

## Seafood Industry Factsheet

# Seafood

## Consumption (2016 Update)

### Overview:

This Factsheet provides an overview of both long and short term GB seafood consumption; contextualising sector, segment and species trends in retail and foodservice.

In 2015, as the UK slowly but steadily continued to move out of austerity, total foodservice led the recovery with a return to total servings growth in Q3 2015. Seafood in foodservice followed suit by Q4 2015, with servings up 3.8%. In a buoyant pre Brexit referendum first half of 2016, seafood continued to grow in foodservice, indicative of the growing economy and high shopper confidence. Fish & Chips, which has been in gradual decline as a meal since 2010, also performed strongly across nearly all channels. In October 2016, seafood returned to full growth in multiple retail, the long term volume decline slowing and finally returning to growth.

After the referendum result, UK consumer confidence as measured by the European Commission, plummeted 8 points. It has since begun to recover, but is still a long way behind pre referendum levels. Before the vote, unprocessed natural healthy food was high on the shoppers’ agenda. Back in May 16, shoppers prioritised quality (22%) over saving money (19%) in the coming year. ‘Health’ and ‘taste’ are the key components of ‘quality’ in the mind of the shopper, both of which shoppers strongly associate with seafood. Post referendum, in July ‘16 shopper priorities had shifted and were strongly focused back on saving money rather than quality. It is too early to predict how the result of the referendum will impact on the UK economy and shopper long term. But, history has shown that seafood consumption is directly linked to the UK economy. When the economy is struggling, shoppers and consumers trade out of seafood and turn to cheaper proteins.

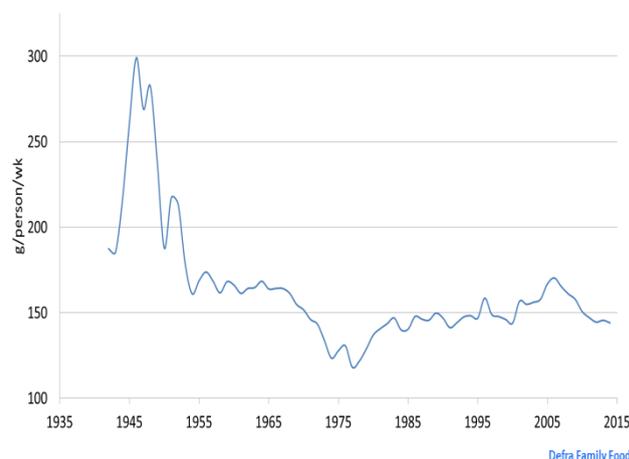
**‘In Home’ Consumption**

During the Second World War, seafood was one of the few proteins that was not rationed in Britain and consumption was at an all-time high. As meat became more readily available, seafood consumption had plummeted to around half its previous level by the mid-1950s. Consumption remained stable for the next 20 years or so at around 160 g per person/per week.

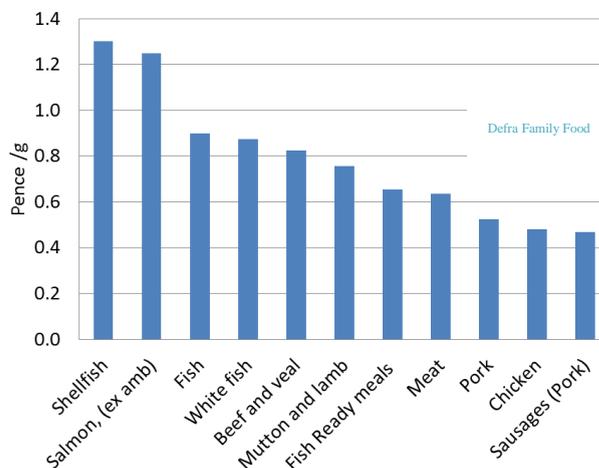
The emerging historical pattern is one of falling seafood consumption in times of recession.

But, when recession hit in the mid-1970s, seafood consumption plummeted again by about a third, to its lowest recorded level. Consumption began to rise throughout the 1980s as Britain became more prosperous; helped by a growing awareness of the health benefits of seafood, and technological breakthroughs in aquaculture bringing previously expensive species like salmon and warm water prawns to the masses. Seafood consumption continued to grow until Britain fell into recession again in 2007. The emerging historical pattern is one of falling consumption in times of recession. This is because seafood is an expensive protein choice; since the 1980s, the average price of seafood has exceeded that of most types of meat. And the gap continues to widen; food is currently experiencing deflation, but up until mid-2016, meat prices continued to fall faster than that of fish. When times are hard, shoppers trade down within the seafood category, and indeed trade out of seafood altogether into cheaper protein sources.

