MCA.

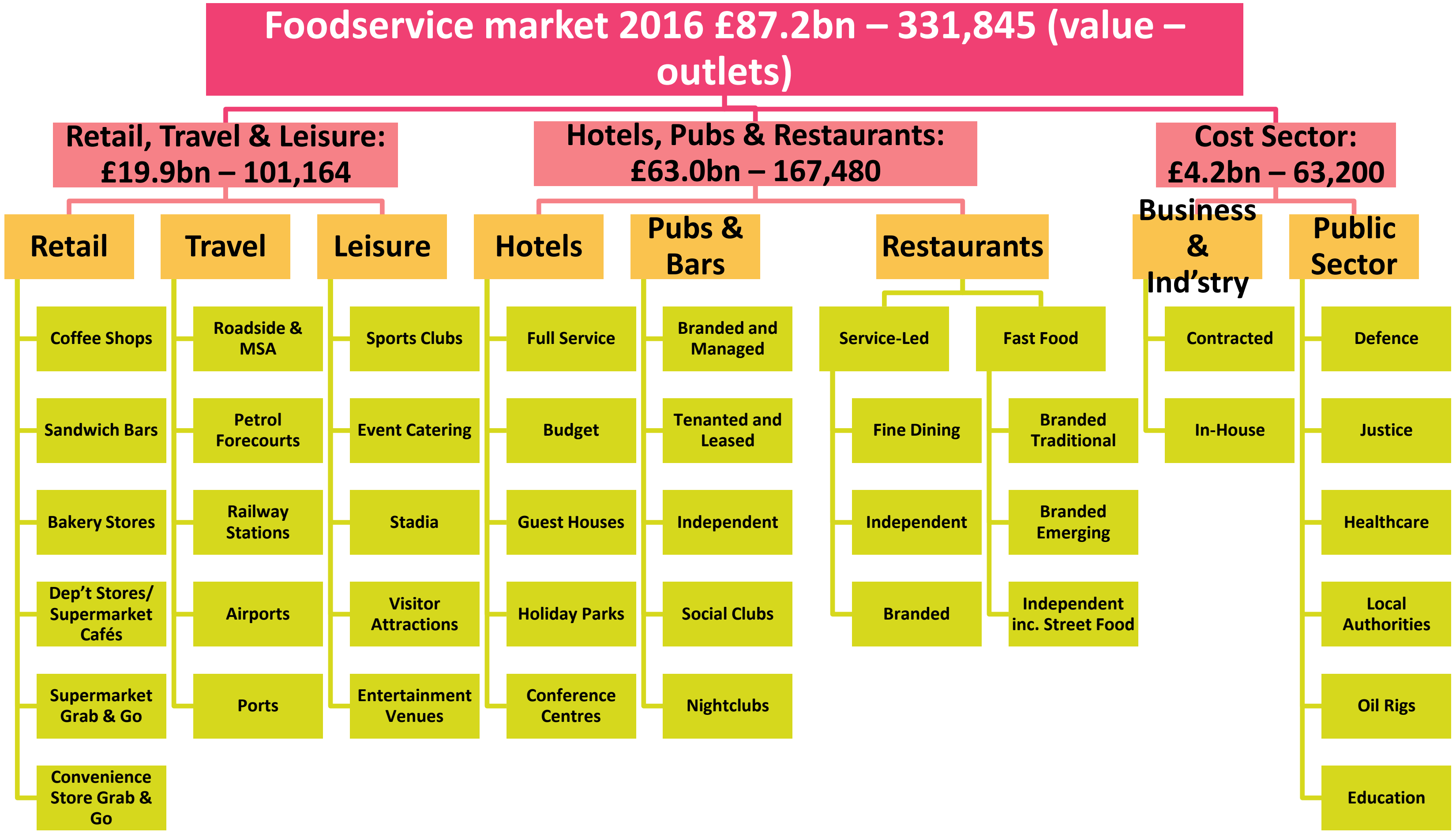
Eating and drinking out market insight.

The UK Foodservice Market –
Trends, Direction and Critical Success Factors

MCA – the culmination of a journey

1999	2003	2007	2011	2012	2014	2015	2016
Management Consultancy Project Café Report first published	Evolved into Strategic Research Consultancy	Food Strategy Forum established	Restaurant Brand Portal established & Eating Out Panel established	UK Restaurant Market report first published	Acquired by William Reed & UK Pub Market Report published	Merged with M&C Report	Rebrand as MCA.
M&C Report first published		**M&C Report acquired by William Reed**					
		Directors Club Established	**Restaurant Conference Established**	**The Pub Conference Established**	**FD Leaders Club Established**		

The complexity of the UK Foodservice Market



Q3 2016 Macro Factors

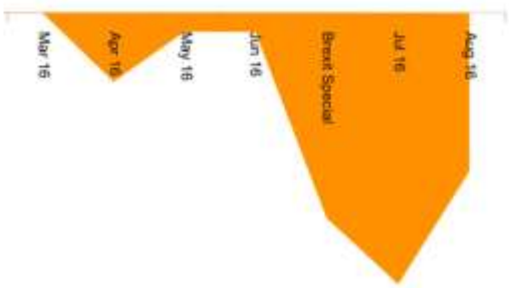
INCOME

June –
Up £12 pw on 2015

July – up £10 pw

Aug– up £10pw to £201 pw

CONFIDENCE



J
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ECONOMY

Inflation -	July	0.5%
	Aug	0.6%
	Sept	1.0%

GDP - 0.6% higher in Q2 vs Q1
2.2% YoY

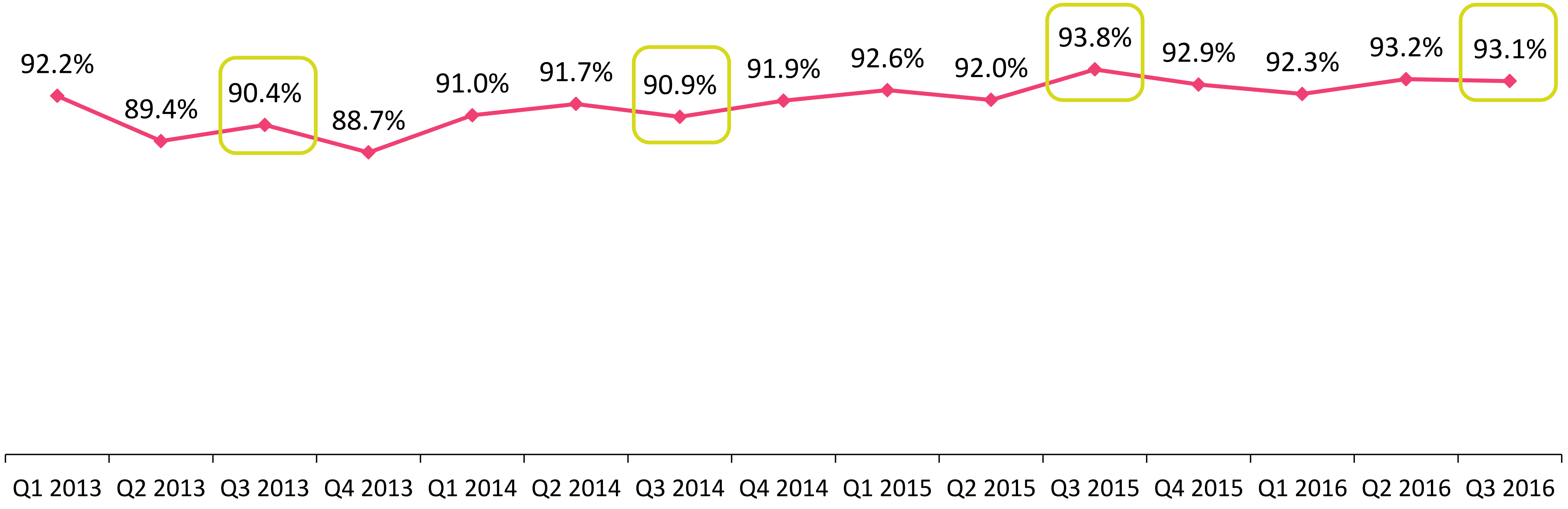
Unemployment – 4.9%

OTHER

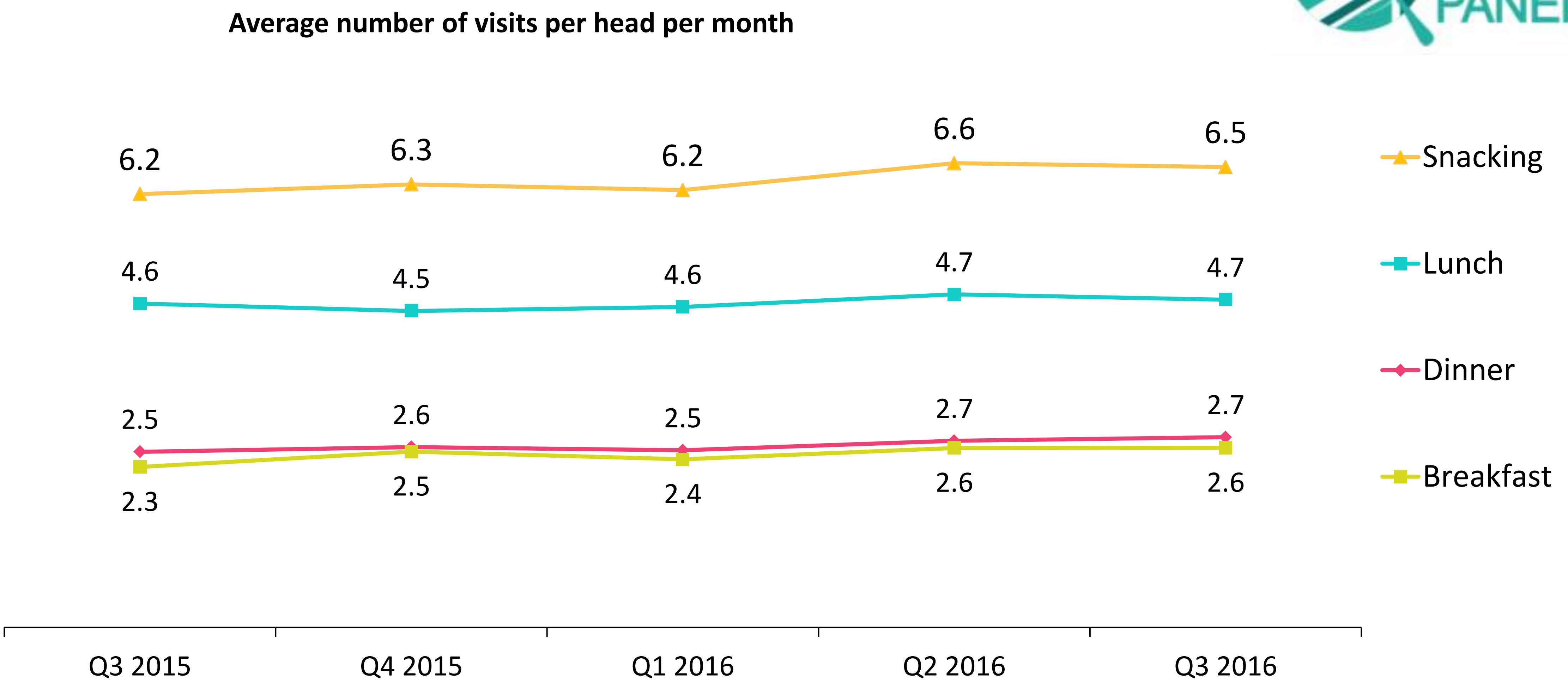
Post-Brexit confidence returning; economic reality is strong

