



FOODSERVICE
SOLUTIONS

ISSUE 07

In it

Together

*Sharing our knowledge and insight
of **What's Hot** in out of home.*

Your quarterly update on the market, menus and more...

Welcome



Hello and welcome to Issue 7 of In it TOGETHER.

This quarter we update you on the final months performance of 2021 (Oct-Dec) across the total out of home market, each segment and daypart.

We will have a deeper look into the segments to understand the challenges and opportunities they face and highlight the key growth drivers to support them.

This quarter's category focus looks at the next big trends that will shape foodservice this year and next.

Again, please do get in touch if you have any feedback, we would love to hear from you.

Take care,

Alex

Senior Category Manager
alex.gregory@mccain.co.uk

Economic Outlook

An overview of the UK economy across a range of key measures.

The Market - Fresh Insights

A deep dive into the YE 2021 performance across the market, segments and dayparts.

Dark Kitchens

We uncover the pro's and con's & discover what the future holds for Dark Kitchens.

Category Focus - 2022-2023 Trend Predictions

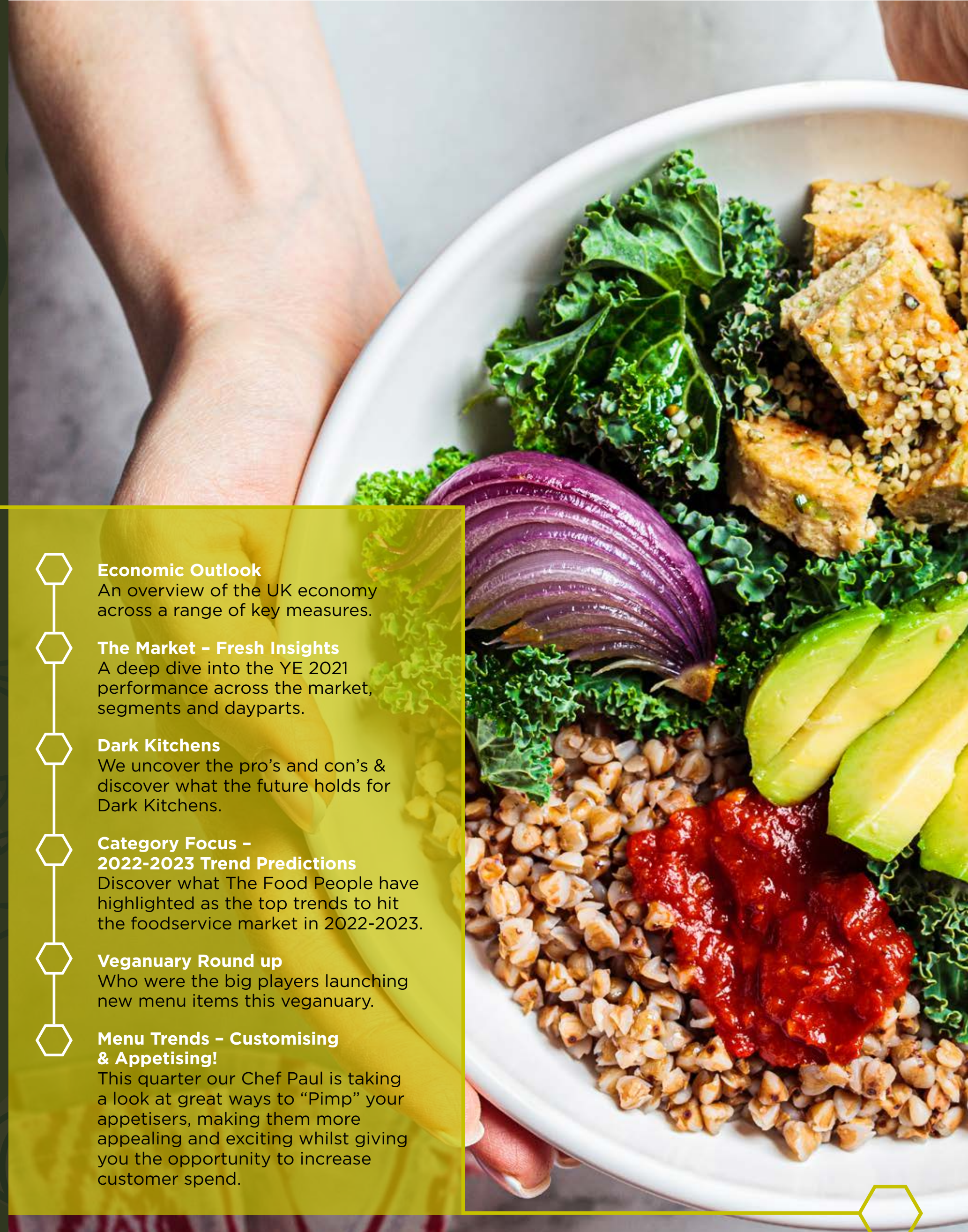
Discover what The Food People have highlighted as the top trends to hit the foodservice market in 2022-2023.

Veganuary Round up

Who were the big players launching new menu items this veganuary.

Menu Trends - Customising & Appetising!

This quarter our Chef Paul is taking a look at great ways to "Pimp" your appetisers, making them more appealing and exciting whilst giving you the opportunity to increase customer spend.



