EATING-OUT REVIEW

It is important that farmers, growers and processors understand their final customer and market in order to make more informed decisions. When we talk about understanding the market, this goes beyond retail and covers all avenues through which consumers consume food, including eating out, takeaway, home delivery and the public sector. The total market is worth approximately £173.3 billion, with retail contributing to 47% of this (worth £81.7 billion) and eating out 42% (worth £73.1 billion). This highlights the importance of the eating-out market in terms of value and this report focuses on understanding this category.

There is currently a clear view of volume sales in retail, but a gap in knowledge for eating out. This has led the AHDB Retail Insight team (RI), along with MCA, to estimate the volumetric size of AHDB sectors in the eating-out market. The eating-out market defined by MCA covers quick-service restaurants, full-service restaurants, contract catering and leisure/travel establishments. This allows us to understand the performance of sector products for two of the biggest consumer consumption categories, accounting for approximately 89% of the total market.
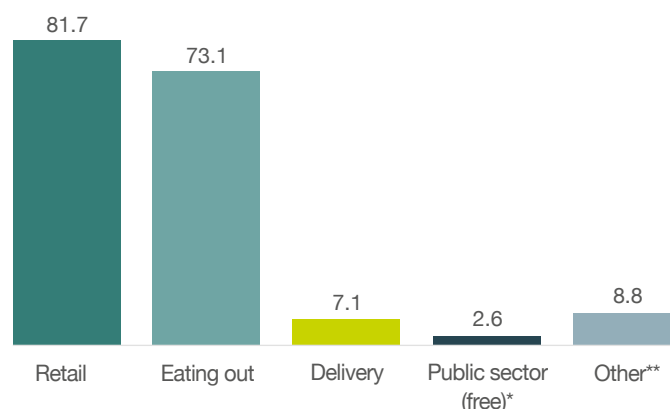

Figure 1. 2017–2018 market spend by sector (£ billion)

*Free public sector (hospitals, schools, armed forces and prisons) estimate

**Other includes under 18's, tourists and takeaways purchased and eaten at home but not delivered, paid-for public sector MCA estimate

Source: Retail – Kantar Worldpanel, Total food & drink spend, 52 weeks to 17/06/18; Eating out – MCA, Market Review Y/E June 2018; Delivery – MCA

MARKET PERFORMANCE

Year ending June 2018 saw the eating-out market implied spend fall by -3.5% and occasions -4.8%. This is solely due to the frequency of visits per month, which are down -5.5% as visitor numbers are up +0.8% (linked to population growth) and average spend +1.4%. Despite average spend increasing, this is actually driven by menu price inflation rather than consumers intentionally spending more, with the average dish price on a spring/summer menu in 2018 being +1.4% higher than in 2017 (MCA, Menu & Food Trends Report, 2018).
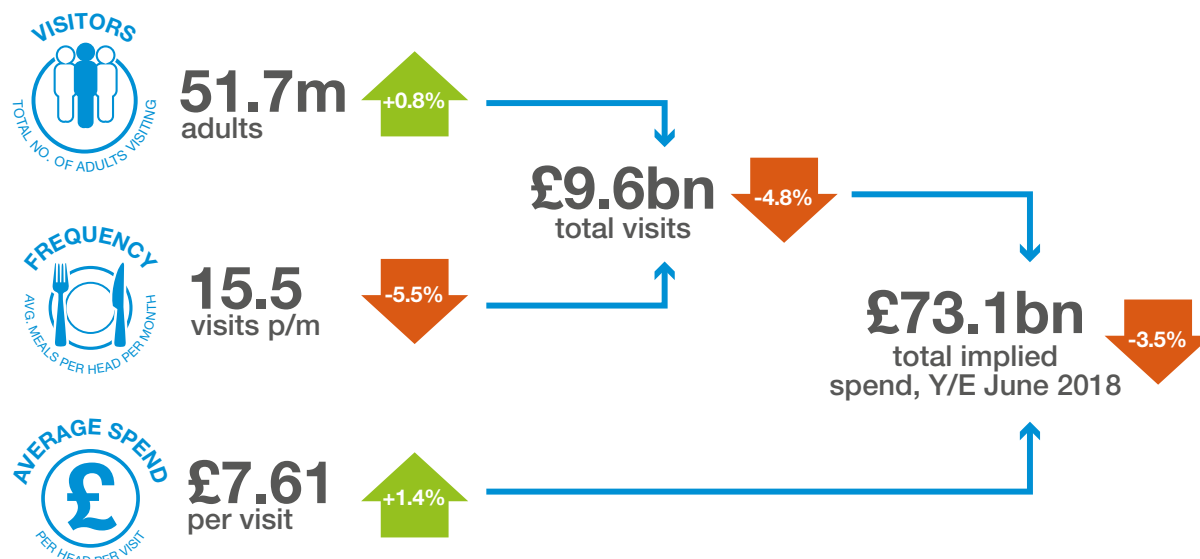
VISITORS
TOTAL NO. OF ADULTS VISITING

51.7m
adults

+0.8%

£9.6bn
total visits

-4.8%

FREQUENCY
AVG. MEALS PER HEAD PER MONTH

15.5
visits p/m

-5.5%

£73.1bn
total implied
spend, Y/E June 2018

-3.5%

AVERAGE SPEND
PER HEAD PER VISIT

£7.61
per visit

+1.4%

Figure 2. Eating-out market performance

Source: MCA/AHDB, Market Review Y/E June 2018

Consumer confidence is an important barometer for spend and it remains low in the last 12 months as uncertainty about the economic situation impacts consumers' willingness to spend, particularly on discretionary spending like eating out.

