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# Innovation in Foodservice during 2020

A market insight analysis

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18/02/2021 Suzi Pegg-Darlison

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# 2020 innovation in foodservice

## In this section

2020 saw quick thinking and innovation in the foodservice industry as operators came up with new ways to attract buyers despite the restrictions imposed.

Innovation in foodservice

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## Innovation in foodservice

Some of the services introduced included delivery, drive through, takeaway and click and collect, click and serve, subscriptions and boxes, ghost kitchens, meal kits and technology.

### Delivery

Some operators were fast to act in March 2020, as 3000 new restaurants registered on Delivero and 3000 new takeaways signed up to Just Eat food delivery services.

Largely driven by Quick Service Restaurants (QSR), the rapid expansion of delivery services was a clear winner for foodservice, with visits up by 8% in 2020. Delivery grew by 7% of all foodservice visits to 40% in April alone, and value sales quadrupled in April through to August. This was predominantly driven by an increase in shoppers rather than a rise in consumption.

Delivery continues to outperform instore, takeaway and drive through sales, and it is helping to combat the decline in total foodservice. In the UK, for example, total delivery spend declined just 9% in April and May, despite foodservice seeing a 76% year-on-year decline.

Early signs indicate that this is a consumer habit that is here to stay, as the level of delivery spend remained consistent even as restrictions eased and out of home spending started to recover.

### Drive through

Drive through options became a key route to trade particularly when popular foodservice outlets were closed to on premise dining. This service grew in visits by 2% versus December 2019.

### Takeaway and click and collect

Outlets were quick to introduce takeaway and click and collect services including subway, KFC, Costa Coffee and Burger King to name a few, along with small business owners running pubs and others restaurants including Fish and Chips Shops. Visits from carry-out options grew by 2% in 2020.

### Click and serve

Going full circle McDonalds reintroduced their original “click and serve” model from when they first opened. Customers order food online or on the app, park up and then the food is delivered to them in their car. This concept was introduced into other outlets too, with Papa’s Fish and Chips Shop in Cleethorpes delivering food into the boot of customer’s cars.

### Subscriptions and boxes

Subscription meal boxes continue to grow with brands such as Gousto who enjoyed a 115% rise in sales in the first half of 2020. Retailers such as Morrison’s have joined the movement, with the introduction of their food box subscription service. And more niche businesses such as Fish Box are offering customers fresh seafood boxes delivered straight to their door.

Foodservice brands such as Pret now offer a £20 a month subscription which gets customers all their monthly drinks. And Leon is now offering a £6 per month service where customers then get 30% off all orders in their plant based range.

### Ghost kitchens

Rather than cooking for on premise dining, ghost kitchens cook purely for delivery. They are designed to help restaurants split their on premise and delivery services, bringing restaurant food to locations without the need for a traditional bricks-and-mortar outlet. Operators usually have staff and cooking areas within the ghost kitchen, which is owned by a third party, often a delivery service like Deliveroo.

Brands such as Wagamama are tapping into this opportunity and are looking to open further delivery-only sites across the UK, targeting customers that are out of reach of their restaurants.

### Meal kits

During the first lockdown many restaurants got inventive and created meal kits that customers could have delivered to their home. Due to this more outlets have started offering the service during the second and third series of lockdowns. Given the current popularity and presence of such kits it’s difficult to believe that before 2020 they weren’t a typical offering. These kits come with everything needed to cook a professional quality meal at home.

In June 2020 Great Food 2 U partnered with some of the United Kingdom’s (UK) biggest brands including Pizza Express, TGI Fridays and Fish Works, to bring customers their do it yourself (D.I.Y) Meal Kits. They deliver all the ingredients including any special sauces that you would only find in the restaurant, along with a step-by-step cooking guide.

Along with their subscription service, Leon got into the meal kit trend too. On the 8th January 2021 they launched their LOVE Burger at Home kit, which comes with, almost, everything you need to make LOVE Burgers & Fries at home.

The meal kit trend has spread into a large number of Michelin-starred restaurants too including the popular Galvin restaurants in London. They offer customers within a certain distance of the M25 a special three-course menu delivered to their home.

## Technology

All this innovation couldn't have been possible without the use of technology. Technology was becoming increasingly more important to the industry prior to the pandemic, which has only accelerated it further. In fact some of the innovation seen in foodservice during 2020 wouldn't have been possible without the use of technology.

It has allowed outlets complete automation, new ways to communicate with customers during closures, offering promotions and deals, allowing contactless ordering and payment, and minimal human interaction making social distancing possible.

In particular food delivery and ordering apps will continue to play an enormous role in the restoration of the foodservice industry, even beyond the pandemic. Websites that allow online ordering will shift toward mobile-optimized versions, with apps responsible for 39% of delivery visits, a total increase of 14% year-on-year.

## Opportunities

All innovation seen during 2020 will remain important to the industry as we enter 2021. In particular, delivery and technology will continue to be key opportunities for foodservice and a main route to trade. And, meal deals and meal kits will allow customers to recreate the out-of-home experience in-home.

## Delivery

Delivery 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 to ensure a faster recovery. Drive through can also be considered as this too. Currently both are underrepresented in Fish and Chip Shops.

## Technology

With health concerns heightened by the pandemic, foodservice will become more automated as digital ordering becoming the norm. In order to both survive and thrive in the current market, outlets can tap into the options available. This will become more important to customers and to the future of foodservice. It is also a great way to keep communication going with customers off premise, where promotions and loyalty rewards could be offered to them.

## Meal deals and kits

As consumers continue to try and replicate other out-of-home experiences meal deals and kits are an increasingly popular option. Offering customers a full meal including drinks, sides, and in particular desserts, to cook and eat in-home is an opportunity for all.

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The Seafish logo features the word "seafish" in a white, lowercase, sans-serif font. Above the letter "i" in "fish", there is a stylized graphic of a fish's head and scales, composed of several small, white, diamond-shaped elements arranged in a curved pattern.

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