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

Seafood in foodservice quarter 4 (Q4) - October to December 2022.

This Market Insight factsheet provides a full picture of foodservice and seafood in foodservice in Great Britain (GB) for Q4 2022.

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Suzi Pegg-Darlison – 15-minute read.

Seafood in foodservice Q4 2022

Top takeaways

The market benefitted from being the first restriction free Q4 in 3 years with an added boost in traffic from the World Cup.

- **Consumer visits to foodservice outlets were up 5% in Q4 2022 verses Q4 2021.**
- **All channels except Fish & Chip Shops and QSR have experienced growth in total spend compared to year ending December 2021.**
- **Seafood visits and servings continue to recover in Q4 2022 to reach 77% and 76% of pre-pandemic levels (Q4 2019).**
- **QSR remains an important channel and opportunity for seafood Out-of-Home (OOH).**

UK economy and consumer confidence

In this section

UK economy summary

No growth to Gross Domestic Product (GDP) in Q4 2022.

The first quarterly estimate of UK GDP showed no growth in Q4 2022 following an estimated 0.2% fall in the previous quarter. The level of quarterly GDP in Q4 2022 is now 0.8% below its pre-coronavirus (COVID-19) levels (Q4 2019). Monthly GDP is estimated to have fallen by 0.5% in December 2022, this was following growth of 0.1% in November 2022 and a 0.5% growth in October 2022.

In terms of output, the services sector slowed to flat in Q4 2022 driven by declines in education, transport and storage sub-sectors with accommodation and food service activities experienced a 0.01% fall.

Consumer confidence

Consumer confidence is up two points in December 2022.

There were modest improvements in consumer confidence after it increased by two points in December 2022 to -42. Although this is an untick on previous months, particularly September 2022, where a new low of -49 was recorded, December did mark the 8th month in a row where consumer confidence was -40 or worse with a challenging year predicted. This is due continued pressures to the UK economy from high inflation, which is increasing costs for businesses and consumers and affecting consumer confidence.

Consumers are still feeling the squeeze from price rises, with Consumer Price Index (CPI) inflation reaching 9.2 % in December, down slightly from 9.3% in November. Prices continue to rise for energy bills, mortgages, and everyday essentials, leaving consumers with less to spend on eating out.

Total foodservice in GB

In this section

Total food and drink OOH

Consumer visits to foodservice outlets were up 5% in Q4 2022 vs. Q4 2021. Comparing Q4 2022 to Q4 2019 shows that traffic is down 20% from pre-pandemic levels.

Overall, the GB foodservice market had a positive Q4 in 2022 marking the first restriction-free holiday season in three years, with a welcomed boost from the winter World Cup. Q4 2022 also benefitted from the comparison to December 2021, when the Omicron Covid variant caused many consumers to stay home and adversely impacted the festive trading period. Visits were up 5% in the foodservice industry in Q4 2022 verses Q4 2021, a significant improvement on the 1% decline seen in Q3 2022.

Twelve-month spend for total OOH is growing 17% above December 2021 and 53% above December 2020. Visits and servings are increasing 20% and 21% respectively but they remain below those seen pre-pandemic in December 2019.

Foodservice channels

Visits in Q4 2022 were up in all channels except Fish & Chip Shops and Travel & Leisure.

Apart from Fish & Chip Shops and Travel & Leisure, all other channels saw quarterly growth in visits led by FSR (9%) and Pubs (12.8%). Restaurants and pubs had the best festive trading season since pre-pandemic times, further boosted by the World Cup, but train strikes did have a negative impact on traffic. QSR saw the weakest growth in Q4 2022, of 3.7%, but overall, it has made the best recovery to pre-pandemic levels of spend and traffic.

On-premises saw strong traffic growth up +20% year-on-year driven by the return of employees to workplaces, although hybrid working is still commonplace in the UK for those who can do it. As consumers switched from drive thru and delivery back to in-store visits 'In car' and 'at home' saw declines of -10% and -4% respectively.

