

## FOODSERVICE 2021: RECOVERY, CHALLENGES AND OPPORTUNITIES

The British foodservice market has seen a lot of turbulence over the last two years. COVID-19 has caused closures or reduced capacity, and there have been supply-chain and staffing challenges due to the pandemic and the UK's exit from the EU. The announcement before Christmas introducing Plan B could further reduce footfall. As we start 2022 with fewer restrictions than before, how quickly will the foodservice market recover, and what opportunities are there to aid this?

This report covers foodservice market recovery, how the demand for proteins out-of-home has been impacted by the pandemic, and challenges and trends which are impacting the foodservice market. The report looks at data up until 5 September 2021.

To keep on top of the latest market performance please visit [AHDB's foodservice dashboards](#) which are updated quarterly.

### CHALLENGES

- Inflation
- Consumer and business confidence
- Labour shortages
- New high-fat, salt and sugar calorie labelling
- Supply-chain logistical challenges
- Evolving consumer behaviour
- New trade deals

### TRENDS

- Simplified menus
- Widening value spectrum
- Continued working from home
- Digitalisation
- Evolving health and dietary needs
- Provenance
- Socialisation and escapism



## FOODSERVICE RECOVERY

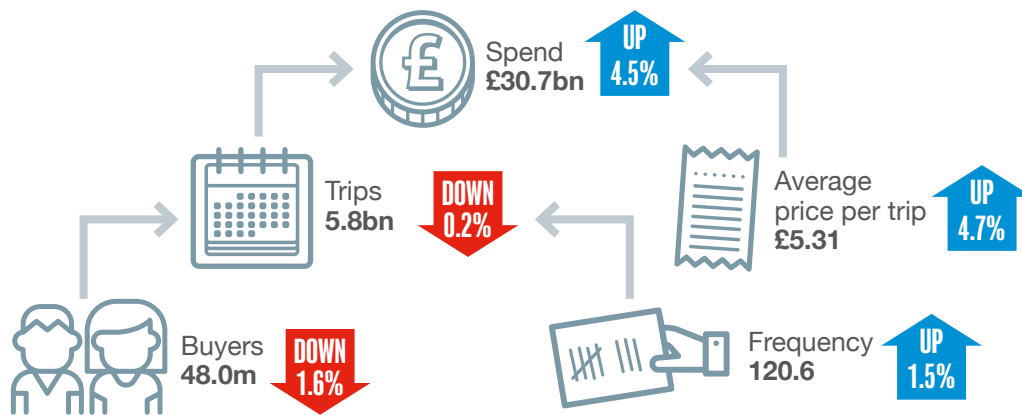
Pre-pandemic, the market value was growing by 2.4% for the year ending September 2019, but in 2020 it shrunk by 22% as a result of COVID-19 according to Kantar out of home data. However, when we look at the last year to 5 September 2021 we start to see a recovery. Spend in the foodservice market was up 4.5% to £30.7bn; this was driven by an increase in average price as opposed to the number of trips and customers, which are down on last year. We have started to see an improvement in the market since re-opening but spend is still 18% lower for the 4 weeks ending (w/e) September 2020 than the same period in 2019.

Penetration was still very high in 2021, with 93% of people eating out or having a takeaway at least once in the 52 w/e 5 September 2021. However, there were over 800,000 consumers (2%) who had previously eaten out in 2020 but haven't this year, showing some diners are still hesitant to return to the foodservice market.

Our consumer tracker suggests 38% of consumers say they are eating out less than they did before the pandemic (AHDB/YouGov, November 2021). Staying in more and saving money are the main reasons people say they are continuing to restrict how often they eat out.

**Figure 1. Foodservice market in the last year**

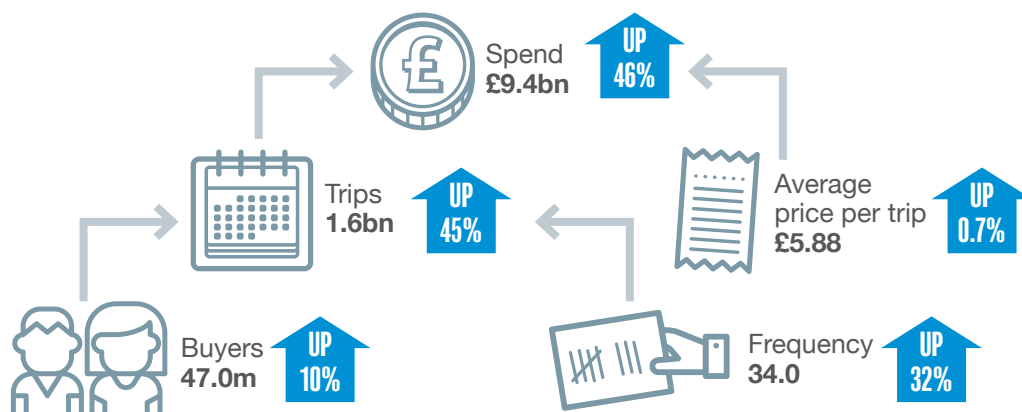
Source: Kantar OOH food, 52 w/e 5 September 2021



The last 12 weeks have been more positive, with strong growth in the frequency of trips and number of customers since restrictions were lifted in July. We have also seen growth in average spend per trip of 0.7% year-on-year, which is positive considering we are comparing back to the period of the 'Eat out to help out' scheme last year. When we compare this period back to 2019, total spend is up 3.7% but trips are down 14.7%.

**Figure 2. Foodservice market in the last three months**

Source: Kantar OOH food, 12 w/e 5 September 2021



We have seen steady growth in trips as we have started to recover from the third lockdown.

Looking forward to 2022, we do not expect trips to return to 2019 levels, with consumers making fewer trips out of home but spending far more when they do eat out. The amount we spend on foodservice may exceed 2019 levels next year but the market landscape may never return to how it looked before the pandemic.

CGA research suggests 980 sites closed between July and September 2021 – an average of 16 a day. This shows the severe pressure from the effects of COVID-19 and operational challenges including labour shortages, disruption to supply and rising costs. The closure of outlets means less choice for shoppers and a smaller market presence. Takeaways have seen huge growth, with many businesses now offering takeaways and delivery companies expanding into new areas. We predict takeaways are likely to continue to see elevated demand above 2019 levels.

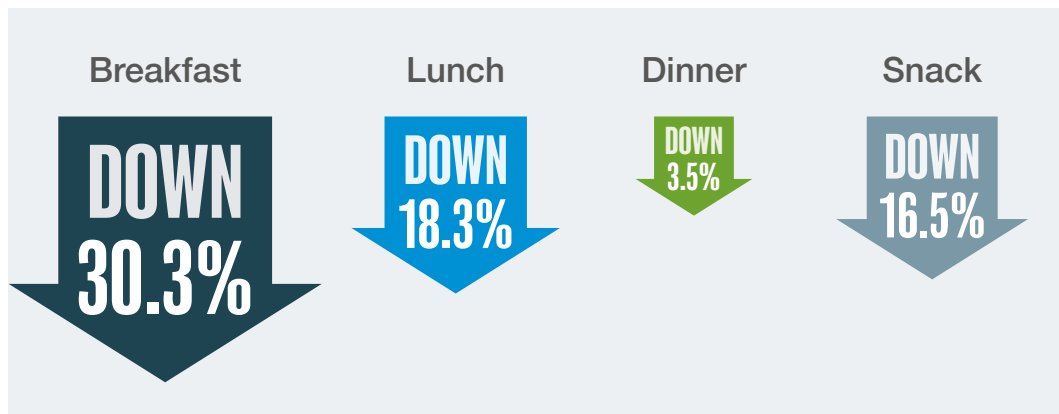
Categories which overtrade in food-to-go could see a slower recovery as could those with a higher price point, while those which over-index in takeaways could recover faster.

### Channel and day part performance

The pandemic, lockdowns, working from home and school closures have all had a huge impact on how and when we have eaten out.

**Figure 3. 2021 vs 2019 change in consumption occasions**

Source: Kantar OOH, total out of home, 12 w/e 5 September 2021



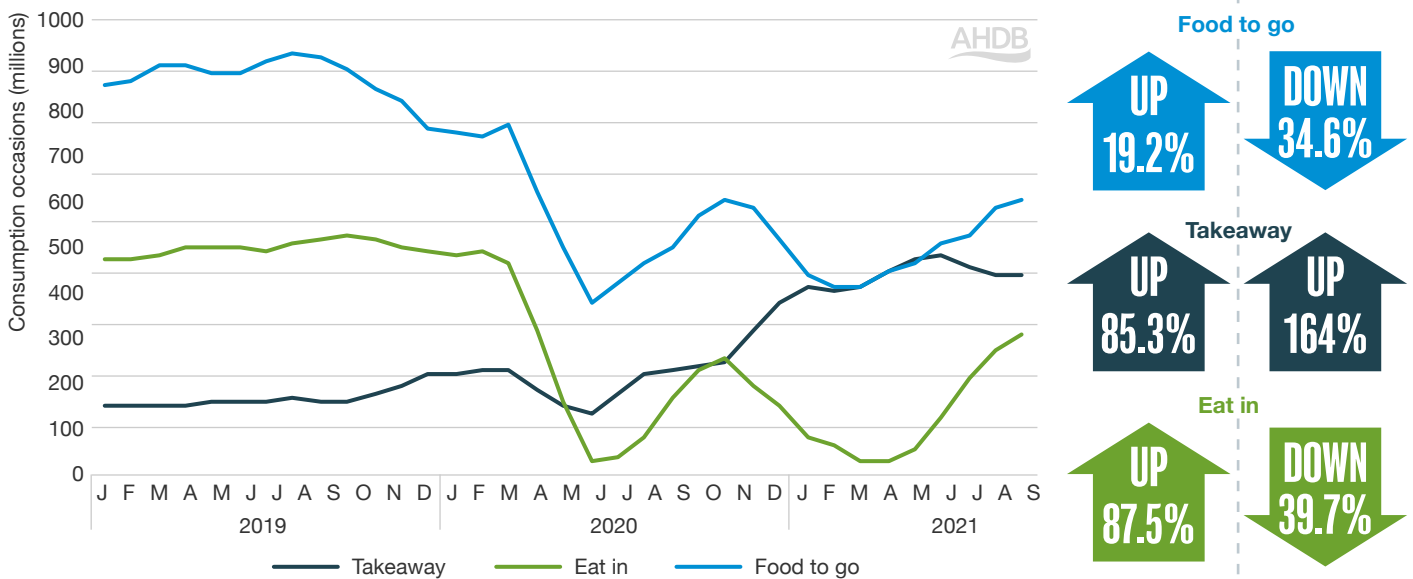
All day parts are in decline in comparison with 2019. Breakfast has been the most impacted – down 30.3% – with fewer people grabbing breakfast or coffee on the go during their commute, which we predict could continue (see trends section).

