The Impact of COVID-19 on the Out of Home Sector in Scotland

Prepared for Food Standard Scotland

September 2021

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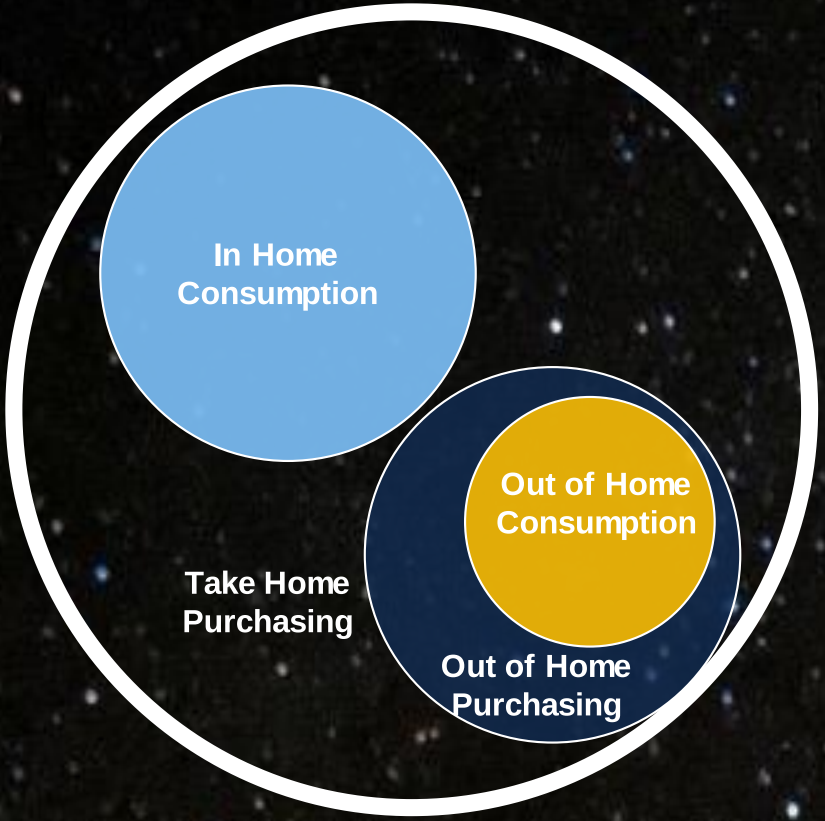
Methodology & definitions



We collect data on

650,000+
raw trip records
44k in Scotland

1.3 million
raw purchase records
98k in Scotland

<u>Out of Home Universe</u>
All food and non-alcoholic drinks, across all channels

panellist universe, not market universe

7,500 individuals (subset of the take home purchase), recording every purchase they make, continuously over time

3,000 individuals (subset of out of home purchase), recording how they consume, continuously over time

The panel is demographically and geographically representative of the Great British (GB) population

The collected data is weighted up to reflect the full population in GB

We collect data on anywhere you can buy food and non alcoholic drinks

Market	Channel
Non-alcoholic cold drinks (inc. iced coffee)	Quick service restaurants (fast food outlets and takeaways)
Non-alcoholic hot drinks	Full service restaurants, pubs & bars
Discretionary categories excl. drinks (e.g. cakes, pastries, biscuits, crisps)	Coffee shops and cafes
All other snacks (e.g. fruit snacking)	Supermarkets main store & cafes
Quick meals (e.g. sandwiches & salads)	Convenience outlets (symbols & independents, high street & supermarket convenience stores)
Main meals	Leisure & hotels
	Workplace & education
	Travel & vending (supermarket forecourts, forecourts & travel, vending)

We also ask additional information about each consumption occasion

Needs

Enjoy the taste
Low in fat/salt/sugar
Quick
Asked for partner/children
Can eat on the move
Easy to come by
Etc.

Main meal descriptor

Treat
Celebratory
Quick bite
Social
On the go
Relaxing
Together time
Etc.

Number of people present

1-7 person occasions

Meal occasions

Breakfast
Morning snack
Lunch
Afternoon snack
Evening meal
Evening snack

Where consumed?

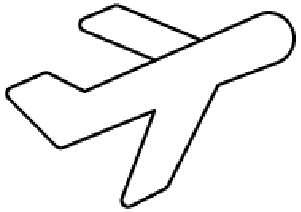
On premise
School/workplace
Travel
Outside
Leisure outlet
etc

Bought for…

Myself
Another adult (Adult 16+)
Child (0-15 years)

And there are some markets we don't capture, due to how our panel is built

We report on the market as seen by the domestic consumer

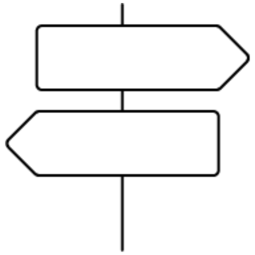


Tourists and transient trade

We estimate tourists account for about £5 billion of food and drink spend in the UK

Business to Business, and Catering

Our panel is based on the point of purchase of individuals; and so does not include business to business or catering sectors



Free food and drink

We don't capture any free food and drinks panellists have consumed Out of Home

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Throughout the presentation there is a view on demographics, broken down by:

Age of buyer:

Under 35 years old

35 – 54 years old

55 years old & over

SIMD – Scotland only Quintile

SIMD is an area-based measure of relative deprivation: not every person in a highly deprived area will themselves be experiencing high levels of deprivation.*

1 – most deprived

2

3

4

5 – least deprived

Rural vs Urban

ONS Definition

Urban
England and Wales - population of where panellist resides is above 10k

Scotland - population of where panellist resides is above 3k

Rural
England and Wales - population of where panellist resides is under 10k

Scotland - population of where panellist resides under 3k

KANTAR

*Source: https://www.gov.scot/collections/scottish-index-of-multiple-deprivation-2020/#:~:text=SIMD%20is%20an%20area%2Dbased,experiencing%20different%20levels%20of%20deprivation.

We have classified the channels to the way Food Standards Scotland report on the market

Quick Service Restaurants (QSR)

McDonald's, KFC, Burger King, Dominos Pizza, Papa John's, Independent outlets

Full Service Restaurants (FSR)

Pizza Hut, Frankie & Benny's, Nando's, Pizza Express, Wagamama, Giraffe etc.

Cafes and Coffee Shops

Costa Coffee, Caffè Nero, Starbucks, AMT Coffee, Pumpkin Café, department store cafes, independents etc.

Convenience

Supermarket convenience stores, symbols and independents and high street

Pubs & Bars

Wetherspoons, Brewers Fayre, Harvester, Toby Carvery, Beefeater Grill etc.

Bakery & Sandwich

Greggs, Subway, Pret, Krispy Kreme, Eat, Patisserie Valerie, Paul, Millie's Cookies etc.

Supermarket cafes & front of store

Main store outlets and supermarket cafes

Other

Workplace, leisure, hotels, travel, vending and supermarket forecourts (garages)

The slide deck will make comparisons of consumers behaviour throughout 2020 broken down into the following time periods.

Pre Pandemic

- Time period 1
- 12 weeks to w/e 22 March 2020

Lockdown

- Time period 2
- 16 weeks to w/e 12 July 2020

Relaxation of restrictions

- Time period 3
- 12 weeks to w/e 4 October 2020

Return of restrictions

- Time period 4
- 12 weeks to w/e 27 December 2020

The slide deck focuses on consumers’ behaviour in Scotland but where the sample is not robust GB data is used. The relevant data source is identified by a marker in the top right hand corner of each slide.

Scotland

GB

Quick View Glossary of Measures Used in Report

OOH	Out of Home
YoY	Year on year, usually in the context of growth
FOTG/OTG	Food on the go/On the go
YA	Year ago, usually in the context of growth
Value/Spend, Value % and spend %	Value spent on Out of Home food and non alcoholic drinks by all individuals
Trips, Trips %	Trips for Out of Home food and non alcoholic drink by all individuals
Trips per Customer	Average number of visits per customer in the given time period
Penetration %	The % of the population buying the specified line in the given time period and region
Average Spend per Customer	The total spend per customer in the given time period
Average Price per Item	The average price paid per item, £
Average Spend per Visit	The average spend per visit, £
Index	Indicates whether a product/channel/consumer is more/less important to a specific market than the total market
PPT	Percentage points
Aggregator	A third party that facilitates the order of food from a restaurant to a consumer, e.g. Just Eat, Deliveroo

2
The Out of Home market in GB and Scotland

During 2020, both GB and Scotland experienced market declines related to the Out of Home environment for value, penetration and average consumer trips per week, compared to 2019.

GB

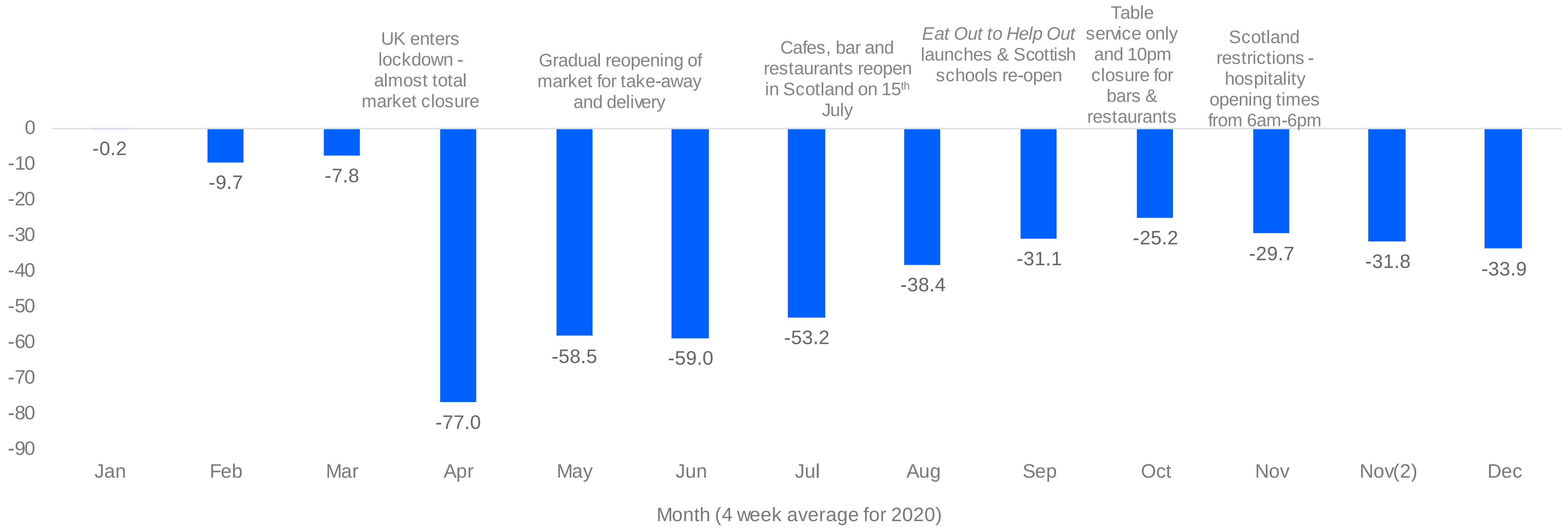
Scotland

GB	£35.6bn value -32.4%	96.1% penetration -2.5 percentage points	3 trips each per week -32.9%	£4.5 spend per trip +2.6%
SCOTLAND	£3.0bn value -35.6%	96.1% penetration -2.9 percentage points	2.6 trips each per week -36.1%	£5.1 spend per trip +4.3%

Throughout much of 2020, the Out of Home market in Scotland declined compared to 2019, particularly when the UK entered lockdown.

Scotland

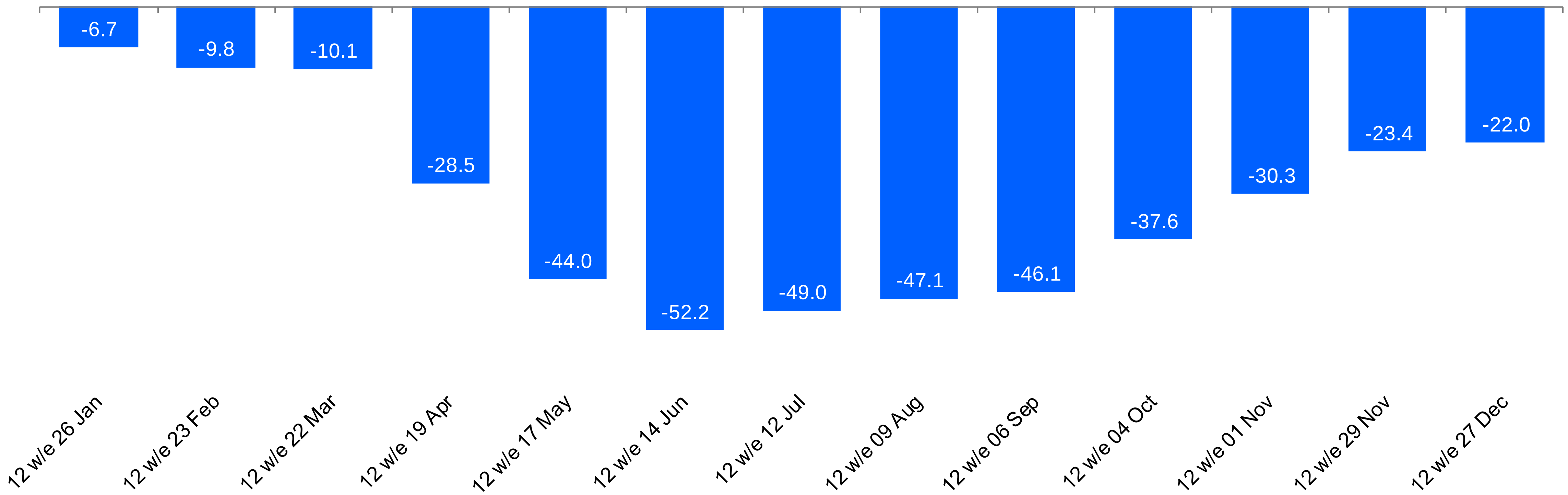
YoY Spend Change %



As lockdown restrictions began, the frequency of trips declined sharply, with consumers making less than half the number of trips to Out of Home between the start of lockdown and mid June, compared to 2019.

