Seafood in Foodservice 2019

This market insight factsheet provides a full picture of the Great Britain (GB) seafood market in the foodservice sector to the year ending September 2019, including:

- Out of Home (OOH) Performance
- OOH Channels
- Protein Performance
- Demographics and Consumer Motivations
- UK Menu Trends
- Considerations and Opportunities
- Trends and Future Watches
- OOH Outlook - 2020 and Beyond
- References

Top Takeaways

1. Total seafood spend OOH is worth 8% of the total OOH spend.

2. Overall total OOH and seafood OOH are performing well, as more consumers are eating out more often and buying more when eating out.

3. Seafood is most popular in quick service restaurants (QSR) excluding fish and chip shops having 30.5% of the total servings share.

4. The most popular format of seafood OOH is fried fish, with 36% of the total servings of seafood being consumed in this format.

5. Value, convenient, health and quality continue to be key trends.

Out of Home (OOH) Performance

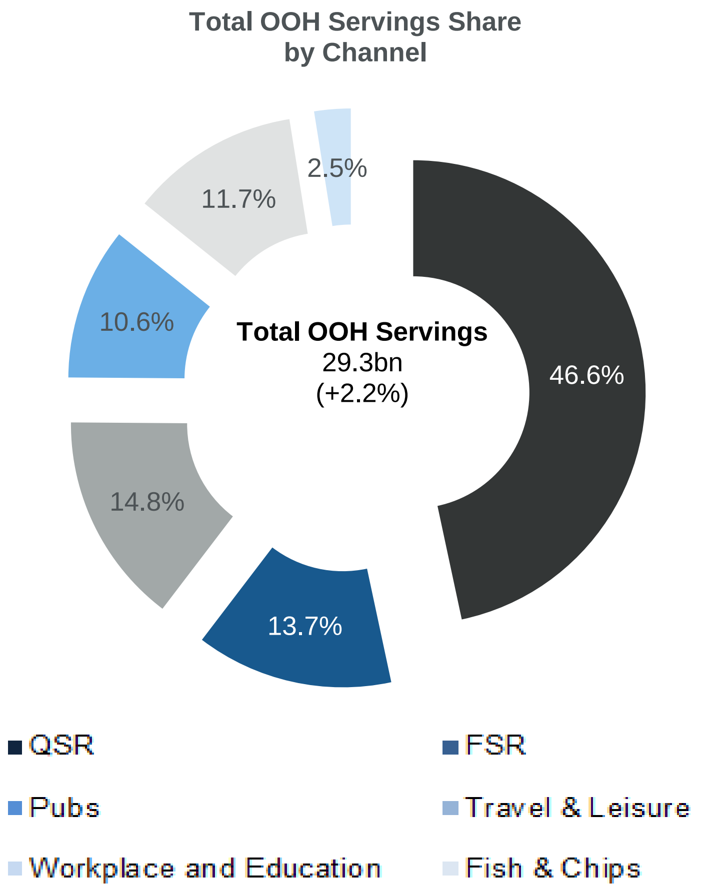
Total Food and Drink OOH

In 2019 consumers were eating out of home more often and buying and spending more compared with 2018. Total OOH, also referred to as the commercial foodservice sector, was estimated to be worth £57.4 billion (bn) (+2.9%) with an overall 29.3bn (+2.2%) of food servings sold in the sector.

OOH is made up of six different channels; quick-service restaurants excluding fish and chip shops (QSR), pubs, full-service restaurants (FSR), fish and chip shops, travel and leisure, and workplace and education.

The largest channel in the OOH sector, taking over 46% of the servings share, is QSR. The graph right illustrates the share of food servings for all six channels.

Except for workplace and education (-0.1%), all other channels experienced servings growth; pubs (+2.4%), (FSR) (+0.0%), QSR (+3.3%), travel and leisure (+2.2%) and fish and chip shops (+3.3%).



Servings are how many portions of a product were sold.

