Kara
FOODSERVICE BAKERS

The Krumb

The QSR Sector: Sectors Set To Drive

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Eating out market landscape

Out Of Home Market 2022F
£95.2bn

Retail, Travel & Leisure 2022F
£22.0bn

- Coffee Shops
- Sandwich Retailers & Bakery Led

Hotels, Pubs & Restaurants 2022F
£68.7bn

- Fast Food
- Pubs

Contract Catering 2022F
£4.6bn

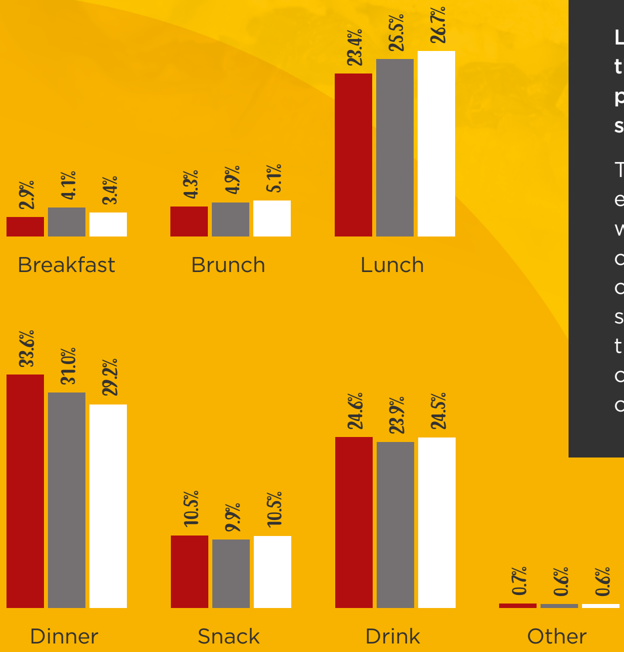
Turnover growth...

Quick Service venues are set to drive recovery and lead growth in the market.

Growth here is underpinned by strong physical expansion and a greater resistance to the impact of reduced consumer spending.

QSR Channel	2019-2022F Growth
Fast Food	**11.4%**
Sandwich & Bakery	**11.3%**
Coffee Shops/Cafés & Dessert Parlours	**13.8%**
Pubs	-0.1%

Share of eating & drinking out occasions by day part



Lunch occasions have seen the biggest increase in day part share, compared to the same period last year.

This growth has been at the expense of dinner occasions which have declined, as consumers opt for daytime occasions including lunch, snack and drink-only due to them being more affordable options in the current cost of living climate.

KEY

12 WE 16/05/21

12 WE 20/02/22

12 WE 15/05/22

Channels that offer consumers quick and accessible meal solutions including coffee shops, sandwich & bakery and fast food (QSR) are leading growth in the market.

The change in work location for many UK consumers has opened opportunities to drive week-day footfall in commuter belt and suburban locations.

Sandwich shops & bakeries

27% of lunch occasions out of home are from a coffee shop, with the average spend being £6.98.

New Deli Rolls

Consumers are becoming more price-led at lunch, the current financial uncertainty and the imminent increases in the cost of living are challenging consumers' spending with many seeking more affordable alternatives for daytime eating occasions such as sandwich shops.

This channel has benefitted from a high skew towards food to go, where spend is mostly through necessity, which benefits its performance.

Large coffee and bakery chains are driving growth by focusing on new formats and channels, adapting to post-pandemic consumer lifestyles such as...

- Supermarket Collaborations
- Delivery
- Drive-thru Sites
- Travel Forecourts
- Longer Opening Hours

Future sector facts

Sandwich shops and bakeries are expected to...

