

An overview of the out of home market in Scotland.

NPD CREST data to year ending December 2015.

Commissioned by Food Standards Scotland – Prepared by NPD Group, Inc.

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The NPD CREST consumer panel

Introduction to the Scottish out of home market

Changes in the Scottish food service market since 2012

Health as a motivation for eating outside the home

Children's consumption out of home

A closer look at:

Burgers

Specialty coffee

Summary of key results

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The NPD CREST consumer panel



What is CREST[®]?

Database designed to measure food and drink behaviour out of home, captured through on-line surveys from a maintained, representative panel.

 Consumer

 Reporting of

 Eating

 Share

 Trends

- ❖ Asks about “**yesterday’s**” behaviour, reported monthly.
- ❖ Source for data is **consumers**, not restaurant chains.
- ❖ Captures restaurant meals and snacks consumed both on and off-premises.
- ❖ Includes prepared meals and snacks from **restaurants** as well as **retail** outlets (grocery/deli/convenience stores).

The out of home landscape

Total Out of Home

Commercial

QSR

QS Burger

Fish & Chips

QS Sandwich

QS Bakery

Coffee Shops

QS Pizza/Italian

Qs Ethnic

Retail

Petrol Station

Pubs

Full Service

FS Traditional

FS Ethnic

FS Pizza/Italian

Café/Bistro

Travel &
Leisure

Hotel

In-Store Restaurant

Bar/Club

Motorway Service
Station

Ice Cream Shop

Leisure/Entertainme
nt

**Over 75 chains
with over 100 annual transactions**

Non Commercial

Workplace

College/Uni

Vending
Machine

Exclusions :

Hospital Meals (Patients)

Schools

Prisons

Hospitality e.g. catering services for events
such as weddings.

NPD CREST Measures



?

What are the measures for structures and changes within the OOH-Market?“

- **Visits:** Also called traffic. The total number of visits made by everyone in the sample.
- **Meal Occasion:** One party is one meal occasion, whether with only 1 person or more.
- **Average visit per capita:** Number of visits divided by the population.
- **Number of servings:** Whatever the size or portion, one food item is one serving.
- **Incidence:** The % of all visit which contains a food item.

Introduction to the Scottish Out of Home market



Food service in Scotland is an important industry.

**Total visits in Scotland
(2015)**

948 million visits



The number of visits OOH in GB are growing ahead of its European neighbours, and Scotland is growing even faster.

Total Food Service

Change in visits, 2015 vs. 2014

Scotland

+3.0%

GB

+ 1.3%

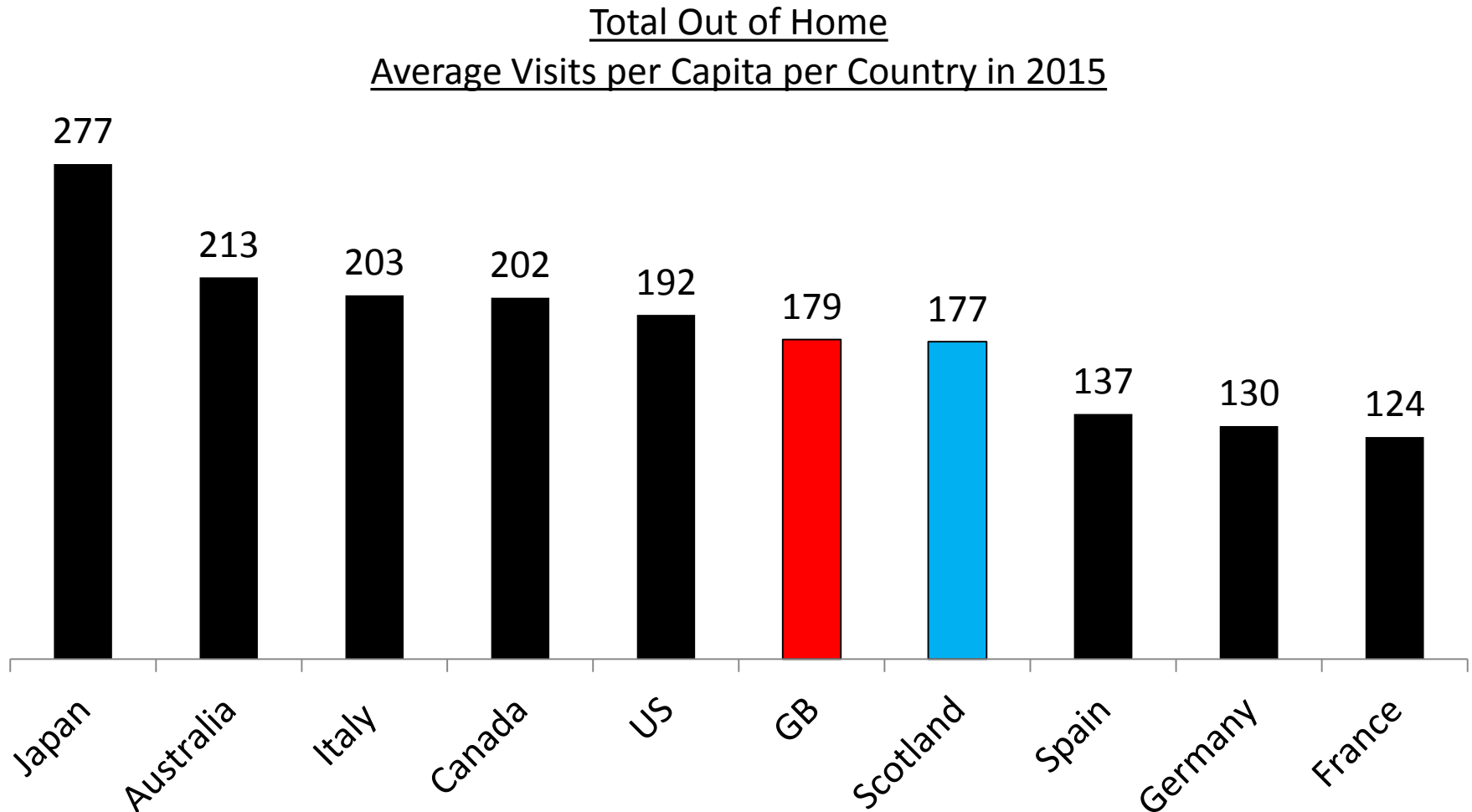
+0.5%

-0.5%

+0.1%

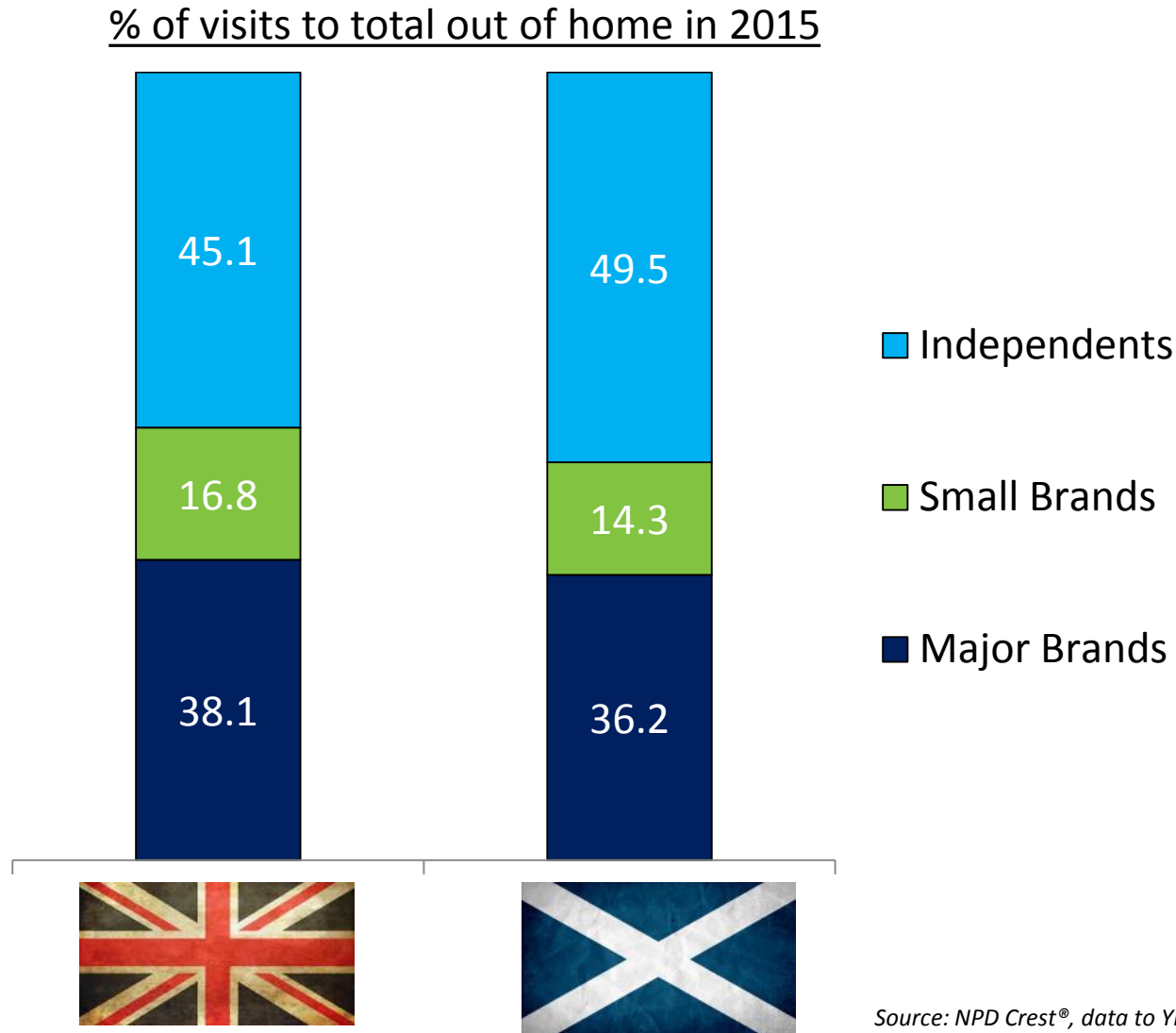
+0.9%

GB and Scotland rank high in terms of visits per capita within Europe, but Japan ranks highest globally.



Source: NPD Crest® for each country, YE Dec'15

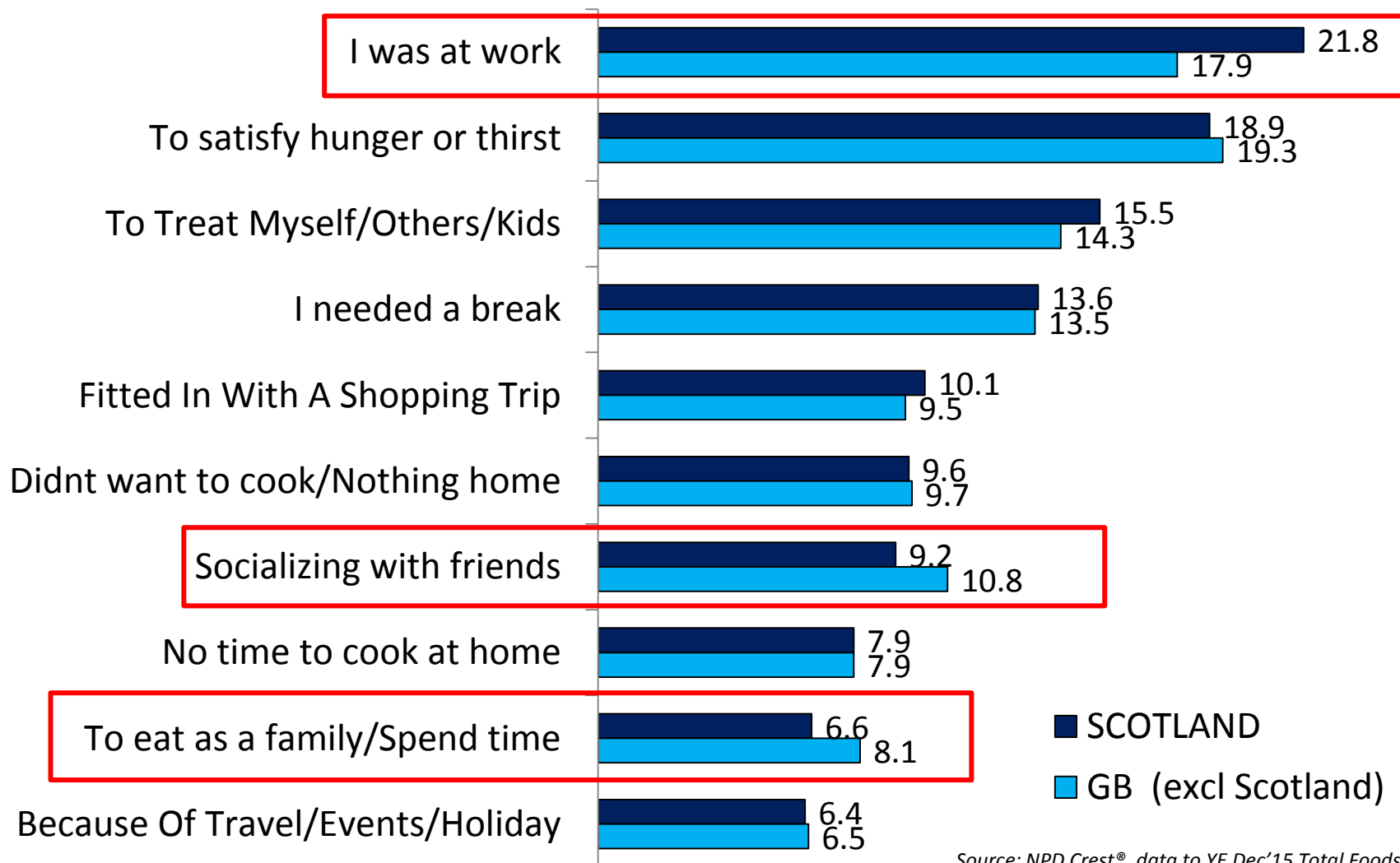
Compared to GB, people in Scotland visit Independent establishments more and Brands less.



Source: NPD Crest®, data to YE Dec'15 Total Foodservice

Motivations to eat out in Scotland tend to be more functional and less related to social factors compared to the rest of GB.

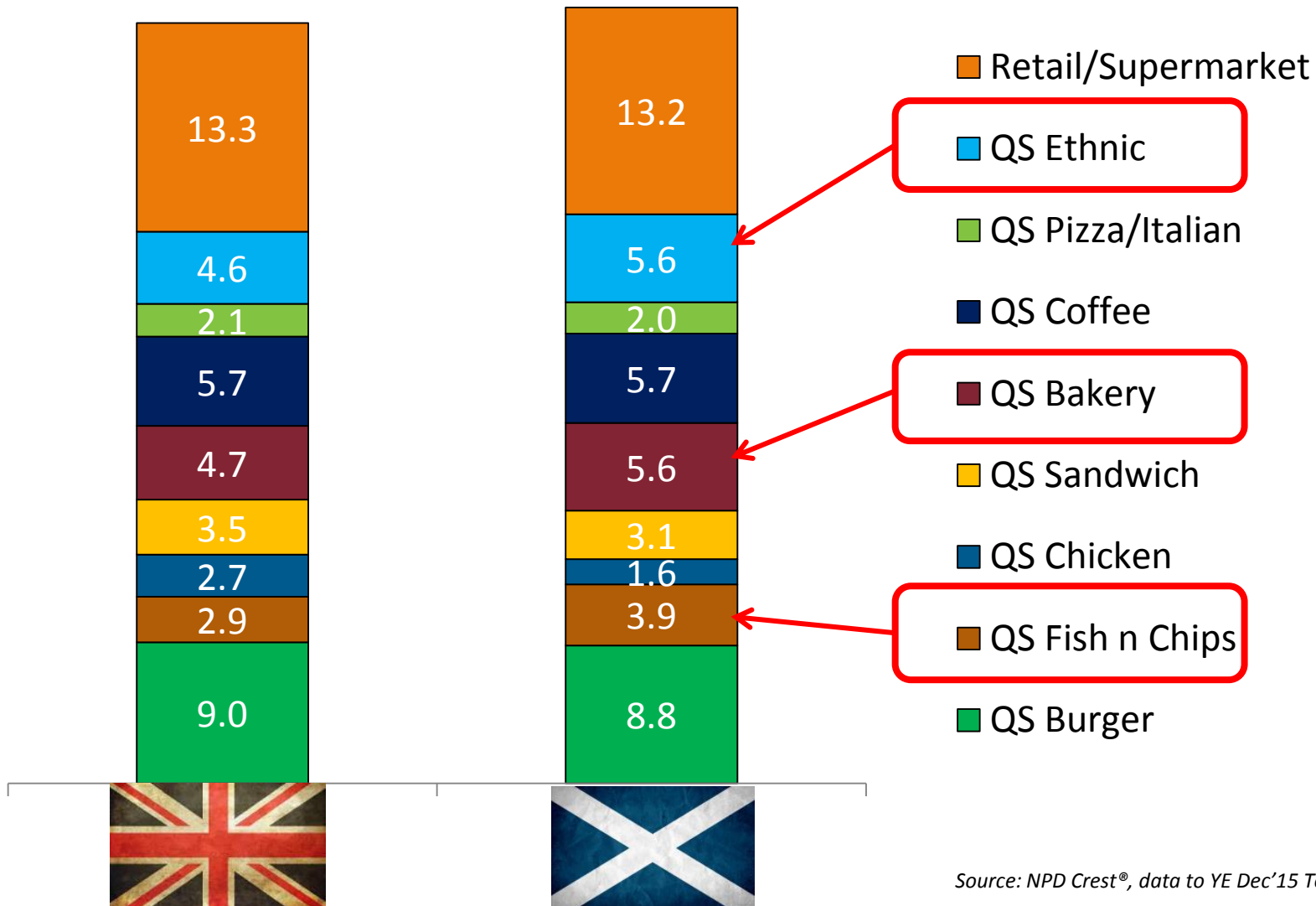
% of total visits out of home in 2015 by motivation to eat out



Source: NPD Crest®, data to YE Dec'15 Total Foodservice

Within Quick Service Restaurants (QSR), Fish & Chips, Bakeries and Ethnic shops are visited more in Scotland than in GB.

