

The Elms Restaurant

**Snowhill, Shelton
Stoke-on-Trent, ST1 4LY**



Market Assessment 2008

Research done by KVM Research in the Spring of 2008.

The purpose of this market assessment is to assess the full potential of the business and the premises that are 'The Elms' Restaurant. It was conducted during the spring of 2008 by Knud Møller of KVM Research at the request of the proprietor Mr Pritpal Singh Nagi.

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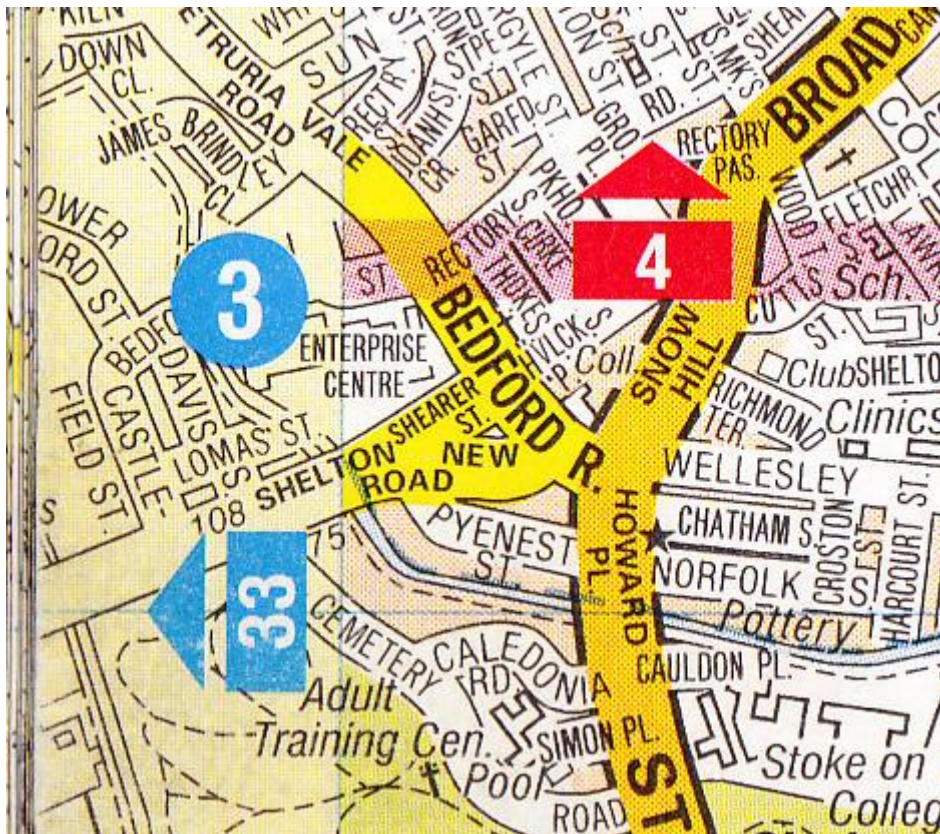
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Introduction

'The Elms' is a large Indian restaurant with authentic furnishings and décor and an authentic feel to it. It is situated in Snow Hill in the City of Stoke-on-Trent in the area known as Shelton. Shelton is situated in the heart of the City and is one of the older parts. It includes a mixture of commercial premises of various ages and a large number of traditional terraced houses. 'The Elms' is situated in Snow Hill on its junction with Bedford Road just North of the Railway Station on the main road to the City Centre approximately 1 further mile North. Prominent among local buildings and institutions in and around 'The Elms' is the St Matthew's Church on the road leading into the City Centre. To the South is Stoke-on-Trent College and Hanley Park, further South and East is Staffordshire University. To the West along Shelton New Road leading to Newcastle-under-Lyme is the former Twyfords Pottery now being redeveloped for flats and houses.

The premises are owned by Mr Pritpal Singh Nagi who manages the business jointly with his wife Ruby Nagi.



