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Seafood in Foodservice 2020 Performance Summary

A market insight analysis

18/02/2021 Suzi Pegg-Darlison

Pre-pandemic recap

Summary

In February 2020 visits to seafood in foodservice were growing by 3%, by April 2020, as a consequence of the national lockdown, visits were in decline by 83%, as 4 out of 5 out of home (OOH) businesses closing following national restrictions in March 2020

Pre-CoVID-19

The foodservice industry was seeing growth in line with the wider economy at the start of 2020. Visits to total out of home (OOH) had been seeing steady growth since April 2019, with visits up 0.5% year on year in February 2020. And, seafood was outperforming total OOH. By February seafood visits were climbing to highs of 3.0%, not seen since July 2019.

Lockdown

As a result of national lockdown measures, the foodservice industry suffered unprecedented declines, with the number of buyers and frequency of OOH purchases decreasing by over half. OOH visits alone decreased by 54% in March and April.

In April 2019 total OOH was worth £1 billion. As visits declined by 81% in April 2020, total OOH was worth only £200 million in comparison.

Seafood in foodservice declined faster than total OOH as buyers and frequency of OOH visits decreased by 57% in March and April. Visits for seafood OOH declined by 83% in April 2020.

By the end of Q1, as restriction measures started to hit the foodservice industry, both seafood OOH (-12%) and total OOH (-10%) saw the effects in visits declines.

United Kingdom (UK) economy summary

UK economy summary

In December 2020 the Gross Domestic Product (GDP) grew by 1.2%

After falling by 2.3% in November 2020, UK Gross Domestic Product (GDP) grew by 1.2% in December 2020. The services sector was the main contributor to this growth. Of the 14 subsectors, it was the accommodation and food service industries that were the largest contributors to this increase as they benefitted from the easing of the second lockdown restrictions in early December. December is typically the number one month for foodservice sales at 15% higher than average. However, due to the restrictions introduced over Christmas and the third lockdown, GDP estimates are subject to more uncertainty than usually. Therefore monthly growth rates should be used with increased caution.

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. But, the vaccine is giving hope that the economy and the foodservice sector will start to recover from quarter 2 (Q2) 2021 onwards.

Great Britain (GB) Foodservice and Seafood in Foodservice

Total foodservice

Total seafood in foodservice

Channel summary

Eat out to Help Out (EOHO)

Considerations

References

Total foodservice

Visits to foodservice declined by 43% in December 2020 when compared to December 2019, where a visit growth of 0.5% was seen.

In Q1 foodservice was already starting to feel the effects of the pandemic as visits declined by 10%. By Q2 the UK was in a full national lockdown and visits dropped by 77%. Once lockdown lifted and restrictions started to ease visits started to recover with decline of 42%. But, new restrictions introduced in Q4 halted the recovery, as visits started to fall back to 45%.

Demographics

OOH visits declined across all age groups. But, families fared better, 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 also 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 decline in line with 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%. Socialising remained the most important motivation when choosing to eat seafood out of home

In Q1 visits to seafood in foodservice was declining by 12%. By Q2 amid the first lockdown visits had dropped faster than total foodservice, at 81%. But, during Q3 and as lockdown lifted and restrictions eased, visits started to recover, and faster than total foodservice with declines of 35%. But, the new restrictions introduced in Q4 halted recovery, as visits for seafood started to fall back to 40%.

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 experienced sharp declines during 2020 some were hit harder than others.

Foodservice channels include Quick Service Restaurants (QSR), Fish and Chip Shops, Pubs, Full Service Restaurants (FSR), Travel and Leisure and Workplace and Education.

Quick Service Restaurants (QSR)

QSR lost a third of its visits in 2020 but ended the year ahead of the market, down 33%. It has been the best-placed channel to weather the storm, thanks to its ability to offer customers delivery, drive thru and takeaway services.

In Q1 visits to QSR was down by 6%. By Q2 it was down 66%, summer recovery took it to -33% in Q3, and, despite the second lockdown and tighter restrictions by Q4 visits were still recovering albeit slower, down 28%.

In 2020 QSR seafood's share shrank to 8.5% due to the decline in burger/sandwich visits. Seafood products have seen significant increase in individual spend in the course of 2020 up £1.11 to £5.01. And seafood visits in QSR were down 39% with servings down 38%.

Fish and Chip Shops

Despite losing one quarter of its visits in 2020, Fish and Chip Shops fared the best of all the channels and is ahead of the total market down 25% verses December 2019.

In Q1 visits to Fish and Chip Shops were down by 2%. By Q2 they dropped to 73%, summer recovery took it to -22% in Q3, and, despite the second lockdown and tighter restrictions by Q4 visits were still in recovery and outperforming the market, but still in decline by 8%.