**Long Term GB In Home Seafood Consumption Trends 2014**



**Food Eaten In Home Average Protein Price Comparison 2014**



### Changing Tastes in Seafood 'In Home'

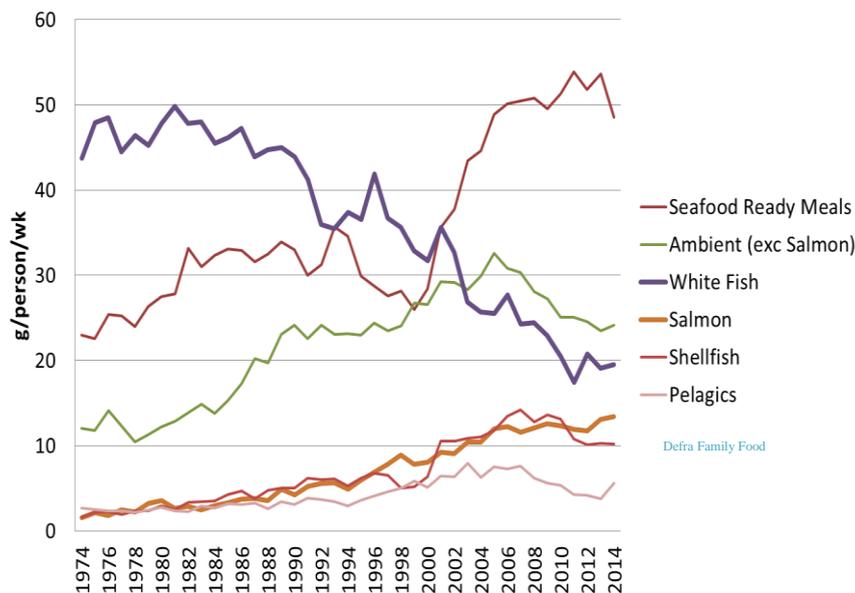
In the 1950s we ate a much wider range of locally caught seafood species than we do today, but favorites like cod and haddock are still in demand. However, there has been a significant change in supply. Now, the majority of seafood we eat is imported. For example in 2014, around 90% of the UK cod supply came from imports. UK vessels continue to land Atlantic cod into the UK, but over the past 50 years landings have fallen steeply by 95%.

When it comes to seafood, as a nation we export what we catch and eat the species we import.

The consumption of traditional white fish species 'in home' has been in steady decline since the 1980's

The consumption of traditional white fish species 'in home' has been in steady decline since the 1980's. If the UK economy and consumer confidence continues to grow, whitefish decline may stabilize to around the current level. But if decline continues at the historic rate, whitefish consumption could theoretically be negligible by 2040. The 1990's saw an explosion in seafood ready meal consumption; meeting the growing demand for convenience, whilst at the same time addressing key seafood barriers and the shopper's dislike of choosing, handling and preparing seafood. The consumption of salmon, shellfish and pelagic species increased steadily until the recession in 2007, when shellfish and pelagic consumption began to fall and salmon continued its long term growth. In 2014, the Defra Family Food survey estimated the GB seafood consumption 'in home' at 144g/person/wk (-1.4%), down from 146g/person/wk in 2013.