Copied from Stoke-on-Trent A-Z Street Atlas, 2001, page 34

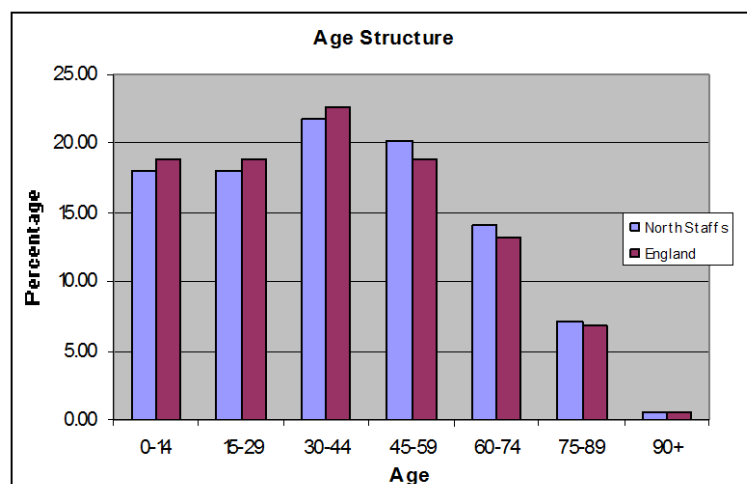
General

The Catchment Area

'The Elms' claims to have a national catchment and frequently gets visitors from as far as London apparently just to sample the authentic Indian cuisine. However, for the purposes of this Market Assessment we focus on the local subregion of North Staffordshire and South Cheshire.

On this basis the principal catchment area is determined as including the local authorities of Stoke-on-Trent City, Stafford, Staffordshire Moorlands, Newcastle-under-Lyme, Congleton and Crewe & Nantwich. This catchment area includes a total area of 211,983 hectares (818 square miles) and the population, which at the time of the 2001 Census comprised 779,487 people or more than $\frac{3}{4}$ of a million. The average population density is 3.68 persons per hectare (1.49 persons per acre), but varies from 25.75 persons per hectare within Stoke-on-Trent to only 1.64 within Staffordshire Moorlands. For comparison the population density in the North West including Manchester and Liverpool is 4.77 persons per hectare (1.93 persons per acre); the density within the West Midlands including Birmingham and the rest of the metropolitan area is 4.05 persons per hectare (1.64 persons per acre).

How old are they?



Source: 2001 Census

It is seen from the above diagram that at the time of the 2001 Census there were more people within the defined catchment area of 'The Elms' aged 45 and above compared to England as a whole. The average age within this area

was 40.0 years of age compared to the average for the whole of England at 39.1 years of age. However, age varies from district to district with Stoke-on-Trent being the 'youngest' with an average age of 39 years of age and Staffordshire Moorlands being the 'oldest' with an average age of 41.5 years of age.

Who are they? - Socio Economic Profile

	North Staffs South Cheshire	England
All people aged 16-74, numbers	569,382	35,532,091
	<- Percentage ->	
<u>Economically active</u>	65.58	66.86
Employee: Part-time	11.79	11.81
Employee: Full-time	40.69	40.81
Self-employed with employees	2.90	2.95
Self-employed without employees	4.53	5.36
Unemployed	3.00	3.35
Full-time Students	2.67	2.58

Source: 2001 Census

There are slightly fewer economically active people in the defined catchment area than in the Country as a whole and thus also more people inactive. Of the economically active more are employees and together with the self-employed they add up to over 59.91% of all people aged 16-74. A substantial proportion of people are therefore likely to have a regular income although not necessarily a high income.

This broad picture varies across the sub-region. The highest proportion of people in employment (employees + self-employed) is found among residents in Congleton Borough, the second highest within Stafford Borough. The lowest proportion is found within the City of Stoke-on-Trent Area.

	North Staffs South Cheshire	England
All people aged 16-74	569,382	35,532,091
	<- Percentage ->	
<u>Economically inactive</u>	34.42	33.14
Retired	14.85	13.54
Student	4.45	4.67
Looking after home/family	5.66	6.52
Permanently sick/disabled	6.58	5.30
Other	2.87	3.10

Source: 2001 Census

The corollary to a low rate of Economic Activity is a high rate of inactivity. Contributing to a high rate of economically inactivity is a high percentage of people in retirement, higher than the national rate in every district. Also we find a high rate of people who are 'Permanently sick and/or disabled', and it is highest in Newcastle-under-Lyme and Stoke-on-Trent. This statistic contributes to the status of both areas as a Regeneration & Renewal area.