Scotland

Average frequency of trips per consumer
YoY % change
The data presented is rolling 12 week data



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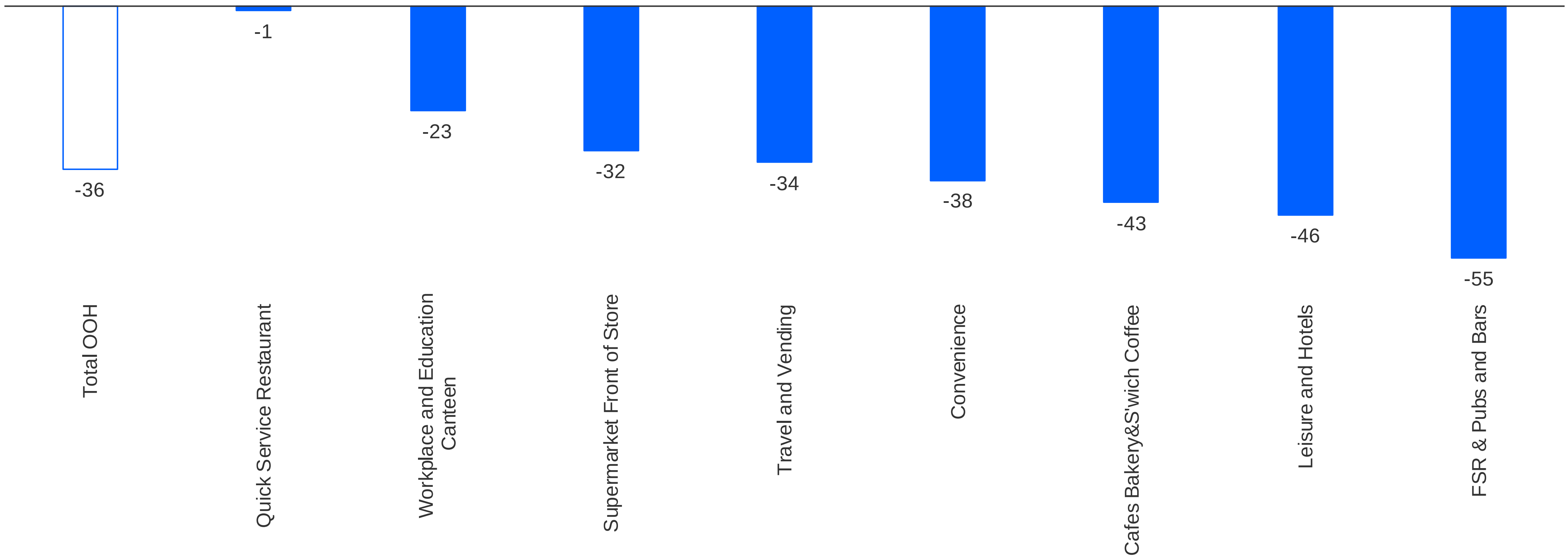
Kantar Out of Home | Total Market | Scotland | YoY % change | Trip frequency | rolling 12 w/e 27th Dec 20 v. YA

Full service restaurants and pubs and bars were most impacted by restrictions with a 55% reduction in spend compared to 2019. Quick service restaurants were impacted the least as they were potentially able to pivot to delivery and takeaway.

YoY Change of Spend by Channel £%



Kantar Out of Home | Total Market | Spend YoY % change | 52 w/e 27th Dec 20 v. YA

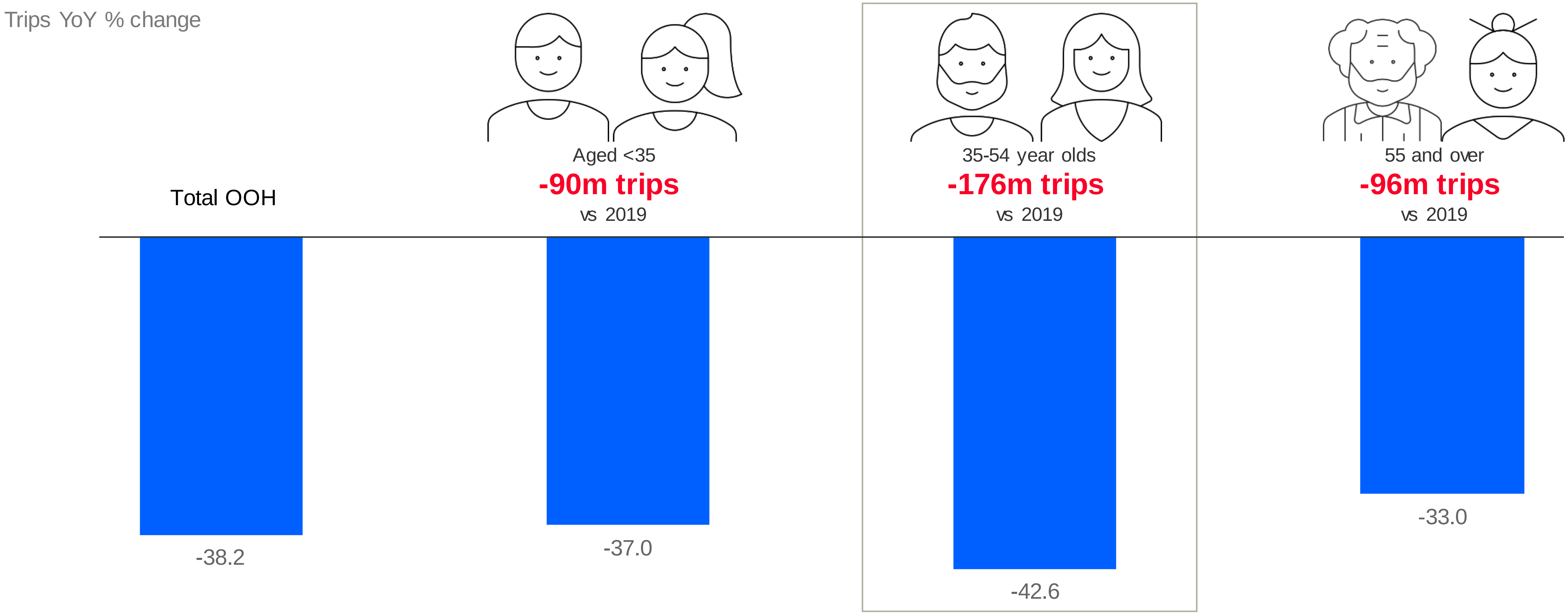
Note - two data points are included for November as covers 4 w/e 1 Nov and 29 Nov 2020

Summary

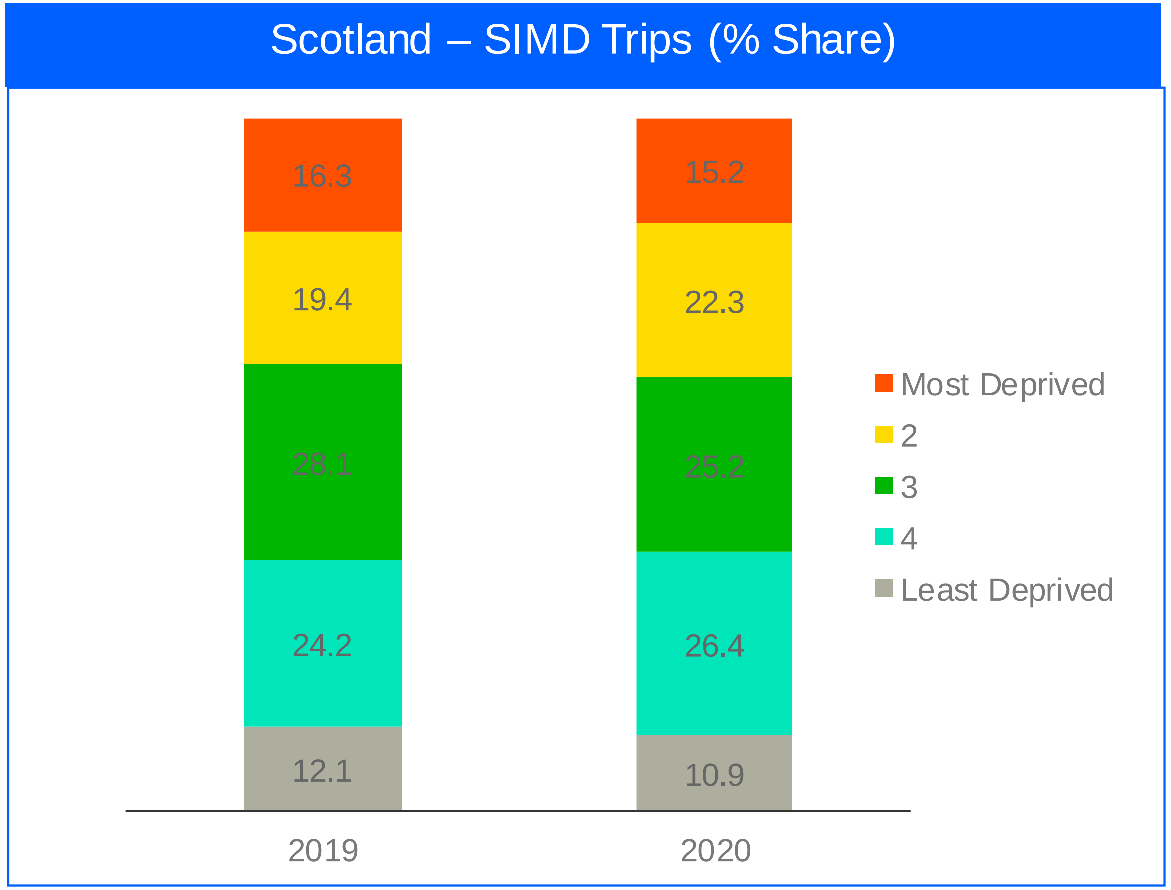
- Lockdowns and restrictions in 2020 negatively impacted the Out of Home market as businesses were forced to close their doors in the early days of the pandemic.
- Overall for 2020, Scotland experienced marked market decline with regards to value, penetration and average consumer trips per week.
- The Out of Home market in Scotland declined dramatically, particularly when the UK entered lockdown. It recovered to some extent as restrictions eased before showing signs of declining again as restrictions were re-imposed.
- As lockdown restrictions began, the frequency of trips declined sharply with consumers making less than half the number of trips to Out of Home compared to 2019.
- Full service restaurants and pubs and bars were most impacted by restrictions. Quick service restaurants were impacted the least as they were potentially able to pivot to delivery and takeaway.

3
Consumers

In Scotland, the number of trips declined across all three age groups, declining the most for those aged 35-54.



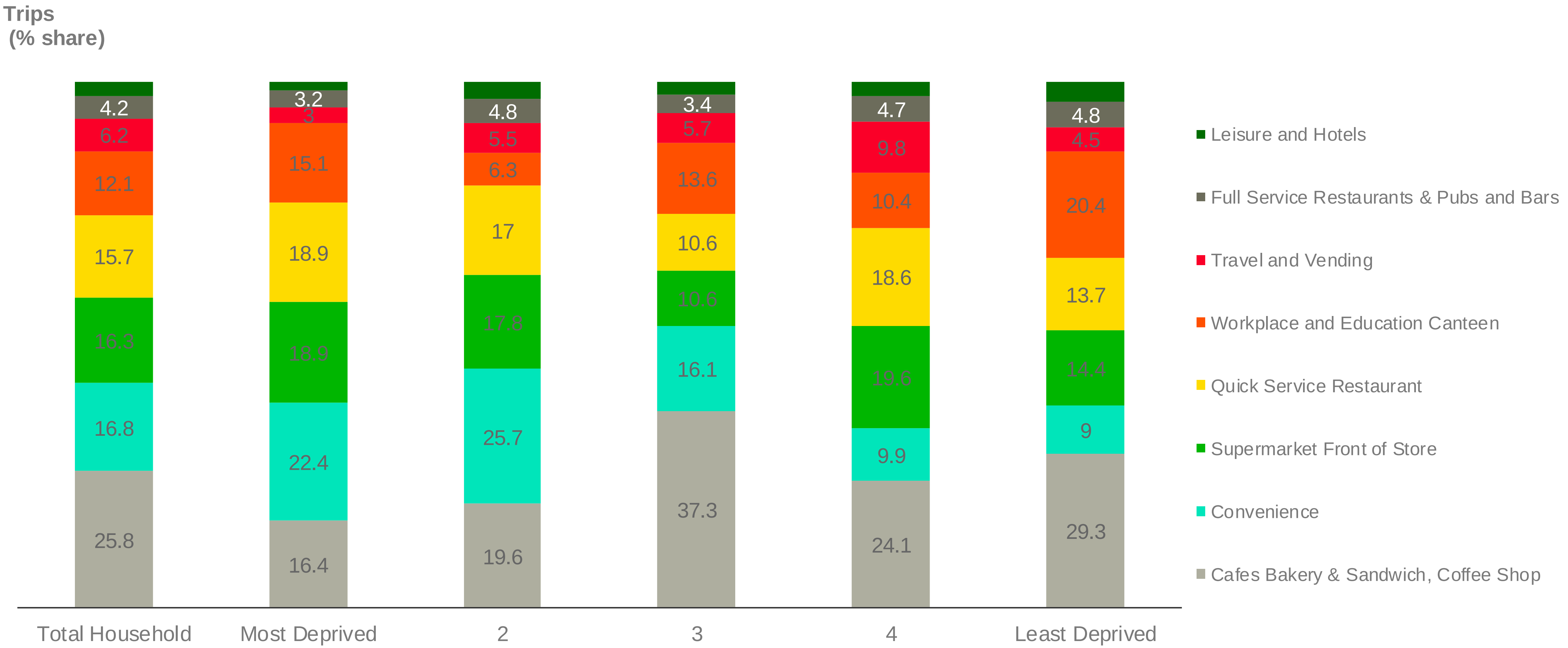
The percentage share of trips across the SIMD quintiles showed only small variations between 2019 and 2020.



In 2020, those in the least deprived areas spent more per trip on Out of Home food purchases, whilst those in the most deprived areas spent the least.

Outlets which are generally cheaper, such as convenience stores, account for a greater proportion of trips by those in the more deprived areas (SIMD 1 & 2).

Scotland



Rural consumers visited Out of Home more often than urban consumers but the number of trips declined by around a third for each group in 2020 compared to 2019.

