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# Seafood in Foodservice

## Quarter 3 (Q3) July – September 2021

A market insight analysis
(20m read)

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# Seafood in Foodservice Quarter 3 (Q3) 2021

This market insight factsheet provides a full picture of the Great Britain (GB) foodservice and seafood in foodservice performance for Quarter 3 (Q3) 2021. This includes:


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## Top takeaways

### Continued recovery to foodservice visits in Q3 2021 after all COVID-19 restrictions were lifted

- Consumer visits to foodservice outlets were up 35% in Q3 2021 vs. Q3 2020 when the UK was still affected by COVID-19 restrictions.
- Seafood visits and servings have bounced back further in Q3 2021 to reach 95% of pre-pandemic level (Q3 2019).
- QSR and Fish and Chip Shops continue to show the best recovery rates
- Customer loyalty is expected to remain an important factor for people when choosing where they will eat out

# United Kingdom (UK) economy in Q3 2021

## UK economy summary

### In Q3 2021 Gross Domestic Product (GDP) grew by 1.3%

Following the continued easing of restrictions and reopening of the economy throughout Q3 2021, UK GDP grew by an estimated 1.3%. This had followed a 5.5% increase from Q2 2021 when many of the coronavirus (COVID-19) restrictions first started to ease.

The main contributor to Q3 2021 growth was hospitality, arts and recreation and health with accommodation and food services rising by 30%. Monthly estimates during the quarter showed improvements over the months as a slight decline to GDP in July (0.2%) and continued improvements to GDP in August (0.2%) and September (0.6%).

Quarterly GDP is still 2.1% below pre-pandemic levels when comparing to Q4 (Oct to Dec) 2019.

## Consumer confidence

### Consumer confidence increases in November 2021

In the run up to Christmas and despite high inflation, UK consumer confidence increased three points to -14 in November. This is compared to -17 at the end of October 2021, -13 at the end of September 2021 and -33 in November 2020.

# Great Britain (GB) Foodservice and Seafood in Foodservice

## In this section

Consumer visits to foodservice outlets were up 35% in Q3 2021 vs. Q3 2020 when the UK was still affected by COVID-19 restrictions. However, comparing Q3 2021 to Q3 2019 shows that traffic is still down 21% when compared to pre-pandemic level.

## Total foodservice

### Continued recovery to foodservice visits in Q3 2021 after all COVID-19 restrictions were lifted

On 19th July almost all the COVID-19 restrictions that had affected the foodservice industry were lifted. This combined with the UEFA European Football Championship meant that Q3 2021 was off to a positive start. This continued throughout August with the high number of staycations during the summer holidays. However, September saw new concerns around fuel and food shortages, surging inflation squeezing household budgets, and climbing Covid rates.

Despite concerns visits to foodservice outlets continued to bounce back in Q3 2021 up 35% but they are still 21% below pre-pandemic 2019 levels. Twelve-month spend for total out of home (OOH) now growing above previous year September 2020, at 0.6% but visits and servings remain in decline at 13%.

On-premises dining continues to be the slowest to recover, with traffic down 38% compared to Q3 2019, while Quick Service Restaurants (QSR) is faring best, with traffic down 13% compared to Q3 2019.

### Demographics

Visits to foodservice remains below pre-pandemic levels for all demographics. However, families with young children continue to perform the best, with visits down just 2% compared to Q3 2019.

Older consumers are taking longer to return to their pre-pandemic dining habits, with visits from 35 – 49-year-olds down 35%, and the over 50s down 27% compared to Q3 2019.

Social occasions are making the biggest recovery, fueled by families and younger consumers dining out together, while more functional visits are still far below 2019 levels.

**Dayparts**
Although all dayparts have seen a strong recovery compared to Q3 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 5% compared to Q3 2019.

Lunch and evening snacking are the slowest dayparts to recover down 26% and 25% on 2019 levels. These are still heavily affected by consumers continuing to work from home more than in 2019.

## Total seafood in foodservice

### Q3 2021 Seafood visits and servings have bounced back further to reach 95% of pre-pandemic level

Seafood in foodservice continues to recover well particularly in QSR and Fish & Chip Shops. Even Workplace & Education, one of the hardest hit channels, has started to recover after almost zero activity a year ago.

Visits continue to grow in Q3 2021 up 45% verses Q3 2020 now reaching 95% of pre-pandemic levels (Q3 2019). This is a marked improvement compared to Q3 2020 where seafood visits OOH had declined by 34%.

Seafood servings have also bounced back further in Q3 2021, to reach 95% of pre-pandemic levels. Seafood servings represents 5% of total foodservice market and had declined by 5% to year ending September 2021.