Economic OUTLOOK



- ⬡ GDP is estimated to have grown in November and is above its pre pandemic level (Feb 20) for the first time, by 0.7%
- ⬡ Unemployment figures September – November fell slightly from previous July-September at 4.1%
- ⬡ Consumer confidence dropped to its lowest level in 11 months (-19) in Jan 22, due to persistently high inflation
- ⬡ UK inflation jumps to 30-year high of 5.4% in the 12 months to December 21, up from 5.1% in November as cost of living crisis deepens. Driven by the higher cost of clothes, food and footwear. The price of furniture and eating out also increased as shortages of staff pushed up wage costs and hold-ups at UK ports hiked the cost of imports.
- ⬡ In real terms (adjusted for inflation), total and regular pay have shown minimal growth in September to November 2021

The Market in 2021

By the end of 2021, foodservice* eating out spend recovered to **73% of pre-covid levels** in 2019.

In comparison to YE 2019, YE 2021 visits declined -38.5%. However, Q4 2021 **visits grew 41.1%** vs Q4 2020 visits.

Brands continue to **fair better** than independents across all channels

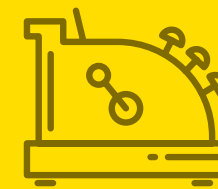
Fast Food/QSR continues to be the **best performing market segment**, benefiting from continuing consumer demands for delivery, convenience and affordable prices

Comparing YE 2021 to YE 2019, convenience has become significantly less important, whereas treating has **grown strongly** in importance. However, comparing Q4 2021 to Q4 2020, treating has started to decrease in importance.

Servings of potato products declined less than total food & drink in 2021 Vs 2019. Chips and wedges were the **best performing category**, but servings were still in decline overall. Servings grew in Fast Food segments.