Hold a **6.1%** share of the current eating out market by 2025

&

To grow at an CAGR* of **4.2%** by 2025

&

Hit an AVG** of **£415m** by 2025

Cafés & coffee shops

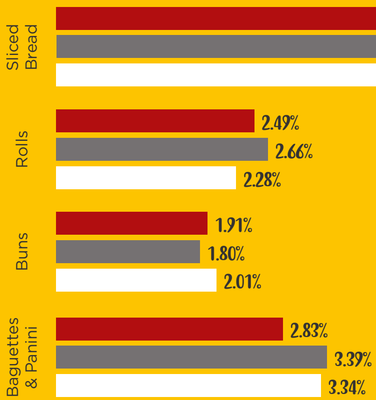
Given the cost of living crisis, cafés and bakeries look set for huge growth, as nipping out for a coffee accompanied by a cake or sandwich seems relatively affordable.

UK cafés are forecast to grow by +14.4% by the end of 2022 and exceed pre-pandemic levels.

Trends we are seeing...

Premium bakery and patisserie bring a bit of luxury to the everyday, and this channel continues to tap into every occasion such as evening wine tastings, frozen sausage rolls, and mini pies to go, why not? We are also seeing extended plant-based options and newness through hybrid bakery formats - cronut anyone?

Bread carrier occasions in coffee shops



Sliced breads are the number one carrier in coffee shops. Many vendors are now looking to bloomer breads to make for better loaded sandwiches, giving a premium feel and perceived better value for money.

The growth in coffee shops is driven by more workers being back in offices and seeking quick, affordable and on the go solutions.

KEY

- 2022/03/21 - 2022/06/12
- 2021/12/27 - 2022/03/20
- 2021/10/04 - 2021/12/26

Future sector facts

Coffee shops are expected to...

Hold a **5.5%** share of the current eating out market by 2025

&

To grow at an CAGR* of **4.7%** by 2025

&

Hit an AVG** of **£506m** by 2025

Fast Food

Fast food is gaining share of the eating out market.

This channel has been able to capitalise on quick service operations throughout the pandemic. They have expanded in a wider range of locations, rolled out tech-led services in store and digitally as well as attracting consumers seeking low ticket solutions.

See our latest Fast Food burger trends on our website: karafs.co.uk

Top Tip

Consumers are becoming much more price led when eating out with **72%** of them aligning themselves with price led values. Operators need to highlight value for money options through promotions loyalty schemes and most importantly meal deals.

Burger buns remain the number one bread carrier in fast food.

We are seeing more seeded and unseeded brioche buns forming as part of menus as wholesalers and operators continue to consolidate products in their portfolio – core is king!

Future sector facts

Fast Food is expected to...

Hold a **19.6%** share of the current eating out market by 2025

&

To grow at an CAGR* of **4.2%** by 2025

&

Hit an AVG** of **£893m** by 2025

Pubs

We can't not mention pubs in our marketing update.

The pub market is expected to have a slower recovery than the total eating out market due to their restricted higher spend, with consumers spending on average £16.87 at lunch time in a pub.

Continued outlet decline and dampened consumer confidence will also impact growth in the pub segment, with many turning to lower ticket items.

Recovery to 2019 value in 2022F

Eating Out Market	Pub Market
103.1%	**98.1%**

Pub spend at dinner increased by 10% in the latest quarter.

These increases are partially driven by high inflation and more consumers trading up on less frequent dinner occasions. But, these are some ways pubs can innovate to aid their recovery...

- **Offer work from home occasions such as free Wi-Fi.**
- **Offer afternoon tea, for value led occasions (also great for social media).**
- **25-44s are spending +3% more, eating out more frequently, operators should focus their efforts on the 25-44s group and tailor their marketing messages and campaigns according to this age group's needs and expectations.**
- **Encouraging customers from the QSR channel into pubs by offering burger and pizza deals.**
- **Value led promotions.**
- **Reduce opening times to combat electricity prices.**
- **App ordering.**
- **Digital activity.**
- **Promotions - World Cup.**

Future sector facts

Pubs are expected to...

Hold a **23.9%** share of the current eating out market by 2025

&

To grow at an CAGR* of **2.2%** by 2025

&

Hit an AVG** of **£969m** by 2025

*Compound Annual Growth Rate **Absolute Value Growth - based on branded stores in the sector
Data collected from Lumina Intelligence, UK Eating and Drinking Out Market, Pubs Report 2022, The Food People 2022

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