Food Standards Scotland
Inbhe Bìdh Alba

The Out of Home Environment in Scotland:

June 2015 – June 2018

Food Standards Scotland

Project background and commissioning

Food Standards Scotland (FSS) commissioned Kantar Worldpanel to provide data between June 2015 and June 2018 on the Out of Home (OOH) food and drink landscape in Scotland. This work follows on from earlier work completed by NPD Group for FSS in 2015 in the same topic area.

You can view the data from NPD Group here:
https://www.foodstandards.gov.scot/publications-and- research/publications/an-assessment-of-the-out-of-home-food-and-drink-landscape-in-scotland

Due to differences in data collection methodologies, the data provided by Kantar Worldpanel is not directly comparable to the data provided by NPD Group. However despite these differences, both data sets show similar patterns in terms of the Out of Home landscape, the types of foods and drinks purchased and consumer motivations.

Within this presentation, ‘Out of Home’ refers to:

- Any food or drink purchased for consumption away from home, including ‘on the go’
- Any take-away or home delivered food, such as pizzas.

The following slides have been provided by Kantar Worldpanel.

Kantar Worldpanel

Out of Home Report 2018

Data to 17 June 2018

Which types of foods and businesses are included in this report?

All meals, snacks and non alcoholic drinks purchased to be consumed outside of the home and takeaways brought back home or delivered.

This encompasses purchasing across the following types of businesses:

- Convenience (Supermarkets, High Street, Symbols and Independents)
- Bakery and Sandwich Shops
- Supermarkets (Front of Store, Cafes)
- Quick Service Restaurants (Burger, Pizza, Chicken, Ethnic, Fish & Chips)
- Coffee Shops and Cafes
- Workplace (and Education) Canteens
- Travel and Vending
- Leisure Venues (and Hotels)

Out of Home makes up **£4.5b of Scotland's spending**

(with an additional £7.6b for food and non alcoholic drink in home)

Please find detail on definitions in annex

How did we collect Out of Home data for this report?

Using a purpose built app, Kantar Worldpanel recorded the purchases of 609 Scottish individuals (aged 13 to 79) across 43k purchase occasions every year from 2015-2018.

Panellists record all meals, snacks and non alcoholic drinks purchased to be consumed outside of the home and takeaways brought back home.

A subset of the main panel records consumption behaviours and motivations:

266 individuals in Scotland additionally explain 17k consumption occasions in the last year

What does the collection methodology cover?

Panel

7,500 GB Individuals
609 Scottish Individuals

Continuous panel recording out of home purchasing by day

Single Sourced Panellists:

Subset of 30,000 Take Home Purchase Panel and also single sourced with OOH Consumption

Demographically representative of GB population (13-79)

Methodology

100% App Collection
All meals, snacks & drinks (excl. alcohol) purchased to be consumed outside of the home

All Barcoded Items
Soft Drinks, Sandwiches, Ice Cream, Crisps, Snacks etc

All Non-Barcoded Snacks
Fruit, Cake, Hot Drinks, Ice Cream, Sandwiches etc

Meals
Meal Type, Protein, Cuisine, Drink, Accompaniment etc

3 years of data up to June 2018

Purchase

Shopper KPIs
Penetration, Trip Size, Price, Frequency, Promotion, Retailer & Category Switching of Spend,

OOH Channels
Supermarket, Convenience, Cafe, Catering, Vending, Forecourts, Fast Food, QSR, Full Service

Shopper Profiling
Demographics (including gender, teens, who bought for)

Takeaways
80 weeks data collection on takeaway and how ordered

Presence of Children (up to 16)
Who was the purchase for: adults only, adults and child, child only

Consumption

Number of people present

Meal visits

Enhanced reasons for choice

Occasion descriptors (meals only)

Free Drinks visits

Quick view glossary of measures used in report

OOH	Out of Home
YoY	Year on year (usually in context of year on year growth)
Value/Spend, Value %/Spend %	Value spent on Out of Home food and non alcoholic drink by all individuals
Visits, Visits %	Visits on Out of Home food and non alcoholic drink by all individuals
Visits per Customer	Average number of visits per customer in the given time period
Penetration %	The % of the population buying the specified food or drink 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 total price paid per item, £
Average Spend per Visit	The average spend per visit, £
KPI	Key performance indicator
Takeaways	All food and drink purchased and taken away or home delivered from an OOH business.

Please find further detail on definitions and methodology in annex

Contents

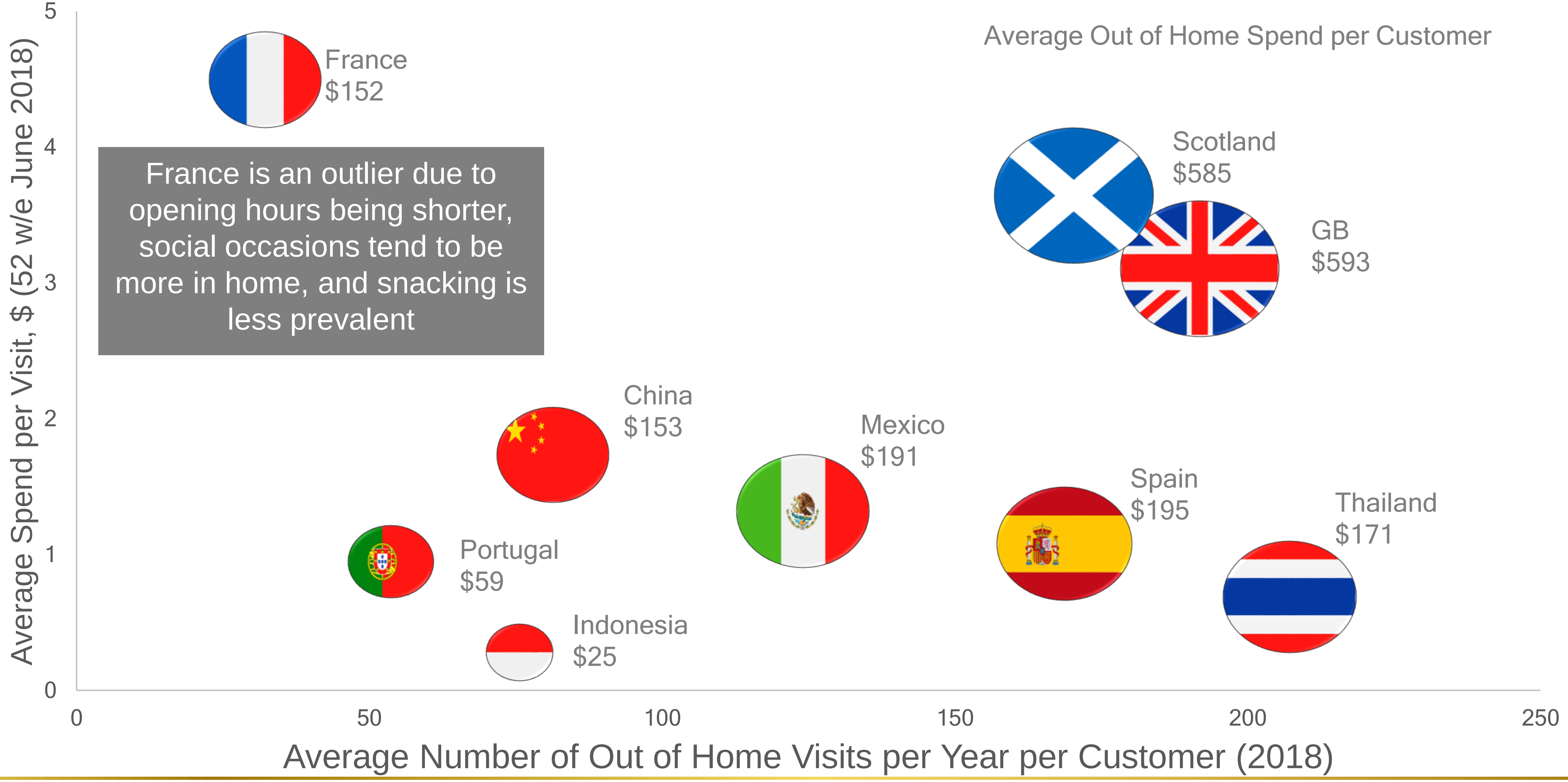
Section 1

Eating out: global and GB context

Summary of Section 1
Eating out: Global and GB context

- People in Scotland visit Out of Home much more frequently than many other countries, however visits across GB as a whole are slightly higher than in Scotland.
- People in GB, whilst visiting on slightly more occasions, spend slightly less Out of Home compared to people in Scotland.
- There are a number of challenges facing Out of Home businesses in the current landscape. Business costs are rising, and these are not always passed on to consumers.
- Financial pressure among consumers and the 'optional' nature of Out of Home are also contributing towards the risk for this sector.

Different countries have different patterns of behaviour Out of Home. GB and Scotland are both highly developed, with frequent visits and more spend per visit vs other nations



Various challenges in GB mean that businesses are feeling pressure

Costs are rising for businesses

Raw ingredient inflation, minimum wages, shortage of casual workers, business rate rises, rent rises and exchange rates have all contributed to higher running costs for businesses. Profit margins are under pressure as not all rises are being passed on to customers.

Confidence is low for consumers

Consumers are facing unprecedented levels of uncertainty in their long term prospects, while in the shorter term some groups are facing economic pressures and hardship. Out of Home remains a more optional category, and hence this holds a threat for mid term growth prospects.

OOH is premium

Out of Home products are generally priced higher to target a more indulgent consumer need or address requirement for immediacy and innovation has typically been positioned as premium. This trend contributes to the risk for Out of Home growth should economic conditions worsen.

Section 2
The OOH landscape in Scotland

Please find detail on definitions in annex

Summary of Section 2:
The Out of Home Landscape in Scotland

Overview of eating out in Scotland

- In 2018 over 960 million visits were made to Out of Home establishments in Scotland, spending around £4.5 billion.
- Although the overall number of visits to Out of Home establishments has fallen since 2015, people in Scotland are spending more and buying more items when they do eat out.
- Almost everybody (98.3%) in Scotland visits Out of Home, with the average person making 225 visits per year and spending £20.04 each week in 2018.
- There is a spectrum of frequency of visits Out of Home in Scotland:
  - Low frequency customers only visit around twice a week, but make up half of all the customers to Out of Home.
  - High frequency customers make up only 22% of customers to Out of Home, but make 9 visits a week on average.

Summary of Section 2 *(continued):*
The Out of Home Landscape in Scotland

Branded and independent outlets

- Overall in 2018, 49% of all Out of Home visits were made to branded establishments.
- In Scotland, the top 5 brands visited in 2018 were Tesco, Greggs, McDonalds, Morrisons and Sainsbury's.

Different types ('channels') of Out of home businesses

- Convenience stores held the largest proportion of Out of Home visits in Scotland in 2018 (19.6%), followed by bakery and sandwich shops (17.6%), Supermarkets (15.3%), Quick service restaurants (11.7%) and coffee shops/cafes (10.5%).
- Visits to convenience stores, bakery and sandwich shops and supermarkets were more common in Scotland, whereas visits to workplace/education centre canteens and travel and vending outlets were more common in GB.
- Over the last three years (2015 – 2018), large brands in Quick Service, Restaurants and Pubs increased their share of Scottish Out of Home visits.

An overview of the OOH market in Scotland (2018)

It is a substantial market

Scotland spent **£7.6b** in home and **£4.5b** Out of Home over the past year on non alcoholic drinks and food

£1.8b spent on Main Meals

£1.2b spent on Drinks

£1.0b spent on Quick Meals

£0.4b spent on Snacks

With engrained behaviours

98.3% of the population engaged with the OOH market this year

The average person made **225 visits in the last year**

The average person spends **£20.04** per week OOH

And it is growing

Out of Home spend **+6.4%** (+£267m) vs last year

But visits were marginally down **-0.4%**

Average Price per Item **+2.5%**

Average Items per Visit **+4.1%**

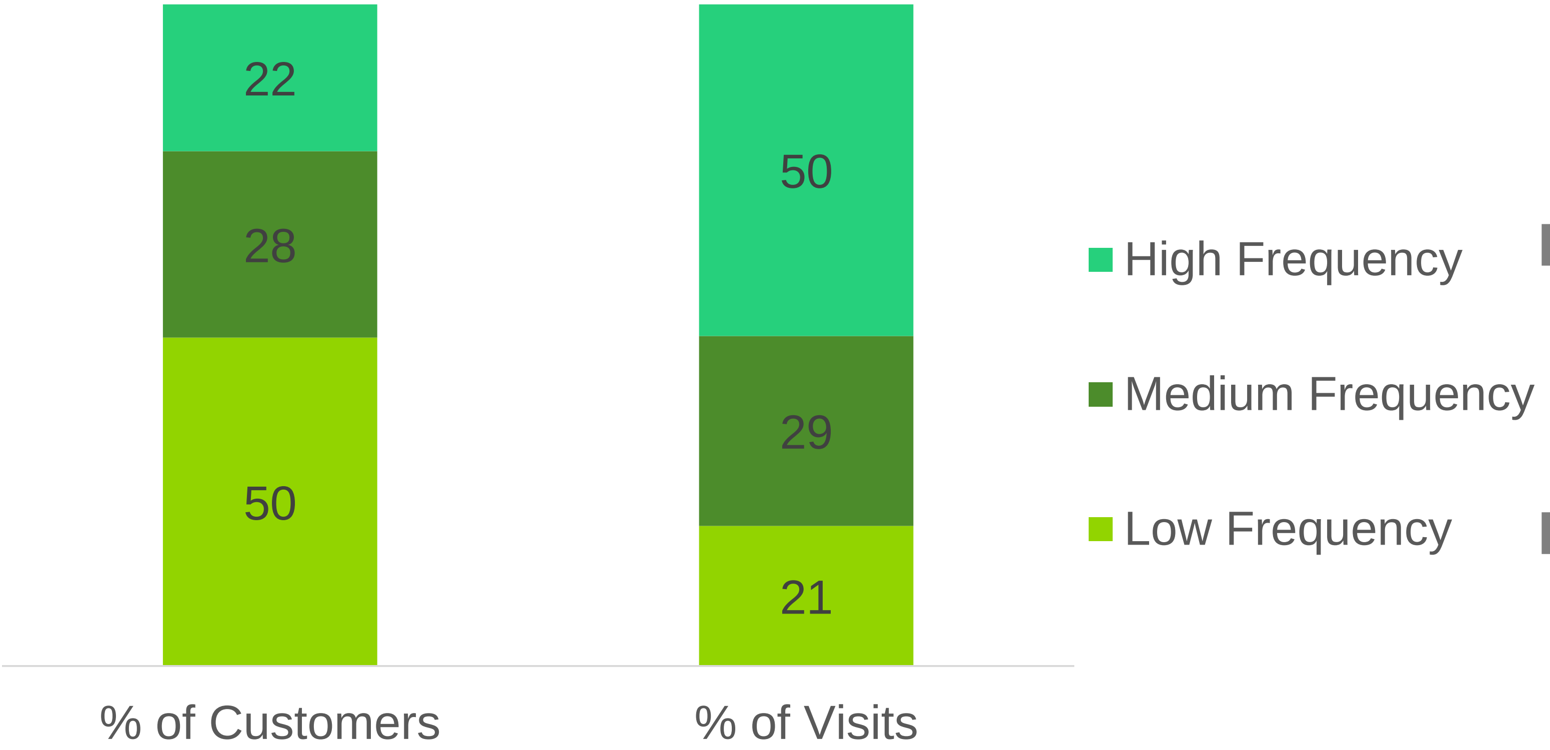
Kantar Worldpanel Out of Home, 52we 17 June 2018, Scotland

Please find further detail in annex

Scotland can be split into high, medium and low frequency Out of Home customers, with high frequency accounting for 50% of visits while low frequency only 21% of the visits

The number of visits made in Scotland
The average Scot makes 225 visits a year Out of Home. However, there is a spectrum of this visit frequency

