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Seafood in Foodservice

Quarter 4 (Q4)
October – December 2021

A market insight analysis
(20m read)

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Seafood in Foodservice Quarter 4 (Q4) 2021

This market insight factsheet provides a full picture of the Great Britain (GB) foodservice and seafood in foodservice performance for Quarter 4 (Q4) 2021. This includes:

Top takeaways

Continued recovery to foodservice visits in Q4 2021 despite Omicron concerns

- Consumer visits to foodservice outlets were up 38% in Q4 2021 vs. Q4 2020.
- Seafood visits and servings have bounced back further in Q4 2021 to reach 77% and 75% of pre-pandemic levels (Q4 2019).
- All channels in total foodservice have seen increases in sales except for Workplace and Education.
- Customer loyalty is expected to remain an important factor for people when choosing where they will eat out respectively.
- QSR remains an important channel and opportunity for seafood OOH.

United Kingdom (UK) economy in Q4 2021

UK economy summary

In Q4 2021 Gross Domestic Product (GDP) grew by 1.0%

Following reports of the Omicron variant, some industries, particularly the retail and hospitality industry, were adversely affected. In December, as shoppers avoided stores and customers cancelled their restaurant bookings, with food and beverage service activities falling by 8.1%. Despite this impact to the end of the quarter the UK GDP grew in Q4 2021 by an estimated 1.0%.

The main contributor to Q4 2021 growth was from human health and social work activities rising by 4.5%. This was driven by an increase in visits to GP surgeries and the extension of the coronavirus (COVID-19) vaccination programme. Monthly estimates to GDP during the quarter showed improvements in October (0.1%) and November (0.9%). Although a fall was seen in December (0.2%) this is at its pre-coronavirus level in February 2020 (0.1%).

Quarterly GDP is now 0.4% below pre-pandemic levels when comparing to Q4 (Oct to Dec) 2019. Compared to Q4 2021, GDP increased by 6.5%.

Consumer confidence

Consumer confidence decreased one point to -15 in December 2021

Consumers were less inclined to make major purchases over the holiday period, as news of the Omicron variant brought consumer confidence to a halt, falling one point to -15 in the UK. This was compared to -14 at the end of November 2021, -17 at the end of October 2021 and -26 in December 2020.

Great Britain (GB) Foodservice and Seafood in Foodservice

In this section

Consumer visits to foodservice outlets were up 38% in Q4 2021 vs. Q4 2020 when the UK was still feeling the effects from COVID-19 restrictions. However, comparing Q4 2021 to Q4 2019 shows that traffic is still down 23% when compared to pre-pandemic level.

Total foodservice

Despite concerns regarding the Omicron variant there was a continued recovery to foodservice visits throughout Q4 2021

Market recovery was hindered in December with the arrival of the Omicron variant. This resulted in several national restrictions which included the call for workers to work from home. Concerns lead to widespread cancellations to restaurant bookings occurring in the all-important build up to Christmas.

Despite the cancellations and new variant concerns, visits to foodservice outlets continued to bounce back in Q4 2021 up 38% compared to Q4 2020. However, they are still 23% below pre-pandemic levels in Q4 2019. Twelve-month spend for total out of home (OOH) is now growing above the previous year December 2020, at 30% but is still 18% below 2019. Visits and servings are increasing 15% and 17% respectively, but also remain below 2019.

Quick Service Restaurants (QSR) segments

The best performing foodservice channel was QSR with an -17% decline in visits compared to Q4 2019. Performance varied on the individual QSR segments as QSR Chicken was seeing the strongest growth, with traffic up +5% compared to Q4 2019. Pizza and Traditional Domestic Cuisines are also in growth, fuelled by delivery. Coffee Bars and Sandwich/Bakeries are recovering more slowly.

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 Q4 2019.

Older consumers continue to take longer to return to their pre-pandemic dining habits, with visits from 35 – 49-year-olds down 44%, and the over 50s down 29% compared to Q4 2019.

As consumers crave social interactions, social occasions are making the biggest recovery, but those occasions related to work and commuting such as breakfasts and coffees to go are still lagging far behind pre-pandemic levels.

Dayparts

Although all dayparts have seen a strong recovery compared to Q4 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 8% compared to Q4 2019.

Lunch and evening snacking are the slowest dayparts to recover down 29% and 26% on 2019 levels. These dayparts haven't seen the boost in trade from delivery like dinner has and they have been further impacted by remote working.