### Medium Term GB 'In Home' Seafood Species Trends (Chilled & Frozen Unless Specified)



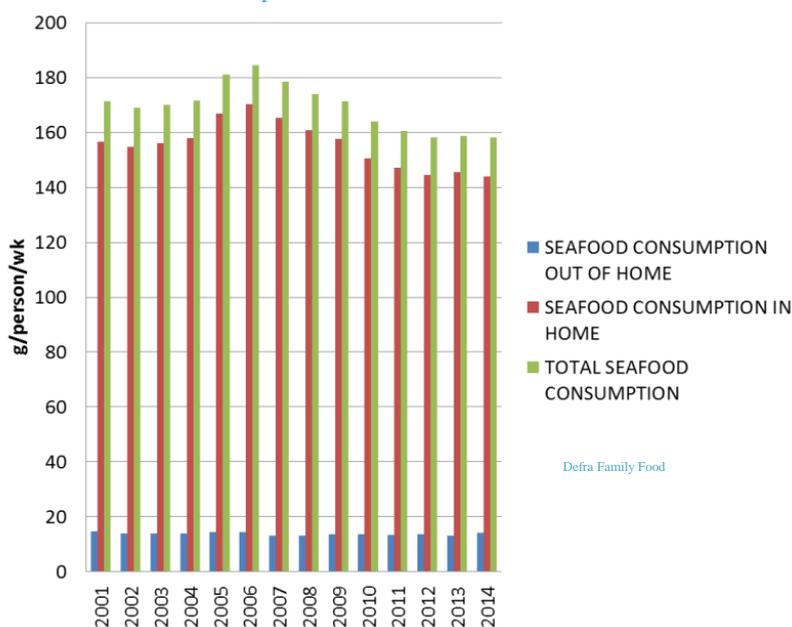
### The Full Picture

From 2002 the Defra Family Food surveys began to include food eaten out of home (pubs, restaurants and cafes etc. – but not takeaways; these are assumed to be eaten in home). In 2014, the GB total consumption of food and drink eaten out of home was estimated at 14g/person/wk (+7.7%), up from 13g/person/wk in 2013. Consumption of seafood out of home has stayed relatively constant from 2002 to 2014 at an average 14g per person per week.

In 2014, Defra Family Food estimated the total GB seafood consumption (both in and out of home) at 158g/person/wk.

Total seafood consumption reached a peak at 185g/per person/wk. in 2006, just before recession hit. It is clear that the decline in overall consumption occurred as a result of less seafood 'eaten in home'.

### Breakdown of Defra Family Food Total GB Seafood Consumption



### The Effect of Austerity on Retail Seafood

From 2007, Seafish have Nielsen Electronic Point of Sale (EPOS) data available, which can provide a very detailed picture of the effect of austerity on the seafood category. In the 52wks to May 21st 2016, GB retail seafood sales (excluding discounters) were worth £3.11bn (-0.2%), with a volume of 329,096 tonnes (-0.8%) and an average price of £9.45/kg (+0.6%) (AC Nielsen Scantrack). This relates to an estimated import value of seafood worth £1.27bn (avg import price seafood £3.93/kg – 2015 HMRC). Seafood has experienced significant sustained long term inflation and despite a recent period of deflation and a few months where seafood prices briefly fell faster than that of meat, seafood still remains an expensive protein choice for shoppers.

The chilled seafood sector has dominated the GB retail seafood market driving growth since the 1990's, over-taking frozen seafood by volume in 2005.

Chilled seafood grew volume by 48% and value by 254% from 1993 to 2015

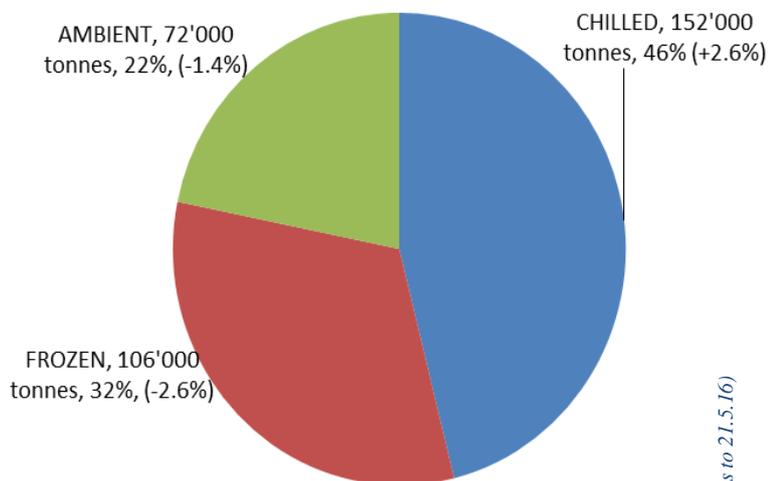
Chilled seafood was the only seafood sector consistently in growth throughout austerity. In the 8 years to 21<sup>st</sup> May 2016, chilled seafood value grew by 29% and volume by 10%; whilst frozen seafood value fell by -5% and volume by -22%. Over the same period, ambient value fell by -7.8% and volume by -37%, resulting in an average price increase of 58%

In the 52wks to 21<sup>st</sup> May 2016, chilled seafood took a 46% category share (by volume), and 64% share by value, followed by frozen and ambient.

