Fourth

The Garden Centre Dining Report

2024

Supercharge your dining operations.

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Foreword



Stewart Maranello
Solution Director - Inventory Management, Fourth

Over the years, garden centres have undergone a remarkable transformation, blossoming into vibrant hubs that offer so much more than just plants and tools.

The statistics speak volumes. With over 50% of revenue now generated from non-horticultural categories, it's clear that garden centres have successfully diversified their offerings. Despite headwinds like unseasonable weather and economic uncertainty, sales have remained resilient, thanks in no small part to the booming success of their dining operations.

It's fascinating to see how dining has become a linchpin of profitability for many garden centres. But with growth comes new challenges, and operators are finding themselves navigating uncharted territory. Many are still using processes that grew up as their dining businesses did and, as this side of the business expands, are rapidly coming to understand that manual processes can only take them so far. It's time for garden centre dining operations to embrace technology solutions designed specifically for restaurants. In doing so, garden centres can reduce the time spent managing purchasing, maximise the profitability of recipes and menus and avoid stock issues. In short, they can ensure their dining establishments continue to contribute meaningfully to the bottom line – whatever the future throws at us.

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The changing face of UK garden centres

Nearly a decade ago, property consultancy Harris Lamb's Malcolm Scott noted at a Horticultural Trades Association (HTA) conference that garden centres were becoming sizable retail businesses, "...positioning themselves as destination attractions with award-winning restaurants and coffee bars, children's facilities, and even spas to keep their customer base on site and spending for the day."

The intervening years have done little to slow the trend, which has been firmly led by garden centre dining – Blue Diamond reported to investors an increase of 33% in turnover from its restaurants in the first half of last year. HTA figures show that this trend wasn't isolated to one or two of the biggest chains, either. It reports garden centre catering sales across the sector growing by 23% last year compared to 2022. Overall sales grew by 2%, making catering by far the highest growth category of the year.

Diversifying away from horticulture and into other categories has offered the sector an impressive resilience, helping it to chart growth even against a backdrop of unseasonable weather, ongoing inflation and a cost-of-living crisis. Over 50% of garden centre revenue is now generated from categories including homeware, food halls and restaurants, and Savills estimates that retailing spending in garden centres is around the £5bn mark. These sites have become retail destinations, and dining is a huge part of their offering.

Tom Whittington, Director of Commercial Research at Savills, sees on-site dining fast becoming a top priority, "For those operators we speak to that do not have a café, or where it is currently run as a concession, it is the number one element they would add or take back in hand given the opportunity."

Fourth's Sebastien Sepierre, Managing Director - EMEA, agrees that catering is becoming an increasingly important aspect for garden centres, particularly during times of economic uncertainty. "Garden centres offer a more enjoyable experience than your typical inner city shopping trip. Large stores with free car parks and plenty of variety provide lots of scope for browsing, and the opportunity to grab a quick coffee or bite to eat make these sites far more appealing and increase their utility to those looking to meet friends or while away a few hours. Operators are recognising this, and we're seeing a trend towards garden centres investing more and more in their restaurant operations, growing them and introducing supplementary activities and services as well, such as installing soft play areas next to the restaurant or offering takeaway options."

23%
growth

Catering was the highest growth category of 2023.

HTA January 2023

> *"...we're seeing a trend towards garden centres investing more and more in their restaurant operations, growing them and introducing supplementary activities and services as well."*

Sebastien Sepierre,
Managing Director - EMEA

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Running a catering and dining business

With dining fast becoming a key player in the garden centre mix and operators focusing on growing that side of the business, many are embarking on a whole new chapter managing sizable restaurant and cafe chains.

For groups like Dobbies and British Garden Centres, with 75 and 62 stores respectively, a cafe or restaurant in every venue would effectively make them bigger chains than the likes of Honest Burger, Comptoir and Back Sheep Coffee. And that brings with it a host of new challenges, over and above those retailers are familiar with.

Restaurant purchases have a different cadence to retail. They need to be made more frequently, and from a broader range of suppliers than procurement teams experienced in nurseries, concessions or even food hall items are used to.