Coffer Peach LfL tracker –
+0.3% LfL in July
+0.6% LfL in Aug

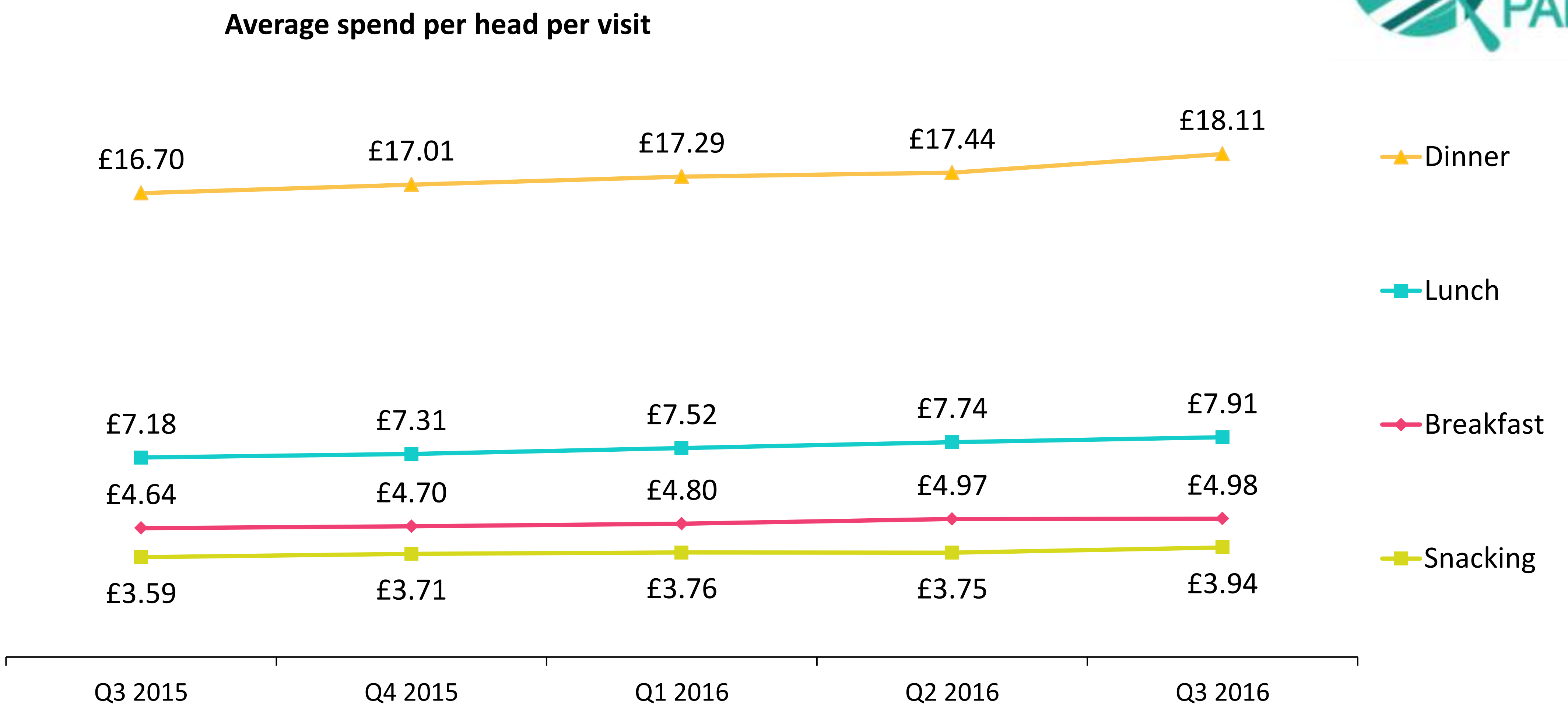
Eating out participation: Q1 2013 – Q2 2016



Frequency by day-part: Q1 2015 – Q2 2016



Average spend by day-part: Q1 2015 – Q2 2016

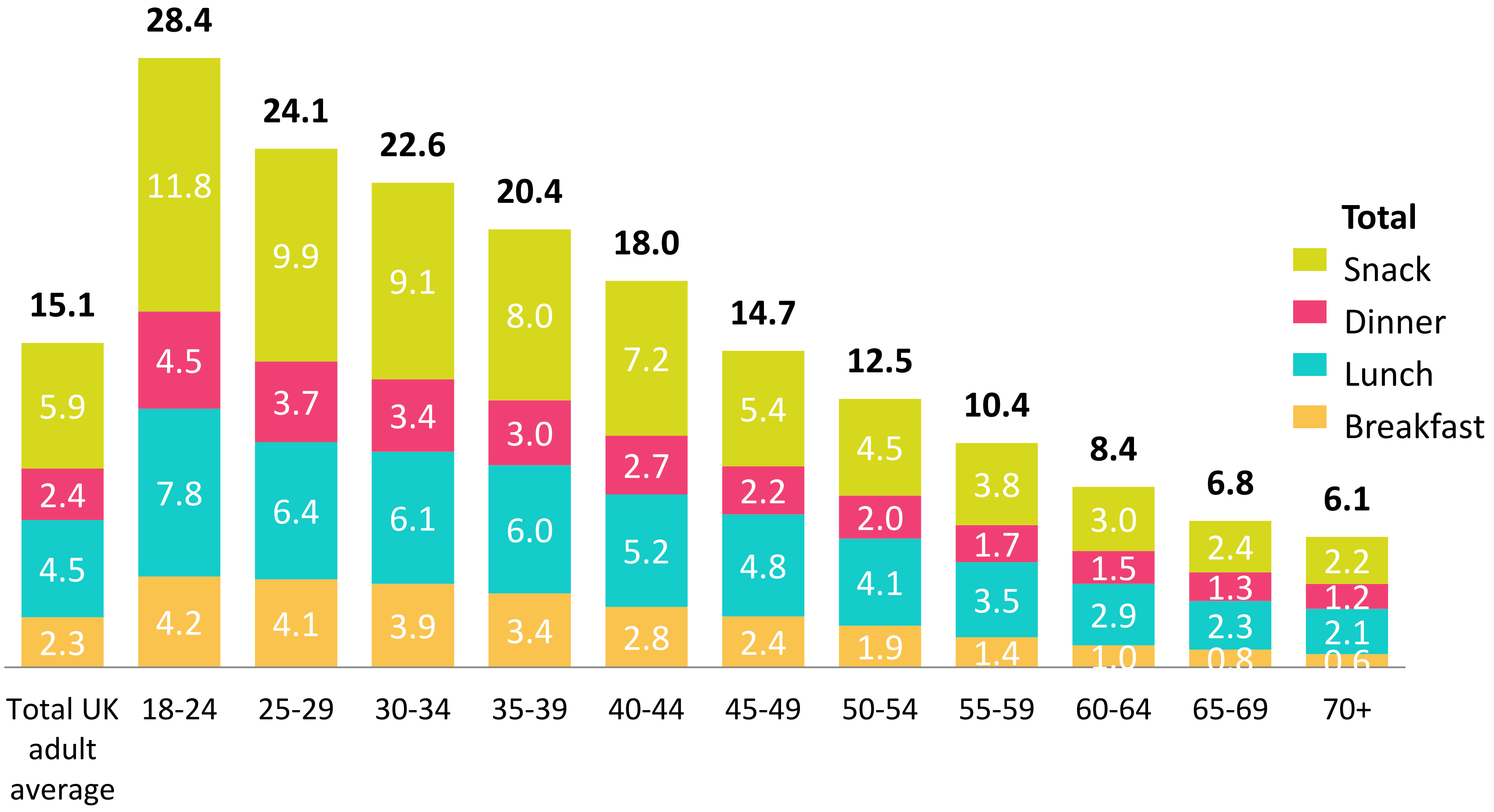


Key Trends

1. Eating Out Participation & Frequency
2. **The Ageing Consumer**

The Ageing Consumer

The Ageing Demographic - Eating out frequencies



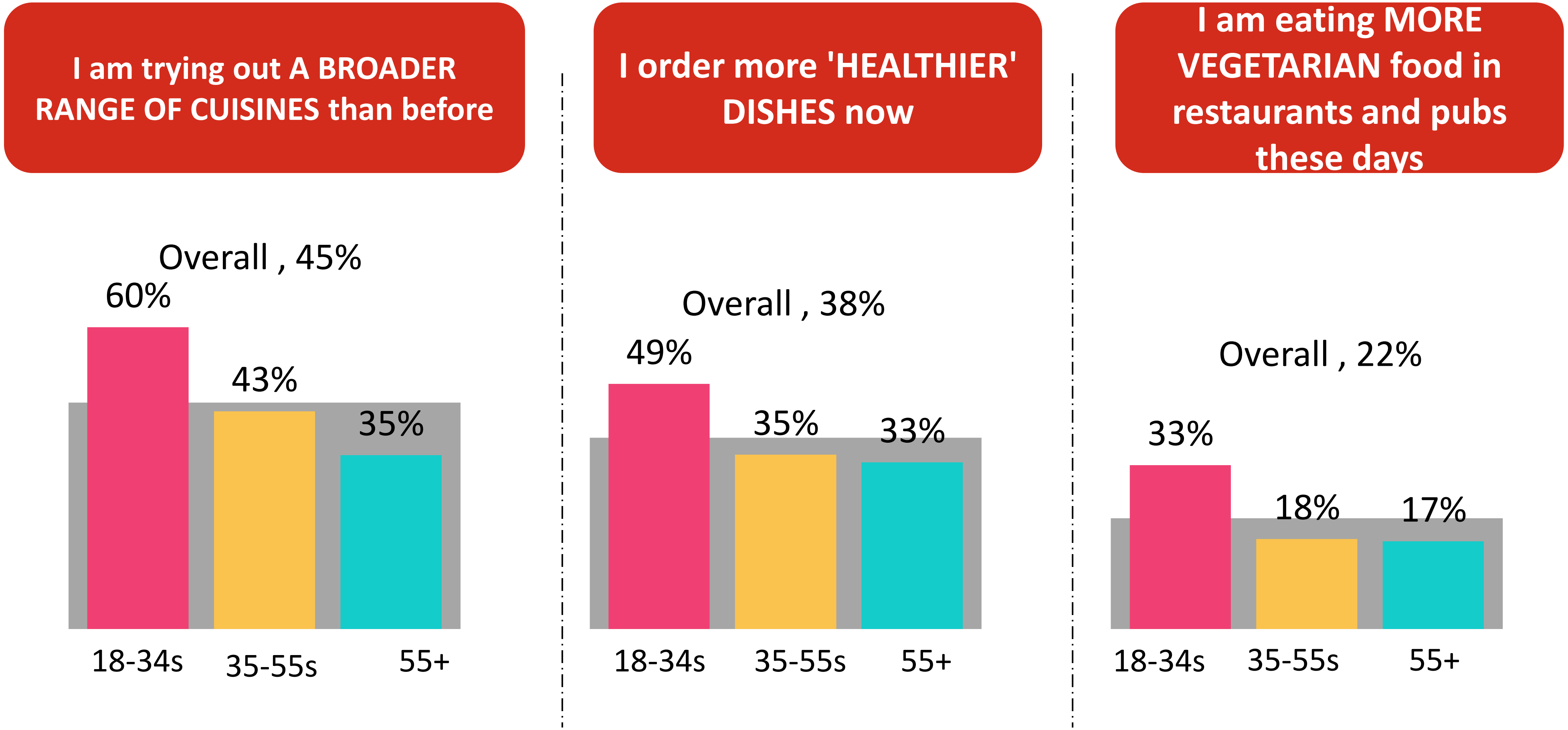
Customer segmentation – demographics and spend

