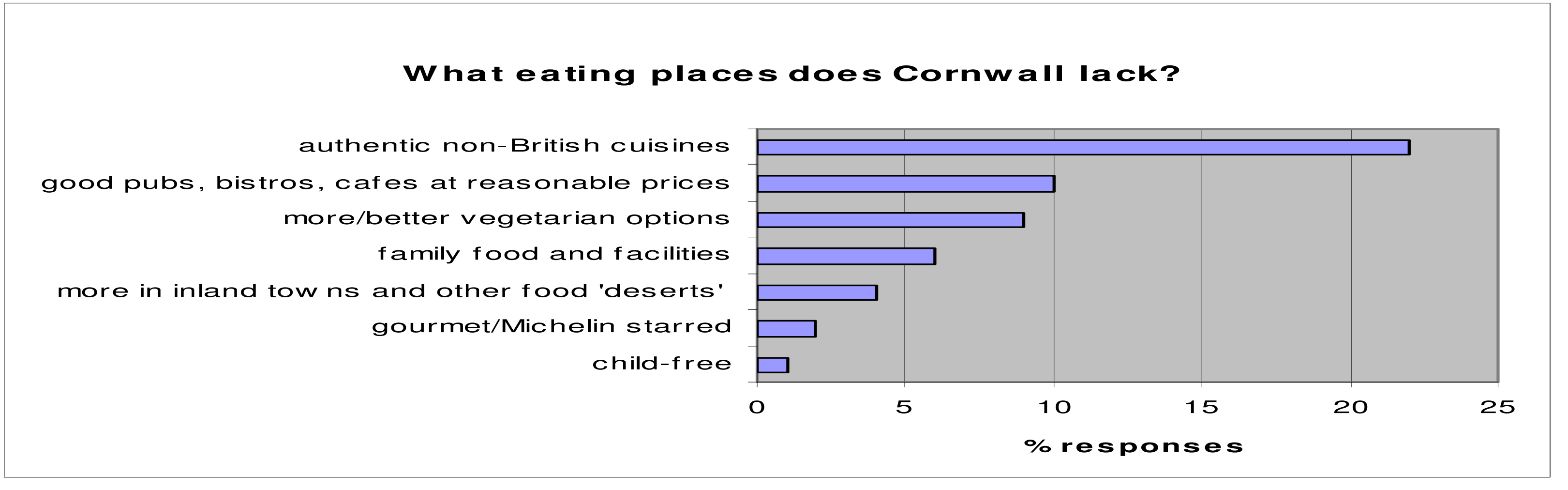
# Customer satisfaction, cont'd

- Mixed opinions exist about the overall provision of eating places in the county. Almost half of those who responded to this question feel sufficient numbers and types of establishment exist.
- Those who think Cornwall does have gaps in provision are mainly interested in having access to a wider range of authentic non-British cuisines, including European, North African, South American and oriental styles. Cornwall has a very low ethnic minority population and therefore lacks diversity in this area.
- Certain parts of the county are regarded as food 'deserts', typically the non-tourist/low wealth areas, e.g. some of the inland towns and sparsely populated areas.

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# Customer satisfaction, cont'd

- Otherwise, the types of eating places that people feel Cornwall lacks reflect the comments about improvements that could be made, i.e. more provision for families; better provision in the mid-price range. In addition, vegetarians feel they are poorly provided for, not only in terms of the number of options available to them, but also in variety:

  *"Vegetarian choice on most menus of pubs and restaurants needs improving. It's boring. I'm often faced with veg lasagne / mushroom risotto / goats' cheese. If this does vary, it's expensive"*

- Vegetarians appear to represent about 6% of all survey participants, about 50% more than the national average of about 4%. This could mean that Cornwall has a higher than average number of vegetarians, but this would need further investigation to substantiate.
- Also reflecting previous findings, only two participants want more gourmet/Michelin star quality. Just one respondent would like more child-free zones.

# PART THREE
# Inside the Industry: Findings from the industry discussions

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# 3.1 Key Characteristics of the Cornish Hospitality Industry

- Stunning, unique, beautiful locations, which create a draw for customers and a great place to work:

  *"There is no better back-drop"*

  *"You can walk out of the back door and onto the beach – it's good for de-stressing the kitchen tension"*

  *"You don't mind working hard when you've got these surroundings"*

  *"The coastline is always there; it will never get built up like inland developing areas"*

- Large numbers of small, independent businesses, many family-run or with chef-proprietors, allowing a greater level of control over business decisions. Businesses tailor their opening days and hours to suit their lifestyles and market demand:

  *"We have good work/life balance"*

  *"We can enjoy what we do"*

  *"Some of the chef proprietors just have a passion to cook, not make a lot of money, but that's OK"*

# Key Characteristics of the Cornish Hospitality Industry, cont'd

- Strong affinity with the character and identity of the county, conveyed via the food, the people and the style, i.e. casual and unpretentious with plenty of passion. Those in the business find this hard to describe, much of what they do in this way is taken as read or undertaken subconsciously.

  *"There is no tall poppy syndrome here"*

  *"Customers like it that we care"*

  *"It's in your heart"*

- Freshness and quality of the local produce, especially the fish

  *"We get it before it goes to London"*

  *"The quality is unbeatable"*

  *"It has changed the way I cook"*

  *"The quality and variety of seafood is the best anywhere"*

  *"Cornwall is a melting pot for good produce"*

  *"This is the same stuff that the top chefs in London are using and boasting about on their menus"*

# Key Characteristics of the Cornish Hospitality Industry, cont'd

- Despite a lengthening visitor season, the industry remains a very seasonal one, a difficulty that the majority of hospitality businesses and their suppliers have to work around.

