

A photograph of a restaurant table. In the foreground, there's a white plate with a dish of salmon topped with a poached egg and garnished with microgreens. To the left, a small black basket contains bread. Two wine glasses, one with white wine and one with red wine, are visible. The background is blurred, showing other tables and warm lighting. The text 'AVER/10' is overlaid in a large, red, serif font.

AVER/10

Aver Insight

Suburbs on the menu: the migration of city centre eateries to residential neighbourhoods

January 2023

Overview



An increasing number of F&B operators are making the big move out towards the suburbs, capitalising on numerous factors after debuting in city centre locations.

Having established their brand in locations like Central London, many have been able to successfully take an offer previously designed for a 24/7 location, to areas with a higher residential population, with only evening and weekend potential.



The headlines

Patty & Bun head to Clapham with Canary Wharf
on the horizon

HOTDINNERS

Pret sales jump as it focuses on
towns and suburbs

B B C

Is this the year of the
suburb?

VOGUE
BUSINESS

Thunderbird Fried Chicken expands to
suburbs

BigHospitality

Megan's secures Surbiton site

MCA.

**Brands target affluent
'rural suburbs'**

MarketingWeek

**WHY STARBUCKS IS SHIFTING ITS ATTENTION
TO THE SUBURBS**

RESTAURANT
BUSINESS

It all started with a pandemic...

This strategic change began during the pandemic:

- **Pivoting to delivery:** from Spring 2020, various lockdowns had restricted dining out options, and many businesses tweaked their operations to cater for the increased desire for delivery
- **Dark kitchens:** a phenomenon that grew exponentially, giving brands in the height of Covid, access to relatively low-cost, accessible facilities to keep their businesses afloat
- **Following the data:** with delivery going through the roof, F&B operators in this space had access to more data than ever, and a greater understanding of where their customers live



...and consumer behaviour has not been the same since



- **Hybrid working:** there has been a clear shift to a balance between working from home and going into the office. Before Covid, the average UK worker went into the office 3.8 days per week; by summer 2022 this was down to 1.4 days¹ – big brands create a sense of familiarity and guaranteed level of quality, which create a more attractive high street offer
- **Localism:** spending more time closer to home, during the pandemic and since, has instilled a greater sense of community – people now take more pride in what they have on their doorstep
- **Delivery gone, but socialising more important than ever:** delivery was a necessity during a lockdown, so naturally there is less demand now. Add to that the missed socialising time during the pandemic, and we can see that having a restaurant / café nearby where people can interact with friends and family is crucial



Examples

Megan's Surbiton: 'brunching out'



- Since opening on the King's Road in London, Megan's has branched out into the suburbs, including a recent opening in south west London suburb Surbiton, named 'Megan's at the Post Office'
- The building boasts original letter boxes and windows amongst other design features, creating a feeling of a community brand
- Megan's has capitalised on the increasing localism trend, also opening in the likes of St Albans, Marlow, and East Dulwich
- The brand naturally carries an independent atmosphere, making its transition to out-of-town locations more seamless than brands suited to a corporate environment

Patty & Bun Clapham: 'on a suburban roll'

- Patty & Bun opened its 10th location in early 2022, on the locally-loved Northcote Road, a high street style environment near Clapham Junction, one of the busiest train stations in the country
- Starting its journey with various pop-ups around the capital, Patty & Bun opened its first site in Marylebone in 2012, with the operator expanding to ten sites in London and one in Brighton
- With a cross platform presence offering delivery, takeaway, and dining in, Patty & Bun weathered the pandemic well with the use of dark kitchens and delivery options
- The pandemic has also created an increasing emphasis on localism and a demand for desirable London concepts to be available on consumer's doorsteps. Patty & Bun's recent opening in Clapham directly responds to this demand, and evidences the operator's positioning ahead of the curve



Franco Manca Blackheath: 'a slice of suburbia'



- Franco Manca's move to Blackheath, a neighbourhood between the busier Greenwich and Lewisham town centres, evidences the national brand's commitment to taking its offer beyond office-focused areas
- Following the brand's launch in Brixton Market in 2008, Franco Manca has gone from strength to strength, launching in central London, and increasingly spreading across a greater diversity of location
- Also capitalising on the 'Deliveroo' generation, WFH trends, localism, and cost-effective pricing, Franco Manca is a truly contemporary brand that understands the fast-evolving F&B landscape and suburbia's place at the heart of it