Dinner has been the least impacted, as this is less reliant on work and commuting. We have seen main meals gain share: they now account for 65% of spend on foodservice occasions as we scale back on quick meals and snacking, and more people are looking to socialise with friends and family.

Takeaways accounted for 19% of foodservice spend two years ago (52 w/e 8 September 2019). Now spend is up 128% on pre-pandemic levels and takeaways have a 54% share of the market. (We define takeaways as any food bought through foodservice but then consumed at home, whether collected in person, from a drive-thru or delivered.) Takeaways have benefitted from closures of foodservice, as people have moved their eating out in-home. Collected and drive-thru make up 71% of takeaways over the last year while 29% are through delivery. Over half (53%) of delivery customers didn't buy delivery before the pandemic, showing it is a growing area of the market and poses huge opportunities as delivery companies expand into new areas. We have also seen a growth in deliveries for breakfast and lunch.

**Figure 4. Rolling 12-week changing consumption occasions**

Source: Kantar OOH food, total out of home, 12 w/e rolling



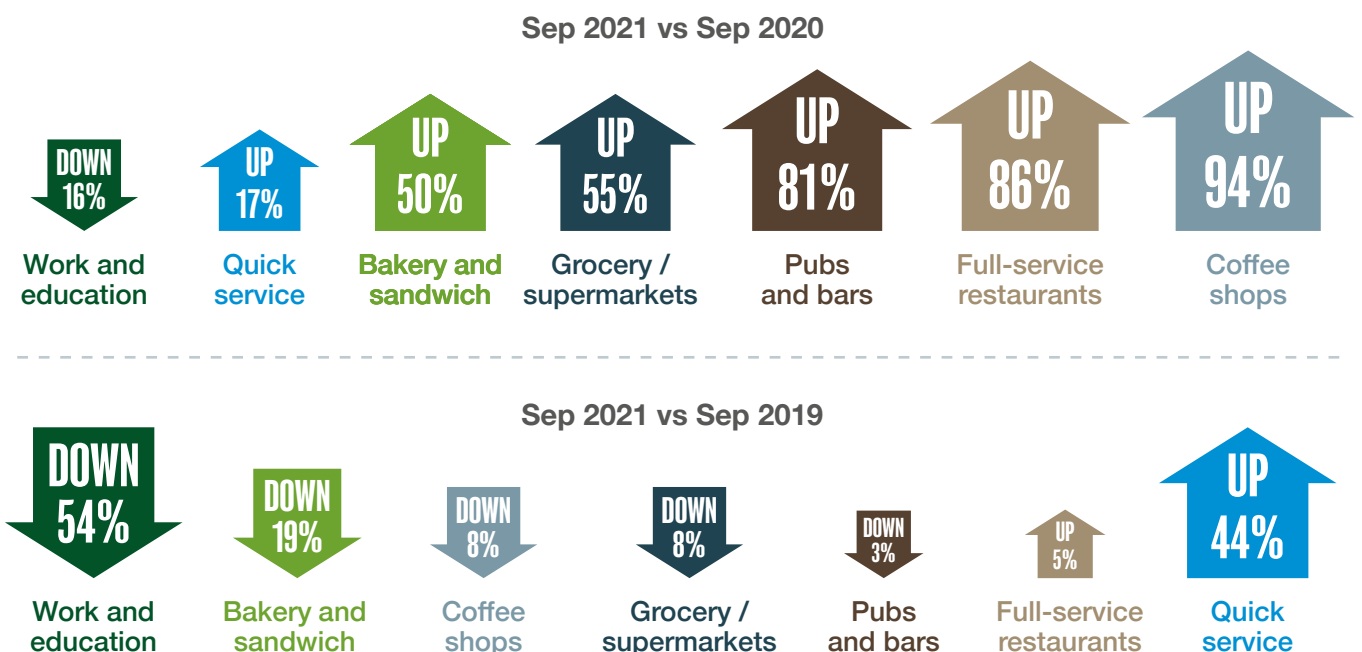
Factors such as economic pressure, working from home and concerns over cleanliness are still impacting the number of eat-in and food-to-go occasions, but these are now starting to recover.

Quick-service restaurants (QSR) are the only channel to see growth for the 52 w/e 5 September 2021 on 2019 levels.

QSR trips have been dominated by takeaways over the last year, with 89% of QSR meal occasions eaten at home. This has boosted their performance, as non-takeaway meals declined 47 percentage points (ppts) year-on-year and by 69ppts compared with the same period in 2019.

**Figure 5. Change in channel spend**

Source: Kantar OOH, value, 12 w/e 5 September 2021

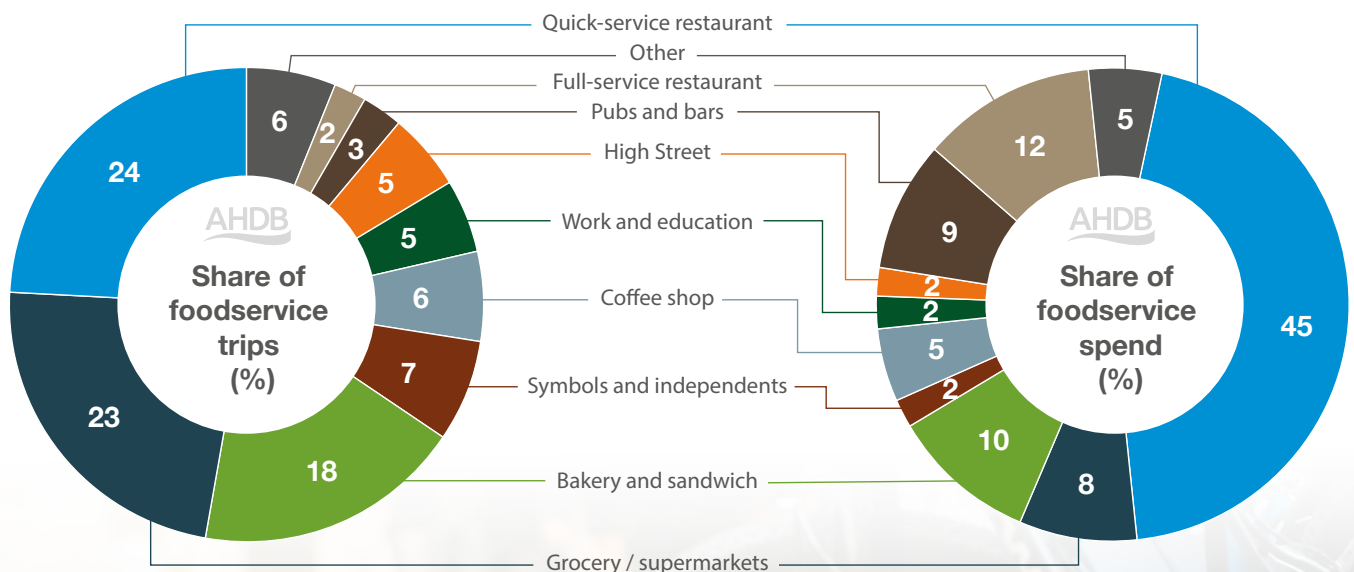


QSR also makes up the greatest share of foodservice trips, accounting for 24% of all meals, and are even more dominant in spend at 45% share. Major supermarkets are the second-largest channel for trips, driven by lunches and meal deals.

Full-service restaurants have the second largest share of spend at 12%, driven by the higher cost per meal. In the last 12 weeks we have seen full-service restaurants recover faster than the market, with trips up by 57% versus 45% for the total food market. We have also seen value grow faster than the market. Some of this growth is coming through from price increases but we are also seeing a growth in side dishes, showing people are buying more when they eat out. In terms of main dishes in full-service restaurants, we are seeing cheaper dishes such as pizza winning over more expensive meat-centred meals.

**Figure 6. Share of foodservice trips and spend**

Source: Kantar OOH food, 52 w/e 5 September 2021



## PROTEIN PERFORMANCE

With the closure of foodservice, we saw consumers move much of their spending to retail. AHDB is in the unique position to look across volumes in retail and foodservice, and movements between the two. We have our own methodology to calculate protein volumes in foodservice (for more details see the Methodology section at the end). Understanding how foodservice plays in the wider market can help with context and to understand trends.

### Beef

Table 1. Total beef market volume change

	Volume ('000 tonnes)	Sep 2021 vs Sep 2020 (%)	Sep 2021 vs Sep 2019 (%)
Total market	752	-0.8	+2.6
Retail	663	-0.5	+7.9
Foodservice	75	-3.3	-28.3

Source: AHDB estimates of Kantar data, beef, volume, 52 w/e 5 September 2021

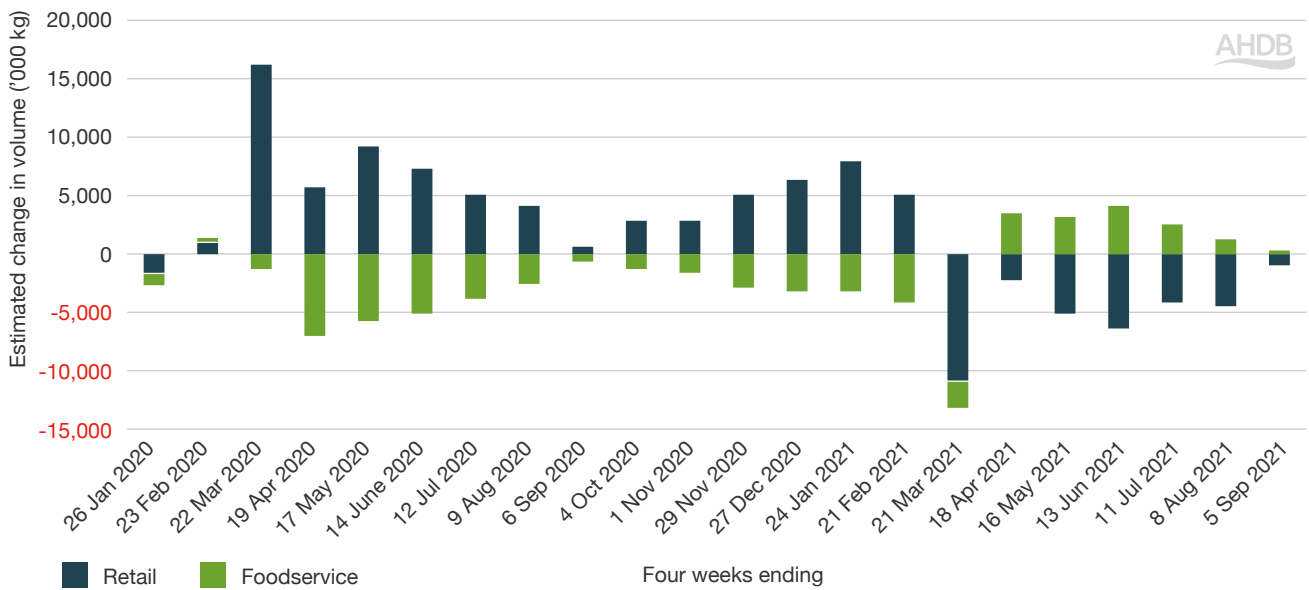
Over the 52 weeks ending 5 September 2021, we estimate total beef volume sales have declined by 0.8% year-on-year, with foodservice down 3.3%. This is driven by a 43% decline in eating out, while volumes have grown by 71% through takeaways.