Urban consumers

97%
penetration
-2.7ppt

£5.2
average trip spend
+3.6%

126
Trips per person
-36%

Rural consumers

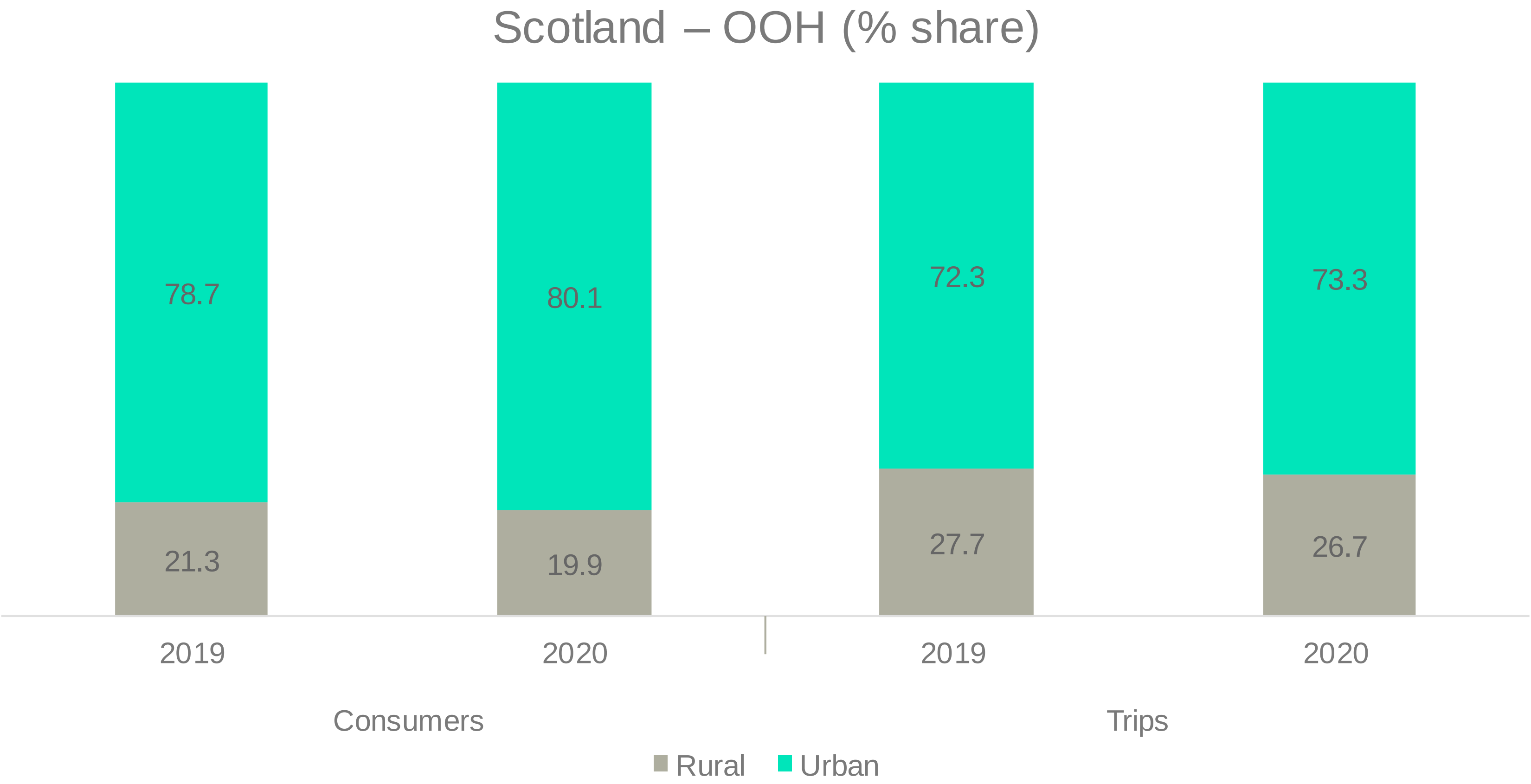
95%
penetration
-3.8ppt

£4.8
average trip spend
+5.5%

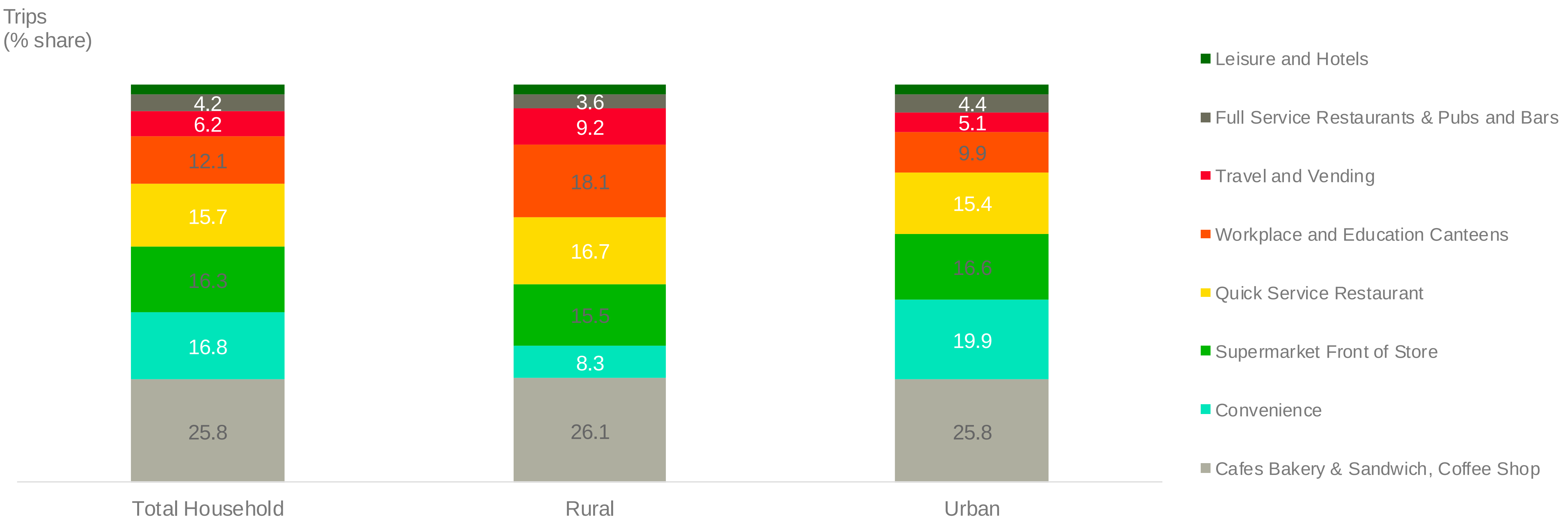
186
Trips per person
-33.9%

Rural consumers represent a smaller proportion of the sample than those living in urban areas. Urban consumers visit less frequently than those living in rural areas, making their share of trips smaller than their share of the sample.

Scotland



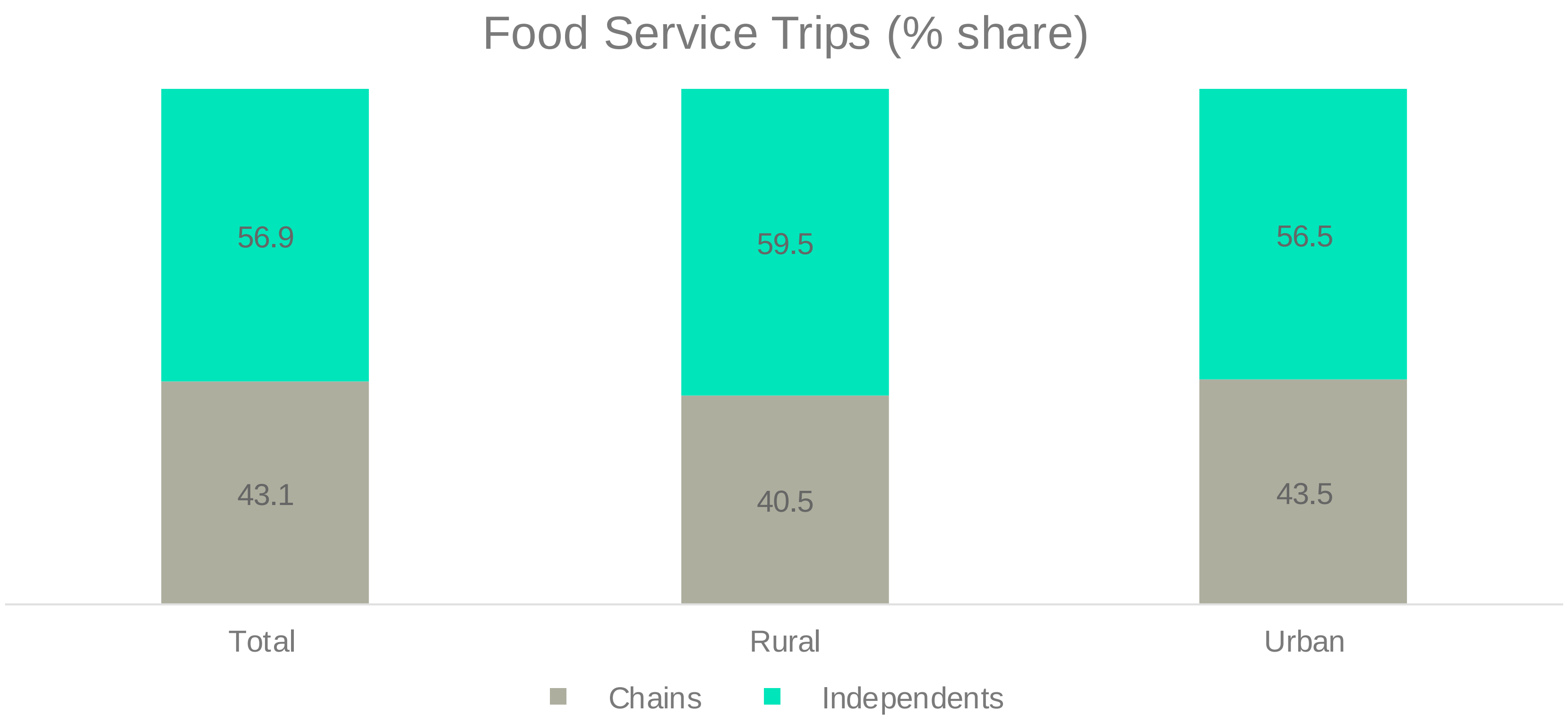
Rural consumers visit workplace and education canteens more frequently and visit convenience outlets less frequently than urban consumers in 2020.



In GB, rural consumers visit independent outlets more often in 2020, possibly due to location and availability.

Food Service Outlets include:

- Quick service restaurants
- Full service restaurants
- Bakery & sandwiches, cafés & coffee shops
- Pubs & bars

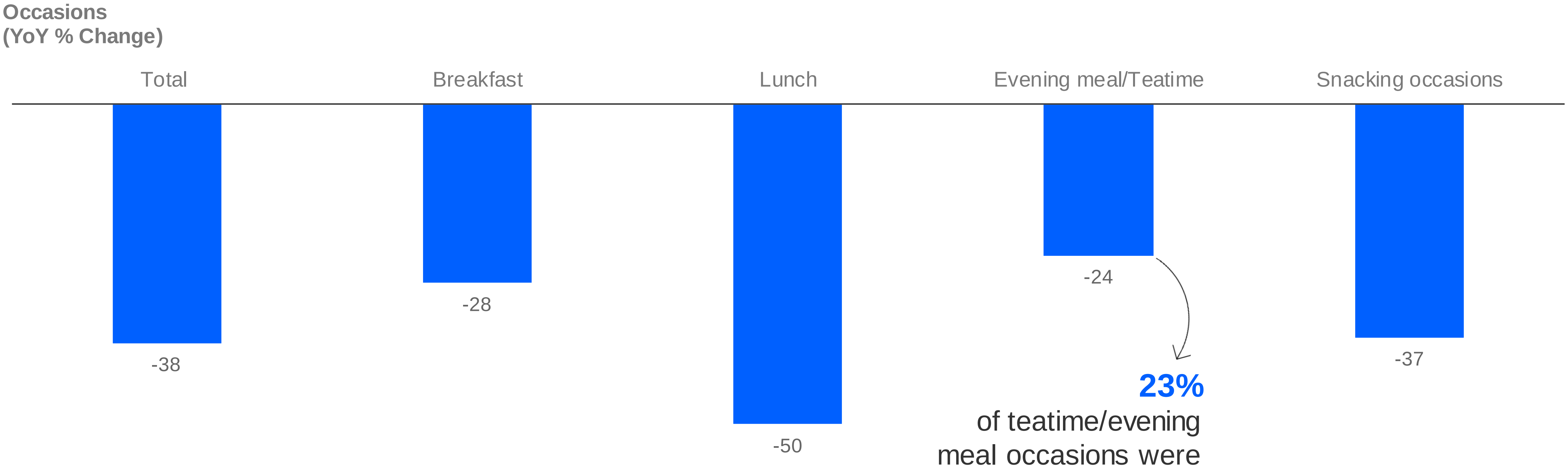


Summary

- In Scotland, the number of trips declined across all age groups, declining the most for those aged 35-54.
- The percentage share of trips across the SIMD quintiles showed only small variations between 2019 and 2020.
- In 2020 those in the least deprived areas spent more per trip on Out of Home food purchases, whilst those in the most deprived areas spent the least.
- Rural consumers represent a smaller proportion of the sample than those living in urban areas, but visit Out of Home more often.
- Rural consumers visit workplace and education canteens more frequently and convenience outlets less frequently than urban consumers.

4
Out of Home consumption

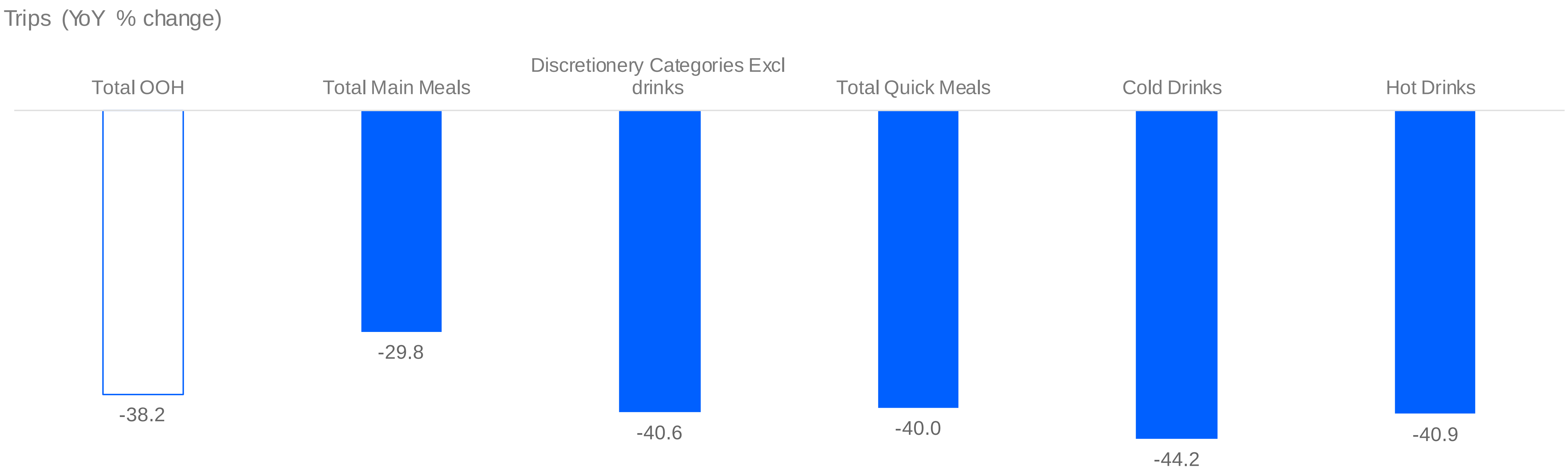
While all Out of Home occasions declined, the evening meal declined the least as it was more frequently purchased on delivery. Lunch declined the most at half of the number of occasions compared to 2019.



