An overview of the out of home market in Scotland.

NPD CREST data to year ending December 2015.

Commissioned by Food Standards Scotland – Prepared by NPD Group, Inc.

Muriel Illig – Senior Account Manager

Muriel.illig@npd.com

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The NPD CREST consumer panel

What is CREST®?

Database designed to measure food and drink behaviour out of home, captured through on-line surveys from a maintained, representative panel.

- **C**onsumer
- **R**eporting of
- **E**ating
- **S**hare
- **T**rends

- Asks about "yesterday's" behaviour, reported monthly.
- Source for data is consumers, not restaurant chains.
- Captures restaurant meals and snacks consumed both on and off-premises.
- Includes prepared meals and snacks from restaurants as well as retail outlets (grocery/deli/ convenience stores).

The out of home landscape

Total Out of Home

Commercial

- **QSR**
  - QS Burger
  - Fish & Chips
  - QS Sandwich
  - QS Bakery
  - Coffee Shops
  - QS Pizza/Italian
  - Qs Ethnic
  - Retail
  - Petrol Station
- **Pubs**
- **Full Service**
  - FS Traditional
  - FS Ethnic
  - FS Pizza/Italian
  - Café/Bistro
- **Travel & Leisure**
  - Hotel
  - In-Store Restaurant
  - Bar/Club
  - Motorway Service Station
  - Ice Cream Shop
  - Leisure/Entertainment

Over 75 chains with over 100 annual transactions

Non Commercial

- **Workplace**
- **College/Uni**
- **Vending Machine**

Exclusions :
Hospital Meals (Patients)
Schools
Prisons
Hospitality e.g. catering services for events such as weddings.

NPD CREST Measures

?
What are the measures for structures and changes within the OOH-Market?“

- **Visits**: Also called traffic. The total number of visits made by everyone in the sample.
- **Meal Occasion:** One party is one meal occasion, whether with only 1 person or more.
- **Average visit per capita:** Number of visits divided by the population.
- **Number of servings:** Whatever the size or portion, one food item is one serving.
- **Incidence:** The % of all visit which contains a food item.

Introduction to the Scottish Out of Home market

Food service in Scotland is an important industry.

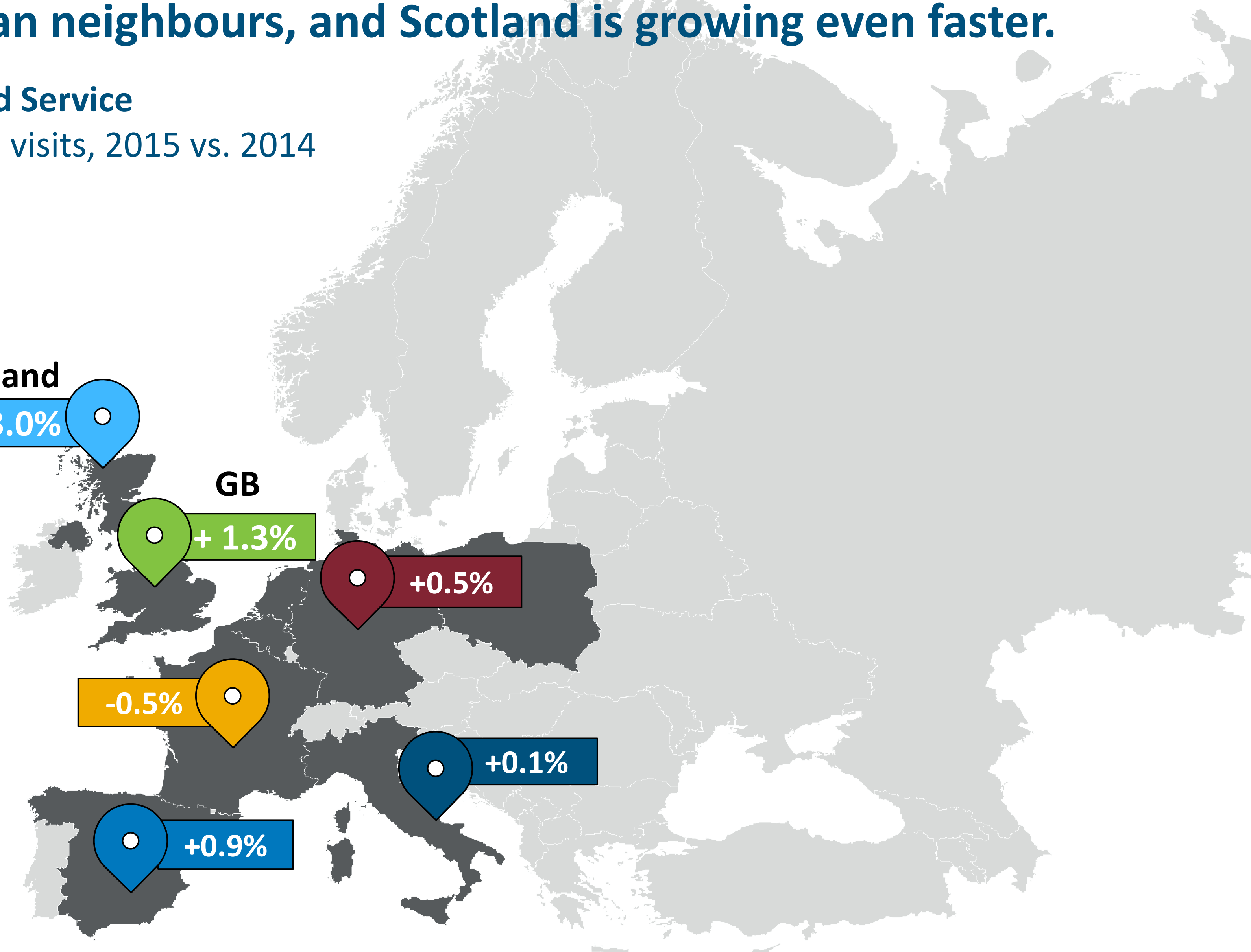
Total visits in Scotland (2015)
948 million visits

 Source: The NPD Group / CREST UK data to YE December 2015

The number of visits OOH in GB are growing ahead of its European neighbours, and Scotland is growing even faster.

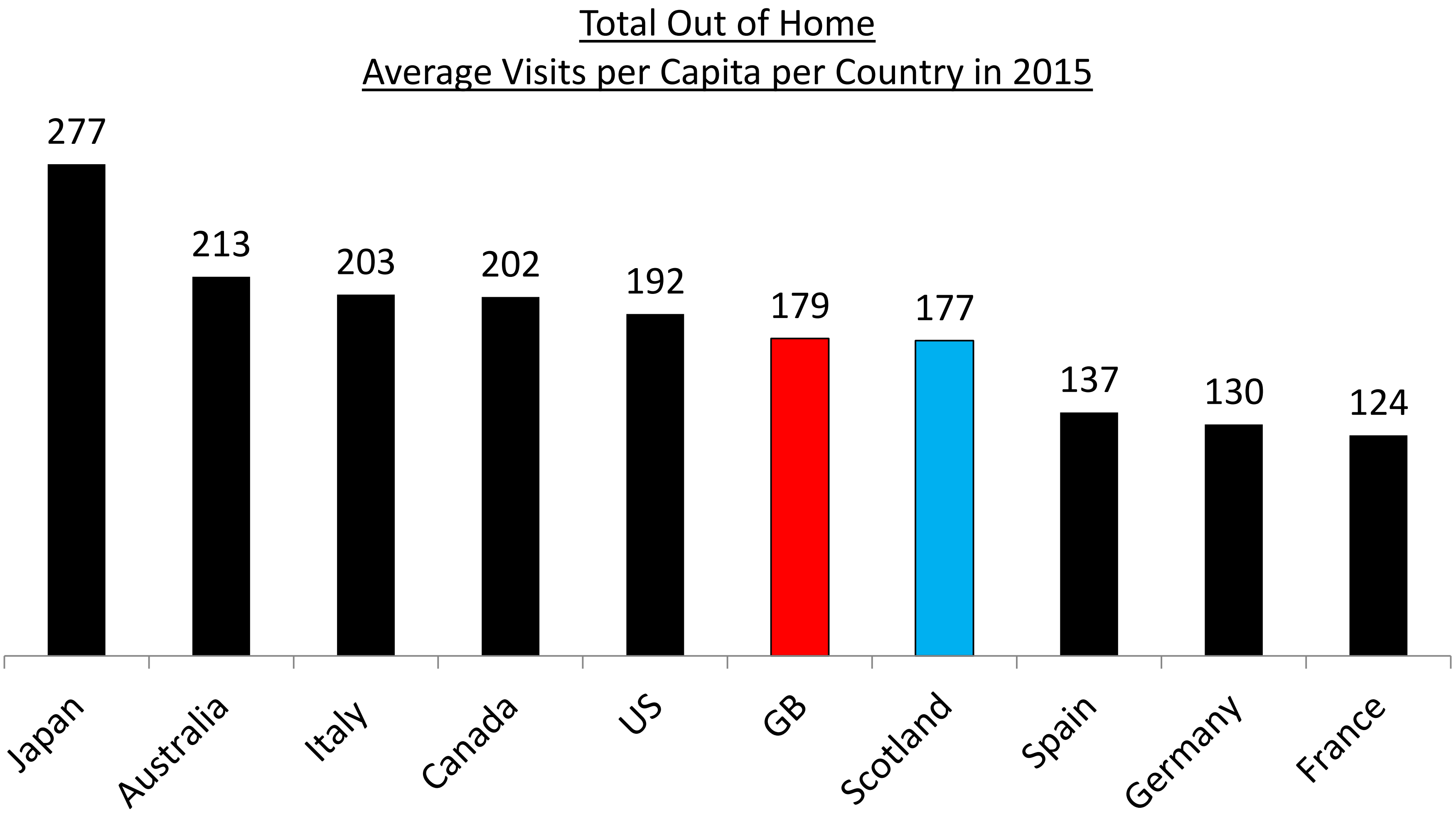
Total Food Service

Change in visits, 2015 vs. 2014



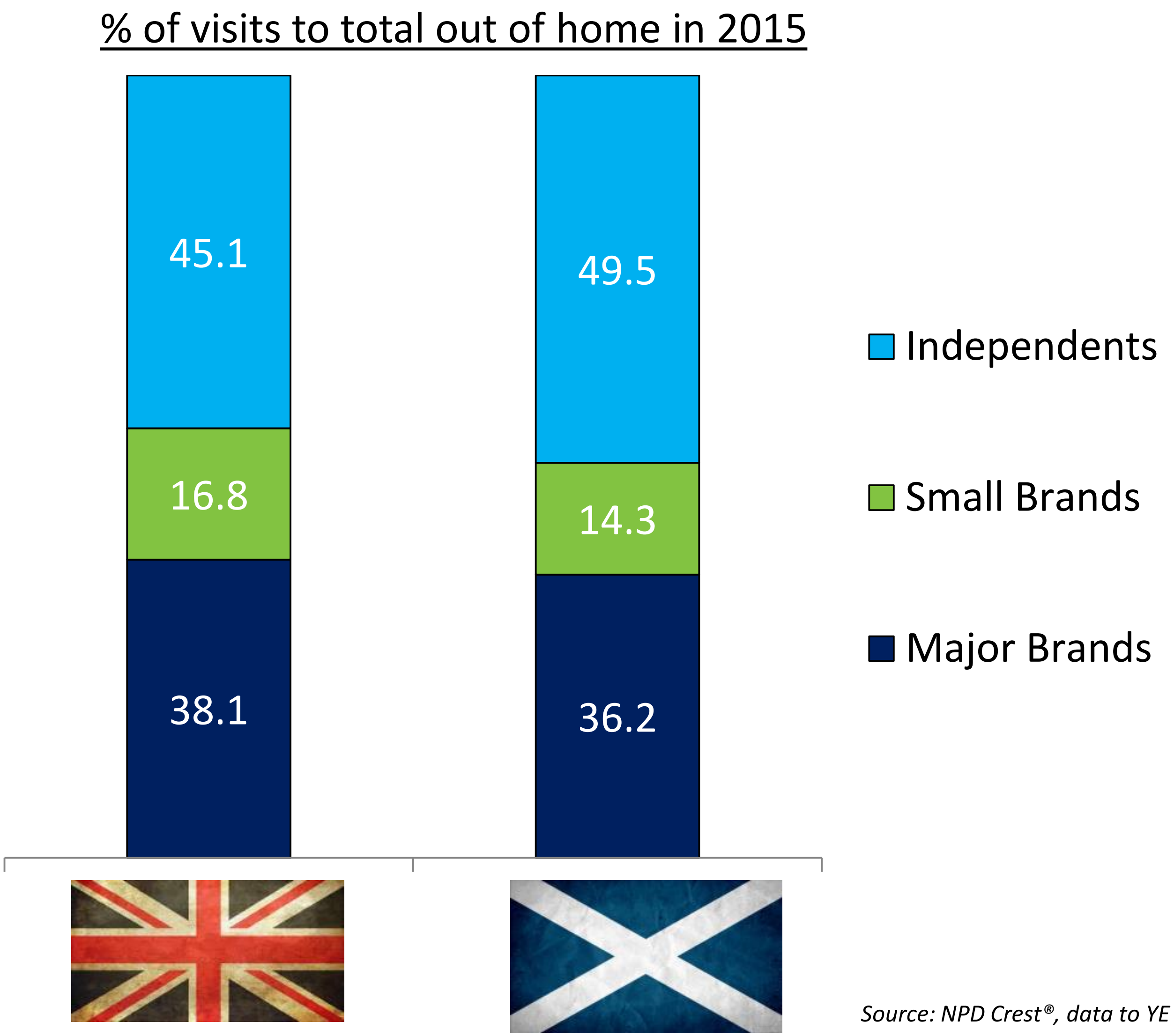
 Source: The NPD Group / CREST Europe data to YE December 2015

GB and Scotland rank high in terms of visits per capita within Europe, but Japan ranks highest globally.



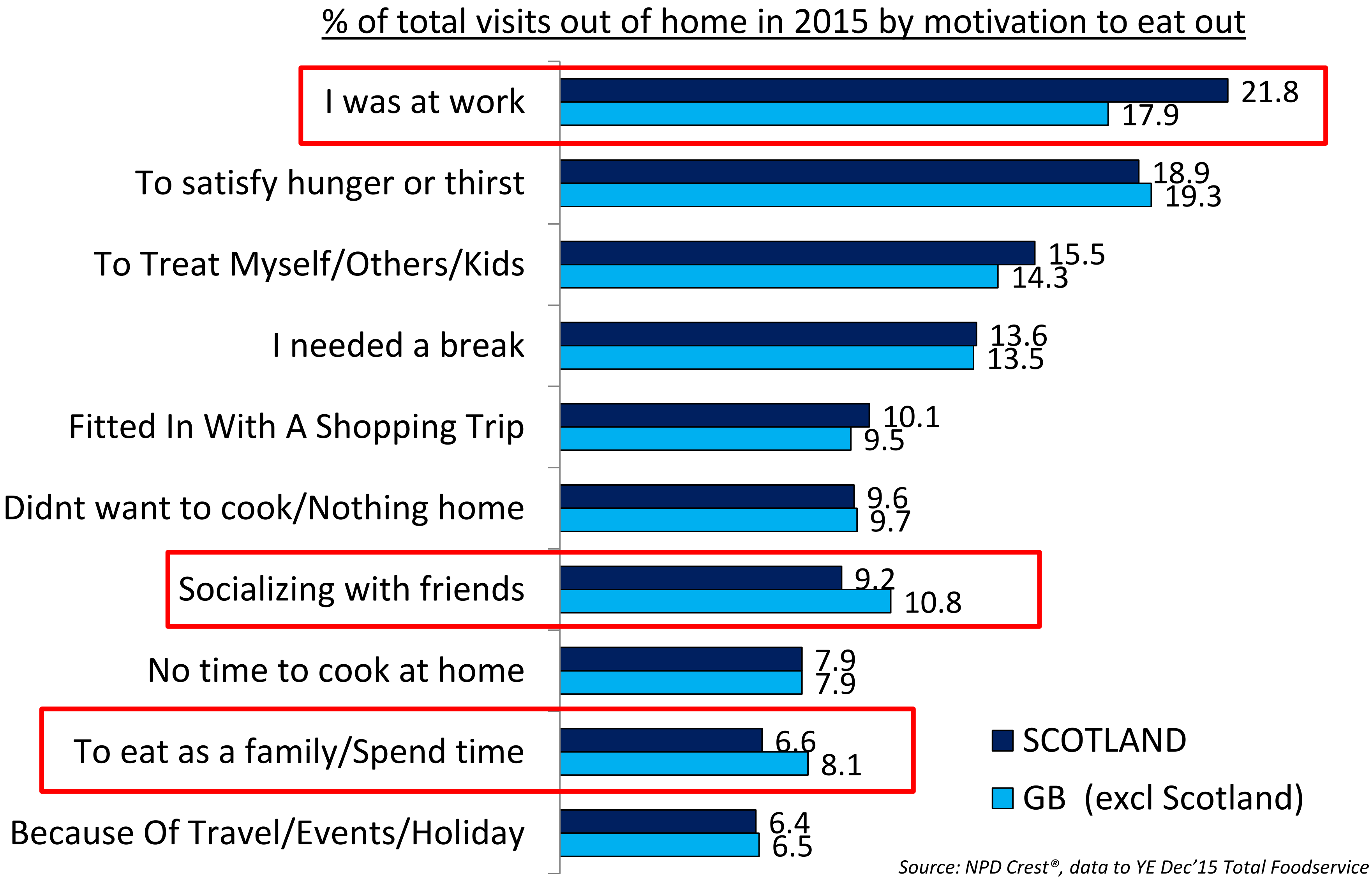
Source: NPD Crest® for each country, YE Dec'15

Compared to GB, people in Scotland visit Independent establishments more and Brands less.



