Lumina Intelligence

November 2024

Lumina Intelligence UK Restaurant Market Report

Brochure

Executive Summary

The **Lumina Intelligence UK Restaurant Market Report 2024** is a necessity for those looking to navigate the 2025 landscape.

It includes market sizing and forecasts up to 2027, latest consumer behaviour insight and analysis of the current restaurant competitive landscape providing a holistic source of intelligence on this channel for suppliers, operators, service providers and investors alike.

Our unique comprehensive report helps our clients understand the scope of the restaurant channel and how best to navigate the forth coming opportunities and challenges in the market. It is a must-have for any who invest, operate in or supply the restaurant channel.

Source: Lumina Intelligence, November 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 forecasts? What are possible gaps that can be capitalised on?	What can we learn from how operators are innovating? How are our business efforts impacting our market share?	How are consumers interacting with the 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?

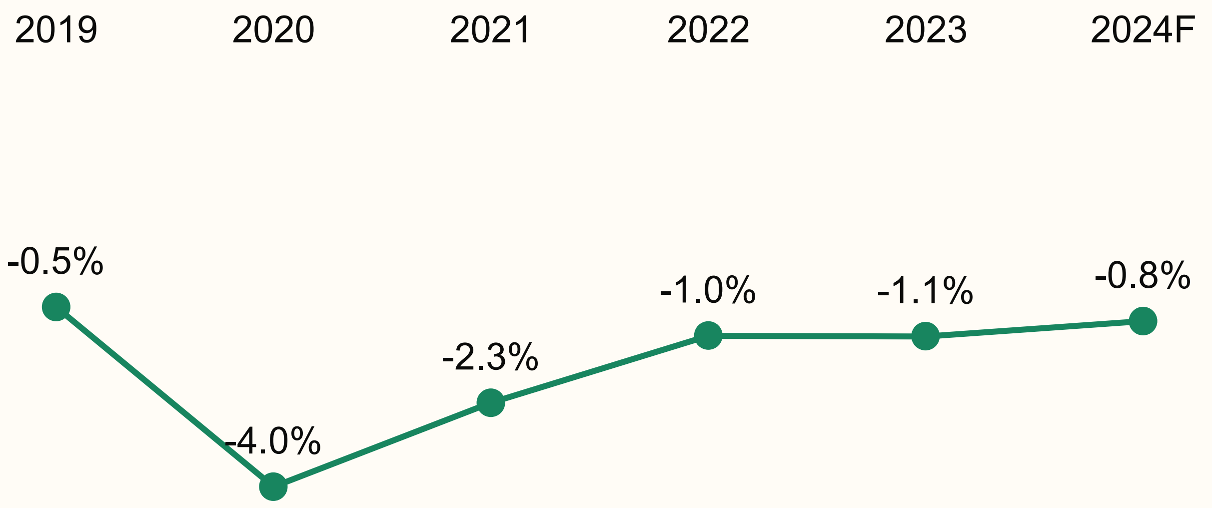
Source: Lumina Intelligence, November 2024

Sample Slides

Ongoing business challenges are translating into restaurant closures

The UK restaurant market is expected to see a net of six closures every week in 2024F, an easing on the steeper losses seen from 2020-2023. Business rates, food price inflation and staff cost increases are key factors contributing to unviable sites for operators. Consumer caution around spending has exacerbated cost pressures for weaker sites.

