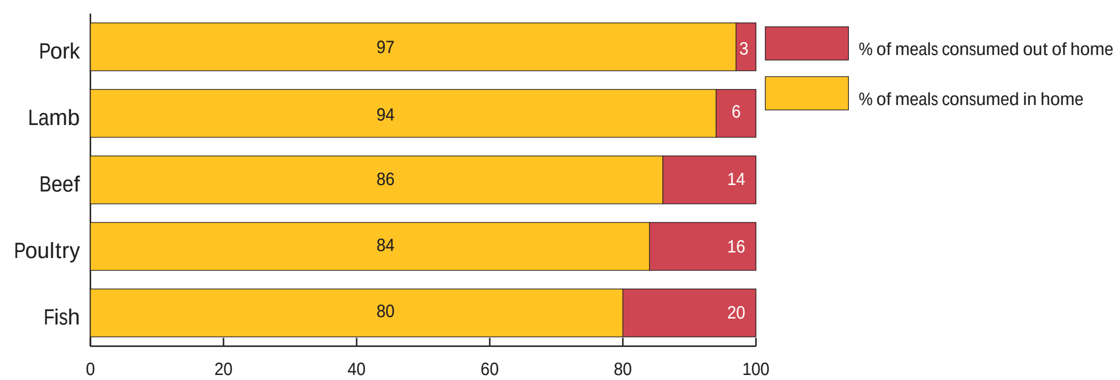
Key Features
Focus on Foodservice

Introduction

The total UK market for eating out was estimated to be worth between £25 and £28 billion in 2003[1]. Twenty percent of all meals featuring seafood are consumed out of home, with evening meals accounting for the greatest share[2]. In comparison, just 14% of meals featuring beef and 16% of those featuring poultry are eaten out of home. The foodservice market is therefore more important to seafood than to any other protein.

Figure 1: Proportion of Meals Consumed In and Out of Home by Protein



In 2003 Seafish set out to estimate the volume of seafood going into profit sector foodservice outlets in the UK. Profit sector outlets include hotels, restaurants, pubs/bars, clubs, cafes, fast food outlets and takeaways. A sample of 500 foodservice outlets was recruited and asked in detail about their seafood purchases[3]. Outlets which are generally subsidised in some way, or those known as the cost sector, were excluded, eg. hospitals, prisons, schools and workplace canteens.

This key features report discusses the findings of this study, the total foodservice market in the UK and the issues affecting its future.

The Purchase of Seafood by Foodservice Outlets

Approximately 120,000 tonnes of seafood was purchased by profit sector foodservice outlets in 2003[4]. The Seafish study found that finfish accounted for 75% of all purchases by profit sector outlets, with shellfish accounting for 25%. The majority of finfish were marine in origin, with freshwater species such as salmon and trout making up around 13% of the total.

The picture for the retail market is quite different, with freshwater fish accounting for a much greater share, largely due to the dominance of salmon. Salmon has driven growth in value and volume terms within the chilled fish sector in recent years, mainly due to availability, price and increased promotion of salmon in-store.

Seafood Purchases by Sector and Species

Fish and chip shops accounted for the greatest proportion of seafood purchased across outlets within the foodservice profit sector, at 33%, followed by restaurants (25%), pubs (18%) and hotels (12%). This breakdown also reflects the order of outlets as identified by consumers when asked about their consumption of meals featuring fish out of home[5].

Figure 2: Breakdown of Seafood Purchased by Sector (% of total volume)

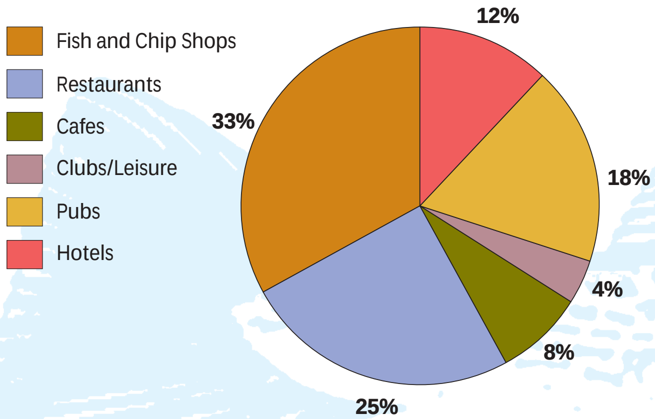
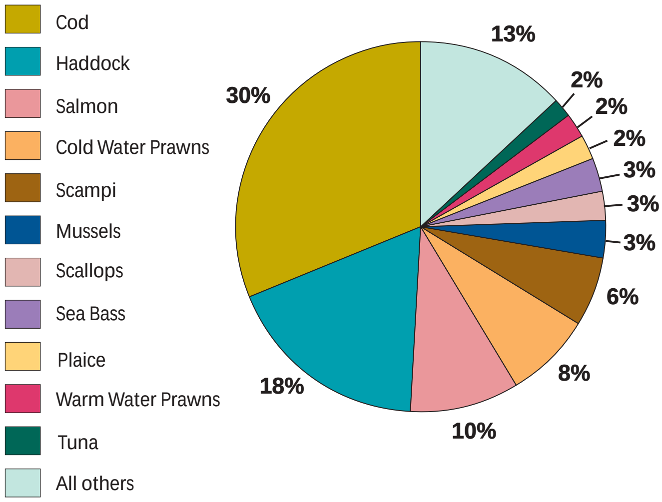


Figure 3: Breakdown of Seafood Purchased by Species (%of total volume)



Across protein types fast food and takeaways also account for approximately 30% of total purchases, coming second after restaurants[6]. It is the sandwich sector within fast food that is showing the greatest growth, sandwiches no longer being associated with just lunchtime, but eaten throughout the day as a snack or as breakfast or supper if people are in a hurry.

