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

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

Recessionary Impact

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.

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.

**2022 delivery availability by channel, vs 2021**

<table>
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<tr>
<th>Channel Type</th>
<th>2022 Delivery Availability</th>
<th>2021 Delivery Availability</th>
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<tbody>
<tr>
<td>Traditional fast food</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>Contemporary fast food</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>Branded restaurant</td>
<td>94%</td>
<td>51%</td>
</tr>
<tr>
<td>Pub/bar restaurant brands</td>
<td>49% +25%</td>
<td>24%</td>
</tr>
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</table>

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)

<table>
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<tr>
<th></th>
<th>LUNCH</th>
<th></th>
<th>DINNER</th>
</tr>
</thead>
<tbody>
<tr>
<td>To spend time with my partner</td>
<td>+27%</td>
<td>No food/drinks at home</td>
<td>+29%</td>
</tr>
<tr>
<td>Wanted a specific cuisine/type of food</td>
<td>+14%</td>
<td>To spend time with friends</td>
<td>+26%</td>
</tr>
<tr>
<td>To wind down or relax</td>
<td>+12%</td>
<td>It's part of my routine</td>
<td>+22%</td>
</tr>
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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.

Choose your midi pasta type

- Regular Pasta Midi
- Wholewheat Penne Pasta Midi
- Non-gluten Fusilli Pasta Midi

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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Get in touch

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