	The Explorers	The New Parents	The Home Builders	Established Families	Humble Householders	Aspiring Child Free	Functional Child Free	Greying Generation	Golden Oldies
DEMOGRAPHICS									
Age	18-24	25-34	25-34	35-54	35-54	35-54	35-54	55-65	65+
Social grade	No limit	No limit	No limit	ABC1	C2DE	ABC1	C2DE	No limit	No limit
Kids at home	No limit	Have kids	No children	Have kids	Have kids	No children	No children	No limit	No limit
% OF UK ADULT POPULATION** (50.9million)	12% (5.9m)	7% (3.6m)	10% (5.1m)	10% (4.9m)	8% (4.2m)	9% (4.6m)	8% (3.9m)	14% (7.4m)	22% (11.4m)
IMPLIED ANNUAL RESTAURANT MARKET SPEND*** (£45.3b)	16% (£7.0b)	13% (£6.1b)	14% (£6.2b)	14% (£6.4b)	7% (£3.2b)	10% (£4.4b)	6% (£2.5b)	10% (£4.5b)	11% (£5.0b)

The changing attitudes towards cuisines

To what extent do you agree with following statements?

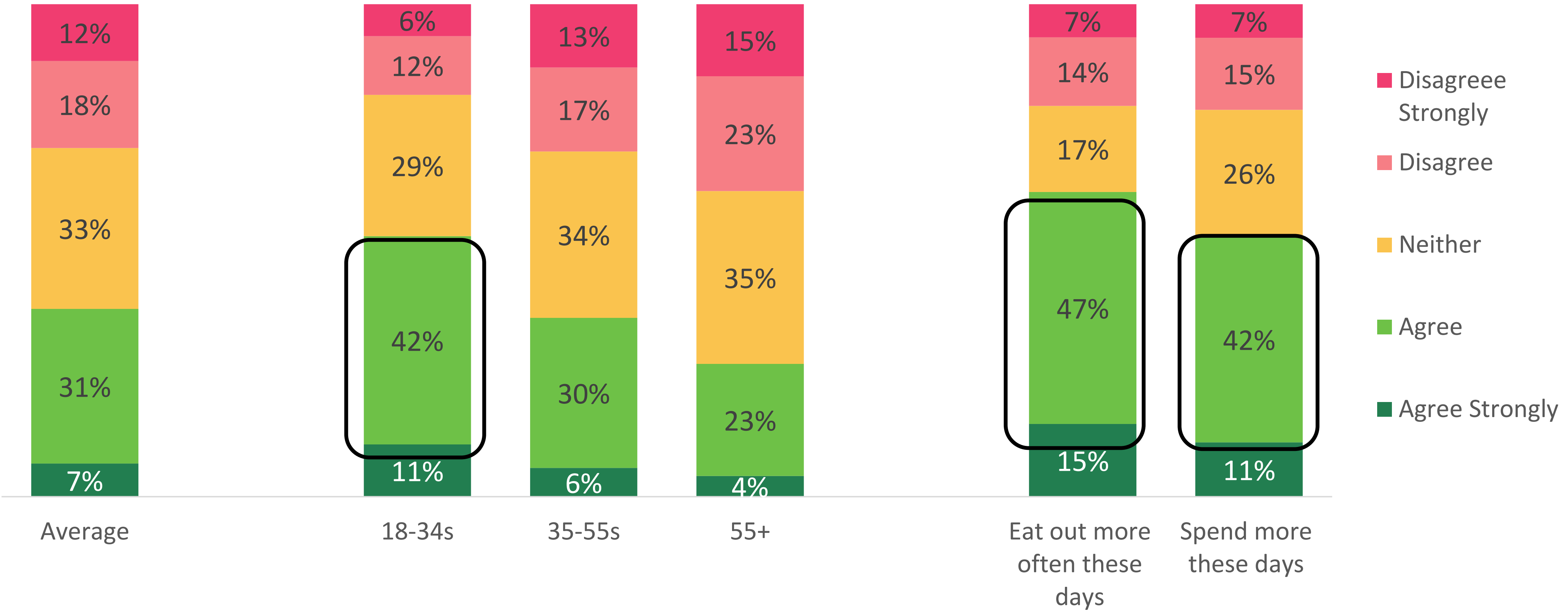
% of agreement*



Growth coming from 'Catching up with friends' - more than before

To what extent do you agree with following statement?
% of respondents

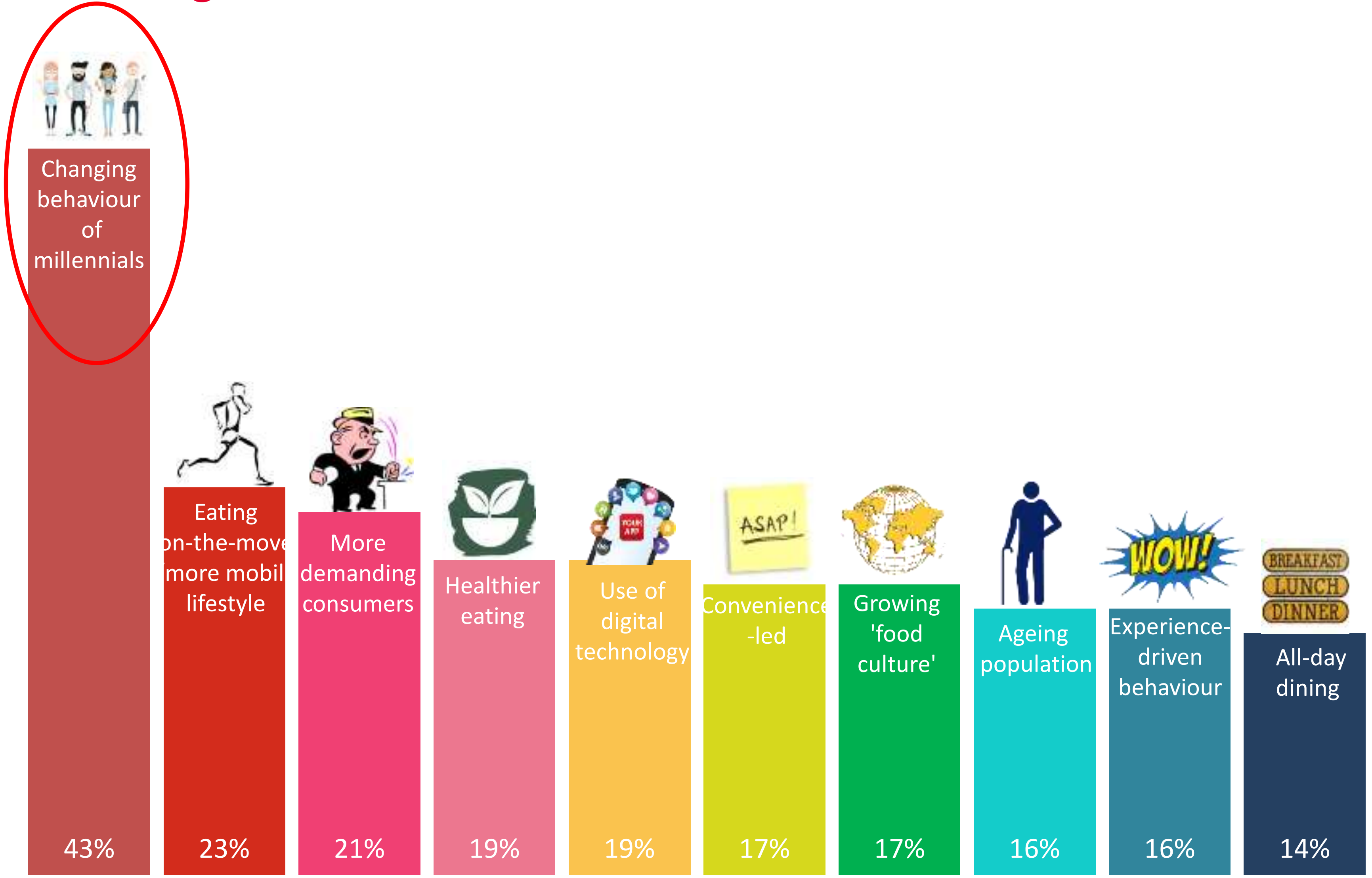
I'm going out to eat as a way to catch up with friends more than before