% of total visits out of home by QSR Sub-channel in 2015



Source: NPD Crest®, data to YE Dec'15 Total Foodservice

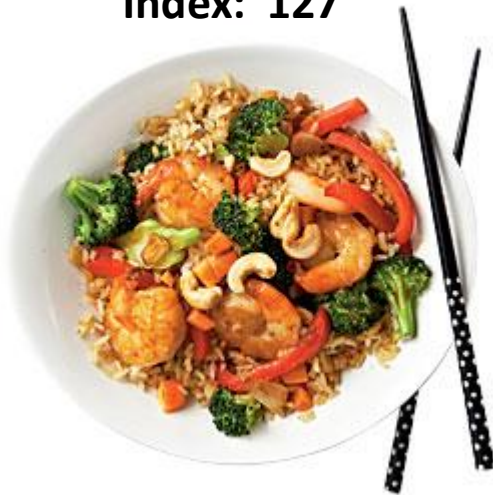
Ethnic Food, whether Indian or Chinese/Asian, is key to out of home habits in Scotland.

Scottish incidence and index vs. total GB of Chinese/Asian and Indian main dishes in 2015

Incidence:

4.7%

Index: 127



Chinese/Asian Main Dish

Incidence:

2.5%

Index: 119



Indian Main Dish

Source: NPD Crest®, data to YE Dec'15

Some very traditional items feature strongly in Scotland such as Tea, Soup and Bacon.

Scottish incidence and index vs. total GB of Tea, Soup and Bacon in 2015

Incidence:

9.0%

Index: 114



Tea

Incidence:

4.1%

Index: 216



Soup

Incidence:

4.0%

Index: 111



Bacon

Source: NPD Crest®, data to YE Dec'15

More people in Scotland visit Greggs, ASDA and Morrisons when eating out of home compared with GB.

Share of visits in Scotland in 2015: Top 5

Brands

McDonald's

7.0

GREGGS

The home of fresh baking®

4.4

Tesco

2.7

ASDA

2.1

M

MORRISONS

1.9

Scottish index vs. total GB in 2015

100

133

90

131

127

Changes in the Scottish food service market since 2012

In 2012:

- The **food service visits** were down year on year in Scotland.
- **There were** similarities between Scotland and GB but they were moving in **different directions**.



QSR and **Brands** visits were growing.



QSR was declining in visits.

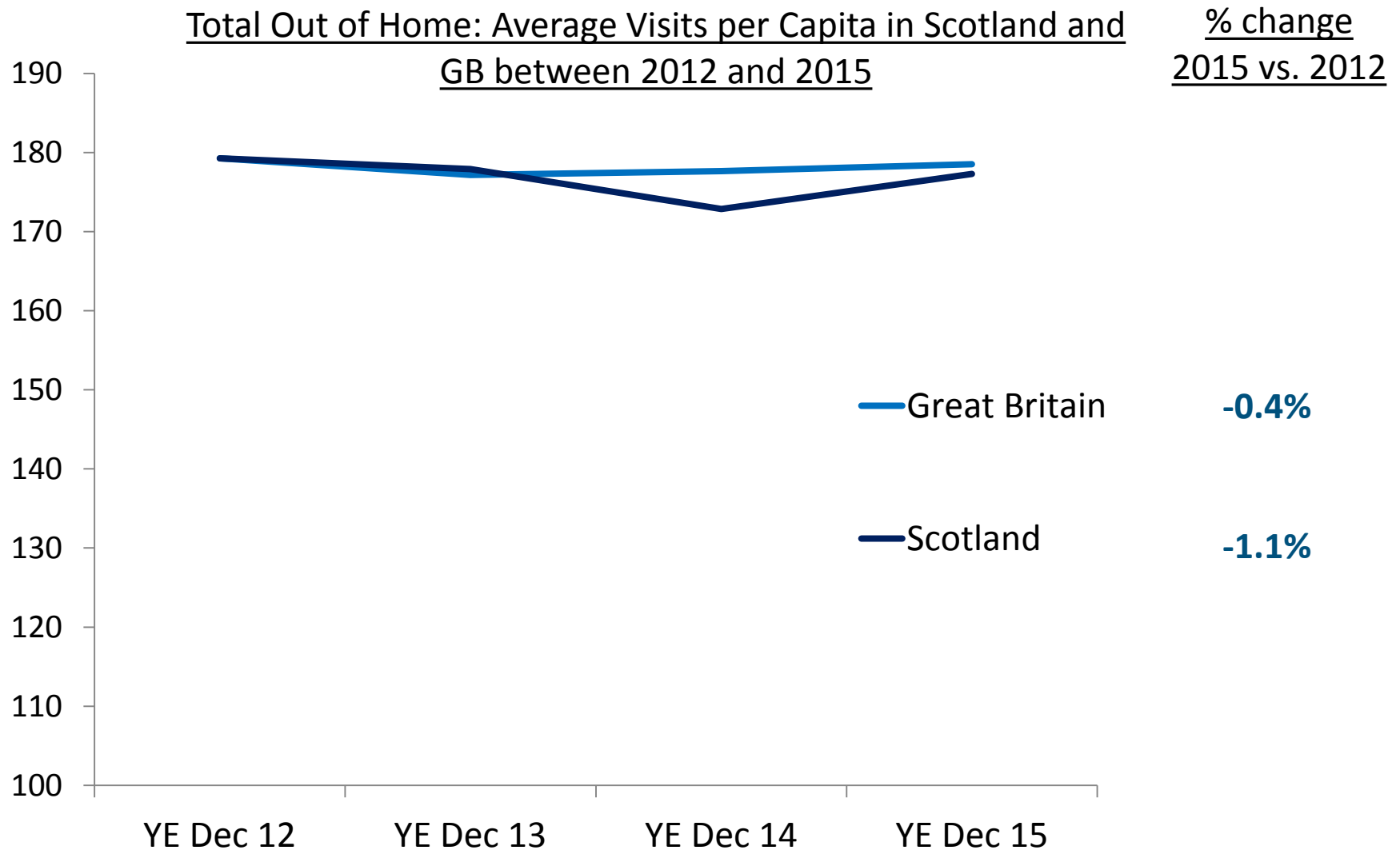
Independents and **small brands** were growing.

Canteens and **Pubs** were also growing.



Trends in Scotland have changed again and taken another direction.

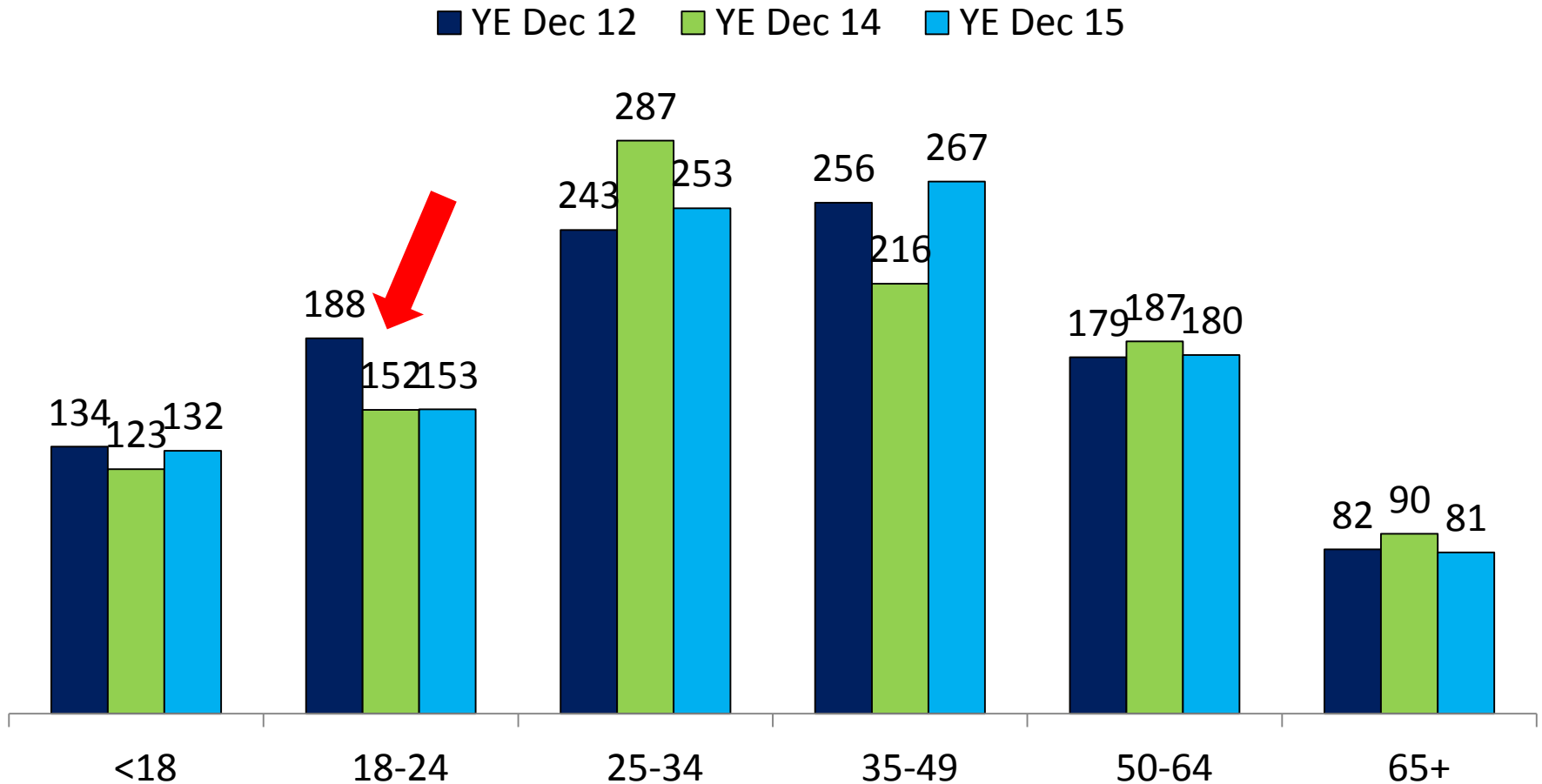
Visits per capita in Scotland rose rapidly in 2015 to catch up with GB. However, visits are still 1.1% lower than in 2012.



Source: NPD Crest®, data to YE Dec'15 Total Foodservice

Young adults aged between 18 and 24 years old have significantly decreased their visits between 2012 and 2015.

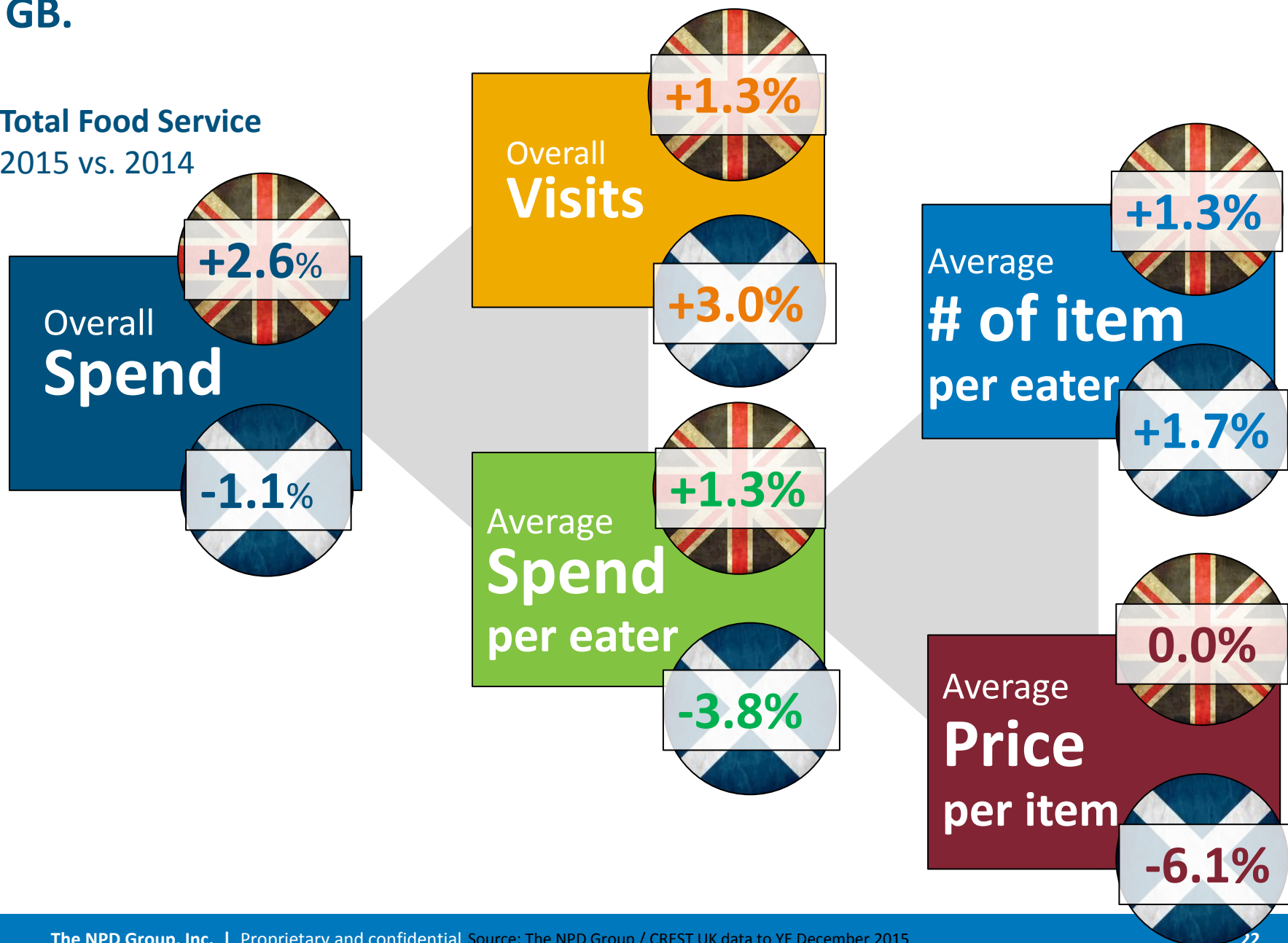
Total Out of Home: Average Visits per Capita in Scotland by age in 2012, 2014 and 2015



