Seafood Industry Factsheet

Fish & Chips in Foodservice

Market overview:

Since austerity began to bite in 2007 fish and chips have had a rocky time in foodservice. However, the next few years should see foodservice pick up, with a positive impact on fish & chip traffic.

December 2015

Fish & chips can be considered the pioneer of takeaway food in the UK; thought to have originated around the mid nineteenth century it remains a hugely popular dish today. There is no definitive poll, but fish & chips was ranked as the third most popular UK takeaway in 2013, behind Chinese and Indian (Daily Mail/Vouchercodes.co.uk)

The quick service restaurant channel (QSR) dominates fish & chip sales in foodservice, with over 60% of total fish & chip servings. This is because the QSR channel is made up of two sub channels where fish & chips are popular. The first being the 'QSR fish & chip shops' channel which is made up of around 10,500 independent fish & chip shops. The second or remainder is the 'QSR (excluding fish & chip shops)' channel, which is made up of mainly fast food restaurants. However, fish & chips are also popular in the pub and full service restaurant (FSR) channels. Since 2008/9 the overall trend for fish & chips visits across foodservice channels is one of decline, with the exception of the QSR (excluding fish & chip shops) channel up nearly 16%. Visits to traditional fish & chip shops have fallen since 2010. This channel has suffered from competition from other take away types and the significant price increases of cod and haddock, which have pushed up the purchase price of fish and chips. In addition, there has been fierce competition from the other channels, especially the pub channel which offers relatively high deal rates and the 'experience' of eating out of home; whereas the fish and chip channel, perhaps due to the independent structure, has the lowest deal rate of all channels.

General Foodservice Performance

In 2014, total GB foodservice was estimated to be worth £50.8bn with 26.3bn servings. From 2008 to 2014, total foodservice servings fell by -6.7%. Over the past few years foodservice has been hit hard by austerity. Static wages and spiralling food and utility bills resulted in consumers eating out less often, preferring to 'dine in' to save money. Many remaining customers traded down within foodservice to cheaper channels; for example, trading out of expensive full-service restaurants to cheaper quick service restaurants.

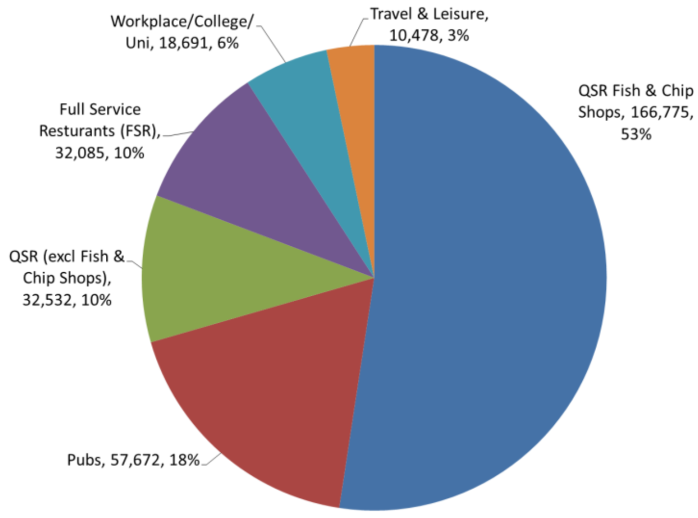
In 2014, total GB foodservice servings which included seafood were estimated to be worth over £3bn with 958m servings. From 2008 to 2014, total seafood servings fell by -8.5%. Seafood is an expensive protein choice and austerity saw consumers trading down to cheaper seafood options like fish cakes and indeed trading out of seafood altogether into cheaper meat options.

Fish & Chip Performance in Foodservice

Because of the way fish and chip data is collected, numeric performance is measured in frequency of visits to avoid double counting which occurs if servings are used. Data is provided in two year periods to improve statistical accuracy.

In foodservice, the main outlet for fish & chips is the QSR fish & chip shop channel (53 %) which is made up of the 10,500 or so independent fish & chip shops. Fish & chips are also popular in the pub (18%), quick service restaurant (QSR excluding fish & chip shops) 10%, and full service restaurant (FSR) channels 10%.

