William Reed
INFORMING BUSINESS GROWTH

UK Eating Out Market Report 2023

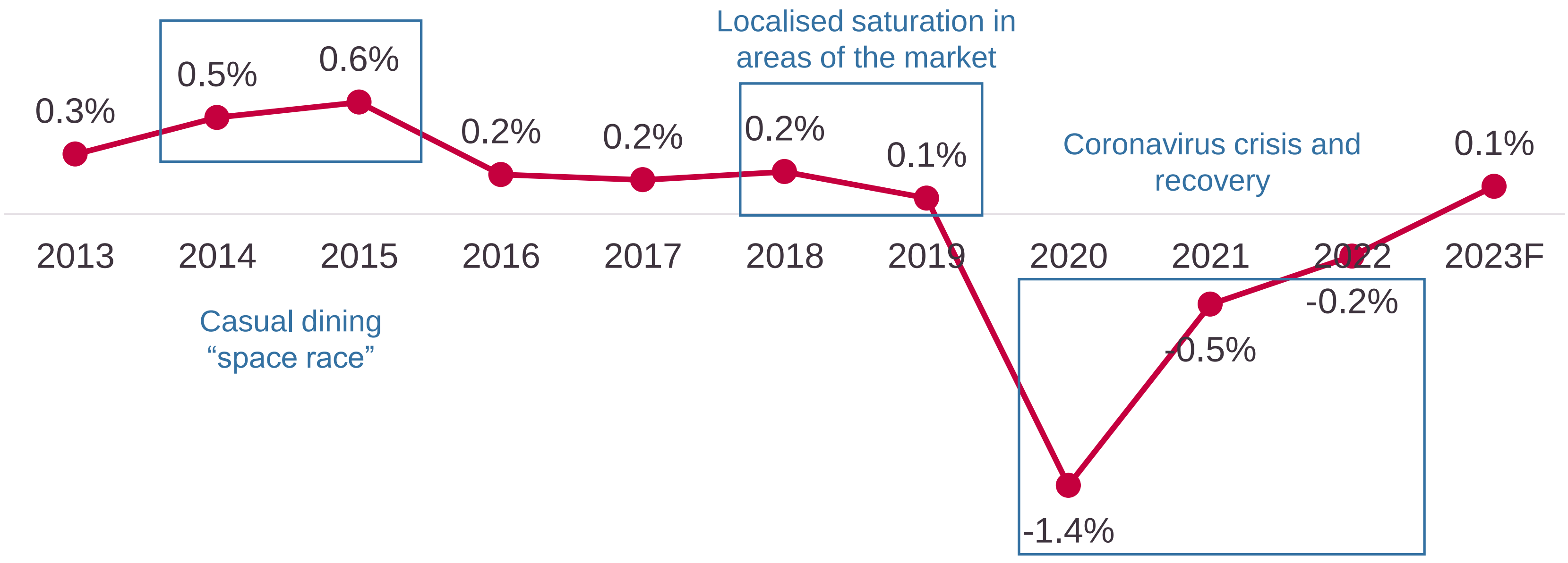
May 2023

Lumina Intelligence

OUTLET NUMBERS FORECAST TO STABILISE IN 2023F

The total eating out market is expected to see net annual outlet growth from 2022-2023F. Drags on outlet growth including large declines in the independent restaurant segment and pub market are set to ease closures begin to net out. Coffee shops, sandwich & bakery and fast food and driving outlet growth in the market.

Total eating out market outlet growth and absolute figures, 2013-2023F



322,819	324,438	326,325	326,998	327,582	328,306	328,582	323,966	322,455	321,756	322,223

Top channels by outlet growth, 2022-2023F

Coffee shops/cafes & dessert parlours	+3.2%
Sandwich & Bakery	+1.3%
Fast food	+1.4%

Source: Eating and Drinking Out Panel, 12 WE February 2022 VS 12 WE February 2023

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HOTELS, PUBS & RESTAURANT GROWTH DRIVERS, 2023F

Developments in digital and a focus on delivering experiences are expected to continue to drive efficiencies and spend in 2023.

