

Welcome to the Seafish Market Insight Foodservice Webinar

Challenges and opportunities in foodservice

Monday 1st March 2021

This meeting will run from 14:00 – 15:00



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

Welcome to our Market Insight Webinar

- **Everyone will be muted by default**
- **Use the chat box for any comments or questions**
- **Q&A session at the end of the presentation**
- **Webinar is being recorded**
- **Link to the presentation will be sent**

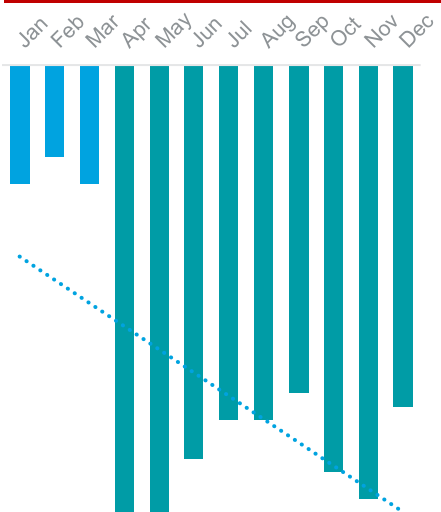


THE ECONOMY AND THE CONSUMER

Amid the lockdowns, restrictions and U-turns, economy and consumer confidence were affected

Consumer confidence

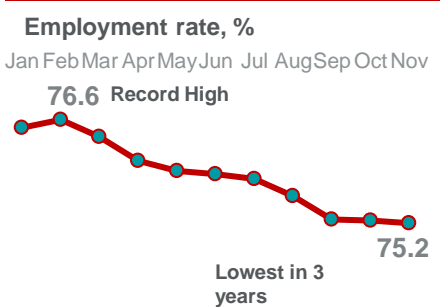
2020



Consumer confidence slumped after the first lockdown that started on March 23rd and was moving up and down with the restrictions

Employment

2020



Source: ONS

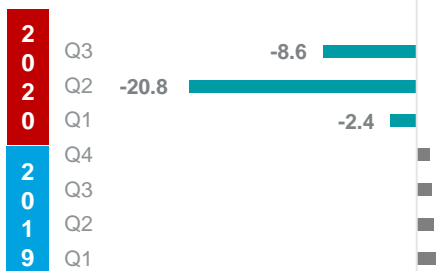
Unemployment (%) is growing



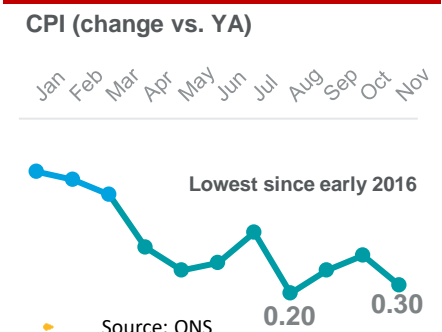
Source: ONS

Economic Impact

2020



2020



Source: ONS

BREXIT is DONE!



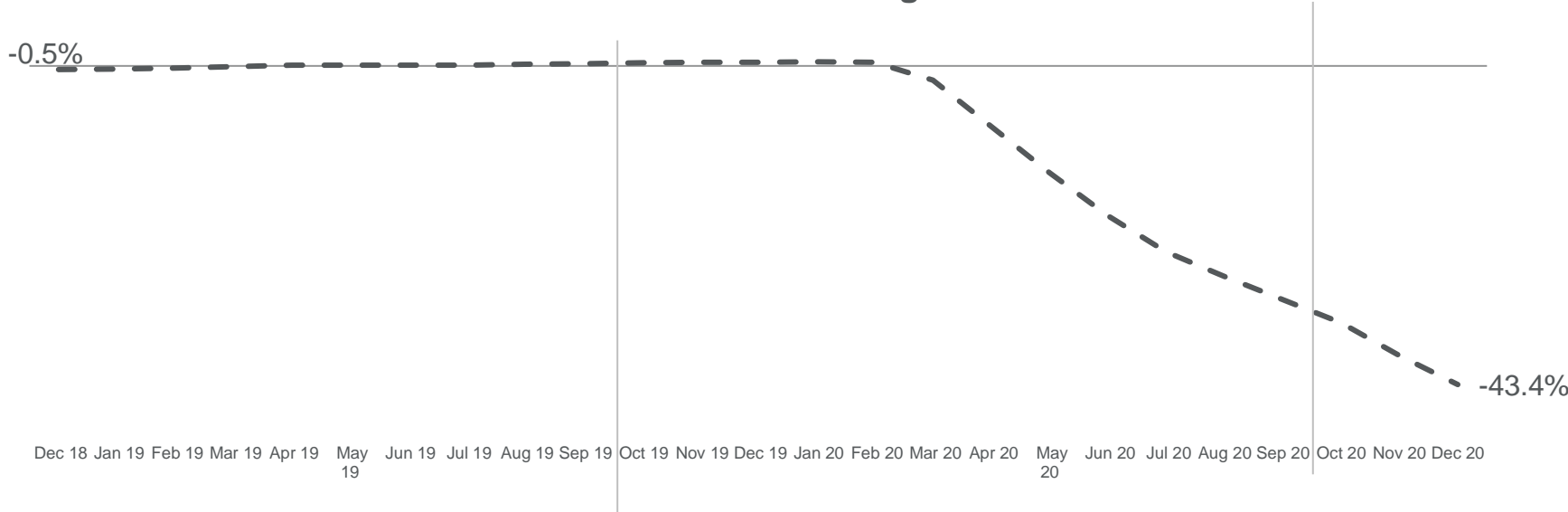
Britain has left the EU on January 31st 2020. Transition period finished at 11PM on December 31st 2020.