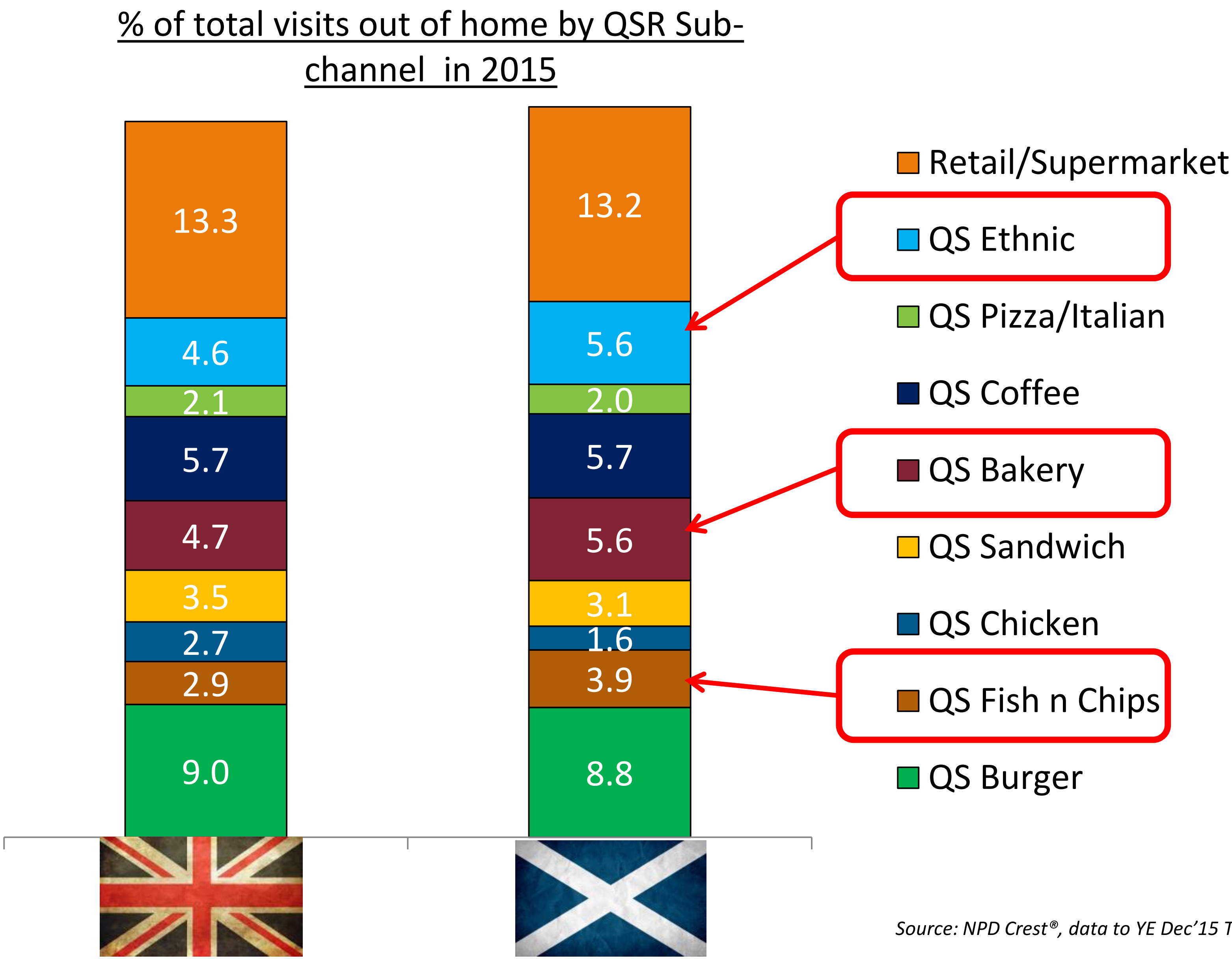
Source: NPD Crest®, data to YE Dec'15 Total Foodservice

Motivations to eat out in Scotland tend to be more functional and less related to social factors compared to the rest of GB.



Source: NPD Crest®, data to YE Dec'15 Total Foodservice

Within Quick Service Restaurants (QSR), Fish & Chips, Bakeries and Ethnic shops are visited more n Scotland than in GB.

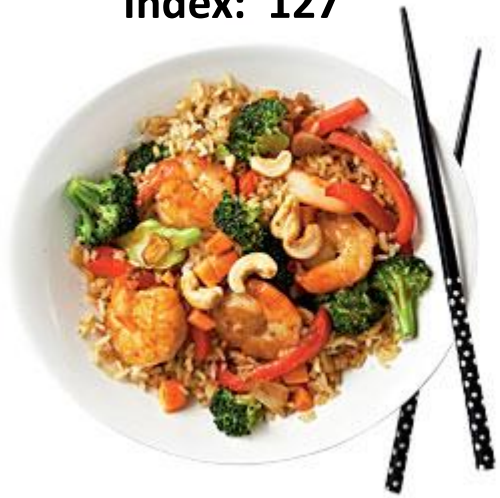


Source: NPD Crest®, data to YE Dec'15 Total Foodservice

Ethnic Food, whether Indian or Chinese/Asian, is key to out of home habits in Scotland.

Scottish incidence and index vs. total GB of Chinese/Asian and Indian main dishes in 2015

Incidence: 4.7%
Index: 127



Chinese/Asian Main Dish

Incidence: 2.5%
Index: 119

Indian Main Dish

Source: NPD Crest®, data to YE Dec'15

Some very traditional items feature strongly in Scotland such as Tea, Soup and Bacon.

Scottish incidence and index vs. total GB of Tea, Soup and Bacon in 2015

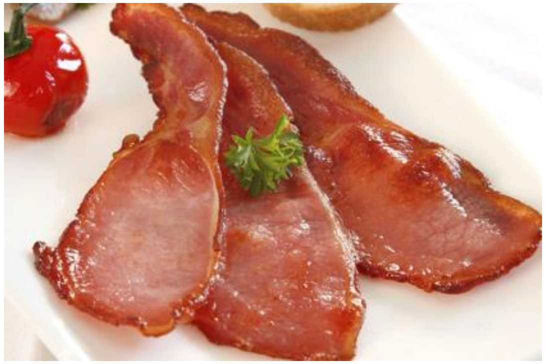
Incidence: 9.0%
Index: 114

Tea

Incidence: 4.1%
Index: 216

Soup

Incidence: 4.0%
Index: 111

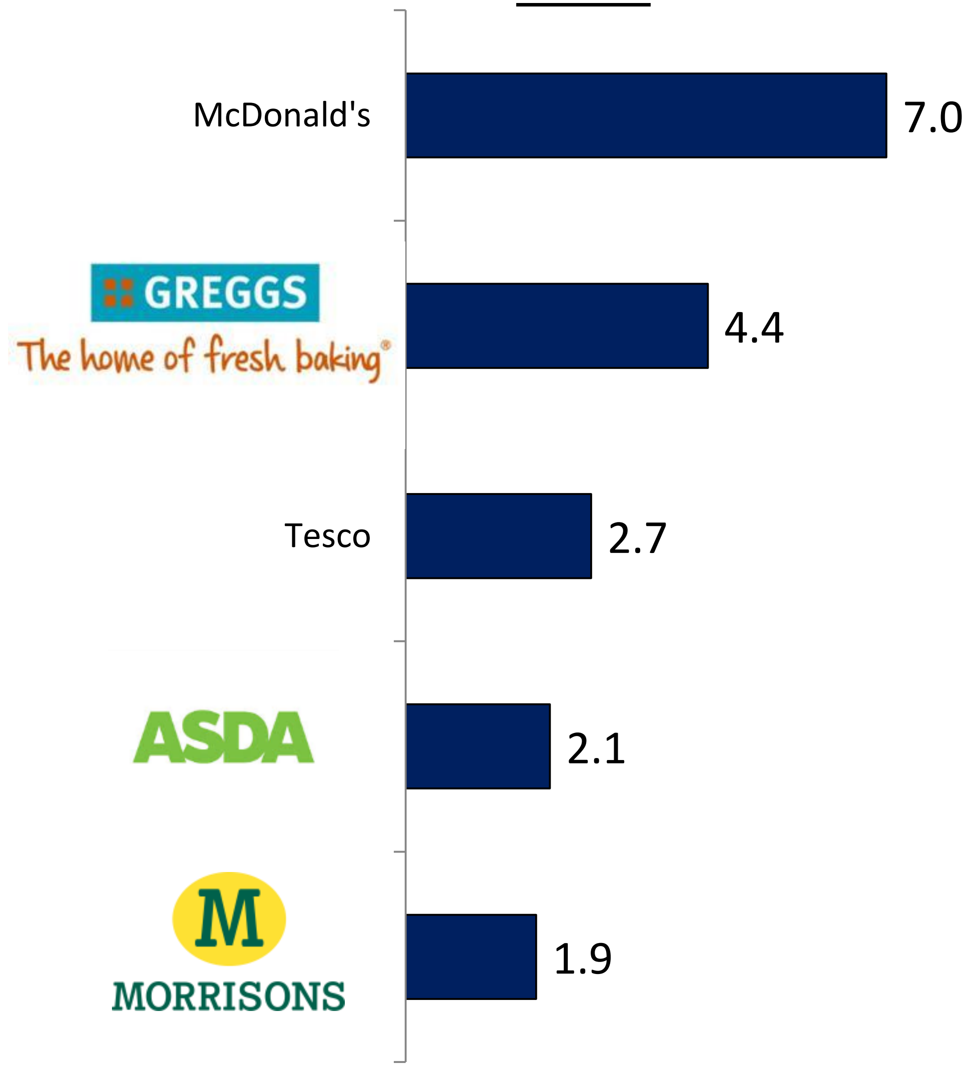


Bacon

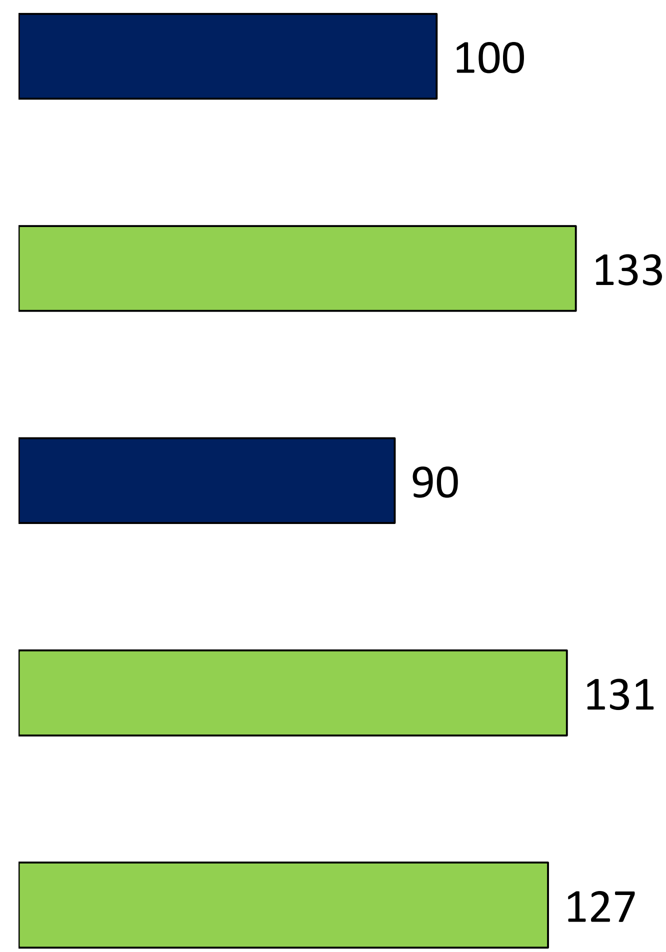
Source: NPD Crest®, data to YE Dec'15

More people in Scotland visit Greggs, ASDA and Morrisons when eating out of home compared with GB.

Share of visits in Scotland in 2015: Top 5 Brands



Scottish index vs. total GB in 2015



Source: NPD Crest®, data to YE Dec'15

Changes in the Scottish food service market since 2012

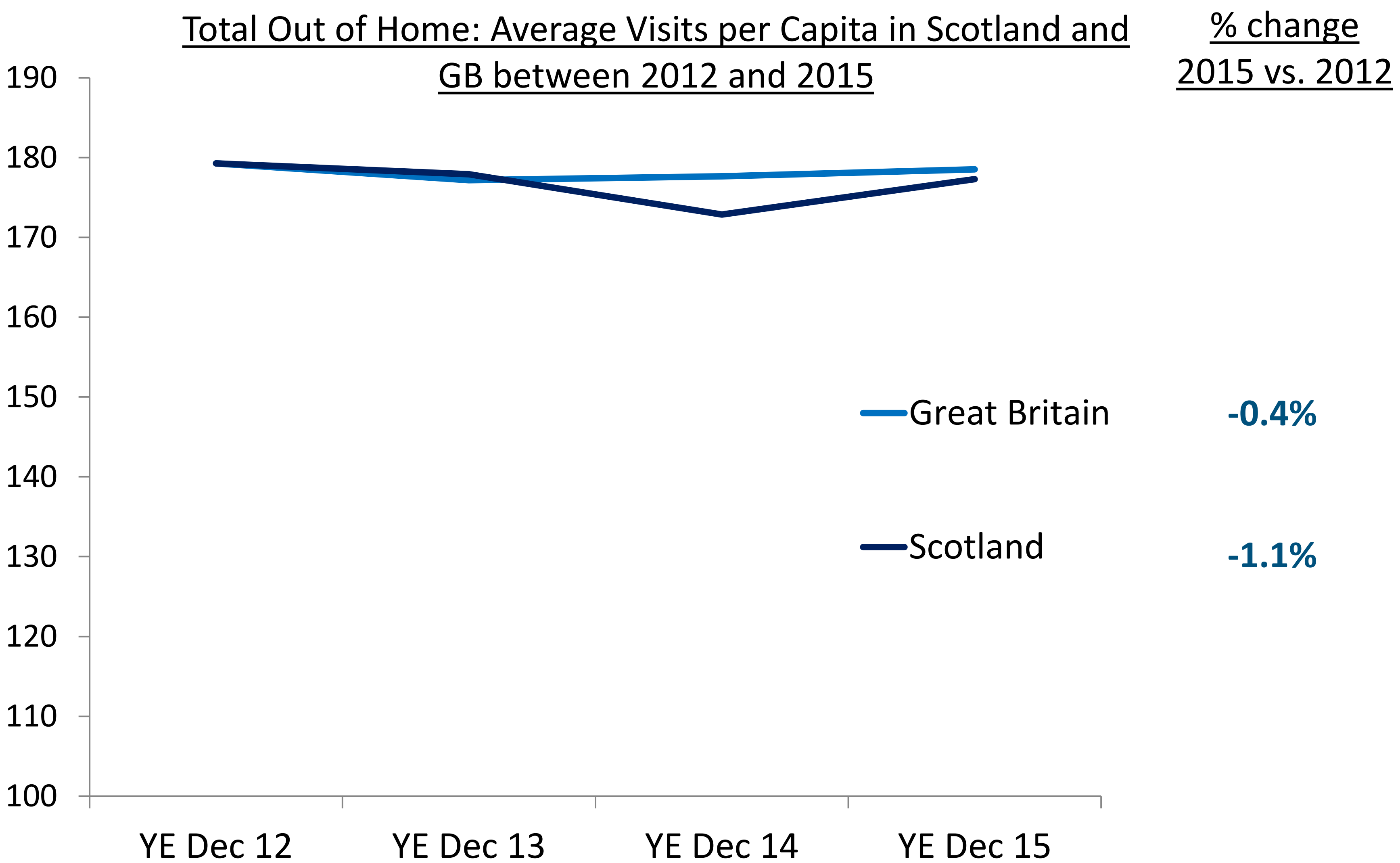
In 2012:

- The **food service visits** were down year on year in Scotland.

- **There were** similarities between Scotland and GB but they were moving in **different directions.**

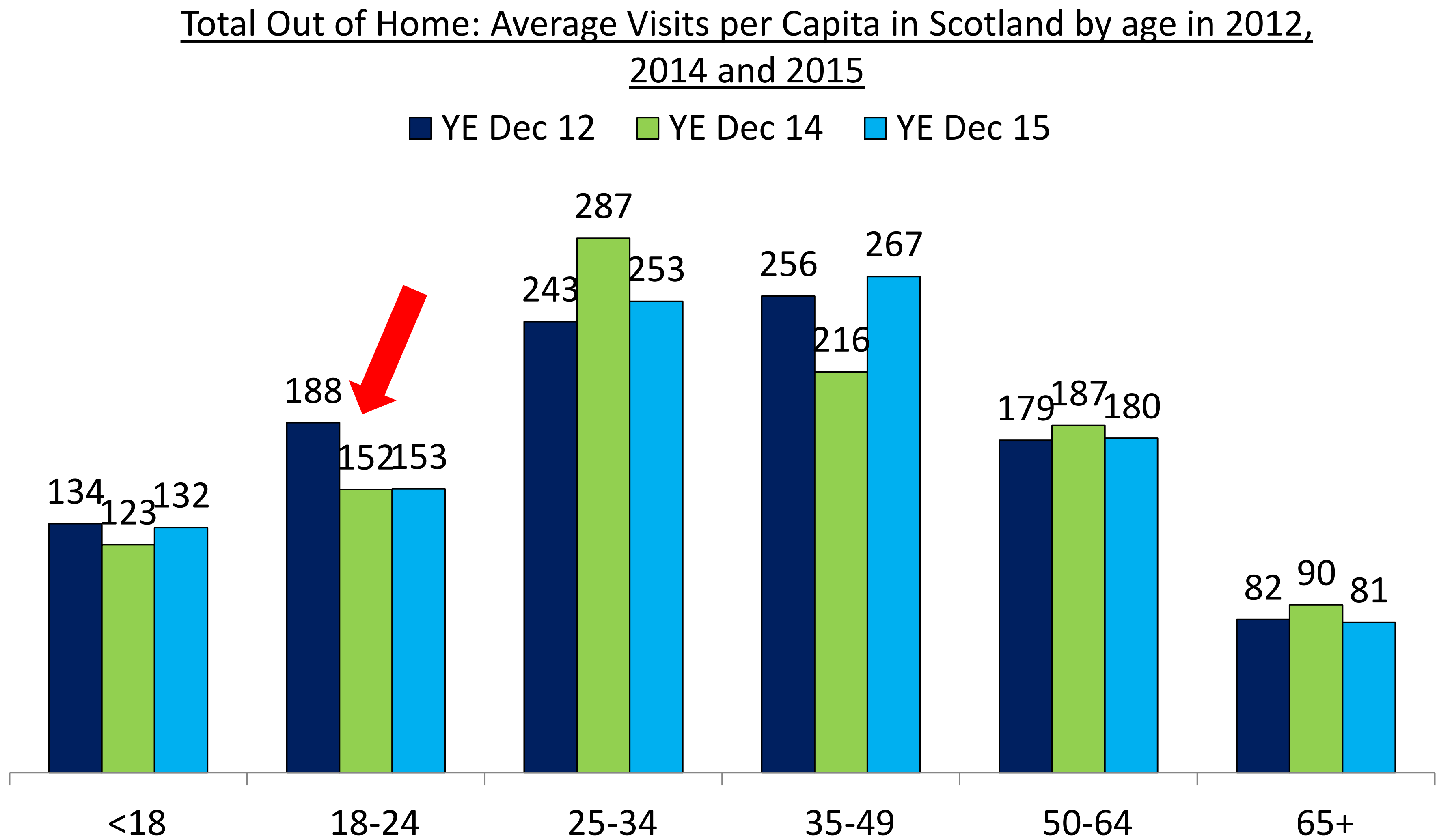
Trends in Scotland have changed again and taken another direction.

