William Reed
INFORMING BUSINESS GROWTH

UK Restaurant Market Report 2021/22

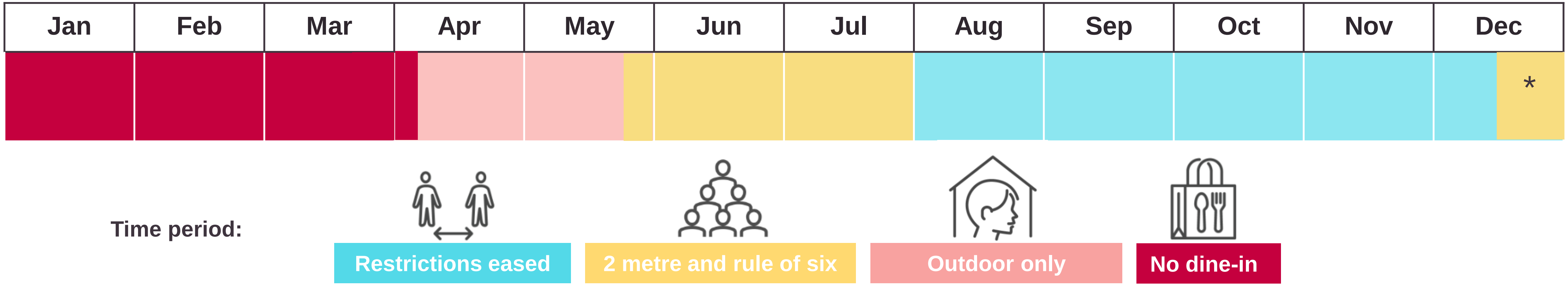
February 2022

Lumina Intelligence

UK RESTAURANT MARKET RECOVERS TO 59.4% OF 2019 VALUE IN 2021

The UK restaurant market increased in value by +£2.3 billion in 2021, with coronavirus restrictions hampering a stronger recovery in the first six months of the year. 2021 saw 19 weeks of non-restricted trade, up from 11 in 2020.

Total market value 2019	Total market value 2020	Total market value 2021	Turnover percentage growth	Turnover absolute growth	Total market outlets in 2021	Outlet percentage decline	Outlet absolute decline
£18.9bn	£8.9bn	£11.2bn	25.9%	£2.3bn	28,042	-2.8%	-817



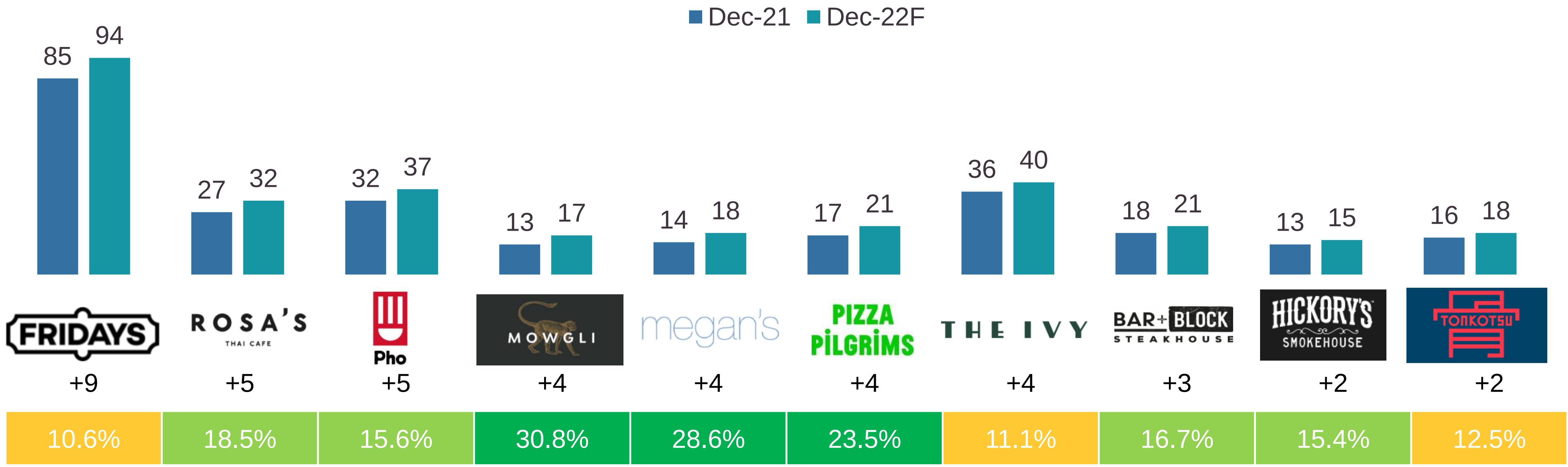
*December restrictions were for Scotland, Wales and Northern Ireland

Source: Lumina Intelligence, February 2022

MOWGLI IS EXPECTED TO LEAD OUTLET GROWTH AT 30.8%

Mowgli is forecasted to lead percentage outlet growth at a rate of +30.8% in 2022, with plans to open new restaurants in Brighton, Bristol, Edinburgh, and Glasgow. Megan's and The Ivy are expected to continue growing year on year due to having strong financial backing and well defined propositions that align with current consumer trends.