  *"I lose money 7 months of the year and make money 5 months"*
  *"What do we do with our staff for 4 months?"*
  *"In January you might as well curl up and die. It's dire, you still have to pay staff"*

  (This is explored in more detail in Section 3.4: Tourism)

- This only exacerbates a staffing problem that exists generally in the industry in the UK. Relatively low wages and unsociable hours make the industry unattractive to new entrants, therefore skilled staff are difficult to find.

  *"I can't see where the next generation of chefs is coming from"*

# Key Characteristics of the Cornish Hospitality Industry, cont'd

- In Cornwall, the increase in the number of chef-proprietor restaurants means that some are being run by people who are good chefs but lack people-management or training skills.

  *"I'm still a chef but I have to manage all the other issues now"*

- In other cases, chefs resent being managed by bosses who do not have an understanding of food. Combined, these factors mean that staff are not always motivated, thus creating poor retention, and perpetuating the cycle of difficulty in finding and keeping staff. However, greater stability was reported in businesses that have become well established, particularly small family-run businesses

  *"We inspire the team. We have lovely staff"*

  *"Our staff have stayed. This means we have to pay them more but we're happy to pay to keep them – customers like the good service"*

# 3.2 Recent industry development

- A perception exists within Cornwall that the number of hospitality businesses has grown. The sector does demonstrate the third highest growth rate of all business sectors in the county, with a net increase of 50 businesses, or 3%, since 2004[1], but compared with the fastest growing sectors of property and business services and construction, which have grown by 21% (500 businesses) and 15% (295 businesses) respectively, the growth is small. In the hospitality sector, a broader spectrum of business types and new high-profile entrants are likely to be giving an impression of expansion that disguises the underlying churn that still exists.
- High property prices in Cornwall may have contributed to the changing nature of the industry, i.e. an increase in the number of eating places at the top end. Wealthy people relocating with the ability to buy a property outright are considered to have a better chance not only of starting a business but also in making the business a success. Local people wanting to set up in the trade are unlikely to be able to afford to buy properties without borrowing, and therefore have to incorporate repayment into their business sums.

> *"You see a young couple sink everything in and you realise it's going to be tough"*
>
> *"We own the building outright; it wouldn't stack up otherwise. You need that to make it work. £20k rent would be unrealistic"*

- High rents, notably in Truro, are considered to be a major factor in places where there is a rapid turnover of hospitality businesses.

[1] *UK Business: Activity, Size and Location, 2004 and 2007 reports*, ONS

# Recent industry development, cont'd

- There is general acknowledgment that standards and choice in eating out have improved greatly. Dynamic development has occurred in some areas. The county has become an attractive destination for chefs, especially those who have 'done the circuit' and are ready to open their own restaurant. The presence of TV chefs in the county has contributed to this. EU funding is also acknowledged as having helped to raise overall standards.
- Improved standards are felt to have been driven by chefs/managers with better skills and customers becoming more demanding, athough there are mixed opinions about whether diners have *really* become more discerning about food:

  *"People are realising what they have been missing out on for years"*

  *"People are more demanding and know what they want. They are wise about what they spend their money on"*

  *"People ask precise questions"*

  *"More people are moving here who appreciate good food"*

  but

  *"80% of customers won't know a genuine product"*

  *"Some people perceive what they're eating is quality when it's not"*

  *"Two people have asked if our bass is line-caught in two years"*

# Recent industry development, cont'd

- It is felt that these higher standards are permeating through the industry, from fine dining to beach cafes. As one business raises its game, others have to follow or be left behind. However, despite fast progress –

  *"The benchmark is being raised all the time"*

  *"We couldn't have gone any faster than we have done"*

– there is still room for improvement:

*"For every good business there are still eight bad ones. There is too much lazy rubbish kicking around"*

# Recent industry development, cont'd

- The industry itself confirms the consumer view that the middle ground is in need of attention - pub and hotel dining in particular:
  - *"Hotels have lost the passion"*
  - *"Hotels that don't offer a quality experience are closing"*
  - *"Pub food is not cheap and very average"*
- In the hotel sector, the problem is felt to be due in part to not keeping up with the times, but also to having to cater for people on a fixed tariff and therefore prioritising cost over quality.
- In the pub sector, a lot of the problem seems to be related to a large number of pubs trading up, attempting to compete with restaurant dining, and increasing their prices accordingly without necessarily offering food or service that really is comparable. This has created a gap for good quality, no frills, standard dining at reasonable prices. Interestingly, some of the county's top chefs and restaurants have already identified this opportunity and are beginning to trade 'down' into it.

# Recent industry development, cont'd

- In common with national trends, the boundary between hospitality and retail food business is blurring.  For instance, food cooked by a chef and served in or delivered to the customer's home or holiday accommodation is not 'eating out' as such, but *is* foodservice.
- Spin-offs and opportunities are being realised between hospitality and retail too:
  - Chefs from some of the best restaurants can often be found carrying out food demonstrations at food fairs, shops and farmers' markets.
  - One of the restaurants hold a farmers' market for its suppliers in its car park from time to time.
  - Branded products visible in bars and on restaurant tables and menus encourages recognition, leading to retail sales in other outlets.
  - Farm shops, delis and other independent food stores often now have their own cafes and restaurants, where the restaurant makes use of some of the produce on sale in the shop and the shop sells items made in the restaurant kitchen.