In the last 12 weeks, beef volumes have grown in both the eating out and takeaway markets, but this hasn't been enough to balance out the volume losses in retail, leading to an overall decline of 2%. However, the move towards more main evening meals means value is growing faster, up 48% year-on-year and up on 2019, with the average amount consumers spend on beef increasing by 81 pence per meal compared with 2019.



**Figure 7. Year-on-year change in beef volume**

Source: AHDB estimates based on Kantar OOH data, beef, volume, rolling 4 w/e data

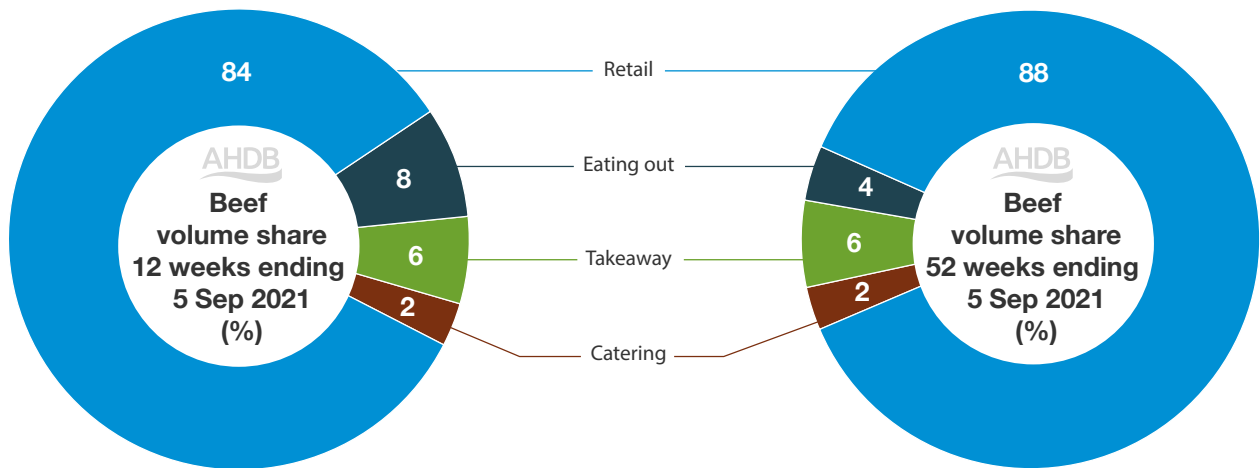


**Foodservice share**

Eating out has gained share of beef volumes over the last 12 weeks to 5 September 2021, now at 8%, but there is still recovery to be done as eating out had 12% share of beef volumes in the same time period pre-pandemic.

**Figure 8. Beef volume share of method**

Source: AHDB estimates on Kantar OOH data, beef, volume share, 5 September 2021



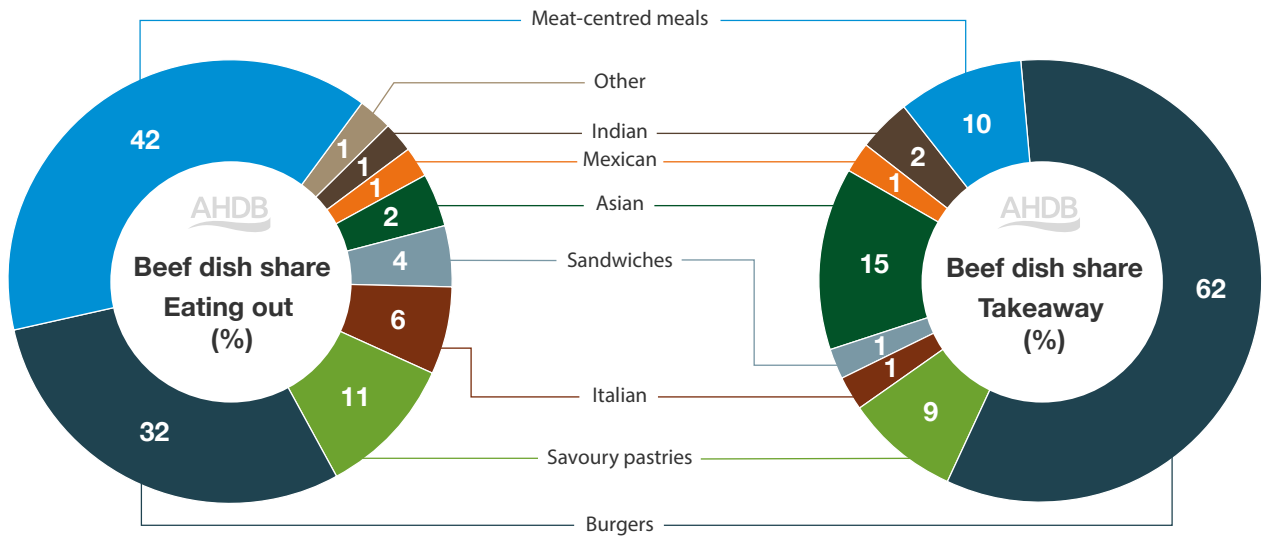
**Beef dishes**

The types of meals we choose when we eat out is very different to takeaways. The largest share of beef volumes eaten out are meat-centred meals: more than half of this is steak and 10% of volumes are roasts.

Takeaways are dominated by burgers and have accounted for most of the growth in beef takeaways, increasing volumes by 12 million kg over the last year. Also Asian food takes a much larger share of takeaways than eating out, with the majority being Chinese dishes.

**Figure 9. Beef dish share of eating out and takeaways**

Source: AHDB estimates on Kantar OOH data, beef, volume share, 52 w/e 5 September 2021



### Channels

Quick-service restaurants account for more than half of beef meals, and over 80% of QSR meals are burgers. Beef is growing through QSRs, and is the only channel to see growth in beef over the last year. This is being driven by QSRs expanding their takeaway and delivery offering as consumers moved to this method during the pandemic (Kantar, 52 w/e 5 September 2021).

Bakery and sandwich outlets are also a major channel for beef meals, accounting for 19% of meals. However, the bakery and sandwich channel is declining by 1% year-on-year, as they are still impacted by lower footfall out of home.



### Opportunities and challenges

Beef is in a strong position in foodservice going forward, as burgers remain one of the most popular dishes on menus. However, to continue to capitalise on this, beef will need to push itself as a tasty meat as it has been losing share of total burgers as consumers switch to chicken.

Another opportunity for beef is to encourage shoppers to trade up to steaks. These higher price cuts drive up both value and volume of beef. The 'Eat out to help out' scheme last year saw many consumers switching to steaks from less expensive dishes. This shows that, with the right use of promotions, consumers can be tempted to trade up.



## Pork

Table 2. Total pork market volume change

	Volume ('000 tonnes)	Sep 2021 vs Sep 2020 (%)	Sep 2021 vs Sep 2019 (%)
Total market	1,150	+1.9	+1.3
Retail	1,024	+2.6	+6.9
Foodservice	109	-3.9	-32.1

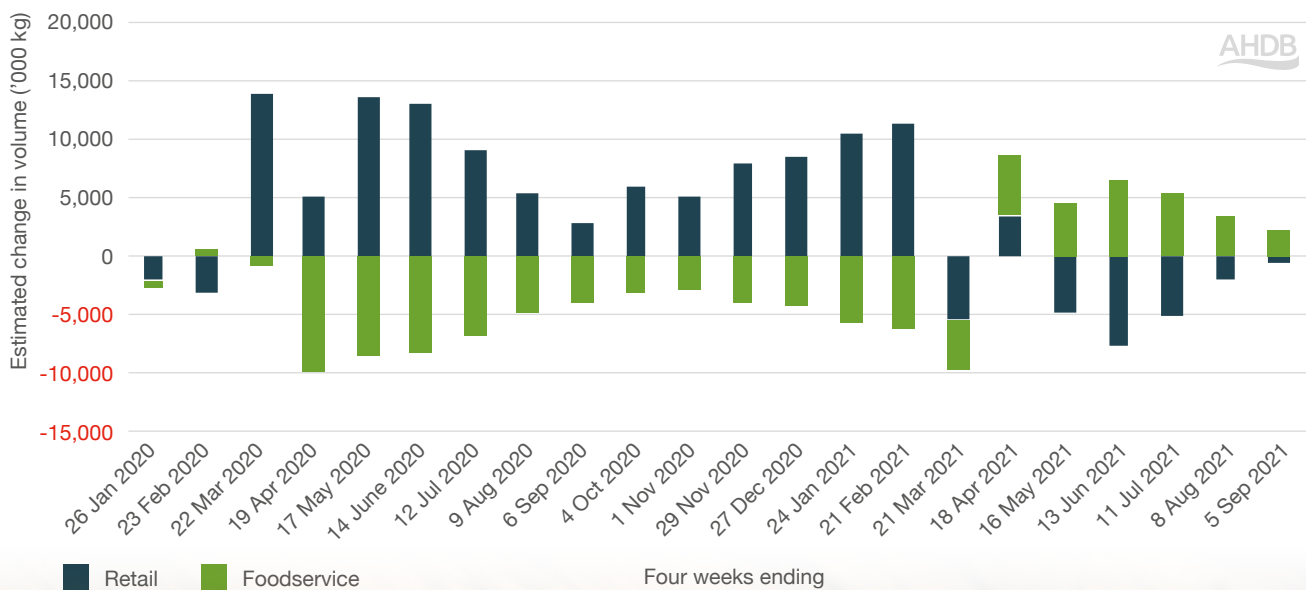
Source: AHDB estimates of Kantar data, pork, volume, 52 w/e 5 September 2021

We estimate total pig meat volume sales have seen growth of 1.9% over the 52 weeks ending 5 September 2021. However, volumes in foodservice declined by 3.9%. While volumes through takeaways have grown by 141%, this wasn't enough to balance a decline in eating out.

In the last 12 weeks foodservice has driven the growth for pig meat, which balanced out a decline of 4% in retail. We have seen shoppers starting to return to pig meat, with customer numbers in growth and 60% of consumers eating pig meat in foodservice in the last three months. Pig meat is by far the most frequent red meat to be eaten out of home, and on average consumers ate pig meat 26 times in the last year. Pig meat out of home is dominated by processed cuts, accounting for 97% of pig meat meals.

