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Seafood in Foodservice

Quarter 1 (Q1)
January – March 2022

A market insight analysis
(20m read)

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Seafood in Foodservice Quarter 1 (Q1) 2022

This market insight factsheet provides a full picture of the Great Britain (GB) foodservice and seafood in foodservice performance for Quarter 1 (Q1) 2022. This includes:

Top takeaways

Accelerated recovery to foodservice in Q1 2022 as restrictions were removed

- Consumer visits to foodservice outlets were up 81% in Q1 2022 vs. Q1 2021.
- Seafood visits and servings have bounced back further in Q1 2022 to reach 83% and 85% of pre-pandemic levels (Q1 2021).
- All channels in total foodservice have seen increases in visits except for Fish and Chip Shops which experienced a 32% decline verses Q1 2021.
- QSR remains an important channel and opportunity for seafood OOH.
- Fish and Chip shops sales are lower than year ago

United Kingdom (UK) economy in Q1 2022

UK economy summary

In Q1 2022 Gross Domestic Product (GDP) increased by 0.8% verses Q4 2021

In terms of output, services increased by 0.4% in Q1 2022. The largest contributor was from information and communication, accommodation and food, and transportation and storage industries, with wholesale and retail experiencing declines. The 5.1% rise in accommodation and food services follows the adverse effects of the coronavirus (COVID-19) Omicron variant towards the end of Q4 2021.

Quarterly GDP is now 8.7% above last year when comparing to Q1 2021 and is 0.7% above pre-COVID-19 levels (Q4 2019). Compared to Q4 2021, GDP has increased by 0.8%.

GDP fell by 0.1% in March 2022, following no growth in February 2022 and 0.7% rise in January 2022. Monthly GDP is now 1.2% above its pre-COVID-19 pandemic level (February 2020).

Consumer confidence

Consumer confidence decreased five points to -31 in March 2022

Consumer confidence has continued to decline, dropping five points from -26 in February to -31 in March 2022. This is the fourth month in a row that consumer confidence has dropped and is fifteen points less than March 2021.

While the impact of the coronavirus has dissipated, it has been replaced with concerns around personal finances and in the wider economy. Consumers are faced with rapid rises in inflation and a squeeze on household budgets affecting their financial outlook and confidence.

Great Britain (GB) Foodservice and Seafood in Foodservice

In this section

Consumer visits to foodservice outlets were up 81% in Q1 2022 vs. Q1 2021 when the industry was affected by full lockdown restrictions. However, comparing Q1 2022 to Q1 2020 shows that traffic is still down 14% when compared to pre-pandemic level.

Total foodservice

Amid the removal of COVID-19 restrictions, Q1 2022 saw recovery accelerate

Visits to the foodservice sector was up 81% in Q1 2022 compared to Q1 2021. At this point the industry was still affected by full lockdown restrictions, with only takeaway and delivery allowed. Recovery in Q1 2022 was accelerated amid the removal of restrictions that had negatively impacted the industry.

However, visits are still 14% below pre-pandemic levels in Q1 2020. Twelve-month spend for total out of home (OOH) is now growing above the previous year March 2021, at 73% and is just 6% below 2020. Visits and servings are increasing 61% and 68% respectively but remain below those at the beginning of 2020.

Foodservice channels

Except for Fish and Chip Shops, all foodservice channels were experiencing quarterly growth to visits, with the strongest growth seen in Pubs, Workplace and Education and Travel and Leisure. These channels were the ones that suffered the most from the COVID-19 restrictions and thus benefitted the most from the removal of the restrictions and return to workplaces and commuting, and growth of on-premises visits. Delivery traffic declined by 9% as consumers switched back to in-person visits.

Demographics

All age groups saw strong traffic growth. The strongest recovery came from the 50+ demographic which had been the slowest to return to the market during the pandemic. Traffic from 35-49s also doubled year-on-year, as workers returned to offices and commuting. Families, which have been the main growth demographic during the pandemic, continued to see strong growth, with traffic up +44%.

Dayparts

All dayparts saw a strong recovery when compared to Q1 2021. Morning meals and lunch saw the strongest growth, with traffic up +103% and +104% respectively. This was driven by the economy re-opening, as consumers started returning to many of their pre-pandemic habits, such as workday lunches. Evening snack traffic was up +88%, while dinner increased by +41%.

Total seafood in foodservice

Q1 2022 seafood servings have bounced back further to reach 85% of pre-pandemic level

Seafood visits OOH
Visits continue to grow in Q1 2022 up 52% verses Q1 2021 and now reaching 83% of pre-pandemic levels (Q1 2020).