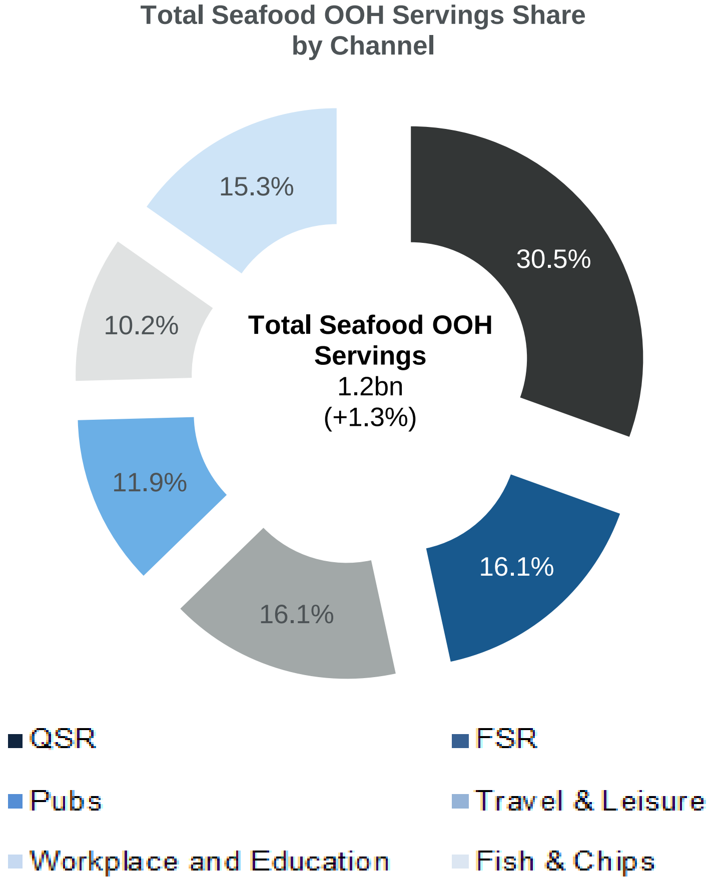
Total Seafood OOH

Consumer spend in total seafood OOH was up by 2.0% in 2019 to £4.8bn, 8% of the total spend in the OOH sector.

Seafood servings performed well, up +1.3% to 1.2bn when compared to 2018, showing that seafood OOH was seeing more consumers eating out more often, buying more seafood with each visit.

As with total OOH, the largest channel in the seafood sector is QSR, however the servings share is lower than total OOH, at 30.5% of the total. Fish and chip shops, unsurprisingly take a higher proportion of seafood servings share (15.3%) in seafood OOH compared with just 2.5% in total OOH.

In terms of seafood servings, it is a mixed picture across the channels, with declines in fish and chip shops (-0.3%), FSR (-0.9%) and travel and leisure (-2.3%). However, seafood servings growth was seen in QSR (+2.0%), pubs (+4.7%) and workplace and education (+3.8%).