Source: NPD Crest®, data to YE Dec'15

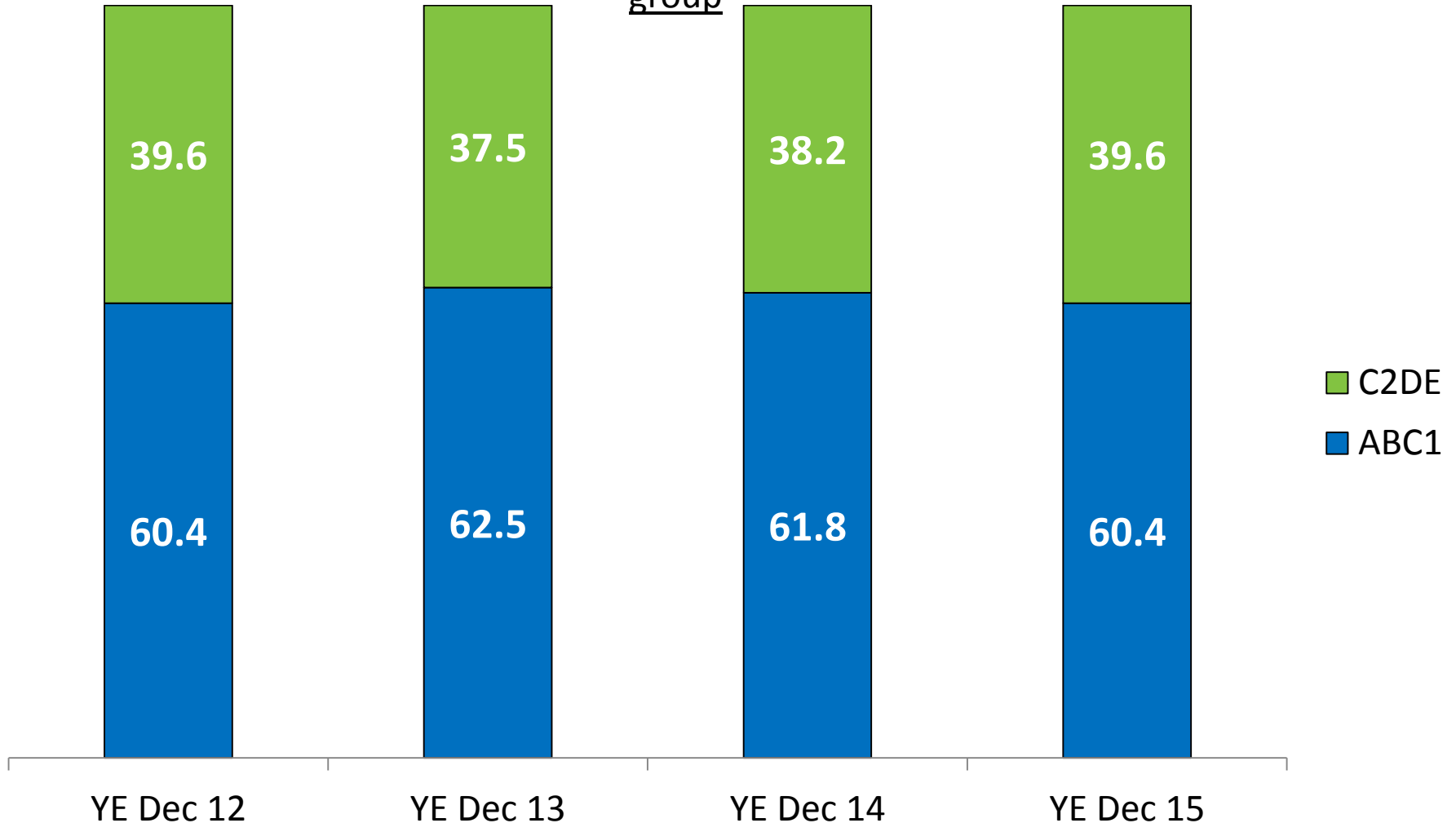
Scottish people in 2015 ate out more but spent less than those in GB.

Total Food Service
2015 vs. 2014



More people from the less affluent groups (C2DE) visited the out of home market in 2015, compared to 2014.

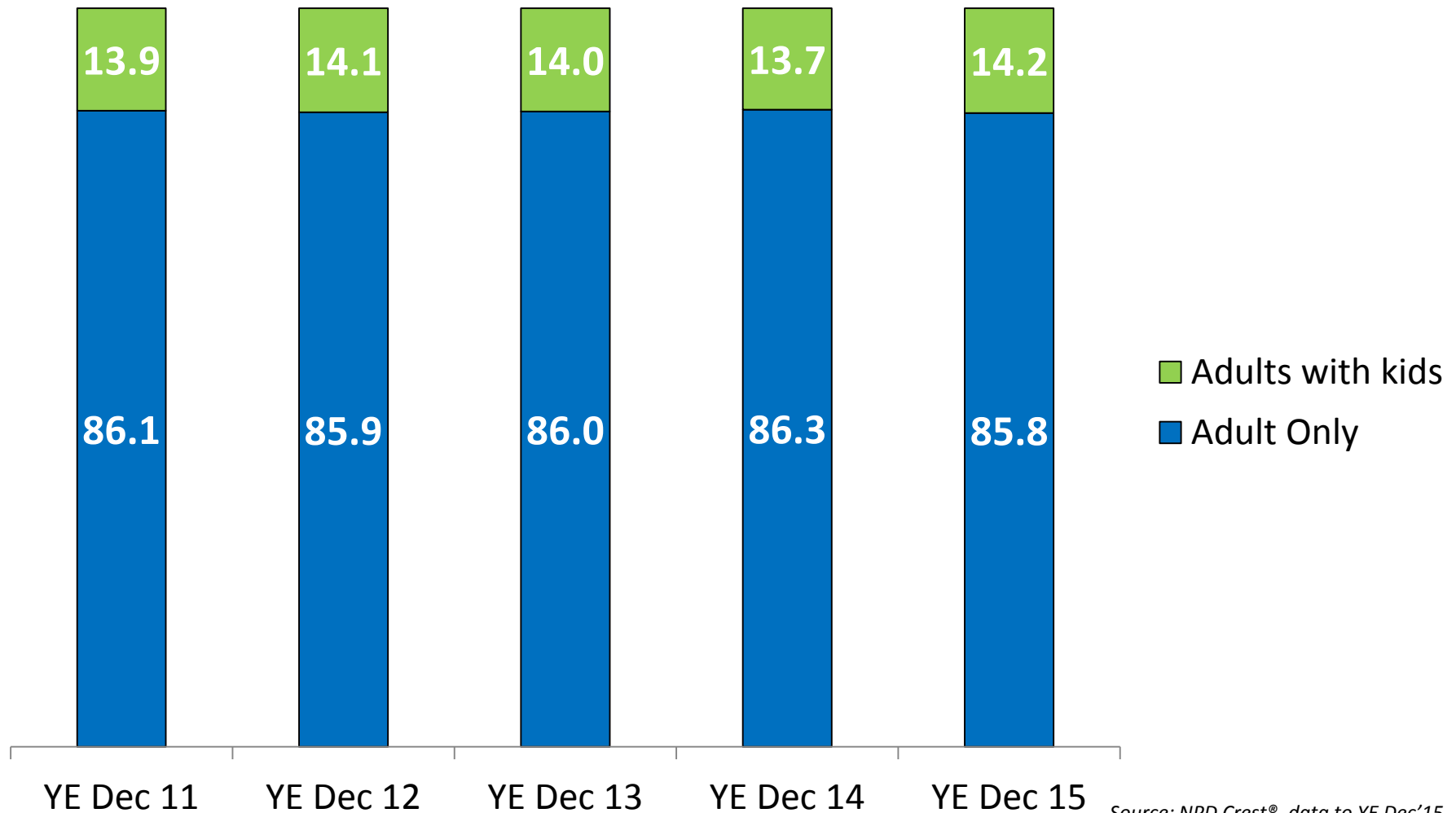
% of total out of home visits in Scotland, by socioeconomic group



Source: NPD Crest®, data to YE Dec'15

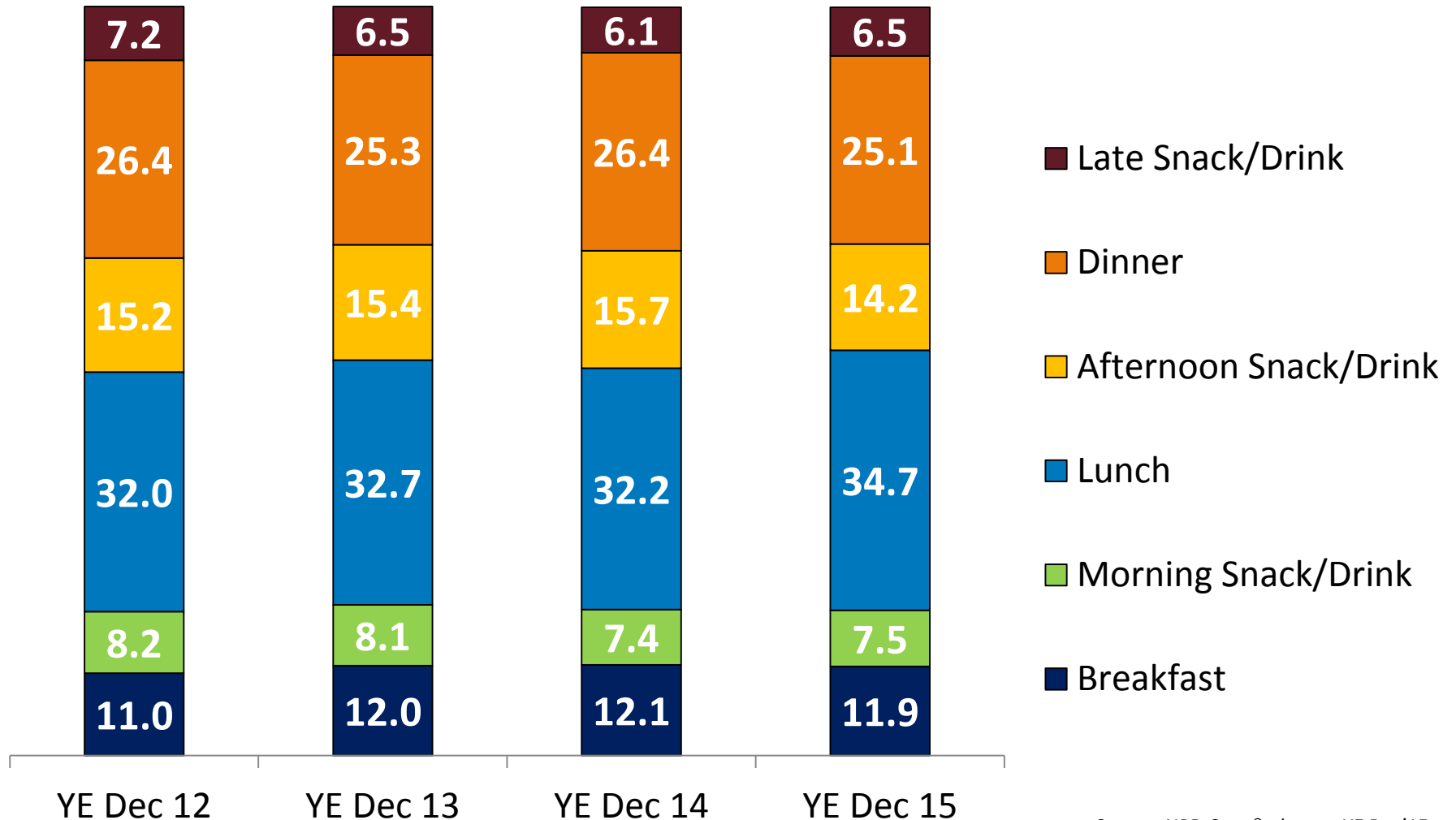
The number of out of home meal occasions for families have increased between 2014 and 2015.

% of total out of home meal occasions in Scotland: adults only, vs. adults with kids



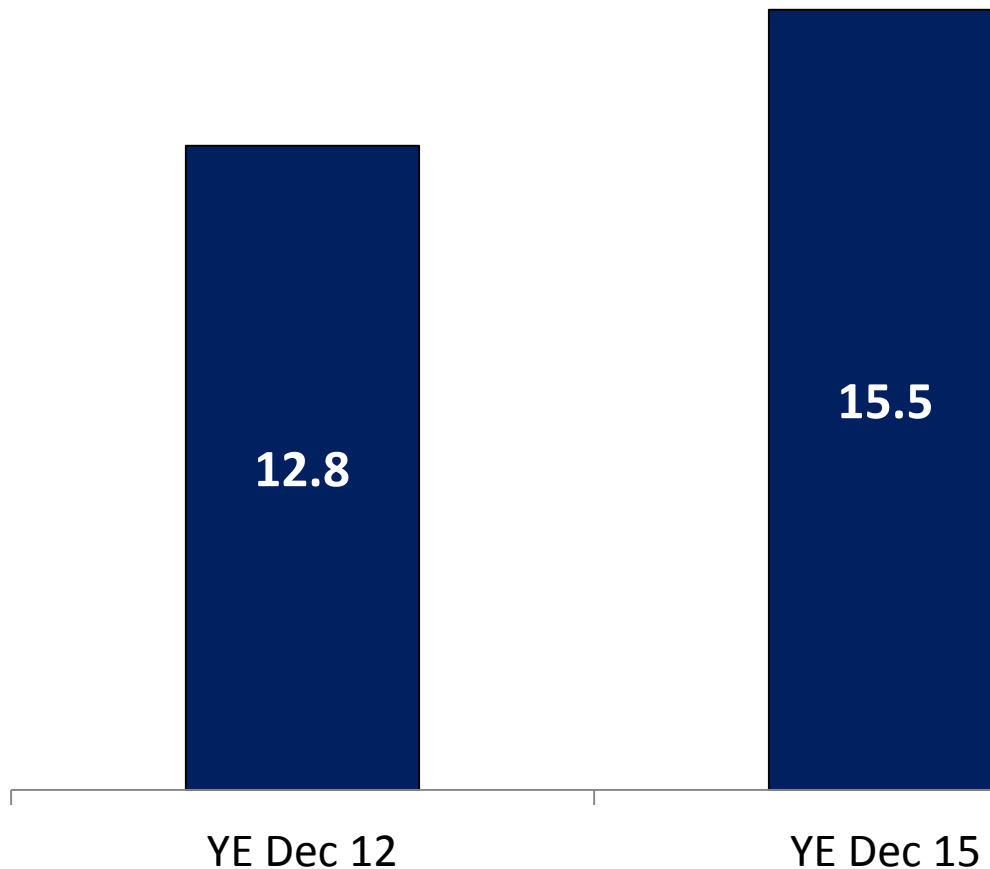
Lunch is becoming increasingly important, representing 34.7% of all occasions in 2015 compared to 32.0% in 2012.