UK restaurant market outlets and outlet decline 2019-2024F



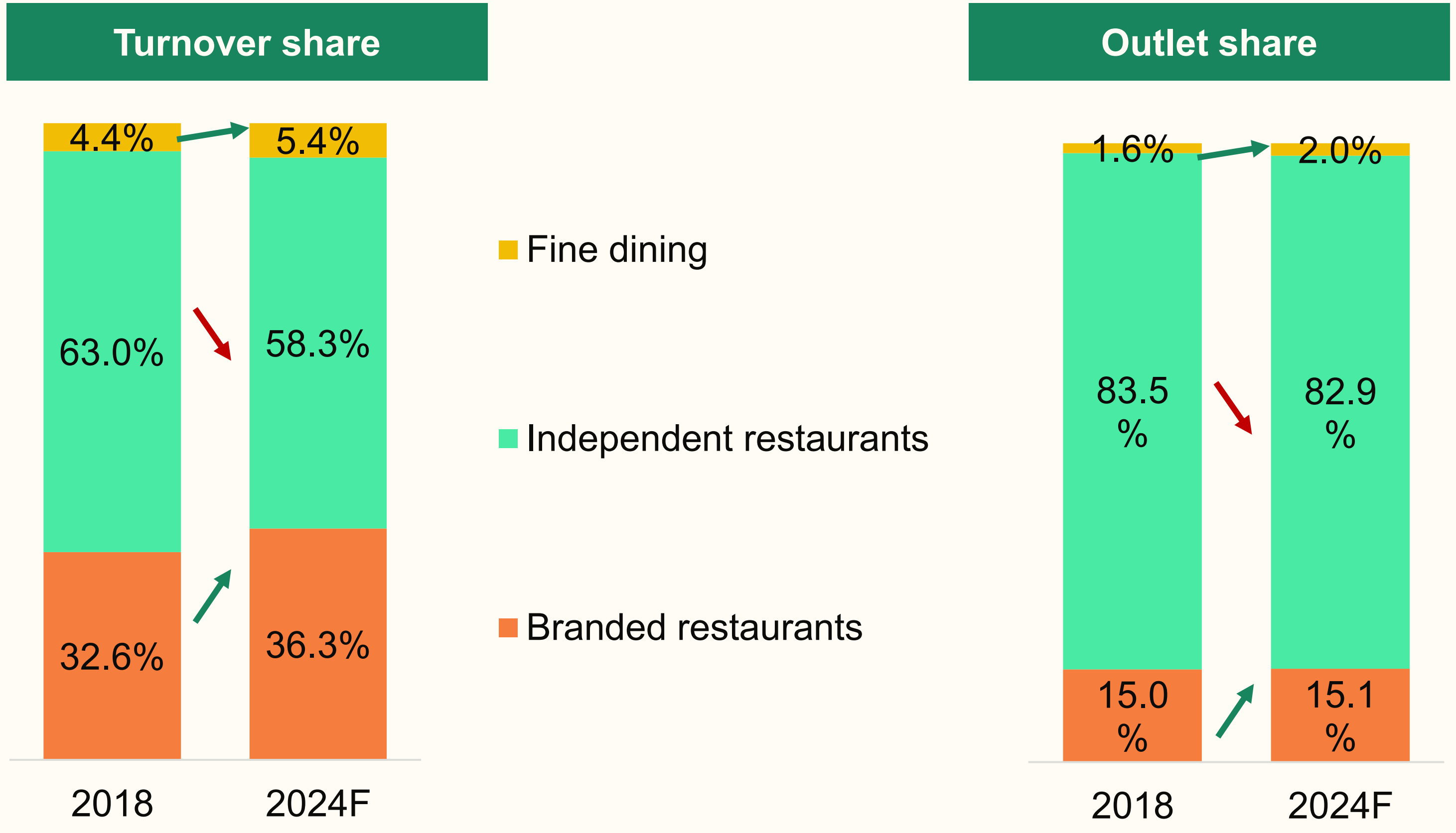
	2019	2020	2021	2022	2023	2024F
Net closures on average per week:	-15	-42	-17	-12	-10	-6
Total outlets:	31,073	28,883	28,006	27,384	26,884	26,566

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

UK restaurant market value and outlet share by segment, 2018-2024F

Branded and fine dining restaurants are gaining market share

Branded sites punch above their weight in average turnover through a combination of tools at group disposals. These include supply negotiations, financial backing and the ability to leverage data across sites to dial up successful products and initiatives. Independent restaurants are gradually losing share of the market though over eight in ten restaurants in the UK are independent.



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

Consumers increasingly consider quality and health when choosing a restaurant

One third of restaurant visits are driven by familiarity, although this loses dominance and declines by -1.1ppts this year. Healthy food options and quality of ingredients are the top growing needs, followed by value.

Restaurants should prioritise quality of ingredients and incorporate healthier options and signposting onto menus to appeal to consumers and as a mechanism to deliver value.