Qualifications

The number of students in the area is close to the national average, but as seen from the table below the percentage of people with no qualifications is high compared with the Country and the percentage of people with qualifications at all levels is low.

	Nort Staffs South Cheshire	England
	Sub region	Country
All people aged 16-74, numbers	569,382	35,532,091
	-< Percentage ->	
No qualifications	33.78	28.85
Level 1 qualifications	16.28	16.63
Level 2 qualifications	18.90	19.36
Level 3 qualifications	7.62	8.34
Level 4 / 5 qualifications	16.00	19.90
Other qualifications: Level unknown	7.41	6.92

Source: 2001 Census

Again this overall picture hides differences between each of the areas that make up our defined catchment area. The proportion of people with no qualification is highest in Stoke-on-Trent at 43% compared to 24% in Congleton and 26% in Stafford. Conversely the proportion of people with qualifications is lowest in Stoke-on-Trent at 57% and highest in Congleton (76%) and Stafford (74%).

How do they live? Socio Economic Group

The table below show the number of people aged 16-74 and the percentage who belong to each of the fourteen socio-economic groups and are 'Not classified'. It is seen that within the North Staffordshire-South Cheshire Sub Region a relatively high percentage of people are included in the categories lower supervisory & technical occupations, semi routine and routine occupations. Otherwise the

proportions do not differ significantly from those of the North West Region and the country

Also in these terms there are differences between the districts that make up the defined catchment area. The three lower categories referred to comprise 39.4% in Stoke-on-Trent, but only 25.9% in Congleton and 27.1% in Stafford BC area. Conversely the five top managerial and

	North Staffs South Cheshire	North West	England
All people aged 16-74, numbers	569,382	4,839,669	35,532,091
	<-	Percentage	->
Large employers & higher managerial occupations	3.12	2.86	3.50
Higher professional occupations - employees	3.06	3.38	4.11
Higher professional occupations - self-employed	0.71	0.79	1.00
Lower professionals & higher technical - employees	8.39	8.77	9.17
Lower professional & higher technical - self employed	0.67	0.73	1.10
Lower managerial	4.83	4.73	5.50
Higher supervisory	2.46	2.55	2.96
Intermediate occupations	8.05	9.27	9.48
Employers in small organisations	2.55	2.37	2.42
Own account workers	4.17	3.93	4.56
Lower supervisory & technical occupations	8.26	7.48	7.11
Semi-routine occupations	12.71	12.17	11.65
Routine occupations	12.06	9.82	9.02
Never worked & long-term unemployed	2.86	4.27	3.73
Not Classified	26.11	26.86	24.70

Source: 2001 Census

professional categories make up 10% in Stoke-on-Trent, but 23.3% in Congleton and 21% within Stafford BC area

This will have implications for average household income in the area as the wages paid to people engaged in the lower supervisory & technical occupations etc will tend to be low compared to wages paid to people working in managerial and professional occupations.

Cars & Vans

The availability of cars and vans is often taken as an indicator of wealth, income and purchasing power. More important for this study, it is also an indicator of accessibility especially in a very large catchment area where an evening trip from a far corner of the area may prove difficult with public transport.

	North Staffs South Cheshire	England
All households, numbers	325,741	20,451,427
	<- Percentage ->	
No car or van	24.47	26.84
1 car or van	44.02	43.69
2 cars or vans	25.21	23.56
3 cars or vans	4.83	4.52
4 or more cars or vans	1.47	1.39
	<- Numbers ->	
Total cars or vans	376,133	22,607,629
Cars per household	1.15	1.11

Source: 2001 Census

It is seen from the above table that the level of availability of cars within North Staffordshire-South Cheshire is not very different from England as a whole. However, the proportion of households that do not have a car or van available is slightly smaller at 24.47% than in the country, 26.84% and the average number of cars per household is slightly higher at 1.15 cars per household compared to an average of 1.11 within the country. It does hide some differences between the districts and further analysis show car and van availability to be higher within Congleton and Staffordshire Moorlands at an average of 1.43 and 1.34 cars and vans per household respectively. By contrast there is only an average of 0.90 cars per households within Stoke-on-Trent. The proportion of people with no cars or van available is the highest of the six authorities that make up the catchment area at 34.60%.