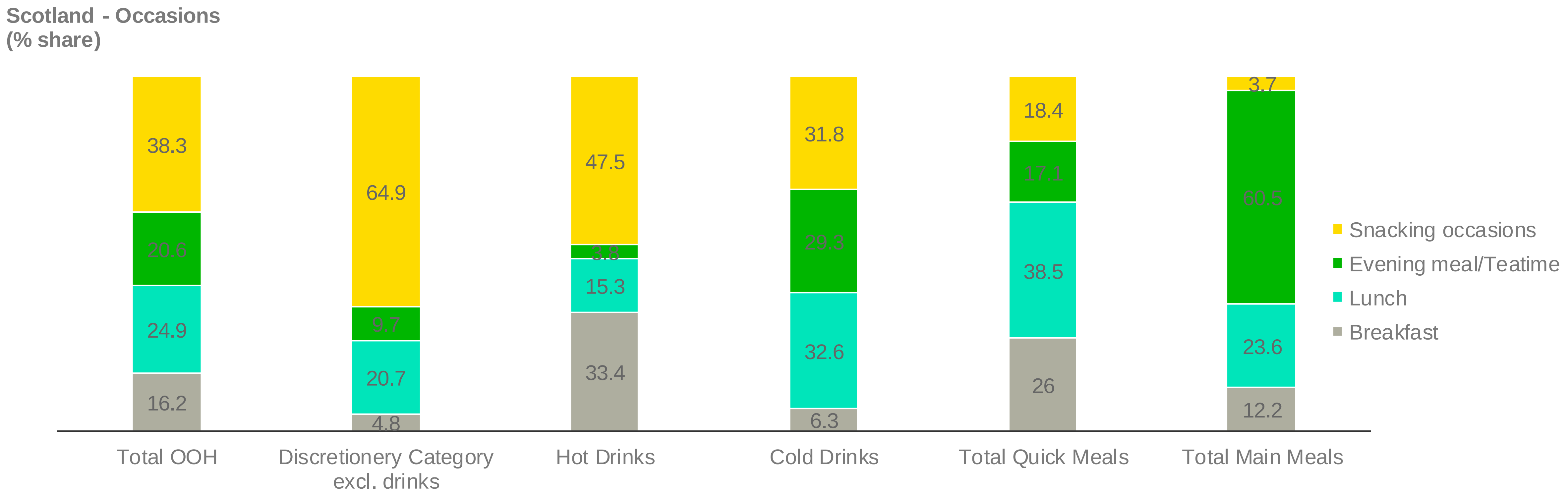
23%
of teatime/evening meal occasions were through **delivery**

Kantar Worldpanel OOH usage panel | occasions YoY % change | Scotland | 52 w/e 27 Dec 20 vs prev year
Kantar Worldpanel OOH usage panel | % occasions on delivery | 52 w/e Dec 20

All food and drink categories experienced a decline in 2020 compared to 2019, with drinks being the most impacted and main meals the least.



The performance of Out of Home categories were linked to when they are more likely to be consumed. Main meals are more likely to be purchased as an evening meal and they declined the least, while cold drinks are more likely to be bought at lunch and they declined the most.

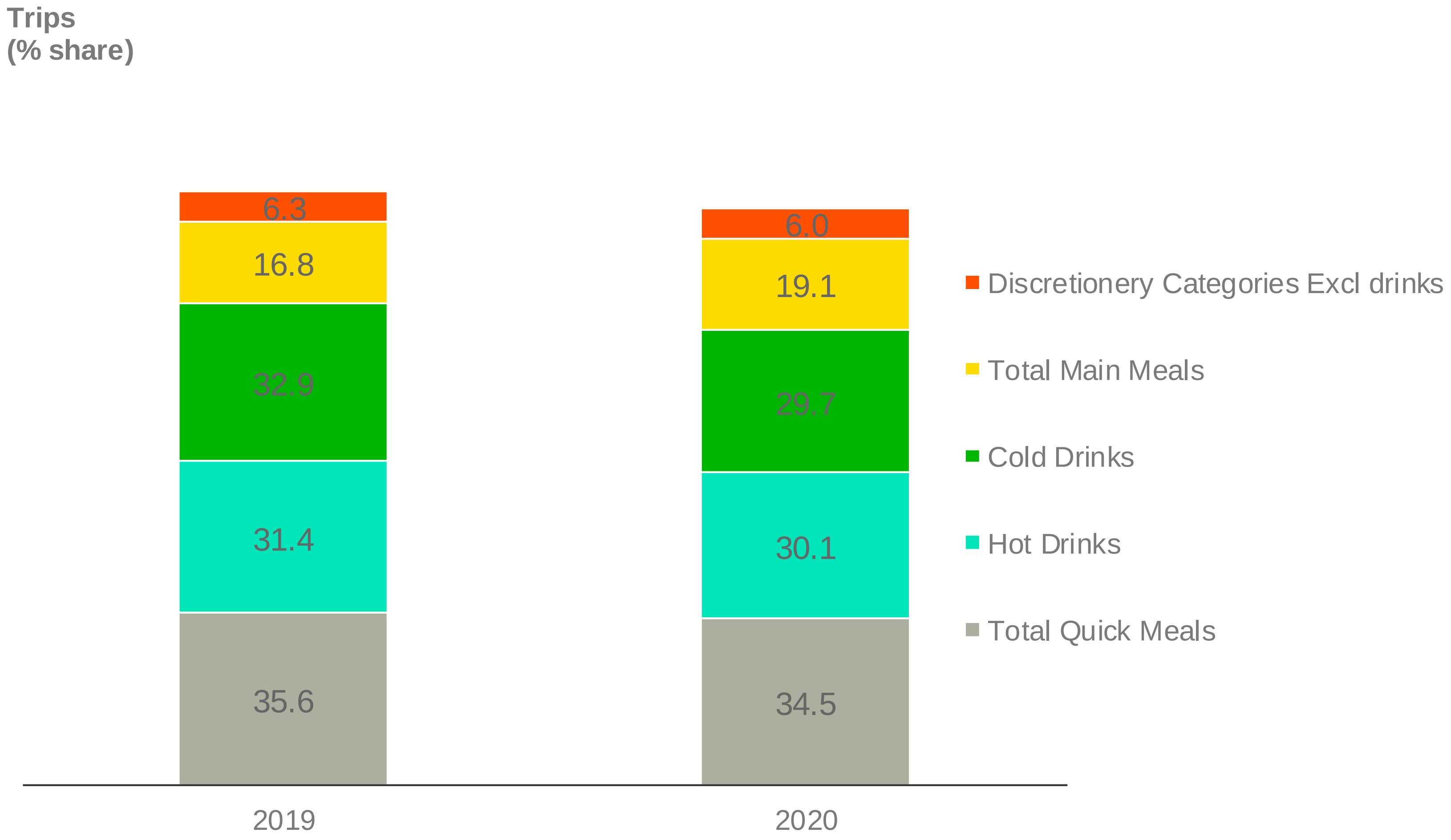


Category performance	-38.2%	-40.6%	-40.9%	-44.2%	-40.0%	-29.8%

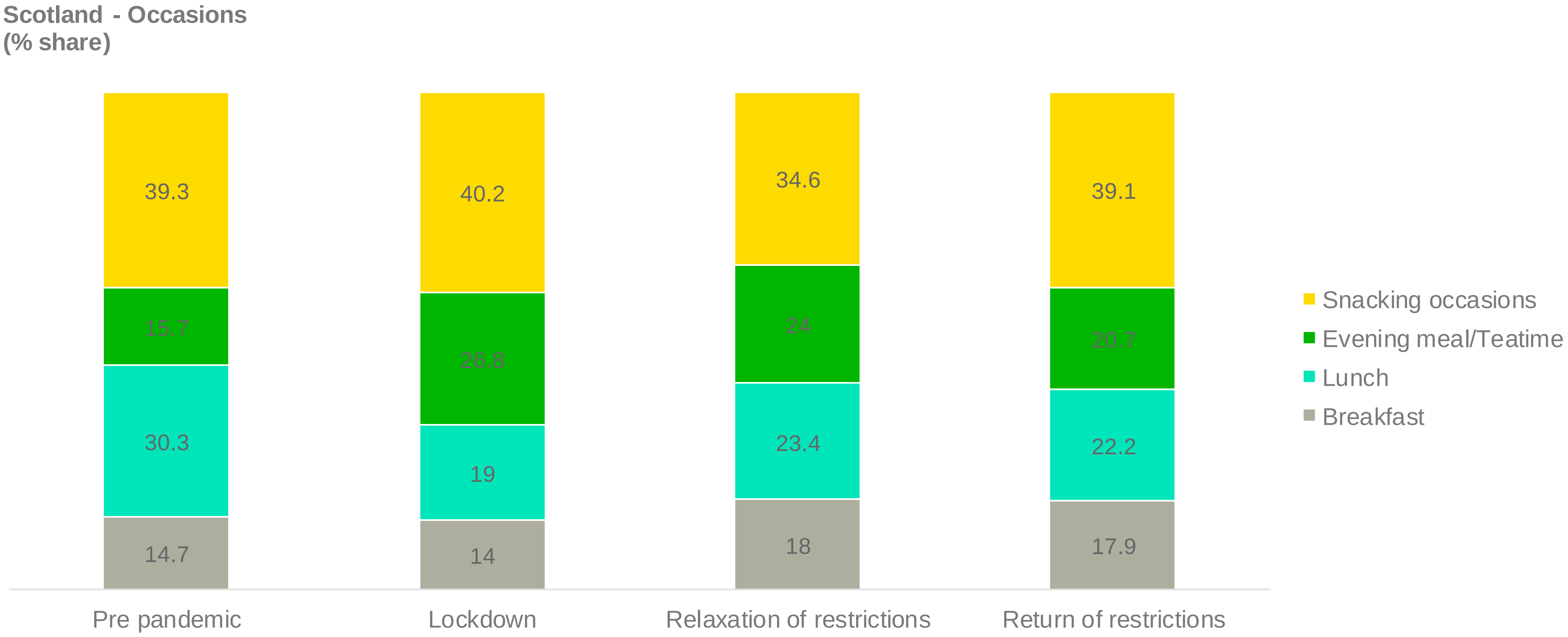
Kantar Worldpanel OOH Usage panel | FSS key categories| occasions % share | 52 w/e Dec 20
Kantar Worldpanel OOH Purchase panel | FSS key categories| Trips YoY % change | 52 w/e Dec 20 vs YA

There was little difference between the percentage share of trips for food and drink categories in 2020 compared to 2019.

Scotland

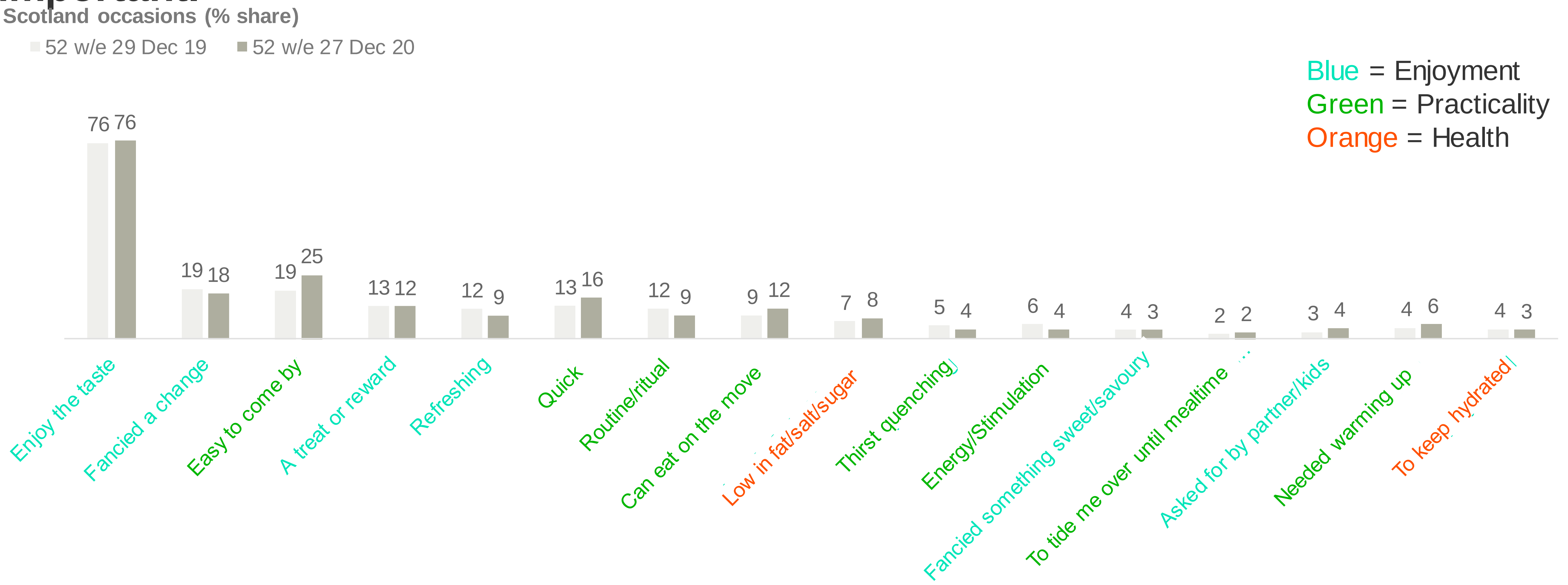


Overall, lunch lost share of Out of Home occasions during the lockdown in 2020, possibly driven by its reliance on commuters.

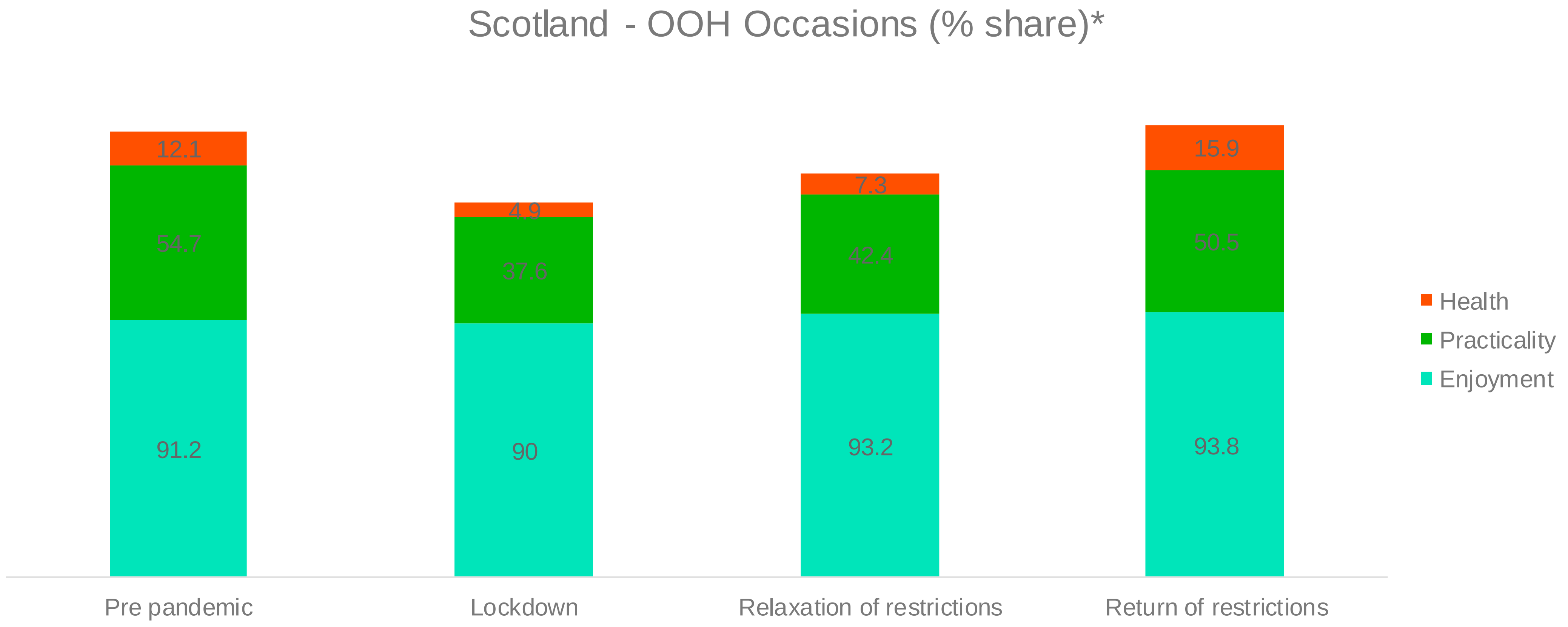


Taste is the enjoyment need that is most important in Scotland when eating Out of Home, with practicality and health needs among the least important.