Reason for choosing an establishment (Top 10)[11]

	52 w/e 29.09.24	Change vs 52 w/e 01.10.23
I've been there before	33.4%	-1.1ppts
It's good value for money	24.1%	+0.9ppts
Quality of ingredients	20.4%	+1.6ppts
It's local and independent	16.2%	-1.2ppts
It was close to where I was	15.8%	-1.0ppts
Pleasant atmosphere	12.7%	-0.3ppts
Lots of choice	12.7%	-0.8ppts
Friendly service	12.2%	0.0ppt
Recommendation	9.2%	+0.5ppts
Healthy food options	9.0%	+1.6ppts

Restaurant Psychographics*

Health Led
ix.112

Quality Led
ix.104

Source: Lumina Intelligence Eating and Drinking Out Panel, data collected 52WE 01.10.23 and 52WE 29.09.24

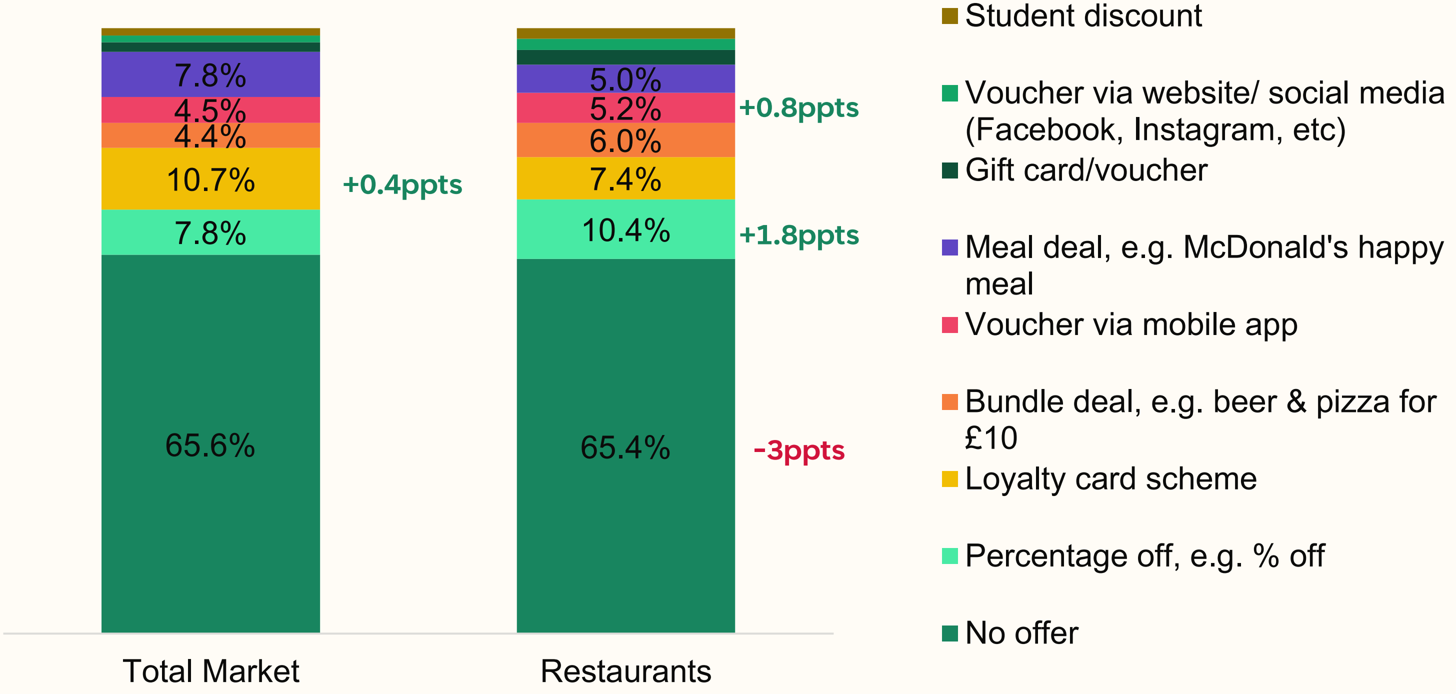
11=Qn16, n = 7,034 / 7,512

*ix = index vs total market

Increased use of promotions driven by percentage off

Promotions are used in restaurants on 35% of occasions, an increase of +3ppts year-on-year. Growth is driven through increased use of percentage off and vouchers via mobile app. Loyalty card scheme is now the largest promotion type at total market and restaurants should use this strategy to drive frequency. Gusto have introduced a 'platinum club' subscription model, where customers pay a fee and receive year-round benefits and discounts. This strategy looks to drive midweek footfall and increase loyalty from customers.