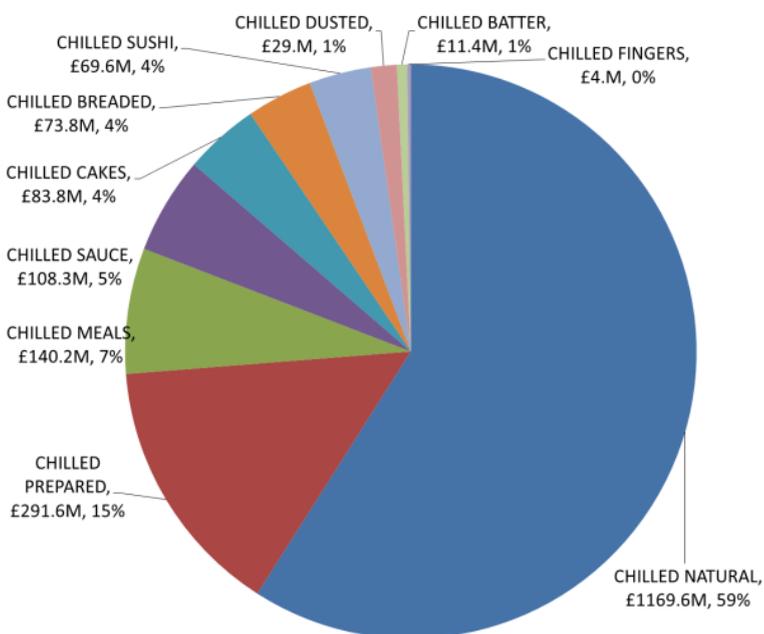
Over the past 8 years, total seafood in retail has been in price driven growth, with volume down by -15% and value up by 15%, pushing average price by 35.9%. (Nielsen Scantrack May 2008 to May 2016 excludes discounters)

By segment, it is the chilled natural segment (simple unprocessed seafood) which takes the largest share by both volume (40%) and value (59%) of the chilled seafood sector. By driving growth in this sector over both the short and long term, chilled natural ultimately drives the GB seafood market. In the 52wks to 21<sup>st</sup> May 2016, chilled natural was worth £1.17bn, with 72,054 tonnes. Chilled prepared (15%), chilled meals (7%) and chilled sauce (5%) are ranked second, third and fourth, respectively by value share.

Sector Volume Share of Seafood 2016



Segment Share of Chilled Seafood 2016 (value)



(Data: Nielsen Scantrack – 8yrs/52wks to 21.5.16)

Chilled natural in particular is seen by shoppers as a high quality and healthy choice, whilst prepared seafood addresses many of the seafood barriers to consumption. Since 2009 all chilled segments have seen an increase in consumption except for chilled natural which seen a slight decline. The only frozen segments to see growth during this period were breaded and cakes.

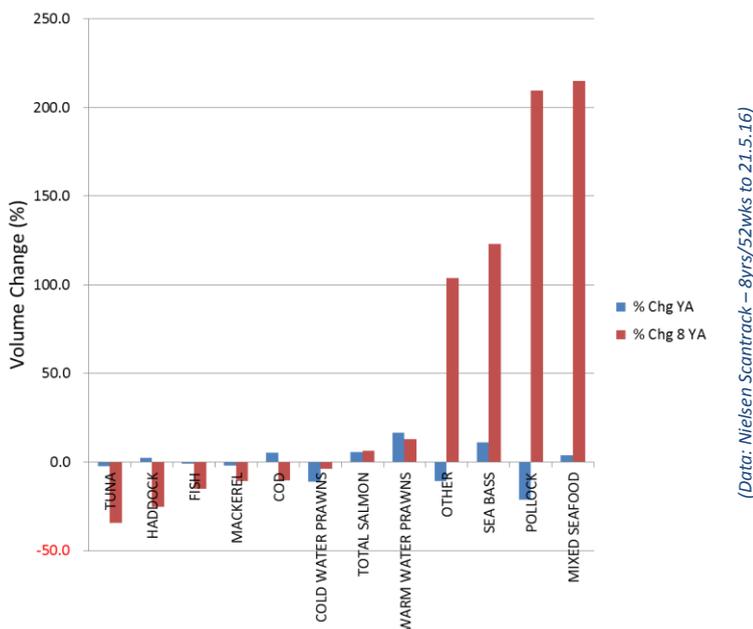
### Retail Seafood Species Popularity

Over the past decade Salmon has displaced both cod and tuna to become the number one by value in retail. In 2015 salmon finally displaced tuna to become the number one species by volume. The category is subject to a general trend where traditional wild caught species being squeezed out by farmed species.

