Eating Out – Today and Tomorrow

THE KEY INSIGHTS AND TRENDS SHAPING THE UK EATING-OUT MARKET
It is my great pleasure to introduce this Sacla’ Professionale report, Eating Out - Today and Tomorrow.

We have always been a pioneering business, with one eye firmly on the future, and so are delighted to have had the opportunity to collaborate with the team at Trajectory, to produce this in-depth study exploring the trends shaping foodservice and eating-out in the UK today – and tomorrow.

The businesses and companies driving the dynamic, out-of-home food market face opportunity and threat in equal measure. Following an eating-out revolution over the past 15 years, and in the wake of recession, the market continues to experience sustained growth. Yet it has never been more competitive, as entrepreneurs and start-ups vie with the more established players and corporates, to meet the seemingly endless appetite of the British public to try new eating-out formats and experiences.

As a partner to these companies, we believe that it is an absolutely central part of our role that we join, and help inform, the debate on the key trends, opportunities and challenges that will shape the market’s future. We see it as our responsibility to contribute to the market’s understanding of its customers, and to help operating companies meet the constant requirement for on-going and up-to-date research and insight, in what is an ever-changing and dynamic consumer environment.

This report is not about hard market data or output numbers, such as revenues, or transactional figures from restaurants, pubs or cafes. It is based on in-depth interviews with 2,000 consumers, exploring when, where, how and why people go out to eat. The report creates some valuable signposts for the future of the market, as well as shining a light on new and emerging behaviours. It also explores the increasingly fluid, flexible and informal nature of eating-out occasions, something that Trajectory have identified as a product of a major trend of our modern sophisticated world, which they have termed the deregulation of life. Paul Flatters from Trajectory explains this trend in more detail in his introduction on page 6.

Aside from the main body of the report, we are grateful for independent thoughts from some of the eating-out market’s leading business figures – Tim Martin, Steve Richards, Kate Nicholls, Barry Vera and Peter Martin. Their contributions, which address this report and the wider eating-out market, start on page 54. As far as we, we have a long and proud track record of supporting and partnering with hospitality businesses and companies around the world. In the UK, Sacla’ is probably best known in the grocery channel for our category-leading Pesto sauces. However, we are passionately committed to sharing more of our unique, authentic and versatile Italian products from our Italian home in Piemonte with more UK chefs, commercial kitchens and eating-out venues. There is more information about us and the end of this report too.

For now, we truly hope you enjoy the read, and that the insights and findings inform debate and decision-making within your business.
WE WILL NOW EAT ANY TIME ANY PLACE

- 48% of workers have fixed/predefined hours
- 37% expect to be out to eat a sit down breakfast in coming years
- 40% expect to be out for a sit down dinner in the coming years
- 35% of all workers have fixed or pre-defined hours

THE UK HAS A COSMOPOLITAN PALATE

- 30% of all adults describe themselves as passionate about food and drink
- 31% of all adults describe themselves as totally adventurous in terms of cuisine

WE STILL LIVE IN DISCOUNT BRITAIN

- 25% of all adults describe themselves as being adventurous in terms of cuisine
- 35% of all workers have fixed or pre-defined hours

THE UK IS A FOODIE NATION

- 66% of all adults describe themselves as being adventurous in terms of cuisine
- 60% of all adults describe themselves as being adventurous in terms of cuisine

CONSUMERS ARE MERCURIAL - AND SPOILT FOR CHOICE

- 31% want a fast experience
- 31% want a slow experience
- 26% prefer a unique destination
- 31% are not happy with a meal out with their partner or family

THE POST-RECESSION GLASS IS BOTH HALF-FULL AND HALF-HALF

- 18% of workers have a meal out with their partner or family
- 18% are saving money
- 22% have less disposable income
- 23% are not spending more

TIME IS PRECIOUS

- 71% of adults are frustrated by having to queue or wait
- 39% of all adults are frustrated by having to queue or wait

FAMILIES CAN MEAN FORTUNES

- 66% of all adults estimate that £1000 or more
- 41% say recent system reviews are an important feature of restaurant apps

FINDING APP-INESS

- 32% of all generation Y say they would prefer a tech free environment
- 37% of all adults say that automated payments would be an important feature

THE STRENGTH OF THE OCCASION

- 19% of all adults mention the strength of the occasion
- 18% are having fewer drinks

SERVICING THE SILVERS

- 30% of all generation Y are having fewer drinks
- 33% are having more drinks

EATING OUT - TODAY AND TOMORROW

- 40% of all adults are eating out more often
- 36% of all adults are eating out more often

HOW MUCH PAYING WITH A MEAL OUT WITH THEIR PARTNER OR FAMILY

- 18% say they will eat out to a cinema or theatre
- 18% say they will go to a sporting event
The second feature of deregulation, as we see it, is the flexibility and freedom surrounding places and spaces. Thhinking again about work, it is clear that mobile connectivity is accelerating greater flexibility and fluidity in working practices, whether emailing on the daily commute or conducting a work meeting in a coffee shop. We also have the ability to shop from the office, watch TV in the park, or book tickets from the bus or post a review of a restaurant – from the restaurant.

The third essential feature of deregulation is the rise of individualism and the declining relevance of the social norms that defined our society for generations. Today people are free to make their own decisions as to how and where to spend their time, money and energy. In fact our consumer choices play a key role in contemporary identity. As such we are significantly more demanding as consumers, increasingly expecting service delivered on our individual terms, making personalisation ever more important.

The fourth and final element of deregulation is the growth of mobile technologies. As it seeps into every facet of modern life, the smartphone is quite simply turbo-charging the deregulation of life. From the first UK mobile voice call in 1985 the transformative effect of mobile lies in the fact that it allows us to overlay communications (and today many other behaviours) across any activity, time or place.

Overall however, the deregulation of life is underpinned by long-term improvements in the general standard of living, the shift to service sector employment, the development of a consumer culture, and the growing importance that consumers place on experiences and experience-led activities, or, as it has been dubbed, the emergence of the experience economy. This is an important point to note as these positive long term developments are often overlooked in light of recent recessionary experiences. Ultimately deregulation demands that foodservice operators consider how they could or should offer the flexibility and choice to match today’s deregulated lifestyles.

Looking forward, this trend, to ever changing and higher expectations, looks set to continue. For example, as we argue in the report, tomorrow’s consumers are likely to demand both an optimum blend of authenticity (perhaps through the food) and technology (perhaps around the occasion logistics of identifying, booking, finding a restaurant, then paying the bill) in their eating-out experience.

This report is based on exclusive primary consumer research, providing a fresh perspective on UK consumer attitudes, behaviours and expectations. The primary research has been complemented by a wide-ranging review of existing literature and other third-party research, ensuring we are aware of the latest thinking. Put together, this combination serves to ensure a stimulating take on the trends impacting on the market today – and tomorrow.

We hope you enjoy the report and that it provokes a lively and constructive debate in your company about the key strategic issues that will shape the future of this dynamic market.
The four elements of the so-called deregulation of life are time, place, individualism and mobile technologies. Changes to working life, as well as working routines and level of day-to-day predictability, are pivotal to understanding the trend and its implications.

Less than half (48%) of our working respondents described their working hours as regular, routine and predictable, a figure that falls to 44% for London workers. More than half the working population have jobs that encompass a spectrum of unpredictability, with C2DE respondents most likely to work the most unpredictable hours.

A key audience for operators to consider in this context is the self-employed, among whom only one in five describe their working hours as regular, routine and predictable. This is the audience that spends the most on eating out, especially on lunch. Self-employment is also the fastest growing sector of the employment market, suggesting that they are an audience worthy perhaps of special consideration when operators plan local store marketing initiatives. What are the opportunities to meet the needs of this distinct group? How big is the local self-employed market?

Overall, unpredictability is an important feature (and driver) of the deregulation of life, and one that suggests further opportunities for eating-out players, given the inevitable impact on household routines and forward planning. It is consistent with the growth of local (convenience) top-up grocery shopping, greater snacking and more meals purchased out of the home, and outside of traditional meal times.
While there are, of course, significant downsides to this level of day-to-day unpredictability, it is also directly related to a mobile-enabled culture of spontaneous socialising, discovery and impulse purchasing. Some powerful socio-economic drivers are converging with technological innovations to create new, if mercurial, social opportunities for hospitality operators. These dynamics are closely related to the emergence of the ‘on demand’ economy, exemplified by services such as Uber, Airbnb, Deliveroo and TaskRabbit.

We can see a clear foodservice market opportunity during weekday mornings, with workers, parents and children making coffee, breakfast and lunch purchases. Beyond breakfast, we can also see that almost one in five of all adults reports regularly skipping lunch, a figure that rises to a quarter of both the self-employed and London respondents. When asked about future expectations, three in ten respondents anticipated skipping lunch in the future. While this often reflects the pressures of working culture, it is widely understood to be an unhealthy practice. To try to counter this, we see in some of the most successful and sophisticated modern businesses the return of communal lunchtime dining, most famously introduced by Google across its international offices, but increasingly introduced by smaller businesses too. There are opportunities here that foodservice operators are tapping into, whether to provide the catering (as not all businesses can run a canteen on the scale that Google does) or the venue or both. It may be relevant that it is the new generation of digital businesses in the vanguard of this practice: they may be trying to recreate the communal experience of the old-style canteen in an individualised, screen-based culture, harking back to a more regulated era. But whether it is in a canteen or, more likely, at their desk, three quarters of respondents in full-time employment said that their weekday lunch was eaten at work, against just one in 14 who went out to eat, with one in five eating lunch at home.

The deregulation of life is also reflected in the number of people who are now eating outside the traditional mealtime windows. A quarter of respondents said they were eating mid-morning during the week, as many were eating in the afternoon and one in seven at night. It reflects the new rhythm of weekdays for many.

The importance for foodservice operators in terms of their opening hours seems self-explanatory, but, of course, it requires an analysis of local market dynamics and audiences to evaluate the full potential of supplying a service outside ‘normal’ times.

What impact does the deregulation of life have on our daily diet? One effect appears to be that, without fixed mealtimes, people tend to skip some meals during the week. More than 30% of all respondents report regularly skipping breakfast, rising to 40% of 18 to 24-year-olds.

This is complemented by the proportion of people who stop to purchase breakfast or coffee in the morning. A behaviour that is notably pronounced in London, but also extends to families on the school run stopping to pick up breakfast and/or lunch on the way to school and dinner on the return. A practice increasingly seen as routine in London or a treat elsewhere.

Both elements should be of interest to foodservice operators: family breakfasts in the morning and family meals in the middle of the afternoon. The potential does of course depend on the dynamics of individual local markets.