# Recent industry development, cont'd

- Most of the restaurants feel that prices have not kept pace with costs and that there is a restriction on the prices the market will bear in Cornwall, even for the best food:

  *"Visitors find our prices laughable compared to London but we keep them low for the locals"*

  *"We offer exceptional value for money - Michelin standard at pub prices"*

  *"We could make more money doing this elsewhere"*

  *"Our costs are increasing on every level – utilities, staff, ingredients. We are having to strive harder to get quality produce and remain competitive"*

  *"Every element on the plate has gone up"*

# 3.3 Local Sourcing

- The 2004 study of Cornwall's hospitality industry reported that reasonably extensive use of local suppliers was already being made, particularly for fresh foods such as meat, dairy produce, fish and greengrocery.  The geographical remoteness of Cornwall and the availability of a wide range of local fresh produce made local sourcing a natural choice in many respects for Cornwall's businesses even before it became fashionable.
- The main problems with local sourcing in 2004 related to:
  - Logistical and economic difficulties of getting small volumes of produce between small suppliers and small outlets
  - Confusion about the meaning of local sourcing – is it simply using local suppliers or ensuring that produce is of local origin?
  - Inconsistent availability
  - The need for greater volumes and variety

# Local Sourcing, cont'd

There have been significant changes since 2004, notably:

- More eating places are felt to be displaying an interest in sourcing more of their produce locally and more of those that have always sourced their ingredients locally are now telling their customers about it via menus, websites, etc.
- Just as customers' knowledge of food and their demands on restaurants are reported as being greater, so is the knowledge and understanding of chefs, making their demands on suppliers consequently more specific.
- For these customers, Cornish is not enough. For example, customers will specify that they want line-caught or sustainable varieties of fish, rather than any fish landed in Cornwall. One chef stated that he insists on receiving the paperwork to accompany each delivery of meat to ensure it is of local origin and of the correct maturation, returning any that does not meet his specification. Another interviewee felt that some chefs are going out of their way to obtain not just Cornish produce but that which is local to their specific area of the county.
- It is possible that media coverage of food issues, particularly that generated by the TV chefs, has given those working in the industry the confidence to ask more questions about their supplies where once there was reticence.

# Local Sourcing, cont'd

- Businesses are also becoming aware of – and uncomfortable about – instances where Cornish products are shipped out of the county for packing, processing or distribution purposes to return to the county to be sold as 'locally produced' products.
- However, on the whole, good relationships between local buyers and suppliers are more evident. The close partnerships that were developing in 2004, where suppliers were working in collaboration with buyers, for example developing growing schedules for vegetables together, now happens more frequently. There are cases where the commitment is even stronger; the dialogue is deeper; the effort is greater and receptiveness and openness is improved on both sides.
- One reason for this is that a new kind of ethos appears to be developing, which is very apparent in some of the new restaurants and cafes. It is a subtle shift; businesses are not sourcing local produce because it is the 'in' thing to do, or because it can make them more money – generally they find that it does not. Rather, they do it for personal reasons, because they feel it is right; it is the way they want to run their businesses and it gives them enjoyment and other rewards.

> *"It creates a challenge and it adds vibrancy. We like dealing with the local suppliers"*
>
> *"There is no direct economic benefit to me* [in local sourcing]. *I have to make more phone calls and put up with bad invoicing from small companies but it puts more money in the local economy and that's good for all of us"*
>
> *"It makes us proud to be part of the community; it makes the place a better place"*

# Local Sourcing, cont'd

- This changing ethos is also apparent in the production side of the industry.  For example, some producers actively encourage their customers to visit their production units with their staff to see the whole production process.  This not only acts as a training exercise for chefs but also develops an understanding of production issues and encourages trust and loyalty towards the supplier.  It also increases staff knowledge about the product, something which was identified in the consumer survey as lacking in some establishments.
- One of the reasons why suppliers are encouraging this type of relationship is that the restaurants who are now interested in working in this way are not all small accounts.  One of Cornwall's highest profile new restaurants spends £13,000 a week on food and has a strong local sourcing policy.  It is prepared to pay prices that reflect the quality of the produce and the commitment of the producer; it understands and works around the limitations of seasonality and is keen to acknowledge and promote its suppliers.

# Local Sourcing, cont'd

- Part of the reason why restaurants of this calibre are embracing local sourcing to this extent is that the range of locally produced foods and drinks on offer has become much more attractive.
- Some of the new products that are being produced in the county are ideally suited to the eating out sector and, indeed, some of them have been introduced as a result of an identified need within the sector. Professional, commercial producers of good quality salad leaves, duck, air dried hams and salamis, continental vegetables, artisan breads and a wider variety of soft fruit, to name a few of the new arrivals, are all now filling previous gaps in the market and in some cases demand is still not being satisfied.
- In turn this means that chefs are now able to produce menus of local produce that are much more dynamic than was previously possible. Market gaps remain for greater volumes of free range/organic poultry meat, more cheeses (particularly unpasteurised varieties for flavour), more interesting vegetables, and more salad leaves.

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# Local Sourcing, cont'd

- Another development that is encouraging use of local ingredients is the increasing trend for eating places of all types to make use of a daily specials board, or daily table d'hôte menus, or to change their whole menus frequently.
- This enables chefs to work in tune with availability and to cope with the sometimes limited volumes that a small local producer might be able to supply. It also creates scope for using products that do not have guaranteed availability and need to be served extremely fresh, such as certain varieties of fresh fish and soft fruits. It would be impossible to include these on a standard menu that changes perhaps every six months without having a back-up non-local source of these ingredients.
- Buying ingredients and developing menus in this way can make economic sense as it enables eating places to buy ingredients seasonally when they are the best value. But it does require knowledge, skill, effort and commitment to work in this way.