Scotland 156 w/e June 2018

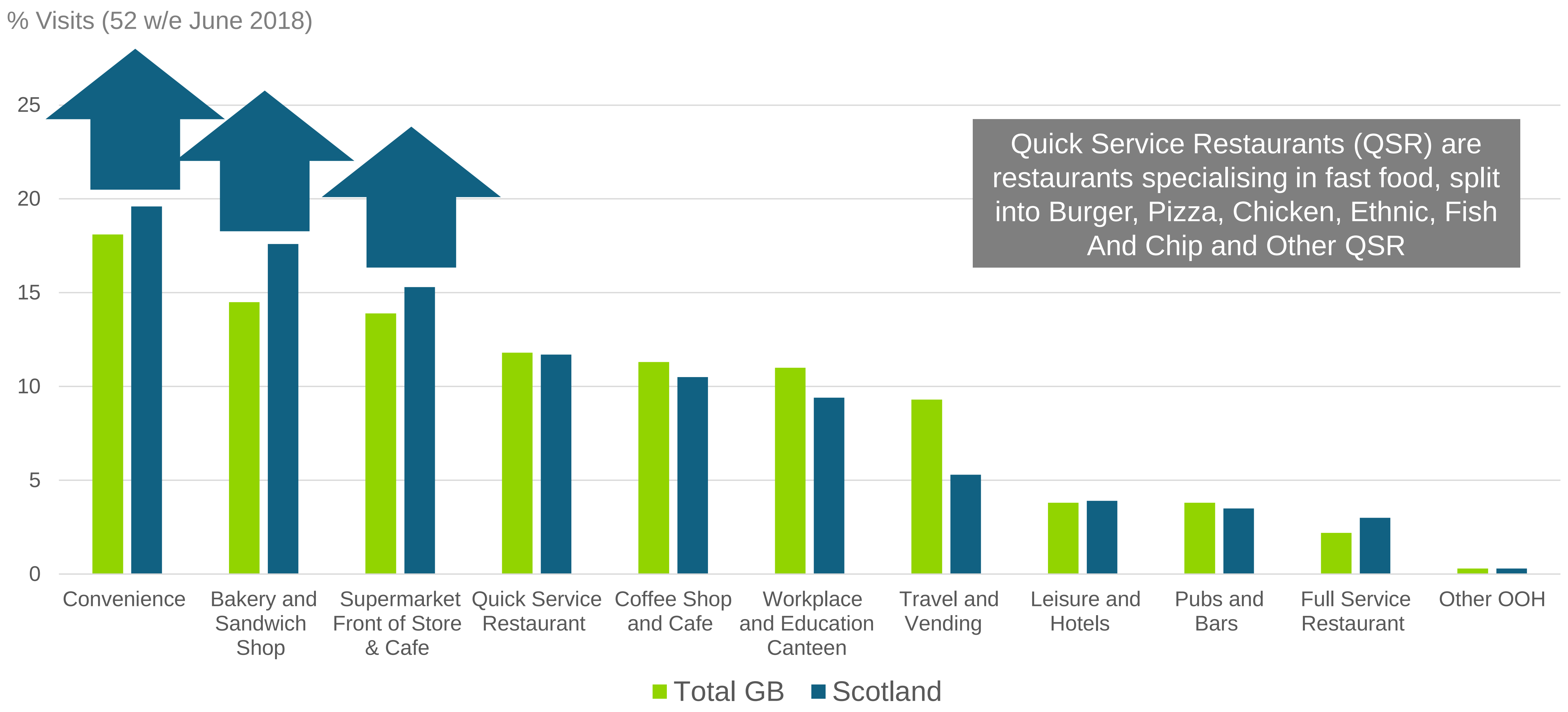


9 visits a week on average

4 visits a week on average

2 visits a week on average

In 2018, Scotland made the most visits to Convenience, Bakery/Sandwich shops and Supermarkets. These all had a greater share of visits compared to GB



Quick Service Restaurants (QSR) are restaurants specialising in fast food, split into Burger, Pizza, Chicken, Ethnic, Fish And Chip and Other QSR

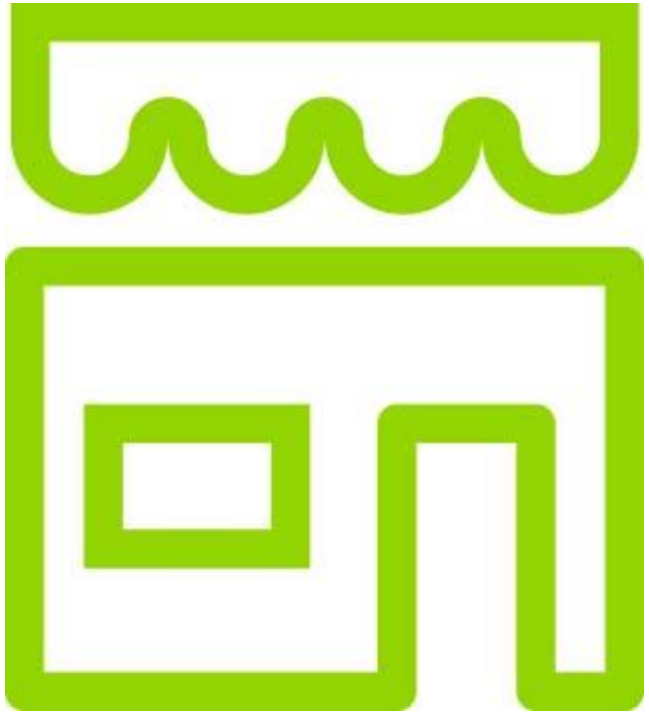
Branded outlets

Branded Outlets held

49%

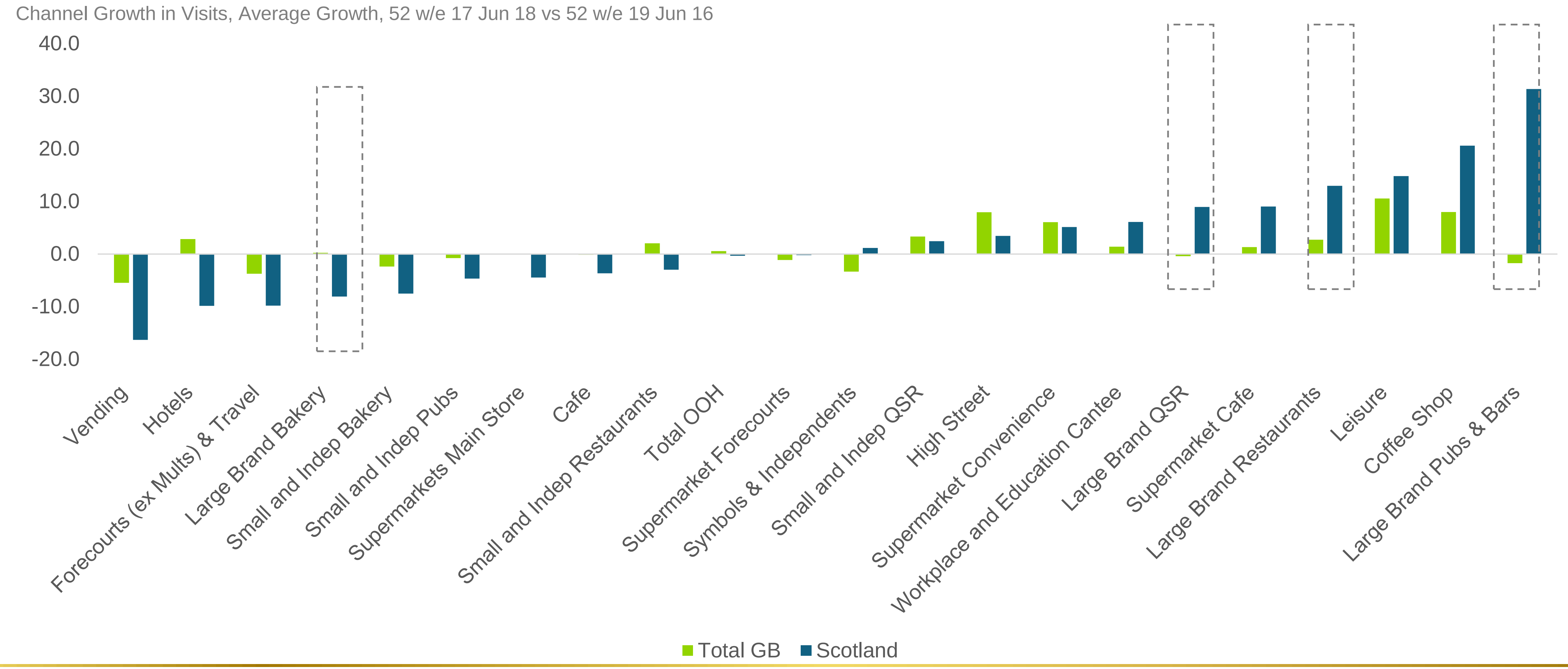
of visits OOH

in Scotland in 2018



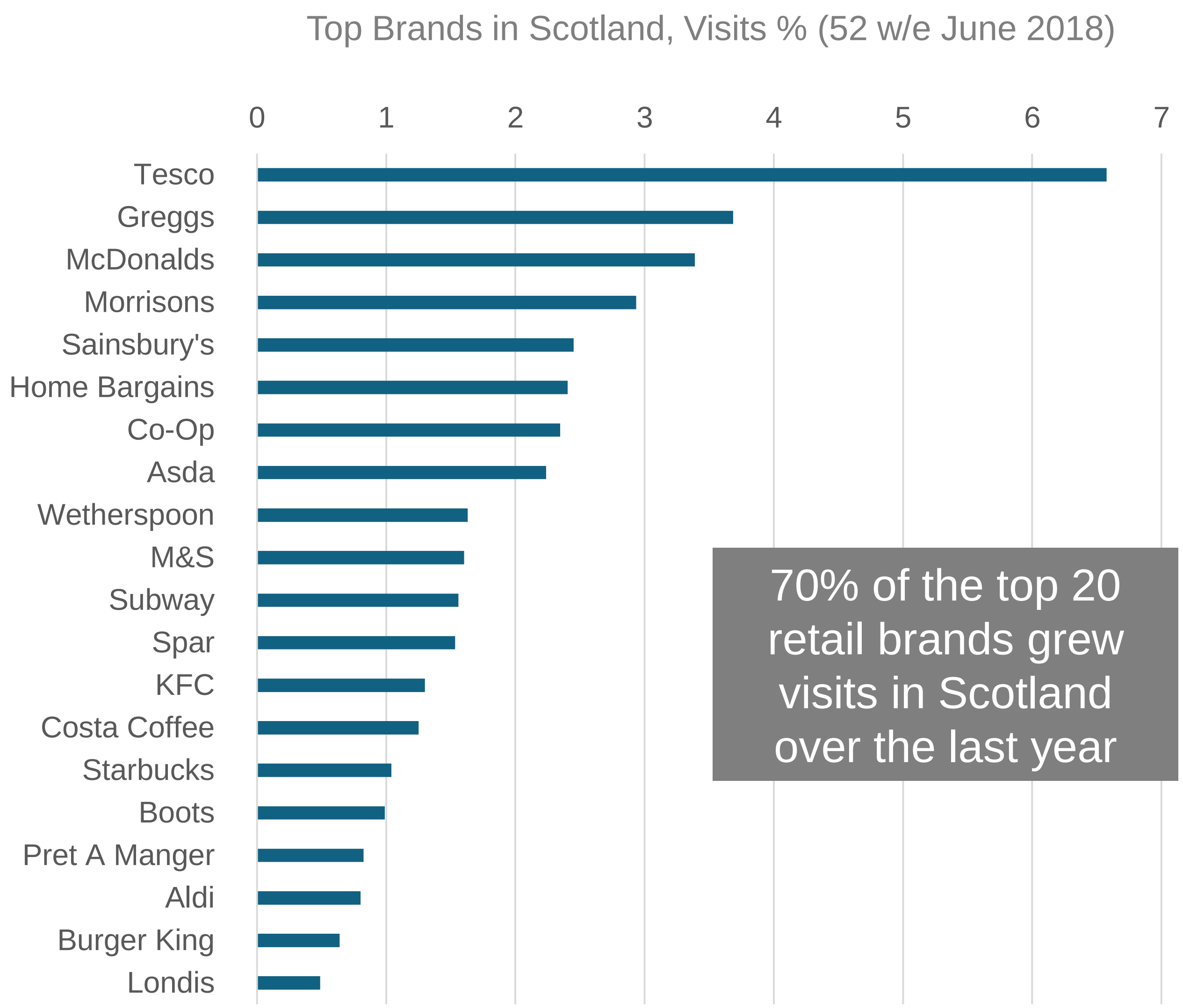
Branded Outlet visits declined over 3 years, in line with total OOH (between June 2015 and June 2018)

Over three years, large brands in QSR, Restaurants and Pubs increased their share of Scottish Out of Home visits



Kantar Worldpanel Out of Home, 52 w/e 17 Jun 18 vs 52 w/e 19 Jun 16

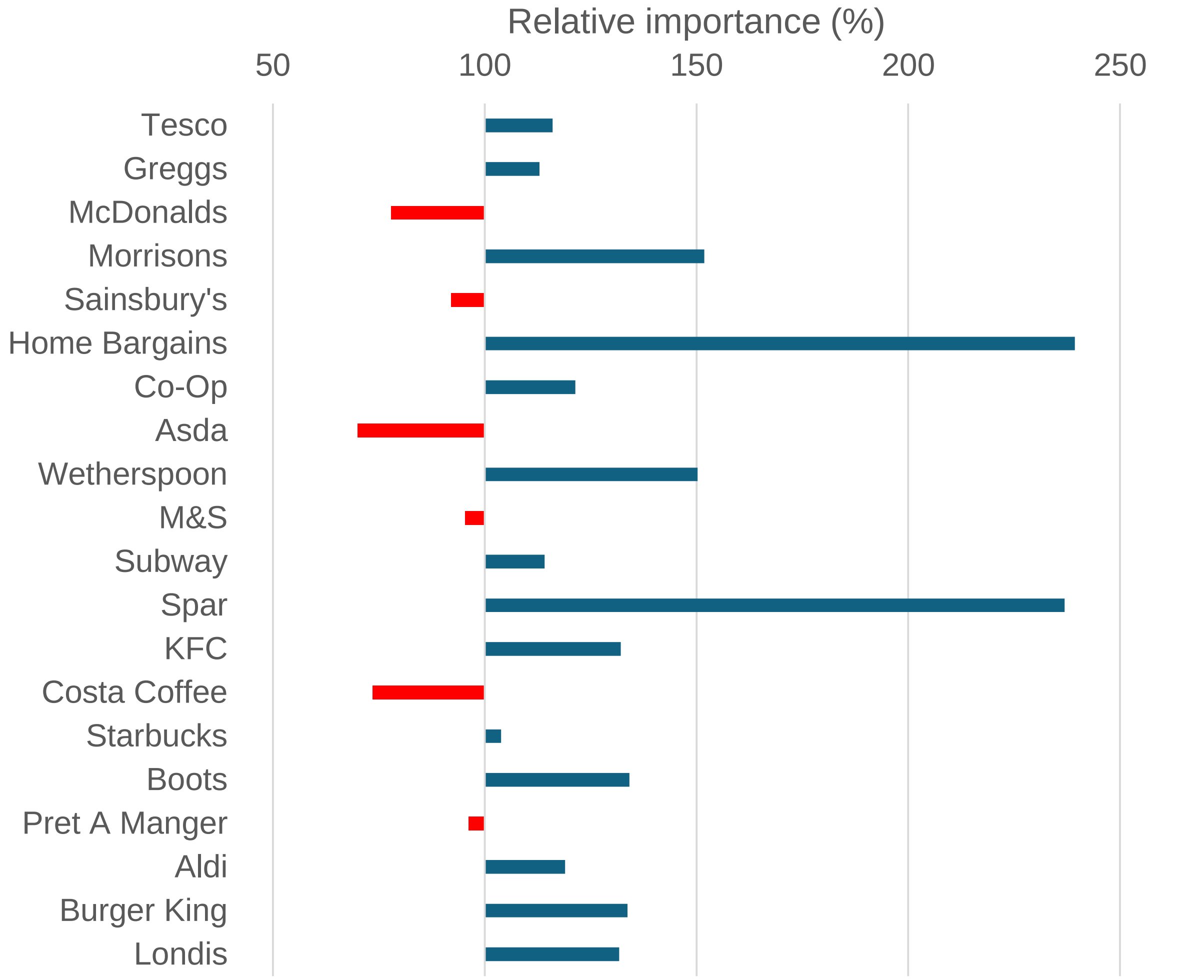
Tesco, Greggs and McDonalds were the top 3 Out of Home brands in Scotland in 2018. The top 20 brands combined accounted for around 40% of visits Out of Home in Scotland.



70% of the top 20 retail brands grew visits in Scotland over the last year

Scotland is more likely to visit Tesco, Greggs, Morrisons, Home Bargains, Co-Op, Wetherspoon, Subway, Spar and KFC among other outlets compared to GB

Relative Importance of top brands in Scotland vs GB (52 w/e June 2018)



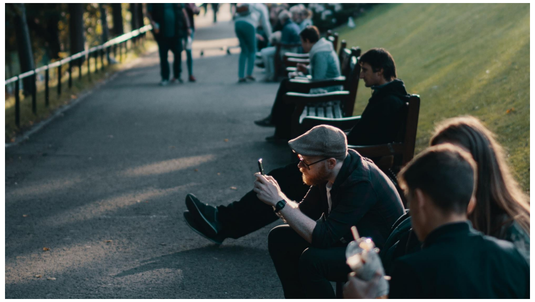
Section 3

Scottish Consumers

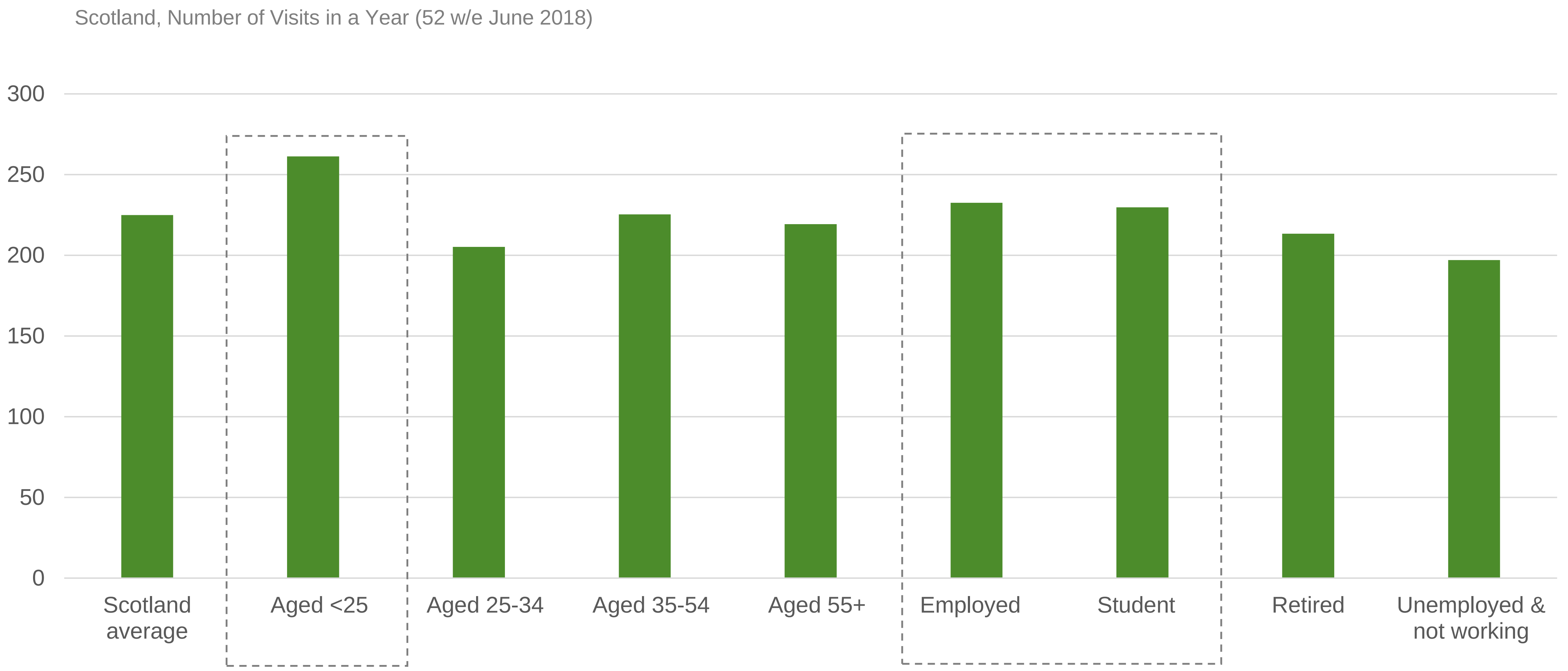
Please find detail on definitions in annex

Summary of Section 3
Scottish Consumers

- In 2018, individuals under 25 years old made the most visits to Out of Home compared to any other age group; around 261 visits each year compared to the overall average of 225.
- In Scotland, the majority of visits were made by those who are employed (63% visits), followed by individuals who are retired (18%), students (10%) and those who are unemployed (9%).