A lack of confidence has contributed to declining frequency as consumers are actively stating they are treating less, eating out less when they are feeling lazy or enforced and removing eating out from their day-to-day routine. While all day parts are seeing the declining pattern, it is dinner and snacking occasions that are seeing the biggest hit, which accounts for 55% of occasions.
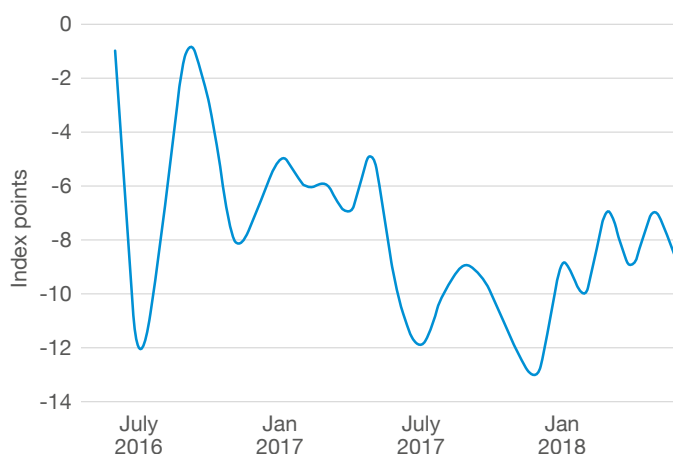

Figure 3. Consumer confidence June 2016–June 2018

Source: Tradingeconomics.com/GFK NPD UK

Treating
%

13.4

-0.5%

Lazy or
enforced
%

8.5

-0.5%

Routine
%

6.9

-0.4%

Figure 4. Consumer insight – primary reason for eating out (% share of visits & % pt. change vs two years ago)

Source: MCA, Eating Out Report Y/E March 2018

While not currently outweighing these declines, consumers are claiming to eat out more for social occasions, highlighting an area for channels to play on with communication.

CHANNEL PERFORMANCE

In terms of channel performance, there is only one channel currently bucking the market trend and increasing eating-out occasions: the sandwich retailer. The main driver of this being strengthening meal-deal offers resonating well with spend-conscious consumers. While not increasing absolute occasions, other lower-priced ticket operators (pubs, supermarkets-to-go and fast food) are declining slower than the market and therefore gaining share in eating-out occasions, again, highlighting that the value end of the market is faring better in this unstable market.

59% of eating out occasions

Quick service retail (QSR)

Occasions down 127 million (31% of market declines)

Top channels	Absolute change	% Share change
Fast food	-46m	+0.2
Coffee shops	-113m	-0.5
Supermarkets-to-go	-20m	+0.4
Sandwich retailers	+99m	+1.3

30% of eating out occasions

Full-service restaurant

Occasions down 110 million (27% of market declines)

Top channels	Absolute change	% Share change
Pubs	-5m	+0.5
Independents	-58m	-0.2
Chains	-16m	0
Fine dining	-31m	-0.3

5% of eating out occasions

Contract catering

Occasions down 86 million (21% of market declines)

Top channels	Absolute change	% Share change
Workplace	-65m	-0.5
Education	-21m	-0.1

Figure 5. Eating-out channel performance

Source: MCA/AHDB, Market Review Y/E June 2018
(Missing 6% is leisure, travel and other)

AHDB SECTOR PERFORMANCE

Beef

Beef sales volumes in the eating-out market have decreased by -7.4% in the year to June 2018. This is a faster decline than seen in retail where volumes were down -0.2%.
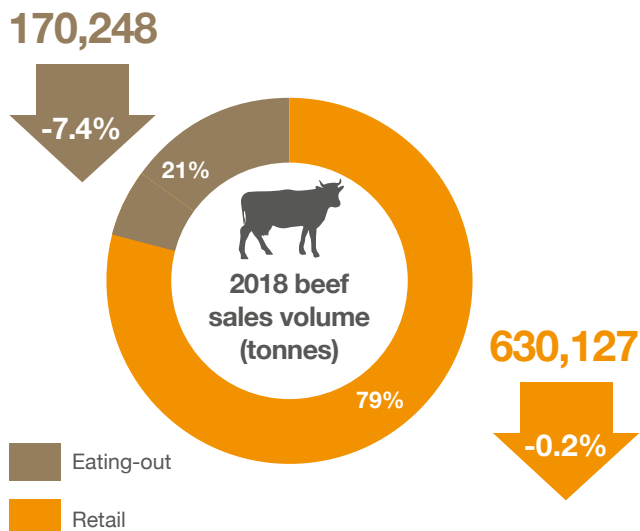
170,248

-7.4%

21%

2018 beef sales volume (tonnes)

79%

630,127

-0.2%

■ Eating-out

■ Retail

Figure 6. Retail and eating-out performance – beef

Source: Eating out – MCA Eating Out Report*; Retail – Kantar Worldpanel Y/E June 2018 vs previous year.

*Eating-out volumes are calculated estimates and not actuals, so the data should be best used as a guide and to observe trends over time.

For the eating-out market, the decline in tonnage for beef is the equivalent of 122 million fewer beef-based occasions, year ending June 2018. This is a decline of -6.6% in occasions, compared with the total eating-out market at -4.8%.