Top 10 branded restaurants by net outlet growth, with percentage growth, Dec-21-Dec-22



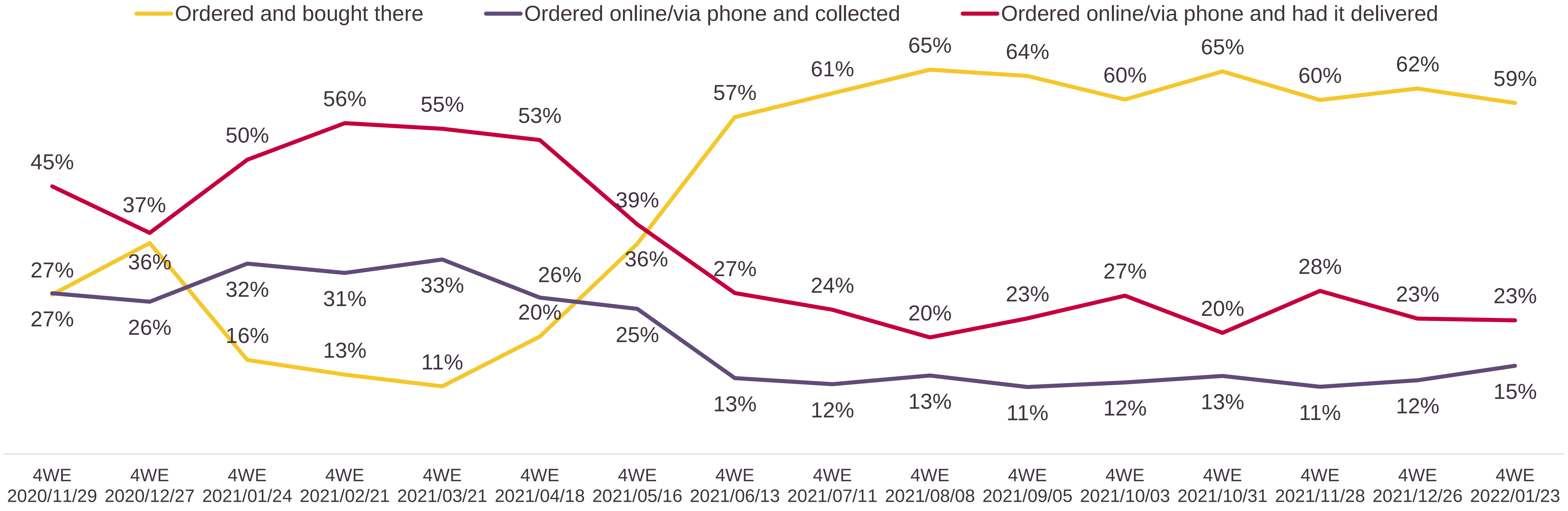
Note: Brands with less than 10 outlets at Dec 2021 were excluded.

Source: Lumina Intelligence, MCA, February 2022

DELIVERY AND COLLECTION PEAKED IN LOCKDOWN III

Consumers started eating on-premise more often in May, after the re-opening of hospitality after a long period of social restrictions caused by the pandemic. Delivery continues to be an opportunity to drive revenue with more than 1 in 5 restaurants occasions being delivered.