Key Trends

1. Eating Out Participation & Frequency
2. The Ageing Consumer
3. **Millennials & the iGeneration**

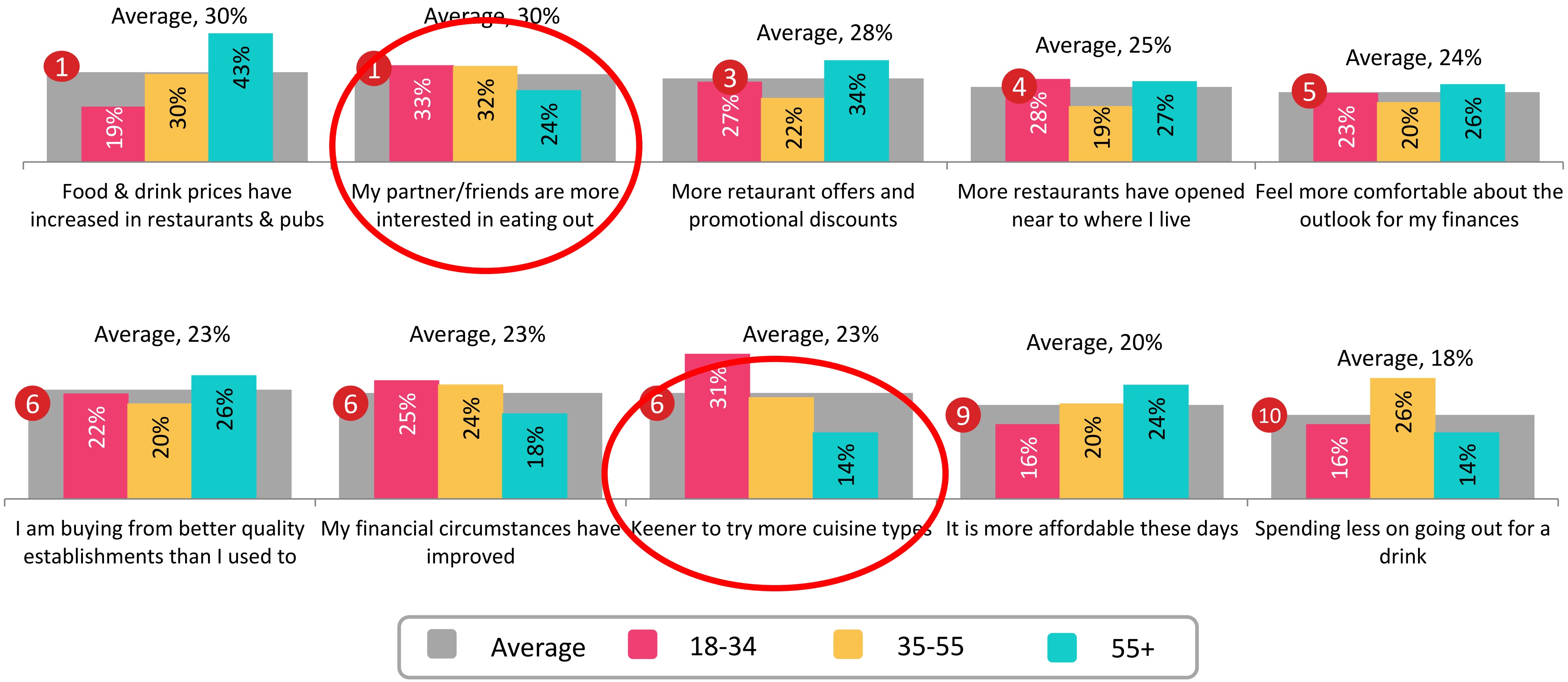
Most important long-term consumer trends



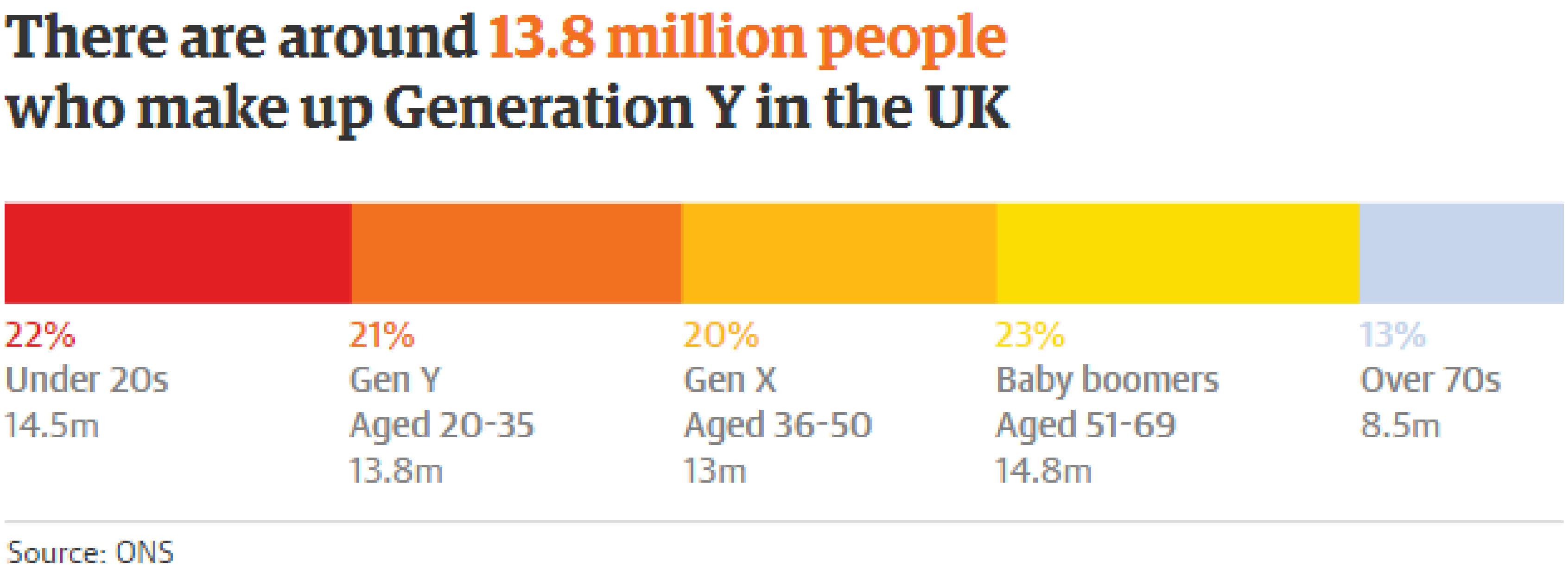
Top ten reasons for spending more money on eating out

If spending more, what would you most attribute this to?

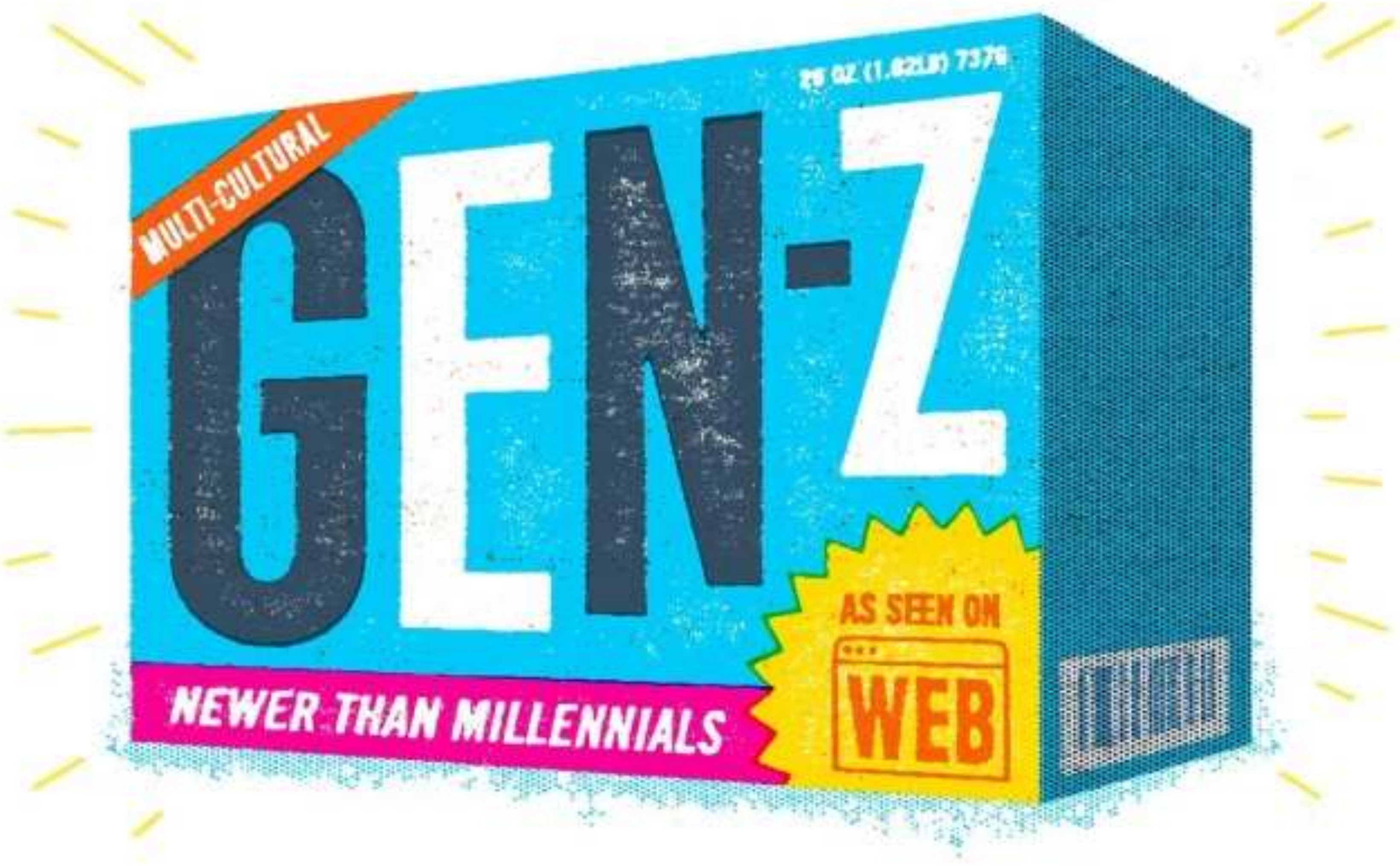
Multiple choice, % of respondents who spend more these days



Millennials



So, it's all about Millennials?