Beef occasions account for 29% of all protein occasions, with beef having a relatively even split across lunch, dinner and snacking day parts (around 1/3 each). Driving the declines are all day parts, apart from snacking, where beef is growing. Both QSR and full service are in decline but QSR much slower at -3% versus -10%.

When looking at dishes, this helps to explain the day part and channel performance. Burgers are the biggest beef dish, accounting for 39% of beef occasions. Burgers are seeing a growth in occasions of +1% (the equivalent of 8.65 million more beef burger occasions, year ending June 18), which is strong considering the market decline. The positive performance seen for snacking at a total beef level is driven by burgers as they are the second biggest beef snack behind a sandwich, accounting for 36% of beef-snacking occasions and growing +18%. Burgers also grew in dinner occasions by +3%, slowing the total beef decline for this day part considerably. Burgers overtrade in QSR, accounting for 67% of burger occasions and growing by +3%, driven by fast-food establishments and street-food vendors. For full service, the performance of burgers is relatively stable at -1% as declines for chain restaurants are compensated by increases for pub restaurants which are expanding their ranges of gourmet burgers.

Figure 7. (Left to right – Joe's Southern Table 'avocado bun burger', Dirty Burger 'mac daddy', Honest Burger 'meat and potatoes', Riding House Café 'eggs Benedict burger', Roast 'roast dinner burger')

Other top dishes therefore contribute significantly to the overall negative performance for beef, with the second biggest beef dish of bread-based seeing a decline in occasions of -12% and the third biggest, steak, seeing a decline of -13%. Together they account for 27% of beef occasions and have lost 64.9 million eating-out occasions in the last year, outweighing the positive story for burgers.

What can be learnt from burgers is the importance of innovation for dishes, with the range of burgers on offer becoming more adventurous and flavoursome, making them highly 'instagrammable' in this social media age (Figure 7). They benefit from multi-channel menu appeal, being good for value and convenience but also premium offerings. Other protein-based dishes, even if they are more traditional, have the opportunity to stand out more on a menu if they revolutionise like the burger.

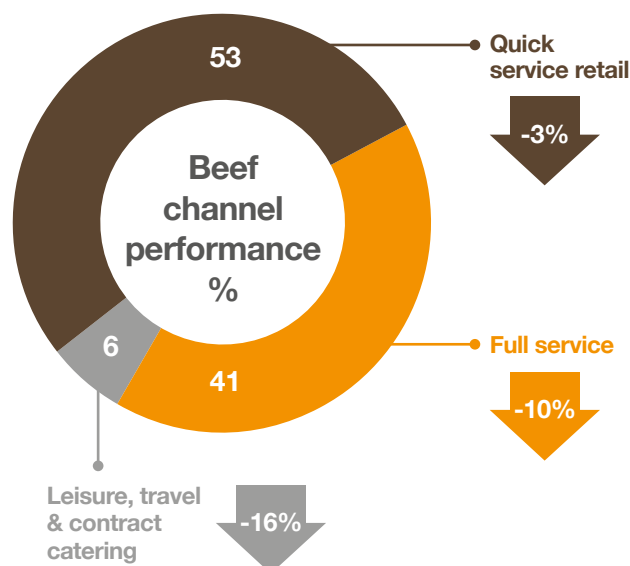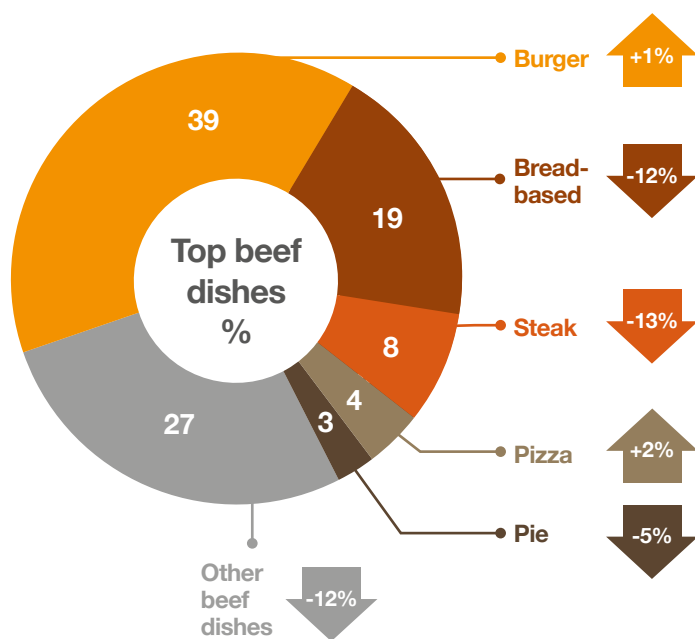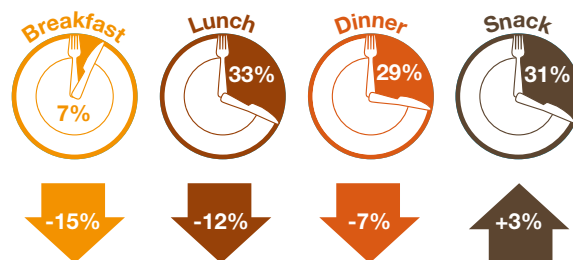**29%** of dishes that contain meat are beef based **-6.6%**

Breakfast 7% **-15%** **Lunch** 33% **-12%** **Dinner** 29% **-7%** **Snack** 31% **+3%**

Top beef dishes %

- 39
- 19
- 8
- 3
- 4
- 27

Burger **+1%**
Bread-based **-12%**
Steak **-13%**
Pizza **+2%**
Pie **-5%**
Other beef dishes **-12%**