Visits per capita in Scotland rose rapidly in 2015 to catch up with GB. However, visits are still 1.1% lower than in 2012.



Source: NPD Crest®, data to YE Dec'15 Total Foodservice

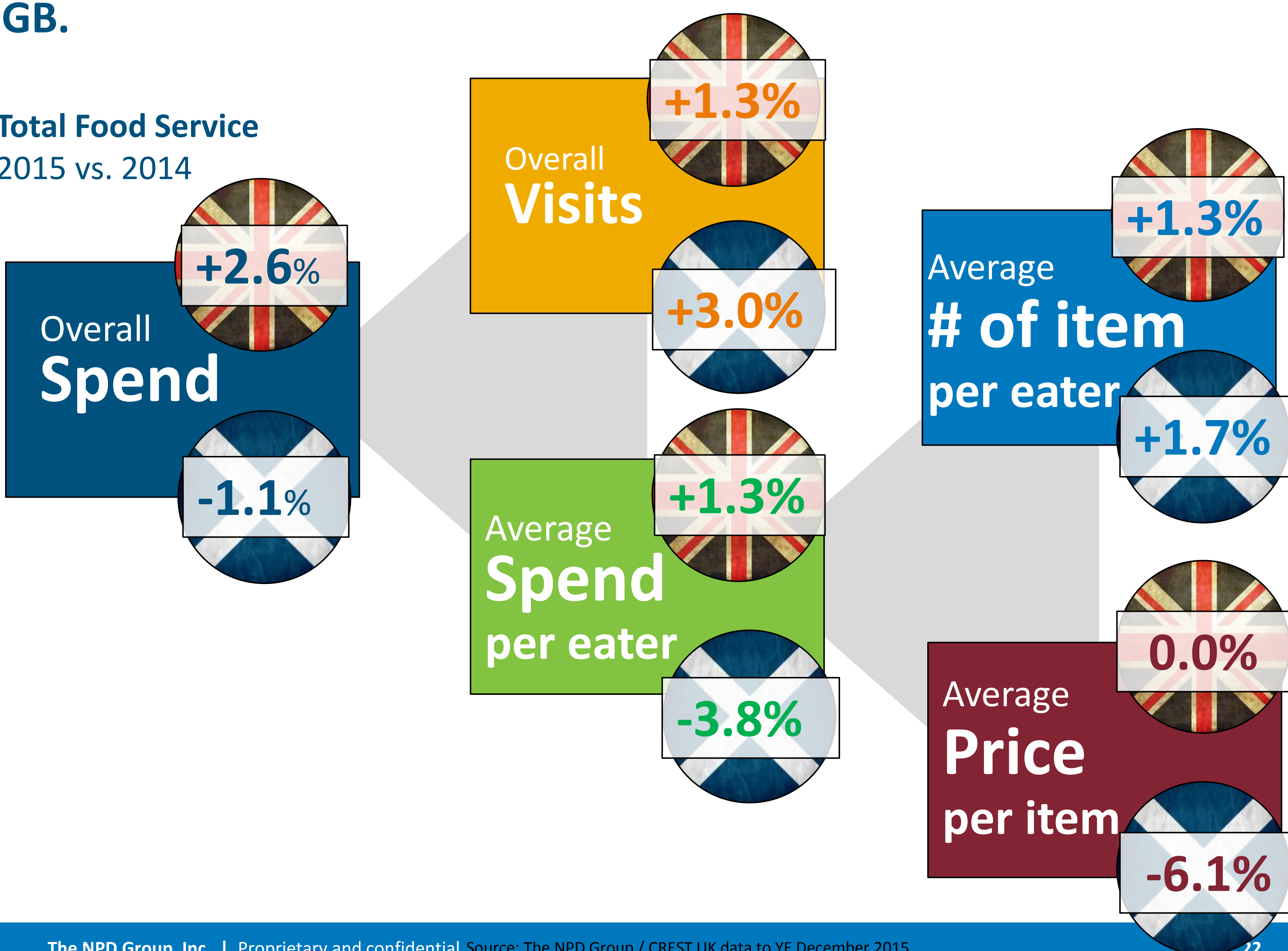
Young adults aged between 18 and 24 years old have significantly decreased their visits between 2012 and 2015.



Source: NPD Crest®, data to YE Dec'15

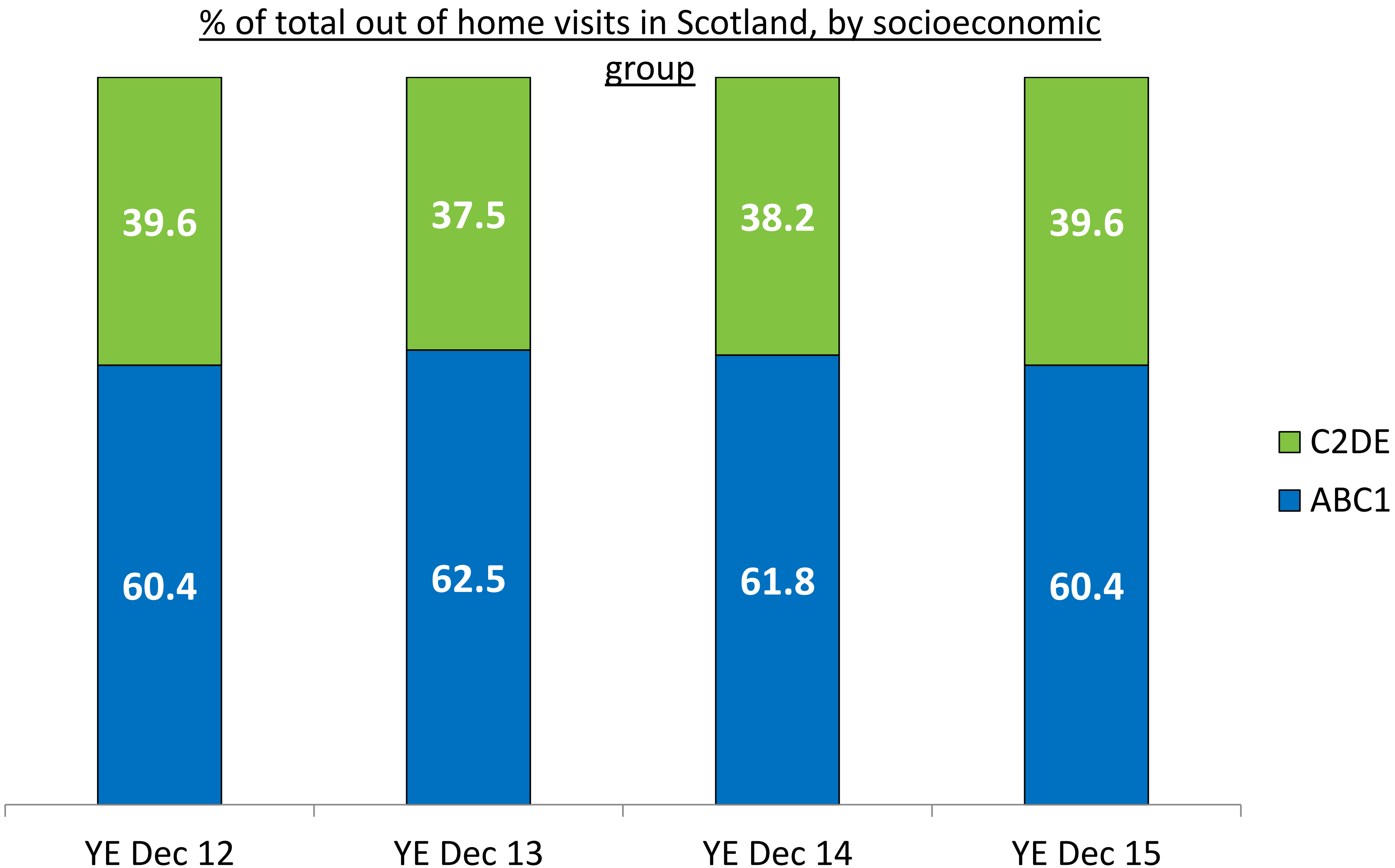
Scottish people in 2015 ate out more but spent less than those in GB.

Total Food Service
2015 vs. 2014



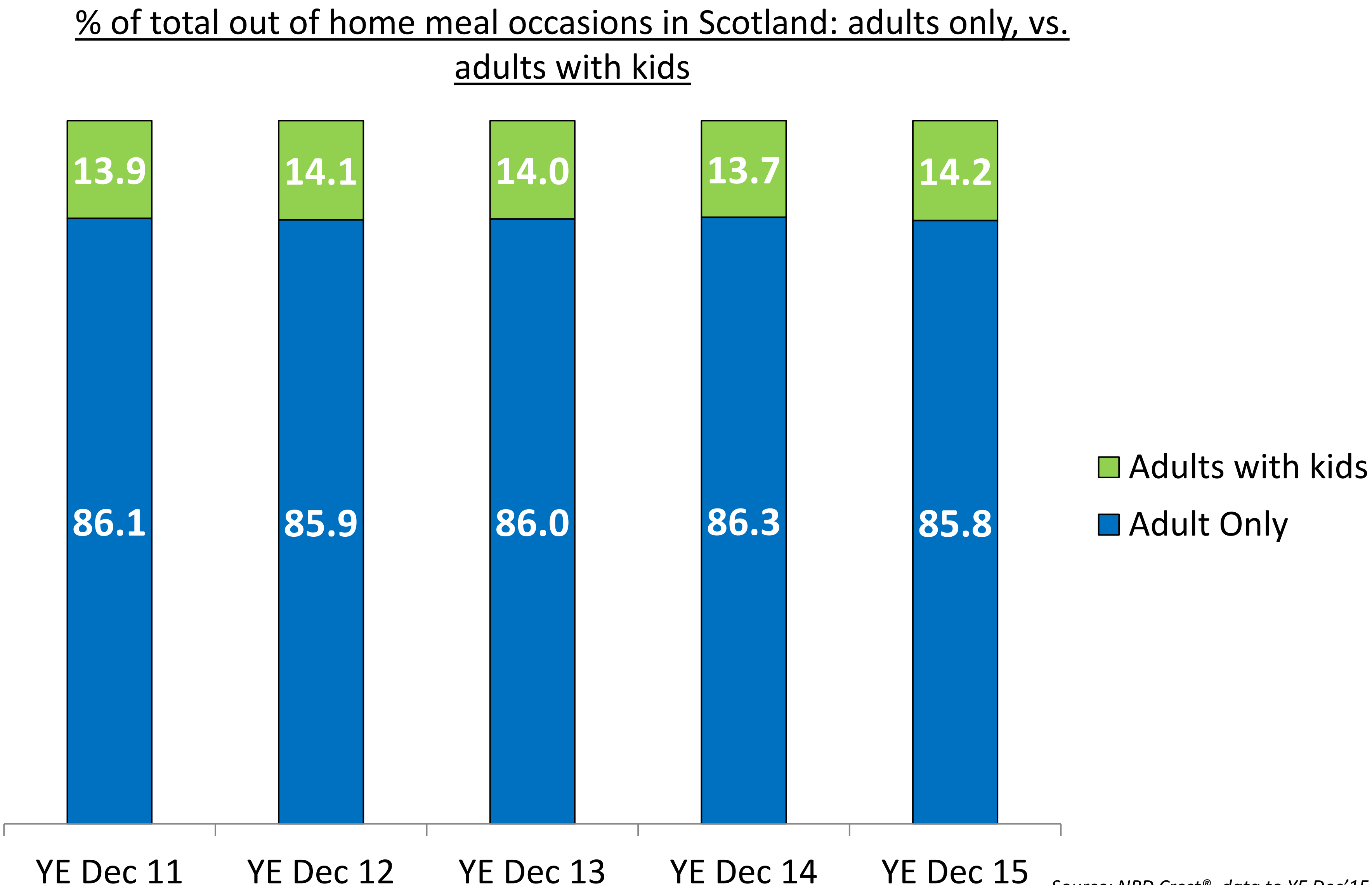
 Source: The NPD Group / CREST UK data to YE December 2015

More people from the less affluent groups (C2DE) visited the out of home market in 2015, compared to 2014.



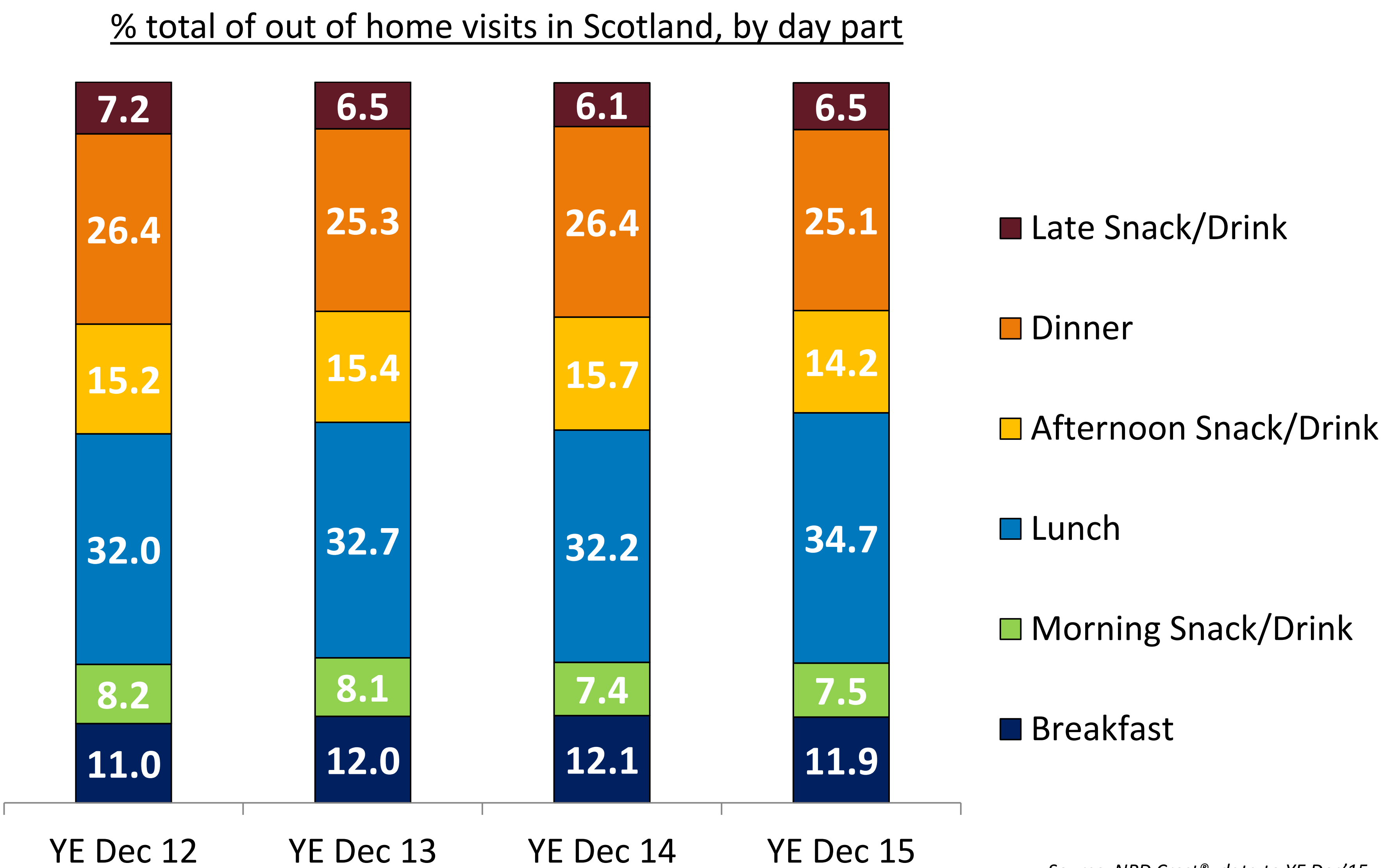
Source: NPD Crest®, data to YE Dec'15

The number of out of home meal occasions for families have increased between 2014 and 2015.