*excludes QSR and big 3 QSR brands

TOTAL FOODSERVICE



SPEND

-23.1%



VISITS

-38.2%



AVERAGE
EATER

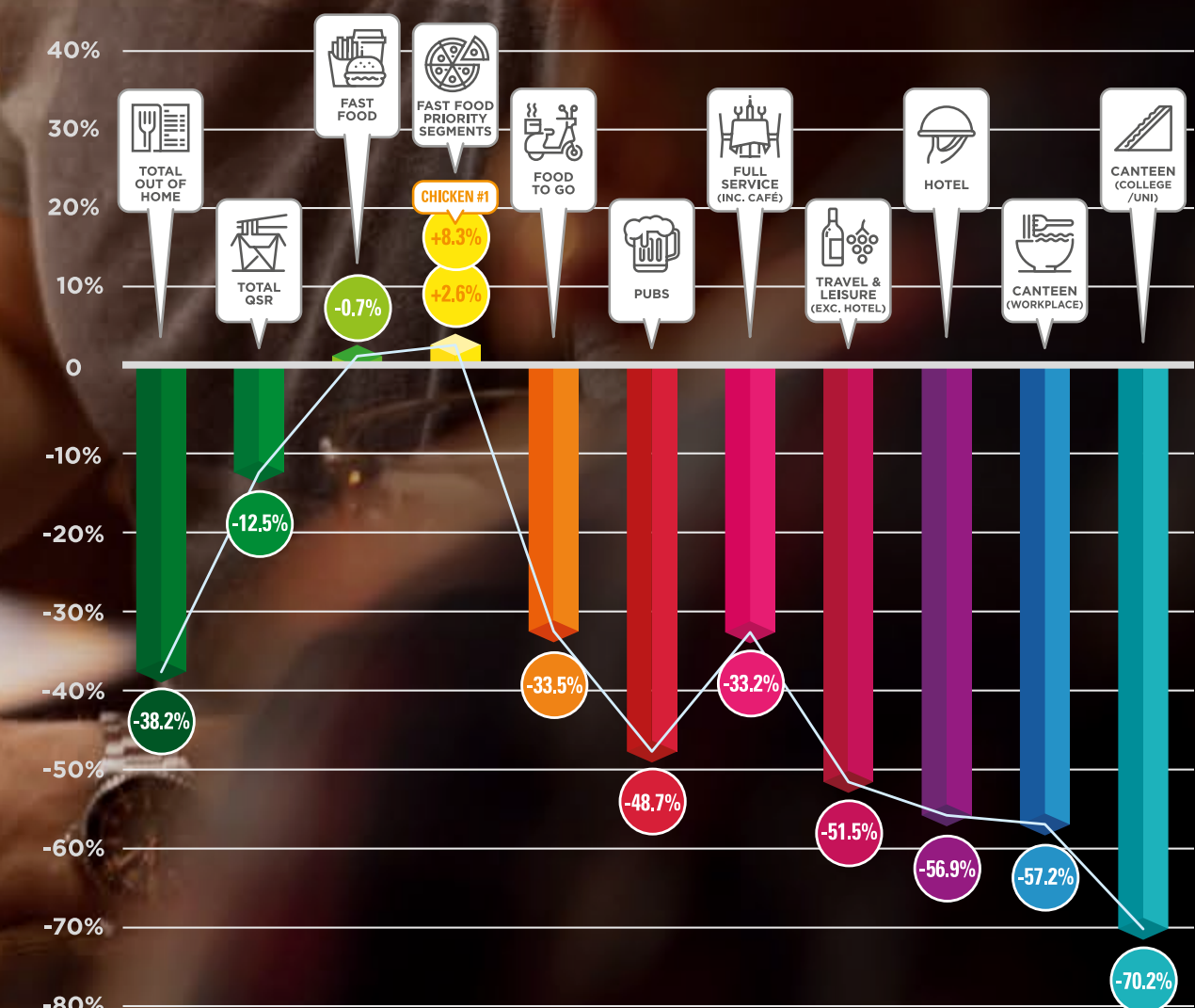
+24.4%



AVERAGE NO.
OF ITEMS

-2.2%

2019 Vs 2021 Visits Performance

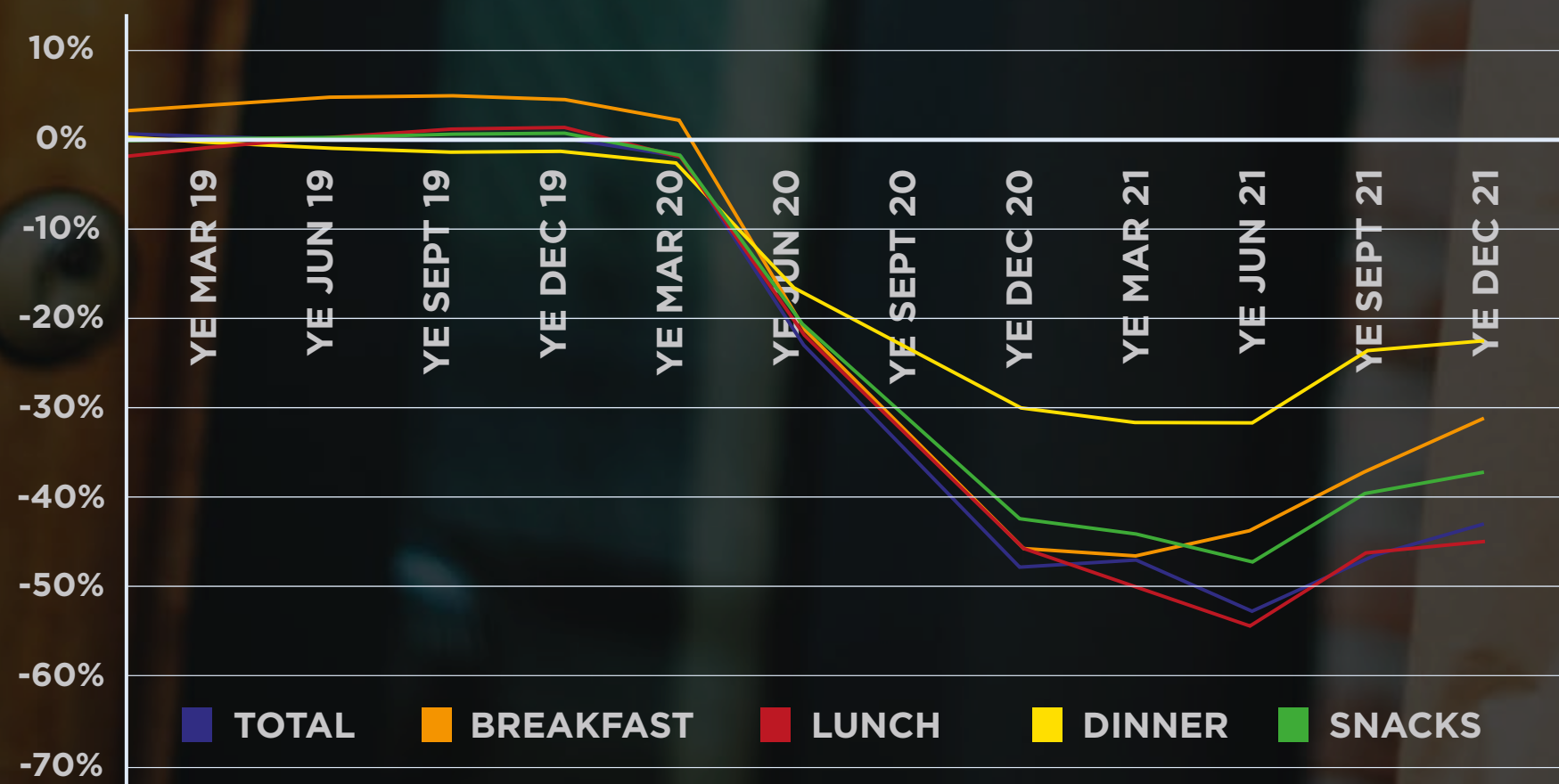


Source: NPD Crest YE 2021 Vs YE 2019

Daypart

PERFORMANCE

- In visits, dinner was the best performing daypart in 2021 vs 2019, helped by delivery orders.
- Breakfast spend grew, driven by higher prices and the growth in delivery, while visits still declined.
- Delivery spend was up +52.1% in 2021 vs 2019, and up +13.7% compared to YE 2020.



Breakfast Visits
-32.1%



SPEND
+3.9%

Lunch Visits
-46%



SPEND
-32.7%

Dinner Visits
-23.5%



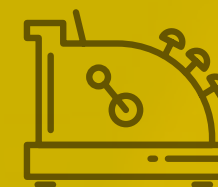
SPEND
-19%

Delivery Visits
+22.8%



SPEND
+52.1%

PUB Insights



SPEND

-34.5%



AVERAGE
EATER

+27.7%



VISITS

-48.7%



AVERAGE NO.
OF ITEMS

-10.9%



Breakfast Visits

-42.4%



Lunch Visits

-50.4%



Dinner Visits

-50.2%

Spend and visits to pubs are struggling to grow back to pre-covid levels as fast as other foodservice sectors.

The main motivations for eating out in a pub in Q4 were “because of travel/events/holidays” & “wanting something light/balanced”.

“Socialising” and “needing a break” declined as reasons to choose a pub over a different sector.

Pubs that offered delivery/takeaway increased in incidence in Q4 as the reason for choosing to eat/drink in a certain outlet.

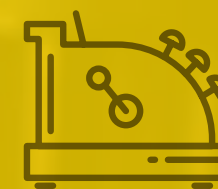
Full Service RESTAURANTS

Being more adaptable to delivery/takeaway than the likes of pubs has worked in the favour of full service restaurants.

Independent restaurants are still almost **50% down** on visits compared to 2019, whereas chains are down a mere 10%.

Parties with kids declined less than parties without – down to families choosing to order delivery/takeaway over the festive period rather than eating out due to the risk of the Omicron variant.