This will in part reflect differences in income between the areas and in part differences in the availability of public transport. For people in rural Staffordshire Moorlands and Congleton availability of a car or van is a fundamental necessity; people in Stoke-on-Trent have an alternative in public transport.

Income & Expenditure

There are no statistics available on personal or family income and expenditure for a non-statutory area such as the North Staffordshire-South Cheshire area. We therefore rely on statistics for the constituent local authority areas. The table below shows the average weekly earnings of individual residents in those areas who are also in employment. This we can relate to the national statistics on household expenditure, but before we can do that we need to consider average weekly household earnings.

	Males	Females	Totals
	<-	££	->
Congleton	559.60	368.10	466.50
Crewe & Nantwich	463.90	274.20	369.40
Newcastle-under-Lyme	496.70	303.10	400.90
Stafford	565.00	342.20	458.90
Staffordshire Moorlands	523.50	307.80	423.30
Stoke-on-Trent	412.10	284.50	353.50
Totals	487.41	307.30	401.26

Source: NOMIS and ASHE

From the above tables on residents in employment and no of households we find that within North Staffordshire-South Cheshire area there is an average of 1.05 people per household in employment. To find the average earnings per household we can therefore multiply the above average by that ratio and we thus find an average household earning of £420.

Households with that amount of earnings will according to the Family Expenditure Survey*) spend an average of £28 a week on alcoholic drinks and meals in restaurants and cafées. Multiplied with number of households we thus find a potential weekly expenditure by households in the catchment area on these items of £9.01 million or with an estimated 600 establishments within the catchment area a potential weekly spending of £15,010 per establishment per week or a potential annual turnover of £780,600 per year.

With many different establishments, many different sizes of establishments, and many different types of operation it is not possible to give a global figure for what turnover one particular establishment should strive to achieve. However, £780,600 could nevertheless serve as a benchmark and the typical successful business should have a turnover near or in excess of this figure. It is considered that 'The Elms' with quite large premises

located in the heart of an urban area will need a turnover well in excess of the benchmark.

*) Office for National Statistics, 'Family Spending 2007 Edition', Palgrave Macmillan, 2008.

Detailed Area Analysis

In the previous sections we have hinted at differences between the six local authorities in terms of the socio economic structure of their populations and we have in particular referred to the statistics that points to Congleton Borough and Stafford Borough as being the most affluent of the six authorities. Because of these facts it seems reasonable to assume that these areas will be the most profitable to target for a marketing exercise. However, local authorities are very large areas with many thousands of residential addresses and they will therefore be too cumbersome to handle in their entirety. It will be necessary to focus on smaller parts of their area. In the following we have chosen to focus on the electoral wards as convenient statistical entities, which have the additional benefit of having ready-made address registers in the form of electoral registers, which can be purchased.

The table below shows the outcome of an analysis of all the electoral wards within Congleton and Stafford boroughs. It shows the five wards with the highest proportion of people within the professional and managerial occupations who on average will also have the highest disposable income.

<u>Congleton Borough</u>	Holmes Chapel	Congleton South	Sandbach West	Alsager West	Alsager Central
All people aged 16-74	4,106	4,367	4,575	2,801	2,839
Professional & Managerial Occupations	30.30	28.78	26.75	26.49	26.38
<u>Stafford Borough</u>	Chartley	Rowley	Weeping Cross	Church Eaton	Swynnerton
All people aged 16-74	1,339	3,116	4,848	1,524	3,157
Professional & Managerial Occupations	27.78	27.47	26.01	25.66	25.28

Source: 2001 Census

If 'The Elms' feel it desirable to attract more customers it is recommended that the owners purchase the electoral register for one or more of these wards and use that as the basis for an approach to local residents.