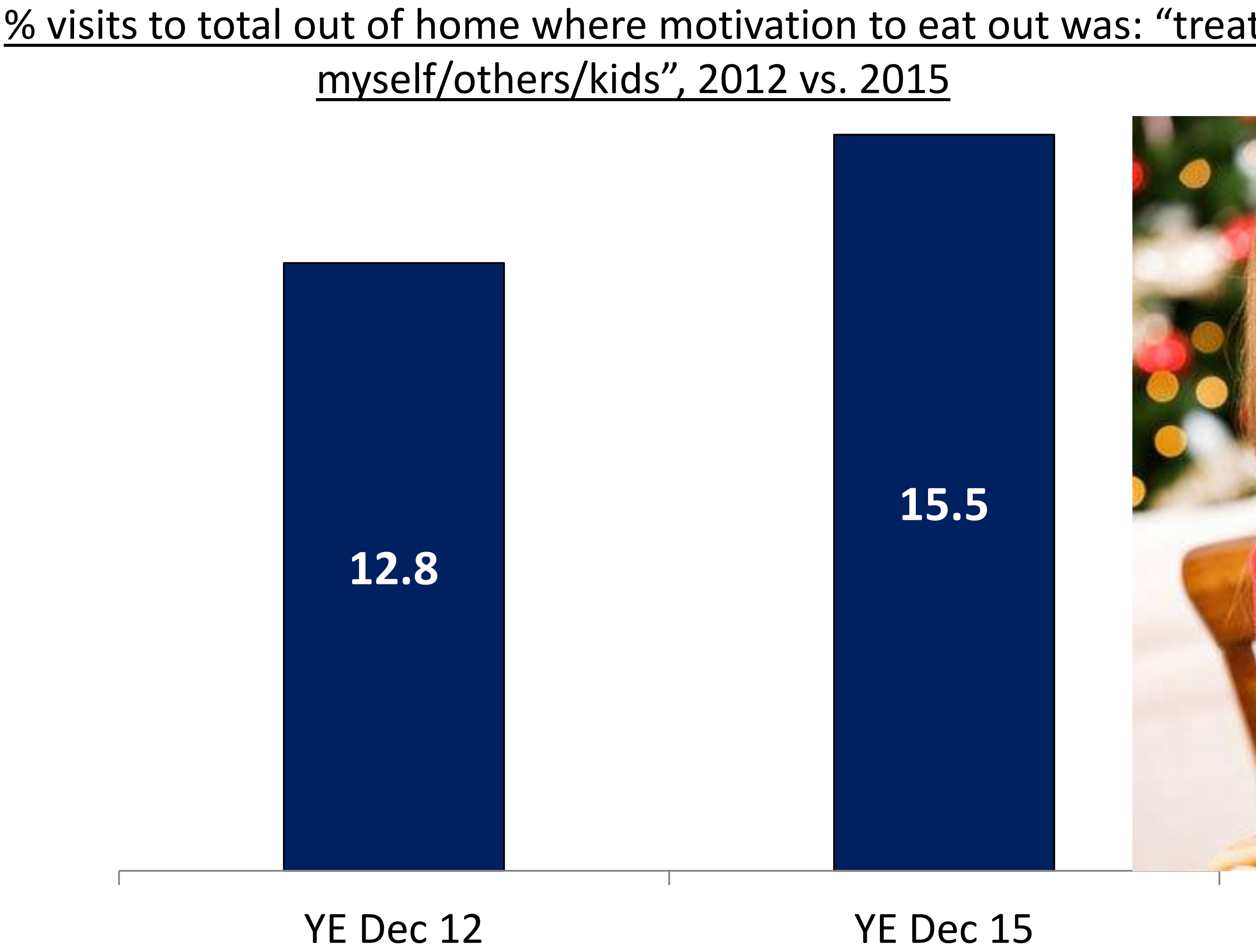
Source: NPD Crest®, data to YE Dec'15

Lunch is becoming increasingly important, representing 34.7% of all occasions in 2015 compared to 32.0% in 2012.

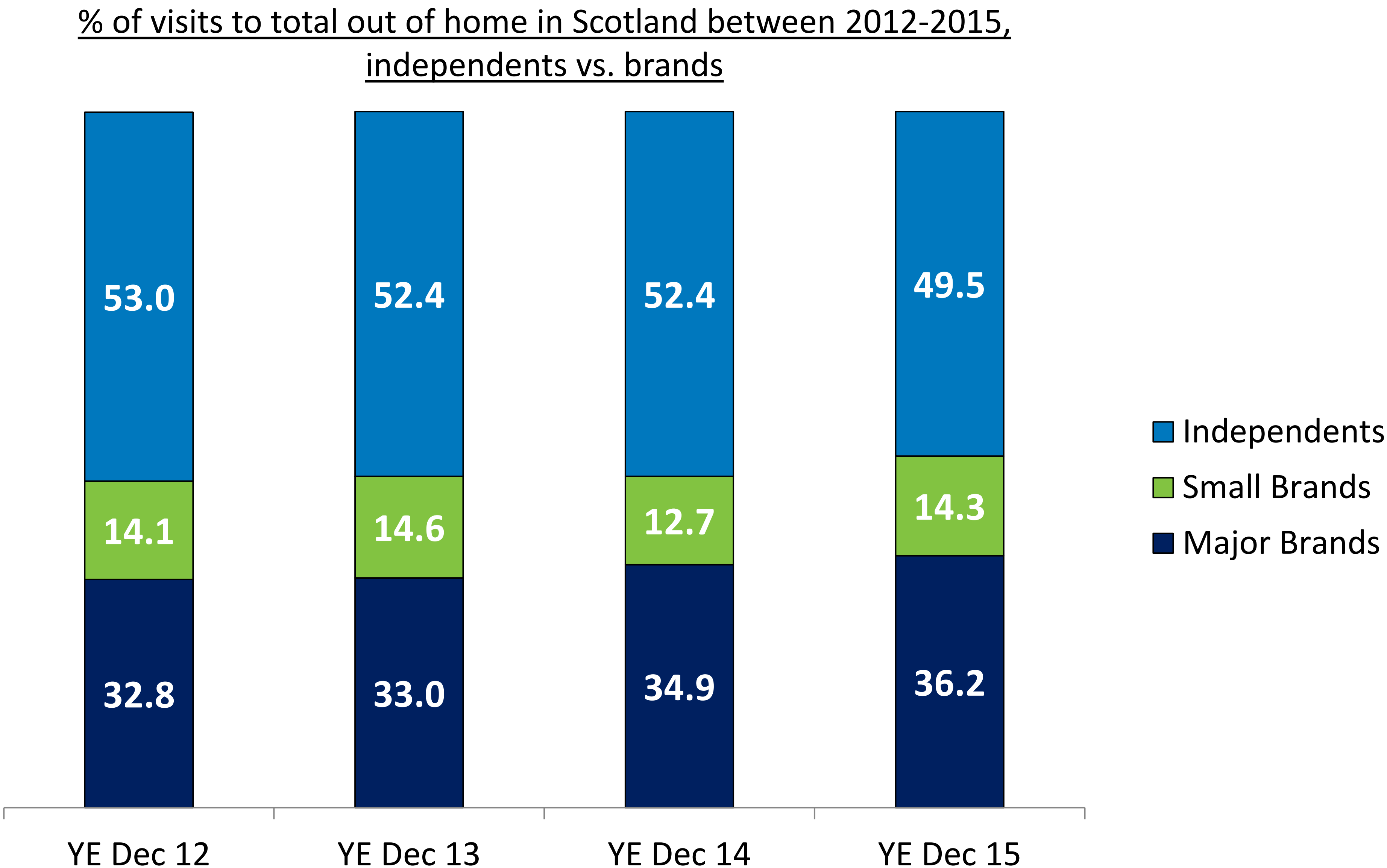


Source: NPD Crest®, data to YE Dec'15

The motivation to treat ourselves or others has increased since 2012.

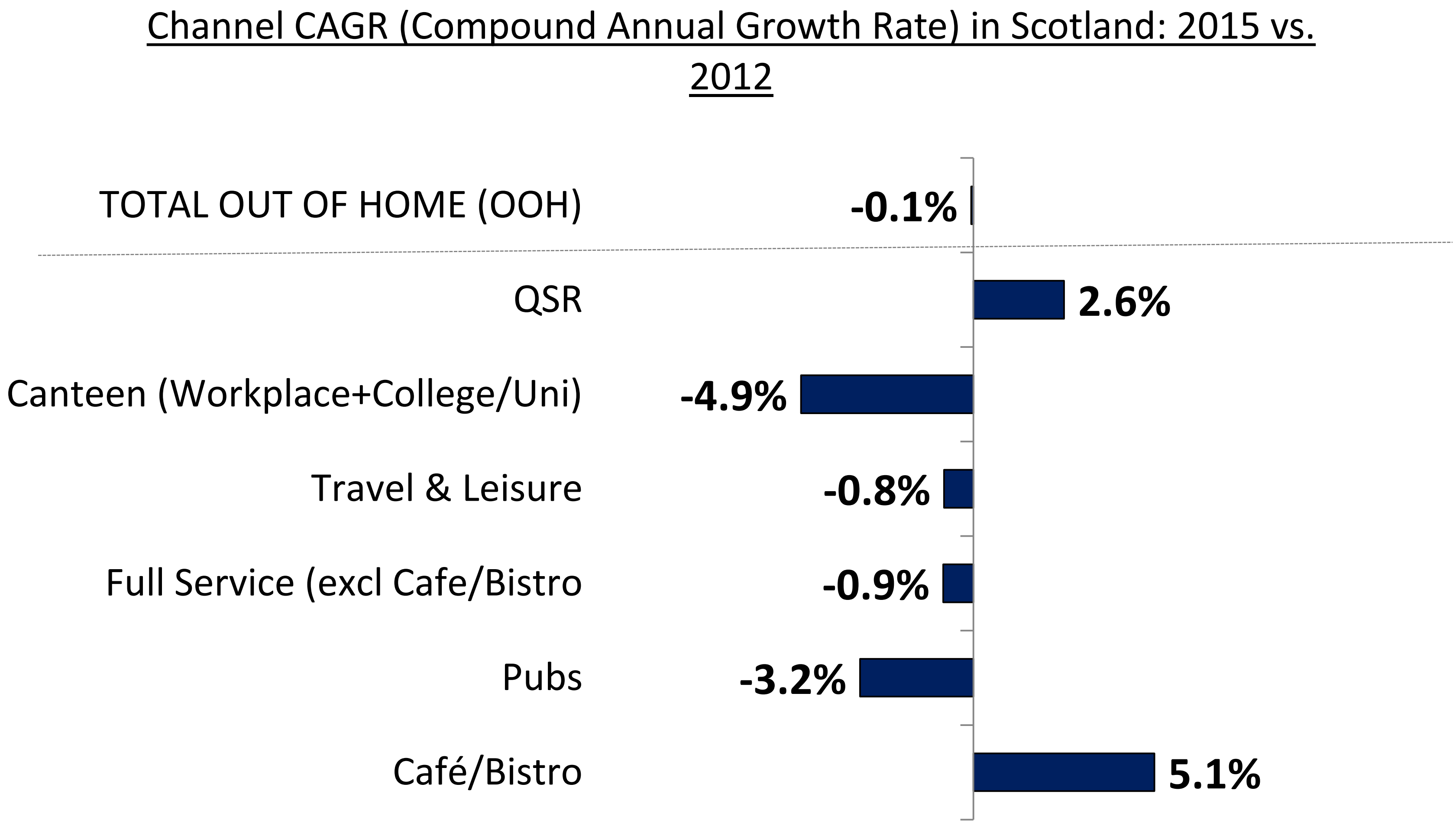


Brands have gained importance in 2015, increasing from 46.9% of all visits out of home in 2012 to 50.5% in 2015.



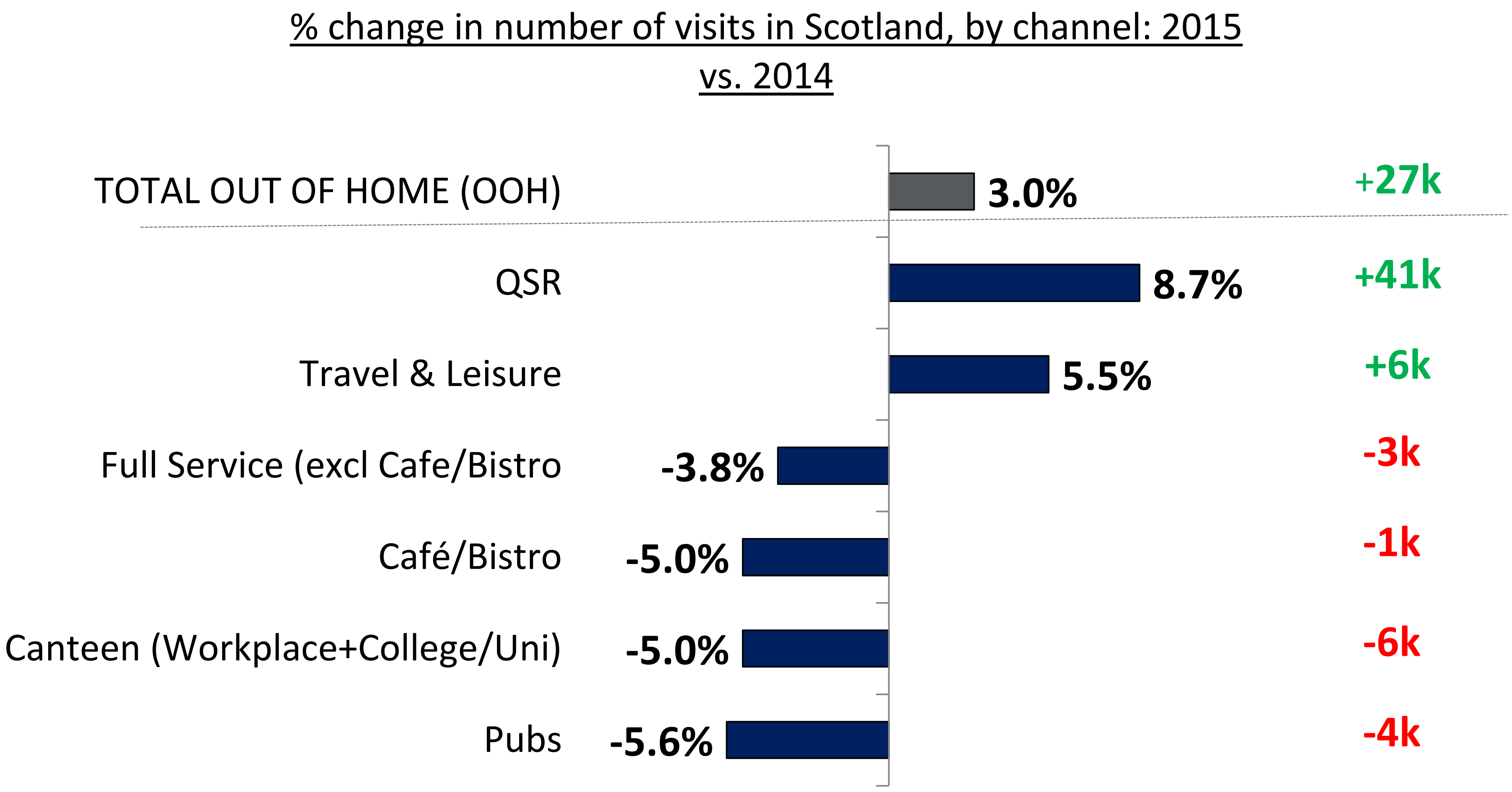
Source: NPD Crest®, data to YE Dec'15 Total Foodservice

Between 2012 and 2015, QSR and Café/Bistro were the only growing channels whilst Canteens and Pubs saw the strongest declines.



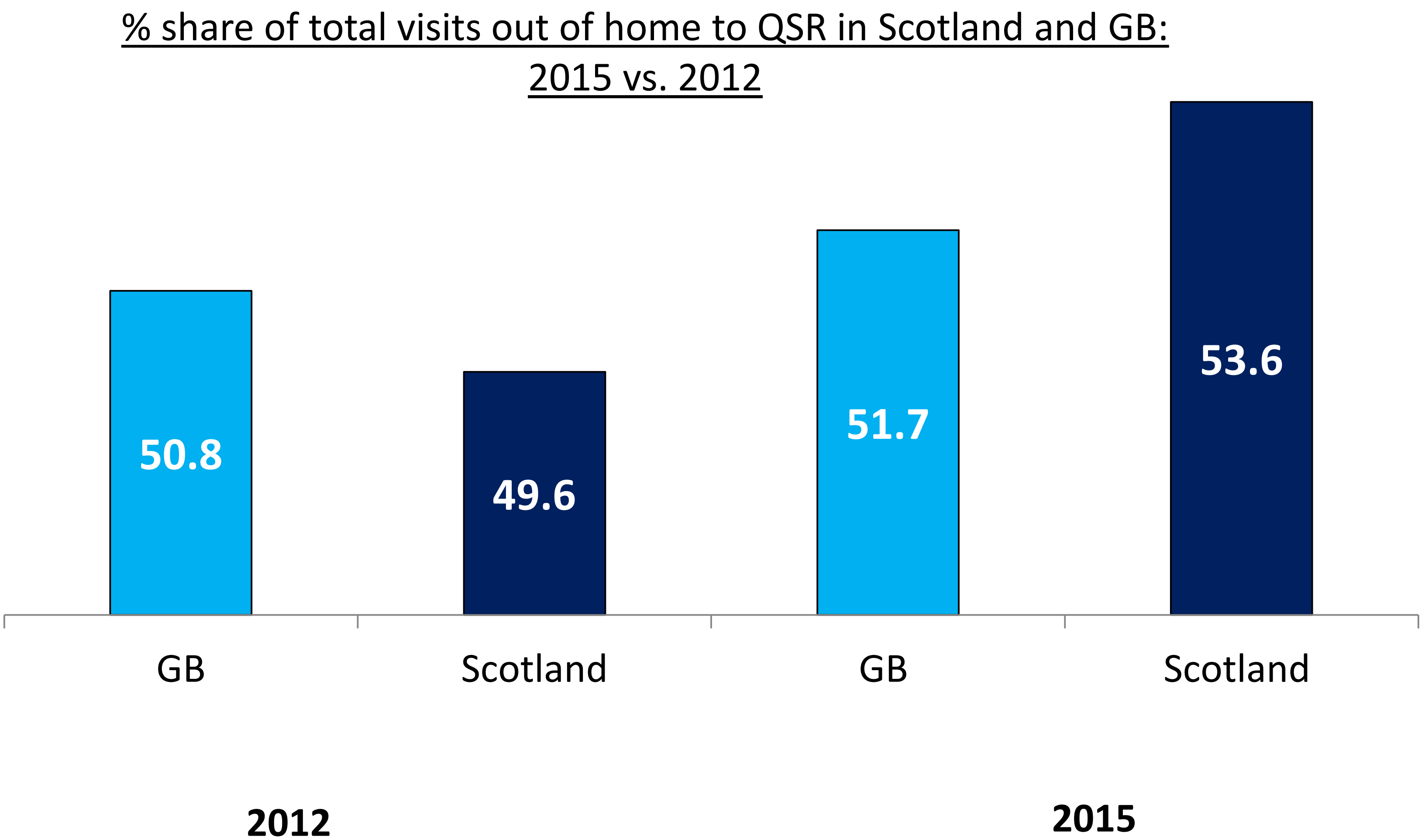
Source: NPD Crest®, data to YE Dec'15 Total Foodservice

The growth in visits out of home in 2015 was driven mainly by QSR, whilst Canteens and Pubs have declined strongly.



