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Seafood in Foodservice

Quarter 2 (Q2)
April – June 2022

A market insight analysis
(20m read)

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Seafood in Foodservice Quarter 2 (Q2) 2022

This market insight factsheet provides a full picture of the Great Britain (GB) foodservice and seafood in foodservice performance for Quarter 2 (Q2) 2022. This includes:

Top takeaways

Foodservice market has continued to recover despite the challenges to economy

- Consumer visits to foodservice outlets were up 31% in Q2 2022 vs. Q2 2021.
- Seafood visits and servings have bounced back further in Q2 2022 to reach 70% and 77% of pre-pandemic levels (Q1 2021).
- All channels in total foodservice have seen increases in visits in Q2 2022.
- QSR remains an important channel and opportunity for seafood Out-of-Home (OOH).
- All channels except Fish and Chip Shops have experienced growth in spend compared to year ending June 2021.

United Kingdom (UK) economy in Q2 2022

UK economy summary

In Q2 2022 Gross Domestic Product (GDP) fell by 0.1%

In terms of output, services fell by 0.4% in Q2 2022. The largest contributor to this decline was from human health and social work, reflecting the reduction in coronavirus (COVID-19) activities.

However, there were some positive contributions from consumer-facing services, including accommodation and food service and arts, entertainment, and recreation activities. Other service activities, including travel agencies and tour operators, did particularly well as COVID-19 restrictions eased on the tourism industry.

Quarterly GDP is now 2.9% above last year when comparing to Q2 2021 and is 0.6% above pre-COVID-19 levels in Q4 2019.

GDP fell by 0.6% in June 2022, following an increase of 0.4% in May 2022 and a 0.3% fall in April 2022. Monthly GDP is now an estimated 0.9% above its pre-COVID-19 pandemic level (February 2020).

Consumer confidence

Consumer confidence decreased to a new record low of -41 in June 2022

The UK economy is facing a challenging period, driven by rising costs, labour shortages and political uncertainty both globally and at home. Consumers are now feeling this particularly with rising costs, as inflation (Consumer Price Index CPI) reached 9.4% in June. Food, everyday products, and utilities are all seeing significant price increases, reducing consumers' disposable incomes.

As such, consumer confidence has continued to decline, dropping one point from -40 in May to -41 in June 2022. May had set the record for the lowest consumer confidence score since records began in 1974. June has since set a record low with current consumer confidence weaker than during the global banking crisis, when Brexit made an impact on the economy, or the COVID-19 shutdown.

Great Britain (GB) Foodservice and Seafood in Foodservice

In this section

Consumer visits to foodservice outlets were up 31% in Q2 2022 vs. Q2 2021 when the industry was still affected by restrictions. However, comparing Q2 2022 to Q1 2020 shows that traffic is still down 16% when compared to pre-pandemic level.

Total foodservice

The market has continued to recover in Q2 despite challenges in the economy

Despite challenges to the UK economy and decline in consumer confidence, the foodservice market has continued to recover in Q2. Visits to the foodservice sector was up 31% in Q2 2022 compared to Q2 2021 when the industry was still affected by partial COVID-19 restrictions with outdoor dining only allowed in April 2021, and partial indoor dining from May 2021.

Twelve-month spend for total OOH is now growing above the previous year June 2021, at 49% and is 21% above June 2020. Visits and servings are increasing 44% and 49% respectively but they remain below those seen pre-COVID-19 and compared to June 2021.

Foodservice channels

All foodservice channels were experiencing quarterly growth to visits in Q2 2022, with the strongest improvements seen in Workplace & Education and Pubs as more people return to working in offices and eating on-premises. Along with Travel and Leisure these were the hardest hit channels by the COVID-19 restrictions. They benefitted the most from the removal of the restrictions and return to workplaces and commuting, and growth of on-premises visits. As such delivery continues to lose out to on-premise occasions with traffic declining by -18% when compared to Q2 2021. However, it continues to have a significantly higher demand than before the pandemic in 2019 with visits up 24% and spend increasing by 50%.

All channels 12-month spend, and visits are well above June 2021. However, Fish and Chip shops continue to lose visits and sales. They are now comparing to a period where they benefited when other channels suffered. They were able to quickly adapt and were well suited to offer delivery, click and collect and drive through services when needed, where other channels, such as Pubs and Workplace and Education could not.

Demographics

Adult-only parties are seeing stronger traffic growth than parties with children, at +50% compared to +4%. Parties with children were the main demographic to see growth during the pandemic, when families would order deliveries to have at home during lockdown.

Dayparts

All dayparts saw a robust recovery when compared to Q2 2021. Lunch and evening snacking saw the strongest growth, with traffic up +49% and +46% respectively. This was driven by the reopening of the economy as consumers returned to many pre-COVID-19 habits, such as work-related lunches, takeaway coffees, and snacks.

Morning meal traffic was up +15%, while dinner increased by +23%. Social occasions, such as dinners with friends and family, were another key growth engine in the market.

Total seafood in foodservice

Q2 2022 seafood servings were 77% of pre-pandemic levels (Q2 2019)

Seafood visits OOH
Visits continue to grow in Q2 2022 up 23% verses Q2 2021 and reaching 70% of pre-pandemic levels (Q2 2019).