Fish & Chip Visit Share by Channel (2YE Sept 2015)



(NPD CREST 2YE Sept '15)

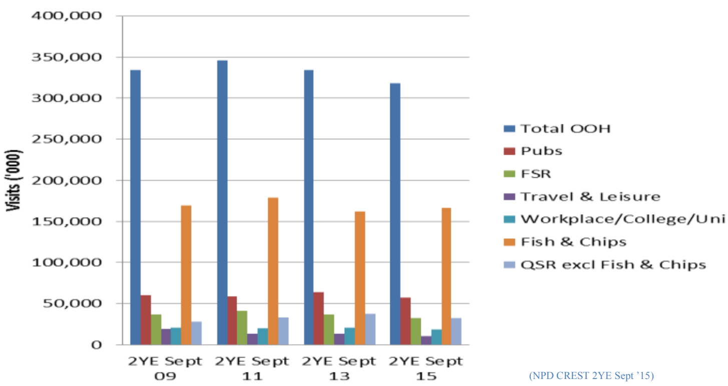
Fish & chip visits across most foodservice channels grew during the first part of austerity and peaked in 2010; since then the general trend is one of gradual decline. Fish & chip visits in the two years to September 2015 totalled 318 million, down -4.7% from 2008/9. Fish & chip visits declined heavily across most channels. The pub and full service channels which have traditionally performed well for fish and chips fell by -4.0% and -12.7% respectively. The exception was a significant (15.5%) upturn in fish & chip visits in the QSR (excluding fish & chip shops) channel. Visits in the key QSR- fish and chip channel fell by -1.4% from 2009 to 2015 as customers traded down to cheaper alternatives.

More recently the decline in fish & chip visits has started to slow. Over the 104wks to Sept 15, overall fish & chip visits fell by -2.5% vs Sept 13. Declines were seen across all channels except the workplace channel (+0.9%). The pub channel and full service channels continued to decline, with fish & chip visits down -3.7% and -0.2% respectively. Visits in the QSR (excluding fish & chip shops) channel fell by -4.5%. Visits in the key QSR- fish and chip channel fell by -1.5%. The incidence (the percentage of orders which include the item) of total fish & chips fell by -0.3% in the two years to Sept 15.

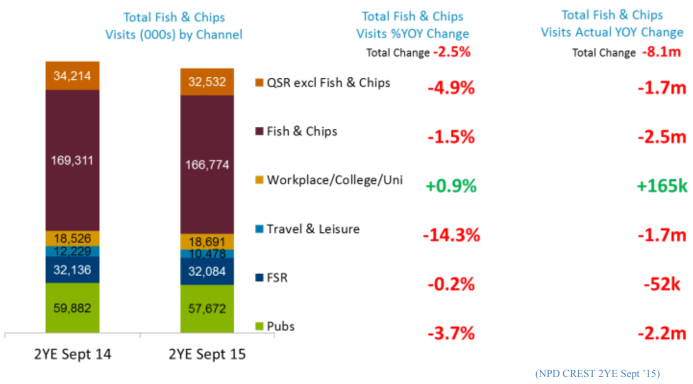
Fish & Chip Demographics

Fish and chips have a significantly older demographic than the average for food & drink consumed out of home. Fish and chips are popular with the under 18-year-olds and the over 50s. Surprisingly, this younger demographic mainly experience fish and chips in a full-service restaurant environment; whilst the pub channel is the favourite venue for the 50 to 64 age group. Overall and across all channels, fish and chips is more popular with female consumers. This is particularly significant for the FSR and QSR (excluding fish & chip shops) channel, where nearly 60% of purchases are made by women, compared to the 50.6% average for total food eaten out of home (Total OOH). Across all channels, fish & chips appeal to a less affluent shopper. Even in full-service, the number of affluent shoppers fall short of the food & drink Total OOH average. The lowest proportion of affluent fish and chips shoppers are found in the QSR (excluding fish & chip shops) channel.

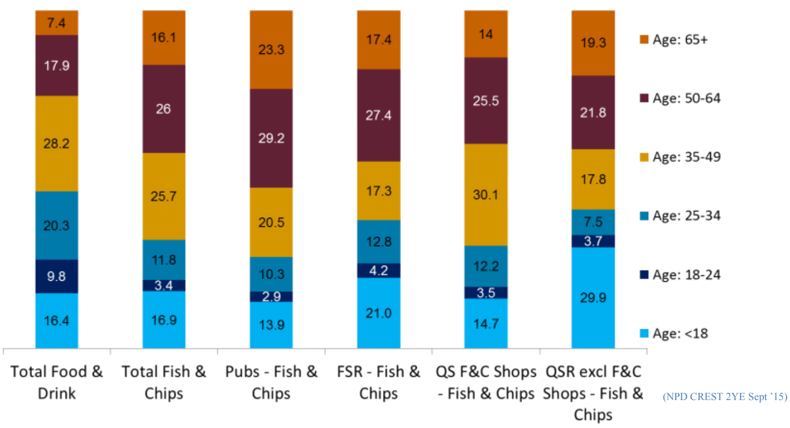
Fish & Chip Visits by Channel During Austerity



