## Lumina Intelligence

#### March 2024

## Lumina Intelligence Food Service Delivery Report

Brochure





### **Executive Summary**



- The foodservice delivery market is expected to grow +2.8% to a value of £14.1bn in 2024F, stabilising following the pandemic boom. Market growth will be supported by inflation, continued expansion and innovation targeting increased transaction value and additional missions. It is expected that the market has stabilised following huge pandemic-driven growth and subsequent volume decline. Aggregators are continuing to expand reach and scale with London's share of delivery occasions falling back by -2ppts.
- Market growth excluding VAT and delivery service fees fell to -3.3% and +1.6% in 2022 and 2023, hindered by reduced volumes as consumer delivery behaviours shifted post-pandemic and cost-of-living pressures restricted frequencies. Reduced customer frequencies (-0.9%) and a lack of growth in new customers (+0.2ppts) restricted the market in 2023 with a weaker performance versus the total eating out market. Key demographics dropping delivery occasions were families, with these households more exposed to weaker finances.
- Fast food is forecast to lead share growth in the market, underpinned by developments around white label services and investment. Company's own delivery services and Uber Eats saw a +2.9ppt and +2.4ppt rise in share respectively in 2023 – the only two to see growth. Aggregators and operators are focusing on improving the user experience through AI and expanding partnerships.
- Pandemic-driven delivery behaviours including a wider variety of day-part and weekday occasions have reversed, there is more to be done to cement habitual delivery behaviours in UK consumers. Dinner increased its share of occasions to 63.5%, with treating missions growing in importance and routine missions declining. There is an opportunity to capitalise on growth in solo and sporting delivery occasions in 2024 with the UEFA Euros and Paris Olympics.
- Foodservice delivery is forecast to reach a value of £15.7bn in 2027F, a compound annual growth rate (CAGR) of +3.1% from 2024F-2027F. Opportunities around day-parts and ranges must be realised to unlock further growth in delivery. Increasing customer order frequency through encouraging a wider repertoire of occasions will be a key lever of growth. Optimisations in delivery platforms and services including artificial intelligence-driven order assistants, to prompt additions and drive transaction value will be another market bolster.
  Source: Lumina Intelligence, March 2024



### How to use this report



Report section:	Market Insight	Competitive Landscape	Consumer Insight	Future Outlook
Relevant teams	Commercial, finance, data and insight, holding company, board	Commercial, finance, data and insight, holding company, board	Brand, creative, data and insight and marketing	Commercial, finance, data and insight, holding company, board
Operator Questions answered	What does the market look like and how will changes impact my business case and forecast? What are possible gaps that can be capitalised on?	What can we learn from how brands and operators are innovating? How are our business efforts impacting our market share?	How are consumers interacting with the foodservice delivery market? What are their motivations? What are the opportunities to be exploited?	How will the market change across the next three years and what are the threats and opportunities?
Supplier/ Wholesale Questions answered	What does the market look like and how will changes impact my customers? What factors will need to be priorities for supporting customers?	Who are the winners and potential customers in the market?	How are operators having to adapt to deliver against changing consumer needs? What can we do to support our customers?	How will the market change across the next three years and what are the threats and opportunities?
Investor Questions answered	What is the landscape and the opportunity for growth in the market?	Who are the key players in the market and how are they performing?	What are key consumer behaviours and considerations that a prospect needs to be prioritising?	How will the market change across the next three years and what are the threats and opportunities?

Source: Lumina Intelligence, March 2024



## Sample Slides







## UK foodservice delivery market share of total eating out market, 2019–2024F

Delivery market share stagnates following re-alignment postpandemic

The foodservice delivery market is forecast to hold a 11.0% share of the total eating out market in 2024F, +4.3ppts up from 2019.

1



The foodservice delivery market had a higher share of a dramatically smaller pie across 2020 and 2021. The total eating out market saw steep declines whilst foodservice delivery market turnover surged throughout the coronavirus pandemic.

<sup>2</sup> Total eating out market recovery from 2022-2023 suppressed foodservice delivery market share with consumers returning to out of home visits at a higher frequency.

