



The UK Food Service Sector

August 2015

ten live®

TRENDS & OPPORTUNITIES



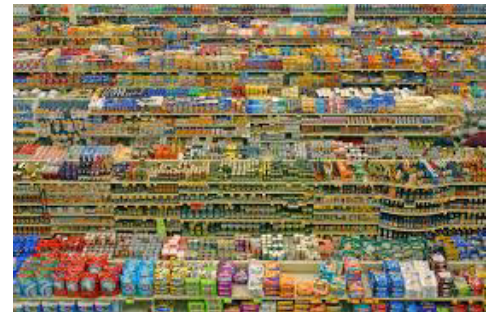
Highlights

- The UK food service sector was valued at **£46.6bn in 2014**
- The UK food service sector is experiencing growth across the UK for the first time in several years, with **growth forecast of between 1.1% and 3.2% for 2015** - largely driven by growth in **hotels, casual dining and quick service operators**, although restaurants remain the dominant channel, driven by a growing coffee culture
- Consumers are becoming increasingly demanding in their food preferences seeking **greater variety and more innovative food choices**. Operators will have to adapt to accommodate those demands and also new dietary requirements e.g. **the UK food service market for gluten-free eating out is worth £100m a year**
- **The eating out landscape is also changing** - consumers are no longer restricting their eating to three meal times a day, preferring to snack when they feel hungry, whatever time of day and wherever they are
- The food service sector is expected to grow by 2.2% 2014-2019 and to be **worth £56.3bn by 2019**
- Food & drink has been Scotland's best performing domestic industry and its fastest growing export over recent years, with **sales of Scottish brands in the UK £14bn in 2015** and a forecast of £16.5bn by 2017
- **Exports of Scottish food & drink** have risen from £3.7bn in 2007 to £5.1bn in 2014
- **In 2014 Scottish food exports topped £1bn for the first time**, a 3.5% rise on 2013, largely driven by overseas sales of fish and seafood, which climbed by £38m to £613m.
- Scotland Food & Drink's **target for food & drink exports is £7.1bn by 2017**

The UK Food & Drink Industry 2015

In 2015 the UK economy continues to pull out of recession with anticipated GDP growth of 2.9%, more than double 2013's growth rate.

Helping drive this growth is the food & drink industry, one of four dominant UK industries (along with IT & telecoms, automotive and retail) – in 2014 the food & drink was the largest manufacturing sector in the UK with a turnover of £76bn, over 8,000 companies and 400,000 staff. More specifically **the food service sector** which is experiencing growth across the UK for the first time in several years, particularly in key growth segments of hotels and convenience food/quick service operators (See Appendix 1 for list of segments in the food service sector)



The UK Food Service Sector – Market Size 2014/2015

The UK food service sector was valued at **£46.6bn in 2014**, with nominal growth of 3.8% (including inflation) and real growth at 2.9% on 2013

Falling unemployment rates and rising real wages in 2015 are expected to increase consumer spending and aid foodservice sector growth, with growth rates between 1.1% and 3.2% forecast;

-NPD is forecasting that the UK foodservice sector will grow by 1.1% in 2015 and 1.5% in 2016, compared to Technomic's forecast of 3.2% growth

Sources <https://www.connector.barclays.co.uk/article/6-sectors-set-for-growth-in-2015/26339>

8 August 2015 <http://www.eventmagazine.co.uk/power-brands-experiential-steps-gear/brands/article/1354975>

<https://www.connector.barclays.co.uk/article/6-sectors-set-for-growth-in-2015/26339>

11 March 2015 <http://www.hrzn.com/files/pepper/tillkruess/downloads/tracker.php?url=http://www.hrzn.com/files/Annual-Briefing-2015.pdf&force&inline>

<https://www.npdgroup.co.uk/wps/portal/npd/uk/news/press-releases/npd-group-releases-its-first-ever-complete-forecast-for-the-british-foodservice-market/>

https://www.technomic.com/Pressroom/Releases/dynRelease_Detail.php?rUID=343

<https://www.gov.uk/government/publications/food-and-drink-in-the-uk-investment-opportunities/food-and-drink-in-the-uk-investment-opportunities>