# Local Sourcing, cont'd

- Many of the businesses interviewed stated that the existence of a dedicated Cornish produce wholesaler has made a difference to their buying behaviour, in particular by providing access to the increasing range of processed Cornish products from one base.
- This provides an important link, particularly for those producing or buying small volumes. By undertaking deliveries of smaller volumes or delivering to areas not covered by the producer, the wholesaler can reach new customers and deal with small customers in a cost-effective way.
- The wholesaler also has the opportunity to tell customers about local products they may not be aware of and to suggest alternatives in the event of products being out of stock, thereby extending their own and producers' sales while keeping customers happy.

# Local Sourcing, cont'd

- A new specialist Cornish cheese wholesaler has also become established since the past study, selling all the many Cornish cheeses. Cheese requires expert handling and is a product widely used by hospitality businesses. Many of the mid-range eateries are interested in Cornish cheeses even when they do not source other products locally. This wholesaler is therefore an important asset to producers, who feel confident handing over the sale of their products to a specialist who will not only look after their product but also has the potential to extend sales through access to a wide customer base.
- An existing fruit and vegetable wholesaler has recently extended into other produce and invested in a real-time on-line availability and ordering system that is able to highlight all local produce. The scope for this type of development was identified in the 2004 report and it will be interesting to monitor its progress.

# Local Sourcing, cont'd

- However, despite these positive developments, difficulties still exist.  By no means all hospitality businesses make the efforts described here.
- There is concern that some businesses are simply 'cashing in' on customer interest in local produce by making statements such as, "Where possible we source locally", which can have little meaning in reality.
- Cases were also described where producers know that they are being named on menus and other marketing materials as local suppliers to particular establishments but are not currently supplying the place in question, and in some cases have only ever done so on one occasion.
- Examples were also given of menus stating, for example, "Cornish asparagus" or "local strawberries" at times of year when it would be impossible to produce those products locally.

# Local Sourcing, cont'd

- Ironically, some producers feel that the existence of grant funding designed to encourage local sourcing has led to some of these practices. It is thought that some businesses have used local suppliers until the funding has been secured and then dropped them.
- Overall there is a stronger feeling now than in 2004 that these types of malpractice are taking place. It would appear that the increased use and marketing of local produce has also encouraged an increase in its mis-use.
- However, there is a distinct unwillingness on the part of the producer to challenge the businesses they know are doing this, even when they have the potential to undermine the reputation of the genuine product or producer.
- Conflict is regarded as a negative element to business and most producers would rather leave the door open to a customer returning to them than risk losing them for ever by creating a stir. People feel that dealing with this problem should be the role of Trading Standards Officers. Officers do, in fact, already check this aspect of businesses they inspect, but obviously cannot take action on any specific matters unless they are made aware of them.
- One place where it is difficult to make non-genuine claims about local sourcing is on the Scilly Isles, where the local community is small and close-knit, and where genuine island produce is easy to identify. Here, it is not only the knowledge that malpractice will get found out, but also the understanding that it is of no ultimate benefit to the community, that helps to prevent it.

# Local Sourcing, cont'd

- Another, perhaps unanticipated impact of the now prevalent use of local sourcing as a marketing tool is that some restaurants are beginning to feel they need to distance themselves from what has become commonplace and are withdrawing from the habit of describing produce on menus by origin, e.g. 'Cornish …', or 'local …'.
- Some also feel that, as so much on their menus is now of local origin, it would look strange, almost overdone, if every local item were highlighted.
- Some feel that naming the producer, e.g. 'Mr Brown's…' is of more value.
- Another chef's view is that customers of his restaurant should assume that he will be using local produce and there is therefore no need to tell them.
- There is also a current fashion at the top end for minimalist menus that do not even tell the customer how the food is cooked and therefore hold little scope for telling customers how or where it was produced.

# Local Sourcing, cont'd

- There is a general assumption that 'good' restaurants are better at making genuine efforts to source locally and that cheaper places do not bother. While this is true to a certain extent it is a vast over-generalisation.
- Some small, reasonably priced cafes and tea rooms have some of the most comprehensive local sourcing practices while at the select end of the market there are some businesses for whom it is not a major priority.
- Some of the most expensive restaurants, for example, use suppliers from London or Bath, preferring to use those considered to be the best in their field with worldwide access to the best produce.

# Local Sourcing, cont'd

- Cost is one of the main barriers to using local produce. Interestingly, this did not appear to be such an issue in 2004, but there was a unanimous view amongst the hospitality businesses that took part in this study that Cornish produce is expensive and has become increasingly so.
- This could indicate that the current squeeze on profit margins, described previously in this report, is beginning to bite.
- Some questioned whether all the price rises are genuine:

  "*Cornish prices are going up quite quickly. I'm not sure if it's just costs, or taking advantage* [of increased market demand]"

- Another noticeable change since 2004 is that some of the strongest dissatisfaction with the price of Cornish produce was expressed by some of the top restaurants:

  *"The meat is stunning but the price is through the roof. Some dishes go out at 60% food cost. I don't want to serve second rate food but I couldn't do it if this were a small business"*

  *"The costs are prohibitive. The premium is at least 25% for some Cornish things. A small place can't afford the same prices as top places with a huge turnover. We want to pay a <u>fair</u> price, this is what customers want"*

# Local Sourcing, cont'd

- Nevertheless, the producers interviewed felt that price resistance was low on the whole and virtually all are finding a sufficient and growing market willing to pay the prices they set.

  *"We sell tomatoes at twice the price of Waitrose, but they taste so good chefs are more than happy to buy"*

- There is a strong sense that their prices are a fair reflection of the care and effort that goes into producing products that are of excellent quality and something of a 'take it or leave it' attitude exists, indicating that the market must still be sufficiently buoyant despite some of the concerns expressed.
- That is not to say that there are not clashes over prices. One producer has recently become frustrated with a buyer apparently focussed on simple price comparisons between his hand-made product and another manufactured on a huge scale, and failing to recognise the potential for the local product to enhance customer satisfaction considerably at an additional cost of about 10p per serving, which could easily be passed on to the purchaser.
- The producer's frustration in this case is aggravated by the fact that the buyer in question makes much of its support for Cornish producers.

