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# Seafood in Foodservice Q1 2021

A market insight analysis

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# United Kingdom (UK) economy in Q1 2021

## UK economy summary

### In March 2021 Gross Domestic Product (GDP) grew by 2.1%

The UK's GDP is estimated to have decreased by 1.5% in Q1 2021 due to the third national lockdown, as all non-essential shops and hospitality outlets were closed, apart from takeaway, drive thru and delivery services.

But, as economic activity increased and lockdown restrictions were lifted, and schools reopened, in March 2021, GDP grew by an estimated 2.1%. **March 2021 is the fastest growing month since August 2020.**

March's GDP is 5.9% below the levels seen in February 2020, and 1.1% below the initial recovery peak in October 2020. Although services have been the main contributor to GDP's recovery in February and March 2021 following large falls in January, accommodation and foodservice activities remains in decline -0.2 percentage points.

## Consumer confidence

Lead by the successful vaccination roll-out and the introduction of the "roadmap to recovery", the Consumer Confidence Index increased by seven points to -16 in March 2021. Comparing this to March 2020 -9 and the lows of April and May -34, it appears confidence has started to recover.

March has marked an improvement in each month of Q1 2021 as the lows seen in November 2020 -33 have continued to climb despite the introduction of further restrictions, December -26, January -28, and February -23.

# Great Britain (GB) Foodservice and Seafood in Foodservice

## In this section

Consumer visits to foodservice outlets were down 52% in Q1 2021. Although this was a marked improvement compared to the first lockdown in Q2 2020 where a decline of 77% in visits was seen, it was a decrease in visits from Q4 2020 -44% due to the third lockdown.



## Total foodservice

Visits declined further in Q1 2021 amid the third national lockdown

In Q4 2020 total foodservice had started to see some recovery with visits going from -77% in Q2 2020 to -45% in Q4. This recovery was halted due to the second and third lockdown which has pushed Q1 2021 visits down further to 52%.

This decline in visits, however, wasn't as big as what was seen during the first lockdown. This was due in part because operators have now adapted to the new realities of the foodservice market and as a consequence have ventured into new channels offering consumers new services such as delivery, click and collect, click and serve and takeaway.

### Demographics

Visits to total out of home (OOH) declined for all age groups. Families, those with children ages 0 to 15, did better than all other groups, with a drop of 28% in visits, compared with -60% for trips with adults only. In part this was as it became a regular treat for many families to order a delivery

Younger adults were also more active in the market than older consumers, with those aged between 16 and 34 seeing a 54% drop in visits, this compared to 70% decline for those aged between 35 and 49 and a 59% drop in visits for those aged over 50.

**Dayparts**

All daypart occasions, breakfast, lunch, dinner, and snacks saw declines in Q1 2021. As working and studying stayed remote, lunch remained the hardest hit resulting in a 61% drop in visits.

Dinner remained the most resilient daypart occasion, with a drop of 31% in visits. This was largely driven by a strong increase in delivery orders, up 16% in Q1 2021.

## Total seafood

### Seafood visits dropped in Q1, but remained ahead of the total foodservice market

In Q1 seafood visits OOH had declined by 46% in line with the total foodservice market. However, due to a growth in average eater cheque*, seafood spend fared better at -13% versus -45% for total foodservice spend. Visits OOH for seafood represents 10% of the total foodservice market.

Seafood servings represents 4% of total foodservice market and had declined by 51% to year ending March 2021.

**average eater cheque - what did the guests spend on average during a restaurant visit*

## Opportunities for seafood

***Younger consumers***

Seafood largely attracts an older and more affluent consumer it doesn't attract its fair share of younger consumer with Pubs and Fish & Chip Shops having the largest proportion of older customers. 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. Travel and Leisure, and Fish and Chip Shops are performing very well with families with children.

***Quick Service Restaurants***

The largest channel in the foodservice market is Quick Service Restaurants (QSR) with 68% of all OOH visits in QSR. And, it is the biggest opportunity for seafood as one third of all seafood visits and servings being at a QSR outlet. Additionally, QSR attracts the younger less affluent consumer that seafood can appeal to.

***Meal deals***

One third of Seafood visits were on deal. The price paid for seafood increased over last 12 months: value will be important when economy re-opens.