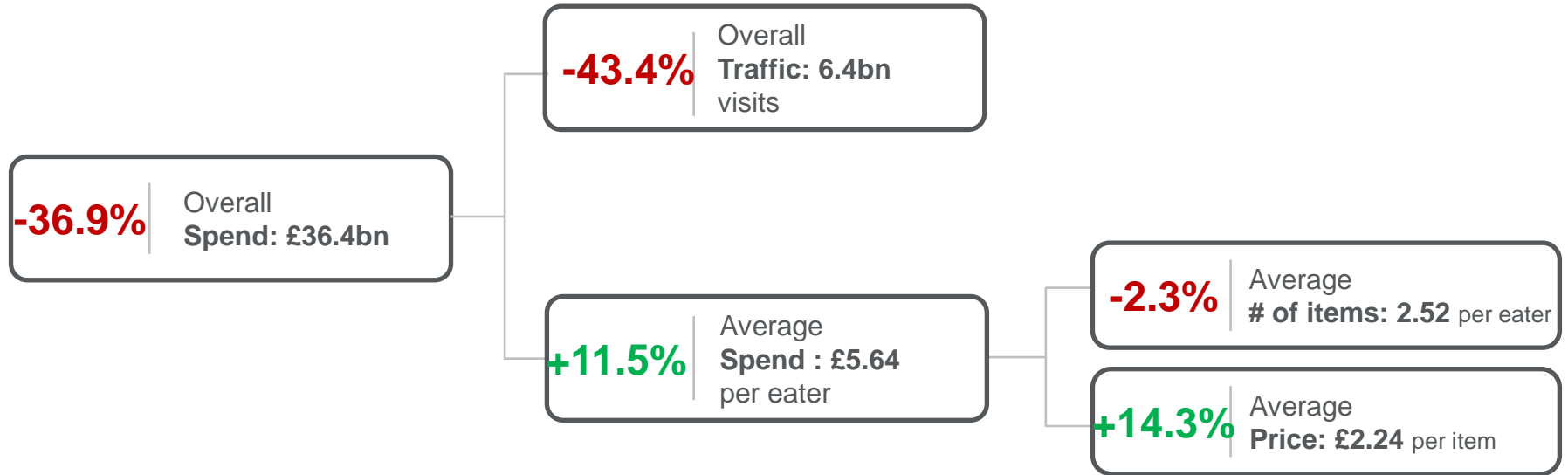
UK population shrank by 1.3m when foreign-born workers left, 700k in London alone.

The Covid-19 lockdown has resulted in unprecedented declines in eating out visits

Total OOH YoY % Change in Visits



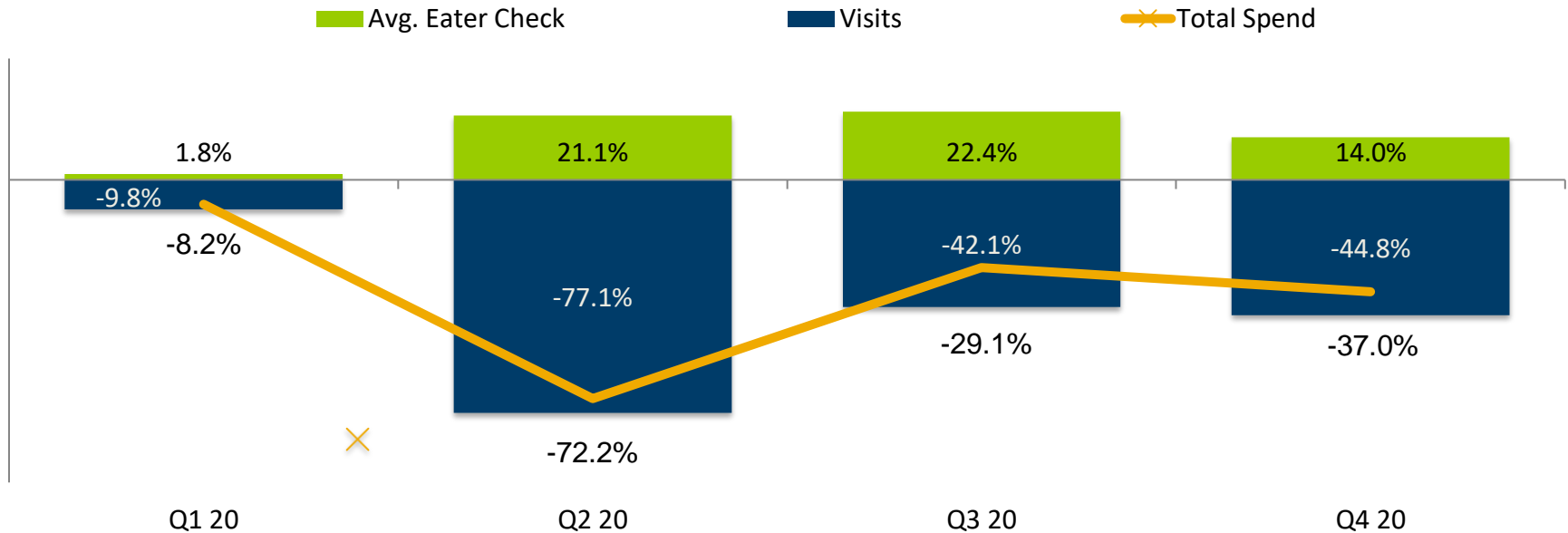
Annually, both spend and visits are sharply down, while average spend is being driven by price increases



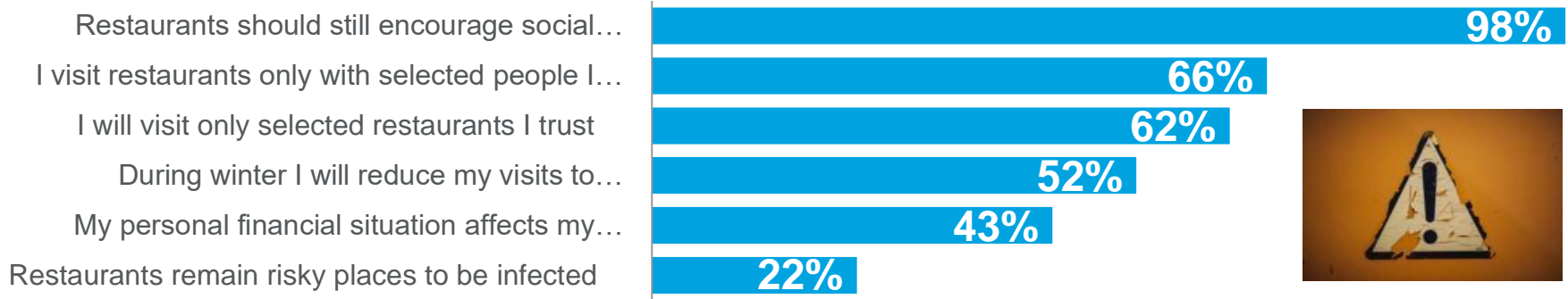
Total OOH key measures (total market) – YE Dec 2020 vs. YE Dec 2019

Recovery that started in Q3 was halted by November lockdown and Christmas restrictions pushing Q4 visits down by almost 45%