Beef channel performance %

- 53
- 41
- 6

Quick service retail **-3%**
Full service **-10%**
Leisure, travel & contract catering **-16%**

Figure 8. Occasion analysis by day part, channel and top dishes, Y/E June 2017 vs June 2018, share & % change

Lamb

Lamb sales volumes in the eating-out market have decreased by -14.7% in the year to June 2018. This is a faster decline than seen in retail where volumes were down -7.3%.
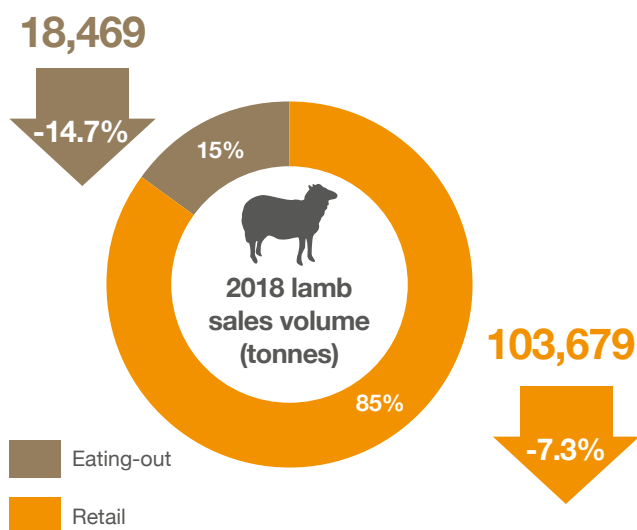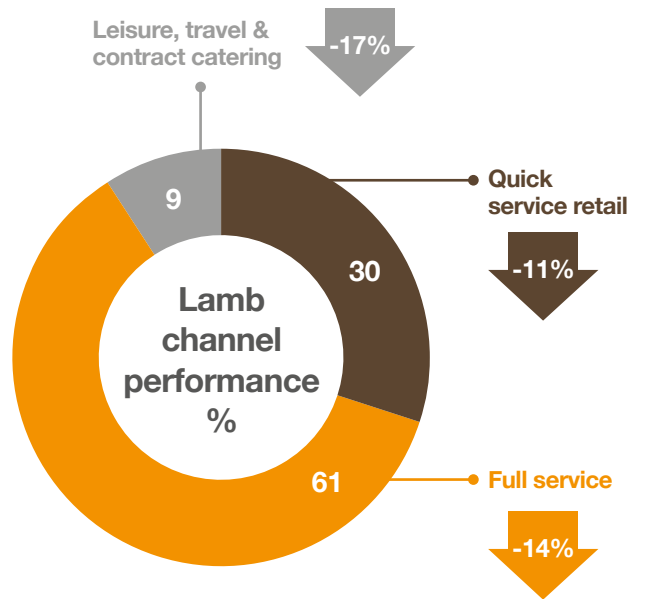

18,469

-14.7%

15%

2018 lamb sales volume (tonnes)

85%

103,679

-7.3%

■ Eating-out

■ Retail

Figure 9. Retail and eating-out performance – lamb

Source: Eating out – MCA Eating Out Report*; Retail – Kantar Worldpanel Y/E June 2018 vs previous year.

*Eating-out volumes are calculated estimates and not actuals, so the data should be best used as a guide and to observe trends over time.

For the eating-out market, the decline in tonnage for lamb is the equivalent of 26 million fewer lamb-based occasions, year ending June 2018. This is a decline of -13.8% in occasions, compared with the total eating-out market at -4.8%. Lamb occasions account for only 3% of all protein occasions, with lamb being very dependent on high ticket instances as the majority of its trade comes from dinner (46%) and full service restaurants (61%). Two day parts are driving 98% of the declines, which are lunch and dinner, and both QSR and full service are in double-digit decline (-11% and -14% respectively).

In terms of dishes out of the top five, which account for 52% of lamb occasions, all are in decline. The biggest is curry which is declining by -2%, second is bread-based at -11% and third is roast at -29%. The slower decline for curry is actually driven by the trend for contemporary Indian rather than the more traditional Indian restaurants, which see a negative performance. The consumer need for more world cuisines is reflected not only in the smaller lamb dishes which are growing occasions (moussaka and noodles/ramen) but also in the wider category.

World cuisines provide an opportunity for not only lamb but all proteins. While British is the most popular cuisine in the UK (54.6% of occasions), it is losing share (-0.5%) to others. Growing share (besides American burgers and contemporary Indian already mentioned) is Portuguese and Middle Eastern, both providing opportunities for various proteins and cuts. Traditional Portuguese dishes include meat stews and roast suckling pig, with London's leading Portuguese chef Nuno Mendes recently opening Mãos Portuguese fine dining restaurant in Shoreditch. Middle Eastern includes Lebanese, Arabic and Iranian, all of which are growing in doors across the country. Offerings include meze, grills and kebabs, with Le Bab in Carnaby Street specialising in modernising the ancient kebab dish. In the future, we could expect to see a trend towards West African, Venezuelan and Peruvian. To find out more, please see the 'World Cup cuisines' report **ahdb.org.uk/news/british-dishes-kick-off-world-cup-with-top-spot**