In 2020 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. Average spend increased in 2020 for seafood by £0.55 to £4.08 and visits to Fish and Chip Shops for seafood declined by 24%, with seafood servings declining by 27%.

Pubs

By the end of 2020 pubs experienced a 51% decline in visits compared to December 2019.

In Q1 visits to pubs was down by 12%, by Q2 visits had dropped to 98%. But as lockdown lifted and the Eat Out to Help Out scheme was introduced visits rose sharply to -32% in Q3. Unfortunately the second lockdown and tighter restrictions have impacted recovery as visits fell to -61% in Q4.

In 2020 salmon and cod were the most popular species in pubs, and although salmon lost share cod gained. Spend for seafood increased by £1.69 to £10.82 growing faster than all other proteins. Visits to pubs for seafood were down 47% and seafood servings were down 51%.

Full Service Restaurants (FSR)

FSR experienced a 47% decline in visits in 2020 when compared to December 2019.

In Q1 visits to FSR was down by 14%, by Q2 visits had dropped to 78%. This grew to -39% in Q3 but fell again following the second lockdown in Q4 to -55%.

In 2020 salmon and shellfish was the most popular in FSR, and although salmon lost share shellfish gained. Spend for seafood increased by £0.30 to £13.11 and seafood visits and servings were down by 44%.

Travel and Leisure

The hardest hit channel, Travel and Leisure experienced a -61% drop in visits in 2020.

In Q1 visits were down by 16%, by Q2 visits had dropped to 93%. Travel and Leisure was the slowest channel to recover with visits declining by 63% in Q3. By Q4 visits continue to suffer amid restrictions imposed on international and domestic travel and closed entertainment venues dropping again by 69%.

In 2020 seafood spend had increased slightly, up £0.02 to £7.09 and seafood visits dropped by -54%, with servings dropping by 51%.

Workplace and Education

As one half of all office staff have been working from home for most of the year and schools have either been closed or learning remotely, Workplace and Education ended 2020 as the second hardest hit channel down 60% versus December 2019.

In Q1 visits were down by 16%, by Q2 visits had dropped to 90%. By Q3 visits were down 71% and by Q4 down by 70%.

Visits to Workplace and Education for seafood were down 64% with seafood servings down 65%.

Eat Out to Help Out (EOHO)

Over 52,000 businesses registered for EOHO.

Another boost to the foodservice industry came in the form of the Eat Out to Help Out (EOHO) Scheme. Its aim was to protect the hospitality industry's 1.8 million employees by encouraging people to return safely to their local eateries. Restaurants that participated in the scheme were able to offer consumers that dined on premises a 50% discount of up to £10 per diner on food and non-alcoholic drinks every Monday to Wednesday in August with the remaining 50% paid for by the government.

Over 35 million discounted meals were served in the first two weeks of the scheme, the equivalent of over half of the UK. And restaurants reported a 27% increase of business on Monday, Tuesday and Wednesday than when compared to August last year. According to Big Hospitality most businesses that participated in EOHO hailed the scheme a success boosting trade. September saw foodservice trade return to more modest levels, indicating that the boost from the scheme was short-lived.

In November 2020 the ONS provided findings of the EOHO scheme. Amongst others they reported:

- Over 52,000 businesses registered for EOHO.
- Discounts were provided for over 160 million meals in August equating to £849 million.
- £5.24 was the average discount claim, per meal.
- Throughout August the number of discounted meals and the value of claims made increased with each week.
- 55% of the claims were by restaurants with a further 28% made by pubs.
- 83% of the business who participated in EOHO had made use of the Coronavirus Job Retention Scheme (CJRS) to furlough staff since March. This number reduced to 61% furloughing some staff in August.

Considerations

It is hoped that the foodservice industry is able to re-start its recovery from Q2 2021, but is not expected to fully recover until 2023. As at the start of the pandemic there will be several things for the industry to consider.

Consumers will remain concerned about safety measures for some time and will need to be reassured particularly when dining on premise. For consumers in the UK to visit an OOH operator the following safety measures will remain important:

- Social distancing
- A limited number of guests allowed at any one time
- Staff wearing personal protective equipment (PPE) such as masks and gloves
- Digital payment system, contactless payment
- Seat reservations made mandatory

And it is likely that we can also expect consumers to:

- Be more price sensitive and spend less
- Be focused on hygiene and keeping safe
- Return to their daily routines
- Place importance on promotions and new products
- Place importance on service, store environment, and product variety
- Remain concerned about food quality
- Continue with delivery, takeaway and drive through services

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