It's to everyone's benefit

Operators

- Sites are often cheaper than city centre
- Reaching an engaged local audience, with the opportunity to fully assess its demand for the brand through delivery beforehand
- The pandemic has accelerated localism and WFH trends; operators are able to capitalise on this
- With staffing an ongoing issue for hospitality and travel costs rising, suburban locations have a larger pool of nearby available staff than city centre ever could

Communities

- Exciting, previously London-only brands, positioned on consumer's doorsteps
- Serve as a meeting point within local communities, creating socialising opportunities and making them more appealing than before
- Drives up competition, encouraging other brands to enter the area and improving quality of local offer
- High streets have been hit hard for many years, these brands committing to them will help to revitalise crucial social functions on them

The demand, an expert opinion



"We are receiving increasing requirements from hospitality brands for prime suburb sites, where previously the emphasis was on a 24/7 footfall that only city centres could offer. From Patty & Bun to Gail's to Franco Manca, F&B operators are acting to increase their presence in suburbs up and down the country, recognising the evolution in consumer behaviour and working to ensure they continue to reach target audiences in a rapidly changing world."

– Nick Weir, joint-managing partner,
Shelley Sandzer



Can it last?

- Given this is mostly driven from a once-in-a-century event, there will be questions as to whether it will be sustained, or a return to pre-pandemic working patterns will see these brands move away from suburban operations
- The current cost-of-living crisis is squeezing spend, and 2023 will be a challenging year for consumers and many of the brands that have made the move to the suburbs recently
- However, indications are that working patterns have found a 'new normal', so the move to be part of a '15-minute neighbourhood' looks set to last for a while yet
- Working patterns appear to have permanently changed, but with younger people more inclined to work full time in an office² and consensus that they benefit more as they learn and develop, this might revert for the next generation



Trend versus long-term change, expert opinion



"The pandemic brought out a shift in consumer behaviours. A combination of: more home working, meaning greater opportunity to re-engage professionals who pre-pandemic were in the office 5 days a week; and a growth in the 'we first, not me first' attitude, which means community and a sense of supporting what you love is cherished more than ever before. All the indications are that this is here to stay, and it's therefore absolutely vital that residential areas and commuter towns evolve their offer to cater for people who value where they live, who previously travelled away much more for work and socialising.

"Hospitality has a huge role to play in enlivening places, so by moving to the suburbs, they are not only giving their brands a better chance to succeed, they are also supporting the long-term growth of a local community and cementing that re-engagement and grounding in their homes. The best case studies will definitely involve brands that did their research though, using the vast banks of consumer data we now have to ensure where they are going already has their core customer and potential for a loyal following."

– Alex McCulloch, Director at CACI

What about the reverse?

- With some big brands taking their offer to the suburbs, does that mean we will see independent, typically out-of-town brands targeting city-centric locations?
- Elephant Park is an example of where this is starting to happen – F&B operators like Four Hundred Rabbits, Koi Ramen, Livelyhood (The Rosy Hue pub), Rarebit and Kokoro all had their roots in London but have taken their first Zone 1 unit within this destination
- This could be the future direction for city centres, taking tried and tested independent concepts that have had suburban success, and giving them prime locations that take advantage of their community-focused offer, while retaining a feel that supports the localism trend



The verdict



- The move to the suburbs was a direct consequence of changing consumer behaviour because of the pandemic, but that does not mean it will so easily change back again
- Brands have been strategic about how and where they move, targeting locations they know give them the best chance of success by using information on where their key customers live
- They will have a vital role in enlivening high streets and key social areas within previously residential dominated areas
- Short-term pain is expected, with the cost-of-living crisis leading to spiralling expenditure for businesses and consumers alike, but in time the benefits of being in suburban locations appear to be strong
- How these businesses then evolve their city centre offers – given changing working patterns but still respecting huge spend potential – will be just as critical
- A likely outcome is also increased emphasis on previously suburban brands taking their offer to the city centre, bringing with them a devoted customer and appealing to the localism trend

Sources

1. <https://www.bbc.co.uk/news/business-62560520>
2. <https://techtalk.currys.co.uk/computing/accessories/what-works-when-working-from-home/>

Additional reading:

1. CACI opinion piece, The Future of Place
<https://www.averpr.com/opinions/2022/3/3/the-future-of-place>
2. Shelley Sandzer opinion piece, Overnight repurposing of the High Street
<https://www.averpr.com/opinions/2022/4/12/overnight-repurposing-of-the-high-street>



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