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the support it needs to thrive.



COVID-19 Seafood in Foodservice Quarter 3 (Q3)

A market insight analysis

15/01/2021 Suzi Pegg-Darlison

Pre COVID-19 and the lockdown: a quick recap

In this section

In February 2020 visits to seafood in foodservice were growing by +3%, by April 2020, as a consequence of the national lockdown, visits were in decline by -83%.

Pre COVID-19

Lockdown

Pre COVID-19

Early 2020 the foodservice industry was showing tentative signs of growth in visits

The British restaurant industry was seeing growth in line with the wider economy at the start of 2020. Visits to total out of home (OOH) had been seeing steady growth since April 2019, with visits up +0.5% year on year in February 2020. And, seafood was outperforming total OOH. By February seafood visits were climbing to highs of +3.0%, not seen since July 2019.

Lockdown

4 out of 5 OOH businesses closed following national restrictions in March 2020

As a result of national lockdown measures, the foodservice industry suffered unprecedented declines, with the number of buyers and frequency of OOH purchases decreasing by over half. OOH visits alone decreased by -54% in March and April.

In April 2019 total OOH was worth £1 billion. As visits declined by -81% in April 2020, total OOH was worth only £200 million in comparison.

Seafood in foodservice declined faster than total OOH as buyers and frequency of OOH visits decreased by -57% in March and April. Visits for seafood OOH declined by -83% in April 2020.

By the end of Q1, as restriction measures started to hit the foodservice industry, both seafood OOH (-12%) and total OOH (-10%) saw the effects in visits declines.

United Kingdom (UK) economy in Q3

In this section

The whole of the UK economy has been affected by the pandemic, with the accommodation and foodservice industry taking a particular hit as consumer confidence suffers.

UK Economy Summary

Eat Out to Help Out

UK Economy Summary

In Q3 2020 the Gross Domestic Product (GDP) grew by 15.5%

The UK GDP grew by an estimated 15.5% as national restrictions eased in Q3. This showed some recovery to the economy following the dramatic effect of lockdowns in Q2 when GDP fell by 20.4%. Even with such growth the level of GDP in the UK is still 9.7% below where it was at the end of 2019. And when compared to Q3 2019 the UK economy fell by 9.6%.

The whole of the UK economy has been affected by the pandemic, with the accommodation and foodservice industry taking a direct hit because of national restrictions and closures. As of November 2020, 34% of the accommodation and foodservice industry had no or low confidence that their businesses would survive in the next three months. This is an increase of 10% from August 2020, and is the highest percentage of all industries reported, according to the Office for National Statistics (ONS).

Driven by accommodation and foodservice GDP increased by 6.3% in July and 2.2% in August. This growth was as a result of the lockdown being lifted as outlets were permitted to open. And as international travel became restricted this gave well needed boost to the industry following the popularity of the “staycation”. However, the output in accommodation and foodservice is still around 29% below its level in Quarter 4 2019.

We should expect Q4 2020 to experience further declines due to the second national lockdown in November and the subsequent restrictions introduced in the new tier system in December.

Eat Out to Help Out (EOHO)

Over 52,000 businesses registered for EOHO.

Another boost to the foodservice industry came in the form of the Eat Out to Help Out (EOHO) Scheme. Its aim was to protect the hospitality industry's 1.8 million employees by encouraging people to return safely to their local eateries. Restaurants that participated in the scheme were able to offer consumers that dined on premises a 50% discount of up to £10 per diner on food and non-alcoholic drinks every Monday to Wednesday in August with the remaining 50% paid for by the government.

Over 35 million discounted meals were served in the first two weeks of the scheme, the equivalent of over half of the UK. And restaurants reported a 27% increase of business on Monday, Tuesday and Wednesday than when compared to August last year. According to Big Hospitality most businesses that participated in EOHO hailed the scheme a success boosting trade. September saw foodservice trade return to more modest levels, indicating that the boost from the scheme was short-lived.

In November 2020 the ONS provided findings of the EOHO scheme. Amongst others they reported:

- Over 52,000 businesses registered for EOHO.
- Discounts were provided for over 160 million meals in August equating to £849 million.
- £5.24 was the average discount claim, per meal .
- Throughout August the number of discounted meals and the value of claims made increased with each week.
- 55% of the claims were by restaurants with a further 28% made by pubs.
- 83% of the business who participated in EOHO had made use of the Coronavirus Job Retention Scheme (CJRS) to furlough staff since March. This number reduced to 61% furloughing some staff in August.

Great Britain (GB) Foodservice and Seafood in Foodservice

In this section

Consumer visits to a foodservice outlet was down -42% in Q3 2020, although this was a marked improvement on the -77% drop seen in Q2 2020. This was driven by the easing of restrictions and EOHO scheme in August.

Channel performance

Dayparts

Consumer demographics

Channel performance

EOHO helped each channel in their recovery stage in Q3

Seafood visits fared slightly better than total foodservice but was still down by -34.8% in Q3. This was a marked improvement from Q2 visits -81.0%, also recovering quicker than total foodservice.

Foodservice channels include: Full Service Restaurants (FSR), Fish and Chip Shops, Pubs, Quick Service Restaurants (QSR), Travel and Leisure, and, Workplace and Education.

