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Seafood Consumption (2023 Update)

A market insight analysis (20m read)

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Seafood Consumption (2023 Update)

Understanding top level consumption is essential to monitor the health of the UK seafood industry, and benchmark seafood consumption against the two portions a week recommended by health professionals. The Defra Family Food dataset is the UK seafood consumption benchmark. This dataset offers the best insight into long term seafood consumption trends and tracks seafood eaten both 'in home' (which includes retail purchases and takeaways eaten in home) and 'out of home'. As the Defra Family Food dataset runs two years in arrears, NielsenIQ and CIrcana data can be used to get an up-to-date picture of the retail and foodservice respectively.

Key consumptions trends for 2023

1 **Defra Seafood consumption benchmark falls -3.9%.**

Total UK seafood consumption, both in and out of home in 2021 (latest 2023 Defra family food data) stood at 156.6g /person/wk. down -3.9% vs the previous year. This equates to just over one (1.12), 140g portion per person per week. This means that most people are still only eating around half of the amount of seafood recommended by health professionals.

2 **Retail Seafood returns to accelerated decline.**

With rising interest rates and concern over the Ukraine Crisis, 2022 was a tough year for seafood with the category returning to accelerated decline. Only the cheapest seafood sector, ambient, showed volume growth over the latter half 2022. It is likely that 2023 will remain a tough year for seafood.

3 **Foodservice seafood fails to recover servings**

Seafood recovery in foodservice has remained slower than expected through 2021 and 2022 due to concern over personal finances and high inflation on menu prices resulting in seafood servings still 20% behind pre COVID-19 levels as consumers eat out less to save money and trade down to cheaper proteins.

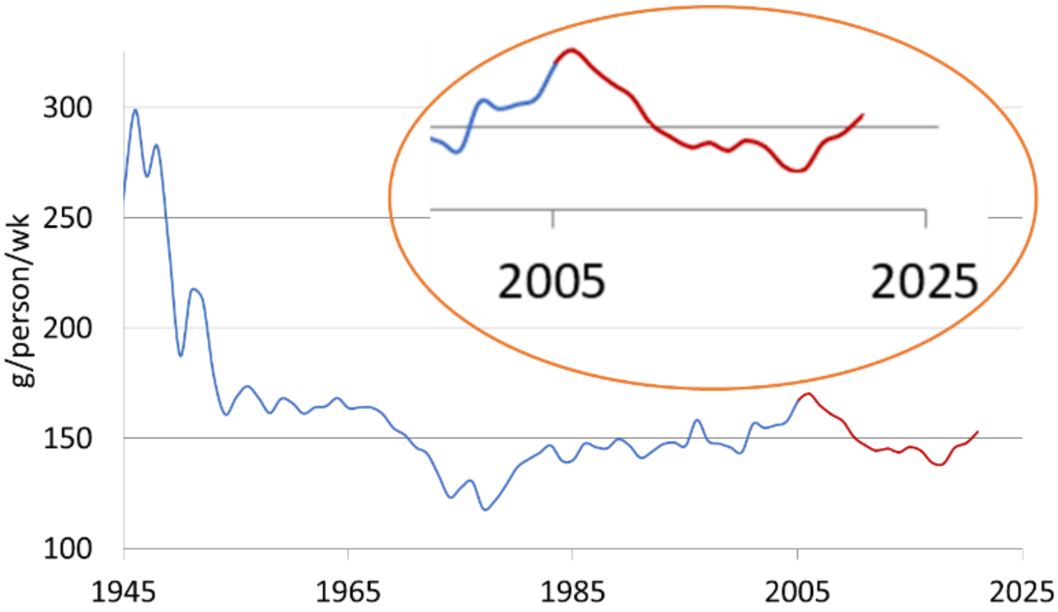
Long term trends in Seafood Consumption

The Defra Family Food 'in home' dataset offers the best insight into long term seafood consumption trends. The most recent data released in 2023 covers UK consumption to 2021.

Seafood consumption 'in home' (which includes retail purchases and takeaways eaten in home) was at its peak (300g per person per week) just after the Second World War, as other proteins were still rationed. Consumption then declined, to its lowest level to date in the mid 1970's, coinciding with the UK falling into recession.

