

Lumina Intelligence

Category Spotlight

The Current Landscape of the UK's Food-to-Go Market



Value-Based Purchases Surge: 78% of Consumers Shift Preferences Amid Fiscal Pressure

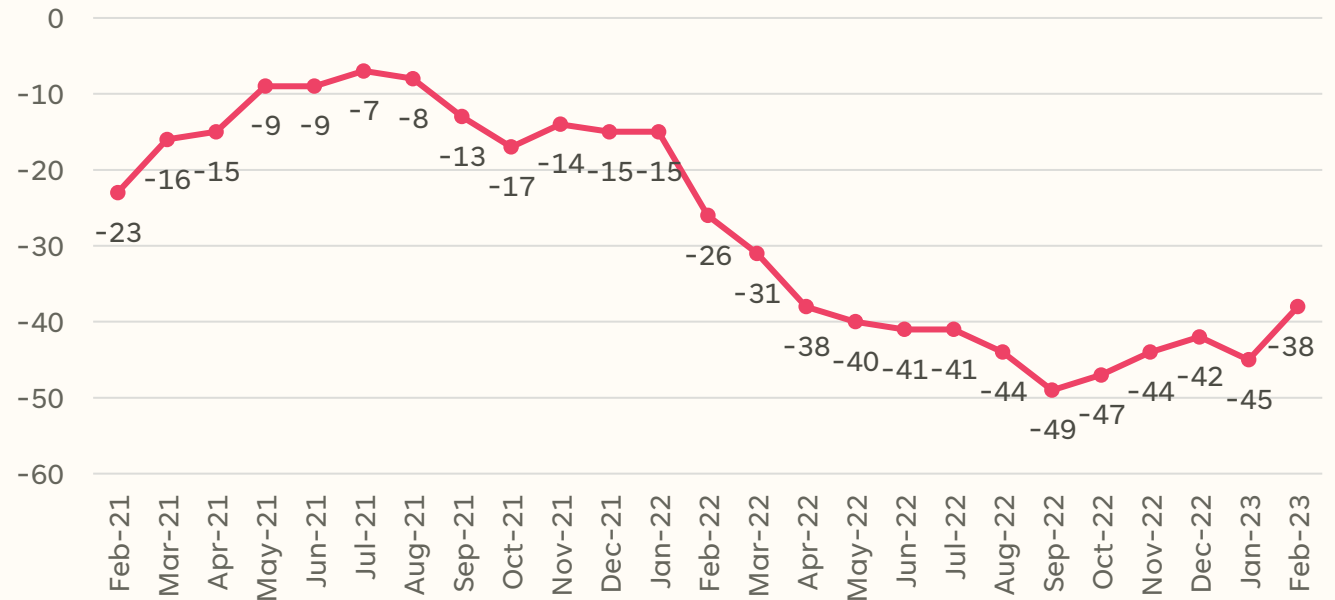


The food-to-go sector, along with the rest of the UK, is facing a challenging economic outlook. Now that the dust has settled on COVID, it is clear that the UK economy is encountering structural challenges, including the fiscal cost of the pandemic, the consequences of Brexit, and a shrinking labour pool.

As a result, GDP is expected to experience negative growth, at least in the first half of 2023. Inflation has yet to show signs of notable improvement, and there is immense pressure on household spending power.

This pressure has led to weak consumer confidence, with the measure plummeting to historic lows last year and remaining significantly lower than even the confidence levels observed during the pandemic.

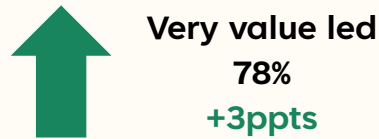
Consumer confidence, GFK, February 2021 – February 2023



Value-Based Purchases Surge: 78% of Consumers Shift Preferences Amid Fiscal Pressure



In response to the fiscal pressure, consumer behaviour has shifted towards value-led decision making with 78% of consumers stating this, a significant shift since 2022 with an increase of three percentage points YoY.



To manage their spending, consumers have been modifying their habitual food routines and focusing more on food-only occasions, dropping the purchase of drinks. Another concerning metric reveals that frequency was down by 2% year on year, indicating that there were slightly more consumers having food-to-go occasions, but they were doing so less frequently.

As expected, with inflation reaching decade-high levels, the average spend on Food to Go increased by 12%. This rise in costs pressured operators to raise their price points.

