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

Seafood Trends in Commercial Foodservice (2023 Update)

A market insight analysis (20m read)

R. Watson

November 2023

Seafood Trends in Commercial Foodservice (2023 Update)

This factsheet provides a summary of both long and short term seafood trends in GB foodservice to June 2023. It covers the detail behind the channel, format and species trends; along with an overview of seafood performance vs other proteins and demographics. Together, the trends and insight can be used to identify future opportunities for growth.

Key Facts/Executive summary:

- The total foodservice market was in growth in the 52wks to June 2023. Total GB foodservice was estimated to be worth £57.5bn (+2.9%) with 23.7bn servings (+3.6%) and 9.1bn (+4.1%) visits. However, servings remain 19% behind pre COVID-19 levels.

- In the 52wks to June 2023, total GB seafood servings remained flat at 973m (+0.2%), worth an estimated £5.0bn (+17.8%) value being driven by inflation. Seafood servings also remain 19% behind pre COVID-19 levels.

- The quick service restaurant channel (fast food outlets) continues to take the largest share of seafood servings (29%). This year the pub channel has displaced the fish and chip shops channel to take the second largest share of seafood servings.

- In the 52 wks. to June 2023, the pubs and FSR (excl casual dining) and were the strongest performing channels for seafood up +33.3% and +11.2%. The QSR (excluding fish & chip shops), and QSR (fish & chip shops) channels lost the most servings down over -8%.

- Fish continues to dominate seafood in foodservice, with nearly four times more servings than shellfish. Compared to last year, fish servings remain flat (+0.2%), whilst shellfish servings declined sharply (-8.7%) due to the high average price, and cheaper 'seafood other' increased servings (+8.4%) being attractive to diners looking for save money.

- The 52 wks. to June 2023, have seen a significant fall in servings for the more expensive formats like shellfish sandwiches (-25%) and fish burgers (-14%) and crabcakes, as diners trade down to cheaper options. Fish sandwiches showed the highest servings growth up +16.5%, along with as fish fingers.+4%. Non fried fish also performed well up +10.2%, aligned with growth in the pubs and FSR channels.

- The more expensive species such as prawns saw the largest declines (-19.2%). Diners instead opting for cheaper options, often associated with cheaper formats like tuna (fish sandwiches) and comfort food such as mussels and scampi (+28.3%) along with mackerel (+61.7%) showing the highest growth.

Historic Total out of home (TOOH) foodservice trends

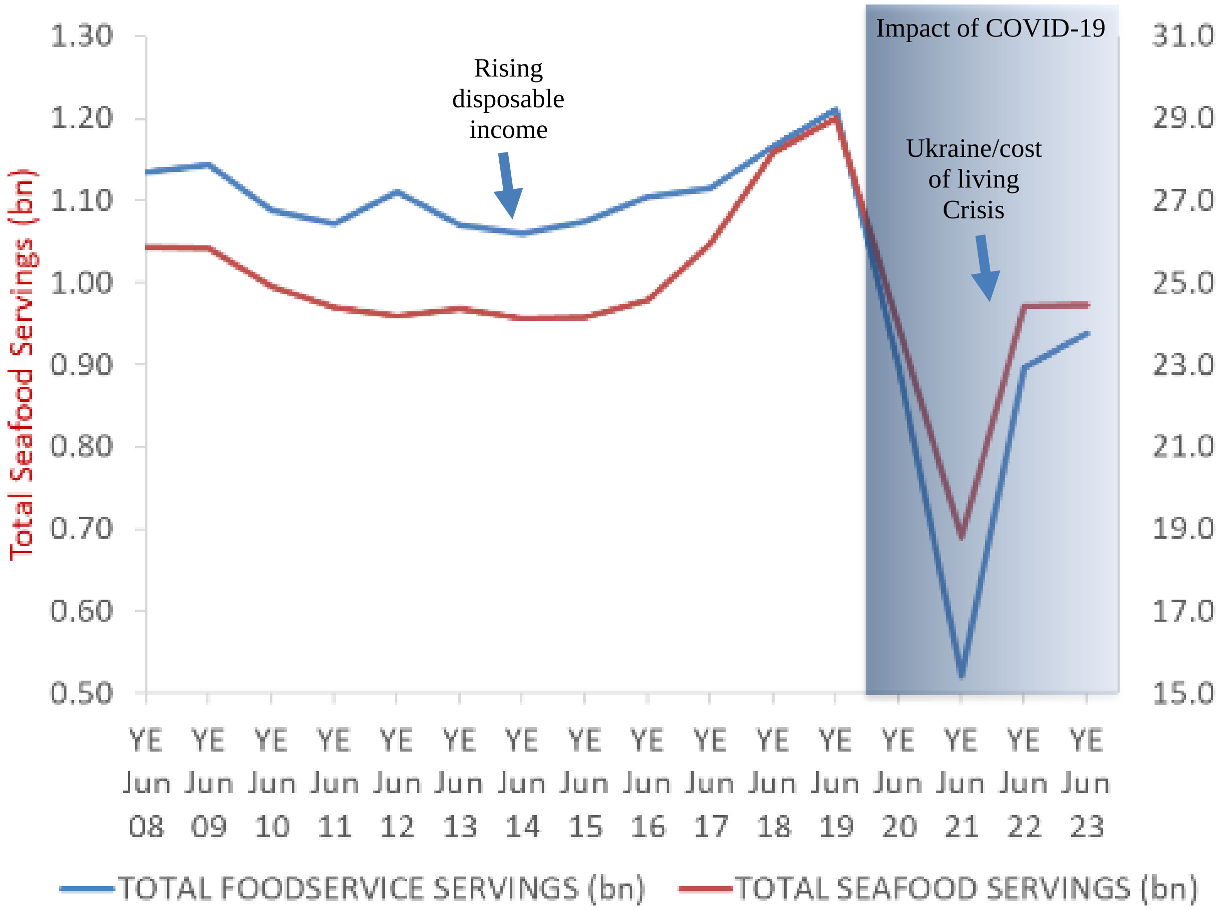
As Britain fell into recession in 2007, one of the tactics adopted by shoppers was to eat out less often, and 'dine in' to save money. As a result, total out of home (TOOH) foodservice servings dipped and many remaining customers traded down to cheaper proteins and switched to cheaper channels; for example, trading out of more expensive full-service restaurants into cheaper, quick service restaurants. Total OOH servings rallied in 2011/12 in line with the 'double dip' economy, but it took until 2014 for servings to show consistent growth, alongside rising disposable income. Uncertainty following the vote to leave the European Union in June 2016, coupled with a slowing UK economy and wages failing to keep up with rising inflation, continued to hit consumer confidence in pre COVID-19, but did little to impact on Total foodservice servings which remained in growth. Consumers still chose to spend on entertainment, eating out and holidays, typical splurge behaviour seen before bracing for potential hard times to come as economic forecasts predicted the UK economy to continue to slow with wages lagging behind inflation.