Seafood consumption began to rise throughout the 1980s as Britain became more prosperous; helped by a growing awareness of the health benefits of seafood, and technological breakthroughs in aquaculture bringing species including salmon and warm water prawns into the mainstream resulted in the start of a significant move away traditional whitefish species to farmed seafood which has continued to the present day. The 2021 uptick in 'in home" consumption is due to a 10% boost in retail sales because of COVID-19 and the virtual shutdown of foodservice.

Defra Long Term 'In Home' Seafood Consumption Trends (1945 to 2021)

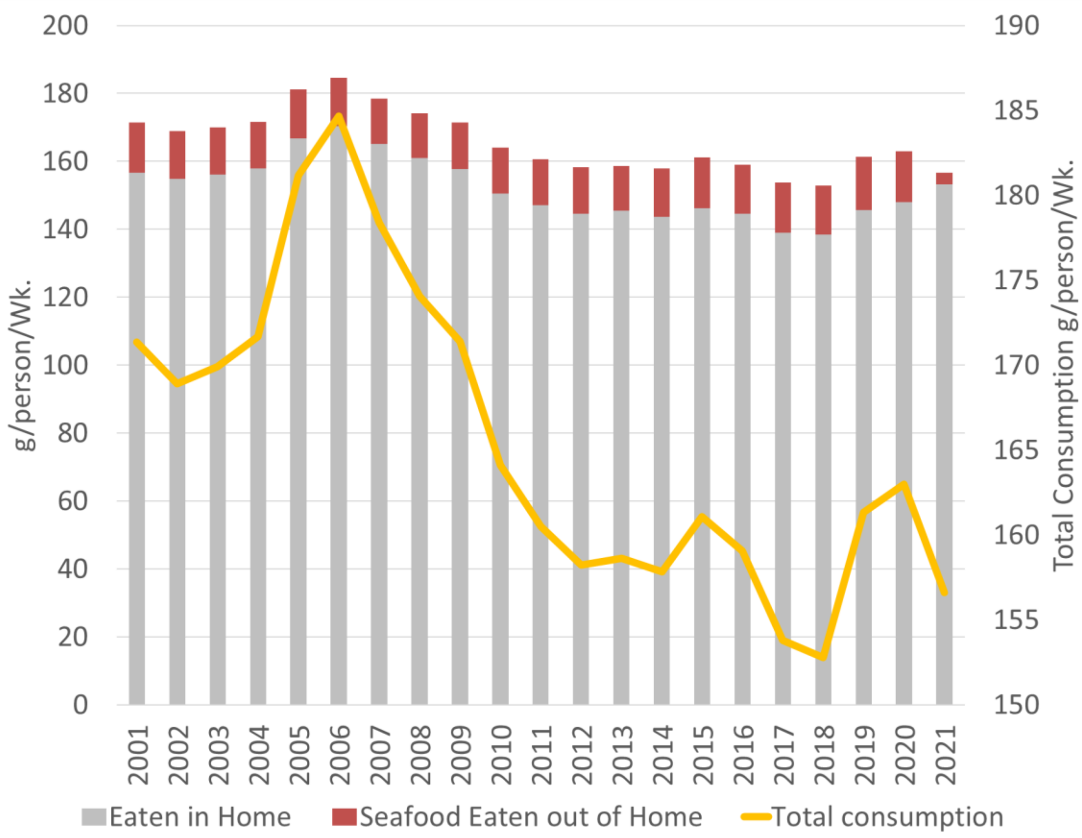


(Defra Family Food)

From 2001, Defra family food also captures information on UK seafood eaten out of home, enabling both in and out of home to be combined to give a more complete picture of seafood consumption. The ‘out of home’ component is relatively small and has stayed constant since 2001 at around 15g/person/wk. However, the impact of COVID-19 closing a high proportion of foodservice outlets resulted in this plummeting by 80% to just 3g/person/wk. in 2021.

