Here to give the UK seafood sector
the support it needs to thrive.

Seafood in foodservice quarter 3 (Q3) - July to September 2022.

This Market Insight factsheet provides a full picture of foodservice and seafood in foodservice in Great Britain (GB) for Q3 2022.

05/12/2022
Suzi Pegg-Darlison – 15-minute read.

Seafood in foodservice Q3 2022

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Top takeaways

Amid the cost-of-living crisis Q3 2022 saw a slowdown in market recovery.

- Consumer visits to foodservice outlets were down 1% in Q3 2022 vs. Q3 2021.
- All channels except Fish and Chip Shops have experienced growth in total spend compared to year ending September 2021.
- Seafood visits and servings have bounced back further in Q3 2022 to reach 82% and 81% of pre-pandemic levels (Q3 2019).
- Seafood in foodservice continues to recover in the last 12 months, with all channels experiencing year on year growth in seafood visits and servings.
- QSR remains an important channel and opportunity for seafood Out-of-Home (OOH).

UK economy and consumer confidence

In this section

UK economy summary
Consumer confidence

UK economy summary

In Q3 2022 Gross Domestic Product (GDP) fell by 0.2%.

The first quarterly estimate of UK GDP shows an estimated fall of 0.2% in Q3 2022 following a 0.2% rise in the previous quarter. The level of quarterly GDP in Q3 2022 is now 0.4% below its pre-coronavirus (COVID-19) levels (Q4 2019). Monthly GDP fell by 0.6% in September 2022, this was following a fall of 0.1% in August 2022 and a 0.1% growth in July 2022.

In terms of output, services were flat in Q3 2022. This was a slowing from the 0.2% increase in Q2 2022. This likely reflects pressures from the cost-of-living crisis caused by energy price rises which has affected household disposable incomes.

Additionally, GDP estimates for September 2022 were affected by the bank holiday for the State Funeral of Her Majesty Queen Elizabeth II. At this time some businesses closed or operated differently on this day. This should be considered when interpreting the seasonally adjusted movements involving September 2022 and, to a lesser extent, the Q3 2022 estimates.

Consumer confidence

Consumer confidence decreased to a new record low of -49 in September 2022.

There are deep concerns about personal finances and the economy over the next 12 months as UK consumer confidence dropped further in September, to a new low of -49. This is the worst Overall Index Score since records began in 1974. This drop is due to the growing cost-of-living crisis driven by rising inflation and interest rates.

Prices have increased across many everyday essentials leaving consumers with less disposable income. Consumers are feeling this with their household budgets becoming even tighter than previous months, as inflation (Consumer Price Index CPI) reaches 10.1% in September.

Total foodservice in GB

In this section

Total food and drink OOH
Foodservice channels
Demographics
Dayparts

Total food and drink OOH

Market recovery has stalled due to cost-of-living concerns. Consumer visits to foodservice outlets were down 1% in Q3 2022 vs. Q3 2021. Comparing Q3 2022 to Q3 2019 shows that traffic is down 22% when compared to pre-pandemic levels.

Amid the cost-of-living crisis Q3 2022 saw a slowdown in market recovery as visits to the foodservice market was down 1%. This reverses a trend of positive traffic growth as the industry recovers from the COVID-19 restrictions. However, the comparable period, Q3 2021, was the first period to no longer have any COVID-19 restrictions, making it a tougher comparative than last quarter.

Twelve-month spend for total OOH is growing 31% above September 2021 and September 2020. Visits and servings are increasing 30% and 32% respectively but they remain below those seen pre-COVID-19 and compared to September 2019.

Foodservice channels

Q3 saw a slowdown in market recovery driven by cost-of-living concerns with OOH channels hit in varied degrees.

QSR, Fish and Chip Shops and Travel and Leisure, all experienced quarterly drop in visits but Pubs, FSR and Workplace & Education saw growth, however this had stalled compared to previous quarters.

Onsite was the only segment to see traffic growth, driven by the return of employees to workplaces, though hybrid working is still the norm in the UK for those who can do it. Travel & Leisure and Quick Service Restaurants (QSR) saw the biggest declines year-on-year, with pizza, fish & chips, and delivery-focused segments seeing significant decreases in traffic. Burgers, sandwiches, and bakeries continued to see traffic grow year-on-year.

On-premises and 'at work' saw increases in traffic, up 14% and 9%, respectively. Other occasions were down year-on-year, with 'at home' down 24%, 'on the street' down 13% and 'in car' declining by 6%. Apart from lunch, work-related occasions and on-premises dining, primarily driven by Pubs and Full-Service Restaurants (FSR), recovery in the UK foodservice market has either stalled or slowed down significantly as the cost-of-living crisis hits consumer spending.

For all channels, 12-month spend, visits and servings are above September 2022. However, Fish and Chip Shops are experiencing declines as they continue to compare to a period where they benefited while other channels suffered. They were able to quickly adapt and were well suited to offer delivery, click and collect and drive through services when needed, where other channels, such as Pubs and Workplace and Education could not.

Demographics

Adult-only parties continued to see traffic growth, up 3% year-on-year, while parties with kids were down 9%. Parties with children were the main demographic to see growth during the pandemic, when families would order deliveries to have at home during lockdown.

Dayparts

Lunch was the only daypart to experience growth verses Q3 2021. This was driven by consumers returning to offices and commuting. Breakfast, dinner, and snacks decreased, as consumers cut back on less essential eating out occasions.

Total seafood in GB foodservice

In this section

Seafood visits OOH

Seafood servings OOH

Consumer motivations

Seafood visits OOH

Q3 2022 seafood visits were 82% of pre-pandemic levels (Q3 2019).

