William Reed
INFORMING BUSINESS GROWTH

UK Foodservice Delivery Market Report 2022

February 2022

Lumina Intelligence

FOODSERVICE DELIVERY GROWTH DRIVERS, 2021-2022F

Delivery has been established as a legacy of the pandemic, prompting operators to develop unique delivery propositions.

Higher importance

Internal	External
Growth in the number and variety of players developing delivery propositions	Consumer demand for delivery as an alternative to eating out of home
Prevalence of digital promotions and emergence of subscription-based models driving habitual spending	Consumer uptake of technology including delivery apps and digital ordering solutions
Increasing number of kitchens and delivery only restaurants in consumer dense locations	More home working boosting opportunities for delivered breakfast and lunch occasions
Expansion of healthier ranges and those meeting specific dietary requirements	Perception of delivery as a budget friendly alternative to an out of home meal occasion amid cost of living crisis
Emergence of restaurant formats developed with delivery operations in mind	'On demand' lifestyles driving demand for speedy delivery of groceries and meals
Increased analysis and support function abilities from software-driven delivery operators	Less structured eating patterns driving growth in convenience-based channels

Lower importance

Source: Lumina Intelligence, February 2022

PUB AND BAR DELIVERY SEES YEAR ON YEAR GROWTH

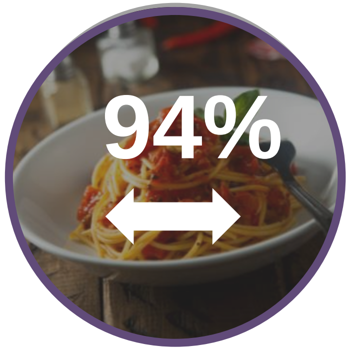
Pub and bar delivery availability has increased by +25% year on year, to just under half of brands. Contemporary fast food brands including Five Guys and Tortilla have partnered with Deliveroo Editions and German Doner Kebab has expanded its dark kitchen presence.

2022 delivery availability by channel, vs 2021

Traditional fast food

Contemporary fast food

Branded restaurant



Pub/bar restaurant brands

In December 2021, Deliveroo announced plans to open four new Editions dark kitchens across London, which will host contemporary fast food brands including Five Guys and Tortilla and branded restaurant operators including Pho and Rosa's Thai.

Pub groups Mitchells & Butlers and Greene King have expanded delivery to their core brand in their estates including Vintage Inns, Ember Inns, and O'Neill's, and Chef & Brewer and Farmhouse Inns, respectively.

Source: Lumina Intelligence, February 2022

Note: Analysis includes top 100 casual dining brands by outlets

DELIVERY CONCEPTS TO WATCH (3 OF 3)

McDonald's has trialled a new concept to adapt to higher volumes of delivery trading without compromising the dine-in experience and Wagamama is looking to target hybrid workers with its new range of lunch boxes.

McDonald's piloted a new concept in November 2021 to mitigate the effects of lingering delivery drivers around diners. The 'Convenience of the Future' model has a second entrance for couriers with its own waiting area away from diners. This change will allow for the brand's delivery service to be less disruptive to customers.