% total of out of home visits in Scotland, by day part



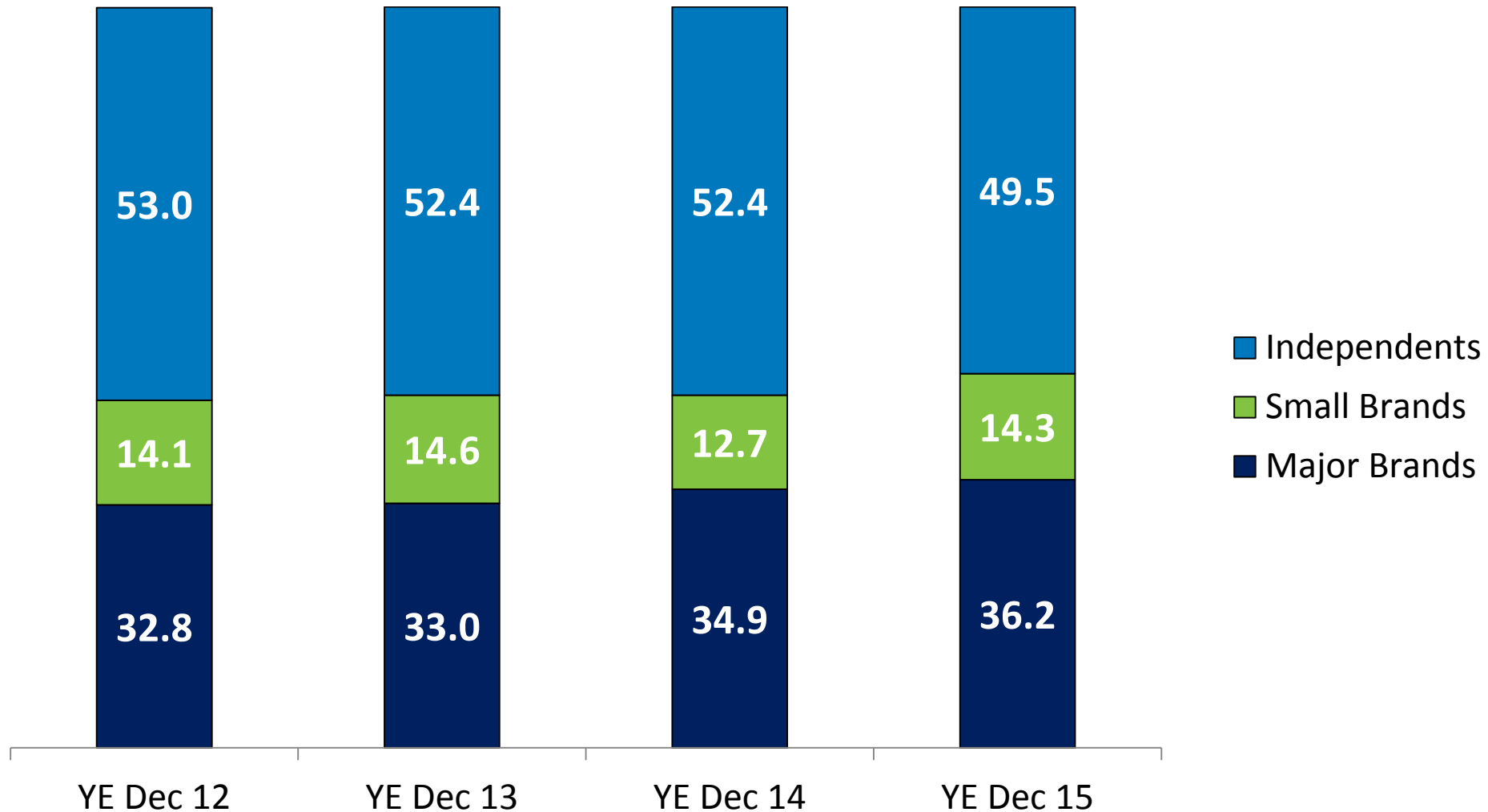
The motivation to treat ourselves or others has increased since 2012.

% visits to total out of home where motivation to eat out was: “treat myself/others/kids”, 2012 vs. 2015



Brands have gained importance in 2015, increasing from 46.9% of all visits out of home in 2012 to 50.5% in 2015.

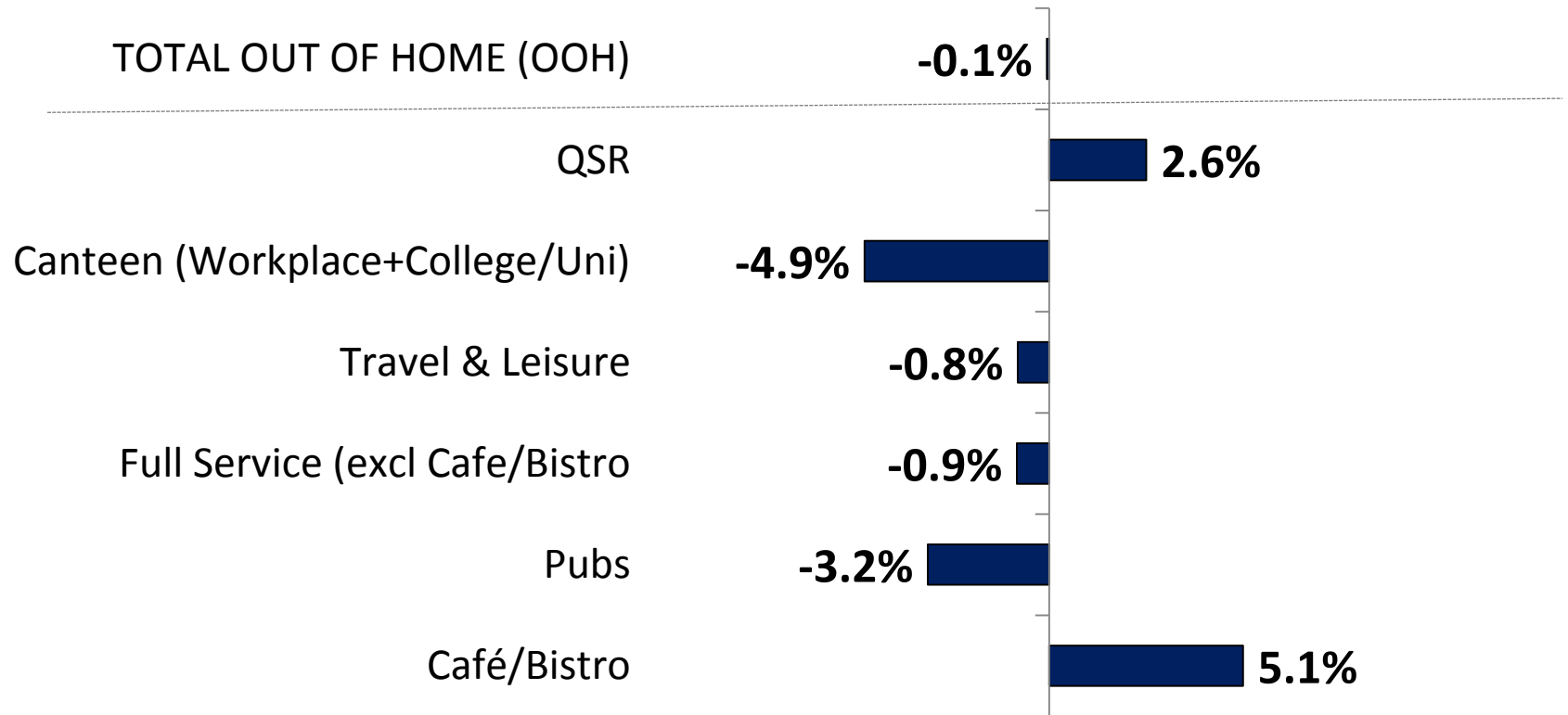
% of visits to total out of home in Scotland between 2012-2015,
independents vs. brands



Source: NPD Crest®, data to YE Dec'15 Total Foodservice

Between 2012 and 2015, QSR and Café/Bistro were the only growing channels whilst Canteens and Pubs saw the strongest declines.

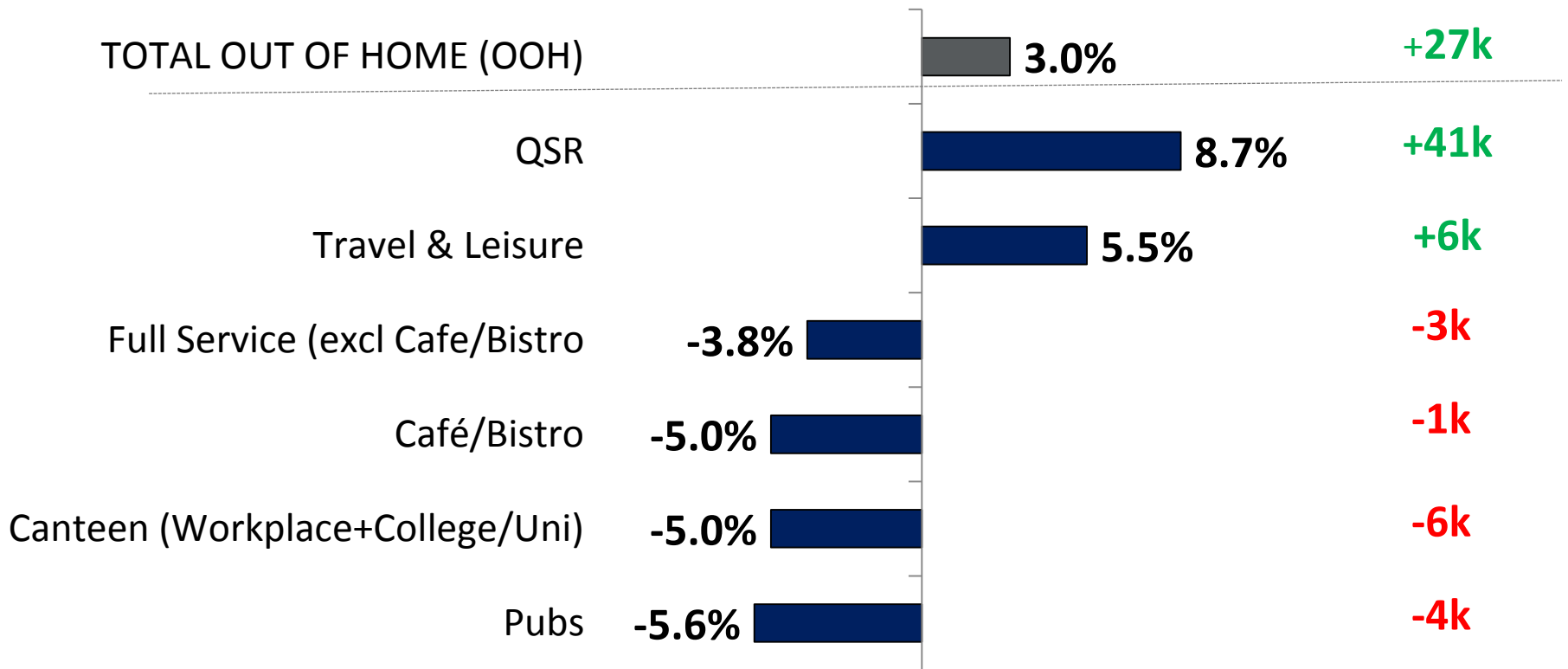
Channel CAGR (Compound Annual Growth Rate) in Scotland: 2015 vs. 2012



Source: NPD Crest®, data to YE Dec'15 Total Foodservice

The growth in visits out of home in 2015 was driven mainly by QSR, whilst Canteens and Pubs have declined strongly.

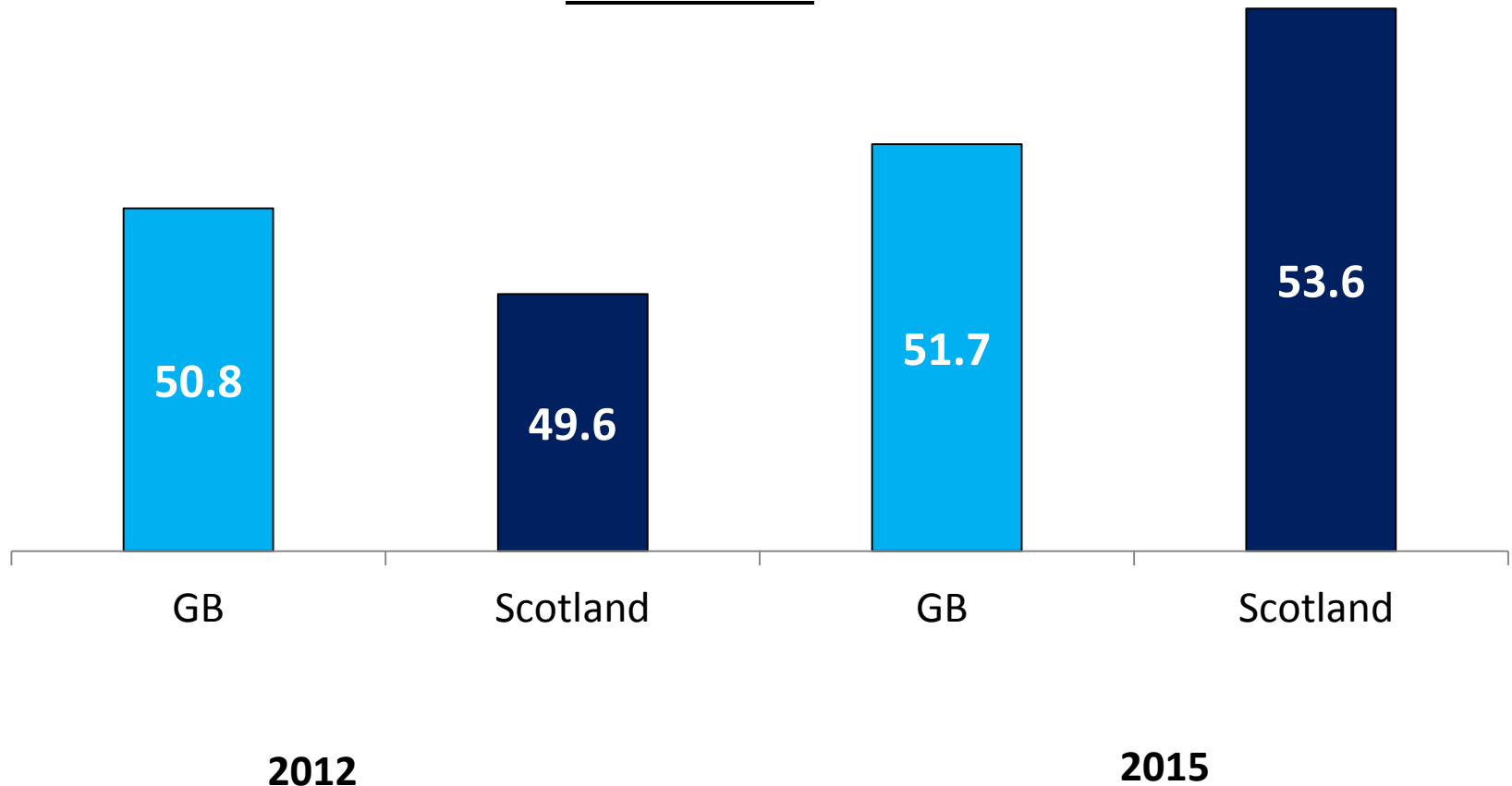
% change in number of visits in Scotland, by channel: 2015
vs. 2014



Source: NPD Crest®, data to YE Dec'15 Total Foodservice

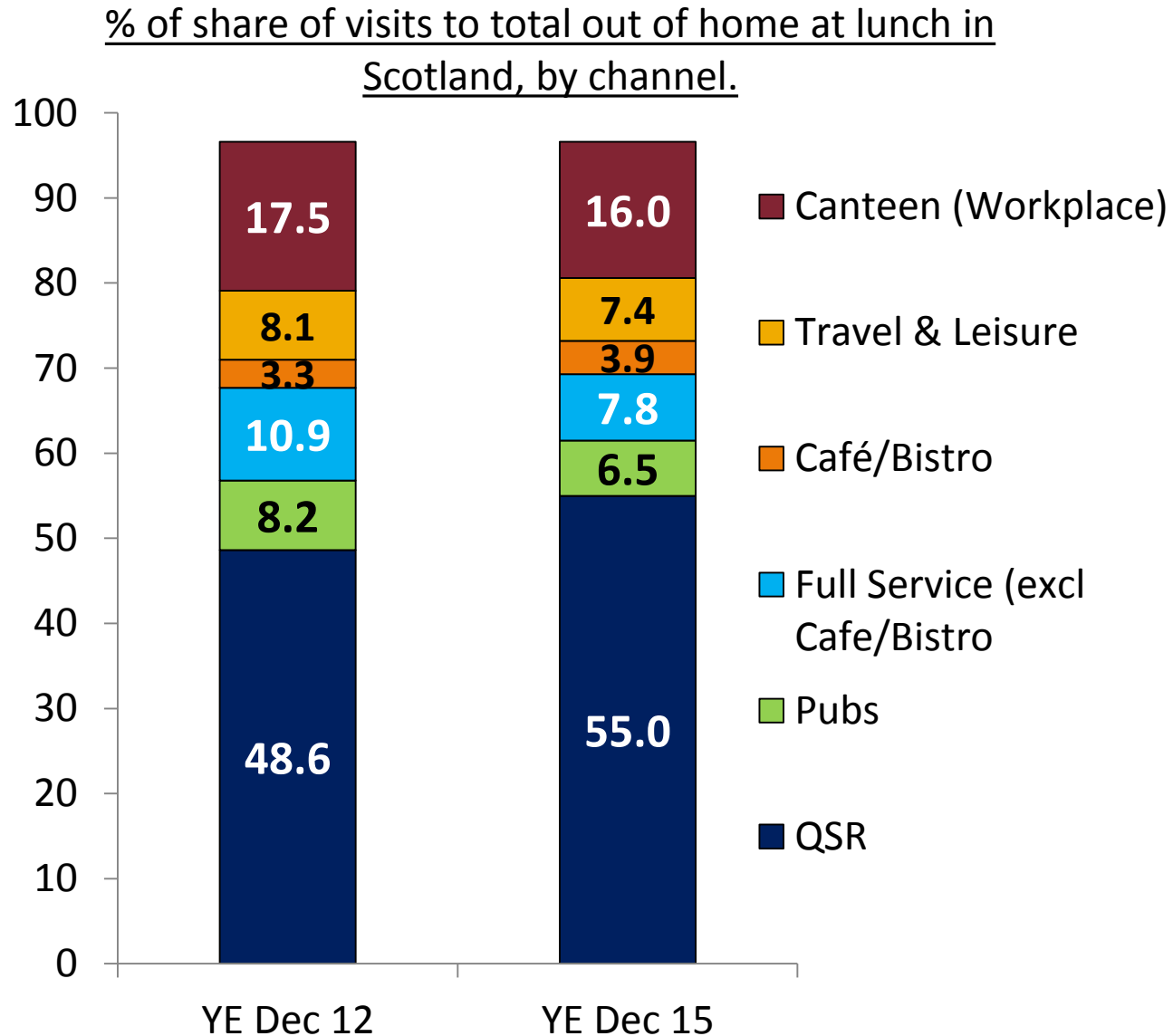
Scottish people visited quick service restaurants more often in 2015 than they did in 2012, and more than in GB.