Figure 10. Year-on-year change in pork volume

Source: AHDB estimates based on Kantar OOH data, pork, volume, rolling 4 w/e data

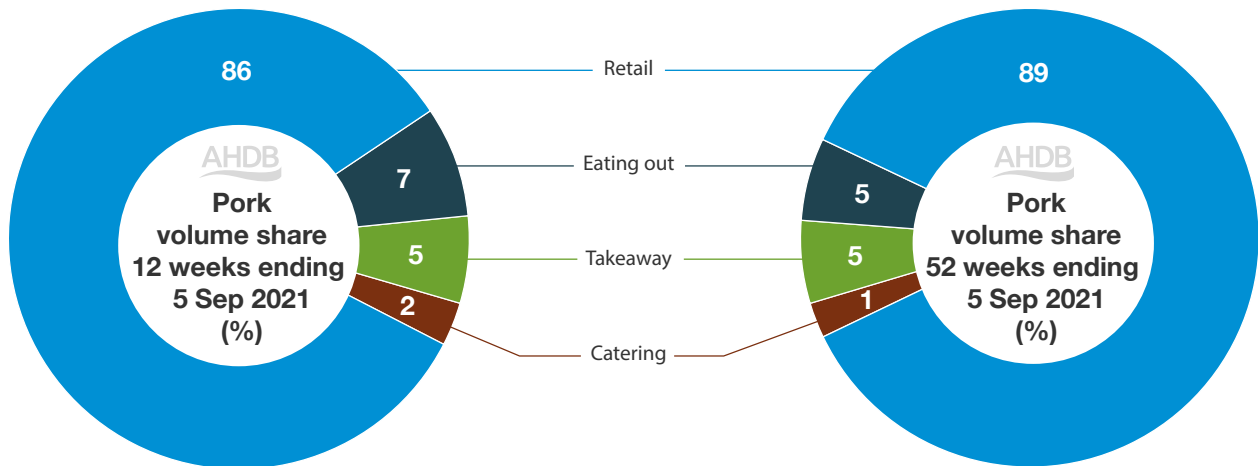


## Foodservice share

Eating out has seen its share start to recover, stealing share from retail and accounting for 7% over the last 12 weeks. However, there is still a long way to reach the 13% share in 2019. Before the pandemic, takeaway was a very small channel for pig meat, accounting for only 1% share of volumes, as food-to-go dominated. However, the pandemic has seen pig meat grow more than any other red meat in the takeaway market.

**Figure 11. Pork volume share of method**

Source: AHDB estimates on Kantar OOH data, pork, volume share, 5 September 2021



## Pork dishes

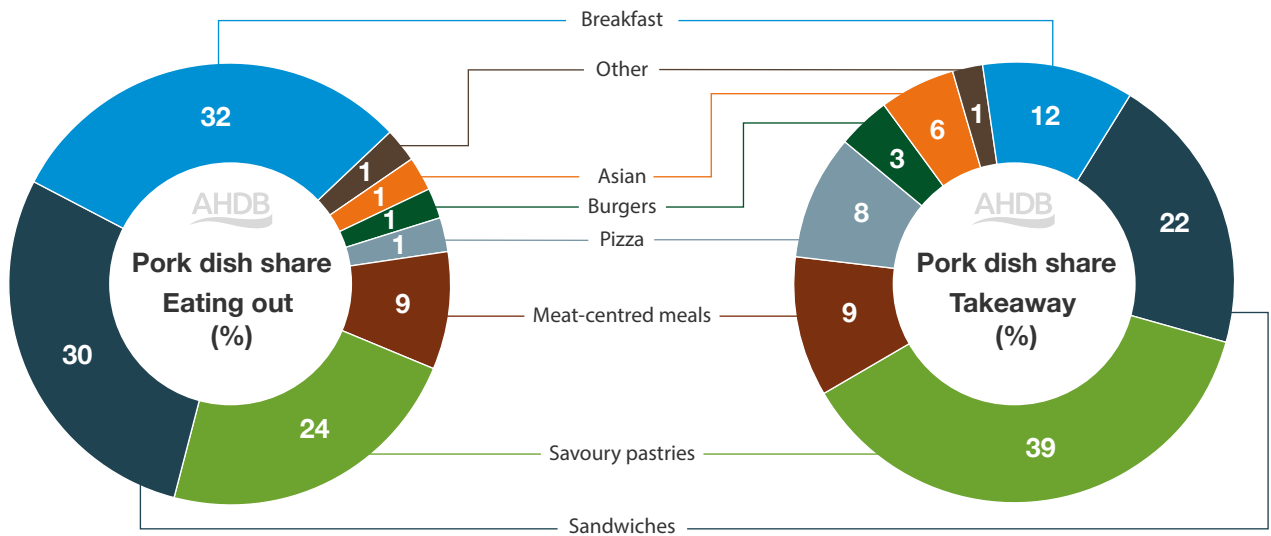
Breakfast dishes account for the largest amount of pig meat volumes when we eat out. Full English breakfast is the most popular meal choice, with 12.7 million kg of pig meat consumed at this occasion over the last year. Breakfast is currently less popular for takeaways, but it is a growing area.



Over the last year takeaways of savoury pastries have grown in popularity, with 61% of volumes eaten at home rather than on the go. Bakery operators partnering with delivery companies has led to a boom in online delivery orders, and this has driven growth.

**Figure 12. Pork dish share of eating out and takeaways**

Source: AHDB estimates on Kantar OOH data, pork, volume share, 52 w/e 5 September 2021



### Channels

The bakery and sandwich channel have the largest share of pig meat volumes at 37%. Despite strong takeaway sales, this was not enough to balance eating out losses over the last year, and volumes have declined by 1% (AHDB estimates on Kantar OOH data, 52 w/e 5 September 2021).

Quick-service restaurants have a 19% share of pig meat trips and have been growing year-on-year, with pig meat occasions through QSRs up 28%. Takeaway breakfast occasions have boomed, and Asian-inspired cuisines have proved popular through takeaways from QSRs.

### Opportunities and challenges

If pork can continue to appeal through takeaways, this is likely to be an area of continued growth. Expanding from quicker lighter meals to takeaway breakfasts and evening meals is likely to be an opportunity for growth.

As pork is more reliant on food-to-go, it could struggle if people do not return to work full time. However, there are also opportunities in this area (see Trends section).



## Lamb

**Table 3. Total lamb market volume change**

	Volume ('000 tonnes)	Sep 2021 vs Sep 2020 (%)	Sep 2021 vs Sep 2019 (%)
Total market	121	+5.7	+4.7
Retail	104	+6.3	+4.5
Foodservice	16	+2.1	+6.0

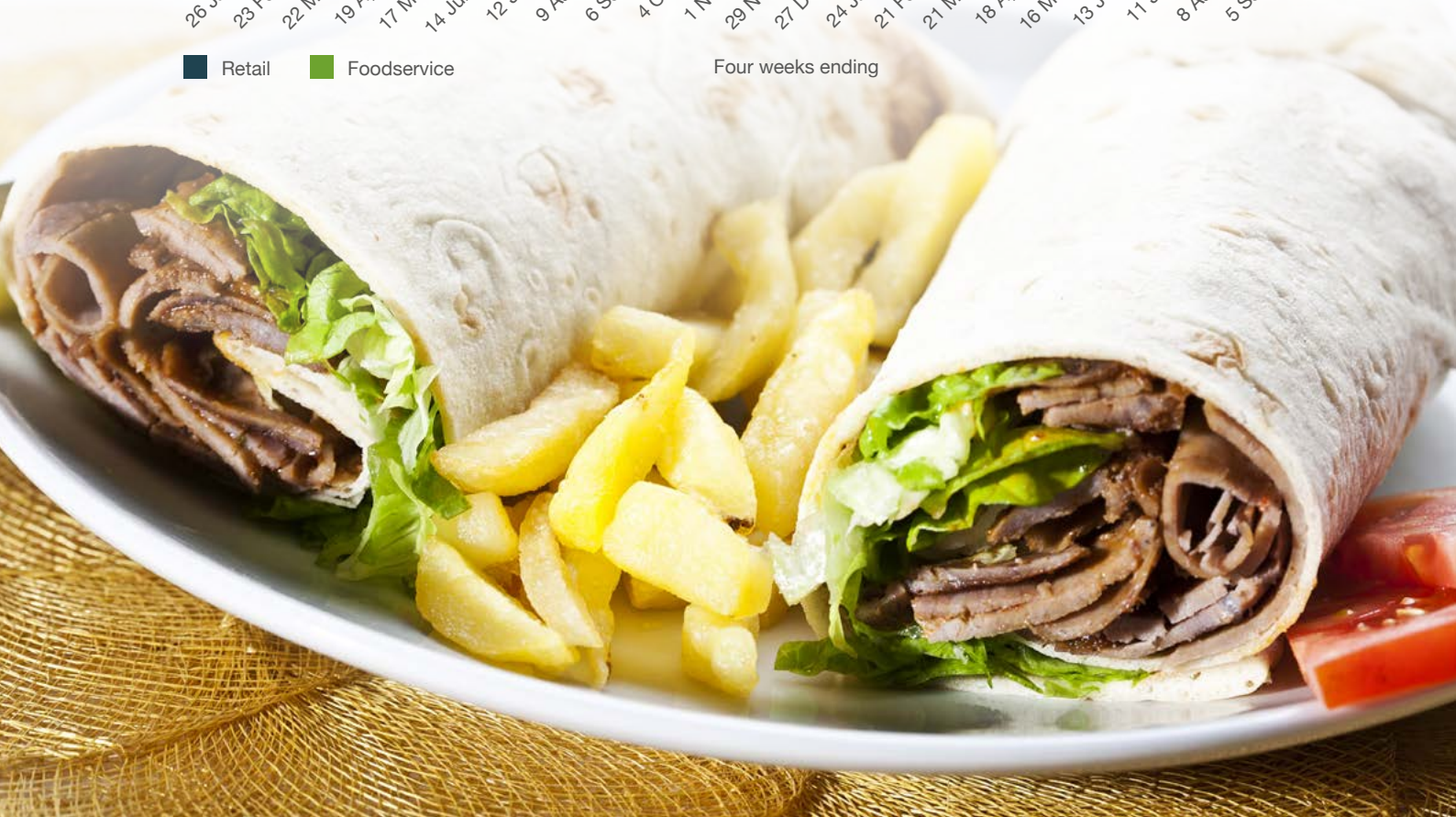
Source: AHDB estimates of Kantar data, lamb, volume, 52 w/e 5 September 2021

AHDB estimates show total lamb volume sales have seen growth of 6% over the 52 weeks ending 5 September 2021. Volumes in foodservice grew by 2.1%, which is slower than retail. But Lamb was the only red meat to see growth in foodservice over the last year as takeaways have a much higher share of volumes.