Total seafood in foodservice

Q4 2021 seafood servings have bounced back further to reach 75% of pre-pandemic level

Seafood visits OOH

Visits continue to grow in Q4 2021 up 30% verses Q4 2020 now reaching 77% of pre-pandemic levels (Q4 2019). This is a marked improvement compared to Q4 2020 where seafood visits OOH had declined by 40%.

Seafood servings OOH

Seafood in foodservice continues to recover well particularly in December 2021 particularly in QSR and Fish & Chip Shops. Growth also continues in Workplace & Education, one of the hardest hit channels, whose recovery comes after almost zero activity just one year ago. Seafood servings in pubs is the slowest to recover and the only channel in decline compared to December 2020. Servings of seafood represents 5% of the total foodservice market and has grown by 25% to year ending December 2021.

Twelve-month spend for total seafood OOH was up 37% compared to December 2020. Visits and servings are also increasing by 22% and 24% respectively. Although this remains below 2019 pre-pandemic levels it is growing ahead of the total foodservice market.

Channel summary

All channels except Work and Education have experienced growth in spend compared to 2020

For total OOH, spending in Full-Service Restaurants (FSR) (45%), QSR (26%), Fish and Chips Shops (10%), Pubs (32%), and Travel and Leisure (38%) have all recovered their 12-

month spend with Workplace and Education being the only channel to be experiencing declines (16%).

In contrast to total OOH, total seafood has seen a marked recovery in the visits and servings of Workplace and Education in the last 12 months while Pubs and Travel experience declines. All other channels are experiencing growth in line with the total market.

The remaining sections will provide an overview of total food and drink performance in Q4 2021 for all OOH channels including QSR, Fish and Chip Shops, Pubs, Fast Service Restaurants (FSR), Travel & Leisure and Workplace & Education.

Quick Service Restaurants (QSR)

Visits to QSR in Q4 2021 are still below pre-pandemic at 83% but up 16% on Q4 2020. In the last 12 months total spend has grown 26% on December 2020 and 3% on December 2019.

37% 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 has continued to slow in Q4 2021 with visits now below Q4 2020 by 7% with total spend in Q4 2021 is 8% below Q4 2020. However, spend in Q4 2021 has reached 92% of pre-pandemic Q4 2019 thanks to a higher average check. In the last 12 months total spend has grown 10% on December 2020.

72% of the protein servings sold in Fish & Chip Shops is seafood and it has gained servings share over the last 12 months. 20% of all seafood served OOH is served in Fish and Chip Shops, as with QSR it remains an important channel for seafood consumption OOH.

Pubs

Pub visits in Q4 2021 has seen a sharp increase of 109% with spend up 140% verses Q4 2020. However, Pub visits in the quarter were 82% of 2019 levels, with spend improving further to 96%. In the last 12 months total spend has grown 32% on December 2020 but is still 65% of 2019 spending.

Full-Service Restaurants (FSR)

Recovery continues with visits to FSR in Q4 2021 at 96% of 2019. Sales are also above pre-pandemic levels up 104% on Q4 2020, and visits grew by 77%.

Travel & Leisure

Travel & Leisure continues its recovery as visits have grown by 116% and spend is up 142% compared to Q4 2020. However, visits remain 66% of Q4 2019 and spend is 75% of pre-pandemic levels.

Workplace & Education

Work & Education remains the hardest hit channel in total foodservice overall. However, visits have increased by 89% and spend is up 131% verses Q4 2020. However, visits remain 55% below pre-pandemic levels with spend 72% of Q4 2019.

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.

Younger consumers

Seafood should engage more with the younger consumer as they are bouncing back to pre-pandemic behaviour faster than older generations. Seafood tends to attract 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 building on a unique foundation of enjoyment, highlighting health and quality credentials (better living) whilst educating about the different types of species available (choice and convenience).

Quick Service Restaurants

The largest channel in the foodservice market is Quick Service Restaurants (QSR) with 58% of all OOH visits in QSR excluding Fish and Chip Shops. It is the biggest opportunity for seafood as over one third of all seafood servings are at a QSR outlet. Additionally, QSR attracts the younger, less affluent consumer that seafood can appeal to.

Consumer motivations

Socialising remains 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 used in the production of this factsheet can be viewed below

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