Scotland



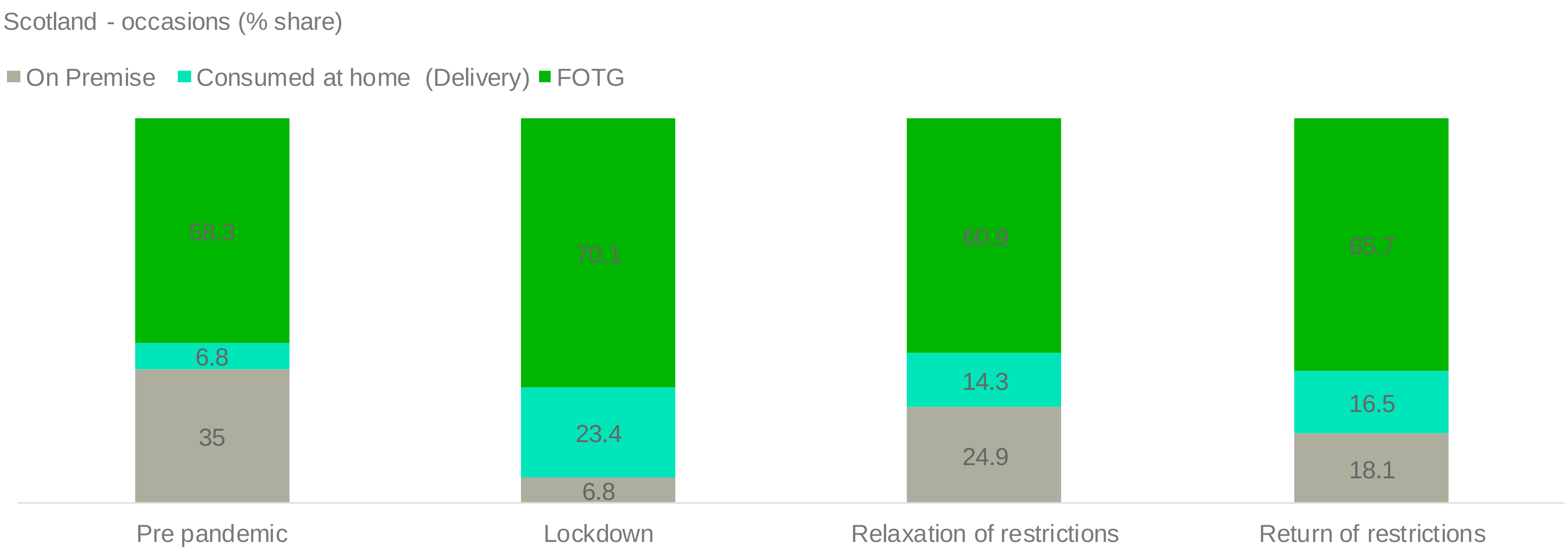
Pre pandemic, early in 2020 and at the end of 2020, health and practicality were proportionately greater reasons for making food and drink choices Out of Home compared to lockdown and when restrictions eased.



Kantar Worldpanel OOH Usage Panel | Occasions (% share) | Scotland | Rolling 12 w/e Dec 20 vs YA
*Percentages may add up to more than 100 as panellists can select more than one reason for their purchase

Throughout 2020, places where people ate Out of Home food shifted between the time periods. The difference was most notable during lockdown, with a reduction in “on premise” and an increase in “consumed at home” and “food on the go (FOTG)”.

Scotland

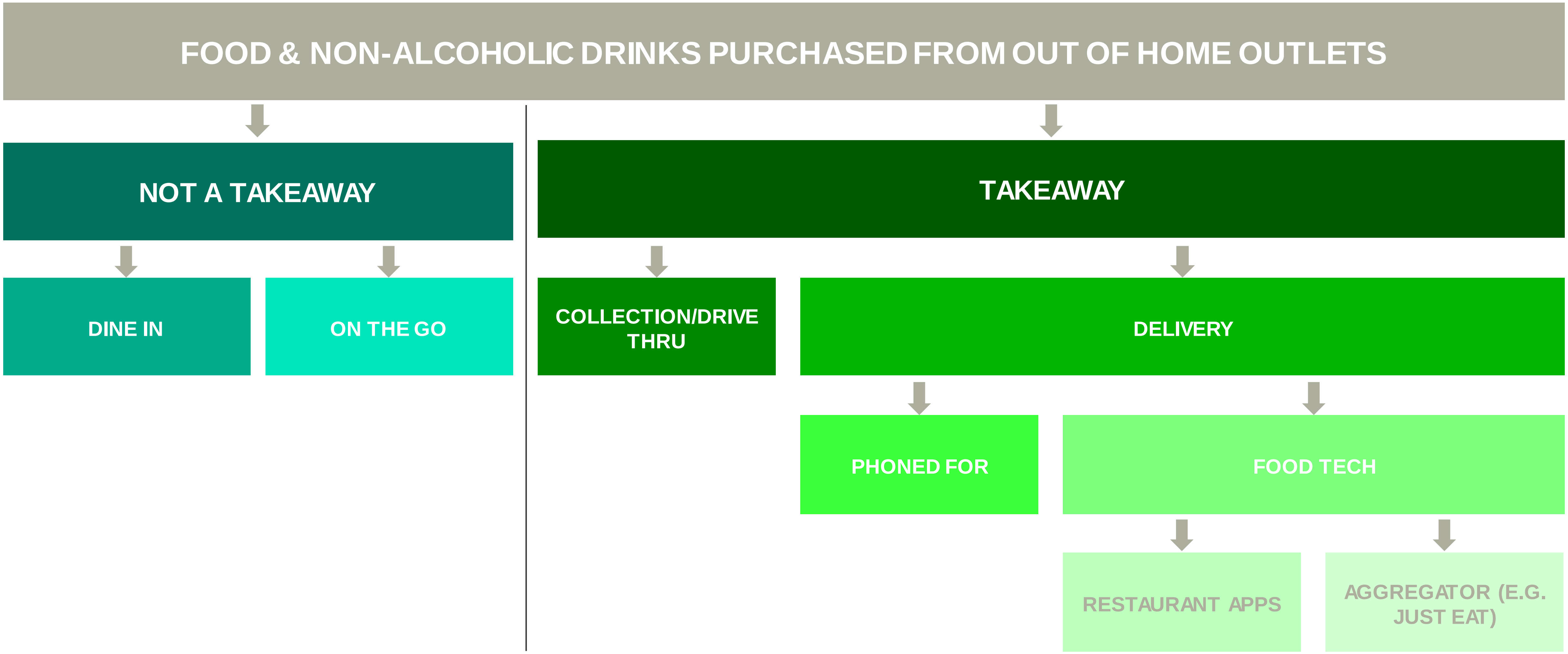


Summary

- While all Out of Home occasions declined, the evening meal declined the least as it was more frequently purchased on delivery.
- All food and drink categories experienced a decline in 2020, with drinks being the most impacted and main meals the least.
- There was little difference between the percentage share of trips for food and drink categories in 2020.
- Lunch lost share of Out of Home occasions during the lockdown in 2020, this is possibly driven by its reliance on commuters.
- Taste remains the enjoyment need that is most important in Scotland when eating Out of Home.

5
Takeaway and delivery

When panellists submit their purchases we ask how they bought it, this allows us to get a takeaway read which this section will focus on.



In Scotland, the proportion of Out of Home trips accounted for by takeaway has doubled in the last year. There were an additional 21 million trips compared to 2019.

22%

of OOH trips through **takeaway**

vs 11% YA

+20.9m

Takeaway trips vs 2019

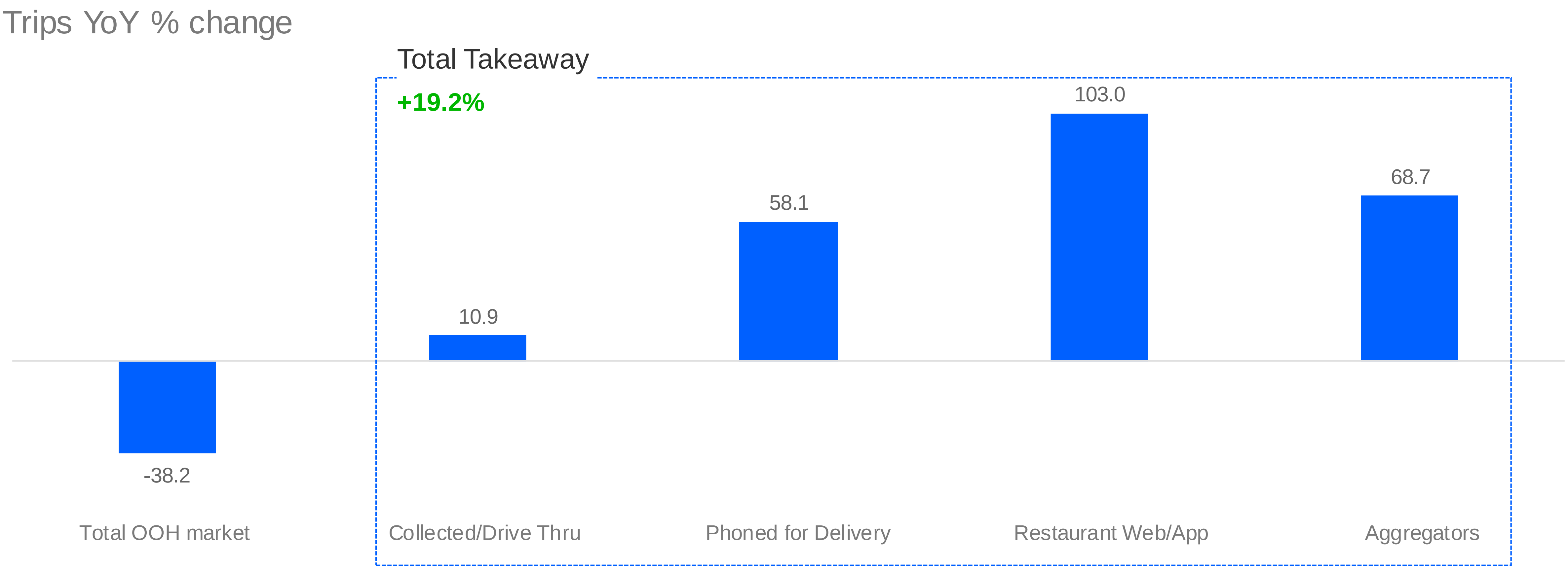
GB

Scotland

These additional takeaway trips have been driven by new customers and increased frequency, contributing to strong growth for the market in GB and Scotland.

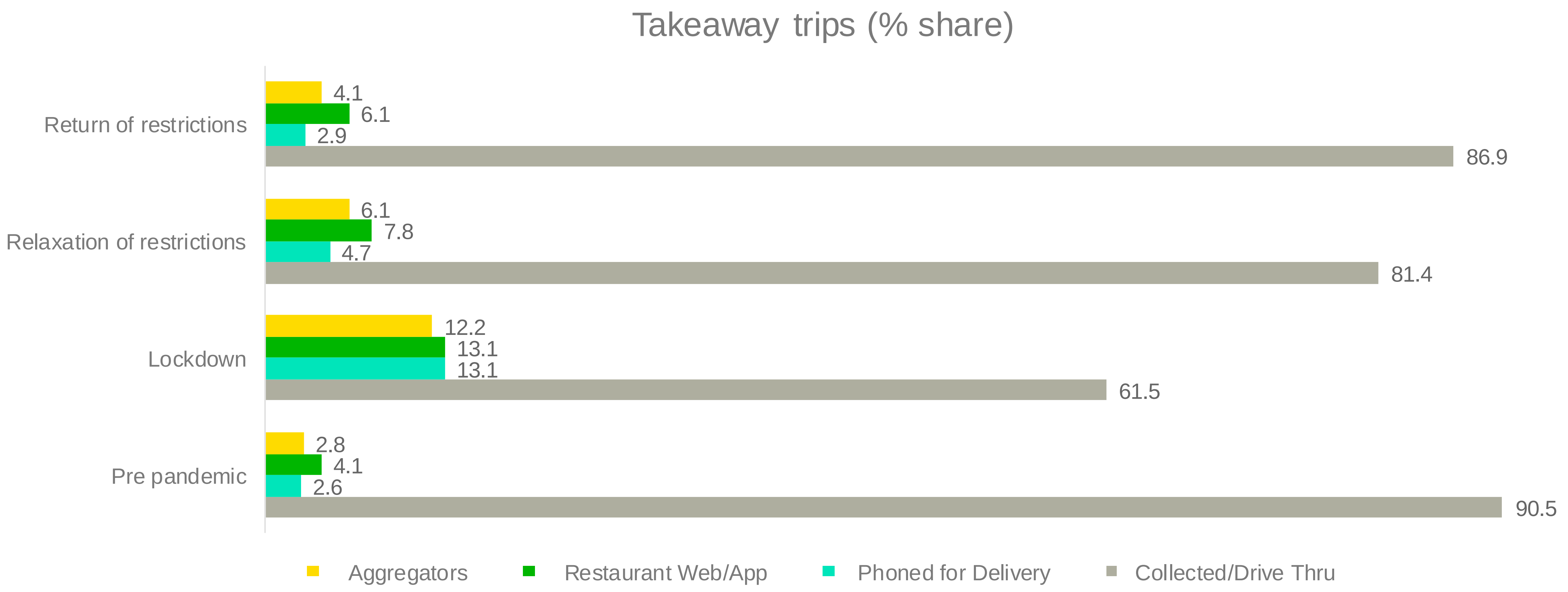
GB	£13.2bn value +59.9%	80.6% penetration +7.9%	39 trips each per year +36%	£8.26 spend per trip +8.7%
SCOTLAND	£1.1bn value +30.7%	80.2% penetration +5.2%	36.4 trips each per year +13.7%	£8.32 spend per trip +9.7%

Unlike the wider Out of Home market, all takeaway methods have grown, especially restaurant apps and aggregators (e.g. Just Eat, Deliveroo).