The fluidity of displaced, or deregulated, eating is shown by how the 23% who said they ate in the afternoon described their meal: a quarter said they were having a late lunch, a third said it was afternoon tea, another quarter labelled the meal an early dinner, and the rest, again, said they were snacking. For comparison, of those 24% of respondents eating mid-morning, 4% called it late breakfast, 33% said it was brunch, and 8% described it as early lunch, with the rest, again, saying they were snacking. Most importantly for foodservice operators the afternoon market sees a far greater propensity for eating away from home, however when we choose to describe our afternoon fuel we are almost twice as likely to be refueling away from home on a weekday afternoon compared to a weekday mid-morning, a gap that only widens over the weekend.
Of course, these patterns are more pronounced at the weekend, with a greater variety in daily routines and a greater proportion of meals away from the home and involving friends, not to mention family meals away from home. Three in every ten respondents reported that family meals out were a weekly activity.

We also asked respondents to think back to when they last went out for a meal. This provides further confirmation of the importance of the whole day-market for foodservice operators in the UK.

The most significant opportunity outside traditional meal times for eating-out operators to expand appears to be among the afternoon audience. For those of a certain age, this time slot (3pm to 6pm) has a certain resonance in terms of a classic example of the ‘regulation of life’ – the hours when pubs once shut in the afternoons, under a law that lasted from the First World War to 1988.

The deregulation of life does not mean that life is more relaxed, quite the opposite, in fact. Meals may be taken at different times than in the past, there may be no set time for the ‘lunch hour’, but the amount of time that people are willing to set aside for different meals, an issue that is exercising the minds of many operators today, still seems to be much the same as it always was.

For breakfast, seven out of ten of our respondents claim to be willing to set aside up to 30 minutes, while at lunch most people will not set aside more than one hour maximum – the limits of deregulation revealed, perhaps. Many would not give themselves even that amount of time. Almost a quarter of all adults aged 18-44 would only be willing (or perhaps able?) to set aside up to 30 minutes for lunch. Londoners are marginally more likely to say they are only willing to allow up to 30 minutes, but significantly less likely to allow between 30 and 59 minutes. Dinner is the meal over which people are most prepared to take their time and enjoy the experience, with six out of ten willing to allow between one and two hours.

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Today, food and drink are at the heart of consumer culture, as well as being central to many broader social and political debates. There are rising, and varied, expectations from consumers in the food and drink arena, along with regulatory pressures, and demands from politicians, the government and the EU.

We mention these broader debates insofar as they are among the drivers of increased consumer interest to food and drink. While politicians are typically interested in greater regulation, the recent food safety scandals, such as horsemeat being found in the food chain, have combined with concerns over obesity and the agenda on health and well-being to place a premium for many people today on information, understanding, and positive, informed choices.

Adding to this overall interest in food and drink is the increasing range of food intolerances and allergies reported by consumers, with nut allergy, gluten intolerance and coeliac disease, for example, helping to drive demand for allergen-free diets. For operators, there is a need to respond to this dimension of the market, not least in the wake of EU-wide legislation requiring all operators to disclose allergens, a law that came into force at the end of 2014. For consumers it places a premium on transparency around processes and ingredients.

The importance of the eating out market to contemporary culture cannot be adequately captured by simple reference to the amounts of time and money dedicated to dining. Decisions around the sourcing, purchasing and consumption of food and drink tell us a huge amount about individuals and households, but they also speak to the wider social and cultural backdrop.

Today, for example, we are seeing signs that the supermarkets’ dominance of the UK grocery market, unparalleled internationally, is under pressure from new formats, new and invigorated competitors, and new consumer attitudes. While the media has largely focused on the rapid growth of the hard discounters in the recessionary context, such as Aldi and Lidl, we believe that the underlying consumer trends are at least as important to the future health of both the grocery sector and eating out.

These trends have been playing out in the out-of-home market for some time, with one crucial contrast: rather than the polarisation discussed in grocery retailing, we are seeing a flattening out, or clustering, of the age of digital and, increasingly, mobile connectivity is the perfect platform for the ‘experience economy’. This is where we are buying experiences such as an evening at a concert or a trip to a restaurant, the meal you just enjoyed is sharing the experience in just the same way as listening to a music track on Spotify, certainly has parallels with the music industry, and putting a photograph on Facebook of the restaurant – a correspondence summed up in the famous comment from the American chef Justin Warner in the New York Times in 2012 that ‘food is the new rock and roll’. The status of celebrity chefs in popular culture has parallels with the way that people regard their relationship with music as part of who they are – a correspondence summed up in the famous comment from the American chef Justin Warner in the New York Times in 2012 that ‘food is the new rock and roll’. The status of celebrity chefs in popular culture certainly has parallels with the music industry, and putting a photograph on Facebook of the restaurant meal you just enjoyed is sharing the experience in just the same way as listening to a music track on Spotify, then posting it on Facebook.

The age of digital and, increasingly, mobile connectivity is the perfect platform for the ‘experience economy’. This is where we are buying experiences such as an evening at a concert or a trip to a restaurant, which can be shared through words, photography, video and, of course, recommendations, in a far more interesting and personal way than can be the case for our material possessions.

Achieving social cachet through these experiences depends on other people placing value on your knowledge of a subject. To test this, we asked our respondents to evaluate the extent to which they thought they were someone that their friends, family or colleagues would turn to for advice or recommendations in regards to eating out.

The eating out market is also perfectly positioned to exploit today’s relative shift in consumer priorities away from material goods and toward enriched experiences, dubbed the so-called ‘experience economy’. This shift in priorities helps explain the levelling of the sector. People have never before placed so much social importance on food knowledge and their eating repertoire and experiences. We now place greater value on the quality and variety of our experiences than on the price we paid, and it is the experiences we buy, rather than the goods we own, that are used increasingly as a means of personal identity, providing sought-after social cachet or currency.

The importance of social currency is highlighted when we ask people about their self-perceptions. In our primary research, we asked respondents to rate their relationship with food and drink on a scale from purely functional to passionately interested and their degree of adventurousness on a scale from not at all (stick to what I know) to totally adventurous (love to try new things).

Today, food and drink are at the heart of consumer culture, as well as being central to many broader social and political debates. There are rising, and varied, expectations from consumers in the food and drink arena, along with regulatory pressures, and demands from politicians, the government and the EU.
The results are instructive, with almost half of all adults identifying themselves as influential, and a core of 10% who believe they are definitely the sort of person that other people turn to for advice. The age cohort who most likely agree with the statement that people turn to them for advice about where to go out to eat are the 25 to 34-year-olds, where six out of ten say others ask them for recommendations.

While it is important to note how the specific trends play out with different audiences, the significant point is just how widespread these trends are. More than two out of five of those aged 65-plus say they are sought out for recommendations, and three out of five of the 65-plus age group regard themselves as totally adventurous. These are findings operators, in an ageing society, need to take note of: the over-65s are more influential, and more adventurous, than might have been expected.

We will return to the importance of digital communications, mobile applications and word-of-mouth recommendations later in this report – see the Technology chapter.

CHART 7: To what extent would you say you are the sort of person who people turn to for advice and/or recommendations about where to go out to eat?

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LEARNINGS FOR THE FUTURE

FOODIE NATION food is so central to today’s culture that only 10% admit they are not passionate

MERCURIAL CONSUMERS moving seamlessly between cuisines, price points, format and time of day

UBIQUITOUS CRITICS AND SOCIAL SHARERS one in two consumers give recommendations to their peers

BRIDGE THE GAP events and experiences to bridge the gap between in-home cooking and eating out

MARKET DYNAMICS
While this report is not intended to provide granular analysis of the size, structure and value of the food service sector (there are many firms that do this very well, such as CGA Peach, Horizons and Kantar) it is useful to run the rule across some clear and comparable reference points from our primary consumer research.

The first point is that the overall value of the foodservice market, based on self-reported weekly spend estimates from our respondents, is almost £89bn a year, including £14bn on snacks and treats, against almost £194bn on groceries. That makes a total of £283bn spent by consumers each year on food and drink, of which almost a third goes to the out-of-home market, such as pubs, restaurants and cafes.

Another key question is the frequency of eating out: how often people do, and which groups eat out the most.

Almost a third of respondents say they eat out at least once a week. An even higher number of Londoners (44%), the self-employed (45%) and 18 to 34-year-olds (41%) eat out at least once a week.

18% of respondents eat out more than once a week. 28% of people are eating out more than before — exactly the same number as those who say they are eating out less than before.

While 31% of all respondents report eating out at least weekly on average, there are significant variations among particular audiences, with the self-employed (45%), Londoners (44%), 18 to 34-year-olds (41%) and full-time employees (38%) significantly above the national average. Nor are the older generation that far behind the average, with 29% of respondents aged 65-plus reporting they go out to eat at least once a week.

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Other research has shown that UK consumers are going out to eat more frequently today, but intend to spend less money on each occasion. While our research does not allow us to explore that more fully, we are able to show typical expenditure on different meals by different audiences.

Note that the differentiation between dinner and supper was at the respondent’s discretion. This was designed to reflect our deregulation of life theme, and specifically the declining relevance of social conventions, from the days when ‘dinner’ and ‘supper’ might mean the same meal or very different meals, depending on what social class you were from. The figures below clearly suggest that for our respondents today, supper is a late snack rather than a formal meal.

The latter point is reflected in the one in six who report having last eaten out either today (the day of the survey) or yesterday — extending to the more than half who report having last eaten out in the previous seven days.

The difference between the recency and average frequency figures highlights the range of variables that can affect the market, including the weather, of course, but also the potential for operators to attract additional business with the right proposition or promotion.

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We can also see what proportion of the population are going out more or less often than in recent years, and so evaluate consumer sentiment, in this post-recessionary climate.

Here we can clearly see how finely balanced the UK economic recovery is, with equal numbers reporting that they have increased or reduced their frequency of eating out, while almost half report no change, reflecting the varied experience of the recession across the UK.

When we look at the broad regional data we see no significant difference in these figures with the exception of London, where those reporting that they are eating out more often than in recent years is a full five percentage points higher than the national average, at 33%.

Beyond the regional picture there are highs and lows across different demographic groups, with the most significant figures being that almost half of 18 to 24-year-olds and two out of five 18 to 34-year-olds report eating out more frequently now than in recent years.

There can be little doubt that eating out is now well established as a core social activity among young people in the UK today, with almost two thirds (64%) reporting that they last ate out in the previous seven days, against the two in five (41%) who say they eat out at least weekly on average.

Beyond the bald facts of a claimed increase or decrease in eating out, and given our core interest in time-use and the deregulation of life, we were interested in capturing any changing behaviours, especially around different meal times. We asked our respondents to highlight which meals they were going out more often for, which meals they went out less often for, and which meals they had just started going out for.

33% of consumers in London say they are eating out more often than in recent years, which is a full five percentage points higher than the national average.

Again we can see a divided picture nationally, with significant, similar numbers of people both increasing and decreasing their frequency of eating different meals away from home. Arguably the most important point to note, however, is the high proportion of people who have not yet been out for particular meals, indicating the potential for future growth.