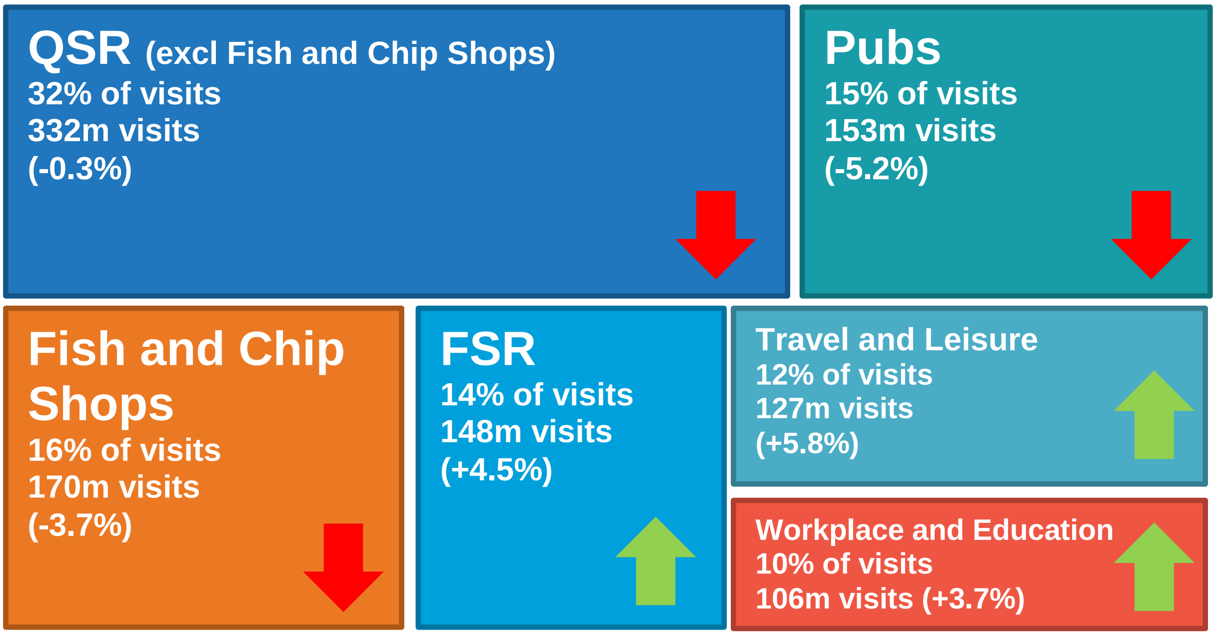


Out of Home (OOH) Performance
[The NPD Group, YE September 2019, Quarterly Crest]
[The NPD Group, YE September 2019, Seafood Data Sheet]

Seafood OOH Channels

Overall seafood visits experienced growth when compared with 2018 (+0.03%). In total, 1.04bn of all visits in foodservice included a purchase of seafood, 9% of the total OOH visits.

The majority of seafood visits, 32%, are in the QSR channel where overall visits are down when compared to 2018 (-0.3%). Conversely, seafood visits are growing in travel and leisure, FSR and workplace and education. All other channels are in decline, as illustrated below.



Seafood performs differently dependent upon the channel it is purchased from, for example in QSR seafood only accounts for a very small proportion of the total OOH QSR servings, 3%, whereas seafood dominates the fish and chip shop channel, with 26% of fish and chip shop servings being seafood.

Visits refer to how many guests visited the OOH channel.

QSR (excl fish and chip shops)
Overall, quick service restaurants (excluding fish and chip shops) saw; a growth in spend (£22.9bn | +4.0%); visits (5.7bn | +1.0%); average individual spend (£4.00 | +2.8%); and servings (13.5bn | +3.3%).

Compared with other proteins, seafood in QSR was 8.6% of all servings and continues to grow (+2.0%). Fried fish is the largest contributor to this growth (+2.7%) with seafood sandwiches being the most important sub-category in QSR, followed by shellfish, fish burger, fish fingers and cod. The average individual spend for seafood was below the overall QSR average at £3.75 and in decline (-£0.03).

Pubs
In 2019, total pubs saw a growth in; spend (£10.7bn | +1.8%); average individual spend (£8.60 | +1.9%); and servings (4.3bn | +2.4%) but declines in visits (1.2bn | -0.1%).

Seafood constituted 14.0% of all servings (+4.7%) in total OOH pubs and was the second-best performing protein. Servings growth in shellfish (+2.8%) and fish filling (+1.7%) were the largest contributors to this growth. In terms of species, salmon makes up almost half of all seafood visits in pubs followed by cod, shellfish, seafood sandwich and haddock. The average individual spend for seafood although in decline (-£0.22) is higher than the total average individual pub spend at £9.34.

Fish and Chip Shops
While there was growth in spend (£1.1bn | +1.0%), average individual spend (£3.50 | +2.4%) and servings (734m | +3.3%), declines were experienced in fish and chip shop visits (317m | -1.3%) in 2019.

Seafood is by far the largest protein for fish and chip shops at 63.2% of the servings share (-0.3%). Fried fish had the largest servings share with 93% of seafood sold in fish and chip shops sold in this format, however it did experience a decline (-0.6%). Cod is particularly relevant in fish and chip shops and gaining in importance. The average individual spend for seafood although in decline (-£0.10) is still slightly higher than the average individual fish and chip shop spend at £3.52.

Average individual spend is the average amount paid for one eater's food and beverage. Does not include tip, but does include VAT

FSR
Full-service restaurants that include cafés and bistros, experienced growth in spend (£12.7bn | +2.7%) and average individual spend (£10.40 | +2.8%). However visits (1.2bn | 0.0%) and servings (3.9bn | 0.0%) experienced a flat performance.

Seafood had 19.1% servings share (-0.9%) in FSR with shellfish being the most popular format; 29% of seafood servings share but experiencing decline (-0.3%). Salmon was the most important species followed by ‘shellfish’ (species unspecified), seafood sandwich, cod and calamari. The average individual spend for seafood although in decline (-£0.28) is still considerably higher than the average individual FSR spend at £12.68.

Travel and Leisure
Travel and leisure experienced growth across all measures in 2019, spend (£7.9bn | +2.5%), visits (1.2bn | +0.6%), average individual spend (£6.60 | +1.9%) and servings (3.1bn | +2.2%).