Figure 10. Le Bab modern gourmet kebab restaurant

Source: lebab.eatlebab.com

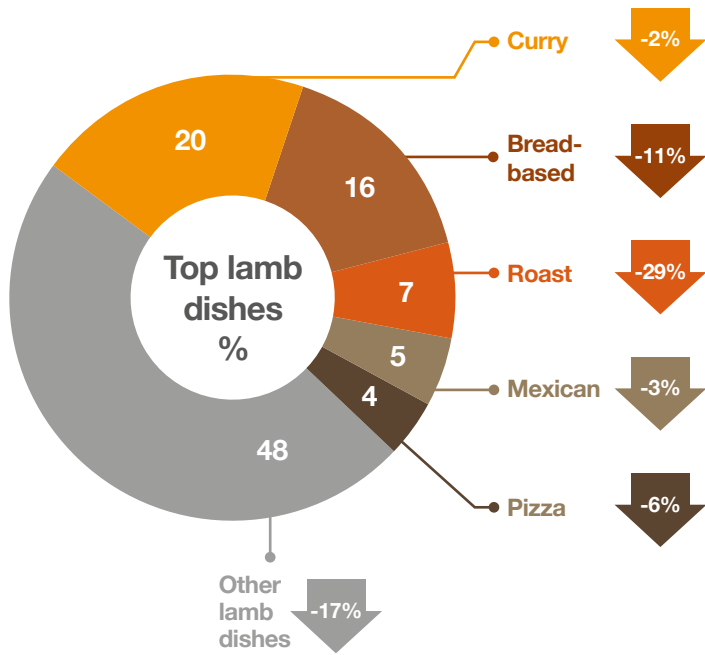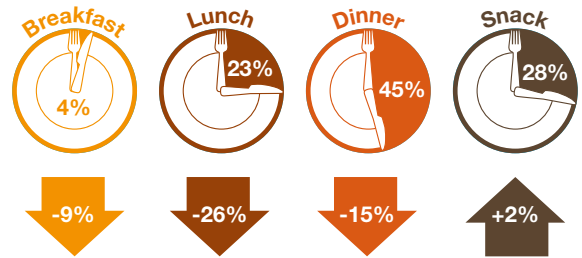**3%** of dishes that contain meat are lamb based

-13.8%

Breakfast 4% **-9%**

Lunch 23% **-26%**

Dinner 45% **-15%**

Snack 28% **+2%**

Top lamb dishes %

- 20
- 16
- 7
- 5
- 4
- 48

Curry **-2%**

Bread-based **-11%**

Roast **-29%**

Mexican **-3%**

Pizza **-6%**

Other lamb dishes **-17%**

Lamb channel performance %

- 9
- 30
- 61

Leisure, travel & contract catering **-17%**

Quick service retail **-11%**

Full service **-14%**

Figure 11. Occasion analysis by day part, channel and top dishes, Y/E June 2017 vs June 2018, share & % change
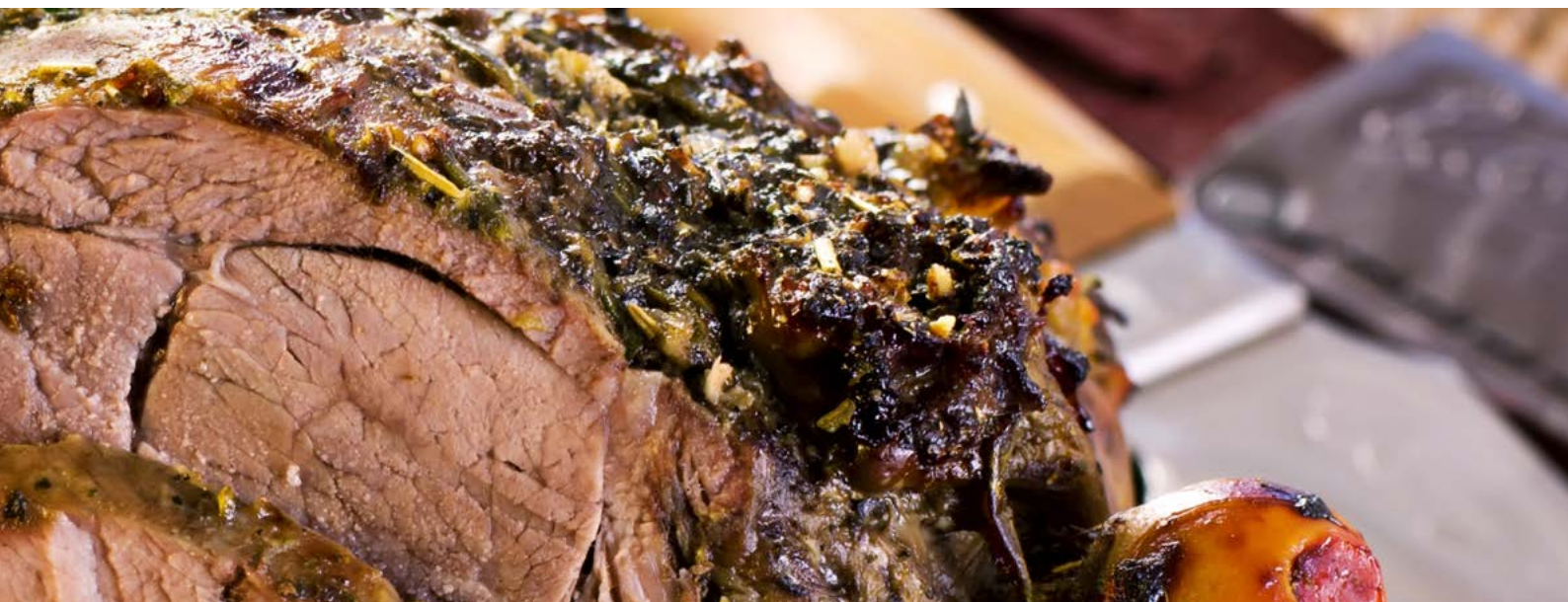
Pork