Source: Lumina Intelligence Market Sizing Insight & Analysis, March 2024

# Casual dining brands continue to increase delivery services

Four in five casual dining brands offer delivery services, with exclusions mainly brands within the pub and bar segment. Brands offering delivery are increasingly turning to digital channels to connect with customers. Operators including German Doner Kebab, Pizza Express and McDonalds have launched or upgraded apps to allow consumers to order food directly, opening channels for more effective consumer interaction.



GDK recently launched its online ordering app in 130 stores across the UK. The platform streamlines in-venue ordering and provides customers with a centralised hub for placing orders for table service, collection or delivery.

## Proportion of casual dining brands which offer delivery, 2019-2024

**Competitive Landscape** 



Source: MCA, German Doner Kebab, Lumina Intelligence, March 2024

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### Pub & bar delivery services triple versus pre pandemic

Pub and bar delivery availability has increased by +36ppts to 54% in 2024 versus pre-pandemic, yet delivery services under-index versus other channels. Operators are employing a multi-faceted approach to ensure they continue to capitalise on opportunities in the at-home channel without cannibalising on-site sales.

**Brewdog** looks to engage consumers in non-traditional settings with its park delivery service. The offering taps into outdoor socialising trends by targeting park goers during warmer weather showcasing the brands adaptability.



PARK DELIVERY Looking to pimp your picnic? BrewDog Now makes the perfect park companion.



MINI KEGS

Say goodbye to picnic interruptions. With five full litres of delicious craft beer the whole gang can focus on enjoying the great outdoors and leave shop runs behind. 2024 delivery availability by channel, vs 2019



Source: Brewdog, Morning Advertiser, Lumina Intelligence, March 2024



### Food or drink purchases, delivered occasions

Both Don't remember Drink Food

### Meal deals and aggregator prompts drive a rise in purchases of food and drink together







Meal Deal for 1 £11.45 • 1**6** 90% (10)



Meal Feast for 1 £17.45 • 16 66% (3)

Chik Box Uber Eats meal deal selection

Source: Lumina Intelligence Eating and Drinking Out Panel, data collected 52WE 19.02.2023 and 18.02.2024



### Foodservice delivery growth inhibitors, 2024F-2027F

A lack of healthier options is restricting customer ordering frequencies in the market, inhibiting growth.

#### Higher importance

1	Lack of healthier alternatives restricting customer ordering frequencies	Annual changes in legislation surrounding <b>legal</b> <b>minimum wages</b> driving up staff costs	$\leftrightarrow$
$\leftrightarrow$	Reduced operator profitability and margins with consumers reducing spend on delivery versus on-site	Stronger <b>return to pre-pandemic lifestyles</b> driving out of home on-site occasions reducing delivery demand	$\leftrightarrow$
↓ Internal	<b>Reduced brand awareness</b> when creating virtual and delivery-only brands from dark kitchens	<b>Growth in competition</b> from meal boxes, "makeaway" kits and gourmet ready meals in grocery channels	<b>Î</b> External
Internal	Reliance on and <b>cost of third-party aggregators</b> with a threat of increases in commission costs	Increases in bills, tax and high inflation <b>dampening</b> consumer appetite for non-essential spending	
$\leftrightarrow$	<b>Poor experience threatening brand perceptions</b> through packaging and/or transit mishaps	<b>Consumer concerns around health</b> exacerbated by mandatory calorie labelling at point of sale	$\leftrightarrow$
Ļ	Threat of persisting <b>delivery strike action</b> impacting delivery aggregator profitability	Ongoing <b>perceptions of delivery as an occasional</b> <b>'treat'</b> restricting order frequencies	$\leftrightarrow$
	Lower im	portance	
	Growth in importance 📕 Decline	in importance 🔶 Retain importance level	