Impact of COVID-19

In early 2020 the COVID-19 pandemic led to a significant disruption in the UK foodservice industry. Lockdowns and restrictions resulted in the closure of many establishments, causing a sharp decline in revenue and employment in the sector. Chain restaurants were the hardest hit closing on mass, whilst the independents such as fish and chip shops and takeaways remained more resilient, many deciding to stay fully or partially open. Vulnerabilities in the food supply chain were also exposed, which impacted on the ability of the foodservice industry to source raw materials.

By mid-2021, a tiered lockdown system continued to affect foodservice, resulting in overall (TOOH) servings -47% down on pre COVID-19 levels. The workplace, pubs and travel channels were the hardest hit down over -70%. Whilst independent fish and chip shops showed the most resilience, down -18%. Consumers quickly adapted to new norms, such as increased focus on takeout and delivery services.

Long term seafood and Total Food and Drink Out of Home (TOOH) Channel Trends (Servings, 2008-2023)



Circana/CREST

Impact of the Ukraine Crisis

In early 2022, Russia's invasion of Ukraine began to impact on global supply chains, particularly increasing costs in the energy and food sectors, raising concerns about vulnerabilities in the UK's food security due to low availability and rising energy and raw material prices. The post Ukraine landscape has become becoming a 'perfect storm' for foodservice operators, with profits negatively impacted by higher energy, raw material and labour costs and customers caught in a severe cost of living crisis, once more reducing eating out to save money.

My mid-2022, TOOH servings had recovered to -21% down on pre COVID-19 levels, but have remained relatively flat from mid-2022 to mid-2023 as consumers focus on saving money intensifies.

TOOH Current

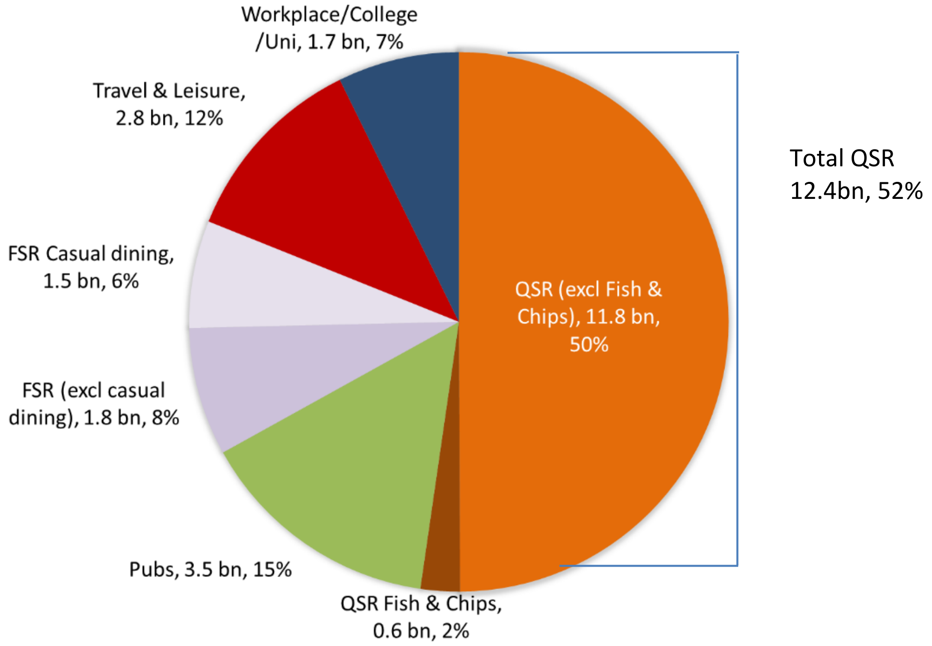
In the 52wks to June 2023, total GB foodservice was estimated to be worth £57.5bn (+2.9%) with 23.7bn servings (+3.6%). Visits stood at 9.1bn (+4.1%), with an average individual spend £6.28 and average price per item of £2.42.