Fresh food has a short shelf life, and food safety requirements mean operators must be able to track expirations dates for all the catering inventory they're holding. Generic retail inventory solutions often lack the functionality to meet all these needs, and that's before you've factored in ingredient availability and managing invoicing and purchasing from multiple suppliers.



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Purchasing and invoicing



Cafes and Restaurants create a sizable amount of paperwork, particularly as they grow. With lots of specialist suppliers required to source and provide a variety of ingredients on a daily basis, keeping track of purchasing, receiving, invoicing can take on a life of its own when you introduce dining into the garden centre mix.

"One of the UK's largest garden centre chains initially approached us because they were processing up to 4000 invoices a month manually," explains Fourth's Stewart Maranello, Solution Director - Inventory Management. "This was understandably a huge time sink for the team. Thankfully, Fourth was able to streamline and automate much of this process for them, even integrating directly with four of their largest suppliers to automate ordering, purchasing and invoicing, and save the team hundreds of hours a month."

Compliance



Growing their dining offering increases the number of regulations garden centre operators need to comply with. Requirements such as calorie labelling and allergen labelling are enforceable once a food business reaches over 250 staff and are likely to be applicable to most operators with multiple sites.

Carbon food labelling, while not currently a legal requirement, is certainly growing in popularity. JustEat ran a small trial last year, and brands like Oatly are campaigning for labelling to become mandatory, with food producers required to define the carbon footprint of their products. Restaurants and cafes would then need to calculate and label the carbon impact of each item on their menu – something environmentally conscious consumers might start to prioritise long before it becomes a legal requirement.

> *"Food labelling – whether allergens or carbon – isn't as tricky as it sounds," notes Fourth's* ***Stewart Maranello****. "A robust inventory management system can pull this information directly from suppliers' data and generate labels, in much the same way that it automates procurement."*



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Controlling costs

One of the main attractions of garden centre dining – particularly in the current climate – is that it offers customers the option to eat out without breaking the bank. Controlling costs then are essential to the value proposition, and recipes that cost too much or fail to sell the right quantities at the right price can impact margins that are, by necessity, already tight.



From unused ingredients to haphazard preparation and underperforming menu items, inefficiencies quickly add up and can eat into profit margins. Understanding how much a menu item costs, whether the recipe allows for lower cost ingredients to be substituted, or if ingredients are routinely going out of date before they're used, are all vital aspects of restaurant management. Food prices are also increasingly variable, adding another element of complexity as operators need to leave themselves the flexibility to source ingredients from multiple suppliers.



> *From unused ingredients to haphazard preparation and underperforming menu items, inefficiencies quickly add up and can eat into profit margins.*

Workforce management

The operational considerations of dining go far beyond simply logistics. Their level of diversification means garden centres are effectively running multiple workforces on one site, each with different training and scheduling needs.



Dining establishments require a range of skill sets, from waiting staff to barristers and chefs. Shifts aren't limited to opening times either, and dining operations need staff to be available for food prep and baking, as well as serving. This adds complexity to staff scheduling, particularly if the person creating the roster is also responsible for staffing other areas of the business – nursery or retail staff cannot easily be drafted into the restaurant, and vice versa. All of which increases the administrative burden associated with staffing since each area is likely to have distinct demand peaks and labour requirements, and needs to be operated as a separate entity from a workforce management point of view.

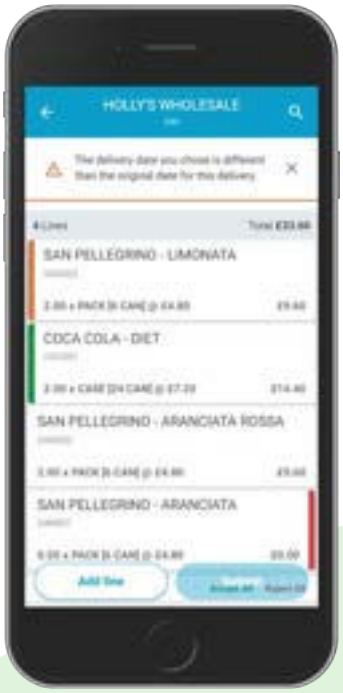
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Supercharge your garden centre dining with Fourth

Most garden centre dining operations have grown over time, increasing capacity and choice with customer demand. Processes don't always scale well in these fast growth environments and inefficiencies are often accepted as a necessary evil.