Seafood servings OOH
Seafood servings in Q1 2022 are up 59% on Q1 2021. Seafood in foodservice continues to recover well with all channels experiencing year on year growth in seafood visits and servings particularly in Pubs and Workplace and College as in these channels seafood has benefitted from consumers returning to offices and school.

Servings of seafood represents 4% of the total foodservice market and has grown by 64% to year ending March 2022.

Twelve-month spend for total seafood OOH was up 48% compared to March 2021. Visits and servings are also increasing by 58% and 64% respectively. Although this remains below 2019 pre-pandemic levels it is growing ahead of the total foodservice market in terms of servings.

Channel summary

All channels except Fish and Chip Shops have experienced growth in spend compared to year ending March 2021

For total OOH, spending in Full-Service Restaurants (FSR) (122%), QSR (26%), Pubs (192%), Travel and Leisure (211%) and Workplace and Education (201%) have all recovered their 12-month spend with Fish and Chip Shops being the only channel to be experiencing declines (5%).

The remaining sections will provide an overview of total food and drink performance in Q1 2022 for all OOH channels including QSR, Fish and Chip Shops, Pubs, Fast Service Restaurants (FSR), Travel & Leisure and Workplace & Education.

Quick Service Restaurants (QSR - excluding Fish and Chip Shops)
Sales at QSR were above pre-pandemic in Q1 2022 with visits remaining below Q1 2020 at 11% but above Q1 2021 at 18%. In the last 12 months total spend has grown 28% on March 2021 and 6% on March 2020.

35% of all seafood is served in QSR (excluding F&C Shops), but it only accounts for 3% of the channel and remains a big opportunity for seafood.

Fish & Chip Shops

Visit recovery to Fish & Chip Shops has continued to slow in Q1 2022 with visits below Q1 2021 by 32% and total spend 37% below Q1 2021. However, spend in Q1 2022 has reached 69% of pre-pandemic Q1 2020 thanks to a higher average total spend. In the last 12 months total spend has declined 5% on March 2021.

72% of the protein servings sold in Fish & Chip Shops is seafood and it has gained servings share over the last 12 months. 17% of all seafood served OOH is served in Fish and Chip Shops, as with QSR it remains an important channel for seafood consumption OOH.

Pubs

Visits and spending in Pubs saw dramatic increases because of COVID-19 restrictions removing, up 17331% and 15743% compared to Q1 2021. However, this was compared to visit and spend declines of over 99% in Q1 2021. However, spend (4%) and visits (2%) are now above pre-pandemic in Q1 2020. In the last 12 months total spend has grown 192% on March 2021 and is now 89% of 2020 spending.

Full-Service Restaurants (FSR)

Sales recovered in Q1 2022 to pre-pandemic levels in Q1 2020 up 34%, but visits were still behind 11%. Recovery continues in Q1 2022 compared to Q1 2021 with visits up at 214% and spend up 214%. In the last 12 months total spend has grown 122% on March 2021 and is now 3% above year ending March 2020 spending.

Travel & Leisure

Travel & Leisure continues its recovery as visits have grown by 538% and spend is up 858% compared to Q1 2021. However, visits remain 63% of Q1 2020 and spend is 66% of pre-pandemic levels.

Workplace & Education

Both visits and sales have started to recover in Q1 2022 but are still below pre-pandemic level. Compared to Q1 2021, visits have increased by 607% and spend is up 597% verses Q1 2021. However, visits remain 84% below pre-pandemic levels with spend 82% of Q1 2020.

Opportunities for seafood

Younger consumers remain an important opportunity for seafood in OOH

Younger consumers
Seafood could engage more with the younger consumer as they are bouncing back to pre-pandemic behaviour faster than older generations. Seafood tends to attract older and more affluent consumers and doesn't attract its fair share of younger consumers outside of Fish & Chip Shops. The youngest seafood customers are at Travel & Leisure, Workplace & Education, and QSR segments of the market, including Fish & Chip Shops.

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).

Quick Service Restaurants
The largest channel in the foodservice market is Quick Service Restaurants (QSR) with 59% of all OOH visits in QSR excluding Fish and Chip Shops. It is the biggest opportunity for seafood as over one third of all seafood servings are at a QSR outlet. Additionally, QSR attracts the younger, less affluent consumer that seafood can appeal to.

Consumer motivations
Socialising remains the most important motivations for consumers choosing Seafood while eating OOH. Convenience, treating, and now functionality occasions are behind the total market, especially in QSR and pubs so present an opportunity for seafood to tap into.

Quick value, on-the go occasions will also be instrumental in growing the market post pandemic and will be a key opportunity for seafood.

References

Resources used in the production of this factsheet can be viewed below

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