Method of Buying over time - Restaurants

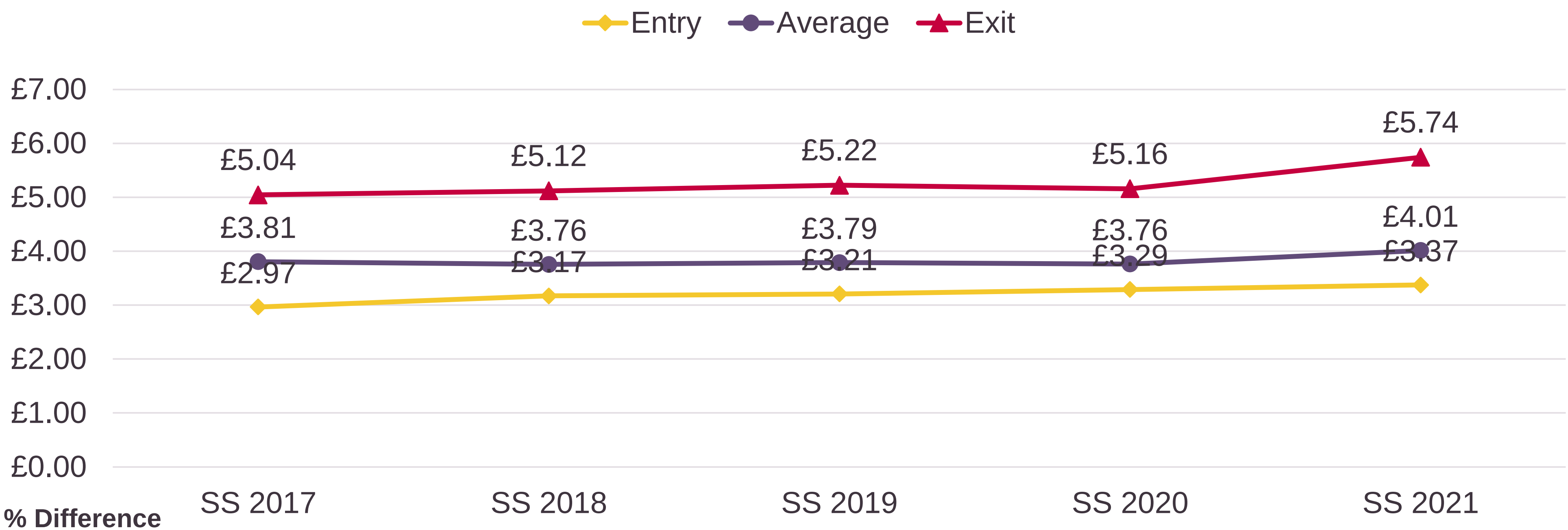


Source: Lumina Intelligence Eating & Drinking Out Panel, 2020-22

PREMIUMISATION DRIVES AVERAGE SIDE PRICE INCREASES

Side dishes have become more premium across chain restaurant menus with entry and exit prices both seeing double digit increases. The price differential between entry and exit options has also widened as operators seek to draw out higher spends from consumers seeking more premium options to accompany main meals.

Side dish entry and exit prices, Spring/Summer 2017-Spring/Summer 2021



SS 17 – SS 21 % change

+13.8%

+5.4%

+13.7%

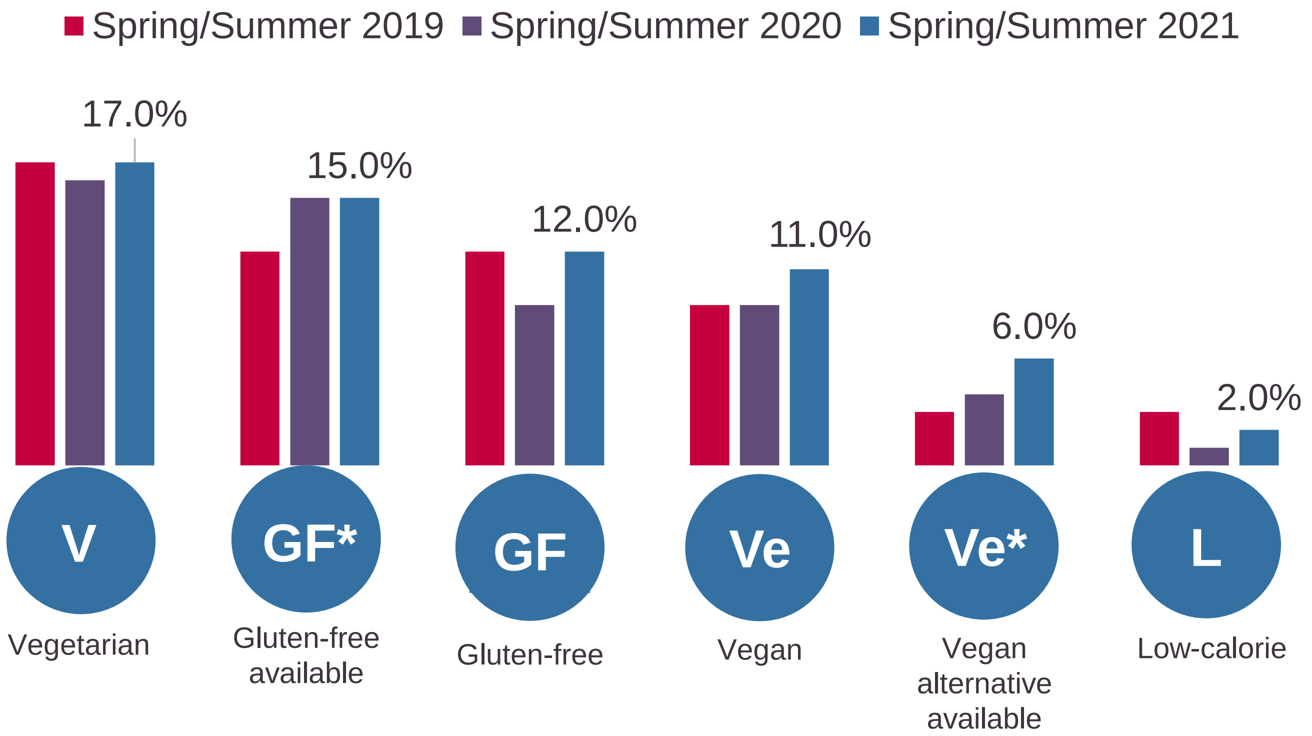
	SS 2017	SS 2018	SS 2019	SS 2020	SS 2021	SS 17 – SS 21 % change
% Difference b/t entry and exit price	£2.08	£1.95	£2.02	£1.87	£2.37	**+13.9%**

