CONSUMER INSIGHTS

November 2019

EATING-OUT REVIEW 2019

Consumers' spend on eating out is almost equal to that spent on food and drink in retail. Though volumes through foodservice are smaller, higher ticket prices greatly increase its value. It is therefore crucial to understand trends in foodservice and how they affect your sector. Not only does foodservice inject value into food and drink, but new food trends often begin out of home, before filtering through to consumers' grocery shopping and cooking habits.

AHDB has partnered with MCA to estimate the volume of red meat consumed in the eating-out market and, this year, added a section on potatoes and their performance in foodservice. MCA defines the eating-out market as quick-service restaurants (QSR), full-service restaurants, contract catering and leisure/travel establishments.

The eating-out market returned to growth in the year to June 2019, but continues to face a difficult trading environment. However, foodservice is resilient and, despite subdued consumer confidence, we remain social beings with busy lifestyles and an appetite for trying new cuisines. A strong year for domestic tourism has helped to drive demand, while investment in experience and menu development has helped to spur interest. However, the eating-out market is facing growing competition from food delivery, as well as increased costs of food and staffing.

Conscious consumption is an emerging trend; consumer interest in the environment, health and provenance is growing and food is under particular scrutiny. The public is becoming more engaged with food production practices and understanding the impact of their choices on the environment, society and their personal health.

OPPORTUNITIES FOR AHDB SECTORS

1. Employ descriptors of provenance to reassure customers on the quality of meat proteins
2. Seek global inspiration for red meat dishes to appeal to adventurous palates and utilise a greater variety of cuts
3. Focus on the health benefits of red meat and potato dishes and pair with plenty of vegetables

MARKET PERFORMANCE

Implied spend in the eating-out market was up by 5.7% in the year ending June 2019. This was mostly driven by an increase in the average spend per head, which now stands at £7.89 – up by 3.8% from the previous year. Menu price inflation contributed, with same-line dishes on spring/summer menus in 2019 costing 1.7% more than in spring/summer 2018.

The frequency of visits grew too, to 15.7 visits per head per month. Millennials have boosted eating-out frequency, with 25–34 year olds now making an average of 27.8 visits to foodservice outlets per month. This group also saw the biggest growth in spend per head per visit – up by 11.5% year-on-year, although over 65s still spend the most at £9.34 per head per visit.

Frequency gains have been seen at all parts of the day, except for lunch. Breakfast, which accounts for 16.5% of eating-out occasions, saw the strongest growth (+5% visits), with the average person eating out for breakfast 2.6 times in a month. Lunch visits (27.7% of eating-out occasions) declined by 3%. Dinner occasions grew by 3%; now accounting for 16.0% of eating-out occasions. Snacking, which has the largest share of occasions (39.8%), grew by 2%, although spend per snacking occasion is generally lower than other day-parts.

Outside the eating-out market, food delivery continues to grow strongly, driven by improvements in technology and access. Third party providers like Deliveroo enable restaurants to outsource the logistics of delivery, thus rapidly expanding the pool of foodservice establishments able to offer this service. There are, however, reputational issues relating to the standard of participating restaurants and the treatment of delivery bikers in the gig economy.

In 2018, food delivery was worth £8.1 billion and accounted for 7.8% of the foodservice market – up from 7.0% in the previous year. Delivery is most popular with younger customers: 18–34-year-olds make up only 28% of the population, but are responsible for 48% of spend on food delivery, ordering takeaways on average 2.56 times a month.

Consumer confidence has remained stubbornly low, with real wages still below the levels recorded before the 2008 financial crash. However, wage growth reached an 11-year high in the year to June and the employment rate also reached record levels. Consumer confidence is an important barometer for spend and, while confidence has been low, casual and value-led outlets have performed better than formal and more expensive foodservice options. The use of promotions has also increased across all day-parts, although usage at dinner is highest.

The reasons for using foodservice have not changed significantly: having a treat or socialising with friends and family remain the most important types of mission. However, we have seen a decline in routine visits across all day-parts as people try to save money.