Total Market vs Restaurants – promotion type used - % occasions[12]



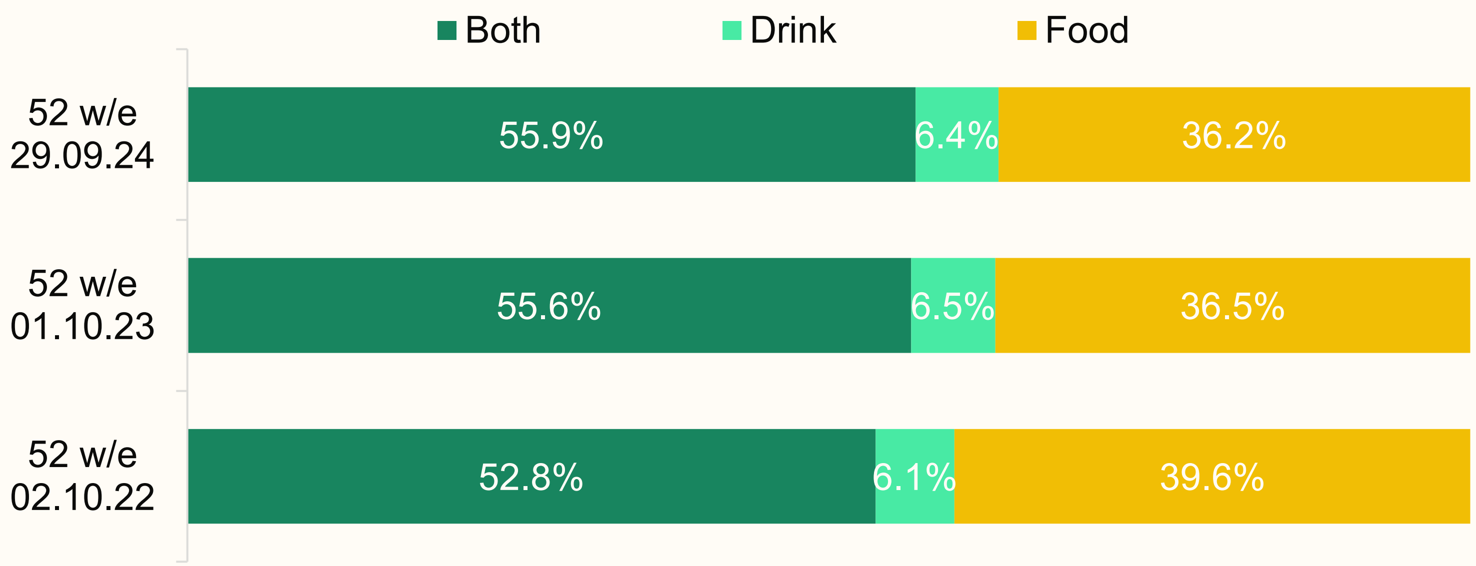
Source: Lumina Intelligence, Eating and Drinking Out Panel, data collected 52WE 01.10.23 and 52WE 29.09.24

11=Qn16, Total Market n= 42,804 / 44,162 and Restaurants n = 7,034 / 7,512

Consumers maintain drink purchases with food, with increasing demand for non-alcoholic drinks

Consumers added drinks to their meals last year and have maintained this behaviour, with 56% of occasions featuring both food and drink. The type of drink has shifted, with more consumers opting for a non-alcoholic drink to accompany their food, driven by a shift to lunch and lower-tempo occasions and a wider trend of reduced alcohol consumption. Operators should look to expand their non-alcoholic drink range and consider soft drink pairing suggestions on menus.

Restaurants: Share of food or drinks consumed [24]



[25]

	Alcoholic Drinks	Non-alcoholic Drinks
Drink Occasion Share	31.1%	73.0%
Share change YoY	-0.9ppts	+0.9ppts
Trip spend per head	£45.47	£31.56