Scotland

Delivery ordering methods gained share of the takeaway market, particularly during the lockdown.

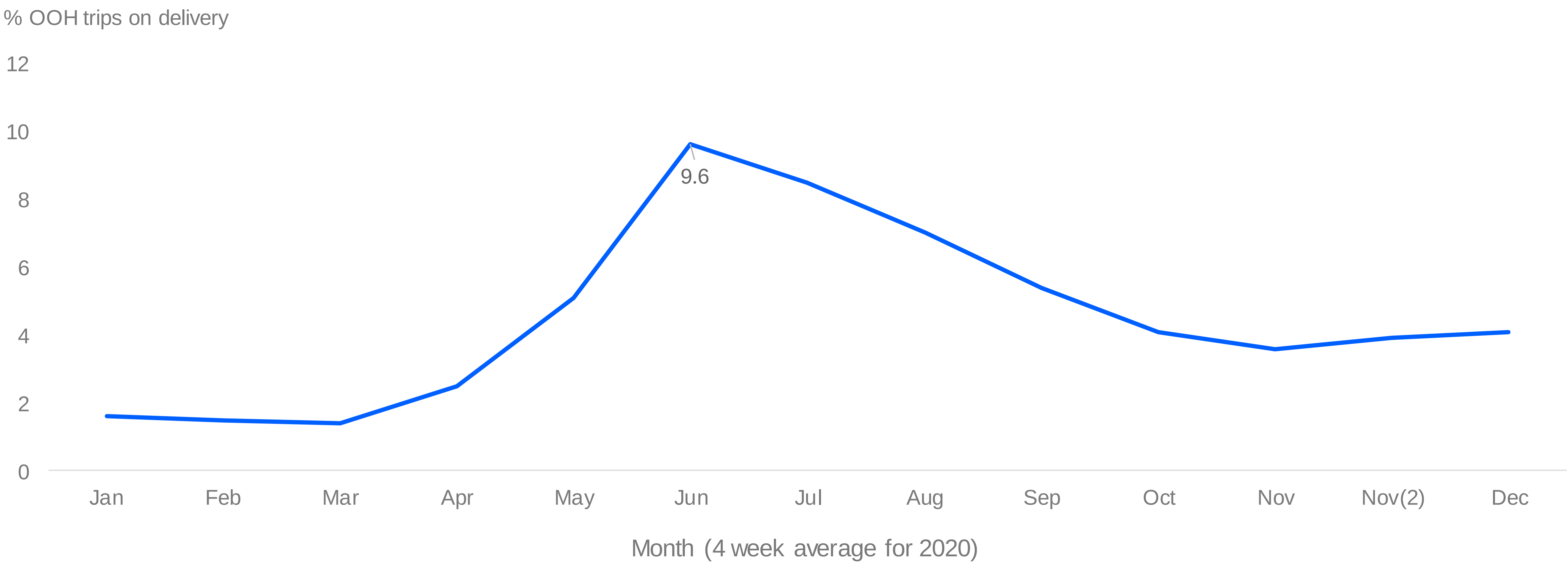


The surge in the delivery market has been driven by new consumers and increased frequency.

GB	£5.9bn value of delivery +151.2%	14.7 trips each +63.3%	£15 spend per trip -3.2%	26.5m individual shoppers +9.9m
SCOTLAND	£424m value of delivery +88.3%	10.1 trips each +16.1%	£17.54 spend per trip +6.2%	2.4m individual shoppers +53.4%

During 2020, the percentage of all Out of Home trips by delivery peaked around June at 9.6%.

Scotland



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Kantar Out of Home | Scotland | % trips on delivery | Rolling 4 w/e 27 Dec 20

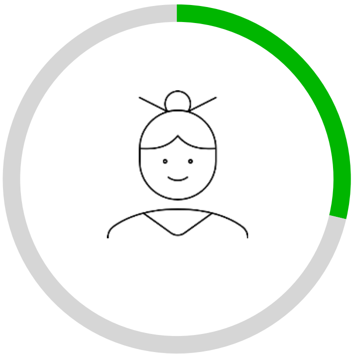
Note two months included for November as covers 4 w/e 1 Nov and 29 Nov

Scotland

Rural consumers and those aged 55 and over increased their percentage share of delivery trips in 2020 compared to 2019.

% share of delivery trips
PPT change vs YA

55 and over



28.7%
+14.1pp

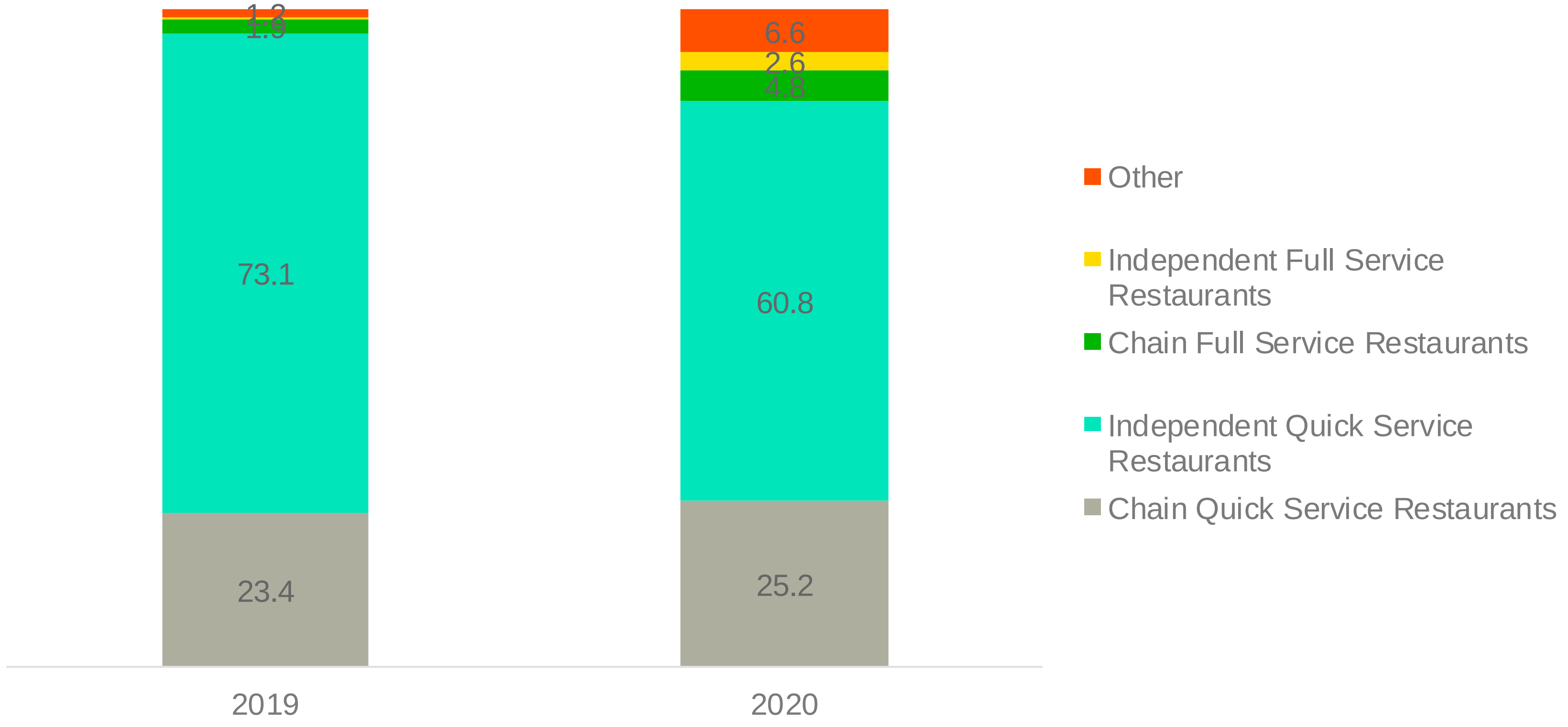
Rural consumers

21.6%
+9.6pp

Kantar Out of Home | Delivery | Trips (% share) | 52 w/e 27 Dec 2020 vs 52 w/e 29 Dec 2019

The rise of aggregators has expanded the choice of outlets consumers can order from. This has contributed to outlets other than Quick Service Restaurants gaining share of the delivery market.

Delivery Trips (% share)



The average consumer ordered delivery from

3.3 outlets

in 2020

vs 2.4 in 2019

(in GB)

As outlet choice increased, consumers had more choice of meals. While traditional meals dominated delivery occasions, there were share declines amongst some categories.

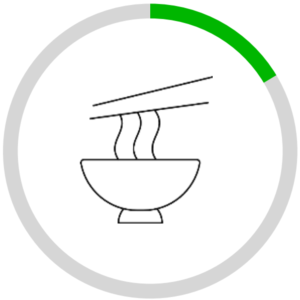
% share of delivery trips
PPT change vs YA

Pizza

29%

+2pp

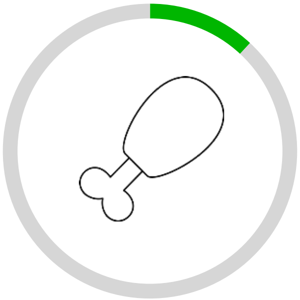
Chinese Food



16%

-8.1pp

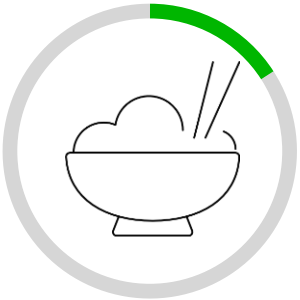
Chicken Meals



12%

-5.5pp

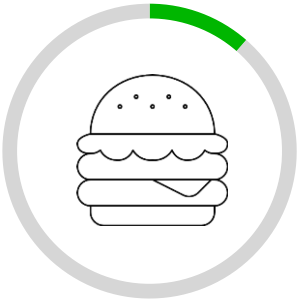
Indian Meals



15%

+1.5pp

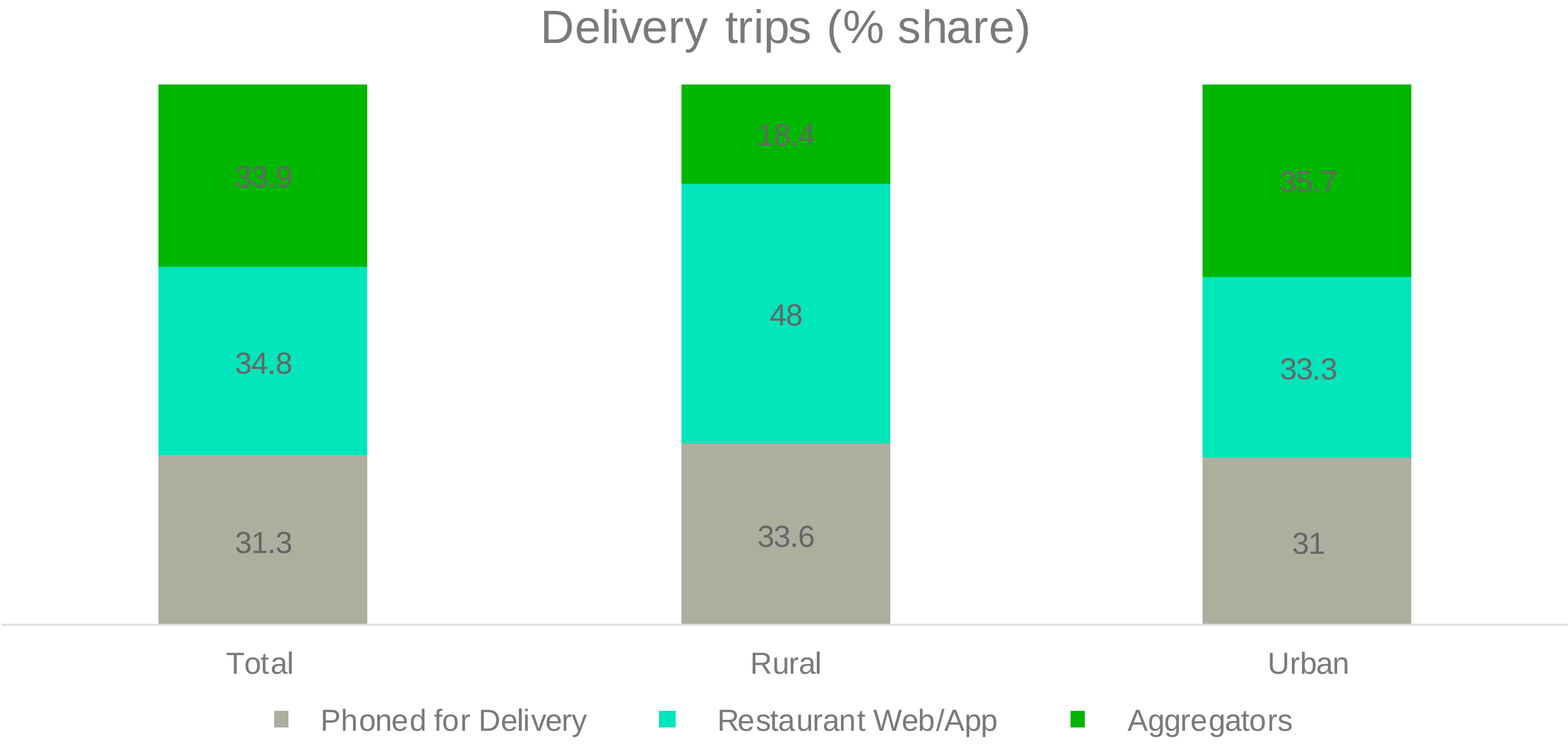
Burgers



11%

+1.8pp

Those living in urban locations were more likely to use aggregators and order from outlets available on these platforms. Those living in rural locations were more likely to use restaurants' websites and phone for delivery.