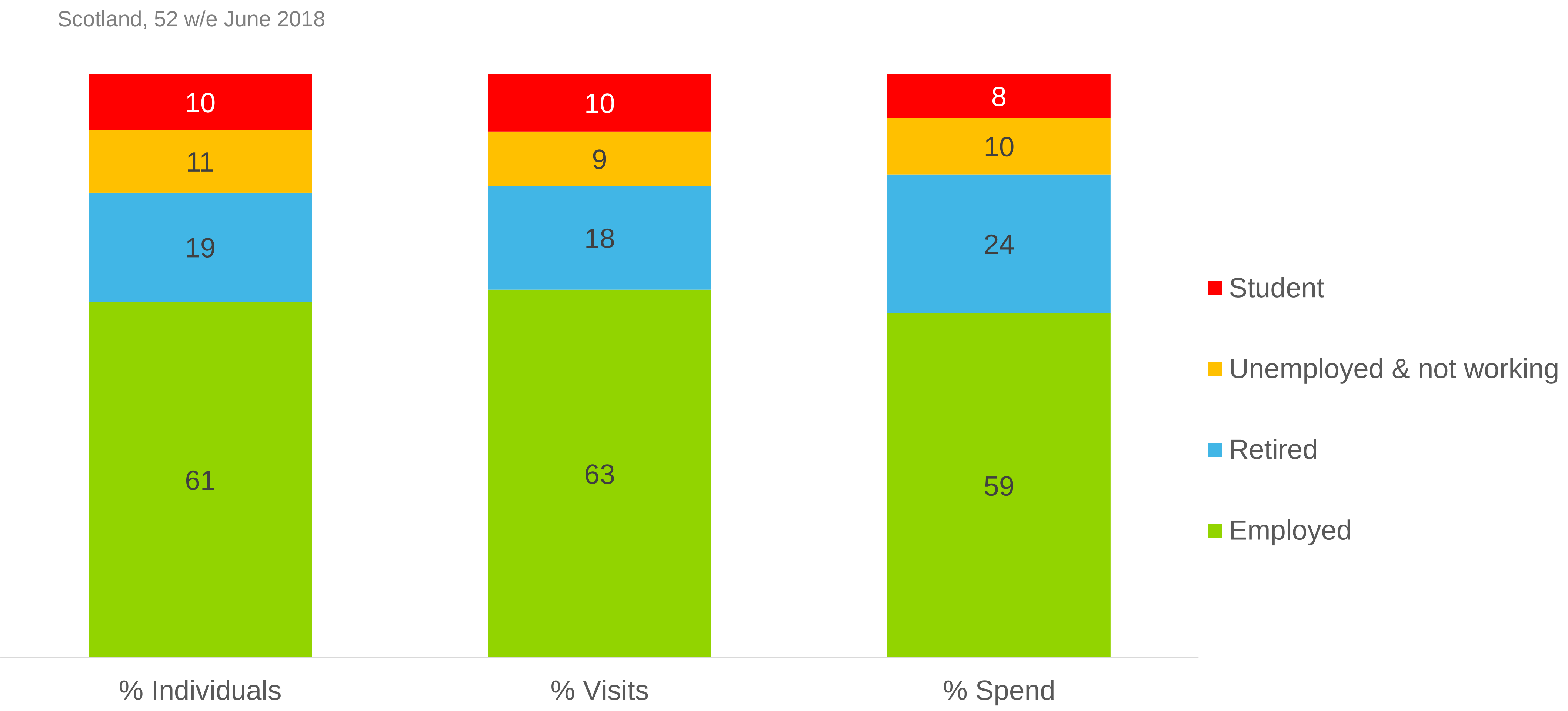


Younger and employed consumers make the most visits a year Out of Home in Scotland



Students – low robustness

Employed customers held the largest share of visits and spend Out of Home in 2018



Section 4

Out of Home Food and Drink Categories

Please find detail on definitions in annex

Summary of Section 4
Out of home food and drink purchasing

Top foods and drinks purchased

- In 2018 the top food and drink categories Out of Home were coffee (22% of visits), carbonated drinks (22%), sandwiches (20%), confectionery (9%), tea (9%), cakes, biscuits and pastries (6%), chips (6%), water (6%), juice and juice drinks (6%) and crisps and savoury snacks (5%).
- Within the carbonated drinks category, diet drinks were slightly more common (19% of visits) than regular cold drinks (17%).

Discretionary* categories

- Overall visits including discretionary categories has decreased by 3% since 2017, with declines in confectionery (-11%) and regular soft drinks (-4%) particularly contributing to this decrease.
- In 2018, Scotland had a greater incidence of regular soft drinks compared to GB as a whole (17% vs. 14%).

**Discretionary foods are those which are high in fat, sugar and/or salt and which are not needed for a healthy balanced diet, including cakes, biscuits, pastries, confectionery, puddings, crisps and savoury snacks and sugary drinks.*

Summary of Section 4
Out of home food and drink purchasing

Quick and main meals

- Sandwiches were the most commonly purchased quick meal in 2018, with the top fillings being BLT, cheese and ham, sausage, bacon and egg, and tuna, all of which were more important in Scotland compared to GB.
- Excluding ‘other meals’*, the most common types of main meals were burger meals (3.8% of visits), fish meals (2.8%) and breakfast meals (2.2%), with around half of breakfast meal visits being a cooked breakfast. Chips as a separate side dish were included on 3% visits.
- In comparison to GB as a whole, Scotland has a greater incidence of sandwiches (19.6% vs. 15.4% of visits), soup (2.3% vs. 0.6%), cereal/porridge (0.8% vs. 0.3%) and fish meals (2.8% vs. 2.3%).

*Other Meals include: Rice Dishes (excluding Risotto) and Buffets are the 2 largest identifiable meals in other meals, accounting for one quarter of these occasions

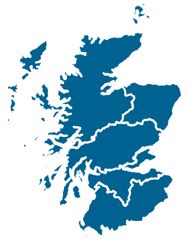
Top 10 Categories in Scotland Out of Home

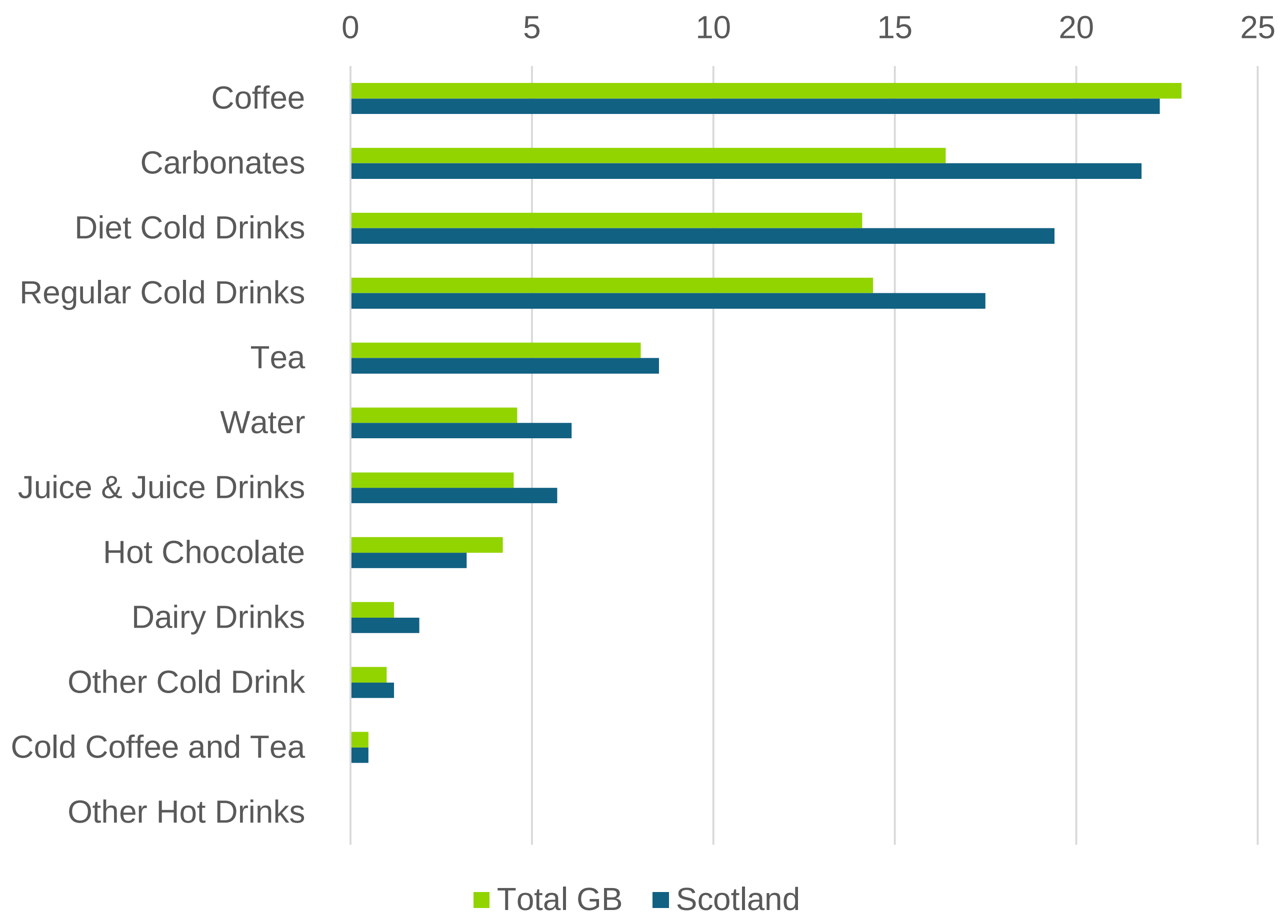
% Visits (52 w/e June 2018)

	% Visits
Coffee	22%
Carbonates	22%
Sandwiches	20%
Confectionery	9%
Tea	9%
Cakes Pastry & Biscuits	6%
Chips	6%
Water	6%
Juice & Juice Drinks	6%
Crisps, and savoury snacks	5%

(**17%** total OOH visits: Regular Cold Drinks
19% total OOH visits: Diet Cold Drinks)

Purchase of drinks Out of Home in Scotland





In Scotland 2018 vs 2017:

Cold Drinks

Hot Drinks

Incidence of Drinks was up 6% +6% +6%

Coffee

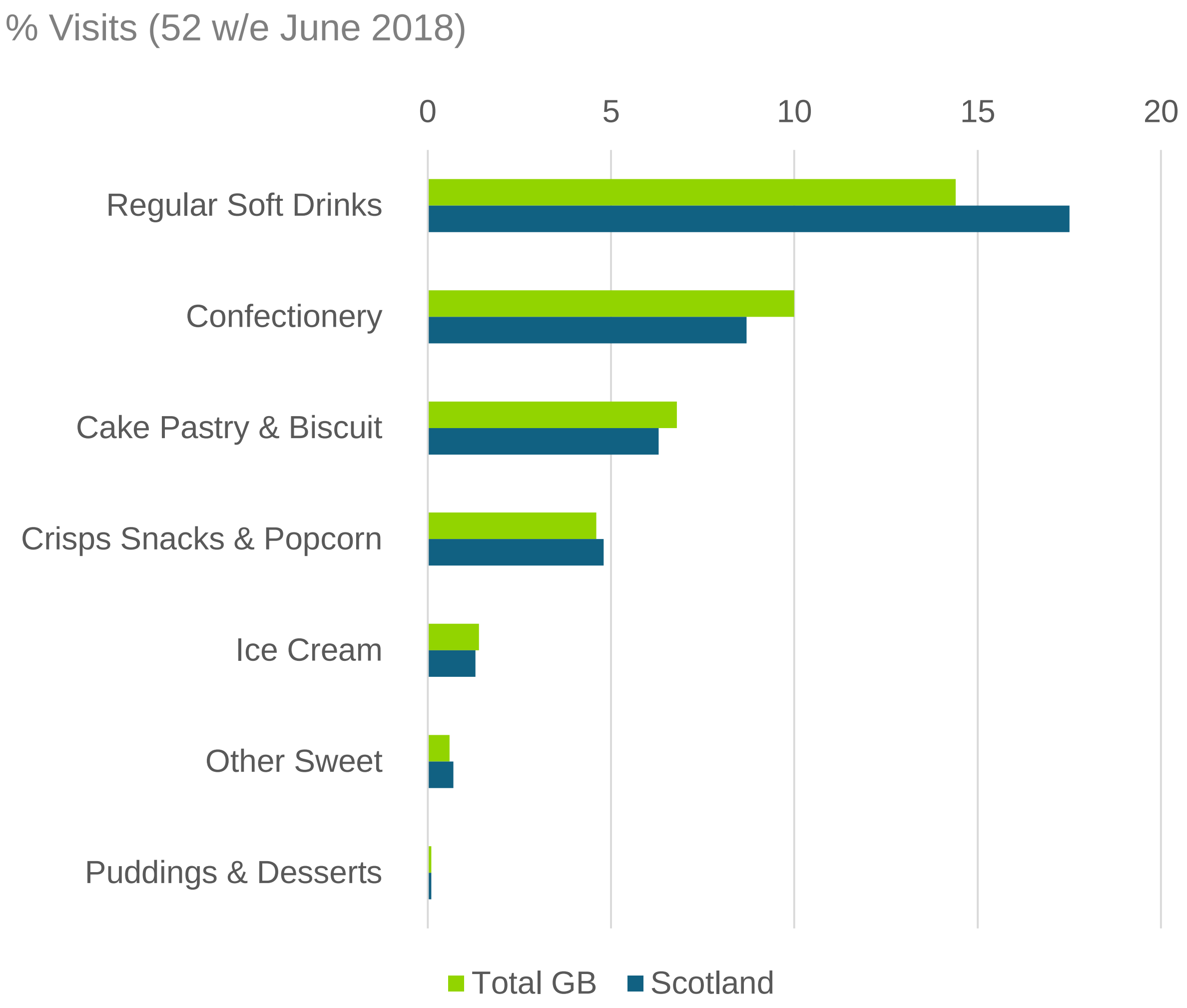
18million more coffee visits vs 2017 +9%

Diet

Regular

Diet was the major driver of change in Cold Drinks +14% -3%

Purchase of discretionary categories Out of Home in Scotland



In Scotland 2018 vs 2017:

Discretionary

Incidence of Discretionary Categories was down -3%

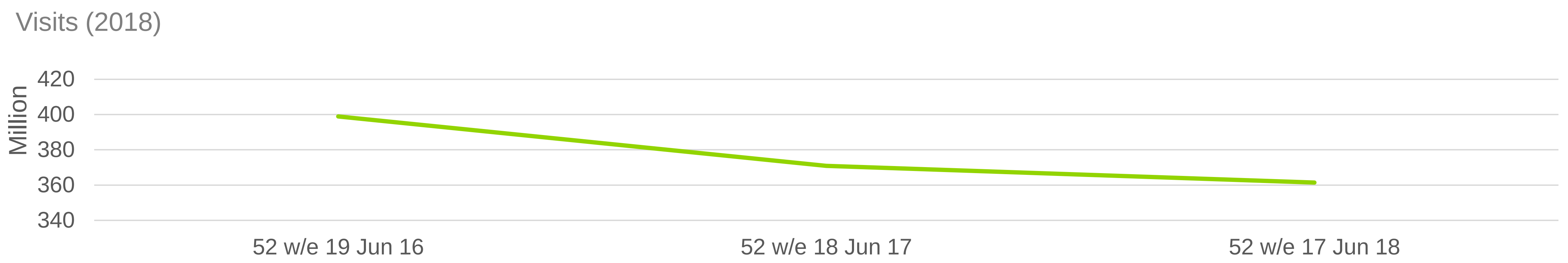
Confectionery Regular

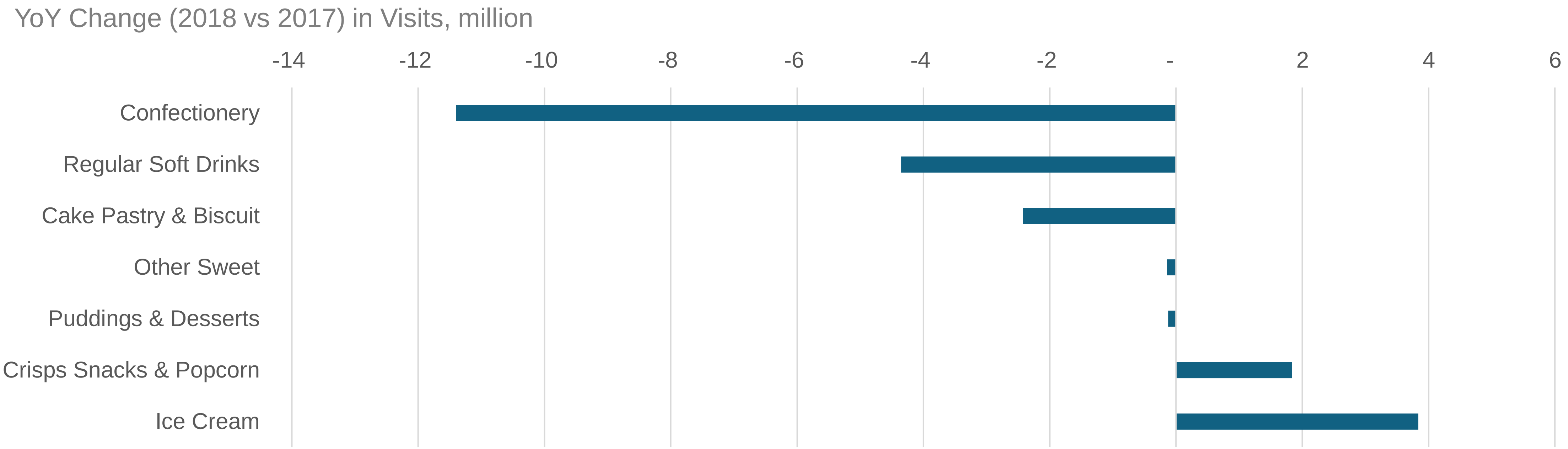
Confectionery and Regular Soft Drinks were the major contributors behind the decline

Ice-cream

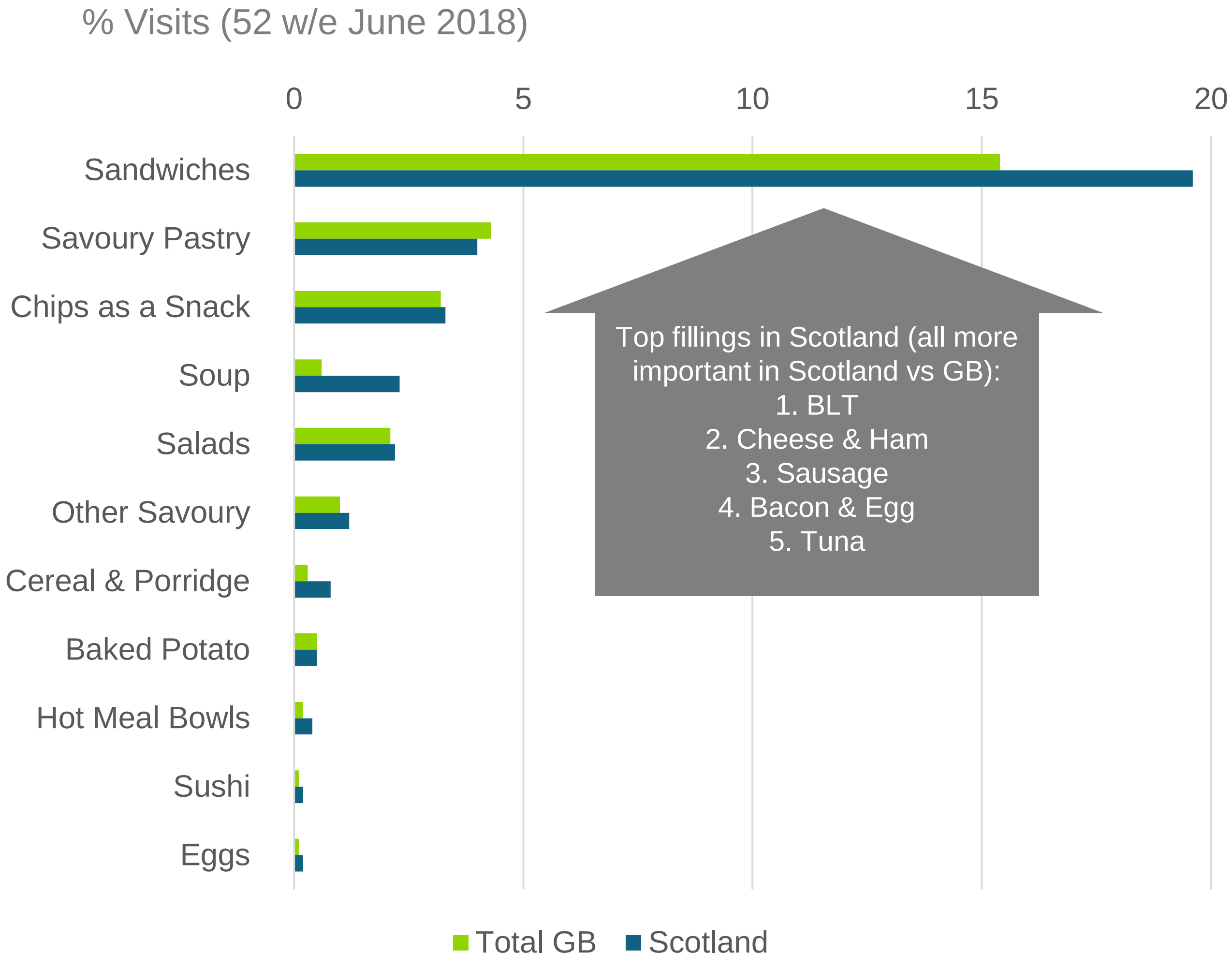
Ice-cream: 4 million more visits vs 2017, driven by sunny Autumn 2017 and 2018's summer heatwave

Purchase of discretionary categories has been declining, particularly confectionery





Purchase of quick meals Out of Home in Scotland



Top fillings in Scotland (all more important in Scotland vs GB):
1. BLT
2. Cheese & Ham
3. Sausage
4. Bacon & Egg
5. Tuna

In Scotland
2018 vs 2017

Quick Meals

Incidence of Quick Meals was down 15m visits vs 2017

-5%

- Sandwiches, Salads and Savoury Pastry were driving the decline

Sandwich | Salad | Sav Pastry

-3% | -7% | -13%

- Chips and soups were countering this trend

Chips | Soup

Kantar Worldpanel Out of Home, 52we 17 June 2018

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Purchase of main meals Out of Home in Scotland

In Scotland
2018 vs 2017

Incidence of Main Meals was down vs 2017

Main Meals

-6%

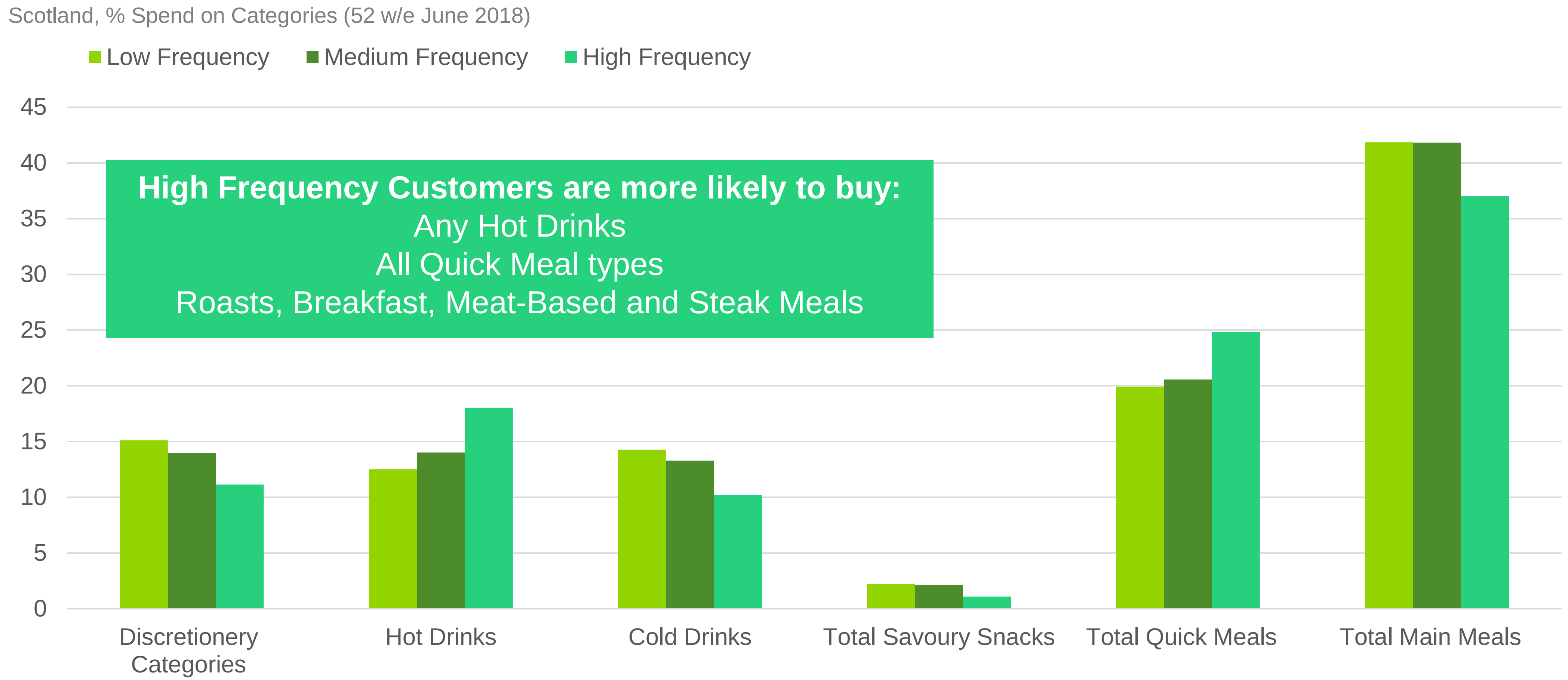
Chicken was the largest contributor to this decline in visits, in addition to burgers and breakfast cereals

-4% -14% -7%

Kantar Worldpanel Out of Home, 52we 17 June 2018

Other Meals: Rice Dishes (excluding Risotto) and Buffets are the 2 largest identifiable meals in other meals, accounting for one quarter of these occasions

Low frequency customers* were more likely to buy Discretionary Categories, Burgers, Pizza, Chicken, Chinese, Indian, Sausage and Vegetarian Meals in 2018 compared to high frequency customers



Kantar Worldpanel Out of Home, 52we 17 June 2018

Low frequency consumers: ~2 visits a week
Medium frequency consumers: ~4 visits a week
High frequency consumers: ~9 visits a week

Section 5

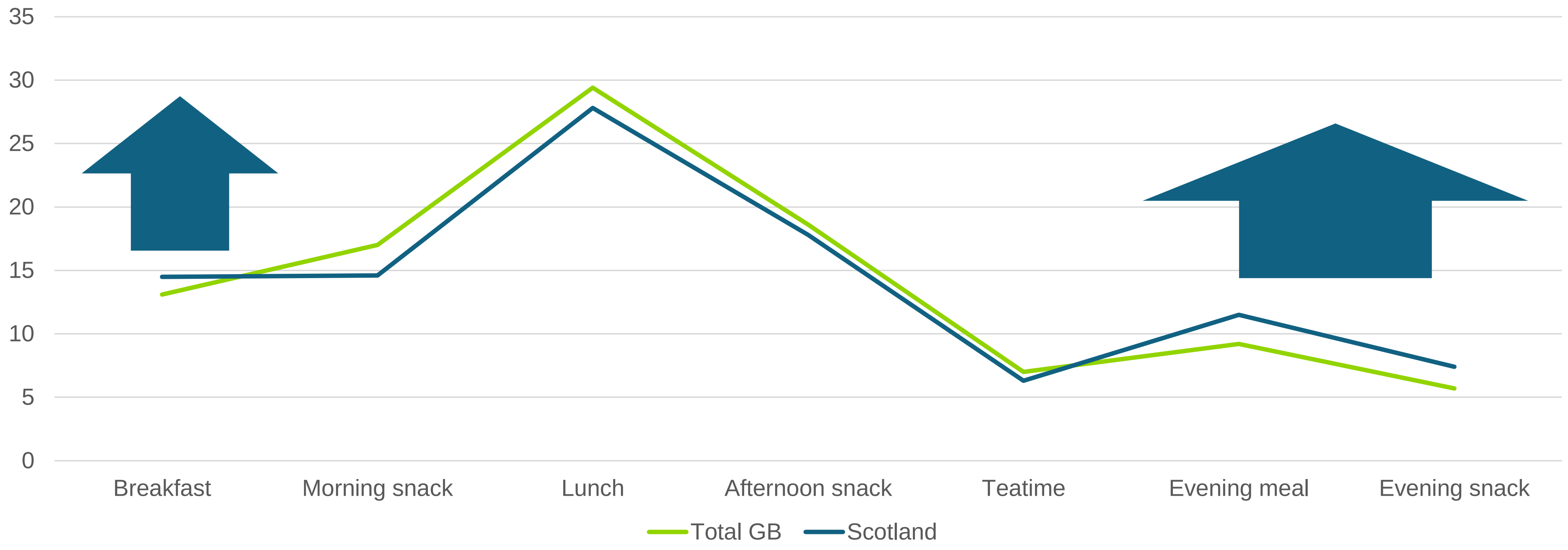
Day Part and Occasions in Scotland

Summary of Section 5
Day part and occasions in Scotland

- Lunch was the single most important Out of Home meal occasion in Scotland in 2018, representing 28% of occasions.
- However morning, afternoon and evening snacks combined accounted for around 40% of meal occasions.
- Teatime and evening meals accounted for 18% of occasions while breakfast accounted for 15%.

Lunch was the biggest Out of Home occasion in Scotland in 2018

% Occasions (52 w/e June 2018)



Section 6
Attitudes and Motivations Towards Choosing Healthy Options Out of Home

Please find detail on methodology in annex

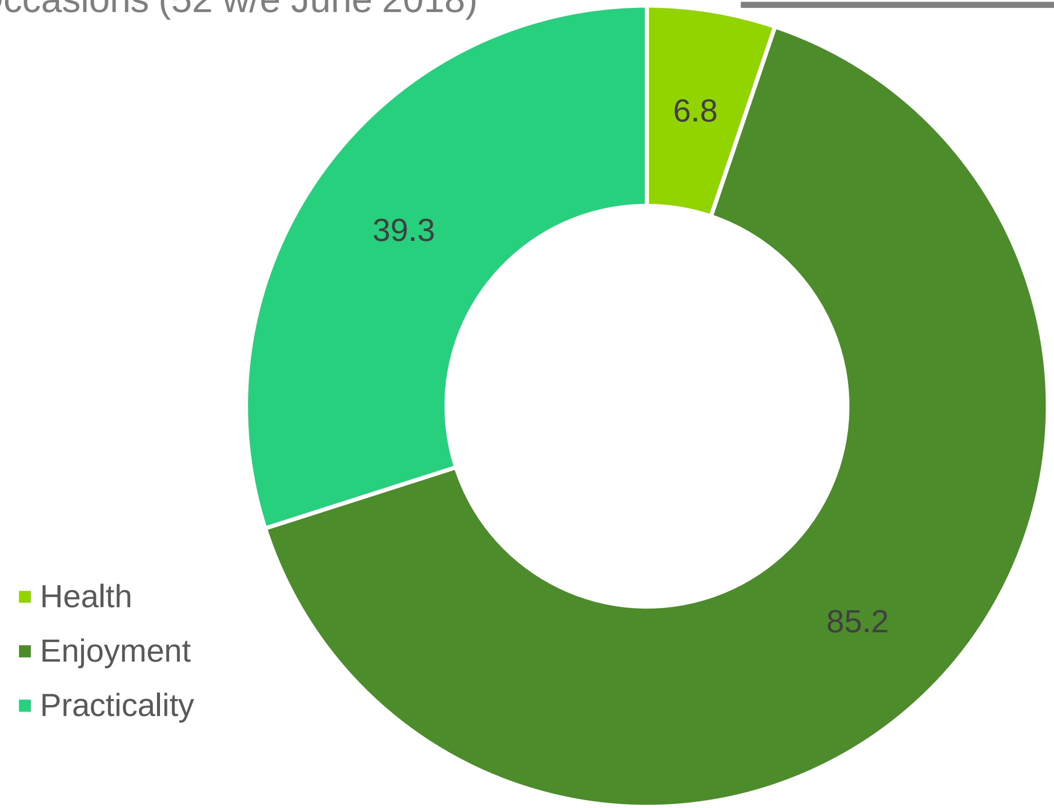
Summary of Section 6:
Attitudes and motivations towards choosing healthy options Out of Home

A subset of the main panel records consumption behaviours and motivations: 266 individuals in Scotland additionally explain 17k consumption occasions in the last year.