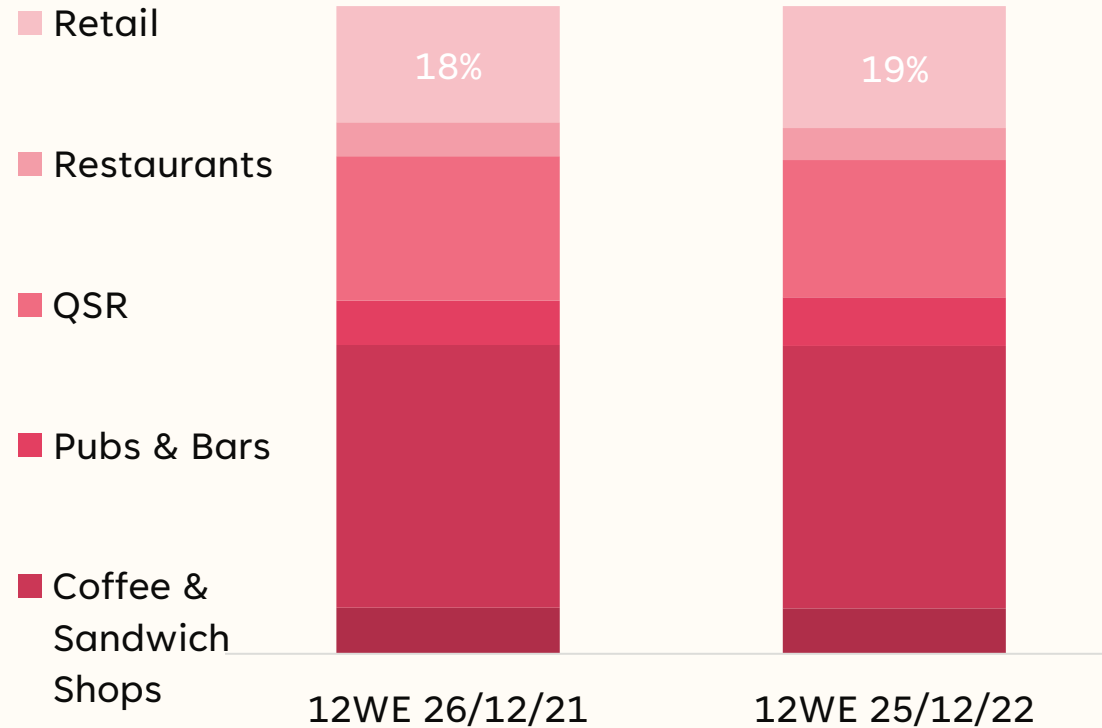




Retailers Leverage Technology and Premium Offerings to Thrive Amid Economic Headwinds

Despite the challenges, the retail sector has capitalised on consumer value scrutiny, achieving a one percentage point boost in 2022. This places retail, led by convenience grab-and-go, as the channel for nearly one in five food-to-go occasions throughout the year.

Channel share of food to go occasions



Source: Lumina Intelligence UK Food To Go Market Report 2023

Retailers Leverage Technology and Premium Offerings to Thrive Amid Economic Headwinds

A key contributor to the success of the retail sector in the food to go market has been the sector's embrace of technology and digital innovation, including self-serve kiosks, digital ordering via apps, and omnichannel strategies. This digital transformation not only enhances customer convenience and experience but also helps to streamline operations and create new avenues for growth and customer engagement. The focus on healthier, plant-based, and premium food options also underpins the success of the retail sector.

With consumers increasingly looking for higher quality and healthier food options, retailers have responded by introducing higher-priced, health-oriented products, often in collaboration with vegan and plant-based food suppliers. This trend has led to an increase in average spend on food to go items and has also allowed retailers to maintain a strong value proposition despite increasing costs.



Transport Strikes and Political Instability Restrict Food-to-Go Sector's Recovery: Travel Volumes Reach Only 75% of 2019 Levels

The return of travel and commuting patterns is one of the promising signs for the food to go sector. However, in 2022, due to transportation strikes and political instability, the recovery of this sector remained less than optimal.

Underground and national route travel only averaged around 75% of 2019 volumes, limiting the sector's reach and performance.

Another remarkable impact of travel patterns on the sector was the noticeable decline in the habitual mission of "it's part of my routine", as consumers adjusted their daily habits to manage spending amid financial pressures.



Food to Go missions by daypart - Snack



Source: Lumina Intelligence UK Food To Go Market Report 2023

To learn more about how Lumina Intelligence can support you in the Food To Go category, please get in touch using the contact details provided below.



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