For example, despite burgeoning industry interest in the breakfast market, fully two thirds of our respondents reported never having gone out for breakfast, against fewer than one in ten who said the same of dinner.

While we will take a closer look at the future trends affecting the sector at the end of the report, the high numbers of young people saying that they have just started eating particular meals out should again provide encouragement for foodservice operators.

We opened the chapter by calculating the total value of the food and drink market, based on self-reported weekly spending estimates from our respondents. The next chart details that breakdown and shows how out-of-home foodservice expenditure compares to grocery purchases.
As we have seen in this chapter, there are significant and interesting variations when we look at average spends across the eating out sector by different age cohorts. We are able to complement that analysis by looking at expenditure by working status.

The figures for the self-employed are the standout feature, and clearly suggest that this growing market sector is of particular importance to foodservice operators. We will return to this theme later in the report.

Source: Sacla’ Eating Out - Today and Tomorrow Consumer Survey (Base: 2034)

CHART 14: All respondents - self-reported weekly expenditure estimates by sub-category

CHART 15: All respondents by work status - self-reported weekly estimated spend by type

LEARNINGS FOR THE FUTURE

MULTI-SPEED MARKET equal numbers of consumers eating out more and eating out less
TEASE, TEMPT AND UPSELL close the gaps between recency and frequency and volume and value
ENTREPRENEURIAL FLAVOUR growth in self-employment creates new opportunities in the lunch market
CELEBRATE SNACKING significant weekly spend, opportunity for new offers, combinations and formats

ADVENTURE, CUISINE AND DIVERSITY
adventurousness is reflected in terms of preferences for national cuisines. Encapsulated by that striking French appellation, les rosbifs, it is interesting to see how today's self-declared Given that the British are often lampooned as being particularly conservative in their food tastes, With almost one in five of the UK population falling into the Out-of-Home Foodie category, how does this between age cohorts. Respondents described themselves as passionate about home cooking, with little significant differentiation in terms of preferences for national cuisines. These two extremes only capture a relatively small share of the total population, but they serve to highlight the relationship between the passion for eating out and the passion for cooking at home. Overall, half of our respondents described themselves as passionate about home cooking, with little significant differentiation among age cohorts. With almost one in five of the UK population falling into the Out-of-Home Foodie category, how does this play out in terms of preferences for national cuisines, and how broad is the national palate today? Given that the British are often lampooned as being particularly conservative in their food tastes, encapsulated by that striking French appellation, les rosbifs, it is interesting to see how today's self-declared adventurousness is reflected in terms of preferences for national cuisines.
As the chart shows, the wider market effectively splits into three tiers: the big four of English, Italian, Chinese and Indian, a middle tier of six established international cuisines (French, Mediterranean, Mexican, North American, Spanish and Thai) and a final tier including both established and emerging cuisines, such as African, Asian Fusion, Caribbean, Japanese and Vietnamese.

To illustrate just how cosmopolitan British tastes now are, fewer than one in 20 respondents failed to come up with a selection of five preferred national cuisines, including fewer than one in ten of those aged over 65, another reinder to those who would stereotype this important and growing age cohort as generally conservative and unadventurous.

Overall, we can see a diverse and growing range of national cuisines tempting UK audiences. This is especially important when we consider how diversity will be a central feature of the UK population in years to come. Indeed while our research sample included 8% of non-white respondents nationally, the London sample included, 20% of non-white respondents. Social scientists suggest this gap will close in future years as minority ethnic communities move out from the conurbations and integrate more widely across the country.

As mentioned, a key challenge for established operators specialising in the big four cuisines is to continue to innovate and develop their offering. Another challenge is to understand how best to meet the needs of different audiences and so to profit from new opportunities or formats. A typical example today is perhaps the many pubs that have successfully fused a traditional (British) lunch offering at the bar with an additional take-away lunch offer outside – often Chinese, Indian, Thai or another cuisine.

**Different cuisines for different audiences?**

We were keen to explore whether particular dishes were seen to be particularly appropriate for different audiences. Perhaps the most obvious distinctions are between family and friends, or between work and leisure. In theory, of course, the deregulation of life should make such distinctions increasingly irrelevant. So what did we learn?

**LEARNINGS FOR THE FUTURE**

- **Silver Adventurers**: 47% chose a global cuisine as their No.1, 60% describe themselves as adventurous
- **Home Comforts**: for extended family groups traditional British cuisine is the number one choice
- **Diverse Delights**: growing diversity of the UK reflected in growing diversity of taste and experience
- **Friendly Italians**: accessible, affordable, popular across ages, and especially for dining with friends

---

1. See University of Leeds research as reported here: http://www.theguardian.com/uk/2010/jul/13/uk-population-growth-ethnic-minorities
We have touched already on some of the features of our post-recessionary climate, and suggested that financial pressures and the resulting heightened consciousness among consumers of price and value will continue for many people, for some time to come.

But there is far more to post-recession Britain than financial pressures and wage recovery. We are returning from the longest economic downturn in modern British history, and it is sure to have had a long-term effect on consumer attitudes and behaviours.

Some of this impact can be seen in the emphasis on morality or fairness in the current consumer climate, with businesses and institutions placed in the firing line for any perceived breaches of trust, instances of malpractice, or issues of fairness.

The new morality is a difficult and unpredictable terrain to navigate, but it is one that businesses need to be aware of in their day-to-day dealings with consumers and other stakeholders. This is especially important, as today’s connected culture means that individual criticism, powered by channels such as Twitter, can now achieve unprecedented reach, especially when picked up and amplified by the mainstream media.

As seen almost daily in the press, there are a host of areas where companies could find themselves vulnerable to criticism, including taxation, employee wages (especially the Living Wage target, traction for which appears to be building) zero hours contracts, sustainability, outsourcing arrangements, supply chain transparency, sustainability, and executive pay, in addition to operational issues such as service and standards.

Another important feature of the post-recessionary environment is the rise of self-employment and the formation of micro-businesses, together with an increasingly flexible working model for those in paid employment. These themes and their impact on the foodservice sector will be picked up in a later chapter as we look further at the deregulation of life theme.

In Chapter three we noted how evenly divided the market appeared to be in terms of those who were increasing their frequency of eating out and those cutting back. We also developed our understanding by looking at how this relates to individual meal types.

We left the story at the point of asking why people were choosing to eat out more. The answers are instructive, and help us to appreciate the dynamics of the market.

The significance of the deal - key stats

- 35% of respondents who say they are eating out more highlight deals and discounts as one of the reasons.
- 15% of Londoners eating out more report that the availability of deals is the No. 1 reason.
- 40% of respondents eating out more highlight affordable options as one of the top three reasons for doing so.
- 61% of people who say they are eating out less give trying to save or having less money as the main reason.
The eating-out market is in growth but our research shows that just as many people (28%) say they are spending less as are spending more on out-of-home food. This will give pause for thought to the many operators in the midst of significant expansion programmes and at a time when restaurant capacity is exploding – according to CGA Peach, 2,000 new food-led venues have opened in the UK in the past 12 months. The long-term trends are hugely favourable but there is the immediate spectre of supply outstripping demand, suggesting intense competition and margin contraction, as operators battle for customers.

In the reasons given for a reduction in the frequency of eating out, we can see a consistent pattern emerging. By far the most important reasons for not eating out so often are the need to save money and reduced disposable income.

We also found that only a very small number of respondents identified with the idea of deals fatigue, suggesting that deals and discounts should now be considered a permanent feature of the eating out landscape, with their removal a barrier to growing business among many audiences. This is especially true in relation to the role of mobile devices in consumers’ decision-making.

All of the above confirms our understanding of the medium-term consumer climate, with a sustained focus on price and value likely to be dominating the minds of many consumers in the coming years. The answers to the next set of questions point to wider consumer trends, including the preference for cooking at home from scratch and the move towards trying to eat more healthily.

These areas of interest, cooking and health, also offer opportunities for the foodservice sector, of course, as seen with the growth of cookery and butchery classes, lessons and events, including food festivals, and the emergence of new, healthier menus and formats.

Interest in health can co-exist with relatively hedonistic activities, a phenomenon often referred to as healthy hedonism. For this group of consumers, it is about a balanced lifestyle, not an either/or choice. This approach provides great opportunities for foodservice operators to position themselves in the local community by engaging with local groups and offering tailored opportunities to meet, to socialise, to eat, to drink and, yes, maybe even to get a bit hedonistic. For the future, foodservice operators may be well served by giving some thought to self-monitoring applications. These devices, such as Fitbit, are tools that individuals use such as wearable sensors and mobile apps to collect, process and display a wealth of personal data to help them monitor and manage all aspects of their own health. Operators should consider how these could be linked to restaurant databases, to allow them to recommend bespoke food and drinks choices based on an individual’s chosen diet, or biometric profile, and related information.

### Chart 20: All those eating out more - number one reason why

<table>
<thead>
<tr>
<th>Reason</th>
<th>Number (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>More opportunity to cook at home from scratch</td>
<td>38%</td>
</tr>
<tr>
<td>Less time to cook</td>
<td>23%</td>
</tr>
<tr>
<td>Better quality take away</td>
<td>8%</td>
</tr>
<tr>
<td>Less money available</td>
<td>6%</td>
</tr>
<tr>
<td>More opportunity to eat more healthily</td>
<td>4%</td>
</tr>
<tr>
<td>Better quality options</td>
<td>3%</td>
</tr>
<tr>
<td>More value available</td>
<td>1%</td>
</tr>
<tr>
<td>More flexibility</td>
<td>1%</td>
</tr>
</tbody>
</table>

Source: Sacla’ Eating Out - Today and Tomorrow Consumer Survey (Base: 561)

The number one reason for increasing the frequency of going out to eat is that people have more money available to spend on discretionary activities. The second and related reason is life-stage changes, while the availability of more affordable eating out options is third.

This reflects the overall growth of the eating out sector, and especially the growth in the range of outlets serving food and drink at a reasonable price – the rise and rise of the casual dining sector (defined by Horizons as covering all outlets charging from £10 to £20 per meal).