TOOH servings remain -18.7% down on pre COVID-19 levels and despite significant inflation total value is only +2.9% up on last year. Channel share remains similar to pre COVID-19. The largest channel for servings remains the total quick service restaurant channel (Total QSR), which now takes over half of all servings (52%) driving overall foodservice growth. (share increasing by 3 percentage points (pp) vs pre COVID-19. Total QSR is made up of the QSR (excluding fish & chip shops) channel which is mainly fast food restaurants now takes 50% share increasing up by 4 pp vs pre COVID-19) and the QSR fish & chip shops channel with 2% of total OOH down -1pp, which mainly consists of around 10,500 independent fish & chip shops. The remaining channels take a roughly even share of remaining servings. The Travel & leisure channel also increased share by 4 percentage points.

In the 52 wks. to June 2023, the FSR (excl casual dining) and pubs channels performed strongly up +17.8% and +12.0% respectively. Travel and leisure, FSR casual dining and QSR fish and chip shops channels remained in decline.

Total QSR is the highest performing channel over the past 10 years, and the only channel in servings growth +4.7%. Driven by growth in the QSR (exc fish & chip shops) channel proving popular with diners post 2007/8 and the 2021/2 cost of living crisis due to its low ticket price.

Share of Total Foodservice TOOH Servings by Channel 2023



Total out of home (TOOH) servings channel performance 2023

	TOOH Servings	% chg 2023 vs Year Ago	Indicative % chg 2023 vs 10 Years Ago
Total OOH	23.7 bn	3.6	-10.0
Total QSR	12.4 bn	1.4	4.7
QSR (excl Fish & Chips)	11.8 bn	1.5	6.3
QSR Fish & Chips	0.6 bn	-1.2	-21.3
Pubs	3.5 bn	12.0	-12.4
Total FSR	3.3 bn	8.2	-13.9
FSR (excl casual dining)	1.8 bn	17.8	-27.8
FSR Casual dining	1.5 bn	-1.4	11.8
Travel & Leisure	2.8 bn	-7.1	-45.3
Workplace/College/Uni	1.7 bn	5.4	-8.7

Circana/CREST 52wks to June '23 *(10yr indicative due to methodology changes)*

Evolving channel trends

Austerity post 2007/8 saw an explosion in casual dining restaurants (such as Nando's or Pho), which have a more upmarket ambience and dining experience, but costs are kept relatively low. However, Circana report that post COVID-19 interest in the casual dining channel is slowing, perhaps from saturation of outlets or trading down to cheaper competition like McDonald's and others starting to offer table service. Retail, 'food to go' has benefitted from consumers returning to offices and traveling more for leisure. Supermarket meal deals are also benefitting from trading down behaviours from other channels. This year, quick service restaurants (QSR) saw traffic growth of 11%, tapping into the strong growth in convenience and value-led eating out, but this has not translated into servings (+1.4%). If diners follow the same money saving pattern seen post 2007/8, interest in the QSR channel, burgers and fried chicken will continue. FSR also saw robust growth, with traffic up 4%, showing how socialising with friends and family continues to be important to consumers despite the pressure on finances, but servings remain supressed (-0.2%)

Total out of home foodservice servings are made up of 'off premise' or 'take out' where the food is eaten on the move and 'on premise' where diners eat in. In the decade prior to COVID-19 there was an increase in 'off premise' servings (+13%) driven by the lower average spend.

However, over the past 12 months diners have showed strong interest in on premise which ultimately benefited the pubs and FSR channels. The past couple of years has also seen a growing interest in healthy eating, with initiatives like 'Veganuary' and some consumers just choosing to eat more meals without meat, coining the term 'flexitarianism'. However, CIrcana report the interest has slowing over the past 12 months, possibly down to value and price.

Fish and chips eaten together as a meal (not be confused with the fish and chip foodservice channel) still plays an important part in contributing to overall seafood consumption, representing around 17% of all seafood servings in 2023. Fish & chip servings in total foodservice in grew from 2015 till 2019 but have been in general decline since, currently sitting -22% lower than pre COVID-19 levels. Fish & chip servings across all foodservice in the year to September 2023 totalled 168 million.

Flavour & Cuisine Trends

In 2021/22 Just Eat carried out sampled 10 million 'off premise' customer reviews ranking cuisine sentiment. Italian was ranked number one, followed by Indian, fast food (burgers/fish & chips), Japanese food and finally Mexican which may provide a steer for future seafood NPD direction.

Uren, the foodservice flavouring experts, report a shift to bold and exotic flavours in 2023, as well as health-conscious options and healthier alternatives to traditional animal products a trend which may benefit seafood. In particular, there is an increasing trend towards traditional recipes with a modern twist using non-traditional ingredients such as spices, herbs, fruit and vegetables to create bold and unique flavour profiles.

The well established trend for street food remains strong with diners looking for authentic global cuisine experiences. Chaat masala; a staple spice blend in North India is growing in popularity. Uren expect to see growing interest in creative flavour combinations that feature complex hot sauces and spices, such as harissa, gochujang and sriracha.
These flavours can provide an interesting contrast when paired with milder ingredients such as yoghurt or cheese. Heat-infused snacks are also becoming increasingly popular; think sour cream mixed with fiery habanero peppers, chilli-pepper-spiced popcorn, or spicy honey.

The use of aromatic spices in particular is gaining traction, with the likes of ginger, turmeric and cardamom being used to add an extra layer of complexity to dishes. This is likely driven by the demand for more sophisticated flavours as consumers become increasingly discerning about what they eat.

