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Seafood in Foodservice 2021

Performance Summary

A market insight analysis

03/03/2022 Suzi Pegg-Darlison

Seafood in Foodservice 2021 Performance

This market insight factsheet provides a full picture of the Great Britain (GB) foodservice and seafood in foodservice performance for 2021. This includes:

Top takeaways

Ahead of original estimates, it is hoped that the foodservice industry is able fully recover in 2022

- 2021 full year visits to foodservice are 15% above 2020 but 65% of pre-pandemic levels in 2019
- In 2021 seafood servings reached 71% of pre-pandemic levels
- Visits to Fish and Chip Shops are recovering faster than all other channels in total Out of Home (OOH) when compared to pre-pandemic (Q4 2019) with visits down just 14%, Workplace and Education visits recovering the slowest down 45%
- Customer loyalty is expected to remain an important factor for people when choosing where they will eat out respectively.
- QSR remains an important channel and opportunity for seafood OOH

United Kingdom (UK) economy summary

UK Gross Domestic Product (GDP) and consumer confidence during 2021

2021 ended in December with monthly GDP falling by 0.2% and consumer confidence decreasing by one point to -15

Gross Domestic Product (GDP)

With reports of the Omicron variant, some industries, particularly the retail and hospitality industry, were adversely affected in December. Shoppers avoided stores and customers cancelled their restaurant bookings, with food and beverage service activities falling by 8.1%. Despite this impact to the end of the quarter the UK GDP grew in Q4 2021 by an estimated 1.0%.

The main contributor to Q4 2021 growth was from human health and social work activities rising by 4.5%. This was driven by an increase in visits to GP surgeries and the extension of the coronavirus (COVID-19) vaccination programme. Monthly estimates to GDP during the quarter showed improvements in October (0.1%) and November (0.9%). Although a fall was seen in December (0.2%) this is now at its pre-coronavirus level in February 2020 (0.1%).

Quarterly GDP is now 0.4% below pre-pandemic levels when comparing to Q4 (Oct to Dec) 2019. Compared to Q4 2021, GDP increased by 6.5%.

In terms of a yearly performance, following the large 9.4% GDP fall in 2020 GDP increased by an estimated 7.5% in 2021.

Consumer confidence

Consumers were less inclined to make major purchases over the holiday period, as news of the Omicron variant brought consumer confidence to a halt falling one point to -15 in the UK. This was compared to -14 at the end of November 2021, -17 at the end of October 2021 and -26 in December 2020. Consumer confidence over 2021 illustrated in the table below:

Table one: consumer confidence index scores each month of 2021

Jan 2021	Feb 2021	Mar 2021	Apr 2021	May 2021	Jun 2021	Jul 2021	Aug 2021	Sep 2021	Oct 2021	Nov 2021	Dec 2021
-28	-23	-16	-15	-9	-9	-7	-8	-13	-17	-14	-15

Great Britain (GB) Foodservice and Seafood in Foodservice

Consumer visits to foodservice outlets were up 15% in 2021 vs. 2020. However, comparing year ending performance 2021 to 2019 shows that traffic is still down 35% when compared to pre-pandemic level.

Total foodservice

2021 full year visits to foodservice are 15% above 2020 but 65% of pre-pandemic levels in 2019

The market continued to recover during 2021 after staring the year in decline because of the restrictions due to the Coronavirus (COVID-19) pandemic. In Q1 2021 Out of Home (OOH) visits were 52% below those in Q1 2020. However, the year ended with visits up 15% although this was still 35% below 2019.

Spending fared better overall due to a 14% increase in average eater cheque up 30% on year ending December 2020, this is still 18% below 2019. While total servings of food and drink OOH was up 17%.

Demographics

Visits to foodservice remains below pre-pandemic levels for all demographics. However, families with young children continue to perform the best, with visits down just 2% compared to Q4 2019.

Older consumers continue to take longer to return to their pre-pandemic dining habits, with visits from 35 – 49-year-olds down 44%, and the over 50s down 29% compared to Q4 2019.

As consumers crave social interactions, social occasions are making the biggest recovery, but those occasions related to work and commuting such as breakfasts and coffees-to-go are still lagging far behind pre-pandemic levels.

Dayparts

Although all dayparts have seen a strong recovery compared to Q4 2020 they remain behind 2019 levels.

Driven by the continuing popularity of food deliveries, dinner continues to be the best performing daypart, with traffic down 8% compared to Q4 2019.

Lunch and evening snacking are the slowest dayparts to recover down 29% and 26% on 2019 levels. These dayparts haven't seen the boost in trade from delivery like dinner has and have been further impacted by remote working.

Total seafood in foodservice

In 2021, seafood servings reached 71% of pre-pandemic levels

Mirroring the total foodservice market, seafood continued to recover during 2021 after starting Q1 with a 46% decline in visits. The year ended with visits up 22% although this was still 30% below 2019 but was ahead of total OOH.