Pork sales volumes in the eating-out market have decreased by -7.4% in the year to June 2018. This is the opposite of the retail market where volumes were up +0.8%.
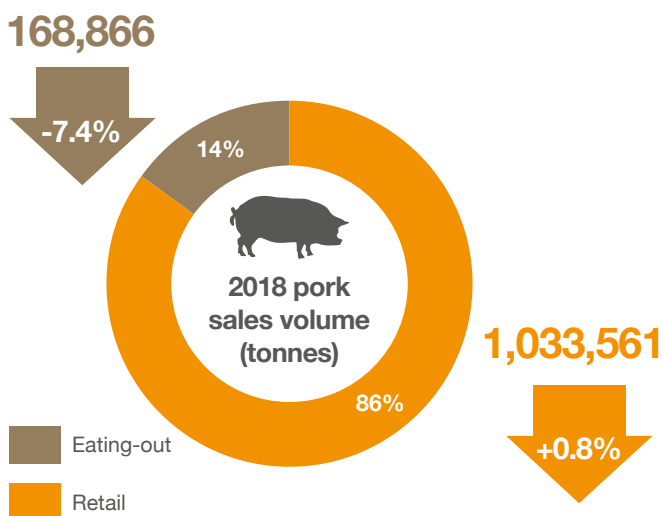
168,866

-7.4%

14%

86%

2018 pork sales volume (tonnes)

1,033,561

+0.8%

Eating-out

Retail

Figure 12. Retail and eating-out performance – pork

Source: Eating out – MCA Eating Out Report; Retail – Kantar Worldpanel Y/E June 2018 vs previous year

*Eating-out volumes are calculated estimates and not actuals, so the data should be best used as a guide and to observe trends over time

Figure 13. (Left to right – Caravan 'chorizo shakshuka', Dishoom 'sausage naan wrap', The Wolseley 'eggs Benedict')

For the eating-out market, the decline in pork tonnage is the equivalent of 150 million fewer pork-based occasions, year ending June 2018. This is a decline of -7.1% in occasions, compared with the total eating-out market at -4.8%.

Pork occasions account for 33% of all protein occasions, with pork overtrading at breakfast (38% of occasions) due to sausages. This is at the expense of dinner, which only accounts for 10% of pork occasions. All day parts and both channels are declining. Declining slowest is snacking and QSR, both at -4%.

In terms of dishes, the slower decline for snacking and QSR is due to the third biggest pork dish of sausage rolls, which are actually in growth at +2% (3.6 million more occasions, year ending June 18), driven by sandwich retailers and supermarkets-to-go. The biggest pork-based dish is the full English breakfast, which accounts for 16% of pork occasions and is in decline by -6% (21.3 million less occasions, year ending June 18). Despite this, other bacon- and sausage-based breakfast dishes are growing but not compensating (4.5 million more occasions, year ending June 18). This is because consumers are experimenting more with non-traditional breakfast and brunch dishes which still include pork staples.

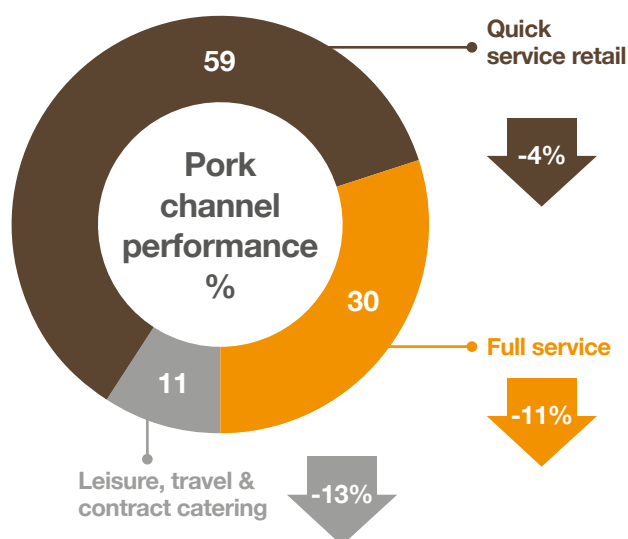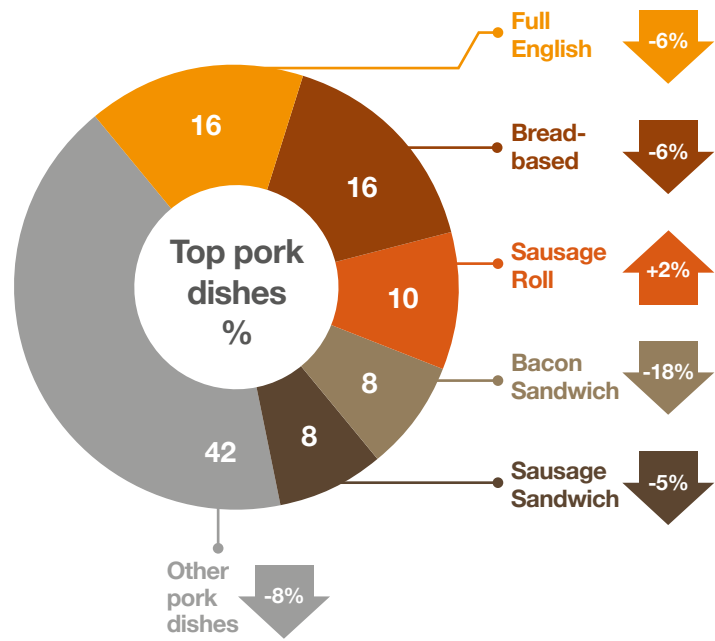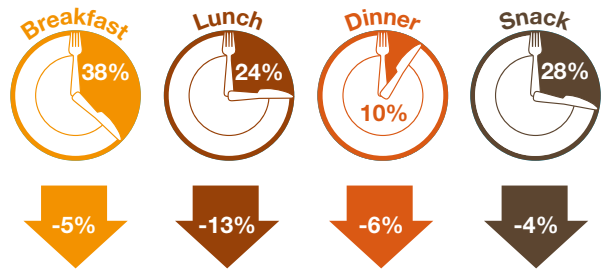# 33% of dishes that contain meat are pork based