- Only 1 in 15 (7%) Out of Home occasions in 2018 were motivated by health in 2018, and when they did occur the top requirements were for food which is low in fat/salt/sugar, is light and not filling and which is more natural and less processed.
- In contrast, 85% of consumption occasions were motivated by enjoyment and 39% were motivated by practicality.
- Food which is easy to come by, ‘routine’ and which can be eaten on the go were key practical needs identified by consumers in Scotland, all of which were more important in Scotland compared to consumers in GB.

The majority of Out of Home consumption in 2018 was driven by enjoyment, with very few occasions motivated by health.

Scotland, % Consumption Occasions (52 w/e June 2018)



Only 1 in 15 Out of Home occasions have a health need. When they do occur, the top requirements are:

1. Low in fat/salt/sugar
2. Light/not filling
3. More natural less processed

Section 7
Promotional Purchasing in Scotland

Please find detail on methodology in annex

Summary of Section 7
Promotional purchasing in Scotland

Promotional types:

- *Meal Deal – e.g. sandwich, snack and drink for £3*
- *Multibuy – e.g. 2 for £3*
- *Voucher – e.g. 50% off food*
- *Other promotion – e.g. £1 temporary price reduction*

<u>Overview of promotions Out of Home</u>

- The level of purchase on promotions Out of Home is markedly less than in the retail environment. In 2018, 10.9% of food and drink purchased Out of Home was done so on promotion, accounting for 7.4% of total spend.

- Overall Out of Home promotions are higher and have grown faster in Scotland compared to GB (10% visits compared with 7%), since 2016.

- In contrast to the retail environment, the majority of promotions are meal deal/multi-buys (76%), with only a small proportion being vouchers (10%) or other promotion types (15%).

<u>Promotions by Out of Home channel</u>

- Convenience stores, bakeries and sandwich shops and supermarkets all had higher levels of promotions (14% visits, 11% and 11% respectively) in 2018 compared with the overall average level of promotions in Scotland.

- As with the Scotland average, the most common type of promotion in 2018 within each type of establishment were meal deals and multi-buys with the exception of coffee shops where 'other' promotions were the predominant type of promotion.

Summary of Section 7 *(continued)*
Promotional purchasing in Scotland

Promotion of different food and drink categories

- Within individual food and drink categories, the proportion of visits including a promotion varied. For example in 2018, around 28% of visits for sushi included a promotion compared to 3% of savoury pastry visits.
- Almost 11% of visits including a discretionary product had a promotion, which is higher than the Scotland average. This rose to 23% for crisps and snack visits, 13% for regular soft drink visits and 13% of pudding and dessert visits.
- Again, as with the overall Scotland average, the main promotional types for individual food and drink categories were meal deals and multi-buys. Main meals differed however, where there was a greater proportion of visits including vouchers.

Promotions by employment status and customer group (‘party type’)

- Promotions are higher than average within students (13.5% visits) and the unemployed (10.9%).
- Adults eating out with children have the highest proportion of visits including a promotion (12.7%), compared to adults only (8.8%) or children only (5.5%).
- Visits including a promotion are higher within all employment groups and party types in Scotland compared to those in GB overall.

Promotional purchasing in Scotland

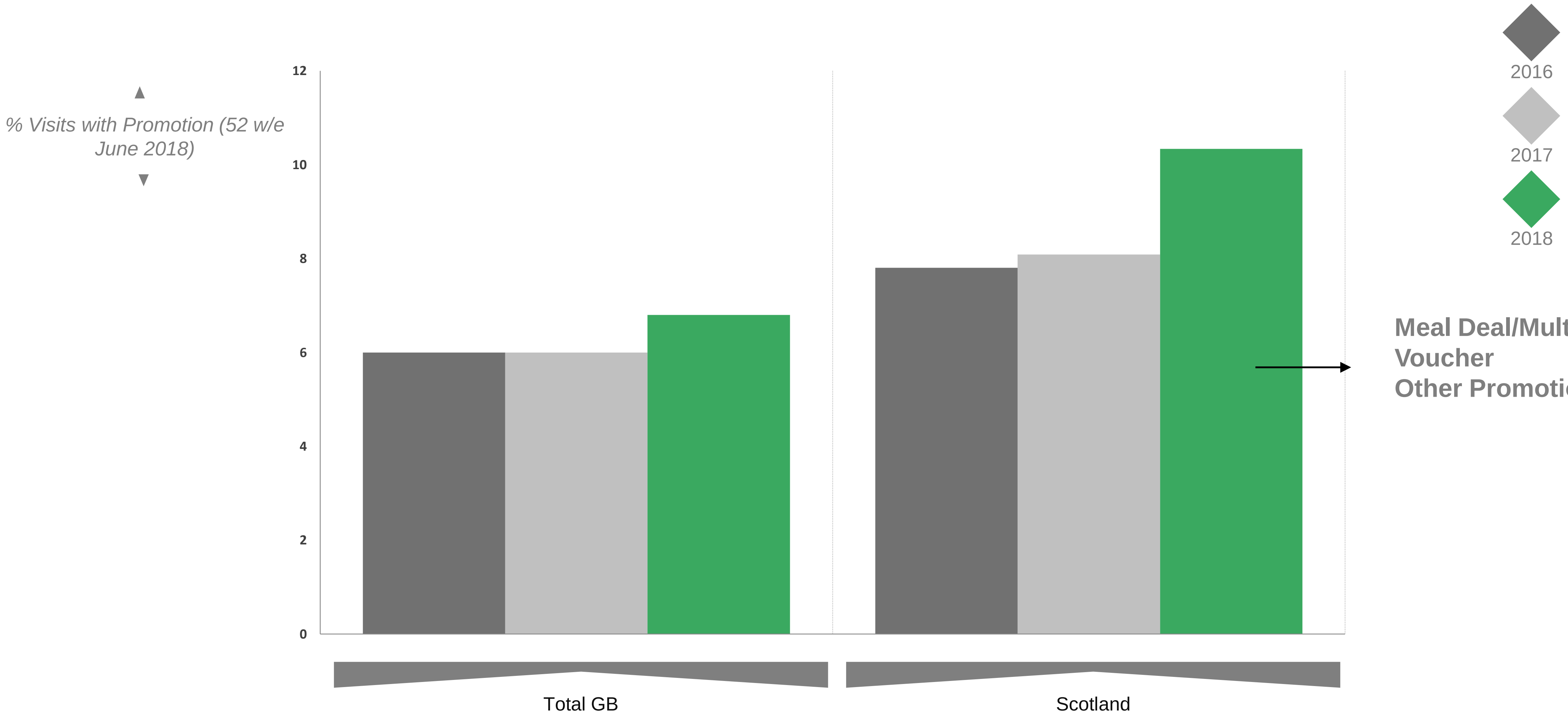
In 2018, 10.9% of Out of Home items in Scotland were purchased on promotion, accounting for 7.4% of spend.

This is significantly lower than products taken home, where 31% of food items are purchased on promotion in Scotland

86% of Scottish individuals have bought something on promotion when OOH in the last 3 years

Meal Deals and Multi-buys are the primary promotional type, accounting for 76% of promoted items.

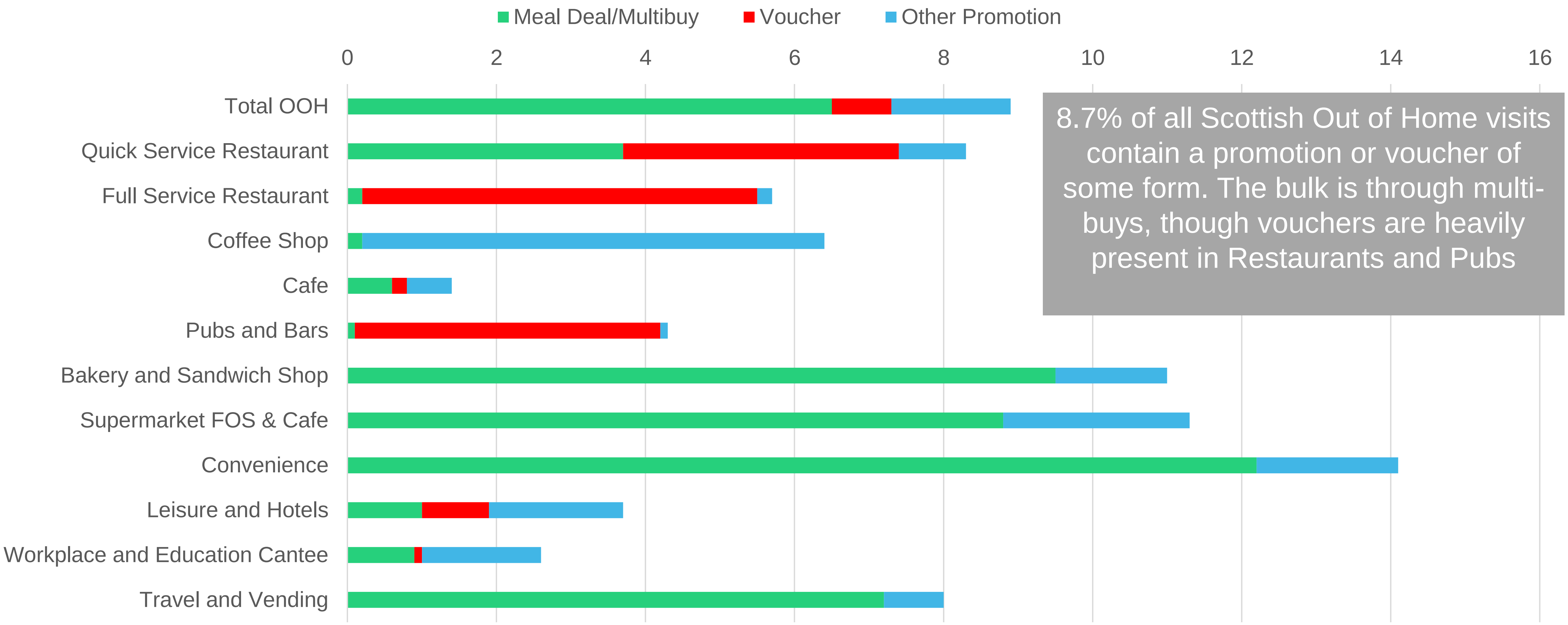
Promotions are higher in Scotland than GB and growing faster



Meal Deal/Multibuy	76%
Voucher	10%
Other Promotion	15%

Bakery, Supermarket and Convenience lead promotions Out of Home in Scotland

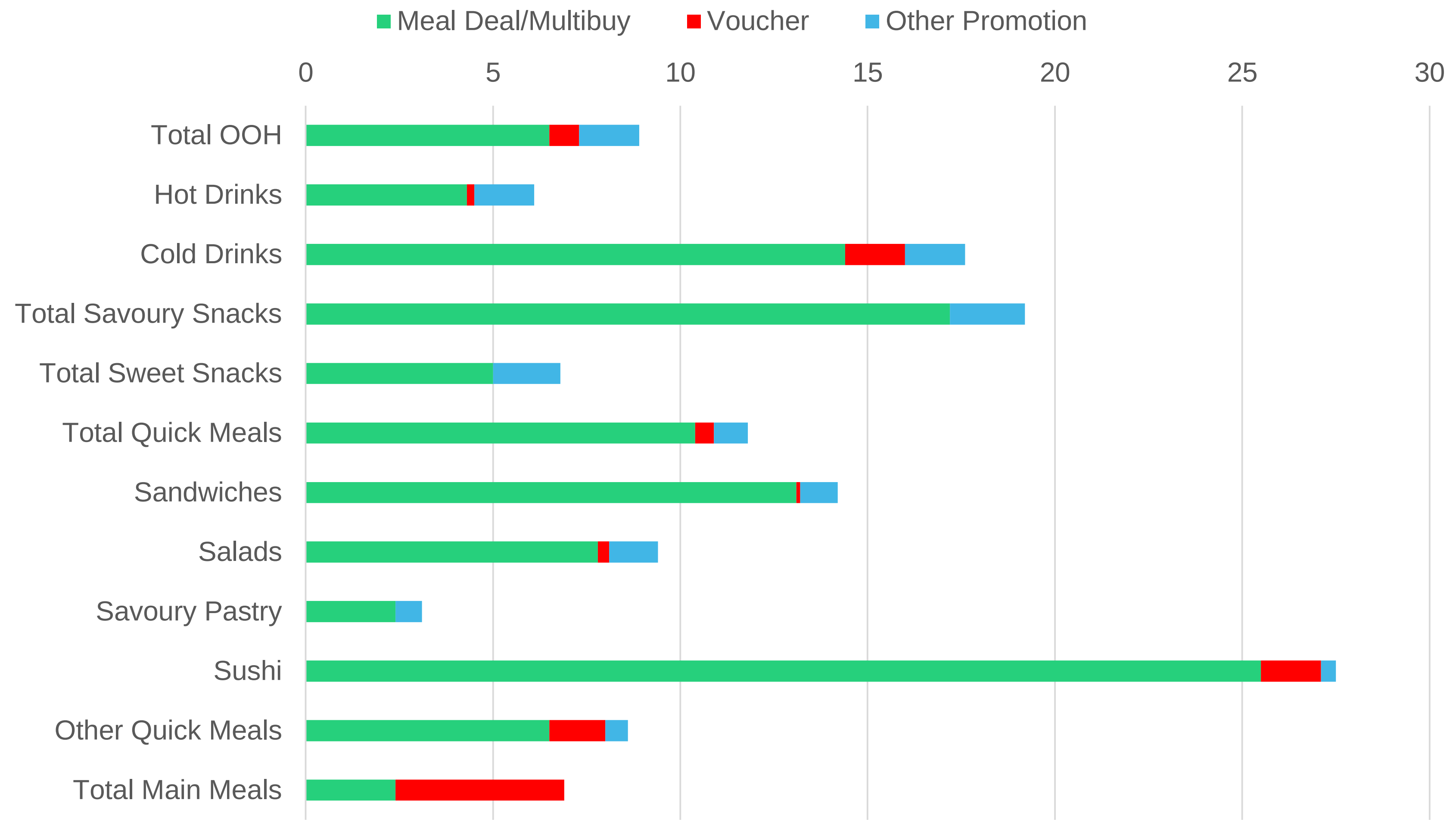
Scotland, % Visits Channel Promoted (52 w/e June 2018)



8.7% of all Scottish Out of Home visits contain a promotion or voucher of some form. The bulk is through multi-buys, though vouchers are heavily present in Restaurants and Pubs

Savoury Snacks, Sandwiches, Sushi and Cold Drinks were the most heavily promoted categories in Scotland in 2018, with Meal Deal/Multibuy the major type of promotion (except in Main Meals)

Scotland, % Visits in Category Promoted (52 w/e June 2018)



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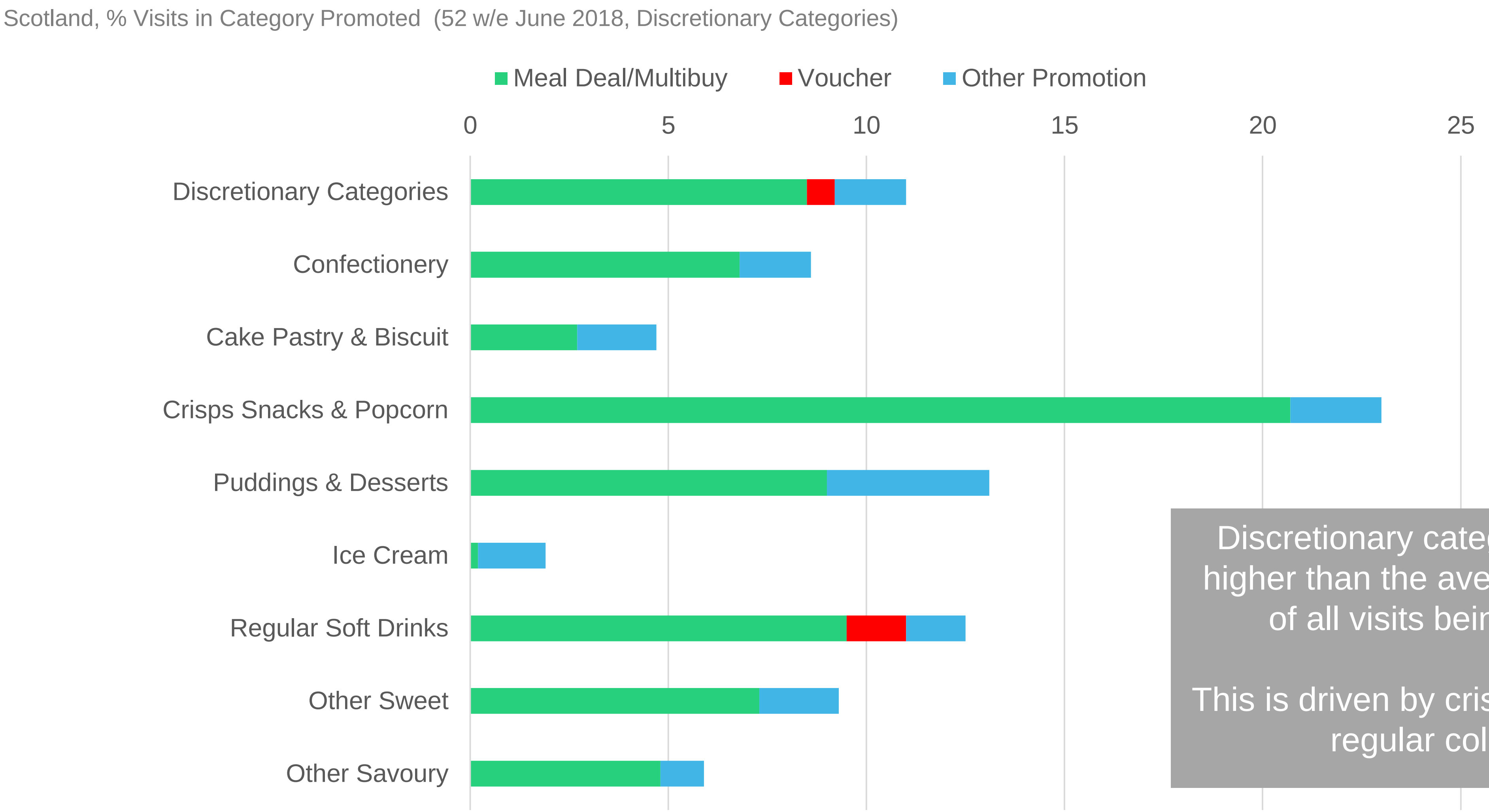
Kantar Worldpanel Out of Home, 156we 17 June 2018

