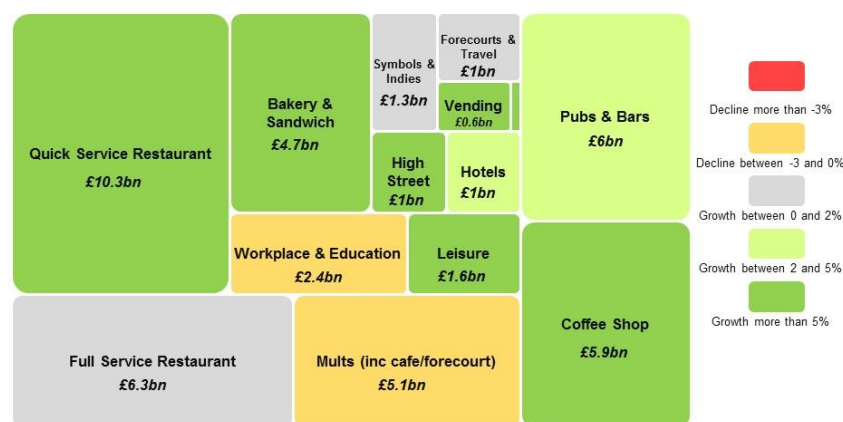


# Out of Home Snapshot

**The GB Out of Home market is worth £47bn, with £13.5bn spent on drinks showing strong year on year growth of over 5%. The average spend per person is £968 in GB each year, and £955 in Wales. Growth is coming from increasing store numbers, new occasions, increased loyalty and increased spend through premiumisation.**

The out of home market is a major segment of consumers' spending, worth £47bn in the year to January 2017. Most market channels are in strong growth, including the major channels of Quick Service Restaurants (£10.3bn), Bakery and Sandwich (£4.7bn) and Coffee Shops (£5.9bn). Channels performing less well with year on year sales falling are the full-service restaurants, multiples and workplace

Out of Home Channels



caterers.

60% of out of home spend is on the formal meal or quick meal market, 18% on hot drinks, 11% on snacks and 11% on cold drinks. In Wales, meals account for a larger proportion of spend (63%), with proportionally less spent on snacks and hot drinks. Baby Boomers (aged 55+) are the largest spenders, with annual averages higher in Wales than the GB average (£1,290 vs £1,186). 65% of baby

boomers' spend is on meals, whereas Millennials (under 35s) spend half this amount (£611 annually in Wales), and 40% of this is on drinks and snacks.

Whilst channels remain relatively traditional in the profile of spending (i.e. Formal meals dominate spending in restaurants, quick service restaurants, hotels), there is evidence of channels competing outside of their formal sectors, and more so in Wales than the GB average. 41% of bakery shop trips include a hot drink, and 19% of coffee shop trips include a quick meal in Wales.

The out of home market is very competitive and location drives store choice with 56% of consumers visiting because it's either on route to somewhere else (27%), nearest home (10%) or nearest work (19%). To gain market share within the market, retailers are opening new stores, increasing occasions (particular breakfast and morning), premiumising their offer and broadening the category mix.

Coffee is being used to drive new occasions and trip spend. With 72% of spend in hot drinks on coffee, it is a major category, worth £6.2bn and showing year on year growth of 9%. Nearly 40% of coffee occasions include a non-coffee purchase which is driving a significant uplift in trip spend - for example, 11% of coffee purchases include a sandwich, driving spend up from an average £2.04 to £7.14 as consumers buy multiple products. Premium coffee shops are also starting to sell craft beer and wine.

Growth in adult carried out (packed lunch) occasions is enabling consumers to switch spend to indulgent products, especially in the morning. Capitalising on

# Out of Home Snapshot



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changes in occasions (morning, lunch, afternoon and evening) is allowing retailers to drive growth within the dynamic out of home market.