# Local Sourcing, cont'd

- Another major drawback of sourcing locally for some buyers is that consistent quality and availability can be hard to maintain. This is not so much about seasonal fruit and vegetables, which chefs and customers have really begun to get the hang of, but more about obtaining fantastic meat (for example) one week and poor quality meat the next, or shortages that could have been avoided with a little more planning.
- To some extent there needs to be better understanding on both sides if this type of problem is to be overcome. Producers need to understand that the 'good enough' attitude that some buyers claim exists is not, in fact, good enough. A Cornish wholesaler, which deals with a large number of local producers and is therefore in a good position to have an overview, finds that its staff spend a lot of time dealing with poor service levels, unprofessional attitudes and silly mistakes, that cannot always be rectified and therefore lose the producer and the wholesaler both revenue and reputation. Confirming this, two buyers who had recently been let down on availability and service by local suppliers mentioned that they had had to get the replacement produce they needed from Tesco.

# Local Sourcing, cont'd

- On the other hand, while there is no place for poor quality or poor service in any good business, there does need to be an understanding on the part of the buyer that producing fresh, natural products is not an exact science and that there are sometimes limitations as well as benefits in buying from a small, local business. Buying produce from the person who grow or rears it, processes it, delivers it personally, and is perhaps able to produce things to a chef's own specification, might also mean, for example, that that person can only deliver on certain days of the week, or cannot magic up a finished product at five minutes notice. Two-way communication is therefore crucial.
- Better communication might also help buyers understand some of the complexities involved in producing on a small scale and selling only locally. One producer has a restaurant customer who buys his product only for 'high days and holidays' and uses a cheaper, imported equivalent at other times (mentioning only the Cornish producer on its website listing of suppliers). Buyers are of course at liberty to buy at will, but they do need to understand that if a producer is to stay in business they cannot rely on 'high days and holidays' to keep them afloat when they have production and staff costs to support all year round. According to this producer, customers need to understand the 'use it or lose it' principle.

# Local Sourcing, cont'd

- An assumption is generally made that local sourcing by the hospitality industry is a good thing for local suppliers and, while this is generally the case, examples were found of those who actively avoid this market.
- One prefers to service the hospitality market further inland where the seasonal swings are not so apparent, and another prefers to service the retail sector, on the basis that many hospitality businesses are very small and therefore order very small volumes that are not worthwhile accounts. This will be related to a degree, of course, to the nature of the product.
- Some of the wholesalers, too, are finding the demands upon their part of the industry from the hospitality sector increasing, particularly in relation to the frequency of deliveries that is now expected, even for shelf-stable products. This is felt to be in part due to the increased need for businesses to examine their profitability which has led, for example, to a reduction in storage space.

# 3.4: Tourism

- While the findings of the Visit Cornwall survey quoted previously do not indicate that people choose to come to Cornwall *specifically* for the food and drink, most of the businesses interviewed felt that the standard of the food and drink that visitors are now being served is much better than it once was.
- It is also widely accepted that the Rick Stein restaurants and the Jamie Oliver inspired Fifteen act as a marketing tool for the county. These restaurants bring people with an interest in good food to the county and the people who visit them are likely to be looking for other good places to eat during their stay. Other restaurants accept therefore that, indirectly, they bring them business.
- However, there is some antagonism towards these restaurants, which can probably be attributed in part to professional jealousy of their success, but there is concern also that if these high profile restaurants fail to give customers the experience or the value for money they might expect, this will have an impact on the whole county's reputation and, consequently, business.

# Tourism, cont'd

- Operating a business within a tourism-dependent economy has advantages and drawbacks, which affect both those who produce and those who serve food and drink.
- Cornwall's eating out market is at least doubled by the tourist influx and this business is undoubtedly welcome; many businesses depend upon it.  The drawbacks are mainly related to the seasonality of tourism - if it were a steady market throughout the year, life would be a lot simpler.
- It is also a market at the mercy of the weather and other external influences such as exchange rates, which make planning and continuity difficult.
- The visitor season is undoubtedly getting longer and this is welcome, but a 2-month gap in trade still poses many of the same difficulties to a business as a 5-month gap, e.g. keeping staff, covering fixed costs.

# Tourism, cont'd

- One of the most beneficial steps in overcoming the seasonality and unreliability of the visitor market has been a shift towards the local market. This does not imply that businesses are no longer interested in the visitor market, but many businesses are finding that the two work remarkably well – and sometimes unexpectedly so - hand-in-hand.
- One business that had always been typically seasonal and had closed for the winter on the assumption that it was not worth staying open, has stayed open all year round for the past two years and has discovered a range of benefits:

  *"We have been astounded by the winter trade. Locals are too busy with their own businesses in summer. They came in winter then went back and recommended us to the next year's guests.*

  *"It's a good time for training and to experiment with menus. Retaining staff has benefited the business – we don't have to pay them off and re-employ. It's better for staff and business.*

  *"Our cost per head goes up in winter but our prices stay the same – that says what it's worth"*

# Tourism, cont'd

- For this business, and a large proportion of those interviewed, it is this strengthening of the local market that they feel is accounting for steady and significant business growth, to a much greater extent than the lengthening of the visitor season.  The numbers of visitors that come to the county in the shoulder and low seasons are not enough on their own to keep businesses going over that period.  However, it is questionable whether the amount of local business on its own would be worthwhile either for many of these businesses – it is the two markets combined that therefore make for low and shoulder season success.
- Some businesses feel the peak visitor trade is still the 'bread and butter' and the local and out of season trade is the 'icing on the cake', but even the owner of a beach café in a prime visitor location now says:

  *"You're stuffed if you rely on tourism"*
- This is a particular difficulty for the Isles of Scilly, where 85% of businesses depend on tourism and where tourism is still very seasonal.  Additionally, the local population is too small to sustain the Islands' hospitality businesses out of season.