The study found that cod, haddock and salmon were the top three species of seafood purchased by foodservice outlets in 2003, together accounting for over half of all purchases (58%). These were followed by cold water prawns (8%) and scampi (6%). Other key shellfish species were mussels, warm water prawns and scallops. Species bought varied greatly by outlet type. While cod was responsible for the greatest share of seafood purchased by fish and chip shops and pubs, it was salmon which took the lead within restaurants and hotels. Shellfish too varied in importance depending on outlet type. In restaurants shellfish represented over 40% of total seafood purchased and in pubs 37%. This fell to 25% of seafood purchased by cafes and just 2% of purchases by fish and chip shops.

Seafood Purchases by Distribution Channel

The majority of seafood purchased by foodservice outlets was bought through delivered wholesalers in 2003 (79%), with wholesalers accounting for 13%, and 4% of purchases coming directly from processors. Shares varied by species and format; less than 70% of chilled natural cod being purchased from delivered wholesalers and less than 50% of chilled mackerel.

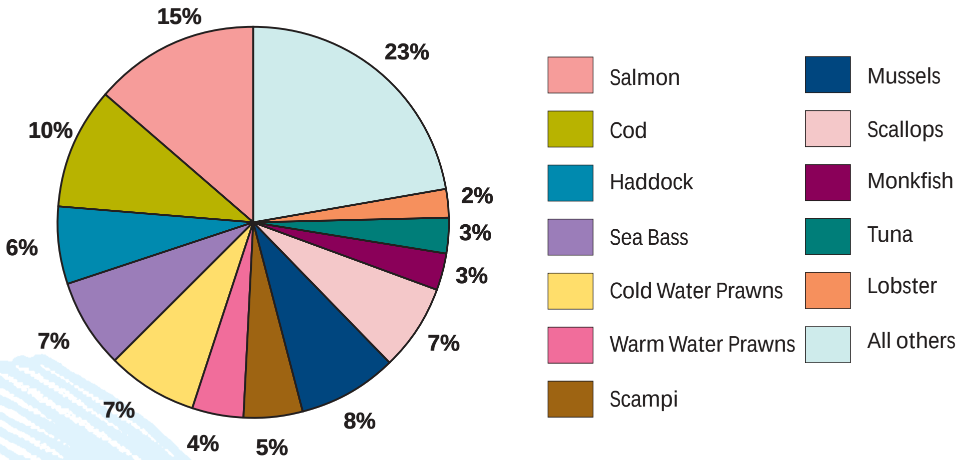
Estimating the Value of Seafood within the Foodservice Market

The retail market for seafood was estimated to be worth over £2 billion in the UK in 2003[7], based on consumer expenditure on seafood sold through retail outlets. Estimates of the value of seafood within the foodservice market vary from source to source, the most recent industry estimates putting this market at around £2 to £2.6 billion[8].

Looking Ahead

The total UK foodservice market is expected to grow by an average of 10% across sectors by 2007[9]. The contract catering sector is predicted to see the greatest rise at twice the rate of the sector overall, followed by restaurants, fast food and takeaways, pubs and hotels. If the market for seafood within foodservice rises at the same rate it could be worth up to £2.8 billion in 2007. Factors affecting this growth will include economic growth, lifestyle trends, availability of supply and tourism.

Figure 4: Breakdown of Seafood Purchased by Restaurants by Species (% of total volume)



The Seafish survey also asked operators whether they planned on increasing or decreasing the number of options featuring seafood on their menus. Fourteen percent of operators said they hoped to increase seafood options in the future, just 1% saying they intended decreasing the seafood options on their menus.

At the beginning of 2004, as part of its Market Pulse survey, the magazine Caterer Online asked a sample of over 500 foodservice operators how they saw their market developing in 2004[10].

Supplier services: When asked what improvements they wanted to see from suppliers, the most requested improvement was better quality, followed by better service, greater innovation and lower prices.