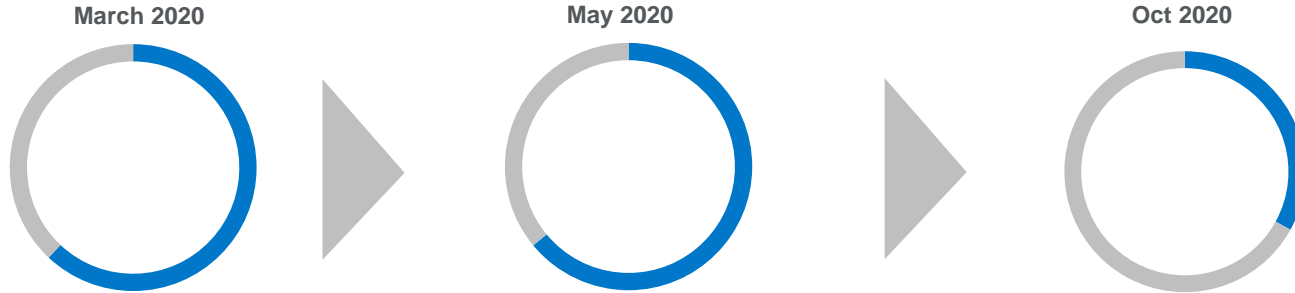
Components of Spending vs. Year Ago



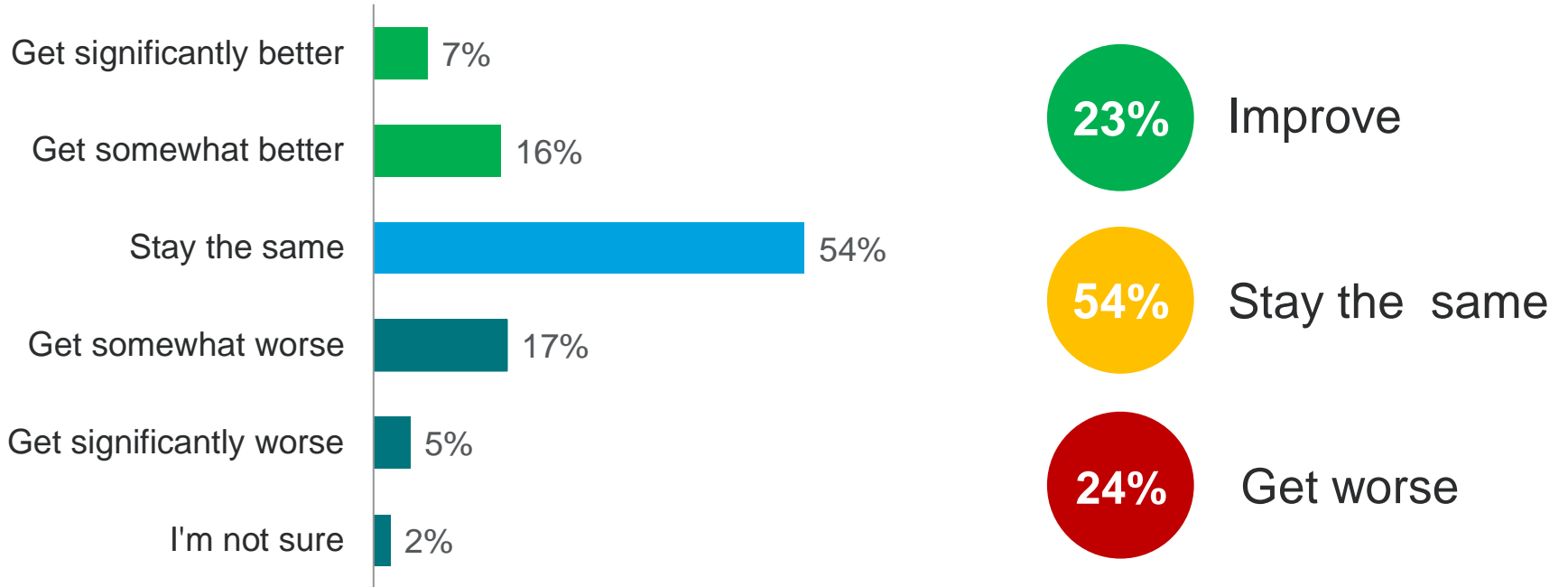
Customers are cautious towards restaurant visits, but less supportive of closures compared with the 1st lockdown



Just before the 2nd lockdown only 1/3rd of the British public totally agreed with restaurants closures



Most consumers expect their financial situation to roughly remain the same over the next six months



While Quick Service Restaurants (QSR) lost the most visits, but they fared better than the rest of the market in relative terms

2020 vs 2019

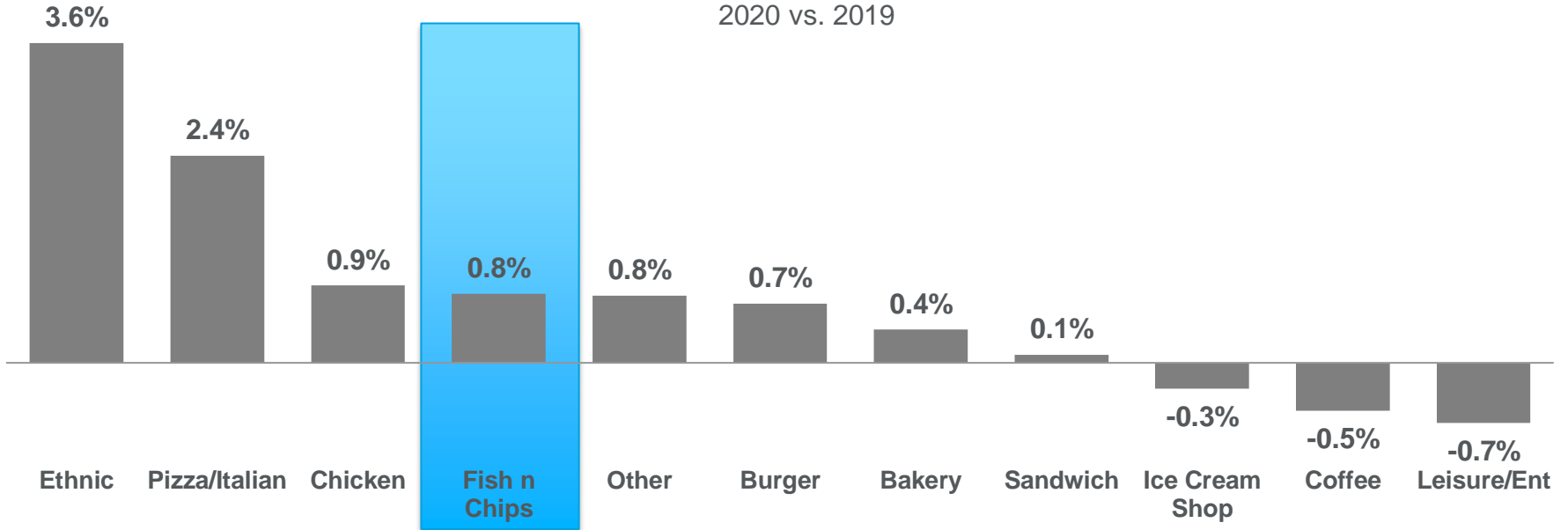
	Visits Lost	% Change
Travel & Leisure	-0.1bn	-61%
Work and Education	-0.9bn	-60%
Pubs	-0.6bn	-51%
Retail/Supermarket	-0.7bn	-49%
FSR	-0.6bn	-47%
Petrol Station	-30mil	-30%
QSR	-1.4bn	-29%