The next most popular reason, alongside the ready availability of deals and discounts, is the opportunity that eating out affords to spend proper time with the family. We will look at the importance of the family audience in the next chapter, but it is striking to see here how eating out together can be just as important that eating out affords to spend proper time with the family. We will look at the importance of the family audience in the next chapter, but it is striking to see here how eating out together can be just as important

### Chart 21: All those eating out less - number one reason why

<table>
<thead>
<tr>
<th>Reason</th>
<th>Number (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>More time spent cooking</td>
<td>38%</td>
</tr>
<tr>
<td>Less available disposable income</td>
<td>23%</td>
</tr>
<tr>
<td>Better opportunity to cook at home from scratch</td>
<td>8%</td>
</tr>
<tr>
<td>Less money available</td>
<td>6%</td>
</tr>
<tr>
<td>More opportunity to eat more healthily</td>
<td>4%</td>
</tr>
<tr>
<td>Better quality take away</td>
<td>3%</td>
</tr>
<tr>
<td>More value available</td>
<td>1%</td>
</tr>
<tr>
<td>More flexibility</td>
<td>1%</td>
</tr>
</tbody>
</table>

Source: Sacla’ Eating Out - Today and Tomorrow Consumer Survey (Base: 561)
**Food, drink and payday**

Finally, food and drink play a role in marking the pay cycle, with more than half of respondents saying they celebrate payday through food and/or drink, rising to three in four of the 18-34 age cohorts, who are also the most likely to treat themselves when payday comes with food and/or drink. With food and drink so central to popular culture and daily life, typical payday behaviours appear to be a way of consumers giving themselves small rewards, something smart foodservice and bar operators can plan for and take advantage of.

**CHART 22: All working respondents - how do you typically mark payday?**

![Chart showing payday behaviours]

Source: Sacla’ Eating Out - Today and Tomorrow Consumer Survey (Base: 1183 (all working))

Family treats, whether a meal out or a take-away at home were the number one choices across all respondents, but personal treats are also important for many, whether a nice lunch or a visit to the coffee shop in the morning. Social activities with colleagues or friends – drinks or food – complete the list, with around one in ten of us going out for payday drinks with workmates.

Thus, as with other significant life events (as we will see in a later chapter), our working calendar is punctuated by food and drink occasions. We have also seen the positive role of eating out for family life. All this confirms our central premise that food and drink are at the heart of consumer culture today.

**LEARNINGS FOR THE FUTURE**

- **DISCOUNT BRITAIN** fragile finances make targeted promotions and offers a key driver for many
- **FAMILY FORTUNES** eating out together is increasingly important for today’s diverse families
- **PAYDAY POTENTIAL** food and drink, personal treats or family rewards, central to payday behaviours
- **CASUAL CULTURE** affordability and informality with a premium on accessibility, flexibility and quality

**AUDIENCE DYNAMICS / AUDIENCE INSIGHTS**
In this chapter we will look at some audiences that are particularly important to the foodservice sector, focusing on Generation Y; on Londoners relative to the rest of the country and the over-65s.

**Generation Y (18-34)**

There is huge interest across business sectors – notably in the eating and drinking out market – in the attitudes and behaviours of young adults, those born between 1981 and 1997, and known as Millennials, focusing on Generation Y, on Londoners relative to the rest of the country and the over-65s.

The relationship with connected technologies is seen to be the defining feature of Generation Y, and wider consumer attitudes1. Much of this interest is predicated on their adoption of mobile connected devices and channels (especially social media), and the impact this has on their purchasing decisions, leisure behaviours or Generation Y. Much of this interest is predicated on their adoption of mobile connected devices and channels (especially social media), and the impact this has on their purchasing decisions, leisure behaviours and wider consumer attitudes1.

The relationship with connected technologies is seen to be the defining feature of Generation Y; although we should be aware that the cohort includes both digital natives – the youngest in the age group – and digital adopters, those at the older end of the 18-34 age spectrum.

A key feature of the generation is their experience of the deregulation of life. Unlike older generations they have limited awareness of, let alone deference to traditional social norms, and many demonstrate an innate individualism. This is a generation born free of many of the social constraints that might have limited their parents and grandparents, and they are willing to embrace the opportunities and challenges resulting from a ‘deregulated’ society.

Within the food and drink market, we see this generation as vital to the success of innovative formats and menus. However, our research shows that, overall, they are not especially adventurous compared to the rest of society in their choices of cuisines, or indeed their willingness to self-define as passionately interested in food and drink.

So, if we have seen little difference between younger and older audiences in terms of passion and adventurousness, but we know that there is a particularly high frequency of eating out among Generation Y, how does that volume of activity infom any frustrations with the eating out experience?

**THE YS AND WHEREFORS - KEY STATS**

- 75% of Generation Y get frustrated by some aspect of eating out, from waiting for a table to waiting to pay
- 18% of Londoners buy themselves coffee on the way to work – three times as many as outside London
- 41% of Londoners go out in the evening for a meal or drinks with colleagues or friends to celebrate payday, against only 24% of non-Londoners who do the same
- 60% of over-65s describe themselves as totally adventurous regarding new cuisines

Incompatibility with many diets

We can also see young adults’ pronounced frustration with eating out operators’ perceived lack of flexibility. Among Generation Y, we found that one in six was frustrated by this apparent inflexibility, against only one in eight of all adults. This could be an issue for some casual dining operators whereby the customer journey could be perceived as overly formulaic, or ‘clunky’, by Gen Y. This disdain for inflexibility is clearly related to a desire for personalisation, and speaks to the high expectations of today’s young adult consumer.

Overall, the most important feature of this generation for hospitality operators is their enthusiasm for going out to eat, suggesting that the communal experience is at least as important as the food on the table. As we know, live sharing of the experience through messages and photography through social media is also vital for many in this age group.

As stated previously, half of 18-34s report that they are going out to eat more often, with only one in five saying that they are going out less often (although, again, the range of variables affecting the generation mean we should treat this figure with a degree of caution).

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1. See OFCOM analysis of technology take up and sophistication by age group here: http://stakeholders.ofcom.org.uk/market-data-research/market-data/comunications-market-reports/cmr14/uk/

2. See for example: http://www.abakuj.com/about/press/archive/10-of-top-uk-brands-are-running-mobile-display-campaigns-without-optimised-site
All adults and Generation Y – eating out preferences

It is also striking to see the value the Generation Y audience puts on spending time over meals out with evidence suggesting that three new restaurants are currently opening for every one that closes.

Accordingly, we see a particularly high frequency of eating out among London respondents, with 44% doing so at least weekly, and a greater proportion than the national average (one in three) reporting that they are increasing their frequency of eating out.

Finally it is worth looking at the broad preferences identified by 18-34s compared to all adults. We gave respondents a series of options, including fast versus slow, proximity versus destination, quality versus value, uniqueness versus familiarity and tech-enabled versus tech-free.

The findings point to a mercurial market, with different requirements from a venue at different times, as well as a conflicted relationship with connected technology. Even among Generation Y, only one in seven prioritised a tech-enabled venue, against one in three favouring a tech-free environment. For the general population, the split is one in eight wanting a tech-enabled environment versus three times as many wanting a tech-free one.

Consistent with our earlier findings is the importance of speed for Generation Y relative to all adults, with two out of five prioritising speed of service and delivery, against just a quarter wanting a slower experience. For all adults there is an even split, with three out of ten voting for fast service and exactly the same number wanting it slow, pointing to the importance of multi-speed foodservice operations. It is, we believe, the product of the different needs of consumers at different times of the day and on different occasions.

The role of technology for this audience, together with their positive expectations of eating out in the future, will be covered in the next chapter.

London

When talking about Generation Y, many will immediately think of the London market, with its younger and more diverse population. From a foodservice perspective, London is, of course, quite distinct in its volume and variety of eating out options. And this is intimately related to the relative wealth of its population, their age and diversity, and also the lifestyle that surrounds a public transport-oriented working culture.

Accordingly, we see a particularly high frequency of eating out among London respondents, with 44% doing so at least weekly, and a greater proportion than the national average (one in three) reporting that they are increasing their frequency of eating out.

Polarisation and diversity within the London market are highlighted by the contrasting priorities of different audiences. While there are significant numbers placing a premium on the availability of quality food service options (far ahead of the rest of the UK), there are similarly significant numbers focusing on the expanding range of affordable options, together with the proliferation of deals and discounts in the market.
Londoners were more likely to have no frustrations with their eating out experiences than people nationally. Londoners would show a much greater emphasis on speed compared to the rest of the UK. In fact, when we asked interviewees about frustrations with the eating-out experience, we expected that more parts of the country, as fewer people remain dependent on car travel for their commute. Inter-city transport links through HS2, we can expect that these London behaviours will be replicated in Edinburgh and the expansion of the existing network in Manchester, as well as the plans for high-speed

Payday behaviours, where we can see a significantly greater propensity to socialise with colleagues and friends (but not family) than elsewhere in the country, highlights the greater public transport opportunities available to London workers. They are much more inclined to go out in the evening with colleagues or friends than those outside the capital, where getting home later is likely to be more problematic. Londoners are also significantly more likely to treat themselves when they get paid. More generally, the research confirms that Londoners are far more likely to make food and drink purchases on their way to work as part of their daily routine, whether a coffee or breakfast.

With new urban transport schemes being developed across the UK, including the new tram service in Edinburgh and the expansion of the existing network in Manchester, as well as the plans for high-speed inter-city transport links through HS2, we can expect that these London behaviours will be replicated in more parts of the country, as fewer people remain dependent on car travel for their commute.

When we asked interviewees about frustrations with the eating-out experience, we expected that Londoners would show a much greater emphasis on speed compared to the rest of the UK. In fact, Londoners were more likely to have no frustrations with their eating out experiences than people nationally.

There are generally only small differences between London and the national market in terms of frustration with the eating out experience, with one significant exception: Londoners have a clear issue with waiting to be seated. Thus there is a premium attached to booking in advance in London. The frustration caused to the capital’s diners by waiting for a table is a frustration shared by Generation Y nationally.

Silver service
Our third key audience is the over-65s, whether still working or in partial or full retirement. As has been well documented, this is the fastest-growing age cohort in the UK, with all regions expected to see between 20% and 25% growth in the number of people aged over 65 through to 2022. As for the longer-term future, it is worth considering the fact that one in three people born in the UK this year is expected to live to at least 100.

The stereotypical approaches to the pensioner population would seem outdated and inaccurate for much of today’s market and certainly outdated in terms of the future over-65 population, crucial features of which will include their ethnic diversity and their increased comfort with connected technologies.

The over-65s are, as revealed earlier in this report, at least as passionate and adventurous as younger people when it comes to food and drink, three in five saying they are totally adventurous with new cuisines, a quarter describing themselves as both passionate and adventurous, and with one in five eating out at least weekly. It makes this a particularly interesting audience for out-of-home food operators to consider.

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So what is driving older people’s engagement with the foodservice sector?

The findings reveal only a limited difference between the over-65 audience and the wider population. This is itself an important finding, in that operators should not think negatively about any special needs related to this audience but rather focus on the passion and adventure that they demonstrate about food and drink.

Finally we can look at the frustrations with the eating out experience expressed by those over 65. Many may be surprised to see that the desire to have it now, appears to be almost as common among the older audience as it is among the wider population.

However, the most striking feature of this analysis is the premium that the over-65s place on service, relative to the wider population. This presents a particular contrast with Generation Y, who are far less concerned with service, compared to time spent waiting, for example. Indeed Generation Y does not recognise or place a premium on service in the same way. They are more likely to trade high levels of service for the overall experience, or especially for a deal.

