A healthy future for Foodservice?

How Foodservice is responding to the Health debate

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Overview

- Foodservice - what is it?
- Health - what do we mean?
- Supply, Demand, or both?
  - Consumer demand
  - Operator supply
- What next
- Key points
We know Foodservice - specialists

Foodservice - what is it?
We define The Foodservice Universe

- Food, drink sales to consumers £46.6 Bn
  - Excludes drink in Pubs, Hotels, Student Unions etc not served with food
- Food sales to consumers £34.5 Bn
- Food sales to operators £10.7 Bn
- Food shipments £7.5 Bn
- It serves 7.9 Bn meals/year

Source: Horizons – Market Structure and Trends 2014
One consumer - different sectors satisfy different needs

<table>
<thead>
<tr>
<th>Sector</th>
<th>Customer need</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quick Service Restaurants</td>
<td>Destination outlet - customers are primarily going there to eat</td>
</tr>
<tr>
<td>Pubs</td>
<td></td>
</tr>
<tr>
<td>Restaurants</td>
<td></td>
</tr>
<tr>
<td>Hotels</td>
<td>Food not main reason for visit - secondary need is to eat whilst there</td>
</tr>
<tr>
<td>Leisure</td>
<td></td>
</tr>
<tr>
<td>Staff Catering</td>
<td>Food not main reason for visit - limited other choice of food so restricted to outlet</td>
</tr>
<tr>
<td>Health Care</td>
<td></td>
</tr>
<tr>
<td>Education</td>
<td></td>
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<tr>
<td>Services</td>
<td></td>
</tr>
</tbody>
</table>

Source: Horizons Market Structure and Trends 2014

Health - what do we mean?
Health has comes of age - now we talk about “wellbeing”

Horizons highlight it as a Top 10 Foodservice Trend

- Growth of Fast Casual
- Location, Location, Location
- **Health and Lifestyle**
  - Blurring of day parts
  - Personalisation
- Evolution of pubs and café culture
- Adaptation of technology
- Cuisine and flavour trends
- Ongoing evolution of what works
- Acquisition and mergers

Note: These trends are within the wider context of macro factors affecting the Foodservice market, which are not considered here.
Supply and Demand for health - or both?

Demand - from consumers
Supply - from operators

Demand: what consumers are saying
All of us, and in different environments

I'm hungry!!!

I want to chill

I'm at work – it's lunchtime

It's my grandmother's birthday

I want to take my girlfriend out

I'm a vegetarian... and I love the planet...

I'm hungry!!!

I'm on a diet...

... and I'm not

... I don't give a toss
And other demands as well as health

- Faster payment methods
- Food on the go
- Dietary requirements
- Personalised food
- Allergen information
- Ethical sourcing
- 24/7: I want it when I want it, where I want it!
- Latest trends

And the quandry of “being good” vs “it’s a treat”
47% of consumers mention at least one health/lifestyle factor affecting choice of where to what to eat – slightly less so at Christmas!

One in ten are looking for vegetarian options.

Consumers more interested in healthy options in the summer than in the festive season (approx. 1/3 vs 1/4).

Women generally more interested in these issues than men.

Supply: how operators are responding

- On menus
- Operator initiatives
- Operator openings
Supply - on menus

Allergens and GF continue, Superfood as a term is emerging

- ‘Superfood’ is a more common term up 45% year on year
- ‘Allergy’ or ‘Allergen’ has steadily increased up 20% year on year
- ‘Gluten free’ up 71% over the last 2 years, but stable vs last season

Source: Menurama Winter 2015
Terms - “Superfood” increasing, “Healthy” declining

- 14% of brands in Menurama have dishes containing the term “superfood”
- “Superfood” dishes have increased by 61% since last year
- Brands using the term “healthy” fallen from 17% to 12% since 2011

Source: Horizons Menurama Winter 2015

“On trend” ingredients in “superfood” dishes

- Samphire +24%
- Avocado +11%
- Chia Seeds +300%
- Quinoa +154%

Source: Horizons Menurama Winter 2015

Figures show growth in numbers of dishes including the superfood from winter 2014 to winter 2015.
Brands with gluten free menu options on the increase

- 50% of brands in Menurama now have gluten free options
- Up from 36% a year ago

Source: Horizons Menurama Winter 2015

Free From choices abound!