For all channels, 12-month spend, visits and servings are above December 2021 however, Fish & Chip Shops are still underperforming and remaining in decline. QSR spend remains flat despite an uptick in visits and servings. These channels 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 & Education could not.

Demographics

Adult-only parties continued to see traffic growth, up 6% on Q4 2021, and parties with kids were up 2%. 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

Evening snacks led growth with visits up 10% year on year. This boost was also benefitted from the festive season, World Cup and continued return to offices and commuting. Lunch continued to see strong growth up 9% on Q4 2021 which was driven by consumers returning to pre-pandemic habits such as buying lunch during the week. Supper was virtually flat year-on-year, up by just 0.1%, benefitting from the restriction-free festive season but hurt by the decrease in deliveries.

Total seafood in GB foodservice

In this section

Seafood OOH

Seafood OOH is in recovery but remains behind the total market.

Servings of seafood represents 4% of the total foodservice market and has grown by 9% to year ending December 2022. Visits over the last twelve-months have increased 8% but they and servings of seafood remain below those seen pre-pandemic and compared to December 2019 and are behind the total food and drink market.

Twelve-month spend for total seafood OOH is growing 22% above December 2021 and 67% above December 2020 and has recovered compared to pre-pandemic Q4 2019 up 2%, however this is price driven growth, with the average eater cheque up 34%.

Seafood visits OOH

Q4 2022 seafood visits were 77% of pre-pandemic levels (Q4 2019).

Visits continue to decline verses Q4 2021, at 0.2%, although not as drastically down as the previous quarter where Q3 2022 saw 14% drop verses Q3 2021. Visits OOH for seafood are now 77% of pre-pandemic levels (Q4 2019). Traffic continues to recover overall in the last 12 months, with visits to seafood OOH up 8%.

Seafood servings OOH

Q4 2022 seafood servings were 76% of pre-pandemic levels (Q4 2019).

Seafood servings in Q4 2022 are now experiencing growth, up 2% on Q4 2021. This is 76% of pre-pandemic levels (Q4 2019). Pubs and Workplace & College are leading in seafood recovery OOH as these channels continue to benefit from consumers returning to offices and school.

In the last 12 months, seafood servings OOH was up 9%. Expect for Fish & Chip Shops and QSR, all other channels are experiencing year on year growth.

Consumer motivations

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. With convenience being most important in QSR.

OOH channels

In this section

Channel summary

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

For total OOH, spending in FSR (31%), Pubs (57%), Travel & Leisure (16%) and Workplace & Education (70%) have all recovered their 12-month spend with Fish & Chip Shops and QSR being the only channels experiencing declines (13% and 0.03% respectively).

The following sections provide an overview of total food and drink performance in Q4 2022 for all OOH channels including QSR, Fish & Chip Shops, Pubs, FSR, Travel & Leisure and Workplace & Education. It also details year on year growth for visits and servings of seafood in each channel to December 2022.

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

Total food and drink in QSR

In Q4 2022 for total OOH, QSR was at 87% of visits and 88% of servings when compared to pre-pandemic Q4 2019. However, they were up Q4 2021 (visits 4% and servings 3%). In the last 12 months spend was flat on December 2021.

Total seafood in QSR

30% of all seafood is served in QSR (excluding Fish & Chip Shops), but it only accounts for 2% of the channel and remains a big opportunity for seafood. Visits and servings of seafood in QSR was down year on year to December 2022, 12% and 13% respectively.

Fish & Chips Shops

Total food and drink in Fish & Chip Shops

Facing competition with recovering channels, visits to Fish & Chip Shops declined by 9% in Q4 2022. Twelve-month visits were also down by 8% compared to December 2021 with spend also seeing a decrease of 13%. Q4 2022 visits to Fish & Chip Shops were at 78% of pre-pandemic levels (Q4 2019) with sales at 76%.