Source: Lumina Intelligence, March 2024



#### Market Insight

Foodservice delivery growth Inflations and business and consumer pressure

Consumer confidence

Consumer spend growth on takeaways

Foodservice delivery market growth

Foodservice delivery forecast in 2024F

Foodservice delivery market ex VAT and delivery fee growth

#### Market Insight

Smaller delivery channels and growth

Smaller players in the delivery market

Post-pandemic delivery market share

Delivery share of channels turnover 2021-2024F

Foodservice delivery market growth drivers, 2024F

Foodservice delivery market growth inhibitors, 2024F

#### Competitive Landscape

Delivery market resilience and adaptability

Delivery aggregator growth drivers

Top brands' gross transaction value

Top brand's profitability in the UK and Ireland

Top Brand's profitability expectations against guidance

Cross promotion and advertising contribution

### Competitive Landscape

Share in delivery occasions for white label services in 2024

Top brand gains share in the capital at the expense of it's competitor

Top brand loses regional share

Operator's partnership to drive consumer engagement

Top brand focuses on enhancing the in-app experience to drive growth



#### Competitive Landscape

Top brand improves feed personalisation by utilising machine learning

Top brand gains at the expense of rivals

Brands extending into different day-parts

Top brand's NPD focus

Leading brands set to grow delivery turnover in 2024F

Diversified formats and ship refits against delivery capabilities

#### Competitive Landscape

Investment into delivery share growth

Casual dining brands and increased delivery services

Loyalty platforms and omnichannel relationship with consumers

Pub and bar delivery services compared to pre pandemic

Top brand launches exclusive partnership with Deliveroo

Delivery brands and aggregators

#### Concepts to Watch

Top brand and artificial intelligence ordering assistance

Top brand and sustainability initiatives

Premium restaurants and athome experiences

#### Consumer Insight

Post-pandemic consumer behaviours

Delivery key indicators yearon-year

Delivery share of total market post pandemic

Breakfast share and delivery

QSR and occasion share

Meal deals and aggregator prompts

Delivered cooking fatigue missions

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#### **Consumer Insight**

Work or study breaks at lunchtime

Top brand eyes up lunch time meal deal market

Dinner missions, year-onyear

Weekday occasions and treat missions

Weekday deals and ordering

Demographics: delivery market vs total eating out

Core demographic for delivery

#### **Consumer Insight**

Shift of focus to target market drop-outs

Group composition to gain share of occasions

Key opportunity to drive engagement

London loses share of delivery occasions

Delivery consumers brand, health, and experience led

Delivery aggregators and consumer demands

Delivery: what is key

#### Concepts to Watch

Top brand is tapping into consumer demand

Top brand focuses on value

Top brands' growth share

Top brand's success at dinner

Satisfaction ratings

Increased demand reflects from top brand

Pizza popularity on dinner occasions

Product key for lunch occasions

#### **Future Outlook**

Growth driver for foodservice delivery

Cautious optimism for UK economy

Legislation & policy developments

Foodservice delivery value forecast in 2027F

Market growth expectations

Prize for leasing channels

Independent restaurants and fast foods forecast

#### Future Outlook

Delivery market share growth forecast 2027F Foodservice delivery growth drivers, 2024F-2027F Foodservice delivery growth inhibitors, 2024F-2027F Foodservice delivery market: 2024F-2027F trends Artificial Intelligence key to driving growth





### Methodology

### Eating & Drinking Out Panel

Lumina Intelligence's UK Eating & Drinking Out Panel tracks the behaviour of 1,500 nationallyrepresentative consumers each week, building up to a sample of 78,000 every year, across all eating out channels and dayparts (including snacking)

2020-2024

### Market Sizing & Operator Data Index

Market sizing data tracking the performance of hospitality and grocery operators, based on turnover and outlet numbers

Extracts from Operator Data Index and wider synthesis with total Eating Out market sizing

Lumina Intelligence Operator Data Index tracks and forecasts outlet and turnover information for over 400 brands across the eating out market

### Top of Mind Business Leaders Survey

Lumina Intelligence Top of Mind business leaders survey targeted at industry professionals across the eating out and grocery retail markets, to understand the trading environment, challenges and growth opportunities

#### July 2021-2023

## Secondary external sources

Lumina Intelligence also uses external sources including desk research, GFK Consumer Confidence Index and EY Item Club economic indicators

2018-2027F

Source: Lumina Intelligence, March 2024

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### **Report Details**



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# To learn more about how Lumina Intelligence can support you, please get in touch using the contact details provided below.

### Get in touch

Holly Franklin Head of Sales Holly.Franklin@lumina-intelligence.com

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www.lumina-intelligence.com