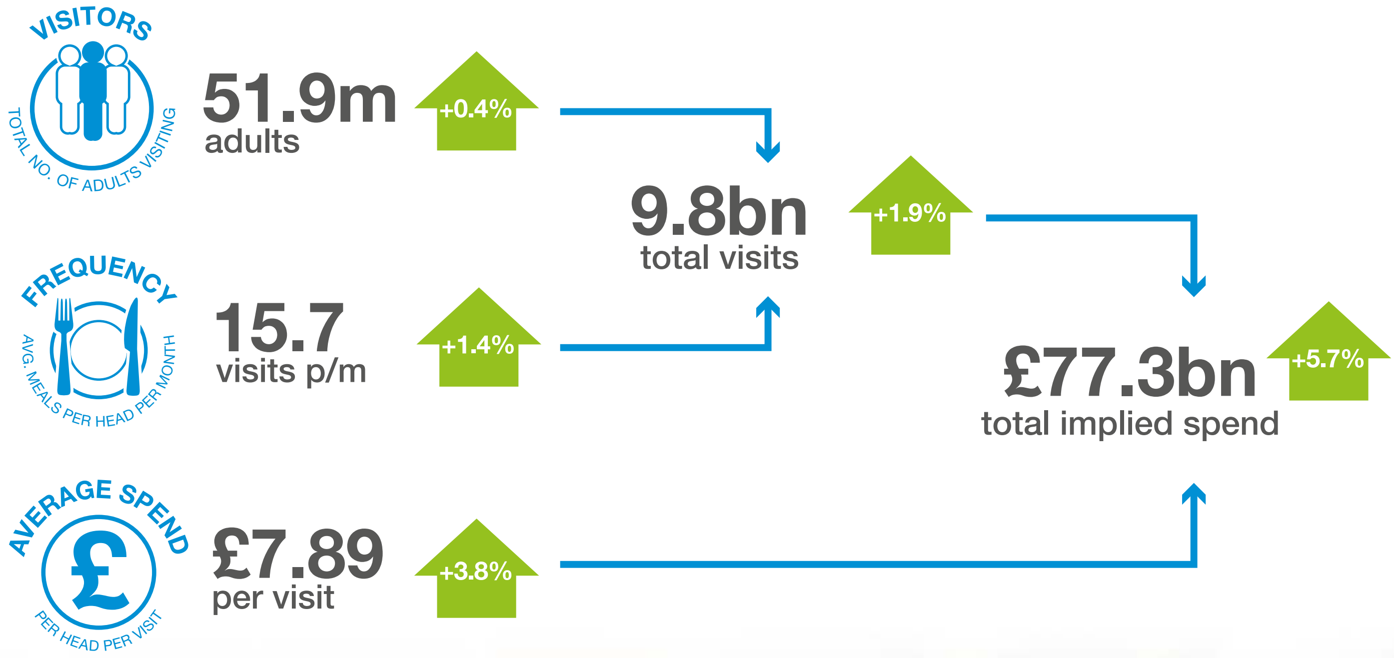


Figure 1. Eating-out market performance

Source: MCA/AHDB, Market Review Y/E June 2019 vs Y/E June 2018.

CHANNEL PERFORMANCE

The strongest performing channel in the year to June 2019 was coffee shops. These grew in number of occasions by 180m on the previous year, benefiting from the growth in the frequency of breakfast being consumed out of home by offering a variety of morning options. Value-led and convenience outlets have generally performed well, with fast food outlets and sandwich retailers also growing occasions, capitalising on the growing food-to-go trend.

The importance of promotions has increased, with 16% of diners using a promotional offer on their last visit.

Workplace occasions have fallen by 25m in the year to June 2019, tied in with the decline in routine lunch occasions. We have seen a resurgence in the number of lunchboxes being prepared – particularly using leftovers – as consumers try to save money and reduce waste.

Quick service restaurant (QSR)

Occasions up 213m

Top channels	Absolute change (m)	% Share change
Fast food	+35	+0.1
Coffee shops	+180	+1.6
Supermarkets-to-go	-8	-0.3
Sandwich retailers	+26	+0.1

Full-service restaurant

Occasions down 1m

Top channels	Absolute change (m)	% Share change
Pubs	+27	0.0
Independents	-29	-0.5
Chains	+18	+0.1
Fine dining	-17	-0.2

Contract catering

Occasions down 17m

Top channels	Absolute change (m)	% Share change
Workplace	-25	-0.3
Education	+8	+0.1

Figure 2. Eating-out channel performance

Source: MCA/AHDB, Market Review Y/E June 2019
(Missing 6% is leisure, travel and other)


CABOOSE
Specials
HALLOUMI BURGER
5. HALLOUMI FRIES
WITH HOT SAUCE
3. CAJUN CURLY FRIES
BABY-BACK RIBS
FAT CONTROLLER
THE DERAILER

TRENDS

One of the biggest trends we have seen in the last year is the rise in conscious consumption. It is no longer sufficient for food to just taste good – it must also now do good.

Food has come under particular scrutiny and there are several fronts on which its reputation must be defended. When asked to rank the most important sustainability issues that they thought companies should be tackling, consumers ranked plastic first (31%), followed by climate change (16%) and food waste (13%). Slave labour came fourth, only just beating animal welfare (HIM).

The focus on plastic use illustrates how quickly consumer opinion can shift – and how rapidly the food sector must respond. Addressing these factors head on and shoring up trust in the food we consume is key to reassuring customers about their choices. Thankfully, trust in British food production is high (see **ahdb.org.uk/trust2019**) and descriptors of UK provenance are used to convey premium quality, safety and assurance.

Environment

Interest in the environmental impact of food has rocketed over the last year and foodservice operators have taken note. Fourteen per cent of consumers say they are very likely to select a venue based on its sustainability credentials (42% somewhat likely).

This is being played out in foodservice in several ways – the most obvious being that several big players have phased out single-use plastics. McDonald's has replaced plastic straws with paper ones and, this year, announced changes to its salad bowls and McFlurry packaging, which means all of its main meals and side options will be served in cardboard packaging. Burger King will no longer be offering plastic toys with its kids' meals. Packaging adjustments will typically affect food-to-go and fast food outlets more, as key users of single-use plastics.

Restaurants are displaying sustainability credentials in other ways to enhance their reputation. Descriptors such as 'ethically sourced', 'seasonal' and 'sustainable' are applied to indicate responsible sourcing.

The Waste and Resources Action Programme (WRAP) has identified foodservice as a key source of food waste, which – although currently lower in profile than other issues – may gain more focus as consumers' understanding of sustainability becomes more sophisticated. Food waste reduction strategies may include the use of more unusual cuts of meat, allowing diners more control over portion size or experimenting with new formats. An example of a new format is KFC's new skin-on fries, which were advertised as reducing wasted potato peelings. Wagamama now claims to divert food waste to anaerobic digesters to produce green energy.