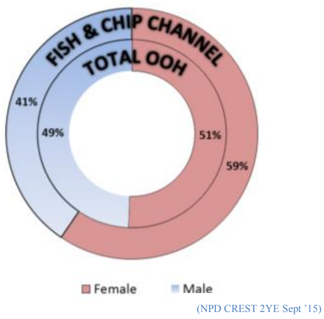
Fish & Chip Visit Trends by Channel



Fish & Chip % Servings by Age



Fish & Chip Servings by Gender



Fish & Chip Daypart and Purchase Drivers

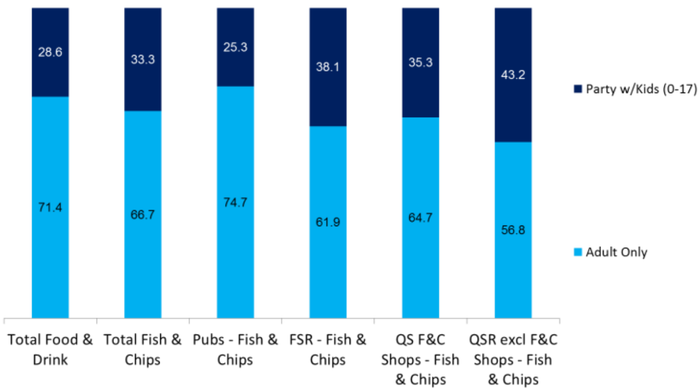
Fish & Chips are a more family-oriented purchase than the Total OOH average, especially in the QSR (excluding fish & chip shops) channel and full service restaurant channels offering a significant category opportunity.

When it comes to daypart, fish and chips are mainly eaten for dinner/tea. They remain a very popular choice at lunchtime in full-service restaurants (54.6%) and pub channels (44.7%), but surprisingly not in traditional fish and chip shops where lunch servings are only 20.2%

Overall, the most popular day for eating fish & chips is still Friday, especially in the pub and fish & chip channel. Saturday is a key weekday for full service restaurants and the fish & chip shop channels.

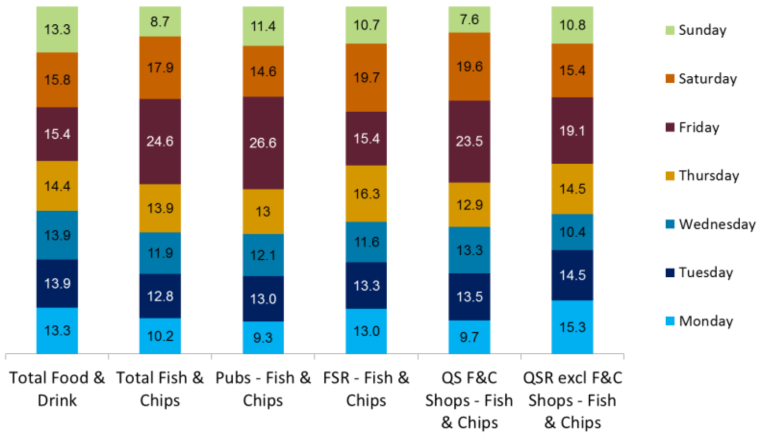
The main reasons for shoppers to purchase fish & chips are to meet a functional need ie 'hunger', followed by socializing then as a treat. Functionality is particularly strong in the fish & chip shop channel (56.5%) and QSR (excluding fish & chip shops) channel). Whereas socialising is the key driver for fish and chips in the Pub (73.2%) and Full Service restaurant (57.2%) channels.