Breakfast spend saw some **growth**, driven by higher prices and the growth in delivery.



SPEND

-18.3%



AVERAGE
EATER

+22.3%



VISITS

-33.2%



AVERAGE NO.
OF ITEMS

-8.8%



Breakfast Visits

-20.9%



Lunch Visits

-42.9%



Dinner Visits

-36.2%

Fast Food

Visits to total Fast Food outlets were **slightly down** on 2019 numbers (-0.7%). However, visits to priority segments (burger, chicken, kebab and chicken) were +2.6% Vs 2019.

Chicken shops are **outperforming all other sub segments** in visits (+8.3%) and spend (+33.6%).

Growth in spend in the chicken sub segment is being driven by **increase in menu prices** as the average number of items ordered per person is actually in decline (-5.9%).

Socialising is growing in importance for this sector as people chose to order in with parties of families and friends.

Choosing a Fast Food outlet based on “the kids liking it” has **grown in importance** as families congregation over half term and the festive period.



SPEND

+14.8%



AVERAGE
EATER

+15.5%



VISITS

-0.7%



AVERAGE NO.
OF ITEMS

+2.2%



Breakfast Visits

+9.7%



Lunch Visits

-11.8%



Dinner Visits

+7.8%

Fast Food

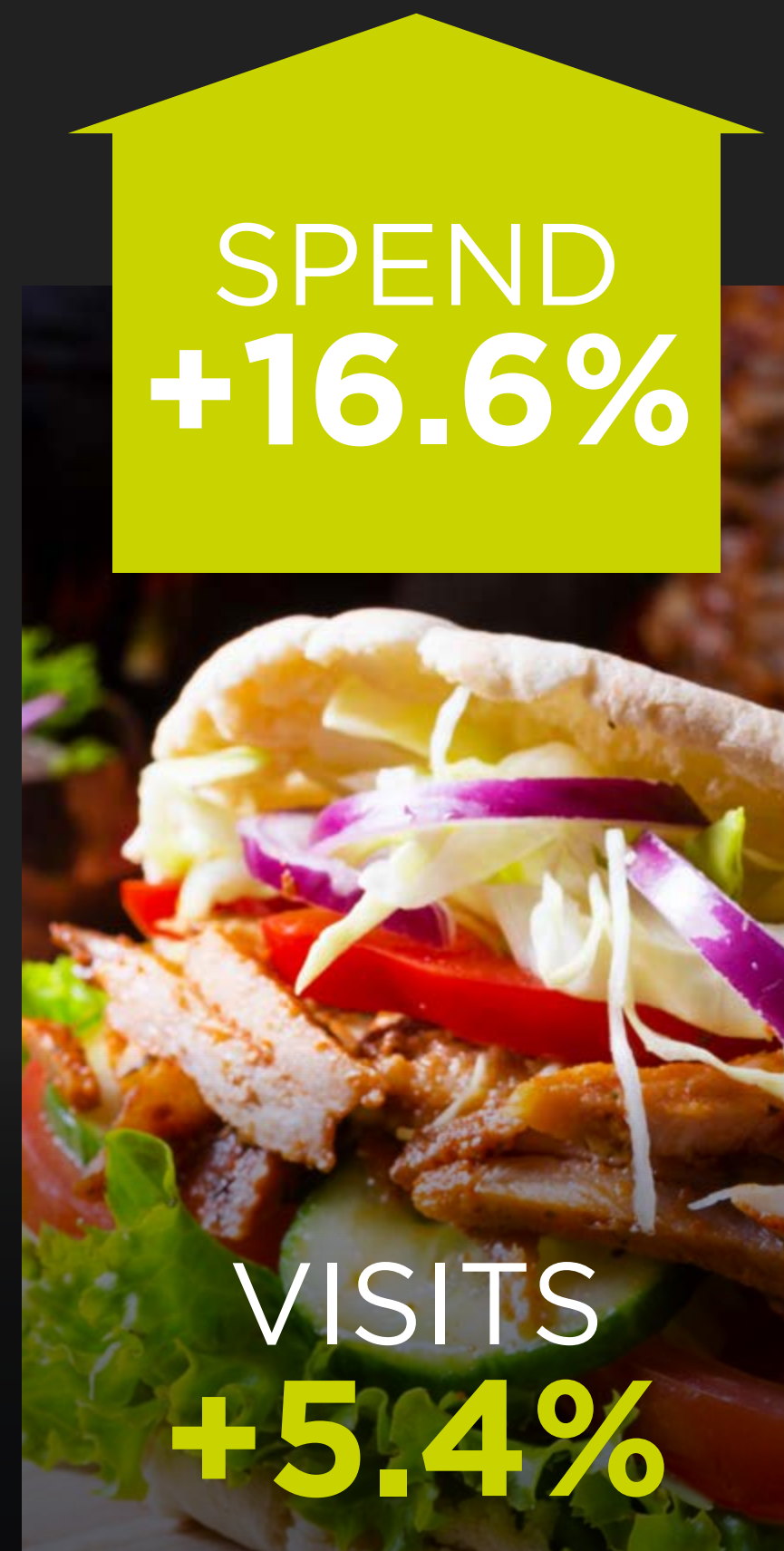
Spend & visits by priority segments



CHICKEN



BURGER



KEBAB



PIZZA

Delivery & Takeaway

JANUARY DELIVERIES UP
FIVE-FOLD ON PRE-COVID-19.

▲
97.4%
NOV

November 2019
vs November 2021

▲
127.3%
DEC

December 2019
vs December 2021

▲
138.2%
JAN

January 2022
vs January 2019

This latest figure is **higher** than the 2021-on-2019 **increase of 127%** that the Tracker reported for December, when caution about the Omicron variant of COVID-19 and restrictions on hospitality led some consumers to order in instead of eating out. Deliveries and takeaways accounted for nearly **30 pence in every pound spent** at managed restaurant and pub groups in January 2022.