Spending was up 37% in 2021 after it got a similar but smaller boost to average eater cheque, up 12% verse 2020. However, spending is still 16% below pre-pandemic levels. While total servings of food and drink OOH was up 17%.

2021 started with seafood servings OOH declining by 47% in Q1. However, as national restrictions started to ease, servings bounced back in Q2 to 198%. By Q3 servings were up 49% on Q3 2020 and although hampered by Omicron fears in Q4 the quarter ended with seafood servings up 38% on Q4 2020. Year ending December 2021 data shows that seafood servings OOH was 25% up on 2020 and are now 71% of pre-pandemic levels in 2019.

Servings of seafood OOH represents 4% of total food and drink served OOH with seafood visits represents 9% of the total market.

Demographics

Total seafood largely attracts an older and more affluent consumer.

Pubs and Fish & Chip Shops attract the oldest seafood consumer, with Workplace and Education being where the younger more affluent consumer makes their purchases. Full-Service Restaurants (FSR) remaining in the middle. Travel & Leisure, and Fish & Chip Shops are still performing very well with families with children.

The largest channel in the foodservice market is Quick Service Restaurants (QSR) with 58% of all out of home visits in QSR, however just 3% of those servings are to seafood. QSR remains the biggest opportunity for seafood with over one third of all seafood servings being at a QSR outlet. Additionally, QSR attracts the younger less affluent consumer that seafood should appeal to.

Socialising remained the most important motivation when choosing to eat seafood out of home.

Dayparts

39% of all seafood servings are at dinner with another 35% at lunch with seafood being a popular late evening snack in Workplace and Education. The weekend, Friday to Sunday, is when 48% of seafood is sold.

Channel summary

Visits to Fish and Chip Shops are recovering faster than all other channels in total OOH when compared to pre-pandemic (Q4 2019) with visits down just 14%, Workplace and Education visits recovering the slowest down 45%

Foodservice channels include Quick Service Restaurants (QSR), Fish and Chip Shops, Pubs, Full-Service Restaurants (FSR), Travel and Leisure and Workplace and Education.

Quick Service Restaurants (QSR)

QSR lost a quarter of its visits in 2021 compared with 2019 but it had seen 18% growth verses 2020. It is the only channel to experience growth in spend verses 2019 at 3%, although this was in part thanks to an 30% increase in average eater cheque.

In Q1, visits to QSR was down by 25%. By Q2 it was up 113%, with Q3 seeing 29% growth. It remained growing in Q4 despite omicron concerns up 16% on Q4 2020. QSR is the 2nd quickest recovering channel in terms of visits down just 17% in Q4 2021 verses pre-pandemic Q4 20219.

Seafood in QSR

In 2021, QSR seafood's share grew back to 9%. Seafood visits in QSR were up 39% with servings up 38% on 2020.

Fish and Chip Shops

In 2021, Fish and Chip Shops spend reached 86% of pre-pandemic spend in part thanks to a 9% higher average eater check price. Despite losing one quarter of its visits in 2021 compared to 2019, Fish and Chip Shops fared well in its recovery with visits up 6% verses December 2020. In 2021, 20% of all seafood visits are to Fish and Chip Shops where 71% of protein servings were to seafood.

In Q1 2021, visits to Fish and Chip Shops were down by just 0.2%, by Q2 they grew to 89% on Q2 2020. Q3 saw visits up 4% but by Q4 2021 visits had started to decline compared to Q4 2020 by 7%. Fish and Chip Shops is the quickest recovering channel in terms of visits down just 14% in Q4 2021 verses pre-pandemic Q4 20219.

Seafood in Fish and Chip Shops

Visits to Fish and Chip Shops for seafood and seafood servings were both experiencing increases on 2020 up 18% and 20% respectively.

Pubs

Spending in Pubs reached 65% of pre-pandemic levels in part thanks to a 28% higher average eater check price. Despite losing one quarter of its visits in 2021 compared to 2019, Pubs have fared well in its recovery with visits up 5% verses December 2020.

Throughout the pandemic Pubs were the hardest hit channel with almost all trade ceasing in Q1 2021, as visits were down 99%. When restrictions lifted, Pubs saw a huge comeback, up 1602% in Q2 2021, this levelled in Q3 2021 up 24%, and, improved further on 2020 as Q4 2021 saw visits increase by 109%. Despite how hard Pubs were hit, it is the 3rd quickest recovering channel after QSR and Fish and Chip Shops with visits down just 18% in Q4 2021 verses pre-pandemic Q4 20219.

Seafood in Pubs

Although seeing strong recovery in total OOH Pubs are the slowest to recover when it comes to seafood visits and servings both down 7% and 2% respectively in 2021 compared to 2020.

