

Here to give the UK seafood sector
the support it needs to thrive.



COVID-19 Seafood in Foodservice Quarter 4 (Q4)

A market insight analysis

18/02/2021 Suzi Pegg-Darlison

United Kingdom (UK) economy in Q4

UK economy summary

In November 2020 the Gross Domestic Product (GDP) fell by 2.6%

UK Gross Domestic Product (GDP) fell by 2.6% in November 2020 as economic activity reduced due to the increased COVID-19 restrictions. This ended the previous six months of growth it had seen. In the three months to November 2020 GDP grew by 4.1% which was down from the 10.5% to the three months to October 2020. Restrictions during this period were relaxed and highlighted some recovery to GDP from the effects of the first lockdown in April 2020.

As lockdown restrictions had started to ease in summer 2020 and due to consumer demand for pubs and restaurants, boosted by the Eat Out to Help Out scheme, consumer-facing services initially recovered quicker than all other service sector industries including personal services and retail.

But, to combat the rapid growth in COVID-19 infections, further restrictions were introduced in the autumn, and November 2020 saw the introduction of the second national lockdown in England. All non-essential shops and the hospitality sector were ordered to close and tougher controls were also implemented in Scotland, Wales and Northern Ireland. Due to these restrictions and closures in the second lockdown, the services sector acted as the main contributor to the GDP declines in November.

Consumer confidence

In December 2020 consumer confidence improved following the news of the vaccine roll-out. Although it remained at -26 this was an improvement on November's -33 and was the highest jump seen in eight years. But, as 2021 started so did the third national lockdown, consumer confidence has fallen to -28 in January. However, the vaccine is giving hope that the economy and the foodservice sector will re-start its recovery from quarter 2 (Q2) 2021 onwards, but is not expected to fully recover until 2023.

Great Britain (GB) Foodservice and Seafood in Foodservice

In this section

Consumer visits to a foodservice outlet was down -42% in Q3 2020, although this was a marked improvement on the -77% drop seen in Q2 2020. This was driven by the easing of restrictions and EOH scheme in August.

[Total foodservice](#)[Total seafood in foodservice](#)[Channel summary](#)[Opportunities](#)[References](#)

Total foodservice

Recovery seen in Q3 has been halted in Q4

In Q3 total foodservice had started to see some recovery with visits going from -77.1% in Q2 to -42.1% in Q3. But this recovery has been halted in November due to the second lockdown and restrictions over Christmas which has pushed Q4 visits down further to -44.8%. When compared to December 2019 visits declined by 43.4%.

Demographics

Out of home visits declined across all age groups, but families fared better, as visits dropped by 27% compared to -53% for the over 50's. This was helped by delivery services, as during the second lockdown and tier restrictions many families took to ordering food from restaurants to be delivered to them at home. And, younger adults were more active than older consumers. The 16-34's age group saw a 43% drop in visits. This was driven by their higher use of delivery and digital ordering services such as Deliveroo and Just Eat.

Dayparts

All dayparts declined in Q4 2020. Lunch and snacking were hit the hardest, resulting in a 50% drop in visits for both dayparts. This has been largely driven by remote working and

studying with many of the missions associated with workday lunch and snack visits being removed. Dinner has been the most resilient daypart, seeing a drop of 29% in visits. This has been driven by a strong increase in delivery orders, up 15% in Q4 2020.

Total seafood

Seafood visits drop in Q4 but are ahead of the total foodservice market

Amid the restrictions and closures, and in line with total foodservice, to December 2020 seafood servings and visits saw year on year declines of 43% respectively. Seafood servings represented 4% of total foodservice market, and seafood visits represented 9%. In Q4 seafood visits out of home had dropped by 40%.

20% of seafood visits are to a Fish and Chip Shop where 66% of servings are seafood. And, although it is underrepresented compared to the total market, delivery and on the go options have helped Fish and Chips Shops to recover faster than any other channel.

Fish and Chips Shops are more reliant on dinner than any other day part with lunch being under-represented. And they rely heavily on Friday and Saturday underperforming all other channels for seafood servings on Monday, Tuesday and Sunday.

Opportunities for seafood

Seafood largely attracts an older and more affluent consumer. By highlighting the health credentials and quality of seafood products, through education about the different types of species, it can appeal to a younger and less affluent consumer.