% share of total visits out of home to QSR in Scotland and GB:
2015 vs. 2012



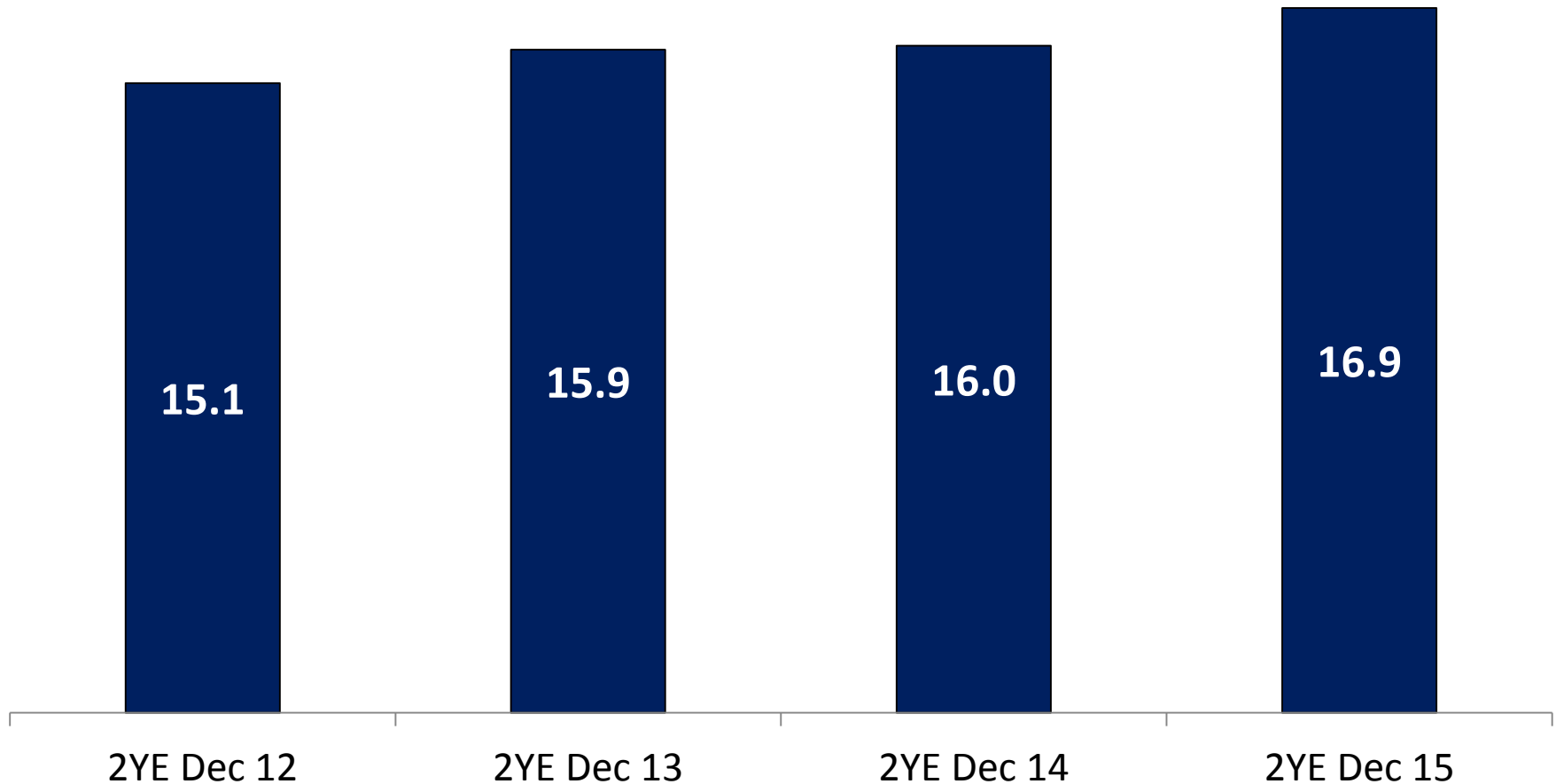
Source: NPD Crest®, data to YE Dec'15 Total Foodservice

At lunch, some of the visits from pubs, full service, travel and leisure and canteens went to QSR between 2012 and 2015.



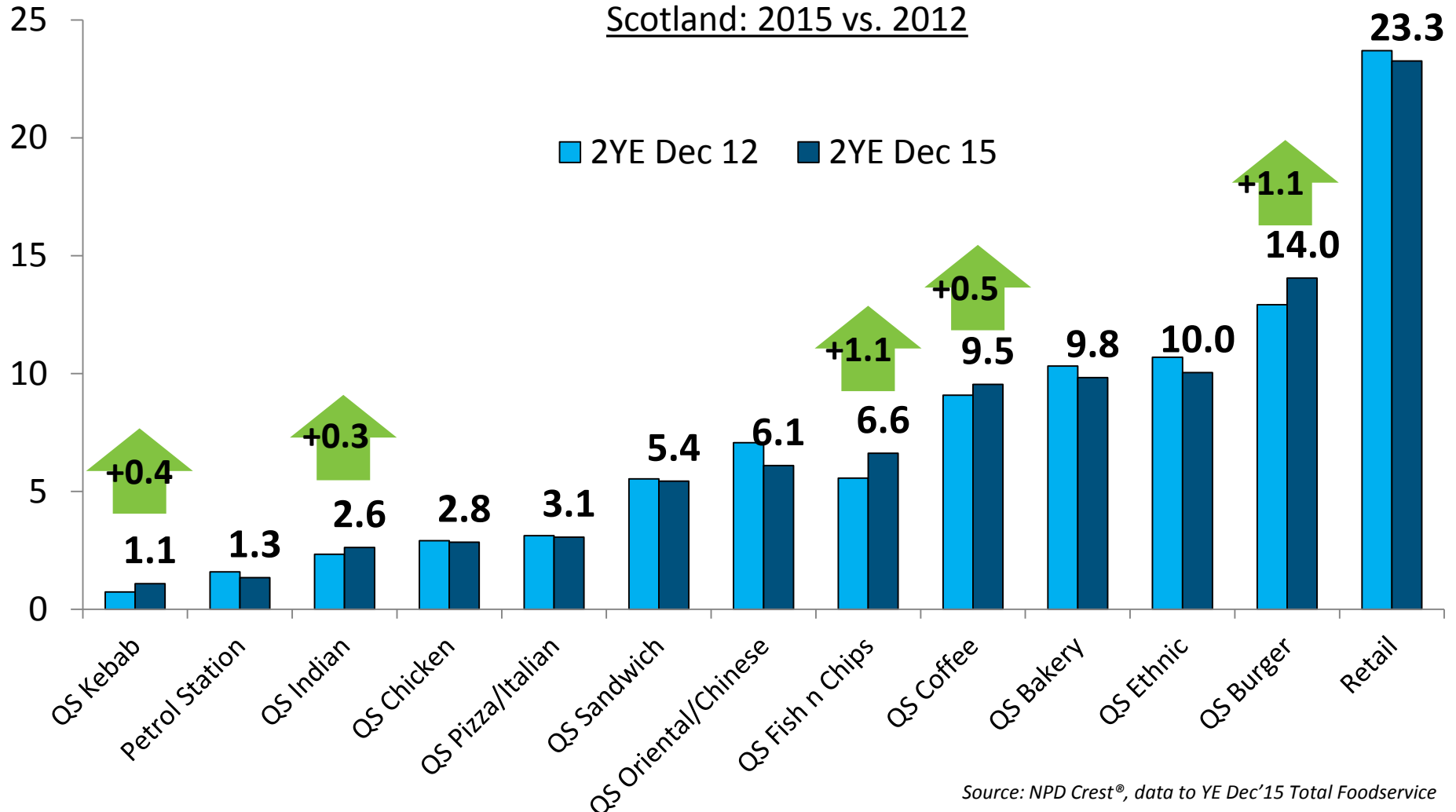
Meal deals have gained importance over the years.

% visits to QSR in Scotland which included a meal deal



Within QSR, QS Fish and Chips and QS Burger outlets have seen the strongest increases in visits per capita

Average annual visits per capita to QSR sub-channels in Scotland: 2015 vs. 2012



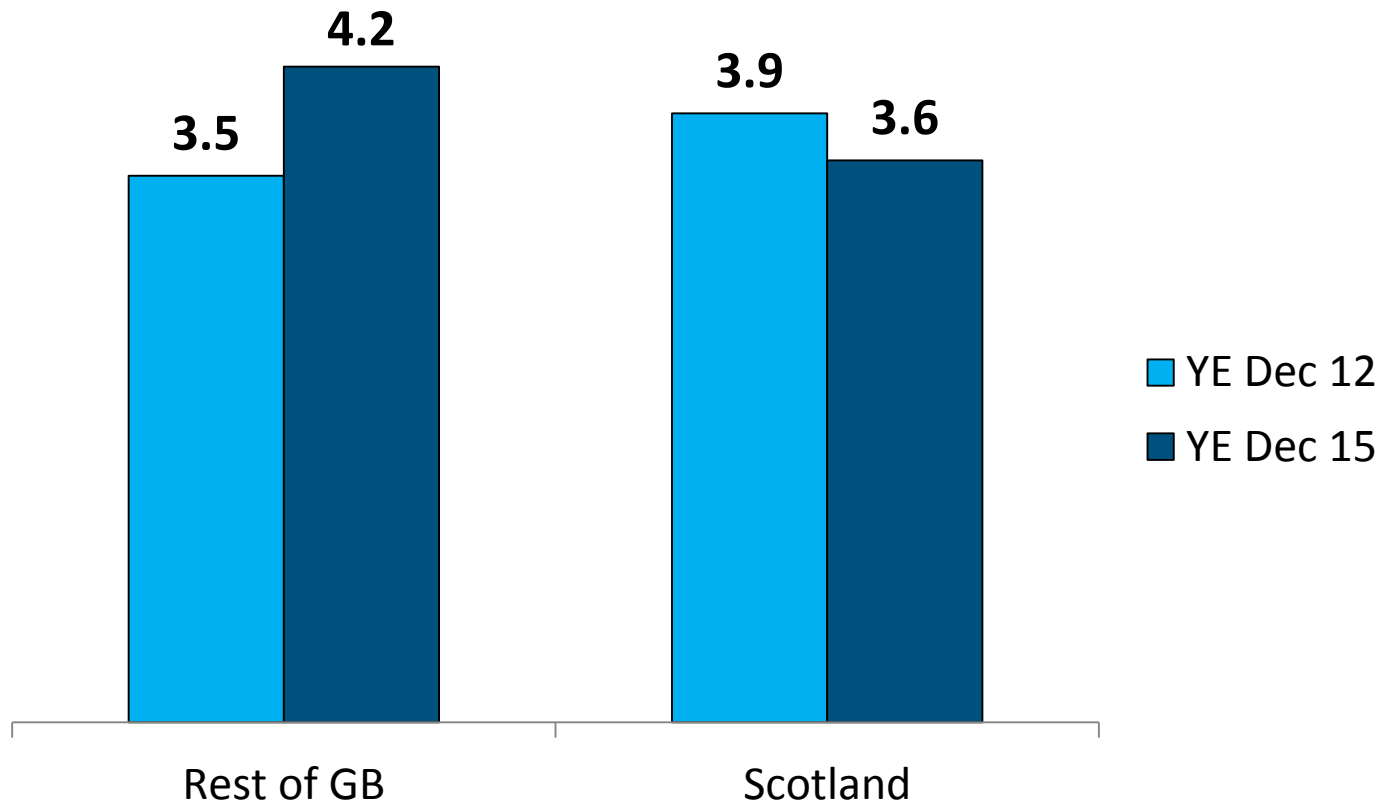
Source: NPD Crest®, data to YE Dec'15 Total Foodservice

Health as a motivation for eating outside the home



Health is not a key factor when choosing an outlet in Scotland, nonetheless is decreasing in importance.

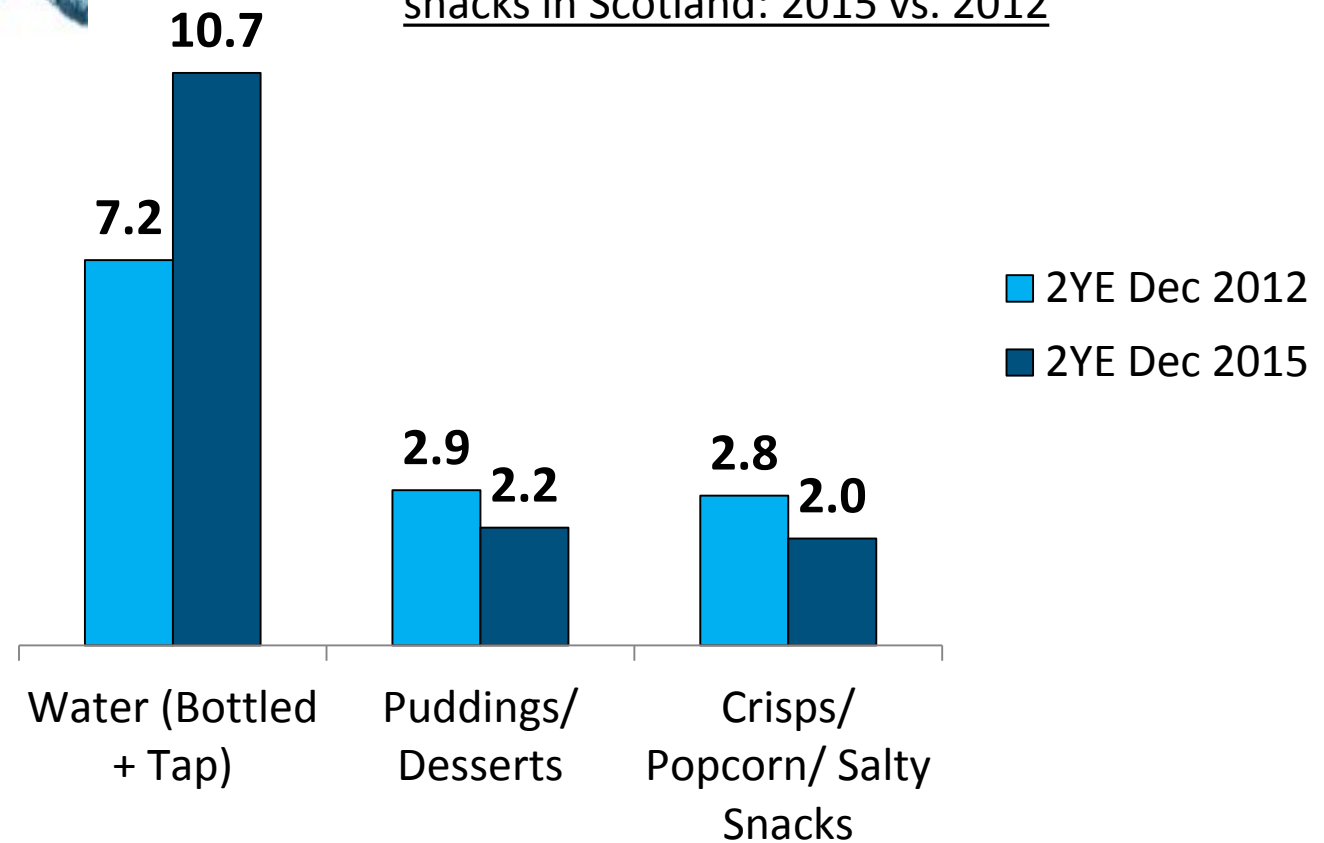
% visits to total out of home where motivation to eat out was:
“wanted a light/healthy meal”



Some less healthy categories like Puddings/Desserts and Crisps/Popcorn/Salty Snacks have decreased since 2012, while incidence of Water has increased.