But garden centres can benefit from the learnings of a diverse UK hospitality industry that has battled – and solved – many of the same challenges they're facing. There's no need for catering teams to be manually counting stock every other day, or spending most of their shifts on laptops managing purchasing and inventory. There are pure play restaurant technologies, like Fourth, that can enable garden centre dining operations big and small to automate manual processes, increase efficiency and maximise profitability.

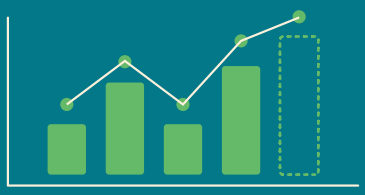
Purchase to Pay and Inventory Management



Restaurant procurement is world's away from retail, with a diverse range of suppliers and prices that change almost daily. Platforms that can consolidate supplier catalogues are one of the best tools for procurement managers and provide a helpful framework for those that might be new to dining operations. Solutions like Fourth's automate the ordering process, combining supplier catalogues and automatically ordering routine stock as and when it is needed. It also supports communication and team engagement across the entire inventory lifecycle to ensure everyone is informed and knows the status of each ingredient, its current stock level and when to expect the next delivery.

Fourth's Purchase To Pay and Inventory solutions feature an integrated AI-driven demand forecast, taking the guesswork out of ordering. It pulls in third-party industry data to anticipate demand and ensure order quantities are aligned with it. For those just taking cafe operations in-house or expanding out to other sites, leveraging third-party data from similar sized dining businesses can be helpful for creating a baseline estimate of demand levels before you fully understand trends and patterns specific to your venue.

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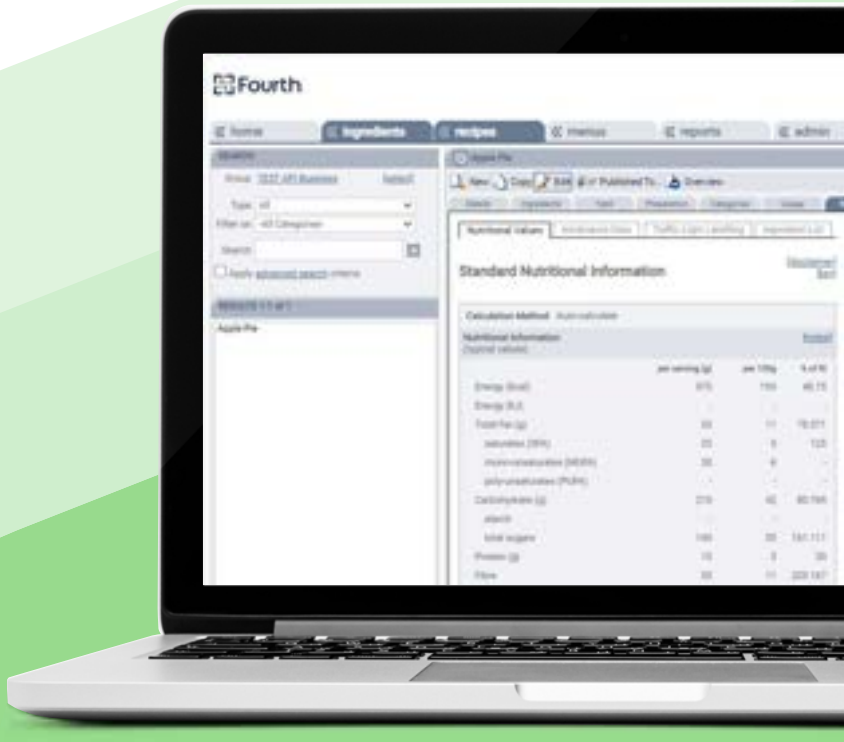
Recipe and menu engineering

Ingredients and labour are a restaurant's prime costs and, with dining operations accounting for up to one fifth of garden centre revenue if run well, optimising kitchen operations and menu items for profitability are critical to the overall performance of any cafe or restaurant.

