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**56% of UK food and drink business leaders unclear on how Brexit will impact their business over next 12 months**

According to Lumina Intelligence’s new Top of Mind Report 2020/21, business leaders across the UK food and drink industry remain unclear on the impact that Brexit will have on their business over the coming 12 months, despite the looming Brexit deadline.

This was consistent across both leaders in grocery retail and the hospitality sectors. Amongst the former, 56% of business leaders stated that they were unclear, with a further 14% saying they ’don’t know’, leaving just three in ten with clarity on the Brexit impact. . For hospitality businesses, the same proportion (56%) were not clear and a further 12% did not know, once again leaving less than a third who felt clear on the impact Brexit would have on their business in the coming year.

One hospitality operator commented, *“We have no clarity on whether there will be a deal and the resultant impact on our supply chain is therefore unknown.”* Whilst a grocery retailer described the situation as a: *“Feeling of heading towards the brink with no ability to influence! We need to prepare…but don't know exactly what to do, and time is running out.”*

In addition to a lack of clarity surrounding the impact of Brexit on their business, import tariffs are the top concern amongst both grocery retail and eating out business leaders. Across both channels, leaders remain concerned about the additional costs to be incurred from cross border tariffs, in addition to the availability of goods from the European Union.

With regards to tariffs, one grocery retail business leader said they were concerned with the *“Potential increased cost of goods from manufacturers”*, meanwhile a hospitality business leader highlighted the impact it could have on menu engineering, *“Tariffs … this will be challenging to keep a reasonable food cost as well as to source products. Menus will certainly have to be adapted.”*

Sarah Coleman, Insights & Communication Director at Lumina Intelligence added, *“Brexit has caused a great deal of uncertainty and concern to businesses across the UK food and drink industry for some time. Due to the significant impact of the coronavirus pandemic, it is understandable that focus has shifted to fighting the immediate challenges, but the Brexit deadline is looming and businesses need clarity on how they will be impacted and how best to prepare for this.”*

**Grocery retail leaders largely positive, as hospitality faces significant challenges**

Compared with December 2019, there has been a 33pp increase in the proportion of grocery retail business leaders describing current business conditions as positive. Increased footfall and basket spend, driven by the impact of the coronavirus pandemic have resulted in 14% of grocery retail business leaders describing current conditions as very positive (+12pp vs Dec 2019) and 49% as positive (+21pp vs Dec 2019).

In contrast, business leaders across the hospitality industry almost universally (97%) described trading conditions as challenging. This is an increase of 43pp, up from 54% who described conditions as challenging in December 2019.

**Investment in technology will be a legacy of the pandemic**

Coronavirus has exacerbated the existing trend towards delivery in both the grocery retail and eating out markets and the report forecasts that this will be a long-term shift.

When asked to choose the three most important long-term consumer trends, ‘demand for home delivery’ came top for grocery retail business leaders, with 44% selecting this option. For hospitality leaders, 24% highlighted demand for home delivery, with a decrease in footfall and squeeze in household budgets coming out as the most important consumer trends for sector leaders.

Having relied more on delivery services under lockdown, many consumers have now overcome a technology barrier, meaning these services have now reached older/ less tech savvy consumers in both grocery and foodservice delivery.

**Dishoom and McDonalds voted most admired hospitality business 2020/21**

Each year, we ask hospitality business leaders to name the food and hospitality brand or operator that they admire the most. For 11 years running, Pret a Manger were the most admired amongst their peers, but this year Dishoom and McDonald’s were the most admired by hospitality business leaders.

Sarah Coleman, Insight & Communication Director at Lumina Intelligence added, *“Predominantly in high-footfall, urban locations, Pret have been particularly exposed to the significant reduction in city centre footfall, although the brand has continued to innovate with its coffee subscriptions and its recent move into evening meals. Dishoom have tapped into consumers who are missing dining out with their ‘Do it like Dishoom’ campaign, making some of their most popular recipes available online for consumers to make at home. They have also launched branded recipe boxes and have ramped up their delivery offering with the opening of four delivery-only kitchens in London. Meanwhile McDonald’s have further enhanced their drive thru and delivery options, as well as tapping into growing demand for vegan options with the launch of the ‘McPlant’ burger.”*

For more information on the Lumina Intelligence UK Top of Mind Report 2020, [please click here](https://www.lumina-intelligence.com/product/leaders-survey/).

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**Report methodology**

The Lumina Intelligence Top of Mind business leaders survey is an online questionnaire targeted at leaders across the eating out and grocery retail markets, focused on understanding the current trading environment, challenges and growth opportunities.

It is based on responses from approximately 100 leaders working in senior management positions and was carried out in October 2020. Where relevant, data has been compared to the previous wave, collected in December 2019.

The report also pulls on the following Lumina Intelligence sources:

* Hospitality Leaders Poll - conducted in partnership with MCA News, Big Hospitality and the Morning Advertiser is a weekly poll to leaders in the hospitality industry. A sample of several hundred respondents is reached each week.
* Channel Pulse – Lumina Intelligence’s weekly measure of shopper and consumer behaviour across all UK food and drink channels – consisting of 1,000 interviews per week.
* Operator Data Index - provides comprehensive data on leading UK convenience operators, including rankings, outlet numbers and estimated sales.

**About Lumina Intelligence**

Lumina Intelligence inspires the global food and drink sector with deep, actionable insights powered by the world’s best analytics technology. Our products and services are used by the major brands and organisations in these fast moving and growing markets to support business planning, strategic marketing and new product development.

With offices in London, Chicago, Montpellier, and Singapore, and local on the ground analysts across our businesses, you can trust our market knowledge. We are committed to providing all our customers with up to date accurate information to support critical decision making.

Combining the expertise and experience of HIM, MCA Insight and Lumina Intelligence, we are the experts in market and consumer insight across the food & drink and nutrition markets.

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