Salmon consumption has continued to grow over the past 8 years despite a 36% increase in price

The top five total seafood species in the 52wks to May 21<sup>st</sup> 2016 by volume were salmon, cod, tuna, warm water prawns and haddock. Over the long term (8yrs to 21<sup>st</sup> May 2016) out of the top ten species only salmon, warm water prawns, mixed seafood, pollock and seabass were in true growth. Traditional species like cod, tuna, haddock, cold water prawns and mackerel were in volume decline. Price changes have influenced the majority of species trends since 2008, where significant price increases have impacted negatively on volume sales. Most of the top 10 chilled species have experienced double digit price inflation over the 8 year period, notably cold water prawns (+57.4%) and tuna (57.4%). However salmon has continued to grow despite a 36% increase in price. Only mixed seafood and pollock showed a fall in average price of -9.2%, -1.8%, and -4.3% respectively.

### Long & Short Term Species Volume Trends (2016 vs 2015/2009)

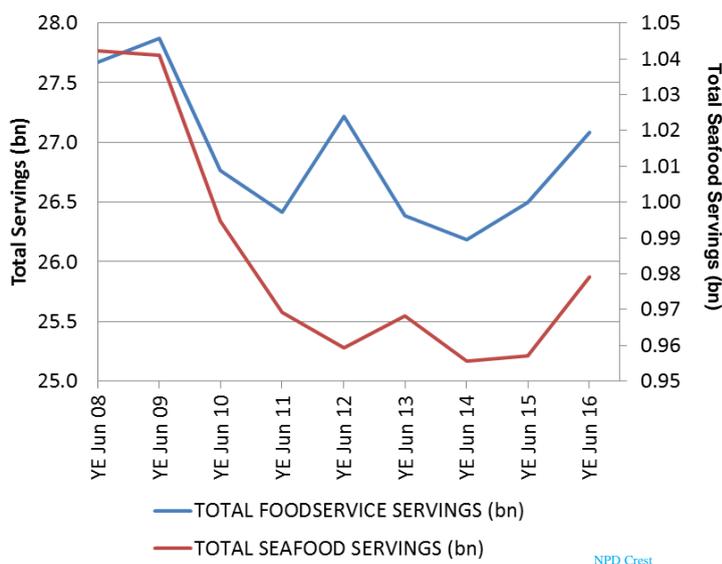


### The Effect of Austerity on Foodservice

From 2008, Seafish have NPD Crest (panel) data available, which can provide a detailed picture of the effect of austerity on seafood in foodservice. In the 52wks to end of June '16, total GB foodservice was estimated to be worth £53bn (+3.2%) with 27bn servings (+2.2%). This included 979m (+2.3%) out of home servings which included seafood, worth £3.1bn (-4.1%). The estimated volume of seafood consumed in GB foodservice in the 52wks to end of June '16 was 156, 672 tonnes; this equates to an estimated import value of seafood worth £616m<sup>1</sup>

Like retail, GB foodservice has been hit hard by austerity. Static wages and spiraling 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 like chains. Seafood tends to be an expensive protein choice in foodservice, so consumers trade down to cheaper seafood options like fish cakes and indeed trade out of seafood altogether into cheaper options, such as burgers in fish

### Total Servings and Seafood Servings Foodservice Trends



and chips shops. Whilst both total foodservice and seafood servings have returned to growth, servings are -2% and -6% down respectively, from serving levels seen at the beginning of austerity.

The Quick Service channel (QSR) excluding fish and chip shops is by far the largest foodservice channel taking nearly half total foodservice servings and nearly 30% share of all seafood servings. It was also the only channel to grow both total and seafood servings in the 8 years to June '16, popular due to its relatively low average price.

For seafood, the workplace, pub and full service (FSR) channels were the hardest hit. Over the past 52wks to June '16 all channels with the exception of the QSR fish & chip channel (mainly traditional fish & chip shops) grew seafood servings.

Format, it is simpler and cheaper formats such as the fried seafood and fish fingers as opposed to non-fried seafood which has grown over the past 8 years to June '16. Seafood burger format grew by nearly 60%

Large declines were seen in traditional seafood species like tuna, trout, mussels and haddock. However, some retail favourites like salmon and prawns were also in decline; time will tell if these trends filter down to retail. Species performing well were cheaper 'other white fish', cod, squid and mackerel.