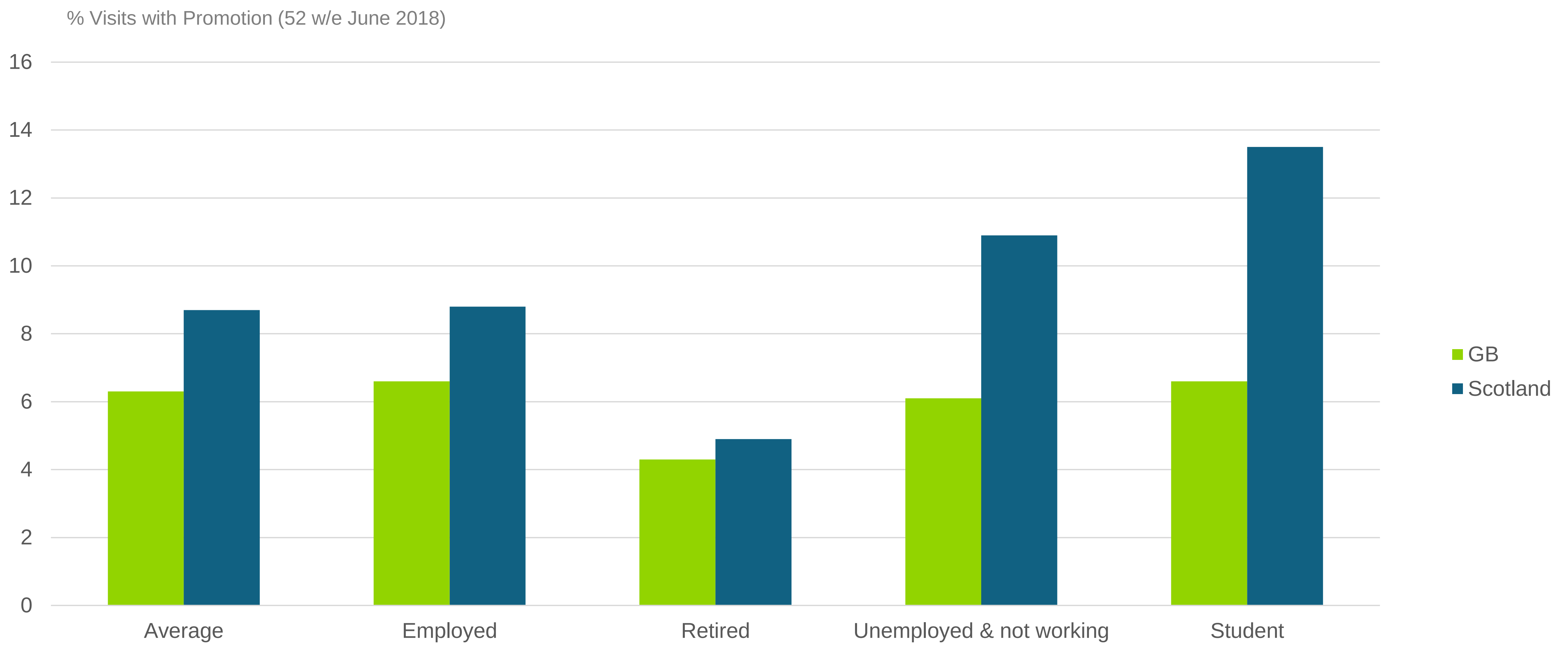
Discretionary category promotions are driven by crisps, puddings and regular cold drinks.



Discretionary category promotions higher than the average, with 10.8% of all visits being promoted.

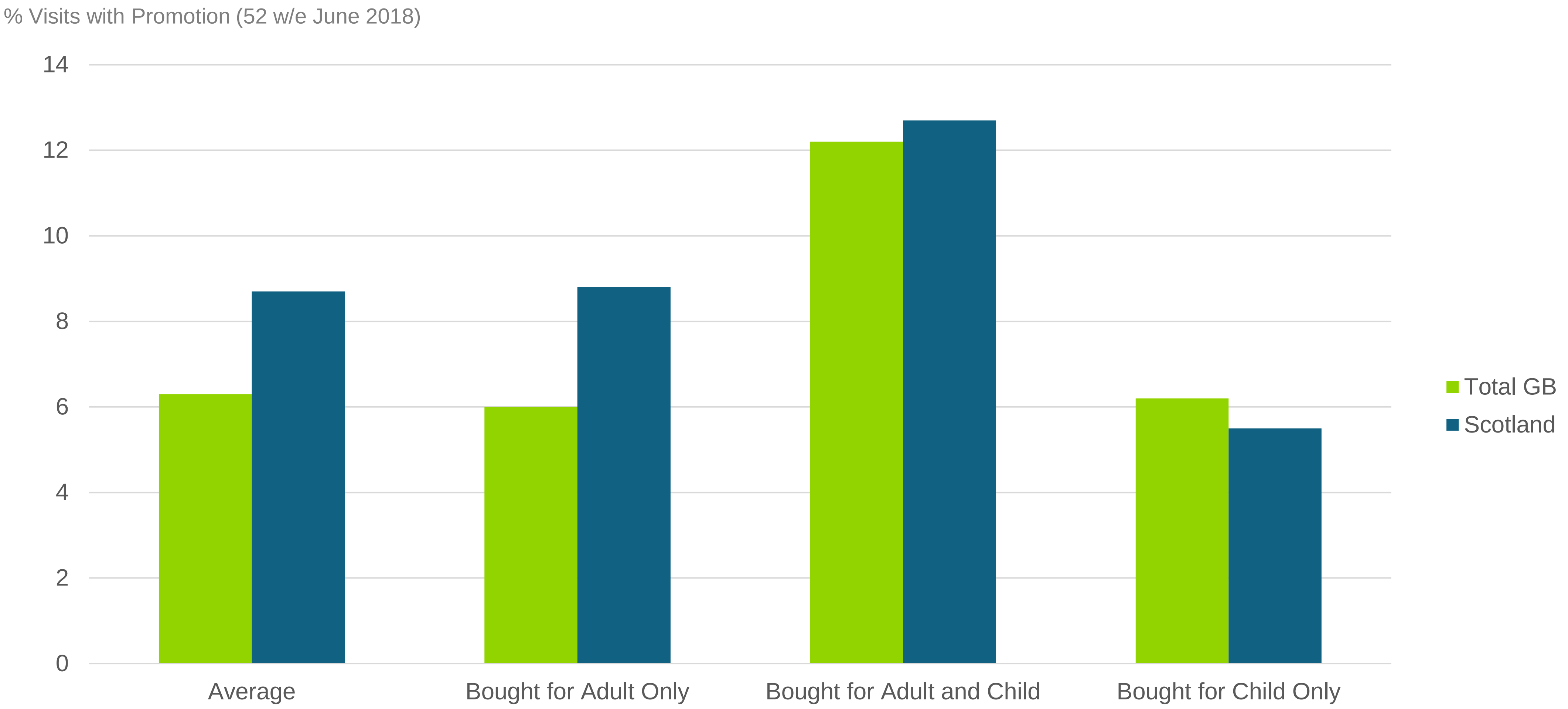
This is driven by crisps, puddings and regular cold drinks.

Promotions were more dominant in Scotland compared to GB in 2018, particularly among students and the unemployed/not working



Students – low robustness

Promotions were most important for visits by Adults and Children in 2018, and Adult Only visits were greater in Scotland compared to GB



Section 8
Purchasing for Children

Please find detail on methodology in annex

Visits Out of Home by un-accompanied children (13-16yrs)

Summary of results

Un-accompanied children (any child aged between 13 and 16)

- Visits by un-accompanied children are worth around £229m. On average, they visit around 47 times a year with an average spend per visit of £3.00, compared with an average spend per visit in GB of £1.98.
- Around 6% of visits by children eating out by themselves included a promotion in 2018.
- Supermarkets and convenience stores followed by bakery and sandwich shops were the most popular types of establishments for children eating out by themselves in 2018, with sausage and hot dog meals, chips, confectionery, pizza and ice-cream among the most commonly purchased foods consumed by these children.
- 44% of visits by un-accompanied children in 2018 contained a discretionary item, compared to 35% for adults eating out by themselves.

Visits Out of Home by children (under 16) accompanied by adults

Summary of results

Accompanied children (when an adult with a child under 16 both eat out).

- Visits by adults and children eating out together are worth around £622m. On average, they visit around 23 times a year with an average spend per visit of £13.15, compared with an average spend per visit in GB of £13.50.
- Around 13% of visits by children eating out with adults included a promotion in 2018.
- Quick service restaurants and Full Service Restaurants were the most popular types of establishments for children to visit with an adult in 2018, with sausage and hot dog meals, chicken (incl. fried chicken) meals, burgers and chips among the most commonly purchased foods consumed by accompanied children.
- 66% of visits by an accompanied children in 2018 contained a discretionary food, compared to 35% for adults eating out by themselves.

The majority of visits made by children occur when eating out by themselves

Child Only visits (a child aged 13-16 yrs buying for themselves) in Scotland are worth **£229m**

These happen 47 times a year for those that are purchasing

But there are proportionally fewer visits of this nature than in GB (7.9% vs 10.9% in GB are child only)

When they do occur, in Scotland they are worth £3 vs £1.98 per visit in GB

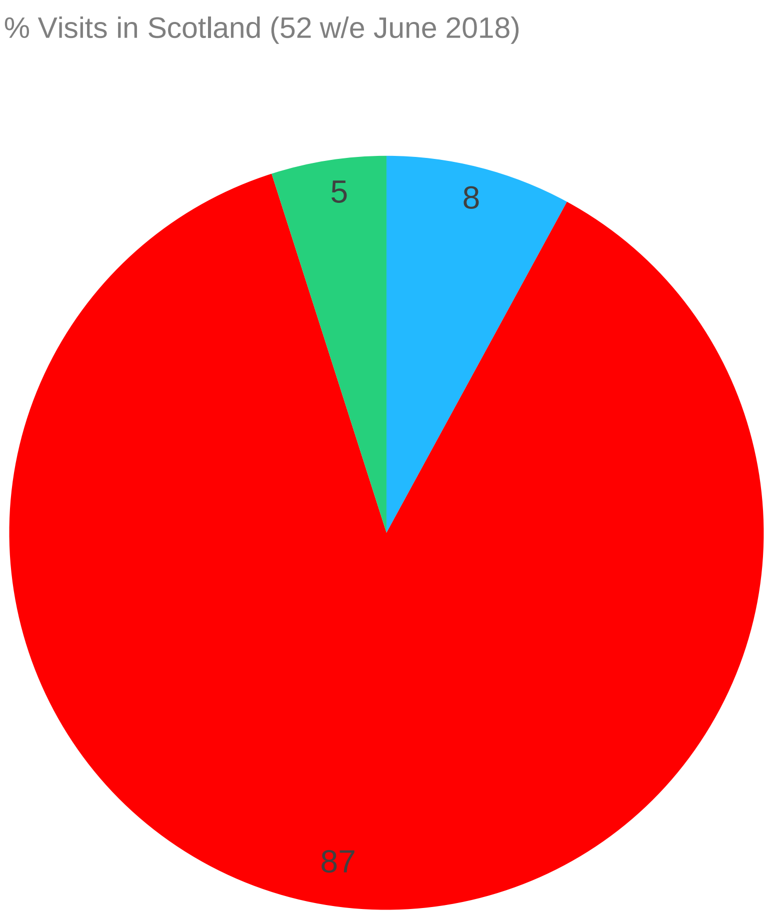
Adult and Child visits (an adult buying for a child) are worth **£622m**

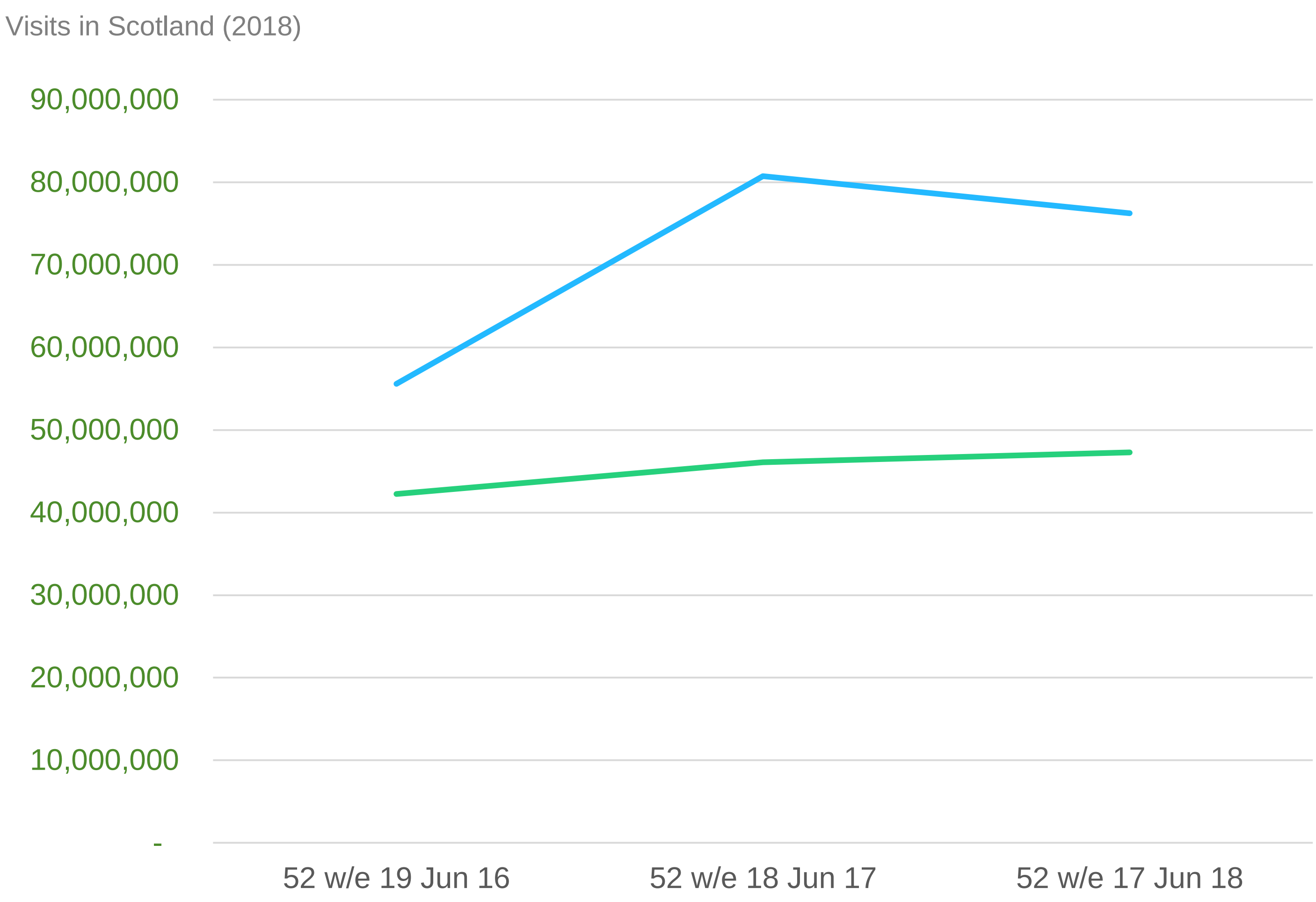
These happen 23 times a year for those that are purchasing

Scotland has more Adult and Child visits vs GB (4.9% vs 4.0% in GB are adult and child)

These are worth £13.15 combined on the visit (vs £13.50 in GB)