"This strong start to 2022 shows that the delivery sector is going to flourish long after COVID-19 concerns ease. Consumers have got used to the convenience and quality of at-home food and drink from restaurants and pubs, and many of them will not change their habits lightly, even as eating-out returns to pre-pandemic norms. The big challenge for businesses is to ensure that delivery sales are incremental rather than detrimental to their in-venue sales in 2022."

DARK

Kitchens

DARK KITCHENS ARE NOT A NEW TREND, AND WHILE COVID-19 ACCELERATED ITS RISE, IT ISN'T THE SOLE REASON FOR THEIR SUCCESS. The online delivery market is growing due to lifestyle changes and increased internet penetration rate. People are now extremely comfortable with online ordering and banking systems are becoming more simplified.

Dark Kitchens

GROWTH IN DELIVERY HAS BEEN STAGGERING, YET IT HAS ALSO INSPIRED BRANDS TO INNOVATE, AND THERE ARE STILL MANY OPPORTUNITIES AHEAD.

Today, the concept of dark kitchens has broadened into a wider range of business models and is often confused with virtual kitchens or multi-kitchens.

The standard operational model of a dark kitchen is where an **existing brand rents a location with a purpose-built kitchen for delivery** only, without offering the public-facing entrance or service they offer in other locations. The brand will already be well-known through its physical restaurant sites and are **using dark kitchens as a way of optimising online delivery orders.** This is often done via third-party aggregators, though sometimes through their own delivery teams.

Multi-Kitchens

This model is where **food is prepared for a range of brands out of an existing kitchen.** Some virtual kitchens may sell their brands solely online via their website or third-party aggregates. Others may already have an existing brick and mortar restaurant, yet their kitchens also produce food for additional brands for online sale only. One very successful example of this is Azzurri Group, which market three Italian-style brands out of their UK locations: Coco di Mama, Ask Italian and Zizzi.

Virtual Kitchens

These kitchens run on a delivery-only basis, but **for brands that are not sold in any brick-and-mortar** restaurant. In other words, these brands only exist virtually and can be ordered via online delivery platforms.

German virtual kitchen startup, 'Eatcleaver', was started in 2015 by three friends who were tired of not being able to order healthy takeaway food. So, they decided to do it themselves with a very limited budget but soon attracted investment from one of their main customers, 'Tarek Müller'.

DARK Kitchens

LIKE MOST BUSINESS MODELS, DARK KITCHENS HAVE THEIR ADVANTAGES AND DISADVANTAGES.

On the plus side

- Setup costs for new or additional outlets are greatly reduced in comparison to physical restaurants.
- Running costs are significantly lower than a bricks-and-mortar restaurant (lower costs for staff and premises).
- Dark kitchens expand your brand footprint exponentially.
- Working through delivery aggregators saves on marketing costs as they work on a commission-based payment model.
- It can be used as a proof of concept.
- Consumer demand of delivery is increasing.

On the other hand

- Brand longevity is not guaranteed.
- Environmental impact: there is an increasing aversion towards single-use plastics so packaging needs to be appropriate. The product must reach the customer at the agreed and expected brand standard and within the allocated budget.
- It is more difficult to harness customer feedback when face-to-face interaction is removed. One secret to a dark kitchen's success is being able to adapt to customer preferences quickly, so this listening is vital to keep on-trend.

Location is key

Dark kitchens do not depend on footfall but proximity to a sufficiently large target market is essential.

Look for high-density residential areas with a population of at least 60,000 in its radius. At the same time, it's important to keep costs down by choosing a cheaper or less desirable location with lower rents.



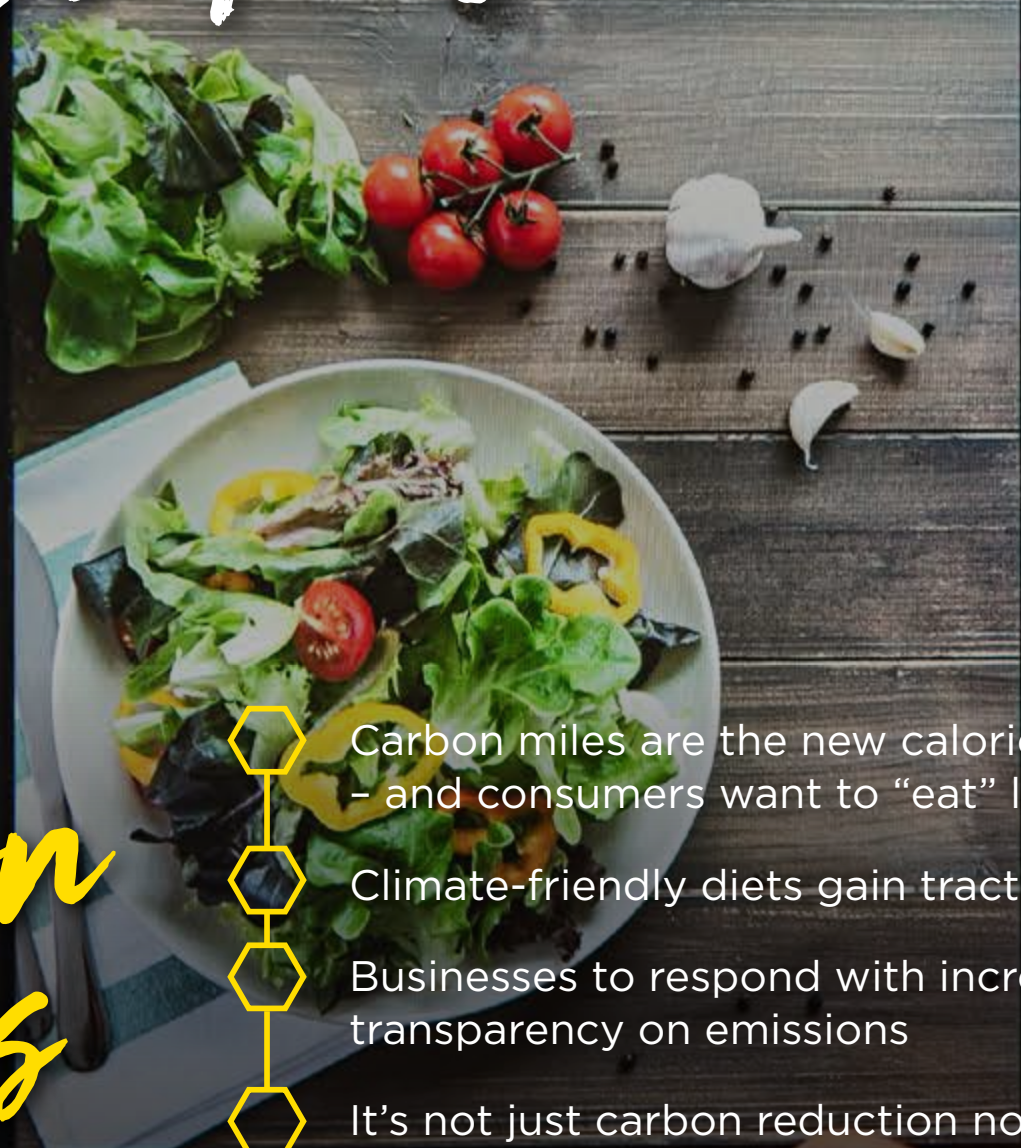
The Future: Will the Bubble Burst?