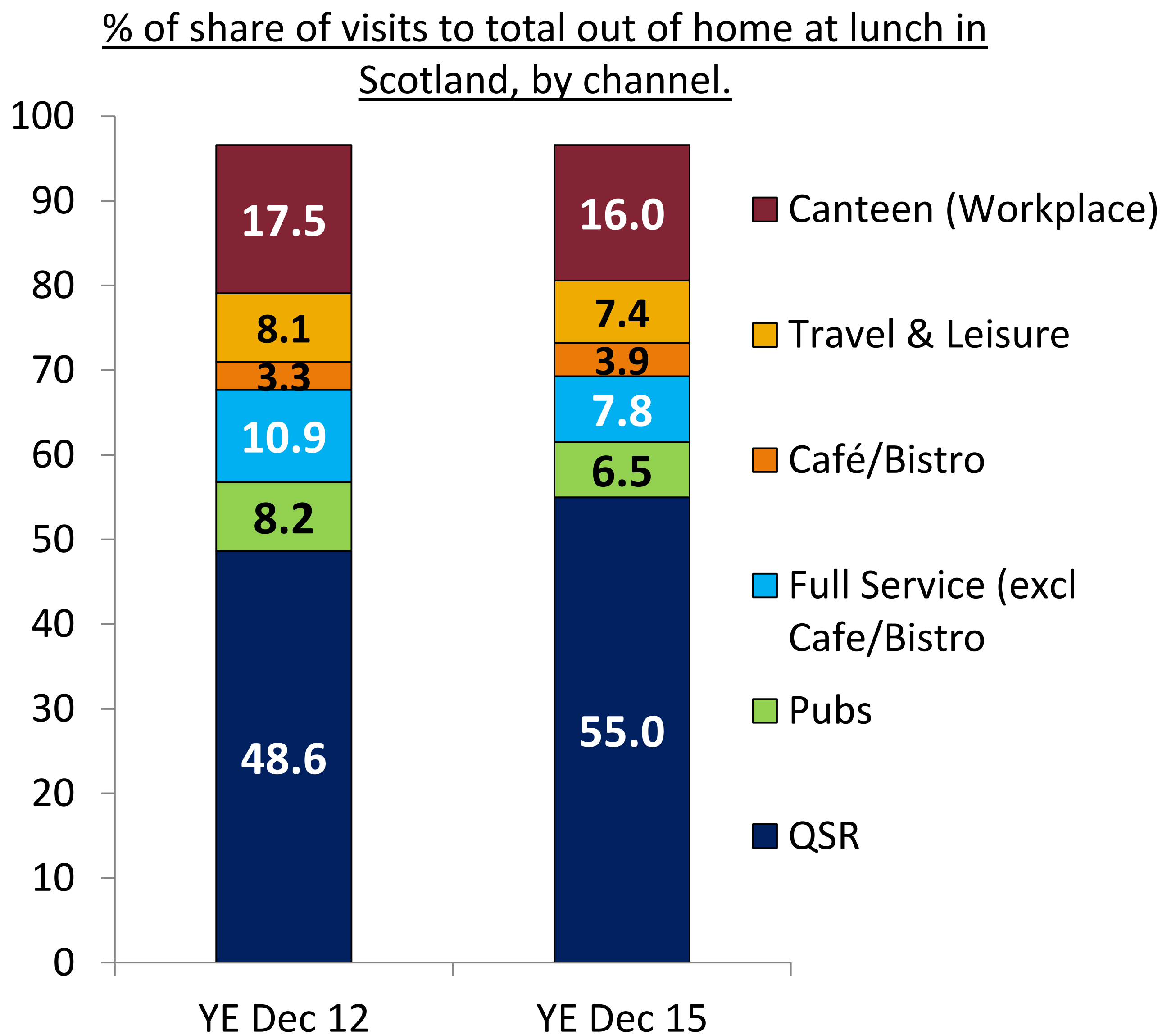
Source: NPD Crest®, data to YE Dec'15 Total Foodservice

Scottish people visited quick service restaurants more often in 2015 than they did in 2012, and more than in GB.

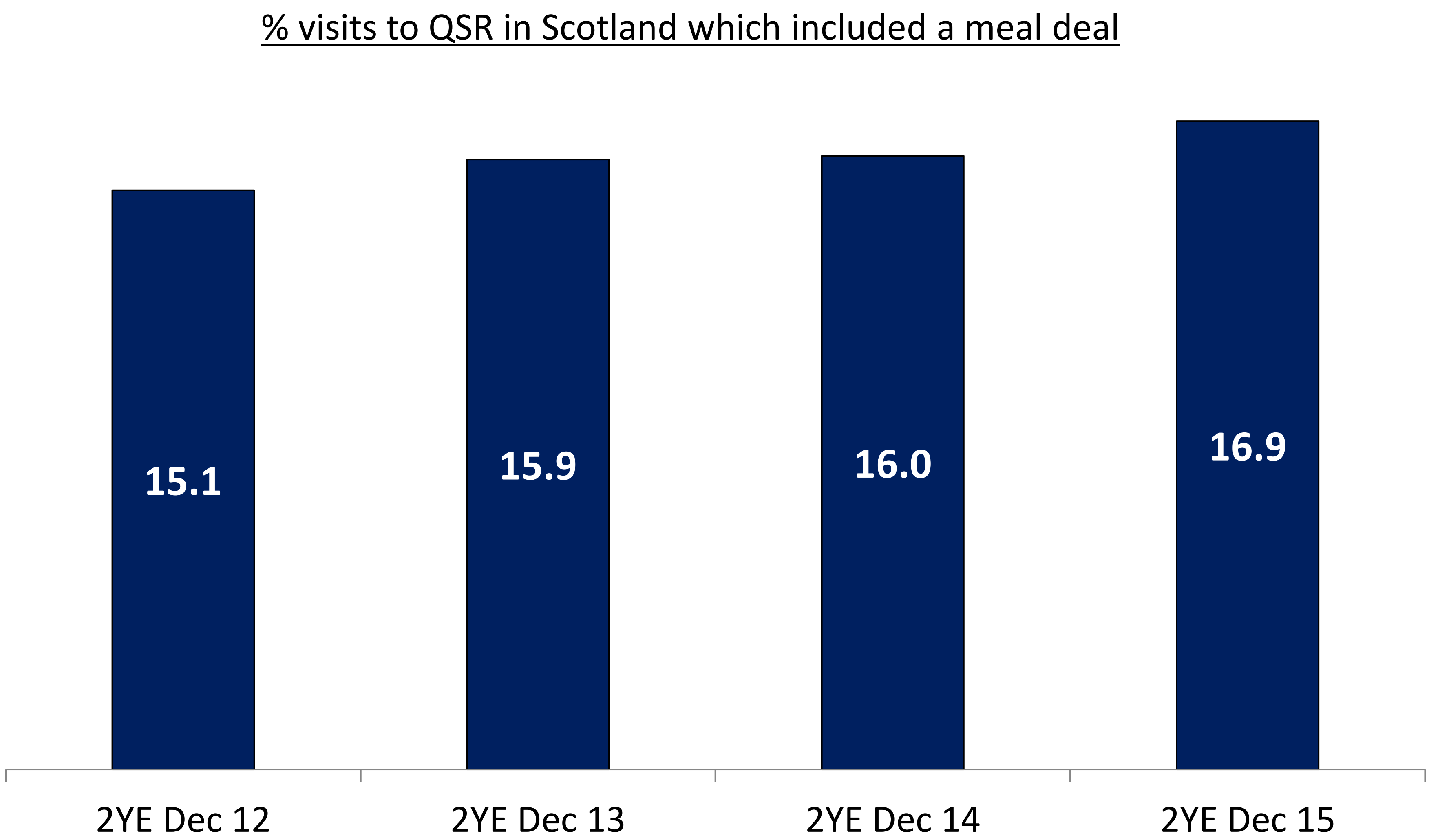


Source: NPD Crest®, data to YE Dec'15 Total Foodservice

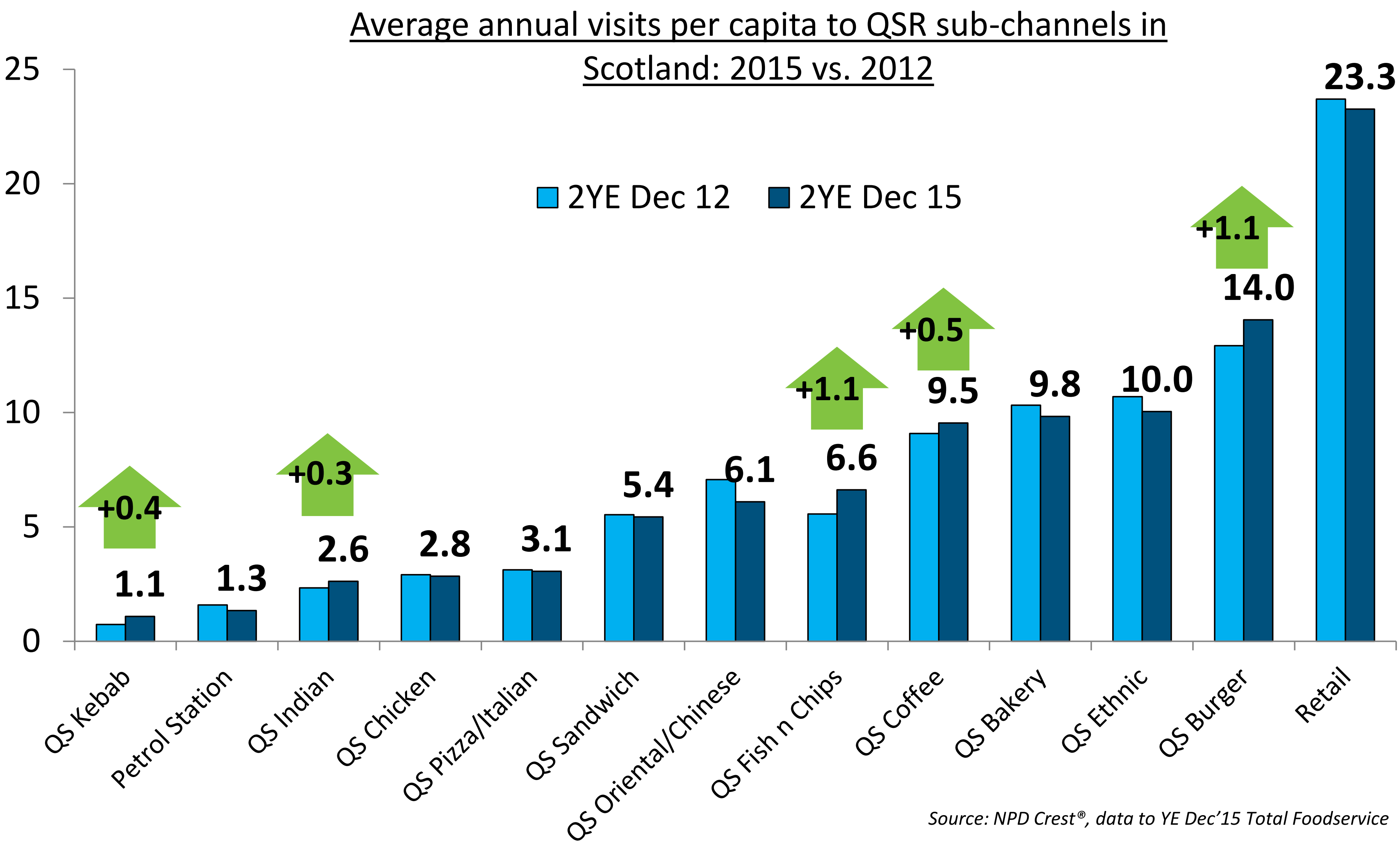
At lunch, some of the visits from pubs, full service, travel and leisure and canteens went to QSR between 2012 and 2015.



Meal deals have gained importance over the years.



Within QSR, QS Fish and Chips and QS Burger outlets have seen the strongest increases in visits per capita