-7.1%

Breakfast 38% -5%
Lunch 24% -13%
Dinner 10% -6%
Snack 28% -4%

Top pork dishes %

- Full English 16 -6%
- Bread-based 16 -6%
- Sausage Roll 10 +2%
- Bacon Sandwich 8 -18%
- Sausage Sandwich 8 -5%
- Other pork dishes 42 -8%

Pork channel performance %

- Quick service retail 59 -4%
- Full service 30 -11%
- Leisure, travel & contract catering 11 -13%

Figure 14. Occasion analysis by day part, channel and top dishes, Y/E June 2017 vs June 2018, share & % change.

Contributing most to the decline of pork dishes is bread-based, which includes bacon, sausage and meat and accounts for 38% of pork dishes. Together they are in decline by -10.4%, the equivalent of 85.6 million less bread-based pork occasions, year ending June 18. Contributing significantly to this is pulled pork which had a surge in eating-out occasions during 2016/17 but is a trend that has peaked and is now being anniversarised (an example where continuous innovation was needed).

An opportunity area for pork, and other proteins, is with descriptive words on menus. Descriptive terms are commonly applied to encourage, excite and tempt consumers to choose a dish. Top descriptors on menus are 'fresh', 'crispy', 'classic' and 'green'. One area proteins could benefit from is with referencing origin. Currently, the word 'British' features on 2% of menus (MCA Menu Tracker, 2016–2018) versus the top descriptor of 'fresh' at 8%. In terms of protein dishes, for pork 4% reference British and the majority of this is linked to sausages. For beef it is 7% and lamb it is 2%. Encouraging communication around provenance may be an effective way to enhance an offering, as 54% of fresh-meat buyers claim that British or local helps identify a product as higher quality (IGD ShopperVista, June 16). If sourcing cannot be used, other descriptive words relating to the protein in the dish will be beneficial.
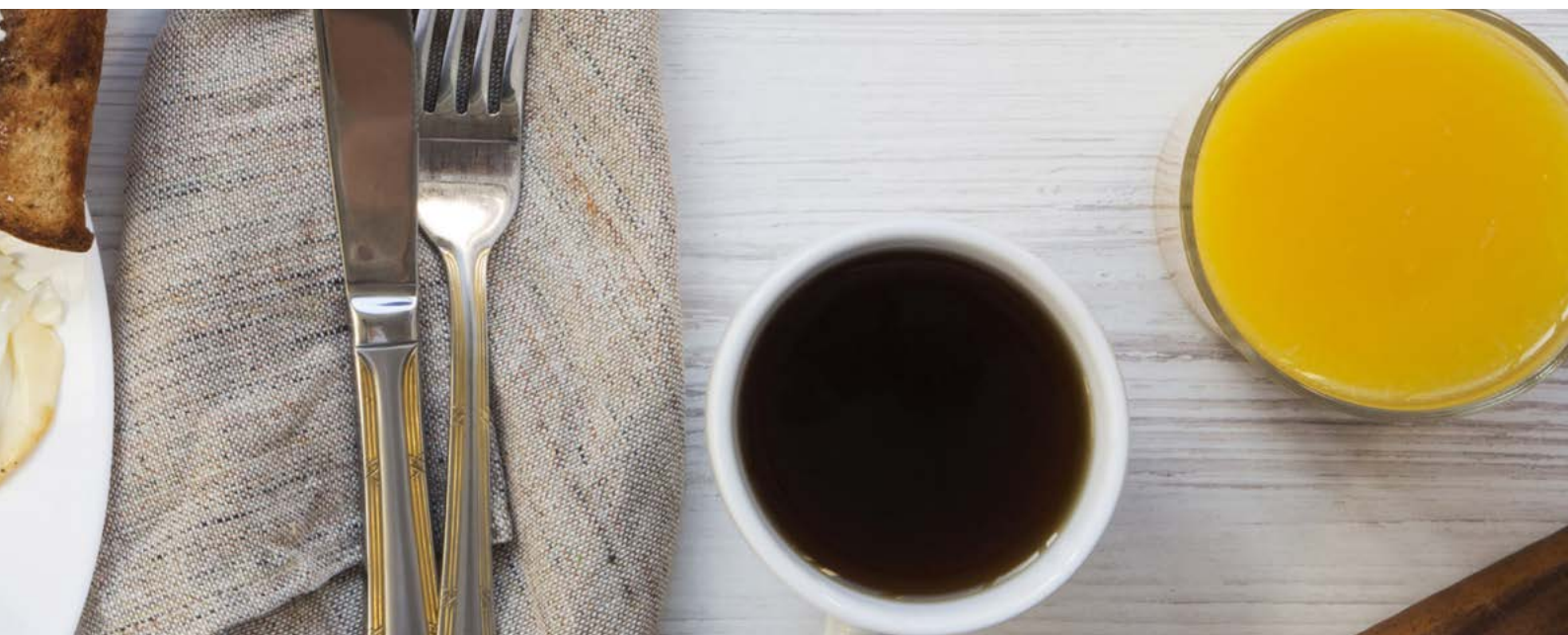
TRENDS