The Sustainable Restaurant Association was founded in 2010 and aims to provide a standardised framework for assessing the sustainability of foodservice establishments. The framework rates against three criteria: sourcing, society and the environment and awards its members with a star rating. One of the ten key themes in the SRA's framework is 'Serve More Veg and Better Meat'.

Health

Awareness is growing about how personal decisions affect our health and wellbeing. Health is a trend seen across food and drink and foodservice is no exception: new product development is being driven by healthier, plant-based dishes. Menu items flagged as being low calorie have increased year-on-year, according to MCA's menu tracker. The top 10 restaurants considered to be 'healthier' by MCA have seen growth above 7% year-on-year, adding £61m in value. Chains including McDonald's and JD Wetherspoon now display calorie counts for every dish on their menus, while others like Wagamama, Pizza Express and Hungry Horse highlight dishes that are under a certain calorie limit.

According to AHDB's consumer attitudes tracker, consumers are struggling to view red meat as a healthy option. Therefore, to be picked by consumers seeking a healthy eating-out occasion, beef, lamb and pork sectors need to work twice as hard. Strategies such as placing these meats on plates that are well balanced with vegetables, or using descriptors of lean cuts may help to address health concerns and fit in with more flexitarian diets. However, it is important to remember that many foodservice visits are driven by the desire for a treat, or to celebrate a special occasion, so these occasions will still be suitable for more indulgent dishes.

For more information about attitudes towards health see **ahdb.org.uk/health2019**

Provenance

Consumers are more engaged than ever with the quality and origin of their food. Menu descriptors, including the place of origin of ingredients, help to reassure customers of food quality and authenticity. Twenty-nine per cent of consumers agree that operators should put a greater focus on locally sourced products.

The number of dishes that are described on menus with references to British regions has increased; for example, 'Wiltshire ham'. Dishes with components described as British have the largest share, with 116 recorded by MCA's Menu Tracker – up from 102 last year (autumn/winter 2018 vs autumn/winter 2017). Those described as 'English' and 'from Yorkshire' have grown particularly strongly. Some regional descriptors are particularly associated with higher priced dishes, lending a premium feel to the plate.

At the moment, only 3% of menus mention provenance, so for brands and dishes that wish to communicate credentials of quality, sustainability and authenticity, there is significant room for improvement.

Asian salad of steak, cucumbers and carrots, dressed with mint and peanuts

AHDB SECTOR PERFORMANCE

Beef

Beef sales volumes in the eating-out market have declined by 5.5% in the year to June 2019. This is faster than was seen in the retail market, where tonnages were down by 2.1%.

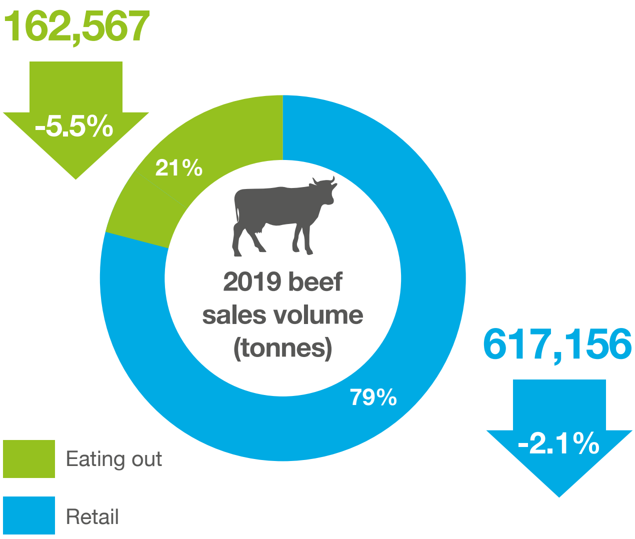


Figure 3. Retail and eating-out performance – beef

Source: MCA Eating Out Report year ending June 2019. Retail: Kantar year ending 16 June 2019 vs previous year. Eating-out volumes are estimates, based on occasion data. The volume data should be used as a guide and to observe trends over time

There were 1.67bn servings of beef dishes in the eating-out market in the year to June 2019. This is a decline of 95m servings, or –5.4%, year-on-year. In the total eating-out market, however, servings grew by 1.9%.

Beef has seen its share of meat protein occasions fall to 28% – down from 29% in the previous year. Most servings have been lost from the lunch meal, when 32% of beef servings are consumed. Snacking (31% of beef occasions) has also seen losses, while dinner (30%) remains stable. All channel types have seen losses of beef occasions. QSR and full-service dining together account for 94% of beef occasions; losses in these channels amounted to 84m in the year to June 2019.

Burgers are the most frequently eaten beef dish in the eating-out market and reached 675m servings over the year to June 2018. However, the burger trend seems to have peaked: in the following year, servings fell to 631m – a decline of 7%. Most burgers are consumed in QSR, accounting for 67% of occasions: losses here amounted to 27m servings – a decline of 6% year-on-year. Beef burgers sold through full-service channels also declined significantly – down 8% on the year. Together, burgers in QSR and full-service account for 45% of servings losses for beef over the year to June 2019.

The next biggest decline was in beef sandwiches, which fell by 6% year-on-year to 328m servings. Most losses came from QSR, where sandwich retailers – despite growing overall occasions – saw a beef sandwich occasion loss of 8%.

Steak also performed weakly, with servings declining by 11% year-on-year. Most servings of steak are sold in full-service channels – particularly pubs, which account for 67% of steak servings. Steak servings in pubs were down by 11% year-on-year – an occasion loss of 9m. There are opportunities for steak to be served in more creative ways; for example, using them in world cuisines.