**CHART 31: All adults versus adults aged over 65 – frustrations with the eating out experience**

Source: Sacla’ Eating Out - Today and Tomorrow Consumer Survey (Base: 2034/409)

**LEARNINGS FOR THE FUTURE**

**The Fast and the Frequent**
Generation Y driving eating out frequency but 70% frustrated by waiting

**Silver Service**
Over-65s are almost twice as likely as Generation Y to be frustrated by poor service

**London Leads**
More caffeine, more foodservice options, more diversity and more social flexibility

**Payment Protection**
Today, diners of all ages want to escape quickly, don’t let them end on a low
the importance of the right communications through the right channels is clear. With around 80% of consumers not seriously considering more than two or three options, foodservice operators are accentuated by the relatively small consideration set used by consumers of all ages and types. With growing concerns about the sustainability of today’s rapid growth in outlets, the challenges facing foodservice operators are accentuated by the relatively small consideration set used by consumers of all ages and types. With around 80% of consumers not seriously considering more than two or three options, the importance of the right communications through the right channels is clear.

Marketers have introduced the concept of ‘SoLoMo’, short for ‘social, local and mobile’, a way of describing the unification of collaborative (e.g. Trip Advisor), location-based (e.g. Google Maps) and on-the-go technologies. People are now able to tap into social recommendations relevant to where they are, when they are out and about. But perhaps the key point about SoLoMo is the immediacy of decision-making. It enables – search, shortlist, share, select and experience, all with unprecedented speed and with hyperlocal relevancy.

Such has been the speed of smartphone penetration, not to mention the widespread adoption of tablet computers (particularly important for older audiences), the growth of wearable devices* and rapid innovation within apps and messaging services that any foodservice operator, who has not given themselves a mobile makeover, are in danger of being left far behind. With recent changes to the Google search algorithm placing a premium on mobile-optimised sites and content, your traditional site may no longer be visible to the right people at the right time, which clearly has obvious implications for business success. Selecting the best mobile (and social) proposition has suddenly become the burning and most strategically-important marketing decision, for most eating-out operations.

With connected technologies now so central to so many aspects of life and business, it is no surprise that they have a key role to play in the evolution of the out-of-home food sector. We have touched on the interaction between people’s live experience of food and social sharing by way of example, but mobile technology takes the role of digital content to a new level when it comes to consumers making spontaneous decisions about where to eat.

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MARKING THE CONNECTIONS - KEY STATS

<table>
<thead>
<tr>
<th>Feature</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Of respondents in London and 27% of Generation Y say an automated payment system would be an important feature in an eating out mobile phone app</td>
<td>22%</td>
</tr>
<tr>
<td>Of Londoners regard GPS navigation as an important feature in an eating out mobile phone app</td>
<td>34%</td>
</tr>
<tr>
<td>Want to see recent visitor reviews on the app; but 37% of all adults say they would prefer to eat in a ‘tech free’ environment – and 32% of Generation Y agree</td>
<td>41%</td>
</tr>
</tbody>
</table>

With connected technologies now so central to so many aspects of life and business, it is no surprise that they have a key role to play in the evolution of the out-of-home food sector. We have touched on the interaction between people’s live experience of food and social sharing by way of example, but mobile technology takes the role of digital content to a new level when it comes to consumers making spontaneous decisions about where to eat.

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*wearable device penetration will more than double over the next year from 6% to 13%, or 4.7 million people, research from YouGov suggests.

How to influence the customer’s journey

An important question for foodservice operators is where and how they should advertise their presence, promote their venue, or communicate their promotion. Their market involves consumers who are making decisions that are sometimes spur-of-the-moment and sometimes relaxed and considered. Capturing spur-of-the-moment decisions places a premium on maintaining visibility and ‘front-of-mind awareness’, while attracting more deliberative decision-makers depends on being in the right channels and places with the right offers at the right times.

We asked our respondents to rate the importance of a range of communications channels in order to see what recommendations we could generate.

CHART 33: All adults – importance of different communications channels in consumer decision-making (Mean score per channel, out of 10, where the lowest is the most important)

<table>
<thead>
<tr>
<th>Channel</th>
<th>All adults</th>
<th>18-24</th>
<th>25-34</th>
<th>65+</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advice from close friends</td>
<td>3.1</td>
<td>2.7</td>
<td>3.5</td>
<td>3.7</td>
</tr>
<tr>
<td>Advice from family members</td>
<td>3.6</td>
<td>3.2</td>
<td>4.0</td>
<td>4.3</td>
</tr>
<tr>
<td>Word of Mouth</td>
<td>4.4</td>
<td>4.1</td>
<td>4.7</td>
<td>5.0</td>
</tr>
<tr>
<td>Venue website</td>
<td>2.3</td>
<td>1.9</td>
<td>2.7</td>
<td>2.9</td>
</tr>
<tr>
<td>Professional reviews</td>
<td>2.8</td>
<td>2.5</td>
<td>3.2</td>
<td>3.4</td>
</tr>
<tr>
<td>Independent (social) review sites</td>
<td>3.7</td>
<td>3.3</td>
<td>4.1</td>
<td>4.4</td>
</tr>
<tr>
<td>Social media recommendations</td>
<td>3.3</td>
<td>2.9</td>
<td>3.6</td>
<td>3.9</td>
</tr>
<tr>
<td>Listings publication</td>
<td>4.1</td>
<td>3.7</td>
<td>4.7</td>
<td>5.0</td>
</tr>
<tr>
<td>Print media features</td>
<td>3.5</td>
<td>3.1</td>
<td>3.9</td>
<td>4.2</td>
</tr>
</tbody>
</table>

Source: Sacla’ Eating Out - ‘Today and Tomorrow Consumer Survey (Base: 2034)

Just for absolute clarity the findings above are based on individuals giving a score of one to 10, with one being most important. The key finding here is the crucial and enduring importance of word-of-mouth recommendations for all age cohorts – far in excess of any of the paid media options, and ahead of social media recommendations and the venue’s own website. Within the word-of-mouth options it is clear that, across all ages, close friends have a greater influence than family members.

Word-of-mouth has various definitions, some exclusively offline, focusing on face-to-face or telephone conversations, but the broad thrust is toward peer-to-peer recommendations. In media parlance this highlights the importance of ‘earned media’ (user recommendations) over ‘bought media’ (advertising) or ‘owned media’ (websites).

For the youngest (Generation Y) respondents, digital media (social and website) is more important than for older audiences, but this generation will still explore the full range of traditional and digital options. There has also been a perceptible shift away from general social media recommendations in favour of independent (social) review sites. Thus we see sites such as TripAdvisor, Yelp, Yell, Sugarvine, Open Table, Urban Spoon, Square Meal, Harden’s, Michelin, Time Out and many more (including discount propositions such as Tastecard) competing with services being developed by behemoths such as Google and Facebook. In an apparent response to this, Facebook has recently announced the integration of critics’ reviews into its restaurant pages, with a view to growing its local search service.

Of course, this invites questions from operators on what stimulates such social conversations and recommendations, and the relative importance of different forms of advertising, editorial or listings in creating a positive buzz around a venue, and so stimulating those crucial word-of-mouth conversations and recommendations.

This suggests operators should be looking at local ‘experiential’ marketing activity, such as free food sampling, to build awareness, conversation and investigation. As we discussed in our earlier chapter, half of our respondents considered themselves to be at least somewhat the type of person others turn to for recommendations around food and drink – a figure that rises to 60% among Generation Y.

1. See, for example, http://www.kellerfay.com/keller-fay-uk/
Mobile applications

Many operators are reviewing their adoption of mobile technologies1 such as apps to help attract consumers and to enhance the whole eating out experience at their venues in order to drive customer satisfaction scores and ratings. There has been a massive level of interest in mobile payment mechanisms, for example, among other ways of minimising perceived downtime or friction in the eating out process. Separate research, such as that conducted by CGA Peach and Zonal in October, 2014, demonstrates that the end-of-meal payment process remains a real pinch point, with too many guests frustrated with the amount of time it takes to be pay, or to be ‘released’, by a venue.

So how do the frustrations that respondents report with the eating out experience (particularly from waiting for a table or waiting to pay the bill) correspond with what consumers would like to see from a mobile application?

Respondents report that the most important feature of a restaurant mobile application (or digital service) is the inclusion of recent visitor reviews, representing a logical extension from the shift to independent reviews and away from social media recommendations among Generation Y shown above.

The next most important suggestions also clearly relate to the earlier findings around frustrations with eating out. Chief among these requirements is the opportunity to pre-book. That sounds very simple, but the suggestion is to add value to the service by including live updates. The opportunity to pre-select your table is also an important feature, particularly for the over-65s, while among a smaller group (20%) the opportunity to pre-order your meal and drinks would also be well received. This last point is far less important for the over-65s, however.

One important and significant variation between the London market and the rest of the country is the importance attached to an automated (smartphone) payment mechanism. Nationally, one in seven respondents highlighted this as an important feature, rising to one in five of full-time employees, one in four of 18-24s and nearly one in three of 25-34s.

In London, more than one in five of all respondents cited this as a feature that would be important to any digital service or mobile application. Operators in London who have not already done so should therefore consider taking immediate action to investigate smartphone payment options, while those elsewhere in the country need to be aware of the high proportion of young people interested in such a service.

The approach of Domino’s Pizza demonstrates how investment and experimentation in digital and especially mobile initiatives can deliver visible rewards for forward-thinking players, in both frequency and to enhance the whole eating out experience at their venues in order to drive customer satisfaction scores and ratings. There has been a massive level of interest in mobile payment mechanisms, for example, among other ways of minimising perceived downtime or friction in the eating out process. Separate research, such as that conducted by CGA Peach and Zonal in October, 2014, demonstrates that the end-of-meal payment process remains a real pinch point, with too many guests frustrated with the amount of time it takes to be pay, or to be ‘released’, by a venue.

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The approach of Domino’s Pizza demonstrates how investment and experimentation in digital and especially mobile initiatives can deliver visible rewards for forward-thinking players, in both frequency and spend per head. Just as the proliferation of eating out venues at affordable price points has pushed up interest in the sector, so new initiatives, especially those that eliminate or reduce any perceived friction in the process, can grow the market.

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1. When discussing our IT, interesting to note the findings of this report in the positive relationship between digital and retail sales; especially when we look at these research findings: http://news.o2.co.uk/?press-release=high-street-to-drive-52-billion-online-sales-by-2020

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The most important and popular ‘eating-out occasions’ are birthdays, a long-established feature of the eating-out market. But there is a significant difference between men and women. Women are far more likely to go out for dinner for their own birthday and slightly less likely than men to refer to their partners’ birthday as an occasion for a meal.

Eating out for your child’s birthday is less well established in the market but is referenced by almost half of respondents. With more homes today including adult children, this is likely to become a more common feature, not least as 18-24s themselves say that eating out is a good opportunity to spend time with the family.