The 17.3% total fall in seafood consumption from 2006 to 2018 was predominantly down to a drop in ‘in home’ consumption. Seafood consumption started to recover in 2019 and then received a significant boost from COVID-19 increasing meal occasions in 2020. But an 80% fall in foodservice was enough to pull

DEFRA Total Seafood Consumption 2001 to 2021



(Defra Family Food)

Benchmarking seafood consumption

The Defra Family Food dataset is the UK seafood consumption benchmark. Latest data released in 2023 shows that in 2021 (runs two years in arrears), total seafood consumption (both in and out of home) fell to 156.6g /person/wk. down -3.9% vs the previous year. This equates to just over one (1.12), 140g portion per person per week. This means that most people are still only eating around half of the amount of seafood recommended by health professionals.

Total UK Seafood Consumption 2021 (Defra Family Food)

	2019	2020	2021	%Chg (20 vs 21)
SEAFOOD CONSUMPTION IN HOME	145.70	148.02	153.24	3.5
SEAFOOD CONSUMPTION OUT OF HOME	15.64	14.96	3.36	-77.5
TOTAL SEAFOOD CONSUMPTION (grams/person/week)	161.34	162.98	156.60	-3.9
PORTIONS/ PERSON/ WEEK (140g portion)	1.15	1.16	1.12	-3.9

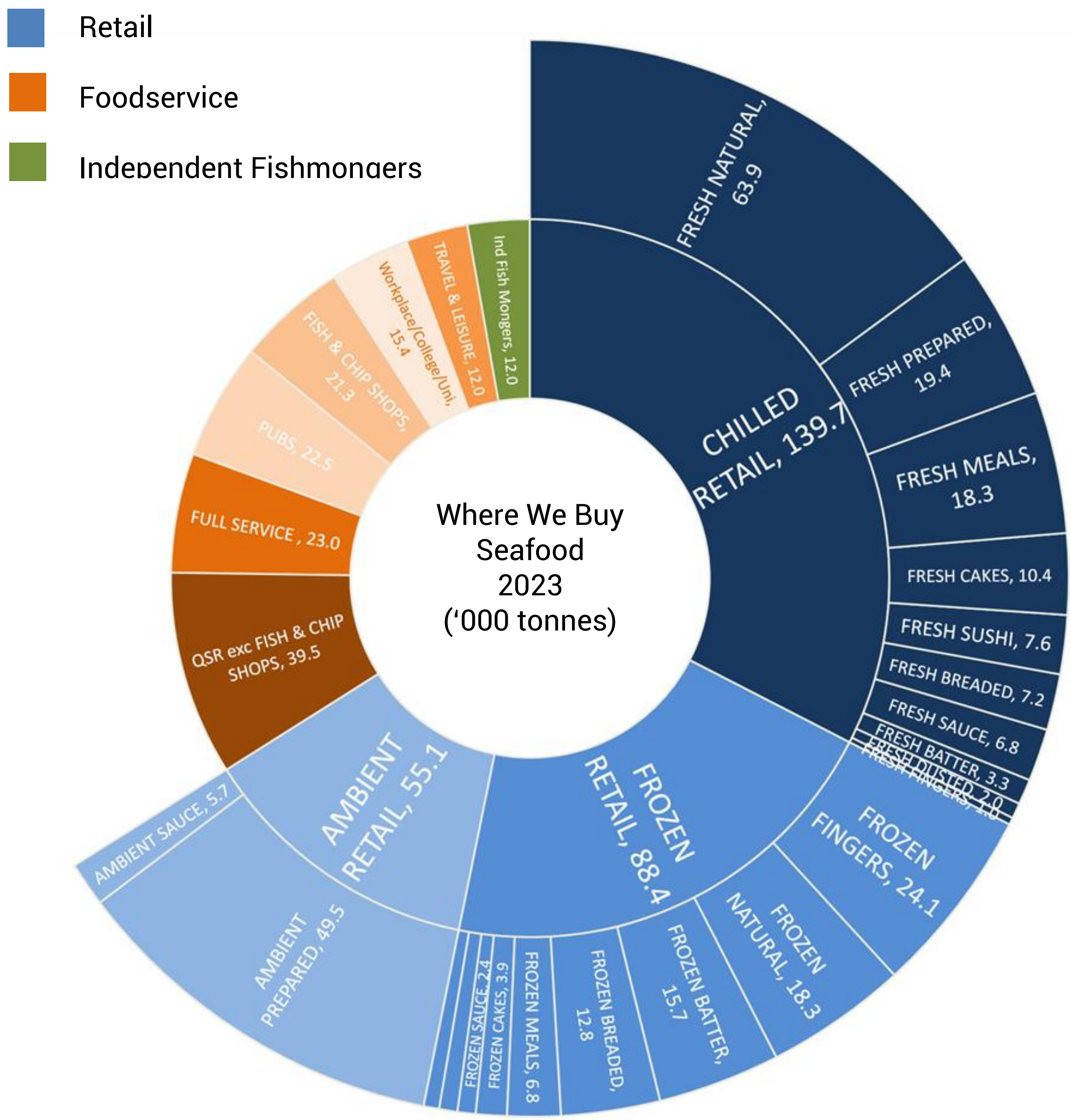
(Defra Family Food)