Seafood servings OOH
Seafood servings in Q2 2022 are up 21% on Q2 2021. Seafood in foodservice continues to recover well with channels experiencing year on year growth in seafood visits and servings particularly in Pubs and Workplace and College as in these channels seafood has benefitted from consumers returning to offices and school. However, Fish & Chip shops was the only channel losing seafood visits and servings in the last 12 months to June 2022.

Servings of seafood represents 4% of the total foodservice market and has grown by 41% to year ending June 2022.

Twelve-month spend for total seafood OOH was up 46% compared to June 2021. Visits and servings are also increasing by 37% and 41% respectively. This remains below 2019 pre-pandemic levels and growth is slightly behind the total foodservice market.

Channel summary

All channels except Fish and Chip Shops have experienced growth in spend compared to year ending June 2021

For total OOH, spending in Full-Service Restaurants (FSR) (80%), QSR (13%), Pubs (129%), Travel and Leisure (109%) and Workplace and Education (232%) have all recovered their 12-month spend with Fish and Chip Shops being the only channel to be experiencing declines (8%).

The following sections provide an overview of total food and drink performance in Q2 2022 for all OOH channels including QSR, Fish and Chip Shops, Pubs, Fast Service Restaurants

(FSR), Travel & Leisure and Workplace & Education. It also details year on year growth for visits and servings of seafood in each channel to June 2022:

Quick Service Restaurants (QSR - excluding Fish and Chip Shops)

In Q2 2022, QSR was at 78% of visits and 96% of sales when compared to pre-pandemic Q2 2019 and visits were up 9% on Q2 2021 with spend increasing by 2%.
In the last 12 months total spend has grown 13% on June 2021 and visits have increased by 18%.

32% of all seafood is served in QSR (excluding F&C Shops), but it only accounts for 3% of the channel and remains a big opportunity for seafood. Visits and servings of seafood in QSR was up 21% year on year to June 2022.

Fish & Chip Shops

Although quarterly visits and spend has improved in Q2 2022 verses Q2 2021, up 34% and 26% respectively, its 12-month visits are 5% lower than in June 2021 with spend also seeing a decrease of 8%. Q2 2022 visits to Fish and Chip Shops were at 68% of pre-COVID-19 levels with sales at 71%.

72% of the protein servings sold in Fish & Chip Shops is seafood and it has lost servings share over the last 12 months. 17% of all seafood served OOH is served in Fish and Chip Shops, as with QSR it remains an important channel for seafood consumption OOH.

Pubs

Strong recovery to Pubs continued in Q2 2022 with visits up 84% on Q2 2021 and spend increasing by 89%. In the last 12 months total spend has grown 129% on June 2021 with visits up 119%.

13% of all seafood is served in Pubs, and it accounts for 4% of all servings in the channel. Seafood visits to Pubs was up 92% with seafood servings up 106% year on year to June 2022.

Full-Service Restaurants (FSR)

FSR continued recovering in Q2 2022 although at a slower pace than Q1 2022. However, visits were up 31% on Q2 2021 and spend increasing by 30%. In the last 12 months total spend has grown 80% on June 2021 with visits up 63%.

15% of all seafood is served in FSR, and it accounts for 5% of all servings in the channel. Seafood visits and servings to FSR was up 43% year on year to June 2022.

Travel & Leisure

With all industry restrictions removed, Travel and Leisure has continued to recover quickly. In Q2 2022 visits were up 11% on Q2 2021 and spend had increased by 32%. In the last 12 months total spend has grown 109% on June 2021 with visits up 91%.

10% of all the servings of seafood OOH is in Travel and Leisure, and it accounts for 5% of all servings in the channel. Seafood visits were up 44% with servings up 55% year on year to June 2022.

Workplace & Education

Both traffic and spend have recovered quickly in Workplace & Education, as more people got back to working from the office. In Q2 2022 visits were up 207% on Q2 2021 and spend had increased by 458%. In the last 12 months total spend has grown 232% on June 2021 with visits up 180%.

12% of all the servings of seafood OOH is in Workplace & Education, and it accounts for 4% of all servings in the channel. Seafood visits were up 228% and servings were up 242% year on year to June 2022.

Opportunities for seafood

QSR remains a major opportunity to improve the appeal of seafood

Quick Service Restaurants

The largest channel in the foodservice market is Quick Service Restaurants (QSR) with 54% of all OOH visits in QSR excluding Fish and Chip Shops. It is the biggest opportunity for seafood as almost one third of all seafood servings are at a QSR outlet. Additionally, QSR attracts the younger, less affluent consumer.

Younger consumers

Seafood tends to attract older and more affluent consumers and doesn't attract its fair share of younger consumers outside of Fish & Chip Shops. Seafood could engage more with the younger consumer, with the youngest seafood customers at Travel & Leisure and Workplace & Education.

Seafood can appeal to a younger and less affluent consumer by building on a foundation of enjoyment, highlighting health and quality credentials (better living) whilst educating about the different types of species available (choice and convenience).

Consumer motivations

Across all channels, socialising is by far the most important motivation for consumers choosing seafood when eating OOH. This is followed by functional, treating and convenience motivations.

Quick value, on-the go occasions will continue to be instrumental in growing the market post-pandemic and present a key opportunity for seafood.

References

Resources used in the production of this factsheet can be viewed below

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- The NPD Group, August 2022, Quarterly CREST report data to June 2022

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