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Seafood in foodservice 2022

This Market Insight factsheet provides a full picture of foodservice and seafood in foodservice in Great Britain (GB) for 2022.

15/03/2023
Suzi Pegg-Darlison – 15-minute read.

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Factsheet overview

This Market Insight factsheet provides a full picture of foodservice and seafood in foodservice in Great Britain (GB) for 2022.

This factsheet intends to inform the United Kingdom (UK) seafood industry about the performance of seafood in foodservice during 2022. This includes providing details of the performance of total foodservice, and seafoods performance out of home and in each foodservice channel. It will also provide key opportunities for the market.

Top takeaways

The market continues to recover, benefiting from the first restriction free quarter four in three years, with an added boost in traffic from the World Cup, however the cost-of-living crisis has halted recovery.

- Consumer visits to foodservice outlets were up 17% in 2022 verses 2021.
- All channels except Fish & Chip Shops and Quick Service Restaurants have experienced growth in total spend compared to year ending December 2021.
- Seafood visits and servings continue to recover in 2022 to reach 76% and 77% of pre-pandemic levels, however this is slower than the total market.
- Quick Service Restaurants remains an important channel and opportunity for seafood out of home.

UK economy and consumer confidence

In this section

UK economy summary

No growth to Gross Domestic Product (GDP) in Q4 2022.

The first quarterly estimate of UK GDP showed no growth in Q4 2022 following an estimated 0.2% fall in the previous quarter. The level of quarterly GDP in Q4 2022 is now 0.8% below its pre-coronavirus (COVID-19) levels (Q4 2019). Monthly GDP is estimated to have fallen by 0.5% in December 2022, this was following growth of 0.1% in November 2022 and a 0.5% growth in October 2022.

Table one: Monthly real GDP estimates in 2022

Jan 2022	Feb 2022	Mar 2022	Apr 2022	May 2022	Jun 2022	Jul 2022	Aug 2022	Sep 2022	Oct 2022	Nov 2022	Dec 2022
0.18	-0.09	0.05	0.0	0.73	-0.84	0.36	0.04	-0.68	0.55	0.15	-0.55

Consumer confidence

Consumer confidence is up two points in December 2022.

There were modest improvements in consumer confidence after it increased by two points in December 2022 to -42. Although this is an uptick on previous months, particularly September 2022 where a new low of -49 was recorded, December did mark the 8th month in a row where consumer confidence was -40 or worse, with a challenging year predicted. This is due to continued pressures to the UK economy from high inflation, which is increasing costs for businesses and consumers affecting consumer confidence.

Consumers are still feeling the squeeze from price rises, with Consumer Price Index (CPI) inflation reaching 9.2% in December, down slightly from 9.3% in November. Prices continue to rise for energy bills, mortgages, and everyday essentials, leaving consumers with less to spend on eating out.

Table two: consumer confidence index scores for each month of 2022

Jan 2022	Feb 2022	Mar 2022	Apr 2022	May 2022	Jun 2022	Jul 2022	Aug 2022	Sep 2022	Oct 2022	Nov 2022	Dec 2022
-19	-26	-31	-38	-40	-41	-41	-44	-49	-47	-44	-42