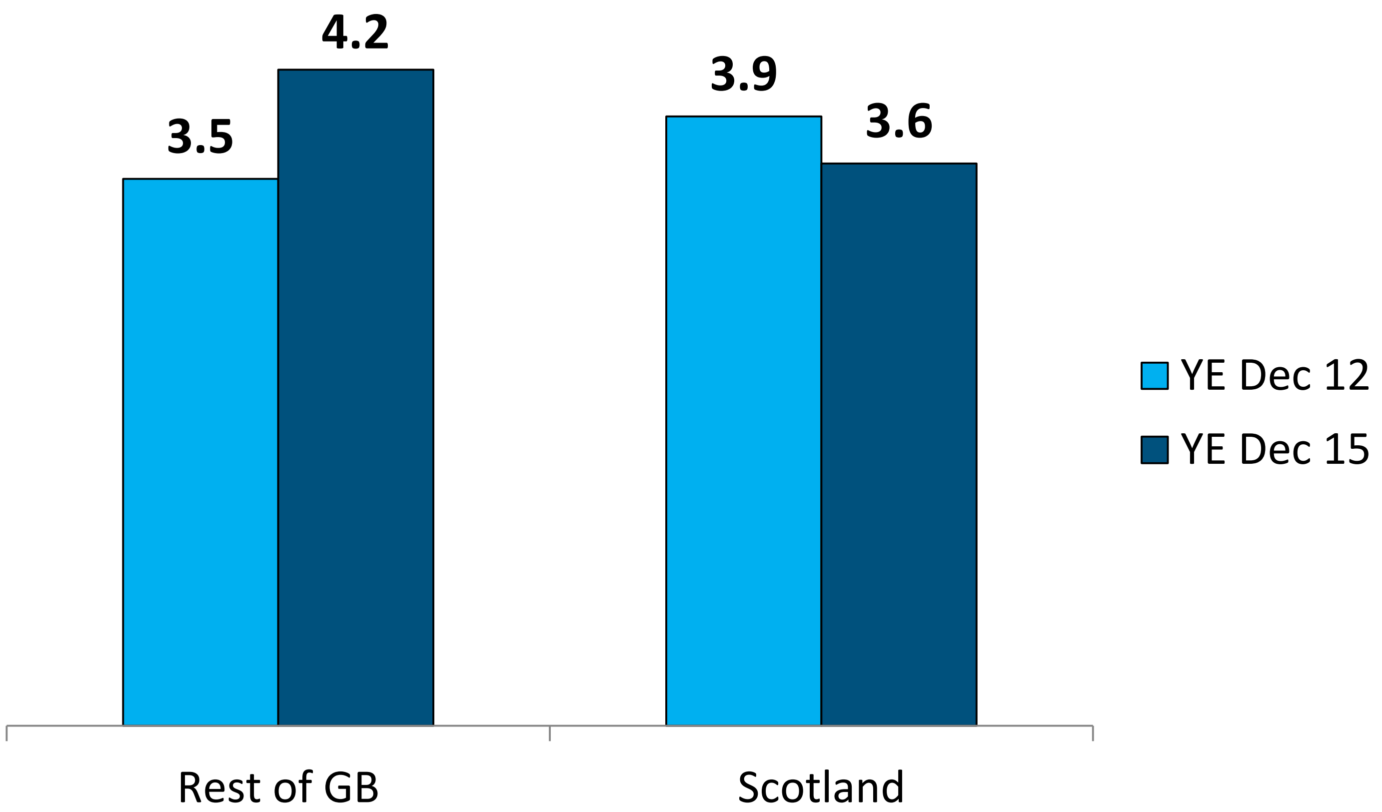


Source: NPD Crest®, data to YE Dec'15 Total Foodservice

Health as a motivation for eating outside the home

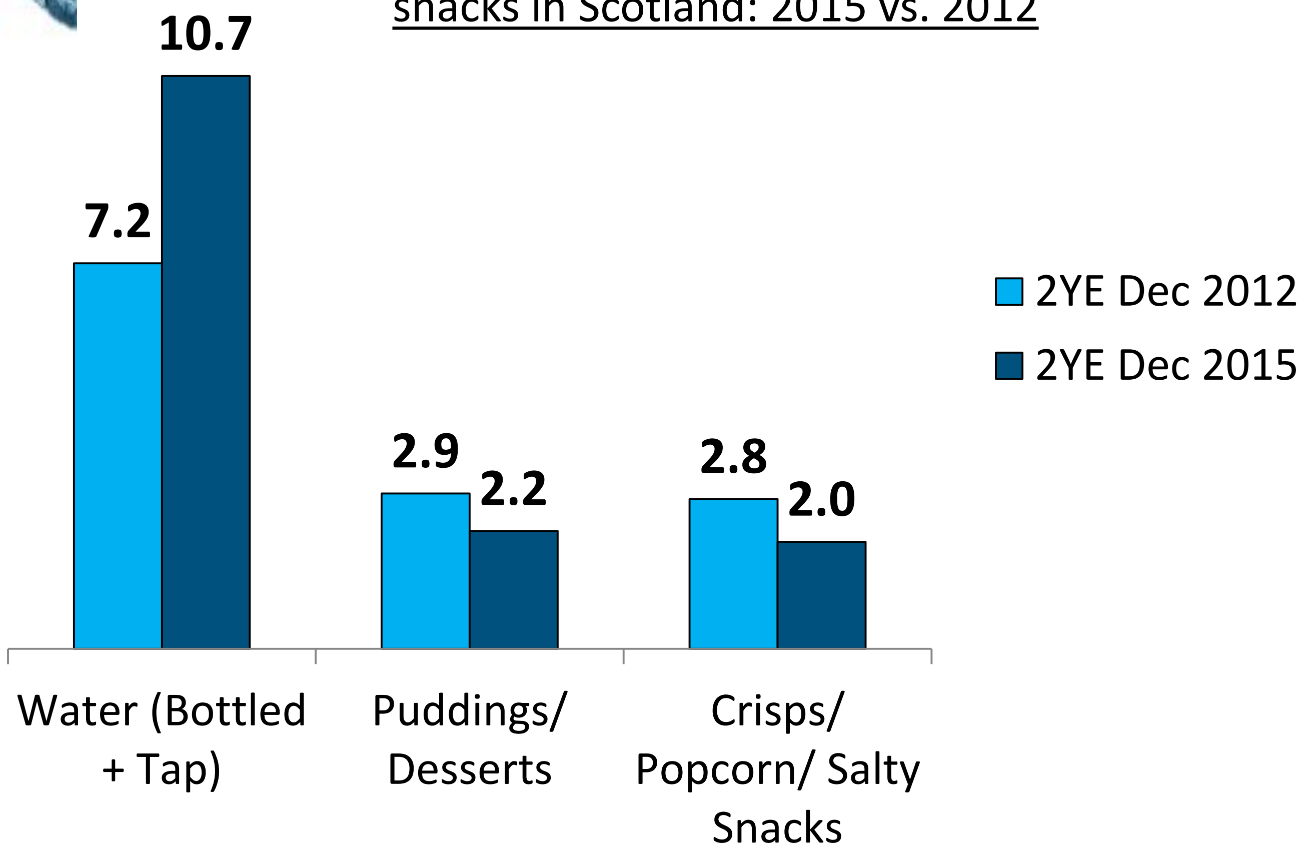
Health is not a key factor when choosing an outlet in Scotland, nonetheless is decreasing in importance.

% visits to total out of home where motivation to eat out was:
"wanted a light/healthy meal"



Some less healthy categories like Puddings/Desserts and Crisps/Popcorn/Salty Snacks have decreased since 2012, while incidence of Water has increased.

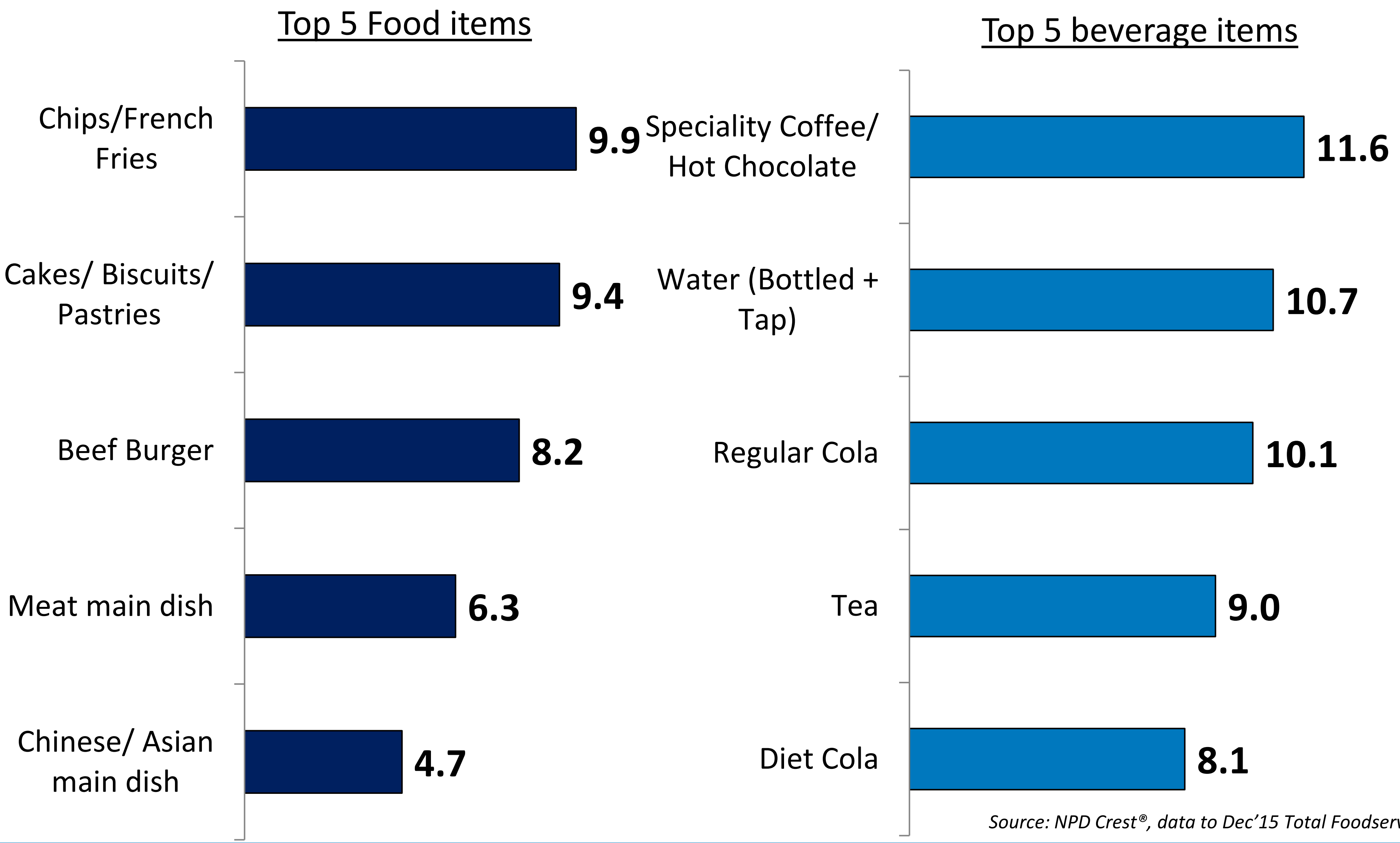
Incidence of water, puddings/desserts and crisps/popcorn/salty snacks in Scotland: 2015 vs. 2012



Source: NPD Crest®, data to Dec'15 Total Foodservice

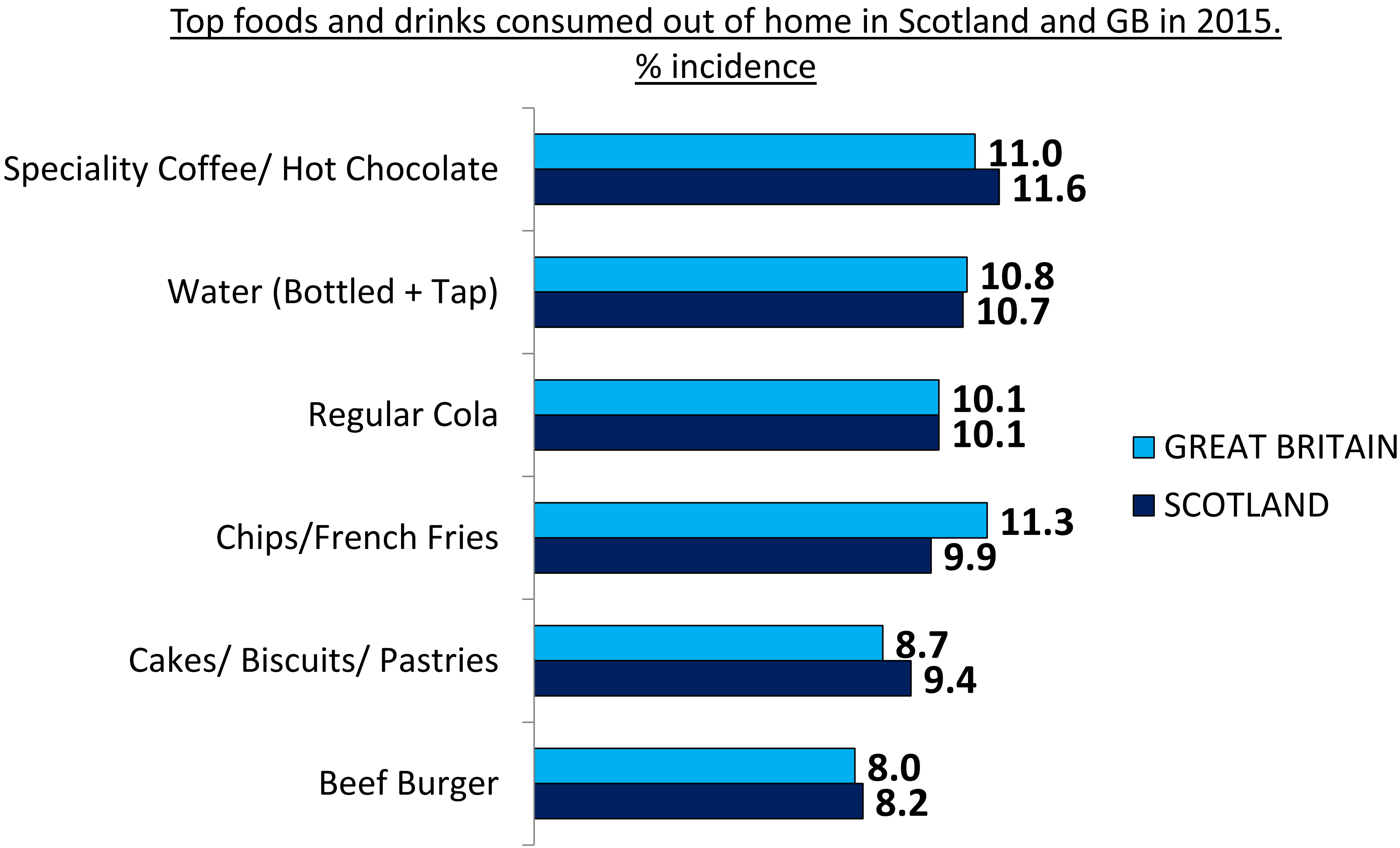
Many of the top food & beverages consumed out of home in Scotland tend to be less healthy.

Top foods and drinks consumed out of home in Scotland in 2015.
% incidence



Source: NPD Crest®, data to Dec'15 Total Foodservice

There are few differences in the top food and beverage between Scotland and GB.

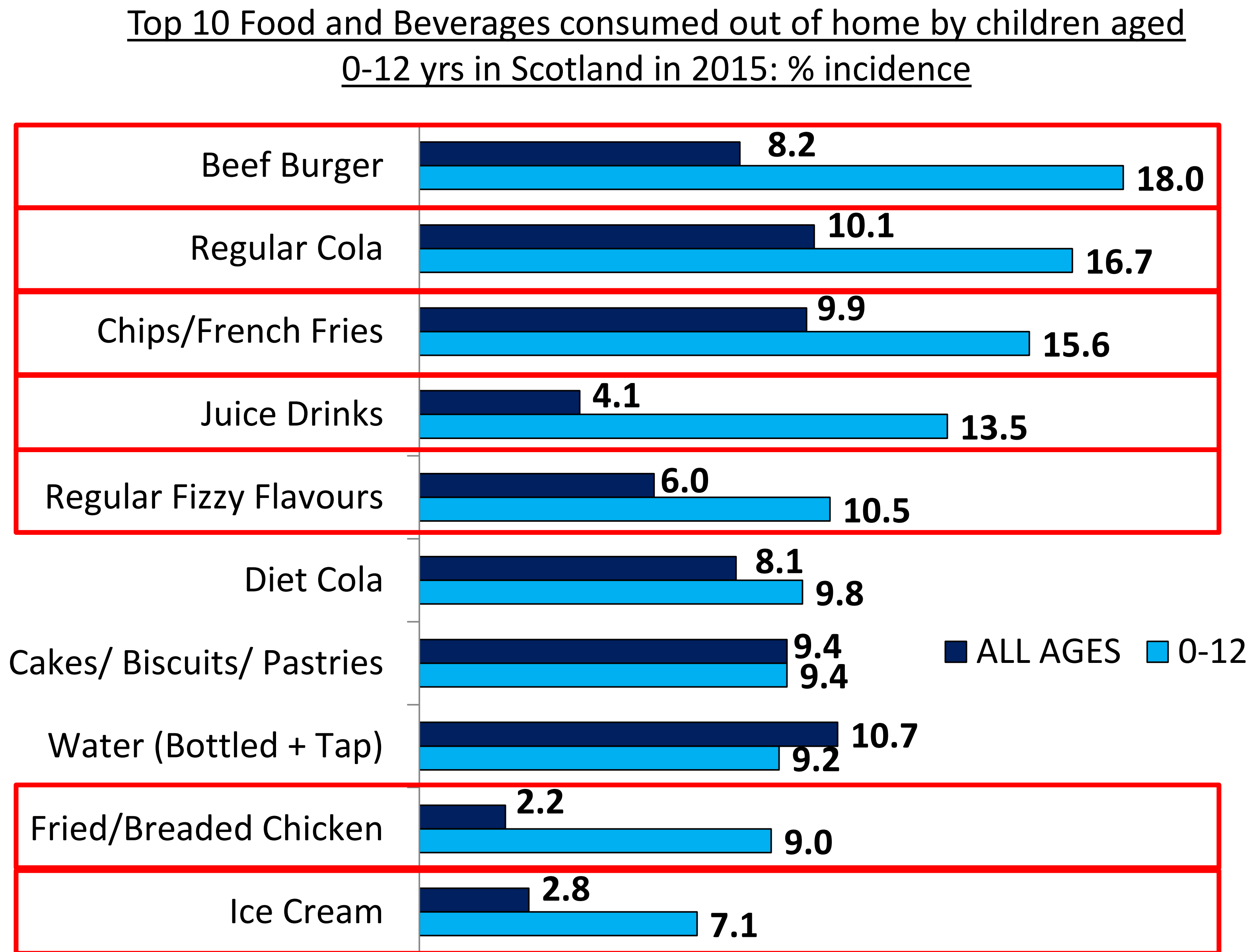


Source: NPD Crest®, data to Dec'15 Total Foodservice

Children's consumption out of home

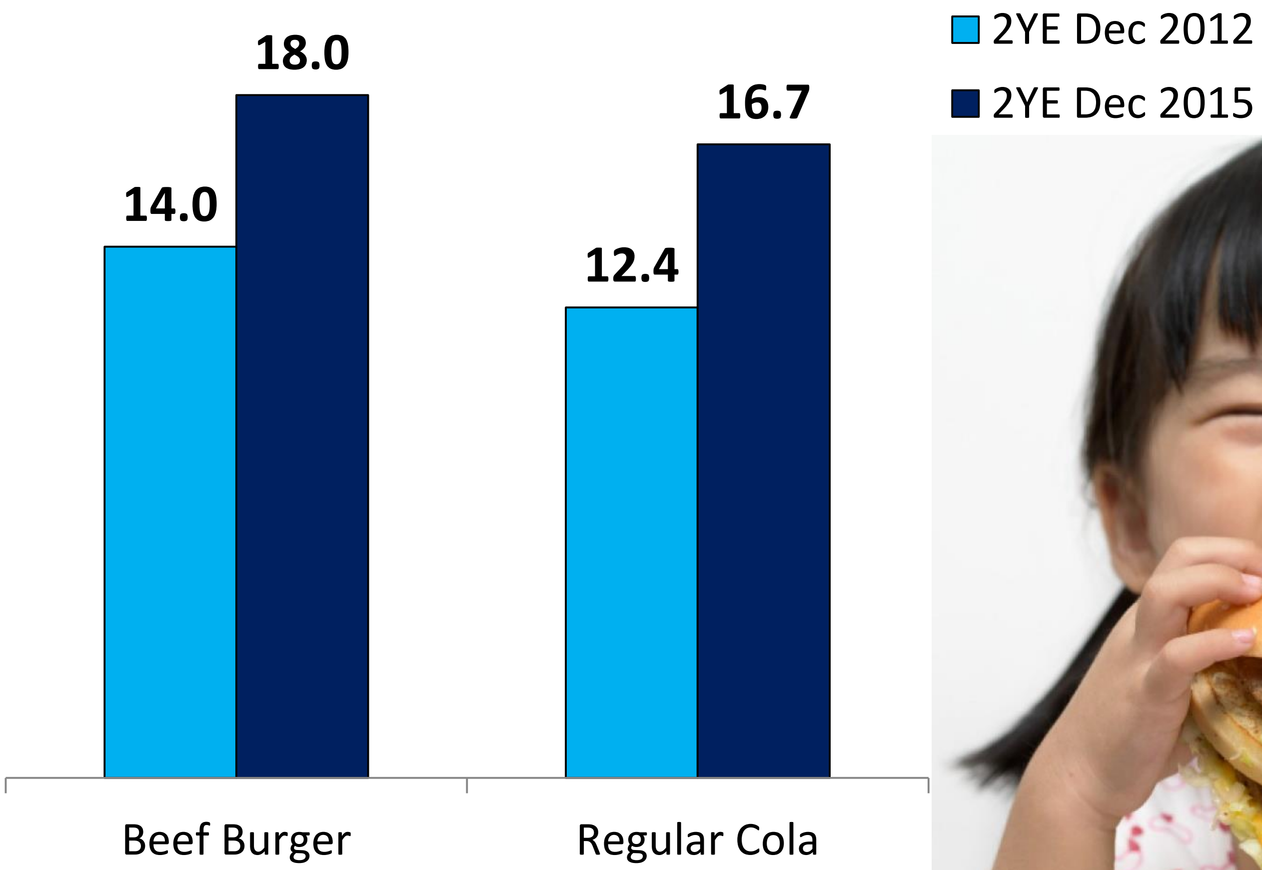
"Good habits formed at youth make all the difference."
Aristotle

Food & Drinks included out of home for children under 12yrs are even more likely to be less healthy than for the overall population.