Though the overall picture for beef is poor, some dishes have seen strong growth. These tend to be less traditional and reflect our increasing desire for world cuisines. The beef dish that grew the most in popularity was the quesadilla, which added 4m servings year-on-year – an increase of 91%. South American food is experiencing interest at the moment, with Peruvian food a key trend last year. Chains such as Wahaca and Las Iguanas are introducing British diners to more ‘authentic’ food from Latin America, with fresh and colourful plates.

Mexican steak tacos

Korean bulgogi beef with ssamjang sauce, served with lettuce leaves

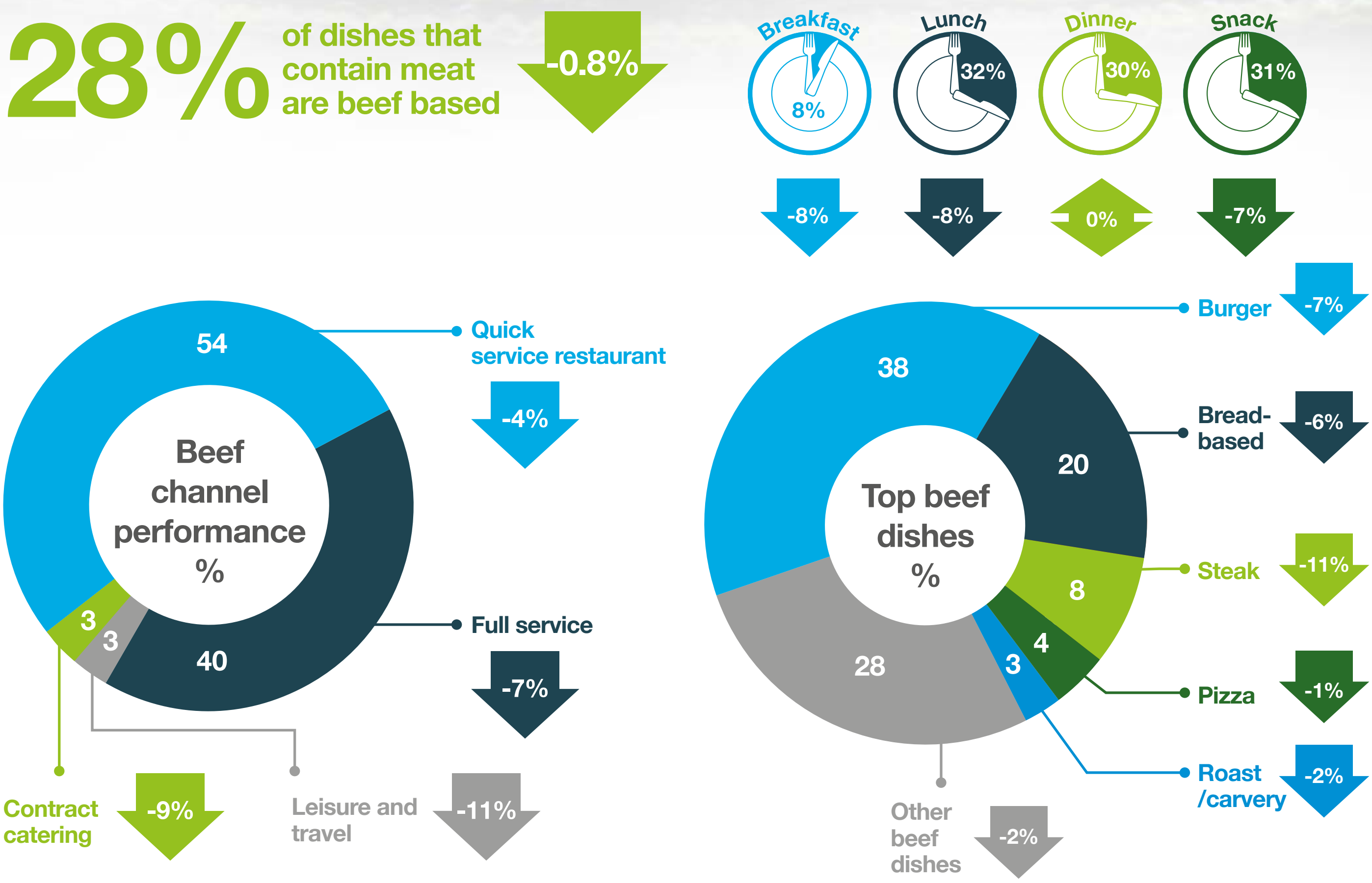


Figure 4. Occasion analysis by day part, channel and top dishes. Year ending June 2019 vs June 2018, share and % change

Lamb

In the eating-out market, the volume of lamb sales declined by 3.9% in the year to June 2019. This is a slower decline than in retail, where volumes are down 4.2%.