Father’s Day continues to lag behind both Mother’s Day and Valentine’s Day as an eating out occasion. Meanwhile, there has been talk in the industry for some time about the increasing importance of Christmas Day for the eating out market, and our research shows why, with more than one in four respondents claiming to have eaten out for Christmas Day. This is different to the trading period of Christmas, which is typically marked by the six weeks up to New Year. Interestingly, Mother’s Day remains bigger than Christmas – for many pub and restaurant businesses Mother’s Day is the single biggest catering day of the year – and as many people say they will go out for Easter Sunday as Christmas Day.

Accepting that there may be some ambiguity at play, with some respondents potentially referring to going out to dinner at another household, either friends or relatives, this remains an important finding in terms of its consequences for foodservice operators, and marks a phenomenon that will surely continue to grow, in line with the growth in single-person households, for example.

‘HI!’ DAYS AND HOLIDAYS - KEY STATS

- 59% of respondents expect to go out for regular family meals
- 34% of respondents say they will eat out at a shopping mall in the future
- 33% say they will eat out in the future when going to the cinema or theatre
- 19% say they will eat out on Christmas Day in the future

CHART 36: All adults - occasions have dined out for in the past

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Almost one in five of respondents definitely intend to eat out for Christmas Day in the future, indicating the potential for considerable expansion in the Christmas meal market. That said, it is clear that there is still significant resistance to the idea, with more than two thirds of respondents saying they have not been out for dinner on Christmas Day and do not intend to in the future. The counter-point to that could be the growth in vertical (multi-generational) families. As the numbers and the range of tastes in our families grow, we may increasingly choose to decamp from home after all.

But perhaps the most interesting and exciting potential for the future of the eating out sector lies in the new occasions that we are carving out for ourselves within our ‘deregulated’ lives. Significant numbers of people are choosing to combine shopping with eating out, aided by the considerable growth in shopping mall food offers. Clearly, that speaks to the success of branded chains in growing the retail/leisure market and the ability of eating-out chains to draw footfall to a shopping centre, which has been recognised by the leading developers, such as British Land and Westfield. But there are also opportunities for independents to capitalise.

The research shows that 18-24s are the most likely to agree that they engage in this combined leisure behaviour, shopping and eating, along with women and full-time home makers. As we have found in other research, despite the attractions and conveniences of e-commerce and mobile commerce, members of Generation Y continue to focus on the city centre and are particularly likely to engage in social activities when there.

Eating out, our research shows, has become interlinked with a range of leisure behaviours, including shopping, visitor attractions and sports. This is true across all age groups but, of course, requires disposable income, and so skews toward ABC1 adults.

Many of these leisure destinations have well-developed foodservice propositions of their own, limiting the opportunities for local operators. But many do not, and creative operators are likely to be able to find or create a niche market in their local area.

We asked respondents which of their current behaviours they believed they would be continuing with, as well as what new activities they believed they would be taking up. Answers are based on a list provided to respondents.

Source: Sacla’ Eating Out - Today and Tomorrow Consumer Survey (Base: 2034)

Given the high level of interest in the breakfast market, and its particular importance in London, it will be welcome news that almost two in five of our respondents expect to be sitting down to eat breakfast at a destination in the coming years. This is an additional tier to the market, of course, above and beyond the one in six who expects to be buying breakfast to take away.

Both figures, for sit-down breakfasts and take-away breakfasts, are considerably higher for younger respondents, full-time employees and the self-employed, as has been recognised by many operators, who have brought forward opening times to cater for the pre-work audience, or early work meetings, which are an increasing feature of many business calendars. It seems most pub and casual dining operators with sites in urban and travel locations are engaged in trying to capture a share of the morning market (conversely, the traditional players in this space, such as Pret A Manger and Leon, are exploring ways of elongating their offer into the evening).

We can also see a major boost to the brunch market in coming years, again led by workers and young respondents. Clearly this is more typically related to the weekend market, but we should not ignore the weekday potential, not least because half of full-time home makers expect to be going out for brunch in the future.

Afternoon tea is of course an ancient tradition in the UK. In line with an increasing move to informalty, or casualisation, and deregulation of life, it seems to be a particularly hot trend for many operators at the moment. For some consumers this will be the traditional format and quite possibly taken at the high-end hotels and similar destinations of past times. For others it will be a more informal snack, a coffee, or alcohol-based package. But whatever the setting and format, this is a significant future trend, with two out of five respondents expecting to have more ‘afternoon tea’ sessions in the future. Operators should note that this is a female-biased trend, and may be linked to the shopping occasions highlighted above.

Indeed we would argue that the future fortunes of the retail and foodservice sectors are intimately interrelated, with the latter serving to sustain and support the former through increased footfall, dwell time and spending. Research from the University of Southampton1, part of The Great British High Street project, highlights, for example, the role of coffee shops in driving footfall, and the role of refreshments more broadly in increasing dwell time and spending. Implicit in this analysis is the importance of the High Street as a social environment - shopping with friends or family again increase dwell time and spending.

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Also included in the paper is an analysis of the changing meaning of convenience for many people, from proximity to value for time, with the latter driving the growth of mixed use shopping malls, incorporating foodservice, leisure and retail space. The importance of these dynamics will we believe only grow in the future in line with our ageing population.

An increased use of kiosk and street food vendors is another popular trend, with three out of ten respondents expecting to use these more in the future, rising to around half of Generation Y respondents. This has been a notable feature of the lunchtime market in recent years, reflected in the fact that two out of five full-time employees expect to be doing more of this in the future as well. Again, this creates opportunities for established operators, with some already offering an outside service, often distinct from their in-house proposition.

One trend that we have already referenced is the growth in going out for family meals, with almost three out of five respondents expecting to do more of this in the future, though nearly one in three families already eat out together at least once a week. Modern family dynamics also affect the number of respondents expecting to operate split meal times, with parents dining out after the children have been catered for at home. More than a quarter of full-time home makers believe they will do more of this ‘split dining’ in the future.

Three elements seem directly related to the deregulation of life. On one side are the three in ten who are likely to be found either skipping lunch or eating at their work station in the coming years, while the same number expect to have fewer defined meal times overall in the future.

The two elements are often inter-related, of course, with lunch taken when and where we can. While Generation Y is in the vanguard here, as you might expect, with 44% expecting fewer defined meal times, the self-employed are close behind, on 38%. In line with our analysis of working flexibility, there is a skew towards C2Ds among those predicting an absence of defined meal times in the future.

The third element is the expected increase in daily top-up shopping, reflecting existing trends in the grocery sector, changing household sizes, greater fluidity and flexibility in the daily schedule, and more. While this skewed towards younger respondents, around half of all respondents expect to be doing more top-up shopping in the coming years.

An outlier in the future expectations is the high volume of people expecting to grow their own food. While this can range from a few herbs on the window sill to a full-blown vegetable garden or allotment, it is a particularly high figure, and one that reflects widespread interest in home cooking, cultivation, sustainability and supply chain transparency.

**Conclusion**

In closing the report we very much want to ensure that there are actionable insights and future signposts that stimulate strategic discussion, perhaps challenging conventional thinking. It is our hope that this report will help eating-out operators in some way, in shaping the development, growth and evolution of profitable eating-out propositions.

**Ten things we know about the future**

The report has of course highlighted the complexity and fast-moving nature of the trends shaping the future of the sector. This is not intended to daunt or confuse. There are things about the future, which we can be pretty certain about (known as ‘Hard Trends’ in the jargon of consumer foresight). Ten are listed below, covering demographics to sustainability, technology and health:

- **A GROWING POPULATION** driven by increased life expectancy and net migration
- **AN AGING POPULATION** with one million more over-65s by 2020
- **A MORE ETHNICALLY DIVERSE POPULATION** less segregated and more diffused nationally
- **GROWTH OF URBANISATION** greater share of population, growing use of smart city technologies
- **CONTINUING GROWTH** in the variety of family arrangements and family networks
- **HIGHER LEVELS AND GREATER VARIETY OF ECONOMIC ACTIVITY** amongst older workers
- **CONTINUING POLARISATION** of income by age education, occupation, region and more
- **GREATER CONNECTIVITY** with enhanced roles for data, automation and artificial intelligence
- **FOCUS ON OPTIMISING INDIVIDUAL HEALTH AND WELLNESS** becomes mainstream (or mandatory)
- **SIGNIFICANTLY GREATER FOCUS ON SUSTAINABILITY AND THE ENVIRONMENT** across business and society

Beyond the hard trends there are a number of softer cultural trends that we expect to see continue. These include:

- New manifestations of our core theme of deregulation (note for example the launch of the 24-hour tube in London this Autumn). Further, we expect to see a ‘trickle down’ effect where today’s leading edge of deregulation spreads wider throughout the sector (think perhaps of the example of it no longer being acceptable for a rural pub to close its kitchen at 2.30pm, or for an urban kitchen to close before 10 or 11pm)
- A continued growth in the importance attached to leisure repertoires and behaviours. Our leisure pursuits will be increasingly important as a source of personal identity and individual contentment. What we eat and drink is a key part of this, and the sector has a great opportunity to help consumers build their knowledge, and even connoisseurship, in this important area in their lives.
Five pieces of strategic advice

On this basis we would offer the following five pieces of strategic advice:

1. Check your long-term corporate decision making against the trends highlighted above and other themes of this report. Conduct what is known in the jargon of future work as a ‘trends audit’. This implies asking whether the plans you are making and the expected outcomes are swimming with the tide of these trends or against. If you find that in too many instances you are swimming against the tide, it is time to reconsider.

2. Note how all the demographic trends speak to a more ‘diverse’ audience. By 2025 both Boomers and Gen Y will each constitute a quarter of the market place. Families will be more diverse and Britain will be more ethnically diverse. This creates a central opportunity, and a related challenge, for eating-out propositions – whether to target a niche within this increasingly diverse consumer universe or whether to be a generalist appealing across generations, catering to multi-generational parties, and so on. There are opportunities in both routes, but you need to be crystal clear about which you are following.

3. The evolution of mobile technology and social networks can generate an understandable paralysis in the face of such rapid change. One area that should certainly be a priority focus is that of mobile payment technology. With the likes of Apple and Google so determined to grow the smartphone payment market, and further disrupt the financial services sector, there is no doubting an accelerated adoption and rapid growth in this area in the coming years. We appreciate that many eating-out companies are grasping the nettle here, and working towards the implementation of such technologies.

4. Directly related to the above point we see real value in combining traditional local marketing techniques with mobile marketing. Even if a venue is part of a national chain, it is also part of a local community. This has real potential given the role of food and drink in today’s consumer culture and extends from in-house events (education, inspiration, networking and skills) to experiential marketing and a profile at community events, forums and festivals. Additional value is derived from having a stake and role in any emerging street food initiatives and by bridging the gap between home cooking and out-of-home dining.

