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Seafood in Foodservice Q2 2021

A market insight analysis

06/09/2021 Suzi Pegg-Darlison

United Kingdom (UK) economy in Q2 2021

UK economy summary

In June 2021 Gross Domestic Product (GDP) grew by 1.0%

As restrictions started to ease in Q2 (April – June 2021), June became the fifth consecutive month that the UK's GDP grew. Although it was still 2.2% below pre-pandemic levels it was 0.6% higher than the growth seen in May 2021.

The main contributor to GDP growth was the food and beverage services which grew 10.1% in June. This increase was due to the easing of coronavirus (COVID-19) restrictions with June marking the first full month of indoor dining for foodservice outlets.

The sustained growth of the food and beverage services means that the industry is just 1.5% below its pre-pandemic level. And its 9% above its August 2020 peak when the Eat Out to Help Out Scheme was in full force which giving the industry a well needed boost in consumer demand last year.

The first quarterly estimate for Q2 2021, shows that the UK GDP is estimated to have increased by 4.8% following the easing COVID-19 restrictions. GDP is now 4.4% below where it was pre-coronavirus pandemic at Q4 2019.

Consumer confidence

Consumer confidence remains stable in June 2021

With the lifting of COVID-19 restrictions and positive vaccination rates, consumer confidence remained stable at -9 at the end of June 2021. This compared to -16 at the end of March 2021 and -30 at the end of June 2020.

Despite good growth for the foodservice sector there was still significant restrictions on trade in place during Q2 2021. Restrictions weren't eased until halfway through the quarter on 17th May 2021 which impacted its recovery.

Great Britain (GB) Foodservice and Seafood in Foodservice

In this section

Consumer visits to foodservice outlets were up 173% in Q2 2021 vs. Q2 2020 when the UK was in full lockdown. However, comparing Q2 2021 to Q2 2019 shows that traffic is still down 39% when compared to pre-pandemic level.

Total foodservice

Rapid recovery of visits in Q2 2021 after COVID-19 restrictions were lifted

April, the start of Q2 2021, saw the re-opening of non-essential shops and outdoor-only dining in restaurants and pubs. From 17th May all foodservice outlets could have groups of six people indoors.

The easing of restrictions had a dramatic effect to total Out of Home (OOH) in Q2 2021 as visits went from -52% in Q1 2021 to +173% in Q2 2021.

Although visits have bounced back in Q2 2021 they are still 39% below pre-pandemic 2019 levels. On-premises dining continues to be the slowest to recover, with traffic down -68% compared to Q2 2019, while Quick Service Restaurants (QSR) is faring best, with traffic down -30% compared to Q2 2019.

Demographics
Visits to foodservice remains below pre-pandemic levels for all demographics. However, families with young children are performing the best, with visits down -18% compared to Q2 2019.

The new technologies introduced to the foodservice industry such as delivery apps and click and collect options have been embraced by the younger consumer. This is making them more active in the market currently.

Older consumers are taking longer to return to their pre-pandemic dining habits, with visits from 35 – 49-year-olds down -58%, and the over 50's down -44% compared to Q2 2019.

Dayparts
Although all dayparts have seen a strong recovery compared to Q2 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 -22% compared to Q2 2019.

Lunch and evening snacking are the slowest dayparts to recover down -48% and -51% on 2019 levels. These are heavily affected by consumers continuing to work from home more than in 2019.

Total seafood in foodservice

Market is expected to recover by the end of 2021 and reach 2019 levels in 2022

Seafood in foodservice is recovering well particularly in QSR and Fish & Chip shops. Visits have bounced back considerably growing 223% in Q2 2021. This is a marked improvement compared to Q1 2021 where seafood visits OOH had declined by 46%

Seafood servings have also bounced back in Q2, but they are still lower than they were two years ago. Seafood servings represents 4.5% of total foodservice market and had declined by 26% to year ending June 2021.