Brands offering Gluten Free Dishes
- Abokodo
- Carluccio’s
- Chef & Brewer
- Chiquito
- Ed’s Diner
- Horse
- Jamie's Italian
- Handmade Burger Co
- La Tasca
- Marstons
- Hungry Horse

Lactose/dairy free is increasingly an option on menus
- LEON
- TGI Fridays
- Pizza Express
- Zizzi
- Little Chef
- Thistle
- EAT

Source: Menurama Summer 2015

Source: JD Wetherspoon Website

Source: TGI Website
And Healthy is flagged on menus

- Pizza Express
- Ask
- Zizzi
- Prezzo
- Bella Italia
- Harvester
- Giraffe
- Jamie’s
- Itsu
- EAT
- Gusto
- Abokado
- Yo Sushi

Source: Menurama Winter 2015

The option of a Healthier alternative has proven particularly popular on Casual Italian Menu’s

As is ‘vegetarian/vegan’

- Separate Vegetarian section is becoming less popular
- More commonplace is to have a vegetarian option within the main menu
- 81% of brands surveyed had a Vegetarian main course choice
- 14% of all main course listings are Vegetarian

Source: Menurama Winter 2015
Supply - operator initiatives: some examples

Gluten Free & Dairy Free highest impact on dishes likely to serve

Dietary trends or issues likely to have an impact on the dishes served over next few months or so

Responding to consumer and government pressures

Others catching up quickly through partnerships…

Pressure on industry to ‘do the right thing’…

Operators catering for a variety of dietary requirements

…or lifestyle choices!
Vegetarian – take a leaf out of Pret’s book?

- Best-selling vegetarian SuperBowl of beetroot, butternut squash and feta

- Falafel and Halloumi wrap now the fastest selling hot wrap

- UK’s healthiest and fastest fast-casual restaurant...

Other examples

- Pho gains accreditation 26 Jan

- Patisserie Valerie launches Gluten Free - 5 in range

- Starbucks launches National Green Juice Day
On the move! Healthy pulls up at Motorway Service Stations

Tossed now available in 6 Motorway Service Stations

“Even we were gob-smacked by the PR,” he said. “Customers are walking the talk (on healthy food).”

McKie

McKie also revealed that the fastest growing line at the Waitrose stores located with Welcome Break is sushi. “It’s growing by 35% year-on-year,” he said.

Supply - Operator openings
Healthy Quick Service Restaurants are the 5th fastest growing outlet type

<table>
<thead>
<tr>
<th>Rank</th>
<th>Type Of Offer</th>
<th>UK Outlets 2015</th>
<th>Growth</th>
<th>Brands</th>
</tr>
</thead>
</table>
Operator highlights

- Operators are reacting to changing consumer lifestyles by supplying healthy food options and more information on menus.

- Allergen information has seen a significant change of importance on menus since the legislation change a year ago.

- 67% of operators say health issues have already / are likely to affect dishes served – gluten free is most commonly cited issue.

- Existing operators are leading the way with new initiatives and taking advantage of this growing/relevant sector.

- New operators are appearing on the high street, offering new and exciting variations of ‘healthy food’.

What next?
Horizons highlight as a Top 10 Foodservice Trend 2015

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More to follow

Superfoods

More use of vegetables, vegan

Clean, raw, paleo…

Guilt free snacks

Options for kids
Key points

- It’s a healthy future!
- Foodservice is a large market
- Consumers are more educated and are expecting and looking for more choice of healthy options and information on menus
- Operators are actively making changes to their offer to meet this
- And new operators are entering the sector with “healthy” offers
- A positive future looking forwards
Thank you!

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