# Tourism, cont'd

- Managing the visitor market effectively requires skill. For most suppliers, production has to be planned well in advance in order to cope with a huge increase in demand and then a sharp drop. Getting it wrong risks losing some of the best business of the year or being left with an excess when everyone has gone home. However, in some sectors, even the best planning cannot create sufficient volume to cope with the seasonal swing; some local suppliers therefore have to buy in from elsewhere to satisfy high season demand.
- Some seasonal variations are more subtle; they relate less to sheer volume and more to the way in which tastes and eating habits vary according to the nature of the market, but they still have to be planned for

  *"Locals eat more meat and less fish"*

  *"Locals come in for lunch but people on holiday are reluctant to spend at lunchtime. They've had their hotel breakfast and will get their hotel dinner"*

  *"You know the season's started when people start asking for scampi and chips"*

# Tourism, cont'd

- Some visitors are keen to have the Cornish experience, to go to unique places and have foods they might not normally eat. Some claim to be able to taste the difference between Cornish produce and that which they get at home

  *"Visitors want a piece of the Cornish lifestyle"*

  *"Holidaymakers are more excited about Cornish food – when something's on your doorstep you don't appreciate it"*

  *"People say, "We don't get this where we come from, it's all big chains" "*

- However, not all visitors are discerning about food or interested in Cornish produce, and some parts of the market are considered particularly difficult

  *"In July and August you have to work really hard to get the turnover. Families are more cost-conscious, for example they will have one course instead of two"*

  *"Some promotions are bringing people who don't appreciate the natural beauty and tranquillity of Cornwall. They are persuaded by cheap offers. They are rude, inconsiderate and don't spend money"*

# Tourism, cont'd

- Some strongly held views were expressed that Cornwall should move away from this part of the holiday market

  *"The sooner Cornwall comes out of the bucket and spade market the better"*

  *"We need to keep it on an upward curve"*

  *"There's no point in chasing the caravan market"*

  *"Newquay should be flattened"*

- Those who think this feel there is better business to be had from second-home owners and the upper end of the market – people who have greater disposable income.
- Conversely, others are concerned about taking things too far up-market, creating gaps in the market and not catering well for all

  *" Cornwall is not a cheap place for a family to go on holiday"*

  *"There are two distinct groups coming to Cornwall, those who use the caravan parks, and the top end. The middle ground is lacking, it's either too grotty or too expensive for them. Those are the people who are going abroad"*

  *"The caravanners keep coming back"*

  *"Even the lower end of the market can be done well and professionally"*

# PART FOUR
# Analysis: Strengths, Weaknesses, Opportunities and Threats

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# 4.1: Overview

- The findings of a study such as this, which examines all angles of an industry and its market, are a useful resource not only for identifying progress but also for assessing the scope for market and industry development.
- The following pages therefore attempt to do that by bringing the findings together and categorising them by process of SWOT analysis - a common method of business assessment. This highlights the existing strengths and weaknesses of Cornwall's hospitality industry, and its potential opportunities and threats.

# 4.2: Analysis: Existing industry strengths

- *Strong reputation and image currently enjoyed by Cornwall*
- *Strong visitor market, currently growing in value and extending in length of season*
- *Perception of visitors and locals eating out more/spending more, although not substantiated by data*
- *Large number of independent businesses, engendering diversity and uniqueness. Retains income in local economy*
- *Location. Beautiful places but also, as a remote peninsular, the county has a captive local and visitor market that cannot travel easily elsewhere to eat - especially from further west*
- *Growth in year-round opening = more business and, ultimately, better jobs and training; better food and service*
- *Strong and fast progress in raising the quality of food and outlets*
- *Sensible restaurant prices for top quality food (perception of businesses, not diners)*
- *Improving chefs' knowledge and skills*
- *Improving consumer knowledge about food*
- *Superb variety and quality of fish*
- *Improving range and quality in locally produced food ingredients and drinks. More outlets sourcing locally, including large, high profile restaurants. Many of the problems associated with local sourcing in the 2004 study have been overcome*
- *Impact of funding is apparent*
- *Fast developing partnership and community ethos in businesses*
- *Better understanding and communications between buyers and suppliers*
- *Good staff retention in smaller family-run businesses*
- *Developments in wholesale - improved access to local produce and sales route for small businesses/small volumes*

# 4.3: Analysis: Existing industry weaknesses

- *Inconsistencies in standards and service levels throughout the industry - food producers, and hospitality businesses*
- *Seasonality and unreliability of visitor market*
- *Poor proportion of young adults (i.e. big eating out spenders) in visitor market*
- *Lack of skilled staff*
- *Poor general business management, particularly people management, in places*
- *High staff turnover in places*
- *Low proportion of visitors come especially for food and drink*
- *High cost of local produce*
- *Lack of good quality eating places in mid-range*
- *Problems with hotel sector*
- *High prices for pub food*
- *Rising costs; limitations on prices = squeeze on profits*
- *High property prices and rent levels*
- *Lack of understanding of small-scale food production and unrealistic demands on producers at times*
- *Some malpractice in marketing of local sourcing*