Total foodservice and seafood in foodservice in GB

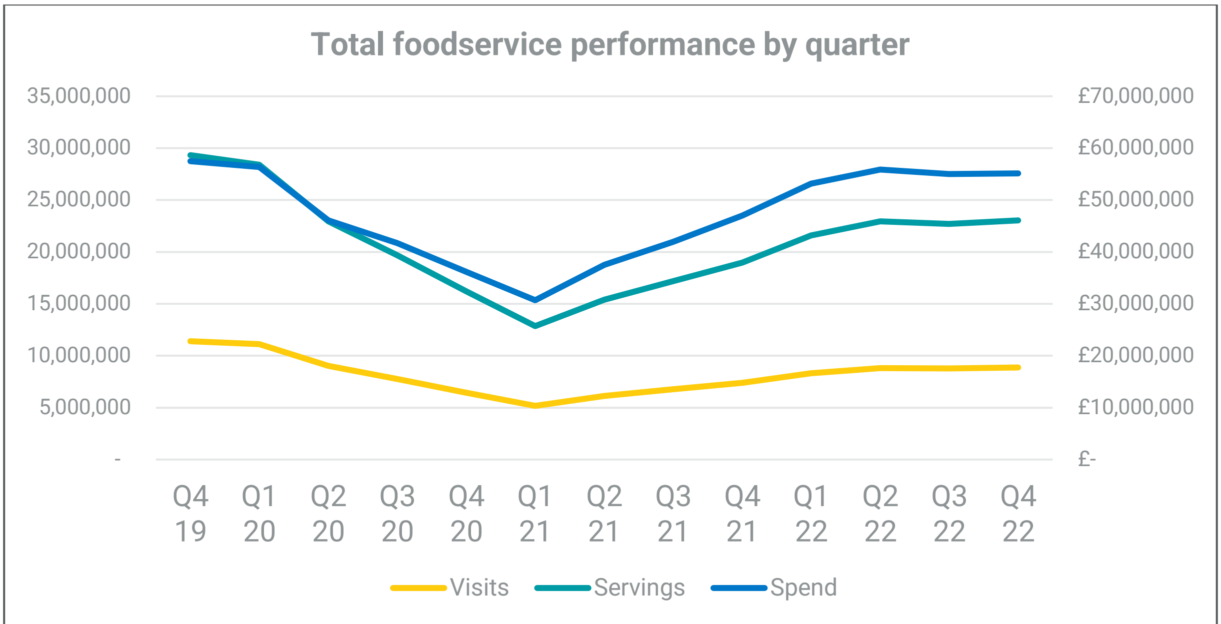
In this section

Total food and drink out of home

The GB foodservice market continued to recover in 2022 but remains below pre-pandemic levels.

Twelve-month spend for total out of home is growing 17% above December 2021 and 53% above December 2020 at £55 billion. In 2022 visits to foodservice were up 20% and servings were up 21%, these were also below pre-pandemic December 2019 at 22% and 21% respectively. Table three illustrates total food and drinks performance out of home for each quarter from Q4 2019 to Q4 2022.

Table three: total foodservice performance by quarter

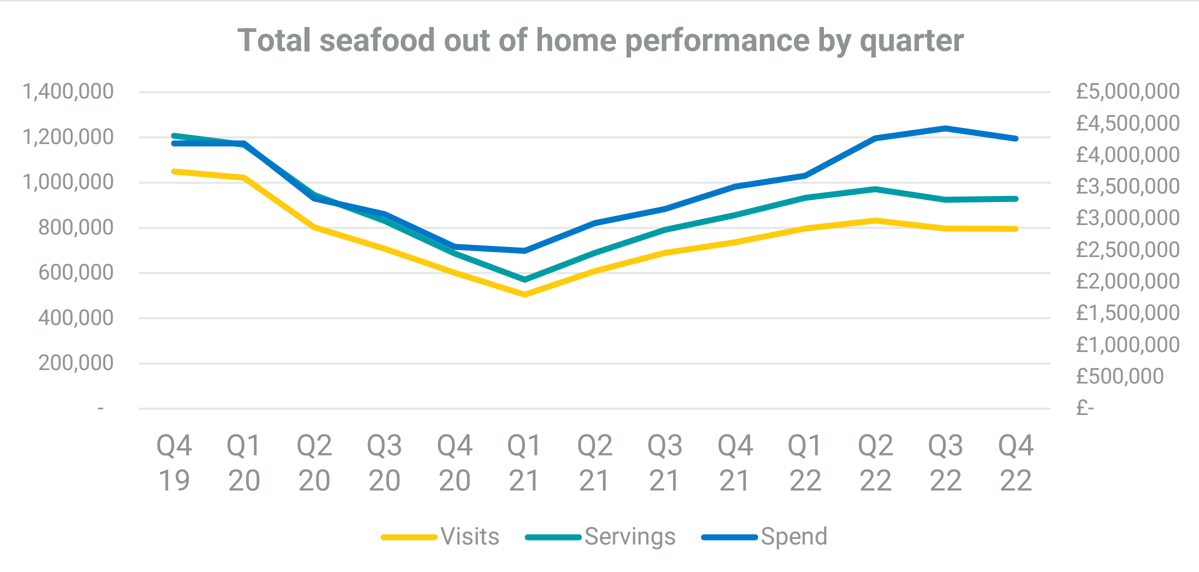


Total seafood out of home

Seafood out of home continued to recover in 2022 but remains below pre-pandemic levels and behind the total market.

Twelve-month spend for seafood out of home is growing 22% above December 2021 and 67% above December 2020 at £4.3 billion. In 2022 visits to foodservice were up 8% and servings were up 9%, these were also below pre-pandemic December 2019 at 24% and 23% respectively. Table three illustrates seafood's performance out of home for each quarter from Q4 2019 to Q4 2022.

Table four: total seafood in foodservice performance by quarter



2022 quarterly foodservice summary

The following section provides an overview of the market for each quarter of 2022. These are taken from the quarterly foodservice factsheets, links to these can be found in the references section of this factsheet.