In the last 12 weeks, foodservice has seen huge levels of growth, with volumes up 7% year-on-year, but this was not enough to balance out the losses in retail.

**Figure 13. Year-on-year change in lamb volume**

Source: AHDB estimates based on Kantar OOH data, lamb, volume, rolling 4 w/e data

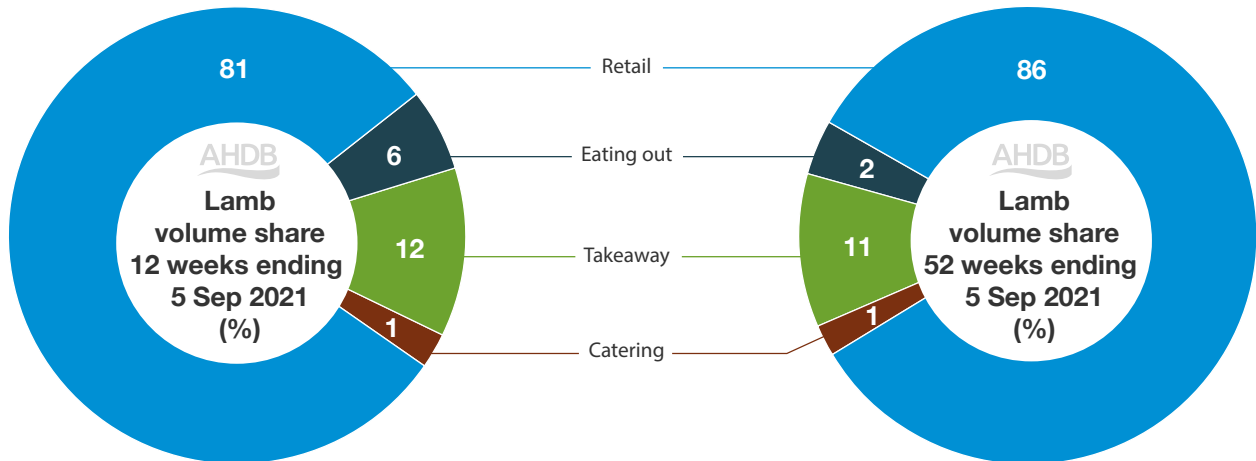


## Foodservice share

Lamb's share of takeaways is much larger than other red meats, and takeaways dominated the foodservice market even before the pandemic. This over-index in takeaways has meant lamb is the only red meat to see foodservice grow its volume share of the market in the 12 weeks to 5 September 2021 compared with 2019.

**Figure 14. Lamb volume share of method**

Source: AHDB estimates on Kantar OOH data, lamb, volume share, 5 September 2021



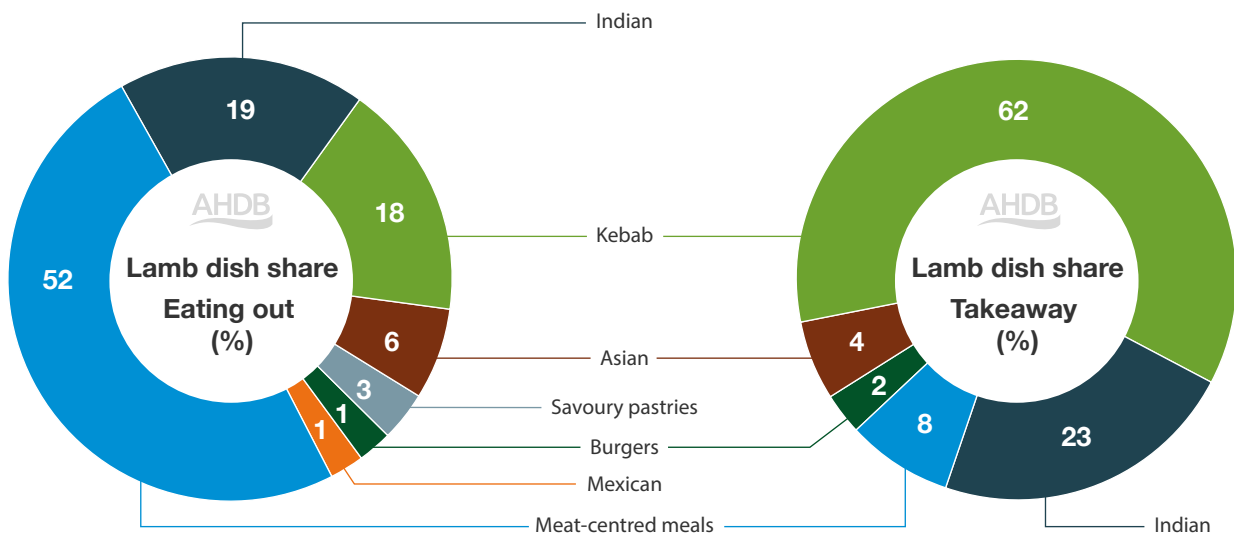
## Lamb dishes

Meat-centred meals, such as roasts or shepherd's pie, account for more than half of lamb volumes eaten out, whereas kebabs dominate takeaways. Indian dishes are popular across both areas of foodservice.

The dominance of meat-centred meals in lamb shows that lamb is still often viewed as a traditional meat used within British dishes.

**Figure 15. Lamb dish share of eating out and takeaways**

Source: AHDB estimates on Kantar OOH data, lamb, volume share, 52 w/e 5 September 2021



Kebabs have been a main driver of growth for takeaways. Kebab shops were some of the only venues to remain continuously open throughout the pandemic, so were popular at the very start of lockdown; many larger chain restaurants closed while they implemented COVID-19 safety measures and sorted home delivery options.

This head start on other areas of the market may have led to many shoppers turning to kebabs and continuing to be loyal customers. Much of the growth in takeaway kebabs

is coming from shoppers aged over 55. Younger shoppers are also in growth compared with 2019, showing that the closure of nightclubs has not affected their consumption.

## Channels

Quick-service restaurants are the largest channel for lamb, accounting for 80% of lamb dishes. Kebab shops and Indian takeaways fall into this channel. These have seen growth in trips year-on-year of 18%, one of the only channels to grow for lamb.

Lamb has a higher share of volumes sold through full-service restaurants and pubs: both have a 7% share of lamb dishes. In the most recent three months, pubs and bars have seen recovery and a growth in lamb dishes compared to 2020. Despite full-service restaurants recovering for beef and pork, lamb is still struggling here, seeing a decline of 11% in trips on the same period in 2020.



## Opportunities and challenges

Lamb in foodservice may be struggling as these dishes have been losing share on menus, and lamb struggles to justify the higher price point. Transitioning lamb to more world cuisines and flavours could reinvigorate the protein and increase menu space and demand.

If kebabs can continue to retain the shoppers it has gained over lockdown, it could be a great area of growth for lamb. However, there are challenges: kebabs are less likely to use British lamb. In addition, as other channels increase their delivery capabilities kebabs and Indian takeaways may face more competition in the future.

## CHALLENGES FOR THE INDUSTRY

The GB food and drink market continues to face a period of unprecedented change – but it is not only the pandemic that is stimulating these changes. Recently economic recovery has lost momentum as a number of factors impact the market, coupled with the need to keep up with changing consumer needs. These are detailed below:

- **Inflation** – In October 2021, inflation was at 3.8% according to the Office for National Statistics (ONS). If inflation stays high or rises, discretionary spend on eating out would likely be impacted. This also affects foodservice businesses, as costs for products, staff, premises and VAT could all increase. We have seen a rise in food prices being passed on to the consumer, with research from Lumina Intelligence suggesting an average increase in price of 2% on same-line dishes between 2019 and 2020. However, we still expect many hospitality businesses to see any profits squeezed.
- **Consumer and business confidence** – GfK’s Consumer Confidence Index remains negative and slipped backwards in December 2021 as consumers become more concerned about the economic situation in the next 12 months. In July, 93% of foodservice business leaders say the current trading situation is challenging but, according to Lumina Intelligence, 78% believe it will improve in the next 12 months and 19% think it will improve significantly.
- **Labour shortages** – One in six hospitality jobs are currently vacant according to the Q3 2021 Business Confidence Survey from CGA and Fourth, and 96% of business leaders are now envisaging shortages in either front- or back-of-house roles. Labour has been further hit by absences, with businesses reporting that an average of 6% of staff are currently in isolation and unable to work. This has impacted many businesses, which may have to reduce the number of covers or provide a scaled-back service due to the labour shortages.
- **New high-fat, salt and sugar calorie labelling** – New regulations from the Government, set to be introduced in April 2022, require restaurants, cafés and takeaways in England with 250 or more employees to list calorie counts on non-prepacked food and soft drinks. Calorie information will need to be displayed at the point of choice for the customer, such as physical menus, online menus, food delivery platforms or apps, and food labels. Research from YouGov in May 2021 suggests that public opinion is divided on whether calories on menus will be effective at tackling obesity within the UK: 55% say they think it would be fairly or very ineffective and 39% say they believe it would be fairly or very effective. For more information see our [calories on menus article](#).



- **Supply-chain logistical challenges** – Implementation of new UK border measures has been a significant test for both the Government and importing businesses, especially for food and agricultural goods. They have added further complexity to supply chains that are already under pressure, and this has resulted in some suspension of menu items for big brands. Foodservice businesses may have to make changes to menus and operational practices. However, opting to use more British produce could mitigate some of these challenges.
- **Evolving consumer behaviour** – As we all learn to live with Coronavirus there is a general movement back to pre-pandemic patterns as well as some behaviours which have changed for the long term. Therefore, it is important for the foodservice market to re-focus on pre-pandemic trends, as well as address new ones. We discuss these in more detail below.
- **New trade deals** – The UK Government now has the power to strike its own trade agreements with partners around the world. While new trade deals provide opportunities for UK exports, they also open our domestic market to increased competition. ‘Agreements in principle’ for future trade deals have already been announced for Australia (in June 2021) and New Zealand (in October 2021). With talks ongoing with the USA it is notable that the Government’s initial focus for these new agreements are all big agricultural exporters.



AHDB have undertaken a range of analysis to assess the implications of these new deals. Our analysis to date has shown that the trade deals will lead to increased imports into the UK. For instance our [Horizon Report](#) on the Australia Deal projected an extra 10,000 tonnes of Australian lamb, 12,000 tonnes of beef, and 1,100 tonnes of cheese is likely to enter the UK market. Given the type of products that Australia is likely to export, and strong commitments most UK supermarkets have to sourcing domestically, we conclude that the most likely end market for these imports would be in the food service sector. Further [articles and reports](#) on trade deals can be found on our website.