Full-Service Restaurants (FSR)

In FSR, spending has recovered well. 82% of pre-pandemic spend in 2019 and is up 45% on 2020. As with other channels, the increase in spend is in part thanks to higher average eater check price. Despite losing one third of its visits in 2021 compared to 2019, FSR is the fastest recovering channel in 2021 with visits up 25% verses December 2020.

Throughout the pandemic FSR was one of the hardest hit channels, in Q1 2021 visits were down by 72%. As restrictions lifted though they saw a big spike up 238% in Q2 2021, this levelled in Q3 2021 up 37% and improved further on 2020 as Q4 2021 saw visits increase by 77%. FSR is the 4th quickest recovering channel after QSR, Fish and Chip Shops and Pubs, with visits down just 20% in Q4 2021 verses pre-pandemic Q4 2019.

Seafood in FSR

In terms of visits to FSR for seafood and seafood servings in FSR, both are experiencing increases verses 2020, up 16% and 9% respectively.

Travel and Leisure

Like Pubs, Travel and Leisure was one of the hardest hit channels but spending has started to recover now 55% of pre-pandemic spend, this is also up 38% on 2020. As with other channels the increase in spend is in part thanks to higher average eater check price. Despite losing more than half of its visits in 2021 compared to 2019 Travel and Leisure is starting to recover and saw the second highest growth in visits in 2021 compared to 2020 with visits up 20%.

In Q1 2021, visits remained hard hit and were down 90%. As restrictions lifted, they too saw a big spike up 451% in Q2 2021, again this levelled in Q3 2021 up 68% improving further on 2020 as Q4 2021 saw visits increase by 116%. Travel and Leisure is the 2nd slowest recovering channel after Workplace and Education, with visits down 34% in Q4 2021 verses pre-pandemic Q4 2019.

Seafood in Travel and Leisure

Visits to Travel and Leisure for seafood are down in 2021 by 3% but seafood servings in Travel and Leisure are slowly recovering up 5%.

Workplace and Education

Like Pubs and Travel and Leisure, Workplace and Education was hit hard from the national restrictions losing almost two thirds of its visits in 2021 verses 2019. It was also the biggest loser of 2021 as more people worked from home than ever before. Although there was some improvement to visits over the quarters, it ended 2021 4% below 2020 and was the only channel to experience year on year declines in visits. The channel ended 2021 with spend just 31% of pre-pandemic and remained 16% below 2020.

In Q1 2021, visits were down 88%. As restrictions lifted, they too bounced back up 203%, such gains continued in Q3 2021 up 96% and improved further on 2020 as Q4 2021 saw visits increase by 89%. Workplace and Education is the slowest recovering channel with visits down 45% in Q4 2021 verses pre-pandemic Q4 2019.

Seafood in Workplace and Education

In contrast to the total market, Workplace and Education has started to recover in seafood. Seafood servings are up 109% on 2020, and visits have increased by 89%.

Opportunities and challenges for seafood OOH

Ahead of original estimates it is hoped that the foodservice industry can fully recover in 2022

It is expected that the foodservice industry will grow back in line with the wider UK economy as consumers come back to OOH very quickly. Seafood is too expected to see increases in line with total OOH. This is mainly due to the pent-up demand for going out, eating out, and socialising. With all this considered it is expected that foodservice will recover fully in 2022, this is ahead of original estimates last year of 2023. However, in recovery there will be several things for the industry to consider.

Challenges

In terms of challenges to OOH, consumers will remain cautious particularly around their health and finances, with healthy options and value for money becoming even more important than it was pre-pandemic. With that said customer loyalty is expected to be an important factor for people when choosing where they will eat out. Many operators are tapping into this opportunity for growth through loyalty and are investing in it through enhanced social media activities, designated loyalty programs, and apps for online ordering. This way they can communicate directly with their customers and can offer them value for money through deals and offers.

Opportunities

What will remain and change the industry is a heavy reliance on digital technology and delivery will play a much bigger role than pre-pandemic. Consumers will want easier and quicker options when eating OOH. This is across all demographics. Even older generations that previously didn't use technology in this, especially with delivery services. Digital ordering and apps are the main gateway.

There are opportunities to offer more buyer solutions that seafood could tap into, like drive-thrus and the ghost kitchens concept, which can be utilised to reach a wider customer base. Seafood can be more active here too, there are a lot of ghost kitchens that offer burgers, and Asian cuisines, but not many seafood concepts have popped up yet.

Additionally, across total OOH, Fish and Chips as a meal could consider the following opportunities:

- Target the younger consumer.
  - 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).
- Make Fish and Chips relevant all week, not just Fridays.
- Advancement in technology, is changing the way in which consumers purchase Fish and Chips; app-based ordering is becoming more relevant.
- Quick value, on-the go occasions will be instrumental in growing the market post pandemic and will be a key opportunity and is an occasion that seafood and Fish and Chips currently under index on compared to total OOH.

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