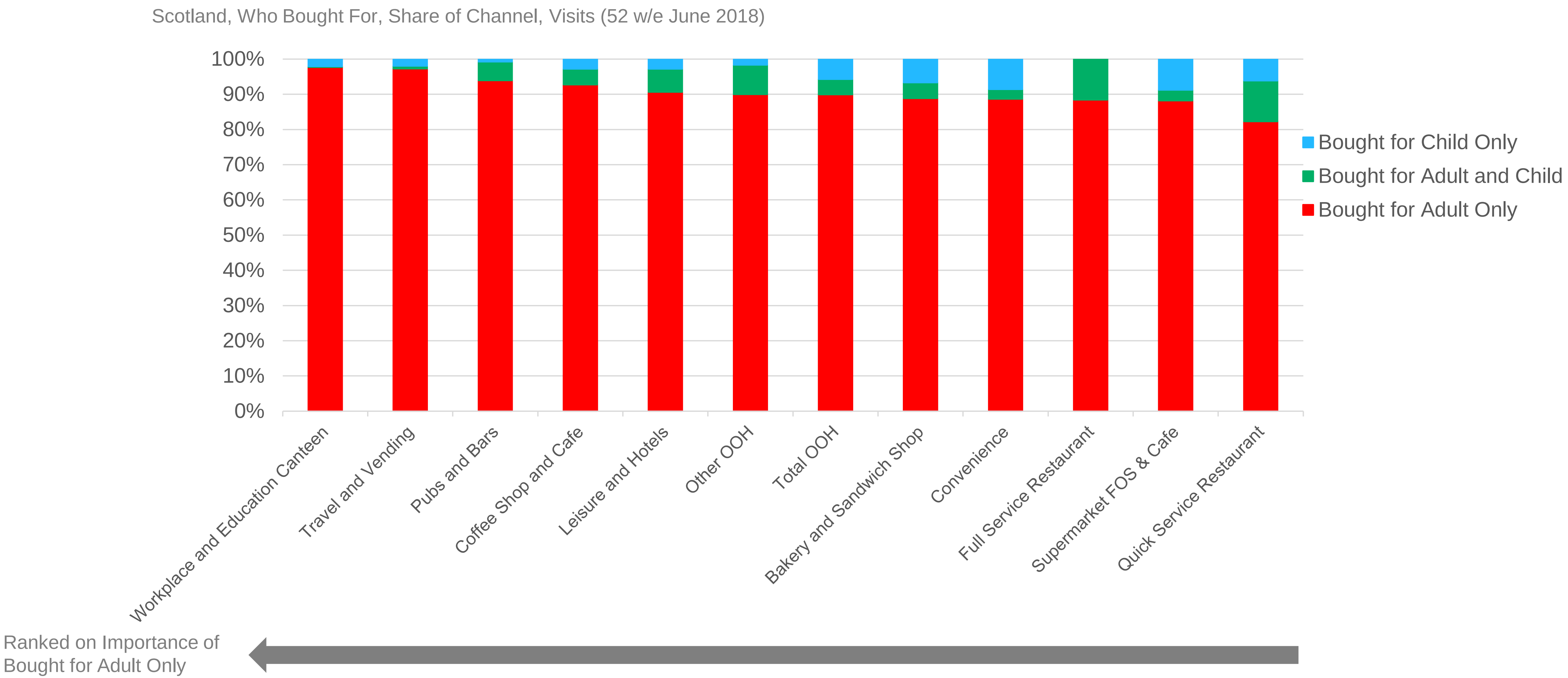
Purchase by children is a small proportion of Scotland's OOH behaviour, but increasing



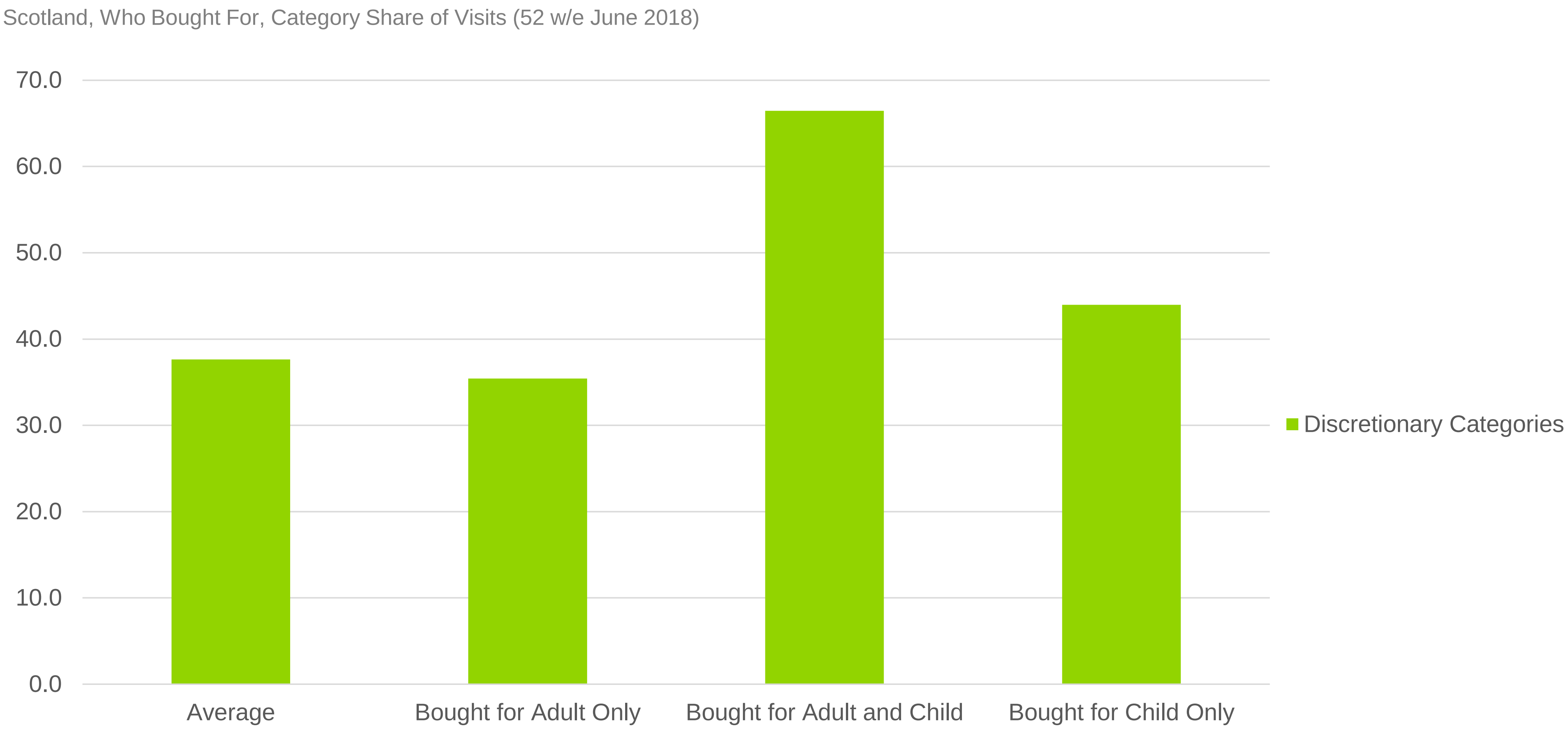


Bought for Child Only
Bought for Adult Only
Bought for Adult and Child

The biggest channel for visits with children present in 2018 was QSR

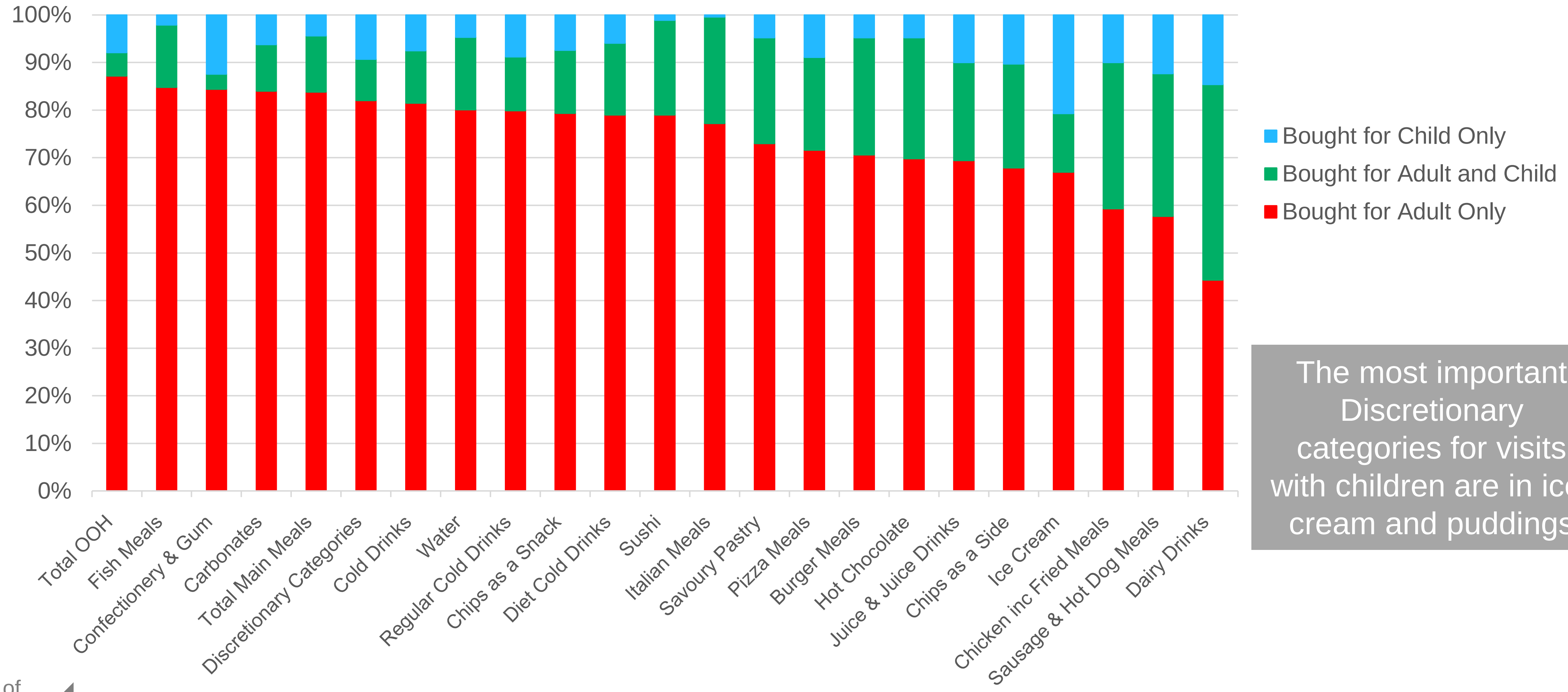


Over 60% visits by an accompanied child in 2018 contained a discretionary food, compared to 35% for adults eating out by themselves.



The most important categories overall for visits with children in 2018 were Dairy Drinks, Cold Drinks, Sausages, Chicken, Ice Cream, Chips, Juice, Hot Chocolate and Burgers

Scotland, Who Bought For, Share of Categories, Visits (52 w/e June 2018)



The most important Discretionary categories for visits with children are in ice-cream and puddings

Ranked on Importance of Bought for Adult Only

Section 9
Scottish Takeaways

Please find detail on methodology in annex

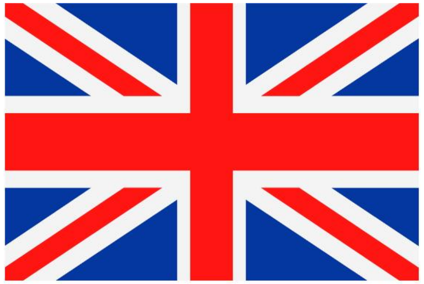
Scottish Takeaways

Summary of results

Takeaways include all food and drink purchased and taken away or home delivered from an OOH business.

- Takeaways are an important aspect of Scotland's eating habits accounting for £710 million spend and 9% of visits Out of Home in 2018. The proportion of takeaway visits in Scotland is higher, and appears to be growing faster, than in GB as whole.
- Around 69% of people in Scotland have bought a takeaway in the last year and individuals who buy takeaways buy one on average every 9 days.
- Main meals were the most popular type of food purchased from a takeaway in Scotland in 2018, with burgers, Chinese and Thai, fish, pizza, chicken, Indian, sausage/hot dog or other meat based meals ranked as the top takeaways.

Takeaways are important and occur frequently in Scotland



8.3%
of OOH visits are
Takeaways (1bn last year)
(70% of the population bought a takeaway in the last year)

9.0%
of OOH visits are
Takeaways (86m last year)
(69% of the population bought a takeaway in the last year)

Both GB and Scottish individuals that buy takeaways are likely to have one every 9 days

Takeaway in Scotland is growing

Takeaways in Scotland were worth

£710m in the last year

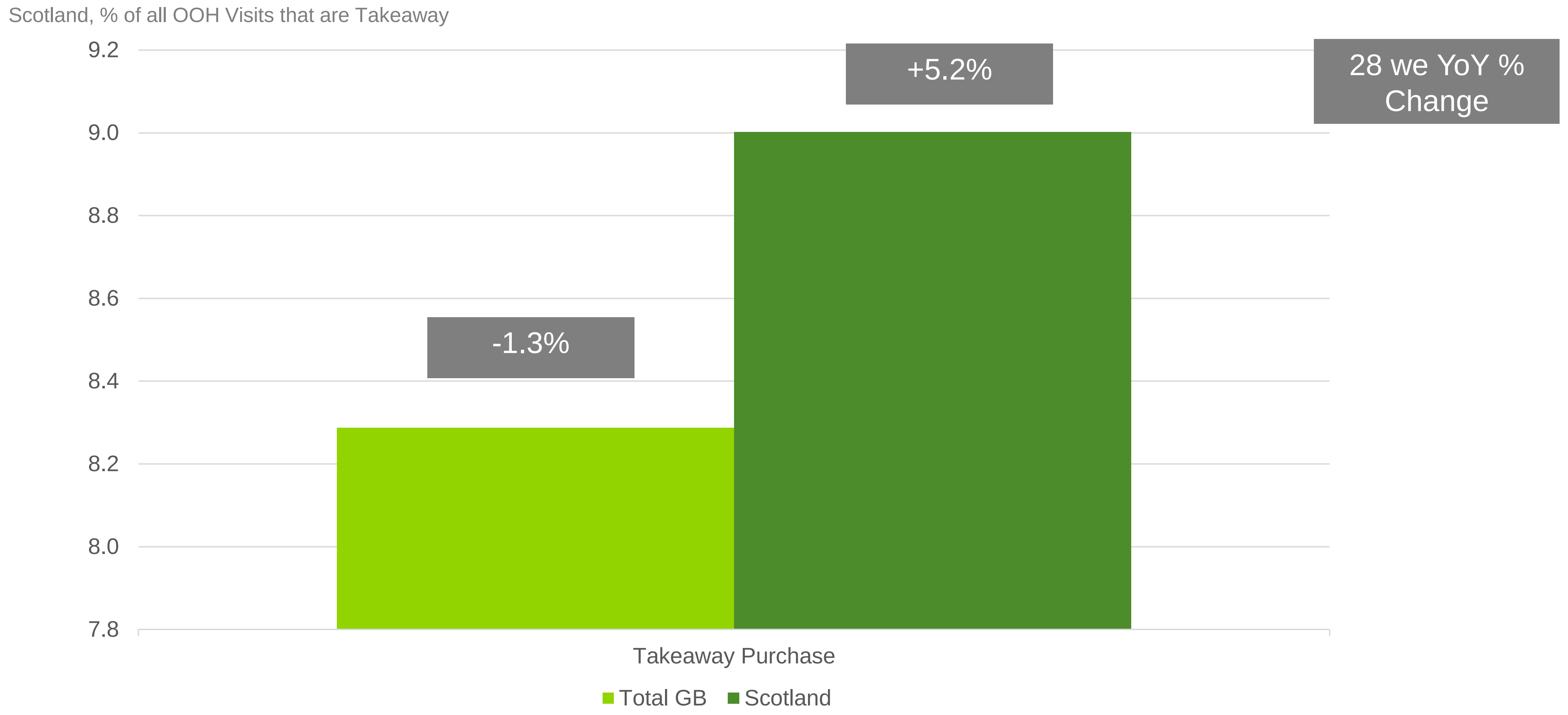
69% of Scottish 13-79 year olds bought some form of Takeaway in the last year, spending £8.23 on average (vs £7.59 in GB)

In the last 28 weeks, there were 5% more takeaway visits than last year in Scotland, with spend up 8% more (faster than GB)

Scotland's takeaways contain marginally more items per visit than GB (2.7 vs 2.5)

Kantar Worldpanel Out of Home, 80we 17 June 2018 and 28we 17 June 2018 YoY growth

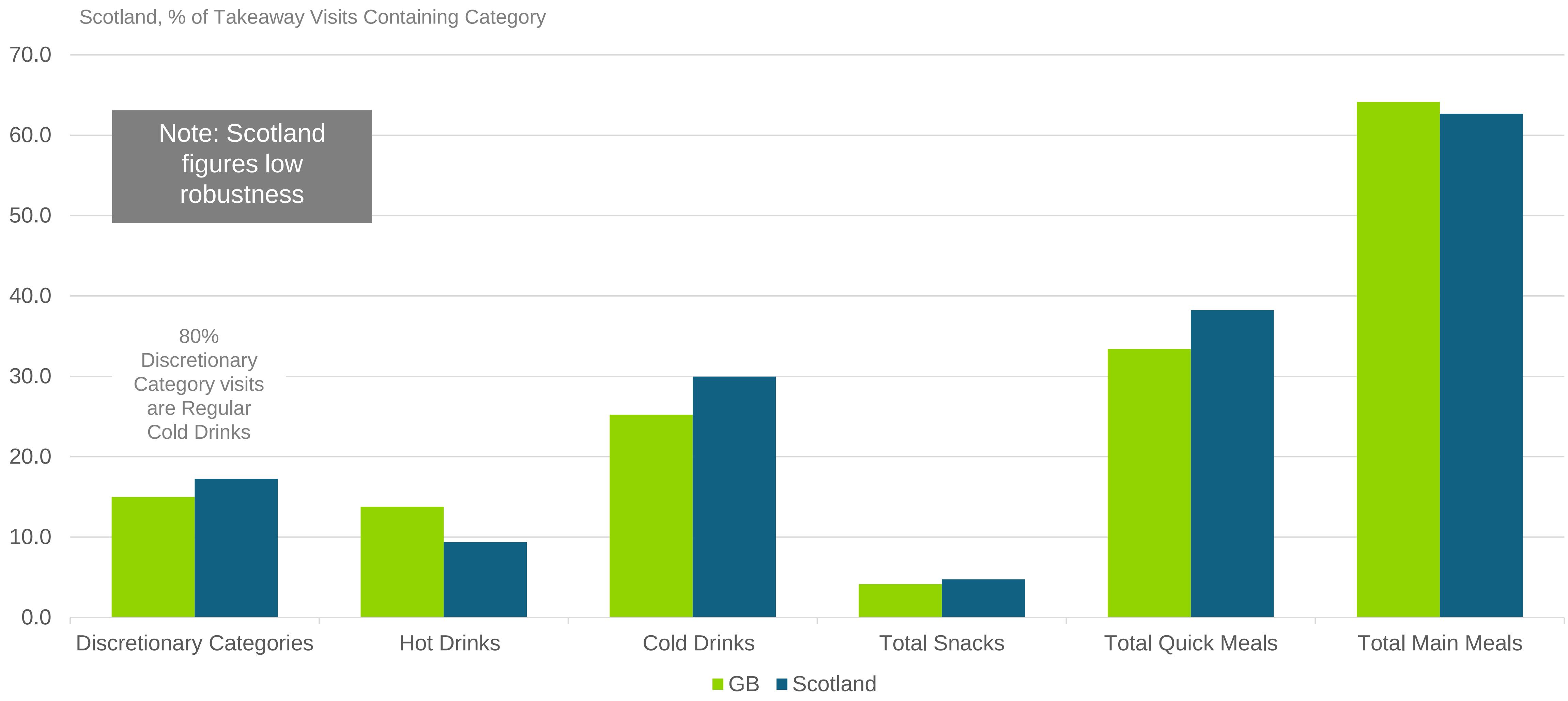
Scotland have a higher proportion of takeaway visits than GB, and they are growing



KANTAR WORLDPANEL

Kantar Worldpanel Out of Home, 80we 17 June 2018
and 28we 17 June 2018 YoY growth

Meals form the centre of the takeaway occasion in Scotland. Takeaways including a discretionary category (mainly regular soft drinks) are more common in Scotland than in GB.