Pizza chains, ethnic QSR and chains with strong delivery and DT estates won shares amid COVID restrictions

Visits decline, 2020 vs 2019

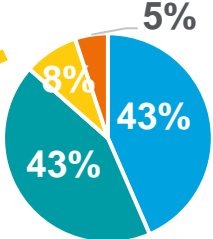


Visits % points share change for key IEO operators
2020 vs. 2019



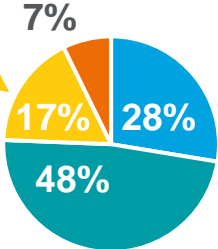
As the main available distribution channel during lockdowns, delivery has grown exponentially in 2020

Visits Share 2019

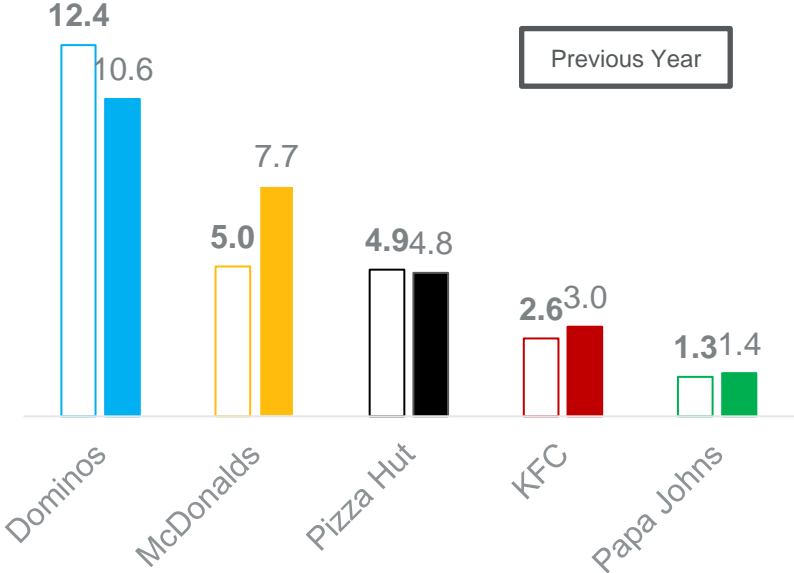


■ On Premise ■ Carry Out ■ Delivery ■ Drive Thru

Visits Share 2020



Top 5 branded Delivery Operators (share of visits)



Source: NPD CREST, Full Year 2020 data; arrows in delivery aggregators demonstrate growth/decline in visits

To Summarise...

Major Challenges:

- Statutory restrictions triggered closures and limitations
- Those without robust delivery or DT model are struggling
- Working from home and travel restrictions limited some channels to the point of obliteration
- Consumers were cautious at the beginning but starting to get tired of restrictions



























SEAFOOD IN FOODSERVICE



Seafood Proteins gained popularity in the second half of the year in Delivery and Carry Out Channels*

*chicken has gained more in all segment

	DELIVERY			DRIVE THRU			CARRY OUT			ON PREMISE		
	1	2	3	1	2	3	1	2	3	1	2	3
Pre												
Post	 =	 =	 ↑	 ↑	 ↓	 =	 ↑	 ↓	 ↑	 =	 ↑	 ↓