Fish & Chips Servings % by Presence of Children



(NPD CREST 2YE Sept '15)

Fish & Chips Servings % by Day of Week



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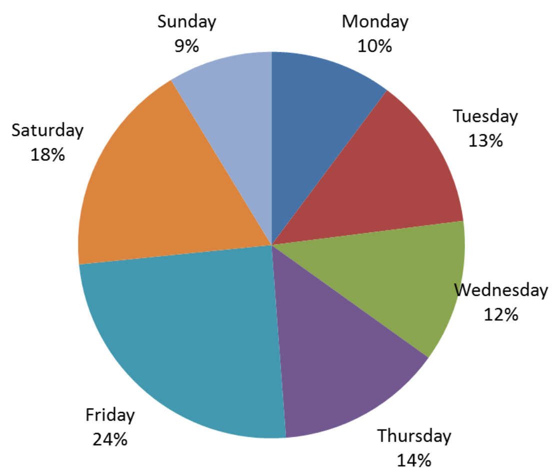
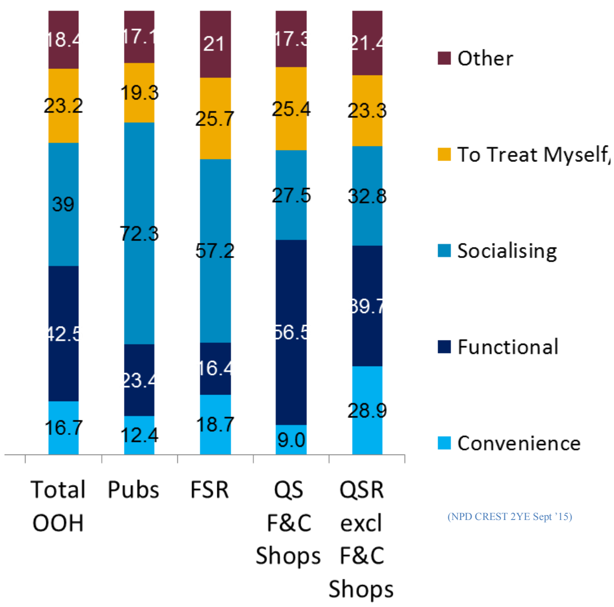
Total Fish & Chips Share of Servings by Week Day



(NPD CREST 2YE Sept '15)

Fish & Chips % Servings by Motivation



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Future of Fish and chips

The UK economy performed well in 2014, this looks set to continue throughout 2015. For the first time in five years, shoppers have more disposable income for discretionary spend. In a recent IGD shopper survey, 80% said they would be spending more money to treat themselves and their family, and it is anticipated that foodservice will benefit rather than retail.

Operators should look to capitalise on current shopper insight to help grow fish and chip sales. Price will always be at the top of the list of shopper priorities; however quality is currently ranked second. The desire for premium, innovation and excitement in foodservice is high and shopper focus on value for money is strong. Shoppers expect deals but are prepared to pay for quality. As finances ease, expect renewed interest in health, provenance and sustainability.

All Channels:

- Use good quality ingredients.
- Promote health benefits of seafood. Fish & chips has one of the lowest typical fat content (9.4g/100g) of any takeaway
- Feature sustainability and sourcing credential where possible
- Focus NPD on new formats and deals for children, particularly in QSR (excluding fish & chips) and full service channels
- Exploit functional/snacking opportunity with new portable formats, especially in QSR
- Target the key daypart and weekday for the channel to maximise servings and grow new sales

Pub and Full Service Channels.

- Fish & chips in the FSR channel is a strongly affluent female purchase, so there are opportunities to tailor towards lighter batters, accompaniments and deals, especially desserts.
- Develop high quality gastro fish & chips for the growing adult only market. Use less common species and maximum freshness quality to drive interest, such as monkfish, hake or pollack in a 'trio of fish'
- Exploit the sharing trends with platters or with goujons instead of individual plates
- Incorporate 'on trend' flavours for dips, dustings, batters and meal components. Focus on street food formats with American, South American and Eastern flavours which are currently on trend.
- Link with premium brands ie Black Sheep beer batter

Fish & Chip Shops Channel

- Exploit the high functional desire – minimise waiting. Focus on 'ready to eat' & 'food on the go' offering minimum mess, portable formats for fried fish such as wraps, burgers, goujons, bites etc.
- This channel has the lowest deal rates of any foodservice channel. Money saving shopper habits developed during austerity are now the norm. Use deals to drive sales Monday to Wednesday and look for ways to build sales in the breakfast/lunchtime daypart and the 18-24 age group.
- Nostalgia, tradition and heritage are key levers to increase sales.

Data Sources –

(%) values represent change from the previous year unless otherwise stated

- Fish & Chips Report Sept 2015, NPD Crest
- Quarterly Foodservice Reports Q1/Q2/Q3 2015, NPD Crest
- Foodservice 5 Year Forecast 2015, NPD Crest
- Category Summary Reports, December 2014/ June 2015

More Information:

Information and insight is available free of charge for levy paying seafood businesses. Click here to register for the monthly market e-alert, and secure report access

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