Seafood had 18.0% servings share (-2.3%) with non-fried fish being the largest format, at 27%, but it contributed negatively to servings growth of the channel (-4.9%). The average individual spend for seafood although in decline (-£0.47) is still considerably higher than the average individual travel and leisure spend at £7.43.

Workplace and Education
Within workplace and education, spend (£1.7bn | +1.1%) and average individual spend (£1.10 | +1.8%) experienced growth in 2019 with visits (1.5bn | -1.2%) and servings (3.4bn | -0.1%) in decline.

With 16.1% of servings share (+3.8%), seafood was the second-best performing protein in the channel, with average individual spend for seafood higher than the total at £2.73.

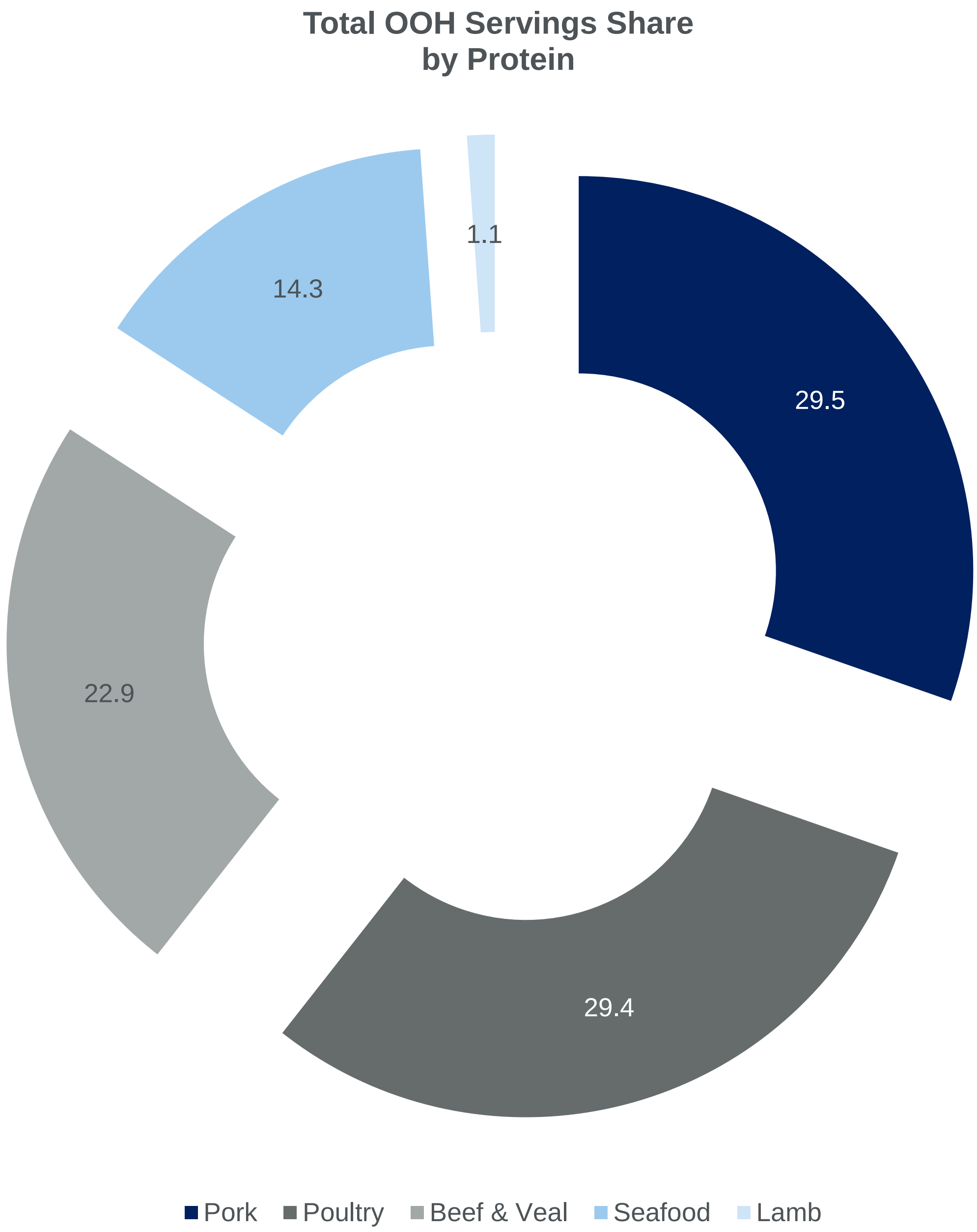
Seafood OOH Channels
The NPD Group, YE September 2019, Quarterly Crest
The NPD Group, YE September 2019, Seafood Data Sheet