Incidence of water, puddings/desserts and crisps/popcorn/salty snacks in Scotland: 2015 vs. 2012



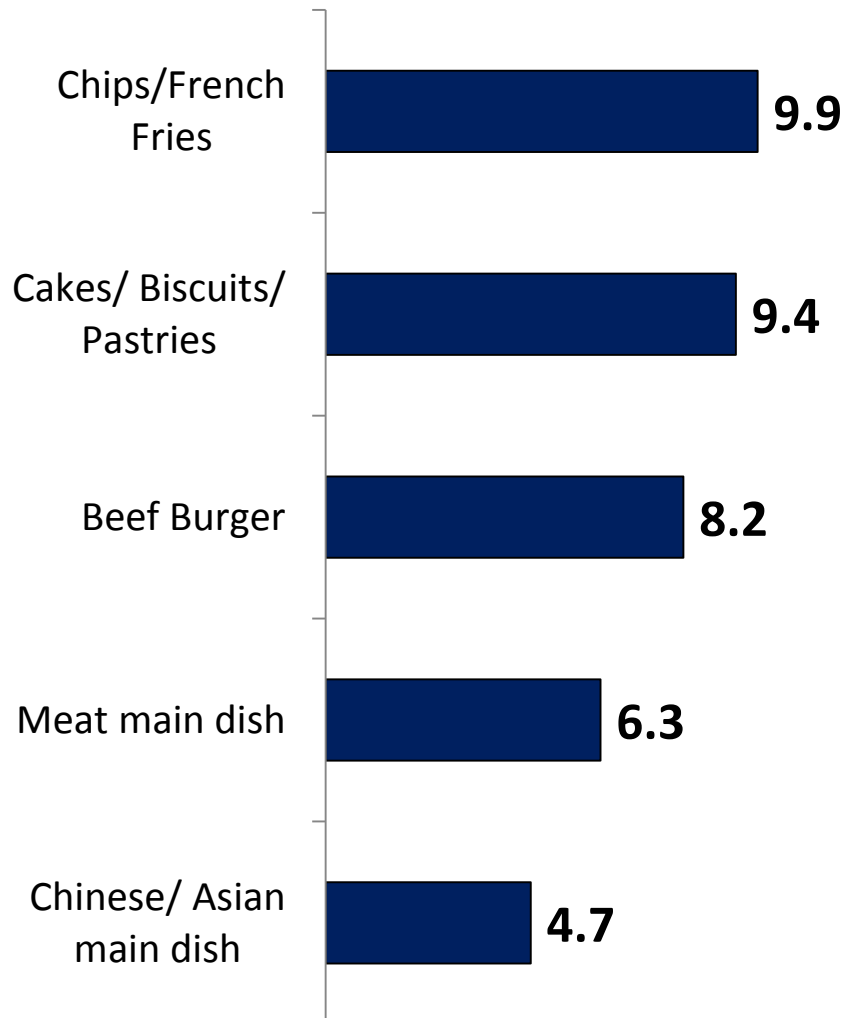
Source: NPD Crest®, data to Dec'15 Total Foodservice

Many of the top food & beverages consumed out of home in Scotland tend to be less healthy.

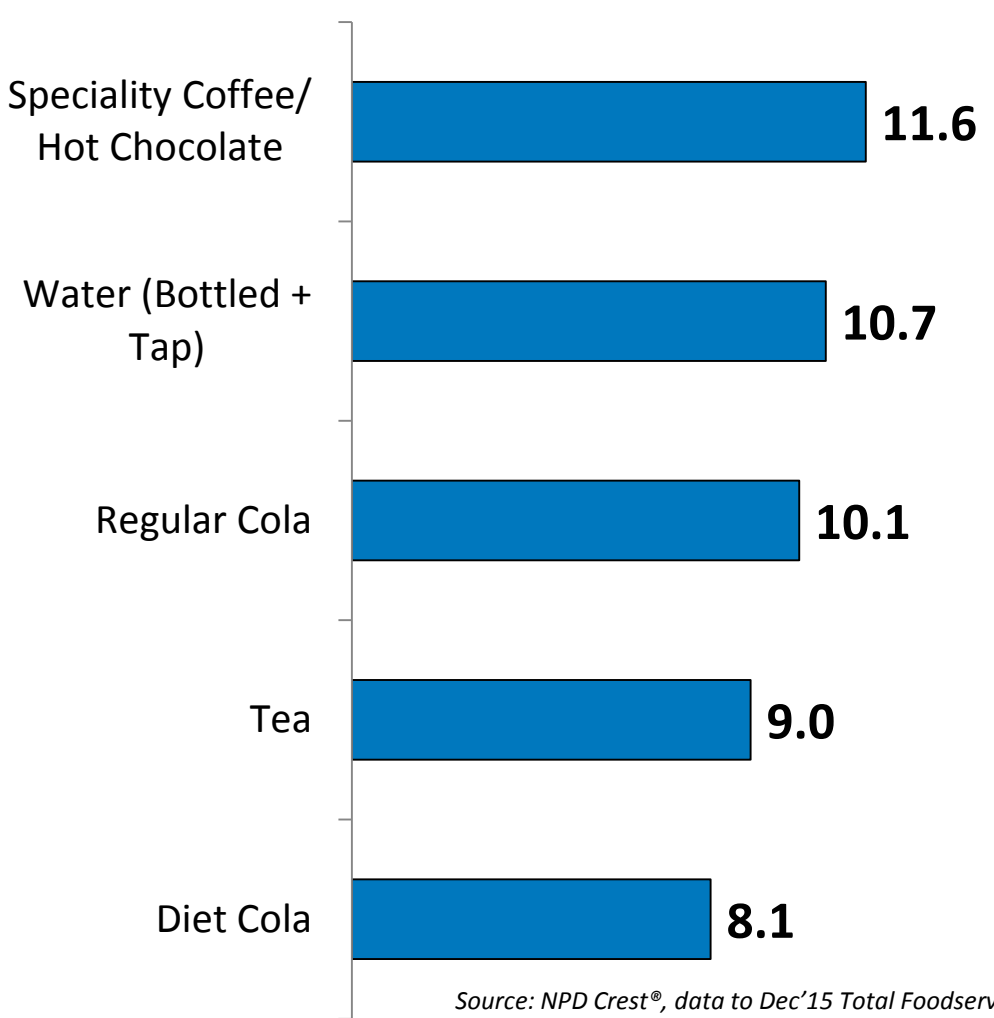
Top foods and drinks consumed out of home in Scotland in 2015.

% incidence

Top 5 Food items



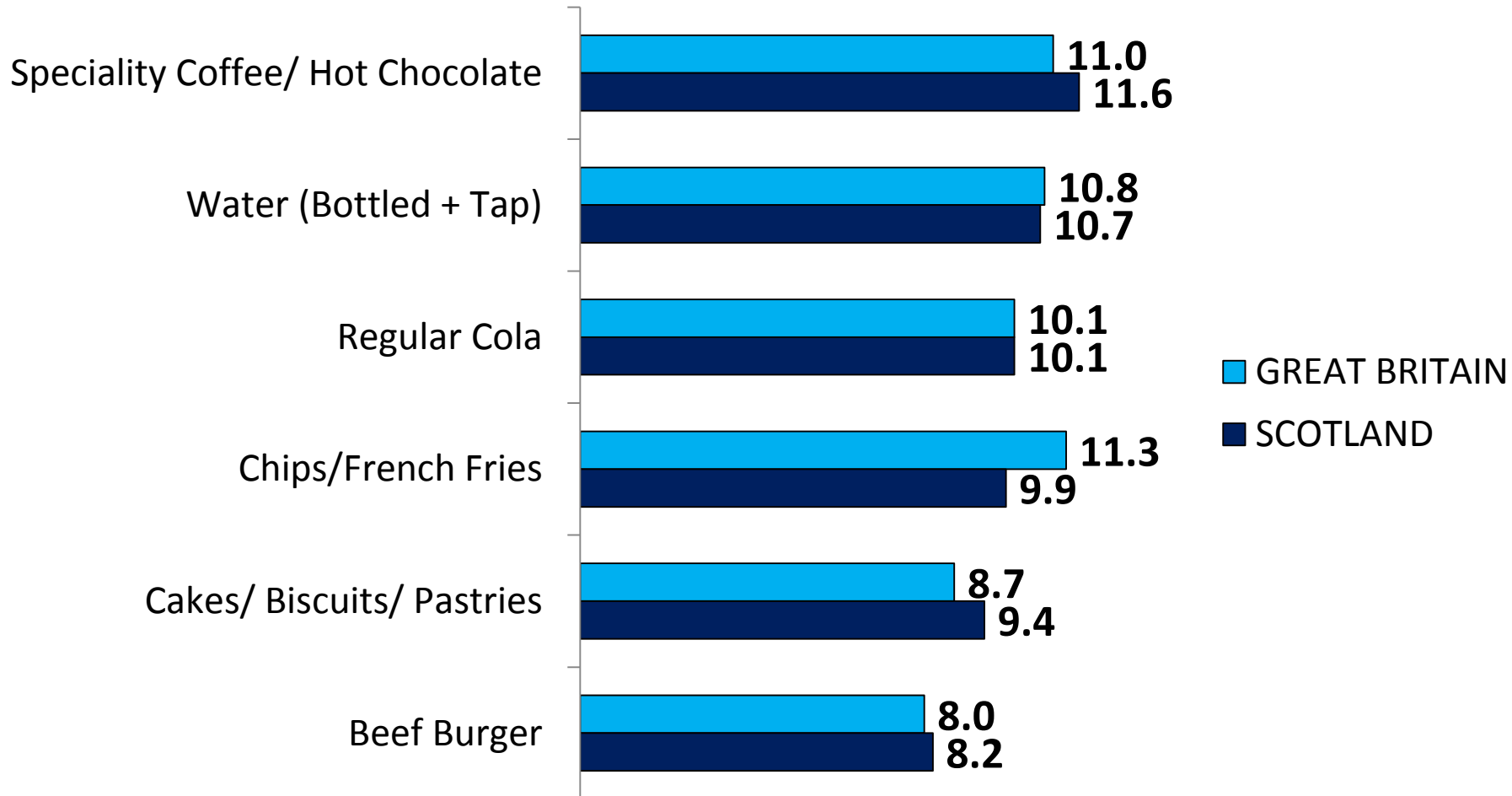
Top 5 beverage items



Source: NPD Crest®, data to Dec'15 Total Foodservice

There are few differences in the top food and beverage between Scotland and GB.

Top foods and drinks consumed out of home in Scotland and GB in 2015.
% incidence



