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**Coronavirus impact to increase eating out market polarisation**

According to Lumina Intelligence’s new UK Eating Out Market Report 2020, we will see greater polarisation in the hospitality sector between quicker, convenience-led solutions and longer, but richer, experiential occasions.

The UK eating out market was already diverging into both accessible convenience and high-end premiumisation prior to the pandemic and the impact of coronavirus will only exacerbate this.

On the one hand, lockdown will leave a lasting legacy, with consumers continuing to cook from home more often and looking to limit discretionary spend through the impending recession – 63% agree that they now have more time to make meals and 57% have been cooking more often at home.

However, operators offering good value for money and more affordable options, including c-store food to go, fast food channels and sandwich shops/bakeries, can tempt consumers, as demand for fast, low cost meal options continues.

The report highlights how fast food outlets have benefitted from simpler conversion to delivery/takeaway only. Between 23–29 March, fast food outlets increased its share of visits at breakfast (+1.3pp); lunch (+2.7pp), dinner (+7.3pp) and snack occasions (+1.0pp). This continued to grow the week after (30 March – 5 April), with increases at breakfast (+1.7pp); lunch (+1.7pp) and snack occasions (+1.4pp).

On the other hand, some consumers yearn for high quality-led experiences, which will drive them to more aspirational pubs and restaurants, where trading up with better quality alcohol and more experiential food should see spend rise.

77% of UK consumer have somewhat missed eating out at restaurants and it is highly likely that, when considering if/where to eat out, consumers will opt for fast and convenience solutions or a premium experience-led offering. Those operators that fall in the middle (middle market restaurants largely) will continue to have an upward battle to attract footfall.

Overall, service-led restaurants are the most exposed to market conditions. The sector has seen -3% decline from 2016-2019. Faced with heightened food and staff costs, growth in competition and weak consumer demand, independent restaurants are more vulnerable to faster food fashions and changing consumer demand.

Branded restaurant growth has been slowing considerably, with negligible outlet growth from 2017-2019 off the back of brand fatalities.

Blonnie Walsh, Head of Insight at Lumina Intelligence says, “With many operators preparing to open their premises in the coming weeks, the true impact of the coronavirus pandemic will soon become clearer. Prior to lockdown we were beginning to see market polarisation and the pandemic will only have accelerated this. Consumers miss eating out but will remain cautious when returning to their favourite outlets. Fast convenience-led solutions with more flexibility around how they serve consumers will tempt consumers, as demand for low cost solutions increases.”

“In contrast, with customers still yearning for trips to their favourite restaurants, there will be demand for more premium, experience-led options. Those consumers that reduce their eating out frequency are likely to be more selective on the occasions they do eat out. Building loyalty and creating an experience that meets the needs of consumers will be even more critical.”

**ENDS**

**Report methodology**

The research, from Lumina Intelligence’s exclusive UK Eating Out Report 2020, was conducted using data from Lumina Intelligence’s Convenience Tracking Programme 2020, Channel Pulse, Omnichannel Tracker and Operator Data Index.

* CTP 2020 - Over 20,000 face-to-face interviews across England, Scotland, Wales & Northern Ireland. Research covers all days of the week from 7am – 10pm.
* 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.
* Omnichannel Tracker - Online feedback from a nationally representative sample of 1000 UK adults
* 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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