UK Food Service Sector & Consumer Behaviour Trends 2015

1. **Alternative Diet Focus:** Allergen labelling requirements will fuel significant changes at restaurants, by compelling operators to be more transparent about the ingredients they use. There will be an increase in gluten-free, peanut-free and dairy-free options on menus, as well as more attention to vegan/vegetarian/faith-based diets (**the food service market for gluten-free eating out is worth £100m a year to the UK**)



2. **Regional British Cuisine focus:** Pride in regional cuisines is influencing restaurants across Great Britain. Operators are rediscovering rustic preparations and classic dishes of their area, showcasing local flavours and ingredients on menus

3. **Bolder & innovative flavours:** Today's consumers are choosing more flavourful and innovative options on menus. Consumers want more choice and diversity and are much more willing to try something new;

"A new era of premiumised informality driven by food pleasure seekers"

"Consumers are now seeking a broader value proposition not just linked to price.

They are seeking real, immersive, artisanal and engaging concepts."

The New, More Demanding Food Service Consumer - Consumers' constant demand for innovation is resulting in some unexpected changes to restaurant operations and menus. Operators will need to embrace new dishes and new trends in order to keep up with their competitors

4. **Customer satisfaction:** operators working to make consumers feel more involved and appreciated than ever before, with increasing use of social media to obtain feedback

5. Thanks to a brighter economy and greater spending power **consumers are looking to treat themselves** and their kids. When consumers go out to eat, they want a 'full experience' and the sense of a 'social or family occasion'

6. **Change in eating times & habits:** The eating out landscape has changed and is changing - consumers are no longer restricting their eating to three meal times a day, preferring to **snack when they feel hungry, whatever time of day and wherever they are** – whether it's at work, shopping mall, cinema, leisure centre, train station or on a motorway



Sources

<http://www.ibs-systems.co.uk/professionals-voice/five-uk-foodservice-trends-for-2015-by-darren-tristano/>
<http://www.bfff.co.uk/wp-content/uploads/2014/06/Allegra-Foodservice-BFFF-Future-Foodservice-trends-June-2014.pdf>
<http://www.hospitalityandcateringnews.com/2015/03/npd-group-predicts-6-star-players-growing-uk-foodservice-market/>
 23 June 2015 <http://www.producebusinessuk.com/opinion/fresh-opinions/2015/06/23/the-new-more-demanding-foodservice-customer#sthash.gdeQNNez.dpuf>
<http://www.bighospitality.co.uk/Features/Gluten-Free/Why-you-should-put-gluten-free-dishes-on-your-menu>



The UK Food Service Sector – Growth By Segment 2014/2015

In 2015 margins were improving, giving operators money to invest, evident in a number of businesses changing hands, rebranding or expanding

The use of discounting and money-off vouchers has levelled off, with operators using them much more tactically to support particular events or special occasions



- Driven by a growing coffee culture, restaurants will remain the dominant channel

UK Food Service Sector Segment	2014 Growth	2015 Growth Forecast
Full service restaurants	2.9%	3.4%
Quick service restaurants	3.4%	3.7%
Pubs	2%	2.1%
Travel & Leisure	5.2%	5.5%
Healthcare	1%	1.1%
Education	2.1%	2.2%
Workplace	1.4%	1.7%

- A key growth segment in 2015 will be travel and leisure (hotels) which is the result of ongoing improvements in the hotel/lodging sector and greater inbound tourism
- In addition to hotels and coffee operators, NPD Group are predicting 4 other ‘star’ players in the growing UK foodservice sector in 2015
 1. Hotels
 2. Quick-service operators serving coffee
 3. Casual dining - With UK consumers ever more willing to eat out, whether it’s for breakfast, brunch, lunch, dinner or a snack in between, there has been a rise in the frequency, spend and penetration of eating out, with particular growth in fast casual dining and the managed pub sector . This has been driven by those on higher incomes (ABC1s) and has varied from region to region with the North and East showing the highest levels of growth, with 25-34-year-olds being the age group most likely to eat out (80%)
 4. Quick-service operators serving chicken
 5. Quick-service operators serving pizza/ Italian
 6. Quick-service operators serving burgers
- With the recovering economic condition in the UK the number of primary and secondary school students will grow, contributing to **Education** channel foodservice sales

Sources

https://www.technomic/Pressroom/Releases/dynRelease_Detail.php?UID=343
<http://www.producebusinessuk.com/opinion/fresh-opinions/2015/06/23/the-new-more-demanding-foodservice-customer#sthash.gdeQNez.dpuf>