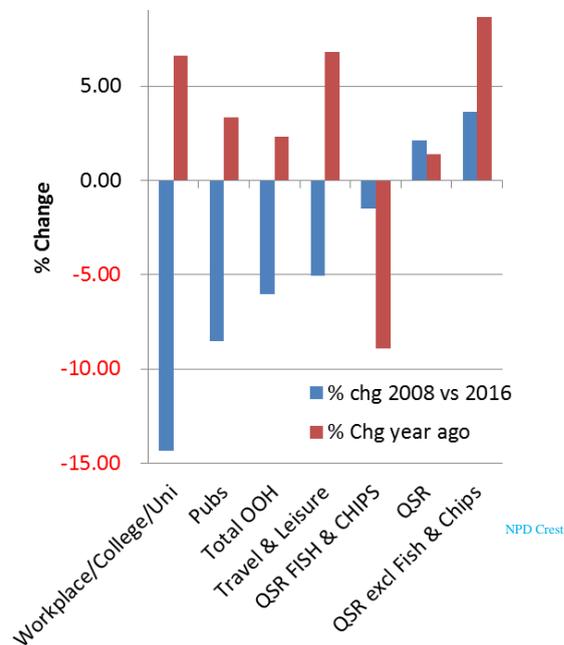
The past 8 years has seen an explosion in half service or casual dining restaurants (such as Nando's or Pho), which have the upmarket ambience and dining experience, but costs are kept relatively low.

Current trends are for Asian, Far Eastern, American and South American (especially Mexican) flavours and portable food formats such as burgers and wraps. This is an opportunity for seafood as it naturally fits the format. Other opportunities include new products for children and adult focused gourmet products for half and full service.

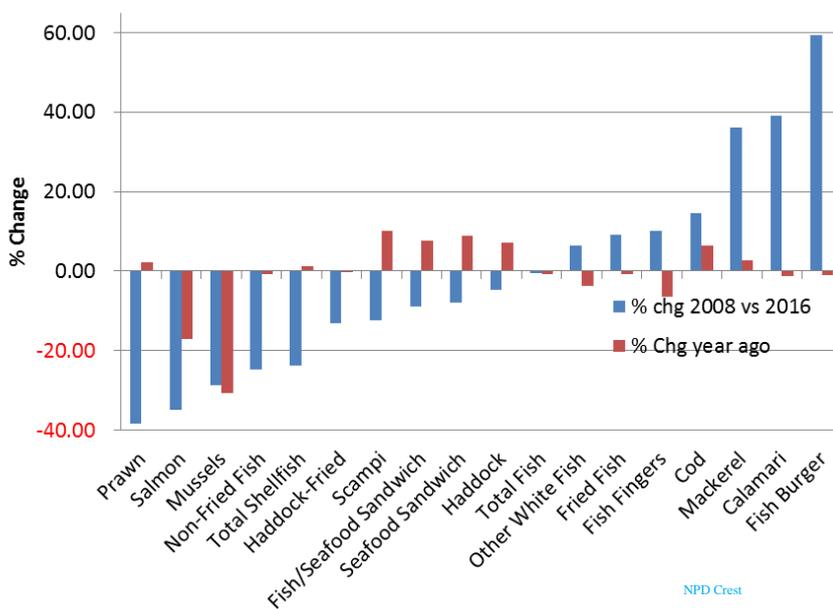
<sup>1</sup>By using an estimated average seafood portion size of 160 g<sup>2</sup>, it is possible to approximate the amount of seafood consumed in foodservice. (979m servings multiplied by 160 g). The estimated import value of the seafood being (156, 672t multiplied by the average import price of seafood £3.93/kg for 2015)

<sup>2</sup> Nominal 160g based on average retail unit weight of 282g divided by 1.7 (mean of average house hold members)

Long and Short Term Total Seafood Foodservice Channel Trends



Long and Short Term Foodservice Seafood Species Trends



### Future of UK Seafood Consumption.

Whether seafood continues to grow in the future will depend on the performance of the UK economy and its impact on consumer confidence.

Being a relatively expensive protein choice, seafood consumption is directly linked to shopper and consumer confidence in both retail and foodservice. Foodservice performance is a useful barometer, usually the first indication of consumer sentiment. After the UK economy crashed in 2007, it has taken 8 years for total foodservice to return to consistent growth. Seafood in foodservice followed a few months later at the end of 2015. The volume decline of total seafood in multiple retail has slowed, bottoming out and finally returning to growth in October '16.