Source: NPD Crest®, data to Dec'15 Total Foodservice

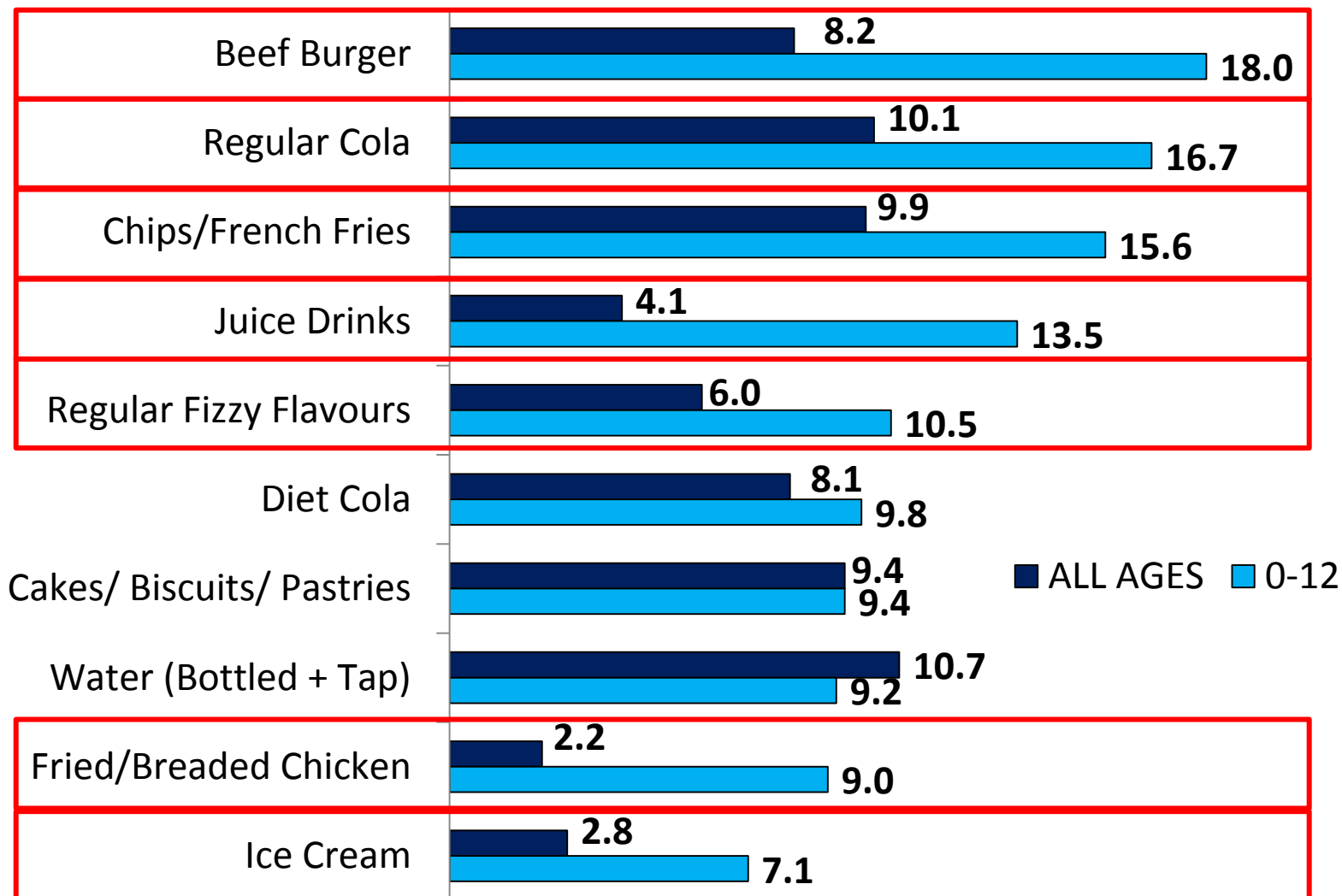
Children's consumption out of home



“Good habits formed at youth make all the difference.”
Aristotle

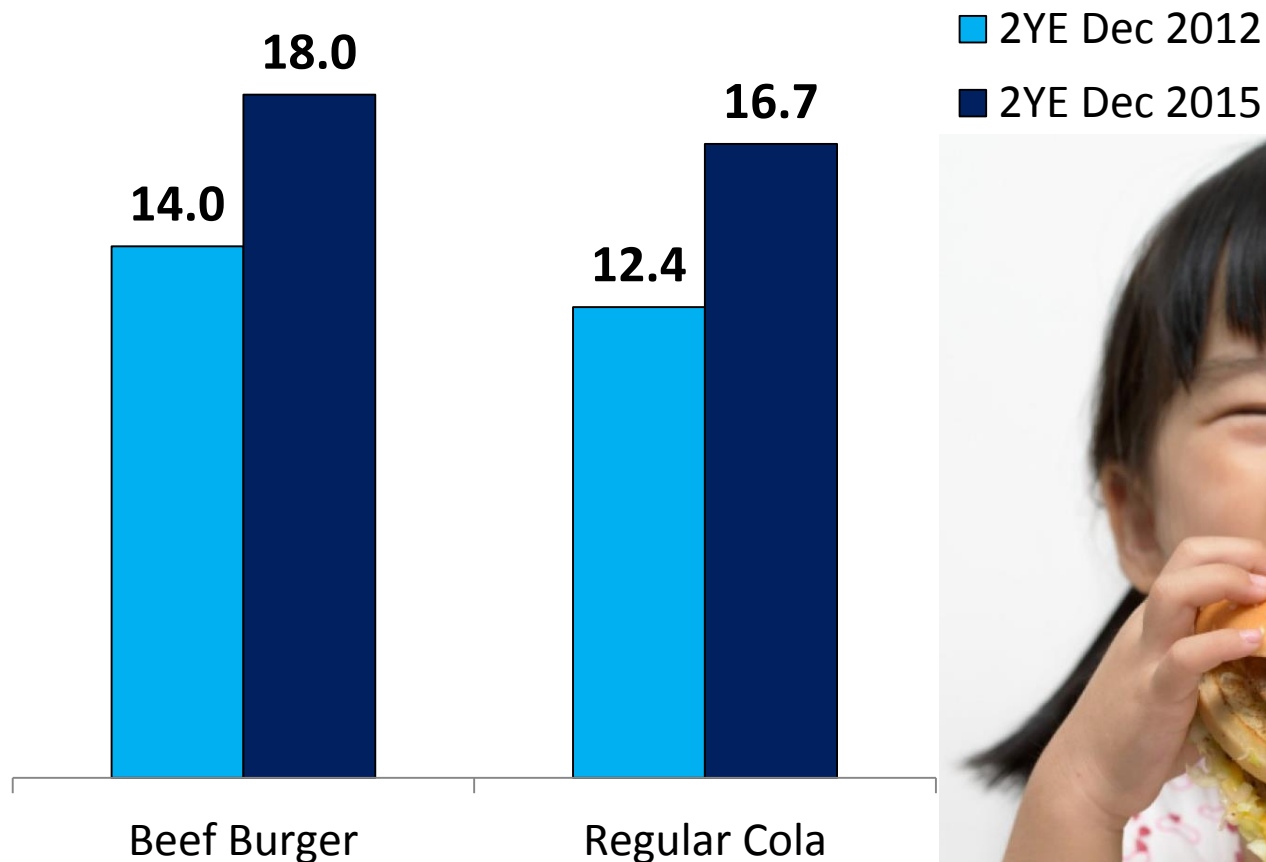
Food & Drinks included out of home for children under 12yrs are even more likely to be less healthy than for the overall population.

Top 10 Food and Beverages consumed out of home by children aged 0-12 yrs in Scotland in 2015: % incidence



Children aged 0-12 yrs consumed more Beef Burgers and Regular Cola than they did in 2012.

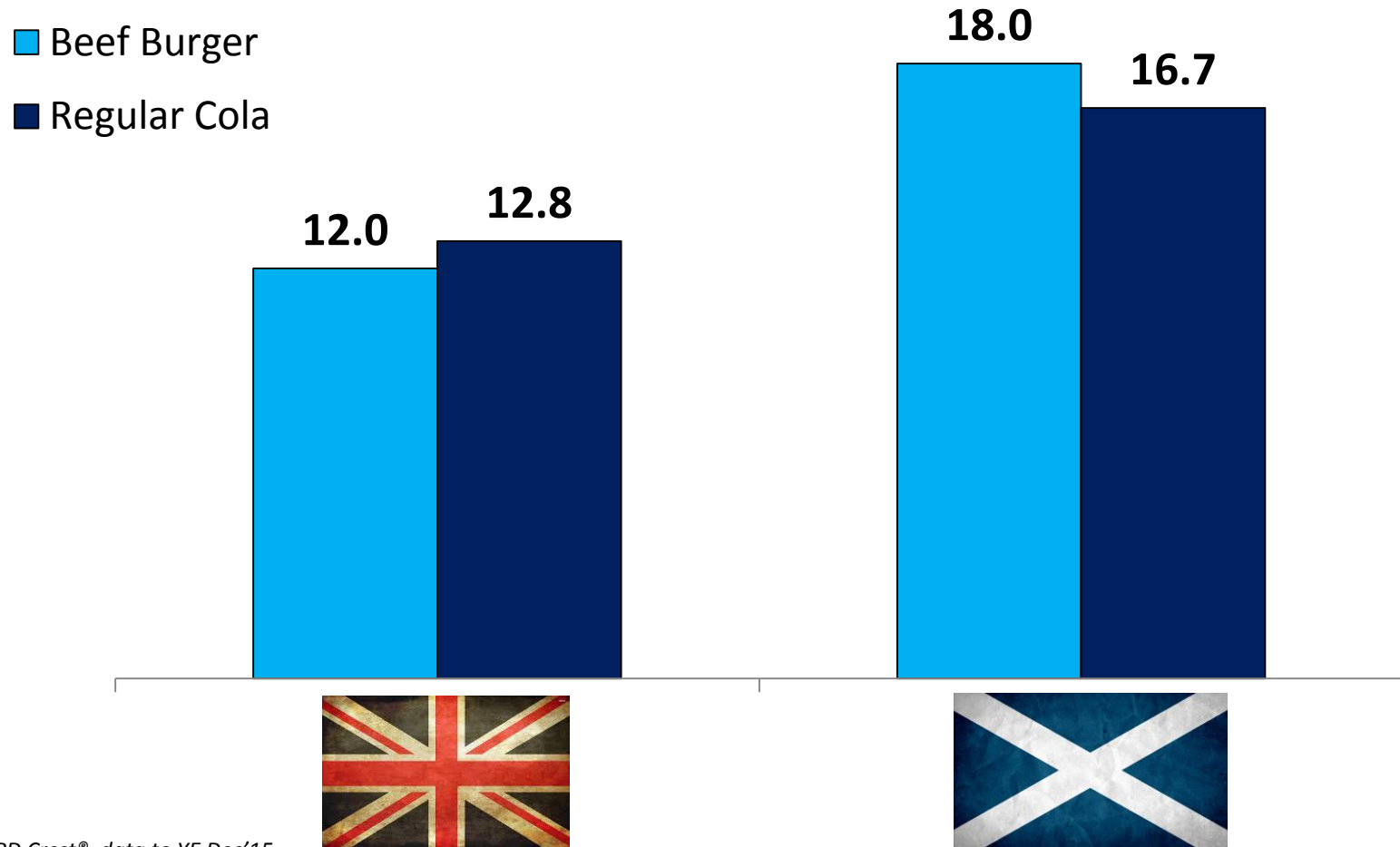
% Incidence of beef burgers and regular cola in children 0-12 yrs in Scotland: 2015 vs. 2012



Source: NPD Crest®, data to YE Dec'15

Scottish children aged 0-12 yrs consume more Beef Burgers and Regular Cola out of home than those in GB.

% Incidence of beef burgers and regular cola in children 0-12 yrs in
Scotland and GB in 2015



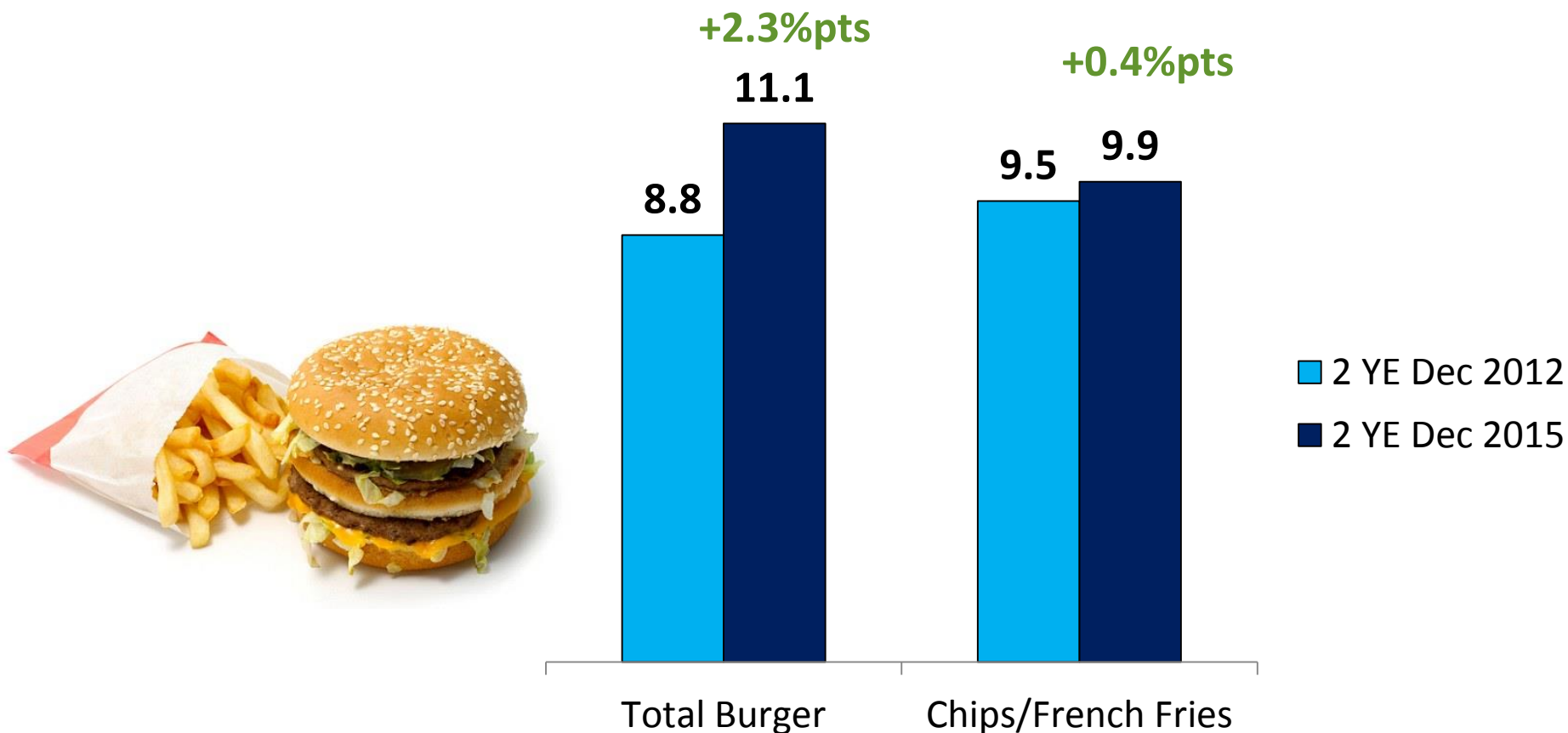
Source: NPD Crest®, data to YE Dec'15

A closer look at Burgers



Burgers and Chips are consumed more out of home in 2015 than they were in 2012.

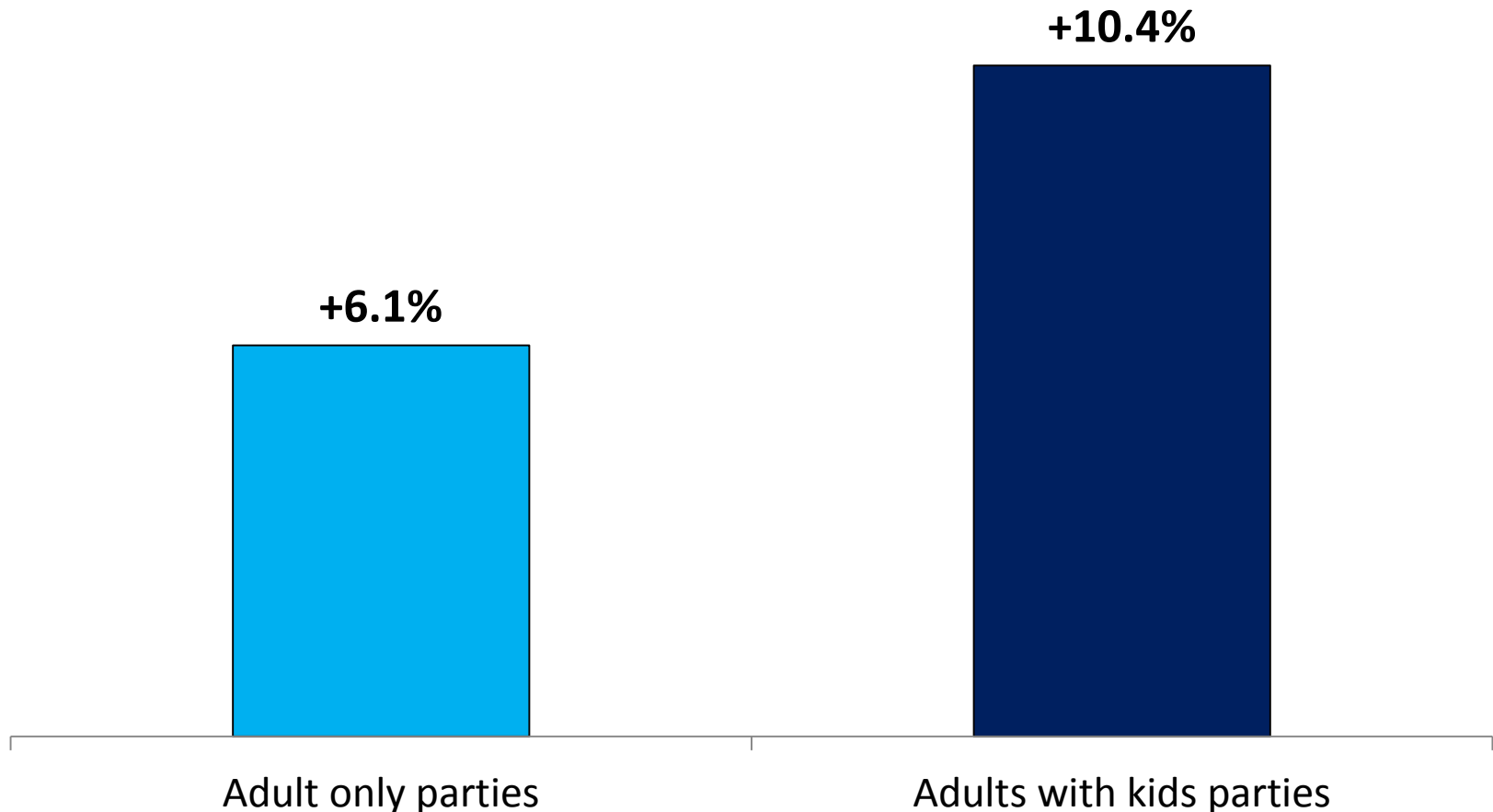
% Incidence of Total Burgers and Chips/French fries out of home:
2015 vs. 2012



Source: NPD Crest®, data to YE Dec'15

QS Burgers are increasingly popular amongst both adults only and adults with kids.