Amid COVID restrictions of 2020 seafood lost 43% of visits

2019

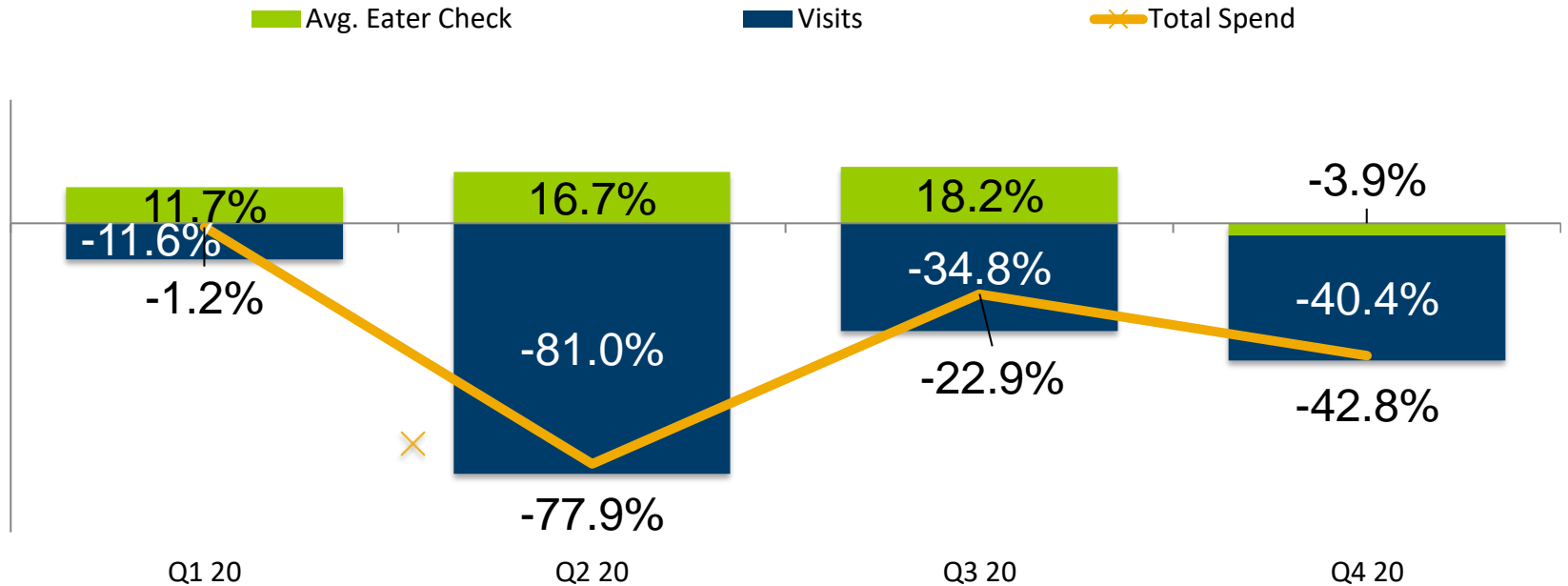


2020

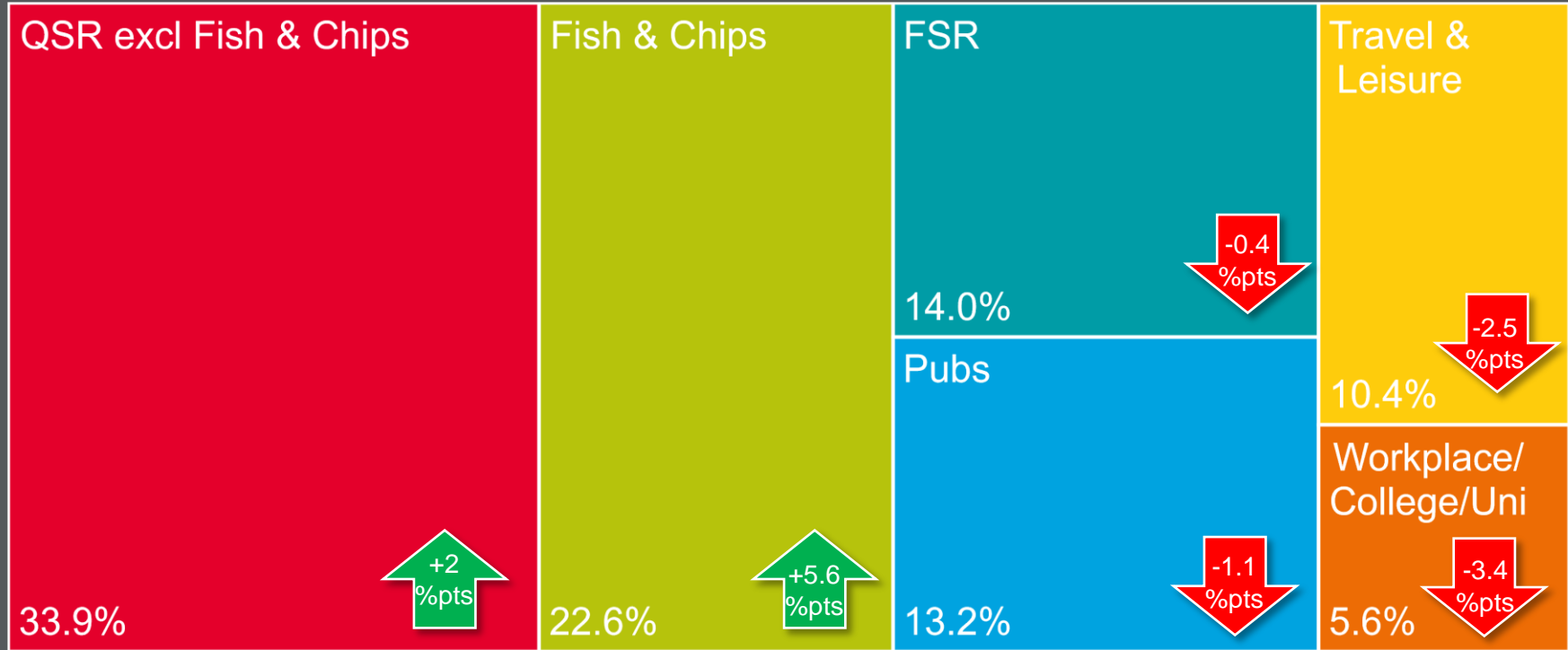


Recovery evident in Q3 2020 got halted by lockdown and tiered restrictions in November/December

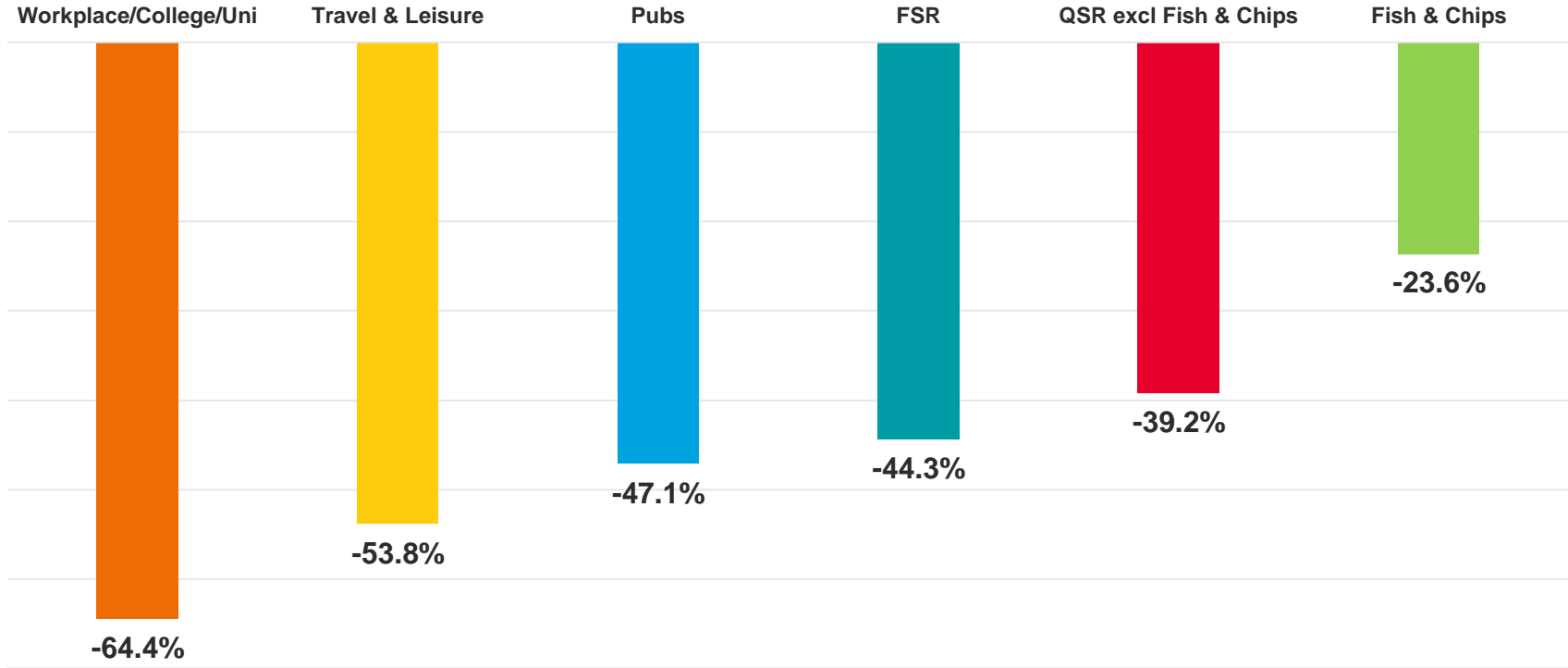
Seafood Only



Importance of QSR and Fish & Chip Shops has grown in pandemic, they now represent 57% of all visits



Working from home, travel bans and other restrictions caused the most damage to workplace, travel and pubs