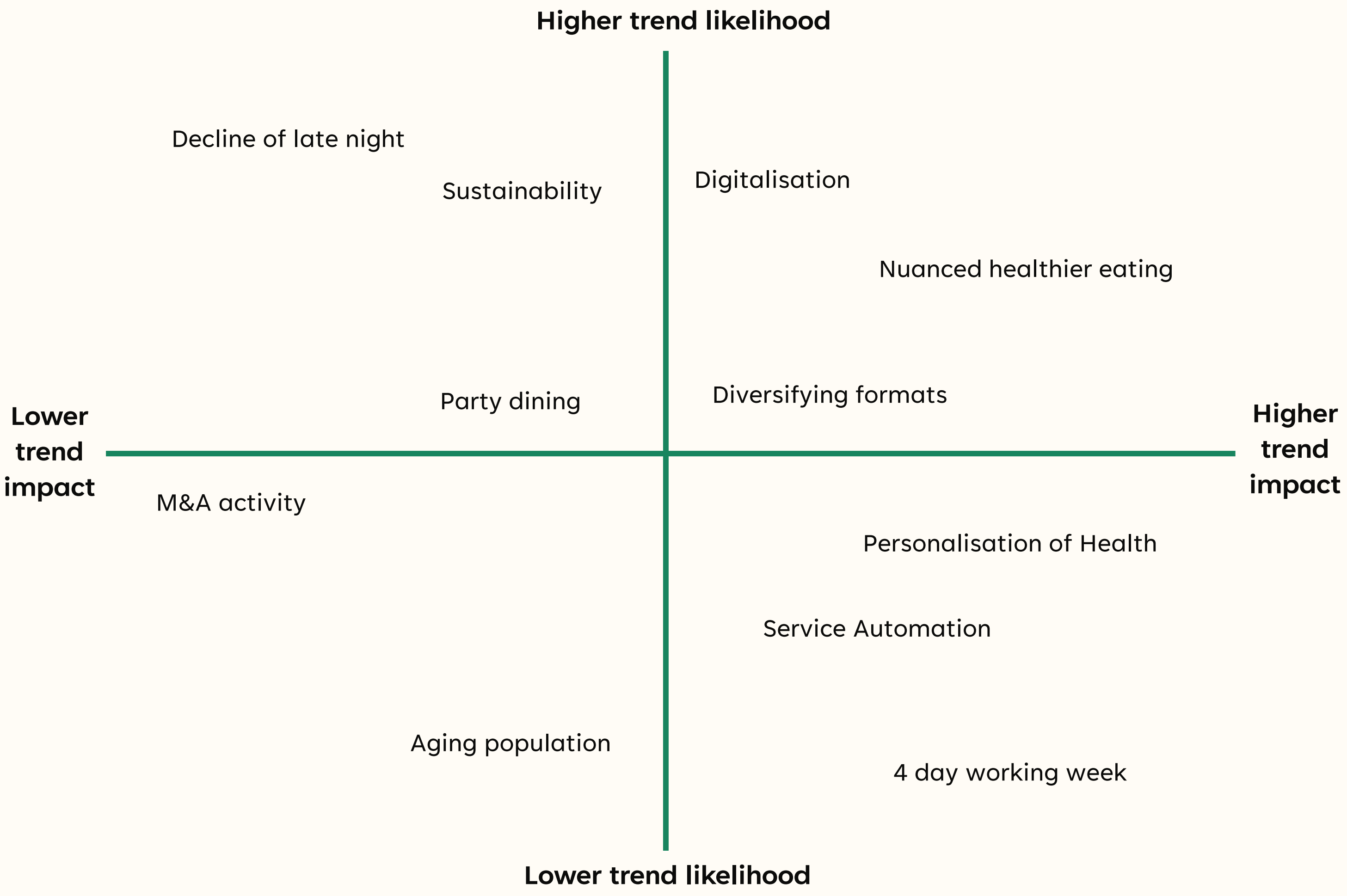
Source: Lumina Intelligence Eating & Drinking Out Panel, data collected 52WE 02.10.22 and 52WE 29.09.24

24=Qn17 ; n= 6,831 / 7,034 / 7,512 and 25=Qn25 n= 4,866

Macro and restaurant market: 2024F-2027F trends

Trends expected to be highly likely and have a high impact on the market and consumers in the next three years include operator digitalisation, diversification of formats and consumer trends around nuanced healthier eating. Trends with lower likelihoods in the next three years including ageing population and 4 day working week are expected to be more likely in the next 10 years.

Trends, 2024F-2027F



Source: Lumina Intelligence, November 2024

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Methodology

Eating & Drinking Out Panel

Lumina Intelligence's UK Eating & Drinking Out Panel tracks the behaviour of 1,500 nationally-representative consumers each week, building up to a sample of 78,000 every year, across all eating out channels and day-parts (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

2018-2027F

Secondary external sources

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

Source: Lumina Intelligence, November 2024

Report Details

Format

Electronic PDF

Pricing

£3,250

Publication

November 2024

Access

Corporate Access

Lumina Intelligence

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

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