In the years prior to the referendum vote, the UK economy performed exceptionally well compared with other European countries. Slow but steady growth continued throughout 2014 and 2015, principally driven by consumer spending. In 2015, shopper confidence hit an all-time high, driven by an easing of fuel prices, energy costs and cheap credit. Importantly, in 2015, average pay overtook inflation for the first time for five years, which meant shoppers had more disposable income for discretionary spend. Bored with austerity and saving money, 80% of shoppers said they would be spending more money to treat themselves and their family in 2015, with only 13% planning to spend in grocery, foodservice has indeed seen the benefit. A record number of shoppers reported they would be better off in 2016. In May '16, shoppers prioritised quality (22%) over saving money (19%) in the coming year for the first time. 'Health' and 'taste' are the key components of 'quality' in the mind of the shopper, both of which shoppers strongly associate with seafood.

The result of the referendum vote is likely to have a short to medium term impact on the UK economy which in turn will affect seafood consumption. The European Commission report that UK consumer confidence is returning, after plummeting 8 points following the referendum result in June '16 and in the following month, shopper priorities were strongly refocused back to saving money not quality. A number of compounding factors are building which may slow the economy and impact on consumer confidence. There is concern over the value of the pound, reported in October '16 to have fallen 18% from its pre referendum level. The CPI stood at 1% in September '16 (0.5% in June '16) with price increases in fuel, energy and clothing. In November '16, the UK national press widely report on the prediction that inflation will reach 4% by the end of 2017. Longer term, a weak pound would also drive fuel, energy, mortgage rates and housing costs. This could potentially create a negative cycle, where less money in the pocket of the consumer will temper the buoyant consumer spending of recent years, slowing the economy which will further lower consumer confidence and spending pushing the UK back into recession. As we import around 80% of the seafood we eat in the UK, a weak pound is likely to drive seafood inflation, in conjunction with a slowing global economy, tempering demand for cheaper British goods.

Taking learnings from the beginning of austerity, early warning signs will be a fall in general foodservice servings, along with an increase in the breakfast daypart as consumers cut down on eating out, instead 'dining in' to save money. Over nearly a decade of austerity the UK shopper and consumer, have developed an arsenal of moneysaving habits, which they continued to deploy in spite of a recovering economy. Expect these to return, refined and amplified, if the period of uncertainty develops. Conversely retailers and foodservice have proven austerity models, developed to battle for shoppers and consumers. In retail, shoppers may return to 'squeezed middle', refocusing on buying 'basics' to save money and 'premium' as a treat. Quality, health and provenance may slip back down shopper priorities and the focus on price and value for money and aspects of 'heritage & tradition' and 'Britishness' could become more important along with deals and promotions.

Brexit aside, the commercial environment for seafood, whether retail or foodservice has never been tougher. To help seafood compete with other proteins, Seafish have put together a series of information sheets for both retail and foodservice to help business target the right seafood products, for the right shopper mission and the right channel. The key is to offer inspirational on-trend seafood products which address seafood barriers, whilst meeting the key shopper missions and offering great value for money. This should be combined with reinforcement around the health benefits of seafood and educating the shopper to dispel the common myths around chilled and frozen seafood.

### Seafood Consumption Benchmarks

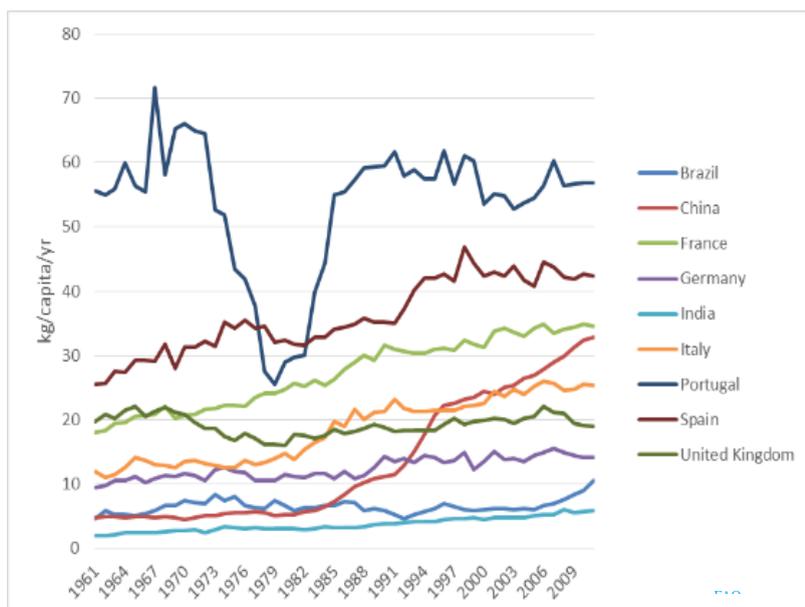
Several organisations offer seafood consumption estimates by country; to enable a comparison to be made, units need to be converted into a standardised kg/person/yr. of edible weight.