Total seafood in Fish & Chip Shops

72% of the protein servings sold in Fish & Chip Shops is seafood and it has lost servings share over the last 12 months to other proteins. 16% of all seafood served OOH is served in Fish & Chip Shops accounting for 30% of the total channel, as with QSR it remains an important channel for seafood consumption OOH. Visits and servings of seafood in Fish & Chip Shops was down year on year to December 2022, 13% and 12% respectively.

Pubs

Total food and drink in Pubs

Pubs have continued to recover with visits up 13% on Q4 2021 and spend increasing by 11%. Q4 2022 visits to Pubs were at 92% of pre-pandemic levels (Q4 2019) with sales now fully recovered at 107%. In the last 12 months total spend has grown 57% on December 2021 with visits up 65% and servings up 71%.

Total seafood in Pubs

15% of all seafood is served in Pubs, and it accounts for 4% of all servings in the channel. Seafood visits to Pubs was up 60% with seafood servings up 64% year on year to December 2022.

Full-Service Restaurants (FSR)

Total food and drink in FSR

Recovery to FSR has continues in Q4 2022 with visits up 9% on Q4 2021 and spend increasing by 3%. Q4 2022 visits to FSR were at 88% of pre-pandemic levels (Q4 2019) with sales now recovered to 99%. In the last 12 months total spend has grown 31% on December 2021 with visits up 30% and servings up 32%.

Total seafood in FSR

17% 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 31% year on year to December 2022.

Travel & Leisure

Total food and drink in Travel & Leisure

Travel & Leisure recovery has been slow with tourism and footfall still below 2019 levels, seeing visits down 3% on Q4 2021 and spend down by 8%. Q4 2022 visits to Travel & Leisure were just 64% of pre-pandemic levels in Q4 2019 with sales now recovered to 99%. In the last 12 months total spend has grown 31% on December 2021 with visits up 30% and servings up 32%.

Total seafood in Travel & Leisure

10% of all seafood is served in Travel & Leisure, and it accounts for 5% of all servings in the channel. Seafood visits and servings to Travel & Leisure to December 2022 was up 12% and 10% respectively.

Workplace & Education

Total food and drink in Workplace & Education

Recovery to Workplace & Education continues as more workers were back in their offices with visits up 5% in the quarter as spend decreased by 0.3%. Q4 2022 visits to Workplace & Education were just 42% of pre-pandemic levels in Q4 2019 with sales now recovered to 72%. In the last 12 months total spend has grown 70% on December 2021 with visits up 89%.

Total seafood in Workplace & Education

12% of all seafood is served in Workplace & Education, and it accounts for 4% of all servings in the channel. Seafood visits and servings to December 2022 was up 44% and 43% respectively.

Opportunities for seafood OOH

In this section

Attention for Quick Service Restaurants (QSR)

QSR remains a major opportunity to improve the appeal of seafood. It is the largest channel in the foodservice market with 53% of all OOH visits and remains the biggest opportunity for seafood with almost one third of all seafood servings being at a QSR outlet. Seafood in QSR is now underperforming compared to the total market, especially in the wake of veganism. Additionally, QSR attracts the younger, less affluent consumer, a target demographic for seafood.

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 digital ordering

One way to attract a younger consumer is to offer digital services such as app-based ordering. This has become commonplace for multiple order points, including, delivery, pick-up, and at-the-table.

Implement app-based loyalty platforms

In foodservice, loyalty has always been a key driver of success, and it is expected to remain an important factor for people when choosing where they will eat out, with the pandemic elevating this further. Here, loyalty-based apps can help. And, these types of services have become more important as the consumer now looks to cut costs, with app-based loyalty platforms allowing outlets to communicate offers and deals directly to the consumer.

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 glute free and plant-based options 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

- GfK, December 2022, UK Consumer confidence up two points in December
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- Seafish, October 2022, 2022 Q3 Seafish Fish and Chips Factsheet
- The NPD Group, February 2023, Quarterly CREST report data to December 2022
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