Uren report growing interest in speciality mushrooms and mushroom-infused foods and experimentation with unusual ingredients that contain heat, such as ghost peppers or Sichuan peppercorns.

In times of uncertainty, focus returns to comfort food. Nostalgic foods have been gaining traction over the past few years and the trend is expected to continue, exemplified by renewed interest in burgers and fried chicken which also has the benefit of a relatively low price point.

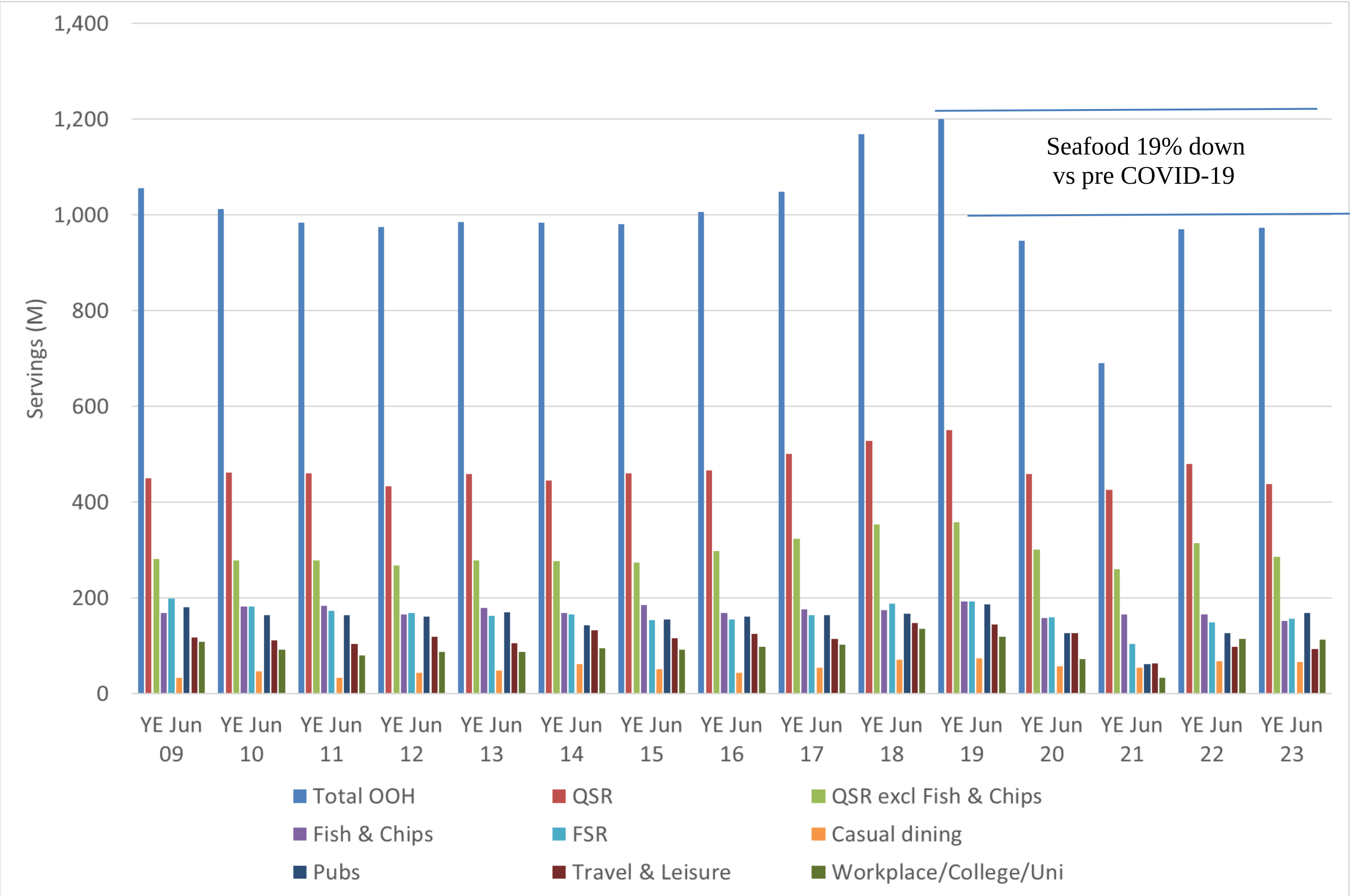
Some examples of bold and ethnic flavours on menu include

Prawn On the Lawn - mackerel with 'nduja and fennel & Thai marinated scallops,
Bibendum Oyster Bar - chilli crab and lobster linguine,
Cornerstone- octopus cassoulet with hogs pudding, cured salmon dotted with lime pickle, raw bream with brown butter, capers and lemon/ potted shrimp crumpet, topped with shredded kohlrabi

Seafood trends in foodservice

During periods of austerity, seafood faces a tougher time than most proteins due to its relatively high average spend and 'health' credentials falling lower down the list of diner priorities. Seafood servings fell post 2007/8 as diners traded out of seafood into cheaper proteins; and traded down within seafood to cheaper options such as fishcakes and sandwiches. Diners also traded down to cheaper seafood species; shellfish having the highest average price was the hardest hit.

Long term seafood servings trends by channel (2009 to 2023)



Circana/CREST 52wks/10Y to June '23 *(10yr indicative due to methodology changes)*

Seafood servings rallied in 2012/13 in line with the ‘double dip’ (typically 12 months later than Total OOH due to the higher price) but it took until late 2015 for seafood servings to return to growth. Seafood servings in grew until COVID-19 hit in 2020. The same closures which impacted on TOOH, had a similar impact on seafood servings, which fell by -43%, faring slightly better than TOOH (-47%) due to the independent nature of fish & chip shops and ethnic takeaways, some of which remained open.