The Food and Agriculture Organization (FAO) use a trade based estimate for calculating consumption. For 2011 (latest available value) they estimated a UK seafood consumption figure of 19kg/person/yr. live weight. Applying a fish and shellfish weighted conversion yield of 0.43 results in an FAO equivalent consumption of 8.2 kg/person/yr. of edible seafood.

The table below compares seafood consumption estimates from Defra Family Food dataset (latest data 2014) with a sum of Nielsen retail and NPD crest foodservice data. It can be concluded that both data sources offer a similar figure for seafood consumption at 8.2 kg/person/yr.

By scaling up GB seafood consumption (boosting consumption by 3% to reflect the population of NI) an approximation of UK seafood consumption can be made of 8.5 kg/person/yr. in 2014, which is similar to the FAO estimate of 8.2 kg/person/yr.

### FAO Seafood Consumption by Country 1961-2011



### Seafood Consumption Data Source Comparison 2014

	GB Seafood Consumption kg/person/yr			% Chg vs previous Year	GB Seafood Consumption ('000) tonnes		
	In Home	Out of home	Total		In Home	Out of home	Total
<b>Defra Family Food</b>	7.49	0.73	<b>8.22</b>	<b>-0.34</b>	467	46	<b>512</b>
<b>Nielsen Retail (EPOS) +8% Adjusted to include discounters</b>	5.79	-	<b>8.24</b>	<b>-3.67</b>	361	-	<b>514</b>
<b>NPD Crest Foodservice</b>	-	2.45			-	153	

### GB Seafood Consumption Estimates Combining Nielsen and NPD Crest Data

	Foodservice consumption (tonnes)	Retail Consumption (tonnes)	Estimated Total Consumption (tonnes)	% Change Year Ago	% Change 8 years ago
<b>Total Fish/Seafood</b>	156,672	329,019	485,691	0.2	<b>-12</b>
Cod	23,378	45,943	69,321	5.8	<b>-1</b>
Salmon	5,939	57,885	63,823	2.7	8
Tuna	1,149	53,736	54,885	<b>-3.0</b>	<b>-33</b>
Fish Fingers	28,146	26,119	54,265	<b>-3.4</b>	<b>-0</b>
Prawn	7,748	31,136	38,884	2.6	<b>-15</b>
Haddock	9,970	18,943	28,914	4.3	<b>-14</b>
Crabcake / Fishcake	2,842	15,199	18,041	<b>-0.8</b>	14
Mackerel	1,107	14,460	15,567	<b>-2.9</b>	<b>-9</b>
Scampi	5,997	4,322	10,319	6.0	<b>-18</b>
Mussels	1,793	3,320	5,112	<b>-16.5</b>	<b>-11</b>
Calamari	3,243	821	4,064	2.3	40
Trout	468	3,006	3,474	<b>-4.6</b>	<b>-40</b>

Data 52wks to June 16  
\*Values Lower than  
2400 are on the  
borderline of statistical  
robustness (NPD Crest)  
\*\*Excludes discounters  
& seafood sandwiches  
(Nielsen)

## Data Sources –

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

- Retail Data: A.C Nielsen Scantrack GB and Homescan, (Scantrack - excludes discounters & Seafood sandwiches)
- Foodservice: NPD Crest (excludes schools/hospitals/prisons)
- Trade Data: HMRC
- Landings: Marine Management Organization (MMO)
- Families and Households, 2014, Office of National Statistics
- Kantar World Panel
- European Commission COF Consumer Confidence Data

### More Information:

- Seafish Factsheet: [Chilled Seafood in Multiple Retail 2016](#)
- Seafish Factsheet: [Frozen Seafood in Multiple Retail 2016](#)
- Seafish Factsheet: [Ambient Seafood in Multiple Retail 2016](#)
- Seafish Factsheet : [Seafood Foodservice Trends](#)
- Seafish Factsheet : [Foodservice perspective](#)
- Seafish Factsheet: [Cod 2016](#)

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