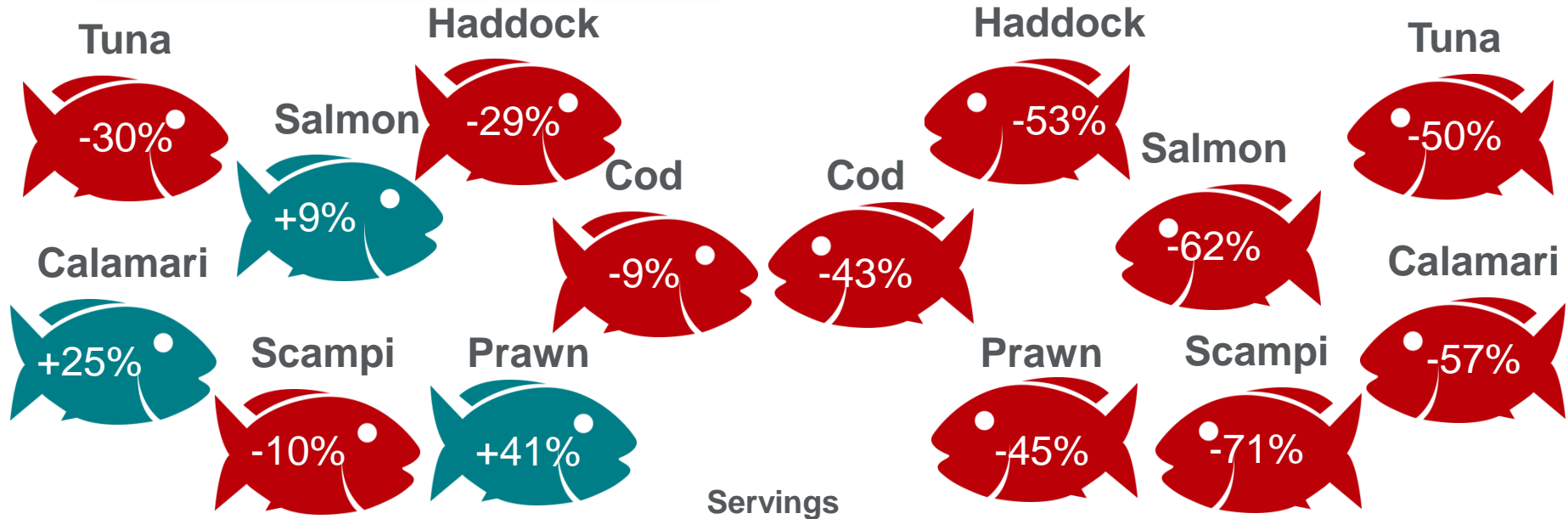
Prawn servings were growing fast before lockdown and seem to be losing less than other species

PRE

Q1 2020

COVID

Q2-Q4 2020



To Summarise...

Seafood in pandemic:

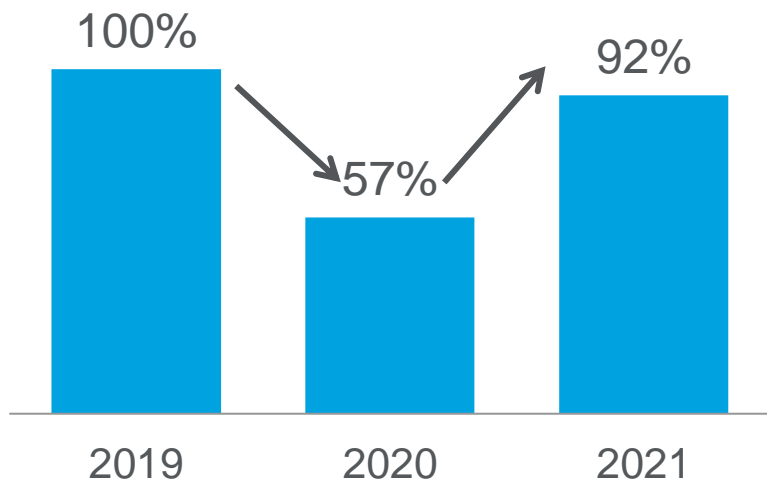
- The segment has been performing in line with overall market
- Quick service restaurants gained importance thanks to better positioning in delivery and Drive Thru channels
- Seafood showed some improvement in delivery and carry out channels as pandemic developed
- Fish and Chips shops are among those gaining market share

A close-up photograph of a person's hands gently holding a small green seedling in dark soil. The background is a soft, out-of-focus green and yellow, suggesting an outdoor setting. A dark grey horizontal banner is overlaid across the middle of the image, with the word "OPPORTUNITIES" written in white, bold, sans-serif capital letters.