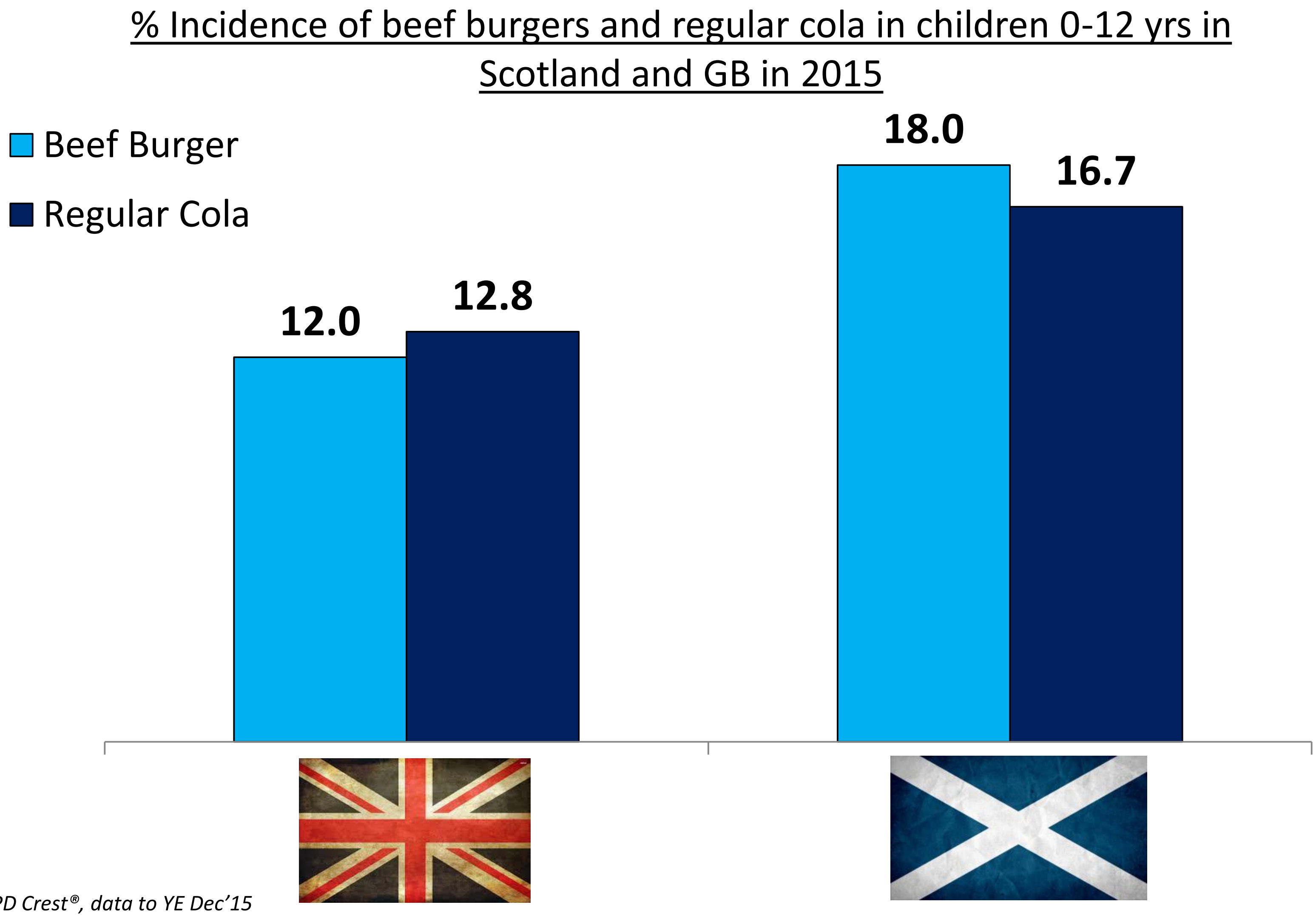
Children aged 0-12 yrs consumed more Beef Burgers and Regular Cola than they did in 2012.

<u>% Incidence of beef burgers and regular cola in children 0-12 yrs in Scotland: 2015 vs. 2012</u>



Source: NPD Crest®, data to YE Dec'15

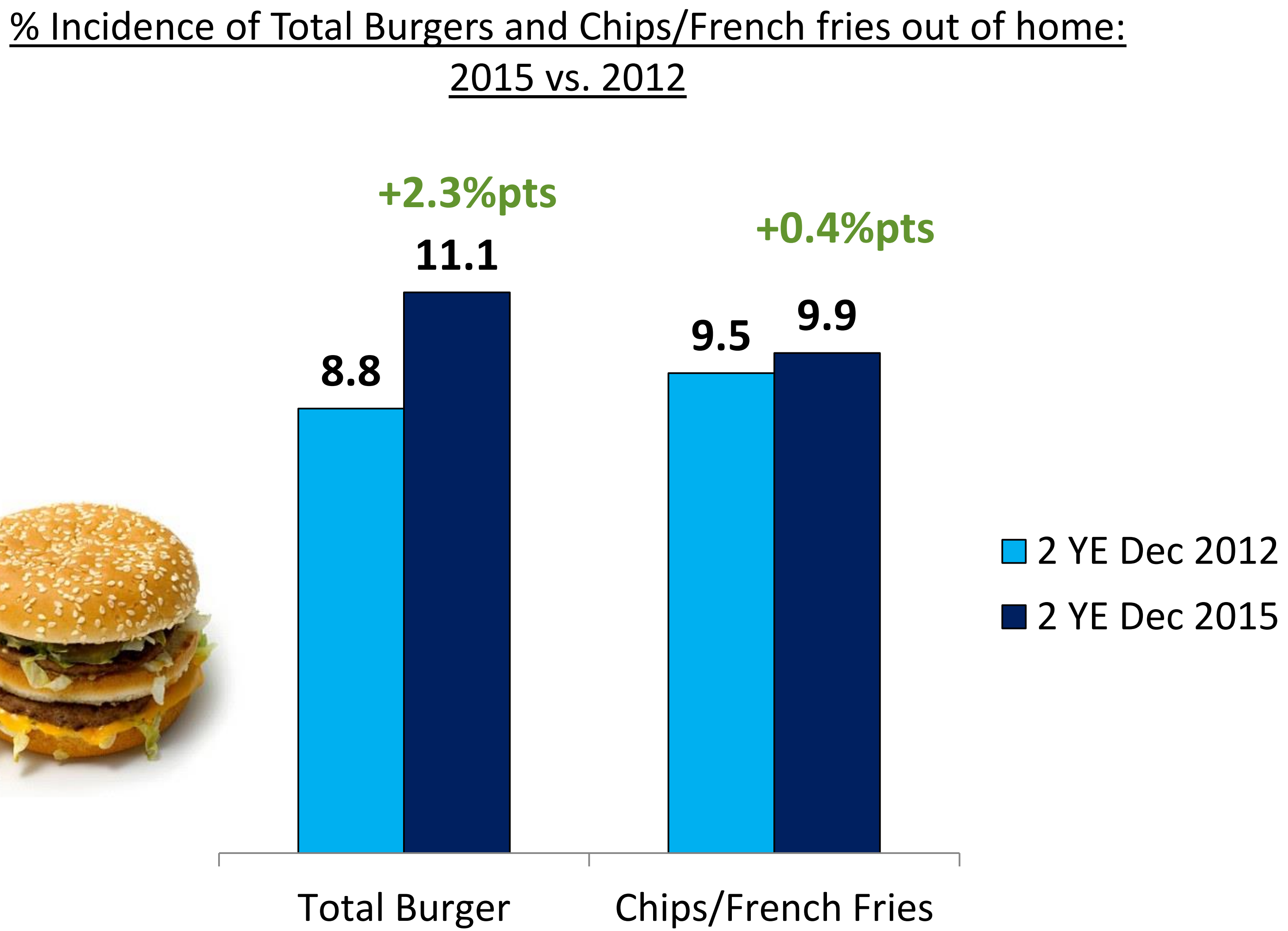
Scottish children aged 0-12 yrs consume more Beef Burgers and Regular Cola out of home than those in GB.



Source: NPD Crest®, data to YE Dec'15

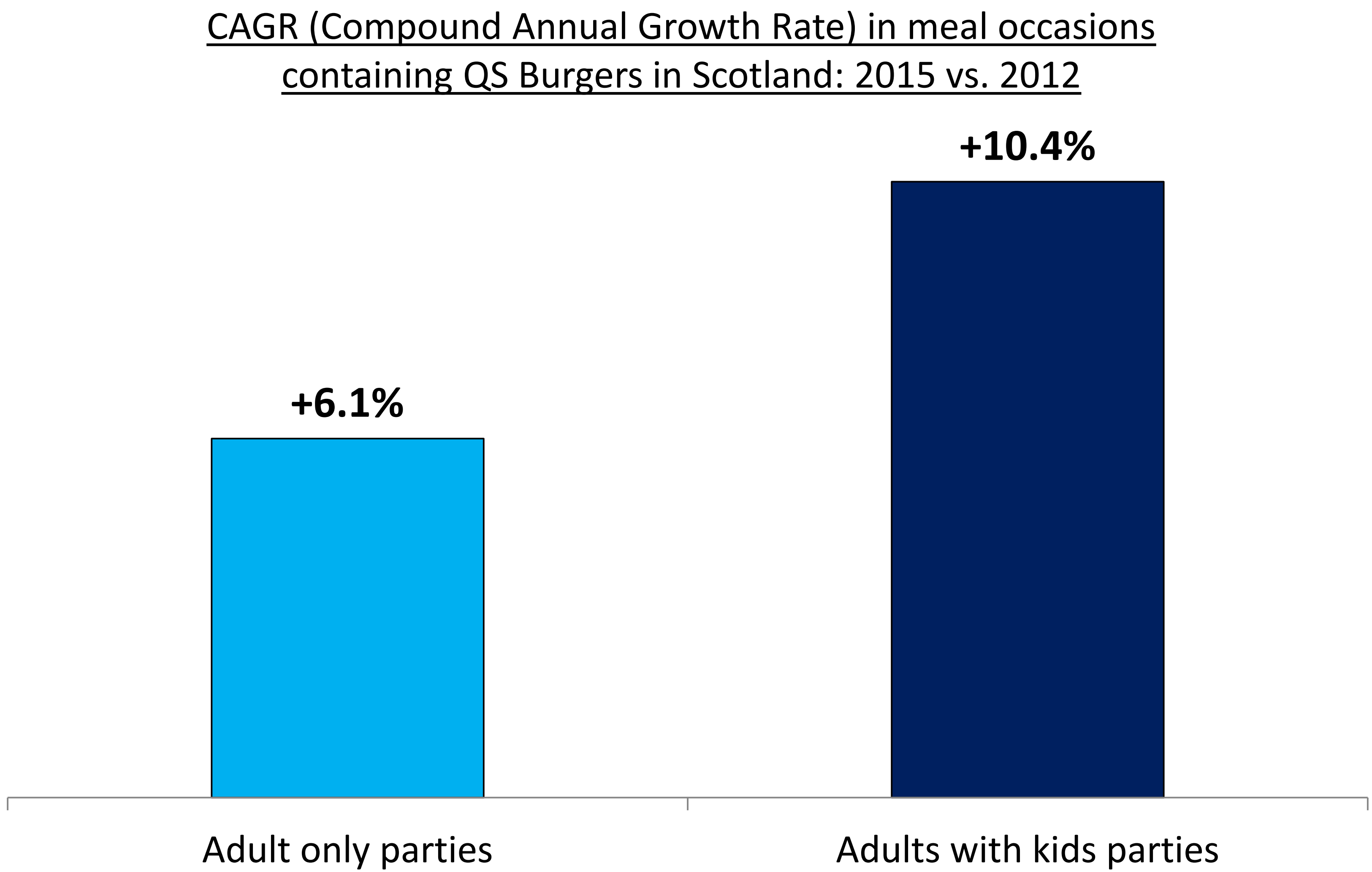
A closer look at Burgers

Burgers and Chips are consumed more out of home in 2015 than they were in 2012.



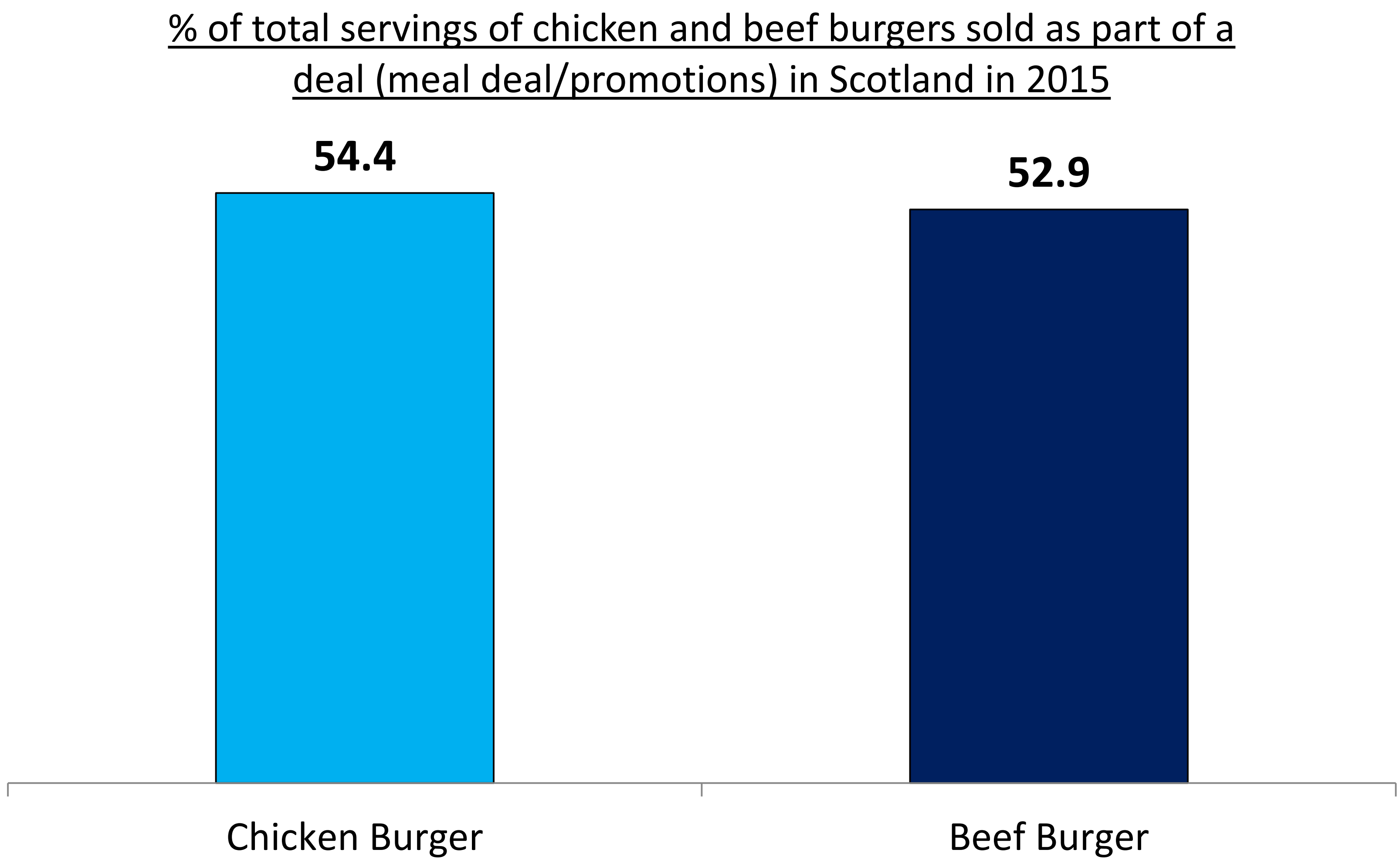
Source: NPD Crest®, data to YE Dec'15

QS Burgers are increasingly popular amongst both adults only and adults with kids.