Protein Performance

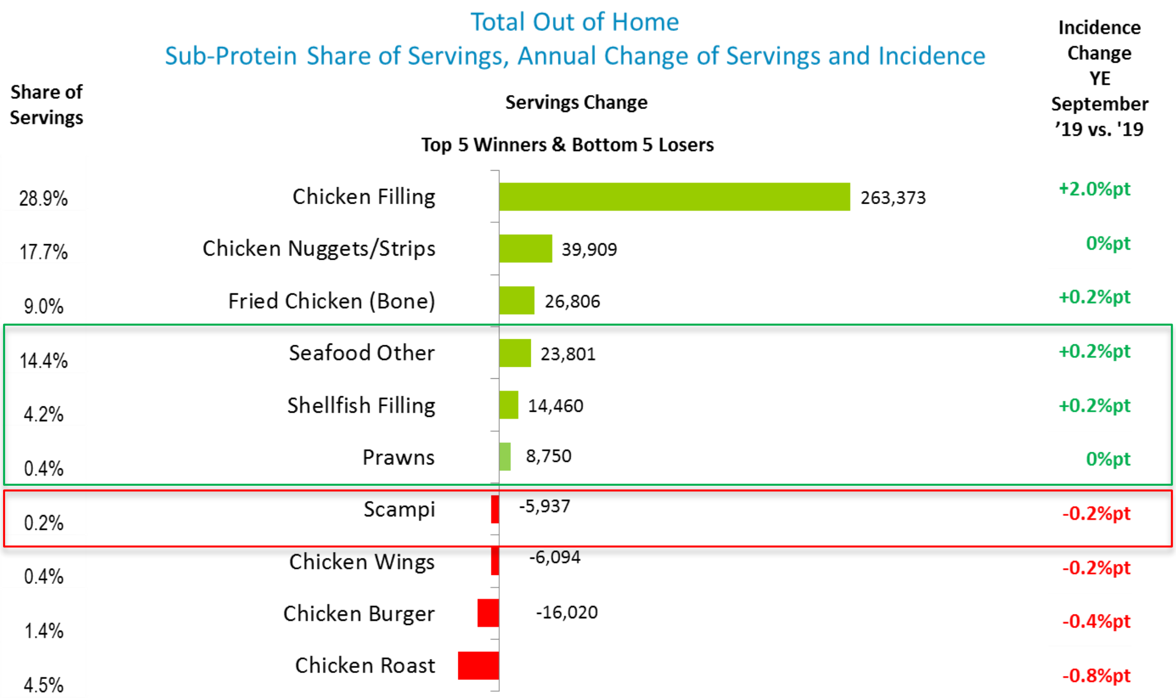
In OOH, protein is broken into five different groups; seafood, pork, poultry, beef and veal, and lamb.

The largest protein in terms of servings share in total OOH is pork (29.5%) closely followed by poultry (29.4%). Seafood comes 4th on the list at 14.3%.

Protein saw servings growth in each group in 2019 with poultry being the largest and fastest growing group. Overall, total protein servings were up 2.7%; when comparing this to non-protein servings (+0.9%) protein performed much better.



Each protein group is sub-categorised into different formats. When looking at sub-protein share of servings, as seen below, ‘seafood other’, ‘shellfish filling’ and prawns performed well; ‘chicken filling’ continues to grow far ahead of the other protein formats. Scampi performed negatively with ‘chicken roast’ performing least favourably.



When compared with the total OOH average individual spend (£5.08) each protein group, except for pork (£4.57), had a higher spend amount; seafood (£6.03) poultry (£5.53), beef and veal (£6.43) and lamb (£9.00).

Poultry (+£0.02) and pork (+£0.12) saw growth in spend in 2019, with beef and veal (-£0.07), lamb (-£0.11) and seafood (-£0.12) experiencing declines.