Source: Lumina Intelligence Menu Tracker Tool, Spring/Summer 2017-2021

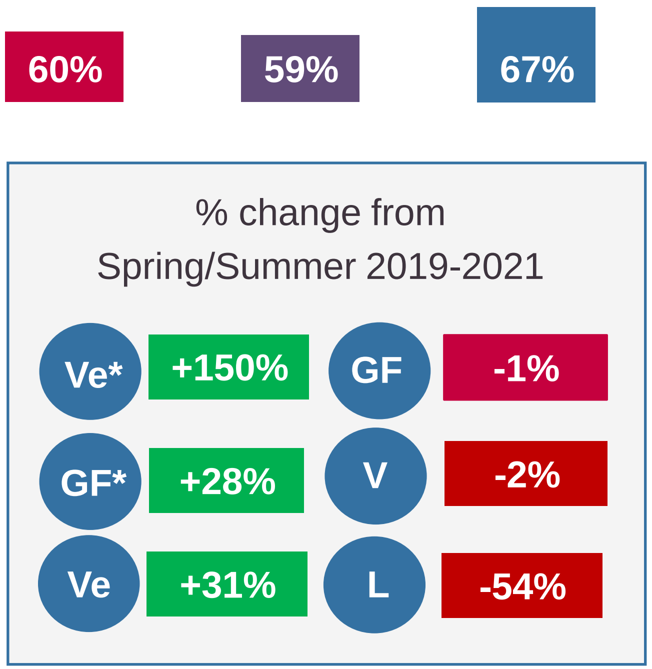
DIETARY REQUIREMENT TAGS INCREASE SHARE OF MAINS

Gluten-free and vegan alternative dishes are growing the most on chain restaurant's menus, up +28% and +150%, respectively vs 2019. Vegan and gluten free alternatives are beneficial to operators as they enable them to cater to a wide range of requirements with versatile dishes.

Dietary requirement share of main dishes, Spring/Summer 2019-2021



Share of main dishes that are flagged with a dietary requirement, Spring/Summer 2019-2021



Note: Analysis includes main courses only.

Source: Lumina Intelligence, Menu Tracker Tool, Spring Summer 2021

OUTDOOR DINING SHOULD BE A KEY DEVELOPMENT AREA

Almost half of consumers like having outdoor seating options whilst two in five consumers remain concerned about virus transmission. Younger consumers were less likely to have had coronavirus booster vaccinations in November 2021, with older consumers more likely to be fully protected and feel safer. 25s-44s over-index in a preference for outdoor dining alongside virus concerns with greater consequences in contracting coronavirus around disruptions to work and daily life. This segment of consumers are key for operators and having an attractive and functional (weather friendly) outdoor area will bring opportunities for a larger number of covers, longer dwell times (especially in the summer months) and widen scope for entertainment.

46.3%*

"I prefer having the option to sit outside"

18-24	25-34	35-44	45-54	55-64	65-74	75+

41.0%*

"I still don't feel comfortable being in restaurants because of Covid"

18-24	25-34	35-44	45-54	55-64	65-74	75+

Over-index	Under-index

*Net agreement

Source: Lumina Intelligence Channel Pulse Bespoke Questions, November 2021

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