Because of the protein and large number of essential nutrients contained in fish and shellfish, many experts recommend that we try to eat at least two portions of seafood every week. This recommendation has been made by the Scientific Advisory Committee on Nutrition (SACN), which advises the Food Standards Agency (FSA).

The SACN also suggests that at least one of our weekly portions of seafood should be oil-rich, such as trout, mackerel, or herring. By encouraging the public to increase their consumption by this achievable amount, the nation's general health would improve. Realistically seafood consumption needs to double to meet this.

Where consumers buy seafood

In March 2023, around 67% of seafood consumed was purchased through retail, with the remainder sold through foodservice and a small number of independent fishmongers. Post COVID-19, the ratio has remained similar, despite the significant disruption and changes within the respective sectors during COVID-19



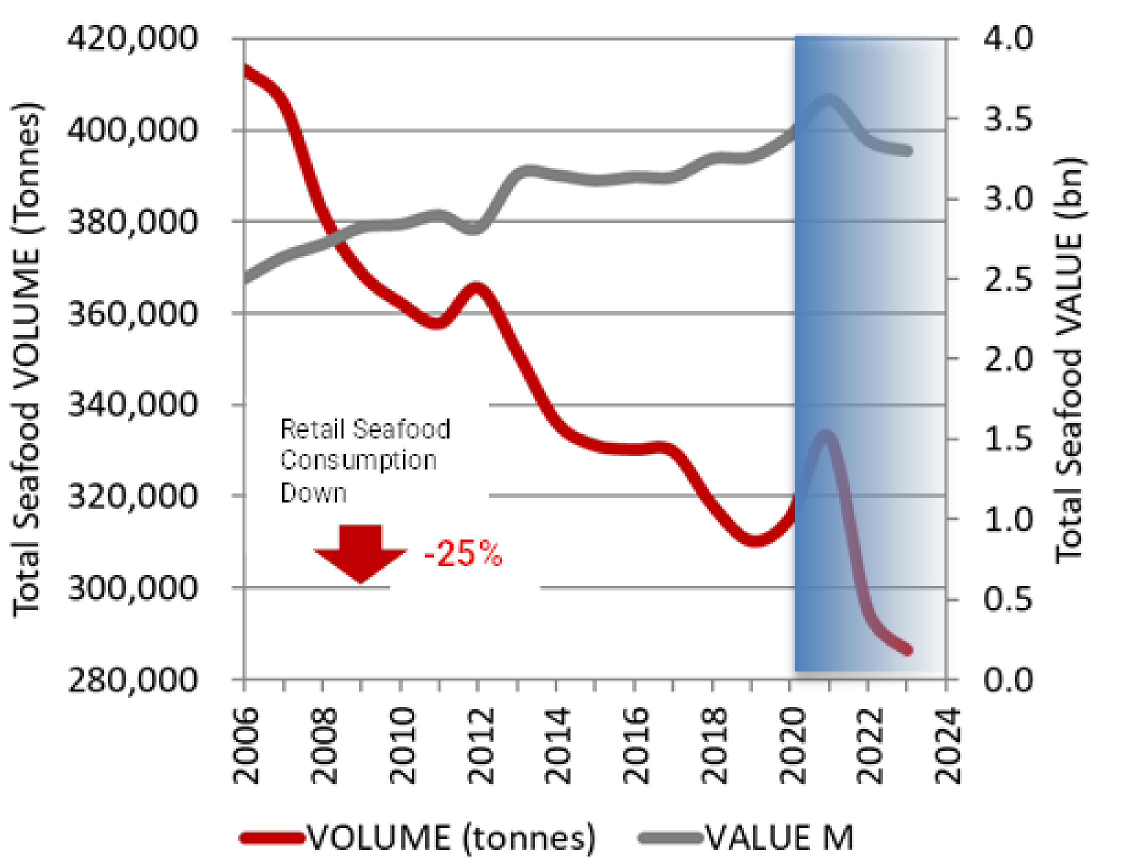
(NielsenIQ/Kantar/Circana)