Both seafood and TOOH servings remain 19% behind pre COVID-19 levels, but seafood is likely to take longer to recover or may even decline due to its higher average price as diners trade down within seafood and out into cheaper beef and chicken.

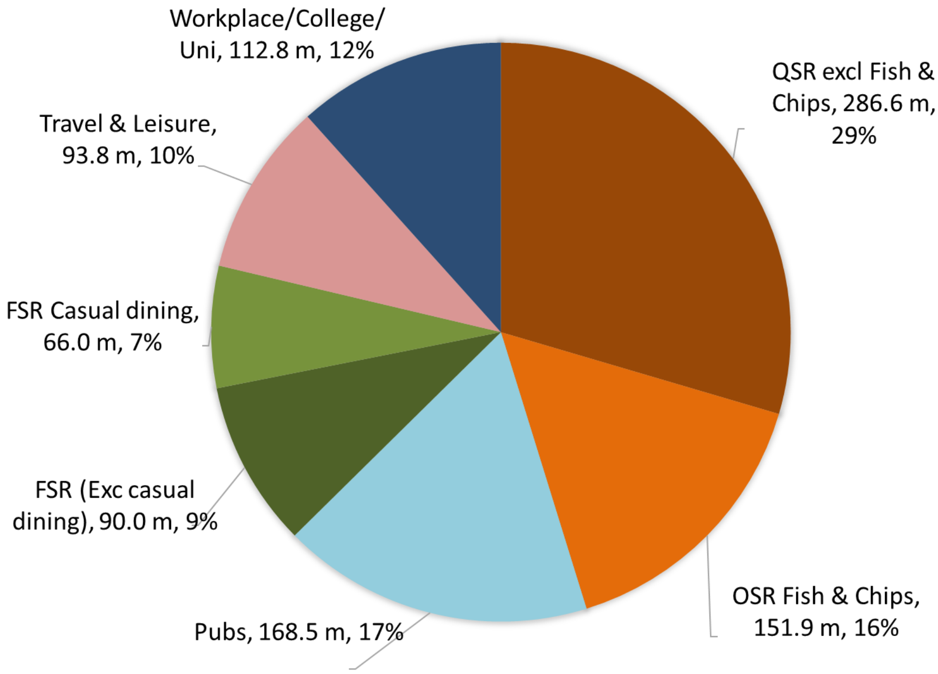
In the 52wks to June 2023, total GB seafood servings remained flat, standing at 973m (+0.2%), worth an estimated £5.0bn (+17.8%) value being driven by inflation. The largest foodservice channel for seafood continues to be QSR (excluding fish & chip shops) with 29% share (0.0pp); followed by the pub channel 17% (-4.3pp) then the QSR fish & chip shops channel with 16% (+1.5%pp). The other channels all take a roughly even share of the remaining seafood servings.

Most channels were in growth with the exception of the QSR fish and chip shops channel. In the 52 wks. to June 2023, the pubs and FSR (excl casual dining) and were the strongest performing channels for seafood up +33.3% and +11.2%. The QSR (excluding fish & chip shops), and QSR (fish & chip shops) channel lost the most servings down over -8%. Travel and leisure, FSR casual dining and QSR fish and chip shops channels remained in decline.

Total QSR is the best performing channel for seafood servings over the past 10 years, showing the lease decline (-4.3%) due to growth in the QSR (exc fish & chip shops) channel proving popular with diners post 2007/8 and the 2021/2 cost of living crisis due to its low ticket price.

The biggest channel opportunity for seafood is in the QSR (exc fish & chip shops channel where it significantly undertrades, taking only 2% of the 24bn annual servings. Seafood strongest channels is by far the QSR fish & chip shop channel where it currently takes a 24% share of protein servings.

Share of seafood servings by channel 2023



Circana/CREST 52wks to June ’23

Seafood servings channel performance 2023

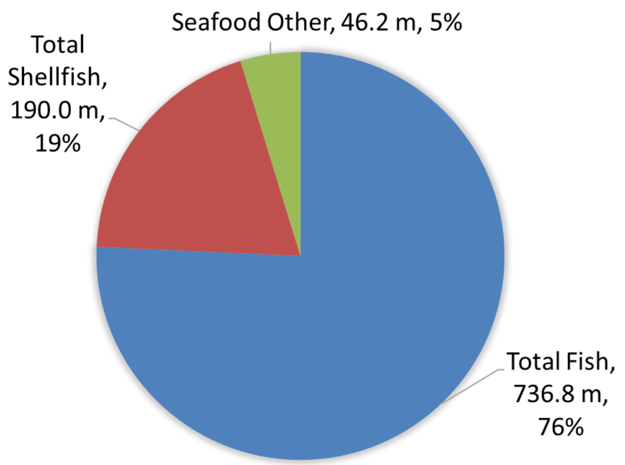
	Seafood Servings (m)	% chg 2023 vs Year Ago*	Indicative % chg 2023 vs 10 Years Ago
Total OOH	973.0 m	0.2	-1.3
Total QSR	438.5 m	-8.6	-4.3
QSR excl Fish & Chips	286.6 m	-8.7	2.8
QSR Fish & Chips	151.9 m	-8.4	-15.4
Pubs	168.5 m	33.2	-1.0
Total FSR	156.0 m	4.8	-4.4
FSR excl casual dining	90.0 m	11.2	-22.1
Casual dining	66.0 m	-2.7	38.4
Travel & Leisure	93.8 m	-3.9	-10.7
Workplace/College/Uni	112.8 m	-1.4	29.3

