

If Tesco was a pub

M&B's Toby Carvery brand is focused on the mass market. MARK STRETTON reports

It's tempting to dismiss a concept based on a meat carvery. Especially against the backdrop of an eating-out market that contains a slew of sexy sophisticated concepts such as YO! Sushi, Strada, Loch Fyne and Wagamama. But Toby is a mighty machine.

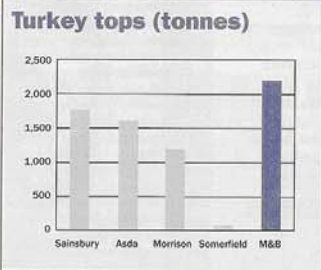
Mitchells & Butlers' highest-volume restaurant brand, averaging 2,300 covers per site per week compared with Harvester (1,999) and Vintage Inns (1,400), is probably the closest the pub industry comes to replicating the supermarket model.

Based on "accessible indulgence", it is a high-volume business that uses its scale to continually drive down costs with a proposition based on a good-quality product and incredible value: licensed retail's answer to Tesco.

The value-dining brand, which first opened in 1971 as Mr Toby's Carvery, isn't so much a food pub as a production line, serving 12m customers a year. Across 80 sites average sales are about £30,000 per week, with a 70:30 dry:wet sales split. About 90% of food sales are carvery, but Toby also offers salads, jacket potatoes and homemade pies. New-build sites cost between £1.2m and £1.5m to construct – that provides 3,500sq ft, which equates to 150 covers and a bar area.

Creating a virtuous circle

At M&B's latest interim results, chief executive Tim Clarke spoke of creating a "virtuous circle" within its business by driving costs down through higher volumes, higher productivity and better buying terms, in turn passing this greater efficiency to customers through lower prices, and therefore marginalising some of the competition. This supermarket model is evident at Toby – in 1989 it cost £8.45 for a carvery plus a choice of pudding, whereas today it costs £7.99. As a com-



Mass-market appeal: Toby Carvery in Eastbourne



pany, M&B has reduced its average cost price of a consistent basket of goods by 12% since 1999.

Some of the headline statistics are impressive. M&B is the largest purchaser of turkey tops in the UK, ahead of Tesco and Asda – including 1,781 tonnes at Toby alone. Toby buys 1,075 tonnes of beef (enhanced forerib) and 12.4m stuffing balls each year.

Last year Toby purchased 1.3m heads of cauliflower and 2,500 tonnes of potatoes. The group deals directly with Spanish farmers, who allocate them fields for vegetables on a permanent basis, putting them in direct control of the supply chain. Vegetables make the journey "from gate to plate" in 24 hours. M&B is able to negotiate favourable terms with farmers in exchange for long-term contracts.

"There is an argument whether cooking is an art or a science: for us, it's most definitely a science," says Tony Hughes, managing director of M&B's restaurant division. "It is not so much a kitchen in Toby as a factory."

The kitchen certainly does resemble a food production line. Up to about 50 joints of meat are cooked in a Toby kitchen on any one day, huge Hobart ovens cook vegetables in one to three minutes, others roast potatoes in 20.

The offer may seem unsophisticated, but to operate on this level, with this volume and at the right quality, it's pretty complex. About 30% of the business happens on Sundays when covers are turned about five times in one day. With a business that does this sort of volume – the biggest have recorded 5,000 covers in a week – the key challenge is capacity management: taking more cash when it does not seem physically possible.

To this end, for the past seven years M&B has worked with US-based consultancy Determistics, whose other clients include Denny's, Olive Garden, Panera Bread and Starbucks. It is a specialist in restaurant throughput and "foodservice industrial design", helping companies to improve the quality, efficiency and profitability of restaurant operations. It also works with Pizza Express and Whitbread in the UK.

Essentially it measures everything "that moves" in a restaurant, calculating staff and customer processes down to seconds. It has helped M&B grow average covers per week at Toby from 500 in 1994 to 2,300 at the last count. There are a number of capacity "pressure points" and some obvious focus spots to making the restaurant more efficient, such as front-of-house and kitchen ergonomics. There are also more subtle levers. Keeping customers moving through the serving area is critical, which means focusing on minute detail such as making sure the handles on the serving ladles are not too hot – this slows the customer down. Understanding behaviour is also important.

Keeping people on the move

M&B research shows that practically all Toby's customers will have potatoes (especially roasts) so these are placed past the meat and other vegetables at the end of the serving station. Like some form of gravitational pull, people are drawn down to the end – essentially the spuds speed up the line.

Gravy boats and other sauces are on a separate station at least two metres (preferably three) away from the main serving area, which once again keeps people moving.

There are also some cute psychological cues

Real price changes in food

	1998	2005	7-year change
Average earnings index*	100	135	+35%
Main course price**			
Harvester spit-roast chicken	£8.40	£7.95	-5%
Harvester EarlyBird meal	£5.60	£5.30	-5%
Toby carvery meal	£6.45	£6.65	+3%
Vintage Inns 8oz rump steak	£6.95	£7.50	+8%

* Source ONS: compares February 2005 to February 1998

** Based on average price per dish in both years (nb, this does not equate to average spend per head)

that influence customer choices and help M&B to manage costs. At the serving counter the customer reaches the Yorkshire puddings first: these take up quite a bit of room on the plate. Next is gammon, then turkey top followed by a joint of beef, placed third out of three because it is the most expensive.

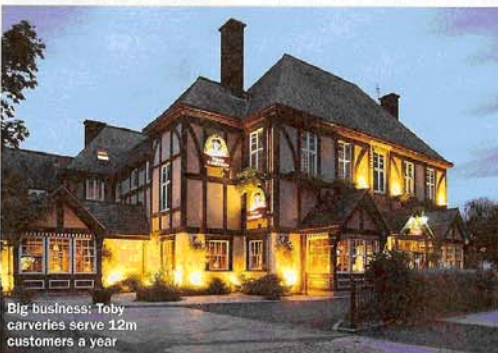
Toby is a "category killer" in what is a mature yet growing market. Latest figures from AC Nielsen show that a roast dinner is the most popular pub dish. Figures collated from 10,000 managed houses show that last year 32m roast dinners were sold. Beef was most popular, up 5.1% in volume terms, while turkey was up 9.3%. One suspects this growth and that of Toby are not coincidental.

Plaudits in niche markets

Although M&B operates concepts such as All Bar One and Brown's, Hughes would much rather talk about mass-market, primarily blue-collar machines like Toby. "There are plaudits in niche markets but we are interested in the cash, which is in the mass market. Brands like Toby and Harvester are what our business is all about: in suburbia, on a freehold and an average [food] spend of under £10."

The growth in eating out in the UK is not just about sushi and sandwiches or noodles and taps: it also incorporates Yorkshire puddings and parsnips. The French don't call us "Ros Bifs" for nothing but habits may have changed. People no longer cook roasts at home – they go to a Toby Carvery.

● Mark Stretton is editor of M&C Report. This article first appeared in the June issue of that publication.



Big business: Toby carveries serve 12m customers a year



Production line: subtle cues keep customers moving