The largest channel in the foodservice market is Quick Service Restaurants (QSR) with 59% of all out of home visits in QSR. And, it is the biggest opportunity for seafood with one third of all seafood visits and servings being at a QSR outlet. Additionally, QSR attracts the younger less affluent consumer that seafood has the opportunity to appeal to.

Channel summary

Although all foodservice channels continued to experience a drop in visits in Q4 some were hit harder than others.

December is the number one month for foodservice sales with them being 15% higher than average. Restaurants struggled with the restrictions imposed on the foodservice sector over Christmas. From the second lockdown, introduction of the tier system and the last minute change that ordered all restaurants to close from the 20th December. Fortunately outlets could continue to trade by offering customers delivery and takeaway options. This provided a lifeline to those outlets that were able to offer these services.

Quick Service Restaurants (QSR)

Although QSR saw 28% declines in visits in Q4 this was still an improvement on Q3 -33% despite the second national lockdown and tiered restrictions. It is the best-placed channel to weather the storm, thanks to its ability to offer customers delivery, drive thru and takeaway services.

Fish and Chip Shops

The best performing channel in terms of visits out of home is Fish and Chip Shops. They have the lowest relative decline at 7.9% in Q4 and are recovering faster than any other outlet. But they continue to underperform in delivery and drive through options which are a key opportunity for the channel.

Pubs

Following partial recovery in Q3, -32%, new restrictions and closures hit Pubs hard as visits declined to 61% in Q4 2020.

Full Service Restaurants (FSR)

Full Service Restaurants (FSR) faced similar challenges to Pubs with Q3 recovery, -39%, halted in Q4 as visits declined to 55%.

Travel and Leisure

Visits have been the slowest to recover in Travel and Leisure. And following tougher travel restrictions the channel has continued to suffer. Recovery in Q3, -63%, has dropped further in Q4 to 69%.

Workplace and Education

With more than half of office workers at home and schools either remote learning or closed, Workplaces and Education has been one of the hardest hit channels. Visits have continued to improve since Q2 but much more slowly than all other channels. In Q4 visits were down -71%.

Key opportunities

Delivery and technology continues to be the key opportunities and main route to trade as we start 2021. As Meal deals and kits allowing customers to recreate the out-of-home experience in-home.

Delivery

Delivery will continue to be a key route to market and will remain so for some time. Delivery is developing faster than any other channel and can be leveraged by most businesses to ensure a faster recovery. Drive through can also be considered as this too. Currently both are underrepresented in Fish and Chip Shops.

Technology

With health concerns heightened by the pandemic, foodservice will become more automated as digital ordering becoming the norm. In order to both survive and thrive in the current market, outlets can tap into the options available. This will become more important to customers and to the future of foodservice. It is also a great way to keep communication going with customers off premise, where promotions and loyalty rewards could be offered to them.

Meal deals and kits

As consumers continue to try and replicate other out-of-home experiences meal deals and kits are an increasingly popular option. Offering customers a full meal including drinks, sides, and in particular desserts, to cook and eat in-home is an opportunity for all.

References

GfK, 2021, Vaccination not yet a jolt in the arm for UK consumer confidence

Office for National Statistics, January 2021, [GDP monthly estimate, UK: November 2020](#)

Seafish, June 2020, [COVID-19 Seafood in Foodservice](#)

Seafish, September 2020, [COVID-19 Seafood in Foodservice Quarter 2 \(Q2\)](#)

Seafish, December 2020, [COVID-19 Seafood in Foodservice Quarter 3 \(Q3\)](#)

Seafish, December 2020, [Review of COVID-19 impacts on the UK seafood industry: July-September 2020](#)

The NPD Group, February 2020, Quarterly CREST report data to December 2020

For more information please contact:

Suzi Pegg-Darlison
Market Insight Analyst

T: (01472) 252 358

E: suzi.pegg-darlison@seafish.co.uk

Seafish
Origin Way
Europarc
Grimsby
DN37 9TZ

www.seafish.org

Here to give the UK seafood sector
the support it needs to thrive.

The Seafish logo features the word "seafish" in a white, lowercase, sans-serif font. Above the letter "i" in "fish", there is a stylized graphic of a fish's head and scales, composed of several small, white, diamond-shaped elements arranged in a curved pattern.

seafish