**David Swales**, Head of Strategic Insight, AHDB





## TRENDS

### Simplified menus

The average number of dishes on menu has dropped by 22% between spring/summer 2019 and spring/summer 2020 according to research from Lumina Intelligence. There has also been a reduction in the number of words used per dish, down by 12%, showing a trend towards simplicity rather than descriptive menus, and we predict these shorter menus will stay. Starters have seen the biggest decline in space on menus, followed by main meals.

Despite menus being shorter, customisable dishes are up by 83%, with 21% of menus in 2020 now having customisable options. Operators are trying to meet different consumer needs in a simpler way. However, this does not mean menu innovation isn't important – with 5% of items on menus being tagged as new for 2020. Premium dishes and those with spice influences have been the most revitalised over the pandemic. Also sharing dishes are increasing in popularity: dishes shared between multiple consumers are up by 49% year-on-year according to Kantar (52 w/e 03 October 2021). Offering flexible but sharable dishes on menus could be a real crowd-pleaser especially for families and large groups.

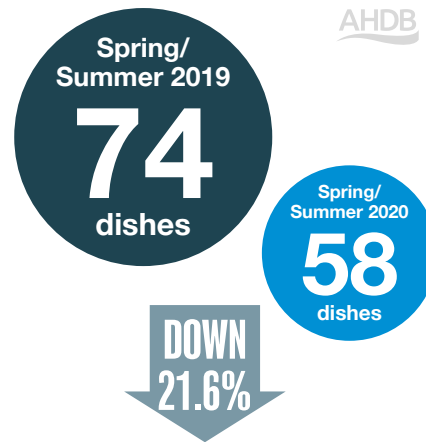


Figure 16. Average dish count on menus

Source: Lumina Intelligence, spring/summer 2020



### Widening value spectrum

Enjoyment has been, and always will be, the number one driver for out-of-home food choice. As we come out of the pandemic, however, consumers' discretionary spending in this area may be dictated by changed financial situations. According to the AHDB/YouGov consumer tracker, 14% of consumers claim their household finances have been positively impacted by the pandemic. This is versus 30% who claim they have been negatively impacted (November 2021). With such polarised spending ability there are opportunities for each end of the foodservice market to play.

## Value

Many consumers have missed eating out, but 38% claim they are going to eat out less in future, with nearly three in five citing money saving as the reason (AHDB/YouGov, November 2021). Consequently, 1 in 10 consumers plan to visit cheaper restaurants when eating out (Lumina Intelligence, Eating Out, May 2021), benefitting fast food and pubs which consumers associate with value for money (Mintel, Eating Out Review, December 2020). The pandemic has heightened awareness of promotional offers among 19% of consumers according to Lumina Intelligence, and so refreshing or launching promotional activity will entice. According to Mintel, 54% of consumers are likely to use percentage off discounts if offered (e.g. 20% off total bill), 48% are likely to use meal deals and 27% low-cost menu items (e.g. saver menu). Operators, however, need to consider squeezed margins and brand value erosion alongside the acquisition of new customers. Deals are potentially a good way to communicate value for money as they suggest quality at a good price rather than a 'cheap' meal.

## Quality-led

Over half (53%) of consumers are eager to get back to eating out at the same level as pre-pandemic, while 5% are planning on eating out more (AHDB/YouGov November 2021). Expectations when eating out are increasing, especially if an establishment commands a price premium. Consumers are happy to pay more for high-quality experiences and food. We have seen a number of openings focusing on theatre, such as open kitchens and high-quality service, as well as entertainment, such as DJs and gaming (see the section 'Socialisation and escapism' below). An opportunity lies in premiumisation of ingredients and meal presentation, as well as creating a story behind chefs or sourcing. In essence think about how to create an experience that is not easily replicable at home.

Descriptive words on menus correlate with higher prices, suggesting consumers are willing to pay more for quality and craft.

Source: Lumina Intelligence – Popular phrases associated with higher median prices

**Recommended**  
**Matured**      **Chef's**  
**Aged**          **Prime**



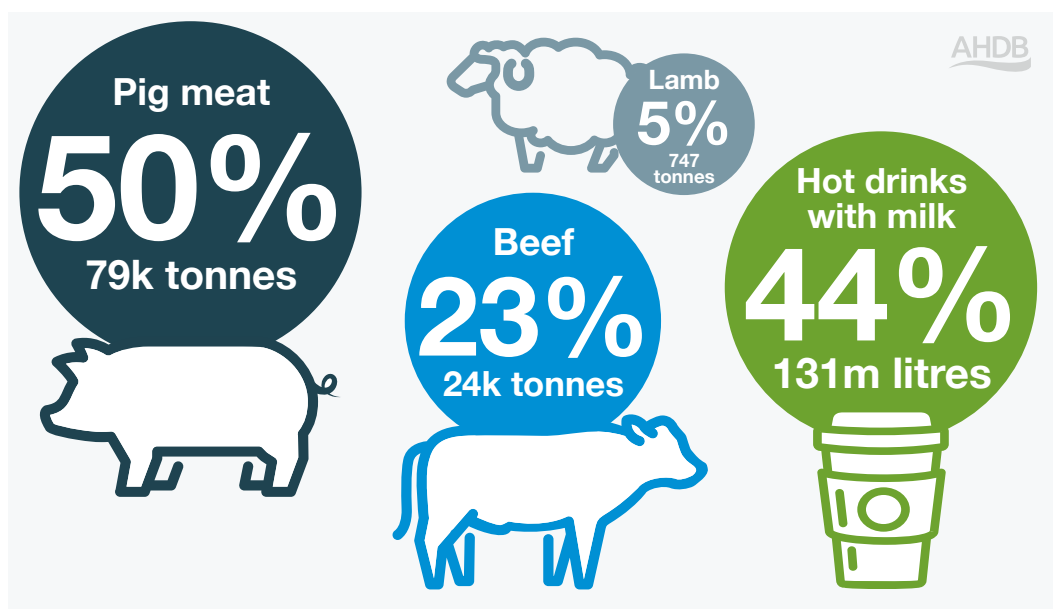
## Continued working from home

A COVID-19 legacy behaviour is undoubtedly the rise in remote and hybrid working, resulting in more breakfast and lunch occasions happening in-home. As we live without restriction, one-third of working adults are still working from home at some point during the week (ONS, w/e 31 October 2021). According to the AHDB/YouGov consumer tracker, 38% of workers claim they definitely will, or probably will, increase the amount of days they work from home compared with pre-pandemic (February 21).

This change in lifestyle has had a huge impact on the foodservice market, most notably for food-to-go. Pre-pandemic food-to-go represented almost a quarter of the value of the eating-out market, but contracted by nearly a third during 2020. It is predicted to be one of the slowest parts of the market to recover, potentially only bouncing back during 2023 as busier lifestyles resume (Lumina Intelligence, UK Food-to-go Report). Channels particularly hit were workplace, travel hubs and city centre quick-service retail, sandwich retailers and coffee shops. This is reflected in the [High Streets Recovery Tracker](#), which shows that certain cities – such as London, Milton Keynes and Oxford – are struggling to get footfall back to pre-COVID levels.

**Figure 17. Share of foodservice occasions pre-COVID that were food-to-go**

Source: AHDB estimates based on Kantar OOH data for proteins (52 w/e December 2019) and AHDB estimates based on NPD Crest for hot drinks (52 w/e December 2018)



Home-based workers should not be overlooked by the foodservice market. They still venture out, especially when in-home meal fatigue kicks in. However, food-to-go operators need new strategies to cater to this lifestyle change:

- Greater opportunities lie in new suburban locations, or utilising existing locations through partnerships. Recent examples include Pret A Manger trialling concessions in Tesco supermarkets, and Carluccio's (cafés, counters and restaurant hubs) opening in Sainsbury's
- Alternative routes to market are key, including delivery, takeaways and drive-thrus. Delivery/takeaway at-home lunch occasions have tripled since 2019, representing a staggering 574 million occasions in the last year (Kantar OOH, 52 w/e 3 October 2021)
- Food-to-go options need to stand out to ensure consumers step back from their fridges; innovation should focus on fresh, healthy offerings, both hot and cold, covering breakfast, lunch and snacking
- Value propositions are vital; meal deals, promotions and loyalty schemes will entice

However, it must not be forgotten that one in three workers are unable to work from home, along with 21% who are eager to get back out to the workplace (definitely not or probably not going to increase the amount of days they work from home, according to the AHDB/YouGov Consumer Tracker, February 2021). This means for city centre locations targeting commuters is still important, through innovative grab-and-go meals, office delivery options such as Uber for Business and Deliveroo for Work, as well as offering dine-in options which cater for group meetings and remote lone working.

## Digitalisation

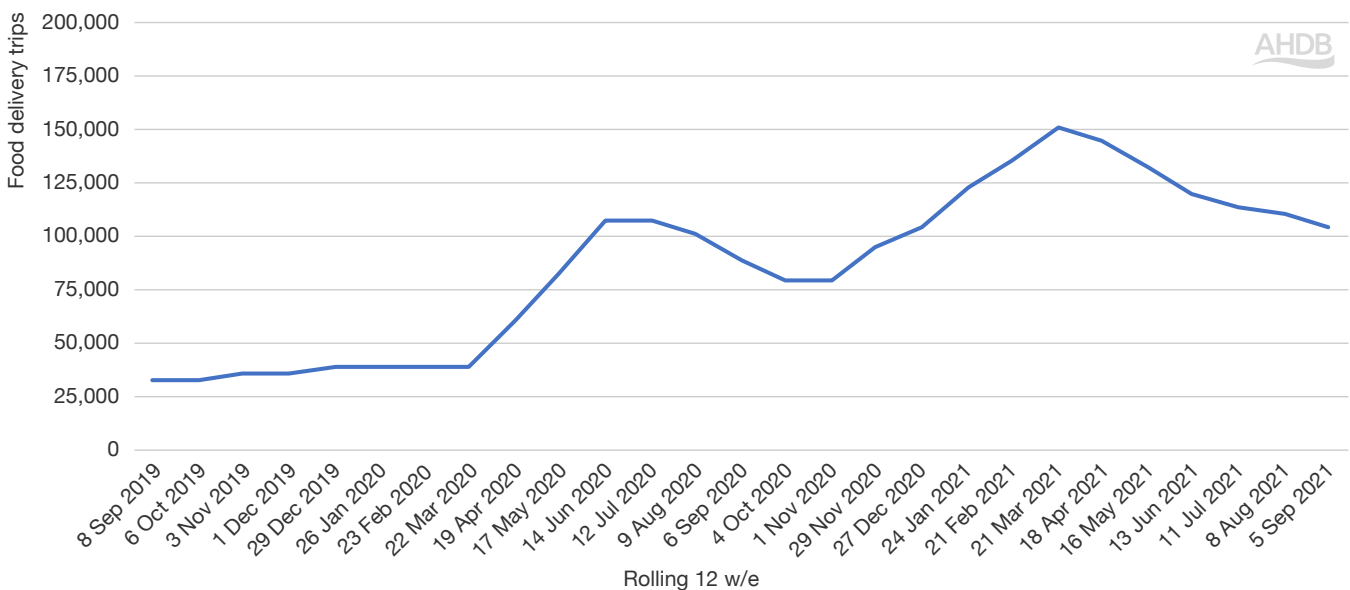
The pandemic has brought in new shoppers to the delivery and digital market, and our missions at our favourite restaurants have been impacted as a result.