.
Circana/CREST 52wks/10Y to June ’23 *(10yr indicative due to methodology changes)*

Seafood sector, format and species trends

In foodservice, seafood is categorised into three main sectors; fish, shellfish and 'seafood other' (cheaper products where species is not mentioned). In the 52wks to June 2023, fish continues to dominate seafood in foodservice, with nearly four times more servings than shellfish. Compared to last year fish servings remain flat (+0.2%), whilst shellfish servings declined sharply (-8.7%) due to the high average price, and 'seafood other' increased servings (+8.4%) being attractive to diners looking for save money. Over the past 10 years of austerity only the cheapest sector 'seafood other' has shown significant servings growth up +13.4%.

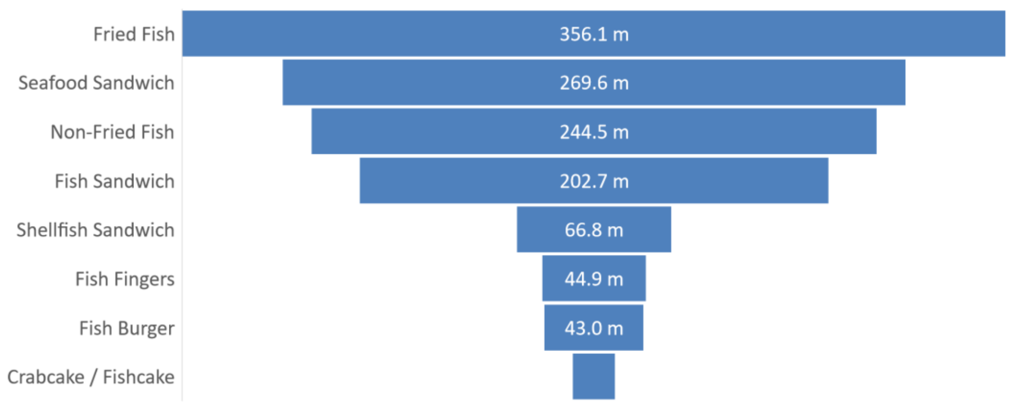
Share of Fish & Shellfish Servings June 2023



Circana/CREST 52wks to June '23

Post 2007/8 seafood serving growth was mainly in cheaper and convenience focused seafood formats. Macro trends for portable street food have driven increased popularity in seafood burgers, seafood sandwiches and fried fish. Just prior to the impact of COVID-19 diners had fallen into a treat and save mentality, buying the cheaper formats and species like fried cod, seafood sandwiches and 'other seafood' but also spending on the more expensive formats and species such as shellfish, non-fried fish, tuna and prawns. In the current financial crisis, the focus is firmly back on saving money

Top seafood serving formats 2023



Circana/CREST 52wks to June '23

In 2023, fried fish continues to dominate by format, taking the largest number of seafood servings in foodservice; followed by seafood sandwiches and non-fried fish. The 52 wks. to June 2023, have seen a significant fall in servings for the more expensive formats like shellfish sandwiches (-25%) and fish burgers (-14%) and crabcakes, as diners trade down to cheaper options. Fish sandwiches showed the highest servings growth up +16.5%, along with as fish fingers.+4%. Non fried fish also performed well up +10.2%, aligned with growth in the pubs and FSR channels.