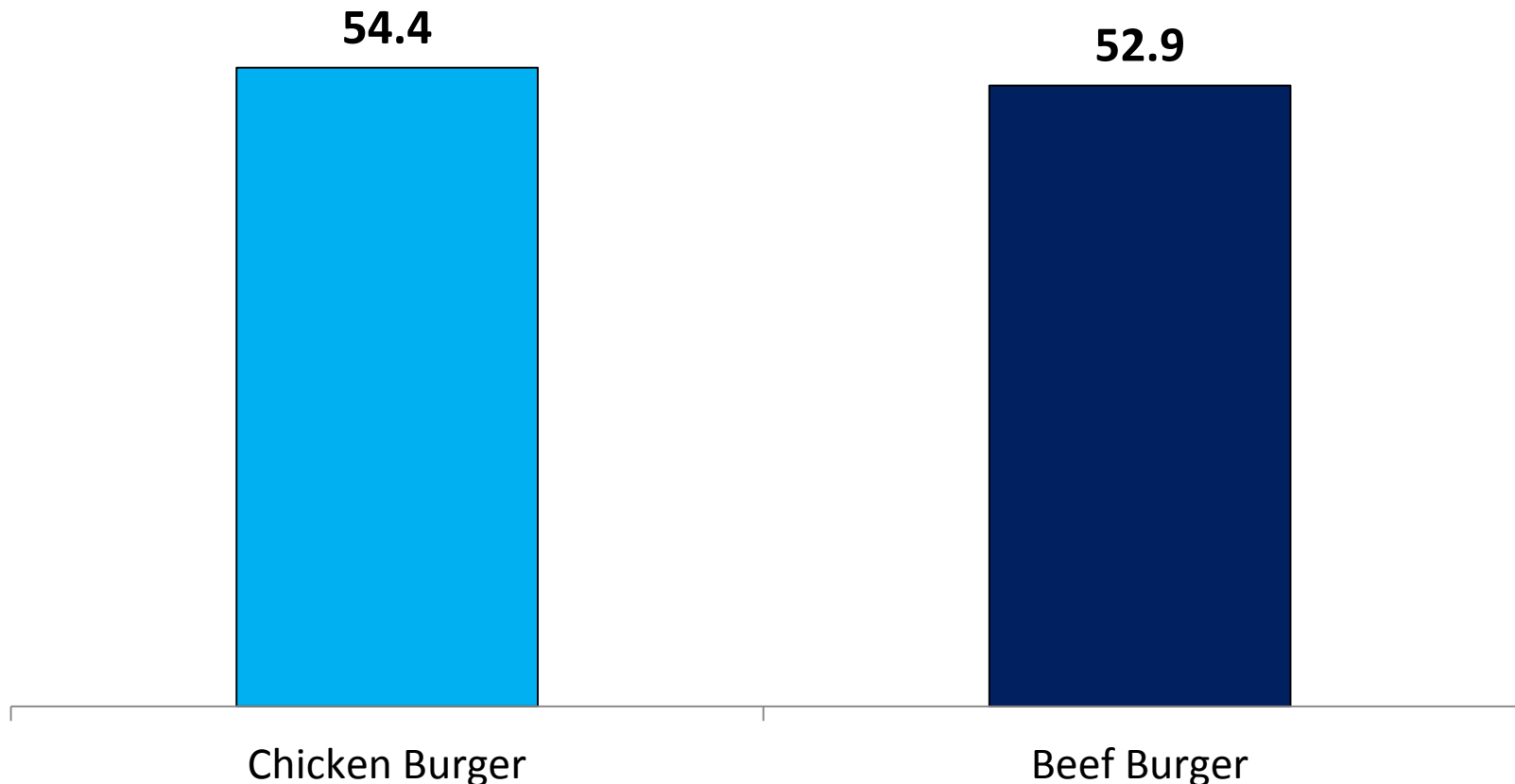
CAGR (Compound Annual Growth Rate) in meal occasions containing QS Burgers in Scotland: 2015 vs. 2012



Source: NPD Crest®, data to YE Dec'15

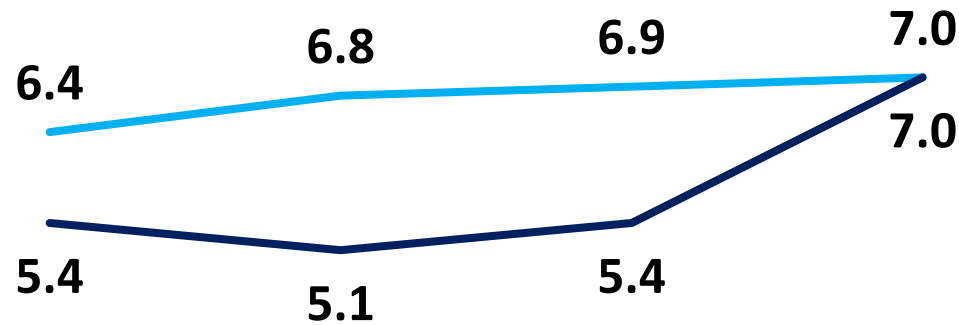
Both chicken burgers and beef burgers are very likely to be purchased as part of a deal.

% of total servings of chicken and beef burgers sold as part of a deal (meal deal/promotions) in Scotland in 2015



In Scotland, visits to a single QSR chain grew rapidly between 2014 and 2015.

% share of total visits out of home to a single QSR chain between
2012 and 2015



— Great Britain

— Scotland

YE Dec 12

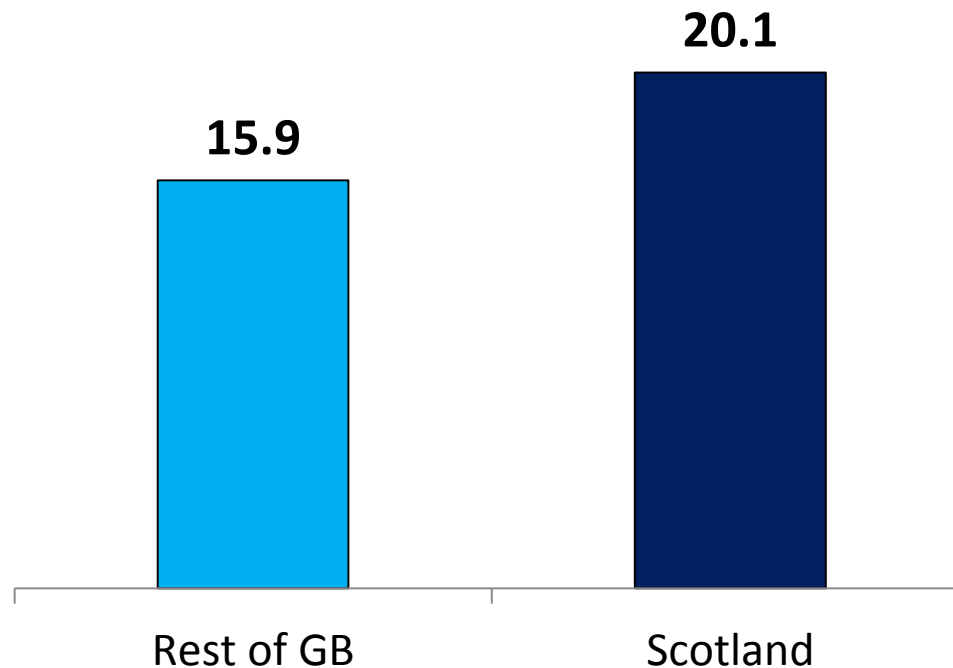
YE Dec 13

YE Dec 14

YE Dec 15

Kids meals are included as part of 1 in every 5 out of home visits by children under 12 yrs.

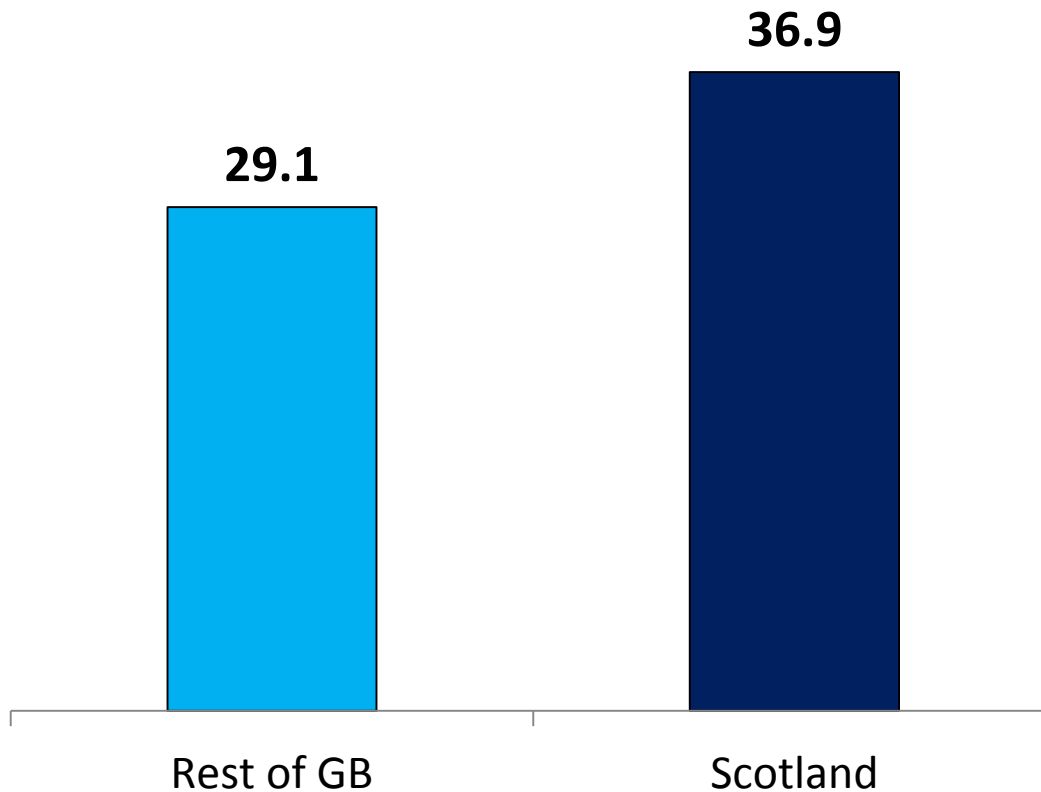
% of total visits out of home by children
aged 0-12 yrs in Scotland and GB in 2015



A single fast food chain is the key provider of Kids Meals in Scotland.

% of kids meals provided out of home by a
single fast food chain to children aged 0-12

yrs

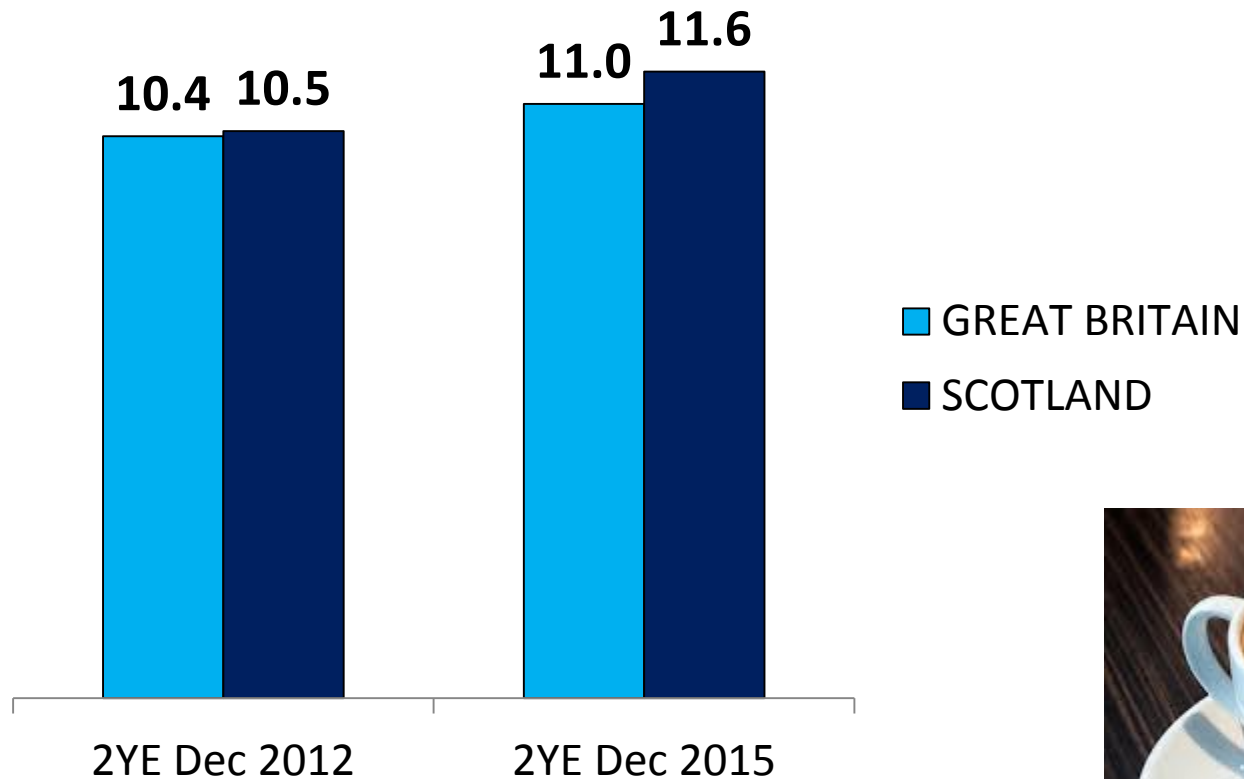


A closer look at Specialty Coffee



Specialty Coffee incidence has grown in Scotland even faster than in GB overall.

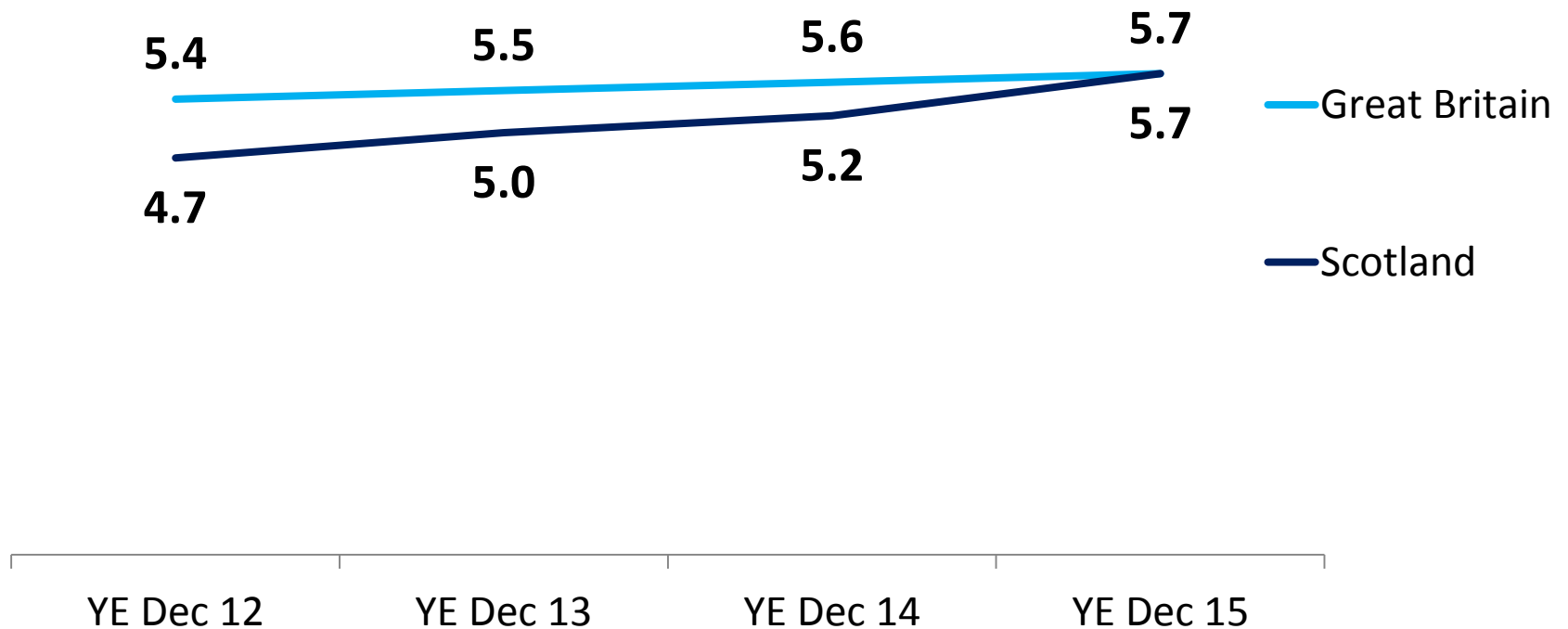
% Incidence of specialty coffee out of home in Scotland and GB in 2015 and 2012



Source: NPD Crest®, data to YE Dec'15

Visits to Coffee Shops have grown in Scotland since 2012.

% share of total visits out of home to QSR Coffee
In Scotland and GB between 2012 and 2015.



Summary of key results:

1. Brands have a large share and growing share of the out of home market in Scotland. However, independents still hold around half of the total market.
2. QSR Burgers and Coffee Shops have grown strongly in Scotland, bringing us to nearly the same level as GB.
3. People in Scotland are buying more but spending less out of home compared to GB overall with more families and the least affluent visiting out of home in the last year.
4. Many of the top food & beverages consumed out of home in Scotland tend to be less healthy, including Chips/French Fries, Burgers and Regular Cola.
5. Children between 0-12 yrs consume these types of foods more often out of home than adults.
6. Health is not a key factor when eating out of home, and appears to be decreasing in importance in Scotland. Furthermore, the motivation to treat ourselves or others has increased.