They present a simple and innovative solution for restaurants to diversify their operations through delivery without overwhelming their on-site business. There's no doubt that virtual kitchens are here to stay, whether businesses have a brick-and-mortar premises or not. Customer expectations and labour shortages indicate that **this business model is here to stay**, and that technology will play a crucial part in the future of food delivery.

2022-23

Trend Predictions

Carbon truths



Carbon miles are the new calories – and consumers want to “eat” less.

Climate-friendly diets gain traction

Businesses to respond with increased transparency on emissions

It's not just carbon reduction now the goals are “carbon negative” or “active”



Oat Cloud grown on cutting edge regenerative carbon-converting farms, **Airly** (USA)



'Zero Footprint' salad; portion of sales go to regenerative farming, **Just Salad** (USA)



Pilot launch of front-of-pack environmental scores, **Foundation Earth** (UK & Europe)



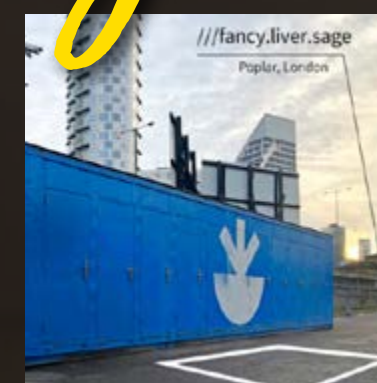
'Carbon neutral' yoghurt; company offsets its emissions, **The Collective** (UK)

Seamless Order & Delivery

Digital kiosks, voice recognition & cameras are enabled to make the ordering process quick and seamless; meanwhile cashier-less checkouts, robots, lockers, vending machines, drive through and curbside collection make picking up orders easier than ever.



On-demand 'ultrafast' within minutes delivery service for grocery items, **Getir** (UK).



Delivery drivers get exact (to 3m) location drop off, **Collectiv Food x What3words** (UK).



Robots can prepare, bake and slice a pizza, **Pazzi** (Paris, France).



Robotic bar to mix and prepare cocktails and coffees, **Smyze** (Switzerland).

Sea Farms

Sea plants are being hailed as a potential, sustainable food solution with the ability to replace fish, grains, meat and even plastic. Seaweed, dulse, kelp and samphire appear on more and more menus – from QSR to fine dining.



Cocktail with rum, local seaweed & excess milk from the coffee machine, **Lido Troon** (Ayrshire, Scotland)



Zostera; marine grass harvested for its grain, **Angel Leon, Aponiente** (Cadiz, Spain)



Expanding their test of compostable seaweed food boxes for delivery, **Just Eat & Notpla** (UK)



Ocean mortadella: smoked, fermented wakame and bull kelp, Chef **Vaughan Mabee** (Central Otago, NZ)

Fine Eating, Not Dining

For many diners this is focus on quality food without the formality. This is causing a new generation of a fuss-free gastro pubs serving Michelin-grade food in a relaxed setting.



High quality but informal vibes at French-style wine bar and bistro, **Bar Blondeau** (NYC, USA).



Torta Cipriani with fillets of red mullet, sardines and anchovies, **Public Wine Shop** (Melbourne).



Native lobster in champagne mayonnaise and butter-fried milk roll, **Quality Wines** (London, UK)



Fine dining from lauded Crown Shy team, with relaxed apartment feel, **Saga** (NYC, USA).

Novel Nostalgia

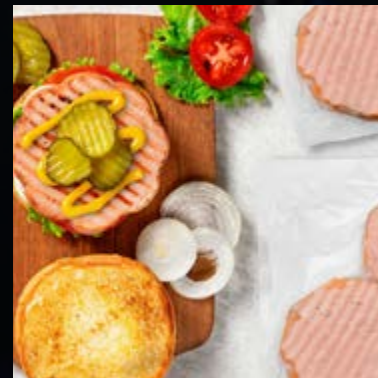
Consumers seek out childhood favourites but with a gourmet, and grown-up makeover. Because indulging your inner child, doesn't mean ignoring your gourmand side.