> *Optimising kitchen operations and menu items for profitability are critical to the overall performance of any cafe or restaurant.*

Menu engineering provides an assessment of pricing based on labour and ingredient costs. It's a means of determining if ingredients are too expensive and is a vital tool for ensuring a dish is profitable. It also provides insight into which dishes are the most profitable, enabling operators to optimise their menu with promotions that encourage sales of items with a high margin or remove dishes that have a low profitability and aren't all that popular.

It's an approach that can then be used to further streamline other processes, such as food labelling. For example, Fourth automatically pulls information from suppliers on ingredients to create a centralised repository. This can then be leveraged for menu engineering and used to automatically create labels for each menu item. These labels can be pushed to the required channels – such as website, menus and digital displays – on a regular basis, automatically updating if recipes change and ensuring food labels are never out-of-date.



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Stock control

Managing dining inventory is one of the biggest points of difference for operators familiar with retail. Short shelf lives mean ingredients are constantly being ordered and delivered, and teams need to be aware of the use-by-dates of every perishable item in the kitchen.

With Fourth, garden centre operators can automate huge swathes of this process, tracking stock from order through to use. The system automatically pulls data on use-by-date from suppliers and monitors the use of each ingredient, allowing teams to monitor stock levels in real-time and see exactly which ingredients need to be used and exactly when to place an order. Stocktaking moves from a largely manual and paper based process, to automated and digital, saving considerable time and increasing accuracy.

Centralised platform and analytics

Platforms like Fourth, which centralise operations, support the automation of some of the most manually intensive aspects of running a cafe or restaurant.

From purchasing to stock management, these are data heavy operations that benefit hugely from digitisation. By bringing these aspects of dining operations onto one central platform, operators gain greater visibility and access to a host of analytics, allowing them to understand the factors influencing profitability at a granular level and optimise their dining businesses with confidence.

A platform also allows operators to make the most of emerging technologies like artificial intelligence, which can power highly accurate demand forecasts. These in turn can be used to further optimise purchasing, inventory and even staff scheduling, controlling costs and increasing efficiency.



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The art of the possible

As garden centre dining expands, processes need to mature or operators risk losing margin to inefficiencies. Fourth has helped hospitality businesses big and small to increase ordering accuracy, and automate the effort of processing invoices.

Our experts have years of experience helping to optimise dining operations, valuable learnings that can help your garden centre dining team to automate effectively, deliver cost savings and maximise profitability.

> *"Fourth subscribes to our value of innovation and continues to drive forward their solutions to help address our ever-challenging demands, a perfect partnership."*
>
> ***Darrell Wilson,*** *Former Director of Procurement, Mitchells & Butlers*

To discover how Fourth can maximise your garden centre returns, book a demo today.

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Preparing for the next phase of growth

On-site dining has helped the garden centre sector to develop into ‘destination retail’ – large, busy sites with broad appeal. Dining operations are now a vital component of profitability for many, particularly during times of economic uncertainty, and have helped to protect the industry from seasonal demand fluctuations, bolstering trading throughout the year.

With garden centre restaurants and cafes growing at pace, many operators now find themselves running sizable dining businesses. These operations are markedly different to retail, with unique requirements around purchasing and payment, inventory management, and compliance. By learning from the hospitality industry and leveraging pure play technology solutions designed to address the specific needs of catering businesses, garden centre operators can remove administrative burdens from their teams, increase restaurant efficiency and maximise the profitability of their dining operations.



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Conquer the Day

Reach greater heights with Fourth's AI-driven Workforce and Inventory Management Platform, empowering you to build loyal teams, overcome tight margins, and deliver exceptional customer service.

We are a leader in data-driven workforce and inventory technology for the retail, restaurant, and hospitality sectors. Proudly serving 15,000 customers across 100,000 sites globally, with 2.5m users.

To discover how we can help you to simplify your operations and boost efficiency and profitability, please get in touch.

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