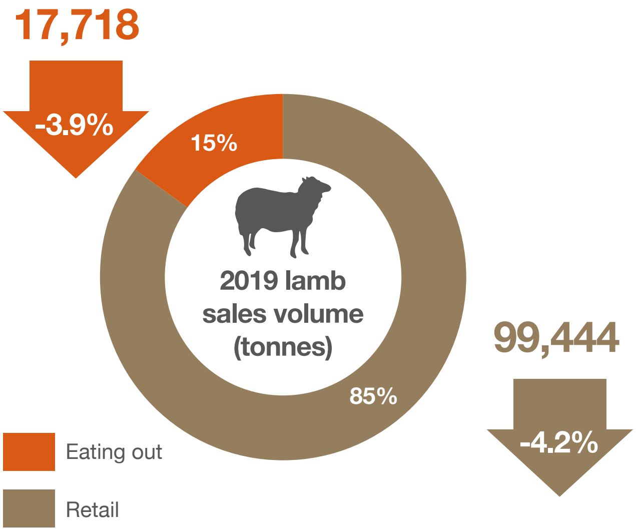


Figure 5. Retail and eating-out performance – lamb

Source: MCA Eating Out Report year ending June 2019. Retail: Kantar year ending 16 June 2019 vs previous year. Eating-out volumes are estimates, based on occasion data. The volume data should be used as a guide and to observe trends over time

*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.

Lamb dishes were served 156m times in the year to June 2019. This represents a decline of 6m servings, or –4%, while servings grew by 1.9% in the total eating-out market. Lamb's share of meat protein occasions was unchanged at 2.6%.

Around half of lamb dishes are consumed at dinner, but servings of lamb in this day-part actually grew by 1.1%, with other day-parts declining. Full-service dining is the biggest channel for lamb, accounting for over 60% of lamb occasions in the eating-out market. Lamb servings have declined here by 4.1m (–4%), mostly driven by local independent restaurants, which are struggling at a total market level. Pubs saw lamb servings increase by 7% year-on-year, boosting sales by 1.8m servings, although this was not enough to offset declines in local independents and fine dining.

The top three dishes for lamb, which account for 40% of lamb occasions in the eating-out market, are all in decline. The most marked of these declines is for lamb curry, which lost 4.2m servings over the last year – a decline of 13%. Servings of lamb curry in pubs are down substantially, losing 44% of servings year-on-year, or 2.3mi, despite growth in total visits to pubs.

Contemporary Indian food, which is stealing share from the traditional British idea of curry, tends to include less red meat – and lamb may be suffering as a result. However, other cuisines, which feature lamb heavily, are in growth. The protein in Middle Eastern food is predominantly lamb, whether in minced or diced form. 'Posh kebabs', which elevate shawarma and shish beyond the post-pub staple, offer lamb opportunities to be included in dishes that are new, well balanced with vegetables and packed with flavour.

Bread-based lamb dishes (sandwiches) also declined in servings – down by 4% year-on-year. Lamb roasts/carvery fell by 11% – the equivalent of 1.3m servings of lamb. However, the next biggest dish type for lamb is one that has seen growth over the last year: Mexican dishes, including burritos, fajitas and tacos, grew by 20% – increasing servings by 1.7m year-on-year.