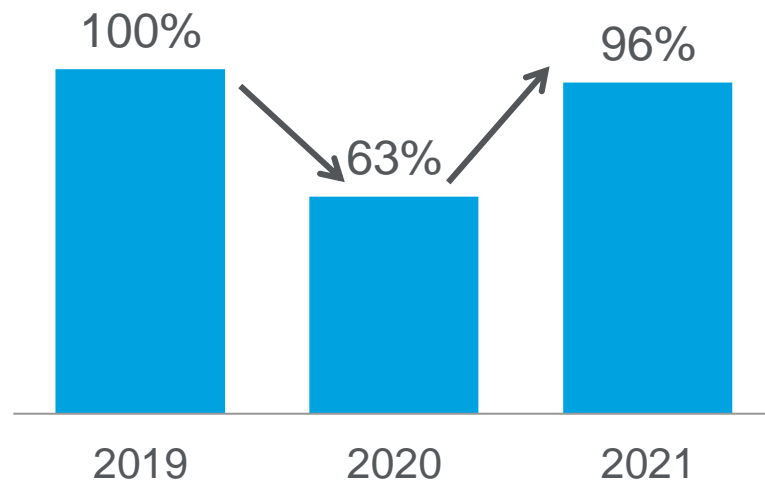
OPPORTUNITIES

OOH market is still expected to recover by 2022

OOH Visits as a % of 2019

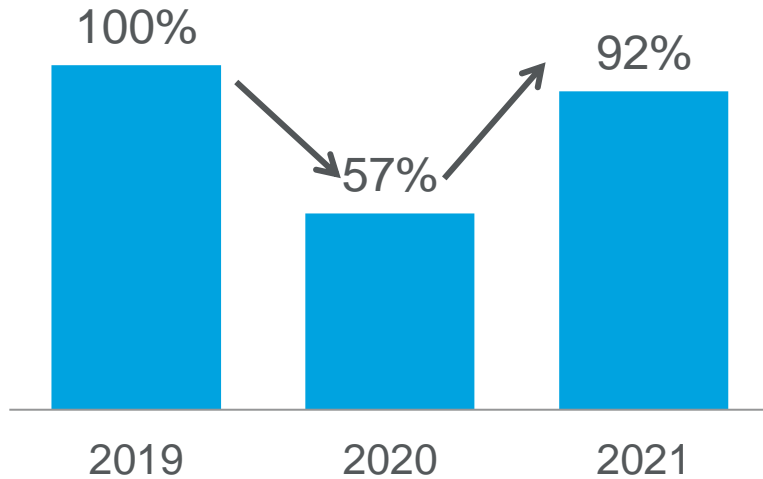


OOH Spend as a % of 2019

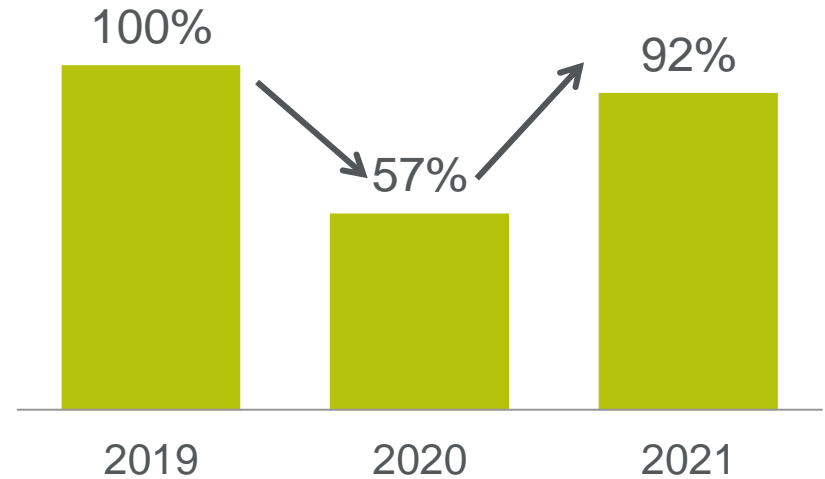


Seafood visits are likely to recover with the market

OOH Visits as a % of 2019

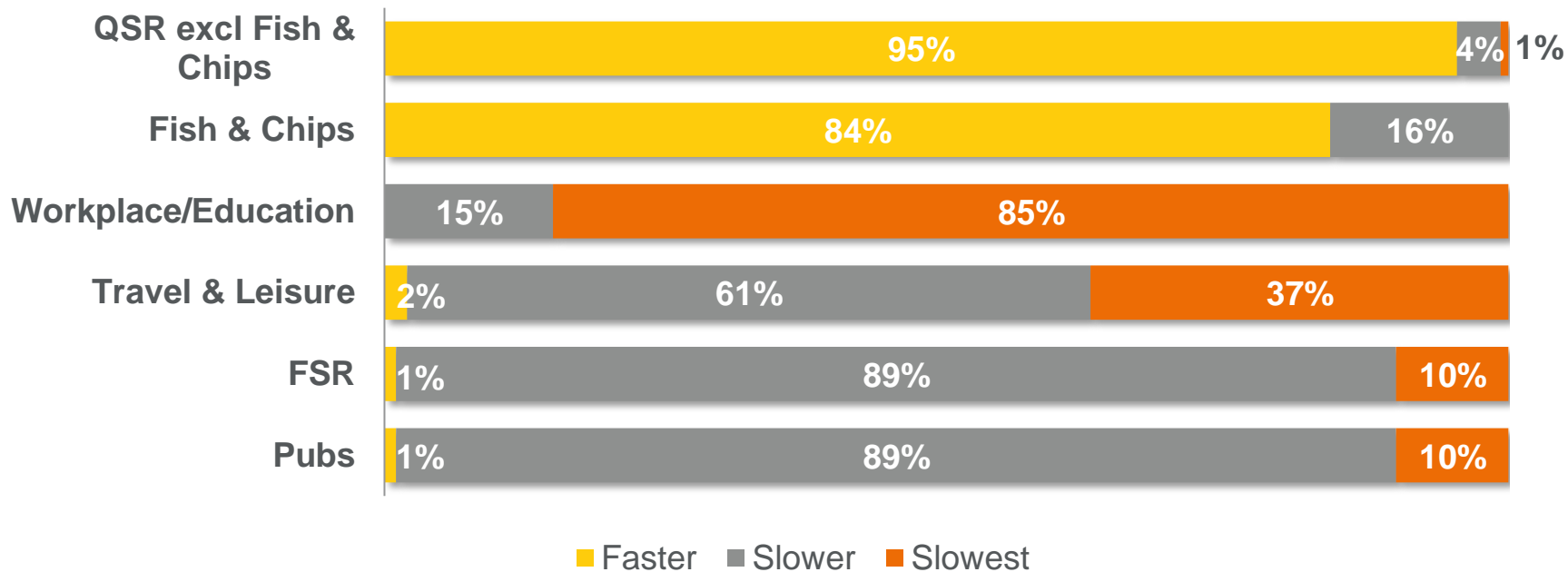


Seafood Visits as a % of 2019



QSR and Fish & Chips are likely to come back faster than others

Total OOH Visits

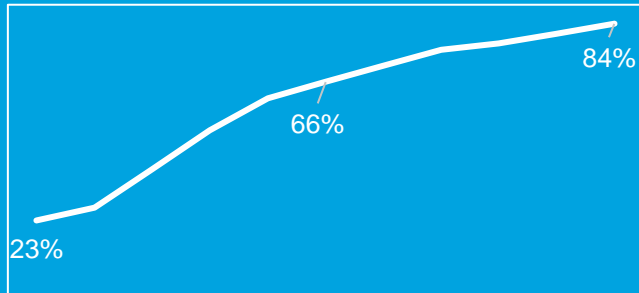


The Rise of Digital

The past decade has seen a transformation in internet usage, smart phone penetration and the popularity of e-commerce.

Covid-19 has accelerated this trend as people seek new ways to keep connected, informed, entertained and fit during the pandemic.

% of UK population using a smart phone



2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020



Over 4 hours spent online per day during 2020, up over 30mins vs. 2019



In 2018, cards overtook cash, and contactless overtook PIN payments



31% of retail sales were online in December 2020, up from 8% in December 2010

Digital orders now account for almost 1/5 of all foodservice spend

Digital ordering
YE Dec 20



£7.12 average
spend per head
+25%



£6.1bn spent
+46%



855m visits
+17%



Digital ordering is most advanced in QSR, where in 2020 it accounted for 23% of all spend.

This was almost double the share in 2019, 13%.

Every major market operator has launch or re-launched their mobile apps with offers and loyalty schemes.