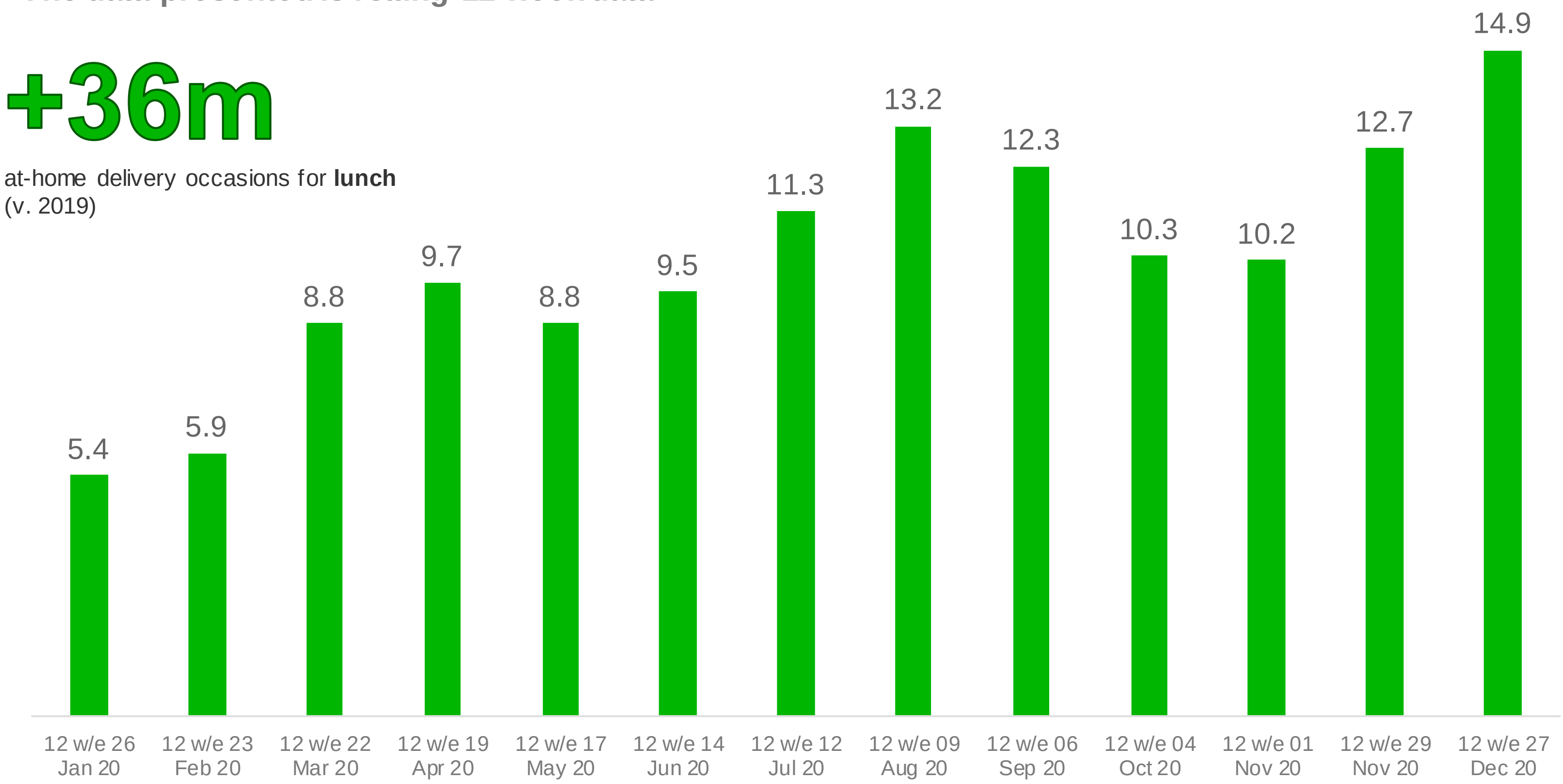
Lunch has steadily grown share of at-home delivery occasions through lockdown, driven by convenience and practicality.

At Home Delivery – Lunch Share of Occasions %

The data presented is rolling 12 week data

+36m

at-home delivery occasions for **lunch** (v. 2019)



Lunch – At Home Delivery

% of occasions
ppt change vs YA

Fancied a change
28.2%
+5.2ppt

Quick
28.2%
+10.6ppt

Easy to come by
24%
+11.6ppt

Kantar Out of Home Usage | GB | Delivery | Consumed at home | Lunch (% share of occasions) | 52 w/e Dec 20 vs prev year

Note - two data points are included for November as covers 4 w/e 1 Nov and 29 Nov 2020

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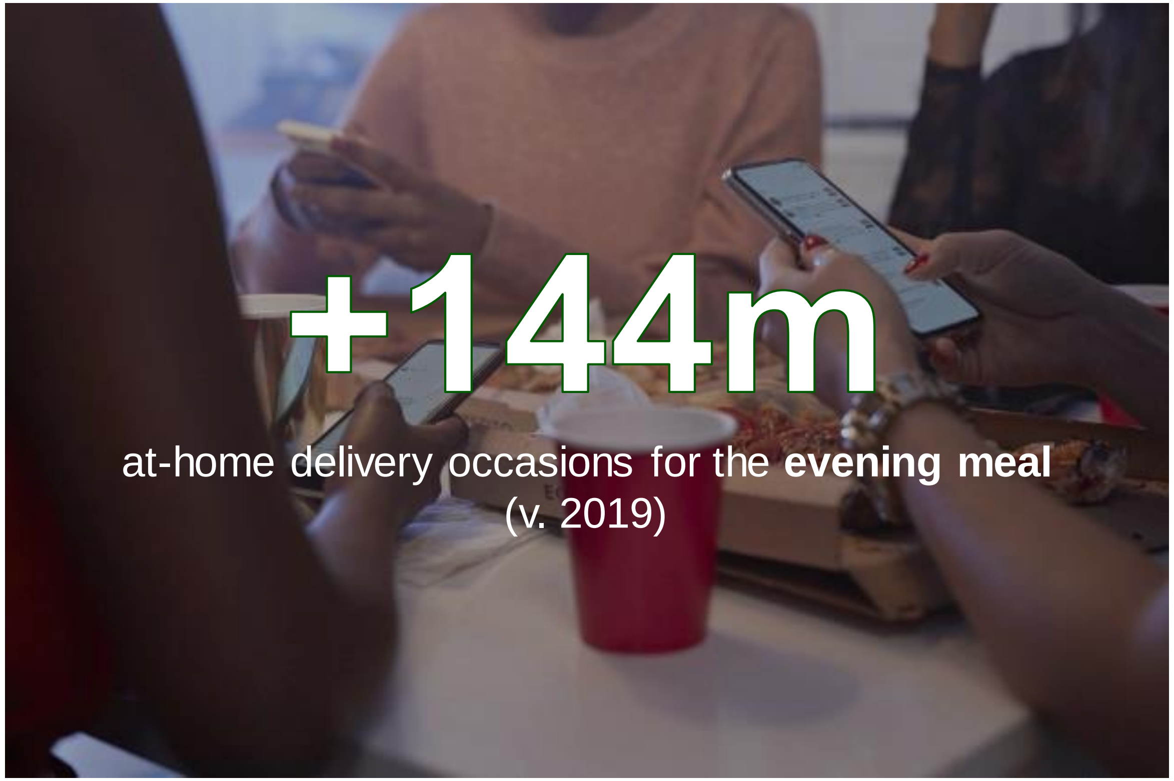
GB

Evening meals are the most popular delivery occasion and there were an additional 144 million delivery occasions in 2020.



+144m

at-home delivery occasions for the **evening meal** (v. 2019)

Summary

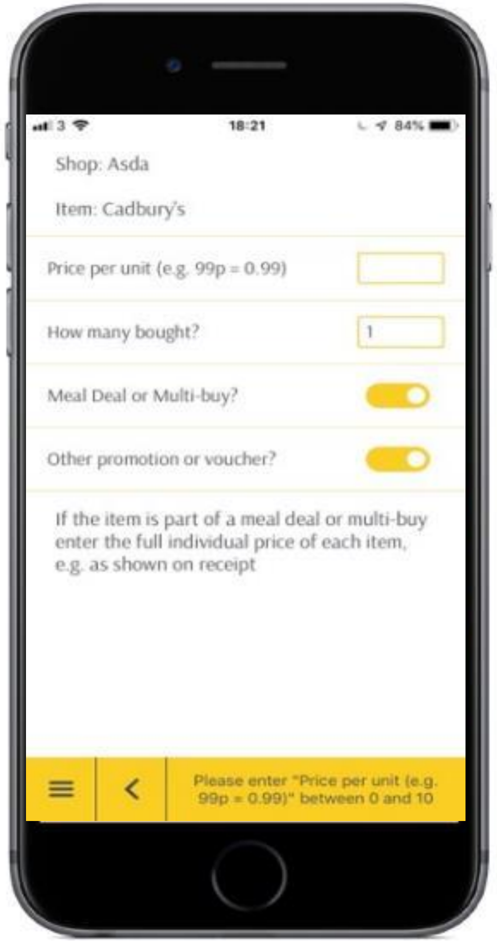
- In Scotland, the proportion of Out of Home trips accounted for by takeaway has doubled in the last year.
- There has been a big rise in the use of restaurant apps and aggregators.
- The rise of aggregators has expanded the choice of outlets consumers can order from.
- There has been a big surge in the delivery market with an increase in new consumers in Scotland.
- Rural consumers and those aged 55 and over increased their percentage share of delivery trips in 2020.
- In GB, there was an increase of 144 million at home deliveries for evening meals in 2020.

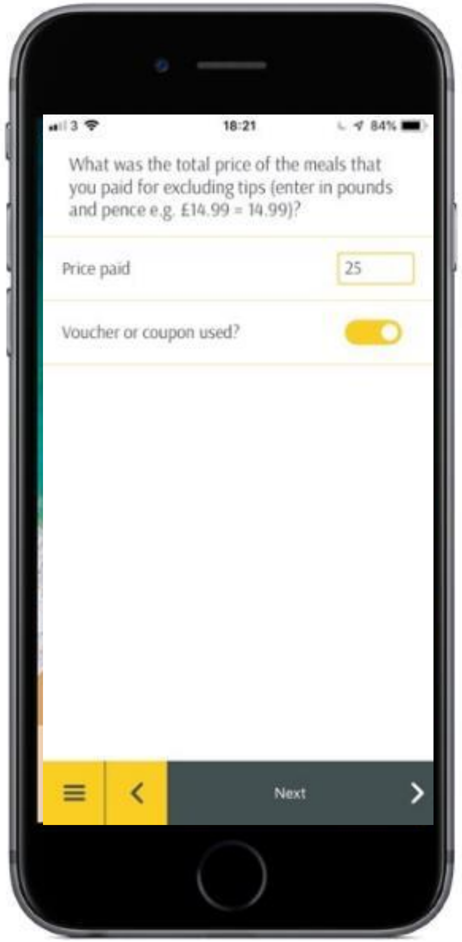
6
Promotions

When answering questions on Out of Home, panellists select whether they used a meal deal or multi buy in retail outlets or voucher/coupon in food service (referred to as promotions).

Asked in the following retail outlets:

- Supermarkets
- Bakery & sandwiches
- Cafes/coffee shops
- Discount chains
- Garage and forecourts
- Travel outlets
- Leisure outlets
- Vending machines
- Workplace (snacks and drinks only)



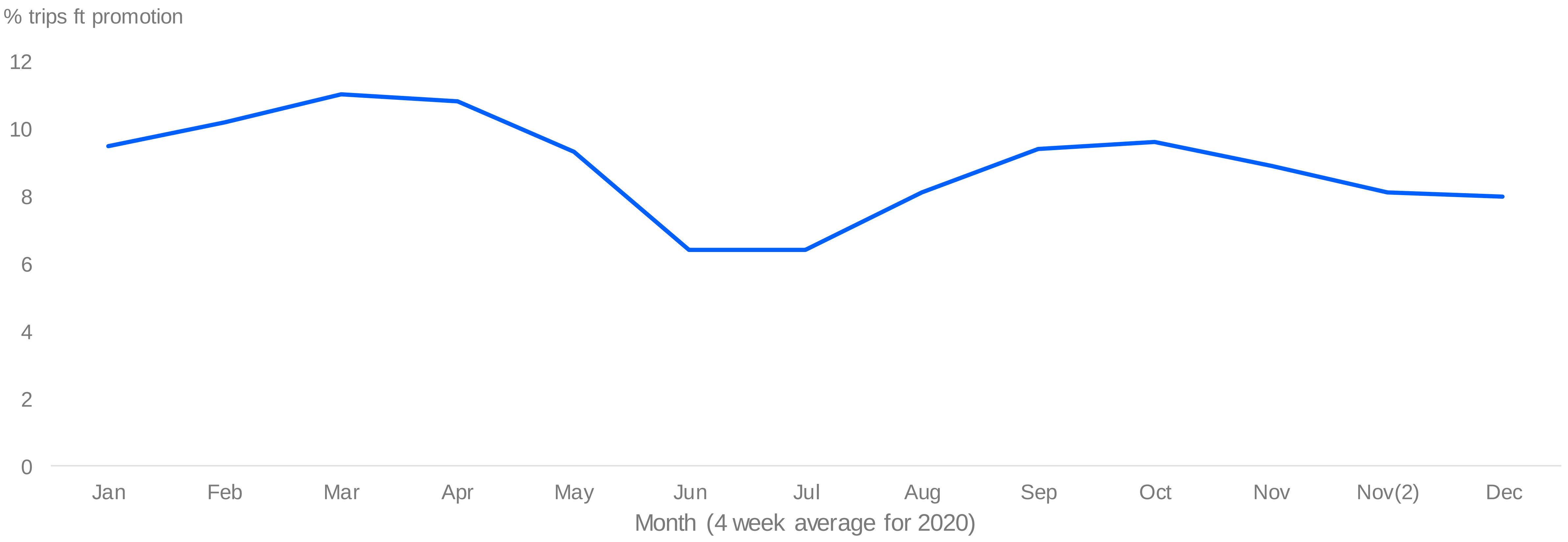


Asked when buying main meals, in the following food services:

- Fast Food outlets
- Workplace canteen (main meal only)
- Hotels
- Pubs & bars
- Restaurants

Note: As Quick Service Restaurants have meal deals as part of their core pricing structure, we do not expect panellists to record this

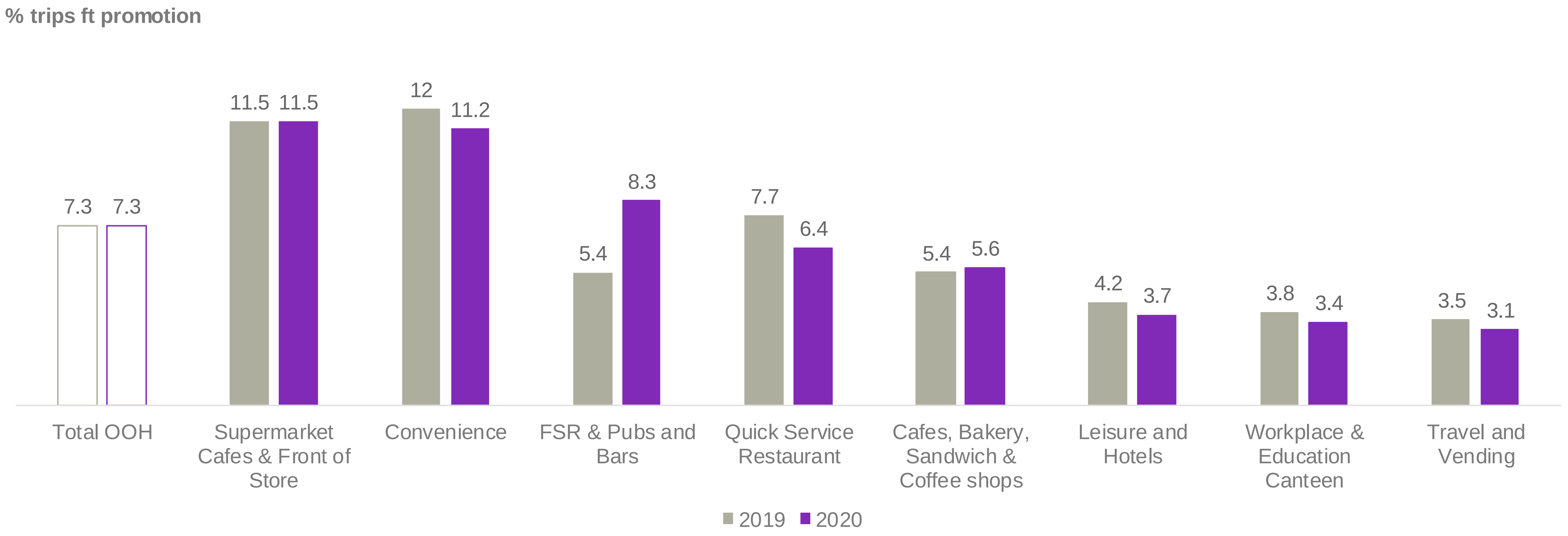
The percentage of trips Out of Home featuring a promotion in Scotland was lowest in June and July 2020.