Quarter 1 2022 summary

Visits to the foodservice sector was up 81% with visits for seafood up 52% in Q1 2022 compared to Q1 2021. At this point the industry was still affected by full lockdown restrictions, with only takeaway and delivery allowed. Recovery in Q1 2022 was accelerated amid the removal of restrictions that had negatively impacted the industry.

Quarter 2 2022 summary

Despite challenges to the UK economy and decline in consumer confidence, the foodservice market continued to recover in Q2. Visits to the foodservice sector was up 31% with seafood visits up 23% 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.

Quarter 3 2022 summary

Amid the cost-of-living crisis Q3 2022 saw a slowdown in market recovery with visits to the foodservice market down 1% and seafood visits down 14%. This reversed a trend of positive traffic growth as the industry recovered from the COVID-19 restrictions. However, the comparable period, Q3 2021, was the first period to no longer have any COVID-19 restrictions, making it a tougher comparative than Q2.

Quarter 4 2022 summary

Overall, the GB foodservice market had a positive Q4 in 2022 marking the first restriction-free holiday season in three years, with a welcomed boost from the winter World Cup. Q4 2022 also benefitted from the comparison to December 2021, when the Omicron Covid variant caused many consumers to stay home and adversely impacted the festive trading period.

Visits were up 5% in the foodservice industry a significant improvement on the 1% decline seen in Q3 2022. Seafood remained in decline at 0.2% in Q4 2022 verses Q4 2021.

Foodservice consumer

In this section

Demographics

Adult-only parties continued to see traffic growth, up 6% on Q4 2021, and parties with children were up 2%. 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

Evening snacks led growth with visits up 10% year on year. This boost benefitted from the festive season, World Cup and continued return to offices and commuting.

Lunch continued to see strong growth up 9% on Q4 2021 which was driven by consumers returning to pre-pandemic habits such as buying lunch during the week.

Supper was virtually flat year-on-year, up by just 0.1%, benefitting from the restriction-free festive season but impacted by the decrease in deliveries.

Consumer motivations

Socialising is by far the most important motivation for consumers choosing seafood when eating out of home across all channels. This is followed by functional, treating and convenience motivations. With convenience being most important in Quick Service Restaurants.

Foodservice channels

In this section

Channel summary total foodservice

Except for Fish & Chip Shops and Quick Service Restaurants, all channels have experienced growth in total spend compared to year ending December 2022.

All channels saw yearly growth in visits and servings except for Fish & Chip Shops. On-premise channels saw strong traffic growth up 20% year-on-year driven by the return of employees to workplaces, although hybrid working is still commonplace in the UK for those who can do it. As consumers switched from drive thru and delivery back to in-store visits 'In car' and 'at home' saw declines of 10% and 4% respectively.

For all channels, 12-month spend, visits and servings are above December 2021, however, Fish & Chip Shops are still underperforming and remain in decline. Spend in Quick Service Restaurants remains flat despite an uptick in visits and servings. These channels continue to compare to a period where they benefited while 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 & Education could not.

The following sections provide an overview of total food and drink performance in 2022 for all foodservice channels for total foodservice and seafood. This includes Quick Service Restaurants, Fish & Chip Shops, Pubs, Full-Service Restaurants, Travel & Leisure, and Workplace & Education. It details year on year growth for visits and servings of seafood in each channel to December 2022.

Quick Service Restaurants

Total food and drink in Quick Service Restaurants

In 2022 Quick Service Restaurants was at 82% of visits and 84% of servings when compared to pre-pandemic 2019 levels. However, they were up on 2021 (visits 5% and servings 4%). In the last 12 months spend was in a 0.5% decline.

Total seafood in Quick Service Restaurants

30% of all seafood is served in Quick Service Restaurants but it only accounts for 2% of the total channel and remains a big opportunity for seafood. Visits and servings of seafood in Quick Service Restaurants was down year on year to December 2022, 12% and 13% respectively.

Fish & Chips Shops

Total food and drink in Fish & Chip Shops

Facing competition with recovering channels, visits and servings in Fish & Chip Shops declined by 8% and 11% in 2022, spend was also seeing a decrease of 13%. 2022 visits and servings were at 73% and 71% of pre-pandemic levels in 2019.

Total seafood in Fish & Chip Shops

72% of the protein servings sold in Fish & Chip Shops is seafood and it has lost servings share over the last 12 months to other proteins. 16% of all seafood served Out of Home is served in Fish & Chip Shops accounting for 30% of the total channel, as with Quick Service Restaurants it remains an important channel for seafood consumption out of home. Visits and servings of seafood in Fish & Chip Shops was down year on year to December 2022, 13% and 12% respectively.