**Consumer motivations**

Socialising remains the most important motivation for consumers choosing Seafood while eating OOH with convenience still lagging the market, especially in QSR.

## Channel summary

### Fish and Chip Shops ended Q1 2021 almost at the last year's level of visits

The third national lockdown had a significant impact on the market. Although all foodservice channels continued to experience a drop in visits in Q1 2021 some were hit much harder than others. Pubs were the worst hit as lockdown practically wiped out all their visits to levels lower than the first lockdown in Q2 2020. Travel and Leisure as well as Workplace and Education suffered similar declines.

Fish and Chip Shops continues to be the best performing channel, with a comparatively low drop in visits, thanks in part to its ability to offer takeaway services.

### Quick Service Restaurants (QSR)

Despite the third national lockdown QSR was one of only two channels to see continued recovery in Q1 2020, albeit slower than previous quarters. Visits were declining by 25% in Q1 which was still an improvement on Q4 2020 -29%. This was in part thanks to its ability to offer consumers off-premise options such as delivery, drive thru and takeaway services.

### Fish and Chip Shops

By far the best performing channel in terms of visits OOH was Fish and Chip Shops. They have the lowest relative decline at 0.2% and at pre-pandemic levels as Q1 2020 experienced 2.4% declines in visits. They are recovering faster than any other outlet. But they continue to underperform in delivery and drive through options which are a key opportunity for the channel.

70% of the protein sold in Fish and Chips Shops is seafood. And, its gained share over the last 12 months, so it remains an important channel for the recovery of seafood consumption OOH.

### Pubs

Pubs remained closed in Q1 and as such visits were almost non-existent with declines of 99%. This was worse than during the first lockdown in Q2 2020 where visits had declined by 98%. This was despite initial recovery in Q3 -32%and Q4 -61%.

### Full-Service Restaurants (FSR)

Full-Service Restaurants (FSR) faced similar challenges to Pubs in Q1. Although visits started to climb back from -78% in Q2 2020 to -55% in Q4, the third lockdown halted recover as visits declined once again to 72%.

### Travel and Leisure

As tourism remained at a historical low Travel and Leisure has been the slowest OOH channel to recover. Although visits had started to climb from the lows seen in Q2 2020 of -93% to -69% in Q4, the third lockdown saw visits decline back to down to 90% in Q1 2021.

### Workplace and Education

With working and learning largely remaining remote or closed, Workplaces and Education has been one of the hardest hit channels in Q1 2021. Visits have continued to improve since Q2 2020 when visits declined 90%, but the recovery has been much slower than all other channels. And the recovery was halted in Q1 with declines of 88% compared to Q4 -71%.

## Key opportunities

### Delivery continues to grow with visits to total OOH up 12% versus last year and 16% in Q1 2021

New channels such as delivery, drive through and click and collect/carry out, will continue to be the key opportunities and main route to trade even as restrictions start to lift. Meal deals and kits will remain a popular option as they allow customers to recreate the out-of-home experience in-home. And, utilising technology, is key.

#### Delivery, click and collect and drive through

Offering consumers several options, specifically, delivery, will continue to be a key route to market and will remain so for some time. Delivery remains in growth for seafood visits OOH at 10% to March 2021 as does click and collect or carry out options up 14% year on year.

Delivery is developing faster than any other channel and can be leveraged by most businesses to ensure a faster recovery. Drive through can also be considered as this too. Currently both are underrepresented in seafood visits OOH. However, carry out/click and collect is outperforming the total market in part due to services available from QSR and Fish and Chip Shops as these channels were quick to adapt busines models and had already developed takeaway and delivery services pre-pandemic.

Keeping the gains of the delivery while offering a compelling and competitive offer after the reopening will be key to the markets recovery and grow.

#### Technology

As health concerns continue and consumers remain cautious, foodservice will need to become more automated as digital ordering becoming the norm. To both survive and thrive in the current market; outlets can tap into the options available. This will become more important to customers and to the future of foodservice. It is also a great way to keep communication going with customers off premise, where promotions and loyalty rewards could be offered to them.

#### Meal deals and kits

As consumers continue to try and replicate other out-of-home experiences meal kits are an increasingly popular option. And, as value with becomes even more important offering customers, a full meal including drinks, sides, and in particular desserts, to cook and eat in-home is an opportunity for all.

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