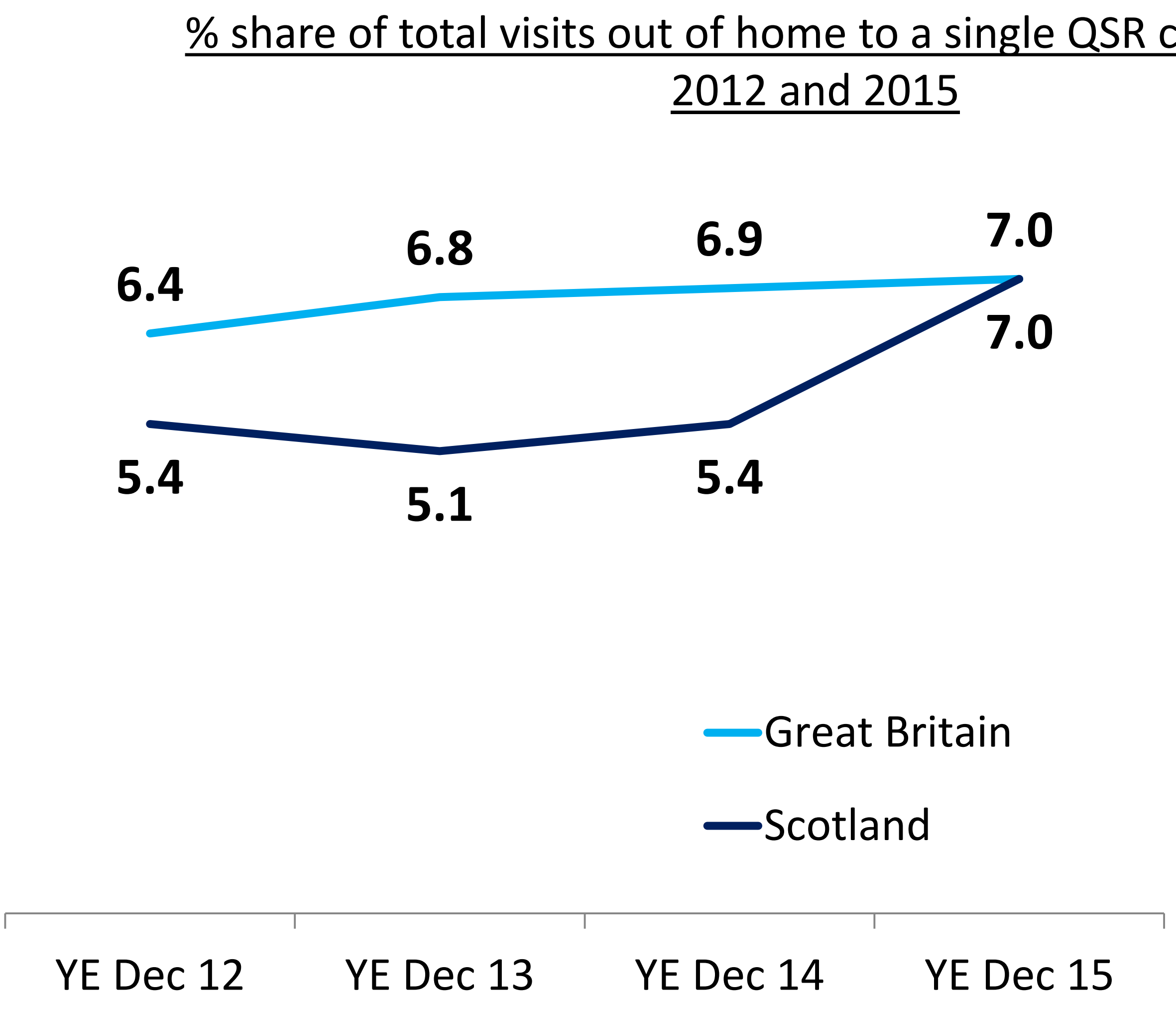


Source: NPD Crest®, data to YE Dec'15

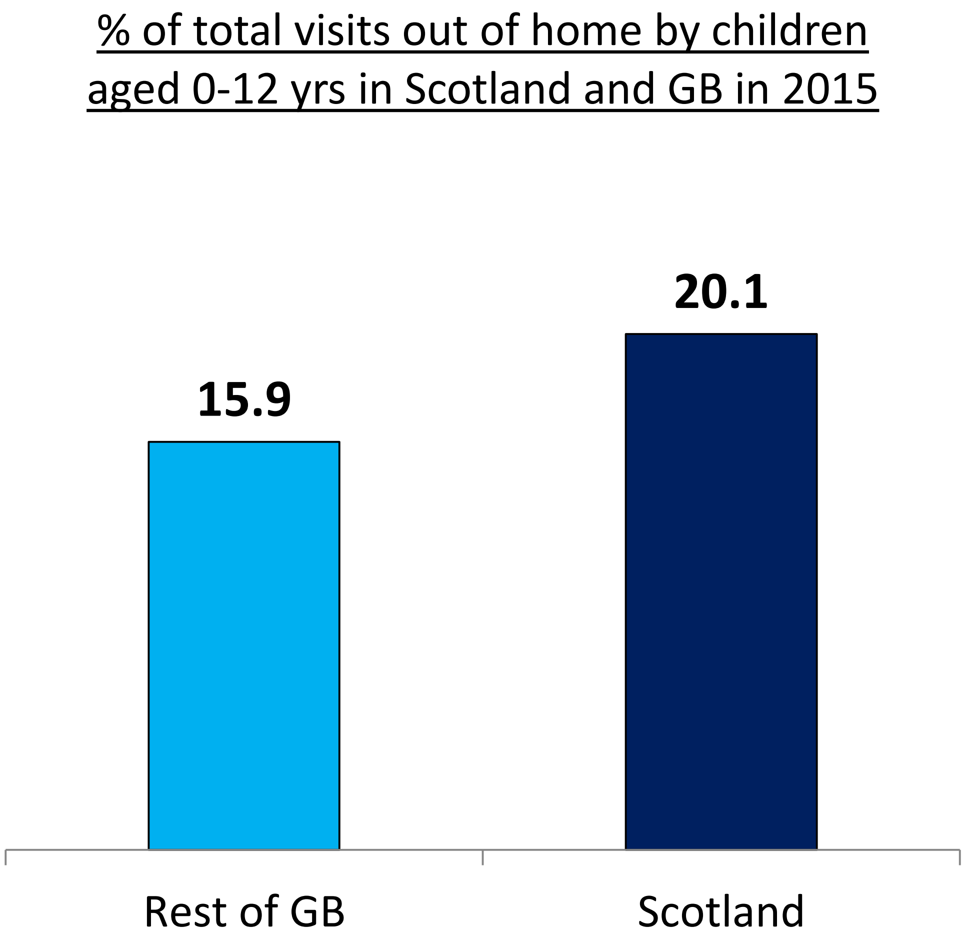
Both chicken burgers and beef burgers are very likely to be purchased as part of a deal.



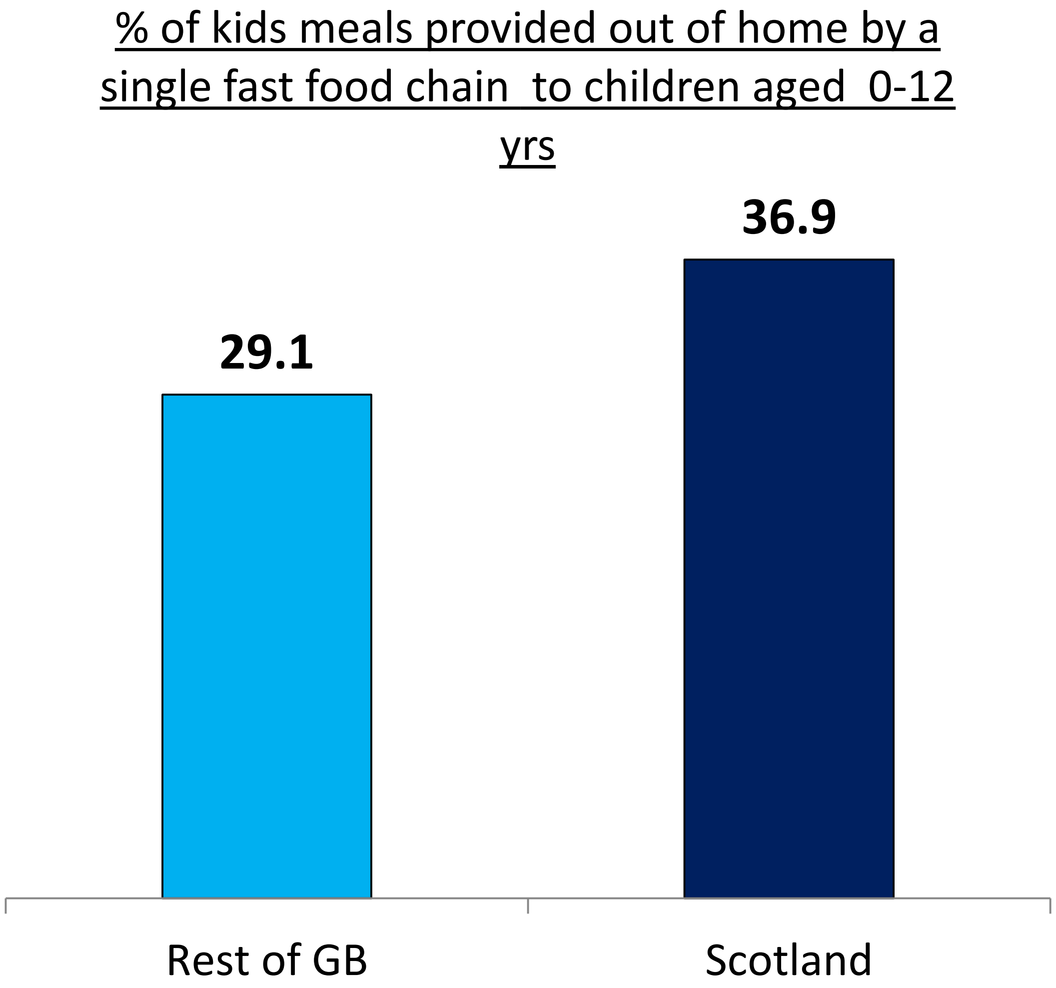
In Scotland, visits to a single QSR chain grew rapidly between 2014 and 2015.



Kids meals are included as part of 1 in every 5 out of home visits by children under 12 yrs.

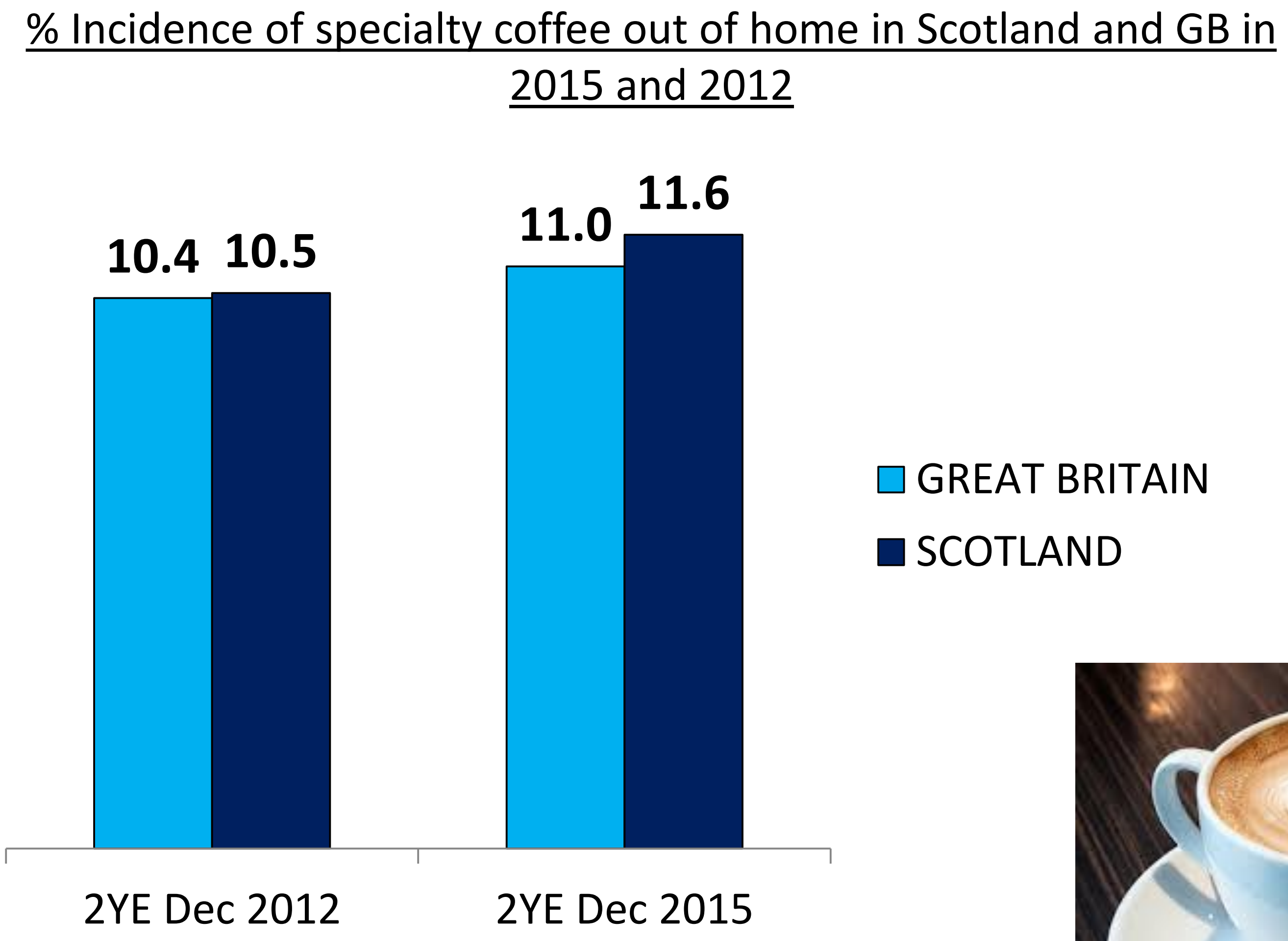


A single fast food chain is the key provider of Kids Meals in Scotland.



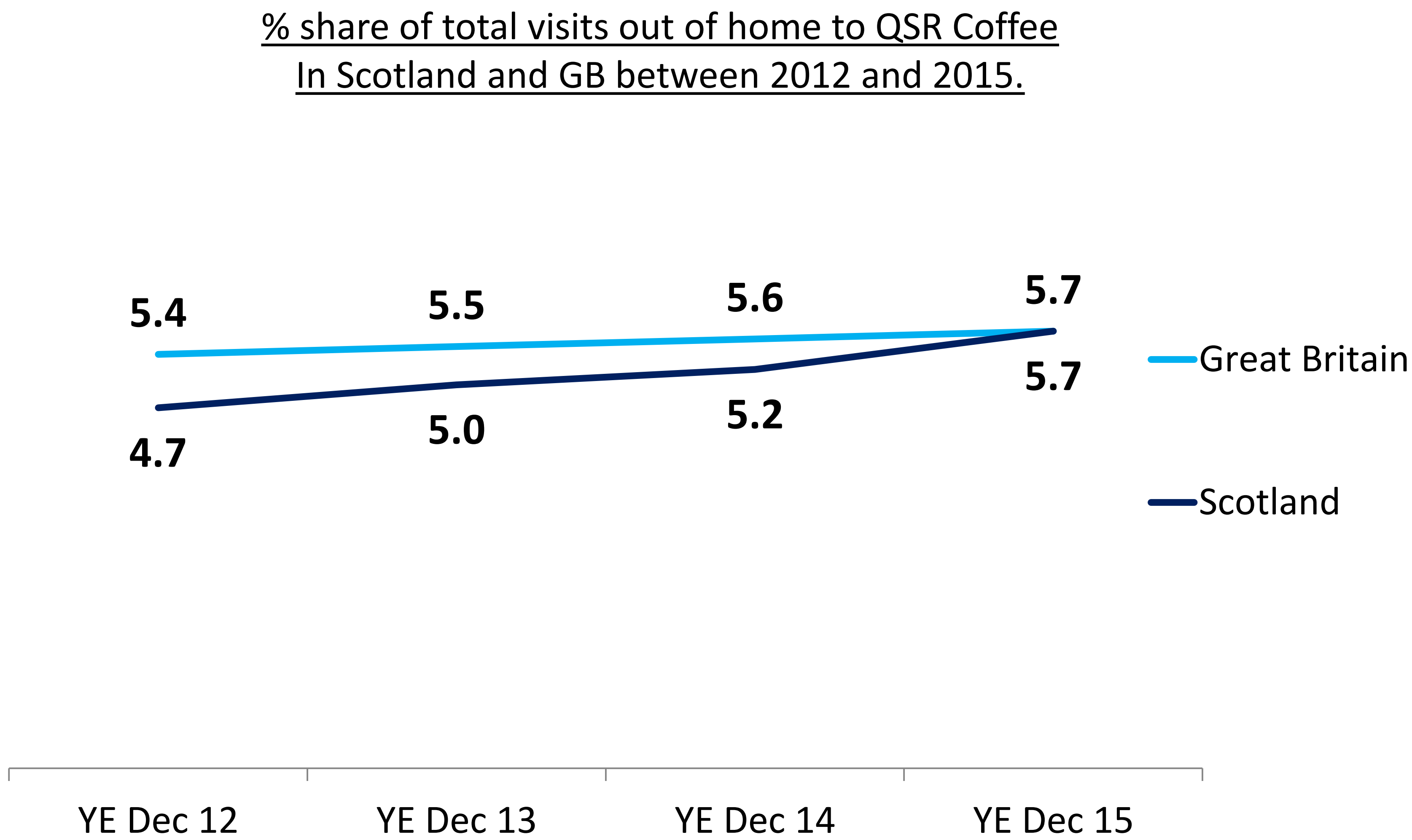
A closer look at Specialty Coffee

Specialty Coffee incidence has grown in Scotland even faster than in GB overall.



Source: NPD Crest®, data to YE Dec'15

Visits to Coffee Shops have grown in Scotland since 2012.



Summary of key results:

1. Brands have a large share and growing share of the out of home market in Scotland. However, independents still hold around half of the total market.

2. QSR Burgers and Coffee Shops have grown strongly in Scotland, bringing us to nearly the same level as GB.

3. People in Scotland are buying more but spending less out of home compared to GB overall with more families and the least affluent visiting out of home in the last year.

4. Many of the top food & beverages consumed out of home in Scotland tend to be less healthy, including Chips/French Fries, Burgers and Regular Cola.

5. Children between 0-12 yrs consume these types of foods more often out of home than adults.

6. Health is not a key factor when eating out of home, and appears to be decreasing in importance in Scotland. Furthermore, the motivation to treat ourselves or others has increased.