'Nutella & Waffles' dessert on the 'Guilty Pleasures' menu **Six By Nico** (Glasgow, Scotland).



Sparkling rhubarb float. **Rosie Birkett** (UK).



Round Hot Dogs; patty-shaped dogs with ridged edges for crisping, **Rastelli** (USA).



Aussie Childhood Surprise Box includes fairy bread, lamingtons, rice crackles, **Nutie Donuts** (Sydney Aus).

Look East

The cultural influence of East Asia is growing at pace. Japanese food, already well loved globally, is explored further – get creative with cuisine mash-ups. The Korean craze draws consumers to dishes like tteokbokki, bulgogi, fried chicken and Korean corn dogs.



Monthly subscription box of 20+ Japanese snacks, **Bokksu** (USA).



Korean pancakes (hotteok) with cinnamon and sweet potato filling, **Trader Joe's** (USA).



Korean corn dog, egg fried rice & 'Yakult Royale', **Korean Dinner Party** (London, UK).



Mochi doughnuts made with rice flour, **Mochinut** (USA).

Sensory Exploration

A newfound appreciation for our sense – dishes are being elevated with big & bold flavours – sour, salty, spicy & umami. Also have a play with sense of smell, using scents to transport consumers to “happy places”. After being deprived of physical interaction for so long, we want to use our hands and play with our food.



Free book from 'Life Kitchen' with recipes for those experiencing taste and smell changes, **Taste & Flavour** (UK).



Aroma pods 'trick' brain into imagining that your water is flavoured, **Air Up** (UK/Europe).



'Summer Scent' ice creams (Freshly Cut Grass, Blackpool Rock, Suntan Lotion, Sea Salt Spray), **Fortnum & Mason** (London, UK).



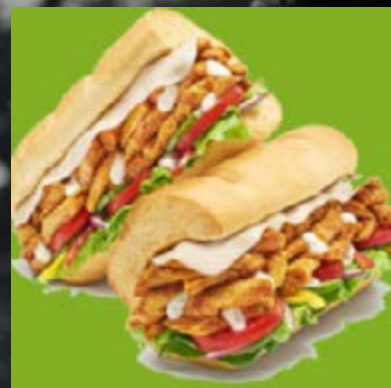
Backyard BBQ candle with notes of allspice, barley and smoke, **Budweiser x Homesick** (USA)

Veganuary 2022

OUT OF HOME ROUND UP

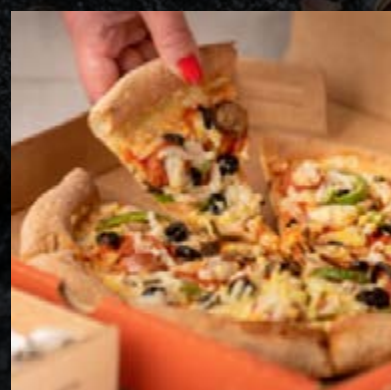
Subs & Sands

Left to right: The TLC (Tastes like Chicken) sandwich, **Subway** (Global). Limited edition 'Tu'NAH' sandwich features vegan tuna flakes made by the Vegetarian Butcher, **Starbucks** (UK). Vegan chicken arrabbiata panini, **Café Nero** (UK). Fried cauliflower, Crispy spiced chickpeas, red onion, garlic sauce, winter tomatoes & mint, **Flor** (UK).



Pizza

Left to right: Cheesy chilli bites and vegan sausage & pepperoni pizza, **Pappa John's** (UK). Meat-free, no-ham, no-chicken and no-beef slices, **Taste & Glory** (UK). Vegan Hawaiian pizza with smashed Napoli base, vegan mozzarella, diced pineapple, vegan ham & parsley, **BrewDog** (UK). **Domino's** is celebrating Veganuary with Vegan PepperonNAY, its first plant-based pepperoni pizza in the UK made in partnership with **The Vegetarian Butcher** (UK). Vegan cheeseburger pizza, **Yard Sale Pizza** and **Halo Burger** collab (UK).



23% of consumers are trying to actively reduce meat consumption, while 19% consider themselves as vegetarian or vegan.

Burgers

Left to right: Vegan patty, sweet red pimento pepper, panko-crumbed aubergine, lettuce, red onions and plant-based cheese, **Burger & Lobster** (UK). Vegan cheeseburger, **Everyman Cinema** (UK). Teriyaki plant burger, pulled shiitake mushrooms, teriyaki sauce, Applewood vegan cheese, grilled peppers, umami mayo and lettuce, **Honest Burger** (UK). The McPlant **McDonald's** which was made in partnership with **Beyond Meat** (Global).



Left to right: Vegan Buffalo Ranch Burger, **Doner Summer** (UK). Nashville Hot ChiQin Burger, **Ed's Diner** (UK). Vegan truffle shroom burger, **Black Tap** (Dubai). Omni Smash patty glazed with BBQ sauce, **Mesy Burger** (Aus).

Veganuary 2022

OUT OF HOME ROUND UP

Chipotle (USA) has launched a vegan Chorizo. Alloli mushroom club quesadilla, **Wahaca** (UK). Vegan quesadillas made with applewood vegan cheese and vegan chilli non-carne made with tempeh, **Tortilla** (UK).



Left to right: Tandoori cauliflower-filled samosa, served with cauliflower pickle and chutney, **Kutir** (UK). Vegetable curry with banana leaf rice, **Bombay Borough** (UK). Vegan Aloo Chaat with ratte potatoes, masala chickpea & tamarind, **Trishna** (UK). Vegan Sausage Naan Rolls made with fermented beetroot, onion and mushroom with a special blend of spices, collaboration between chef **Neil Rankin** and **Dishoom** (UK).



