

Perspective on the Foodservice Market in Europe

March 23rd, 2020

Latest data from China

In our prior week's report, we shared some first learning from the month of January, meanwhile, we also got February data from our CREST service in China. And that gives us a flavour of what to expect – or maybe even what we are in already – depending on the country in Europe.

During the full two month period January/February 2020, the Chinese Foodservice Market dropped by almost -30% in both visits and spend. Limiting it to the weeks of and after Chinese New Year, the weekly spend declines were up to -60%. Visit counts showed a strong decline as well but spend was even more under pressure since consumer's average eater checks went down as well, mostly due to the In-Store business – usually with higher than average eater checks - declining over proportionally. FSR suffered most in traffic decline while Western QSR resisted declining with quick responses to the market circumstances. Retail also performed better with its offering of packaged fresh food for immediate consumption. One clear winner from the crisis was – as expected earlier – Delivery: Growing by +10% in the double-digit declining market. However, operators had to learn and adapt quickly to consumer demand: non-contact delivery had to be focused on, packaging has been getting important and safety and hygiene of kitchens and drivers had to be documented well.

Consumers became less price sensitive, drawing back from speed, service, uniqueness oriented, but instead were more interested in convenience, special taste and variety to fulfill needs in one go. Visits concentrated around necessary main meals as breakfast and lunch while snacking meals slipped.

Market Responses and Suggestions to Recover from Coronavirus Outbreak



Where we were heading in Europe?

Having in mind that there were different restrictions in different countries in Europe, this write-up of our preliminary data covers the **second week of March** and things keep changing very quickly, and the only direction these days in Europe is towards more restrictions...

- The Italian market basically came to a stop. There are some small pockets of Foodservice business remaining open and being used but they are mostly connected to Retail such as Supermarket, Gas Stations or Bakeries. It is mostly around Sandwiches and other ready prepared packaged products. Therefore Italy may be a good showcase, where other European countries – with similar restrictions following Italy several days later - may be during the weeks from mid-March on.
- With surprisingly low declines during the first week of March, the crisis and the shutdown has hit the Spanish foodservice market very hard during week 11. The market lost more than half of its volume in terms of customer traffic. Even more negative was consumer spend because the Full Service Segment with the highest Average Eater Checks lost even over proportionally. But also those outlets that remained available, all business was for delivery or take-away which further lowered the amount of spend per visit.
- Also the French market was hit hard during week 11. It lost about one third of its customer traffic and even more in spend. In addition to consumers going out less frequently, the on-premise occasions with higher eater checks were much more strongly impacted. The Quick Service Segment was also down double-digits but managed to weather the storm slightly better through focusing on delivery options and still offering take-away solutions to its customers.
- Similar dynamics as in France were measured in Germany. The market lost about a third of its volume and value and the QSR market lost less than the areas that were hit much harder. Those include all travel locations, especially Airports, Workplace and School Cafeterias when more and more business shut down or move people into 'home-office' and schools being closed country-wide.
- Still remaining somewhat stable in week 11 is Great Britain. Despite concerns among the population, in week 11, there were basically no governmental restrictions and it still felt almost like business as usual. Still, after the beginning of the year showing a strong market performance, in week 11 it turned into the negative but only in the low single-digits. It seemed that consumers were more concerned about an infection and spend more time at home. And the QSR market and Delivery managed to balance some of the stronger losses of the Full Service Restaurant and Pub side of the market. A much stronger decline as a result of additional governmental restrictions can be expected to hit the market in week 12.



- The Russian market was still holding stable in the second week of March. The corona outbreak – whilst still being reported softer than in most Western European countries - brought the growth we have measured during the first two months of the year to an end. But there haven't been any drastic decreases in market visits and spend yet.

A look into the US

With the coronavirus (COVID-19) pandemic spreading throughout the country, more people working from home, and social distancing guidance in place, U.S. restaurant customer transactions declined by 8% in the week ending March 15 compared to year ago. In the prior week ending March 8, the quick service restaurant (QSR) chain “breakfast wars” helped to drive a 4% increase in total U.S. restaurant customer transactions compared to same period year ago, according to NPD’s CREST® Performance Alerts, which provides a rapid weekly view of chain-specific transactions and share trends for 70 quick service, fast casual, midscale, and casual dining chains.

QSR chain customer transactions, which represent the bulk of U.S. restaurant transactions, declined by -7% in the week. The already challenged full service segments of casual dining and midscale/family dining realized transaction declines of -22% and -24% respectively.

“The U.S. restaurant industry situation remains very fluid and the most recent week read of customer transactions reflect performance before mandated on-premise restaurant closures were implemented in multiple states,” says David Portalatin, NPD food industry advisor and author of Eating Patterns in America. “Some of the areas I’ll be watching closely in the coming weeks are delivery capacity, the pizza category, and third-party delivery platforms, like DoorDash, Grubhub, and Uber Eats.”

Food delivery usage has been reported as a mixed bag. We expected to see a big increase in the use of food delivery services with everyone barricaded in their homes but there are a number of conflicting forces weighing on the category. About 1 in 5 delivery service users are using them more during the COVID-19 outbreak. But 1 in 4 are using them less. The downturn is heaviest among 18 to 24-year-olds, presumably college kids who are now locked down at home with their parents. The biggest increases are actually among the 55+ crowd. Overall, it pretty much breaks even.

Consumer Sentiment these days

During the coming days, we will be able to report how consumer sentiment related to the foodservice industry has changed, based on a survey we have run during the past days across six European countries. But one thing upfront: The vast majority of consumers across the countries believe that the restrictions for restaurants, cafés and bars make sense and are necessary to fight the corona crisis!

Where this information comes from

With our consumer panel CREST, we are tracking Foodservice markets across 13 geographies worldwide every single day! Our representative samples allow us to understand size, structure and trends in the market, its channels and chains. CREST allows us to understand who eats and drinks what, how, why and at which price. We normally release CREST monthly, however, during these challenging times, we analyse raw CREST results by week with complete, projected and more detailed analysis for the month and quarter. In addition, our receipt-tracking tool SnapMyEats allows us to better understand markets in Great Britain and France.

We continue to update you with information from our tools and your account team is there to help you navigate through this tough time!

Stay healthy!