New shoppers have been the biggest driver of delivery growth: 53% of delivery customers had not bought into delivery before the pandemic (Kantar, 64 w/e June 2021 vs 40 w/e March 2020).

Many more brands have joined delivery apps or launched their own and are now available delivered to your door. Many of those which already delivered, extended their hours to cater for at-home lunches or even breakfast deliveries. This has led to brands introducing new products to cater to these new occasions. In addition, many brands have launched digital loyalty schemes or incentives to gain or retain customer loyalty.

**Figure 18. Food delivery trips**

Source: Kantar OOH, total deliveries, trips, rolling 12 w/e

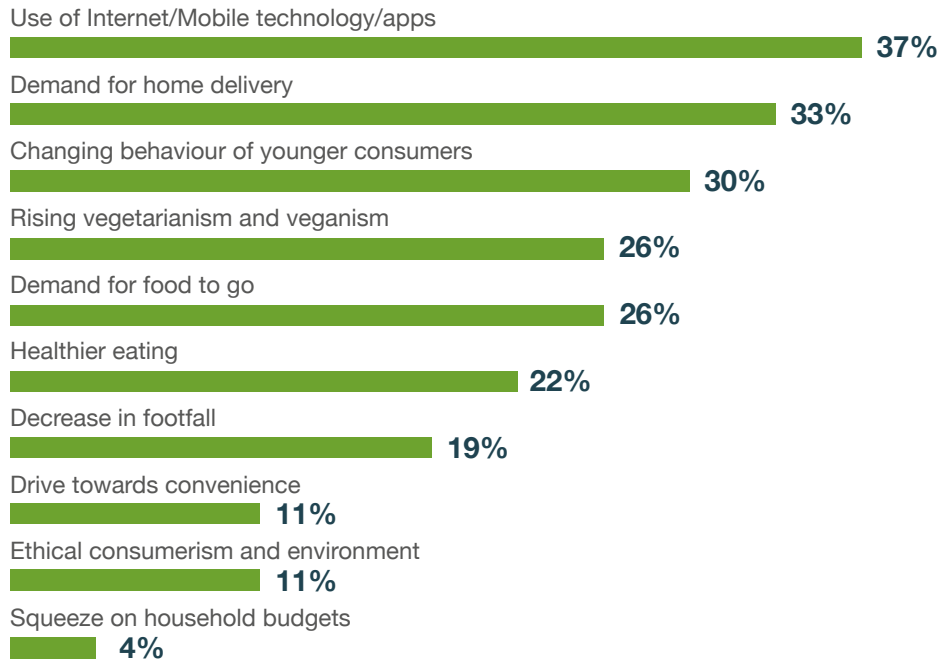


Research from CGA found that consumers now rely on digital tools and online reputation before, during and after their visit. In the early stages of the consumer journey, a venue’s website, Google and Facebook are the most popular channels for discovery, booking and confirming COVID-19 safety measures. The most important pieces of information for consumers in the digital journey include menus and pricing, opening hours, directions, booking and reviews.

Business leaders in the eating-out market believe use of the internet and apps will be the most important long-term consumer trend to impact the market. Therefore, many businesses may look to increase their offering in this area. Demand for home delivery is also seen as a key consumer trend, which is strongly linked with an increase in mobile technology.

**Figure 19. Which of the following are the most important long-term consumer trends affecting the eating out market?**

Source: Lumina Intelligence, Top of Mind Report, July 2021

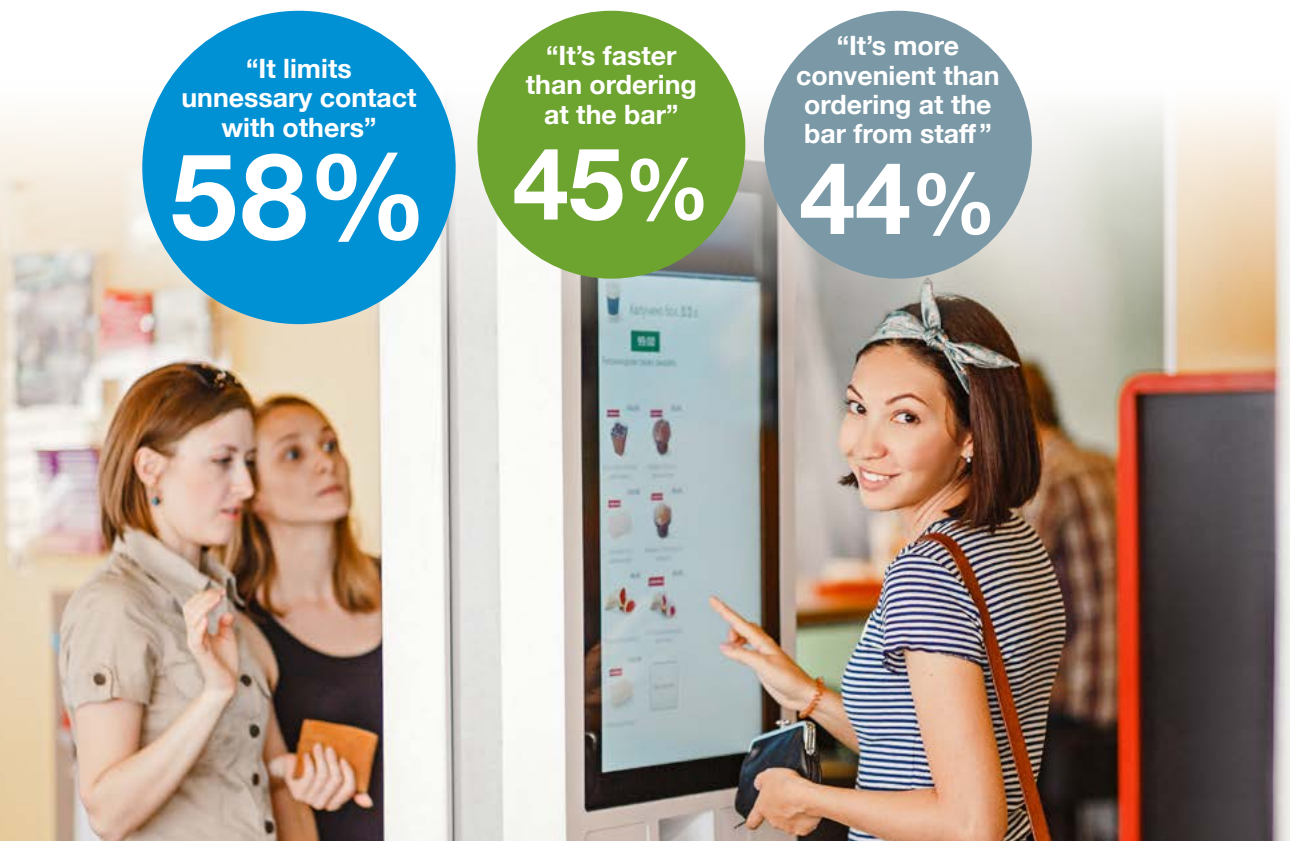


Businesses are bringing online on-premise as well. Fast food companies had already installed digital ordering systems in some of their outlets before the pandemic. We have seen other businesses expanding to use technology to take orders: for example in new M&S cafes they have installed self-service touch screens.

Apps, QR codes and websites have also been increasingly used by restaurants and pubs to allow socially distanced ordering. These can also reduce the pressure on short-staffed businesses, and encourage consumer loyalty and repeated visits through integrated loyalty schemes. Customers see the benefits, and over a third would like to continue to use them post-pandemic.

**Figure 20: Using a mobile app/QR code to order from the table in pubs and bars (% agree)**

Source: Lumina Intelligence, September 2021



## Evolving health and dietary needs

Seven in ten consumers claim to try to lead a healthy lifestyle (for more information please see AHDB's latest [health report](#)) and the topic is increasingly attracting more media attention and government focus. In the out-of-home market, meals chosen for health reasons remain in the minority (only 7% according to Kantar, 52 w/e 05 September 2021), especially when compared with in-home meal choices. According to Mintel, 37% of consumers claim eating out pushes them towards unhealthy food and drink, but this has dropped 5 percentage points since 2017 (UK Attitudes towards Healthy Eating Market Report 2021) highlighting that the market is evolving to cater to different health needs. However, there is still room for improvement as one in three consumers agree they would eat out more often if healthy options were more easily available (IGD Eating Well & Eating Out, 2018). Health concerns therefore provide opportunities to signpost, educate and personalise offerings.

Example:

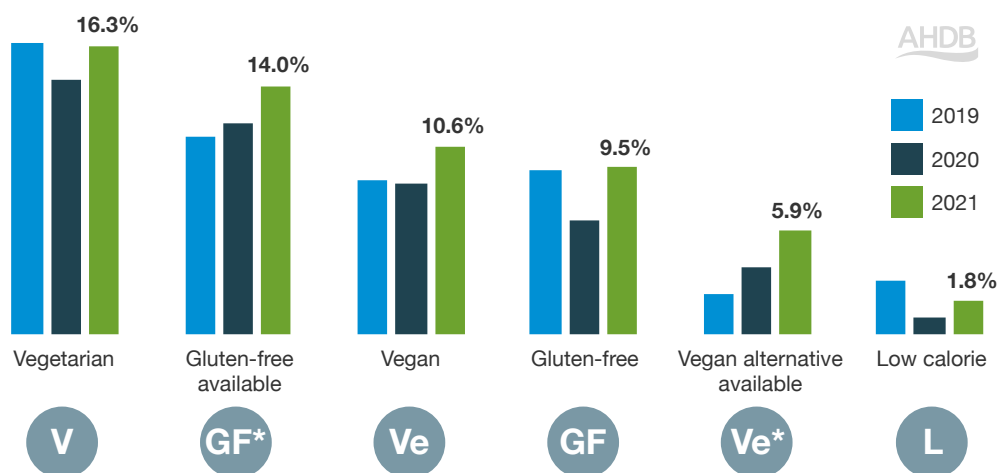
Roosters Piri Piri chicken is marinated for 24 hours and then steam-cooked and finished off on the grill, making it lower in fats, calories and saturates, a unique selling point they shout about.