Higher importance

Internal	External
Tech-led innovations in digital ordering, payment, and back of house functionality boosting efficiencies	Government **support packages** and legislation including rates freezes and reliefs
Investment in **enhancing and revamping** estates to maximise space, modernise and premiumise	**Economic recovery** boosting appeal for external investment in the sector
Greater focus **omnichannel propositions including delivery and retail** boosting consumer base	More **attractive property prospects** in commuter belt towns and suburban locations for agile operators
Greater emergence of **occasion-led venues** achieving high spends, targeting special occasions	**Reductions in red tape for international travel** boosting footfall for cities and tourist hotspot locations
Investment in staff training and **recruitment strategies** increasing appeal for jobs in hospitality	**Events** including extended trading hours for the Kings Coronation
More **expansive drinks ranges** including cocktails and premium spirits driving spend	**High inflation** rising prices and justifying higher price points that are boosting consumer spend

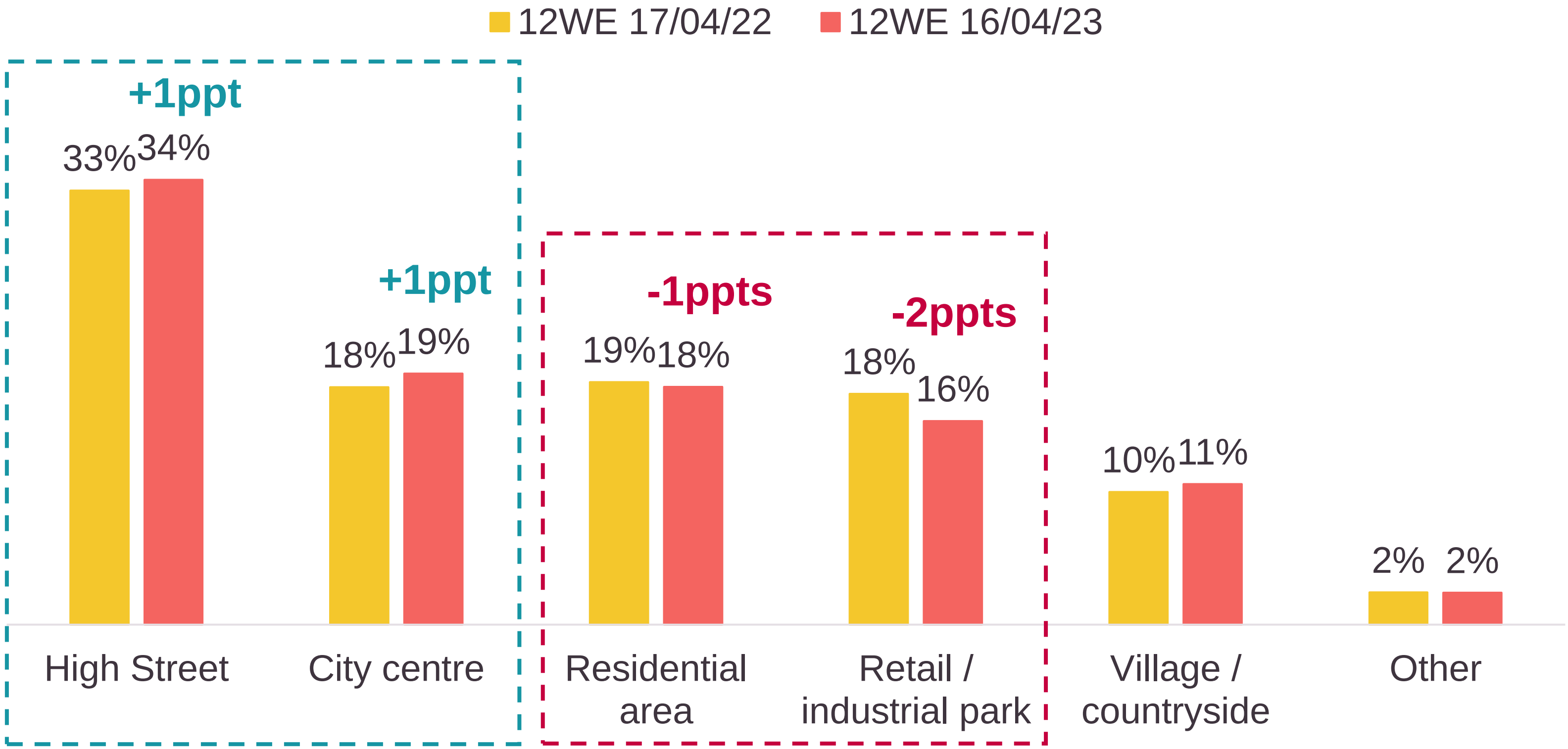
Lower importance

Source: Lumina Intelligence, May 2023

CAPITALISE ON THE GROWTH OF HIGH STREET FOOTFALL

A return to offices and growth in high street footfall has driven an increase in out of home consumption in high streets and city centres. Consumption in residential areas and retail and industrial parks has declined due to recovery in busier locations but still accounts for nearly a fifth of consumption, so a varied location strategy is key.

Share of eating/drinking out occasions by outlet area, 12WE 16/04/23 vs 12WE 17/04/22



TORTILLA

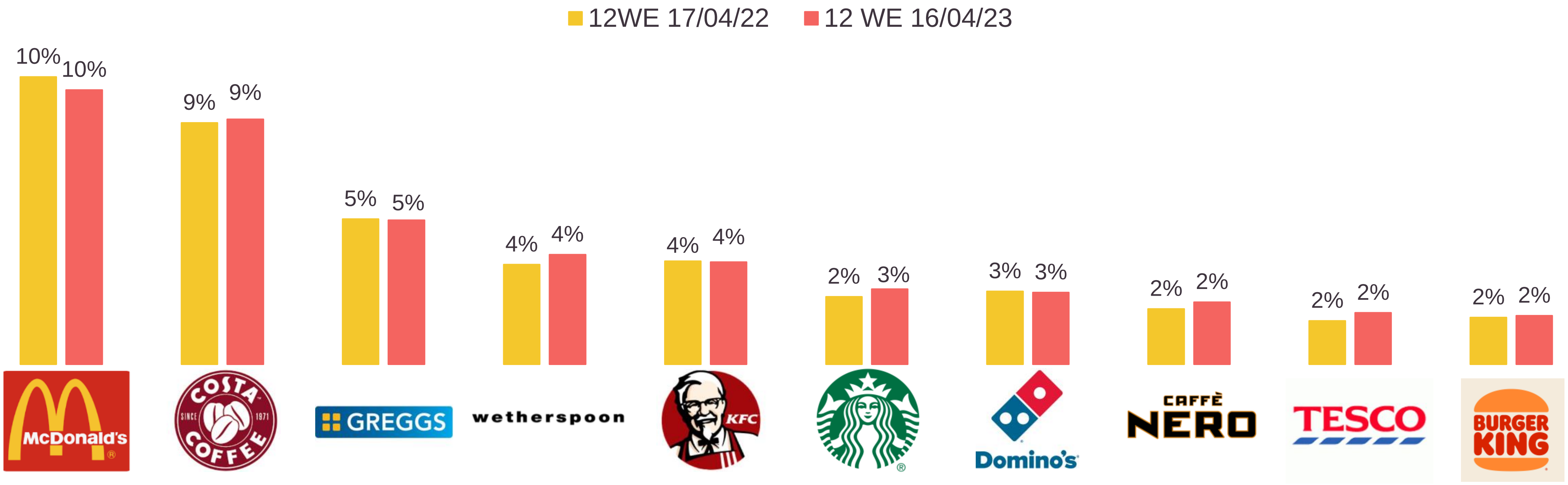
Tortilla's estate continues to **expand** due to the **return** of office **workers** and **tourists** in London. It's **lunchtime offer** is well positioned to deliver **value** and accelerate strong performance in **city centre** and **high street** locations, fuelling its growth.