Protein Performance
[The NPD Group, YE September 2019, Quarterly Crest]

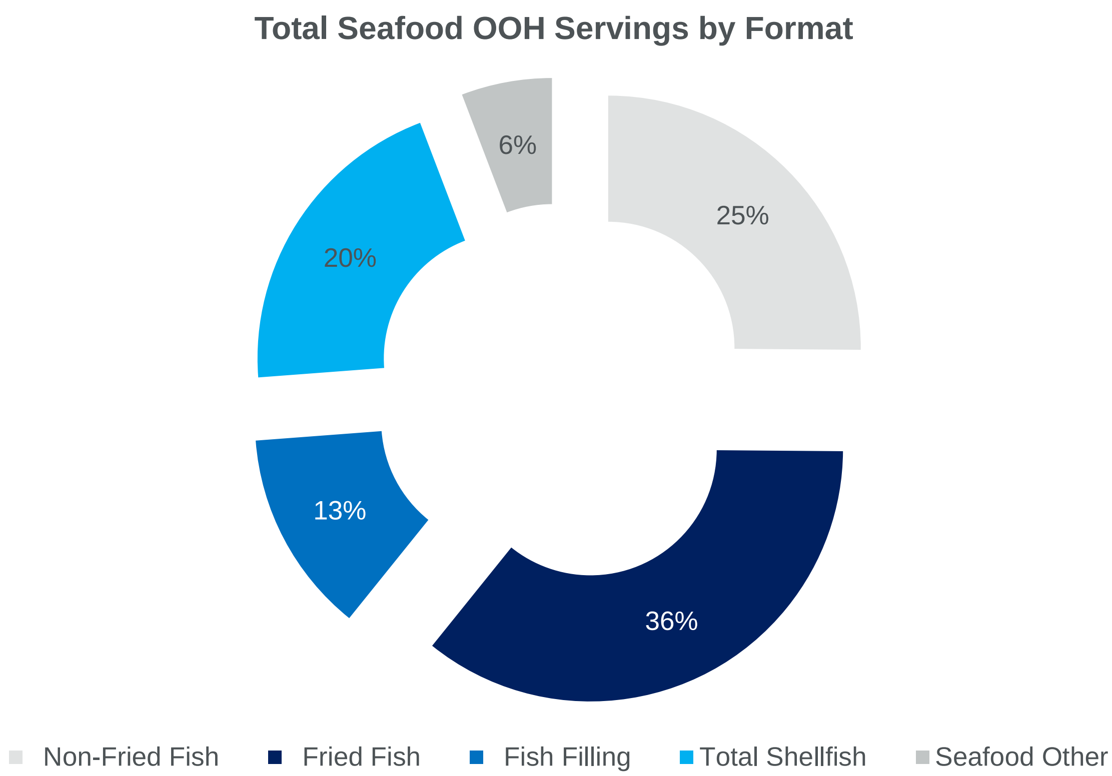
Seafood Formats

The main format of seafood OOH comes in 5 different categories; non-fried fish, fried fish, fish filling (such as burgers), shellfish and seafood other.

In OOH the largest seafood format purchased is fried fish, at 36% of servings share.

The chart below illustrates the size of each seafood formats in terms of servings share.

In the fried fish format, cod is the most used species at 57% of servings share with haddock the second largest at 20%.



Seafood Formats
The NPD Group, YE September 2019, Seafood Data Sheet

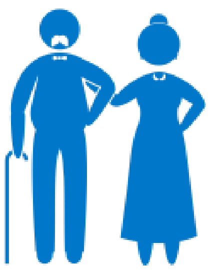
Demographics and Consumer Motivations

Seafood Consumer
Seafood continues to attract an older and more affluent consumer. It is failing to attract younger consumers that are less affluent. In this younger demographic, seafood is only relevant in the fish and chip shop channel.

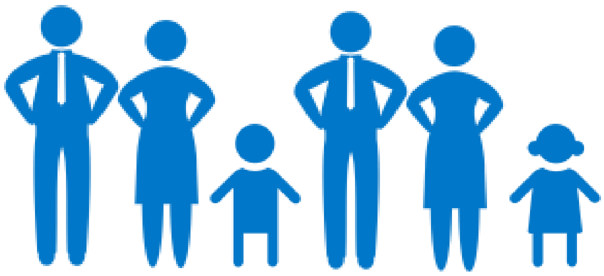
Families
Mirroring the above and compared to all other channels and to total OOH, fish and chip shops are performing well with parties with children, with 40% of overall servings.

Motivation
Across all six channels, socialising is still the most important motivation when choosing to consume seafood OOH. Seafood is not perceived as convenient, functional or as a treat and wouldn't be considered as an 'on the go' option compared with other OOH foods.