The UK Food Service Sector – Growth Beyond 2015

The sector is expected to experience growth of 2.2% during 2014-2019

The sector is forecast to be worth **£56.3bn by 2019**, growing at a higher level than seen before the economic downturn - more robust levels of consumer consumption have been prompted by the fact people are now less exposed to high levels of borrowing, are more certain of their jobs, and are buoyed by low inflation



The UK Food Service Sector - Segments – Forecast Growth Rates 2017

Market segment	Branded emerging fast food	Street food & mobile vans	Coffee shops	Fine dining	Branded pubs & bars	Airports	Convenience stores	Sandwich bars	Branded restaurants
% CAGR 2014-2017F	14%	11%	7.7%	7.6%	7.2%	7.1%	6.8%	5.9%	5.9%
Rank 2014	1	2	3	4	5	6	7	=9	=9

³Sources
http://www.researchandmarkets.com/research/tvwtnnd/uk_foodservice
<http://www.businesswire.com/news/home/20150623005963/en/Research-Markets-Future-Foodservice-United-Kingdom-2019#.VYmA6vViko>
<https://www.npdgroup.co.uk/wps/portal/npd/uk/news/press-releases/npd-group-releases-its-first-ever-complete-forecast-for-the-british-foodservice-market/>
<https://www.connector.barclays.co.uk/article/6-sectors-set-for-growth-in-2015/26339>
<http://bfff.co.uk/wp-content/uploads/2014/06/Allegra-Foodservice-BFFF-Future-Foodservice-trends-June-2014.pdf>



The Food & Drink Industry Scotland

Food and drink has been Scotland's best performing domestic sector and its fastest growing export over recent years, with 2015 designated as the Year of Food and Drink in Scotland

Sales of Scottish brands in the UK have risen 35% since 2007 and were worth £14bn in 2015

Scotland has developed an internationally recognised culture of collaboration with industry body Scotland Food & Drink now bringing companies, trade associations and government together around a single strategy and action plan, a strategy which is on track to take an industry worth £10bn in 2007 to £16.5bn by 2017



Exports of Scottish Food & Drink

Exports of Scottish food & drink have risen from £3.7bn in 2007 to £5.1bn in 2014

In 2014 food exports topped £1bn for the first time, a 3.5% rise on 2013, largely driven by overseas sales of fish and seafood, which climbed by £38m to £613m.

Scotland Food & Drink's target for exports is £7.1bn by 2017

Top Export Markets For Scottish Food & Drink

1. **The U.S.**- the top international destination for Scottish food and drink for the past few years , with exports worth £800m in 2014
2. **France: quality food service products**, with exports of £734m in 2014.
3. **Spain** has made it into Scotland's top three export destinations for food and drink, with exports valued at £247m in 2014
4. **Germany** -exports worth £208m
5. **Singapore** -exports of £202m

Scottish Food Export Markets

- Europe remain Scotland's biggest food export market, with ambitions to expand across **North America, the Middle East and Asia**
- Food exports to **China** soared by 82% to £46m, with the figures largely driven by sales of fish and seafood.
- Food exports to the wider Asia and **Oceania** region were up 31% to £113m in 2014



Export Opportunities - Scottish Food & Drink 2015

- Premium food service products
- Dairy (China)
- Seafood (China)
- Craft beer (USA)
- Healthy but indulgent foods (SE Asia), targeting young consumers, with high per capita spending, a well-developed dining-out culture

Sources

<http://www.bbc.co.uk/news/uk-scotland-scotland-business-32900164>

<http://www.scotlandfoodanddrink.org/news/article-info/6078/review-to-identify-next-phase-of-food-and-drink-sector-success.aspx>

<http://www.scottish-enterprise.com/knowledge%20hub/articles/insight/export%20plan%20for%20scotland%20food%20and%20drink%20industry?anchor=q=food%20and%20drink>

27 May 2015 <http://www.scottish-enterprise.com/knowledge%20hub/articles/insight/food%20drink%20export%20results%202015?anchor=q=food%20and%20drink>



Appendix 1 - The UK Food Service Sector– Key Segments

Hotels & other tourist accomodation	Leisure attractions (theme parks, museums, galleries, cinemas, theatres)
Restaurants	Motorway service stations
Popular catering (cafes/roadside restaurants/ coffee shops)	Industrial catering (in-house catering/ food service contracts)
Fast food/takeaways	Welfare catering
Retail stores	Licensed trade (public houses, wine bars, licenced clubs, member clubs)
Banqueting/conferencing/exhibitions	Transport catering (incl. railways, airlines, marine)
Outdoor catering (or off-premises catering or event catering)	