Retail trends

The overall decline in UK seafood consumption since 2007/8 is being driven by a fall in retail purchases, which until the arrival of COVID-19 in 2020 had declined by -25% in the previous years, equating to around £5.5bn lost out of retail seafood sales (worst case GB excluding discounters). During this period, only the chilled seafood sector saw any significant growth.

In 2020, COVID-19 panic buying doubled frozen and ambient seafood sales for a couple of weeks, but sales quickly fell. However, the subsequent home working, school closures and restrictions on foodservice resulted in significantly more in home meal occasions. This had the effect of increasing UK Grocery sales by around 10%, boosting seafood sales by a similar amount.

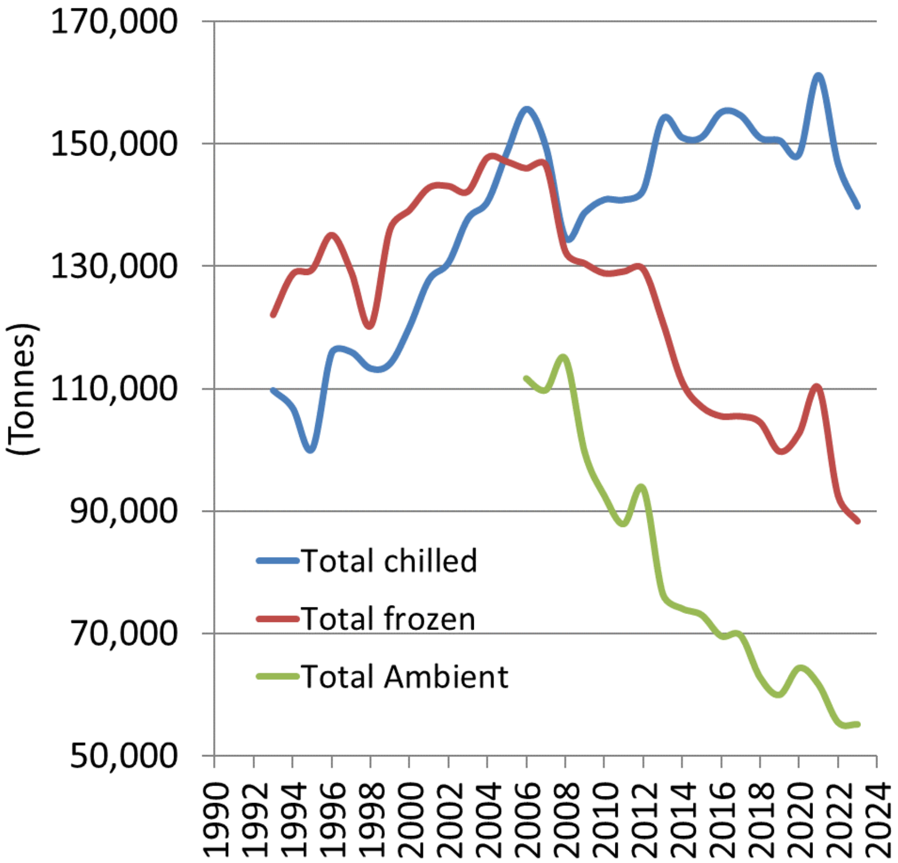
Long term retail total seafood consumption trends 2023 (GB excluding discounters)



(NielsenIQ)

Through 2021, frozen seafood performed strongly; uncertainty over the evolving pandemic meant shoppers kept cupboards and freezers full. Frozen natural, prepared, and frozen coated seafood such as breaded, battered, cakes and fingers grew strongly. As a result, most frozen species saw strong volume growth, especially species popular in coated products such as haddock and Alaskan pollack.