Source: Lumina Intelligence Eating and Drinking Out Panel, data collected 12WE 17/04/22 and 12WE 16/04/23, MCA; 2023

1 IN 10 OUT OF HOME OCCASIONS ARE AT MCDONALD'S

McDonald's is the most popular brand purchased from and accounts for 10% of occasions. McDonald's offers lots of choice and has a wide location strategy so is able to meet growing consumer needs for choice and proximity. Costa, Starbucks and Caffè Nero have grown share year-on-year. Consumers are increasingly on the go and looking for small, affordable luxuries during the cost of living, helping coffee maintain popularity and highlighting its importance on menus.

Top 10 brands in eating/drinking out market, 12WE 16/04/23 vs 12WE 17/04/22



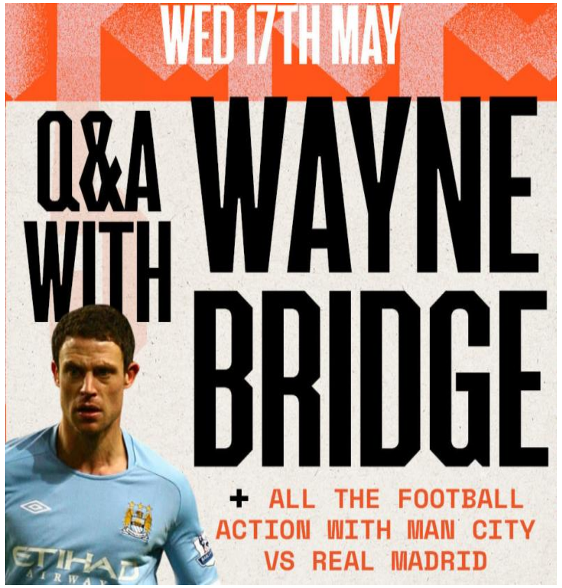
Source: Lumina Intelligence Eating and Drinking Out Panel, data collected 12WE 17/04/22 and 12WE 16/04/23

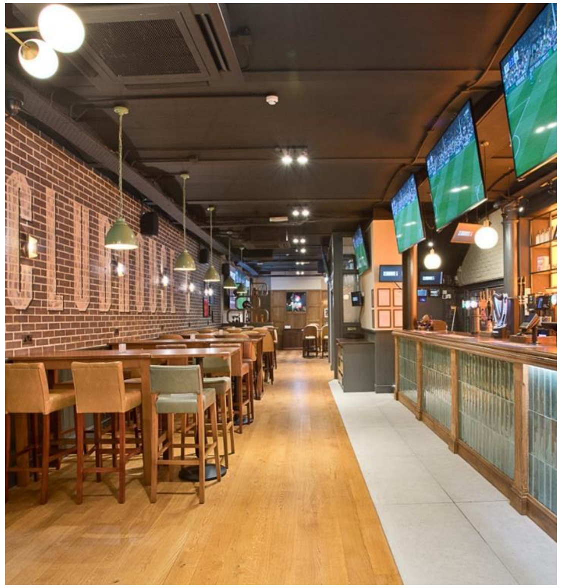
MARKET GROWTH DRIVER EXAMPLES – OCCASION FORMATS

Pub and bar concepts are increasing customer reasons to visit throughout the week with live performances.

Mission Mars concept **Albert Schloss** is a **Bavarian-inspired beer hall**, cookhaus and entertainment pleasure palace. The brand won **best concept** and **best experiential concept** at the MCA's Retailer's Retailer Awards in 2023. Each site has live performances including bands and cabaret on weekdays and weekends.

Stonegate Group is looking to deliver a sports-led experience that is **comparable to a stadium visit**. The group's new sports model **Clubhouse Five** will seek to use an insight-driven approach to create a stadium-esque experience. Its Leicester Square site recently hosted a **live Q&A** with ex Man City player Wayne Bridge, ahead of Man City's clash with Real Madrid.





Source: Lumina Intelligence, MCA News, May 2023

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The experts in market and consumer insight across the food, drink and nutrition markets

Deep actionable insights, powered by the world's best analytics technology

Every measure of consumer and shopper behaviour, from planning a shop to choosing where to eat or drink

Part of William Reed, providing inspiration, insight and connections to power the global food & drink industry

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