App promotions



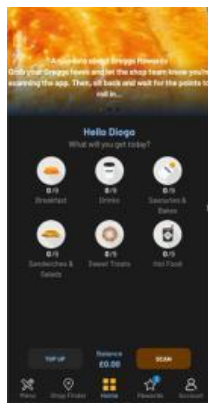
SUBWAY
WHEN YOUR ORDER ON OUR NEW APP
18TH OCT - 1ST NOV 2020



Digital Loyalty Schemes



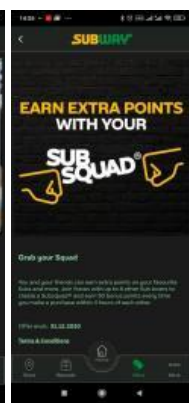
Buy 9 products within a product group to get a 10th one for free



One stamp for any purchase over £3 or 2 stamps for any purchase over £15. Collect 3 stamps for a free side; 7 to get a free snack; 11 to get £5 off.

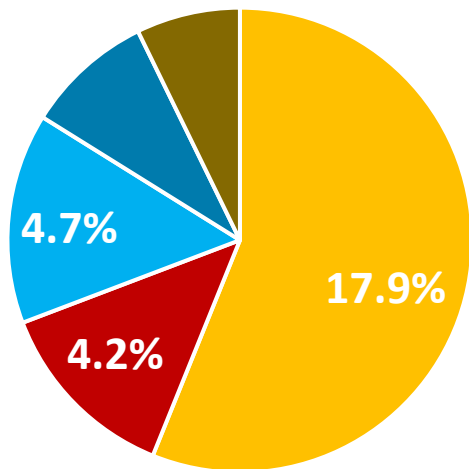


New App launched on October 12th. Collect up to 5000 points (1 point for every 10p) to be redeemed on advertised products.



As most operators launched or upgraded their apps in 2020, click & collect is becoming a more popular way to order

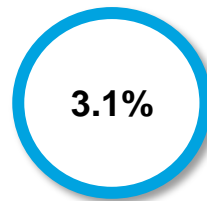
Top 5 Click & Collect Brands, visits share*



■ McDonald's ■ KFC ■ Domino's ■ Greggs ■ Starbucks

Source: NPD CREST, YE 2020 data; *low sample

C&C share of OOH visits*



C&C importance

	Index**
IEO	
McDonald's	156
KFC	131
Domino's	203
Greggs	65
Starbucks	211

** Share of C&C visits in total brand visits over C&C share of IEO visits

Click & Serve

Here's James Haskell to tell you all you need to know!

Curb Side Delivery at McDonald's via MyMcDonald's App



Dark/Ghost Kitchens

Dark/Ghost kitchens are the e-commerce distribution centres of the restaurant world

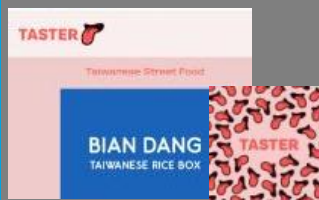
The Covid-19 lockdowns have resulted in an explosion of both remote kitchen spaces to rent – known as Dark or Ghost kitchens – and virtual brands, operating either from remote kitchens or unused kitchen space in existing restaurants.

Similar to how retailers made the shift from managing e-commerce orders within local stores to setting up distribution centres, restaurants are also moving in this directions. Instead of distribution centres these premises are known as 'dark kitchens'.

Remote kitchen spaces to rent



Virtual brands using remote kitchens



Taster creates brands that operate out of Deliveroo Editions kitchens and only exist virtually



Motu Indian Kitchen is a virtual brand by JKS Restaurants, who also run London restaurants Hoppers, Lyle's and Bao

Virtual brands using existing restaurant kitchens



Ding Dong is a vegan hot dog concept by Unilever, aimed at existing restaurants with unused kitchen space



Mac & Wings is a virtual brand operating out of PizzaExpress restaurants, available on Deliveroo

Subscriptions

Foodservice is moving into Netflix-style subscription services, and beyond dinner to other dayparts



Deliveroo has launched a new version of its **Deliveroo Plus** service, dubbed **'Plus for a family'**, which gives customers unlimited free delivery for £3.49 a month on orders over £25, targeting families and larger parties. This will make ordering regularly from restaurants and supermarkets more affordable for a household.





Resizing and refocusing to survive



RESTAURANTS

Thu 27 Aug 2020 21:39 BST

Pret forced to axe 2,800 jobs

Pret has been forced to make 2,800 staff redundant as a result of the coronavirus. It said though sales and footfall have begun to recover, the impact of the coronavirus had set sales back ten years, when the business was "considerably smaller" than it is now (it had around 200 sites compared to 367 today). Weekly sales are averaging around £5m – the level they were at in August 2010. It also said trade across the UK estate was down 60% down year on year. As a result, the business said it has had to permanently close 30 shops

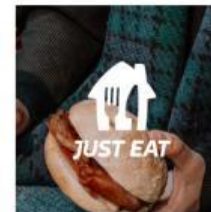
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Introducing YourPret Barista: Pret's Coffee Shop Subscription

With our new coffee shop subscription you can enjoy all your coffees (and teas, hot chocolates...) for £20 a month and your first month FREE.



Dinner Delivery by Pret

You've seen enough of your kitchen. We've got this. From Focaccia Pizzas to Spiky Chicken Enchilada Bakes, Red Thai Chicken Curry to indulgent Milkshakes, our new takeaway menu is delivered fresh from our kitchen, to yours.

Exclusively available for delivery from 30 shops.

Meal Kits

Meal Kits are evolving from simple supermarket meals to specialised cuisines and restaurant-quality meals

Meal Kits began life as a convenient way for time-strapped consumers to have good quality, varied meals at home, with the weekly shop taken care of for them. This is the focus of services such as Hello Fresh, and the Italian-themed Gousto.

During the Covid lockdowns, restaurants have begun to offer their own DIY meal kits. In recent months aggregators have emerged for restaurant meal kits, including Big Night and Farmdrop.

Restaurant meal kit delivery services

Big Night

Luca at Home Menu for 2
£80.00
The menu below is for the 19th/20th of February, no changes fortnightly.

Big Night launched in 2020 and offers nationwide deliveries from London restaurants, including meal kits, charging 5%-6% commission



Farmdrop offers meal kits from restaurants including Honest Burger and Patty & Bun

Restaurants providing their own meal kit services

Many restaurants have been offering meal kits during lockdown



Quality Chop House



Lahpet

Meal kit delivery services



Hello Fresh



Gousto



Pasta Evangelists

5 key messages

1. The OOH market has lost 43% of visits in 2010.
2. **Seafood** visits declined in line with the market
3. **QSR** segment has gained importance thanks to better developed delivery and DT proposition
4. **Delivery** is developing faster than ever and must be leveraged
5. **Key trends** to consider for the future: digital everything, subscriptions, dark kitchens, meal kits



Q&A

Thank you

For further details please contact:

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