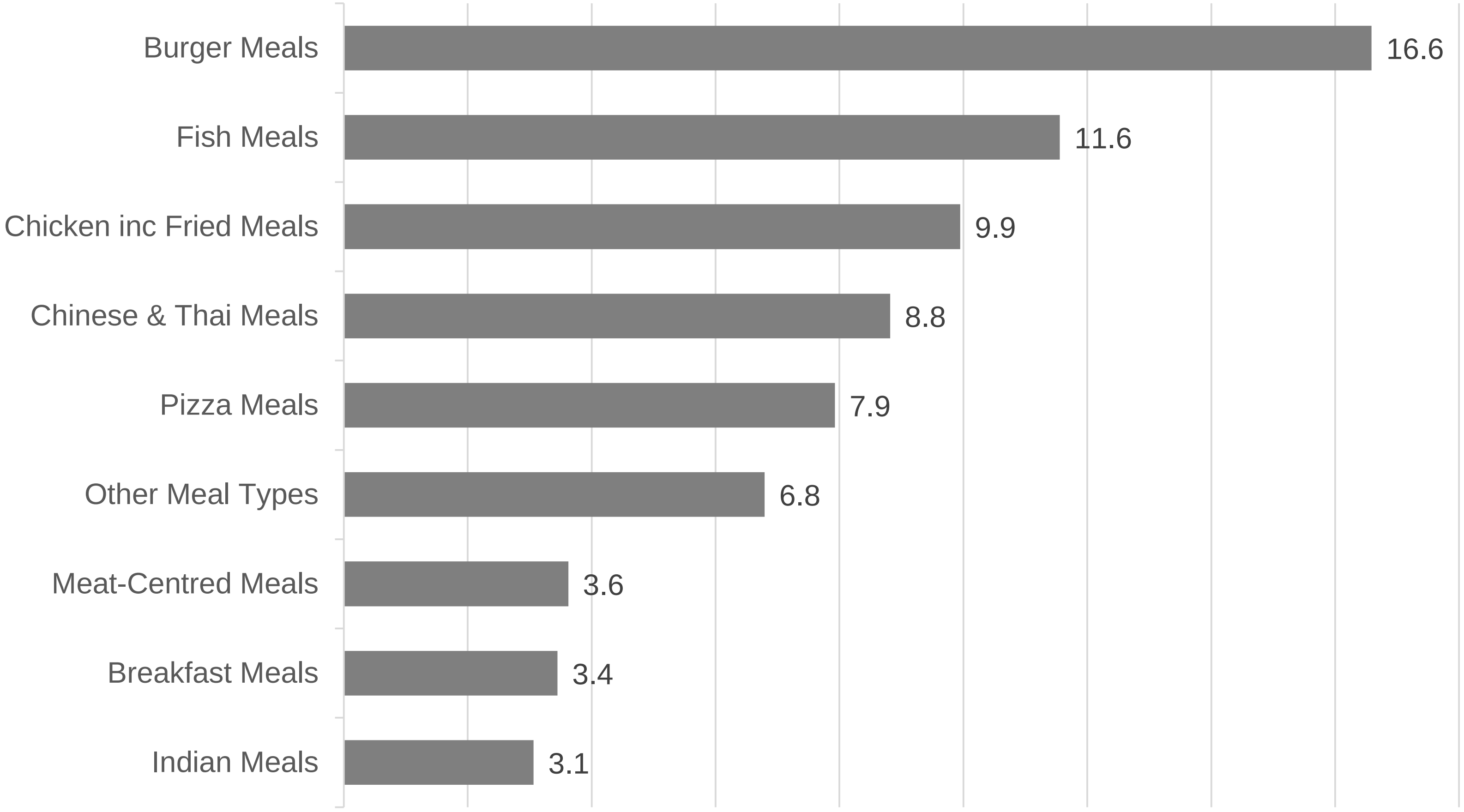


Scotland orders more Chinese and Thai Meals, Pizza and Chips (within other Meal Types) through takeaways compared to GB

Scotland, Top Ranked Takeaway Main Meal Visits

- Burger Meals
- Chinese & Thai Meals
- Fish Meals
- Pizza Meals
- *Other Meal Types*
- Chicken inc Fried Meals
- Indian Meals
- Meat-Centred Meals
- Sausage & Hot Dog Meals

GB, % of Takeaway Visits Containing Main Meal



■ GB

(Figures in Scotland not available due to low robustness

Food Standards Scotland

Out of Home Report 2018

Data to 17 June 2018

Conclusions

- People in Scotland make 960 million visits to Out of Home, spending around £4.5 bn a year. On average, each person makes 225 visits Out of Home per year (around 4 times a week).
- 75% of Out of Home visits in Scotland are made to convenience stores, bakery and sandwich shops, supermarkets, quick service restaurants and coffee shops and cafes.
- Almost half of visits are made to Branded businesses. The top 5 brands in Scotland were Tesco, Greggs, McDonalds, Morrisons and Sainsbury's.
- Under 25 yr olds make the most visits (261 per year) Out of Home in Scotland
- The top Out of Home foods in 2018 were sandwiches, cakes, biscuits and pastries, confectionery, chips and crisps and savoury snacks.
- The top Out of Home drinks in 2018 were coffee, carbonated drinks, tea, water and juice and juice drinks.
- Lunch and snack times are the largest Out of Home occasion in Scotland.
- Most people are motivated by enjoyment and practicality rather than health when eating out.
- Scotland buys around 11% of Out of Home items on promotion, with meal deals and multi-buys being the predominant form of promotion when eating out.
- The most important food categories for children overall are sausage/hot dog meals, chicken meals, ice cream, chips, burger and pizza meals, while the most important drinks are dairy drinks, juice and juice drinks and hot chocolate.
- 9% of Out of Home visits in Scotland are Takeaways, with 69% of people in Scotland buying one in the last year. The proportion of takeaway visits in Scotland is higher, and appears to be growing faster, than in GB as whole.

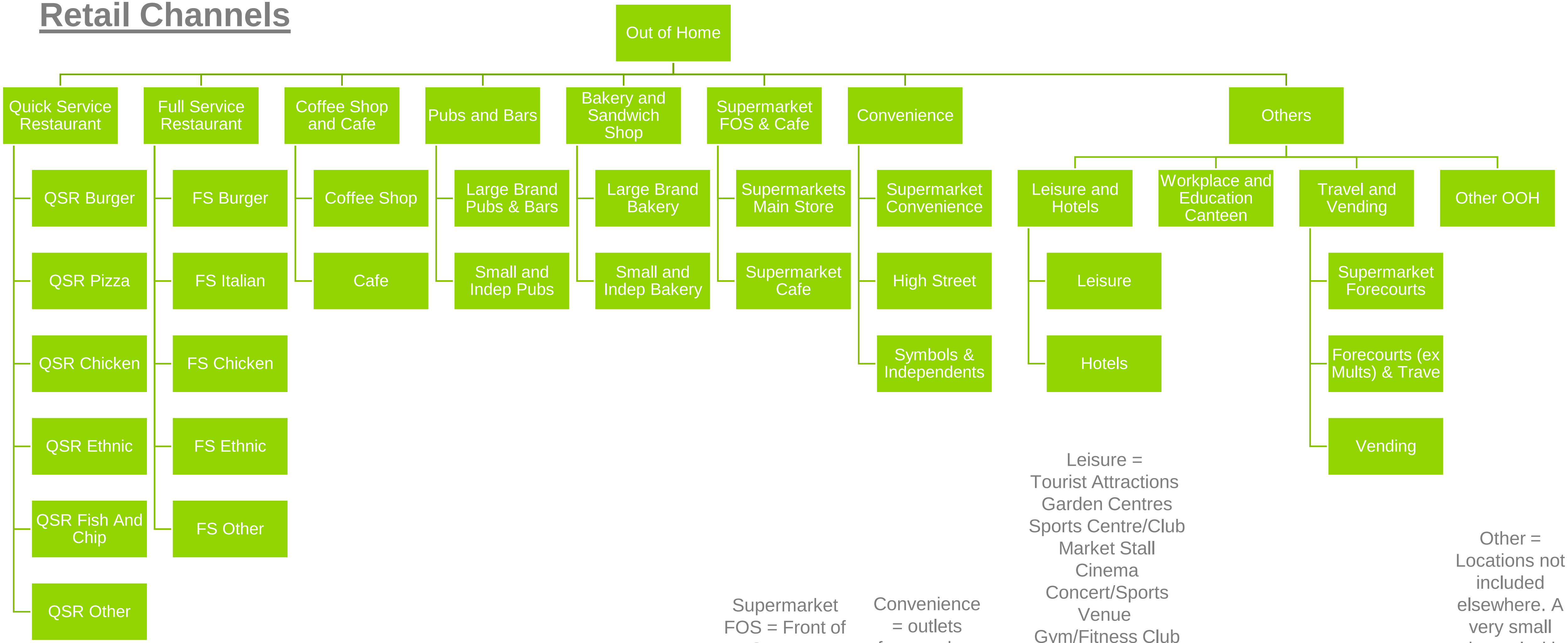
Annexes

How do we build our data?

RAW DATA → WEIGHTING TECHNIQUES → ONGOING CHECKS

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, panelist weights, product weights, all utilising the Kantar Worldpanel experience

Retail Channels



QSR = specialising in fast food

FS = typically with table service

Supermarket FOS = Front of Store eg sandwiches, drinks etc

Convenience = outlets focussed on convenience products eg discretionary categories

Leisure = Tourist Attractions Garden Centres Sports Centre/Club Market Stall Cinema Concert/Sports Venue Gym/Fitness Club Ice Cream Parlour/Van Bowling Alley Shopping Centre Street Food

Other = Locations not included elsewhere. A very small channel with drinks accounting for over half of purchases

Demographics

Total Demographics	*Total Population*
Total Gender	*Gender of Individual Buying*
Male	
Female	
Total Individual Age	*Age of Buyer*
Aged <25	*Aged 13-24*
Aged 25-34	*Aged 25-34*
Aged 35-54	*Aged 35-54*
Aged 55+	*Aged 55-79*
Total Presence of Childen	*Total Presence of Childen in Household of Buyer*
No Children in Household	
Childen Present in Household	
Total Household Size	*Total Household Size of Buyer*
1 Member HHs	
2 Member HHs	
3 Member HHs	
4 Member HHs	
5+ Member HHs	

Total Combined Income	*Total Combined Income of Household*
£0 - £9999 pa	
£10000 - £19999 pa	
£20000 - £29999 pa	
£30000 - £39999 pa	
£40000 - £49999 pa	
£50000 - £59999 pa	
£60000 - £69999 pa	
£70000 +	
Who Bought For	*Who was the end consumer?*
Bought for Child Only	*Consumer was a Child Only*
Bought for Adult Only	*Consumer was an Adult Only*
Bought for Adult and Child	*Consumer was an Adult and Child*

Total Main Shopper Social Class	*The Social Class of the Main Shopper in the Household, assigned based upon the occupation of the Chief Income Earner. Social Grade is the 'common currency' of social classification used by the advertising and market research industries as well as by Kantar Worldpanel.*
Class AB	*• Professionals; very senior managers in business; top-level civil servants. • Middle-management executives in large organisations, with appropriate qualifications. • Principal Officers in local government and the civil service. • Top management or owners of small businesses and educational and service establishments.*
Class C1	*• Junior management, owners of small establishments and all other non-manual workers. • Jobs in this group have very varied responsibilities and educational requirements.*
Class C2	*• Skilled manual workers. • Manual workers with responsibility for other people.*
Class D	*• Semi-skilled and unskilled manual workers, apprentices and trainees of skilled workers.*
Class E	*• Long-term recipients of state benefits. • Unemployed for more than six months (otherwise classify on previous occupation). • Off sick for six months or more (unless they are still being paid by their employer) • Casual workers and those without a regular income. • Intermittent workers in receipt of income support.*

Food Categories

- Out of Home
  - Hot Drinks
    - Coffee
    - Tea
    - Hot Chocolate
    - Other Hot Drinks
  - Cold Drinks
    - Regular
    - Diet

    Carbonates
    Juice & Juice Drinks
    Dairy Drinks
    Water
    Cold Coffee and Tea
    Other Cold Drink
  - Snacks
    - Sweet

      Cakes, Pastry & Biscuits
      Confectionery & Gum
      Fruit & Fruit Pots
      Ice Cream
      Yoghurt
      Other Sweet
    - Savoury

      Crisps, Snacks, Nuts & Popcorn, Dairy, Breadsticks, Crackers, Condiments, Sandwich Fillers & Instant Hot Snacks
  - Quick Meals

    Food to Go meal categories eg sandwiches, salads, sushi,, savoury pastry
    - Sandwiches
    - Salads
    - Savoury Pastry
    - Sushi
    - Other Quick Meals

      Baked Potato, Chips as a Snack, Coup, Egg Meals, Hot Meal Bowls, Cereal and Porridge, Meat Snacks & other Savoury Pastry collected through free-typing in app
  - Main Meals

    Burger Meals
    Fish Meals
    Pizza Meals
    Chicken inc Fried Meals
    Roast Meals
    Breakfast Meals
    Chinese & Thai Meals
    Meat-Centred Meals
    Indian Meals
    Italian Meals
    Steak Meals
    Sausage & Hot Dog Meals
    Vegetarian Meals
    Other eg Mexican, Sides, other Meals collected through free-typing in app

Discretionary Categories – bespoke for FSS

Discretionary Categories

- Regular Soft Drinks
  - Carbonates
  - Juice & Juice Drinks
  - Dairy Drinks
  - Water
  - Cold Coffee and Tea
  - Other Cold Drink
- Confectionery
  - Confectionery ex Gum
- Cake, Pastry & Biscuits
  - Cakes, Pastries & Biscuits (excluding Scones, Pancakes, Teacakes, Unfruited Buns)
- Crisps, Snacks & Popcorn
- Ice Cream
- Other Sweet
  - eg Scone, Shortbread, Gingerbread (typically cakes that are collected through free-typing in app)
- Puddings and Desserts

Promotions, and Delivery Services/Takeaways

Promotions

Kantar Worldpanel collect promotions and vouchers used across all purchases, with panellists flagging a purchase when it includes a multibuy/meal deal, a voucher, or another promotion. This means the measure is defined on consumer perception of them having bought something in a promotion:

Meal Deal – eg sandwich, snack and drink for £3

Multibuy – eg 2 for £3

Voucher – eg 50% off food

Other promotion – eg £1 temporary price reduction

Delivery Services (inc Intermediaries)

Kantar Worldpanel have adapted and improved our takeaway collected methodology over the 3 years of the panel.

Added detail on consumer defined takeaway meals: there are 2 years of detail classifying takeaways as either eaten at home or elsewhere (with over 100 raw buyers every 4 weeks in Scotland, with over 4,500 Scottish takeaway occasions in the last year)

Added detail on intermediaries: on the 2nd July, Kantar Worldpanel will have 20x4we period of detail across 'how ordered' in takeaways, enabling full year sizing (share of OOH value and visits market) and 28we YoY performance

Scotland spends more than last year Out of Home through buying more items on each visit

Total GB is growing slower, at:
+5.6% value growth
The difference in performance comes through items per customer, where GB grows at only +1.7%