Seafood servings species and format performance 2023

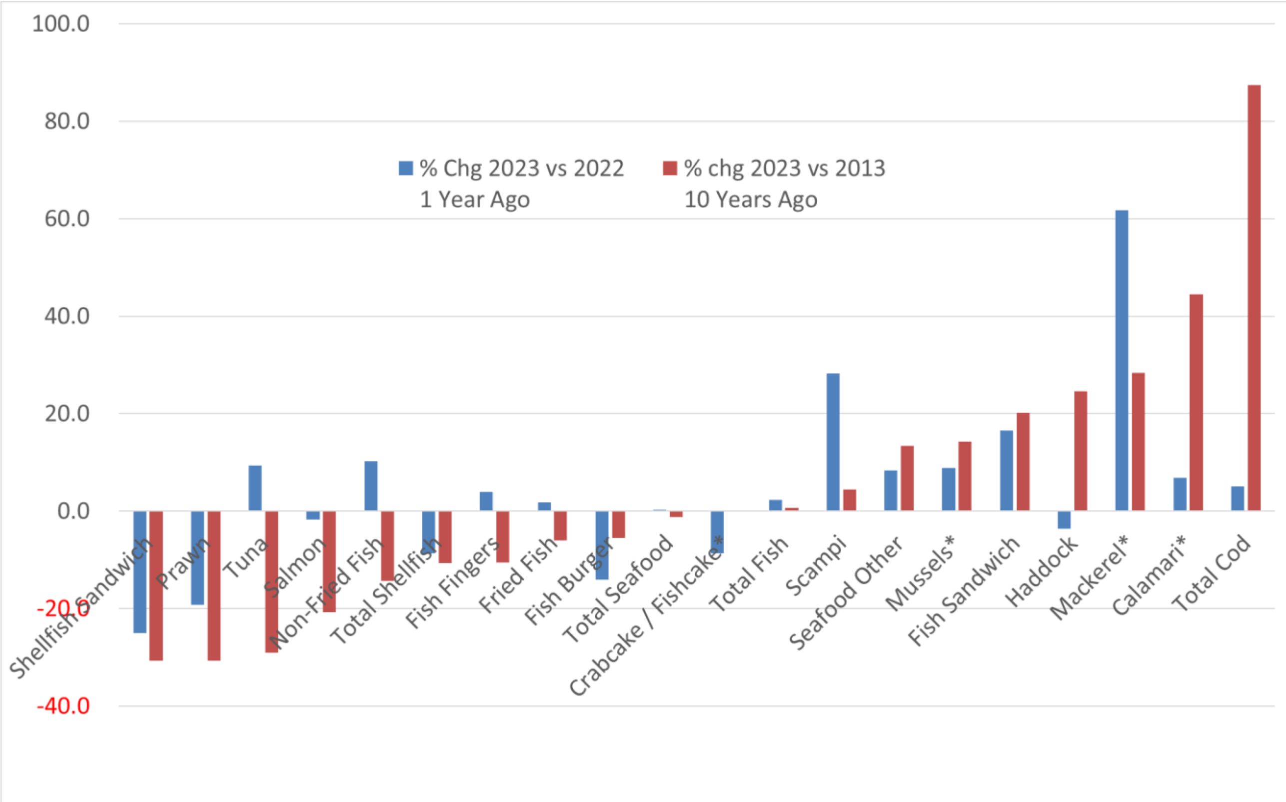
	Servings ('000)	Servings (m)	% Chg YA	% chg vs 10YA
	Total Seafood	973.0	0.2	-1.3
	Total Fish	736.8	2.3	0.6
	Total Shellfish	190.0	-8.7	-10.6
	Seafood Other	46.2	8.4	13.4
Species	Total Cod	213.6	5.1	87.4
	Tuna	108.4	9.3	-29.1
	Prawn	85.7	-19.2	-30.7
	Salmon	64.5	-1.7	-20.8
	Haddock	86.5	-3.6	24.6
	Scampi	32.4	28.3	4.4
	Calamari	24.9	6.9	44.4
	Mussels	13.5	8.8	14.2
	Mackerel	11.4	61.7	28.3
Format	Fried Fish	356.1	1.8	-6.0
	Non-Fried Fish	244.5	10.2	-14.3
	Fish Sandwich	202.7	16.5	20.2
	Shellfish Sandwich	66.8	-25.0	-30.8
	Fish Fingers	44.9	4.0	-10.6
	Fish Burger	43.0	-14.1	-5.5
	Crabcake / Fishcake	18.5	-8.6	-0.1

Circana/CREST 52wks/10Y to June '23 *(10yr indicative due to methodology changes)*

Cod remains by far the most popular seafood species in foodservice with 214m servings in the 52wks to June 2023; followed by tuna (108m), haddock (87m). prawn (86m). In recent years easing cod supply and price has resulted in strong long term performance, linked with the demand for cheaper fried fish.

In the 52 wks. to June 2023, the more expensive species such as prawns have seen the largest declines (-19.2%). Diners instead opting for cheaper options, often associated with cheaper formats like tuna (fish sandwiches) and comfort food such as mussels and scampi (+28.3%) along with mackerel (+61.7%) showing the highest growth. Over the past 10 years of austerity, only the fish sandwich format has shown servings growth, up +20%.

Seafood servings species and format performance 2023

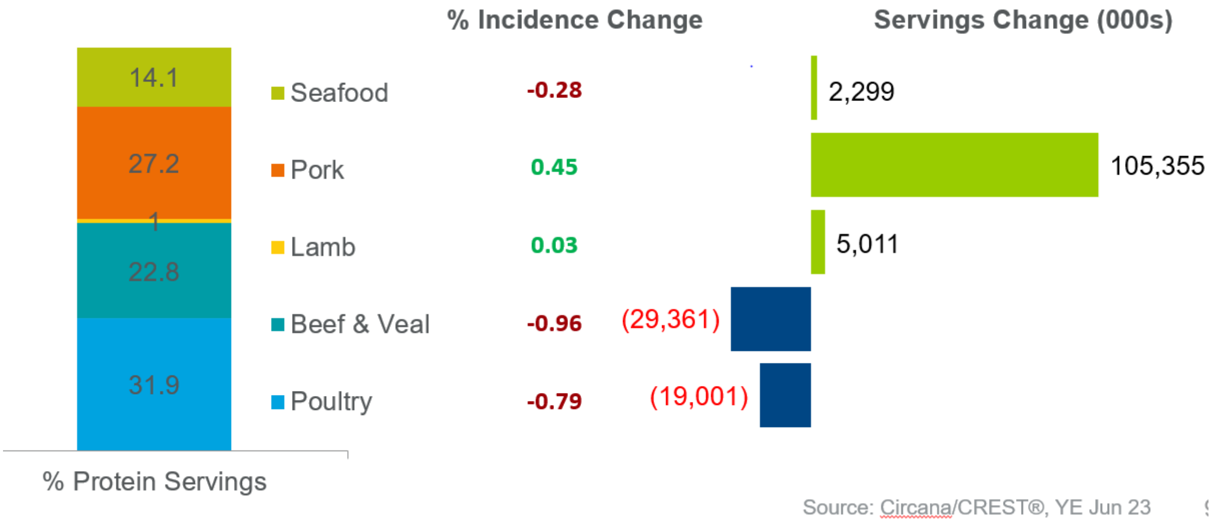


. Circana/CREST 52wks/10Y to June '23 *(10yr indicative due to methodology changes)*

Seafood Performance vs Other Proteins

In the 52 weeks to June 2023, both protein and non-proteins gained servings. Seafood continues to take the penultimate smallest share (14.1%) of proteins servings, in foodservice, less than half that of poultry. Pork continued to perform strongly gaining the most servings growth and highest incidence (a measure of frequency of choice).

