

## Canteen Catering



### Perfect packed lunches

Packed lunches continue to be popular, eaten by 77% of workers who are in mainly office based roles, this stems from workers' desires to save money and cutting back on spending on lunchtime occasions. The desire for packed lunch bodes well for the retail sector as consumers look to prepare or cook their own lunches.

Notably, lunchtime foodservice operators are working hard to maintain trading levels with an increased use of set lunch time menu offers and value for money meal deals at lower price points to encourage more people to visit.

### Workplace catering

The recovery of the contract catering sector continues to gain momentum now that all restrictions have been lifted and with people returning to workplaces, as of April 2023, 27% of Britons who have access to hybrid working eat lunch from a canteen.

In the final three months of 2022, contract caterer Compass Group reported revenue growth of 24% as the company benefited from workers' return to workplaces as well as net new businesses growth of 5.5%, which was significantly above its typical rate of around 3%

57% of workers would be more motivated to return to work if free meals were available in the workplace. Usage of canteens is partly driven by rising costs and therefore workplace catering allows consumers to cut down on their lunchtime eating out budget.



However, workplace catering is increasingly threatened by non-specialists that are encroaching into its space.



## Forever Fast Food



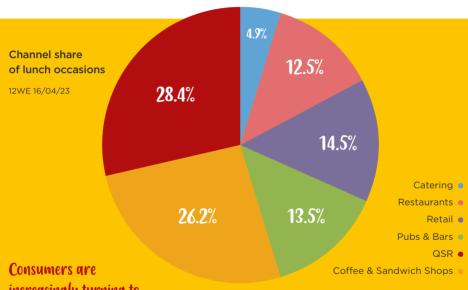
### Usage of fast food driven by people returning to workplaces

As people lead increasingly busy lives, convenience will remain a significant factor in lunch choices.

Drive-throughs, click-and-collect, and grab-and-go options are likely to continue growing in popularity, offering fast, hassle-free meals for individuals on the move.

71% of consumers have ordered a takeaway for lunch from a fast food outlet in the last 12 months, making fast foods the key drivers of the lunch out-of-home foodservice takeaway market. Its popularity is largely driven by people re turning to workplaces, particularly among those who are currently working entirely at an out-of-home location.

Fast food outlets also often provide a quick meal solution during lunch breaks. Consumers are increasingly seeking value, driving an increase in visits and spend in QSR for lunch occasions, value for money remains at the forefront of consumers' minds when having an out of home occasion so operators need to continue to focus on ways to meet value needs many fast food brands to strengthen their value propositions help differentiate their offer from competitors.



increasingly turning to quick service restaurant channels in a bid to seek value for money.

We are seeing consumers choosing more affordable channels but are trading up when they do. Many operators are now introducing premium meal deals in a bid to tap into this emerging trend.





#### Four fifths of food outlet consumers have lunch on weekends...

83% of consumers have had lunch in a food outlet on a weekend in the last 12 months

Spending on weekend lunches is being driven by those heading out to a food outlet on a weekend for lunch to socialise with friends/family.

Spending on weekend lunches is being driven by households earning £50,000. While usage among affluent consumers is expected to insulate the weekend lunch trade, some restaurant operators are working hard to broaden their appeal, with an increased use of deals at lower price points to encourage more people to visit.

# Treat purchases and celebratory dining experiences drive footfall

The underlying driver of weekend lunches is enjoyment. **39%** of consumers have eaten in at a food outlet on a weekend for lunch to indulge in food and drink, rising to **51%** of 16-44 year olds.

Operators need to focus on providing an experience to continue to encourage at venue visits.

Lunchtime foodservice concepts which offer treat purchases and celebratory dining experiences are strong value propositions will succeed in driving growth with the market, as offering a full experience offering an experience is one way to justify higher prices points.



# Digital Development

# Potential for prepaid cards and lunchtime subscriptions to scale up

The integration of technology in lunchtime foodservice venues is expected to continue transforming the lunch out-of-home experience. This includes advancements such as digital payment technologies.

At the height of the pandemic when working from home was mandatory for office-based workers, we saw some companies go above and beyond for their employee perks, including rolling out prepaid

meal cards or apps that allow users to access foodservice home delivery services wherever.

Yet, what started out as a meal solution during the pandemic became an opportunity for lunchtime foodservice operators to offer prepaid cards as an alternative to using cash.

Both prepaid cards and subscription models enable consumers to manage their budget by putting a fixed amount on a prepaid card or a subscription plan for certain spending categories, such as eating lunch out-of-home.





### Diversity and inclusivity

Lunchtime concepts that promote inclusivity broaden their appeal among consumers who are tempted out by an increasingly diverse lunchtime scene. With 16–34-year-olds being the most enticed.

23% of them would be encouraged by items that cater for dietary restrictions when deciding where to eat lunch for lunch, such as halal, vegan and dairy free. Offering a menu strategy centered around diversity and inclusivity will broaden appeal among multifaceted consumers.

#### Health and wellness focus

There is a growing emphasis on health and wellness, across the foodservice industry, affecting all day parts including lunch.

Consumers are seeking healthier food options, including clean ingredients, eco friendly labels, and customisable meals. Operators need to focus on offering a broad menu that caters to a range of dietary requirements to meet consumer needs for choice.





#### **Environmental considerations**

Sustainability is driving change in the foodservice market, as consumers become more conscious of sustainable practices, such as using eco-friendly packaging. Lunchtime foodservice operators that prioritise sustainability and communicate their efforts are likely to attract environmentally-conscious consumers.

Two fifths of adults are interested in using reusable takeaway containers. Therefore, lunchtime foodservice operators have an opportunity to engage with this group by serving food in containers that are purportedly safe to reuse multiple times and can be easily recycled at the end of their service life.

Bespoke experiences

Consumers increasingly seek personalised dining experiences, and this trend is likely to extend to lunch out-of-home. Demand for delivering experiences is set to remain important to customers this year to drive efficiencies and spend.

This is led by 16-34 year olds (22%) who are most likely to visit lunchtime foodservice venues that offer an element of personalisation.

### Ways to offer an experience:

Customisable options - allowing customers to tailor their meals to specific tastes, dietary needs, and portion sizes.

Be exclusive but affordable - offer high quality food at affordable price points to drive growth through accessibility, eg. Flat Iron.

Offer activities - offering activities for customers to participate in such as karaoke, gaming or axe throwing boost excitement and create loyalty.



Value for money remains at the forefront of consumers' minds when having an out of home occasion. Quality, sustainability and brand have been deprioritised amidst the challenging economic outlook, the expectation for experiences has remained the same. Offering an experience is one way to justify higher prices points and deliver value beyond focusing on price.



Lunch options from a food outlet enjoy the most positive credentials in being perceived as:





Filling 20%



Unlike lunch options from a supermarkets consumers are far more likely to have a positive perception of a food outlet in terms of its range of diet-specific items. But they fall behind in terms of affordability and healthy credentials according to research.

Lunchtime foodservice operators will need to focus on strengthening their value proposition in a bid to make consumers see that their purchases are worthwhile.

We recommend that operators should focus on tiered pricing structures, such as premium value meal deals and time-limited premium offers.

Meanwhile, greater ingredient transparency notes on menus and marketing communication that promotes the use of wholesome and nutritious ingredients should also help lunchtime foodservice operators to better compete with supermarkets on healthfulness.