Key Trends

1. Eating Out Participation & Frequency
2. The Ageing Consumer
3. Millennials & the iGeneration
4. **The 6 Mega Trends**

The six mega trends in the marketplace

MEGA TRENDS

- Healthier eating
- Indulgence
- Informality
- Premiumisation
- Provenance
- Value scrutiny






Key Trends

1. Eating Out Participation & Frequency
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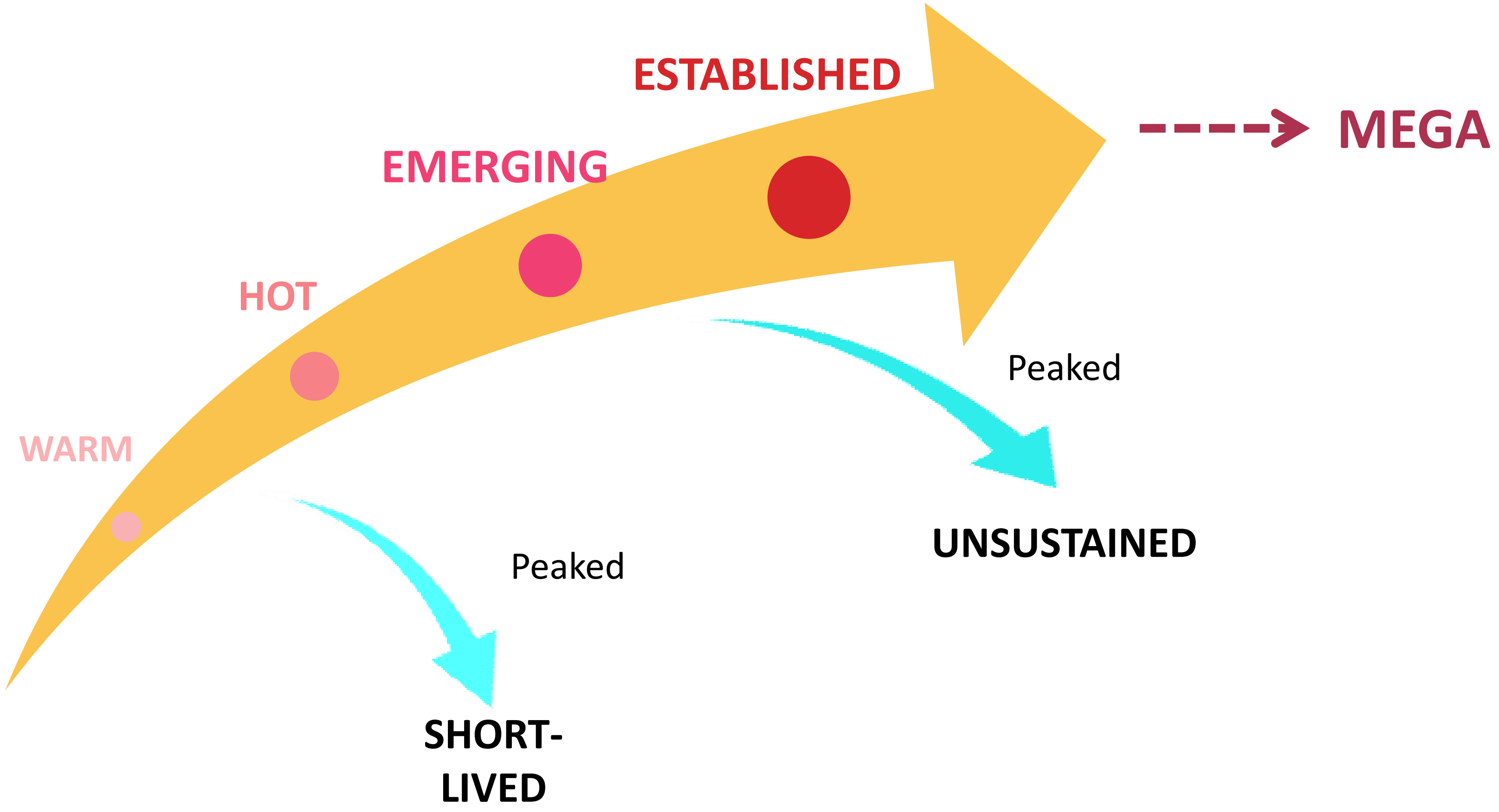
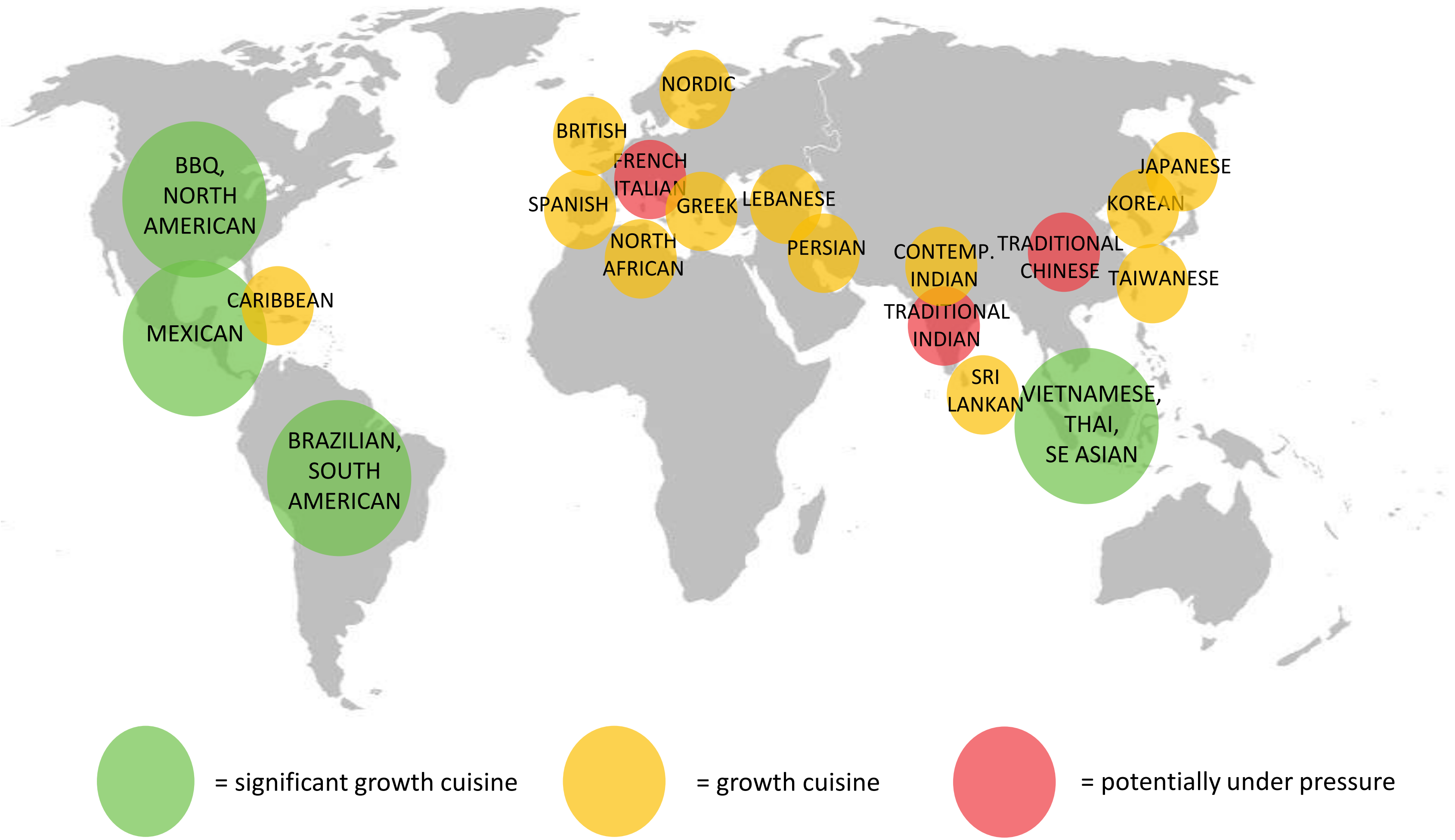
4. The 6 Mega Trends
5. **Cuisine & Food Trends**

Trend maturity curve – how eating out trends evolve



Cuisine trend hotspots in 2016



Warm cuisine trends – early signs of growth, but might not last

Contemporary Greek

Greek street food at Hungry Donkey

Germanic food

Schnitzel at D&D's German Gymnasium

Malaysian/Singaporean

Curry laksa at Hare & Tortoise

Nordic/Scandinavian

Rye crispbread and cured salmon at KuPP

Persian

Persian dishes at Dindin Kitchen in London

Sri Lankan

The egg hopper at Hoppers

Hot cuisine trends – trendy right now, but could end up short-lived

Authentic Spanish

Brindisa, Camino, Pizzarro, Barrafina

Caribbean

Jerk chicken at Turtle Bay

Contemporary Indian

Indian sharing dishes at Dishoom

Korean

Korean barbecue at Koba restaurant

Latin/Peruvian

Bavette steak at Ceviche Old Street

Taiwanese

Taiwanese steamed buns at Bao

Vietnamese

Bánh Mì baguettes and rolls at Hop Vietnamese food to go

Food product trends – major influence from bold Asian flavours

Warm	Hot	Emerging	Established	Peaked?
Alternative grains e.g. buckwheat and bulgur	Avocado	Breakfast pots	Edamame	Burgerisation e.g. ramen burgers (but not all burgers)
Alternative meat cuts & offal	Banh Mi	Chipotle	Fresh pasta	Frozen yoghurt
‘Burnt’ foods	Cauliflower	Harissa	Kale and other superfoods	Traditional curry e.g. Chicken Tikka Masala
Cacao	Chia Seeds	Kimchi	Mac’n’cheese	
Dosa	Crab	Quinoa	Ramen	
Fermented foods	Grilled cheese	Sourdough	Sushi	
Pokē	Matcha	Sriracha		
Root-to-stem vegetables	Sweet potato			