# 4.4: Opportunities for industry development

- *Changing eating habits – more café and restaurant dining, increasing interest in quality food*
- *Young adults – can Cornwall's tourism and hospitality industry capture more of the market?*
- *Changing visitor trends – is the industry adapting to them, does it understand their needs? e.g. more day visitors; more cost-conscious overseas visitors; more short breaks (greater serviced accommodation need); wealthier autumn and winter visitors*
- *Current Euro exchange rate makes UK more attractive to the European market and Europe less attractive as a holiday destination for UK residents. Is Cornwall capitalizing on this?*
- *Encourage greater visitor spend in local outlets. Every 1% of annual visitor food and drink spending in supermarkets = direct £4.2m loss to the Cornish economy, indirectly more*
- *Encourage perception of Cornwall as a place to come <u>especially</u> (not incidentally) for food and drink*
- *Use of email marketing techniques needs development*
- *Increasing interest in ethical issues – environment, organics, waste, sustainability*
- *Increasing interest in healthy options in eating out of the home*
- *Consumer interest in local food possibly much greater than hospitality industry perceives*
- *More provision required for families, vegetarians and special diets*
- *More genuine non-British cuisines for local market*
- *Continue improvements in service levels, knowledge of food, food quality, skills*
- *Fill the opening gap in mid-range dining*
- *Improve quality at mid to low end – demonstrate that cheap does not have to be bad*
- *Increase efficiencies to improve profitability and prepare for economic squeeze*
- *Develop micro-local business, i.e. buyers and suppliers in <u>very</u> local proximity*
- *Continue increasing the range and volume of local produce. Fill more market gaps*
- *Encourage menu development – more use of daily specials, table d'hôte, etc*
- *Encourage better understanding of the market, cater for subtle changes*
- *Encourage greater loyalty to local suppliers. Work on stamping out malpractice/dishonesty in marketing of local produce*

# 4.5: Threats to industry development

- *No increase in real terms in eating out spending*
- *Businesses aware of malpractice and dishonesty in marketing of local produce but no consumers highlight this issue.  Suggests consumers are unaware and are therefore being misled*
- *Malpractice and dishonesty also risk undermining integrity of genuine purchasers of local produce and business potential of Cornish suppliers*
- *High cost of Cornish produce is at risk of reducing usage, even at the top end. Price premiums must be justifiable*
- *Industry is chasing the top end, but the market wants more in the mid-range. Ability of Cornwall to sustain more at the top end is questionable – Cornwall's population is comparatively poor and nearly half of the visitor market is C2DE*
- *Growth in numbers of large hospitality multiples in the county*
- *Lack of interest in working in the industry from current younger generation = lack of skilled staff in future*
- *Continued hard work required to maintain current level of development , but improvements could slow/stall once EU funding has ceased*
- *High profile restaurants have potential to put other businesses at risk if they fail to deliver on their promise*
- *Fashions change.  How does Cornwall maintain its current appeal?*
- *Potential effects of current economic downturn are not known but could be serious. Businesses currently shaky are at greatest risk*

# PART FIVE Conclusions and Recommendations

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# 5: Conclusions and recommendations

- This study has found much to celebrate about Cornwall's hospitality industry and its local suppliers. The relative health of the industry is demonstrated by the length of the lists of its strengths and opportunities compared to the lists of its weaknesses and threats.
- However, there are difficult times ahead as we enter a period of economic instability. Eating out and holidaying are non-essential leisure activities and therefore risk being pared down when budgets are restricted and, given the importance of tourism to the county and the extent to which any downturn will ripple through the local economy, it is important not to underestimate any potential impact.
- It is very difficult to predict at this stage which parts of the economy will be worst affected and how spending patterns might alter. Some commentators claim that the wealthy will escape any real impact but this is an over-generalisation. *Apparent* wealth has disguised a high level of underlying debt for many years now, amounting in real terms to overspending, which has to be righted at some point.
- Will people simply opt to holiday and eat out less often? Or will they holiday as frequently but go down-market? Either, neither or both of these things could happen. The direction the overseas visitor market took - i.e. away from both self catering and serviced accommodation and into camping and caravan holidays – at a time when holidaying in the UK became comparatively expensive for that market - could provide a clue to the way the domestic market will react when under financial pressure.
- Rising food costs – globally, nationally and, as this study confirms, locally, are a strong feature of this economic disturbance. This puts the hospitality sector and its suppliers at greater risk than some other sectors because it could mean that the cost of eating out will rise comparatively faster than the cost of other leisure activities and therefore become a noticeably more expensive option for spending.

# Conclusions and recommendations, cont'd

- No matter how far it has come, any industry needs to keep moving and improving to maintain its position and strength
- It would also be a great shame if all the improvement that has been made in Cornwall's hospitality industry and the local food producing industry that supplies it were to be lost due to an economic blip.
- It is therefore essential that the industry does not lose momentum at this time and plans carefully for the future, capitalising on its new strength and overcoming its weaknesses.
- There is plenty in the body of this report and in the SWOT analysis for individual businesses to use in their own way. However, there are also things that could happen at a collective, strategic level, to help ensure not only continued progress but also stability and sustainability (in its broadest sense) within the industry at what is a difficult time.
- The following recommendations therefore focus on a small number of these key strategic development factors, considered to be of particular relevance and value:

# Conclusions and recommendations, cont'd

1. **<u>Increase the proportion of the visitor food and drink budget spent within the local economy</u>**

   Attracting a larger proportion of the market to spend money in ways that are of greatest benefit to the <u>local</u> economy is not only a sound local development strategy in any event but could also help reduce the potential impact if visitor numbers stagnate or decline, given that just a 1% increase in the total annual visitor food and drink budget retained locally represents an additional £4.2m of value to the Cornish economy.