Source: <http://www.slideshare.net/CarminaSuddenMercy/the-foodservice-industry>



Ten Live: Global Customer Centric Solutions

Programs created and continuously improved to deliver our service to assist you in meeting your business objectives:

- **Ten Live : INSIDE©**
- **Ten Live : ENGAGE©**
- **Ten Live : DELIVER©**
- **Ten Live : MAINTAIN©**

Customer Centric Services to choose from, either full 360° or individual services from:

Global Resource Management

- ❖ **Ten Live : ENGAGE©**
- ❖ Attract and Engage skilled PEOPLE to achieve business goals
- ❖ Attract and maintain availability of Flexible Contract Staff to either retain consistently on long term assignments or manage their availability for peaks when you need them, hiring and off hiring when relevant
- ❖ Bulk Payroll and Invoicing both Contract and Internal Staff
- ❖ Advertising & Response Handling
- ❖ Training, Inducting and Coaching
- ❖ Staff Retention
- ❖ Legal Services
- ❖ Accountancy Services

Technology Services

- ❖ **Ten Live : DELIVER©**
- ❖ Identify the most up to date technology to cost effectively overcome your challenges to meet and exceed your business objectives
- ❖ Install technology by our highly skilled operations teams
- ❖ Train your staff to use the technology effectively
- ❖ Project Management of the installation operation
- ❖ **Ten Live : Maintain©**
- ❖ Product Maintenance by highly skilled operations teams

Consultancy & Project Management

- ❖ **Ten Live : INSIDE©**
- ❖ **Work Internally with Customers to identify key areas where we can provide solutions and support**
- ❖ **Project Management**
- ❖ People / Employee Engagement Consultancy
- ❖ Business Strategy Management Consultancy
- ❖ Continuous Improvement Certification, Compliance and Auditing Services
- ❖ ISO, Six Sigma, TPM
- ❖ Training
- ❖ Risk Assessment
- ❖ QHSE Consultancy

Your Food & Drink Industry Resourcing Contacts

Martin Bell – Resource Manager

- Highly- experienced, all-round resource manager providing permanent & contract solutions with Senior Executives and Operational Support
- A management & development specialist in the Manufacturing, Hospitality, Technical, IT, Finance sectors. Global focus with specialist Europe & Asia Pacific experience
- Martin is Founder member and Bass player of Big Vern 'n' The Shootahs as well as playing with Jimmy & Lee from Scottish legends Nazareth in rock trio BAM, enjoying global success in the Music Industry
- **Contact details: Mob 07736296815 or email martin@tenlivegroup.com**



Joanne Telfer – Director

- Strategic partnerships, QMS and business development specialist
- Over 20 years' industry experience
- Passionate about understanding clients' business challenges and providing the most innovative, added-value resourcing solutions
- Specialist markets UK, Europe, Middle East, Africa, USA including South America markets
- **Contact details: Mob 07547761779 or email joanne@tenlivegroup.com**



About Ten Live

- Who We Are: Not your average recruitment company
- Put simply, providing THE very best service to our customers is our passion
- We work in strategic partnership with you to help you develop your business by providing added-value resourcing solutions and by attracting the right talent to help you achieve your goals
- One of the most highly-experienced, skilled and well-respected recruitment teams in the country - not only in the food & drink resourcing, but also across key support services such as project management, payroll and finance.
- 100% excellence in external Legal & Compliance, Client Services & Processes in 2013 & 2014 audits
- Our food & drink resourcing team really do know their stuff. They understand the tough challenges that you face in attracting and retaining top talent and the resource shortages that exist in key skills sets
- Leading-edge industry resourcing practices and technology
- Our food & drink resourcing team can source candidates for any technical role, whether highly-specialised, in-demand, skilled or unskilled
- Our food & drink resourcing team team will go beyond the norm to get the right people for your business

<http://www.tenlivegroup.com>

United Kingdom: 0044 1236 702007

South America: 0044 7547 761779

Middle East, Asia & Africa: 0044 7547 761779

Australia & Pacific: 0044 7547 761780

Telephone: 0044 1236 702007

Email: marketing@tenlivegroup.com