Twelve-month spend for total seafood OOH also showing 3% growth ahead of total OOH compared to September 2020. However, visits and servings remain in decline but are recovering faster than total OOH at -3% and -5% respectively.

## Channel summary

### QSR and Fish and Chip Shops continue to show the best recovery rates

For total OOH spending in QSR and Fish and Chips Shops remain the only channels to have recovered their 12-month spend 19% and 13%, visits 2% and 5% and servings 5%. All other channels remain in decline.

Mirroring total OOH, total seafood has seen a marked recovery in the visits and servings in QSR (14% and 13%) and Fish and Chip Shops (13% and 14%) in the last 12 months. All other channels are still experiencing declines with Travel & Leisure remaining the hardest hit.

Workplace & Education, also the hardest hit during restrictions, has now started to see recovery for seafood ahead of the total market where it remains in decline, to both seafood visits and servings.

The remaining sections will provide a summary of total food and drink performance in Q3 2021 for; QSR, Fish and Chip Shops, Pubs, Fast Service Restaurants (FSR), Travel & Leisure and Workplace & Education.

### Quick Service Restaurants (QSR)

QSR is the leader of the industry's recovery, growing in spend above 2019 levels. Visits in Q3 2021 are still below pre-pandemic at 87% but up 29% on Q3 2020. In the last 12 months total spend has grown 19% on September 2020 and 1% on September 2019.

38% of all Seafood is served in QSR (excluding F&C Shops), but it only accounts for 3% of the channel and remains a big opportunity for seafood.

### Fish & Chip Shops

Visit recovery to Fish & Chip Shops have started to slow in Q3 2021; visits were above Q3 2020 but are still below 2019 levels. Total spend in Q3 is 14% below Q3 2019 but up 5% on Q3 2020. In the last 12 months total spend has grown 12% on September 2020.

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

### Pubs

Pub visits partially recovered since they reopened in July and continue to recover post lockdown with Q3 2021 sales now above 2019 level. Visits are still down 84% of pre-pandemic, however visits to pubs did bounce back 24% in Q3 2021 vs. Q3 2020.

### Full-Service Restaurants (FSR)

Recovery continues with visits to FSR in Q3 2021 at 84% of 2019. Sales are above pre-pandemic levels thanks to increases in average eater check and visits grew by 57% in Q3 2021 vs. Q3 2020.

### Travel & Leisure

Travel & Leisure recovery is the slowest of all the channels as the industry still suffers from lower international traffic. Visits have improved 68% but remain 38% below Q3 2019.

### Workplace & Education

Work & Education showed the largest year on year increase in visits once workers started to return to offices in September, at 96% above Q3 2020. However, this remains 56% below pre-pandemic levels.

## Opportunities for seafood

## Customer loyalty is expected to remain an important factor for people when choosing where they will eat out

### Loyalty

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. To build customer loyalty consumers need to trust an establishment. Trust has been the main priority for consumers when choosing a place to go during the pandemic.

Many operators are tapping into this opportunity for growth through consumer loyalty and are investing in it through enhanced social media activities, designated loyalty programs, and apps for ordering.

### Home delivery and takeaways

Despite the removal of restrictions and reopening of foodservice outlets, people are still ordering millions of takeaways with a reported 59% increase in UK orders between July and September 2021.

Strong performance is expected for the remainder of the year. In the run up to Christmas British adults will be relying on takeaway meals until after the festive period, according to a study of 2,000 adults. Exactly half of which are planning on spending more than usual on takeaways in the run up to Christmas because they are too busy to cook.

Although they aren't expected to replace on-premise dining, and orders have started to slow compared to those during lockdowns, takeaways and meal delivery remains over three times bigger than pre-COVID and look like a habit that's here to stay.

### Younger consumers

Seafood could engage more with the younger consumer as they are bouncing back to pre-pandemic behaviour faster than older generations. Seafood tends to attract an older and more affluent consumers and doesn't attract its fair share of younger consumers 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.

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 64% of all OOH visits in QSR. 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.

### Consumer motivations

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

Quick value, on-the go occasions will also be instrumental in growing the market post pandemic and will be a key opportunity for seafood.

## References

### Resources that have been used in this factsheet can be viewed below

BBC, October 2021, Takeaway meals still booming despite restaurant return, says Deliveroo

Guardian, November 2021, Brits will rely on takeaways until festive period is over - as they are too busy to cook

GfK, November 2021, UK consumer confidence creeps up in November despite high inflation

Office for National Statistics, August 2021, GDP first quarterly estimate, UK: July to September 2021

The NPD Group, September 2021, Quarterly CREST report data to September 2021

The NPD Group, September 2021, Q3 Datasheet to September 2021

The NPD Group, November 2021, How Loyalty has Changed Europe’s Foodservice Industry in the Pandemic

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