Seafood Consumer
Older more affluent consumer



Seafood Target Consumer
Younger less affluent consumer



Demographics and Consumer Motivation
[The NPD Group, July 2019, Foodservice Seafood Insight]
[The NPD Group, YE September 2019, Quarterly Crest]

UK Menu Trends

Seafood menu performance
The number of UK outlets offering seafood on their menu declined slightly over the past year. Seafood lost menu share across the main categories to supplementary meal parts such as add-ons and kids' menus. Seafood appetisers and ethnic dishes are trending well particularly sushi appetisers, the fastest growing dish on the UK menu.

Small plates
The incidence of small plates continued to grow with the 4+ item sampler proving the most popular, with the top species featured on small plate menus being prawns.

Breaded seafood
This trend continues to grow, the fastest growing flavour being coriander and the fastest growing protein being soft shelled crab.

Species
Prawns and salmon have the highest menu penetration across all seafood dishes and continue to gain menu share

Flavours
Garlic, followed by tomato and chilli, are the most common flavours paired with seafood and continue to gain share across seafood menus.

Seafood descriptors
'Fresh' and 'freshly' are the top seafood descriptors across UK menus.

UK Menu Trends
Technomic, July 2019, Seafood Trends Across U.K. Restaurants

Key Considerations and Opportunities

Targeting a younger consumer
Seafood must appeal to a younger consumer by placing itself as a healthy and quality product. The under 44's make up two thirds of total OOH visits, eating out more often than the over 45's age group where visits are in decline.

While trying to target the younger consumer it is important not to alienate the 45+ age group as they are only going to become more important as this age group increases in future years. It is estimated that by 2024, consumers aged 45 and over will represent 45% of the UK population that are eating out, seafood therefore needs to continue to appeal to both age groups.

QSR (excluding fish and chip shops)
Of all the OOH channels, QSR continues to be the biggest opportunity for seafood. Seafood needs to strengthen its presence in this channel with the key to success being to introduce exciting and innovative new products that offer improved quality to current seafood offerings.

Snacking - seafood on the go
Compared to total OOH, seafood is not capitalising from the current snacking trends. Snacking represents a key opportunity for seafood as balanced and portable snack foods with wellness claims are doing well in the category. On trend examples include wellness pots and sushi rolls providing healthy and convenient seafood offerings.

Further, products that provide quick, portable and cheap options in the on the go snacking occasion will prove popular with the younger and less affluent consumer, a key opportunity demographic for seafood.

Brand love
The greater the love of a brand the greater the dining frequency of consumers, with a 7% increase in brand love there is an extra visit per customer.

To increase brand love it is about getting the basics right, delivering a consistently positive experience, product innovation, service, and atmosphere with the primary driver being value for money. Getting the basics right will in turn enrich business as average customer frequency increases.

The more visitors that experience the food on offer the greater the word of mouth recommendations. Word of mouth still gets the number one spot for consumer's trialing a new OOH venue.

Breakfast seafood offerings
Consumer visits are still dominated by the lunch, dinner and snacking occasions, with breakfast accounting for just 12.7% of total OOH visits. However, in 2019, breakfast was the only day part that saw growth, with a rise in visits to +7.0% over the past two years. Offering new products suitable for this day part could prove an opportunity for seafood whether that is salmon eggs benedict, seafood omelette or perhaps shrimp breakfast tacos.

Health
Consumer demand is increasing for lighter and healthier meals options and is being reflected in increased consumer spending. Consumers cited demand for lighter and healthier meals as being a key reason when choosing a foodservice destination, this has increased by +22% from 2016.

Considerations and Opportunities
The NPD Group, July 2019, Foodservice Seafood Insight
The NPD Group, YE September 2019, Quarterly Crest
Savanta, 2019, The Top 100 Most Loved Eating Out Brands
Springboard/NPD, 2019, Eating out Report 2019

Trends and future watches

Technology
Online, apps and kiosks continues to cause disruption in OOH as digital ordering increases in popularity growing by 121m visits in the past year. Apps are expected to see rapid increase in use with app-based orders expected to almost double by 2020. This will mean that app-based ordering will exceed 1bn visits by the end of 2020. Currently one third of all takeaways, restaurants and cafes in the UK are using online apps.

Complete automation OOH should also be considered, as technology continues to improve and change so will the way consumers eat OOH.