Key Trends

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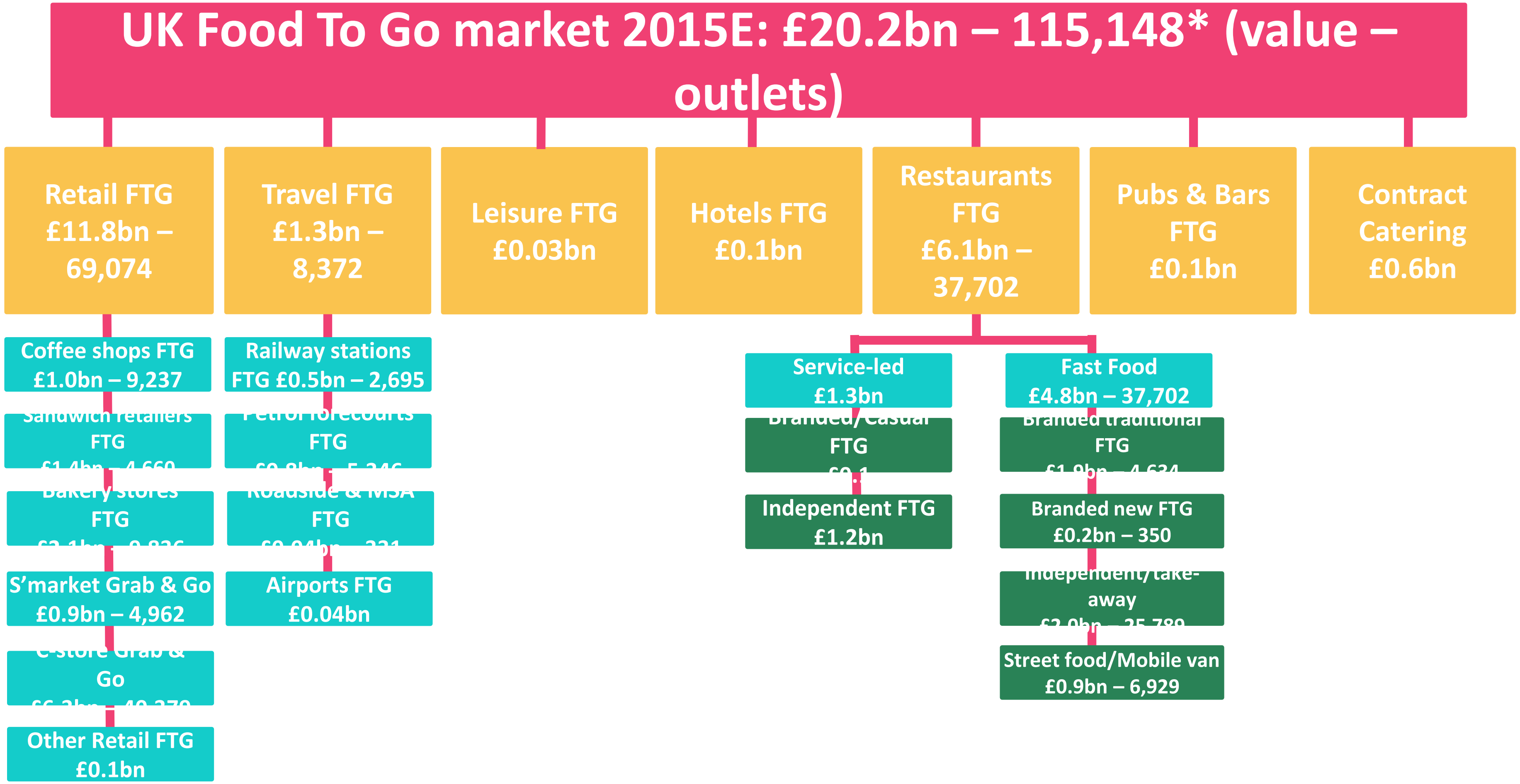
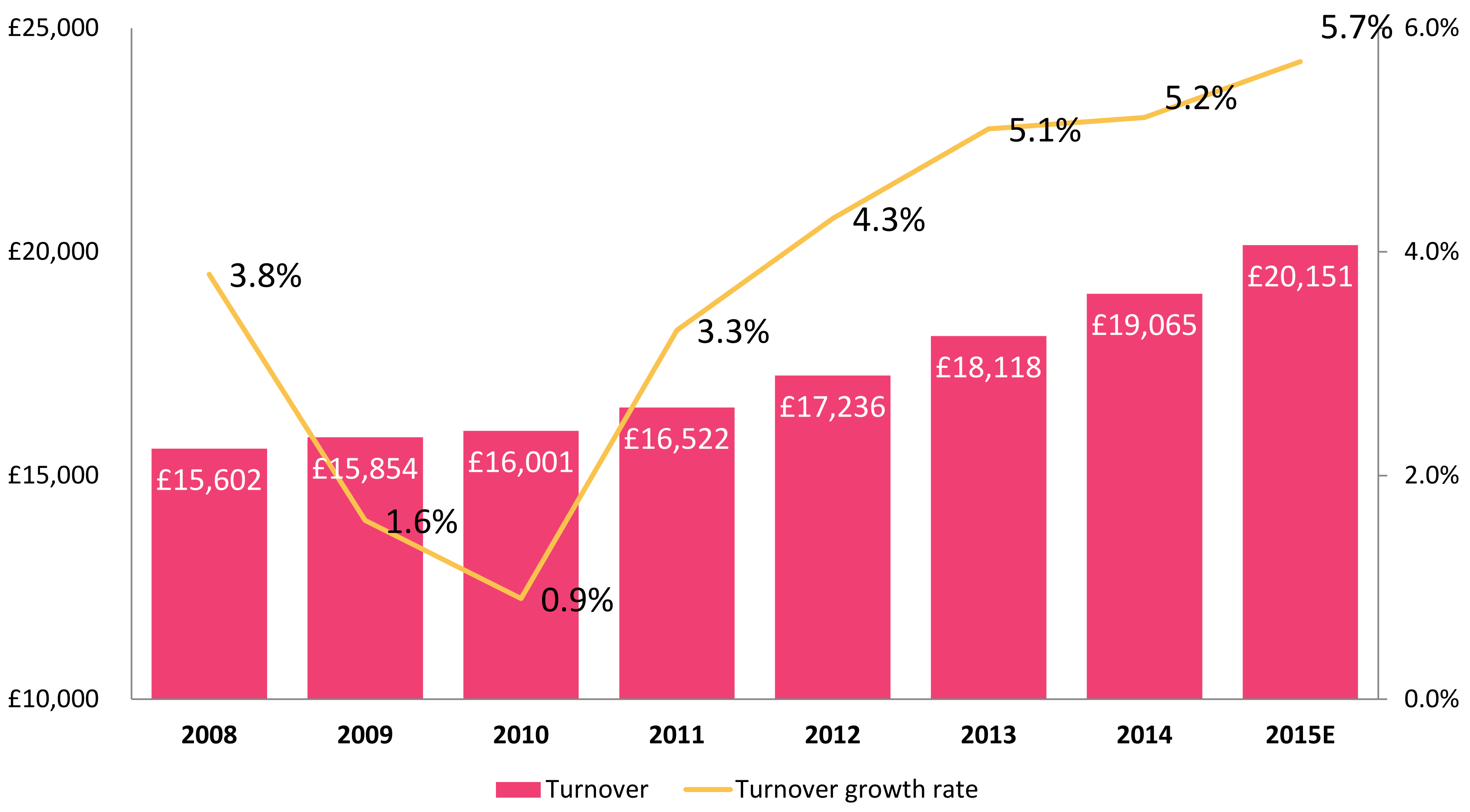
6. **The Importance of Food To Go**

UK FTG market worth £20.2bn – a quarter of all Eating Out spend



*Notes: Includes all foodservice outlets where food to go makes up 20% or more of sales

Growth of over 5% in past three years in FTG market



The Food To Go Battleground

STREET FOOD

KERB – MAKING CITIES TASTE BETTER

Strengths: Adventurousness & Experience

Weaknesses: Quality control & Location

RETAIL

TESCO express

Strengths: Convenience & Value

Weaknesses: Freshness & Adventurousness

FOOD TO GO BATTLEGROUND

FOODSERVICE / DINE IN-LED

wagamama

YO! sushi

Nando's

Strengths: Quality & Variety

Weaknesses: Price levels & Time

PARTIAL DINE-IN

PRET

COSTA COFFEE

LEON

I'm lovin' it

Strengths: Service speed & Multiple day-parts

Weaknesses: Value perceptions & Variable quality food

FOOD TO GO IS GOING PLACES …

Get Fresher, Faster and Hotter to get ahead

Key Trends

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7. **Re-inventing Mojos and Intended Consequences**

Re-Inventing Mojos

Dynamic changes in the management of Pubs

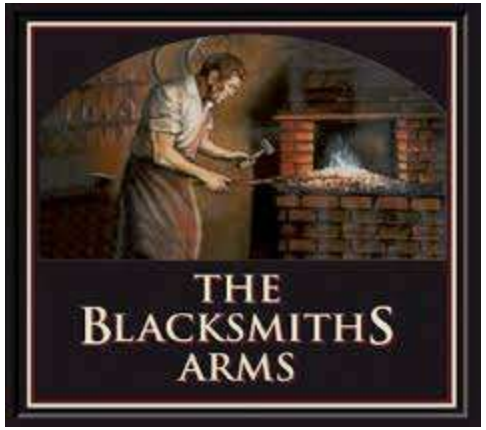
PUNCH
Investing in Publicans
Home | About Punch | Punch Support
Falcon Retail Contract