Pulled lamb on couscous, sprinkled with pomegranate and mint

Hummus with lamb, olive oil and toasted pine nuts

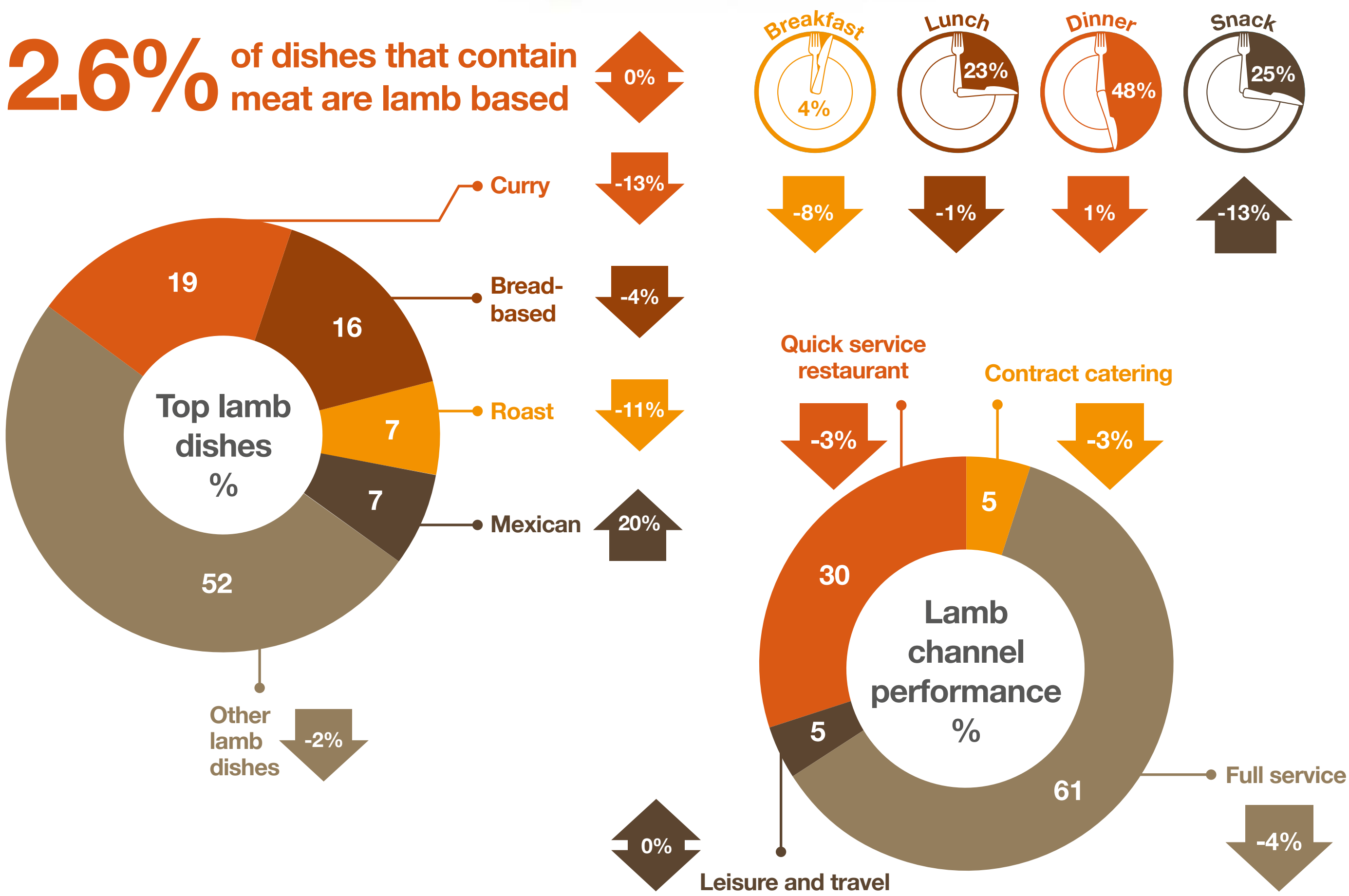


Figure 6. Occasion analysis by day part, channel and top dishes. Year ending June 2019 vs June 2018, share and % change

Taiwanese gua bao – braised pork belly served in steamed bread with pickled mustard greens and crushed peanuts

Pork

Pork sales volumes in the eating-out market have increased by 0.5% in the year to June 2019. This is faster than in the retail market, where volumes grew by 0.2%.

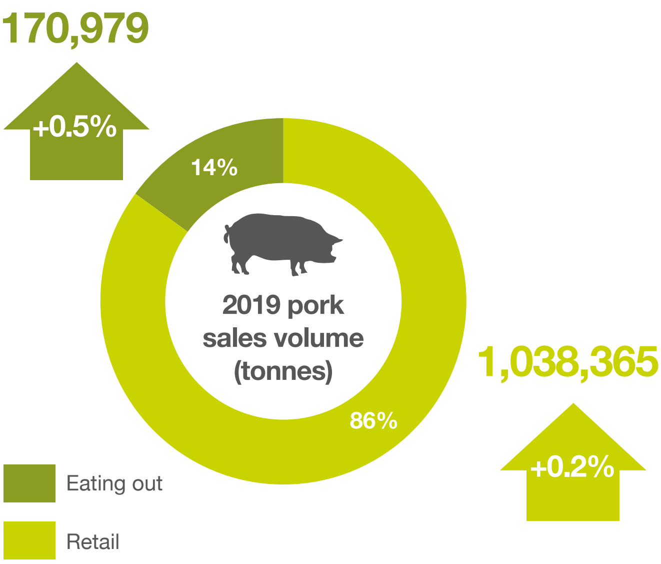


Figure 7. Retail and eating-out performance – pork

Source: MCA Eating Out Report year ending June 2019. Retail: Kantar year ending 16 June 2019 vs previous year. Eating-out volumes are estimates, based on occasion data. The volume data should be used as a guide and to observe trends over time

In the year ending June 2019, the increase in tonnage of pork sales in the eating-out market is equivalent to 21m more occasions – an increase of 1% compared with the total eating-out market occasion growth of 1.9%.

One-third of meat protein occasions in the eating-out market are pork-based. Pork is dependent on breakfast (38.4% of pork occasions), but is comparatively weaker at dinner (10.2% of pork occasions). However, growth in dinner occasions has been strong at 7.4%, adding 14.0m occasions year-on-year. Breakfast grew by 15.6m occasions, but lunch and snacking occasions declined.

Out of home, 61% of pork occasions occur in QSR, where growth was at 4%, driven by growth at breakfast, lunch and dinner. Coffee shops and sandwich retailers performed particularly strongly, adding a combined 65.2m occasions year-on-year (+11.5%).

The most-served pork dish is the full English breakfast (15% of occasions), which lost 12.8m occasions year-on-year. However, these losses were outweighed by gains in sausage rolls (+5%), sausage sandwiches (+13%) and pizza (+5%), which together gained 33.9m servings year-on-year.

The inclusion of pork in popular food-to-go items has helped to shore up its performance in foodservice, as off-premises consumption has grown in popularity. The staples, such as sausage rolls, can reignite excitement with improved quality, flavourings, or descriptions of provenance. New formats could also tap into the trend, taking inspiration from cuisines around the world in which pork commonly features in food-to-go, such as Chinese bao or Mexican tacos.