   Cornwall has managed to avoid the large multiple hospitality chains in the past but their recent activity in Cornwall has been growing fast. The apparent low level of consumer interest in them is an advantage but these businesses benefit from strong marketing and branding techniques. A visitor in a strange place is actually quite likely to opt for a known brand on which they can rely, compared with chancing an unknown independent outlet. Cornwall's large independent sector therefore needs to work hard if it is not only retain but grow its market share against this competition.

   Reducing the amount that visitors spend in the supermarket is perhaps easier. The growing number of independent retail food outlets such as farm shops and delis are providing visitors with an increased choice in food retail, but it is also possible for the hospitality sector to attract some of the current supermarket spend by offering good value interesting options that might persuade more of the self catering sector (about half of all holidaymakers) to eat out instead of in. The development of semi-retail /semi-eating out options (e.g. chef-prepared food to take home) has strong potential here.

# Conclusions and recommendations, cont'd

2. **<u>Overcome the difficulties in the mid range</u>**

   Both the industry and the market identify the need for better food and drink provision in the mid-price range. Not only is there a lack of simple but good quality food, but many outlets offering food that is of average standard and therefore *should* be reasonably priced are charging too much for it.

   Many of the visitors who come to the county and visit restaurants such as Fifteen and Rick Stein's Seafood Restaurant cannot afford for those outings to be anything more than a one-off. Nearly half of all visitors are not in the 'well off' categories and the resident population is known to be of below average wealth.

   It is therefore a mistake for too many outlets to be chasing the top end, and even more of a mistake for outlets to be charging top end prices for food that is not of that calibre, particularly now that the economic climate is changing. If people feel they do not get good value for money they will not return to or recommend a place. If <u>overall</u> prices are too high, people will simply eat out less frequently.

   A reputation for poor value could easily take around five years to permeate through the visitor market before its knock-on effect on repeat business is realised.

   There are many ways in which eating places can create better value for their customers and even achieve cost savings for themselves. As just a few examples:

   - *Using simple menus with limited choices, or more use of specials and table d'hôte*
   - *Better planning, control and management*
   - *Employing knowledge and skills that know how to make the most of seasonal produce and cheaper food ingredients such as less expensive cuts of meat and different varieties of fish*
   - *Serving food in a simple style in no-fuss surroundings*

# Conclusions and recommendations, cont'd

3. **Develop knowledge, skills, quality and service levels**

Fantastic locations and a peaceful and relaxed atmosphere can only go so far in creating a good dining experience. Skilled preparation of good quality food, combined with good service, is essential if customers are to go away sufficiently satisfied to return or recommend a place (or the county) to others.

A strong and sustainable industry must therefore be of this level. The ingredients must be of good quality to begin with; chefs need to know how to transform them into dishes that diners will enjoy eating and service staff need to know how to ensure that diners are looked after.

At present, although there has been progress, there is still room for improvement in Cornwall on all these counts. However, it is not just about providing the skills training; perhaps more important is motivating the current younger generation into an industry that currently holds little fascination for them, despite the opportunity now for more permanent full time jobs. In particular, while many will recognise the kudos attached to running a restaurant or being a TV chef, few appear to have the desire to spend the required time on acquiring the basic skills.

Some of those interviewed felt that the work ethic is even more difficult to stimulate in Cornwall than in other areas. Ironically this is possibly due in part to the laid back style of the county that visitors find so appealing.

Creating a desire to work in the hospitality industry is further hampered in the UK, not only by the poor working conditions of long hours, low pay and little job security, but also by what is something of a cultural disdain for those working in service industries. In many other cultures, bar personnel, waiting staff and chefs are all held in much higher regard than they are in the UK.

These are challenging difficulties without any quick-fix solutions but the existing initiatives that have been created in the county within this arena need to continue and expand. Without skilled staff there is no industry in the future.

# Conclusions and recommendations, cont'd

4. **<u>Overcome and prevent further malpractice and dishonesty in marketing of Cornish/local produce</u>**

   This is probably the one factor that has the potential to destroy all the progress that has been made in the use of local produce by the Cornish hospitality industry and the market's receptiveness to it.

   Recent national media coverage of this issue has highlighted that it is not a sustainable practice. The UK is a sceptical nation that will not withstand deception.

   Although those interviewed felt that this type of malpractice occurs in a tiny minority of eating places, those few still have the power to undermine 'local sourcing' as a marketing tool.

   Already some businesses are withdrawing from advertising their local sourcing policies for various other reasons, and this has the potential to encourage that trend. There is of course a huge danger that, if local sourcing loses its impact, businesses will simply stop doing it. This is especially relevant at a time when the price of local produce is comparatively high and margins are being squeezed.

   The greatest difficulty is in creating a method of overcoming the problem. None of those interviewed was able to suggest a perfect remedy. Producers do not want to tackle it personally; the market does not know which businesses are the perpetrators; Trading Standards Departments cannot act unless cases can be identified and, even then, cannot regulate on some of the more general rather than specific deceptions, e.g. 'Where possible…' statements. There are mixed opinions about whether a 'name and shame' tactic or a more positive 'use it or lose it' approach would be more effective.

# Conclusions and recommendations, cont'd

5. **Encourage strategic thinking and create a better understanding of the market**

   Employing all these recommendations involves a degree of strategic thinking – thinking deeply into and around the issues and solutions; thinking long term as well as short term.

   An obvious view from a market analyst perhaps, but nonetheless an important one, is that strategic thinking should incorporate an understanding of the market. Far too often, business planning takes the form of assessing ways of making money with little real attention to what the market might really want, or where market gaps might be, or how markets can be developed.

   Strategic thinking, coupled with strong market awareness, will enable Cornwall's hospitality industry to move from its already progressive position into new realms, creating initiatives that take eating out and local sourcing a stage further and help the industry weather any storms that might be on the horizon.

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