See the AHDB web page [Share the facts about red meat and health](#) for more about the health claims red meat and dairy can use.

On menus, 47% of main dishes are flagged with a dietary requirement, up 6% versus two years ago (Lumina Intelligence, Menu Tracker Tool, spring/summer 2021). Some consumers seeking healthier foods may believe vegetarian and vegan dishes meet this need, following an influx on menus over the last few years; now accounting for 27% of dietary requirements flagged on menus. However, over the last year options have seen the fastest growth, giving consumers the choice to switch to these while not eradicating the original option: vegan and gluten-free alternatives are up 163% and 25% respectively.

**Figure 21. Dietary requirement share of main dishes, spring/summer 2019–2021**

Source: Lumina Intelligence, Menu tracker, spring/summer 2021



This more personalised approach caters to the 42% of consumers who say they want more options to customise their meals when eating out (Eating Out: The Decision Making Process – UK, Mintel, August 2018). Offering customisation widens your customer base, such as the addition of meat to a vegetarian/vegan dish, leaner cut options, bunless burgers or grilled meat over fried.

Low-calorie claims on menus are not currently widely used but as mentioned above (under 'Challenges for the industry') new government regulations may change this.

## Sustainability

Sustainability has become a key area for action, with 85% of eating-out businesses prioritising this over the next 12 months (Lumina Intelligence, Top of Mind Report, 2021). Out-of-home it covers the complete offering: the food, the people and the operations.

Growing awareness of the climate crisis is leading consumers to demand greener practices from restaurants. According to CGA, nearly three-quarters (72%) claim sustainability is an important factor when deciding where to eat out but 42% think venues don't yet do enough to inform them about the sustainability of their food options (Food Insights Report, 2021). For consumers the word sustainability can cover several factors. Plastic use takes priority, but increasingly we hear about eco-conscious consumption, food and fuel waste, and ethical supply chains.

The CGA report also highlights that many consumers—especially younger adults—are willing to pay a premium for good practice in this area. Two in five (40%) consumers say they are willing to spend extra on a meal if ingredients are sustainably sourced—a figure that rises to 59% among 18-to-34 year-olds, but falls to 27% among those aged 55 or over. Menus and websites are people's two most preferred sources of information, with adverts, social media, booking platforms and staff among other potential channels. Accreditation can help too, with more than half (53%) of consumers likely to order meals that have evidence of quality and sustainability awards.



The 2021 Michelin guide Great Britain & Ireland has introduced a green star. The green clover icon is directing diners to venues preserving resources and embracing biodiversity, reducing food waste and consumption of non-renewable energy.

Beef main course dishes with a sustainability claim typically command a 51% price premium. This premium is yet to be reflected in pork, highlighting an opportunity (Lumina intelligence, spring/summer 2020 menu analysis).

Independents are likely to be more agile and reactive to this trend. Kiss The Hippo is an example of an independent carbon-negative coffee shop that offsets the carbon it produces with international reforestation initiatives. But for large corporates it is soon going to be an expectation rather than a trend. McDonalds, for example, are committing to reach net zero emissions by 2050.

Addressing consumer concerns and, most importantly, communicating sustainability initiatives will drive valuable brand loyalty and improve reputation.

## Provenance

Local sourcing and British is another area that signifies quality and commands a price premium on menu. Signalling provenance fulfils the consumer desire to (a) support local, which has increased with the pandemic, and (b) reduce food miles, which we recognised is a key sustainability trend above.

Half (50%) of consumers agree they will proactively look for British food/produce over imported foods after the Coronavirus restrictions have eased (AHDB/YouGov Tracker, August 2021)

Despite this focus, British mentions on dishes which have protein or potato as a core component (in dish name or description) are low, standing at only 1.2% according to the Lumina Intelligence Menu Tracker Autumn/Winter 2019. But desire is there, with 77% of consumers agreeing (strongly or somewhat) that they prefer buying food grown or produced in the UK.

For AHDB sectors provenance as a cue for quality could come in the form of the named geographical area they are sourced from. If able to go further and name the specific grower or farm from where they are sourced, then this would further tap into that desire to support local. And now is the time to do this as **trust in the farming industry** is high following the start of the pandemic.

## Socialisation and escapism

Eating out has become a more social experience. When asked by Lumina Intelligence what they missed most during the lockdowns, 69% of people said they wanted to go out and meet with others, followed by eating out at 67%. Combining these two areas has been popular now lockdown has been lifted, and consumers are making up for lost time.

A trend we have seen in dining is the desire to give a memorable experience. Whether it is pubs incorporating sporting experiences, bars alongside high-tech arcades or cafes giving you a taste of your favourite baking TV show, making a dining experience more of a social event has proved popular.

Example:

Sixes in London combines a pub with indoor cricket nets and virtual reality cricket activities. You can eat from their BBQ Food Menu and delicious cocktails, all while experiencing one of the world's oldest games in a whole new light. They have since expanded to other locations.

Capturing people during seasonal events remains crucial for foodservice operations. New Christmas sandwich launches remain press-worthy and one to watch. So much so that Pret A Manger relaunched their Christmas sandwich in July once lockdowns had been lifted as shoppers complained that they missed out in Christmas 2020.



Other brands have initiated deals around staycations or tastes of holiday. While there remain major events such as Christmas, Easter, Valentine's Day and Mother's and Father's Day, could foodservice operators look to expand beyond these traditional celebrations with more experiential offerings for events like Burns Night, Halloween or Pancake Day.



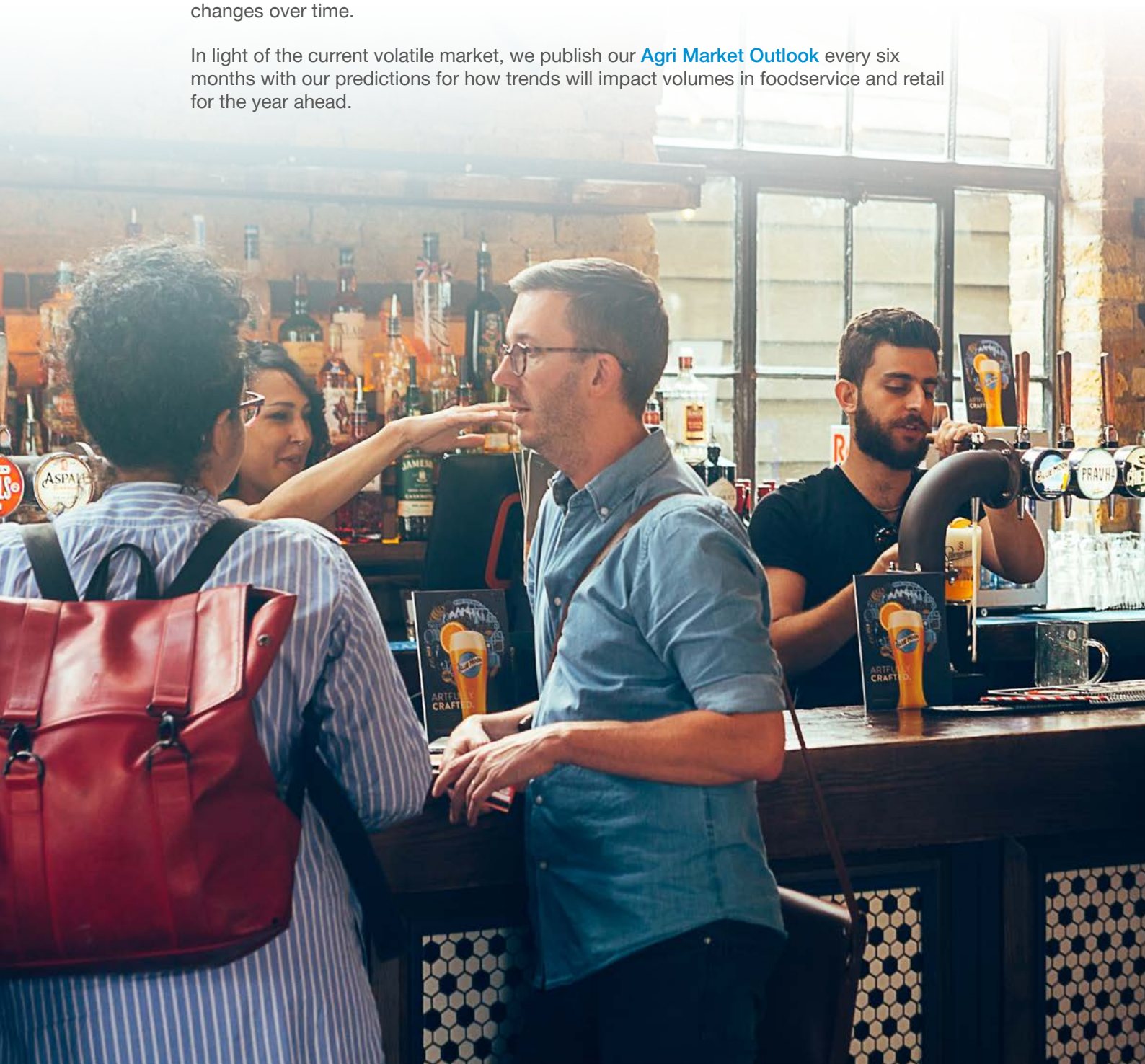
## METHODOLOGY

AHDB now partners with Kantar for foodservice data as well as retail data, so we can get a full picture of the market and can see how the closure of foodservice and extra demand on retail has affected overall volumes of red meat. Note that as we now are using a different data source to measure the foodservice market, this report is not comparable to the previous foodservice reports we have published.

Kantar's foodservice data covers the GB market and includes eating in, food-to-go, takeaways and deliveries. Foodservice figures are estimated using Kantar beef, lamb and pork dishes based on the weight of the protein in the dish not the whole meal. The model uses Kantar occasions data for meals or products, and then volumes are calculated based on the protein portion size for each meal/ product using advertised weights by brands or using the Food Standards Agency guidelines.

AHDB have launched red meat [foodservice dashboards](#) which are updated quarterly. The dashboards are designed to provide a dynamic overview of the latest foodservice market data for the last 52 weeks. It breaks down volume sales by dine in/on the go and takeaway/delivery, as well as giving growth by dish type, and allows you to see these changes over time.

In light of the current volatile market, we publish our [Agri Market Outlook](#) every six months with our predictions for how trends will impact volumes in foodservice and retail for the year ahead.





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AHDB's Retail Insight Team actively analyses retail trends, reporting on the latest sales trends and what they mean for the agricultural industry.

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## Ask the analyst

If you'd like any more information on the areas covered or have suggestions for future content, then please email us at [strategic.insight@ahdb.org.uk](mailto:strategic.insight@ahdb.org.uk)

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