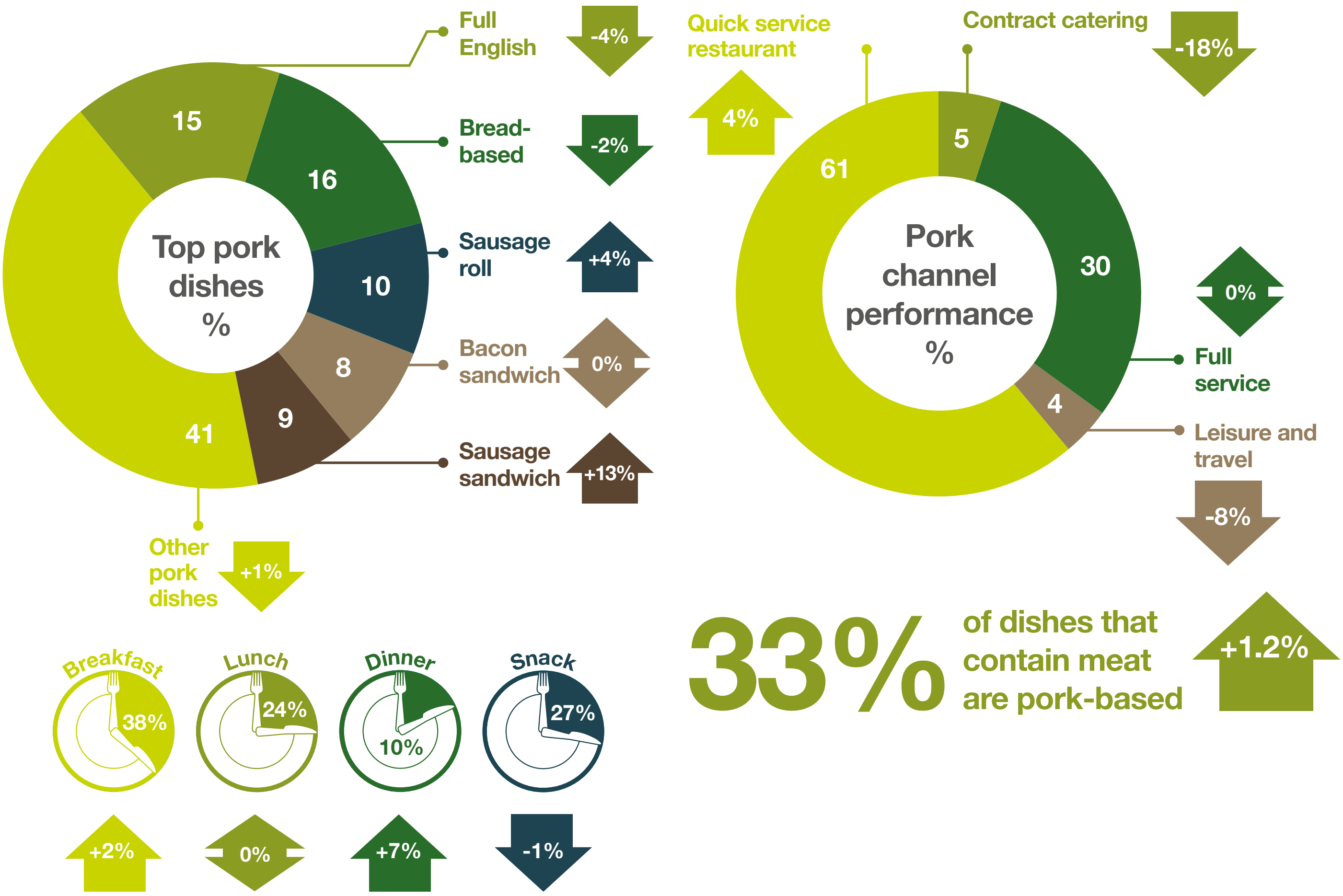


Figure 8. Occasion analysis by day-part, channel and top dishes. Year ending June 2019 vs June 2018, share and % change

Mexican pulled pork taco, loaded with vegetables, colour and flavour

Vada pav – a popular vegetarian street food from India. Deep-fried balls of spiced potato, served with fresh chutneys in a soft white roll

Potatoes

Volumes of potatoes sold through foodservice have declined by 2.5% in the year to June 2019. In retail, volumes have been fairly flat at +0.1%.

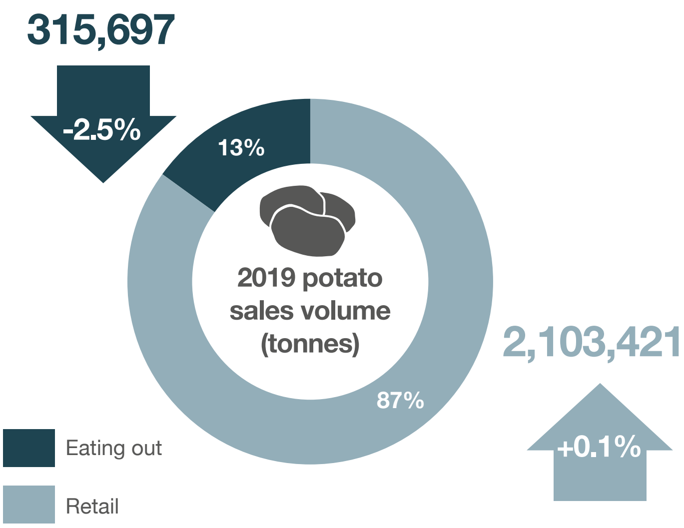


Figure 9. Retail and eating-out performance – potatoes

Source: MCA Eating Out Report year ending June 2019. Retail: Kantar year ending 16 June 2019 vs previous year. Eating-out volumes are estimates, based on occasion data. The volume data should be used as a guide and to observe trends over time

Dishes containing potatoes were served 3.2bn times in the year ending June 2019 – down by 3.2%, or 105m servings, on the previous year.

QSR and full-service dining account for 89% of potato servings out of home. However, servings in these channels were down by 1.3% and 4.1%, respectively – a total loss of 77.8m servings. Driving this loss were fast food outlets, pub restaurants and local independent diners.