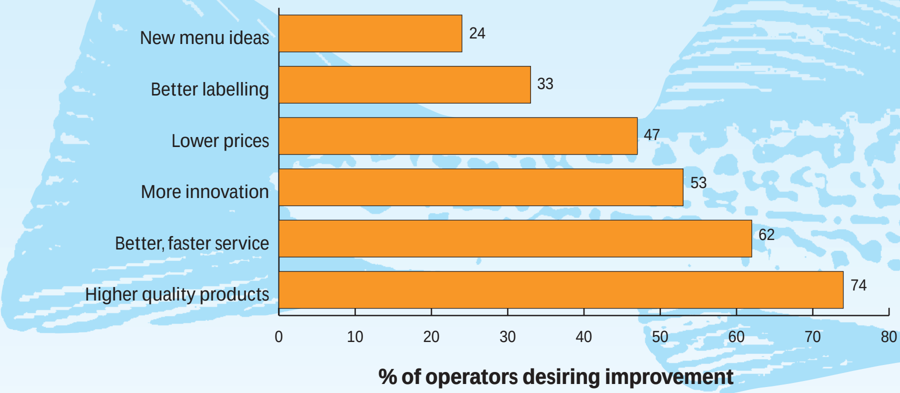
Menu changes: Fourteen percent of foodservice fish buyers interviewed by Seafish stated that they intended expanding the number of seafood options on their menus. Three quarters of foodservice operators interviewed by Market Pulse planned expanding their overall food offerings during the coming quarter, with dinner the most common target for development. More than half of all operators also said they were planning to increase offerings of specialist menu options in the coming year, such as ‘healthy eating’ choices or children’s meals.

Table 1: Forecasted Growth of Total Foodservice Market by Sector (value at current prices - £m)

Outlet Type	2004	2005	2006	2007	% Change 2004-2007
Restaurants	9,080	9,416	9,727	10,154	11
Fast Food and Takeaways	8,536	8,867	9,122	9,369	9
Contract Catering	4,093	4,385	4,539	4,675	14
Hotels	2,532	2,593	2,655	2,708	6
Pubs/Bars	1,349	1,396	1,434	1,463	8
Holiday Camps/Leisure	1,720	1,753	1,802	1,852	7
Licensed Clubs	1,686	1,719	1,736	1,769	4
Total	28,996	30,129	31,015	31,990	10

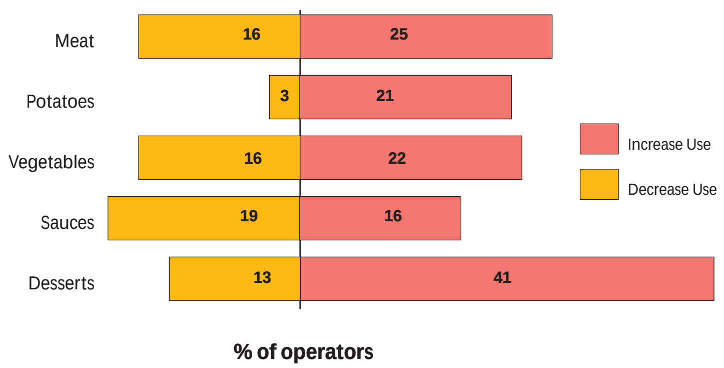
Source: Keynote 2003 Catering Market - Market Review

Figure 5: Improvements Desired by Foodservice Operators



Use of pre-prepared foods: The use of pre-prepared foods is expected to increase in 2004, with 25% of pubs and bars stating they would be increasing their use of pre-prepared meat dishes specifically. Restaurants were the least likely to say they were going to increase their use of pre-prepared foods.

Figure 6: Increase/Decrease in the Use of Pre-Prepared Foods by Pubs/Bars



Conclusion

The complexity of the UK foodservice sector presents many challenges and opportunities for the growth of seafood. Consumer research tells us that seafood is more likely than any other protein to be consumed out of home[11]. Consumers therefore already have a greater tendency to consume seafood when eating out. The type of seafood consumed however varies greatly across outlet type and within the profit and non-profit or cost sectors.

Despite this, purchasers of seafood share some common requirements. Recent feedback from foodservice operators indicates that while price is still an important factor, product range and innovation are increasingly being demanded from suppliers. As a pan industry body, Seafish is in a unique position to work with industry to promote product innovation in this sector. This in addition to the demand from both profit and cost sector operators for more healthy options should act to enhance the presence of seafood on menus in the UK.

1 Market Service Intelligence (2003). The UK Market for Eating Out.
Keynote (2003). Catering Market – Market Review 2003.

2 Taylor Nelson Sofres (2004). Family Food Panel Complete.

3 Taylor Nelson Sofres (2004). The Market for Fish in the Foodservice Sector.

4 Quarterly Protein Monitor (2004). Friary Marketing Consulting Group.
Food For Thought (2004). UK Periscope – All Fresh and Processed Fish.
Taylor Nelson Sofres (2004). The Market for Fish in the Foodservice Sector.

5 Taylor Nelson Sofres (2004). Family Food Panel Complete.

6 Keynote (2003). Catering Market – Market Review 2003.

7 Taylor Nelson Sofres (2004). Superpanel GB and NI.

8 Friary Marketing and Consulting Group (2004).
Food For Thought (2004). UK Periscope – All Fresh and Processed Fish.

9 Keynote (2003). Catering Market – Market Review 2003.

10 Reed Business Intelligence (2004). Market Pulse – Tracking The Critical Issues Facing the Hospitality Industry. In association with Caterer Online.

11 Taylor Nelson Sofres (2004). Family Food Panel Complete.

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