Long Term GB Retail Seafood Sector Consumption Trends to 2023



(NielsenIQ)

With rising interest rates and concern over the Ukraine Crisis 2022 was a tough year for seafood, with the category returning to accelerated decline, with only the cheapest seafood sector, ambient showing in volume growth over the latter half of the year.

It is likely that 2023 will remain a tough year for seafood. In early 2023, category consumption decline continues to accelerate as inflation builds and the ambient sector, the only seafood sector in volume growth over the past six months, returns to decline.

In the 52 weeks to the end of March 2023, UK retail sales were worth £4.08bn (-4.2%), with a consumption volume of 378,046 tonnes (-7.5%) and an average price of £10.79kg (+6.8%). Seafood inflation at point of sale has been steadily building over the past six months up from +1.2% Sept '22, +2.0% in Dec 2022 and sits at +6.8% at the end of March 2023. Although building momentum, seafood inflation remains modest compared to the 17% seen for other foodstuff, but further price increases will impact on sales.

Frozen seafood continues to be amongst the hardest hit sectors, taking the brunt of shoppers trading down and out of seafood, with volume sales again falling by -8.1% in March '23. growth Unusually for the category, chilled seafood normally the only sector in growth, continues to show the strongest accelerating decline with volumes down nearly -8.7% in March '23, probably as a result of having the highest average price (£14.68/kg, +7.6%) of the three seafood sectors and showing the highest inflation in a price sensitive market. This trend is likely to continue into 2023 until financial pressure and uncertainty eases.

In retail, the percentage of pre-packaged seafood sold has stabilized at just under 97%, with shoppers reporting wanting to be in and out of store as quickly as possible. The move to prepack is not a new trend; occurring several decades ago and not because of additional counter closures due to COVID-19. In 2019, pre COVID-19, the volume share of prepack seafood stood at 91%. This grew to 96% in 2020 and stood at 97% in 2021. This puts more emphasis on the need to provide prepack products which meet shopper requirements around freshness, minimizing handling/preparation, and ease of cook.

Seafood purchases in foodservice

Seafood consumption declined for many years after the financial crisis in 2007/8 but started to pick up around 2016/17, driven by sales in the cheaper quick service and independent fish & chip shop channels. However, the impact of COVID-19 resulted in many operators remaining closed for long periods. All channels were hit hard, particularly the workplace and travel & leisure. The quick service channel fared the best due to the independent nature of takeaways and fish & chip shops, some of which remained open. However, recovery has remained slower than expected through 2021 and 2022. In March 2023, seafood in foodservice was worth an estimated £4.546bn (+23%), with servings of 959m (+2.7) equating to around 134,000 tonnes based on an industry 140g portion.

Concern over personal finances and high inflation on menu prices has contributed to seafood servings remaining around 20% behind pre COVID-19. Consumers are likely to eat out less to save money and when they do, trade down to cheaper proteins. Analysts predicted foodservice to return to pre-covid levels by the end of 2022, this is now unlikely to happen for several years.

Seafood outlook

The next five years is looking challenging for seafood consumption. The Bank of England recently predicted that UK households face the biggest cost of living squeeze in 30 years, this was before factoring in the rapid escalation of the conflict in the Ukraine and the subsequent changes in the commodity markets. Economists predict falls in real incomes to continue for several years. Being one of the highest priced proteins, seafood consumption falls when personal finances are under pressure. In the short term, the decline in seafood consumption in both retail and foodservice may accelerate as shoppers trade down to cheaper seafood options and out of seafood all together. In retail, recovery may initially benefit the cheaper frozen seafood sector, but ultimately shoppers are likely to return to chilled as observed post financial crisis of 2007/8. Foodservice may take longer to recover, as consumers eat out less often or trade down to cheaper formats and channels to save money.

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the support it needs to thrive.

Sources: (%) values represent change from the previous year unless otherwise stated

- Defra Family Food Datasets 2020/21
- Circana Q1 2023
- NielsenIQ Scantrack – UK EPOS from key retailers (including composite data from discounters Aldi & Lidl and N. Ireland) excludes seafood sandwiches
- NielsenIQ Homescan – GB (including discounters) consumer panel of 15,000 households excludes seafood sandwiches

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