Channel summary

Fish & Chip shops have increased sales by 4.2% vs. year ago

12-month visits for total OOH remain below the previous period for all channels, however, spending in QSR and Fish and Chips shops have recovered at 7.1% and 4.2% respectively.

For seafood OOH in the last 12 months, Fish & Chip shops started to recover well enjoying growth in seafood visits and servings, the only channel to do so. All other channels are still experiencing declines with Workplace & Education and Travel & Leisure remaining hardest hit.

Quick Service Restaurants (QSR)
Visits to QSR (excluding Fish & Chip shops) saw recovery to 71% of pre-COVID levels. In Q2 2021 visits grew to 113% vs. -25% in Q1 2021.This growth was in part thanks to its ability to offer consumers off-premise options such as delivery, drive thru and takeaway services.

Fish & Chip Shops

By far the best performing channel OOH, visits to Fish & Chip shops have recovered to 80.0% of pre-pandemic levels. Total spend grew by 4.2% in the last 12 months to reach 88% of pre-pandemic levels. In Q2 2021 visits grew to 89% vs -0.2% in Q1 2021.

70% of the protein sold in Fish & Chip shops is seafood. And, its gained servings share over the last 12 months, so it remains an important channel for the recovery of seafood consumption OOH.

Pubs

Visits to pubs bounced back in Q2 2021 as they were able to re-open for dining outdoors in England on April 12th. Recovery continued in May and June after on-premise dining was permitted from May 17th. This re-opening lead to an explosive growth in visits up 2936% vs Q2 2020 where visits were -98%, and Q1 2021 where visits were -99%.

Full-Service Restaurants (FSR)

As with pubs, amid the easing of restrictions visits to FSR recovered to 73% of pre-pandemic levels. Visits grew by 238% in Q2 2021 vs. -78% in Q2 2020 and -72% in Q1 2021.

Travel and Leisure

Visits started to recover for the first time since COVID-19 as restrictions started to ease in Q2. Visits grew by 451% in Q2 2021 vs -93% in Q2 2020 and -90% in Q1 2021.

Workplace and Education

Mirroring Travel and Leisure, the sector started to recover for the first time as workers started to make a return to offices. Visits grew by 201% in Q2 2021 vs -90% in Q2 2020 and -88% in Q1 2021.

Opportunities for seafood

Delivery and takeaway services along with the use of technology continues to be a key opportunity OOH

Younger consumers

Seafood tends to attract an older and more affluent consumer and doesn't attract its fair share of younger consumer 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. The former of which continues to suffer the most due to continued work from home and travel restrictions.

Seafood can appeal to a younger and less affluent consumer by highlighting its health and quality credentials whilst educating about the different types of species available.

Quick Service Restaurants

The largest channel in the foodservice market is Quick Service Restaurants (QSR) with 65% of all OOH visits in QSR. And, it is the biggest opportunity for seafood as over one third of all seafood visits and servings are at a QSR outlet. Additionally, QSR attracts the younger less affluent consumer that seafood can appeal to.

Meal deals

More than one third of Seafood visits are on deal which is slightly higher than market average. Value will continue to be important as the economy continues to open so outlets need to consider how they can provide their consumers the best value.

Consumer motivations

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

Home delivery and takeaways

Although on-premise dining has returned the demand for delivery and takeaway services has continued to grow with nearly one quarter of people spending more on these services than before the pandemic. Big food chains in the UK have focused on this consumer demand for digital services as they are set to continue with home delivery expected to grow further.

This trend is supported by online food ordering company Just Eat who reported that in the first half of 2021 delivery orders in the UK grew more than 700% compared with the same period last year. And foodservice outlets are too mirroring this trend as the number of restaurants on Just Eat in the UK rose to 58,000 in June 2021 compared to 50,000 at the start of 2021.

Summary

Delivery and the use of technology continue to be opportunities for the foodservice industry, and as these trends are being embraced by the younger consumer, they present a great opportunity for seafood OOH.

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