Bermondsey
Pub Company

Oakman
INNS & RESTAURANTS

FOOD&FUEL

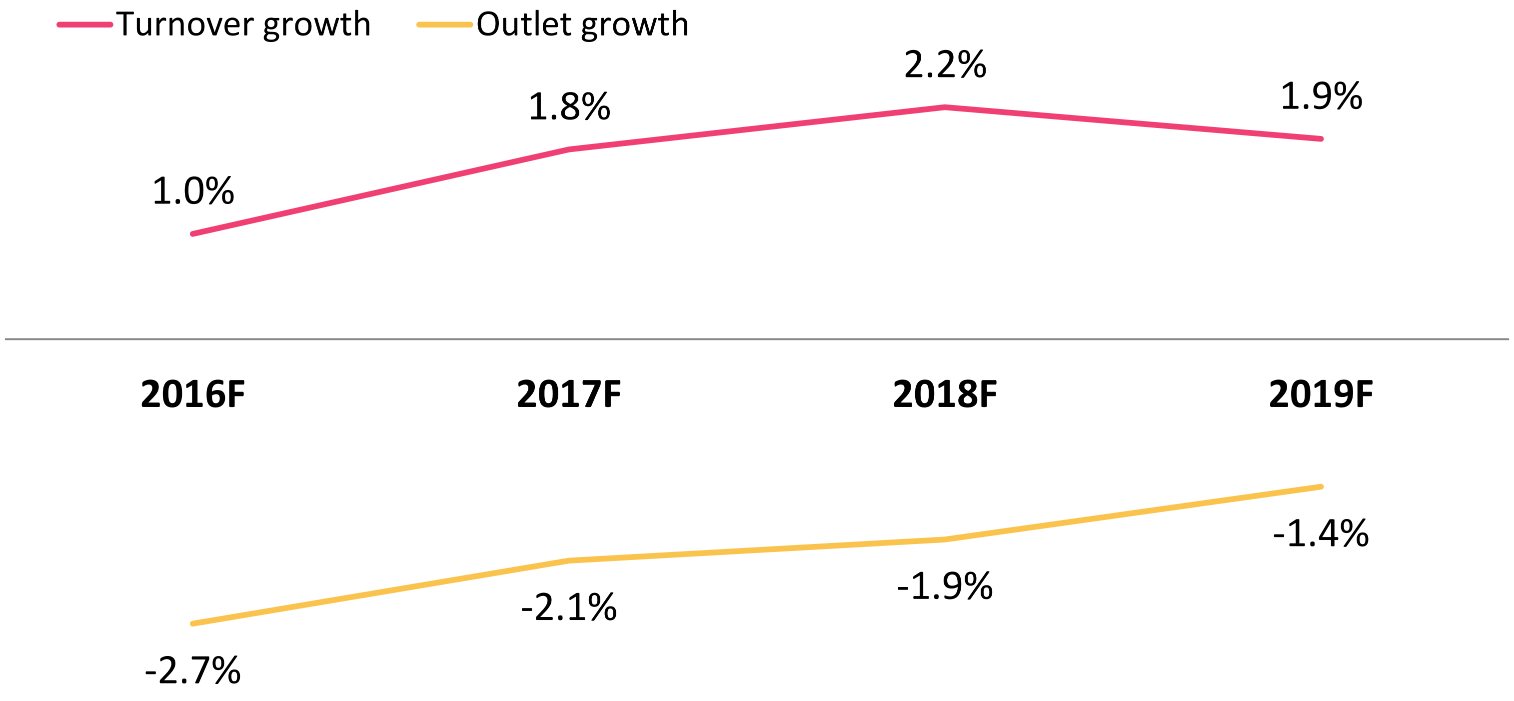
ENTERPRISE
Beacon Retail Partnership



MARSTON'S
THE PUB FRANCHISE

HIPPO INNS
FREEHOUSES EST. 2015

Growth in Pub market, 2016F-2019F



Turnover £'000s
Outlets
Avg weekly sales per pub

Intended Consequences –

A new era of

- **Dynamism**
- **Professionalism**
- **Relevance**

Key Trends

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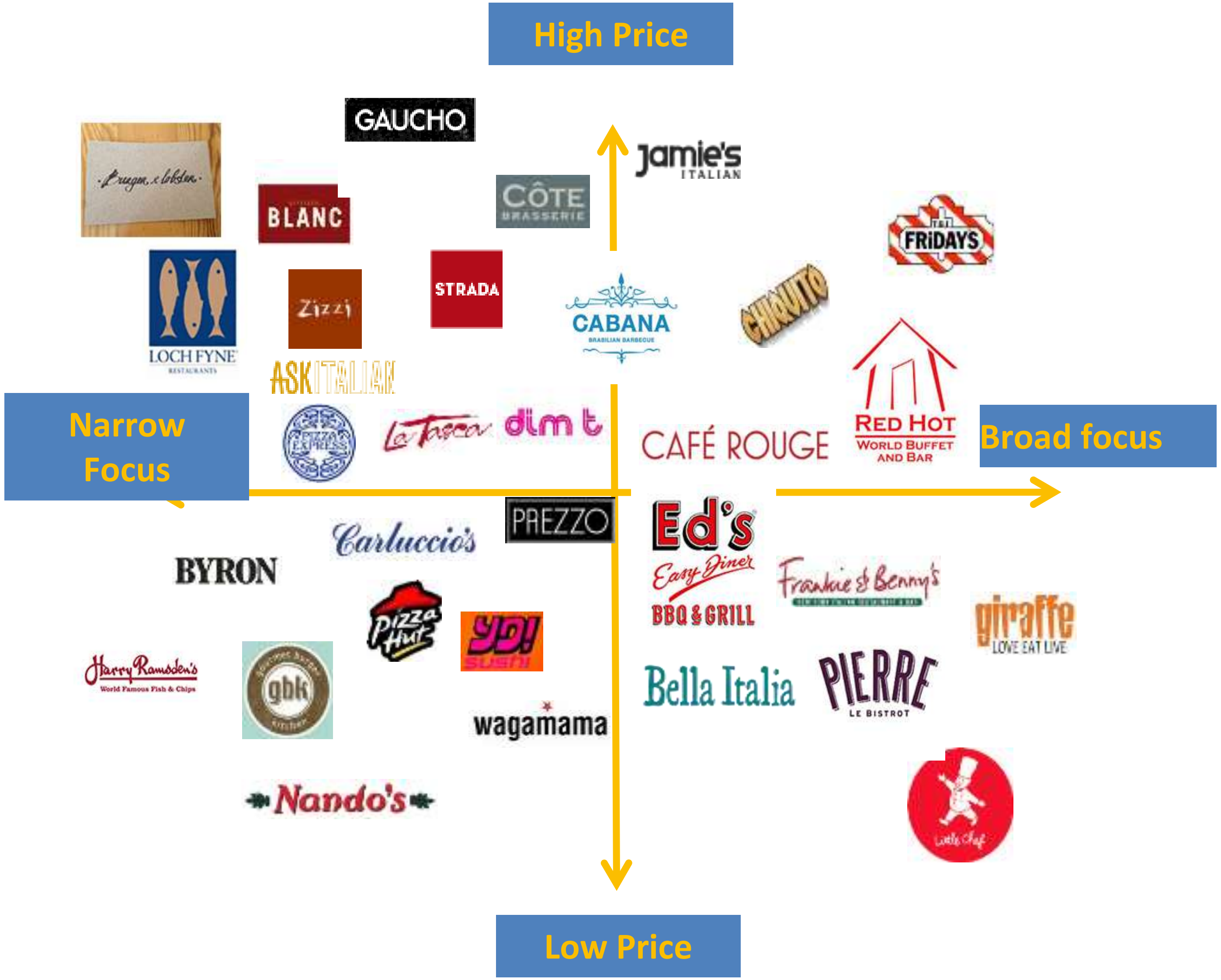
8. **No Casual Approach to Casual Dining**

A new era of Premiumised Informality, driven by Food Pleasure Seekers

A highly competitive landscape



With competition growing all round – especially at the value end of the spectrum

McDonald's reports first quarter results for 2016 and confirms ten years of growth for the UK business

LONDON, UK – 22 April 2016

OAK BROOK, IL - McDonald's Corporation today announced results for the first quarter of 2016.

Commenting on McDonald's UK Q1 results, Paul Pomroy, Chief Executive Officer, McDonald's UK, said:

More premium operators are growing well

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Young's FY managed lfls up 5.6%

19 May 2016

Print | Email | Share | Save

Young's saw like-for-like sales in its managed division grow 5.6% in the year to 28 March, with total sales up 5.6%.

Total group revenue for the year was up 8.3% to £245.9m and adjusted operating profit up 9.6% to £41m.

wagamama

Getting squeezed in the middle

Home | News | Opinion | Market Intelligence | Consumer

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H1 lfls down 1.6% at M&B

19 May 2016

Harvester

MILLER & CARTER
- STEAKHOUSE -

No Casual Approach for Casual Dining!

MCA. Eating and drinking out market insight.

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Home › News › Operators › Restaurants › The Restaurant Group ›

TRG launches review after further lfl sales slide

29 Apr 2016

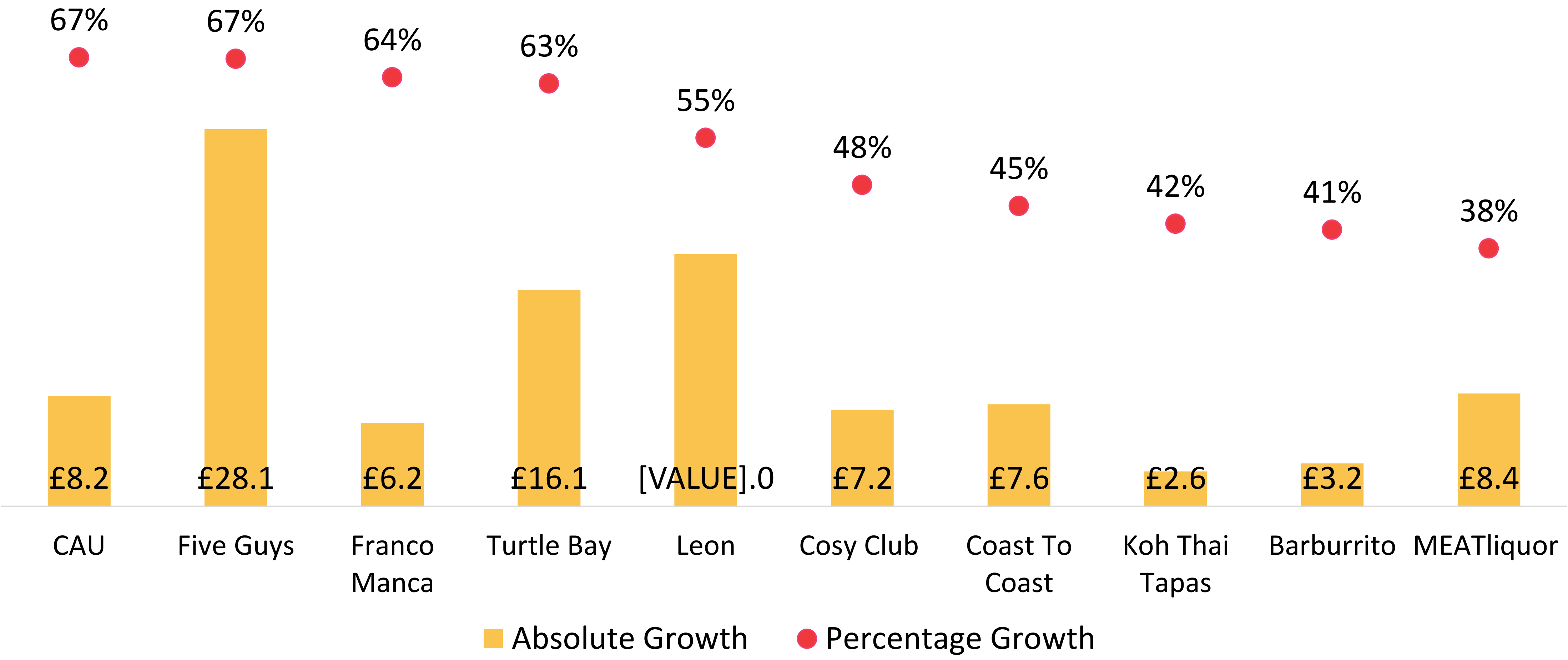
Print | Email | Share | Save

The Restaurant Group has reported a further deterioration in trading in its first quarter and launched a "comprehensive review" of its property portfolio, brands and site rollout.