Visits have gone into decline in Q3 2022 down 14% verses Q3 2021, now reaching 82% of pre-pandemic levels (Q3 2019).

Seafood servings OOH

Q3 2022 seafood servings were 81% of pre-pandemic levels (Q3 2019).

Seafood servings in Q3 2022 are down 15% on Q3 2021. This is 81% of pre-pandemic levels (Q3 2019). Seafood in foodservice continues to recover in the last 12 months, with all channels experiencing year on year growth in seafood visits and servings. Pubs and Workplace & College are leading in seafood servings recovery OOH as these channels continue to benefit from consumers returning to offices and school.

Servings of seafood represents 4% of the total foodservice market and has grown by 17% to year ending September 2022. Twelve-month spend for total seafood OOH was up 40% compared to September 2021, visits also increased by 16%. This remains below 2019 pre-pandemic levels and growth is slightly behind the total foodservice market.

Consumer motivations

Across all channels, socialising is by far the most important motivation for consumers choosing seafood when eating OOH across all channels. This is followed by functional, treating and convenience motivations.

OOH channels

In this section

Channel summary
Quick Service Restaurants (QSR - excluding Fish and Chip Shops)
Fish and Chip Shops
Pubs
Full-Service Restaurants (FSR)
Travel & Leisure
Workplace & Education

Channel summary

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

For total OOH, spending in Full-Service Restaurants (FSR) (54%), Quick Service Restaurants (QSR) (4%), Pubs (94%), Travel and Leisure (50%) and Workplace and Education (158%) have all recovered their 12-month spend with Fish and Chip Shops being the only channel to be experiencing declines (10%).

The following sections provide an overview of total food and drink performance in Q3 2022 for all OOH channels including QSR, Fish and Chip Shops, Pubs, Fast Service Restaurants (FSR), Travel & Leisure and Workplace & Education. It also details year on year growth for visits and servings of seafood in each channel to September 2022.

Quick Service Restaurants (QSR - excluding Fish and Chip Shops)

In Q3 2022, QSR was at 83% of visits and 95% of sales when compared to pre-pandemic Q3 2019. However, visits were down 4% on Q3 2021 with spend down by 7%. In the last 12 months total spend has grown 4% on September 2021 and visits have increased by 9%.

31% of all seafood is served in QSR (excluding Fish and Chip Shops), but it only accounts for 3% of the channel and remains a big opportunity for seafood. Visits and servings of seafood in QSR was down 4% year on year to September 2022.

Fish and Chips Shops

Visits to Fish and Chip Shops declined by 5% in Q3 2022 amid the cost-of-living concerns. Twelve-month visits were also down by 8% compared to September 2021 with spend also seeing a decrease of 10%. Q3 2022 visits to Fish and Chip Shops were at 77% of pre-COVID-19 levels (Q3 2019) with sales at 84%.

73% of the protein servings sold in Fish and 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

Despite a slowdown in the market, Pubs have continued to recover with visits up 8% on Q3 2021. Spend also increased by 2%. In the last 12 months total spend has grown 94% on September 2021 with visits up 101%.

14% of all seafood is served in Pubs, and it accounts for 4% of all servings in the channel. Seafood visits to Pubs was up 65% with seafood servings up 64% year on year to September 2022.

Full-Service Restaurants (FSR)

As with Pubs, recovery to FSR has slowed but it continues to recover in Q3 2022 with visits up 5% on Q3 2021 and spend increasing by 1%. In the last 12 months total spend has grown 54% on September 2021 with visits up 47%.

16% of all seafood is served in FSR, and it accounts for 5% of all servings in the channel. Seafood visits and servings to FSR was up 37% and 44% respectively year on year to September 2022.

Travel & Leisure

Compared to Q3 2021, Travel & Leisure took a tumble with visits down 22% and spend down 27%. However, this compares to a quarter where staycations proved popular. In the last 12 months total spend has grown 50% on September 2021 with visits up 41%.

9% of all the servings of seafood OOH is in Travel and Leisure, and it accounts for 5% of all servings in the channel. Seafood visits were up 22% with servings up 19% year on year to September 2022.

Workplace & Education

Recovery to Workplace & Education continued as more workers were back in their offices with visits up 23% in the quarter as spend decreased by 23%. In the last 12 months total spend has grown 158% on September 2021 with visits up 129%.

12% of all the servings of seafood OOH is in Workplace & Education, and it accounts for 4% of all servings in the channel. Seafood visits were up 72% and servings were up 65% year on year to September 2022.

Opportunities for seafood OOH

In this section

Quick Service Restaurants
Target a younger and less affluent consumer
Offer consumers new and different options

Quick service restaurants

The largest channel in the foodservice market is Quick Service Restaurants (QSR), with 50% of all OOH visits in QSR excluding Fish and Chip Shops. It is the biggest opportunity for seafood as almost one third of all seafood servings are at a QSR outlet. Seafood in QSR is now underperforming compared to the total market, especially in the wake of veganism.

Target a younger and less affluent consumer

Seafood could benefit from appealing more to the younger consumer, as this group bounces back to pre-pandemic behaviours faster than older generations. As seafood tends to attract older and more affluent consumers, the category could gain from engaging younger and less affluent consumers and to adults with children, where there's an opportunity to increase seafood servings to families.

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).

Offer consumers new and different options

Quick, portable, and cheap snacking and breakfast options are key opportunities for seafood OOH as its currently under-indexing compared with the total market. Quick value, on-the go occasions will also be instrumental in growing the market post pandemic.

Additionally, offering a plant-based option for vegans, vegetarians and flexitarians could increase the overall fish and chips servings. As a key motivation for the fish and chips consumer is socialising, offering varied options for all requirements of the party may prove valuable.

References

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

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