Around the globe

Mr Bao and Amazing Grace Bar (UK) featuring, Teriyaki style shiitake mushroom bao, pickled red onion, crispy shallots & vegan Sriracha mayo. Vegan orange chicken made in partnership with **Beyond Meat**, **Panda Express** (USA). Tenderstem broccoli Nourish Bowl with edamame beans, sweetcorn, wakame, poke sauce and sesame seeds, **Yo Sushi** (UK).



Traditional Times

Left to right: 'Beet Welly', made with heritage beetroot, hispi Wellington and Romesco sauce, **Holburn Dining Room** (UK). Vegan steak and ale pie, Pieminster (UK). Vegan sausages in a ciabatta roll, **Café Nero** (UK).



“ Meatless Farm’s recent environmental data carried out by Joseph Poore (researcher at Oxford University) shows

The UK can save 4.3 metric tonnes of CO₂

equivalent to 13 million flights to Malaga, by swapping just one chicken meal a week to a plant-based alternative* ”

MEATLESS FARM PARTNERS WITH LEVI ROOTS TO LAUNCH THE UK’S FIRST MEAT FREE JERK CHICKEN RESTAURANT FOR VEGANUARY.

The M**** F**** Jerk Joint.

This Veganuary, plant-based meat brand, **Meatless Farm**, partnered with **Levi Roots**, to launch the UK’s first plant-based jerk chicken restaurant: **The M****F**** Jerk Joint**.

Opening for three days (20th-22nd January) in Shoreditch, the pop-up restaurant served up two exclusive Levi Roots Caribbean recipes. Visitors could try a plant-based take on a classic with the **Meatless Jerk Chicken Rice-n-Peas** or spice it up with **Chunky Jerk Chicken-less Strips**, both were available for free to eat in or takeaway.



#Loaded#topped#dirty

#McCain

HOT off
the PASS!

The quickest and simplest way to big up your apps is to load them.

From a simple drizzle of sauces to fully loaded with pickles, sauces, slow cooked meats or cheese.

You can add global flavour and appeal to our appetisers taking it to the next level.

Today I've been creating some inspirational recipe ideas to add value and interest to your menu. I chose my favourite 3 products to experiment with.



Mozzarella Sticks.

Our Mozzarella sticks are coated in a seasoned golden crumb and our cheese has just the right amount of stretch.

They're perfect for dipping or loading and can make a great addition to a Burger or sandwich build.



Potato Pops.

Golden crunchy and moreish our potato pops make the perfect snack, side or starter.

Made to a very simple recipe.

They're the perfect base for loading or dipping and they take seasoning really well due to their open crunchy surface.



Chilli Cheese Nuggets.

Looking for a little heat? We've got you covered!!

Golden crunchy nuggets filled with our blend of soft gooey cheese complimented with green Jalapeno's will have you dipping mad.



For this recipe I've tossed the hot pops in a dry seasoning to get an even coating. Topped them with chilli cheddar and sliced veggies before finishing them in the oven.

Crispy hot pops with melted cheese, what's not to like?

Recipe

Inspiration!

Dusted 'N' Loaded

POTATO POPS

Ingredients.

McCain Potato Pops

Peri Peri seasoning

Thinly sliced green peppers.

Thinly sliced red onions

Spicy chilli Cheddar cheese (grated)

Method

Fry the pops in oil at 175°C for 2:30mins.

Toss in a bowl with Peri Peri seasoning to coat evenly.

Put in the serving bowl.

Sprinkle on some onions, peppers and grated cheese.

Place in the oven until the cheese is golden and bubbling.



**THE ULTIMATE GRILLED
CHEESE WITH A TWIST.
MIND BLOWINGLY
CHEESY AND NOT FOR
THE FAINT HEARTED.**

Recipe

Inspiration!

FRIED CHEESE N BACON

Sourdough Melt

Ingredients.

Pickers Mozzarella sticks

Sliced sourdough

3 cheese blend (Cheddar,
Gouda, Parmesan).

Crispy smoked bacon

Thick Marinara sauce.

Method

Fry the Mozz sticks in oil at 175°C for 2 mins.

Lightly butter the sourdough on one side.

On the unbuttered sides of the bread spread some
marinara sauce.

Top one with slices of smoked crispy bacon and
some grated cheese blend.

Line up the Mozz sticks along the centre and top
with the other slice of sauced sourdough (butter
side up).

Using a spatula lift the sandwich onto the griddle
plate and cook until golden on each side.

Slice in half and serve with a Marinara dip.





HARD TO IMPROVE ON THESE CHILLI CHEESE “NUGS OF JOY”. SO I KEPT IT SIMPLE WITH A FRESH AND SPICY SAUCE THAT IS THE PERFECT MATCH.

Recipe

Inspiration!

CHILLI CHEESE

Nuggets

Ingredients.

Pickers Chilli Cheese Nuggets.

Sriracha sauce

Mayonnaise

Lime juice.

Freshly shredded spring onion tops.

Method

First combine mayo with some Sriracha and a squeeze of lime, make it as hot as you like and whisk together.

Set aside in the fridge until required.

Fry the pops in oil at 175°C for 3:30 Mins.

Add the portion onto the plate and add a dip pot of the Sriracha Mayo. Finish with some of the shredded spring onions and serve.

Happy Cooking!
Paul

For this and many more inspirational recipes visit
<https://www.mccainfoodservice.co.uk>

TOGETHER LET'S BE THE

BUSIEST

IN TOWN



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MORE



THE **CRISPIER** DELIVERY FRIES
FOR THE HAPPIEST CUSTOMERS

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