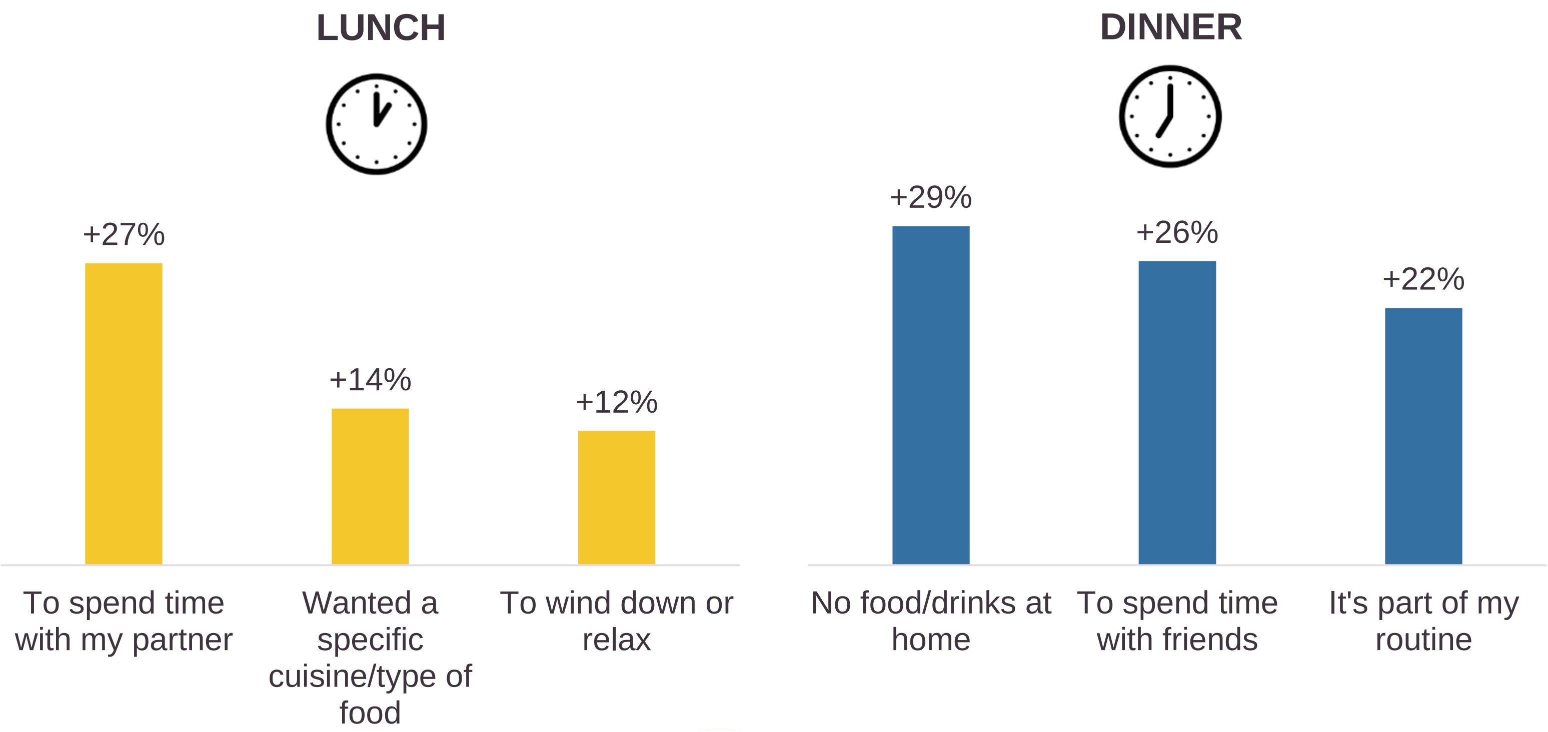
Wagamama has launched BOX, a lunchtime delivery concept that caters to both consumers who work from home and those that work in offices. The lunch boxes are available on Deliveroo, through Wagamama's delivery-only sites, in London and Leeds, and feature healthy ingredients. Wagamama is looking to extend the concept to catering and corporate orders.

Source: Big Hospitality, MCA, Lumina Intelligence, February 2022

HOME WORKING AN OPPORTUNITY FOR LUNCH DELIVERY

Foodservice delivery users ordering lunch are +27% more likely to be doing so ‘to spend time with my partner’, creating an opportunity to target couples working from home through lunchtime deals for two. Dinner occasions are more likely to be driven by practicality with this day-part over-indexing on users ordering because they don't have any food/drinks at home. Push notifications with alerts such as “No food for dinner in? We’ve got you covered” will be effective in targeting these users.

Foodservice delivery: Top occasion over-indexes (Lunch and Dinner)



Wagamama has launched a lunchtime delivery concept that is intended to work with evolving patterns of work.
A series of new light dishes under the ‘BOX’ brand have been introduced to target both home and office workers .

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

HEALTHIER OPTIONS MUST BE FRONT OF MIND

Legislation including mandatory calorie labelling as well as healthier trends among consumers are enforcing the role of healthier eating across the market. Delivery aggregators should work alongside both branded and independent partners to develop nutritional information and messaging across marketing and menus. Suppliers can aid operators with the new calorie labelling legislation by ensuring products feature clear portion suggestion alongside calorie and nutritional break downs.

53%

I try to buy **healthier snack items**, e.g. reduced sugar/lower calorie

50%

I find **calorie information** on menus useful

48%

I am trying to cut down on my **meat consumption**

46%

I like when menus offer a **lower calorie version** of a signature dish

44%

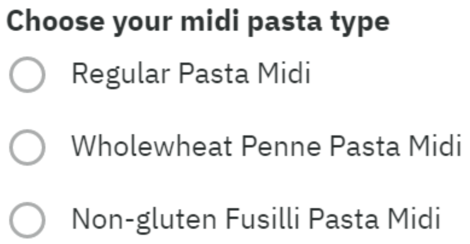
I am trying to cut down on my **alcohol consumption**

39%

I feel motivated to **exercise and eat a more balanced diet** because of Coronavirus

*Net agreement

Deliveroo and **Uber Eats** group lighter options into a ‘healthy’ category to make it easier for customers to seek out healthier options



Coco Di Mama allows consumers to customise dishes to suit dietary preferences via the Deliveroo app

Source: Lumina Intelligence Channel Pulse, October, 2021

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Future outlook

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