So far, we have seen a decline in people choosing pork, lamb and beef options when eating out. This implies other categories are faring better. When looking at what is being offered on menus, using the MCA Menu Tracker, the share of pork and poultry dishes is losing space on menus to beef (burgers) and vegetarian dishes. The number of vegetarian and vegan dishes on menus has increased over the past three years, through introducing innovative vegan and vegetarian alternatives for a number of typical meat dishes. This highlights the need for meat dishes to innovate in order to stand out on menus.

The growth in demand for plant-based diets, discussed in 'The rise of plant-based food products' report **ahdb.org.uk/knowledge-library/consumer-focus-the-rise-of-plant-based-food-products-and-implications-for-meat-and-dairy** highlights that it is not necessarily being driven by those who are vegan or vegetarian, who make up 2% and 7% of the population, respectively, but by those cutting down on meat consumption for health reasons, known as flexitarians. Therefore, an area of focus in eating-out establishments should be on ensuring consumers understand the health benefits of meat-based dishes.
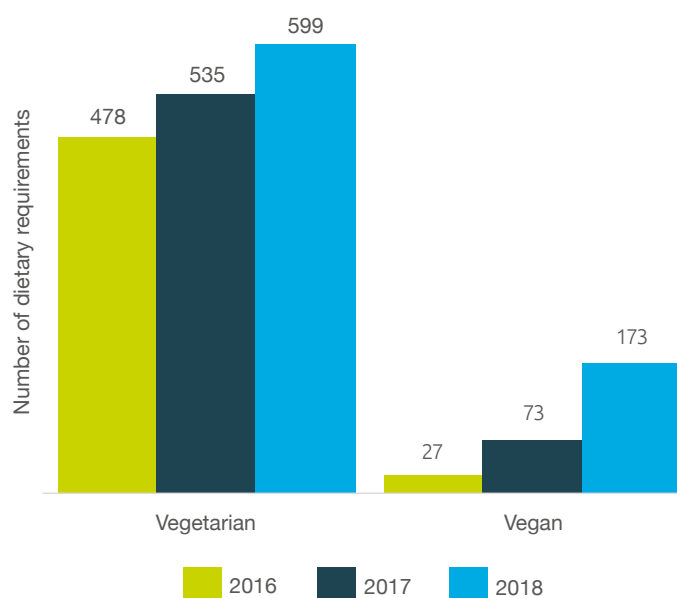

Figure 15. Number of dietary requirements flagged on menus, spring/summer 16 vs 17 vs 18

Source: MCA, Menu Food Trend Report 2018 (based on consistent set of 31 leading chains)

Figure 16. Left to right – 'What the pitta' vegan doner kebab, 'Vurger Co' vegan burger, 'Wagamama' vegan katsu curry, 'Dear Pizza' vegan pizza & 'The Gallery Café' vegan full English

OPPORTUNITIES FOR AHDB SECTORS IN THE EATING-OUT MARKET

The eating-out market is challenging at present, particularly for protein. However, MCA are predicting an acceleration in consumer spending from 2019 and a modest growth acceleration for the total foodservice market, with the current turnover rate at +1.5% (slowest rate in five years) increasing to +2% by 2021 (MCA, Eating Out Report, 2018). As the market starts to recover, we need to ensure protein follows the same trend. The opportunities for AHDB protein sectors have been discussed throughout but are summarised below:

1. Continuously innovate dishes (even traditional ones) to make them stand out on menus.

2. Encourage dish experimentation, to include trending world cuisines and dishes utilising different proteins and cuts.

3. Employ descriptive words on menus to excite. An opportunity for protein could be with provenance and welfare sourcing.

4. Continue to educate on health and well-being of AHDB protein sectors.

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Kim works within the Retail Insight team at AHDB and has a number of years of experience analysing retail data as well as tracking consumer shopping habits and market trends. Her current role at AHDB focuses on understanding the performance and trends in retail and foodservice to inform and inspire in a rapidly changing market. To complement this, the Retail Insight team works closely with the Consumer Insight team which tracks, monitors and evaluates consumer attitudes and consumption patterns.

AHDB's Consumer Insight team actively tracks, monitors and evaluates consumer behaviour, reporting on the latest consumer trends and picking out what they mean for the industry and agriculture.

Read more on consumer trends on our website **ahdb.org.uk/retail-and-consumer-insight** Follow @TheAHDB on Twitter and Facebook, to be alerted to articles as soon as they're published. Or sign up by dropping us an email: **strategic.insight@ahdb.org.uk**

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**

Retail figures have been calculated from Kantar Worldpanel data and include: primary, added value, chilled main meal accompaniments, ready-to-cook and ready meals for beef, lamb and pork, which are based on whole-meal weights. Eating-out figures are based on MCA beef, lamb and pork categories based on the weight of the protein in the dish not the whole meal. The model uses MCA 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.

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