5. We advocate an integration of traditional local marketing techniques, updated to focus on the dynamics of the experience economy and designed to fuel word-of-mouth conversations and social sharing, as well as data capture and so all-important permission-based mobile marketing. We would emphasise the importance of local engagement, interaction, competitions, research and perhaps even co-creation (marketing parlance which refers to harnessing customer participation, to help create new menu items or products).

Seven things to do immediately

In addition, there are seven key steps for operators to consider for their businesses. Some of these may feel obvious but this is intended to serve as more of an immediate check-list:

- **Optimise your site for mobile**
  - Perhaps an obvious point but yet to be universal.
  - We appreciate that this issue is front and centre for many operators, who are in the midst of mobile overhauls.

- **Build a mobile database**
  - The emphasis here is on mobile and it’s about securing a gateway to your audience. Again, obvious to say, but have you got your customers’ mobile numbers? Email does not cut it anymore. Find a way to get their permission for texts and mobile communications.

- **Explore mobile payment options**
  - Including those used locally and any digital high street plans. This is a rich and constantly-developing area so partner with an expert.

- **Forge relationships and partnerships in your local market**
  - Audiences, networks, planning, partners, events, communities. For the big eating-out brands, the challenge here is striking the balance between adhering to the brand framework and devolving some budget and decision-making to the GM or local team, so that they can build these ties.

- **Explore local retail, leisure or health partnerships**
  - For their potential fit and value.
  - Particularly important for businesses on the high street or in town centres, which are evolving in the wake of the structural changes impacting retail (ie the impact of online).

- **Develop an off-site proposition**
  - Get out there by taking your business to where the people are.
  - Get a van, establish a presence at festivals and community events (big or small), run a stall at the plethora of street food markets springing up across the country, or take temporary space and run a ‘pop up’.

Put simply, if the life of the future consumer is to be increasingly deregulated, then the most appropriate strategic response is to become increasingly and appropriately deregulated ourselves, in our operations, marketing and communication with that consumer. Ultimately this is about maximising visibility, thus ensuring that your operation makes the short-list for deregulated occasions and that you’re front of mind for both planned occasions and those spontaneous moments too.
The Wetherspoon business is a good example of how pubs have put themselves at the heart of the growth in eating-out. We operate an estate approaching 950 pubs. These venues generate revenues of almost £1.5bn, and today food accounts for almost half of the sales in many of them.

We now sell a million cups of coffee a week and 25 million breakfasts a year – I’m told that’s more than Pret A Manger and Caffe Nero. I have said that as a business we should aim to triple this over the next 18 months. Mind you, I also once harboured an ambition to break the four-minute mile and also wanted to become the greatest squash player to ever live, neither of which has happened yet. However, it is a statement of intent and clearly plays to long-term trends, as evidenced in this report.

When I opened my first Wetherspoon in 1979, few people could have imagined that one day pubs would open at 8am to serve food, and not close the kitchen until 11pm.

It wasn’t always like this. Our offer developed ‘organically’, to coin a phrase. We got the idea that we might serve some sort of food quite early on in our history, so we introduced a very limited menu, between 12-2pm. We carried on like this, keeping the same kitchen hours (in the pubs where we actually had a kitchen) up until we were running around a dozen pubs. We then landed upon the notion that if we served food all day we might sell more. It was partly motivated by the personal experience of pitching up at a pub at one minute too late for food, too often. Our kitchens cooked between 12—9pm and the hours continued to expand at either end of the day. Until we arrive at today – where food is one of the key drivers when we open for business and when we close.

So it only took us 35 years to get to a position of offering food all day... I wouldn’t advise that other operators wait so long. Especially given this report’s big theme – the deregulation of life. I’m not sure which came first – whether it was consumers demanding services at all times of the day or night that led operators to respond, or it was the availability and convenience provided by operators that drove the expectation. But it’s part of human nature to adapt, and if people can eat and drink whenever they want, they will.

In the analysis of our business, the trends at our latest, most recently-launched pubs tell a story. These venues are a bit more designed to be food houses – with bigger kitchens and without the history or association of being ‘drinks-led’ pubs, where the primary use was historically, drinking. Food at our most recent 300 pubs represents 50% of the sales mix, between Monday and Thursday. At the weekend the mix shifts more toward drinks sales, although many of these transactions (across all seven trading days) will be connected to a food occasion.

As a company, we have gone from being David to Goliath, which some people don’t like, which is human nature. We can’t complain – most people understand our pubs. They know they are not perfect but they think they’re better than the average.

We will continue to do what we have always done – seeking to make lots of incremental improvements across our business. This may sound mundane but it’s what this business is about: there’s a constant need to improve, driven by our customers’ ever-rising expectations.

Tim Martin is the founder and chairman of JD Wetherspoon, the 943-strong pub retailer.
Steve Richards
CEO OF CASUAL DINING GROUP

UK eating out now sets the benchmark

The UK stands at the top of the food chain when it comes to eating out. Following a 15-year eating-out boom, this country now has some of the best concepts and best food to be found anywhere in the developed world. This is evident in all corners of the market, from fine dining to fast food. I genuinely believe that what the UK eating-out market offers is every bit as good as the US, which for so long has set the benchmark.

A sentiment expressed at the very start of this report – that the market faces opportunity and challenge in equal measure – chimes with what we are seeing at Casual Dining Group. These are extraordinarily positive times for UK eating-out and we see huge scope for growth in our business. Opportunity abounds. However, the market has never been more competitive. The options and experiences available to today’s restaurant-goer are endless, which means their expectations are ever higher. They will not tolerate second best, and venues that do not take absolute care of them do so at their peril.

Equally, companies must take unprecedented care in the stewardship of their businesses. An example of this can be seen in investment strategy. The market demands that management teams and investors take a far more considered approach to capital investment. In simple terms, in order to keep pace with this dynamic market, companies necessarily have to keep tipping the development cash into restaurants and brands.

It’s a process that extends far beyond the fabric of physical restaurant buildings to include a constant rolling programme of investment in menu and product innovation; marketing support for brands across traditional media plus digital channels and social media; investment in developing people and teams; regular review and upgrades to management systems and software. Above all, what is mission critical – and so graphically illustrated by this research, highlighting the fluid nature of customer occasions and breaking down of traditional social norms – is the need for a state-of-the-art CRM platform enabling firms to reach and engage with their customers.

Fundamentally, senior management teams must constantly and dispassionately review and evaluate their major operating assets – in our case, Bella Italia, Café Rouge and Las Iguanas – continually refreshing and reinventing what they do, to ensure their brands remain fresh and genuinely differentiated but also relevant to their core audience. They must also be capable of leading innovation, whilst being financially disciplined and also cultivate a culture capable of inspiring front-line colleagues to create and deliver great customer experiences.

Barry Vera
CHEF DIRECTOR AT THE ONE GROUP

Fine dining is dead. Long live fun dining

The deregulation of life theme described in this report in why our business, The ONE Group, exists – and why we are experiencing such high demand for what we do. Nothing so graphically illustrates the deregulation theme as STK, our steakhouse restaurant brand, which we are expanding across the USA and in major international European cities.

At STK, the average dinner bill in London is about £80 per person. So it’s a high-ticket occasion, built on high-quality food where our guests expect to enjoy the very best experience. However, in the past, this sort of price point would have dictated exactly what was required or expected from such a restaurant – a tightly-defined experience where the chef, not the customer, was king. An occasion when people ate quietly, spoke in hushed tones, and generally thanked their lucky stars that they were fortunate enough to be sat at the table (or should that be alter?) of ‘fine dining’.

Clearly, times have changed. At the heart of STK is informality, fun and atmosphere. It is the essence of the brand. It runs through everything we do, from how we shape the menu and design the restaurant to how we train and develop our front-of-house teams. White gloves, heavily-starched tablecloths and overly-stiff service led by a stuffy maitre’d, is STK’s antithesis. It is where the deregulation concept collides with reality. In the case of STK, it’s a top restaurant doing something very different to traditional fine dining, and it jars with an industry previously bound by social norms and convention.

STK gives people ‘permission’ to let their hair down, to have fun. In addition to the food and the way our teams are trained to host our guests, we bring this to life in a number of other ways. For example, we put a bar in the centre of every restaurant and we work hard to continually evolve our drinks menu and cocktail offering. It’s a key showpiece, setting the tone – guests know we expect them to unwind and relax. These days people would much rather feel like they are eating in the bar or the kitchen, as opposed to the dining room or, heaven forbid, the library. The bar is where the party starts at STK. And it pays – drink sales account for about 40% of our mix.

It amazes me how many venues still treat music as background noise – an afterthought. It is crucial to STK and creates the right atmosphere. At STK, the DJ’s job is to ‘read the room’ – to find a genre of music that gets a strong reaction from the crowd and to stick with that style. If it’s an early sitting, it’s more relaxed; if it’s later it can be a little more upbeat. It works in Britain just the same as in Las Vegas (us Brits can be more reserved).

If it is an early sitting, it’s more relaxed; if it’s later it can be a little more upbeat. It works in Britain just the same as in Las Vegas (us Brits can be more reserved).

STK is not a nightclub but music helps add a certain fluidity to the venue. What I mean by this is that often the place our customers leave, at the end of the night, does not feel in any way like the same venue at which they arrived.

We recognise the deregulation of life concept because it chimes with our business. STK’s combination of food, service style and atmosphere is unconventional by previous restaurant industry norms. It works – because it’s what people want.

Barry Vera is Chef Director at the ONE Group (Europe).
Kate Nicholls
CHIEF EXECUTIVE OF THE ALMR

Why eating-out is important – and needs a voice

To supplement this report – and the main focus on emerging consumer trends and behaviours – I have been invited to write about the dining-out sector in the context of the leisure market, the economy and a significant part of UK business.

It is a substantial, flourishing and continually evolving piece of the wider hospitality and leisure industries. Eating and drinking out companies account for 8% of all businesses in the UK, of which 70% are SMEs.

The sector reaches 34 million customers per week, serving 42 million meals and pouring 6.5 million cups of coffee. As an employer, casual dining businesses create eight out of 10 new jobs for 18-24 year olds and 10% of UK employment as a whole. Each restaurant generates £209,000 for its wider local community. This is a successful and imaginative sector providing jobs, driving innovation and growth across UK high streets.

As this report shows, the demand for eating out in the UK continues to grow. We are now a nation of foodies – the majority of people say they are ‘passionate’ about food. A third of us eat out at least once a week, Generation Y consumers (aged 18-34) even more.

We expect to be able to dine out at any time of day, settling the bill via our mobile phone app. The eating-out sector is meeting this growing demand with an array of innovative concepts and increasing capacity – 2,000 food-led venues have opened in the past 12 months alone (CGA Peach, April 2014 to March 2015). But operating companies need the right business environment in order to continue to flourish.