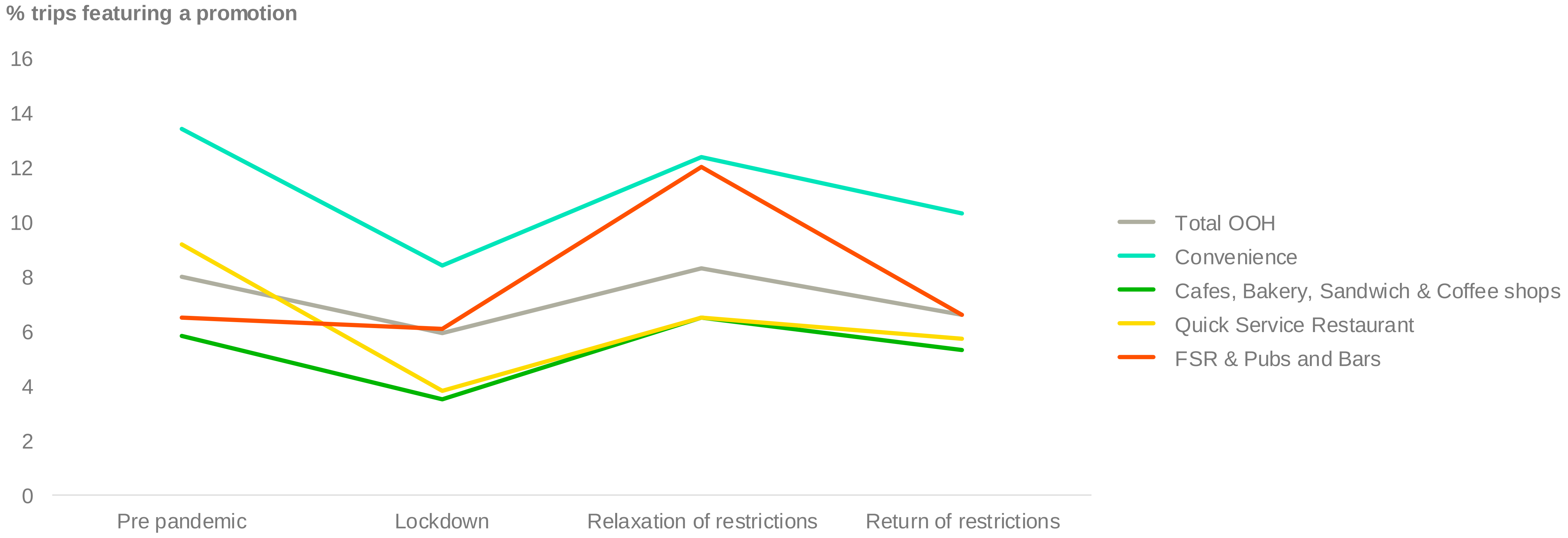
Kantar Worldpanel OOH Panel | Trips (% share on promotion) | Scotland | 52 w/e Dec 20 vs YA

Note two months included for November as covers 4 w/e 1 Nov and 29 Nov

Overall, there was no change in use of promotions in 2020, but they were used more frequently in full service restaurants and pubs and bars in 2020 compared to 2019.

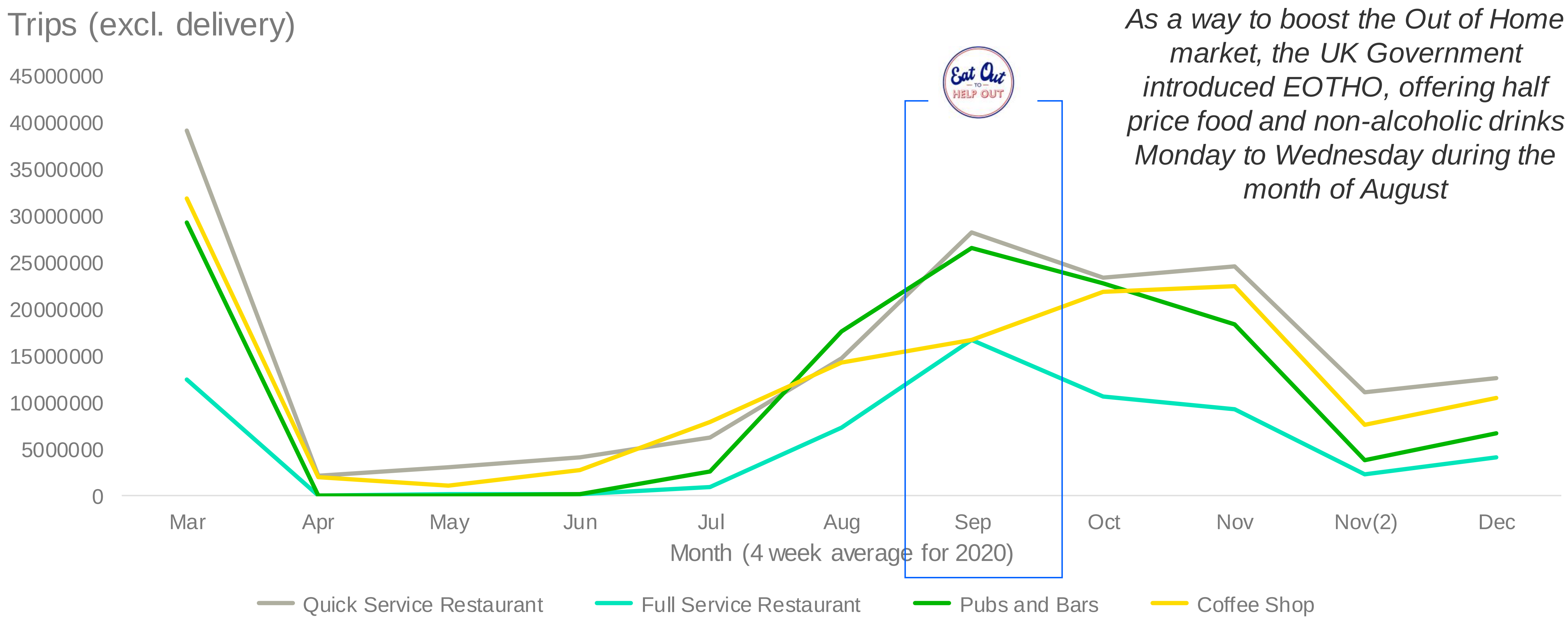


The uplift in promotion usage after lockdown was more apparent in full service restaurants and pubs and bars, potentially using this mechanism to re-engage consumers.



Kantar Worldpanel OOH Panel | Trips (% share on promotion) | GB | 52 w/e Dec 20 vs YA

During the Eat Out to Help Out (EOTHO) scheme, the highest amount of trips to full service restaurants, quick service restaurants and pubs & bars took place since the pandemic began.



As a way to boost the Out of Home market, the UK Government introduced EOTHO, offering half price food and non-alcoholic drinks Monday to Wednesday during the month of August

Kantar Worldpanel OOH Panel | Trips excl takeaway | GB | Rolling 4 w/e 27 Dec 20

Note two months included for November as covers 4 w/e 1 Nov and 29 Nov

During the period of time that the EOTHO scheme was in place, there was an increase in spend and trips compared to the previous month.

+£832m

+25.8%

+53.7m Trips

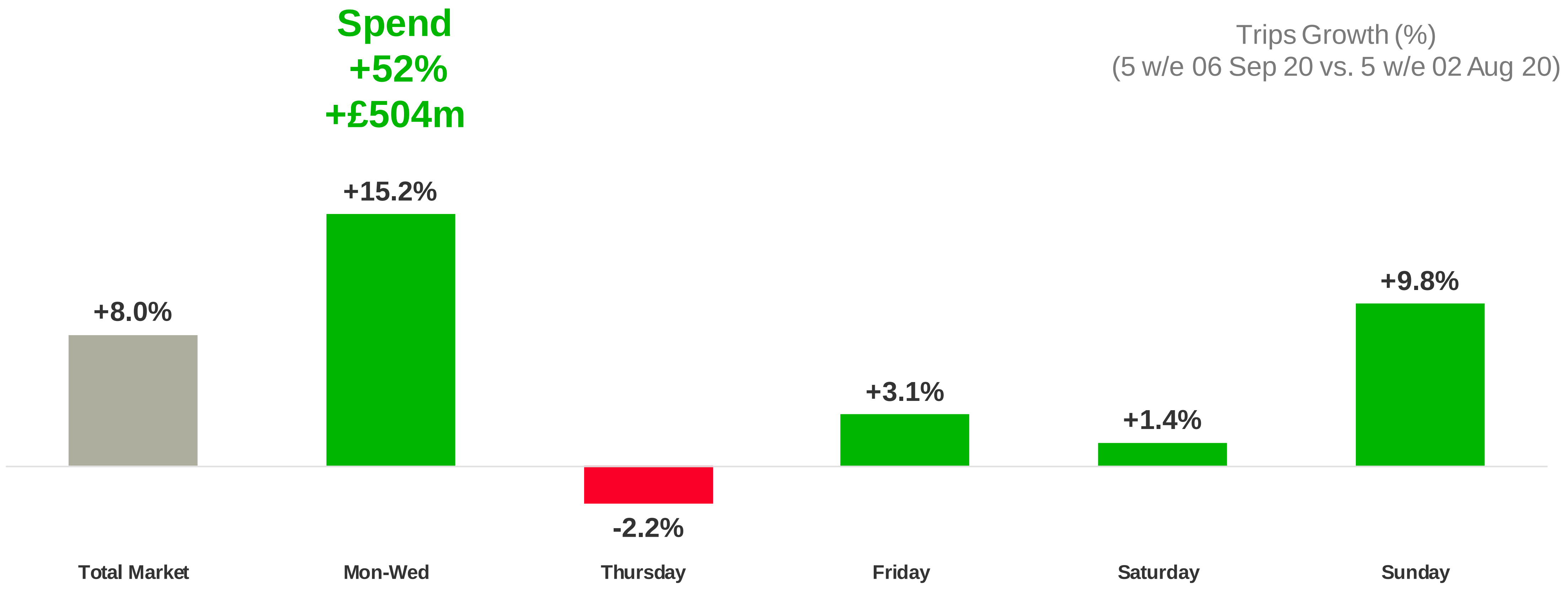
+8.0%

(5 w/e 06 Sep 20 vs. 5 w/e 02 Aug 20)

Source: Kantar Worldpanel | Out of Home | Total OOH | Spend (£) & Trips | 5 w/e 06 Sep 20 vs. 5 w/e 02 Aug 20

GB

During the EOTHO scheme, there was a larger increase in spend and trips Out of Home from Monday to Wednesday compared to the rest of the week.



Summary

- The percentage of trips Out of Home featuring a promotion in Scotland declined during lockdown, bounced back as restrictions eased, but overall remained the same as for 2019.
- In GB, the “Eat Out to Help Out” scheme increased Out of Home spend and trips compared to the previous month, particularly earlier in the week. However, as the scheme ended and stricter measures were introduced the growth was not sustained into the autumn.

Overall summary

OOH market

The restrictions and lockdown in 2020 severely affected the Out of Home market as outlets were forced to close.

Consumers

The percentage share of trips across the SIMD quintiles showed only small variations between 2019 and 2020.

Rural consumers visit Out of Home more often than urban consumers.

Occasions

All food and drink categories experienced a decline in 2020, with drinks being the most impacted and main meals the least.

Lunch lost share of Out of Home occasions during the lockdown in 2020, this is possibly driven by its reliance on commuters.

Takeaway

The takeaway market had phenomenal growth in 2020, with the majority of this coming from the delivery market.

As there was a rise in delivery aggregators, it has expanded consumers' outlet and meal choices.

Promotions

The number of trips featuring a promotion overall remained unchanged but fluctuated throughout 2020.

The Eat Out to Help Out scheme helped to slow down declines but these were not sustained.

7
Appendix

Appendix

How do we build our data?

We take our over 1.25m raw data purchases each year and apply a range of proprietary weighting processes to represent the GB population. These include: shop weights, panellist weights, product weights, all utilising the Kantar Worldpanel experience.

Retail channels

Total OOH											
Quick Service Restaurants (QSR)	Full Service Restaurants (FSR)	Pubs & Bars	Café & coffee shop	Bakery & Sandwich outlets	Supermarket Cafes & Front of Store	Convenience	Others				
QSR Burger	FS Burger	Large branded pubs	Large branded coffee shops	Large branded bakery	Main Supermarket Front of Store	Supermarket Convenience	Leisure & Hotels		Workplace & Education	Travel & Vending	Others
QSR Chicken	FS Italian	Small & Independents pubs	Independents cafes	Small & Independent bakery	Supermarket Cafes	High Street Convenience	Leisure	Hotels		Supermarket forecourts	Other
QSR Pizza	FS Chicken		Garden centre cafes			Symbols & Independents	Tourist attraction			Forecourts & garages (eg motorway services)	
QSR Ethnic	FS Ethnic		Department store centre cafes				Leisure outlets (e.g. cinema, bowling alley)			Travel outlets	
QSR Fish & Chip	FS Other						Market Stall			Vending machines	
QSR Other							Sports venues				

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Food Categories

Food Categories	Hot Drinks	Coffee
		Tea
		Hot Chocolate
		Other hot drinks
	Cold Drinks	Carbonates
		Juice & Smoothies
		Dairy Drinks
		Water
		Cold tea and coffee
		Other (eg energy drinks)

Food Categories	Discretionary categories excl. regular drinks	Confectionery
		Cakes, Pastries & Biscuits
		Crisps, Snack & Popcorns
		Ice Cream
		Pudding & Dessert
	FOTG	Occasions which don't feature a main meal

Food Categories	Quick Meals	Sandwiches
		Salads
		Soups
		Savoury Pastry
		Sushi
		Other quick meals (incl. chips and baked potato)
	Main Meals	Burgers
		Fish meals
		Pizza meals
		Kebab
		Chinese & Thai Meals
		Indian meals
		Beef Meals
		Chicken meals
		Breakfast meals
		Sausage Meals
		Vegetarian Meals
		Other meals (eg Tapas, Risotto)