Off-premise consumption
The on-premise sector (food and drinks consumed where purchased) saw declines, as more consumers shopped online, seeking convenience in their ever-busier lifestyles. Off-premise (delivery, takeaway / grab ‘n’ go and drive-thru) has seen unprecedented change with the average household spending £38 per month in 2018 on takeaways, up +15% since 2015. It is predicted that off-premise is set to grow even further as visits are forecast to reach 7.2bn by the end of 2020 (4% higher than 2018) with spend forecast to jump +10% to £27.9 bn.

Takeaway and grab ‘n’ go contributes to a high percentage of all off-premise visits (83%), therefore, even low growth in these sectors will make a difference. Forecasters suggest that takeaway and grab ‘n’ go visits will increase by 1.6% and spend will increase 6% by the end of 2020.

As an indicator of the ever-growing importance of the takeaway industry, it added £5.9bn in value to the UK economy, and, when measured by revenue, it is greater in size than architecture and the television production industries.

Responding to future predictions along with the decline of OOH on the high street, industry will most likely increase delivery offerings and invest in drive thru options to attain some of the projected growth.

OOH delivery is also set to grow, as consumers are predicted to spend 22% more on delivery by the end of 2020 creating a delivery market worth £5.8bn annually. The number of delivery visits will jump 17% by the end of 2020 to reach 882m. The delivery market currently accounts for 13% of all off-premise foodservice visits but by end of 2020 delivery’s share will have increased to 15%.

By 2020, delivery could comprise almost 10% of spend in the total British OOH market putting additional strain and pressure on operators that rely heavily on on-premise visits.

QSR
The continuing trend of consumers trading down in OOH channels to source cheaper eats is forecast to continue. The QSR channel, that includes burger and bakery chains, is expected to attract 41m more visits by the end of 2020 and is expected to reach almost 6bn visits annually. This would represent more than 53% of the entire British foodservice industry in visit terms. It is forecast that QSR will attract £1.5bn more in consumer spend OOH by the end of 2020 to reach £24.6bn.

Sustainability
Consumers' growing concerns over sustainability will filter into OOH, with plastics still impacting the seafood industry as concerns continue to grow. This is highlighted in an increasing number of OOH operators aiming to differentiate their offerings on the basis of being more eco-friendly. Some operators are even striving to be as close to carbon neutral as possible, while others are reducing the use of single-use plastics and recycling as much as possible.

Britain's travel hubs
Britain's travel hubs, being airports, motorway service stations, train stations and petrol forecourts represent a distinct OOH market, the value of which increased by over +11% for the year ending June 2019, from £2.47bn to £2.75bn. Visits were also up +7% from 576m to 619m.

The travel hub OOH market is already the same size in visit terms as the delivery sector was at the end of 2015. Over the past three years, airports have seen the fastest growth in foodservice visits (31%), followed by motorway service stations (16%). This is in contrast to the fortunes of OOH operators located on Britain's high streets and shopping centres, where visits growth has been hard to achieve. It is predicted that the travel hub market could see the same kind of sustainable growth as the delivery channel has, with consumer spending potentially increasing by as much as 25% to £3.4bn by 2022.

Trends and Future Watches
British Takeaway Campaign, 2019, Cooking up Growth
The NPD Group, 23/01/2019, Press Release
The NPD Group, July 2019, Foodservice Seafood Insight
The NPD Group, 13/08/2019, Press Release
Springboard/NPD, 2019, Eating out Report

OOH Outlook - 2020 and Beyond

Forecasters predict that OOH visits will decline by -0.1% in June 2020, before slowly recovering in 2021. As such, operators will need to innovate to maximise on future growth opportunities.

As well as the increased use of technology and a greater emphasis on customer experience, an ongoing focus on value and, increasingly, healthier menu options, will be necessary to satisfy consumer demand.

With slow-growth set to remain an ongoing feature OOH it will becomes more important to focus on the three opportunity areas; value, convenience and health and quality.

Value

• Remain prudent on pricing, while looking for other ways to offer value

• Use technology to encourage additional purchases

• Enhance customer service to maximise frequency of visit and market share

Convenience

• Become a multi-channel operator, focusing on both off premise & digital technology

• Offer consumers a seamless experience across all channels

• Delivery will remain important and click and collect apps will grow

Health and Quality

• Attract new buyers by widening menu choice to include non-meat options

• Core menu items to continue to have a role, but add a twist, or tell a story

OOH Outlook - 2020 and Beyond
Springboard/NPD, 2019, Eating out Report

References

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NB

Total OOH data is based on GB only.
OOH data to be used with caution, as based on a small sample.
Foodservice 2019 data is based on year ending data to September 2019