As eating-out brands continue to prosper and become an ever-present on the UK’s high streets, we are now seeing a significant acceleration in site openings as Britain emerges further from recession. In the past 12 months alone (to April 2015), a total of 2,000 new food-led venues restaurants have launched.

One of the most common narratives in the restaurant industry, and the economy as a whole, is the difference between London and the rest of the country.

What is the reality of the differences between London and beyond? This Eating Out – Today and Tomorrow report highlights some variations that are not entirely unexpected – such as a greater frequency of eating out and a higher spend in the capital, or a greater penetration of high-frequency morning coffee purchases. These examples chime with our own data.

However, much of what consumers expect from the eating-out experience and sources of associated frustration (such as poor service or speed of bill payment processing) are the same, as well as other behaviours, such as frequency of dining out as a family. The overall impression is that, if anything, we are becoming more alike.

Certainly the boom in informal eating-out is a UK-wide story. Indeed, the biggest growth in new restaurants and eateries is now being achieved outside of London. Our own data at CGA Peach shows that the year-on-year rate in the number of new food-led venues in major conurbations such as Birmingham (+7%), Cardiff (+11%), Edinburgh (+6%), Leeds (+12%) and Manchester (+8%) is outstripping that rate seen in the capital. It’s important to note that London is still growing in terms of number of outlets, at about 4%, which is a fair lick for what is a big and more developed market.

Most of this growth is being delivered by the branded chains, in particular emerging names like Benito’s Hat, Leon and Red’s True Barbecue, as well as mid-sized companies such as Carluccio’s and Ed’s Easy Diner, or the bigger corporates like Casual Dining Group, Nando’s, Pizza Express and The Restaurant Group.

In the past decade a total of 8,600 restaurants and food-led pubs have opened in the UK, and we are now seeing a significant acceleration in site openings as Britain emerges further from recession.

These latest growth numbers also highlight that there is a high level of capacity hitting the market, suggesting that the competition will only intensify from here. Ultimately it is good news for the customer.

Peter Martin is Vice-President of CGA Peach, the leading research and business intelligence firm specialising in the UK out-of-home market.
About Sacla’

While Sacla’ is best known for its range of category-leading Pesto sauces for in-home cooking, it also has a long association with the UK foodservice market. It has recently developed an expanded range of carefully-selected Italian ingredients and products specifically for UK commercial kitchens – The Sacla’ Professionale range.

Established in 1939, when it was founded by the Ercole family, Sacla’ has been producing authentic, high-quality Italian food for over 75 years. Today, the business is run by the second and third generations of the family, at the company’s original headquarters in Piemonte. This heritage, and the experience that comes with it, has given Sacla’ the capability to develop a portfolio of authentic and versatile products for chefs and eating-out businesses, prepared in Italy to traditional family recipes.

In addition to high-quality sauces, Sacla’s foodservice range includes an array of products including organic soft drink Galvanina, an authentic Italian sparkling fruit drink available in four different flavours: Ruby Orange, Sicilian Clementine, Sicilian Lemon and Red Grapefruit. It offers bars, pubs, cafes and restaurants a premium alternative for the adult soft drinks market as well as a premium mixer for cocktails.

For Sacla’, the focus since launch has been supporting its customers and sees its role to not only supply brands that have been created with passion and provenance, but to also deliver insight and intelligence that will ultimately help its customers to drive their businesses forward.

Contact:
For more information, please contact the Sacla’ Professionale team on 01494 687900 or email professionale@sacla.co.uk

About Trajectory

Trajectory is an independent consumer foresight and futures consultancy established in 2008 by three of the leading figures in the futures industry.

We are experts in analysing and forecasting social and consumer trends. We blend established and innovative methods to help clients understand how consumers, cultures, markets and societies are changing – and how they can benefit from that change.

Our work is rigorous and thought provoking, often challenging conventional wisdom about the state of the world. The world’s most successful organisations anticipate and understand the trajectory of change – we are here to help you do just that.

Appendix

Primary Research
A nationally representative quantitative survey of 2,034 adults (18+) across the UK was conducted between the 28th April and the 1st May 2015 – through the Research Now UK Consumer Panel.

Secondary Research
The primary consumer research detailed above was bookended by an extensive literature and research review to ensure that we were abreast of the latest developments, trends and statistics in the market.

Industry Sources – Literature Review
For further reading on industry trends we would recommend the following (free) research papers:
- Baum & Whiteman 2015 Trends
- EY Restaurant Insight Report (September 2014)
- PWC Casual Dining Discussion Document (December 2013)
- Allegra Strategies Future Food Service Trends (June 2014) Presentation
- Allegra Strategies, Food Service Forum, Taste of the Future 2020
- National Statistics Family Food Report 2013
- National Statistics Food Statistics Pocketbook 2014
- Google/Nielsen – The Mobile Path to Purchase (Nov 2013)
- CGA Peach/ Zonal Waiting Times Survey (Oct 2014)

See also:
- Trajectory – The Rise of Mobile in the Connected Society (O2)
- Trajectory – The Future of the Family Holiday (Butlins)
- Trajectory – The Healthy Living Trends Report (FITBIT)

Public Data Sources

UK Economic Prospects
The UK is still in the process of recovering from one of the greatest economic shocks in modern history. The road to full recovery contains a number of hurdles. Many have been successfully navigated. For example, we have returned to growth and GDP is now greater than at the start of the downturn. Economic prospects for the UK now look more stable than at any time in the last seven years. Yet substantial hurdles remain. Securing a return to consistent above inflation wage rises will be important if the eating-out sector is to flourish. Also, interest rates will have to increase at some point. Indeed, a return to sustained real wage increases could be the trigger for an increase in interest rates. Getting the timing and size of interest rate rises right is not quite the economic policy equivalent of tight rope walking, but it will need careful and cautious handling. As we look forward, these are the key indicators and issues to look out for.

Finally, we should also note that the fruits of economic recovery are being very unevenly distributed both geographically and by sector. The North-South divide is only part of the story. The real picture is of a multi-speed UK. All regions contain local growth hot spots, but these may well neighbour areas that will see little or no growth in the next five years. This presents opportunities for operators at every price point in the sector, but matching the right offer to the right local economic conditions will become even more important in future.

A summary of all the key economic indicators and forecasts can be found here on the BIS Growth dashboard:

UK Digital & Mobile Behaviours

The impact of the digital revolution is well documented. While the scale and pace of change to date has been extraordinary, it has only created the platform for even greater change in the coming decades. This is despite the truisms that we tend to overestimate the short-term impacts of new technologies while underestimating the long term effect.

As such it’s useful to reflect on the pace of change overall, for example, only 25% of all of the world’s stored information was digitised in 2000 but by 2013 only 2% of the world’s stored information was non-digitised (think about your own stored information e.g. music, books, film, photographs etc).

Last year Ofcom publish a very useful 10-year retrospective (2005-2014) on the digital market – highlighting that overall internet access has grown from 59% to 84% in that time – including among the over-65s from 20% to 52% (with 55-64s up from 49% to 84%, and 45-54s up to 93%).

In terms of smartphones, today 66% of all adults have a smartphone including 17% of over-65s, 74% of 45-54s and 49% of 55-64s – with that latter age group today (2014) in the same position that 18-24s were in in 2010. In short, smartphones are being adopted across all age groups.

Beneath the figures for technology adoption are the expanding repertoire of digital behaviours. Today 90% of mobile users send and receive texts, while 90% of mobile users send and receive emails. Overall 44% of us are gaming, 58% of us are using messaging services, 72% of us have at least one social media profile, (among whom 81% access social media at least daily).

Finally, and importantly, it is crucial to recognise how time spent with screens has increased such that today the average UK adult spends over eight hours a day (521 minutes) with screen-based media. Note that is the net figure – incorporating media multi-tasking or multi-screen usage (smartphone, TV, tablet, console etc).

For further information please see the following resources from OfCOM:

The annual UK Communications Market Report provides an outstanding range of analysis: http://stakeholders.ofcom.org.uk/market-data-research/market-data/communications-market-reports/cmr14/

While this year we also benefit from the 10-year perspective afforded by the May 2015 Adult Media Use and Attitudes report – a report first launched in 2005. This report is important as it focuses on the relative sophistication of different users. The full report can be accessed here:

http://stakeholders.ofcom.org.uk/market-data-research/other/research-publications/adults/media-literacy/media-lit-10years/

The key charts showing changes across the 10 year period 2005-2014 can be accessed directly here:

http://stakeholders.ofcom.org.uk/binaries/research/media-literacy/media-lit-10years/Adults_media_use_and_attitudes_charts_-_Section_3.pdf

UK Population Projections

If we are sure of one thing then it’s that the UK population will grow – driven by increased longevity (1 in 3 people born in 2015 are expected to live to 100) and net migration. Today there’s estimated to be 64.6m people in the UK, including 50m adults. 84% of the population lives in England, 8% in Scotland, 5% in Wales and 3% in Northern Ireland.

The median age of the UK population today is 40. This is an unprecedented high and means that half of the population are aged below 40 and half are aged above 40. This median figure is expected to exceed 42 by 2035 at which point the population of the UK is expected to reach 73.2m.

Of course the picture of growth has many variables, not least by region, with London, for example expected to see 15% growth between 2012-2022, and while London has a younger age profile, even here we expect to see an unprecedented 1m over-65s by 2017 (16% of the population).

Overall we should all be planning for a future where approximately 25% of the population is aged over-65 and ensuring that our services are fit for this purpose – while appreciating the changing dynamics of the cohort including growing numbers in work (circa 10% today).

For further information please see the following resources from ONS:

http://www.ons.gov.uk/ons/dcp171778_363912.pdf

This is a useful paper that provides regional analysis of population growth (including ageing) against a ten year time-frame. Continued rapid growth in the London population is no surprise but there is some fascinating data on other regions and local authorities.


This report looks at the national population projections against a longer time-frame providing some insights into the long term shape of the population, especially by age and including element such as the dependency ratio - the proportion of pensioners against the working population.

UK Migration and Minority Ethnic Population Projections

This is a particularly challenging area for analysis due to data availability, the range of variables involved in forecasting and the politicisation of the subject. The resources below should help you to navigate the field effectively.

Today circa 14% of the UK population are classed as being from minority ethnic groups – with significant variations around the country, including places such as Leicester and Slough which are now described as ethnically plural. Today around 50% of the total minority ethnic population lives in Birmingham, London and Manchester, this concentration is expected to decrease significantly in the coming years as populations are diffused across the UK.

Using the 2011 Census as a base, this paper from the University of Leeds is based on a three-year study of anticipated population change. While the long-term growth in the ethnic minority population as a share of the national population should be no surprise the anticipated integration across the country – and away from the conurbations is of particular interest:

http://www.leeds.ac.uk/news/article/3354/more_ethnically_diverse_populations_for_uk_local_areas
Eating Out - Today and Tomorrow

THE KEY INSIGHTS AND TRENDS SHAPING THE UK EATING-OUT MARKET