Proposed Customer Survey

An analysis based on Census information such as shown above can go a long way towards establish the nature of the catchment population in terms demographic and socio economic details. However, it can never be accurate and is essentially only an estimate.

In order to establish the exact nature of the catchment population ie which groups of the population are attracted to 'The Elms' and its geographical spread, it is proposed to conduct a survey of the customers. This would include some simple questions about a) who they are, b) where they come from, c) what attracts them to 'The Elms' and d) whether they have any improvements to suggest.

It may be argued that customers will feel inconvenienced by such an approach, but experience shows that they will be only too happy to oblige and may in fact relish the opportunity to tell owners and managers what they feel about 'The Elms'. It may also serve as a talking point round each table and thus stimulate conversation and enhance the experience that is 'The Elms'.

Conclusion

It is considered that 'The Elms' with quite large premises located in the heart of an urban area, as a benchmark, will need an annual turnover well in excess of £780,600. If such an amount is not achieved some serious marketing needs to be considered. It may even be considered if it is thought desirable to increase the existing turnover, whatever its size. It is recommended that this should be done in two phases.

Firstly, in order to assess more precisely to which part of the population in which geographical area 'The Elms' has the greatest appeal, a customer survey needs to be conducted on the basis of the questionnaire shown in the appendix.

Secondly, a direct approach eg by mailing should be made to the residents in the areas with the greatest concentration of the relevant catchment population.

Alternatively, without a customer survey a direct approach could be made to residents of any of the 10 wards listed above in the 'Detailed Area Analysis' section.

Customer Survey 'The Elms', Shelton, Stoke-on-Trent

A survey of the customers is requested by the owner of 'The Elms' Indian Restaurant, Shelton, Stoke-on-Trent. The outcome will assist him in planning the future of the restaurant and implement any improvements if such are suggested by you the customer. The survey is confidential and no detail about each response will be revealed to the owner or any third party. An analysis and report will be handed to the owner and will be his property alone. Please fill in the questionnaire as accurate as you can.

Customers should only fill in one questionnaire each. You may fill in the questionnaire here and hand it to the restaurant staff, at home and bring it back next time you visit 'The Elms' or post it to: KVM Research, 1 South Street, Mow Cop, Stoke-on-Trent, ST7 4NR.

Free meal for two: If you fill in the space for your name and address on the back you will take part in a prize draw for a free two-course meal for two.

Who are you? Tick one box only in each section.

Gender: Male Female

Age: 15-19 20-24 25-29 30-34 35-39

40-49 50-59 60+

Car owner: Yes No

Are You: Employed Self-employed Unemployed/seeking work

Student Other:

Where do you live: Stoke-on-Trent Leek Staffordshire Moorlands

Stafford Stone Congleton Kidsgrove Alsager

Newcastle-u-Lyme Biddulph Cheadle Sandbach

Crewe Nantwich Brown Edge Endon Scholar Grn

Elsewhere:

You and 'The Elms' Tick as many boxes as apply.

Have you visited 'The Elms' before? Once Twice More times

When did you last visit 'The Elms'? Last week Last month

Within the last 3 months Six months ago Within the last year

After the smoking ban on the 1st of July 2007 do you come:

More often Less often About the same

p.t.o.

What attracts you to 'The Elms'? Quality of the drinks Variety of drinks
 Price of food Quality of food Variety of food Price of drinks
 Easy access Friendly staff Friendly owner Friendly atmosphere
 Furniture and decorations Hygiene & cleanliness Opening times

Other attractions:

The next section concerns any improvements or other suggestions you may have. However, please bear in mind that the landlord is constrained by the terms of his licence and has to keep on good terms with the authorities and his neighbours and other residents in the area.

Any improvements to suggest?

More variety of beers More variety of wines More variety of spirits
 More variety of food More spicy food More vegetarian food
 Any live music eg classical Indian classical European/English jazz
 Are the facilities for smokers adequate

Other suggestions:

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Only fill in this space if you wish to take part in the prize draw.

Name:

Address:

Telephone:

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