Full Service Restaurants (FSR - including Café/Bistro)

Visits to FSR declined by -38%, but this was a marked improvement on the -78% drop seen in Q2 2020. However, seafood importance increased over the last 12 months to September 2020 with servings share up to 20.4%.

Visits to FSR for seafood saw year on year declines of -27.0%.

Fish and Chip Shops

Of all the channels in foodservice, Fish and Chip shops fared the best in Q3. Visits recovered to 77.7% of last year's amid dine-in reopening and Eat Out to Help Out, with declines of -

22.3% in Q3; a significant improvement from -73.2% seen in Q2. Seafood, the largest protein in Fish and Chip Shops, gained servings share compared to last year up to 66.1% versus last year. In those shops that were operating for delivery or takeaway, the importance of seafood to consumers importance grew.

Visits to Fish and Chip Shops for seafood saw year on year declines of -16.8%.

Pubs

Pubs too experienced a major improvement in Q3 2020 recovering 2/3 of their visit after a drop of -98% in visits in Q2 2020; Q3 visits were down just -32% in comparison. There are noticeable differences between locations. As people work from home pubs located in city centre continued to struggle. Pubs in residential areas however saw trade return to healthy levels. Some sites even reported year-on-year growth. Seafood importance is stable in pubs with servings share staying at 14.9%, while pork and poultry gained share.

Visits to Pubs for seafood saw year on year declines of -37.8%.

Quick Service Restaurants (QSR)

QSR remains the best performing channel in the market, benefitting strongly from its ability to offer consumers delivery, drive thru and takeaway options. Visits to QSR declined by -33% in Q3 2020, a better performance than other segments in the market. Seafood servings share was down to 8.8 versus last year. QSR is by far the major opportunity to improve the appeal of seafood.

Visits to QSR for seafood saw year on year declines of -25.3%.

Travel and Leisure

Travel and Leisure is another segment suffering as transport hubs see little footfall. In Q2 visits plummeted to -92.8% and are slow to recover in Q3 to -62.9% as travel remains at its lowest in years. In this channel all proteins suffered, but seafood increased in importance in the 12 months to September 2020 with servings share up to 22.2%.

Visits to Travel and Leisure for seafood saw year on year declines of -31.1%.

Workplace and Education

Workplace and Education was the hardest hit channel in Q3 as workers continue to work from home, with visits down 71%. It was also the slowest recovering channel from Q2 visits declines of 89.8%. Seafood lost share in servings versus last year to 10.8%, while pork and poultry experienced gains.

Visits to Workplace and Education for seafood saw year on year declines of -59.5%.

Dayparts

Dinner the best performer, benefitting from the growth in delivery

Snacking saw the biggest drop in visits at -51% but all the dayparts continued to see declines.

Dinner, with visits down by -26%, was the best performing. Benefitting from the growth in delivery where visits were up by +13% in Q3 2020, the one major source of growth in the current market is delivery. Dinner also received a boost from EOHO.

Lunch and breakfast visit declines were -44% and -47%, respectively.

Consumer demographics

The popularity of delivery apps helped keep younger generations visiting foodservice, larger drop in the over 50's

Unsurprisingly visits to foodservice have declined for consumers across all age groups. However, families did fare better with a drop of -31% for family visits compared to -50% for the over 50's. This was due to the increase in delivery options and use of aggregator apps, such as Deliveroo and Just Eat, with younger consumers being more active in using these than the older age groups. Furthermore, ordering a weekly delivery became commonplace for many families during the COVID restrictions.

In terms of visits to foodservice for seafood, Travel & Leisure and Fish & Chip Shops are performing very well with kids. However, seafood visits don't attract a fair share of younger consumers and lower social classes outside of Fish and Chip Shops. In the last 12 months seafood visits have declined across all demographics. But children aged 0 to 17, Males aged 40 to 49 and Females aged 40 to 49 and 50+ have increased their share of visits. In terms of social class, ABC1 have increased their share as have part time and retired groups.

When choosing seafood while eating out of home, socialising is the most important motivation for consumers.

Key opportunities

In this section

As seen in Q2, home delivery, snacking and technology continue to be the key opportunities in supporting general recovery in foodservice.

Home delivery

Snacking

Technology

Home delivery

During lockdown, home delivery proved vital to plugging the gap for OOH visits.

This will continue to be a key route to market and will remain so for some time. Delivery is developing faster than any other channel and can be leveraged by most businesses. A key opportunity for delivery is with pubs and FSR, as they are currently under indexing compared to all other channels particularly for seafood. Delivery is becoming an ever more important channel and its faster growth can be leveraged in order to ensure a faster recovery.

Snacking

Snacking continues to be a big opportunity for seafood.

With the right product, such as a portable, healthy snack, there is an opportunity for an additional 139 million visits to seafood through the snacking category. Currently snacking represents just 16% of total seafood visits, under indexing on total OOH at 28%. As health becomes even more of a concern for consumers, seafood snacking options with wellness claims become even more important.

Technology

From delivery and booking apps, to contactless orders and payments, technology has never been as important to the OOH market as it is now.

With health concerns heightened by COVID-19, foodservice will become more automated with digital ordering becoming the norm. In order to both survive and thrive in the current market, seafood OOH can tap into the technology options available, as it becomes even more important to consumers and the future of foodservice.

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