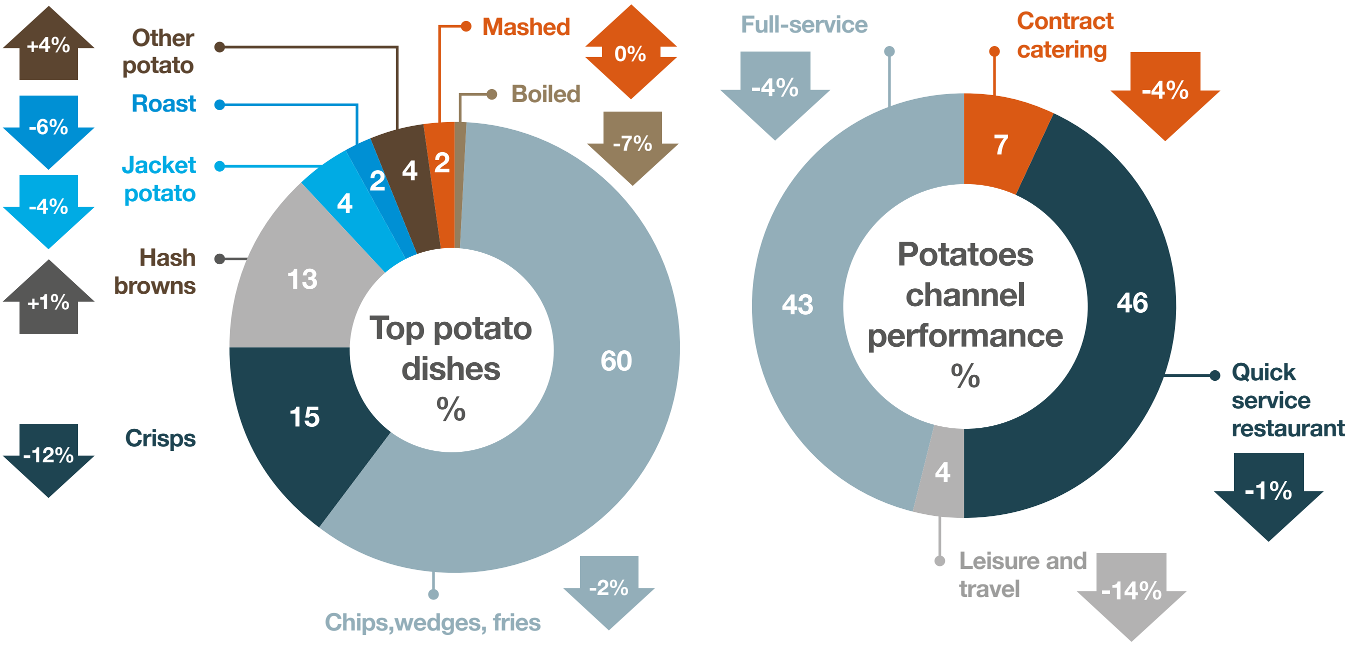
All day-parts are important for potato dishes, but lunch accounts for 40% of potato servings. There were gains made in breakfast (driven by hash browns) and dinner. However, this was not enough to outweigh the fall in lunch and snacking potato occasions (–3.7% and –12.1%, respectively).

The most important host meals for potatoes remain fish/seafood (mostly fish and chips) and beef burgers. However, both of these meals declined in numbers of occasions in the year to June 2019. Potatoes are also suffering because the number of dishes ordered per occasion has declined, with consumers choosing fewer sides for health and cost reasons.

Losses came from most categories of potato dish, although servings of hash browns grew by 0.8%. Crisps performed particularly poorly – down by 12.1% in servings (65m). Chips, wedges and fries, which experienced a 1.8% decline year-on-year, also drove losses. However, an important caveat is that this data covers only food purchased and consumed out of home. Fish and chips, for example, are commonly purchased out of home but consumed within the home, so this type of meal occasion is not covered in this data.

Chips, wedges and fries make up 60% of potato servings out of home, accounting for the lion's share of both value and volume. Most are sold through fast food outlets and pub restaurants, although servings in these channels declined by 3.3% and 2.9%, respectively. Two common host meals for chips, burgers and steaks, went into decline over the latest year, which may help explain some of the decline.

Although a smaller part of the market, dishes like Bombay potatoes are in growth. Fitting potatoes into dishes from global cuisines is key to their continued success.



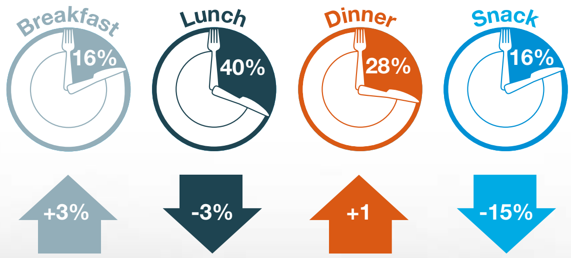


Figure 10. Occasion analysis by day-part, channel and top dishes. Year ending June 2019 vs June 2018, share and % change

Tornado potatoes – whole, spiral-cut potatoes, which are deep-fried and seasoned. Popular in East Asia

Report Author: Zoe Avison
Retail Insight Analyst, AHDB
zoe.avison@ahdb.org.uk T: 024 7647 8811

Zoe works in the Retail Insight team at AHDB, tracking consumer demand for meat, dairy and potatoes across retail and foodservice. Her research covers domestic and international trends, providing analysis to help those in the food supply chain understand their end markets.

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.

Produced for you by:

AHDB
Stoneleigh Park
Kenilworth
Warwickshire
CV8 2TL

T 024 7669 2051
E comms@ahdb.org.uk
W ahdb.org.uk
@TheAHDB

70013 1122