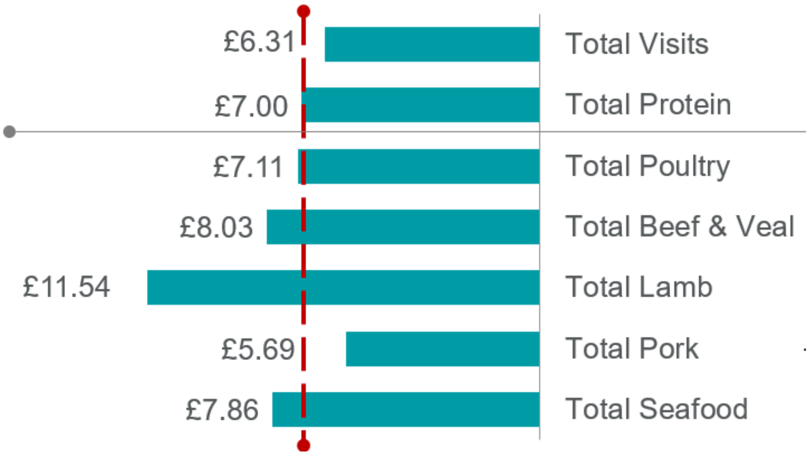
Total Out of Home Servings Share & YOY, and Incidence by Protein



Deals and motivation

Seafood remains an expensive choice; average seafood spend is ranked third behind lamb and beef/veal, with an average individual meal spend till spend of £7.86. Showing the highest spend increase, in 2023, seafood is likely to overtake beef to become the second most expensive protein in the next 12 months.

Average protein ticket spend 2023



Seafood also lags behind on promotions, with an average promotion rate, seafood is ranked third when it comes percentage sold on deal, behind beef, poultry and pork. After catching up in recent years, seafood is now once again falling back, seeing the highest deal rate decline of any protein this year.

The motivation behind eating seafood in foodservice remains strongly social occasion, overall and for most channels , except for the fish & chip shop channel where it has moved from functional to convenience. Seafood in FSR is seen as a convenience and socialising. New seafood NPD product formats and flavours should be tailored to the channel to maximise opportunity.

Seafood Demographics

Seafood continues to appeal to an older, affluent demographic with around 55% of servings purchased by consumers aged over thirty five, and 68% ABC1. This offers an opportunity to grow sales amongst younger diners. Pubs have the most affluent and the oldest seafood clientele with around 75% of diners aged over 35 and ABC1; Travel & leisure customers are the youngest with around 30% over 35years and 70% ABC1, whilst QSR customers are in the middle.

In the UK although Gen Z are not currently drivers of seafood in foodservice as they get older, they will eventually become the key demographic. In general Gen Z is currently influencing UK foodservice industry through several key trends:

- **Health Focus:** Gen Z's emphasis on health could be good news for seafood

- **Social and Environmental Consciousness:** Gen Z values food aligned with social and environmental responsibility, opting for sustainably sourced and ethically produced products, seafood has good infrastructure here.

- **Digital Influence:** social media significantly shapes Gen Z's food preferences, guiding them in seeking ideas for healthy food, nutrition, and general well-being. Important foodservice players tap into the marketing opportunities here

- **Cultural Diversity:** Gen Z's flavour profile is influenced by diverse cultural backgrounds, exposure to global cuisines, and a desire for unique tastes. Business as usual following the ethnic trends established by millennials

- **Technological Impact:** Gen Z, are driving technological advancements and influencing business practices. Using Smartphones to order & pay at table etc

Future of seafood in foodservice

The next five years looks set to be challenging for seafood in foodservice. It is likely to continue in price driven growth as inflation pushes up prices and price sensitive diners trade down to cheaper the channels and cheaper proteins.

In all channels seafood consumption (servings) continue lag behind pre COVID-19 levels. Some continue to recover such as pubs and casual dining, whilst in others such as QSR (excl. fish and chip shops) seafood servings declined further in 2023, as overall servings for the channel grew. Pub and casual dining could be an opportunity to target for trending ethnic flavours and formats for seafood, but developing successful products offering value for money for the cheaper and largest QSR (excl. fish and chip shops) channel where seafood only has a 2% share of the 24bn annual servings, has the highest servings potential.

A key opportunity for the QSR (fish and chip shops) channel remains, reducing the average 500g fish & chip portion sizes to keep prices affordable, and to continue to integrate delivery options.

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

Data Sources:

NPD Crest 52wks to June 2023. (%) values represent change from the previous year unless otherwise stated

Uren Food Ingredients: https://www.uren.com/products/

Subscribe to Market Insight Reports:
Individuals working full time for a seafood business can apply for a password to access Seafish Retail, Foodservice, Shopper, and Trade Reports directly. Click here to subscribe.

More Information:
For the full range of market insight factsheets, covering different sectors of the seafood industry go to the Seafish website - https://www.seafish.org/insight-and-research/

For more information please contact:
Richard Watson
Market Analyst

T: +44 (0) 1472 252 331
E: richard.watson@seafish.co.uk
W: Latest MI retail publications
W: MI secure area login

Seafish
Seafish Origin Way, Europarc,
Grimsby,
DN37 9TZ

www.seafish.org