Pubs

Total food and drink in Pubs

Pubs have continued to make a strong recovery with visits and servings up 65% and 71% on 2021. 2022 visits to Pubs were at 84% of pre-pandemic levels (2019) and servings at 78%. Spend has increased by 57% with sales now fully recovered at 103%.

Total seafood in Pubs

15% of all seafood is served in Pubs, and it accounts for 4% of all servings in the channel. Seafood visits to Pubs was up 60% with seafood servings up 64% year on year to December 2022. Both are 79% of 2019 levels.

Full-Service Restaurants

Total food and drink in Full-Service Restaurants

Recovery to Full-Service Restaurants has continued in 2022 with visits and servings up 30% and 32% on 2021, spend has increased by 31%. 2022 visits and servings to

Full-Service Restaurants were at 87% and 80% of pre-pandemic levels (2019). As with pubs, total sales have now recovered to 107%.

Total seafood in Full-Service Restaurants

17% of all seafood is served in Full-Service Restaurants, and it accounts for 5% of all servings in the channel. Seafood visits and servings to Full-Service Restaurants was up 31% year on year to December 2022 and are 85% and 80% of pre-pandemic levels.

Travel & Leisure

Total food and drink in Travel & Leisure

Travel & Leisure recovery has been slow with tourism and footfall still below 2019 levels. However, for 2022 visits and servings saw a 13% increase, with spend up 16%. 2022 visits and servings in Travel & Leisure were just 52% and 53% of pre-pandemic levels with sales faring slightly better at 63%.

Total seafood in Travel & Leisure

10% of all seafood is served in Travel & Leisure, and it accounts for 5% of all servings in the channel. Seafood visits and servings to Travel & Leisure to December 2022 was up 12% and 10% respectively and are 50% and 56% of pre-pandemic levels.

Workplace & Education

Total food and drink in Workplace & Education

Recovery to Workplace & Education continues as more workers were back in their offices with visits and servings up 89% and 84% on 2021, with spend up 70%. 2022 visits and servings to Workplace & Education were just 72% and 81% of pre-pandemic levels in 2019. Sales recovered to 53%.

Total seafood in Workplace & Education

12% of all seafood is served in Workplace & Education, and it accounts for 4% of all servings in the channel. Seafood visits and servings to December 2022 was up 44% and 43% respectively and are 97% and 106% of pre-pandemic levels.

Opportunities for seafood out of home

In this section

Attention for Quick Service Restaurants

Quick Service Restaurants remains a major opportunity to improve the appeal of seafood. It is the largest channel in the foodservice market with 53% of all out of home visits and remains the biggest opportunity for seafood, with almost one third of all seafood servings being at a Quick Service Restaurants outlet. Seafood in Quick Service Restaurants is now underperforming compared to the total market, especially in the wake of veganism. Additionally, Quick Service Restaurants attracts the younger, less affluent consumer, a target demographic for seafood.

Target a younger and less affluent consumer

Seafood could benefit from appealing more to the younger consumer, as this group bounces back to pre-pandemic behaviours faster than older generations. As seafood tends to attract older and more affluent consumers, the category could gain from engaging younger and less affluent consumers and to adults with children, where there's an opportunity to increase seafood servings to families.

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

Offer digital ordering

One way to attract a younger consumer is to offer digital services such as app-based ordering. This has become commonplace for multiple order points, including, delivery, pick-up, and at-the-table.

Implement app-based loyalty platforms

In foodservice, loyalty has always been a key driver of success, and it is expected to remain an important factor for people when choosing where they will eat out, with the pandemic elevating this further. Here, loyalty-based apps can help. And, these types of services have become more important as the consumer now looks to cut costs, with app-based loyalty platforms allowing outlets to communicate offers and deals directly to the consumer.

Offer consumers new and different options

Quick, portable, and cheap snacking and breakfast options are key opportunities for seafood out of home as its currently under-indexing compared with the total market. Quick value, on-the go occasions will also be instrumental in growing the market post pandemic.

Additionally, offering glute free and plant-based options for vegans, vegetarians and flexitarians could increase the overall fish and chips servings. As a key motivation for the fish and chips consumer is socialising, offering varied options for all requirements of the party may prove valuable.

References

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

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- The NPD Group, February 2023, Q4 Datasheet to December 2022

For more information please contact:
Suzi Pegg-Darlison
Market Insight Analyst

T: (01472) 252358
E: suzi.pegg-darlison@seafish.co.uk

Seafish
Origin Way
Europarc
Grimsby
DN37 9TZ

www.seafish.org

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