The company also announced chief financial officer Stephen Critoph is to step down with immediate effect

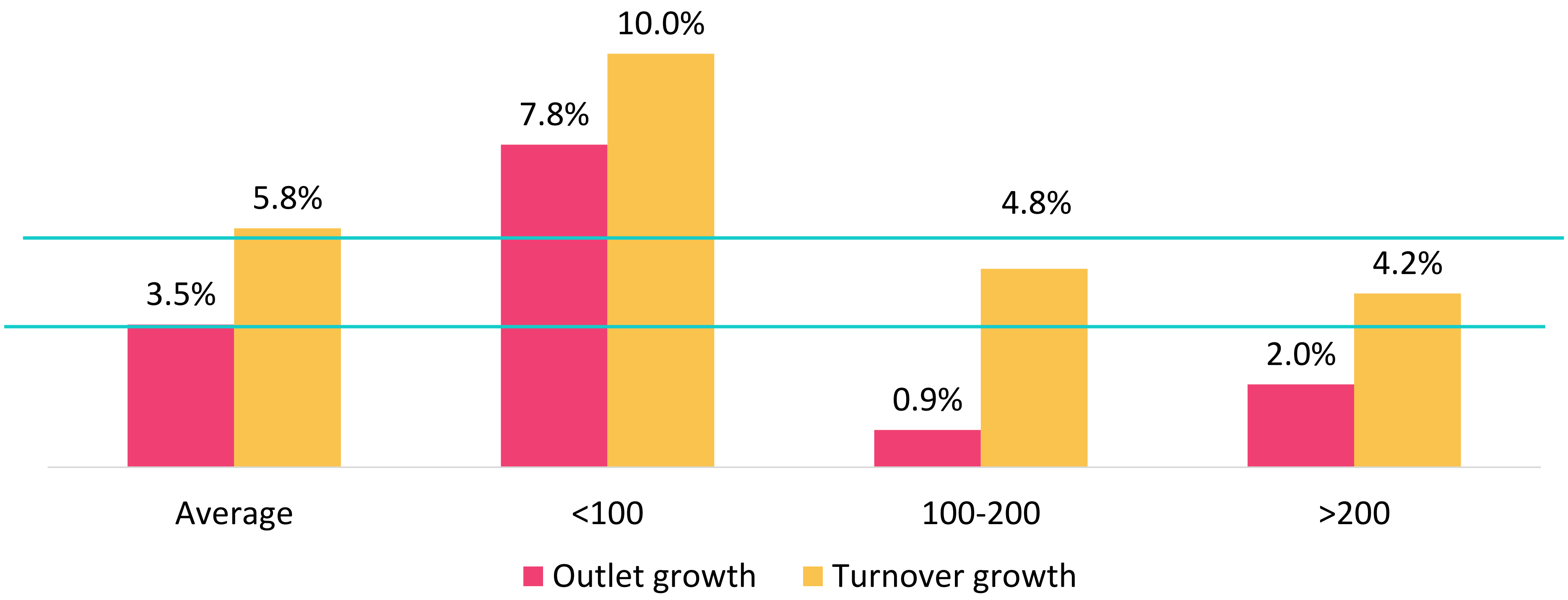
Contemporary chains – those that have developed in the past 10 years

Top 10 brands - Percentage sales growth – 2015-2016E



Sales growth summary, 2015-2016E

Average percentage of outlet and sales growth for brands by outlet count, turnover in billions, 2015-2016E



Contemporary consumers seeking faster fashion food will fuel restaurant growth

Key Trends

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7. Re-inventing Mojos and Intended Consequences
8. No Casual Approach to Casual Dining
9. **The Eating Out Seesaw**

The Eating Out Seesaw

The Eating Out seesaw is tipping

towards WOW foods,

and away from Worthy foods.

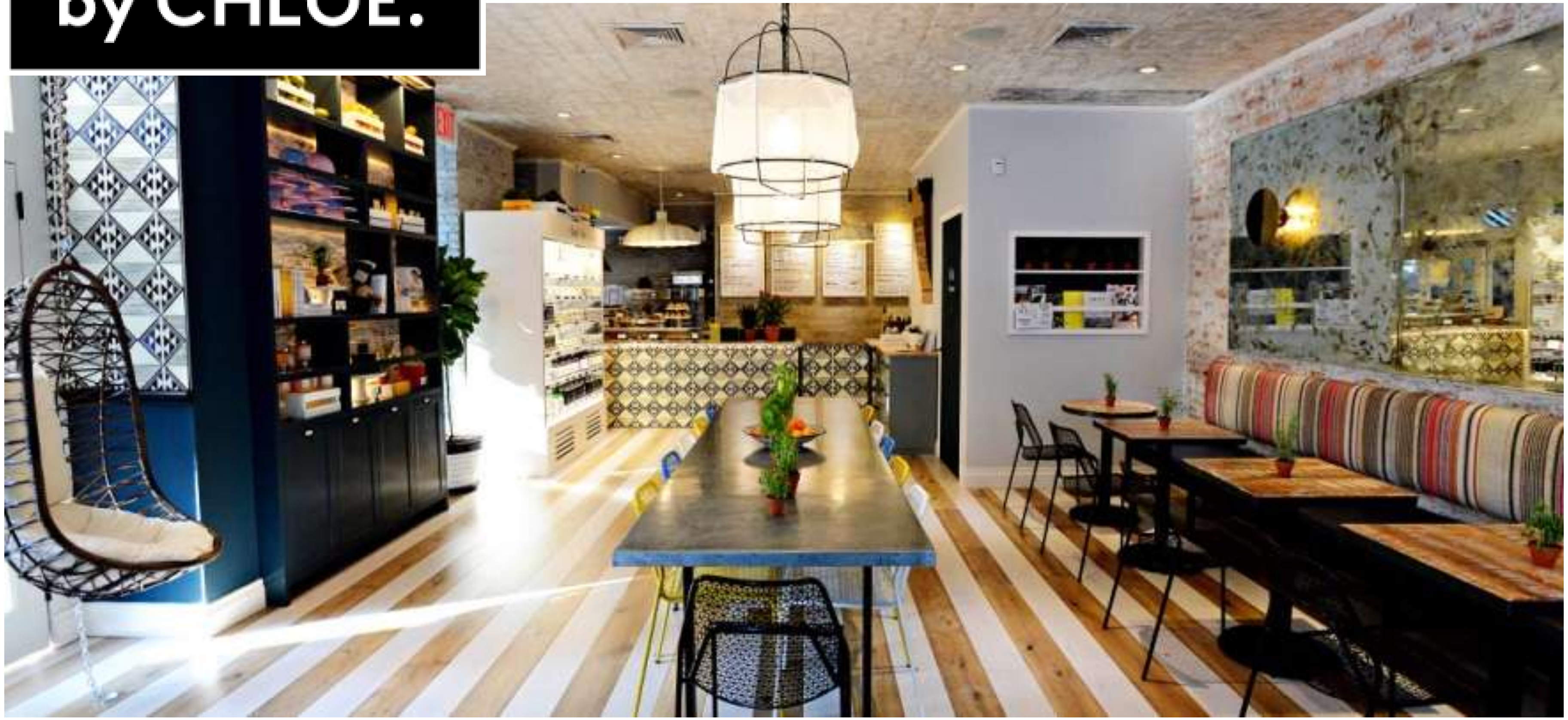
Tipping towards WOW

But is it tipping back……..?

72 Hrs in NYC – a key take-away……..

Worthy – in a good way

by CHLOE.



Vegan & Vegetarian products

Key Trends

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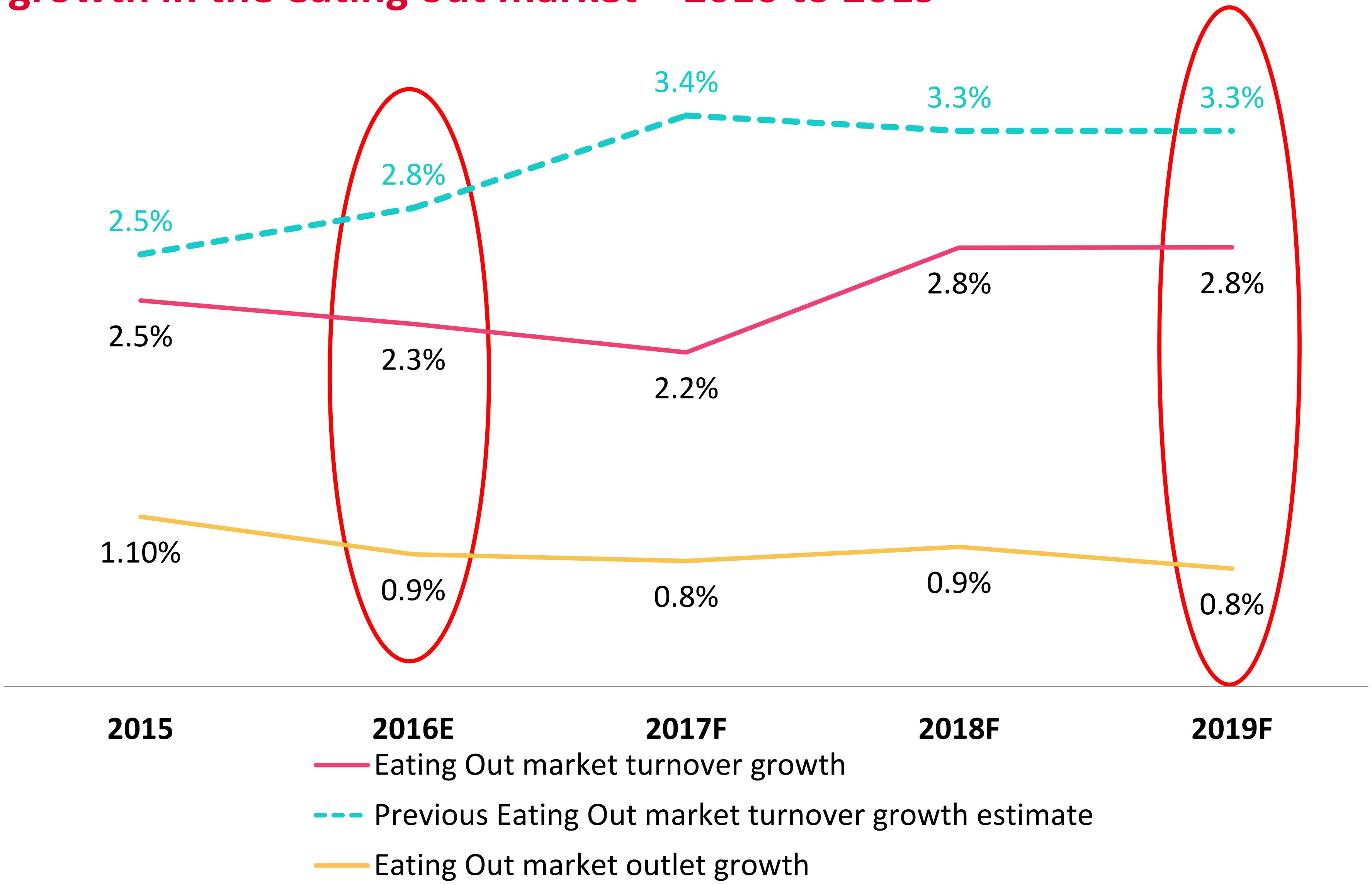
8. No Casual Approach to Casual Dining
9. The Eating Out Seesaw
10. **Future……**

Forecast growth in the eating out market – 2016 to 2019



Summary


Road to growth is changing lanes
from expansion, to contemporary
experiences and execution

MCA.

Eating and drinking out market insight.

Thank you!

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simon.stenning@MCA-Insight.com